

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
Years ended March 31, 2011 and 2010

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 Companies 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 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.

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, 2011, which was ¥83.15 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	2011	2010
Consolidated subsidiaries.....	327	307

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
SMBC Friend Securities Co., Ltd.
Nikko Cordial Securities Inc.
Sumitomo Mitsui Finance and Leasing Company, Limited
Sumitomo Mitsui Card Company, Limited
Cedyna Financial Corporation
SMBC Finance Service Co., Ltd.
The Japan Research Institute, Limited
SMBC Capital Markets, Inc.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2011 are as follows:

9 companies including Cedyna Financial Corporation were newly consolidated through a third-party allotment of new shares issued by the company. 38 companies including SMBC Venture Capital Co., Ltd. were newly consolidated due mainly to acquisitions of stocks.

12 companies including SB Equity Securities (Cayman), Limited were excluded from the scope of consolidation because they were no longer subsidiaries due mainly to liquidation.

15 companies including Soir Leasing 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.

206 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	2011	2010
Unconsolidated subsidiaries.....	4	4

Principal company:

SBCS Co., Ltd.

(ii) Equity method affiliates

The number of the equity method affiliates is as follows:

March 31	2011	2010
Affiliates.....	43	54

Principal companies:

Sumitomo Mitsui Auto Service Company, Limited

Promise Co., Ltd.

Daiwa SB Investments Ltd.

Changes in the equity method affiliates in the fiscal year ended March 31, 2011 are as follows:

4 companies including Famima Credit Corporation became equity method affiliates due mainly to acquisitions of stocks.

6 companies including Cedyna Financial Corporation were excluded from the scope of equity method affiliates because they became consolidated subsidiaries through a third-party allotment of new shares issued by the company. 9 companies including Daiwa SMBC Capital Co., Ltd. were also excluded due mainly to sales of stocks.

(iii) Unconsolidated subsidiaries that are not accounted for by the equity method

206 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	2011	2010
June 30	4	4
July 31	2	2
September 30	3	5
October 31	1	2
November 30	7	5
December 31	119	120
January 31	18	18
February 28	7	8
March 31	166	143

(ii) The subsidiaries with balance sheets dated June 30, July 31, September 30, November 30 and January 31 are consolidated using the financial statements as of March 31 for the purpose of consolidation. The subsidiary with balance sheets dated October 31 is consolidated using the financial statements as of January 31. Certain subsidiaries with balance sheets dated December 31 are consolidated using the financial statements as of March 31. Other subsidiaries are consolidated using the financial statements on their respective balance sheet dates.

Appropriate adjustments are made for material transactions during the periods between their respective balance sheet dates and the consolidated closing date, if the financial statements of the consolidated subsidiaries were based on dates other than March 31.

(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 2011 were ¥2,274,626 million (\$27,356 million) and ¥2,274,424 million (\$27,353 million), respectively. The respective amounts of 2010 were ¥2,261,647 million and ¥2,261,476 million.

(ii) The amount of principal transactions with the SPEs as of and for the fiscal years ended March 31, 2011 and 2010 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Loans and bills			
discounted	¥1,592,714	¥1,630,152	\$19,155
Credit lines.....	593,578	670,385	7,139
Liquidity lines	291,991	279,947	3,512

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Interest on loans and discounts	¥15,978	¥17,520	\$192
Fees and commissions ...	1,665	2,288	20

- (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 related 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 with no available market prices, 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. Others 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 ¥867,866 million (\$10,437 million) and ¥843,781 million at March 31, 2011 and 2010, 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 (Part 3)" (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 point service program

The reserve for point service program is provided for the potential future redemption of points awarded to customers under the "SMBC Point Pack," credit card points programs, and other customer points award programs. The amount is calculated by converting the outstanding points into a monetary amount, and rationally estimating and recognizing the amount that will be redeemed in the future.

(12) 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.

(13) Reserve for loss on interest repayment

The reserve for loss on interest repayment is provided for the possible losses on future claims of repayment of interest based on historical interest repayment experience.

(14) 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.

(15) 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.

(16) Lease transactions

(a) Recognition of income on finance leases

Interest income is allocated to each period, based on the interest method.

(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.

(17) 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, 2011 and 2010 were ¥999 million (\$12 million) and ¥2,470 million, respectively. Gross amounts of deferred hedge gains on “macro hedge” (before deducting tax effect) at March 31, 2011 and 2010 were ¥960 million (\$12 million) and ¥2,416 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, 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).

(18) Amortization of goodwill

Goodwill on SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Finance and Leasing Company, Limited, Nikko Cordial Securities Inc., Kansai Urban Banking Corporation and Cedyne Financial Corporation 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.

(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) Consumption taxes

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

(21) 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.

(22) 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 had the following impact on the consolidated financial statements as compared with the previous accounting method:

	Millions of yen
Monetary claims bought	¥ 8,710
Securities	41,914
Net unrealized gains (losses) on other securities	39,315
Deferred tax assets	(27,056)
Reserve for possible loan losses	(34,999)

As a result, income before income taxes and minority interests increased by ¥19,251 million as compared with the former method.

- (b) Accounting standard for asset retirement obligations
 “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008) became effective for fiscal years beginning on or after April 1, 2010. Accordingly, income before income taxes and minority interests decreased by ¥4,215 million (\$51 million) compared with the previous accounting method.
- (c) Accounting standard for business combinations
 “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, revised on December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), “Partial Amendment to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, issued on December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, revised on December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, announced on December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, revised on December 26, 2008) became effective for fiscal years beginning on or after April 1, 2010, and SMFG has applied them from the fiscal year ended March 31, 2011.
- (23) Changes in presentation
- (a) Consolidated balance sheets
 “Other liabilities” as of March 31, 2010, included “Reserve for point service program” of ¥14,091 million and “Reserve for loss on interest repayment” of ¥9,735 million. From the fiscal year ended March 31, 2011, they are presented individually because the amounts have become significant.
- (b) Consolidated statements of income
 SMFG presents “Income before minority interests” on the consolidated statement of income from the fiscal year ended March 31, 2011 because “Cabinet Office Ordinance of Partial Amendment to Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) became effective for fiscal years beginning on or after April 1, 2010.
- (c) Consolidated statements of cash flows
 In the fiscal year ended March 31, 2010, “Other, net” included “Net change in reserve for point service program” and “Net change in reserve for loss on interest repayment,” a decrease of ¥879 million and an increase of ¥1,040 million, respectively. From the fiscal year ended March 31, 2011, they are presented individually because the amounts have become significant.
- (24) Accounting standard for equity method of accounting for investments
 SMFG has applied “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, issued on March 10, 2008) and “Practical Solution on

Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issues Task Force No. 24, issued on March 10, 2008) because they became effective for the fiscal years beginning on or after April 1, 2010. This accounting change had no impact on the consolidated financial statements.

- (25) Accounting standard for presentation of comprehensive income
 “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued June 30, 2010) became effective for consolidated financial statements for the fiscal years ending on or after March 31, 2011. Accordingly, SMFG has applied this standard and presents “Valuation and transaction adjustments” and “Total valuation and transaction adjustments” as of and for the fiscal year ended March 31, 2010 as “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” as of and for the fiscal year ended March 31, 2011, respectively.
- (26) 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.”

3. Trading Assets

Trading assets at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Trading securities	¥2,817,536	¥2,779,725	\$33,885
Derivatives of trading securities.....	3,857	1,246	47
Derivatives of securities related to trading transactions	5,338	6,931	64
Trading-related financial derivatives	3,514,859	3,642,477	42,271
Other trading assets.....	291,305	278,307	3,503
	¥6,632,898	¥6,708,688	\$79,770

4. Securities

Securities at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Japanese government bonds*1	¥25,934,346	¥16,738,321	\$311,899
Japanese local government bonds.....	544,409	422,648	6,547
Japanese corporate bonds*2	3,256,034	3,548,359	39,159
Japanese stocks*1, 3, 4.....	2,741,796	2,967,641	32,974
Other*1, 3, 4	7,475,535	4,946,997	89,904
	¥39,952,123	¥28,623,968	\$480,483

*1 Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥50,935 million (\$613 million) and ¥41,826 million are included in Japanese government bonds in Securities and in trading securities in Trading assets at March 31, 2011 and 2010, respectively.

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, ¥3,032,285 million (\$36,468 million) are pledged, and ¥232,420 million (\$2,795 million) are held in hand at March 31, 2011. The respective amounts at March 31, 2010 were ¥3,840,308 million and ¥133,566 million.

*2 Japanese corporate bonds include private placement bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) which are guaranteed by banking subsidiaries in the amount of ¥1,969,902 million (\$23,691 million) and ¥2,136,145 million at March 31, 2011 and 2010, respectively.

*3 Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥279,829 million (\$3,365 million) and ¥321,897 million at March 31, 2011 and 2010, respectively.

*4 Japanese stocks and other include investments in jointly controlled entities of ¥97,868 million (\$1,177 million) and ¥94,369 million at March 31, 2011 and 2010, respectively.

5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Bills discounted.....	¥ 184,822	¥ 196,382	\$ 2,223
Loans on notes	2,176,918	2,324,520	26,181
Loans on deeds.....	51,925,319	52,839,032	624,477
Overdrafts	7,061,295	7,341,097	84,922
	¥61,348,355	¥62,701,033	\$737,803

(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
	2011	2010	2011
Risk-monitored loans:			
Bankrupt loans*1.....	¥ 90,777	¥ 165,131	\$ 1,092
Non-accrual loans*2	1,031,828	1,075,782	12,409
Past due loans (3 months or more)*3.....	25,438	38,315	306
Restructured loans*4	498,323	250,256	5,993
	¥1,646,369	¥1,529,484	\$19,800

*1 "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.

*2 "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.

*3 "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."

*4 "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, 2011 and 2010 was ¥667,310 million (\$8,025 million) and ¥617,381 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, 2011 and 2010 were ¥45,842,366 million (\$551,321 million) and ¥41,957,592 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, 2011 and 2010 were ¥39,563,617 million (\$475,810 million) and ¥36,373,235 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, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Prepaid expenses.....	¥ 34,563	¥ 30,643	\$ 416
Accrued income.....	236,357	239,422	2,843
Deferred assets.....	821,139	488,712	9,875
Financial derivatives*.....	1,294,264	1,079,708	15,565
Other.....	2,218,407	1,771,559	26,680
	¥4,604,732	¥3,610,046	\$55,379

* Referred to in Note 32

7. Tangible Fixed Assets

Tangible fixed assets at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Buildings.....	¥ 350,494	¥ 314,461	\$ 4,215
Land*.....	551,839	544,075	6,637
Lease assets.....	10,527	8,159	126
Construction in progress.....	4,464	8,206	54
Other tangible fixed assets.....	251,583	206,222	3,026
Total.....	¥1,168,908	¥1,081,125	\$14,058
Accumulated depreciation.....	¥ 717,073	¥ 671,298	\$ 8,624

* Includes land revaluation excess referred to in Note 15.

8. Intangible Fixed Assets

Intangible fixed assets at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Software	¥262,068	¥215,563	\$3,152
Goodwill	352,790	363,507	4,243
Lease assets	361	367	4
Other intangible fixed assets.....	58,995	46,809	709
	¥674,216	¥626,248	\$8,108

9. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Assets pledged as collateral:			
Cash and due from banks and Deposits with banks	¥ 2,859	¥ 703	\$ 34
Call loans and bills bought	327,259	367,035	3,936
Monetary claims bought	1,926	1,870	23
Trading assets	2,565,106	2,337,389	30,849
Securities	8,586,487	4,649,170	103,265
Loans and bills discounted	2,149,928	1,631,290	25,856
Lease receivables and investment assets	10,436	15,478	126
Tangible fixed assets	15,019	16,165	181
Other assets (installment account receivable, etc.).....	5,102	3,087	61
Liabilities corresponding to assets pledged as collateral:			
Deposits	26,053	24,992	313
Call money and bills sold.....	955,000	642,100	11,485
Payables under repurchase agreements	726,365	1,120,860	8,736
Payables under securities lending transactions.....	5,078,535	3,664,591	61,077
Trading liabilities	356,577	365,974	4,288
Borrowed money.....	5,119,245	1,468,005	61,566
Other liabilities	11,140	14,611	134
Acceptances and guarantees	110,568	123,733	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, 2011 and 2010:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Cash and due from banks and Deposits with banks	¥ 32,987	¥ 25,804	\$ 397
Trading assets	177,403	111,283	2,134
Securities	20,790,338	14,233,542	250,034
Loans and bills discounted	—	1,171,863	—

At March 31, 2011, other assets included surety deposits of ¥119,299 million (\$1,435 million), variation margins of futures market transactions of ¥18,029 million (\$217 million) and other variation margins of ¥84,382 million (\$1,015 million). At March 31, 2010, other assets included surety deposits of ¥102,085 million, variation margins of futures market transactions of ¥8,457 million and other variation margins of ¥83,768 million.

10. Deposits

Deposits at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Current deposits	¥ 7,046,031	¥ 6,871,401	\$ 84,739
Ordinary deposits	38,444,302	35,153,531	462,349
Savings deposits.....	721,677	750,961	8,679
Deposits at notice.....	4,931,391	5,363,534	59,307
Time deposits	26,891,477	26,888,129	323,409
Negotiable certificates of deposit.....	8,366,323	6,995,619	100,617
Other deposits.....	3,964,058	3,621,037	47,674
	¥90,365,263	¥85,644,215	\$1,086,774

11. Trading Liabilities

Trading liabilities at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Trading securities sold for short sales	¥1,623,046	¥1,582,808	\$19,520
Derivatives of trading securities.....	1,803	2,367	22
Derivatives of securities related to trading transactions	5,639	6,961	68
Trading-related financial derivatives	3,617,812	3,474,589	43,509
	¥5,248,302	¥5,066,727	\$63,119

12. Borrowed Money

Borrowed money at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars	Average interest rate* ¹	Due
	2011	2010	2011	2011	
Borrowed money* ²	¥10,769,668	¥5,470,578	\$129,521	0.45%	Jan. 2011–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 ¥371,232 million (\$4,465 million) and ¥378,729 million at March 31, 2011 and 2010, respectively.

The repayment schedule over the next 5 years on borrowed money at March 31, 2011 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2011	2011
Within 1 year	¥8,948,213	\$107,615
After 1 year through 2 years	503,992	6,061
After 2 years through 3 years	347,268	4,176
After 3 years through 4 years	284,237	3,418
After 4 years through 5 years	268,479	3,229

13. Bonds

Bonds at March 31, 2011 and 2010 consisted of the following:

March 31

Issuer	Description	Millions of yen*1		Millions of U.S. dollars	Interest rate*2 (%)	Due
		2011	2010	2011	2011	
SMBC:						
Short-term bonds, payable in Yen		¥ 40,999	¥ 164,678	\$ 493	0.10	Apr. 2011
		{40,999}	{164,678}			
Straight bonds, payable in Yen		1,233,898	1,032,907	14,839	0.12–1.813	Apr. 2011–May 2025
		{197,793}	{149,198}			
Straight bonds, payable in Euroyen.....		20,900	20,900	251	0.00–4.66895	Mar. 2012–Feb. 2037
		{5,000}				
Straight bonds, payable in U.S. dollars		290,823	—	3,498	1.95–3.15	Jul. 2013–Jan. 2016
		(\$3,497,576 thousand)				
Straight bonds, payable in Australian dollars.....		46,444	46,031	559	5.76	Mar. 2013
		(A\$539,931 thousand)	(A\$539,895 thousand)			
Subordinated bonds, payable in Yen		1,373,255	1,383,521	16,515	1.04625–2.80	Jun. 2011–Dec. 2020
		{49,999}	{149,798}			
Subordinated bonds, payable in Euroyen.....		447,494	593,800	5,382	0.44–2.97	May 2016–Perpetual
Subordinated bonds, payable in U.S. dollars.....		88,182	102,371	1,060	5.625–8.00	Nov. 2011–Perpetual
		(\$1,060,522 thousand)	(\$1,100,179 thousand)			
		{1,995}				
Subordinated bonds, payable in Euro.....		125,885	41,162	1,514	4.00–4.375	Nov. 2020–Perpetual
		(€1,071,181 thousand)	(€329,591 thousand)			
Other consolidated subsidiaries:						
Straight bonds, payable in Yen		113,411	89,738	1,364	0.30417–4.95	Apr. 2011–Jan. 2041
		{26,010}	{62,842}			
Subordinated bonds, payable in Yen		125,798	112,239	1,513	1.80–4.50	Jun. 2016–Perpetual
			{140}			
Short-term bonds, payable in Yen		1,142,198	1,047,500	13,737	0.121–0.45	Apr. 2011–Aug. 2011
		{1,142,198}	{1,047,500}			
		¥5,049,293	¥4,634,851	\$60,725		

*1 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.

*2 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, 2011 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2011	2011
Within 1 year	¥1,464,015	\$17,607
After 1 year through 2 years	375,313	4,514
After 2 years through 3 years	405,297	4,874
After 3 years through 4 years	270,100	3,248
After 4 years through 5 years	609,627	7,332

14. Other Liabilities

Other liabilities at March 31, 2011 and 2010 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Accrued expenses.....	¥ 132,089	¥ 144,338	\$ 1,589
Unearned income.....	167,880	174,931	2,019
Income taxes payable.....	47,431	56,708	570
Financial derivatives*1.....	818,962	818,105	9,849
Lease liabilities*2.....	64,436	58,742	775
Other.....	2,957,458	1,940,320	35,568
	¥4,188,259	¥3,193,146	\$50,370

*1 Referred to in Note 32

*2 Average interest rate on lease liabilities for the year ended March 31, 2011 was 4.60%. 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, 2011 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2011	2011
Within 1 year.....	¥21,680	\$261
After 1 year through 2 years.....	15,680	189
After 2 years through 3 years.....	10,496	126
After 3 years through 4 years.....	6,712	81
After 4 years through 5 years.....	4,288	52

15. Land Revaluation Excess

SMBC and certain consolidated subsidiary revaluated their own land for business activities in accordance with the “Act on Revaluation of Land” (the “Act”) (Act No. 34, effective March 31, 1998) and “Act for Partial Revision of Act on Revaluation of Land” (Act No. 19, 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 Act. 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

A consolidated subsidiary and an affiliate:

March 31, 1999 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Act)

SMBC:

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of “Order for Enforcement of Act on Revaluation of Land” (Cabinet Order No. 119 of March 31, 1998).

A consolidated subsidiary and an affiliate:

Fair values were determined based on the values stipulated in Articles 2-3 and 2-5 of “Order for Enforcement of Act on Revaluation of Land” (Cabinet Order No. 119 of March 31, 1998).

16. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2011 and 2010 were as follows:

March 31	Number of shares			
	2011		2010	
	Authorized	Issued	Authorized	Issued
Common stock	3,000,000,000	1,414,055,625	1,500,000,000	1,414,055,625
Preferred stock (Type 4).....	—	—	50,100	—
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.....	<u>3,000,634,001</u>	<u>1,414,125,626</u>	<u>1,500,684,101</u>	<u>1,414,125,626</u>

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 Companies 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 Companies 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, 2011 and 2010 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Fees and commissions:			
Deposits and loans	¥ 82,604	¥ 70,592	\$ 993
Remittances and transfers	127,856	125,792	1,538
Securities-related business.....	71,277	54,363	857
Agency	18,054	14,763	217
Safe deposits	6,507	6,684	78
Guarantees.....	62,762	49,365	755
Credit card business.....	185,970	143,770	2,237
Investment trusts.....	163,706	96,243	1,969
Other.....	178,720	167,789	2,149
	¥897,461	¥729,364	\$10,793
Fees and commissions payments:			
Remittances and transfers	¥ 33,958	¥ 31,050	\$ 408
Other.....	97,272	89,697	1,170
	¥131,230	¥120,748	\$ 1,578

18. Trading Income

Trading income for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Gains on trading securities	¥ 94,234	¥ 63,424	\$1,133
Gains on securities related to trading transactions.....	1,538	2,254	18
Gains on trading-related financial derivatives	140,157	127,833	1,686
Other	1,162	576	14
	¥237,093	¥194,087	\$2,851

19. Other Operating Income

Other operating income for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Gains on sale of bonds	¥ 209,496	¥ 90,942	\$ 2,520
Gains on redemption of bonds	105	10	1
Lease-related income.....	693,492	243,237	8,340
Gains on financial derivatives	11,336	—	136
Other	125,231	118,823	1,506
	¥1,039,662	¥453,012	\$12,503

20. Other Operating Expenses

Other operating expenses for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Losses on sale of bonds.....	¥ 47,874	¥ 30,122	\$ 576
Losses on redemption of bonds.....	7,194	17,401	87
Losses on devaluation of bonds.....	984	331	12
Bond issuance costs.....	2,701	1,197	32
Lease-related expenses.....	627,378	201,932	7,545
Losses on foreign exchange transactions	44,556	1,591	536
Losses on financial derivatives	—	17,011	—
Other	127,554	132,186	1,534
	¥858,243	¥401,773	\$10,322

21. Other Income

Other income for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Gains on sale of stocks and other securities	¥27,523	¥ 57,231	\$331
Gains on money held in trust.....	203	130	2
Gains on disposal of fixed assets.....	884	17,179	11
Recoveries of written-off claims	2,813	968	34
Gains on step acquisitions	12,655	—	152
Other	29,427	35,128	354
	¥73,507	¥110,638	\$884

22. Other Expenses

Other expenses for the fiscal years ended March 31, 2011 and 2010 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Write-off of loans.....	¥156,571	¥176,672	\$1,883
Losses on sale of stocks and other securities.....	4,551	34,814	55
Losses on devaluation of stocks and other securities.....	114,921	32,495	1,382
Losses on money held in trust	352	375	4
Losses on sale of delinquent loans.....	6,834	76,439	82
Equity in losses of affiliates.....	13,319	21,542	160
Losses on disposal of fixed assets	5,914	6,003	71
Losses on impairment of fixed assets*	5,411	12,856	65
Provision for reserve for loss on interest repayment	14,530	—	175
Influence amount as a result of the application of Accounting Standard for Asset Retirement Obligations.....	3,552	—	43
Other	20,921	65,052	252
	¥346,881	¥426,252	\$4,172

*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
		2011	Type	2011	2010	2011
Tokyo metropolitan area		Branch (—)	Land and buildings, etc.	¥ —	¥ 13	\$ —
		Corporate assets (5 items)		254	8,295	3
		Idle assets (39 items)		1,070	1,511	13
		Other (4 items)		461	335	6
Kinki area		Branches (4 branches)	Land and buildings, etc.	69	164	1
		Corporate assets (—)		—	35	—
		Idle assets (42 items)		3,542	1,436	43
		Other (—)		—	256	—
Other		Corporate assets (—)	Land and buildings, etc.	—	21	—
		Idle assets (5 items)		13	281	0
		Other (—)		—	503	—

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 their branches, corporate assets, idle assets and others. 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. Other Comprehensive Income

Other comprehensive income for the fiscal year ended March 31, 2010 consisted of the following:

Year ended March 31	Millions of yen 2010
Other comprehensive income.....	¥424,477
Net unrealized gains on other securities.....	465,868
Net deferred losses on hedges.....	(19,065)
Foreign currency translation adjustments.....	(4,399)
Share of other comprehensive income of associates accounted for by equity method.....	(17,926)

24. Comprehensive Income

Comprehensive income for the fiscal year ended March 31, 2010 consisted of the following:

Year ended March 31	Millions of yen 2010
Comprehensive income.....	¥803,705
Comprehensive income attributable to shareholders of the parent company.....	707,804
Comprehensive income attributable to minority interests.....	95,900

25. Deferred Tax Assets and Liabilities

(1) Significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Net operating loss carryforwards.....	¥ 273,415	¥ 485,533	\$ 3,288
Write-off of securities.....	316,010	282,386	3,801
Reserve for possible loan losses.....	454,603	438,537	5,467
Write-off of loans.....	161,174	140,597	1,938
Net unrealized gains (losses) on other securities.....	33,236	20,707	400
Reserve for employee retirement benefits.....	77,284	74,489	929
Net deferred losses on hedges.....	6,848	27,290	82
Depreciation.....	10,857	12,392	131
Other.....	249,420	245,743	3,000
Subtotal.....	1,582,851	1,727,678	19,036
Valuation allowance.....	(739,055)	(739,555)	(8,888)
Total deferred tax assets.....	843,795	988,123	10,148
Deferred tax liabilities:			
Net unrealized gains (losses) on other securities.....	(101,791)	(169,312)	(1,224)
Leveraged lease.....	(23,459)	(28,392)	(282)
Gains on securities contributed to employee retirement benefits trust....	(44,015)	(42,261)	(530)
Securities returned from employee retirement benefits trust.....	(12,967)	(13,956)	(156)
Undistributed earnings of overseas subsidiaries.....	(4,502)	(3,388)	(54)
Other.....	(32,840)	(28,746)	(395)
Total deferred tax liabilities.....	(219,576)	(286,057)	(2,641)
Net deferred tax assets.....	¥ 624,219	¥ 702,065	\$ 7,507

(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, 2011 and 2010. A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the years ended March 31, 2011 and 2010 was as follows:

	2011	2010
Statutory tax rate.....	40.69%	40.69%
Valuation allowance.....	(11.53)	(10.81)
Dividends exempted for income tax purposes.....	(1.17)	—
Gains on step acquisitions.....	(0.62)	—
Equity in losses of affiliates.....	0.66	1.91
Other.....	1.07	0.26
Effective income tax rate.....	29.10%	32.05%

26. Changes in Net Assets

(1) Type and number of shares issued and treasury shares are as follows:

Year ended March 31, 2011	Number of shares			March 31, 2011
	March 31, 2010	Increase	Decrease	
Shares issued				
Common stock.....	1,414,055,625	—	—	1,414,055,625
Preferred stock (1st series Type 6).....	70,001	—	—	70,001
Total	1,414,125,626	—	—	1,414,125,626
Treasury shares				
Common stock.....	17,070,100	15,516,991*	5,177*	32,581,914
Total	17,070,100	15,516,991	5,177	32,581,914

* Increase in number of treasury common shares issued:

- 37,591 shares due to purchase of fractional shares
- 15,479,400 shares due to acquisition of SMFG shares by SMFG Card & Credit, Inc., a wholly-owned subsidiary of SMFG, in connection with making Cedyna Financial Corporation a wholly-owned subsidiary of SMFG Card & Credit through the share exchange

Decrease in number of treasury common shares issued:

- 5,177 shares due to sale of fractional shares

Year ended March 31, 2010	Number of shares			March 31, 2010
	March 31, 2009	Increase	Decrease	
Shares issued				
Common stock.....	789,080,477	624,975,148*1	—	1,414,055,625
Preferred stock (1st series Type 4).....	4,175	—	4,175*2	—
Preferred stock (2nd series Type 4).....	4,175	—	4,175*2	—
Preferred stock (3rd series Type 4).....	4,175	—	4,175*2	—
Preferred stock (4th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (9th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (10th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (11th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (12th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (1st series Type 6).....	70,001	—	—	70,001
Total	789,183,878	624,975,148	33,400	1,414,125,626
Treasury shares				
Common stock.....	17,028,466	54,672*3	13,038*3	17,070,100
Preferred stock (1st series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (2nd series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (3rd series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (4th series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (9th series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (10th series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (11th series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (12th series Type 4).....	—	4,175*2	4,175*2	—
Total	17,028,466	88,072	46,438	17,070,100

*1 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

*2 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

*3 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

(2) Information on stock acquisition rights is as follows:

Year ended March 31, 2011	Detail of stock acquisition rights	Type of shares	Number of shares			March 31, 2011	Millions of yen	Millions of U.S. dollars
			March 31, 2010	Increase	Decrease		March 31, 2011	March 31, 2011
SMFG.....	Stock options	—	—	—	—	—	¥170	\$2
Consolidated subsidiary ...	—	—	—	—	—	—	91	1
Total.....							¥262	\$3

Year ended March 31, 2010	Detail of stock acquisition rights	Type of shares	Number of shares			March 31, 2010	Millions of yen
			March 31, 2009	Increase	Decrease		March 31, 2010
SMFG.....	Stock options	—	—	—	—	—	¥—
Consolidated subsidiary ...	—	—	—	—	—	—	81
Total.....							¥81

(3) Information on dividends is as follows:

(a) Dividends paid in the fiscal year ended March 31, 2010

Type of shares	Aggregate amount of dividends	Millions of yen, except per share amount		
		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	Aggregate amount of dividends	Millions of yen, except per share amount		
		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

(b) Dividends paid in the fiscal year ended March 31, 2011

Type of shares	Aggregate amount of dividends	Millions of yen, except per share amount		
		Cash dividends per share	Record date	Effective date
Common stock	¥77,567	¥ 55	March 31, 2010	June 29, 2010
Preferred stock (1st series Type 6).....	3,097	44,250	March 31, 2010	June 29, 2010

Date of resolution: Ordinary general meeting of shareholders held on June 29, 2010

Type of shares	Aggregate amount of dividends	Millions of yen, except per share amount		
		Cash dividends per share	Record date	Effective date
Common stock	¥70,515	¥ 50	September 30, 2010	December 3, 2010
Preferred stock (1st series Type 6).....	3,097	44,250	September 30, 2010	December 3, 2010

Date of resolution: Meeting of the Board of Directors held on November 12, 2010

(c) Dividends to be paid in the fiscal year ending March 31, 2012

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	¥70,514	Retained earnings	¥ 50	March 31, 2011	June 29, 2011
Preferred stock (1st series Type 6)	3,097	Retained earnings	44,250	March 31, 2011	June 29, 2011

Date of resolution: Ordinary general meeting of shareholders held on June 29, 2011

27. Cash Flows

Fiscal year ended March 31, 2011

Significant non-money transactions

Cedyna Financial Corporation and 8 other companies were newly consolidated through a third-party allotment of new shares issued by the company. Their major assets and liabilities are as follows:

	Millions of yen	Millions of U.S. dollars
Assets	¥2,631,525	\$31,648
Loans and bills discounted	438,497	5,274
Other assets	803,639	9,665
Customers' liabilities for acceptances and guarantees	1,124,290	13,521
Liabilities	¥2,520,313	\$30,310
Borrowed money	989,790	11,904
Acceptances and guarantees	1,124,290	13,521

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
Assets	¥ 1,953,475
Trading assets	786,535
Liabilities	¥(1,552,271)
Call money and bills sold	(321,000)
Borrowed money	(295,020)
Minority interests	(711)
Goodwill	167,607
Acquisition costs for the 18 companies' stocks	568,099
The 18 companies' cash and due from banks	(58,246)
Net cash payment for acquisition of the 18 companies	¥ (509,853)

(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
Assets	¥1,113,801
Loans and bills discounted	795,445
Securities	89,968
Liabilities	¥1,078,769
Deposits	1,033,256

(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
Assets	¥730,001
Other assets	401,031
Customers' liabilities for acceptances and guarantees	258,620
Liabilities	¥714,850
Borrowed money	343,002
Acceptances and guarantees	258,620

28. Employee Retirement Benefits

(1) Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory and non-contributory funded or unfunded 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
		2011	2010	2011
Projected benefit obligation	(A).....	¥(976,271)	¥(938,161)	\$(11,741)
Plan assets	(B).....	883,255	891,366	10,622
Unfunded projected benefit obligation	(C)=(A)+(B).....	(93,016)	(46,794)	(1,119)
Unrecognized net actuarial gain or loss	(D).....	266,775	226,268	3,208
Unrecognized prior service cost	(E).....	(10,365)	(15,234)	(124)
Net amount recorded on the consolidated balance sheet	(F)=(C)+(D)+(E).....	163,393	164,240	1,965
Prepaid pension cost	(G).....	207,997	205,931	2,501
Reserve for employee retirement benefits	(F)-(G).....	¥ (44,604)	¥ (41,691)	\$ (536)

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
	2011	2010	2011
Service cost.....	¥23,505	¥21,052	\$283
Interest cost on projected benefit obligation.....	23,621	22,459	284
Expected return on plan assets.....	(27,624)	(23,883)	(332)
Amortization of unrecognized net actuarial gain or loss.....	45,902	60,456	552
Amortization of unrecognized prior service cost.....	(6,229)	(11,167)	(75)
Other (nonrecurring additional retirement allowance paid and other).....	4,812	4,229	58
Total.....	¥63,988	¥73,146	\$770

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, 2011 and 2010 were as follows:

Year ended March 31	2011		2010
Discount rate.....	Domestic consolidated subsidiaries	1.4% to 2.5%	1.4% to 2.5%
	Overseas consolidated subsidiaries	5.4% to 9.0%	
Expected rate of return on plan assets.....	Domestic consolidated subsidiaries	0% to 4.0%	0% to 4.0%
	Overseas consolidated subsidiaries	5.5% to 5.6%	

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, 2011 and 2010.

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, 2011 and 2010.

29. 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
	2011	2010	2011
Lease receivables	¥1,241,757	¥1,343,868	\$14,934
Residual value	95,359	103,095	1,147
Unearned interest income	(206,317)	(233,640)	(2,481)
Total	¥1,130,799	¥1,213,323	\$13,600

(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
	2011	2010	2011
Within 1 year	¥230,050	¥242,087	\$2,767
More than 1 year to 2 years	160,632	173,269	1,932
More than 2 years to 3 years	111,555	109,219	1,341
More than 3 years to 4 years	53,371	75,511	642
More than 4 years to 5 years	40,555	32,981	488
More than 5 years	84,682	73,660	1,018
Total	¥680,846	¥706,728	\$8,188

Lease payments receivable related to investment assets

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Within 1 year	¥ 389,029	¥ 407,746	\$ 4,679
More than 1 year to 2 years	288,064	306,937	3,464
More than 2 years to 3 years	210,604	220,648	2,533
More than 3 years to 4 years	129,630	152,399	1,559
More than 4 years to 5 years	77,517	79,417	932
More than 5 years	146,911	176,720	1,767
Total	¥1,241,757	¥1,343,868	\$14,934

(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, 2011 was ¥10,115 million (\$122 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, 2011 and 2010 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Due within 1 year	¥ 34,804	¥17,153	\$ 418
Due after 1 year	267,049	69,742	3,212
Total	¥301,854	¥86,895	\$3,630

(b) Lessor side

Future minimum lease payments on operating leases which were not cancelable at March 31, 2011 and 2010 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Due within 1 year	¥ 36,995	¥ 23,585	\$ 445
Due after 1 year	156,549	122,599	1,883
Total	¥193,545	¥146,185	\$2,328

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.

30. Financial Instruments

(1) Status of financial instruments

(a) Policies on financial instruments

SMFG conducts banking and other financial services such as securities, leasing, credit card, invest banking, consumer finance, and venture capital. Its banking business includes deposit taking, lending, securities trading, securities investment, domestic and foreign exchange transactions, brokerage, etc. of financial futures transactions, etc., corporate bond trust services, trust business, sale of securities investment trusts, sale of insurance products, and securities intermediary services.

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 Note 2. (17) 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 nonperforming 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 credit 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, credit 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 one 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 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 and, based on 4 years of historical observation, calculates the maximum loss that may occur as a result of market fluctuations in 1 day with a probability of 1%.

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).

— Quantitative information on market risks

As of March 31, 2011, total VaR of SMBC and other major consolidated subsidiaries was ¥48.6 billion in the banking book (market operations for generating profit through management of interest rates, terms, and other aspects of assets (loans, bonds, etc.) and liabilities (deposits, etc.)), ¥6.8 billion in the trading book (market operations for generating profit by taking advantage of short-term fluctuations in market values and differences in value among markets) and ¥114.1 billion in the holding of shares (listed shares) for the purpose of strategic investment.

However, it should be noted that these figures are statistical figures that change according to changes in the assumptions and the calculation methods, and may not cover the risk of future market conditions fluctuating drastically compared to market fluctuations of the past.

— 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 or losses of financial instruments as of March 31, 2011 and 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		
	2011		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks and Deposits with banks*1	¥ 9,227,272	¥ 9,233,629	¥ 6,357
2) Call loans and bills bought*1	850,997	851,482	484
3) Receivables under resale agreements	131,104	131,145	40
4) Receivables under securities borrowing transactions	4,740,410	4,740,410	—
5) Monetary claims bought*1	1,110,692	1,117,128	6,435
6) Trading assets			
Securities classified as trading purposes	3,108,841	3,108,841	—
7) Money held in trust	24,011	24,011	—
8) Securities			
Bond classified as held-to-maturity	4,182,273	4,242,131	59,857
Other securities	34,871,036	34,871,036	—
9) Loans and bills discounted	61,348,355		
Reserve for possible loan losses*1	(812,542)		
	60,535,813	61,586,792	1,050,978
10) Foreign exchanges*1	1,072,850	1,076,542	3,692
11) Lease receivables and investment assets*1	1,719,905	1,816,390	96,485
Total assets	¥121,575,209	¥122,799,543	¥1,224,333
1) Deposits	¥ 81,998,940	¥ 82,015,066	¥ 16,126
2) Negotiable certificates of deposit	8,366,323	8,365,839	(484)
3) Call money and bills sold	2,629,407	2,629,406	(0)
4) Payables under repurchase agreements	726,365	726,365	—
5) Payables under securities lending transactions	5,713,233	5,713,233	—
6) Commercial paper	337,120	337,120	—
7) Trading liabilities			
Trading securities sold for short sales	1,623,046	1,623,046	—
8) Borrowed money	10,769,668	10,780,649	10,981
9) Foreign exchanges	256,160	256,160	—
10) Short-term bonds	1,183,198	1,183,198	—
11) Bonds	3,866,095	3,952,658	86,563
12) Due to trust account	216,171	216,171	—
Total liabilities	¥117,685,729	¥117,798,915	¥ 113,186
Derivative transactions*2			
Hedge accounting not applied	¥ 16,149	¥ 16,149	¥ —
Hedge accounting applied	357,952	357,952	—
Total	¥ 374,101	¥ 374,101	¥ —

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		
	2011		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks and Deposits with banks*1.....	\$ 110,971	\$ 111,048	\$ 77
2) Call loans and bills bought*1.....	10,235	10,240	5
3) Receivables under resale agreements.....	1,577	1,577	0
4) Receivables under securities borrowing transactions.....	57,010	57,010	—
5) Monetary claims bought*1.....	13,358	13,435	77
6) Trading assets			
Securities classified as trading purposes.....	37,388	37,388	—
7) Money held in trust.....	289	289	—
8) Securities			
Bond classified as held-to-maturity.....	50,298	51,018	720
Other securities.....	419,375	419,375	—
9) Loans and bills discounted.....	737,803		
Reserve for possible loan losses*1.....	(9,772)		
	728,031	740,671	12,640
10) Foreign exchanges*1.....	12,903	12,947	44
11) Lease receivables and investment assets*1.....	20,684	21,845	1,161
Total assets.....	\$1,462,119	\$1,476,843	\$14,724
1) Deposits.....	\$ 986,157	\$ 986,351	\$ 194
2) Negotiable certificates of deposit.....	100,617	100,611	(6)
3) Call money and bills sold.....	31,622	31,622	(0)
4) Payables under repurchase agreements.....	8,736	8,736	—
5) Payables under securities lending transactions.....	68,710	68,710	—
6) Commercial paper.....	4,054	4,054	—
7) Trading liabilities			
Trading securities sold for short sales.....	19,520	19,520	—
8) Borrowed money.....	129,521	129,653	132
9) Foreign exchanges.....	3,081	3,081	—
10) Short-term bonds.....	14,230	14,230	—
11) Bonds.....	46,495	47,536	1,041
12) Due to trust account.....	2,600	2,600	—
Total liabilities.....	\$1,415,343	\$1,416,704	\$ 1,361
Derivative transactions*2			
Hedge accounting not applied.....	\$ 194	\$ 194	\$ —
Hedge accounting applied.....	4,305	4,305	—
Total.....	\$ 4,499	\$ 4,499	\$ —

*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 and Deposits with 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 and Deposits with 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 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 interest 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 Issues 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 using the same method applied to the estimation of a loan loss. 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 fair 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
	2011	2010	2011
Monetary claims bought:			
Monetary claims bought without market prices*1	¥ 7,606	¥ 7,889	\$ 92
Securities:			
Unlisted stocks, etc.*2, 4	278,869	291,922	3,354
Investments in partnership, etc.*3, 4	340,113	354,422	4,090
Total	¥626,589	¥654,234	\$7,536

*1 Beneficiary claims on loan trusts 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.

*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 ¥15,076 million (\$181 million) and ¥26,770 million were written-down in the fiscal years ended March 31, 2011 and 2010, respectively.

(4) Redemption schedule of monetary claims bought and securities with maturities

March 31	Millions of yen			
	2011			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	¥ 7,945,095	¥ 2,938	¥ —	¥ —
Call loans and bills bought	842,638	8,998	—	—
Receivables under resale agreements	131,104	—	—	—
Receivables under securities borrowing transactions	4,740,410	—	—	—
Monetary claims bought*1, 2	751,345	98,873	58,080	193,178
Securities*1	13,702,861	16,893,389	5,309,448	547,556
Bonds classified as held-to-maturity	165,782	3,708,714	304,400	—
Japanese government bonds	155,000	3,315,000	290,000	—
Japanese local government bonds	5,032	166,107	100	—
Japanese corporate bonds	4,750	226,607	8,800	—
Other	1,000	1,000	5,500	—
Other securities with maturity	13,537,079	13,184,674	5,005,048	547,556
Japanese government bonds	11,517,890	7,620,372	2,944,300	—
Japanese local government bonds	18,033	278,781	69,793	44
Japanese corporate bonds	642,634	1,835,259	405,417	58,833
Other	1,358,521	3,450,261	1,585,536	488,678
Loans and bills discounted*1, 2	13,013,773	21,474,032	7,911,639	11,235,643
Foreign exchanges*1	1,074,722	1,685	—	—
Lease receivables and investment assets*1	540,645	938,489	106,288	39,086
Total	¥42,742,597	¥39,418,406	¥13,385,457	¥12,015,464

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			
	2011			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks	\$ 95,551	\$ 35	\$ —	\$ —
Call loans and bills bought	10,134	108	—	—
Receivables under resale agreements	1,577	—	—	—
Receivables under securities borrowing transactions	57,010	—	—	—
Monetary claims bought* ^{1, 2}	9,036	1,189	699	2,323
Securities* ¹	164,797	203,168	63,854	6,585
Bonds classified as held-to-maturity	1,994	44,603	3,661	—
Japanese government bonds	1,864	39,868	3,488	—
Japanese local government bonds	61	1,998	1	—
Japanese corporate bonds	57	2,725	106	—
Other	12	12	66	—
Other securities with maturity	162,803	158,565	60,193	6,585
Japanese government bonds	138,519	91,646	35,410	—
Japanese local government bonds	217	3,353	839	0
Japanese corporate bonds	7,729	22,072	4,876	708
Other	16,338	41,494	19,068	5,877
Loans and bills discounted* ^{1, 2}	156,510	258,257	95,149	135,125
Foreign exchanges* ¹	12,925	20	—	—
Lease receivables and investment assets* ¹	6,502	11,287	1,278	470
Total	\$514,042	\$474,064	\$160,980	\$144,503

*¹ 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
	2011	2010	2011
Monetary claims bought	¥ 2,043	¥ 3,196	\$ 25
Securities	27,402	16,989	330
Loans and bills discounted	998,936	1,213,627	12,014
Foreign exchanges	616	3,286	7
Lease receivables and investment assets	8,685	10,048	104

*² Does not include "Monetary claims bought" and "Loans and bills discounted" without tenure totaling ¥4,047 million (\$49 million) and ¥6,717,074 million (\$80,783 million) at March 31, 2011, respectively. Does not include "Loans and bills discounted" without tenure totaling ¥6,829,836 million at March 31, 2010.

(5) Redemption schedule of bonds, borrowed money and other interest-bearing debts

March 31	Millions of yen			
	2011			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits*	¥ 76,809,748	¥4,611,848	¥ 348,749	¥227,549
Negotiable certificates of deposit	8,197,688	168,634	—	—
Call money and bills sold	2,629,407	—	—	—
Payables under repurchase agreements	726,365	—	—	—
Payables under securities lending transactions	5,713,233	—	—	—
Commercial paper	337,120	—	—	—
Borrowed money	8,948,213	1,403,977	259,433	158,043
Foreign exchanges	256,160	—	—	—
Short-term bonds	1,183,210	—	—	—
Bonds	280,805	1,660,338	1,633,465	293,153
Due to trust account	216,171	—	—	—
Total	¥105,298,124	¥7,844,799	¥2,241,648	¥678,746

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	—	—	—
Total	¥94,845,775	¥6,303,896	¥2,008,852	¥808,356

March 31	Millions of U.S. dollars			
	2011			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits*	\$ 923,749	\$55,464	\$ 4,194	\$2,737
Negotiable certificates of deposit	98,589	2,028	—	—
Call money and bills sold	31,622	—	—	—
Payables under repurchase agreements	8,736	—	—	—
Payables under securities lending transactions	68,710	—	—	—
Commercial paper	4,054	—	—	—
Borrowed money	107,615	16,885	3,120	1,901
Foreign exchanges	3,081	—	—	—
Short-term bonds	14,230	—	—	—
Bonds	3,377	19,968	19,645	3,525
Due to trust account	2,600	—	—	—
Total	\$1,266,363	\$94,345	\$26,959	\$8,163

* Demand deposits are included in "Within 1 year." Deposits include current deposits.

31. 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.

(a) Securities classified as trading purposes

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Valuation gains included in the earnings for the fiscal year	¥(6,863)	¥(2,583)	\$(83)

(b) Bonds classified as held-to-maturity

March 31	Millions of yen		
	2011		Net unrealized gains (losses)
	Consolidated balance sheet amount	Fair value	
Bonds with unrealized gains:			
Japanese government bonds	¥3,384,266	¥3,437,088	¥52,821
Japanese local government bonds	159,618	162,339	2,721
Japanese corporate bonds	237,233	243,070	5,837
Other	4,193	4,201	8
Subtotal	¥3,785,310	¥3,846,700	¥61,389
Bonds with unrealized losses:			
Japanese government bonds	¥ 379,873	¥ 378,410	¥ (1,463)
Japanese local government bonds	11,899	11,860	(39)
Japanese corporate bonds	1,887	1,878	(9)
Other	10,301	10,282	(19)
Subtotal	¥ 403,962	¥ 402,430	¥ (1,531)
Total	¥4,189,272	¥4,249,130	¥59,857

March 31	Millions of yen		
	2010		Net unrealized gains (losses)
	Consolidated balance sheet amount	Fair value	
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		
	2011		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds	\$40,701	\$41,336	\$635
Japanese local government bonds	1,920	1,952	32
Japanese corporate bonds	2,853	2,923	70
Other	50	51	1
Subtotal	\$45,524	\$46,262	\$738
Bonds with unrealized losses:			
Japanese government bonds	\$ 4,568	\$ 4,550	\$(18)
Japanese local government bonds	143	143	(0)
Japanese corporate bonds	23	23	(0)
Other	124	124	(0)
Subtotal	\$ 4,858	\$ 4,840	\$(18)
Total	\$50,382	\$51,102	\$720

(c) Other securities

March 31	Millions of yen		
	2011		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:			
Stocks	¥ 1,341,992	¥ 854,218	¥ 487,773
Bonds	12,365,024	12,256,383	108,640
Japanese government bonds	9,468,315	9,423,084	45,230
Japanese local government bonds	199,005	197,609	1,395
Japanese corporate bonds	2,697,703	2,635,688	62,014
Other	3,125,508	3,001,059	124,449
Subtotal	¥16,832,525	¥16,111,661	¥ 720,864
Other securities with unrealized losses:			
Stocks	¥ 869,937	¥ 1,045,754	¥(175,817)
Bonds	13,194,988	13,226,858	(31,870)
Japanese government bonds	12,701,891	12,729,163	(27,271)
Japanese local government bonds	173,886	175,423	(1,536)
Japanese corporate bonds	319,210	322,272	(3,062)
Other	4,448,401	4,590,679	(142,277)
Subtotal	¥18,513,327	¥18,863,292	¥(349,965)
Total	¥35,345,852	¥34,974,953	¥ 370,899

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		
	2011		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:			
Stocks	\$ 16,139	\$ 10,273	\$ 5,866
Bonds	148,708	147,401	1,307
Japanese government bonds	113,870	113,326	544
Japanese local government bonds	2,394	2,377	17
Japanese corporate bonds	32,444	31,698	746
Other	37,589	36,092	1,497
Subtotal	\$202,436	\$193,766	\$ 8,670
Other securities with unrealized losses:			
Stocks	\$ 10,462	\$ 12,577	\$(2,115)
Bonds	158,689	159,072	(383)
Japanese government bonds	152,759	153,087	(328)
Japanese local government bonds	2,091	2,109	(18)
Japanese corporate bonds	3,839	3,876	(37)
Other	53,499	55,210	(1,711)
Subtotal	\$222,650	\$226,859	\$(4,209)
Total	\$425,086	\$420,625	\$ 4,461

Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥1,153 million (\$14 million) for the fiscal year ended March 31, 2011 and ¥105 million for the fiscal year ended March 31, 2010 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
	2011	2010	2011
Stocks	¥274,329	¥285,123	\$3,299
Other	352,260	369,111	4,237
Total	¥626,589	¥654,234	\$7,536

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 years ended March 31, 2011 and 2010

There are no corresponding transactions.

(e) Other securities sold during the years ended March 31, 2011 and 2010

Year ended March 31	Millions of yen		
	2011		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 47,019	¥ 11,371	¥ (3,203)
Bonds	18,058,502	71,653	(32,572)
Japanese government bonds	17,690,062	69,180	(31,297)
Japanese local government bonds	137,365	907	(633)
Japanese corporate bonds	231,074	1,566	(641)
Other	18,652,000	152,588	(16,204)
Total	¥36,757,522	¥235,613	¥(51,980)

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		
	2011		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 566	\$ 137	\$ (38)
Bonds.....	217,180	862	(392)
Japanese government bonds.....	212,749	832	(376)
Japanese local government bonds.....	1,652	11	(8)
Japanese corporate bonds.....	2,779	19	(8)
Other.....	224,317	1,835	(195)
Total.....	\$442,063	\$2,834	\$(625)

(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 balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2011 and 2010 were ¥109,921 million (\$1,322 million) and ¥19,519 million, respectively. 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.

(2) Money held in trust

(a) Money held in trust classified as trading purposes

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Consolidated balance sheet amount.....	¥1,441	¥1,483	\$17
Valuation gains included in the earnings for the fiscal year.....	1	13	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
	2011	2010	2011
Consolidated balance sheet amount.....	¥22,569	¥17,250	\$271
Acquisition cost.....	22,527	17,188	271
Net unrealized gains (losses).....	42	62	0
Unrealized gains.....	42	157	0
Unrealized losses.....	—	(95)	—

Notes: 1. Consolidated balance sheet amount is calculated using market prices at the fiscal year-end.

2. "Unrealized gains" and "Unrealized losses" are breakdowns of "Net unrealized gains (losses)" respectively.

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

March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Net unrealized gains.....	¥369,852	¥586,154	\$4,448
Other securities	369,810	586,091	4,448
Other money held in trust	42	62	0
(-) Deferred tax liabilities.....	102,593	168,758	1,234
Net unrealized gains on other securities (before adjustment).....	267,259	417,396	3,214
(-) Minority interests.....	7,125	7,991	85
(+) SMFG's interest in net unrealized gains on valuation of other securities held by the equity method affiliates.....	12,172	3,304	146
Net unrealized gains on other securities.....	¥272,306	¥412,708	\$3,275

Notes: 1. Net unrealized gains on other securities included gains of ¥1,153 million (\$14 million) for the fiscal year ended March 31, 2011 and ¥105 million for the fiscal year ended March 31, 2010 that are recognized in the fiscal year's earnings by applying fair value hedge accounting.

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

32. Derivative Transactions

(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			
	2011		Fair value	Valuation gains (losses)
	Contract amount			
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold.....	¥ 36,061,333	¥ 2,080,554	¥ (13,057)	¥ (13,057)
Bought.....	33,791,946	2,088,859	12,150	12,150
Interest rate options:				
Sold.....	16,628	—	(1)	(1)
Bought.....	420,747	—	(12)	(12)
Over-the-counter				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	19,504,719	314,376	(704)	(704)
Interest rate swaps:	356,885,048	267,296,032	95,050	95,050
Receivable fixed rate/payable floating rate	158,333,988	120,027,611	3,822,736	3,822,736
Receivable floating rate/payable fixed rate	170,756,972	129,214,787	(3,725,094)	(3,725,094)
Receivable floating rate/payable floating rate.....	27,653,869	17,913,499	(1,507)	(1,507)
Interest rate swaptions:				
Sold.....	3,391,868	2,347,307	(75,573)	(75,573)
Bought.....	2,924,852	2,076,786	72,362	72,362
Caps:				
Sold.....	20,895,278	5,852,048	(10,084)	(10,084)
Bought.....	9,178,858	2,985,925	7,603	7,603
Floors:				
Sold	882,481	278,959	(10,006)	(10,006)
Bought.....	8,551,945	8,419,741	7,460	7,460
Other:				
Sold.....	578,528	333,204	(14,089)	(14,089)
Bought.....	1,678,256	937,592	42,041	42,041
Total.....	/	/	¥ 113,136	¥ 113,136

March 31	Millions of yen			
	2010		Fair value	Valuation gains (losses)
	Contract amount			
	Total	Over 1 year		
Listed				
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
Over-the-counter				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	25,246,604	907,098	(340)	(340)
Interest rate swaps:	364,973,058	264,226,831	125,966	125,966
Receivable fixed rate/payable floating rate.....	168,753,817	124,132,310	4,254,072	4,254,072
Receivable floating rate/payable fixed 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			
	2011		Fair value	Valuation gains (losses)
	Contract amount			
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold.....	\$ 433,690	\$ 25,022	\$ (157)	\$ (157)
Bought.....	406,397	25,122	146	146
Interest rate options:				
Sold.....	200	—	(0)	(0)
Bought.....	5,060	—	(0)	(0)
Over-the-counter				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	234,573	3,781	(9)	(9)
Interest rate swaps:	4,292,063	3,214,625	1,143	1,143
Receivable fixed rate/payable floating rate.....	1,904,197	1,443,507	45,974	45,974
Receivable floating rate/payable fixed rate.....	2,053,602	1,553,996	(44,800)	(44,800)
Receivable floating rate/payable floating rate.....	332,578	215,436	(18)	(18)
Interest rate swaptions:				
Sold.....	40,792	28,230	(909)	(909)
Bought.....	35,176	24,976	870	870
Caps:				
Sold.....	251,296	70,379	(121)	(121)
Bought.....	110,389	35,910	91	91
Floors:				
Sold.....	10,613	3,355	(120)	(120)
Bought.....	102,850	101,260	90	90
Other:				
Sold.....	6,958	4,007	(169)	(169)
Bought.....	20,183	11,276	506	506
Total.....	/	/	\$ 1,361	\$ 1,361

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

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			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter				
Currency swaps.....	¥20,597,671	¥12,937,360	¥(392,609)	¥ (28,299)
Currency swaptions:				
Sold.....	711,681	672,001	(23,439)	(23,439)
Bought.....	948,904	695,468	38,789	38,789
Forward foreign exchange.....	50,708,557	19,400,525	114,272	114,272
Currency options:				
Sold.....	3,054,155	1,996,329	(300,544)	(300,544)
Bought.....	2,935,419	1,894,947	420,803	420,803
Total	/	/	¥(142,728)	¥221,581

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter				
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
Total	/	/	¥ 8,620	¥169,077

March 31	Millions of U.S. dollars			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter				
Currency swaps.....	\$247,717	\$155,591	\$(4,722)	\$ (340)
Currency swaptions:				
Sold.....	8,559	8,082	(282)	(282)
Bought.....	11,412	8,364	466	466
Forward foreign exchange.....	609,844	233,320	1,374	1,374
Currency options:				
Sold.....	36,731	24,009	(3,614)	(3,614)
Bought.....	35,303	22,790	5,061	5,061
Total	/	/	\$(1,717)	\$2,665

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value is calculated using discounted present value and option pricing models.

(c) Equity derivatives

March 31	Millions of yen			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
Equity price index futures:				
Sold.....	¥129,122	¥ —	¥ 1,689	¥ 1,689
Bought.....	46,212	—	283	283
Equity price index options:				
Sold.....	6,200	—	(203)	(203)
Bought.....	4,456	—	116	116
Over-the-counter				
Equity options:				
Sold.....	201,781	200,642	(41,359)	(41,359)
Bought.....	203,957	200,642	41,430	41,430
Total.....	/	/	¥ 1,956	¥ 1,956

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
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
Over-the-counter				
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
Total.....	/	/	¥ (253)	¥ (253)

March 31	Millions of U.S. dollars			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
Equity price index futures:				
Sold.....	\$1,553	\$ —	\$ 20	\$ 20
Bought.....	556	—	3	3
Equity price index options:				
Sold.....	75	—	(2)	(2)
Bought.....	54	—	1	1
Over-the-counter				
Equity options:				
Sold.....	2,427	2,413	(497)	(497)
Bought.....	2,453	2,413	498	498
Total.....	/	/	\$ 23	\$ 23

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

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			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
Bond futures:				
Sold.....	¥1,227,129	¥ —	¥(1,601)	¥(1,601)
Bought.....	1,141,914	—	388	388
Bond futures options:				
Sold.....	29,100	—	27	27
Bought.....	58,800	—	(31)	(31)
Over-the-counter				
Forward bond agreements:				
Sold.....	2,994	—	48	48
Bought.....	33,313	32,096	739	739
Bond options:				
Sold.....	24,843	—	(162)	(162)
Bought.....	24,843	—	129	129
Total.....	/	/	¥ (461)	¥ (461)

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
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
Over-the-counter				
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			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
Bond futures:				
Sold.....	\$14,758	\$ —	\$(19)	\$(19)
Bought.....	13,733	—	5	5
Bond futures options:				
Sold.....	350	—	0	0
Bought.....	707	—	(0)	(0)
Over-the-counter				
Forward bond agreements:				
Sold.....	36	—	0	0
Bought.....	401	386	9	9
Bond options:				
Sold.....	299	—	(2)	(2)
Bought.....	299	—	1	1
Total.....	/	/	\$ (6)	\$ (6)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

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			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
Commodity futures:				
Sold.....	¥ 4,566	¥ —	¥ 19	¥ 19
Bought.....	5,573	—	(24)	(24)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price.....	197,189	167,741	(52,883)	(52,883)
Receivable floating price/payable fixed price.....	143,052	115,341	94,816	94,816
Receivable floating price/payable floating price.....	25	—	0	0
Commodity options:				
Sold.....	18,952	14,871	(43)	(43)
Bought.....	7,742	6,067	308	308
Total.....	/	/	¥42,194	¥42,194

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
Commodity futures:				
Sold.....	¥ 11,998	¥ —	¥ (160)	¥ (160)
Bought.....	12,235	—	154	154
Over-the-counter				
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			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Listed				
Commodity futures:				
Sold.....	\$ 55	\$ —	\$ 0	\$ 0
Bought.....	67	—	(0)	(0)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price.....	2,371	2,017	(636)	(636)
Receivable floating price/payable fixed price.....	1,720	1,387	1,140	1,140
Receivable floating price/payable floating price.....	0	—	0	0
Commodity options:				
Sold.....	228	179	(1)	(1)
Bought.....	93	73	4	4
Total.....	/	/	\$ 507	\$ 507

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

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			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter				
Credit default options:				
Sold.....	¥1,004,667	¥695,622	¥(12,098)	¥(12,098)
Bought.....	1,107,470	602,404	14,148	14,148
Total.....	/	/	¥ 2,049	¥ 2,049

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter				
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			
	2011			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter				
Credit default options:				
Sold.....	\$12,083	\$8,366	\$(145)	\$(145)
Bought.....	13,319	7,245	170	170
Total.....	/	/	\$ 25	\$ 25

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.

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

March 31	Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
				2011		
				Contract amount		Fair value
Total	Over 1 year					
Deferral hedge method	Interest rate futures:	Sold.....	Interest-earning/bearing financial assets/liabilities such as loans and bills	¥ 1,080,929	¥ 1,080,929	¥ (421)
		Bought.....		9,861,263	—	(223)
	Interest rate swaps:	Receivable fixed rate/payable floating rate.....	discounted, other securities (bonds), deposits and negotiable certificates of deposit	36,637,577	30,969,355	20,313
		Receivable floating rate/payable fixed rate.....		24,170,619	19,172,729	314,269
		Receivable floating rate/payable floating rate.....		12,437,041	11,767,209	(294,567)
	Interest rate swaptions:	Sold.....		29,916	29,416	611
		Bought.....		460,983	460,899	1,085
	Caps:	Sold.....		—	—	—
		Bought.....		2,562	2,562	410
	Floors:	Sold.....		2,562	2,562	(410)
		Bought.....		—	—	—
	Recognition of gain or loss on the hedging instrument	Sold.....		7,850	7,850	0
		Bought.....		—	—	—
Special treatment for interest rate swaps	Interest rate swaps:.....	Loans and bills discounted	3,832	2,354	(108)	
	Receivable floating rate/payable fixed rate.....		3,832	2,354	(108)	
	Receivable fixed rate/payable floating rate.....	Loans and bills discounted; borrowed money; bonds	190,477	162,237		
Total.....	Receivable floating rate/payable fixed rate.....		13,500	4,000	(Note 3)	
	Receivable floating rate/payable floating rate.....		152,777	136,237		
	Receivable floating rate/payable floating rate.....		24,200	22,000		
			/	/	¥ 20,644	

			Millions of yen		
			2010		
			Contract amount		
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	Fair value
Deferral hedge method	Interest rate futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities (bonds), deposits and negotiable certificates of deposit			
	Sold.....		¥ 687,343	¥ 372,196	¥ (126)
	Bought.....		15,799,182	—	1,862
	Interest rate swaps:		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	(Note 3)
	Receivable floating rate/payable fixed rate		9,077,718	9,063,623	
	Receivable floating rate/payable floating rate...		32,000	27,700	
	Total.....		/	/	¥ 19,880

			Millions of U.S. dollars		
			2011		
			Contract amount		
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	Fair value
Deferral hedge method	Interest rate futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities (bonds), deposits and negotiable certificates of deposit			
	Sold.....		\$ 13,000	\$ 13,000	\$ (5)
	Bought.....		118,596	—	(3)
	Interest rate swaps:		440,620	372,452	244
	Receivable fixed rate/payable floating rate		290,687	230,580	3,780
	Receivable floating rate/payable fixed rate		149,573	141,518	(3,543)
	Receivable floating rate/payable floating rate...		360	354	7
	Interest rate swaptions:				
	Sold.....		5,544	5,543	13
	Bought.....		—	—	—
	Caps:				
	Sold.....		31	31	5
	Bought.....		31	31	(5)
	Floors:				
Sold.....	—	—	—		
Bought.....	94	94	0		
Recognition of gain or loss on the hedging instrument	Interest rate swaps:	Loans and bills discounted	46	28	(1)
	Receivable floating rate/payable fixed rate		46	28	(1)
Special treatment for interest rate swaps	Interest rate swaps:	Loans and bills discounted; borrowed money; bonds	2,291	1,951	
	Receivable fixed rate/payable floating rate		162	48	(Note 3)
	Receivable floating rate/payable fixed rate		1,838	1,638	
	Receivable floating rate/payable floating rate...		291	265	
	Total.....		/	/	\$ 248

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 "30. Financial Instruments."

(b) Currency derivatives

			Millions of yen			
			2011			
			Contract amount		Fair value	
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year		
March 31	Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills	¥2,776,330	¥1,882,407	¥338,351
		Forward foreign exchange	discounted; other securities (bonds); deposits; foreign currency exchange, etc.	9,615	—	(172)
	Recognition of gain or loss on the hedging instrument	Currency swaps.....	Deposits	12,038	11,139	(248)
Allocation method	Currency swaps.....	Forward foreign exchange	Deposits; borrowed money	11,739	11,405	(Note 3)
				103,553	3,179	
	Total.....		/	/	¥337,930	

			Millions of yen			
			2010			
			Contract amount		Fair value	
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year		
March 31	Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills	¥2,058,317	¥1,849,783	¥163,796
		Forward foreign exchange	discounted; other securities (bonds); deposits; foreign currency exchange, etc.	10,152	—	111
	Recognition of gain or loss on the hedging instrument	Currency swaps.....	Deposits	19,785	—	(301)
Allocation method	Currency swaps.....	Forward foreign exchange	Deposits; borrowed money	7,866	6,635	(Note 3)
				124,361	—	
	Total.....		/	/	¥163,607	

			Millions of U.S. dollars			
			2011			
			Contract amount		Fair value	
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year		
March 31	Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills	\$33,389	\$22,639	\$4,069
		Forward foreign exchange	discounted; other securities (bonds); deposits; foreign currency exchange, etc.	116	—	(2)
	Recognition of gain or loss on the hedging instrument	Currency swaps.....	Deposits	145	134	(3)
Allocation method	Currency swaps.....	Forward foreign exchange	Deposits; borrowed money	141	137	(Note 3)
				1,245	38	
	Total.....		/	/	\$4,064	

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. Forward foreign 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 "30. Financial Instruments."

(c) Equity derivatives

			Millions of yen		
			2011		
			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:	Other securities (equity)			
	Receivable equity index/payable floating rate...		¥ —	¥ —	¥ —
	Receivable floating rate/payable equity index...		21,521	11,078	(623)
	Total.....		/	/	¥(623)

			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:	Other securities (equity)			
	Receivable equity index/payable floating rate...		¥ —	¥ —	¥ —
	Receivable floating rate/payable equity index...		9,534	9,534	(276)
	Total.....		/	/	¥(276)

			Millions of U.S. dollars		
			2011		
			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:	Other securities (equity)			
	Receivable equity index/payable floating rate...		\$ —	\$ —	\$—
	Receivable floating rate/payable equity index...		259	133	(7)
	Total.....		/	/	\$ (7)

Note: Fair value is calculated using discounted present value.

33. Stock Options

1. Share-based compensation expenses which were accounted for as general and administrative expenses in the fiscal years ended March 31, 2011 and 2010 are as follows:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Share-based compensation expenses	¥180	¥15	\$2

2. Outline of stock options and changes is as follows:

(1) SMFG

(a) Outline of stock options

Date of resolution	June 27, 2002	July 28, 2010
Title and number of grantees	Directors and employees of SMFG and SMBC: 677	Directors of SMFG: 8 Corporate auditors of SMFG: 3 Executive officers of SMFG: 2 Directors, corporate auditors, executive officers of SMBC: 69
Number of stock options*	Common shares: 162,000	Common shares: 102,600
Grant date	August 30, 2002	August 13, 2010
Condition for vesting	N.A.	A stock acquisition right holder may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of SMFG and SMBC.
Requisite service period	N.A.	June 29, 2010 to the closing of the ordinary general meeting of shareholders of SMFG for the fiscal year ended March 31, 2011.
Exercise period	June 28, 2004 to June 27, 2012	August 13, 2010 to August 12, 2040

* "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

Date of resolution	June 27, 2002	July 28, 2010
Number of stock options		
Before vested		
Previous fiscal year-end	—	—
Granted	—	102,600
Forfeited	—	—
Vested	—	—
Outstanding	—	102,600
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	July 28, 2010
Exercise price	¥6,649	¥ 1
Average exercise price	—	—
Fair value at the grant date	—	2,215

(c) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year ended March 31, 2011 were valued using the Black-Scholes option pricing model and the principal parameters were as follows:

Date of resolution	July 28, 2010
Expected volatility ^{*1}	51.44%
Average expected life ^{*2}	4 years
Expected dividends ^{*3}	¥100 per share
Risk-free interest rate ^{*4}	0.23%

^{*1} Expected volatility is calculated based on the closing price of common shares of SMFG on each trading day in the 4 years between August 14, 2006 and August 13, 2010.

^{*2} The average expected life could not be estimated rationally due to insufficient amount of data.

Therefore, it was estimated based on average assumption periods of directors of SMFG and SMBC.

^{*3} Expected dividends are based on the actual dividends on common stock for the fiscal year ended March 31, 2011.

^{*4} 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.

(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.....	104,000	138,000	222,000	325,000	451,000	162,000
Vested.....	—	—	—	—	—	—
Exercised.....	—	12,000	—	—	—	—
Forfeited.....	10,000	—	12,000	23,000	20,000	—
Exercisable.....	94,000	126,000	210,000	302,000	431,000	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.....	—	—	—	289,000	350,000
Granted.....	—	—	—	—	—
Forfeited.....	—	—	—	—	—
Vested.....	—	—	—	289,000	—
Outstanding.....	—	—	—	—	350,000
After vested					
Previous fiscal year-end.....	115,000	174,000	112,000	—	—
Vested.....	—	—	—	289,000	—
Exercised.....	—	—	—	—	—
Forfeited.....	—	—	—	—	—
Exercisable.....	115,000	174,000	112,000	289,000	—

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.....	—	144	—	—	—	—
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) 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.

34. Segment Information

Fiscal years ended March 31, 2011 and 2010

1. Outline of reportable segments

SMFG Group's reportable segment is defined as an operating segment for which discrete financial information is available and reviewed by the Board of Directors regularly in order to make decisions about resources to be allocated to the segment and assess its performance.

Besides banking business, SMFG Group companies conduct businesses such as securities, leasing, credit card, invest banking, consumer finance, and venture capital. The primary businesses, "Banking business," "Securities services," "Leasing," and "Credit card services," are separate, reportable segments, and other businesses are aggregated as "Other business."

"Banking business" includes deposit taking, lending, securities trading, securities investment, domestic and foreign exchange transactions, brokerage, etc. of financial futures transactions, etc., corporate bond trust services, trust business, sale of securities investment trusts, sale of insurance products, and securities intermediary services. SMBC assesses business performance by classifying businesses into 5 business units based on client segment: Consumer banking unit, Middle market banking unit, Corporate banking unit, International banking unit and Treasury unit.

2. Method of calculating profit and loss amount by reportable segment

Accounting method applied to the reported business segment is the same as described in "Significant Accounting Policies." However, profit or loss of the equity method affiliates is recorded in "Other profit or loss" in the amount of ordinary profit multiplied by the ownership ratio.

SMFG does not assess assets by business segment.

3. Information on profit and loss amount by reportable segment

Year ended March 31, 2011	Millions of yen								
	Banking business								
	SMBC							Subtotal	Others
Consumer banking unit	Middle market banking unit	Corporate banking unit	International banking unit	Treasury unit	Head office account				
Gross profit	¥387,790	¥443,862	¥201,244	¥186,503	¥330,720	¥(18,359)	¥1,531,759	¥241,752	¥1,773,512
Interest income	337,529	272,866	131,355	107,708	136,318	(17,950)	967,825	149,761	1,117,586
Non-interest income	50,261	170,996	69,889	78,795	194,402	(408)	563,934	91,990	655,925
Expenses	(290,292)	(221,725)	(35,986)	(57,935)	(17,897)	(75,362)	(699,197)	(135,030)	(834,227)
Depreciation	(26,343)	(22,209)	(5,252)	(6,148)	(3,220)	(7,858)	(71,030)	(10,249)	(81,279)
Other profit or loss	—	—	—	—	—	—	—	(34,428)	(34,428)
Consolidated net business profit	¥ 97,498	¥222,137	¥165,258	¥128,568	¥312,823	¥(93,721)	¥ 832,562	¥ 72,294	¥ 904,856

Year ended March 31, 2011	Millions of yen						
	Securities services				Leasing		
	SMBC Friend Securities Co., Ltd.	Nikko Cordial Securities Inc.	Others	Total	Sumitomo Mitsui Finance and Leasing Company, Limited	Others	Total
Gross profit	¥52,989	¥205,188	¥ 3,423	¥261,600	¥95,260	¥4,130	¥99,390
Interest income	626	(2,722)	778	(1,317)	60,059	(3,407)	56,651
Non-interest income	52,362	207,911	2,644	262,918	35,201	7,538	42,739
Expenses	(42,728)	(166,645)	(3,029)	(212,404)	(28,125)	(9,851)	(37,976)
Depreciation	(2,089)	(2,439)	(1,202)	(5,732)	(3,098)	(567)	(3,665)
Other profit or loss	—	—	(5,596)	(5,596)	(16,911)	13,082	(3,828)
Consolidated net business profit	¥10,260	¥ 38,542	¥(5,203)	¥ 43,599	¥50,224	¥7,361	¥57,585

Year ended March 31, 2011	Millions of yen					
	Credit card services					
	Sumitomo Mitsui Card Company, Limited	Cedyna Financial Corporation	Others	Total	Other business	Grand total
Gross profit	¥182,307	¥134,402	¥5,795	¥322,506	¥ 75,611	¥2,532,622
Interest income	22,941	36,802	2,550	62,293	100,369	1,335,583
Non-interest income	159,366	97,600	3,245	260,213	(24,757)	1,197,039
Expenses	(129,823)	(97,517)	(2,086)	(229,426)	12,952	(1,301,083)
Depreciation	(8,078)	(7,547)	(2,767)	(18,393)	(12,639)	(121,710)
Other profit or loss	(19,880)	(37,514)	4	(57,389)	(128,301)	(229,544)
Consolidated net business profit	¥ 32,604	¥ (628)	¥3,714	¥ 35,690	¥ (39,737)	¥1,001,994

Millions of yen									
Banking business									
SMBC									
Year ended March 31, 2010	Consumer banking unit	Middle market banking unit	Corporate banking unit	International banking unit	Treasury unit	Head office account	Subtotal	Others	Total
Gross profit	¥391,695	¥472,866	¥197,224	¥169,135	¥272,848	¥ (48,492)	¥1,455,275	¥213,979	¥1,669,255
Interest income	357,215	298,183	125,853	110,135	187,552	(32,555)	1,046,382	135,460	1,181,843
Non-interest income	34,480	174,683	71,371	59,000	85,296	(15,937)	408,892	78,519	487,411
Expenses	(288,724)	(218,652)	(33,268)	(54,493)	(16,333)	(74,282)	(685,752)	(117,547)	(803,300)
Depreciation	(27,044)	(21,870)	(4,789)	(4,842)	(3,493)	(6,817)	(68,855)	(9,725)	(78,580)
Other profit or loss	—	—	—	—	—	—	—	(132,759)	(132,759)
Consolidated net business profit	¥102,971	¥254,214	¥163,956	¥114,642	¥256,515	¥(122,775)	¥ 769,522	¥ (36,327)	¥ 733,194

Millions of yen							
Year ended March 31, 2010	Securities services				Leasing		
	SMBC Friend Securities Co., Ltd.	Nikko Cordial Securities Inc.	Others	Total	Sumitomo Mitsui Finance and Leasing Company, Limited	Others	Total
Gross profit	¥67,205	¥100,511	¥ (6,317)	¥161,398	¥97,218	¥12,313	¥109,531
Interest income	598	(1,382)	536	(247)	59,841	4,711	64,552
Non-interest income	66,606	101,893	(6,854)	161,646	37,377	7,602	44,979
Expenses	(44,413)	(76,968)	(2,886)	(124,267)	(28,508)	(12,448)	(40,956)
Depreciation	(2,495)	(1,109)	(1,395)	(5,000)	(3,064)	(512)	(3,577)
Other profit or loss	—	—	13,702	13,702	(24,814)	(2,674)	(27,488)
Consolidated net business profit	¥22,792	¥ 23,542	¥ 4,499	¥ 50,834	¥43,896	¥ (2,809)	¥ 41,086

Millions of yen					
Year ended March 31, 2010	Credit card services				Grand total
	Sumitomo Mitsui Card Company, Limited	Others	Total	Other business	
Gross profit	¥183,594	¥ (210)	¥183,383	¥19,269	¥2,142,838
Interest income	27,531	1,733	29,264	9,982	1,285,395
Non-interest income	156,063	(1,944)	154,118	9,287	857,443
Expenses	(135,739)	(2,170)	(137,909)	6,547	(1,099,886)
Depreciation	(7,795)	(3,763)	(11,559)	(9,431)	(108,148)
Other profit or loss	(23,539)	(16,878)	(40,417)	(23,697)	(210,660)
Consolidated net business profit	¥ 24,316	¥(19,259)	¥ 5,056	¥ 2,119	¥ 832,290

Millions of U.S. dollars									
Banking business									
SMBC									
Year ended March 31, 2011	Consumer banking unit	Middle market banking unit	Corporate banking unit	International banking unit	Treasury unit	Head office account	Subtotal	Others	Total
Gross profit	\$4,664	\$5,338	\$2,420	\$2,243	\$3,977	\$ (220)	\$18,422	\$2,907	\$21,329
Interest income	4,059	3,282	1,580	1,295	1,639	(215)	11,640	1,801	13,441
Non-interest income	605	2,056	840	948	2,338	(5)	6,782	1,106	7,888
Expenses	(3,491)	(2,667)	(433)	(697)	(215)	(906)	(8,409)	(1,624)	(10,033)
Depreciation	(317)	(267)	(63)	(74)	(39)	(94)	(854)	(124)	(978)
Other profit or loss	—	—	—	—	—	—	—	(414)	(414)
Consolidated net business profit	\$1,173	\$2,671	\$1,987	\$1,546	\$3,762	\$(1,126)	\$10,013	\$ 869	\$10,882

Year ended March 31, 2011	Millions of U.S. dollars						
	Securities services				Leasing		
	SMBC Friend Securities Co., Ltd.	Nikko Cordial Securities Inc.	Others	Total	Sumitomo Mitsui Finance and Leasing Company, Limited	Others	Total
Gross profit	\$637	\$2,468	\$ 41	\$3,146	\$1,145	\$ 50	\$1,195
Interest income	7	(32)	9	(16)	722	(41)	681
Non-interest income	630	2,500	32	3,162	423	91	514
Expenses	(514)	(2,004)	(37)	(2,555)	(338)	(118)	(456)
Depreciation	(25)	(29)	(15)	(69)	(37)	(7)	(44)
Other profit or loss	—	—	(67)	(67)	(203)	157	(46)
Consolidated net business profit	\$123	\$ 464	\$(63)	\$ 524	\$ 604	\$ 89	\$ 693

Year ended March 31, 2011	Millions of U.S. dollars						
	Credit card services					Other business	Grand total
	Sumitomo Mitsui Card Company, Limited	Cedyna Financial Corporation	Others	Total	Total		
Gross profit	\$2,193	\$1,616	\$70	\$3,879	\$ 909	\$30,458	
Interest income	276	442	31	749	1,207	16,062	
Non-interest income	1,917	1,174	39	3,130	(298)	14,396	
Expenses	(1,561)	(1,173)	(25)	(2,759)	156	(15,647)	
Depreciation	(97)	(91)	(33)	(221)	(152)	(1,464)	
Other profit or loss	(240)	(451)	0	(691)	(1,543)	(2,761)	
Consolidated net business profit	\$ 392	\$ (8)	\$45	\$ 429	\$ (478)	\$12,050	

Notes: 1. Consolidated net business profit = SMBC's nonconsolidated banking profit + SMFG's ordinary profit + Other subsidiaries' ordinary profit (excluding nonrecurring factors) + Equity method affiliates' ordinary profit × Ownership ratio – Internal transactions (dividends, etc.)

2. Other profit or loss = Nonoperating profit or loss of consolidated subsidiaries except SMBC + Equity method affiliates' ordinary profit × Ownership ratio, etc.

3. Consolidated net business profit of SMBC Friend Securities Co., Ltd., Nikko Cordial Securities Inc., Sumitomo Mitsui Finance and Leasing Company, Limited, Sumitomo Mitsui Card Company, Limited, and Cedyna Financial Corporation is operating profit of each company, and nonoperating profits or losses of the companies are classified into "Others" in each segment. For the figures on Cedyna Financial Corporation which became a consolidated subsidiary in the 1st quarter of the fiscal year ended March 31, 2011, consolidated net business profit amount is sum of Operating profit in the 1st quarter × Ownership ratio + Operating profit from the 2nd quarter through the 4th quarter of the fiscal year ended March 31, 2011. For the figures on Nikko Cordial Securities Inc. which became a consolidated subsidiary in the 3rd quarter of the fiscal year ended March 31, 2010, consolidated net business profit amount is Operating profit for the 2nd half term of the fiscal year ended March 31, 2010.

4. "Other business" includes profit or loss to be offset as internal transactions between segments.

4. Difference between total amount of consolidated net business profit by reportable segment and ordinary profit on consolidated statements of income (adjustment of difference)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Profit			
Consolidated net business profit	¥1,001,994	¥832,290	\$12,050
Credit costs of SMBC	(95,324)	(254,737)	(1,146)
Gains (losses) on stocks of SMBC	(87,285)	3,857	(1,050)
Amortization of unrecognized retirement benefit obligation of SMBC	(38,019)	(47,107)	(457)
Ordinary profit of consolidated subsidiaries other than reportable segment	81,530	84,225	981
Amortization of goodwill other than reportable segment	(16,268)	(13,108)	(196)
Adjustment of profit or loss of equity method affiliates	(11,841)	(29,193)	(142)
Others	(9,355)	(17,456)	(113)
Ordinary profit on consolidated statements of income	¥ 825,428	¥558,769	\$ 9,927

Notes: 1. Credit cost = Provision for reserve for possible loan losses (excluding translation adjustment of general reserve for possible loan losses) + Write-off of loans + Losses on sales of delinquent loans

2. Gains (losses) on stocks = Gains on sale of stocks – Losses on sale of stocks – Losses on devaluation of stocks

3. Adjustment of profit or loss of equity method affiliates = Equity method affiliates' net income × Ownership ratio – Equity method affiliates' ordinary profit × Ownership ratio

5. Additional information

SMFG has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, issued on March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008) from the fiscal year ended March 31, 2011.

6. Related information

(1) Business segment information

Year ended March 31, 2011	Millions of yen	Millions of U.S. dollars
Ordinary income to external customers		
Banking Business.....	¥2,329,933	\$28,021
Securities Services.....	270,861	3,258
Leasing.....	305,165	3,670
Credit Card Services.....	755,444	9,085
Other Business.....	184,455	2,218
Total.....	¥3,845,861	\$46,252

Notes: 1. Ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income represents total income excluding gains on disposal of fixed assets, gains on recoveries of written-off claims and other extraordinary gains.

(2) Geographic segment information

(a) Ordinary income

Year ended March 31, 2011	Millions of yen	Millions of U.S. dollars
Japan.....	¥3,433,235	\$41,290
The Americas.....	158,377	1,905
Europe and Middle East.....	88,061	1,059
Asia and Oceania.....	166,186	1,998
Total.....	¥3,845,861	\$46,252

Notes: 1. Ordinary income is presented as a counterpart of sales of companies in other industries.

2. Ordinary income from transactions by SMFG and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is categorized as Japan. Ordinary income from transactions by overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is categorized as The Americas, Europe and Middle East, or Asia and Oceania, based on their locations and in consideration of their geographic proximity and other factors.

3. 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.

4. Ordinary income represents total income excluding gains on disposal of fixed assets, gains on recoveries of written-off claims and other extraordinary gains.

(b) Tangible fixed assets

Year ended March 31, 2011	Millions of yen	Millions of U.S. dollars
Japan.....	¥1,093,077	\$13,146
The Americas.....	12,639	152
Europe and Middle East.....	59,557	716
Asia and Oceania.....	3,634	44
Total.....	¥1,168,908	\$14,058

(3) Information by major customer

There are no major customers individually accounting for 10% or more of ordinary income.

7. Information on losses on impairment of fixed assets by reportable segment

Year ended March 31, 2011	Millions of yen	Millions of U.S. dollars
Banking Business.....	¥4,739	\$57
Securities Services.....	306	4
Leasing.....	—	—
Credit Card Services.....	—	—
Other Business.....	365	4
Total.....	¥5,411	\$65

8. Information on amortization of goodwill and unamortized balance by reportable segment

Year ended March 31, 2011	Millions of yen		Millions of U.S. dollars	
	Amortization of goodwill	Unamortized balance	Amortization of goodwill	Unamortized balance
Banking Business	¥ 555	¥ 10,457	\$ 7	\$ 126
Securities Services	14,122	244,455	170	2,940
Leasing	5,316	88,481	64	1,064
Credit Card Services	419	9,396	5	113
Other Business	2,525	—	30	—
Total	¥22,938	¥352,790	\$276	\$4,243

9. Information on gains on negative goodwill by reportable segment

There is no material information to be reported for the fiscal year ended March 31, 2011.

10. Information on total credit cost by reportable segment

Year ended March 31, 2011	Millions of yen	Millions of U.S. dollars
Banking Business	¥144,601	\$1,739
Securities Services	(21)	(0)
Leasing	7,979	96
Credit Card Services	46,573	560
Other Business	18,216	219
Total	¥217,348	\$2,614

Notes: 1. Total credit cost = Provision for reserve for possible loan losses + Write-off of loans + Losses on sales of delinquent loans + Gains on recoveries of written-off claims

2. "Other business" includes profit or loss to be offset as internal transactions between segments.

Fiscal year ended March 31, 2010

(1) Business segment information

Year ended March 31	Millions of yen					
	2010					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
I. Ordinary income						
(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
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
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

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 at March 31, 2010, 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. (22) (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 and Ordinary profit of "Banking business" increased by ¥19,251 million as compared with the former method. Assets of "Banking business" increased by ¥59,270 million and Assets of "Other business" decreased by ¥703 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

- 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 at March 31, 2010, 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. (22) (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 and Ordinary profit of "Japan" increased by ¥19,251 million as compared with the former method. Assets of "Japan," "Europe and Middle East" and "Asia and Oceania" increased by ¥58,612 million, ¥341 million and ¥181 million, respectively. Assets of "The Americas" decreased by ¥567 million.

(3) Ordinary income from overseas operations

Year ended March 31	Millions of yen
	2010
Consolidated ordinary income from overseas operations (A)	¥ 459,354
Consolidated ordinary income (B).....	3,166,465
(A) / (B).....	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.

35. Business Combinations

Fiscal year ended March 31, 2011

<Business combination through acquisition>

Cedyna Financial Corporation consolidated as a subsidiary through a third-party allotment of new shares

SMFG Card & Credit, Inc. ("FGCC"), a wholly-owned subsidiary of SMFG, subscribed all the new shares issued by way of a third-party allotment by Cedyna Financial Corporation ("Cedyna"), an equity method affiliate of SMFG, on May 31, 2010. Cedyna became a consolidated subsidiary of SMFG. The outline of the business combination is as follows:

1. Outline of the business combination

- (1) Name of the acquired company and its business
Cedyna (Credit Card Services)

(2) Main reasons for the business combination

FGCC subscribed new shares issued by way of a third-party allotment by Cedyna and made Cedyna a consolidated subsidiary of SMFG in order to accelerate and ensure Cedyna's management restructuring including its investments in new businesses and systems developments to increase the corporate value as well as its cost restructuring, to further clarify the positioning of Cedyna as one of the core business entities, together with Sumitomo Mitsui Card Company, Limited of

SMFG Group's credit card services and to enhance Cedyna's capital base.

- (3) Date of business combination
May 31, 2010
- (4) Legal form of the business combinations
Consolidated as a subsidiary through a third-party allotment of new shares
- (5) Name of the controlling entity after the business combination
Sumitomo Mitsui Financial Group, Inc.
- (6) Percentage share of voting rights SMFG has acquired
- | | |
|---|-----|
| Percentage share of voting rights owned before business combination..... | 48% |
| Percentage share of voting rights additionally acquired at the date of business combination | 21% |
| Percentage share of voting rights after acquisition ... | 69% |
- (7) Main reason for deciding to acquire the company
It is because SMFG acquired a majority of voting rights of Cedyna and consolidated it as a subsidiary.

2. Period of the acquired company's financial results included in the consolidated statements of income
From April 1, 2010 to March 31, 2011

Note that as the deemed acquisition date is June 30, 2010, gain or loss related to the acquired company for the period from April 1, 2010 to June 30, 2010 is presented as gain or loss from

investments by the equity method in the consolidated statements of income.

3. Acquisition cost of the acquired company

	Millions of yen	Millions of U.S. dollars
Fair value of common stock of Cedyne owned before business combination.....	¥35,901	\$ 432
Fair value of common stock of Cedyne additionally acquired at the date of business combination.....	49,999	601
Expenses directly required for acquisition	203	3
Acquisition cost of the acquired company	¥86,104	\$1,036

4. Difference between acquisition cost of the acquired company and total acquisition cost of individual transactions leading to acquisition

	Millions of yen	Millions of U.S. dollars
Acquisition cost of the acquired company	¥86,104	\$1,035
Total acquisition cost of individual transactions leading to acquisition	74,437	895
Difference (gains on step acquisitions) ...	¥11,667	\$ 140

5. Goodwill, reason for recognizing goodwill, amortization method and amortization period

- (1) Amount of goodwill
¥9,671 million (\$116 million)
- (2) Reason for recognizing goodwill
SMFG accounted for the difference between the acquisition cost and the equivalent amount of SMFG's interests in Cedyne 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	¥2,631,525	\$31,648
Loans and bills discounted	438,497	5,274
Other assets	803,639	9,665
Customer's liabilities for acceptances and guarantees ...	1,124,290	13,521

(2) Liabilities

	Millions of yen	Millions of U.S. dollars
Total liabilities	¥2,520,313	\$30,310
Borrowed money	989,790	11,904
Acceptances and guarantees	1,124,290	13,521

7. Approximate amounts of impact on the consolidated statements of income for the fiscal year ended March 31, 2011, 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 statements of income is as follows:

	Millions of yen	Millions of U.S. dollars
Ordinary income	¥213,686	\$2,570
Ordinary profit	(5,584)	(67)
Net income	(2,257)	(27)

Note: Ordinary income is presented as a counterpart 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 Cedyne and its consolidated subsidiaries' statements of income for the period from April 1, 2010 to June 30, 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 LLC.

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
SMFG's interest in KUBC's common stock.....	¥ 7,182
SMFG's interest in KUBC's preferred stock	40,000
Acquisition cost.....	¥47,182

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
Preferred stock of KUBC (Type 1)	¥19,025 million
Preferred stock of KUBC (Type 2)	¥16,500 million

5. Goodwill, reason for recognizing goodwill, amortization method and amortization period

(1) Amount of goodwill

¥11,056 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
Total assets	¥1,113,801
Loans and bills discounted	795,445
Securities	89,968

(2) Liabilities

	Millions of yen
Total liabilities	¥1,078,769
Deposits	1,033,256

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
Ordinary income	¥25,832
Ordinary profit	705
Net income	183

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 Cedyna 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.

36. Per Share Data

March 31	Yen		U.S. dollars
	2011	2010	2011
Net assets per share	¥3,533.47	¥3,391.75	\$42.50

Year ended March 31	Yen		U.S. dollars
	2011	2010	2011
Net income per share	¥336.85	¥248.40	\$4.05
Net income per share (diluted)	336.78	244.18	4.05

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

Year ended March 31	Millions of yen, except number of shares		Millions of U.S. dollars
	2011	2010	2011
Net income per share:			
Net income	¥475,895	¥271,559	\$5,723
Amount not attributable to common stockholders	6,195	8,449	74
Dividends on preferred stock	6,195	8,449	74
Net income attributable to common stock	¥469,700	¥263,109	\$5,649
Average number of common stock during the year (in thousands)	1,394,390	1,059,227	/
Net income per share (diluted):			
Adjustment for net income	¥ (73)	¥ 1,931	\$ (1)
Dividends on preferred stock	—	2,254	—
Adjustment for dilutive shares issued by subsidiaries and affiliates	(73)	(322)	(1)
Increase in number of common stock (in thousands)	68	26,191	/
Preferred stock	—	26,191	/
Stock acquisition rights	68	—	/

Outline of dilutive shares which were not included in the calculation of “Net income per share (diluted)” for the fiscal years ended March 31, 2011 and 2010 because they do not have dilutive effect:

Stock acquisition rights: 1 type

(Number of stock acquisition rights issued by resolution at the general shareholders’ meeting on June 27, 2002: 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
	2011	2010	2011
Net assets	¥7,132,073	¥7,000,805	\$85,774
Amounts excluded from Net assets	2,250,681	2,262,582	27,068
Preferred stock	210,003	210,003	2,526
Dividends on preferred stock	3,097	3,097	37
Stock acquisition rights	262	81	3
Minority interests	2,037,318	2,049,400	24,502
Net assets attributable to common stock at the fiscal year-end	¥4,881,392	¥4,738,223	\$58,706
Number of common stock at the fiscal year-end used for the calculation of			
Net assets per share (in thousands)	1,381,473	1,396,985	/

37. Subsequent Events

1. Acquisition and cancellation of preferred stock

SMFG resolved, at a meeting of the Board of Directors held on February 28, 2011, to acquire its preferred stock (1st series Type 6), in accordance with the provisions of Article 18 of the Articles of Incorporation of SMFG and to cancel its preferred stock (1st series Type 6) in accordance with the provisions of Article 178 of the Companies Act, as described below. According to the resolution, SMFG acquired and cancelled its preferred stock (1st series Type 6) on April 1, 2011. Capital surplus was reduced by the cancellation.

- (1) Class of shares to be acquired and cancelled: Preferred stock (1st series Type 6)
- (2) Total number of shares to be acquired and cancelled: 70,001 shares
- (3) Total amount of acquisition: ¥210,003,000,000

2. Transactions under common control

Making Cedyna Financial Corporation a wholly-owned subsidiary SMFG Card & Credit, Inc. ("FGCC") made Cedyna Financial Corporation ("Cedyna") a wholly-owned subsidiary by a share exchange with an effective date of May 1, 2011 (the "Share Exchange"). The outline of transactions under common control is as follows:

- (1) Outline of the transactions
 - (a) Name and business of combined entities
 - Acquisition company: FGCC (Management of subsidiaries and affiliates)
 - Acquired company: Cedyna (Credit Card Services)
 - (b) Date of business combination
 - May 1, 2011
 - (c) Legal form of the business combination
 - Exchange of shares
 - (d) Name of the entity after the business combination
 - Sumitomo Mitsui Financial Group, Inc.
 - (e) Purpose of the transactions
 - SMFG and FGCC decided to organize a system which allowed more timely and flexible decision making in order to "establish the number one credit card business entity in Japan."

(2) Share exchange ratio, its basis for determination, number of shares delivered

(a) Type of shares and share exchange ratio

Common shares

SMFG 1 : Cedyna 0.06

Note: 0.06 shares of SMFG common stock was allotted and delivered per share of Cedyna common stock.

(b) Basis for determination of share exchange ratio

Nikko Cordial Securities Inc. and Nomura Securities Co., Ltd. were appointed by FGCC and Cedyna, respectively, as third party valuation institutions in order to ensure the fairness and appropriateness in determining the share exchange ratio for the Share Exchange. FGCC and Cedyna engaged in negotiations and discussions with reference to the share exchange ratio analysis provided by the above third party valuation institutions and with consideration for SMFG's and Cedyna's financial conditions, performance trends and stock price movements. As a result, FGCC and Cedyna each determined that the share exchange ratio set forth in (a) above was beneficial to the shareholders of both SMFG and Cedyna.

(c) Number of shares delivered

14,702 thousand common shares of SMFG

38. Parent Company

(1) Nonconsolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc.

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2011	2010	2011
Assets			
Current assets	¥ 96,397	¥ 111,033	\$ 1,159
Cash and due from banks	54,154	86,283	651
Prepaid expenses	29	26	0
Accrued income	32	223	0
Accrued income tax refunds	41,382	24,065	498
Other current assets	798	435	10
Fixed assets	6,141,258	6,041,740	73,858
Tangible fixed assets	0	1	0
Buildings	0	0	0
Equipment	0	1	0
Intangible fixed assets	8	8	0
Software	8	8	0
Investments and other assets	6,141,248	6,041,729	73,858
Investments in subsidiaries and affiliates	6,141,248	6,041,729	73,858
Total assets	¥6,237,655	¥6,152,774	\$75,017
Liabilities and net assets			
Liabilities			
Current liabilities	¥1,001,841	¥ 954,073	\$12,049
Short-term borrowings	997,030	948,030	11,991
Accounts payable	940	1,541	12
Accrued expenses	3,054	3,299	37
Income taxes payable	25	3	0
Business office taxes payable	5	5	0
Reserve for employees bonuses	107	101	1
Reserve for executive bonuses	91	71	1
Other current liabilities	586	1,020	7
Fixed liabilities	392,900	393,126	4,725
Bonds	392,900	392,900	4,725
Reserve for executive retirement benefits	—	226	—
Total liabilities	1,394,741	1,347,199	16,774
Net assets			
Stockholders' equity			
Capital stock	2,337,895	2,337,895	28,117
Capital surplus	1,833,027	1,833,073	22,045
Capital reserve	1,559,374	1,559,374	18,754
Other capital surplus	273,652	273,699	3,291
Retained earnings	715,303	678,042	8,602
Other retained earnings			
Voluntary reserve	30,420	30,420	366
Retained earnings brought forward	684,883	647,622	8,236
Treasury stock	(43,482)	(43,437)	(523)
Total stockholders' equity	4,842,743	4,805,574	58,241
Stock acquisition rights	170	—	2
Total net assets	4,842,914	4,805,574	58,243
Total liabilities and net assets	¥6,237,655	¥6,152,774	\$75,017

(3) Nonconsolidated Statements of Changes in Net Assets
Sumitomo Mitsui Financial Group, Inc.

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2011	2010	2011
Stockholders' equity			
Capital stock			
Balance at the end of the previous fiscal year.....	¥2,337,895	¥1,420,877	\$28,117
Changes in the fiscal year:			
Issuance of new shares	—	917,018	—
Net changes in the fiscal year.....	—	917,018	—
Balance at the end of the fiscal year	¥2,337,895	¥2,337,895	\$28,117
Capital surplus			
Capital reserve			
Balance at the end of the previous fiscal year.....	1,559,374	642,355	18,754
Changes in the fiscal year:			
Issuance of new shares	—	917,018	—
Net changes in the fiscal year.....	—	917,018	—
Balance at the end of the fiscal year	¥1,559,374	¥1,559,374	\$18,754
Other capital surplus			
Balance at the end of the previous fiscal year.....	273,699	273,808	3,291
Changes in the fiscal year:			
Disposal of treasury stock	(46)	(108)	(0)
Net changes in the fiscal year.....	(46)	(108)	(0)
Balance at the end of the fiscal year	¥ 273,652	¥ 273,699	\$ 3,291
Total capital surplus			
Balance at the end of the previous fiscal year.....	1,833,073	916,163	22,045
Changes in the fiscal year:			
Issuance of new shares	—	917,018	—
Disposal of treasury stock	(46)	(108)	(0)
Net changes in the fiscal year.....	(46)	916,909	(0)
Balance at the end of the fiscal year	¥1,833,027	¥1,833,073	\$22,045
Retained earnings			
Other retained earnings			
Voluntary reserve			
Balance at the end of the previous fiscal year.....	30,420	30,420	366
Changes in the fiscal year:			
Net changes in the fiscal year	—	—	—
Balance at the end of the fiscal year.....	¥ 30,420	¥ 30,420	\$ 366
Retained earnings brought forward			
Balance at the end of the previous fiscal year.....	647,622	653,487	7,788
Changes in the fiscal year:			
Cash dividends	(154,278)	(72,041)	(1,856)
Net income.....	191,539	66,176	2,304
Net changes in the fiscal year.....	37,260	(5,865)	448
Balance at the end of the fiscal year.....	¥ 684,883	¥ 647,622	\$ 8,236
Total retained earnings			
Balance at the end of the previous fiscal year.....	678,042	683,907	8,154
Changes in the fiscal year:			
Cash dividends	(154,278)	(72,041)	(1,856)
Net income.....	191,539	66,176	2,304
Net changes in the fiscal year.....	37,260	(5,865)	448
Balance at the end of the fiscal year	¥ 715,303	¥ 678,042	\$ 8,602

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2011	2010	2011
Stockholders' equity			
Treasury stock			
Balance at the end of the previous fiscal year.....	¥ (43,437)	¥ (43,400)	\$ (522)
Changes in the fiscal year:			
Purchase of treasury stock.....	(105)	(189)	(1)
Disposal of treasury stock.....	60	152	0
Net changes in the fiscal year.....	(45)	(37)	(1)
Balance at the end of the fiscal year.....	¥ (43,482)	¥ (43,437)	\$ (523)
Total stockholders' equity			
Balance at the end of the previous fiscal year.....	4,805,574	2,977,547	57,794
Changes in the fiscal year:			
Issuance of new shares.....	—	1,834,037	—
Cash dividends.....	(154,278)	(72,041)	(1,856)
Net income.....	191,539	66,176	2,304
Purchase of treasury stock.....	(105)	(189)	(1)
Disposal of treasury stock.....	13	43	0
Net changes in the fiscal year.....	37,169	1,828,026	447
Balance at the end of the fiscal year.....	¥4,842,743	¥4,805,574	\$58,241
Stock acquisition rights			
Balance at the end of the previous fiscal year.....	—	—	—
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	170	—	2
Net changes in the fiscal year.....	170	—	2
Balance at the end of the fiscal year.....	¥ 170	¥ —	\$ 2
Total net assets			
Balance at the end of the previous fiscal year.....	4,805,574	2,977,547	57,794
Changes in the fiscal year:			
Issuance of new shares.....	—	1,834,037	—
Cash dividends.....	(154,278)	(72,041)	(1,856)
Net income.....	191,539	66,176	2,304
Purchase of treasury stock.....	(105)	(189)	(1)
Disposal of treasury stock.....	13	43	0
Net changes in items other than stockholders' equity in the fiscal year.....	170	—	2
Net changes in the fiscal year.....	37,340	1,828,026	449
Balance at the end of the fiscal year.....	¥4,842,914	¥4,805,574	\$58,243