

■ International Banking

SMFG offers high-value-added services tailored to the requirements of various regions around the world to customers with global operations, primarily through SMBC's International Banking Unit. Our client base for these services includes both Japanese and non-Japanese corporations, financial institutions, government organizations, public enterprises, and other entities.

We have four regional headquarters—in Europe, the Americas, Asia and Oceania, and China—that quickly respond to the market characteristics of each region, as we continue to strengthen our network presence. In addition to our own network, we draw effectively on the resources of other SMFG companies, our overseas subsidiaries, and affiliated local banks. In today's highly competitive international market, this broad network enables us to offer

Topics

◆ Strategy for Alliance and Investing in Overseas Financial Institutions

In Asia, we are implementing an alliance strategy focusing on the characteristics of each country and region, and have entered into alliance with local banks in Vietnam, Taiwan, Korea, India, Malaysia, and the Philippines. In October 2008, we signed an agreement with Kookmin Bank, Korea's largest bank, to expand the business alliance, which was entered into the year before, including an equity investment. In November 2008, we signed a memorandum of mutual understanding on strategic partnerships with Bank of East Asia, Ltd., the largest independent local bank in Hong Kong, with strong financial products and relationships with small and medium-sized enterprises and individuals in Hong Kong and mainland China. We will continue these diversified approaches to strengthen our position in Asia.

From a global perspective, in July 2008, we invested in Barclays plc, one of the leading financial institutions in the United Kingdom. Going forward, we will work to build a mutually complementary relationship with Barclays drawing on our respective strengths.



◆ Trading in Greenhouse Gas Emission Rights

In September 2008, SMBC established a wholly owned subsidiary under its Brazilian subsidiary Banco Sumitomo Mitsui Brasileiro S.A., to specialize in consulting services related to Clean Development Mechanism* business activities. The objectives of this new company include helping the Japanese government to attain its greenhouse gas emission reduction target under the Kyoto Protocol and contributing to the sustainable growth of developing countries. We will continue to place emphasis on environmental businesses to fulfill our corporate social responsibilities.

* Under the Clean Development Mechanism, developed countries invest in greenhouse gas emission reduction projects in the developing countries. The efficacy of proposed projects in reducing emissions is validated by a third-party agency. If the projects are validated and implemented, "Certified Emission Reductions" (carbon credits) are issued to the developed countries.

our customers the latest information and cutting-edge services as well as optimal solutions to assist them in dealing with issues unique to various regions around the world.

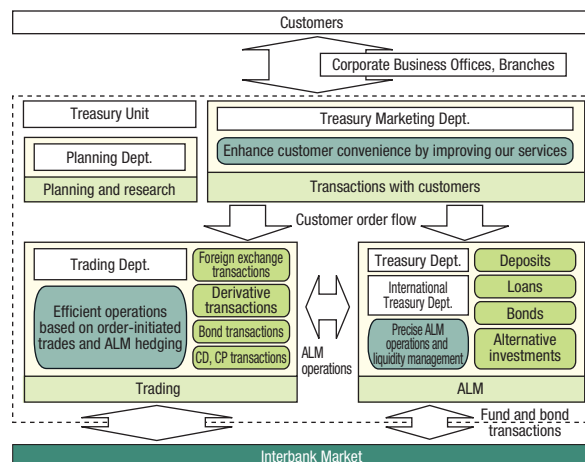
■ Treasury Markets

SMFG responds to the needs of its clients for market transactions through the Treasury Unit of SMBC and offers ever higher-value-added services to meet their increasingly sophisticated and diverse needs in money, foreign exchange, bond, and derivatives markets.

Our focus is on increasing our order flow, strengthening asset-liability management (ALM) system and trading capabilities, and managing a diverse portfolio of investments. We accurately assess timely market opportunities in Japan and overseas to further strengthen profitability while effectively managing risks.

Looking ahead, in our relationships with customers, we will continue to respond fully to their needs and offer our full support with services that meet the highest industry standards.

In addition, through our banking operations, including ALM, and trading activities, we will continue to optimally allocate risk capital according to market conditions, while controlling market and liquidity risks, in order to secure stable profits.



Topics

◆ Expanding Services to Match Customer Needs

We are constantly enhancing the functions of *i-Deal*, a system that allows customers to conclude foreign exchange contracts and other transactions over the Internet. In the first half of fiscal 2008, we added a new foreign exchange risk simulation function to this system to provide added convenience for customers.

◆ Effective Market Operations

We respond quickly and effectively to changes in market conditions through our market operations, including prompt liquidation of securitized and other investment products.