

Provisional translation of
the original Japanese version



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

Financial Results for FY3/2010 & Management Policies and Strategies

May 25th, 2010

Agenda

1. Actions Taken and Key Achievements in FY3/2010

1-1. Key Achievements in FY3/2010	P.3
1-2. Summary of FY3/2010 Results	4
1-3. Progress under the Medium-term Management Plan ("LEAD THE VALUE" Plan)	5
(Ref.) Actions Taken during the Period of Medium-term Management Plan (1)	6
(2) High profitability	7
(3) Limited Downside Risk	8
(4) Enhancement of Risk Management System	9

2. Management Policy and Earnings Forecast in FY3/2011

2-1. Management Policy in FY3/2011	11
2-2. Earnings Forecast for FY3/2011	12
(Ref.) Trends of Macro Economy in Japan	13

3. Top-Line Profit

3-1. Gross Banking Profit	15
3-2. Loan Balance	16
3-3. Loan to Deposit Spread	17
3-4. Performance by Business Unit	18
(Ref.) Gross Banking Profit by Business Unit, etc.	19
3-5. Overseas Business	20
(Ref.) Business Expansions in Asia	21

3-6. Solution Providing for Corporations / Investment Banking, Trust Business	22
3-7. Financial Consulting for Individuals	23

4. Expenses

25

5. Total Credit Cost

27

(Ref.) Exposures to PIIGS, Middle East and Russia	28
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6. Securities Portfolio and Liquidity

6-1. Equity Holdings	30
6-2. Bond Portfolio	31
6-3. Liquidity	32

7. Group Companies / Group Strategy

7-1. Contribution of Affiliates to Consolidated Profit	34
7-2. Strategy for Securities Business (Nikko Cordial Securities)	35
7-3. Credit Card Business	36
7-4. Consumer Finance Business	37

8. Capital

8-1. Capital	39
8-2. Regarding Increase in Total Number of Authorized Ordinary Shares	40

In Closing

41

(Ref.) SMFG's Group Structure	42
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1. Actions Taken and Key Achievements in FY3/2010

1-1. Key Achievements in FY3/2010

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 expenses & credit costs

Overhead ratio <small>SMBC non-consolidated</small>		
Controlled below 50%	YOY change +1.1%	47.1%

Total credit cost <small>SMBC non-consolidated</small>		
Substantially reduced	YOY change + 295.4 bn	JPY (254.7) bn

Steady income growth

Net income <small>SMFG consolidated</small>		
Increased	YOY change + JPY 645.0 bn Compared with Nov. 09 forecast + JPY 51.6 bn	JPY 271.6 bn [Consolidated ROE: 7.5%]

Dividend for common share		
Increased	YOY change + JPY 10 / share	JPY 100 / share

Realizing a solid capital base as a global player

- Raised common equity (JPY 1.8 tn in total)
- Repurchased hybrid securities (JPY 293 bn in total)
- Conversion of preferred shares held by Goldman Sachs into common equity

Tier I ratio <small>SMFG consolidated</small>		
Achieved targeted level	Compared with Mar. 09 +2.93%	11.15%

Initiatives to fortify targeted growth business areas

**Made Nikko Cordial Securities
a wholly-owned subsidiary and
started its business as a new securities
and investment banking company**

**Made ORIX Credit
a consolidated subsidiary
Signed MOU on mutual business
cooperation with Bank Central Asia
(Indonesia)**

**Subscribed new shares of
The Bank of East Asia (Hong Kong)**

1-2. Summary of FY3/2010 Results

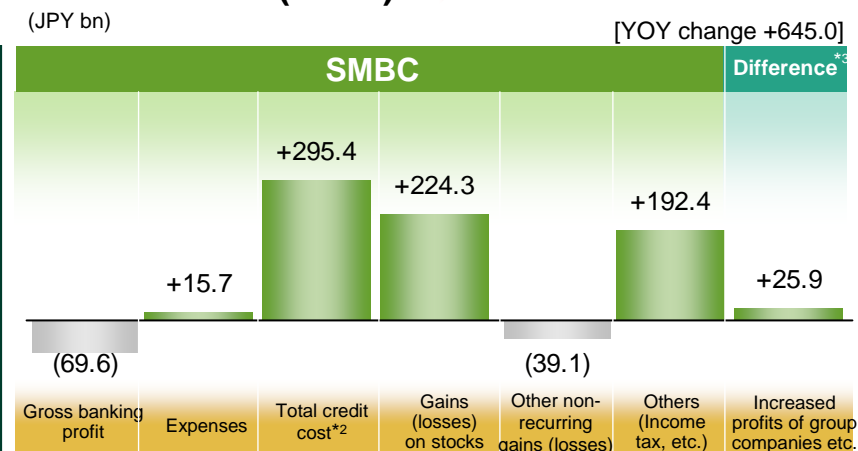
Although Gross banking profit decreased year over year, we have achieved the level that we assumed at the beginning of FY3/2010 and increased SMBC's non-consolidated Net income mainly by stringent control of expenses, reduction of Total credit cost and decline of Losses on devaluation of stocks and other securities as a result of a rally in prices of stock markets. Consequently, SMFG's consolidated Net income increased year over year to JPY 271.6 billion and exceeded Nov. 09 forecast

SMFG's consolidated Net income:

FY3/09: (373.4) ➔ FY3/10: 271.6

(JPY bn)		FY3/10	YOY change	Change from Nov. 09 forecast
SMBC <non-consolidated>	Gross banking profit	1,455.3	(69.6)	+ 10.3
	Expenses	(685.8)	+15.7	+9.2
	Overhead ratio	47.1%	+ 1.1%	+1.0%
	Banking profit*1	769.5	(53.9)	+ 19.5
	Total credit cost*2	(254.7)	+295.4	+85.3
	Gains (losses) on stocks	3.9	+ 224.3	
	Ordinary profit	462.7	+426.6	+ 132.7
	Net income	318.0	+ 619.1	+ 118.0
SMFG <consolidated>	Ordinary profit	558.8	+ 513.5	+ 68.8
	Net income	271.6	+ 645.0	+ 51.6

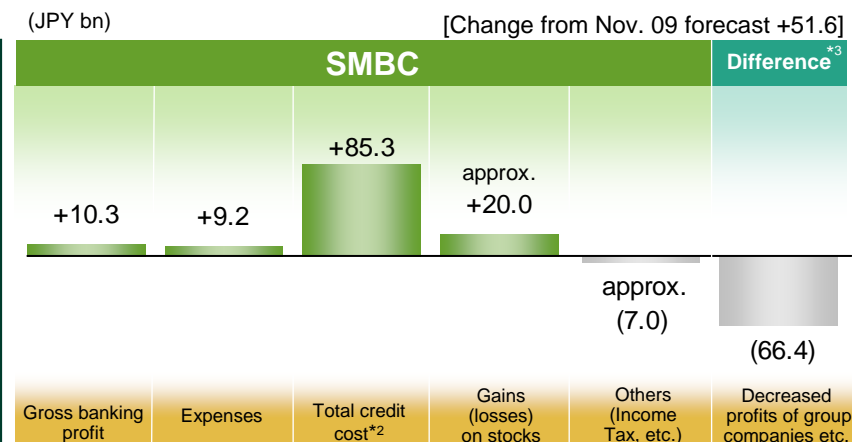
Main factors of YOY change



SMFG's consolidated Net income:

Nov. 09 forecast: 220.0 ➔ FY3/10: 271.6

Main factors of change from Nov. 09 forecast



1-3. Progress under the Medium-term Management Plan ("LEAD THE VALUE" Plan)

"LEAD THE VALUE" Plan (SMFG's medium-term management plan: FY3/08 – 3/10)

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

Our strengths



Management targets

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

Strategic initiatives

- Strengthen targeted growth business areas
- Fortify platform to support sustainable growth

Financial targets for FY3/10

(SMFG consolidated)

[Assumption]

- Nominal GDP growth rate : 2.4%
- Unsecured overnight call rate (policy interest rate) : 1.0%
- Exchange rate (JPY/USD) : 115
- 3M TIBOR : 1.16%

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

Subprime loan problem, Financial crisis

The macro-economic reality has substantially diverged from the original assumptions

Although we could not achieve Net income target, **we have stepped forward to strengthen targeted growth business areas**

● Strengthen targeted growth business areas

- Financial consulting for individuals
- Solution providing for corporations
- Focused business areas in global markets
- Payment & settlement service, consumer finance
- Investment banking, trust business

● Fortify platform to support sustainable growth

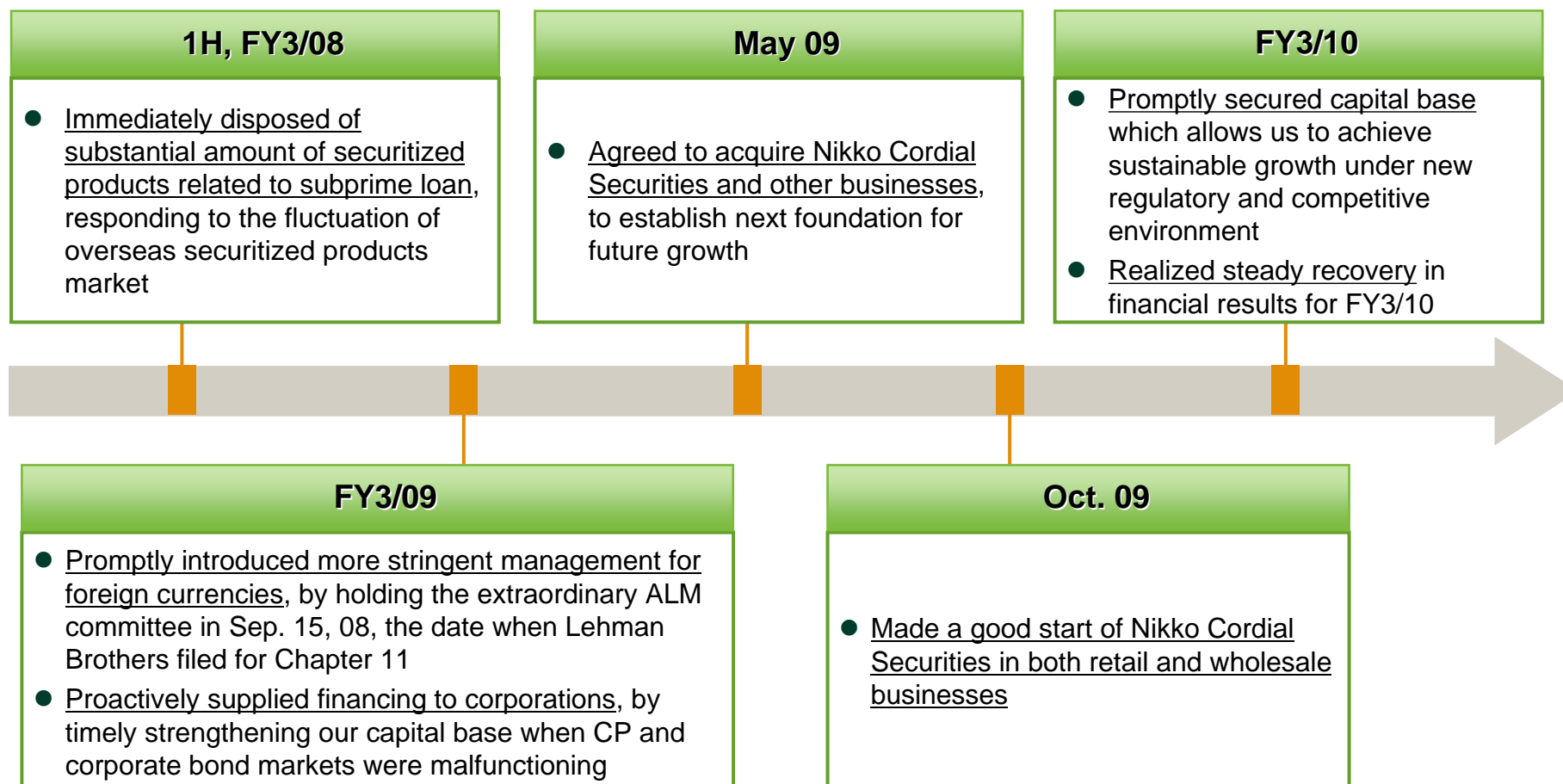
- Enhanced capital base
- Enhanced risk management system

Results in FY3/2010 (SMFG consolidated)

- Net income : JPY 271.6 bn
- Net income RORA : 0.5%
- Tier I ratio : 11.15%
- Overhead ratio : 47.1% (SMBC non-consolidated)

(Ref. 1) Actions Taken during the Period of Medium-term Management Plan (1)

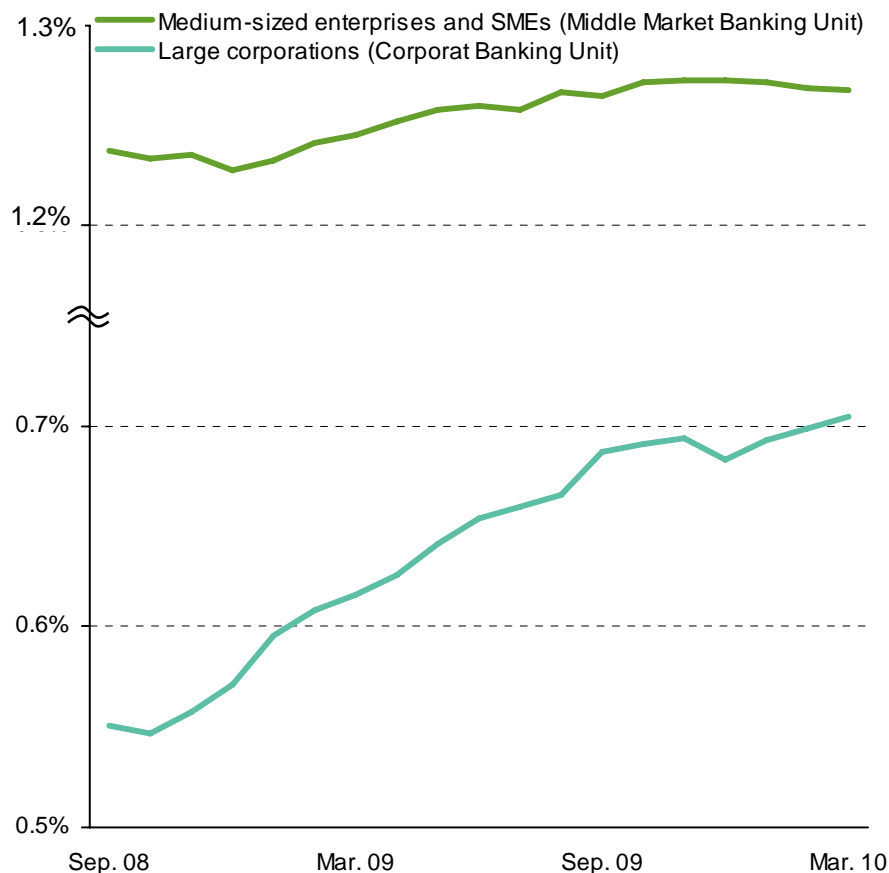
Making a speedy and sound decision appropriate for changes in business environment, we steadily implemented such strategic initiatives as common equity offering aiming for securing a resilient capital base and built the platform for strengthening targeted growth business areas represented by acquisition of Nikko Cordial Securities



(Ref. 2) Actions Taken during the Period of Medium-term Management Plan (2): High Profitability

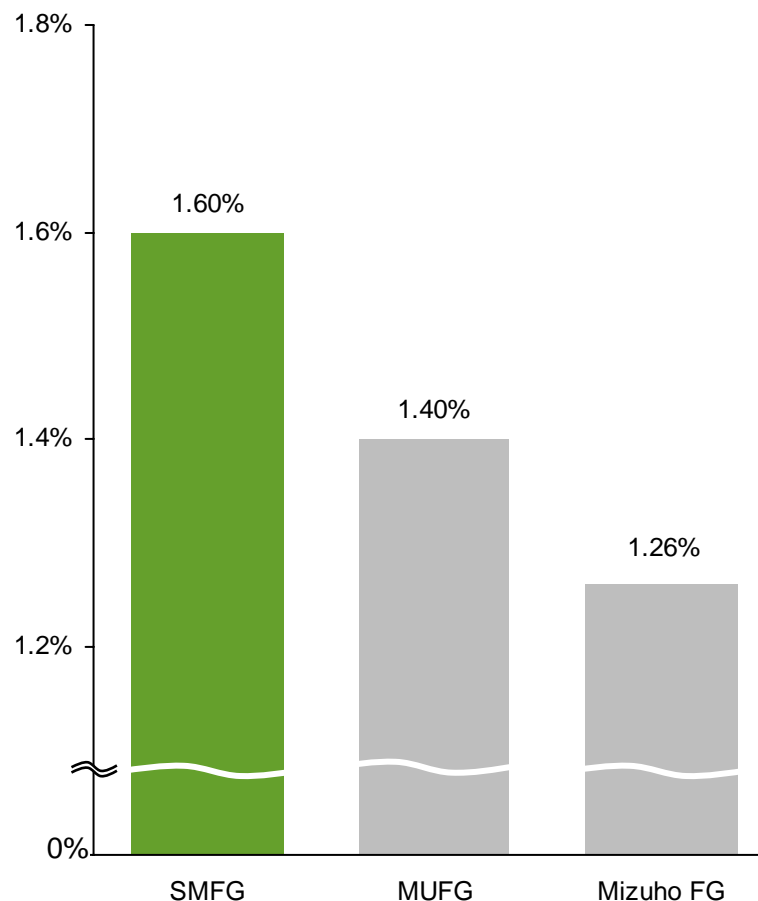
We maintained our relatively high profitability under uncertain financial condition after Lehman shock, by exerting to rationalize loan spread through improvement of risk-return profile while meeting customers' financial needs

**Loan spread of domestic loans
(managerial accounting basis)**



Ref.

**Domestic loan to deposit spread
(In FY3/10, comparison with peers*1)**



*1 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

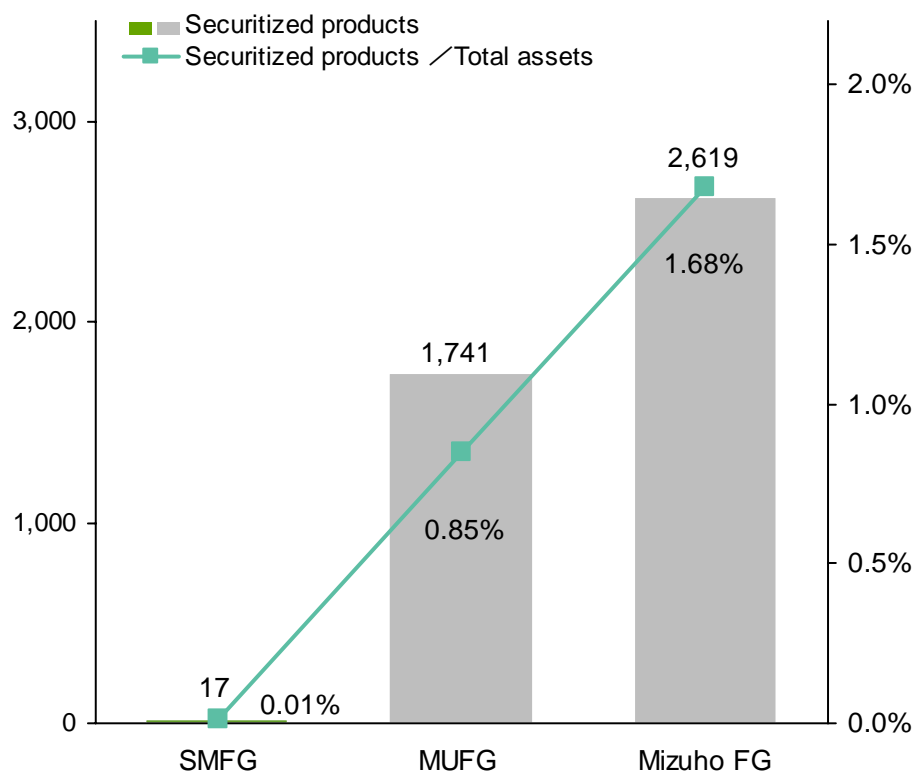
(Ref. 3) Actions Taken during the Period of Medium-term Management Plan (3): Limited Downside Risk

We have smaller exposure to securitized products, etc. as a result of early and substantial reduction of exposure related to subprime loan in 1H, FY3/08. Also, new standards will require more capital for market risks, but the additional requirement for us would be extremely limited compared with our peers in Europe and the U.S.

Securitized products, etc. (as of Mar. 31, 10, comparison with peers*1)

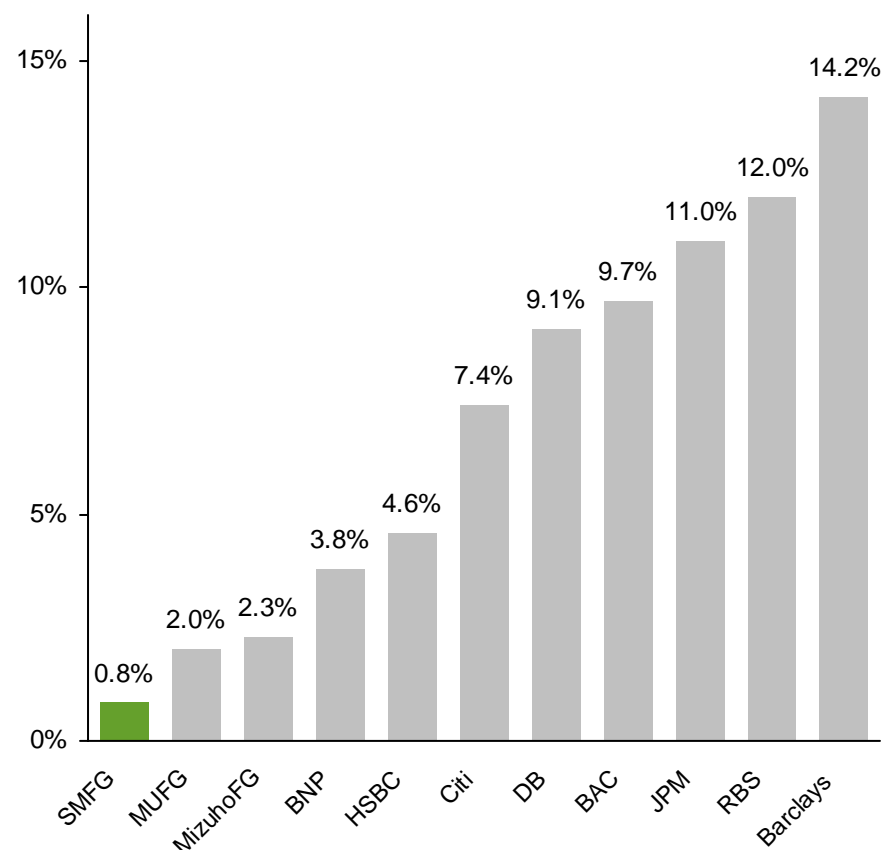
(JPY bn)

(Group consolidated)



Percentage of market risk equivalent in risk-adjusted assets*2 (グループ連結)

(Group consolidated)



*1 SMFG: After provisions and write-offs

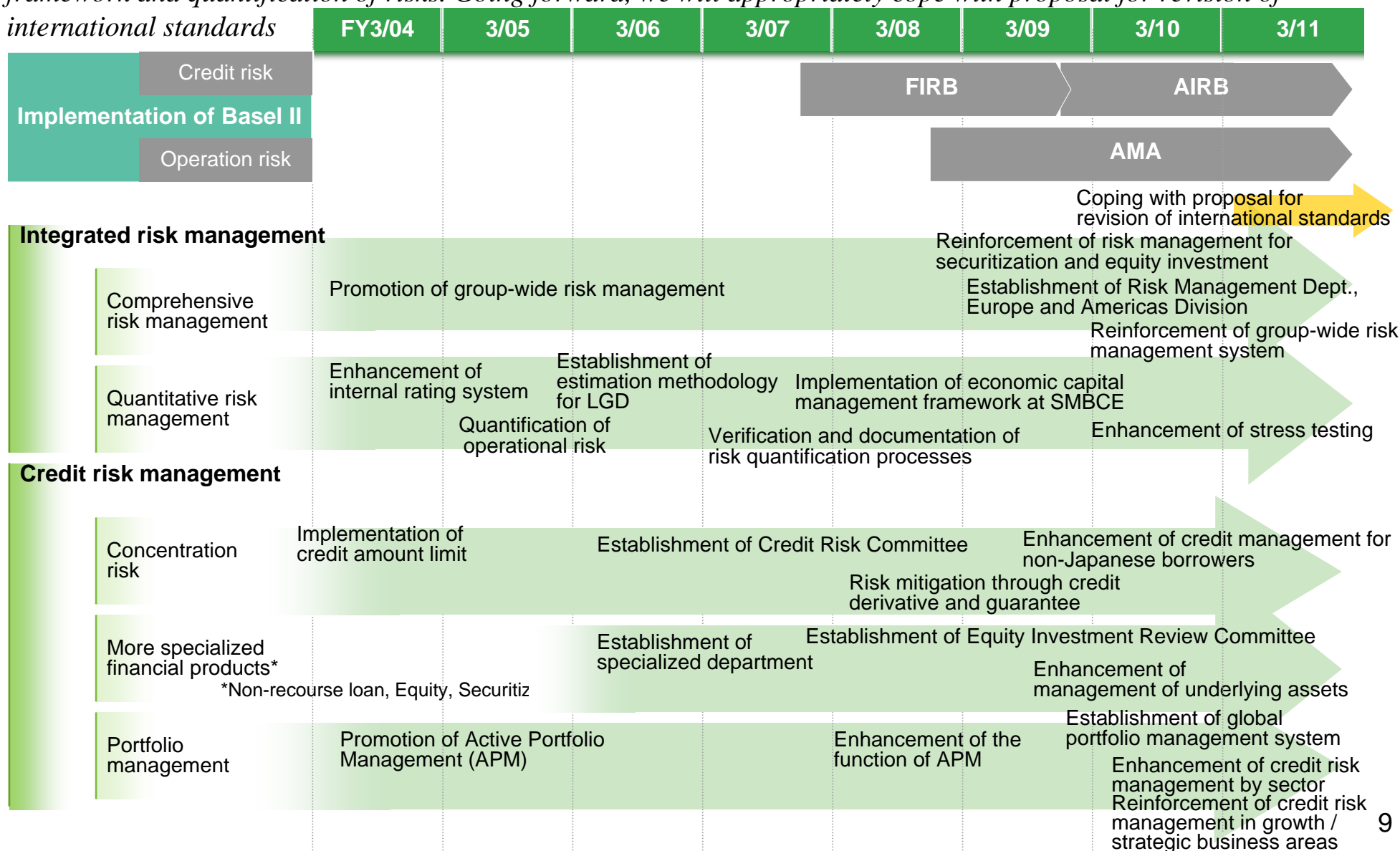
MUFG: Balance is the amount after impairment and before deducting net unrealized losses. Including "securities being held to maturity" and "other securities"

Mizuho FG: Balance is the amount after reserve for investment loss. Including banking accounts of subordinated banks and trading accounts of Mizuho Securities

*2 Based on company disclosures (as of Mar. 31, 10 for SMFG, MUFG and Mizuho FG (preliminary): as of Dec. 31, 09 for others)

(Ref. 4) Actions Taken during the Period of Medium-term Management Plan (4): Enhancement of Risk Management System

As risks increase in variety and complexity, we are promoting establishment of comprehensive risk management framework and quantification of risks. Going forward, we will appropriately cope with proposal for revision of international standards





2. Management Policy and Earnings Forecast in FY3/2011

2-1. Management Policy in FY3/2011

Management policy in FY3/2011

- ✓ “Forward looking”
 - 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

Pursue profitability by focusing on targeted growth business areas

Further enhance customer responsiveness by leveraging advisory functions

Fortify bottom-line profit by reviewing current business

Further increase productivity by improving business processes

[SMFG's targeted growth business areas]

Overseas business especially in Asia

Solution providing for corporations /
Investment banking, trust business

Retail / Wholesale securities business

Financial consulting for individuals

Payment & settlement services, consumer finance

- 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
- 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**

Securing a resilient capital base

**Maintain over around 10% of
consolidated Tier I ratio**

2-2. Earnings Forecast for FY3/2011

Although SMBC's non-consolidated expenses is forecasted to increase, we aim to increase SMFG's consolidated Net income through increase in Gross banking profit, decrease in Total credit cost at SMBC and increase of Net income of group companies

(JPY bn)		FY3/10 Results	1H, FY3/11	FY3/11 Forecast	YOY change
SMBC <non-consolidated>	Gross banking profit	1,455.3	720.0	1,470.0	+14.7
	Expenses	(685.8)	(350.0)	(710.0)	(24.2)
	Overhead ratio	47.1%	48.6%	48.3%	+ 1.2%
	Banking profit* ¹	769.5	370.0	760.0	(9.5)
	Total credit cost* ²	(254.7)	(110.0)	(220.0)	+34.7
	Ordinary profit	462.7	220.0	480.0	+17.3
	Net income	318.0	150.0	330.0	+12.0

SMFG <consolidated>	Ordinary profit	558.8	330.0	690.0	+131.2
	Net income	271.6	160.0	340.0	+68.4

Assumption for FY3/2011 forecast

	Results of Mar. 10	Assumption for FY3/11 forecast
Nominal GDP growth rate	(3.7) % ^{*3}	around ZERO
3M TIBOR	0.44%	0.44%
FF target rate	0.00 - 0.25%	0.00 - 0.25%
Exchange rate (JPY/USD)	93.05	90
Ref. Nikkei Stock Average (JPY)	11,090 ^{*4}	

^{*3} The first preliminary estimates announced by CAO

^{*4} Spot price on Mar. 31, 10

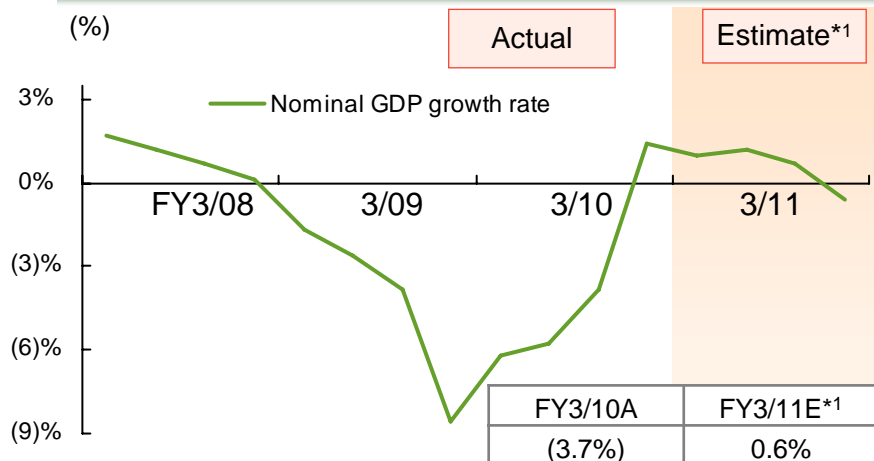
Common share dividends

- Planning to pay JPY 100 per share for FY3/11, the same level as FY3/10

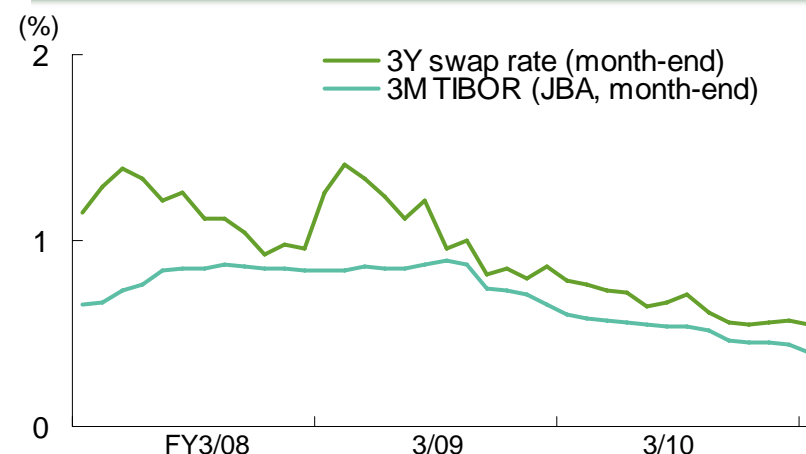
(Ref.) Trends of Macro Economy in Japan

Economic condition is expected to improve gradually as shown in the nominal GDP growth rate estimated to be hover around zero percent for FY3/2011. We view that short-term interest rate will continue to be at low level while long-term interest rate will stay at the same range since last year

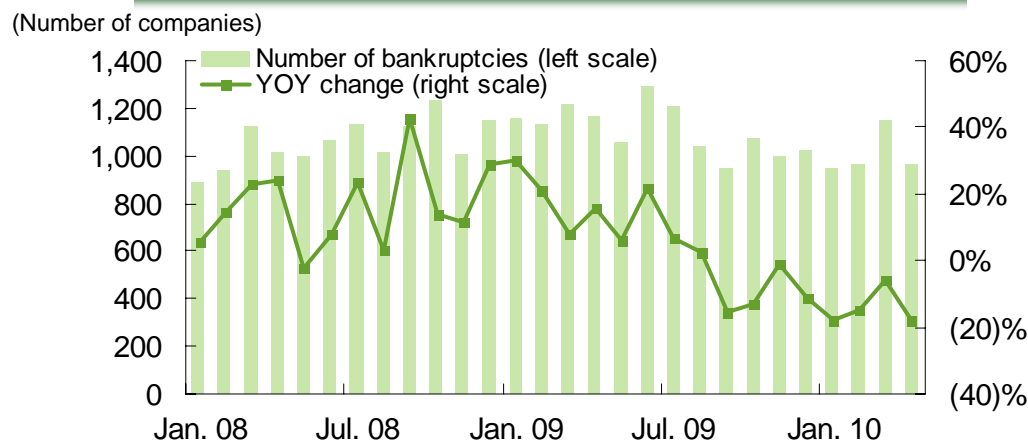
Nominal GDP growth rate



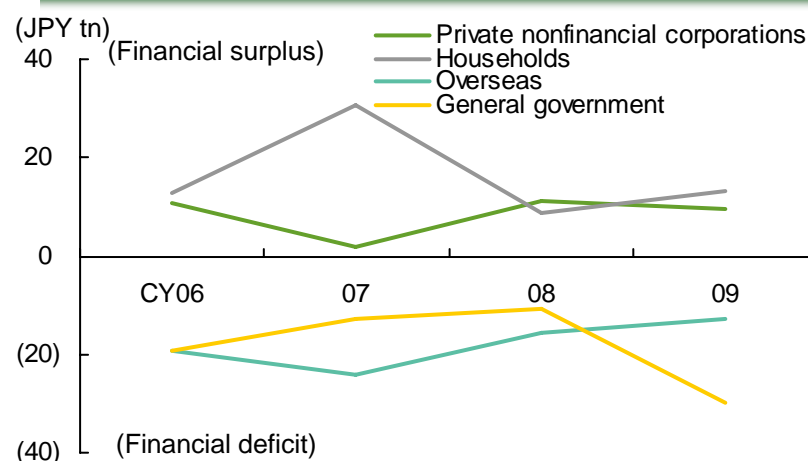
Trends of JPY interest rates



Trends of corporate bankruptcies in Japan*2



Financial surplus and deficit*3

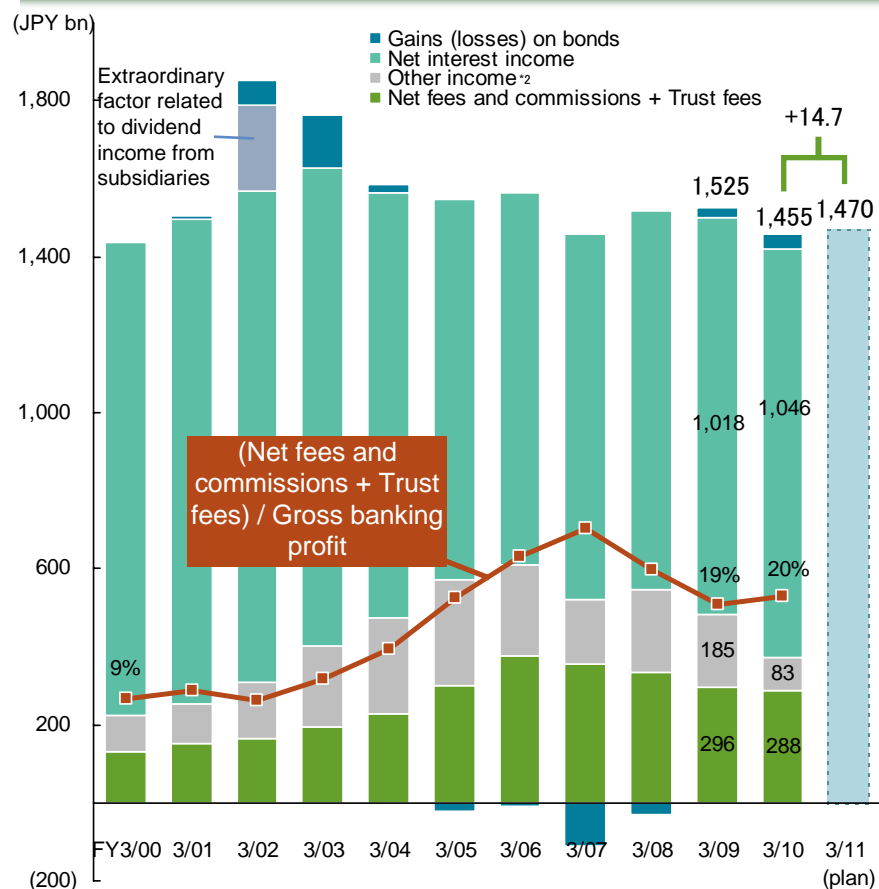


3. Top-Line Profit

3-1. Gross Banking Profit

Gross banking profit in FY3/10 decreased due mainly to the decline of Gains on foreign exchange transactions and income from domestic liquid deposit led by policy interest rate cut in Oct. and Dec. 08, despite of improvement of loan spread in overseas operations, improvement of Interest on interest-rate swaps led by decline of U.S. interest rate and well-performed bond operation. In FY3/11, we aim to increase Gross banking profit by enhancing overseas business especially in Asia and earning more non-interest income from sales of investment trusts and so on

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

	FY3/10	YOY change
Gross banking profit	1,455.3	(69.6)
Net interest income	1,046.4	+ 28.0
Net interest income (loss) in domestic operations	910.0	(20.3)
Net interest income in international operations	136.4	+ 48.3
of which:		
Interest on interest-rate swaps	28.3	+ 69.2
Net fees and commissions + Trust fees	288.4	(7.5)
of which:		
Fees related to loans of international operations	36.1	(4.8)
Fees related to securities business*3	17.7	(7.6)
Net trading income + Net other operating income	120.5	(90.1)
of which:		
Gains (losses) on bonds	37.3	+ 11.2
Gains (losses) on foreign exchange transactions*4	58.7	(35.6)
Income from (expenses on) derivatives	(16.3)	(29.9)

*3 Including securities intermediary fees

*4 After segmentation adjustments

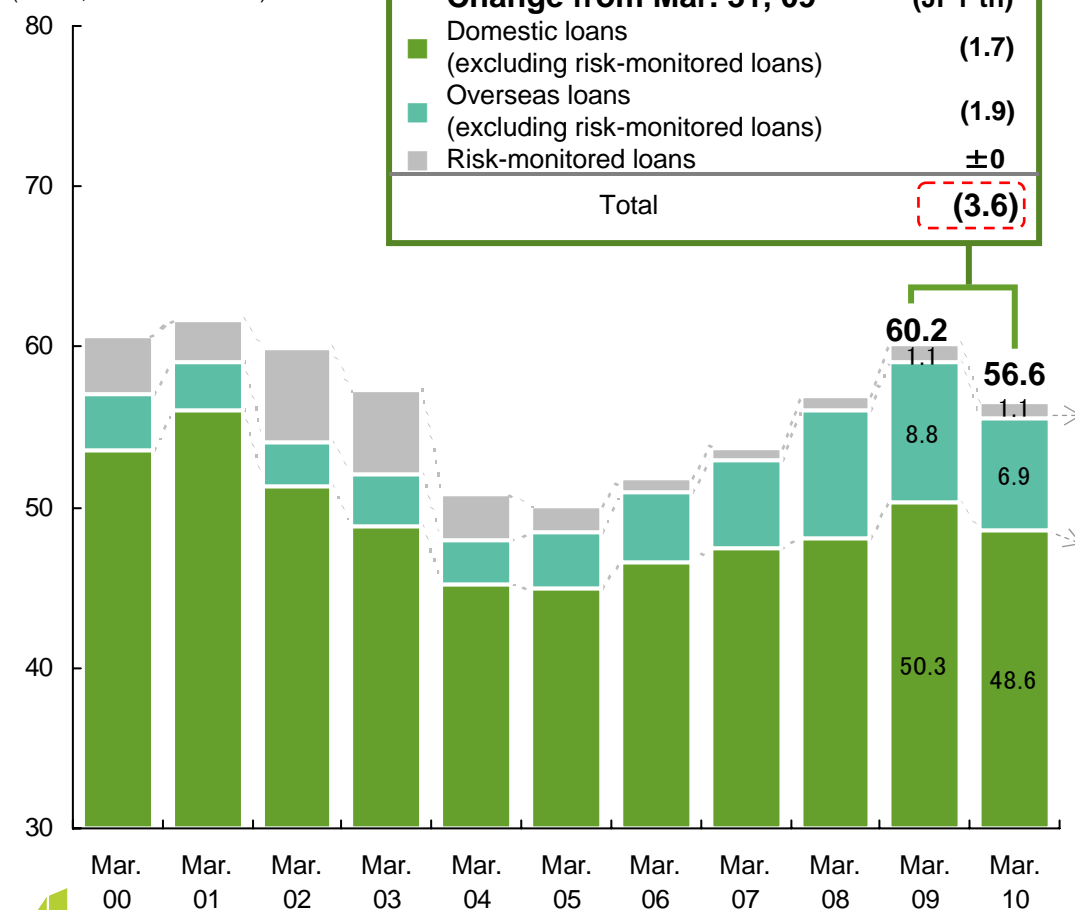
(SMBC non-consolidated) 15

3-2. Loan Balance

Loan balance as of Mar. 31, 10 decreased year over year due to the shrunk loan demand mainly from SMEs and continued cautious management in overseas operations. In FY3/11, we estimate the total loan balance remain flat due to the limited loan demand in domestic market, while we will allocate assets in overseas market centered on Asia and Americas

Trends 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)	Mar. 31, 10	Change from Mar. 31, 09
Consumer Banking Unit	15.5	+ 0.4 ^{*2}
Middle Market Banking Unit ^{*3}	18.3	(2.1)
Corporate Banking Unit	12.0	(0.2)

*2 After add-back adjustment of portion of housing loans securitized in FY3/10 (approx. JPY 40bn)

*3 Excluding loans to the public sector

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

(JPY tn, term-end balance)	Mar. 31, 10	Change from Mar. 31, 09
Overseas total	8.3	(1.6)
Americas	2.3	(1.0)
Europe	3.1	(0.5)
Asia	2.9	(0.1)

*4 Based on location of our channels. Including SMBC Europe and SMBC (China)

(SMBC non-consolidated) 16

3-3. Loan to Deposit Spread

In FY3/10, loan to deposit spread tightened due to the decline of market interest rate.

In FY3/11, although the impact of lowered short-term interest rate during FY3/10 is expected to remain, we continuously strive to improve risk-return profile of our loan portfolio

Loan to deposit spread (financial accounting basis)

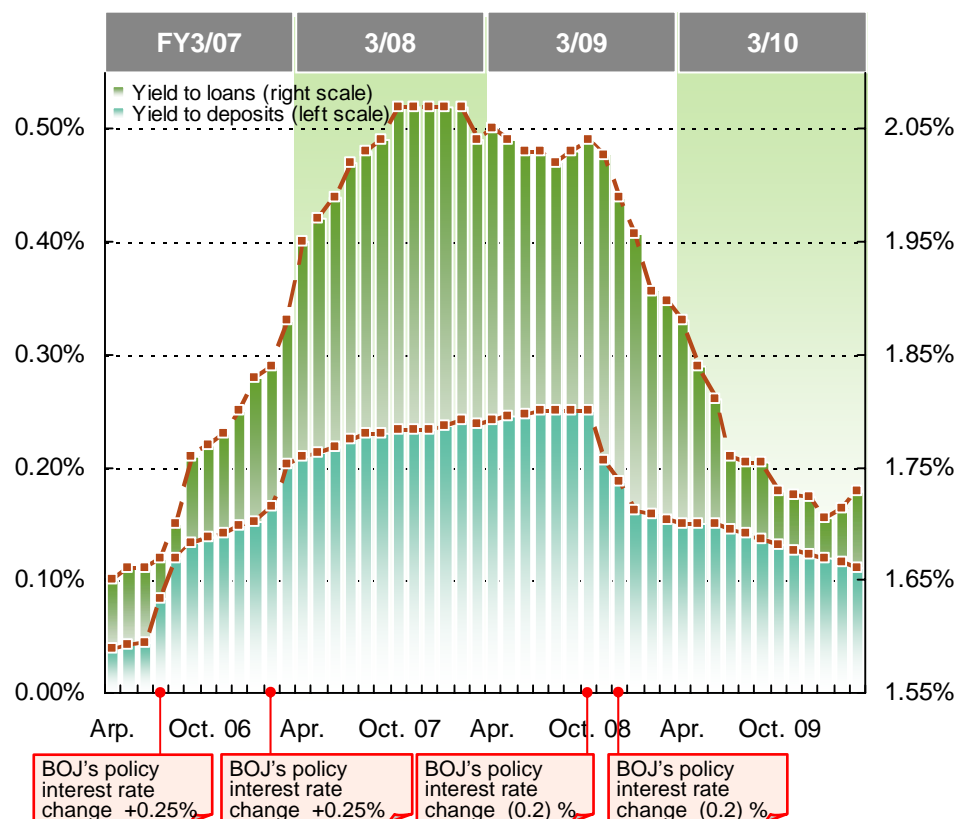
(JPY tn, %)

<Domestic>	FY3/10		YOY change	
	Average balance	Yield	Average balance	Yield
Loans* (a)	48.1	1.74	+1.3	(0.25)
Deposits, etc. (b)	67.2	0.14	+5.4	(0.09)
Loan to deposit spread (a) - (b)		1.60		(0.16)
<Overseas>				
Loans (a)	9.2	2.12	(1.0)	(1.55)
Deposits, etc. (b)	10.4	0.48	+0.8	(1.31)
Loan to deposit spread (a) - (b)		1.64		(0.24)

* Excludes loans to financial institutions

- Short term prime rate: 1.375% → 1.625% (+ 0.250%, 06/8/21 -) → 1.875% (+ 0.250%, 07/3/26 -) → 1.675% (- 0.200%, 08/11/17 -) → 1.475% (- 0.200%, 09/1/13 -)
- Yield on ordinary deposit: 0.001% → 0.100% (+ 0.099%, 06/7/18 -) → 0.200% (+ 0.100%, 07/2/26 -) → 0.120% (- 0.080%, 08/11/4 -) → 0.040% (- 0.080%, 08/12/22 -)
- Yield on 1 year time deposit: 0.150% → 0.300% (+ 0.150%, 06/7/18 -) → 0.400% (+ 0.100%, 07/2/26 -) → 0.300% (- 0.100%, 08/11/12 -) → 0.250% (- 0.050%, 09/5/1 -) → 0.200% (- 0.050%, 09/7/13 -) → 0.170% (- 0.030%, 09/9/7 -) → 0.140% (- 0.030%, 09/11/9 -) → 0.100% (- 0.040%, 09/12/21 -) → 0.080% (- 0.020%, 10/3/15 -)

Yield of domestic loans and deposits (managerial accounting basis)



(SMBC non-consolidated)

3-4. Performance by Business Unit

In FY3/10, Gross banking profit for Marketing units, after adjustment of temporary impact of policy interest rate cuts and establishment of a subsidiary in China, was almost at the same level as FY3/09. Also, Banking profit in Treasury Unit increased due to well-performed ALM operations and bond trading

(JPY bn)		FY3/09	FY3/10	YOY change*1
Consumer Banking Unit	Gross banking profit	429.4	391.7	(7.2)
	Expenses	(290.7)	(288.7)	+ 2.6
	Banking profit	138.7	103.0	(4.6)
Middle Market Banking Unit	Gross banking profit	539.8	472.9	(43.3)
	Expenses	(222.7)	(218.7)	+ 3.6
	Banking profit	317.1	254.2	(39.7)
Corporate Banking Unit	Gross banking profit	196.7	197.3	+ 19.4
	Expenses	(31.5)	(33.3)	+ 0.1
	Banking profit	165.2	164.0	+ 19.5
International Banking Unit (IBU)	Gross banking profit	175.0	169.1	+ 28.0
	Expenses	(64.8)	(54.5)	+ 2.6
	Banking profit	110.2	114.6	+ 30.6
Marketing units	Gross banking profit	1,340.9	1,231.0	(3.1)
	Expenses	(609.7)	(595.2)	+ 8.9
	Banking profit	731.2	635.8	+ 5.8
Treasury Unit	Gross banking profit	246.8	272.8	+ 28.6
	Expenses	(17.9)	(16.3)	+ 1.3
	Banking profit	228.9	256.5	+ 29.9
Headquarters	Gross banking profit	(62.8)	(48.5)	(95.1)
	Expenses	(73.9)	(74.3)	+ 5.5
	Banking profit	(136.7)	(122.8)	(89.6)
Total	Gross banking profit	1,524.9	1,455.3	(69.6)
	Expenses	(701.5)	(685.8)	+ 15.7
	Banking profit	823.4	769.5	(53.9)

Gross banking profit by products*2

(JPY bn)			<YOY change*1>
of which:			
Income on domestic loans	522.3	+ 0.5	
Income on domestic yen deposits	206.4	(4.6)	
IBU's Interest related income	99.6	+ 25.3	
Interest income	891.4	+ 25.8	
of which:			
Investment trusts	38.8	+ 12.8	
Pension-type insurance	17.8	+ 0.6	
Income relating to Financial consulting for individuals	60.9	+ 14.9	
of which:			
Loan syndication	47.6	+ 3.7	
Structured finance*3	43.7	+ 6.0	
Real estate finance*3	29.1	+ 12.6	
Income relating to IB*4 business*3	141.9	+ 18.8	
of which:			
Sales of derivatives	19.8	(18.7)	
Money remittance, Electronic banking	94.8	(2.5)	
Foreign exchange	41.2	(5.7)	
IBU's Non-interest income	69.5	+ 2.7	
Non-interest income	339.6	(28.9)	
Marketing Units	1,231.0	(3.1)	<Nominal change> YOY change (109.9)
Adjustment of interest rates and exchange rates, etc. (106.8)			

Average loan balance and spread by business unit*2

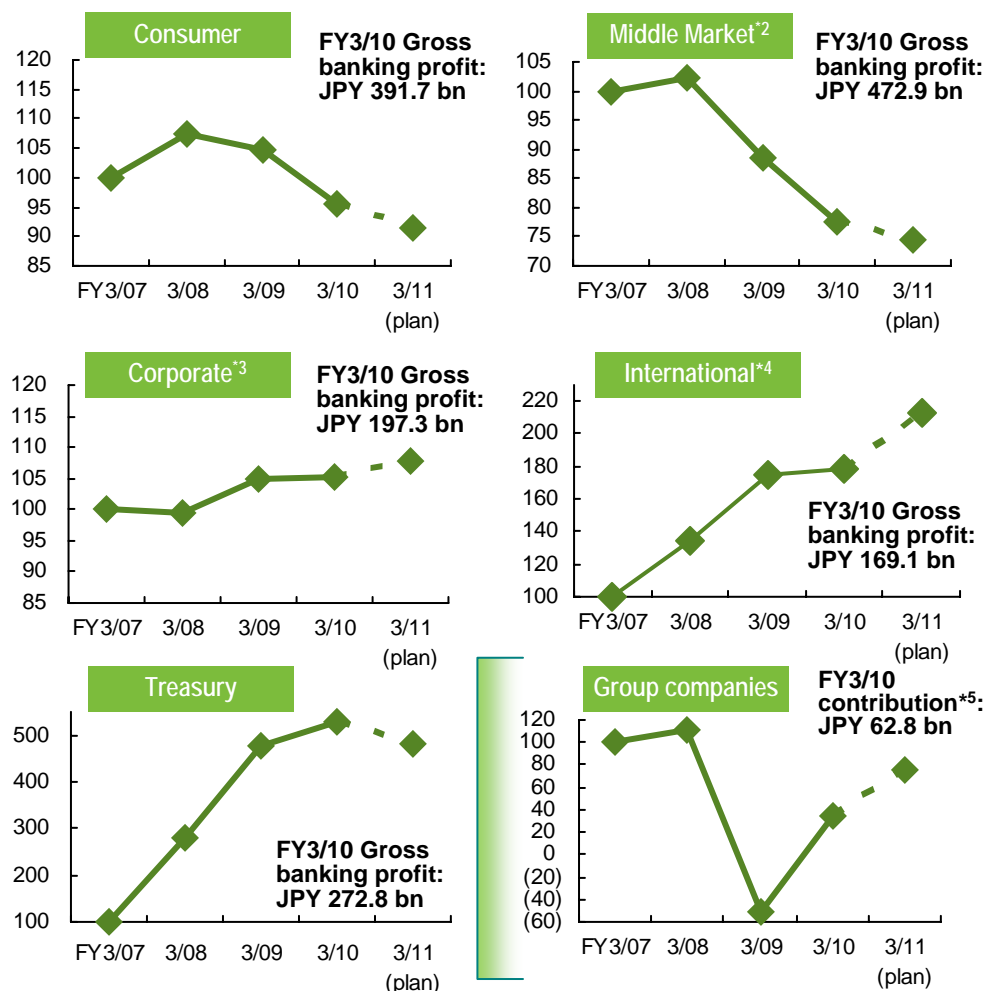
	Average balance		Average spread	
	FY3/10	YOY change	FY3/10	YOY change
(JPY tn, %)				
Domestic loans	50.9	+1.5	1.05	(0.02)
Consumer Banking Unit	15.2	+0.5	1.48	(0.05)
Middle Market Banking Unit	19.2	(1.2)	1.19	(0.01)
Corporate Banking Unit	12.2	+1.0	0.67	+ 0.10

*1 After adjustment of interest rates and exchange rates, etc. (included in Headquarters)

*2 Managerial accounting basis *3 Including interest income *4 IB stands for "investment banking"

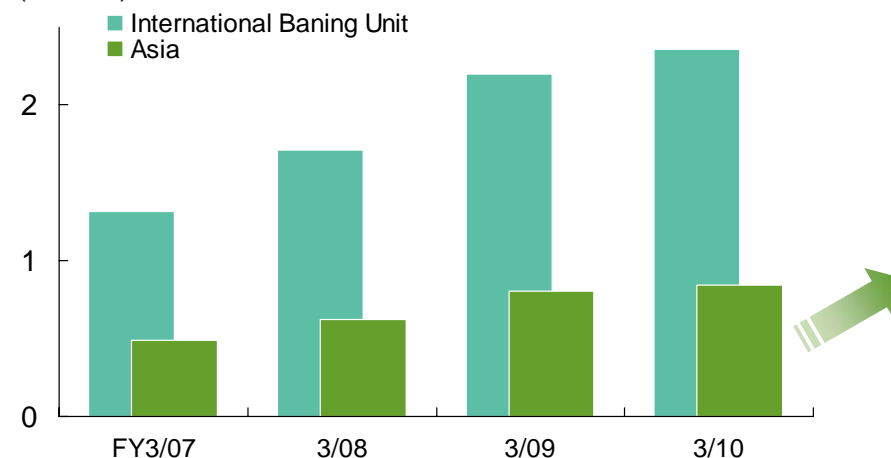
(Ref.) Gross Banking Profit by Business Unit, etc.

Gross banking profit by business units (image)*1



Ref. Gross banking profit in International Banking Unit (managerial accounting basis)*6

(USD bn)



Ref. Business performance of Nikko Cordial Securities (non-consolidated)

	(JPY bn)	2H, FY3/10
Net operating revenue		100.5
of which:		
Subscription commissions from investment trusts		27.0
Underwriting commissions		19.4
Net gains on trading		23.7
Ordinary income		24.1
Net income		26.7

cf. Aggregate results for FY3/10 adding Nikko Cordial Securities (before becoming a wholly-owned subsidiary) are as follows:

- Net operating revenue JPY 184.9bn - Ordinary income JPY 45.3 bn
- Net income JPY 58.3 bn

*1 FY3/07 results = 100 *2 Medium-sized enterprises and SMEs *3 Large corporations

*4 Based on USD

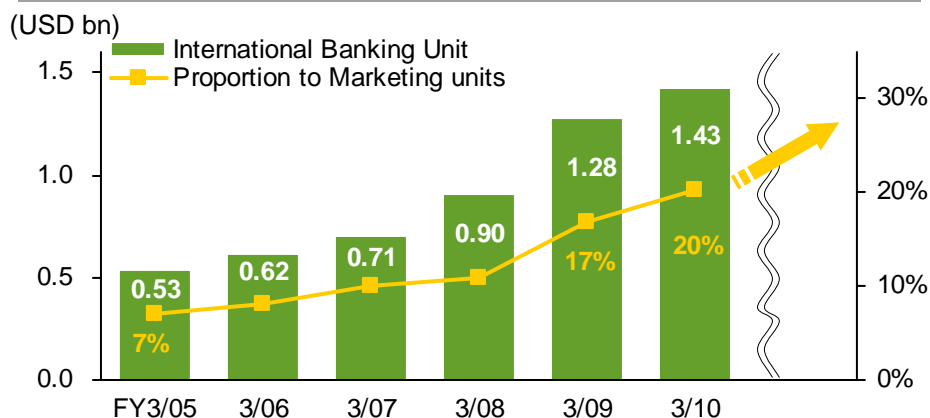
*5 Contribution to difference between SMBC's Banking profit and SMFG's net business profit

*6 Sum of SMBC and its overseas subsidiaries

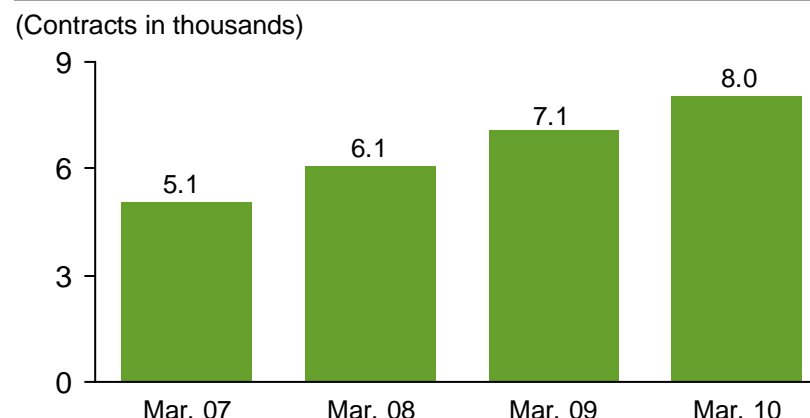
3-5. Overseas Business

In the medium to long term, we aim to increase the proportion of Banking profit from International Banking Unit to overall Marketing units, which was 20% in FY3/2010, by allocating more capital and resources into overseas business, especially in Asia where high growth is expected

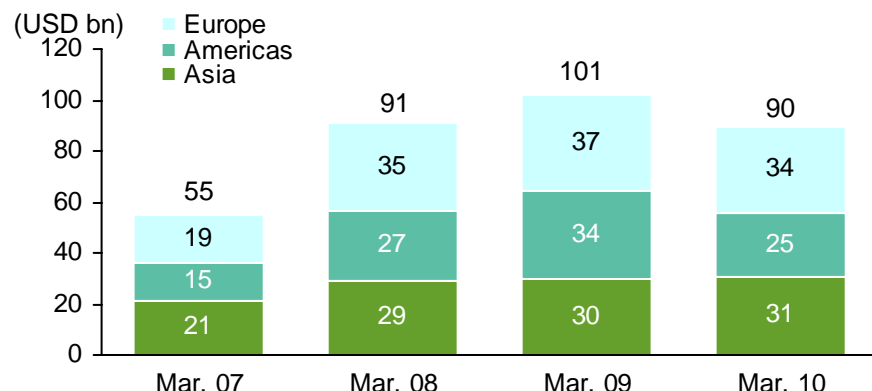
Trends of Banking profit in International Banking Unit*1



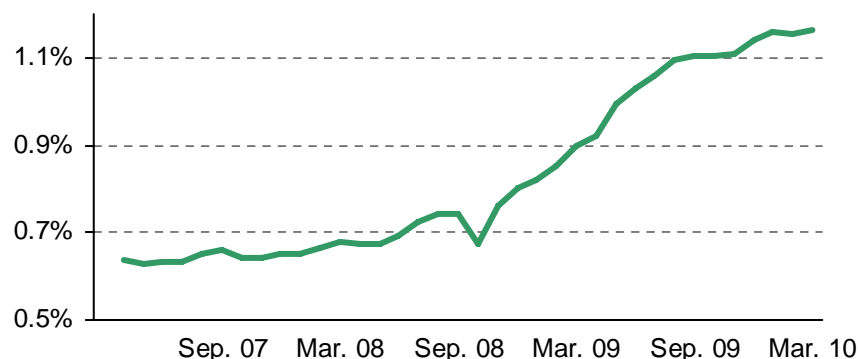
of contracts of electronic banking service in overseas*3



Trends of overseas loans (balance)*2



Spread of overseas loans (average on contracted loans outstanding)*4



*1 Sum of SMBC and its overseas subsidiaries (exchanged to USD at respective term-end FX rate). Managerial accounting basis

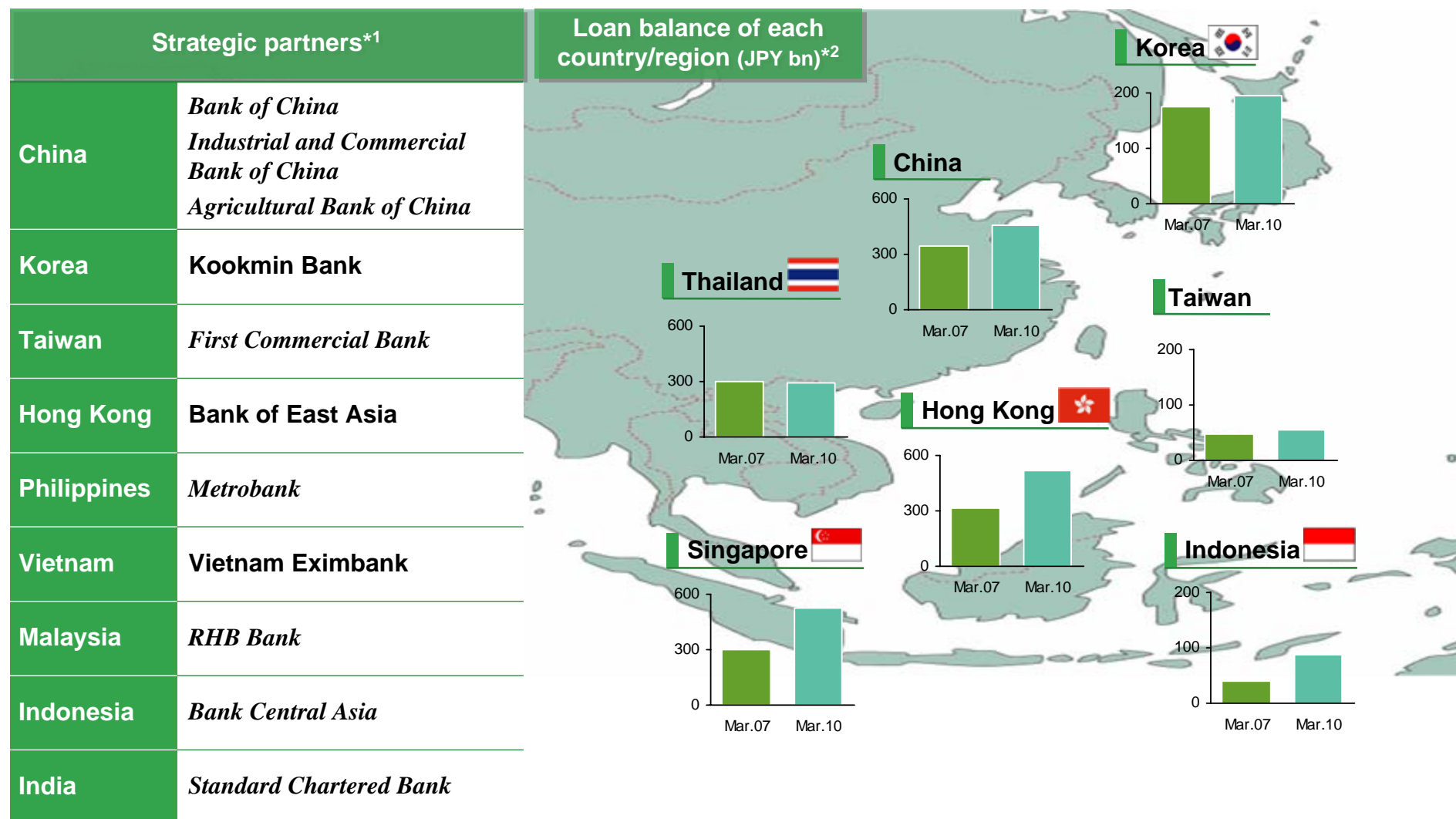
*2 Sum of SMBC, SMBC Europe and SMBC (China). Managerial accounting basis (JPY based loan balance is exchanged to USD at respective term-end FX rate)

*3 Sum of all electronic banking services from overseas channels (SMBC non-consolidated)

*4 Sum of SMBC, SMBC Europe and SMBC (China). Managerial accounting basis

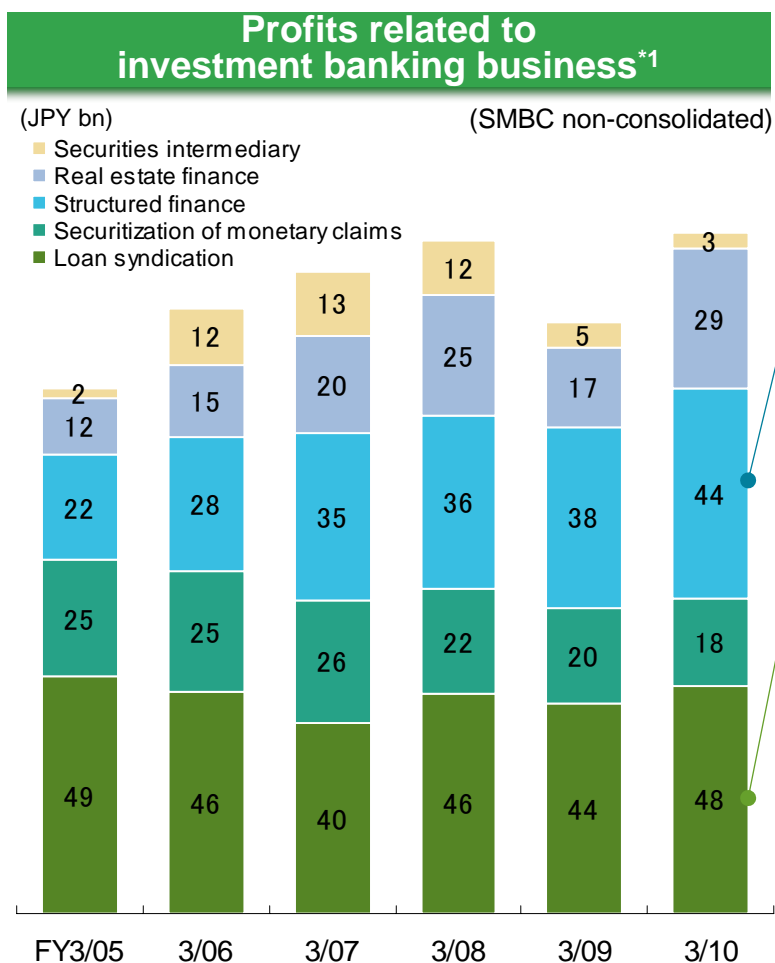
(Ref.) Business Expansions in Asia

We aim to expand our business in Asia through leveraging strengths of product offering and business alliances with leading financial institutions in each country or region



3-6. Solution Providing for Corporations / Investment Banking, Trust Business

We will enhance solution-providing capability and capture business opportunities by further collaborating with Nikko Cordial Securities and cooperating with Consumer Banking Unit & International Banking Unit



Project finance

Global ranking (CY2009)*2



Awarded Global Arranger of the Year*3

Loan syndication

Global ranking (CY2009)*4



Ranked at 1st among foreign banks in China*5

Reinforcement in Asia

SMBC (China)

Functions such as planning and managing SMBC (China)'s business development for Japanese companies were shifted from the planning department for overseas corporations*6 to the planning department for domestic corporations*7 (Apr. 10)

Financial Product Marketing Dept.

Newly established by integrating certain functions of Investment Banking Unit in the region (May 10)

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

*2 Source: Syndicated loan bookrunner ranking (Thomson Reuters)

*3 Source: Infrastructure Journal *4 Source: Project finance mandated arranger (Project Finance International)

*5 Source: "Basis Point" (Reuter LPC) *6 Planning Dept., International Banking Unit

*7 Planning Dept., Corporate Banking Unit & Middle Market Banking Unit

3-7. Financial Consulting for Individuals

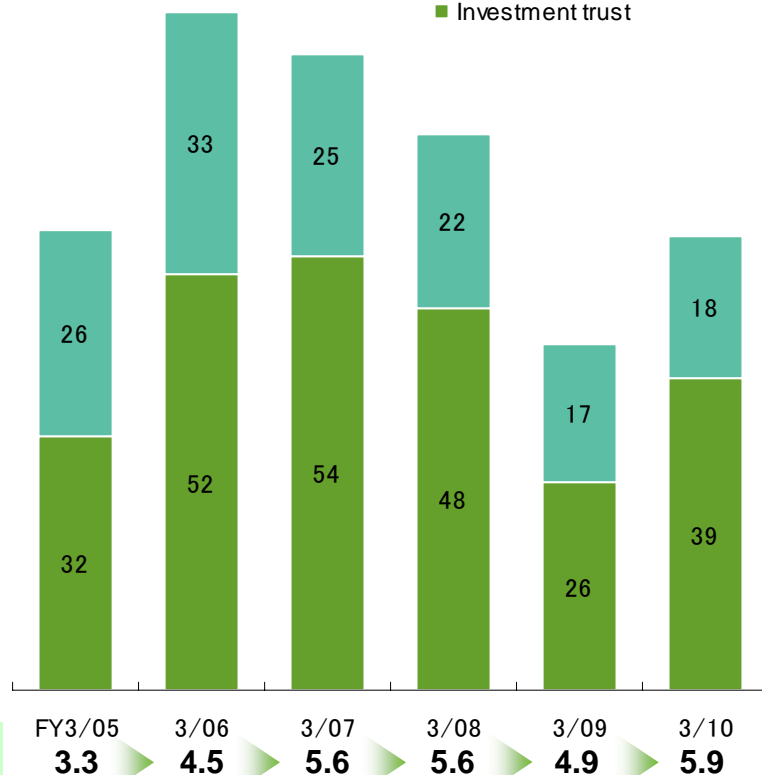
Aiming to become #1 provider of comprehensive services for individuals, we will proactively capture financial needs of our customers centered on high net worth segment through leveraging collaborations with Nikko Cordial Securities and Middle Market Banking Unit, while improving business processes through promoting cross-selling

Profits related to investment trust and pension-type insurance

(JPY bn)

(SMBC non-consolidated)

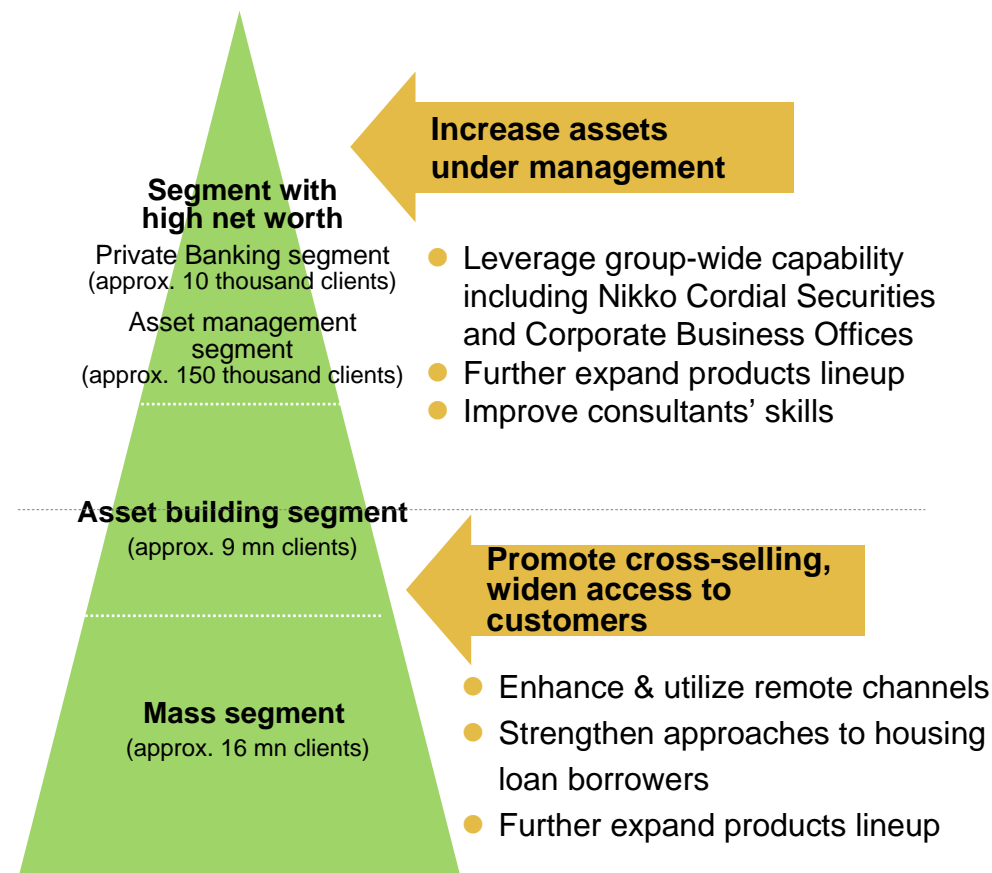
■ Pension-type insurance
■ Investment trust



Outstanding
balance*
(JPY tn)

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

Major initiatives



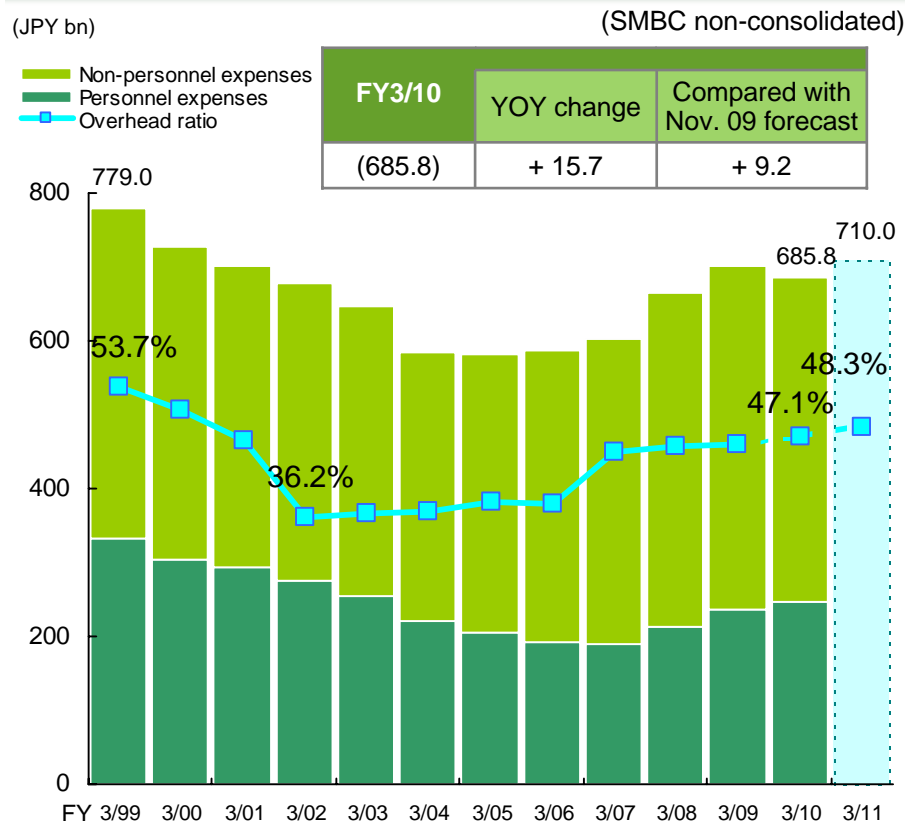
4. Expenses

4. Expenses

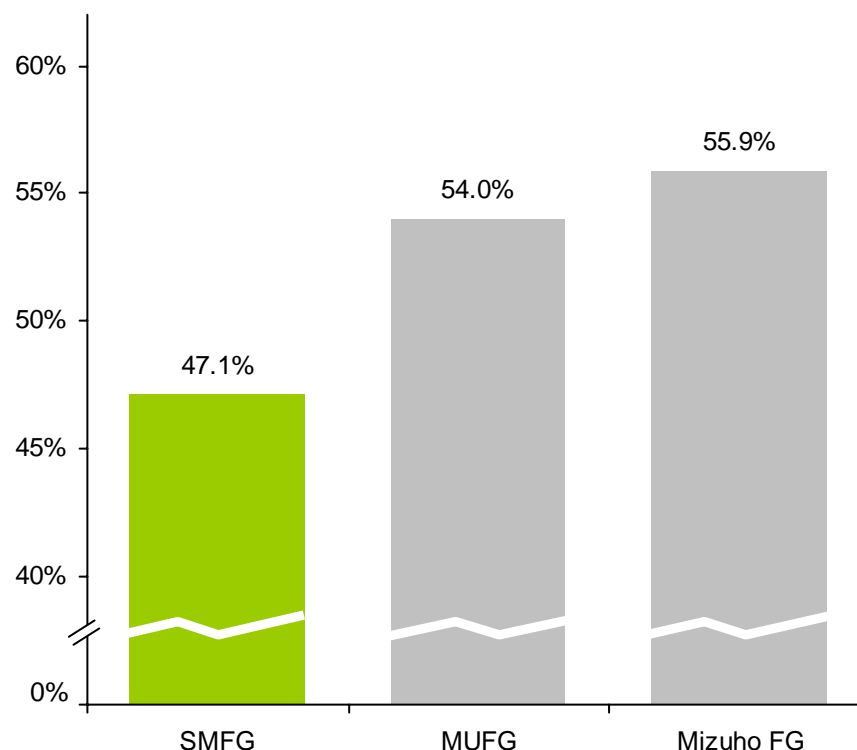
In FY3/10, Expenses decreased compared with FY3/09 and Nov. 09 forecast as a result of more stringent control responding to severe economic condition.

*In FY3/11, we strive to minimize its increase through thorough control on expenses such as business promotion expenses, despite of estimated increase by the transfer of Headquarters functions*¹, investments in branches and systems in the past, and allocation into targeted growth business areas*

Trends of Expenses*²



Overhead ratio (in FY3/10, comparison with peers*³)



*¹ In Dec. 06, we decided to move, having requested to move out due to the reconstruction of the building where our headquarters currently located.

We aim to further improve our efficiency by integrating headquarters functions which are now scattered

*² FY3/01 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

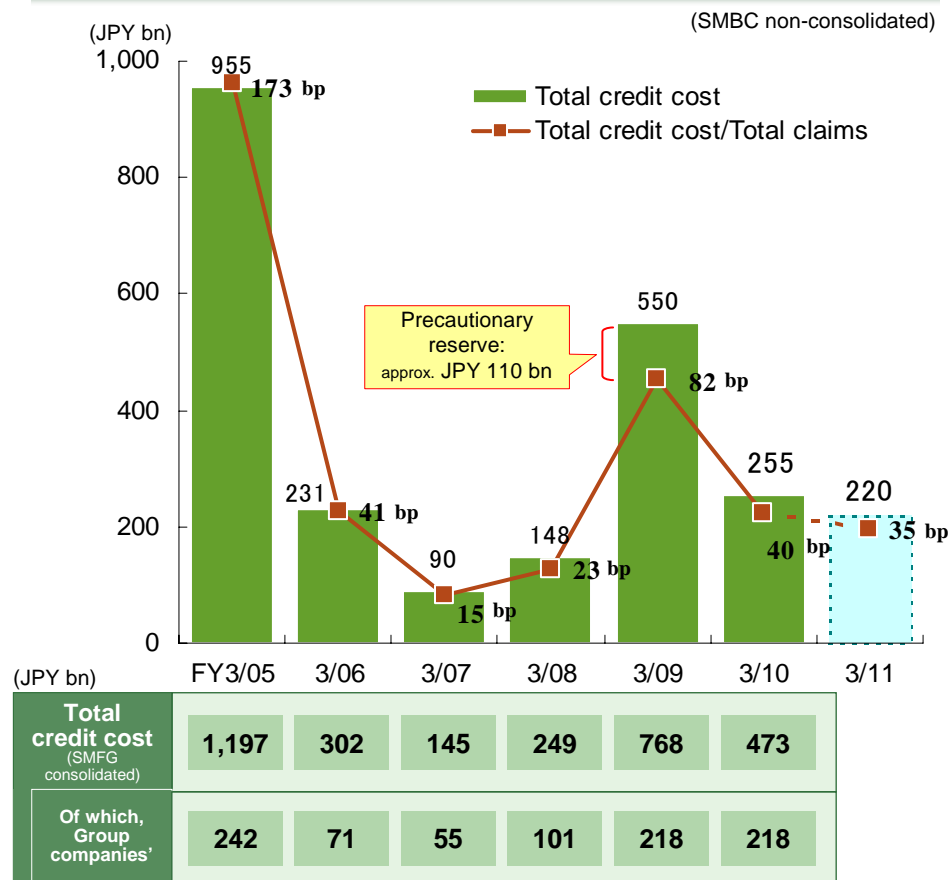
*³ Based on each companies disclosure. The figures shown in the graphs are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and simple aggregation of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG

5. Total Credit Cost

5. Total Credit Cost

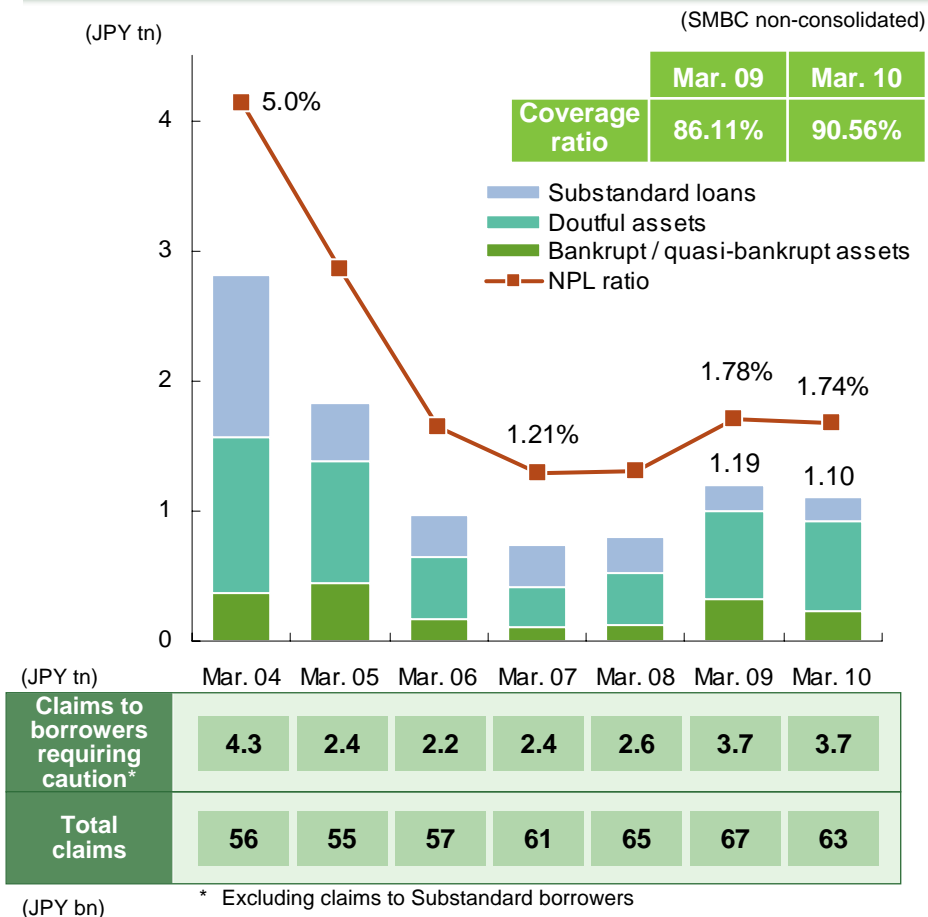
As macro economy seems to recover gradually, Total credit cost is expected to decrease year over year to approx. JPY 220 billion in FY3/11. We will continue to control credit costs mainly by detailed responses to our clients

Total credit cost



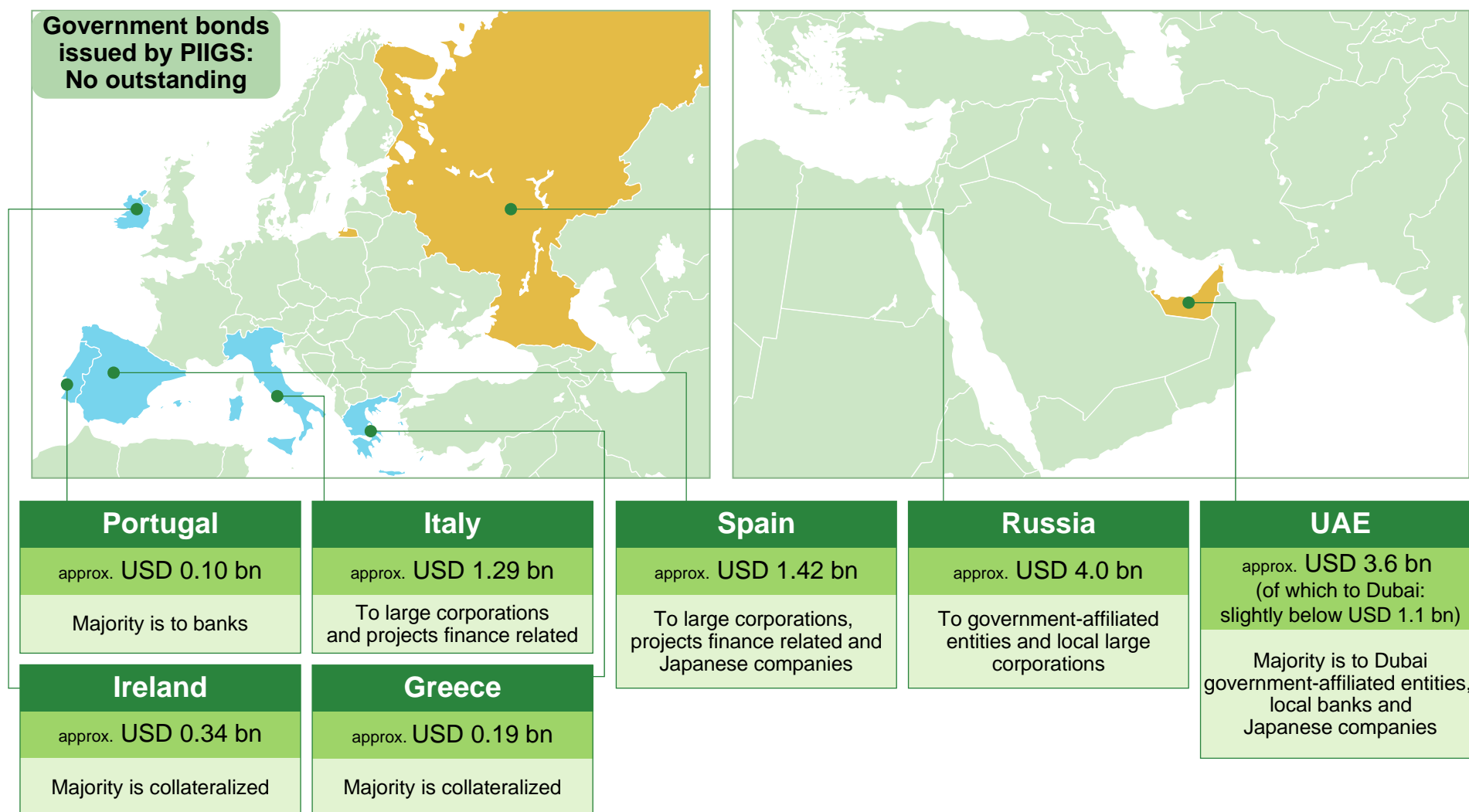
Ref.

Balance of non-performing loans



(Ref.) Exposure to PIIGS, Middle East and Russia

Our exposure to Portugal, Italy, Ireland, Greece and Spain is approx. JPY 300 billion in total, and associated risks is limited. We hold no government bonds issued by these countries

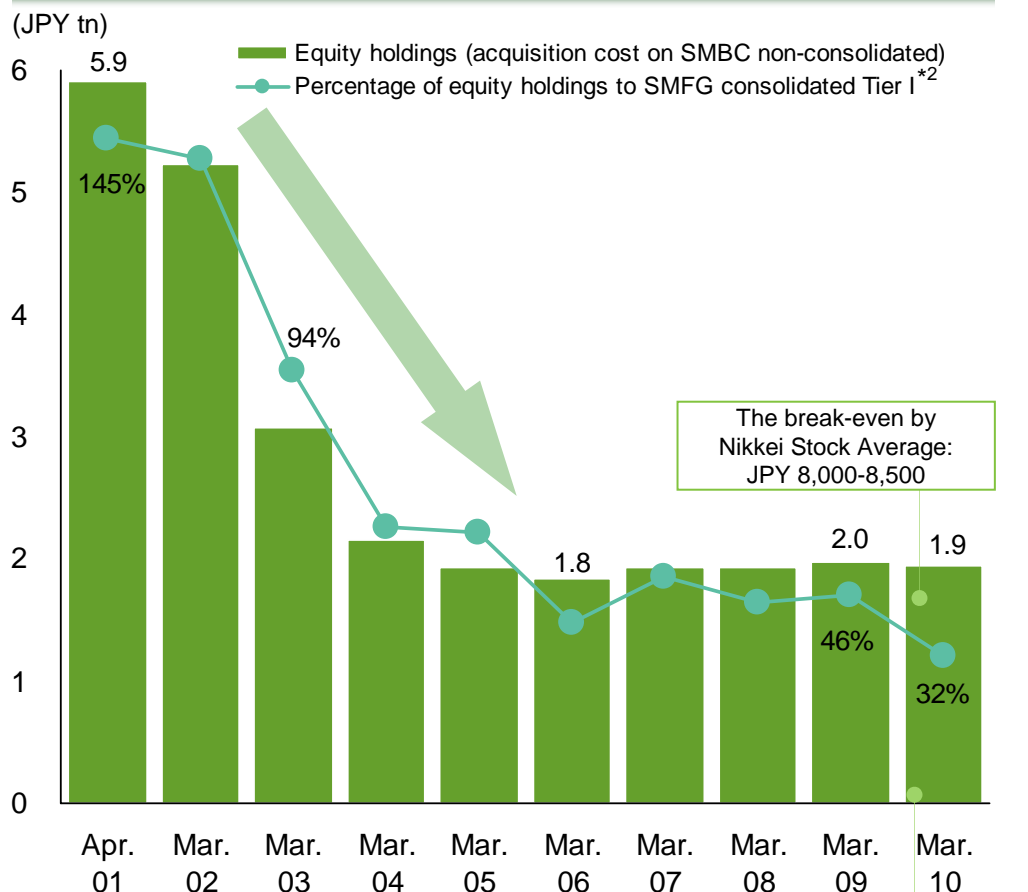


6. Securities Portfolio and Liquidity

6-1. Equity Holdings

Percentage of equity holdings on SMBC non-consolidated basis within consolidated Tier I ratio is approx. 32% as of Mar. 31, 10. Reviewing profitability in relation to equity holdings and effect of cross share holdings more stringently, we will minimize the risk to our capital due to volatility in equity market by reduction of the percentage to the level of around 25% in the medium term mainly through sale and hedge

Balance of equity holdings*1



*1 Balance of domestic stocks classified as other securities with market value

*2 Until Mar. 02, percentage to SMBC consolidated Tier I

Changes in environment

- Tightening of capital regulations
- Introduction of IFRS

Need to minimize the impact of stock price fluctuation risk to our capital

Additional reduction in % of unhedged equity holdings within Tier I capital to the level of around 25%

- Reduce unhedged equity holdings by JPY 300 bn through sale and hedge, etc. in 3 years

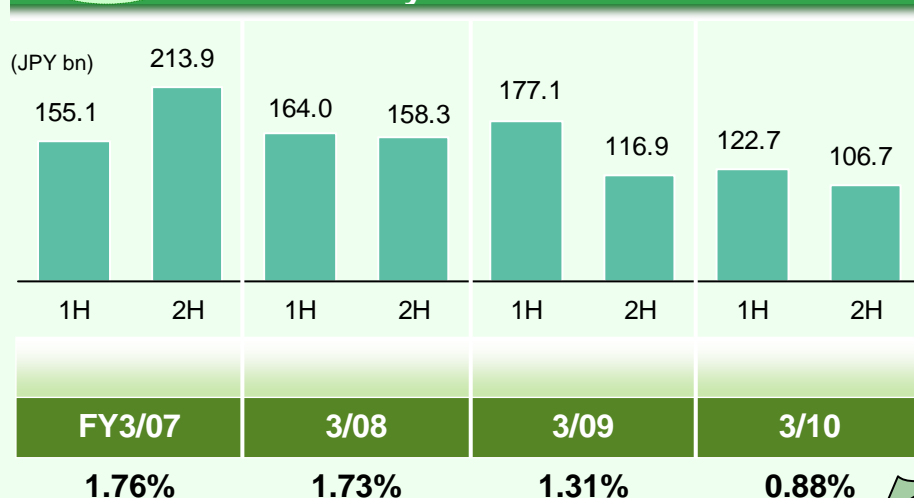
6-2. Bond Portfolio

In FY3/11, we will manage our portfolio conservatively by controlling total risk volume as in FY3/10, continuously monitoring possible interest rate steepening and settling the portfolio which is mostly composed of short- to medium-term bonds

Gains (losses) on bonds

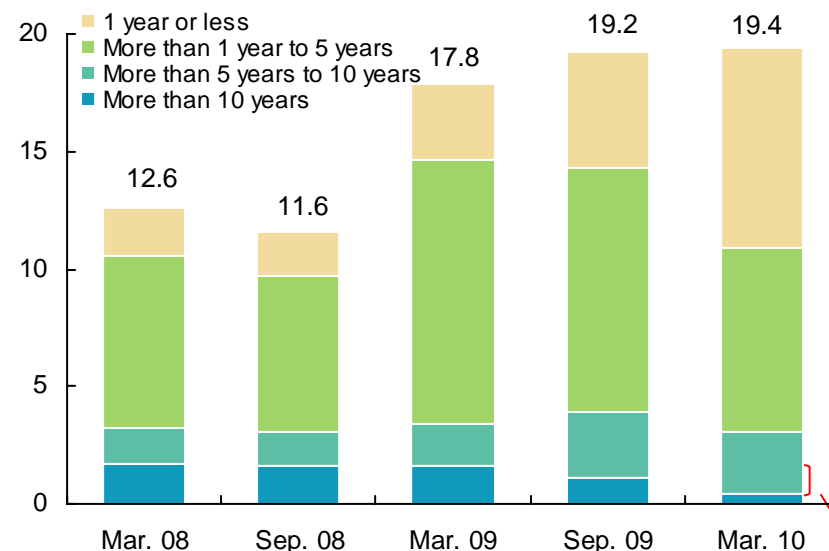
(JPY bn)	FY3/09	FY3/10	YOY change
Gains (losses) on bonds	26.1	37.3	+ 11.2
Domestic operations	(32.4)	9.1	+ 41.5
International operations	58.5	28.2	(30.3)

Interests and dividends on securities, and yields on securities*1



Yen-dominated bond portfolio

Balance (JPY tn) (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	2.3	1.7	1.8	1.7	1.1
Unrealized gains / losses (JPY bn)	(129.5)	(56.5)	(1.2)	55.6	116.1

15-year floating-rate JGBs have been carried at their reasonably estimated amounts from Sep. 30, 08

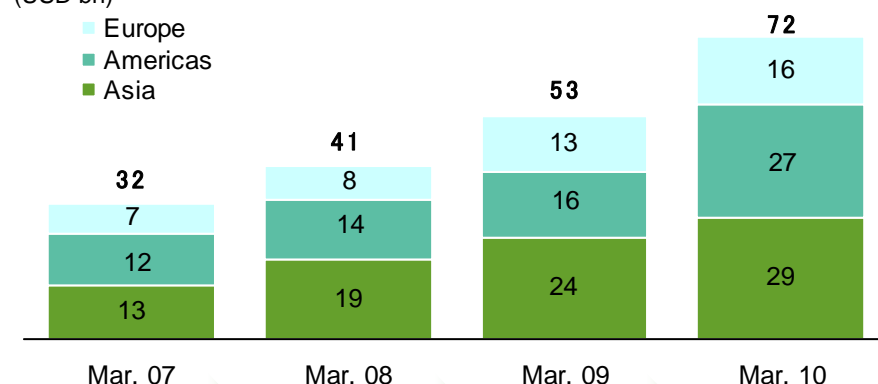
6-3. Liquidity

Although we have competitive advantage in liquidity position represented by relatively low loan to deposit ratio compare with global peers, we will continue to pay due regards to liquidity risks and aim to keep prudent liquidity management to secure solid investment and funding structure, taking into account liquidity regulation under discussion. Especially, we will further expand and diversify our funding base of foreign currency

Overseas deposits*1

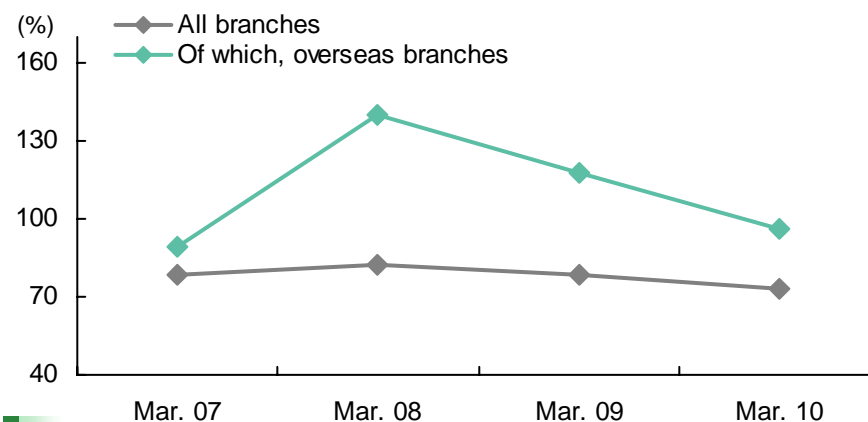
(USD bn)

Europe
Americas
Asia

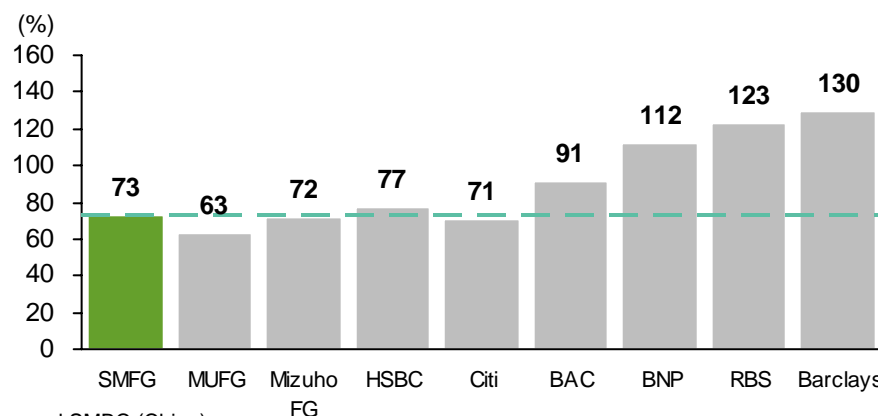


Loan to deposit ratio

By region*2



(Ref.) Comparison with major domestic and foreign banks*3



Management policy for foreign currency funding

- Diversify medium- to long-term funding base with due considerations to liquidity regulation under discussion
 - FY3/10 Results: Foreign-currency retail bond issuance
U.S. Dollar CP program setup
 - FY2010 Plan: Considering to issue foreign-currency bonds, etc.

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

*2 SMBC non-consolidated

*3 Consolidated basis. Based on each bank/company's disclosure. As of Mar. 10 for SMFG, MUFG and Mizuho FG, as of Dec. 09 for others

7. Group Companies / Group Strategy

7-1. Contribution of Affiliates to Consolidated Profit

In FY3/10, SMFG's consolidated Net income was lower than SMBC's non-consolidated Net income as Kansai Urban Banking Corporation and Cedyne recorded Net loss due mainly to an increase in Total credit cost. In FY3/11, we expect contribution of Nikko Cordial Securities and steady recovery of the above mentioned two companies while conservatively estimating business performance of certain affiliates such as Promise

FY3/10 Results (JPY bn)		SMFG consolidated	SMBC non-consolidated	Difference	YOY change
Consolidated gross profit / non-consolidated gross profit		2,236.6	1,455.3	781.3	+140.3
Net interest income		1,380.9	1,046.4	334.5	+14.4
Trust fees		1.8	1.7	0.1	+0.1
Net fees and commissions		608.6	286.7	321.9	+58.5
Net trading income		194.1	115.4	78.7	+42.0
Net other operating income		51.2	5.1	46.1	+25.2
General and administrative expenses (G&A expenses)		(1,161.3)	(685.8)	(475.5)	(113.6)
Total credit cost*1		(473.0)	(254.7)	(218.3)	(0.6)
Gains (losses) on stocks		(10.1)	3.9	(14.0)	(50.7)
Equity in earnings (losses) of affiliates		(21.5)	-	(21.5)	+73.4
Ordinary profit		558.8	462.7	96.1	+86.9
Net income		271.6	318.0	(46.4)	+26.0
Consolidated/non-consolidated net business profit		832.3	769.5	62.8	+157.5
FY3/11 plan				10.0	+56.4

*1 Including extraordinary gains (losses)

Major factors in difference (in round numbers)

Impact of new consolidation in FY3/10

(JPY bn)	Nikko Cordial Securities (consolidated)	ORIX Credit	SMBC (China)
Gross profit	104	28	15
G&A expenses	(79)	(9)	(9)
Ordinary profit	25	4	7

Other major factors

Other major factors (JPY bn)		FY3/10	YOY change
(1)	Kansai Urban Banking Corporation	(67)	(1)
	SMBC Europe	(29)	(4)
	Sumitomo Mitsui Finance and Leasing	(26)	(0)
	SMBC Guarantee	(24)	(10)
	Sumitomo Mitsui Card	(23)	(3)
	MINATO BANK	(15)	+18

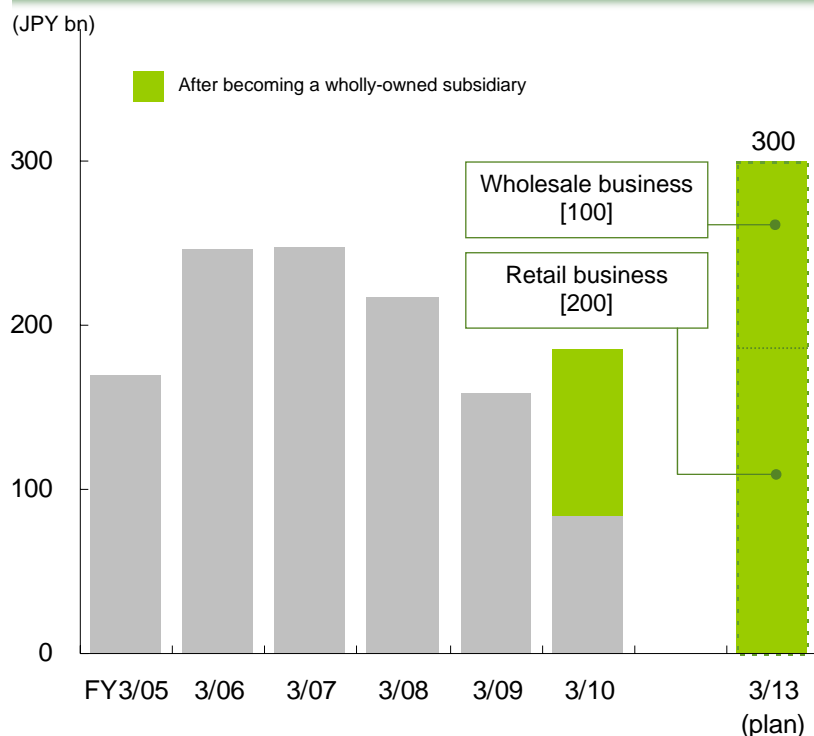
(2)	Daiwa Securities SMBC	12	+ 70
	Cedyna	(33)	(29)

7-2. Strategy for Securities Business (Nikko Cordial Securities)

Nikko Cordial Securities has made a good start in both retail and wholesale businesses as our securities body. Going forward, we will pursue integrated business model between banking and securities services businesses while mutually serving to each other's customers and maximizing synergy, by accelerating cooperation between SMBC and Nikko Cordial Securities

Nikko Cordial Securities: Financial targets in medium-term management plan

Net operating revenue



Targeted Ordinary profit in FY3/13	JPY 100 bn
Number of employees as of Mar. 13 (compared with Dec. 09: + approx. 1,000)	approx. 8,000
Total system investment (FY3/11 - 3/13)	More than JPY 50 bn

Aim to become No.1 general securities company in Japan which is excellent both in quality and in quantity and globally competitive

Retail business

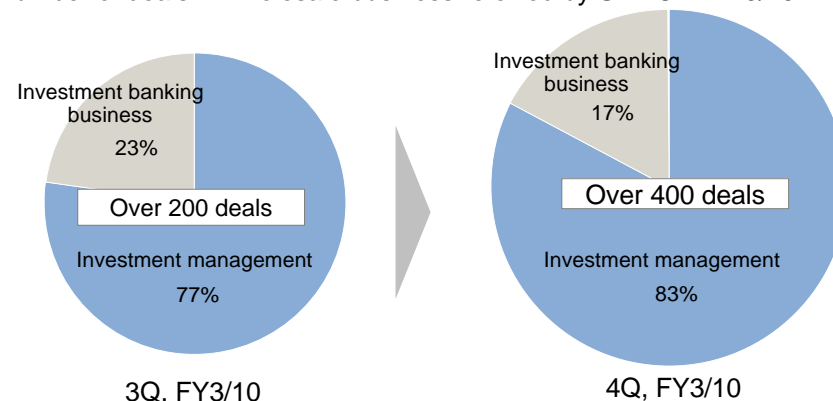
- Enhance business targeting wealthy individuals
- Cooperate with SMBC
 - Securities intermediary business for individuals (started in Apr. 10)
 - Integrate collaborative business between SMBC and SMBC Friend Securities into Nikko Cordial Securities (by around Jan. 31, 11)
- Cooperate with Wholesale arm

Wholesale business

- Establish the front system demonstrating a solid presence
- Expand business such as sales & trading businesses, business through overseas developments and collaboration with SMBC (referral service of underwriting, M&A and investment management, etc.)
- League table (targets in FY3/13)
 - Underwriting of industrial bonds: 1st
 - Underwriting of equities: Within 3rd

(Ref.) number of successful deals in referral service

<Number of deals in wholesale business referred by SMBC in FY3/10>

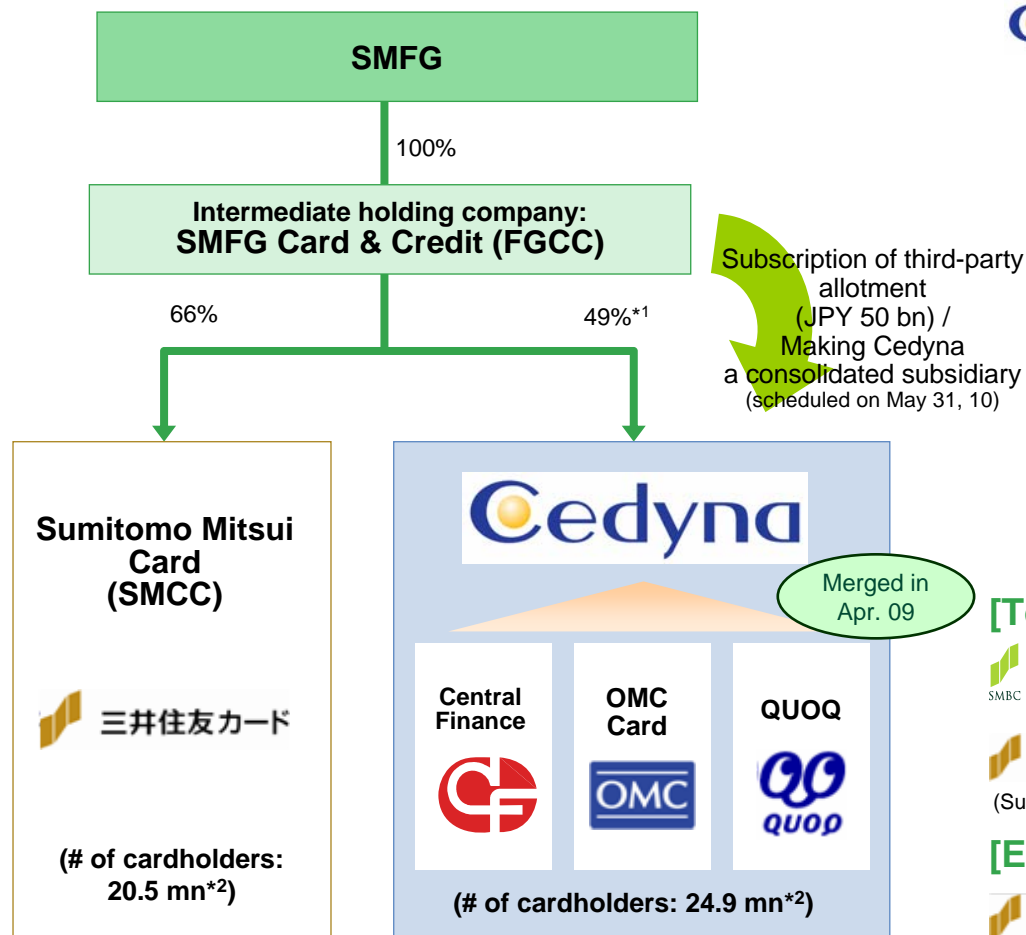


7-3. Credit Card Business

By making Cedyne our consolidated subsidiary (scheduled on May 31, 10), we will further enhance group-wide collaboration and pursue maximizing top-line synergies and economies of scale

Organizational structure to promote credit card business

Purpose of making Cedyne a consolidated subsidiary



Cedyne

- Further clarify the positioning as a core business entity in credit card business
- Accelerate and ensure management restructuring
 - Investments in new businesses (incl. overseas financial business expansion)
 - Investments in systems developments
 - Cost restructuring etc.
- Enhance capital base

Further accelerate and make a stable promotion of our credit card business strategy

[Top-line synergies]



三井住友銀行

- Collaborate in Cedyne's focus areas (e.g. EC market and education market) etc.



三井住友カード
(Sumitomo Mitsui Card)

- Collaborate by mutually offering referrals to each other's business partners and jointly offering products and services etc.

[Economies of scale]



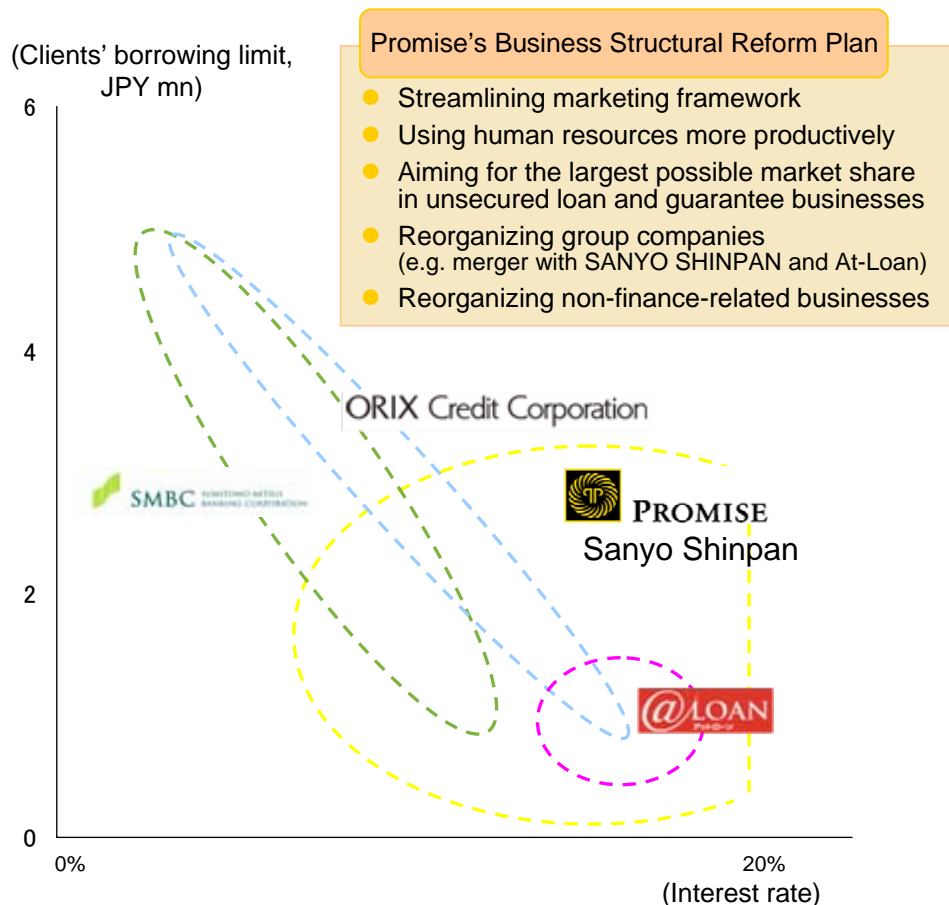
三井住友カード
(Sumitomo Mitsui Card)

- Integrate next-generation IT systems / processing business

7-4. Consumer Finance Business

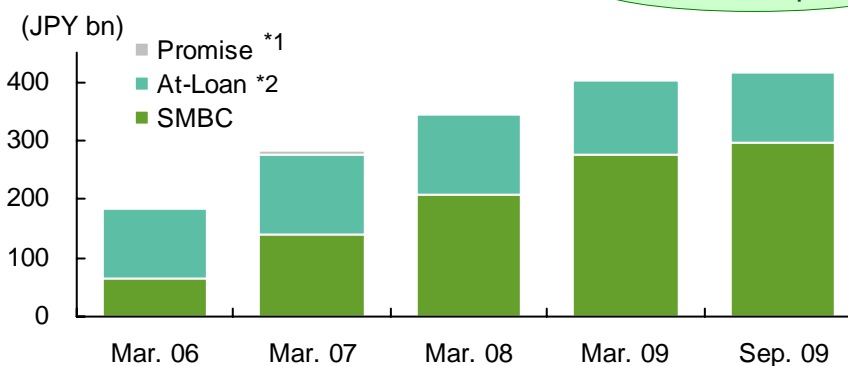
Although business environment would remain severe for the time being as a result of continuous high-level refund claims and full implementation of Moneylending Law, we view that consumer finance business will bear stable profitability in the medium to long run, with relatively thick spread. Therefore, we will continuously focus on consumer finance business as a lineup of retail business

Overview of consumer finance business in SMFG (image)

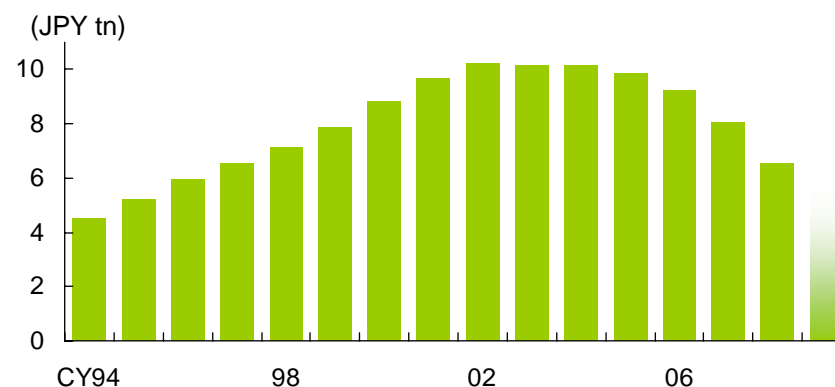


Collaboration with Promise (balance of loans)

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. Scheduled to stop origination in May 31, 10

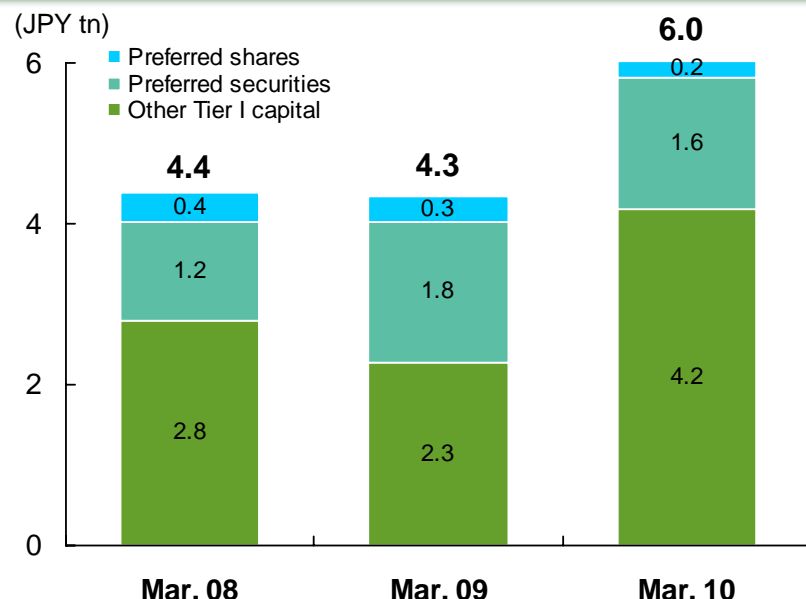
*3 Source: "Statistics on Japanese Consumer Credit (2010)" by Japan Consumer Industry Association

8. Capital

8-1. Capital

In addition to the common equity offering totaling JPY 1.8 trillion raised during last fiscal year, we repurchased hybrid securities in overseas market and made preferred shares held by Goldman Sachs converted, in order to strengthen our capital base both in quality and quantity. We do not intend to execute another common equity offering from the viewpoint of meeting capital requirement under discussion

Tier I capital / Tire I ratio*1



Tier I capital raising and redemption since 08

Feb. 08	JPY 135.0 bn	Preferred securities (Non step-up)	Domestic market
→ Refinanced			
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
→ Refinanced			
Jan. 09	JPY 283.8 bn	Preferred securities (Non step-up)	Redemption of "SPCL" (Sakura Preferred Capital (Cayman) Limited)
→ Refinanced			
Jun. 09	JPY 340.0 bn	Preferred securities (Non step-up)	Redemption of "SBES" (SB Equity Securities (Cayman), Limited)
Jun. – Jul. 09	JPY 861.0 bn	Common shares	Domestic and overseas market
→			
Sep. – Oct. 09	JPY 388.0 bn	Preferred securities (Step-up/Non step-up)	Domestic market
Jan. – Feb. 10	JPY 973.0 bn	Common shares	Domestic and overseas market
Feb. 10	approx. JPY 150 bn	Preferred securities	Tender offering (overseas market)

Tier I ratio

6.94%

8.22%

11.15%

Ref.

"Core Tier I" ratio^{*2}

4.4%

4.3%

7.7%

Risk-adjusted assets (JPY tn)

63

53

54

*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 shares – Preferred securities"

8-2. Regarding Increase in Total Number of Authorized Ordinary Shares

Currently, the number of authorized but unissued ordinary shares is extremely limited

Under these circumstances, we believe that securing strategic flexibility, including pursuing inorganic growth opportunities for further fortification of growth business areas, would contribute to enhancement of our enterprise value in the medium- to long-term and propose partial amendments to the Articles of Incorporation to increase the total number of authorized ordinary shares at the ordinary general shareholders meeting scheduled to be held on June 29, 2010

Current status

Initiatives in FY3/10

- Raised JPY 1.8 tn in total amount paid through common equity offering
- Converted convertible preferred shares held by Goldman Sachs into ordinary shares etc.

(mn shares)	Mar. 31, 09	Mar. 31, 10
Total number of authorized ordinary shares (A)	1,500	1,500
Outstanding ordinary shares (B)	789	1,414
Number of authorized but unissued (A-B) (C)	711	86
B/A	approx. 52.6%	approx. 94.3%

Increase to 3,000 mn shares

Purpose of amendment

Securing strategic flexibility, including pursuing inorganic growth opportunities, for further fortification of growth business areas to enhance our enterprise value in the medium- to long-term

Not intending to:

Execute another common equity offering from the viewpoint of achieving the targeted level of consolidated Tier I ratio
Adopt any defensive measures against hostile takeovers

Ref.

Our financial target related to capital policy

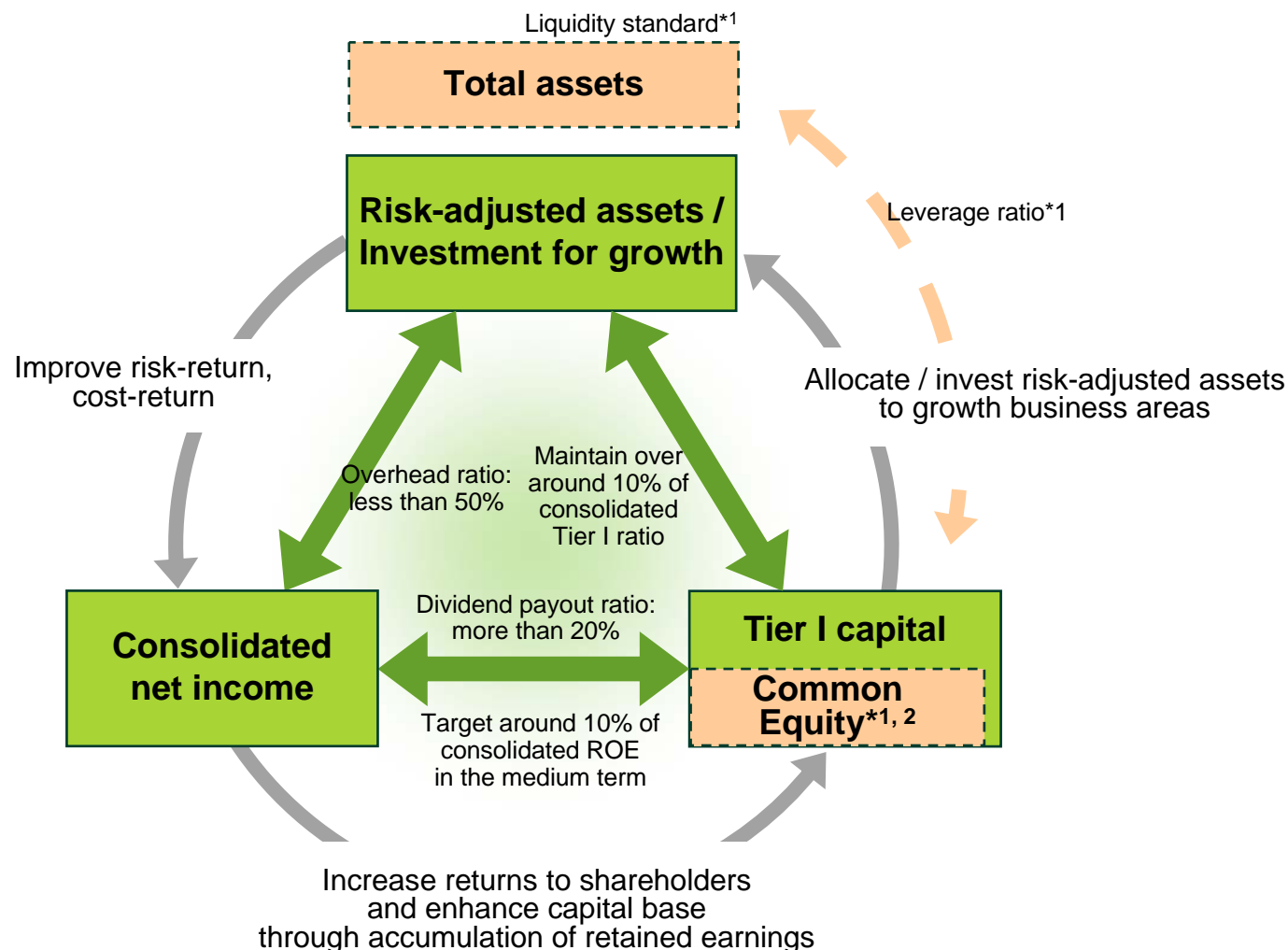
Maintain over around 10% of consolidated Tier I ratio

- Achieved by steadily accumulating earnings based on our management plan, etc.

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



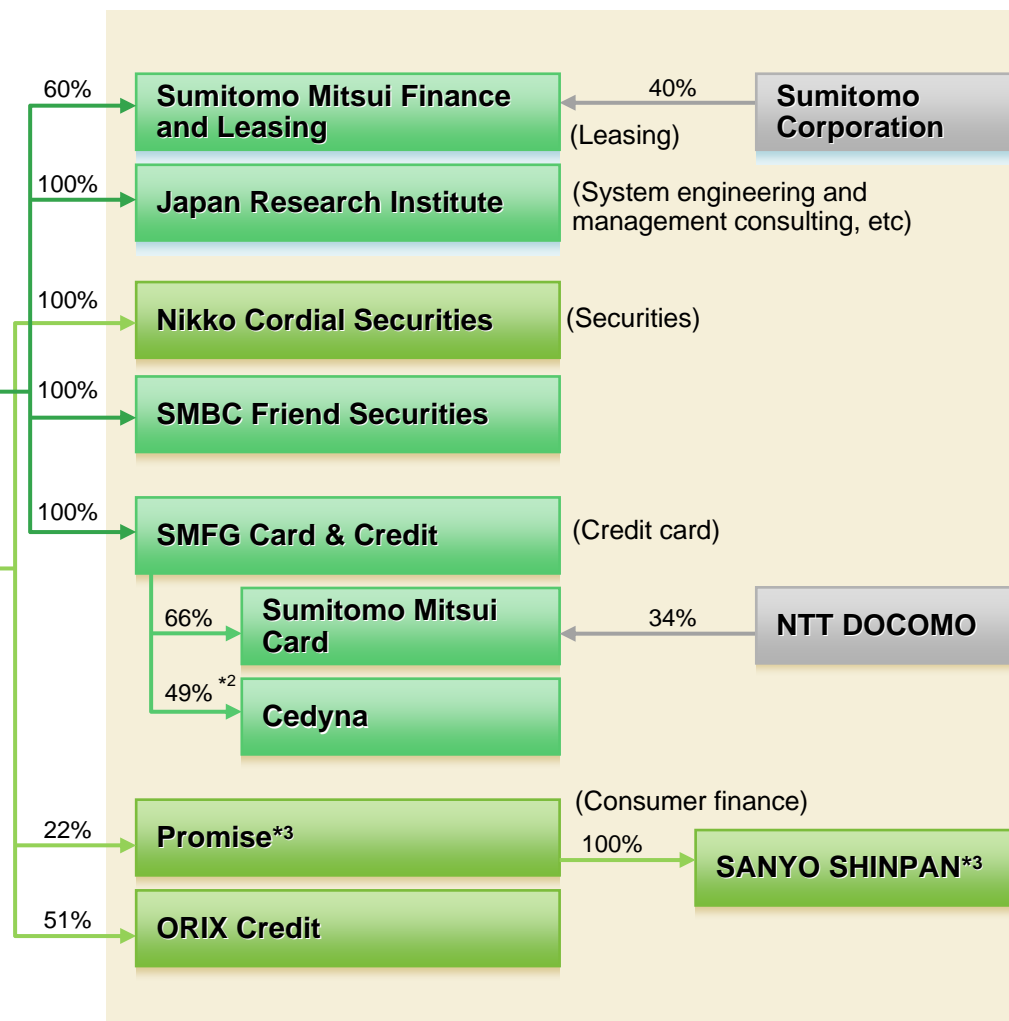
(Ref.) SMFG's Group Structure*1



Sumitomo Mitsui Financial Group	
Consolidated total assets	JPY 123 tn
Consolidated Tier I ratio	11.15%



Sumitomo Mitsui Banking Corporation	
Total assets	JPY 104 tn
Deposits	JPY 70 tn
Loans	JPY 57 tn
Number of customer deposit accounts (individual customers)	approx. 26 mn
Number of corporate borrowers	approx. 128,000



*1 As of Mar. 31, 10

*2 Total voting shares held by SMFG group. To be increased to approx. 68% on May 31, 10 through investment

*3 Promise and Sanyo Shinpan is planned to merge in Oct. 10



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.