

International Banking Unit

The International Banking Unit provides comprehensive, value-added financial services for domestic and overseas companies operating across international borders. To make this possible, the management are tackling various issues, including the provision of high-quality solutions through close liaison with other business units of the Bank and Group companies, and expansion of our fee-based business into new areas such as international cash management services (CMS) and the custody business, thereby further reducing dependence on asset volume. The management are also rigorously applying a right-sizing policy, and offering financial services tailored to the differing requirements of each overseas market.

Major Accomplishments

- SMBC's custody services awarded "top-class" evaluation three years running* by highly-respected industry periodical *Global Custodian*
—SMBC is the only Japanese bank to achieve this distinction
- Expanded the contract amounts of CMS for multinational companies
—Tie-ups with leading financial institutions allowed SMBC to offer local currency-based transactions and other comprehensive CMS functions
- Opened Taipei Branch to further strengthen network in Asia
- Provided overseas companies with solutions for establishing presence in Japan through our Global Client Business Department

*Includes years that Sumitomo Bank earned this distinction

Key Goals

- Enhance our team approach backed by close liaison with overseas branches to offer services to multinational companies
- Raise the level of sophistication of our fee-based business in such areas as settlement services and the provision of solutions relating to the reform of the Japanese securities delivery and settlement system
- Focus investment of management resources to create a stronger organizational framework for cultivating our business in China

The International Banking Unit aims to utilize relationships already in place with the Bank's other business units and companies to form strategic alliances with overseas financial institutions, enabling us to satisfy customer needs even more promptly and precisely.

To better respond to the various needs of the region, we will promote the development of an extensive network that will allow us to adapt effectively to the differing conditions in Asia's diverse regional markets. We will also place particular emphasis on the fast-growing Chinese market to meet the needs of Japanese companies establishing a foothold there.

In the Americas and Europe, we are working to further enhance our financial services, as this will also prove vital to establishing an effective business model for the Bank as a whole.

The International Banking Unit will continue its efforts to expand its fee-based business and realize returns commensurate with associated risks, as we build a more efficient operational system and a more effective network of overseas branches.

Investment Banking Unit

The Investment Banking Unit, which provides corporate customers with optimal solutions to financial issues, recorded a number of significant accomplishments during the first half of fiscal 2002, the six months ended September 30, 2002.

During the first half of fiscal 2002, we achieved year-on-year improvements in business performance for all products and services, thanks to the successful development of a range of attractive financial products that met our customers' diverse needs.

We achieved substantial growth in the field of syndicated loan origination and placement, with the number of domestic arrangements increased by 71 to 128 loan agreements, amounting to ¥1,904.5 billion, up ¥580.1 billion over the corresponding period of the previous year.

Our debt securitization services have become popular among a growing number of customers as a result of the development of exceptional products that address the whole range of their needs: these include the pooling of small receivables, revolving credit, and consolidation.

We also strengthened our marketing approach to the full span of our corporate users—ranging from large companies to small and medium-sized enterprises—by providing information more promptly and launching new products. As a result, we made great strides in expanding our business volume in derivative transactions and in trustee services for bond issuance via private placements.

Major Accomplishments

- Broadened loan syndication business scale
—Increased the amount of syndicated loans originated by SMBC on the domestic market by 43% year-on-year
- Provided comprehensive debt securitization solutions to customers
—Actively responded to all customer needs regarding pooling of small receivables, revolving credit and consolidation
- Enhanced marketing activities targeting small and medium-sized enterprises
—Expanded the derivatives business and services for private placement bonds

Key Goals

- Further enhance ability to offer increasingly more sophisticated financial solutions, drawing on the strengths of Group companies such as Daiwa Securities SMBC
- Maintain focus on expansion of loan syndication and securitization businesses

At the Investment Banking Unit, we will enhance the ability of the entire Group, through companies such as Daiwa Securities SMBC and Sumitomo Mitsui Asset Management Company, Limited—a company launched in December 2002—to offer an even greater variety of invaluable financial services to our customers. We will also continue promoting loan syndication and respond readily to customers' developing debt securitization needs.