

Management Policy in Fiscal Year 2003

May 26, 2003



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.

Management policy in FY2003



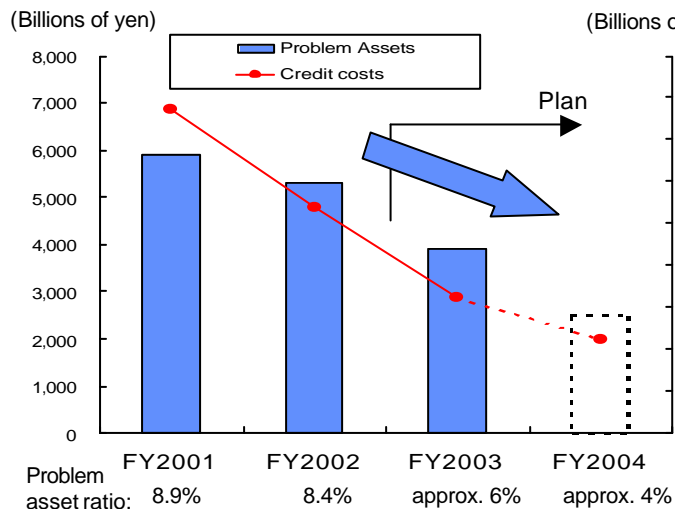
SMFG will achieve 3 goals within two years:

- Reinforce balance sheet
- Establish highly-profitable business models
- Secure and expand net income
- Cut problem asset ratio by half
- Further reduce stockholdings
- Establish earnings structure to ensure banking profit of JPY 1 trillion
- JPY 100 bil. in FY2003, grow substantially thereafter

SMBC

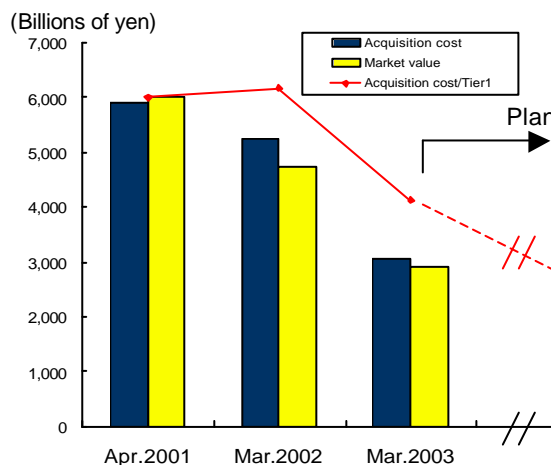
Problem assets

- Cut problem asset ratio by half within two years (FY03-04)
- Reduce credit costs



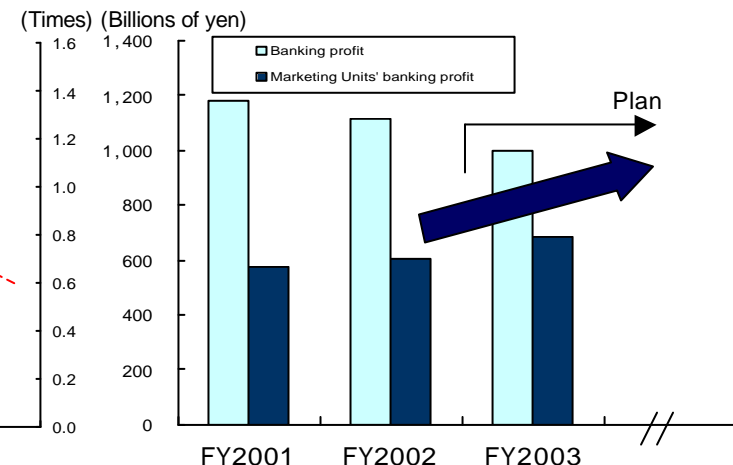
Stock holdings

- Reduce exposure to stock price fluctuation risk through further reduction of stockholdings



Banking profit

- Establish earnings structure to ensure banking profit of JPY 1 trillion
- Boost Marketing Units' banking profit in the next two years



* Figures of listed stocks and over-the-counter stocks (SMBC non-consolidated)
 ** Tier 1 Capital figures are after-merger basis in round number for Apr. 2001, SMBC consolidated basis for Mar. 2002. SMFG consolidated basis for Mar. 2003.

Improvement in SMBC's asset quality

Drastic reduction of problem assets



Balance of problem assets*

*based on Financial Reconstruction Law

FY2003 Plan

- Problem assets : JPY 3,900 billion
- Problem asset ratio : approx. 6%

FY2004 Plan

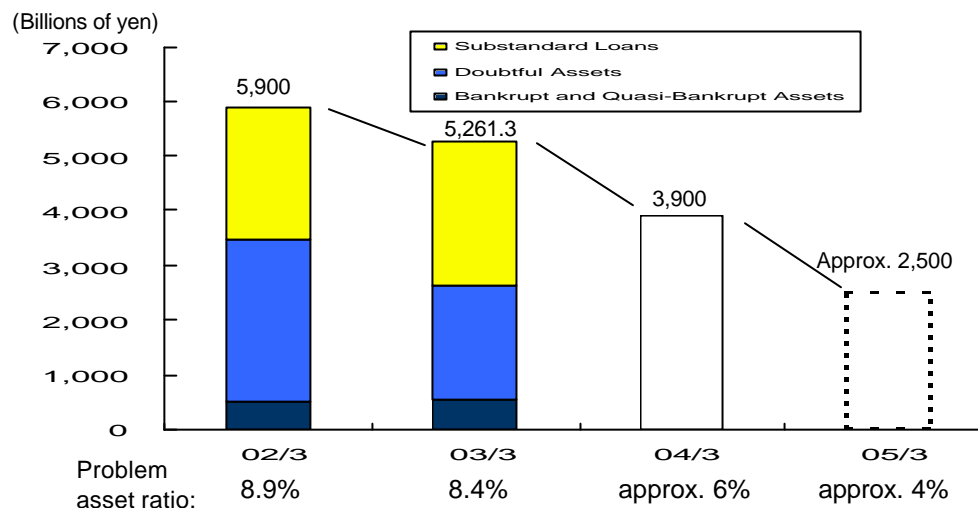
- Problem assets : approx. JPY 2,500 billion
- Problem asset ratio : approx. 4%

Credit costs

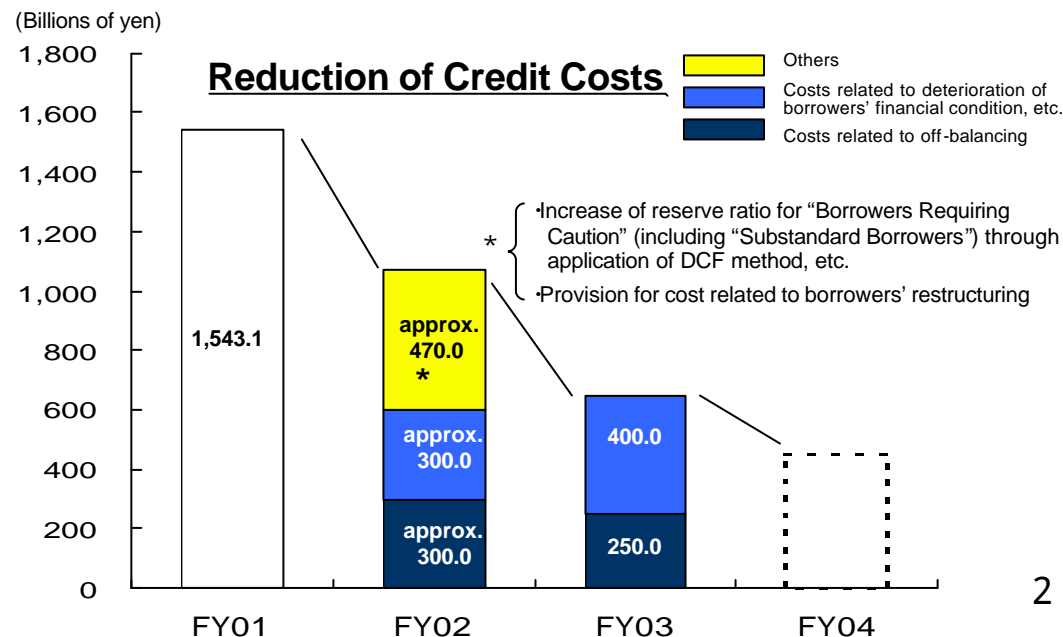
FY2003 Estimate

JPY 650 billion

Reduction of Problem Assets



Reduction of Credit Costs



Basic approaches toward enhancement of profitability

Gross Banking Profit : Clarify risks to be taken
Establish highly-profitable business models
Expense : Thoroughly implement low-cost operations

Corporate Banking Business

Major revision of business models focusing on lending business

- Progress of “Business Reform” through increase in loans with better risk-return profile by: “Reform of credit approval system”, and “Expansion of better risk-return loan products”
- Enhancement of “Debt capital market business” and investment banking business

Consumer Banking Business

Establishment of new business models, and enhancement of competitive edge

- Consulting Business (Sales of investment trusts and pension type insurance)
- Loan Business

Low-Cost Operations

Cost reduction through further rationalization

- Establishment of cost structure with annual expense of JPY 600 billion a year ahead of the original plan

Enhancement of SMBC's profitability

Establishment of earnings structure to ensure JPY 1 trillion banking profit

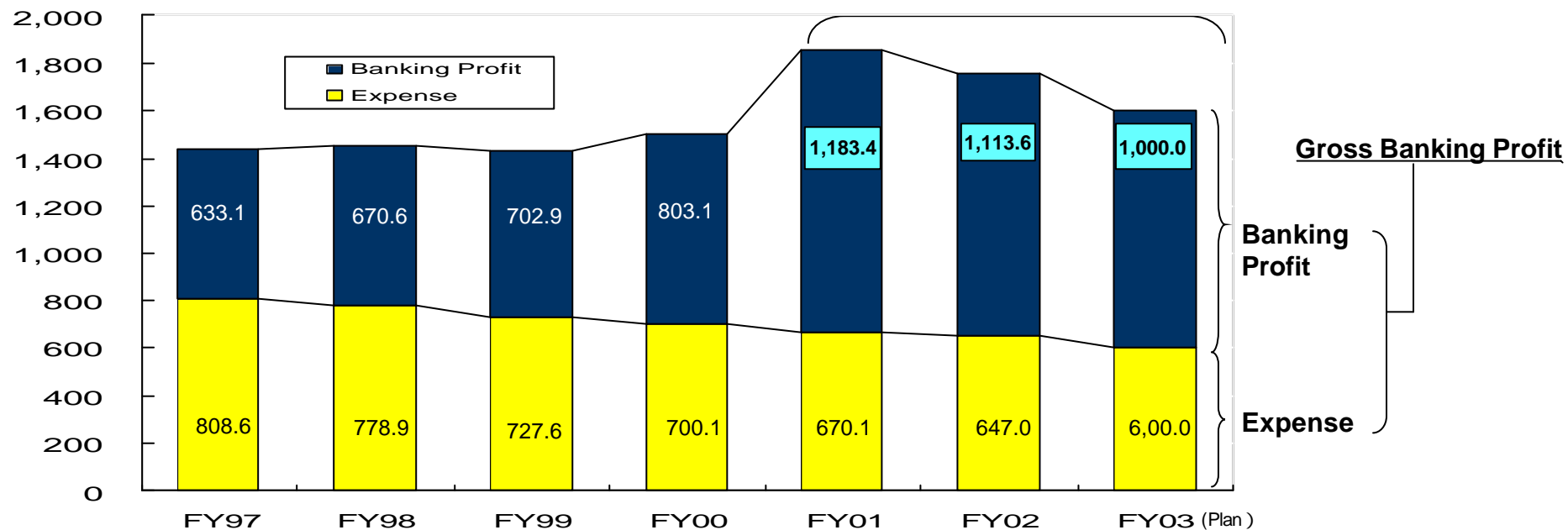


(Note) Figures for FY02 and FY03 are for the new SMBC

Banking Profit / Expense

Banking Profit: JPY 1 trillion and over for 3 consecutive years

(Billions of yen)



	FY01	FY02	FY03 (Plan)
Non-interest income*	271.0	351.6	360.0
As % of Marketing Units' gross banking profit	24%	31%	30% level

* Net fees and commissions + Profits from sales of derivative products, etc

Overhead ratio**

FY97	FY98	FY99	FY00	FY01	FY02	FY03 (Plan)
56.1%	53.7%	50.7%	46.6%	36.2%	36.7%	37.5%

** Expense / Gross Banking Profit

Enhancement of SMBC's profitability Promotion of further rationalization

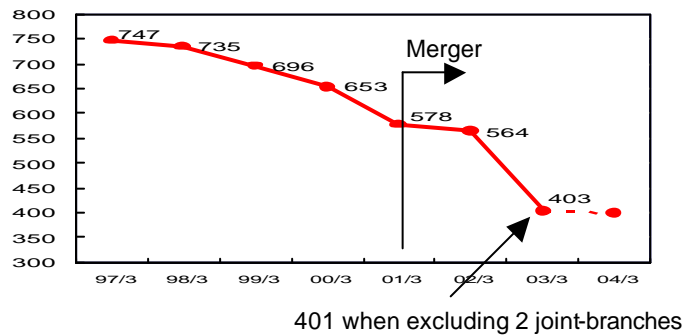


FY02 : Progress in cost reduction

* Figures below exclude those for the former Wakashio Bank
(34 branches, 623 employees and JPY8.1 billion in expense)

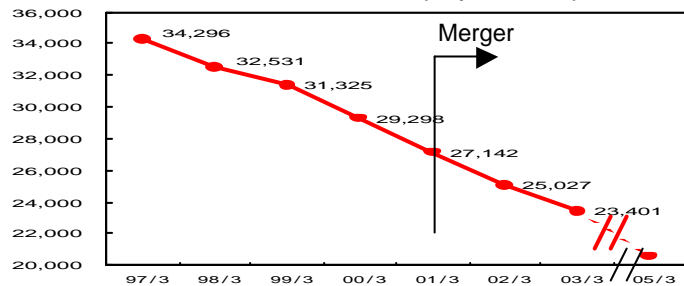
Number of domestic branches:

Completion of systems integration
extensive integration of branch network
Establishment of "400-branch structure" mostly completed

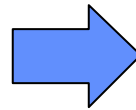


Number of employees:

Reduction progressing according to plan
(reduction of 1,626 employees compared with 02/3)



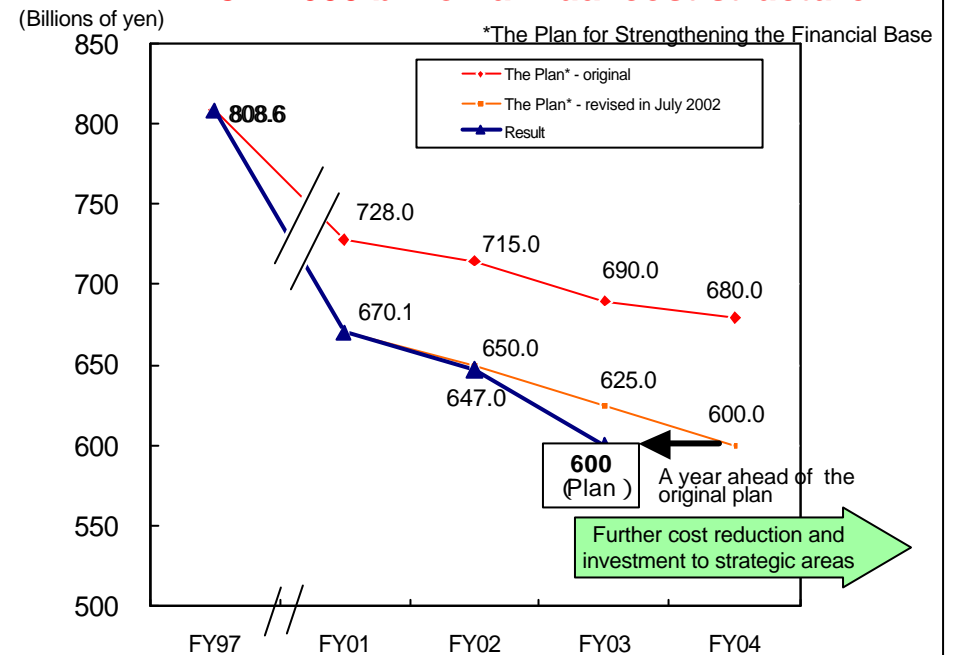
Cost reduction in FY02 (result) : JPY 31.2 bil.



FY03: Additional cost reduction through further rationalization

* Figures below for FY02 and after are those for the new SMBC

A year ahead in achievement of "JPY 600 billion annual cost structure"



< Major actions >

- Reduction of personnel expenses
- Rationalization under new structure for IT systems management
- Rationalization of branch operations and administration
- Improvement in procurement activities

Cost reduction in FY03 (target) : JPY 47.0 bil.