

(Reference) Progress in the Management Policy in FY2004

1. Completion of Intensive Improvement in Asset Quality

Putting behind the NPL problem

- * Achieved the target of halving the problem asset ratio six months ahead of the original schedule

	Mar. 31, 2002		Sep. 30, 2004
Problem Assets based on the Financial Reconstruction Law	5,920.3 billion	Achieved the target of halving	2,484.4 billion
Problem Asset Ratio	8.9%		4.4%

=> Planning to reduce the balance to less than 2 trillion yen (and the Problem Asset Ratio to less than 4.0%) by the end of March 2005

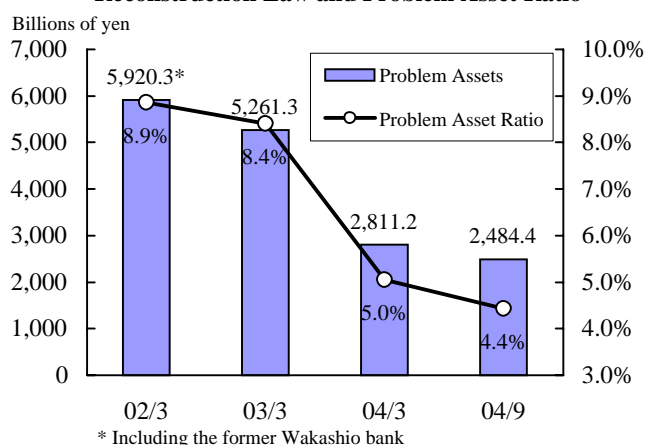
- * Increased loan loss reserves to prepare better for future credit risks
- * Additionally provided reserve for possible loan losses at the subsidiaries engaged in loan guarantees, in order to improve SMFG's financial soundness on a consolidated basis

➡ Leading to a situation where credit costs is generated at "cruising speed" after FY2004, due to the reduction of future credit risk exposures

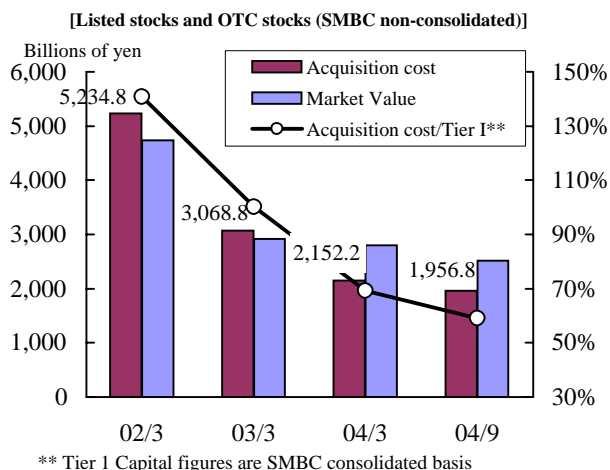
Further reduction of stockholdings

- * Sold approximately 200 billion yen during the first half of FY2004 => Planning to reduce further

(Ref. 1) Problem Assets Based on the Financial Reconstruction Law and Problem Asset Ratio



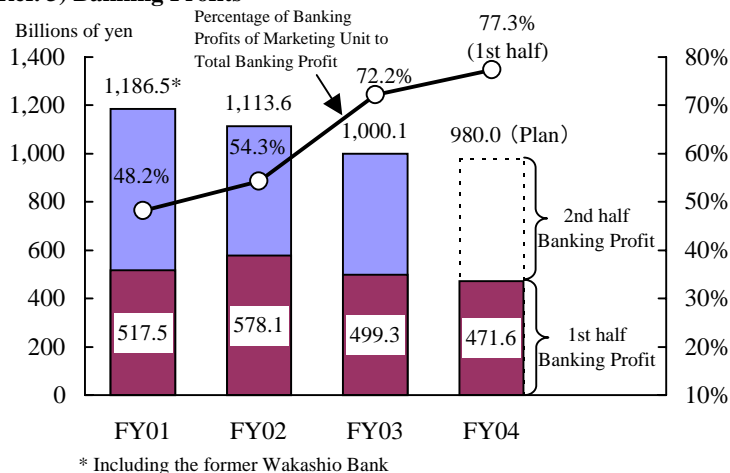
(Ref. 2) Stockholdings



2. Accelerating the Offensive in Strategic Businesses

- * Banking profit (excluding transfer to general reserve for possible loan losses) in the first half of FY2004 reached 471.6 billion yen, exceeding the original plan (460.0 billion), mainly due to the increase in marketing units' profits

(Ref. 3) Banking Profits



Further reinforcement of competitive advantages

- Loans to SMEs
- Financial consulting for individuals
- Investment banking business

Steadily expanding

Early establishment of revenue base

- Consumer Finance
=> Strategic alliance with Promise Co., Ltd.
- Asian Business
=> Strengthening and reorganizing marketing channels in Asia

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.