

# Business Unit Accomplishments and Goals

## Consumer Banking Unit

The Consumer Banking Unit aims to create a new de facto standard in consumer banking through a business model focused on consulting services and improving the earnings structure of its payment and settlement services.

### ■ Consumer Banking Unit Service Network

Frontline operations are positioned in line with our main customer segments—asset building, asset management, and private banking. Our Block Consumer Business Offices, branch network, Consumer Loan Promotion Offices, and Call Centers provide the most appropriate channels and processes for satisfying the needs of each customer.

The Bank assigns highly skilled financial consultants to assist customers in our asset management segment seeking sophisticated, objective investment advice. These financial consultants offer tailor-made solutions for comprehensive management of each customer's assets and debts. As of September 30, 2002, Sumitomo Mitsui Banking Corporation (SMBC) had established a network of 64 Asset Management Plazas as the main channel for the services our financial consultants offer to clients.

For those customers in the asset-building segment, specially trained professionals at our Money-Lifestyle Consulting Desks (MC Desks) offer financial advice geared to each individual's stage of life and lifestyle. The Bank had established 263 MC Desks as of September 30, 2002, an increase of 23 during the first half of fiscal 2002, the six months ended September 30, 2002. Located at selected branches, MC Desks are a one-stop source for financial counseling as well as investment and loan vehicles, including investment trusts and foreign currency deposits, and such loan products as mortgages and loans for home renovation and other needs.

### ■ Expanding Lineup of Products and Services

SMBC's customers come from all walks of life, and our consumer banking operations offer unique, value-added products and individually tailored services designed to meet their needs at every stage of their lives.

During the first half of fiscal 2002, we began offering a new low-interest mortgage loan product for newly built housing. While maintaining stringent credit screening standards, in August, we further expanded our capacity to take risks by carrying out a reevaluation of the standards for mortgage loans to meet customers' diverse needs and financial plans.

These measures succeeded in elevating the balance of housing loans to individuals to ¥11,925.4 billion as of September 30, 2002, a sharp increase of ¥82.7 billion over the figure from one year earlier.

In our popular *One's Direct* online service, for a limited time, we offered fund transfers free of charge for most categories of customers. This campaign brought the cumulative number of transactions since the start of this service to 3.85 million by the end of July 2002, an increase of 50% over the figure from one year earlier. We also launched a unique ordinary deposit product, one that combines a rate of interest payable that varies according to the deposit balance with a special point reward system.

In investment trusts, we launched the sale of a new type of product, available for a limited time only, in which returns are linked to the Nikkei Stock Average, and with a predetermined maximum loss in the event of a stock price decline.

The measures outlined above resulted in a balance of deposits for individual customers totaling ¥30,412.6 billion as of September 30, 2002, of which investment trusts accounted for ¥1,563.8 billion—an amount ranking as one of the highest among Japanese banks. We will continue to offer customers attractive, quick-response solutions to their funding needs.

### ■ Strategic Transformation of Branch Network

We have been strategically transforming the Bank's branches from centers dedicated mainly to traditional banking operations to value-added financial consultation, marketing and sales bases by reviewing the branch network in terms of market location, nature, and scale to determine the most suitable functions and configuration for enhancing our marketing capabilities.

By continuing to pursue our strategy of consolidating overlapping domestic branches, we will eventually reduce the number of branches from 578 as of the merger in April 2001 to 401.

### ■ Brand Strategy

The central theme of SMBC's consumer banking operations is "*One's Next*," which refers to our goal of helping customers develop the next step of their financial plans according to their stage of life. To implement a detailed brand-building strategy, in fiscal 2002, we began assigning brand managers to all branches. With a brand-value-enhancing strategy that focuses on providing a greater degree of individualized customer attention, we aim to make SMBC the most trusted of Japan's leading banks.

#### Major Accomplishments

- Established 64 Asset Management Plazas and increased number of MC Desks by 23 to 263 as of end of September 2002
- Launched low-interest mortgage loan for newly built housing, and a number of other unique, new products and services
- Continued strategy of consolidating overlapping branches, with plans to achieve an eventual reduction in the number of branches to 401

#### Key Goals

- Create de facto standard in consumer banking
  - Establish a more sophisticated consulting business
  - Transform the earnings structure of payment and settlement services
  - Implement further low-cost operations
- Establish SMBC Group as a leading brand to become the most trusted name in consumer banking services