



FY3/2010 Management Policy and Business Performance of 1st Half, FY3/2010

Sumitomo Mitsui Financial Group, Inc.

November 13, 2009

Overview of Business Performance of 1H, FY3/10 and Progress of Strategic Initiatives

SMFG's Consolidated net income in 1H, FY3/10 was JPY 123.5 bn, JPY 33.5 bn higher than the May 09 forecast, due mainly to SMBC's favorable performance.

Also, we enhanced our capital base, both in quality and quantity, by successfully completing in July the largest-ever common equity offering among Japanese financial institutions, while continuing to strengthen targeted growth business areas through making Nikko Cordial Securities as SMBC's wholly-owned subsidiary on Oct. 1st.

Managing expenses, credit costs and risk-adjusted assets

SMBC <non-consolidated>

Banking profit*1 JPY 27.6 bn higher than May 09 forecast

Gross banking profit JPY 19.3 bn higher than May 09 forecast

- ✓ Good performance in Gains on bonds
- ✓ Increase of Net interest income in overseas operation driven by improved loan spread, etc.

Expenses Overhead ratio: 47.5%

- ✓ Controlled business promotion expenses and investment in systems and offices

Total credit cost JPY 73.1 bn lower than May 09 forecast

- ✓ Mainly through in-depth approaches suiting to our clients' conditions

SMFG <consolidated>

Net income

JPY 33.5 bn higher than May 09 forecast due mainly to increase in SMBC's Net income

Realizing a solid financial base as a global player

- Raised JPY 861.0 bn*2 through common equity offering
- Issued preferred securities of JPY 1.6 tn in total since Feb. 08
 - ✓ Completed JPY 0.8 tn of refinance issued about 10 years ago

Fortifying targeted growth business areas

- ORIX Credit: Jul. 09
 - ✓ Made as a SMBC's consolidated subsidiary
- Bank Central Asia (Indonesia): Jul. 09
 - ✓ Signed MOU on mutual business cooperation
- Vietnam Eximbank: Aug. 09
 - ✓ Signed Technical service agreement
- Level-premium insurances, etc. Aug. 09
 - ✓ Started sales over the counter of all branches in Japan
- Nikko Cordial Securities: Oct. 09
 - ✓ Made as a wholly-owned subsidiary of SMBC
 - ✓ Started business as a securities and IB company

(Ref. 1) Overview of Financial Results in 1H, FY3/10

P/L

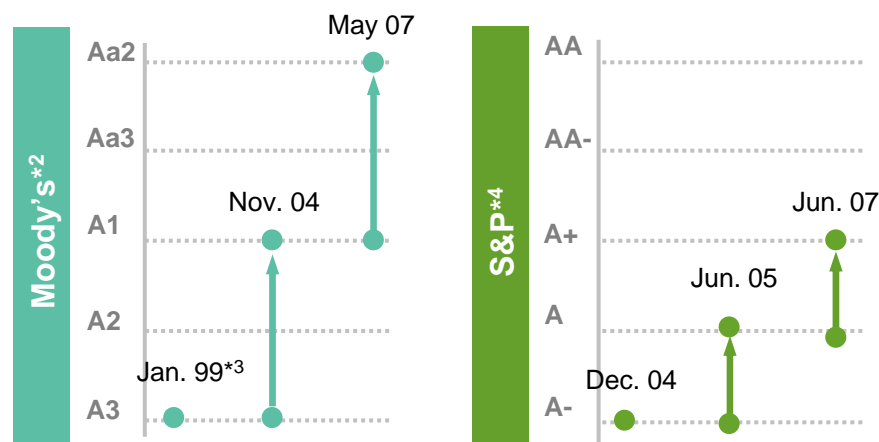
		1H, FY3/10	Change from May 09 forecast
(JPY bn)			
SMBC non-consolidated	Gross banking profit	719.3	+ 19.3
	Expenses	(341.7)	+ 8.3
	<Overhead ratio>	<47.5%>	<(2.5)%>
	Banking profit*1	377.6	+ 27.6
	Total credit cost	(156.9)	+ 73.1
	Net income	112.6	+ 42.6

SMFG consolidated	Net income	123.5	+ 33.5
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Capital ratio related (preliminary)

		Sep. 30, 09	Change from Mar 31. 09
SMFG consolidated	Capital ratio	13.13%	+ 1.66%
	Tier I ratio	9.55%	+ 1.33%

Ref. Credit ratings (SMBC)



(Ref. 2) Management Policy and Strategic Initiatives in FY3/10

"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
- Optimally and actively fulfill our role as a financial intermediary
- Improve risk-return profile of credit portfolio

Realizing a solid financial base as a global player

Sustain SMFG's consolidated Tier 1 ratio of around 8%

Fortifying targeted growth business areas

- We will continue to strengthen businesses consistent with our philosophy of 'Follow the Basics.' -

Solution providing for corporation / Investment banking, trust business

- Meeting the financing needs of SME customers
- Provide optimal solutions for clients' management issues

Wholesale / retail securities

Creating a new leading financial services group and increasing potential growth with Nikko Cordial Securities

Financial consulting for individuals

- Expanding product/service lineup
- Enhancing consultants' skills

Aiming to realize "total consulting services"

Payment & settlement, consumer finance

- Realize synergies within two-company system consists of Sumitomo Mitsui Card and Cedyne Financial

Working toward "the number one credit card business entity in Japan"

- Joint business development of ORIX Credit

Focused business areas in Global Market

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



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.