



Since SMBC's formation, the Corporate Banking Unit has focused on establishing a single point of contact where customers can gain access to all of the Bank's services. The Corporate Banking Unit's mission is to continuously extend the highest-quality solutions to Japan's leading corporations. To achieve this, it was first of all necessary to assemble an effective marketing framework. Here, the goal was the formation of a strong front-office organization freed of all barriers that separated the two former banks.

Most of the measures required to establish a new and fully integrated SMBC service platform for corporate customers were completed during fiscal 2001, the year ended March 31, 2002.

Looking ahead, we intend to carry out a dramatic revision of our asset-based businesses to make them more competitive, as well as to undertake further initiatives to increase our volume of fee-based businesses. At the same time, we will implement further cost-cutting measures to bolster SMBC's ability to compete in all markets.

Highlights of Fiscal 2001

With the inauguration of a unified front-office system during fiscal 2001, the Corporate Banking Unit concentrated on three vital strategies: (1) fostering a single corporate culture for the new bank, (2) establishing a unified transaction approach to customers toward which the two former banks had taken divergent approaches, and (3) combining synergistically the expertise in selling products and services that each of the former banks brought to SMBC.

Our main objective as a new bank was to quickly reinforce the relationships with each customer, while creating greater value and more innovation than the sum total of the two banks before the merger. We have achieved this through customer relationship management (CRM). After analyzing information on more than 10,000 prominent corporate customers, we came up with solutions drawing equally on the resources of both former banks. This approach was instrumental to many of SMBC's first-year accomplishments in asset securitization, corporate customer alliances, and other areas.

Strategic Themes for Fiscal 2002

During fiscal 2002, we will continue to focus on increasing fee-based income. At the same time, we plan to further restructure our lending business, the most fundamental element of the banking operations.

To increase income from fees and commissions, we are focusing on providing customized solutions for corporate alliances, corporate business reorganizations, and restructuring programs, a strategy we began implementing in the second half of fiscal 2001. Balance sheet management is another area where we anticipate higher fee-based income. We intend to emphasize these activities

during fiscal 2002 in an effort to extend services that offer increasing value to customers. Regarding settlement services, a core banking business, we will actively leverage our cash management services (CMS) expertise to serve more customers.

In the lending business, we aim both to set interest rates that accurately reflect the risks associated with each loan and to supply sophisticated services that match the requirements of each borrower. Our lending business entails much more than conventional loans; also included is the arrangement of such credit instruments as nonrecourse loans, commitment lines, and syndicated loans. The goal here is to provide customers with a broad selection of credit alternatives to match their needs.

With computer systems integration scheduled for completion in the first half of fiscal 2002, the front-office organization will soon become unified in every sense. We will use this base to offer products and services that precisely address the requirements of each corporate customer.

Medium-Term Strategy

The objective of the Corporate Banking Unit is the consistent and continuous creation of value for customers, not merely the provision of individual products and services on an ad hoc basis. To realize this goal, we must skillfully deploy IT. As well, we must accumulate information about each customer's needs and utilize that information to supply a large volume of highly sophisticated solutions.

Reflecting this theme, each of our strategic business initiatives in fiscal 2002 comprises more than one-off services. Rather, our integrative, proactive approach ensures that we offer comprehensive, far-sighted solutions for business reorganizations and restructurings, a full range of settlement-related services, and

income levels that are commensurate with the level of risk taken. All of these offerings imply enhanced customer services, which in turn mean increased business opportunities for the Bank in the future. This future-oriented perspective necessitates that we acquire information now even in areas where customers' needs will not soon become evident. Only by viewing each customer relationship from medium- and long-term standpoints can we extend services that cover a broadened and enhanced array of solutions.

Leveraging the Financial Power of the SMBC Group

The Corporate Banking Unit works closely with leasing, financing, and consulting companies within the SMBC Group as well as with Daiwa Securities SMBC Co. Ltd. to provide customers with solutions that cannot be developed independently.

Cooperation with various divisions of the Bank and SMBC Group companies is essential to providing solutions in those areas that we intend to emphasize, such as corporate restructuring and balance sheet management. SMBC Group companies are specialists in their respective business fields and have the know-how to provide solutions that meet the exacting demands of customers.

This does not mean that the business departments with direct contact with customers simply act as conduits to pass on customer requirements. They work closely with the Financial Solutions Department within the Investment Banking Unit and capitalize on the Bank's database to formulate optimal solutions.

Taking advantage of the total capabilities of Group companies, SMBC will continue to respond with the right solutions to meet the increasingly sophisticated needs of large corporations.



Formulating sophisticated solutions that work for customers