

Financial Results in 1st Half, FY2005 & Management Policies and Strategies

November 30, 2005



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

Agenda

Part I: Financial Results in 1st half, FY05

1. Summary of financial results in 1st half, FY05
2. Top-line
 - (1) Income analysis on financial accounting basis
 - (2) Performance by business unit
 - (3) Loan business
 - (4) Asset management consulting, investment banking business
 - (5) Expenses
2. Disposal of non-performing loans
 - (1) Problem assets, credit cost
 - (2) Migrations, reserves
3. B/S
 - (1) Overview
 - (2) Equity portfolio
 - (3) Bond portfolio
4. Deferred tax assets (DTAs)
5. Capital ratio
6. Earnings forecast for FY05

Part II: Measures to further strengthen major strategic businesses

1. Overview of 1st half, FY05
 - (1) Achievements in 1st half, FY05
 - (2) Performance of major strategic businesses
 - (3) Progress in strategic alliances
2. Measures to further strengthen major strategic businesses
 - (1) Loan business
 - a. New-type unsecured loans to SMEs
 - b. Mortgage loans
 - c. Consumer finance
 - (2) Financial consulting for individual clients
 - (3) Solution providing for corporate clients
 - (4) Overseas businesses
3. Business growth strategy
4. Closing

1. Summary of financial results in 1st half, FY05



(SMFG consolidated, SMBC non-consolidated, Billions of yen)

		SMFG consolidated				SMBC non-consolidated				
		FY04	1 st half, FY04	1 st half, FY05	Year change	FY04	1 st half, FY04	1 st half, FY05	Year change	
		P/L	Gross profit	2,025.0	1,020.0	1,021.9	+1.9	1,522.9	762.7	766.6
Marketing Units	-		-	-	-	1,294.8	606.1	665.7	+33.6*	
Treasury Unit	-		-	-	-	222.8	151.2	123.7	(27.5)	
Expenses	(852.7)		(423.6)	(421.6)	+2.0	(582.4)	(291.1)	(292.4)	(1.3)	
Consolidated net business profit / Banking profit**	1,014.4		544.9	579.6	+34.7	940.5	471.6	474.2	+2.7	
Total credit cost	(1,196.8)		(612.8)	(176.5)	+436.3	(954.8)	(455.8)	(129.7)	+326.1	
Gains (losses) on stocks	(101.9)		48.8	35.2	(13.6)	(118.7)	44.8	25.0	(19.8)	
Ordinary profit	(30.3)		114.1	463.8	+349.7	(71.7)	125.2	359.8	+234.6	
	Net income (loss)	(234.2)	53.4	392.3	+338.9	(136.8)	118.6	298.7	+180.1	
B/S			Mar. 05	Sep. 05	Change		Mar. 05	Sep. 05	Change	
		Problem assets		2,323.0	1,846.3	(476.7)		1,824.6	1,406.0	(418.6)
		Problem asset ratio		3.9%	3.0%	(0.9%)		3.3%	2.5%	(0.8%)
		Net deferred tax assets / Tier I		47.6%	36.5%	(11.1%)		-	-	-
	Capital ratio		9.94%	11.00%	+1.06%		11.32%	12.00%	+0.68%	

* Year change: Managerial accounting basis on which fluctuations in interest rate and foreign exchange rate are adjusted. Those changes are included in the Headquarters' account.

** Before provision for general reserve for possible loan losses

2. Top-line

(1) Income analysis on financial accounting base



(SMFG consolidated, SMBC non-consolidated, Billions of yen)

	SMFG consolidated			SMBC non-consolidated	Difference (a) – (b)
	1 st half, FY04	1 st half, FY05 (a)	Year change	1 st half, FY05 (b)	
Gross profit	1,020.0	1,021.9	+1.9	766.6	255.3
Net interest income	595.8	553.7	(42.1)	454.3	99.4 (1)
Trust fees	0.7	4.3	+3.6	4.3	0.0
Net fees and commissions	235.4	278.7	+43.3	163.4	115.3 (2)
Net trading income	30.3	12.3	(18.1)	3.6	8.7
Net other operating income	157.7	172.9	+15.2	141.0	31.9 (3)
General and administrative expenses	(423.6)	(421.6)	+2.0	(292.4)	(129.2) (4)
Total credit cost	(612.8)	(176.5)	(436.3)	(129.7)	(46.8) (5)
Equity in earnings of affiliates	12.9	14.1	+1.2	-	14.1 (6)
Ordinary profit (loss)	114.1	463.8	+349.7	359.8	104.0
Extraordinary gains (losses)	(17.4)	47.5	+64.9	(4.7)	52.2 (7)
Net income (loss)	53.4	392.3	+338.9	298.7	93.6
Consolidated net business profit / Banking profit	544.9	579.6	+34.7	474.2	105.4

Difference between SMFG consolidated and SMBC non-consolidated results (approximation)	
(1) Minato Bank:	23
Kansai Urban Banking Co.:	24
Sumitomo Mitsui Card:	15
(2) Sumitomo Mitsui Card:	53
SMBC Friend Securities:	20
(3) SMBC Leasing:	38
(4) Sumitomo Mitsui Card:	(51)
SMBC Friend Securities:	(17)
(5) Loan guarantee subsidiaries:	(9)
Minato Bank:	(8)
Sumitomo Mitsui Card:	(8)
(6) Daiwa Securities SMBC:	13
Promise:	5
(7) Gains on sales of Sumitomo Mitsui Card stocks:	58

Financial results of major subsidiaries and affiliates

	Ordinary profit	Net income
<Non-consolidated>		
Sumitomo Mitsui Card	10.9	7.5
SMBC Leasing	14.0	8.8
Japan Research Institute	2.5	2.2
<Consolidated>		
Daiwa Securities SMBC	50.2	31.3
Promise	52.8	31.4

(Note) Consolidated net business profit = (SMBC non-consolidated banking profit)

+ (Other consolidated subsidiaries' ordinary profit) + (Affiliates' ordinary profit) X (Ownership ratio) – (Internal transactions (dividends, etc.))

2. Top-line

(2) Performance by business unit



(SMBC non-consolidated, Billions of yen)

		1 st half, FY05	Year change*
Consumer Banking Unit	Gross banking profit	192.0	+20.0 (1)
	Expenses	(123.0)	(4.2)
	Banking profit	69.0	+15.8
Middle Market Banking Unit	Gross banking profit	330.6	+9.8 (2)
	Expenses	(92.3)	+0.8
	Banking profit	238.3	+10.6
Corporate Banking Unit	Gross banking profit	94.8	(3.0) (3)
	Expenses	(14.5)	+0.4
	Banking profit	80.3	(2.6)
International Banking Unit	Gross banking profit	48.3	+6.8 (4)
	Expenses	(20.3)	(0.5)
	Banking profit	28.0	+6.3
Marketing Units	Gross banking profit	665.7	+33.6
	Expenses	(250.1)	(0.2)
	Banking profit	415.6	+33.4
Treasury Unit	Gross banking profit	123.7	(27.5) (5)
	Expenses	(9.2)	(0.1)
	Banking profit	114.5	(27.6)
Headquarters	Gross banking profit	(22.8)	(2.2)
	Expenses	(33.1)	+2.3
	Banking profit	(55.9)	+0.1
Total	Gross banking profit	766.6	+3.9
	Expenses	(292.4)	(1.3)
	Banking profit	474.2	+2.6

Major factors for year-over-year change in Gross banking profit*

(1) Consumer Banking:	+20.0
Investment trusts, pension-type insurance related fees	+13.0
Foreign deposits	+2.2
(2) Middle Market Banking:	+9.8
Money remittance, EB & foreign exchange related fees	+4.2
Securities intermediary business	+4.1
Loans	(4.6)
(3) Corporate Banking:	(3.0)
Loans	(8.3)
Money remittance, EB & foreign exchange related fees, income related to loan syndication	+4.7
(4) International Banking:	+6.8
Deposits for clients	+3.0
Fees, etc.	+2.5
(5) Treasury:	(27.5)
ALM operations	(32.5)
(Including gains (losses) related to bond portfolio)	
Trading	+6.0

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

2. Top-line

(3) Loan business (a) Loan balance, loan spread



(SMBC non-consolidated, Trillions of yen, %)

Loan balance

	Term-end balance		Average balance	
	Sep. 05	Change from Mar. 05	1 st half, FY05	Year change
Total lendings	50.9	+0.9	50.2	(0.4)
Overseas	4.0	+0.7	3.8	+0.8
Domestic	46.9	+0.2	46.4	(1.2)

Domestic lendings (Managerial accounting basis)

	Sep. 05	Change from Mar. 05	1 st half, FY05	Year change
Domestic Marketing Units	45.8	+0.6	45.2	(0.9)
Individual clients	14.5	+0.2	14.4	+0.5
Small- and medium-sized enterprises*	22.0	+0.4	21.2	0.0
Large corporations*	9.3	0.0	9.7	(1.4)

Interest spread of domestic units' deposits and loans

(Financial accounting basis)	1 st half, FY05		Year change	
	Average balance	Yield	Average balance	Yield
Loans**	44.4	1.75	(1.4)	(0.04)
Loans to the Government	0.0	0.04	(0.2)	+0.01
Others	44.4	1.75	(1.2)	(0.04)
Deposits, etc.	59.5	0.02	+2.7	0.00
Interest spread	-	1.73	-	(0.04)

Loan spread

(Managerial accounting basis)	Term-end loan spread		1 st half, FY05	
	Sep. 05	Change from Mar. 05	Average	Year change
Small- and medium-sized enterprises*	150bp	(6bp)	154bp	(6bp)
Large corporations*	72bp	(12bp)	76bp	(10bp)

* "Small- and medium-sized enterprises": Middle Market Banking Unit, "Large corporations": Corporate Banking Unit

** Excluding financial institutions

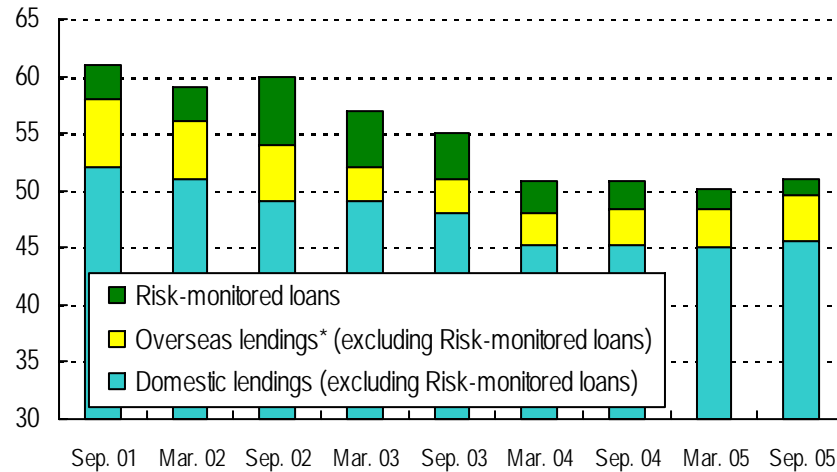
2. Top-line

(3) Loan business (b) Origination and balance



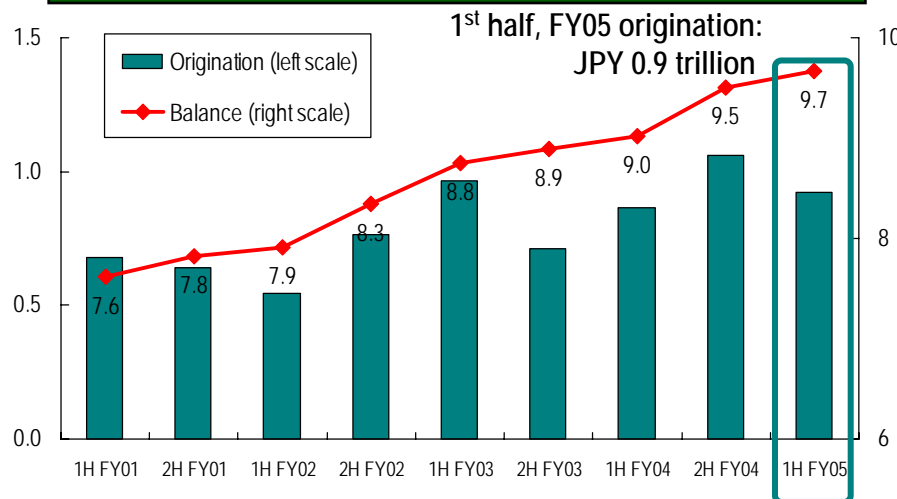
(SMBC non-consolidated, Trillions of yen)

Loan balance



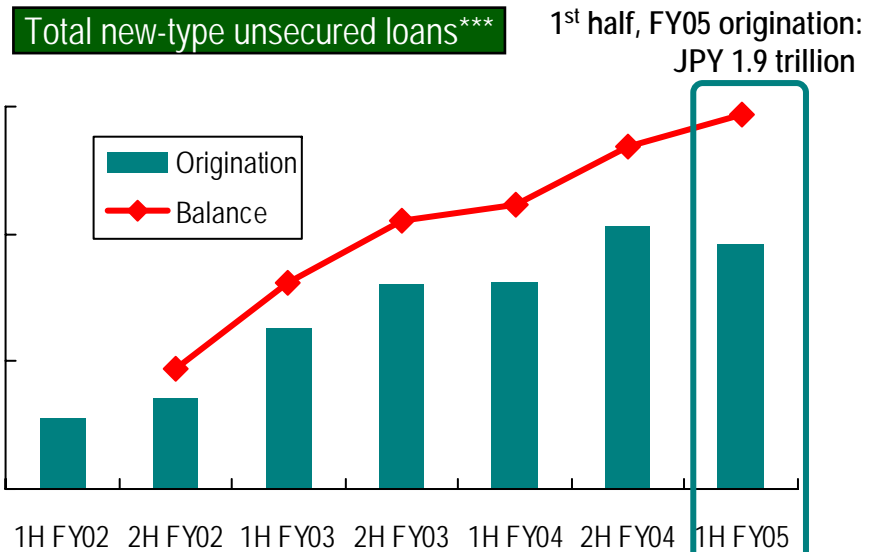
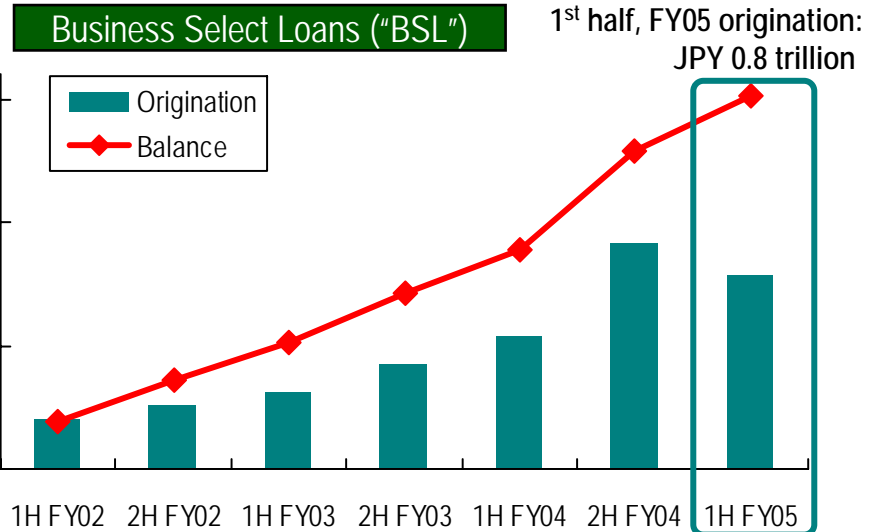
*Overseas offices and Japan off-shore banking accounts

Mortgage loans**



**Residential purpose. Origination excludes bridge loans to HLC's loans.

New-type unsecured loans to SMEs



***BSL, SMBC Crecer loan, N-fund loan, SMBC-CLO, V-fund loan, etc.

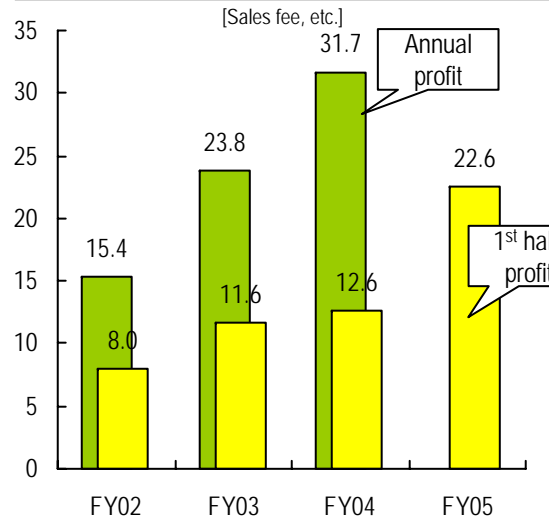
2. Top-line

(4) Asset management consulting, investment banking business

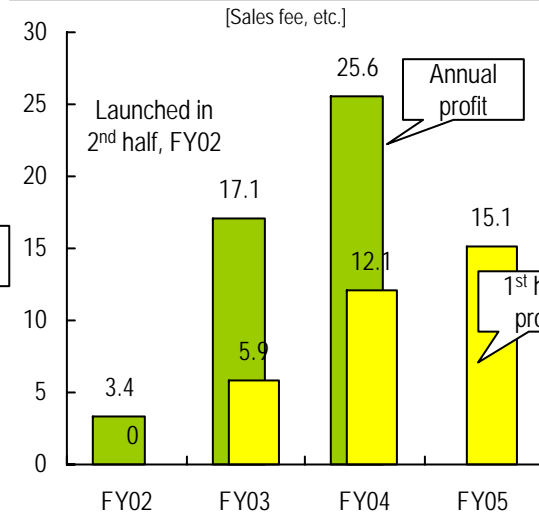


(SMBC non-consolidated [managerial accounting basis], Billions of yen)

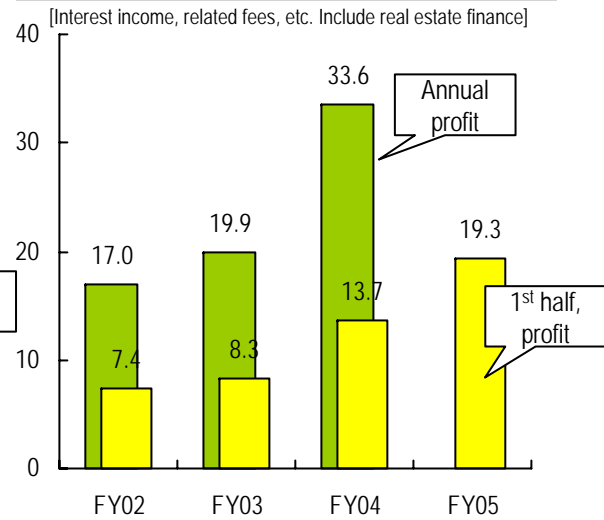
Investment trust



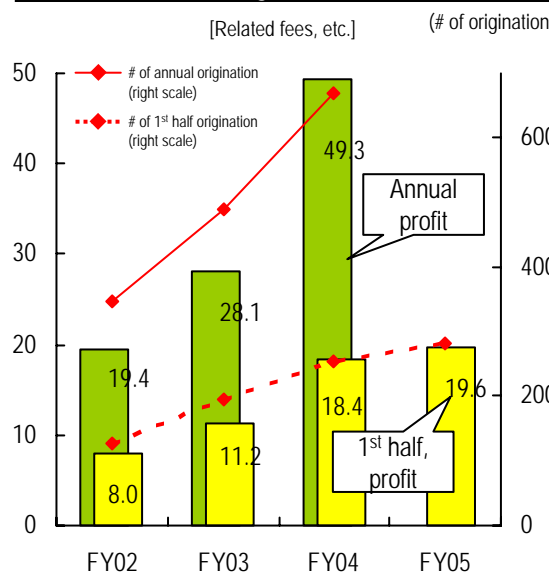
Pension-type insurance



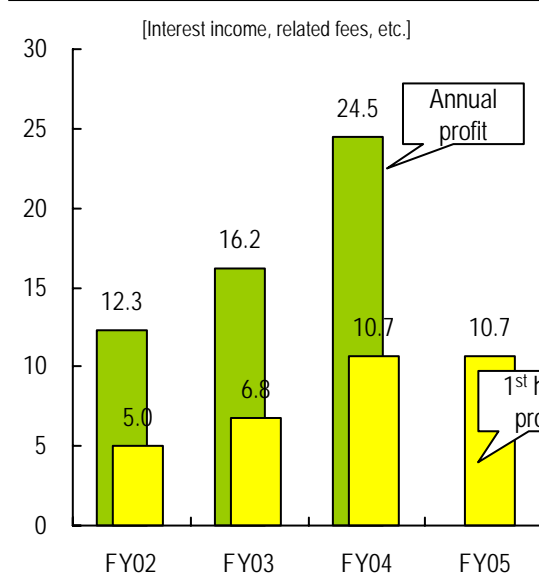
Structured finance



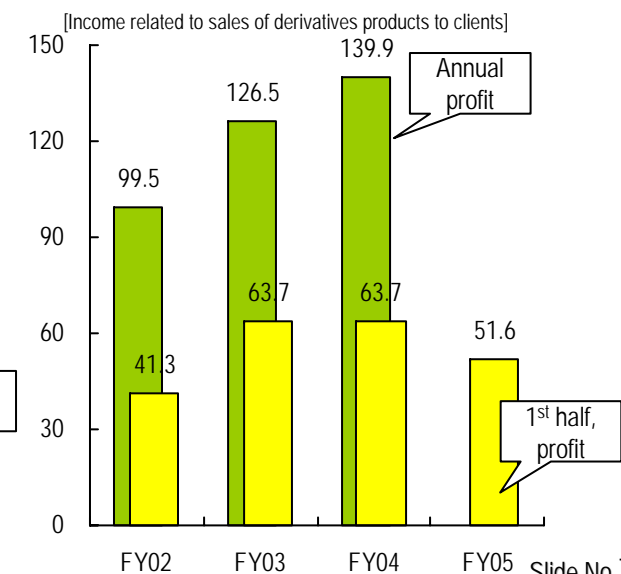
Loan syndication



Securitization of monetary claims



Sales of derivative products

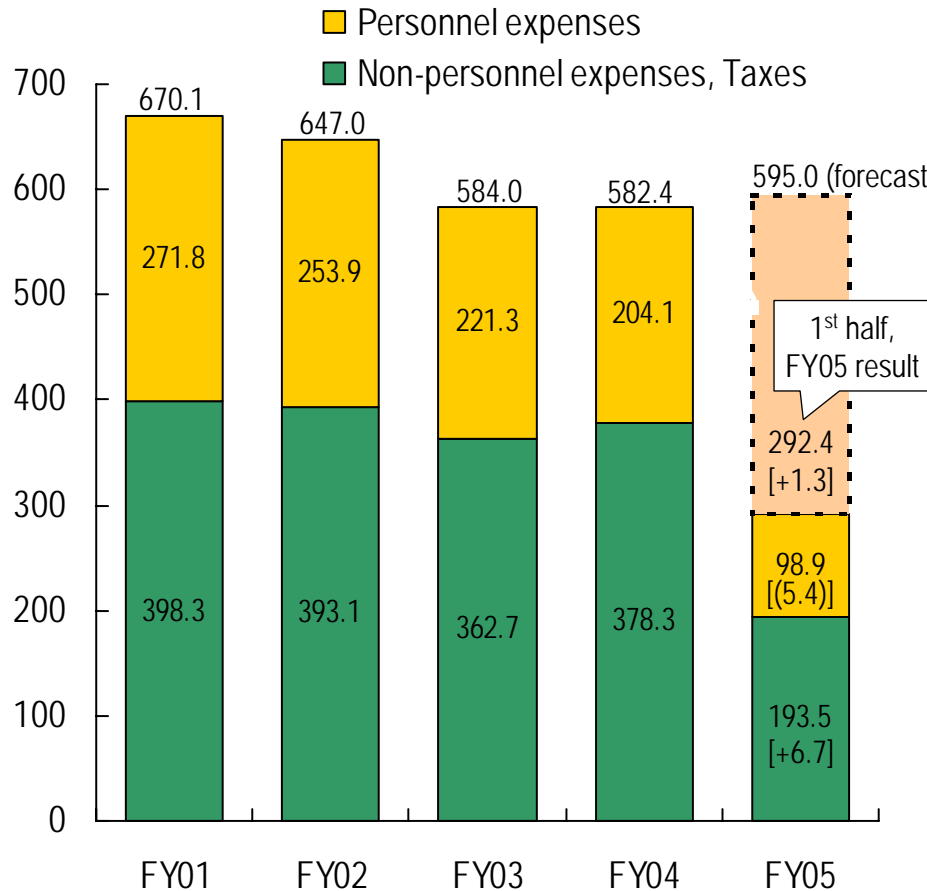


2. Top-line (4) Expenses



(SMBC non-consolidated, Billions of yen)

Expenses



Overhead ratio	FY01	FY02	FY03	FY04	FY05
	36.2%*	36.7%	36.9%	38.2%	38.1%

*41% when excluding extraordinary factors
(dividend income from subsidiaries, etc.: approx. JPY 220 billion)

Major factors for year-over-year change in Expenses

Work force streamlining	(4.9)
Strategic alliance with Promise	+4.0
Reinforce new-type unsecured loans to SMEs	+1.0
Mortgage loans	+0.6

Marketing channels

Consumer Banking Unit:	Mar. 05	Sep. 05
Domestic branches	425	412
SMBC Consulting Plazas**	45	66
Loan Promotion Offices	108	113

** Start to establish in Mar. 03. Figures Include number of Consulting Offices.

Middle Market Banking Unit:	Mar. 05***	Sep. 05
Corporate Business Offices	192	194
Business Support Offices	32	19
Corporate Sales Offices	8	9
Sub-offices, Corporate Sales Desks	79	82

*** After adjusting integration effects related to dissolution of Community Banking Unit

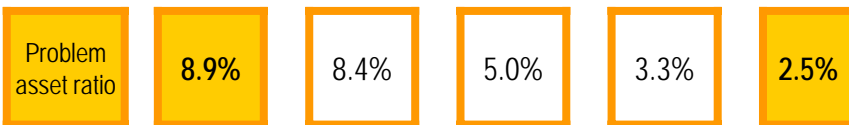
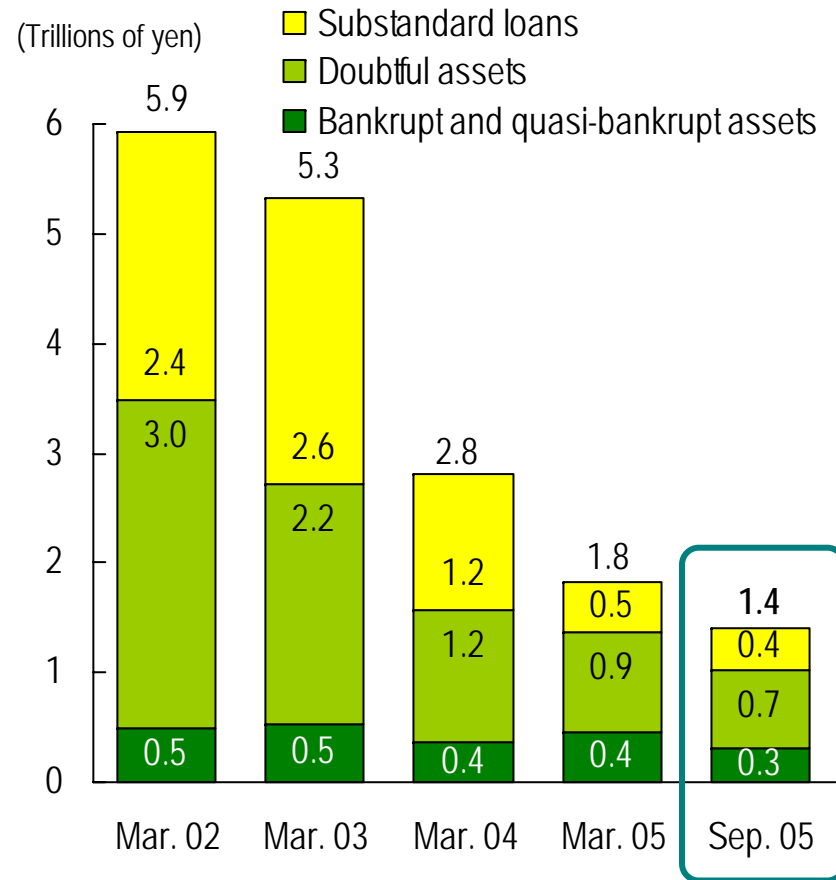
3. Disposal of non-performing loans

(1) Problem assets, credit cost



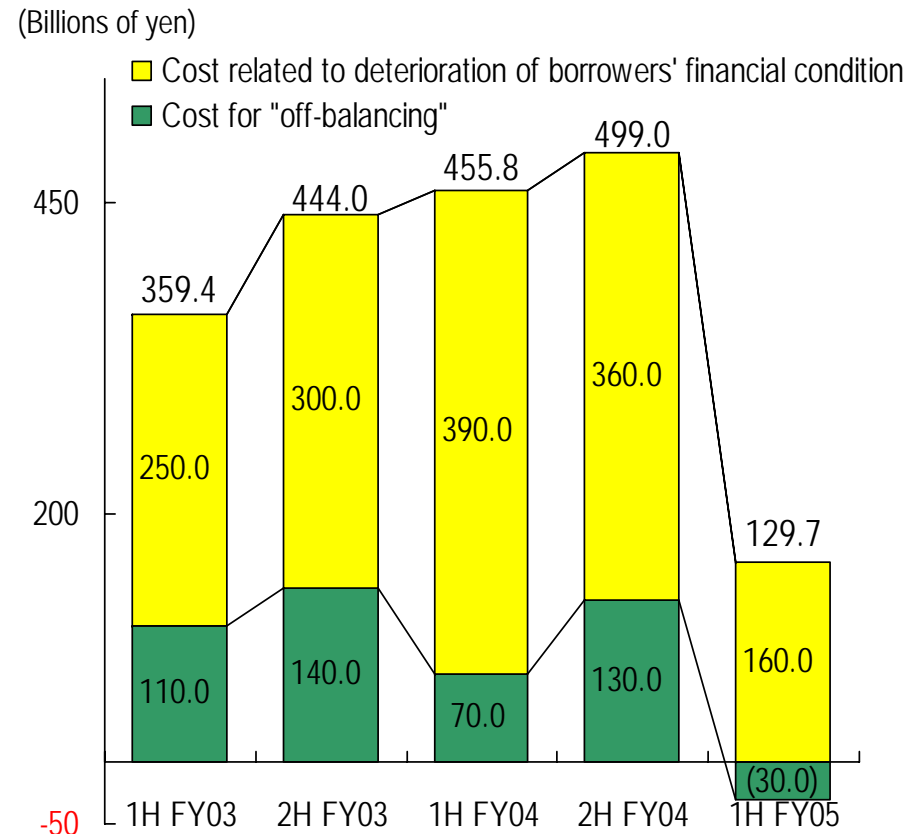
(SMBC non-consolidated)

Balance of non-performing loans*



*Problem assets based on the Financial Reconstruction Law (excluding Normal assets)

Credit cost



Cost related to deterioration of borrowers' financial condition:

Cost related to downward migration from borrowers requiring caution, including Substandard borrowers, or upper

Cost for "off-balancing":

Cost for "off-balancing" of claims to Potentially bankrupt borrowers or lower

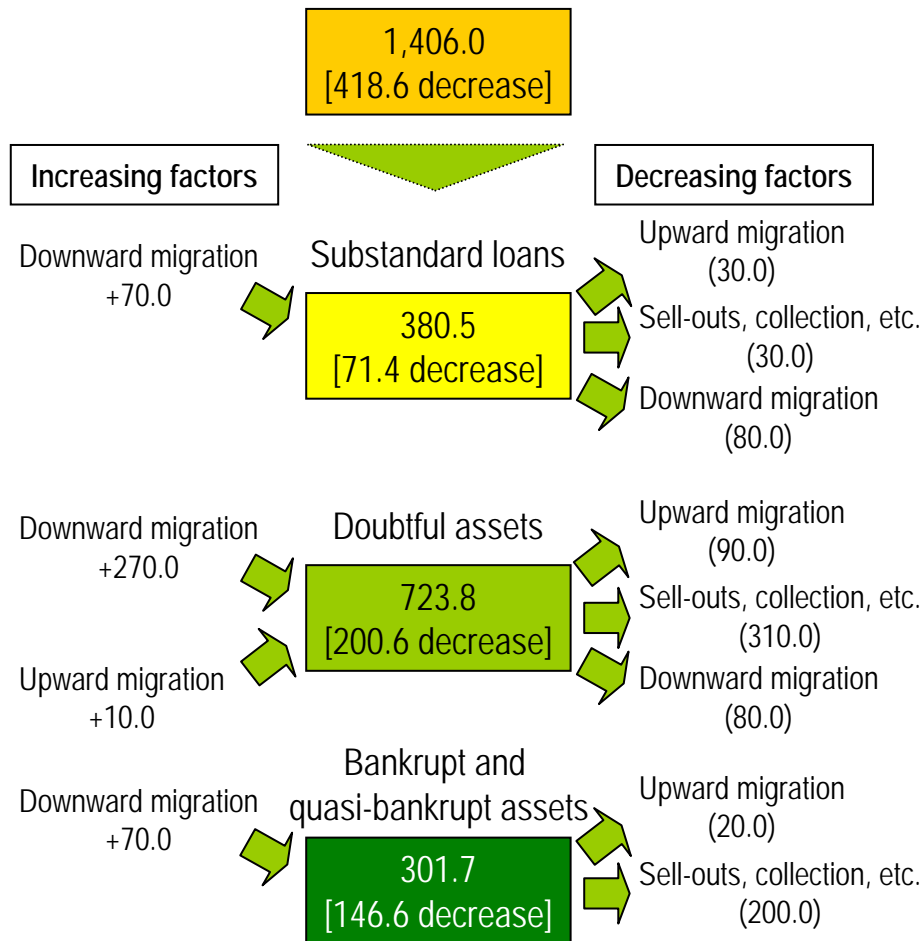
3. Disposal of non-performing loans

(2) Migrations, reserves

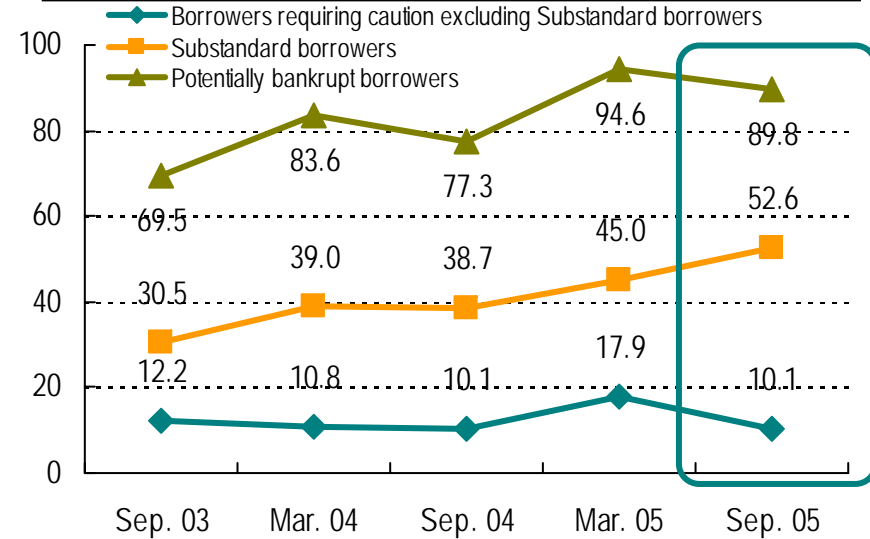
(SMBC non-consolidated, Billions of yen)

Major factors for changes from Mar. 05

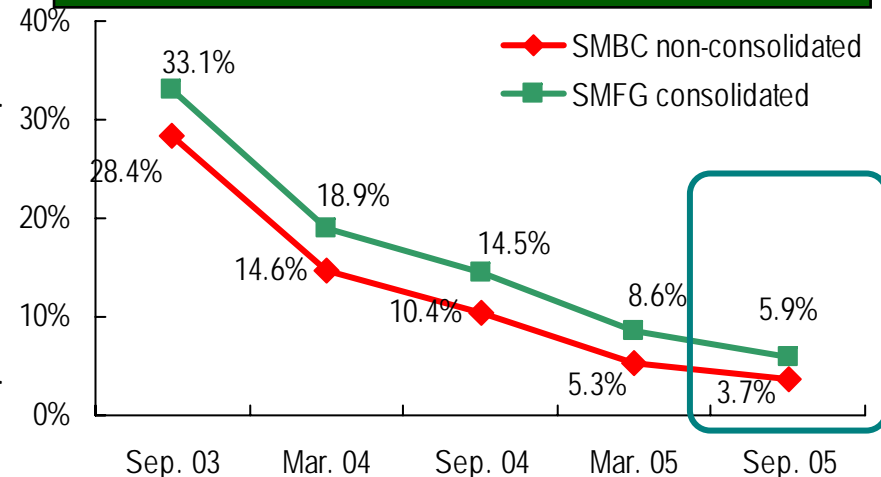
Problem assets based on the Financial Reconstruction Law (excluding Normal assets)



Reserve ratio* (%)



Net problem assets to Tier I capital**



*The proportion of the reserve to unsecured portion

** (Problem assets based on the Financial Reconstruction Law – secured portion [reserve for possible loan losses + collateral or guarantees, etc.] / Tier I capital (SMFG consolidated))

4. B/S

(1) Overview



(SMBC non-consolidated, Billions of yen)

	Mar. 05	Sep. 05	Change from Mar. 05	
Assets	91,129.8	93,293.8	+2,164.0	
Securities	23,676.7	23,039.5	(637.2)	(1)
Loans and bills discounted	50,067.6	50,949.2	+881.6	(2)
Deferred tax assets	1,502.2	1,328.5	(173.7)	(3)
Liabilities	88,377.1	90,122.6	+1,745.5	
Deposits	62,788.3	63,380.9	+592.6	(4)
NCDs	2,803.3	2,602.6	(200.7)	
Payables under securities lending transactions	3,838.0	3,612.0	(226.0)	
Other liabilities	1,143.2	1,571.0	+427.8	
Stockholders' equity	2,752.7	3,171.2	+418.5	
Capital stock	665.0	665.0	-	
Capital surplus	1,367.5	1,367.5	-	
Retained earnings	291.3	607.9	+316.6	(5)
Land revaluation excess	42.3	24.5	(17.8)	
Net unrealized gains (losses) on Other securities	386.6	506.3	+119.7	(6)

Major factors for changes from Mar. 05

- (1) JGBs: JPY 2.3 trillion decrease
Foreign currency denominated bonds & investment trust, etc.: JPY 1.1 trillion increase
Domestic corporate bonds: JPY 0.2 trillion increase
Domestic stocks: JPY 0.2 trillion increase
- (2) Overseas loans: JPY 0.7 trillion increase
Domestic loans: JPY 0.2 trillion increase
- (3) See page 14
- (4) Domestic deposits: JPY 0.3 trillion increase (including liquid deposits: JPY 0.8 trillion increase)
- (5) Net income: JPY 298.7 billion increase
- (6) Increase in unrealized gains on stocks

4. B/S

(2) Equity portfolio



(SMBC non-consolidated, Billions of yen)

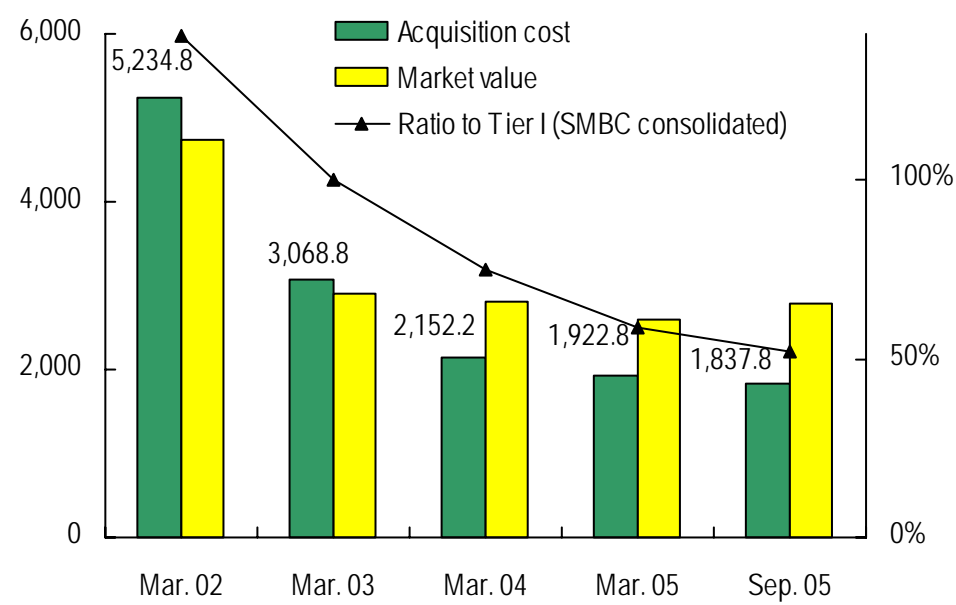
Gains (losses) on stocks

	1st half, FY04	1st half, FY05	Year change
Total	44.8	25.0	(19.8)
Gains on sales of stocks	60.0	34.2	(25.8)
Losses on sales of stocks	(0.4)	(0.4)	0.0
Losses on devaluation of stocks	(14.8)	(8.8)	6.0

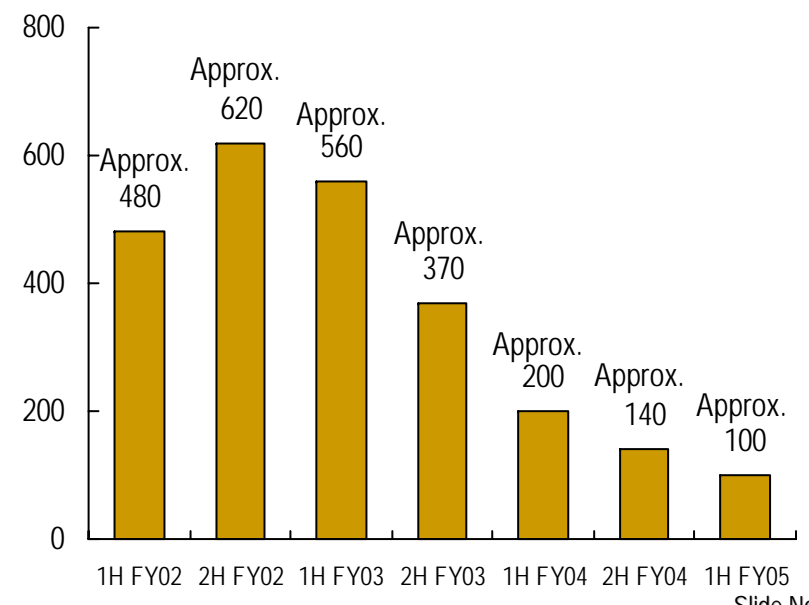
Unrealized gains (losses) on Other securities

	Mar. 05	Sep. 05
Total	651.4	851.6
Stocks	667.3	945.4
Bonds	7.7	(80.3)
Others	(23.6)	(13.5)

Balance of listed and OTC stocks classified as Other securities



Sales of stockholdings



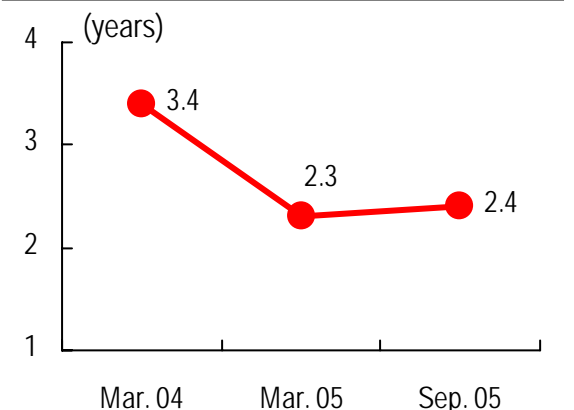
4. B/S

(3) Bond portfolio



(SMBC non-consolidated, Billions of yen)

Gains (losses) on bonds			Unrealized gains (losses) on Other securities			Average duration of bond portfolio*	
	1 st half, FY04	1 st half, FY05		Mar. 05	Sep. 05	(years)	
Total	26.7	28.4	Total	651.4	851.6	3.4	
Gains on sales	51.4	39.8	Stocks	667.3	945.4	2.3	
Losses on sales	(24.8)	(11.2)	Bonds	7.7	(80.3)		2.4
Gains on redemption	0.1	0.1	Others	(23.6)	(13.5)		
Losses on redemption	0.0	(0.3)					
Losses on devaluation	-	-					



* Yen-denominated bonds excluding bonds held to maturity and bonds for which fair value hedge accounting is applied. Also excludes private placement bonds.

Balance of other securities with maturities and held-to-maturity bonds, classified by maturity

As of Sep.-05	1 year or less		More than 1 year to 5 years		More than 5 years to 10 years		More than 10 years		Total	
		Change from Mar. 05		Change from Mar. 05		Change from Mar. 05		Change from Mar. 05		Change from Mar. 05
Bonds	2,182.6	(803.6)	6,969.8	(1,570.3)	2,427.9	+312.2	2,832.0	+96.9	14,412.3	(1,964.9)
JGBs	1,896.0	(863.5)	4,613.2	(1,541.4)	1,450.0	+66.2	2,766.6	+64.1	10,725.8	(2,274.6)
Japanese local government bonds	9.9	+7.4	217.9	+13.7	281.8	+88.4	0.5	(0.0)	510.1	+109.4
Japanese corporate bonds	276.7	+52.5	2,138.7	(42.6)	696.1	+157.6	64.9	+32.9	3,176.4	+200.3
Others	347.4	(145.5)	1,961.8	+474.5	530.7	+300.2	626.1	+64.4	3,466.0	+693.6
Total	2,530.0	(949.1)	8,931.6	(1,095.9)	2,958.6	+612.4	3,458.1	+161.3	17,878.3	(1,271.3)

5. Deferred tax assets (DTAs)



(SMBC non-consolidated, Billions of yen)

Recognition based on non-deductible expenses and operating loss carryforwards on tax accounting basis

	Sep. 05	Change from Mar. 05	
Subtotal of deferred tax assets	2,223.6	(155.5)	(1)
Reserve for possible loan losses	233.3	(82.1)	
Write-off of loans	368.5	(193.6)	
Write-off of securities	444.5	(88.5)	
Net operating loss carryforwards	1,056.1	+233.3	
Valuation allowance	491.4	(61.9)	(2)
Deferred tax liabilities excluding Net unrealized gains on other securities	57.2	(1.9)	(3)
Total (1)-(2)-(3)	1,675.0	(91.7)	(4)
Net unrealized gains on Other securities	346.5	+82.0	(5)

Estimation based on future taxable income

	Estimation of next 5 years
Banking profit*	5,376.0
A Income before income taxes	3,181.0
B Adjustments to taxable income**	988.6
Taxable income before adjustments (A+B)	4,169.6
	Effective tax rate (40.63%)
	Change from Mar. 05
DTAs corresponding to the taxable income before adjustments	1,694.1
	0

Net deferred tax assets (B/S amount)	(4)-(5)	1,328.5
---	----------------	----------------

Income of final return for the last 5 years

	Mar. 01	Mar. 02	Mar. 03	Mar. 04	Mar. 05	Sep. 05
Income of final return (before deducting operating loss carryforwards)	(176.0)	241.9	(745.5)	(1,437.8)	317.2	(571.0)

(Note) The figures above include amounts arising from "extraordinary factors" that are specified in the Practical Guideline. Taxable income has been reported each year when these amounts are excluded.

6. Capital ratio



(SMFG Consolidated, Billions of yen)

	Mar. 05	Sep. 05 <Preliminary>	Change from Mar. 05
Tier I	3,262.3	3,746.1	+483.8
Capital stock & Capital surplus	2,327.0	2,327.0	0.0
<Preferred stock>	<1,781.6>	<1,460.3>	<(321.3)>
Retained earnings	285.6	697.9	+412.3 (1)
Preferred securities issued by overseas SPCs	816.9	827.5	+10.6
Treasury stock	(269.9)	(270.8)	(0.9)
Tier II*	3,262.3	3,746.1	+483.8
45% of unrealized gains on other securities	317.1	410.9	+93.8
45% of land revaluation excess	67.1	39.9	(27.2)
General reserve for possible loan losses	633.5	597.4	(36.1)
Perpetual subordinated debt	880.0	1,119.6	+239.6 (2)
Dated subordinated debt	1,657.3	1,591.3	(66.0)
Sub total	3,555.0	3,759.1	+204.1
Deduction	(504.4)	(548.0)	(43.6) (3)
Total capital	6,020.1	6,944.2	+924.1
Risk-adjusted assets	60,552.6	63,127.9	+2,575.3 (4)
Capital ratio	9.94%	11.00%	+1.06%
Tier I ratio	5.38%	5.93%	+0.55%

Tier I

(1) Net income + 392.3

*All the Overseas SPV preferred stock (total: 345.0) were converted into common stock by Jul. 05
(Accumulated amount converted into common stock as of Mar. 05 was approx. 23.8 [6.9%.])

Tier II

(2) Issuance of perpetual subordinated bonds in overseas market
+ USD1.35 billion, + EUR 0.7 billion, (=Total +JPY 248.1 billion)

Deduction

(3) Investment in NIF SMBC Ventures, etc.

Risk-adjusted assets

(4) Loans to overseas clients, etc.: +0.9 trillion
Loans to domestic clients: +0.6 trillion
(excluding Risk-monitored loans)
Foreign exchange +0.4 trillion

*Amount counted as capital

7. Earnings forecast for FY2005



(Billions of yen)

SMBC			
[Non-consolidated]	FY04 Result	FY05 Forecast	Change from earnings forecast announced in May 05
Banking profit*	940.5	950.0	-
Gross banking profit	1,522.9	1,545.0	-
Expenses	(582.4)	(595.0)	-
Total credit cost	(954.8)	(300.0)	-
Ordinary profit	(71.7)	660.0	+50.0
Net income	(136.8)	430.0	+80.0

*Before provision for general reserve for possible loan losses

SMFG			
	FY04 Result	FY05 Forecast	Change from earnings forecast announced in May 05
[Consolidated]			
Ordinary income	3,580.8	3,500.0	+200.0
Ordinary profit	(30.3)	850.0	+70.0
Net income	(234.2)	550.0	+90.0
[Non-consolidated]			
Operating income	258.8	54.0	-
Ordinary profit	253.4	48.0	-
Net income	252.2	70.0	-

Part II: Measures to further strengthen major strategic businesses



1. Overview of 1st half, FY05
 - (1) Achievements in 1st half, FY05
 - (2) Performance of major strategic businesses
 - (3) Progress in strategic alliances
2. Measures to further strengthen major strategic businesses
 - (1) Loan business
 - a. New-type unsecured loans to SMEs
 - b. Mortgage loans
 - c. Consumer finance
 - (2) Financial consulting for individual clients
 - (3) Solution providing for corporate clients
 - (4) Overseas businesses
3. Business growth strategy
4. Closing

Achievements in 1st half, FY05



Steady recovery of bottom-line profit

Steady top-line profit

Strategic businesses of SMBC

- ▶ New-type unsecured loans to SMEs, Mortgage loans, Real estate non-recourse loan
- ▶ Solution providing for corporate clients
- ▶ Financial consulting for individual clients

Domestic lending: bottomed out

Significant decrease in credit costs

Creation of new business lines

Active development of group strategy

- ▶ Alliances with NTT DoCoMo, East Japan Railway Company
- ▶ Alliance with Promise: Successful start in joint consumer finance business

Performance of major strategic businesses



✓ Successful start in the first year of “Medium Term Management Plan” and steady expansion of customer base

[SMBC non-consolidated]

✓ Loan business

	<FY05 plan>	< 1 st half, FY05 results>
Origination of new-type unsecured loans to SMEs	JPY 4.0 trillion	Approx. JPY 1.9 trillion
Business Select Loans	JPY 1.3 trillion	Approx. JPY 790.0 trillion
Origination of mortgage loans	JPY 2.1 trillion	Approx. 920.0 billion

New customers in 1st half, FY05

-SMBC Crecer Loan
Approx. 320 companies

-Business Select Loan
Approx. 8,100 companies

-Mortgage loan
Approx. 50,000 clients*

*Origination of mortgage loans in 1st half, FY05

✓ Financial consulting for individuals

	<FY05 plan>	< 1 st half, FY05 results>
Sales of load-type investment trusts	JPY 1.0 trillion	Approx. 590.0 billion
Sales of pension-type insurances	JPY 0.7 trillion	Approx. 320.0 billion

✓ Solution providing for corporate clients

	<FY05 plan>	< 1 st half, FY05 results>
Profit related to investment banking business*	JPY 112.0 billion	Approx. 50.0 billion

*Loan syndication + Securitization of monetary claims + Structured finance (including real estate finance)

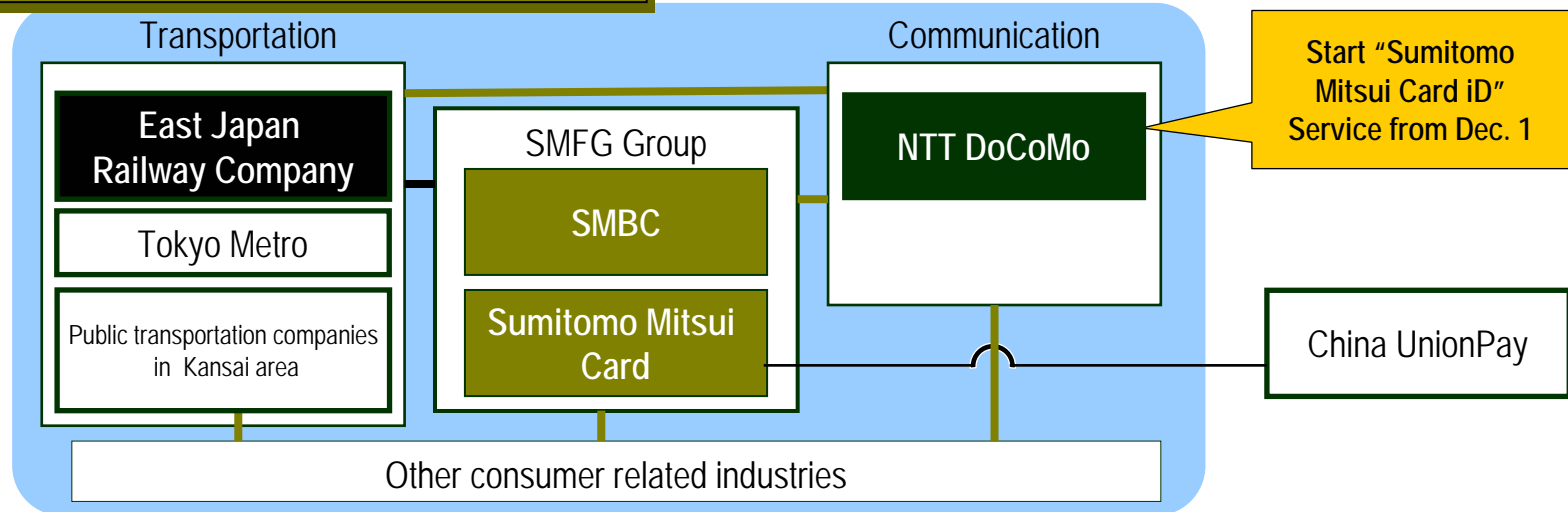
Progress in strategic alliances (Consumer banking business)



✓ Potential customer base is significantly expanding by the alliances with leading companies in consumer related industries

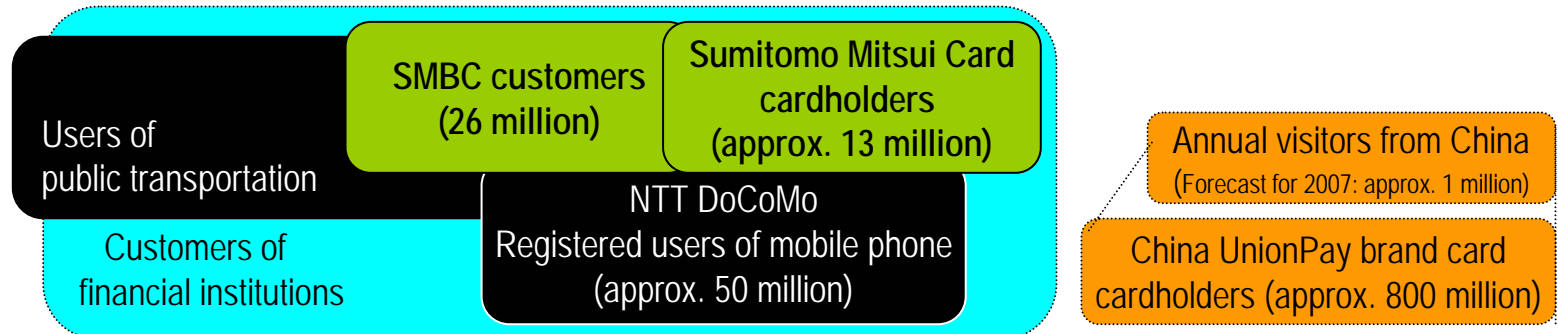
Alliance strategy for expansion of customer base

Alliance strategy for expansion of customer base



Expanding potential customer base

Sumitomo Mitsui Card: Network of member retail shops (3.09 million)



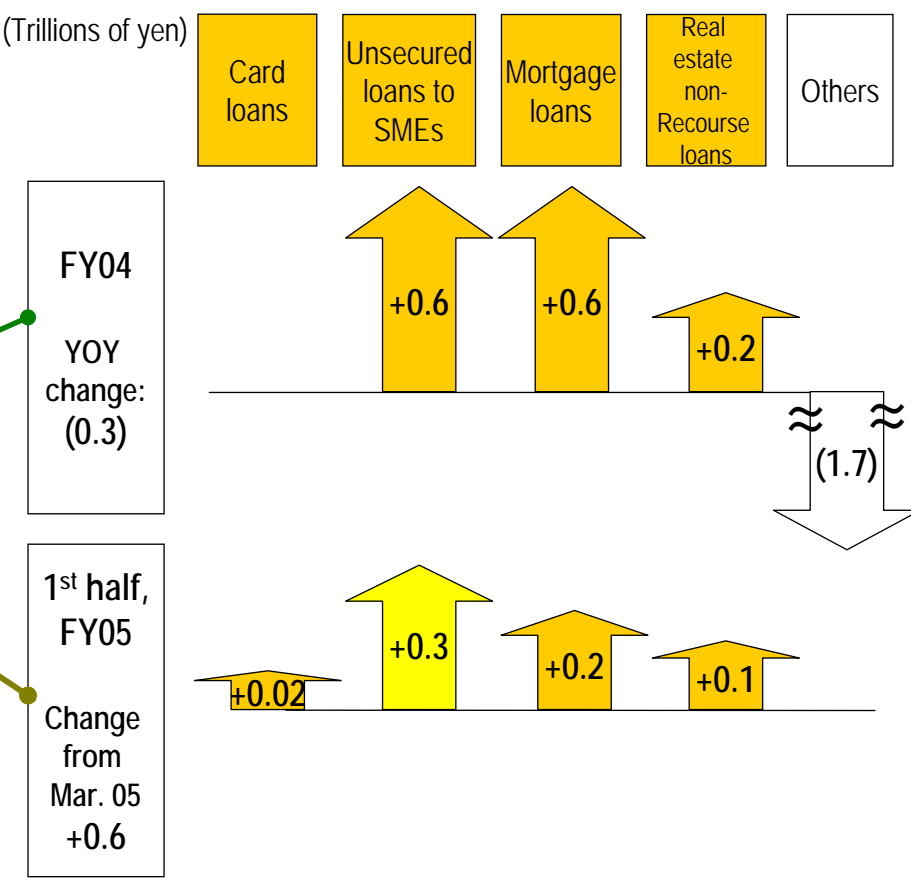
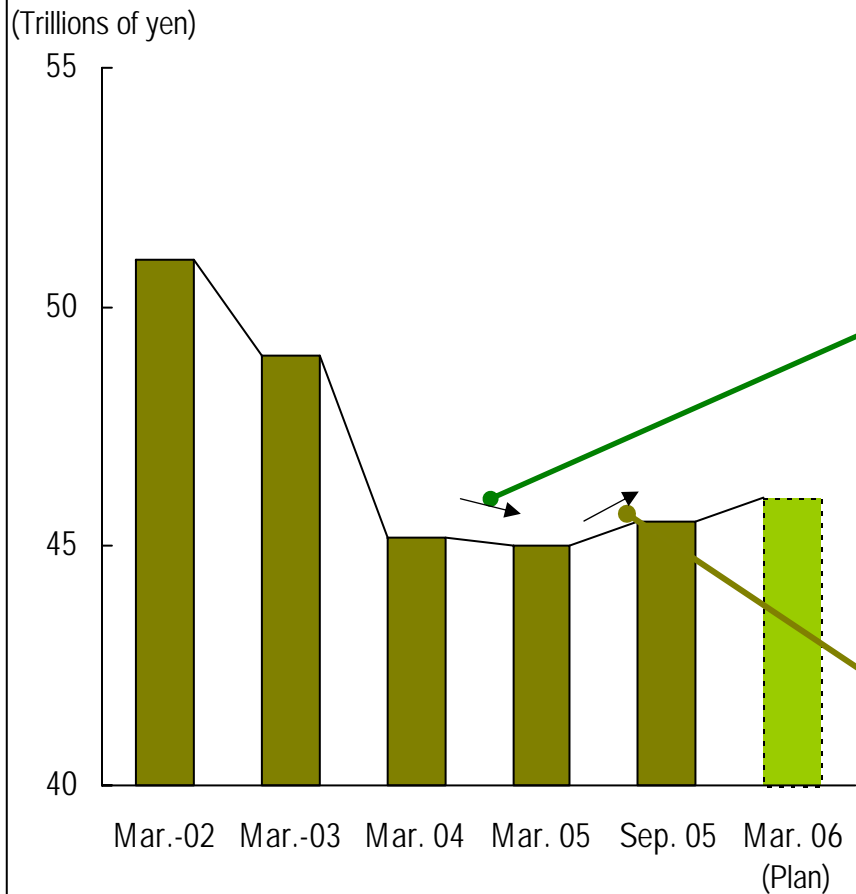
Loan business Overview



✓ Increase in domestic lending **▶** Increase of loans in strategic businesses contributed [SMBC non-consolidated]

Domestic lending (excluding risk-monitored loans)

Major factors contributing to the change in domestic lending (excluding risk-monitored loans)



New-type unsecured loans to SMEs

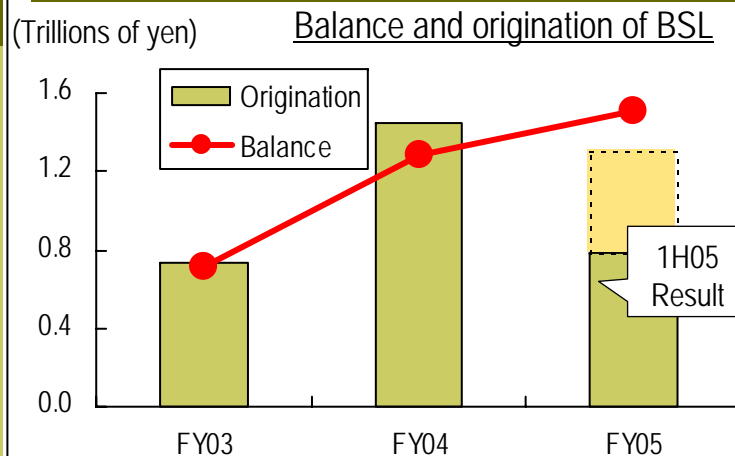
Business Select Loans



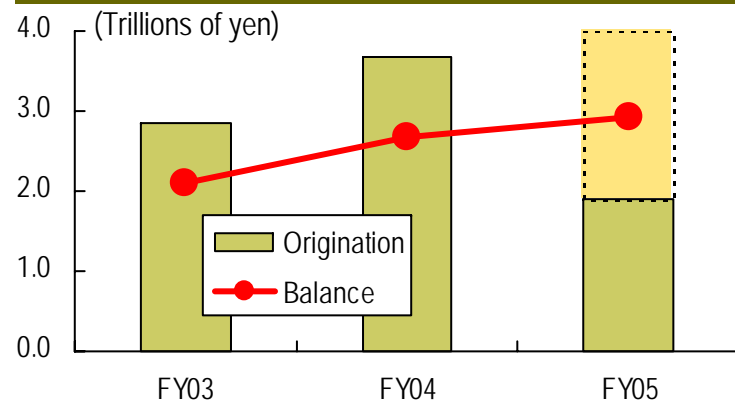
✓ Further strengthened competitive advantage through refinement of business model

[SMBC non-consolidated]

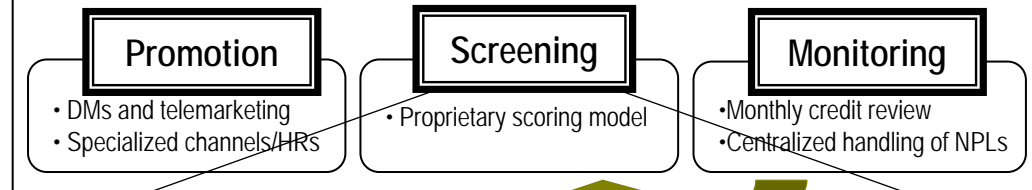
Outperformed the target in 1st half, FY05



<Reference> Total balance and origination of new-type unsecured loans to SMEs



Business model with comprehensive application of portfolio management approach



Better credit assessment by introducing more sophisticated credit scoring method

Refined scoring model

- Implemented system to review "standard interest rates" and scoring model in response to performances of portfolio on a monthly basis

Enhance alarming function

- Quantitative information to check window-dressing
- Qualitative data to estimate credit quality

Keep controlling the level of risk-adjusted return within the expected range

Mortgage loans

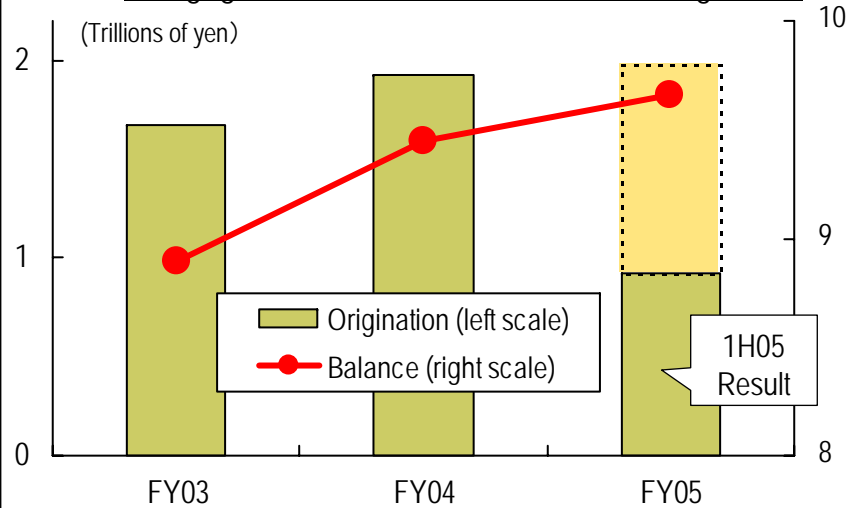
【SMBC non-consolidated】



- ✓ Achieved 10% market share, driven by the increasing contribution of operating network located mainly in suburban areas
- ✓ Target to originate 2 trillion yen annually through expansion of product & service line-up

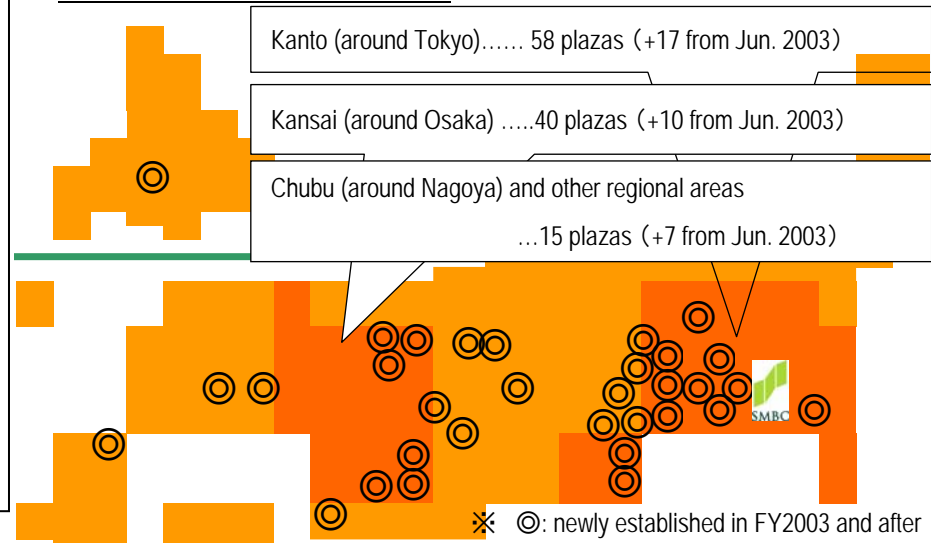
Achieved 10% share in domestic market (total annual origination: 18 trillion yen)

Mortgage Loan (residential) Balance & Origination



Developed channels mainly in suburban areas where population has been growing

SMBC's Loan Plaza Network (Jun. 2005)



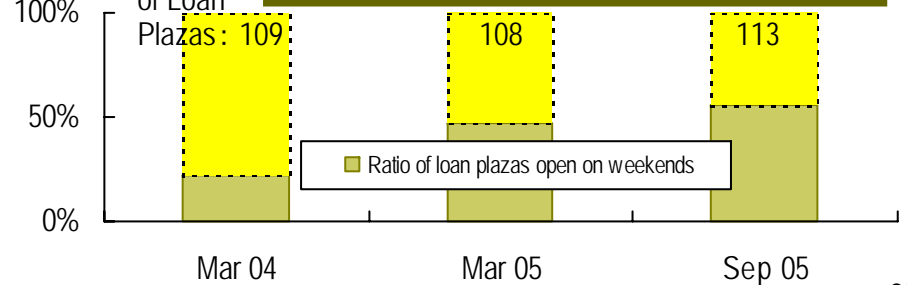
Expand Product & Service line-up

- ✓ Launched mortgage loan with insurance for 3 major fatal diseases
- ✓ Launched new product "My Home Plus" which offers a variety of special privileges to SMBC mortgage borrowers

Automated scoring system / credit risk management

- ✓ Refined the model reflecting the actual data of 100 thousand originated loans annually
- ✓ Centralized management of NPLs from the early stages

✓ Increased channels open on weekends



Consumer Finance Alliance with Promise



✓ Satisfactory start of joint venture for creating new market

Accumulated loan balance of 43 billion yen (Sep. 05) through alliance

✓ Confirmed existence of new market

- ▶ Applicants without SMBC accounts : approx.40%
- ▶ Applicants without borrowings: approx.20%

✓ Confirmed effectiveness of mass-promotion

- ▶ Substantial amount of origination at SMBC

✓ Confirmed effectiveness of "Cascade Scheme"

- ▶ Approval ratio for cascade: approx. 50% (expected level)

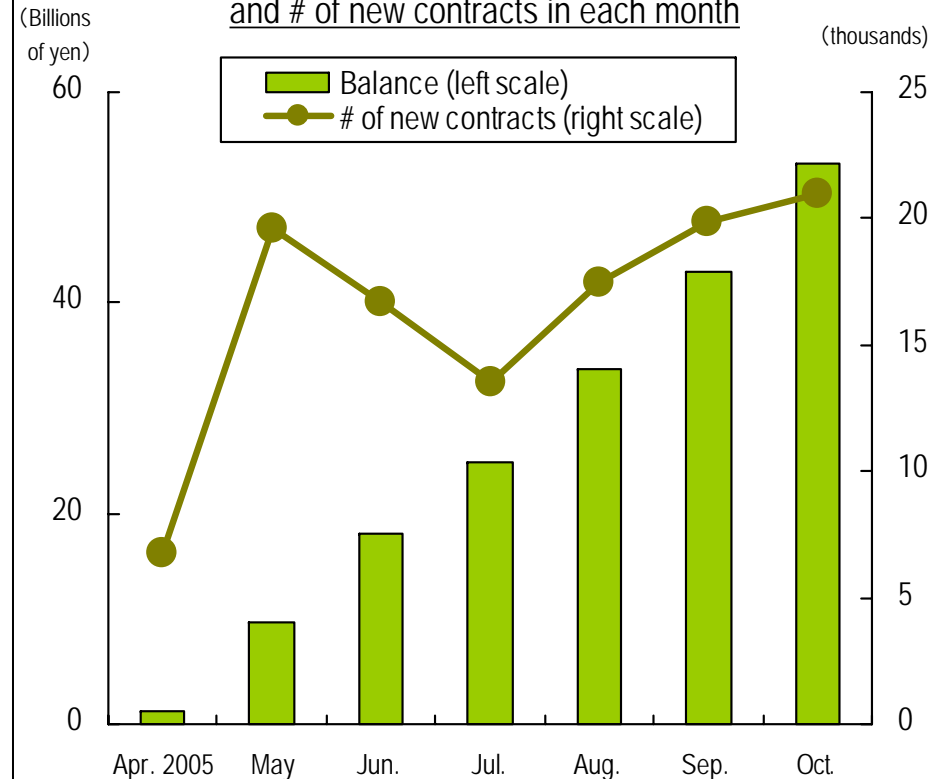
✓ Proved effectiveness of real channels

- ▶ Application through ACMs at branches: approximately 30% of total applications (SMBC)

Distribution of application by channels



Balance of loans provided through the joint venture and # of new contracts in each month



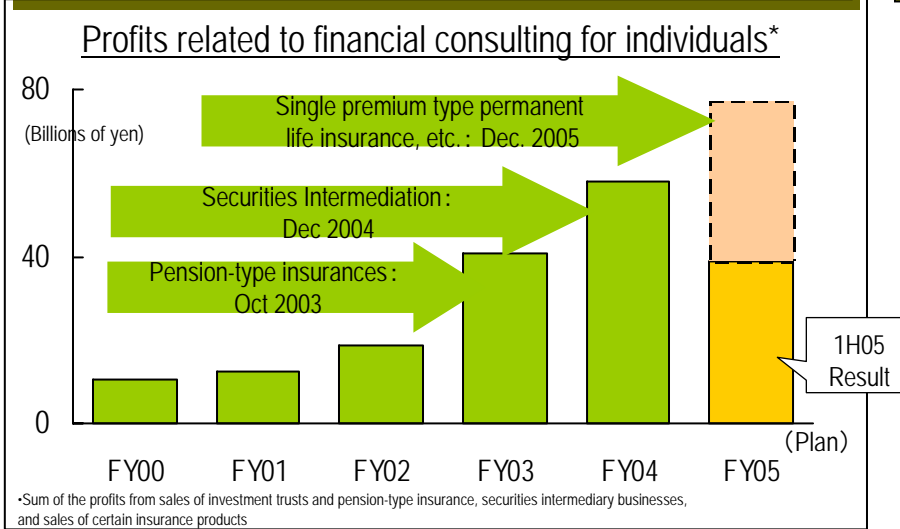
Targeting at the balance to JPY 500 billion within 3 years by implementing measures further

Financial Consulting for Individuals

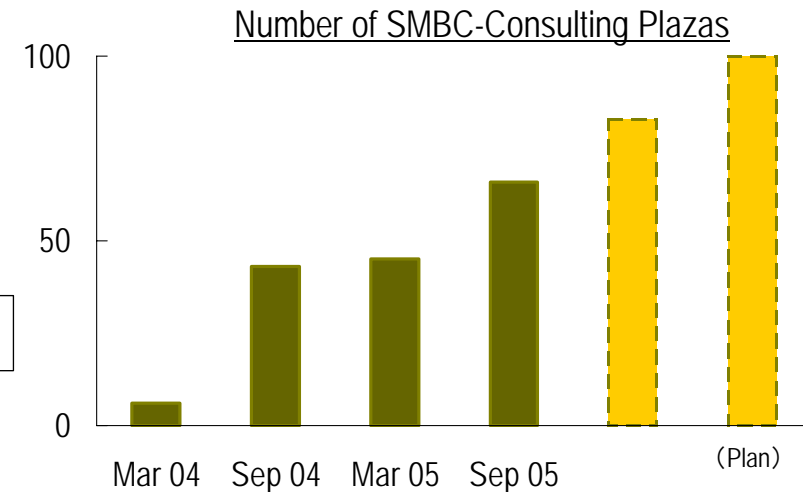


✓ Aim to grow further by improving productivity and increasing consultants

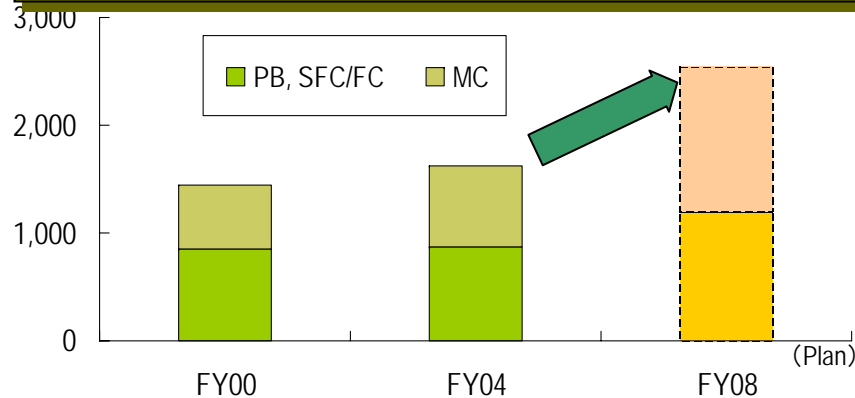
Rapid growth in related profits driven by product line expansion



Increase SMBC Consulting Plazas



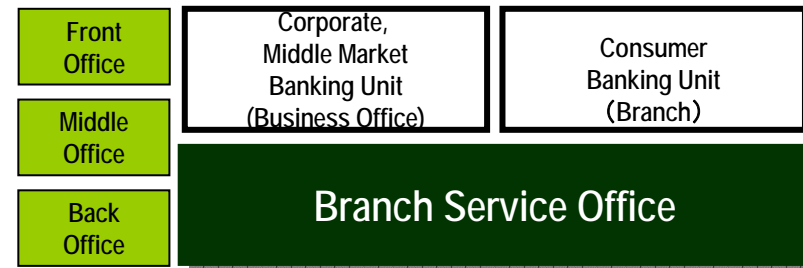
Expand consultants (+1,000)



※ PB, SFC/FC: Private Banker, Senior financial Consultant, Financial Consultant who are specialized marketing forces to high-net-worth individuals.
MC: "Money life consultant" who provides financial consulting services at SMBC branches and Consulting Plazas

New Branch Operation – Introduced Branch Service Offices

✓ Newly established Branch Service Offices are responsible for back- and middle-office operation in branches so that branch managers are able to focus on business promotion, leading to improvement in productivity and customer services.



* Introduced new operation system at 180 channels as of Oct 2005

Solution providing for corporations

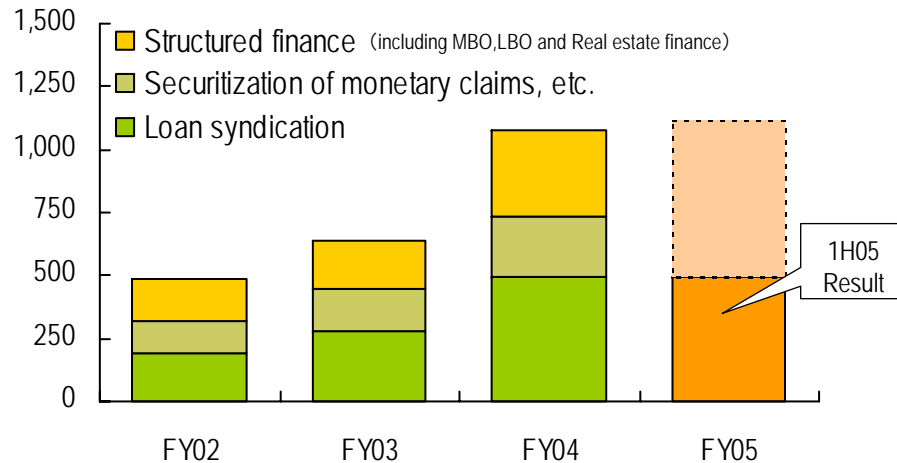


✓ Satisfactory start of solution providing in collaboration with investment funds (“buy-out funds” and “real estate funds”) and securities intermediary business

Investment Banking Unit (at SMBC)

(Billions of yen)

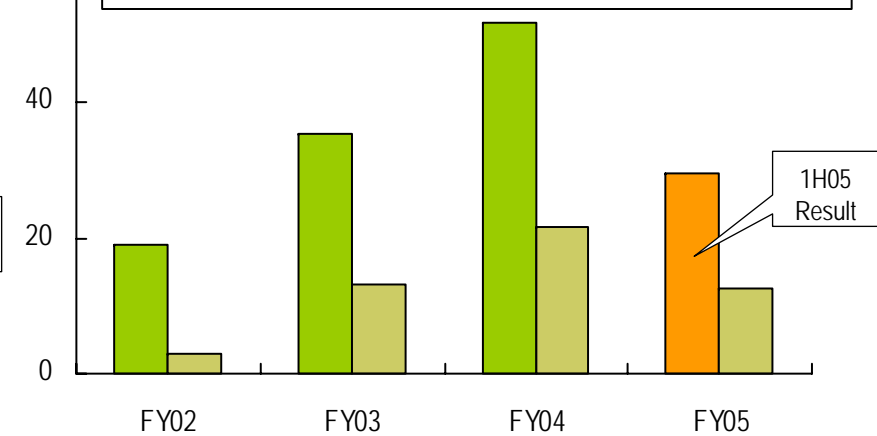
Profits from investment banking business



Collaboration with Daiwa Securities SMBC

(Billions of yen)

Profits of SMBC and Daiwa securities SMBC through collaboration
Equity method profits by Daiwa Securities SMBC (on SMFG consolidated P/L)



MBO/LBO finance
Oct. 2001
Established new department in charge of MBO/LBO finance at Tokyo Head office
↓
1st half, FY05
Arranged approximately JPY 300 billion of MBO/LBO finance

Real estate finance
Apr. 2005
Newly established Real Estate Finance Dept.
↓
1st half, FY05
Real estate non-recourse loans* increased by JPY 150 billion

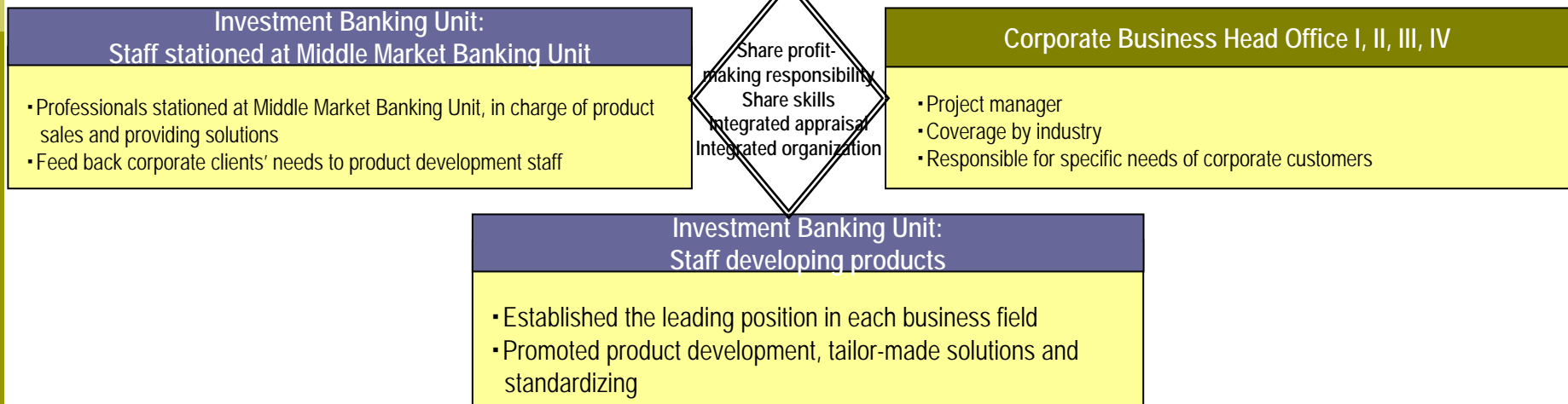
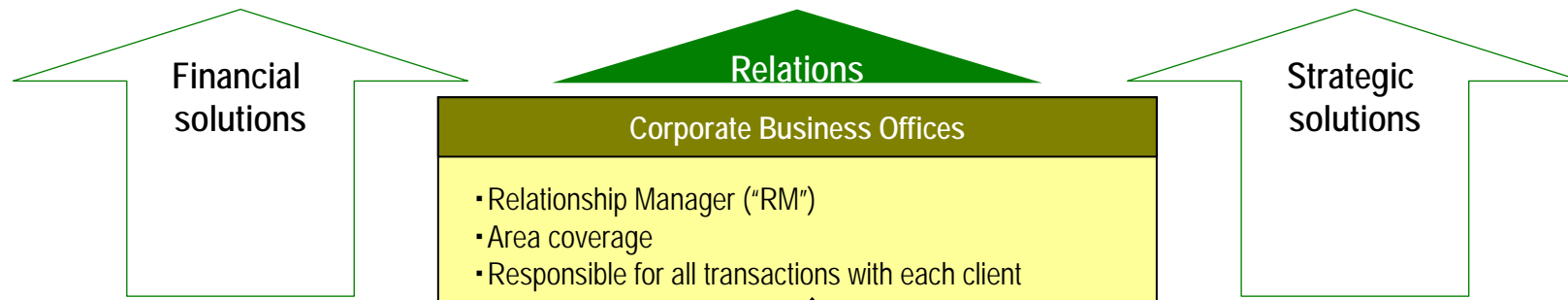
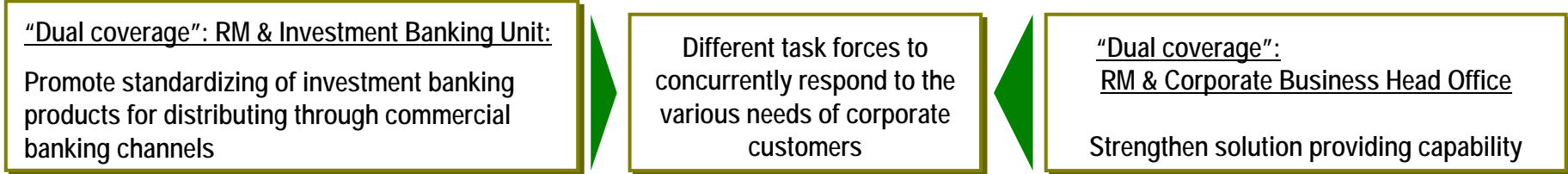
Securities intermediary business for corporations
Dec. 2004
Started business by newly establishing Securities Marketing Dept. at SMBC
↓
1st half, FY 2005
Steady growth with approx. JPY 4 billion of gross profits

Example of collaboration
Jun. 2004
Daiwa Securities SMBC started providing MSCB
↓
Number of the new contracts (introduced by SMBC) since Jun. 2004: 12

* loans managed by Real Estate Finance Dept.

Solution providing for corporations

"Dual coverage system" in Middle Market Banking Unit



Overseas Business

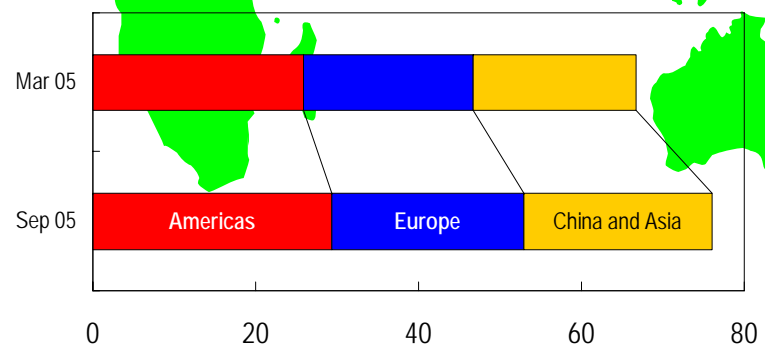


✓ Expanding Coverage as the “Global Commercial Bank with Asia as Home Market”

Active allocation of assets

- ✓ Leveraging opportunities derived from globalization of corporate activities
 - International expansion of Asian and Japanese corporations
 - Entry of American and European corporations into Japanese and other Asian marketplaces

Expanding coverage globally both inside and outside of clients' home countries



(Note) SMBC Consolidated

Promote solution providing with competitive edge

- ✓ Seize Growth Opportunities in High Growth Markets by Leveraging Edges in Solution-driven Businesses

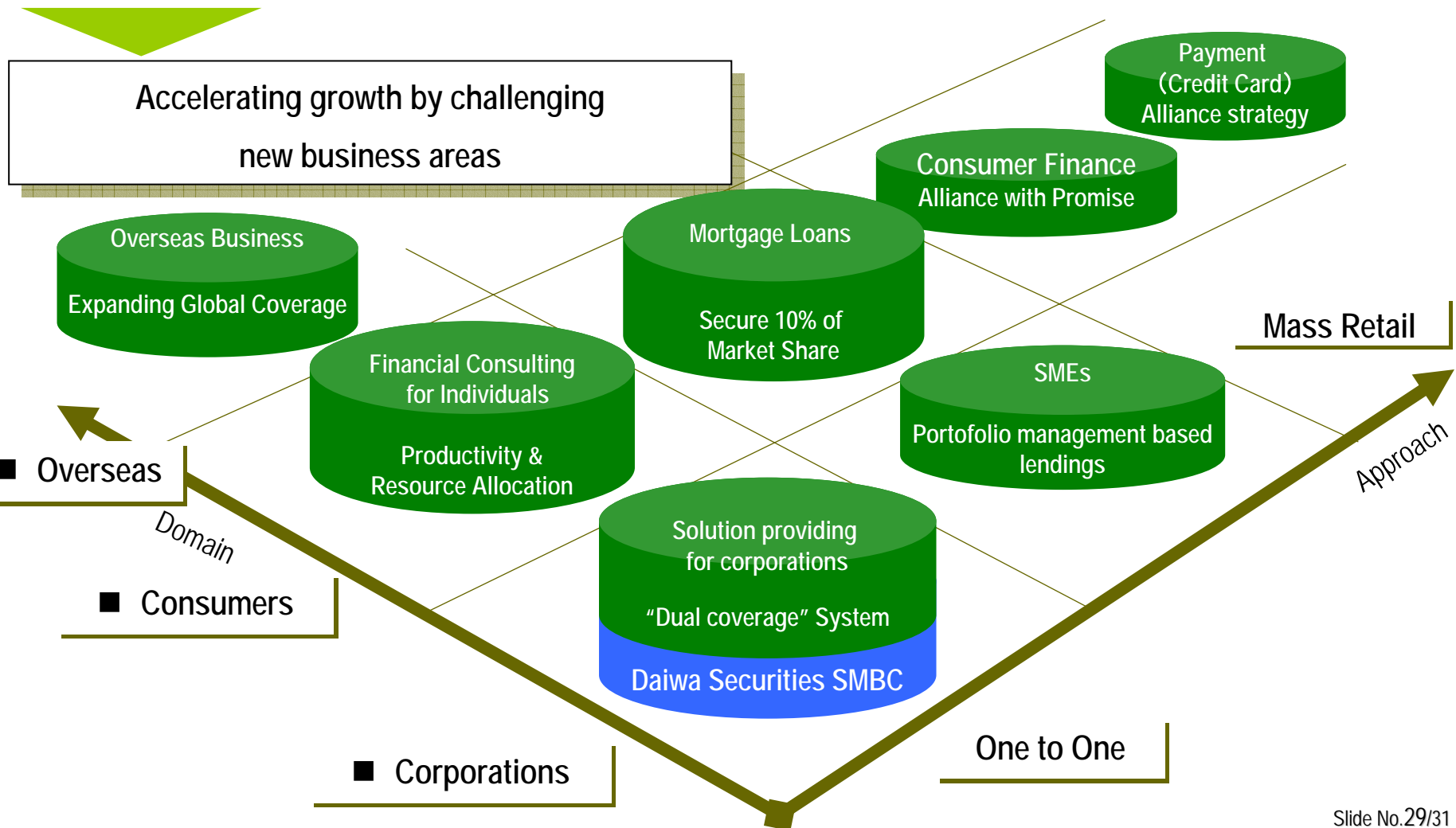
Global Project Finance Origination	Global Shipping Finance Origination	Europe PFI/PPP Origination	Asia (excluding Japan) Loan Syndication Origination
#1 Citigroup \$6,413 m	#1 Citigroup \$5,108 m	#1 HBOS E1,144 m	#1 Standard Chartered \$4,827 m
#6 SMBC \$3,475 m	#8 SMBC \$893 m	#5 SMBC E417 m	#5 SMBC \$3,053 m

※No.1 among Japanese Banks in the above league tables (2004)
 (Source) Project Finance International, Dealogic, Basis Point.

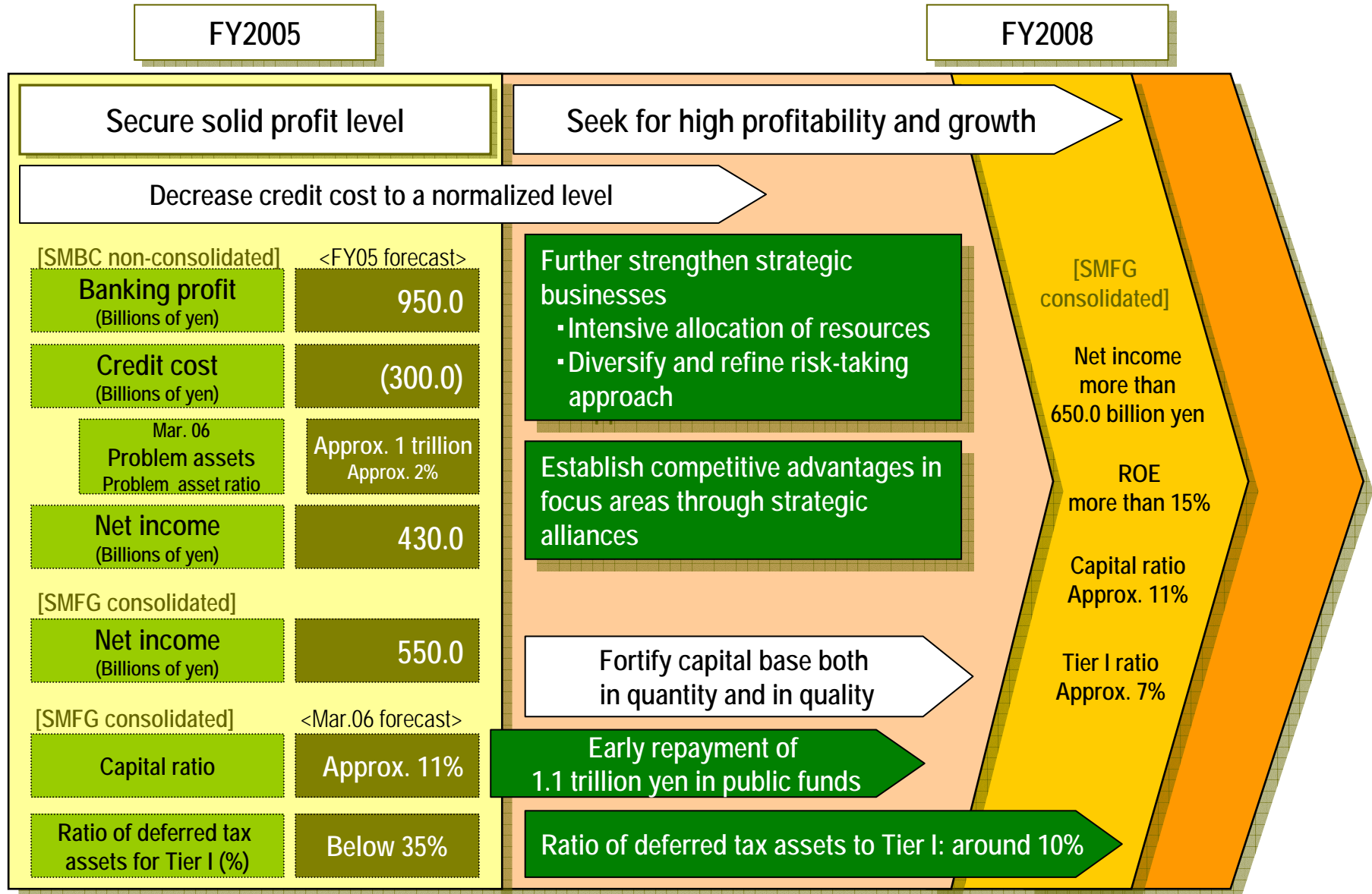
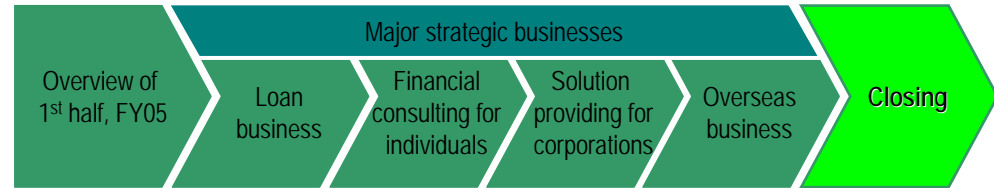
Business Growth Strategy



- ✓ Existing strong business portfolio supported by competitive advantages in each business
- ✓ New business lines created through alliances



Closing: SMFG's road map





SMFG SUMITOMO MITSUI
FINANCIAL GROUP

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.