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 (Pixi) 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 moneylaundering 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,

to attend intensive educational training in Tokyo. Furthermore, we continue to focus on the development of human resources in Asia, where our business continues to develop tremendously, by providing our national staff with seminars and e-learning programs developed by the Asia Pacific Training Department, in order for them to be able to offer the best solutions for our clients.

Topics

◆Overseas Environmental Business Opportunities

SMBC is enhancing its initiatives for global environmental

It has provided co-financing as the lead bank for the commercial solar power generation business project which is scheduled to start in the fiscal year 2014 in Spain. This financing utilized the insurance system of Nippon Export and Investment Insurance ("NEXI"), and was its first project to support Japanese companies going overseas for the purpose of engaging in power generation businesses utilizing renewable energies.

SMBC continues to strengthen its initiatives for renewable energy businesses, and to proactively promote the development of overseas environmental businesses.



■ Treasury Markets

SMFG strives to offer increasingly high valued services to meet more sophisticated and diverse needs of its clients for transactions in the money, foreign exchange, bond and derivatives markets through the Treasury Unit of SMBC. In order to maintain and further enhance profitability while managing risks appropriately, the Treasury Unit focuses on the following three goals of: (a) increasing volumes generated from clients' transactions; (b) strengthening its Asset-Liability Management (ALM) system and trading skills; and (c) ensuring portfolio management of its assets and liabilities.

More Solutions and Services for Clients' **Market Transactions**

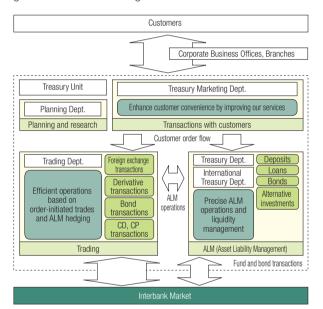
SMBC offers solutions appropriate for the market transactional needs of its clients by working with branches to present to its corporate clients with the proposals for such as hedging transactions, reflecting the shifting trends in the financial markets.

We continue to improve the functions of i-Deal, a system which allows our clients to execute their foreign exchange transactions on the Internet. The Treasury Unit continues to fully support our clients by meeting their market transactional needs and offering the highest level of services in the industry.

ALM and Trading Operations

The Treasury Unit pursues to maximize its earnings through the ALM and trading operations, while controlling the market and liquidity risks, by searching for trends in the various financial markets.

We strive to perform appropriate ALM and trading operations by responding to the changes in the financial market to generate consistent earnings.



Topics

◆Issuance of U.S. Dollar-denominated Straight Bonds in the Global Markets

For the environmental changes in the foreseeable future, we are taking measures to diversify the medium- to long-term fund procurement channels. In January 2011, we again issued the U.S. Dollar-denominated straight bonds in the United States and other global markets, following the issuance in 2010.

◆Expanded Offerings of Currencies of Asia and Other Emerging Markets

In order to meet our clients' market transaction needs, we are increasing our line-up of foreign currencies, mainly Asian and also other emerging-market currencies. We are also committed to updating our clients with the information related to the foreign exchange transactions by offering seminars conducted by economists specialized in Asian financial markets.