

(Reference 1) Overview of Medium-term Management Plan, Management Policy in FY2008, and its progress

Overview of Medium-term Management Plan (FY2007 ~ 2009)

Aim for "a globally competitive financial services group with the highest trust" by maximizing our strengths to LEAD THE VALUE

Strategic Initiatives

- Strengthen targeted growth business areas
- Fortify platform for supporting sustainable growth

Management Targets

- Aim for top quality in growth business areas
- Realize solid financial base as a global player
- Increase returns to shareholders (realize payout ratio of more than 20%)

Financial Targets for FY09

- Net income : JPY 650 billion
- Tier I ratio : Approx. 8%
- Net income RORA : Approx. 1%
- Overhead ratio : 40-45% (SMBC non-consolidated)

- ROE (SMFG consolidated): 10-15%

Management Policy and Strategic Initiatives in FY2008:

"Taking a step forward, while coping with uncertainty in business environment"

In order to cope with uncertainty in business environment, SMFG continues to proactively deal with potential generation and expansion of losses in an early stage, allocate limited managerial resources in growth business areas, and consistently pursue its two strategic initiatives in the Medium-term Management Plan: namely, "strengthen targeted growth business areas" and "fortify platform for supporting sustainable growth," aiming to realize medium- and long-term growth.

■ Strengthen targeted growth business areas

<Examples of major initiatives>

Financial consulting for individuals

Strengthen line-up of investment products / Promote branch openings in Tokai area etc.

Payment & settlement services,
Consumer finance

Established SMFG Card & Credit, an intermediate holding company of credit card business (2008/10) / Promote collaboration with Promise

Solution providing for corporations/
Investment banking

Improve capability to provide solutions for clients' management issues / Promote collaboration with Daiwa Securities SMBC

Focused business areas in global
markets

Prepare to establish a subsidiary in China / Reinforce products with competitive edge / Promote strategic alliances with Barclays PLC and commercial banks in Asia

■ Fortify platform for supporting sustainable growth

Strengthen compliance

Improve risk management

Reinforce CS and quality management

Explore listing on the New York Stock Exchange

Major economic assumptions in Financial targets of the Medium-term Management Plan

SMFG had taken a step forward to accomplishing the Medium-term Management Plan in FY2007, as a result of a number of progress in strategic initiatives in the plan. Nevertheless, especially since FY2008, the macro-economic reality has diverged from the original assumptions of "interest rate hikes under steady expansion of economy." Consequently, it has become difficult to accomplish Net income target for FY2009 within the period of the current plan.

On the other hand, SMFG continuously aims for taking a step forward to "realize solid financial base as a global player" targeted in the plan and consistently takes the necessary actions for future growth despite growing uncertainty in domestic and overseas business environment, through persistence of business efficiency with overhead ratio of less than 50% on SMBC non-consolidated basis and steady increase of Tier I ratio.

SMFG will announce its Financial Forecast for FY2009, the last fiscal year of the Medium-term Management Plan in next May, together with the Financial Results of FY2008.

Major economic assumptions under the Medium-term

Management Plan and the results	Assumption	
	FY08	2008/9/30
Nominal GDP Growth (annual)	2.9%	(0.6%) *
3 month TIBOR	1.12%	0.88%
10 Year Yen Swap Rate	2.10%	1.63%
Yen/Dollar Exchange Rate	115yen	104yen

* Estimate of FY08 by the Japan Research Institute as of Nov. '08.

	2007/3/31	2008/10/27
Nikkei Stock Average	17,287.65yen	7,162.90yen

Trends of Overhead ratio (SMBC non-consolidated) and Tier I ratio

	Overhead ratio	Tier I ratio
FY06	44.9%	6.42%
FY07	44.8%	6.94%
1H, 08	48.5%	7.08%