

Bank of America Merrill Lynch Japan Conference 2009

SMFG's Strategy under Changing Landscape

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Sumitomo Mitsui Financial Group, Inc.

September 15, 2009

Agenda

- 1. Changing Landscape**
- 2. SMFG's Approach to Current Environment**
- 3. Initiatives in Targeted Growth Business Areas**
- 4. Capital Policy**

1. Changing Landscape

Though we see some signs of macro-economic recovery, we are not optimistic enough to revise the assumptions for FY3/2010 Earnings forecast of minus 3.5% nominal GDP growth rate



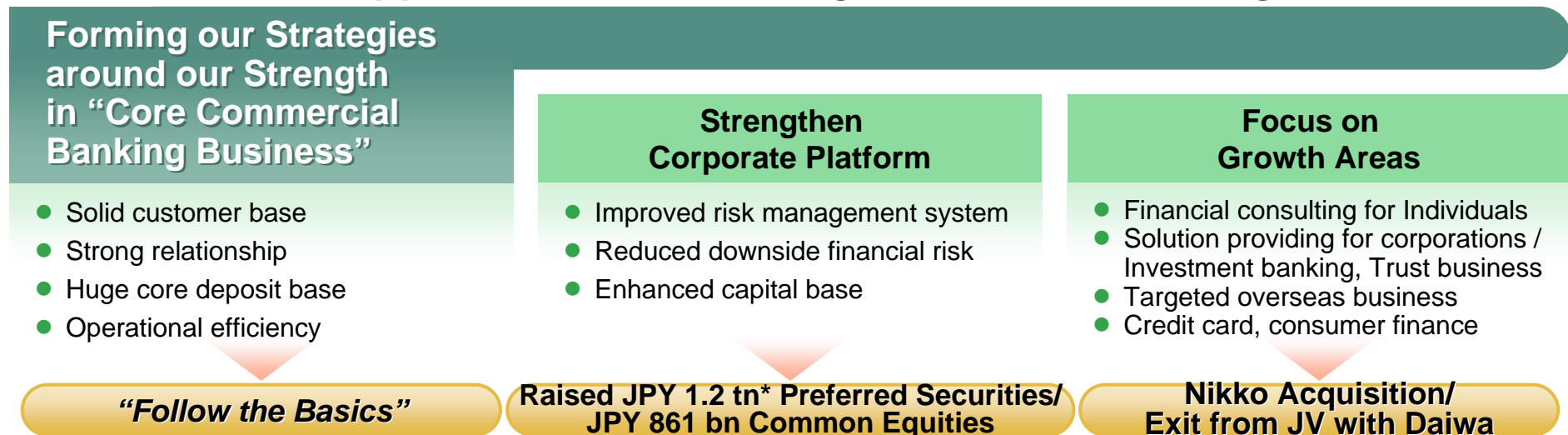
Root causes of current crisis*1	Nominal GDP Growth Rate (YOY change)	Agreement of the oversight body of Basel Committee Sep. 09
<ul style="list-style-type: none"> ● Lack of adequate appreciation of risks ● Vulnerabilities in the system <ul style="list-style-type: none"> ▶ Weak underwriting standards ▶ Unsound risk management ▶ Increasingly complex and opaque financial products ▶ Excessive leverage <p>etc.</p>		<p>Agreed:</p> <ul style="list-style-type: none"> ● The predominant form of the Tier I capital must be common shares and retained earnings ● Introduction of a leverage ratio as a supplementary measure ● Introduction of a framework for countercyclical capital buffer <p>etc.</p>

*1 Source: "Declaration of the Summit on Financial Markets and the World Economy," November 15, 08, G20
 *2 Assumption in SMFG's medium-term management plan
 *3 On and after 2Q, FY3/10: Estimate by the Japan Research Institute in Aug. 09

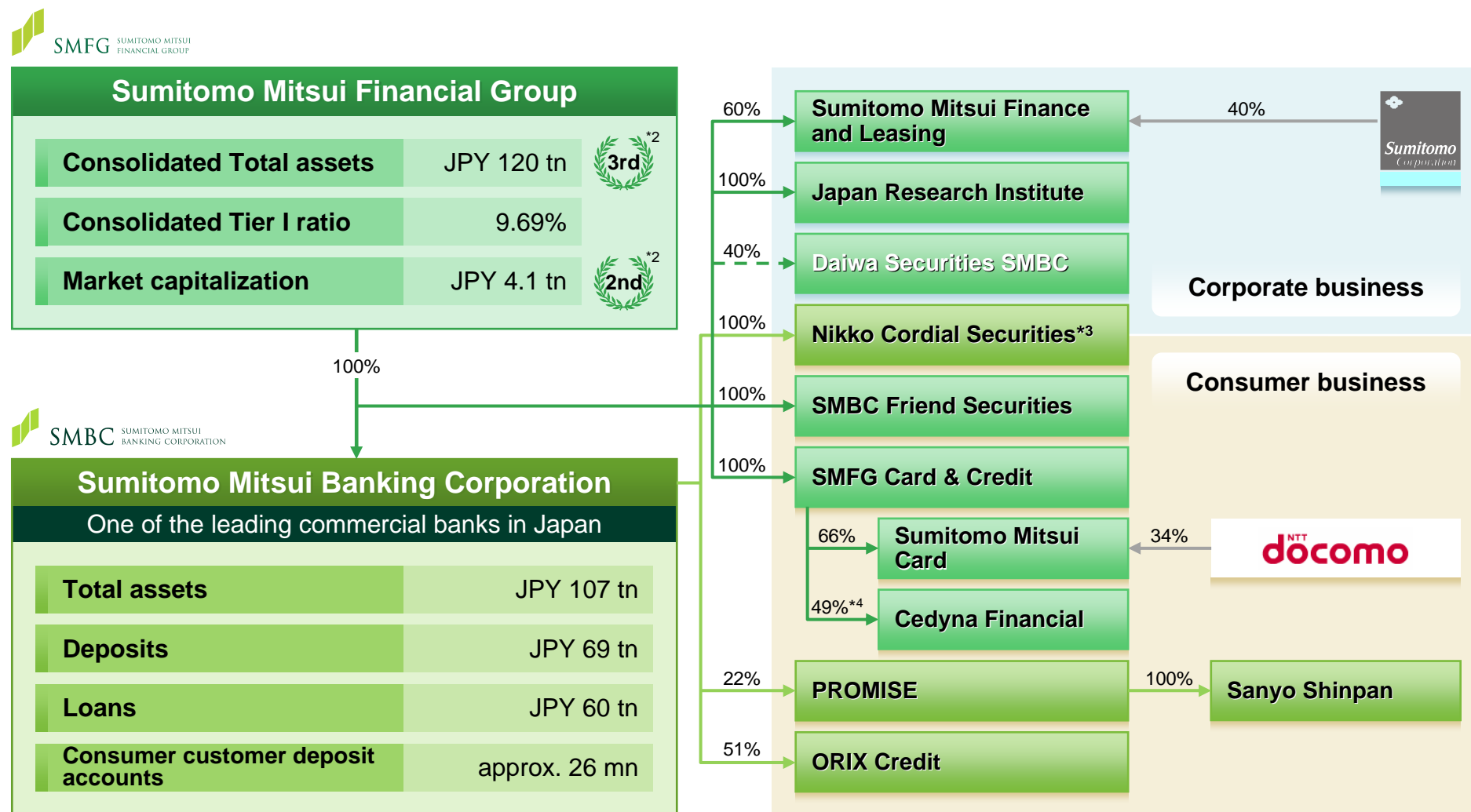
1. Changing Landscape



Our Approach: Core Strategies remain Unchanged



2. SMFG's Approach to Current Environment - SMFG's Group Structure*1 -



*1 Figures are as of Mar. 31, 09, except for Tier I ratio (Jun. 30, 09) and Market capitalization (Aug. 31, 09).

*2 Among Japanese banks

*3 The name of the new company that will succeed all operations of Nikko Cordial Securities Inc. (excluding selected assets and liabilities) and a part of the business of Nikko Citigroup Ltd., including its domestic debt and equity underwriting business through a demerger, pursuant to approval of relevant authorities, is "Nikko Cordial Securities Inc."

*4 Total shares held by SMFG group (as of Apr. 1, 09)

2. SMFG's Approach to Current Environment - Management Policy for FY3/2010 -

Establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of 'follow the basics'

Managing credit costs, risk-adjusted assets and expenses

- 1 Control on credit costs and risk-adjusted assets
- 2 Control on expenses

Fortifying targeted growth business areas

- 3 Financial consulting for individuals
/ Payment & settlement services, Consumer finance
- 4 Solution providing for corporations
/ Investment banking, Trust business
- 5 Focused business areas in global markets

2. SMFG's Approach to Current Environment

- Key Achievements in 1Q, FY3/2010 Results -

Management policy for FY3/2010

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

Steady income growth

Banking profit		SMBC non-consolidated
Increased	YOY change +52%	JPY 195.4 bn
Consolidated net income		
Increased	YOY change +25%	JPY 72.8 bn (consolidated ROE 9.3%)

Managing credit costs & expenses

Total credit cost		SMBC non-consolidated
Decreased	YOY change (17) %	JPY 69.3 bn
Overhead ratio		SMBC non-consolidated
Improved	YOY change (11.0) %	47.3%

Initiatives in growth business areas

**Acquisition of Nikko
Cordial Securities Inc. &
other related businesses**

**Joint Business Development
of ORIX Credit Corporation**

**Mutual business co-operation
with Bank Central Asia
(Indonesia)**

Realizing a solid capital base as a global player

Equity capital raising (resolved in May)		
Completed	Total amount to be paid	JPY 861.0* bn

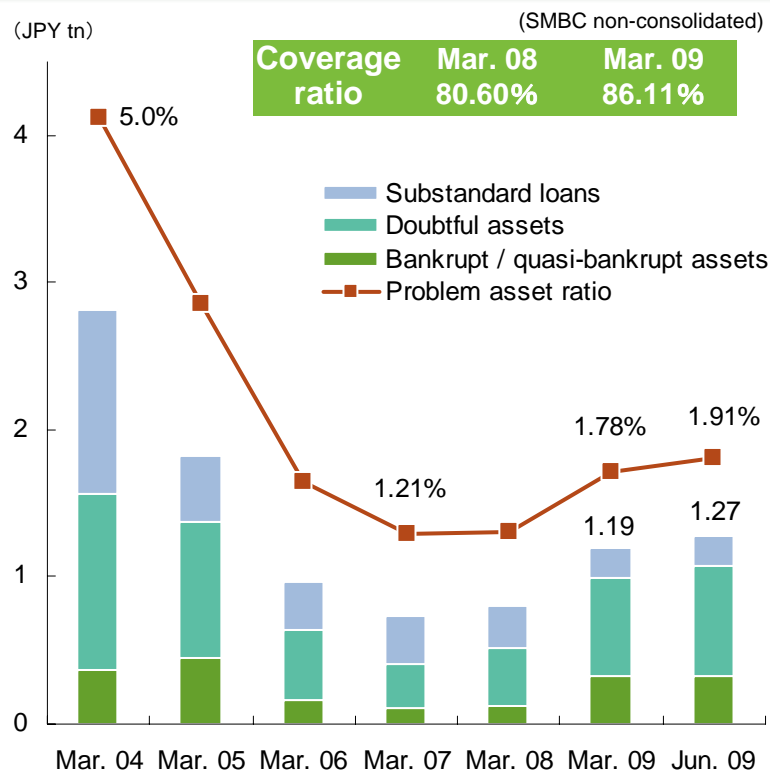
* Including JPY 33.6 bn of third party allotment paid in Jul. 27, 09

2. SMFG's Approach to Current Environment - Total Credit Cost -

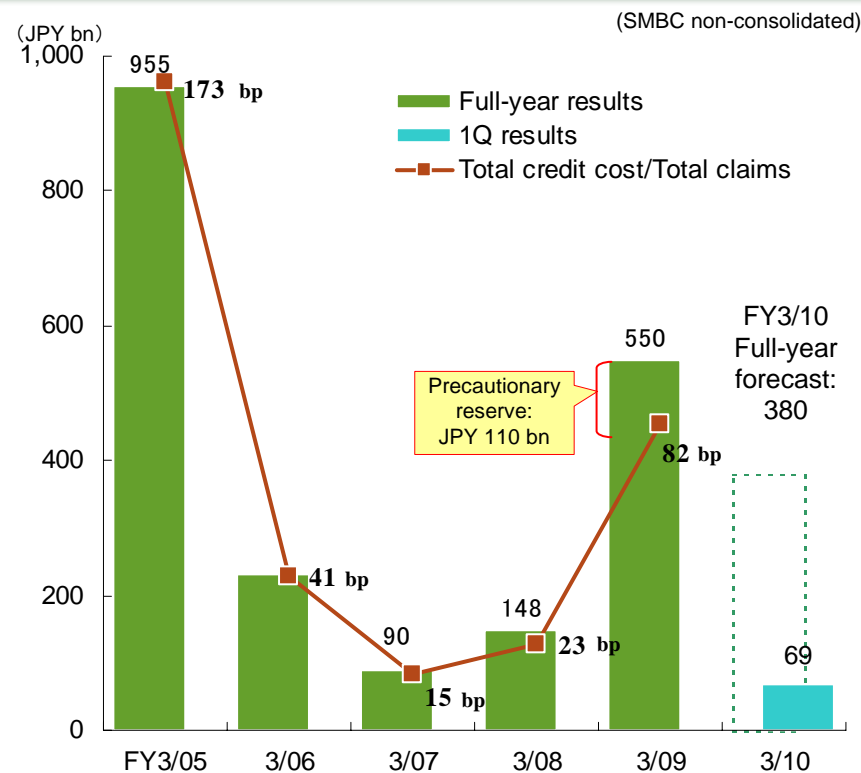
Progress ratio of SMBC's total credit cost in 1Q, FY3/2010 was about 18% to annual forecast.

We did not revise our forecast for 1st half and full-year, under expected continuation of the severe environment

Balance of non-performing loans



Total credit cost



(JPY tn)

Claims to borrowers requiring caution*1	Mar. 04	Mar. 05	Mar. 06	Mar. 07	Mar. 08	Mar. 09	Jun. 09
	4.3	2.4	2.2	2.4	2.6	3.7	3.7

*1 Excluding claims to substandard borrowers

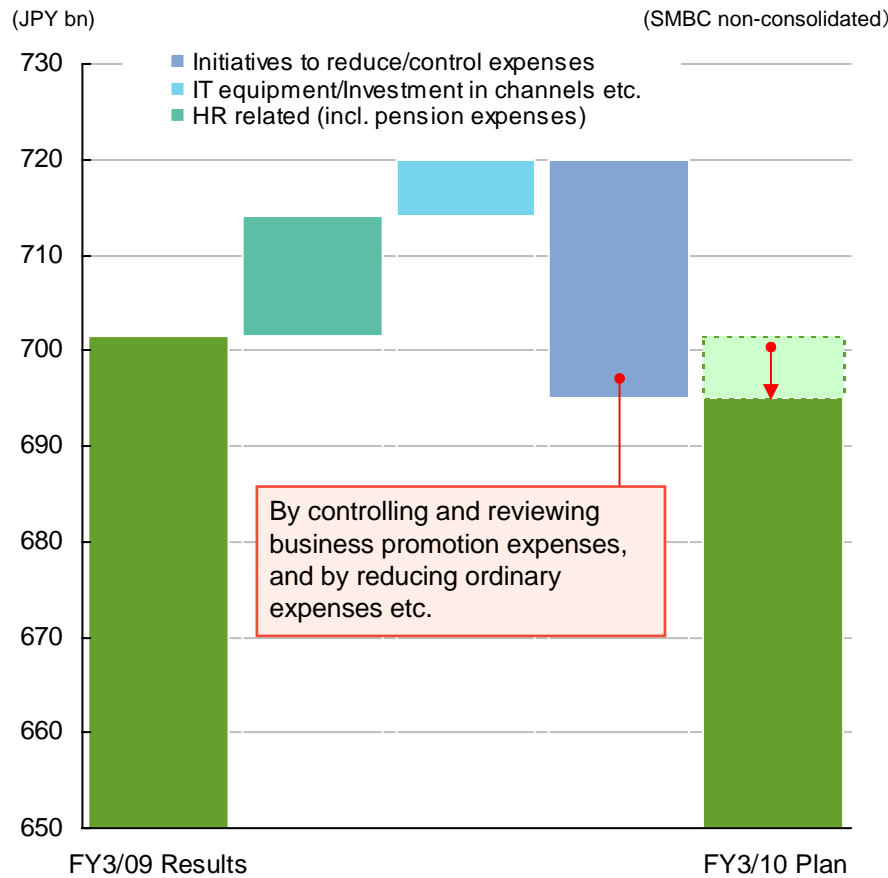
(JPY bn)

Total credit cost (SMFG consolidated)	FY3/05	3/06	3/07	3/08	3/09	3/10
	1,197	302	145	249	768	120
Of which, Group companies*	242	71	55	101	218	51

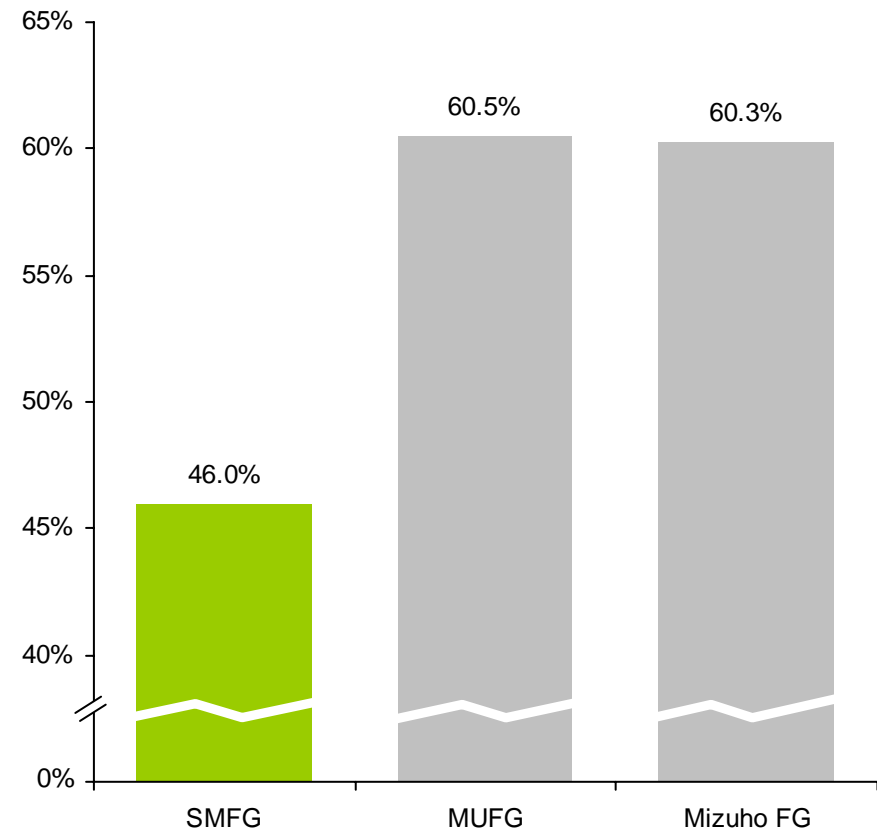
2. SMFG's Approach to Current Environment - Expenses -

Aiming to reduce SMBC's expenses by controlling and reviewing business promotion expenses and by reducing ordinary expenses etc.

Expense Plan in FY3/2010



Overhead ratio*1 (comparison with peers*2)



*1 Expenses divided by Gross banking profit

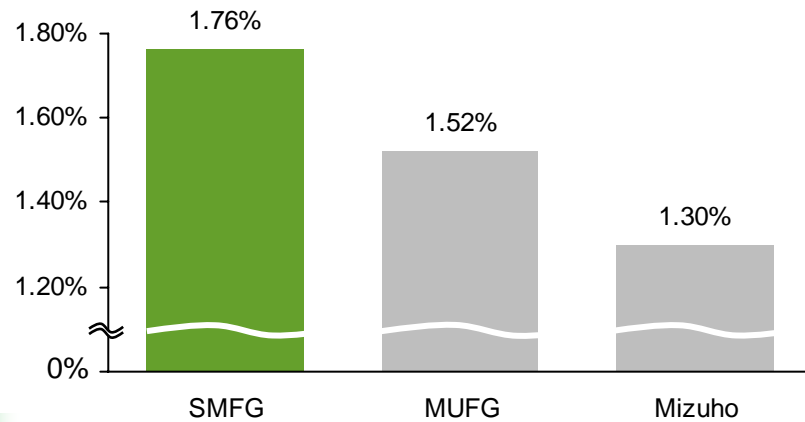
*2 Based on each company's disclosure (financial results for FY3/09). Non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG and calculated figures by simple aggregation of the figures of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG.

2. SMFG's Approach to Current Environment - Efficiency and Profitability -

High earnings generation capacity protects capital base, especially amid uncertain business environment

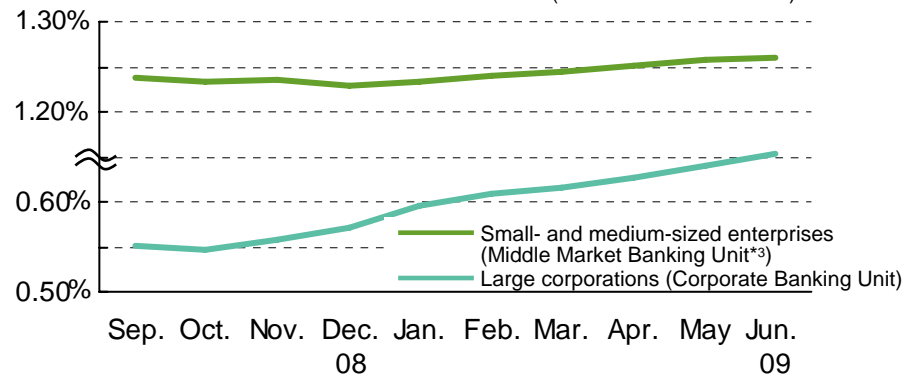
Loan spread

Loan to deposit spread (comparison with peers*1, 2)

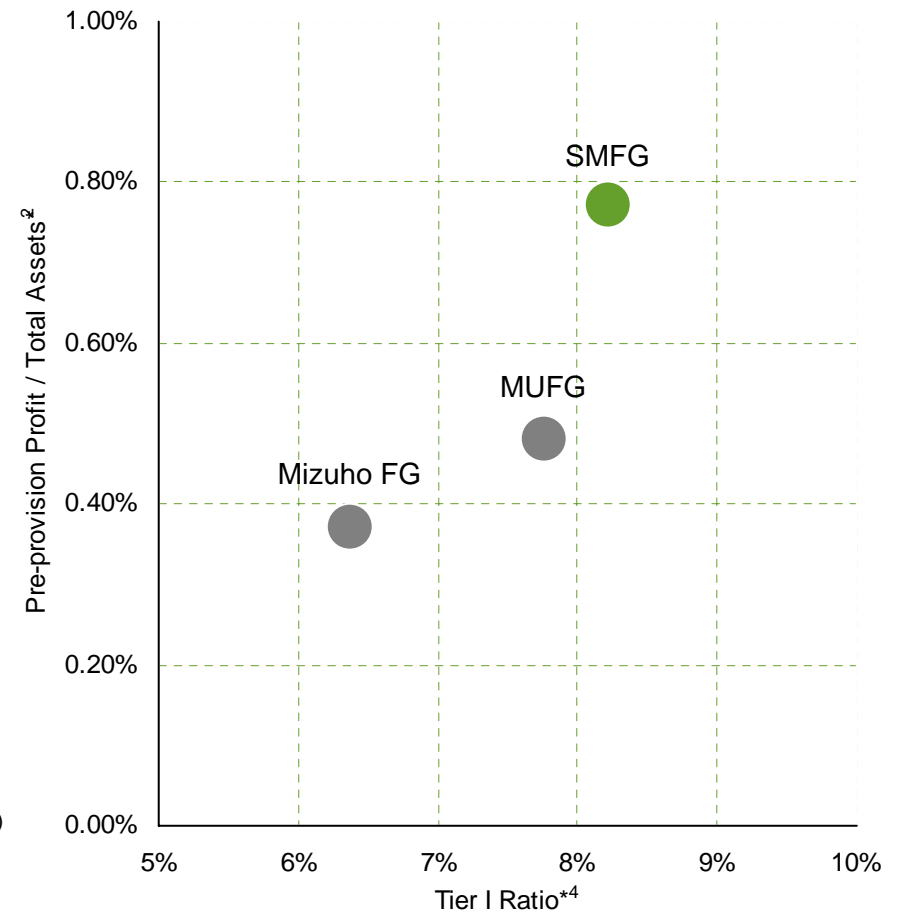


By business unit (managerial accounting basis)

(SMBC non-consolidated)



Profitability and Tier I Ratio*1 (FY3/09)



*1 Based on each company's disclosure (financial results for FY3/09)

*2 Non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG and calculated figures by simple aggregation of non-consolidated figures of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG.

*3 Excluding loans to Japanese government, etc.

*4 Group consolidated

3. Initiatives in Targeted Growth Business Areas

Establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of 'follow the basics'

Managing credit costs, risk-adjusted assets and expenses

- 1 Control on credit costs and risk-adjusted assets
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3.1. Growth Opportunities through Nikko Acquisition

- SMFG's Strategy for Securities Business -

In order to optimally cope with changes in the external environment and to provide clients with convenient and high-quality services, we will promote business model based on the integration of banking and securities

Termination of JV with Daiwa Securities Group

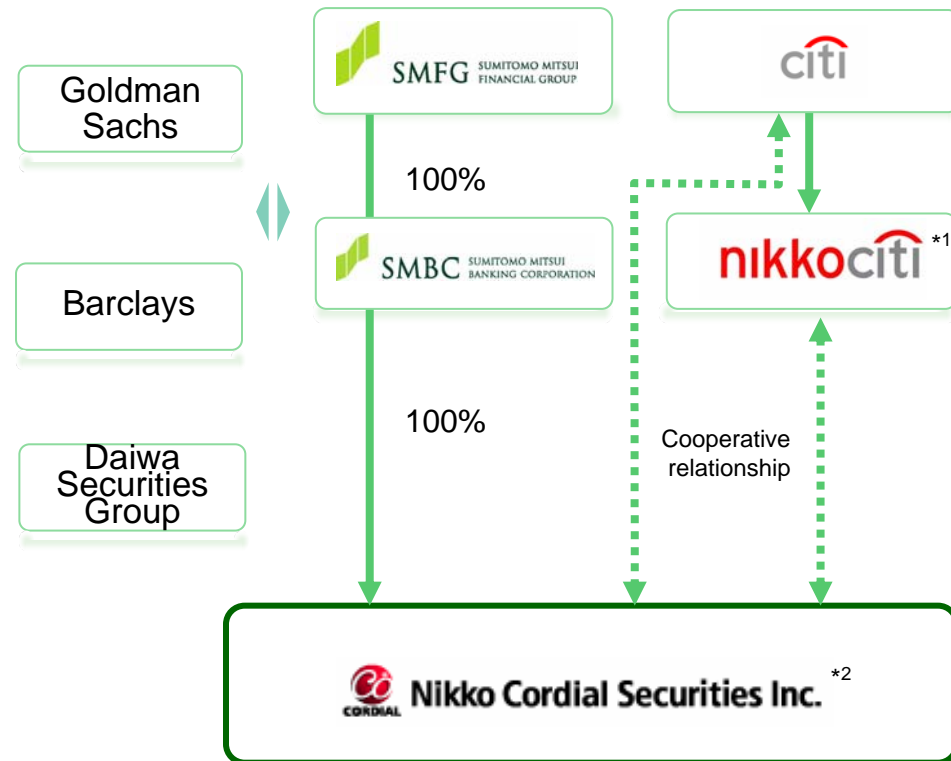
New structure of wholesale securities business

Changes in external environment:

- Worldwide trend to combine banking and securities activities
- Amendment of firewall regulations in Jun. 09

SMFG's strategy for securities business: Promoting business model based on integration of banking and securities

Daiwa Securities Group and SMFG agreed to terminate the Joint Venture, while confirming the continuation of the amicable trust relationship



*1 To be renamed as Citigroup Global Markets Japan

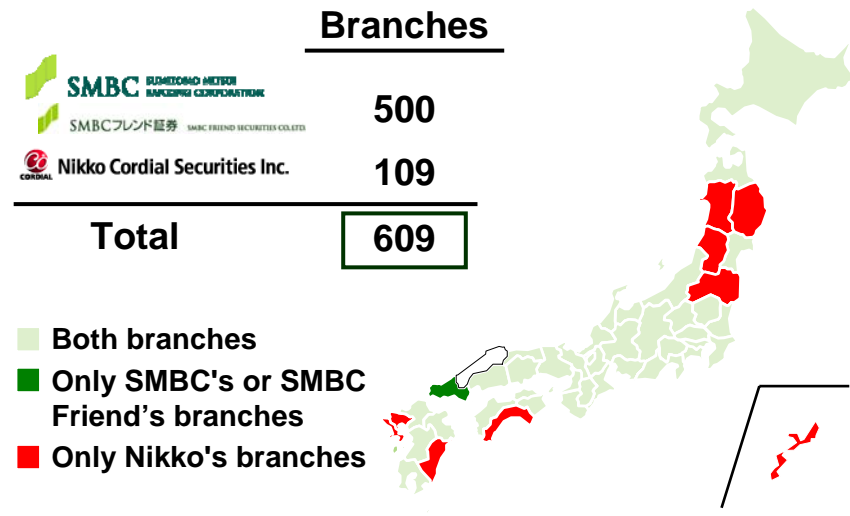
*2 The name of the new company that will succeed all operations of Nikko Cordial Securities Inc. (excluding selected assets and liabilities) and a part of the business of Nikko Citigroup Ltd., including its domestic debt and equity underwriting business through a demerger, pursuant to approval of relevant authorities. 11

3.1. Growth Opportunities through Nikko Acquisition

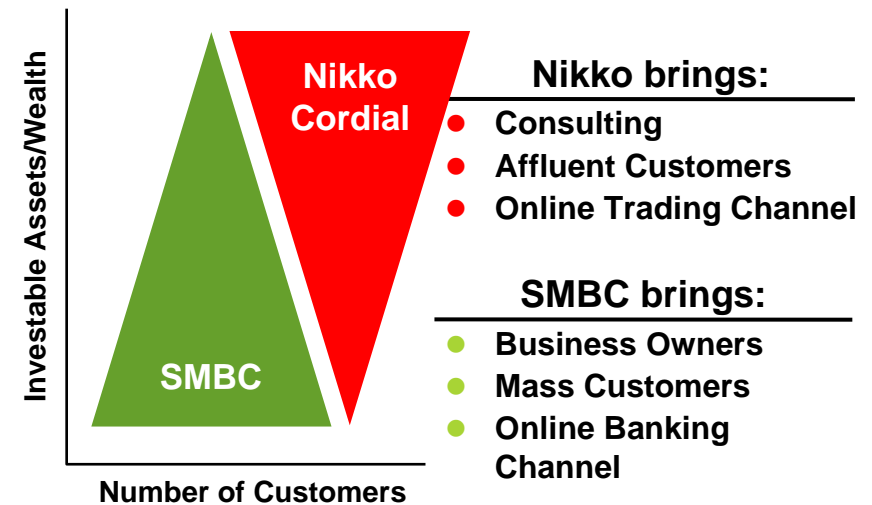
- Creation of a New Comprehensive Financial Services Model -

Nikko acquisition will enable us to enhance capability of financial consulting for individuals

Empowered distribution channel



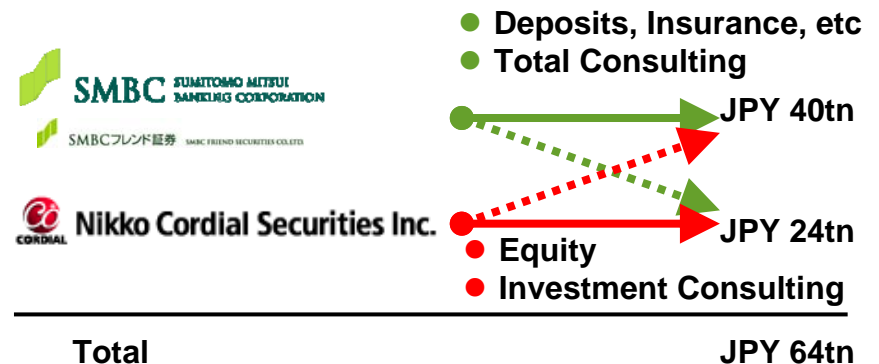
Synergistic business model



Enhanced sales force



Customer assets and cross-selling opportunity

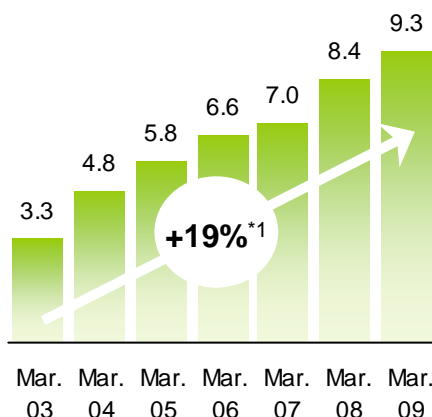


3.2. Payment & Settlement, Consumer Finance - Settlement Businesses and Stable Deposit Base -

Continuous efforts to strengthen payment & settlement services has contributed to our stable funding source

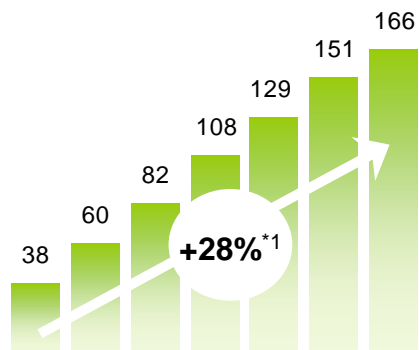
“SMBC Direct” customers

(mn of customers)



of internet transactions

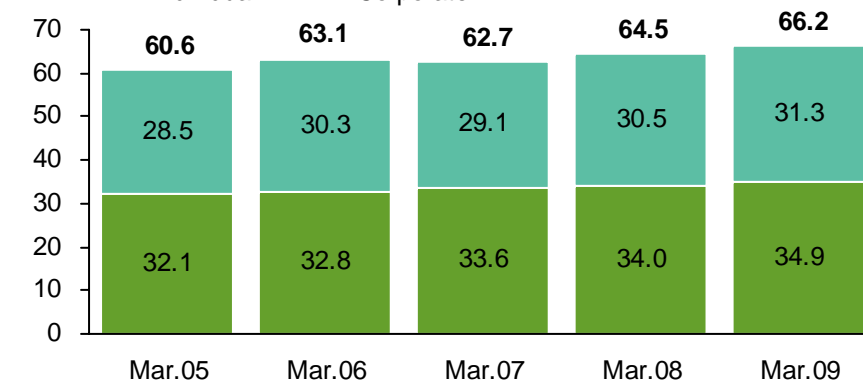
(mn of transactions)



Deposits (domestic)

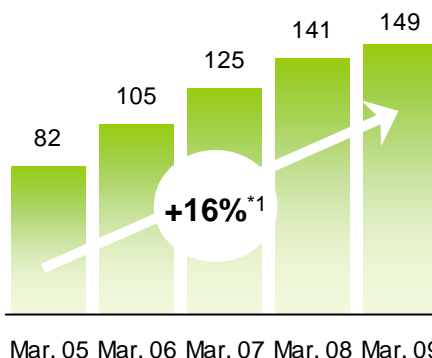
(JPY tn)

■ Individual ■ Corporate



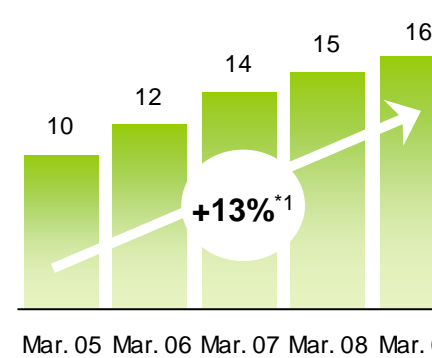
PC bank Web21 (number of contracts)

(thousands of contracts)



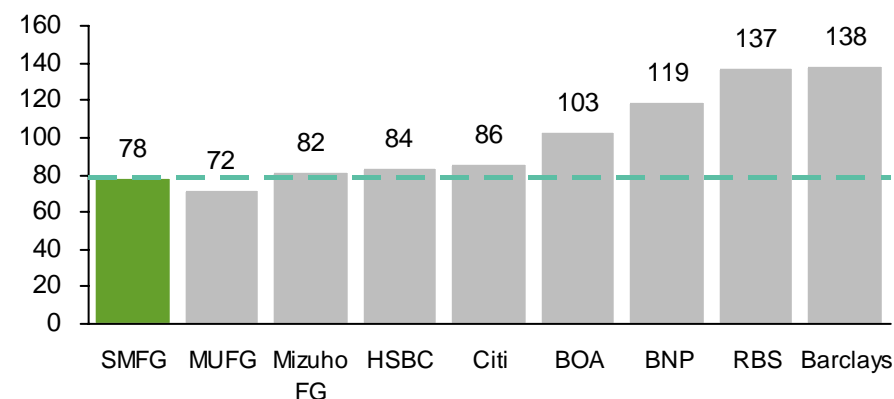
Global e-Trade service (number of contracts)

(thousands of contracts)



Loan to deposit ratio*2

(%)



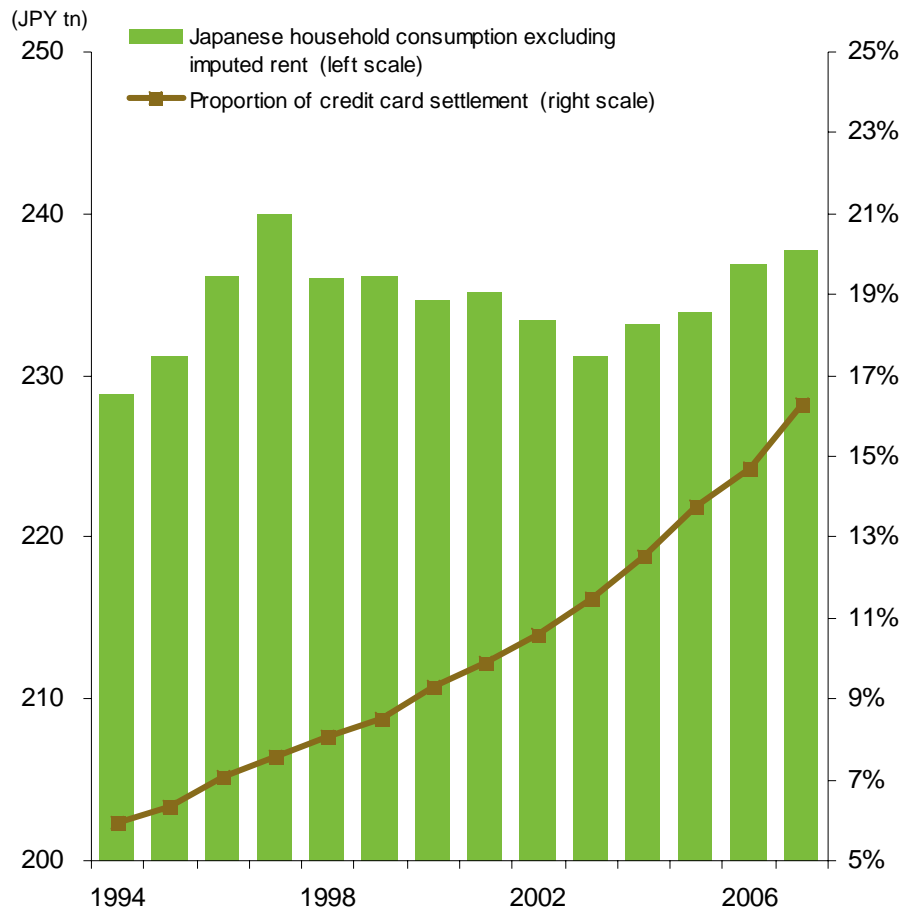
*1 Compound annual growth rate.

*2 Based on each company's disclosure. As of Mar. 31, 09 for SMFG, MUFG, Mizuho FG, Citi, BOA (Bank of America) and RBS, as of Dec. 31, 08 for others.

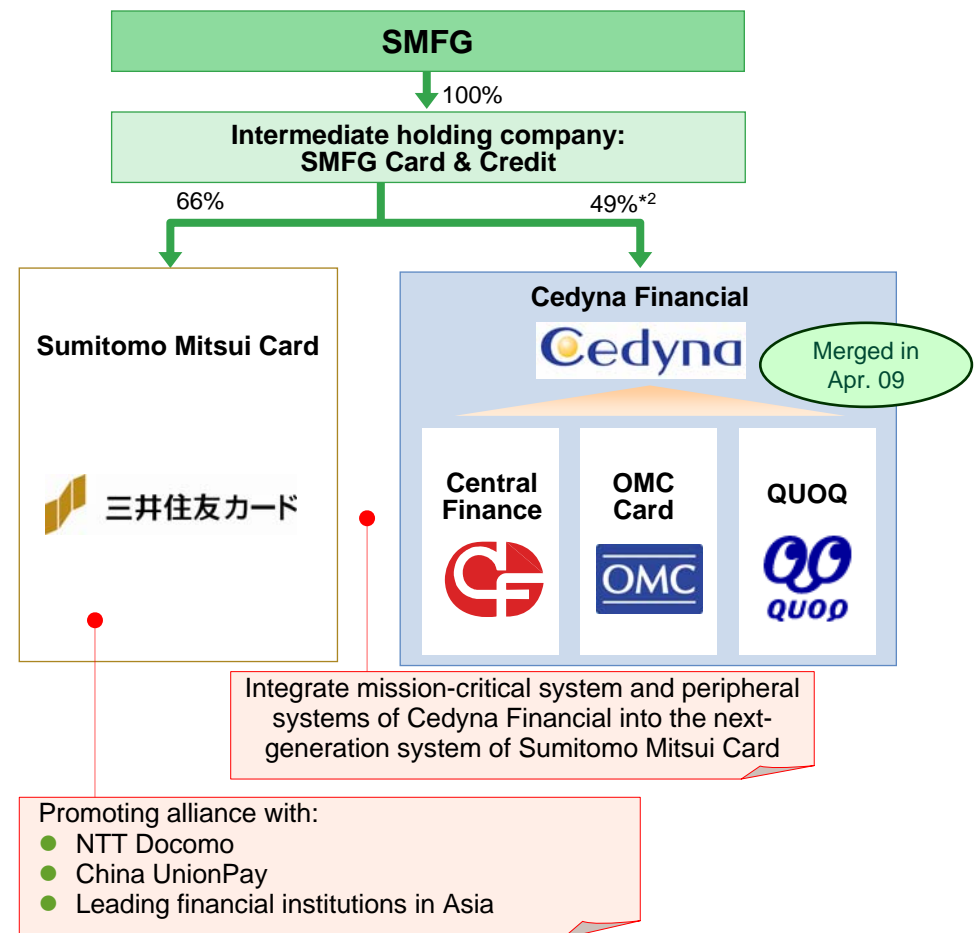
3.2. Payment & Settlement, Consumer Finance - Credit Card Business -

In growing credit card business, we aim to expand our market share while promoting business efficiency

Market size of credit card business*1



Organizational structure to promote credit card business



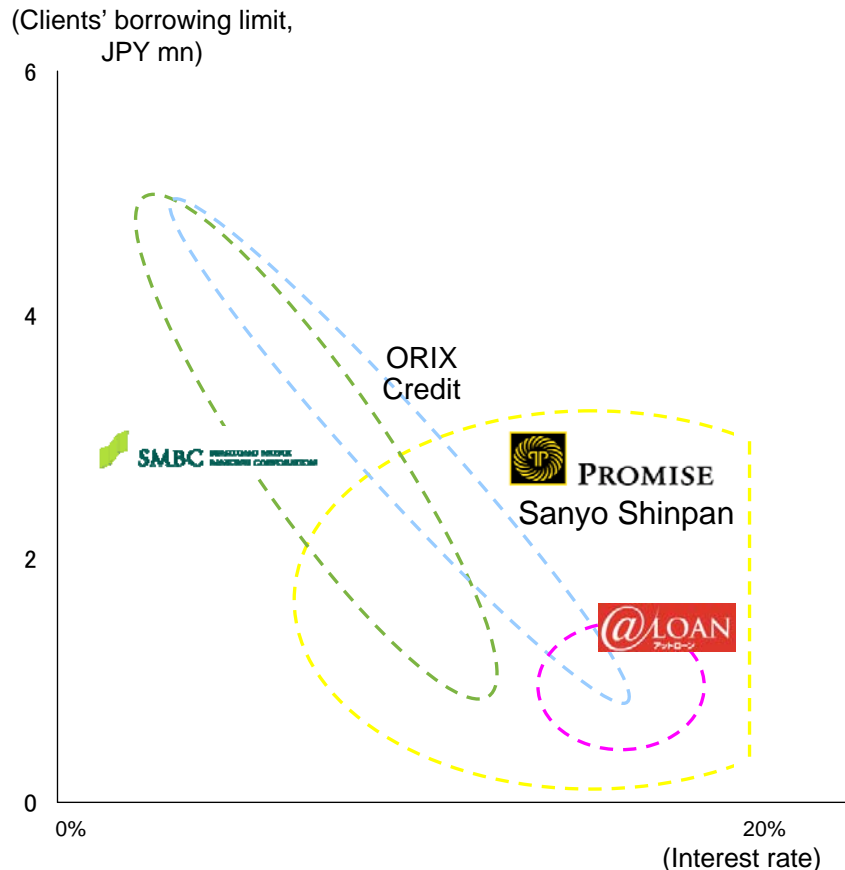
*1 "SNA," Cabinet Office of Japan, "Statistics on Japanese Consumer Credit," Japan Consumer Industry Association.
Amount of credit card settlement is based on card sales amount handled.

*2 Total shares held by SMFG group

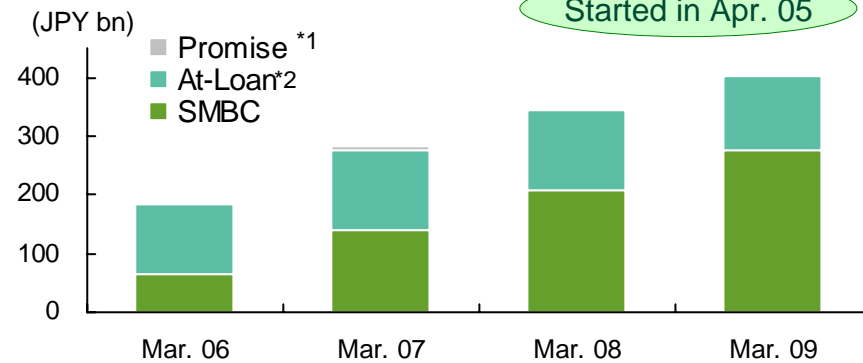
3.2. Payment & Settlement, Consumer Finance - Consumer Finance -

Healthy demand to unsecured consumer loan would exist as long as timing gaps between payment for consumption and revenue of monthly salary and seasonal bonus remain in the world

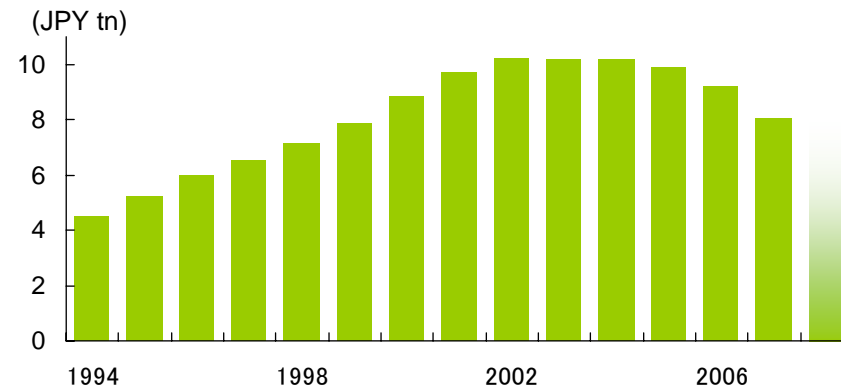
Overview of consumer finance business in SMFG (image)



Collaboration with Promise (balance of loan)



Consumer loans provided by monoline consumer companies*3



*1 Stopped origination in Feb. 07

*2 Including loans which At-loan provided before collaboration

*3 Source: "Statistics on Japanese Consumer Credit (2009)" by Japan Consumer Industry Association

3.3. Overseas Strategy

Expanding service line-up through alliance with financial institutions in Asia and in global markets

Channel expansion/establishment/strategic alliances in Asia

Recent channel expansion/establishment
 Equity investments and business alliances

Alliance with global financial institutions

Outline of capital Investment

- SMBC invested Barclays' common shares (approx. GBP 500 mn) Jul. 08

Strategic cooperation

- Complement global network including emerging markets
 - ▶ e.g. Exploring cooperation in business in South Africa
- Leverage Barclays' expertise and products to strengthen growth businesses
 - ▶ e.g. Exploring cooperation in wealth management
- Trainee program

Basic agreement: Jun. 08

Other development

- SMBC started to sell Barclays' bonds through SMBC's franchise (securities intermediary). Sep. 09

Products with competitive edge (league tables in 08, global)

Loan syndication* ¹	Project finance* ²

3.3. Overseas Strategy

- Focused Business Areas in Global Markets -

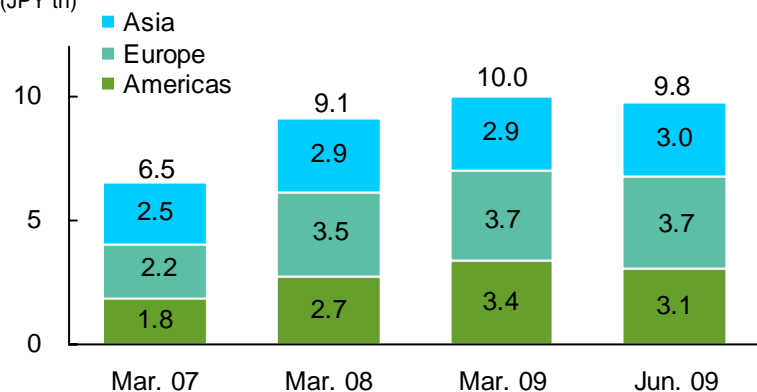
While controlling loan balance, we strive to improve risk-return profile.

Also, we enhanced credit risk management on a global basis through Credit Management Dept. within International Banking Unit (IBU)

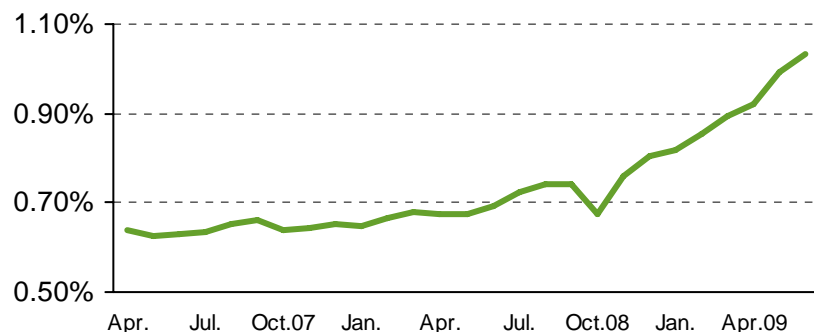
Overseas loans

Loan balance*1

(JPY tn)



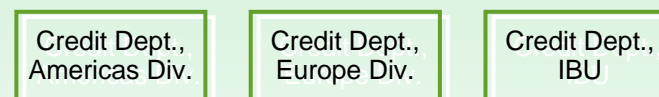
Loan spread*2



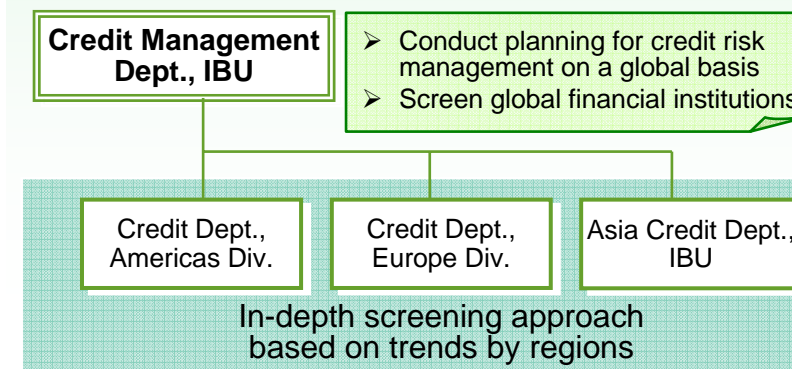
Improving credit risk management platform

<Organizations for credit screening of non-Japanese companies in IBU before Sep. 08>

- Credit department in each area had conducted planning of credit risk management, while Credit Dept., IBU had conducted a part of the planning on a global basis.



<Newly established "Credit Management Dept., IBU" in Oct. 08>



*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC China

*2 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC China, average on contracted overseas loans outstanding.

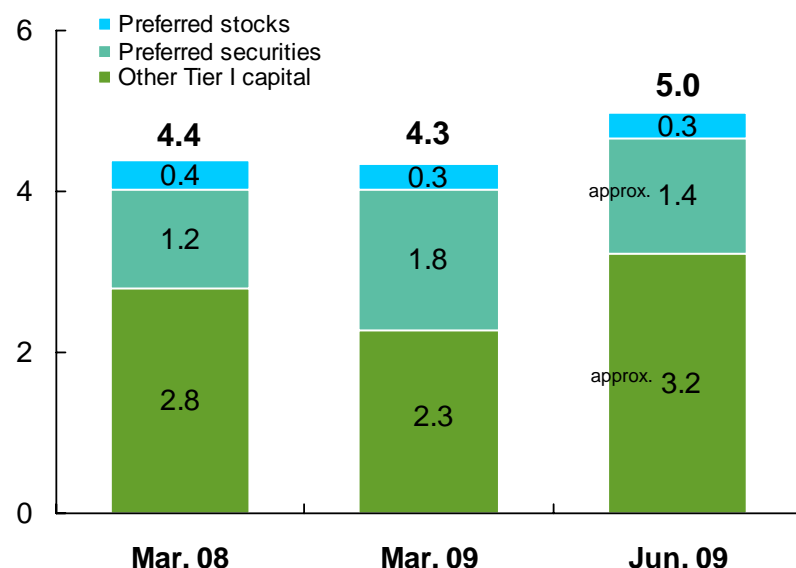
4. Capital Policy

Total amount to be paid through equity capital raising: JPY 861.0 bn

Successfully completed the largest-ever common equity offering among Japanese financial institutions

Tier I capital / Tier I ratio*1

(JPY tn)



	Mar. 08	Mar. 09	Jun. 09
Tier I ratio	6.94%	8.22%	9.69%
Reference "Core Tier I" ratio ^{*2}	4.5%	4.3%	approx. 6.3%
Risk-adjusted assets (JPY tn)	63	53	51

*1 Based on Basel II standard (Credit risk: FIRB for Mar. 08, AIRB from Mar. 09, Operational risk: AMA)

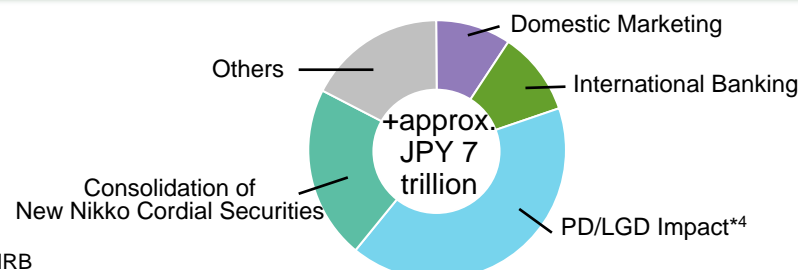
*2 While "Core Tier I" is not defined in international agreements, we estimated "Core Tier I capital = Tier I capital – Preferred stocks – Preferred securities"

Tier I capital raising and redemption since 2008

	Feb. 08	JPY 135.0 bn	Preferred securities (Non step-up)	Domestic market
→	May 08	USD 1,800 mn	Preferred securities (Non step-up)	Overseas market (Asian retail)
refinanced	Jun. 08	USD (1,800) mn	Preferred securities (Step-up)	Redemption of "OPCO" (SB Treasury Company LLC)
	Jul. 08	USD 1,350 mn / GBP 250 mn	Preferred securities (Step-up)	Overseas market
→	Dec. 08 – Jan. 09	JPY 698.9 bn	Preferred securities (Step-up/Non step-up)	Domestic market
refinanced	Jan. 09	JPY (283.8) bn	Preferred securities (Non step-up)	Redemption of SPCL (Sakura Preferred Capital (Cayman) Limited)
to be refinanced	Jun. 09	JPY (340.0) bn	Preferred securities (Non step-up)	Redemption of SBES (SB Equity Securities (Cayman), Limited)
	Jun. 09 – Jul. 09	JPY 861.0bn ^{*3}	Common stocks	Domestic and overseas market
→	Announced in Aug. 09	[to be determined]	Preferred securities	Domestic market

*3 Including JPY 33.6 bn of third party allotment paid in Jul. 27, 09

Factors of increase in Risk-adjusted assets (original plan for FY3/2010)



*4 Expected increase in risk-adjusted assets due to changes in probability of default and loss given default. PD: Probability of Default, LGD: Loss Given Default

(Reference) BIS Capital Ratio, June 2009

SMFG's consolidated Tier I ratio as of Jun. 30, 09 improved by 1.47% compared with Mar. 31, 09 to 9.69%, due mainly to increase of Tier I capital led by equity capital raising and Consolidated net income

(JPY bn)	Mar. 08	Mar. 09	Jun. 09
Tier I	4,381.5	4,335.1	4,974.4
Capital stock & Capital surplus	1,478.7	1,478.1	
<Preferred Stock>	<360.3>	<310.2>	
Retained earnings*1	1,680.5	1,224.0	
Preferred securities issued by overseas SPCs	1,217.0	1,763.3	
Unrealized losses on other securities	-	(14.6)	
Foreign currency translation adjustment	(27.3)	(129.1)	
Amount equivalent to 50% of expected losses in excess of qualifying reserves	-	(17.6)	
Increase in equity capital resulting from a securitization exposure	(44.0)	(42.1)	
Tier II	3,021.9	2,421.0	2,625.9
Unrealized gains on other securities after 55% discount	334.3	-	
Land revaluation excess after 55% discount	37.2	37.2	
General reserve for loan losses	59.5	80.4	
Total eligible provisions minus the total expected loss amount	67.8	-	
Perpetual subordinated debt	998.3	762.6	
Dated subordinated debt	1,524.8	1,540.8	
Deduction	(737.8)	(708.2)	(741.3)
Total BIS capital	6,665.5	6,047.8	6,858.9
Risk-adjusted assets, etc.	63,117.3	52,726.5	51,324.6
Capital ratio*2	10.56%	11.47%	13.36%
Tier I ratio	6.94%	8.22%	9.69%

(Reference) Net deferred tax assets

933.5

830.4

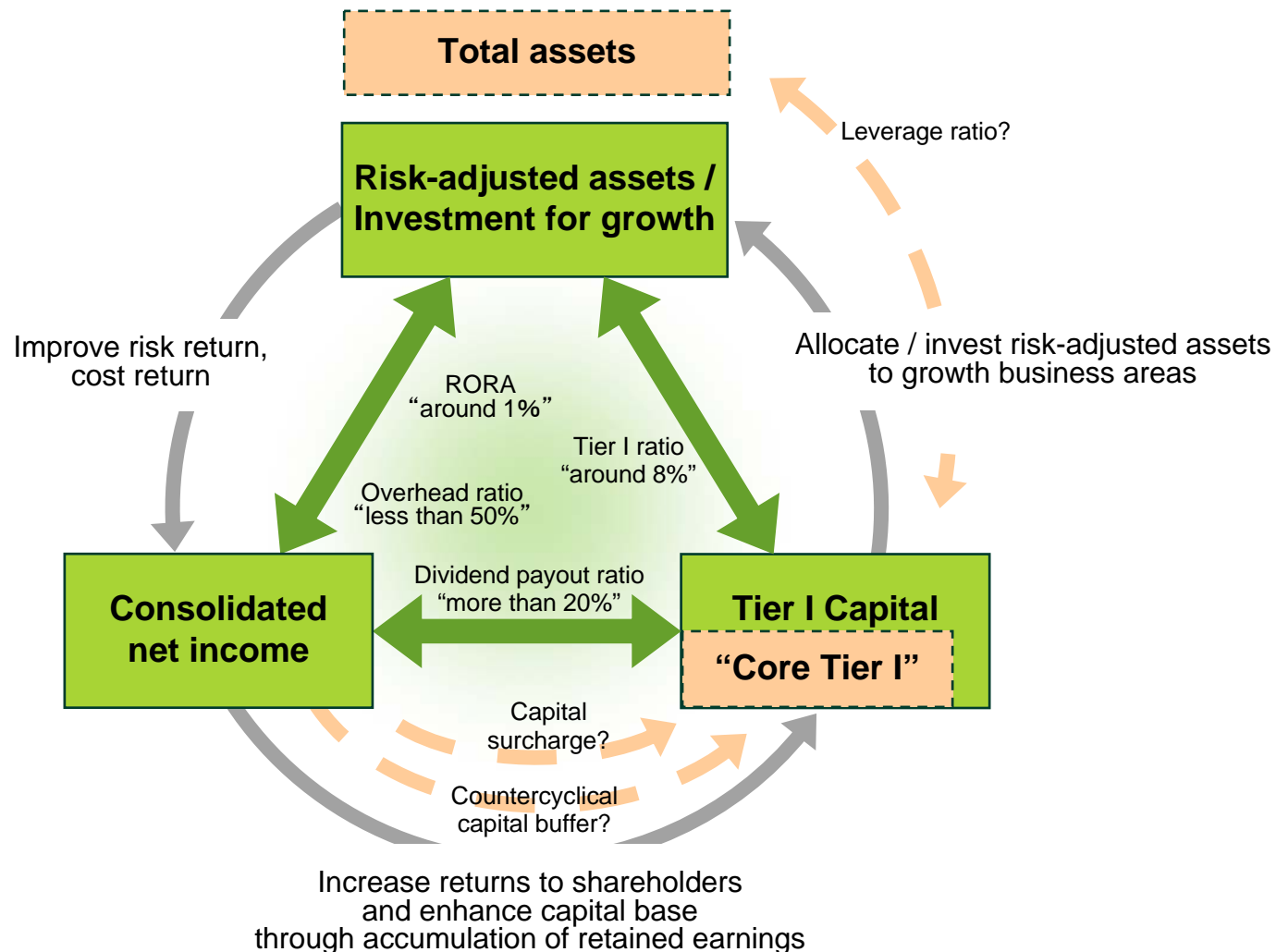
745.8



4. In Closing

- Management Approach for Sustainable Growth -

Aiming for sustainable growth of corporate value through well-balanced growth cycle of profitability, capital base, risk-adjusted assets and investment for growth



(Appendix 1) Pre-emptive Actions in FY3/2009

Financial highlights (FY3/09)					Actions taken	
		FY3/08	FY3/09	Change 3/08-3/09		
		(JPY bn)				
SMBC (non-consolidated)	Gross banking profit	1,484.8	1,524.9	+2.7%	Total credit costs	<ul style="list-style-type: none"> Adopted conservative approach to credit costs in FY3/09 Established well-managed loan portfolio with limited downside risk
	Expenses	(665.1)	(701.5)	(5.5)%		Deferred tax assets ("DTA")
	Banking profit*1	819.7	823.4	+0.5%	Devaluation losses on stocks	
	Total credit cost	(147.8)	(550.1)	(272.2)%		
	Gains (losses) on stocks	(141.0)	(220.4)	(56.3)%		
		Net income	205.7	(301.1)	NM	Securitized products
SMFG (consolidated)	Net income	461.5	(373.5)	NM		

*1 Before provision for general reserve for possible loan losses

*2 SMBC non-consolidated basis. Estimate is based on SMBC's stock holdings as of Mar. 31, 09.

*3 SMFG consolidated basis.

(Appendix 2) Performance by Business Unit (FY3/2009)

		(JPY bn)		
		FY3/08	FY3/09	YOY change*
Consumer Banking Unit	Gross banking profit	440.7	429.4	(11.3)
	Expenses	(271.4)	(290.7)	(19.3)
	Banking profit	169.3	138.7	(30.6)
Middle Market Banking Unit	Gross banking profit	624.3	539.8	(84.5)
	Expenses	(203.1)	(222.7)	(19.6)
	Banking profit	421.2	317.1	(104.1)
Corporate Banking Unit	Gross banking profit	186.7	196.7	+10.0
	Expenses	(31.1)	(31.5)	(0.4)
	Banking profit	155.6	165.2	+ 9.6
International Banking Unit	Gross banking profit	137.5	175.0	+ 37.5
	Expenses	(56.0)	(64.8)	(8.8)
	Banking profit	81.5	110.2	+ 28.7
Marketing Units	Gross banking profit	1,389.2	1,340.9	(48.3)
	Expenses	(561.6)	(609.7)	(48.1)
	Banking profit	827.6	731.2	(96.4)
Treasury Unit	Gross banking profit	145.4	246.8	+ 101.4
	Expenses	(17.6)	(17.9)	(0.3)
	Banking profit	127.8	228.9	+ 101.1
Headquarters	Gross banking profit	(49.8)	(62.8)	(13.0)
	Expenses	(85.9)	(73.9)	+ 12.0
	Banking profit	(135.7)	(136.7)	(1.0)
Total	Gross banking profit	1,484.8	1,524.9	+ 40.1
	Expenses	(665.1)	(701.5)	(36.4)
	Banking profit	819.7	823.4	+ 3.7

Major factors for YOY change in Gross banking profit

(JPY bn)			
(1)	Consumer Banking Unit: (11.3)	Income on deposits Investment trusts Securitization of housing loans Pension-type insurance	+ 24.0 (21.0) (7.0) (5.0)
(2)	Middle Market Banking Unit: (84.5)	Income on deposits Income on loans Derivatives Income on foreign exchanges Securities intermediary	+ 4.0 (33.0) (22.0) (8.0) (6.0)
(3)	Corporate Banking Unit: + 10.0	Income on loans Loan syndication	+ 5.0 + 4.0
(4)	International Banking Unit: + 37.5	Income on loans and deposits Fee income related to loans	+ 26.0 + 6.0
(5)	Treasury Unit: + 101.4	ALM operations (including gains (losses) on bond portfolio)	+102.0

Average loan balance and spread by business unit (managerial accounting basis)

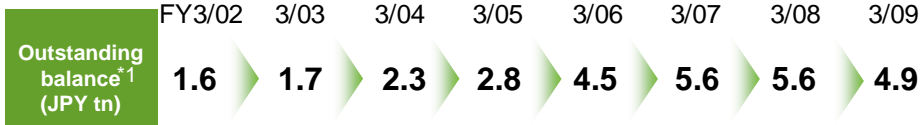
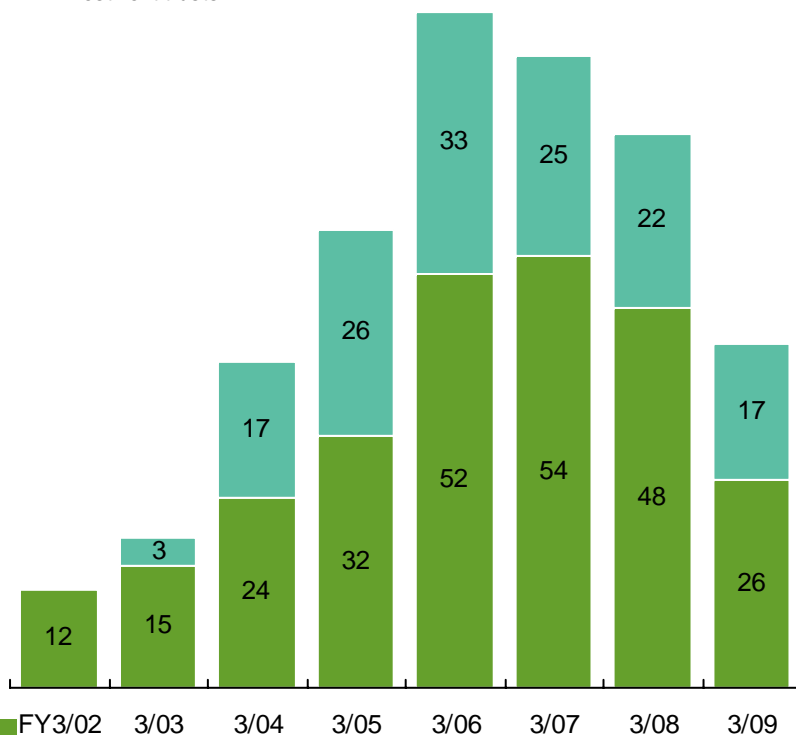
	Average balance		Average spread	
	FY3/08	YOY change	FY3/09	YOY change
(JPY tn, %)				
Domestic Loans	49.3	+ 1.9	1.11	(0.09)
Consumer Banking Unit	14.8	+ 0.2	1.63	(0.01)
Middle Market Banking Unit	20.4	(0.7)	1.20	(0.09)
Corporate Banking Unit	11.1	+ 1.3	0.57	(0.02)

* Before adjustment of interest rates and foreign exchange rates

(Appendix 3) Non-Interest Income

Profits related to investment trust and pension-type insurance

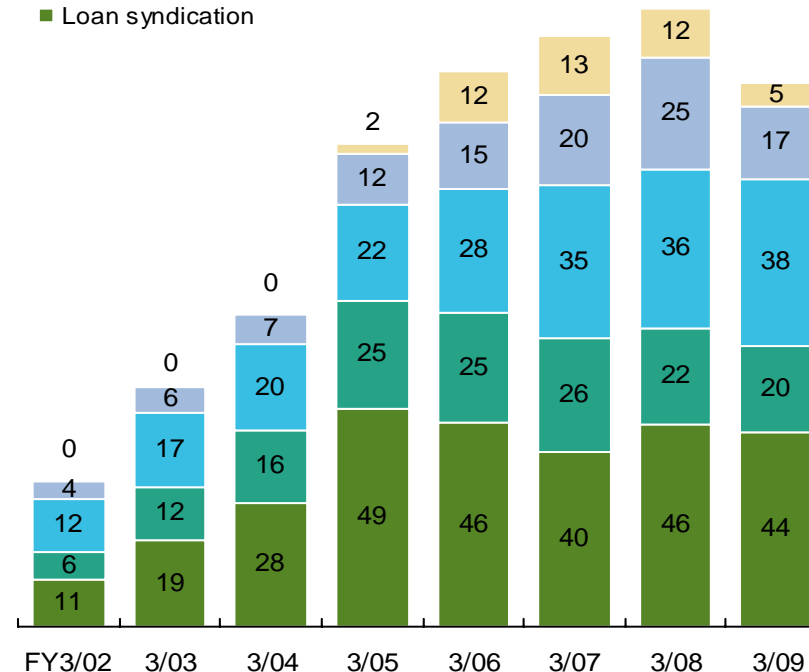
■ Pension-type insurance (JPY bn)
■ Investment trusts



*1 Amount of investment trusts under SMBC account + accumulated sales of pension-type insurance as of fiscal year end

Profits related to investment banking business^{*2}

■ Securities intermediary (JPY bn)
■ Real estate finance
■ Structured finance
■ Securitization of monetary claims
■ Loan syndication



*2 Profits of securities intermediary business: fees and commissions from the transactions with both individual and corporate clients. Profits of the other businesses: managerial accounting basis including fees, commissions, interest income, etc.

(Appendix 4) Contribution of Affiliates to Consolidated Profit (FY3/2009)

(JPY bn)	SMFG consolidated	SMBC non-consolidated	Difference
Consolidated gross profit / non-consolidated gross profit	2,165.9	1,524.9	641.0
Net interest income	1,338.5	1,018.4	320.1 (1)
Trust fees	2.1	2.1	0.0
Net fees and commissions	557.2	293.8	263.4 (2)
Net trading income	211.7	175.1	36.6
Net other operating income	56.4	35.5	20.9
General and administrative expenses	(1,063.4)	(701.5)	(361.9) (3)
Total credit cost	(767.8)	(550.1)	(217.7) (4)
Equity in earnings (losses) of affiliates	(94.9)	-	(94.9)
Ordinary profit	45.3	36.1	9.3
Extraordinary gains (losses)	(15.8)	(8.3)	(7.5)
Net income (loss)	(373.5)	(301.1)	(72.3)
Consolidated/non-consolidated net business profit*	728.7	823.4	(94.7)

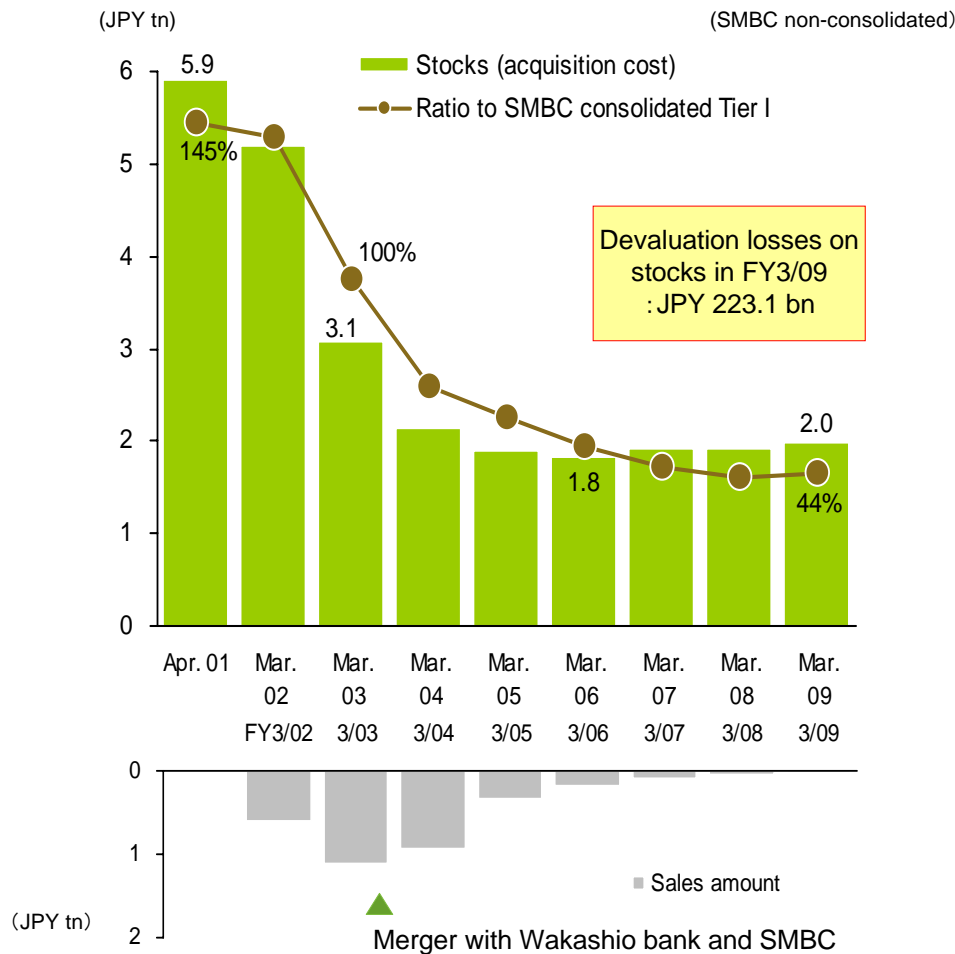
Major factors in difference			
	(JPY bn)	FY3/09	YOY change
(1)	Kansai Urban Banking Corporation	60.0	+1.0
	Sumitomo Mitsui Finance and Leasing*	58.0	+74.0
	MINATO BANK	47.0	+0.0
	SMBC Europe	35.0	+4.0
(2)	Sumitomo Mitsui Card	143.0	+13.0
	SMBC Guarantee	33.0	(1.0)
	SMBC Friend Securities	22.0	(16.0)
(3)	Sumitomo Mitsui Card	(133.0)	(3.0)
	Sumitomo Mitsui Finance and Leasing	(43.0)	(12.0)
	SMBC Friend Securities	(40.0)	+1.0
	Kansai Urban Banking Corporation	(37.0)	(2.0)
(4)	Kansai Urban Banking Corporation	(66.0)	(49.0)
	MINATO BANK	(32.0)	(14.0)
	SMBC Europe	(26.0)	(26.0)
	Sumitomo Mitsui Finance and Leasing	(25.0)	(18.0)

* Due to the change in Japanese accounting standard, a part of Gross profit which had been recorded in Net other operating income was recorded Net interest income.

(Appendix 5) Domestic Equity Portfolio

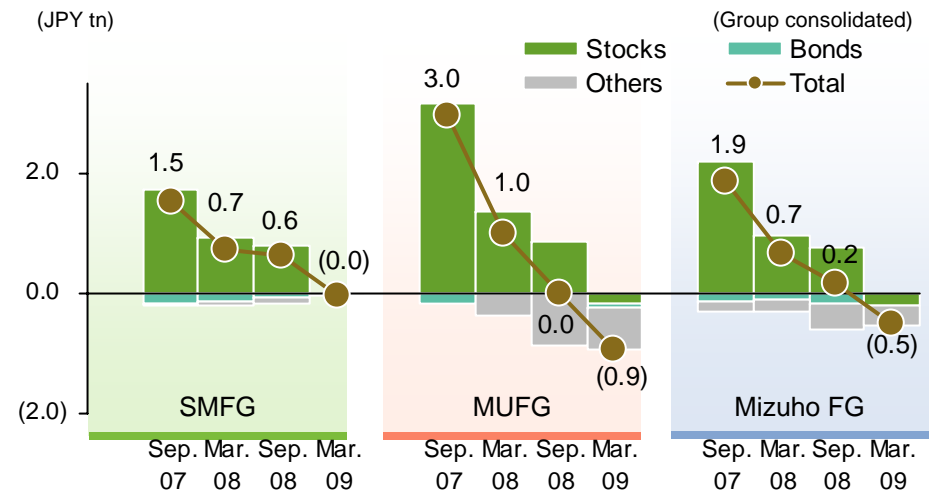
Impairment risk on listed stocks has been diminished through recognition of devaluation losses on stocks in FY3/09, in addition to steady reduction of stock holding since FY3/02

Balance of stocks* (acquisition cost) and Sales amount of stockholdings

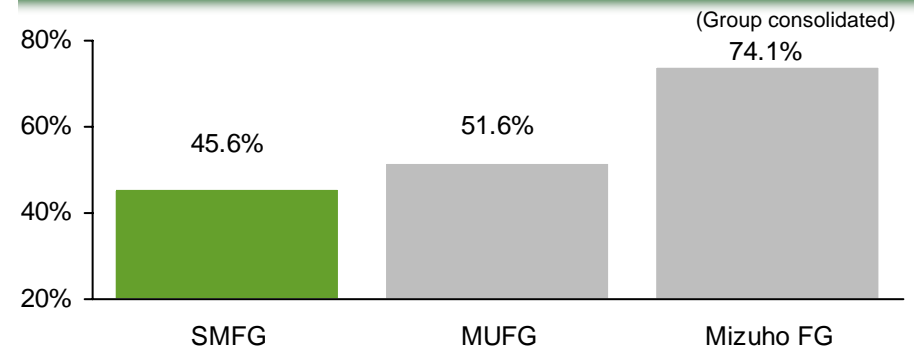


* Domestic stocks which has market value included in other securities

Unrealized gains (losses) on other securities



Balance of stocks (acquisition cost)* / Tier I capital (as of Mar. 31, 09)



(Appendix 6) Gains (Losses) on Bonds

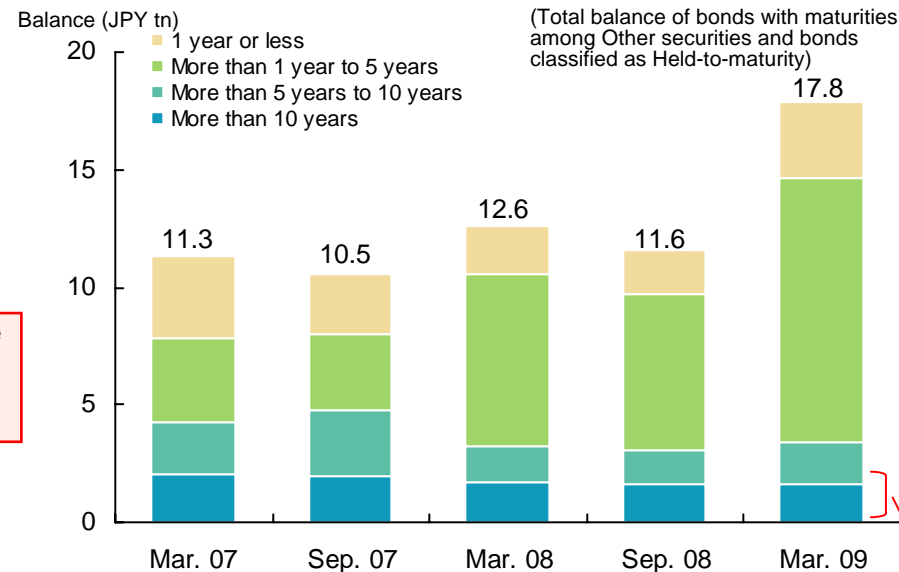
Gains (Losses) on bonds

(JPY bn)	FY3/08	FY3/09	YOY change
Gains (Losses) on bonds	(30.1)	26.1	+ 56.2
Losses due to subprime related exposure	(70.4)	(4.6)	+ 65.8

Massive decrease in losses from subprime loan related products

Recorded Gains on sale of bonds responding to trends of declining interest rate

Yen-dominated bond portfolio

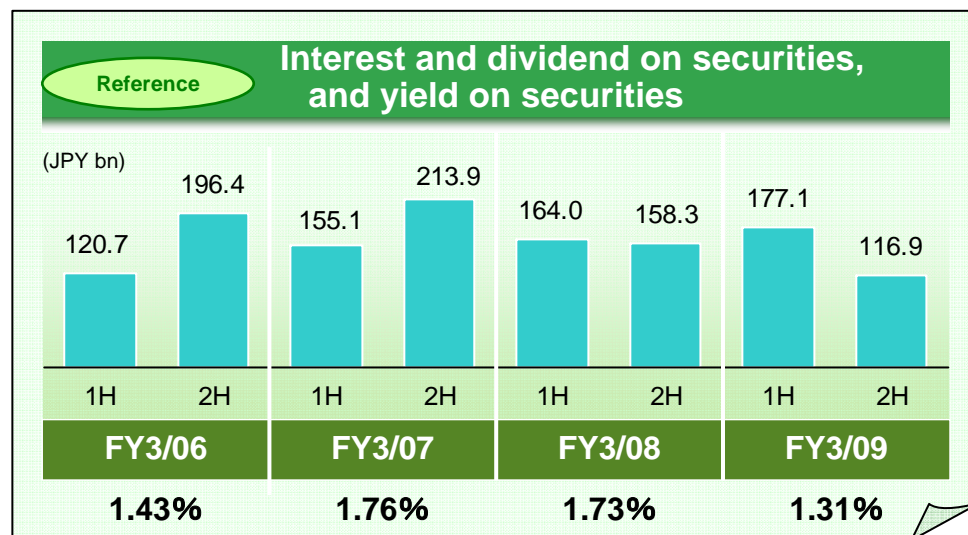


15 years Floating rate JGBs : JPY 1.8 tn

Average Duration (Years)	1.7	2.7	2.3	1.7	1.8
Unrealized gains / losses (JPY bn)	(151.4)	(157.7)	(129.5)	(56.5)	(1.2)

15-years floating rate JGBs have been carried at their reasonably estimated amounts on and after 1H, FY3/09

* Excluding bonds classified as held-to-maturity, bonds for which hedge accounting is applied, and private placement bonds. Duration of 15 year floating rate JGBs is calculated zero.

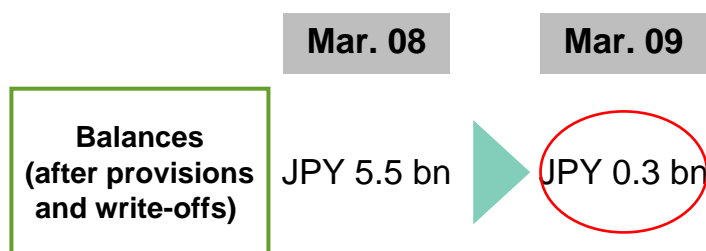


(Appendix 7) Securitized Products, etc.

Our group's exposure to securitized products is limited, and associated risks are at manageable level

Securitized products

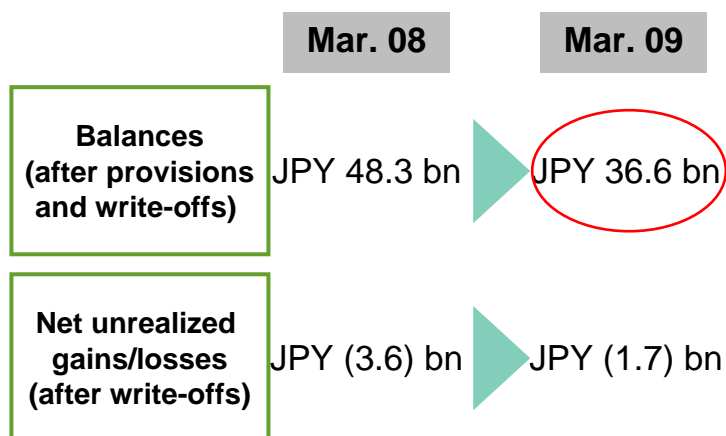
Exposure of sub-prime related products



Small exposure with limited risks

(Related losses in FY3/09: JPY 8.8 bn)

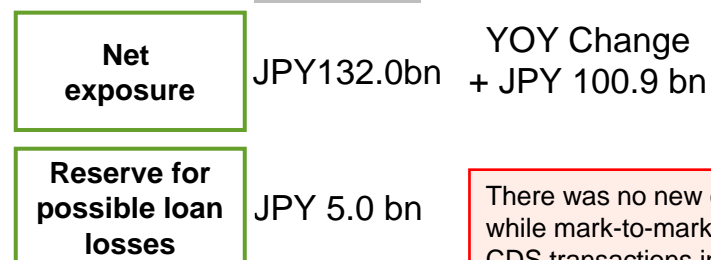
Exposure of securitized products other than sub-prime related*



* Not including RMBS issued/guaranteed by Government Sponsored Enterprises etc.

CDS transactions with monoline insurance companies

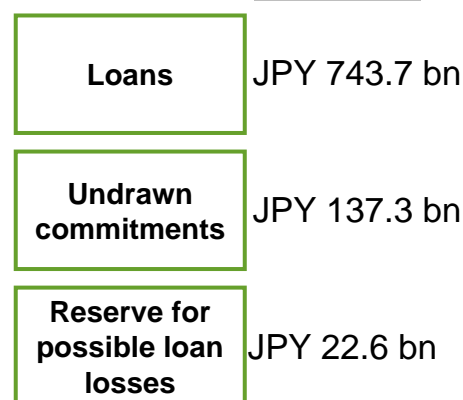
Mar. 09



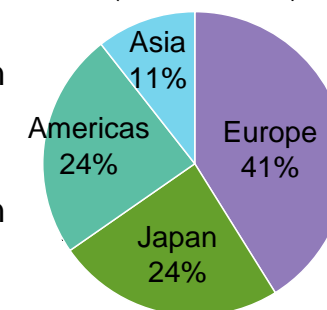
There was no new origination, while mark-to-market value of CDS transactions increased. Reference assets of these CDS transactions are rated investment grade or equivalent

Leveraged loans

Mar. 09



Breakdown by areas (as of Mar. 09)



We diversify the exposure to reduce concentration risk. The amount to be sold is limited to be approx. JPY 9.0 bn

(Appendix 8) Deferred Tax Assets

We calculate SMBC's Deferred tax assets conservatively by assuming stronger stress on estimated future earnings for sharp economic downturns in order to further enhance its sound financial base

Reason for recognition of Deferred tax assets

1. Recognition criteria: Practical Guideline, examples (4) proviso
2. Period for future taxable income to be estimated: 5 years
3. Accumulated amount of estimated future taxable income before adjustments for the next 5 years

		(JPY bn)
Banking profit (before provision for general reserve for possible loan losses)		3,746.5
Income before income taxes	(A)	1,253.0
Adjustments to taxable income (excluding reversal of temporary differences as of Mar. 31, 09)	(B)	755.2
Taxable income before adjustments	(A) + (B)	2,008.2

Effective income tax rate
40.63%

Deferred tax assets corresponding to taxable income before adjustments	815.9
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We calculated Deferred tax assets conservatively by assuming stronger stress on estimated future earnings centered on credit costs

Reduced financial risks associated with Deferred tax assets

Decreased by JPY 305.4 billion compared with Mar. 08

Amount of deferred tax assets (Mar. 09)

(JPY bn)

Subtotal of deferred tax assets	1,776.0
Reserve for possible loan losses, Write-off of loans	299.9
Taxable write-off of securities	588.5
Net operating loss carryforwards	676.5
Others	211.1
Valuation allowance	1,015.5
Total deferred tax assets (a)	760.5
Total deferred tax liabilities (b)	92.2
Net deferred tax assets (a) – (b)	668.3
Net deferred tax assets (Excluding deferred tax assets on net deferred loss on hedges and deferred tax liabilities on net unrealized gain on other securities)	664.1

(Appendix 9) 1Q, FY3/2010 Results

SMFG's consolidated net income was JPY 72.8 bn, an increase of JPY 14.7 bn year over year, approx. 80% for first-half forecast and approx. 33% for full-year forecast, led mainly by SMBC's favorable performance

		(JPY bn)			
		1Q, FY3/10 Results	YOY change	1H 3/10 Forecast	FY3/10 Forecast
SMBC <non-consolidated>	Gross banking profit	371.0	+ 62.7	700.0	1,445.0
	Expenses	(175.6)	+ 4.2	(350.0)	(695.0)
	Overhead ratio	47.3%	(11.0)%	50.0%	48.1%
	Banking profit*1	195.4	+ 66.9	350.0	750.0
	Total credit cost	(69.3)	+ 14.5	(230.0)	(380.0)
	Ordinary profit	109.3	+ 67.5	110.0	310.0
	Net income	107.9	+ 51.7	70.0	180.0
	SMFG <consolidated>	Ordinary profit	115.2	+ 41.6	200.0
Net income		72.8	+ 14.7	90.0	220.0

*1 Before provision for general reserve for possible loan losses

Reference Macro economic indices

	1Q, FY3/10 Results	Assumption for FY3/10 Forecast
Nominal growth rate of GDP	(3.6) %*2	(3.5)%*3
3 month JPY TIBOR	0.57%	0.65%
FF target rate	0.00 - 0.25%	0.00 - 0.25%
Exchange rate (JPY/USD)	96.01	90
Nikkei Stock Average (JPY)*4	9,810	7,765

*2 Estimate for FY3/10 by Japan Research Institute announced in Aug. 09

*3 Initial assumption for FY3/10 forecast

*4 Average of term-end month

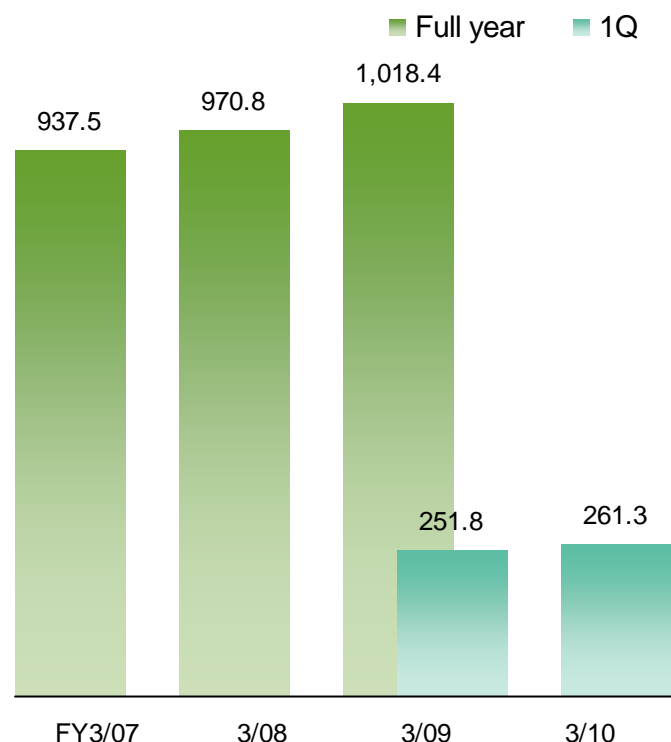
SMFG has not revised the first-half and the full-year earnings forecast for FY3/10

(Appendix 10) Gross Banking Profit (Net Interest Income)

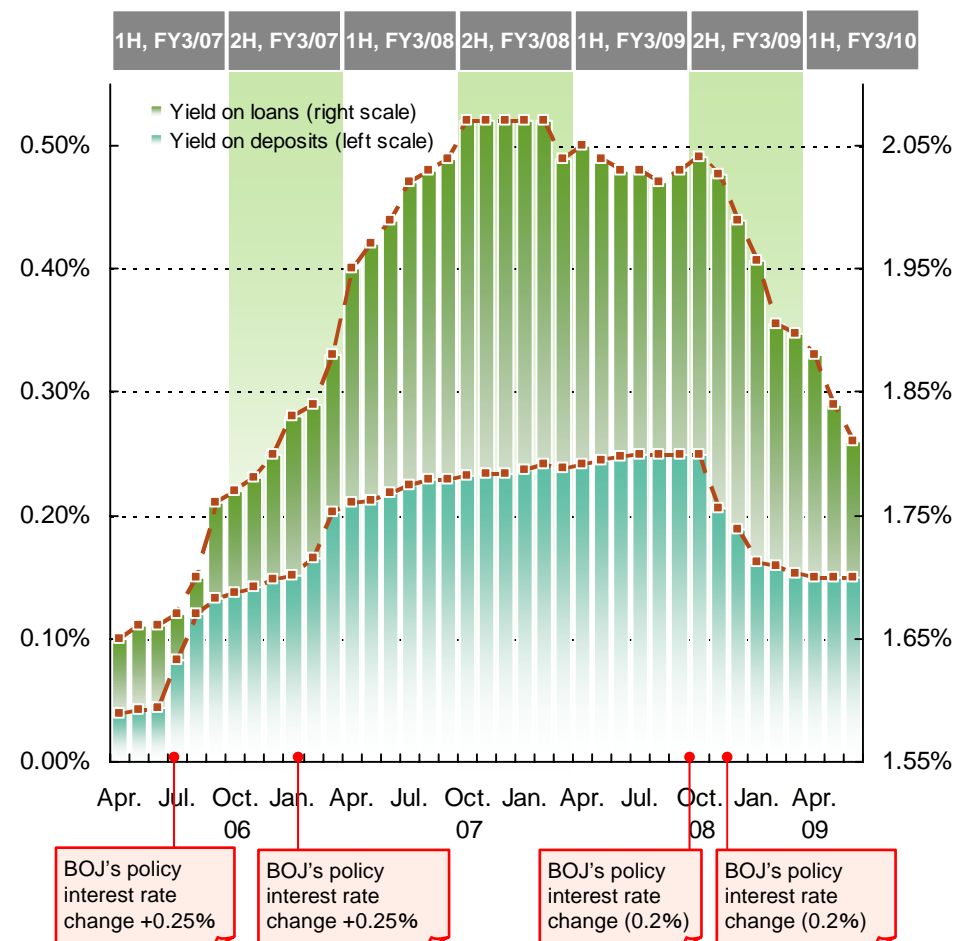
Net interest income: Increased by JPY 9.4 bn y-o-y to JPY 261.3 bn in 1Q, FY3/10

Net interest income

(JPY bn)



Yield of domestic loans and deposits (managerial accounting basis)



- Short term prime rate: 1.375% → 1.625% (+ 0.250%, 2006/8/21 -) → 1.875% (+ 0.250%, 2007/3/26 -) → 1.675% (- 0.200%, 2008/11/17 -) → 1.475% (- 0.200%, 2009/1/13 -)
- Yield on ordinary deposit: 0.001% → 0.100% (+ 0.099%, 2006/7/18 -) → 0.200% (+ 0.100%, 2007/2/26 -) → 0.120% (- 0.080%, 2008/11/4 -) → 0.040% (- 0.080%, 2008/12/22 -)
- Yield on 1year time deposit: 0.150% → 0.300% (+ 0.150%, 2006/7/18 -) → 0.400% (+ 0.100%, 2007/2/26 -) → 0.300% (- 0.100%, 2008/11/12 -) → 0.250% (- 0.050%, 2009/5/1 -) → 0.200% (- 0.030%, 2009/7/13 -) → 0.170% (- 0.030%, 2009/9/7 -)

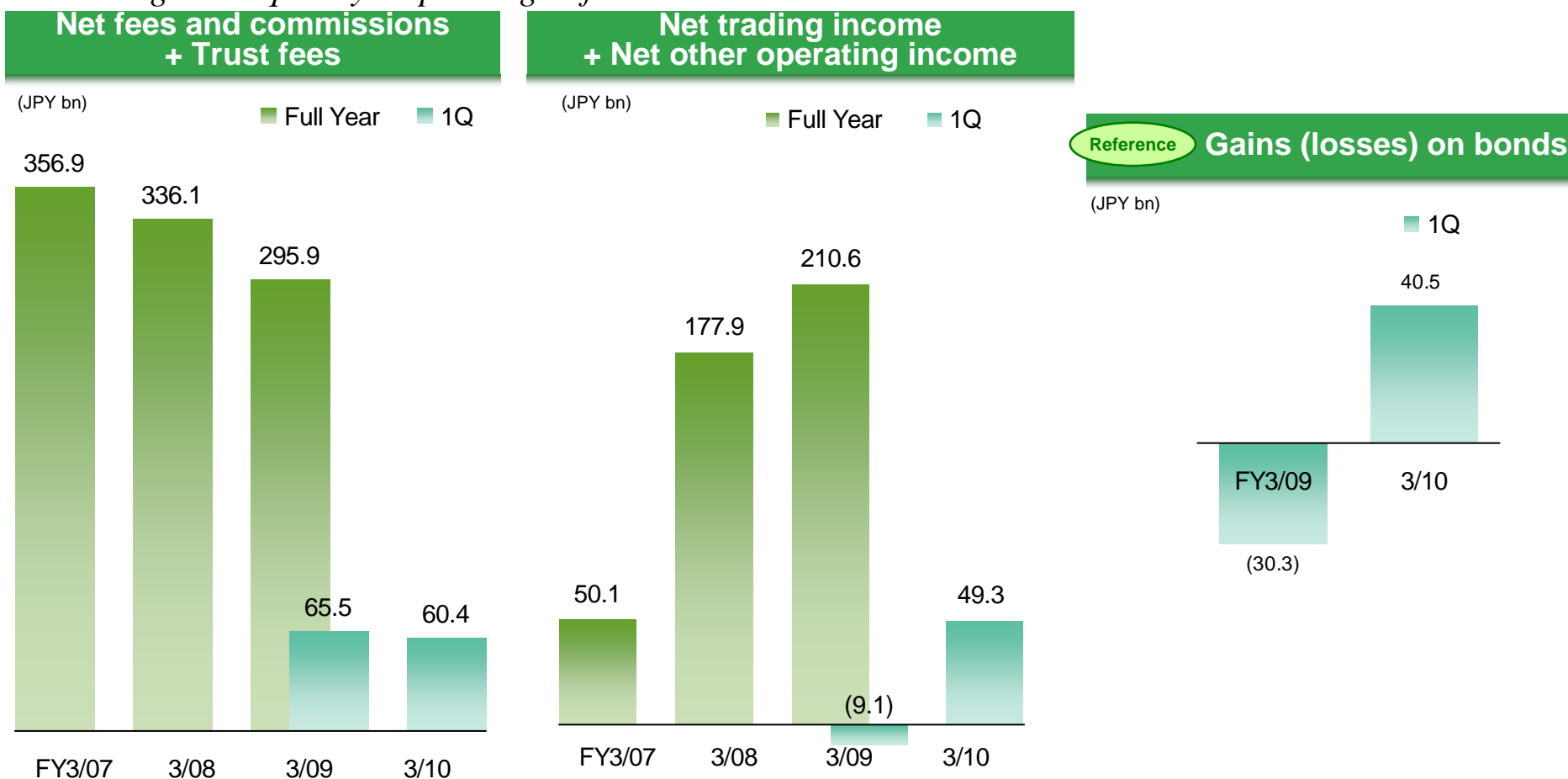
(Appendix 11) Gross Banking Profit

(Net Fees and Commissions, Net Trading Income + Net Other Operating Income)

1Q, FY3/10 –

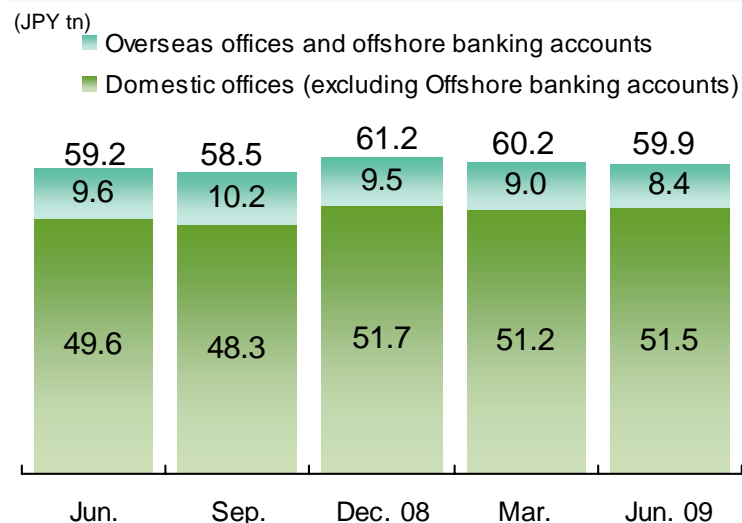
Net fees and commissions + Trust fees: Fee income related to loans, etc. decreased due to cautious allocation for overseas operation. Meanwhile, sales of investment trusts is recovering

Net trading income + Net other operating income: Gains (losses) on bonds improved due to proper management quickly responding to fluctuation in market interest rates

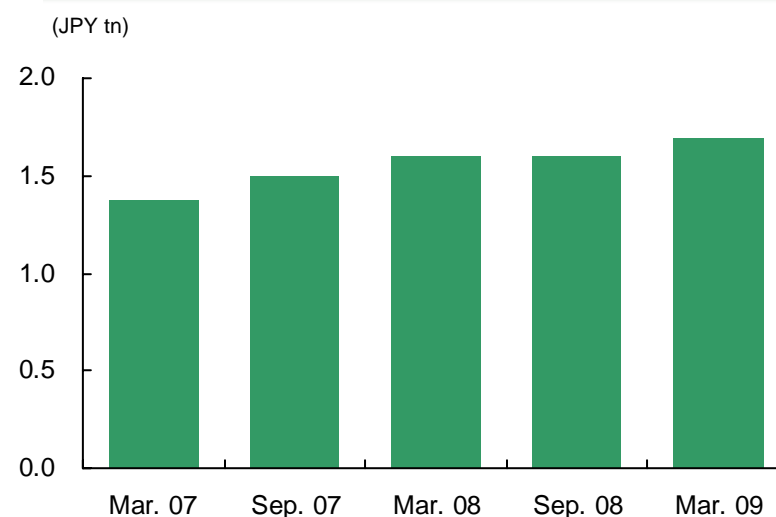


(Appendix 12) 1Q, FY3/2010 - Loan Balance -

Loan balance



Balance of non-recourse loans

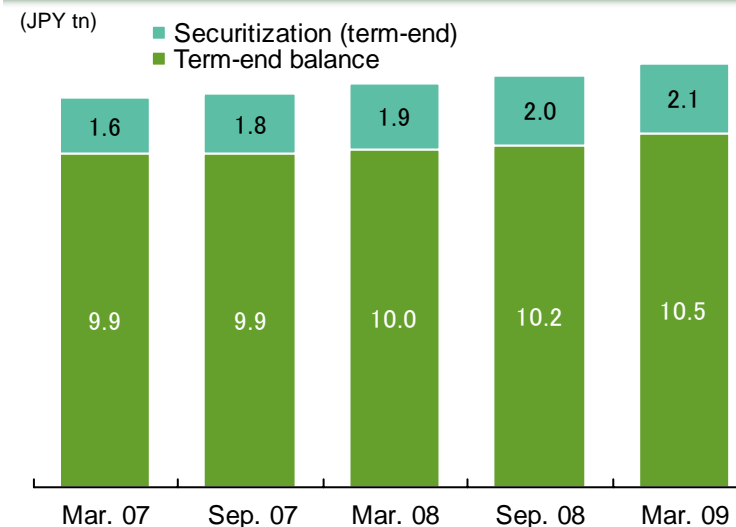


Loans, classified by business unit and coverage

(Managerial accounting basis, as of Mar. 31, 09) (JPY tn)

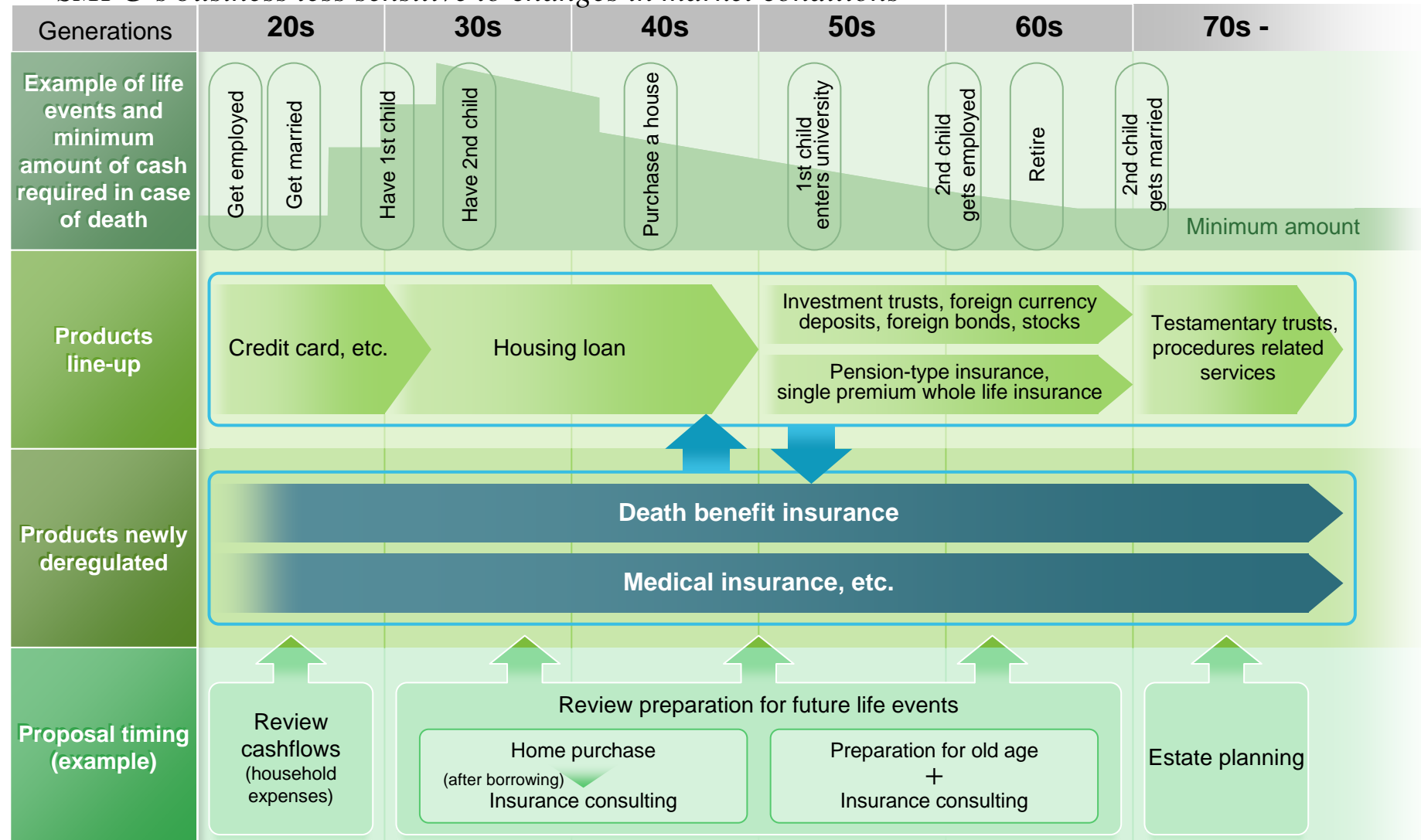
Consumer	16	Guaranteed	21
Middle Market	20	Collateralized	9
Corporate	12	Unsecured	30
International	9		
Headquarters	3		
Total	60	Total	60

Housing Loans




(Appendix 13) Financial Consulting for Individuals

Establishing “total consulting” business model – proposing products and services which optimally respond to customers’ needs and consistently providing follow-up information – makes SMFG’s business less sensitive to changes in market conditions



(Appendix 14) Acquisition of Nikko Cordial Securities & Other Related Businesses

Promote the creation of a new leading financial services group through combining the stability and reliability of a commercial bank with high-quality customer services of New Nikko Cordial Securities

Acquired Business/Assets		Purchase Price	Notes
New Nikko Cordial Securities	 Nikko Cordial Securities Inc. (all operations excluding selected assets and liabilities ^{*1}) <ul style="list-style-type: none"> ● The third largest full-line retail brokerage firm among Japan 	JPY 545.0 bn ^{*2}	<ul style="list-style-type: none"> ● Nikko Cordial Securities' average net income <ul style="list-style-type: none"> ● JPY 28 bn (ave. last 5 years) ● JPY 35 bn (ave. last 5 years excl. FY3/09) ● Goodwill and other intangible assets: <ul style="list-style-type: none"> ● mid range of JPY 200-300 bn <ul style="list-style-type: none"> ● To be amortized over 20 years ● Tier I impact: approx.(0.7)% <ul style="list-style-type: none"> ● Deduction of goodwill and increased risk-adjusted assets, etc. ● Tax benefits <ul style="list-style-type: none"> ● Record Deferred tax assets
	Wholesale securities business (Some businesses of Nikko Citigroup Limited ^{*1}) <ul style="list-style-type: none"> ● Equity and debt underwriting business ● Certain industry coverage teams 		
Nikko trademark and certain other assets			
12 Affiliates including: <ul style="list-style-type: none"> ● Nikko Cordial Alternative Investment Partnership ● Nikko System Solution ● Nikko Global Wrap (Total book value: approx. JPY 60 bn) 			
Affiliates			
Stocks	Shares held for strategic reasons (Listed stocks)	JPY 28.5 bn ^{*3}	

^{*1} Through demergers (an absorption-type demergers), the operations will be transferred to New Nikko Cordial Securities whose stock will be acquired by SMBC, pursuant to approval of relevant authorities.

^{*2} This figure will be adjusted based on net assets, etc. at New Nikko Cordial Securities and Affiliates, etc. at the point in time on the effective date

^{*3} Estimate based on market price as of Mar. 31, 09. Will be an amount equal to 95% of the market price as of 4 days prior to the closing date.

※ JPY 201.0 bn in cash will be excluded from the scope of this transaction, and will be retained by former Nikko Cordial Securities instead of being succeeded by New Nikko Cordial Securities



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.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.