

International Business Unit



Senior Managing Executive Officer
Head of International Business Unit
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SMBC Group supports the global business development of our domestic and overseas customers by leveraging our extensive network of branches and offices. At the same time, we actively promote cross-selling among loan, deposit, foreign exchange, and capital markets, and also institutional investor business, by proposing investment opportunities which take advantage of SMBC Group's strengths in various products within the global market.

The global presence of SMBC Group is growing rapidly. The Group's overseas network is currently comprised of 130 branches and offices in 40 countries and regions, and the ratio of SMBC's overseas revenue has increased approximately tenfold since 2001. Furthermore, our products have earned a top tier reputation globally and numerous Japanese and non-Japanese corporates have chosen us as their core relationship bank in the area of commercial banking and securities services. In Asia, we have banking relationship with prominent local corporates and are examining the prospects of launching retail business in this region, which will contribute greatly to our global presence.

Paying close attention to the threat of geopolitical risk and increased market volatility, the International Business Unit manages its business in a flexible and agile manner, always being aware of the possibility of sudden changes in the operating environment. Through this management approach, we will fulfill our role as a growth driver for SMBC Group.

Review of Fiscal 2017

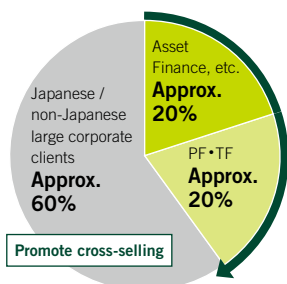
In the first year of the Medium-Term Management Plan in which we sought to work as a group-wide business unit, the International Business Unit posted a gross profit of ¥632.0 billion, an increase of ¥38.8 billion year-on-year; net business profit of ¥398.2 billion, an increase of ¥31.9 billion; and ROE of 10.6%. This performance can be attributed to the progress in promoting cross-selling through bank-securities integration and through the Asia core client program, which has led to a steady growth in deposits, foreign exchange, securities, and other non-asset-based profits. In addition, we were able to progressively move forward with core strategies pertaining to initiatives such as the implementation of asset-turnover based business models.

Furthermore, foreign currency deposits, which support our sustainable growth, exceeded US\$200.0 billion during fiscal 2017, reaching a new record high.

	Fiscal 2017	Increase (decrease) ¹
Gross profit (JPY bn)	632.0	+38.8
Expenses (JPY bn)	(280.7)	(23.2)
(Overhead ratio)	44.4%	(1.0)%
Net business profit (JPY bn)	398.2	+31.9
ROE²	10.6%	—
RwA³ (JPY tn)	21.0	—

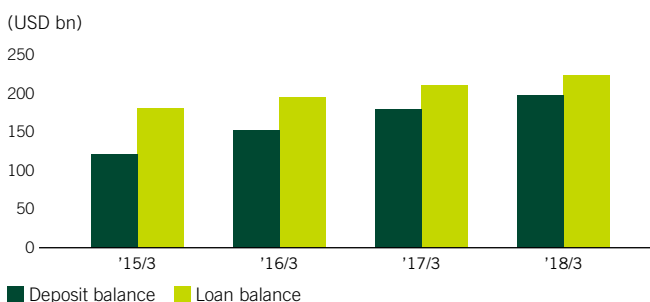
¹ Figures are after adjustments for interest rate and exchange rate impacts. ² Figure is on a managerial accounting basis with RWA calculated assuming Basel III reforms are finalized and excludes medium- to long-term foreign currency funding costs. ³ Figures are on a Basel III transitional basis.

Portfolio Structure



Asset Finance, etc.:
Aircraft leasing and financing, LBO financing, Subscription financing, others
PF*TF: Project finance, Trade finance

Overseas Deposit Balance and Loan Balance



Priority Strategies

■ Accelerate Bank-Securities Integration

The introduction of group-wide business units served to expedite bank-securities integration. Based on SMBC's European and U.S. corporate customer relationships, we significantly grew our securities business and we have also addressed the wide-range of customer needs pertaining to foreign exchange, derivatives, cash management services, and other offerings. In particular, the overseas securities business has been identified as a strategic area with the potential to generate significant growth for SMBC Group. To advance in this area, we will promote cross-selling by utilizing our financial solutions provision capabilities, which has been enhanced substantially in order to respond to the needs of M&A activities and other large-scale corporate undertakings by customers.

■ Accelerate Our "Asia-Centric Strategy"

In Asia, under the steady execution of the decade-long strategy, we continue to deepen our relationships with both prominent local corporates and promising corporates and expand our contact points with multinational corporations in the Asia region while promoting cross-selling of services focusing on deposits, foreign exchange, and other elements of our transaction banking business.

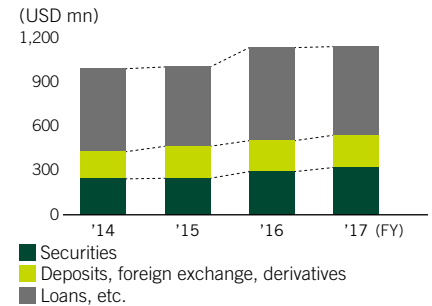
In our multi-franchise strategy, we are working to develop full-line operations in Asia, starting with discussions regarding a merger between PT Bank Tabungan Pensiunan Nasional Tbk, a local bank in Indonesia in which the Group invests, and SMBC Indonesia, with the aim of creating a strong foundation for medium- to long-term growth.

■ Enhancement of Products in Areas of Strength

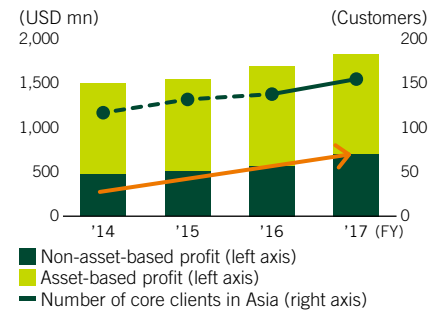
In product areas in which SMBC Group boasts a presence as a top-tier provider such as aircraft-related businesses and project finance, we will seek to further boost its profitability and market presence through an origination and distribution business model.

In enhancing origination capability, we will allocate resources strategically while leveraging the strengths of our products. At the same time, we will build upon relations with domestic and overseas investors to propose investment opportunities to address alternative investment needs.

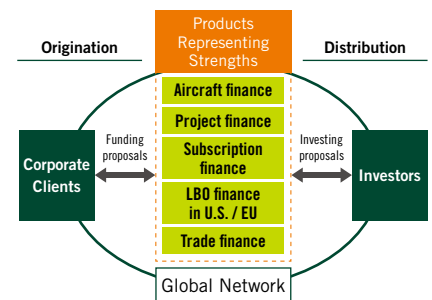
Revenues from Large European and U.S. Corporate Clients by Product Area



Profit and Number of Core Clients in Asia



Origination and Distribution Business Model



Initiatives for Accomplishing Sustainable Development Goals

By utilizing our strength in project finance, we are able to provide support for renewable energy and infrastructure development projects. At the same time, we are formulating environmental and social risk policies to reduce the adverse impact of business in areas that have the potential to cause climate change or negative effects on ecosystems.

We are also promoting efforts towards financial inclusion* through our multi-franchise strategy in Asia.

* Supporting access to financial services to all people so that they can live a stable life

➔ **For more information on SMBC Group's initiatives for contributing to the accomplishment of the United Nations Sustainable Development Goals, please refer to page 59.**

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD

- Policies regarding environmental and social risks
- Renewable energy projects
- Infrastructure projects
- Financial inclusion

