

## Steps Toward Development of Corporate Revitalization Business

SMFG has been taking strong measures to establish a major position in the corporate revitalization business, with a view to nurturing it into a significant new source of earnings.

We believe that by applying investment-banking methods, as well as various other financial tools, including loans and investments, we can realize a system under which the successful revitalization of companies will lead automatically to increased profit opportunities.

### Corporate Recovery Joint-Venture Company and Loan Purchase Fund

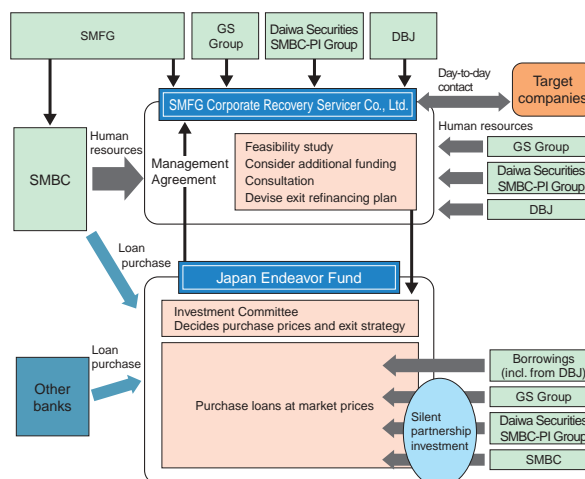
SMFG, Goldman Sachs (Japan) Ltd. (referred to hereinafter collectively with its affiliates as “the GS Group”) and Daiwa Securities SMBC Principal Investments Co. Ltd. (referred to hereinafter collectively with its affiliates as “the Daiwa Securities SMBC-PI Group”), together with Development Bank of Japan (DBJ), have formed a joint venture to engage in the corporate revitalization business, under the name of SMFG Corporate Recovery Servicer Co., Ltd.

The four parties in this joint venture will work together closely, contributing their top-class know-how and human resources to the financial and business restructuring of companies with good future potential.

### Daystar Fund

Mitsui Sumitomo Insurance Company Limited (MSI), Sumitomo Mitsui Banking Corporation (SMBC), and Daiwa Securities SMBC-PI have jointly launched a corporate restructuring fund under the name of Daystar Fund. The purpose of the fund is to help revive companies which have excess liabilities but whose core businesses are stable.

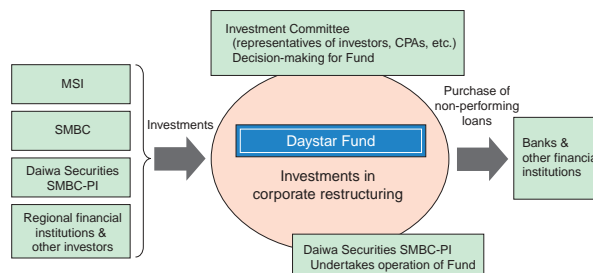
### ■ Outline of corporate recovery joint venture and loan purchase fund



The GS Group and the Daiwa Securities SMBC-PI Group have jointly set up the Japan Endeavor Fund, which will purchase loans that have been made to the target companies by SMBC and other banks.

SMFG Corporate Recovery Servicer will undertake the business of achieving recovery for specific target companies from the Japan Endeavor Fund. In addition to close cooperation from the managements of the target companies, featuring extensive communication on a daily basis, the joint venture will deploy a wide range of financial methods, including investment-banking methods, in pursuit of its goal of corporate recovery.

### ■ Outline of Daystar Fund



The Daystar Fund will purchase loans to the target companies made by SMBC and other financial institutions.

Daiwa Securities SMBC-PI, which is responsible for the operation of the fund, will utilize the know-how of all the partners in the venture to support the target companies in their efforts to restructure their financial bases and businesses.

The solicitation of participation by regional financial institutions and other investors in the fund's activities is being examined.

## Reinforcing Loan Business for Small and Medium-Sized Corporate Customers

Increased lending to new customers through the active promotion of *Business Select Loan* and other risk-taking products

SMFG has been actively promoting the business of loans to small and medium-sized corporate customers, principally through the loan products described below.

### Vigorous Marketing of *Business Select Loan*

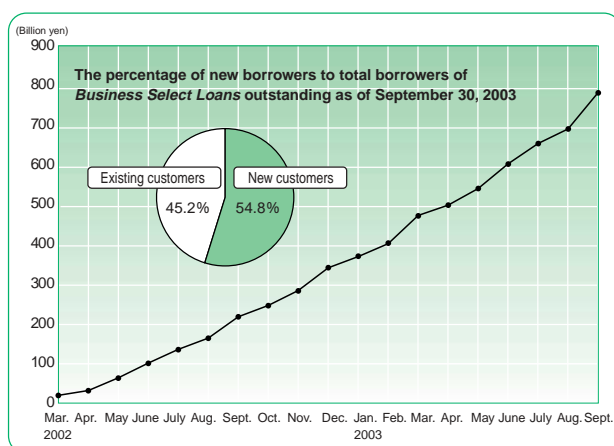
*Business Select Loan*, the full-scale marketing of which began in March 2002, is an unsecured loan product specifically designed for small and medium-sized enterprises (SMEs) with annual sales of less than ¥1 billion. This product, which is available up to a maximum of ¥50 million per loan, features a rapid credit screening process. We widely advertised *Business Select Loan* to raise its recognition rate among customers, and provided marketing services closely tailored to the needs of SMEs through Business Support Offices staffed by specialists from SMBC's Corporate Business Office. As a result, as of September 30, 2003, aggregate loans to this customer segment stood at ¥780 billion, of which 54.8% consisted of loans to new customers.

### Expanding Our Lineup of Risk-Taking (Unsecured) Loans

SMBC's *N-Fund Loans*, which are targeted at corporate customers with annual sales of ¥1 billion or more, are part of our drive to expand our portfolio of unsecured loan products with an appropriate risk-return profile.

We will continue to develop and market other risk-taking products to attract new customers.

### ■ Cumulative Total Value of *Business Select Loans*



## One's Style—New-Type Account Service for Customers in Their 20s and 30s

Personally tailored financial management style for the younger generation

In November 2003 we launched One's Style, a new service limited to customers in their 20s and 30s. Aimed at winning long-term customer loyalty, this product was jointly designed by young employees at SMBC and Sumitomo Mitsui Card Company, Limited.

One's Style is a new kind of service that expands on the features of the existing One's plus service to offer a bank card with loan and settlement functions. Customers are able to use a single card as a bank card, a credit card, and a bank loan card, and instead of a conventional bank book, they can access online their bank records via PC or cell phone.

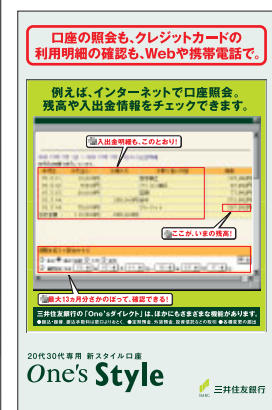
One's Style is the first banking service in Japan to be designed specifically for customers in their 20s or 30s as of the date of application. Not only do people in this age group comprise the majority of customers opening new accounts, they also account for 70% to 80% of applicants for credit cards and card loans. This new service offers appealing financial products in an easy-to-understand way, which makes marketing both effective and resource-efficient.

SMFG's cutting-edge financial products—designed to meet the needs of the younger generation with a special emphasis on user convenience—have been very well-received, with One's Style winning the 2003 Nikkei Superior Products and Services Awards for Excellence.

We will continue expanding our lineup of products and services taking into account customer requirements, and we intend to incorporate our customers' views to continuously enhance product quality.



SMBC poster advertising "One's Style"



View the account balance and credit card transactions online and via cell phone (Poster)

## Asian Business Development

Further strengthening our framework for supporting customers' business operations in the promising Asian market

### Bolstering China-Related Business

In December 2002 we established the China Business Promotion Department within SMBC, staffed mainly by personnel experienced in doing business in China. This enabled us to effectively meet a wider range of customer needs relating to business operations in China.

In the past year, we have been holding China Seminars all across Japan, which have been attended by over 1,800 corporate representatives. In China itself, we have jointly held seminars with local authorities on the investment environment in specific development zones as well on the general investment situation in the country as a whole.

In June 2003, we established the China Business Club, a membership-system club operated by SMBC Consulting Co., Ltd., to provide an even higher level of value-added services across a wide range of businesses for companies operating in China as well as those interested in entering the Chinese market. Services are provided with the collaboration of outside experts on the Chinese market, and free consultations are offered. Further information is provided through the publication of a monthly magazine devoted to Chinese business affairs, as well as a website. The club also offers a wide range of support services for companies doing business in China, including holding lectures on business circumstances and new developments, and arranging business opportunities between members.

We plan to build on our achievements by expanding the range of services offered by the China Business Club while further refining our Groupwide system of support for China-related business to help our customers grow their operations in that country.

### Debt Capital Markets Department Opens Offices in Singapore and Hong Kong

To strengthen our capability to provide customers with leading-edge financial solutions for the Asian market, where further growth is expected in the near future, SMBC's Debt Capital Markets Department opened offices in the Bank's Singapore and Hong Kong branches on January 2, 2004.

Japanese, U.S. and European companies are expanding operations in countries on the Asian mainland. As a result, rapid growth is also being seen in demand for sophisticated financial solutions such as the securitization of receivables and real estate.

In response to this demand, SMFG is working to expand its roster of specialists with extensive experience in the Asian market, enabling us to quickly obtain an accurate picture of our customers' financial needs and design more precise and effective financial solutions. Furthermore, we are confident that the operation of the Debt Capital Markets Department, through its new offices in Singapore and Hong Kong, will allow us to track developments in the local underwriting market with greater accuracy, leading to the development of a more effective risk-taking system.



Magazine for China Business Club members