

SMFG, principally through the Consumer Banking Unit of its banking subsidiary SMBC, offers high-value-added financial services under the brand name “One’s *Next*.” This reflects the emphasis we place on helping customers determine the next step of their financial plans according to their stage of life. By basing all our services on customers’ needs, we are working to make SMFG into the industry’s No. 1 financial group in consumer financial services.

Specifically, we are leveraging our capabilities to develop outstanding products and services, our consulting abilities—provided by personnel with high-level expertise—and our area marketing to provide superior financial services to our customers.

We aim to maintain our position as a true leading company, creating new de facto standards for the business model and earnings structure in consumer banking. To this end, we have been focusing our business development on three areas: (1) the consulting business; (2) the settlement and finance business; and (3) low-cost operations.

### Consulting Business

SMBC’s Consumer Banking Unit deploys a wide range of specialist staff, including professional financial consultants and personal banking (“Money-Life”) consultants, to meet the needs of individual customers. We offer a comprehensive array of financial products and services to address the asset management and fund procurement needs of our individual customers.

Among the popular services we offer is the *One’s Life* lump-sum retirement benefit investment plan, targeted at individual customers over 40 years of age. Launched in February 2004, *One’s Life* was a valuable addition to our lineup of personal asset management products.



SMBC Shinagawa Consulting Plaza

In March 2004, responding to requests from customers who have up to now found it difficult to visit our branches during their working hours, we opened six specialized offices in Tokyo, Osaka, and Kobe under the name of “SMBC Consulting Plaza.” These dedicated service outlets are open late on weekdays, enabling customers to drop in on their way home, as well as on weekends and national holidays, allowing husbands and wives to visit the bank together.

In June of this year, we opened a branch for the first time in seven years. This new branch is located in Tokyo’s Shinagawa Ward, and an SMBC Consulting Plaza is an integral part of the branch.

In line with the expansion of our consulting business channel network, we are simultaneously putting great effort into employing and training consumer service staff with special expertise in consulting services to increase our numbers of highly qualified specialists.

### Responding to Consumer Loan Needs

In home mortgages, our objectives are two-fold: obtaining returns commensurate with the credit risk involved, and increasing our market share. In addition to implementing a major expansion in the number of Consumer Loan Promotion Offices, we are extending the operating hours for our loan consultation service on weekdays and also providing this service on weekends and national holidays, thus making our mortgage loans more readily available.

We also develop products that match the prevailing interest rate environment, such as ultra-long-term, fixed-interest loans. Among the other unique new products we offer is a special support loan for doctors wishing to open their own clinics. This is just one example of a diverse lineup of products that caters to the varied needs of our consumer banking customers.

### Settlement and Finance Business

In our approach to the settlement and finance business, we aim to offer a full range of services — via a full array of channels — that precisely satisfy our customers’ diverse day-to-day requirements with regard to settlement and finance needs. With this goal in mind, we offer settlement services centered on banking products and services as well as credit cards, and leverage the comprehensive capabilities of the Group to expand our market share in the consumer finance business.

### Settlement Services

We have further upgraded the features of our popular online service "One's Direct," transforming it into a full-scale "remote banking" service in which customers can easily make and use various transactions and services (almost the same as one can enjoy at our branches) from their home or office via telephone, the Internet, or cell phone. They can make transfers between accounts, open time deposits, set up or make payments into foreign currency accounts or investment trust accounts, and prepay mortgages, among other functions. This remote banking service was ranked No. 1 in Japan in overall quality by a leading Internet performance rating company.

In addition to the ATMs at SMBC's own branches, customers are also able to make cash withdrawals or deposits 24 hours a day at our "@BANK" ATMs installed at more than 1,000 am/pm convenience stores throughout Japan. Additionally, we are developing a more comprehensive settlement infrastructure through collaboration agreements with a wide variety of financial institutions, including securities companies and credit card companies.

### Consumer Finance

In the consumer finance business, extensive cooperation in product development and marketing is being pursued among the Group companies involved, principally SMBC, At-Loan Co., Ltd., and Sumitomo Mitsui Card Company, Limited.

In November 2003, we launched One's Style, a new service designed especially for customers in their 20s and 30s. In this service, the customer's bank book is a virtual *Web Passbook*, which is accessible via the Internet. Moreover, holders of these accounts are able to use a single card as a bank card, a credit card, and a bank loan card. In recognition of the uniqueness and advanced nature of this service, One's Style won the 2003 Nikkei Superior Products and Services Awards for Excellence.

In June 2004, SMFG formed a business and capital alliance with the leading consumer finance company Promise Co., Ltd. By combining Promise's experience and know-how in the field of consumer finance with SMFG's broad customer base and extensive marketing channels, the two companies will be able to offer financial products and services that would not have been possible for them on their own. Their collaboration will enable both firms to realize greater efficiency, and thereby raise the effectiveness of their consumer finance operations.

### Reinforcing Low-Cost Operations

All Group companies have always relentlessly pursued improved operational efficiency, and we hold that low-cost operations are a vitally important source of our competitive strength in the consumer finance business. Thus, we will continue to intensify our cost-cutting efforts so that we may invest more in developing products and services that meet customer needs.

### Hub-and-Spoke Formation

In fiscal 2003 we completed the reorganization of SMBC's domestic branch network into a "hub-and-spoke" formation, in which one back-office center serves as the "hub" for a number of front-office branches. This formation not only raises operational efficiency, but also allows staff at the customer-service branches to concentrate entirely on their central service role. The creation of this hub-and-spoke formation now allows us to strategically open SMBC Consulting Plazas and branches.

### More Efficient Processing

In addition to expanding the functions offered by our One's Direct remote banking service, we are simultaneously enhancing customer convenience and making the consulting process more efficient through the installation of MC (Money-Lifestyle Consulting) Stations, dedicated terminals that allow easy and paperless transactions.

We are also conducting a comprehensive, bankwide review of operations to identify means for further reducing administrative and management costs.



SMBC poster advertising "One's Next"