

LEAD THE VALUE

Daiwa Investment Conference (Tokyo), 2008

**Coping with Financial Market Turmoil and
Initiatives for Growth Business Areas**

Sumitomo Mitsui Financial Group, Inc.

Teisuke KITAYAMA, President



SMFG

February 18, 2008



Agenda

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(Note) SMFG = Sumitomo Mitsui Financial Group, Inc
SMBC = Sumitomo Mitsui Banking Corporation



**1. Financial Results for the Nine Months ended
December 31, 2007**



1. Financial Results for the Nine Months ended December 31, 2007 (1) Outline of Medium-term Management Plan (FY2007~FY2009)

Announced on Apr. 27, 2007

(Billions of yen)

		FY2006 Results	FY2009 Plan*	Change in 3 years
Earnings	SMFG consolidated Net business profit	924.2	1,360	approx. +440
	SMBC non-consolidated Banking profit	740.6	1,070	approx. +330
	SMBC non-consolidated Gross banking profit	1,344.5	1,790	approx. +450
	SMBC non-consolidated Expenses	(603.9)	(720)	approx. (120)
	SMBC non-consolidated Overhead ratio	45%	40-45%	approx. (5%)
	SMFG consolidated Net income	441.4	650	approx. +210
Profit distribution	Payout ratio (common stock)	12.5%	over 20%	approx. +8%
Soundness	Tier I ratio	6.44%	Approx. 8%	approx. +1.5%
Profitability	SMFG consolidated net income RORA	0.72%	Approx. 1%	approx. +0.3%
	SMFG consolidated ROE	10.5%	10-15%	

Financial targets on new medium-term plan

Economic assumptions

	FY2007	FY2008	FY2009
3 month TIBOR (average)	0.72%	1.12%	1.16%
10 Year Swap (average)	1.87%	2.10%	2.12%
Nominal GDP growth (annual)	2.5%	2.9%	2.4%

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



1. Financial Results for the Nine Months ended December 31, 2007

(2) Business Environment

Extracts from the material of "Financial results presentation for the 1st Half of FY2007" held on Nov. 29, 2007

Progress in 1st Half of FY2007

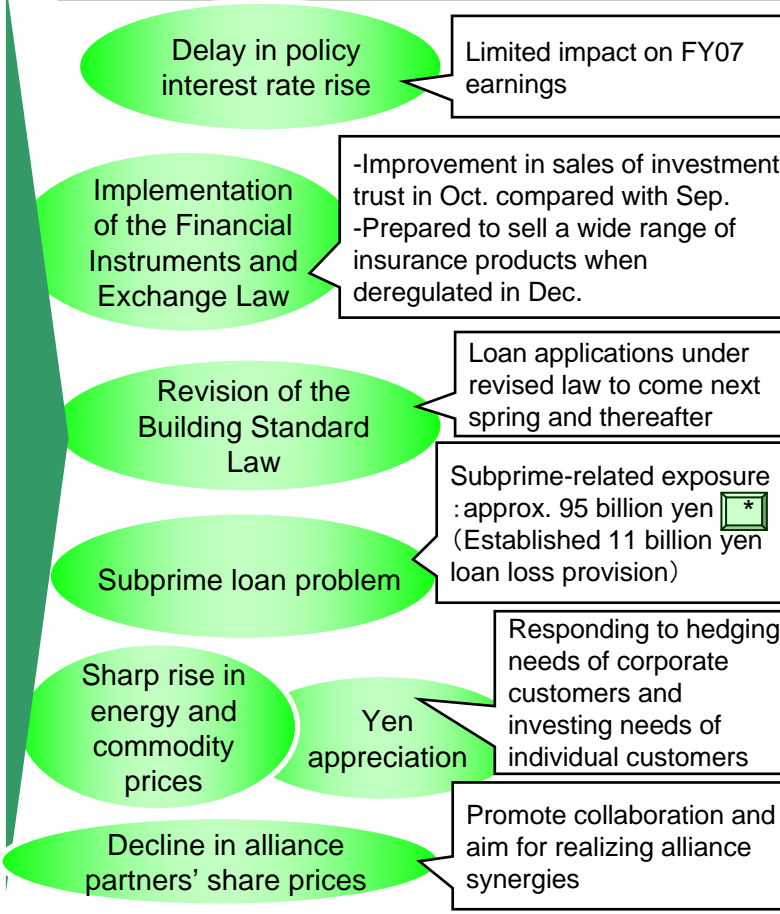
✓ Steady Growth in Top-line Profit
 ▶ SMBC Marketing Units' Gross Banking Profit: 682.6 billion yen (55 billion yen increase YOY)

✓ Active Allocation of Resources in Growth Business Areas
 ▶ Strengthening channel network and increasing workforce in areas such as financial consulting for individuals and overseas business

✓ Decrease in Net Income Caused by Turmoil in Financial Markets
 ▶ Write-offs and loss provisions related to subprime related exposure, impairment of stockholdings
 ▶ Revised net income forecast for FY07 upward (YOY change: +Approx. 130 billion yen)

✓ Further Promotion of Strategic Alliance
 ▶ Agreed on alliances with Central Finance and OMC Card
 ▶ Integration of leasing and auto leasing business with Sumitomo Corporation group (Oct. 07)

Risk factors which could Impact SMFG's earnings



Management policy in 2nd Half

✓ **Achieve the first year target of the medium-term management plan through proper risk management**

▼

✓ **Increase shareholder return in line with steady progress of the medium-term management plan**

*Subprime-related exposures as of Dec. 31, 2007 after provisions and write-offs: approx. 15 billion yen



1. Financial Results for the Nine Months ended December 31, 2007 (3) Summary

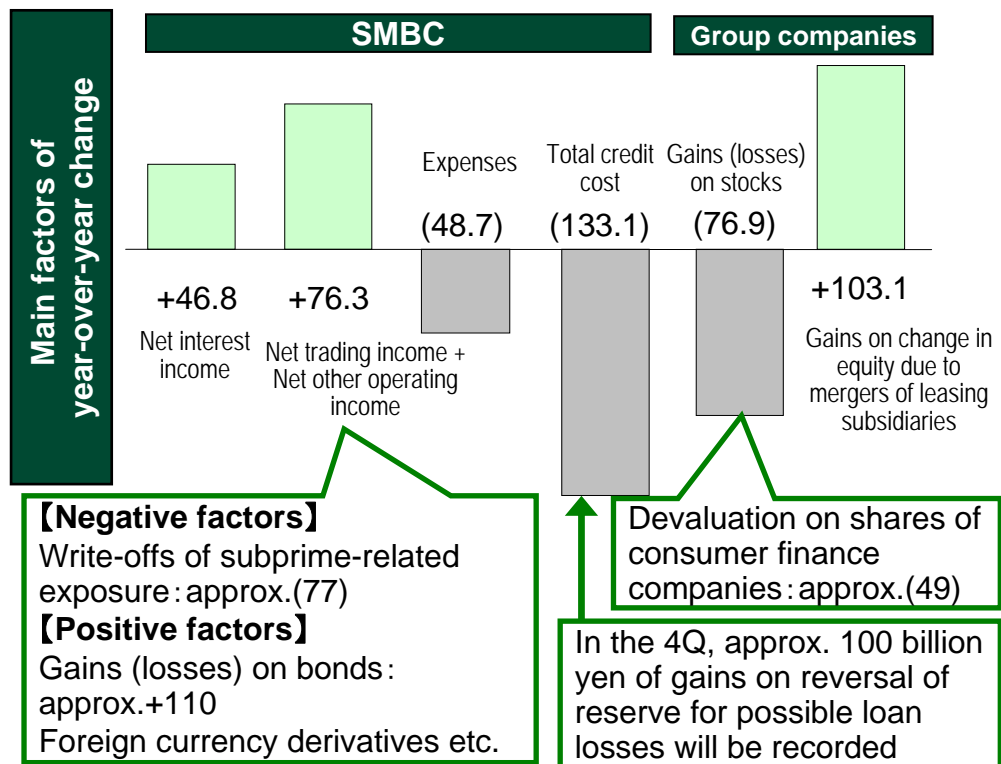
- ✓ Recorded growth in SMBC non-consolidated Banking profit after absorbing losses related to investments in sub-prime loan related products
- ✓ SMFG consolidated Net income decreased mainly due to increase in credit costs and devaluation on stocks of consumer finance companies

(Billions of yen)

3Q, FY07 Results **YOY change** **FY07 forecast**

Net income: 3Q, FY06 396.1 **3Q, FY07 319.5**
(SMFG consolidated) [YOY change(76.6)]

	3Q, FY07 Results	YOY change	FY07 forecast	
SMBC non-consolidated	Gross banking profit	1,064.4	+115.8	1,490.0
	Excluding gains (losses) on bonds	1,087.2	+78.2	—
	Expenses	(497.9)	(48.7)	(660.0)
	Banking profit*	566.5	+67.1	830.0
	Gains (losses) on stocks	(112.9)	(131.6)	—
	Total credit cost	(187.3)	(133.2)	(110.0)
	Ordinary profit	255.6	(185.3)	(600.0)
Net income	87.5	(216.0)	(315.0)	
SMFG consolidated	Ordinary income	3,242.2	+438.7	4,300.0
	Ordinary profit	525.6	(78.5)	940.0
	Net income	319.5	(76.6)	570.0



* Before provision for general reserve for possible loan losses



2. Coping with Financial Market Turmoil



2. Coping with Financial Market Turmoil (1) Subprime-related Exposure

- ✓ In 1st Half of FY2007, SMBC substantially reduced subprime-related exposure of approx. 350 billion yen
- ✓ SMBC also adequately established loss provisions or wrote off for the remainder. As a result, at December-end 2007, book value after provisions and write-offs was reduced to 15 billion yen

(Billions of yen, approximate amounts)

	Acquisition cost	P/L impact in 3Q, FY07			Balances after provisions and write-offs as of Dec. 31, 2007
		1H, FY07	Oct.-Dec. 07	Total	
Sold					
Securitized products backed by subprime loans	350	(4)	0	(4)	0
		Loss on Sales	Write-off	Write-off	
Held					
Securitized products backed by subprime loans	85	(17)	(58)	(75)	10
Warehousing loans collateralized with subprime-related assets	25	(11)	(9)	(20)	5
		Loss provision	Loss provision		
Total		(32)	(67)	(99)	15

No valuation loss as of December 31, 2007

- ✓ Most of the assets held by ABCP programs which SMBC sponsors are receivables of corporate clients and do not include subprime loan related assets
- ✓ SMFG has neither conduit for investment nor securities issued by SIV
- ✓ Subsidiaries other than SMBC have no subprime-related exposure

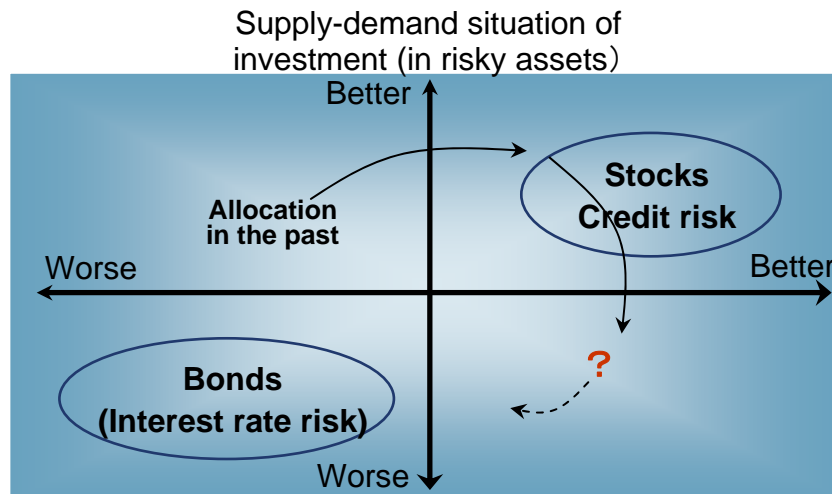
*1 Other than subprime related products, SMFG on a consolidated basis held approx. 350 billion yen of MBSs issued by government sponsored enterprises, and approx. 80 billion yen in CLOs, CMBSs etc. Total valuation loss of these securitized products was approx. 10 billion yen at Dec. 31, 2007.

*2 Market values are based on prices indicated by securities brokers and are not based on internal models.



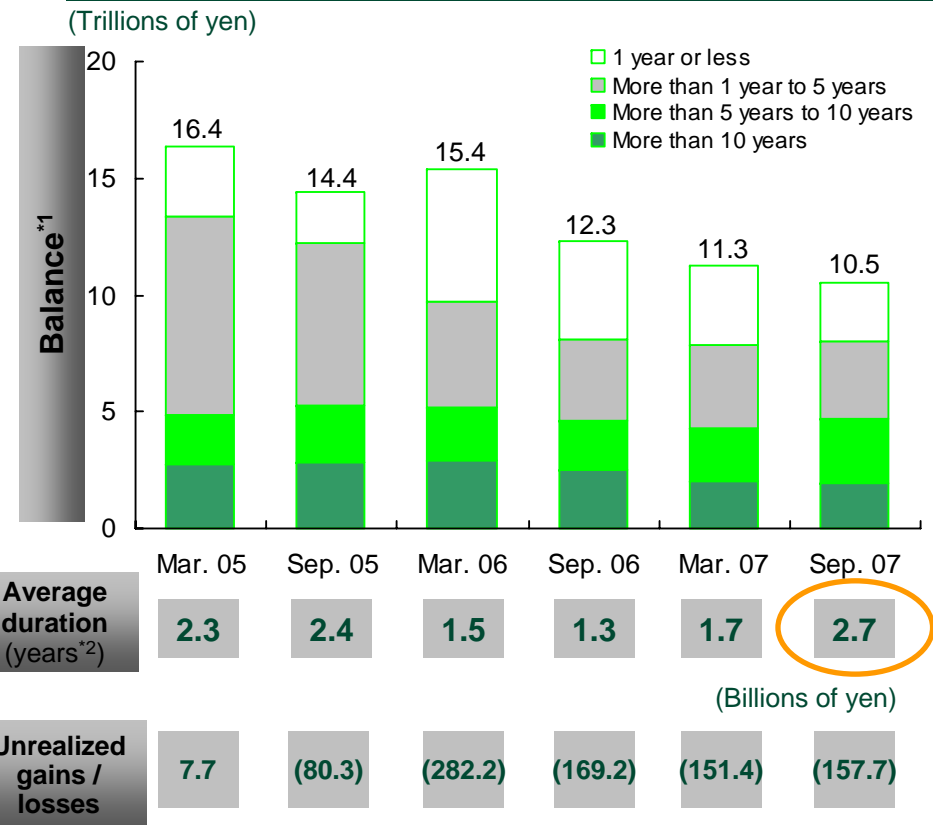
2. Coping with Financial Market Turmoil (2) Treasury Operation

✓ Actively changed investment allocation to cope with changes in financial market environment



Fundamentals

Yen-denominated bond portfolio



Gains (losses) on bonds

(Billions of yen)	3Q, FY06	3Q, FY07	YOY change
Gains (losses) on bonds	(60.4)	(22.8)	+37.6
Related to subprime	-	(76.8)	(76.8)
Other than subprime	(60.4)	54.0	+114.4

Reduced bonds exposure to prepare for expected interest rate hike

Recorded gains on bonds with capturing declining trend of interest rate

*1 Total of bonds with maturities and bonds classified as held-to-maturity

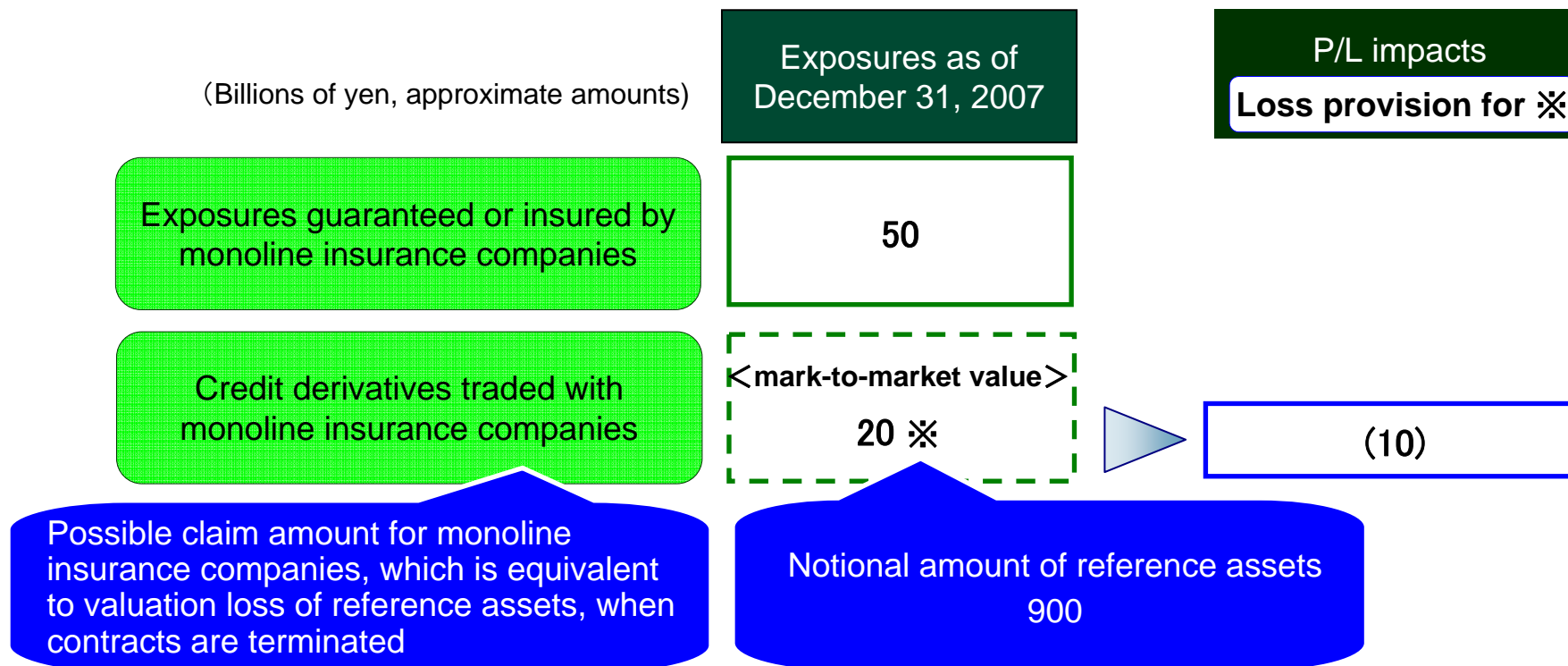
*2 Excluding bonds held-to-maturity, bonds for which fair value hedge accounting is applied, and private placement bonds

(SMBC non-consolidated)



2. Coping with Financial Market Turmoil (3) Monoline-related Exposure

- ✓ Made loss provisions of approx. 10 billion yen for exposures related to credit derivatives traded with monoline insurance companies
- ✓ Reference assets of such credit derivatives are investment grade assets, and do not include subprime-related assets



* In addition, SMFG has about 25 billion yen in commitment contracts to insurance companies with monoline insurance companies as group members



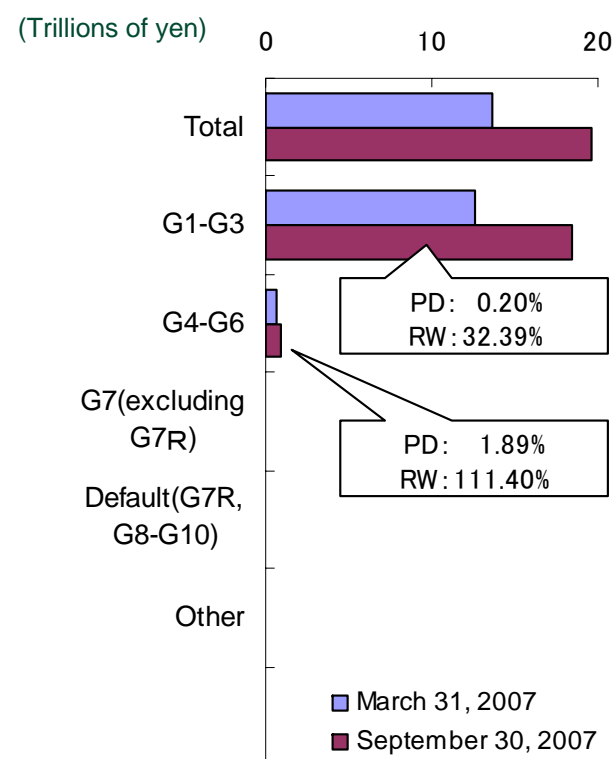
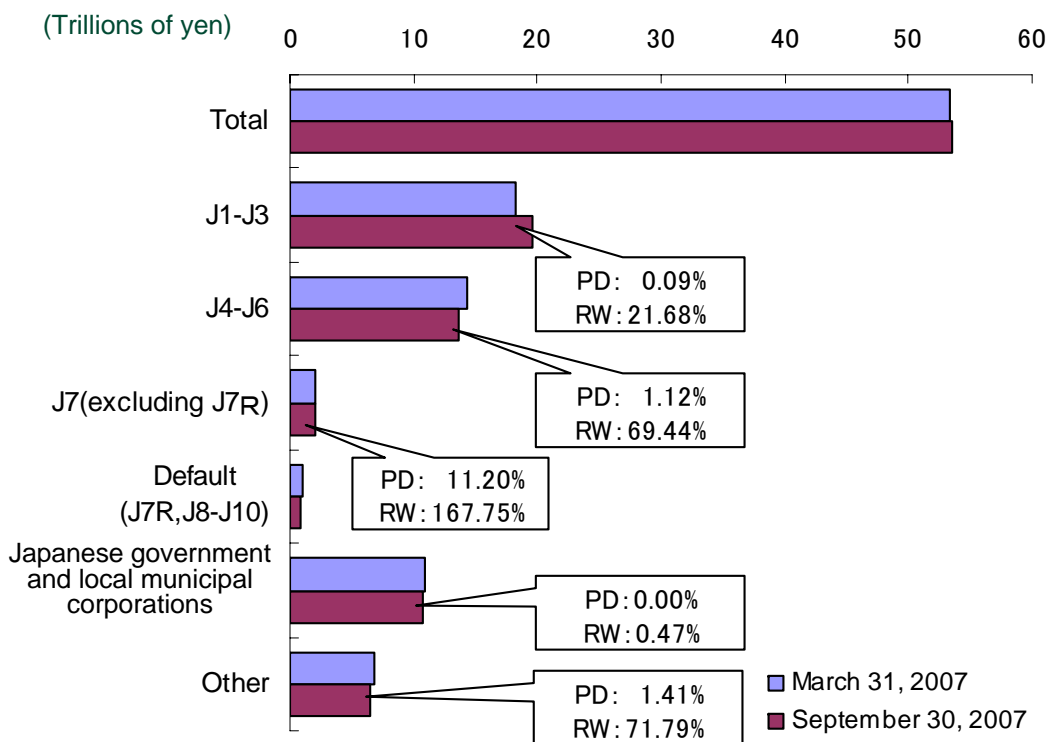
2. Coping with Financial Market Turmoil

(4) Credit Portfolio (a) Exposures by Obligor Grade

- ✓ Both in domestic and overseas, high grade asset segment, which PD (Probability of Default) is lower than 0.2%, accounts for the majority of total corporate, sovereign and bank exposures
- ✓ High grade asset segment accounted for the most of increase in overseas exposures in the 1st Half

Domestic corporate, sovereign and bank exposures

Overseas corporate, sovereign and bank exposures



(SMFG Consolidated)

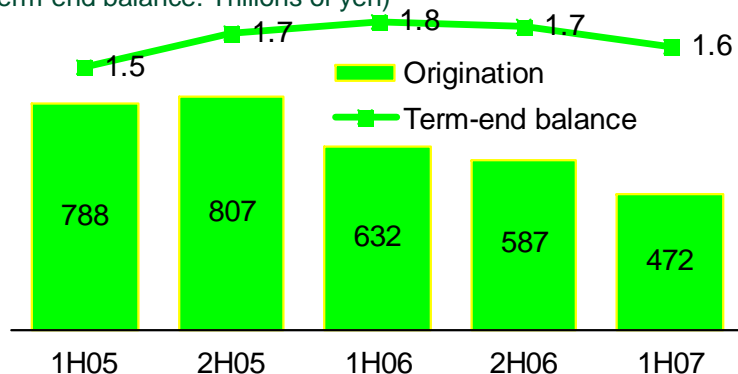


2. Coping with Financial Market Turmoil (4) Credit Portfolio (b) Relevant Data

“Business Select Loan”

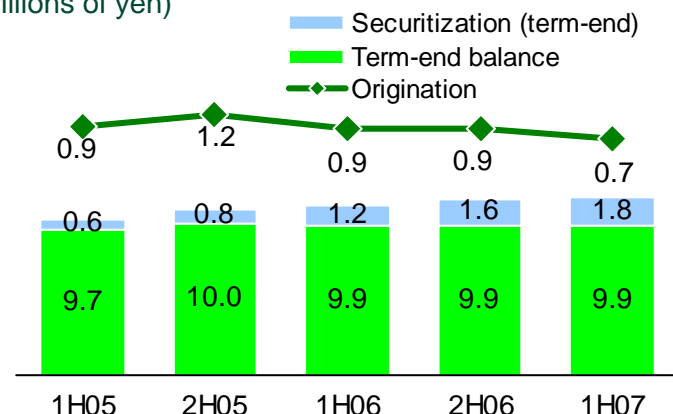
(Origination: Billions of yen)

(Term-end balance: Trillions of yen)



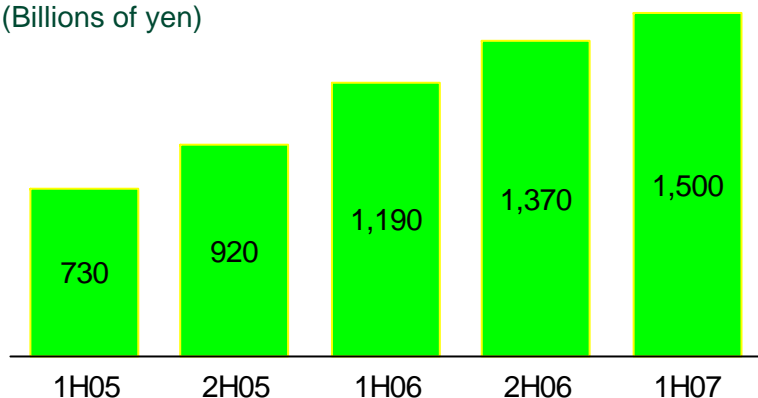
Housing loans^{*2}

(Trillions of yen)



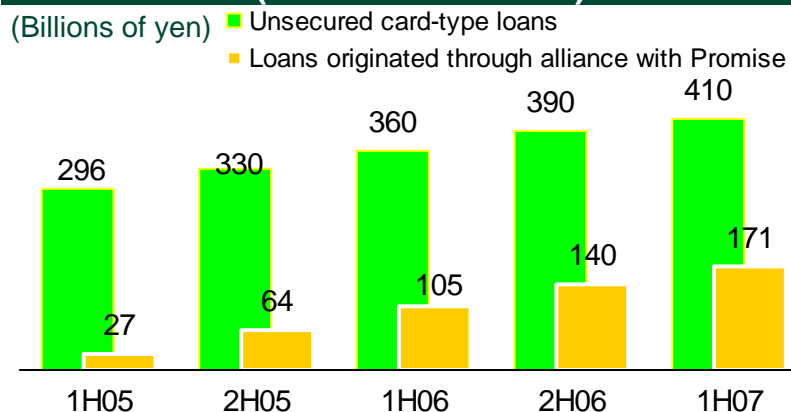
Non-recourse real estate finance^{*1} (term-end balance)

(Billions of yen)



Balance of unsecured card-type loans (term-end balance)

(Billions of yen)



*1 Managerial accounting basis including corporate bonds. Securitized approximately 25 billion yen in 1H, FY07

*2 Securitized approximately 170 billion yen in 1H, FY07

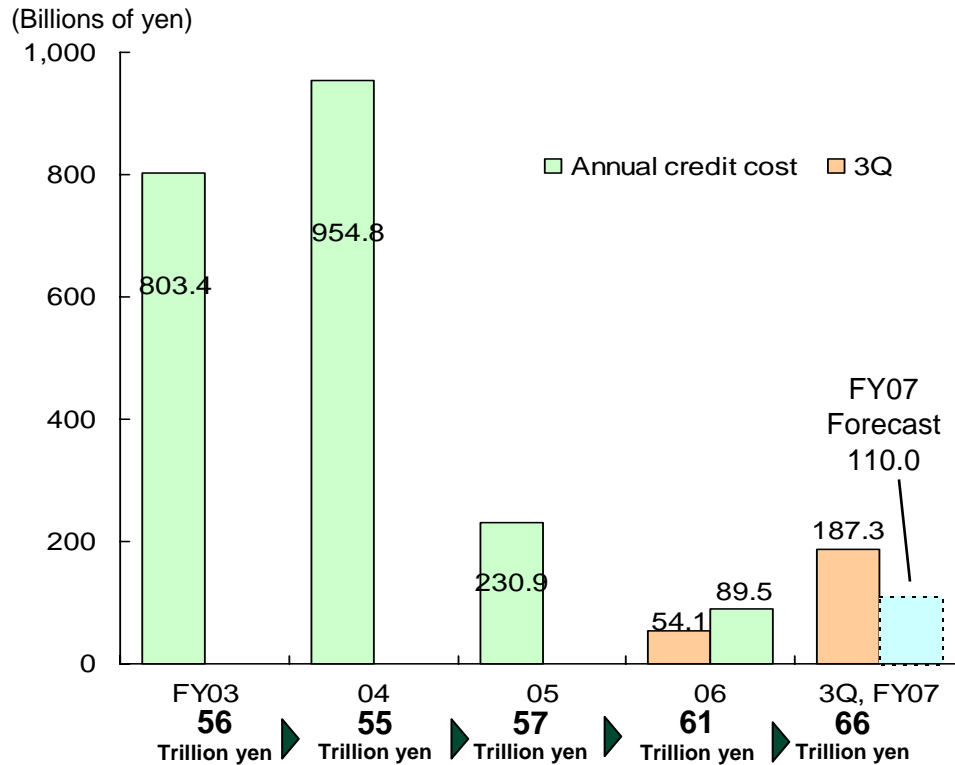
(SMBC non-consolidated)



2. Coping with Financial Market Turmoil (4) Credit Portfolio (c) Credit Cost

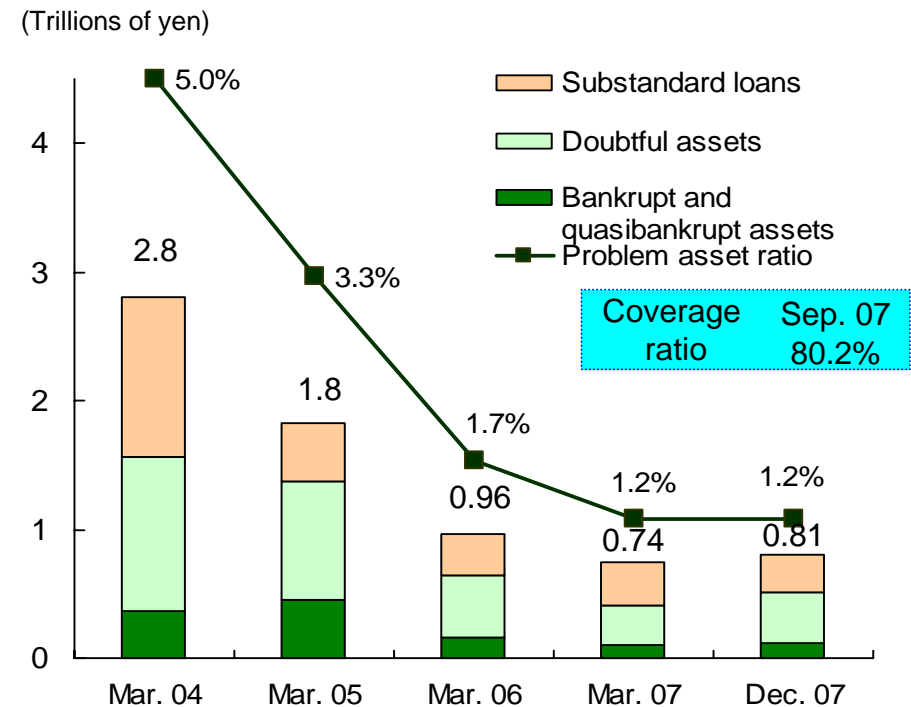
- ✓ Unanticipated losses related to such as subprime mortgage loans were recorded in the 1H, FY07
- ✓ However, SMFG expects to record gains on reversal of reserve for possible loan losses of approximately 100 billion yen in the 4Q due to a decrease in historical loan loss ratio

Total credit cost



Balance of total claims

Balance of non-performing loans



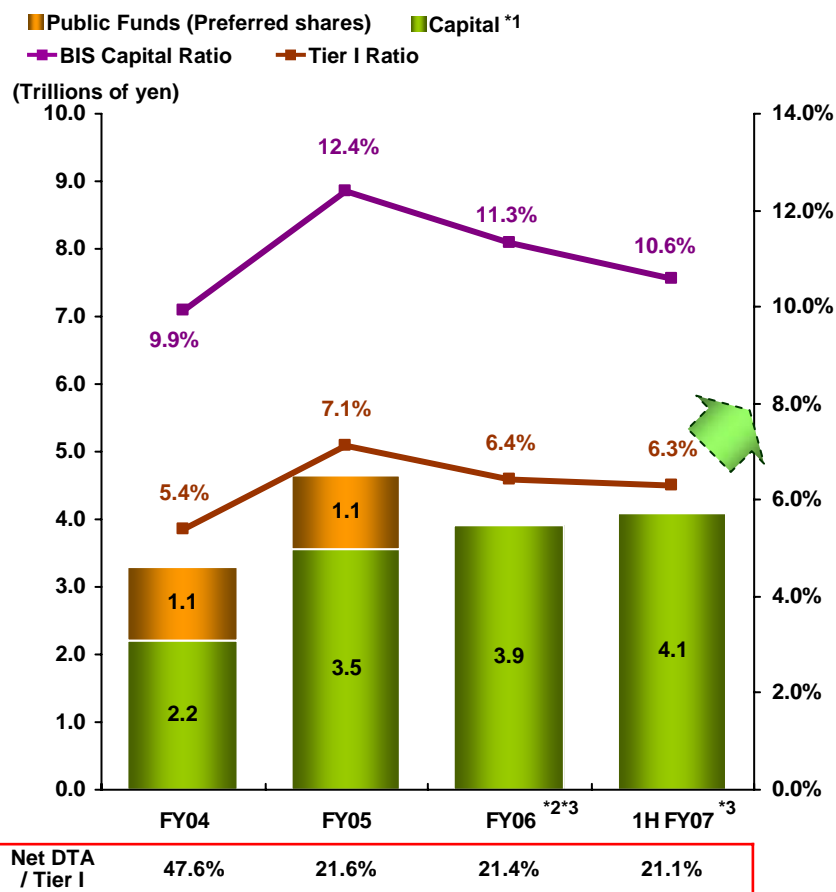
(SMBC non-consolidated)



2. Coping with Financial Market Turmoil (5) Capital Policy

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Adequately Maintained BIS Capital Level



(SMFG consolidated basis)

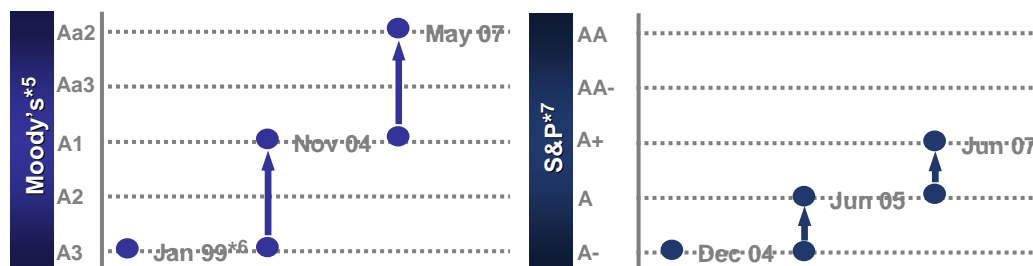
Track-record of major Capital Raising

Issue Date	Size	Type of securities	Issued market
January 2006	¥600 billion	Common stock	Global
December 2006	\$1.65 billion £0.5 billion	Perpetual Preferred Securities (Step-up)	Global
February 2008	¥135 billion	Perpetual Preferred Securities (Non Step-up)	Domestic

Redemption at the option of issuer of issued Perpetual Preferred Securities

Issuer	Size	Redemption at the option of issuer ^{*4}
SB Treasury Company L.L.C.	\$1.8 billion	after June 2008
SB Equity Securities (Cayman), Ltd.	¥340 billion	after June 2009
Sakura Preferred Capital (Cayman) Ltd.	¥283.75 billion	after January 2009
KUBC Preferred Capital Cayman Ltd.	¥12.5 billion	after July 2012
SMFG Preferred Capital USD 1 Ltd.	\$1.65 billion	At any dividend payment date on and after January 2017
SMFG Preferred Capital GBP 1 Ltd.	£0.5 billion	after January 2017

Upgraded Credit Ratings



*1 Capital excludes Public Funds

*2 Full repayment of Public Funds was completed in October 2006

*3 Ratios based on Basel II

*4 Subject to the prior approval of the FSA

*5 SMBC Issuer Rating

*6 Sumitomo Bank Ltd. Long Term Local Currency Issuer Credit Rating

*7 SMBC Long Term Local Currency Issuer Credit Rating



3. Progress in Strengthening Growth Business Areas



3. Progress in Strengthening Growth Business Areas (1) Payment & Settlement Service (a) Loan to Deposit Spread

✓ Loan to deposit spread has continued to improve in 1st Half followed by 2nd Half of FY2007 so far

Domestic loan to deposit spread (financial accounting basis)

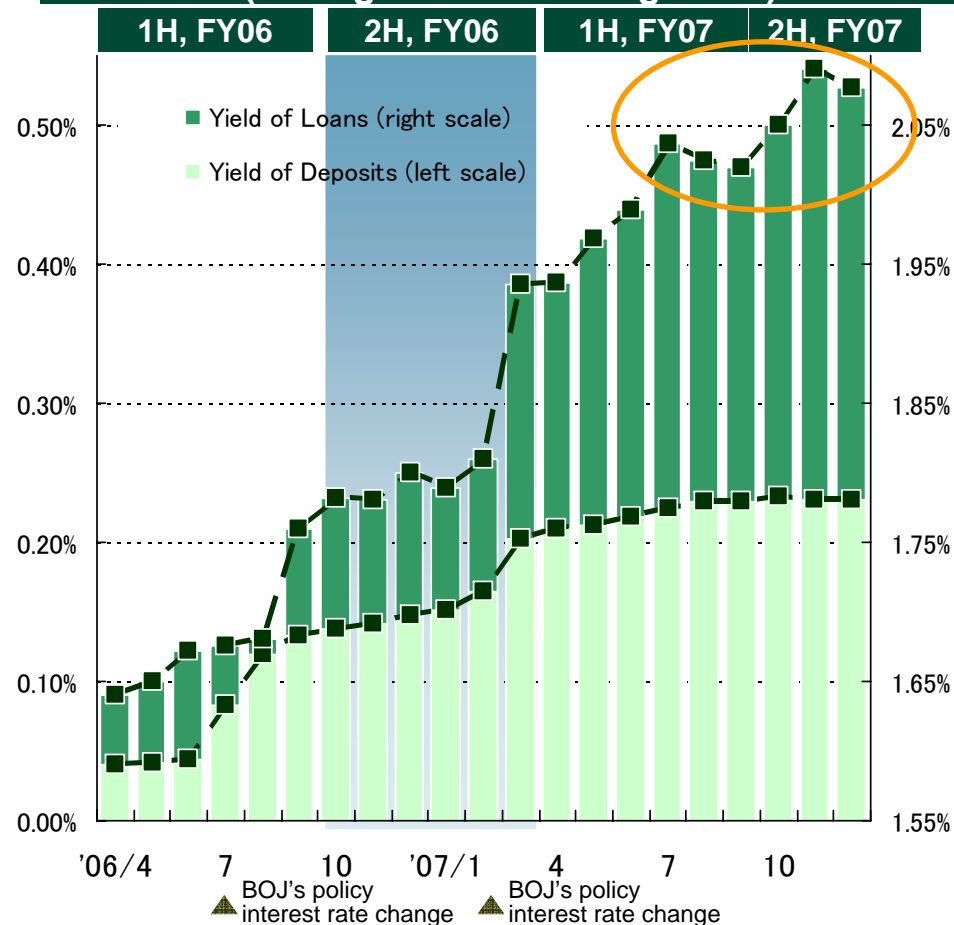
(Trillions of yen, %)

		1H, FY07		YOY change	
		Average balance	Yield	Average balance	Yield
Loans*	(a)	44.6	2.00	(1.2)	+0.35
Deposits, etc.	(b)	59.9	0.22	(0.5)	+0.16
Loan to deposit spread	(a)-(b)	-	1.78	-	+0.19

* excluding loans to financial institutions

Oct. - Dec. 07
1.83

Yield of domestic loans and deposits (managerial accounting basis)



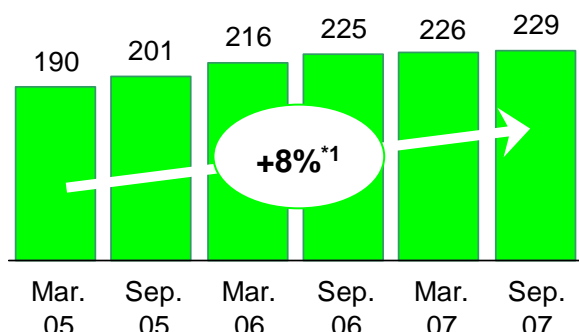
- ✓ Short term prime rate 1.375%→1.625% (+0.250%, from Aug. 21, 2006) →1.875% (+0.250%, from Mar. 26, 2007) (SMBC non-consolidated)
- ✓ Yield of ordinary deposit 0.001%→0.100% (+0.099%, from Jul. 18, 2006) →0.200% (+0.100%, from Feb. 26, 2007)
- ✓ Yield of 1 year time deposit (over-the-counter) 0.150%→0.300% (+0.150%, from Jul. 18, 2006) →0.400% (+0.100%, from Feb. 26, 2007)



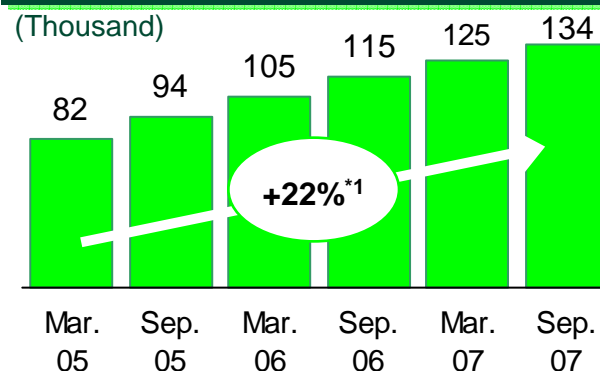
3. Progress in Strengthening Growth Business Areas (1) Payment & Settlement Service (b) Relevant Data

✓ Continuously fortifying liquid deposit base through strengthening of payment & settlement services before termination of the zero-interest-rate policy by the Bank of Japan

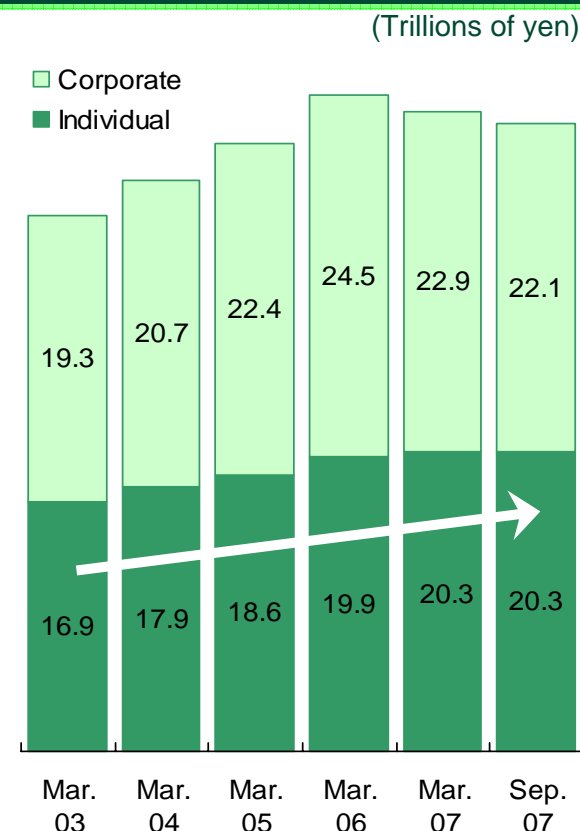
CMS (domestic, # of contracted clients)



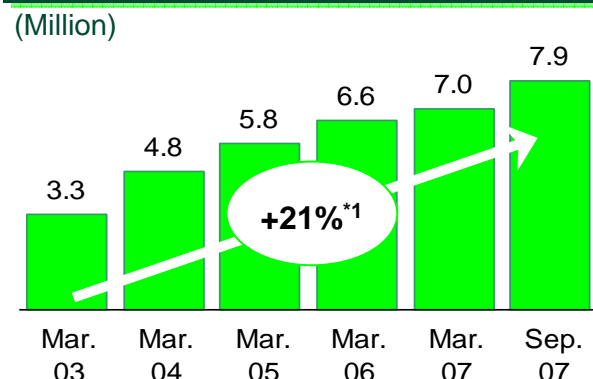
“Web 21”^{*2} (# of contracts)



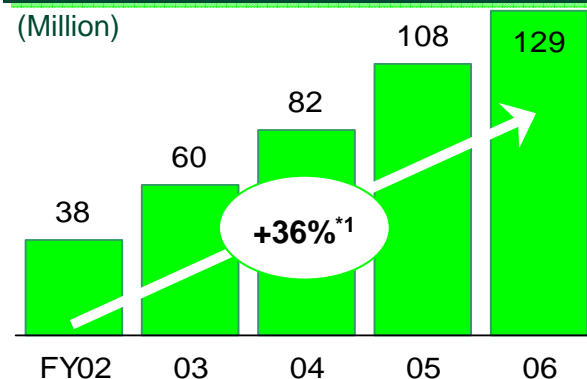
Balance of domestic liquid deposits^{*4}



Registered users of “One’s Direct”^{*3}



Internet- and mobile-banking transactions



*1 Compound annual growth rate

*2 Electronic banking services for small-to-medium-sized corporate clients

*3 Internet banking services for individual clients

*4 Figures are before adjustment on interoffice accounts in transit

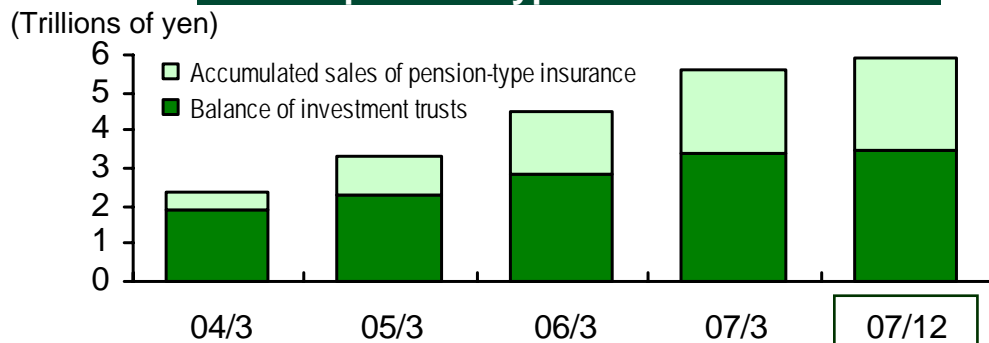
(SMBC non-consolidated)



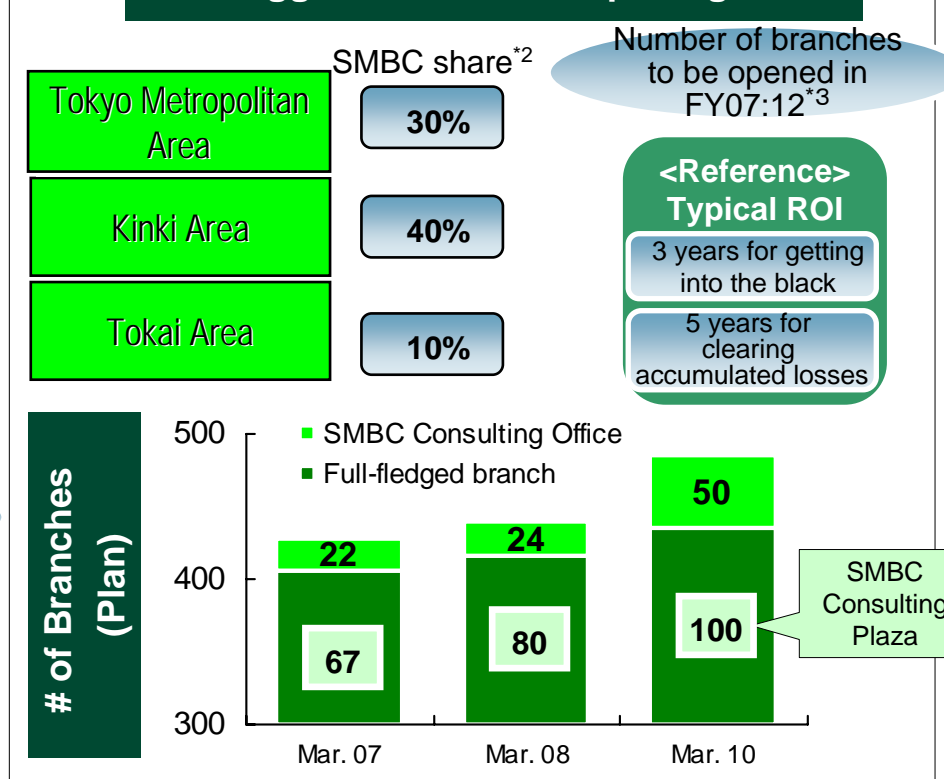
3. Progress in Strengthening Growth Business Areas (2) Financial Consulting for Individuals

- ✓ Started selling a wide range of insurance products soon after fully deregulation in December 2007
- ✓ Substantially fortify branch network in Tokyo metropolitan, Kinki and Tokai areas, with high growth potential

Balance of investment trusts and pension-type insurance^{*1}



Aggressive branch openings



Starting sales of wide-range insurance products

Started selling a wide range of products as soon as they were deregulated **December, 07**

Products	Level premium whole life/ Term/ Medical insurance etc. (16 products supplied by 6 life insurance companies)
Organization	Channels: 86 (initially) ▶ Planned to be increased hereafter Consultants: recruited approx. 250 experienced staff

*1 SMBC non-consolidated basis

*2 SMBC's share of sum of 3 major banks' branches (SMBC, Mitsubishi Tokyo UFJ and Mizuho) Source: Annual report of each bank

*3 Total number of increase of 10 branches and 2 consulting offices



3. Progress in Strengthening Growth Business Areas (3) Consumer Finance

- ✓ **Promise** : Expected return became lower than anticipated. Improvement through drastic cost reduction, etc. is needed hereafter
- ✓ **OMC Card** : Medium-term profitability will be sustained even after the revision of the plan. Focus on realizing alliance synergies
- ✓ **Central Finance** : Medium-term profitability unchanged. Expect synergy through integration with QUOQ

	Promise	OMC Card	Central Finance
Initial Goals	<p style="background-color: yellow; display: inline-block; padding: 2px;">Agreed in Jun. 04</p> <div style="border: 1px solid blue; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">Invested: approx. 201 billion yen</div> <p>To be top position in consumer finance business in Japan</p>	<p style="background-color: yellow; display: inline-block; padding: 2px;">Agreed in Jul. 07</p> <div style="border: 1px solid blue; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">Invested: approx. 76 billion yen</div> <p>To be No.1 credit card entity through close integration of business resources and franchises</p>	<p style="background-color: yellow; display: inline-block; padding: 2px;">Agreed in Apr. 07</p> <div style="border: 1px solid blue; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">Invested: approx. 20 billion yen</div> <p>To mutually utilize expertise established in installment finance, credit card, banking, and trading</p>
Expected Returns	Lower than initially expected	Lowered for short-term, but unchanged for medium-term	
Initiatives moving forward	<ul style="list-style-type: none"> ✓ Expect drastic change in business model through integration with Sanyo Shinpan 	<ul style="list-style-type: none"> ✓ Revised plan does not include alliance synergy ✓ Initiatives are under discussion by Strategy Committee of the alliance 	<ul style="list-style-type: none"> ✓ Expect synergy through integration with QUOQ ✓ Utilize HR portfolio among group companies

Target to sustain ROI of at least 6-7 % after full implementation of revised money lending business related laws

Secure sufficient ROI in order to improve consolidated ROE, by reinforcing and growing competence in payment & settlement, and consumer finance markets

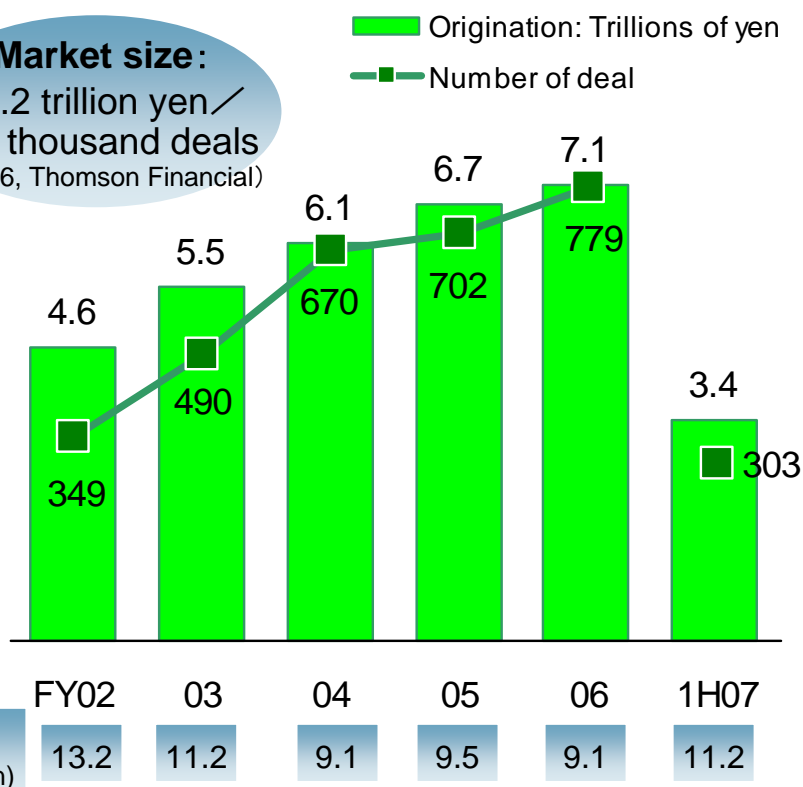


3. Progress in Strengthening Growth Business Areas (4) Investment banking –Syndicated loans

- ✓ Actively respond to various financing needs of medium and large size corporate clients
- ✓ Create additional value through introducing new products and address customers' diversified needs formed under current capital market conditions with high volatility

Syndicated loans (Domestic)*1

Market size:
24.2 trillion yen /
2.2 thousand deals
(FY06, Thomson Financial)



Origination /Deals
(Billions of yen)

Year	Origination (Billions of yen)	Deals (thousands)
FY02	13.2	11.2
03	9.1	9.5
04	9.1	11.2

New product introduction

< Recent case >

Utilizing security trust in syndicated loan

< Features >

- Utilize security trust, which was allowed to be entrusted after the revision of the Trust Law, in syndicated loan for the first transaction in Japan
- Though syndicated loan participants used to secure collateral individually in the past, SMBC's trust account collateralize on behalf of each participant, and participants only need to acquire trust certificate as collateral
- Realize synergy between SMBC's two functions of paying agent and trustee

League Tables

Domestic syndicated loans*2	Ranked No.1 SMBC \$49 billion	(Jan. 07 – Sep. 07)
Asia syndicated loans (ex. Japan)*2	Ranked No.5 SMBC \$5.1 billion	(Jan. 07 – Sep. 07)

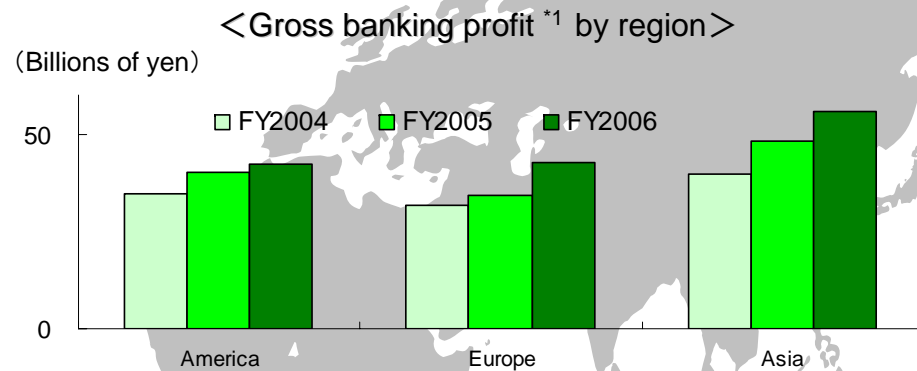
*1 Including the deals which are not registered for Thomson Financial's league tables

*2 Mandated arranger ranking Source: Thomson Financial

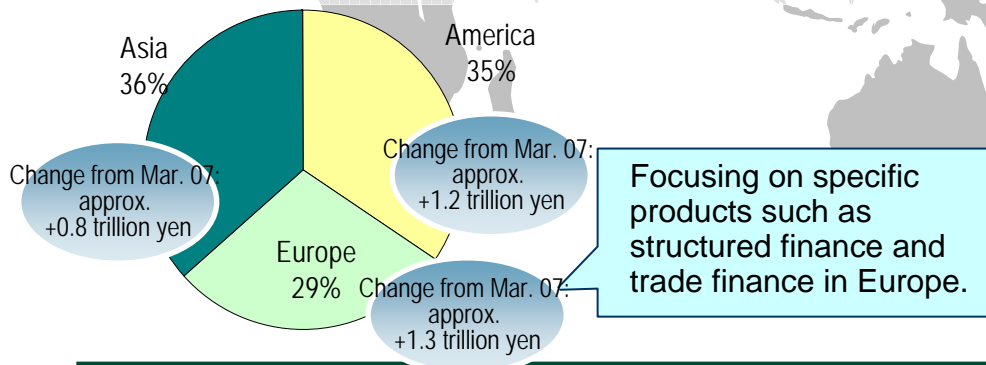


3. Progress in Strengthening Growth Business Areas (5) Focused Business Areas in Global Market

- ✓ Expanding channel network in growth markets and reinforcing global business promotion platform for specific products
- ✓ In Asia, the most important overseas market, SMFG is further strengthening business with Japanese corporations and aggressively seeking strategic alliances with local banks



Composition and increased amount of overseas lendings, classified by area



Expanding channel network in growth markets

China

- Tianjin Binhai Sub-branch (Mar. 07)
- Suzhou Industrial Park Sub-branch (Apr. 07)
- Beijing branch (Approved to commence preparation for opening) (Jun. 07)

GDP growth rate*3 : 11.1% ▶ Scheduled to open in Feb. 2008

U.A.E.

GDP growth rate*3 : 9.4%

(Mar. 07)

Overview of Asian business

Business with Japanese corporations

- Expanding channel network
- Promote global CMS (Cash Management Service)

Alliance with local banks

- Kookmin Bank (Mar. 07)
- Vietnam Eximbank (Nov. 07)
- First Commercial Bank (Taiwan) (Dec. 07)

Plan to acquire 15% share

*1 Managerial accounting basis including SMBC Europe *3 Real GDP growth rate in 2006 Source:IMF
 *2 League tables (2007): ranked No.7 of EMEA Project Finance (pfi), ranked No.9 of Global Ship Finance (Dealogic)
 Deal of the year 2007: 3 deals (Jane's Transport), 3 deals (Project Finance International), 3 deals (Trade & Forfaiting)



In Closing – A Message to Investors

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Appendices



(Appendix a)

Performance by Business Unit

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(Billions of yen)		1H, FY06	1H, FY07	YOY change*	
Consumer Banking Unit	Gross banking profit	191.3	214.3	+6.4	(1)
	Expenses	(123.2)	(132.4)	(8.2)	
	Banking profit	68.1	81.9	(1.8)	
Middle Market Banking Unit	Gross banking profit	290.5	308.2	(9.5)	(2)
	Expenses	(93.5)	(99.8)	(7.7)	
	Banking profit	197.0	208.4	(17.2)	
Corporate Banking Unit	Gross banking profit	89.1	90.8	(5.1)	(3)
	Expenses	(14.4)	(15.3)	(0.9)	
	Banking profit	74.7	75.5	(6.0)	
International Banking Unit	Gross banking profit	57.0	69.3	+9.5	(4)
	Expenses	(22.3)	(29.0)	(6.1)	
	Banking profit	34.7	40.3	+3.4	
Marketing units	Gross banking profit	627.9	682.6	+1.3	
	Expenses	(253.4)	(276.5)	(22.9)	
	Banking profit	374.5	406.1	(21.6)	
Treasury Unit	Gross banking profit	0.0	60.3	+60.3	(5)
	Expenses	(8.8)	(9.1)	(0.3)	
	Banking profit	(8.8)	51.2	+60.0	
Headquarters	Gross banking profit	(18.8)	(24.4)	+47.8	(6)
	Expenses	(35.3)	(42.0)	(6.9)	
	Banking profit	(54.1)	(66.4)	+40.9	
Total	Gross banking profit	609.1	718.5	+109.4	
	Expenses	(297.5)	(327.6)	(30.1)	
	Banking profit	311.6	390.9	+79.3	

YOY change before adjustment of fluctuations in interest rates and foreign exchange rates: +54.7

Major factors of year-over-year change in gross banking profit				
(Billions of yen)				
(1) Consumer Banking Unit:				+6.4
Investment trust				+5
(2) Middle Market Banking Unit:				(9.5)
Foreign currency derivatives				+7
Commodity derivatives, etc.				+2
Income on loans (loan spread decreased 11bp yoy)				(12)
Fees related to corporate bonds				(6)
(3) Corporate Banking Unit:				(5.1)
Income on loans (loan spread decreased 6bp yoy)				(4)
M&A, Business restructuring, etc.				(1)
(4) International Banking Unit:				+9.5
Loans and Deposits				+4
Fee income related to loans				+3
(5) Treasury Unit:				+60.3
ALM operations				+52
(Including gains (losses) on bond portfolio)				
Trading				+8
(6) Headquarters:				+47.8
Impact of rise in interest rate				+38

Average loan balance and spread by business unit (managerial accounting basis)				
	Average balance		Average spread	
	1H, FY07	YOY change	1H, FY07	YOY change
(Trillions of yen, %)				
Domestic loans	47.1	(0.3)	1.21	(0.06)
Consumer Banking Unit	14.5	(0.3)	1.62	(0.00)
Middle Market Banking Unit	21.1	0.0	1.32	(0.11)
Corporate Banking Unit	9.6	(0.2)	0.59	(0.06)

* Managerial accounting basis on which changes due to fluctuations in interest rates and foreign exchange rates are adjusted. Those changes are included in the Headquarters' account.

(SMBC non-consolidated)



(Appendix b)

Gains (losses) on Stocks in 3rd Quarter, FY2007

- ✓ On SMBC non-consolidated basis, recorded 112.9 billion yen of losses on stocks due mainly to devaluation on shares of consumer finance companies including Promise, Central Finance and OMC Card.
- ✓ On SMFG consolidated basis, losses on stocks amounted to 53.8 billion yen.

(Billions of yen)

(SMBC, non-consolidated)	3Q, FY06	3Q, FY07	YOY
Gains (losses) on stocks	18.7	(112.9)	(131.6)
Gains on sales	33.0	15.5	(17.5)
Losses on sales	(0.3)	(0.6)	(0.3)
Losses on devaluation	(13.9)	(127.8)	(113.9)

(Billions of yen)

(SMFG, consolidated)	3Q, FY06	3Q, FY07	YOY
Gains (losses) on stocks	23.1	(53.8)	(76.9)

(Billions of yen)

Devaluation on shares of alliance partners in consumer finance industries		SMBC, non-consolidated			SMFG consolidated
		Book value	Devaluation	Book value after impairment	Devaluation
Promise	Equity method affiliate (Voting rights: 22.0%)	approx. 201	approx. (46) ^{*2}	approx. 78	—
Central Finance	Equity method affiliate (Voting rights: 24.7%)	approx. 20 ^{*3}	approx. (12) ^{*3}	approx. 8 ^{*3}	—
OMC Card	Not affiliate (Voting rights: 4.9%) ^{*1}	approx. 76 ^{*4}	approx. (49) ^{*4}	approx. 27 ^{*4}	approx. (49) ^{*4}

*1 In Feb. 2008, trust beneficiary claims of OMC Card's common share which SMBC had held were terminated and SMBC acquired the underlying common shares. As a result, SMBC's share of voting rights increased to 32.62% *2 After offsetting 77.5 billion yen of reserve for investment losses recorded in FY06
 *3 Sum of shares SMFG and SMBC own *4 Sum of common shares and trust beneficiary claims



(Appendix c)
Corporate Exposures

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a. Domestic Corporate, Sovereign and Bank Exposures

(Trillions of yen)

	March 31, 2007			September 30, 2007		
	Exposure amount	Weighted-average PD	Weighted-average LGD	Exposure amount	Weighted-average PD	Weighted-average LGD
J1-J3	18.3	0.10%	44.97%	19.7	0.09%	44.79%
J4-J6	14.4	0.84%	41.78%	13.6	1.12%	41.52%
J7(excluding J7R)	2.0	10.67%	40.63%	2.0	11.20%	41.03%
Japanese government and local municipal corporations	11.0	0.00%	44.70%	10.8	0.00%	44.96%
Other	6.8	1.26%	43.48%	6.5	1.41%	43.33%
Default(J7R,J8-J10)	1.0	100.00%	43.45%	0.9	100.00%	42.99%

b. Overseas Corporate, Sovereign and Bank Exposures

(Trillions of yen)

	March 31, 2007			September 30, 2007		
	Exposure amount	Weighted-average PD	Weighted-average LGD	Exposure amount	Weighted-average PD	Weighted-average LGD
G1-G3	12.6	0.22%	43.73%	18.4	0.20%	42.06%
G4-G6	0.7	1.71%	44.66%	1.0	1.89%	44.59%
G7(excluding G7R)	0.2	27.13%	44.89%	0.1	27.01%	44.64%
Other	0.2	0.94%	44.88%	0.1	1.45%	44.97%
Default	0.1	100.00%	44.95%	0.0	100.00%	44.91%

(SMFG Consolidated)



(Appendix d) Securitization Exposures

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Securitization Transactions as Sponsor

(a) Securitization Exposures: Underlying Assets by Assets Type

(Billions of yen)

September 30, 2007	Term-end balance	To be deducted from capital	Increase in Capital equivalent
Claims on corporates	719.6	2.6	-
Mortgage loans	4.2	-	-
Retail loans (excluding mortgage loans)	52.1	-	-
Other claims *1	94.8	-	-
Total	870.7	2.6	-

(b) Risk Weights

(Billions of yen)

September 30, 2007	Term-end balance	Required capital
20% or less	739.8	5.0
100% or less	128.4	4.0
650% or less	-	-
Capital deduction	2.6	2.6
Total	870.7	11.6

Securitization Transactions in which SMFG is the Investor

(a) Securitization Exposures: Underlying Assets by Assets Type*3

(Billions of yen)

September 30, 2007	Term-end balance	To be deducted From capital	Increase in Capital equivalent
Claims on corporates	308.0	70.7	-
Mortgage loans	37.2	-	-
Retail loans (excluding mortgage loans)	17.2	-	-
Other claims*2	58.1	4.5	-
Total	420.6	75.2	-

(b) Risk Weights

(Billions of yen)

September 30, 2007	Term-end balance	Required capital
20% or less	318.7	2.4
100% or less	16.3	1.0
650% or less	10.4	1.6
Capital deduction	75.2	75.2
Total	420.6	80.2

*1 Includes lease fees

*2 Includes securitization products

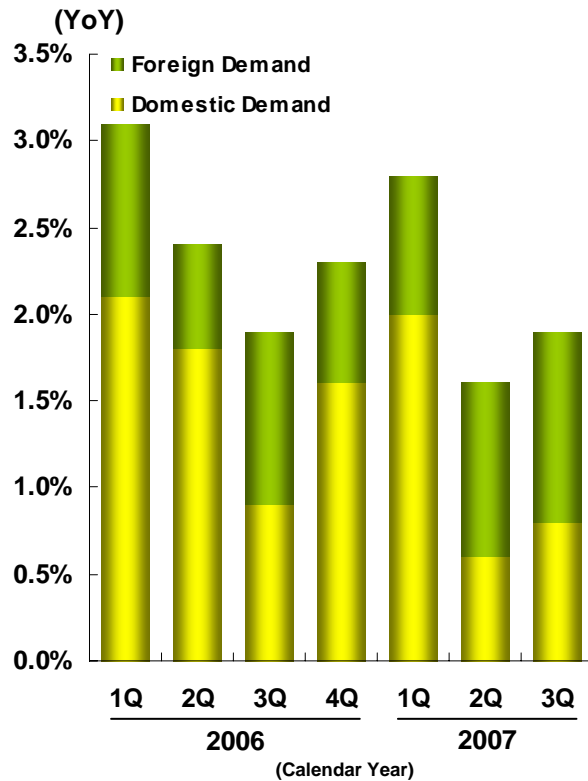
*3 There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(SMBC non-consolidated)

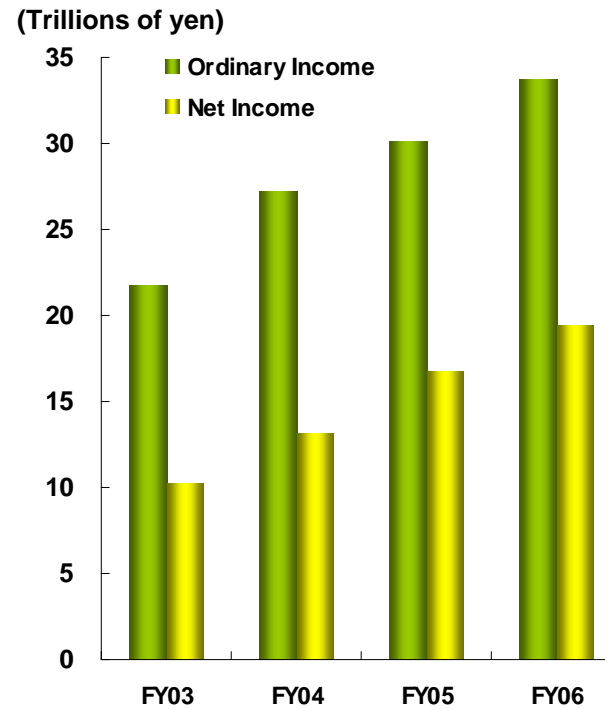


(Appendix e) Macroeconomic Environment in Japan
 (1) GDP, Net income, Interest Rates

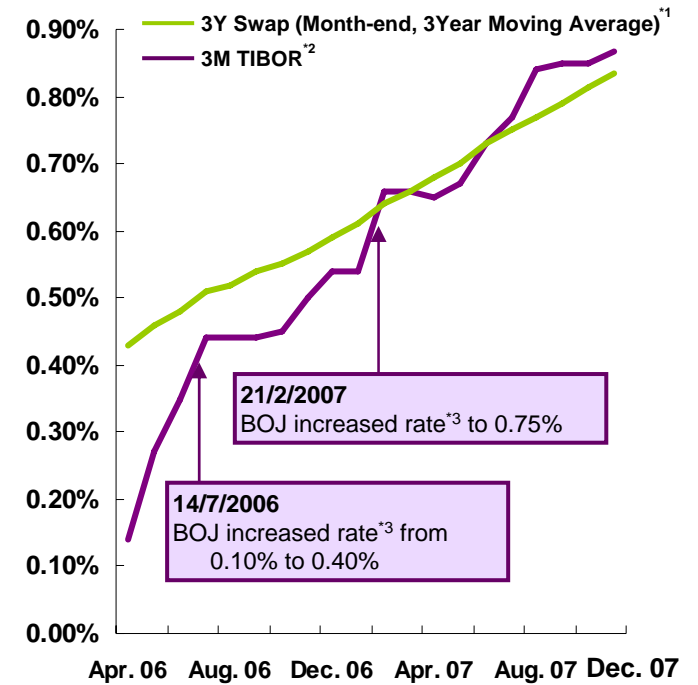
Durable GDP Growth



Growing Net Income



Rising Interest Rates



Source: Cabinet Office

Growing net income = Total reported by Tokyo Stock Exchange Listed Companies
 Source: Tokyo Stock Exchange

*1 3 Month TIBOR, End of Month Rates
 *2 3 Year Interest Rate Swap, End of Month Rates
 *3 Basic discount rate and basic loan rate
 Source: Bloomberg

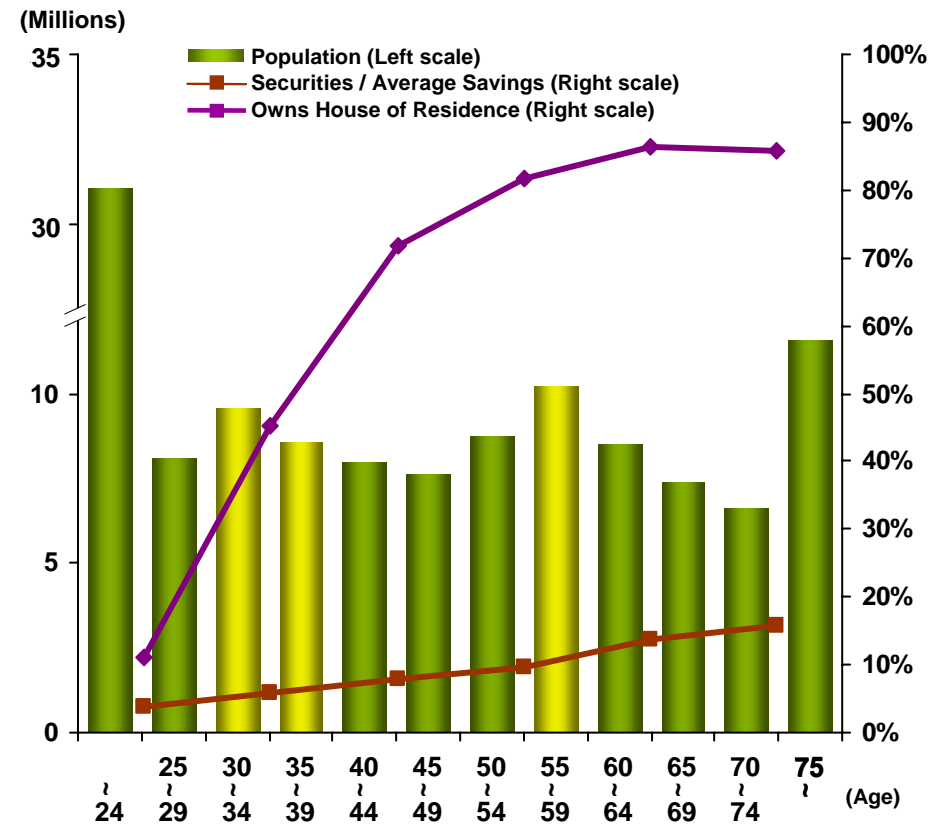
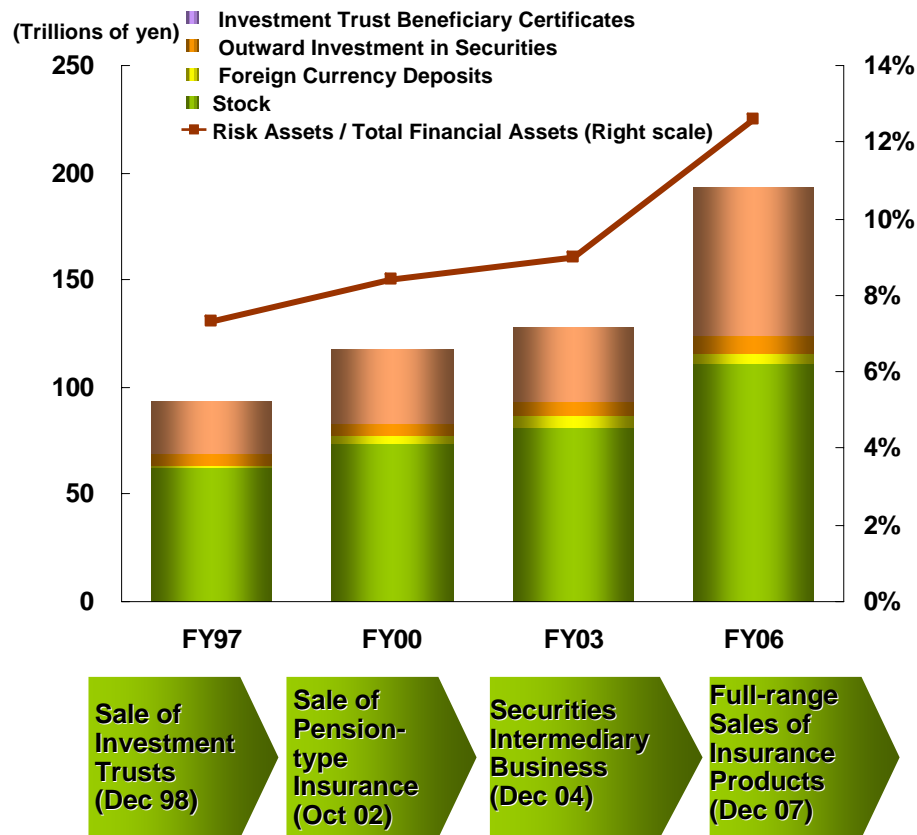


(Appendix e) Macroeconomic Environment in Japan

(2) Household Financial Assets, Housing Ownership Rates

Household Financial Assets Increasing in Parallel with Deregulation

Housing Ownership Rate and Financial Assets



Source: Bank of Japan

Source: Housing & Land Survey (October 2003)
National Survey of Family Income & Expenditure (FY2004)
Statistics Bureau, Ministry of Internal Affairs and Communications



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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.