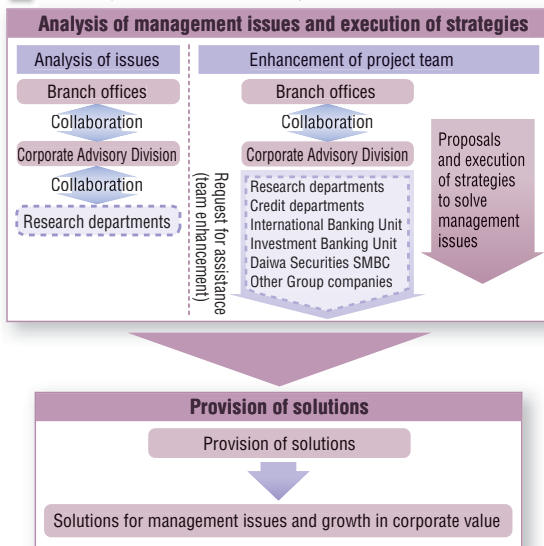


■ Corporate Banking

Enhancing Services for Major Corporate Clients and Other Publicly Traded Companies

SMFG is dedicated to facilitating the business activities of major corporate clients and other publicly traded companies by providing optimal solutions for the increasingly sophisticated and diverse management issues they face and supporting their aggressive business expansion efforts. At SMBC, the Corporate Advisory Division was established in April 2006 to enhance these solution-based services of the Middle Market Banking Unit and the Corporate Banking Unit.

■ How Project Teams Serve Corporate Clients



The Corporate Advisory Division takes full advantage of its structure, organizing staff into teams by industry to gather and utilize information from external sources and within SMBC. The division uses this information to provide sophisticated financial services that raise the corporate value of client companies. Support includes the formation of project teams made up of staff with specialized skills drawn from the relevant SMBC departments to address specific individual needs and design value-added proposals, and collaboration with Daiwa Securities SMBC Co., Ltd. when necessary.

SMFG's services also reflect the increasingly global scope of management at large corporations. Two major trends are the growth in cross-border M&A activity, and the need for highly sophisticated cash management on a consolidated basis. Expertise in both of these fields has become essential to meeting the requirements of large corporations.

SMFG understands the challenges of the operating environment of forward-looking global companies, and supports

them with a system in which SMBC's bases in Japan and overseas cooperate closely with other SMFG subsidiaries.

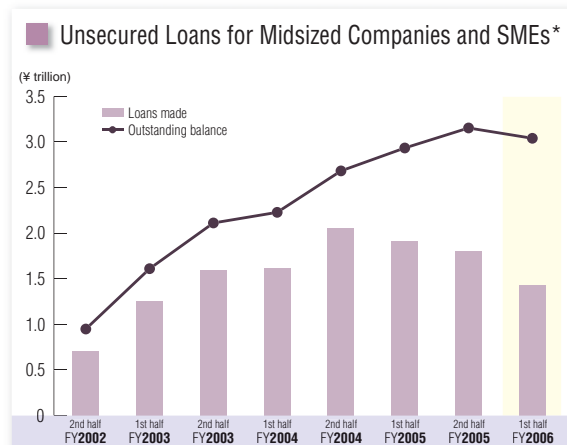
For example, SMBC supports customers who aim to carry out fund procurement and cash flow management on a global basis by making proposals for the creation of a company responsible for customers' overall fund procurement and management, and the introduction of centralized fund administration systems. In this way, SMFG helps them realize their goals.

SMFG will continue to upgrade its capabilities, offering the sophisticated services that corporate clients need if they are to successfully conduct business operations on a global scale.

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.

Recognizing the strong demand among SMEs for unsecured loans, SMBC became a trendsetter among Japanese banks by developing the *Business Select Loan*, which requires no third-party guarantee. Thus far, SMBC has extended *Business Select Loans* totaling ¥4.9 trillion to more than 70,000 SMEs. At the end of September 2006, the outstanding balance of *Business Select Loans* was ¥1.8 trillion. These figures demonstrate the success of this product in meeting a diverse range of SME fund procurement needs. SMBC continues to work on ways to meet the requirements of SMEs, such as through the development of risk-sharing loans offered in cooperation with credit guarantee associations and municipalities. SMBC also plans to supply a variety of information



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

and financial advice. All forms of support will embody added value that reflects the distinctive strengths of SMBC.

With this in mind, SMBC formed the New Business Group and Business Succession Group within the Small and Medium Enterprises Business Promotion Department, which was established in April 2006. These groups offer assistance to growth companies aiming at IPOs, as well as solutions for business succession—an area of business that is recently drawing greater interest and for which demand is increasing—and other issues frequently encountered by SMEs.

In addition, SMBC is upgrading its solution capabilities involving environmental issues and many other fields of particular interest to SMEs and larger companies.

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

In recent years, the globalization of operations has advanced rapidly at SMEs and medium-sized companies. In many cases, parts suppliers follow large manufacturers when they set up factories outside Japan, and other companies are targeting opportunities of their own in overseas markets.

SMBC maintains a system for closely supporting such companies. In addition to its usual international trade settlement services, SMBC provides information on the establishment of overseas operations, and facilitates their financing activities afterwards.

One significant need at many SMEs and larger companies involves reducing the burden of administrative tasks such as financial affairs and accounting procedures overseas. One SMBC solution is an e-banking system for processing

payments. In addition, SMBC has developed financial products that allow customers to perform most account settlement procedures in Japan, thereby efficiently strengthening the management process.

At several SMBC branches and offices in Asia, professionals are assigned to service Japanese SMEs. In this way, the bank has built a system through which it can meet the demands of Japanese customers overseas, working in collaboration with its corporate business offices in Japan as well as each related section.

Through these and other global support activities, SMBC will continue to supply SMEs and larger companies operating outside Japan with valuable services that meet all their cross-border financial needs.



Poster for an Internet banking foreign currency transaction service for corporate clients

Topics

SMBC Starts Free Information Service

In November 2006, SMBC started its Business Information Service, which distributes various types of information to corporate clients at no charge. The objective is to enhance customer satisfaction by supplying value-added services in areas other than loans. The new service is offered to customers who have a *Business Select Loan* balance over a certain amount. With the backup of SMBC Consulting Co., Ltd., SMBC uses fax and e-mail to distribute a variety of information on topics of interest to the managers of SMEs and larger companies. We have assigned dedicated staff to handle direct inquiries from customers regarding the Business Information Service and mail out more detailed brochures when necessary.



Announcing the launch of a new business information service