

In investment banking, SMFG offers corporate customers a variety of fundraising methods, provides financial solutions such as M&As and securitization, and offers asset-management products such as investment trusts and pension assets. For corporate customers seeking to develop financial and business strategies, we draw on the combined know-how of the Group's finance companies—such as SMBC's Investment Banking Unit and Daiwa Securities SMBC Co. Ltd.—in creating optimal financial solutions that will satisfy customers' requirements.

### Major Accomplishments

Developments in our loan syndication business in fiscal 2002 included new initiatives such as supporting customers' information disclosure by holding debt IR seminars, thereby facilitating smooth fundraising.

As a result, the number of domestic syndications organized by SMBC in fiscal 2002 surged to 349, an increase of 157 compared with a year earlier, for a total value of ¥4,500 billion, reflecting an expansion of ¥900 billion from the previous year. The number of private bond placements also displayed significant growth, rising to 2,227, for a total issue amount of ¥740 billion, a more than threefold expansion compared with the previous year as measured by both number of placements and total value.

Two Group companies are drawing recognition for their strong performances. Daiwa Securities SMBC, a key player in debt and equity markets, ranked first in the league table for lead management in corporate straight bonds including those of banks and securities companies, and ranked second for initial public equity offerings and secondary public equity offerings. It also advanced to second in the Thomson Financial M&A league table for Japan, up from 10th a year earlier. In asset management operations, Daiwa SB Investments Ltd. attained the top rank overall for the second year running in a survey by R&I.\* Thus, we succeeded in expanding our market presence thanks to our ability to provide a wide range of sophisticated financial services.

Furthermore, in December 2002, SAKURA INVESTMENT MANAGEMENT CO., LTD. merged with four other asset management subsidiaries of the Mitsui and Sumitomo groups and formed the new entity, Sumitomo Mitsui Asset Management Company, Limited. The merger in April 2003 of Meiko National Securities Co., Ltd. and Sakura Friend Securities Co., Ltd. gave rise to the establishment of SMBC Friend Securities Co., Ltd. These developments exemplify SMFG's progress in making its Group management more efficient.

Noteworthy also from the perspective of cooperation within the Group was SMBC's establishment of joint outlets with Meiko National Securities, Sakura Friend Securities (now SMBC Friend Securities), and DLJdirect SFG Securities Inc. in November 2002.

### Key Goals

In fiscal 2003, we will continue our efforts to leverage the comprehensive financial capabilities of the Group to provide clients with ever more effective investment banking services. In particular, we are confident that our cutting-edge financial services, provided through close cooperation between Daiwa Securities SMBC and SMBC, will enable our clients to achieve business success.

In the field of corporate revitalization, we are making full use of our extensive information network to design value-added solutions, such as M&As. To meet the funding needs of an even broader range of clients, we will further promote loan syndications and effective execution of debt IR activities, and offer our customers the advantage of greater diversity in fund procurement methods. In April 2003, SMBC became the first Japanese bank to act as an advisor in the formulation of a securitization program for patent rights.

This is just one example of the active efforts being made by the Group companies to quickly develop and launch new financial services, which include management buyouts (MBOs) and debtor-in-possession (DIP) financing, as well as trust banking services offered by SMBC.

### Notes

\* *Newsletter on Pensions and Investment* (Published by Rating and Investment Information, Inc.; Nov. 18, 2002 issue)



Daiwa Securities SMBC