

# International Banking Unit (SMBC)



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## Fiscal 2015 performance

International Banking Unit was a growth driver for SMFG in fiscal 2015, with consolidated gross profit increasing by ¥58.3 billion, to ¥644.8 billion, and consolidated net business profit by ¥28.1 billion, to ¥397.9 billion. This growth was achieved through expansion of M&A financing for clients and businesses other than loans, such as securities, deposits, and foreign exchange as well as the acquisition of LBO<sup>\*1</sup> assets in Europe from the General Electric Group (GE Group). Overseas deposits reached a record high, reflecting our constant efforts to increase deposits with a view to fleshing out stable foundations for foreign currency financing.

## Business environment and strategy going forward

The business environment for financial institutions is characterized by worsening visibility and growing uncertainty due to such factors as U.S. monetary policy, China's economy, resource price movement, and geopolitical risk. Against this backdrop, we will tighten controls for credit, liquidity, and other categories of risk.

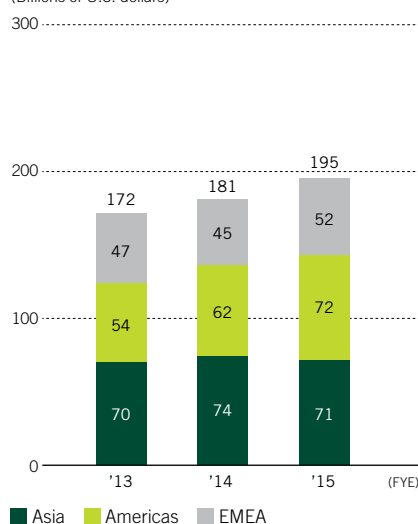
We will play our part fully as an SMFG growth driver, maintaining our “Asia-centric” efforts while clarifying priority segments in Asia. In this way, we aim to engage with Asian growth over the medium to long term and also expand our services for clients in Europe and the Americas on the basis of our advantage in Asia. We will step up cross-selling in securities, deposits, and foreign exchange, which are central to overseas banking, while working to increase the profitability and diversity of our portfolio in areas of SMFG strength. These areas include subscription finance<sup>\*2</sup>, asset finance, such as aircraft and railcar leasing, and LBO assets (for example, the above mentioned assets in Europe acquired from the GE Group in fiscal 2015).

\*1 LBO (leveraged buyout): An M&A method used, for example, by private equity funds

\*2 Subscription finance: Bridge finance provided, for example, to real estate funds

### Overseas lending

(Billions of U.S. dollars)



### Foreign deposits

(Billions of U.S. dollars)



## ► Expansion of our global network

Our global network has increased to 72 offices in 38 countries and regions. In 2015, we added the Yangon Branch in Myanmar in April, the Manila Branch in the Philippines in September, and the Frankfurt Branch in Germany in December. In April 2016, we added the Dalian Branch in China. We will use our network to provide wide-ranging responses to the needs of clients developing business in all parts of the world.

Note: In April 2016, we obtained approval to open a front office in the Thilawa Special Economic Zone in Myanmar. In May 2016, we received approval for a sub-branch in Mumbai in India.



## ► Pursuit of inorganic growth

We are pursuing inorganic growth to expand our business base and diversify and increase the profitability of our asset portfolio in the interests of sustainable growth.

### Examples of inorganic growth in fiscal 2015

June 2015	Investment in Financiera de Desarrollo Nacional S.A., of Colombia
September 2015	Acquisition of LBO assets of non-Japanese, mid-sized corporations in Europe from the GE Group
September 2015	Purchase of additional shares of ACLEDA Bank Plc., of Cambodia, which became an equity method affiliate of SMBC
March 2016	Investment in Indonesian automotive finance companies PT Oto Multiartha and PT Summit Oto Finance, which became equity method affiliates of SMBC

## ► Asset finance

We are developing SMFG's strength in asset finance centered on SMBC Aviation Capital, which has become a leading global aircraft leasing company, and SMBC Rail Services, the North American railcar leasing business we acquired in December 2013.

SMBC Aviation Capital	Ranking for number of aircraft owned and managed <sup>*1</sup> : <b>No. 3</b>
SMBC Rail Services	North American railcar lease ranking <sup>*2</sup> : <b>No. 6</b>

<sup>\*1</sup> Sources: *Ascend and Airline Business* (as of December 2015)

<sup>\*2</sup> Source: *Progressive Railroading* (as of July 2015)



➡ Please see page 31 for details of aircraft leasing.