

Consumer Banking

The member companies of SMFG are collaborating to enhance the financial services they provide to consumers. Some of the key indicators of SMBC's performance in fiscal 2007, reflecting the high esteem customers have for our services, include an outstanding balance of investment trusts under management of ¥2,974.0 billion; sales of foreign bonds and structured bonds for the fiscal year under review of ¥127.2 billion; pension-type insurance sales of ¥389.4 billion; sales of single premium full-life insurance of ¥51.0 billion; and mortgage loans outstanding of ¥13,647.8 billion as of March 31, 2008.

Financial Consulting Business

SMBC's Consumer Banking Unit continued to broaden its product lineup in fiscal 2007, introducing new investment trusts and life insurance products. As part of our "total consulting" services, which offer our customers one-stop shopping for all types of financial services, beginning on December 22, 2007, we expanded our offering of life insurance products. Specifically, our insurance consultants, who have been assigned to 90 of our branches and have extensive experience in insurance sales, are responsible for selling a total of 18 products (offered by seven insurance companies, as of May 31, 2008), including mainly level premium-type death benefit insurance and medical insurance. Similarly, in our investment trust sales activities, we are expanding our lineup of products to meet customer needs. Our lineup of investment trusts includes funds that invest in the stocks of companies in the emerging economies of BRICs (Brazil, Russia, India, and China) and funds that invest in high interest rate foreign currency instruments.

Moreover, accompanying the implementation of Japan's Financial Instruments & Exchange Law in September 2007, we have sharpened our focus on offering investment products that are appropriate for the level of knowledge and experience of our customers regarding investments, the amount of their assets, their views of financial risk, and other aspects.

In addition, prices of stocks and other investment instruments in Japan and overseas are fluctuating substantially as a result of the subprime loan problem in the United States. Therefore, to follow up with our customers and provide them with timely information, we hold customer seminars to report on asset management performance, issue monthly and special market reports, and conduct direct mailings.



Mortgage Loan Business

To enable us to respond to the wide-ranging needs of our customers, we have engaged in the development of new products, as well as in the expansion and improvement of the services we offer. For example, in October 2005, we began to offer a new type of mortgage loan that provided insurance for repaying the loan balance in the event that one of three major

medical conditions might have occurred. As of March 31, 2008, the cumulative amount of this type of loan origination totaled approximately ¥660.0 billion.



In January 2008, we enhanced the convenience of "One's Direct," our Internet banking service, to enable mortgage loan borrowers to make advance payments on their housing loans and to change interest

rate terms on a 24-hour basis. These expanded services thus allow customers to make these changes from their homes and to select the time to conduct these banking activities that is most convenient for them.

Also, in April 2008, we introduced mortgage loans with a special provision that temporarily suspends a portion of loan repayments following natural disasters. When customers' homes are damaged by such disasters, the amount of loan repayments is reduced, depending on the extent of the damage, for a specified period. This is the first loan of this type in the banking industry in Japan.

Moreover, SMBC is focusing on initiatives to deal with environmental issues by working together with its customers to contribute to measures to reduce global warming. In April 2008, for example, the bank began a campaign to promote its carbon offset mortgage loan.



Settlement and Consumer Finance Business

Through our "SMBC First Pack" service, which offers a platform for various settlement-related possibilities, we are endeavoring to raise the level of our services. Beginning in September 2007, we expanded our point exchange programs with other companies and added the *iD*® electronic settlement function of the *Mitsui Sumitomo Card* on the SMBC CARD.

The number of subscribers to the *Mitsui Sumitomo Card iD*® electronic settlement function,



which is based on a strategic alliance with NTT DoCoMo, Inc., had climbed to about 770,000 persons as of March 31, 2008, and the number of terminals accepting payments via the *iD*® service that were installed on the premises of affiliated merchants had expanded to about 300,000.

In the consumer finance business that began in April 2005 through the collaboration of SMBC, Promise Co., Ltd., and At-Loan Co., Ltd., the number of automatic contract machines had grown to 697 at the end of March 2008, and the balance of loans made by SMBC and At-Loan together had expanded to about ¥350.0 billion.



Transaction Channels

During fiscal 2007, we established new branches in the Tokyo metropolitan area located in Higashi Totsuka (Kanagawa Prefecture), Ichikawa (Chiba Prefecture), and Osaki (Tokyo). In the Kinki region, we opened a new branch in Takarazuka Nakayama (Hyogo Prefecture).

Also, to strengthen our services for customers located in the Tokai region, which is centered on Aichi Prefecture, we set up new branches in the cities of Ikeshita and Issha. In addition, in June 2008, we opened a new type of business office, "SMBC Park Sakae," which will be the first of SMBC's offices to concentrate mainly on providing information.

We will continue to strengthen our office network in Japan's three main geographic areas: namely, the Tokyo metropolitan area, the Kinki region, and the Tokai region.

On its "One's Direct" remote banking service, SMBC is continuing to expand the range of its offerings. Beginning in May 2007, we began to offer the first foreign currency deposits with interest rates linked to foreign currency markets, operating exclusively on the Internet on a 24-hour basis on weekdays.



Also in May 2007, we linked onto the i-ApliBanking common mobile banking platform developed by NTT DoCoMo. Then in July and August 2007, we strengthened measures for preventing Internet "phishing" (short for "password harvesting fishing")

fraud by introducing a service that closes phishing sites quickly and provides the customer with a new type of identification.

The Internet banking services offered by One's Direct have been ranked highly and placed number one in Japan for the sixth consecutive year in the independent rankings published by Gomez, Inc. As of March 31, 2008, the number of One's Direct subscribers was approximately 8.4 million.

During fiscal 2007, all ATMs in our manned branches were

converted to accept biometric identification. ATMs for visually challenged persons had been installed in all locations, including unmanned ATM only offices.

We are also adjusting our fees depending on the nature of transactions and expanding the ATM network to broaden



This ATM is equipped with a phone handset with keys to enable visually challenged persons to conduct operations while listening to directions.

access to services that are free of charge. For example, we revised our ATM fee schedule as of October 2007. Fees for transactions conducted after banking hours on weekdays were eliminated for customers using ATMs at the bank's Head Office and branches as well as the bank's @BANK ATMs in convenience stores, for those who have savings account balances of ¥100,000 or more at the time of their transactions. In addition, fees were eliminated for transactions through ATMs of Japan Post Bank and East Japan Railway Company. After-hour fees and usage charges were also eliminated for card loans.

Topics

SMBC Retail Banking College Established

On May 7, 2008, SMBC established SMBC Retail Banking College (RBC) to train personnel responsible for providing financial services to individual customers.

RBC offers special training programs aimed at substantially increasing the sophistication and quality of our consumer banking services. It has a counter zone that enables trainees to simulate retail customer consulting, an audio visual room that broadcasts roll-playing scenarios and enables all trainees

attending to confirm the content, and other facilities that speed up their acquisition of working knowledge and skills.

