

## ■ Investment Banking

SMFG offers and provides the most appropriate financial products and comprehensive solutions for our clients' diverse needs, such as fund raising and fund management, M&A, and risk hedging, in order to assist their business development or enhancement of their corporate value. This is achieved by consolidating resources of the Group companies, including SMBC and SMBC Nikko Securities Inc.

### Cooperation with SMBC Nikko Securities

As a core securities brokerage within the Group, SMBC Nikko Securities has been expanding both retail and wholesale operations in partnership with the bank. Through its securities intermediary and business introduction services for individuals, it is developing retail transactions through joint bank-brokerage formats. Our entire Group continues to respond to offer services appropriate for the needs of clients by taking advantage of strengths of both SMBC and SMBC Nikko Securities.

In wholesale operations, the Group was ranked 4th in the "league table" published by Thomson Reuters for fiscal 2012 ("Global Equity & Equity-Related: Bookrunner") with a market share of 11.9%. It also ranked 4th in the "M&A advisory services category for publicly announced mergers involving Japanese companies," with a market share of 17.8% (Thomson Reuters). It ranked 2nd in the ranking of the "25th Analysts Votes" for the Nikkei Veritas analysts. As for overseas operations, SMBC Nikko Securities' Singapore office has made steady progress, including the launch of brokerage services for Japanese stocks and M&A advisory services. The number of corporate client referrals

made by the bank to SMBC Nikko Securities is increasing, due to the measures taken for corporate clients. In fiscal 2012, the total number of client referrals made reached to approximately 4,300 (an increase of 14% compared to the previous fiscal year). Our entire Group continues to integrally work to enhance services provided to corporate clients.

### SMBC Nikko Securities: Medium-Term Management Plan (during fiscal years of 2013 to 2015)

SMBC Nikko Securities developed its medium-term management plan starting fiscal 2013. We strive to provide value-added services to clients based on the concepts of "Speed and Scale" by moving forward from the "Framework Development" phase to the "Growth" phase, as set forth in the plan.

- Retail Unit: Expand the client base by the aggressive injection of resources and strategy of integrating banking and securities business operations.
- Wholesale Unit: Realization of competitive front operation structure; increase of earning capacity for sales and trading businesses by the aggressive injection of management resources; selective and effective overseas business expansion by taking advantage of the banking and securities business cooperation and alliance.
- Other: Sophistication of the management infrastructure, strategic injection of systems and human resources, acceleration of human resource development.



## Measures for growth areas

In the emerging countries in Asia, the needs for infrastructure and development are increasing. SMBC is strengthening its measures for infrastructure financing by cooperating with the government-affiliated financial institutions which financially supports infrastructure projects in Singapore and Indonesia. In June 2013, we successfully established an infrastructure fund specifically made for investment in India, together with Kotak Mahindra group, one of India's largest private financial groups, the Brookfield Asset Management Inc., a major asset management company in Canada, and the Japan Bank for International Cooperation.

We continue to provide high-value added services in order to contribute to the improvement of infrastructure and economic development of each country by utilizing the expertise and knowledge accumulated especially in the project finance area.

Our Growth Industry Cluster Department identifies four fields of "renewable energy," "environment," "water" and "natural resources" as growing fields to promote creating new business opportunities for clients. It supports the solar power business and it researches smart city development overseas and wastewater treatment of industrial complexes by utilizing the accumulated knowledge and network of the "industry-government-academia." It also contributes to the expansion of clients' businesses by further venturing into "medical" and "nursing care" fields.

## International Banking

SMFG strives to provide high value-added services tailored to the specific local needs of its globally-operating clients, including business corporations, financial institutions, governmental organizations and public entities, mainly through the International Banking Unit of SMBC.

SMBC strives to become the global commercial bank which is capable of consistently providing up-to-date information and services by closely cooperating with other SMFG group companies and overseas subsidiaries throughout the world, concentrating mainly on the three regional divisions of Asia-Pacific, Americas and Europe.

## Enhancement of our competitive products

In recognition of its strengths in project finance, SMBC was awarded the Global Bank of the Year 2012 by Project Finance International. It also placed No. 1 in the Asia Syndicated Loan Mandated Arrangers ranking (all international currency syndicated and club loans, Thomson Reuters), and was highly rated as a foreign bank in many Asian countries in the Cash Management Poll carried out by ASIAMONEY. It was No. 1 among Japanese banks for the seventh successive year. As such achievements show, SMBC is making its presence felt across the board.

## Topics

### ◆ Project Finance

In the project finance field, SMBC was awarded the "Global Bank of the Year 2012"\* for being the most successful bank in project finance. This was the Bank's second time winning this award as a result of our specialized and innovative project finance services, especially for the energy and resource development businesses around the world.

\* The "Global Bank of the Year" is the prestigious award given by "Project Finance International" magazine published by Thomson Reuters.



## Expansion of overseas networks

SMBC is expanding overseas networks, to further enhance services for Japanese corporate clients operating overseas and strengthen its capability to develop banking businesses in emerging and growth markets.

Date of establishment	Country	
May 2012	Peru	Lima Representative Office
August 2012	Myanmar	Yangon Representative Office
August 2012	China	Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch
March 2013	India	New Delhi Branch
April 2013	Australia	Perth Branch
May 2013	Chile	Santiago Representative Office
May 2013	Thailand	Chonburi Exchange Office



## Strengthening relationships with local financial institutions

In order to fully accommodate the needs of clients in emerging and growth markets, SMBC continues to strengthen its relationships with local financial institutions in overseas market. In May 2012, we executed a memorandum of understanding with the Kanbawza Bank, the largest private bank in Myanmar, for technical assistance and support; and in August 2012, we also executed a memorandum for business alliance with the

Aceda Bank Plc., the largest private bank in Cambodia, for cooperatively working on businesses in Cambodia. In February 2013, we executed an agreement for cooperation with Garanti Bankasi A.S., one of the largest banks in Turkey, for financial advisory services for guaranteed or insured projects and project finance, and also for business cooperation for financial services provided for Japanese clients.

In India, where a further growth is expected in the foreseeable future, SMBC and SMBC Nikko Securities entered into an alliance in December 2012 with the investment bank of Kotak Mahindra Group, a leading comprehensive financial services group in India, for providing advisory services for cross-border M&A between Japanese and Indian companies.

## Enhancing measures for businesses in emerging markets

In April 2013, SMBC established the Emerging Markets Business Division for strategic planning and business promotion, in order to further strengthen its commitment to the rapidly growing emerging markets especially Asia, and to boldly develop as the full-line commercial bank with Asia as its mother market. Also in April 2013, we established the Global Business Planning Department in SMFG for strengthening collaboration among Group companies in overseas businesses mainly in emerging markets.

### Topics

#### ◆Investment in local Indonesian bank

On May 8, 2013, SMBC publicly announced that it plans to acquire up to 40% shares of PT bank Tabungan Pensiunan Nasional Tbk, upon approval by the Indonesian authorities. The bank has a solid retail business in Indonesia which is expected to maintain a high sustainable growth in view of its world's 4th largest population and expanding middle class. In this and other ways, we will continue to diversify our business in Asia.

#### ◆Elected to become the "Financial Holding Company" in the United States of America

On May 7, 2013, SMFG and SMBC were elected by the Board of Governors of the Federal Reserve System to officially become Financial Holding Company (FHC) pursuant to the Bank Holding Company Act in the U.S., enabling us to significantly expand the scope of services we provide in the U.S., including the underwriting and trading of securities and other investment banking services. Our Group continues to provide better financial services in the U.S., the leading financial market in the world.