

## ■ International Banking

SMFG offers value-added services to its clients (corporations, financial institutions, governmental organizations and public entities) operating globally by creating tailor-made solutions which meet diverse local needs, mainly through SMBC's International Banking Unit.

SMBC has three regional headquarters: in Europe, the United States and the Asia-Pacific region; and subsidiaries in such emerging markets as China, Russia, Brazil and Malaysia. Through this network, it has established a system which quickly and flexibly responds to the diverse needs of each region. It strives to become a global commercial bank which can extensively demonstrate its strengths for the diverse business opportunities in the international market.

### Expansion of Overseas Network

SMBC is working to expand its overseas network of branches to improve their services for the Japanese companies and to enhance their presence in emerging markets.

SMBC (China) opened two new branches and two new sub-branches in the fiscal year 2010: Shenyang branch and Shanghai (Puxi) Sub-branch in June and July 2010, respectively, and Changshu Sub-branch and Shenzhen branch in January and May 2011, respectively. The SMBC Group will use its network in China, which consists of branches and offices in 15 locations, to enhance the quality of its financial services.



### Capital Strategies and Business Alliances with Major Asian Financial Institutions

The alliance strategies in Asian countries are specifically planned to take the advantage of the special attributes of each country and region. We plan to enhance our solutions such as expanding our Asian currencies services for each region.

In December 2010, the bank executed a Memorandum of Understanding on Mutual Business Cooperation with RHB Bank Berhad, Malaysia's fourth-largest bank by market capitalization (as of the end of March 2011), a strategic partner for around the last 30 years. The bank aims to further strengthen this alliance relationship.

Additionally, in March 2011, the bank executed the Cooperative Agreement with Kotak Mahindra (UK) Ltd., an asset

management subsidiary of Kotak Mahindra Bank\* in India, for the establishment of infrastructure funds in India.

SMBC continues to develop its banking networks and expand Asian businesses in diversified ways by establishing alliances with major local financial institutions in Asia.

\*Kotak Mahindra Bank, with which we have established a capital and operating alliance, is the core bank of the Kotak Mahindra Group.

### Core IT System Upgrades

SMBC is pursuing its overseas business development and the advancement of information processing and management systems in order to further support the global development of our clients' businesses. SMBC has upgraded the Asian accounting system as part of its plan to promote the strengthening of its overseas administrative system. Furthermore, it also works to further advance client information and business management systems.

### Strengthening of Risk Management

SMBC is continuously enhancing its credit monitoring system as part of its plan to reinforce its credit cost control system, and it has also established specialized credit management departments in Europe and the United States, in addition to the International Credit Management and regional Credit Departments.

Having established the Risk Management Department Groups in Europe and the United States, it is building a comprehensive risk management system especially made for the local markets.

### Strengthening of Compliance System

As the global trend towards strengthening financial regulations continue, and based on the understanding that it is essential to further strengthen the compliance system as our business grows, we are further focusing on enhancing the management system by improving the collection and analysis of information related to regulatory changes, and providing such management resources as human resources.

In responding to the strengthening of regulations related to economic sanctions in each country, we continue to pursue more sophisticated and efficient means to prevent money-laundering and financing for terrorist activities.

### Development of Professional Human Resources Required for Overseas Business Growth

We are further improving our training and educational programs in order to respond appropriately and promptly to the increasingly diverse and highly sophisticated needs of our clients. To gain international financial experience, we place our promising employees in our overseas offices or at the overseas specialized financial institutions outside of the Group. As SMBC's first attempt, it invited employees, including overseas national staff,

