

■ International Banking

SMFG offers value-added services to clients (corporations, financial institutions, governmental organizations and public entities) operating globally by preparing tailor-made solutions that meet various local needs, mainly through SMBC's International Banking Unit. We strive to become a global commercial bank, capable of delivering our strengths in various business opportunities in this vast international market.

Global Standard Financial Products

SMBC became the first Asian financial institution ever to be named "Global Bank of the Year" by *Project Finance International* magazine in the area of project finance. SMBC also won many "Deal of the Year" awards from numerous financial magazines in the area of trade finance.

SMBC was chosen for the third consecutive year as the best provider of yen cash management services in a survey of financial institutions conducted by *Asiamoney* magazine in the area of global settlement services.

Capital and Business Alliances with Overseas Financial Institutions

Our alliance strategy in Asia is tailored to the characteristics of each country and region. In 2008, SMBC entered into strategic alliances with Kookmin Bank, the largest bank in Korea, and the Bank of East Asia, a major Hong Kong private-sector bank. By forging partnerships with leading Asian local financial institutions that boast strong local business bases, we aim to strengthen our solution providing capability in the region, such as by expanding our Asian denominated currency service offerings. We plan to expand our Asian business multilaterally.

In a global context, SMBC has made an equity investment in UK's Barclays PLC in order to deliver and complement each institution's strengths.

Promotion of Cross-Border Transactions

In order to seamlessly provide solutions to Japanese corporations' international business development activities and cross border management issues, SMBC has expanded its Global Advisory Department (established in fiscal 2008) headcount. On another note, SMBC established a department in Osaka (in addition to Tokyo) specifically dedicated to business with non-Japanese companies active in the Kansai and other western Japanese regions.

Reorganization of Risk Management

SMBC has set up departments dedicated to managing credit, market, liquidity and operational risks in Europe and the Americas, in order to create a comprehensive risk management organizational framework. Furthermore, credit risk

management has been further enhanced by placing specialists and streamlining the organizational framework tailored to each regional characteristic in the world.

Additionally, SMBC has reorganized its credit departments and newly established its Credit Management Department within the International Banking Unit in order to strengthen its credit and crisis management capabilities.

Core IT System Upgrades

Enhancing internal controls is as vital as expanding international operations in order to support globalizing client needs. Starting in fiscal 2009, SMBC is revamping its Asian accounting systems as part of a worldwide operations system upgrade effort. Simultaneously, SMBC will upgrade customer information and management administration systems.

Fostering Professionals Capable of Offering Sophisticated Financial Solutions

We are strengthening our training and educational programs in order to meet seamlessly and accurately customers' increasingly diverse and advanced needs. In Asia, enhanced seminars and e-learning programs are offered to locally hired employees by the Asia Pacific Training Department, established in 2007 within SMBC's International Banking Unit, in order to provide the best solution to our customers.

Strengthening of Compliance System

We recognize that it is imperative to reinforce further compliance in order to operate globally, by reexamining compliance programs in accordance with guidelines established by the Basel Committee on Banking Supervision and by enhancing governance systems of overseas subsidiaries in China and other countries.

On another note, we are further strengthening our anti-money laundering measures in accordance with international standards, by upgrading supervision capabilities through computerization of our overseas network.

Topics

◆ Establishment of Subsidiary in China

SMBC established Sumitomo Mitsui Banking Corporation (China) Limited (head office in Shanghai) in April 2009 as a wholly owned subsidiary, demonstrating the bank's strong commitment to this market. China is an important market and we are committed to better serving our customers in the region by continuing to build our business base there.



◆ Expansion of Overseas Network

We continue to enhance our overseas network in order to improve our services to Japanese companies and increase our presence in emerging and other growing markets.

SMBC opened a branch office in Hanoi in December 2008 to support the expansion of our clients' activities in Vietnam. Coupled with the opening of the Ho Chi Minh City Branch in 2006 and the signing of the strategic alliance agreement with the Vietnam Export Import Commercial Joint Stock Bank ("Eximbank") in 2007, we boast a well-founded network and financial services delivery base in Vietnam.

Furthermore, SMBC's New York Branch opened its Mexico City Representative Office in March 2009. As a result, we became capable of seamlessly covering the North and South American regions through the new representative office, North American (New York, Los Angeles, San Francisco Branches and Houston Representative Office, and Sumitomo Mitsui Banking Corporation of Canada) and South American (Banco Sumitomo Mitsui Brasileiro) network. We will continue to build our network in the Americas in order to deliver sophisticated financial solutions quickly.



■ Treasury Markets

SMFG, through the Treasury Unit of SMBC, aims to offer increasingly higher value-added services to meet the ever more sophisticated and diverse needs of its customers for transactions in the money, foreign exchange, bond and derivatives markets. To maintain and further strengthen profitability, and while managing risk appropriately, the Treasury Unit focuses on three goals: (a) expanding transaction volume from its customers; (b) strengthening its asset-liability management (ALM) system and trading skills; and (c) bringing sharper focus to portfolio management.

More Solutions and Services for Customers' Market Transactions

SMBC is dedicated to supplying solutions that precisely match the market transaction needs of its customers. To this end, the Treasury Unit works with branches to create hedging and other proposals for corporate clients that reflect shifting trends in financial markets.

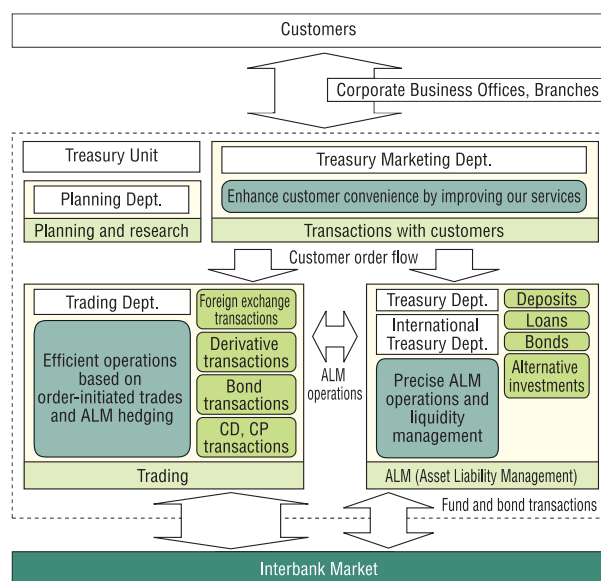
We are constantly improving the functions of *i-Deal*, a system that allows clients to conclude foreign exchange

contracts over the Internet. Looking forward, the Treasury Unit will continue working to fulfill all our customers' market transaction needs by offering full support services of the highest quality in the industry.

ALM and Trading Operations

Through its ALM and trading operations, and while controlling market and liquidity risks, the Treasury Unit seeks to maximize earnings by targeting opportunities created by trends in many financial markets.

We will continue to conduct suitable trading operations that reflect changes in market conditions with the aim of generating a consistent stream of earnings.



Topics

◆ Expanding Services to Meet Customer Needs

To further increase convenience for customers, SMBC continues to enhance the functions of its *i-Deal* system that allows clients to conclude foreign exchange contracts over the Internet.

In fiscal 2008, we added a foreign exchange risk simulation function to make this service even more useful for customers.

◆ Sound Market Operations

SMBC executes sound market operations in response to changes in market conditions based on a conservative risk management policy. In addition, we are constantly taking steps to use even more advanced methods for our ALM activities.