

Expanded Lineup of Loan Products for Midsized Companies and SMEs

Meeting the funding needs of midsized companies and small and medium-sized enterprises (SMEs) is the top-priority function of SMBC's Middle Market Banking Unit. These needs are met primarily through the active marketing of unsecured loans without requirement of a third-party guarantee.

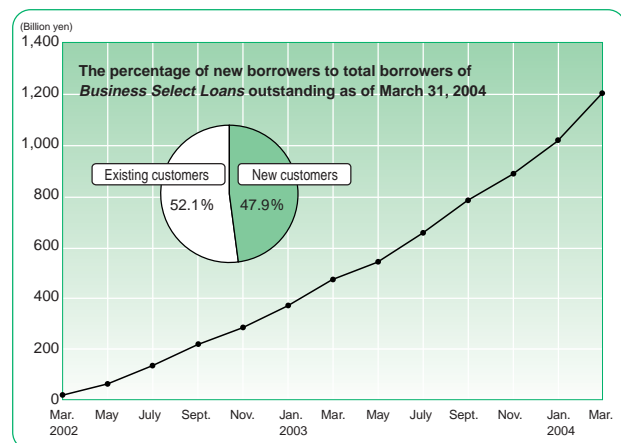
Full-scale marketing of our *Business Select Loan*, primarily targeting corporate customers with annual sales of less than ¥1 billion, started in March 2002. Since then, this product, available up to a maximum of ¥50 million per loan, has been widely advertised on television and in the print media. Thanks to the increased number of marketing staff assigned to the *Business Select Loan*, and the larger number of branches at which it is available, the total loan value of this product in fiscal 2003 exceeded ¥700 billion. This was a steep increase over the previous term, and gives an aggregate figure of approximately ¥1,200 billion since the launching of the product.

To meet the borrowing needs of customers with annual sales of ¥1 billion or more, we have transferred more decision-making authority for decisions to our branch office staff, and have greatly speeded up the credit screening process through the standardization of procedures, thus enabling us to offer *N-Fund Loans*, a risk-taking-type loan product available up to a maximum of ¥5 billion per loan. Total lending of this product in fiscal 2003 came to approximately ¥2,100 billion.

As a result of these steps, we extended loans to approximately 17,000 first-time customers in fiscal 2003, for a total loan amount of ¥1,400 billion.

In cooperation with the bank, SMBC Leasing Company, Limited provides the *Select Lease* product mainly to customers also taking out *Business Select Loans*. Total revenue from this business in fiscal 2003 came to approximately ¥15 billion.

■ Cumulative Total Value of *Business Select Loans*



Rolling Out Our Network of SMBC Consulting Plazas

To address the asset management and borrowing needs of individual customers, in March 2004 we opened the first six of our specialized customer-advisory offices in Tokyo, Osaka, and Kobe under the name of "SMBC Consulting Plaza." Following this, in June we opened another one at a new bank branch in Tokyo's Shinagawa Ward, and it has been attracting many customers. In July, we opened 18 more in eastern Japan and 15 in western Japan, mostly in residential areas and close to important commuter railway terminals in major cities.

The locations and operating hours of the SMBC Consulting Plazas have been specifically chosen to suit the needs of customers—particularly office workers—who find it difficult to visit our ordinary branches during their working hours. These measures we have taken to make our consulting services more accessible to our customers are part of a broader initiative aimed at establishing a strong brand image that communicates SMBC's determination to be No. 1 in financial services for individuals.

During the current term, we will be expanding our network of SMBC Consulting Plazas to approximately 100 (some of which will be in newly established bank branches) nationwide.



Inside the SMBC Consulting Plaza in Shinjuku, Tokyo



Seminars on money management for customers—focusing on business trends and the basics of personal asset management—are held at SMBC Consulting Plazas on a regular basis.

Strategic Alliance between SMFG and Promise

SMFG and Promise Co., Ltd., one of the leading Japanese consumer finance companies, have reached an agreement to form a strategic alliance in the consumer finance business.

The consumer finance business is expected to grow further, while changing significantly in step with the maturing of the economy and the diversification of consumer preferences and lifestyles. Under these circumstances, SMFG and Promise have decided to form a strategic alliance to establish the No. 1 consumer finance business in Japan by providing attractive products that meet customers' multifarious financing needs.

As strategic partners, SMFG and Promise will form a dynamic, full-scale alliance forged from positions of strength, and provide excellent products and services, leveraging their

resources, including brand power, customer bases, expertise, and experience.

To maximize the synergies of this alliance, the two sides will seek further development of their business collaboration, including between Promise and SMFG subsidiaries such as Sumitomo Mitsui Card Company, Limited and SAKURA CARD CO., Ltd.

SMFG and Promise aim to achieve a consumer loan balance of approximately ¥500 billion in three years.

