



Enhancing Services for Major Corporate Clients and Other Listed Companies

SMFG is strengthening its service lineup for listed and non-listed companies to provide solutions required for the increasingly sophisticated and diverse management issues faced by corporate clients. The establishment of the Corporate Advisory Division by SMBC in April 2006 was a major step in this direction. Forming this division involved the integration and realignment of several departments at SMBC that apply their advisory capabilities to serving corporate customers. The new division functions as a marketing unit that supports the activities of the Middle Market Banking Unit and the Corporate Banking Unit.

The Corporate Advisory Division, which has bases in Tokyo and Osaka, comprises a staff of approximately 140 professionals who form groups targeting specific industries. The division provides a centralized platform for SMBC's knowledge and information concerning a wide range of industries. Leveraging this know-how, the Corporate Advisory Division, together with the Corporate Business Offices of the Corporate Banking Unit, creates a project team for each project, working in collaboration with the Investment Banking Unit, the International Banking Unit, credit departments, research departments, relevant headquarters, and from time to time with Daiwa Securities SMBC Co., Ltd. and other Group companies, to propose to our customers strategies to increase their corporate value. This process makes it possible to identify customer needs that had not been readily apparent. Through this approach, the new division aims to offer comprehensive solutions for M&A, strategic equity investment and business alliances, and other management issues of corporate clients.

For large corporations with global operations, SMFG offers highly sophisticated financial services. These services are provided mainly by SMBC's Corporate Banking Unit, but are also backed up by the Corporate Advisory Division and the specialized skills of every Group company.

In fiscal 2006, against a background of economic recovery and substantial improvements in corporate earnings, many large companies are aggressively launching initiatives to achieve further growth. SMBC offices in Japan and overseas, along with other Group companies, are collaborating closely to accurately ascertain customer trends and devise innovative solutions to financing, settlement and other needs. SMBC also provides customers with a broad array of information, business strategies, and business propositions.

How Project Teams Serve Corporate Clients





Announcing *SMBC Crecer Loans*



Poster for *Business Select Loans*

A comprehensive framework, centered on the Corporate Advisory Division, enables us to offer the best possible solutions for raising customers' corporate value, backed by the collective resources of all Group companies. This gives SMFG a powerful means of achieving its management philosophy of "providing optimum added value to our customers and together with them achieve growth."

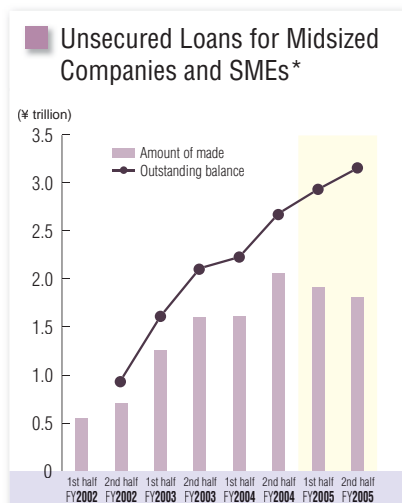
■ Upgrading Services for Midsized Companies and SMEs

The Middle Market Banking Unit of SMBC, along with other SMFG members, offers a diverse lineup of services targeting midsized companies and small and medium-sized enterprises (SMEs). These services reflect our recognition of the important role that the sound development of these companies plays in the growth of Japan's economy.

As the primary means of meeting the financing needs of such companies, SMBC offers loans that require no collateral or third-party guarantee. These loans include the *N-Fund Loans* and *Business Select Loans*. The lineup was expanded in April 2005 with the introduction of the *SMBC Crecer Loan*. As a result, new-type unsecured loans to these companies amounted to about ¥3,150 billion at the end of March 2006, ¥500 billion more than the previous year. Growth of *Business Select Loans* was particularly impressive. About ¥1,600 billion of these loans were newly made during fiscal 2005, resulting in a balance of about ¥1,700 billion at the end of March 2006, a substantial increase over the previous year.

In April 2006, the Small and Medium Enterprises Business Promotion Department was established at SMBC to apply the know-how we have gained and to meet the increasingly diverse needs of SMEs by formulating strategies on SME business and supporting branches and departments in making proposals to SMEs. Paralleling its efforts to strengthen development of products and services, as in fiscal 2005, the department will continue to improve and expand the line-up of risk-sharing products offered in cooperation with credit guarantee associations and municipalities.

The department will also strengthen its ability to serve SMEs with high growth potential through a closer collaboration with NIF SMBC Ventures Co., Ltd. In order to build an integrated support framework extending from young companies to companies preparing for an IPO. It will also reinforce its efforts in the environmental business, a relatively new market that is attracting much attention, aiming to solve highly complex management issues such as business succession.



*Business Select Loans, SMBC Crecer Loans, N-Fund Loans, SMBC-CLO, V-Fund Loans, etc.

■ Upgrading Services to Support the Global Development of Midsized Companies and SMEs

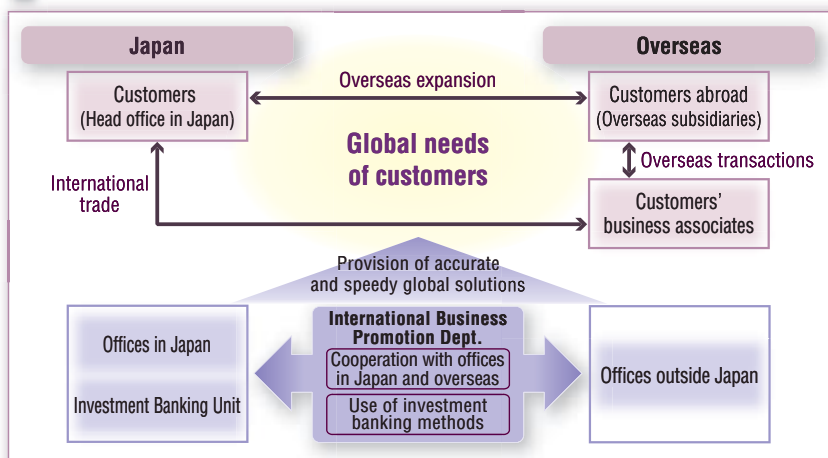
SMBC has for many years placed priority on meeting the varied requirements of SMEs. In recent years, there has been a rapid increase in the demand for global services, as SMEs in Japan set up overseas bases, chiefly in Asia, and increase their international trade operations.

To meet requirements of such customers with greater accuracy and speed, SMBC has recently greatly expanded the functions of its International Business Promotion Department. Until now, the department was focused on international trade settlements, but it now has two new functions. The first is monitoring the global needs of middle-

market customers associated with activities such as launching overseas operations and conducting foreign trade. The second is the provision of solutions that use investment banking methods to precisely meet middle-market customers' global requirements. These solutions are based on extensive cooperation between our offices in Japan and overseas, including the sharing of information, the provision of settlement financing solutions based on data on customers' business transactions, and other activities.

With this organization, we can precisely meet the needs of midsized companies and SMEs as they expand on a global scale, thus serving as an even more powerful partner for these companies.

■ Global Solutions Flowchart



Topics

New Loan for Environmentally Responsible Companies

Based on the Group's Environmental Action Plan, SMFG has been conducting environmental activities centered on three areas: reducing the environmental impact of our activities, dealing with environmental risks, and promoting environment-related businesses. We are focusing especially on environment-related businesses, a field where we can most effectively fulfill our social responsibilities as a leading financial services group.

In February 2006, SMBC began offering the *Environmentally Responsible Company Support Loan*. Through our core lending business, we provide additional support to environmentally responsible midsized companies and SMEs.

Establishment of IPO Business Club

To meet the needs of SME customers that plan to go public some day, SMBC Consulting Co., Ltd. established the IPO Business Club in February 2006. The club brings together the know-how of all SMFG companies and other companies with close ties to the Group. Services include the provision of IPO-related information, assistance in IPO evaluations and business plan preparations through alliances with accounting firms, and other forms of support. This club enables SMBC Consulting to provide member companies with an integrated support system so that they can quickly reach their goal of becoming a publicly traded company.



"Introducing the IPO Business Club"