

## (Reference 1) Management Policy in FY2006 and the Progress

**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

## (1) Consumer business

**Further upgrade financial consulting capability**

Expand product-lineups and services

- Expand lineup of asset management products
- Improved product characteristics of "housing loan with loan repayment insurance in cases of serious diseases"

Increase the number of marketing channels specialized in financial consulting

- Increase the number of "SMBC Consulting Plazas and Offices"

**Expand services through alliances**

- Mobile phone credit services (NTT DoCoMo)
- Consumer loans (Promise)
- Internet financial services (Yahoo Japan)
- Walk-in insurance agency services (with Mitsui Life Insurance and Sumitomo Life Insurance)

## (2) Corporate business

**Improve capability to provide solutions to management issues of customers**

- Established Corporate Advisory Division (Apr, 2006)
- Further promoted collaboration with Daiwa Securities SMBC

**Further promote group-wide solution providing**

- Promote collaboration with group companies such as SMBC Leasing and Japan Research Institute
- Reached a basic agreement with the Sumitomo Corporation group to pursue strategic joint business in leasing and auto leasing

**Meet customers' diversifying financial needs**

- Promote syndicate loans, structured finance, and unsecured loans to small and medium-sized enterprises

**Strengthen overseas business**

- Established new branches (Ho Chi Minh, Houston, Sydney, etc.)
- Further enhance businesses with competitive advantages such as project finance

-Establish solid platform to support business growth

## (1) Further improve internal control systems

**Strengthen compliance****Reinforce quality management and enhance customer satisfaction****Improve risk management****Strengthen internal auditing****Reexamine internal business performance evaluation system****Improve human resource management**

- Established Compliance Unit (April, 2006)
- Established Quality Management Dept. (April, 2006)
- Reinforce control systems in response to the Basel II Accord scheduled to be implemented at the end of this fiscal year
- Further enhance internal auditing to verify more thoroughly that the initiatives are effective
- Introduce a better balanced business performance evaluation system including customer's standpoint and medium- to long-term view
- Take initiatives to improve human resources management to realize an organization in which employees can exercise their abilities even more

Established Business Monitoring Committee

## (2) Further strengthen financial base

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

- Completed repayment of public funds in October
- Continuously fortifying capital both in terms of quality and quantity

**1st Half Results in FY2006**

Net income  
<SMFG consolidated >

< FY2005 result >  
JPY686.8 billion

< 1st half result in FY2006 >

**JPY243.7 billion**

< FY2006 forecast >

**JPY570.0 billion**

Net income  
<SMBC non-consolidated >

JPY519.5 billion

**JPY183.6 billion**

**JPY460.0 billion**