

## Corporate Banking Unit

With the formation of SMBC in April 2001, the Corporate Banking Unit focused on establishing a single point of contact for all corporate customers. To effectively address various problems that arose in the first year of operations, the Corporate Banking Unit carried out a thorough review of its front-office organization during the first half of fiscal 2002, the six months ended September 30, 2002.

With the full integration of core computer systems at the end of July 2002, operational barriers between the two founding banks were completely removed and a unified marketing organization was established. This has enabled us to focus more fully on the solutions business in marketing operations and allowed us to strengthen our capabilities in maximizing customers' corporate value.

### Major Accomplishments

- **Reorganized front-office organization**
  - Optimally upgraded to maximize synergies and raised overall efficiency of front-office operations
- **Strengthened solutions design and proposal capabilities to maximize customers' corporate value**
  - Provided business management solutions centered on review and redesign of customers' business portfolios, and financial solutions centered on balance sheet management to optimize customers' net worth
- **Implemented rigorous risk-return analysis**
  - Grounded earnings strategies in rigorous risk-return analysis, realizing more efficient asset management; simultaneously focused on the provision of solutions that reduced the level of credit risk held by customers

### Key Goals

- Strengthen our liaison with the Investment Banking Unit and Daiwa Securities SMBC Co. Ltd., and make full use of the enhanced capabilities of the Financial Solutions Department, to build greater strength in the proposal of solutions and design for business portfolio reorganization and strategies, as well as to improve our financial base
- Promote integrated system for management of transactions by major corporations in Japan and overseas
- Expand indirect financing via the open market through optimal use of our customer portfolio, which includes many companies with high credit ratings

As scheduled, necessary improvements regarding the operating system of the Corporate Banking Unit were completed in the first half of fiscal 2002. The unit will now move to provide even speedier service with a higher level of added value, centered on solutions for corporate restructuring and balance sheet management. We will be focusing our efforts on creating a system for the delivery of optimum solutions to customer corporate groups on a global scale.

## Treasury Unit

The Treasury Unit focused efforts on accurately meeting customers' increasingly diverse and sophisticated needs. We improved customer convenience by developing new financial products, more effective computer systems, and more flexible and comprehensive trading operations. Moreover, we secured a higher level of earnings through well-timed positioning to take advantage of market movements.

### Major Accomplishments

- **Expanded transaction volume through improved customer convenience**
  - Start of *i-Deal*, our new Internet dealing system
  - Establishment of Asia Sales Desks, enhancing marketing capabilities in Asia
- **Effected dynamic and swift operations by accurately interpreting movements on domestic and foreign markets**
  - Sharp rise in earnings on dealing operations from rigorous implementation of foreign currency-denominated asset liability management (ALM)
  - Maintained high level of earnings on yen-based ALM and trading operations

### *i-Deal*

The Treasury Unit introduced *i-Deal*, an easy-to-use online dealing system allowing customers to directly and speedily conclude foreign exchange forward contracts over the Internet from their personal computers. More than just a direct trading channel, *i-Deal* offers many complementary functions to customers—such as more efficient operations and providing extensive market data—that enhance their business in various ways.

### Enhanced Marketing Capabilities in Asia

To offer Asian markets the full range of customer support services in funding, foreign exchange, and derivatives, we placed sales desks in Tokyo, Hong Kong, and Singapore. Our customers across the region can rely on us to provide insightful information and advice relating to their particular areas of concern, and these sales desks enhance our ability to promptly handle customer transactions.

### Business Performance

Thanks to dynamic and swift decisions in banking and trading operations in response to movements on both domestic and overseas markets, the Treasury Unit posted a sharp increase of more than ¥100 billion in earnings over the corresponding period of the previous year.

### Key Goals

- Offer greater customer convenience and speed up growth in transaction volume
- Ensure strict control of all risks by closely monitoring market movements

The Treasury Unit aims to gain the top share of market-based products by providing customers with the best quality services in the industry, and to generate a high but sustainable flow of earnings from trading activities by dynamically managing market positions. While focused on these goals, the Treasury Unit will strengthen operations with careful analysis of market and liquidity risks, taking into consideration the challenging market conditions that Japanese banks currently face.