

SMFG provides a wide range of financial services tailored to the needs of customers — principally small businesses and individuals — in the Tokyo Metropolitan Area, through SMBC's Community Banking Unit.

### Major Accomplishments

The central mission of the Community Banking Unit<sup>1</sup>, successor to the branches and head office functions of Wakashio Bank, is to provide support to the local community by offering convenient, high-quality financial services to small and medium-sized enterprises (SMEs) and individual customers.

### Expanded Lineup of Products and Services

The integration of the online systems of SMBC and Wakashio Bank was successfully completed in July 2003 following the merger of the two banks in March. This integration made it possible for the branches managed by the Community Banking Unit to offer customers a wide range of products and services comparable with those provided by SMBC's other units, thereby raising customer convenience to even higher levels.

Specifically, the Community Banking Unit is now able to offer the One's plus new-type ordinary deposit allowing the account-holder to accumulate points; a new type of card loan product, One's Quick; and the One's Direct remote banking service, which customers can access via PCs through the Internet, by land-line telephone, or by i-mode-enabled cell phone, all by signing only one contract.

For corporate customers, we provide *Exchange EB (Electronic Banking) Services*, enabling exchange operations and other services under the name *Web21*.

Additionally, to meet the increasingly diversified needs of our SME customers, particularly in fund procurement, we started handling new products and services in the fields of private bond placement, collateralized loan obligations, commitment lines, and Japanese leveraged leases.

### Business Loans Prove Popular

In line with its central mission of supporting the economic development of the local community, the Community Banking Unit actively markets risk-taking (unsecured) loan products such as *Business Quick Loan*<sup>2</sup> and the *Triple III Fund*<sup>3</sup> to finance business growth plans. We attracted approximately 700 new corporate customers for these loan products in fiscal 2003.

### Key Goals

The Community Banking Unit places great emphasis on the cultivation of a close relationship with the local community, and extends services with the personal touch. We are combining this customer-oriented approach with SMBC's vast business resources, with the aim of providing comprehensive financial services with even higher added value and improved convenience, drawing on the Group's extensive expertise, and delivering swift and effective solutions that meet our customers' diverse needs.

Notes:

1. SMFG established the Community Banking Unit upon the merger on March 17, 2003 of the SMBC and THE WAKASHIO BANK, LTD. As successor to the branches and head office functions of Wakashio Bank, the Community Banking Unit began operating as a new unit of SMBC, in charge of 34 branches, mostly within central Tokyo.
2. The *Business Quick Loan* is an unsecured loan with no third-party guarantee requirement, designed for SME customers who meet our criteria under our proprietary credit-rating model and our quantitative analysis of business performance. The loan is available up to a maximum of ¥50 million.
3. The *Triple III Fund* is an unsecured loan with no third-party guarantee requirement, available to corporate customers with annual sales of at least ¥1 billion. Applicants who meet our standards can borrow up to ¥300 million.

