

September 7, 2005

Merrill Lynch
Japan Conference

Growth Strategy for the “New Stage”

-Value Creation through Retail Financial Services Business-

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Agenda

1. SMFG's group strategy

- Mission in the "New stage"
- Target in fiscal 2008
- Competitive advantage and growth potential
- Growth strategy as the new financial services complex
- Focus areas in medium-term plan
- Position of "retail" financial services business

2. SMFG's "retail" financial services business

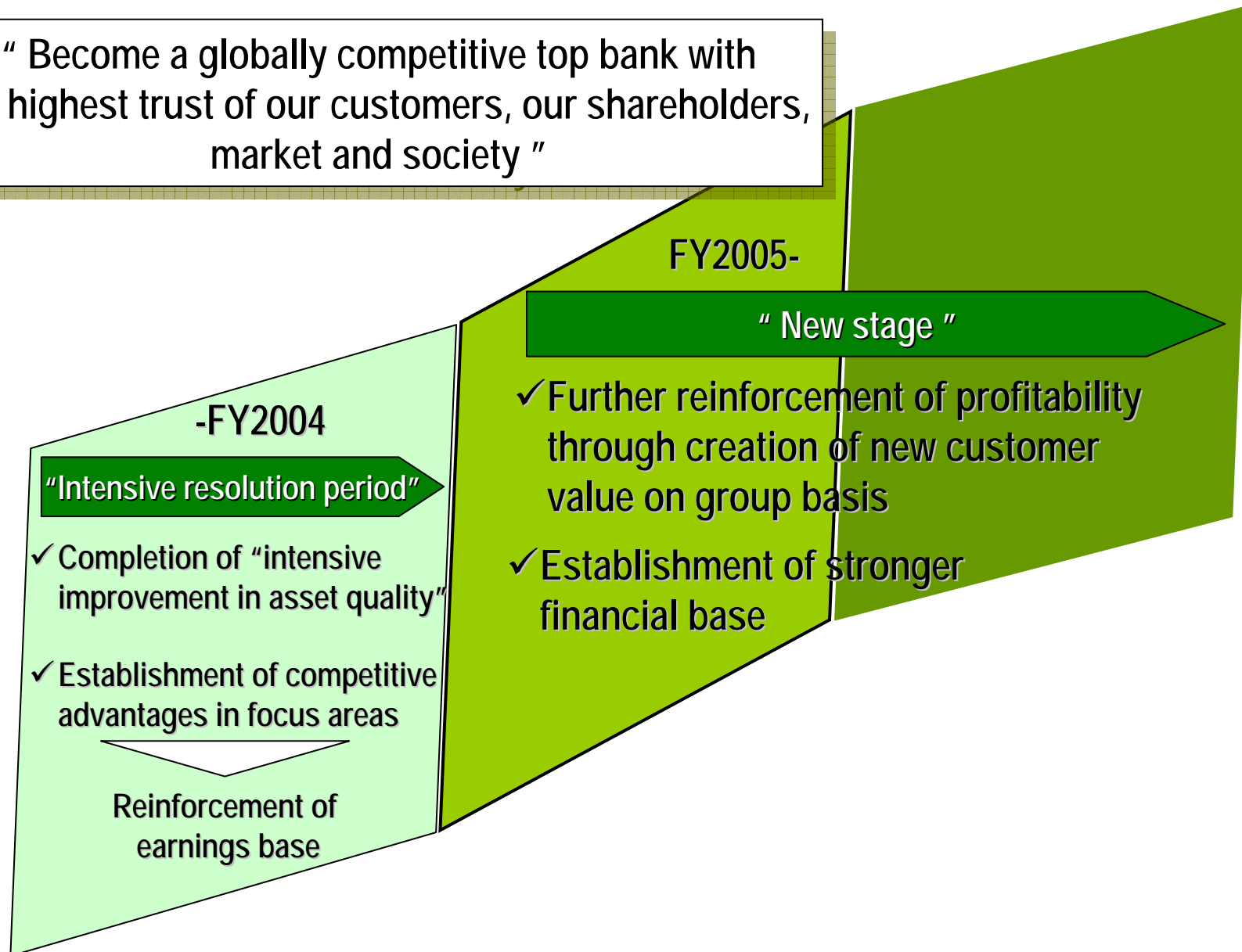
- Achievements
- Source of competitive advantage
- Business opportunities
- Approaches
- Future business development
 - Financial consulting for individuals (asset management consulting, mortgage loans)
 - Consumer finance
 - Credit card
 - New-type unsecured loans to SMEs

3. Closing

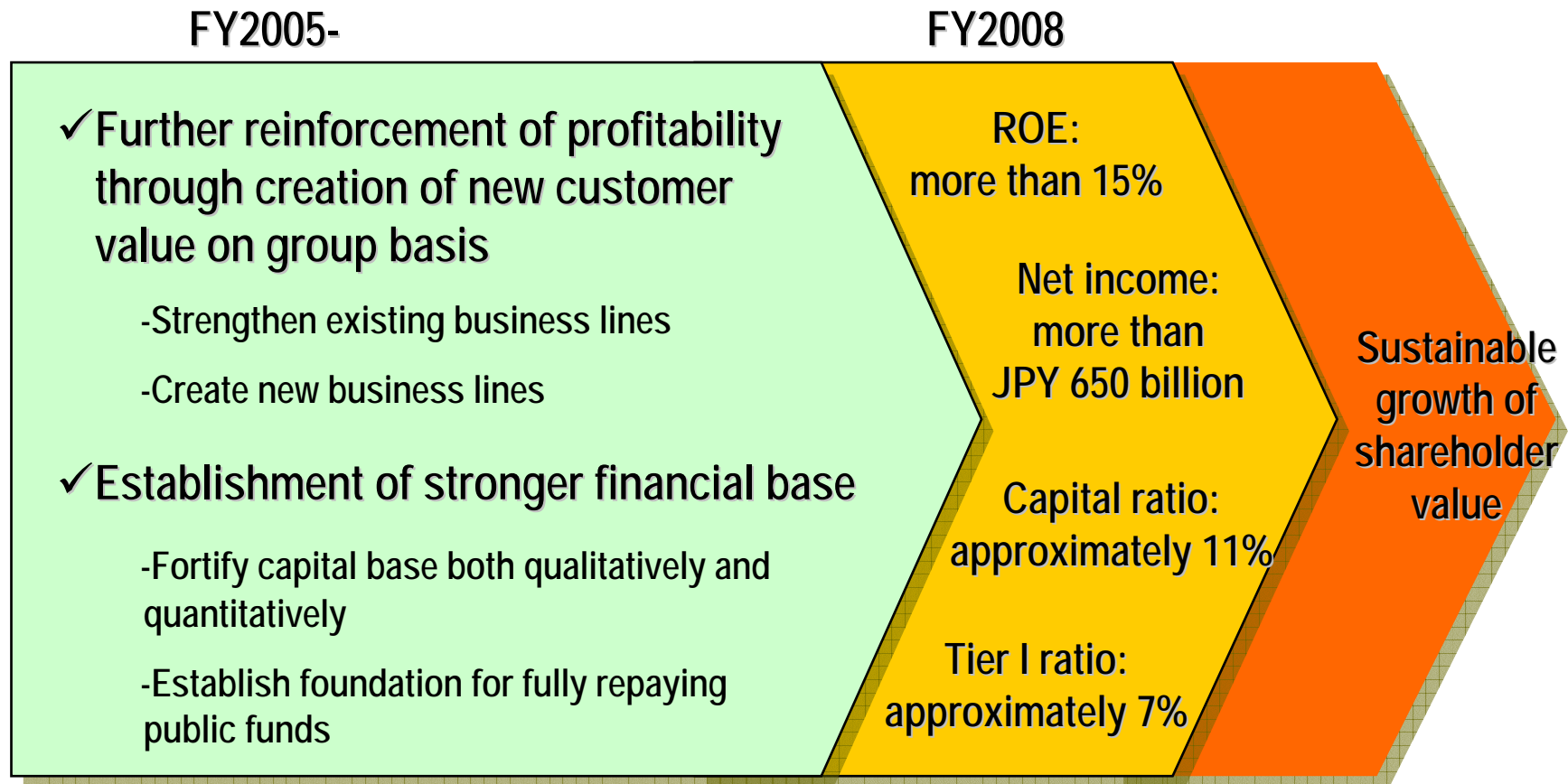
1. SMFG's group strategy

Mission in the "New stage"

" Become a globally competitive top bank with the highest trust of our customers, our shareholders, market and society "

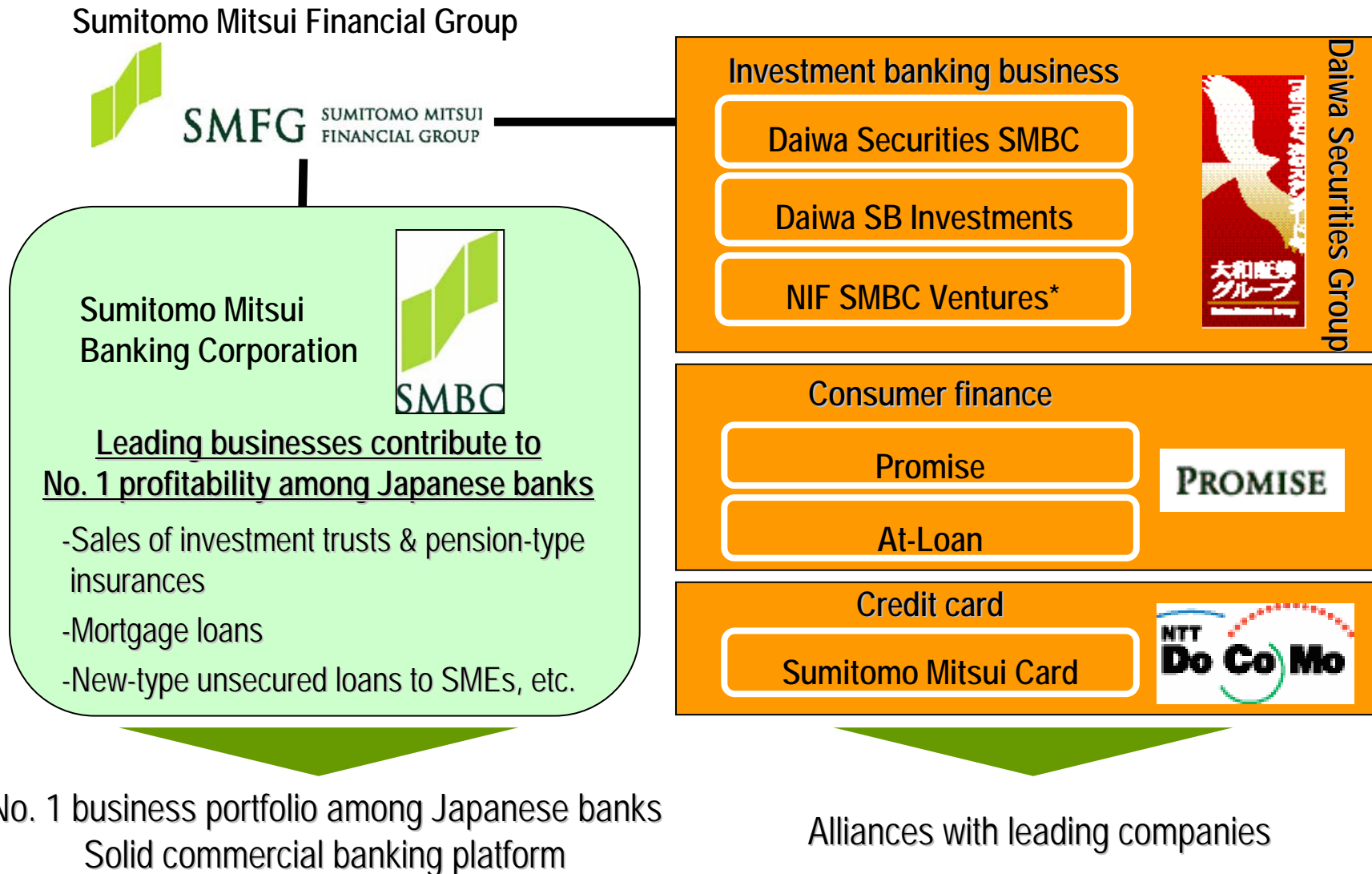


1. SMFG's group strategy Target in fiscal 2008



1. SMFG's group strategy

Competitive advantage and growth potential



*NIF Ventures and SMBC Capital are scheduled to merge on October 1, 2005.

1. SMFG's group strategy

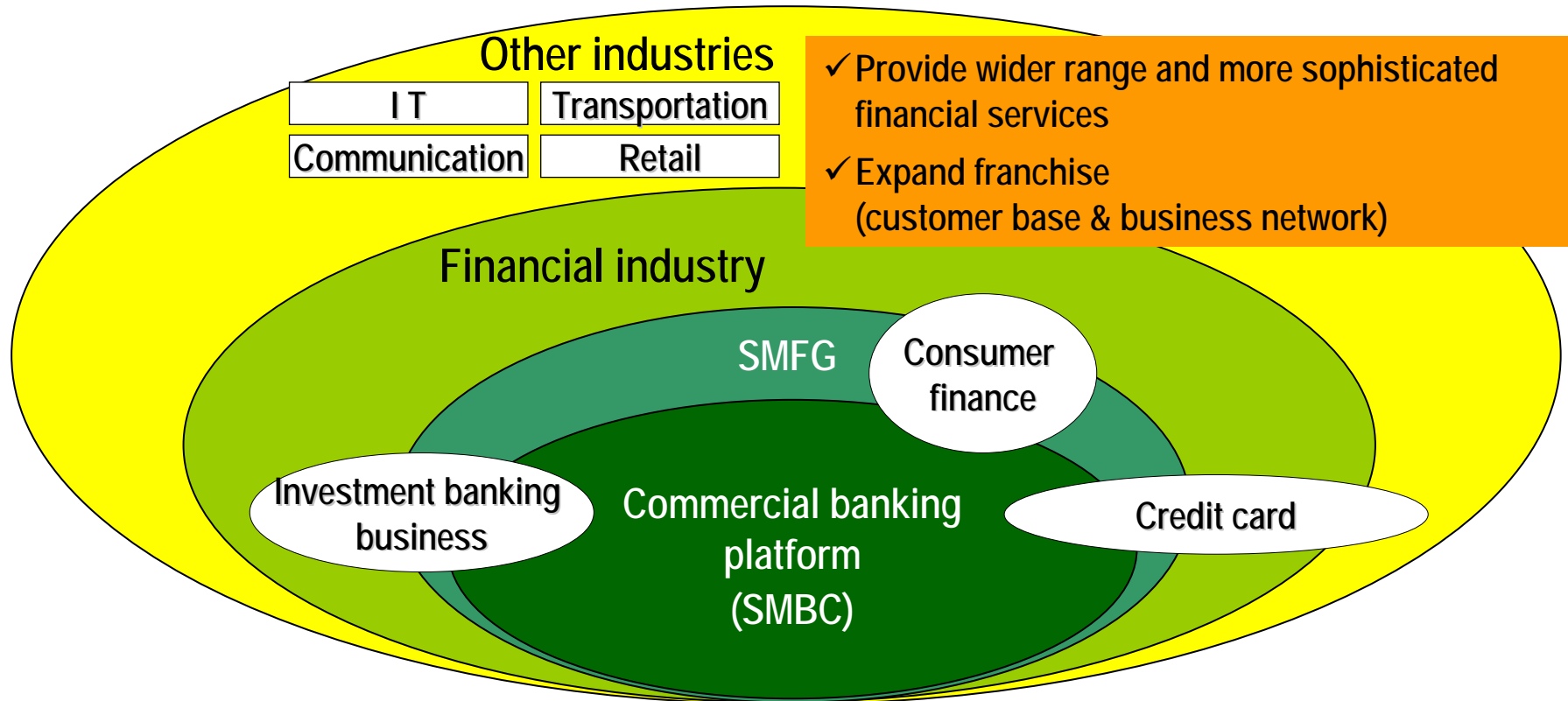
Growth strategy as the new financial services complex

✓ Reinforcement of profitability through creation of new customer value on group basis

- Further strengthen SMFG's group companies
- Promote cross-industrial alliances

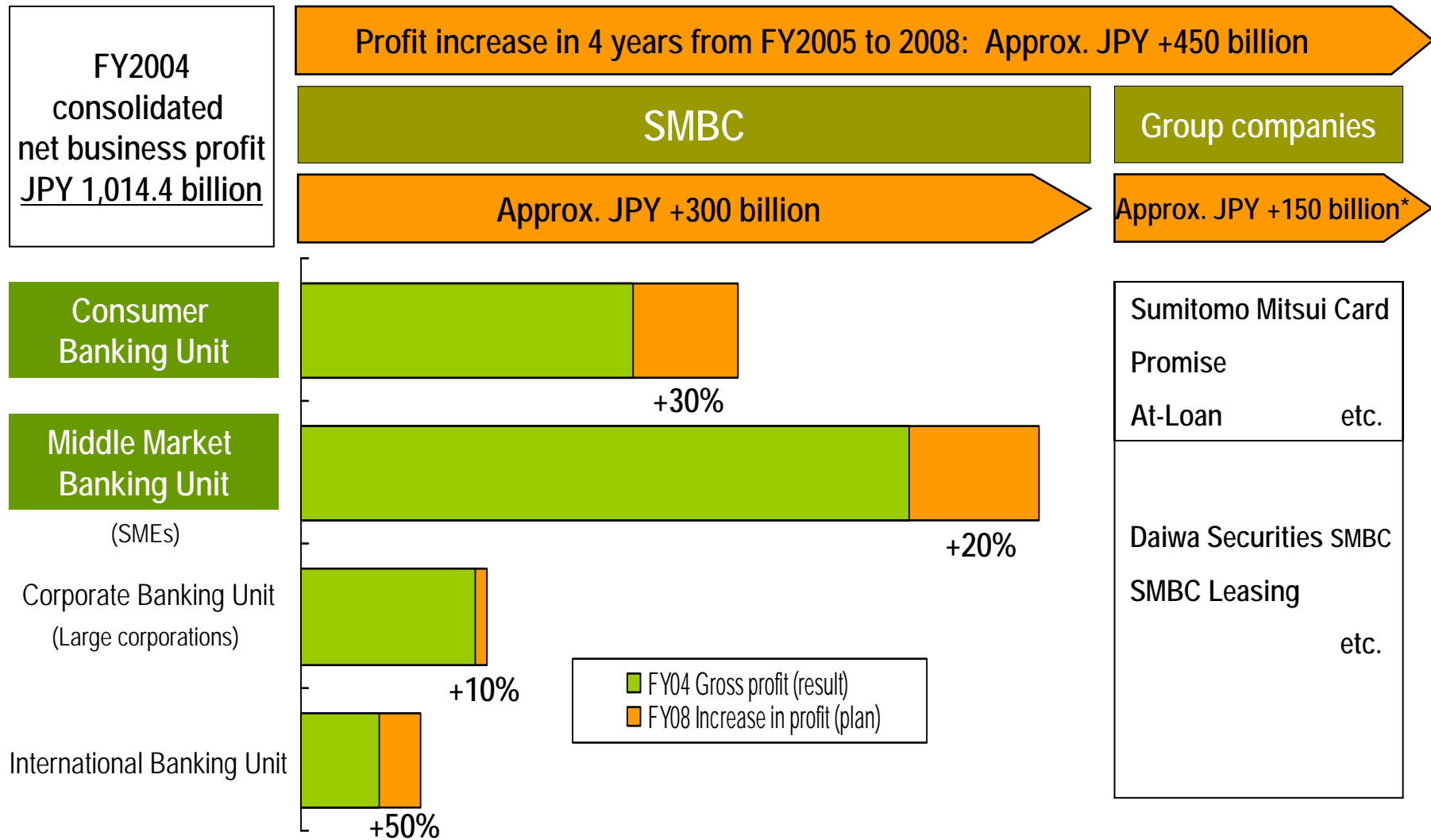


- Strengthen existing business lines
- Create new business lines



1. SMFG's group strategy

Focus areas in medium-term plan

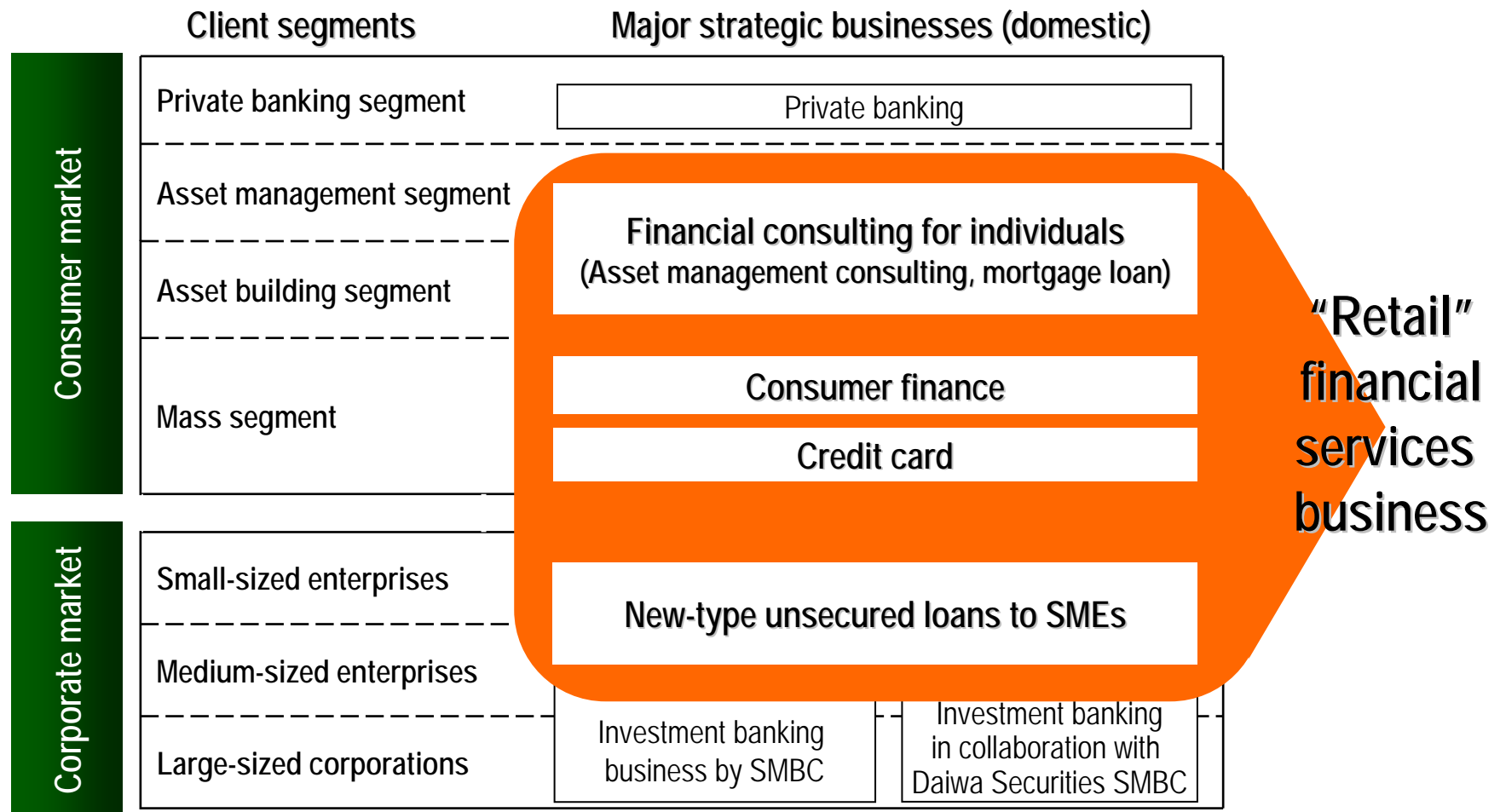


*Includes recovery of profitability in group companies (including loan guarantee subsidiaries)

1. SMFG's group strategy

Position of "retail" financial services business

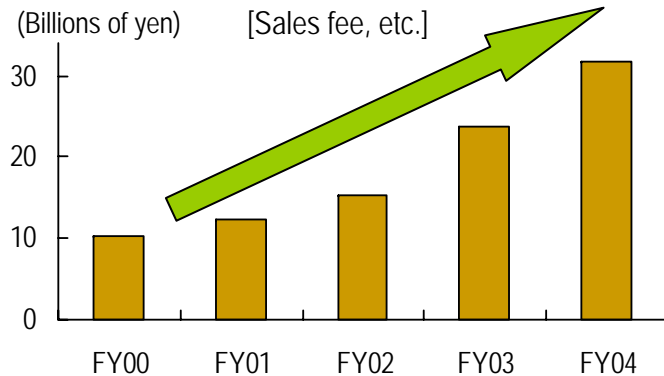
✓ Earnings drivers in medium-term plan = Strategic businesses in consumer and SME markets



2. SMFG's "retail" financial services business Achievements -Fee businesses-

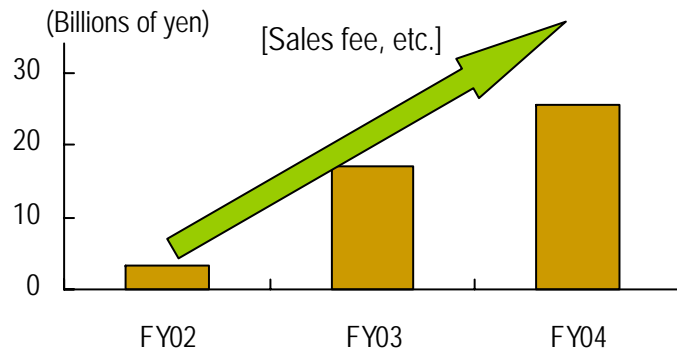
✓ Expanded fee income through reinforcement of "retail" financial services business

Investment trust sales



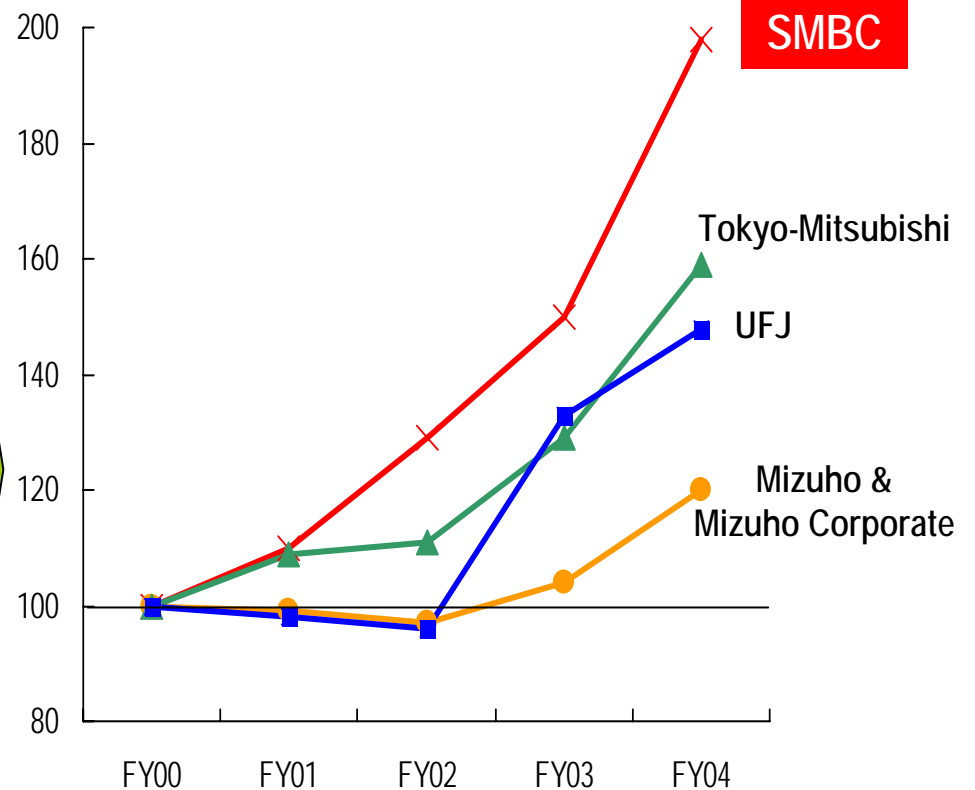
Balance under SMBC account:
No.1 among Japanese banks

Pension-type insurance sales



Accumulative sales:
No. 1 among Japanese banks

Competitive advantage in net fees and commissions*



* Indices showing four financial groups' core banks' profit increase (non-consolidated basis), using FY00 as the base year (=100)

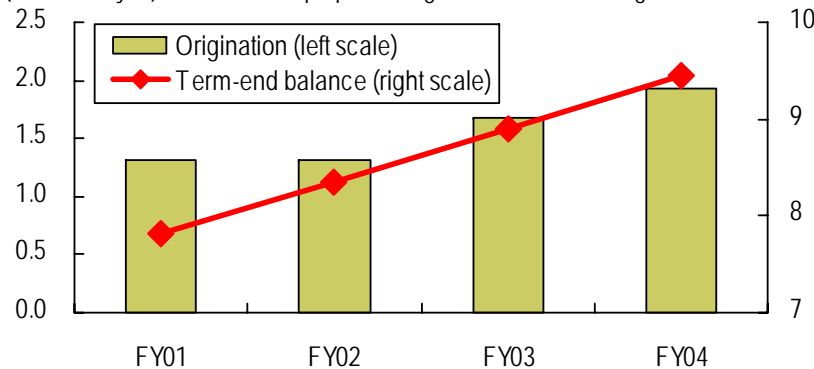
(Source) Each company's disclosure materials

2. SMFG's "retail" financial services business Achievements -Lending businesses-

✓ Improve profitability through reinforcement of "retail" lending business

Origination and balance of mortgage loans*

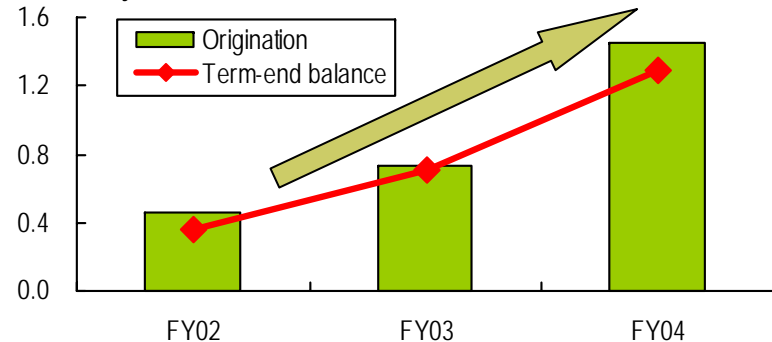
(Trillions of yen) *Residential purpose. Origination excludes bridge loans to HLC's loans.



Origination&balance: No. 1 among Japanese banks

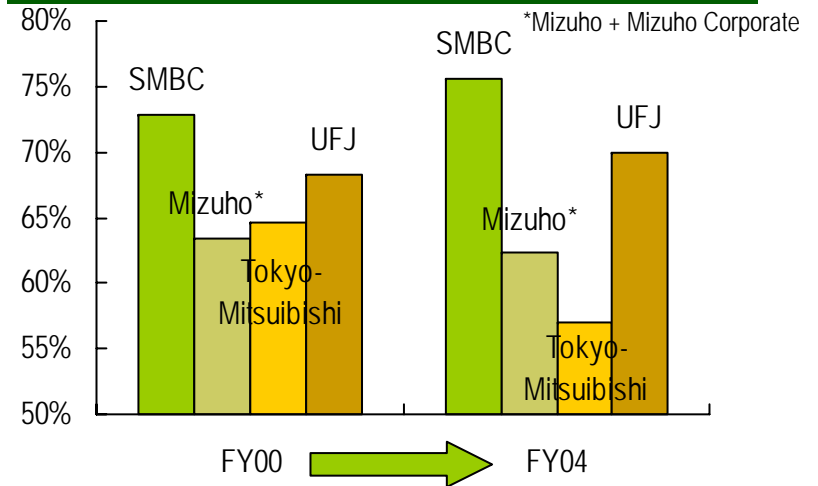
New-type unsecured loans to small enterprises (Business Select Loans ("BSL"))

(Trillions of yen)

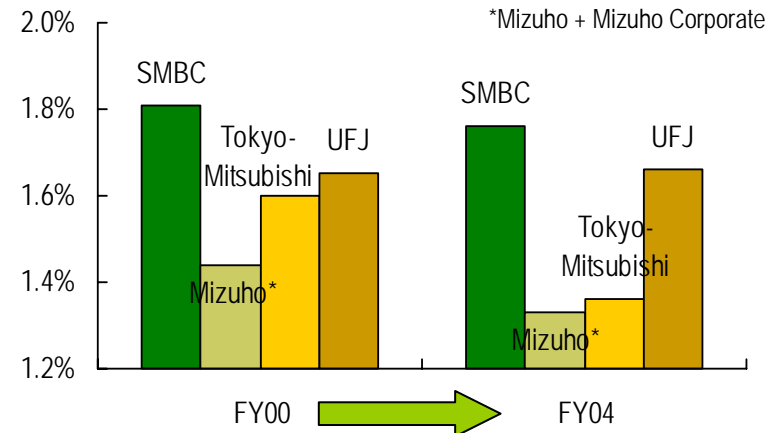


Origination&balance: No. 1 among Japanese banks

Proportion of loans to SMEs and individuals in total lendings



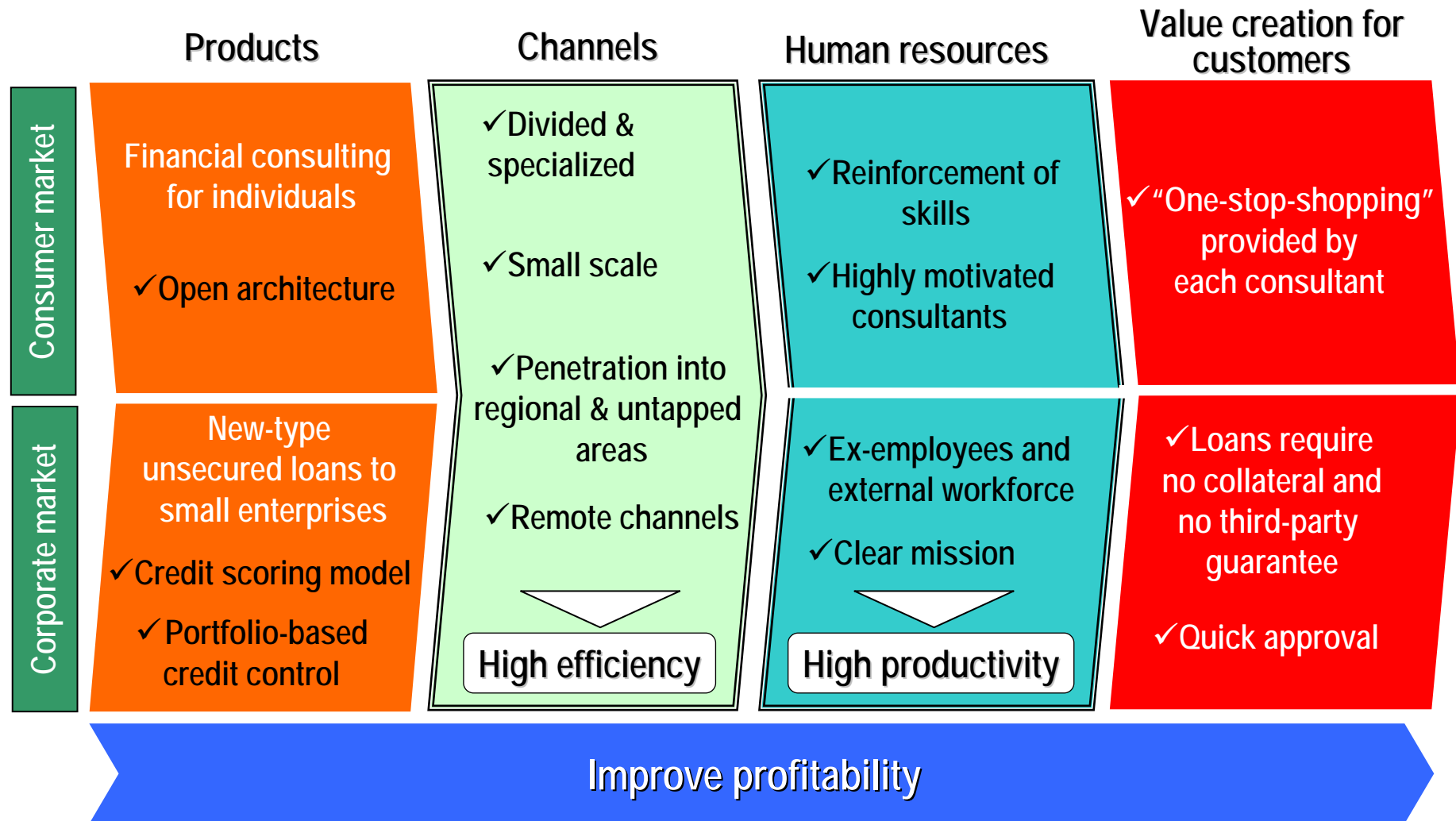
Interest spread of deposits and loans (domestic)



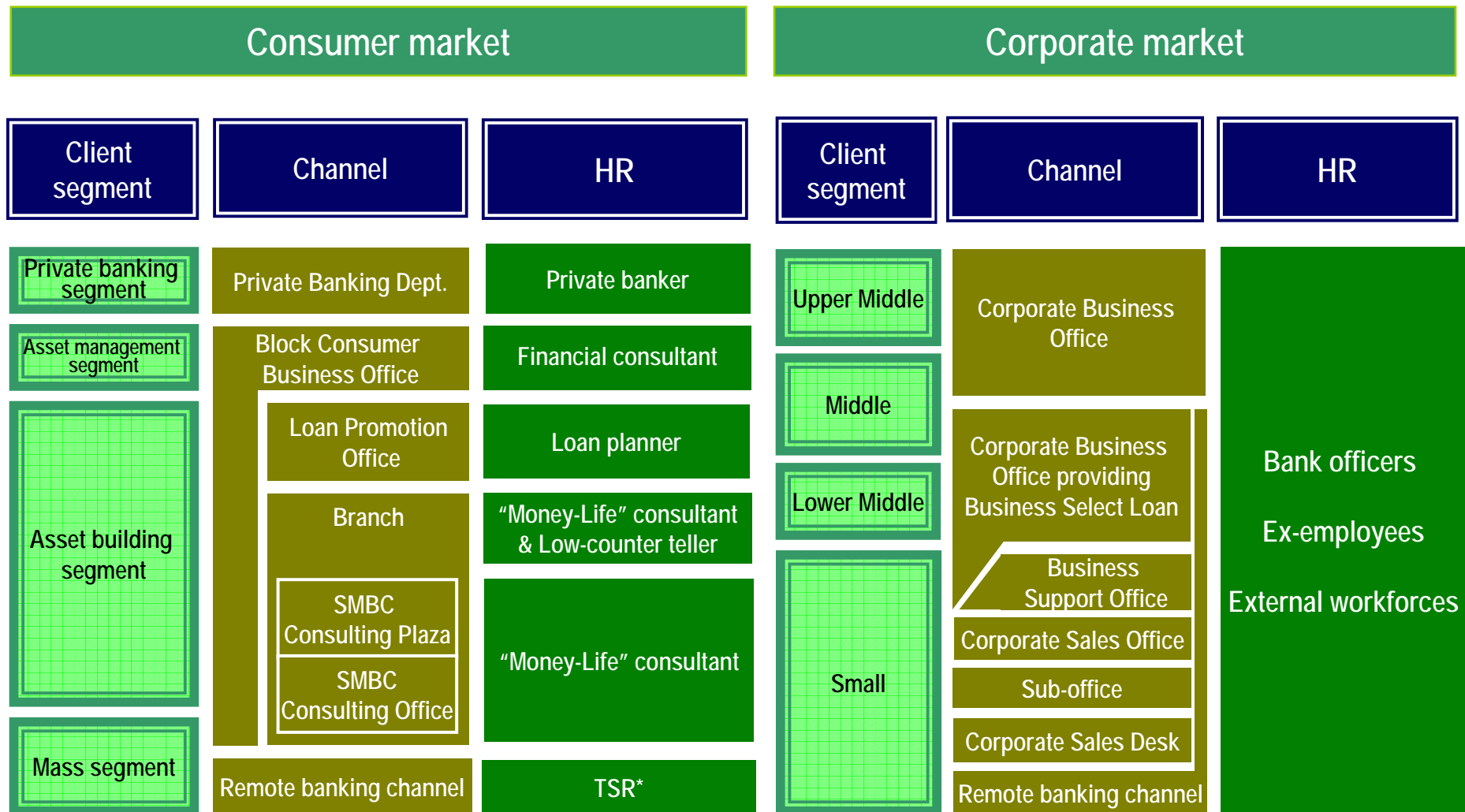
2. SMFG's "retail" financial services business

Source of competitive advantage

✓ Competitive advantage = Unique business model



2. SMFG's "retail" financial services business (Reference) Channel strategy & HR management

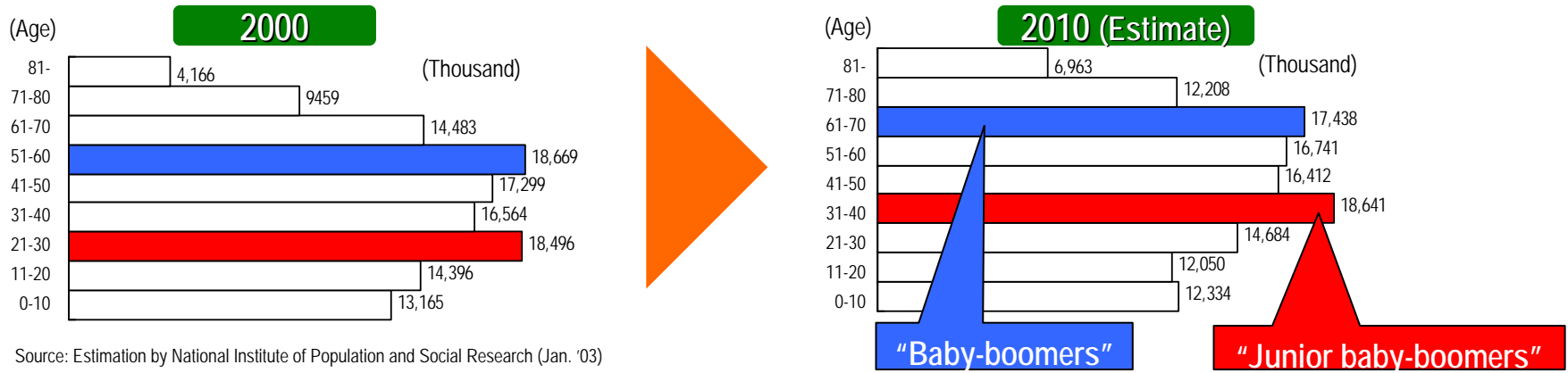


* Telephone sales representative

2. SMFG's "retail" financial services business Business opportunities

Financial consulting for individuals (asset management consulting, mortgage loans)

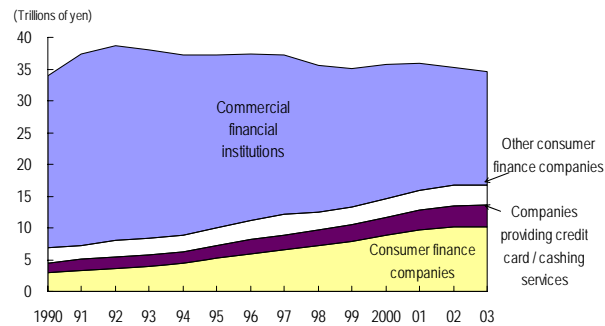
Change in population structure ⇒ asset management needs due to retirement of "baby-boomers", and mortgage loan needs of "junior baby-boomers"



Consumer finance

▪ Huge potential

Balance of SMBC's "Consumer loans"
(excluding mortgage loans) : approx. JPY 1 trillion

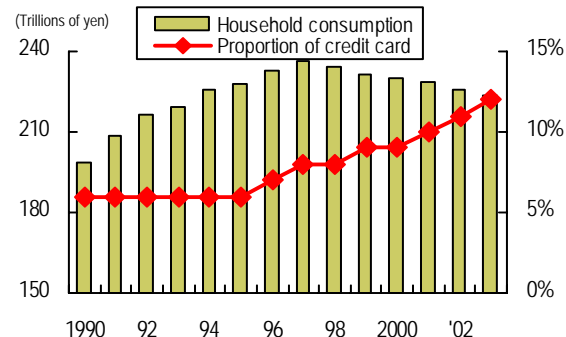


(Source) Created by Japan Research Institute, Based on "Statistics on Japanese Consumer Credit," Japan Consumer Credit Industry Association

Credit card

▪ Potential in small amount settlement

Japanese household consumption (excluding imputed rent)
: approx. JPY 230 trillion => mostly cash settlement

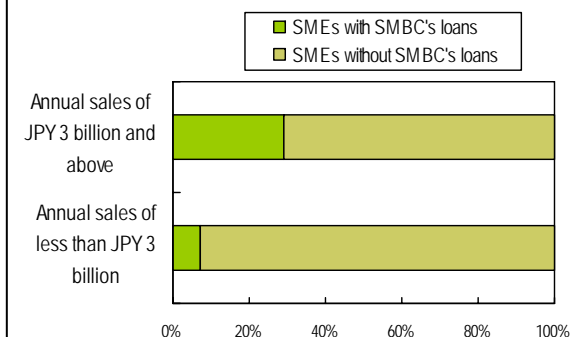


(Source) Created by Japan Research Institute, Based on "Statistics on Japanese Consumer Credit," Japan Consumer Credit Industry Association, "SNA," Cabinet Office of Japan
* Amount of credit card settlement is based on card sales amount handled.

Loans to SMEs











▪ Still huge potential

Proportion of SMEs with SMBC's loans



Source: SMBC's estimation of "bankable customer" under SMBC's definition.

2. SMFG's "retail" financial services business Approaches

	Existing business	Approaches		Opportunity	
		Market growth	SMFG's share		
Consumer	Asset management consulting		Large	Accelerate allocation of resources (marketing channels / HR), in preparation for the expansion of the market due to retirement of "baby-boomers"	
	Mortgage loan		Large	Accelerate allocation of resources (marketing channels / HR), because loan needs of "junior baby-boomers" are expected	
	Consumer finance		Small	Create new market by leveraging expertise of the leading company in consumer finance industry and SMBC's franchise	
	Credit card		Large	Utilize resources of credit card company through alliance with companies with infrastructure and customer base, and create small money credit-payment market	
Corporate	SME lending		Small	Accelerate expansion of business volume by providing new products with competitive business model into new client segment	

2. SMFG's "retail" financial services business

Future business development -Financial consulting for individuals-

- ✓ Aggressive allocation of resources (= specialized channels & human resources)

Expand specialized channels

SMBC Consulting Plaza

- ✓ Channel providing financial consulting also open on weekday nights and holidays
- ✓ Increase locations to 100
(Mar. 2004: established the first office
=> 65 offices as of Aug. 31, 2005)
- ✓ Utilize newly established small and specialized channels

(ex.) SMBC Consulting Office

- ✓ Small scale channel specialized in financial consulting
- ✓ Planned to open 5 offices in Sep. 2005

SMBC Consulting Plaza

Aggressively allocate HRs

Expand consultants

- ✓ Increase approx. 1,000 consultants (FY05-FY08)

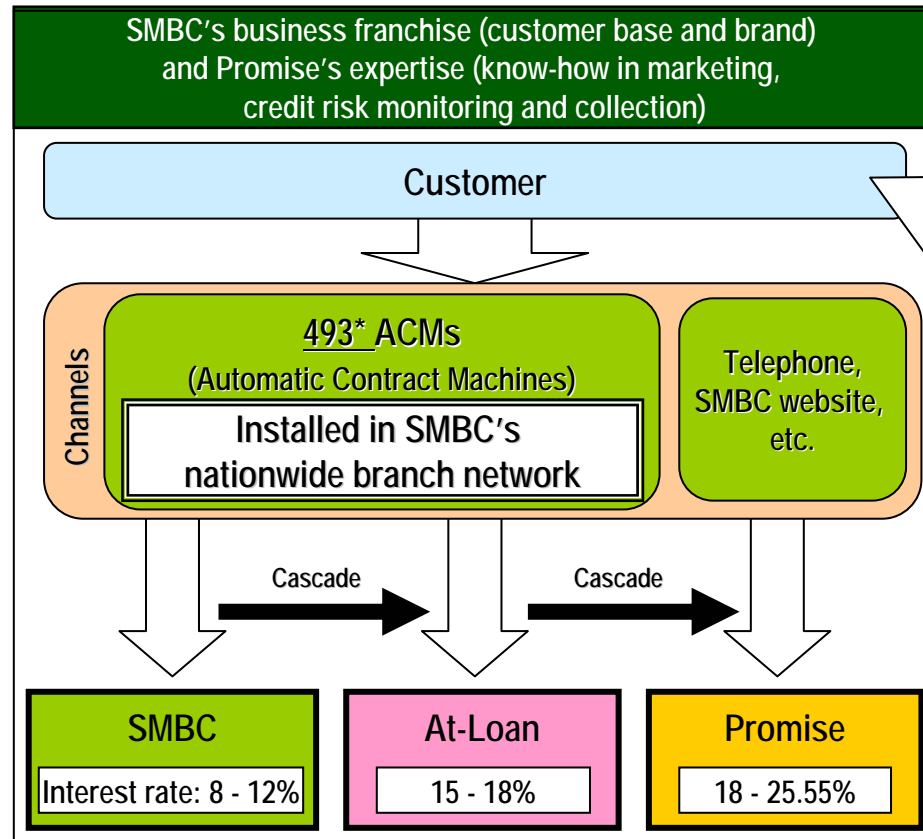
Plan in FY2005

- Sales of investment trusts (load-type):
JPY 1.0 trillion (+13% year-over-year)
- Sales of pension-type insurances:
JPY 0.7 trillion (+20% year-over-year)
- Origination of mortgage loans:
JPY 2.1 trillion (+9% year-over-year)



2. SMFG's "retail" financial services business Future business development -Consumer finance-

✓ Japan's foremost, full-scale collaboration between a mega bank and a leading consumer finance company



Full-scale utilization of SMBC's business franchise

Asset building segment + Mass segment
= 26 million clients
(more than 40% of working population in Japan)

Number of customers who visit branches:
3 million per month

Number of transactions through ATMs:
1 million per day

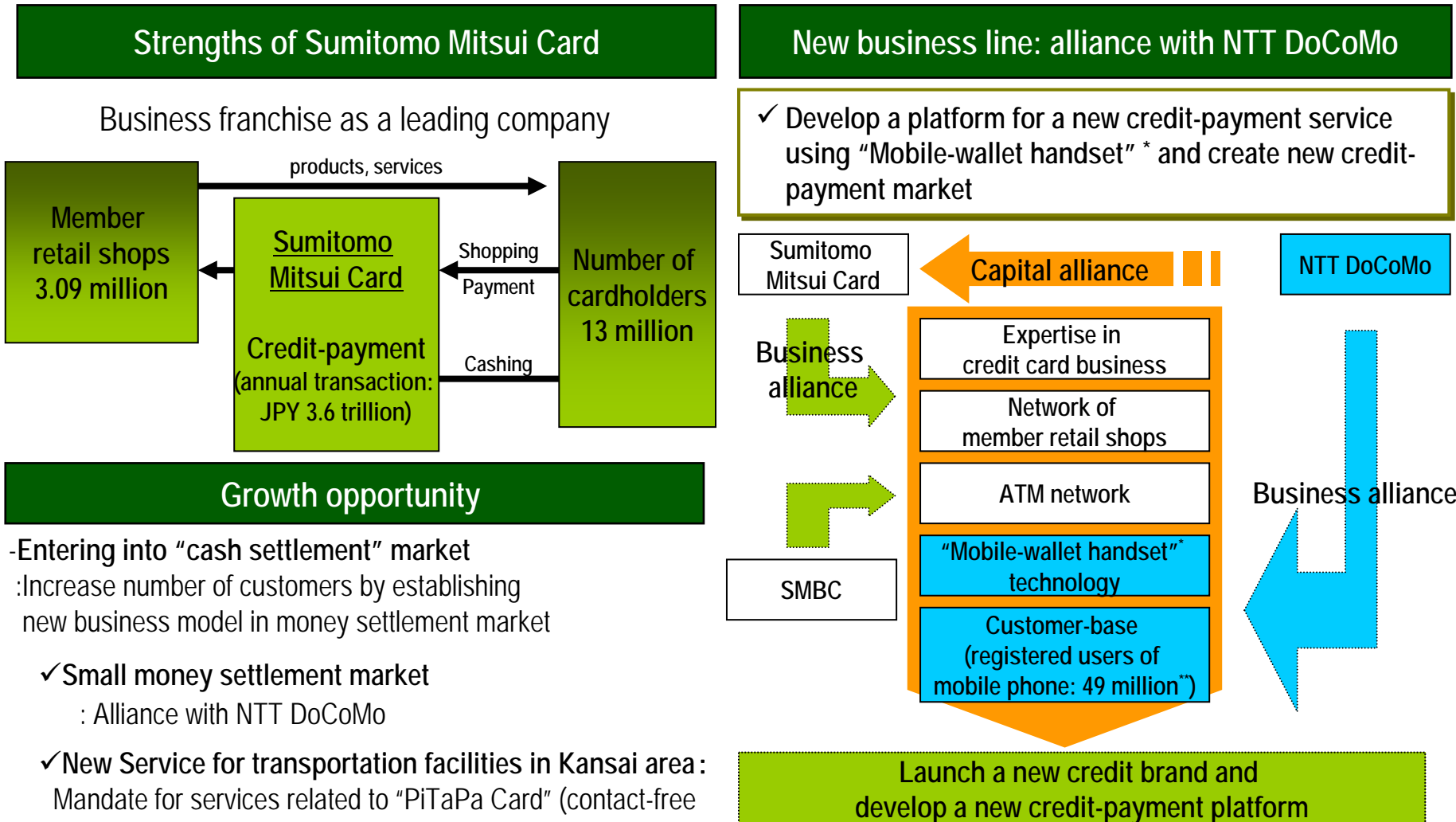
Number of transactions in remote banking:
7 million per month

*As of Aug. 2005

Create new market:
increase loan balance to JPY 500 billion in 3 years

2. SMFG's "retail" financial services business Future business development -Credit card (1)-

✓ Expand business volume by establishing new credit-payment infrastructure through alliance

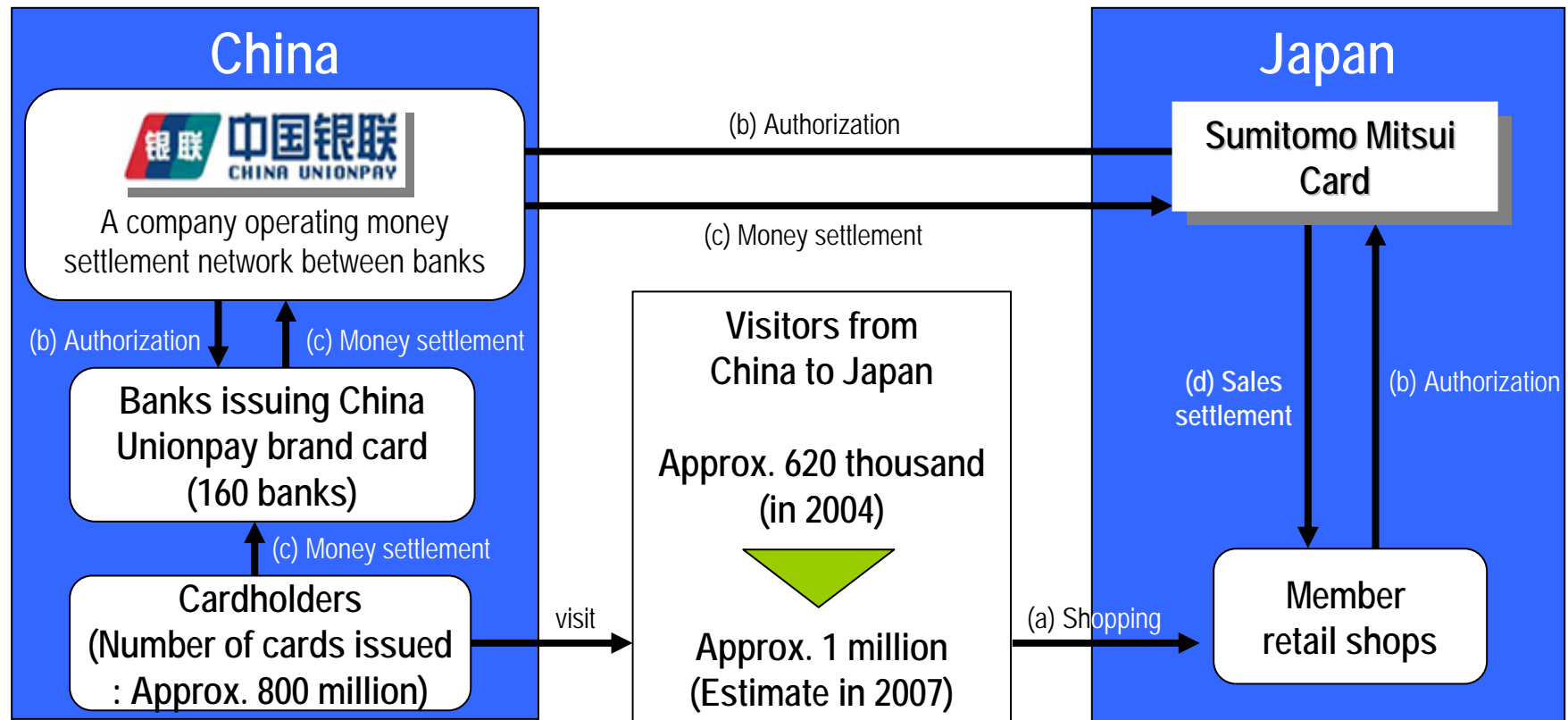


* Registered trademark of NTT DoCoMo ** As of May 2005

2. SMFG's "retail" financial services business Future business development - Credit card (2)-

<Reference> Alliance with China Unionpay

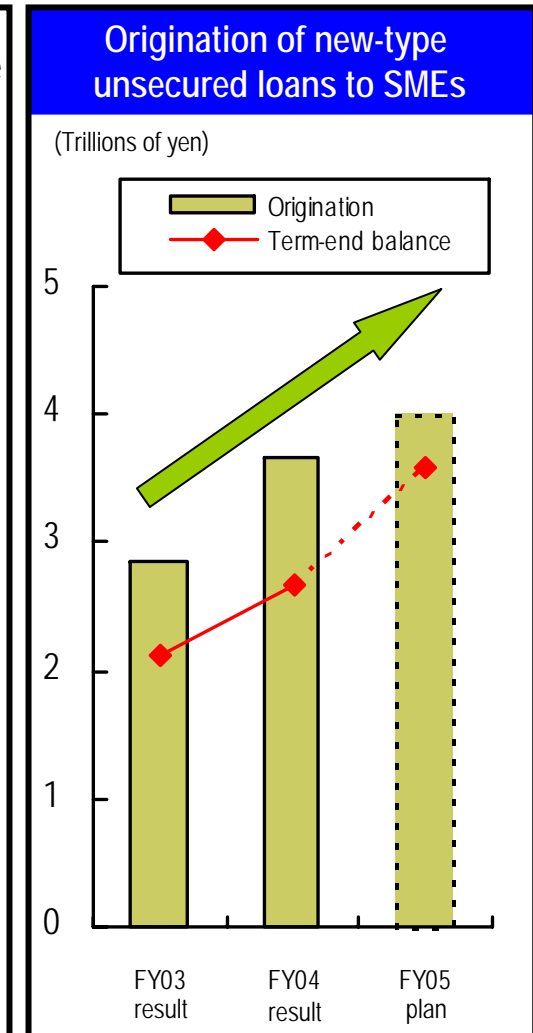
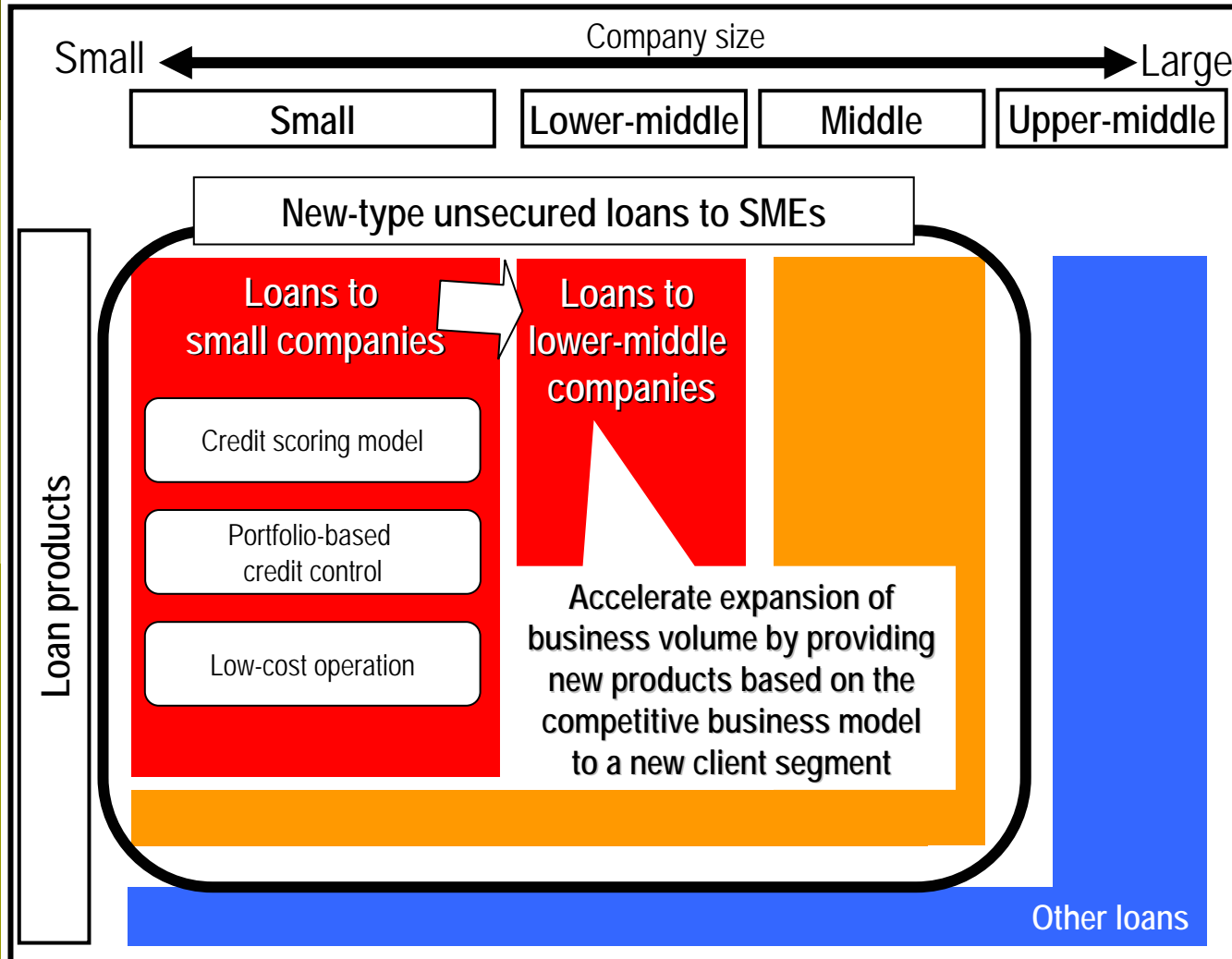
- ✓ Develop new settlement business
: Further reinforce business on member retail shops of Sumitomo Mitsui Card



800 million of cash cards issued by Chinese banks (China Unionpay brand)
can be used at Sumitomo Mitsui Card's member retail shops in Japan

2. SMFG's "retail" financial services business Future business development - New-type unsecured loans to SMEs-

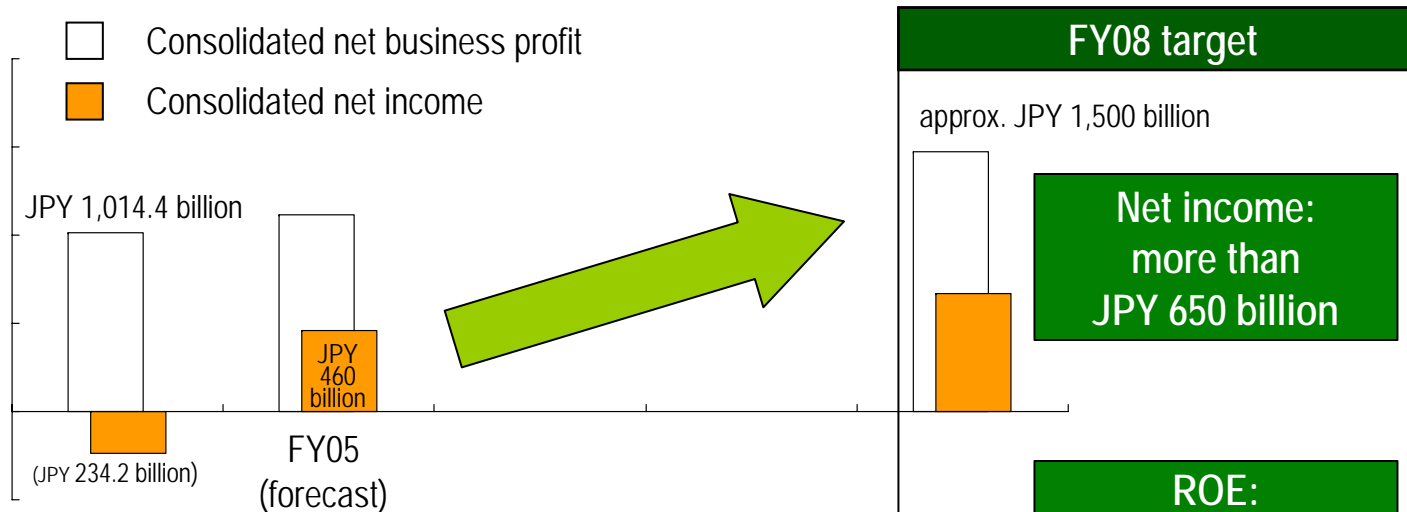
Further develop SME loan market by leveraging competitive loan products



3. Closing

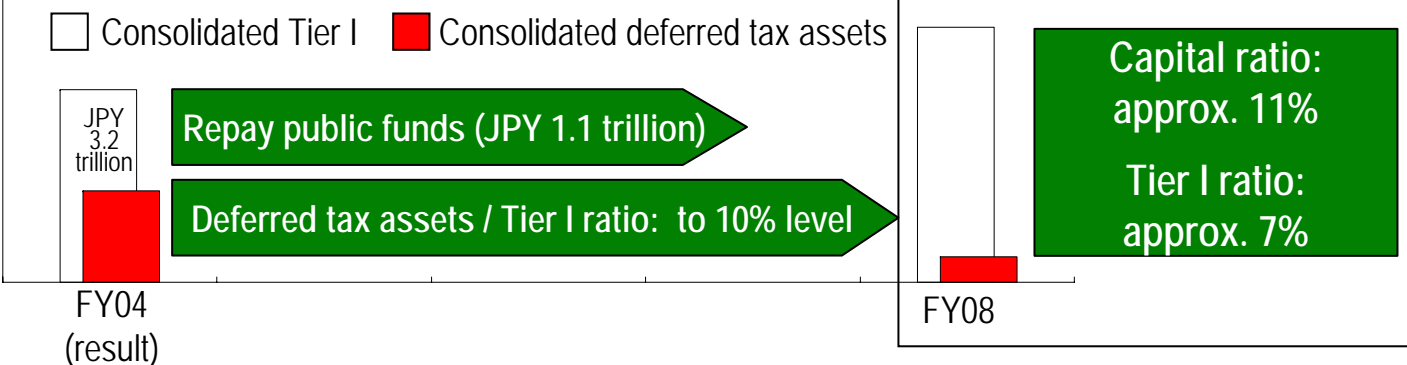
“Become a globally competitive top bank with the highest trust of our customers, our shareholders, market and society”

✓ Further reinforcement of profitability through creating new customer value on group basis



Sustainable growth of shareholder value

✓ Establishment of stronger financial base





<http://www.smfg.co.jp/english>

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.