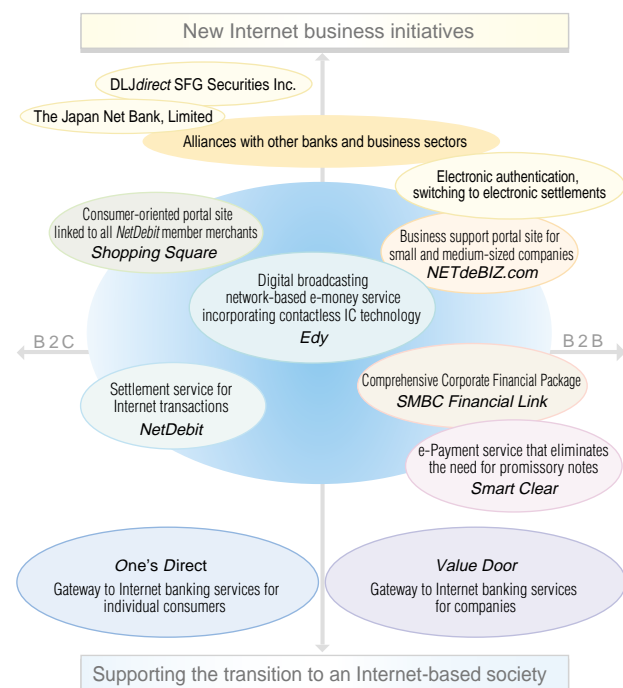


e-Business and IT Strategy

One of our chief goals is to firmly establish SMBC as Japan's leading financial institution in e-business. To this end, we are committed to providing the highest-caliber services on the Internet.

SMBC and its Group companies have moved quickly to form alliances with corporate partners with cutting-edge IT, content, intranet and extranet infrastructures, and extensive customer bases. Through these alliances, SMBC has established portal sites, e-money, an Internet bank and an Internet securities house, and many other e-business models. Moreover, our business alliances have provided access to new marketing techniques. As a result, SMBC is successfully enhancing its banking functions in step with Japan's increasingly Internet-based society.

Looking ahead, growth in the business-to-business (B2B) and business-to-consumer (B2C) e-commerce shows no signs of slowing. At the core of our current online initiatives are the Bank's two main Internet banking gateways: *One's Direct* for individual consumers, and *Value Door* for corporate clients. To meet new business requirements certain to accompany the growing role of the Internet, the Bank intends to draw on the collective resources of Group companies. Importantly, we remain poised to respond to the emergence of new kinds of e-business, in all cases committed to offering settlement, credit, and other Internet services that promise to be secure as well as user-friendly.



Initiatives for Corporate Clients

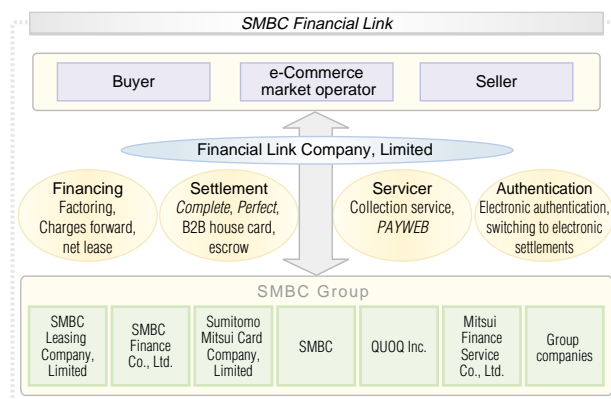
SMBC Financial Link

SMBC Financial Link is SMBC's comprehensive package of corporate financial services launched in August 2001 with the aim of creating a unified brand image for the entire range of B2B services offered by the SMBC Group. As a one-stop portal site, *SMBC Financial Link* offers a full line of financial services, including settlements, extensions of credit, authorizations, and bill collections, to corporate clients either conducting Internet-based businesses or using the Internet for specific business purposes. To establish this new brand of service package, in May 2002 SMBC founded Financial Link Company, Limited, as a strategic subsidiary.

Some selected financial products already began to be in service under the name of *SMBC Financial Link* in March 2002.* The new products employ uniform data specifications by XML in the provision of all products and services to minimize the systems development requirements of clients. This uniformity also streamlines and accelerates clearing and settlement operations. Looking forward, *SMBC Financial Link* plans to bolster ties with other SMBC Group companies to offer clients an even broader array of products and services.

* Five products currently in service are *Corporate Net Settlement Service* (EBPP; Electronic Bill Presentment and Payment), *Invoice Combining Service*, *Accounts Receivable Reconciliation Service*, *Transfer Service of Factoring Request*, and *Transfer Service of Bill Collection Request*.

SMBC Financial Link

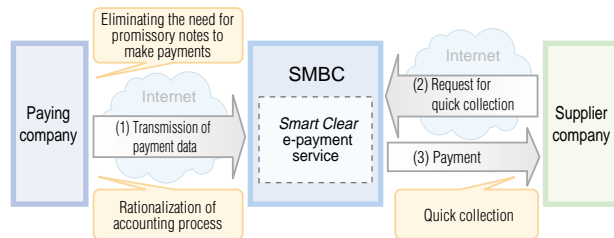


Smart Clear to Replace Bills Payable

In January 2002, SMBC became the first Japanese bank to offer *Smart Clear* service, a cash advance mechanism without bills payable and bills discounted. The service enables supplier companies to apply for cash advances on their accounts receivable to SMBC via Internet without either preparing and sending any application form via facsimile or presenting any document. This service also helps a paying company to reduce the issuance of bills payable by simply transmitting data of its accounts payable to SMBC in place of issuing the bills payable to suppliers. Furthermore, the *Smart Clear* service automatically returns trade payable data to the paying company, furthering the reengineering

of accounting operations. In addition, operating hours for accepting requests for cash advances on accounts receivable from suppliers have been extended. Thus, the convenient features of *Smart Clear* make this service extremely user-friendly.

SMBC intends to vigorously promote the *Smart Clear* service to both paying and supplier companies.

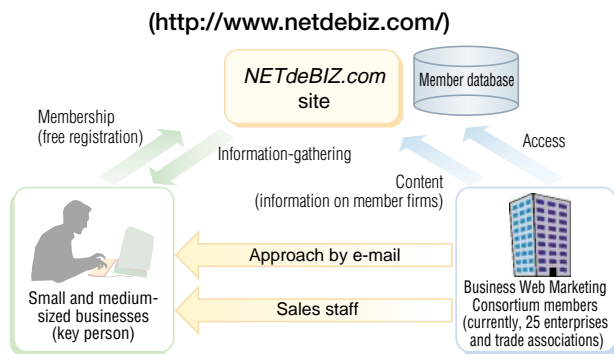


NETdeBIZ.com

As a new marketing challenge using the Internet, SMBC collaborates with prominent companies in various industries such as NEC Corporation, Mitsui Sumitomo Insurance Company, Limited, MITSUI & CO., LTD., and Nikkei Business Publications, Inc., to offer *NETdeBIZ.com*, an innovative business support site to extend assistance to small and medium-sized companies.

On the *NETdeBIZ.com* site and via e-mail, SMBC and other participating companies provide corporate clients with solutions that help to expand sales channels and support operational efficiency. The site also offers specialized information on taxation, accounting, and legal affairs.

Currently, *NETdeBIZ.com* serves approximately 20,000 registered members, chiefly company top management and executives.



B2C Market

NetDebit@Shopping Square

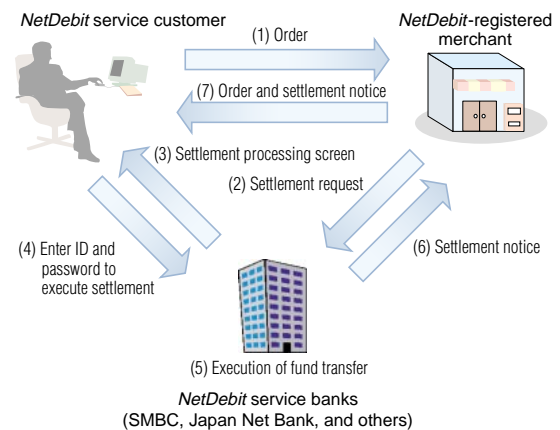
SMBC provides *NetDebit*, an Internet settlement service for consumers that enables simple and secured real-time debiting of Internet shoppers' bank accounts at the point of purchase. In fiscal 2001, the year ended March 31, 2002, SMBC widened the scope of this service to the Internet-accessible mobile phone platform. At the same time, many merchants, including major consumer electronics retailers and large travel agencies, newly joined as *NetDebit* members as a result of our effort to spur

dramatic growth in both the purchase amount and the number of transactions by *NetDebit*.

Shopping Square, the portal site of all *NetDebit* member merchants, is provided by SMBC on its Website so that consumers can enjoy Internet shopping with the convenience provided by *NetDebit*.

Drawing on the SMBC Group's strengths to fully develop *NetDebit*, we are working together with Sumitomo Mitsui Card Company, Limited, to encourage other financial institutions to join and offer this service to their customers. Through this alliance, SMBC aims to establish *NetDebit* as the de facto standard among Internet settlement services in Japan. In fiscal 2001, four banks newly began providing the *NetDebit* service.

NetDebit Internet Settlement Service for Consumers



Edy Prepaid e-Money Service

Edy is a prepaid electronic money (e-money) service incorporating a contactless IC system, which is being applied extensively in public transport tickets and passes. One of the advantages of *Edy* is that it can be used for paying for purchases not only at convenience stores and fast-food restaurant chains but also for purchases of digital contents on the Internet, such as music, games, and software. *Edy* is currently based on a contactless IC card, that has no exposed communication terminal on its surface and requires no physical contact for processing data between IC reader/writers. Contactless IC can be incorporated in devices of any shape. In Japan, for example, the mobile phone is one of the most popular consumer electronics products and is a highly promising candidate for incorporating *Edy*. Furthermore, contactless IC, with its enormous data storage and quick processing capabilities, has much room for adding functions to e-money. To exploit the technological advantages of *Edy* and contactless IC, we plan to eventually offer *Edy* as something more than just a new method of micropayment. Our goal is to create a more comprehensive and universal e-money service that also incorporates, for example, a security pass, company employee ID, points program, and many other applications that correspond to what consumers want.