

## (Reference 1) Overview of Business Performance of FY3/2010 and Management Policy for FY3/2011

**Overview of Business Performance of FY3/2010: "Establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of 'Follow the Basics.'"**

We achieved a steady recovery by maintaining stringent control on expenses, credit costs, and risk-adjusted assets. Also, as the global framework for more stringent regulatory capital requirements becomes clear, we implemented such strategic initiatives as common equity offering aiming for establishing a resilient capital base, while reinforcing our business portfolio represented by making Nikko Cordial Securities as a wholly-owned subsidiary of SMBC, in order to build the platform which allows us to achieve sustainable growth under new regulatory and competitive environment.

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

(SMBC non-consolidated)

<Expenses> Controlled OHR below 50%

<Total credit cost> Substantially decreased compared with FY3/09 and Nov. 09 forecast due mainly to detailed responses to our clients

(SMFG consolidated)

<Net income> Increased compared with FY3/09 and Nov. 09 forecast due mainly to increase in SMBC's Net income

**Realizing a solid financial base as a global player**

- Raised JPY 1.8 tn in total amount paid through common equity offering
- Repurchased hybrid securities (JPY 290 bn in total) / Converted convertible preferred stock into common equity

**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) etc.

	FY3/10	YOY change	Change from Nov. 09 forecast	(JPYbn)
<SMBC non-consolidated>				
Gross banking profit	1,455.3	(69.6)	+ 10.3	
Expenses	(685.8)	+ 15.7	+ 9.2	
<OHR>	47.1%	+ 1.1%	(1.0)%	
Banking profit	769.5	(53.9)	+ 19.5	
Total credit cost	(254.7)	+ 295.4	+ 85.3	
Net income	318.0	+ 619.1	+ 118.0	
<SMFG consolidated>				
Net income	271.6	+ 645.0	+ 51.6	

	Mar. 31, 10	Mar. 31, 09	Change from Mar. 31, 09
<SMFG consolidated>			
Capital ratio [preliminary]	15.02%	+ 3.55%	
Tier I ratio [preliminary]	11.15%	+ 2.93%	

\* Before provision for general reserve for possible loan losses

**Management Policy for FY3/2011:**

**"Transforming our business model to grow steadily under a new regulatory and competitive environment through a forward-looking approach" / "Emphasizing return on risks and costs, in order to improve asset quality and thoroughly control expenses and credit costs"**

In order to "secure a resilient capital base" and "reinforce our business portfolio to achieve sustainable growth," we will strengthen our profitability through allocating more capital and resources into targeted growth business areas including overseas business and securities business. We will also implement improvement of risk-return profile by rebalancing our asset portfolio towards assets with high growth potential from assets with low yields and control on credit costs, while meeting customers' financial needs.

**Securing a resilient capital base**⇒ Maintain over around 10% of consolidated Tier I ratio

- Steadily accumulating earnings based on our management plan
- Minimizing risks to our capital posed by volatility in our equity holdings
- Promoting initiatives toward NYSE listing

**Reinforcing business portfolio to achieve sustainable growth**⇒ Target around 10% of consolidated ROE in the medium term

<Fortify bottom-line profit by reviewing current business / Further increase productivity by improving business processes>

- Improving risk-return profile by rebalancing our asset portfolio towards assets with high growth potential from assets with low yields while meeting customers' financing needs / Controlling credit costs and expenses

<Pursue profitability by focusing on targeted growth business areas / Further enhance customer responsiveness by leveraging advisory functions>

Solution Providing for Corporations / Investment Banking, Trust Business

Meeting the financial needs of SME customers / Providing optimal solutions for clients' management issues

Wholesale / Retail Securities Business

Accelerate integration between banking and securities services businesses centered on Nikko Cordial  
→ Early establishment of wholesale securities business to generate profit / Continuously enhancing retail securities business

Financial Consulting for Individuals

Further expanding product/service lineup / Enhancing consultants' skills

Payment & Settlement Services, Consumer Finance

Steadily promoting credit card business strategy by making Cedyna as a consolidated subsidiary / Revising business model under the cascade strategy, merger of At-Loan by Promise (scheduled in Apr., 2011) / Promoting global CMS (Cash Management Service)

Focused Business Areas in Global Markets

Allocating resources into overseas business centered on Asia, diversifying and stabilizing funding / Continuously strengthening finance with expertise, expanding products-related business / Meeting customers' needs in a globally integrated manner / Promoting capital/business alliances with commercial banks in Asia