

FY2005 Financial Results & FY2006 Management Policies

May 31, 2006



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

Provisional translation of
Japanese version

Agenda

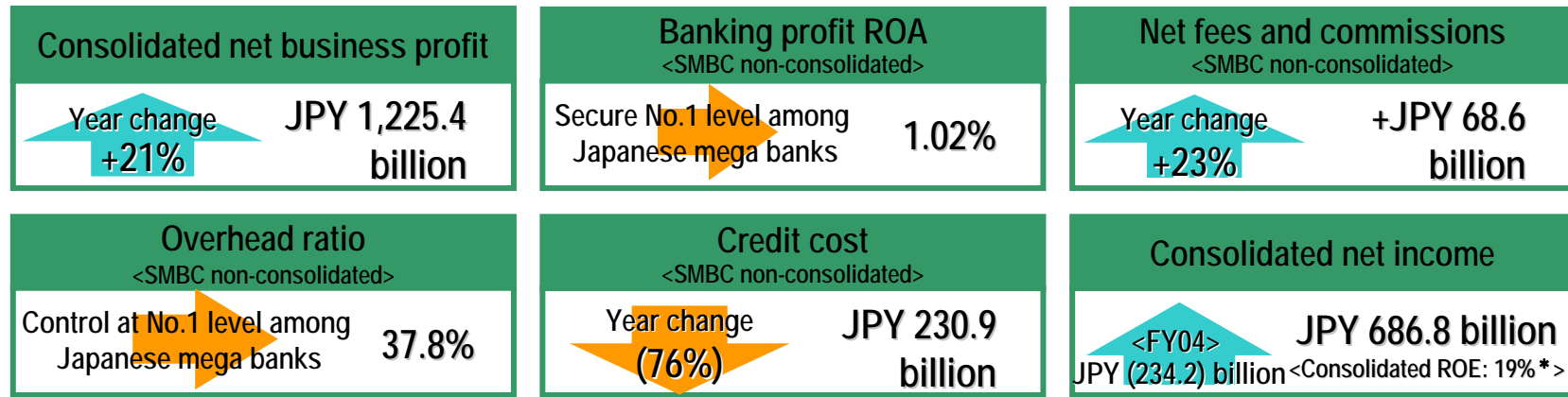
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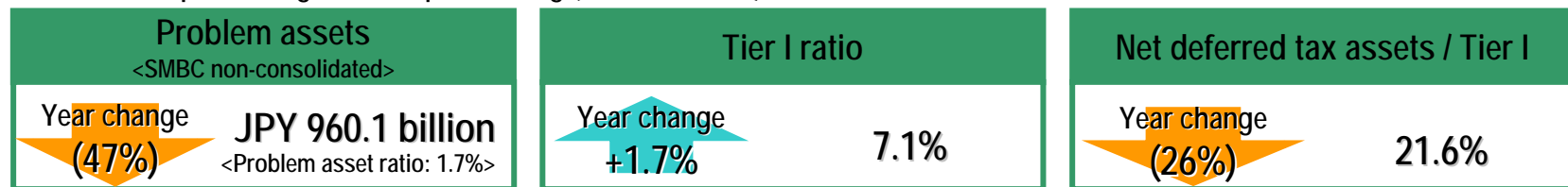
FY05 overview

Executed business growth strategy as a leading financial services group under new leadership

- ✓ Strengthen strategic businesses
[Financial consulting for individuals, unsecured loans to SMEs, investment banking business, alliance strategy]
- ✓ Secure solid profit level



- ✓ Strengthen financial base / fortify capital base
[Reduction of non-performing loans, capital raising (common stock): JPY 588.6 billion]



Recommendation** by the Fair Trade Commission of Japan / Administrative orders** by the Financial Services Agency Problems to be solved for sustainable growth have emerged out

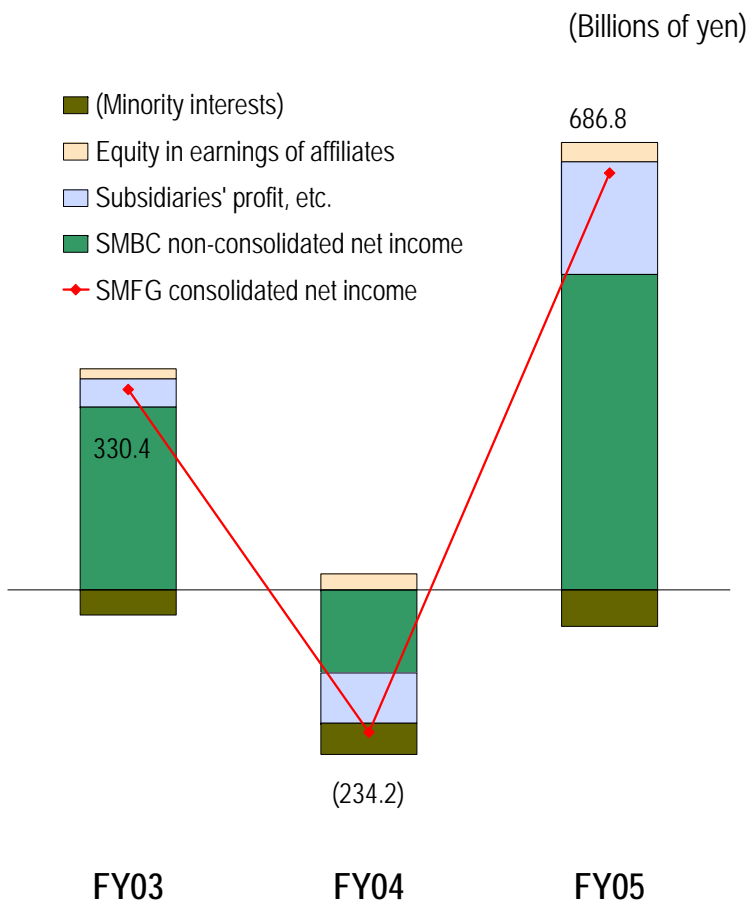
*Financial Results disclosure basis ** In respect to the manner in which SMBC marketed interest rate swaps to its corporate clients

Summary of financial results in FY05 [Bottom-line]

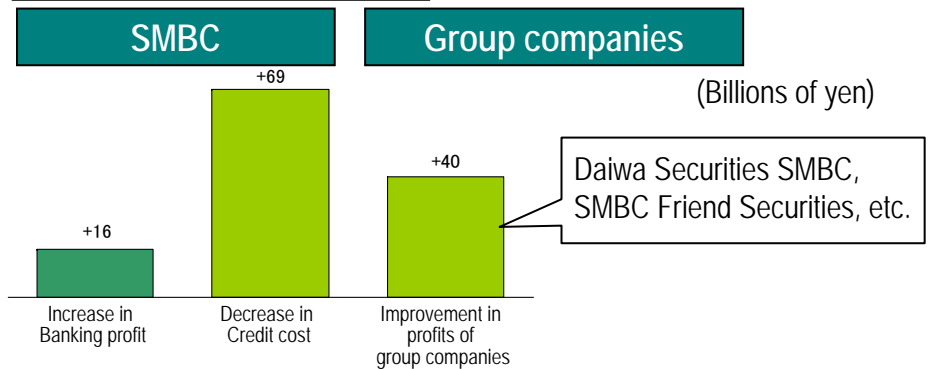
(SMFG consolidated)

■ Substantial improvement in SMBC financial results, and increasing contribution by group companies

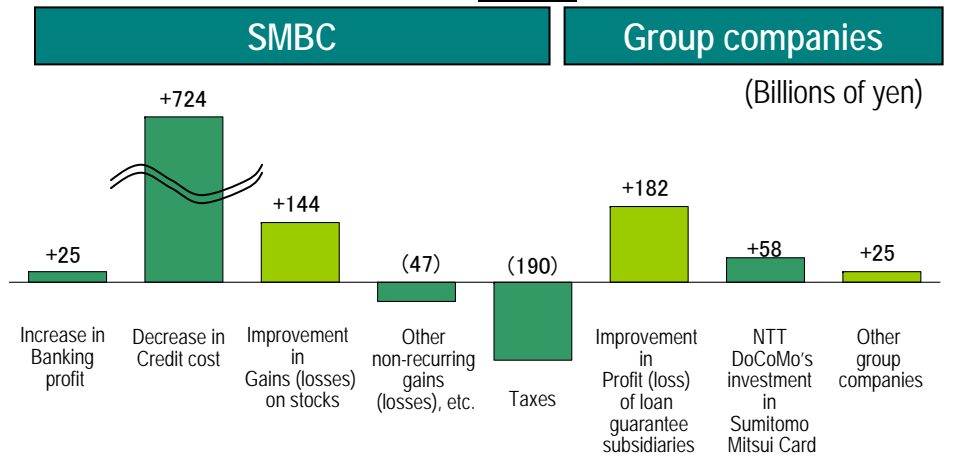
SMFG consolidated net income



Change from previous forecast (Nov. 05) Previous forecast: 550.0 Results: 686.8
 Difference: [+136.8]



Year change FY04: (234.2) FY05: 686.8
 Difference: [+921.0]

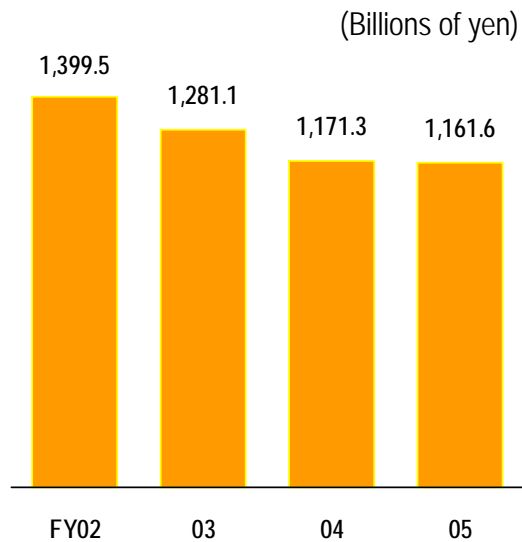


Top-line [SMFG Gross profit]

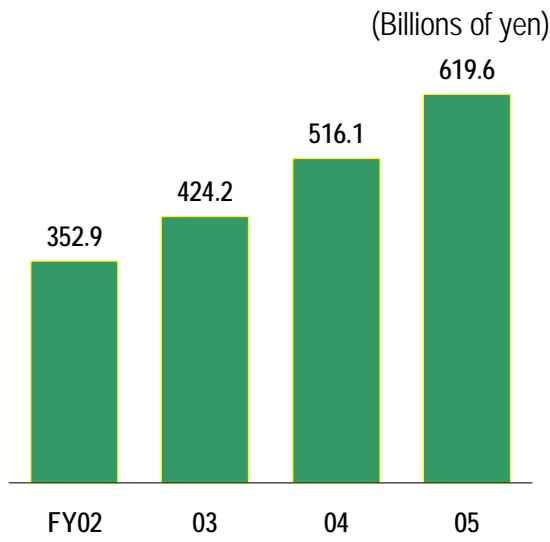
(SMFG consolidated)

■ Steady increase in net fees and commissions both in SMBC and in group companies

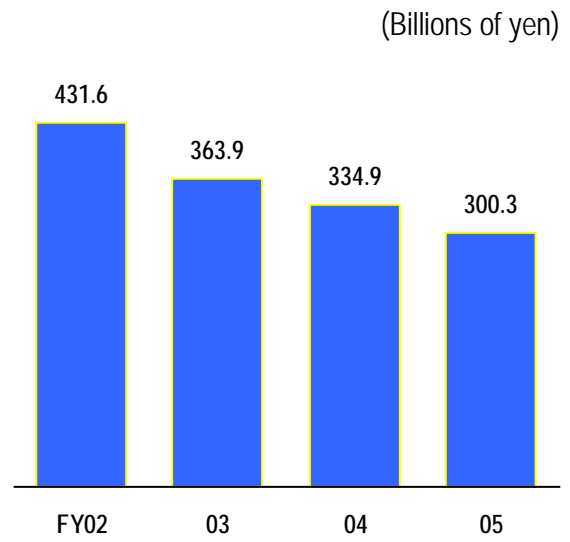
Net interest income



Net fees and commissions



Net trading income + Net other operating income



	FY05	Year change
SMFG consolidated	1,161.6	(9.7)
SMBC	954.5	(18.0)
Kansai Urban Banking Co.	50.4	+3.2
MINATO BANK	45.4	(2.1)
Sumitomo Mitsui Card	30.9	+1.0

	FY05	Year change
SMFG consolidated	619.6	+103.5
SMBC	366.7	+68.6
Sumitomo Mitsui Card	110.2	+14.1
SMBC Friend Securities	52.7	+12.5

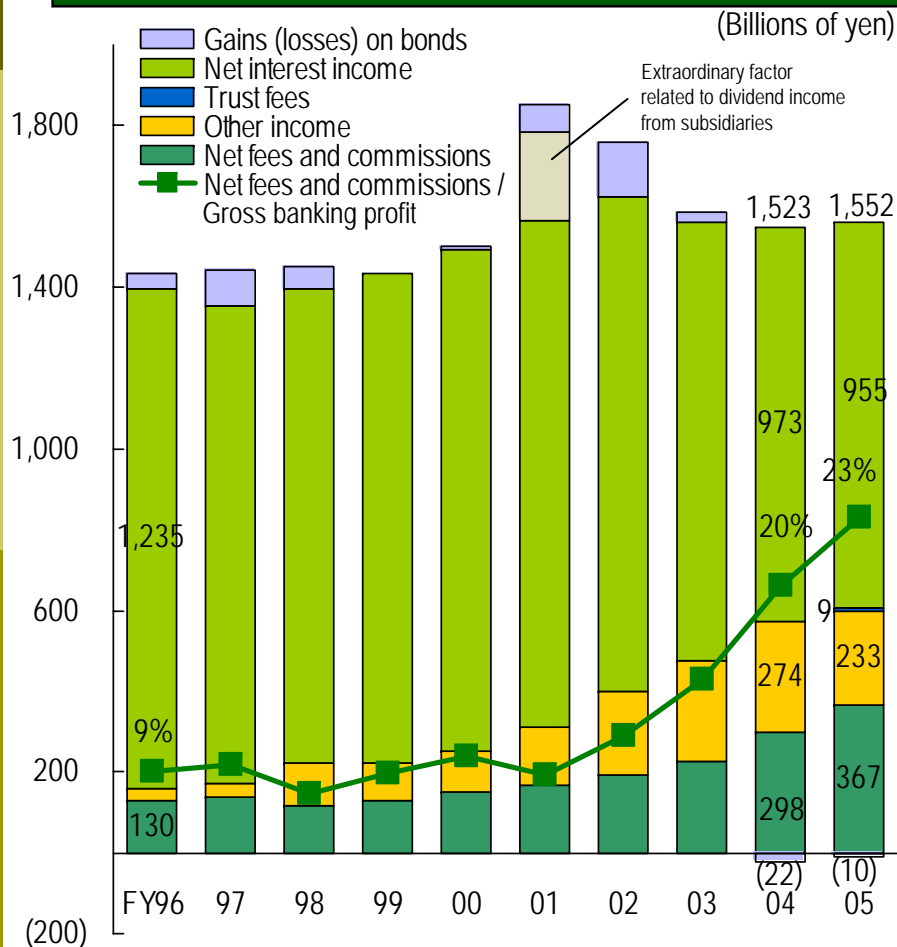
	FY05	Year change
SMFG consolidated	300.3	(34.6)
SMBC	222.2	(27.5)
SMBC Leasing	76.7	+3.9

Top-line [SMBC Gross banking profit]

(SMBC non-consolidated)

■ Increase in Gross banking profit mainly due to increase in Net fees and commissions (Profit from sales of derivative products decreased)

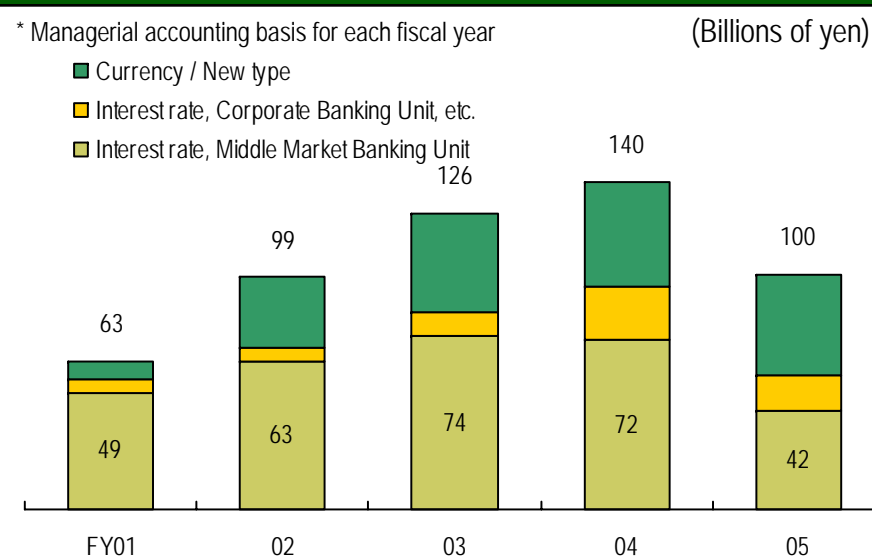
SMBC non-consolidated Gross banking profit



Major factors for year-over-year change

Factor	Change (Billions of yen)
Net interest income	(18.0)
Net fees and commissions	+68.6
Net trading income + Net other operating income	(27.5)
Gains (losses) on bonds	+11.3

Profit from sales of derivative products*



(Note) Figures for FY00 and before are the combined figures of the former Sakura Bank and the former Sumitomo Bank

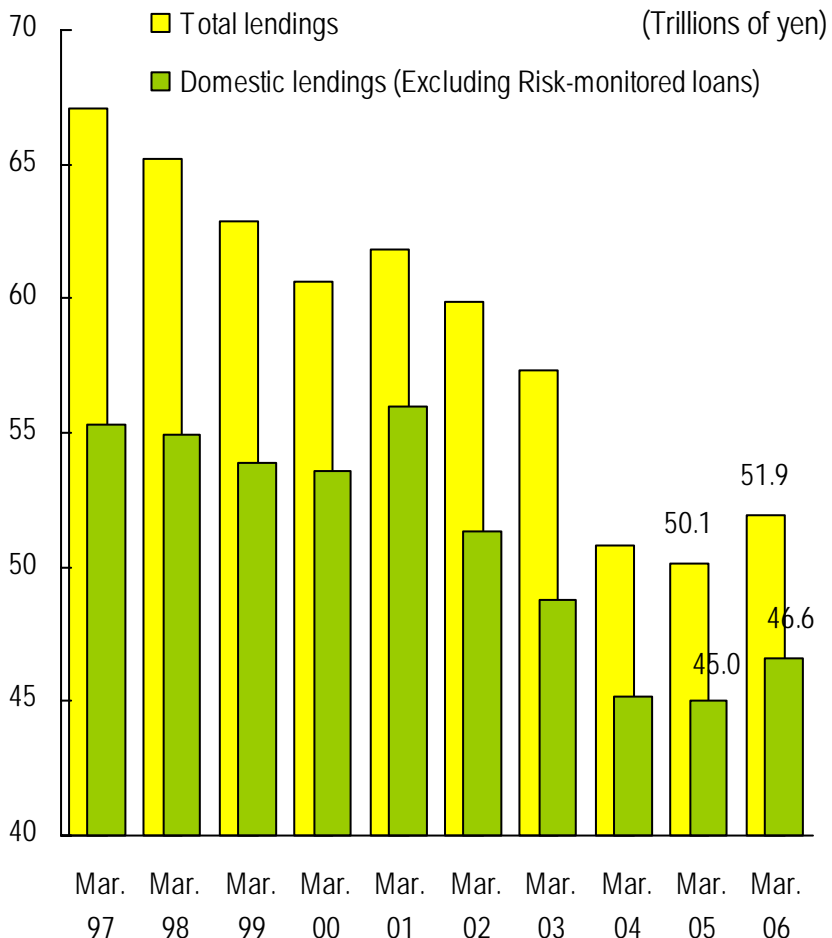
Other income = Net trading income + Net other operating income – Gains (losses) on bonds

Loan business [Loan balance]

(SMBC non-consolidated)

■ Domestic loan balance bottomed out mainly due to increase in focus areas

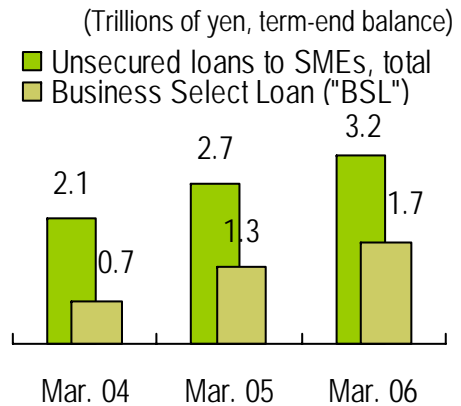
Loan balance



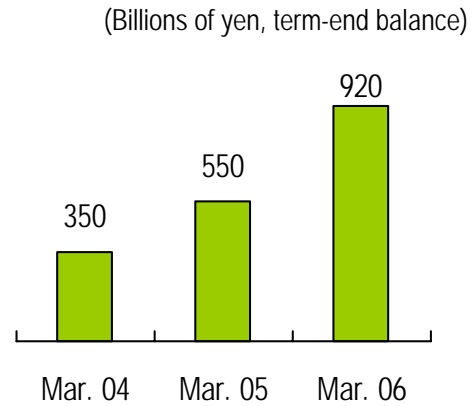
(Note) Figures for Mar. 01 and before are the combined figures of the former Sakura Bank and the former Sumitomo Bank

Major factors for change in domestic loan balance (excluding risk-monitored loans)

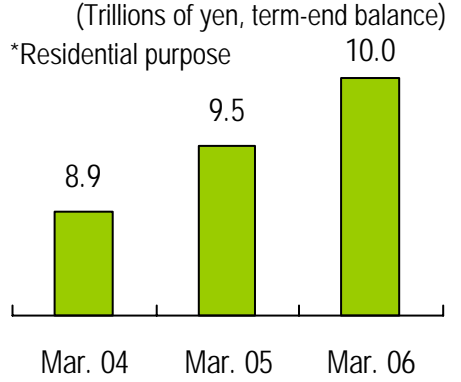
Unsecured loans to SMEs, total



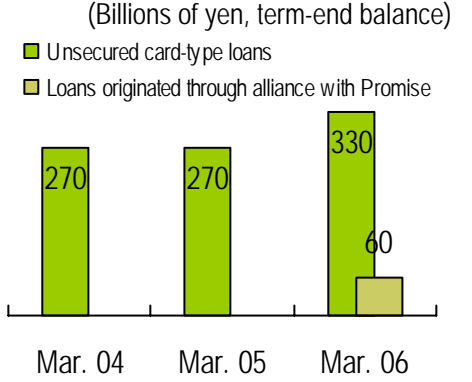
Real estate non-recourse loans



Housing loans*



Card-type loans



(Reference) Card-type loans [Alliance with Promise]

(SMBC non-consolidated)

✓ Satisfactory launch of joint venture for creating new market

Achieved balance of JPY 106.4 billion in the first year

✓ Confirmed existence of new market

- ▶ Approx. 40% of applicants have no SMBC accounts
- ▶ Approx. 20% of applicants have no borrowing records

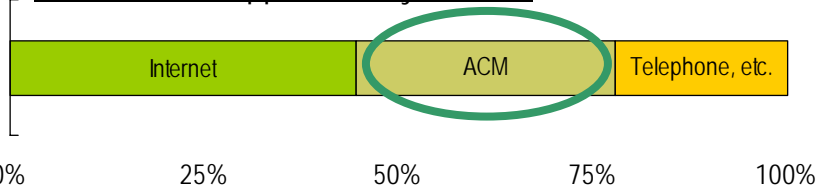
✓ Confirmed effectiveness of brand-marketing

- ▶ Confirmed the ability of SMBC's marketing channels to attract customers

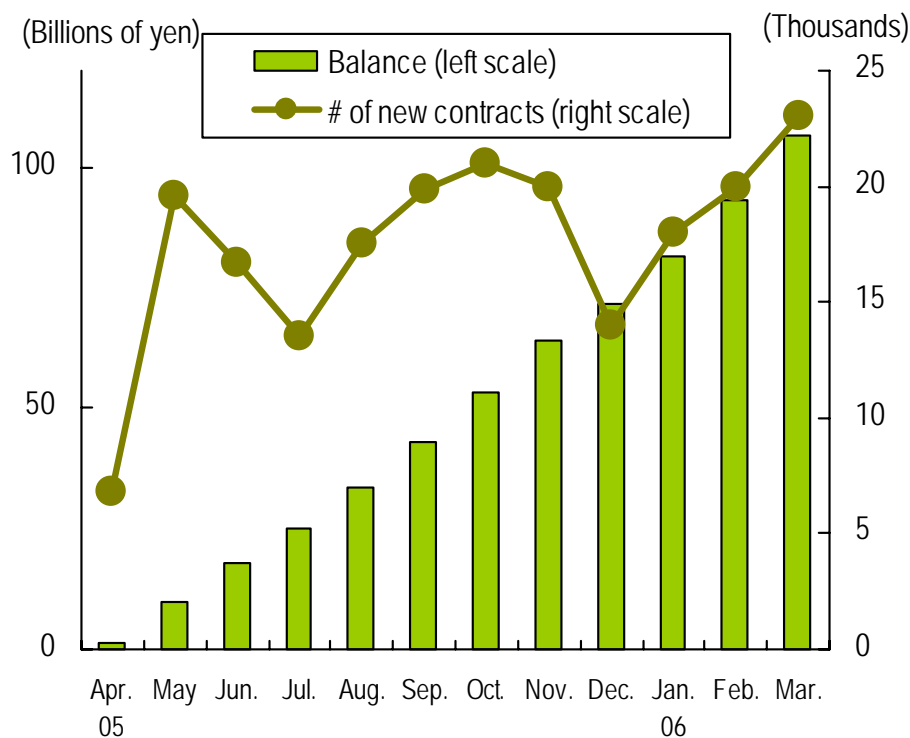
✓ Proved convenience of real channels

- ▶ Approx. 30% of applications were made through ACMs located in SMBC branches

Distribution of application by channel



Balance of loans originated through the alliance, and # of new contracts in each month



Targeting loan balance of JPY 500 billion within 3 years by implementing measures further

Loan business [Loan balance and spread by business unit]

■ Loan spreads continue to decline as a result of severe competition

Loan balance					Average loan balance and yield (Domestic) (Financial accounting basis)				
	FY05		FY05		Average balance		Average yield		
	Term-end	Year change	Average	Year change	FY05	Year change	FY05	Year change	
Total lendings	51.9	+1.8	51.1	+0.3	44.9	(0.8)	1.71	(0.07)	
Overseas	4.4	+1.0	4.3	+1.1	0.2	(0.1)	0.05	+0.02	
Domestic	47.5	+0.8	46.8	(0.8)	18.1	(1.0)	1.03	+0.35	
Excluding risk-monitored loans	46.6	+1.6	-	-	60.1	+1.7	0.02	0.00	
					Interest spread	-	-	1.69	(0.07)

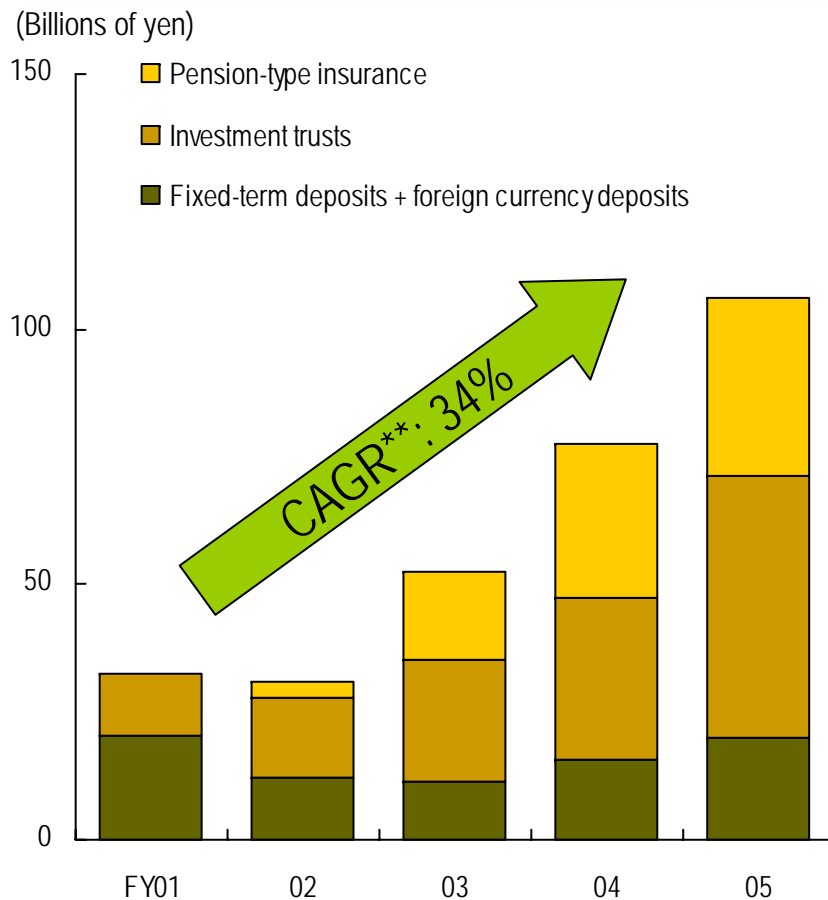
* Excluding loans to financial institutions

Term-end loan balance and spread by business unit (Managerial accounting basis)					Average loan balance and spread by business unit (Managerial accounting basis)			
	Term-end balance		Term-end spread		Average balance		Average spread	
	FY05	Year change	FY05	Year change	FY05	Year change	FY05	Year change
Middle Market Banking Unit	21.9	+0.2	1.45	(0.11)	21.5	+0.1	1.51	(0.08)
Corporate Banking Unit	9.5	+0.0	0.68	(0.09)	9.6	(1.2)	0.74	(0.10)

Financial consulting for individuals [Asset management consulting]

■ Steady increase in profits related to financial consulting for individuals

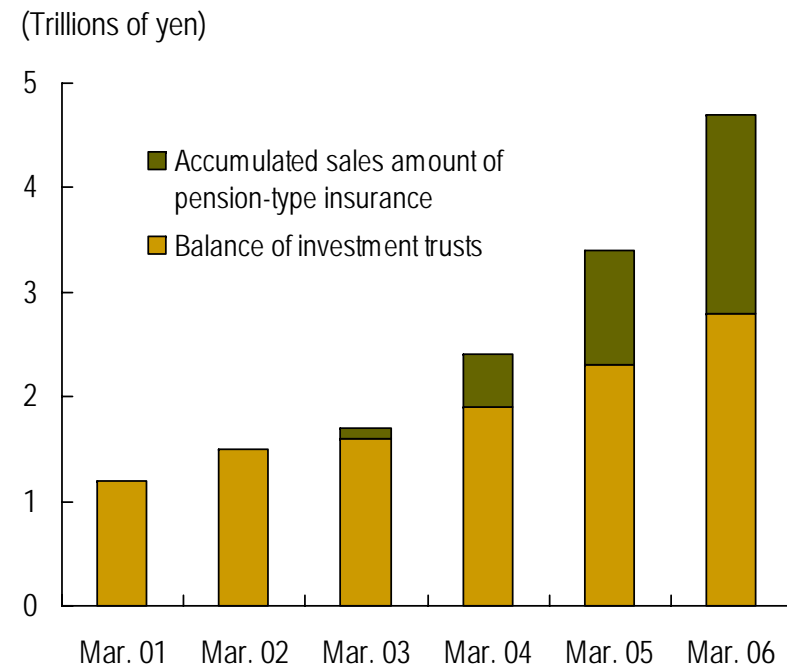
Profits related to asset management consulting*



* SMBC managerial accounting basis for each fiscal year

** CAGR: Compound Annual Growth Rate

Balance of investment trusts and pension-type insurance



FY05 results

Sales of load-type investment trusts: JPY 1,360 billion
(YOY increase: +54%)

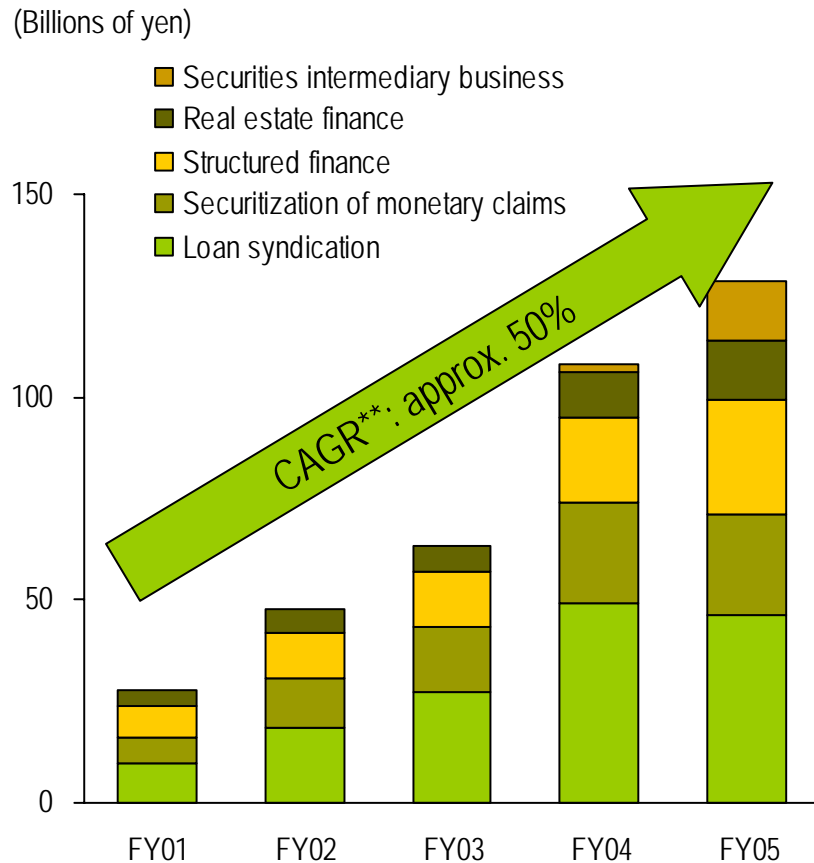
Sales of pension-type insurance: JPY 660 billion
(YOY increase: +14%)

Investment banking business

(SMFG consolidated)

■ Investment banking business grew both in Japan and overseas

Profit related to SMBC investment banking business*



Promote solution providing businesses with competitive edge both in Japan and overseas

Domestic IPO	Ranked No.1 Daiwa Securities SMBC JPY 214.2 billion	(FY05)
Domestic straight bond	Ranked No.1 Daiwa Securities SMBC JPY 1,781.0 billion	(FY05)
Domestic loan syndication	Ranked No. 2 SMBC JPY 6,439.0 billion	(FY05)
Loan syndication in Asia* (excluding Japan)	Ranked No. 6* SMBC \$3,440 m	(CY05)
Global project finance*	(2H, CY04 - 1H, CY05) Ranked No. 9* SMBC \$2,982m	
UK PFI*	Ranked No. 1 SMBC £672 m	(CY05)

*Rankings among global banks. Ranked No. 1 among the Japanese banks

* Profits from securities intermediary business are the sum of profits from individuals and corporations. (Source) Project Finance International, Loan Pricing Corporation, Euromoney, Thomson Financial

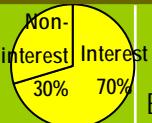
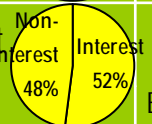
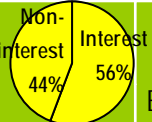

Profits of other businesses are managerial accounting basis including fees and interest income.

**CAGR: Compound Annual Growth Rate

Performance by business unit

(SMBC non-consolidated, Billions of yen)

■ Profits of Marketing Units steadily increased mainly due to the increase in non-interest income

Composition of Gross banking profit		FY05	Year change*		
Consumer Banking Unit		Gross banking profit	402.6	+36.0	(1)
		Expenses	(247.0)	(6.7)	
		Banking profit	155.6	+29.3	
Middle Market Banking Unit		Gross banking profit	673.1	(8.8)	(2)
		Expenses	(185.6)	(0.4)	
		Banking profit	487.5	(9.2)	
Corporate Banking Unit		Gross banking profit	194.6	(13.6)	(3)
		Expenses	(29.2)	+0.7	
		Banking profit	165.4	(12.9)	
International Banking Unit		Gross banking profit	106.8	+19.0	(4)
		Expenses	(41.3)	(1.1)	
		Banking profit	65.5	+17.9	
Marketing Units		Gross banking profit	1,377.1	+32.6	(5)
		Expenses	(503.1)	(7.5)	
		Banking profit	874.0	+25.1	
Treasury Unit		Gross banking profit	219.8	(3.0)	
		Expenses	(18.5)	(0.6)	
		Banking profit	201.3	(3.6)	
Headquarters		Gross banking profit	(44.8)	(0.4)	
		Expenses	(64.9)	+4.0	
		Banking profit	(109.7)	+3.6	
Total		Gross banking profit	1,552.1	+29.2	
		Expenses	(586.5)	(4.1)	
		Banking profit	965.6	+25.1	

Major factors for year-over-year change in Gross banking profit*	
(1) Consumer Banking Unit:	+36.0
Investment trusts, pension-type insurance	+27.0
Consumer loan	+3.4
Deposits (foreign currency)	+2.8
Liquid deposits	+1.5
(2) Middle Market Banking Unit:	(8.8)
Securities intermediary business	+8.6
Money remittance, EB & foreign exchange	+8.2
Investment banking businesses	+4.3
Derivatives products sales	(30.5)
(3) Corporate Banking Unit:	(13.6)
Loans	(11.1)
Money remittance, EB & foreign exchange	+3.0
(4) International Banking Unit:	+19.0
Fees, etc.	+6.5
Deposits of clients	+6.1
(5) Treasury Unit:	(3.0)
ALM operations	(6.3)
(Including gains (losses) related to bond portfolio)	
Trading	+2.1

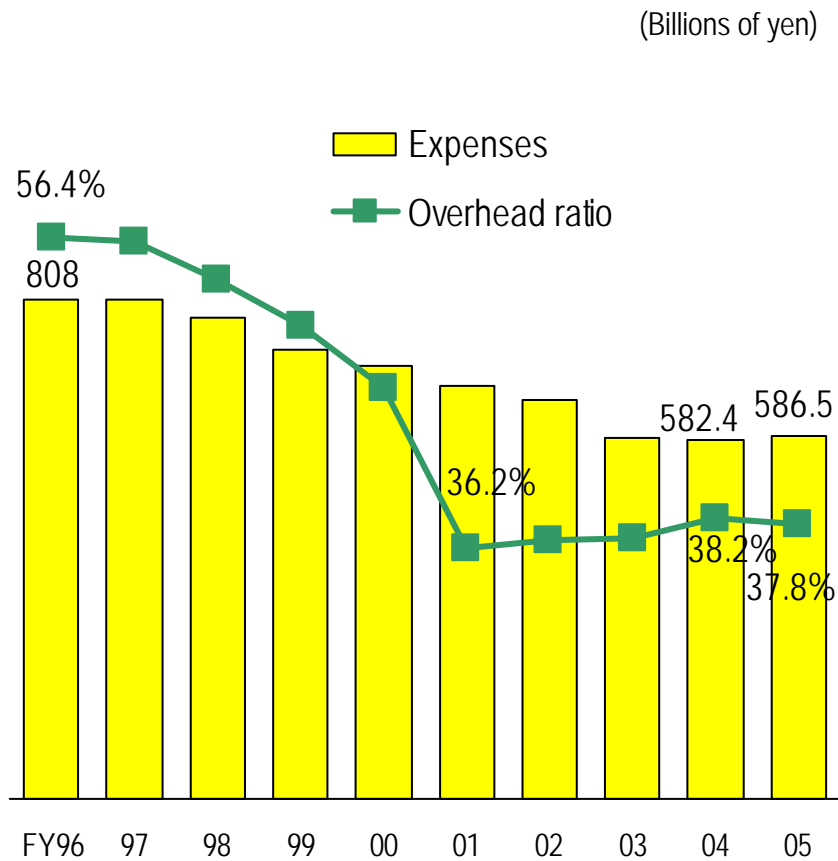
* Managerial accounting basis on which fluctuations in interest rates and foreign exchange rates are adjusted. Those changes are included in the Headquarters' account. Slide No.11/36

Expenses

(SMBC non-consolidated)

■ While actively allocating management resources, maintained Overhead Ratio at less than 40% by further rationalization

Expenses (SMBC non-consolidated)



(Note) FY00 and before are the combined figures of the former Sakura Bank and the former Sumitomo Bank

Major factors for year-over-year change (Billions of yen)

Factor	Approx. (Billions of yen)
Allocate management resources to focal areas	Approx. 25
Consumer business: Alliance with Promise, etc.	+Approx. 12
Corporate business: Loans to SMEs, etc.	+Approx. 3
Improvement in system infrastructure, etc.	+Approx. 5
Rationalization of existing operation	(Approx. 19)
Personnel expenses	(Approx. 12)
Operation of marketing channels and system	(Approx. 7)

Marketing channels

	Mar. 05	Mar. 06
Consumer Banking Unit:		
Domestic branches	425	411
SMBC Consulting Plazas & Offices	45	80
Loan Promotion Offices	108	115
Middle Market Banking Unit:		
Corporate Business Offices	192	194
Corporate Business Offices dealing with BSL	105	134
Other channels dealing with BSL	119	103

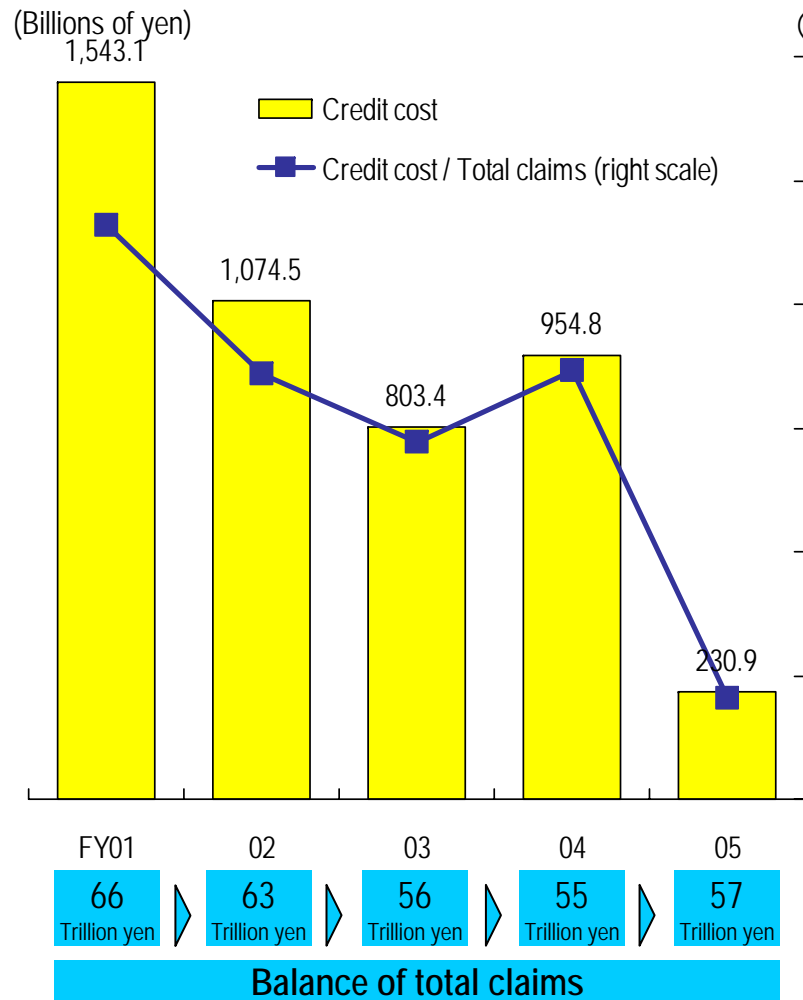
*Integration effects related to dissolution of Community Banking Unit adjusted

Problem assets

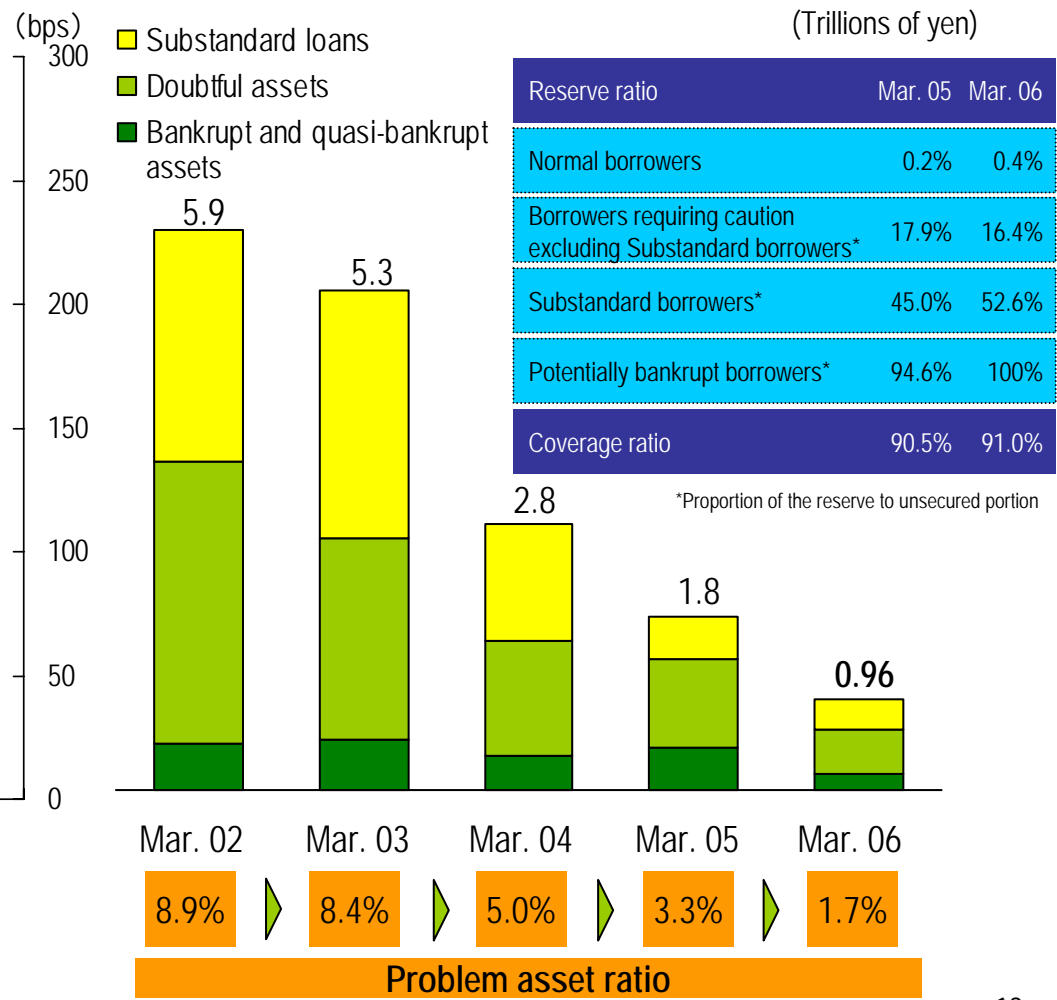
(SMBC non-consolidated)

■ Asset quality further improved

Credit cost



Balance of non-performing loans



Reserve ratio	Mar. 05	Mar. 06
Normal borrowers	0.2%	0.4%
Borrowers requiring caution excluding Substandard borrowers*	17.9%	16.4%
Substandard borrowers*	45.0%	52.6%
Potentially bankrupt borrowers*	94.6%	100%
Coverage ratio	90.5%	91.0%

*Proportion of the reserve to unsecured portion

Securities portfolio [Stocks]

(SMBC non-consolidated, Billions of yen)

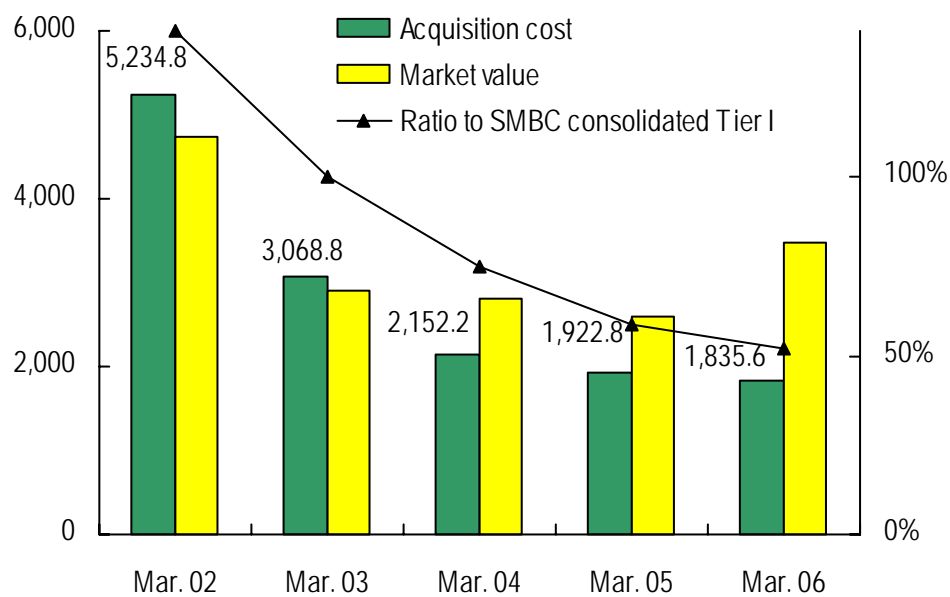
Gains (losses) on stocks

	FY04	FY05	Year change
Total	(118.7)	25.5	+144.2
Gains on sales of stocks	113.1	70.1	(43.0)
Losses on sales of stocks	(4.2)	(13.4)	(9.2)
Losses on devaluation of stocks	(227.6)	(31.2)	+196.4

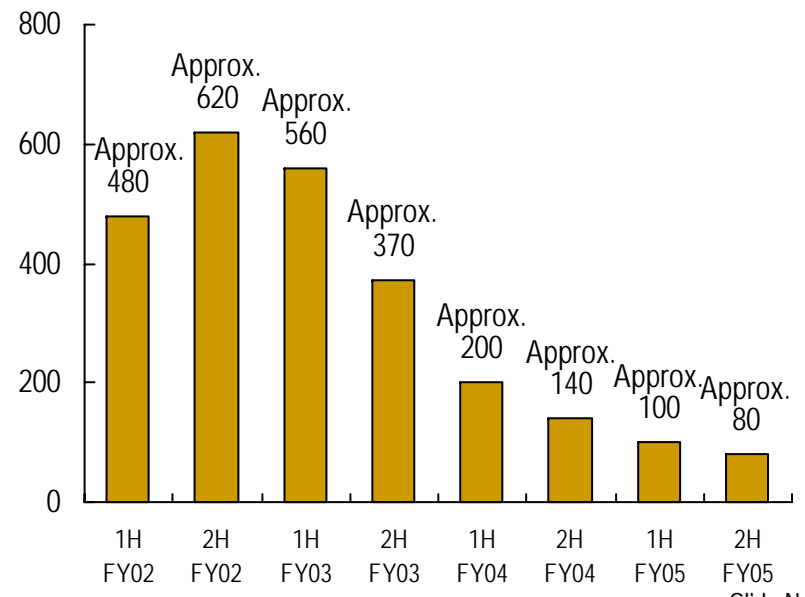
Unrealized gains (losses) on Other securities

	Mar. 05	Mar. 06
Total	651.4	1,316.3
Stocks	667.3	1,632.4
Bonds	7.7	(282.2)
Others	(23.6)	(33.9)

Balance of listed and OTC stocks classified as Other securities



Sales of stockholdings



Securities portfolio [Bonds]

(SMBC non-consolidated, Billions of yen)

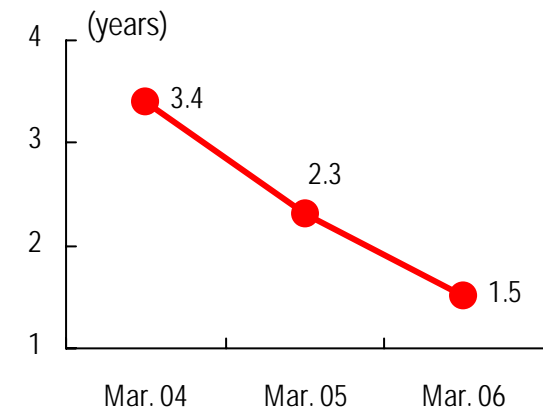
Gains (losses) on bonds

	FY04	FY05
Total	(21.6)	(10.3)
Gains on sales	80.8	43.1
Losses on sales	(102.3)	(53.3)
Gains on redemption	0.2	0.1
Losses on redemption	(0.1)	(0.2)
Losses on devaluation	(0.2)	-

Unrealized gains (losses) on Other securities

	Mar. 05	Mar. 06
Total	651.4	1,316.3
Stocks	667.3	1,632.4
Bonds	7.7	(282.2)
Others	(23.6)	(33.9)

Average duration of bond portfolio*



* 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 Mar. 06	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	5,684.1	+2,697.8	4,501.6	(4,038.5)	2,297.2	+181.4	2,918.1	+183.1	15,401.0	(976.2)
JGBs	5,284.2	+2,524.7	1,962.0	(4,192.5)	1,084.4	(299.5)	2,807.0	+104.5	11,137.6	(1,862.8)
Japanese local government bonds	21.0	+18.5	207.3	+3.0	317.5	+124.1	0.4	(0.1)	546.2	+145.5
Japanese corporate bonds	378.9	+154.6	2,332.3	+151.0	895.3	+356.8	110.7	+78.7	3,717.2	+741.1
Others	720.7	+227.8	1,508.4	+21.1	666.4	+436.0	671.8	+110.0	3,567.3	+794.9
Total	6,404.8	+2,925.6	6,010.0	(4,017.4)	2,963.6	+617.4	3,589.9	+293.1	18,968.3	(181.3)

Capital ratio

(SMFG Consolidated, Billions of yen)

Made progress in fortifying capital both in terms of quality and quantity through increase in bottom-line profits and capital raising (common stock)

	Mar. 05	Mar. 06 <Preliminary>	Change from Mar. 05	
Tier I	3,262.3	4,645.9	+1,383.7	
Capital stock & Capital surplus	2,327.0	2,650.1	+323.1	(1)
<Preferred stock>	<1,781.6>	<1,460.3>	<(321.3)>	(2)
Retained earnings	285.6	944.1	+658.5	(3)
Preferred securities issued by overseas SPCs	816.9	835.2	+18.3	
Treasury stock	(269.9)	(4.4)	+265.5	(1)
Tier II*	3,262.3	4,067.7	+805.5	
45% of unrealized gains on other securities	317.1	627.8	+310.8	
45% of land revaluation excess	67.1	39.9	(27.2)	
General reserve for possible loan losses	633.5	742.6	+109.1	
Perpetual subordinated debt	880.0	1,035.8	+155.8	(4)
Dated subordinated debt	1,657.3	1,621.6	(35.7)	
Sub total	3,555.0	4,067.7	+512.7	
Deduction	(504.4)	(619.3)	(114.8)	(5)
Total capital	6,020.1	8,094.4	+2,074.3	
Risk-adjusted assets	60,552.6	65,322.3	+4,769.7	(6)
Capital ratio	9.94%	12.39%	+2.45%	
Tier I ratio	5.38%	7.11%	+1.73%	

Tier I	
(1) Capital raising (common stock) in Jan.-Feb. 06	+588.6
(2) 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.)	
(3) Net income	+686.8
*Net deferred tax assets / Tier I (SMFG consolidated) Mar. 06: 21.6% (26 percentage points decrease year over year)	

Tier II	
(4) Issuance of perpetual subordinated bonds in overseas market + USD1.35 billion, + EUR 0.7 billion, (=Total +JPY 248.1 billion*)	*as of the date of issuance

Deduction	
(5) Acquisition of share of Promise Investment in NIF SMBC Ventures, etc.	

Risk-adjusted assets	
(6) Loans to domestic clients: (excluding Risk-monitored loans)	+1.6 trillion
Overseas and treasury operation:	
Stocks	+0.5 trillion
Foreign exchange	+0.7 trillion

*Amount counted as capital

FY06 Management policy

- Establish a solid platform for supporting sustainable growth through re-affirming SMFG's management philosophy

SMFG's management philosophy

- ✓ To provide optimum added value to SMFG's customers and together with them achieve growth
- ✓ To create sustainable shareholder value through business growth
- ✓ To provide a challenging and professionally rewarding work environment for our dedicated employee

Rules of Conduct

Advantage of SMFG

- ✓ Solid business franchise in commercial banking, and strategic alliances
- ✓ Spirit of innovation and transformation
- ✓ Speed in making business profitable
- ✓ High efficiency

Medium-term management plan (Business growth strategy)

CSR principles (Business Ethics)

- ✓ Satisfactory customer services
- ✓ Sound management
- ✓ Contribution to social development
- ✓ Free and active business environment
- ✓ Compliance

The group environment policy

FY06 management policy Establish a solid platform for supporting sustainable growth

(Reference) Rules of Conduct, Business Ethics, The Group Environment Policy

“Rules of Conduct” for the directors, officers and other employees

- ✓ To exert efforts to increase the shareholder value, and at the same time to maintain healthy relationships with such important participants as our customers and employees. To give utmost value to the people’s trust in the Bank, abide by laws and regulations, maintain a high ethical viewpoint, and act fairly and sincerely;
- ✓ To acquire and renew continuously our knowledge, ability and intelligence and at the same time, pay attention to the enhancement of productivity in all areas and provide superior financial services at competitive prices
- ✓ To establish a top brand bank on a global basis by understanding the needs of each customer and providing valuable services according to the changing needs of our customers
- ✓ To practice selection and concentration and by so acting in line with our business strategy, be different from others and become a top player in selected markets by strategically allocating business resources
- ✓ To behave actively and courageously giving importance to staying ahead and creativity and act in advance of others in all business areas so as to always be one step in front of our competitors
- ✓ To build a strong organization based on market principles and rational thinking which reflects various senses of values and delegate internal authority and power under a strict risk management system so as to enable speedy decisions and efficient business proceedings
- ✓ To achieve growth of the business and employees by setting and promoting high targets under objective evaluation and compensation systems which give importance to abilities and results

Business Ethics (summary)

- (1) We intend to be a financial services group that has the trust and support of our customers.
- (2) We intend to be a financial services group which maintains fair, transparent, and sound management based on the principle of self-responsibility.
- (3) We intend to be a financial services group which contributes to the healthy development of society.
- (4) We intend to be a financial services group with a free and active business environment.
- (5) We intend to be a financial services group that is always mindful of compliance.

The Group Environment Policy

Recognizing the importance of realizing a sustainable society, SMFG is making continuous efforts to harmonize environmental preservation and corporate activities, in order to support the economy and contribute to the general well-being of society as a whole.

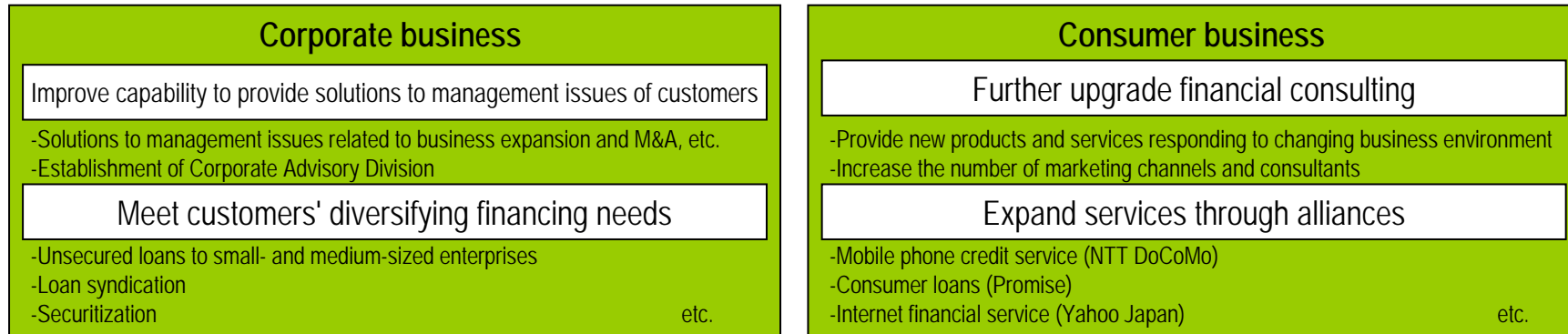
- ✓ We provide environment-friendly financial products, information, and solutions that help our customers in their efforts to preserve the eco-system
- ✓ We devise ways to reduce levels of environmental risk posed by our own activities and those of society at large
- ✓ We are determined to fulfill our social responsibilities through the conservation of resources, energysaving, and the reduction of waste
- ✓ We enforce a policy of strict adherence to environment-related laws and regulations
- ✓ We practice a high level of disclosure of information relating to the Group’s environmental activities, and make ceaseless efforts to improve our contribution to environmental preservation, incorporating the views of our staff and concerned persons from outside the Group
- ✓ We place a high priority on thoroughly educating our staff in our environmental principles, and in ensuring that they conform to these principles in the performance of their work
- ✓ We actively and effectively conduct environmentally aware management, and make continuous efforts to improve our system for tackling environmental issues, including by setting targets for each business term and reviewing them when deemed advisable
- ✓ These policies are published on the Group’s website, and are also available in printed form upon request

Major Environmental businesses initiatives (FY05)

- Established framework for providing information on acquisition of emission rights (SMBC)
- Launched a loan product supporting eco-friendly businesses (SMBC)
- Held Eco-business Forum (SMBC)
- Participated into Japan’s Voluntary Emissions Trading Scheme, designed by Ministry of the Environment, Government of Japan (SMBC, JRI)

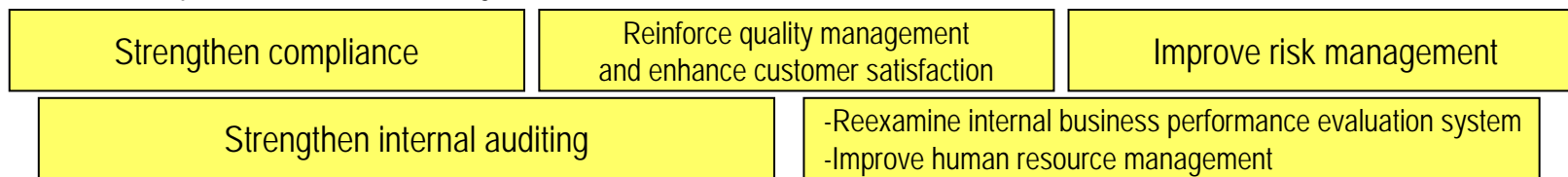
FY06 management policy

■ Further provide value-added products/services to our customers on a group basis

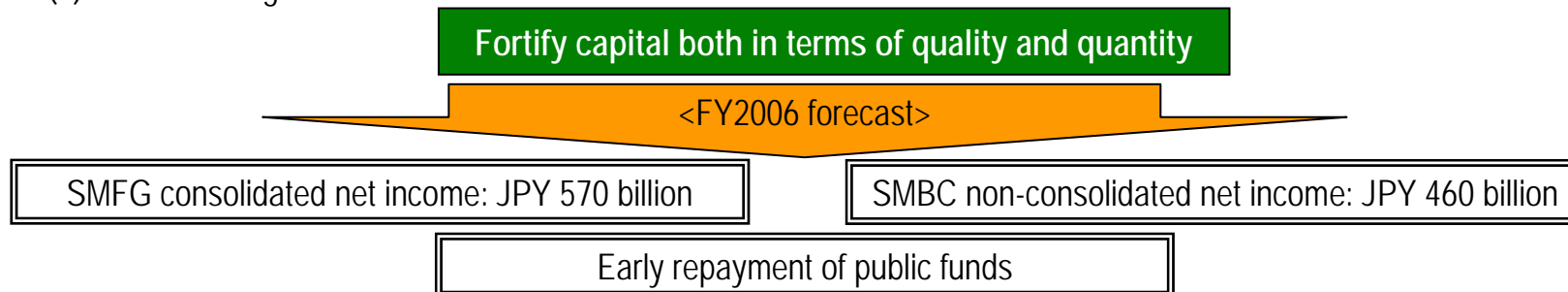


■ Establish solid platform to support business growth

(1) Further improve internal control systems



(2) Further strengthen financial base



Earnings forecast for FY06

(Billions of yen)

SMFG				SMBC			
[Consolidated]	FY05 Result	FY06 Forecast	Year change	[Non- consolidated]	FY05 Result	FY06 Forecast	Year change
Ordinary income	3,705.1	3,700.0	(5.1)	Gross banking profit	1,552.1	1,540.0	(12.1)
Ordinary profit	963.6	1,010.0	+46.4	Expenses <Overhead ratio>	(586.5) <37.8%>	(600.0) <39.0%>	(13.5) <+1.2%>
Net income	686.8	570.0	(116.8)	Banking profit*	965.6	940.0	(25.6)
[Non- consolidated]				Total credit cost	(230.9)	(170.0)	+60.9
Operating income	55.4	360.0**	+304.6	Ordinary profit	720.9	780.0	+59.1
Ordinary profit	48.2	355.0	+306.8	Net income	519.5	460.0	(59.5)***
Net income	73.4	355.0	+281.6				

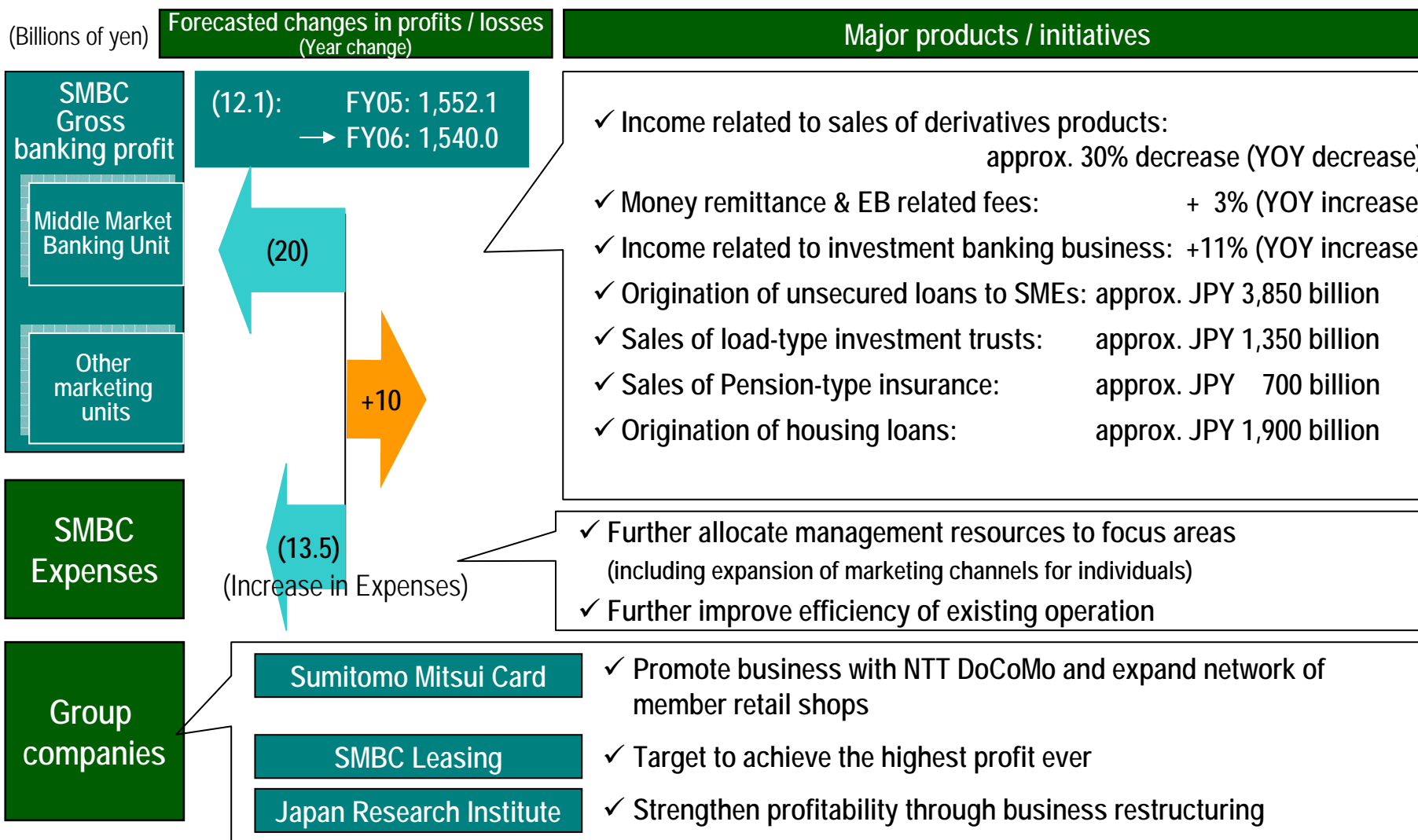
* Before provision for general reserve for possible loan losses

** Includes dividend from SMBC to SMFG (JPY 300 billion)

*** (Assumptions) Income tax rate: FY05: 30% => FY06: Approx. 40% (Effective tax rate)

Earnings forecast for FY06 [Plan by business unit]

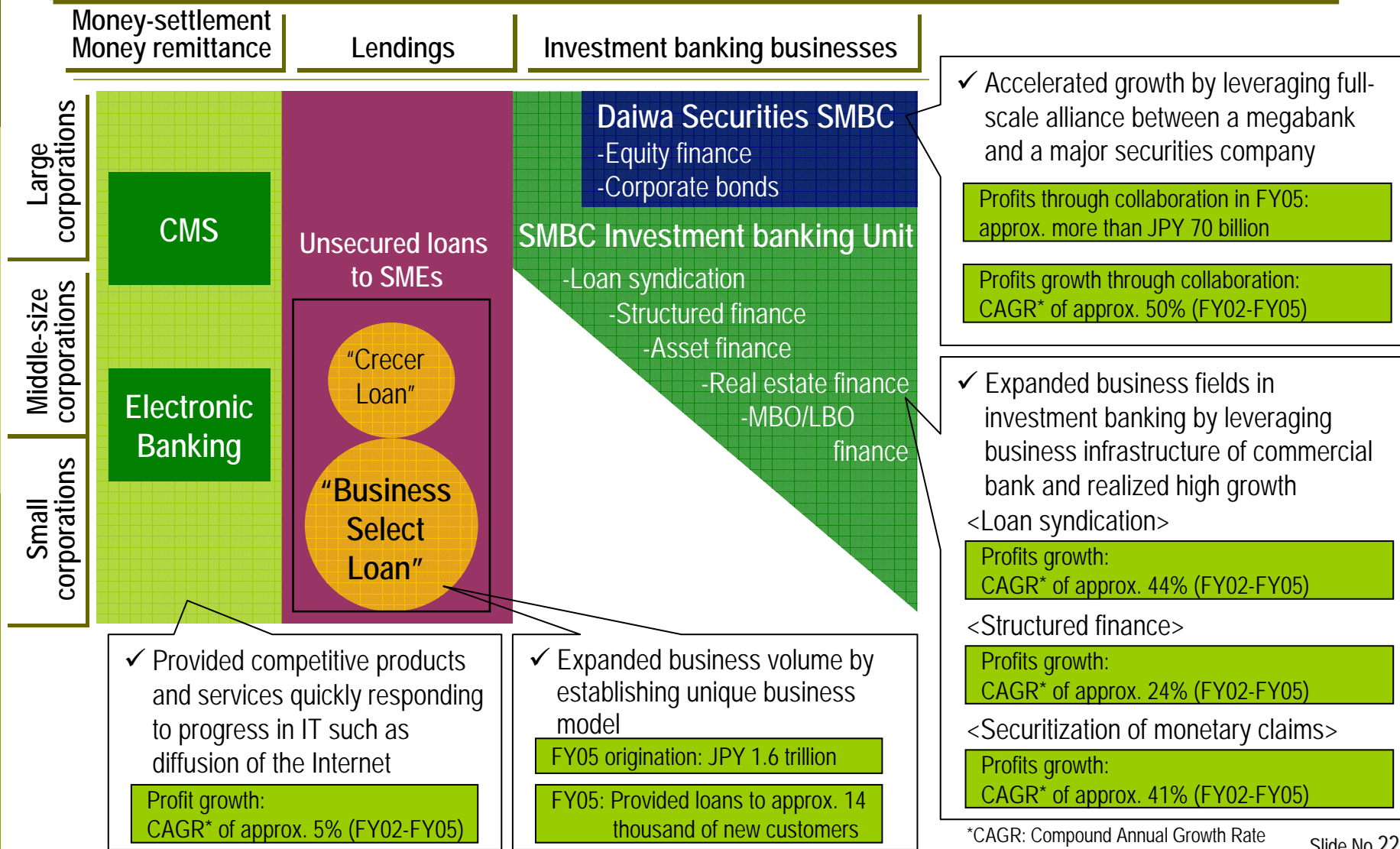
■ Fortify platform supporting sustainable growth in the second year under new leadership



*Year change: Managerial accounting basis on which fluctuations in interest rate and foreign exchange rate are adjusted.

Source of competitive advantage in corporate businesses

■ Established solid business platform through unique business models and alliances



*CAGR: Compound Annual Growth Rate

Strengthening banking business for corporations

■ Establish cross-functional framework to promote corporate business by customer-centric approach

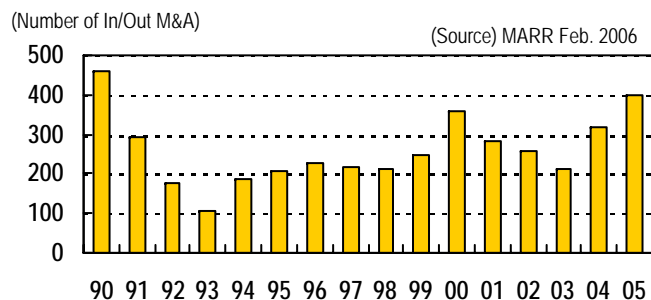
Change in customer needs

Growing customer needs for solutions to management issues

- ✓ Expansion of businesses, Corporate revitalization
- ✓ M&A, anti-takeover defense
- ✓ Capital strategy

Globalization of business activities

- ✓ Increasing Japanese companies' cross-border M&A



- ✓ Growing overseas sales of domestic corporations

Key elements of organization revision

Establish a new marketing channel which provides corporate customers with solutions to create value by fully utilizing SMFG capability

Establish new organizational structure to provide products and services responding to broad range of needs of SME customers by focusing on changing business environment and management issues of SMEs

Reorganize and integrate the product development departments according to various customer needs

New organization

Corporate Advisory Division ("CAD")

Small and Medium Enterprises Business Promotion Dept. ("SMED")

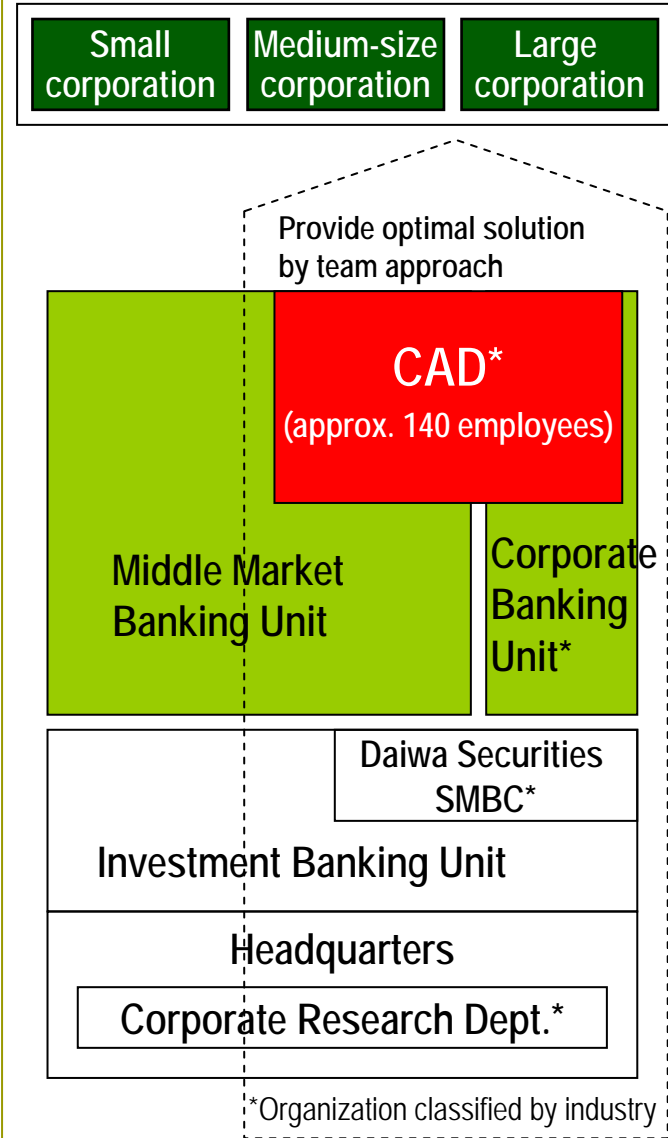
International Business Promotion Dept. (functional enhancement)

Settlement Finance Unit (within Investment Banking Unit)

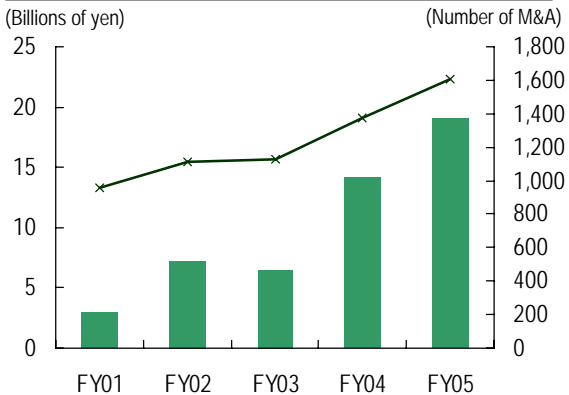
Strengthening banking business for large and medium corporations: Corporate Advisory Division ("CAD")

- Marketing channel which provides solutions to management issues of large- and medium-size corporate customers (together with relationship managers in the Middle Market Banking Unit and Corporate Banking Unit)
 - Needs for establishing new business lines, business reorganization and M&A / anti-takeover defense
 - Needs for improving financial base and optimizing capital structure
- Integrate know-how and information on each industry through reorganization
- Provide optimal solution by organizing a project team across business units

[Conceptual overview of organization]



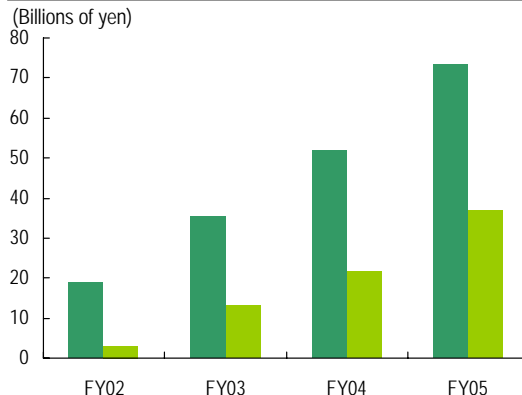
Expanding needs for business reorganization



■ Profits related to M&A, MBO / LBO finance (left scale, managerial accounting basis including collaboration with Daiwa Securities SMBC)

— Number of M&A of domestic corporations (M&A, sales of business) (right scale)

Profits through collaboration with Daiwa Securities SMBC



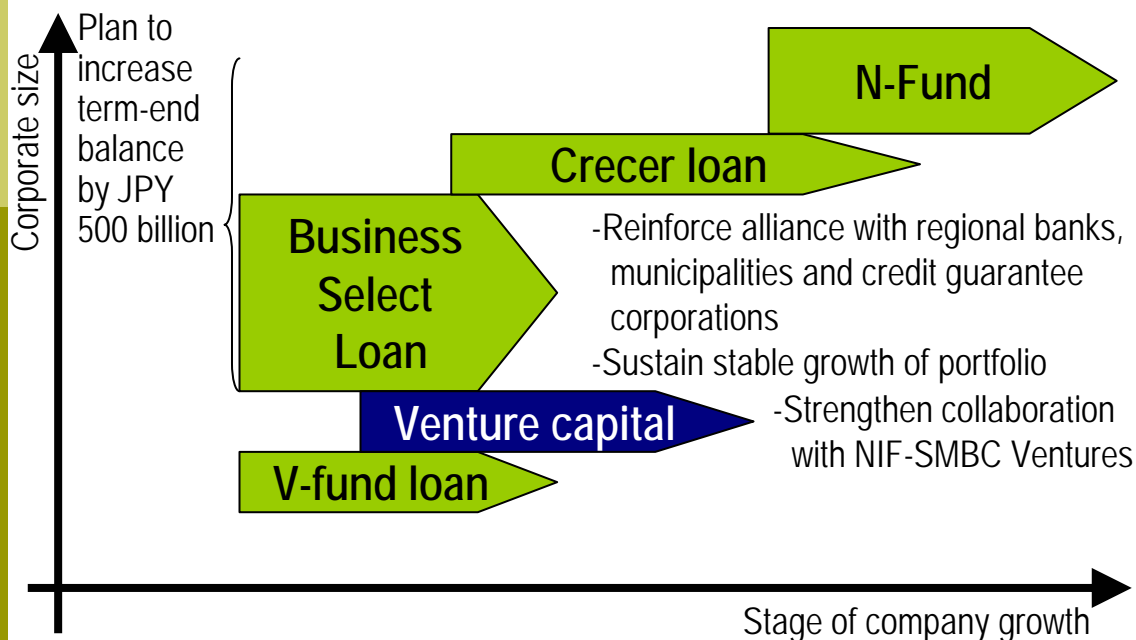
■ Profits through collaboration*

■ Equity in earnings of Daiwa Securities SMBC

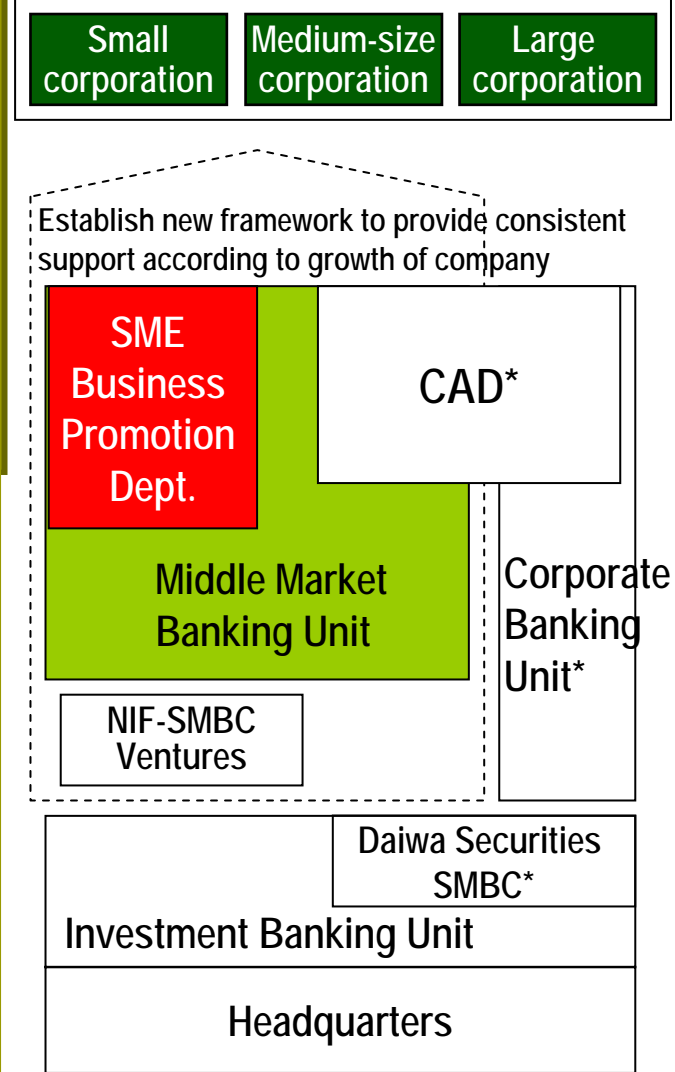
* Profits of SMBC and Daiwa Securities SMBC through collaboration

Strengthening banking business for SMEs: SME Business Promotion Dept.

- Integrate product development function in order to respond to diversifying needs of SME customers
- Establish new framework to provide consistent support according to stage of company growth
- Establish teams responding to financing needs of growing companies at early stages or to business succession needs (“Dual coverage” system to handle customers together with relationship managers in the Middle Market Banking Unit)



[Conceptual overview of organization]



*Organization classified by industry

Integration of money settlement and finance / Responding to globalization of business activities

- Strengthen capability to respond to needs of SMEs expanding into overseas market by promoting collaboration between domestic and overseas offices

Settlement Finance Unit, Investment Banking Unit

Integrate businesses related to asset finance, money remittance & EB, custody business, etc. into one unit

<Domestic>

- Provide settlement finance solutions based on commercial trading data of corporate customers
- Further strengthen settlement products with competitive edge

<Overseas>

- Provide settlement finance products with competitive advantage in Japan at overseas market

International Banking Unit / Overseas offices

Middle Market Banking Unit / Corporate Banking Unit

<Reinforcement of functions of International Business Promotion Dept.>

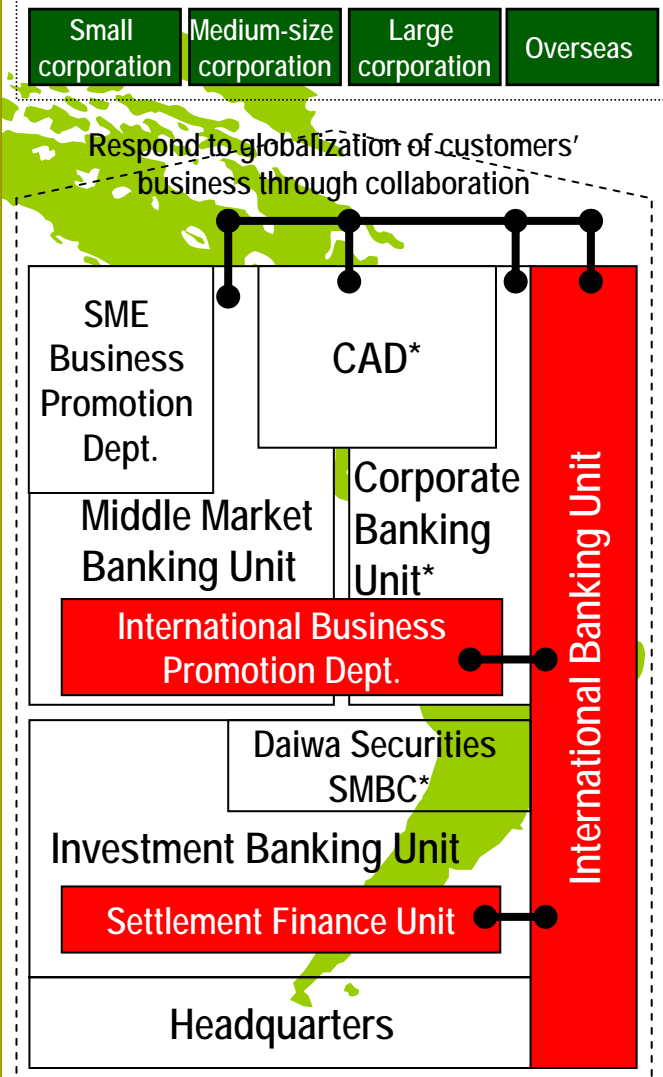
- Further strengthen capability to respond to globalization of trading and to needs of domestic SMEs expanding into overseas market mainly in Asia
- Provide solutions through collaboration of Investment Banking Unit and International Banking Unit

Sales amount of Japanese corporations in Asia



(Source) Quarterly Survey of Overseas Subsidiaries, Ministry of Economy, Trade and Industry

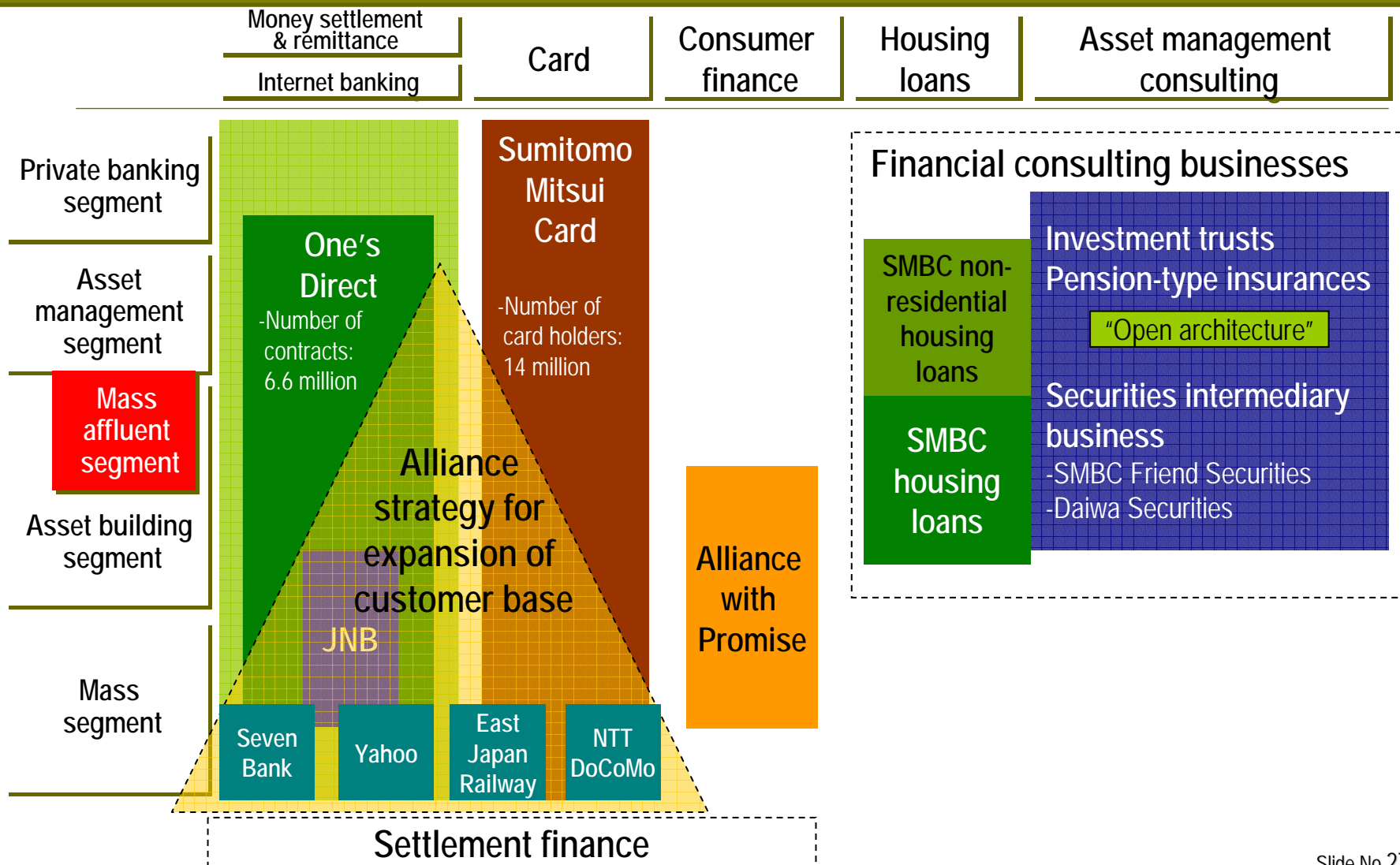
[Conceptual overview of organization]



*Organization classified by industry

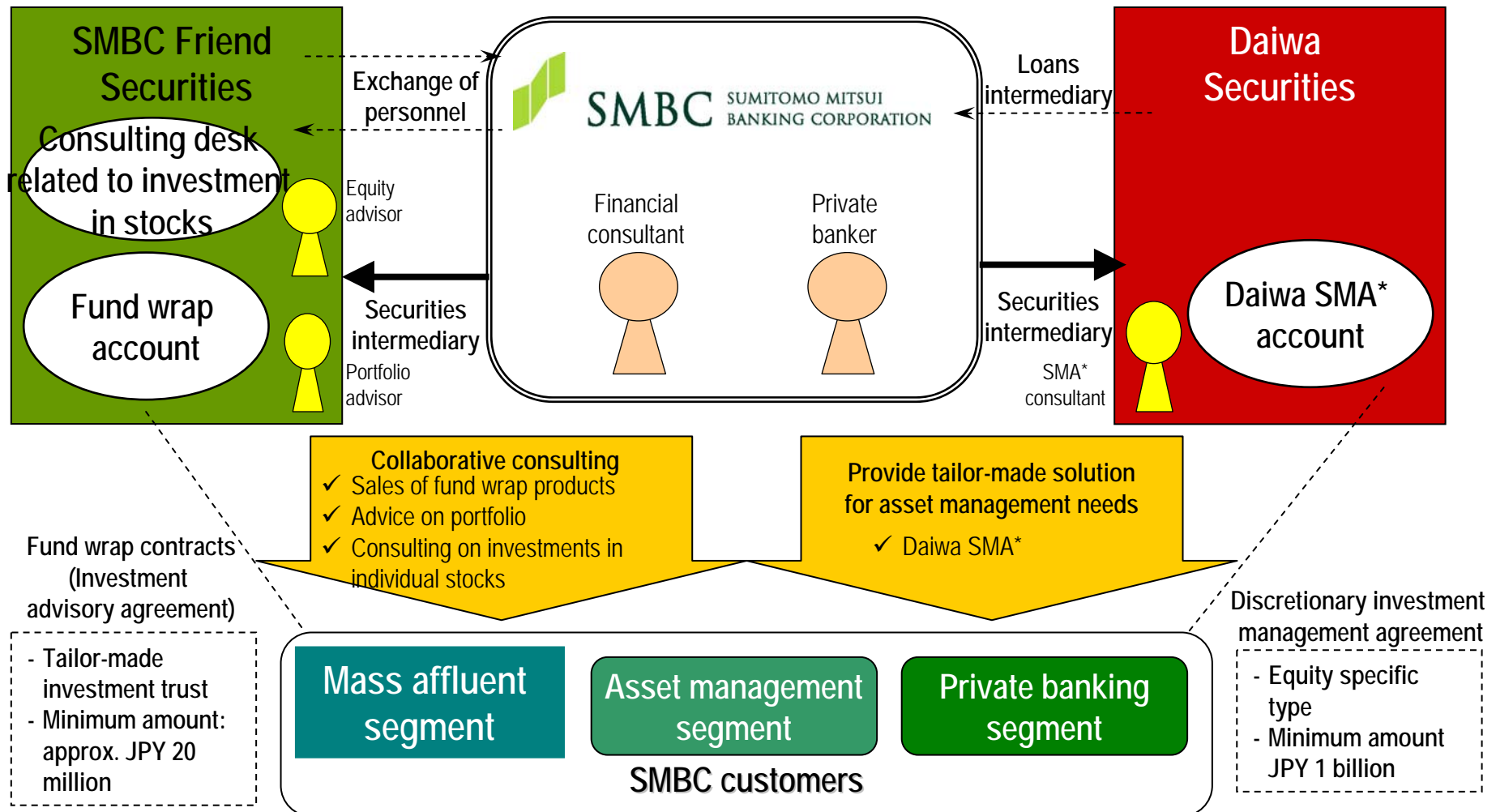
Strategy on consumer business

■ Establish solid business platform through unique business models, leveraging strategic alliances



Strengthening capability to provide value-added services and products in financial consulting business

- Expand services and products for private banking segment, asset management segment and mass affluent segment through promotion of alliance



*SMA: Separately Managed Account

Expansion of customer base -Progress in alliance strategy

- Widely expand potential customer base by the alliances with leading companies related to consumer infrastructure

Transportation



Number of Suica card:
approx. 16 million

Users of public transportation



Seven Bank

Users of supermarket, etc.

Retail

SMFG



Customers: 26 million



Number of accounts:
approx. 1.35 million

Sumitomo Mitsui Card
Cardholders:
approx. 14 million

Customers of financial institutions

Communication



Registered users:
approx. 50 million

Users of mobile phone



Users: approx. 34 million

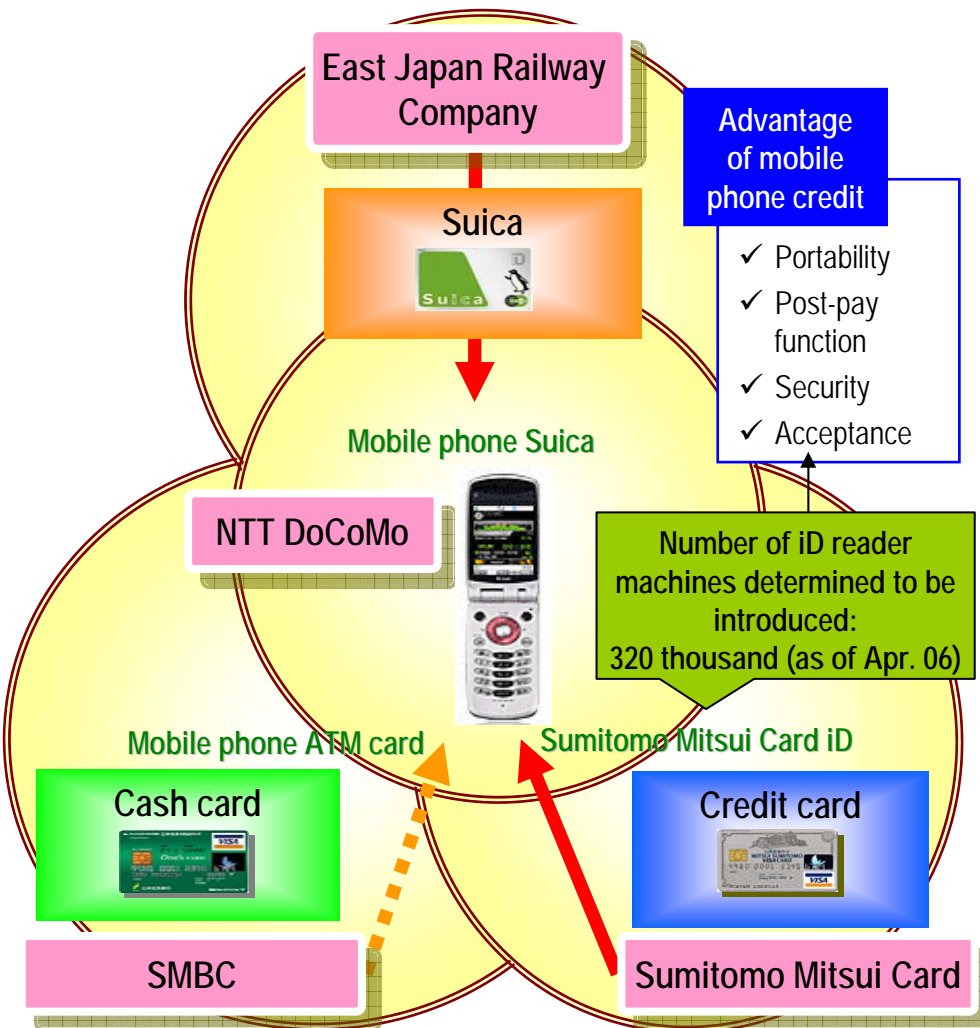
Users of Internet

Internet portal site

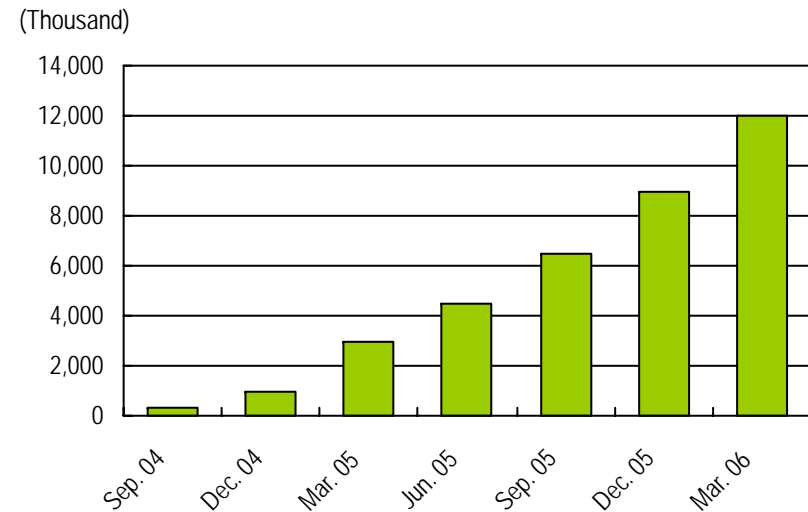
Strategy on mobile phone credit

■ Create new customer value through alliances with leading companies

Integrating various functions into mobile phone



Number of contracts of NTT DoCoMo "Mobile-wallet" handset



Domestic small amount cash settlement market

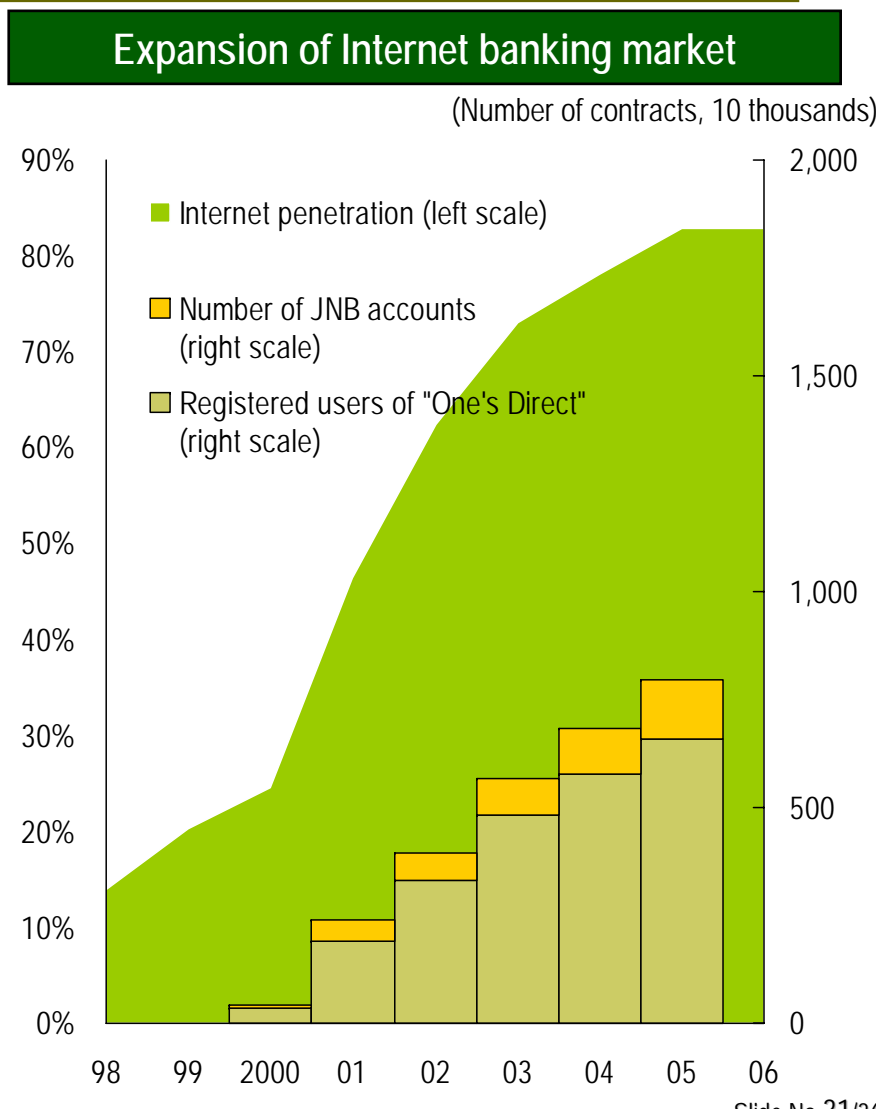
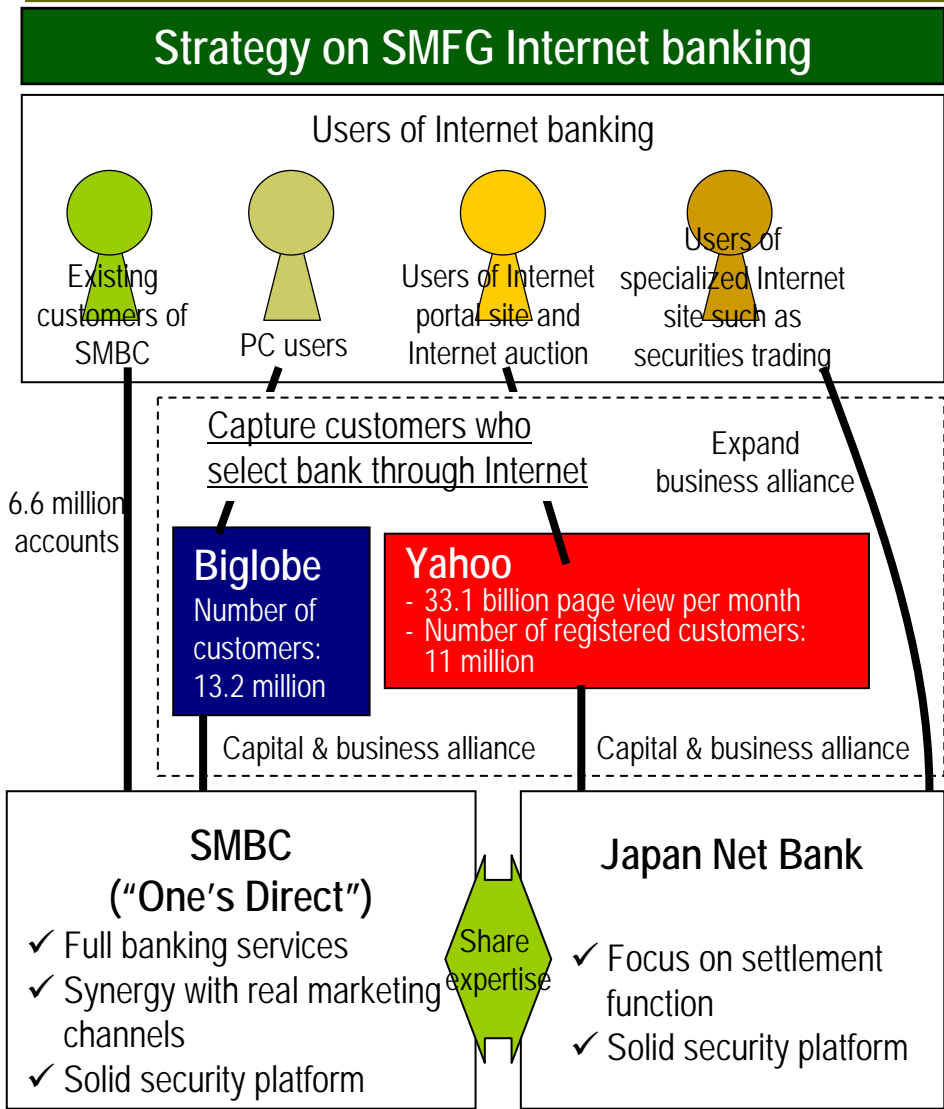
Private consumption expenditures in Japan
Approx. JPY 300 trillion

Credit card sales handled:
JPY 29 trillion

Small amount cash settlement:
JPY 60 trillion

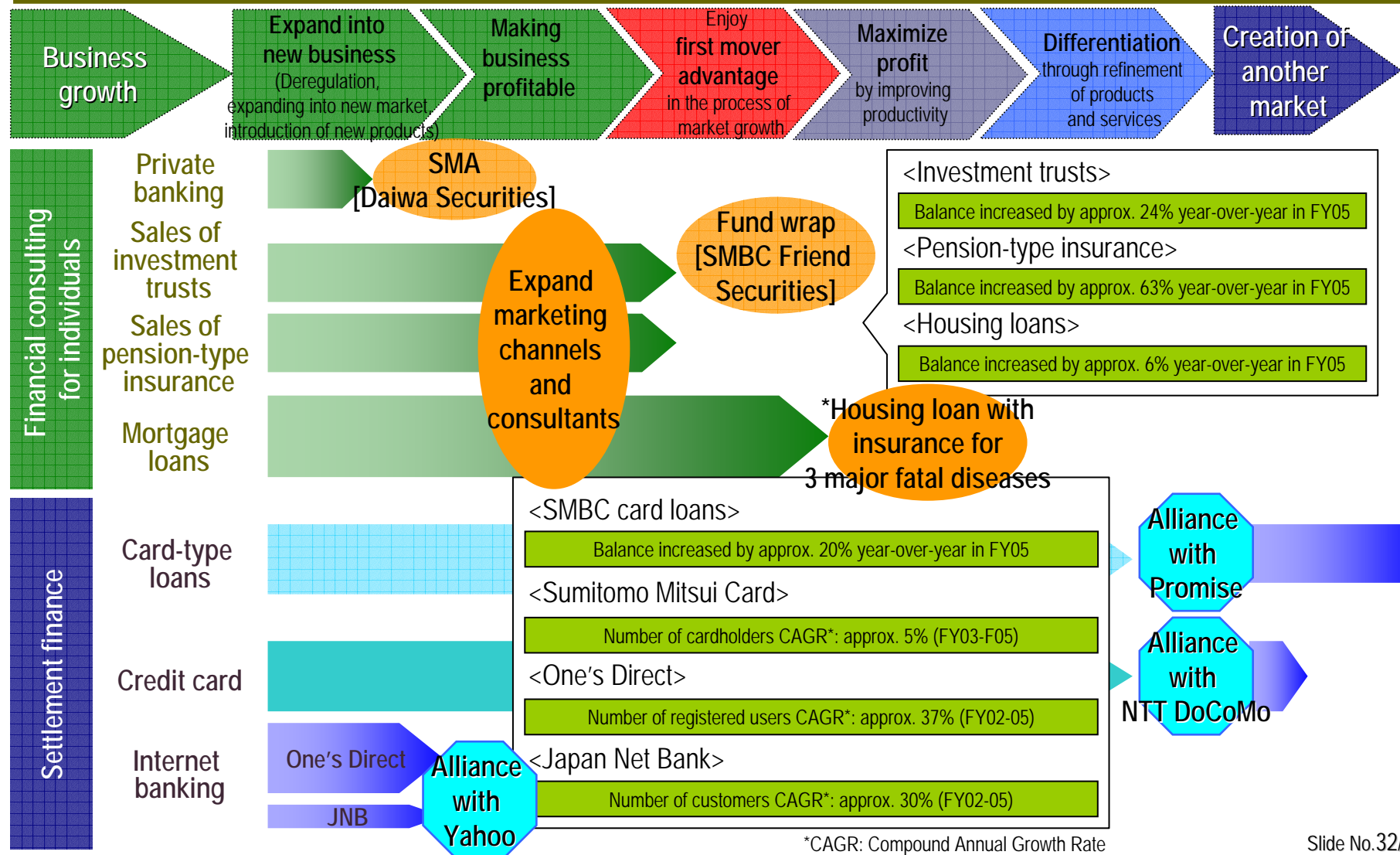
Strategy on internet banking

■ Establish future business platform leveraging Internet penetration of more than 80%



Source of competitive advantage in consumer business

■ Ensured competitive advantage in many growth areas to achieve sustainable growth

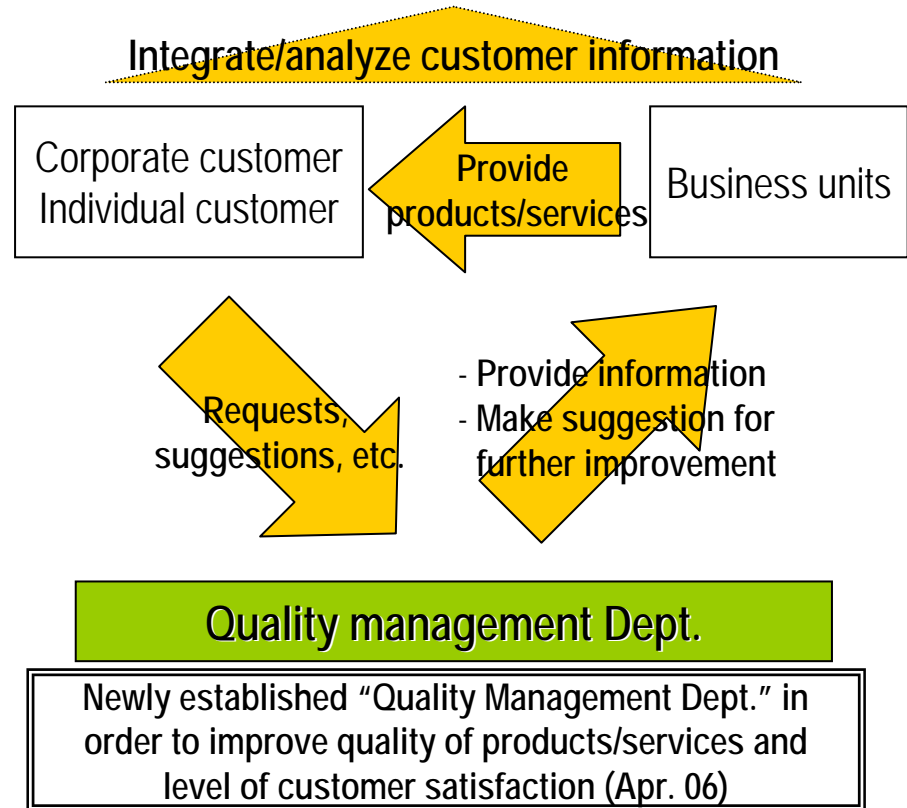
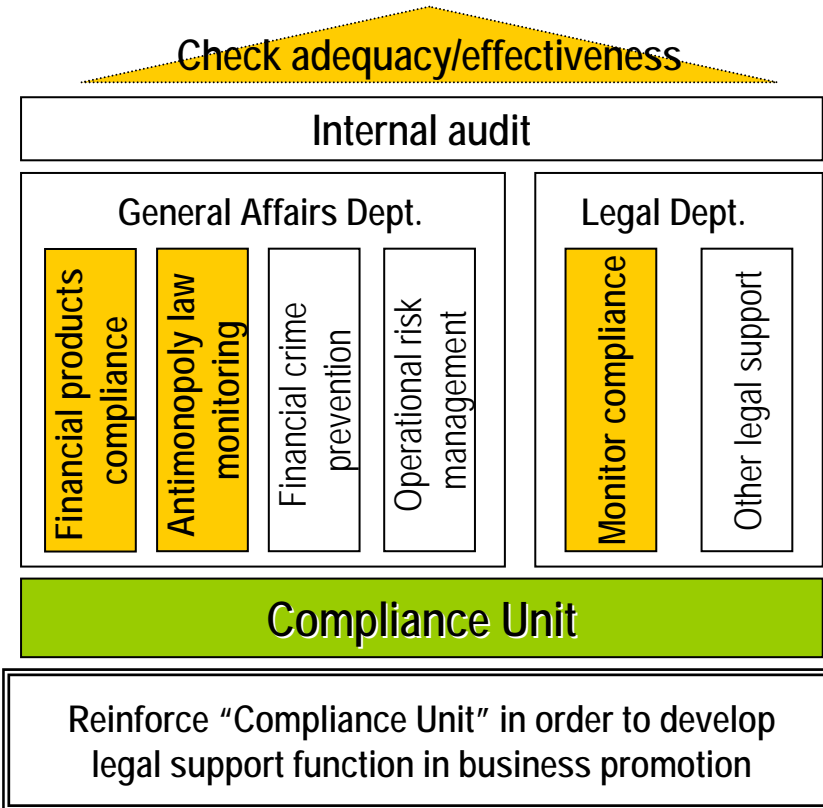


Establish solid corporate platform for supporting sustainable growth [Further strengthen customer-centric approach]

■ Strengthen compliance, quality management and customer satisfaction in order to “establish a sustainable earnings structure”

Establish a sustainable earnings structure through further strengthening customer-centric approach

Implement various measures in business operation



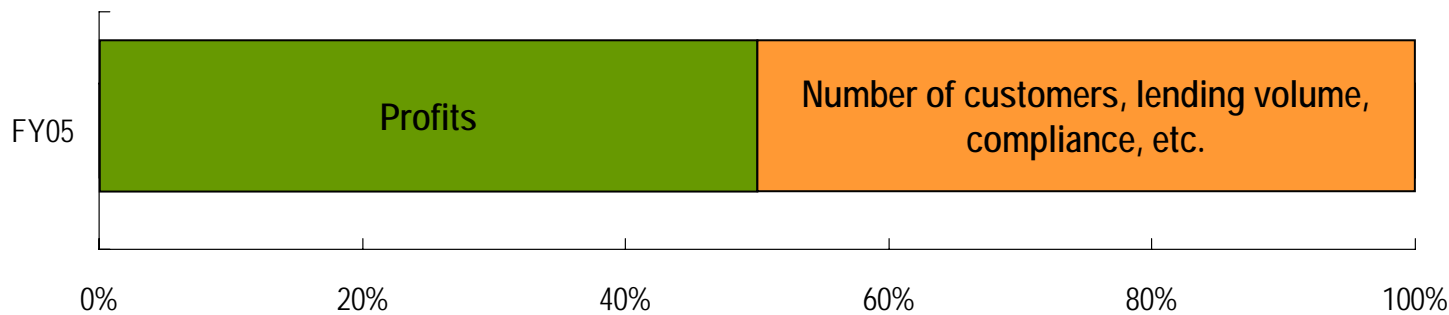
Establish solid corporate platform for supporting sustainable growth [Further strengthen organization structure to create customer value]

■ Appreciate well-balanced operation in a medium- and long-term perspective, from the viewpoint of customers

Revision of internal business performance evaluation system

Former internal business performance evaluation system

<Middle Market Banking Unit>



Relative assessment based on total points

New internal business performance evaluation system

<Middle Market Banking Unit>

Profitability	Sustainable growth	Customer centric operation, management of marketing channels
0 ————— 100%	0 ————— 100%	0 ————— 100%
<ul style="list-style-type: none"> ✓ Priority to increase in risk-adjusted return 	<ul style="list-style-type: none"> ✓ Evaluate how customer base, as leading indicators of future profits, expands in lending and settlement businesses 	<ul style="list-style-type: none"> ✓ Strengthen compliance ✓ Reflect customer satisfaction survey ✓ Priority to management of marketing channels and human resources in a medium- and long-term perspective

Comprehensive evaluation of balance of three indexes

Establish solid corporate platform for supporting sustainable growth [Further strengthen financial base]

■ Fortify capital both in terms of quality and quantity

▶ Evolve management strategy and capital strategy for achieving sustainable growth



“Establish a solid platform for supporting sustainable growth”

Secure solid profit level
SMFG consolidated net income:
JPY 686.8 billion

Reduction of deferred tax assets (“DTA”)
Ratio of Net DTA to Tier I:
21.6%

Capital raising (common stock)
JPY 588.6 billion

-Expand customer base
-Establish a sustainable earnings structure

Early repayment of public funds

More flexible allocation of management resources for further growth

- ✓ **Strategic areas:**
 - Financial consulting for individuals
 - Unsecured loans to SMEs
 - Investment banking business
 - Overseas businesses
- ✓ **Group strategy**

Seek more appropriate profit distribution to shareholders

- ✓ **Dividend policy based on financial results, acquiring own stock, etc.**

FY08 targets

SMFG consolidated
Net income:
more than
JPY 650 billion

SMFG consolidated
ROE:
more than 15%

Capital ratio:
Approx. 11%

Tier I ratio:
Approx. 7%



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.