

## International Banking

Primarily through SMBC's overseas network, SMFG serves corporate clients with global operations, working in close cooperation with other Group companies and alliance partners to accommodate specific requirements without being limited by geographic restrictions. We have also drawn up a strategy for proactively capitalizing on business opportunities in emerging markets.

In Asia, we are working to provide even more closely tailored services to support Japanese corporate customers expanding their operations in growing economies such as China and Vietnam. In North America, we are strengthening our business relationships with major players in the U.S., while acquiring greater expertise in cutting-edge financial technology. In addition to the longstanding member countries of the EU in Western Europe, we are extending our business operations into Central and Eastern Europe, not to mention Russia, as well as in neighboring regions such as the Middle East. In this way, we aim to provide services globally in order to fully satisfy our customers' requirements.



### Topics

#### ◆ Expanding Our Network

To enhance the bank's information collecting and liaison functions in Russia and the New Independent States, which are attracting great attention for their growth potential, Sumitomo Mitsui Banking Corporation Europe opened a representative office in Moscow in August 2005.

#### ◆ More Effort into Developing Business in Latin America

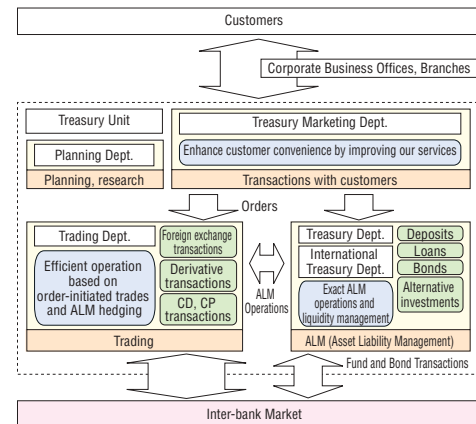
SMFG has been strengthening its business in Latin America by deploying various products and services and scoring several firsts among Japanese banks. In April 2005, SMBC became a

founding partner bank of the Trade Finance Facilitation Program (TFFP) promoted by the Inter-American Development Bank. It also became the first Japanese bank to engage in the securitization of various receivables, such as exports and remittances held by Brazilian banks, and arranged a large-scale syndicated loan for a government-run oil company in Latin America, utilizing a political risk insurance program provided by the Japanese semi-governmental body Nippon Export and Investment Insurance. SMBC's International Banking Unit has also begun an intermediary service in greenhouse gas emissions credit trading in Latin America.

## Treasury Markets

SMFG meets customers' market transaction needs through the operations of SMBC's Treasury Unit in the fields of fund procurement, foreign exchange, bonds and derivatives. By these means, SMFG is able to offer customers high-value-added services. Additionally, through its asset liability management (ALM) and trading operations, the Treasury Unit strives to maximize earnings by investing in diversified portfolios and conducting well-timed arbitrage operations while efficiently managing market risk and liquidity risk.

During the first half of fiscal 2005, the Treasury Unit worked closely with SMBC's marketing units to provide various services and products to customers to meet their diversifying needs. We promoted NDF (non-deliverable forward) transactions and deposits with foreign exchange forward contracts for individuals. We further increased the number of features offered by our *i-Deal* Internet-based dealing system, and expanded our service network for market transactions in Asia. The Treasury Unit will continue to offer high-level support services for all our customers' market transaction needs.



### Topics

#### ◆ Expansion of Service Menu to Meet Customer Needs

The Treasury Unit continues to design and implement new products and services that effectively meet the diversifying needs of our customers amid today's constantly changing business environment. During the reporting period, we introduced foreign exchange hedging plans in support of M&A deals and other large-scale capital transactions; arranged seminars by specialists on currency options, the Chinese *renminbi*, and other issues; upgraded the functions of our *i-Deal* system (relating to

limit-order transactions); and expanded the range of services provided by our offices in Hong Kong and Shanghai, as well as in ASEAN countries.

#### ◆ Diversified Investment and Efficient Use of ALM

The Treasury Unit has been utilizing alternative investments, in addition to derivatives linked to interest rate and foreign exchange movements, thereby diversifying and expanding our menu of investment options. The Treasury Unit also effectively employs ALM operations in response to market movements.