

Consumer Banking

SMFG, principally through the Consumer Banking Unit of its banking subsidiary SMBC, offers high-value-added financial services under the brand name “One’s Next.” This reflects the emphasis we place on helping customers determine the next step of their financial plans according to their stage of life. By basing all our services on customers’ needs, we are working to make SMFG into the industry’s No. 1 financial group in consumer financial services.

Consulting Business

SMBC’s Consumer Banking Unit deploys a wide range of specialist staff, including professional financial consultants and “Money-Life” consultants, to meet the needs of individual customers. We offer a comprehensive array of financial products and services to address the asset management and fund procurement needs of our individual customers.

SMBC has introduced a number of measures to broaden its selection of asset management products, including expanding its lineup of securities-related products with the launch of a securities intermediary business and the introduction of fixed annuities for individuals.

In response to requests from customers unable to visit branches during their working hours, or due to other time restrictions, the bank launched the SMBC Consulting Plaza network in March 2004. At these dedicated service outlets, SMBC provides consulting services in the evenings as well as on weekends and national holidays, allowing married couples to visit the bank together. The network now encompasses 45 outlets.

We have expanded our lineup of mortgage loans and services to meet the diverse range of customer needs. For example, we now offer loan consultation services on weekday evenings, weekends and national holidays to accommodate customers’ busy schedules. In addition, SMBC has made repayment of mortgage loans easier than ever—accounts at other banks can now be debited for repayment of SMBC loans. In this way, SMBC is working to make its services even more convenient for customers.

Consumer Finance

In the consumer finance business, cooperation is being pursued among the Group companies involved—principally SMBC, At-Loan Co., Ltd., Promise Co., Ltd., and Sumitomo Mitsui Card Company, Limited.

Leveraging its alliance with Promise, SMFG is combining Promise’s experience and know-how in the field of consumer finance with SMFG’s broad customer base and extensive marketing channels to offer financial products and services that each individual company would not have been able to offer on its own. This collaboration will enable us to realize greater efficiency, and thereby raise the effectiveness of our consumer finance operations.



One’s Next TV commercial



SMBC poster for settlement accounts



SMBC poster for securities intermediary business

Major Accomplishments

- Offered increasingly sophisticated products and services in our consulting business, which have been well received by customers. As of the end of September 2004, assets in investment trusts for individuals rose to ¥2,062.3 billion, assets in annuity insurance increased to ¥268.3 billion and mortgage loans outstanding reached ¥12,842.2 billion
- Increased the number of One’s Direct online banking customers to 5.34 million as of the end of September 2004, up 530,000 from the beginning of the fiscal year

Key Goals

- Strengthen the consumer finance business by implementing bold initiatives, leveraging the business alliance with Promise (See Topics)
- Identify opportunities created by deregulation for expanding our lineup of products and services, such as by starting a securities intermediary business, and offer even more sophisticated consulting services
- Start handling designated accounts for securities transactions (January 2005)
- Begin offering settlement accounts (February 2005)

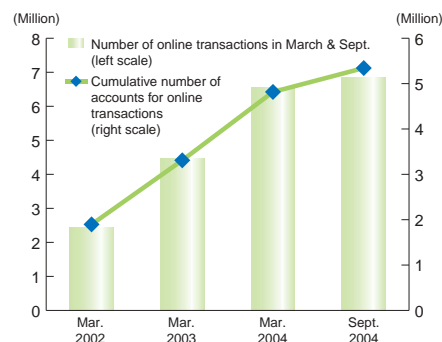
Settlement Services

SMBC is working on ways to make its services even more convenient. New initiatives include the launch of an e-mail notification service, whereby customers receive e-mail messages when a payment has been made into an account, or when an amount has been debited as payment to a third-party.

Reinforcing Low-Cost Operations

We believe that cost-effective operations are a vitally important source of our competitive strength in the consumer finance business. Accordingly, we plan to conduct an extensive review of operations and implement strict cost-cutting measures further to reduce our administrative and management costs and improve the cost-effectiveness of our operations.

One's Direct Online Transactions



Topics

SMBC Forms Business Alliance with Promise

SMBC and Promise concluded an agreement on a strategic alliance in September 2004. The bank and Promise plan to begin offering consumer loans by April 2005, and to implement bold initiatives aimed at bolstering their consumer finance businesses.

Terms of the Alliance

1. Promise, SMBC and a joint venture to be formed by Promise and SMBC will offer consumer loans in the following interest rate categories. (Regarding the joint venture, a separate agreement has been reached for making At-Loan, which is currently a wholly owned subsidiary of SMBC, into a joint venture with Promise, but the details have yet to be decided.)

	Interest rate	Collateral/Guarantee
SMBC	8%~12%	Unsecured/Guaranteed by Promise
Joint venture	15%~18%	Unsecured/Guaranteed by Promise
Promise	18%~25.55%	Unsecured/Guaranteed by Promise



PROMISE

2. Promise will guarantee the loans of SMBC and the joint venture, and the Promise Group will provide comprehensive credit control services ranging from credit screenings to the management and recovery of loans.
3. SMBC will install Promise automated contract machines at its branches and offices (68 machines by March 2005).
4. SMBC will install at its branches and offices new automated contract machines that can accept applications for all three of the above consumer loans. (By April 2005, when these loans are to be introduced, 400 machines will be in operation, rising to 580 machines by March 2006.)