

(Reference 2) Management Policy in FY2005

Secure solid profit level in the first year of Mid-term Management Plan

- Further strengthen profitability through aggressive allocation of resources to strategic businesses

	<05/3 result>	<06/3 forecast>
Net income <SMFG consolidated>	(JPY 234.2 billion)	JPY 460 billion
Net income <SMBC non-consolidated>	(JPY 136.8 billion)	JPY 350 billion

- Decrease credit cost to a normalized level

<SMBC non-consolidated>	<05/3 result>	<06/3 forecast>	
Total credit cost	JPY 954.8 billion	JPY 300 billion	
Problem assets based on the Financial Reconstruction Law	JPY 1,824.6 billion	Level at or above JPY 1 trillion	} Target
Problem asset ratio	3.3%	Level at or above 2%	

Management strategy of the Mid-term Management Plan (FY2005-FY2008)

Become the No. 1 bank with "the highest trust of customers, markets, and society"

- Raise SMFG's market capitalization to more than JPY 10 trillion -

Strategic allocation of resources

Aggressive allocation of business resources to strategic businesses

Improve efficiency of existing businesses

Business growth strategy

Challenge new types of risks, new regions and new business areas

Proactively seek strategic alliances

Improve capital efficiency

Improve risk-return profile of each business

Reallocate risk capital and risk-weighted assets

Focal areas of Marketing Units

Consumer finance

Alliance with Promise

Consumer loans

Alliance with NTT DoCoMo

New credit-payment service using mobile phones

Financial consulting for individuals

Reinforce promotion to "mass affluent" segment

Asset management for individuals

Provide expanded line-up of products

Securities intermediary business
Testamentary trust business

Financial consulting for corporations

Reinforce solution

Investment banking business

Improve risk-taking capability

New type unsecured loans to SMEs

Overseas businesses

Reinforce Asian market

Asian business centered on China

Expand business focused on improving capital efficiency in the U.S. and European market

Continue to develop and reinforce corporate governance in order to increase corporate value and fulfill corporate social responsibility

Early repayment of public funds

<FY2008 Target>

Consolidated ROE:
More than 15%

Consolidated net income:
More than JPY 650 billion

Consolidated BIS capital ratio: Approximately 11%
Consolidated TierI ratio: Approximately 7%