

## (Reference 1) FY2005 Achievements and FY2006 Management Policy

**FY2005 Achievements****Management Policy: "Secure solid profit level"**- Further strengthen profitability through aggressive allocation of resources to strategic businesses

|                                    |  |   |   |
|------------------------------------|--|---|---|
| Net income <SMFG consolidated>     | <FY2004 result><br>(JPY 234.2 billion) | <FY2005 forecast*><br>JPY 460.0 billion | <FY2005 result><br><b>JPY 686.8 billion</b> |
| Net income <SMBC non-consolidated> | (JPY 136.8 billion)                    | JPY 350.0 billion                       | <b>JPY 519.5 billion</b>                    |

- Decrease credit cost to a normalized level

|   |                     |                                 |                          |
|---|---------------------|---------------------------------|--------------------------|
| <SMBC non-consolidated>                                     | <FY2004 result>     | <FY2005 forecast*>              | <FY2005 result>          |
| Total credit cost   | JPY 954.8 billion   | JPY 300.0 billion               | <b>JPY 230.9 billion</b> |
| Problem assets based on<br>the Financial Reconstruction Law | JPY 1,824.6 billion | Approximately<br>JPY 1 trillion | <b>JPY 960.1 billion</b> |
| Problem asset ratio   | 3.3%                | Approximately 2%                | <b>1.7%</b>              |

\*Announced in May 2005 when SMFG released its financial results for FY2004

**FY2006 Management Policy: "Establish a solid framework for realizing sustainable growth"**-Further provide value-added products and services to our customers on a group basis

| Consumer business  | Corporate business  |
|--|---|
| <b>Further upgrade financial consulting</b> <ul style="list-style-type: none"> <li>- Provide new products and services responding to changing business environment</li> <li>- Increase the number of marketing channels and consultants</li> </ul> | <b>Improve capability to provide solutions to management issues of customers</b> <ul style="list-style-type: none"> <li>- Solutions to management issues related to business expansion and M&amp;A, etc.</li> <li>- Establishment of Corporate Advisory Division</li> </ul> |
| <b>Expand services through alliances</b> <ul style="list-style-type: none"> <li>- Mobile phone credit service (NTT DoCoMo)</li> <li>- Consumer loans (Promise)</li> <li>- Internet financial service (Yahoo Japan)</li> </ul> etc.                 | <b>Meet customers' diversifying financial needs</b> <ul style="list-style-type: none"> <li>- Unsecured loans to small- and medium-sized enterprises</li> <li>- Loan syndication</li> <li>- Securitization</li> </ul> etc.   |

**Expand customer base****Establish a sustainable earnings structure**-Establish solid platform to support business growth

(1) Further improve internal control systems

|                                     |  |                                |
|-------------------------------------|--|--------------------------------|
| <b>Strengthen compliance</b>        | <b>Reinforce quality management and enhance customer satisfaction</b>                          | <b>Improve risk management</b> |
| <b>Strengthen internal auditing</b> | Reexamine internal business performance evaluation system<br>Improve human resource management |                                |

(2) Further strengthen financial base

**Fortify capital both in terms of quality and quantity**

&lt;FY2006 forecast&gt;

SMFG consolidated net income:  
JPY 570.0 billionSMBC non-consolidated net income:  
JPY 460.0 billion**Early repayment of public funds**