

(Reference 1) Overview of FY2008 Business Performance and Management Policy in FY2009

Overview of FY2008 Business Performance: "Taking a step forward to accomplishing medium-/long-term growth, while coping with uncertainty in business environment"

Due to financial market turmoil, a sharp decline in stock prices, and a slowdown in the global economy since last year, we suffered an impairment loss on stocks and an increase in credit costs for FY2008.

In order to quickly adapt to the adverse environment and promote a steady earnings recovery on and after FY2009, we made additional provisions for economic deterioration and recognized deferred tax assets conservatively.

Coping with uncertainty in business environment

<Banking Profit>

- Banking profit increased y-o-y even under adverse environment, through an increase in net interest income and an improvement in gain (loss) on bonds, and through controlling SMBC's OHR* below 50%

*Overhead Ratio

<Financial Measure>

- Made additional provisions for economic deterioration and recognized deferred tax assets conservatively

<Secured Capital Ratio above 11%, Tier I ratio above 8%>

- Issued Tier I preferred securities (approx. JPY1.1 tri. in FY08)
- Implemented Advanced-IRB method in Basel II

		(Billions of yen)	
[Income Analysis]		FY08	yoy change
<SMBC non-consolidated>	Gross banking profit	1,524.9	+ 40.1
	Expenses	(701.5)	(36.4)
	<OHR>	46.0%	+ 1.2%
	Banking profit ^{*1}	823.4	+ 3.7
	Total credit cost	(550.1)	(402.3)
		Net income(loss)	(301.1) (506.8)
<SMFG consolidated>		Net income(loss)	(373.5) (835.0)

Taking a step forward to accomplish medium-/long-term growth

<Solution Providing for Corporations>

- Initiatives to provide clients with a sufficient supply of funds
- Fortified corporate business depts. & co-operating specialized depts. (Established Global Advisory Dept., in addition to Corporate Advisory Div. and Private Advisory Dept.)

<Improving product/service line-up in Financial Consulting>

- Expanded channels to provide level-premium insurances

<Credit Card Business>

- Established "SMFG Card & Credit," which manages Group's business (Oct. 08)

<Overseas>

- Strategic alliances with leading commercial banks in focused areas (Barclays, Kookmin[KR], Bank of East Asia[HK], First Commercial Bank[TW])

		(Billions of yen)	
[B/S related items]		Mar. 09	yoy change
<SMBC non-consolidated>	Deferred tax assets ^{*2}	664.1	(305.4)
<SMFG consolidated>	Capital ratio [preliminary]	11.47%	+ 0.91%
	Tier I ratio [preliminary]	8.22%	+ 1.28%

*1 before general provision

*2 excluding deferred tax assets on net deferred loss on hedges and deferred tax liabilities on net unrealized gain on other securities

Management Policy and Strategic Initiatives in FY2009: "Establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of 'follow the basics.'"

We will maintain stringent control on expenses, credit costs, and risk-adjusted assets, while taking the necessary actions for medium-/long-term growth: realizing a solid financial base as a global player and fortifying targeted growth business areas.

Managing expenses, credit costs, and risk-adjusted assets

Expenses Allocate resources to growth areas / Increase operational efficiency→ keeping SMBC's OHR below 50%

Credit Costs Fortify credit risk management on a global basis / Enhance our ability to manage risks

Risk-adjusted Assets Provide customers with a sufficient supply of funds / Fulfill our role as a financial intermediary optimally and more actively / Improve risk-return profile of credit portfolio→ sustaining consolidated Tier I ratio of approx. 8%

Realizing a solid financial base as a global player

- Filed a shelf registration statement for common stock which permit us to flexibly issue new shares (Apr. 09)

Fortifying targeted growth business areas

- *We will continue to strengthen businesses consistent with our philosophy of 'follow the basics.'* -

Solution Providing for Corporations / Investment Banking, Trust Business

Meeting the financing needs of SME customers
Enhancing collaboration with Daiwa Securities SMBC
(responding to the relaxing of firewall regulations, to be introduced in Jun. 09)

Financial Consulting for Individuals

Expanding product/service lineup / Enhancing consultants' skills aiming to realize "total consulting services"

Payment & Settlement, Consumer finance

Working toward "the number one credit card business entity in Japan" through Sumitomo Mitsui Card and Cedyna Financial / Joint business development of ORIX Credit

Focused Business Areas in Global Market

Established "Sumitomo Mitsui Banking Corporation (China) Limited"
Promoting alliance with Barclays plc (U.K.) (wealth management, business in South Africa)

Acquisition of Nikko Cordial Securities and Other Related Businesses

Creating a new leading financial services group and increasing growth potential