

Provisional translation of
the original Japanese version

LEAD THE VALUE

Financial Results of FY2006 & Management Policies and Strategies

May 30, 2007



Sumitomo Mitsui Financial Group



Agenda

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1. Overview of FY2006



1. Overview of FY 2006

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✓ Intensively promoted reinforcement of risk tolerance and preparation for growth after 2007

Fortifying business platform

Strengthened financial base

Completed repayment of public funds in Oct. 2006

Reduced potential risks

Reduced risk exposure of bonds portfolio
Conservatively made provision against possible losses on shares of Promise Co.

Prepared for new regulatory environment

Reinforced compliance processes in preparation for the Financial Instruments and Exchange Law
Improved risk management system as under Basel II

Providing value-added, high quality products and services

Strengthened targeted growth businesses

Financial consulting for individuals
Investment banking business

Accelerated group strategy

Retail securities: Made SMBC Friend Securities into wholly-owned subsidiary of SMFG
Leasing: Agreement with Sumitomo Corp. on joint venture
Consumer finance: Prepared to new regulations

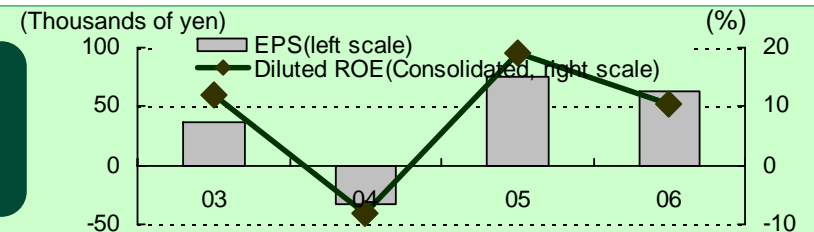
Strengthened initiatives for improving CS and quality

Established Quality Management Dept., and CS and Quality Improvement Committee

Major Results

- ✓ **Operating profit : JPY 924.2 billion**
(JPY 301.2 billion decrease YOY)
- ✓ **Net income : JPY 441.4 billion**
(JPY 128.6 billion decrease compared to Nov. 06 forecast and JPY 245.5 billion decrease YOY)

EPS and ROE





2. Financial Results of FY2006



2. Financial results of FY2006

(1) Bottom-line

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Reference:
 Financial Results P.18
 Supplementary Info. P.1, 2
 Data Book P.2, 5, 8

(Billions of yen)

	FY06 Results	Year-over-year change	Change from Nov. 06 forecast
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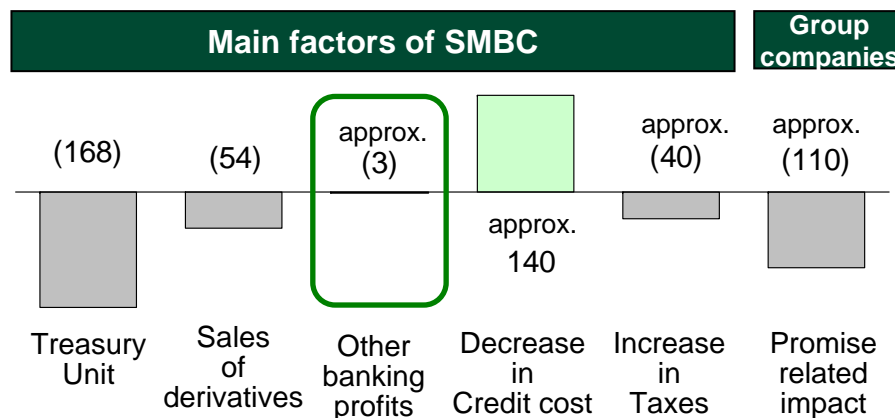
SMFG consolidated	Ordinary income	3,901.3	+196.2	+201.3
	Ordinary profit	798.6	(164.9)	(151.4)
	Net income	441.4	(245.5)	(128.6)

SMBC Non-consolidated	Gross banking profit	1,344.5	(207.6)	(100.5)
	Excluding gains (losses) on bonds	1,456.7	(105.5)	—
	Expenses	(603.9)	(17.4)	(3.9)
	Banking profit ¹	740.6	(225.0)	(104.4)
	Total credit cost	(89.5)	+141.4	+10.5
	Ordinary profit	573.3	(147.6)	(186.7)
Net income	315.7	(203.8)	(144.3)	

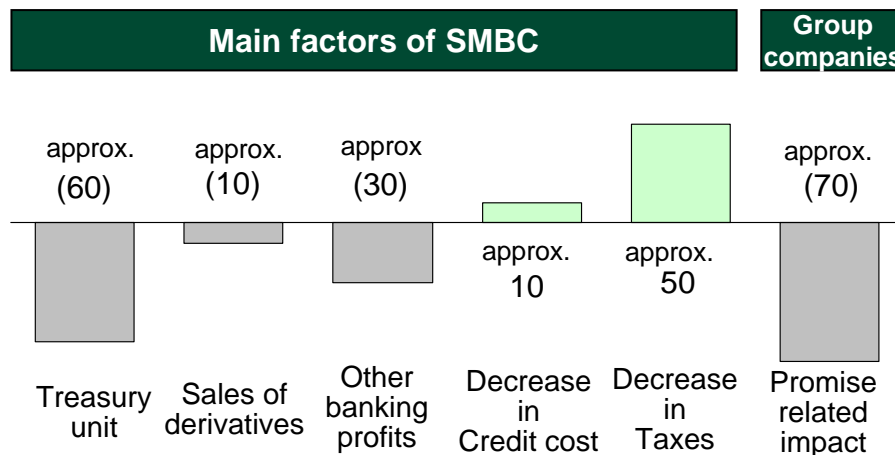
Main factors of year-over-year change

Main factors of change from Nov. 06 forecast

FY05 686.8 ► FY06 441.4 [(245.5)]



Nov. 06 forecast 570.0 ► Result 441.4 [(128.6)]



¹ Before provision for general reserve for possible loan losses



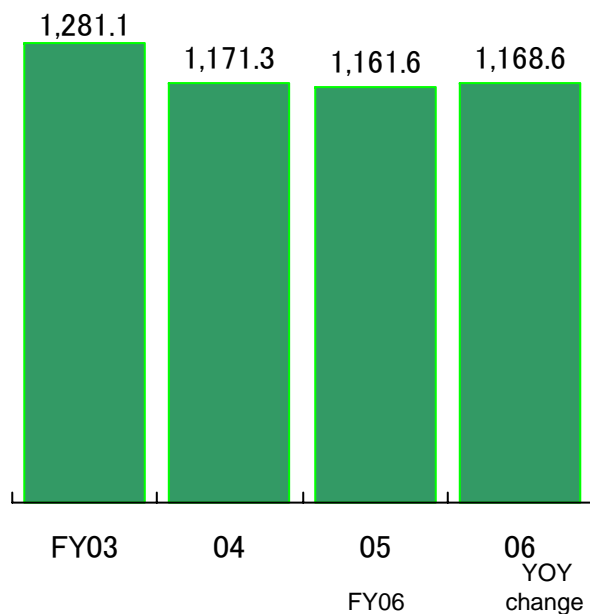
2. Financial results of FY2006

(2) Top-line: SMFG consolidated Gross profit

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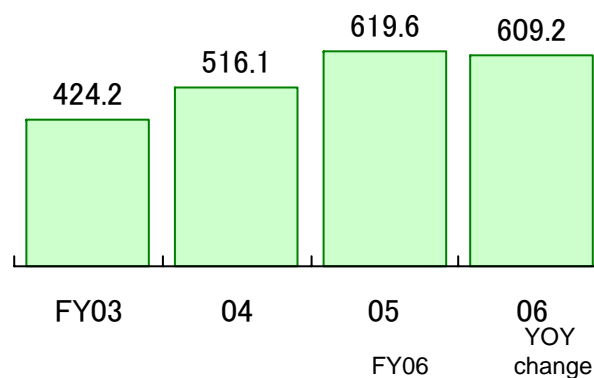
Reference:
 Financial Results P.18
 Supplementary Info. P.2
 Data Book P.2-4

Net interest income



	FY06	YOY change
SMFG consolidated	1,168.6	+7.0
SMBC	937.5	(17.1)
Kansai Urban Banking Co.	55.1	+4.7
MINATO BANK	45.3	(0.1)
SMBC Europe	26.9	+9.4

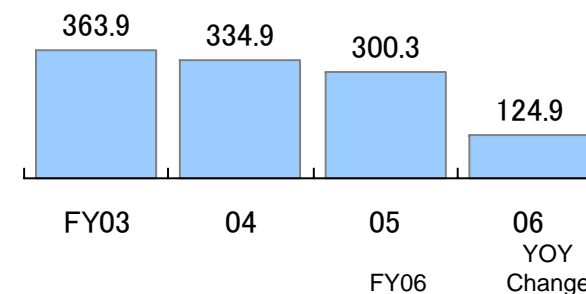
Net fees and commissions



	FY06	YOY change
SMFG consolidated	609.2	(10.4)
SMBC	353.4	(13.3)
Sumitomo Mitsui Card	118.2	+8.1
SMBC Friend Securities	41.3	(11.4)
SMBC Europe	11.5	+2.7

Net trading income + Net other operating income

(Billions of yen)



	FY06	YOY Change
SMFG consolidated	124.9	(175.4)
SMBC	50.1	(172.1)
SMBC Leasing	79.3	+2.6
Japan Research Institute	22.0	+1.9

(Note) SMFG Consolidated gross profit: JPY 1,906.2 billion (JPY 184.0 billion year-over-year decrease)

(SMFG consolidated)



2. Financial results of FY2006

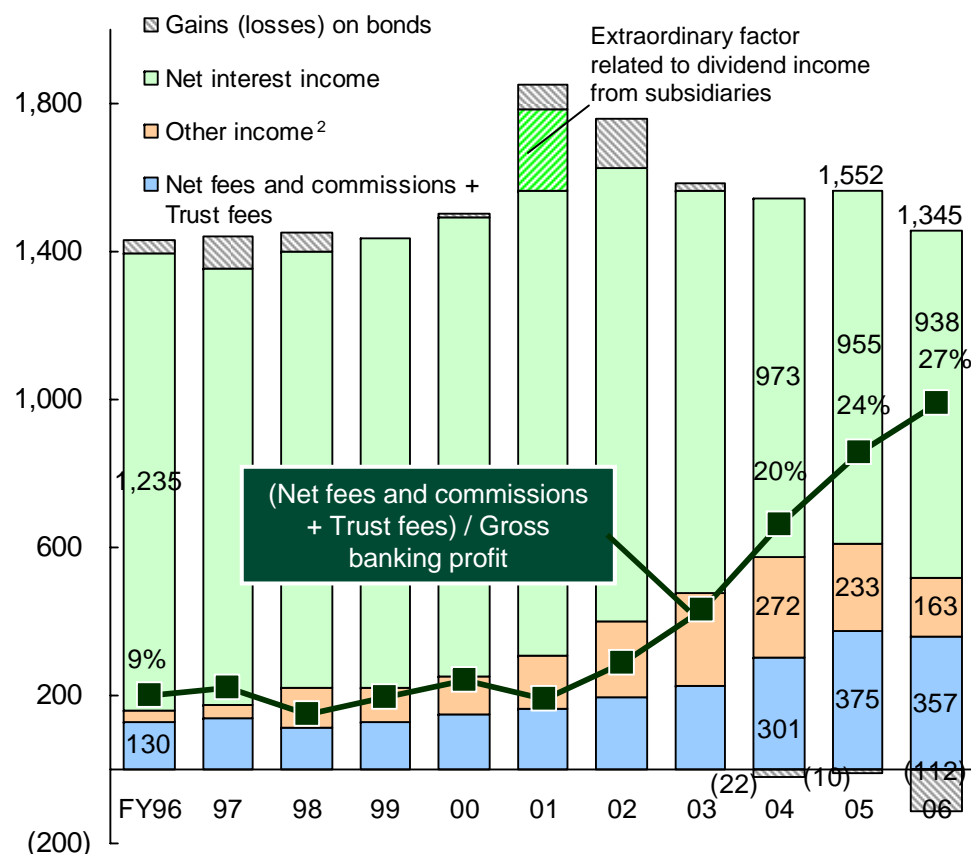
(2) Top-line: SMBC non-consolidated Gross banking profit

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Reference:
Supplementary Info. P.1
Data Book P.8

Gross banking profit¹ (SMBC)

(Billions of yen)



Major factors of year-over-year change

(Billions of yen)

Factor	Change (Billions of yen)
Gross banking profit	(207.6)
• Net interest income	(17.1)
-Net interest income on loans and deposits	(16.9)
-Interest and dividends on securities	+ 51.9
-Interest on interest rate swaps	(66.4)
• Net fees and commissions + Trust fees	(18.4)
• Net trading income + Net other operating income	(172.1)
-Gains (losses) on bonds	(102.1)
-Profit from sales of derivatives products	(54.0)
- Profit from sales of interest-rate related derivative products in Middle Market Banking Unit	(34.0)

¹ FY2000 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

(SMBC non-consolidated)

² Other income = Net trading income + Net other operating income – Gains (losses) on bonds



2. Financial results of FY2006

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

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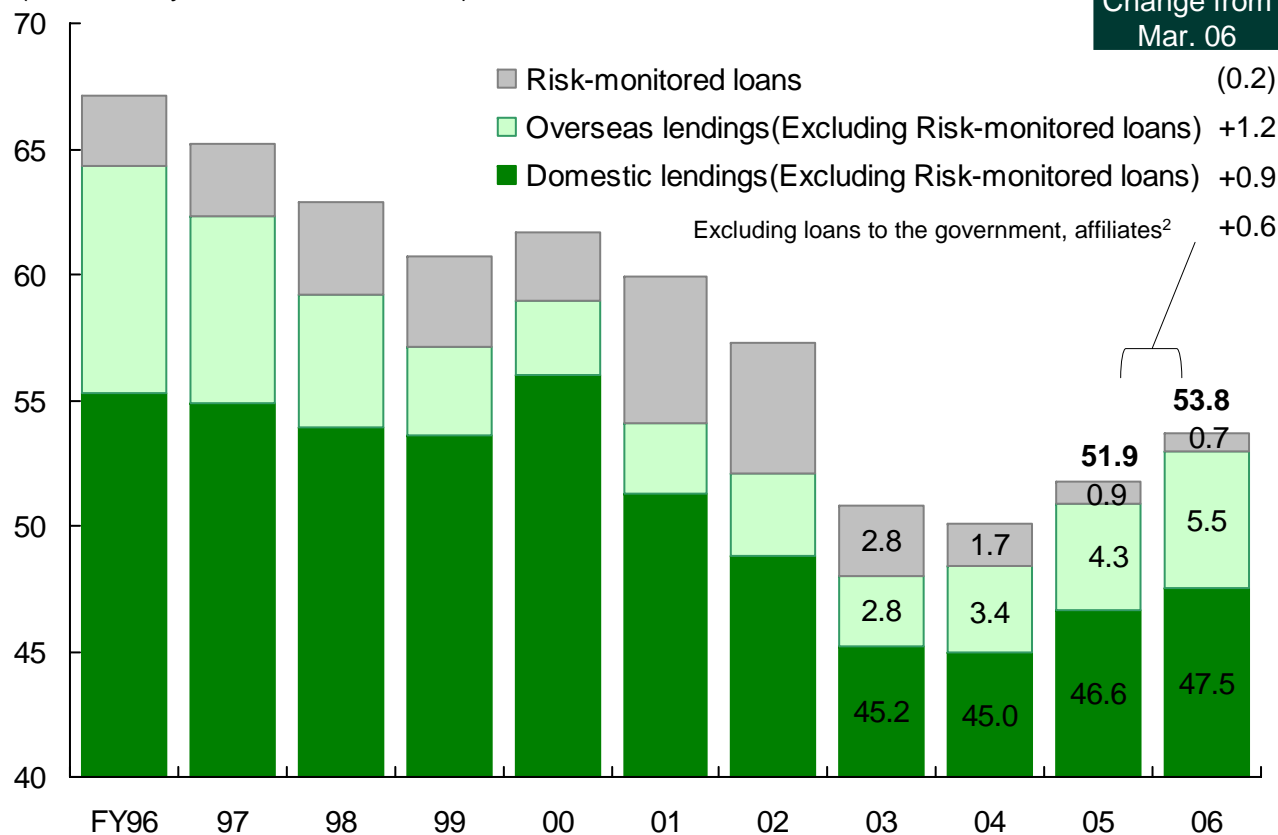
Reference:
Supplementary Info. P.13
Data Book P.10, 13

Loan balance¹

Term-end balance by domestic business unit

(Trillions of yen, term-end balance)

(Trillions of yen)



Business unit	Term-end balance	
	FY06	Change From Mar. 06
Consumer Banking Unit	14.6	+0.5 ²
Middle Market Banking Unit	21.9	±0.0
Corporate Banking Unit	9.6	±0.0

¹ Figures for FY00 and before are the combined figures of the former Sakura Bank and the former Sumitomo Bank

² After add-back adjustment of securitized portion of housing loans

(SMBC Non-consolidated)



2. Financial results of FY2006

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

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Reference:
Supplementary Info. P.3
Data Book P.10

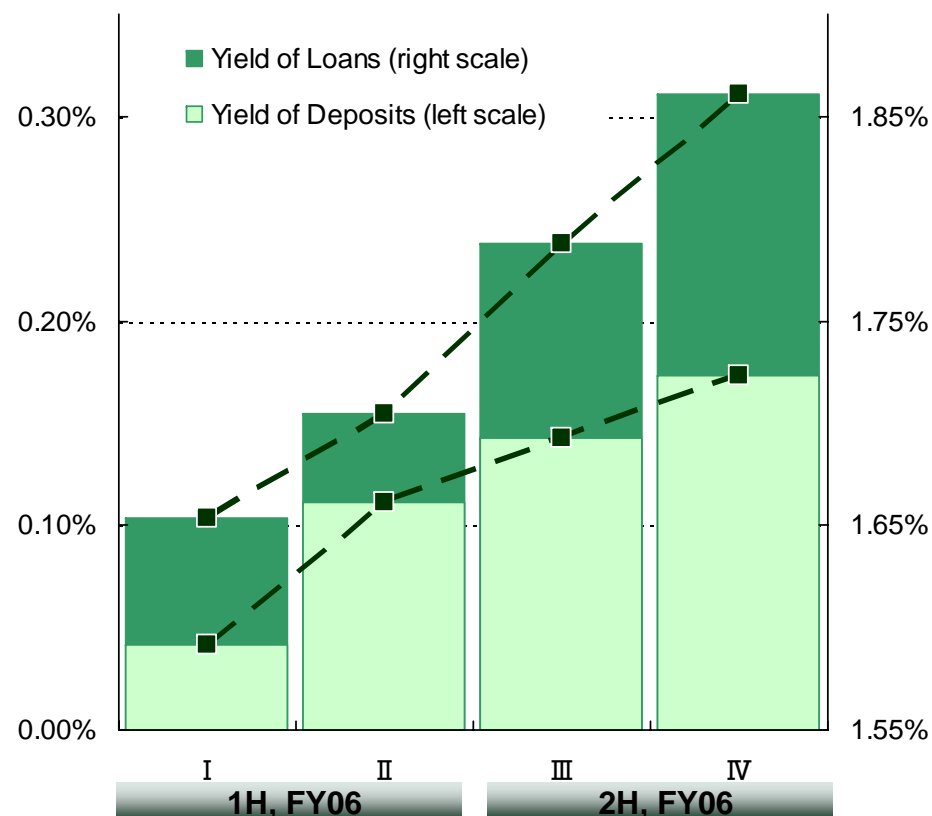
Loan to Deposit Spread (Domestic, Financial accounting basis)

Yield of domestic loans and deposit (Managerial accounting basis)

(Trillions of yen, %)

		FY06			
		FY06		2H, FY06	
		Average balance	Yield	Average balance	Yield
Loans*	(a)	46.0	1.73	46.1	1.81
Deposits, etc.	(b)	60.0	0.10	59.7	0.15
Loan to deposit spread	(a)-(b)	-	1.63	-	1.66

*excluding loans to financial institutions



- ✓ Short term prime rate 1.375%→1.625% (+0.250%, from Aug. 21)→1.875% (+0.250%, from Mar. 26)
- ✓ Ordinary deposit yield 0.001%→0.100% (+0.099%, from Jul. 18) →0.200% (+0.100%, from Feb. 26)
- ✓ 1 year Time deposit (over-the-counter) 0.150%→0.300% (+0.150%, from Jul. 18) →0.400% (+0.100%, from Feb. 26)

(SMBC non-consolidated)

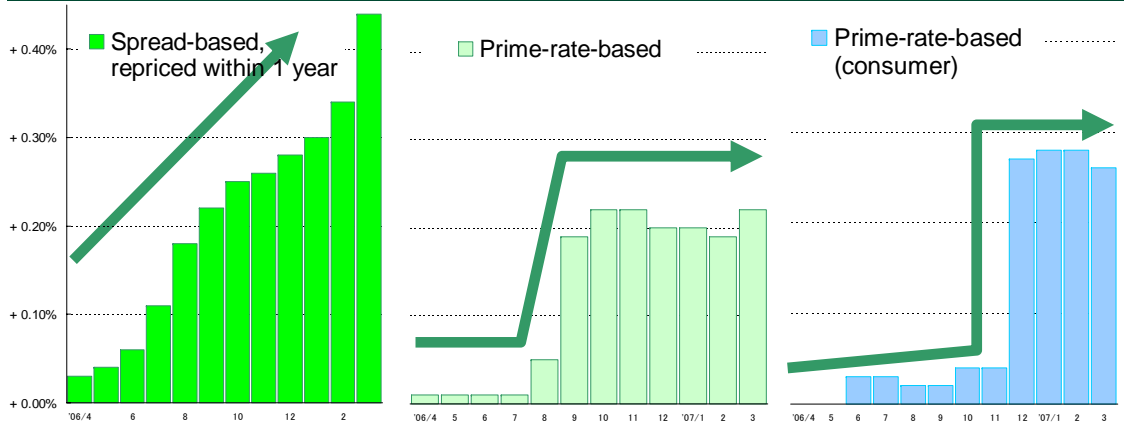


(Reference)

Trends of yields on domestic loans and deposits

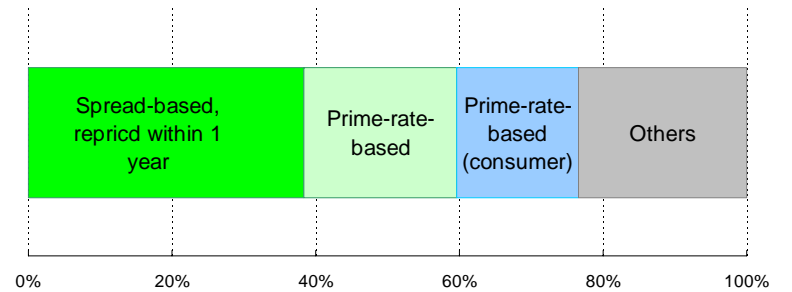
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Trends of yields on domestic loans (month-end, compared to Mar. 2006)

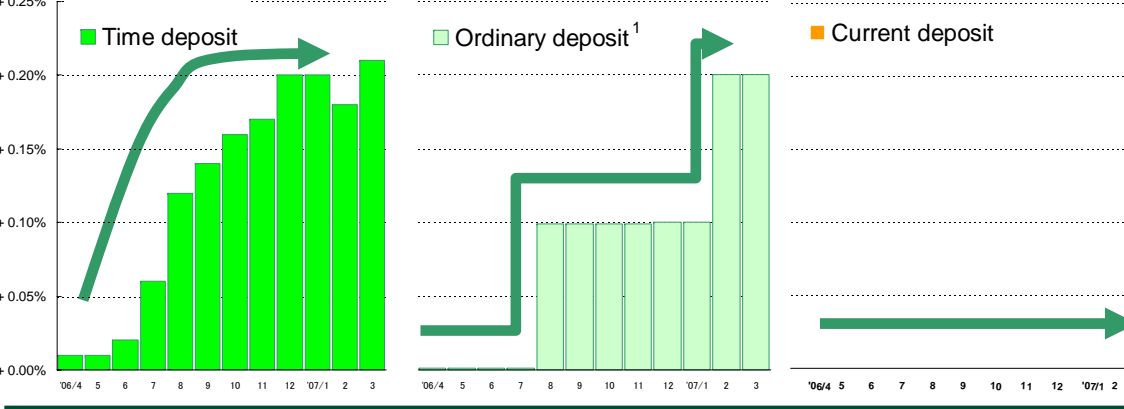


Domestic loans outstanding

JPY 47 trillion (Mar. 2007)

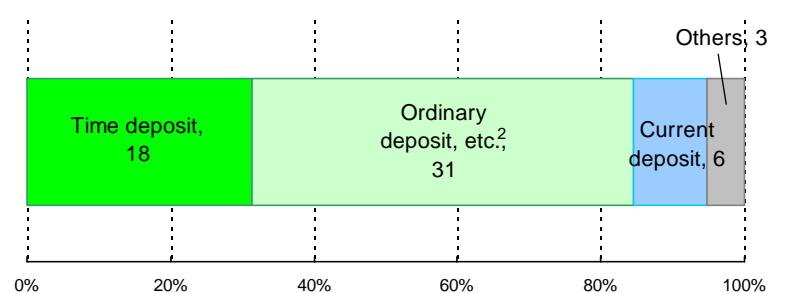


Trends of yields on domestic deposits (month-end, compared to Mar. 2006)



Domestic deposits outstanding

JPY 58 trillion (Mar. 2007)



¹ Except for settlement-purpose ordinary deposit (of which principal is fully covered by deposit insurance but no interest is charged, (SMBC non-consolidated) launched Feb.'05), etc.

² Including settlement-purpose ordinary deposit of approx. 5 trillion yen



(Reference) Loan spread (Managerial accounting basis)

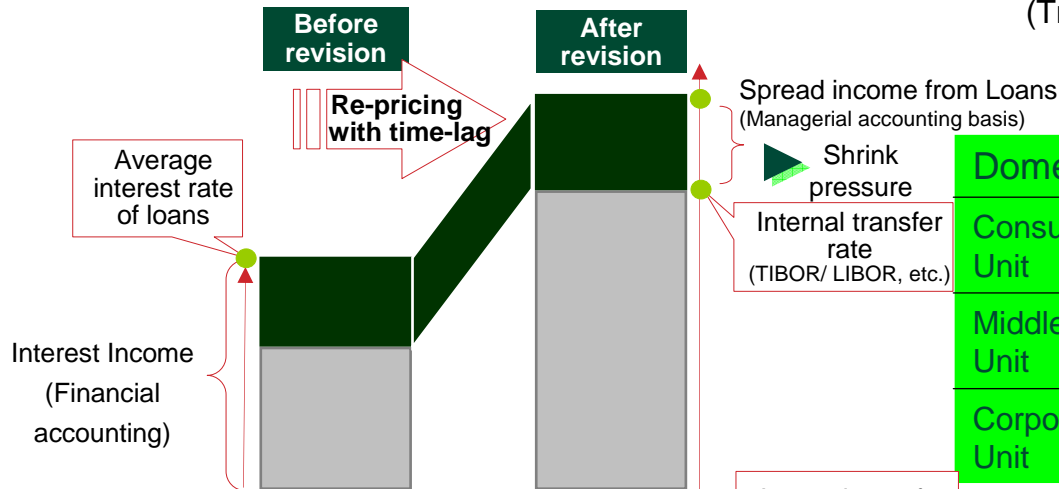
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Reference:
Data Book P.8

Effects of short-term interest rate increase

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

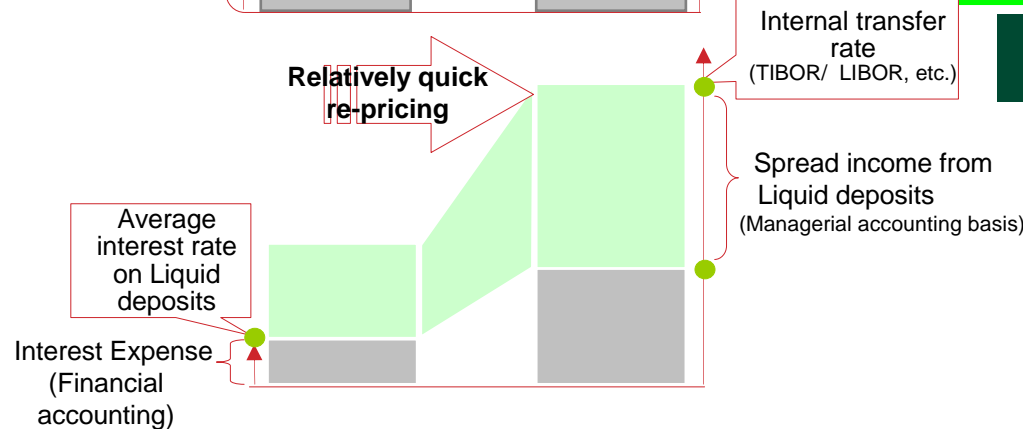
Market / Prime rate based Loans



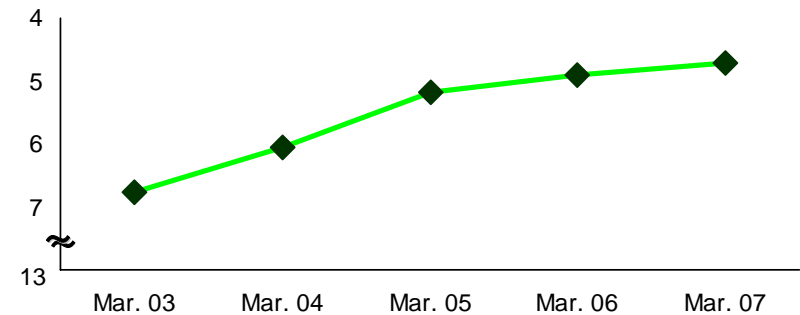
(Trillions of yen, %)

	Average balance		Average spread	
	FY06	YOY change	FY06	YOY change
Domestic loans	47.9	+1.1	1.28	(0.10)
Consumer Banking Unit	14.7	+0.2	1.71	(0.03)
Middle Market Banking Unit	21.2	(0.3)	1.41	(0.09)
Corporate Banking Unit	9.9	+0.3	0.64	(0.09)

Liquid Deposits



Improvement in average internal credit rating of domestic loan portfolio (SMBC)¹



¹ Weighted average credit rating was computed by assigning to each segment of the Normal Borrowers and Borrowers Requiring Caution categories (internal credit rating 1- 7) a numerical value 1-13 and a weight based on each segment's term-end credit exposure (excluding loans to the government, subsidiaries and affiliates) (SMBC non-consolidated)

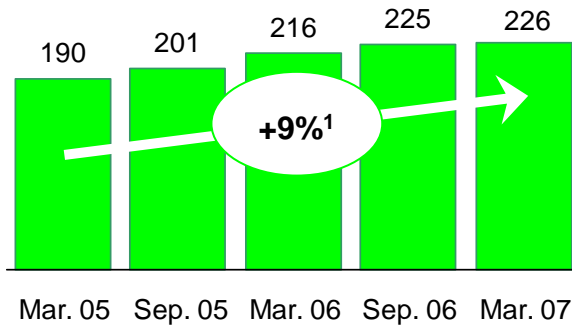


(Reference)

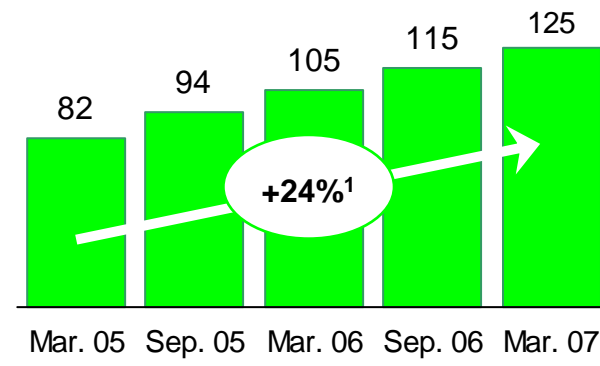
Strengthening of payment & settlement service and liquid deposit balance

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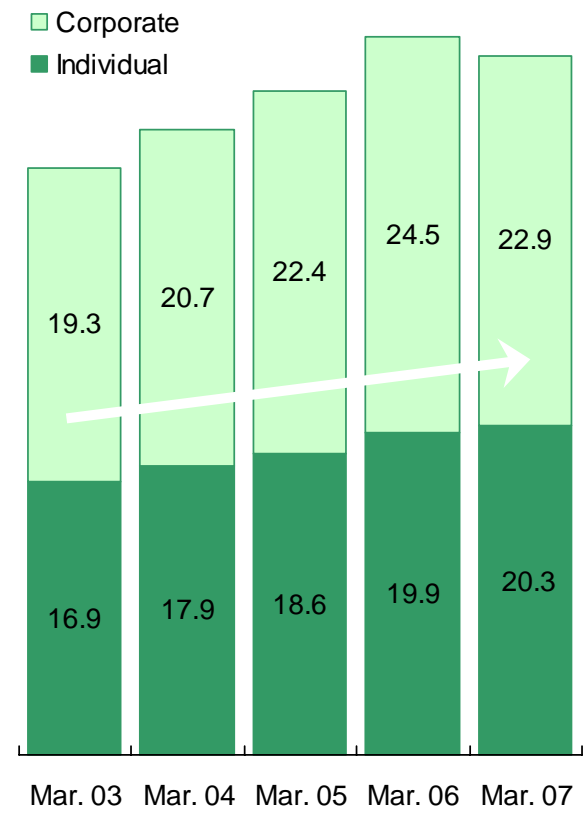
CMS (domestic, # of contracted clients)



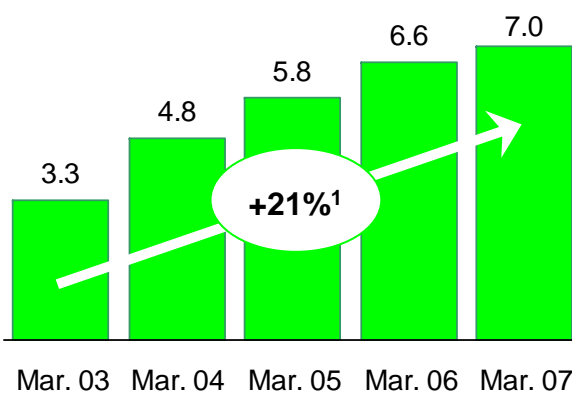
"Web 21²" (# of contracts)
(Thousand)



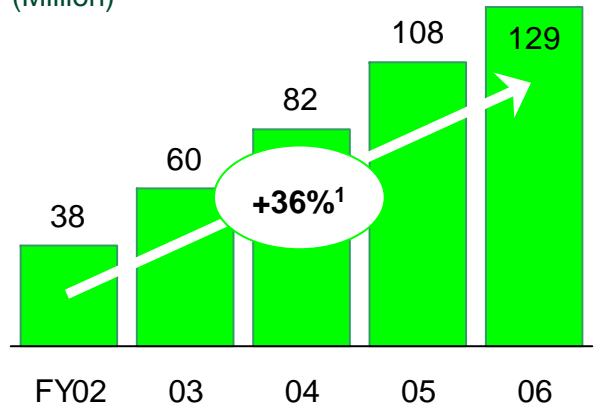
Balance of domestic liquid deposits⁴
(Trillions of yen)



Registered users of "One's Direct"³
(Million)



Internet- and mobile-banking transactions
(Million)



¹ Compound annual growth rate

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

(SMBC non-consolidated)

³ Internet banking services for individual clients

⁴ Figures are before adjustment on interoffice accounts in transit



2. Financial results of FY2006

(2) Top-line: Financial consulting for individuals

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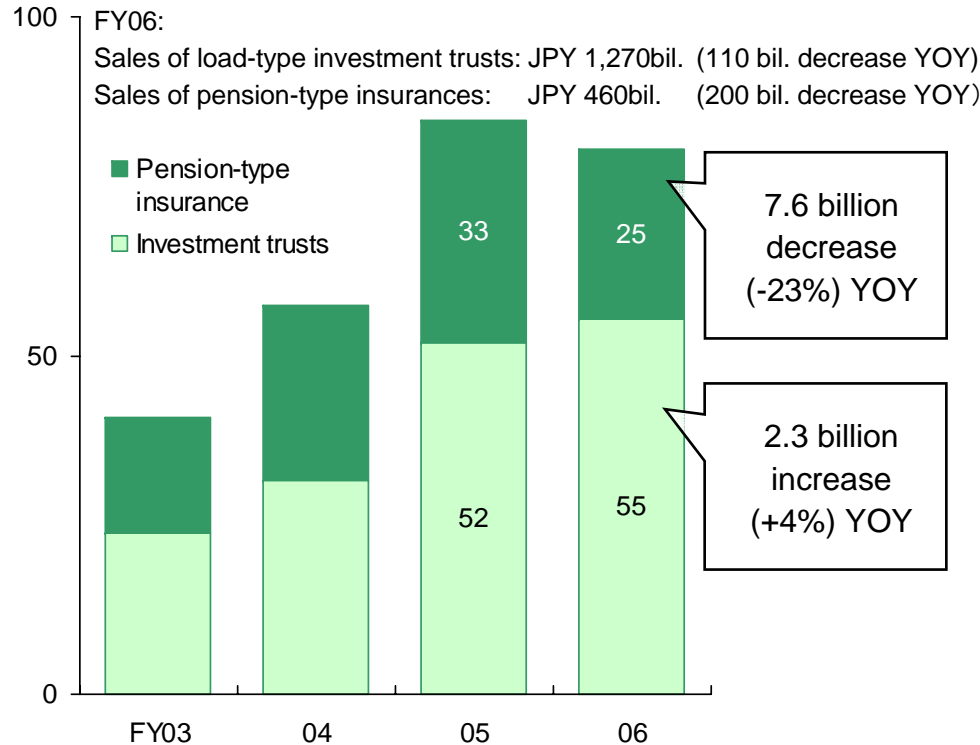
Reference:
Supplementary Info. P.16
Data Book P.17-19

✓ Continued to improve quality of products & services, while proactively preparing for the enforcement of the Financial Instruments and Exchange Law

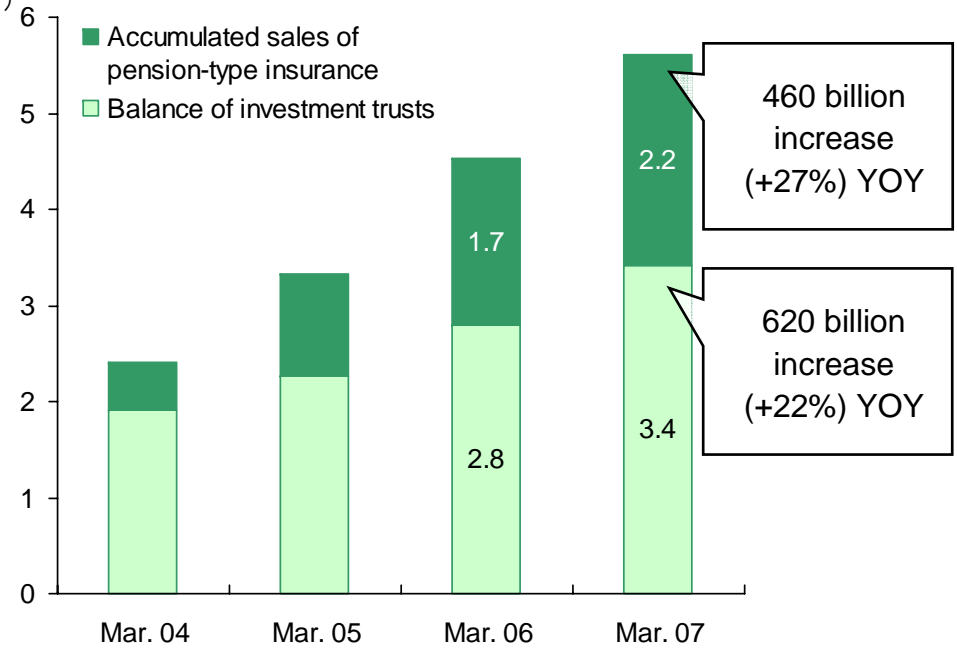
Profits related to sales of investment trusts and pension-type insurance

Balance of investment trusts and pension-type insurance

(Billions of yen)



(Trillions of yen, term-end balance)



(SMBC non-consolidated)



2. Financial results of FY2006

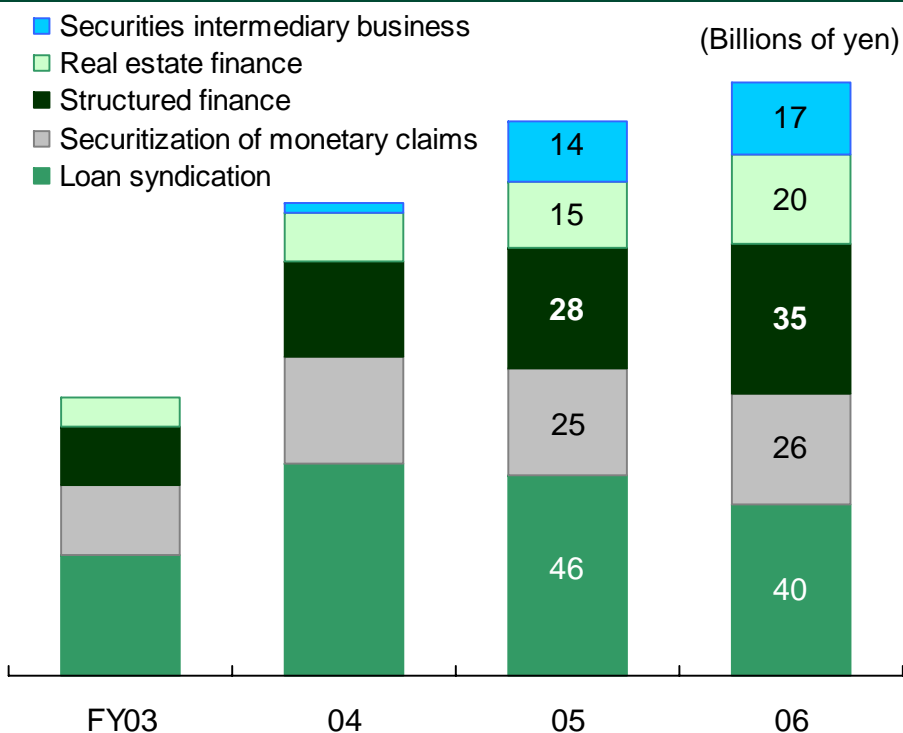
(2) Top-line: Investment banking business

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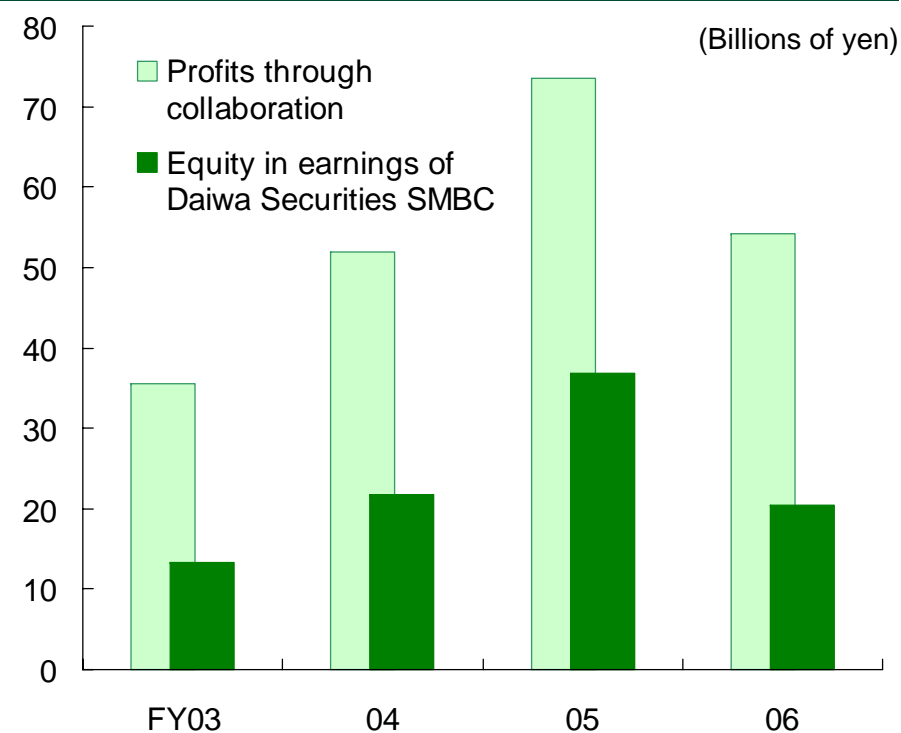
Reference:
Supplementary Info. P.2
Data Book P.5, 17

- ✓ Earnings of structured finance and real estate finance increased steadily
- ✓ Profits through collaboration with Daiwa Securities SMBC decreased due to lower-than-expected sales of investment products, but earnings from M&A advisory increased

Profits related to investment banking business (SMBC)¹



Profits through collaboration with Daiwa Securities SMBC



¹ Profits of securities intermediary business: fees and commissions from the transactions with both individual and corporate clients
Profits of the other businesses: managerial accounting basis including fee commissions, interest income, etc.



2. Overview of FY2006 (2) Top-line: Expenses

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

- ✓ Increased expenses in focal areas
- ✓ Overhead ratio increased temporarily in FY06, but is planned to maintain at 40-45% in the next 3 years.

Main factors of year-over-year change

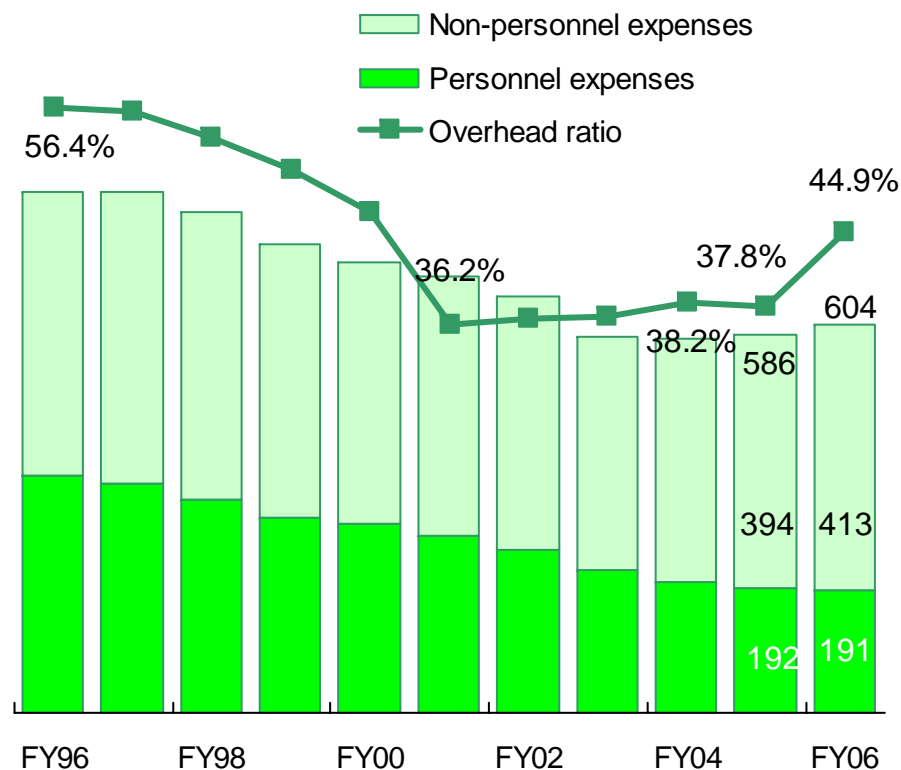
(Billions of yen)

FY06 Expenses	603.9 (YOY change +17.4)
Personnel expenses	190.6 (YOY change -1.7)
Non-personnel expenses	413.3 (YOY change + 19.1)

- ✓ Proactive allocation of HR to focal areas approx. +7
- ✓ Improvement of business infrastructure including channel network in order to increase customer satisfaction approx. +6
- ✓ Others (Deposit insurance cost, etc.) approx. +4

Expense trend

(Billions of yen)



(Note) FY00 and before are the combined figures of the former Sakura Bank and the former Sumitomo Bank (SMBC non-consolidate)



2. Overview of FY2006

(2) Top-line: Performance by business unit

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Composition of Gross banking profit		(Billions of yen)	FY06	YOY Change ¹	Major factors of year-over-year change in Gross banking profit ¹ (Billions of yen)
Consumer Banking Unit		Gross banking profit	410.7	(9.5) (1)	
		Expenses	(249.2)	(0.4)	
		Banking profit	161.5	(9.9)	
Middle Market Banking Unit		Gross banking profit	610.1	(79.6) (2)	(2) Middle Market Banking Unit: (79.6) Interest rate swaps (34) Foreign currency derivatives (11) Income on loans (loan spread decreased 9bp year-over-year) (23)
		Expenses	(190.0)	(3.2)	
		Banking profit	420.1	(82.8)	
Corporate Banking Unit		Gross banking profit	187.7	(11.2) (3)	(3) Corporate Banking Unit: (11.2) Income on loans (loan spread decreased 9bp year-over-year) (9) Securitization, Loan syndication, etc. (11)
		Expenses	(29.4)	(0.8)	
		Banking profit	158.3	(12.0)	
International Banking Unit		Gross banking profit	120.5	+10.8 (4)	(4) International Banking Unit: +10.8 Customer deal +10
		Expenses	(45.8)	(4.7)	
		Banking profit	74.7	+6.1	
Marketing units		Gross banking profit	1,329.0	(89.5)	(5) Treasury Unit: (168.0) ALM operations (144) (Including gains (losses) on bond portfolio) Trading, etc. (24)
		Expenses	(514.4)	(9.1)	
		Banking profit	814.6	(98.6)	
Treasury Unit		Gross banking profit	51.8	(168.0) (5)	(6) Headquarters: +49.9 Impact of rise in interest rate +30
		Expenses	(17.8)	+0.2	
		Banking profit	34.0	(167.8)	
Headquarters		Gross banking profit	(36.3)	+49.9 (6)	
		Expenses	(71.7)	(8.5)	
		Banking profit	(108.0)	+41.4	
Total		Gross banking profit	1,344.5	(207.6)	
		Expenses	(603.9)	(17.4)	
		Banking profit	740.6	(225.0)	

¹ Managerial accounting basis on which changes due to fluctuations in interest rates and foreign exchange rates are adjusted. Those changes are included in the Headquarters' account.

(SMBC non-consolidated)



2. Financial results of FY2006

(3) Gains (losses) on bonds / stocks

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Reference:
Supplementary Info. P.8
Data Book P.1,3,4

Gains (losses) on bonds

(Billions of yen)

	FY05	FY06	YOY change
Total	(10.3)	(112.4)	(102.1)
Gains on sales	43.1	20.9	(22.2)
Losses on sales	(53.3)	(130.9)	(77.6)
Gains on redemption	0.1	1.1	+1.0
Losses on redemption	(0.2)	(3.5)	(3.3)
Losses on devaluation	-	-	-

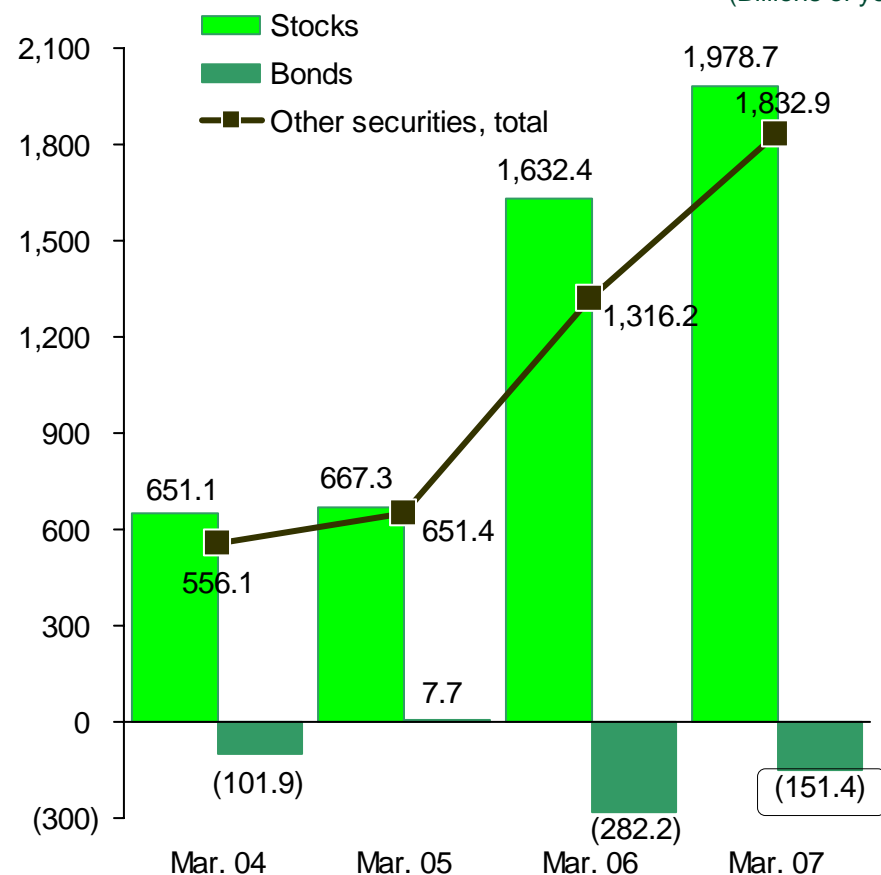
Gains (losses) on stocks

(Billions of yen)

	FY05	FY06	YOY change
Total	25.5	11.1	(14.4)
Gains on sales of stocks	70.1	50.2	(19.9)
Losses on sales of stocks	(13.3)	(0.5)	+12.8
Losses on devaluation of stocks	(31.3)	(38.6)	(7.3)

Unrealized gains (losses) on Other securities

(Billions of yen)



(SMBC non-consolidated)



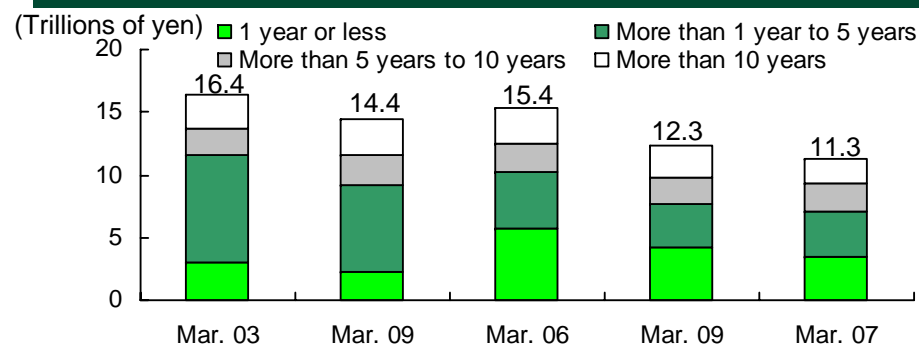
2. Financial results of FY2006

(4) Assets: Securities portfolio

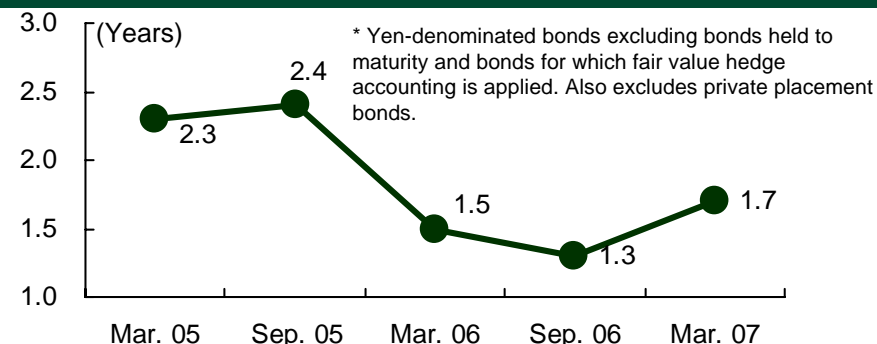
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Reference:
Supplementary Info. P.5
Data Book P.14

Balance of Yen-dominated 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 Mar. 07	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	3,423.9	(2,260.1)	3,593.2	(908.3)	2,261.9	(35.2)	2,000.8	(917.3)	11,280.0	(4,120.9)
JGBs	2,784.9	(2,499.3)	1,353.7	(608.2)	884.5	(199.9)	1,904.0	(902.9)	6,927.3	(4,210.3)
Japanese local government bonds	83.7	+62.7	132.4	(74.9)	304.0	(13.4)	0.4	(0.0)	520.7	(25.4)
Japanese corporate bonds	555.1	+176.3	2,107.0	(225.2)	1,073.3	+178.0	96.3	(14.4)	3,831.9	+114.8
Others	501.5	(219.1)	422.8	(1,085.6)	678.1	+11.7	783.9	+112.2	2,386.5	(1,180.7)
Total	3,925.5	(2,479.2)	4,016.1	(1,993.8)	2,940.0	(23.5)	2,784.8	(805.1)	13,666.5	(5,301.7)

(SMBC non-consolidated)

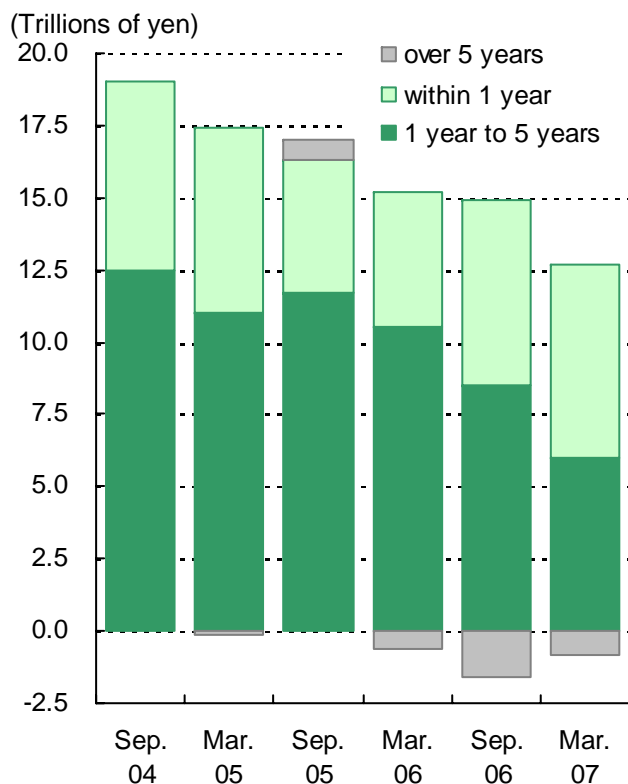


(Reference)

Interest rate swaps (on Deferred Hedge Accounting Basis)

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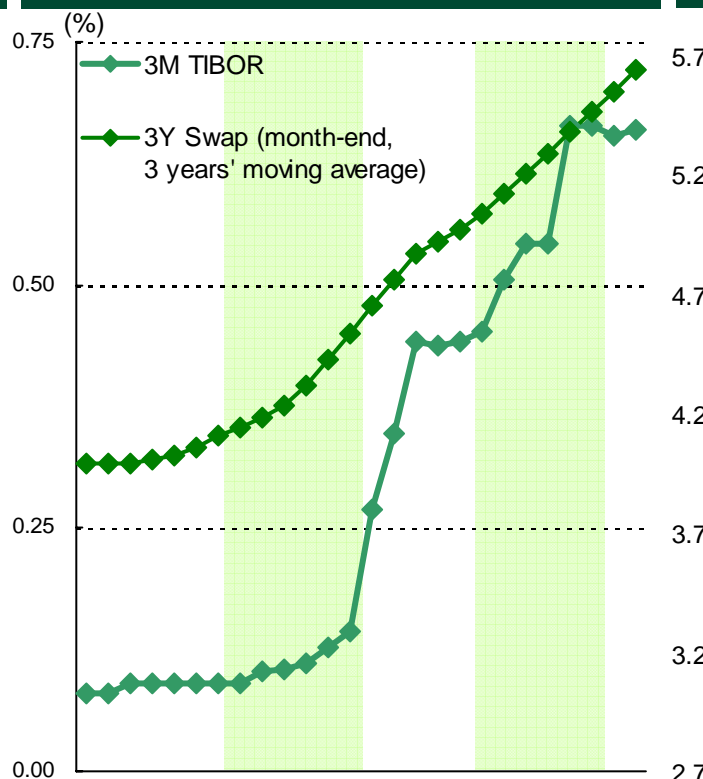
Contract amount of interest rate swaps: net receivable of fixed rate



FY04	FY05	FY06
222.8	219.8	51.8

Treasury unit's Gross profit

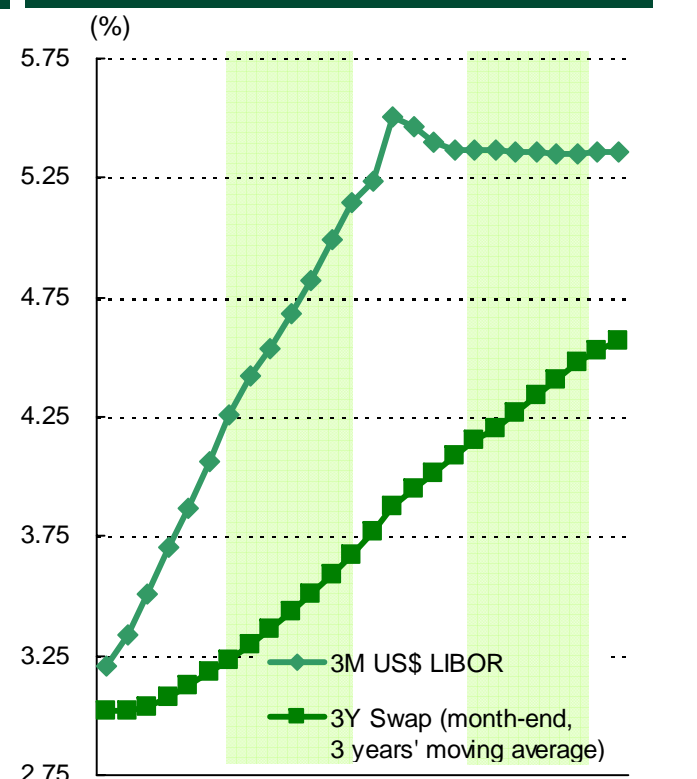
Trend of JPY interest rates



1H05	2H05	1H06	2H06
+15.9	+11.0	+3.7	(24.3)

(Billions of yen)
Interest on interest rate swaps (Domestic)

Trend of US\$ interest rates



1H05	2H05	1H06	2H06
(2.5)	(10.7)	(18.6)	(13.5)

(Billions of yen)
Interest on interest rate swaps (International)

(Note)

JPY interest rate swaps rate for three years was 1.113%, and US\$ interest rate swaps rate for three years was 4.98%, as of Mar. 30, 2007
 JPY interest rate swaps rate for three years was 1.225%, and US\$ interest rate swaps rate for three years was 5.25%, as of May 24, 2007

(SMBC Non-consolidated)



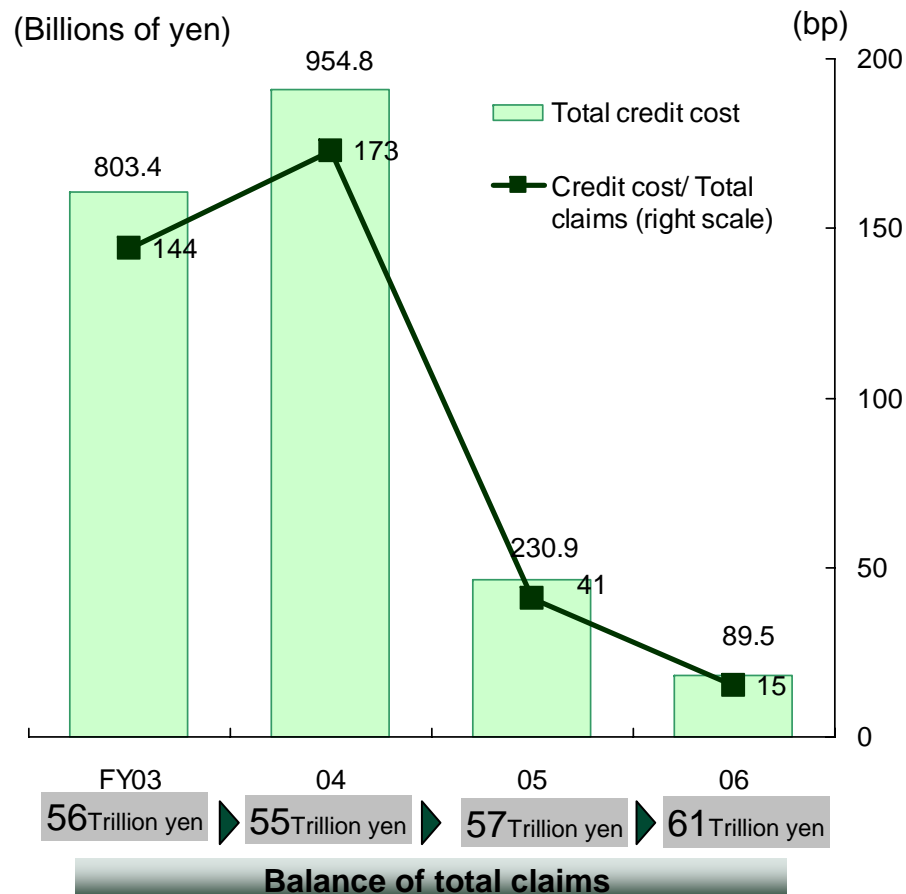
2. Financial results of FY2006

(4) Assets: Problem assets

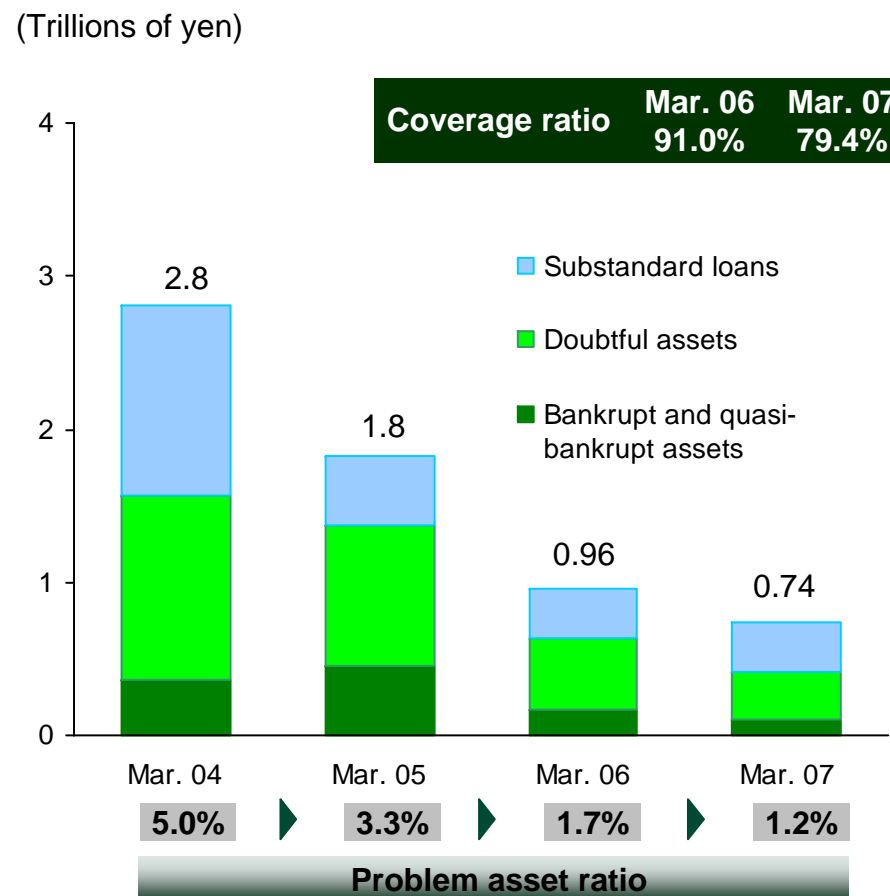
LEAD THE VALUE

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

Total credit cost



Balance of non-performing loans



(SMBC non-consolidated)



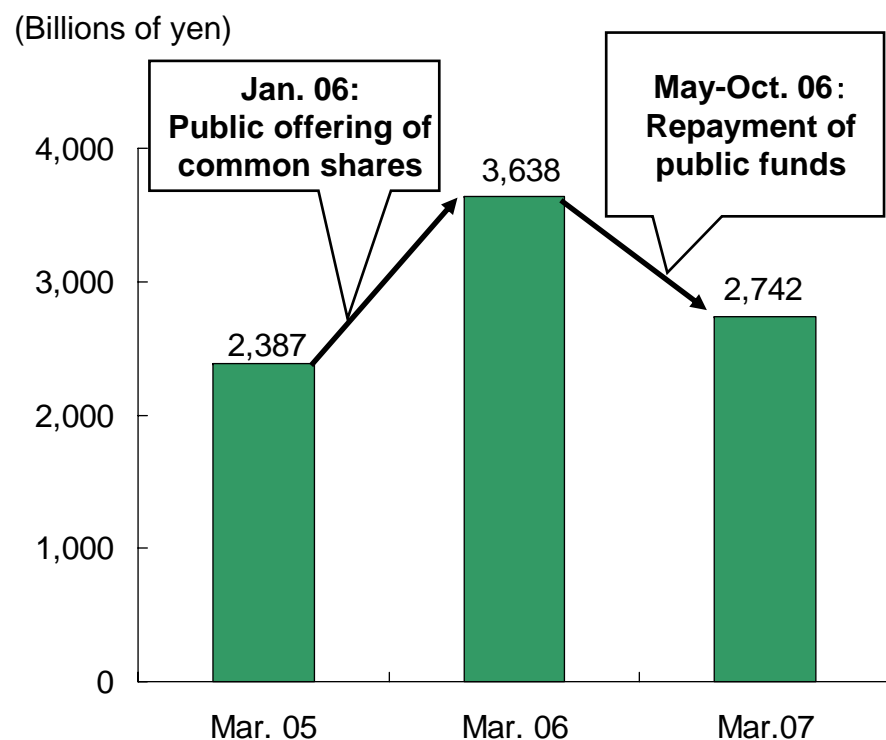
2. Financial results of FY 2006

(5) Capital: Consolidated stockholders' equity

LEAD THE VALUE

- ✓ Completed repayment of public funds in Oct. 2006, ahead of original schedule of end of FY 2007
- ✓ Repaid by purchasing shares in order to minimize dilution

Consolidated stockholders' equity trend



Number of shares after full dilution

(Thousands)	Mar. 06	Sep. 06	Mar. 07
Number of shares issued (a)	7,424	7,734	7,734
Treasury stock (SMFG non-consolidated)	6	7	68
Number of shares issued (excluding treasury stock)	7,418	7,727	7,666
Potential dilution impacts of exercising the right to request acquisition (b)	1,315	627	471
Public fund preferred stocks ¹	846	157	0
Goldman Sachs preferred stocks ²	469	470	471
Fully diluted number of shares (a)+(b)	8,739	8,361	8,205

¹ Please refer Data book, page 6, about details of the repayment record of public funds

² The change of dilution impacts on the preferred stock owned by GS was due to the adjustments of price for exercising the right to request acquisition

(SMFG Consolidated)



2. Financial results of FY2006

(5) Capital: Capital ratio

LEAD THE VALUE

Reference:
 Financial results P.1, 3, 5
 Supplementary Info. P.7
 Data Book P.5

(Billions of yen)	Mar. 06 (a)	Mar. 07 ¹ (Prelim.) (b)	(b) – (a)
Tier I	4,645.9	3,903.3	(742.6)
Capital stock & Capital surplus	2,650.1	1,478.7	(1,171.4)
<Preferred stock>	<1,460.3>	<360.3>	<(1,100.0)>
Retained earnings	944.1	1,319.8	+375.7
Preferred securities issued by overseas SPCs	835.2	1,159.6	+324.4
Treasury stock	(4.4)	(123.5)	(119.1)
Increase in equity capital resulting from a securitization exposure	-	(40.1)	(40.1)
Tier II	4,067.7	3,640.2	(427.5)
45% of unrealized gains on other securities	627.8	825.4	+197.6
45% of land revaluation excess	39.9	39.4	(0.5)
General reserve for possible loan losses	742.6	35.3	(707.3)
Total eligible provisions minus the total expected loss amount	-	175.9	+175.9
Perpetual subordinated debt	1,035.8	1,114.0	+78.2
Dated subordinated debt	1,621.6	1,450.2	(171.4)
Deduction	(619.3)	(690.8)	(71.5)
Total capital	8,094.4	6,852.7	(1,241.7)
Risk-weighted assets	65,322.3	60,540.3	(4,782.0)
Capital ratio	12.39%	11.31%	10.59%
Tier I ratio	7.11%	6.44%	5.69%

Tier I

- (1) Repayment of public funds (based on book value of preferred stocks) (1,050.0)
 [In addition, part of public fund preferred stocks were converted into common stock (50.0)]
 (2) Consolidated net income +441.4
 (3) Increase in Treasury stock due to making SMBC Friend Securities into a wholly-owned subsidiary of SMFG (45.0)
 Acquisition of common stock converted from public fund preferred stocks (76.8)

*Net deferred tax assets / Tier I (SMFG consolidated)
 Mar. 07: 21.4% (-2.2% from Mar. 06)

Tier II

- (4) Impact of change in methodology to account for reserve for possible loan losses in Tier II (472.4)

Deduction

- (5) Securitization exposure (138.0)

Risk-weighted assets

	Basel II	Basel I	Change from Mar. 06
(6) Sum of risk-weighted assets for credit risk	56,108.2	68,849.3	+3,912.2
Market risk equivalent	412.0	412.0	+26.8
Operational risk equivalent	4,020.1	-	-
Total	60,540.3	69,261.3	+3,939.0

¹ Figures as of March 31, 2007 are on the basis of Basel II standard (Credit risk: FIRB, Operational risk: BIA)

(SMFG consolidated)

Items newly entered or redefined in Basel II standard

3. New medium-term management plan and earnings forecast for FY2007



3. (1) New medium-term management plan to realize sustainable growth

LEAD THE VALUE

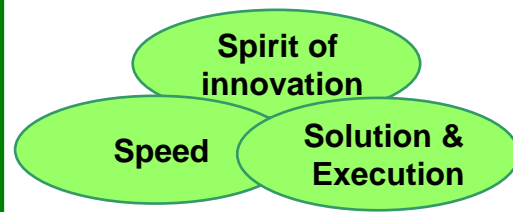
FY 2007-2009

“LEAD THE VALUE” Plan

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

To LEAD the competition in creating and delivering customer VALUE

Our strengths
(Sources of corporate value)



Strategic initiatives

- ✓ Strengthen targeted growth business areas

“7 growth areas”

- ✓ Fortify platform for supporting sustainable growth

Management targets

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

Financial targets for FY 2009 (SMFG consolidated)

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

ROE (SMFG consolidated) : 10-15%



(Reference)
Financial targets for FY2009

LEAD THE VALUE

(Billions of yen)

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

Financial targets on
new medium-term plan

(Note)
 Economic assumptions: Exchange rate \$1 = JPY 115

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



3. (2) Sustainable growth and capital strategy

LEAD THE VALUE



“Top quality in growth business areas”

One of “top global financial services groups”

Steps for sustainable growth

Strengthen growth businesses and establish platform to leap forward

Further improve and expand competences acquired through strengthening growth businesses

Establish a solid position as a global player leveraging core competences

Steps in capital strategy



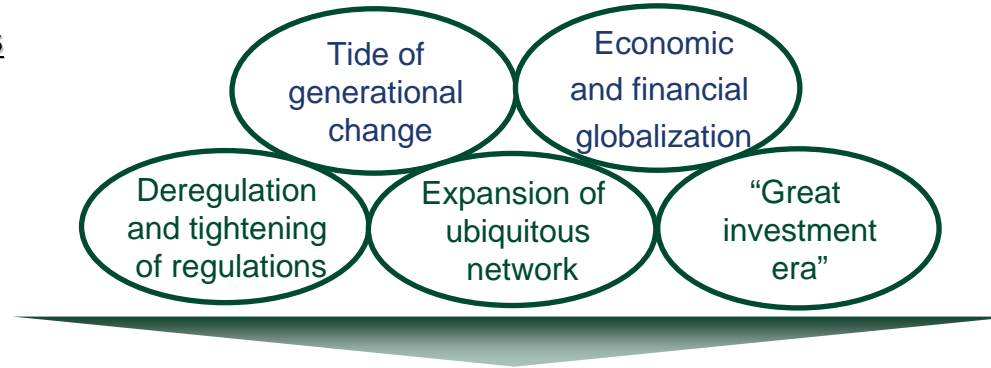


3. (3)

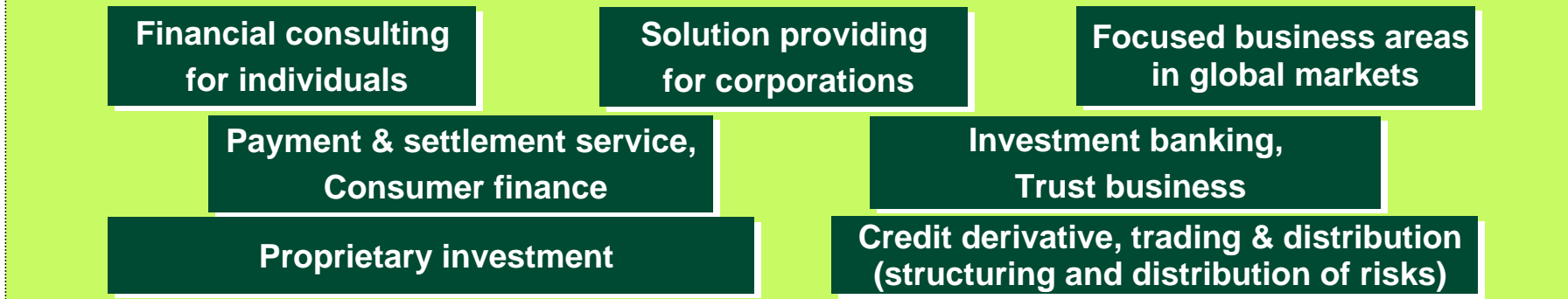
LEAD THE VALUE

Strategic initiatives in new medium-term management plan

✓ **Five mega-trends**



✓ **Strengthen targeted growth business areas : “7 growth areas”**



✓ **Fortify platform for supporting sustainable growth**

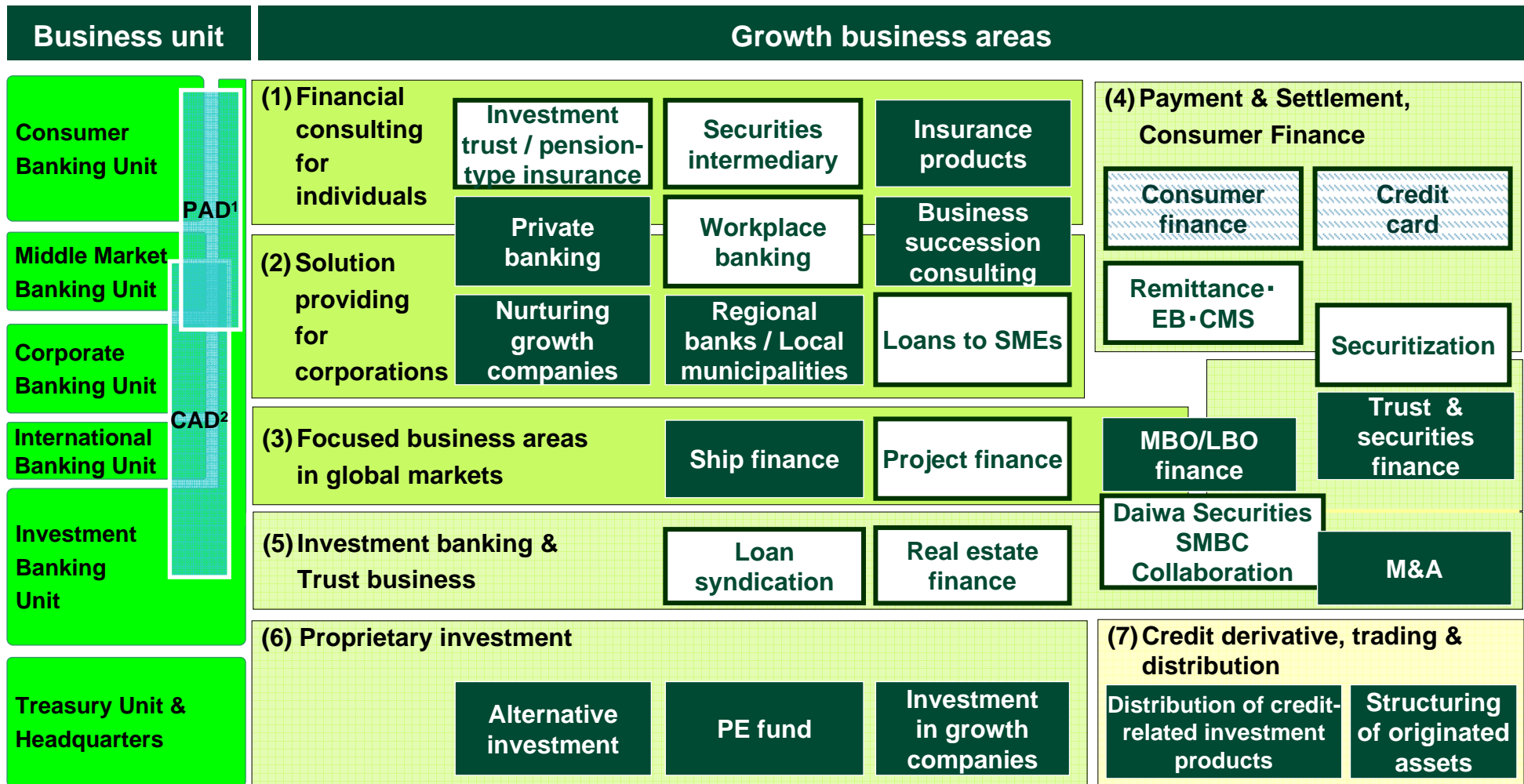




3. (4)

LEAD THE VALUE

Strategic initiatives to strengthen “7 growth areas”



: Existing strategic businesses
 : Strategic businesses newly focused in new medium-term management plan

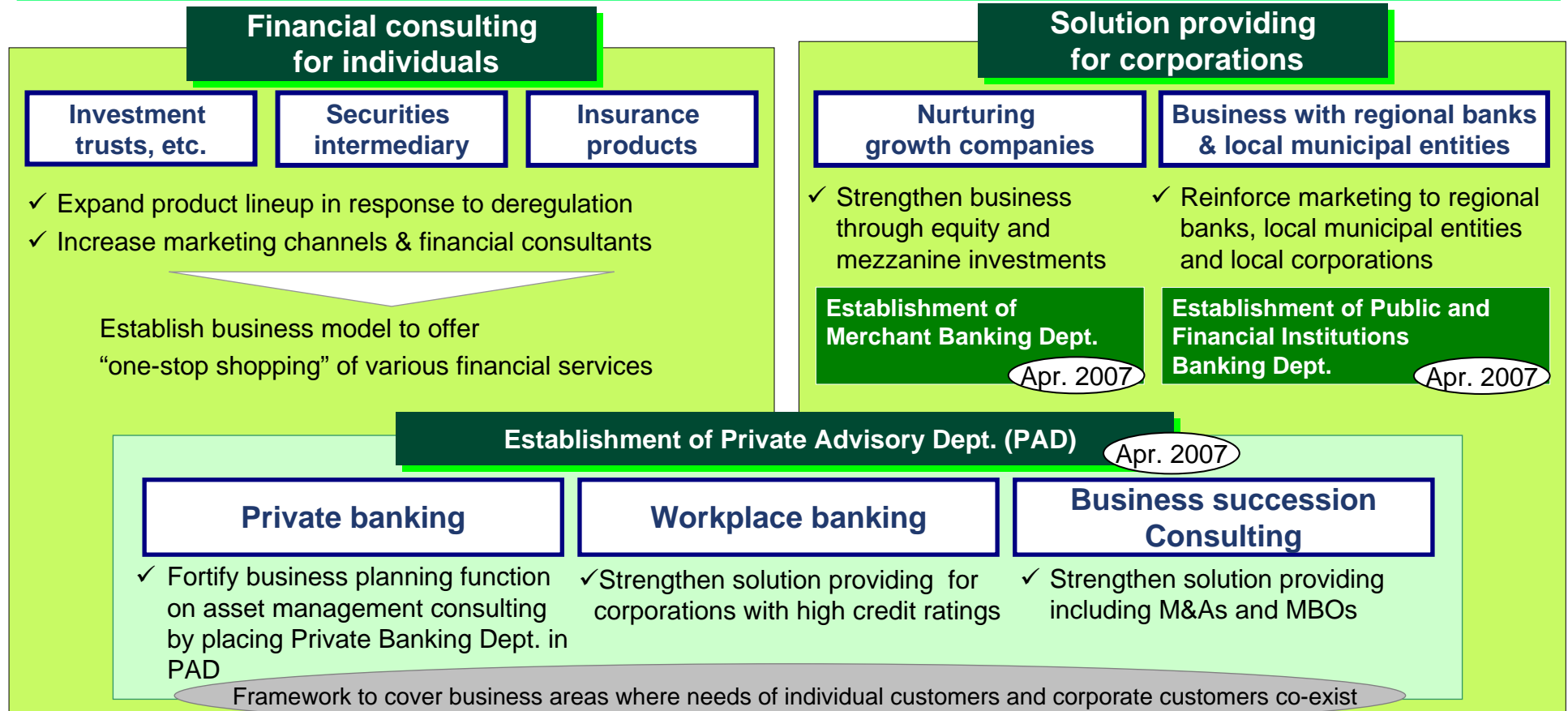
¹ Private Advisory Department

² Corporate Advisory Division



3. (4) a. Financial consulting for individuals & solution providing for corporations

LEAD THE VALUE



Further strengthen business portfolio utilizing deregulation and establishing effective framework

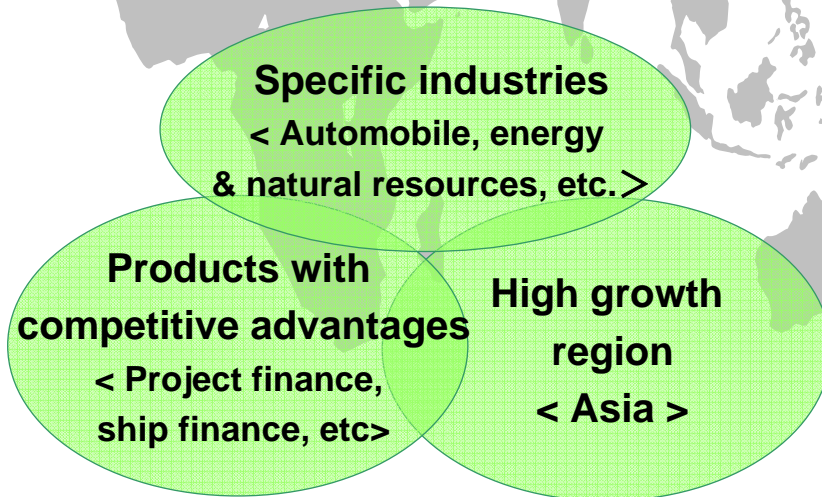


3. (4) b. Focused business areas in global markets

LEAD THE VALUE

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

SMFG's focus in global business



Example of focal products

Project Finance

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

Ship Finance

- ✓ Opened specialized marketing channel in Milan, focusing on growth products in Italy (Oct. 2006)
- ✓ Established Ship Finance Dept. in Tokyo (Nov. 2006)

Expansion of marketing channels and services

- ✓ Opened Moscow Rep. Office (Aug. 2005)
- ✓ Opened Ho Chi Minh City Branch (Jun. 2006)
- ✓ Opened Sydney Branch (Aug. 2006)
- ✓ Launched "Asian Business Loan" (Dec. 2006)
- ✓ Established China Division (Dec. 2006)
- ✓ Launched business alliance with Kookmin Bank (Mar. 2007)
- ✓ Opened Dubai Branch (Mar. 2007)
- ✓ Opened Tianjin Binhai Sub-Branch (Mar. 2007)
- ✓ Established "Corporate Banking Dept., Greater China" (Apr. 2007)



3. (4) c. Investment banking and trust businesses

LEAD THE VALUE

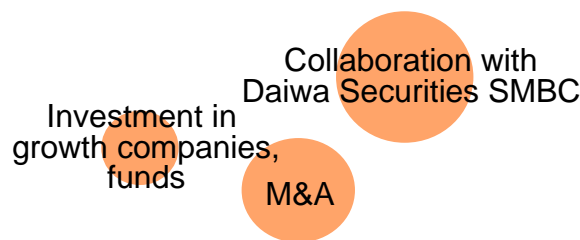
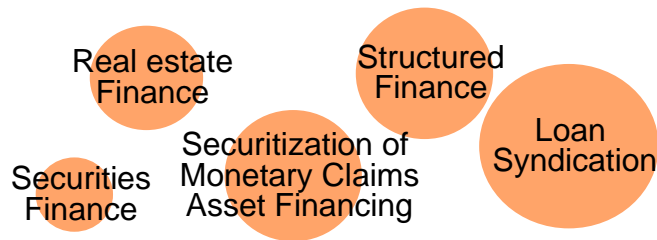
- ✓ Provide top quality products and services in targeted business areas, and growing business volume as a market leader
- ✓ Capture opportunities growing due to revision of the trust-related law, and increasing the line-up of trust related products

Structured / corporate finance

- Strengthen financing business as core business in investment banking
- Increase cross-border, buy-out and public sector deals

Investment banking

- Strengthen collaboration with Daiwa Securities SMBC
- Expand proprietary investments including nurturing growth companies



Investment products sales

- Strengthen capability to provide products to meet customers' needs
- Expand customer base



New businesses

- Enhance existing products by adding trust functions
- Enter new business frontiers such as enterprise trusts
- Reinforce environmental business such as emission rights business

Domestic IPO	Ranked No.1 Daiwa Securities SMBC JPY 344.5 billion	(FY 2006)
Domestic straight bond	Ranked No.2 Daiwa Securities SMBC JPY 1,511.5 billion	(FY 2006)
Domestic loan syndication ¹	Ranked No.2 SMBC JPY 6,715.4 billion	(FY 2006)
Loan Syndication in Asia ¹ (ex. Japan)	Ranked No.2 SMBC \$8.4 billion	(CY 2006)
Global project finance (Advisories Closed)	Ranked No.1 SMBC \$17.1 billion	(CY 2006)
Global ship finance ¹	Ranked No.9 SMBC \$3.2 billion	(CY 2006)

¹ Mandated arranger ranking

: Relative size of earnings of each business in FY 2006 (managerial accounting basis)



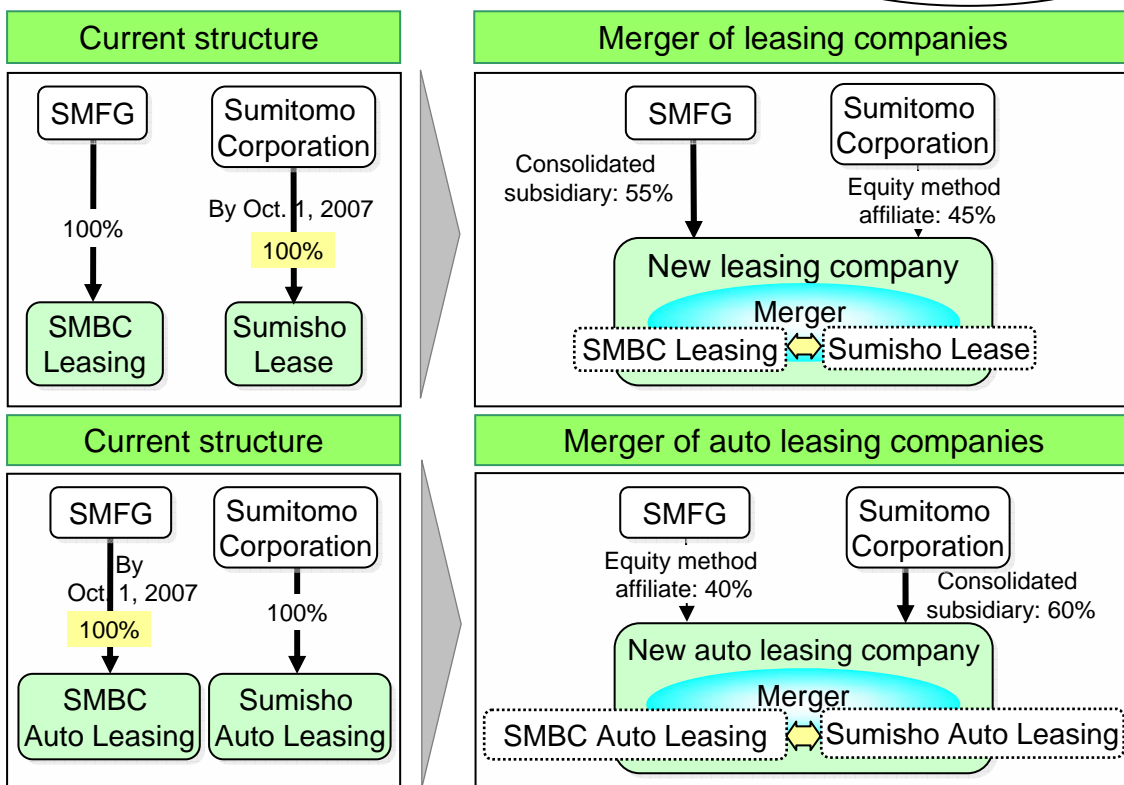
3. (4) d. Alliance with Sumitomo Corporation group in leasing and auto leasing

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✓ Combine customer base and know-how of Sumitomo Corporation group, which well penetrates into value chain of broader range of business, and SMFG, which has strength in providing financial solutions

Overview of alliance

Scheduled
in Oct. 2007



Position in industry after merger

(Trillions of yen)

	Company name	Operating assets	Leasing volume
1	Orix ²	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 ³	1.4	0.9
5	Sumisho Lease	1.0	0.8
	UFJ Central Leasing ³	0.8	0.8

	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

¹ FY05 non-consolidated basis, source: disclosure of each company

² FY05 consolidated basis

³ Diamond Lease and UFJ Central Leasing merged in Apr. 2007

⁴ Based on FY05 results, source: Yano Research Institute

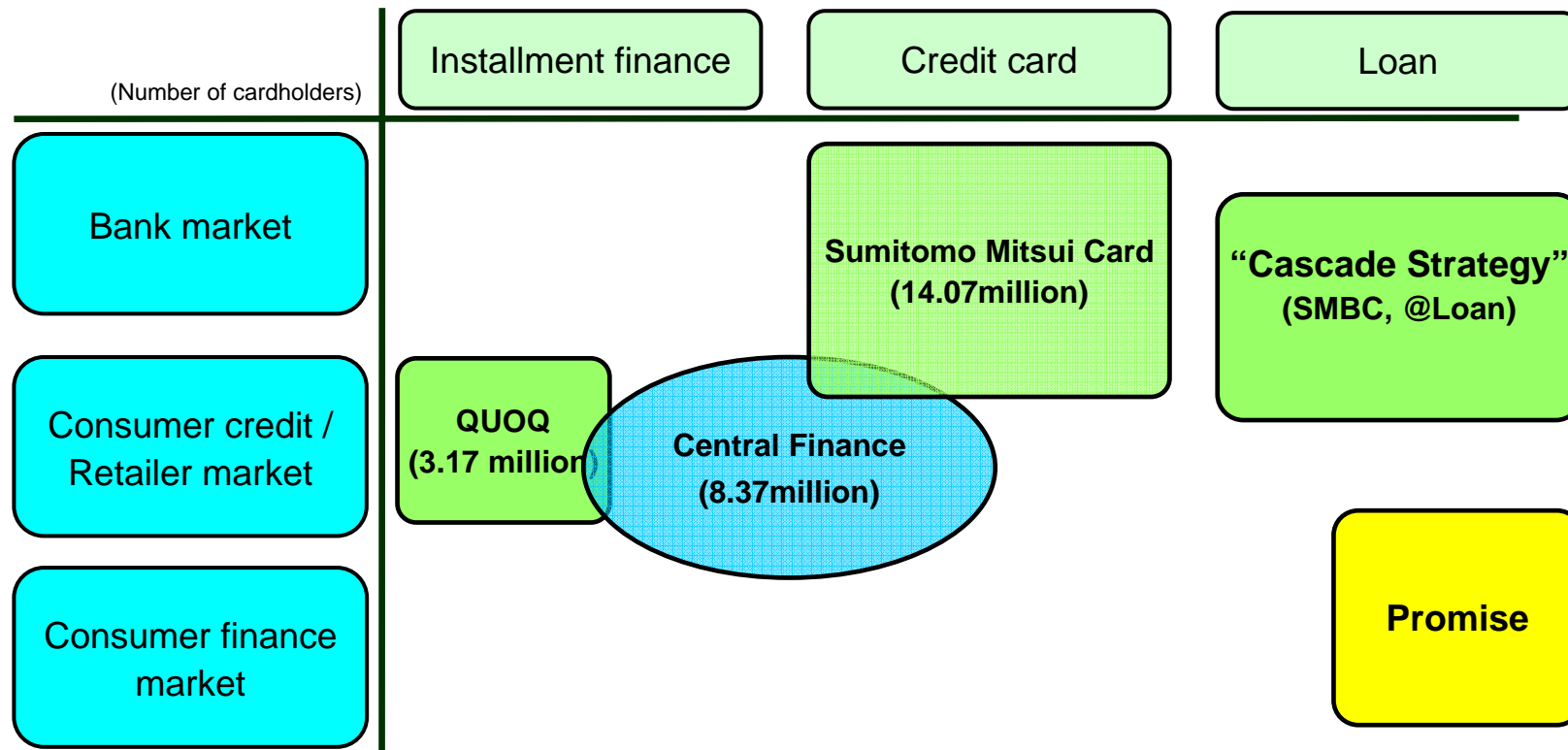


3. (4) e. Consumer finance business -1

LEAD THE VALUE

✓ Substantially expand group-wide customer base by developing strategic alliances

SMFG's franchise in consumer finance business





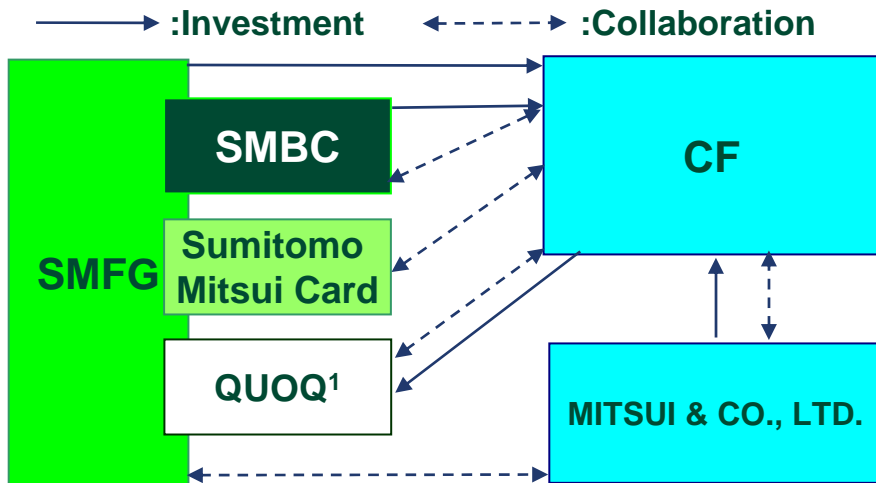
3. (4) e. Consumer finance business -2

LEAD THE VALUE

Strategic alliance with Central Finance (CF)

Announced on Apr. 27

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



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

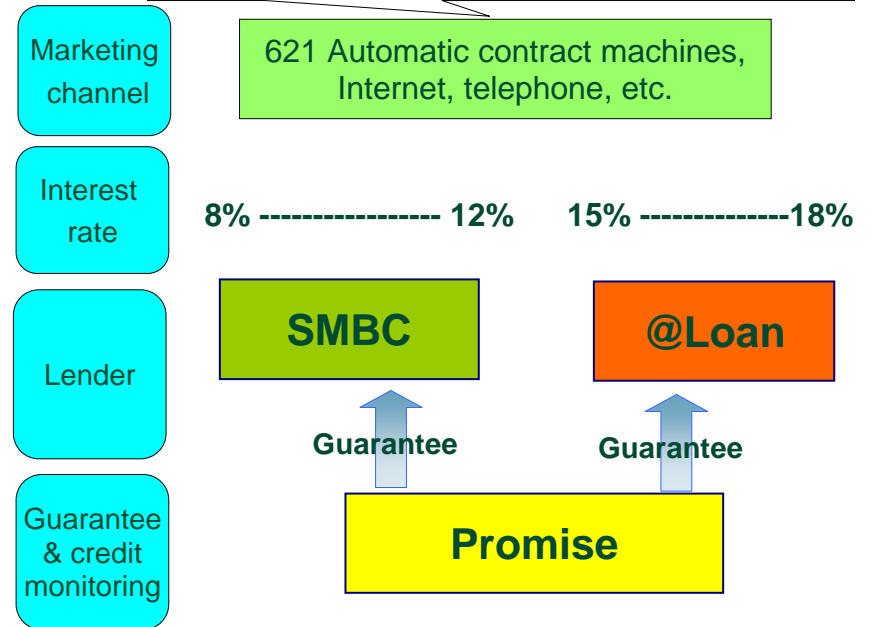
Strategic alliance with Promise

Since Apr. 2005

Revision of "cascade" strategy

Feb.2007

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



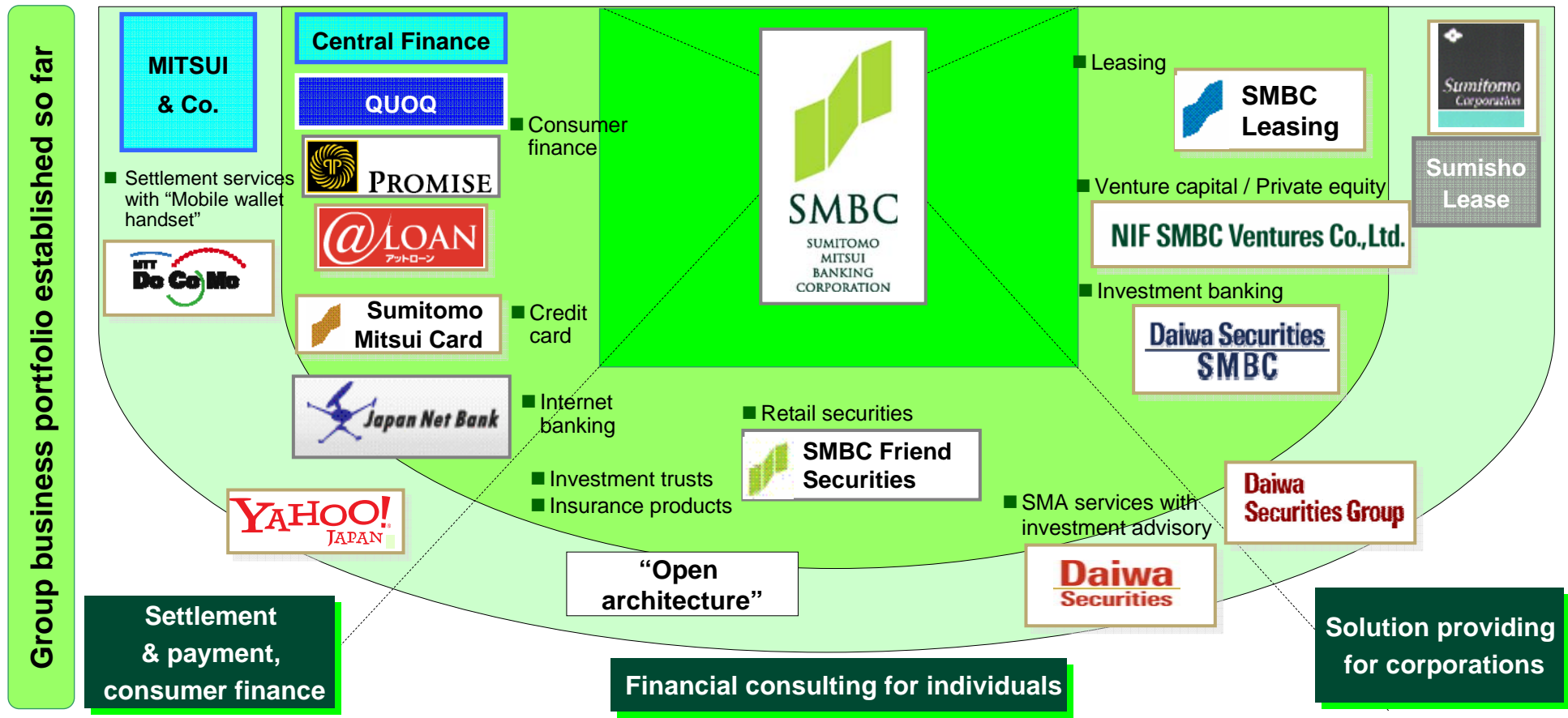
¹ Equity method affiliated company of SMBC (installment finance company)



3. (4) f. Group strategy

LEAD THE VALUE

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





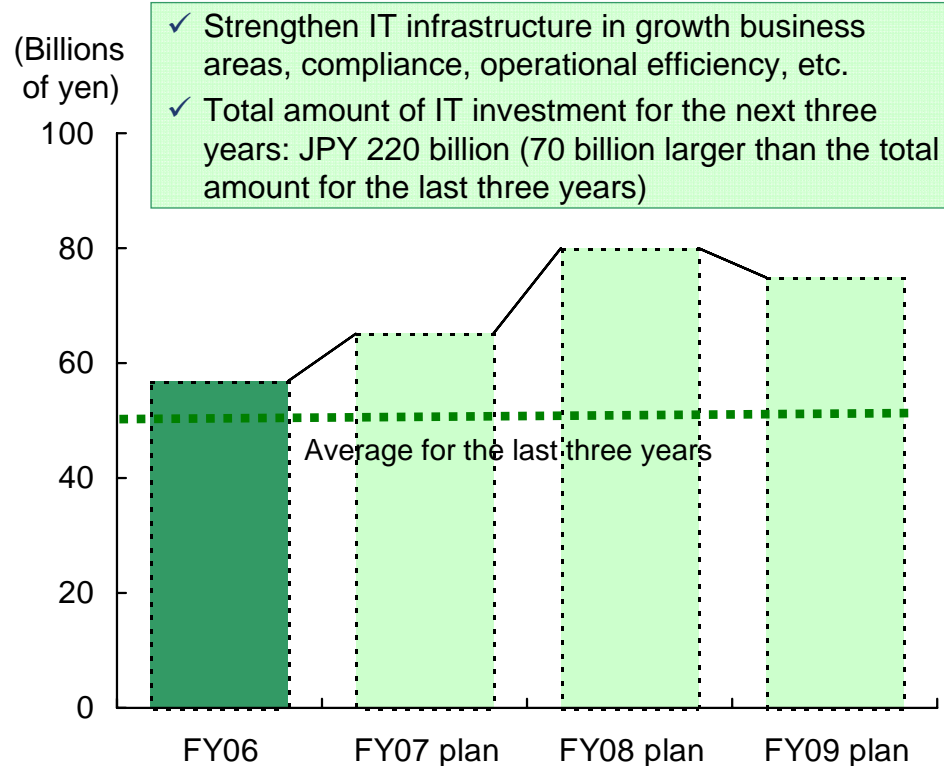
3. (5)

Allocation of management resources (IT system and operational infrastructure)

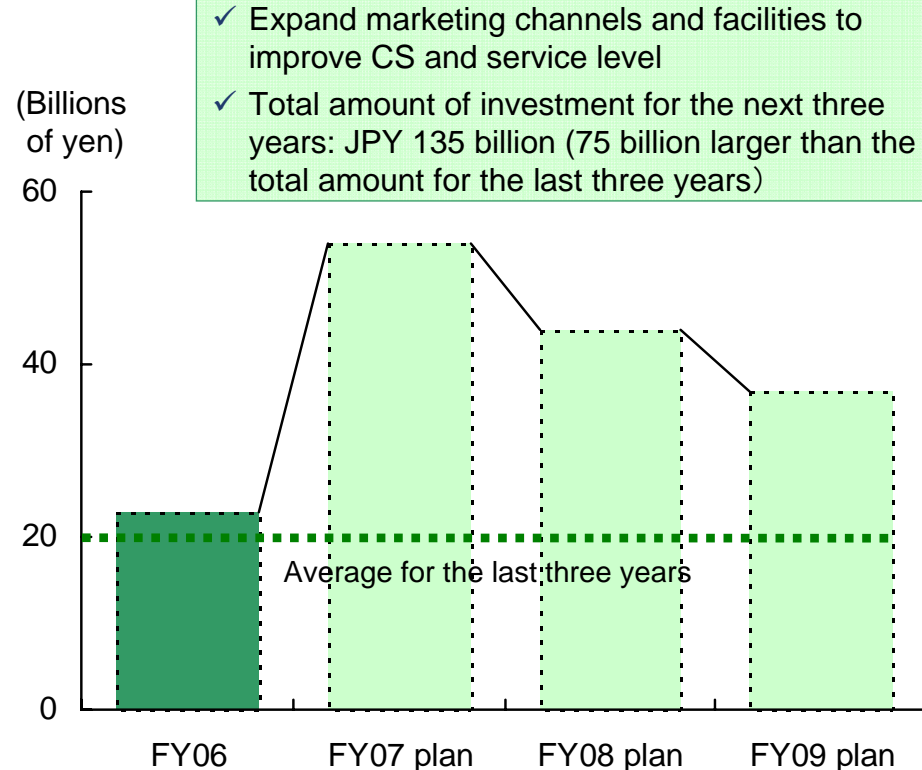
LEAD THE VALUE

✓ Increase investments in growth business areas in order to improve marketing capability and expanding marketing channels and facilities

IT system



Operational infrastructure



(SMBC non-consolidated)

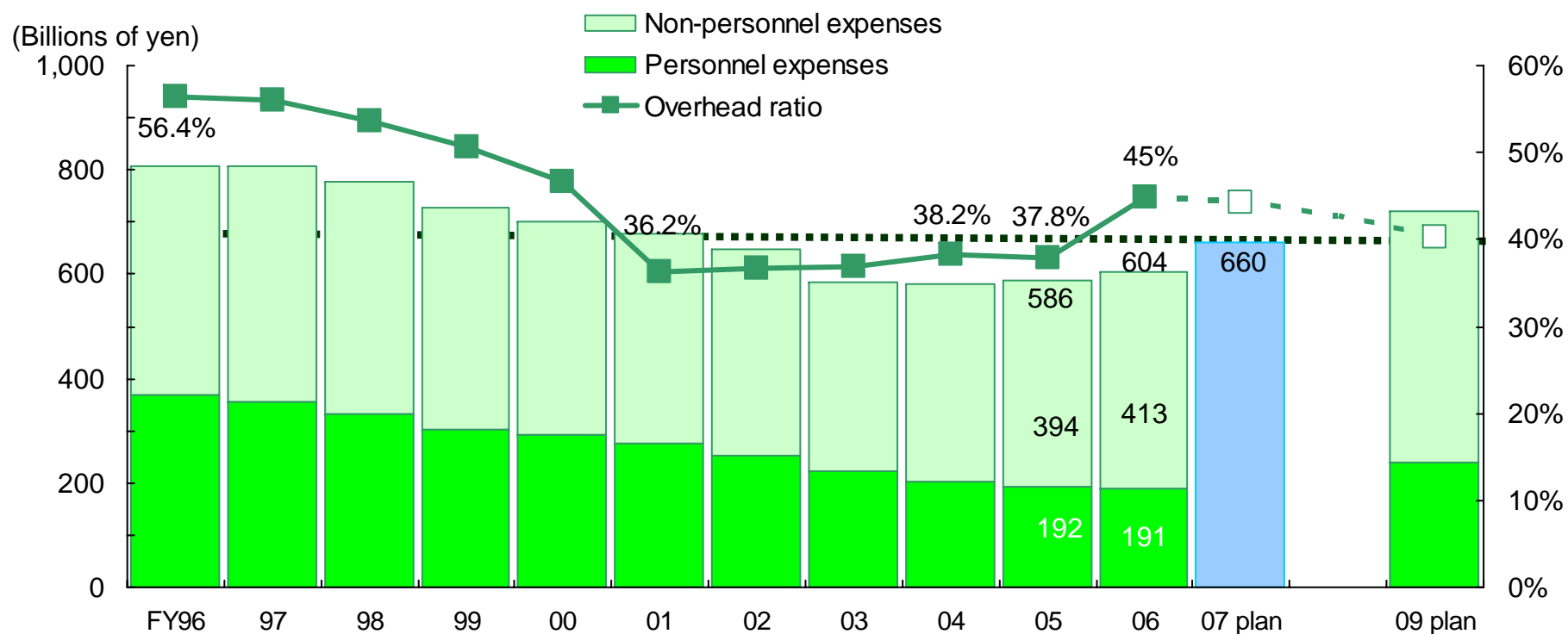


3. (5) Allocation of management resources (Expenses)

LEAD THE VALUE

- ✓ Expenses in FY 2009 will be increased by JPY 115 billion (personnel: 50 billion, non-personnel: 65 billion) including investment for HR management
- ✓ Cost competitiveness will be maintained (targeted OHR : 40-45%)

Trend of expenses¹



¹ FY2000 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

(SMBC non-consolidated)



3. (6)

Growth drivers of new medium-term management plan

LEAD THE VALUE

SMFG consolidated net business profit:

FY2006

JPY 924.2bil.



FY2009 Plan

JPY 1,360bil.

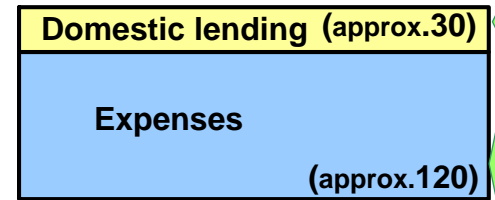
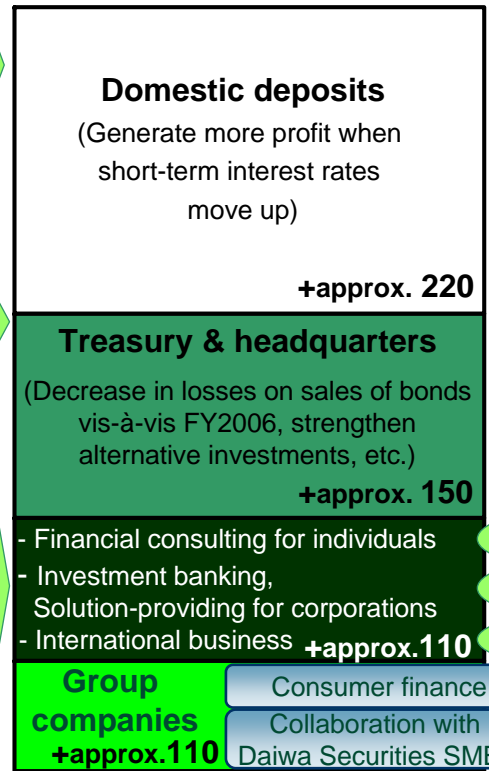
Factors of profit increase

Factors of profit decrease

✓ Improve customer convenience by expanding payment & settlement service

✓ Reinforce proprietary investment

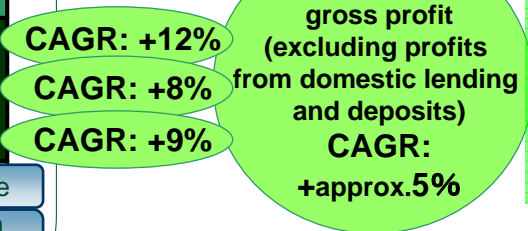
✓ Promote "one-stop shopping"
 ✓ Reinforce business succession consulting, structured finance, etc.
 ✓ Strengthen focal business areas in global markets



✓ Narrowing of credit spread mainly from fierce competition

✓ Increase investment in HR and business infrastructure in order to enhance the convenience of our customers

✓ Strengthen compliance



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



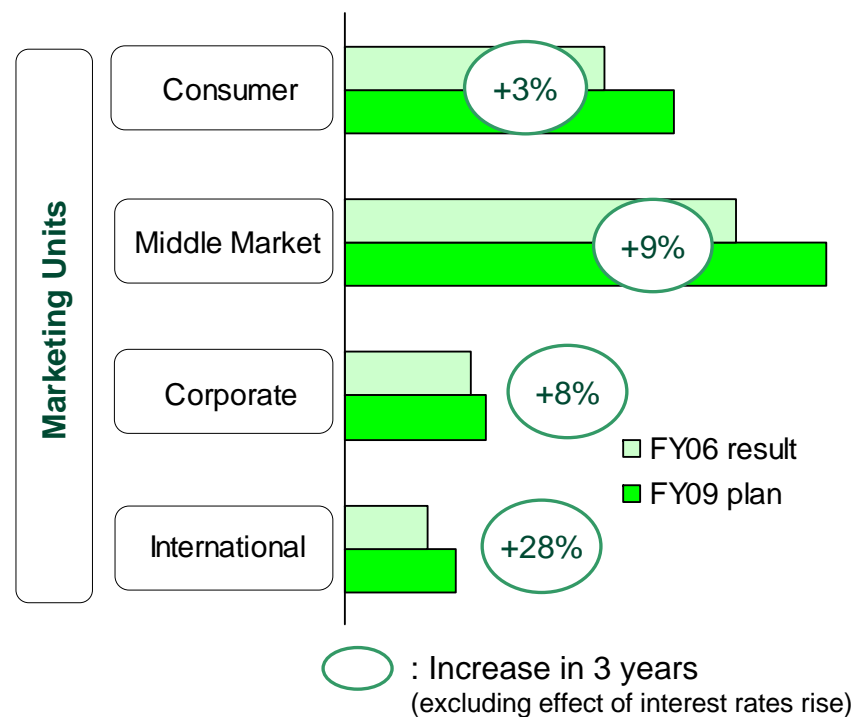
(Reference) Expansion of SMBC's top-line profit

LEAD THE VALUE

Profit growth in three years

	FY06 results	FY09 plan	Change in 3 years
<SMBC non-consolidated> (Billions of yen)			
Banking profit	740.6	1,070	+approx. 330
Gross profit	1,344.5	1,790	+approx. 450
Expenses	(603.9)	(720)	(approx. 120)
<SMFG consolidated>			
Net Business profit	924.2	1,360	+approx. 440
Net income	441.4	650	+approx. 210

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





3. (7) Management plan for FY 2007

LEAD THE VALUE

- ✓ First step in order to achieve the goals of medium-term management plan :
Shift focus from “reinforcing risk tolerance” to “growing business volume through investment for growth”

Investment for growth

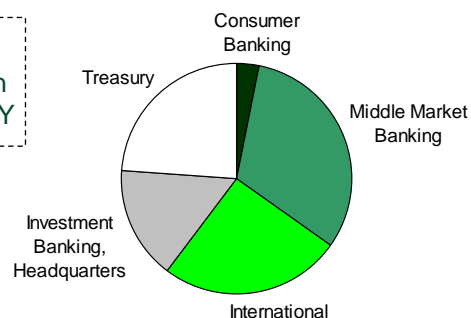
- ✓ Strategic front-loaded investment in growth business areas

Expenses (SMBC) : JPY 60 billion increase YOY

- Human resources approx. 30%
- IT systems & equipment approx. 30%
- Business promotion such as marketing approx. 30%

Increase in risk-weighted assets in FY2007 by business unit

approx.
JPY 3 trillion
increase YOY



Value creation

- ✓ Provide value-added services through customer-centric approach
- ✓ Operations to improve efficiency of assets and capital

- ✓ Increase top-line revenue

SMBC Marketing Units' Gross profit:
approx. JPY 100 billion increase YOY
(non-interest income:
+approx. JPY 40 billion)

- ✓ Develop group strategy

Capital policy

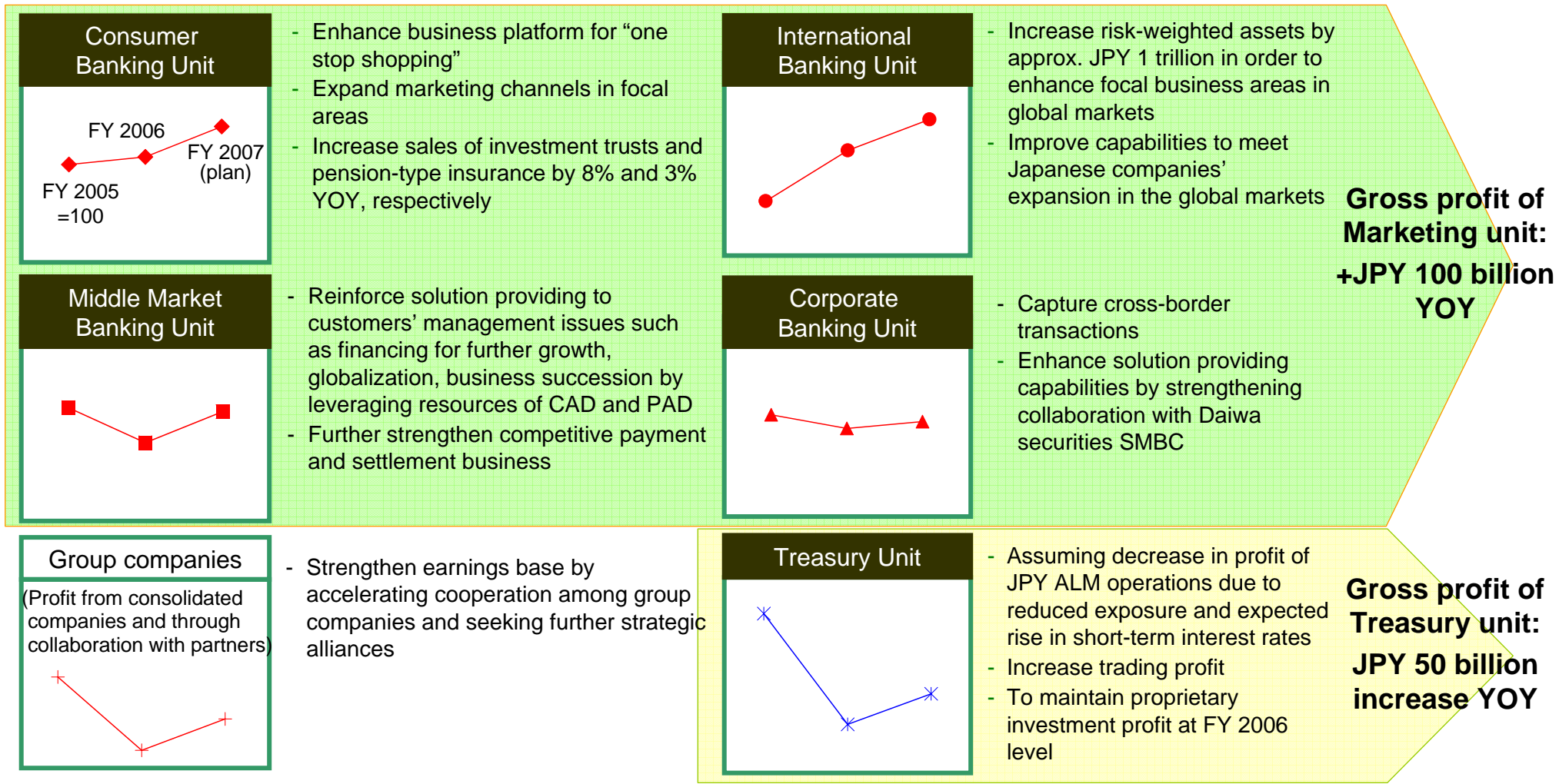
- ✓ Stable recovery of bottom-line profit
- ✓ Build up capital to achieve Tier I ratio of 8%
- ✓ Increase return to shareholders in step with progress in medium-term plan
(Increase cash dividends per common share: JPY 7,000 → JPY 10,000)



3. (8)

Gross banking profit forecast and major initiatives for FY 2007

LEAD THE VALUE





3. (9) Earnings forecast for FY 2007

LEAD THE VALUE

Reference:
Supplementary Info. P.8

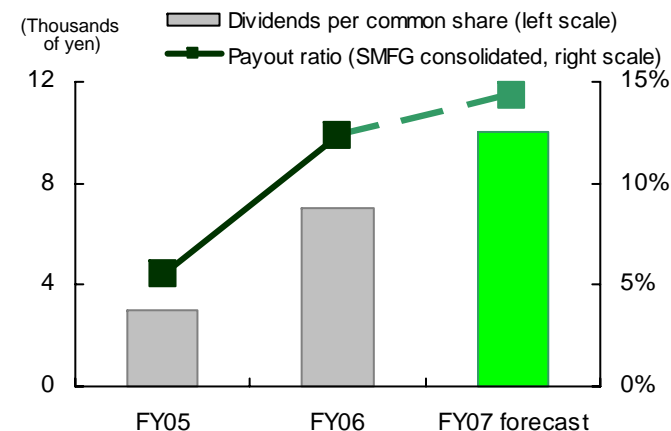
(Billions of yen)

	FY06	1H FY07 Forecast	FY07 Forecast	YOY Change	
SMFG Consolidated	Ordinary income	3,901.3	1,950	4,100	+198.7
	Ordinary profit	798.6	400	980	+181.4
	Net income	441.4	220	540	+98.6
SMBC Non-Consolidated	Gross banking profit	1,344.5	695	1,490	+145.5
	Expenses <OHR>	(603.9) <44.9%>	(330) <47.5%>	(660) <44.3%>	(56.1) <(0.6%)>
	Banking profit¹	740.6	365	830	+89.4
	Credit cost	(89.5)	(70)	(90)	(0.5)
	Ordinary profit	573.3	260	700	+126.7
	Net income	315.7	150	410	+94.3

Assumptions

Nominal GDP growth rate:	2.5%
TIBOR (3 months):	0.72%
	(term-average)
10 years JPY swap rate:	1.87%
	(term-average)
US\$1 =	JPY 115
	(term-end)

Common share dividends and consolidated payout ratio



¹ Before provision for general reserve for possible loan losses

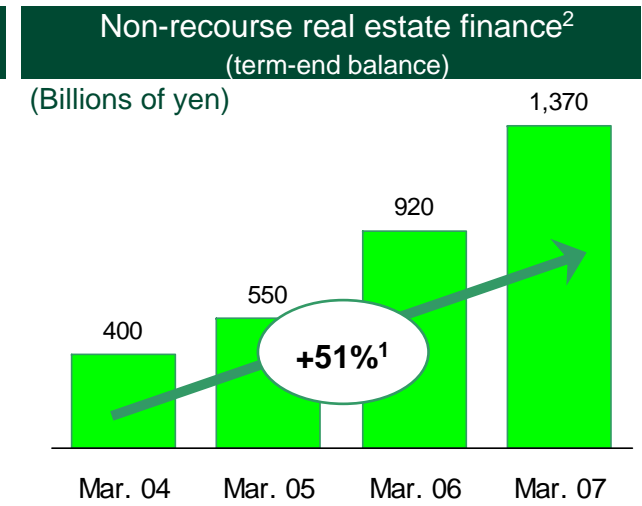
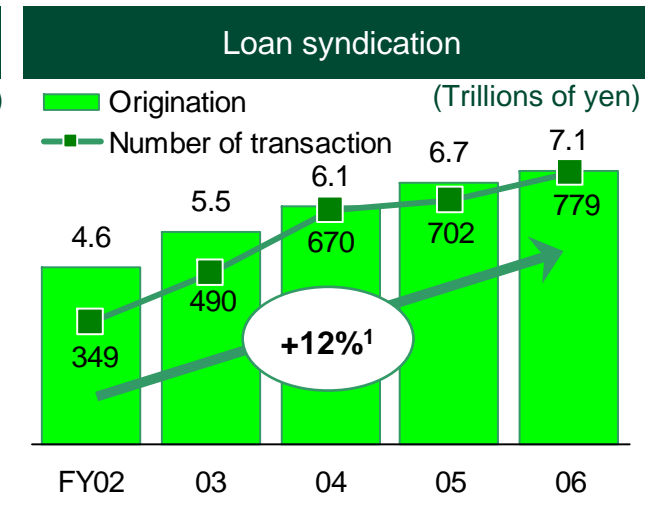
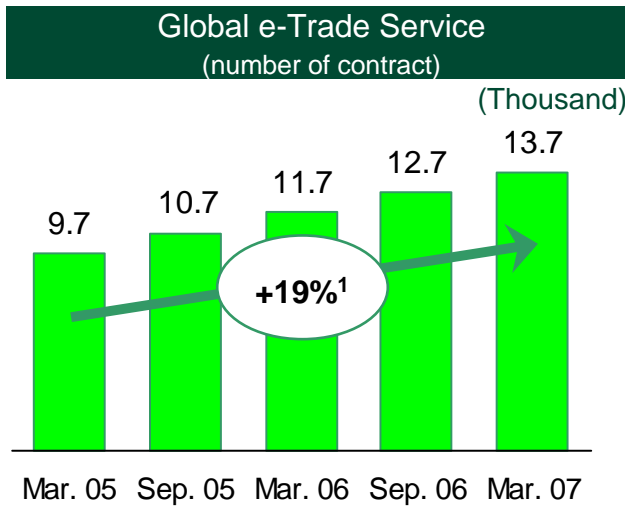
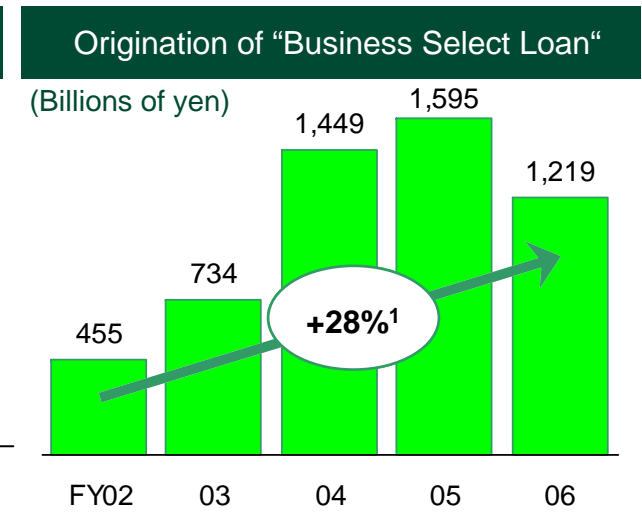
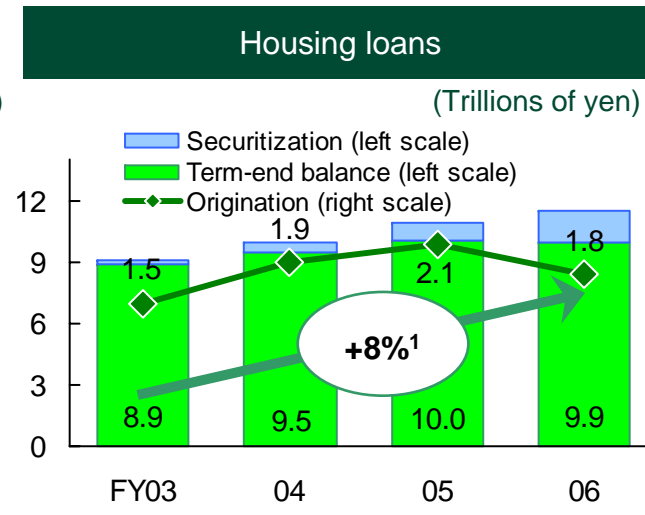
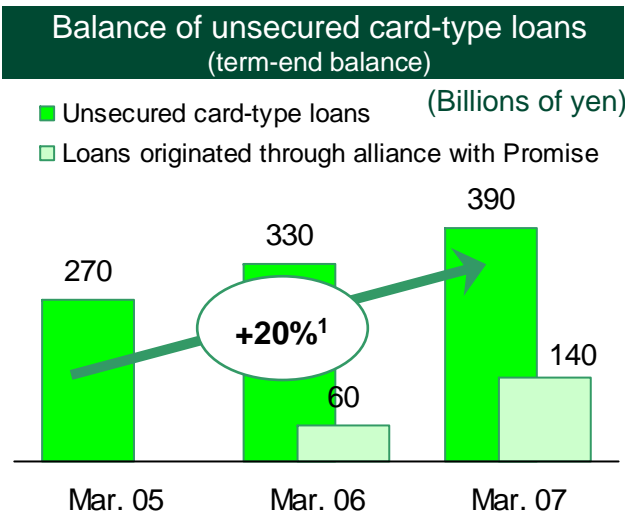


Appendices



(Reference) Miscellaneous data

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¹ Compound annual growth rate

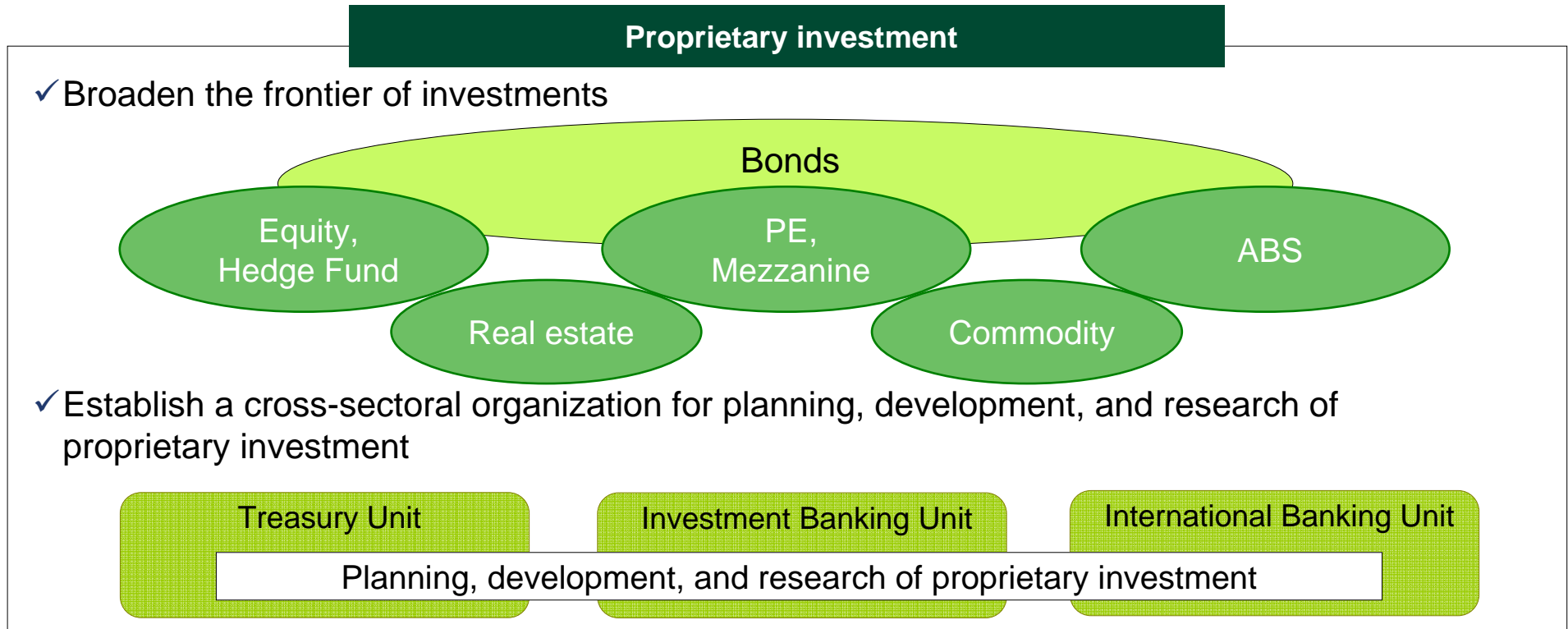
² Includes corporate bonds

(SMBC non-consolidated)



(Reference) Proprietary Investment

LEAD THE VALUE



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

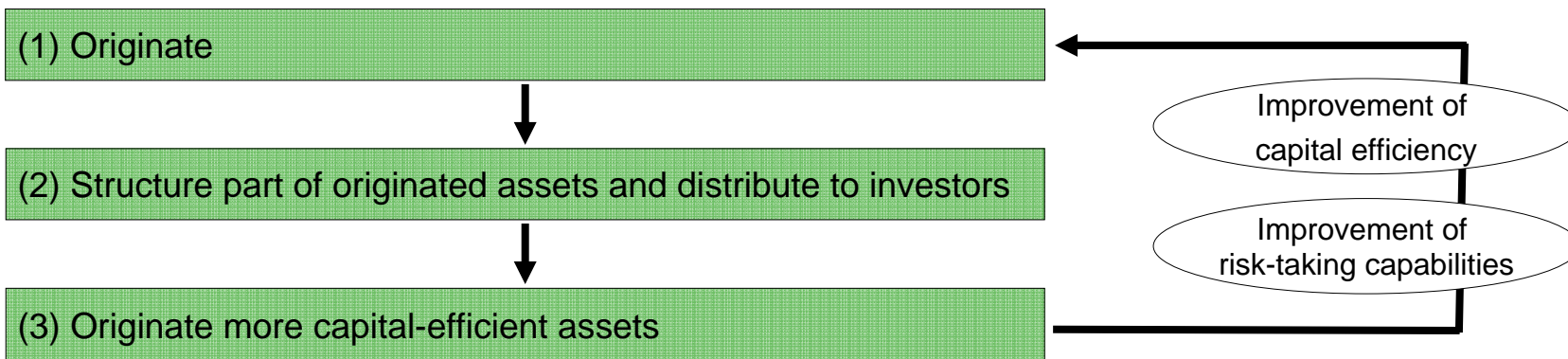


(Reference) Credit derivative, trading & distribution

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Credit derivative, trading & distribution

- ✓ Accelerate structuring of credit derivative, trading & distribution



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

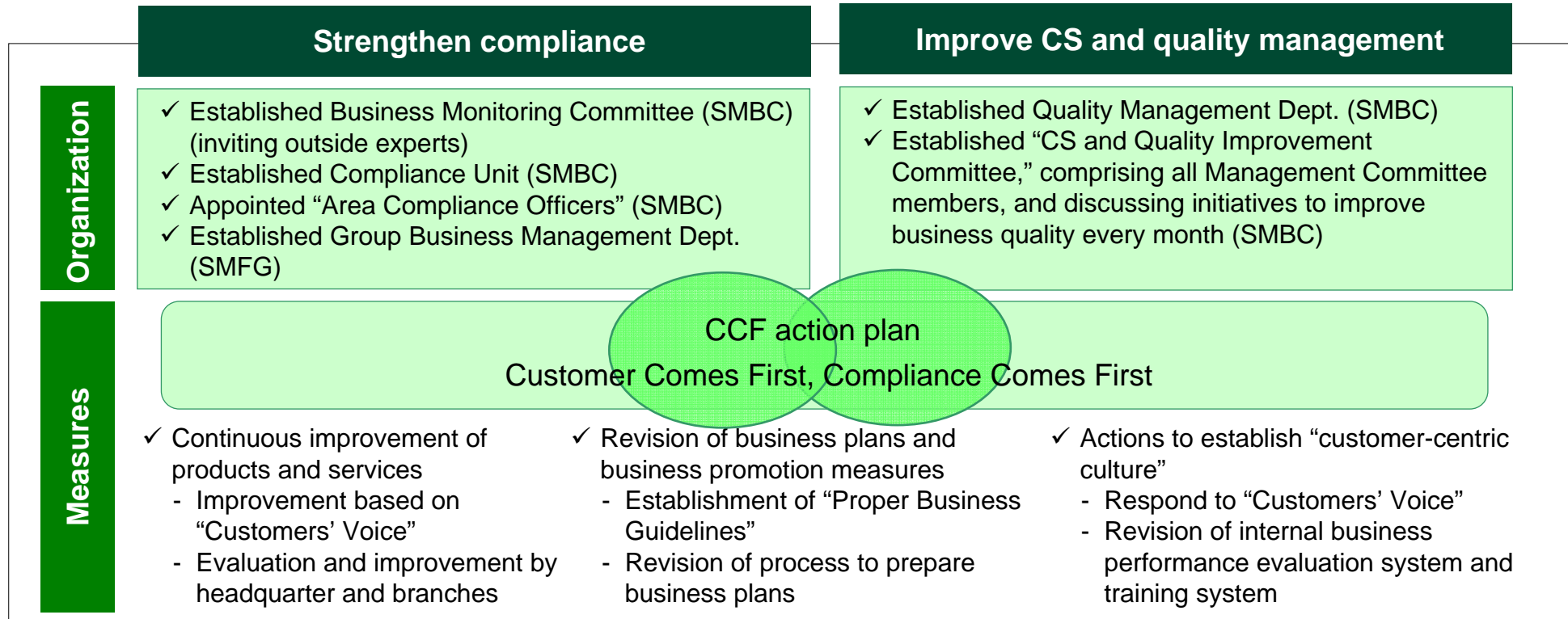
Aim for a top Japanese bank in credit and investment product structuring and marketing



(Reference)

Initiatives to strengthen compliance and improve CS and quality management

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Measures in response to the Financial Instruments and Exchange Law

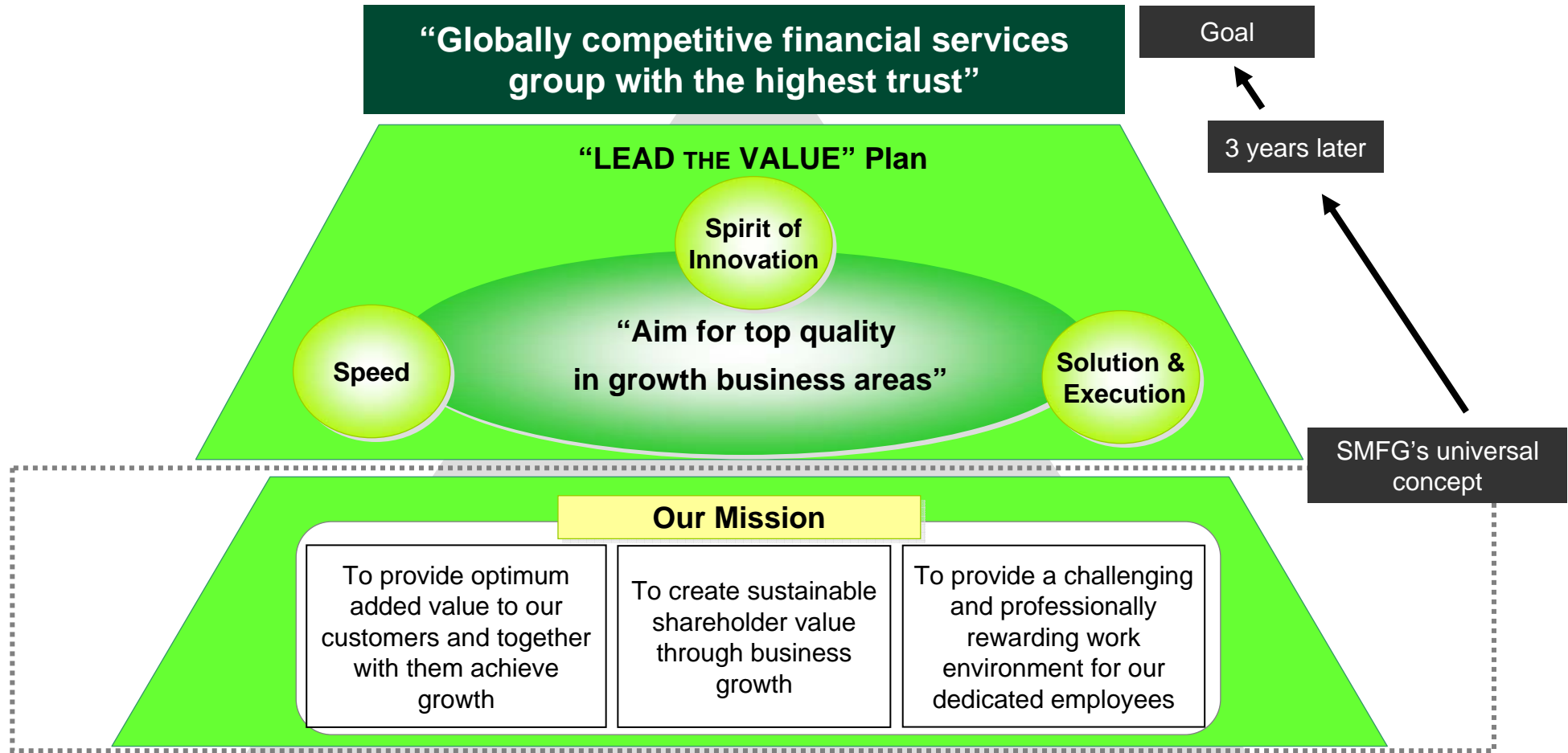
Improve measures for anti-money laundering

Improve risk management (in response to the Basel II Accord)



(Reference)
SMFG's mission and "LEAD THE VALUE" plan

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(Reference) Corporate statement

LEAD THE VALUE

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

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

What support such activity are our three core strengths.

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

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

These are our commitments.



LEAD THE VALUE



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.