



Advertisement for SMBC Consulting Plazas

The member companies of the SMFG are working together to enhance their consumer financial services.

At SMBC, we offer 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 creating services that address specific customer needs, we are working to make SMFG into the 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 staff with high level expertise—and our area marketing approach to provide superior financial services to our customers. Pension-type insurance sales in fiscal 2005 amounted to ¥664.8 billion. Sales of foreign bonds came to ¥100.3 billion. As of March 31, 2006 the outstanding balance of investment trusts under management was ¥2,803.1 billion, and that of housing loans was ¥13,771.8 billion. These achievements underscore the popularity of our services.

In December 2005 we commenced the sale of a new product, single-premium whole life insurance, with a lineup of five plans offered by three life insurance companies. By the end of March 2006, sales amounted to ¥16.7 billion.

### Consulting Business

In addition to single-premium whole life insurance, fiscal 2005 SMBC's Consumer Banking Unit introduced new investment trusts and pension-type insurance products, as well as a securities intermediary service, to bolster its lineup of financial products and services to address the asset management needs of our individual customers.

Additionally, to create a business model involving a true fusion of our banking and securities businesses with the aim of maximizing the synergy between them, we are planning to expand our lineup of consulting services on stock trading by offering a fund wrap service and other services in collaboration with SMBC Friends Securities Co., Ltd. In the loan business, since December 2005 we have been offering a loan for new car purchases by means of the Internet only. We then followed up this innovative car loan in April 2006 with a similar product for housing loans, in which the entire clerical process—from application to receipt of loan—can be carried out via the Internet or the conventional postal service. Also from April 2006, we began offering a new free-of-charge service whereby customers can make advanced loan repayments or switch their interest-rate options via the Internet.

In this way, we are working to offer a diverse lineup of products and services that meet specific customer needs.



Introducing a new type of housing loan offered online



Introducing a new type of auto loan offered online



SMBC Shirokane Takanawa Consulting Office

As of the end of March 2006, the bank had expanded its network of Consulting Plazas to 66 locations. At the Plazas, customers can receive advice on personal asset management or loans on weekends and national holidays, as well as in the evening on weekdays. By March 31, we had opened 14 SMBC Consulting Offices—small-scale dedicated offices that provide individuals with advice concerning the management of their personal assets. In the current fiscal year, the bank opened an SMBC Consulting Office on May 8 at Shirokane Takanawa (an upscale residential area of Tokyo) and an SMBC Consulting Plaza on June 20 at Chigasaki (a seaside resort area near Yokohama). Also, in the central Osaka district of Umeda, we opened the Osaka Apartment House Loan Promotion Office on May 15. This is a loan consulting plaza for landowners considering the construction of apartment buildings. The plazas are operated in collaboration with real estate companies. We intend to continue actively expanding our network of Consulting Plazas and Offices to provide our customers with convenient and friendly consulting services.

Topics



Products and Services Targeting Female Customers

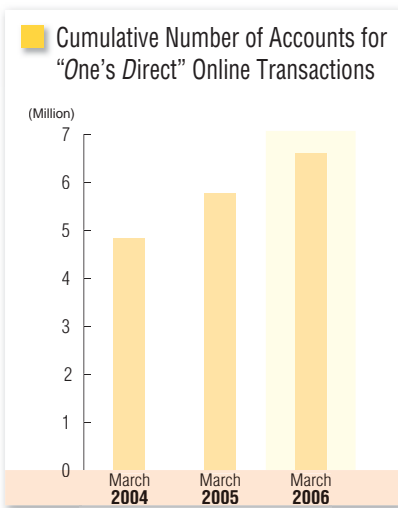
SMBC set up a project team in October 2005 to implement a new style of marketing based on women's perspectives, and to develop products and services specifically tailored to the needs of the bank's female customers. The SMBC Consulting Office in Shirokane Takanawa, opened in May 2006, was planned by the project team in collaboration with senior interior designer staff from The Conran Shop, under the concept of creating a space that is more attractive and approachable for women than the ordinary bank office.

Other notable products and services designed by the project team include the *Six Assets Balanced Fund*, which was jointly designed with female staff from Daiwa Asset Management Co., Ltd., and the *Woman PLUS* mortgage loan, which is specially designed to address the particular lifestyle needs of women. The team continues to design and develop products and services for this customer segment hitherto neglected by banks.

“Members Only” Services

In February 2006 SMBC concluded an agreement with Benefit One, Inc. with the aim of offering “members only” services. The agreement paved the way for the start-up of two new services targeted at company employees nearing retirement or already retired, and also for female customers. These services, which started in April 2006, are called “One's Next Club 50s” and “One's Next Club Woman.” Bank customers who become members of these clubs receive a number of special customer privileges, such as regularly updated information and lifestyle support services.





"DCMX Site" in SMBC's Shinjuku Dori Branch

## ■ Settlement and Finance Businesses

### Mitsui Sumitomo Card iD®

Under a strategic business alliance between Sumitomo Mitsui Card Co., Ltd. and NTT DoCoMo, Inc., we have been operating the Mitsui Sumitomo Card iD® service (an electronic settlement service utilizing NTT DoCoMo's Mobile Wallet® mobile phones) since December 2005. As of the end of April, the number of registered users of this service had grown to approximately 40,000 and the number of retail outlets accepting payment via this service was around 30,000.

Sumitomo Mitsui Card will continue to fully leverage the know-how it has accumulated through its business as a comprehensive provider of credit card services to create a settlement system capable of handling the full range of settlement and credit items from small to very large amounts, and thereby enhance our service for settlement system users.

In May 2006, as part of a larger program between SMBC and NTT DoCoMo, in which the two are creating a network of joint branches, our first "DCMX Site" corner was set up within SMBC's Shinjuku Dori Branch to introduce the new concept of electronic settlements and the other options that the system offers.

## Internet Financial Services Alliance

In March 2006, SMBC, The Japan Net Bank, Limited, and Yahoo Japan Corporation agreed to form a business and capital alliance to create and develop a new Internet financial services business by combining the Internet portal service of Yahoo Japan and the Internet banking services of Japan Net Bank.

We are continuously working to upgrade the features of our popular online service "One's Direct" by expanding the service menu, thus enhancing customer convenience. This remote banking service was ranked as the industry leader for four consecutive years in the Internet Banking Services ranking by Gomez, Inc., a leading Internet performance rating company. The service was also ranked by Gomez in May 2006 as the leading mobile banking service in Japan. The number of subscribers to "One's Direct" as of March 31, 2006 was 6.6 million, an increase of 820,000 from March 31, 2005.

## Topics



### Account Security Reinforced

To reinforce the security of SMBC's ATM cards, from December 2005 the bank began introducing a system of IC credit cards and ATMs that require the user to present the surface of his or her finger for authentication of owner identity (confirmation is made through the matching of vein patterns), in addition to the conventional input of a PIN number. This system provides a highly effective additional layer of safeguards against identity theft or unauthorized withdrawal of funds using a card that has been forged or stolen. We are at present gradually increasing the number of ATMs employing this biometric authentication system.

In the field of online banking, we have utilized a number of proprietary security measures, including an on-screen virtual keyboard that prevents hackers from obtaining passwords and transaction data, or accessing confidential personal information by capturing keyboard and mouse inputs. In February 2006 we became the first Japanese bank to utilize "one-time passwords." We have also designed a system that allows each customer to choose his or her own security measures according to need. With regard to password security measures, different warning messages or advisories are sent to each customer, tailored according to their transaction history. We also include easy-to-understand articles on improving security on our website as part of our wide-ranging initiative to educate our customers in the finer points of personal asset security.



Introducing "one-time passwords"