

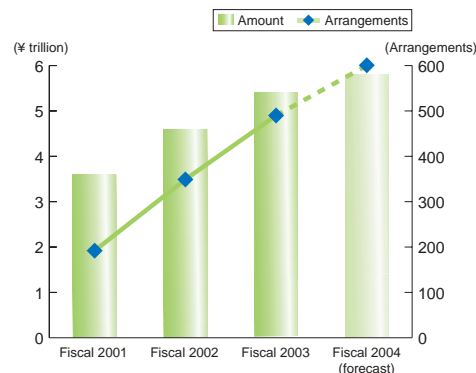
Investment Banking

SMFG delivers innovative and optimal financial investment solutions to meet a wide range of client needs. Drawing on the resources of the Investment Banking Unit of SMBC and of other Group companies, we offer everything from fund procurement and asset management to risk hedging and M&A, thereby increasing our customers' enterprise value.

SMFG ranks among the leaders in Japan in investment banking. Specifically, SMBC's Investment Banking Unit leads the industry in the loan syndication and structured finance business, while Daiwa Securities SMBC Co., Ltd. ranks first in stock and bond underwriting services in Japan. In addition, collaboration between SMBC and Daiwa Securities SMBC is steadily expanding.

SMFG will continue working to achieve outstanding results in the field of investment banking.

Loan Syndication Arrangements



Major Accomplishments

- SMBC's Investment Banking Unit and Daiwa Securities SMBC both reported surges in business profit for the first half of the fiscal year
 - SMBC was selected as the financial adviser in the construction of Japan's largest waste-into-electricity facility, which is a key component of the Super Eco-Town Project sponsored by the Tokyo Metropolitan Government
 - Daiwa Securities SMBC was ranked No. 1 in the league tables for secondary public equity offerings and corporate straight bond underwriting by Thomson Financial
- As a result, our market performance in investment banking was stronger than ever.

Key Goals

- Provide optimal solutions, by working much more closely with Group companies to meet the specific needs of each corporate client and contribute to increasing their enterprise value

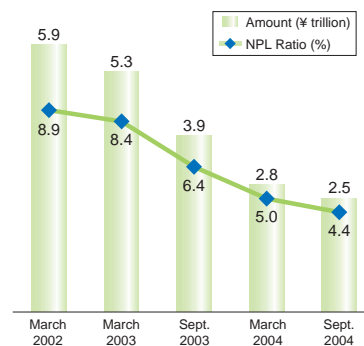
Asset Restructuring

SMFG, primarily through SMBC's Asset Restructuring Unit, is actively promoting corporate revitalization. The unit was established in December 2002 to provide comprehensive support for customers' revitalization and business restructuring. Since its establishment, the Asset Restructuring Unit has written off (off-balanced) loans to potentially bankrupt borrowers, while utilizing the Industrial Revitalization Corporation of Japan and the process set out in the *Guideline for Multi-Creditor Out-of-Court Workouts* established by the Japanese Bankers Association, especially for loans to large borrowers.

Through these measures, we have worked to accelerate the disposal of non-performing loans (NPLs) and strengthened efforts to promote customers' revitalization.

As shown by the large number of corporate revitalization funds recently established, the level of activity in the corporate revitalization market is rising. Recognizing the business opportunities provided by corporate revitalization, we are striving to maximize our profitability. To this end, SMBC will not limit its efforts to the off-balancing of NPLs of borrowers categorized as potentially or effectively bankrupt, and will team up with corporate revitalization funds to revive substandard borrowers whose businesses are deemed capable of revitalization.

Problem Assets Based on Financial Reconstruction Law (SMBC Nonconsolidated)



Major Accomplishments

- Six months ahead of schedule, SMBC achieved its goal of a 50% reduction in the NPL ratio*
 - Corporate revitalization funds in which SMBC made investments in fiscal 2003 are showing a strong performance, with loan recoveries exceeding initial investments for some funds

*Note: The ratio of problem assets as a percentage of assets subject to disclosure under the Financial Reconstruction Law

Key Goals

- SMBC will continue its corporate revitalization activities with the aim of further reducing the balance of NPLs by the end of March 2005
 - SMBC will shift its priority from disposal of NPLs to the revitalization of corporate clients. A number of corporate revitalization funds have recently been established, and, to take advantage of this business opportunity, we have begun actively investing in these funds with the aim of contributing to corporate revitalization, not only as a lender but also as an investor.