

## (Reference 1) Management Policy in FY3/2010 and Business Performance of 1st Half

**Management Policy and Strategic Initiatives in FY3/2010: "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 to 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 I 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 Corporations /  
Investment Banking, Trust Business

Meeting the financing needs of SME customers  
Providing 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

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 Markets

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

**Overview of Business Performance of 1st Half, FY3/2010 and Progress of Strategic Initiatives**

*SMFG's consolidated net income in 1st Half, FY3/2010 was JPY 123.5 billion, JPY 33.5 billion higher than May 2009 forecast, due mainly to the favorable performance of SMBC.*

*Also, we enhanced our capital base, both in terms of 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 SMBC's wholly-owned subsidiary on October 1st.*

**■ Managing expenses, credit costs, and risk-adjusted assets**

(SMBC non-consolidated)

## &lt;Banking profit&gt;

JPY 27.6 bn  
higher than  
May 09 forecast

- Gross banking profit JPY 19.3 bn higher than May 09 forecast, due mainly to good performance in gains on bond-related transactions and increase of Net interest income in international operation driven by improved loan spread.

- Expenses OHR was 47.5% as a result of efforts to reduce expenses.

## &lt;Total credit cost&gt;

JPY 73.1 bn lower than May 09 forecast mainly through in-depth approaches suiting to our clients' conditions

(SMFG consolidated)

## &lt;Net income&gt;

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 in total amount paid through common equity offering
- Issued preferred securities (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**

- Made Nikko Cordial Securities as a wholly-owned subsidiary of SMBC and started its business as a new securities and investment banking company (Oct. 09)
- Made ORIX Credit as a SMBC's consolidated subsidiary (Jul. 09)

etc.

	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
<OHR>	47.5%	(2.5) %
Banking profit*	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
	Sep. 30, 09	Change from Mar. 31, 09
<SMFG consolidated>		
Capital ratio [preliminary]	13.13%	+ 1.66%
Tier I ratio [preliminary]	9.55%	+ 1.33%

\* Before provision for general reserve for possible loan losses