

Announcement of New Medium-term Management Plan

TOKYO, April 27, 2007 --- Sumitomo Mitsui Financial Group, Inc. (SMFG, President: Teisuke Kitayama) hereby announces that it has launched a new medium-term management plan, “**LEAD THE VALUE**” plan, for the coming three years from fiscal 2007 to 2009 given the completion of repayment of public funds last October and in response to the greatly changed business environment, including the economic situation and competitive environment.

In the new medium-term management plan, the basic policy of SMFG is to aim for a **globally competitive financial services group with the highest trust** by maximizing its strengths – “**Spirit of Innovation,**” “**Speed**” and “**Solution & Execution .**” Under this basic policy, SMFG has set the following three goals.

1. Aim for top quality in growth business areas
2. Realize solid financial base as a global player
3. Increase return to shareholders.

SMFG and its group companies (“the Group”) will make every effort to achieve the goals of the medium-term management plan in order to realize sustainable growth and higher corporate value.

The outline of the new medium-term plan is as follows.

1. Growth Strategies

SMFG will implement strategic initiatives centered on “**strengthening targeted growth business areas**” and “**fortifying platform to support sustainable growth.**”

(1) Strengthen targeted growth business areas

SMFG will focus on business areas with high growth potential and achieve **top quality** in such areas by creating added values that exceed customers’ expectations, thereby realizing **sustainable growth**. Under the medium-term management plan, SMFG will especially strengthen the following seven growth areas.

A) Financial consulting for individuals

SMFG has been strengthening the financial consulting business for individuals as a strategic business area and expects the market to continue to expand steadily and client needs to become more diversified and sophisticated due to macro-trends such as advances in deregulation, regulatory system changes, and shrinking and aging population.

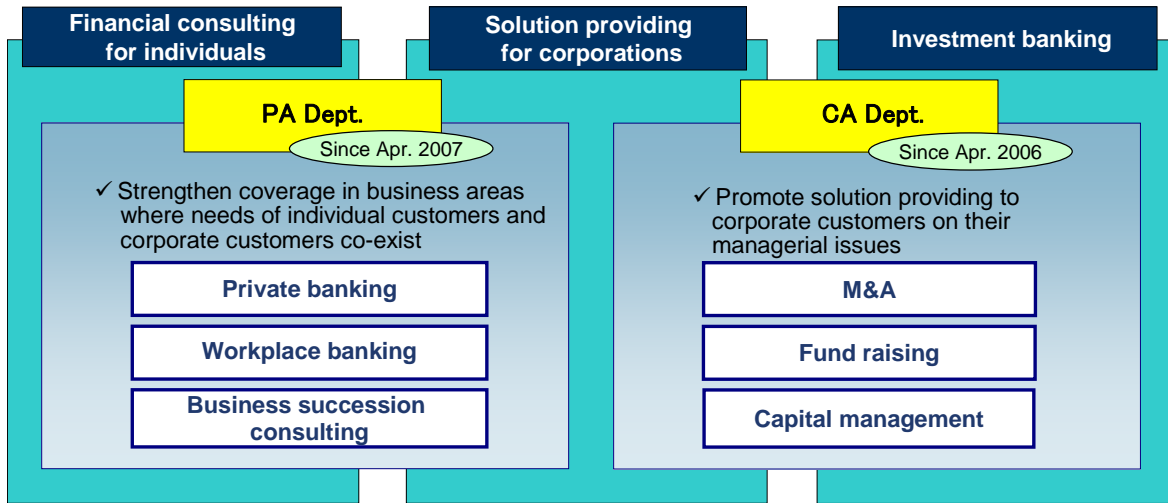
SMFG will **develop new products and services** in a timely manner in response to the diversified needs of customers amid changing business environment, such as deregulation, and also **increase marketing channels and the number of financial consultants**. At the same time, SMFG will establish a business model to offer individual customers **“one-stop shopping”** of various financial services such as investment trusts, insurance products, securities, trust services and other products and services as their sales are deregulated.

B) Solution providing for corporations

SMFG has been strengthening its ability to provide solutions to corporate customers as a strategic business area by expanding the lineup of unsecured loan products to small- and medium-sized enterprises, strengthening investment banking, and establishing the Corporate Advisory Dept. within Sumitomo Mitsui Banking Corporation (SMBC). SMFG expects the demand for solutions for solving corporate customers' managerial issues such as various types of funding according to growth stage, business succession due to generational changes and so on.

In order to **strengthen coverage of business areas where needs of individual customers and corporate customers co-exist, such as private banking, workplace banking and business succession consulting**, SMBC established Private Advisory Dept. at SMBC in April 2007. SMBC also established a Merchant Banking Dept. to **nurturing growth companies through equity or other investments**. Through these initiatives, SMFG will **provide more sophisticated solutions** to meet the rising demand for such services.

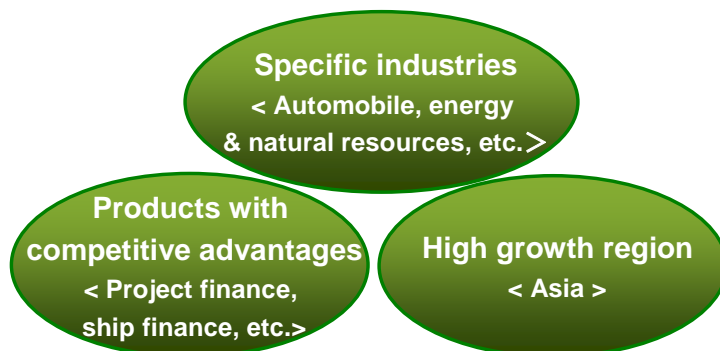
<Private Advisory (PA) Dept. and Corporate Advisory (CA) Dept.>



C) Focused business areas in global markets

SMFG will strengthen initiatives in (a) **specific growth industries** in which the needs for fund raising or business consolidation are expected to expand globally, (b) **Asia, a region which continues to demonstrate a remarkable economic growth**, and (c) **specific products and services with global competitive advantages**, such as project finance and ship finance. In order to become **one of the top global banks in debt-related businesses in focused areas**, SMFG will further expand business franchises through measures including strategic alliances and M&As, strategic allocation of human resources, and establishment of a global business promotion system.

<SMFG's focus in global business expansion>



D) Payment & Settlement service, Consumer finance

IT technology for payment and settlement is becoming more sophisticated as symbolized by the rapid diffusion of electronic money. SMFG intends to lead this trend and provide its customers with innovative, convenient and secure payment & settlement services.

In consumer finance, SMFG, with the vision of **“further leap forward as an industry leader;”** will strengthen its credit card business centered on Sumitomo Mitsui Card Company, Limited through **aggressive growth strategies including further alliances**. Further, SMFG will continue to strengthen collaborative business with Promise Co., Ltd. in order to meet the sound financial needs of consumers with various life styles while keeping a close eye on changes in the consumer finance industry’s business environment.

E) Investment banking and trust business

Amid globalization of corporate customers and investors, the demand for sophisticated financial solutions matching customers’ business strategies has been increasing. In order to address such demand and become **a market leader in investment banking**, SMFG will take an active approach to implement strategies including greater collaboration with Daiwa Securities SMBC Co. Ltd. In addition, SMFG will **reinforce the trust business** for which customer needs are expected to rise with greater flexibility due to the revision of trust-related laws.

F) Proprietary investment

In view of the globalization of investment markets and diversification of investment instruments, SMFG will **broaden the frontier of its investments and loans** to alternative fields, such as mezzanine, equity, and fund investments. SMFG will **improve return on its assets and capital** by conducting a more risk diversified portfolio.

G) Credit derivative, trading & distribution

Along with a more sophisticated risk management, SMFG will create financial products by structuring various types of risk on its balance sheet and distribute such risks to investors who have different risk appetites, thereby **reinforcing its ability to meet the investment and financing needs of customers and improving the asset efficiency of the Group**.

(2) Fortify platform to support sustainable growth

SMFG will maximize its ability to provide added value by (a) implementing an internal business performance evaluation system centered on medium-term targets and strategic measures, (b) establishing a framework for developing professionals capable of challenging and achieving top quality in growth business areas, (c) reinforcing IT and operational infrastructure to support SMFG's business in a flexible manner, (d) strengthening compliance, and (e) improving ALM and risk management system.

2. Financial targets

SMFG has set the following financial targets for fiscal 2009, the last year of medium-term management plan.

Consolidated net income JPY 650 billion (Fiscal 2006 forecast: JPY 440 billion)	• Aiming to achieve consolidated net income of JPY 650 billion, an approximately JPY 210 billion increase compared to the forecast for fiscal 2006.
Consolidated Tier I ratio Approximately 8%	• Aiming to achieve consolidated Tier I ratio of approximately 8% in order to capture growth opportunities globally and reinforce financial base for improving capability to manage increasingly diversifying risks.
Consolidated net income RORA Approximately 1%	• Aiming to achieve consolidated net income RORA (Return on Risk-adjusted Assets) of approximately 1% from the perspective of improving risk-return efficiency.
Overhead ratio 40 – 45% <SMBC non-consolidated basis> (Fiscal 2006 forecast: Approximately 45%)	• SMFG will allocate resources to further improve customer convenience, fortify management infrastructure and strengthen competitiveness. On the other hand, it will make efforts to further improve efficiency and productivity. Accordingly, overhead ratio in SMBC non-consolidated basis is expected to become 40-45%.

SMFG expects consolidated net income ROE during the period of medium-term management plan to be 10 - 15%.

(3) Increase return to shareholders

SMFG is aiming for a **payout ratio of over 20% on a consolidated net income basis** in fiscal 2009.

Under the medium-term management plan, in order to improve the quality of products and services, SMFG will aggressively invest in growth business areas, establish a solid financial base as a global player, and fortify platform to support sustainable growth. At the same time, SMFG will increase return to shareholders in step with the progress made in achieving the goals of the plan.

(Reference) Major Economic Assumptions on the medium-term management plan

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Nominal GDP Growth (annual)	2.5%	2.9%	2.4%
3 month TIBOR*	0.72%	1.12%	1.16%
10 Years Yen Swap Rate*	1.87%	2.10%	2.12%
Yen/Dollar Exchange Rate**	115yen	115yen	115yen

* Average rate during each fiscal year

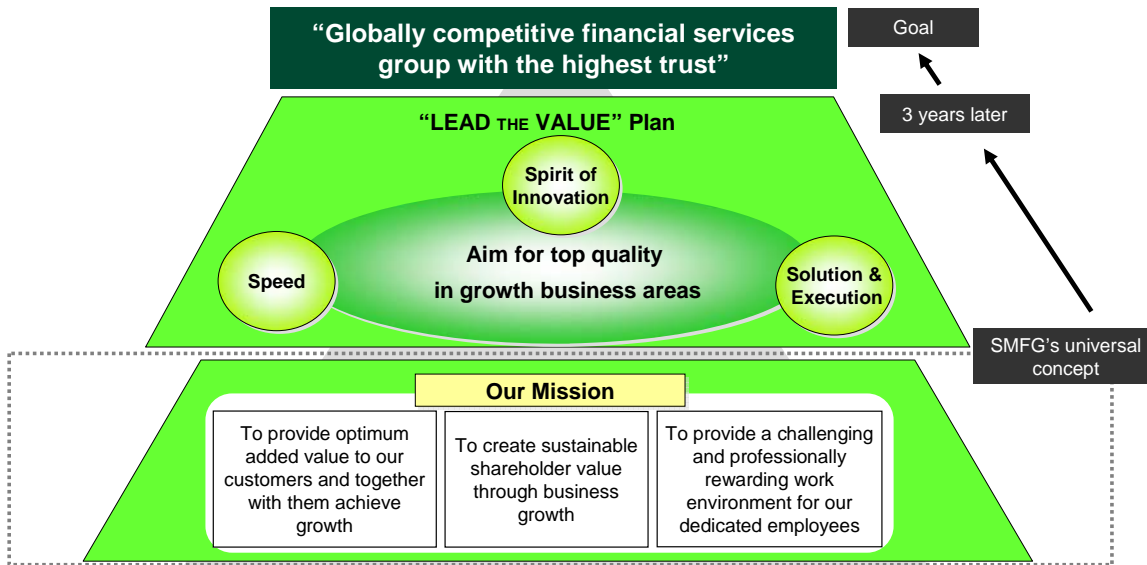
** Rate at the end of each term

(END)

This press release 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.

(Reference 1) What “LEAD THE VALUE” Plan aims for



(Reference 2) 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.

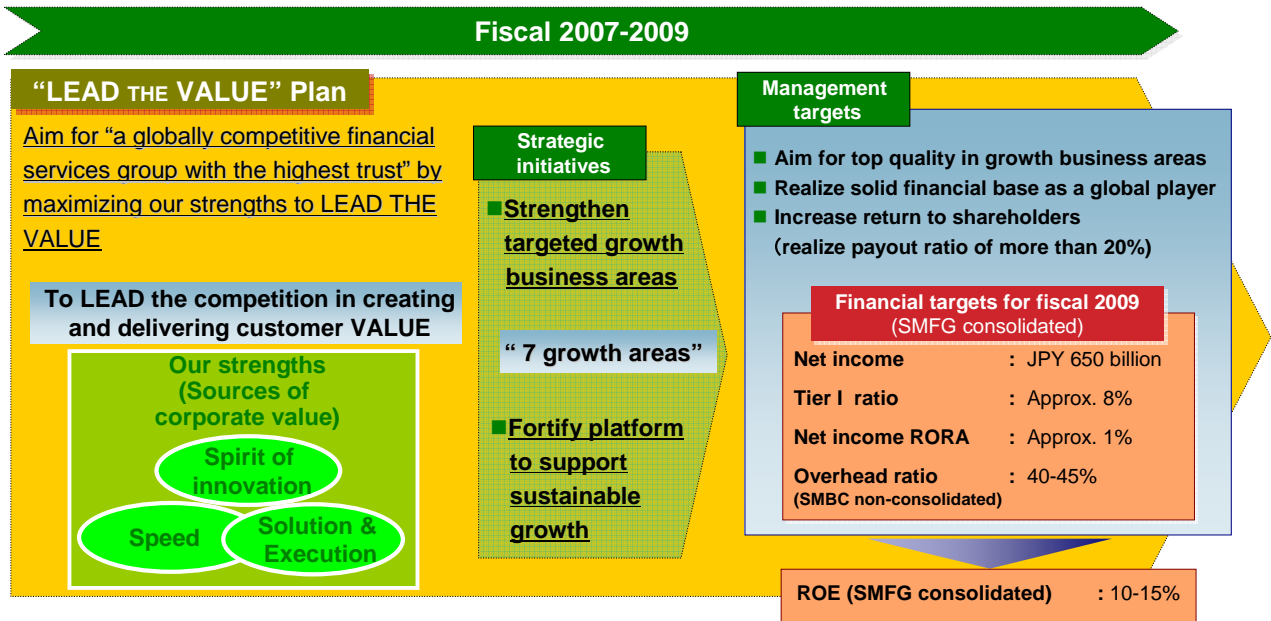
“Spirit of Innovation” : We **LEAD** the market by providing innovative, globally competitive services meeting customer needs.

“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.

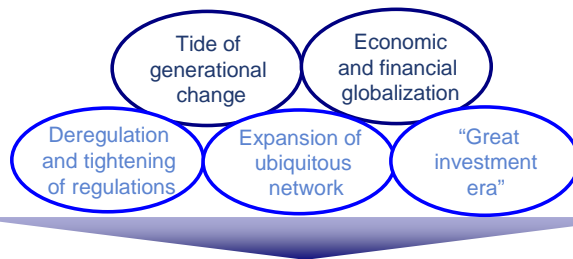
We create new **VALUE** by forming teams of specialists in various fields and provide optimal services to our customers through two-way communication. And as a result, we will be selected as a truly-trusted partner. These are our commitments.

(Reference 3) Outline of “LEAD THE VALUE” Plan

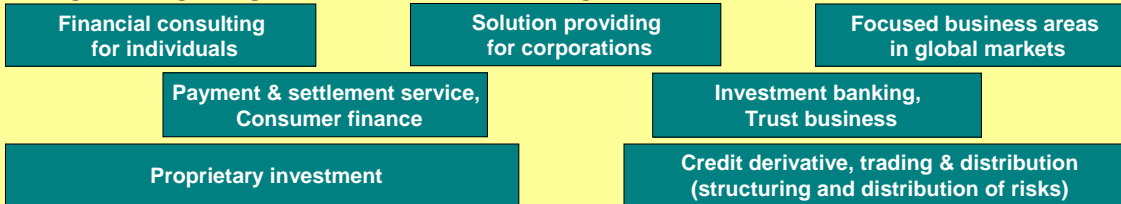


(Reference 4) Strategic Initiatives in “LEAD the VALUE” Plan

✓ **Five mega-trends**



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



✓ **Fortify platform to support sustainable growth**

