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<Presentation Summary>

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My name is KITAYAMA, President of Sumitomo Mitsui Financial Group.
Thank you very much for giving me the opportunity to make a presentation today.
I would also like to thank the Merrill Lynch team for organizing this conference.

(P.1)

Today, as shown on the slide, I would like to explain our financial results, our views on the current business environment, and our growth strategies going forward, by answering the 10 most frequently asked questions on SMFG by our investors.

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First, let me update our financial performance briefly.

(P.3)

In fiscal 2005, gross profit increased on a strong growth in net fees and commissions and credit cost decreased substantially due to a steady improvement in asset quality, which for long had been our largest problem.

As a result, SMFG recorded 687 billion yen in consolidated net income - representing a V-shaped recovery.

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On the other hand, this fiscal year, banking profit of SMBC, the core bank in our group, is expected to decrease slightly. In our forecast, we have factored in a decline in profit on sale of interest rate derivatives, which may be partially offset by other business growth.

For net income, we expect 570 billion yen for SMFG consolidated, and 460 billion yen for SMBC non-consolidated.

On the right-hand side of this slide are shown the results of this 1st quarter. Gross

banking profit as well as net income decreased sharply on year-over-year basis, mainly because SMBC recorded approximately 70 billion yen in losses on bonds with the aim of reducing its risk exposure centered on bond portfolio. Without the loss, gross banking profit would have increased steadily by 2.5%.

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Next, I would like to talk about our profitability.

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First of all, I'd like to explain the earnings structure of SMBC, the core subsidiary of SMFG.

In the last 10 years, SMBC has launched a number of strategic businesses, in the fields of asset management consulting business for individuals and investment banking business for corporate clients.

By quickly making these businesses profitable, SMBC has increased its fee income, diversified its sources of earnings and successively recorded high level of top-line profit despite drastically changing business environment.

Furthermore, by implementing strict cost control initiatives, SMBC has achieved operational efficiency that is high even from a global perspective.

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As a result, our profitability is higher than our peers as shown in this slide.

Going forward, we will further develop our strengths of prompt business development in strategic areas and high operational efficiency.

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Next, I would like to explain about the major drivers of growth in the fee business.

(P.9)

In asset management consulting business for individuals, recognizing deregulation as big opportunities, we have made focused efforts to develop such businesses as sales of investment trust and pension-type insurance from the earliest stage. Consequently, we have recorded compound annual growth rate (CAGR) of more

than 30% in profit.

Also in investment banking business for corporate clients, SMBC has grown its profit by 50% annually through continuous efforts in new product development and sales expansion to the middle-sized corporation segment.

We intend to reinforce these businesses further in order to bolster our fee income.

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Next, let me explain about the major drivers of growth in the loan business.

(P.11)

Loan balance bottomed out in fiscal 2005, mainly driven by the growth of our strategic businesses such as housing loans and unsecured loans to small- and medium-sized enterprises (SMEs).

We will continue to focus on our strategic areas, promptly address the increasingly sophisticated and diversified financing needs of our customers, including MBO and LBO financing.

On the other hand, loan spreads continued to shrink somewhat due to the intensifying competition among banks and further progress on reduction of loans to corporations with lower credit ratings including to watch-list borrowers.

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Next, I would like to explain about the possible impact of short-term interest rate rise on SMBC's net interest income.

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In general, a rise in interest rate affects a bank's performance in two ways: a positive effect on net interest income through improvement in liquid-deposit spread and so on, and a negative impact from losses on sales of bonds due to lower prices. Today, I would like to briefly explain the potential positive impact on SMBC's net interest income, by segmenting SMBC's balance sheet into three parts based on the degree of interest-rate sensitivity.

The rate hike is expected to have almost a neutral impact on “Category A” comprising market-rate sensitive assets and liabilities, with a slight increase in spread for time deposits.

In “Category B,” the rate hike is expected to have a slightly negative impact on prime-rate-based lending, which is almost 40% of domestic lending, but have a larger positive impact on liquid deposits which would not flow out even after the interest-rate rise.

It is very difficult to forecast the actual impact since it is substantially affected by factors such as the pace of interest-rate rise and the progress of re-pricing of loans and deposits. However, our simulations indicate that a 10 basis-points rise in short-term interest-rate would lead to an annual increase in gross profit of approximately 10 billion yen.

By the way, we have not included such effects into our earnings forecast for this fiscal year.

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Next, I would like to present SMFG’s competitive advantage in consumer banking, supporting further growth in this area.

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The Japanese economy is accelerating and under this favorable business environment, I believe there are huge growth potentials in the financial market resulting from the trend in shifting of assets from “savings to investments” by households, higher demand for asset management and housing loans arising from the demographic changes and further deregulation.

We have established a solid business model in consumer banking and have been the frontrunner in this market. Going forward, we aim to capture opportunities and realize further growth by constantly improving our business model.

In the next several slides, I would like to explain the competitive advantages of our business model.

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The basic method to establish a solid, competitive advantage in consumer banking, I believe, is to continue to create new value for our customers by providing products and services precisely matching their needs.

Based on this concept, we have been solidifying our business model comprising of 3 platforms, which are: (1) capability to develop refined and devised products and services, (2) channel networks which precisely match customer activity patterns, and (3) qualified consultants with high productivity.

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Firstly, on the product front, our policy of what we call “Open Architecture” in providing products, is to select and market investment products based only on our customers needs regardless of the provider’s affiliation with us. SMBC has been working as “a genuine distributor” in selling investment trusts, pension-type insurances and other products. For example, companies from outside the SMFG group supply more than three quarters of our investment trusts line-up.

Also, in loan products, we have been launching innovative products developed by SMBC one after another. For example, among major banks in Japan, SMBC was the first to launch a housing loan with insurance for repayment of outstanding loan balance in the case the borrower is diagnosed with cancer, stroke or heart attack – three major causes of death in Japan. We are enjoying high popularity in this product, and originated approximately 200 billion yen in 10 months since it was launched in October 2005.

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Secondly, on marketing channels, from the perspective of increasing customer access, we have been expanding both real and virtual channels in line with the diversity of our consumers in terms of types of assets and liabilities, life-plans, and activity-patterns.

Two main initiatives in expanding our real channel network are longer business hours and more locations. SMBC now has 82 marketing channels specialized in consulting whose locations and business hours are set to match the activity patterns of businessmen and businesswomen. We plan to increase their number to 150.

Meanwhile, in our virtual channel network, we have been fortifying Internet banking as an essential means to further expand service access. For example, in addition to investment products such as investment trusts, an Internet housing loan which can be applied for and approved over the Internet was launched this April.

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Thirdly, raising productivity is as important as increasing the number of consultants.

For example, a 20% increase in time for consultants to communicate with customers is the same as increasing the number of locations and consultants by 20%.

“How can we increase the time for consulting?” and “How can we improve the success ratio of consulting?” are always foremost in our minds. We have been implementing various measures for improving productivity such as upgrading the CRM system, expanding knowledge sharing and minimizing clerical load.

These are the underlying issues of the initiatives we implement to further strengthen consumer banking. By promoting these initiatives continuously, we aim to further solidify our competitive advantage in consumer banking.

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We have been aggressively and quickly promoting collaborative businesses under strategic alliances with a number of leading companies in industries related to consumer services infrastructure in order to obtain a greater access to their huge customer bases. These unique alliance strategies are also our strength.

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For your reference, this is a trend of financial performance of SMBC's Consumer Banking Unit. Profitability of consumer banking business has been improving remarkably. Banking profit, which was just 35 billion yen in fiscal 2001, increased by more than 100 billion yen to 156 billion yen in fiscal 2005.

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Next, let me update you on the initiative in the consumer finance business.

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The joint venture with Promise Company, Ltd., which started in April 2005, has been progressing quite well and has built up a loan balance of more than 100 billion yen in the first year of business.

The initiative has successfully cultivated a “new market” in consumer finance, attested by the fact that approximately 40% of the applicants did not have an account with SMBC, and that approximately 20% of the applicants had never borrowed money from a financial institution.

More than 90% of the balance at the end of March 2006 was provided by SMBC and @Loan, therefore, not provided with interest rates within the so-called “gray-zone.” In addition, the three-year target (of 500 billion yen) is mainly composed of loans by SMBC and @Loan.

Thus, the joint venture will not be affected substantially by the possible lowering of ceiling on interest rates to the level under the Interest Rate Restriction Law, though we need to keep a close eye on the direction of the regulatory revision of loan business in Japan.

Consumer finance is an essential business meeting the real financing needs of many customers. In order to continue to serve various customers with different risk profiles with wide range of products applying appropriate interest rates, Promise’s expertise is invaluable and we would like to further promote the collaboration.

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Next, let me explain about the major drivers of growth in corporate banking.

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There are mainly two important drivers for growth in the corporate banking business.

One is commercial banking business centered on lending and settlement related

business. They are important as the foundation of all corporate businesses of SMFG and also essential as a stable profit source.

The other is investment banking business conducted by SMBC and Daiwa Securities SMBC. Our investment banking business has grown rapidly in recent years with accompanying increase of its importance.

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As described on the left hand of the slide, our corporate banking operation's business environment has changed significantly in recent years. There are increasingly more opportunities for transactions with large and medium-sized companies in investment banking business such as M&A advisory, corporate restructuring, and structured finance, and with SMEs in financing and in connection with their overseas expansion strategies.

Against this backdrop of business environment changes, we plan to take five key approaches for growth of our corporate banking business, as shown on the slide. From the next page and onward, I would like to explain these 5 approaches.

(P.27)

Firstly, I would like to outline SMFG's new business promotion structure which was designed to reinforce corporate banking.

Against a background of recent economic recovery and substantial improvements in corporate earnings, many Japanese companies are aggressively launching initiatives to achieve further growth, and their needs for solutions to managerial issues are becoming increasingly more sophisticated and diversified, not only among large companies but also among medium-sized companies.

Based on the recognition that we have not always met such needs of our corporate customers, we reorganized the business promotion structure of SMBC in this April. Specifically, the Corporate Advisory Division, to which SMBC's knowledge and information concerning a wide range of industries are centralized, was established with the aim of providing optimal solutions to customers by combining all the resources of SMFG including SMBC's offices in Japan and overseas as well as the resources of other group companies including Daiwa Securities SMBC.

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Under the new organizational structure, we aim to firmly capture the growing opportunities in investment banking at SMBC as well as Daiwa Securities SMBC.

With regard to investment banking business at SMBC, SMBC enjoys a high reputation for its sophisticated know-how and advisory capabilities. It has arranged several big MBO financing deals including the one for “World Company, Ltd.” and acted as the financial advisor in project financing for Rabigh Complex, one of the largest project financing ever.

We will further improve such advanced skills and know-how, thereby reinforcing SMBC’s investment banking business.

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Next, I would like to talk about another approach in investment banking, namely, collaboration with Daiwa Securities SMBC.

Daiwa Securities SMBC, an investment banking joint venture established with Daiwa Securities Group, is the only full-scale alliance between a mega bank and a major whole-sale securities company in Japan.

The leading positions in major league tables in Japan and a stable profit growth as shown on the slide are a testament to the effectiveness of this strong partnership.

We will further accelerate the investment banking business of Daiwa Securities SMBC by strengthening collaboration.

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The investment banking business I just explained will be developed further, targeting mainly large and medium-sized corporations. At the same time, we believe business opportunities with SMEs in lending, settlement, and overseas business will increase.

In the lending business, we have been successfully expanding the volume of unsecured loans to SMEs.

We have been reaping the benefit of being the first mover in this field, and we will continue to fully leverage our expertise in these areas and further develop this business.

For your reference, we have summarized the business model of our core product in unsecured lending to SMEs, namely, “Business Select Loan.”

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Another important approach for the stable growth of commercial banking business is the reinforcement of settlement related business.

The settlement related business has been growing steadily as a stable profit source of SMBC’s commercial banking business, though it is not as flashy as other businesses.

As shown in the graph on the right hand side, in electronic banking, we are highly regarded by customers. By leveraging such competitive product, we will further strengthen settlement related business.

(P.33)

As the last of this corporate banking part, I would like to touch on the opportunities associated with the rising global expansion of SMEs.

In recent years, there has been a rapid increase in demand for global services as an increasing number of SMEs in Japan set up overseas bases, mainly in Asia, and boost overseas trade. As a result, business opportunities for SMFG have been increasing steadily.

We will take profit making opportunities not only in providing traditional, international trade settlement services, but also in offering settlement related financing services or supports to SMEs launching overseas offices.

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Next, I would like to talk about the repayment of public funds.

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Today we have repaid 201 billion yen of public funds in face value through acquisition of own preferred stock. As a result, the outstanding balance in face value decreased to 695 billion yen.

We have strengthened our capital base through various initiatives and will leverage this reinforced base to repay the entire remaining amount of public funds during this fiscal year.

For your reference, the list of preferred stocks outstanding is shown on the next page.

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Let me move to the final question.

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In the final section of the presentation, I would like to outline our medium-term game plan after the repayment of public funds.

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I talked about the repayment of public funds, however, that is only the short-term goal of our capital strategy.

Our medium- and long-term goal is to further fortify our capital base in order to allocate resources more flexibly for future growth, and to deliver appropriate returns to our shareholders.

After the completion of the repayment of public funds and building up a sufficient level of capital, we will accelerate the resource allocation to strategic business areas for sustainable growth of SMFG group, while achieving ROE of more than 15% in fiscal 2008. At the same time, we will implement a more disciplined dividend policy in order to realize more appropriate returns to our shareholders.

Thank you very much, and now I would be happy to answer any questions you may have.