

International Banking

Primarily through SMBC's overseas network, SMFG serves corporate groups with global operations, working in close cooperation with other Group companies and alliance partners to accommodate specific requirements without being limited by geographic restrictions.

In Asia, SMFG is expanding its network in China and other growing markets to offer clients a wide selection of services. In the Americas, the focus is on developing and selling products in the world's most advanced financial markets, and expanding customer relations. In Europe, SMFG is offering high-caliber services that will help customers to capitalize on business opportunities resulting from the expansion of the EU.



Newspaper advertisement announcing the opening of the Hangzhou and Hanoi offices

Major Accomplishments

- Expanded SMBC branch network in Asia
 - Opened Hangzhou Branch and Hanoi Representative Office in December 2004
- In Europe, heightened market presence in structured finance market
 - Ranked No. 1* among Japanese banks as lead manager of PFIs (Private Finance Initiatives) in the U.K.
- Introduced the *SMAR&TS-Trade*, an import-export support system in Asia

*Note: *Dealogic Project Finance Review Western Europe*, (PFI-PPP, January-September 2004)

Key Goals

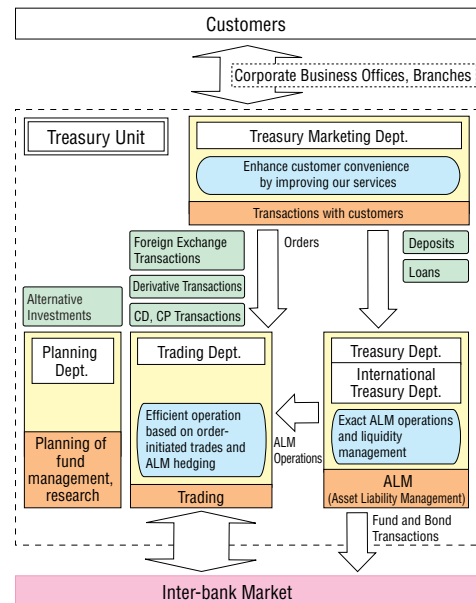
- Build an even more powerful global support framework for customers
- Expand operations in emerging and growing markets

We will expand our business, focusing principally on Europe, the Americas, and Asia. We intend to seize every business opportunity, leveraging the strong position we have achieved in Japan, to drive the growth of SMFG's international business as a whole.

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 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 2004, SMBC's marketing units and the Treasury Unit worked together to enhance customer convenience. Initiatives include the promotion of NDF (non-deliverable forward) transactions and deposits with foreign exchange forward contracts for individuals. In another move, we expanded the number of currencies handled by the *i-Deal* Internet-based dealing system. The Treasury Unit will continue to offer high-level support services for all our customers' market transaction needs.



Major Accomplishments

- Expanded transaction volume by improving customer convenience
 - Offered NDF transactions and deposits with foreign exchange forward contracts
 - Achieved a further increase in online transaction volume by adding new functions to our *i-Deal* dealing system
 - Continued building a service network in China under the direction of Treasury Unit personnel assigned to the Shanghai Branch
- Created more diversified investment portfolios
 - Promoted alternative investments, in addition to interest rate and foreign exchange trading

Key Goals

- Further enhance the convenience of our services by tailoring them to meet customers' specific needs
- Realize risk allocations that more closely reflect market conditions