

Human Resources

Recognizing the vital role of human resources in its business operations, SMBC makes utmost efforts to help employees realize their full potential and make optimum use of their skills.

SMBC Human Resources (HR)

● Objectives

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 three main stakeholder groups—its customers, shareholders and employees—and to achieve this goal, SMBC has established the following objectives for its HR system:

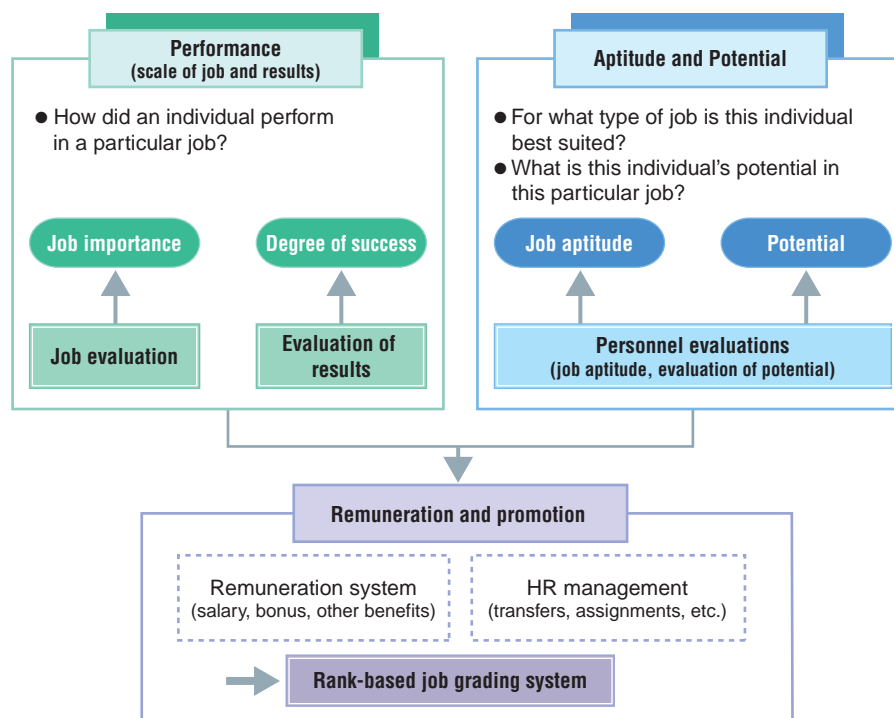
- Support the building of an even more powerful business base that can successfully compete on a global scale
- Cultivate staff with specialized skills who can provide customers with value-added services
- Motivate employees more strongly by respecting their individuality and encouraging them to seek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

● Job Categories

The distinguishing feature of human resource management at SMBC is a system based on a wide variety of job categories, responding to the diverse scope of our business activities and our need to cultivate specialists, as well as our desire to respect the preferences and priorities of each employee.

● 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. 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.



HR Management

● Putting the right staff in the right jobs

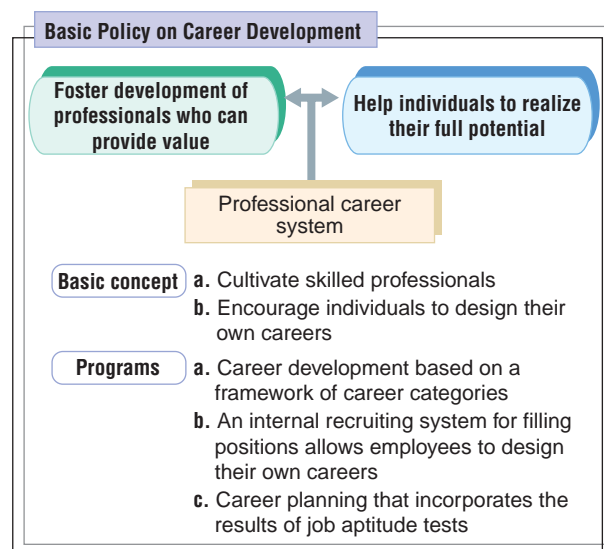
At SMBC, we make efforts to place each person in the right job. This is based on each individual's aptitude and potential as assessed by tests and other evaluation tools. Age does not figure as a factor, and talented young employees are quickly given positions of responsibility to inject vitality into the workplace.

● Performance-weighted evaluations

Under our comprehensive HR evaluation system, staff are assessed in accordance with their on-the-job performance, in a manner that all can understand and accept. Remuneration and promotions are then determined on the basis of these evaluations. Furthermore, by reviewing evaluations in a timely and flexible manner according to an individual's performance and other considerations, we facilitate an HR system that takes into full account each employee's performance and skills. Through this approach, SMBC aims to create a competitive and motivating employment framework.

● Career development system

One of the main features of the SMBC's HR system is that every employee is encouraged to cultivate highly specialized skills befitting a financial professional. Each employee must have a thorough awareness of his or her job aptitude and future career goals. It is vital that employees be able to realize their full potential. SMBC's HR system includes a framework for providing support to enable each employee to take responsibility for advancing his or her career, known as the Professional Career System. The core concepts of this system are as follows.



HR Development

● Training Policy

The basic policy for HR development is to cultivate staff with specialized skills, in line with our management philosophy of providing customers with high value-added services. In accordance with this basic policy, our training policy is to speedily foster professionals who can help us compete successfully.

● Group Training

To complement on-the-job training, SMBC offers a variety of training courses to help employees obtain the practical skills they require. The training system is divided into two major categories: training by job category and training by job rank.

Training by Job Category

These courses give individuals knowledge and skills that are linked directly to their jobs. The following courses have been established, with the stated objective, in each business unit.

Corporate Banking

- Training to help new, young employees to quickly acquire useful skills
- Support for executing key Corporate Banking initiatives
- Enhancing skills to create new sources of competitiveness

Consumer Banking

- Quickly make newly appointed employees productive and raise their output
- Ensure that branch office managers acquire Financial Planner qualifications, as required by the new branch organizational structure
- Help employees to upgrade their skills

Training by Job Rank

This training is given to all employees having the same duties, seniority or job rank. There are two categories. First is training for specific jobs: this is aimed at increasing understanding of each job's responsibilities and roles, as well as how to fulfill them. Second is seniority-based training to assist individuals in developing their careers and skills in accordance with their seniority and job ranks.

● Applying for Training Programs

Every employee drafts a career plan, and then submits applications to undergo the training programs required for achieving the objectives specified in the career plan.

● Support for Self-Education

As tools for self-education, SMBC provides e-learning, assistance in acquiring qualifications, correspondence courses and an internal examination system.

Employee Benefits System

SMBC has an employee benefits system to create a safe and pleasant working environment. The system also helps employees to lead 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.

Annual health checkups:	Ages 18 to 27, 29, 30, 31, 33, 34
Extensive annual medical checkups:	Ages 28, 32, 36, 37, 39, 41, 43
Adult disease medical checkups:	Ages 38, 42, 44 to 60 (except years for complete medical checkups)
Complete medical checkups:	Ages 35, 40, 45, 50, 55
Dental check-ups:	Ages 38, 42, 46

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.

● Helping Employees Balance Work and Family Life

SMBC has the following programs to assist employees in leading fulfilling lives at work and at home.

System for rehiring former employees

SMBC has 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

SMFG allows employees to take leave for child raising until the child becomes one and half years old.

Shorter working hours

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, at a discount child care, baby-sitting, elderly parental care, health-related assistance and other services provided by employee benefit service providers.

Staff Profile

March 31	2003	2004	2005
Number of Employees	24,024	22,348	21,020
Male	17,158	15,750	14,635
Female	6,866	6,598	6,385
Average age	38.6	38.7	39.0
Male	40.5	40.9	41.2
Female	32.9	33.3	33.7
Average years of service	16.6	16.6	16.9
Male	18.3	18.3	18.5
Female	12.4	12.8	13.2
Handicapped employee ratio (% of total)	2.04%	2.03%	2.09%