

The greatest asset possessed by SMFG is its employees, and the growth of the Group is supported by the efforts of individual employees. SMFG makes active efforts to ensure that the invaluable individuality and unique abilities of each employee are optimally utilized. Hereunder, we explain the steps taken by SMBC in this field.

SMBC Human Resources (HR)

One of the crucial considerations in an HR system is that it embodies the company's management philosophy. The primary goal of SMBC is to grow and prosper together with its four main stakeholder groups—its customers, shareholders and the market, the environment and society, and employees. To achieve this goal, SMBC has established the following objectives for its HR system:

- Support the building of an even more powerful business base that can successfully compete on a global scale
- Cultivate staff with specialized skills who can provide customers with value-added services
- Motivate employees more strongly by respecting their individuality and encouraging them to seek personal fulfillment
- Foster a corporate culture that rewards a forward-looking and creative attitude

Nurturing highly specialized human resources

At SMBC, we go to great lengths to nurture highly specialized and professional staff to achieve the goal of providing optimum added value to our customers, as set forth in our corporate mission statement. In view of the present trend of diversification in the types of business in which we engage, and specialization of banking staff in specific fields, as well as the growing diversity in values held by our staff, we are working to design a system of job categories to more effectively cope with these changing circumstances.

To enhance the effectiveness of our personnel system and reward highly specialized professional staff, we have set up "Master Courses" for the attainment of higher qualifications within each job category, and have created the new job description of "special expert" for those individuals who possess excellent market value in their own specialized fields.

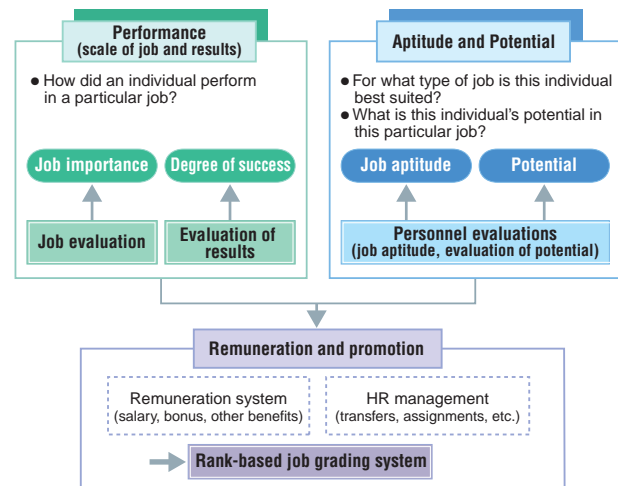
Additionally, to help our staff acquire both practical knowledge and skills necessary for effectively filling each position, we provide a full range of training courses. In addition to courses on corporate banking and retail banking, we also teach them about the role of each job in the wider context, and about the responsibilities that go with each position. In these ways, we help foster their management skills as well as support the development of their careers and capabilities, with separate training available for each age bracket and corporate rank.

Basic Policy on Job Evaluations, Remuneration and Promotions

Employee evaluations are based on two factors. The first is performance, meaning the results that an individual delivers while performing a specific job. The second factor has two elements. One is aptitude, meaning the jobs for which an individual appears best suited. The other is potential, meaning the level of results that an individual appears capable of achieving.

Balancing the two factors, we aim for an optimum fusion of "job-based standards" and "personal standards," so as to produce an employee evaluation and remuneration system that is transparent and is accepted as fair by the employees themselves.

Concerning remuneration, SMBC uses as its basic framework a unique system called a "rank-based job grading system." This system combines evaluations of both performance and potential based on a job grading system.



Support for Personal Career Designing

To enable all our staff to develop into financial services professionals armed with a set of specialist skills, it is vital for each employee to carefully assess his or her suitability for the job they are doing now, as well as to evaluate their skills, decide what future career development course they wish to pursue, and make it into reality through their own efforts.

As one system to support employees' personal efforts to develop their own careers, SMBC operates a hiring system with three entry channels: 1) entry to specific mid-management posts ("post entry"); 2) entry to specific specialist jobs ("job entry"); and 3) entry via career-related training courses ("training entry").

This system, which allows employees, on their own initiative, to choose the fields in which they believe they can most effectively display their abilities, is an important tool for the bank in putting the right people in the right positions. The content of the various jobs offered is revised every year, and in fiscal 2005 we offered openings in 7 different posts and 125 job categories.

In addition to the above, we also have a system that gives support to employees wishing to acquire new or additional skills and expertise as part of their career development process.

Job application system	Post entry	A program designed to give enthusiastic and talented employees a chance to apply for specific posts, such as branch manager or section head.
	Job entry	A program designed for our employees enabling them to apply for a range of specialist jobs in various fields, such as asset management, planning, dealing, and investment banking, to facilitate the planning of their personal careers.
	Training entry	A program designed to enable employees to apply for the training courses necessary for their career plans. Training courses offered include overseas on-the-job training at other financial institutions, courses at overseas graduate schools, and discussion forums held with companies in fields of business outside banking.
Self-education for career (personal) development support system	e-learning; assistance in acquiring qualifications, and in-house career qualification system.	

Various systems offered to help employees balance work and family life

Since April 2005, SMBC has been operating an Employee Support Program to assist those staff members who have young children or elderly family members to care for, enabling them to balance their work and family life. Details of the program are given in the table below.

System for rehiring former employees	A system under which employees who have resigned due to marriage, childbirth, child raising or care of a parent can apply to be rehired within three years of their resignations.
Leave for child raising	With effect from fiscal 2005, an employee may take a maximum of one-and-a-half years of leave for child raising. In the event that an employee's spouse has taken one year's leave (from the birth of the child), the employee may take the following six months as child-raising leave.
Shorter working hours	<ul style="list-style-type: none"> ● SMFG offers the possibility of shorter working hours to employees who need to drop children off at a daycare facility and pick them up at the end of the day. ● There are two types of shortened work schedules: one that allows employees to specify a six-hour working period each day, and another that allows employees to designate one day each week as a holiday.
Support for child care/healthcare	To reduce the economic burden on employees of child raising and other family requirements, SMBC offers reduced-fee child care, baby-sitting, elderly parental care, health-related assistance and other services provided by employee benefit service providers.
Leave for taking care of sick children	An employee may take leave to care for a pre-school child suffering from injury or disease.
Leave for taking care of elderly or disabled family members	An employee may take leave to care for a disabled or elderly family members.
Seminars for employees utilizing the child-raising leave system	From April 2006, SMBC has been holding monthly seminars to help employees taking childcare leave keep up with the latest developments in the banking business and in SMBC in particular. This makes their return to the workplace easier.

Helping staff lead a healthy life

SMBC has taken the measures detailed below to provide a safe and comfortable working environment for employees, and to assist them in leading healthy and fulfilling lives.

Health Management	SMBC has health development centers at three locations, including the head office. Responsible for managing the health of employees, the centers are staffed by industrial physicians, nurses, hygienists and other professionals. Each health development center includes a medical clinic.
On-site health consultations	In addition to conducting periodic medical examinations for all employees, hygienists and nurses visit business sites that do not have a health development center to provide health consultations.
Health checkups	To detect diseases at an early stage and maintain good health, SMBC conducts not only the annual health checkups required by law, but also adult disease medical checkups for detection of chronic diseases, complete medical checkups and other checkups according to age in cooperation with the SMFG health insurance association.
Mental healthcare	To help employees monitor their own mental health, SMBC has made available a stress-checking system on the Group's intranet. In addition, the SMFG health insurance association provides telephone consultations and face-to-face consultations.

Developing employee awareness of individual rights

SMBC has laid down as principles to be observed by all its employees in the course of their work: 1) the requirement to respect the individual human dignity of customers and fellow staff members alike at all times; and 2) a prohibition against discrimination or prejudice of any kind against any person or class of persons.

To increase our employees' knowledge of the issues involved in respecting the rights of individuals, we have implemented the following measures.

(1) Group Seminars

The bank provides group seminars for the general managers of departments and branches who are responsible for overseeing their staff. The bank conducts similar seminars for employees newly promoted to management positions, junior staff, and newly-hired employees.

(2) On-the-job Training Sessions

These training sessions are held twice a year at each department and branch, and are presided over by the head of the department or the branch manager. A wide range of themes are addressed, including the treatment of persons with disabilities, sexual harassment, unacceptable beliefs and verbal expressions, and the Personal Information Protection Law and related matters concerning respect for the rights of the individual. These issues all form the subject of intensive discussions.

(3) Submission of Slogans

To raise the level of awareness of individual rights issues within the workplace, we invite our employees to think up slogans for display in the office or in manuals and so on concerning respect for individual rights. Staff at SMBC group companies, as well as temp staff and other non-regular employees are also urged to attend our study sessions and to submit slogans for consideration.

Expanding employment opportunities for persons with disabilities

In line with new legislation to promote the employment of persons with disabilities, SMBC has established a subsidiary, SMBC Green Service Co., Ltd., as part of the bank's overall policy of actively seeking to increase the employment of persons with disabilities within the SMBC group.

In recognition of SMBC Green Service's significant contribution to expanding the employment of persons with disabilities, and providing conditions that enable them to stay at the same workplace for longer, in fiscal 2005 the Osaka Prefectural Government presented the company with an award under its "Compassionate Corporation Program."

Staff Profile

March 31	2004	2005	2006
Number of employees	22,348	21,020	20,322
Male	15,750	14,635	13,955
Female	6,598	6,385	6,367
Average age	38.7	39.0	39.0
Male	40.9	41.2	41.2
Female	33.3	33.7	34.0
Average years of service	16.6	16.9	16.7
Male	18.3	18.5	18.3
Female	12.8	13.2	13.3
Ratio of employees with disabilities (% of total)	2.03%	2.09%	1.99%*

*As of March 1, 2006