

Supplementary Information II

Overview of Fiscal 2008 Business Performance/ Management Policy and Strategic Initiatives in Fiscal 2009

◎ Overview of Fiscal 2008 Business Performance

Due to the financial market turmoil, a sharp decline in stock prices, and a slowdown in the global economy since last year, we recorded impairment losses on stocks and an increase in credit cost in fiscal 2008.

In order to quickly adapt to the adverse environment and promote a steady earnings recovery from fiscal 2009, we made additional loan loss provisions in preparation for further economic deterioration and recognized deferred tax assets more conservatively.

Coping with uncertainty in business environment

■ Banking profit* increased y-o-y

Through;

- An increase in net interest income and an improvement in losses on bonds
- Controlled SMBC's overhead ratio to below 50%

*SMBC nonconsolidated

■ Took conservative financial measures

- Made additional loan loss provisions for future economic deterioration
- Recognized deferred tax assets more conservatively

■ Secured capital ratio above 11%, and Tier I ratio above 8%

- Issued Tier I preferred securities (approx. ¥1.1 trillion in fiscal 08)
- Implemented AIRB approach under Basel II framework

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

■ Solution providing for corporations

- Initiatives to provide clients with sufficient funds
- Upgraded Corporate Business Offices & co-operating specialized depts. (three specialized departments – Corporate Advisory Div., Private Advisory Dept. and newly established Global Advisory Dept.)

■ Fortified products/service lineup in financial consulting for individuals

- Expanded channels to market level-premium insurance

■ Credit card business

- Established intermediate holding company SMFG Card & Credit to manage the Group's card business

Established
Oct. 08

■ Focused business areas in global markets

- Strategic alliances with leading commercial banks in the region

Barclays PLC

Kookmin Bank (Korea)

Bank of East Asia (Hong Kong)

First Commercial Bank (Taiwan)

Taking a step forward to accomplishing medium-/long-term growth,
while coping with uncertainty in the business environment

◎ Management Policy and Strategic Initiatives in Fiscal 2009

“Establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of ‘following the basics.’”

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

Managing expenses, credit cost and risk-adjusted assets

Expenses

- Allocate resources to growth areas
- Increase operational efficiency

Keep SMBC's OHR
below 50%

Credit cost

- Fortify credit risk management on a global basis
- Enhance our ability to manage risks

Risk-adjusted assets

- Provide customers with sufficient 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

■ Capital increase through issuance of common shares

(resolved in May 09)

- ▶ Qualitative and quantitative improvement of capital base

Fortifying targeted growth business areas

We will continue to strengthen businesses
consistent with our philosophy of “following the basics”

Solution providing for corporations/ Investment banking, trust business

- Meet the financing needs of SME customers
- Prepare optimal solutions for management issues

Financial consulting for individuals

- Fortifying product/service line-up
- Enhancing consultants' skills
- ▶ Aiming to realize “total consulting services”

Payment & settlement service, Consumer finance

- Realize synergies within two-company system consisting 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 markets

- Established Sumitomo Mitsui Banking Corporation (China) Limited
- Developing businesses with Barclays PLC (wealth management, business in South Africa)

Acquisition of Nikko Cordial Securities Inc. and other businesses

- ▶ Creating a new leading financial services group and increasing growth potential

Performance in Growth Businesses (SMBC Nonconsolidated)

(Note: Figures in the green circles are average compound annual growth rates.)

Customer Assets (Investment Trusts and Pension-Type Insurance)

Unit: ¥ trillion, term-end

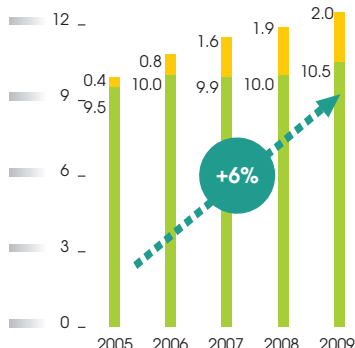
■ Cumulative sales of pension-type insurance
■ Balance of investment trusts



Housing Loans

Unit: ¥ trillion

■ Securitized balance
■ Balance outstanding



Consumer Finance (Term-end balance)

Unit: ¥ billion

■ Unsecured card loans
■ Including portion under tie-up with Promise

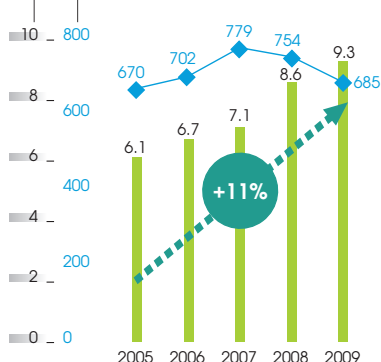


Note: During FY2007, about ¥300 billion of these loans were securitized. Managerial accounting basis including corporate bonds.

Loan Syndications

■ Amount originated (¥ trillion)

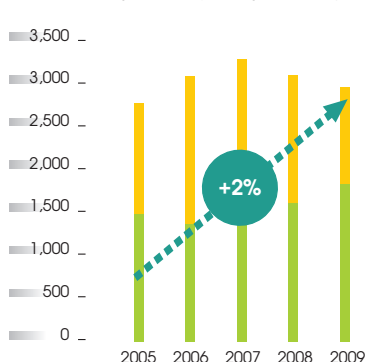
◆ Number of origination



Loans guaranteed by credit guarantee corporations and Business Select Loans

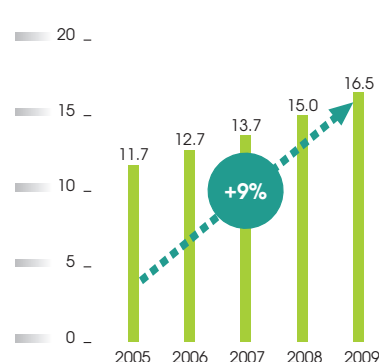
Unit: ¥ billion, term-end balance

■ Business Select Loans
■ Loans guaranteed by credit guarantee corporations



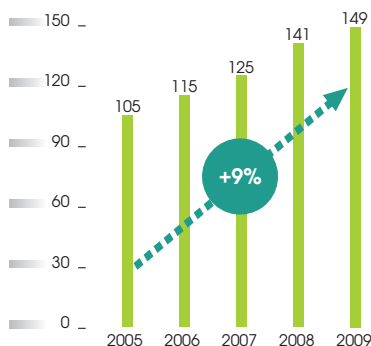
Global e-Trade Service (Number of Contracts)

Unit: Thousands of contracts



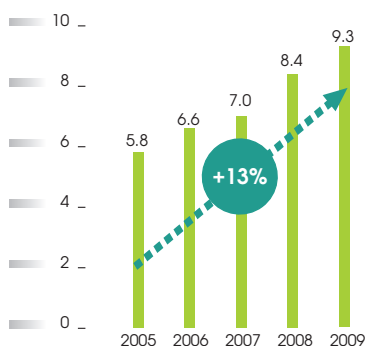
PC Bank Web21 (Number of Contracts)

Unit: Thousands of contract



SMBC Direct Customer Contracts

Unit: Million customers



Number of Internet Transactions

Unit: Millions

