

■ Investment Banking

SMFG's Investment Banking Business

SMFG is targeting opportunities in investment banking, a business field that continues to grow, leveraging the extensive customer base we have built up over many years in commercial banking. We are able to propose optimal solutions to our customers' increasingly diverse and complex needs in fund procurement, asset management, M&A, risk management, settlement and other fields by drawing on the combined expertise of SMBC's Investment Banking Unit and our other subsidiaries. We aim to rank among the leaders in every category of investment banking.

Accomplishments in Fiscal 2006

One highlight of the year was growth in business involving corporate reorganizations. We executed several large MBO and LBO deals and supplied mezzanine financing through mutual funds. In addition, SMBC established the Shipping Finance Department, the first unit of this type at any Japanese bank. This better allows us to meet the growing demand for ship financing. We also implemented a number of new business operations, developed a synthetic employee stock ownership plan (ESOP), and arranged a large-scale emissions trading program.

Collaboration with Daiwa Securities SMBC

In fiscal 2006, Daiwa Securities SMBC Co., Ltd. ranked second among securities firms operating in Japan in the corporate straight bond lead manager league table and first in the IPO bookrunner league table, and was chosen by Thomson Financial as the "House of the Year" in its fiscal 2006 overall rankings. These accomplishments are testimony to the prominent position of Daiwa Securities SMBC in the capital markets.

Topics

Project Finance Global Advisor of the Year

In 2006, SMBC ranked first in the world in project finance, helping clients to procure a total of US\$17.1 billion. Thanks to this achievement, SMBC became the first Japanese bank to be selected as "Global Advisor of the Year" by the U.K. periodical Project Finance International. This testifies to the excellence of SMBC's project finance skills. We will continue to reaffirm our leadership in the project finance market by offering services that combine speed and outstanding quality.

League Tables

Global Project Finance (Advisor)*

Jan. 1-Dec. 31, 2006		(US\$ million)
1	SMBC	17,109
2	Ernst & Young	15,804
3	Pricewaterhouse Coopers	14,235
4	HSBC	9,687
5	Société Générale	7,215
6	Citigroup	4,818
7	KPMG	4,317
8	Royal Bank of Canada	2,859
9	Investec	2,835
10	BNP Paribas	2,517

Shipping Loan Bookrunners**

Jan. 1-Dec. 31, 2006		(US\$ million)
1	DnB NOR	13,691
2	Nordea	13,334
3	BNP Paribas	5,306
4	Citigroup	4,682
5	ING	3,622
6	Fortis	2,951
7	SMBC	2,715
8	Calyon	2,689
9	SG CIB	2,386
10	HSH Nordbank	1,995

Lead Managers of Corporate Straight Bond Issues*

Apr. 1, 2006-Mar. 31, 2007	Amount (¥ billion)	Market share (%)
1 Mizuho Securities	1,771.6	26.0
2 Daiwa Securities SMBC	1,511.5	22.2
3 Mitsubishi UFJ Securities	1,029.5	15.1
4 Nomura Securities	1,001.2	14.7
5 Nikko Citigroup	567.8	8.3

Bookrunners for Initial Public Equity Offerings*

Apr. 1, 2006-Mar. 31, 2007	Amount (¥ billion)	Market share (%)
1 Daiwa Securities SMBC	344.5	33.4
2 Nomura Securities	261.2	25.4
3 Nikko Citigroup	194.7	18.9
4 Goldman Sachs	89.3	8.7
5 Mitsubishi UFJ Securities	33.7	3.3

*Source: Thomson Financial

**Source: Marine Money