

New Medium-term Management Plan

“LEAD THE VALUE” Plan



April 27, 2007

Sumitomo Mitsui Financial Group, Inc.

Today's agenda

Revision of Earnings Forecasts for FY 2006	P. 2
Overview of New Medium-term Management Plan	P. 4
Appendices	P.22

Revision of Earnings Forecasts for FY 2006

Revision of earnings forecasts for FY 2006

(Billions of yen)	FY2005 (a)	FY2006			
		Previous forecast (b)	Revised forecast (c)	Change (c)-(a)	Change (c)-(b)
SMBC non-consolidated					
Banking profit*	965.6	845	740	(225.6)	(105)
Credit cost	(230.9)	(100)	(90)	+140.9	+10
Ordinary profit	720.9	760	570	(150.9)	(190)
Net income	519.5	460	315	(204.5)	(145)
SMFG consolidated					
Ordinary profit	963.6	950	800	(163.6)	(150)
Net income	686.8	570	440	(246.8)	(130)

Major factors of change from original forecast Banking profit (SMBC non-consolidated)

- ✓ Lower-than-expected treasury-related profits
- ✓ Lower-than-expected non-interest income
(Investment banking businesses, etc.)

Major factors of change from original forecast Impacts related to Promise Co., Ltd.

- ✓ <SMFG consolidated>
Approx. (70) : Decrease in earnings of affiliates,
impairment of goodwill
- ✓ <SMBC non-consolidated>
Less than (80) : Recording of reserve for losses
on shares of Promise

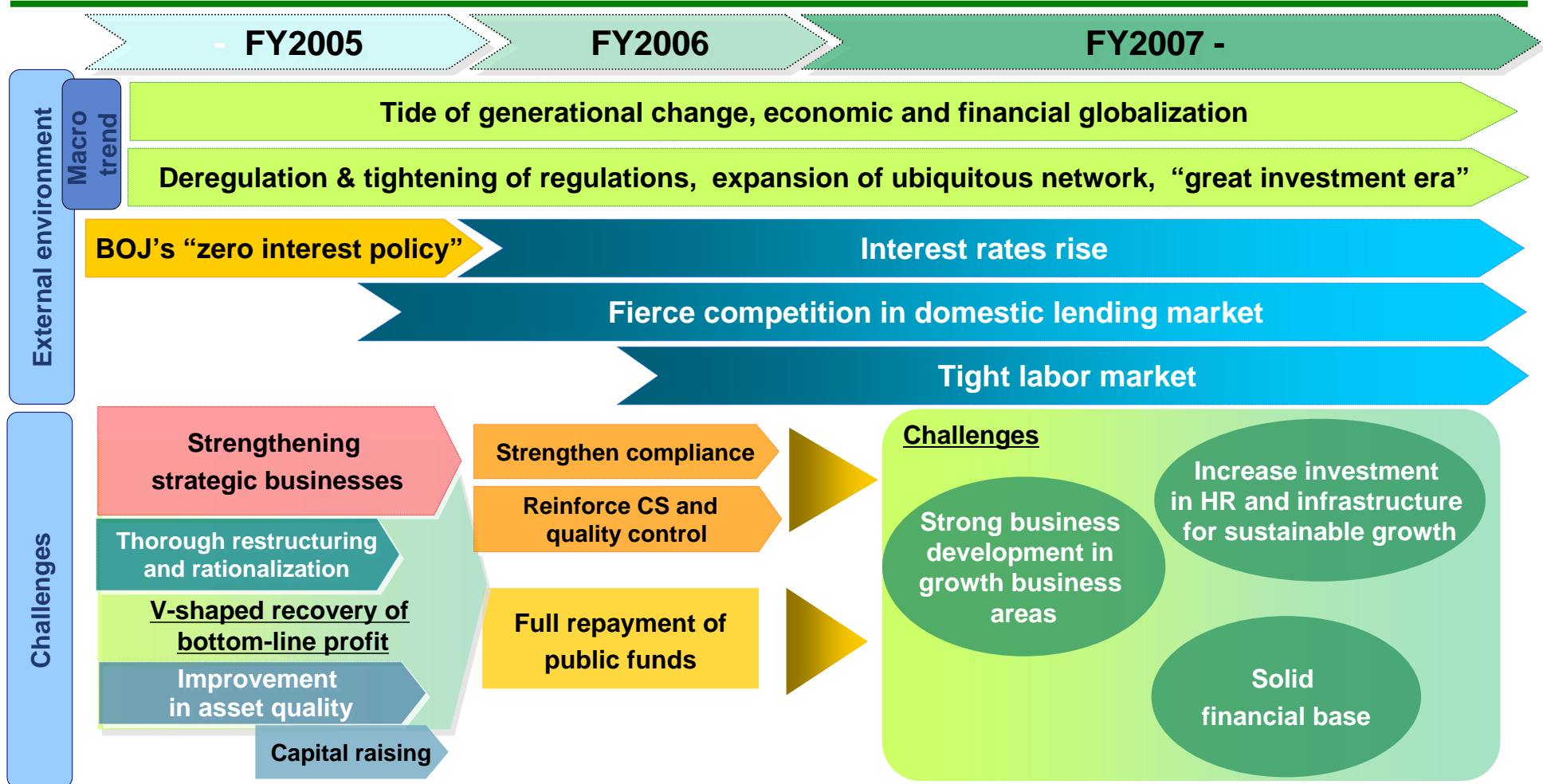
* Before provision for general reserve for possible loan losses

Overview of New Medium-term Management Plan

SMFG's challenges henthforth

- Growth strategies post public funds

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New medium-term management plan to realize sustainable growth

LEAD THE VALUE

FY 2007-2009

“LEAD THE VALUE” Plan

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

To LEAD the competition in creating and delivering customer VALUE

Our strengths
(Sources of corporate value)

Spirit of
innovation

Speed

Solution &
Execution

Strategic initiatives

✓ Strengthen
targeted growth
business areas

“ 7 growth areas”

✓ Fortify platform
to support
sustainable
growth

Management targets

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

Financial targets for FY 2009 (SMFG consolidated)

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

ROE (SMFG consolidated) : 10-15%

Financial targets for FY2009

(Billions of yen)

		FY2006 Forecast		FY2009 Plan	Change in 3 years
Earnings	SMFG consolidated Net business profit	<small><Round figure></small> Approx. 920		1,360	+ approx. 440
	SMBC non-consolidated Banking profit	Approx. 740		1,070	+ approx. 330
	SMBC non-consolidated Gross banking profit	Approx. 1,345		1,790	+ approx. 445
	SMBC non-consolidated Expenses	Approx. (605)		(720)	(approx. 115)
	SMBC non-consolidated Overhead ratio	Approx. 45%		40-45%	
	SMFG consolidated Net income	Approx. 440		650	+ approx. 210
Profit distribution	payout ratio (common stock)	mid 12% level		over 20%	
Soundness	Tier I ratio			Approx. 8%	
Profitability	SMFG consolidated net income RORA			Approx. 1%	
	SMFG consolidated ROE			10-15%	

Financial targets on
new medium-term plan

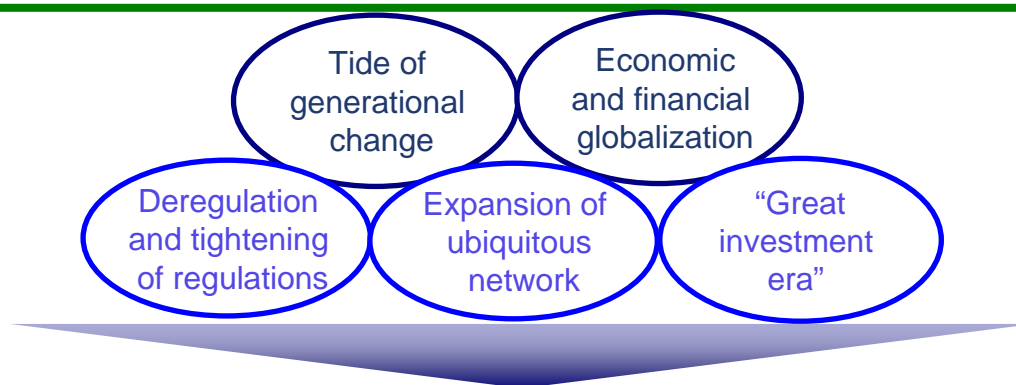
* Economic assumptions: Exchange rate \$1 = JPY 115

	FY2007	FY2008	FY2009
3 month TIBOR (average)	0.72%	1.12%	1.16%
Nominal GDP growth (annual)	2.5%	2.9%	2.4%

Strategic Initiatives in new medium-term management plan

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✓ Five mega-trends



✓ Strengthen targeted growth business areas : "7 growth areas"

Financial consulting
for individuals

Solution providing
for corporations

Focused business areas
in global markets

Payment & settlement service,
Consumer finance

Investment banking,
Trust business

Proprietary investment

Credit derivative, trading & distribution
(structuring and distribution of risks)

✓ Fortify platform to support sustainable growth

Business performance
evaluation system with
medium-term viewpoint

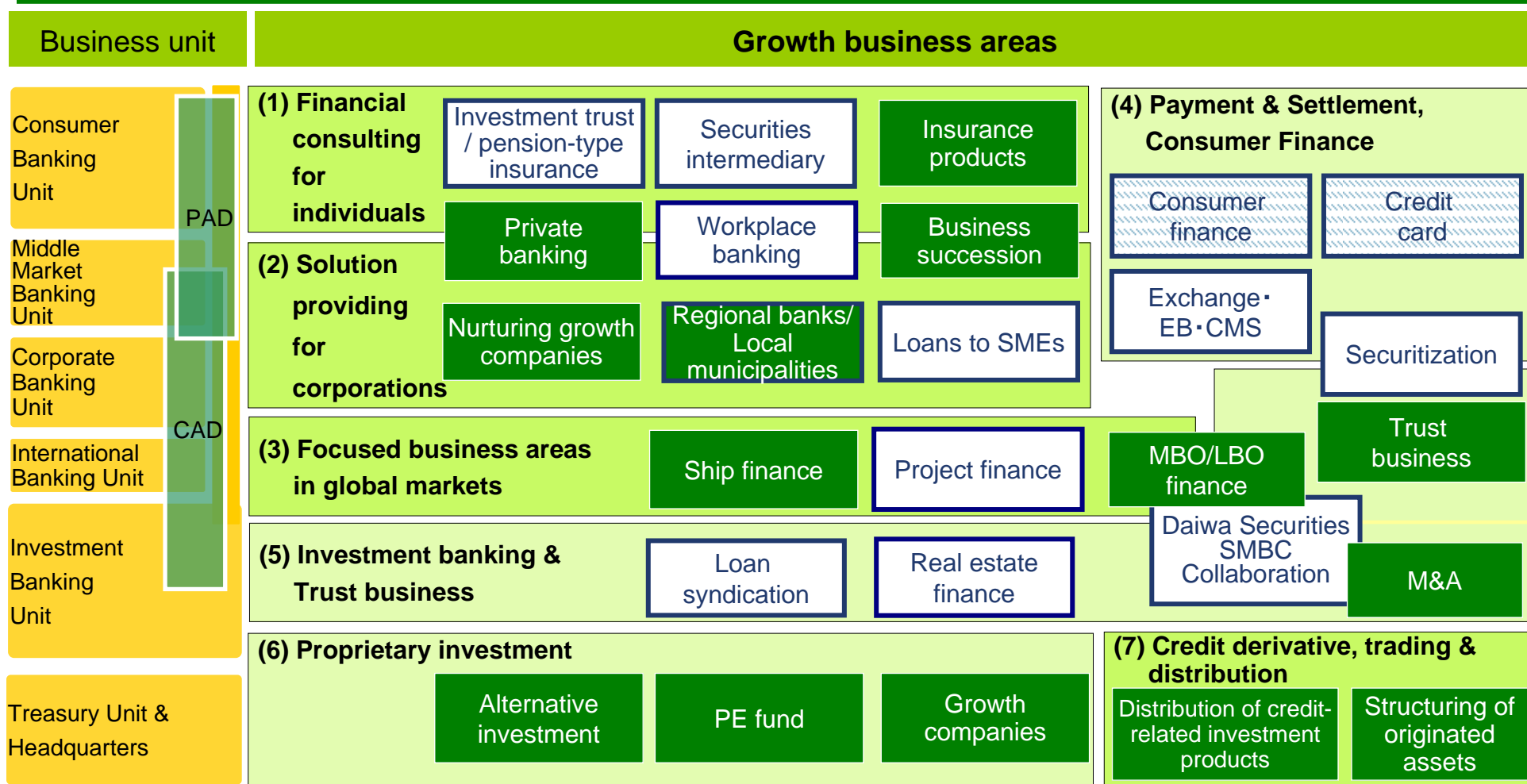
Framework to
secure and develop
professionals

Reinforce IT and
operational
Infrastructure


Improve ALM and
risk management,
Strengthen compliance

“7 growth areas”

LEAD THE VALUE

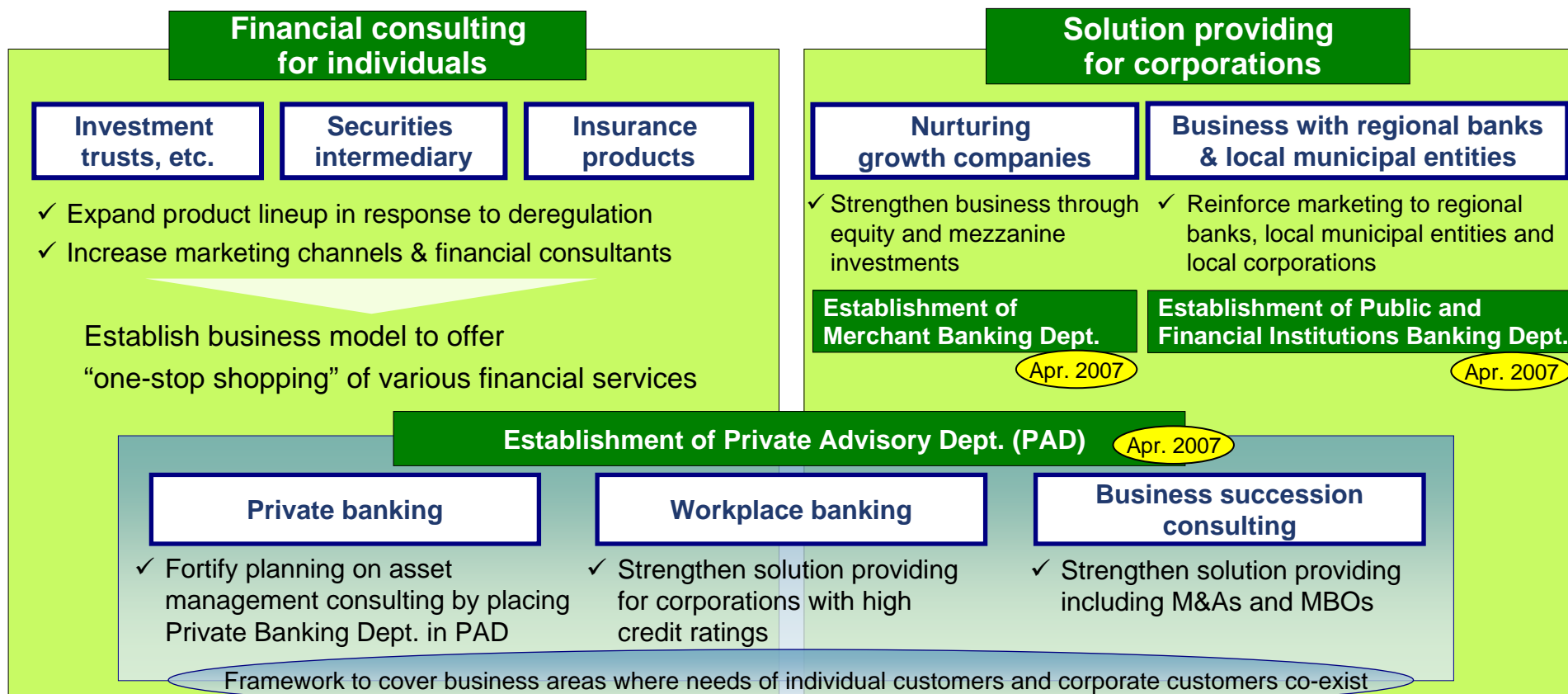


 : Existing strategic businesses

 : Strategic businesses newly defined in new medium-term management plan

Financial consulting for individuals & solution providing for corporations

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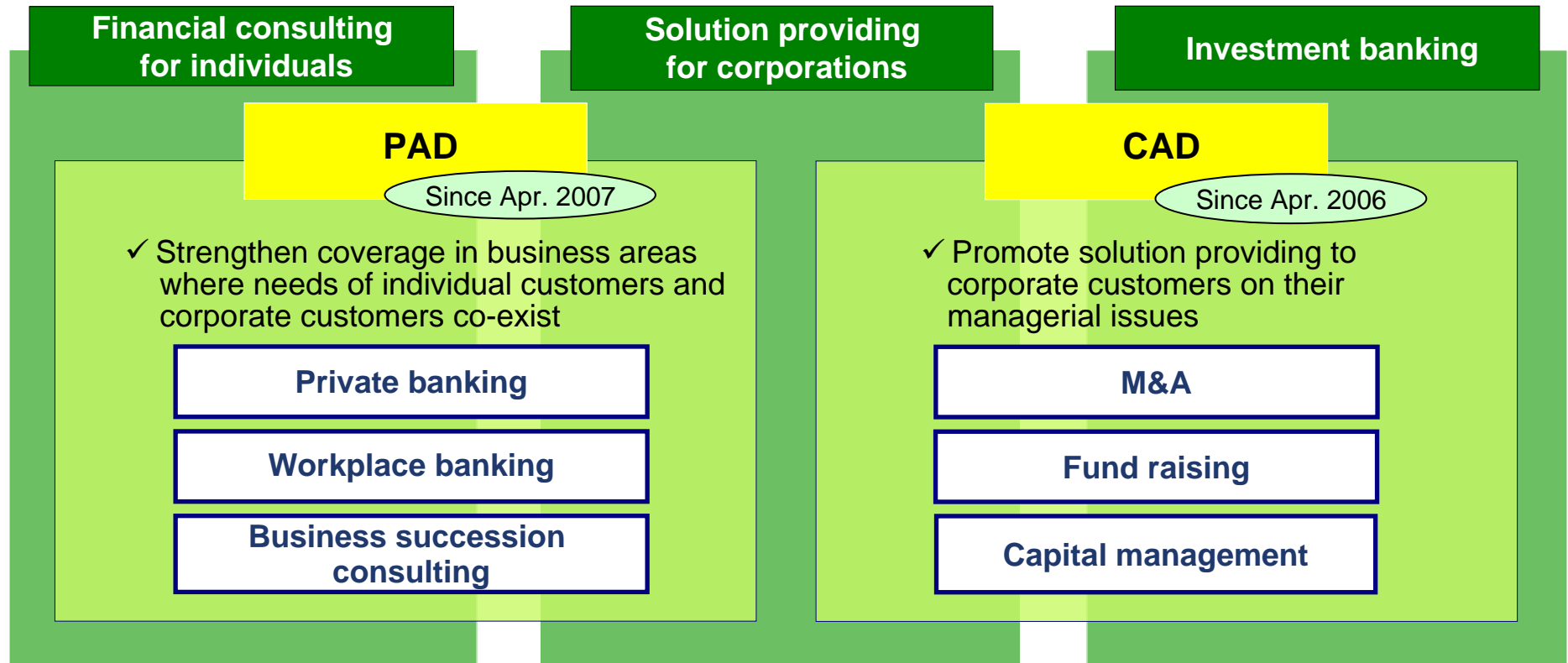


Further strengthen business portfolio utilizing deregulation and establishing effective framework

(Reference)

Private Advisory Dept. (PAD) and Corporate Advisory Dept. (CAD)

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Offer optimal solutions to diversified needs of customers by combining information and know-how within SMFG

Focused business areas in global markets

- ✓ Focus on specific industries with high growth potential and specific products with competitive edge, and establish a global business promotion system in order to become one of the top global banks in debt-related businesses in focused areas

SMFG's focus in global business

Specific industries
< Automobile, energy
& natural resources, etc.>

Products with competitive advantages
< Project finance,
ship finance, etc.>

High growth region
< Asia >

Example of focal products

Project Finance

- ✓ Established Houston (U.S.A.) Rep. Office, specializing in energy and natural resources sector **Jun. 2006**

- ✓ Opened specialized marketing channel in Milan, focusing on growth products in Italy **Oct. 2006**

Ship Finance

- ✓ Established Ship Finance Dept. in Tokyo **Nov. 2006**

Expansion of marketing channels and services

- ✓ Opened Moscow Rep. Office **Aug. 2005**

- ✓ Opened Ho Chi Minh City Branch **Jun. 2006**

- ✓ Opened Sydney Branch **Aug. 2006**

- ✓ Launched "Asian Business Loan" **Dec. 2006**

- ✓ Established China Division **Dec. 2006**

- ✓ Launched Business alliance with Kookmin Bank **Mar. 2007**

- ✓ Opened Dubai Branch **Mar. 2007**

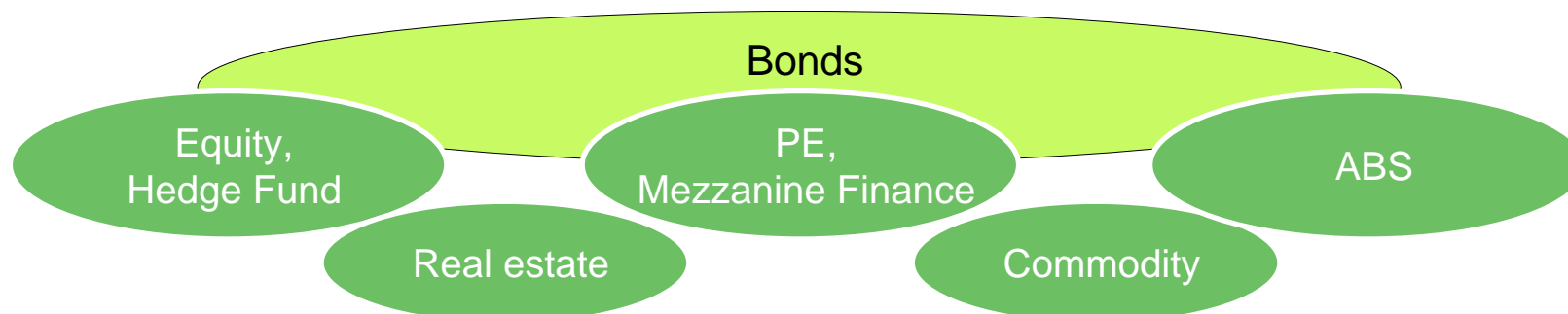
- ✓ Opened Tianjin Binhai Sub-Branch **Mar. 2007**

- ✓ Established "Corporate Banking Dept., Greater China" **Apr. 2007**

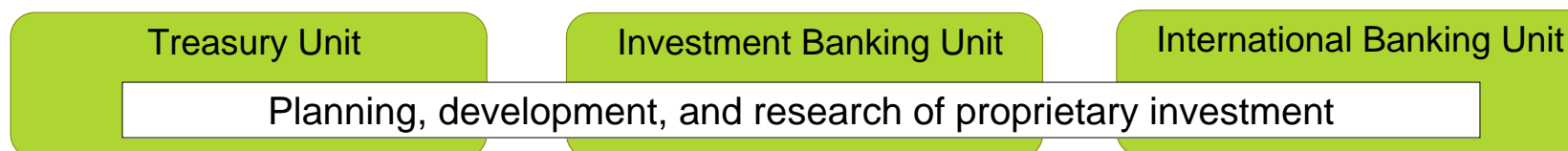
Proprietary investment

Proprietary investment

✓ Broaden the frontier of its investments



✓ Establish a cross-sectoral organization for planning, development, and research of proprietary investment



**Aim for a top Japanese bank in risk-taking capability
supported by sophisticated risk management**

Credit derivative, trading & distribution

Credit derivative, trading & distribution

✓ Accelerate structuring of credit derivative, trading & distribution

(1) Originate



(2) Structure part of originated assets and distribute to investors



(3) Originate more capital-efficient assets

Improvement of
capital efficiency

Improvement of
risk-taking capabilities

✓ Strengthen distribution capability of credit and investment products by establishing an integrated framework to which investors' demands are centralized from each of sales entities at SMBC, Daiwa Securities SMBC, etc.

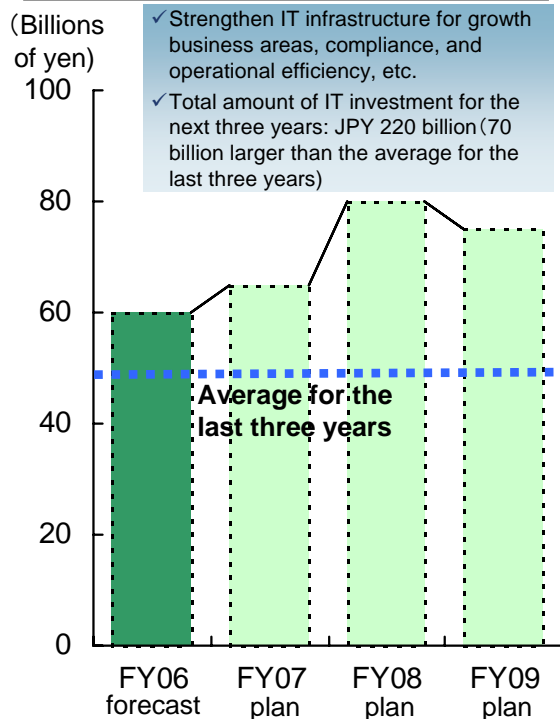
Aim for a top Japanese bank in credit and investment product structuring and marketing

Allocation of management resources (IT system, business infrastructure and human resources)

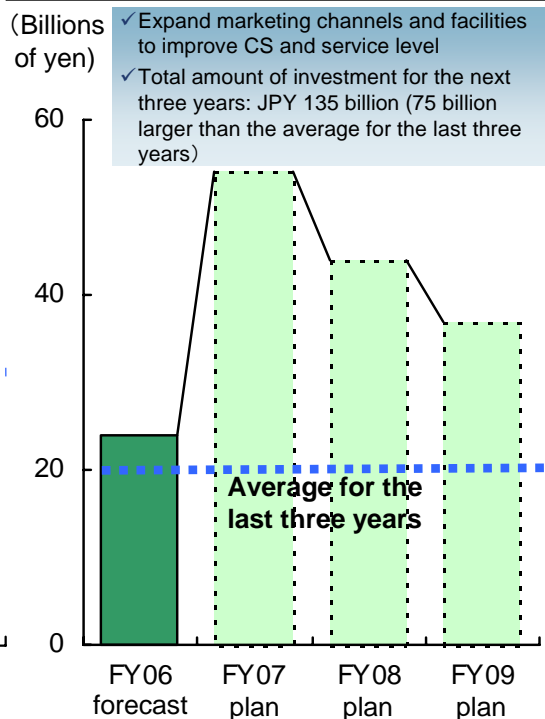
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- ✓ Increase expenses in growth business areas aiming for improving marketing capability, expanding marketing channels and facilities, and strengthening HR management
- ✓ Expenses in FY 2009 are increased by JPY 115 billion (personnel : 50 billion, non-personnel : 65 billion) while maintaining cost competitiveness (targeted OHR : 40-45%)

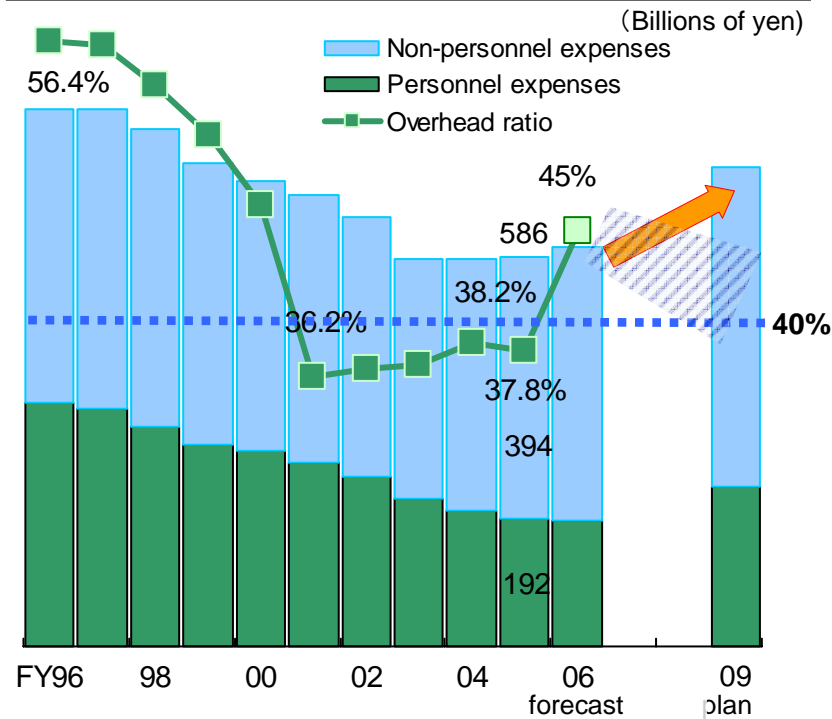
IT system



Business infrastructure



Trend of expenses



Growth drivers of new medium-term management plan

SMFG consolidated net business profit:

FY2006 Forecast approx. JPY920 billion
<Round figure>

FY2009 Plan JPY 1,360 billion

Factors of profit increase

Factors of profit decrease

✓ Improve customer convenience by expanding payment & settlement service

✓ Reinforce proprietary investment

✓ Promote “one-stop shopping”

✓ Reinforce business succession consulting, structured finance, etc.

✓ Strengthen specific business areas in global markets

Domestic deposits

(Higher profitability led by rise in short-term interest rates)

Treasury & headquarters

(Decrease in losses on sales of bonds, strengthening of alternative investments, etc.)

- Financial consulting for individuals
- Investment banking, Solution-providing to corporations
- International business

Group companies

Consumer finance

Collaboration with Daiwa Securities SMBC

Domestic lending

Expenses

✓ Lower interest spread led by fierce competition

✓ Increase investment in HR and business infrastructure
✓ Strengthen compliance

CAGR: +12%

CAGR: +8%

CAGR: +9%

Marketing units' gross profit
(excluding profits from domestic lending and deposits)
CAGR: +approx.5%

Consolidated net business profits (in 3 years from FY07 to 09):
+JPY 440 billion

(Previous plan: +JPY 460 billion in 4 years from FY05 to 08)

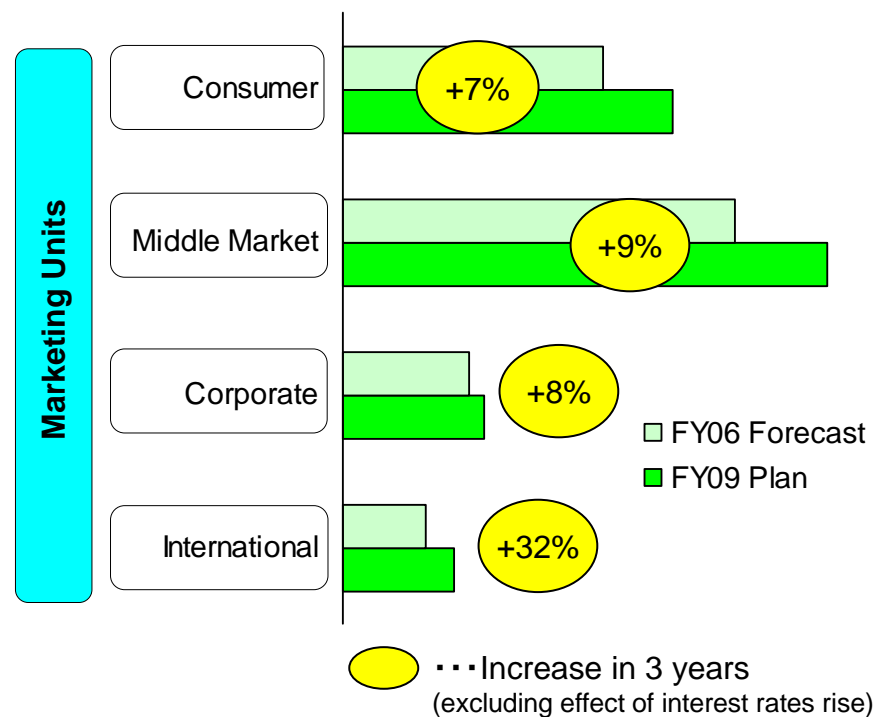
(Reference) Expansion of SMBC's top-line profit

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Profit growth in three years

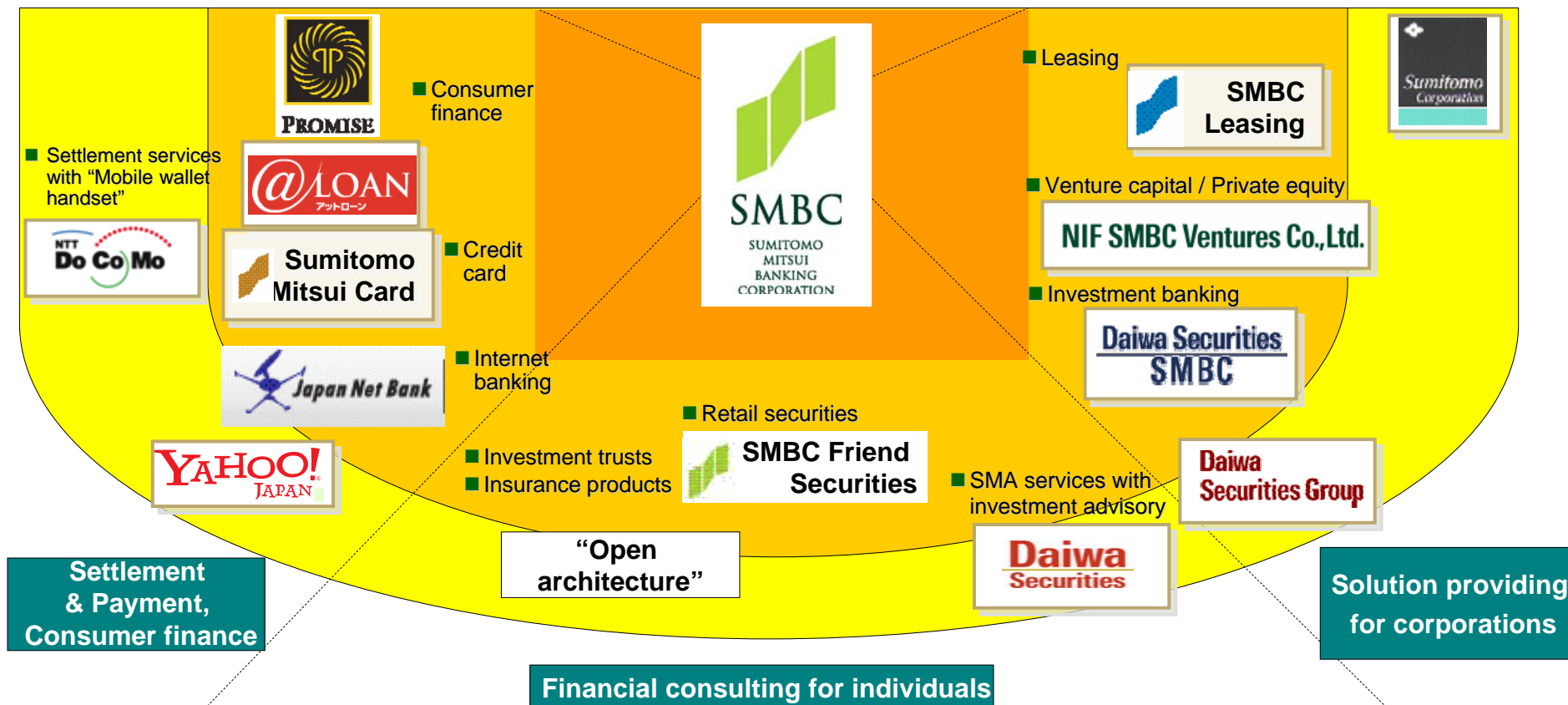
	FY06 Forecast	FY09 Plan	Change
<SMBC non-consolidated> (billions of yen)			
Banking profit	approx.740	1,070	+approx.330
Gross profit	approx.1,345	1,790	+approx.445
Expense	(approx.605)	(720)	(approx.115)
<SMFG consolidated>			
Net Business profit	approx.920	1,360	+approx.440
Net income	approx.440	650	+approx.210

Growth in SMBC's gross profit by business unit & group companies profit



✓ Accelerate growth as a global financial services group
by actively promoting inorganic growth

Group business portfolio established so far



Promoting consumer finance business

Alliance strategy

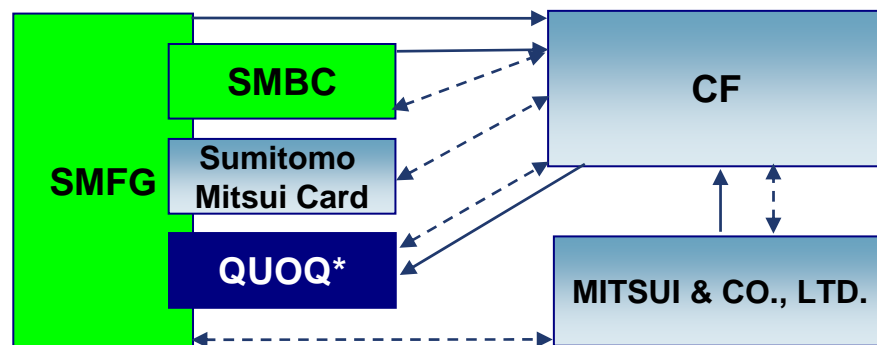
Announced on Apr. 27th

Strategic alliance with Central Finance (CF)

Further promoting consumer finance by leveraging SMFG's group-wide expertise (card, installment finance) and customer base, CF's franchise (network of member retailers) and MITSUI & CO., LTD.'s retail franchise

→ :Investment

← :Collaboration



Further promote alliance strategies, taking into consideration market consolidation due to the revision of Money-Lending Business Control and Regulation Law

Alliance with Promise

Since Apr. 2005

Revision of "cascade" strategy

Since Feb. 2007

Intend to establish nationwide marketing network (Number of ACMs: 1,000)

Marketing channel

621 Automatic contract machines, Internet, telephone, etc.

Interest rate

8% ----- 12% 15% ----- 18%

Lender

SMBC

@Loan

Guarantee & credit monitoring

Guarantee

Guarantee

Promise

Increase the group's market share by accelerating alliance strategies as well as further promoting the joint venture with Promise

* Equity method affiliated company of SMBC (installment finance company)

Sustainable growth and capital strategy

FY2007-2009

“Top quality in growth business areas”

FY2010 -

One of “top global financial services groups”

Steps for sustainable growth

Strengthen growth businesses and establish platform to leap forward

Further improve and expand competences acquired through strengthening growth businesses

Establish a position as global player leveraging core competences

Steps in capital strategy

Growth

Risk-weighted assets : 3% increase (annual growth rate)

Seek growth opportunities through M&As and strategic alliances

Profitability

Consolidated ROE : 10-15%

Consolidated RORA : approx. 1%

Soundness

Tier I ratio : approx. 8%

Return to shareholders

Payout ratio : over 20%

- ✓ Increase return to shareholders
- ✓ Sustainable growth of shareholders value



(Appendix 1) Profitability & asset quality

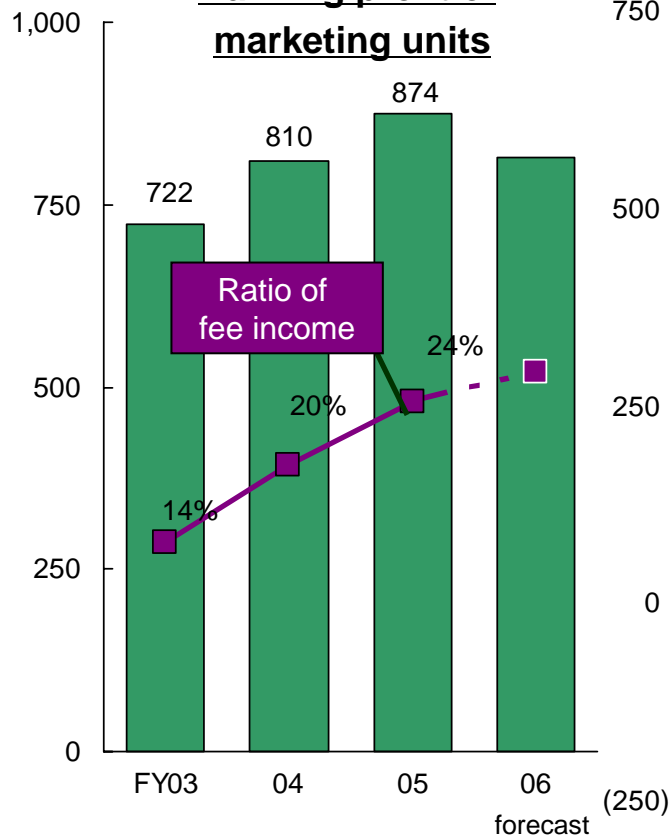
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Earnings

Asset quality

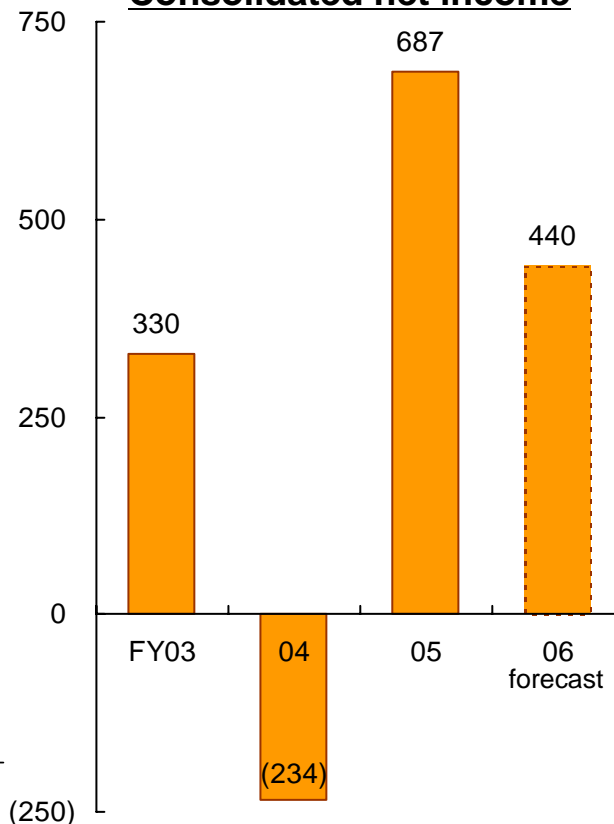
(Billions of yen)

Banking profit of marketing units



(SMBC non-consolidated)

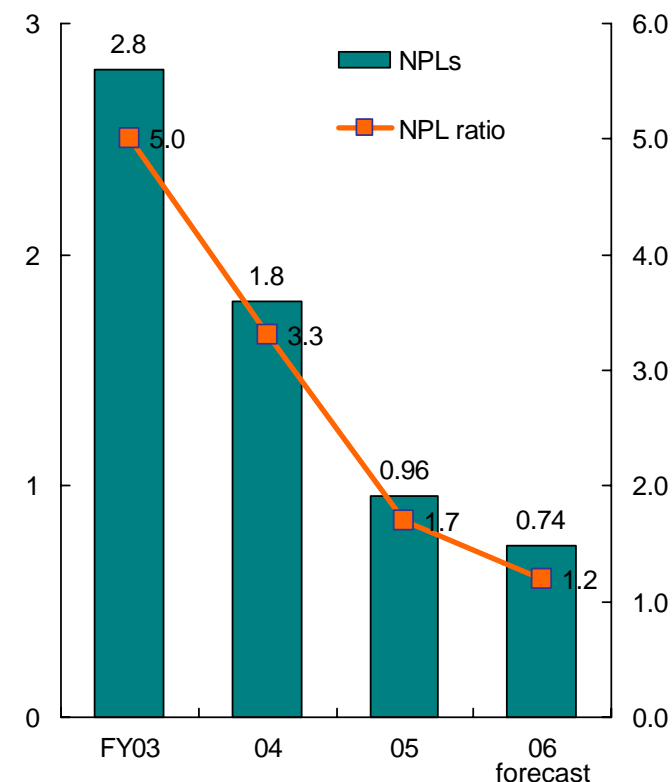
Consolidated net income



(SMFG consolidated)

(Trillions of yen)

(%)



(SMBC non-consolidated)

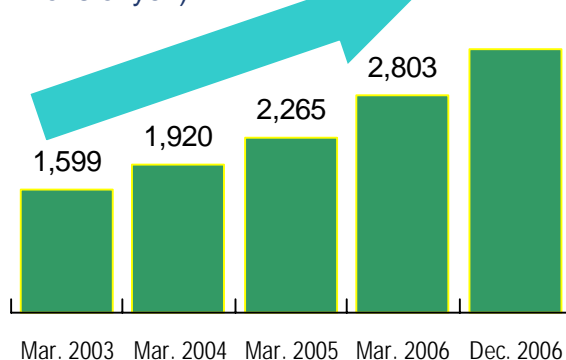
Ratio of credit cost 144bp 173bp 41bp 12bp

(Appendix 2) Making strategic businesses profitable

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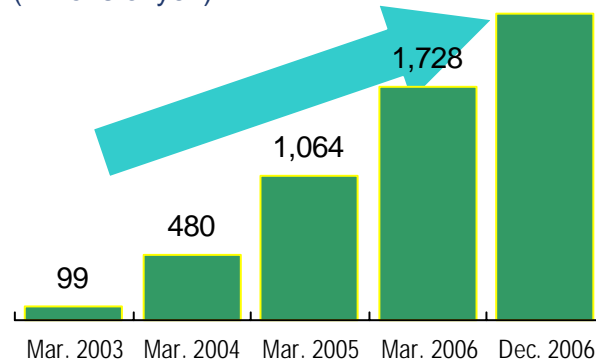
Balance of investment trusts to individuals

(Billions of yen)



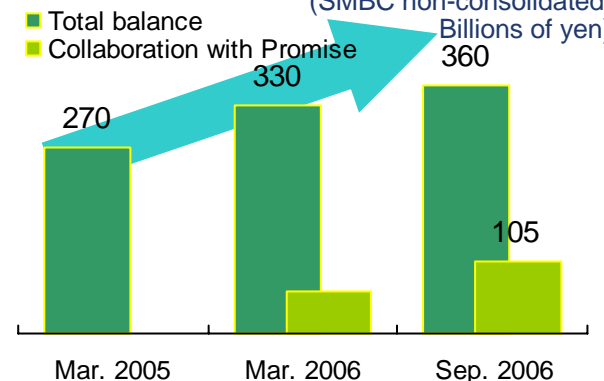
Accumulated sales of pension-type insurance

(Billions of yen)



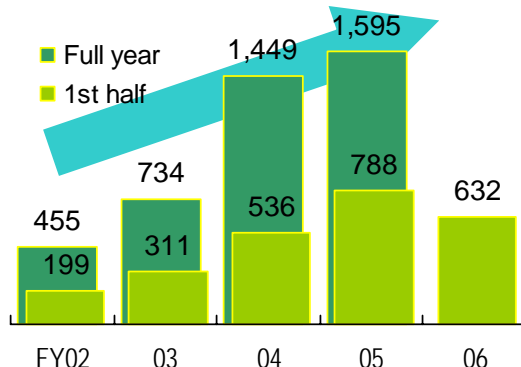
Consumer finance (term-end balance)

(SMBC non-consolidated, Billions of yen)



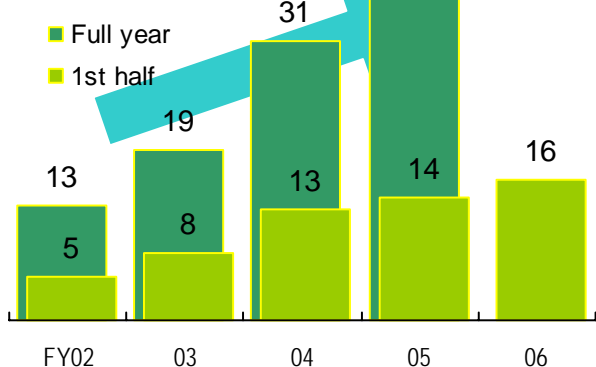
"Business Select Loan" (origination)

(Billions of yen)



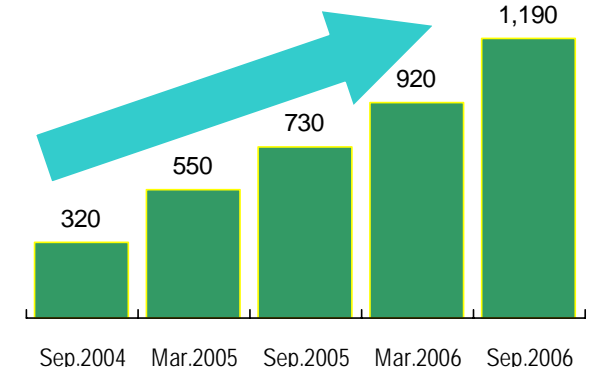
Fees from loan syndication

(Billions of yen)



Real estate finance² (term-end balance)

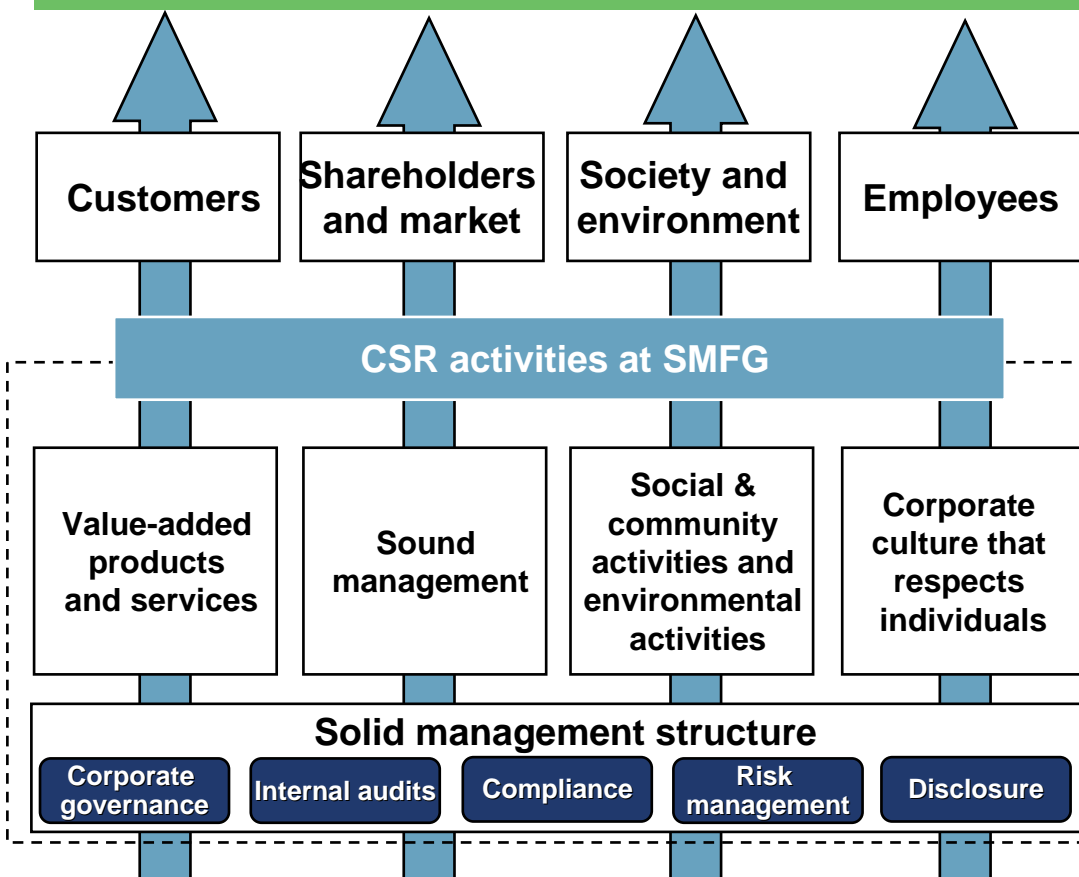
(Billions of yen)



¹ Excludes profits related to loan sales

² Includes corporate bonds

Contributing to the sustainable development of society



Recent activities

For Customers

- Established Quality Management Dept.
- Improved security of ATM cards
- Promoted barrier free branches and systems

Society and Environment

- Adopted the Equator Principles
- Strengthened environment-related business

Employees

- Improved working environment, implemented initiatives for career development of female employees
- Improved HR systems (introduced 360-degree appraisal, etc.)

Solid management structure

- Reinforced internal control system
- Further strengthened compliance (Established Compliance Unit)

What we aim to be is a group of highly qualified professionals that can provide truly valuable financial services to our customers.

Each of us think and act with pride as experts in each business area in order to **LEAD** the competition in creating and delivering customer **VALUE** in a continually changing business environment.

What support such activity are our three core strengths.

- “**Spirit of Innovation**” : We **LEAD** the market by providing innovative, globally competitive services meeting customer needs.
- “**Speed**” : We **LEAD** the pace by providing our customers with desirable services in a timely manner with speed and determination.
- “**Solution & Execution**” : We **LEAD** the business by using all the knowledge and experiences of our group to solve the issues of our customers, whether individuals or corporates, identified through the deep understanding of their needs and situations.

We create new **VALUE** by forming teams of specialists in various fields and provide optimal services to our customers through two-way communication. And as a result, we will be selected as a truly-trusted partner.

These are our commitments.



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.