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Documents Attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders

# **Business Report for the 8th Fiscal Year**

April 1, 2009 to March 31, 2010

Sumitomo Mitsui Financial Group, Inc.

## **Business Report for the 8th Fiscal Year**

(April 1, 2009 to March 31, 2010)

### **1. Matters regarding the Current State of the Company**

#### **(1) Business Progress and Results of the Group**

##### **Financial and Economic Environment**

The fiscal year under review saw a recovery in overseas markets following the drastic downturn in the global economy in fiscal 2008, thanks to factors including the large-scale economy-boosting measures implemented by the governments and central banks of each country. In particular China and other Asian economies lead the recovery, with the U.S. and European economies following on by posting positive second quarter growth over the previous period. In the Japanese economy, industrial production switched to positive growth backed by an increase in exports and personal consumption among other factors. Corporate results also started to show signs of improvement in the second half.

In the financial and capital markets, short-term interest rates hovered at low levels thanks to active financing by the central banks of Japan, the U.S. and Europe. Meanwhile, long-term interest rates in the U.S. rose to around high 3% range at the end of the fiscal year; however, in Japan these rates remained generally around low 1% range due to continuing deflationary pressures. Stock prices rose in each country on expectations of a global economic recovery, with Japan's Nikkei stock average also regaining ground to 11,000-yen level by the end of the fiscal year under review. Japanese yen appreciated against the backdrop of an increasing uncertainty in international financial market, and in November 2009 rose to 84-yen against the U.S. dollar for the first time in 14 years, although it has returned to the first-half of the 90-yen mark by the end of the fiscal year.

Under these circumstances, the "Act concerning Temporary Measures to Facilitate Financing for SMEs, etc." was enacted in Japan's financial markets last December, in order to facilitate businesses of SMEs. Review of financial regulations to prevent another financial crisis has been globally developed, and the Basel Committee on Banking Supervision (BCBS) announced the consultative document on bank regulations, including strengthening of capital adequacy requirements and the introduction of liquidity standards for internationally active banks.

##### **Business Progress and Results**

Under these economic and financial circumstances, the Sumitomo Mitsui Financial Group, Inc. (the "Company") and its subsidiaries (collectively with the Company, the "Group"), which conduct banking business and other financial services including credit card, leasing, securities, and system development/information processing, designated the current fiscal year under review as a "year for establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of 'Follow the Basics,'" and actively continued to implement its strategic initiatives focused on "strengthening targeted growth business areas" and "fortifying platform to support sustainable growth" in its efforts towards achieving mid-to-long term growth.

The Group implemented the following measures as initiatives for strengthening targeted growth business areas.

Sumitomo Mitsui Banking Corporation ("SMBC") continued with its initiative toward the development of "Total Consulting" capability to provide individual customers with one-stop services for a range of financial products and services. As a part of this initiative, in August 2009, SMBC made level-premium insurances, etc. available at all of its domestic branches. Also, SMBC further enhanced its product lineup with starting sales of investment trusts jointly developed with Nikko Cordial Securities Inc., which became a wholly-owned subsidiary of SMBC in October 2009.

In the credit card business, the Group established the two-company system, consisting of Sumitomo Mitsui Card Company, Limited and Cedyna Financial Corporation, which was formed in April 2009 and both companies have been working towards integrating the systems to pursue economies of scale and building a structure of cooperation in the area of sales and marketing to maximizing top-line synergies.

For its corporate customers, SMBC offered optimal solutions to meet their needs and respond to their management issues by integrating the capabilities of the following three divisions into those of marketing channels including Corporate Business Offices: Corporate Advisory Division, which offers business and financial strategy proposals for customers; Private Advisory Dept., which offers asset management and business succession proposals to business owners; Global Advisory Dept., which provides proposals to customers considering expansion and development of their business in overseas.

SMBC and Nikko Cordial Securities Inc. collaborated operations in the wholesale business area, and in October 2009 the SMBC Desk was set up within Nikko Cordial Securities Inc. as a point of contact between them. Also in January 2010, SMBC started offering financial instruments intermediary services to corporate customers, under entrustment from Nikko Cordial Securities Inc.

While mutually confirming the amicable trust relationship with the Daiwa Securities Group Inc., in December 2009, SMBC dissolved the joint venture at Daiwa Securities SMBC Co. Ltd. for further mutual benefits.

In overseas, SMBC fortified and expanded its business network in the Asian region to enhance services for its Japanese corporate customers and strengthen businesses in emerging and growing markets. In April 2009 it set up the local subsidiary in China, "Sumitomo Mitsui Banking Corporation (China) Limited." Also, SMBC has continued to facilitate alliances with major local financial institutions across Asia, such as concluding a business tie-up with Indonesia's PT. Bank Central Asia, Tbk., establishing a contract for offering technical support with the Vietnam Eximbank, and investing in The Bank of East Asia (Hong Kong). In this way, SMBC has established a strong foothold for further enhancing its services in the Asian region.

In the leasing business, SMBC has aggressively expanded its leasing business by various initiatives. Specifically, Sumitomo Mitsui Finance & Leasing Co., Ltd. has developed the aircraft operating lease business through the jointly established company with the Sumitomo Corp.

To fortify the business platform to support sustainable growth, the Group has implemented the following initiatives.

In matters of compliance, both in Japan and overseas, every effort from the standpoint of legal compliance and customer protection has been made to improve the efficiency of monitoring and to strengthen the internal control system, including that of group companies as whole. Specifically, in June 2009, based on a review of firewall regulations, SMFG established the "Management Policy Concerning Conflicts of Interest" and "Management Regulations Concerning Conflicts of Interest" to enable the Group as a whole to control conflicts of interest, and also each company in the Group enhanced platform following the relevant laws and regulations. Moreover, SMBC has continued to provide information to its customers on various investment products and credit transactions at the time of solicitation and sales of products, as well as at relevant times post-sale as there may be market fluctuations. In this way SMBC has improved and expanded its after-care system for customers.

With regard to risk management, SMBC has newly established the "Risk Management Unit" in April 2009 in an effort to bolster its integrated internal control system to deal with the various risks encountered in the opaque and uncertain business environment in which it operates.

The Group places the sufficient supply of funds to customers as one of its top priorities, and has continued to promptly, proactively and optimally respond its customers' various requests such as changes in repayment terms. Specifically, in response to the enactment of "Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.," in December 2009, SMBC established the "Facilitating Financing Dept." in the planning departments of Consumer Banking Unit and Middle Market Banking Unit to address the issues of how to facilitate financing, and has been collaborating with all domestic marketing offices on providing optimal responses to various customers' requests. SMBC has also set up the "Council for Finance Facilitation" composed of members including Heads of Consumer Banking Unit and Middle Market Banking Unit as well as Authorized Management Committee Members of Risk Management Unit to discuss how to deal with cross-sectional issues related to sufficient financing.

With regard to enhancement of the capital base, in order to maintain competitiveness and achieve sustainable growth under the new financial order that will emerge from hereon, the Group recognizes the necessity of expanding and enhancing both the quality and quantity of its capital. To this end, the Company completed common equity offerings in July 2009 and February 2010, for which a total of ¥861 billion and ¥973 billion were paid in, respectively, and in September and October 2009, it issued a

total of ¥388 billion of preferred securities in the domestic market through its special-purpose overseas subsidiary.

Meanwhile, in February 2010, the Company carried out a buy-back and cancellation of preferred securities and perpetual subordinated bonds in overseas markets. Also in January 2010, based on an agreement with The Goldman Sachs Group Inc., the Company acquired all of the Company's preferred securities held by The Goldman Sachs Group Inc. and its subsidiaries in exchange for delivering the Company's common stock. Subsequently, in February 2010, the Company cancelled all preferred securities acquired.

As a result of these initiatives, the Group recorded a consolidated net income of ¥271.5 billion for the fiscal year under review.

As of March 31, 2010, loans disclosed under the Financial Reconstruction Law of SMBC totaled ¥1,100.6 billion, decreased compared to the previous fiscal year by ¥93.5 billion, and the ratio of non-performing loans decreased to 1.7%.

### **Issues to be Addressed**

The Group has designated its basic policy for fiscal 2010 as “transforming our business model to grow steadily under a new regulatory and competitive environment through a forward-looking approach” and “emphasizing return on risks and costs, in order to improve asset quality and thoroughly control expenses and credit costs.” The Group will make every effort to carry out initiatives for “reinforce our business portfolio to achieve sustainable growth” and “secure a resilient capital base.”

Regarding “reinforcing our business portfolio to achieve sustainable growth,” the Group will first focus on strengthening its securities business. Specifically, Nikko Cordial Securities Inc. is committed to carrying out its 3-year medium-term management plan launched in March 2010 and running until fiscal 2012, in an effort to become the top full-service securities firm in Japan. The Group will also merge the joint business for individual customers in SMBC Friend Securities Co., Ltd. with SMBC into Nikko Cordial Securities Inc., enabling the provision of more sophisticated services by fully leveraging the accumulated know how and human resources of SMBC Friend Securities Co., Ltd.

For individual customers, SMBC will fully leverage strengths of the Group as a whole to position itself as the leading bank in the area of diversified personal financial services by further improving customer convenience, including offering more Internet-based services. SMBC will also further enhance its product lineup by leveraging product development capabilities of Nikko Cordial Securities Inc. and improve the skills of its consultants to offer more sophisticated consulting services to customers so that it can accommodate diversified customer needs.

In the credit card business, the Group will further solidify the two-company system comprising of Sumitomo Mitsui Card Company, Limited and Cedyna Financial Corporation through making Cedyna Financial Corporation a consolidated subsidiary, and by doing so strengthen the business alliance while speeding up the integration of systems of both companies. In this way, the Group is working towards becoming the number one credit card business entity in Japan.

For corporate customers, the Group will continue to actively offer high-quality solutions tailored to their diversifying business challenges.

Specifically, SMBC will work together with Nikko Cordial Securities Inc. while providing Japanese companies doing business in China and other countries with integrated support both domestically and internationally. SMBC will also endeavor to provide customers with optimal solutions for various management issues and needs through collaboration between marketing offices including the Corporate Business Offices and the three special divisions of the Global Advisory Dept., Private Advisory Dept. and Corporate Advisory Dept.

Overseas, in Asia and Australia, the Group will consolidate certain functions of the local branches of SMBC's Investment Banking Unit to enable a flexible response to the varied and sophisticated needs of its customers by providing quick and optimal solutions. It will also endeavor to provide more value-added services through alliances with leading financial institutions in Asian countries. In regions outside Asia and Australia, the Group will continue to enhance areas such as project finance, in which it has a competitive advantage.

To offer group-based solutions, the Group companies, including Sumitomo Mitsui Finance and Leasing Co., Ltd. and Japan Research Institute, Ltd., will continue to work together to provide value-added services.

With respect to “securing a resilient capital base,” the Group will further consolidate its capital base by various measures such as accumulating steady and sound growth in profits through strengthening each business area, as well as reducing the risk of stock price fluctuations on shareholdings.

The Company is also proceeding with preparations for its listing on the New York Stock Exchange within fiscal 2010.

As a basis of these initiatives, the Group will continue to strictly observe all relevant laws and regulations and establish a robust compliance system both in Japan and overseas. Specifically, SMBC will further enhance its explanatory capabilities from the perspective of customer protection while also continuing with its initiatives for managing conflicts of interest and working to eradicate transactions with anti-social forces and prevent money laundering in Japan and overseas.

Meanwhile, the Group will further reflect the opinions and requests of customers to improve CS and quality control.

The Group will make every effort to respond shareholders’ expectations realizing sustainable growth and steadily improving earnings through the implementation of the initiatives described above.

We look forward to the continued understanding and support of our shareholders in these endeavors.

**(2) Changes in Financial Position and Results of Operations (Consolidated Basis and Non-Consolidated Basis)**

a. Changes in Financial Position and Results of Operations (Consolidated Basis)

Unit: billions of yen

	FY2006 (Fiscal year ended March 31, 2007)	FY2007 (Fiscal year ended March 31, 2008)	FY2008 (Fiscal year ended March 31, 2009)	FY2009 (Fiscal year ended March 31, 2010)
Ordinary income	3,901.2	4,623.5	3,552.8	3,166.4
Ordinary profit	798.6	831.1	45.3	558.7
Net income (loss)	441.3	461.5	(373.4)	271.5
Net assets	5,331.2	5,224.0	4,611.7	7,000.8
Total assets	100,858.3	111,955.9	119,637.2	123,159.5

(Notes) 1. Amounts less than one hundred million yen have been omitted.

2. The Company has 307 consolidated subsidiaries and 58 companies accounted for by the equity method as of March 31, 2010.

b. Changes in Financial Position and Results of Operations (Non-Consolidated Basis)

Unit: billions of yen

	FY2006 (Fiscal year ended March 31, 2007)	FY2007 (Fiscal year ended March 31, 2008)	FY2008 (Fiscal year ended March 31, 2009)	FY2009 (Fiscal year ended March 31, 2010)
Operating income	376.4	111.6	134.7	133.3
Dividends received	366.6	89.6	117.0	118.8
Dividends received from banking subsidiaries	349.2	74.6	93.9	113.3
Dividends received from other subsidiaries	5.6	4.3	22.0	4.6
Net income	(millions of yen) 363,535	(millions of yen) 82,975	(millions of yen) 103,468	(millions of yen) 66,176
Net income per share	(yen) 46,326.41	(yen) 9,134.13	(yen) 118.43	(yen) 53.82
Total assets	3,959.4	4,021.2	4,057.3	6,152.7
Investments in banking subsidiaries	3,165.7	3,165.7	3,165.7	5,377.7
Investments in other subsidiaries	470.6	525.7	606.4	611.3

(Notes) 1. Amounts less than one hundred million yen have been omitted.

2. In line with the introduction of the electronic share certificate system upon the enforcement of the "Law for Partial Amendment of the Laws related to Transfer of Bonds, etc., to Streamline Settlement with respect to Transactions of Stock, etc." (Law No. 88, 2004), the Company implemented a 100-for-1 share split on January 4, 2009, in order to eliminate fractional shares which the system does not provide for. If the stock split had been implemented in previous fiscal years, net income per share would be adjusted as follows.

	FY2006 (Fiscal year ended March 31, 2007)	FY2007 (Fiscal year ended March 31, 2008)
Net income per share	(yen) 463.26	(yen) 91.34

### (3) Employees of the Group

	March 31, 2010			March 31, 2009		
	Banking business	Leasing business	Other business	Banking business	Leasing business	Other business
Number of employees	29,841	2,199	25,848	27,221	2,149	18,709

- (Notes) 1. The number of employees is the number of persons engaged in the Group, including local staff at overseas, but not including employees on short-term contracts and temporary employees (16,197 persons as of March 31, 2010; 15,816 persons as of March 31, 2009).
2. The number of employees is the number of persons engaged in the Company and consolidated subsidiaries.

### (4) Principal Offices of the Group

#### a. Banking Business

Sumitomo Mitsui Banking Corporation:

Domestic: Head Office, Tokyo Main Office, Osaka Main Office, Kobe Main Office, and 654 other branches and sub-branches (641 as of March 31, 2009)

Overseas: New York Branch and 20 other branches and sub-branches (27 as of March 31, 2009)

THE MINATO BANK, LTD.:

Head Office and 108 other branches (108 as of March 31, 2009)

Kansai Urban Banking Corporation:

Head Office and 169 other branches (103 as of March 31, 2009)

#### b. Leasing Business

Sumitomo Mitsui Finance and Leasing Company, Limited:

Tokyo Head Office, Takebashi Office, Osaka Head Office, etc.

#### c. Other Business

Sumitomo Mitsui Card Company, Limited:

Tokyo Head Office, Osaka Head Office, etc.

The Japan Research Institute, Limited:

Tokyo Head Office, Osaka Head Office, etc.

SMBC Friend Securities Co., Ltd.:

Head Office, etc.

Nikko Cordial Securities Inc.:

Head Office, etc.

## (5) Capital Investment of the Group

### a. Total Amount of Capital Investment

Unit: millions of yen

Business segment	Amount
Banking business	109,089
Leasing business	2,445
Other business	41,355
Total	152,890

(Notes) 1. Amounts less than one million yen have been omitted.

2. Amount above indicates the total amount of capital investment for the Company and consolidated subsidiaries.

### b. Establishment of Principal Facilities, etc.

Unit: millions of yen

Business segment	Company name	Description	Amount
Banking business	Sumitomo Mitsui Banking Corporation	Capital investment in branches	28,650
		Software	39,722
	Kansai Urban Banking Corporation	Sale of head office building	-
Leasing business	There are no important matters to be stated.		-
Other business	There are no important matters to be stated.		-

(Note) Amounts less than one million yen have been omitted.

## (6) Principal Parent Company and Subsidiaries, etc.

### a. Relationship with Parent Company

Not applicable.

### b. Principal Subsidiaries, etc.

Company name	Location	Main business	Date of establishment	Capital (millions of yen)	Percentage of the Company's voting rights (%)	Other
Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	Banking	June 6, 1996	1,770,996	100.00	-
Sumitomo Mitsui Card Company, Limited	Chuo-ku, Osaka	Credit cards	December 26, 1967	34,000	65.99 (65.99)	-
Sumitomo Mitsui Finance and Leasing Company, Limited	Minato-ku, Tokyo	Leasing	February 4, 1963	15,000	60.00	-
The Japan Research Institute, Limited	Chiyoda-ku, Tokyo	System engineering, data processing, consulting, and think tank consulting	November 1, 2002	10,000	100.00	-
SMBC Friend Securities Co., Ltd.	Chuo-ku, Tokyo	Securities	March 2, 1948	27,270	100.00	-
SMBC Guarantee Co., Ltd.	Minato-ku, Tokyo	Credit guarantee	July 14, 1976	187,720	100.00 (100.00)	-

Company name	Location	Main business	Date of establishment	Capital (millions of yen)	Percentage of the Company's voting rights (%)	Other
SMBC Finance Service Co., Ltd.	Minato-ku, Tokyo	Loans, factoring, and collecting agent	December 5, 1972	71,705	100.00 (100.00)	-
Nikko Cordial Securities Inc.	Chiyoda-ku, Tokyo	Securities	June 15, 2009	10,000	100.00 (100.00)	-
THE MINATO BANK, LTD.	Chuo-ku, Kobe	Banking	September 6, 1949	27,484	46.44 (46.44)	-
Kansai Urban Banking Corporation	Chuo-ku, Osaka	Banking	July 1, 1922	47,039	56.46 (56.46)	-
The Japan Net Bank, Limited	Shinjuku-ku, Tokyo	Banking	September 19, 2000	37,250	59.70 (59.70)	-
Sumitomo Mitsui Banking Corporation Europe Limited	London, U.K.	Banking	March 5, 2003	148,880 [US\$1,600 million]	100.00 (100.00)	-
Sumitomo Mitsui Banking Corporation (China) Limited	Shanghai, People's Republic of China	Banking	April 27, 2009	95,480 [RMB 7,000 million]	100.00 (100.00)	-
SMBC Capital Markets, Inc.	Wilmington, Delaware, U.S.A	Derivatives and investments	December 4, 1986	0 [US\$100]	100.00 (100.00)	-
Sumitomo Mitsui Auto Service Company, Limited	Shinjuku-ku, Tokyo	Leasing	February 21, 1981	6,950	39.99	-
Daiwa SB Investments Ltd.	Chiyoda-ku, Tokyo	Investment advisory and investment trust management	June 1, 1973	2,000	43.96	-
Cedyna Financial Corporation	Naka-ku, Nagoya	Credit card and shopping credit services	September 11, 1950	57,843	48.04 (48.04)	-
Promise Co., Ltd.	Chiyoda-ku, Tokyo	Consumer loans	March 20, 1962	80,737	22.02 (22.02)	-

- (Notes)
1. The capital has been rounded down to the nearest unit and the percentage of the Company's voting rights has been rounded down to the nearest second decimal place.
  2. The capital denominated in foreign currency has been translated into Japanese yen at the exchange rate as of the account closing date.
  3. Figures in parentheses ( ) in the voting rights column indicate voting rights held indirectly.
  4. Nikko Cordial Securities Inc. became a consolidated subsidiary of the Company from the current fiscal year due to acquisition of shares.
  5. The percentage of the Company's voting rights in subsidiaries for THE MINATO BANK, LTD. includes 40.39% of the percentage of the Company's voting rights attached to shares that SMBC contributed to the retirement benefits trust. The voting rights attached to the shares are to be exercised at the instruction of SMBC.
  6. Sumitomo Mitsui Banking Corporation (China) Limited commenced operation on April 27, 2009, taking over business by transfer from SMBC.
  7. Daiwa Securities SMBC Co. Ltd., which had previously been shown on the list above, was excluded from the scope of affiliated companies accounted for by the equity method due to sale of shares.
  8. Cedyna Financial Corporation is the name of the new company established by the merger on April 1, 2009 of OMC Card, Inc. with QUOQ Inc. and Central Finance Co., Ltd.

#### Significant Business Alliance

1. The Company and SMBC have entered into an agreement with Goldman Sachs (Japan) Ltd. on operational cooperation in areas in which the expertise of Goldman Sachs can be fruitfully utilized.
2. The Company and SMBC have formed a strategic alliance with Promise Co., Ltd. in the consumer finance business.
3. The Company, Sumitomo Mitsui Card Company, Limited, and SMBC have formed a business alliance with NTT DoCoMo Inc. mainly for the joint promotion of a new credit settlement service using mobile phones.

## (7) Major Borrowings

Creditor	Balance of borrowings (millions of yen)	Investment in the Company	
		Number of shares held (100 shares)	Percentage of voting rights (%)
Sumitomo Mitsui Banking Corporation	948,030	133,400	-

(Notes) 1. Amount less than one million yen has been omitted for the balance of borrowings, and amount less than one hundred shares has been omitted for the number of shares held.

2. There are no borrowings other than those mentioned above.

## (8) Business Transfer, etc.

Dates of business transfer, etc.	Summary of business transfer
October 1, 2009	SMBC, on October 1, 2009, acquired all shares of Nikko Cordial De-merger Preparatory Company Ltd., which succeeded by company split all the operations (excluding selected assets and liabilities) of Nikko Cordial Securities Inc., which was engaged mainly in retail securities business, and certain businesses, including the domestic debt and equity underwriting businesses, of Nikko Citigroup Ltd, which was engaged mainly in wholesale securities business. Nikko Cordial De-merger Preparatory Company Ltd. was renamed as Nikko Cordial Securities Inc. on the above date.
December 31, 2009	The Company dissolved, on December 31, 2009, the joint-venture business at Daiwa Securities SMBC Co. Ltd., a joint-venture company between the Company and Daiwa Securities Group Inc.

## (9) Other Important Matters regarding the Current State of the Group

- a. The Company issued common stock by way of offering in June 2009 and in January 2010, for which ¥827.3 billion and ¥918.9 billion were paid in, respectively.  
Besides, the Company issued common stock by way of third-party allotment in July 2009 and in February 2010, for which ¥33.6 billion and ¥54 billion were paid in, respectively.
- b. The Company raised ¥343 billion and ¥45 billion in September and October 2009, respectively, through the issuance of preferred securities via an overseas special purpose subsidiary established in Grand Cayman, Cayman Islands.  
Meanwhile, the Company redeemed ¥340 billion of preferred securities at the option of the Company in June 2009, which had been issued via an overseas special purpose subsidiary.
- c. In February 2010, the Company purchased by tender offer and cancelled US\$1 billion of U.S. dollar-denominated preferred securities and UK£0.4 billion of UK pound-denominated preferred securities, both of which had been issued via overseas special purpose subsidiaries.  
Meanwhile, in February 2010, SMBC purchased by tender offer and cancelled US\$1 billion of U.S. dollar-denominated perpetual subordinated bonds and €0.4 billion of Euro-denominated perpetual subordinated bonds, both of which had been issued by the company.
- d. As a result of the exercise of acquisition right in January 2010 by the Goldman Sachs Group, Inc. and its subsidiaries, for all shares of First to Fourth series and Ninth to Twelfth series of Type 4 Preferred Stock, the Company acquired all of these shares in exchange for delivering the common stock of the Company, and in February 2010, cancelled all of the acquired shares.

## 2. Matters regarding Directors and Corporate Auditors

### (1) Directors and Corporate Auditors

(As of March 31, 2010)

Name	Position and responsibility	Significant concurrent positions	Other
Masayuki Oku	Chairman of the Board (Representative Director)	President of Sumitomo Mitsui Banking Corporation (Representative Director) Director of Nikko Cordial Securities Inc. Director of Panasonic Corporation Corporate Auditor of Nankai Electric Railway Co., Ltd.	-
Teisuke Kitayama	President (Representative Director)	Chairman of the Board of Sumitomo Mitsui Banking Corporation (Representative Director) Director of FUJIFILM Holdings Corporation Corporate Auditor of Isetan Mitsukoshi Holdings Ltd.	-
Fumihiko Tanizawa	Senior Managing Director Responsible for Audit Dept.	-	-
Takeshi Kunibe	Director Responsible for Public Relations Dept., Corporate Planning Dept., Financial Accounting Dept., Strategic Financial Planning Dept., and Subsidiaries & Affiliates Dept.	Director of Sumitomo Mitsui Banking Corporation	-
Satoru Nakanishi	Director Responsible for Consumer Business Planning Dept.	Director of Sumitomo Mitsui Banking Corporation	-
Junsuke Fujii	Director Responsible for General Affairs Dept., Human Resources Dept. and Corporate Risk Management Dept.	Director of Sumitomo Mitsui Banking Corporation	-
Shigeru Iwamoto	Director (outside)	CPA Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-
Yoshinori Yokoyama	Director (outside)	Status of concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-

Name	Position and responsibility	Significant concurrent positions	Other
Kuniaki Nomura	Director (outside)	Attorney at Law Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-
Hiroki Nishio	Standing Corporate Auditor	Corporate Auditor of Sumitomo Mitsui Banking Corporation	-
Yoji Yamaguchi	Standing Corporate Auditor	-	-
Hideo Sawayama	Standing Corporate Auditor	-	-
Hiroshi Araki	Corporate Auditor (outside)	Adviser of The Tokyo Electric Power Company, Incorporated Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-
Ikuo Uno	Corporate Auditor (outside)	Chairman of the Board and Representative Director of Nippon Life Insurance Company Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-
Satoshi Ito	Corporate Auditor (outside)	CPA Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	He has considerable expertise in finance and accounting.

- (Notes) 1. Messrs. Shigeru Iwamoto, Yoshinori Yokoyama and Kuniaki Nomura are Outside Directors as provided for in Article 2, Item 15 of the Corporation Law.  
2. Messrs. Hiroshi Araki, Ikuo Uno and Satoshi Ito are Outside Corporate Auditors as provided for in Article 2, Item 16 of the Corporation Law.  
3. Changes in positions and responsibilities as of April 1, 2010:

Senior Managing Director	Fumihiko Tanizawa	Director No longer responsible for Audit Dept.
Director	Takeshi Kunibe	No longer responsible for Public Relations Dept. Nor is he principally responsible for Corporate Planning Dept., Financial Accounting Dept. and Strategic Financial Planning Dept..
Director	Junsuke Fujii	No longer responsible for Corporate Risk Management Dept.

Changes in significant concurrent positions as of April 20, 2010:

Chairman of the Board (Representative Director)	Masayuki Oku	Appointed as Chairman of Japanese Bankers Association
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4. The Company appointed one Substitute Corporate Auditor to serve as substitute for all Outside Corporate Auditors, in case the number of Corporate Auditors fails short of the number required by applicable laws and regulations.

Substitute Corporate Auditor	Daiken Tsunoda
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#### Directors and Corporate Auditors who Resigned during the Fiscal Year

Name	Position and responsibility	Significant concurrent positions	Other
Osamu Endo	Director	Director of Sumitomo Mitsui Banking Corporation	He resigned as of April 30, 2009.
Hiroki Nishio	Director	-	He resigned as of June 26, 2009.
Masahide Hirasawa	Standing Corporate Auditor	Corporate Auditor of Sumitomo Mitsui Banking Corporation	He resigned as of June 26, 2009.
Katsuya Onishi	Corporate Auditor (outside)	Attorney at Law Corporate Auditor of Sumitomo Mitsui Banking Corporation (outside)	He resigned as of June 26, 2009.

(Note) Position and responsibility, and significant concurrent positions are reported as of the date of resignation.

#### (2) Compensation, etc. for Directors and Corporate Auditors

Unit: millions of yen

Classification	Persons paid	Compensation, etc.
Directors	13	246
Corporate Auditors	8	108
Total	21	354

- (Notes)
- Amounts less than one million yen have been omitted.
  - In the above-written amount of Compensation, etc. for Directors, salary as employee and consideration for performance of other duties are not included.
  - Maximum remuneration for Directors and Corporate Auditors is as per resolution at the General Meeting of Shareholders held on June 27, 2008, that is, 480 million yen per year for Directors (30 million yen for Outside Directors) and 180 million yen per year for Corporate Auditors.
  - The above-written amounts include expenses of 53 million yen related to the payment of Directors' and Corporate Auditors' bonuses (39 million yen for Directors and 13 million yen for Corporate Auditors).
  - The above-written amounts include expenses of 65 million yen related to the payment of executive retirement benefits (48 million yen for Directors and 16 million yen for Corporate Auditors).
  - The above-written amounts include "Compensation, etc. for Outside Directors and Outside Corporate Auditors" as mentioned below.

### 3. Matters regarding Outside Directors and Outside Corporate Auditors

#### (1) Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors

Name	Concurrent positions and other details
Shigeru Iwamoto	Director of Sumitomo Mitsui Banking Corporation (outside) Corporate Auditor of Central Union of Agricultural Co-operatives Corporate Auditor of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (outside)
Yoshinori Yokoyama	Director of Sumitomo Mitsui Banking Corporation (outside) Director of ORIX Corporation (outside)
Kuniaki Nomura	Director of Sumitomo Mitsui Banking Corporation (outside) Corporate Auditor of Dai Nippon Printing Co., Ltd. (outside) Corporate Auditor of Mitsui Sumitomo Insurance Company, Limited (outside)
Hiroshi Araki	Adviser of The Tokyo Electric Power Company, Incorporated Corporate Auditor of Sumitomo Mitsui Banking Corporation (outside) Corporate Auditor of KAJIMA CORPORATION (outside) Corporate Auditor of TV TOKYO Corporation (outside)
Ikuo Uno	Chairman of the Board and Representative Director of Nippon Life Insurance Company Corporate Auditor of Sumitomo Mitsui Banking Corporation (outside) Director of Panasonic Corporation (outside) Director of FUJI KYUKO CO., LTD (outside) Corporate Auditor of Odakyu Electric Railway Co., Ltd. (outside) Corporate Auditor of Tohoku Electric Power Co., Inc. (outside) Corporate Auditor of West Japan Railway Company (outside)
Satoshi Ito	Corporate Auditor of Sumitomo Mitsui Banking Corporation (outside) Corporate Auditor of NEC Corporation (outside)

- (Notes)
1. Directors Messrs. Shigeru Iwamoto, Yoshinori Yokoyama and Kuniaki Nomura concurrently serve as Directors (outside) of SMBC, the Company's subsidiary, while Corporate Auditors Messrs. Hiroshi Araki, Ikuo Uno and Satoshi Ito concurrently serve as Corporate Auditors (outside) of SMBC.
  2. Director Mr. Kuniaki Nomura concurrently serves as Corporate Auditor (outside) of Mitsui Sumitomo Insurance Company, Limited, which is the major holder of preferred stock (1st series Type 6) of the Company. Mr. Nomura was also appointed as Corporate Auditor (outside) of MS&AD Insurance Group Holdings, Inc. on April 1, 2010.
  3. Corporate Auditor Mr. Ikuo Uno concurrently serves as Chairman of the Board and Representative Director of Nippon Life Insurance Company, which is the major holder of common stock and preferred stock (1st series Type 6) of the Company.
  4. There is no other relationship to be disclosed between the Company and the companies or entities in which Outside Directors and Outside Corporate Auditors of the Company concurrently serve as positions listed above.

## (2) Major Activities of Outside Directors and Outside Corporate Auditors

Name	Period of service	Attendance of the Board of Directors meeting	Opinions issued at the Board of Directors meeting and other activities
Shigeru Iwamoto	9 months	Attended 13 out of 14 meetings of the Board of Directors held since his appointment as Director	Iwamoto mainly provides suggestions and comments based on his considerable experience as CPA and high level of insight.
Yoshinori Yokoyama	3 years and 9 months	Attended 16 out of 20 meetings of the Board of Directors held in the 2009 fiscal year	Yokoyama mainly provides suggestions and comments based on his broad knowledge of management and high level of insight.
Kuniaki Nomura	9 months	Attended 10 out of 14 meetings of the Board of Directors held since his appointment as Director	Nomura mainly provides suggestions and comments based on his considerable experience as an attorney at law and high level of insight.
Hiroshi Araki	5 years and 9 months	Attended 12 out of 20 meetings of the Board of Directors and 4 out of 5 meetings of the Board of Corporate Auditors held in the 2009 fiscal year.	Araki mainly provides suggestions and comments based on his considerable experience as a chief executive and high level of insight.
Ikuo Uno	4 years and 9 months	Attended 12 out of 20 meetings of the Board of Directors and 3 out of 5 meetings of the Board of Corporate Auditors held in the 2009 fiscal year.	Uno mainly provides suggestions and comments based on his considerable experience as a chief executive and high level of insight.
Satoshi Ito	9 months	Attended 13 out of 14 meetings of the Board of Directors and all of 4 meetings of the Board of Corporate Auditors held since his appointment as Corporate Auditor	Ito mainly provides suggestions and comments based on his considerable experience as CPA and high level of insight.

(Note) Period of service of Directors and Corporate Auditors above of less than one month have been discarded.

## (3) Liability Limitation Agreement

Name	Summary of Liability Limitation Agreement
Shigeru Iwamoto	In accordance with the provisions provided for in Article 427, Paragraph 1 of the Corporation Law (the "Law"), the Company has entered into agreements with the Outside Directors and Outside Corporate Auditors stated in the left column to limit the liability provided for in Article 423, Paragraph 1 of the Law to the higher of either (i) ¥10 million or (ii) the minimum amount provided for in Article 427, Paragraph 1 of the Law.
Yoshinori Yokoyama	
Kuniaki Nomura	
Hiroshi Araki	
Ikuo Uno	
Satoshi Ito	

**(4) Compensation, etc. for the Outside Directors and Outside Corporate Auditors**

Unit: millions of yen

	Persons paid	Compensation, etc. paid by the Company	Compensation, etc. paid by parent company, etc., of the Company
Total amount of compensation, etc.	9	39	39

- (Notes)
1. Amounts less than one million yen have been omitted.
  2. No expenses have been incurred in connection with the payment of bonuses for Outside Directors and Outside Corporate Auditors.
  3. The above-written amounts of Compensation, etc. received from the Company include expenses of 3 million yen related to the payment of executive retirement benefits (1 million yen for Outside Directors and 2 million yen for Outside Corporate Auditors).
  4. Compensation, etc. paid by parent company, etc., of the Company include the compensations and other payments from the Company's subsidiary, Sumitomo Mitsui Banking Corporation.

#### **4. Matters regarding Shares of the Company**

##### **(1) Number of Shares**

	(Number of shares)
Total number of shares authorized to be issued	
Common stock	1,500,000,000
Preferred stock (Type 4)	50,100
Preferred stock (Type 5)	167,000
Preferred stock (Type 6)	70,001
Preferred stock (Type 7)	167,000
Preferred stock (Type 8)	115,000
Preferred stock (Type 9)	115,000
 Total number of shares issued	
Common stock	1,414,055,625
Preferred stock (1st series Type 6)	70,001

##### **(2) Number of Shareholders as of March 31, 2010**

	(Number of shareholders)
Common stock	401,184
Preferred stock (1st series Type 6)	4

### (3) Major Shareholders

#### a. Common Stock

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (100 shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	879,076	6.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	718,269	5.09
Japan Trustee Services Bank, Ltd. (Trust Account 9)	264,420	1.87
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	219,907	1.55
SSBT OD05 OMNIBUS ACCOUNT CHINA TREATY CLIENTS	181,411	1.28
STATE STREET BANK AND TRUST COMPANY 505223	176,979	1.25
STATE STREET BANK AND TRUST COMPANY 505225	176,647	1.25
Nippon Life Insurance Company	154,666	1.09
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	147,614	1.04
THE CHASE MANHATTAN BANK 385036	145,658	1.03

- (Notes) 1. Listed here are the top ten shareholders in terms of their respective ratio of stock holding against the total number of outstanding shares (excluding treasury shares).  
2. Numbers of shares less than one hundred have been omitted and the percentage of shares held has been rounded down to the nearest second decimal place.

#### b. Preferred Stock (1st series Type 6)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
SUMITOMO LIFE INSURANCE COMPANY	23,334	33.33
Nippon Life Insurance Company	20,000	28.57
MITSUI LIFE INSURANCE COMPANY LIMITED	16,667	23.80
Mitsui Sumitomo Insurance Company, Limited	10,000	14.28

- (Note) The percentage of shares held has been rounded down to the nearest second decimal place.

## 5. Matters regarding Stock Acquisition Rights, etc. of the Company

### (1) Stock Acquisition Rights, etc. of the Company Held by the Company's Officers at the End of the Fiscal Year

Classification	Summary of the stock acquisition rights	Number of holders of the stock acquisition rights
Directors (excluding Outside Officers)	a. Date of resolution : June 27, 2002 b. Number of stock acquisition rights : 24 (Directors: 15, Corporate Auditors: 9)	5
Outside Directors	c. Type of stock subject to stock acquisition rights : Common stock d. Number of shares subject to stock acquisition rights : 2,400 shares	-
Corporate Auditors	e. Amount payable on exercise of stock acquisition rights : 6,649 yen per share (Issue price of stock acquisition rights: gratis)	3

- (Notes) 1. The stock acquisition rights were issued with approval of SMBC's 1st Ordinary General Meeting of Shareholders held on June 27, 2002. The Company decided to assume the obligations attached to 1,620 of the stock acquisition rights issued by SMBC by resolution of the General Meeting of Classified Stockholders for the first preferred stock (type 1), the second preferred stock (type 1) and preferred stock (type 5) held on September 26, 2002, and the Extraordinary General Meeting of Shareholders (doubled as the General Meeting of Classified Stockholders for common stock) held on September 27, 2002. Additionally, SMBC became the wholly owned subsidiary of the Company upon the establishment of the Company via the share transfer of December 2, 2002. SMBC also merged with The Wakashio Bank, Limited on March 17, 2003. The trade name of the company formed through the merger is SMBC.
2. The exercise period for the stock acquisition rights is from June 28, 2004 to June 27, 2012.
3. Number of shares subject to one stock acquisition right is one hundred shares of the Company's common stock.
4. Issue par of shares in the case shares are issued due to exercise of stock acquisition rights (amount to be paid in upon exercise of stock acquisition rights) shall be adjusted in accordance with the following formula in the case where the Company issues the new stock at issue par below market price after issuance of stock acquisition rights (except for the case where issuance is as a result of exercise of stock acquisition rights). However, fractional numbers arising due to adjustment of less than 1 yen shall be rounded up.

$$\text{issue par after adjustment} = \text{issue par before adjustment} \times \frac{\text{number of outstanding shares} + \frac{\text{number of shares newly issued} \times \text{issue par per share}}{\text{market price per share}}}{\text{number of outstanding shares} + \text{number of shares newly issued}}$$

Issue par shall be also adjusted as necessary upon stock split or stock reverse split.

### (2) Stock Acquisition Rights, etc. of the Company Granted to Employees, etc. during the Fiscal Year

Not applicable.

## 6. Matters regarding the Accounting Auditor

### (1) Accounting Auditor

Name	Compensation, etc. for the fiscal year	Other
KPMG AZSA & Co. Masanori Sato Designated Partner Hiroshi Numano Designated Partner Hiroyuki Yamada Designated Partner	Compensation, etc. pertaining to the activities specified in Article 2, Paragraph 1 of the Certified Public Accountant Law (Law No. 103 of 1948): 257 million yen  Of above, compensation, etc. as Accounting Auditor: 210 million yen	The Company pays consideration to our Accounting Auditors for providing advisory services pertaining to accounting procedures and disclosure, a task which constitutes activities other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law.

- (Notes)
1. Amounts less than one million yen have been omitted.
  2. The audit agreement between the Company and the Accounting Auditor does not and cannot practically distinguish between compensation, etc. for audits stipulated by the Corporation Law and those stipulated by the Financial Instruments and Exchange Law. For this reason, the “of above, compensation, etc. as Accounting Auditor” above includes the compensation, etc. amount for audits based on the Financial Instruments and Exchange Law.
  3. Total amount of moneys and other financial benefits payable by the Company and subsidiaries (excluding unconsolidated subsidiaries) to Accounting Auditor is 2,066 million yen.

### (2) Liability Limitation Agreement

Not applicable.

### (3) Other Matters regarding the Accounting Auditor

- a. Policy for Decisions on Dismissal or Non Re-appointment of Accounting Auditor  
Apart from cases of dismissal of an Accounting Auditor by the Board of Corporate Auditors as prescribed in Article 340 of the Corporation Law, if it is determined to be difficult for an Accounting Auditor to appropriately execute his or her duty, the Company will forward a proposal for the dismissal or non re-appointment of the Accounting Auditor to the general meeting of shareholders, upon the consent or request of the Board of Corporate Auditors.
- b. From among the Company’s significant subsidiaries, Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited and SMBC Capital Markets, Inc. were audited by Accounting Auditor other than the Company’s (or by person(s) with equivalent qualifications in foreign countries).

## 7. System to Ensure Appropriate Conduct of Operations

The Board of Directors resolved to adopt systems to ensure the Company’s appropriate conduct of operations as follows:

Article 1. (System for the storage and management of information related to the execution of duties by Directors)

The Company appropriately stores and manages information related to the performance of Directors’ duties, in accordance with the standards for information management and document management.

Article 2. (Rules and other aspects of the system for managing risks of loss)

1. For the appropriate management of risks of loss to the Group, the Company has established a set of “standards for the management of risks” to set forth fundamental matters for managing risks, and each type of risk of loss is comprehensively and systematically managed by the divisions in charge of managing risks

- of loss in cooperation with divisions in charge of management planning.
2. The basic policy for managing risks of loss to the Group is determined by resolution of the Group Executive Management Board, a body consisting of executives appointed by the President and Director with the approval of the Board of Directors.
  3. The Group Executive Management Board, related executives, and divisions in charge of managing risks of loss conduct risk management in accordance with the basic policy for managing risks of loss to the Group approved in the preceding paragraph.

Article 3. (System for ensuring that the duties of the Directors are efficiently performed)

1. To ensure that the duties of the Directors are efficiently performed, the Company formulates operating plans and manages operations and performance under the plans.
2. Each Director appropriately shares the burden of duties, defines standards for organization, defines standards for the Group companies, and delegates authority to the Directors and employees according to those standards.

Article 4. (System for ensuring that the Directors and employees perform their duties in accordance with laws, regulations, and the Articles of Incorporation)

1. To ensure that the Directors and employees perform their duties in accordance with laws, regulations, and the Articles of Incorporation, the Company draws up business ethics, draws up a common philosophy of the Company's social responsibility, formulates a compliance manual, and has the Directors and employees conform to the aforesaid.
2. To make the compliance system of the Group work more effectively, the Company has the Board of Directors formulate an annual plan for compliance calling for specific measures such as the establishment of standards and training, and improves the system by going forward with the plan.
3. To ensure propriety in accounting and reliability in financial reports, the Company formulates regulations for the evaluation of internal control over financial reports, improves and operates a system necessary for internal control for financial reports, and evaluates the effectiveness of the system.
4. To discover and correct possible violations of laws and regulations by the Company, its Directors, and its employees, the Company appropriately operates a whistle-blowing system and takes steps to improve it.
5. To review implementation as mentioned above, the division in charge of the internal audits on the independence of the divisions conducts internal audits and report the results of the audits to the Board of Directors, Group Executive Management Board, etc.

Article 5. (System for ensuring appropriate business operations within the Group)

1. The Company has established a Group Executive Management Board under the Board of Directors as a supreme decision-making body for the execution of duties and business administration over the Group. The Company executes important matters for the execution of duties after making judgments based on conferences in the Group Executive Management Board in accordance with the basic policy determined by the Board of Directors.
2. To keep a unified compliance system over the Group, the Company defines standards and prepares compliance manuals for the Group, and appropriately manages the manuals in accordance with the standards.
3. For the assurance of the fairness and propriety of transactions among companies within the Group, the Company has established a set of administrative regulations for transactions within the Group to set forth a policy on transactions among companies within the Group, and operates and manages the transactions in accordance with the regulations. Additionally, among these transactions, those likely to have significant effects on management over the Group are decided by the Group Executive Management Board with the approval of the Board of Directors.

Article 6. (Matters regarding employees appointed for the support of Corporate Auditors, and matters regarding the independence of the appointer employees from Directors)

1. To support the performance of the audits by Corporate Auditors, the Company has established an Office of Corporate Auditors.
2. To ensure the independence of the employees in the Office of Corporate Auditors from Directors, all personnel evaluations and personnel transfers for employees shall be approved by the Corporate Auditors.

Article 7. (System for reporting to the Board of Corporate Auditors or Corporate Auditors by Directors and employees)

1. If the Directors and employees discover any fact likely to significantly harm the Company or the Group, or

fraud or any significant fact contrary to laws, regulations, or the Articles of Incorporation, the Directors and employees promptly report the fact to the Corporate Auditors.

2. If the Corporate Auditors ask the Directors and employees about the execution of their respective duties, the Directors and employees promptly report to the Corporate Auditors thereon.

Article 8. (System for ensuring effective auditing by Corporate Auditors)

1. The divisions in charge of internal audits closely cooperate with the Corporate Auditors and endeavor to enable the Corporate Auditors to effectively conduct audits when the Corporate Auditors request their cooperation.
2. The Representative Director endeavors to improve the efficiency of the audit function carried by the Corporate Auditors, by ensuring opportunities for regular exchanges of opinions with Corporate Auditors and taking like measures.

# Consolidated Balance Sheet

(At March 31, 2010)

Unit: millions of yen

Account	Amount	Account	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
Cash and due from banks	5,839,672	Deposits	78,648,595
Call loans and bills bought	1,121,145	Negotiable certificates of deposit	6,995,619
Receivables under resale agreements	25,226	Call money and bills sold	2,119,557
Receivables under securities borrowing transactions	5,440,622	Payables under repurchase agreements	1,120,860
Monetary claims bought	1,006,738	Payables under securities lending transactions	4,315,774
Trading assets	6,708,688	Commercial paper	310,787
Money held in trust	18,734	Trading liabilities	5,066,727
Securities	28,623,968	Borrowed money	5,470,578
Loans and bills discounted	62,701,033	Foreign exchanges	192,299
Foreign exchanges	1,107,289	Short-term bonds	1,212,178
Lease receivables and investment assets	1,839,662	Bonds	3,422,672
Other assets	3,610,046	Due to trust account	159,554
<b>Tangible fixed assets</b>	<b>1,081,125</b>	Other liabilities	3,193,146
Buildings	314,461	Reserve for employee bonuses	43,443
Land	544,075	Reserve for executive bonuses	2,333
Lease assets	8,159	Reserve for employee retirement benefits	41,691
Construction in progress	8,206	Reserve for executive retirement benefits	8,216
Other tangible fixed assets	206,222	Reserve for reimbursement of deposits	11,734
<b>Intangible fixed assets</b>	<b>626,248</b>	Reserves under the special laws	393
Software	215,563	Deferred tax liabilities	26,520
Goodwill	363,507	Deferred tax liabilities for land revaluation	46,966
Lease assets	367	Acceptances and guarantees	3,749,056
Other intangible fixed assets	46,809	<b>Total liabilities</b>	<b>116,158,708</b>
Deferred tax assets	728,586	<b>(Net assets)</b>	
Customers' liabilities for acceptances and guarantees	3,749,056	Capital stock	2,337,895
Reserve for possible loan losses	(1,068,329)	Capital surplus	978,897
		Retained earnings	1,451,945
		Treasury stock	(124,061)
		<b>Stockholders' equity</b>	<b>4,644,677</b>
		Net unrealized gains on other securities	412,708
		Net deferred losses on hedges	(39,367)
		Land revaluation excess	34,955
		Foreign currency translation adjustments	(101,650)
		Valuation and translation adjustments	306,646
		Stock acquisition rights	81
		Minority interests	2,049,400
		<b>Total net assets</b>	<b>7,000,805</b>
<b>Total assets</b>	<b>123,159,513</b>	<b>Total liabilities and net assets</b>	<b>123,159,513</b>

# Consolidated Statement of Income

(April 1, 2009 to March 31, 2010)

Unit: millions of yen

Account	Amount	
<b>Ordinary income</b>		<b>3,166,465</b>
<b>Interest income</b>	<b>1,695,805</b>	
Interest on loans and discounts	1,280,297	
Interest and dividends on securities	241,216	
Interest on call loans and bills bought	7,657	
Interest on receivables under resale agreements	902	
Interest on receivables under securities borrowing transactions	5,413	
Interest on deposits with banks	14,757	
Interest on lease transactions	74,542	
Other interest income	71,018	
<b>Trust fees</b>	<b>1,778</b>	
<b>Fees and commissions</b>	<b>729,364</b>	
<b>Trading income</b>	<b>194,087</b>	
<b>Other operating income</b>	<b>453,012</b>	
Lease-related income	54,253	
Installment-related income	178,641	
Other	220,117	
<b>Other income</b>	<b>92,416</b>	
<b>Ordinary expenses</b>		<b>2,607,696</b>
<b>Interest expenses</b>	<b>314,893</b>	
Interest on deposits	145,979	
Interest on negotiable certificates of deposit	34,042	
Interest on call money and bills sold	6,271	
Interest on payables under repurchase agreements	1,390	
Interest on payables under securities lending transactions	6,165	
Interest on commercial papers	194	
Interest on borrowed money	37,708	
Interest on short-term bonds	2,902	
Interest on bonds	70,749	
Other interest expenses	9,489	
<b>Fees and commissions payments</b>	<b>120,748</b>	
<b>Other operating expenses</b>	<b>401,773</b>	
Lease-related expenses	30,833	
Installment-related expenses	164,150	
Other	206,789	
<b>General and administrative expenses</b>	<b>1,161,302</b>	
<b>Other expenses</b>	<b>608,978</b>	
Provision for reserve for possible loan losses	201,620	
Other	407,358	
<b>Ordinary profit</b>		<b>558,769</b>
<b>Extraordinary gains</b>		<b>18,222</b>
Gains on disposal of fixed assets	17,179	
Recoveries of written-off claims	968	
Transfer from reserve for eventual future operating losses from financial instruments transactions	74	
<b>Extraordinary losses</b>		<b>18,894</b>
Losses on disposal of fixed assets	6,003	
Losses on impairment of fixed assets	12,856	
Provision for reserve for eventual future operating losses from financial instruments transactions	34	
<b>Income before income taxes and minority interests</b>		<b>558,097</b>
<b>Income taxes</b>		
Current	104,110	
Deferred	74,759	
<b>Minority interests in net income</b>		<b>107,668</b>
<b>Net income</b>		<b>271,559</b>

# Consolidated Statement of Changes in Net Assets

(April 1, 2009 to March 31, 2010)

Unit: millions of yen

Account	Amount	Account	Amount
<b>Stockholders' equity</b>		<b>Total stockholders' equity</b>	
<b>Capital stock</b>		<b>Balance at March 31, 2009</b>	<b>2,599,183</b>
<b>Balance at March 31, 2009</b>	<b>1,420,877</b>	<b>Changes in the year</b>	
<b>Changes in the year</b>		Issuance of new shares	1,845,113
Issuance of new shares	917,018	Cash dividends	(71,174)
<b>Net changes in the year</b>	<b>917,018</b>	Net income	271,559
<b>Balance at March 31, 2010</b>	<b>2,337,895</b>	Purchase of treasury stock	(189)
<b>Capital surplus</b>		Disposal of treasury stock	43
<b>Balance at March 31, 2009</b>	<b>57,245</b>	Increase due to increase in subsidiaries	8
<b>Changes in the year</b>		Increase due to decrease in subsidiaries	3
Issuance of new shares	928,094	Decrease due to increase in subsidiaries	(11)
Disposal of treasury stocks	(108)	Decrease due to decrease in subsidiaries	(1)
Decrease due to decrease in affiliates	(6,333)	Increase due to decrease in affiliates	6,333
<b>Net changes in the year</b>	<b>921,652</b>	Decrease due to decrease in affiliates	(6,333)
<b>Balance at March 31, 2010</b>	<b>978,897</b>	Reversal of land revaluation excess	141
<b>Retained earnings</b>		<b>Net changes in the year</b>	<b>2,045,493</b>
<b>Balance at March 31, 2009</b>	<b>1,245,085</b>	<b>Balance at March 31, 2010</b>	<b>4,644,677</b>
<b>Changes in the year</b>			
Cash dividends	(71,174)		
Net income	271,559		
Increase due to increase in subsidiaries	8		
Increase due to decrease in subsidiaries	3		
Decrease due to increase in subsidiaries	(11)		
Decrease due to decrease in subsidiaries	(1)		
Increase due to decrease in affiliates	6,333		
Reversal of land revaluation excess	141		
<b>Net changes in the year</b>	<b>206,859</b>		
<b>Balance at March 31, 2010</b>	<b>1,451,945</b>		
<b>Treasury stock</b>			
<b>Balance at March 31, 2009</b>	<b>(124,024)</b>		
<b>Changes in the year</b>			
Purchase of treasury stock	(189)		
Disposal of treasury stock	152		
<b>Net changes in the year</b>	<b>(36)</b>		
<b>Balance at March 31, 2010</b>	<b>(124,061)</b>		

Account	Amount	Account	Amount
<b>Valuation and translation adjustments</b>		<b>Stock acquisition rights</b>	
<b>Net unrealized gains on other securities</b>		<b>Balance at March 31, 2009</b>	<b>66</b>
<b>Balance at March 31, 2009</b>	<b>(14,649)</b>	<b>Changes in the year</b>	
<b>Changes in the year</b>		Net changes in items other than stockholders' equity in the year	15
Net changes in items other than stockholders' equity in the year	427,358	<b>Net changes in the year</b>	<b>15</b>
<b>Net changes in the year</b>	<b>427,358</b>	<b>Balance at March 31, 2010</b>	<b>81</b>
<b>Balance at March 31, 2010</b>	<b>412,708</b>	<b>Minority interests</b>	
<b>Net deferred losses on hedges</b>		<b>Balance at March 31, 2009</b>	<b>2,141,908</b>
<b>Balance at March 31, 2009</b>	<b>(20,835)</b>	<b>Changes in the year</b>	
<b>Changes in the year</b>		Net changes in items other than stockholders' equity in the year	(92,508)
Net changes in items other than stockholders' equity in the year	(18,531)	<b>Net changes in the year</b>	<b>(92,508)</b>
<b>Net changes in the year</b>	<b>(18,531)</b>	<b>Balance at March 31, 2010</b>	<b>2,049,400</b>
<b>Balance at March 31, 2010</b>	<b>(39,367)</b>	<b>Total net assets</b>	
<b>Land revaluation excess</b>		<b>Balance at March 31, 2009</b>	<b>4,611,764</b>
<b>Balance at March 31, 2009</b>	<b>35,159</b>	<b>Changes in the year</b>	
<b>Changes in the year</b>		Issuance of new shares	1,845,113
Net changes in items other than stockholders' equity in the year	(204)	Cash dividends	(71,174)
<b>Net changes in the year</b>	<b>(204)</b>	Net income	271,559
<b>Balance at March 31, 2010</b>	<b>34,955</b>	Purchase of treasury stock	(189)
<b>Foreign currency translation adjustments</b>		Disposal of treasury stock	43
<b>Balance at March 31, 2009</b>	<b>(129,068)</b>	Increase due to increase in subsidiaries	8
<b>Changes in the year</b>		Increase due to decrease in subsidiaries	3
Net changes in items other than stockholders' equity in the year	27,418	Decrease due to increase in subsidiaries	(11)
<b>Net changes in the year</b>	<b>27,418</b>	Decrease due to decrease in subsidiaries	(1)
<b>Balance at March 31, 2010</b>	<b>(101,650)</b>	Increase due to decrease in affiliates	6,333
<b>Valuation and translation adjustments</b>		Decrease due to decrease in affiliates	(6,333)
<b>Balance at March 31, 2009</b>	<b>(129,394)</b>	Reversal of revaluation reserve for land	141
<b>Changes in the year</b>		Net changes in items other than stockholders' equity in the year	343,547
Net changes in items other than stockholders' equity in the year	436,040	<b>Net changes in the year</b>	<b>2,389,041</b>
<b>Net changes in the year</b>	<b>436,040</b>	<b>Balance at March 31, 2010</b>	<b>7,000,805</b>
<b>Balance at March 31, 2010</b>	<b>306,646</b>		

## < Significant Accounting Policies for Preparing Consolidated Financial Statements >

The definitions for subsidiary companies and affiliate companies are pursuant to paragraph 8, Article 2 of the Banking Law and Article 4-2 of the Enforcement Ordinance of the Banking Law.

Amounts less than one million yen have been omitted.

### 1. Scope of consolidation

- (1) Consolidated subsidiaries 307 companies

Principal companies:

Sumitomo Mitsui Banking Corporation (“SMBC”)  
Sumitomo Mitsui Card Company, Limited  
Sumitomo Mitsui Finance and Leasing Company, Limited  
The Japan Research Institute, Limited  
SMBC Friend Securities Co., Ltd.  
SMBC Finance Service Co., Ltd.  
Nikko Cordial Securities Inc.  
THE MINATO BANK, LTD.  
Kansai Urban Banking Corporation  
Sumitomo Mitsui Banking Corporation Europe Limited  
Sumitomo Mitsui Banking Corporation (China) Limited  
SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the fiscal year ended March 31, 2010 are as follows:

62 companies including Nikko Cordial Securities Inc. were newly consolidated due mainly to an acquisition of stocks.

35 companies including QUOQ Inc. (“QUOQ”) were excluded from the scope of consolidation because they were no longer subsidiaries due to a merger and other reasons.

Also, 8 companies including Apricot Navigation Co., Ltd. were excluded from the scope of consolidation and became unconsolidated subsidiaries that are not accounted for by the equity method because they became operators of silent partnerships for lease transactions.

- (2) Unconsolidated subsidiaries

Principal company: SBCS Co., Ltd.

214 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 proviso 2 of paragraph 1 of Article 63 of the Corporate Calculation 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, as such, they do not hinder a rational judgment of the Company’s financial position and results of operations when excluded from the scope of consolidation.

### 2. Application of the equity method

- (1) Unconsolidated subsidiaries accounted for by the equity method 4 companies

Principal company: SBCS Co., Ltd.

- (2) Affiliates accounted for by the equity method 54 companies

Principal companies:

Sumitomo Mitsui Auto Service Company, Limited  
Daiwa SB Investments Ltd.  
Cedyna Financial Corporation  
Promise Co., Ltd.

Changes in affiliates accounted for by the equity method in the fiscal year are as follows:

16 companies including P.T. Nikko Securities Indonesia newly became affiliated companies accounted for by the equity method due mainly to acquisition of shares.

2 companies including AJCC CORPORATION were excluded from the scope of affiliated companies accounted for by the equity method because they became consolidated subsidiaries due to an increase in shareholding ratio. 35 companies including Daiwa Securities SMBC Co. Ltd. were also excluded due to a sale of stocks and other reasons.

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

214 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 proviso 2 of paragraph 1 of Article 69 of the Corporate Calculation Regulations.

(4) Affiliates that are not accounted for by the equity method

Principal company: Daiwa SB Investments (USA) Ltd.

Affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are immaterial, and as such, they do not hinder a rational judgment of the Group's financial position and results of operations when excluded from the scope of equity method.

3. Special purpose entities

(1) Outline of special purpose entities and transactions

SMBC, a consolidated subsidiary of the Company, provides credit lines, liquidity lines and loans to 12 special purpose entities ("SPEs") for their fund 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.

The combined assets and liabilities of the 12 SPE as of their most recent closing dates were 2,261,647 million yen and 2,261,476 million yen, respectively. SMBC has no voting rights in the SPEs and sends no directors or employees.

(2) Principal transactions with the SPEs as of and for the fiscal year ended March 31, 2010

Unit: millions of yen

Balances of principal transactions as of March 31, 2010		Principal profit or loss (for the fiscal year ended March 31, 2010)	
Item	Amount	Item	Amount
Loans and bills discounted	1,630,152	Interest on loans and discounts	17,520
Credit lines	670,385	Fees and commissions	2,288
Liquidity lines	279,947		

4. Valuation of consolidated subsidiaries' assets and liabilities

Assets and liabilities of consolidated subsidiaries including the portion attributable to minority shareholders are valued for consolidation at fair value when the Company acquires their control.

5. Amortization of goodwill

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

6. Accounting policies

(1) Standards for recognition and measurement of trading assets/liabilities and trading profits/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. Profits 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 market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

"Trading income" and "Trading losses" include 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.

(2) Standards for recognition and measurement of securities

1) 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 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 which are 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.

- 2) Securities included in money held in trust are carried in the same method as in (1) and (2), 1) above.
- (3) Standards for recognition and measurement of derivative transactions  
Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.
- (4) Depreciation

- 1) Tangible fixed assets

Tangible fixed assets owned by the Company and its consolidated subsidiary, SMBC are depreciated using the straight-line method. 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 tangible fixed assets primarily using the straight-line method over the estimated useful lives of the respective assets.

- 2) Intangible fixed assets  
Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by the Company and its consolidated domestic subsidiaries is depreciated over its estimated useful life (basically 5 years).
- 3) 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 terms are their expected lifetime and salvage values are zero.
- (5) Reserve for possible loan losses

The reserve for possible loan losses of major consolidated subsidiaries is provided as detailed 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 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 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.

Discounted Cash Flows ("DCF") method is used for claims on borrowers whose cash flows from collection of principals 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 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 based on the historical loan-loss ratio. For claims originated in specific overseas countries, an additional reserve is provided 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, audits their assessment. The reserve is provided based on the results of these assessments.

The reserve for possible loan losses of other consolidated subsidiaries for general claims is provided 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 843,781 million yen.
- (6) Reserve for employee bonuses  
The reserve for bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.
- (7) 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 fiscal year.
- (8) Reserve for employee retirement benefits  
The reserve for 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 within the employees' average remaining service period at incurrence.  
Unrecognized net actuarial gain (loss) is amortized using the straight-line method, primarily over 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.  
"Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued on July 31, 2008) became effective from the fiscal year beginning on and after April 1, 2009. Accordingly, the Company has applied them from this fiscal year. This accounting method has no impact on the consolidated financial statements for the fiscal year ended March 31, 2010.
- (9) 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 our internal regulations.
- (10) 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.
- (11) Reserve under the special laws  
The reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities related transactions or derivative transactions, pursuant to Article 46-5 of the Financial Instruments and Exchange Law.
- (12) Translation of foreign currency assets and liabilities  
Assets and liabilities of the Company 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 rate prevailing at their respective balance sheet dates.
- (13) Lease transactions
- 1) Recognition of income on finance leases  
Interest income is allocated each period
  - 2) Recognition of income on operating leases  
Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.
  - 3) Recognition of income and expenses on installment sales  
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full period of the installment sales.
- (14) Hedge accounting
- 1) Hedging against interest rate changes  
As for hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applied 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" (JICPA Industry Audit Committee Report No. 24) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.  
As for 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 also 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. At the fiscal year-end, gross amounts of deferred hedge losses and gains on “macro hedge” (before deducting tax effect) were 2,470 million yen and 2,416 million yen, respectively.

2) 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.

3) 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.

4) 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 strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No. 24 and No. 25. Therefore, SMBC accounts for gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain other consolidated subsidiaries apply the deferred hedge accounting or 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).

(15) Consumption taxes

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

### <Application of New Accounting Standards>

#### 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. The Company has applied them from this fiscal year. Accordingly, this accounting change has the following impact on the consolidated financial statement as compared with the previous

accounting method.

	Unit: 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, ordinary profit and income before income taxes and minority interests increased by 19,251 million yen each as compared with the former method.

#### <Additional Information>

On June 22, 2009, the Company issued 219,700 thousand new shares of common stock at 3,766 yen per share (issue price) for final allocation by underwriters at 3,928 yen per share (office price). Furthermore, in connection with the over-allotment of 15,300 thousand shares of common stock offered for sale at 3,928 yen per share (sales price) in the public offering, the company issued 8,931 thousand new shares of common stock at 3,766 yen 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 commissions 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 yen. Out of the issue price per share, 1,883 yen is accounted for as capital stock and 1,883 yen as capital surplus.

On January 27, 2010, the Company issued 340,000 thousand new shares of common stock at 2,702.81 yen per share (issue price) for final allocation by underwriters at 2,804 yen per share (office price). Furthermore, in connection with the over-allotment of 20,000 thousand shares of common stock offered for sale at 2,804 yen per share (sales price) in the public offering, the company issued 20,000 thousand new shares of common stock at 2,702.81 yen 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 commissions 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 yen. Out of the issue price per share, 1,351.405 yen is accounted for as capital stock and 1,351.405 yen as capital surplus.

Equity of 11,075 million yen, attributable to the company, of which a consolidated subsidiary and an equity method affiliated company of the Company recorded as earnings under the purchase agreement for the offering, was accounted for as capital surplus.

#### <Notes to Consolidated Balance Sheet>

1. Classifications of assets and liabilities in the consolidated balance sheet conform to the provisions of the Enforcement Ordinance of the Banking Law (1982 Ministry of Finance Ordinance No. 10).
2. Amounts of less than one million yen have been omitted.
3. Japanese government bonds as a sub-account of Securities and trading securities as a sub-account of Trading assets include 41,826 million yen of unsecured loan securities for which borrowers have the right to sell or pledge.  
As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements and borrowed with cash collateral, that are permitted to be sold or pledged without restrictions, 3,840,308 million yen of securities are pledged, and 133,566 million yen of securities are held in hand as of the consolidated balance sheet date.
4. Bankrupt loans and Non-accrual loans were 165,131 million yen and 1,075,782 million yen, respectively.  
“Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No. 97 of the Japanese Corporate Tax law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.  
“Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

5. Past due loans (3 months or more) totaled 38,315 million yen.  
“Past due loans (3 months or more)” are loans on which the principal or interest is past due for three months or more, excluding “Bankrupt loans” and “Non-accrual loans.”
6. Restructured loans totaled 250,256 million yen.  
“Restructure 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 borrower’s recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”
7. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was 1,529,484 million yen.  
The amounts of loans presented in Notes 4 through 7 above are the amounts before deduction of reserve for possible loans losses.
8. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Company’s banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was 617,381 million yen.
9. Assets pledged as collateral were as follows:

	Unit: millions of yen
Assets pledged as collateral	
Cash and due from banks	703
Call loans and bills bought	367,035
Monetary claims bought	1,870
Trading assets	2,337,389
Securities	4,649,170
Loans and bills discounted	1,631,290
Lease receivables and investment assets	15,478
Tangible fixed assets	16,165
Other assets (installment account receivable, etc.)	3,087
Liabilities corresponding to assets pledged as collateral	
Deposits	24,992
Call money and bills sold	642,100
Payables under repurchase agreements	1,120,860
Payables under securities lending transactions	3,664,591
Trading liabilities	365,974
Borrowed money	1,468,005
Other liabilities	14,611
Acceptances and guarantees	123,733

In addition, Cash and due from banks of 25,804 million yen, Trading assets of 111,283 million yen, Securities of 14,233,542 million yen and Loans and bills discounted of 1,171,863 million yen were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Other assets include surety deposits and intangible of 102,085 million yen, variation margins of futures markets of 8,457 million yen, and other variation margins of 83,768 million yen.

10. Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments was 41,957,592 million yen and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was 36,373,235 million yen.  
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 contracts are made.
11. SMBC and another consolidated subsidiary revaluated their own land for business activities in accordance with the “Law Concerning Land Revaluation” (the “Law”) effective March 31, 1998 and the

law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are reported in “Liabilities” as “Deferred tax liabilities for land revaluation,” and the net unrealized gains, net of deferred taxes, are reported as “Land revaluation excess” in “Net assets.” A certain affiliate also revaluated its own land for business activities in accordance with the Law. The net unrealized gains, net of deferred taxes, are reported as “Land revaluation excess” in “Net assets.”

Date of revaluation

SMBC:

March 31, 1998 and March 31, 2002

Another consolidated subsidiary and an affiliate:

March 31, 1999 and March 31, 2002

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

SMBC:

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law Concerning Land Revaluation (the Enforcement Ordinance No. 119) effective March 31, 1998.

Another consolidated subsidiary and an affiliate:

Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of the Enforcement Ordinance No. 119.

12. Accumulated depreciation on tangible fixed assets amounted to 671,298 million yen.
13. Deferred gain on fixed assets deductible for tax purposes amounted to 66,529 million yen.
14. The balance of subordinated debt included in “Borrowed money” was 378,729 million yen.
15. The balance of subordinated bonds included in “Bonds” was 2,232,925 million yen.
16. The amount guaranteed by banking subsidiaries to privately-placed bonds (stipulated by Article 2-3 of Financial Instruments and Exchange Law) in “Securities” was 2,136,145 million yen.
17. Net assets per share: 3,391.75 yen
18. Stock options
  - (1) Amount of stock options to be expensed in the fiscal year  
General and administrative expenses 15 million yen
  - (2) Outline of stock options and changes
    - 1) The Company
      - a. Outline of stock options

Date of resolution	June 27, 2002
Title and number of grantees	Directors and employees of the Company and SMBC 677
Number of stock options (Notes 1 and 2)	Common shares 162,000
Grant date	August 30, 2002
Condition for vesting	N.A.
Requisite service period	N.A.
Exercise period	June 28, 2004 to June 27, 2012

Notes:

1. Number of stock options have been converted and stated as number of shares.
2. 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

Number of stock options (Note 1)

Date of resolution	June 27, 2002
Before vested	
Previous fiscal year-end	—
Granted	—
Forfeited	—
Vested	—
Outstanding	—
After vested	
Previous fiscal year-end (Note 2)	108,100
Vested	—

Exercised	—
Forfeited	—
Exercisable	108,100

Note: Number of stock options have been converted and stated as number of shares.

#### Price Information

Date of resolution	June 27, 2002
Exercise price (yen)	6,649
Average exercise price (yen)	—
Fair value at the grant date (yen)	—

## 2) A consolidated subsidiary, Kansai Urban Banking Corporation

### a. Outline of stock options

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003
Title and number of grantees	Directors and employees 45	Directors and employees 44	Directors and employees 65
Number of stock options (Note)	Common shares 238,000	Common shares 234,000	Common shares 306,000
Grant date (shares)	July 31, 2001	July 31, 2002	July 31, 2003
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	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

Date of resolution	June 29, 2004	June 29, 2005	June 29, 2006
Title and number of grantees	Directors and employees 174	Directors and employees 183	Directors 9
Number of stock options (Note)	Common shares 399,000	Common shares 464,000	Common shares 162,000
Grant date (shares)	July 30, 2004	July 29, 2005	July 31, 2006
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.
Exercise period	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
Title and number of grantees	Officers not doubling as directors 14, Employees 46	Directors 10	Officers not doubling as directors 14, Employees 48
Number of stock options (Note)	Common shares 115,000	Common shares 174,000	Common shares 112,000
Grant date (shares)	July 31, 2006	July 31, 2007	July 31, 2007
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	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

Date of resolution	June 27, 2008	June 26, 2009
Title and number of grantees	Directors 9, Officers not doubling as directors 16, Employees 45	Directors 11, Officers not doubling as directors 14, Employees 57
Number of stock	Common shares	Common shares

options (Note)	289,000	350,000
Grant date (shares)	July 31, 2008	July 31, 2009
Condition for vesting	N.A.	N.A.
Requisite service period	N.A.	N.A.
Exercise period	June 28, 2010 to June 27, 2018	June 27, 2011 to June 26, 2019

Note: Number of stock options have been converted and stated as number of shares.

b. Stock options granted and changes

Number of stock options (Note)

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003
Before vested (shares)			
Previous fiscal year-end	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vested (shares)			
Previous fiscal year-end	112,000	158,000	228,000
Vested	—	—	—
Exercised	8,000	20,000	6,000
Forfeited	—	—	—
Exercisable	104,000	138,000	222,000

Date of resolution	June 29, 2004	June 29, 2005	June 29, 2006
Before vested (shares)			
Previous fiscal year-end	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vested (shares)			
Previous fiscal year-end	329,000	451,000	162,000
Vested	—	—	—
Exercised	—	—	—
Forfeited	4,000	—	—
Exercisable	325,000	451,000	162,000

Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007
Before vested (shares)			
Previous fiscal year-end	—	174,000	112,000
Granted	—	—	—
Forfeited	—	—	—
Vested	—	174,000	112,000
Outstanding	—	—	—
After vested (shares)			
Previous fiscal	115,000	—	—

year-end			
Vested	—	174,000	112,000
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	115,000	174,000	112,000

Date of resolution	June 27, 2008	June 26, 2009
Before vested (shares)		
Previous fiscal year-end	289,000	—
Granted	—	350,000
Forfeited	—	—
Vested	—	—
Outstanding	289,000	350,000
After vested (shares)		
Previous fiscal year-end	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
Exercisable	—	—

Note: Number of stock options have been converted and stated as number of shares.

#### Price information

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003
Exercise price (yen)	155	131	179
Average exercise price (yen)	200	163	200
Fair value at the grant date (yen)	—	—	—

Date of resolution	June 29, 2004	June 29, 2005	June 29, 2006
Exercise price (yen)	202	313	490
Average exercise price (yen)	—	—	—
Fair value at grant date (yen)	—	—	138
Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007
Exercise price (yen)	490	461	461
Average exercise price (yen)	—	—	—
Fair value at the grant date (yen)	138	96	96

Date of resolution	June 27, 2008	June 26, 2009
Exercise price (yen)	302	193
Average exercise price (yen)	—	—
Fair value at the grant date (yen)	37	51

#### c. Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

- (i) Valuation technique: Black-Scholes option-pricing model
- (ii) Principal parameters used in the option-pricing model

Date of resolution	June 26, 2009
--------------------	---------------

Expected volatility (Note 1)	49.10%
Average expected life (Note 2)	5 years
Expected dividends (Note 3)	3 yen per share
Risk-free interest rate (Note 4)	0.70%

Notes:

1. Calculated based on the actual stock prices during the five years from June 2004 to June 2009.
2. The average expected life could not be estimated rationally due to insufficient amount of data. Therefore, it was estimated assuming that the options were exercised at the mid point of the exercise period.
3. Expected dividends are based on the actual dividends on common stock for the fiscal year ended March 31, 2009.
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.

## 19. Business combinations

(Purchase method)

Merger of subsidiary bank

Kansai Urban Banking Corporation (“KUBC”), a consolidated subsidiary of the Company, merged with The Biwako Bank, Limited (“Biwako Bank”) on March 1, 2010. 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 the 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 the Company 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

Unit: millions of yen

SMFG’s interests in KUBC’s common stock	7,182
SMFG’s interests in KUBC’s preferred stock	40,000
<u>Acquisition cost</u>	<u>47,182</u>

### (4) Merger ratio, calculation method, number of shares delivered and valuation

#### 1) Merger ratio

a. Common stock                      KUBC 1: Biwako Bank 0.75

b. Preferred stock (Type1)        KUBC 1: Biwako Bank    1

c. Preferred stock (Type2)        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 two banks

agreed and decided on the above merger ratio of common stock as being appropriate.

b. Preferred stock (Type1 and Type2)

Market prices of preferred stock (Type1 and Type2) 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

a. Number of shares delivered

Common stock of KUBC	103,532,913 shares
Preferred stock of KUBC (Type1)	27,500,000 shares
Preferred stock of KUBC (Type2)	23,125,000 shares

b. Value

Common stock of KUBC	12,803 million yen
Preferred stock of KUBC (Type1)	19,025 million yen
Preferred stock of KUBC (Type2)	16,500 million yen

(5) Goodwill

1) Amount of goodwill 11,056 million yen

2) Reason for recognizing goodwill

The Company accounted for the difference between the acquisition cost and the equivalent amount of the Company's interest 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

Total assets	1,113,801 million yen
Loans and bills discounted	795,445 million yen
Securities	89,968 million yen

2) Liabilities

Total liabilities	1,078,769 million yen
Deposit	1,033,256 million yen

(7) Approximate amount of impact on the consolidated statement of income for the fiscal year ended March 31, 2010 assuming that the business combination had been completed on the commencement date of the fiscal year.

1) The difference between ordinary income and other income data estimated assuming that the business combination 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 operations of income are as follows.

Ordinary income	25,832 million yen
Ordinary profit	705 million yen
Net income	183 million yen

(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)

Merger of credit card companies

A consolidated subsidiary, 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 the Company. 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) Reason 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 the 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: Cedyna Financial Corporation)

(2) Outline of accounting method

The Company applies the accounting procedures stipulated by Article 39, 42 and 48 of the “Accounting Standard for Business Divestures” (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 ended March 31, 2010.

The Company did not record profit or loss of QUOQ and its subsidiaries because they were excluded from the scope of consolidation at the beginning of fiscal year.

(5) Status after the business combination

QUOQ and its subsidiaries are excluded from the scope of consolidation, and Cedyna Financial Corporation has become an affiliated company accounted for by the equity method.

<Notes to Consolidated Statement of Income>

1. Classifications of income and expenses in the consolidated statement of income conform to the provisions of the Enforcement Ordinance of the Banking Law (1982 Ministry of Finance Ordinance No. 10).
2. Amounts of less than one million yen have been omitted.
3. “Other income” included gains on sales of stocks and other securities of 57,231 million yen.
4. “Other expenses” include write-off of loans of 176,672 million yen, losses on sales of stocks of 34,814 million yen, losses on devaluation of stocks and other securities of 32,495 million yen, losses on delinquent loans sold of 76,439 million yen and equity in losses of affiliates of 21,542 million yen.
5. The difference between the recoverable amount and the book value of the following assets is recognized as “Losses on impairment of fixed assets” and included in “Extraordinary losses” in the fiscal year.

			Unit: millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches 1 branch	Land and buildings, etc.	13
	Corporate assets 6 items		8,295
	Idle assets 31 items		1,511
	Others 4 items		335
Kinki area	Branches 1 branch	Land and buildings, etc.	164
	Corporate assets 2 items		35
	Idle assets 38 items		1,436

	Others 2 items		256
Others	Corporate assets 3 items	Land and buildings, etc.	21
	Idle assets 10 items		281
	Others 2 items		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.

In case investments in idle assets and branches (idle assets and corporate assets in the case of SMBC) are not expected to be recovered, SMBC and other subsidiaries reduced the carrying amounts of long-lived assets of which investments are not expected to be fully recovered to their recoverable amounts, and recognized the losses as “losses on impairment of fixed assets,” which is included in “Other expenses.” SMBC reduced the carrying amounts of corporate assets and idle assets, and other consolidated subsidiaries reduced the carrying amounts of long-lived assets of their branches, corporate assets, and idle assets.

The recoverable amount is calculated using net realizable value which is basically determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

6. Net income per share: 248.40 yen.

<Notes to Consolidated Statement of Changes in Net Assets>

1. Amounts less than one million yen have been omitted.
2. Type and number of shares issued and treasury shares are as follows:

Unit: shares

	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end	Remarks
Shares issued					
Common stock	789,080,477	624,975,148	—	1,414,055,625	(Note 1)
Preferred stock (1st series type 4)	4,175	—	4,175	—	(Note 2)
Preferred stock (2nd series type 4)	4,175	—	4,175	—	(Note 2)
Preferred stock (3rd series type 4)	4,175	—	4,175	—	(Note 2)
Preferred stock (4th series type 4)	4,175	—	4,175	—	(Note 2)
Preferred stock (9th series type 4)	4,175	—	4,175	—	(Note 2)
Preferred stock (10th series type 4)	4,175	—	4,175	—	(Note 2)
Preferred stock (11th series type 4)	4,175	—	4,175	—	(Note 2)
Preferred stock (12th series type 4)	4,175	—	4,175	—	(Note 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	13,038	17,070,100	(Note 3)
Preferred stock (1st series type 4)	—	4,175	4,175	—	(Note 2)
Preferred stock (2nd series type 4)	—	4,175	4,175	—	(Note 2)
Preferred stock (3rd series type 4)	—	4,175	4,175	—	(Note 2)
Preferred stock (4th series type 4)	—	4,175	4,175	—	(Note 2)
Preferred stock (9th series type 4)	—	4,175	4,175	—	(Note 2)
Preferred stock (10th series type 4)	—	4,175	4,175	—	(Note 2)
Preferred stock (11th series type 4)	—	4,175	4,175	—	(Note 2)
Preferred stock (12th series type 4)	—	4,175	4,175	—	(Note 2)
Total	17,028,466	88,072	46,438	17,070,100	

Notes:

1. Increase in number of common shares issued (Type4)  
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  
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

3. Information on stock acquisition rights

	Detail of stock acquisition rights	Type of shares	Number of shares				Balance as of the fiscal year-end (Millions of yen)
			Previous fiscal year-end	Increase in the fiscal year	Decrease in the fiscal year	Fiscal year-end	
The Company	Stock acquisition rights as stock options						—
Consolidated subsidiaries							81
Total							81

4. Information on dividends:

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Cash dividends (millions of yen)	Cash dividends per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 26, 2009	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
Meeting of the Board of Directors held on November 13, 2009	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

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Cash dividends (millions of yen)	Source of dividends	Cash dividends per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders to be held on June 29, 2010	Common stock	77,567	Retained earnings	55	March 31, 2010	June 29, 2010
	Preferred stock (1st series type 6)	3,097	Retained earnings	44,250	March 31, 2010	June 29, 2010

## <Notes on Financial Instruments>

### 1. Status of financial instruments

#### (1) Policies on financial instruments

The Group conducts banking and other financial services such as leasing, securities, credit card, asset management and venture capital. Its banking business include deposit taking, lending, securities trading and investment, remittance, foreign exchange, custody of funds and other assets related to financial futures transactions, bond subscription agent, trust business, over-the-counter sales of securities investment trusts and insurance products, and securities intermediation.

These services entail holding of financial assets such as loans and bills discounted, bonds, and stocks. Meanwhile, the Group 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").

#### (2) Details of financial instruments and associated risks

##### 1) Financial assets

The main financial assets held by the Group 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 the Group 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 "(3) Risk management framework for financial instruments" below.

##### 2) Financial liabilities

Financial liabilities of the Group 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 debt and subordinated bonds. Also, financial liabilities, like financial assets, expose the Group to not only market risk but also funding liquidity risk: the risk of the Group not being able to raise funds due to market turmoil, deterioration in the Group's creditworthiness or other factors. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

##### 3) Derivative transactions

Derivatives handled by the Group 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 "(3) 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 < Significant Accounting Policies for Consolidated Financial Statements >, 6. Accounting policies, (14) Significant hedge accounting methods.

#### (3) Risk management framework for financial instruments

The fundamental matters on risk management for the entire Group are set forth in "Risk Management Regulations." The Company's Management Committee establishes the basic risk management policy for the entire Group, based on the regulations, which is then approved by the Board of Directors. Each Group company 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 the Group by monitoring the development and implementation of each Group company's risk management system, and gives appropriate guidance as needed. Under this framework, the Company comprehensively and systematically manages risks on a Group basis.

##### 1) Management of credit risk

The Company has established fundamental principles on credit risk management to thoroughly manage the credit risk of the entire Group. Each group company conducts integrated

management of credit risk according to its operational characteristics, and the credit risk inherent in the entire portfolio as well as the risk in individual credits are managed quantitatively and continuously.

i. Credit risk management system

At SMBC, the Company's major consolidated subsidiary, basic policies on credit risk management and other significant matters require the resolution of the bank's Management Committee and the approval of the bank's Board of Directors.

The Credit & Investment Planning Dept 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 non-performing loans and other aspects of credit portfolio management. The department also controls the total credit risk of the entire bank 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 Dept. within the Credit & Investment Planning Dept works to stabilize the bank's overall credit portfolio through market transactions such as loan securitization. In the Corporate Services Unit, the Corporate Research Dept. analyzes industries as well as investigates the borrower's business situation to detect early signs of problems. The Credit Administration Dept. is responsible for formulating and implementing measures to reduce the bank'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 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 the bank'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 of the business units, audits asset quality, 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 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 two 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.

2) Management of market and liquidity risks

The Company manages market and liquidity risks across the entire Group 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 Dept., which is independent of 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, its cross-departmental "ALM Committee" reports on the state of observance of the bank's market risk capital and liquidity risk capital limits, and deliberates on administration of ALM policies. It 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, its Internal Audit Unit, which is independent of 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 market 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.

Regarding risks associated with foreign exchange rates, interest rates, equity risk, option prices and other market risk factors, SMBS 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).

- 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. The bank 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, it 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., the bank 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 to within a certain percentage of open interest in the entire market.

(4) 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

- (1) Consolidated balance sheet amounts, fair values and net unrealized gains (losses) of financial instruments as of March 31, 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.

Unit: millions of yen

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks (Note 1)	5,838,781	5,839,844	1,063
2) Call loans and bills bought (Note 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 (Note 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 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 (Note 1)	(801,234)		
	61,899,799	62,891,684	991,885
10) Foreign exchanges (Note 1)	1,101,719	1,105,607	3,888
11) Lease receivables and investment assets (Note 1)	1,824,961	1,933,129	108,168
<b>Total assets</b>	<b>108,980,596</b>	<b>110,159,045</b>	<b>1,178,449</b>
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	–
<b>Total liabilities</b>	<b>105,551,287</b>	<b>105,688,486</b>	<b>137,199</b>
Derivative transactions (Note 2)			

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Hedge accounting not applied	245,128	245,128	–
Hedge accounting applied	183,211	183,211	–
Total	428,339	428,339	–

(Note 1) The amounts 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,” “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.

(Note 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.

(2) Fair value calculation methodology for financial instruments

Assets

1) Cash and due from 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 six 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 six months is, in principle, the present value of future cash flows (calculated by discounting future cash flows, estimated taking into account factors such as the borrower’s internal rating and pledged collateral, using a rate comprising of a risk-free interest rate and an overhead ratio). Certain consolidated subsidiaries of the Company 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 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, are 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 one 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 Issue Task Force No. 25), the fair values of variable rate 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 future cash flows estimated 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 by using the same method applied to the estimation of a loan loss. Meanwhile, 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 six months are also based on their book values, as their book values are regarded to approximate their market values.

The fair values of transactions with a remaining life of more than six 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 bond and 11) Bonds:

The fair values of short-term transactions with remaining life as of the end of the fiscal year not exceeding six 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 six 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 and others 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) Financial instruments whose fair values are extremely difficult to determine are as follows.

Unit: millions of yen

Item	Consolidated balance sheet amount
Monetary claims bought	
Monetary claims bought without market prices (Note 1)	7,889
Securities	
Unlisted stocks, etc. (Note 2)	291,922
Investments in partnership, etc. (Note 3)	354,422

Total	654,234
(Note 1)	They are beneficiary claims that (a) behave more like equity than debt, (b) do not have market prices, and (c) it is difficult to rationally estimate their values. They include commodity investments and beneficiary claims on loan trusts.
(Note 2)	They are 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.
(Note 3)	They are capital contributions with no market prices. The above-stated amount includes the book value amount of investments in the partnership of which the Company records net changes in their balance sheets and statements of income.

## Non-Consolidated Balance Sheet

(At March 31, 2010)

Unit: millions of yen

Account	Amount	Account	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>111,033</b>	<b>Current liabilities</b>	<b>954,073</b>
Cash and due from banks	86,283	Short-term borrowings	948,030
Prepaid expenses	26	Accounts payable	1,541
Accrued income	223	Accrued expenses	3,299
Accrued income tax refunds	24,065	Income taxes payable	3
Other current assets	435	Business office taxes payable	5
		Reserve for employee bonuses	101
<b>Fixed assets</b>	<b>6,041,740</b>	Reserve for executive bonuses	71
<b>Tangible fixed assets</b>	<b>1</b>	Other current liabilities	1,020
Buildings	0	<b>Fixed liabilities</b>	<b>393,126</b>
Equipment	1	Bonds	392,900
<b>Intangible fixed assets</b>	<b>8</b>	Reserve for executive retirement benefits	226
Software	8	<b>Total liabilities</b>	<b>1,347,199</b>
<b>Investments and other assets</b>	<b>6,041,729</b>	<b>(Net assets)</b>	
Investments in subsidiaries and affiliates	6,041,729	<b>Stockholders' equity</b>	<b>4,805,574</b>
		<b>Capital stock</b>	<b>2,337,895</b>
		<b>Capital surplus</b>	<b>1,833,073</b>
		Capital reserve	1,559,374
		Other capital surplus	273,699
		<b>Retained earnings</b>	<b>678,042</b>
		Other retained earnings	678,042
		Voluntary reserve	30,420
		Retained earnings brought forward	647,622
		<b>Treasury stock</b>	<b>(43,437)</b>
		<b>Total net assets</b>	<b>4,805,574</b>
<b>Total assets</b>	<b>6,152,774</b>	<b>Total liabilities and net assets</b>	<b>6,152,774</b>

## Non-Consolidated Statement of Income

(April 1, 2009 to March 31, 2010)

Unit: millions of yen

Account	Amount	
<b>Operating income</b>		
Dividends on investments in subsidiaries and affiliates	118,818	
Fees and commissions received from subsidiaries	14,560	<b>133,379</b>
<b>Operating expenses</b>		
General and administrative expenses	8,353	
Interest on bonds	8,287	<b>16,641</b>
<b>Operating profit</b>		<b>116,737</b>
<b>Non-operating income</b>		
Interest income on deposits	347	
Fees and commissions income	2	
Other non-operating income	19	<b>369</b>
<b>Non-operating expenses</b>		
Interest on borrowings	9,115	
Fees and commissions payments	4,104	
Amortization of bond issuance cost	28	
Amortization of stock issuance cost	9,324	
Other	0	<b>22,572</b>
<b>Ordinary profit</b>		<b>94,534</b>
<b>Extraordinary losses</b>		
Loss on sales of stocks of subsidiaries and affiliates	22,688	<b>22,688</b>
<b>Income before income taxes</b>		<b>71,846</b>
Income taxes		
Current	154	
Deferred	5,514	
<b>Total income taxes</b>		<b>5,669</b>
<b>Net income</b>		<b>66,176</b>

# Non-Consolidated Statement of Changes in Net Assets

(April 1, 2009 to March 31, 2010)

Unit: millions of yen

Account	Amount	Account	Amount
<b>Stockholders' equity</b>		<b>Retained earnings brought forward</b>	
<b>Capital stock</b>		<b>Balance at March 31, 2009</b>	<b>653,487</b>
<b>Balance at March 31, 2009</b>	<b>1,420,877</b>	<b>Changes in the year</b>	
<b>Changes in the year</b>		Cash dividends	(72,041)
Issuance of new shares	917,018	Net income	66,176
<b>Net changes in the year</b>	<b>917,018</b>	<b>Net changes in the year</b>	<b>(5,865)</b>
<b>Balance at March 31, 2010</b>	<b>2,337,895</b>	<b>Balance at March 31, 2010</b>	<b>647,622</b>
<b>Capital surplus</b>		<b>Total retained earnings</b>	
<b>Capital reserve</b>		<b>Balance at March 31, 2009</b>	<b>683,907</b>
<b>Balance at March 31, 2009</b>	<b>642,355</b>	<b>Changes in the year</b>	
<b>Changes in the year</b>		Cash dividends	(72,041)
Issuance of new shares	917,018	Net income	66,176
<b>Net changes in the year</b>	<b>917,018</b>	<b>Net changes in the year</b>	<b>(5,865)</b>
<b>Balance at March 31, 2010</b>	<b>1,559,374</b>	<b>Balance at March 31, 2010</b>	<b>678,042</b>
<b>Other capital surplus</b>		<b>Treasury stock</b>	
<b>Balance at March 31, 2009</b>	<b>273,808</b>	<b>Balance at March 31, 2009</b>	<b>(43,400)</b>
<b>Changes in the year</b>		<b>Changes in the year</b>	
Disposal of treasury stock	(108)	Purchase of treasury stock	(189)
<b>Net changes in the year</b>	<b>(108)</b>	Disposal of treasury stock	152
<b>Balance at March 31, 2010</b>	<b>273,699</b>	<b>Net changes in the year</b>	<b>(37)</b>
<b>Total capital surplus</b>		<b>Balance at March 31, 2010</b>	<b>(43,437)</b>
<b>Balance at March 31, 2009</b>	<b>916,163</b>	<b>Total stockholders' equity</b>	
<b>Changes in the year</b>		<b>Balance at March 31, 2009</b>	<b>2,977,547</b>
Issuance of new shares	917,018	<b>Changes in the year</b>	
Disposal of treasury stock	(108)	Issuance of new shares	1,834,037
<b>Net changes in the year</b>	<b>916,909</b>	Cash dividends	(72,041)
<b>Balance at March 31, 2010</b>	<b>1,833,073</b>	Net income	66,176
<b>Retained earnings</b>		Purchase of treasury stock	(189)
<b>Other retained earnings</b>		Disposal of treasury stock	43
<b>Voluntary reserve</b>		<b>Net changes in the year</b>	<b>1,828,026</b>
<b>Balance at March 31, 2009</b>	<b>30,420</b>	<b>Balance at March 31, 2010</b>	<b>4,805,574</b>
<b>Changes in the year</b>		<b>Total net assets</b>	
Net changes in the year	-	<b>Balance at March 31, 2009</b>	<b>2,977,547</b>
<b>Balance at March 31, 2010</b>	<b>30,420</b>	<b>Changes in the year</b>	
		Issuance of new shares	1,834,037
		Cash dividends	(72,041)
		Net income	66,176
		Purchase of treasury stock	(189)
		Disposal of treasury stock	43
		<b>Net changes in the year</b>	<b>1,828,026</b>
		<b>Balance at March 31, 2010</b>	<b>4,805,574</b>

### <Notes to Significant Accounting Policies for Non-Consolidated Financial Statements>

1. Standards for recognition and measurement of securities  
Investments in subsidiaries and affiliates: Carried at cost using the moving-average method
2. Depreciation
  - (1) Tangible fixed assets  
Declining balance method (however, buildings are depreciated on the straight-line method)
  - (2) Intangible fixed assets  
Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by the Company is depreciated over its estimated useful life (basically 5 years).
3. Treatment of deferred assets  
Stock issuance cost and bond issuance cost are wholly charged off as expense at the time of disbursement.
4. Translation of foreign-currency assets and liabilities  
Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.
5. Accounting standards for reserves
  - (1) Reserve for employee bonuses  
Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.
  - (2) Reserve for executive bonuses  
Reserve for executive bonuses is provided for payment of bonuses to executives (including executive officers, hereinafter the same), in the amount of estimated bonuses, which are attributable to the fiscal year.
  - (3) Reserve for executive retirement benefits  
Reserve for executive retirement benefits is provided for payment of retirement benefits to executives, in the amount deemed accrued at the current fiscal year-end based on its internal regulations.
6. Consumption taxes  
National and local consumption taxes are accounted for using the tax-excluded method.

### <Additional Information>

On June 22, 2009, the Company issued 219,700 thousand new shares of common stock at 3,766 yen per share (issue price) for final allocation by underwriters at 3,928 yen per share (office price). Furthermore, in connection with the over-allotment of 15,300 thousand shares of common stock offered for sale at 3,928 yen per share (sales price) in the public offering, the company issued 8,931 thousand new shares of common stock at 3,766 yen 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 commissions 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 yen. Out of the issue price per share, 1,883 yen is accounted for as capital stock and 1,883 yen as capital surplus.

On January 27, 2010, the Company issued 340,000 thousand new shares of common stock at 2,702.81 yen per share (issue price) for final allocation by underwriters at 2,804 yen per share (office price). Furthermore, in connection with the over-allotment of 20,000 thousand shares of common stock offered for sale at 2,804 yen per share (sales price) in the public offering, the company issued 20,000 thousand new shares of common stock at 2,702.81 yen 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 commissions 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 yen. Out of the issue price per share, 1,351.405 yen is accounted for as capital stock and 1,351.405 yen as capital surplus.

### <Notes to Non-Consolidated Balance Sheet>

1. Amounts less than one million yen have been omitted.
2. Accumulated depreciation on tangible fixed assets: 11 million yen
3. Subordinated bonds  
Bonds here refer to subordinated bonds whose obligations, by special conditions, are honored with lesser priority than other debt obligations.

4. Guarantee liabilities

The Company is offering guarantees in the amount of 61,291 million yen to the Deposit Protection Fund of the Association of German Banks, in regard to customer withdrawals of deposits at SMBC's Dusseldorf Branch.

5. Short-term monetary claims to affiliates: 86,532 million yen  
 Short-term monetary debts to affiliates: 951,115 million yen  
 Long-term monetary debts to affiliates: 392,900 million yen

<Notes to Non-Consolidated Statement of Income>

1. Amounts less than one million yen have been omitted.  
 2. Related party transactions  
     Operating income: 133,379 million yen  
     Operating expenses: 8,833 million yen  
     Transactions other than operating transactions: 12,565 million yen

<Notes to Non-Consolidated Statement of Changes in Net Assets>

1. Amounts less than one million yen have been omitted.  
 2. Type and number of treasury shares:

					Unit: shares
	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end	Remarks
Treasury shares					
Common stock	3,688,418	54,672	12,990	3,730,100	(Note) 1,2
Preferred stock (1st series type 4)	-	4,175	4,175	-	(Note) 3,4
Preferred stock (2nd series type 4)	-	4,175	4,175	-	(Note) 3,4
Preferred stock (3rd series type 4)	-	4,175	4,175	-	(Note) 3,4
Preferred stock (4th series type 4)	-	4,175	4,175	-	(Note) 3,4
Preferred stock (9th series type 4)	-	4,175	4,175	-	(Note) 3,4
Preferred stock (10th series type 4)	-	4,175	4,175	-	(Note) 3,4
Preferred stock (11th series type 4)	-	4,175	4,175	-	(Note) 3,4
Preferred stock (12th series type 4)	-	4,175	4,175	-	(Note) 3,4
Total	3,688,418	88,072	46,390	3,730,100	

(Notes)

1. Increase in number of common shares  
54,672 shares due to purchase of fractional shares.
2. Decrease in number of common shares  
12,990 shares due to sale of fractional shares
3. Increase in number of preferred shares (1st through 4th and 9th through 12th series 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
4. Decrease in number of preferred shares (1st through 4th and 9th through 12th series Type 4)  
4,175 shares due to retirement of treasury shares on February 8, 2010

**<Notes to Tax Effect Accounting>**

Breakdown of major factors leading to the occurrence of deferred tax assets

	Unit: millions of yen
Deferred tax assets	
Shares of subsidiaries	1,230,951
Others	17,602
Subtotal deferred tax assets	1,248,554
Valuation allowance	(1,248,554)
Total deferred tax assets	–
Net amount of deferred tax assets	–

**<Notes to Per Share Information>**

Net asset per share:	3,256.32 yen
Net income per share:	53.82 yen

**Independent Auditors' Report**

May 12, 2010

The Board of Directors  
Sumitomo Mitsui Financial Group, Inc.

KPMG AZSA & Co.

Masanori Sato (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Hiroshi Numano (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Hiroyuki Yamada (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income and the consolidated statement of changes in net assets of Sumitomo Mitsui Financial Group, Inc. as of March 31, 2010 and for the year from April 1, 2009 to March 31, 2010 in accordance with Article 444(4) of the Corporation Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of Sumitomo Mitsui Financial Group, Inc. and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

**Independent Auditors' Report**

May 12, 2010

The Board of Directors  
Sumitomo Mitsui Financial Group, Inc.

KPMG AZSA & Co.

Masanori Sato (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Hiroshi Numano (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Hiroyuki Yamada (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income and the statement of changes in net assets, and its supporting schedules of Sumitomo Mitsui Financial Group, Inc. as of March 31, 2010 and for the 8th business year from April 1, 2009 to March 31, 2010 in accordance with Article 436(2)① of the Corporation Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Sumitomo Mitsui Financial Group, Inc. for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

## **Audit Report**

The Board of Corporate Auditors, following deliberations on the reports made by each Corporate Auditor concerning the audit of performance of duties by Directors of the Company for the 8th fiscal year from April 1, 2009 to March 31, 2010, has prepared this audit report as an unanimous opinion of the Board of Corporate Auditors, consisting of six members, and hereby report as follows:

### **1. Auditing Method Used by Each Corporate Auditor and the Board of Corporate Auditors and Details Thereof**

The Board of Corporate Auditors established auditing policies, including allocation of duties, and received reports from each Corporate Auditor regarding the progress and results of audits, as well as received reports from the Directors, other relevant personnel, and the Accounting Auditor regarding the performance of their duties, and sought explanations as necessary.

In accordance with the auditing policies, including allocation of duties for Corporate Auditors established by the Board of Corporate Auditors, each Corporate Auditor endeavored to gather information and create an improved environment for auditing through regular communication with the Directors, the Audit Department, and other relevant personnel. Corporate Auditors also attended meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding the performance of their duties, sought explanations as necessary, inspected important internal-approval documents, and examined the operations and financial position of the Company. In addition, Corporate Auditors monitored and examined the content of resolutions made by the Board of Directors regarding the establishment of systems to ensure that the performance of duties by the Directors will be in compliance with the laws and regulations of Japan and with the Company's Articles of Incorporation and other systems as provided for in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporation Law of Japan, which systems are necessary for ensuring that the Company's business will be conducted properly. Moreover, Corporate Auditors monitored and examined the status of such systems that have been established in compliance with such resolutions (internal control systems). In regard to the Company's internal control over financial reporting, Corporate Auditors received reports on the assessment of such internal control from the Directors and other relevant personnel; reports on the status of audit thereof from KPMG AZSA & Co., and also sought their explanations as necessary. As for the subsidiaries of the Company, Corporate Auditors have shared information with the Directors and Corporate Auditors and other related persons of the subsidiaries and, when necessary, received reports from the subsidiaries regarding their businesses. Based on the foregoing method, we examined the business report and the supplementary schedules for this fiscal year.

Furthermore, the Corporate Auditors also monitored and examined whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. Corporate Auditors also received notification from the Accounting Auditor that "System for ensuring appropriate execution of the duties of the Accounting Auditor" (as enumerated in each Item of Article 131 of the Company Accounting Regulation Ordinance) has been prepared in accordance with the "Quality Control Standards for Auditing" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and sought explanations as necessary. Based on the foregoing method, the Corporate Auditors reviewed the consolidated financial statements for this fiscal year (consolidated balance sheet, consolidated statement of income, and consolidated statement of changes in net assets) as well as the non-consolidated financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statements of income, and non-consolidated statement of changes in net assets) and supplementary schedules thereto.

## 2. Audit Results

- (1) Audit Results on the Business Report, etc.
  - A. In our opinion, the business report and the supplementary schedules fairly represent the Company's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
  - B. We have found no evidence of misconduct or material facts in violation of the applicable laws and regulations, nor of any violation with respect to the Articles of Incorporation of the Company, related to performance of duties by the Directors.
  - C. In our opinion, the content of the resolutions of the Board of Directors regarding the internal control systems is appropriate. In addition, we have found no matters on which to remark in regard to the performance of duties by the Directors regarding the internal control systems including the internal control over financial reporting.
- (2) Results of Audit of the Consolidated Financial Statements  
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA & Co., the Accounting Auditor, are appropriate.
- (3) Results of Audit of the Financial Statements and Supplementary Schedules  
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA & Co., the Accounting Auditor, are appropriate.

May 13, 2010

The Board of Corporate Auditors of Sumitomo Mitsui Financial Group, Inc.

Standing Corporate Auditor (Full-Time)	Hiroki Nishio (Seal)
Standing Corporate Auditor (Full-Time)	Yoji Yamaguchi (Seal)
Standing Corporate Auditor (Full-Time)	Hideo Sawayama (Seal)
Corporate Auditor	Hiroshi Araki (Seal)
Corporate Auditor	Ikuo Uno (Seal)
Corporate Auditor	Satoshi Ito (Seal)

(Note) Messrs. Hiroshi Araki, Ikuo Uno and Satoshi Ito are Outside Corporate Auditors pursuant to Article 2, Item 16 and Article 335, Paragraph 3 of the Corporation Law of Japan.