

Provisional translation of
the original Japanese version



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

Financial Results of FY2007 & Management Policies and Strategies

May 27, 2008

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1. Financial Results of FY2007

1-1. Key Achievements in FY2007

The first step towards accomplishing the medium-term management plan

Steady increase in top-line profit

Expansion of SMBC's Gross banking profit

Forecast announced
in May 2007

YOY change

+ JPY 144.5 bil.

Result announced
In May 2008

YOY change

+ JPY 140.3 bil.

Aggressive allocation of resources in growth business areas

Proactive increase in SMBC expenses

Forecast announced
in May 2007

YOY change

+ JPY 56.1 bil.

Result announced
In May 2008

YOY change

+ JPY 61.2 bil.

Of which Marketing units + JPY 60.2 bil.

Increased return to shareholders

Increased dividend (annual dividends per common stock)

Forecast announced
in May 2007

JPY 10,000

Result announced
In May 2008

JPY 12,000

Overhead ratio 44.8%

Group-wide initiatives in growth business areas

Financial consulting for individuals

Payment & settlement service,
Consumer finance

Solution providing for corporations /
Investment banking

Focused business areas in global markets

Consolidated payout ratio 20.5%

Strengthen
businesses both
organically and
inorganically

Coped with uncertainty in business environment

Reduced subprime-related exposure

Sold early, and wrote off/provisioned for the remaining exposure of securitized products and warehousing loans

Net balance
(after write-offs and provisions)

JPY 5.5 bil.

Provisioned for exposure related to monoline insurance companies

Provisioned for the exposure to a part of monoline insurance companies in connection with CDS transactions

Net exposure
(after net of reserve)

JPY 31.1 bil.

1-2. Summary of the FY2007 Results

Banking profit on SMBC non-consolidated basis increased by JPY 79.1 billion year over year led by an increase of Gross banking profit due to an increase of Net interest income and an improvement of Gains (Losses) on bonds despite an increase of Expenses.

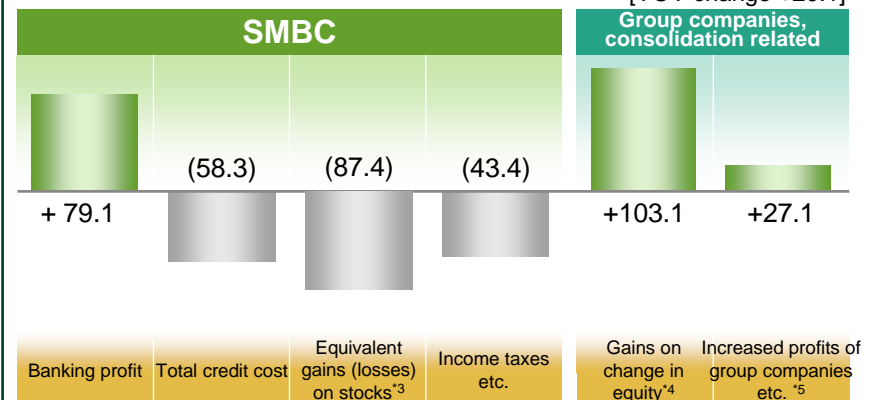
Net income on SMFG consolidated basis increased by JPY 20.1 billion year over year led by an increase of SMBC's Banking profit and group companies' profits, as well as Gains on change in equity accompanied with the reorganization of the leasing companies, despite an increase of Total credit cost and Losses on stocks.

		(Billions of yen)	FY07	YOY change	Change from Nov. 07 forecast
SMBC <non-consolidated>	Gross banking profit		1,484.8	+140.3	(5.2)
	(Excluding gains (losses) on bonds)		1,514.9	+58.0	
	Expenses		(665.1)	(61.2)	(5.1)
	Banking profit*1		819.7	+79.1	(10.3)
	Gains (losses) on stock		(141.0)	(152.1)	
	Total credit cost*2		(147.8)	(58.3)	(37.8)
	Ordinary profit		510.7	(62.6)	(89.3)
	Net income		205.7	(110.0)	(109.3)
SMFG <consolidated>	Ordinary profit		831.2	+32.6	(108.8)
	Net income		461.5	+20.1	(108.5)

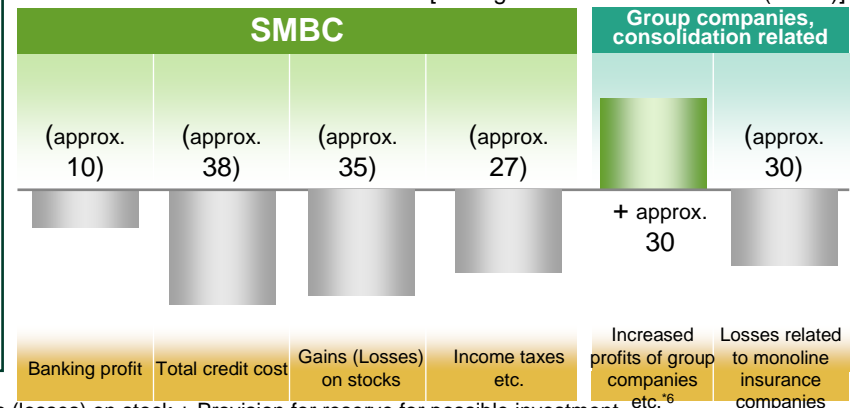
*1 Before provision for general reserve for possible loan losses

*2 Including portion recorded in Extraordinary gains (losses)

SMFG's Net income: FY06: 441.4 ▶ FY07: 461.5
[YOY change +20.1]



SMFG's Net income: Nov. 07 forecast 570.0 ▶ Results 461.5
[Change from Nov. 07 forecast (108.5)]



*3 Gains (losses) on stock + Provision for reserve for possible investment losses (Other non-recurring gains (losses))

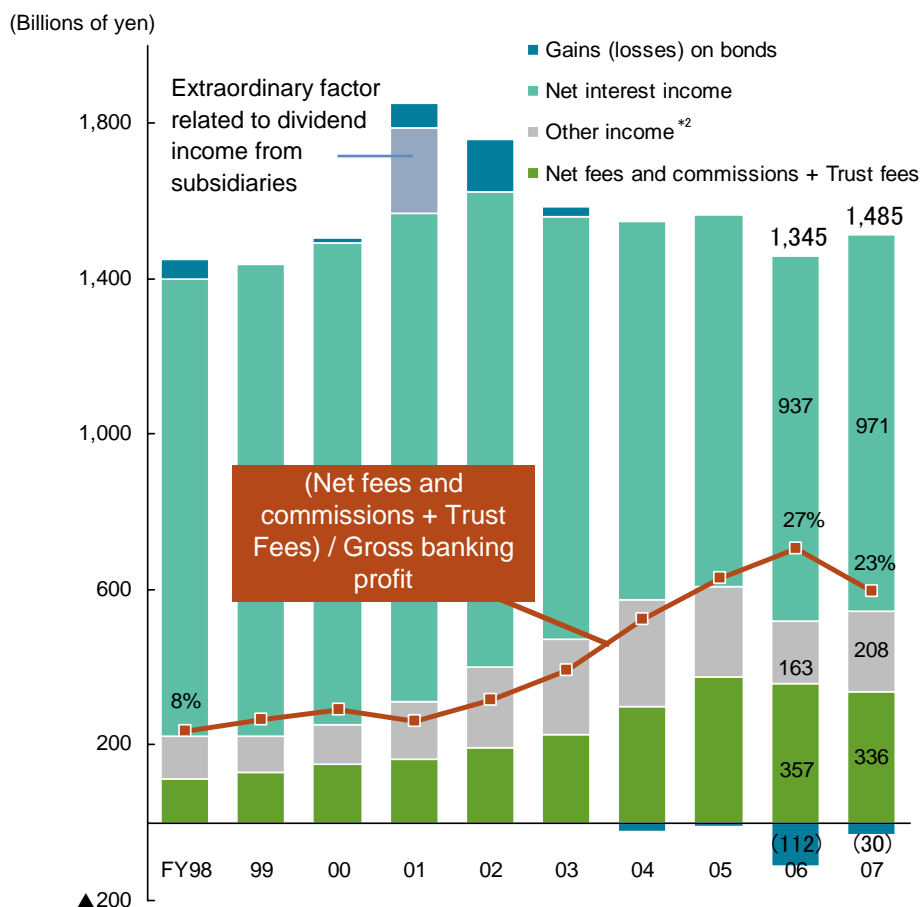
*4 Led by reorganization of the leasing companies

*5 Including losses related to monoline insurance companies

*6 Excluding losses related to monoline insurance companies

1-3 Top-Line Profit (1) Gross Banking Profit

Gross banking profit *1



*1 FY00 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

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

Major factors of YOY change

(Billions of yen)	FY07	YOY change
Gross banking profit	1,484.8	+140.3
Net interest income	970.8	+ 33.3
Net interest income on loans and deposits*3	899.4	+ 152.3
Interest and dividends on securities	322.3	(46.7)
Interest on interest rate swaps	(89.3)	(36.6)
Net fees and commissions + Trust fees	336.1	▲20.8
Fees related to sales of investment trusts	47.6	(6.6)
Fees related to corporate bonds	12.5	(8.7)
Net trading income + Net other operating income	177.9	+ 127.8
Gains (losses) on bonds	(30.1)	+ 82.3
Profit from sales of derivatives products	58.3	+ 12.0
Profit from sales of currency derivatives	37.7	+ 11.1

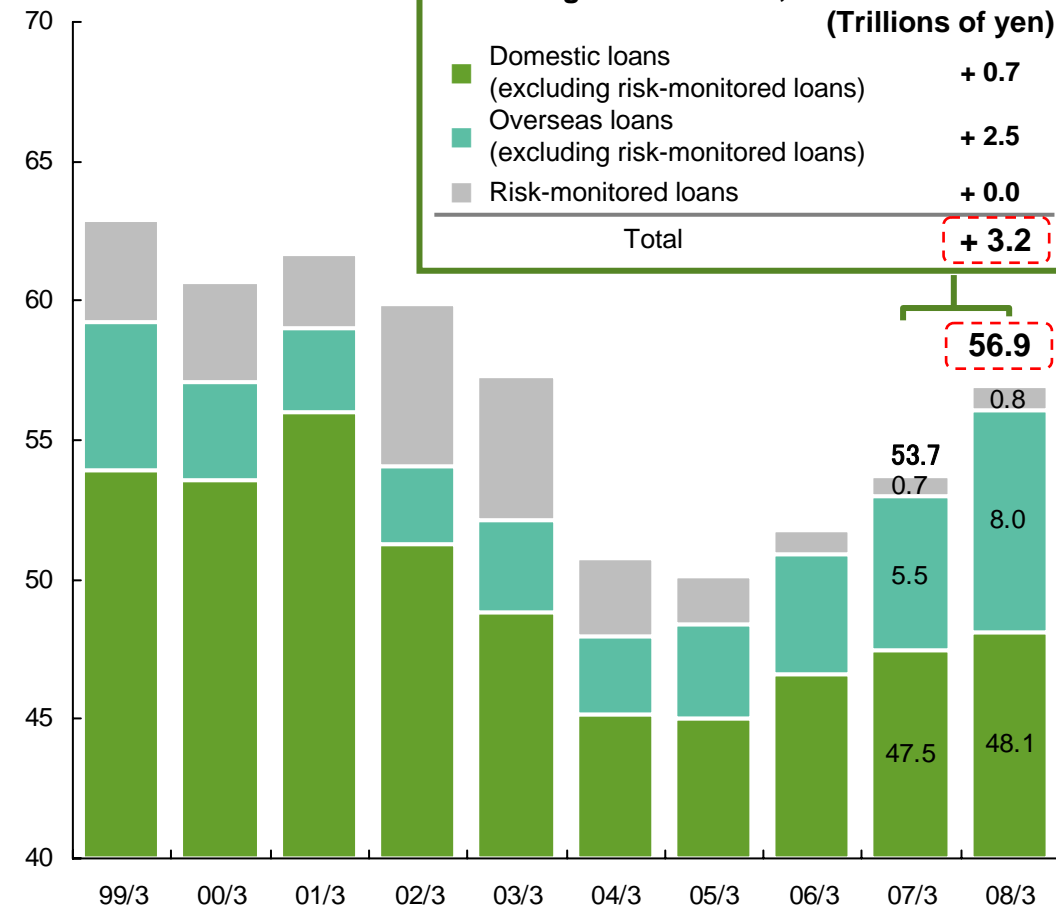
*3 Interest earned on loans minus interest paid on deposits

(SMBC non-consolidated)

1-3 Top-Line Profit (2) Net Interest Income: Loan Balance

Loan balance*1

(Trillions of yen, term-end balance)



*1 FY00 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

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

Balance of overseas lendings, classified by area (managerial accounting basis)

(Trillions of yen, Term-end balance)	Mar. 31, 08	YOY change
Overseas total	8.0	+ 2.5
America	2.7	+ 0.9
Europe	2.4	+ 1.2
Asia	2.9	+ 0.5

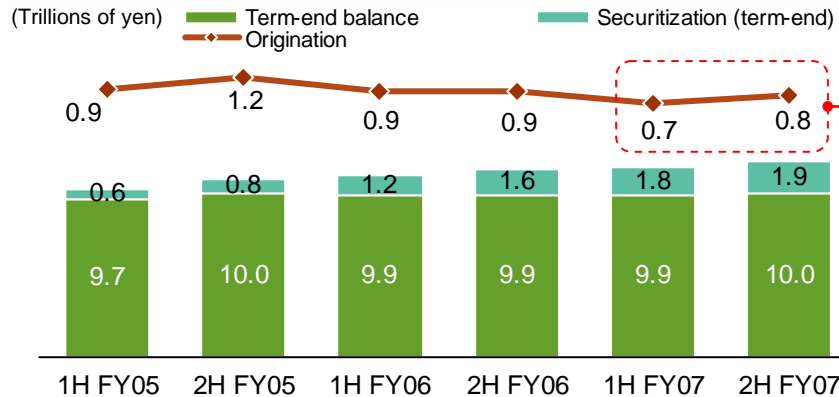
Term-end balance by domestic business unit (managerial accounting basis)

(Trillions of yen, Term-end balance)	Mar. 31, 08	YOY change
Consumer banking unit	14.7	+ 0.4*2
Middle market banking unit	21.3	(0.5)
Corporate banking unit	10.1	+ 0.6

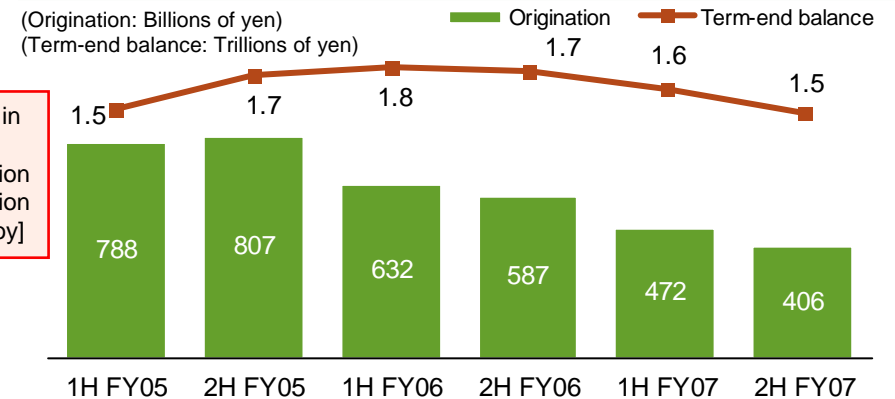
(SMBC non-consolidated)

(Reference) Trends in Key Domestic Lending Business

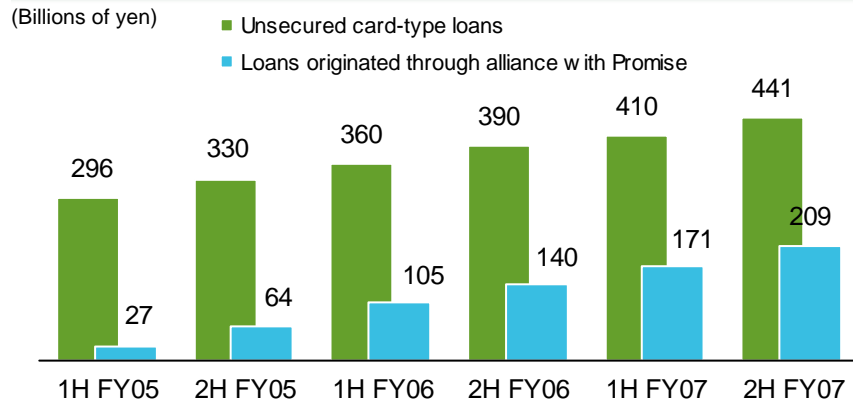
Housing loans*1



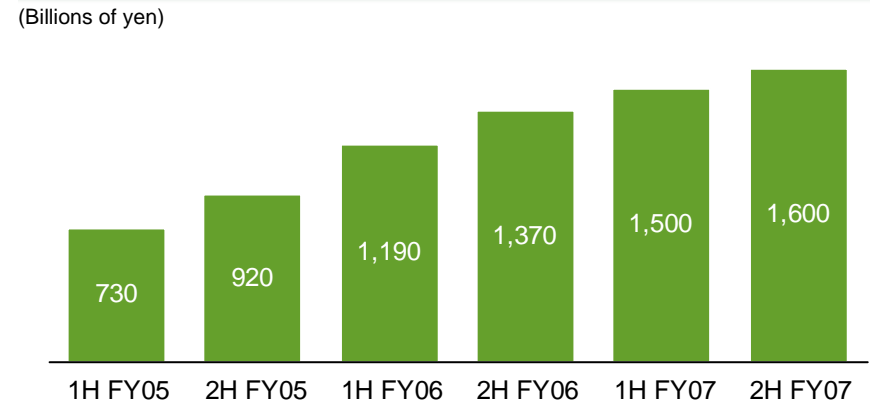
“Business select loan”



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



Non-recourse real estate finance*2 (term-end balance)



*1 Securitized approximately JPY 300 billion in FY07

*2 Managerial accounting basis including corporate bonds

(SMBC non-consolidated)

1-3. Top-Line Profit

(3) Net Interest Income: Loan to Deposit Spread

Loan to deposit spread (financial accounting basis)

(Trillions of yen, %)

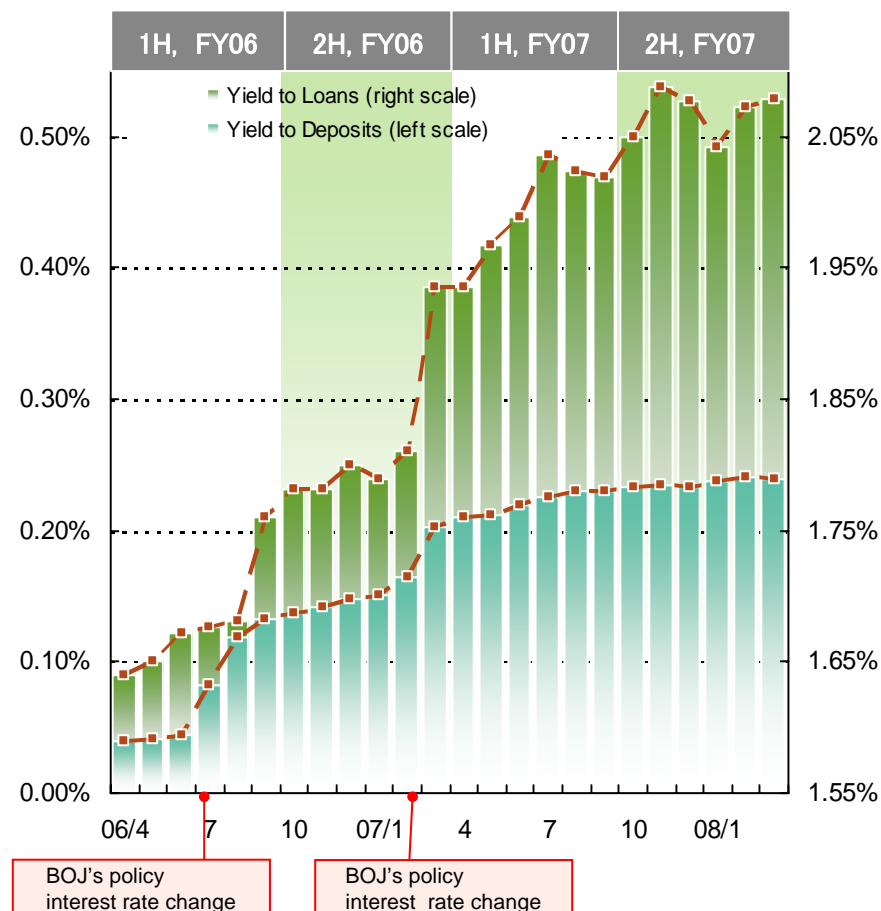
<Domestic>	FY07		YOY change	
	Average balance	Yield	Average balance	Yield
Loans* (a)	45.0	2.04	▲ 1.0	+ 0.31
Deposits, etc. (b)	59.8	0.23	▲ 0.2	+ 0.13
Loan to deposit spread (a) - (b)	-	1.81	-	+ 0.18

<Overseas>

Loans (a)	7.5	5.03	+1.2	▲0.07
Deposits, etc. (b)	9.3	3.58	+0.3	▲0.47
Loan to deposit spread (a) - (b)	-	1.45	-	+ 0.40

*Excluding loans to financial institutions

Yield of domestic loans and deposits (managerial accounting basis)



- Short term prime rate
- Yield of ordinary deposit
- Yield of 1 year time deposit (over-the-counter)

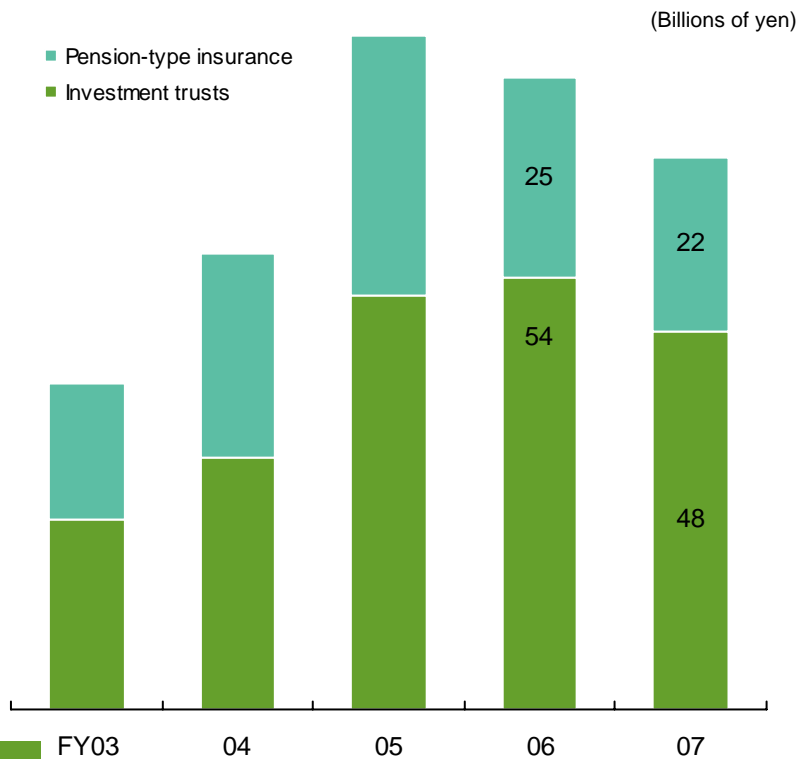
1.375%→1.625% (+0.250%, from Aug. 21, 06)
 0.001%→0.100% (+0.099%, from Jul. 18, 06)
 0.150%→0.300% (+0.150%, from Jul. 18, 06)

→1.875% (+0.250%, from Mar. 26, 07)
 →0.200% (+0.100%, from Feb. 26, 07)
 →0.400% (+0.100%, from Feb. 26, 07)

(SMBC non-consolidated)

(Reference) Fee-Related Business

Profits related to investment trusts and pension-type insurance

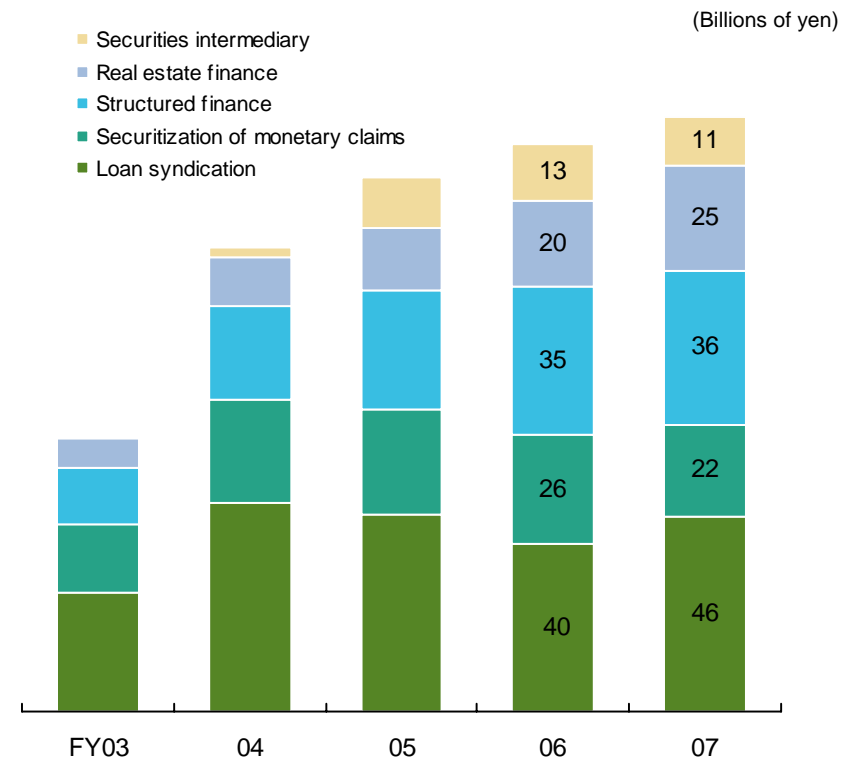


Outstanding balance*1

2.4 → 3.3 → 4.5 → 5.6 → 5.6

*1 Balance of investment trusts + accumulated sales of pension-type insurance as fiscal year end (Trillions of yen).

Profits related to investment banking business*2



*2 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 fees, commissions, interest income, etc.

(SMBC non-consolidated)

1-3. Top-Line Profit (4) Gains (losses) on Bonds

Gains (losses) on bonds

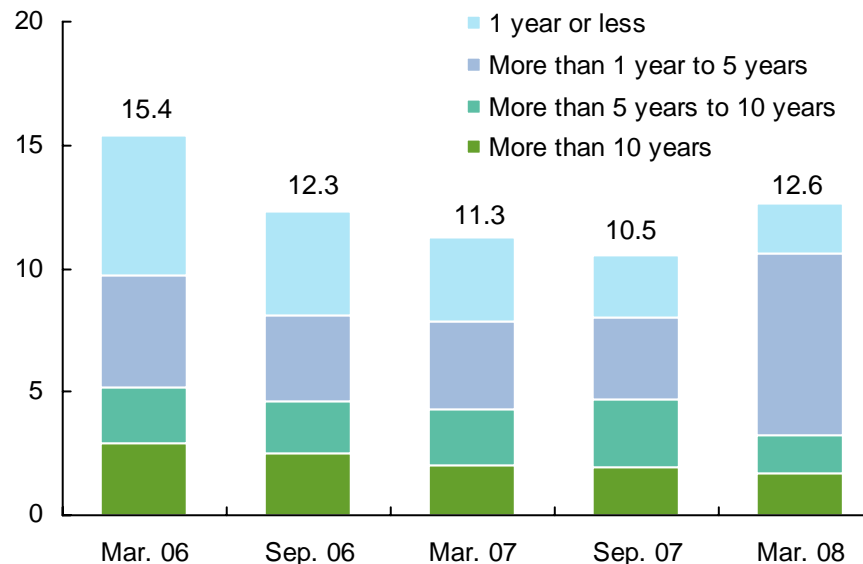
(Billions of yen)	FY06	FY07	YOY change
Gains (losses) on bonds	(112.4)	(30.1)	+ 82.3
Losses due to subprime related exposure		(70.4)	
Others		40.3	

Reducing balance of bonds in order to prepare for anticipated interest rate hike

Recorded Gains on sale of bonds responding to trends of declining interest rate

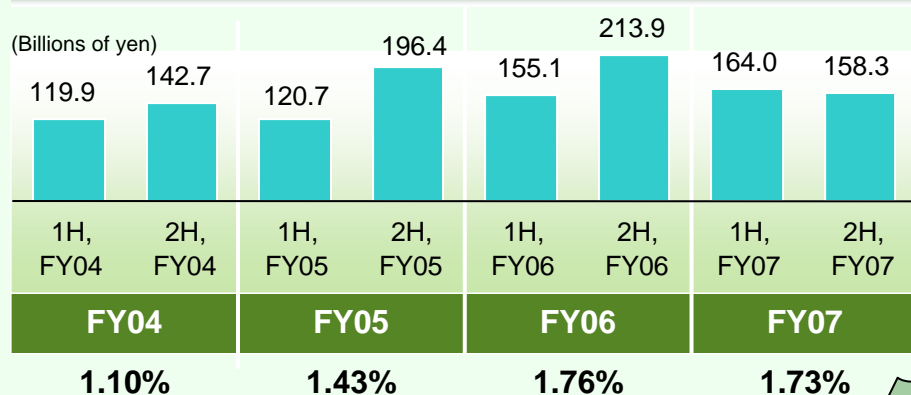
Yen-denominated bond portfolio

Balance (Trillions of yen)*1



Reference

Interests and dividends on securities, and yields on securities



Average duration (Years*2)

1.5

1.3

1.7

2.7

2.4

Unrealized gains / losses

(282.2)

(169.2)

(151.4)

(157.7)

(129.5)

(Billions of yen)

*1 Total balance of bonds with maturities among Other securities and bonds classified as held-to-maturity

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

(Reference) SMFG's Exposure of Securitized Products

(1) Subprime-related exposure

Total balance of exposure after provisions and write-offs as of March 31, 2008 decreased to JPY 5.5 billion, as a result of early and decisive actions to reduce related exposure in the 1st Half of FY2007, including early sales of approximately JPY 350 billion.

Exposure of subprime-related assets (as of March 31, 2008)

(Billions of yen)	Balances (before provisions and write-offs)	Net unrealized gains/losses (before write- offs)	Provisions and write-offs	Balances (after provisions and write-offs)	Credit ratings of underlying assets, etc.
Securitized products	73.5	(68.6)	68.6	4.9	Speculative ratings, etc.
Warehousing loans, etc.*	21.1	-	20.5	0.6	
Total	94.6	(68.6)	89.1	5.5	

Total subprime related losses JPY 93.0 billion
(Provisions and write-offs: JPY 89.1 billion, Losses on sales: JPY 3.9 billion)

(Note) Exposure of securitized products (excluding subprime-related, as of March 31, 2008)

Residential mortgage loans (Guaranteed by GSE etc.)	219.8	(1.6)	-	219.8	AAA
Cards	12.5	(0.6)	-	12.5	A-BBB
CLO	24.3	(3.4)	0.4	23.9	AAA-A, some are not rated
CMBS	6.0	0.0	-	6.0	BBB
Total	262.6	(5.6)	0.4	262.2	

* As of March 31, 2008, the balance of warehousing loans collateralized with assets other than subprime-related (before write-offs):
JPY 14.3 billion, for which provisions and write-offs: JPY 8.4 billion (overseas only)

(Reference) SMFG's Exposure of Securitized Products

(2) Exposure related to Monoline Insurance Companies

With regard to credit derivatives transactions with monoline insurance companies, SMFG holds approximately JPY 30.0 billion of net exposure after net of reserve.

SMFG provisioned full amount of reserves of approximately JPY 30.0 billion for the exposure to the particular monoline insurance company, whose creditworthiness was substantially deteriorated, and conducted a series of transactions (realized loss of approximately JPY 30.0 billion) to see the upper limit of loss amount in order to avoid any additional losses.

(As of Mar. 31, 08, Billions of yen)	Net exposure*	Loan loss reserve*	Amount of reference asset*
Exposure to CDS transactions with monoline insurance companies	31.1	1.9	559.1

The credit ratings of counterparty monoline insurance companies are equal to or above AA rank, and most of them are ranked to AAA by S&P or Moody's.

* Excluding figures related to the portion to which SMFG already realized losses (JPY 30.0 billion) through write-off.

(As of Mar. 31, 08, Billions of yen)	Exposure	Loss provisions
Loans and investments guaranteed or insured by monoline insurance companies	41.7	-

Underlying assets are those of project finance and local government bonds with investment grade equivalent, no subprime-related assets

(Note) In addition, SMFG had approximately JPY 16 billion in commitment contracts (withdrew amount: JPY 10 million) to insurance companies holding monoline insurance subsidiaries.

(Reference) SMFG's Exposure of Securitized Products

(3) Leveraged Loans, ABCP Programs as Sponsor

Leveraged loans : SMFG monitors each transaction individually. Amount of loss provisions as of Mar. 31, 2008 was JPY 15.5 billion.

ABCP programs as Sponsor : Most of the reference assets are credible claims of corporate clients and do not include subprime loan related assets.

Leveraged loans (as of Mar. 31, 2008)

(Billions of yen)	Loans	Undrawn commitments	Loss provisions
Total	842.7	118.1	15.5
Europe	325.4	11.0	-
Japan	232.3	17.9	13.7
United States	195.4	81.2	1.3
Asia (excluding Japan)	89.6	8.0	0.5

Approximately JPY 80.0 billion of loans to be sold is included.
Loss on sales is expected to be below 10% to its face value, currently.

ABCP programs as Sponsor (as of Mar. 31, 2008)

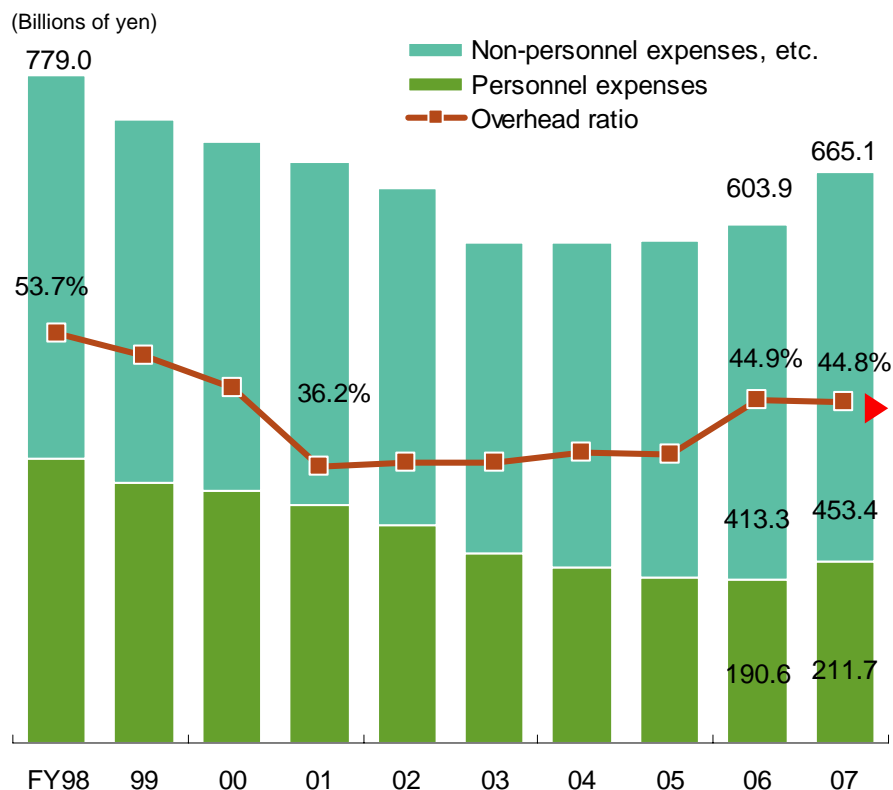
(Billions of yen)	Notional amount of reference assets (overseas)	Loss provisions	Support for programs	
Total	961.3 (259.6)	0.1	Liquidity support	Credit support
Claims on corporations	828.6 (192.3)	0.1	yes	yes
	65.4 (-)	-	no	no
Claims on financial institutions	40.1 (40.1)	-	yes	yes
Retail loan claims	25.1 (25.1)	-	yes	yes
Other claims	2.1 (2.1)	-	yes	yes

(SMFG consolidated)

1-4. Expenses

Increased expenses in growth business areas in line with the medium-term management plan
Strengthened expense control with emphasis on cost-effectiveness

Expense*



Main factors of YOY change

(Billions of yen)

Expenses	665.1	(YOY change	+61.2)
Personnel expenses	211.7	(" +21.0)
Non-personnel expenses, etc.	453.4	(" +40.2)
Tax	40.1	(" +5.1)

Initiatives for business growth	YOY change
Strengthen human resources in strategic business areas and in overseas channels	Approx. +23.0
Expand branch network, reinforce IT systems and facilities	Approx. +11.0
Enhance sales promotion, strengthen process to comply with anti-money laundering regulations	Approx. +17.0

* FY00 and before: aggregated figures of former Sakura Bank and Sumitomo Bank

1-5. Performance by Business Unit

		(Billions of yen)	FY06	FY07	YOY change*	
Consumer Banking Unit	Gross banking profit		410.7	440.7	+ 30.0	(1)
	Expenses		(249.2)	(271.4)	(22.2)	
	Banking profit		161.5	169.3	+ 7.8	
Middle Market Banking Unit	Gross banking profit		610.1	624.3	+ 14.2	(2)
	Expenses		(190.0)	(203.1)	(13.1)	
	Banking profit		420.1	421.2	+ 1.1	
Corporate Banking Unit	Gross banking profit		187.7	186.7	(1.0)	(3)
	Expenses		(29.4)	(31.1)	(1.7)	
	Banking profit		158.3	155.6	(2.7)	
International Banking Unit	Gross banking profit		120.5	137.5	+ 17.0	(4)
	Expenses		(45.8)	(56.0)	(10.2)	
	Banking profit		74.7	81.5	+ 6.8	
Marketing units	Gross banking profit		1,329.0	1,389.2	+ 60.2	
	Expenses		(514.4)	(561.6)	(47.2)	
	Banking profit		814.6	827.6	+ 13.0	
Treasury Unit	Gross banking profit		51.8	145.4	+ 93.6	(5)
	Expenses		(17.8)	(17.6)	(0.2)	
	Banking profit		34.0	127.8	+ 93.8	
Headquarters	Gross banking profit		(36.3)	(49.8)	(13.5)	
	Expenses		(71.7)	(85.9)	(14.2)	
	Banking profit		(108.0)	(135.7)	(27.7)	
Total	Gross banking profit		1,344.5	1,484.8	+ 140.3	
	Expenses		(603.9)	(665.1)	(61.2)	
	Banking profit		740.6	819.7	+ 79.1	

* Before adjustment of interest rates and foreign exchange rates

Major factors of YOY change in gross banking profit (Billions of yen)

(1)	Consumer Banking Unit +30.0	Income on deposits Investment trust Pension-type insurance Income on loans Fee income related to ATM, etc.	+64.0 (7.0) (3.0) (11.0) (4.0)
(2)	Middle Market Banking Unit +14.2	Income on deposits Foreign currency derivatives Income on loans (loan spread decreased by 11bp yoy) Fees related to corporate bonds	+43.0 +12.0 (26.0) (9.0)
(3)	Corporate Banking Unit (1.0)	Income on deposits Income on loans (loan spread decreased by 5bp yoy) Derivatives	+9.0 (6.0) (4.0)
(4)	International Banking Unit +17.0	Loans and Deposits Fee income related to loans	+12.0 +11.0
(5)	Treasury Unit +93.6	ALM operations (Including gains (losses) on bond portfolio) Trading	+73.0 +21.0

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

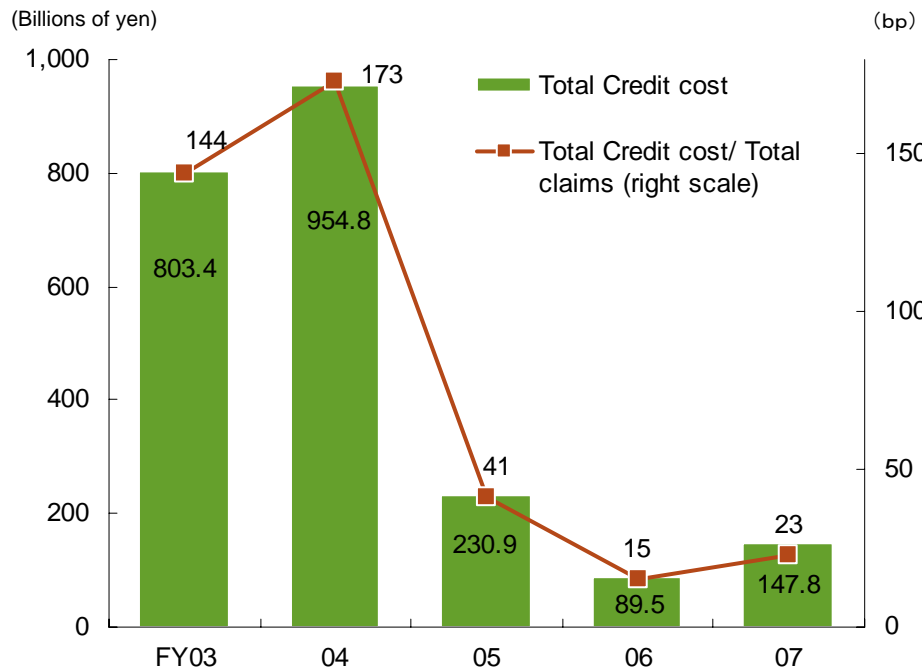
	Average balance		Average spread	
	FY07	YOY change	FY07	YOY change
(Trillions of yen, %)				
Domestic loans	47.4	▲0.5	1.19	▲0.05
Consumer Banking Unit	14.5	▲0.1	1.63	+0.01
Middle Market Banking Unit	21.1	▲0.0	1.29	▲0.11
Corporate Banking Unit	9.8	▲0.0	0.59	▲0.05

(SMBC non-consolidated)

1-6. Total Credit Cost

While Total credit cost amounted to approximately JPY 150 billion, of with year-over-year increase is mainly attributable to subprime loan related losses and a part of deterioration in credit quality of certain borrowers which suffered worsening business performance, the ratio of Total credit cost to total claims remained at 23bp.

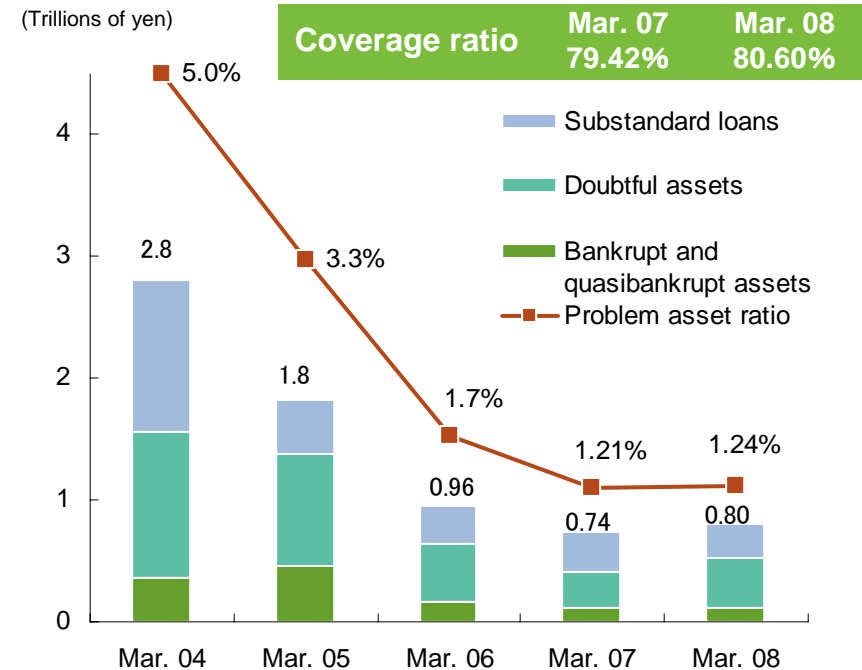
Total credit cost



Balance of total claims



Balance of non-performing loans



Claims to borrowers requiring caution excluding substandard borrowers



1-7. Gains (losses) on Stocks

Recorded JPY 141.0 billion of Losses on stocks due mainly to devaluation on shares of consumer finance companies (i.e. Promise Co., Ltd., Central Finance Co., Ltd., OMC Card, Inc.), on SMBC non-consolidated basis.

SMBC non-consolidated

(Billions of yen)	FY06	FY07	YOY change
Gains (losses) on stocks	11.1	(141.0)	(152.1)
Gains on sale	50.2	26.7	(23.5)
Losses on sale	(0.5)	(2.3)	(1.8)
Losses on devaluation	(38.6)	(165.4)	(126.8)

SMFG consolidated

(Billions of yen)	FY06	FY07	YOY change
Gains (losses) on stocks	44.7	(7.1)	(51.8)

Devaluation on shares of consumer finance companies (JPY 106.1 billion) on SMBC non-consolidated basis was offset on SMFG consolidated basis.

Devaluation on stocks of the consumer finance companies

(Billions of yen)		SMBC, non-consolidated			SMFG, consolidated
		Book value	Devaluation	Book value after devaluation	Devaluation
Promise	Equity method affiliate (Voting rights: 22.0%)	approx. 201	approx. (44) ^{*1}	approx. 80	-
Central Finance	Equity method affiliate (Voting rights: 24.7%)	approx. 20 ^{*2}	approx. (11) ^{*2}	approx. 9	-
OMC Card	Equity method affiliate (Voting rights: 32.6%)	approx. 76	approx. (56)	approx. 20	-

On SMFG consolidated basis, Goodwill was written down by approx. JPY 56 billion

*1 After offsetting by JPY 77.5 billion of Reserve for possible investment losses recorded in FY06

*2 Sum of shares SMFG and SMBC own

1-8. Contribution of Affiliates to Consolidated Profit

(Billions of yen)	SMFG consolidated	SMBC non-consolidated	Difference
Consolidated gross profit / non-consolidated gross profit	2,116.2	1,484.8	631.4
Net interest income	1,210.4	970.8	239.6 (1)
Trust fees	3.8	3.7	0.1
Net fees and commissions	612.0	332.4	279.6 (2)
Net trading income	469.6	441.0	28.6
Net other operating income	(179.5)	(263.1)	83.6
General and Administrative expenses	(978.9)	(665.1)	(313.8) (3)
Total credit cost	(248.6)	(147.8)	(100.8) (4)
Equity in earnings (losses) of affiliates ^{*1}	(41.8)	-	(41.8)
Ordinary profit	831.2	510.7	320.5
Extraordinary gains (losses)	97.8	(3.3)	101.1
Net income	461.5	205.7	255.8
Consolidated/non-consolidated net business profit^{*2}	1,022.9	819.7	203.2

Major factors in difference				
		(Billions of yen)	FY07	YOY change
(1)	Kansai Urban Banking Corporations		59.0	+4.0
	MINATO BANK		47.0	+1.0
	SMBC Europe		32.0	+5.0
	Sumitomo Mitsui Card		28.0	(3.0)
(2)	Sumitomo Mitsui Card		130.0	+12.0
	SMBC Friend Securities		38.0	(4.0)
	SMBC Guarantee		35.0	(0.0)
(3)	Sumitomo Mitsui Card		(130.0)	(7.0)
	SMBC Friend Securities		(41.0)	(4.0)
	Kansai Urban Banking Corporation		(35.0)	(2.0)
	MINATO BANK		(34.0)	0.0
	Sumitomo Mitsui Finance & Leasing		(32.0)	(4.0)
(4)	SMBC Capital Markets		(30.0)	(29.0)
	MINATO BANK		(19.0)	(6.0)
	Sumitomo Mitsui Card		(18.0)	(1.0)
	Kansai Urban Banking Corporation		(17.0)	(6.0)

*1 Including impairment loss of approximately JPY 56 billion on goodwill of the investment in OMC Card.

*2 Consolidated net business profit = (SMBC Non-consolidated banking profit (before provision for general reserve for possible loan losses)) + (Other consolidated subsidiaries' ordinary profit (excluding non-recurring items)) + (Equity method affiliates' ordinary profit) X (Ownership ratio) - (Internal transaction (dividends, etc.))

1-9. Capital

(Billions of yen)	FY06 (a)	FY07 (Preliminary) (b)	(b) – (a)
Tier I	3,903.3	4,381.5	+478.2
Capital stock & Capital surplus	1,478.7	1,478.7	0.0
<Preferred Stock>	<360.3>	<360.3>	<0.0>
Retained earnings	1,319.8	1,680.5	360.7
Preferred securities issued by overseas SPCs	1,159.6	1,217.0	57.4
Foreign currency translation adjustment	(30.7)	(27.3)	3.4
Increase in equity capital resulting from a securitization exposure	(40.1)	(44.0)	(3.9)
Tier II	3,640.2	3,021.9	(618.3)
45% of unrealized gains on other securities	825.4	334.3	(491.1)
45% of land revaluation excess	39.4	37.2	(2.2)
General reserve for possible loan losses	35.3	59.5	24.2
Total eligible provisions minus the total expected loss amount	175.9	67.8	(108.1)
Perpetual subordinated debt	1,114.0	998.3	(115.7)
Dated subordinated debt	1,450.2	1,524.8	74.6
Deduction	(690.8)	(737.8)	(47.0)
Total capital	6,852.7	6,665.5	(187.2)
Risk-weighted assets	60,540.3	63,117.3	2,577.0
Capital ratio^{*1}	11.31%	10.56%	(0.75%)
Tier I ratio	6.44%	6.94%	+0.50%

*1 Figures are on the basis of Basel II standard (Credit risk: FIRB, Operational risk: BIA (FY06), AMA (FY07))

*2 SMBC consolidated basis

Tier I

- (1) Consolidated net income JPY 461.5 billion
Dividends JPY (104.9) billion
- (2) Issue of preferred securities in domestic market JPY 135.0 billion
Decrease due to yen appreciation JPY 77.6 billion

Net deferred tax assets/ Tier I (SMFG consolidated):
21.3% (as of Mar. 31, 08, decreased by 0.1% year over year)

Tier II

- (3) Decrease in Net unrealized gains on other securities due to decline in stock prices JPY (491.1) billion
- (4) Decrease in Reserve for possible loan losses JPY (108.1) billion
- (5) Redemption of perpetual subordinated debt JPY (75.8) billion

Risk-weighted assets

(6)	Mar. 07	Mar. 08 (Preliminary)	YOY change
(Billions of yen)			
Sum of risk-weighted assets of credit risk	56,108.2	59,335.2	+ 3,227.0
Market risk equivalent	412.0	430.2	+18.2
(Reference) Outlier ratio ^{*2}	2.1%	5.4%	+3.3%
Operational risk equivalent	4,020.1	3,352.0	(668.1)
Total	60,540.3	63,117.3	+ 2,577.0

- (7) Introduction of AMA JPY (689.4) billion
(BIA for FY07)

(SMFG consolidated)

1-10. 1st Half vs. 2nd Half, FY2007

Gross banking profit

(Billions of yen)	1H, FY07	2H, FY07	Change
Gross banking profit	718.5	766.3	+ 47.8
Net interest income	477.5	493.3	+ 15.8
Interest income (Domestic)	581.7	591.1	+9.4
Interest on loans and discounts	460.3	484.4	+24.1
Interest and dividends earned on securities	103.8	88.5	(15.3)
Interest expenses (Domestic)	(121.0)	(137.2)	(16.2)
Interest on interest rate swaps	(23.7)	(30.8)	(7.1)
Net interest income (overseas)	16.8	39.4	+22.6

Business-related data

(Amount, Billions of yen)	1H, FY07	2H, FY07	Change
Origination of housing loans (excluding bridge loans)	686.8	823.8	+137.0
Origination of loan syndication (domestic)	3,420.7	5,158.7	+1,738.0
Sales of investment trusts for individuals	739.4	412.5	(326.1)
Sales of pension-type insurances	210.9	178.5	(32.4)

(Billions of yen)	1H, FY07	2H, FY07	Change
Net fees and commissions	157.2	175.2	+18.0
Investment trusts	28.2	19.4	(8.8)
Loan syndication	18.4	27.5	+9.1
Net trading income + Net other operating income	81.6	96.3	+ 14.7
Gains (losses) on bonds	(6.2)	(23.9)	(17.7)
Subprime-related	(19.9)	(50.5)	(30.6)
Gains on foreign exchange transactions ^{*1}	57.7	69.3	+ 11.6
Gains on derivatives	26.6	31.7	+5.1
Gains on securitization of housing loans	7.1	8.8	+1.7

*1 After adjustments related to the items consisting of Gains on foreign exchange transactions

Total credit cost

(Billions of yen)	1H, FY07	2H, FY07	Change
Total credit cost	(114.2)	(33.6)	+ 80.6
Provision for general reserve for possible loan losses ^{*2}	(7.8)	*2 104.7	+ 112.5
Others	(106.4)	(138.3)	(31.9)

*2 Including the figures partly recorded in Extraordinary gains (losses) as of FY07

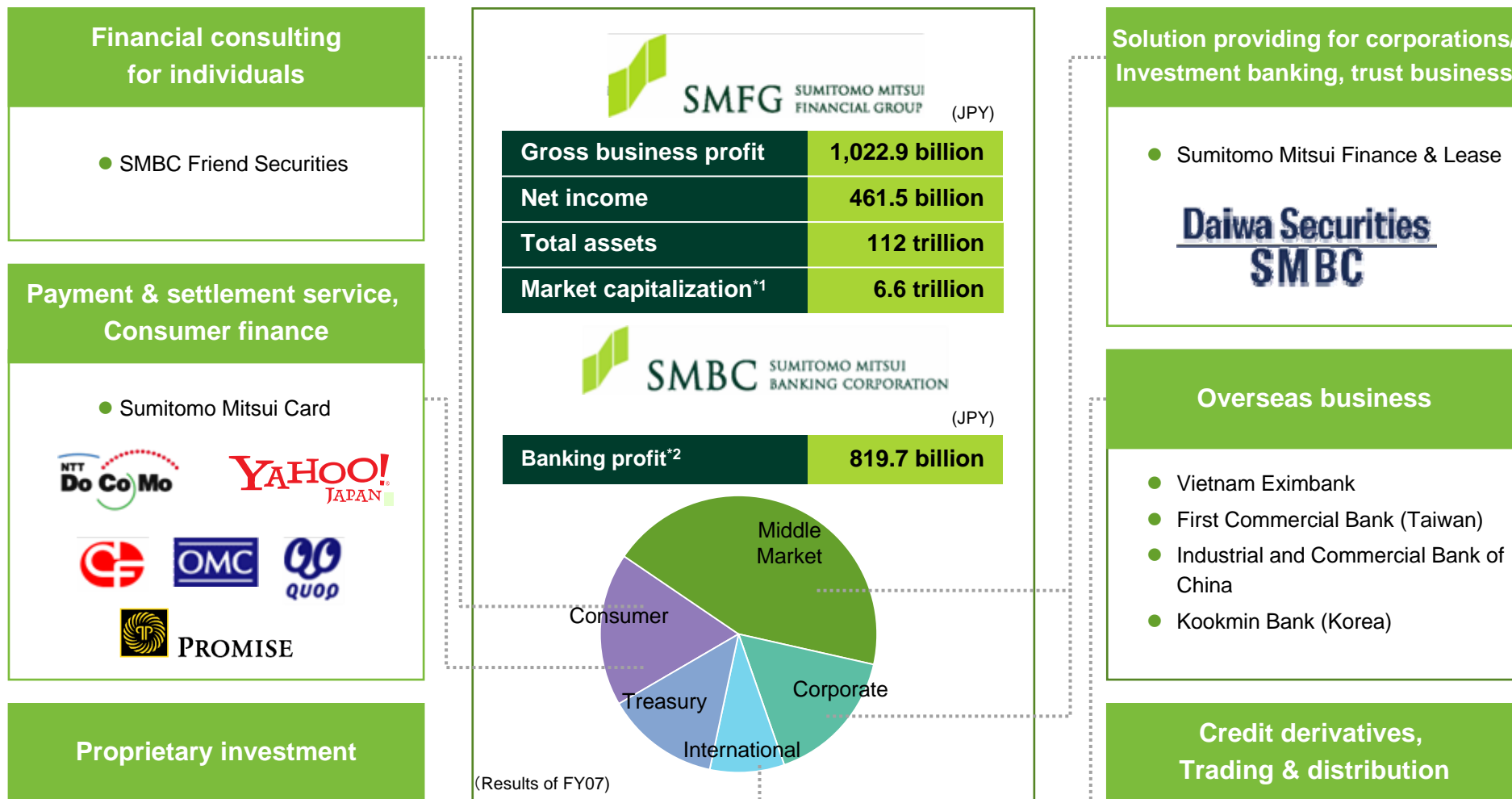
FY2008 Management Policy:

“Taking a step forward to accomplishing the medium-term management plan, while coping with uncertainty in business environment”

2. Business Strategy for FY2008

2-1. Basic Policy

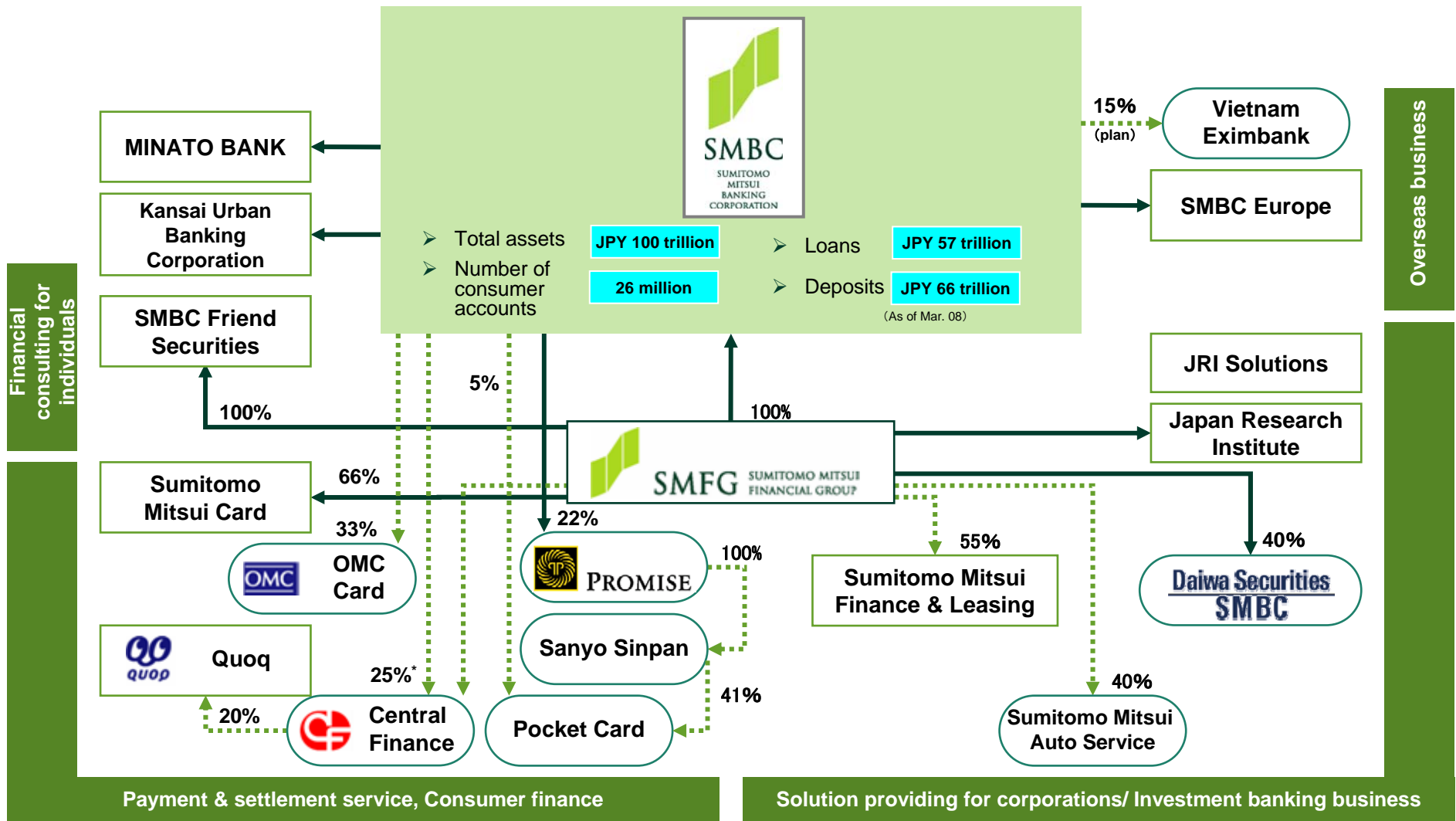
Continuously strengthen targeted growth business areas by both organic and inorganic approach in order to make steady steps towards accomplishing the medium-term management plan.



*1 As of May 23, 08

*2 Managerial accounting basis. Figures in the chart excludes Headquarters' banking profit [FY07: JPY (135.7) billion].

(Reference) SMFG's Group Structure



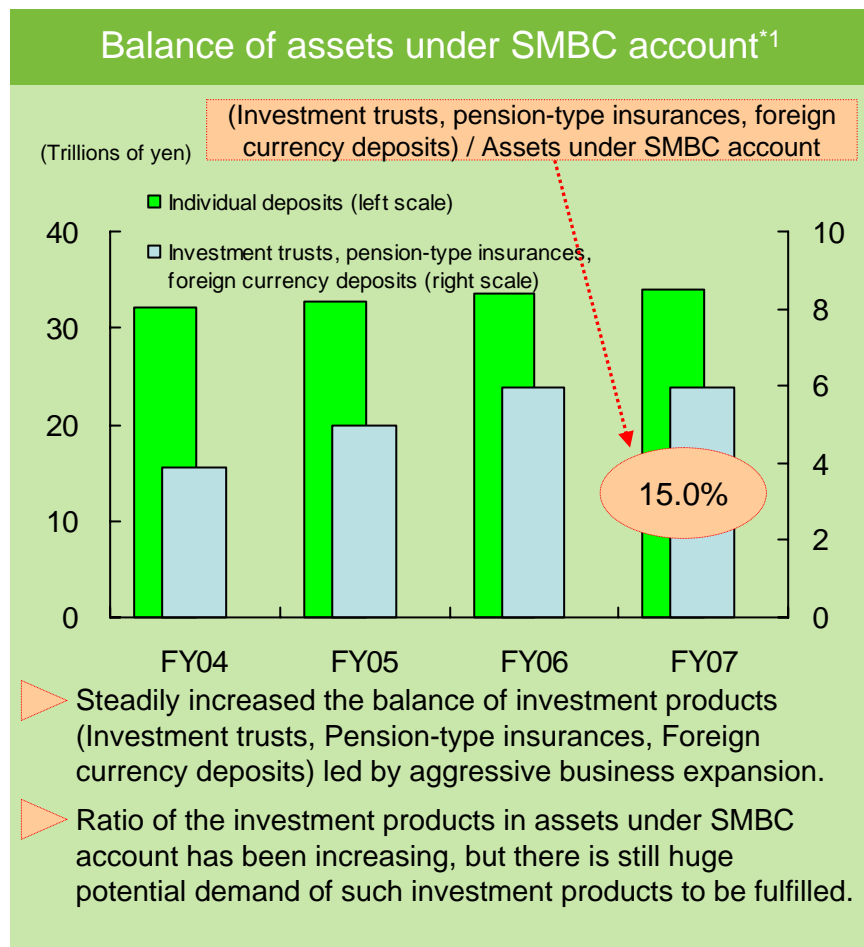
* Total share of SMFG and SMBC

: Subsidiaries
 : Equity method affiliates
- - - - - : Change in FY07
— — — — — : Investments before FY06

2-2. Financial Consulting for Individuals

(1) Further Fortifying Product and Service Lineup

Further fortify product and service lineup in order to fulfill huge potential demand of investment products for individuals. Steady progress in sales of full range insurance products which started in December 07.



*1 Pension-type insurances: accumulated sales at fiscal year end

*2 As of May 27, 08

Further fortifying product and service lineup

- Fortifying sales of investment products through continuous introduction and reorganization of products and services

Investment trusts

Introducing new investment products which support clients' needs for diversification (asset, currency, region)

Pension-type insurances

Introducing new products targeting retired customers

Fund wraps

Further refining products and services

Sales of insurance products after full-range deregulation

- A good start
 - 18 products from 7 life insurance companies sold at 90 branches
 - Number of contracts in FY07: **Approx. 900** (Since Dec. 07)
- Fortifying sales organization centered on consulting
 - Increase the experienced consultants and channels

2-2. Financial Consulting for Individuals

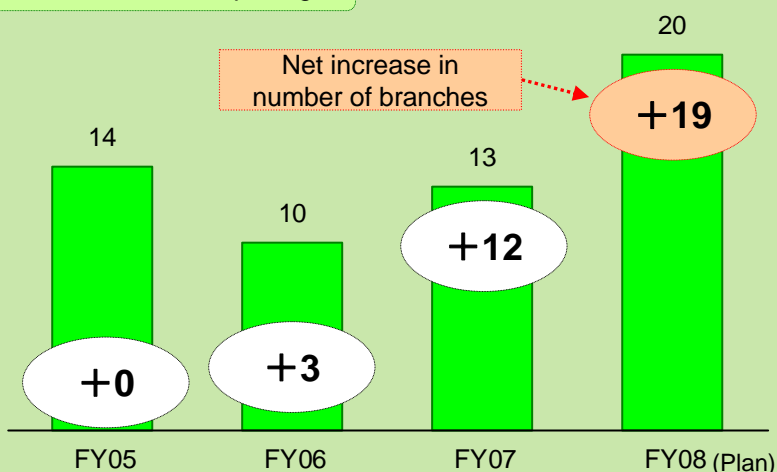
(2) Further Expansion of Channel Network

Aggressively expanding channel network in areas with high business potential.

Improving consultants' skills through training programs, etc. and leading consultants to productivity growth by installing new operation terminals at branches.

Aggressive expansion of channel network

Number of branch openings*



- Net increase in number of branches accelerated from FY07
- Planned branch openings in FY08*

20 branches (Net increase: 19 branches)

- ▶ Aggressive branch openings centered on three major areas in Japan (Tokyo Metropolitan, Kinki, Tokai)
- ▶ Planning further expansion in the medium-term
- Continuous replacement and renovation of branches

Improving consultants' skills and increasing the number of consultants

- Established "SMBC Retail Banking College" **May 08**
 - ▶ Strengthen training programs for new employees corresponding to the increase in undergraduate recruitment
 - Accelerate learning speed of knowledges and skills
- Introduced "Consulting Business Guide" **Apr. 08**
 - ▶ Improve and standardize consultants' knowledge and skills
- Further increase the number of consultants

Installing new operation terminals

Effect

- Shorten the processing time substantially
- ▶ Improve operational efficiency and customer satisfaction

Plan to Install

- At all domestic branches within FY08

Approx. 7,000 units



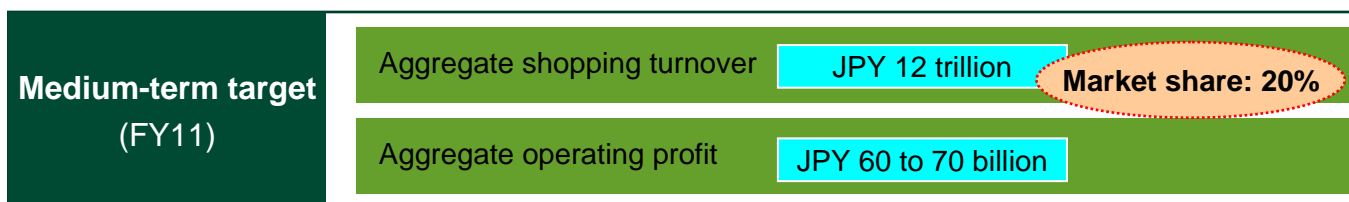
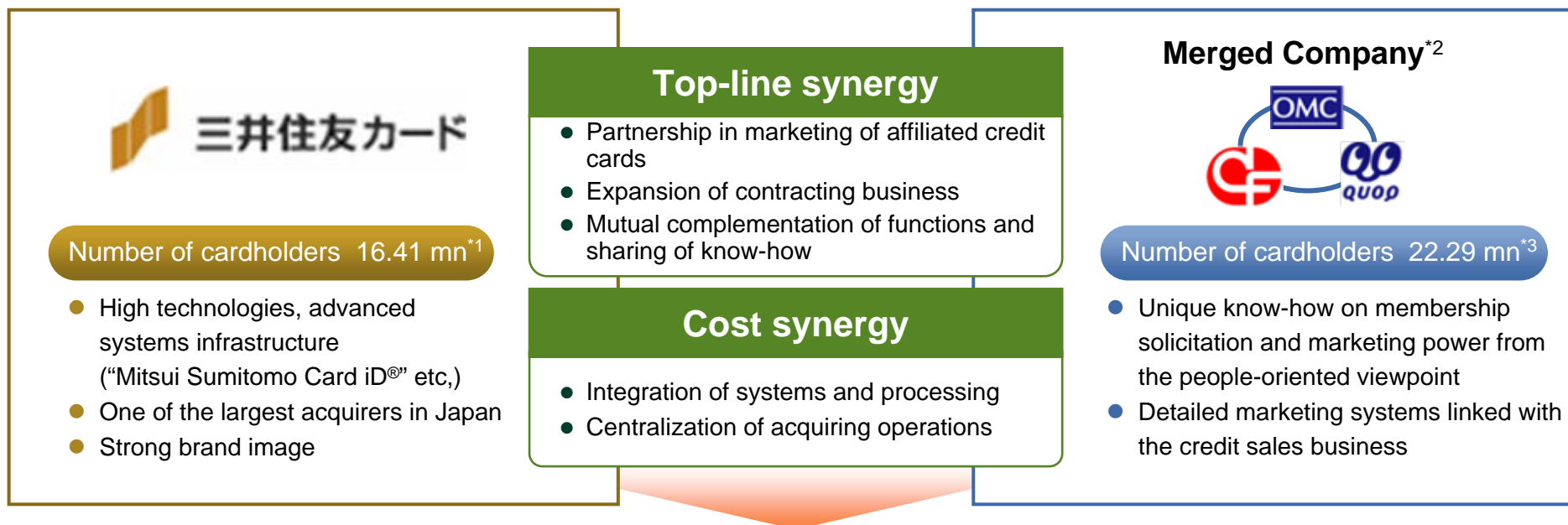
* Sum of increase in branches (new opening and conversion from representative office to branch) and increase in SMBC Consulting Offices.

2-3. Payment & Settlement Service, Consumer Finance

(1) Promotion of Group Strategy in Credit Card Business

Realize top-line synergy through integration of expertises, customer bases and networks.
Realize cost synergy through the economies of scale as a whole group.

Establish the number one card business entity in Japan



*1 As of Mar. 31, 08 *2 Scheduled to merge on Apr. 09

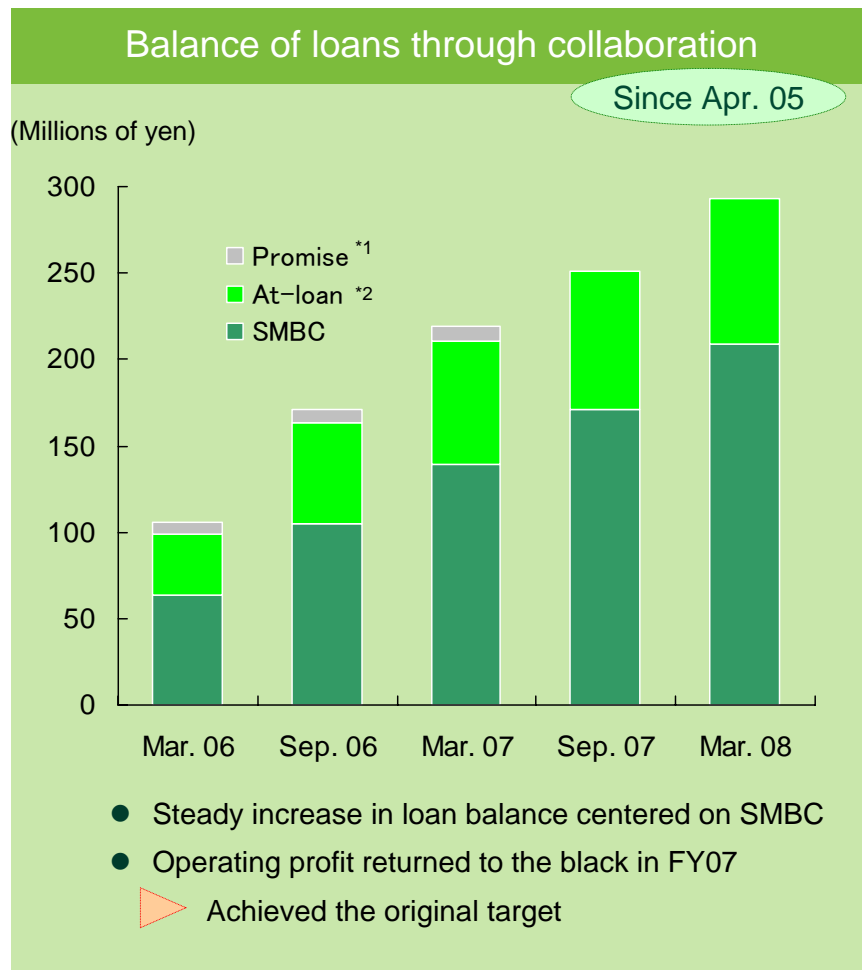
*3 Aggregate number of credit card holders of three companies (OMC Card: as of Feb. 29, 08, Central Finance and QUOQ: as of Mar. 31, 08)

2-3. Payment & Settlement Service, Consumer Finance

(2) Promotion of Alliance with Promise in Consumer Finance Business

Balance of loans through collaboration has been increasing steadily.

Further promote collaboration through such measures as expansion of automatic contract machines.



Further promote collaborative business

- Expand network of automatic contract machines
 - ▶ Aiming for nation-wide network expansion including local cities

of Automatic contract machines

As of Mar. 08
697

➔

Planned to be increased up to 1,000

- Launch new products
- ▶ Loans for specific purposes guaranteed by Promise

Acquisition of Sanyo Shinpan by Promise Dec. 07

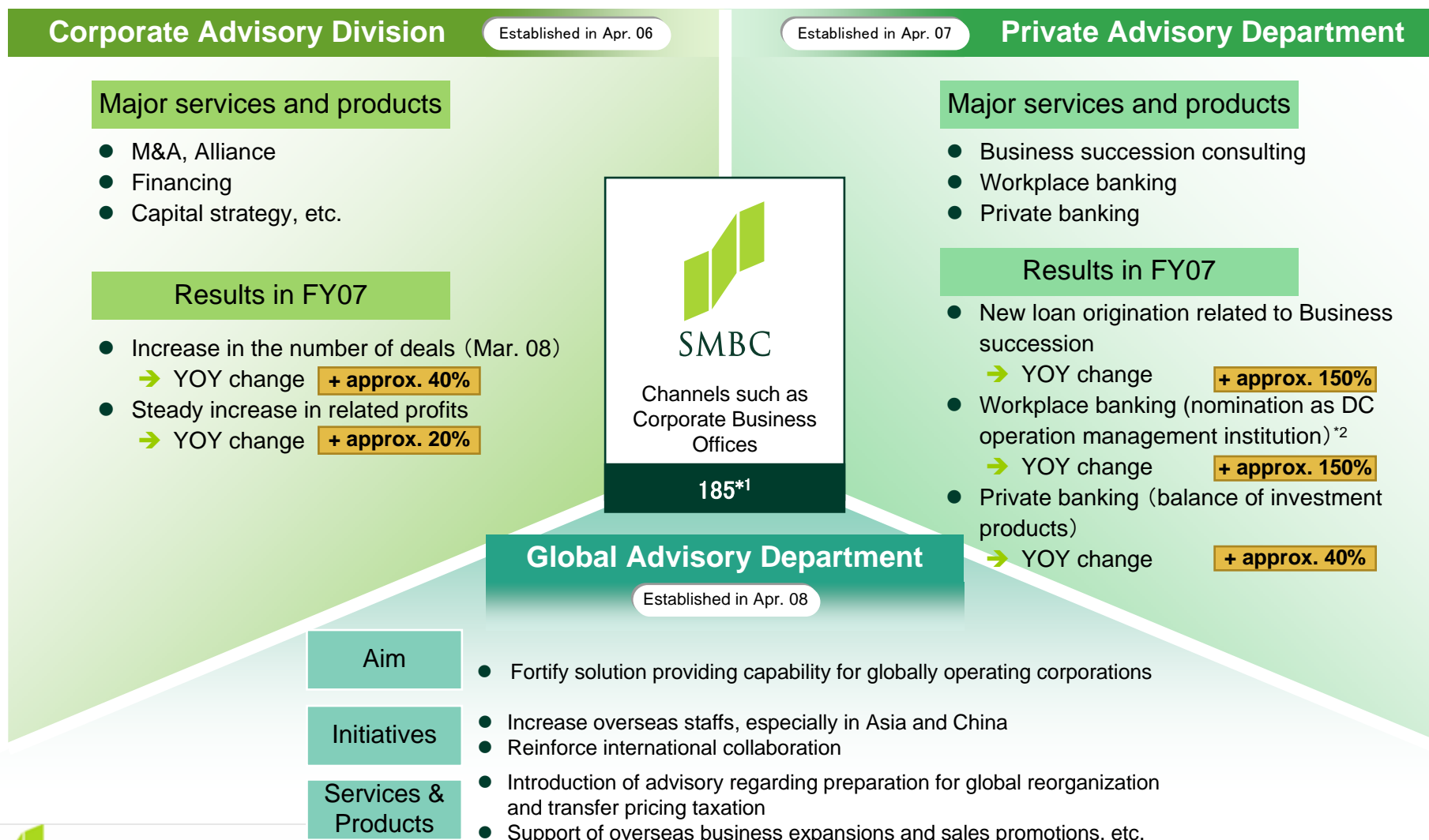
- Loan balance (consolidated basis)^{*3} **JPY 1.76 trillion**
- ▶ #1 share in consumer finance industry
- Initiatives to realize top-line and cost synergies
- ▶ Reduce costs through utilizing economies of scale
- ▶ Enhance solicitation of customers through 2 brands promotion and expand guarantee business

*1 Stopped origination in Feb. 07 *2 Excluding loans which At-loan provided before collaboration

*3 As of Mar. 31, 08

2-4. Solution Providing for Corporations

Promote solution providing for corporations which contributes to solving various management issues of clients through seamless approach as “One Bank” centered on marketing channels such as Corporate Business Offices.



*1 Number of Corporate Business Offices as of Mar. 31, 08

*2 Number of employees

2-5. Investment Banking Business

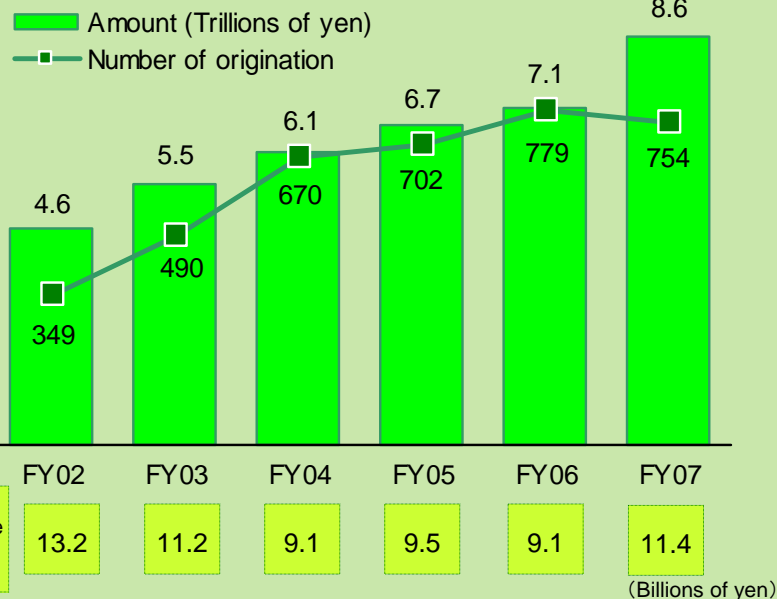
Ranked at the top of the league table in domestic loan syndications in FY07. Further promoting businesses with surging demand (real estate finance, etc.) as well as emerging business (environment-related business, etc.).

Loan syndication

Origination (amount, number)

League table (Japan)*1

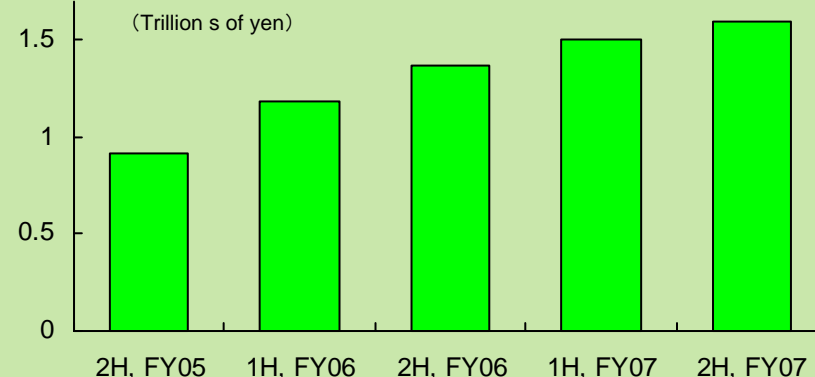
No. 1



- Amount of origination in FY07 (YOY change) **+ approx. 20%**
- Launching new products (e.g. Loans with warrants)
- Further capturing large projects
- ▶ Transactions with public institutions, cross-border transactions, etc.

Real estate finance (Domestic)

Balance of non-recourse loans



- Increased demand for mega banks to provide loans as a result of withdrawal of some lenders from the market
- ▶ Resulted in wider loan spreads in the origination
- Carefully selecting projects with better risk-return profile

Environment-related business

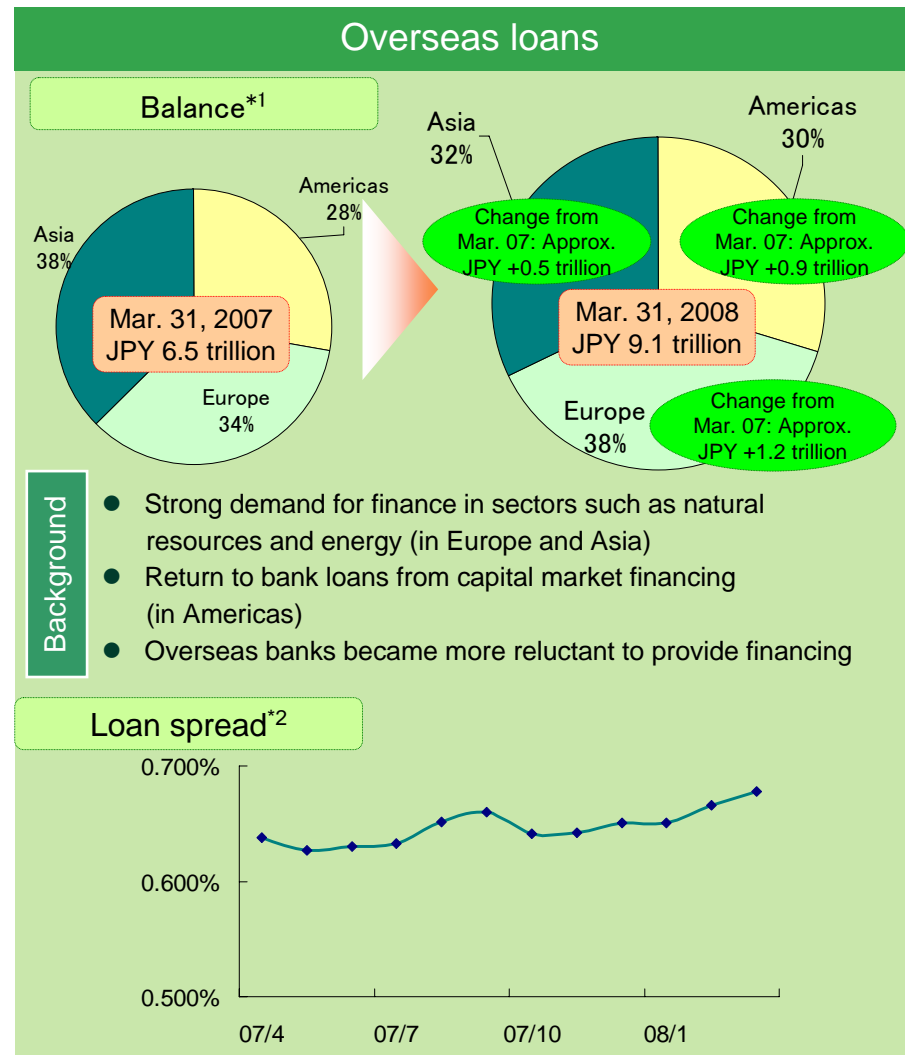
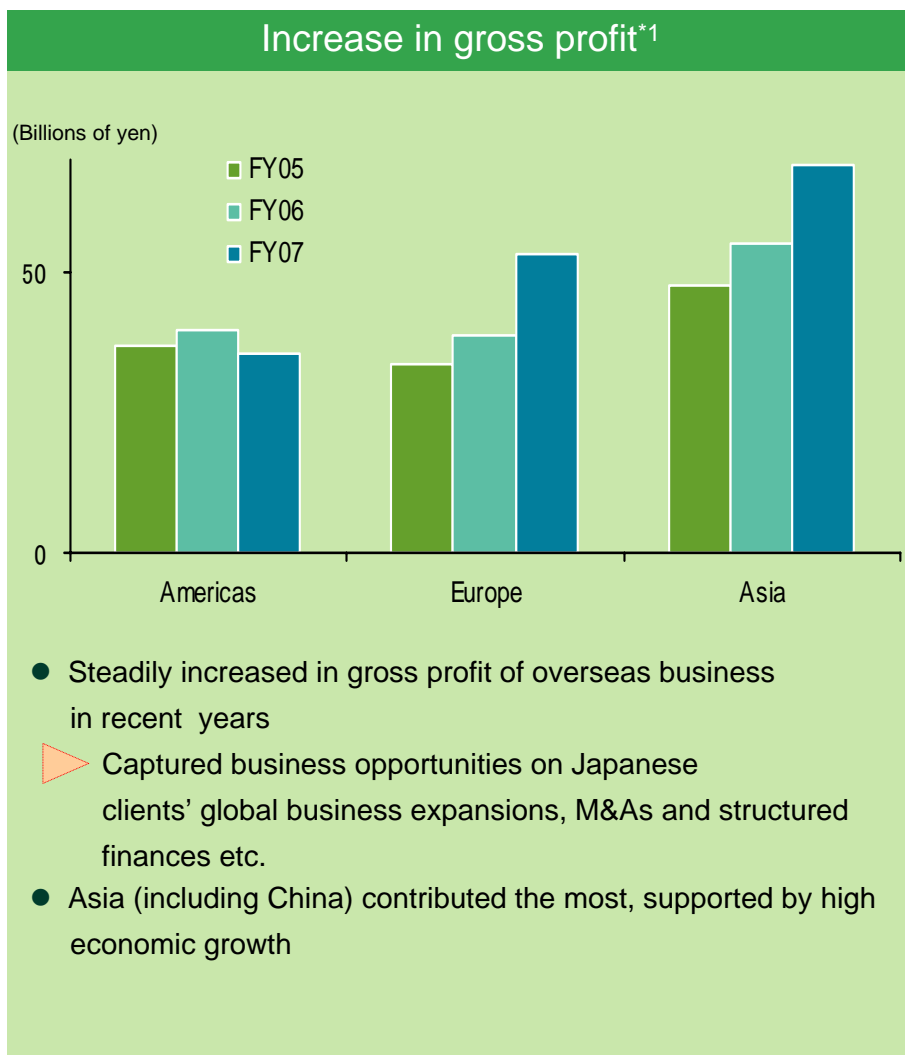
- Promote carbon credit transactions, mainly through Environmental Products Dept. (established in Oct. 07), as a market leader.
- ▶ Awarded "Sustainable Banking Award"*2 in 2007 (CDM project in Brazil)
- ▶ Awarded the first project in Japan (small-lot emission rights transaction utilizing trust scheme)

*1 Source: Thomson Financial Syndication mandated arranger ranking (Japan, 2007)

*2 Financial Times

2-6. Overseas business

Profits of overseas business have been increasing steadily in recent years. Overseas loans increased mainly due to an increase in loans to corporations with high credit ratings, led by increased demand for Japanese banks in the international loan market after subprime turmoil.

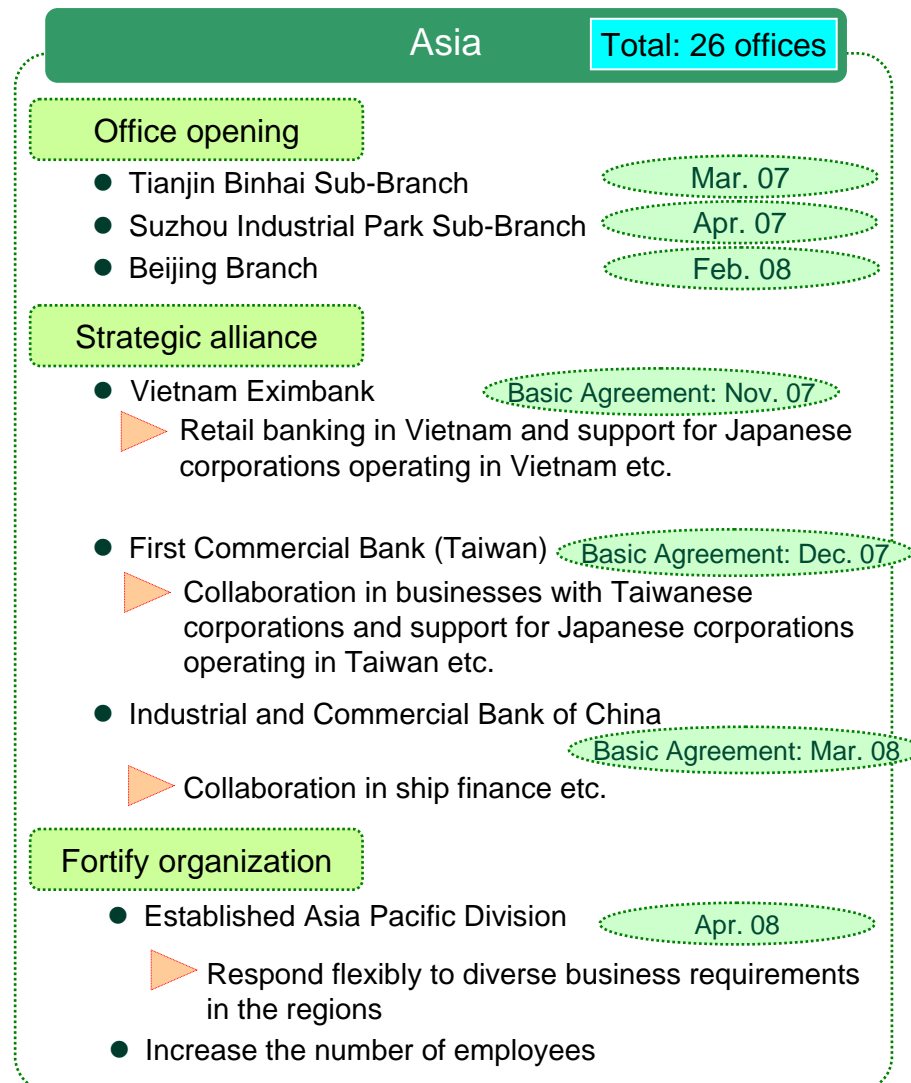
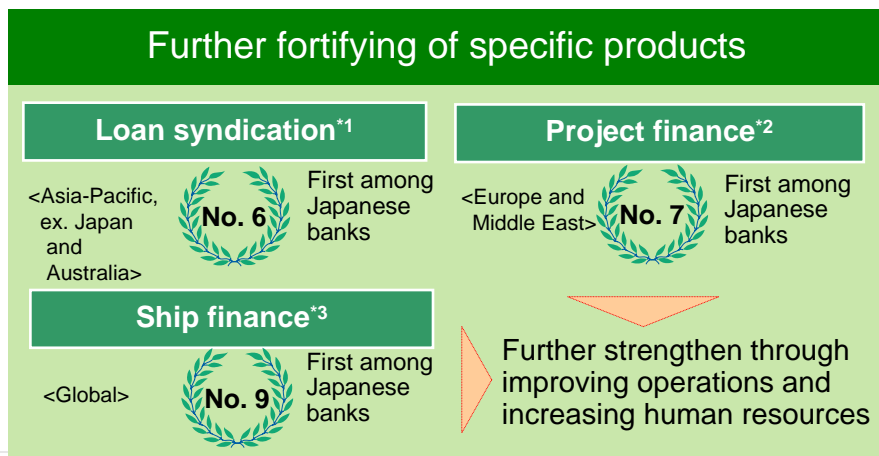
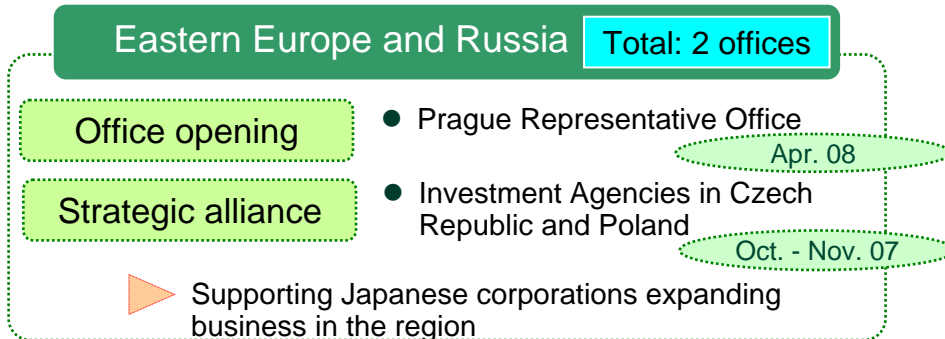
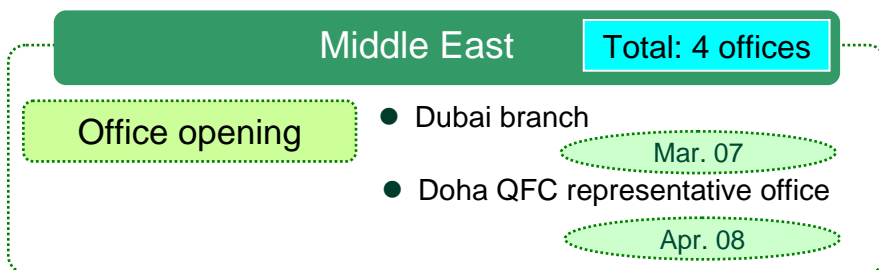


*1 Managerial accounting basis including SMBC Europe

*2 SMBC non-consolidated, average on contracted overseas loans outstanding

2-6. Overseas business

Expand channel network, promote strategic alliance and reinforce business platform in growth market such as Asia, Middle East and Eastern Europe. Further strengthen specific products with competitive advantage.



*1 Syndicated Loan Mandated Arranger League Table (2007 Thomson Financial)

*2 Project Finance Mandated Arranger League Table (2007 Thomson Financial)

*3 Shipping Finance Mandated Arranger League Table (2007 Dealogic)

3. Aiming to Create Sustainable Shareholder Value

3-1. Earnings Forecast for FY2008

		(Billions of yen)			
		Results of FY07 (a)	Forecast for 1H	Forecast for FY08 (b)	Change (b)-(a)
SMBC non-consolidated	Gross banking profit	1,484.8	740.0	1,540.0	+55.2
	Expenses <Overhead ratio>	(665.1) <44.8%>	(350.0) <47.3%>	(710.0) <46.1%>	(44.9) <+1.3%>
	Banking profit*	819.7	390.0	830.0	+10.3
	Total credit cost	(147.8)	(90.0)	(180.0)	(32.2)
	Ordinary profit	510.7	270.0	610.0	+99.3
	Net income	205.7	180.0	390.0	+184.3

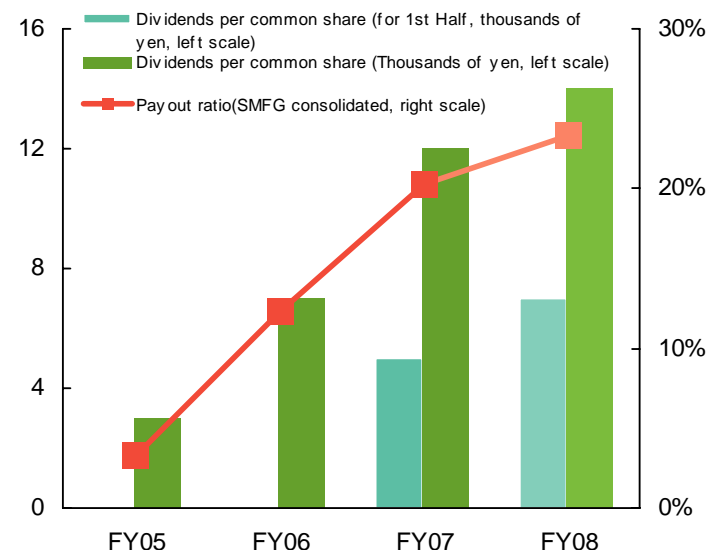
SMFG (consolidated)	Ordinary profit	831.2	380.0	850.0	+18.8
	Net income	461.5	210.0	480.0	+18.5

* Before provision for general reserve for possible loan losses

Forecast assumption for FY08

Nominal growth rate of GDP	+1.4%
3 month JPY TIBOR	0.85%
10 year JPY swap rate	1.67%
Exchange rate (JPY/USD)	105
Nikkei 225 index (yen, as of Mar. 31, 08)	12,525.54

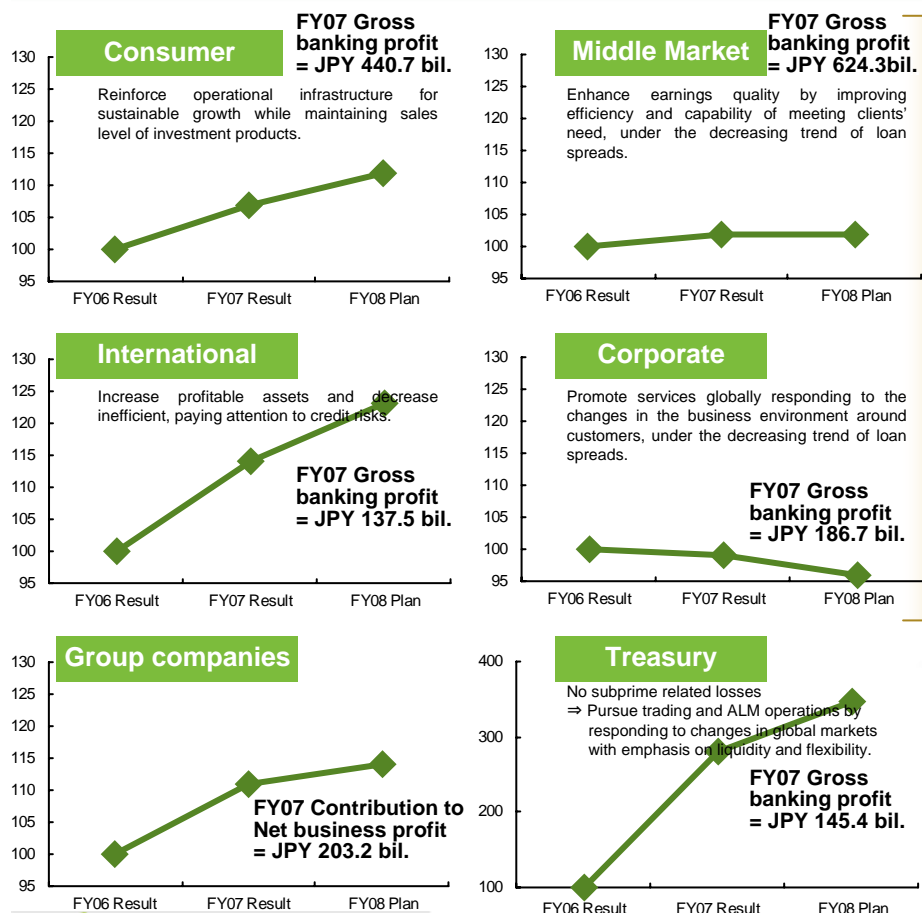
Common share dividends and consolidated payout ratio



3-2. FY2008 Business Plan: Basic Policy

Under the decreasing trend of domestic loan spreads, SMFG maintain its growth by laying emphasis on improving efficiency and productivity further, and by seeking steady growth of non-interest-income businesses in domestic market and lending related businesses in overseas market.

Business plan by business unit (Gross banking profit)



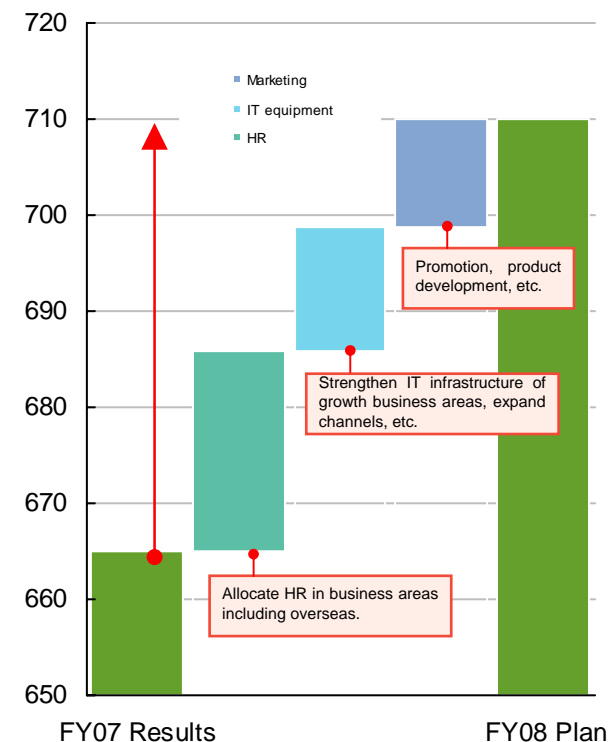
Gross banking profit of Marketing units
YOY + JPY 20.0 billion

Gross banking profit of Treasury Unit
YOY + JPY 35.0 billion

Expense plan (SMBC non-consolidated)

Actively invest in growth business areas with much emphasis on efficiency.

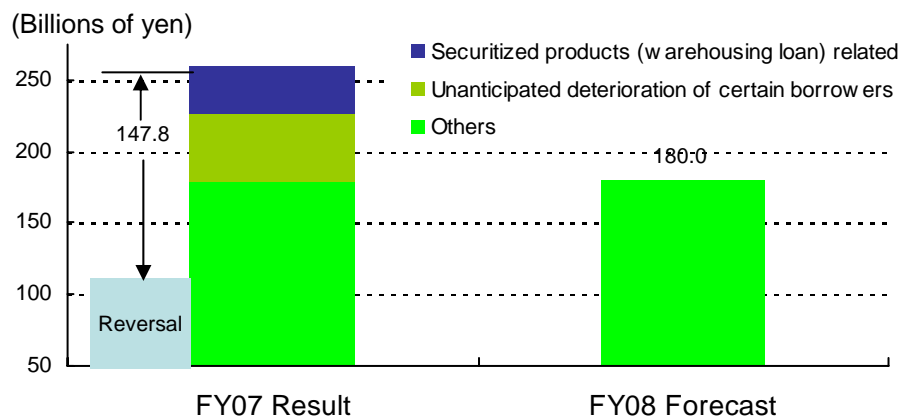
*Planned Expenses in FY08 (SMBC non-consolidated basis)
JPY 710.0 billion
(YOY change + JPY 44.9 billion)



3-3. FY2008 Business Plan : coping with uncertainty in business environment

To reduce credit costs

Credit cost analysis



Measures to reinforce credit monitoring system

- ✓ Sub-prime related issues : Quickly made loss provisions in FY07
- ✓ Credit screening : Reinforced internal regulation on credit authority and credit control on an industry basis
- ✓ Credit monitoring : Established credit monitoring dept., reinforce the internal audit system
- ✓ Credit operation : Added "Reducing the reserve", "Reducing the uncovered portion" to internal business performance evaluation criteria
- ✓ Reinforcing training program: Enhance trainee program and workshop
- ✓ Fortifying business platform : Introduce next loan application and screening system

Overcome the turmoil in global markets (managing liquidity)

- Promoted the early disposition of assets related to securitized products
- Established a risk management dept. in U.S.
- Further enhancing market-based credit risk management system to strengthen origination, distribution and investment capability

To Manage Operational Risks

- Implemented Advanced Measurement Approaches (AMA) since Mar. 08
 - First Japanese bank to be approved for AMA by FSA
 - ➔ To quantitatively recognize the impact of operational risks
 - ➔ To realize more risk-conscious management
- Reduced the risk assets compared to Basic Indicator Approach (BIA) by JPY 689.4 billions (From JPY 4,045.0 billion to JPY 3,355.6 billion)
 - Improved Capital Ratio by 0.11% (From 10.44% to 10.55%)

3-4. To accomplish Medium-term Management Plan, “LEAD THE VALUE” Plan

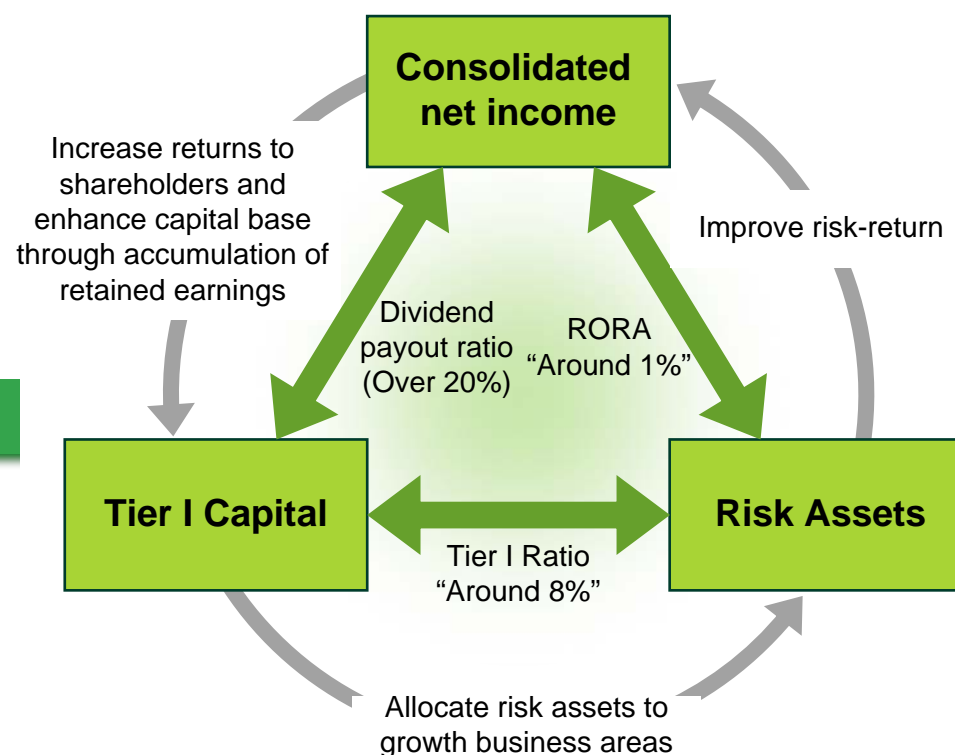
Changes in business environment (Compared to assumptions in the medium-term management plan)

- Delay in policy interest rate rise:
Less possibility of realizing gross profit by JPY 100 billion projected for up to FY09, but
⇔ new business opportunities to offset the negative impact
- Lasting trend of decline in domestic lending spread
- Business environment of fee business become worse than expected (ex. sales of investment trusts)
- Expansion of business chances in overseas markets



Financial targets and Capital policy

- Achieved dividend payout ratio target (over 20%) in FY07
- Enhance capital base of both in quality and quantity to capture the growth opportunities in line with the changes in business environment

Well-balanced growth cycle of profitability, sound capital base and risk assets



(Reference) Preferred Stocks / Securities of SMFG

		Type	Amount*1	Issue	1st Call
 Sumitomo Mitsui Financial Group ("SMFG")		Convertible Preferred Stock <1-12 Series, Type 4>	JPY 150.3 bn*2	Feb. 2003	-
		Non-convertible Preferred Stock <Type 6>	JPY 210.0 bn	Mar. 2005	Mar. 2011
	SMFG Preferred Capital USD 1, GBP 1 Ltd	Preferred Securities Step-up	USD 1,650 mn GBP 500 mn	Dec. 2006	Jan. 2017
	SMFG Preferred Capital JPY 1 Ltd	Preferred Securities Non step-up	JPY 135.0 bn	Feb. 2008	Jan. 2018
	SMFG Preferred Capital USD 2 Ltd	Preferred Securities Step-up	USD 1,800 mn	May 2008	Jul. 2013
 Sumitomo Mitsui Banking Corporation ("SMBC")	SBTC-LLC ("OPCO")	Preferred Securities Non step-up	USD 1,800 mn	Feb. 1998	Jun. 2008 (To be redeemed*3)
	SPCL	Preferred Securities Non step-up	JPY 283.8 bn	Dec. 1998 Mar. 1999	Jan. 2009
	SBES	Preferred Securities Non step-up	JPY 340.0 bn	Feb. 1999 Mar. 1999	Jun. 2009
	Other subsidiaries	KUBC PCC*4	Preferred Securities Step-up	JPY 12.5 bn	Jan. 2007

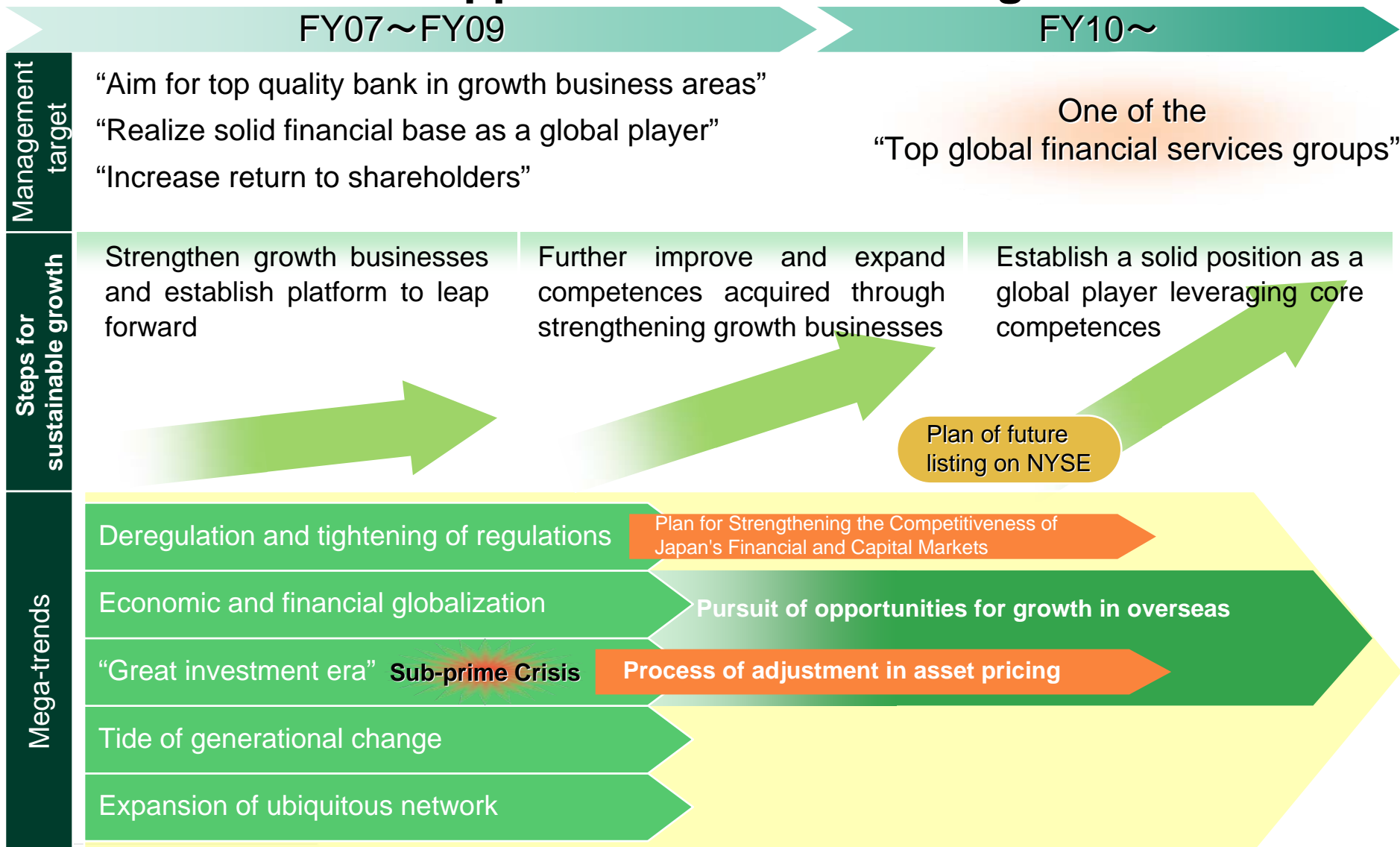
*1 Outstanding balance as of March 31, 2008 excluding the preferred securities of USD 1.8 billion issued on May 05.

*2 Held by Goldman Sachs Group ("GS group"). GS group exercised the acquisition rights on Apr. 30, 2008 and outstanding balance as of Apr. 30, 2008 is JPY 100.2 billion.

*3 On Apr. 28, 2008, SMFG announced the redemption in full of the preferred securities issued by a wholly owned subsidiary of both SMFG and SMBC. (Planned to be redeemed on Jun. 30, 2008)

*4 A company incorporated for the purpose of issuing the preferred securities and a wholly owned subsidiary of Kansai Urban Banking Corporation, which is a consolidated subsidiary of SMFG.

3-5. “LEAD THE VALUE” and beyond : Pursue opportunities for further growth



Plan of future listing on NYSE



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.