

## ■ Investment Banking

SMFG offers and provides the forward-looking 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 operations in partnership with the bank.

The Group was ranked 3rd in the "league table" for fiscal 2013 prepared by SMBC Nikko Securities based on information provided by Thomson Reuters (Global Equity & Equity-Related; Bookrunner in Japan) with a market share of 13.9%. It also ranked 4th in the "M&A advisory services category for publicly announced mergers involving Japanese companies," with a market share of 17.1% (Thomson Reuters). As for analyst ranking, the SMBC Nikko Securities ranked overall 3rd for both Institutional Investor magazine and Nikkei Veritas magazine. Similarly, overseas businesses have steadily enhanced its structure by establishing a San Francisco office in October 2013, and SMBC Nikko Securities obtained a mandate for several projects such as becoming the lead manager for underwriting its first global offering and collaborating with Moelis for large-scaled cross-border mergers and acquisitions.

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 2013, the total number of client referrals made reached approximately 5,200, an increase of 23%, 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 2014 to 2016)

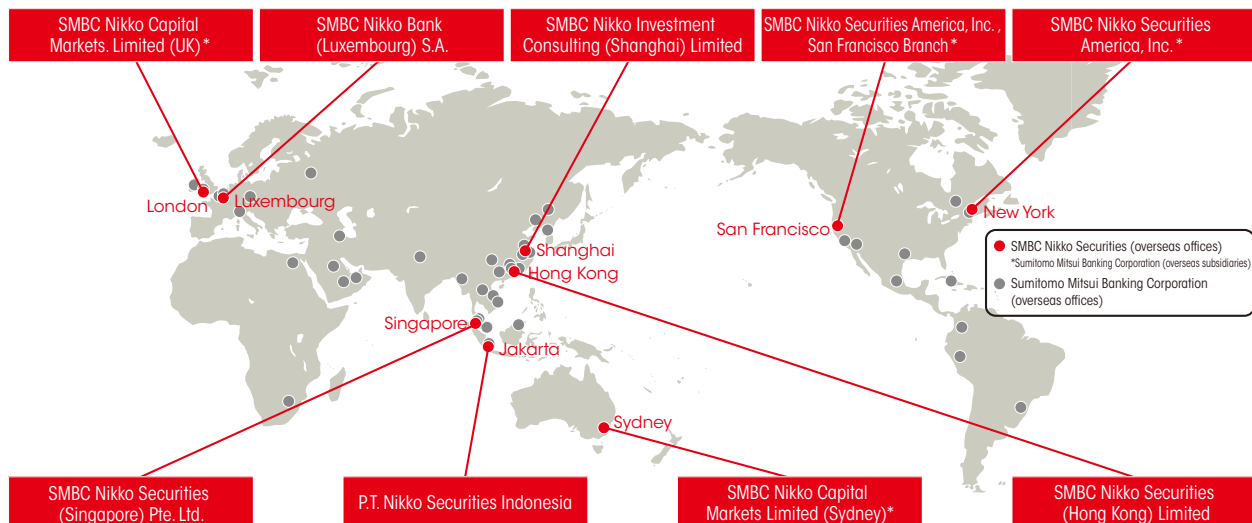
Based on the SMFG Medium-Term Management Plan starting fiscal 2014, SMBC Nikko Securities plans to increase its exposure in finance and securities markets in Japan and overseas by promoting growth strategies, based on its concept of "Speed and Scale," and to strive to provide further value-added services to clients.

- Retail unit: Expand the client base by aggressive injecting resources and strengthening cooperation between banking and securities operations while maintaining earning capacity.
- Wholesale Unit: Realization of competitive front-office operational structure, increase of earning capacity for sales and trading businesses, and selective and effective overseas business expansion by taking advantage of SMBC's business operations and alliances.

### Topics

#### ◆ IFR Awards 2013 "Yen Bond House of the Year"

SMBC Nikko Securities won the "Yen Bond House of the year 2013" award for securities companies with the liveliest profile in the Samurai bond and Euroyen markets. The award is made by the leading Thomson Reuters financial services magazine International Financing Review.



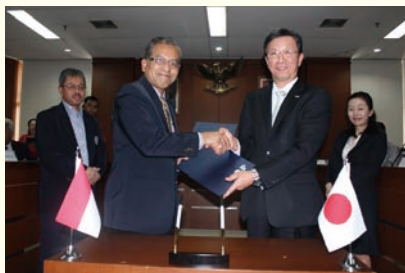
## Topics

### ◆ Initiatives for New Businesses

As the aging process in Japan further progresses, demand for healthcare facilities has increased in recent years. In order to provide financial support for care facilities which are the important social infrastructure, SMBC has initiated healthcare REIT specializing in care facilities such as paid nursing homes and serviced residences for the elderly. In November 2013, we established an asset management company for a healthcare REIT, and we are in the process of preparing for its listing.

Furthermore, to further enhance initiatives for growth industries and to contribute to the recovery of the Japanese economy, we have established the "Growth Industry Cluster," formerly placed within the Project Finance Department, as an independent unit.

We are taking the initiative to create new businesses in areas such as "New Energy," "Environment," "Water," "Resources," "Healthcare" and "Agriculture". We executed a memorandum on agricultural matters with Bogor Agricultural University, the largest agricultural University in Indonesia in March 2014, and a memorandum primarily for the life sciences, agriculture and food products with a regional government organization in Belgium in April 2014. SMBC will continue to provide support for clients for increasing new business opportunities in Japan and overseas by taking advantage of its wide range of knowledge and the network built over alliances among industry-government-academia.



Execution of a memorandum with Bogor Agricultural University

## ■ 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 a global commercial bank 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 EMEA.

### Strengthening relationships with local financial institutions

SMBC continues to strengthen its relations with local banks and banking organizations in emerging growth markets. In June 2013, the business alliance for supporting clients' overseas expansion entered with Absa Bank Limited, a South African subsidiary of the Barclays Bank PLC of Great Britain, was expanded to include up to 13 countries centering on Sub-Saharan African region. In January 2014, we dispatched our employees to ACLEDA Bank Plc., the largest private bank in Cambodia, as part of our business linkage with ACLEDA Bank, to support business operations of specialized sections of assist foreign companies, including Japanese clients. In December 2013, we executed a memorandum of understanding with Myanmar Banks Association (consisting of 25 major local banks in Myanmar) with respect to the development of financial human resources, to mutually plan and provide training curriculum and seminars for employees of Myanmar Banks Association and local banks in Myanmar.

### Enhancing Initiatives for Asia

SMBC promotes the local development of "Multi-Franchise Strategy" which broadly covers commercial banking business for individual and corporate clients. In May 2013, we announced the acquisition of up to 40% stake in PT Bank Tabungan Pensiunan Nasional Tbk, Indonesia's national pension savings bank, subsequently completed in March 2014. We will proceed to diversify our business operations in Asia, including Indonesia, by promoting and enhancing cooperation with Bank Tabungan Pensiunan Nasional Tbk, leveraging its strength in retail businesses.

Further, in March 2014, SMBC Malaysia Berhad began its Islamic financial business operations, led by the Sumitomo Mitsui Banking Corporation Europe. As Malaysia plays a leading role in the Islamic financial market in Asia, we will be able to broadly accommodate clients' needs by providing Islamic financial services in Malaysia.

## Expansion of overseas networks

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

SMBC provides support for clients' global business development by leveraging our expanding worldwide network.

Date of establishment	Country	
April 2013	Australia	Perth Branch
May 2013	Chile	Santiago Representative Office
May 2013	Thailand	Chonburi Exchange Office (changed status to branch in April 2014)
October 2013	Mongolia	Ulaanbaatar Representative Office
January 2014	Ireland	Sumitomo Mitsui Banking Corporation Europe Limited Dublin Branch
February 2014	China	Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
February 2014	China	Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
March 2014	United Arab Emirates	Abu Dhabi Representative Office
June 2014	Czech Republic	Sumitomo Mitsui Banking Corporation Europe Limited Prague Branch



## Enhancement of Aircraft-Related Businesses

In April 2014, SMBC consolidated marketing functions for aircraft-related businesses in its respective overseas regions by establishing the Global Aircraft Finance Department in order to globally promote its aircraft-related businesses. As the establishment of this department promotes the business alliance with the aircraft leasing company of SMBC Aviation Capital, we will strive to further improve comprehensive financial services in aircraft finance area for our Group.

### Topics

#### ◆ Acquisition of U.S. Railroad Freight Car Leasing Company

In December 2013, SMBC acquired a major railroad freight car leasing company in U.S. through SMBC's leasing subsidiary, SMBC Leasing and Finance, Inc. Its operations commenced as SMBC Rail Services LLC. As the railway transportation is superior compared to truck transportation in terms of transportation efficiency and environmental conservation, needs for such railway transportation is increasing. With the acquisition of this company, we will enhance our railroad freight car leasing business in the United States where its demand is expected to increase.

