



SUMITOMO MITSUI BANKING CORPORATION



www.smbc.co.jp/global/

Business Profile:

- Deposit taking
- Lending
- Securities retail sales and trading
- Securities investment
- Fund transfer
- Foreign exchange
- Insourcing of financial futures transactions
- Corporate bond trustee and custody services
- Trust bank business (money claim trustee services related to asset securitization business)
- Investment trust sales
- Securities intermediary business
- Retail sales of insurance products

Company Name:
Sumitomo Mitsui Banking Corporation

Business Profile:
Banking

Establishment:
June 6, 1996

Head Office:
1-2, Yurakucho 1-chome,
Chiyoda-ku, Tokyo

Employees:
16,050 (as of March 31, 2006)

Network: (as of June 30, 2006)

Domestic:	1,432 locations*
Branches	459
(including 28 specialized deposit account branches)	
Subbranches	148
Agent	1
Offices handling nonbanking business	17
Automated service centers	807
Overseas:	33 locations
Branches	16
Subbranches	4
Representative offices	13

*Excluding ATMs installed at corporate client facilities and convenience stores



Masayuki Oku
President

I am delighted to have the opportunity of addressing you all once again and extending my sincerest thanks to you for your continued support of SMBC.

Fiscal 2005 Highlights

After resolving the non-performing loan problem in fiscal 2004, we moved forward into a new phase in fiscal 2005, the term under review. In this new phase, we placed greater emphasis on managerial soundness and on improving the quality of our financial services to satisfy the needs of our customers.

For the reporting term, our net income on a nonconsolidated basis came to ¥519.5 billion, compared with a net loss of ¥136.8 billion in the previous term. This improvement is mainly attributable to a substantial decline in credit cost, which was reduced from more than ¥950 billion for the previous term to ¥230.9 billion for the reporting term. This figure also reflects steady growth in gross banking profit, chiefly the

(¥ billion)

■ Consolidated	2006	2005	2004
Year ended March 31			
For the Year:			
Operating income.....	¥ 2,750.2	¥ 2,691.3	¥ 2,717.0
Operating profit (loss)	862.0	(99.7)	282.1
Net income (loss)	563.5	(278.9)	301.6
At Year-End:			
Net assets	¥ 3,598.2	¥ 2,633.9	¥ 2,722.1
Total assets	104,418.5	97,478.3	99,843.2

result of strong sales of investment trusts.

To broaden our array of products and services, we introduced such products as a housing loan with loan repayment insurance in the event that the borrower is diagnosed with one of three major fatal diseases, and single-premium whole life insurance. We also established a project team, called "Next Wing," to implement a new style of marketing that incorporates a woman's perspective, and to develop products and services specifically tailored to the needs of female customers. To meet the increasingly sophisticated and diverse needs of our corporate customers, we have applied the techniques employed for *Business Select Loan* and other products for mid-sized companies and SMEs that do not require collateral or a third-party guarantee to a new product for larger companies, the *SMBC Crecer Loan*, and are engaged in a solutions business for M&A, strategic capital, business alliances, and business division/subsidiary spin-offs for large corporate customers.

In December 2005, SMBC received a cease and desist order from the Fair Trade Commission of Japan, and in April 2006, an administrative order from the Financial Services Agency, with respect to the manner in which it marketed interest rate swaps to a number of corporate borrowers in the past. I would like to take this opportunity to sincerely apologize to all customers and shareholders of the Group, as well as all other stakeholders, for the concern and inconvenience that this chain of events undoubtedly caused. We at SMBC take this matter very seriously, and are making utmost efforts to prevent a recurrence and to regain the trust of our stakeholders and the general public.

Fiscal 2006 Business Policy

In fiscal 2006, the current term, we will work hard to thoroughly implement our policy of "putting the customer first" and "enhancing the quality of products and services." To this end, we reviewed our business operations framework and implemented major organizational reform in April 2006.

To put the customer first, we will not only concentrate on quickly and accurately providing solutions that answer a wide variety of customer needs, but will also focus on ensuring accountability: we will fulfill our obligation to meet our responsibilities, including accountability, by adequately explaining to customers why we consider certain solutions to be best for them. As an equal partner that achieves growth together with its customers, SMBC will put greater emphasis on two-way communication.

Regarding the enhancement of the quality of our products and services, we believe that quality determines quantity amid the current slow-growth economy. In accordance with our managerial principles: 1) to provide optimum added value to our customers and together with them achieve growth; 2) to create sustainable shareholder value through business growth; and 3) to provide a challenging and professionally rewarding work environment for our dedicated employees, we will work to improve quality in all aspects of our operations to attain sustainable growth.

In accordance with our basic policies described above, in consumer banking we will develop and launch new products and services in a timely manner in response to the diversifying needs of our retail customers amid a changing business environment and financial deregulation. We will also further expand our marketing network, mainly SMBC Consulting Plazas (open on weekday nights and also on weekends, in addition to ordinary business hours), to improve customer convenience.

In corporate banking, we will improve our ability to provide solutions to management issues such as business expansion, corporate reorganization and expansion into overseas markets, and thereby help raise the corporate value of our customers. We will accurately respond to the diversified financing needs of our customers by continuing to provide unsecured loans such as our *Business Select Loan* for SMEs, as well as syndicated loans for large companies.

Outside Japan, we will respond to our customers' global financial needs by establishing marketing channels in regions with sharp economic growth, by promoting project financing and other competitive investment banking products, and by further strengthening cooperation between domestic and overseas networks.

Management Mission

The future that we face will be characterized by increasing complexity and accelerated change. However, our management mission is and will remain "becoming a globally competitive top bank with the highest trust of our customers, our stockholders, the market and society." We view changes in our environment to be a positive development, and actively seek to capitalize on any new business opportunities that may arise. We will maintain our customer-centric approach and be attentive to market trends, to aggressively meet all future challenges with our traditional enterprising spirit.



SUMITOMO MITSUI CARD COMPANY, LIMITED



Company Name:
Sumitomo Mitsui Card
Company, Limited

Business Profile:
Credit card services

Establishment:
December 26, 1967

Head Office:
Tokyo Head Office:
5-2-10, Shimbashi,
Minato-ku, Tokyo
Osaka Head Office:
4-5-15, Imahashi,
Chuo-ku, Osaka

Employees:
1,783 (as of March 31, 2006)



Koichi Tsukihara
President

Business Profile:

- **Credit card services**
Shopping services for cardholders;
settling accounts with affiliated
merchants
- **Credit finance**
Loans to cardholders;
cashing services;
revolving/installment payments;
loan guarantee business
- **Sales promotion**
Issuance of gift certificates;
other services for cardholders and
affiliated merchants
- **Ancillary businesses**
Payment collection agency;
operational service provider (card
issuance, invoicing cardholders,
settlement of accounts of other cards)

(¥ billion)

Year ended March 31	2006	2005	2004
For the Year:			
Revenues from credit card operations.....	¥4,181.3	¥3,598.7	¥3,258.4
Operating revenue	148.2	132.1	126.3
Operating profit	25.9	23.1	18.5
At Year-End:			
Number of cardholders (in thousands).....	14,067	13,462	12,758
Number of merchant outlets (in thousands)	3,434	3,089	2,892

As the pioneer in the issuance of the Visa Card in Japan and a leader in the domestic credit card industry, Sumitomo Mitsui Card Company, Limited enjoys the strong support of its many customers.

It also plays a major role as one of the strategic businesses of SMFG. Leveraging its strong brand image and its excellent capabilities across a wide range of card-related services, the company meets customers' credit needs through the provision of settlement and financing services.

Specifically, the company is focusing its efforts on a basic strategy of strengthening its earnings power through various initiatives to increase the number of cardholders and affiliated merchants, as well as to become the card provider of choice among a growing number of users. In fiscal 2005, jointly with NTT DoCoMo, Inc., the company developed *Mitsui Sumitomo Card iD*®, a new electronic credit settlement service employing NTT DoCoMo's Mobile Wallet ("Osaifu-Keitai®") phones, and this has proved popular.

Sumitomo Mitsui Card has entered into an alliance with China UnionPay Co., Ltd., which operates an inter-bank settlement network in China. Under the agreement, the two companies have begun offering a new type of settlement service for Chinese tourists visiting Japan.

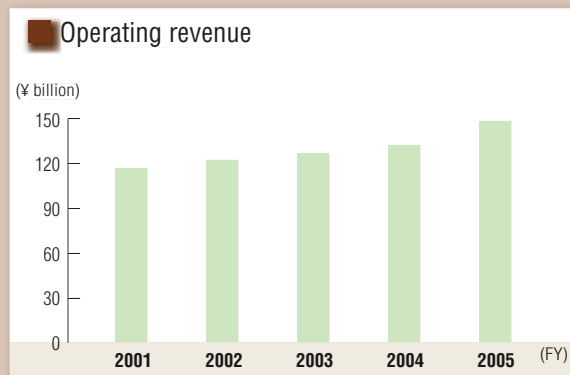
Sumitomo Mitsui Card is also actively marketing services in the field of payment of utility charges, hospital bills, and so on. The company is making every effort to match its credit card services to the diverse lifestyles of its customers, and to ensure all services are safe, convenient and attractive.

NEWS



The *Mitsui Sumitomo Card iD*® service is available at stores displaying the "iD" sign. Customers can access the service just by holding up their mobile phone (specifically, the NTT DoCoMo Mobile Wallet ("Osaifu-Keitai®")) in front of the reader device for just a few seconds. This is a simple and convenient way to pay for purchases.

Since this is a credit card system, not a prepaid system, aggregate payment for numerous separate purchases can be made later to Sumitomo Mitsui Card, freeing the customer from the need for a money redepositing operation. Moreover, as the mobile phones are protected by sophisticated security features, they can be used with no worries.



www.smbc-card.com



★Currently available in Japanese only



SMBC LEASING COMPANY, LIMITED



Company Name:
SMBC Leasing Company,
Limited

Business Profile:
Leasing

Establishment:
September 2, 1968

Head Office:
Tokyo Head Office:
3-9-4, Nishishimbashi,
Minato-ku, Tokyo
Osaka Head Office:
3-10-19, Minamisenba,
Chuo-ku, Osaka

Employees:
893 (as of March 31, 2006)



Koji Ishida
President

Business Profile:

- **Corporate leasing**
Leasing to meet companies' domestic and overseas capital investment needs
- **Real estate leasing**
Leasing services that enable owners of commercial real estate such as office buildings and warehouses to more effectively utilize their assets
- **Sales-type leasing and product leasing**
Leasing sales promotion tools for manufacturers and dealers
- **Internet leasing**
Effective leasing over the Internet
- **Select Lease**
Speedy leasing to small and medium-sized enterprises
- **Leasing of eco-friendly equipment**
Leasing in collaboration with companies providing energy conservation services
- **Car leasing**
Car leasing through SMBC Auto Leasing Company, Limited
- **Rental business**
Renting personal computers and other IT equipment

(¥ billion)

Year ended March 31	2006	2005	2004
Revenue from leasing operations.....	¥615.5	¥580.0	¥555.7
Operating revenue.....	619.7	589.1	553.0
Operating profit.....	32.2	28.0	23.2

SMBC Leasing Company, Limited specializes in providing tailor-made solutions for corporate customers' large-scale capital investment needs. The company offers a broad spectrum of leasing products ranging from PCs and other IT equipment, manufacturing facilities and machine tools, to commercial real estate properties (shops, factories, and warehouses) and overseas facilities for Japanese companies expanding abroad.

Additionally, in collaboration with SMBC, SMBC Leasing offers the "Select Lease" service, specially designed for small and medium-sized enterprises. The company also offers online services such as *Net Lease* and a comprehensive asset management service. These are just some of the company's extensive lineup of services.

Through the leasing of energy-saving and environmental protection facilities and the promotion of the reuse of equipment at the end of the leasing period, the company displays the strong focus on CSR in its management stance. At the same time, the company is strengthening the whole group's business base through the leasing of motor vehicles (for personal as well as commercial use), rental of PCs and various measuring instruments, and the sale of lease trusts.

SMBC Leasing has just recorded five straight years of increases in revenues and profits. In the future, the company will continue enhancing its lineup of value-added services.

NEWS

Marketing Systems

- Sales Force Automation (SFA)
- Net Lease*
- Product leasing (small items)
- Card system for credit screening

Core Management Systems

- Integrated customer data
- Expenses
- Contracts
- Sales accounting
- Properties
- Lease accounting
- Billing and collections
- Securitization of receivables

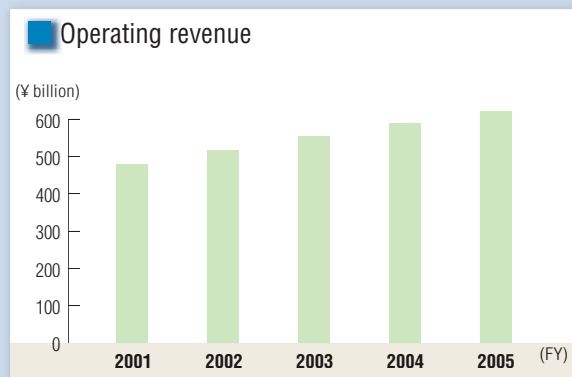
Financing & Accounting Systems

- Financing
- Accounting

Information Systems

- Business performance data
- Business strategy planning

In April 2006 a new core computer system went into operation at SMBC Leasing. The most outstanding feature of this new core computer system is its seamless integration of the functions and databases of the subsidiary systems employed in the company's data management sections, marketing sections, and financing & accounting sections. This has led to a dramatic improvement in the efficiency of both front-line and administrative operations. By making full use of the advantages of this new system, the company aims to raise its business efficiency (both front office and back office), and thereby speed up its leasing operations and make them more efficient. In this way, we are working to enhance customer service.



www.smbcleasing.co.jp



★Currently in Japanese only



The Japan Research Institute, Limited

**Company Name:**

The Japan Research Institute, Limited

Business Profile:

Systems development, data processing, and management consulting and economic research

Establishment:

November 1, 2002

Head Office:**Tokyo Head Office:**

16, Ichibancho, Chiyoda-ku, Tokyo

Osaka Head Office:

1-5-8, Shimmachi, Nishi-ku, Osaka

Employees:

2,871 (as of March 31, 2006)



Yasuyuki Kimoto
President

Business Profile:

- **Computer systems development and information processing service**
Design and development of information systems; outsourcing services
- **Consulting business**
Consulting in the fields of management innovation and information technology
- **Think-tank services**
Economic analyses and strategy design; new business incubation

(¥ billion)

Year ended March 31	2006	2005	2004
Operating revenue.....	¥115.8	¥111.2	¥105.1
Operating profit.....	5.2	6.3	7.6

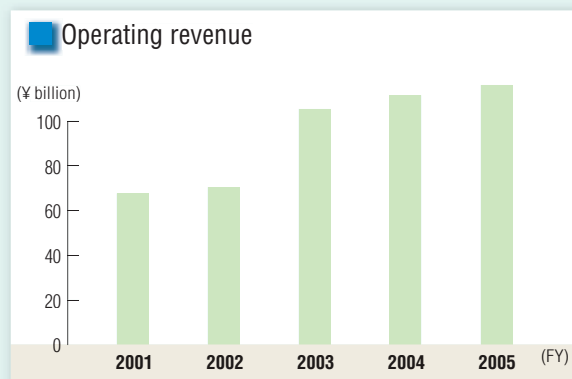
The Japan Research Institute, Limited (JRI) is a comprehensive information services company that seamlessly combines the three functions of systems integration, consulting, and think-tank. With the aim of accomplishing its fundamental corporate mission of working together with its customers in adding new value to their businesses, JRI offers a “three-in-one” management approach that enables it to identify issues that need to be addressed, make specific proposals for their solution, and provide full backup support at the implementation and subsequent stages. The other side of JRI’s raison d’être is to engage in “knowledge engineering” activities in which each individual solution helps generate a value-creation chain involving a wide spectrum of economic and social elements.

Since its establishment more than 35 years ago, JRI has been undertaking the planning and design of strategic information systems for its customers, and providing outsourcing services. In addition to these services, JRI now offers a wide range of other services, including consulting on management strategies for private-sector companies and administrative reform for the government, analyses of the domestic and overseas economies, proposals for government policy-making, and assistance in the incubation of new business ventures.

NEWS



In July 2006, JRI spun off part of its operations to create JRI Solutions, Limited with the aim of strengthening the provision of information technology solutions to corporate customers outside our Group. The new company will leverage the extensive fund of know-how in system development and operations amassed by JRI in its long years of service (principally to SMFG companies) to offer the very best IT solutions to a wider array of customers in the general industrial, financial, and public sectors.



www.jri.co.jp/english/

