

First Half Achievements and Second Half Outlook by Business Unit

Consumer Banking Unit

Consumer Banking Unit Service Network

Our consumer banking unit currently ranks first among Japanese banks in terms of investment trust balances, housing loan balances and customer accounts, a position it has held since the inception of SMBC. Leveraging our skills in the development of new products, services and marketing channels, along with financial consulting expertise backed by employees with specialized knowledge, we are working to offer financial services featuring yet more added value.

We offer products and services meeting customers' needs through the most suitable marketing channels to reach key customer segments, such as private banking, asset management and long-term asset building. To serve asset management clients, for example, highly skilled financial consultants are assigned to each Block Consumer Business Office and Consumer Investment Services Office. These professionals offer customized and detailed asset and liability management plans structured around a *Total Portfolio Plan for Financial Assets*. In the asset building segment, specially trained individuals serve customers at a Money Lifestyle Consulting Desk or other consultation service sites. Doing so provides a single source for offering investment and savings vehicles, such as investment trusts and foreign currency deposits, as well as assistance in obtaining loans for housing, education and other needs. During the first half of the current fiscal year, the number of Money Lifestyle Consulting Desks was raised by 21 to total 139 locations as of September 30, 2001.

Rich Lineup of Products and Services

In April 2001, SMBC began offering a new product called the *Asset Building Package* that combines investment trusts and foreign currency deposits with time deposits. An immediate success, this product attracted customer assets of about ¥400 billion by the end of the first half of the fiscal year. In July, the *Comprehensive Report Service* was introduced as part of the *Monthly Voice* newsletter. These monthly reports contain all information on a customer's SMBC accounts, including data on the distribution of assets, account balances, deposits and withdrawals, and gains and losses. In addition, SMBC's *One's Direct* online service continued to grow as registered users rose to 4.2 million at the end of September 2001, the largest at any Japanese bank. This service allows customers to access the identical service lineup (fund transfers, balance inquiries, time deposit and foreign currency deposit transactions, investment trust transactions, and others) via the telephone, the Internet or the i-mode mobile phone service. *One's Direct* service was recently honored by being named best overall in the *2001 Autumn Online Bank Scorecard*.*

Realignment of the Manned Branch Network

To enhance the reach and customer appeal of the Bank's branches, these offices are undergoing a strategic transformation from transaction centers to marketing bases. This process involves a review of the infrastructure of each branch based on location and market size to determine the most suitable functions and physical layout. Accompanying this process is the ongoing streamlining of the domestic branch network, which stood at 578 as of the merger in April 2001. The network is to be reduced to about 400 branches, mainly by consolidating overlapping branches. Fourteen branches are to be closed during the current fiscal year. Furthermore, "joint branches," where two or more branches are located at a single site, will be set up at 20 locations prior to the completion of computer system integration in July 2002.

The Brand Strategy

The central theme for consumer banking is "*One's Next*," helping individuals develop the next step of their financial plans according to life stage. Through this strategy of individualized attention to customers, SMBC aims to build the solid and highly trusted brand value worthy of a leading bank.

Major Accomplishments

- Opening of 21 Money Lifestyle Consulting Desks, raising this service network to 139 locations as of September 30, 2001
- Began offering *Asset Building Package* and *Comprehensive Report Service*, included with monthly newsletter
- *One's Direct* service rated number-one overall among bank online services*

Goals

- Streamline and strengthen the manned branch network
- Build brand value worthy of a leading bank that is highly trusted by its customers

* Based on an online banking survey released on October 2, 2001 by the e-commerce research firm Gomez Japan K.K.