

Middle Market Banking Unit

In this banking unit, SMBC is concentrating on building a “solutions business” capable of rapidly addressing the diversifying needs of small and medium-sized businesses, thereby establishing the SMBC brand firmly with this client segment. Accompanying this initiative are actions to further enhance competitiveness.

Solution-Driven Marketing

Our experts at Corporate Business Offices throughout Japan work as a single team with specialists at the head office to offer sophisticated financial services. This arrangement yields speedy responses to a broad spectrum of client needs including derivatives, electronic banking, foreign business, M&A, factoring and securitization, and initial public offerings.

In the first half of the fiscal year, this approach led SMBC to participate in a number of large-scale M&A deals and to provide solutions that utilize sophisticated financial techniques such as derivatives and syndications. In the electronic banking field, SMBC's *Perfect*, a patented reconciliation support service, raised its user base by more than 900 to 3,179 companies as of September 30, 2001.

In another development, SMBC Group members cooperated to launch *SMBC Financial Link* to support the growing need for Internet-based services. *SMBC Financial Link* brings together in a single package all SMBC Group products and services involving settlements, the extension of credit, authorizations and bill collections.

More steps will be taken in the second half of the fiscal year to enhance services for corporate clients. In October, for example, the Business Reengineering Dept. was formed within the Business Promotion Dept. at the head office to provide assistance to customers restructuring their businesses. These actions will provide a strong framework for promoting solution-driven businesses in which branches, the head office and Group companies work in unison to increase corporate value for clients.



Services for Small Businesses

SMBC has established Business Support Offices to function as service locations exclusively for small and medium-sized businesses and sole proprietorships throughout Japan. This framework better enables the provision of services that accurately target the needs of these clients.

In the first half of the fiscal year, emphasis was placed on offering two loan products that can respond quickly to the need among small and medium-sized companies for unsecured funding: the *Business Select Loan* and the *Business Fast Loan*. The balance of such loans at September 30, 2001 was ¥18.3 billion. SMBC also promoted *Value Door*, a product that allows each client using a personal computer to access services that meet its needs. As a result, the user base for electronic banking, a primary component of the content offered by *Value Door*, rose from about 6,000 to 9,000 companies during the first half of the fiscal year.

Our corporate finance experts specializing in small and medium-sized companies will continue to use the Business Support Office network to extend products and services that target actual client needs. Efforts will also focus on augmenting the content and functionality of *Value Door* services. Illustrating this drive was the full-fledged operation of Internet-based *Value Door* services in October 2001.

Another theme is identifying the unique needs of small and medium-sized businesses and businesses of individuals that belong to franchised chains. SMBC offers fund procurement arrangements that are compatible with the business structure of each franchising operation. We will tap this capability to attract more borrowers in this client segment.

Major Accomplishments

- Significant growth of *Perfect*, a reconciliation support service that received a business model patent in February 2000
- Launch of *SMBC Financial Link* for supporting Internet-based services
- High-profile actions to meet the funding needs of small and medium-sized companies
Provision of loans featuring quick approvals and no need for collateral

Goals

- Conducting solution-driven marketing backed by the collective resources of branches, the head office and Group companies
- Providing products and services that target the needs of small and medium-sized companies
Enhancing the content of Value Door services