

Provisional translation of
the original Japanese version



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

Financial Results for 1st Half, FY2008 & Management Policies and Strategies

November 26th, 2008

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1. Financial Results for 1st Half, FY2008

1-1. Key Achievements in 1st Half, FY2008

We took a step forward, while coping with uncertainty in business environment.

Changes in business environment

Nominal GDP growth rate

Assumption for May 08 Forecast: +1.4%



Assumption for Oct. 08 Forecast: (0.6%)

Total credit cost (SMBC non-consolidated)

May 08 Forecast for 1H, FY08: JPY (90.0) bn



Results of 1H, FY08: JPY (224.1) bn

“Coping with uncertainty in business environment”

Balance of subprime related securitized products and warehousing loans, etc (after provisions and write-offs)



Reduced to JPY 1.3 bn (as of Sep. 30, 08)

Change from Mar. 08 JPY (4.2) bn

Further fortified risk management on a global basis



Established Risk Management Dept., Americas Division and Risk Management Dept., Europe Division

Established in Oct. 08

“Taking a step forward in strategic initiatives”

Steady increase in top-line profit

Gross banking profit (SMBC non-consolidated)

Results of 1H, FY07
JPY 718.5 bn



Results of 1H, FY08
JPY 735.1 bn

YOY Change + JPY 16.6 bn

Aggressive allocation of resources in growth business areas

Overseas loans (SMBC non-consolidated)

JPY 7.0 tn (as of Sep. 30, 07)



JPY 10.2 tn (as of Sep. 30, 08)

Overhead ratio 48.5%

Expenses (SMBC non-consolidated)

JPY 327.6 bn

JPY 356.6 bn

Steady increase in Tier I ratio

Tier I ratio (SMFG consolidated)

6.94% (as of Mar. 31, 08)



7.08% (as of Sep. 30, 08)

Change from Mar. 08 Improved by 0.14%

Actions for future growth

Established “SMFG Card & Credit,” an intermediate holding company of credit card business

Invested in Barclays PLC

Promoted strategic alliance with commercial banks in Asia

1-2. Summary of 1st Half, FY2008

SMBC's non-consolidated Gross banking profit increased by JPY 16.6 billion year over year, led by an increase in Net interest income of overseas operations, despite a decrease in Net fees and commissions of domestic operations due to a decrease in sales of investment trusts. Meanwhile, SMBC's non-consolidated Expenses increased by JPY 29.0 billion year over year.

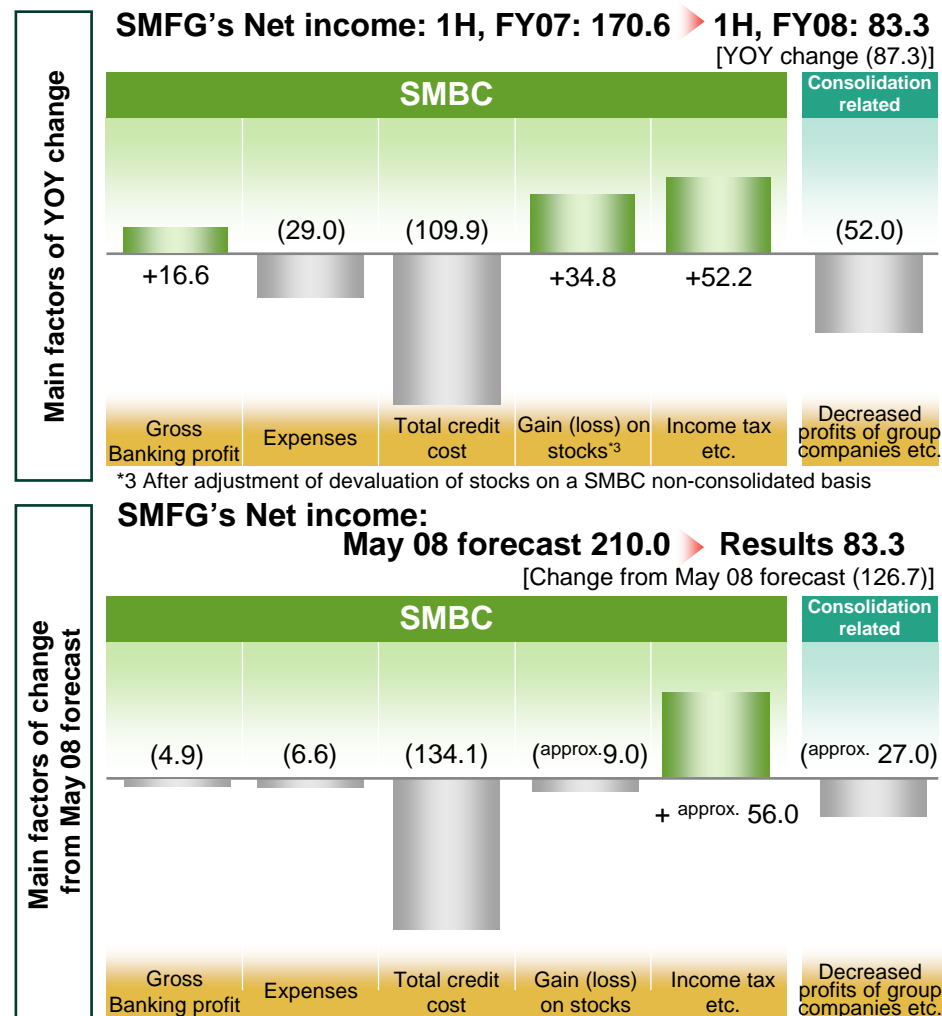
Consequently, SMBC's non-consolidated Banking profit decreased by JPY 12.4 billion year over year.

SMFG's consolidated Net income decreased by JPY 87.3 billion year over year led by an increase in SMBC's Total credit cost and a decrease in profits of group companies.

		(JPY bn)	1st Half, FY08	YOY change	Change from May 08 forecast
SMBC <non-consolidated>	Gross banking profit		735.1	+ 16.6	(4.9)
	(Excluding gain (loss) on bonds)		739.6	+ 14.9	
	Expenses		(356.6)	(29.0)	(6.6)
	Banking profit*1		378.5	(12.4)	(11.5)
	Gain (loss) on stocks		(17.2)	+ 86.6	
	Total credit cost*2		(224.1)	(109.9)	(134.1)
	Ordinary profit		122.1	(35.7)	(147.9)
	Net income		80.4	+ 16.6	(99.6)
SMFG <consolidated>	Ordinary profit		191.0	(162.3)	(189.0)
	Net income		83.3	(87.3)	(126.7)

*1 Before provision of allowance for general loan losses

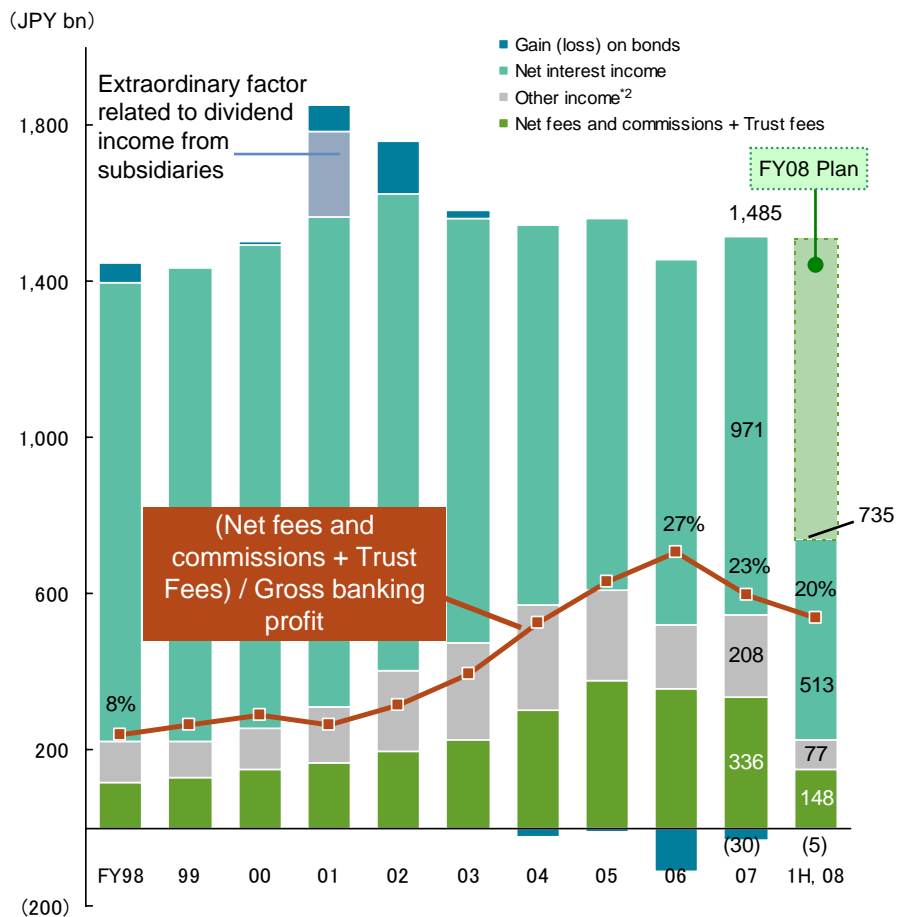
*2 Including portion recorded in Extraordinary income (loss)



1-3. Top-Line Profit (1) Gross Banking Profit

Gross banking profit increased mainly due to an increase in Net interest income of overseas operations.

Gross banking profit*1



*1 FY00 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

*2 Other income = Net trading income + Net other operating income - Gain (loss) on bonds

Major factors of YOY change

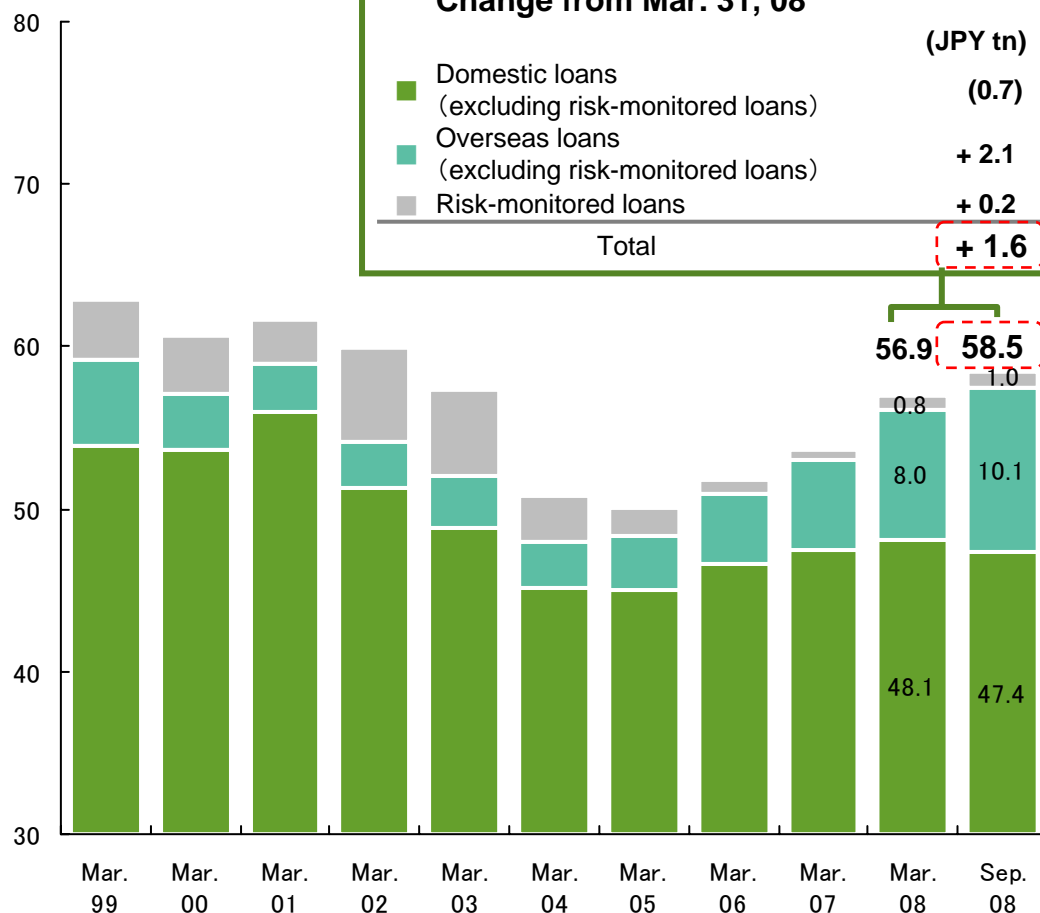
(JPY bn)	1H, FY08	YOY change
Gross banking profit	735.1	+ 16.6
Net interest income	512.9	+ 35.4
Interest income in domestic operations	598.2	+ 16.4
Interest expenses in domestic operations	(138.2)	(17.2)
Interest income in overseas operations	345.2	(16.6)
Interest expenses in overseas operations	(292.2)	+ 52.7
Net fees and commissions + Trust fees	148.3	(11.1)
Fees related to sales of investment trusts	16.2	(12.0)
Net trading income + Net other operating income	73.9	(7.8)
Gain (loss) on bonds	(4.5)	+ 1.7
Gain on securitization of housing loans	1.3	(5.8)
Profit from sales of derivatives products	23.1	(3.5)

1-3. Top-Line Profit (2) Net Interest Income: Loan Balance

Loan balance has increased due mainly to proactive response to financing needs of overseas corporations with high credit ratings.

Trend of loan balance*1

(JPY tn, term-end balance)



Balance of overseas lendings, classified by region*2 (managerial accounting basis)

(JPY tn, term-end balance)

	Sep. 30, 08	Change from Mar. 31, 08
Overseas total	10.2	+ 2.2
Americas	3.8	+ 1.1
Europe	4.0	+ 0.6
Asia	3.4	+ 0.5

Term-end balance by domestic business unit (managerial accounting basis)

(JPY tn, term-end balance)

	Sep. 30, 08	Change from Mar. 31, 08
Consumer Banking Unit	14.8	+ 0.1*3
Middle Market Banking Unit	20.1	(1.2)
Corporate Banking Unit	10.7	+ 0.6

*1 FY00 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

*2 Including SMBC Europe, etc

*3 After add-back adjustment of securitized portion of housing loans (Securitized approximately JPY 50 bn in 1H, FY08)

(SMBC non-consolidated)

1-3. Top-Line Profit (3) Net Interest Income: Loan to Deposit Spread

In overseas operations, loan to deposit spread has improved due to substantial decline in USD interest rate after 2nd Half of FY07.

Loan to deposit spread (financial accounting basis)

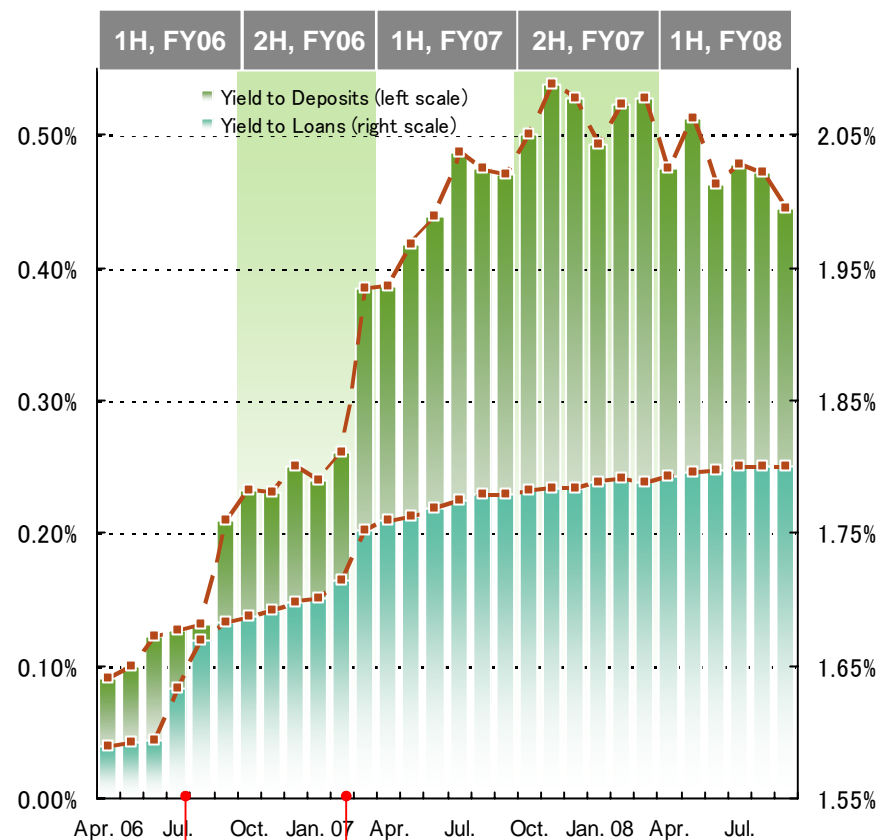
(JPY tn, %)

<Domestic>	1H, FY08		YOY change	
	Average balance	Yield	Average balance	Yield
Loans* (a)	46.0	2.01	+ 1.4	+ 0.01
Deposits, etc. (b)	60.1	0.26	+ 0.2	+ 0.04
Loan to deposit spread (a) - (b)		1.75		(0.03)

<Overseas>				
Loans (a)	10.1	4.01	+ 2.9	(1.25)
Deposits, etc. (b)	10.0	2.31	+ 0.4	(1.73)
Loan to deposit spread (a) - (b)		1.70		+ 0.48

* Excluding loans to financial institutions

Yield of domestic loans and deposits (managerial accounting basis)



BOJ's policy interest rate change

BOJ's policy interest rate change

*On Oct. 31, 08, BOJ changed policy interest rate at (0.2%)

- Short term prime rate: 1.375% → 1.625% (+ 0.250%, from Aug. 21, 06) → 1.875% (+ 0.250%, from Mar. 26, 07) → 1.675% (- 0.200%), from Nov. 17, 08)
- Yield of ordinary deposit: 0.001% → 0.100% (+ 0.099%, from Jul. 18, 06) → 0.200% (+ 0.100%, from Feb. 26, 07) → 0.120% (- 0.080%), from Nov. 4, 08)
- Yield of 1 year time deposit (over-the-counter): 0.150% → 0.300% (+ 0.150%, from Jul. 18, 06) → 0.400% (+ 0.100%, from Feb. 26, 07) → 0.300% (- 0.100%), from Nov. 12, 08)

(SMBC non-consolidated)

1-4. Performance by Business Unit

In 1st Half, FY08, marketing units mostly achieved, and Treasury Unit exceeded, the level of gross banking profit of 1st Half, FY07.

		(JPY bn)	1H, FY07	1H, FY08	YOY change*
Consumer Banking Unit	Gross banking profit		214.3	215.6	+ 1.3
	Expenses		(132.4)	(145.3)	(12.9)
	Banking profit		81.9	70.3	(11.6)
Middle Market Banking Unit	Gross banking profit		308.2	281.1	(27.1)
	Expenses		(99.8)	(111.2)	(11.4)
	Banking profit		208.4	169.9	(38.5)
Corporate Banking Unit	Gross banking profit		90.8	94.3	+ 3.5
	Expenses		(15.3)	(15.7)	(0.4)
	Banking profit		75.5	78.6	+ 3.1
International Banking Unit	Gross banking profit		69.3	89.9	+ 20.6
	Expenses		(29.0)	(34.6)	(5.6)
	Banking profit		40.3	55.3	+ 15.0
Marketing units	Gross banking profit		682.6	680.9	(1.7)
	Expenses		(276.5)	(306.8)	(30.3)
	Banking profit		406.1	374.1	(32.0)
Treasury Unit	Gross banking profit		60.3	89.8	+ 29.5
	Expenses		(9.1)	(9.1)	0.0
	Banking profit		51.2	80.7	+ 29.5
Headquarters	Gross banking profit		(24.4)	(35.6)	(11.2)
	Expenses		(42.0)	(40.7)	+ 1.3
	Banking profit		(66.4)	(76.3)	(9.9)
Total	Gross banking profit		718.5	735.1	+ 16.6
	Expenses		(327.6)	(356.6)	(29.0)
	Banking profit		390.9	378.5	(12.4)

* Before adjustment of interest rates and foreign exchange rates

Major factors of YOY change in gross banking profit (JPY bn)

				(JPY bn)
(1)	Consumer Banking Unit: + 1.3	Income on deposits Investment trust Pension-type insurance Securitization of housing loans	+ 20.0 (12.0) (2.0) (4.0)	
(2)	Middle Market Banking Unit: (27.1)	Income on deposits Foreign currency derivatives Income on loans (loan spread decreased by 11bp yoy) Securities intermediary	+ 8.0 (6.0) (16.0) (3.0)	
(3)	Corporate Banking Unit: + 3.5	Income on deposits Loan syndication	+ 1.0 + 1.0	
(4)	International Banking Unit: + 20.6	Loans to deposits Fee income related to loans	+ 13.0 + 9.0	
(5)	Treasury Unit: + 29.5	ALM operations (including gain (loss) on bond portfolio)	+ 29.0	

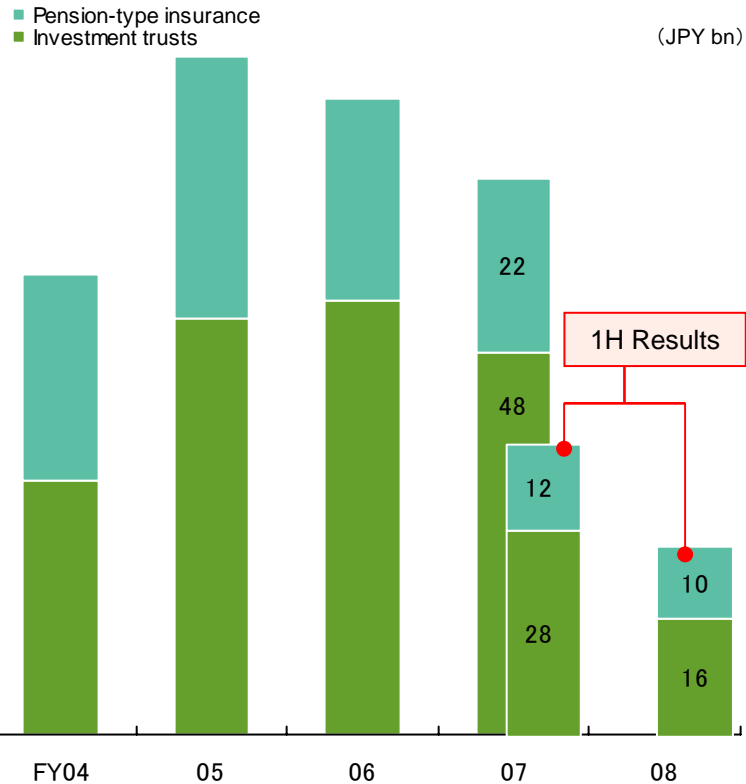
Average loan balance and spread by business unit (managerial accounting basis)

	Average balance		Average spread	
	1H, FY08	YOY change	1H, FY08	YOY change
Domestic loans	48.5	+ 1.3	1.11	(0.10)
Consumer Banking Unit	14.7	+ 0.2	1.62	(0.00)
Middle Market Banking Unit	20.6	(0.5)	1.22	(0.11)
Corporate Banking Unit	10.2	+ 0.7	0.56	(0.03)

(Reference) Non-Interest Income

Profits related to sales of investment trusts, etc. decreased under deteriorating market conditions.

Profits related to investment trusts and pension-type insurance

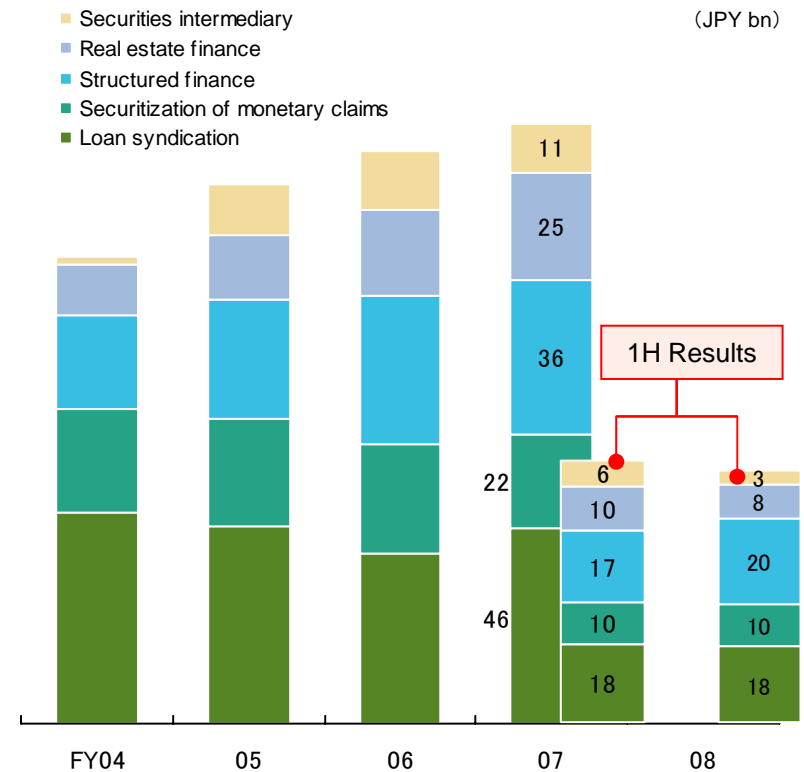


Outstanding balance*1 (JPY tn)

3.3 → 4.5 → 5.6 → 5.6 → 5.4

*1 Balance of investment trusts + accumulated sales of pension-type insurance as term end.

Profits related to investment banking business*2



*2 Profits of securities intermediary business: fees and commissions from the transactions with both individual and corporate clients. Profits of the other businesses: managerial accounting basis including fees, commissions, interest income, etc.

1-5. Total Credit Cost (1) Results for 1st Half, FY2008

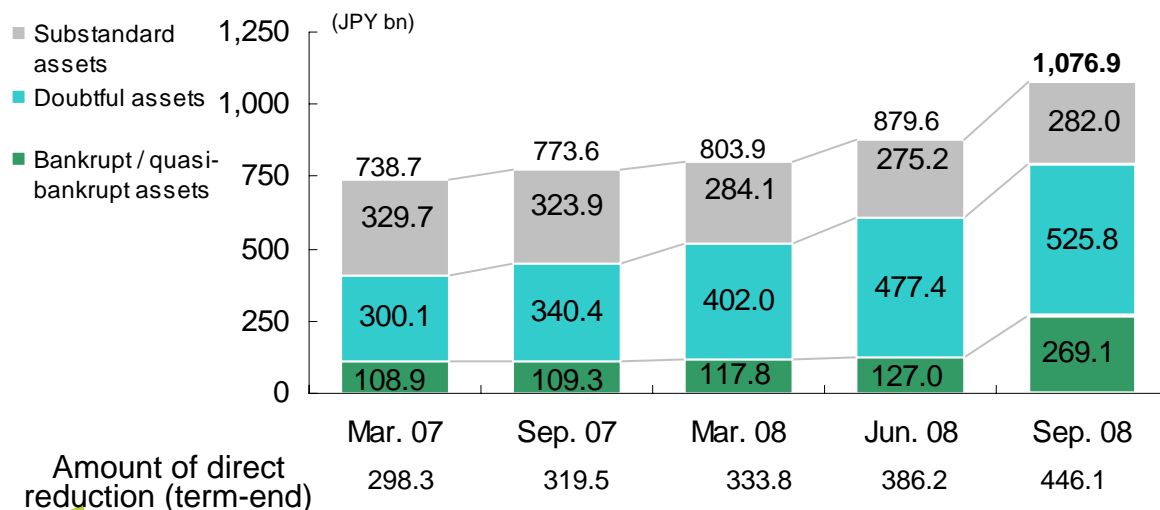
Total credit cost increased from May 08 forecast, mainly due to credit deterioration in domestic construction and real estate sectors as a result of worsening business performance, and to an unanticipated provision for claims to certain overseas financial institutions.

Trend of Total credit cost*1

(JPY bn)	Results of FY07	1H	2H	1Q	2Q	Results of 1H, FY08
Total credit cost	(147.8)	(114.2)	(33.6)	(83.8)	(140.3)	(224.1)
Provision of allowance for general loan losses	96.9	(7.8)	104.7	7.6	(11.3)	(3.7)
Provision of allowance for specific loan losses	(91.6)	(44.5)	(47.1)	(56.1)	(30.3)	(86.4)
Written-off of loans, etc.	(153.1)	(61.9)	(91.2)	(35.3)	(98.7)	(134.0)

Forecast in May: (90.0)

Trend of non-performing loans*2



Management analysis

- Increase in **deterioration cost** due to slowdown of domestic economy:

- ✓ **Credit cost from construction and real estate** sectors represents approx. one third of Total credit cost
- ✓ **Business Select Loan**

Credit cost correlates with macro fundamentals (nominal GDP growth rate)

✓ Implemented initiatives aiming for improving quality of loan portfolio in FY07

- **Lack of gains through off-balancing of non-performing loans in 1H, FY08**

✓ Decline in real estate prices, economic slowdown

- **Bankruptcy of a certain overseas financial institutions**

Amount of direct reduction (term-end)

*1 Total credit costs = the aggregate of Provision of allowance for general loan losses, Written-off of loans, Provision of allowance for specific loan losses, Loss on sales of delinquent loans, Provision of allowance for loan losses in specific countries, Recoveries of written-off claims.

*2 Loans classified as bankrupt and quasi-bankrupt assets, doubtful assets, and substandard loans under the Financial Reconstruction Law

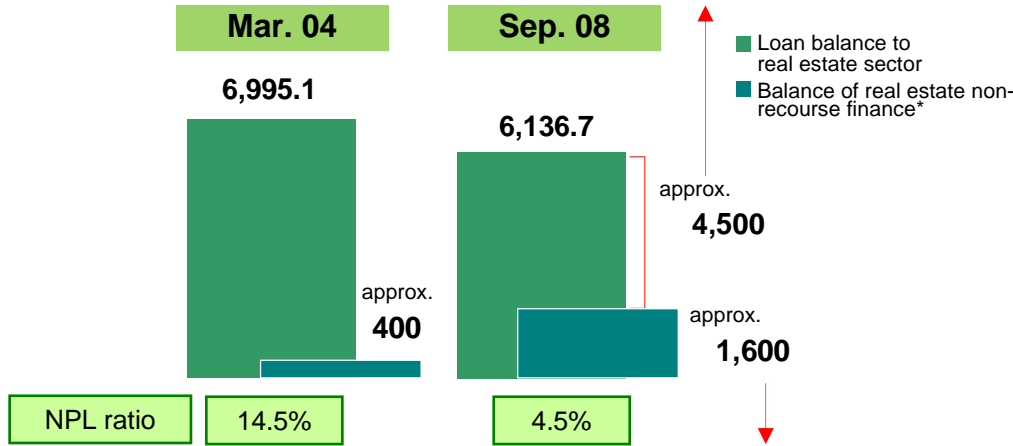
1-5. Total Credit Cost (2) Loans to Real Estate Sector, Unsecured Loans to SMEs

Huge difference in Real Estate Exposure compared with 4 years ago.

Loan balance to real estate sector (domestic)

(Domestic loan balance, JPY bn)

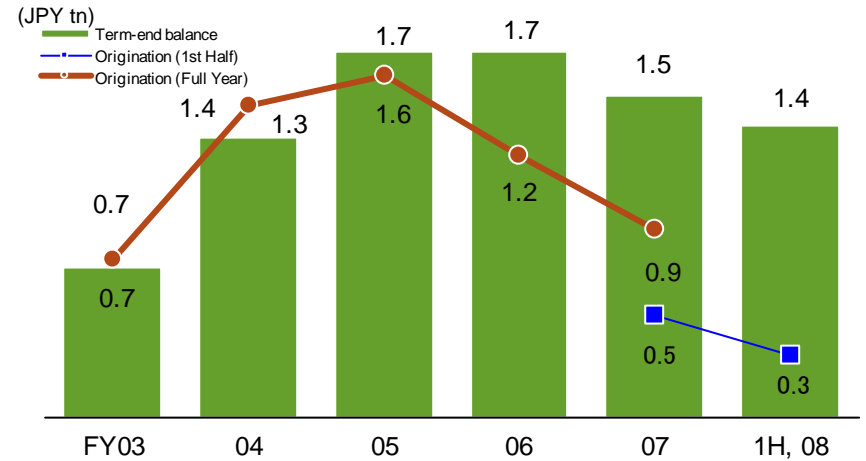
Portfolio diversified to three segments:
 - Real estate leasing companies (approx. 50%)
 - Large general real estate companies (approx. 20%)
 - Real estate developers (approx. 20%)



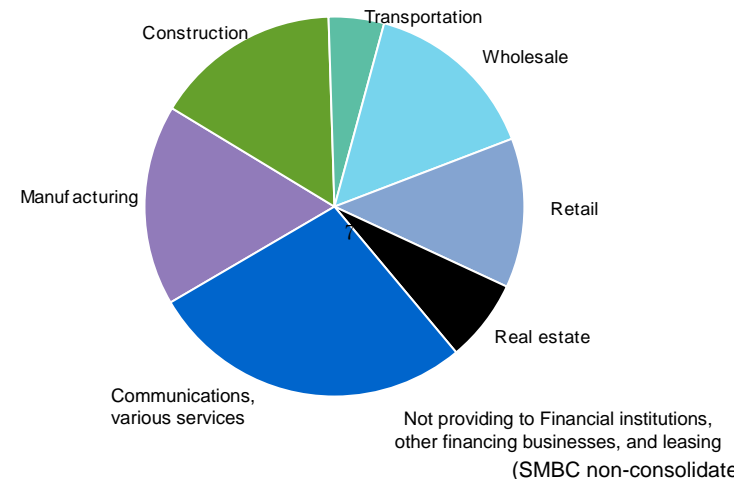
Above 80% classified to "Strong" and "Good" under Basel II slotting criteria

* Managerial accounting basis including corporate bonds

Unsecured loans to SMEs



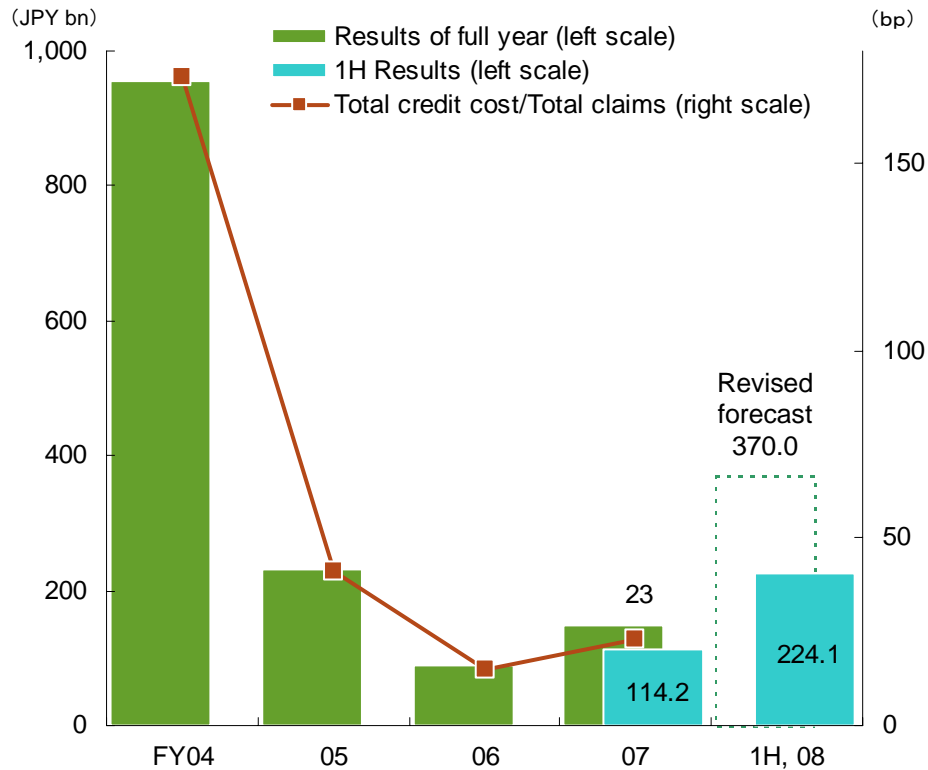
Industry mix of Unsecured loans to SMEs (Sep. 08)



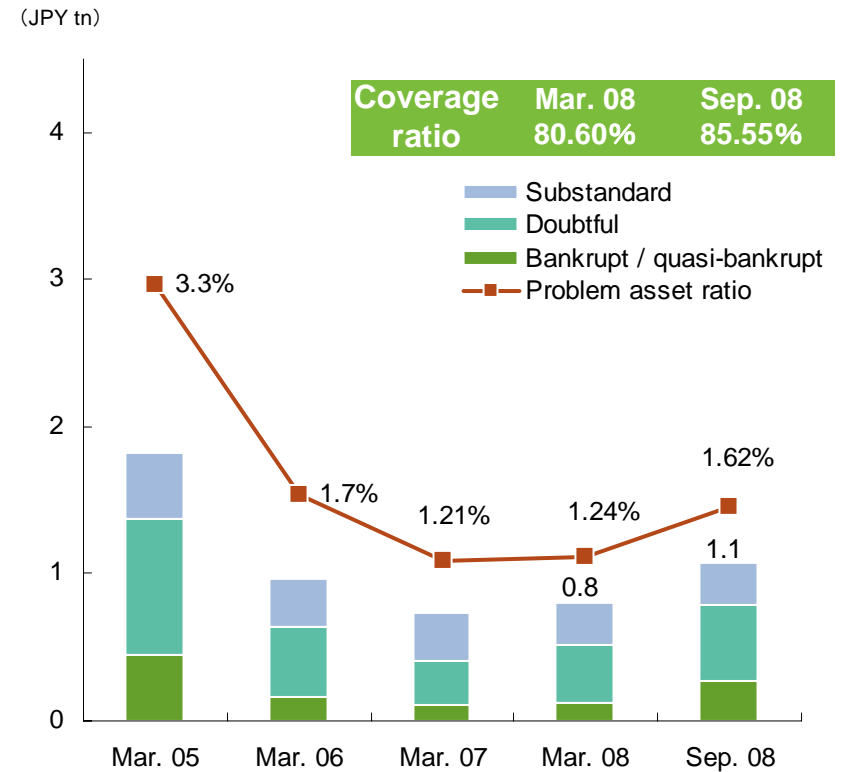
1-5. Total Credit Cost (3) Forecast for FY2008 (i)

Revised forecast for SMBC's non-consolidated Total credit cost in FY08 is JPY 370 billion, against a backdrop of slowdown in domestic and overseas economy.

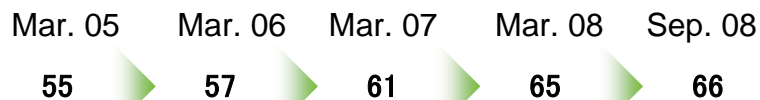
Credit cost



Balance of non-performing loans



Total claims (JPY tn)



Claims to borrowers requiring caution excluding substandard borrowers (JPY tn)

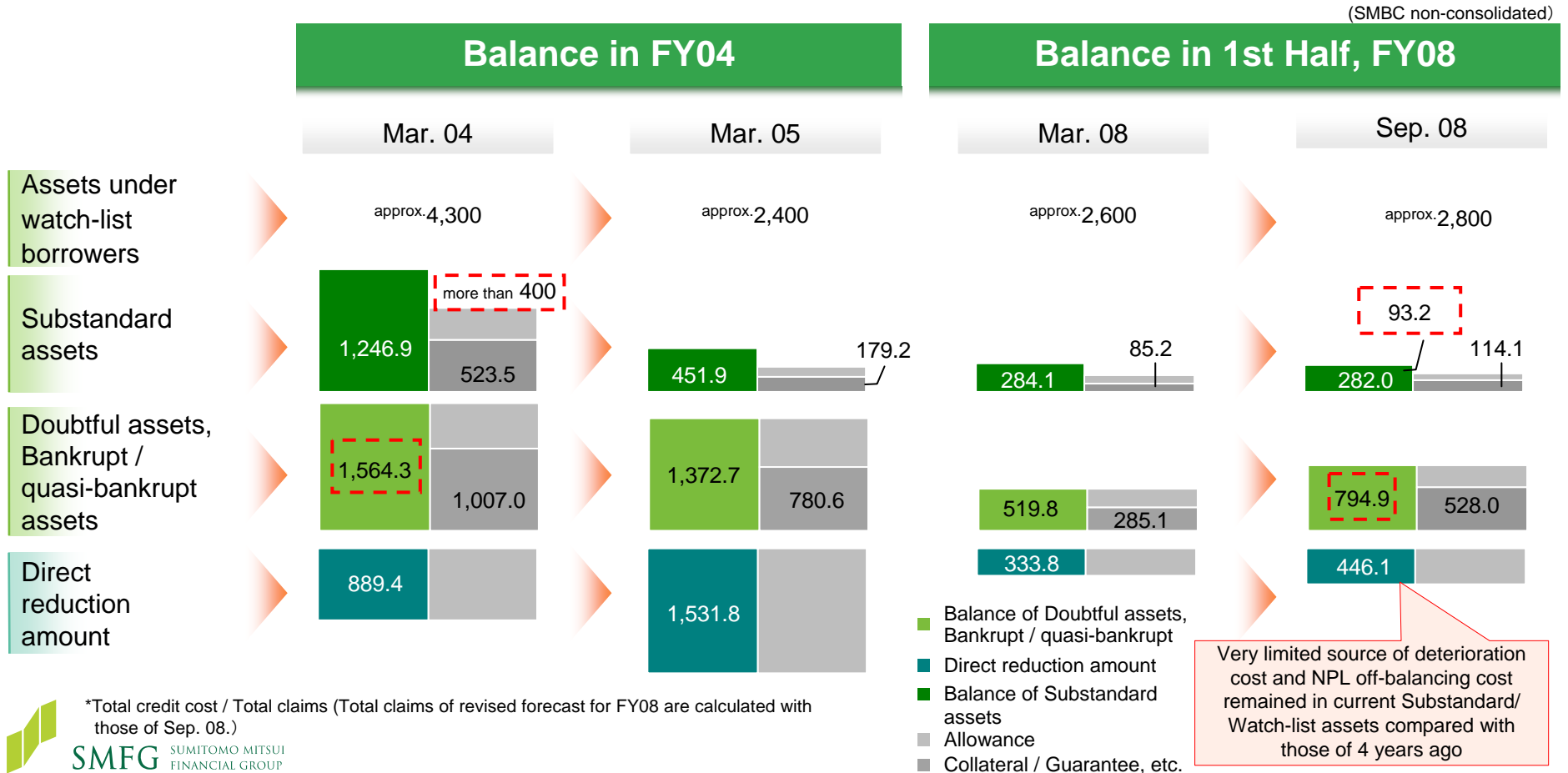


1-5. Total Credit cost (3) Forecast for FY2008 (ii)

Huge difference in sources of credit costs compared with 4 years ago.

	Results of FY04	Revised forecast for FY08	Results of 1H, FY08
Total credit cost	(954.8) ← 173bp*	(370) ← 57bp*	(224.1)
Deterioration, etc.	approx. (750)	approx. (375)	approx. (220)
Off-balancing	approx. (200)	approx. (5)	approx. (5)

(JPY bn)



1-6. Contribution of Affiliates to Consolidated Profit (1) Summary

At subsidiary banks, credit costs increased as corporate clients' business performance has worsened mainly in real-estate sector.

(JPY bn)	SMFG consolidated	SMBC non-consolidated	Difference
Consolidated gross profit / non-consolidated gross profit	1,068.1	735.1	333.0
Net interest income	678.5	512.9	165.6 (1)
Trust fees	1.3	1.2	0.1
Net fees and commissions	284.0	147.1	136.9 (2)
Net trading income	(0.3)	(14.7)	14.4
Net other operating income	104.7	88.5	16.2
General and Administrative expenses	(539.0)	(356.6)	(182.4) (3)
Total credit cost	(302.1)	(224.1)	(78.0) (4)
Equity in earning (loss) of affiliates	(6.1)	-	(6.1)
Ordinary profit	191.0	122.1	68.9
Extraordinary income (loss)	(0.4)	(1.2)	0.8
Net income	83.3	80.4	2.9
Consolidated/non-consolidated net business profit*	410.0	378.5	31.5

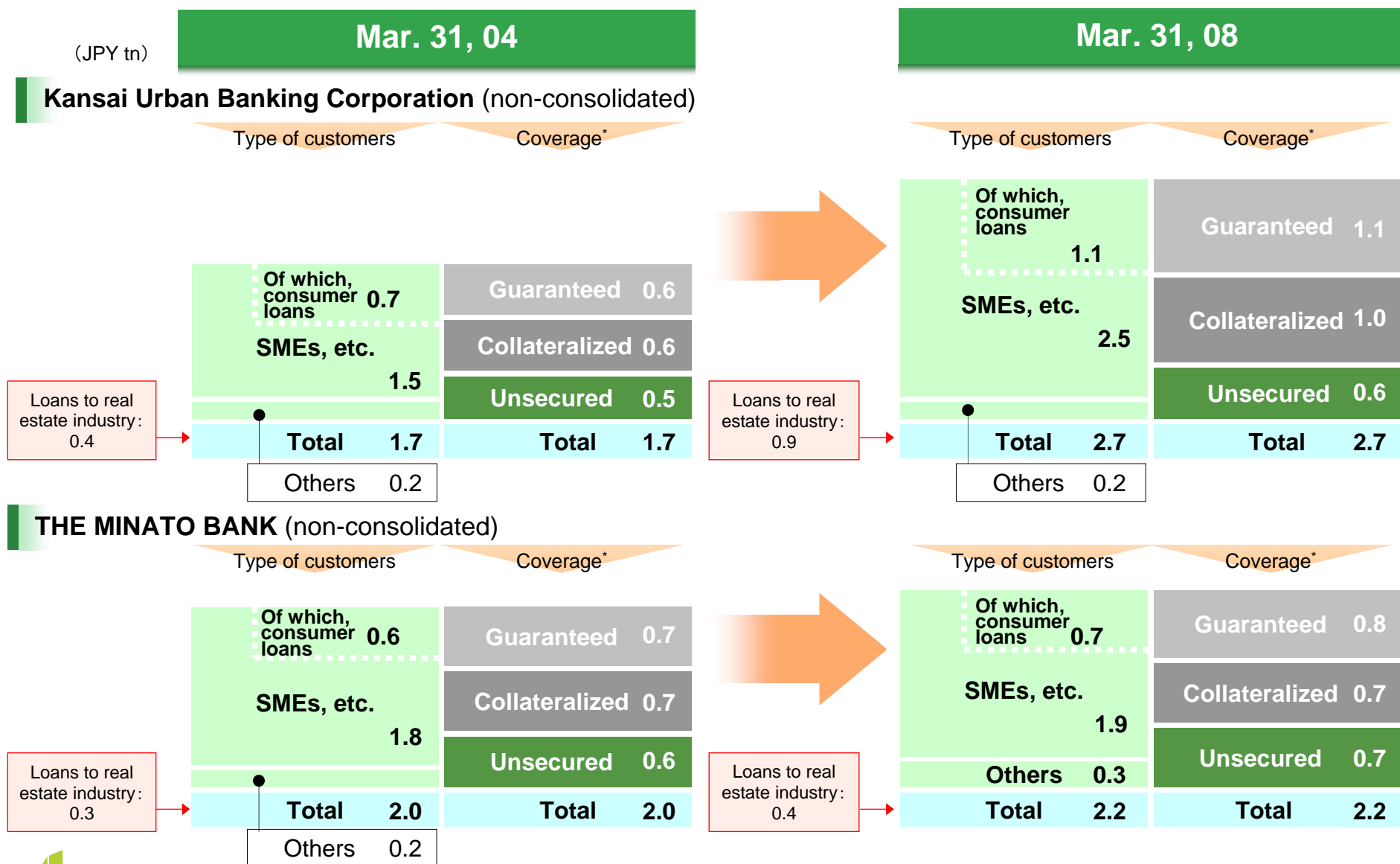
Major factors in difference

		(JPY bn)	1H, FY08	YOY change
(1)	Kansai Urban Banking Corporations		30	+1
	Sumitomo Mitsui Finance and Leasing*		29	+37
	MINATO BANK		23	0
	SMBC Europe		20	+4
(2)	Sumitomo Mitsui Card		72	+9
	SMBC Guarantee		17	(1)
	SMBC Friend Securities		14	(8)
(3)	Sumitomo Mitsui Card		(67)	(4)
	Sumitomo Mitsui Finance and Leasing		(22)	(7)
	SMBC Friend Securities		(21)	0
	Kansai Urban Banking Corporations		(18)	0
	MINATO BANK		(18)	(1)
	QUOQ (Newly consolidated)		(17)	(17)
(4)	MINATO BANK		(15)	(9)
	Kansai Urban Banking Corporations		(12)	(3)
	Sumitomo Mitsui Finance and Leasing		(10)	(7)
	Sumitomo Mitsui Card		(9)	0

* Due to the change in Japanese accounting standard, a part of Gross profit which was recorded in Net other operating income is recorded Net interest income.

1-6. Contribution of Affiliates (2) Loans of Subsidiary Banks, Classified by Coverage

Both banks have increased the size of loan portfolio with reasonable coverage. Expansion of unsecured loans is limited.



1-7. Other Securities (1) Summary

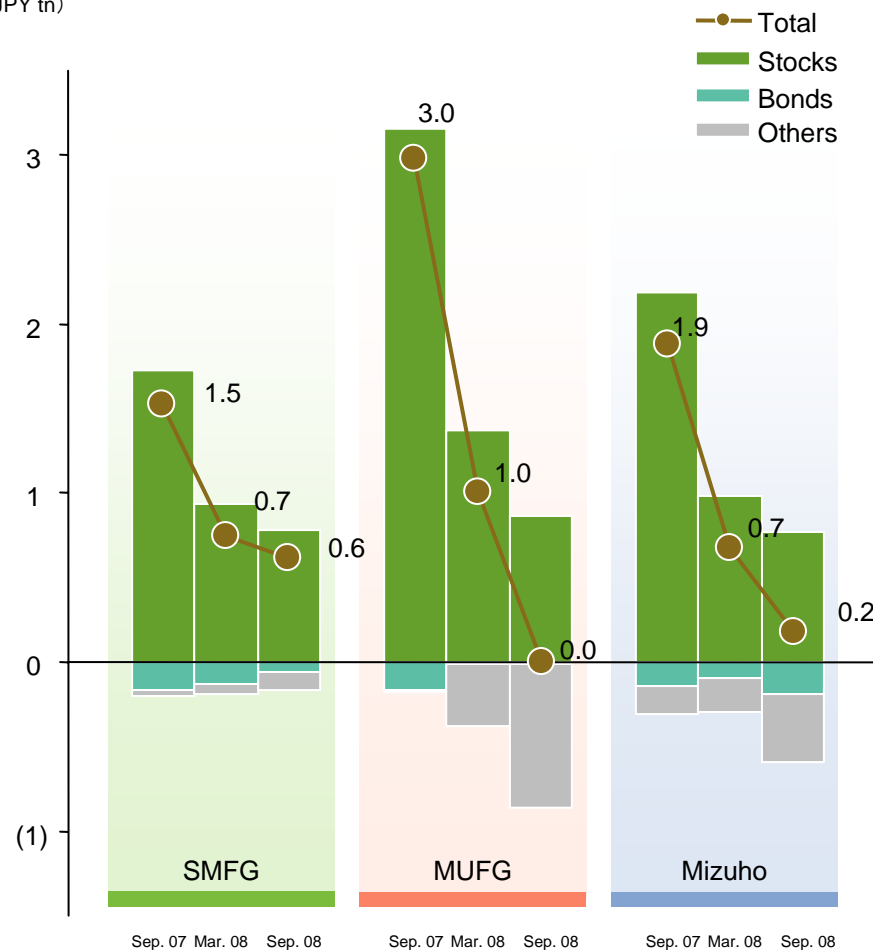
SMBC's non-consolidated total unrealized gains on Other securities was JPY 629.8 billion, as of Sep. 30, 08, consisting of JPY 782.5 billion on Stocks, JPY (56.5) billion on Bonds, and JPY (96.2) billion on Others.

Description of Other securities with market value (as of Sep. 30, 08)

	(JPY bn)	Balance sheet amount	Unrealized gain (loss)
Stocks		2,789.5	785.7
Of which, held on SMBC non-consolidated basis		2,752.8	782.5
Bonds		8,300.7	(59.5)
Of which, held on SMBC non-consolidated basis		7,232.1	(56.5)
Of which, JGBs		6,818.3	(52.9)
Others		4,432.6	(106.6)
Of which, held on SMBC non-consolidated basis		4,147.5	(96.2)
Total		15,522.9	619.5
Of which, held on SMBC non-consolidated basis		14,132.4	629.8

Unrealized gain (loss) on Other securities (comparison with peers)

(JPY tn)



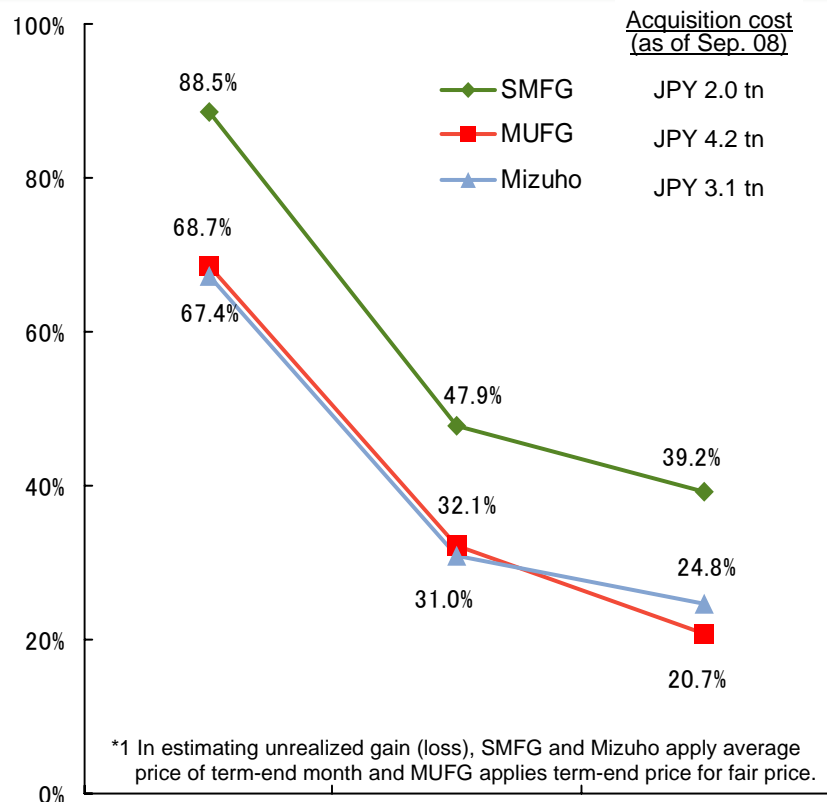
※ As for 1st Half, FY08, Mizuho Financial Group did not change its method of valuing floating-rate Japanese government bonds at market values.

(Group consolidated)

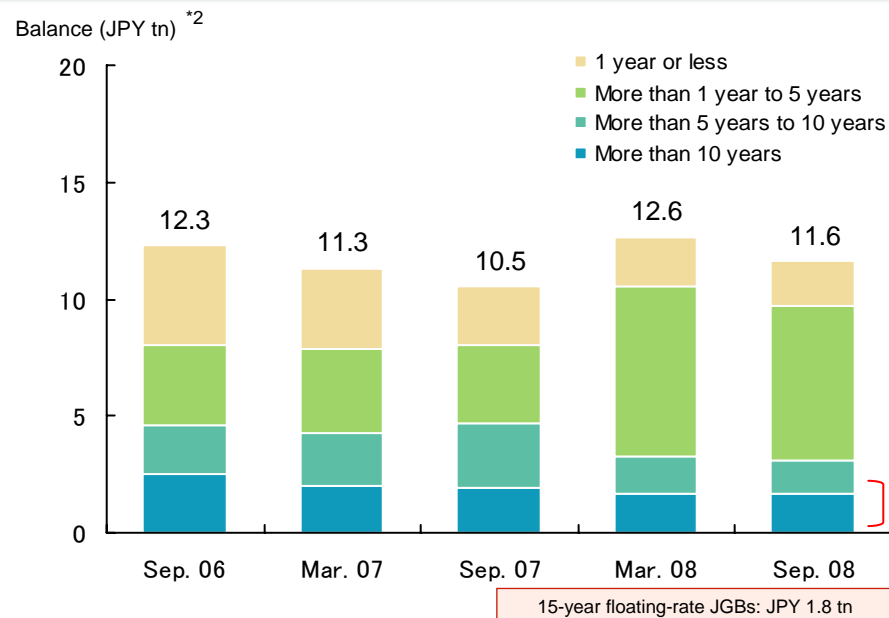
1-7. Other Securities (2) Stocks & Bonds

The level of Nikkei index at which SMBC's net unrealized gains on listed stocks would become zero to be in the mid-7,000s. 15-year floating-rate JGBs, whose acquisition cost is approx. JPY 1.8 billion, are evaluated at reasonably estimated amounts rather than at market price.

Unrealized gain (loss) / Book value (stocks with market value) *1



Yen-denominated bond portfolio



*2 Total balance of bonds with maturities among Other securities and bonds classified as held-to-maturity

	Sep. 06	Mar. 07	Sep. 07	Mar. 08	Sep. 08
Average duration ^{*3} (Years)	1.3	1.7	2.7	2.3	1.7
Unrealized gain/loss (JPY bn)	(169.2)	(151.4)	(157.7)	(129.5)	(56.5)

15-year floating-rate JGBs have been carried at their reasonably estimated amounts from 1st Half, FY08.

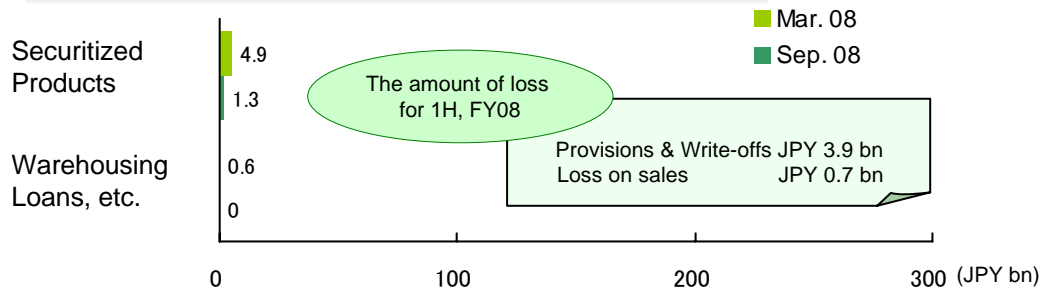
*3 Excluding bonds classified as held-to-maturity, bonds for which fair value hedge accounting is applied, and private placement bonds

Nikkei Stock Average	Average of term-end month			
	Sep. 07	Mar. 08	Sep. 08	
	JPY 16,235	JPY 12,603	JPY 12,123	
Term-end price		JPY 16,786	JPY 12,525	JPY 11,259

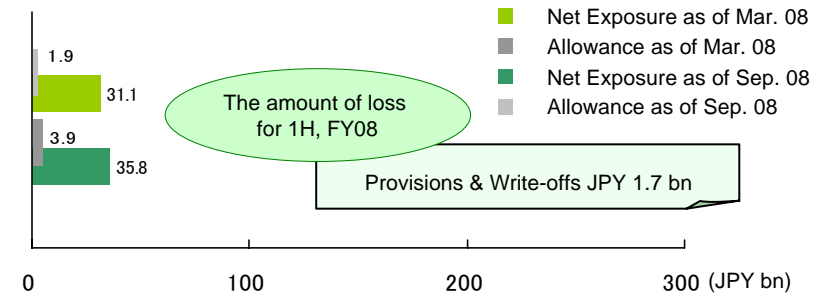
1-7. Other Securities (3) Securitized Products, etc.

Our group's exposure to securitized products is limited, and associated risks are at manageable level.

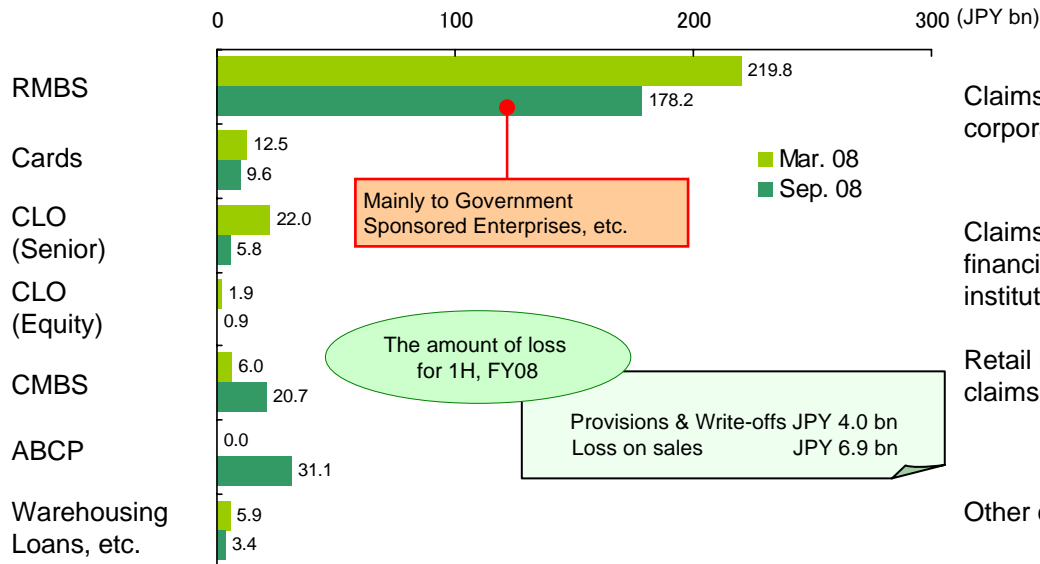
Subprime-related Securitized Products



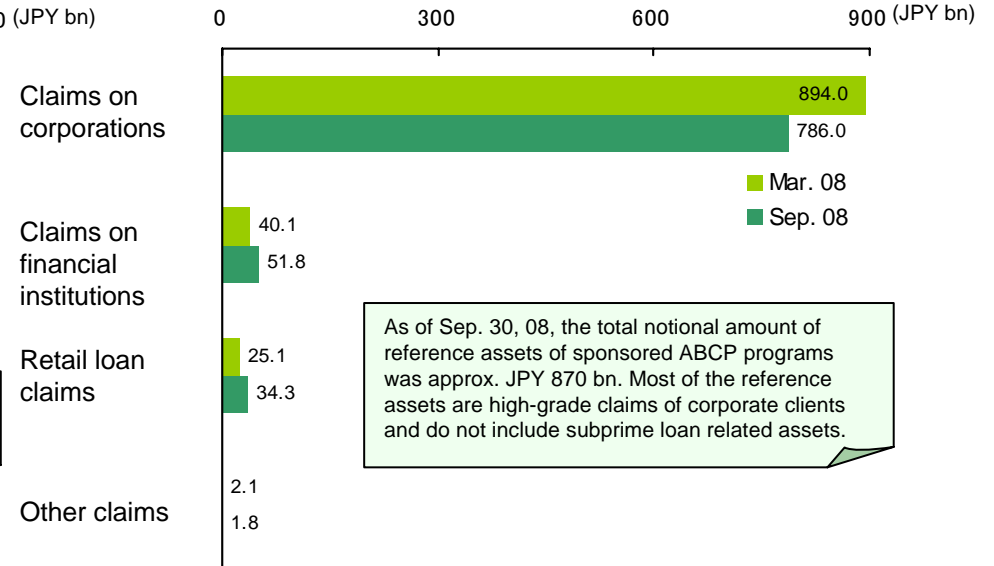
CDS transactions with monoline insurance companies



Securitized products other than subprime-related



ABCP programs as Sponsor



1-8. Capital

SMFG's consolidated capital ratio (preliminary) as of Sep. 30, 08 was 10.25%, decreased of 0.31% from Mar. 31, 08 mainly due to lower stock prices. Consolidated Tier I ratio increased by 0.14% to 7.08%.

(JPY bn)	Mar. 31, 08 (a)	Sep. 30, 08 (Preliminary) (b)	(b) - (a)
Tier I	4,381.5	4,491.3	+109.8
Capital stock & Capital surplus	1,478.7	1,478.7	0.0
<Preferred Stock>	<360.3>	<310.2>	<(50.1)>
Retained earnings	1,680.5	1,701.1	20.6 (1)
Preferred securities issued by overseas SPCs	1,217.0	1,409.1	192.1 (2)
Foreign currency translation adjustment	(27.3)	(57.1)	(29.8)
Increase in equity capital resulting from a securitization exposure	(44.0)	(42.6)	1.4
Tier II	3,021.9	2,746.8	(275.1)
45% of valuation difference on available-for-sales securities	334.3	264.0	(70.3) (3)
45% of land revaluation excess	37.2	37.2	(0.0)
Allowance for general loan losses	59.5	64.1	4.6
Total eligible provisions minus the total expected loss amount	67.8	13.1	(54.7) (4)
Perpetual subordinated debt	998.3	870.1	(128.2) (5)
Dated subordinated debt	1,524.8	1,498.3	(26.5)
Deduction	(737.8)	(731.0)	6.8
Total capital	6,665.5	6,507.1	(158.4)
Risk-weighted assets	63,117.3	63,432.5	315.2 (6)
Capital ratio^{*1}	10.56%	10.25%	(0.31%)
Tier I ratio	6.94%	7.08%	+ 0.14%

Tier I

(1) Consolidated net income	JPY 83.3 bn
Dividend	JPY (60.1) bn
(2) Issue of preferred securities	JPY 373.2 bn
Redemption of preferred securities	JPY (180.3) bn

Net deferred tax assets / Tier I (SMFG consolidated):
22.3% (as of Sep. 30, 08, increased by 1.0% from Mar. 31, 08)

Tier II

(3) Decrease in Valuation difference on available-for-sales	JPY (70.3) bn
(4) Increase in total eligible provisions	JPY 121.5 bn
Increase in the total expected loss amount	JPY (176.2) bn
(5) Redemption of perpetual subordinated debt	JPY (128.2) bn

Risk-weighted assets



(6)	(JPY bn)	Mar. 31, 08	Sep. 30, 08 (Preliminary)	Change from Mar. 31, 08
Sum of risk-weighted assets of credit risk		59,335.2	60,006.6	+ 671.4
Market risk equivalent		430.2	291.8	(138.5)
(Reference) Outlier ratio ^{*2}		5.4%	3.4%	(2.0%)
Operational risk equivalent		3,352.0	3,134.2	(217.8)
Total		63,117.3	63,432.5	+ 315.2

Risk-weighted assets of credit risk increased due to increase in overseas loans

*1 Figures are on the basis of Basel II standard
(Credit risk: FIRB, Operational risk: AMA)

*2 SMBC consolidated basis

(Reference) Preferred Securities

	1998	1999	2000	2006	2008	2009
 <p>Sumitomo Mitsui Financial Group*1 ("SMFG")</p>				Dec. 06 Step-up	SMFG Preferred Capital USD 1 Ltd	USD 1,650 mn
				Dec. 06 Step-up	SMFG Preferred Capital GBP 1 Ltd	GBP 500 mn
				Feb. 08 Non step-up	SMFG Preferred Capital JPY 1 Ltd	JPY 135.0 bn
				May 08 Non step-up	SMFG Preferred Capital USD 2 Ltd	USD 1,800 mn
				Jul. 08 Step-up	SMFG Preferred Capital USD 3 Ltd	USD 1,350 mn
				Jul. 08 Step-up	SMFG Preferred Capital GBP 2 Ltd	GBP 250 mn
	 <p>Sumitomo Mitsui Banking Corporation ("SMBC")</p>	Feb. 98	SBTC-LLC ("OPCO") Step-up			Jun. 08 Redeemed
Dec. 98 Mar. 99		SPCL	Non step-up		Jan. 09 (Planned to be redeemed*3)	JPY 283.8 bn
Feb. 99 Mar. 99		SBES	Non step-up		Redeemable after Jun. 09	JPY 340.0 bn
<p>Other subsidiaries</p>				Jan. 07 Step-up	KUBC PCC*4	JPY 12.5 bn

*1 On Nov. 19, 08, SMFG announced the issuance of preferred securities by way of private placement in domestic market through an issuer of SMFG Preferred Capital JPY 2 Limited (Issuing date is to be determined)

*2 Outstanding balance as of Sep. 30, 08

*3 On Nov. 19, 08, SMFG announced the redemption in full of the preferred securities (planned to be redeemed on Jan. 26, 09)

*4 A company incorporated for the purpose of issuing the preferred securities and a wholly owned subsidiary of Kansai Urban Banking Corporation, which is a consolidated subsidiary of SMFG.

1-9. Earnings Forecast for FY2008

SMFG's consolidated Net income in FY08 is forecasted to be lower than the previous forecast mainly due to an increase in Total credit cost and Loss on stocks at SMBC.

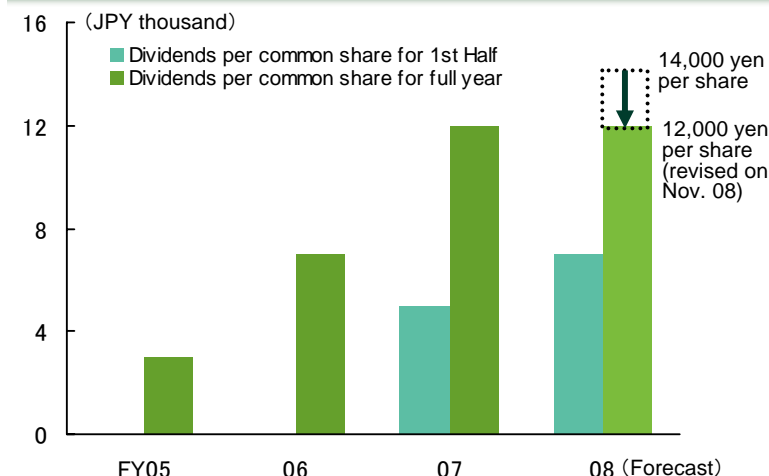
		(JPY bn)	FY07 Results (a)	Results of 1H, FY08	Forecast for FY08 in Oct. <Forecast in May> (b)	(b)-(a)
SMBC (non-consolidated)	Gross banking profit	1,484.8	735.1	1,510.0 <1,540.0>	+ 25.2	
	Expenses	(665.1)	(356.6)	(710.0) <(710.0)>	(44.9)	
	Overhead ratio	44.8%	48.5%	47.0% <46.1%>	+ 2.2%	
	Banking profit*	819.7	378.5	800.0 <830.0>	(19.7)	
	Total credit cost	(147.8)	(224.1)	(370.0) <(180.0)>	(222.2)	
	Ordinary profit	510.7	122.1	320.0 <610.0>	(190.7)	
	Net income	205.7	80.4	160.0 <390.0>	(45.7)	
SMFG (consolidated)	Ordinary profit	831.2	190.7	480.0 <850.0>	(35.2)	
	Net income	461.5	83.3	180.0 <480.0>	(281.5)	

* Before provision of allowance for general loan losses

Forecast assumption for FY08

	Forecast announced in May	Forecast announced in Oct.
Nominal growth rate of GDP	+1.4%	(0.6%)
3 month JPY TIBOR	0.85%	0.84%
10 year JPY swap rate	1.67%	1.72%
Exchange rate (JPY/USD)	105	105
Nikkei Stock Average (yen, as of Mar. 31, 09)	12,525	9,000

Common share dividends



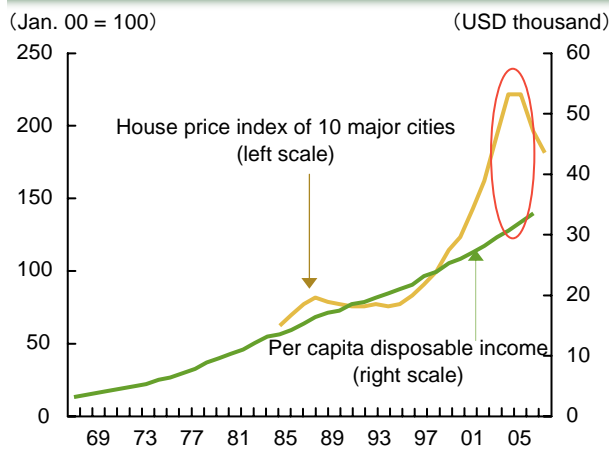
- SMFG revised down earnings for FY08 considerably compared with that of FY07. As a result, forecast for dividends per common shares for full year was revised downward.
- Nevertheless, under the basic policy of strengthening return for shareholders, SMFG keeps the level of dividends as that of FY07.

2. Management Policy in 2nd Half, FY2008

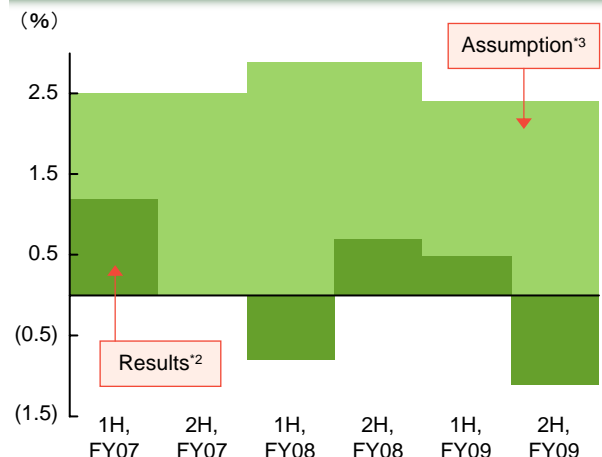
2-1. Major Macro Economic Assumptions

The macro-economic reality has diverged from the original assumptions of "interest rate hikes under steady expansion of economy," especially after FY08.

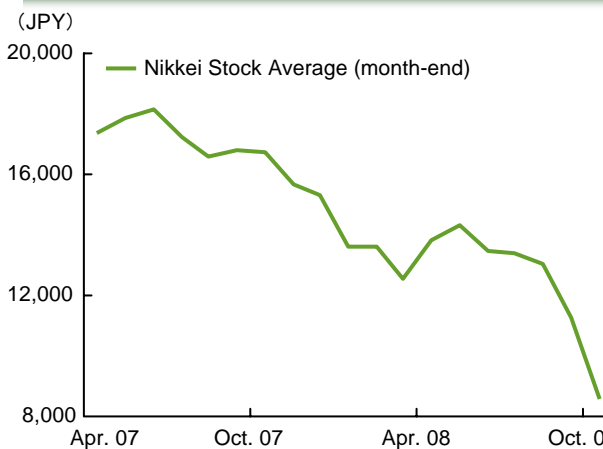
House price and disposable income (U.S.) *1



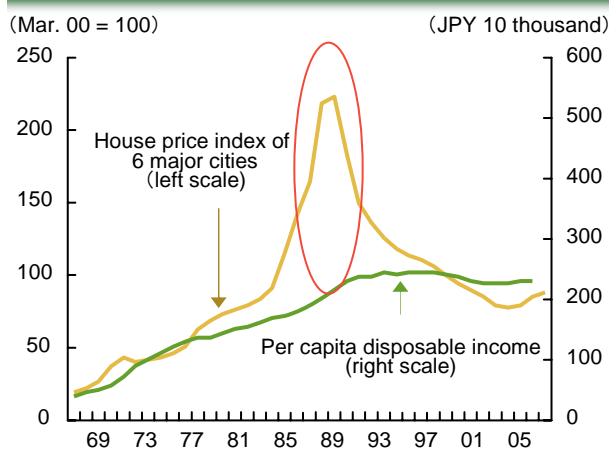
Nominal GDP growth rate



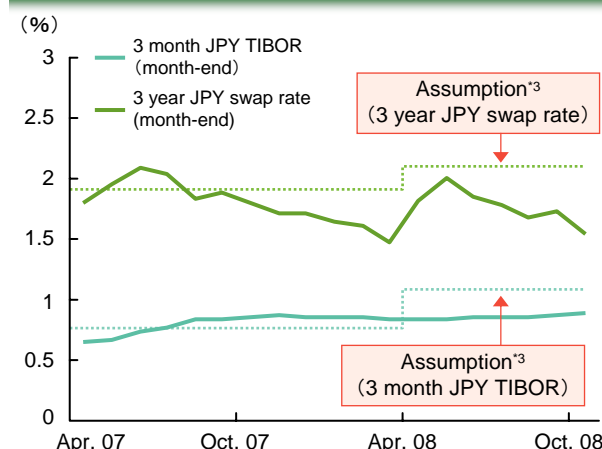
Nikkei Stock Average



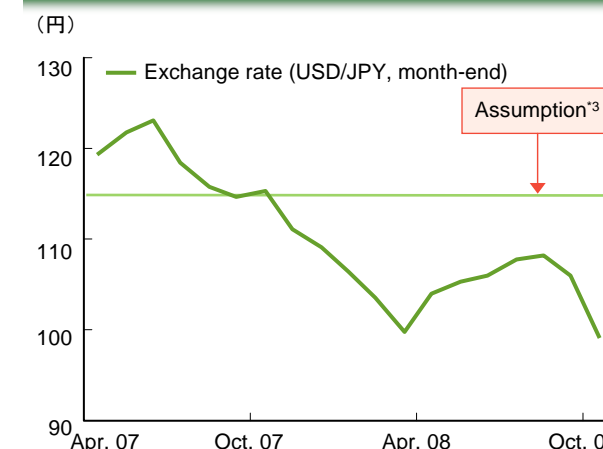
House price and disposable income (Japan) *1



Interest rate (JPY)



Exchange rate (USD/JPY)

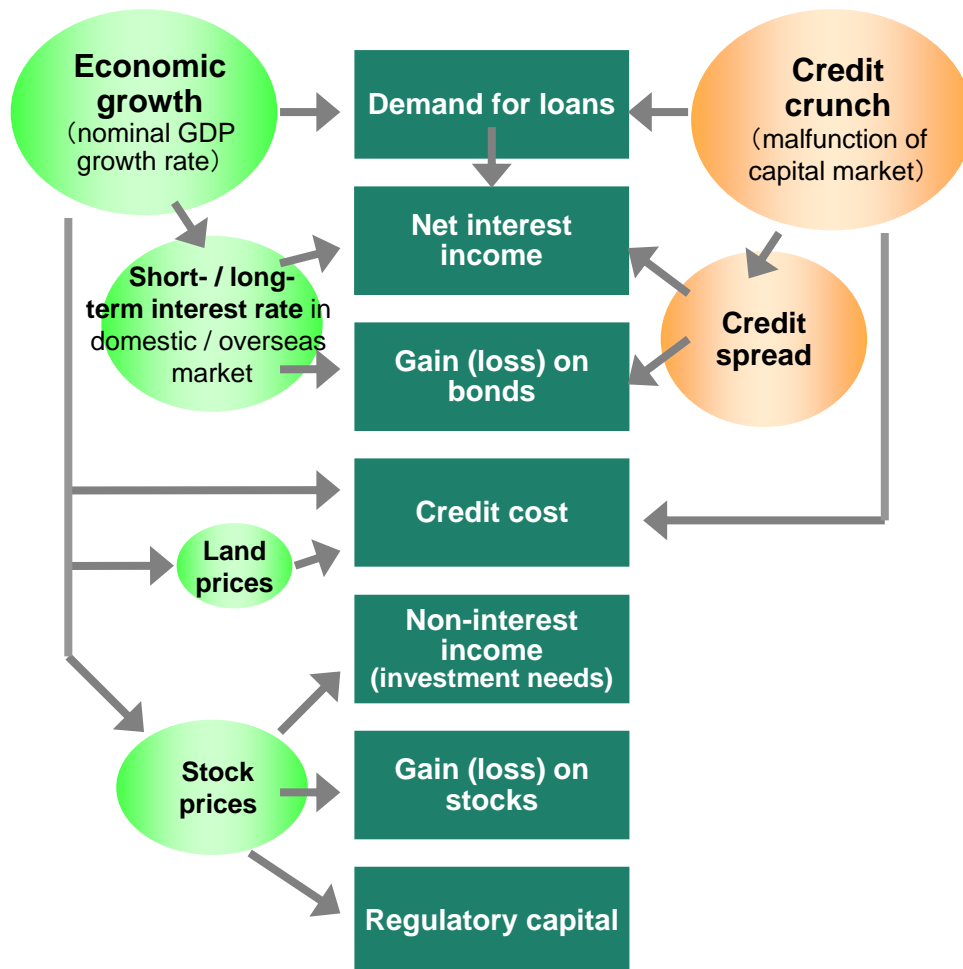


*1 Source: Cabinet Office [Government of Japan], Japan Real Estate Institute, BEA and Standard & Poor's
 *2 From 2H, FY08: Estimate by the Japan Research Institute
 *3 Assumption in the medium-term management plan

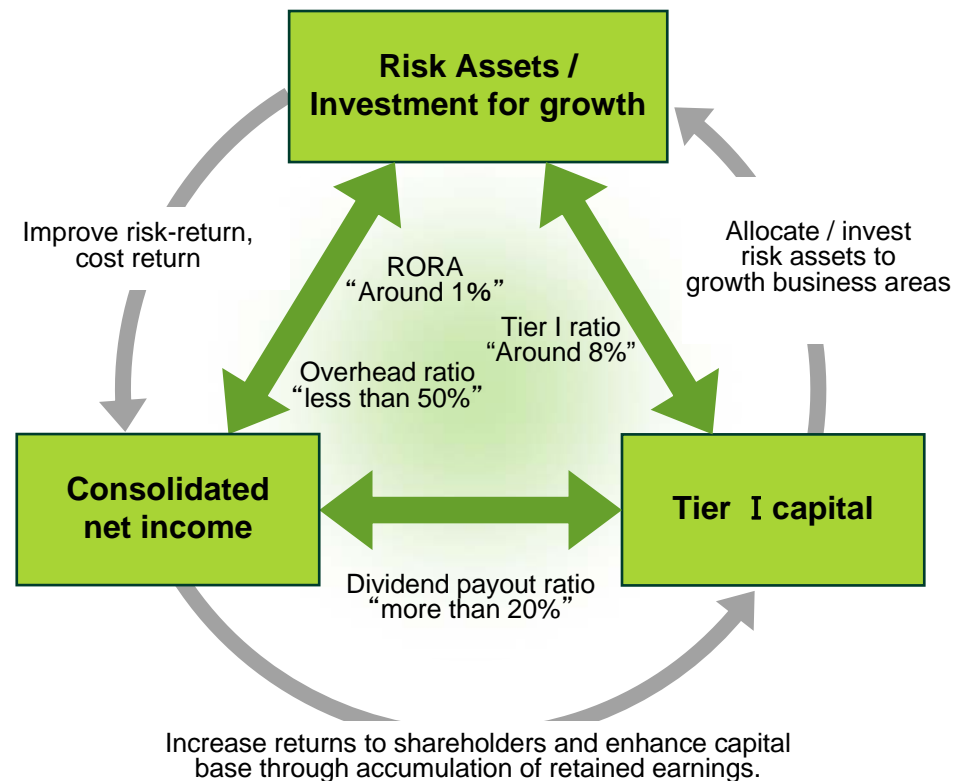
2-2. Management Approach for Sustainable Growth

Despite growing uncertainty in domestic and overseas business environment, our management approach for sustainable growth, which is the base of the Medium-term Management Plan, remain unchanged.

Major Impacts caused by change of macro economy (image)



Management approach for sustainable growth



Aiming for sustainable growth of corporate value through well-balanced growth cycle of profitability, sound capital base, risk assets and investment for growth.

2-3. Management Policy in 2nd Half, FY2008

“Taking a step forward, while coping with uncertainty in business environment,” as in 1H, FY08

“To realize solid financial base as a global player”

- 1** *Improving risk-return profile of SMFG's credit portfolio*
- 2** *Reinforcing expense control,
based on changes in business environment*

“To take the necessary actions for future growth”

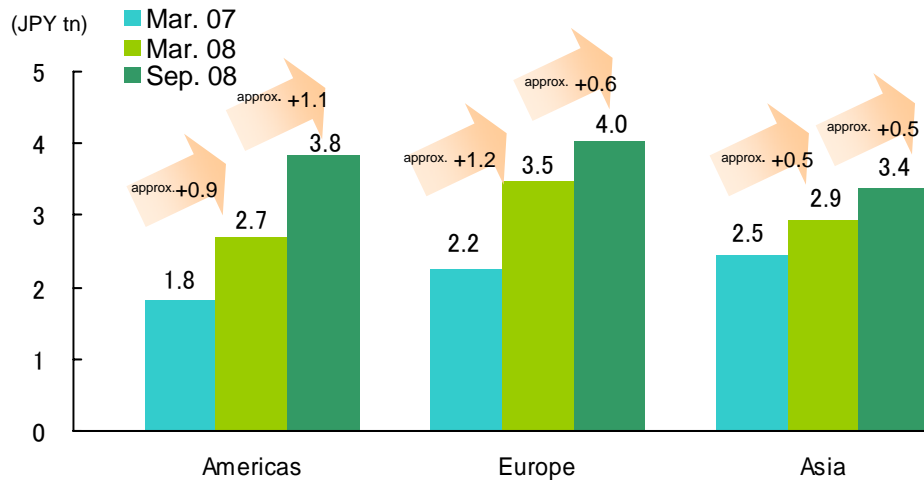
- 3** *Constantly expanding SMFG's commercial banking business*
- 4** *Consistently improving
consulting / solution-providing capabilities*
- 5** *Strategically strengthening focused areas in global markets*

2-3-1. Improving Risk-Return Profile of Credit Portfolio

(1) Overseas Loans

SMBC's overseas loan balance increased in each region: the Americas, Europe, and Asia.

Balance of overseas loans*1



Outstanding balance (JPY tn)

Mar. 07 6.5 approx. +2.6 Mar. 08 9.1 approx. +2.2 Sep. 08 11.3

Background of increase

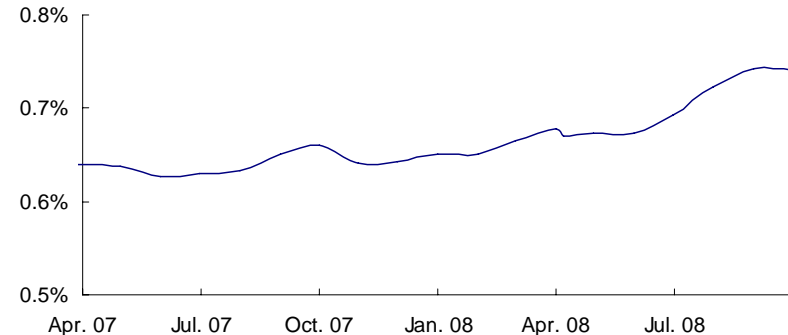
- Strong demand for finance in various sectors
- Customers' return to bank loans from capital market financing
- Overseas banks became more reluctant to provide financing

Respond to finance needs from customers mainly with high credit ratings, with careful attention to risk-return profile.

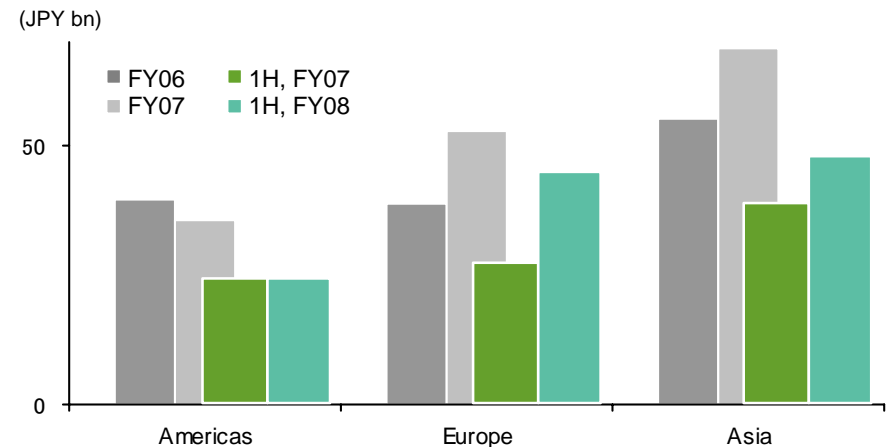
*1 Managerial accounting basis including SMBC Europe

*2 SMBC non-consolidated basis, average on contracted overseas loans outstanding

Loan spread*2



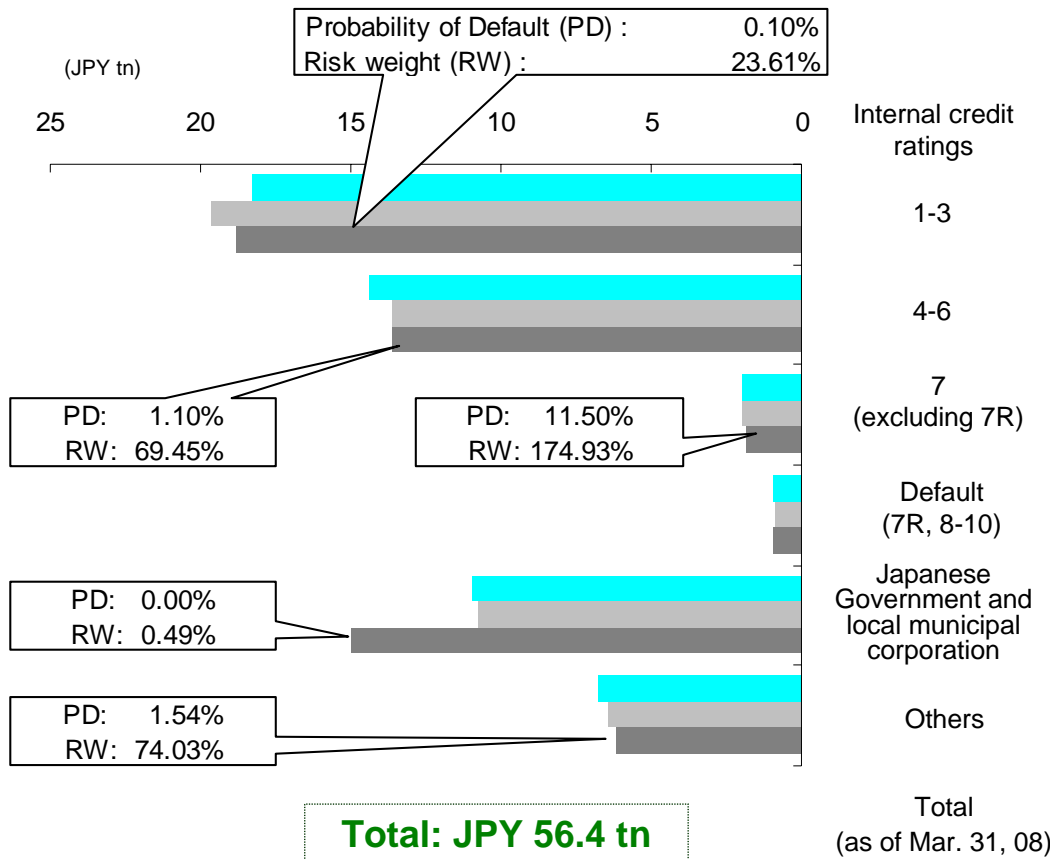
Trends of gross profit of International Banking Unit*1



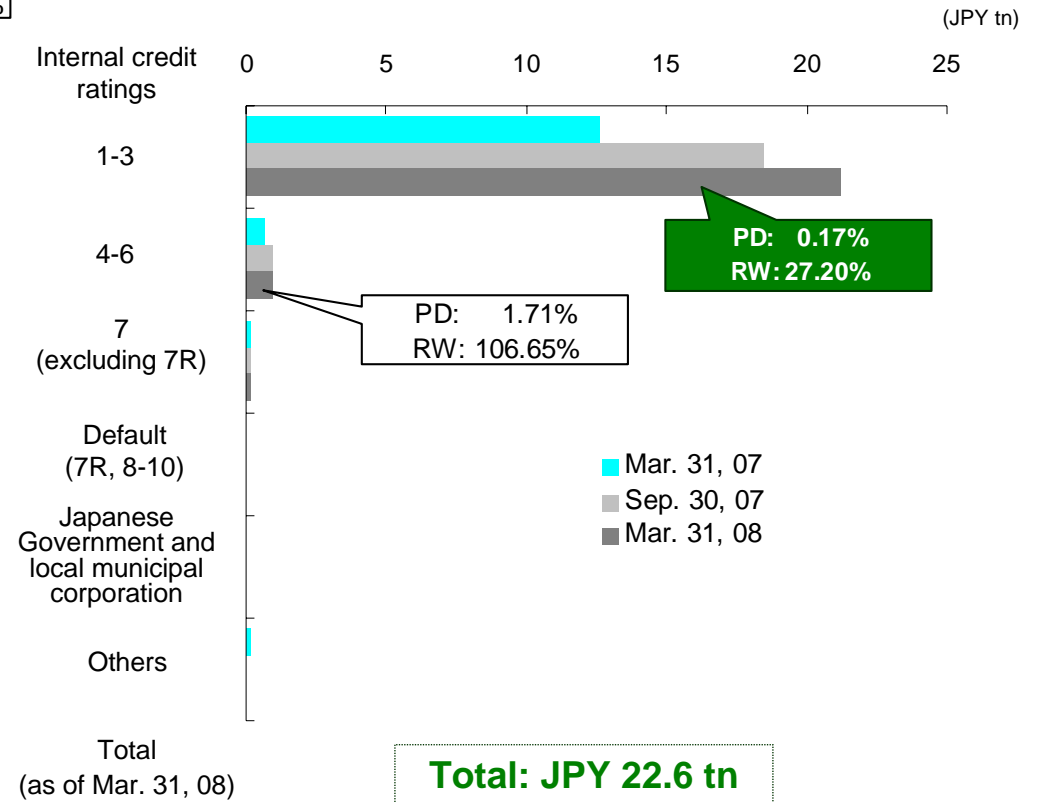
(Reference) Credit Risk Exposure

(Corporate, sovereign and bank exposure, as of March 31, 08, Basel II basis)

Domestic corporate, sovereign and bank exposures



Overseas corporate, sovereign and bank exposures

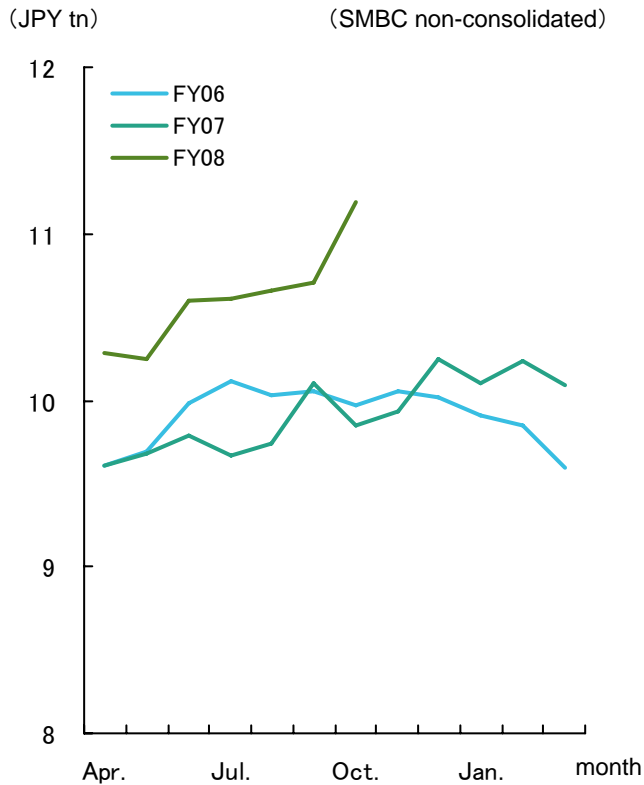


2-3-1. Improving Risk-Return Profile of Credit Portfolio

(2) Domestic Loans

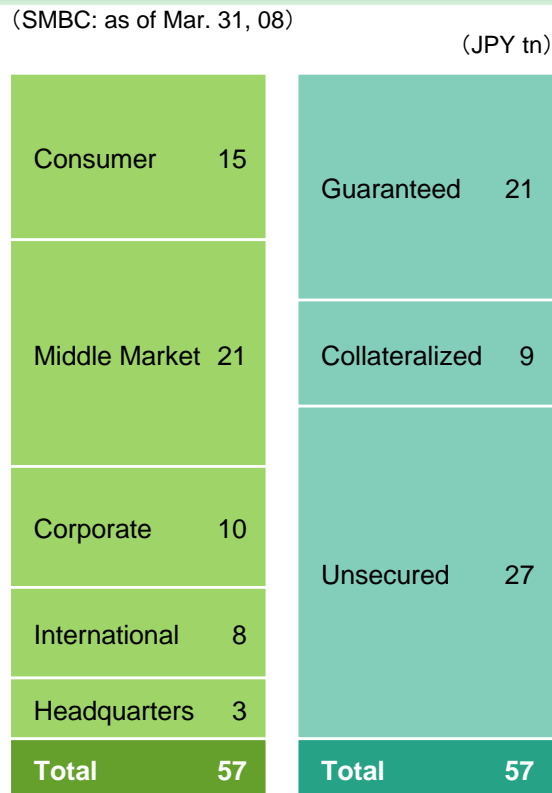
Recently, large domestic corporations started showing strong loan demands.

Trends of loan balance of large corporations*1

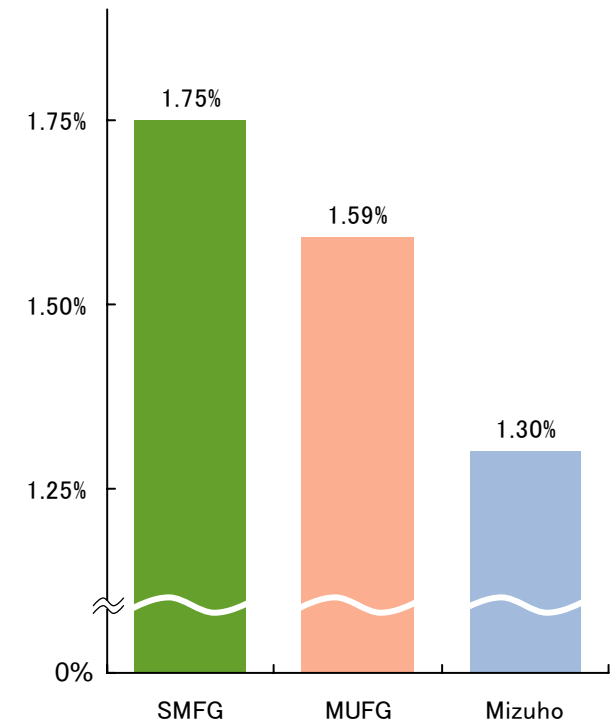


Reference

Loans, classified by business unit and coverage



Loan to deposit spread*2



*1 Trends of loan balance of Corporate Banking Unit.

*2 Based on company disclosure (financial results for 1H, FY2008). The figures shown in graphs is based on as follows:

non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG and simple aggregation of the figures of Mizuho Bank and Mizuho Corporate Bank for Mizuho.

2-3-1. Improving Risk-Return Profile of Credit Portfolio

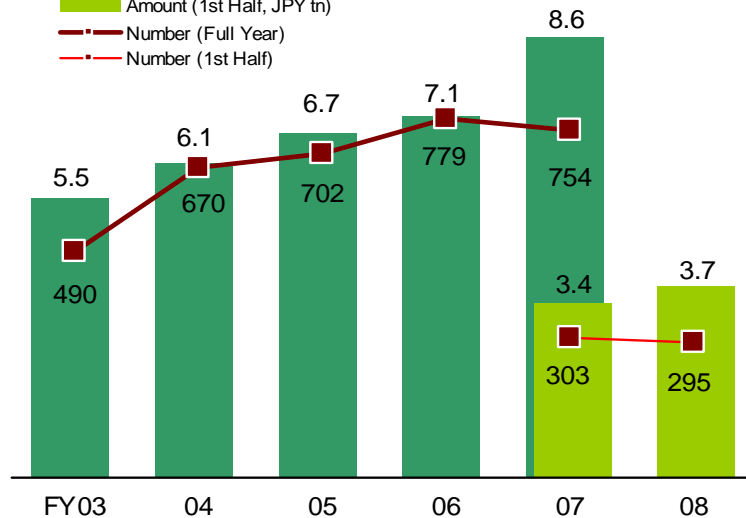
(3) Investment Banking Business

Further strengthening initiatives in business areas with expanded demand due to changes in business environment.

Loan syndication

Origination (amount, number)

- Amount (Full Year, JPY tn)
- Amount (1st Half, JPY tn)
- Number (Full Year)
- Number (1st Half)



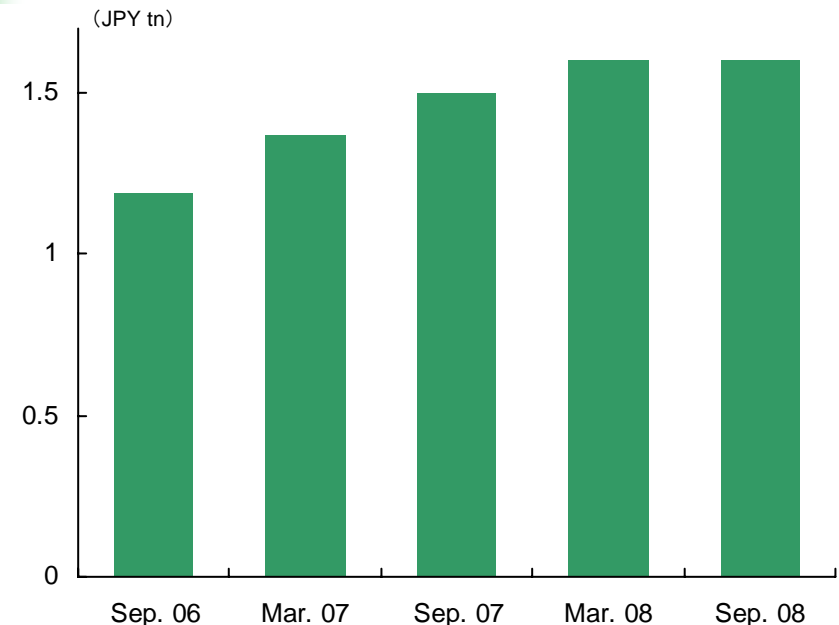
Average amount (JPY bn)

	FY03	04	05	06	07	08
Full Year	11.2	9.1	9.5	9.1	11.4	-
1st Half	-	-	-	-	11.2	12.5

- Amount of origination in 1s Half, FY08 (YOY change): **+approx.10%**
- Rank in domestic league table*: 1st
- Launching new products and services to match clients' needs
 - ▶ Loans with warrants, Samurai loans (e.g. IBM, Walt Disney)
- Continuously fortify transactions with public institutions and cross-border transactions, etc.

Real estate finance

Balance of non-recourse loans



- Increased demand for mega banks to provide loans
 - ▶ Resulted in wider loan spreads in the origination
- Carefully selecting projects with better risk-return profile

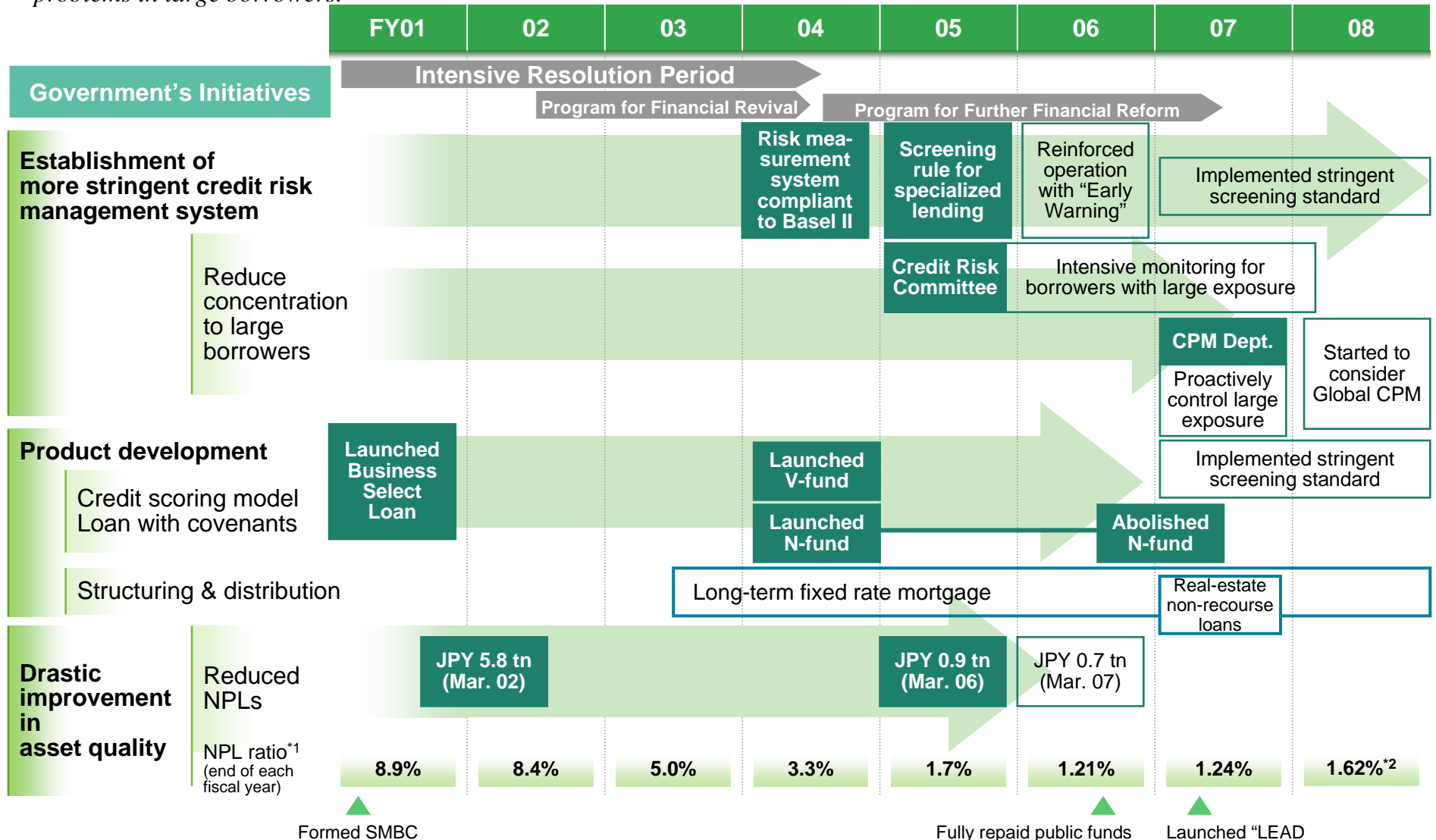
* Source: Thomson Reuters, Syndication Mandated Arranger (Japan, Jan. - Jun. 08)

(SMBC non-consolidated)

2-3-1. Improving Risk-Return Profile of Credit Portfolio

(4) Credit Risk Management System

Constantly reinforcing credit risk management systems even after the Intensive Resolution Period of non-performing loan problems in large borrowers.



*1 NPL ratio = Total NPLs outstanding / Total loans and other claims balance

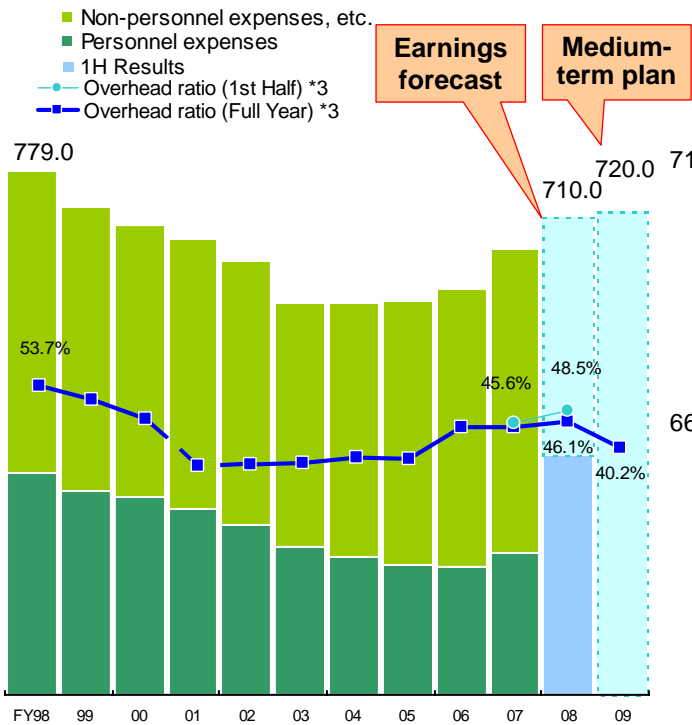
*2 Results of Sep. 30, 08

2-3-2. Reinforcing Expense Control Based on Changes in Business Environment

Allocating limited managerial resources in growth business areas, while reinforcing expense control based on changes in business environment.

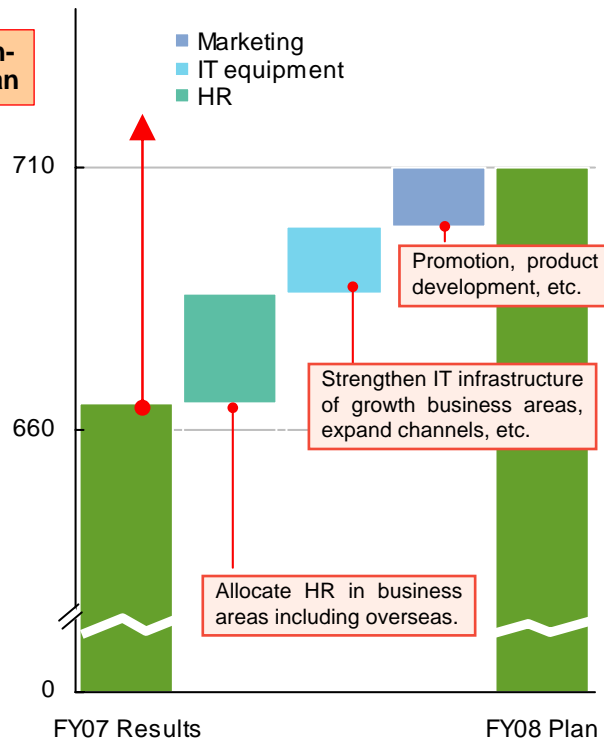
Trends of Expenses*1

(JPY bn) (SMBC non-consolidated)

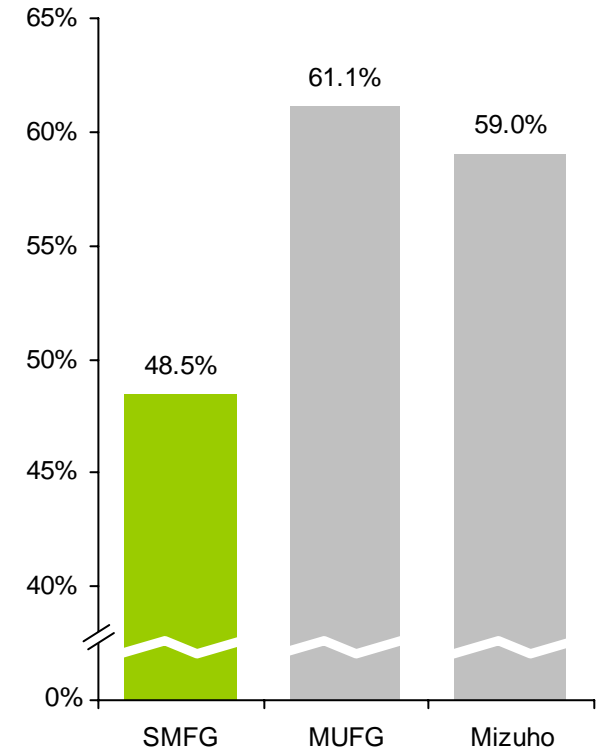


Plan for FY08

(JPY bn) (SMBC non-consolidated)



Overhead ratio*3 (comparison with peers*2)



*1 FY00 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

*2 Based on company disclosure (financial results for 1H, FY2008). The figures shown in graphs is based on as follows:

non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG and simple aggregation of the figures of Mizuho Bank and Mizuho Corporate Bank for Mizuho.

*3 Expenses divided by gross banking profit (simple aggregation of the figures of subsidiary banks on a non-consolidated basis)

2-3-3. Constantly Expanding Commercial Banking Business

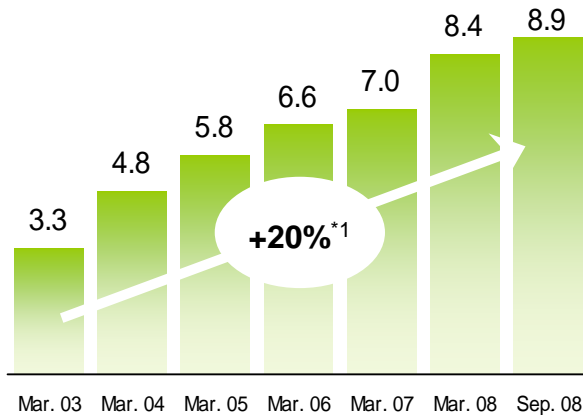
(1) Payment & Settlement Services, Consumer Finance

Continuously enhancing domestic deposit base by strengthening payment & settlement related services.

* loan-to-deposit ratio (domestic operations, average balance basis) = 83%

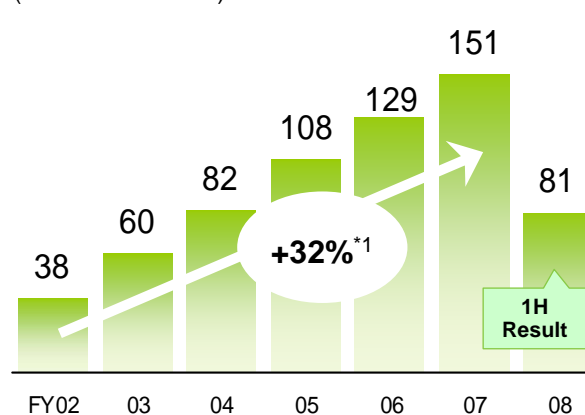
“SMBC Direct” customers

(mn of customers)



Number of internet transactions

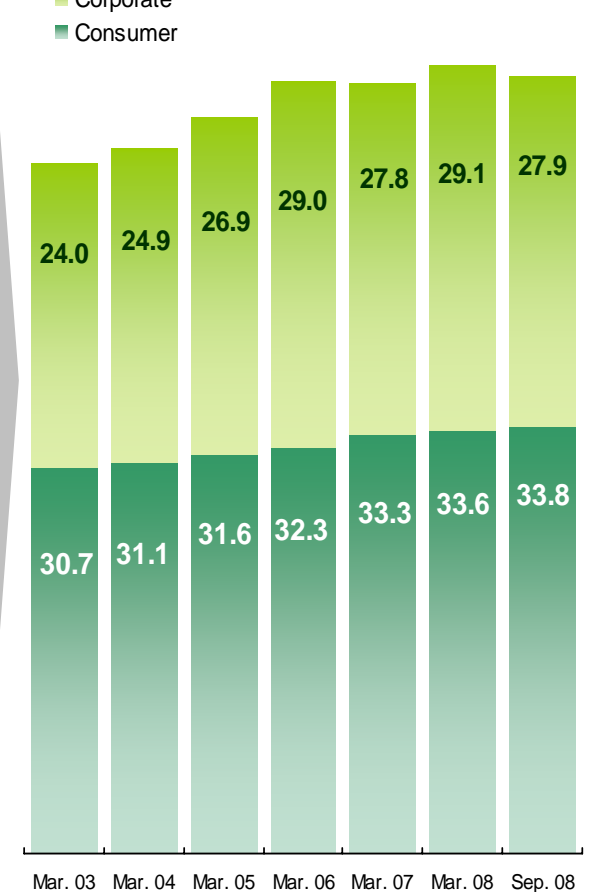
(mn of transactions)



Trends of domestic deposits*2

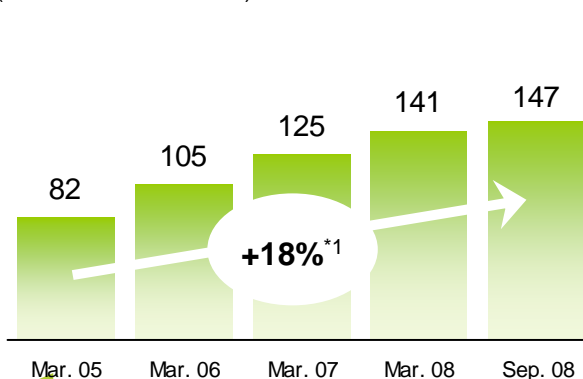
■ Corporate
■ Consumer

(JPY tn)



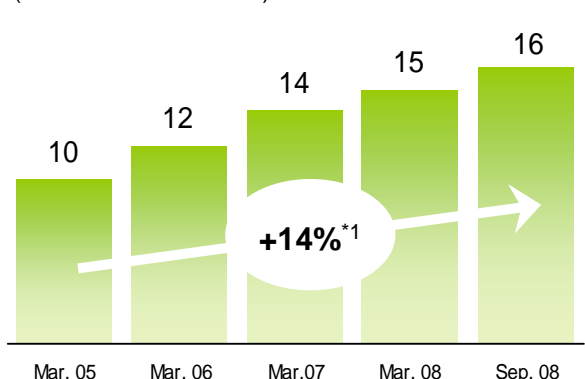
PC bank Web21 (number of contracts)

(thousands of contracts)



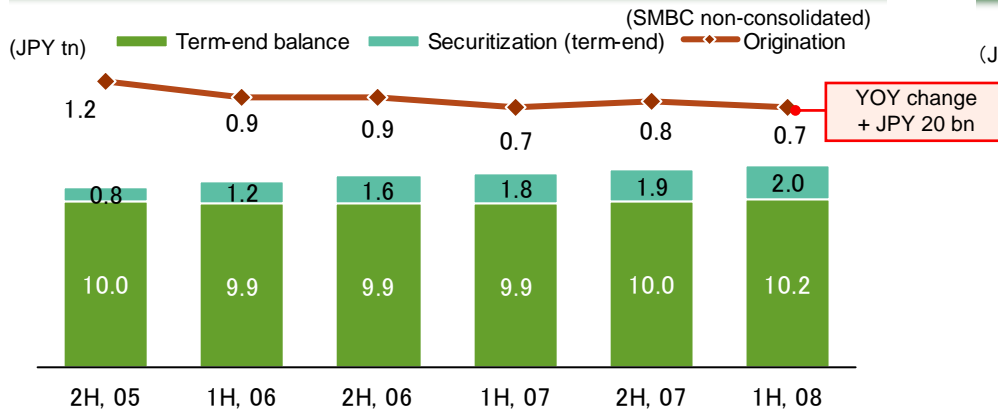
Global e-Trade service (number of contracts)

(thousands of contracts)

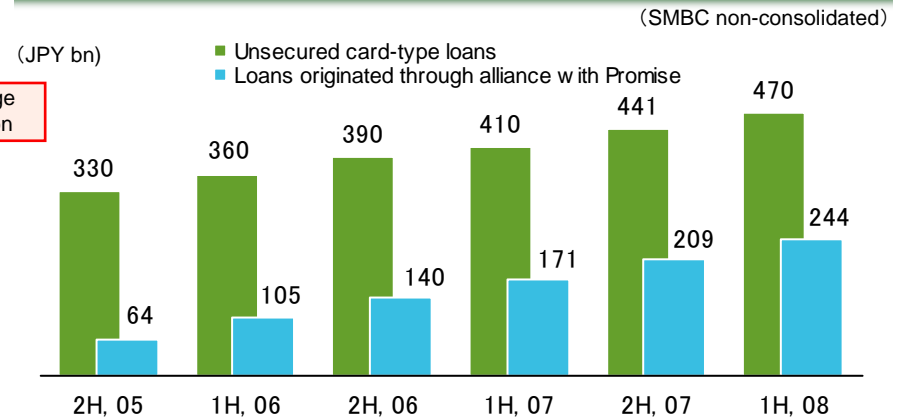


(Reference) Loans to Individuals

Housing Loans*1

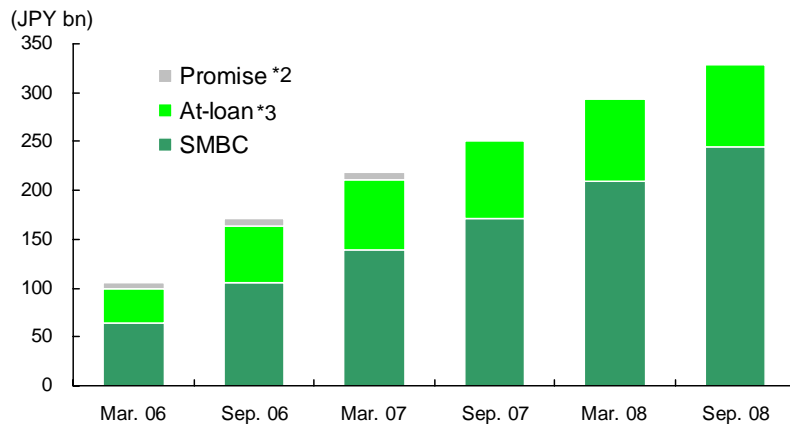


Balance of unsecured card-type loans (term-end balance)

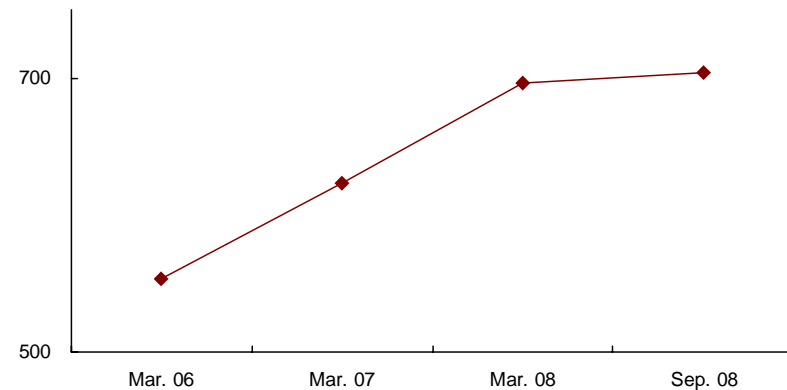


Collaborative business with Promise Since Apr. 05

Balance of loans



(Reference) Number of ACMs under alliance



● Steady increase in loan balance centered on SMBC

*1 Securitized approximately JPY 50 bn in 1H, FY08

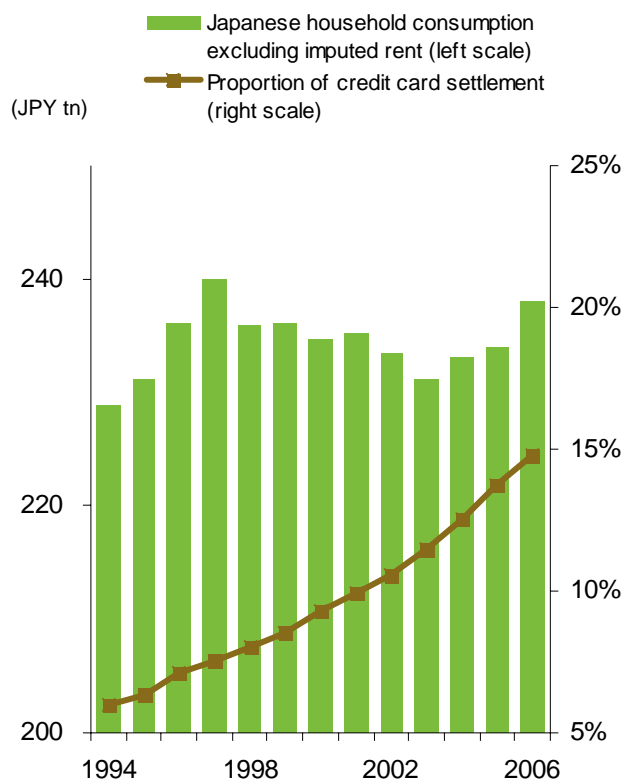
*2 Stopped origination in Feb. 07

*3 Excluding loans which At-loan provided before collaboration

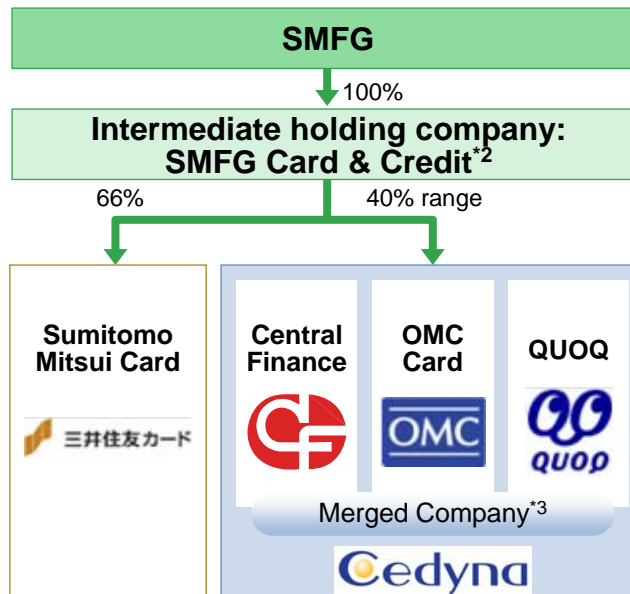
2-3-3. Constantly Expanding Commercial Banking Business (2) Credit Card Business

Promoting new group strategy in order to capture revenue opportunities in credit card market.

Market size of credit card business*1



Future operating base in credit card business



Number of cardholders*4 (mn)

JCB	55.8
SMFG Group	38.7
Credit Saison	26.0
Mitsubishi UFJ Nicos	25.8
Sumitomo Mitsui Card	16.4
Aeon Credit	15.5
Life	14.8
Orico	11.2
JACCS	9.9
OMC Card	9.6
Central Finance	9.1
...	
QUOQ	3.6

Expected synergies (examples)

Top-line synergy

- Partnership in marketing of affiliated credit cards
- Expansion of contracting business
- Combined functioning and sharing of know-how

Cost synergy

- Integration of systems and processing
- Centralization of acquiring operations

Target for operating profit of FY2011

(JPY bn)	
Aggregate	60.0
Sumitomo Mitsui Card	30.0
Cedyne	30.0

*1 "SNA," Cabinet Office of Japan, "Statistics on Japanese Consumer Credit," Japan Consumer Industry Association. Amount of credit card settlement is based on card sales amount handled

*2 Established in Oct. 08

*3 Date of merger is scheduled in Apr. 09

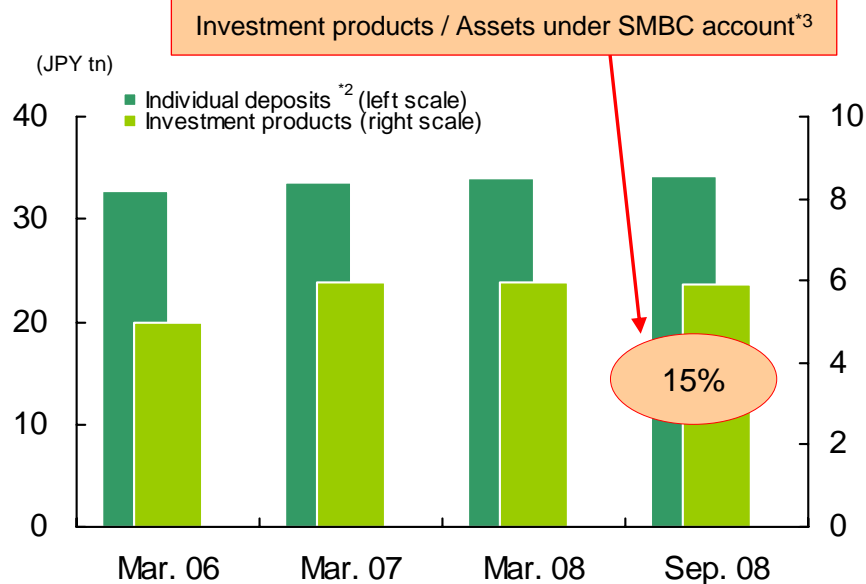
*4 Number of cardholders as of Mar. 08 (Number of cardholders for JCB and Aeon Credit / OMC Card are as of Mar. 07 and Feb. 08, respectively)

2-3-4. Consistently Improving Consulting Capabilities

(1) Financial Consulting for Individuals

Establishing "total consulting" business model - propose products and services which accurately respond to customers' needs and consistently provide follow-up information - less sensitive to changes in market conditions.

Increase in balance of investment products*1



Further fortifying product and service lineup

- Fortifying sales of investment products through continuous introduction and reorganization of products and services

Investment trusts

Pension-type insurances

Fund wraps

Aggressive expansion of channel network

Number of branch openings

- Net increase in number of branches accelerated from FY07
- Planned branch openings in FY08*5 20 branches (Net increase: 19 branches)
- Planning further expansion in the medium-term

Sales of insurance products after full-range deregulation

Since Dec. 07

- A good start (approx. 5,600 contracts by Sep. 08)
- 18 products from 7 life insurance companies sold at 90 branches*4

*1 Investment products = outstanding balance of investment trust to individuals + accumulated sales of pension-type insurance to individuals + individual foreign currency deposits

*2 Including foreign currency deposits

*3 Investment products / (individual deposits including foreign currency deposits + outstanding balance of investment trust to individuals + accumulated sales of pension-type insurance to individuals)

*4 As of sep. 30, 08

*5 Sum of increase in branches (new opening and conversion from representative office to branch) and increase in SMBC Consulting Offices.

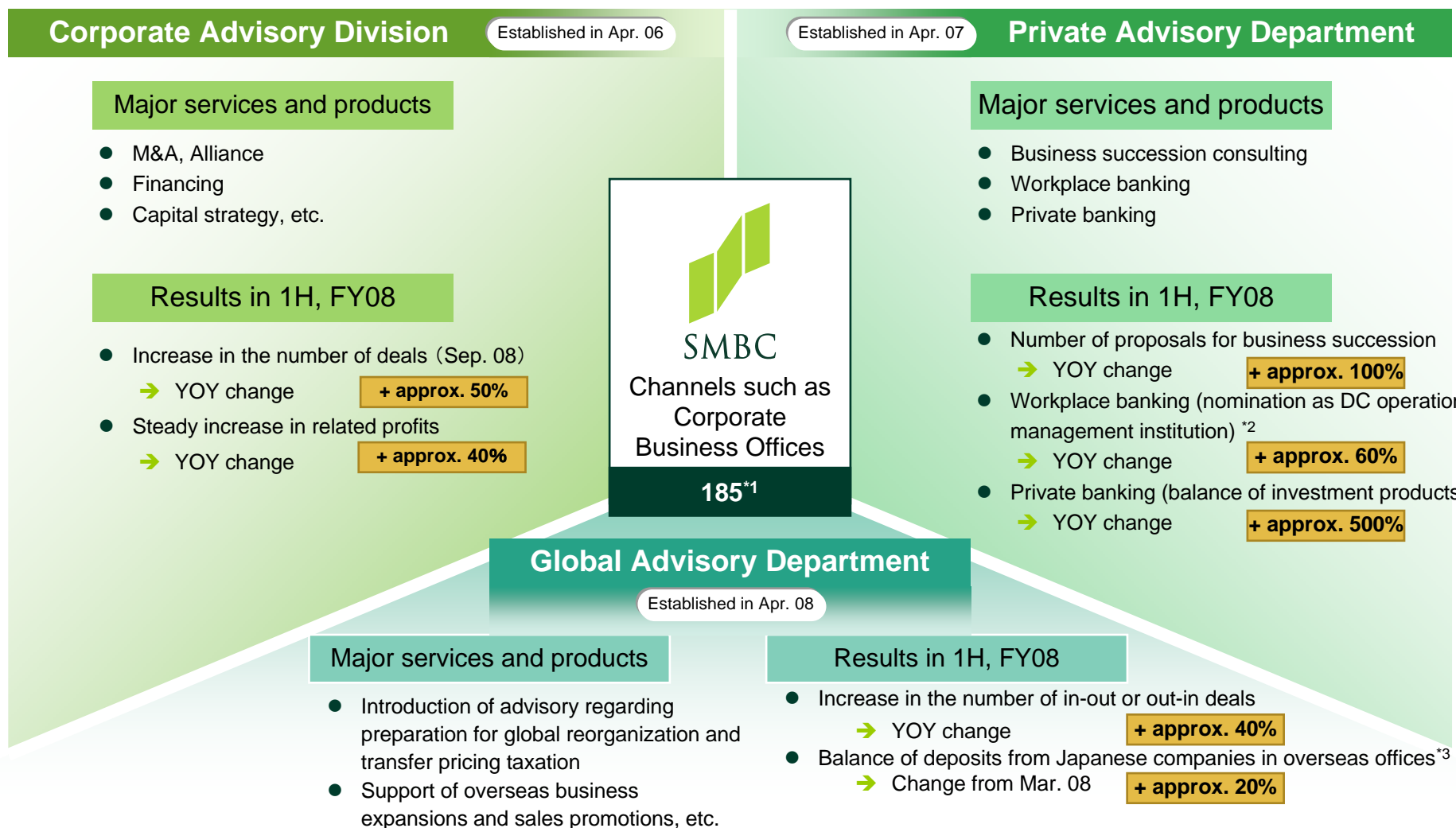
Improving consultants' skills and increasing the number of consultants

- Established "SMBC Retail Banking College" May 08
 - Strengthen training programs for new employees corresponding to the increase in undergraduate recruitment
 - Accelerate learning speed of knowledge and skills
- Introduced "Consulting Business Guide" Apr. 08
 - Improve and standardize consultants' knowledge and skills
- Further increase the number of consultants

(SMBC non-consolidated)

2-3-4. Consistently Improving Solution-Providing Capabilities (2) Solution Providing for Corporations

Reinforcing solution-providing capabilities through "seamless" service promotion supported by collaboration among front offices such as Corporate Business Offices, and three advisory entities (sharing Value, Knowledge, Information, and Profit).



*1 Number of Corporate Business Offices as of Mar. 31, 08

*2 Number of employees

*3 As of Nov. 19, 08

2-3-5. Strategically Strengthening Focused Business Areas in Global Market

Strongly focusing on Asia with reinforcing growth areas with competitive edge.

Multifaceted initiatives toward strengthening strategies in Asia

Further expand channel network

- **Beijing Branch**
Opened: Feb. 08
- **SMBC Capital India Private Limited**
Jul. 08
- **Hanoi Branch in Vietnam (Acquired approval to open)**
Announced: Nov. 08

Established flexible system for operating business

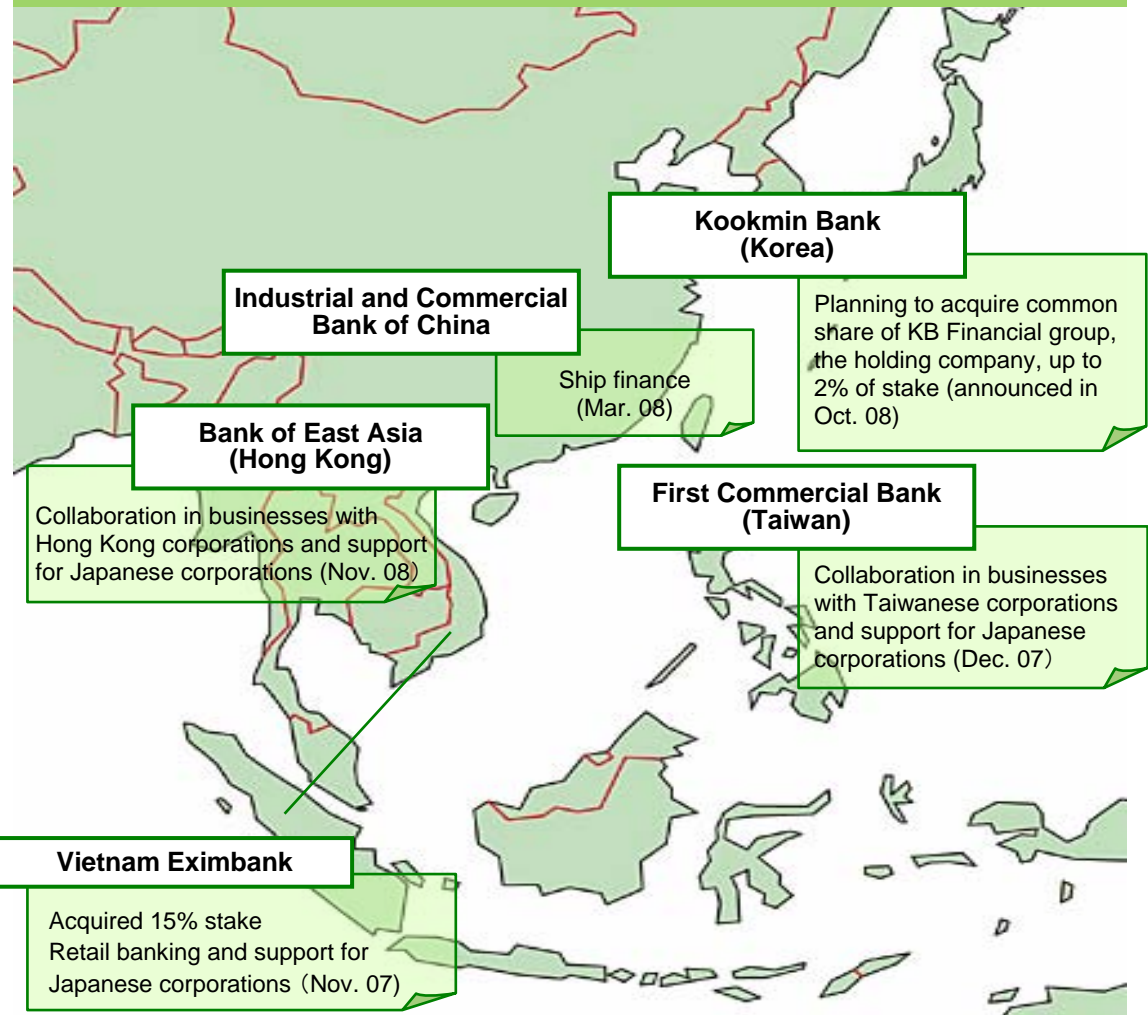
Established:
Apr. 08

Asia Pacific Division

Acquired approval to prepare for establishment:
Oct. 08

Subsidiary bank in China

Promote strategic alliance

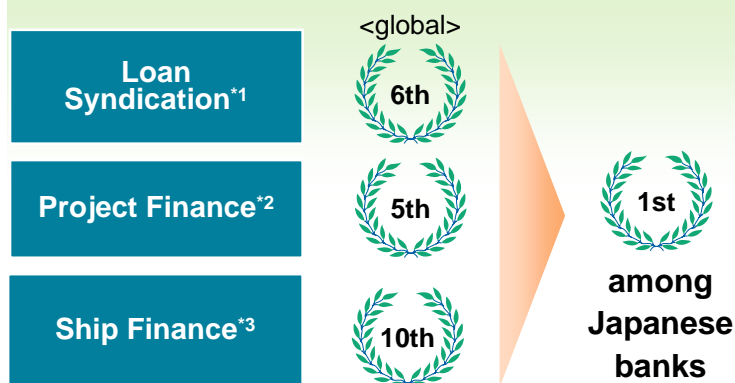


2-3-5. Strategically Strengthening Focused Business Areas in Global Market

Reinforcing specific products with global competitive edge, and expanding alliances with global financial institutions with competitive edge in focused areas.

Offensive / defensive approaches on a global basis

Further fortify specific products



Further fortify risk management

Established:
Oct. 08

Risk Management Dept.,
Americas Division

Risk Management Dept.,
Europe Division

Promote alliance strategy

Barclays PLC

Basic Agreement:
Jun. 08

- Acquired approx. 2% stake (as of Sep. 08)
Will explore joint business development opportunities
- Aiming for establishing a solid relationship with Barclays in order to explore opportunities in the long term

Outline of capital investment

- SMBC invested approx. GBP 500 mn (169 mn shares per 296 pence)
- Acquired approx. 2% stake of Barclays
- Attractive return in the medium term

SMFG's aim in strategic cooperation

- Supplement global network including emerging markets
- Leverage Barclays' expertise and products to strengthen growth businesses
- Trainee program

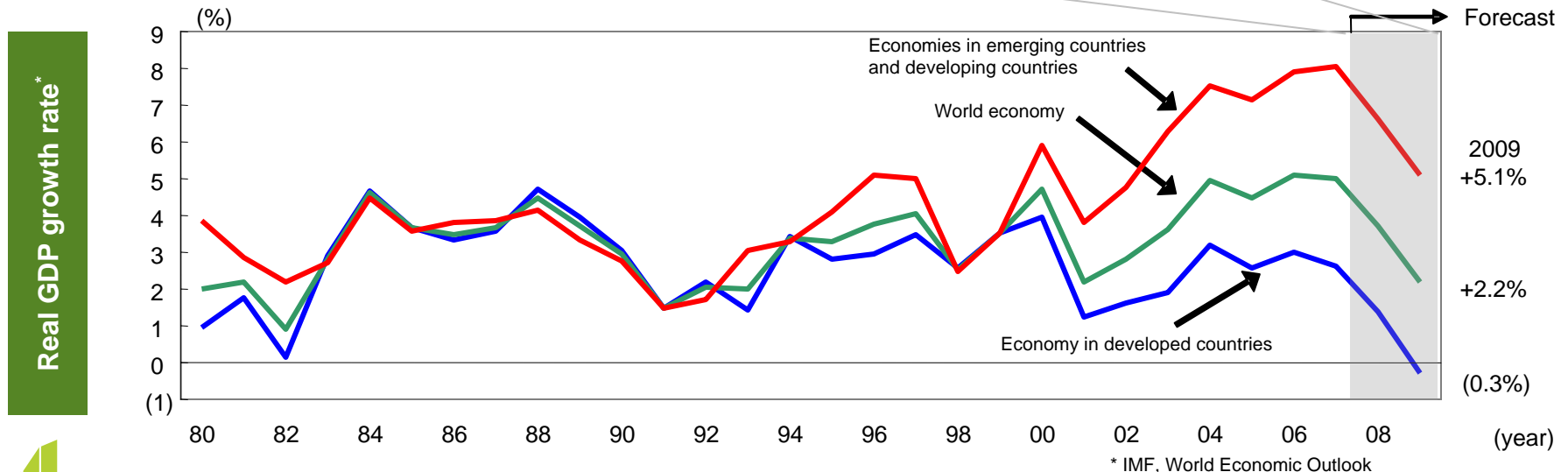
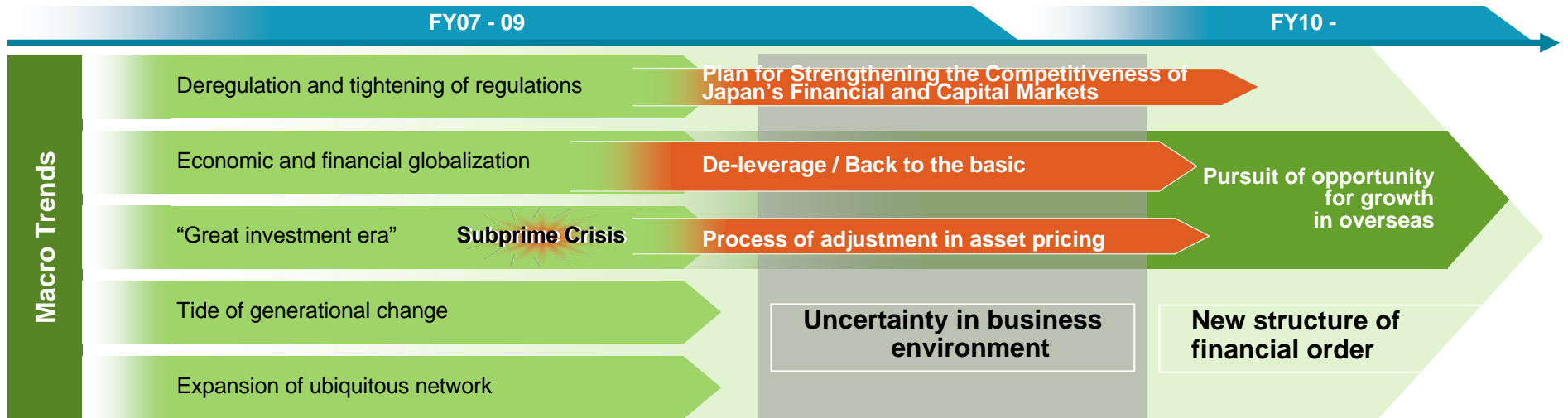
*1 Syndicated Loan Book Runner (Jan. – Jun. 08, Thomson Reuters)

*2 Project Finance Mandated Arranger (Jan. – Jun. 08, Thomson Reuters)

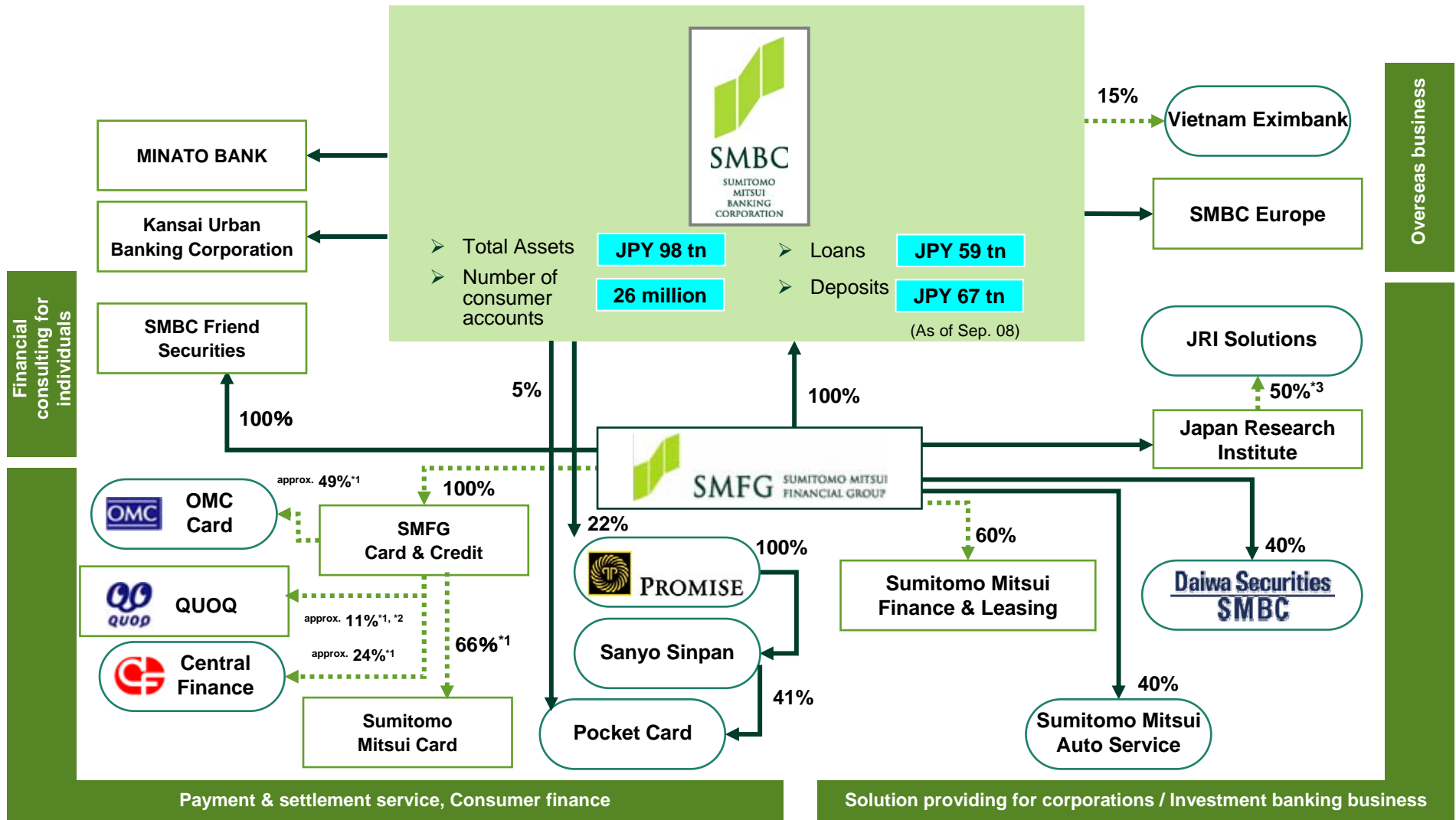
*3 Ship Finance Mandated Arranger (Jan. – Sep. 08, Dealogic)

In Closing

Amid clear signs of a global economic slowdown, we will continue to proactively deal with potential generation and expansion of losses in an early stage, and consistently takes the necessary actions for medium- and long-term growth with "Cautious Optimism."



(Reference) SMFG's Group Structure



*1 Effective date is scheduled to be Dec. 1, 08

*2 56.5% of total shares is held by SMFG's group companies.

*3 After transfer of 50% of total shares to NTT DATA on Jan. 5, 09

: Subsidiaries
 : Equity method affiliates
- - - - - : Changed or scheduled to change in FY08
→ : Investments before FY07



This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.