

Provisional translation of  
the original Japanese version



SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

# Financial Results for 1st Half, FY3/2010 & Management Policies and Strategies

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## **November 25th, 2009**

# Agenda

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# 1. FY3/2010 Management Policy and Business Performance of 1st Half

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# 1-1. SMFG's Approach to Current Business Environment

## SMFG's Core Strategies

Aim for “a globally competitive financial services group with highest trust,”  
by maximizing our strength in “Core Commercial Banking Business”

Management  
Policy in  
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 / 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

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

- 6 Enhance capital base in terms of quality & quantity

# 1-2. Overview of 1H,FY3/2010 and Progress of Strategic Initiatives

SMFG's consolidated Net income in 1st Half, FY3/10 was JPY123.5 billion, JPY 33.5 billion higher than the May 09 forecast, due mainly to SMBC's favorable performance

Also, we enhanced our capital base, both in quality and quantity, by successfully completing the largest-ever common equity offering among Japanese financial institutions, while continuing to strengthen targeted growth business areas through making Nikko Cordial Securities as SMBC's wholly-owned subsidiary on Oct. 1st

## Managing credit costs, risk-adjusted assets and expenses

### SMBC <non-consolidated>

**Banking profit\*** ➔ JPY 27.6 bn higher than May 09 forecast

**Gross banking profit** ➔ JPY 19.3 bn higher than May 09 forecast

- ✓ Good performance in Gains on bonds
- ✓ Increase of Net interest income in overseas operation driven by improved loan spread, etc.

**Expenses** ➔ JPY 8.3 bn lower than May 09 forecast (OHR: 47.5%)

- ✓ Controlled business promotion expenses and investment in systems and offices

**Total credit cost** ➔ JPY 73.1 bn lower than May 09 forecast

- ✓ Mainly through detailed responses to our clients

### SMFG <consolidated>

**Net Income** ➔ JPY 33.5 bn higher than May 09 forecast

## Realizing a solid financial base as a global player

- Raised JPY 861.0 bn through common equity offering
- Issued preferred securities (approx. JPY 1.6 tn in total since Feb.08)
  - ✓ Completed JPY 0.8 tn of refinance issued about 10 years ago ➔ SMFG's consolidated Tier I ratio: 9.55%

## Fortifying targeted growth business areas

- ORIX Credit: Jul. 09
  - ✓ Made as a SMBC's consolidated subsidiary
- Bank Central Asia (Indonesia): Jul. 09
  - ✓ Signed MOU on mutual business cooperation
- Vietnam Eximbank: Aug. 09
  - ✓ Signed Technical service agreement
- Level-premium insurance, etc. Aug. 09
  - ✓ Started sales over the counter of all branches in Japan
- Nikko Cordial Securities Oct. 09
  - ✓ Made as a wholly-owned subsidiary of SMBC
  - ✓ Started business as a securities and IB company

\* Before provision for general reserve for possible loan losses

# 1-3. Summary of 1st Half, FY3/2010

SMBC's non-consolidated Banking profit exceeded May 09 forecast by JPY 27.6 billion, led by an increase in Gross banking profit and more stringent control on Expenses. Meanwhile, SMBC's non-consolidated Net income exceeded May 09 forecast by JPY 42.6 billion, due mainly to a decrease in Total credit cost which was JPY 73.1 billion less than May 09 forecast. As a result, SMFG's consolidated Net income exceeded May 09 forecast by JPY 33.5 billion, which was JPY 40.3 billion increase year over year

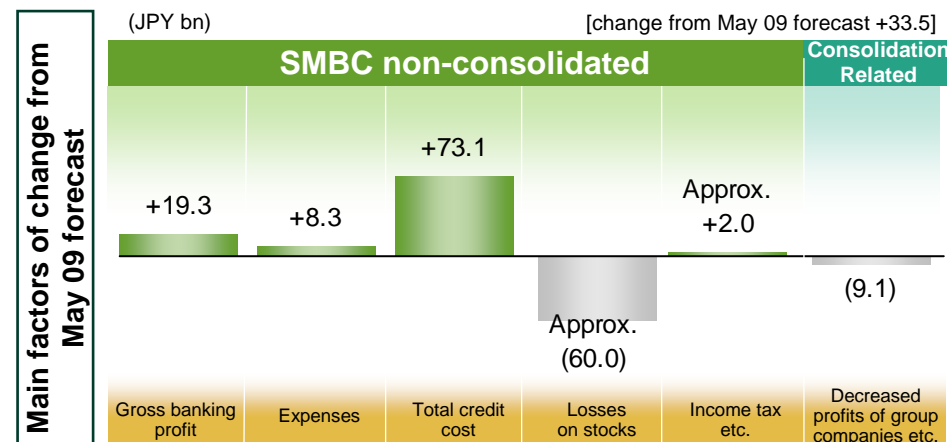
		(JPY bn)	1st Half, FY3/10	YOY Change	Change from May 09 forecast
SMBC <non-consolidated>	Gross banking profit		719.3	(15.8)	+19.3
	Expenses		(341.7)	+14.9	+8.3
	Banking profit*1		377.6	(0.9)	+27.6
	Gains (losses) on stocks		(36.8)	(19.6)	
	Total credit cost*2		(156.9)	+67.2	+73.1
	Other non-recurring gains (losses)		(36.7)	(21.6)	
	Ordinary profit		147.1	+25.0	+37.1
	Net income		112.6	+32.2	+42.6
SMFG <consolidated>	Ordinary profit		222.2	+31.3	+22.2
	Net income		123.5	+40.3	+33.5

\*1 Before provision for general reserve for possible loan losses

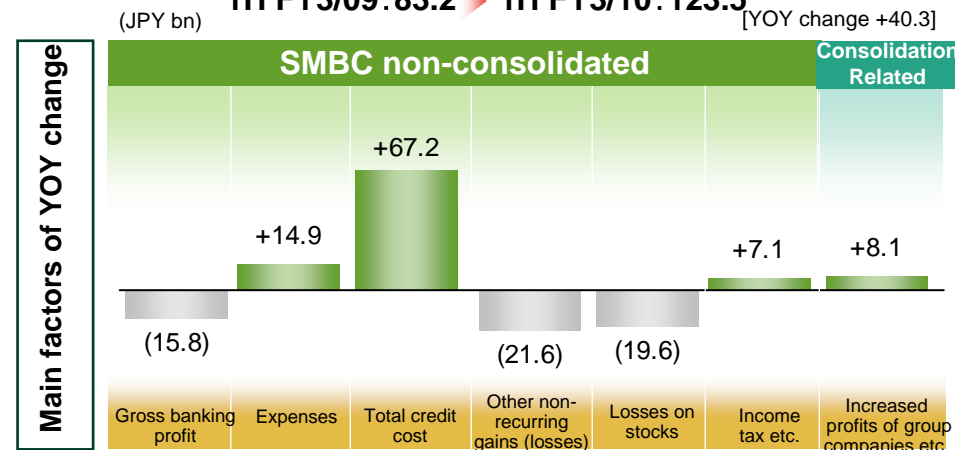
\*2 Including portion recorded in Extraordinary gains (losses)

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## SMFG's consolidated Net income: May 09 forecast: 90.0 ▶ 1H FY3/10: 123.5



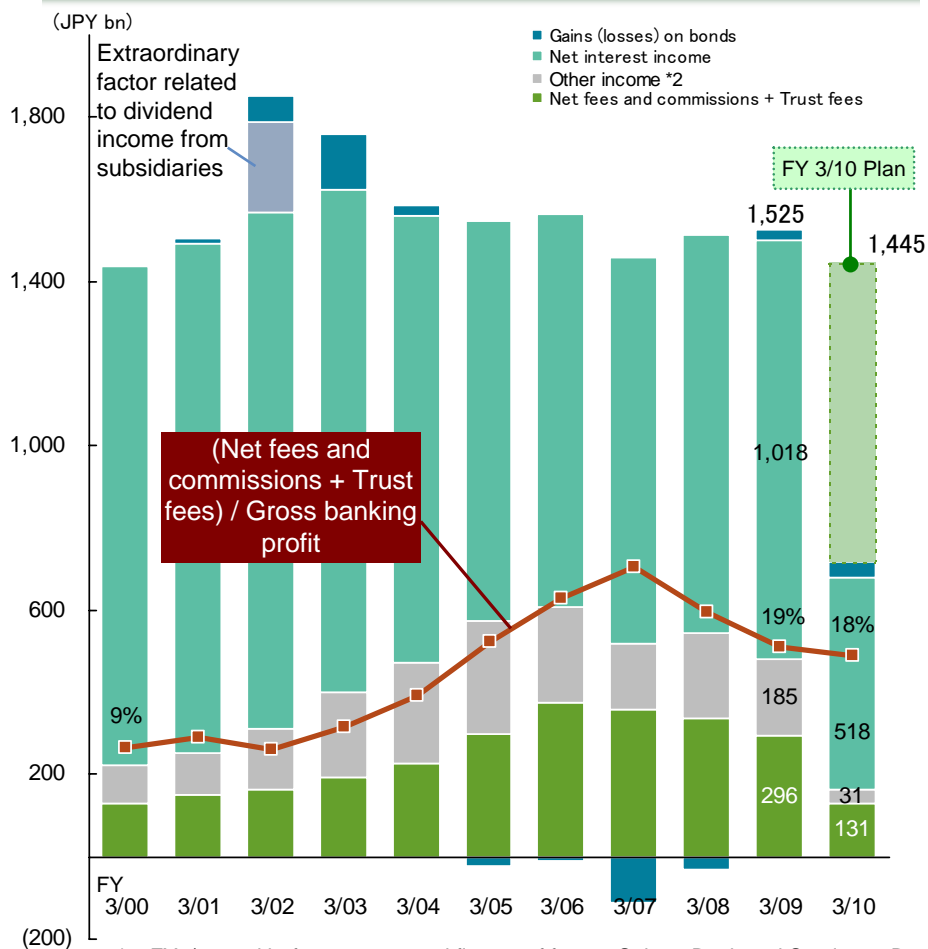
## SMFG's consolidated Net income: 1H FY3/09: 83.2 ▶ 1H FY3/10: 123.5



# 1-4. Top-Line Profit (1) Gross Banking Profit

SMBC's non-consolidated Gross banking profit decreased by JPY 15.8 billion year over year mainly due to a decrease in loan related fees in overseas and income on foreign exchanges derived from decrease in trade volume, while Gains on bonds increased

## Gross banking profit\*1



\*1 FY3/01 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

\*2 Other income = Net trading income + Net other operating income  
- Gains (losses) on bonds

## Major factors of YOY change

(JPY bn)	1H, FY3/10	YOY change
<b>Gross banking profit</b>	<b>719.3</b>	<b>(15.8)</b>
<b>Net interest income</b>	<b>517.8</b>	<b>+4.9</b>
Net interest income (loss) in domestic operations	459.4	(0.6)
Net interest income in overseas operations	58.4	+5.5
of which: Interest on interest-rate swaps	2.0	+10.2
<b>Net fees and commissions + Trust fees</b>	<b>131.2</b>	<b>(17.1)</b>
of which: Fees related to loans of overseas operations	17.5	(8.5)
Fees related to securities business*3	9.4	(3.1)
<b>Net trading income + Net other operating income</b>	<b>70.3</b>	<b>(3.6)</b>
of which: Gains (losses) on bonds	38.9	+43.4
Profits from sales of derivative products	(14.0)	(15.3)
Profits (losses) from foreign exchange*4	26.1	(19.9)

\*3 Includes securities intermediary fees

\*4 After segmentation adjustments

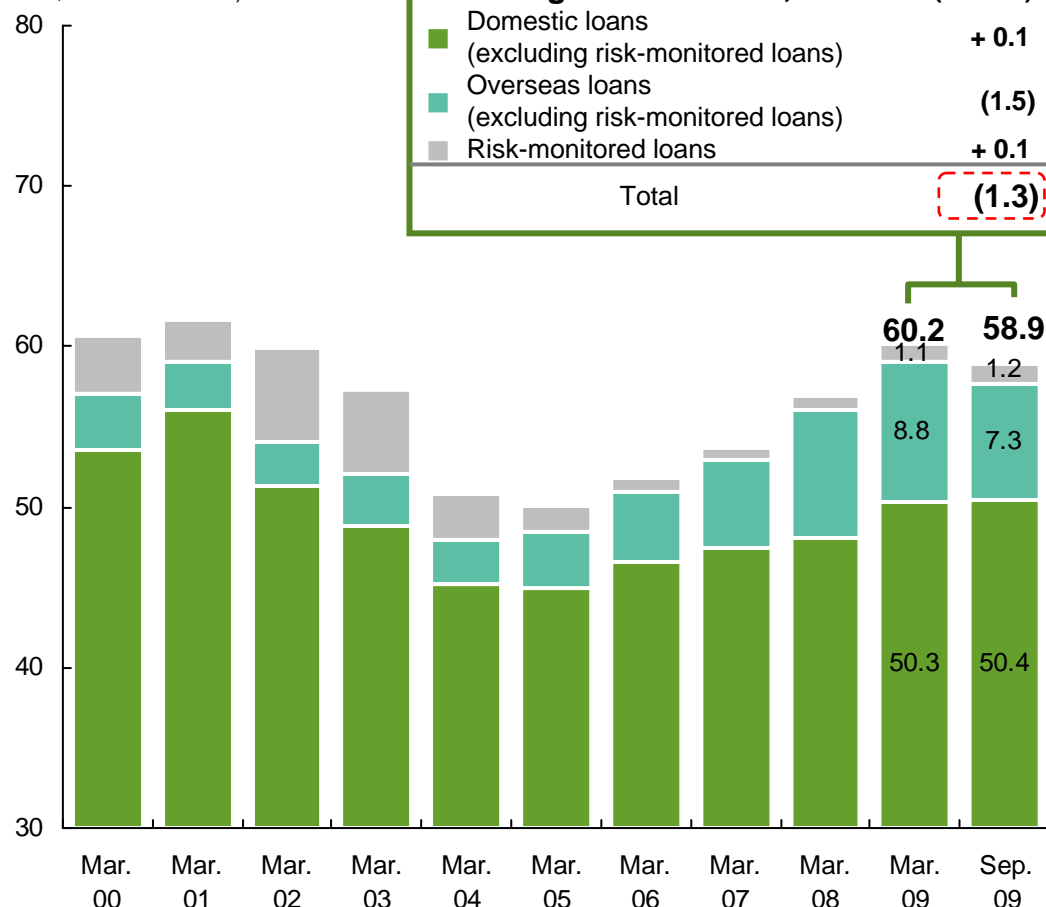
(SMBC non-consolidated)

# 1-4. Top-Line Profit (2) Net Interest Income: Loan Balance

Overseas loan balance decreased from Mar 09 level due to cautious portfolio management starting in 2nd Half, FY 3/09. Domestic loan balance excluding loans to the public sector also decreased. Loan demand is limited under the faltering macro economy, while loan demand surge resulting from dysfunction of capital markets in 2nd Half, FY3/09 has subsided

## Trend of loan balance\*1

(JPY tn, term-end balance)



\*1 Mar. 01 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

## Term-end Balance by domestic business unit (managerial accounting basis)

(JPY tn, term-end balance)

	Sep. 30, 09	Change from Mar. 31, 09
Consumer Banking Unit	15.2	+ 0.2 *2
Middle Market Banking Unit *3	19.3	(1.1)
Corporate Banking Unit	12.2	(0.0)

\*2 After add-back adjustment of securitized portion of housing loans (Securitized approximately JPY 40 bn in 1H, FY3/10)

\*3 Excluding loans to the public sector

## Overseas loans, classified by region \*4 (managerial accounting basis)

(JPY tn, term-end balance)

	Sep. 30, 09	Change from Mar. 31, 09
Overseas total	8.7	(1.3)
Americas	2.6	(0.8)
Europe	3.4	(0.3)
Asia	2.7	(0.2)

\*4 Includes SMBC Europe and SMBC (China) (SMBC non-consolidated)



# 1-4. Top-Line Profit (3) Net Interest Income: Loan to Deposit Spread

Tightening of domestic loan to deposit spread is due mainly to BOJ's policy interest rate cuts in Oct. and Dec. 08

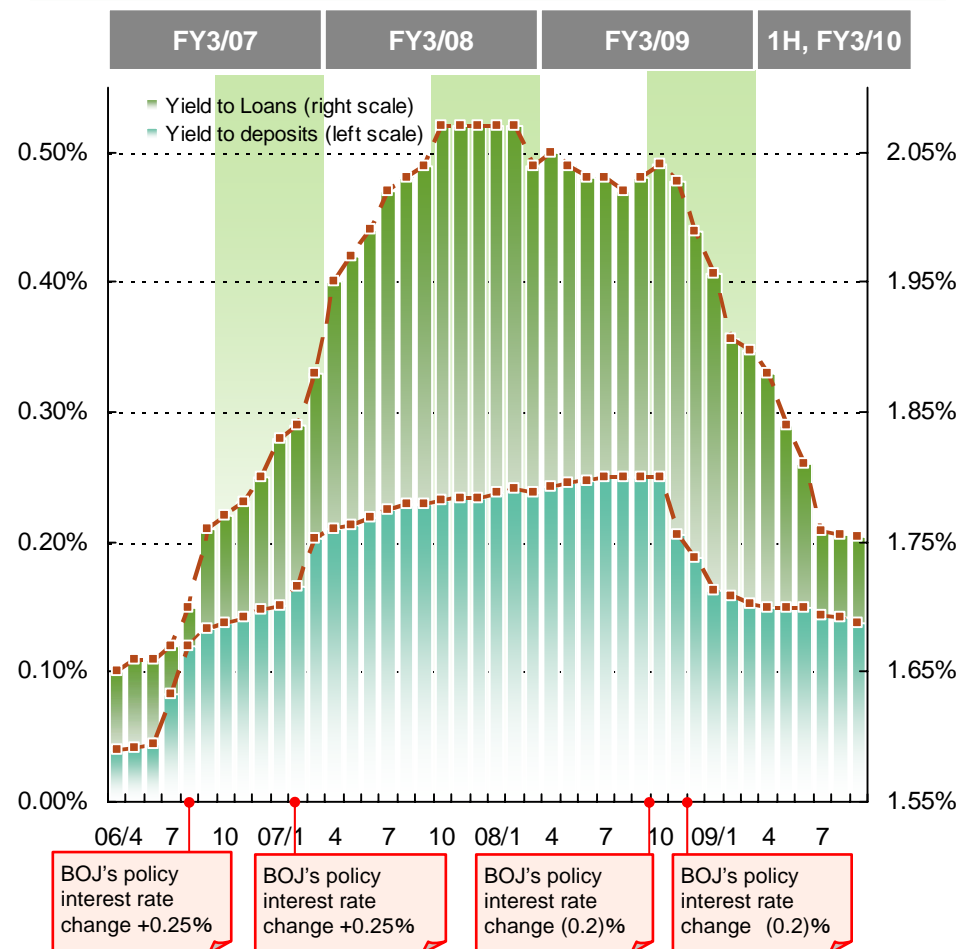
## Loan to deposit spread (financial accounting basis)

(JPY tn, %)

<Domestic>	1H, FY3/10			
	Average balance	Yield	YOY change	
Loans* (a)	48.2	1.77	+2.2	(0.24)
Deposits, etc. (b)	67.2	0.15	+7.1	(0.11)
Loan to deposit spread (a) - (b)		1.62		(0.13)
<Overseas>				
Loans (a)	9.5	2.21	(0.6)	(1.80)
Deposits, etc. (b)	10.3	0.54	+0.3	(1.77)
Loan to deposit spread (a) - (b)		1.67		(0.03)

\* Excludes loans to financial institutions

## 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 1 year time deposit (over-the-counter): 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 - )

(SMBC non-consolidated)

# 1-5. Performance by Business Unit

*In 1st Half, FY3/10, Gross banking profit for Marketing units after adjustment of interest rates and exchange rates, etc., was almost at the same level as 1st Half, FY3/09. Despite negative impact from policy interest rate cuts and yen appreciation etc., total Banking profit was at the same level as 1st Half, FY3/09, due mainly to good performance of Treasury Unit and stringent control on Expenses*

(JPY bn)		1H, FY3/09	1H, FY3/10	YOY change*1
Consumer Banking Unit	Gross banking profit	215.6	192.5	(5.9)
	Expenses	(145.3)	(144.4)	+1.0
	Banking profit	70.3	48.1	(4.9)
Middle Market Banking Unit	Gross banking profit	281.1	231.4	(33.6)
	Expenses	(111.2)	(109.2)	+1.4
	Banking profit	169.9	122.2	(32.2)
Corporate Banking Unit	Gross banking profit	94.3	97.2	+19.4
	Expenses	(15.7)	(16.6)	(0.1)
	Banking profit	78.6	80.6	+19.3
International Banking Unit (IBU)	Gross banking profit	89.9	84.2	+18.5
	Expenses	(34.6)	(27.3)	+2.0
	Banking profit	55.3	56.9	+20.5
Marketing Units	Gross banking profit	680.9	605.3	(1.6)
	Expenses	(306.8)	(297.5)	+4.3
	Banking profit	374.1	307.8	+2.7
Treasury Unit	Gross banking profit	89.8	167.0	+78.3
	Expenses	(9.1)	(8.2)	+0.5
	Banking profit	80.7	158.8	+78.8
Headquarters	Gross banking profit	(35.6)	(53.0)	(92.5)
	Expenses	(40.7)	(36.0)	+10.1
	Banking profit	(76.3)	(89.0)	(82.4)
Total	Gross banking profit	735.1	719.3	(15.8)
	Expenses	(356.6)	(341.7)	+14.9
	Banking profit	378.5	377.6	(0.9)

## Gross banking profit by products\*2

(JPY bn)		<YOY change*1>
of which:		
Income on domestic loans	261.1	+ 2.7
Income on domestic yen deposits	104.3	(0.5)
IBU's Interest related income	50.4	+16.8
Interest income	441.9	+18.7
of which:		
Investment trusts	16.7	+ 0.5
Pension-type insurance	9.5	(0.2)
Income relating to Financial consulting for individuals	27.4	(0.1)
of which:		
Loan syndication	22.8	+ 4.9
Income on structured finance*3	17.4	(2.9)
Income on real estate finance*3	15.1	+ 7.0
Income relating to IB*4 business*3	65.9	+ 6.8
of which:		
Derivatives	8.9	(14.2)
Money remittance, EB	48.0	(0.7)
Foreign exchange	19.8	(3.9)
IBU's Non-interest income	33.8	+ 1.7
Non-interest income	163.4	(20.3)
Marketing Units	605.3	(1.6)

Adjustment of interest rates and exchange rates, etc. (74.0)

<Nominal change>  
YOY change  
(75.6)

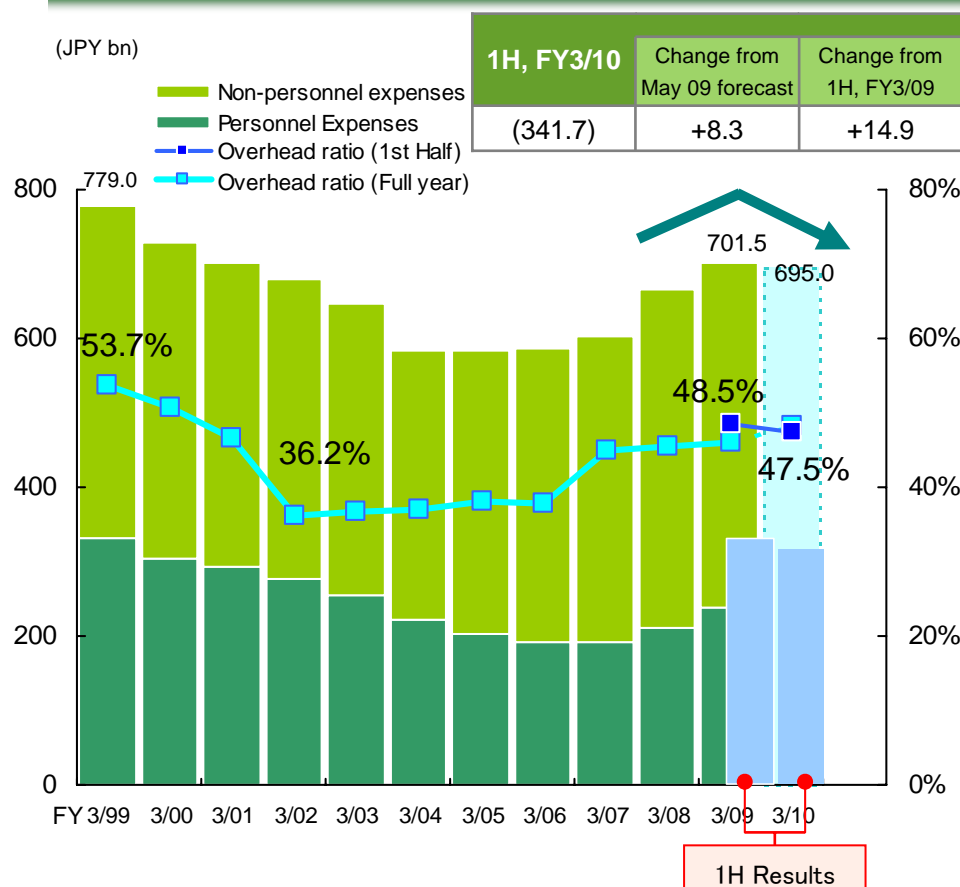
## Average loan balance and spread by business unit\*2

(JPY tn, %)	Average balance		Average spread	
	1H, FY3/10	YOY change	1H, FY3/10	YOY change
Domestic Loans	51.1	+2.6	1.04	(0.04)
of which:				
Consumer Banking Unit	15.1	+0.4	1.49	(0.04)
Middle Market Banking Unit	19.5	(1.0)	1.19	(0.02)
Corporate Banking Unit	12.1	+1.8	0.65	+0.09

# 1-6. Expenses

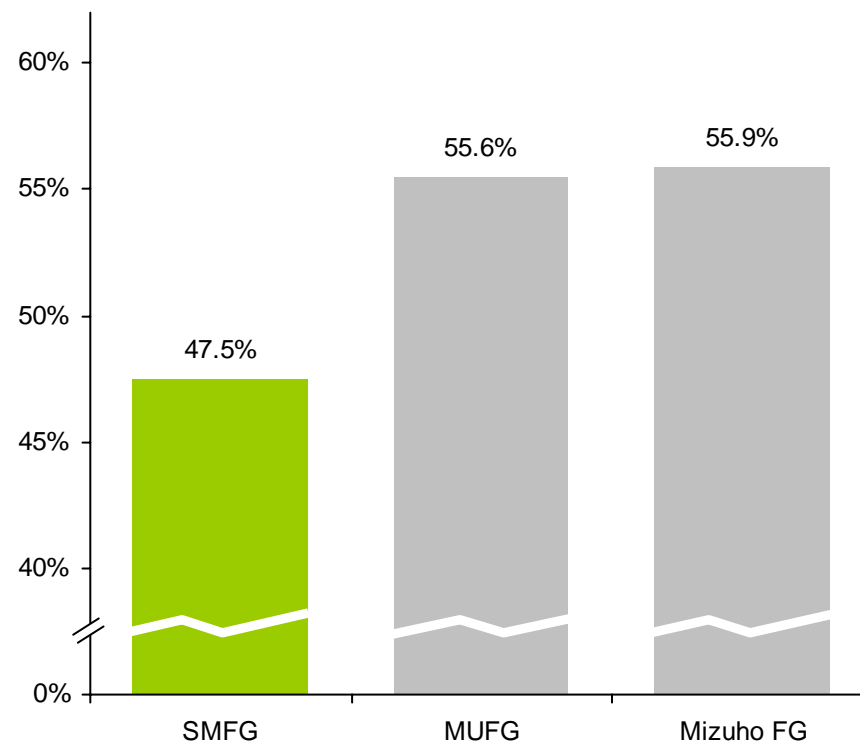
SMBC's non-consolidated Expenses (excluding non-recurring losses) decreased to JPY 341.7 billion, JPY 8.3 billion lower than May 09 forecast and JPY 14.9 billion decrease year over year, due mainly to cut back in promotion expenses and stringent control/reallocation of investment in system and offices. We will strive to maintain the overhead ratio of less than 50% on SMBC non-consolidated basis

## Trends of Expenses\*1



\*1 FY3/01 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

## Overhead ratio (1st Half, FY3/10, comparison with peers\*2)



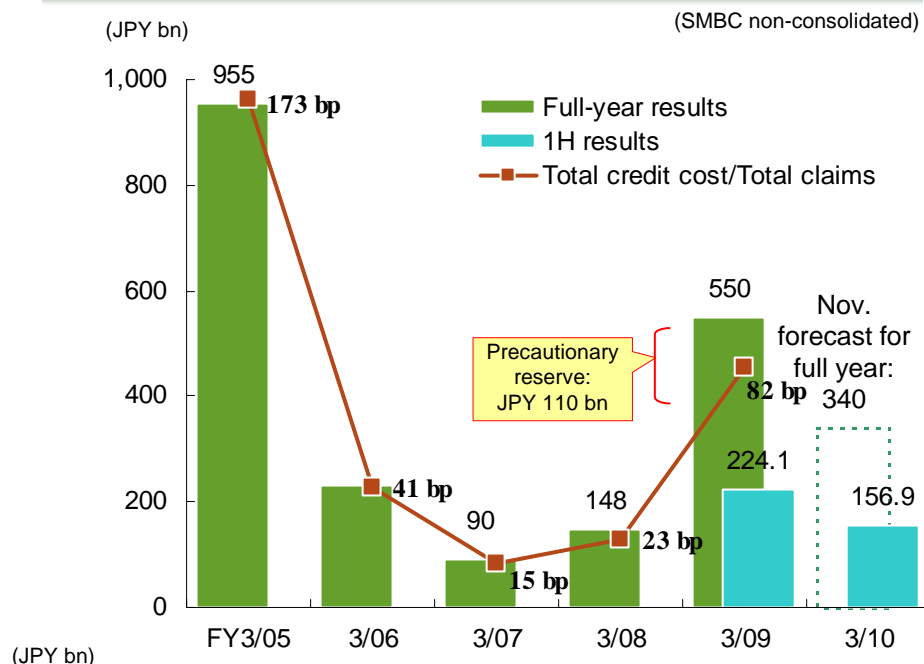
\*2 Based on each companies' disclosure

The figures shown in the graphs are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and simple aggregation of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG

# 1-7. Total Credit Cost

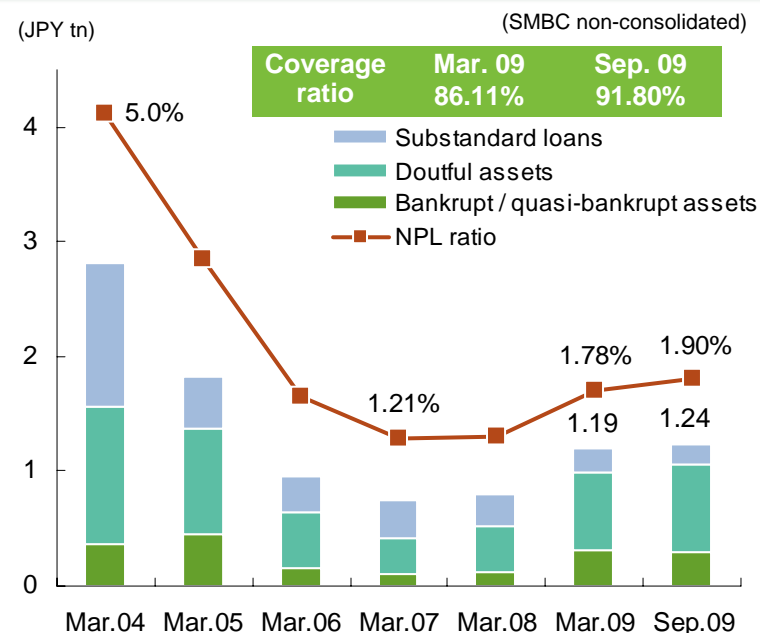
SMBC's non-consolidated Total credit cost for 1st Half, FY3/10 decreased by JPY 73.0 billion compared with May 09 forecast and decreased by JPY 67.2 billion year over year due mainly to the Japanese government's economy-boosting measure including the emergency credit-guarantee program through credit guarantee corporations, detailed responses to our clients and improvement in overseas market

## Total credit cost



(JPY bn)	Total credit cost (SMFG consolidated)						
	1,197	302	145	249	768	302.1	268.5
Of which, Group companies'	242	71	55	101	218	78.0	111.6

## Ref. Balance of non-performing loans

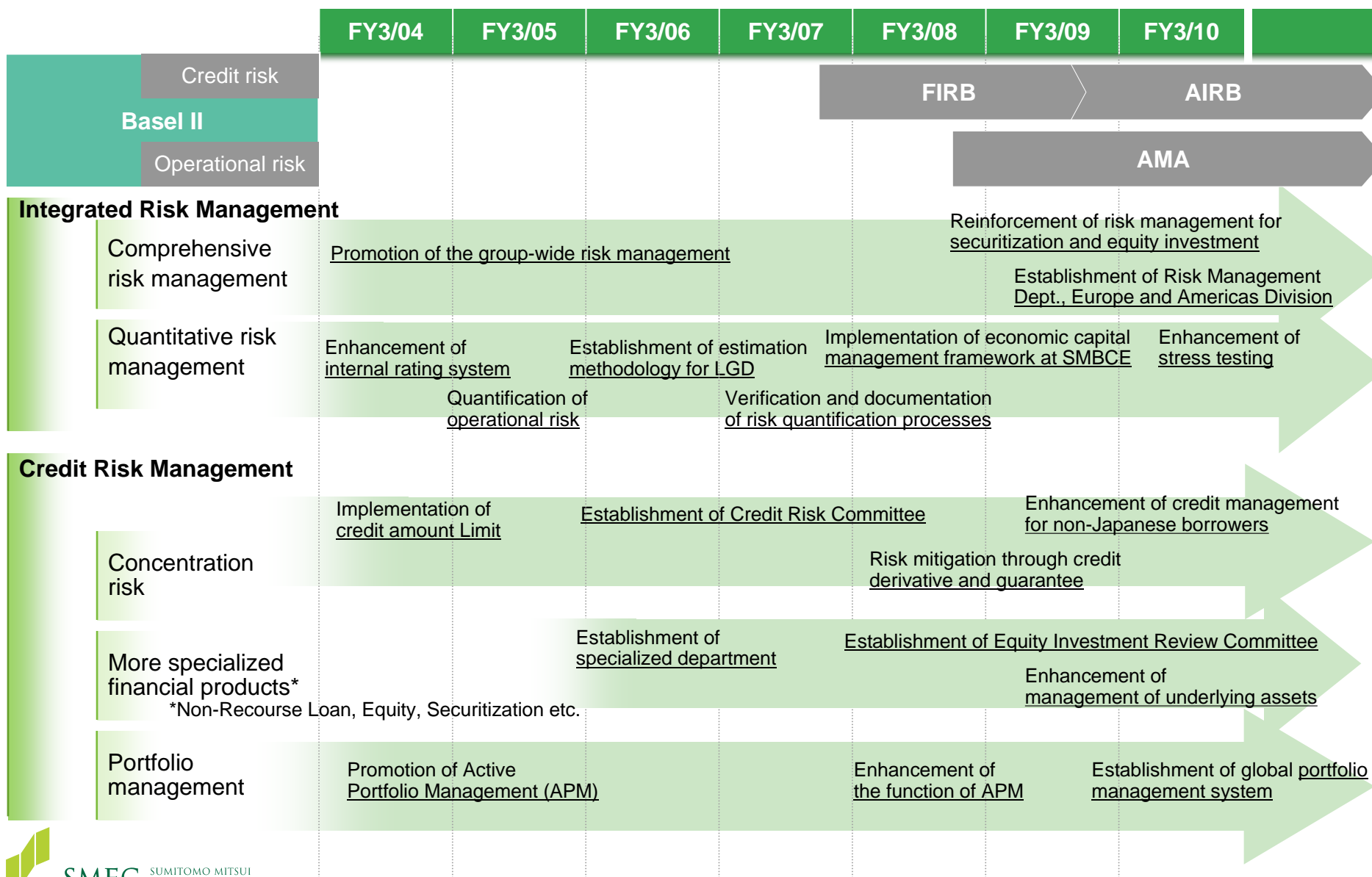


(JPY tn)							
Claims to borrowers requiring caution*	4.3	2.4	2.2	2.4	2.6	3.7	3.6
Total claims	56	55	57	61	65	67	65

\* Excluding claims to Substandard borrowers

# 1-8. Enhancement of Risk Management

*As risks increase in diversity and complexity, we are continuously reinforcing comprehensive risk management framework and risk quantification system pursuant to Basel II capital requirements*



# 1-9. Stocks and Bonds

The level of Nikkei index at which SMBC's net unrealized gains on listed stocks would become zero is expected to be around 8,000 yen based on the calculation at the end of Sep. 09. Bond portfolio was managed by quickly responding to fluctuation in both domestic and overseas market interest rates

## Other securities with fair value (as of Sep. 30, 09)

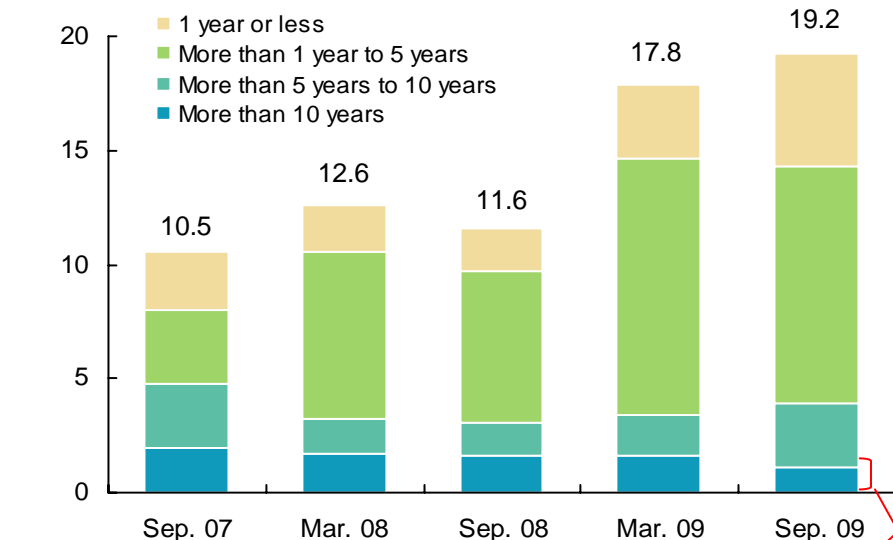
(SMFG consolidated)

	(JPY bn)	Acquisition cost	Unrealized gains (losses)	Change from Mar. 31, 09
<b>Stocks</b>		<b>1,975.3</b>	<b>527.8</b>	<b>520.8</b>
Of which: SMBC non-consolidated		1,977.3	496.0	512.5
<b>Bonds</b>		<b>14,486.8</b>	<b>63.3</b>	<b>66.1</b>
Of which: SMBC non-consolidated		13,435.6	55.6	56.8
Of which: JGBs		13,302.5	54.2	55.3
<b>Others</b>		<b>3,774.0</b>	<b>13.5</b>	<b>50.9</b>
Of which: SMBC non-consolidated		3,497.6	12.1	37.0
<b>Total</b>		<b>20,236.1</b>	<b>604.6</b>	<b>637.8</b>
Of which: SMBC non-consolidated		18,910.5	563.7	606.4

## Yen-dominated bond portfolio

Balance (JPY tn)

(SMBC non-consolidated)



(Total balance of bonds with maturities among Other securities and bonds classified as Held-to maturity)

15-year floating-rate JGBs: JPY 1.8 tn

Average Duration * (Years)	2.7	2.3	1.7	1.8	1.7
Unrealized gains/losses (JPY bn)	(157.7)	(129.5)	(56.5)	(1.2)	55.6

15-year floating-rate JGBs have been carried at their reasonably estimated amounts from 1st Half, FY3/09

# 1-10. Contribution of Affiliates to Consolidated Profit

Contribution of affiliates to consolidated Net income for 1st Half, FY3/10 was JPY 10.9 billion, increased by JPY 8.1 billion year over year

(JPY bn)	SMFG consolidated	SMBC non-consolidated	Difference
Consolidated gross profit / non-consolidated gross profit	1,066.0	719.3	346.7
Net interest income	683.2	517.8	165.4 (1)
Trust fees	0.5	0.5	0.0
Net fees and commissions	259.5	130.7	128.8 (2)
Net trading income	140.6	107.5	33.1 (3)
Net other operating income	(17.8)	(37.2)	19.4
General and Administrative expenses	(533.0)	(341.7)	(191.3) (4)
Total credit cost*	(268.5)	(156.9)	(111.6) (5)
Gains ( losses) on stocks	(8.9)	(36.8)	27.9 (6)
Equity in earnings (losses) of affiliates	(20.0)	-	(20.0) (7)
Ordinary profit	222.2	147.1	75.1
Extraordinary gains (losses)	7.8	(2.0)	9.8
Net income	123.5	112.6	10.9
Consolidated/non-consolidated net business profit	400.4	377.6	22.8

\* Including extraordinary gains (losses)

YOY change  
+JPY 8.1 bn

## Major factors in difference

	(JPY bn)	1H, FY3/10	YOY change
(1)	Sumitomo Mitsui Finance and Leasing	31.0	+2.0
	Kansai Urban Banking Corporation	29.0	(2.0)
	MINATO BANK	22.0	(1.0)
(2)	Sumitomo Mitsui Card	72.0	(0.0)
	SMBC Guarantee	17.0	+1.0
(3)	SMBC Friend Securities	22.0	+12.0
(4)	Sumitomo Mitsui Card	(65.0)	+3.0
	SMBC Friend Securities	(22.0)	(1.0)
	Sumitomo Mitsui Finance and Leasing	(21.0)	+1.0
	Kansai Urban Banking Corporation	(18.0)	+1.0
(5)	Kansai Urban Banking Corporation	(24.0)	(12.0)
	SMBC Europe	(18.0)	(11.0)
	Sumitomo Mitsui Finance and Leasing	(14.0)	(3.0)
(6)	Reversal of impairment losses on Promise's equity	29.0	+29.0
(7)	Cedyna Financial	(20.0)	(20.0)
	Daiwa Securities SMBC	4.0	+21.0



# 1-11. Capital

*We enhanced our capital base both in terms of quality and quantity, through public offering of common equity, refinance of preferred securities and accumulation of consolidated Net income*

(JPY bn)	Mar.31, 09 (a)	Sep.30, 09 (Preliminary) (b)	(b) - (a)
<b>Tier I</b>	<b>4,335.1</b>	<b>5,295.2</b>	<b>+960.1</b>
Capital stock & Capital surplus	1,478.1	2,343.5	+865.4
<Preferred Stock>	[310.2]	[310.2]	-
Retained earnings	1,224.0	1,296.8	+72.8
Preferred securities issued by overseas SPCs	1,763.3	1,730.5	(32.8)
Unrealized losses on Other securities	(14.6)	-	+14.6
Foreign currency translation adjustment	(129.1)	(86.1)	+42.9
Amount equivalent to 50% of expected losses in excess of qualifying reserves	(17.6)	(47.1)	(29.5)
Increase in equity capital resulting from a securitization exposure	(42.1)	(40.1)	+2.0
<b>Tier II</b>	<b>2,421.0</b>	<b>2,765.5</b>	<b>+344.5</b>
45% of unrealized gains on Other securities	-	307.6	+307.6
45% of land evaluation excess	37.2	37.2	(0.0)
Allowance for general loan losses	80.4	79.5	(0.9)
Perpetual subordinated debt	762.6	676.2	(86.4)
Dated subordinated debt	1,540.8	1,665.0	+124.2
Deduction	(708.2)	(779.2)	(71.0)
Total capital	6,047.8	7,281.5	+1,233.7
Risk-adjusted assets	52,726.5	55,423.3	+2,696.8
<b>Capital ratio*1</b>	<b>11.47%</b>	<b>13.13%</b>	<b>+1.66%</b>
<b>Tier I ratio</b>	<b>8.22%</b>	<b>9.55%</b>	<b>+1.33%</b>
<b>Net deferred tax assets</b>	<b>830.4</b>	<b>672.0</b>	<b>(158.4)</b>

## Tier I

(1)	Capital increase by public offering	+ 861.0 bn
(2)	Consolidated net income	+ 123.5 bn
	Dividends	(51.0)bn
(2)	(3) Issuance of preferred securities	+ 343.0 bn
(3)	Redemption of preferred securities	(340.0)bn

Net deferred tax assets / Tier I (SMFG consolidated): 12.7%  
(as of Sep. 30, 09, decreased by 6.5% compared with Mar. 31, 09)

## Tier II

(4)	Increase in valuation difference on available-for-sales	+307.6 bn
(5)	Issuance of dated subordinated debt	+250.8 bn
	Redemption of dated subordinated debt etc.	(126.8)bn

## Risk-adjusted assets

(6)		Mar. 31, 09	Sep. 30, 09 (Preliminary)	Change from Mar.31, 09
	(JPY bn)			
(5)				
	Credit risk-adjusted assets	49,397.2	52,171.0	+2,773.8
(6)	Market risk equivalent	265.7	235.8	(29.9)
	(Reference) Outlier ratio*2	8.6%	8.1%	(0.5)%
	Operational risk equivalent	3,063.6	3,016.5	(47.1)
	Total	52,726.5	55,423.3	<b>+2,696.8</b>

Credit risk-adjusted assets increased due to PD\*3 impact

\*1 Figures are on the basis of Basel II standard (Credit risk: AIRB, Operational risk: AMA)

\*2 SMBC consolidated basis \*3 "PD" stands for "Probability of Default"

(SMFG consolidated)



## 2. Management Policy in 2nd Half, FY3/2010 and Fortification of Growth Business Areas

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## 2-1. Earnings Forecast for FY3/2010

Comparing with May 09 forecast, SMBC's non-consolidated Net income for FY3/10 is forecasted to increase by JPY 20 billion, due mainly to decrease in Total credit cost by JPY 40 billion. SMFG's consolidated Net income for FY3/10 is forecasted to be JPY 220 billion, the same level as May 09 forecast, due mainly to decrease in Cedyne Financial's Net income by JPY 18 billion, based on SMFG's interest

(JPY bn)		FY3/09 Results (a)	Results of 1H, FY3/10	Forecast for FY3/10 in Nov. <Forecast in May> (b)	(b)-(a)
SMBC non- consolidated	Gross banking profit	1,524.9	719.3	1,445.0 <1,445.0>	(79.9)
	Expenses	(701.5)	(341.7)	(695.0) <(695.0)>	+ 6.5
	Overhead ratio	46.0%	47.5%	48.1% <48.1%>	+ 2.1%
	Banking profit*1	823.4	377.6	750.0 <750.0>	(73.4)
	Total credit cost*2	(550.1)	(156.9)	(340.0) <(380.0)>	+ 210.1
	Ordinary profit	36.1	147.1	330.0 <310.0>	+ 293.9
	Net income	(301.1)	112.6	200.0 <180.0>	+ 501.1
SMFG consolidated	Ordinary profit	45.3	222.2	490.0 <510.0>	+ 444.7
	Net income	(373.5)	123.5	220.0 <220.0>	+ 593.5

\*1 Before provision for general reserve for possible loan losses

\*2 Including portion recorded in Extraordinary gains (losses)

### Assumption for FY3/2010 forecast

	Forecast announced in May 09	Forecast announced in Nov. 09
Nominal growth rate of GDP	(3.5)%	
3 month JPY TIBOR	0.65%	0.56%
FF target rate	0.00 - 0.25%	
Exchange rate (JPY/USD)	90	
Ref. Nikkei Stock Average (JPY)	7,765*3	10,133*4

\*3 As of Mar. 31, 09 \*4 As of Sep. 30, 09

### Common share dividends

- The same as May 09 forecast, as we expect no significant changes in SMFG's consolidated financial results for FY3/10.  
(JPY 90 per share, of which JPY 45 to be paid as interim dividend)

## 2-2. Growth Opportunities through Nikko Cordial Securities

*On Oct. 1, 09, we brought Nikko Cordial Securities into a member of the group companies as a wholly-owned subsidiary of SMBC*

*In retail area, financial assets under account is making a steady growth, especially through favorable sales of jointly developed and provided investment trusts by SMBC and Nikko Cordial Securities started from Oct. 1st*

*Also in wholesale area, both equity/bond underwriting businesses and bond trading business has achieved good results*

### Retail business area

#### Formed solid retail platform

- Dramatically expanded our retail platform to JPY 65 tn in financial assets under account, with approx. 9,800 personnel at approx. 600 locations nationwide
- Respond to the various needs of customers by the introduction of know-how and new products/services through cooperation between SMBC and Nikko Cordial Securities

#### Specific initiatives

- Provide jointly developed investment trusts
  - ▶ Investment trusts provided from Oct. 09
    - Initial sales amount (Oct. 30) : JPY 215.7 bn
    - Bond funds: Recorded largest initial sales amount as a single series of Japanese investment trusts in this fiscal year
- Co-sponsored joint seminars (Oct. 09)  
Approx. 2,200 customers in total visited
- Started mutual introduction of customers
- Securities intermediary (plan)

Early realizing completion of  
“total consulting business”

### Wholesale business area

#### Started smoothly

Oct. 09 results

# of equity and bond  
underwriting

More than 50\*

# of customers in bond  
trading (contract basis)

Several hundreds

#### Initiatives going forward

- Established “The SMBC Desk” at Nikko Cordial Securities as the point of contact for the cooperation with SMBC (Oct. 1st)
- Introduce customers’ needs in the issuance and/or investment of stocks/fixed income securities, etc.
- Securities intermediary business at SMBC in cooperation with Nikko Cordial Securities (plan)
- Establish an organization whose staffs will serve customers concurrently (under consideration)

Pursue integrated business model  
between banking and securities activities

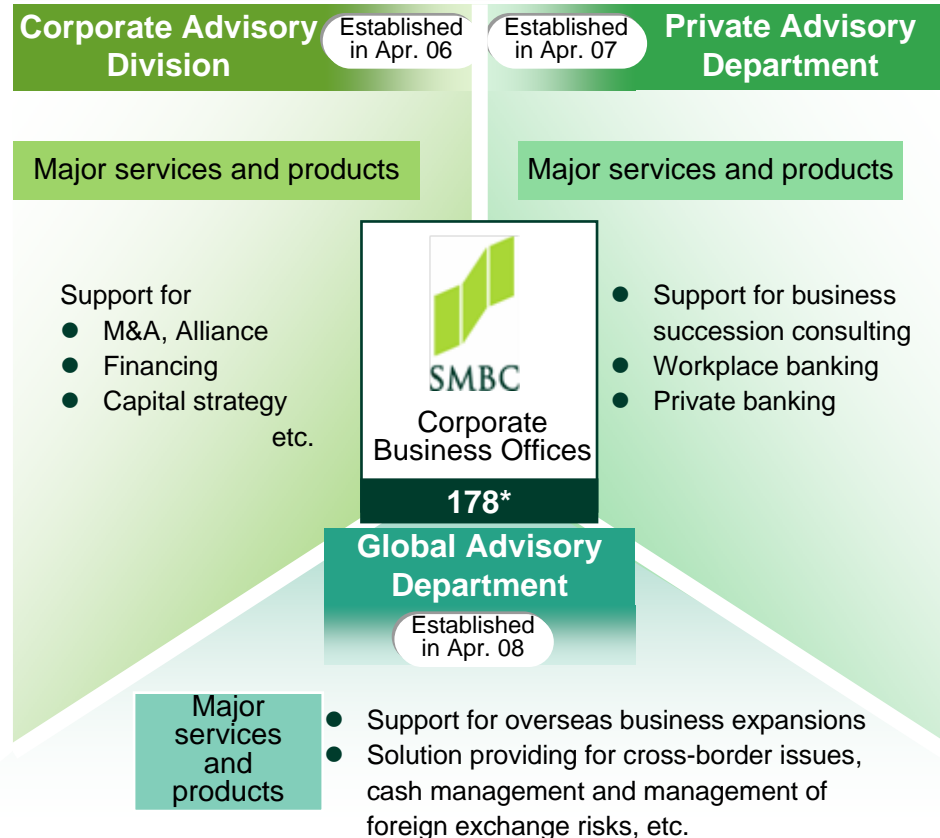
\* Number of transactions after pricing

## 2-3. Solution Providing for Corporations / Investment Banking Business

*We are providing high-quality financial solutions for our customers' diversified management issues through three cross-sectional specialized departments in the realm of consumer, corporate and overseas business*

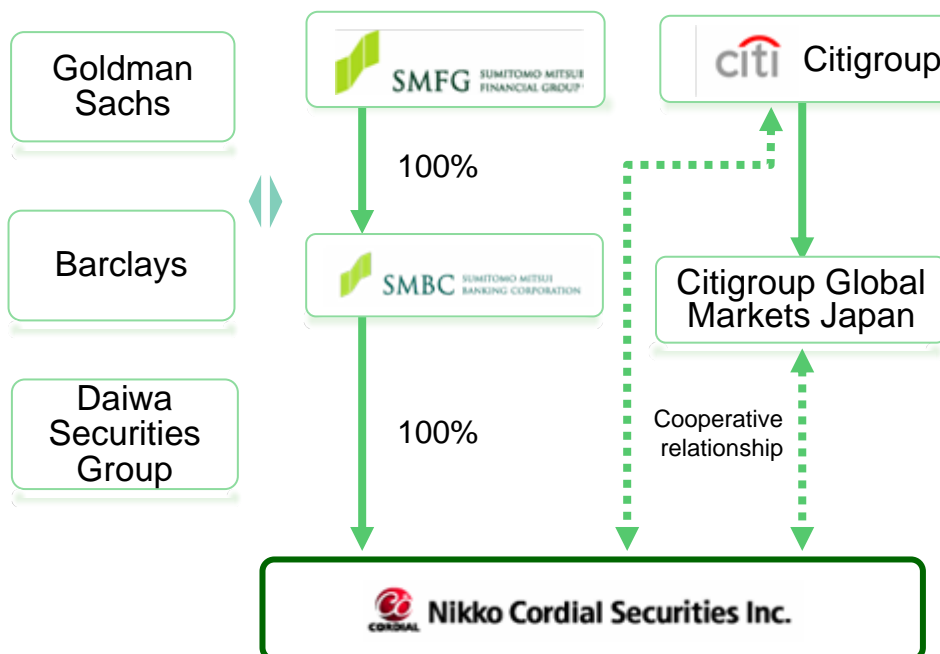
*Furthermore, adding Nikko Cordial Securities to our group companies, we will provide high-quality services to a broad range of customers, from global companies to small and medium-sized enterprises, based on the easing of firewall regulation between banking and securities*

### Organizational structure to provide solutions for corporations (SMBC)



Ref.

### New structure of wholesale securities business

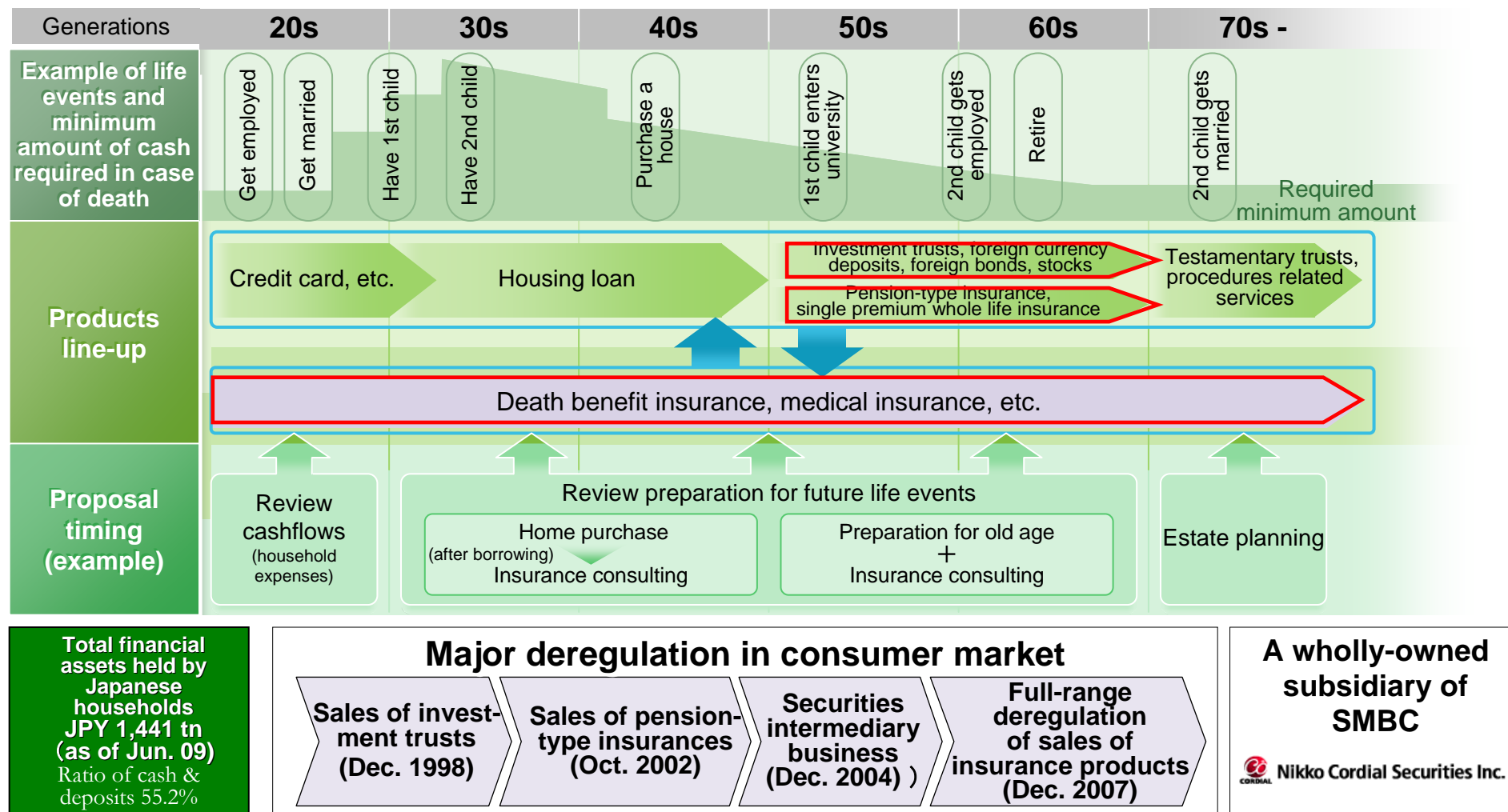


**Pursue integrated business model between banking and securities activities**

## 2-4. Financial Consulting for Individuals

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

Products line-up was significantly expanded through taking advantage of deregulation and making Nikko Cordial Securities as a wholly-owned subsidiary of SMBC, etc.



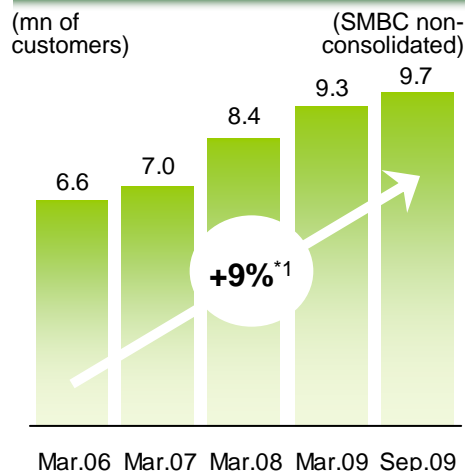
...Products expanded mainly after deregulation and acquisition of Nikko Cordial Securities, etc.

## 2-5. Payment & Settlement Services, Consumer Finance

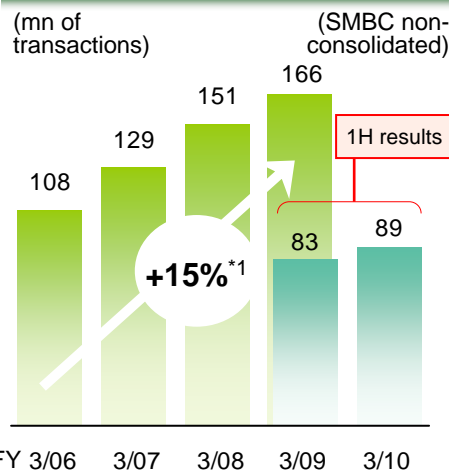
### (1) Settlement Businesses and Stable Deposit Base

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

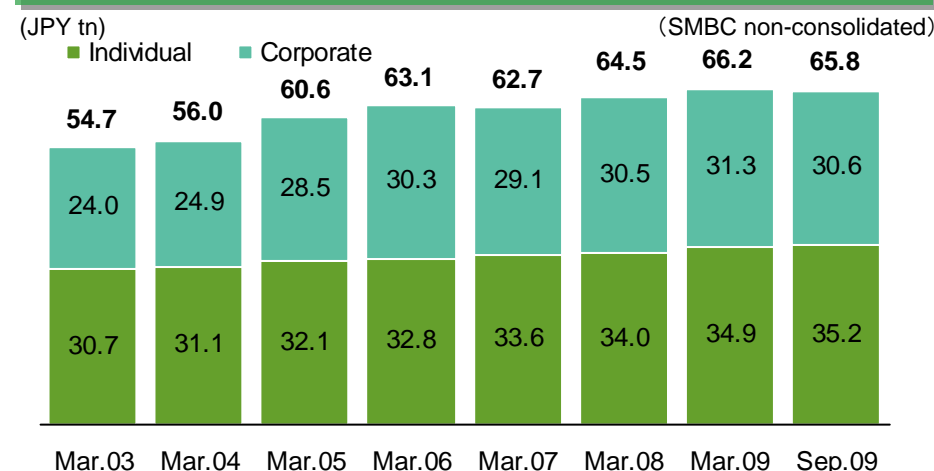
#### “SMBC Direct” customers



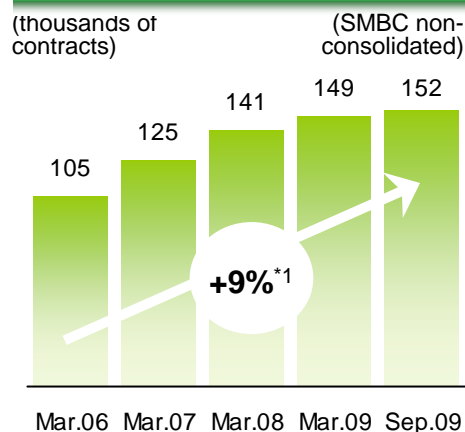
#### # of internet transactions



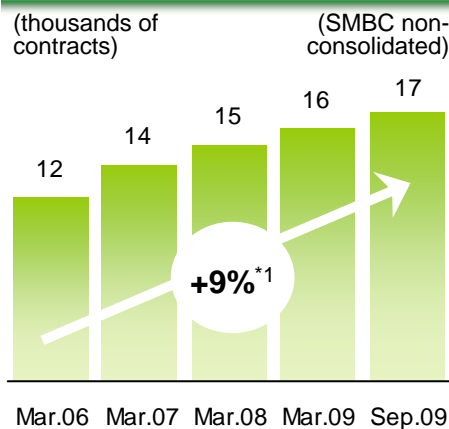
#### Deposits (domestic)



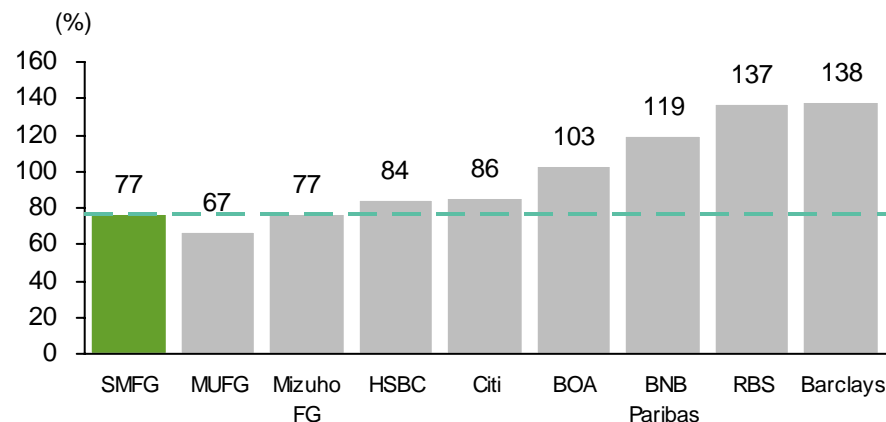
#### PC bank Web21 (number of contracts)



#### Global e-Trade service (number of contracts)



#### Loan to deposit ratio\*2



\*1 Compound annual growth rate. As for “Number of internet transaction,” average compound annual growth rate until FY3/09.

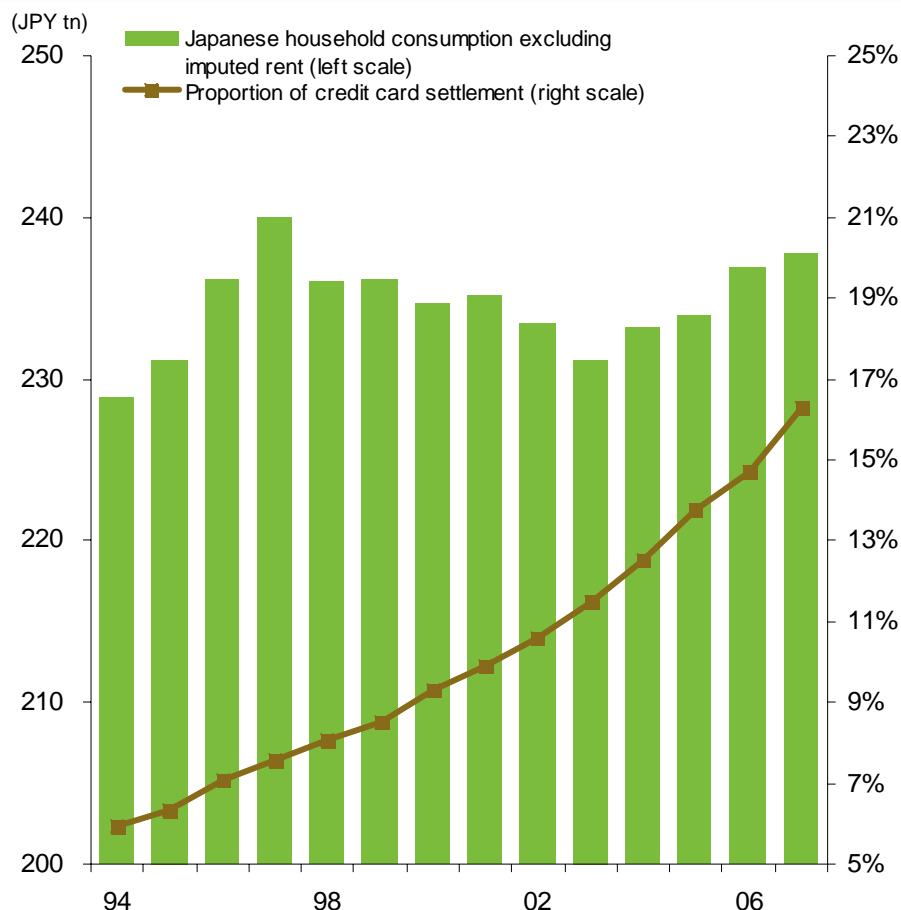
\*2 Consolidated basis. Based on each company’s disclosure. As of Sep. 30, 09 for SMFG, MUFG and Mizuho FG, as of Mar. 31, 09 for Citi, BOA and RBS, and as of Dec. 31, 08 for HSBC, BNB Paribas and Barclays.

## 2-5. Payment & Settlement Services, Consumer Finance

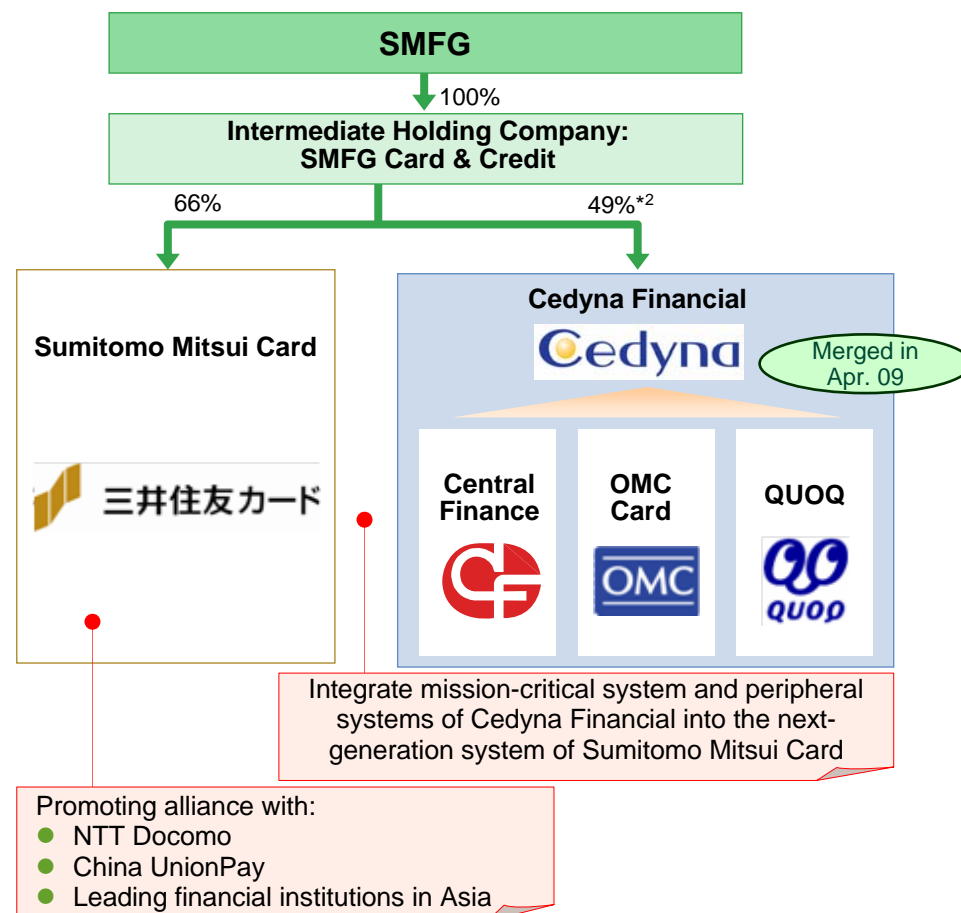
### (2) Credit Card Business

*Sumitomo Mitsui Card and Cedyne Financial have initiated system integration and also implementing such measures as mutual introduction of each product, collaboration for affiliate cards and holding joint seminars to achieve synergies*

#### Market size of credit card business\*1



#### Organizational structure to promote credit card business





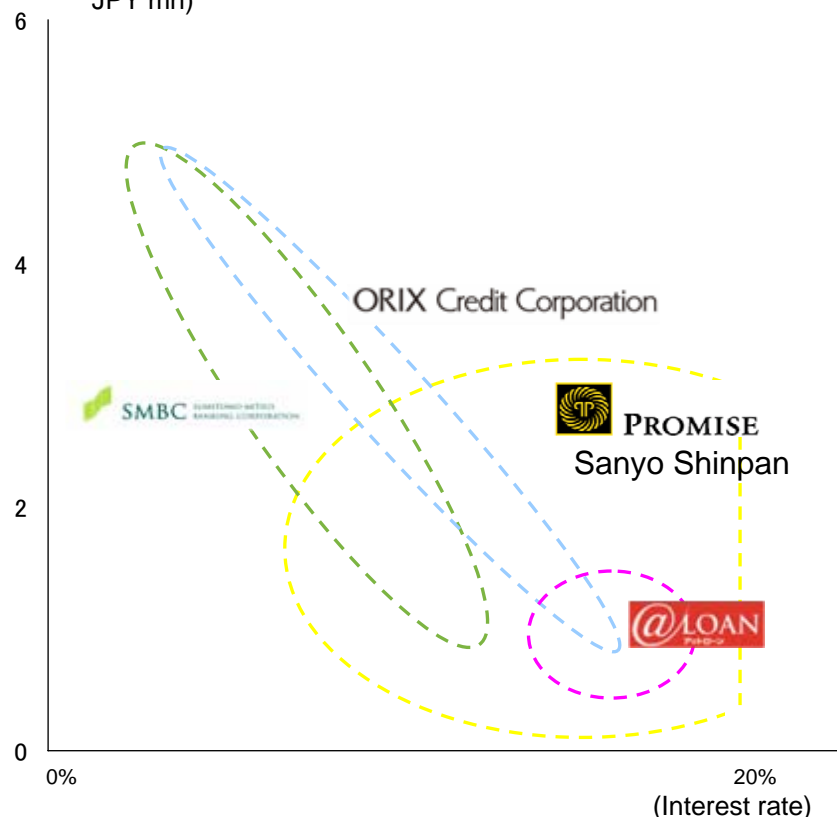
## 2-5. Payment & Settlement Services, Consumer Finance

### (3) 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*

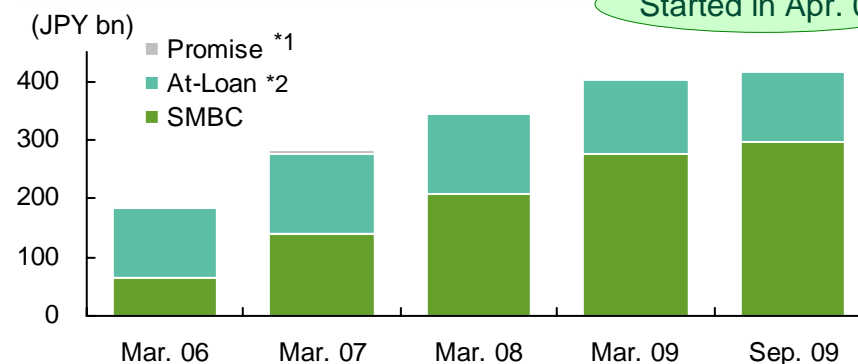
#### Overview of consumer finance business in SMFG (image)

(Clients' borrowing limit, JPY mn)



#### Collaboration with Promise (balance of loan)

Started in Apr. 05



#### Consumer loans provided by monoline consumer companies\*3



\*1 Stopped origination in Feb. 07

\*2 Including loans which At-loan provided before collaboration

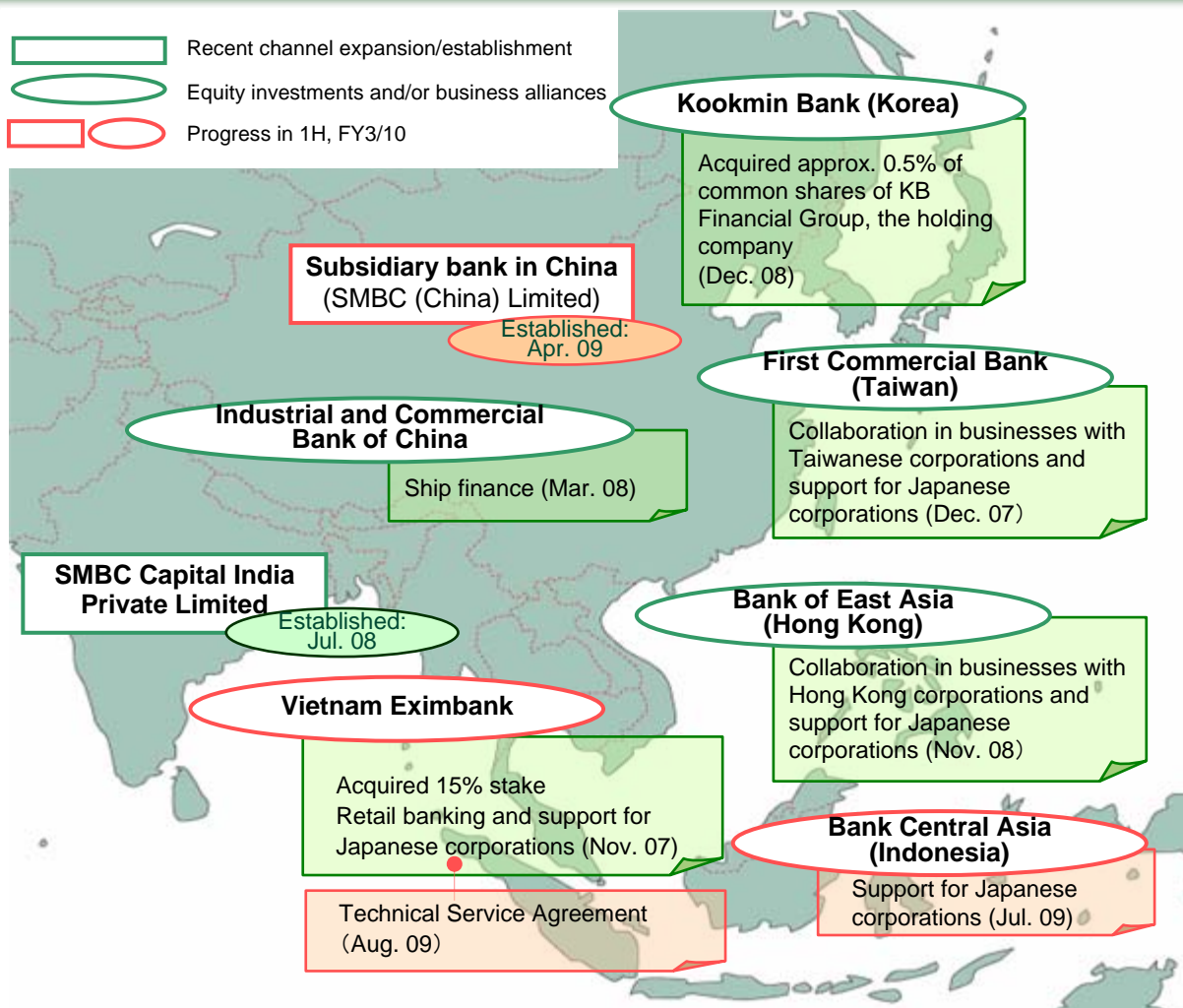
\*3 Source: "Statistics on Japanese Consumer Credit (2009)" by Japan Consumer Industry Association



## 2-6. Overseas Strategy (1) Growth Opportunities through Alliances

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

### Channel expansion/establishment/strategic alliances in Asia



### Alliances with global financial institutions



Jul. 08

#### Outline of capital Investment

- SMBC invested in Barclays (common shares: approx. GBP 500 mn)

#### Strategic cooperation

Basic agreement: Jun. 08

- 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

#### Other development

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

Sep. 09

### Products with competitive edge (global)

Loan syndication\*<sup>1</sup>

Project finance\*<sup>2</sup>



## 2-6. Overseas Strategy

### (2) Fortifying Settlement Businesses and Deposit Base

Also in overseas, reinforcing funding business to balance with loan book, constituted upon commercial banking business base

#### Settlement Business (overseas)

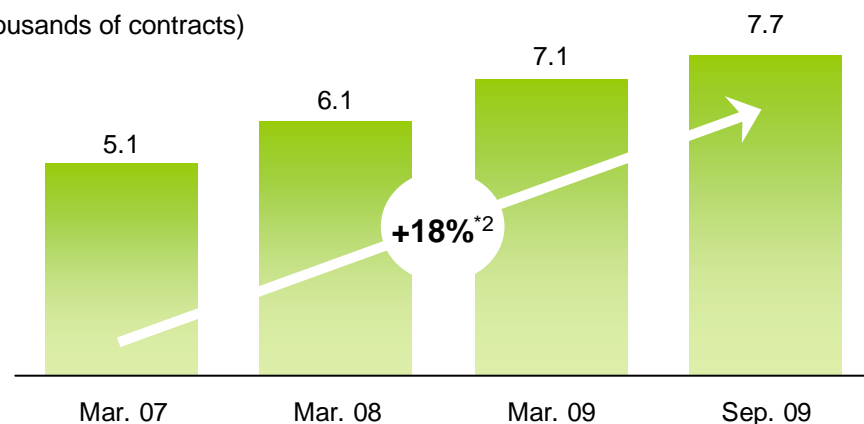
#### Deposits (overseas)\*5

#### Electronic banking service in overseas\*1

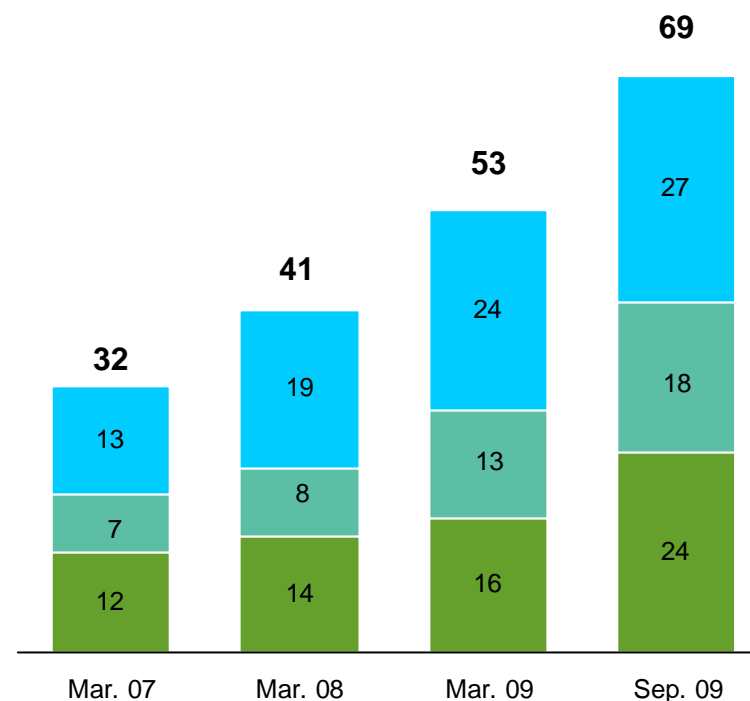
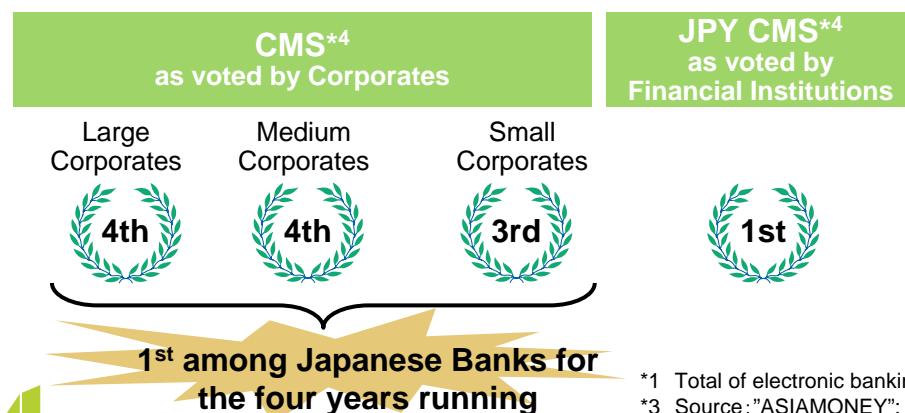
(thousands of contracts)

(USD bn)

■ Asia Pacific (excl. Japan)  
■ EMEA  
■ Americas



#### Cash management providers' ranking (In Asia Pacific)\*3



\*1 Total of electronic banking services provided in overseas \*2 Compound annual growth rate

\*3 Source: "ASIAMONEY": "The Cash Management Poll 2009" (Aug. 09)

\*4 "CMS" stands for "Cash Management Service"

\*5 Managerial accounting basis. Total balance of SMBC non-consolidated, SMBC Europe and SMBC China

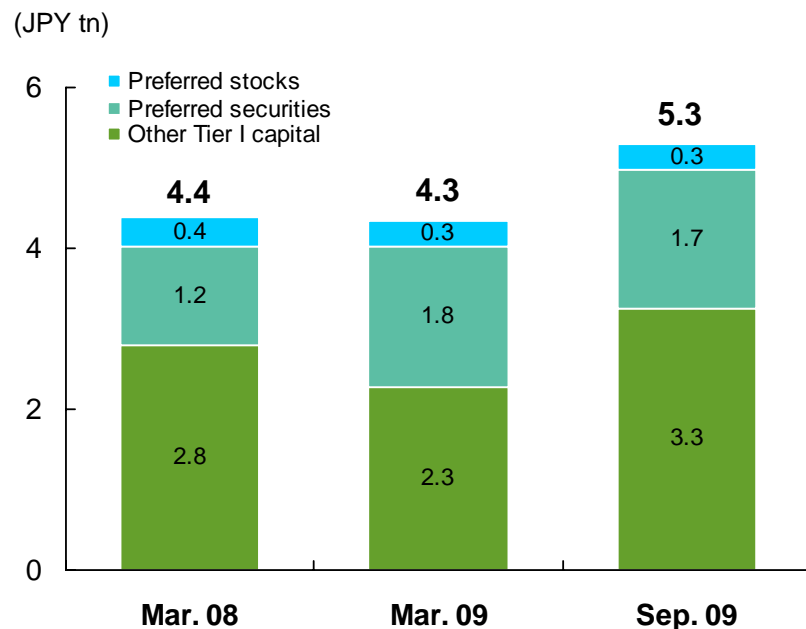
### 3. Realizing a Solid Financial Base as a Global Player

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# 3-1. Capital Policy in 1st Half, FY3/2010

Enhanced capital base both in terms of quality and quantity, through JPY 861.0 billion common equity offering and completed refinance of JPY 0.8 trillion of preferred securities issued about ten years ago

## Tier I Capital / Tier I ratio\*1



	Mar. 08	Mar. 09	Sep. 09
Tier I ratio	6.94%	8.22%	9.55%
Ref. "Core Tier I" <sup>*2</sup> ratio	4.4%	4.3%	5.9%
Risk-adjusted assets (JPY tn)	63	53	55

\*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"

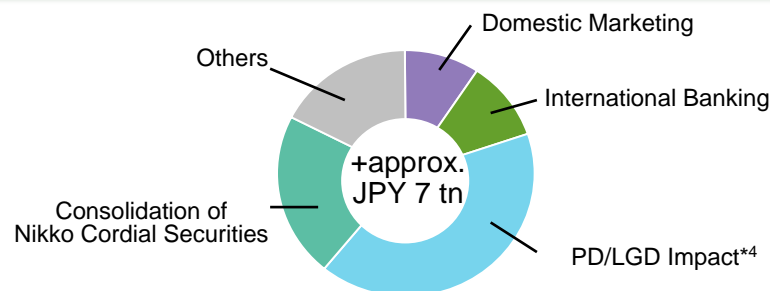
## Tier I capital raising and redemption since 08

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)
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
Jan. 09	JPY (283.8) bn	Preferred securities (Non step-up)	Redemption of SPCL (Sakura Preferred Capital (Cayman) Limited)
Jun. 09	JPY (340.0) bn	Preferred securities (Non step-up)	Redemption of SBES (SB Equity Securities (Cayman), Limited)
Jun. – Jul. 09	JPY 861.0bn	Common stocks	Domestic and overseas market
Aug. – Sep. 09	JPY 388.0 bn <sup>*3</sup>	Preferred securities	Domestic market

\*3 Including JPY 45.0 bn paid in on Oct. 15th, 09

Ref.

## Factors of increase in Risk-adjusted assets (original plan for FY3/10)



\*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

(SMFG consolidated)

## 3-2. Current Business Environment and Tightening Capital Adequacy Requirements

*As a global financial services group, SMFG will respond to the new regulatory framework in an appropriate manner to remain competitive and achieve sustainable growth*



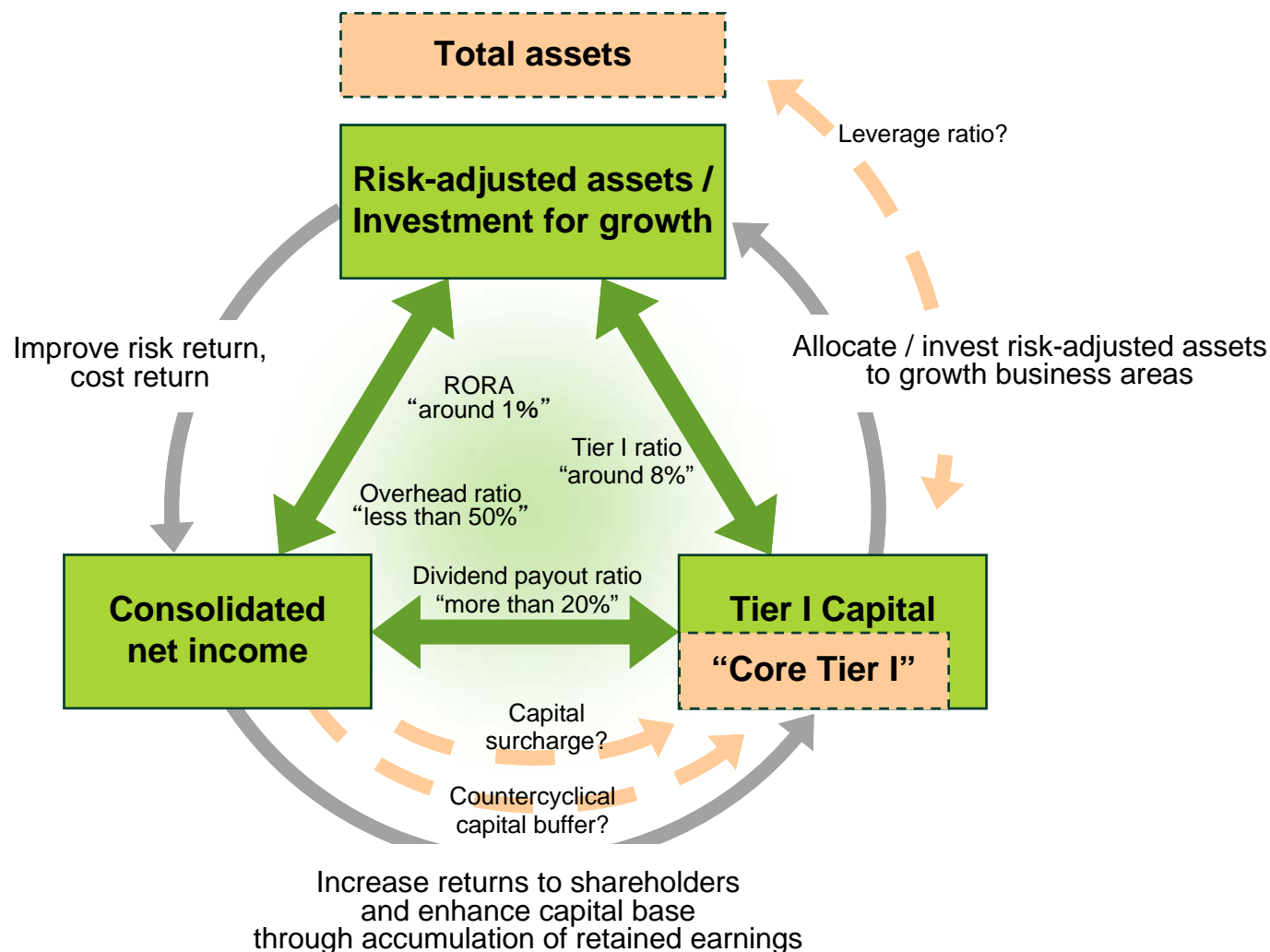
Root causes of current crisis*	Agreement of the oversight body of Basel Committee	Leaders' Statement The Pittsburgh Summit
<ul style="list-style-type: none"> <li>● Lack of adequate appreciation of risks</li> <li>● Vulnerabilities in the system <ul style="list-style-type: none"> <li>▶ Weak underwriting standards</li> <li>▶ Unsound risk management</li> <li>▶ Increasingly complex and opaque financial products</li> <li>▶ Excessive leverage</li> </ul> </li> </ul> <p>etc.</p>	<p>Sep. 09</p> <p>Agreed:</p> <ul style="list-style-type: none"> <li>● The predominant form of the Tier I capital must be common shares and retained earnings</li> <li>● Introduction of a leverage ratio as a supplementary measure</li> <li>● Introduction of a framework for countercyclical capital buffer</li> </ul> <p>etc.</p>	<p>Sep. 09</p> <p>Agreed:</p> <ul style="list-style-type: none"> <li>● Developing by end-2010 internationally agreed rules</li> <li>● These rules will be phased in as financial conditions improve and economic recovery is assured, with the aim of implementation by end-2012</li> </ul>

\* Source: "Declaration of the Summit on Financial Markets and the World Economy," Nov. 15, 08, G20

# 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*



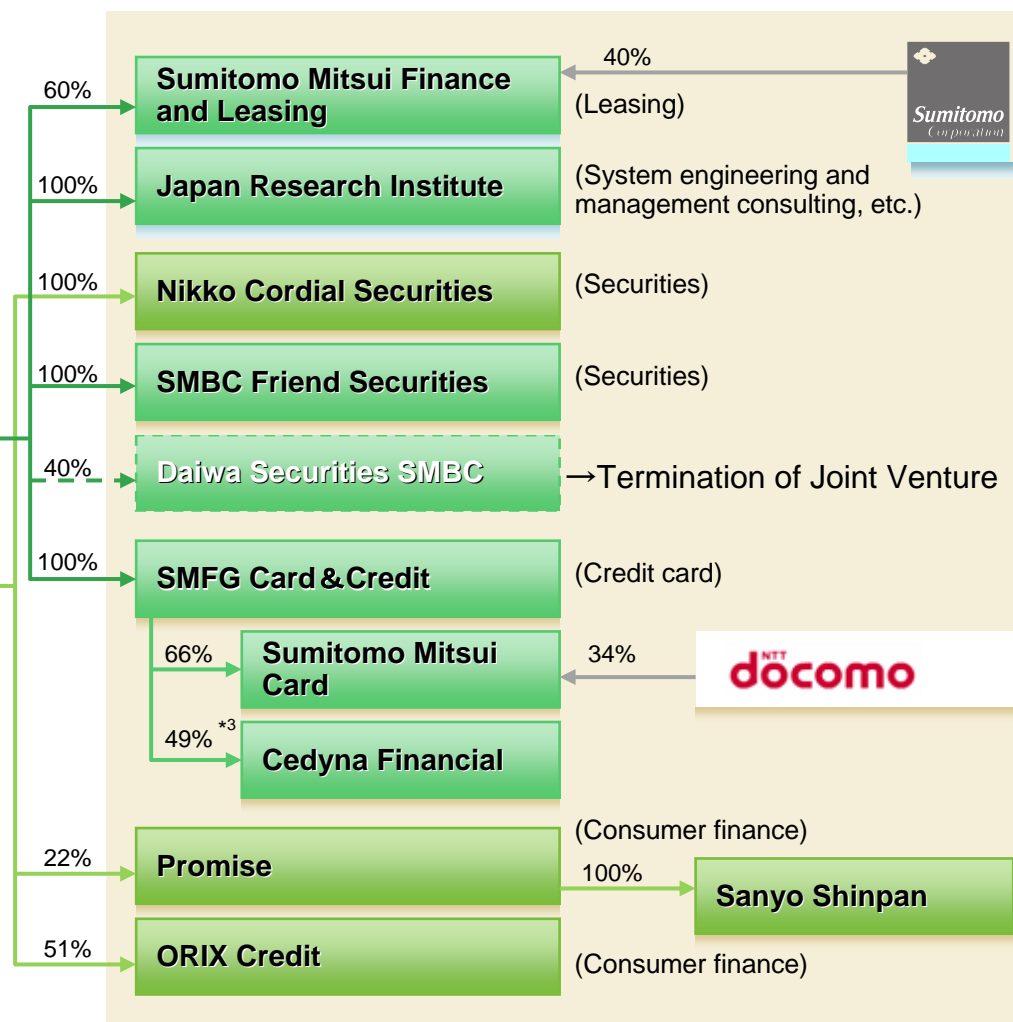
# (Reference) SMFG's Group Structure\*1



Sumitomo Mitsui Financial Group		
Consolidated Total assets	JPY 118 tn	3rd <sup>*2</sup>
Consolidated Tier I ratio	9.55%	
Market capitalization	JPY 3.2 tn	2nd <sup>*2</sup>



Sumitomo Mitsui Banking Corporation	
One of the leading commercial banks in Japan	
Total assets	JPY 105 tn
Deposits	JPY 69 tn
Loans	JPY 59 tn
Number of customer deposit accounts (individual customers)	Approx. 26 mn
Number of corporate borrowers	Approx. 127,000



\*1 Figures are as of Sep. 09.

\*2 Among Japanese banks

\*3 Total shares held by SMFG group (as of Nov. 13, 09)



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.