

## Compliance Systems at SMFG

### Basic Compliance Policies

SMFG strives to further strengthen its compliance systems so that it may fulfill its public mission and corporate social responsibilities as a financial services group offering diversified products and services, and thereby become a truly outstanding global corporate group.

For compliance policies, SMFG sets forth its “Business Ethics” (on page 48) as the common CSR principles for the Group, and considers the strengthening of such Business Ethics as one of the critical issues for the management.

### Group Management from a Compliance Perspective

As a financial holding company, SMFG strives to maintain a compliance system which provides the appropriate directions, guidance and monitoring related to compliance for its Group companies.

Specifically, SMFG manages and monitors the self-sustaining compliance functions of individual Group companies through regular meetings attended by all Group companies and meetings with individual companies. The following compliance issues will be strengthened for the fiscal year 2011: (a) Responding appropriately to the regulatory environment, and strengthening the compliance structure of overseas offices; and (b) Strengthening the compliance structure of the Group.

### Reporting System for Inappropriate Accounting and Auditing Activities

SMFG has implemented the “SMFG Accounting and Auditing Hotline” to provide the means for individuals in and out of the Group to report inappropriate accounting and auditing activities. This hotline quickly identifies and takes appropriate actions against any fraudulent activity or any misconduct associated with accounting and auditing at SMFG and its consolidated subsidiaries.

Reports may be submitted by regular mail or e-mail to the following respective addresses.

Mailing address:  
**SMFG Accounting and Auditing Hotline**  
**Iwata Godo Attorneys and Counsellors at Law**  
**10th floor, Marunouchi Building**  
**2-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-6310**

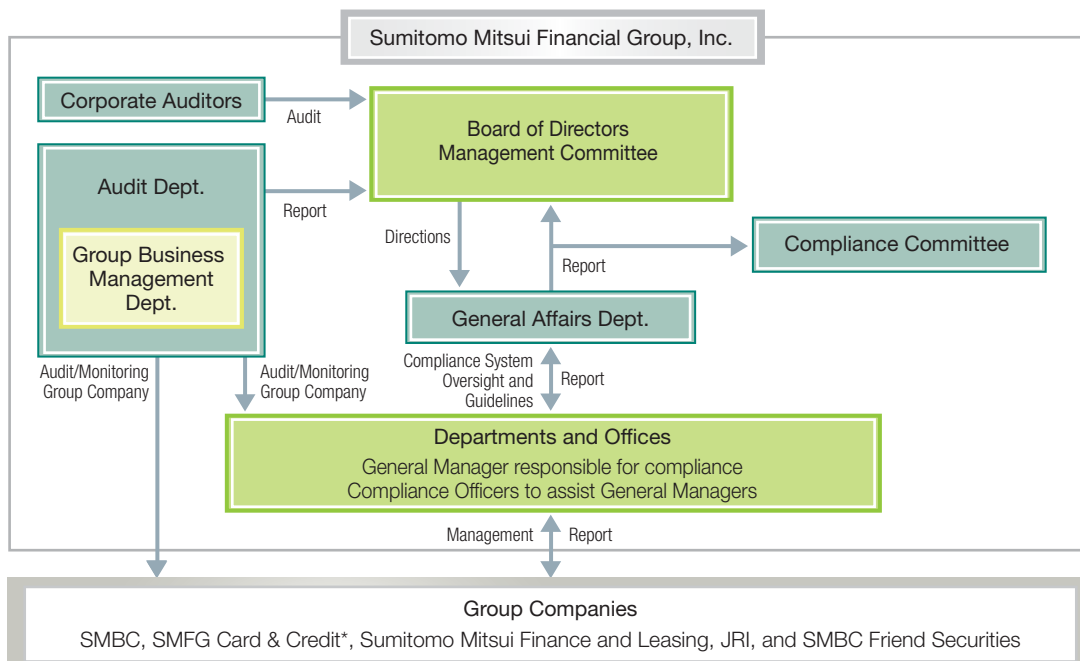
E-mail address:  
**smfghotline@iwatagodo.com**

\* The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at SMFG and its consolidated subsidiaries.

\* Anonymous reports are also accepted; however, if possible, providing personal information such as your name and contact information would be appreciated and helpful.

\* Please provide as much detail as possible for such inappropriate activities. An investigation may not be feasible if information is not adequate.

\* Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.



\* SMFG Card & Credit, Inc. is an intermediary holding company for Sumitomo Mitsui Card and Cedyna.

# Compliance at SMBC

## Strengthening the Compliance System

To be in compliance with laws, regulations, and other social standards is basically and generally required for all corporations. Especially for banks, compliance-related issues are particularly important as their public missions and corporate social responsibilities are considered critical in the financial markets.

In accordance with the basic policies of SMFG, SMBC requires its management and staff to have the highest values to gain public trust, abide by relevant laws and regulations, uphold high ethical standards, and act fairly and sincerely. Therefore, SMBC considers that being fully in compliance is one of the most critical issues for management to appropriately deal with the issues related to the Banking Law, the Financial Instruments and Exchange Act, compliance with other related ordinances, and elimination of anti-social organizations.

## Management of the Compliance System

SMBC adopts a two-tiered structure as its basic compliance system as follows. At the first level, each department and office is individually responsible for making preliminary decisions to ensure that its conduct is in compliance with laws and regulations. At the next level, the independent Internal Audit Unit conducts strict audits of such departments or offices.

In order to maintain this two-tiered structure and ensure its effective operation, the Compliance Unit, made up of the General Affairs Department and the Legal Department, plans and implements the kind of systems and improvements to be in compliance, under the directions of the management. The Compliance Unit also provides guidance for and monitors the activities of all departments and branches, and assists such departments and branches to make appropriate compliance-related decisions.

SMBC commits to the following activities to ensure that such compliance structure functions effectively.

## Preparation of a Compliance Manual

SMBC has prepared its Compliance Manual by stating the objectives, guidance and 60 compliance principles in order to assist the management and staff to be fully in compliance. This manual has been approved by the Board of Directors.

## Development of Compliance Programs

The Board of Directors develops a specific annual plan for compliance-related activities for each fiscal year, including amendments to the rules and regulations and training, for the objectives of the compliance system for SMBC and its consolidated subsidiaries to function effectively. During the fiscal year 2011, SMBC will continue to strengthen its compliance measures in order to quickly adapt to any changes in the social environment. Such measures include strengthening the monitoring of marketing and sales of risk products, appropriately managing conflicts of interest as the cooperation among Group

companies intensify further, responding to amendments to the Act on Prevention of Transfer of Criminal Proceeds, further strengthening measures to eliminate transactions associated with anti-social organizations, and strengthening the overseas compliance measures appropriate for the growing overseas operation and further strengthened regulations of each country.

## Appointment of Compliance Officers

In addition to appointing compliance officers to each branch and department of the bank, the "Area Compliance Officers," who independently function from frontline departments, are appointed for the Middle Market Banking Unit and Consumer Banking Unit to direct and oversee compliance activities at the branches and offices.

## Creation of the Compliance Committee

The Compliance Committee, which consists of cross-departmental compliance members, chaired by the director in charge of compliance, has been created in order to comprehensively review and discuss compliance related issues. To enhance fair and objective deliberations by the Compliance Committee, outside members are also invited to participate in such Compliance Committee meetings.

For the handling of any complaints from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act, and the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions.

### Japanese Bankers Association:

Contact information: Consultation office,  
Japanese Bankers Association  
Telephone numbers: (Japan) 0570-017109 or 03-5252-3772  
Business hours: Monday through Friday  
(except public and bank holidays)  
9:00 am to 5:00 pm

### Trust Companies Association of Japan:

Contact information: Consultation office, Trust Companies  
Association of Japan  
Telephone numbers: (Japan) 0120-817335 or 03-3241-7335  
Business hours: Monday through Friday  
(except public and bank holidays)  
9:00 am to 5:15 pm