

## International Banking Unit

### Business Strategies

SMBC completed the integration of the greater part of its international network by April 2, 2001, the day after the merger. By facilitating the smooth and rapid consolidation of overlapping branches, the merger is enabling the International Banking Unit to realize synergies, in terms of revenue, resulting from its expanded client base and product lineup. This, in turn, will enable the unit to strengthen and expand its business abroad.

Although the U.S. economic slowdown has drawn a veil over growth prospects in Asia and Europe, we have a solid clientele of leading companies in both regions. Our founding banks have left a legacy of highly rated products and financial-market knowledge, allowing us to compete internationally as one of the top market players. To build on the global SMBC brand created by the merger, we are operating under a three-region divisional structure—the Americas, Europe and Asia—with each division pursuing individual strategies tailored to its region.

#### Key Objectives

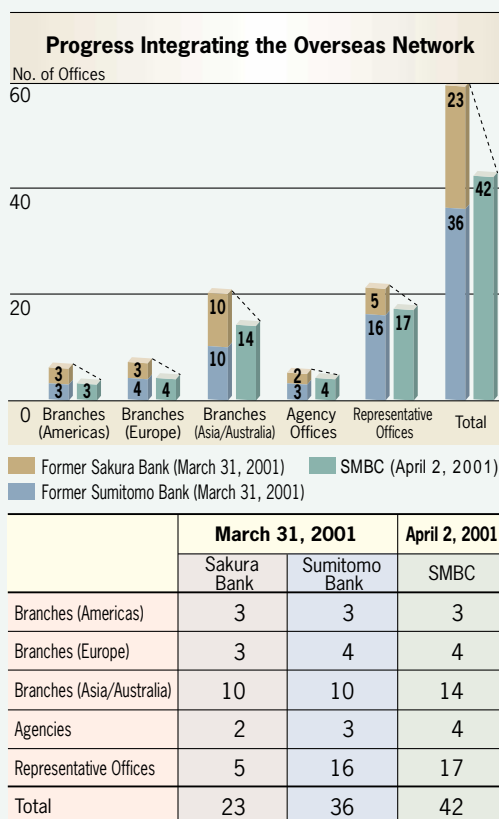
1. Realize synergies from overseas network integration early
2. Offer responsive, multifaceted services to an extensive, select clientele
3. Develop a solutions business based on leading-edge financial services and knowledge

### Realizing Synergies from Overseas Network Integration Early

SMBC had essentially completed integration of its overseas network as of the merger date. This is an indication of the importance of the concept of speedy delivery in our management style. It is also a sign of our resolve to realize the benefits of the merger in international banking as early as possible by strategically allocating human resources overseas in key areas to reinforce marketing and integrating overlapping branches to enhance efficiency. In particular, we are following regionally differentiated strategies in the Americas,

Europe and Asia. This may include expanding beyond the business fields in which we are already active.

By maximizing our new structure, we are going beyond the restrictions of traditional commercial banking to offer flexible, multifaceted services. At the same time, to maximize the benefits of the merger, we are strategically allocating management resources freed by the integration of our international network to expand our presence in key markets. In Asia—where the scope of our operations places us in the top echelon of Japanese financial groups in terms of both quantity and quality—we are maximizing the geographical advantage we enjoy over our North American and European competitors to reinforce our customer base and our network. Our intent is to bolster our presence in the Asian market by expanding our existing Asian network—a fact we signaled by elevating our Beijing Representative Office to branch status—and reviewing investments, thereby positioning us to better pursue opportunities among corporations of Japanese and foreign origin active in the region.



### ● Offering Responsive, Multifaceted Services to an Extensive, Select Clientele

The far-reaching experience of the two founding banks in overseas markets has given us an enviable international customer base. Our extensive, select clientele overseas is centered on leading Japanese corporate groups. Many of these customers are rapidly expanding their overseas operations. Accordingly, our services are tailored to help them respond to the strategic challenges inherent in global expansion. To this end, we emphasize timely, effective response at the overseas office level, close cooperation with our domestic banking units and the provision of high value-added services.

To enhance our services to multinational corporations of foreign origin, we will continue to take steps aimed at enhancing SMBC's market presence in Europe and the Americas. At the same time, we will endeavor to support the efforts of such customers to expand into Japan and other Asian countries or to improve operations, by providing responsive, multifaceted services that ensure a high level of customer satisfaction.



### ● Developing a Solutions Business Based on Leading-Edge Financial Services and Knowledge

Amalgamating the experience and knowledge amassed by the two founding banks over many years abroad, we will work hand-in-hand with the Investment Banking Unit to develop as a leading-edge financial services group worldwide. With the reputations earned by our predecessors, we can continue to offer solutions incorporating the latest services and know-how in the market, such as ways to improve customer balance sheets with tax leases and securitization arrangements, and various types of non-recourse financing utilizing syndication.

SMBC enjoys healthy market shares in such fee-based businesses as global cash management services (CMS), yen custody services and yen clearing services, none of which adds asset to our balance sheet. To increase our share of these markets, we will continue to make strategic investments to deliver customer satisfaction. This will entail maintaining our ability to quickly gather and disseminate market information and our capability to match services to customer needs.

