

Customer-Oriented Initiatives

Our Approach

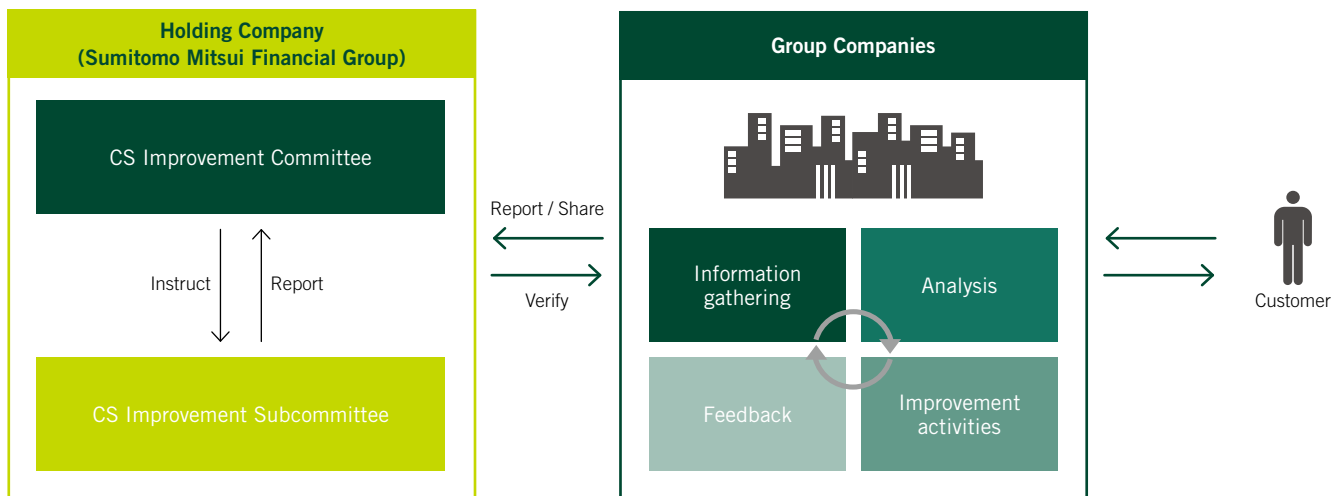
SMBC Group companies are united in their efforts for customer satisfaction (CS) and quality improvement in line with “Our Mission,” which states “We grow and prosper together with our customers, by providing services of greater value to them.”

CS and Quality Improvement System

We have established the CS Improvement Subcommittee as well as the CS Improvement Committee, through which we are advancing initiatives, reinforcing management systems, and promoting Group coordination related to customer-oriented business conduct.

Outside experts are invited to serve as advisors at meetings of the CS Improvement Subcommittee, where information is exchanged on how to fully entrench a customer-oriented mindset. Meanwhile, the CS Improvement Committee, which shares members with the Group Management Committee, deliberates on concrete measures based on reports from the CS Improvement Subcommittee.

Incorporation of Customer Feedback into Management



Declaration of Compliance with ISO 10002

SMBC and SMBC Consumer Finance have declared their intent to comply with the ISO 10002 (JIS Q 10002) international standard with regard to their processes for incorporating customer feedback into management.

Customer-Oriented Business Initiative

Based on the Principles for Customer-Oriented Business Conduct (a guideline on fiduciary duties) released by the Financial Services Agency, SMBC Group* formulated its Basic Policy for Customer-Oriented Business Conduct and the Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit.

Basic Policy for Customer-Oriented Business Conduct (Excerpt)

■ SMBC Group's Customer-Oriented Business Conduct

In "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." To give form to this principle, we have defined our Five Values, a list of five key words that represent the values and action guidelines shared by executives and employees in Japan and overseas. "Customer First" (always think and act based on a customer-oriented perspective) is at the top of this list.

■ Initiatives for Promoting Customer-Oriented Business Conduct

SMBC Group will implement the following initiatives to entrench the principles of customer-oriented business conduct into its activities.

1. Provision of Products and Services Suited to the Customer
2. Easy-to-Understand Explanation of Important Information
3. Clarification of Fees
4. Management of Conflicts of Interest
5. Frameworks for Properly Motivating Employees

SMBC Group aims to facilitate the shift from savings to asset holding seen in Japan through such initiatives.

Furthermore, we will periodically disclose information on initiatives by SMBC Group based on this policy with the aim of facilitating understanding regarding these initiatives among customers. In addition, the status of initiatives and their results will be verified so that initiatives can be revised as necessary to improve upon operating practices. Information regarding these verifications and revisions will be disclosed.

* Group companies applicable under this policy:
Sumitomo Mitsui Banking Corporation; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; Sumitomo Mitsui DS Asset Management Company, Limited

▶ For information on the Basic Policy for Customer-Oriented Business Conduct, please see page 124–125.

Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit

Based on the Sumitomo Mitsui Financial Group's Basic Policy for Customer-Oriented Business Conduct, the Retail Business Unit shall adhere to the following conduct policies in offering service as a retail company that is responsible for providing wealth management and asset building services for individual customers.

In accordance with these policies, the Retail Business Unit shall implement a plan-do-check-act (PDCA) cycle that entails disclosing specific indicators, confirming and analyzing its status in relation to these indicators, and utilizing this information in the future to improve business practices.

■ Conduct Policies

1. Customer-Oriented Wealth Management Proposals Based on Medium- to Long-Term Diversified Investment

With a focus on accurately addressing customers' wealth management needs related to protecting or building assets, we will provide customer-oriented wealth management proposals based on medium- to long-term diversified investment. Through this approach, we strive to deliver customer-oriented financial products.

2. Lineup of Customer-Oriented Products

We shall constantly revise our product lineup, utilizing third-party evaluations of the products of Group companies and other products as necessary, in order to enhance our lineup so that we can accurately address customers' needs related to protecting or building assets. At the same time, we will increase the amount of information provided to customers and take steps to ensure that this information is easy to understand.

3. Customer-Oriented After-Sales Services

We will provide fine-tuned after-sales services to help customers continue to hold our wealth management products with peace of mind over the long term.

4. Customer-Oriented Performance Evaluation Systems

We shall develop performance evaluation systems that encourage employees to engage in effective customer-oriented sales activities.

5. Improvement of Consulting Capabilities

We shall continuously improve our consulting capabilities to ensure we are always capable of proposing the best possible solution for customers' wide-ranging needs.

Disclosed Indicators

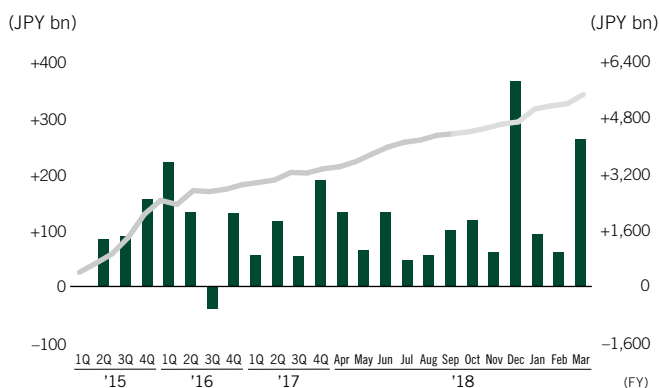
- 1 Increase in balance of investment assets
- 2 Number of customers using wealth management products
- 3 Ratio sales by wealth management product
- 4 Average investment trust holding period
- 5 Fund wrap sales and cancellation amounts
- 6 Amount of fixed-term foreign currency deposits
- 7 Number of investment trust and automatic foreign currency deposit accounts
- 8 Amount of investment trusts and automatic foreign currency deposits
- 9 Tsumitate Nisa account numbers, balances, and ratio of new users
- 10 By product sales amounts of lump-sum insurance products
- 11 Ratio of sales of investment trust products of Group companies
- 12 Sales amounts of investment trusts (including fund wraps) (Breakdown of monthly allocation type and others)
- 13 Breakdown of losses and gains by customers using investment trusts and fund wraps
- 14 Costs and returns of investment trusts with top-ranking balance amounts
- 15 Risks and returns of investment trusts with top-ranking balance amounts
- 16 Acquisition status of FP qualifications

Performance with Regard to Disclosed Indicators

Increase in Balance of Investment Assets (Indicator 1)

In FY2018, the total balance of investment assets for the entire Retail Business Unit continued to grow due in part to the continuation of customer-oriented initiatives focused on medium- to long-term diversified investment.

Increase in Balance of Investment Assets



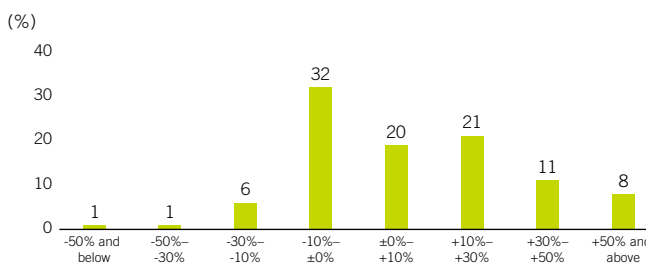
■ Increase in balance of investment assets (left axis)
 — Increase in balance of investment assets (aggregated, right axis)
 Note: Figures for 2015 to 2017 represent quarterly averages.

Breakdown of Losses and Gains by Customers Using Investment Trusts and Fund Wraps (Indicator 13)

Figures are calculated based on the definitions contained in the common key performance indicators (KPIs) comparable across investment trust distributors released by the Financial Services Agency in June 2018.

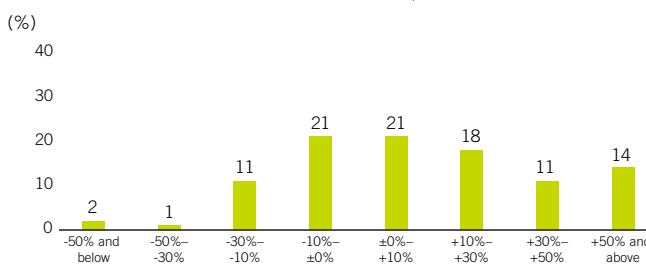
Customers posting net gains represent more than 50% of all customers in both categories.

SMBC (As of March 31, 2019)



Notes: Figures exclude canceled transactions with no outstanding balance.
 Rate of return = Total return ÷ Market value

SMBC Nikko Securities (As of March 31, 2019)



SMBC Trust Bank (As of March 31, 2019)

