

SMFG offers corporate customers a variety of financing methods, provides financial investment solutions such as M&A and securitization, and offers products mainly through SMBC's Investment Banking Unit and Daiwa Securities SMBC Co., Ltd.

## Major Accomplishments

### Loan Syndication

SMBC actively proposes loan syndication as an effective financing method to a wide range of corporate customers in Japan, from large corporations to medium-scale enterprises. As a result, during fiscal 2003 we arranged 490 syndications in the domestic market, an increase of 141 from the previous term, at a value of ¥5,500 billion, up ¥1,000 billion year-on-year. Moreover, SMBC has up to now arranged over 80 customer presentations for potential participants in loan syndications, including banks and other institutional investors. In these ways, we have been providing invaluable support for smoothly meeting our customers' financing needs.

### Derivatives

In addition to conventional derivative financial instruments used in hedging against interest-rate or exchange fluctuation risks, we are also providing products such as commodity derivatives, in which crude oil or other commodities are the underlying asset to meet the various risk-hedging needs of our customers. (Commodity derivatives transactions during fiscal 2003 increased more than fivefold over the previous year's level.)

### Structured Finance

We are developing new financing methods such as intellectual property right-backed finance, and are actively moving into growth fields such as MBO finance and real estate financing. In project finance, SMBC has been rated No. 2 in Asia (No. 1 among Japanese banks). In private finance initiatives (PFIs) on the domestic market, we were selected as a lead arranger for the government's first PFI deal, involving the construction of an apartment building complex for civil servants in Tokyo.

### Fund Raising on Capital Markets

Through collaboration with SMBC, Daiwa Securities SMBC achieved the top position in the league tables of bookrunners for IPOs and lead managers for corporate straight bond issues in fiscal 2003. It was also No. 2 in the league table of bookrunners for secondary public equity offerings.

## Key Goals

### New Financial Products

SMFG offers a variety of cutting-edge financial products to our customers, primarily through market-oriented indirect financing methods. We aim to leverage our extensive experience in loan syndication on the Japanese and overseas markets by putting increasing effort into the provision of innovative services that fully meet our customers' requirements. We will also develop new financial products that capitalize on the trust banking functions of SMBC in such areas as asset securitization.

### Bolstering Capabilities in Specialized Financial Solutions

We are taking steps to strengthen our ability to develop and propose specialized financial solutions to a wide range of potential requirements, supporting the deployment of proactive financial and business strategies.

Particularly in the field of business restructuring, we make maximum use of the Group's extensive information network to realize high value-added proposals. Under the strict compliance policy, SMBC and Daiwa Securities SMBC are working together to assist our customers by designing and offering solutions to a vast range of issues, including the merger and acquisition of companies, the formation of strategic alliances, the establishment of joint ventures, MBOs, and many others.

### Responding to the Changing Business Environment

In response to the anticipated imminent deregulation of the financing arrangement business (introducing underwriters to companies for IPOs and bond issuance) and the securities intermediary business for banks, we are widening our financial services menu still further to meet our customers' needs related to direct financing.

### Bookrunners for Initial Public Equity Offerings

Ranking	Name	Number	(April 1, 2003 – March 31, 2004)	
			Amount (¥ million)	Market share (%)
1	Daiwa Securities SMBC	21	201,053	30.29
2	Nikko Citigroup	18	182,611	27.51
3	Nomura Securities	26	171,730	25.87
4	Morgan Stanley	2	27,691	4.17
5	Shinko Securities	19	17,024	2.56

Source: THOMSON DealWatch

### Bookrunners for Secondary Public Equity Offerings

Ranking	Name	Number	(April 1, 2003 – March 31, 2004)	
			Amount (¥ million)	Market share (%)
1	Nomura Securities	73	653,709	38.49
2	Daiwa Securities SMBC	42	476,186	28.03
3	Nikko Citigroup	24	447,636	26.35
4	UBS Securities Japan	1	30,973	1.82
5	Shinko Securities	17	26,396	1.55

Source: THOMSON DealWatch

### Lead Managers of Corporate Straight Bond Issues

Ranking	Name	Number	(including self-funding) (April 1, 2003 – March 31, 2004)	
			Amount (¥ million)	Market share (%)
1	Daiwa Securities SMBC	115	1,903,716	20.7
2	Nomura Securities	115	1,794,312	19.5
3	Mizuho Securities	105	1,442,265	15.6
4	Mitsubishi Securities	54	1,089,554	11.8
5	Nikko Citigroup	76	1,040,672	11.3

Source: Thomson Financial, THOMSON DealWatch