■ Consumer Banking

The Group companies of SMFG are collaborating to enhance the financial services they provide to consumers. Reflecting the high esteem customers have for our services, key indicators of SMBC's performance for the first half of fiscal 2009 include an outstanding balance of investment trusts under management of ¥2,417.6 billion (September 30, 2009); sales of foreign bonds and structured bonds of ¥98.1 billion; pension-type insurance sales of ¥189.1 billion; sales of single premium full life insurance of ¥14.1 billion; and mortgage loans outstanding of ¥14,239.9 billion (September 30, 2009).

Financial Consulting Business

In the first half of fiscal 2009, SMBC continued to broaden its product lineup of investment trusts, annuity insurance for individuals, life insurance policies and other financial products.

Our lineup of investment trusts meets a broad range of customer needs. One example is a capital-protected fund introduced in July 2009: the Global Constant Fund, credit enhanced by Deutsche Bank, which aims to provide customers with a low-risk return.

In the individual annuity insurance category, we started selling a new annuity product with higher payout levels in the initial years, making available more money for hobbies and other interests while recipients are in the active early period of retirement.

As part of our "total consulting services" offering our customers one-stop-shopping for all types of financial services, we began steadily expanding level-premium insurance product marketing in December 2007. In August 2009, we launched over-the-counter sales of these policies at all our domestic branches. By offering 20 different insurance policies (September 30, 2009), including whole-life, term and medical, we can now meet a still broader range of customer needs.

It is important to support customers after they have bought our products. As part of this commitment, we take many measures to keep customers up-to-date with developments — for example, holding seminars about fund performance, issuing monthly and special market reports, and sending customers statements detailing assets via direct mailing.

In a further move, we opened a third call center in June 2009, in Fukuoka, to serve individual customers, along with existing facilities in Tokyo and Kobe. Operating three centers positions us better to offer telephone consulting on asset management and loans, as well as other information services, and tailor financial services to the lifestyle and needs of each customer.

Loan Business

To enable us to respond to the wide-ranging needs of our customers, we have developed new products, and expanded and improved services.

In December 2008, we introduced a new type of educational loan. Customers can apply for it to the Consumer Finance Promotion Office, every day (except January 1) until 21:00, using automated loan contract machines installed within SMBC branches, the Internet, or other channels. In most cases, applicants receive a response on the same day. Such advantages mean this loan offers much greater convenience than conventional educational loans. As of the end of September 2009, nine and a half months after its introduction, this loan had been extended to over 2,000 customers.

For customers having difficulty repaying a housing loan, SMBC provides consulting and other forms of finely focused assistance at branch offices and nine Loan Support Offices located nationwide. We are strongly positioned to offer the services needed by borrowers facing increased repayment burdens and other loan issues due to the prolonged economic downturn.

Settlement and Consumer Finance Business

The iD* credit service, which is based on a strategic alliance between SMFG and NTT DoCoMo, Inc., continues to grow. As of September 30, 2009, about 12.88 million individuals had subscribed to this service and there were about 420,000 terminals installed on the premises of affiliated merchants.

* iD is a trademark of NTT DoCoMo, Inc.

In the consumer finance business collaboratively launched in April 2005 by SMBC, Promise Co., Ltd., and At-Loan Co., Ltd., the number of automated contract machines had grown to 715 as of September 30, 2009. The balance of loans made by SMBC and At-Loan together had increased to about ¥420.0 billion.

Transaction Channels

In the first half of fiscal 2009, SMBC opened six new branches (Hiyoshi and Shonandai in Kanagawa Prefecture, Tsukuba in Ibaraki Prefecture, Tenpaku-Ueda and Okazaki in Aichi Prefecture, and Izumi-Chuo in Osaka Prefecture).

Also, in the Tokai region centered on Aichi Prefecture, in addition to opening conventional staffed offices, we are installing ATMs at or near stations of the Nagoya municipal subway system, for increased customer convenience.

Tsukuba Branch

Izumi-Chuo Branch

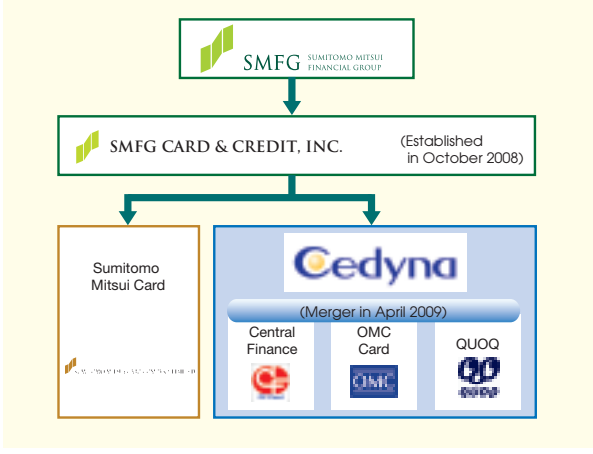
For the *SMBC Direct* online banking service, we are constantly adding services to meet customer needs and deliver greater convenience. In addition, we are introducing highly advanced services and reinforcing security. On April 1, 2008, we reduced our foreign exchange handling fees for foreign currency deposits made online or by mobile phone to half the fee at our branches. Such measures make online banking even more attractive as a convenient and low-cost service channel for our customers.

SMBC Direct has come first for seven consecutive years in the ranking of Internet banking by e-commerce website rating firm Gomez Consulting, Co., Ltd. As of September 30, 2009, approximately 9.71 million customers had registered for this service.

SMFG Credit Card Business Strategy

On April 1, 2009, three credit card companies — Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc. — merged to form the credit card company Cedyna Financial Corporation. Along with Sumitomo Mitsui Card Company, Limited, the new company is one of Japan's largest credit card companies. With the establishment of this two-company system, SMFG has concentrated its credit card business on Cedyna Financial and Sumitomo Mitsui Card, two companies with different strengths.

Going forward, our goal is to capture top-line synergies by combining the expertise, customer bases and networks of group companies. Another objective is to benefit from cost synergies made possible by the enormous scale of the group. Through these initiatives, we are determined to become the leading credit card entity in Japan.



Topics

◆Businesses Operated Jointly with Nikko Cordial Securities

Nikko Cordial Securities became a subsidiary of SMBC on October 1, 2009, in a move that further enhanced the ability of all Group companies to supply competitive products and services.

One result was the launch of two investment trusts developed jointly by the two companies: the *SMBC Nikko New World Stock Fund* and the *SMBC Nikko New World Bond Fund*. In addition, the two companies held joint seminars in Tokyo, Yokohama, Nagoya and Osaka. SMBC and Nikko Cordial Securities also introduce customers to each other when either one is better suited to deal with their specific requirements.

Further joint activities that combine banking and securities transactions are planned to leverage the collective strengths of all group companies.

A joint seminar held with Nikko Cordial Securities

◆Funds Launched Exclusively for Internet and Mobile Banking Customers

In October 2009, SMBC started selling investment trusts that are available only to customers who use the Internet or mobile phone banking services. SMBC has long placed emphasis on offering consulting services when selling investment trusts and other financial products. Introducing funds solely for Internet and mobile banking customers allows it to further enlarge the lineup of financial products and ensure they match customers' investment objectives and risk tolerance.