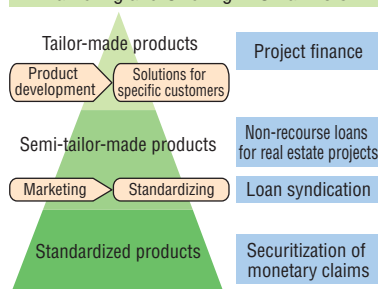


Investment Banking

Standardizing Products for General Marketing and Offering in Small Lots

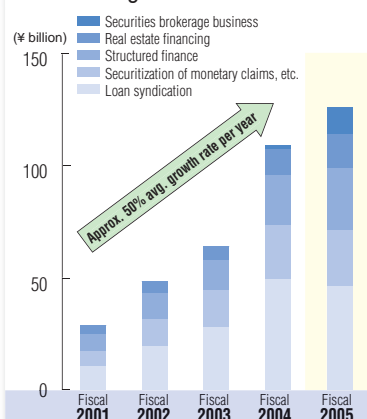


Daiwa Securities SMBC's league table rankings

	Ranking	Underwriting amount (¥ bn)	Market share
Leading underwriter for corporate straight bonds	1st	2,014.8	23.8%
Bookrunning for secondary public equity offerings	1st	590.2	30.2%

Source: Thomson Financial, based on results for FY2004 (April 2004 to March 2005)

Profits from Investment Banking Business



SMFG's Investment Banking Business

One of the distinctive features of SMFG's investment banking business is that tailor-made products developed for specific customers' fund raising, asset management, settlement, risk hedging and other needs are quickly redesigned into standardized products to make them available to a wider range of customers. In addition, collaboration with SMBC's Corporate Advisory Division, established in fiscal 2006, helps customers solve difficult management issues and raise their corporate value.

Alliance with Group Securities Companies

By bringing together the strengths of Group companies, starting with Daiwa Securities SMBC Co., Ltd. and SMBC Friend Securities Co., Ltd., SMFG is able to leverage the synergy between the banking and securities businesses to register an even better business performance. Daiwa Securities SMBC was ranked No. 1 by Thomson Financial in the league tables for fiscal 2005 as a lead underwriter of corporate straight bonds, and as a bookrunner for IPOs and secondary public equity offerings. SMBC Friend Securities, in collaboration with SMBC, developed and marketed the Hokuto Fund, a publicly-offered fund for the production of *Hokuto No Ken*, an animated movie. The fund is the first of its kind in Japan.



Hokuto No Ken (Fist of the North Star)

Accomplishments in Fiscal 2005

Earnings of SMFG's investment banking business in fiscal 2005 continued on an upward trend. Profits of the securities intermediary business for corporate customers posted an excellent performance, due largely to the effective leveraging of a marketing collaboration between SMBC and Daiwa Securities SMBC. (Deregulation within the industry in the previous term made it possible for banks to engage in the securities intermediary business.) During the reporting term, we succeeded in arranging a considerable number of large-scale deals in the MBO and LBO markets, thus raising our market profile.

Topics



Project Financing for Rabigh Complex

SMBC, acting as financial advisor to Sumitomo Chemical Co., Ltd. and the Saudi Arabian state-run oil company Saudi Aramco on their Rabigh oil refinery and petrochemical project, has helped facilitate project financing of approximately \$5.9 billion, one of the largest-ever project financing amounts. Moreover, the financing was achieved within a very short period and at competitive pricing. In addition, SMBC took part in the financing project as the managing bank, and was designated as a facility agent for the Japan Bank for International Cooperation (JBIC). SMBC's superior advisory capabilities are recognized not only by the sponsors of this project, but also by the market as a whole.