

## ■ Corporate Banking

### Improving Products and Services for Midsized Companies and SMEs

#### ●Initiatives to provide easier access to financing

SMBC believes that the smooth and efficient supply of funds to its clients is its main social responsibility as a financial institution. With companies facing growing challenges caused by the global financial crisis, we are making every effort to facilitate financing to our corporate clients — midsized companies and SMEs — proactively and more tailored to their needs. To this end, in December 2009, SMBC established the Middle Market Facilitating Financing Department within the Planning Department of the Corporate Banking Unit.

We will continue to implement initiatives to identify the ever-changing needs and issues of our corporate clients and offer more tailored products and services in order to support their business growth.

#### ●Products and services to meet financing needs

Amid the economic uncertainty, a broad range of financing needs is emerging. In order to meet these needs, we are constantly expanding our lineup of loans for our corporate clients. In 2008, SMBC introduced the Certified Company Support Loan for companies who have received SMBC designated national/local management-related certification or award; the Web Report Loan for companies using the Japanese national tax authorities' e-Tax service; and the Asset Value Truck and Bus Loan which uses commercial vehicles as collateral (loan features were upgraded in 2009).

#### ●Environmentally responsible products and services

In October 2008, SMBC launched the *SMBC Environmental Assessment Loan/Private Placement Bonds*. To be eligible, an applicant company must undergo an environmental evaluation using Japan Research Institute's assessment standards. Loan terms depend on the evaluation results, which are disclosed to the applicant company to help improve its environmental protection measures. As of March 31, 2010, about 30 companies had raised approximately ¥100 billion in loans and bonds. SMBC announces these transactions to the public through SMBC press releases, newspaper advertisements and other forms of mass media, receiving high marks from our clients. In January 2010, this loan/bond product won the 2009 Nikkei Superior Products and Services Award for Superiority from Nikkei Inc., indicating the high regard in which it is held by Japanese society as a whole.

Another initiative was the "Fight Global Warming Campaign" held from May through July 2009 in connection with SMBC-ECO Loan for companies with environmental management certifications. During the campaign period, SMBC used part of the earnings from the SMBC-ECO Loan to purchase and write off carbon credits equivalent to five tons of CO<sub>2</sub> emissions per borrower, enabling the borrowers to play a part in combating global warming.

In April 2010, we added companies reporting their energy consumption to the Tokyo Metropolitan Government under its initiatives on reducing global warming to the scope of companies eligible for the *SMBC-ECO Loan*. In this way, we are supporting those midsized companies and SMEs that are taking a proactive approach to environmental issues.

In addition, SMBC extends loans under two programs operated by the Ministry of the Environment in which the government pays the interest. One program is for supporting initiatives aimed at reaching the goals of the Kyoto Protocol, in which investments in facilities that reduce greenhouse gas emissions are partly subsidized. The other program is to support the acceleration of countermeasures against global warming. The Japanese government has set a high target of 25% reduction in the emission of greenhouse gases, and we believe this financing mechanism will provide invaluable support for the environmental initiatives of Japanese industries.

#### ●Information services

SMBC has been strengthening its internal systems for business-matching, resulting in a dramatic increase in the number of business meetings we have arranged between possible partners. In particular, in our "all-in-one matching" program, which simultaneously matches a large number of corporate clients with the purchasing departments of large corporations, we have enhanced our corporate client information database, and are able to supply information on the purchasing needs of major corporations to more corporate clients.

We will continue enhancing our ability to provide a wide spectrum of information to our clients.

### Reinforcing Services for Globalizing Corporations

An increasing number of our corporate clients are setting up businesses overseas, and they face a growing need to address issues such as differences in business practices; cultures; legal, accounting, and taxation systems, and interpretation of such systems; as well as funding.

At SMBC, the Global Advisory Department was established to specifically help devise solutions for cross-border issues of globally operating clients. The department works to provide seamless support for the operations of companies both inside and outside Japan by straddling the three units of SMBC that do business with corporate clients – the Middle Market Banking Unit, the Corporate Banking Unit, and the International Banking Unit. Based in Tokyo, the department has staff members at SMBC offices overseas, chiefly in Asia. With about 200 professionals in the fields of foreign trade and global business operations, the department maximizes synergies by integrating issue-solving skills with expertise in collecting and analyzing information, and by making effective use of relationships with clients and business partners worldwide. Thanks to this infrastructure, we can devise customized solutions from a global perspective to serve both companies in Japan and their overseas subsidiaries.

We hold overseas business-related seminars with themes of particular interest to our clients, and distribute the latest information on overseas markets, enabling companies considering the launch of an overseas business to gain insight into local conditions, regulations, industry trends, and other relevant matters. Our services are also useful for companies with established overseas operations who can count on us for valuable assistance in areas such as growth strategy and reorganization.

### Intensifying Initiatives in the Chinese Market

China is a major driver of global economic growth and many Japanese companies have already set up operations there, targeting the market that continues to grow. Japanese corporations' entry into and business development in China is projected to accelerate in the coming years.

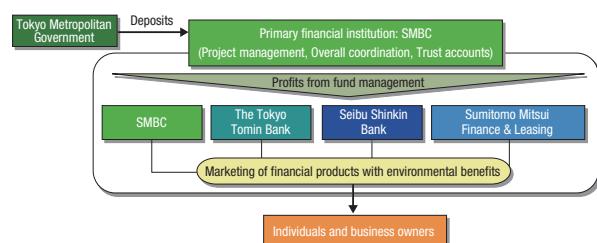
To be able to more effectively meet the needs of such clients whose business straddles the Japanese and Chinese markets, at the beginning of fiscal 2010 SMBC appointed a director to be responsible for overseeing its Chinese subsidiary Sumitomo Mitsui Banking Corporation (China) Limited. It also transferred responsibility for the planning, promotion, and management of transactions between the SMBC subsidiary in China and Japanese corporations from the International Banking Unit to a domestic banking unit. The aim of this move was to integrate SMBC services for clients' head offices in Japan and their local subsidiaries in China, facilitating the smooth transaction of business and enabling us to deliver more closely tailored services.

### Intensifying Initiatives in the Public and Financial Sectors

We are working to create solutions for issues of regional governments, public corporations and financial institutions. Moreover, to upgrade services for regional clients, we undertake joint initiatives with regional governments and financial institutions.

In October 2009 SMBC was selected as the primary financial institution for the Tokyo Metropolitan Government's Eco Finance Project. In partnership with Sumitomo Mitsui Finance & Leasing and other financial institutions, SMBC has created a number of financial products and programs, such as mortgage loans, leasing plans, and so on, that are designed to help improve the environment. These products proved popular, and over 300 applications for the mortgage loan had been received by the end of fiscal 2009.

#### Tokyo Metropolitan Government Eco Finance Project



In July 2008 SMBC signed a Cooperative Agreement for the Promotion of Industry with the Miyagi Prefectural Government and The 77 Bank, Ltd. In the third venture under this agreement, the three partners initiated a project to help companies in Miyagi Prefecture become more environmentally responsible as well as cut costs. Subsidies are provided by the prefectural government to help companies purchase equipment that contribute to energy conservation and cost-cutting. We are taking a variety of steps to make this project a success, such as holding seminars.



Seminar on energy conservation and cost-cutting

We will continue to step up initiatives that contribute to regional economic growth while delivering high value-added services to clients throughout Japan.

### Topics

#### ◆ Business Alliance in the Environment Business in China

In November 2009, SMBC together with the Japan Research Institute signed a basic agreement with the Tianjin Eco-City Administrative Committee on initiatives to attract Japanese business corporations to the Tianjin Eco-city project.

The Tianjin Eco-City project is the first large-scale project in China to build an ecologically friendly city to have been approved at the national government level. The new city will feature various measures to harmonize human activities with the natural environment, measures for conserving natural resources, and an efficient system of resource recycling.

The environment business is expected to show significant further development in China along with the growth of the country's overall market, and SMBC intends to play an important role in introducing Japanese companies to projects where they can make a major contribution.

SMBC is strongly committed to delivering enhanced services for Japanese corporate clients in the process of setting up businesses in China or planning to do so.



The signing ceremony for the agreement on the Tianjin Eco-City project.