

## Sumitomo Mitsui Banking Corporation (Nonconsolidated)

### Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for the first half of fiscal 2010, the six-month period ended September 30, 2010.

## 1. Operating Results

Gross banking profit in the first half of fiscal 2010 increased by ¥119.2 billion year-on-year to ¥838.5 billion, and expenses (excluding nonrecurring losses) slightly increased year-on-year to ¥345.3 billion. As a consequence, banking profit (before provision for general reserve for possible loan losses) increased by ¥115.6 billion year-on-year to ¥493.2 billion.

Ordinary profit, calculated by adjusting banking profit (before provision for general reserve for possible loan losses) for nonrecurring items, such as credit cost and net losses on stocks, increased by ¥245.8 billion year-on-year to ¥392.9 billion.

After adjustment of ordinary profit for extraordinary gains and losses and income taxes, net income increased by ¥238.5 billion year-on-year to ¥351.1 billion.

## 2. Income Analysis

### Gross Banking Profit

Gross banking profit increased by ¥119.2 billion year-on-year to ¥838.5 billion. The principal reason was an increase in gains on bonds by quickly responding to fluctuations in the market interest rates.

### Expenses

Expenses (excluding nonrecurring losses) slightly increased year-on-year to ¥345.3 billion.

### Banking Profit

As a result, in the first half of fiscal 2010, banking profit (before provision for general reserve for possible loan losses) increased by ¥115.6 billion year-on-year to ¥493.2 billion.

### Banking Profit

Six months ended September 30, 2010 and 2009, and year ended March 31, 2010

|  | Millions of yen               |                |                     |
|--|-------------------------------|----------------|---------------------|
|  | Six months ended September 30 | 2009           | Year ended March 31 |
|  | 2010                          |                | 2010                |
| Gross banking profit .....   | ¥838,587                      | ¥719,348       | ¥1,455,275          |
| [Gross domestic banking profit] .....  | [572,918]                     | [551,522]      | [1,117,224]         |
| [Gross international banking profit] .....   | [265,668]                     | [167,825]      | [338,050]           |
| Net interest income .....  | 488,242                       | 517,781        | 1,046,382           |
| Trust fees .....   | 1,025                         | 518            | 1,736               |
| Net fees and commissions .....   | 139,681                       | 130,701        | 286,714             |
| Net trading income .....   | 135,177                       | 107,525        | 115,356             |
| Net other operating income (expenses) .....  | 74,461                        | (37,178)       | 5,085               |
| [Gross banking profit (excluding gains (losses) on bonds)] .....   | [687,402]                     | [680,458]      | [1,418,005]         |
| Expenses (excluding nonrecurring losses) .....   | (345,330)                     | (341,710)      | (685,752)           |
| Personnel expenses .....   | (125,137)                     | (124,114)      | (245,728)           |
| Nonpersonnel expenses .....  | (201,250)                     | (199,802)      | (403,265)           |
| Taxes .....  | (18,941)                      | (17,793)       | (36,759)            |
| <b>Banking profit (before provision for general reserve for possible loan losses) .....</b>                        | <b>493,256</b>                | <b>377,637</b> | <b>769,522</b>      |
| [Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)] ..... | [342,072]                     | [338,748]      | [732,252]           |
| Provision for general reserve for possible loan losses .....   | 4,872                         | 47,647         | 9,067               |
| <b>Banking profit .....</b>  | <b>498,129</b>                | <b>425,285</b> | <b>778,589</b>      |

<Reference>

### Banking Profit by Business Unit

Six months ended September 30, 2010

|  | Billions of yen       |                            |                        |                            |               |                     |        |
|--|-----------------------|----------------------------|------------------------|----------------------------|---------------|---------------------|--------|
|  | Consumer Banking Unit | Middle Market Banking Unit | Corporate Banking Unit | International Banking Unit | Treasury Unit | Head Office Account | Total  |
| Banking profit (before provision for general reserve for possible loan losses) ..... | ¥46.8                 | ¥111.2                     | ¥81.3                  | ¥59.7                      | ¥242.8        | ¥(48.5)             | ¥493.2 |
| Year-on-year increase (decrease) .....   | 3.8                   | (5.9)                      | (3.3)                  | 8.1                        | 84.0          | 29.0                | 115.6  |

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

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

Nonrecurring losses amounted to ¥105.1 billion, a year-on-year improvement of ¥173.0 billion. The principal reason was a reduction in credit cost, reflecting our exhaustive ongoing measures tailored to help borrowers raise their management standards.

Total credit cost — the sum of credit cost of ¥48.7 billion recorded under “Nonrecurring losses,” provision for general reserve for possible loan losses, and gains on recoveries of written-off claims — amounted to ¥43.3 billion, a year-on-year decrease of ¥113.5 billion.

### Ordinary Profit

As a result, ordinary profit increased by ¥245.8 billion year-on-year to ¥392.9 billion.

### Extraordinary Gains (Losses)

Extraordinary losses amounted to ¥2.9 billion, a year-on-year increase of ¥0.9 billion.

### Net Income

Current income taxes amounted to ¥19.8 billion, and deferred income taxes were ¥18.9 billion. As a result, net income increased by ¥238.5 billion year-on-year to ¥351.1 billion.

## Ordinary Profit and Net Income

Six months ended September 30, 2010 and 2009, and year ended March 31, 2010

|  | Millions of yen               |                     |            |
|--|-------------------------------|---------------------|------------|
|  | Six months ended September 30 | Year ended March 31 |            |
|  | 2010                          | 2009                | 2010       |
| Banking profit (before provision for general reserve for possible loan losses) ..... | <b>¥493,256</b>               | ¥ 377,637           | ¥ 769,522  |
| Provision for general reserve for possible loan losses (A) .....                     | <b>4,872</b>                  | 47,647              | 9,067      |
| Banking profit.....  | <b>498,129</b>                | 425,285             | 778,589    |
| Nonrecurring gains (losses).....   | <b>(105,176)</b>              | (278,196)           | (315,839)  |
| Credit cost (B).....   | <b>(48,762)</b>               | (204,622)           | (263,805)  |
| Net gains (losses) on stocks.....  | <b>(18,296)</b>               | (36,850)            | 3,857      |
| Gains on sale of stocks.....   | <b>4,638</b>                  | 4,230               | 56,719     |
| Losses on sale of stocks.....  | <b>(950)</b>                  | (348)               | (886)      |
| Losses on devaluation of stocks.....   | <b>(21,984)</b>               | (40,731)            | (51,975)   |
| Others.....  | <b>(38,117)</b>               | (36,724)            | (55,892)   |
| Ordinary profit.....   | <b>392,952</b>                | 147,089             | 462,749    |
| Extraordinary gains (losses).....  | <b>(2,926)</b>                | (1,982)             | (7,999)    |
| Gains (losses) on disposal of fixed assets.....                                      | <b>(909)</b>                  | (656)               | 2,448      |
| Losses on impairment of fixed assets.....  | <b>(1,276)</b>                | (1,397)             | (10,525)   |
| Gains on recoveries of written-off claims (C).....                                   | <b>554</b>                    | 70                  | 77         |
| Income taxes:  |                               |                     |            |
| Current.....   | <b>(19,862)</b>               | (21,637)            | (44,997)   |
| Deferred.....  | <b>(18,963)</b>               | (10,839)            | (91,757)   |
| Net income .....   | <b>¥351,199</b>               | ¥ 112,628           | ¥ 317,995  |
| Total credit cost (A) + (B) + (C).....   | <b>¥ (43,335)</b>             | ¥(156,903)          | ¥(254,660) |
| Provision for general reserve for possible loan losses .....                         | <b>4,872</b>                  | 47,647              | 9,067      |
| Write-off of loans.....  | <b>(22,851)</b>               | (82,501)            | (102,663)  |
| Provision for specific reserve for possible loan losses .....                        | <b>(23,769)</b>               | (89,504)            | (92,114)   |
| Losses on sales of delinquent loans.....   | <b>(2,135)</b>                | (32,770)            | (69,259)   |
| Provision for loan loss reserve for specific overseas countries .....                | <b>(5)</b>                    | 153                 | 232        |
| Gains on recoveries of written-off claims.....                                       | <b>554</b>                    | 70                  | 77         |

### 3. Assets, Liabilities and Net Assets

#### Assets

SMBC's total assets as of September 30, 2010 increased by ¥5,287.8 billion from March 31, 2010 to ¥108,824.2 billion. The principal reason was a ¥4,900.5 billion increase in securities, due to an increase in the balance of the government bonds.

#### Liabilities

Liabilities as of September 30, 2010 increased by ¥5,070.1 billion from March 31, 2010 to ¥103,208.5 billion. The principal factor was an increase in funding in view of expected rise in loans and other assets.

#### Assets, Liabilities and Net Assets

September 30, 2010 and 2009, and March 31, 2010

|   | Millions of yen     |              |              |
|---|---------------------|--------------|--------------|
|   | September 30        | September 30 | March 31     |
|   | 2010                | 2009         | 2010         |
| Assets.....                             | <b>¥108,824,258</b> | ¥105,029,480 | ¥103,536,394 |
| Securities.....                         | <b>33,436,757</b>   | 27,659,892   | 28,536,200   |
| Loans and bills discounted.....         | <b>57,392,444</b>   | 58,898,698   | 56,619,058   |
| Liabilities.....                        | <b>103,208,594</b>  | 100,693,766  | 98,138,445   |
| Deposits.....                           | <b>70,257,529</b>   | 68,846,649   | 70,457,266   |
| Negotiable certificates of deposit..... | <b>9,201,391</b>    | 8,455,041    | 7,173,373    |
| Net assets.....                         | <b>5,615,664</b>    | 4,335,714    | 5,397,949    |

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

Net unrealized gains on securities as of September 30, 2010 amounted to ¥368.1 billion, a decrease of ¥197.7 billion from March 31, 2010, reflecting a decrease in the value of equities and other factors. Of this total, net unrealized gains

on other securities, including "other money held in trust," which are directly credited to net assets, amounted to ¥312.6 billion, a decrease of ¥208.7 billion from March 31, 2010.

#### Unrealized Gains (Losses) on Securities

September 30, 2010 and March 31, 2010

|  | September 30, 2010                |                  |                  |                   | March 31, 2010                    |                  |                   |
|--|-----------------------------------|------------------|------------------|-------------------|-----------------------------------|------------------|-------------------|
|  | Net unrealized gains (losses) (A) | (A) – (B)        | Unrealized gains | Unrealized losses | Net unrealized gains (losses) (B) | Unrealized gains | Unrealized losses |
| Held-to-maturity securities.....         | <b>¥ 87,041</b>                   | <b>¥ 29,138</b>  | <b>¥ 87,041</b>  | <b>¥ —</b>        | ¥ 57,903                          | ¥ 58,530         | ¥ 626             |
| Stocks of subsidiaries and affiliates... | <b>(31,569)</b>                   | <b>(18,098)</b>  | <b>212</b>       | <b>31,782</b>     | (13,471)                          | —                | 13,471            |
| Other securities.....                    | <b>312,769</b>                    | <b>(208,608)</b> | <b>599,372</b>   | <b>286,603</b>    | 521,377                           | 738,870          | 217,493           |
| Stocks.....                              | <b>137,694</b>                    | <b>(233,765)</b> | <b>380,584</b>   | <b>242,889</b>    | 371,459                           | 518,132          | 146,672           |
| Bonds.....                               | <b>118,247</b>                    | <b>2,102</b>     | <b>121,869</b>   | <b>3,621</b>      | 116,145                           | 123,064          | 6,918             |
| Others.....                              | <b>56,827</b>                     | <b>23,055</b>    | <b>96,918</b>    | <b>40,091</b>     | 33,772                            | 97,674           | 63,901            |
| Other money held in trust.....           | <b>(83)</b>                       | <b>(145)</b>     | <b>—</b>         | <b>83</b>         | 62                                | 157              | 95                |
| Total.....                               | <b>368,157</b>                    | <b>(197,715)</b> | <b>686,627</b>   | <b>318,469</b>    | 565,872                           | 797,558          | 231,686           |
| Stocks.....                              | <b>119,044</b>                    | <b>(246,935)</b> | <b>380,797</b>   | <b>261,752</b>    | 365,979                           | 518,132          | 152,153           |
| Bonds.....                               | <b>205,289</b>                    | <b>31,240</b>    | <b>208,911</b>   | <b>3,621</b>      | 174,049                           | 181,594          | 7,545             |
| Others.....                              | <b>43,824</b>                     | <b>17,981</b>    | <b>96,918</b>    | <b>53,094</b>     | 25,843                            | 97,831           | 71,987            |

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks" and "Deposits with banks" and beneficiary claims on loan trusts in "Monetary claims bought," etc.
2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates and including foreign stocks) are calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
- Net unrealized gains (losses) on other securities, as of September 30, 2010 and March 31, 2010, included losses of ¥968 million and gains of ¥105 million, respectively, which were recognized in the statements of income by applying fair value hedge accounting. As a result, the amounts recorded in net assets, as of September 30, 2010 and March 31, 2010, were included by ¥968 million and reduced by ¥105 million, respectively.
4. Floating-rate Japanese government bonds which SMBC held as "Other securities" are carried on the balance sheet at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value for Financial Assets" (ASBJ Practical Issues Task Force No. 25).