

Business Overview

Consumer Banking

The member companies of SMFG are collaborating to enhance the financial services they offer to consumers. Some of the key indicators of SMBC's performance in the first half of fiscal 2008, reflecting the high esteem customers have for our services, include an outstanding balance of investment trusts under management of ¥2,685.1 billion; sales of foreign bonds and structured bonds of ¥83.5 billion; pension-type insurance sales of ¥183.1 billion; sales of single premium full-life insurance of ¥19.3 billion; and mortgage loans outstanding of ¥13,759.4 billion as of September 30, 2008.

Financial Consulting Business

SMBC's Consumer Banking Unit continued to expand its offerings of investment trusts, pension-type insurance products, and other insurance products during the first half of fiscal 2008.

New products introduced in the pension-type insurance area included principal-guaranteed policies with an initial minimum holding period of five years and policies with nursing care provisions. In the investment trust area, we became the first major banking group in Japan to offer a selection of funds investing principally in European high-yield bonds. In addition, in the life insurance product area, we offered a total of 18 products (from seven insurance companies), including death benefit insurance payable in equal installments and medical benefit insurance policies. Sales of these products are handled by our experienced insurance consultants, who are stationed at 90 of our branches (as of September 30, 2008).

Moreover, as part of our initiatives to protect the natural environment, we conducted two green campaigns linked to sales of Japanese government bonds to individuals. Based on the total amount of bonds sold during the campaign, carbon emission credits are purchased and transferred to the Japanese government in the campaign launched in June 2008, and trees are planted in the campaign launched in September 2008.

In view of the major fluctuations in domestic and overseas stock and other markets stemming from the financial crisis in the United

States, we have been disclosing timely information to our customers. These initiatives include holding investment management report seminars, issuing special market reports and distributing these



Investment management report seminar

through direct mail, and other activities aimed at providing information and follow-up on financial market developments.

Loan Business

To enable us to respond to a wide range of customer needs, we are constantly developing new loan products and services.

In April 2008, we began to offer mortgage loans with a special feature that exempts borrowers from a portion of loan repayment in the event of natural disasters. When a borrower's home is damaged by a natural disaster, the borrower is exempted from the monthly mortgage payments for a certain period, depending on the extent of the damage. We are the first institution in the banking industry in Japan to offer mortgage loans with such features.

Also, in December 2008, we launched a new type of educational loan, which repayment is guaranteed by Promise Co., Ltd.



Borrowers can apply through one of SMBC automated loan contract machines, via the Internet, or through other channels every day (except January 1) until nine in the evening. Generally, applicants receive a response to their applications on the same day, and, compared with conventional educational loans, the new loan offers significantly greater convenience for customers.

Settlement and Consumer Finance Business



SMBC CARD Suica

We are continuing to expand services available on our SMBC First Pack settlement platform. We have concluded a business alliance with East Japan Railway Co., (JR East), and, in October 2008, we began issuing SMBC CARD Suica with JR East Suica electronic money and automatic charging services.

We are also broadening services available through the Mitsui Sumitomo Card iD* service, an electronic settlement service, which is based on a strategic alliance between SMFG and NTT DOCOMO, Inc. In July 2008, we began offering the iD service in Guam and then extended the service to China in August 2008. As of September 30, 2008, about 8.97 million persons had contracted for this service, and the number of terminals in member retail stores had expanded to about 380,000.

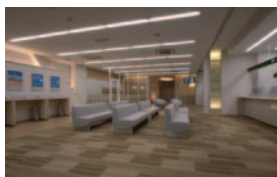
* "iD" is a trademark of NTT DOCOMO.

SMBC and two of our affiliates, Promise and At-Loan Co., Ltd., began offering consumer finance products and services in April 2005. The total number of automated contract machines installed, as of September 2008, had risen to 704, and the balance of loans outstanding from SMBC and At-Loan had expanded to ¥376.3 billion.



Transaction Channels

During the first half of fiscal 2008, we opened new branches in Center Minami (in Kanagawa Prefecture) and Akaike (in Aichi Prefecture). Also, in June 2008, we opened a new type of outlet, SMBC Park Sakae, which is located in the central section of Nagoya and focuses mainly on disseminating information.



Center Minami Branch



Akaike Branch

In addition, in the Tokai region, which is centered on Nagoya, along with the opening of manned offices, we are moving ahead with the installation of ATMs at the Chubu Centrair International Airport and subway stations of the Nagoya City Subway system.

Along with these initiatives, we are continuing to strengthen our branch and ATM networks, principally in the Tokyo metropolitan, Kinki, and Tokai areas, with the goal of further improving services for our customers.

In online banking, in addition to introducing highly advanced services and strengthening security, we are continuously enhancing the service menu and convenience of *SMBC Direct* to meet customer needs. On April 1, 2008, we reduced our foreign exchange handling fees for foreign currency deposit transactions made via the Internet mobile service of *SMBC Direct* to half that charged at our branches; online banking has become a convenient and low-cost option for our customers.

Our online banking services have established a strong reputation for quality, and there were approximately 8.87 million subscribers as of September 30, 2008.

Topics

◆ SMFG Implementing Credit Card Business Strategy

On April 1, 2009, three group credit card companies—Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc.—are scheduled to merge to form a new credit card company, Cedyna Financial Corporation. This merger will result in the creation of a leading credit card company comparable to Sumitomo Mitsui Card Co., Ltd. Going forward, we will concentrate our credit card business operations around the newly formed Cedyna and Sumitomo Mitsui Card, two major players in the industry with different strengths.

Looking ahead, we will work to realize top-line synergies by combining the expertise, customer bases, and networks of our group companies as well as cost synergies through economies of scale in the Group as a whole. Through these initiatives, we will strive to become the “No. 1 credit card business entity in Japan.”

