

Investment Banking Unit

Business Strategies

The Investment Banking Unit aims to rapidly provide sophisticated financial services to our customers and integrate SMBC's financial products, human and capital resources. Our organization makes it possible to develop advanced products and services, and to contribute to the expansion of financial markets in Japan, including the syndicated loan market.

Key Points

1. Provide newly developed products to meet the demands of our customers
2. Offer financial services through the global network of the SMBC Group including Daiwa Securities SMBC
3. Expand the syndicated loan market
4. Make proposals related to customers' IT-based business models
5. Start defined contribution pension plan business



New Product Lineup

The Investment Banking Unit provides the best-suited products to our customers through our global network. The Structured Finance Department develops advanced products concerned with the securitization business, non-recourse loans such as real estate finance and project finance, and the leasing business. Furthermore, the department features the New Products

Group, which specializes in new business models. The Derivatives and Financial Engineering Department offers currency and interest rate derivatives at sharp prices, and expands our market of new products, led by weather and commodity derivatives. The M&A Advisory Services Department is seizing an increasing number of opportunities in M&A activities, brought about by progress in legislation facilitating company reorganizations.



We provided financial services for UNIVERSAL STUDIOS JAPAN™.

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Daiwa Securities SMBC

In connection with the formation of SMBC, the wholesale securities businesses of Sakura Bank and Sakura Securities Co., Ltd., were combined with Daiwa Securities SB Capital Markets Co. Ltd. The merged institution is now called Daiwa Securities SMBC Co. Ltd. Daiwa Securities SMBC was originally established in April 1999 through an alliance between the wholesale division of Daiwa Securities Co. Ltd. (now Daiwa Securities Group Inc.) and Sumitomo Bank. In fiscal 2000, Daiwa Securities SMBC was extremely successful, recording ¥123.6 billion in ordinary profit, a year-on-year increase of nearly 70%. Daiwa Securities SMBC aims to be a top-notch investment bank that satisfies our institutional and corporate clients' diversified needs by making full use of long-developed know-how in product development and marketing. In addition to the traditional service of helping clients finance their operations and improving the performance of their investments, Daiwa Securities SMBC will continue to improve its superior services in new business areas, including securitization and providing M&A advisory services.

Development of Debt Capital Markets

Debt capital markets are a new financial technique where traditional lending business (financial intermediation) is combined with loan asset trading in the market. Syndicated loans are a typical example, where a syndicate of lenders extends a loan to a borrower under a single loan agreement. The Syndications Department of SMBC is actively marketing and arranging this type of transaction to meet the advanced fund raising requirements of customers by providing them with access to markets formed by various types of financial institutions.

In line with promoting this type of business, SMBC established the Japan Syndication and Loan-trading Association (JSLA) with other major financial institutions in January 2001, and was appointed to chair the association. Through the activities of the association, SMBC leads the debt capital markets in Japan, allowing us to meet the various demands of our customers through syndicated loans.

Financial Solutions to Customers

The Financial Solutions Department, established within the Structured Finance Department, maintains close contact with customers to meet their diversified demands and present financial solutions. The e-Business, Media and Telecom Department offers unique solutions to customers requiring specialized knowledge in the IT field, with up-to-date information and global connections.

Expanding Investment Management Services

SMBC is fully engaged in the investment trust, corporate pension, public pension and defined contribution pension plan

Investment Banking Unit Organization

Domestic	Planning Dept., Investment Banking Unit Structured Finance Credit Dept. Asset Management Planning Dept., Investment Banking Unit	<ul style="list-style-type: none"> •Planning for investment banking services •Inspection of investment banking transactions •Planning for defined contribution pension funds, investment management services
	Structured Finance Dept.	<ul style="list-style-type: none"> •Distribution, project finance, system finance, lease financing, leveraged buyouts/management buyouts, non-recourse loans
	Financial Solutions Dept., Investment Banking Unit	<ul style="list-style-type: none"> •Provision of total solution services
	Derivatives and Financial Engineering Dept.	<ul style="list-style-type: none"> •Development and sales of derivatives
	Syndications Dept.	<ul style="list-style-type: none"> •Syndicated loan origination and placements
	Corporate Finance Services Dept.	<ul style="list-style-type: none"> •Private offerings
	M&A Advisory Services Dept.	<ul style="list-style-type: none"> •Mergers and acquisitions
	e-Business, Media and Telecom Dept.	<ul style="list-style-type: none"> •Business support for IT related companies
	Daiwa Securities SMBC Co. Ltd.	<ul style="list-style-type: none"> •Wholesale securities distribution
	Sakura Friend Securities CO., LTD Meiko National Securities Co., Ltd.	<ul style="list-style-type: none"> •Securities retailing (stock, securities, etc.)
	DLJdirect SFG Securities Inc.	<ul style="list-style-type: none"> •Online securities retailing
	Sakura Investment Management Co., Ltd. Daiwa SB Investments Ltd.	<ul style="list-style-type: none"> •Investment advisory services, investment trust services
	Japan Pension Navigator Co., Ltd.	<ul style="list-style-type: none"> •Consulting on and administration of defined contribution pension funds
Overseas	Structured Finance Dept. (Americas, Europe and Asia)	<ul style="list-style-type: none"> •Project finance
	Syndications Dept. (Americas, Europe and Asia)	<ul style="list-style-type: none"> •Syndication
	SMBC Capital Markets, Inc SMBC Capital Markets Ltd. SMBC Derivative Products Ltd.	<ul style="list-style-type: none"> •Derivatives dealing
	SMBC Securities, Inc. Overseas subsidiaries of Daiwa Securities SMBC Co. Ltd.	<ul style="list-style-type: none"> •Wholesale securities distribution
	SMBC Leasing and Finance, Inc.	<ul style="list-style-type: none"> •Lease financing

businesses. Our investment management services are led by Daiwa SB Investments, Ltd., and Sakura Investment Management Co., Ltd., which have formed close alliances with leading investment managers worldwide, such as T. Rowe Price, Alliance Capital Management L.P. and State Street Bank and Trust. We are working with these companies to develop and offer investment trust products and manage the funds customers entrust to us in the global securities markets. We have been actively preparing for the defined contribution pension system that is expected to be introduced this autumn. In September 2000, we co-founded Japan Pension Navigator Co., Ltd., with six other financial companies in the Mitsui and Sumitomo Groups, to offer consulting services related to this new pension system in Japan.