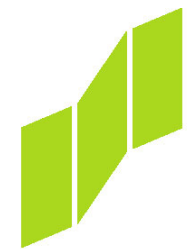


Financial Results of 1st Half, FY2006 & Management Policies and Strategies

November 30, 2006



SMFG

Sumitomo Mitsui Financial Group



Agenda

-
1. Overview of 1st half, FY06 P 2
 2. Financial results of 1st half, FY06 P 4
 3. Earnings forecast for FY06 P18
 4. Strategic businesses and 2nd half, FY06 management policy P20
 5. Initiatives for achieving a breakthrough towards sustainable growth P28
 - (1) Group strategy (Creating new “earnings drivers”) P30
 - (2) Strengthen customer satisfaction, quality management and compliance P33
 6. Closing P35
-

1. Overview of 1st half, FY06



1. Overview of 1st half, FY06: Intensive promotion of initiatives for achieving sustainable growth

Initiatives for achieving sustainable growth

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

Further strengthen strategic businesses

Financial consulting for individuals
Solution providing for corporations

Promote group strategy

Leasing, securities, consumer finance,
mobile phone credit, internet banking

Enhance CS and reinforce quality management

Established CS/Quality Improvement Committee
and Quality Management Dept.

Further improve internal control systems

Strengthened compliance
Improved risk management (Basel II)

Further strengthen financial base

Accelerated repayment of public funds and completed
repayment in Oct. 2006

Establish solid platform to support business growth

Financial results of 1st half, FY2006

- ✓ Top-line earnings lower than original forecast* mainly due to recording of losses on sales of bonds to reduce risks
- ✓ Bottom-line profit, on the other hand, almost the same level as original forecast* mainly due to decrease in credit cost

Summary

- ✓ Consolidated net business profit:
JPY 426.4 billion
〔 year over year change: JPY 153.2 billion decrease 〕
- ✓ Total credit cost (SMBC non-consolidated):
JPY 33.2 billion
〔 change from the original forecast: JPY 51.8 billion decrease 〕
〔 year over year change: JPY 96.4 billion decrease 〕
- ✓ Net income (SMFG consolidated):
JPY 243.7 billion
〔 change from the initial forecast: JPY 16.3 billion decrease 〕
〔 year over year change: JPY 148.7 billion decrease 〕

* Announced in May 2006.

2. Financial results of 1st half, FY06

(1) Bottom-line

(2) Top-line:

SMFG consolidated Gross profit

SMBC non-consolidated Gross banking profit

Net interest income

Loan balance

Loan spread

Expenses

Performance by business unit

(3) Gains (losses) on bonds / stocks

(4) Assets:

Securities portfolio

Problem assets

(5) Capital:

Repayment of public funds

Capital ratio



2. Financial results of 1st half, FY06

(1) Bottom-line

Reference:
 Financial Results P.19
 Supplementary Info. P.1, 2
 Data Book P.2, 6

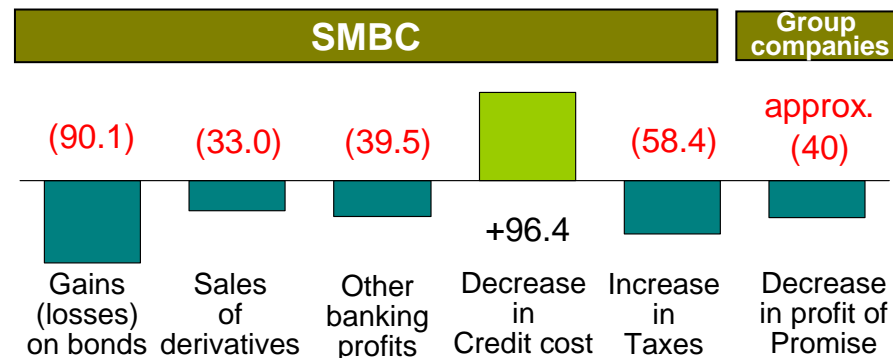
(Billions of yen)

	1st half, FY06 Results	Year-over- year change	Change from the original forecast	
SMFG consolidated	Ordinary income	1,825.8	+67.9	+75.8
	Ordinary profit	357.1	(106.7)	(82.9)
	Net income	243.7	(148.7)	(16.3)
SMBC Non-consolidated	Gross banking profit	609.1	(157.5)	(110.9)
	Excluding gains (losses) on bonds	670.8	(67.5)	—
	Expenses	(297.5)	(5.1)	+2.5
	Banking profit*	311.6	(162.6)	(108.4)
	Total credit cost	(33.2)	+96.4	+51.8
	Ordinary profit	269.1	(90.7)	(70.9)
	Net income	183.6	(115.1)	(26.4)

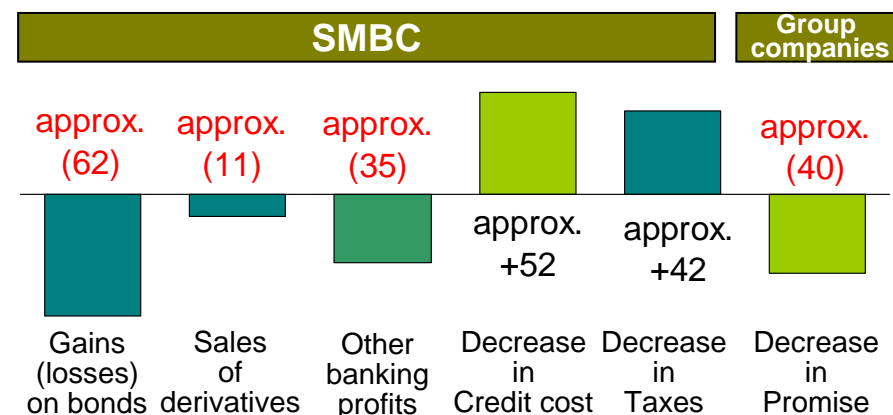
Main factors of year-over-year change

Main factors of change from original forecast

1H, FY05: 392.3 ▶ **1H, FY06: 243.7** [(148.7)]



Original forecast: 260.0 ▶ **Result: 243.7** [(16.3)]



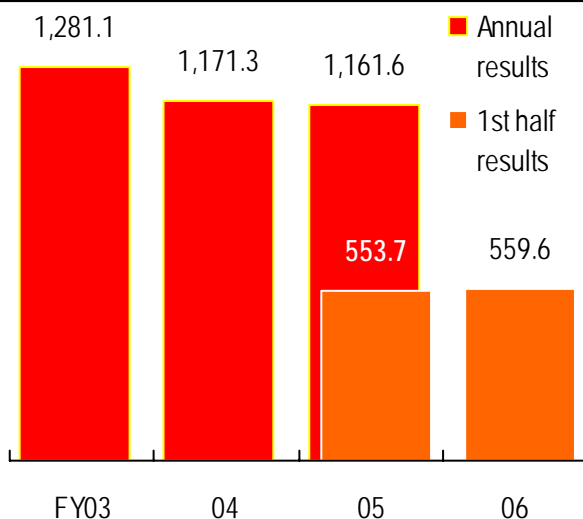
*Before provision for general reserve for possible loan losses



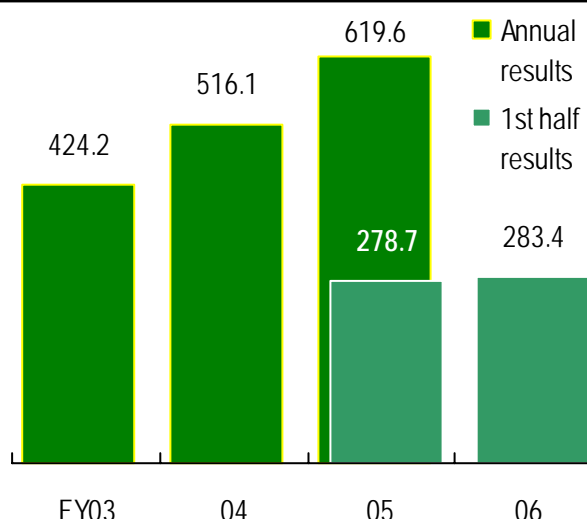
2. Financial results of 1st half, FY06 (2) Top-line: SMFG consolidated Gross profit

Reference:
 Financial Results P.19
 Supplementary Info. P.2
 Data Book P.2

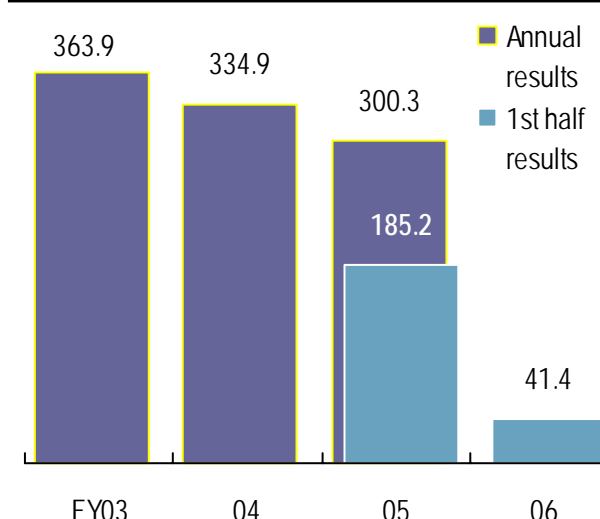
Net interest income



Net fees and commissions



Net trading income + Net other operating income



	1H, FY06	YOY change
SMFG consolidated	559.6	+5.9
SMBC	443.8	(10.5)
Kansai Urban Banking Co.	26.7	+2.3
MINATO BANK	22.4	(0.3)
SMBC Europe	12.6	+5.0

	1H, FY06	YOY change
SMFG consolidated	283.4	+4.7
SMBC	159.5	(3.9)
Sumitomo Mitsui Card	57.9	+4.9
SMBC Friend Securities	19.6	(1.0)
SMBC Europe	5.9	+2.1

	1H, FY06	YOY change
SMFG consolidated	41.4	(143.8)
SMBC	4.4	(140.2)
SMBC Leasing	38.8	+0.8
Japan Research Institute	8.5	(0.9)

(Note) SMFG Consolidated gross profit: JPY 885.8 billion (JPY 136.1 billion year-over-year decrease)

(SMFG consolidated, Billions of yen)



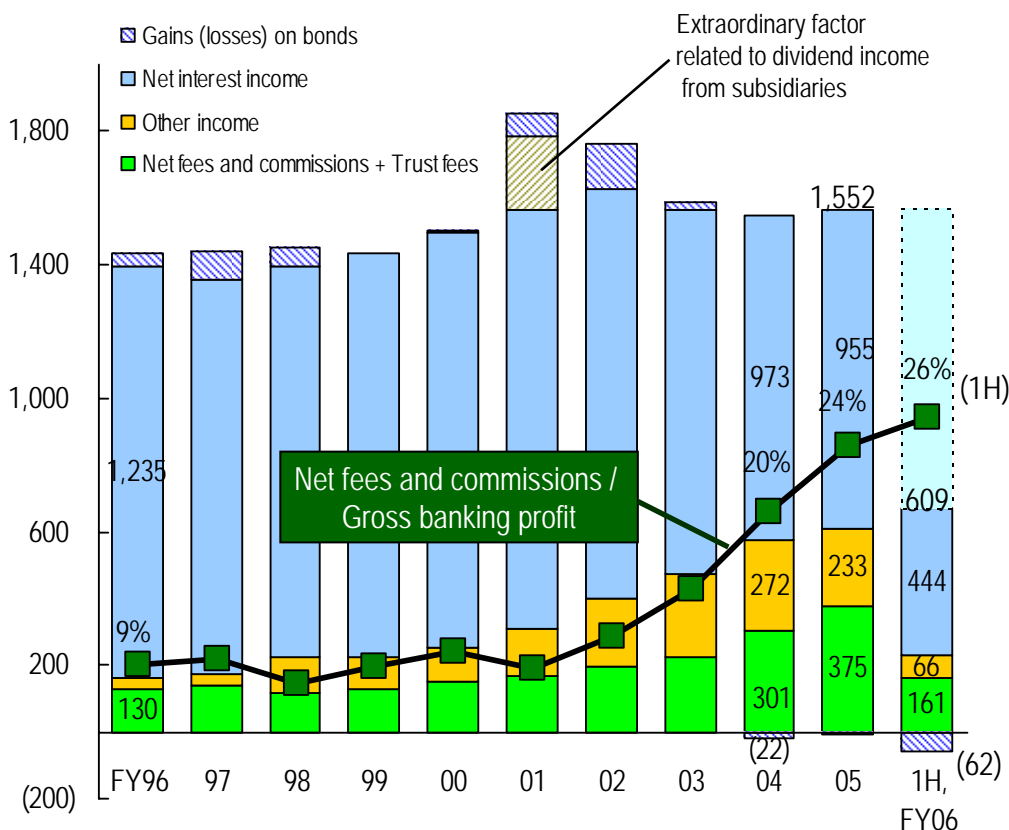
2. Financial results of 1st half, FY06

(2) Top-line: SMBC non-consolidated Gross banking profit

Reference:
Supplementary Info. P.1
Data Book P.7

Gross banking profit (SMBC)

(Billions of yen)



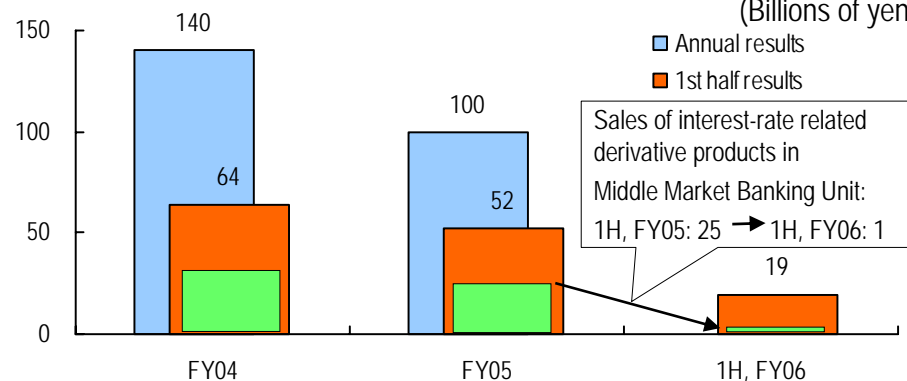
Main factors of year-over-year change

(Billions of yen)

Gross banking profit	(157.5)
-Net interest income	(10.5)
-Net fees and commissions + Trust fees	(6.8)
-Net trading income + Net other operating income	(140.2)
Gains (losses) on bonds	(90.1)
Profit from sales of derivative products	(33.0)

Profit from sales of derivative products*

(Billions of yen)



(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

*Managerial accounting basis for each fiscal year

(SMBC non-consolidated)

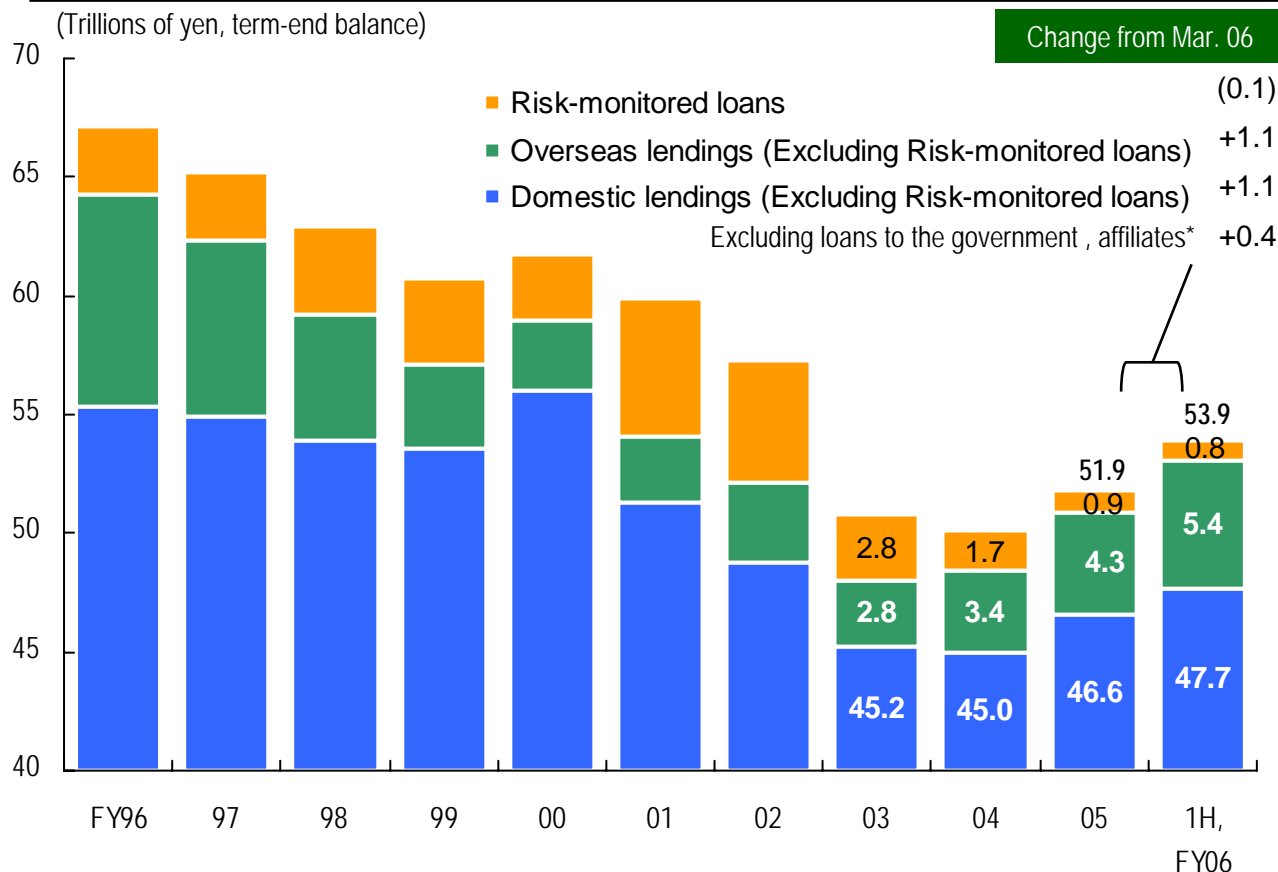


2. Financial results of 1st half, FY06

(2) Top-line: Net interest income – Loan balance

Reference:
Supplementary Info. P.14
Data Book P.8, 12

Loan balance



Term-end balance by domestic business unit

(Trillions of yen)

Business unit	Term-end balance	
	1st half, FY06	Change from Mar. 06
Consumer Banking Unit	14.6	+0.2*
Middle Market Banking Unit	21.6	(0.3)
Corporate Banking Unit	10.1	+0.5

* After add-back adjustment of securitized portion of housing loans

(SMBC non-consolidated)

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



2. Financial results of 1st half, FY06

(2) Top-line: Net interest income – Loan spread (a)

Reference:
Supplementary Info. P.24
Data Book P.7, 8

Net Interest Income - Main factors of change

(Billions of yen)

	(Billions of yen)		
	1H, FY05 (a)	1H, FY06 (b)	(b)-(a)
Net interest income	454.3	443.8	(10.5)
Net interest income on loans and deposits	386.5	363.7	(22.8)
Interest on loans and discounts	482.8	536.2	+53.4
Interest on deposits	(96.3)	(172.5)	(76.2)
Interest and dividends on securities	120.7	155.1	+34.4
Gains/losses on interest rate swaps	13.4	(14.9)	(28.3)

Loan to Deposit Spread (Domestic, Financial accounting basis)

(Trillions of yen, %)

	Average balance		Yield	
	1H06	YOY change	1H06	YOY change
Loans* (a)	45.8	+1.5	1.65	(0.10)
(excluding loans to the government)	45.0	+0.7	1.69	(0.07)
Deposits, etc. (b)	60.4	+0.9	0.06	+0.04
Loan to deposit spread (a)-(b)	-	-	1.59	(0.14)

* excluding loans to financial institutions

- ✓ Short-term prime rate 1.375%→1.625% (+0.250%, from Aug. 21)
- ✓ Ordinary deposit yield 0.001%→0.100% (+0.099%, from Jul. 18)
- ✓ 1 year time deposit yield (large-lot) 0.150%→0.300% (+0.150%, from Jul. 18)

(SMBC non-consolidated)



2. Financial results of 1st half, FY06

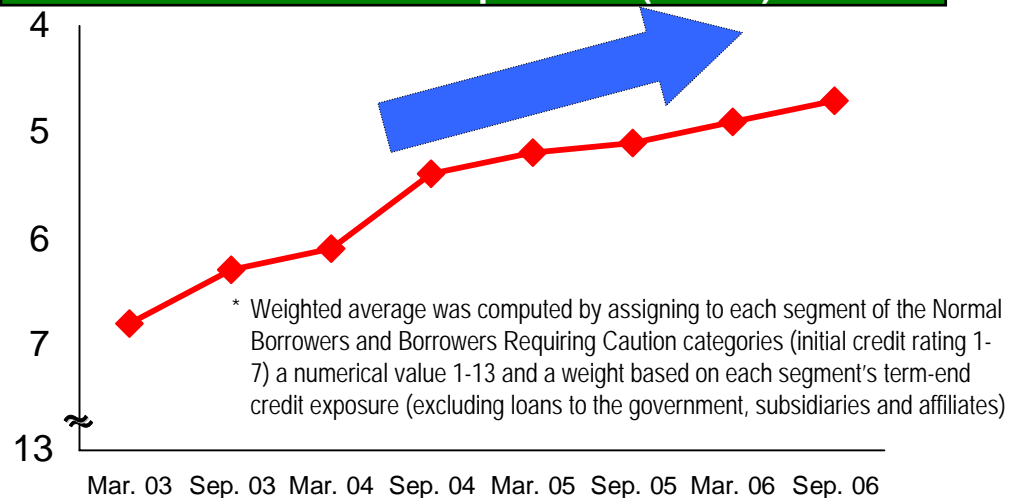
(2) Top-line: Net interest income – Loan spread (b)

Reference:
Data Book P.8

Average loan balance and spread by business unit (Managerial accounting basis)

	Average balance		Average spread	
	1st half, FY06	YOY change	1st half, FY06	YOY change
Consumer Banking Unit	14.8	+0.4	1.69	(0.04)
Middle Market Banking Unit	21.1	0.0	1.44	(0.11)
Corporate Banking Unit	9.8	+0.1	0.67	(0.08)

Improvement in average internal credit rating of domestic loan portfolio (SMBC)



(Reference) Main factors of change in domestic net interest income (Managerial accounting basis)

Domestic net interest	1H, FY05	1H, FY06	YOY change
Income (Billions of yen)	459.0	451.5	(7.5)
Domestic business unit			
Loans			approx. (16.0)
Liquid deposits			approx. +11.0
Others			approx. (2.5)

Progress in re-pricing of Loan Yields by Type of Loan, Domestic (Trillions of yen, %)

Type of Loan	1H, FY06 term-end balance	Mar. 06 => Jun. 06	Mar. 06 => Sep. 06
Tibor- / Libor-based, within 1-year	19	+0.06	+0.22
Prime-rate-based	10	+0.01	+0.19
Prime-rate-based (consumer)	7	(0.01)	(0.02)

(SMBC non-consolidated)



2. Financial results of 1st half, FY06 (2) Top-line: Expenses

Reference:
Supplementary Info. P.1, 3
Data Book P.2

- ✓ Overhead ratio increased due to decrease in Gross banking profit
- ✓ Plan to maintain Overhead ratio at approx. 40% on a full-year basis

Main factors of year-over-year change (Billions of yen)

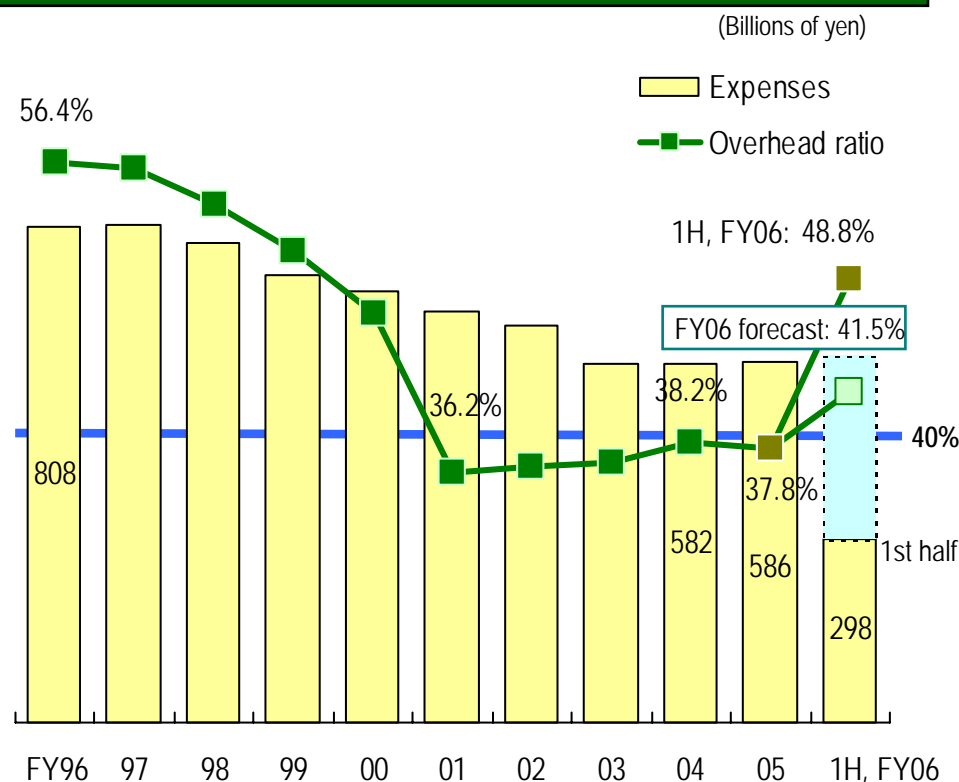
1st half, FY06 Expenses	297.5	(YOY change +5.1)
Personnel expenses	96.9	(YOY change -2.0)
Non-personnel expenses	200.6	(YOY change +7.1)

Allocate resources to focal areas +Approx. 7.0

Consumer business	+Approx. 5.0
Corporate business: Loans to SMEs, etc.	+Approx. 1.0
Improvement in system infrastructure, etc.	+Approx. 1.0

Rationalization, etc. (Approx. 2.0)

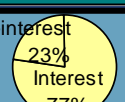
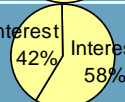
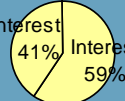
Expenses (SMBC)



(SMBC non-consolidated)

2. Financial results of 1st half, FY06

(2) Top-line: Performance by business unit

Composition of Gross banking profit		1H, FY06	YOY change*		
Consumer Banking Unit		Gross banking profit	191.3	(5.0)	(1)
		Expenses	(123.2)	+1.2	
		Banking profit	68.1	(3.8)	
Middle Market Banking Unit		Gross banking profit	290.5	(42.3)	(2)
		Expenses	(93.5)	(0.6)	
		Banking profit	197.0	(42.9)	
Corporate Banking Unit		Gross banking profit	89.1	(8.9)	(3)
		Expenses	(14.4)	(0.3)	
		Banking profit	74.7	(9.2)	
International Banking Unit		Gross banking profit	57.0	+6.8	(4)
		Expenses	(22.3)	(1.8)	
		Banking profit	34.7	+5.0	
Marketing Units		Gross banking profit	627.9	(49.4)	
		Expenses	(253.4)	(1.5)	
		Banking profit	374.5	(50.9)	
Treasury Unit		Gross banking profit	0.0	(123.7)	(5)
		Expenses	(8.8)	+0.3	
		Banking profit	(8.8)	(123.4)	
Headquarters		Gross banking profit	(18.8)	+15.6	
		Expenses	(35.3)	(3.9)	
		Banking profit	(54.1)	+11.7	
Total		Gross banking profit	609.1	+157.5	
		Expenses	(297.5)	(5.1)	
		Banking profit	311.6	(162.6)	

Main factors of year-over-year change in Gross banking profit*	
(1) Consumer Banking Unit:	(5.0)
Pension-type insurance	(2.8)
(2) Middle Market Banking Unit:	(42.3)
Interest-rate swap sales	(24.0)
Loans	(11.1)
Investment banking businesses	(3.3)
(3) Corporate Banking Unit:	(8.9)
Loans and deposits	(3.7)
Non-interest income	(5.2)
(4) International Banking Unit:	+6.8
Non-interest income, etc.	+7.5
(5) Treasury Unit:	(123.7)
ALM operations	(112.9)
(Including gains (losses) related to bond portfolio)	
Trading	(10.6)

* Managerial accounting basis on which fluctuations in interest rates and foreign exchange rates are adjusted. (SMBC non-consolidated, Billions of yen)
Those changes are included in the Headquarters' account.



2. Financial results of 1st half, FY06

(3) Gains (losses) on bonds / stocks

Reference:
Supplementary Info.
P.1, 3, 4

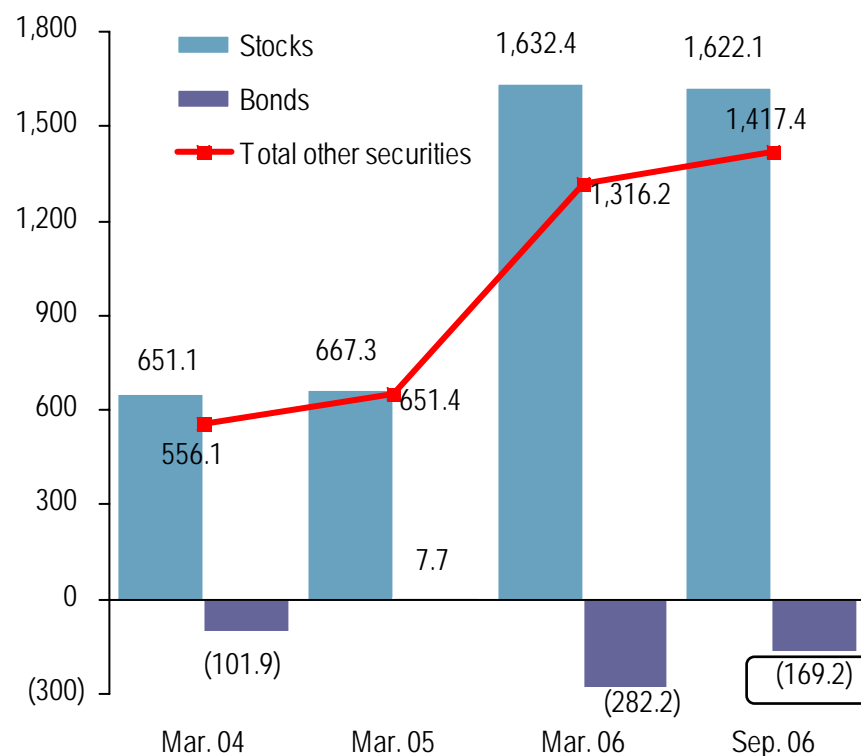
Gains (losses) on bonds

	1H, FY05	1H, FY06	YOY change
Total	28.4	(61.7)	(90.1)
Gains on sales	39.8	11.8	(28.0)
Losses on sales	(11.2)	(68.0)	(56.8)
Gains on redemption	0.1	0	(0.1)
Losses on redemption	(0.3)	(5.5)	(5.2)
Losses on devaluation	-	-	-

Gains (losses) on stocks

	1H, FY05	1H, FY06	YOY change
Total	25.0	8.7	(16.3)
Gains on sales of stocks	34.2	14.7	(19.5)
Losses on sales of stocks	(0.4)	(0.1)	+0.3
Losses on devaluation of stocks	(8.8)	(5.9)	+2.9

Unrealized gains (losses) on Other securities



(SMBC non-consolidated, Billions of yen)

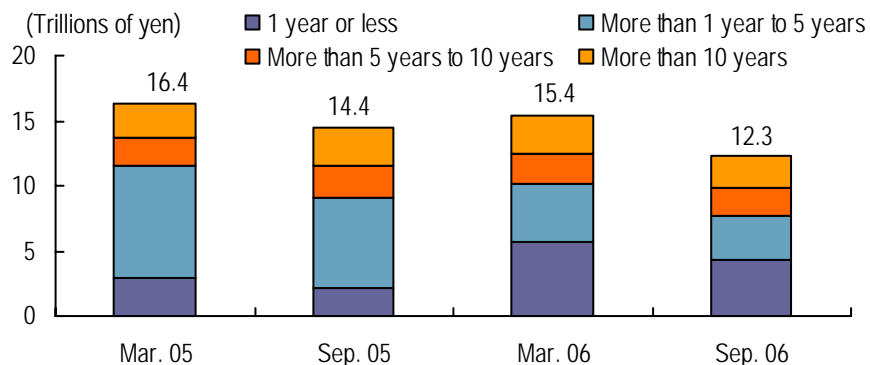


2. Financial results of 1st half, FY06

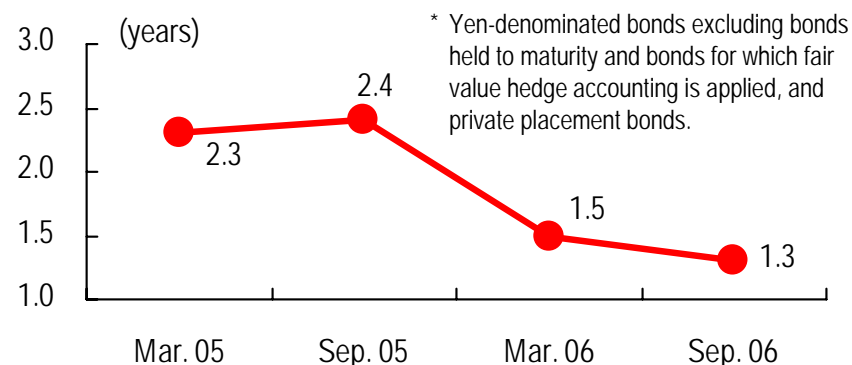
(4) Assets: Securities portfolio

Reference:
Supplementary Info. P.5
Data Book P.13

Balance of Yen-denominated bond portfolio



Average duration of bond portfolio*



Balance of other securities with maturities and held-to-maturity bonds, classified by maturity (Billions of yen)

As of Sep. 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. 06		Change from Mar. 06		Change from Mar. 06		Change from Mar. 06		Change from Mar. 06
Bonds	4,267.4	(1,416.6)	3,440.5	(1,061.0)	2,125.9	(171.2)	2,505.6	(412.5)	12,339.6	(3,061.3)
JGBs	3,719.6	(1,564.6)	1,056.8	(905.1)	808.6	(275.8)	2,400.8	(406.1)	7,985.9	(3,151.7)
Japanese local government bonds	38.5	+17.5	187.6	(19.7)	314.7	(2.7)	0.4	-	541.4	(4.7)
Japanese corporate bonds	509.2	+130.4	2,196.0	(136.2)	1,002.6	+107.3	104.3	(6.4)	3,812.3	+95.2
Others	1,104.7	+384.1	1,066.2	(442.2)	810.1	+143.7	517.2	(154.5)	3,498.3	(68.9)
Total	5,372.2	(1,032.5)	4,506.7	(1,503.2)	2,936.1	(27.4)	3,022.9	(567.0)	15,838.0	(3,130.2)

(SMBC non-consolidated)

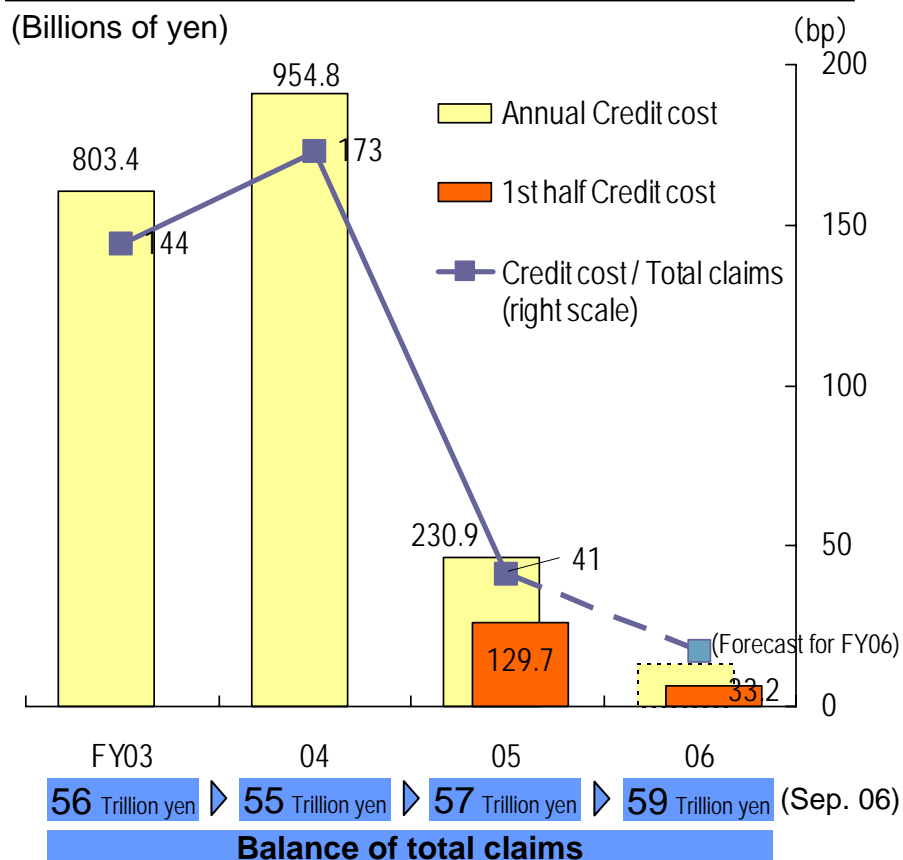


2. Financial results of 1st half, FY06

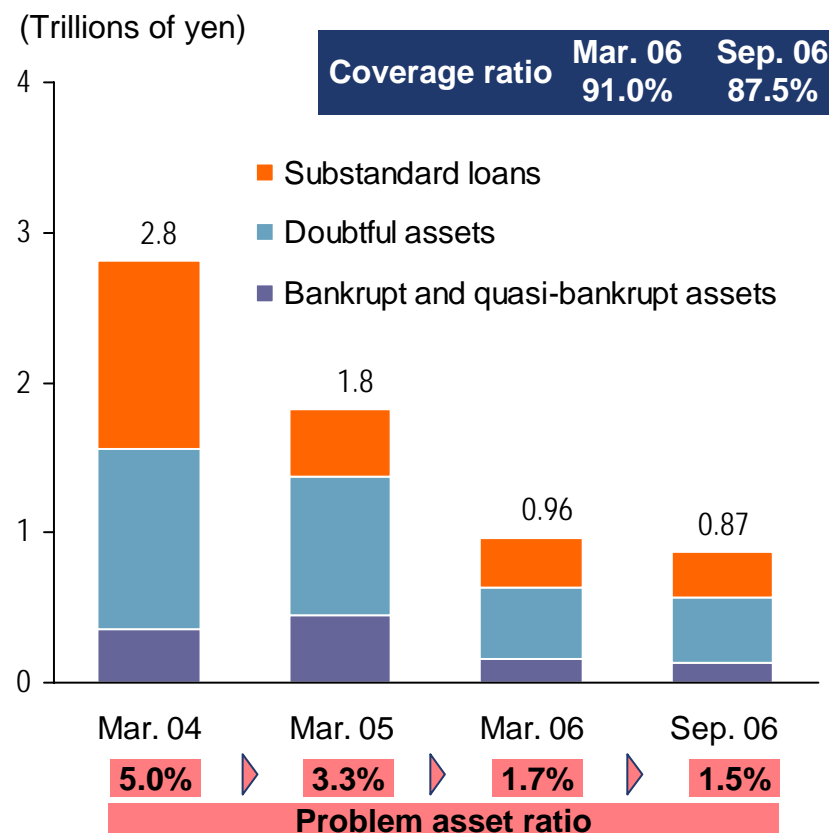
(4) Assets: Problem assets

Reference:
 Supplementary Info. P.1,8,11
 Data Book P.10,11

Total credit cost



Balance of non-performing loans



(SMBC non-consolidated)



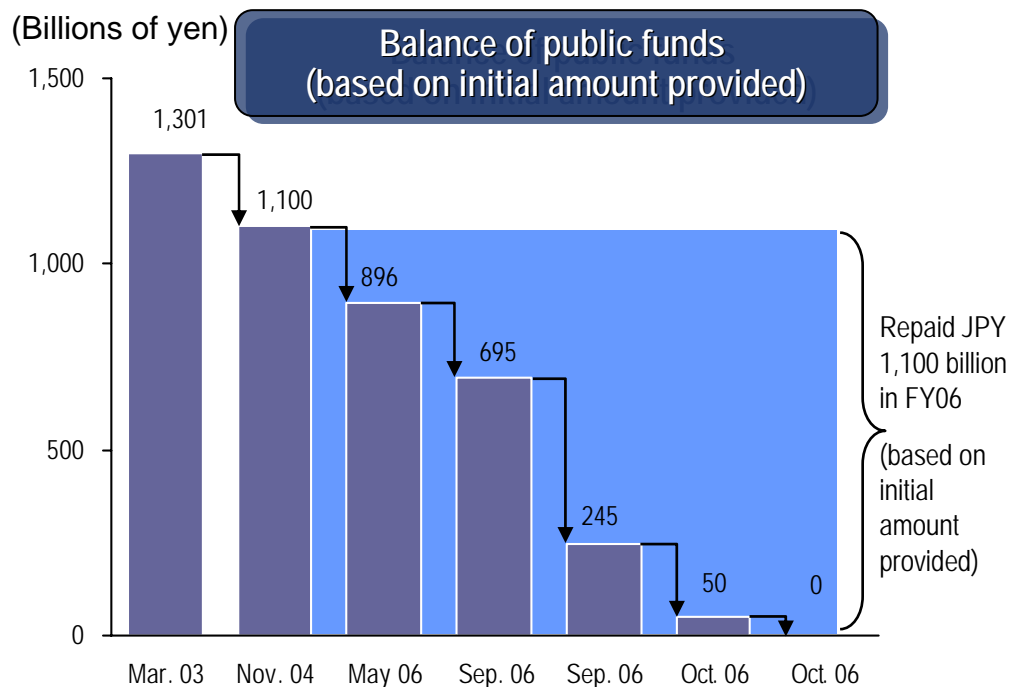
2. Financial results of 1st half, FY06

(5) Capital: Repayment of public funds

Reference:
Data Book

P.5

- ✓ Completed repayment of public funds in Oct. 06, earlier than originally planned (Mar. 07)
- ✓ Repaid all amount through share buy-back, in order to avoid dilution effect



Repayment history of public fund preferred stocks

(Billions of yen)

	Amount repaid		Cumulative amount repaid	
		Initial amount provided		Initial amount provided
Nov. 04	267.7	201.0	267.7	201.0
May 06	275.9	204.0	543.7	405.0
Sep. 06	245.1	201.0	788.7	606.0
Sep. 06	653.0	450.0	1,441.8	1,056.0
Oct. 06	222.2	195.0	1,664.0	1,251.0
Oct. 06	76.8	50.0	1,740.8	1,301.0

*Amount repaid in 1st half: JPY 1,174 billion

(SMFG consolidated)



2. Financial results of 1st half, FY06

(5) Capital: Capital ratio

Reference:
 Financial Results P.11, 21, 22
 Supplementary Info. P.7
 Data Book P.5

	Mar. 06	Sep. 06 <Preliminary>	Change from Mar. 06
Tier I	4,645.9	3,737.7	(908.2)
Capital stock & Capital surplus	2,650.1	1,697.4	(952.7) (1)
<Preferred stock>	<1,460.3>	<555.3>	<(905.0)>
Retained earnings	944.1	1,188.4	+244.3 (2)
Preferred securities issued by overseas SPCs	835.2	836.0	+0.8
Treasury stock	(4.4)	(50.2)	(45.8) (3)
Tier II*	4,067.7	3,737.7	(330.0) (4)
45% of unrealized gains on other securities	627.8	629.1	+1.3
45% of land revaluation excess	39.9	39.7	(0.2)
General reserve for possible loan losses	742.6	712.8	(29.8)
Perpetual subordinated debt	1,035.8	1,126.2	+90.4
Dated subordinated debt	1,621.6	1,469.0	(152.6)
Sub total	4,067.7	3,976.8	(91.0)
Deduction	(619.3)	(630.6)	(11.3)
Total capital	8,094.4	6,844.9	(1,249.5)
Risk-adjusted assets	65,322.3	67,945.9	+2,623.6 (5)
Capital ratio	12.39%	10.07%	(2.32%)
Tier I ratio	7.11%	5.50%	(1.61%)

Tier I

- (1) Repayment of public funds (based on book value of preferred stocks) (855.0)
 [In addition, part of public fund preferred stocks were converted into common stock (50.0)]
- (2) Consolidated net income +243.7
- (3) Increase in Treasury stock due to making SMBC Friend Securities into a wholly-owned subsidiary of SMFG (45.0)
- *Net deferred tax assets / Tier I (SMFG consolidated)
 Sep. 06: 26.0% (+4.4% from Mar. 06)
- *Acquisition and redemption of public fund preferred stocks in Oct. 06
 Book value: 195.0 Amount repaid: 222.2
- Acquisition of common stock shares
 Initial book value of preferred stocks: 50.0 Amount repaid: 76.8
 (Ref. P16)

Tier II

- (4) In excess of limit counted as capital (239.0)

Risk-adjusted assets

- (5) Domestic lending: +0.6 trillion
 Overseas lending, etc.: +1.3 trillion
 Subsidiaries (Kansai Urban, Minato, etc.): +0.3 trillion

*Amount counted as capital

(SMFG consolidated, Billions of yen)

3. Earnings forecast for FY06

3. Earnings forecast for FY06

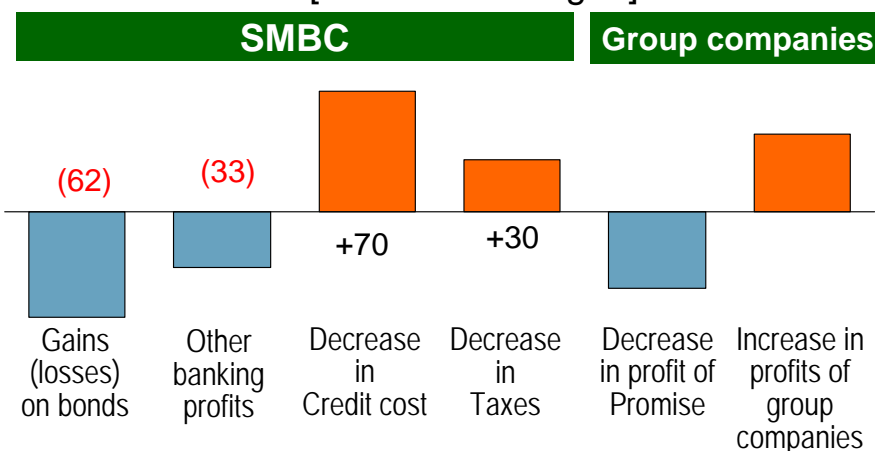
Reference:
Supplementary Info. P.20

(Billions of yen)

	Original forecast	Revised forecast	Change
SMFG consolidated			
Ordinary income	3,700.0	3,700.0	-
Ordinary profit	1,010.0	950.0	(60.0)
Net income	570.0	570.0	-
SMBC non-consolidated			
Gross banking profit	1,540.0	1,445.0	(95.0)
Expenses (Overhead ratio)	(600.0) <39.0%>	(600.0) <41.5%>	- <+2.5%>
Banking profit*	940.0	845.0	(95.0)
Total credit cost	(170.0)	(100.0)	+70.0
Ordinary profit	780.0	760.0	(20.0)
Net income	460.0	460.0	-

Main factors of change from original forecast

Original forecast: 570.0 ▶ **Revised forecast: 570.0**
[remain unchanged]



Assumption

Yen / dollar exchange rate:
\$1=115 yen
(5 yen decrease from original forecast)

Annual forecast by business units

[SMBC non-consolidated]	1st half results	Annual forecast
Gross banking profit of Marketing units	627.9	1,386.0
Treasury unit, etc.	0	110.0
Headquarters	(18.8)	(51.0)
Gross banking profit	609.1	1,445.0

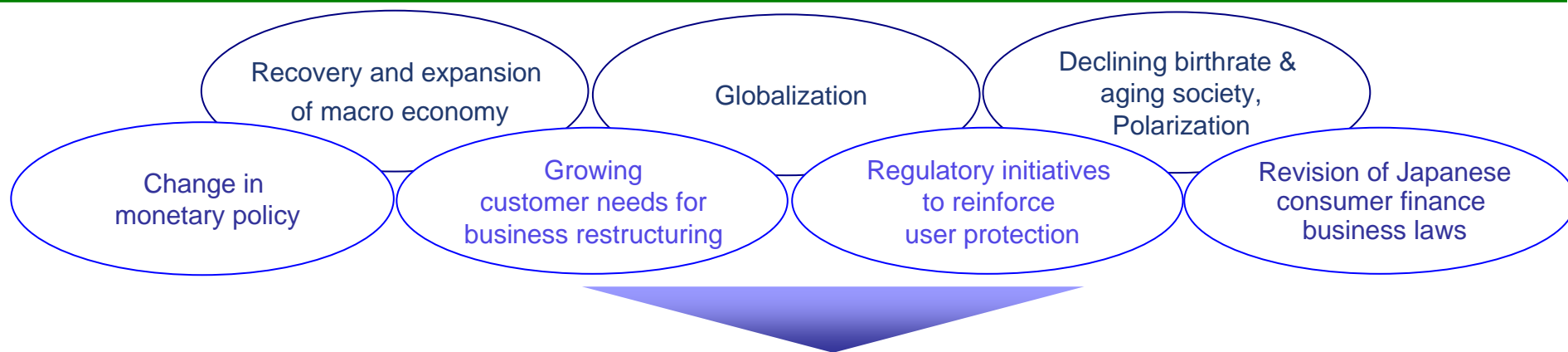
*Before provision for general reserve for possible loan losses

4. Strategic businesses and 2nd half, FY06 management policy

- (1) Overview of 1st half, FY06
- (2) Financial consulting for individuals (Asset management consulting)
- (3) Financial consulting for individuals (Housing loans)
- (4) Unsecured loans to SMEs
- (5) Solution providing for corporates / Overseas businesses

4. Strategic businesses and 2nd half, FY06 management policy

(1) Overview of 1st half, FY06: Reinforced initiatives to further strengthen strategic businesses and dealt with changes in business environment



Financial consulting for individuals

- Captured business opportunities by strengthening business franchise
- Strengthened compliance

Housing loans

- Aggressively responded to changes in customer needs
 - Super long-term fixed-rate loan
 - Loan with repayment insurance in case of potentially fatal illness

Settlement finance

- Made steady progress in alliance projects with NTT DoCoMo, East Japan Railway Company and Yahoo Japan

Consumer finance

- Steadily increased loans through "Cascade Scheme"
- Affiliates increased reserves for losses on interest repayments

Investment banking business

- Strengthened M&A and MBO/LBO finance related businesses in response to growing market for business restructuring, M&A and anti-takeover defense

Unsecured loans to SMEs

- Price competition intensifying
- Placed greater emphasis on risk adjusted return as SME bankruptcies trending up in Japan

Overseas business

- Flexibly allocated assets to businesses with robust fund demand such as buy-out related financing
- Established new branches (Dubai, Ho Chi Minh City, Houston, Sydney, Milan [SMBCE])



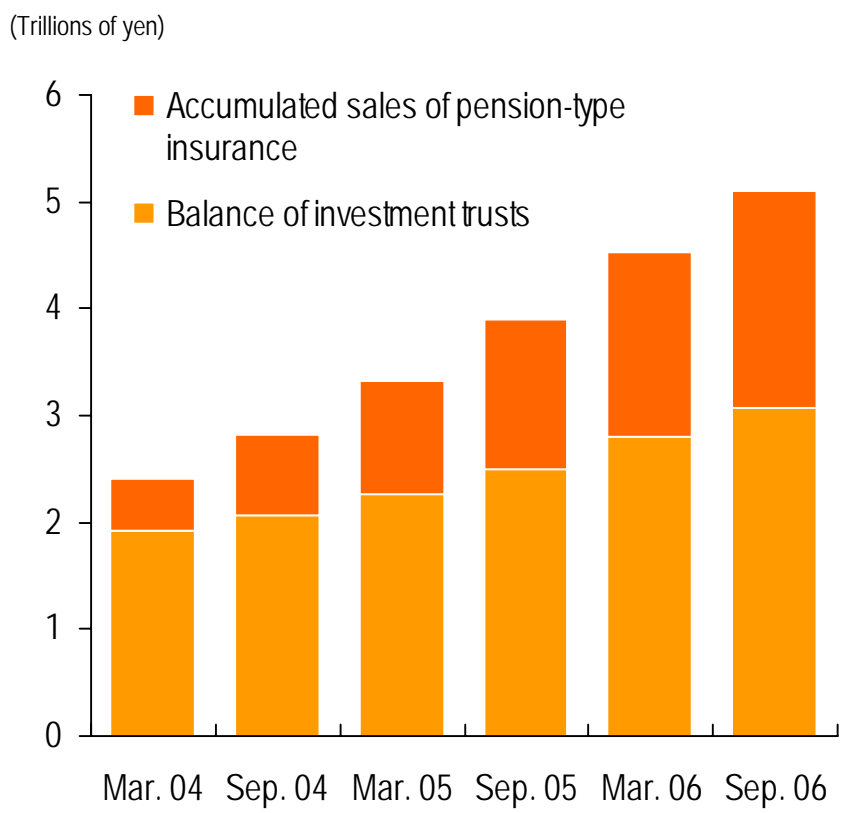
4. Strategic businesses and 2nd half, FY06 management policy

(2) Financial consulting for individual clients

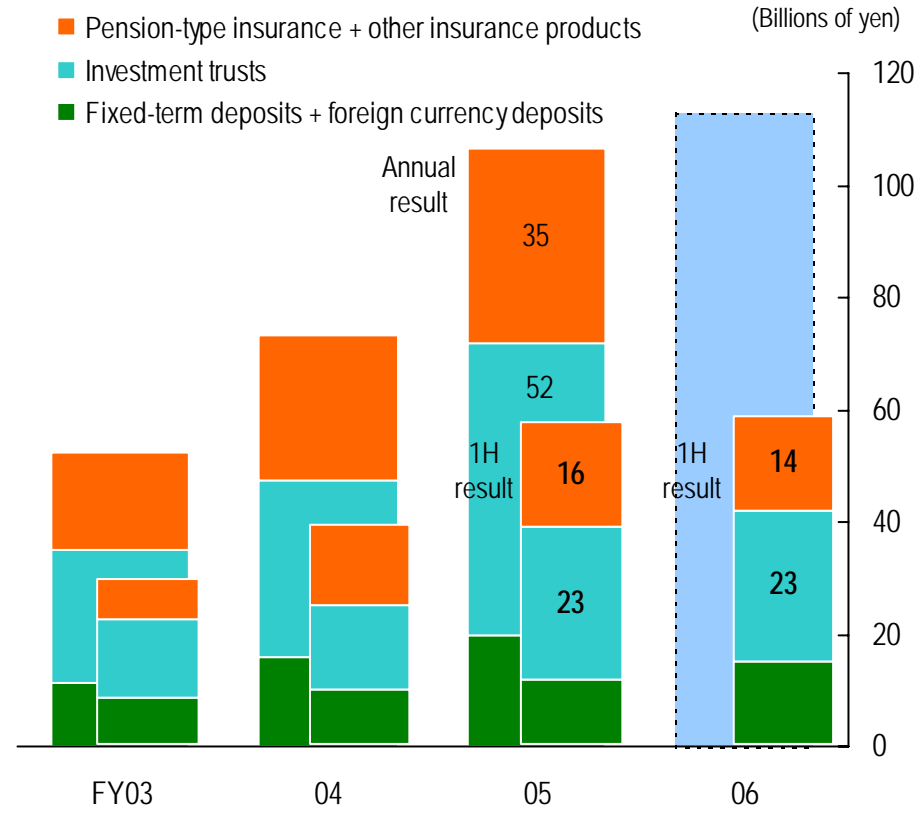
(Asset management consulting)

Reference:
 Supplementary Info. P.16
 Data Book P.9, 16

Balance of investment trusts and pension-type insurance



Profits related to asset management consulting*



*Managerial accounting basis

(SMBC non-consolidated)



4. Strategic businesses and 2nd half, FY06 management policy

(2) Financial consulting for individual clients

(Asset management consulting)

Strengthening business franchise

- ✓ Established more SMBC Consulting Plazas/Offices:

	Mar. 06	Sep. 06	Mar. 07 Plan
Number of SMBC Consulting Plaza / Office:	80	83	90

- ✓ Established new type of channel:
SMBC Shirogane-Takanawa Consulting Office
- ✓ Increased number of consultants and promoted initiatives to improve productivity
- ✓ Strengthened compliance related to sales of investment products, etc.

Launched walk-in insurance agency services

- ✓ Collaboration with Mitsui Life Insurance and Sumitomo Life Insurance From Oct. 2006
- ✓ Wide range of products offered by various insurance companies
- ✓ Established in-store branches in shopping malls, home centers, station buildings, etc.



Gather expertise and establish business model

Alliance with SMBC Friend Securities – Fund wrap account –

During FY06 subject to regulatory approval

- ✓ Provide fund wrap services (accounts with investment advisories) through arrangement similar to securities intermediary business

Fund composite

Investment trusts

Contract amount

Minimum amount: JPY 20 million

Asset class

13 asset classes, 15 funds

Investment policy

Identify clients' investment objectives and risk tolerance through questionnaire, and construct a tailor-made portfolio on the basis of approximately 5 types of model portfolios (from risk-averse to risk-seeking)

Fee

Selectable - Fixed management fee or investment-performance-based fee (payable in arrear at the end of each quarter period)



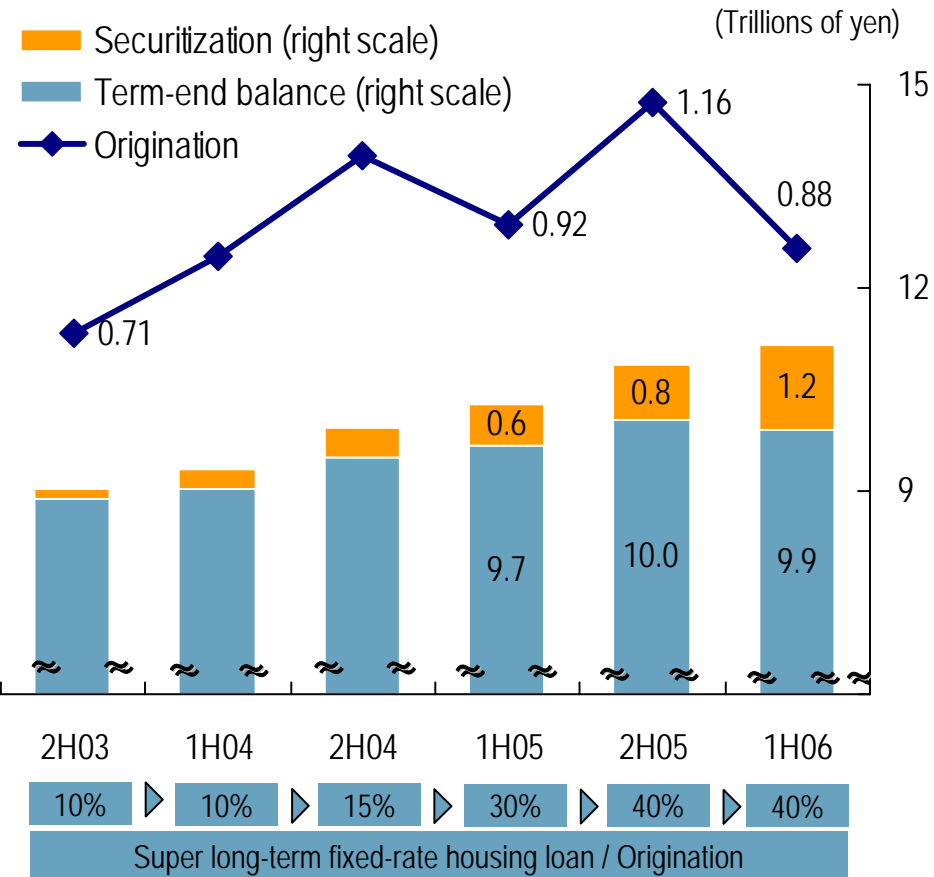
4. Strategic businesses and 2nd half, FY06 management policy

(3) Financial consulting for individual clients

(Housing loans)

Reference: Supplementary Info. P.2
Financial Results P.19 Data Book P.2

Housing loans*



(Reference) Main initiatives in development of loan products

Special housing loan offered via Internet

Apr. 2006

Housing loan with repayment insurance in case of potentially fatal illness

Oct. 2005

Expanded coverage to include 5 major chronic diseases

Aug. 2006

Further increase origination by differentiating products

Secure annual origination of JPY 2 trillion and market share (origination basis) of 10%

*Residential purpose. Origination amounts exclude bridge loans for loans by Housing Loan Corporation

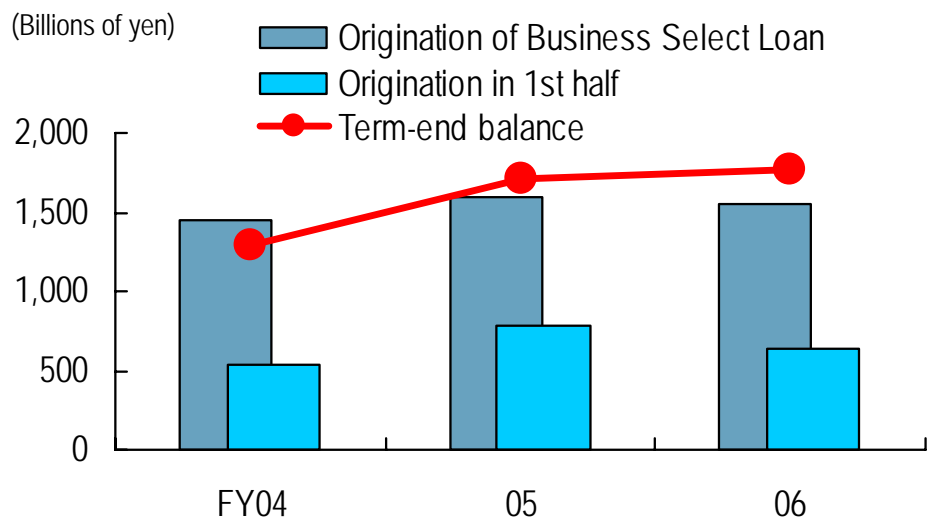
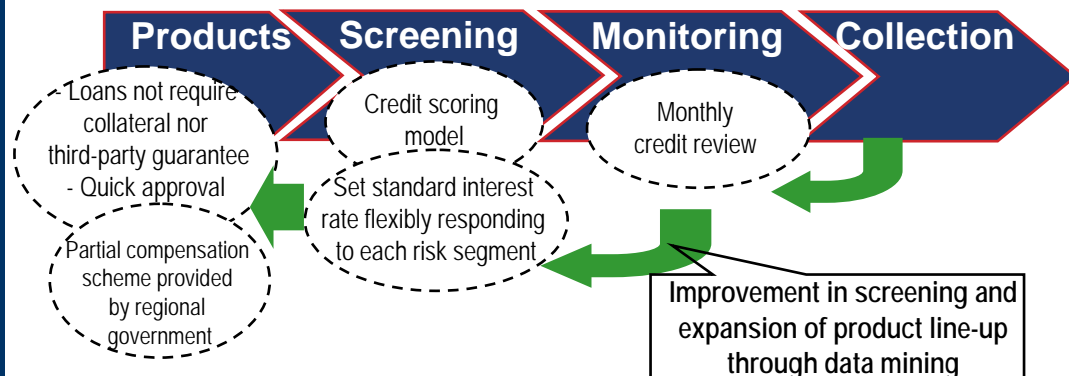
(SMBC non-consolidated)



4. Strategic businesses and 2nd half, FY06 management policy

(4) Unsecured loans to SMEs: Initiatives for sustainable growth

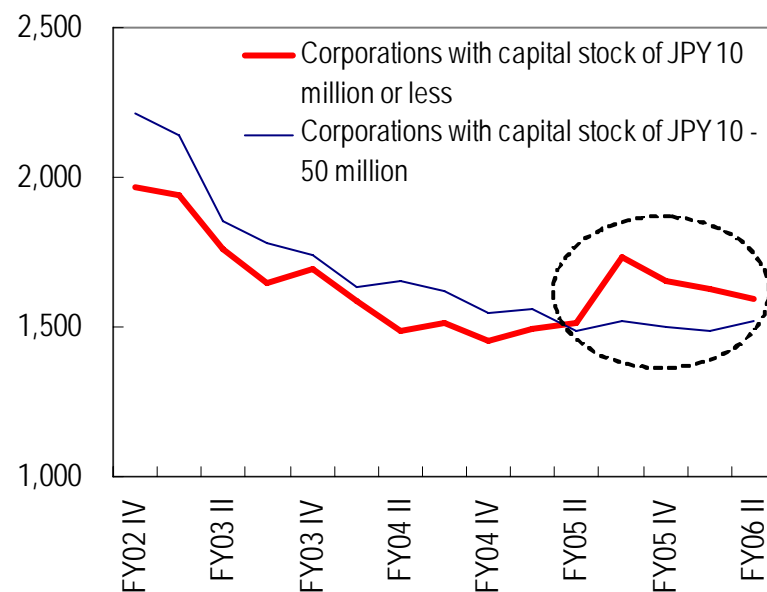
- ✓ Revise standard interest-rates and promotion approaches in a timely and careful manner based on the default trend of each segment
- ✓ Shift to stable growth phase securing returns on a risk-adjusted basis while changing portfolio composition



(SMBC non-consolidated)

(Source) Tokyo Shoko Research

Number of bankruptcy case in Japan, classified by size of capital stock



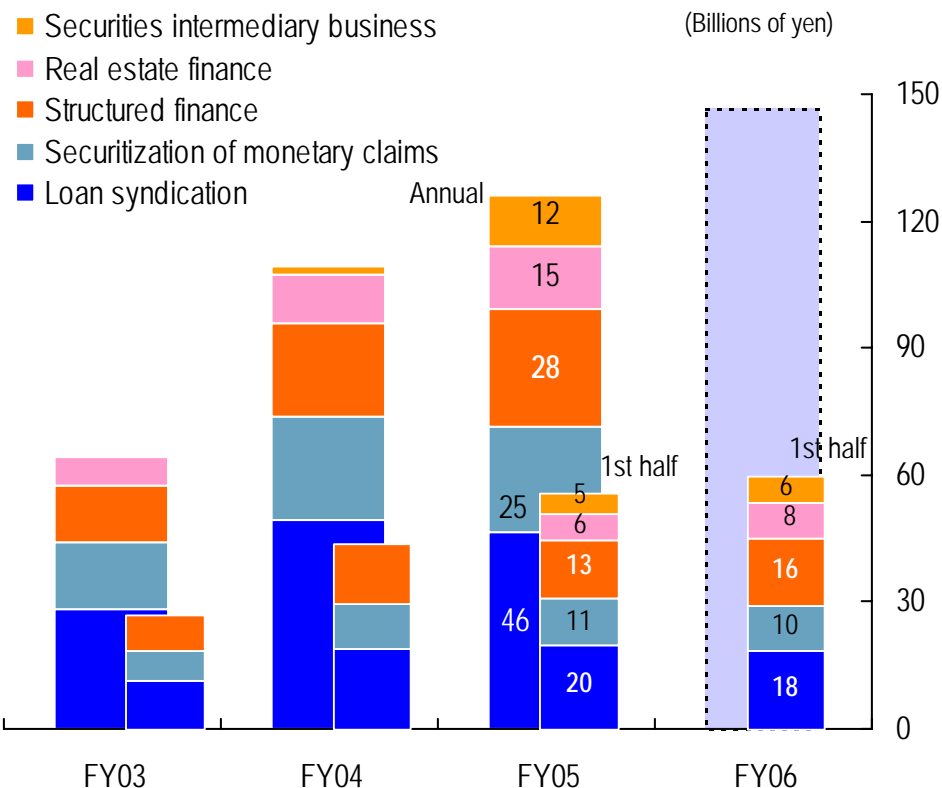


4. Strategic businesses and 2nd half, FY06 management policy

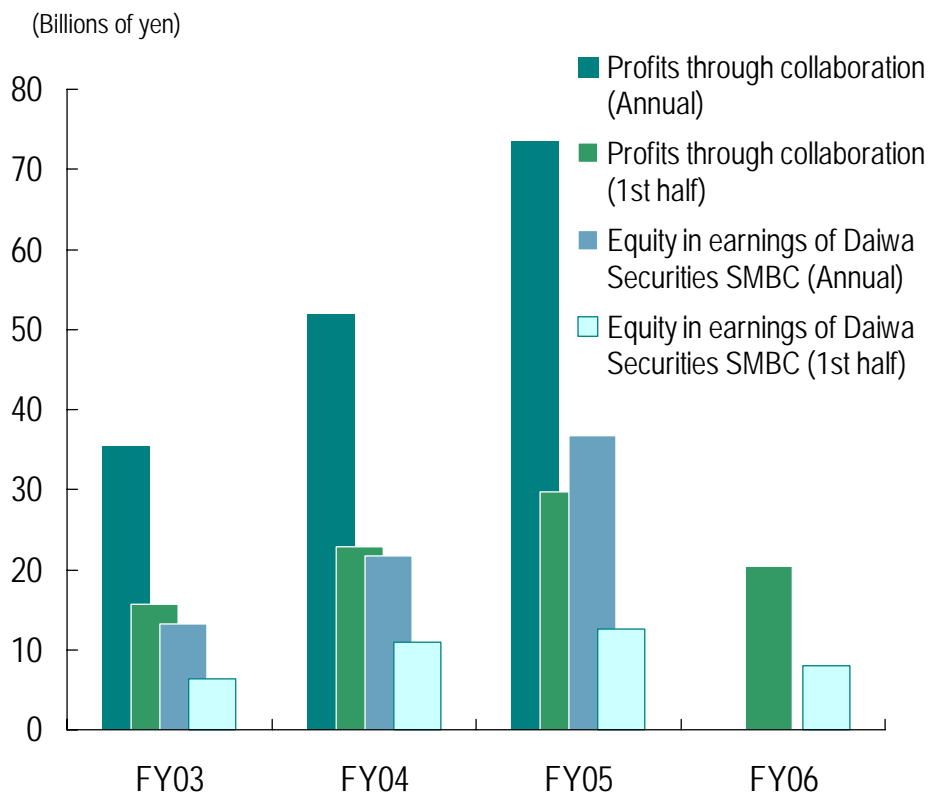
(5) Solution providing for corporates & Overseas businesses

Reference:
Data Book P.9

Profit related to investment banking business (SMBC)*



Profits through collaboration with Daiwa Securities SMBC



*Managerial accounting basis

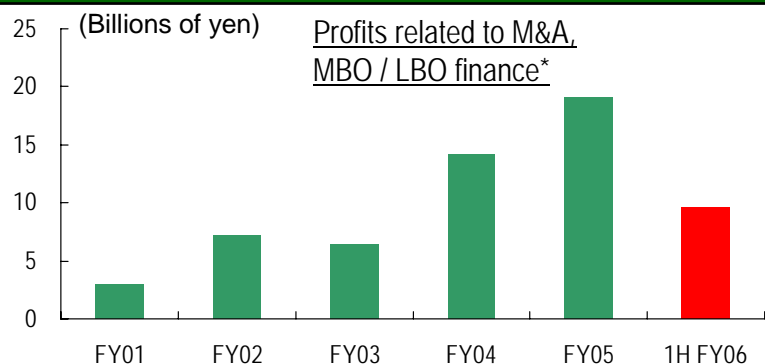


4. Strategic businesses and 2nd half, FY06 management policy

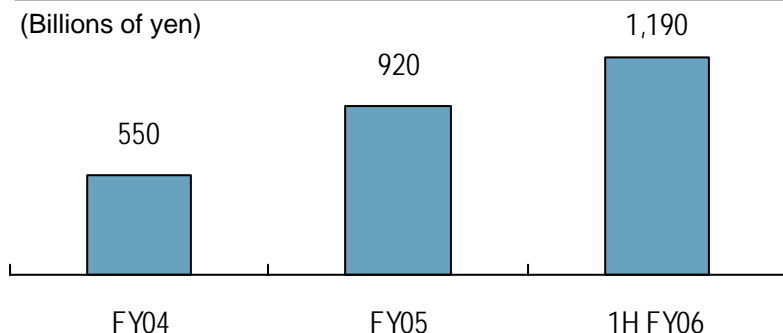
(5) Solution providing for corporate clients & Overseas businesses

✓ Diversifying and refining SMBC's risk-taking approach and strengthening solution providing capability as a leading financial services group in order to expand business by contributing to customers' value creation

M&A, MBO / LBO finance



Non-recourse real estate finance** (Term-end balance)



Mezzanine investment (mezzanine fund, hybrid capital)

- Established a fund with Development Bank of Japan and initiated full-scale development of mezzanine finance market in Japan (Capital at inception in Nov. 05: 12 billion yen)
- Size of funds grew to 82.7 billion yen since inception within 1 year (2 funds)

Venture capital investment

- Established a comprehensive system for providing support according to the corporate client's growth stage, with NIF-SMBC Ventures as the core player

Overseas structured finance

- Established an industry-focused marketing channel in Houston, U.S.A., specializing in energy and natural resources sector (Jun. 06)
- SMBCE established Milan Branch, specializing in specific services recently expanding in Italy (Oct. 06)

Expansion into new regions

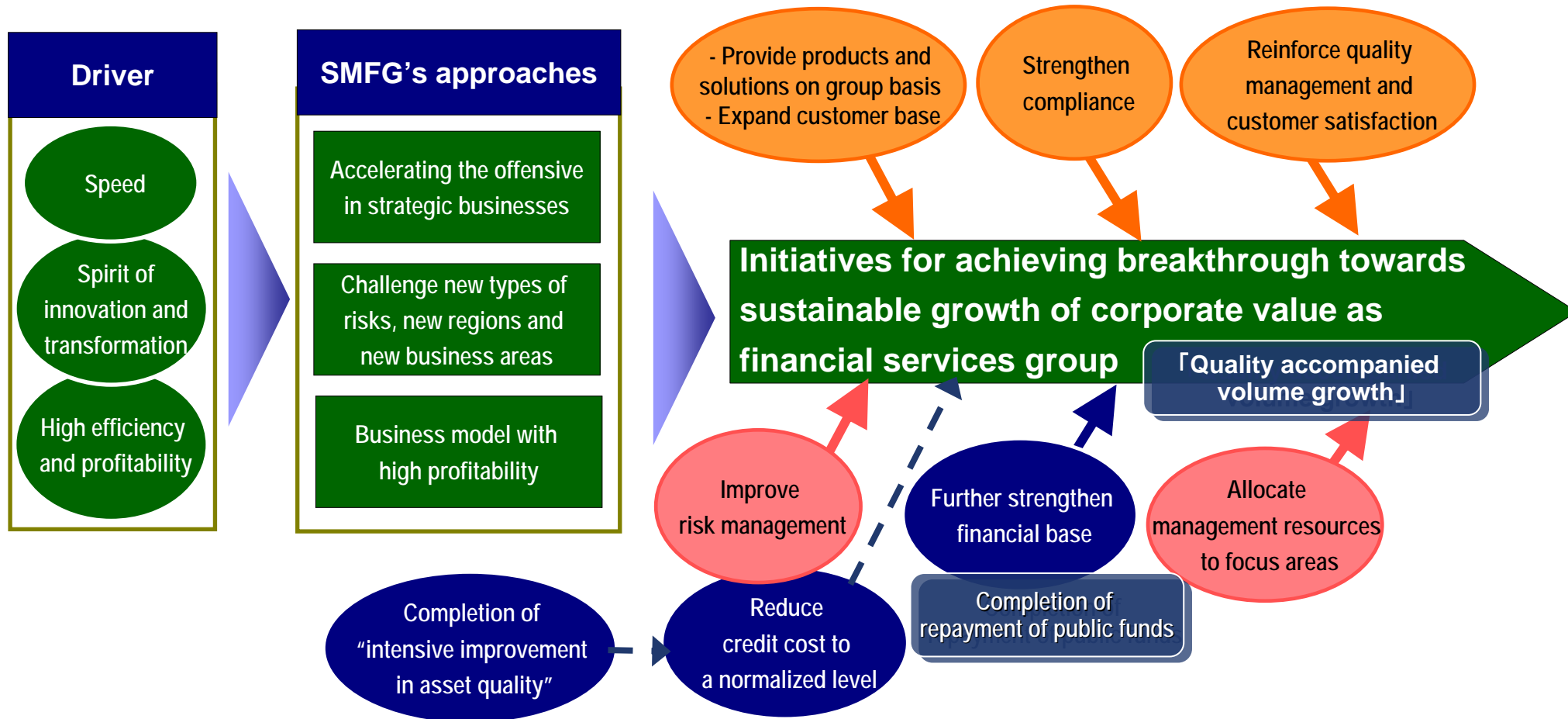
- Opened a representative office of SMBCE in Moscow (Aug. 05)
- Permission to open Dubai Branch (Slated to open in FY06)
- Opened Ho Chi Minh City Branch (Jun. 06)
- Opened Sydney Branch (Aug. 06)

* Managerial accounting basis including collaboration with Daiwa Securities SMBC

** Including bond-type financing

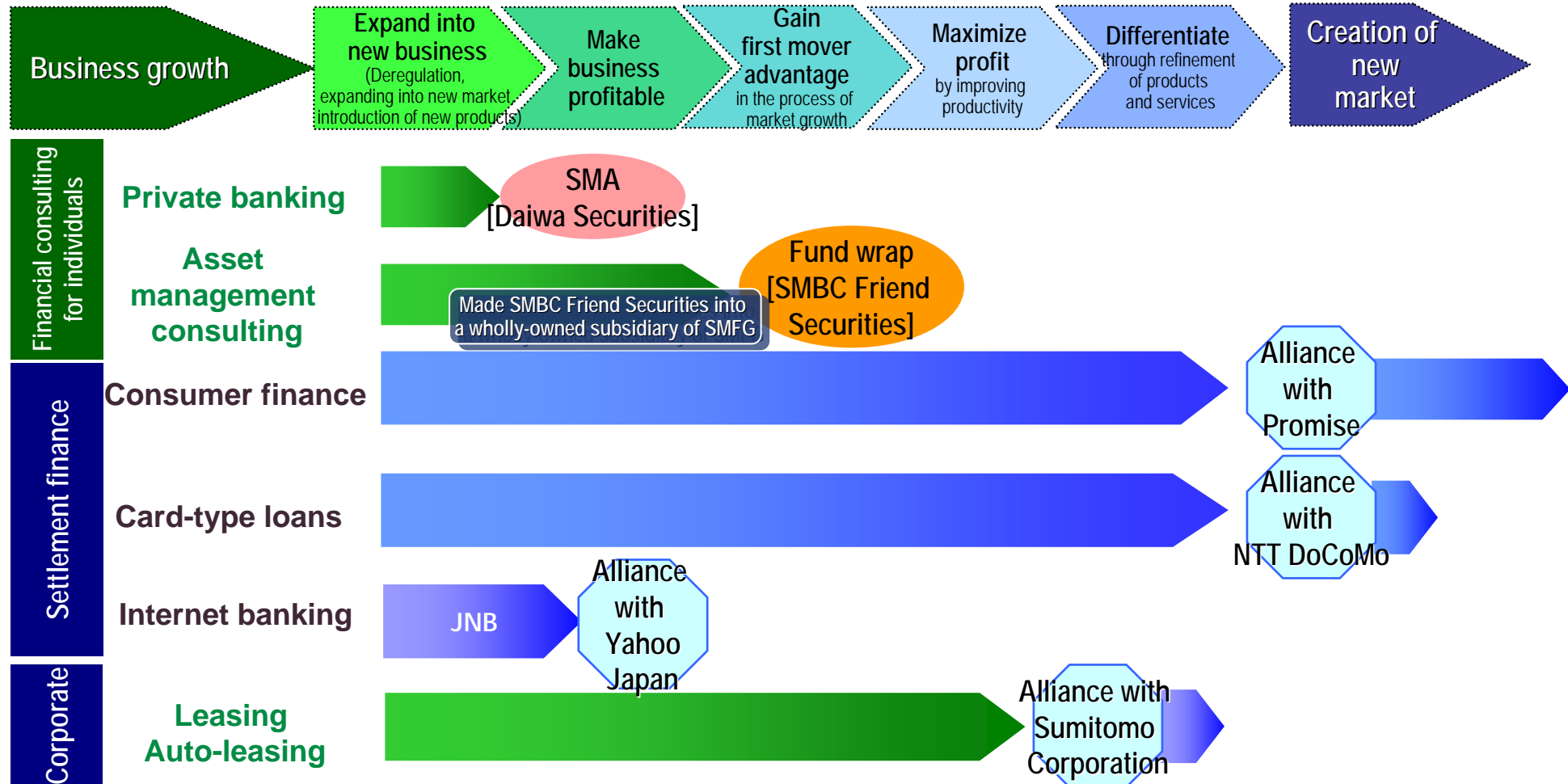
5. Initiatives for achieving a breakthrough towards sustainable growth

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5. Initiatives for achieving a breakthrough towards sustainable growth

(1) Group strategy – Create new “earnings drivers”



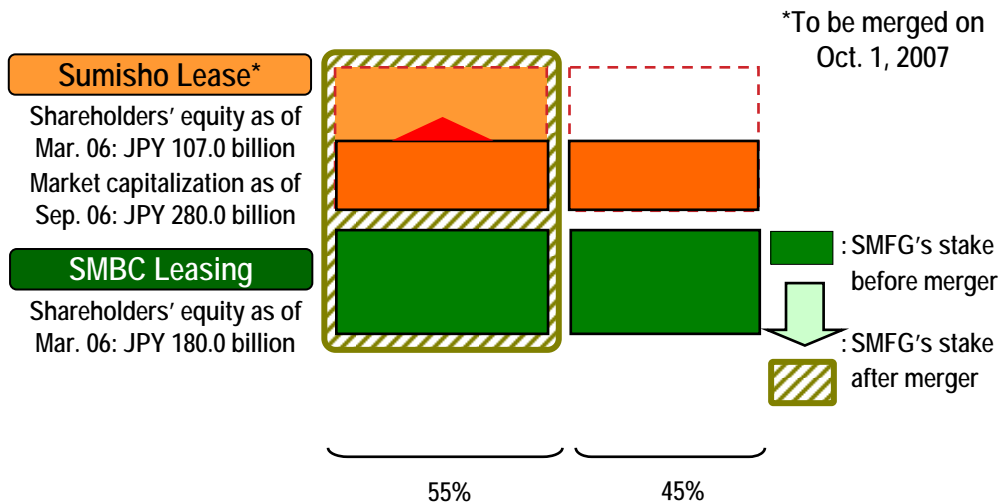


5. Initiatives for achieving a breakthrough towards sustainable growth

(1) Group strategy – Strategic joint business in leasing and auto leasing between Sumitomo Corporation Group and SMFG

✓ Combine customer bases and know-how, leveraging value chain of Sumitomo Corporation Group and financial solutions providing capabilities of SMFG

Net assets of new leasing company



Improving position in leasing business

Leasing (all types)

		(Trillions of yen)	
	Company name	Operating assets	Leasing volume
1	Orix**	5.9	2.0
	New leasing company + New auto leasing company	2.6	2.3
2	Hitachi Capital	1.8	1.8
3	SMBC Leasing	1.6	1.5
4	Diamond Lease	1.4	0.9
5	Sumisho Lease	1.0	0.8

Auto leasing

	Company name	No. of cars (Thousands)
1	ORIX Auto Corporation	529
	New auto leasing company	470
2	Sumisho Auto Leasing	236
3	SMBC Auto Leasing	234
4	Mitsubishi Auto Credit-Lease + Diamond Auto Lease	180
5	Nippon Car Solutions	171

* Subsidiary of Sumitomo Corporation Group

* FY05 non-consolidated basis, source: financial disclosure of each company

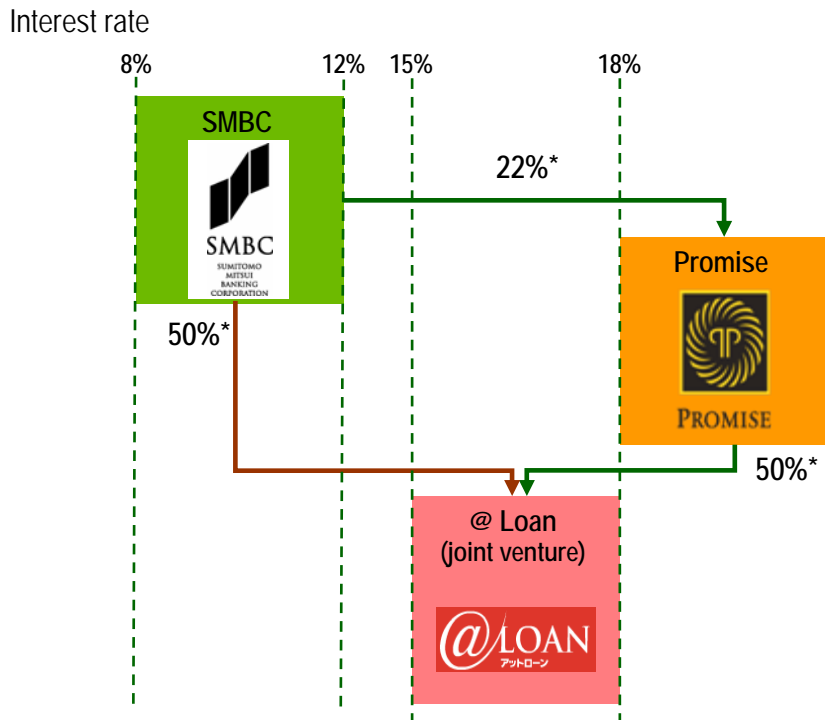
** FY05 consolidated basis

*** Based on FY05 results, source: Yano Research Institute

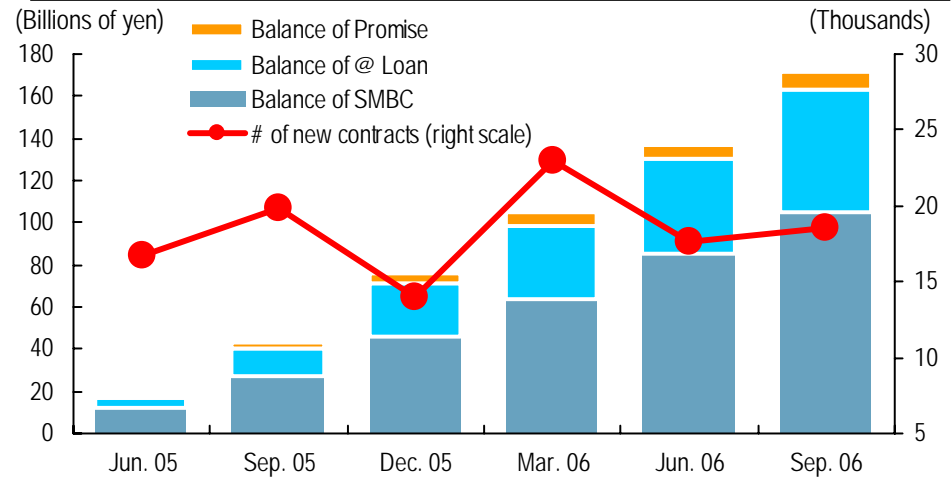
5. Initiatives for achieving a breakthrough towards sustainable growth

(1) Group strategy – Alliance with Promise

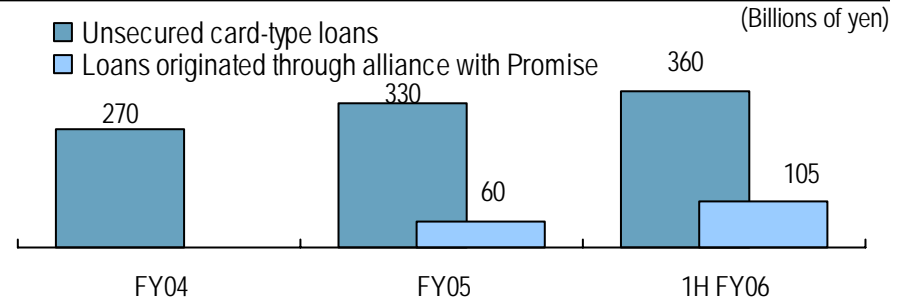
- Stable growth of joint venture
- Continue to create new markets in consumer finance



Loans provided through the joint venture



Balance of unsecured card-type loans (Term-end balance, SMBC non-consolidated)



* Shareholder composition as of Sep. 06

5. Initiatives for achieving a breakthrough towards sustainable growth (2) Improve compliance, customer satisfaction and quality management

Strengthen compliance

Enhance customer satisfaction and strengthen quality management

+

CCF action plan

“Customer Comes First,” “Compliance Comes First”

Organization

- Established Business Monitoring Committee
- Established Group Business Management Dept.
- Established Compliance Unit
- Appointed “Area Compliance Officers”

- Established CS and Quality Improvement Committee, comprising all Management Committee members, to discuss initiatives to improve business quality every month and invite outside experts
- Established Quality Management Dept.

Measures

- Revised internal business performance evaluation system
 - Comprehensive evaluation of profitability, sustainable growth, and customer-centric operation and compliance
- Strengthened framework for auditing head-office departments and branches

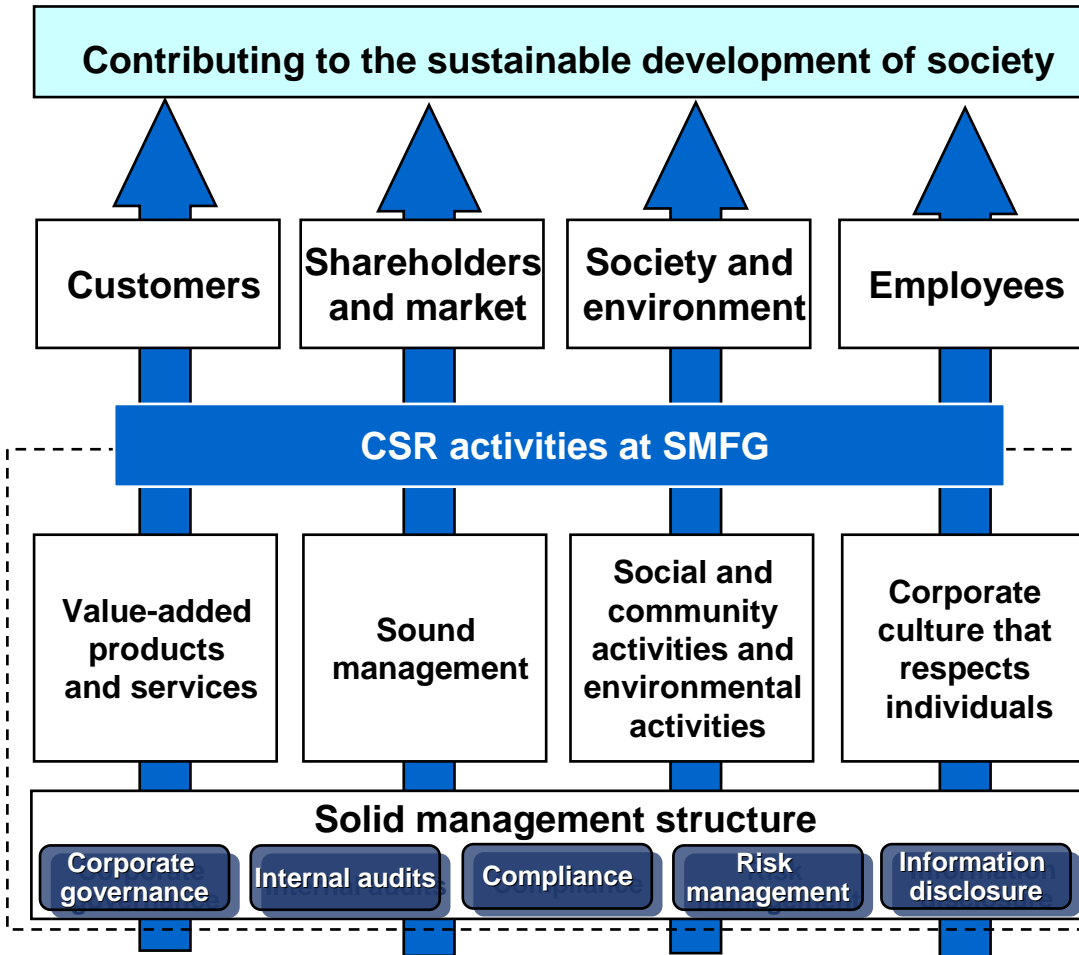
- Improve application of “Customers’ Voice” database (complaints, requests, criticisms, and advices)
 - => To be reflected in initiatives of Headquarters
- Improve monitoring activities
 - Third-party monitoring of branches
 - CS survey at branches and by mail
- Implement “CS activity promotion plan” at each branch

Establish solid corporate platform for supporting sustainable growth



SMFG

(Reference) CSR activities



Recent activities

For Customers

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

Governance

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

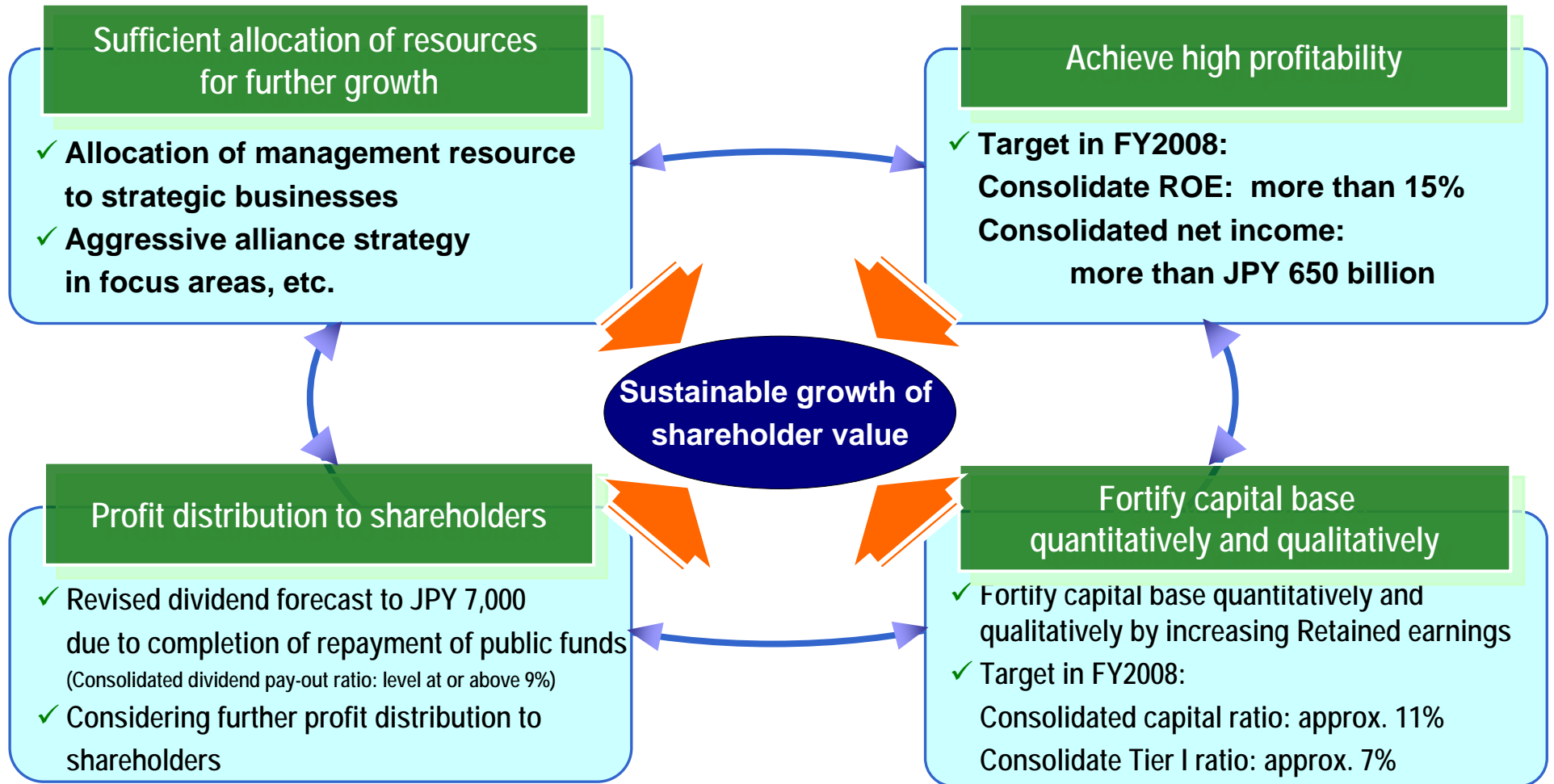
Society, Environment

- Adopted the Equator Principles
- Strengthened environment-related business

Employees

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

6. Closing



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



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.