

Topics

5 May	<ul style="list-style-type: none"> Housing loan claims transferred from Mitsui Mutual Life Insurance, Company (Mitsui Life) to SMBC
6 June	<ul style="list-style-type: none"> All shares of The Sakura Trust & Banking Co., Ltd. transferred to The Chuo Mitsui Trust and Banking Company, Limited
7 July	<ul style="list-style-type: none"> Advisory Board established ① ATM utilization agreements formed with Sumitomo Life Insurance Company (Sumitomo Life) and Mitsui Life Commenced joint promotion of <i>Net Debit</i>, an efficient settlement method for Internet shopping ② <i>Started initiatives to utilize and publicize new, uniform name and logo</i>
9 September	<ul style="list-style-type: none"> Formed alliance with Sumitomo Life in the field of employee benefit services Launched <i>SMBC Financial Link</i>, a comprehensive service for B2B e-commerce transactions ②
10 October	<ul style="list-style-type: none"> Head office organization was modified ③ Began joint provision of employee benefit services by Mitsui Sumitomo Insurance Company, Limited, Mitsui Life and SMBC Establishment of <i>Value Door</i> Internet service website for corporate clients <i>The Value Door Internet website provides corporate clients a new way to access SMBC in addition to access through conventional offices. The "Door" menu offers a wide range of products and services handled by the SMBC Group, including electronic banking (EB)</i>
11 November	<ul style="list-style-type: none"> Comprehensive alliance formed with Mitsui and Sumitomo group insurance companies ④ <i>Asset Building Package</i> made even more attractive <i>Created a product that combines yen and foreign-currency deposits with investment trusts, targeting needs for diversified, long-term investments</i> <ul style="list-style-type: none"> Euro-denominated deposits were added Application over the Internet was enabled Interest rates were increased on three-month foreign-currency fixed-term deposits (through March 29, 2002) Minimums for certain products were reduced from ¥1 million to ¥500,000
12 December	<ul style="list-style-type: none"> Integration of consulting businesses of SMBC Consulting Co., Ltd. and The Japan Research Institute, Limited ATM (@BANK) utilization agreement formed with Nippon Life Insurance Company

① Establishment of Advisory Board

SMBC established an Advisory Board composed of distinguished individuals outside the SMBC Group from the business and academic communities. The board serves as a consultative body to the Chairman of the Board and the President & CEO. As such, the board provides a broad range of advice on management issues and strategies as well as insights on trends and issues in the financial services industry for consideration when making top management decisions.

Members:

(As of January 2002)

Mr. Shoichiro Toyoda

Honorary Chairman and Member of the Board, Toyota Motor Corporation

Mr. Naohiko Kumagai

Senior Advisor to the Board, Mitsui & Co., Ltd.

Mr. Tetsuro Kawakami

Senior Advisor, Sumitomo Electric Industries, Ltd.

Mr. Toshiomi Uragami

Senior Advisor, Sumitomo Life Insurance Company

Mr. Yoshinori Yokoyama

Director, McKinsey & Company, Inc. Japan

② Expanding Internet Businesses

SMBC is steadily expanding the scope of its business activities involving the Internet.

Joint Promotion of *Net Debit* Settlement Service

SMBC and several other companies have reached an agreement to jointly promote the *Net Debit* settlement service, which allows for instant deduction from deposit accounts of amounts due for Internet shopping transactions. The other participating banks are The Japan Net Bank, Limited; The Asahi Bank, Ltd.; UFJ Bank Limited; and The Suruga Bank, Ltd. Two credit card issuers, Sumitomo Mitsui Card Company, Limited and JCB Co., Ltd., also participate.

Details of the Alliance

- The five banks and two credit card companies agree to call the service *Net Debit* and to promote this service keyed to the logo below
The alliance partners further agree to urge banks operating debit settlement services using the same Secure Sockets Layer (SSL) protocol, a standard security protocol for exchanging data over the Internet, to adopt the *Net Debit* name and logo
- The partner banks and credit card companies will also promote the *Net Debit* logo among merchants that use this service



Launch of *SMBC Financial Link*

As part of the drive to expand B2B e-commerce, the SMBC Group is bolstering its ability to extend financial support to companies conducting business on the Internet.

SMBC Financial Link places four core financial functions in a single package: credit, settlement, authorization and collection. The result is a speedy and flexible platform that meets a diverse range of needs at companies operating on the Internet.

Plans call for leveraging the *SMBC Financial Link* brand to establish many more relationships with companies that have online business or are considering such business.

3 Modification of Head Office Organization

On October 1, 2001, SMBC implemented modifications in its head office organization.

1. Consumer Banking Unit

The head office organization of the Consumer Banking Unit was modified and the number of departments reduced from nine to six. The functions of the Branch Banking Dept. and the Products and Marketing Dept. were increased.

(1) Branch Banking Dept.

The Branch Banking Dept. took on the new function of promoting consumer banking business in accordance with customer segments, in addition to its conventional function of managing and guiding each branch.

(2) Products and Marketing Dept.

The Products and Marketing Dept. took on the new function of promoting consumer banking business by product, including housing loans and investment trusts. It also promotes various card-related businesses by strengthening cooperation with affiliates in the SMBC group.

2. Middle Market Banking Unit

The Business Reengineering Dept. was established inside the Business Promotion Dept., Middle Market Banking Unit, to address customers' growing and potential needs for business reengineering. Through comprehensive consulting about the management of customers, the Business Reengineering Dept. provides various solutions for increasing the corporate value of customers.

4 Comprehensive Alliance with Mitsui and Sumitomo Group Insurance Companies

SMBC, Mitsui Mutual Life Insurance Company (Mitsui Life), Sumitomo Life Insurance Company (Sumitomo Life) and Mitsui Sumitomo Insurance Company Limited (MSI) have formed an alliance for the purpose of bolstering insurance operations in a new and expanded framework within the Mitsui and Sumitomo groups.

There are five specific areas of cooperation.

1. Mutual sharing of distribution channels among the Mitsui and Sumitomo group insurance companies
 - Sales of Mitsui Life and Sumitomo Life products through agents of MSI
 - Develop capabilities at Mitsui Life and Sumitomo Life for marketing non-life insurance products and at MSI for marketing life insurance products
2. SMBC, along with the Mitsui and Sumitomo group insurance companies, will conduct joint R&D with regard to hybrid products that combine insurance and financial products
3. Reorganize the asset management businesses of the alliance members
4. Transfer the operations of Mitsui Life's non-life insurance subsidiary to MSI
5. Expand the exchange of personnel among the alliance partners

A committee to steer the alliance made up of senior managing directors, managing directors and officers of a similar rank at the alliance partners has been formed. The committee's primary role is assuring that actions are taken as quickly and effectively as possible to fulfill the objectives of the alliance.

Major Accomplishments

- Joint development of non-life insurance market
 - Mitsui Life and former Mitsui Marine & Fire
 - Sumitomo Life and former Sumitomo Marine & Fire
- Sales of auto insurance (joint products of Sumitomo Life's non-life insurance subsidiary and the former Sumitomo Marine & Fire) by life insurance sales personnel
 - Sumitomo Life and former Sumitomo Marine & Fire
- Joint provision of employee benefit services
 - Mitsui Life; former Mitsui Marine & Fire and former Sakura Bank
 - Sumitomo Life and former Sumitomo Bank
- Receipt of loans from life insurance companies by policyholders using SMBC ATMs
 - Mitsui Life and SMBC
 - Sumitomo Life and SMBC