

Provisional translation of  
the original Japanese version

# Financial Results for FY3/2011 & Management Policies and Strategies

LEAD THE VALUE

May 23rd, 2011

# Agenda

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# 1. Business Performance of FY3/2011

## 1-1. Key Achievements in FY3/2011

SMFG's Consolidated net income in FY3/2011 increased by JPY 204.3 billion year over year, due mainly to favorable performance of SMBC and contribution of other group companies.

In strategic initiatives, we expanded our channel network and reinforced our overseas organization and enhanced cross-sell between SMBC and SMBC Nikko Securities\*1 and SMBC Nikko Securities' wholesale business. In addition, we listed on NYSE in November 2010

### Securing a resilient capital base

#### Favorable performance

#### Banking profit\*2 SMBC non-consolidated

**Substantially increased** YOY change +JPY 63.1 bn **JPY 832.6 bn**

#### Overhead ratio SMBC non-consolidated

**Decreased** YOY change (1.5)% **45.6%**

#### Total credit cost SMBC non-consolidated

**Substantially decreased** YOY change: decreased by JPY 160.4 bn **JPY (94.3) bn**

#### Net income SMFG consolidated

**Substantially increased** YOY change +JPY 204.3 bn **JPY 475.9 bn**

#### Tier I ratio (preliminary) SMFG consolidated

**Increased** Compared with Mar. 2010 +1.32% **12.47%**

Listed on NYSE (Nov. 2010)

### Reinforcing business portfolio to achieve sustainable growth (FY3/2011)

#### Overseas business especially in Asia

Enhanced SMBC's overseas channel and operation

- ✓ Enhanced framework to support customers globally
- ✓ Received approval and launched operation of subsidiary in Malaysia (Opened 4 channels and approved to open 3 channels in FY3/2011).

Capital/business alliances with leading banks in each market

- ✓ Kotak Mahindra Bank (India)
- ✓ RHB Bank (Malaysia)
- ✓ Banco de Bogota (Colombia)

#### Wholesale / Retail Securities Business (SMBC Nikko Securities)

Enhanced cross-sell with SMBC

- ✓ Private banking: Commenced joint business with SMBC and Barclays
- ✓ Started bank agency services
- ✓ Integrated SMBC Friend's collaborative business with SMBC

Strengthened equity business

- ✓ Commenced operations of new equity trading system
- ✓ Established Equity Research Division

Named as a primary dealer of JGB

Fortified overseas operation

- ✓ London, NY, HK, Shanghai

Made Cedyna a consolidated subsidiary (May 2010), and a wholly-owned subsidiary (May 2011)

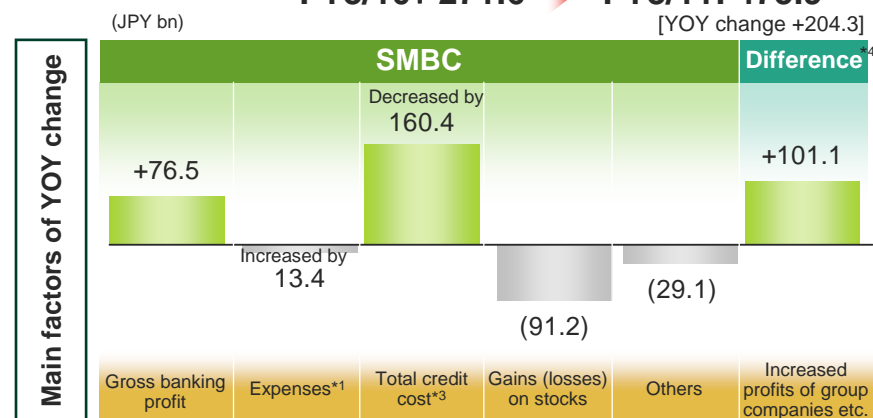
\*1 Changed name from Nikko Cordial Securities (Apr. 2011) \*2 Before provision for general reserve for possible loan losses

## 1-2. Summary of FY3/2011 Results

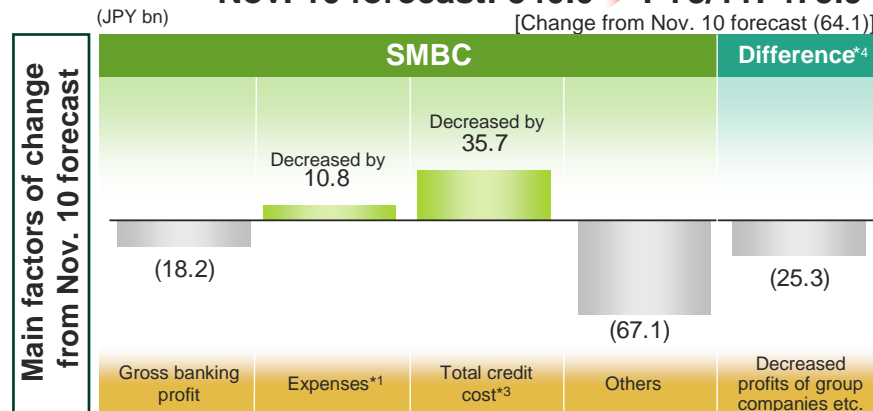
SMBC's non-consolidated Net income increased by JPY 103.2 billion year over year, due mainly to Gains on bonds, in addition to a substantial decrease in Total credit cost. Subsidiaries also contributed through the improvement of business performance, mainly Kansai Urban Banking Corporation and Cedyne. As a result, SMFG's consolidated net income increased by JPY 204.3 billion to JPY 475.9 billion.

		(JPY bn)	FY3/11	YOY change	Change from Nov. 10 forecast
SMBC <non-consolidated>	Gross banking profit		1,531.8	+76.5	(18.2)
	Expenses*1		(699.2)	Increased by 13.4	Decreased by 10.8
	<Overhead ratio>		45.6%	Decreased by 1.5%	Decreased by 0.2%
	Banking profit*2		832.6	+63.1	(7.4)
	Total credit cost*3		(94.3)	Decreased by 160.4	Decreased by 35.7
	Gains (losses) on stocks		(87.3)	(91.2)	
	Ordinary profit		595.7	+133.0	(24.3)
	Net income		421.2	+103.2	(38.8)
SMFG <consolidated>	Ordinary profit		825.4	+266.7	(44.6)
	Net income		475.9	+204.3	(64.1)

### SMFG's consolidated Net income: FY3/10: 271.6 ▶ FY3/11: 475.9



### SMFG's consolidated Net income: Nov. 10 forecast: 540.0 ▶ FY3/11: 475.9



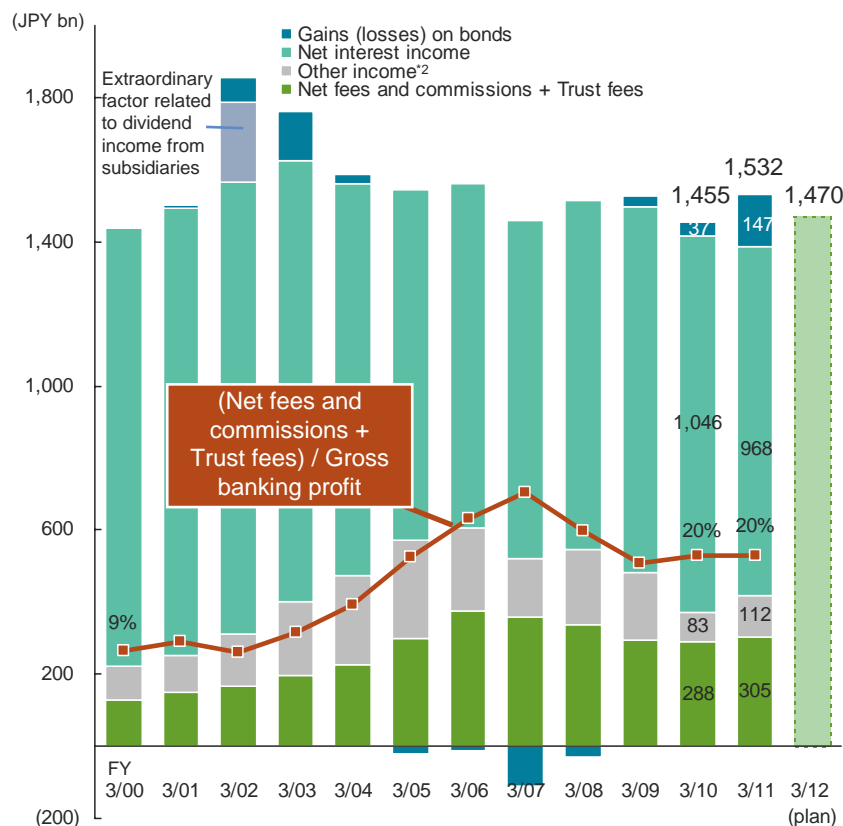
\*1 Excluding non-recurring losses \*2 Before provision for general reserve for possible loan losses \*3 Including portion recorded in Extraordinary gains (losses)

\*4 Difference between SMFG's consolidated Net income and SMBC's non-consolidated Net income

## 1-3. Top-Line Profit (1) Gross Banking Profit

SMBC's non-consolidated Gross banking profit was JPY 1,531.8 billion, an increase of JPY 76.5 billion year over year due mainly to an increase in Gains on bonds resulting from our ALM operations that quickly responded to the decline in market interest rates, an increase in sales of investment trusts, and an increase in fees related to loans in overseas, while Gross banking profit was partially offset by a decrease in Net interest income decreased due to tightened loan to deposit spread associated with a decline in the interest rate in the domestic market

### 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)	FY3/11	YOY change
<b>Gross banking profit</b>	<b>1,531.8</b>	<b>+76.5</b>
<b>[Excluding gains (losses) on bonds]</b>	<b>[1,384.7]</b>	<b>[(33.3)]</b>
<b>Net interest income</b>	<b>967.8</b>	<b>(78.6)</b>
Net interest income in domestic operations	867.6	(42.4)
Net interest income in international operations	100.2	(36.2)
o/w Interest on interest-rate swaps	(9.9)	(38.2)
<b>Net fees and commissions + Trust fees</b>	<b>305.0</b>	<b>+16.6</b>
o/w Fees on sales for investment trusts*3	52.0	+13.2
o/w Fees related to loans in International Banking Unit*3	47.8	+13.2
<b>Net trading income + Net other operating income</b>	<b>259.0</b>	<b>+138.5</b>
o/w Gains (losses) on bonds	147.1	+109.8
o/w Income from (expenses on) derivatives	9.3	+23.2

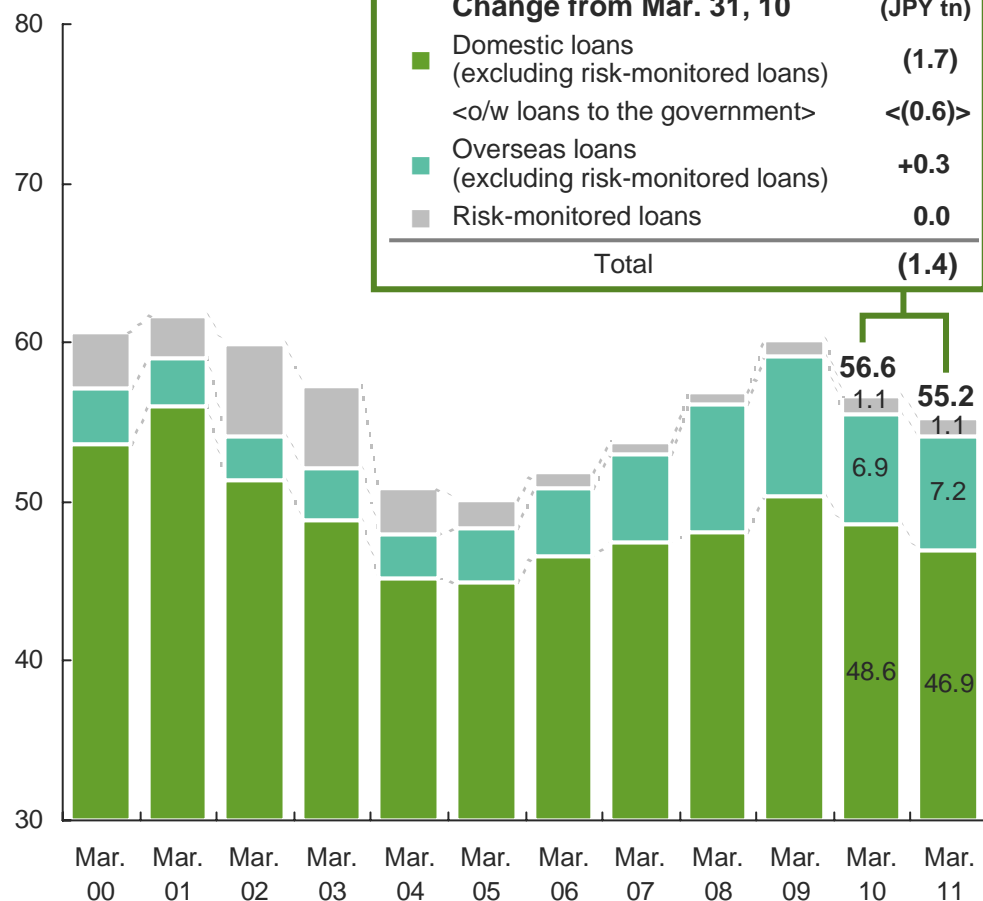
\*3 Managerial accounting basis

## 1-3. Top-Line Profit (2) Net Interest Income: Loan Balance

Domestic loans as of Mar. 31, 2011 decreased by JPY 1.7 trillion compared with Mar. 31, 2010 due mainly to limited demand. Overseas loans increased by JPY 1.0 trillion after currency adjustments as a result of the allocation of more assets in areas centered in Asia and the 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)

	Mar. 31, 11	Change from Mar. 31, 10
Consumer Banking Unit	15.5	0.0 <sup>*2</sup>
Middle Market Banking Unit <sup>*3</sup>	17.1	(1.2)
Corporate Banking Unit	11.9	(0.1)

\*2 After add-back adjustment of portion of housing loans securitized in FY3/11 (approx. JPY 50 bn)

\*3 Excluding loans to the public sector

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

	Mar. 31, 11	Change from Mar. 31, 10	After adjustment of yen appreciation
Overseas total	8.6	+ 0.3	+ 1.0
Americas	2.5	+ 0.2	+ 0.4
Europe	2.8	(0.3)	0.0
Asia	3.3	+ 0.4	+ 0.6

\*4 Based on location of our channels.

Including SMBC Europe and SMBC (China)

(SMBC non-consolidated)

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

Loan to deposit spread tightened due to a decline in loan yields reflecting lowered market interest rates

### Loan to deposit spread (financial accounting basis)

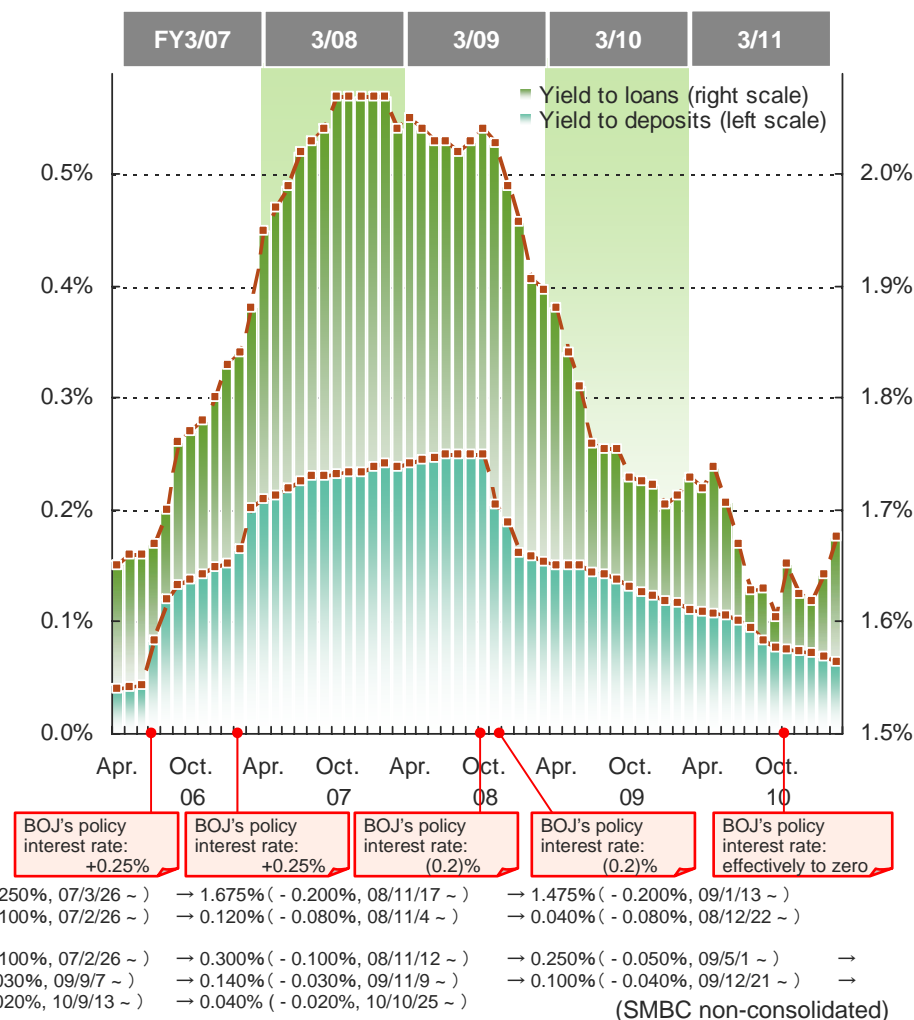
(JPY tn, %)

		FY3/11		YOY change	
		Average balance	Yield	Average balance	Yield
<b>&lt;Domestic&gt;</b>					
Loans*	(a)	46.1	1.65	(2.0)	(0.09)
Deposits, etc.	(b)	69.1	0.09	+1.9	(0.05)
Loan to deposit spread	(a) - (b)		1.56		(0.04)
<b>&lt;Overseas&gt;</b>					
Loans	(a)	8.7	1.99	(0.5)	(0.13)
Deposits, etc.	(b)	9.7	0.48	(0.7)	0.00
Loan to deposit spread	(a) - (b)		1.51		(0.13)

\* 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 ~)	→
		→ 0.020% (- 0.020%, 10/9/13 ~)				
● Yield on 1 year term 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 ~)	→ 0.060% (- 0.020%, 10/9/13 ~)	→ 0.040% (- 0.020%, 10/10/25 ~)		

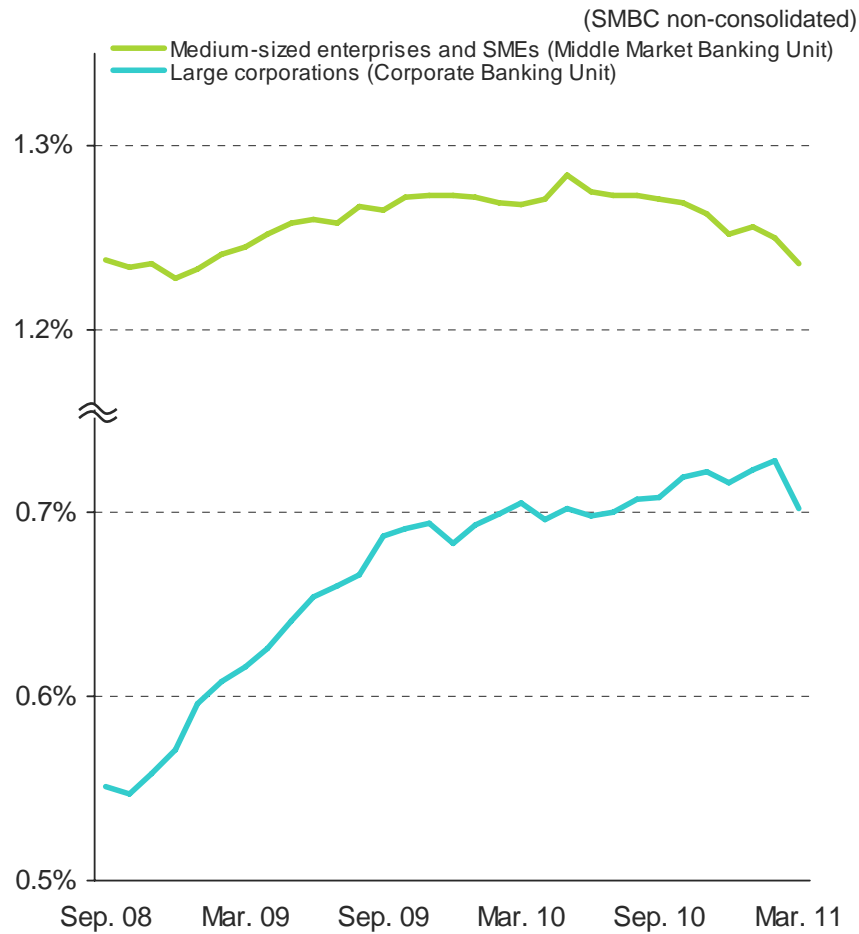
### Yield of domestic loans and deposits (managerial accounting basis)





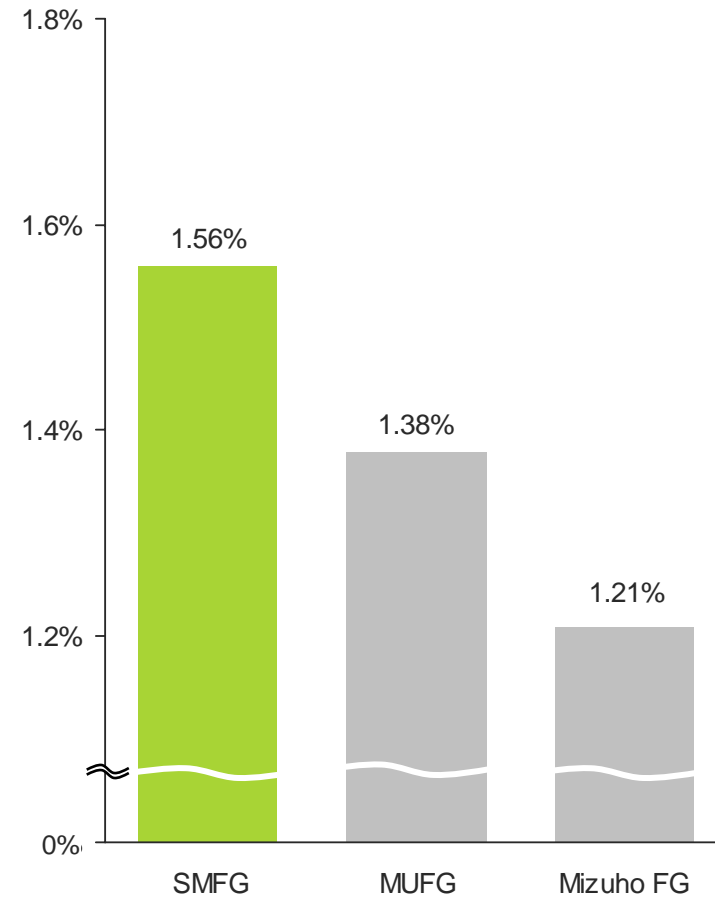
## (Ref.) Loan Spread / Peer Comparison of Loan to Deposit Spread (Domestic)

### Domestic loan spread (managerial accounting basis)



Ref.

### Domestic loan to deposit spread (In FY3/11, peer comparison\*)



\* 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

## 1-3. Top-Line Profit (4) Performance by Business Unit

In addition to the substantial increase in profit of Treasury Unit, profit in the Marketing units also rose due mainly to an increase in sales of investment trusts and fees related to loans in the International Banking Unit

		(JPY bn)	FY3/10	FY3/11	YOY change*1
Consumer Banking Unit	Gross banking profit	391.7	387.8	+5.9	
	Expenses	(288.7)	(290.3)	(2.3)	
	<b>Banking profit</b>	<b>103.0</b>	<b>97.5</b>	<b>+3.6</b>	
Middle Market Banking Unit	Gross banking profit	472.9	443.9	(20.5)	
	Expenses	(218.7)	(221.7)	(3.6)	
	<b>Banking profit</b>	<b>254.2</b>	<b>222.2</b>	<b>(24.1)</b>	
Corporate Banking Unit	Gross banking profit	197.3	201.3	(1.3)	
	Expenses	(33.3)	(36.0)	(1.7)	
	<b>Banking profit</b>	<b>164.0</b>	<b>165.3</b>	<b>(3.0)</b>	
International Banking Unit (INBU)	Gross banking profit	169.1	186.5	+31.7	
	Expenses	(54.5)	(57.9)	(6.6)	
	<b>Banking profit</b>	<b>114.6</b>	<b>128.6</b>	<b>+25.1</b>	
Marketing units	Gross banking profit	1,231.0	1,219.5	+15.8	
	Expenses	(595.2)	(605.9)	(14.2)	
	<b>Banking profit</b>	<b>635.8</b>	<b>613.6</b>	<b>+1.6</b>	
Treasury Unit	Gross banking profit	272.8	330.7	+57.9	
	Expenses	(16.3)	(17.9)	(1.8)	
	<b>Banking profit</b>	<b>256.5</b>	<b>312.8</b>	<b>+56.1</b>	
Headquarters	Gross banking profit	(48.5)	(18.4)	+2.8	
	Expenses	(74.3)	(75.4)	Decreased by 2.6	
	<b>Banking profit</b>	<b>(122.8)</b>	<b>(93.8)</b>	<b>+5.4</b>	
Total	Gross banking profit	1,455.3	1,531.8	+76.5	
	Expenses	(685.8)	(699.2)	Decreased by 13.4	
	<b>Banking profit</b>	<b>769.5</b>	<b>832.6</b>	<b>+63.1</b>	

### Gross banking profit by products\*2

	(JPY bn)	(YOY change*1)
o/w:		
Income on domestic loans	501.4	(17.0)
Income on domestic yen deposits	184.8	(6.1)
INBU's Interest related income	107.7	+5.0
<b>Interest income</b>	<b>849.5</b>	<b>(18.5)</b>
o/w:		
Investment trusts	52.0	+13.2
Pension-type insurance	10.5	(7.3)
Income relating to Financial consulting for individuals	74.0	+13.1
o/w:		
Loan syndication	44.7	(2.9)
Structured finance*3	53.1	+9.4
Real estate finance*3	34.3	+5.2
Income relating to Investment banking business*3	155.9	+14.0
o/w:		
Sales of derivatives	17.0	(2.8)
Money remittance, Electronic banking	93.1	(1.7)
Foreign exchange	45.6	+4.7
INBU's Non-interest income	78.8	+26.7
<b>Non-interest income</b>	<b>370.0</b>	<b>+34.3</b>
<b>Marketing units</b>	<b>1,219.5</b>	<b>+15.8</b>

Adjustment of interest rates and exchange rates, etc.: (27.3)

<Nominal change>  
YOY change:  
(11.5)

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

	Average balance		Average spread		
	(JPY tn, %)	FY3/11	YOY change	FY3/11	YOY change
Domestic loans		<b>48.7</b>	(2.2)	<b>1.06</b>	+ 0.01
o/w:					
Consumer Banking Unit		<b>15.4</b>	+ 0.2	<b>1.42</b>	(0.06)
Middle Market Banking Unit		<b>17.6</b>	(1.6)	<b>1.17</b>	(0.02)
Corporate Banking Unit		<b>11.7</b>	(0.5)	<b>0.72</b>	+ 0.05

\*1 After adjustment of interest rates and exchange rates, etc. (included in Headquarters) \*2 Managerial accounting basis \*3 Including interest income

(SMBC non-consolidated)

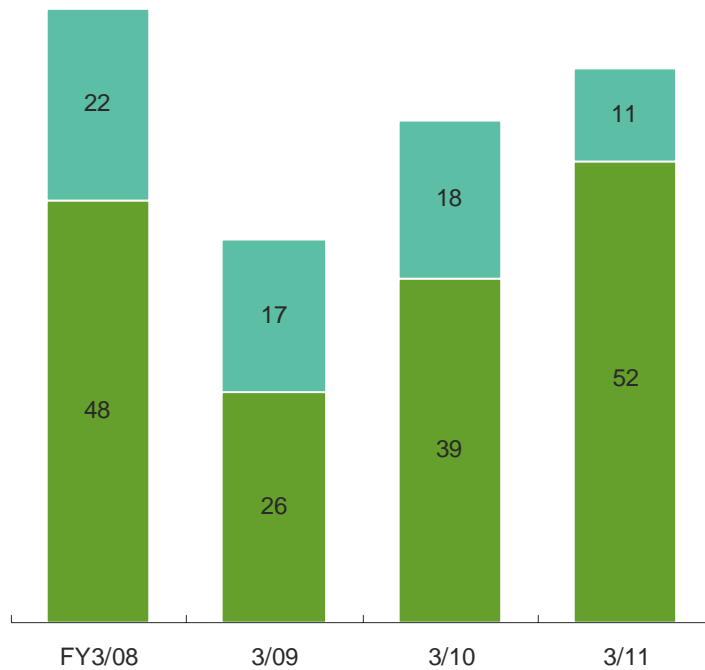
## (Ref.) Non-Interest Income

### Profits related to investment trust and pension-type insurance

(JPY bn)

(SMBC non-consolidated)

- Pension-type insurance
- Investment trusts



Outstanding balance\*<sup>1</sup>  
(JPY tn)

5.6 → 4.9 → 5.9 → 6.2

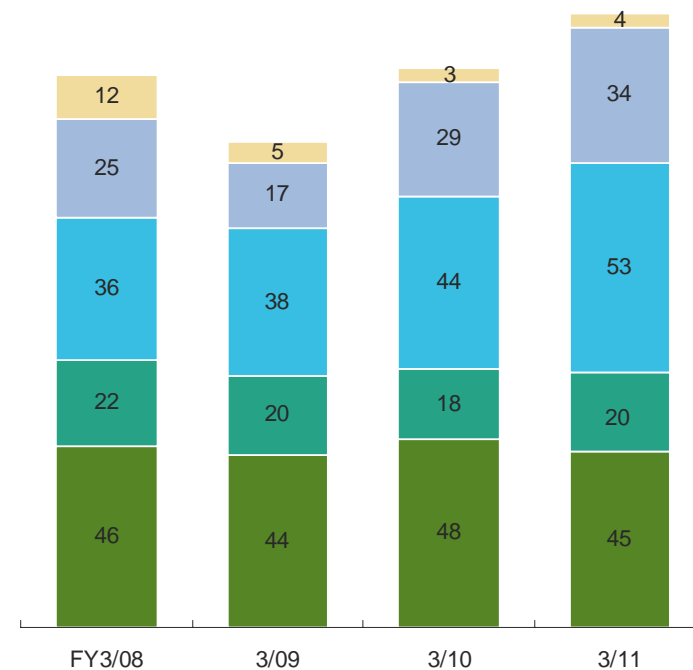
\*1 Amount of investment trusts to individuals under SMBC account + accumulated sales of pension-type insurance as of fiscal year end

### Profits related to investment banking business

(JPY bn)

(SMBC non-consolidated)

- Securities intermediary
- 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.

## 1-3. Top-Line Profit (5) Gains (Losses) on Bonds

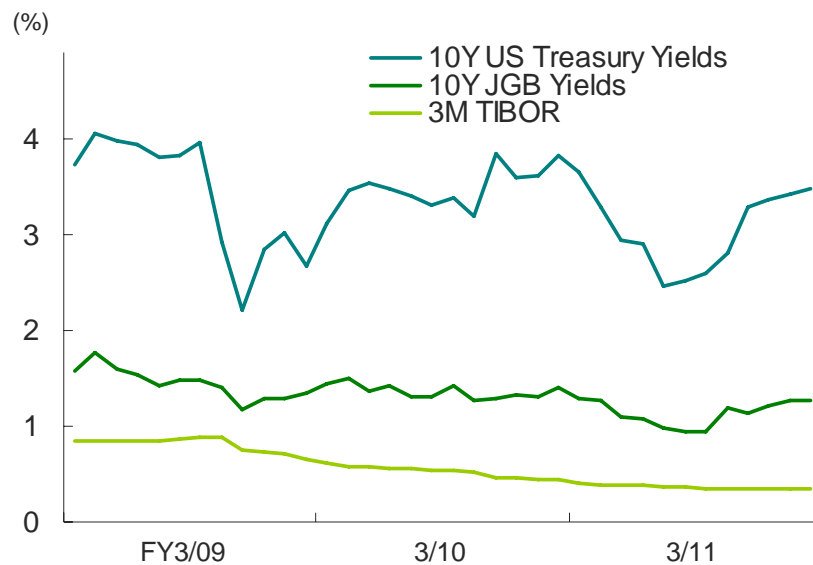
We realized substantial amount of Gains on bonds by quickly responding to the decline in interest rates in both domestic and overseas markets while controlling the total degree of risks.

Average duration of our yen-denominated bond portfolio as of Mar. 31, 2011 remained at low level of 1.4 years

### Gains (losses) on bonds

(JPY bn)	FY3/10	1H	FY3/11	YOY change
<b>Gains (losses) on bonds</b>	37.3	151.2	147.1	+109.8

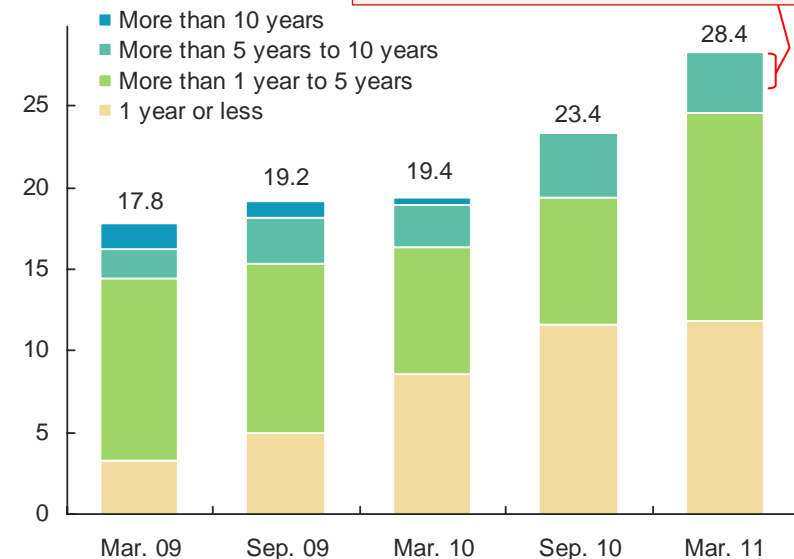
### Trends on market interest rates (domestic and overseas market)



### Yen-denominated bond portfolio

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

Balance (JPY tn)



Average duration (years)*	1.8	1.7	1.1	1.4	1.4
Unrealized gains / losses (JPY bn)	(1.2)	55.6	116.1	118.2	71.9

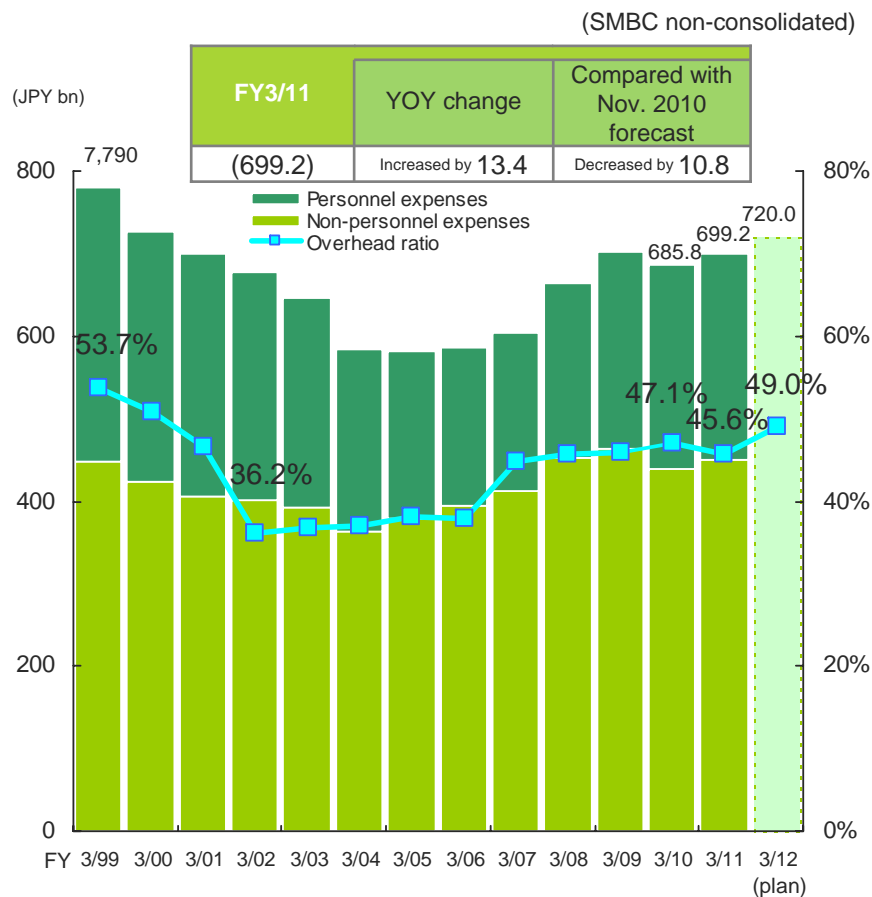
\* Excluding bonds classified as held to maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is calculated as zero

(SMBC non-consolidated)

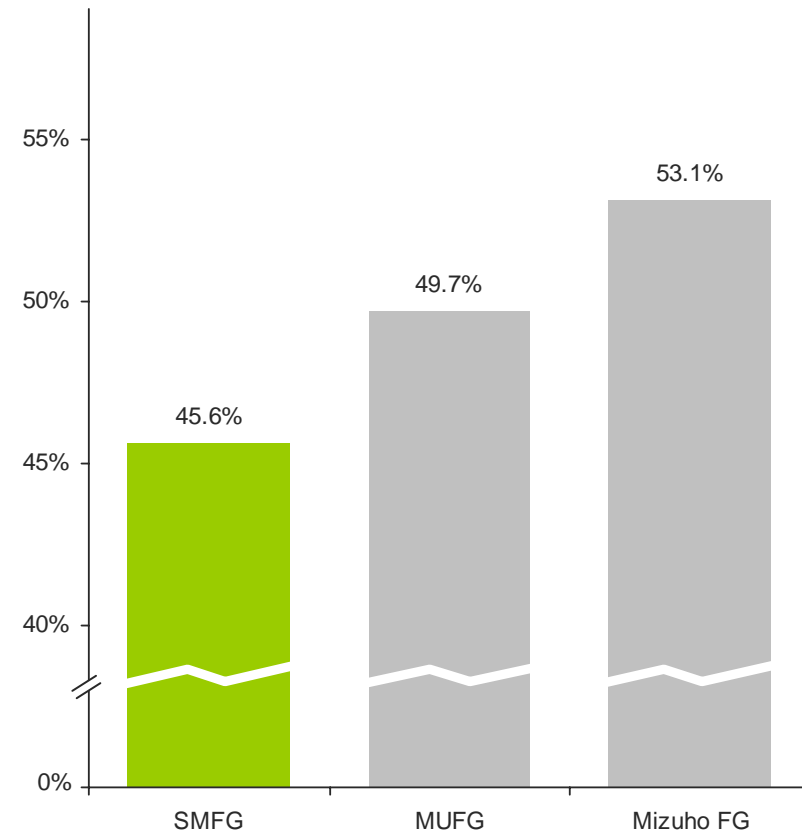
## 1-4. Expenses

SMBC's Expenses were controlled to the level lower than the Nov. 2010 forecast as a result of a cost reduction through thorough reexamination, and in spite of an increase due mainly to the amortization of past investments in branches and facilities and an increase in staff primarily in overseas branches.

### Trends of Expenses\*1



### Overhead ratio (FY3/11, comparison with peers\*2)



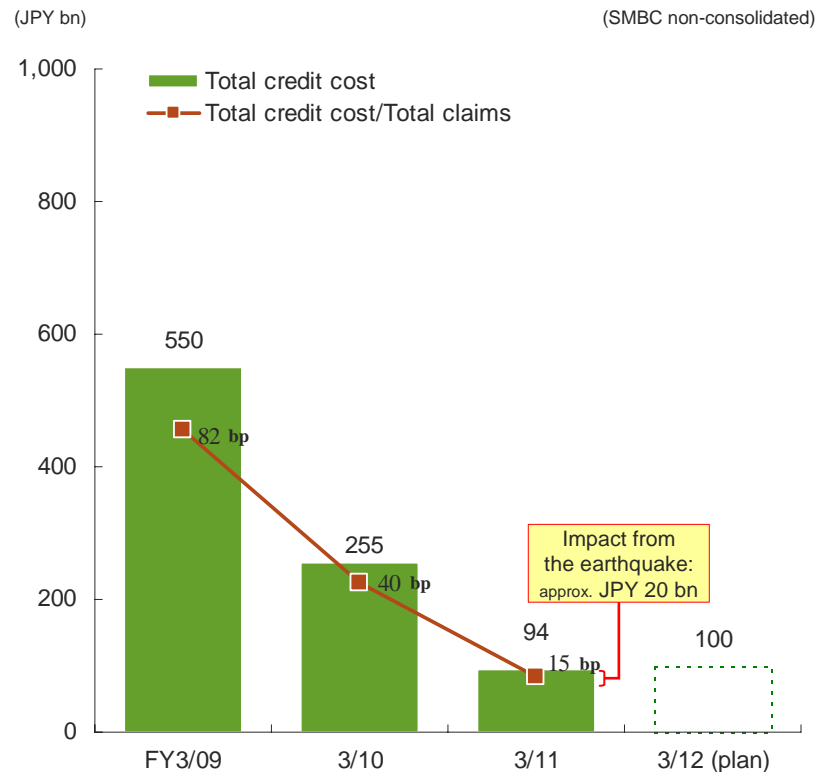
\*1 Excluding non-recurring losses. FY3/01 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

\*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

## 1-5. Total Credit Cost

Total credit cost decreased as a result of our individualized efforts to assist certain debtors to improve their businesses and financial condition, as well as the reversal of the provision by loan repayment

### Total credit cost

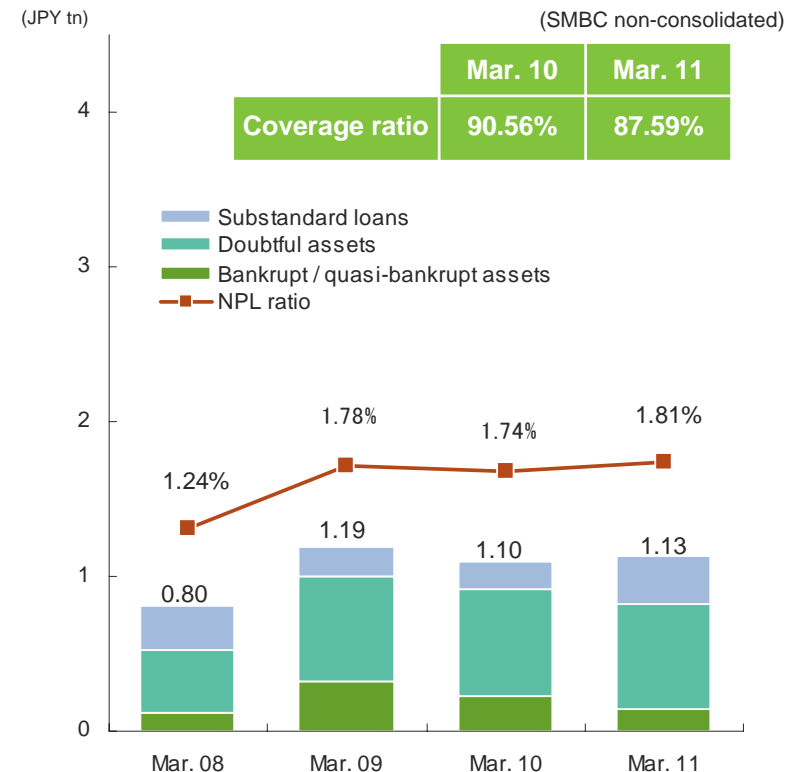


(10億円)

Total credit cost (SMFG consolidated)	768	473	217
o/w: Group companies	218	218	123

Ref.

### Balance of non-performing loans

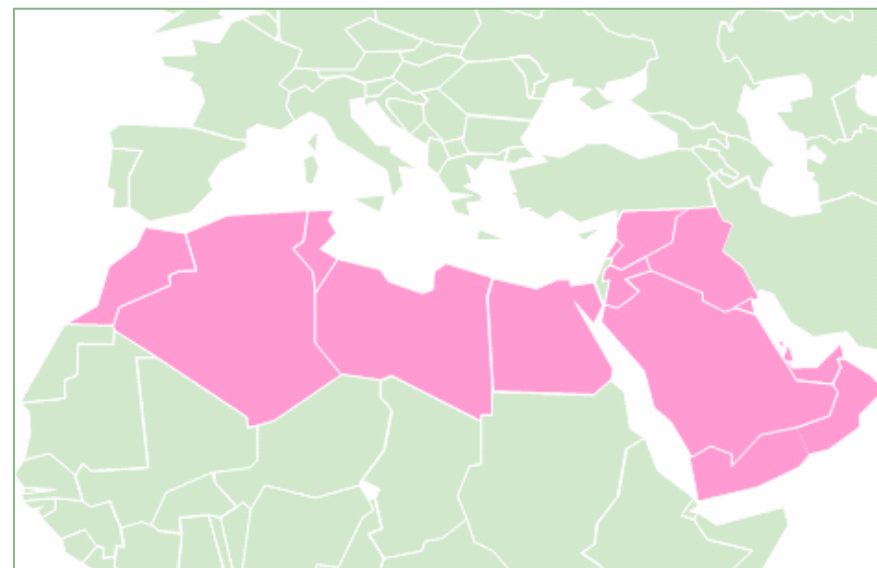
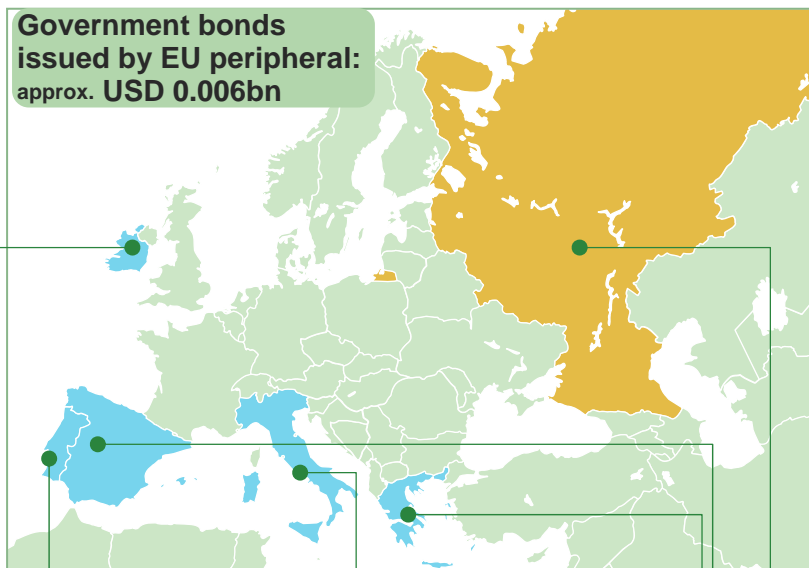


(JPY tn)

Claims to borrowers requiring caution*	2.6	3.7	3.7	3.1
Total claims	65	67	63	62

\* Excluding claims to Substandard borrowers

# (Ref.) Exposure to European Peripheral Countries, Russia and Arabic Countries\*1



Portugal
approx. USD 0.1 bn
Majority is to banks

Italy
approx. USD 2.5 bn
To large corporations and projects finance

Russia
approx. USD 3.9 bn
To government-affiliated entities and local large corporations

Ireland
approx. USD 0.7 bn
To large corporations and project finance

Greece
approx. USD 0.1 bn
Majority is collateralized

Spain
approx. USD 2.3 bn
To large corporations and Japanese companies, project finance

Arabic countries*2	approx. USD 9.3 bn
UAE*3	3.5
o/w Dubai	1.1
Qatar*4	2.3
Saudi Arabia*4	1.9
Others*5	1.7
o/w Oman	0.5
o/w Bahrain	0.4
o/w Egypt	0.3
o/w Kuwait	0.3
o/w Libya	0.1
o/w Tunisia	0.02

\*1 As of Mar. 31, 11

\*2 The pink-colored countries

\*3 Majority is to government-affiliated entities, local banks and Japanese companies

\*4 Project finance \*5 Trade finance and project finance

## 1-6. Contribution of Subsidiaries/Affiliates to Consolidated Profit

The difference of Net income between SMFG's consolidated and SMBC's non-consolidated improved by JPY 101.1 billion year over year to JPY 54.7 billion, due mainly to the recovery of business performance in subsidiaries such as Kansai Urban Banking Corporation and Cedyne

FY3/11 Results (JPY bn)	SMFG consolidated	SMBC non-consolidated	Difference	YOY change
<b>Gross banking profit</b>	<b>2,504.7</b>	<b>1,531.8</b>	972.9	+191.6
Net interest income	1,317.7	967.8	349.9	+15.4
Trust fees	2.3	2.3	0	(0.1)
Net fees and commissions	766.2	302.7	463.5	+141.6
Net trading income	237.1	151.1	86.0	+7.3
Net other operating income	181.4	107.9	73.5	+27.4
<b>General and administrative expenses (G&amp;A expenses)</b>	<b>(1,355.3)</b>	<b>*1 (699.2)</b>	(656.1)	Increased by 180.6
<b>Total credit cost*2</b>	<b>(217.3)</b>	<b>(94.3)</b>	(123.0)	Decreased by 95.3
Gains (losses) on stocks	(91.9)	(87.3)	(4.6)	+9.4
Equity in earnings (losses) of affiliates	(13.3)	-	(13.3)	+8.2
Ordinary profit	825.4	595.7	229.7	+133.6
<b>Net income</b>	<b>475.9</b>	<b>421.2</b>	<b>54.7</b>	<b>+101.1</b>
<b>Net business profit / Banking profit</b>	<b>1,002.0</b>	<b>832.6</b>	169.4	+106.6
	<b>Forecast for FY3/12</b>	<b>Ordinary profit</b>	240.0	+10.3
		<b>Net income</b>	50.0	(4.7)

\*1 Excluding non-recurring losses \*2 Including portion recorded in Extraordinary gains (losses)

\*3 Changed name from Nikko Cordial Securities (Apr. 2011)

\*4 Figures are before offsetting internal transactions between group companies and after adjustment by ownership ratio

### Major factors in difference (in round numbers)

#### Impact of new consolidation

YOY change (JPY bn)	SMBC Nikko Securities*3 (consolidated)	Cedyne
Gross profit	+111	+114
G&A expenses	(94)	(98)
Equity in earnings (losses) of affiliates	+1	+36
Ordinary profit	+12	+32
Total credit cost		(25)
(Ref.) Timing of consolidation	Oct. 2009	May 2010

#### Other major factors

(JPY bn)	FY3/11	YOY change
(1) Kansai Urban Banking Corporation	(28)	Decreased by 39
(1) SMBC Europe	(2)	Decreased by 27
(2) SMBC Nikko Securities*3	24	(4)
(2) Sumitomo Mitsui Finance and Leasing	16	+4
*4 Sumitomo Mitsui Card	13	+3
(2) Kansai Urban Banking Corporation	4	+19
(2) Cedyne	0	+33
(2) Promise	(21)	(24)



## 1-7. Capital

SMFG's consolidated Tier I ratio as of Mar. 31, 2011 increased by 132 bps compared with Mar. 31, 2010. This was due mainly to an increase in Tier I capital resulting from an accumulation of retained earnings and a decrease in risk-adjusted assets resulting from an improvement in asset quality

(JPY bn)	Mar. 31, 10 (a)	Mar. 31, 11 <preliminary> (b)	(b) - (a)
<b>Tier I</b>	<b>6,032.3</b>	<b>6,324.0</b>	<b>+291.7</b>
o/w:			
Capital stock & Capital surplus	3,316.8	3,316.7	(0.1)
<Preferred Stock>	[210.0]	*1 [210.0]	-
Retained earnings	1,371.3	1,702.8	+331.5 (1)
Preferred securities issued by overseas SPCs	1,633.3	1,593.6	(39.7)
Foreign currency translation adjustment	(101.7)	(122.9)	(21.2)
Increase in equity capital resulting from a securitization exposure	(37.5)	(36.3)	+1.2
Amount equivalent to 50% of expected losses in excess of qualifying reserves	(36.2)	-	+36.2
<b>Tier II</b>	<b>2,563.9</b>	<b>2,537.0</b>	<b>(26.9)</b>
o/w:			
Unrealized gains on other securities after 55% discount	254.0	169.3	(84.7)
General reserve for loan losses	69.4	100.0	+30.6
Excess amount of provision	-	21.7	+21.7
Perpetual subordinated debt	427.6	243.0	(184.6) (2)
Dated subordinated debt	1,775.8	1,967.2	+191.4 (3)
Deduction	(467.9)	(428.1)	+39.8
Total capital	8,128.2	8,432.9	+304.7
Risk-adjusted assets	54,084.5	50,693.7	(3,390.8) (4)
<b>Capital ratio<sup>*2</sup></b>	<b>15.02%</b>	<b>16.63%</b>	<b>+1.61%</b>
Tier I ratio	<b>11.15%</b>	<b>12.47%</b>	<b>+1.32%</b>
<b>Net deferred tax assets</b>	<b>702.1</b>	<b>624.2</b>	<b>(77.9)</b>

Tier I	
(1) Consolidated Net income	+JPY 475.9 bn
Dividends	JPY (147.2) bn
Net deferred tax assets / Tier I capital (SMFG consolidated): 9.9% (as of Mar. 2011, decreased by 1.7% compared with Mar. 2010)	

Tier II	
(2) Redemption of perpetual subordinated debt, etc.	JPY (184.6) bn
(3) Public offering in domestic market	+JPY 150.0 bn
Issuance in overseas market	+EUR 0.75 bn

Risk-adjusted assets			
(JPY bn)	Mar. 31, 10	Mar. 31, 11 <preliminary>	Change from Mar. 31, 10
(4) Credit risk-adjusted assets	50,518.1	46,418.6	(4,099.5)
Market risk equivalent	448.4	584.0	+135.6
(Ref.) Outlier ratio <sup>*3</sup>	6.1%	7.8%	+1.7%
Operational risk equivalent	3,118.0	3,691.1	+573.1
<b>Total</b>	<b>54,084.5</b>	<b>50,693.7</b>	<b>(3,390.8)</b>

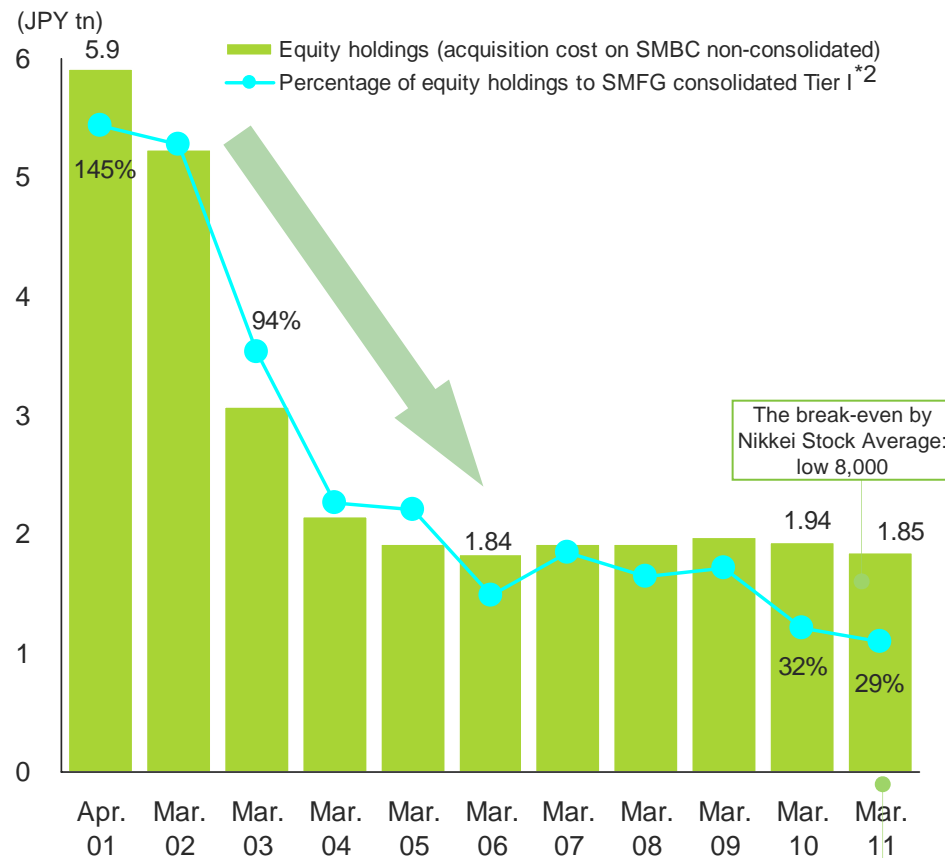
Decreased due mainly to improved asset quality and appreciated yen, despite of an increase by consolidation of Cedyna

\*1 Acquired and redeemed on Apr. 1, 11 \*2 Based on Basel II standard (Credit risk: AIRB, Operational risk: AMA) \*3 SMBC consolidated basis

## (Ref.) Equity Holdings

*In order to minimize the impact of stock price fluctuation risk to our capital, we aim to reduce the percentage of SMBC's equity holdings to SMFG's consolidated Tier I capital, which was 29% as of Mar. 31, 2011, to the level of around 25% by Mar. 31, 2013 through sales and hedging by reviewing rationale of equity holdings more stringently*

### Balance of equity holdings\*1



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

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

Sold amount  
in FY3/11:  
approx. JPY 25 bn

### Changes in environment

- Tightening of capital regulations
- Introduction of IFRS

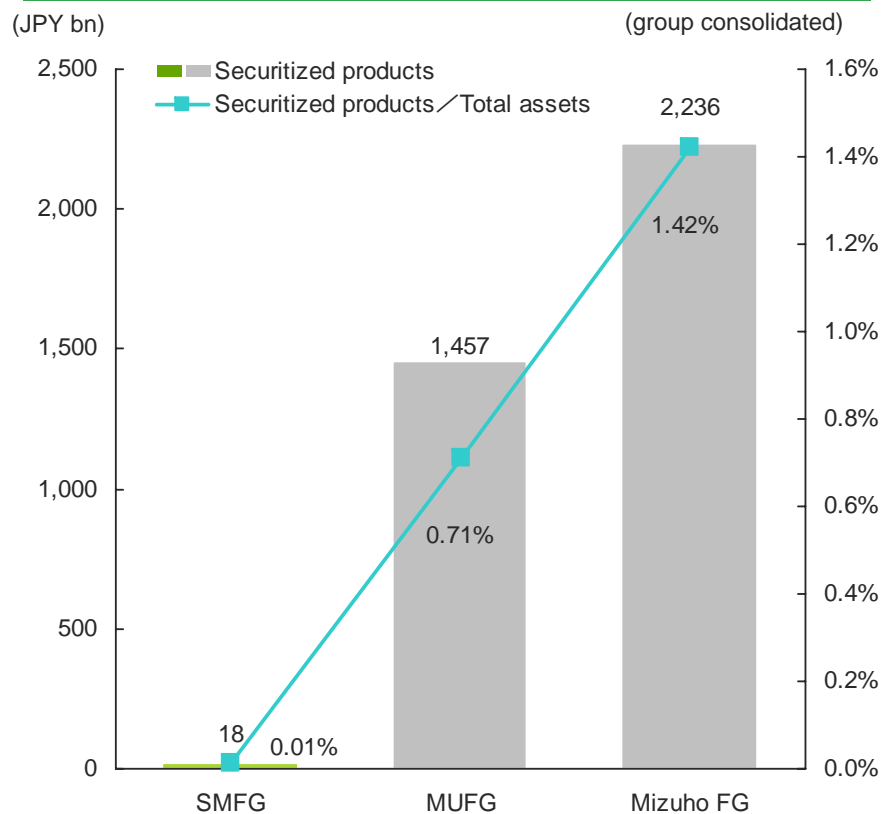
Need to minimize the impact of stock price fluctuation risk to our capital

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

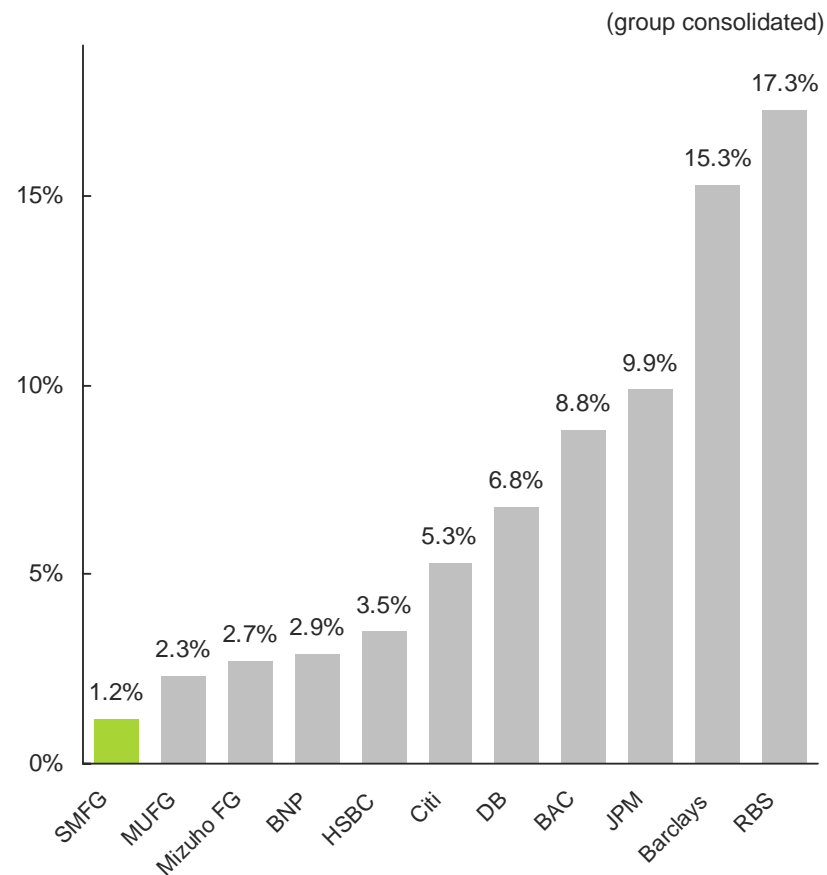
## (Ref.) Control on Downside Risks

We have smaller exposure to securitized products, etc. as a result of early and substantial reduction of exposure related to subprime loans in 1H, FY3/2008. Also, our counterparty risk is extremely limited, and we estimate that the incremental impact of the implementation of Basel III to the risk-adjusted assets will be 5-10%

### Balance of securitized products, etc. (comparison with peers\*1)



### Percentage of market risk equivalent in risk-adjusted assets\*2



\*1 SMFG: As of Mar. 31, 11. After provision and write-offs

MUFG: As of Mar. 31, 11. After impairment and before deducting net unrealized losses. Including "securities being held to maturity" and "other"

Mizuho FG: As of Sep. 30, 10. After reserve for investment loss. Including banking accounts of subordinated banks and trading accounts of Mizuho Securities

\*2 Market risk equivalent X 12.5 / Total risk-adjusted assets.

Based on company disclosures (as of Mar. 31, 11 for SMFG, MUFG, Mizuho FG: as of Dec. 31, 10 for others)

## 1-8. Earnings Forecast for FY3/2012

We aim to secure JPY 350 billion in SMBC's non-consolidated Net income, JPY 71.2 billion decrease year over year and JPY 400 billion in SMFG's consolidated Net income, JPY 75.9 billion decrease year over year, while SMBC's Ordinary profit is forecasted to increase. Major factors of year-over-year change are the absence of Gains on sales of bonds to the same level as in FY3/2011, the absence of Losses on devaluation of stocks and to an increase in our actual tax rate,

		(JPY bn)	FY3/11 Results	1H	FY3/12 Forecast	YOY change
SMBC <non-consolidated>	Gross banking profit		1,531.8	725.0	1,470.0	(61.8)
	Expenses*1		(699.2)	(355.0)	(720.0)	Decrease by 20.8
	<Overhead ratio>		45.6%	49.0%	49.0%	Increase by 3.4%
	Banking profit*2		832.6	370.0	750.0	(82.6)
	Total credit cost*3		(94.3)	(50.0)	(100.0)	Increase by 5.7
	Gains (losses) on stocks		(87.3)			
	Ordinary profit		595.7	290.0	600.0	+4.3
	Net income		421.2	150.0	350.0	(71.2)
SMFG <consolidated>	Ordinary profit		825.4	400.0	840.0	+14.6
	Net income		475.9	170.0	400.0	(75.9)

\*1 Excluding non-recurring losses \*2 Before provision for general reserve for possible loan losses \*3 Including portion recorded in Extraordinary gains (losses)

### Assumption of earnings forecast

		Results of Mar. 11	FY3/12 forecast
3M TIBOR		0.36%	0.34%
FF target rate		0.00 - 0.25%	0.00 - 0.25%
Exchange rate	(JPY/USD)	83.15	85
	(JPY/EUR)	117.52	110
Ref.	Nikkei Stock Average (JPY) *4	9,755	
	Nominal GDP growth rate	0.4%*5	(1.7)%*6

\*4 Spot price on Mar. 31, 11 \*5 The first preliminary estimates announced by CAO  
\*6 Estimate by JRI as of May 19, 11

### Common share dividends

- Planning to pay JPY 100 per share for FY3/12, the same level as FY3/11

## 1-9. Actions to the Great East Japan Earthquake

*We will proactively do whatever it takes to perform our financial intermediary function and fulfill our corporate social responsibility as a leading financial institution in Japan, where the nation is facing unprecedented difficult challenges. We strongly support Japan's reconstruction on the financial front and make every effort to put the economy back on the track where it performs a key role in sustainable growth of the global economy*

### Actions taken after the Earthquake (SMBC)

- Launched an emergency headquarters on Mar. 11th, just after the Great East Japan Earthquake
  - Established the task force to address the issues incurred by the Great East Japan Earthquake on Mar. 30th
- 
- Opened Sendai Branch on weekends (Mar. 12th – Apr. 24th)
  - Closed or shortened operation time of ATMs outside of branches associated with the rolling blackout\* (Mar. 22nd – May 19th)
  - Started to deal with the special housing loan and the special corporate loans for afflicted clients (Mar. 11th - )
  - Donated charity (totaling approx. JPY 600 mn on the Group)
- 
- Continue to support Japan's reconstruction through supplying funds and ensuring settlement measures to our clients

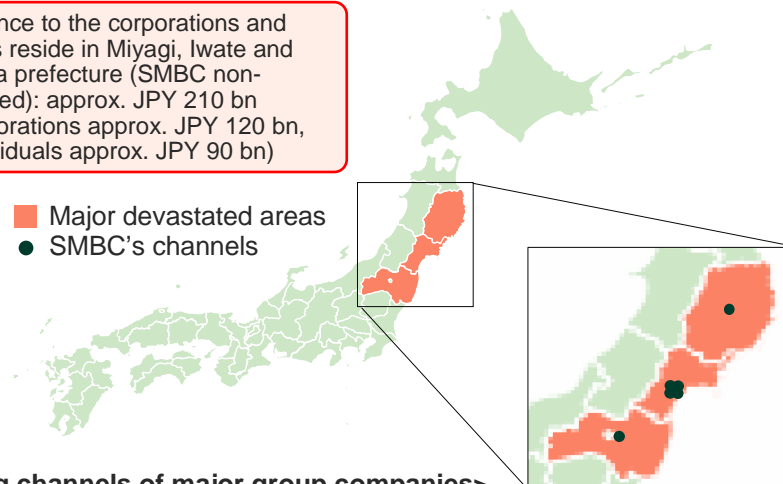
\* Reopened closed ATMs outside of branches on May 20, 11

Ref.

### Channels in Miyagi, Iwate and Fukushima prefecture

Loan balance to the corporations and individuals reside in Miyagi, Iwate and Fukushima prefecture (SMBC non-consolidated): approx. JPY 210 bn (o/w, corporations approx. JPY 120 bn, individuals approx. JPY 90 bn)

- Major devastated areas
- SMBC's channels



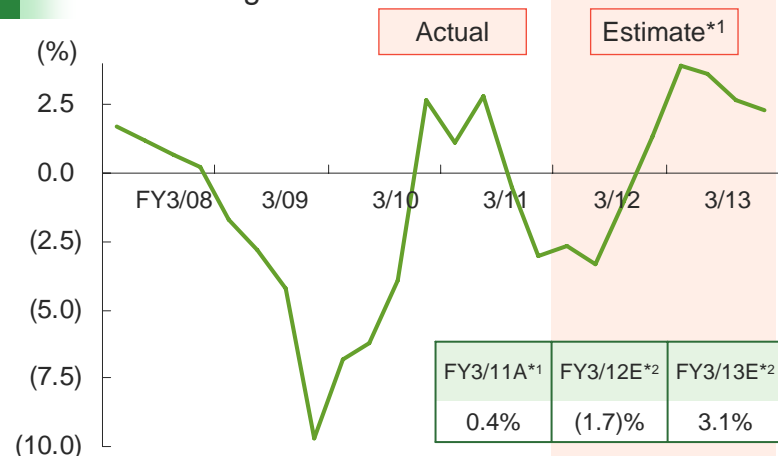
#### <Marketing channels of major group companies>

Company	Marketing channels		
	Miyagi	Iwate	Fukushima
Sumitomo Mitsui Card	1	-	-
Cedyna	1	1	1
Sumitomo Mitsui Finance and Leasing	1	1	-
Sumitomo Mitsui Auto Services	1	1	1
SMBC Nikko Securities	1	1	1
SMBC Friend Securities	-	-	-
Promise	1	1	-
SMM Auto Finance	1	-	-

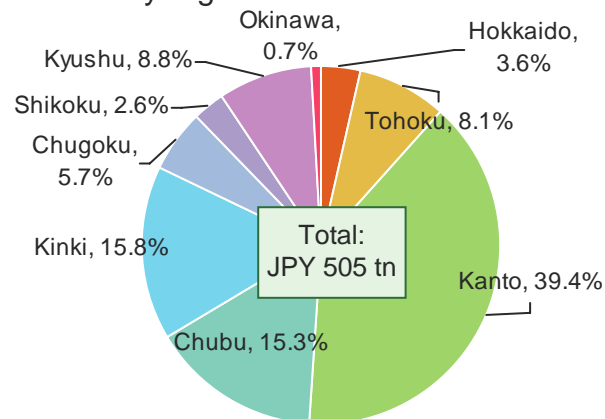
# (Ref.) Macro Data (1) Japan's GDP and Trends of Corporate Bankruptcies

## Japan's GDP

### Nominal GDP growth rate

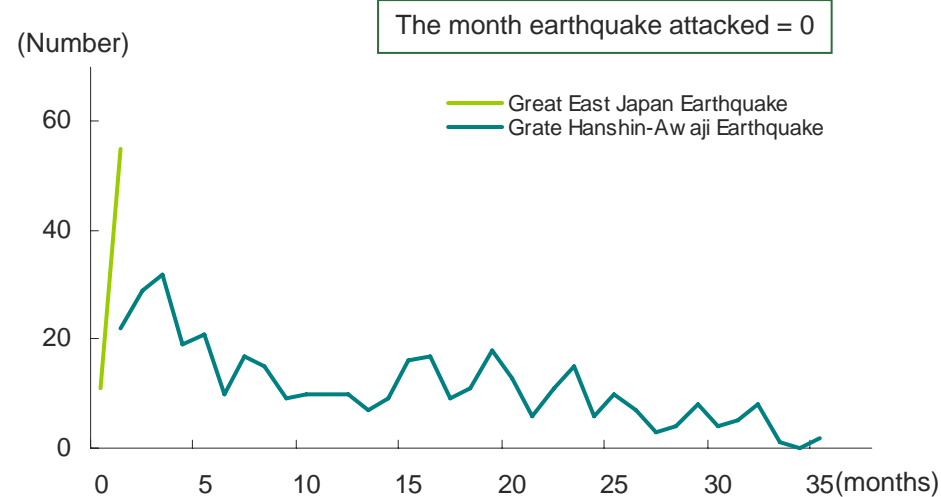


### Nominal GDP by region\*3



\*1 The first preliminary estimates announced by CAO \*2 Estimate by JRI as of May 19, 11  
\*3 Source: CAO "Annual Report on Prefectural Accounts for FY 2008"

## Trends of corporate bankruptcies\*4



### Great East Japan Earthquake

- # of bankruptcies: 102 (in total from Mar. 12, 11 to May 17)
- Wide area and broad sector related to consumption
- 90% bankrupted by indirect impact

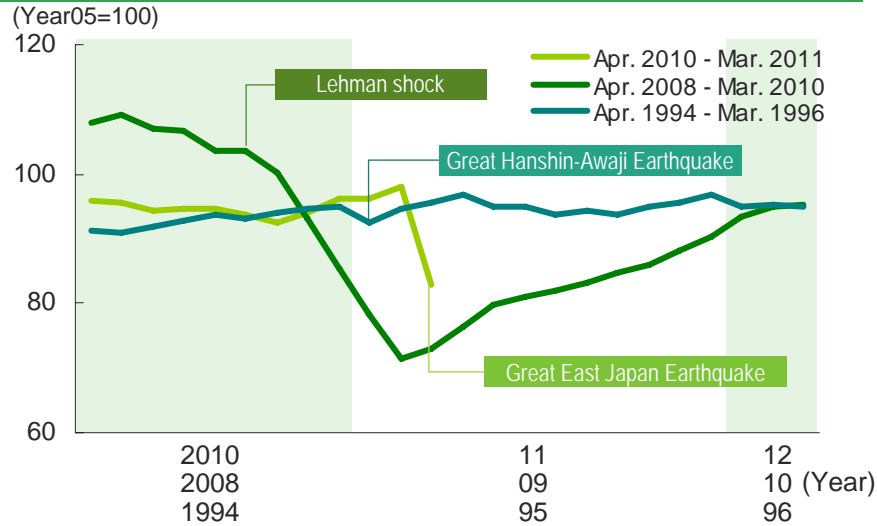
### Great Hanshin-Awaji Earthquake

- # of bankruptcies: 394 (in total of 3 years after the earthquake)
- Centered on Hyogo prefecture
- 50% bankrupted by direct impact

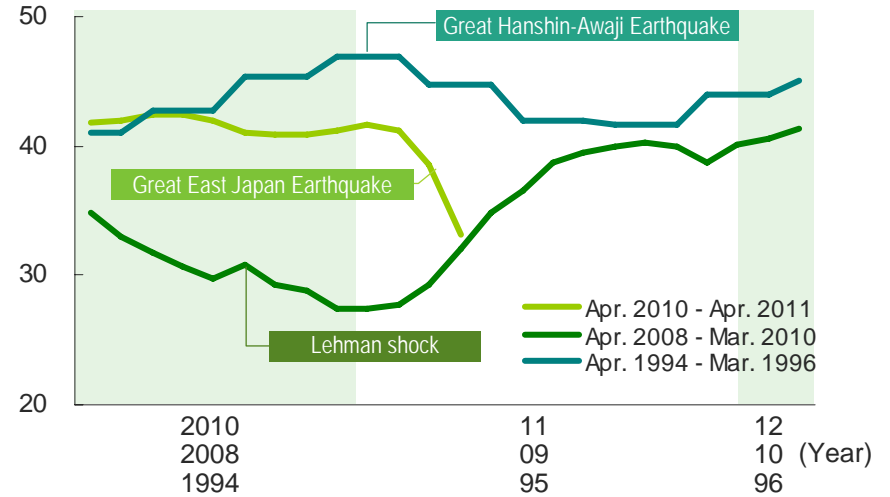
\*4 Source: Teikoku Databank

# (Ref.) Macro Data (2) Production, Consumption and Market

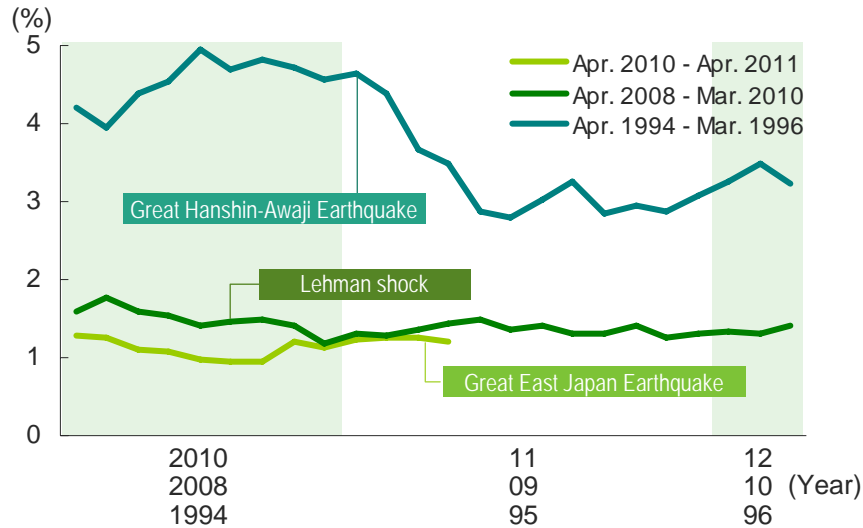
## Indices of industrial production\*1



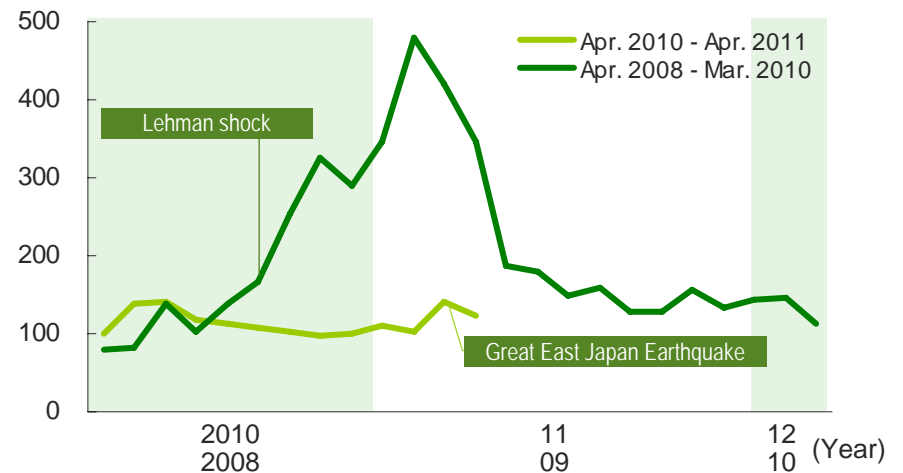
## Consumer confidence index\*3



## Trends of JPY interest rates\*2



## CDS spread\*4



\*1 Source: METI \*2 Yield of 10-year JGBs (generics)

\*3 Source: CAO \*4 Source: Markit iTraxx Japan

## 2. Medium-term Management Plan



## 2-1. Overview of the Medium-term Management Plan (1) Summary

<b>Basic policy</b>	Become a globally competitive financial services group with the highest trust of our clients and other stakeholders by maximizing our strength of “Spirit of innovation,” ”Speed” and “Solution & Execution.”	Corporate slogan: <b>LEAD THE VALUE</b>
---------------------	---	--

Management plan for coming three years

Strongly support Japan’s reconstruction on the financial front

### New Medium-term Management Plan (FY3/12–FY3/14)

<b>Management targets</b>	<ul style="list-style-type: none"> <li>✓ Aim for top quality in strategic business areas</li> <li>✓ Establish a solid financial base and corporate infrastructure enough to address the new financial regulations and competitive environment</li> </ul>	<b>FY3/14 targets</b>	Core Tier I ratio	approx. 8%			
<b>Financial objectives</b>	<p>Well-balanced and steady improvement of “financial soundness,” “profitability” and “growth”</p> <ul style="list-style-type: none"> <li>● Achieve sufficient Core Tier I ratio as required for a global player</li> <li>● Enhance risk-return profile by improving asset quality</li> <li>● Aim for top-level cost efficiency among global players</li> <li>● Expand overseas business by capturing growing business opportunities especially in Asia</li> </ul>		Consolidated net income RORA	approx. 0.8%			
<b>Strategic initiatives</b>	<p style="text-align: center;">Key initiatives to achieve management and financial targets</p> <table border="0" style="width: 100%;"> <tr> <td style="background-color: #2e7d32; color: white; text-align: center; vertical-align: middle; width: 15%;"><b>Strategic business areas</b></td> <td style="background-color: #e8f5e9;"> <ul style="list-style-type: none"> <li>● Financial Consulting for Individuals</li> <li>● Solution Providing for Corporations</li> <li>● Commercial Banking in Emerging Markets, especially in Asia</li> <li>● Broker-Dealer/ Investment Banking</li> <li>● Non-asset Business such as Payment &amp; Settlement Services and Asset Management</li> </ul> </td> <td style="background-color: #2e7d32; color: white; text-align: center; vertical-align: middle; width: 15%;"><b>Corporate base</b></td> <td style="background-color: #e8f5e9;"> <ul style="list-style-type: none"> <li>● Strengthen group-wide management capabilities</li> <li>● Strengthen a corporate infrastructure to support our global expansion</li> <li>● Pursue efficient operation</li> </ul> </td> </tr> </table>	<b>Strategic business areas</b>	<ul style="list-style-type: none"> <li>● Financial Consulting for Individuals</li> <li>● Solution Providing for Corporations</li> <li>● Commercial Banking in Emerging Markets, especially in Asia</li> <li>● Broker-Dealer/ Investment Banking</li> <li>● Non-asset Business such as Payment &amp; Settlement Services and Asset Management</li> </ul>	<b>Corporate base</b>	<ul style="list-style-type: none"> <li>● Strengthen group-wide management capabilities</li> <li>● Strengthen a corporate infrastructure to support our global expansion</li> <li>● Pursue efficient operation</li> </ul>		
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## 2-1. Medium-term Management Plan (2) Management Targets

*Despite severe business environment where “unpredictability,” “uncertainty,” and “unstablenss” persist, we continue to aim to accomplish our basic policy of becoming a globally competitive financial services group through continued diligence in strengthening our portfolio, human resources, and management operations to grow steadily under a new regulatory and competitive environment, while sustaining our basic policy*

### Basic policy

**Become a globally competitive financial services group with the highest trust of our clients and other stakeholders by maximizing our strength of “Spirit of innovation,” “Speed” and “Solution & Execution.”**

### Management targets

Aim for top quality in strategic business areas

Establish a solid financial base and corporate infrastructure enough to address the new financial regulations and competitive environment

### Business environment

#### Macroeconomic trends

- Continuing low growth rate in domestic market and yen appreciation
- Continuing high growth rates in emerging markets including Asia
- Risks associated with fiscal deficits in developed countries and inflation in emerging countries

#### Market trends

- Decreasing financing needs and accelerating global expansion by Japanese firms
- Increasing financial needs in overseas, especially in emerging countries
- Changing individuals practices toward investment and borrowing as a result of an aging population in domestic market

#### Global regulatory trends

- Implementation of new capital regulations (Basel III)
- Proposals of additional capital requirement for “Systematically Important Financial Institutions”

## 2-1. Medium-term Management Plan (3) Financial Targets

In order to address global financial regulations, SMFG places the utmost importance on maintaining and growing steady Net income through the careful consideration of risk, cost, and returns. Moreover, in addition to reinforcing basic domestic business operations, SMFG will focus on capturing profitable opportunities in high growth areas especially in Asia and other overseas markets

### Financial Objectives

**Aim to achieve well-balanced and steady improvement of “financial soundness,” “profitability,” and “growth”**

Achieve sufficient Core Tier I ratio as required for a global player

Enhance risk-return profile by improving asset quality

Aim for top-level cost efficiency among global players

Expand overseas business by capturing growing business opportunities especially in Asia

### Financial targets

<b>Core Tier I ratio*1</b>	SMFG consolidated
<b>Consolidated net income RORA</b>	SMFG consolidated
<b>Consolidated overhead ratio</b>	SMFG consolidated
<b>Overhead ratio</b>	SMBC non-consolidated
<b>Overseas banking profit ratio*2</b>	Managerial accounting basis

### Financial Targets

		FY3/11 Results	FY3/14 Targets
Financial soundness	Core Tier I ratio	slightly less than 6%	approx. 8%
	Consolidated net income RORA	0.8%	approx. 0.8%
Profitability	Consolidated overhead ratio	52.5%	50%-55%
	Overhead ratio	45.6%	40%-50%
Growth	Overseas banking profit ratio	23.3%	approx. 30%

\*1 Calculated based on the definition at the full implementation of Basel III in 2019; regulatory adjustments are fully deducted from Common Equity Tier I

\*2 Proportion of Banking profit generated by International Banking Unit within Marketing units

### Targets complementary to financial soundness

Loan-to-deposit ratio:  
below 80%

Equity holdings within Tier I capital:  
around 25%\*3

\*3 By Mar. 2013

## 2-2. Aim for Top Quality in Strategic Business Areas

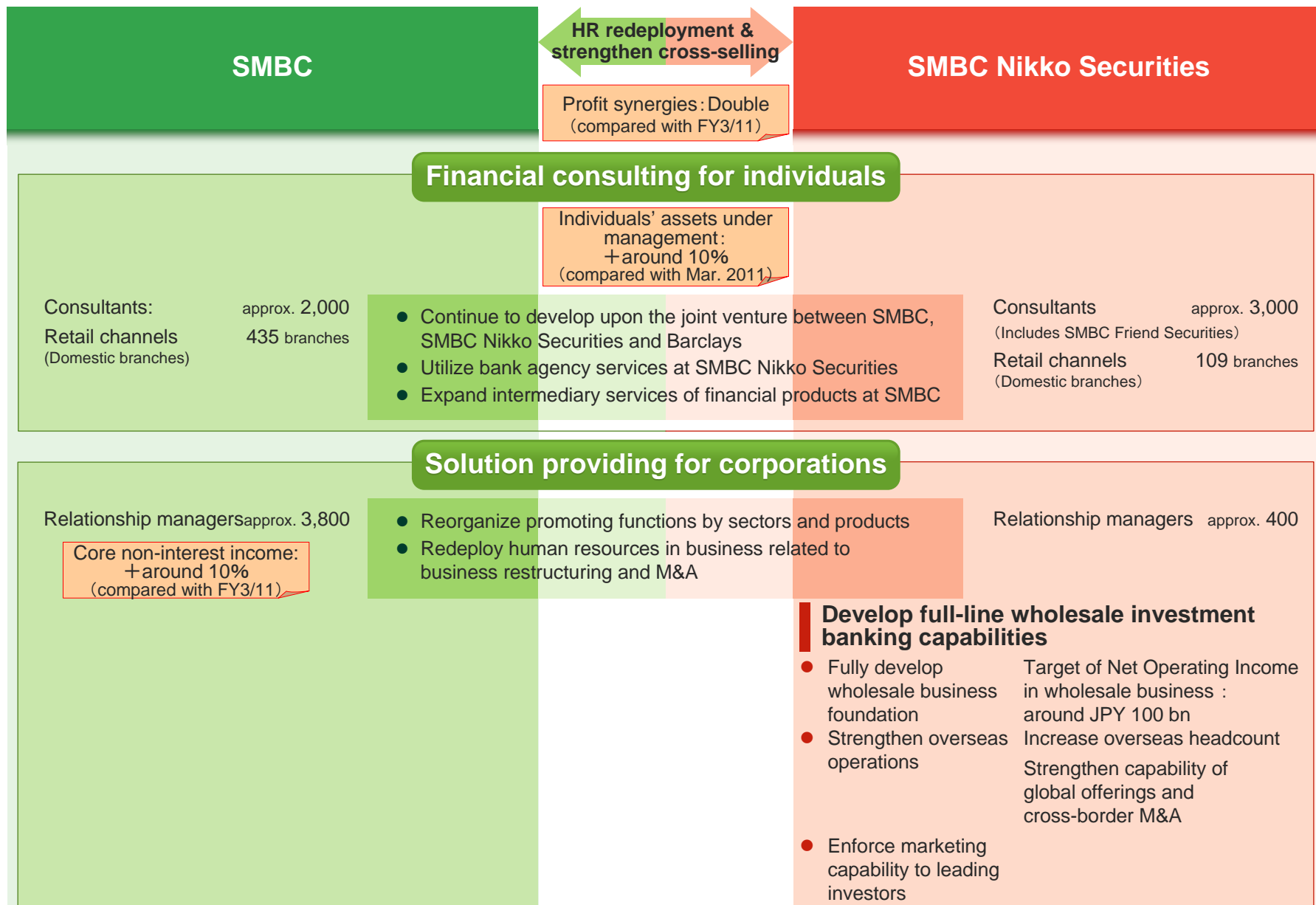
### (1) Overview of Major Strategies

*We continue to pursue growth through synergies between SMBC and Nikko and global expansion in each strategic business areas*

Strategic business areas		Business strategies		
		Synergies between SMBC and SMBC Nikko Securities	Global expansion (synergies between domestic and overseas channels)	Others
1	<b>Financial consulting for Individuals</b>	<ul style="list-style-type: none"> <li>Enhance cross-sell of products and services by redeployment of skillful consultants on a group-wide basis</li> </ul>		<ul style="list-style-type: none"> <li>Enforce marketing strategy to business owners and land owners</li> <li>Promote cross-sell of products, enhance consumer finance business on a group-wide basis with more integrated manner</li> </ul>
2	<b>Solution providing for corporations</b>	<ul style="list-style-type: none"> <li>Provide solution to our clients leveraging commercial banking and investment banking capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Expand operational integration between SMBC's domestic and overseas offices</li> <li>Continue to develop relationships with multinational companies in the U.S., Europe, and Asia</li> </ul>	<ul style="list-style-type: none"> <li>Implement an area-specific branch banking approach with robust area strategy by socioeconomic feature</li> </ul>
3	<b>Commercial banking in emerging markets, especially in Asia</b>	<ul style="list-style-type: none"> <li>Enhance collaboration between SMBC and SMBC Nikko Securities in overseas</li> </ul>	<ul style="list-style-type: none"> <li>Expand network and presence in emerging markets, allocating capital and human resources to overseas business aggressively</li> <li>Reinforce the global trade finance and infrastructure finance team</li> <li>Formulate a strategy for entering into retail banking business in emerging markets</li> </ul>	
4	<b>Broker-dealer / Investment banking</b>	<ul style="list-style-type: none"> <li>Develop full-line wholesale investment banking capabilities of SMBC Nikko Securities</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen SMBC Nikko Securities' capabilities of global offerings and cross-boarder M&amp;As, etc.</li> <li>Enforce marketing capability to leading overseas investors</li> </ul>	
5	<b>Non-asset business such as Payment &amp; settlement services and Asset management</b>	<ul style="list-style-type: none"> <li>Reinforce SMBC's trust banking business through cooperation between SMBC and SMBC Nikko Securities</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen payment &amp; settlement services such as CMS in Asia</li> <li>Pursue strategic alliances with overseas asset management firms</li> </ul>	<ul style="list-style-type: none"> <li>Promote vertical integration of supply chain within the group for asset management business</li> </ul>

## 2-2. Aim for Top Quality in Strategic Business Areas

### (2) Synergies between SMBC and SMBC Nikko Securities

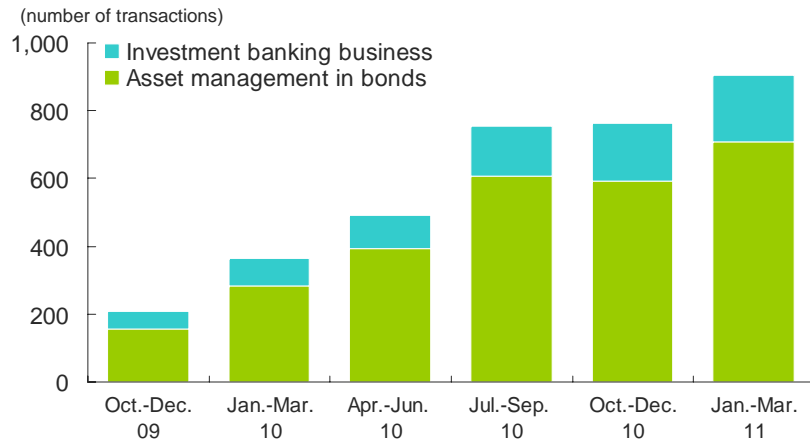


## 2-2. Aim for Top Quality in Strategic Business Areas

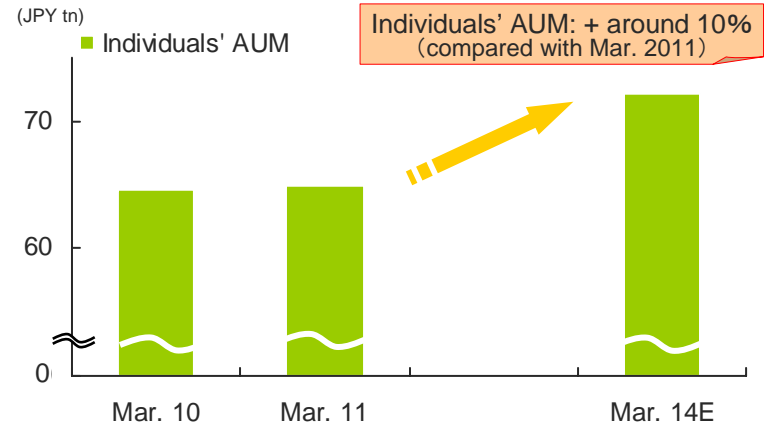
### (2) Synergies between SMBC and SMBC Nikko Securities

We will strengthen capabilities of financial consulting services for individuals and solution providing for corporations, through additional development of business synergies between the bank and broker-dealer investment firms

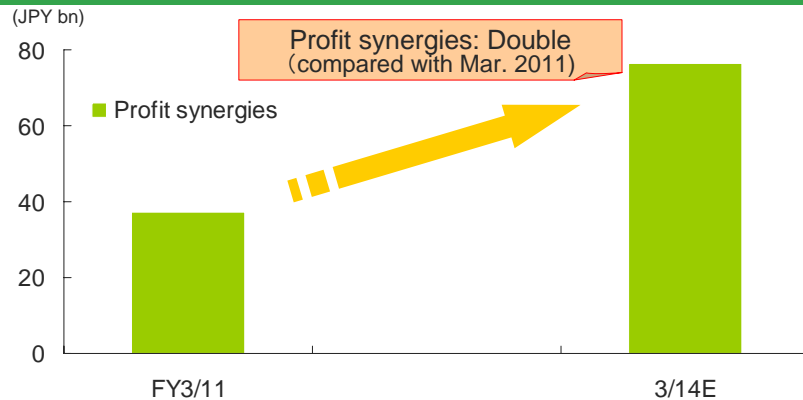
#### # of deals introduced from SMBC to SMBC Nikko Securities



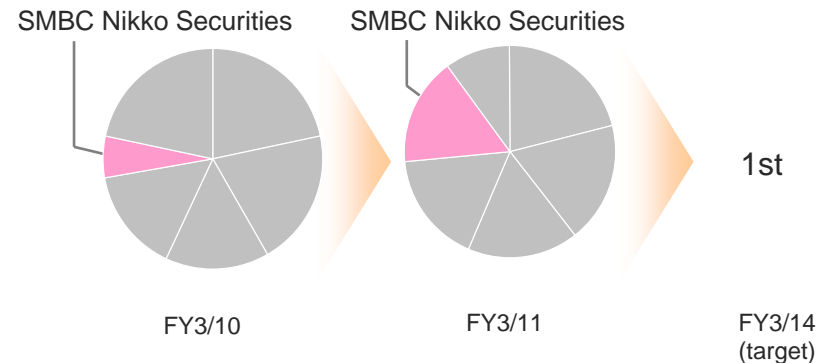
#### Individuals' assets under management



#### Profit synergies\*1



#### Results of bond underwriting\*3



\*1 Managerial accounting basis \*2 Managerial accounting basis (total of SMBC, SMBC Nikko Securities and SMBC Friend Securities)  
 \*3 Source: Thomson Reuters (Japanese corporate debt). Sum of results before and after succession through the corporate demerger for FY3/10 result

## 2-2. Aim for Top Quality in Strategic Business Areas

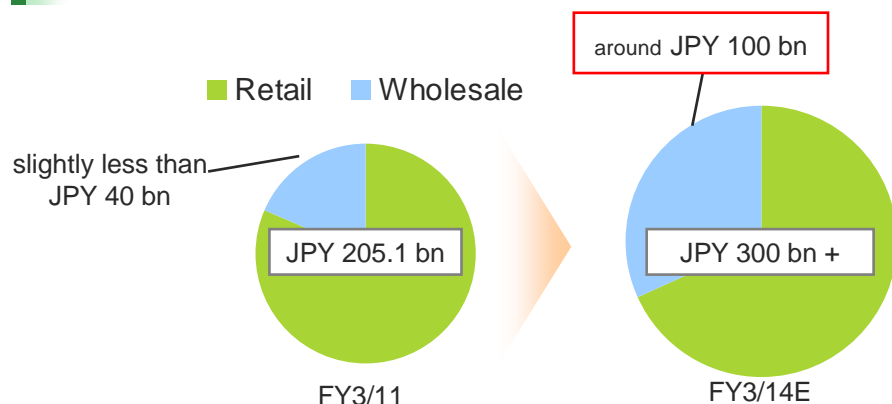
### (2) Synergies between SMBC and SMBC Nikko Securities

We will fortify SMBC Nikko Securities as the principal driver of the SMFG group's broker-dealer/investment banking and increase its profit by further enhancing retail business with competitive edge and strengthening capability and cross-sell in wholesale business

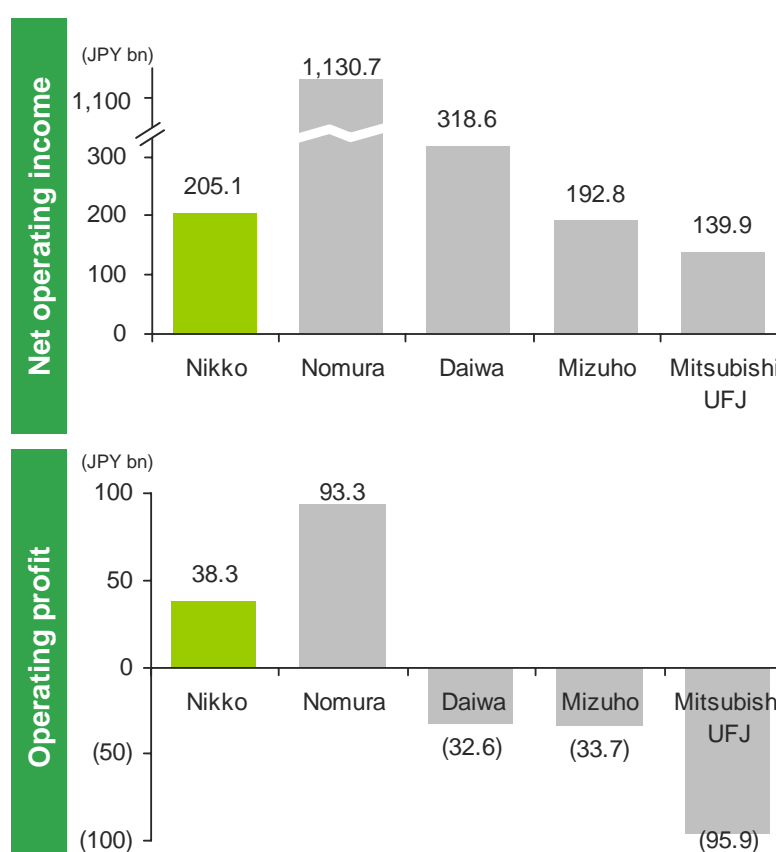
#### SMBC Nikko Securities' non-consolidated results (FY3/11)

(JPY bn)	FY3/10*2		FY3/11		FY3/14 targets
	2H*1	(a)	(b)	YOY change (b) - (a)	
<b>Net operating revenue</b>	100.5	184.9	205.1	+ 20.2	300+
<b>G&amp;A expenses</b>	(76.9)	(140.4)	(166.6)	(26.2)	—
<b>Operating profit</b>	24.1	45.3	38.3	(7.0)	around 100
<b>Net income</b>	26.7	*3 58.3	23.5	(34.8)	—

#### Composition of Net operating revenue by business line



#### Comparison with peers (FY3/11) \*4



\*1 Figures after becoming a SMBC's wholly-owned subsidiary \*2 Sum of figures before and after succession through the corporate demerger

\*3 Deferred tax assets for temporary differences, which were allowed to be recognized by corporate demerger, contributed to decrease in income tax-deferred

\*4 Based on each company's disclosure. The figures shown in the graph are: consolidated figures (US GAAP, comparison with Net revenue and Income before income taxes) of Nomura Holdings for Nomura, consolidated figures of Daiwa Securities Group for Daiwa, consolidated figures of Mizuho Securities for Mizuho, and consolidated figures of Mitsubishi UFJ Securities Holdings for Mitsubishi UFJ

## 2-2. Aim for Top Quality in Strategic Business Areas

### (3) Global Expansion

#### Solution providing for corporations

##### Non-Japanese global corporates

- Continue to develop relationships with multinational companies in the U.S., Europe, and Asia
- Established Global Korea Corporate Banking Dept.

##### Japanese corporates

- Expand operational integration between SMBC's domestic and overseas offices from Mainland China into all Greater China (including Hong Kong and Taiwan)
- Develop SMBC Nikko Securities' global offering capability

● Increase loans  
 ✓ + JPY 6 tn in overseas  
 (o/w, + JPY 3.5 tn in Asia)

● Allocate human resources  
 ✓ In overseas business  
 (+400 people in FY3/12 at SMBC)

● Strengthen corporate infrastructure  
 ✓ Enhancing global capabilities  
 of employees  
 ✓ Improving credit management globally

Overseas banking  
 profit ratio:  
 around 30%

#### Commercial banking in emerging markets, especially in Asia

Gross banking profit in Asia: + 50%  
 (or + approx. JPY 50 bn, as compared with FY3/11)

##### Local corporates

- Reinforce the global trade finance and infrastructure finance team (double the profits from trade finance)
- Strengthen settlement business including Cash Management Services (CMS) (CMS in Asia: become one of the top three global banks)
- Increase channels in emerging countries by 50% (24 channels → around 36 channels)
- Set up a special department in charge of strategy in emerging markets

##### SMEs & Retail

- Established the Global Business Strategy Dept. to formulate a strategy for entering into retail banking business in emerging markets
  - Develop new/existing strategic alliances with leading financial institutions
- Pursue strategic alliances with overseas asset management firms

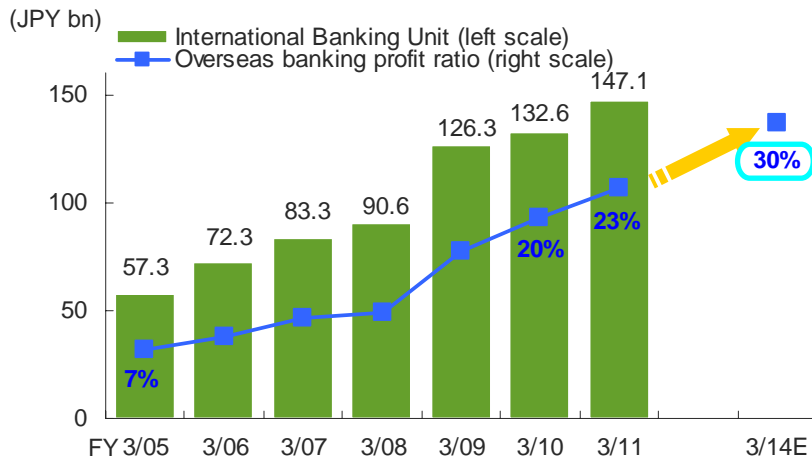


## 2-2. Aim for Top Quality in Strategic Business Areas

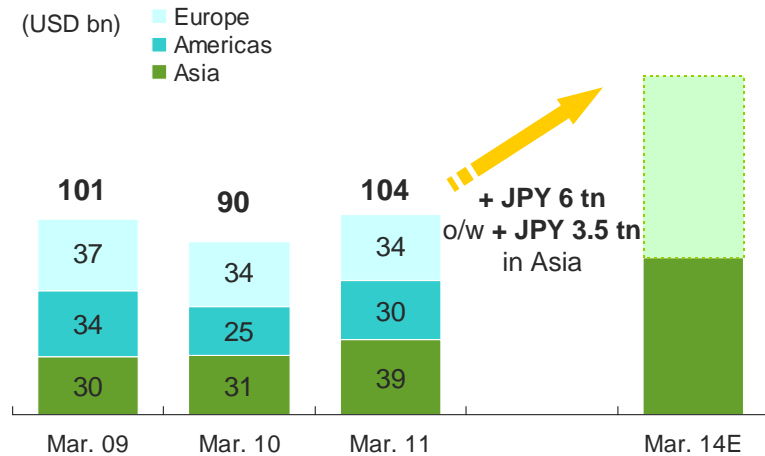
### (3) Global Expansion

*In the medium term, we aim to increase the overseas banking profit ratio to 30%.  
To this end, we allocate capital and human resources to overseas business aggressively,  
in order to strengthen our business foundation*

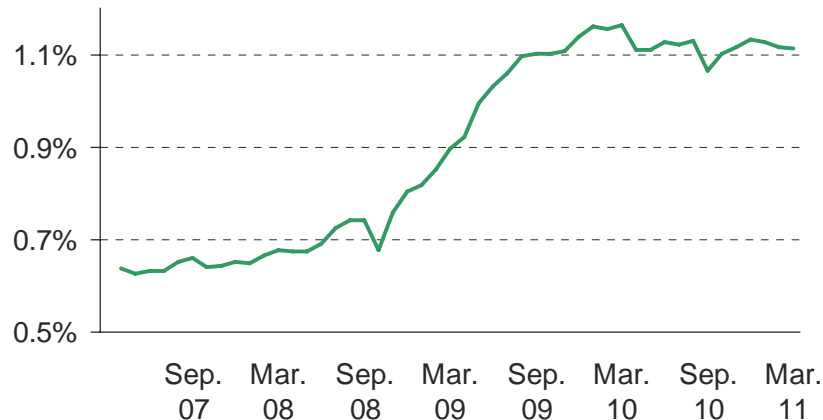
**Trend of Banking Profit in Overseas business\*1**



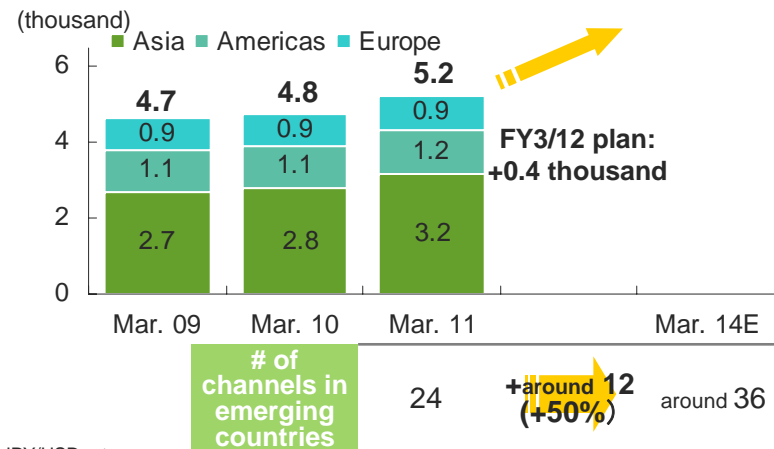
**Trend of overseas loans (balance)\*2,3**



**Spread of overseas loans (average on contracted loans outstanding)\*2**



**# of employees\*4**



\*1 Sum of SMBC and overseas subsidiaries. Managerial accounting basis

\*2 Sum of SMBC, SMBC Europe and SMBC (China). Managerial accounting basis

\*3 Based on location of our channels. JPY based loan balance is exchanged to USD at respective term-end JPY/USD rate

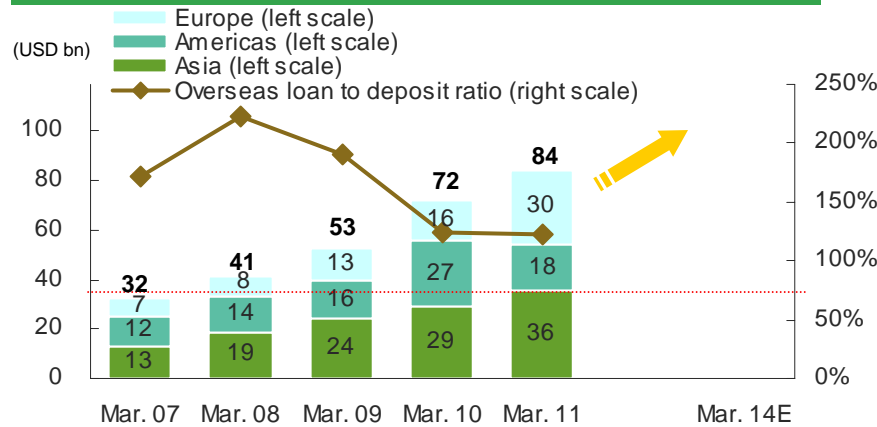
\*4 Based on location of our channels

## 2-2. Aim for Top Quality in Strategic Business Areas

### (3) Global Expansion

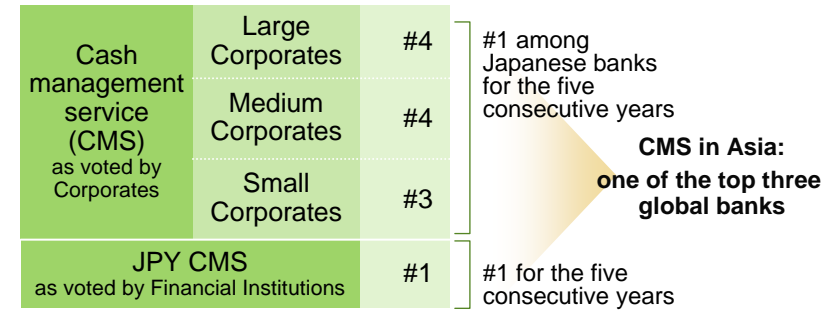
We will respond to our clients' expanding needs for deposits, foreign exchange, and accompanying financing needs in emerging markets, especially in Asia. Moreover, we will reinforce the global trade finance and infrastructure finance team to capture rapidly rising infrastructure investments in emerging markets

#### Overseas deposit balance\*1

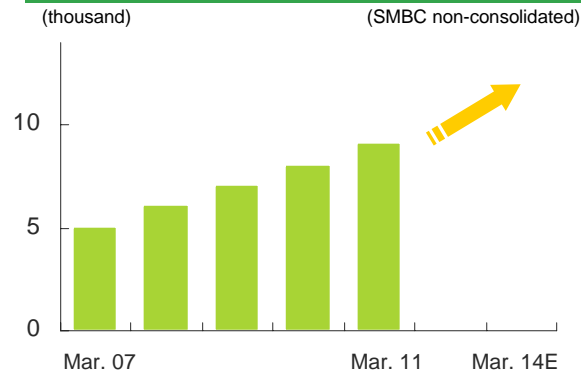


#### Settlement service

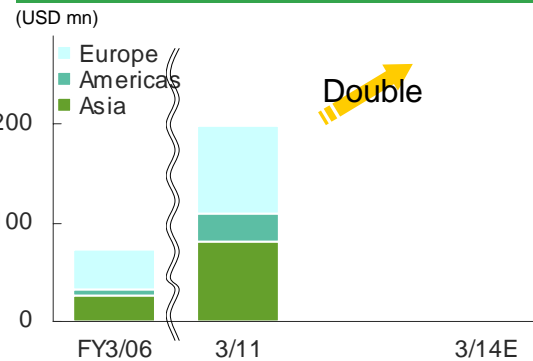
Cash management providers' ranking (in Asia Pacific)\*2



#### # of contracts for electronic banking services in overseas\*3



#### Income relating to trade finance\*4



#### Infrastructure finance

	Global	Asia*7
Project finance*5	#8	#6
Loan syndication*6	#9	#9

\*1 Sum of SMBC, SMBC Europe and SMBC (China). Managerial accounting basis (JPY based loan balance is exchanged to USD at respective term-end JPY/USD rate)

\*2 Source: "ASIAMONEY": "Cash Management Poll 2010" (Aug. 2010) \*3 Sum of all electronic banking services in overseas channels

\*4 Managerial accounting basis (exchanged to USD at respective term-end JPY/USD rate). Sum of SMBC and its overseas subsidiaries

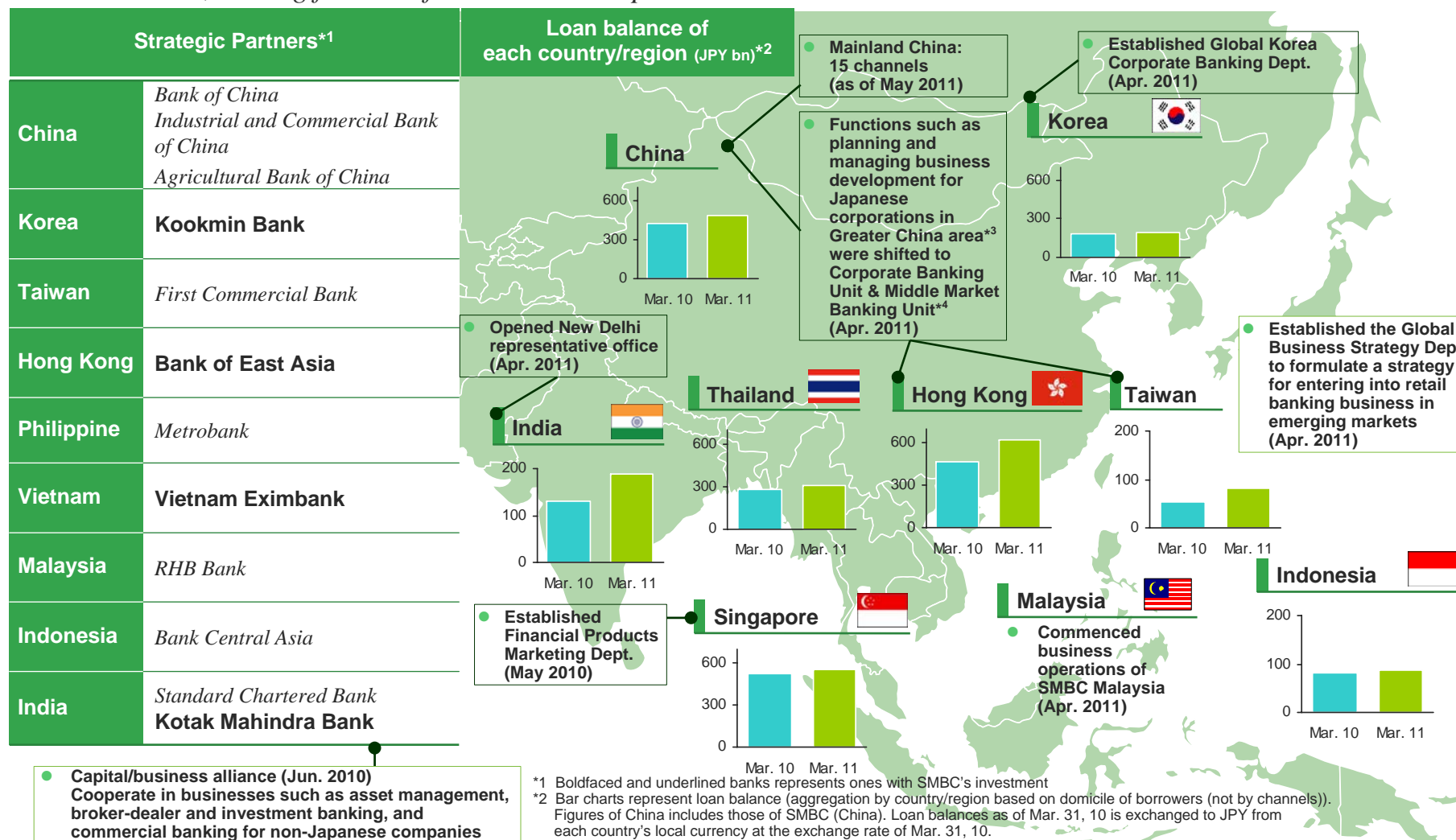
\*5 Year 2010 results. Source: Infrastructure Journal (Mandated Lead Arrangers) \*6 Year 2011 results. Source: Thomson Reuters (Mandated Arrangers)

\*7 Project finance: Asia Pacific, Loan syndication: Asia

## 2-2. Aim for Top Quality in Strategic Business Areas

### (3) Global Expansion

We aim to capture opportunities resulting from the growth in emerging markets, especially in Asia, by expanding channel network and enhancing our product and service offerings, while leveraging business alliances with leading banks in each market. Moreover, we will formulate a strategy for entering into retail banking business in these markets, making full use of our domestic experience and know-how



\*1 Boldfaced and underlined banks represents ones with SMBC's investment

\*2 Bar charts represent loan balance (aggregation by country/region based on domicile of borrowers (not by channels)). Figures of China includes those of SMBC (China). Loan balances as of Mar. 31, 10 is exchanged to JPY from each country's local currency at the exchange rate of Mar. 31, 10.

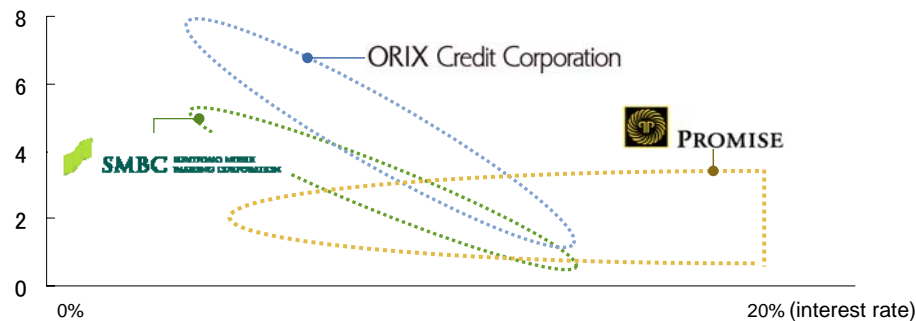
\*3 Mainland China, Hong Kong and Taiwan \*4 Mainland China in Apr. 2010 and Hong Kong and Taiwan in Apr. 2011

## (Ref.) Consumer Finance Business

*We still cautiously monitor the overall situation, although we have begun to see positive signs in some leading indicators. We aim to strengthen the consumer finance business as a part of our retail lineup that bear stable profit with a relatively thick spread in the medium to long run*

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

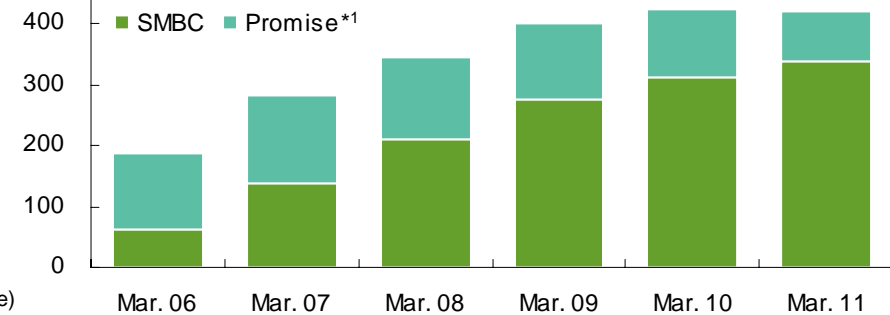
(Clients' borrowing limit, JPY mn)



### Collaboration with Promise (balance of loans)

Started in Apr. 05

(JPY bn)



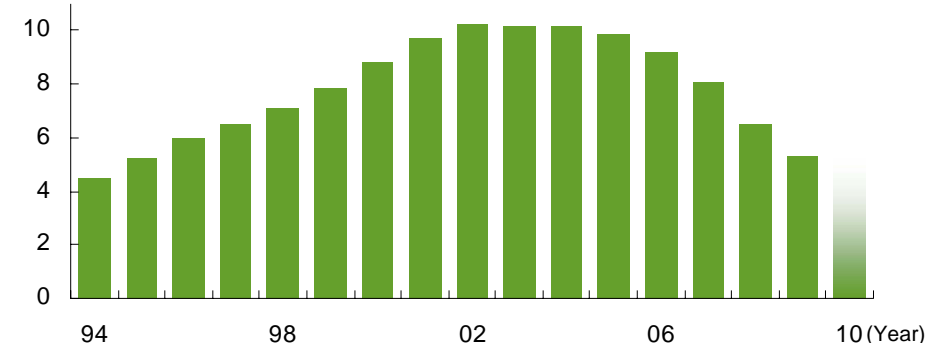
### Progress of Promise's Business Structural Reform Plan

Changes to marketing activities and reorganization	<ul style="list-style-type: none"> <li>Created new marketing framework (Jul. 2010)</li> <li>Closed all staffed branches (Oct. 2010), etc.</li> </ul>
Structural cost reforms	<ul style="list-style-type: none"> <li>Employee reduction: 2,500 people as compared with Mar. 09 (consolidated), etc.</li> </ul>
Review of group strategy	<ul style="list-style-type: none"> <li>Merged with SANYO SHINPAN (Oct. 2010)</li> <li>Sold Pocket Card stocks (Feb. 2011)</li> <li>Merged with At-Loan (Apr. 2011), etc.</li> </ul>
Review of marketing strategies	<ul style="list-style-type: none"> <li>Started referral service from SMBC (Oct. 2010)</li> <li>Installed SMBC's ACMs and ATMs in Promise's branches (Oct. 2010)</li> <li>Commenced guarantee business for a part of card loan products of ORIX Credit (Apr. 2011), etc.</li> </ul>

➤ Completed business structural reforms in FY3/2011 and advance to the next stage of progress

### Consumer loans provided by monoline consumer companies\*2

(JPY tn)



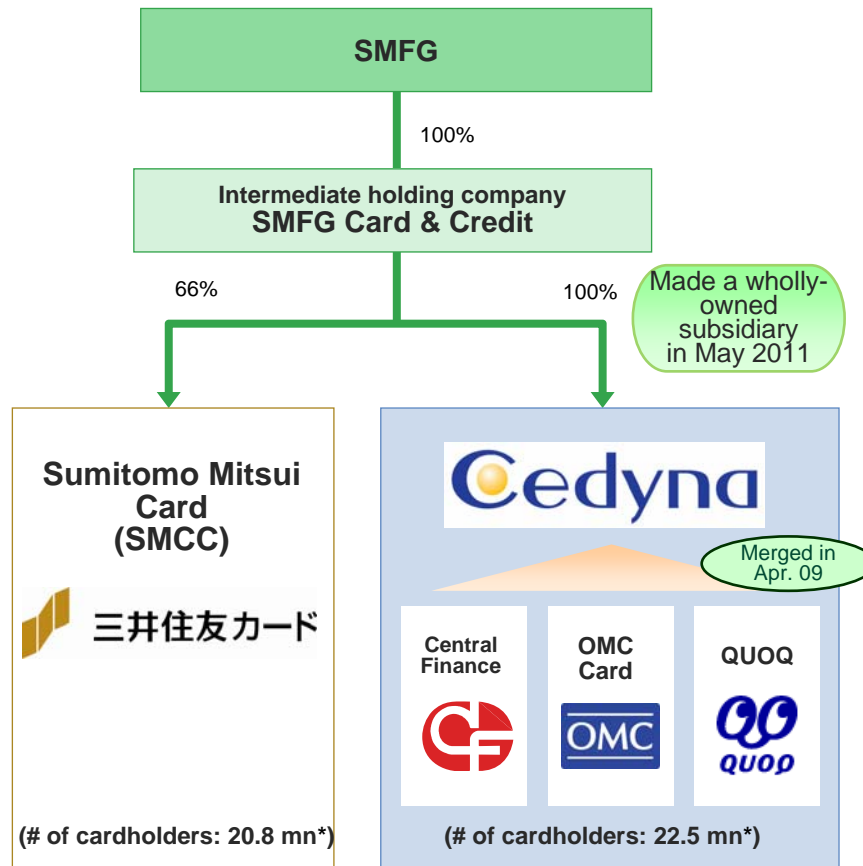
\*1 Claims provided by former At-Loan (including loans provided before collaboration). Halted origination in May 31, 10

\*2 Source: "Statistics on Japanese Consumer Credit (2010)" by Japan Consumer Industry Association

## (Ref.) Credit Card Business

To accelerate our group credit card business strategy, we made Cedyne a wholly-owned subsidiary in May 2011. We continue to pursue the maximization of top-line synergies and realization of economies of scale

### Organizational structure to promote credit card business



\* As of Mar. 31, 11

### Purpose of making Cedyne a wholly-owned subsidiary

#### Cedyne

- Organizational structure to promote credit card business
- Accelerate and ensure management restructuring
  - Investments in new businesses (incl. overseas financial business expansion)
  - Investments in systems developments
  - Cost restructuring
- Enhance capital base
  - ✓ Establish a system which allows more timely and flexible decision-making
  - ✓ Possibility of strengthening the financial base and conducting restructuring, etc., among SMFG group members, in the future, depending on further changes in the business environment

#### [Pursue the maximization of top-line synergies and realization of economies of scale]

##### SMBC

- Further enhance collaboration of the on-site business operation bases
- Fortify collaboration in Cedyne's focus areas (e.g. EC market and education market)
- Further strengthen collaboration in areas such as personnel dispatch and exchange

##### 三井住友カード

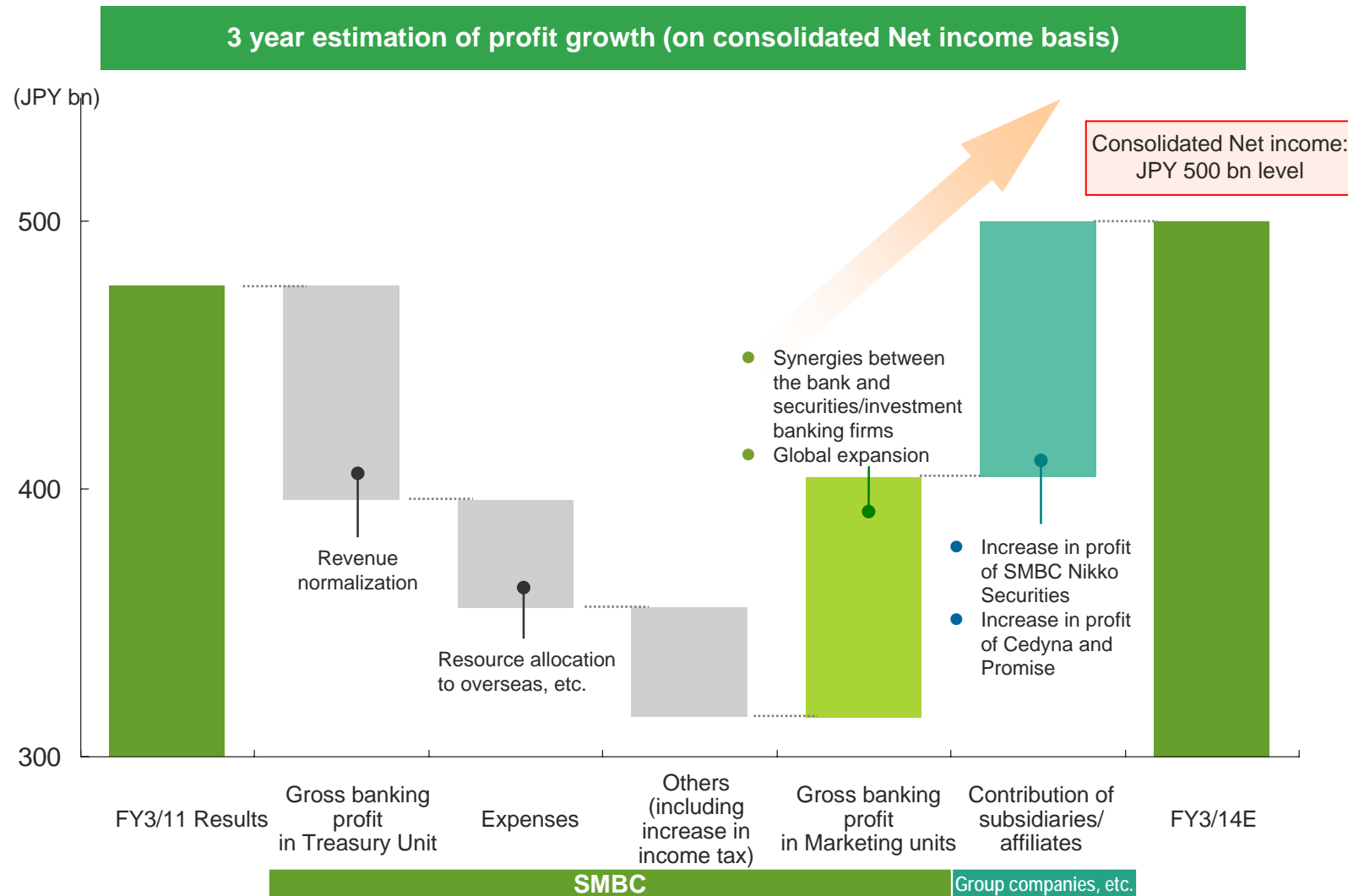
(Sumitomo Mitsui Card)

- Conduct specific examination of next-generation systems
- Mutually offer referrals to their business partners according to the needs of client, and make collaboration promotions

## 2-3. Profit Drivers in the Medium-term Management Plan

We set target of SMFG's consolidated Net income at JPY 500 billion level in FY3/2014.

To this end, we aim to increase profit in the Marketing units through synergies between the bank and securities/investment banking firms and global expansion, as well as to increase profit in group companies



## 2-4. Establish a Solid Financial Base and Corporate Infrastructure

### (1) Strengthen Group-wide Management Capabilities\*

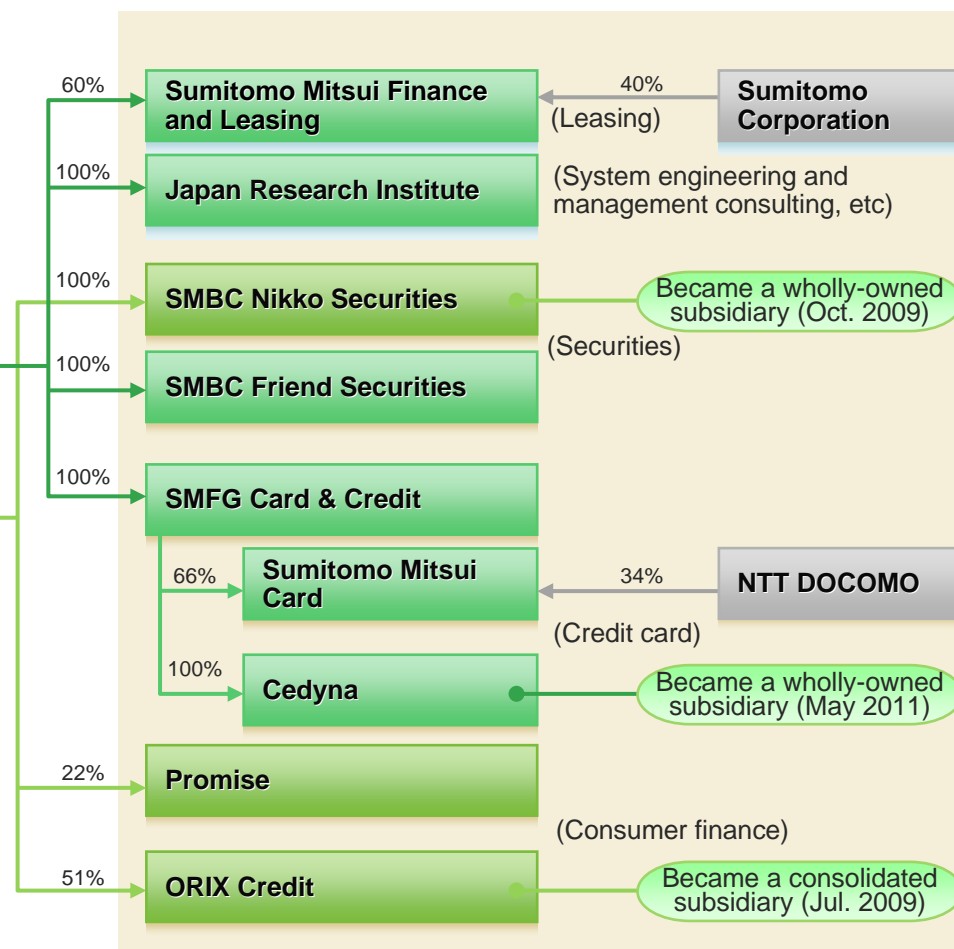
Through the realization of synergies among group companies, we aim to maximize consolidated profits. Moreover, we sophisticate group management through such measures as strengthening risk management and controlling cost



Sumitomo Mitsui Financial Group	
Consolidated total assets	JPY 138 tn
Consolidated Tier I ratio (preliminary)	12.47%



Sumitomo Mitsui Banking Corporation	
Assets	JPY 115 tn
Deposits	JPY 74 tn
Loans	JPY 55 tn
# of retail accounts	approx. 26 mn
# of corporate loan clients	approx. 119,000



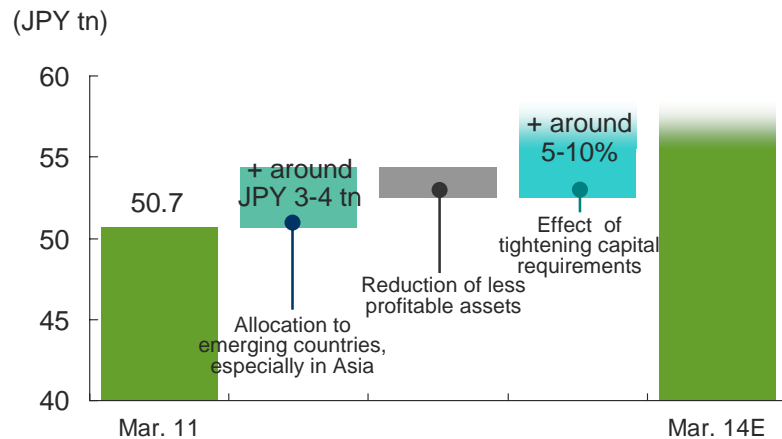
\* As of May 23, 11 for shareholding ratio and as of Mar. 31, 11 for other figures

## 2-4. Establish a Solid Financial Base and Corporate Infrastructure

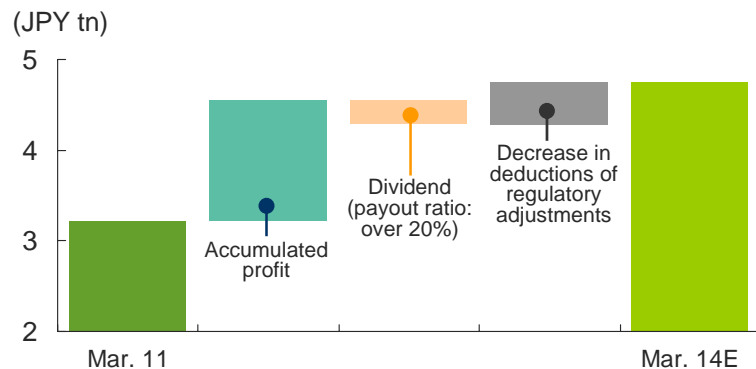
### (2) Risk-adjusted Assets and Capital

We aim to achieve 8% of Core Tier I ratio (based on the definition at the full implementation of Basel III) on Mar. 31, 2014, over 7% of minimum requirement in 2019 when the Basel III is fully implemented. To achieve this target, we will proactively allocate risk-adjusted assets to strategic business areas while reducing low-yielding assets, and steadily accumulate earnings

#### Allocation of risk-adjusted assets

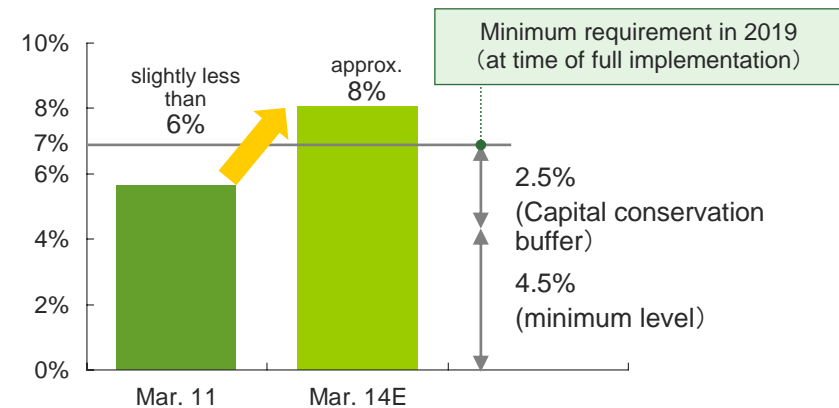


#### Profit accumulation (Core Tier I capital based on the definition at the full implementation of Basel III)

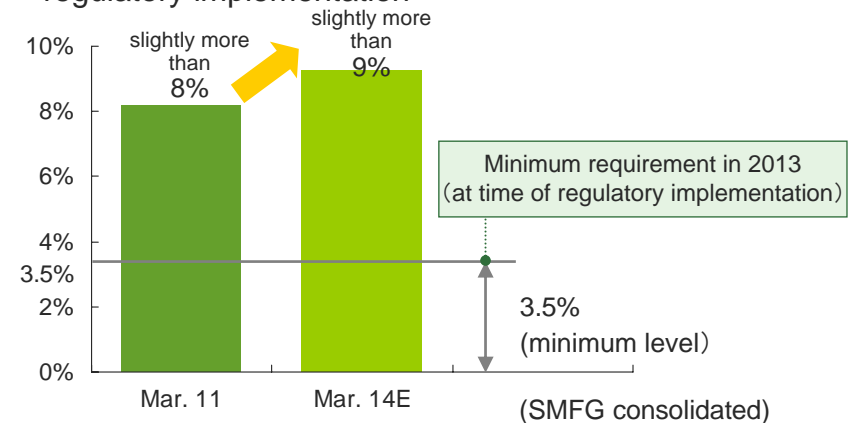


\* Regulatory adjustments are fully deducted. Not including Net unrealized gains (losses) on other securities

#### Core Tier I ratio (based on the definition at the full implementation of Basel III)



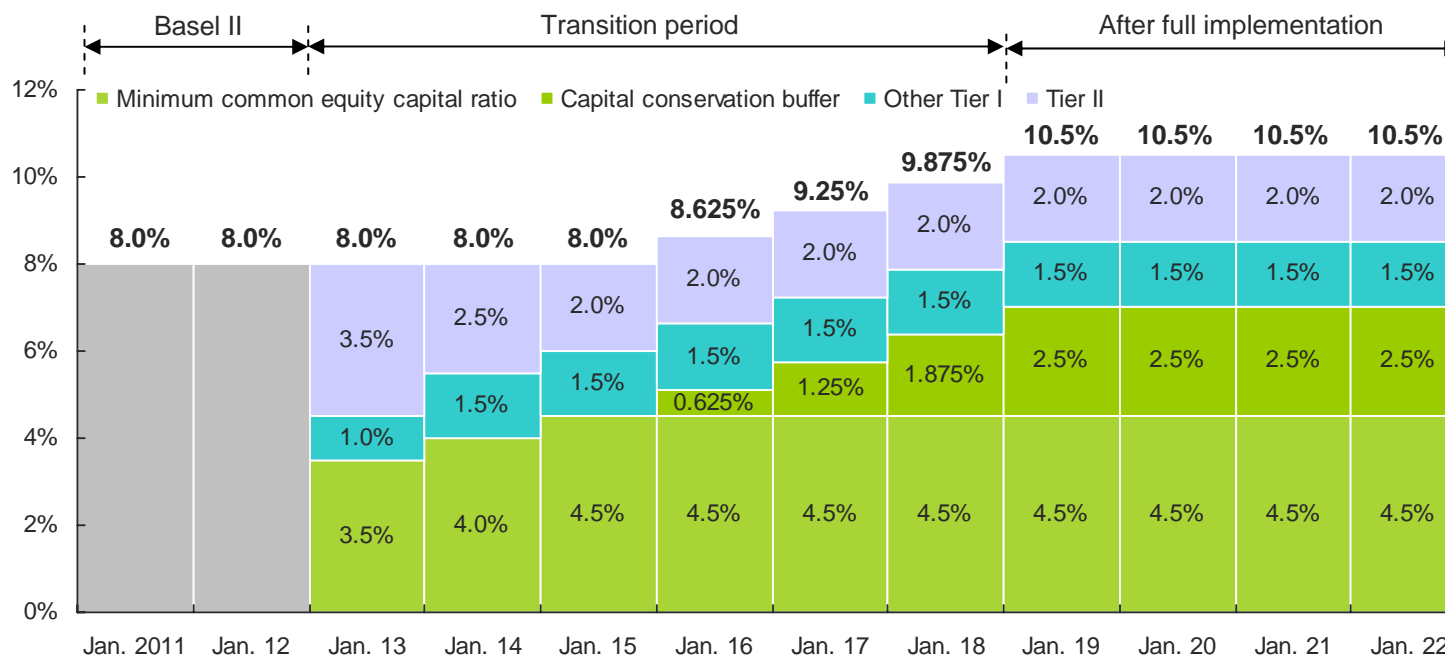
#### (Ref.) Capital requirements at time of regulatory implementation





# (Ref.) Summary of Regulatory Capital Framework\*1

## Transitional arrangements for implementing the new standards



### Phase-in of deductions from common equity Tier I\*2

–	–	–	20%	40%	60%	80%	100%	100%	100%	100%	100%
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### Grandfathering of capital instruments that no longer qualify as no-core Tier I capital or Tier II capital

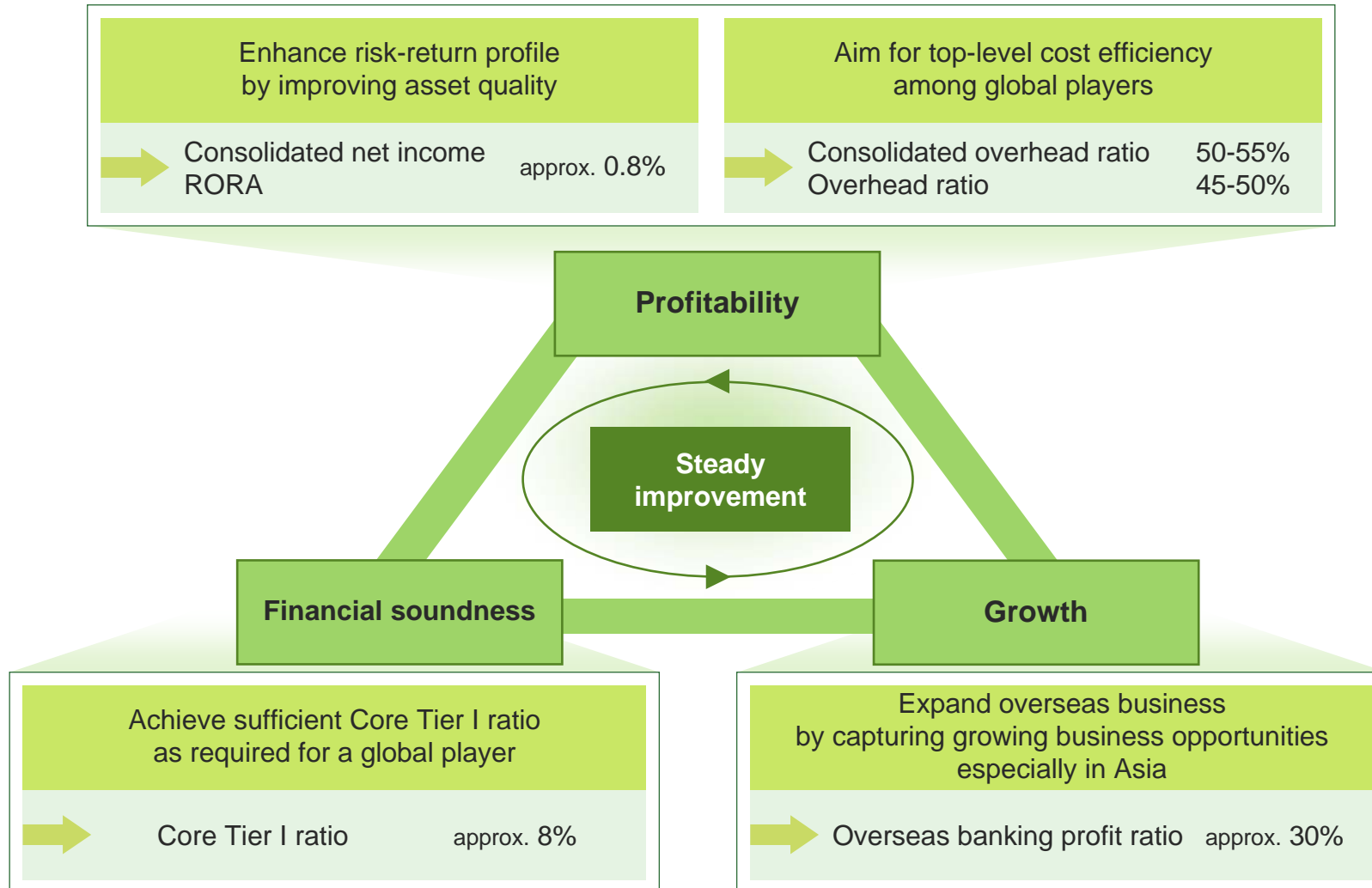
100%	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	–
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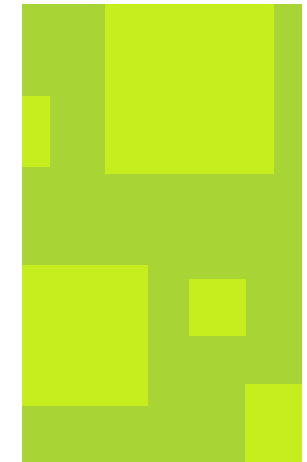
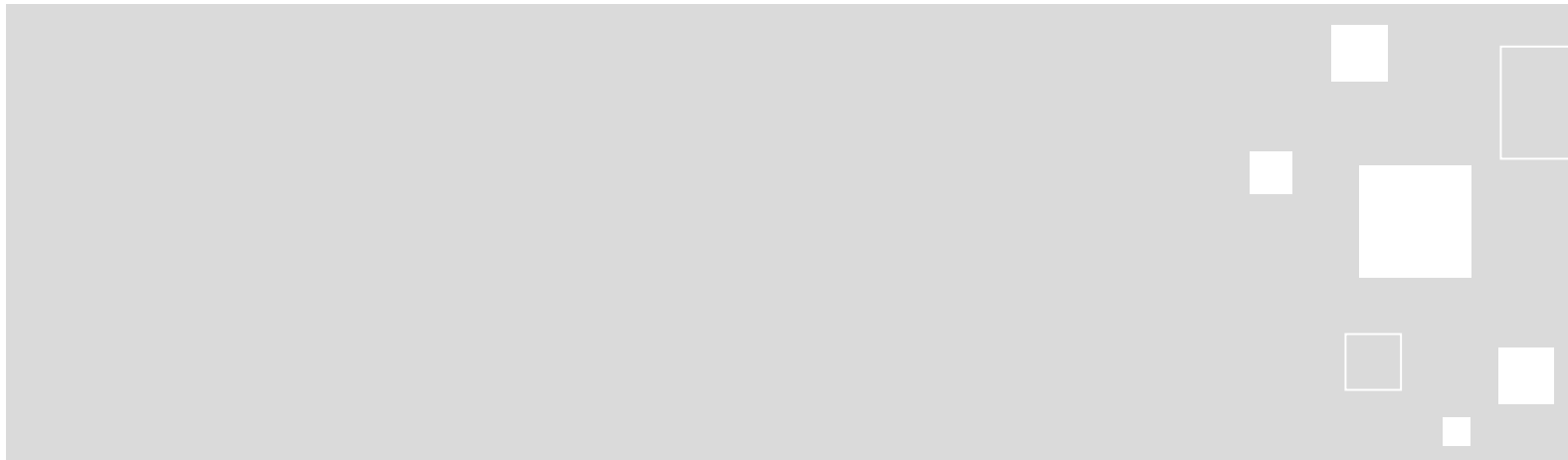
\*1 Based on the announcement of the Group of Central Bank Governors and Heads of Supervision, the governing body of the Basel Committee, on Sep. 12, 2010

\*2 Including amounts exceeding the limit for deferred tax assets, mortgage servicing rights and investment in the common shares of unconsolidated financial institutions

## In Closing - Management Approach for Sustainable Growth -

*Based on the principle of achieving well-balanced and steady improvement of “financial soundness,” “profitability,” and “growth,” we will expand bottom-line profit steadily with enhanced focus on risk-return and cost-return profiles*





LEAD THE VALUE

This material contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate”, “estimate”, “expect”, “intend”, “may”, “plan”, “probability”, “risk”, “project”, “should”, “seek”, “target” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include the fragility of any economic recovery, both globally and in Japan; our ability to successfully implement its business and capital strategy; the success of our business alliances including those in the consumer finance industry; exposure to new risks as we expand the scope of our business; significant credit-related costs; declines in the value of our securities portfolio. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this material. We undertake no obligation to update or revise any forward-looking statements.

Please refer to our most recent disclosure documents such as our annual report or the registration statement on Form 20-F filed with the U.S. Securities and Exchange Commission, as well as our earnings press release for a more detailed description of the risks and uncertainties that may affect our financial conditions, our operating results, and investors’ decisions.

