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**Presentation at Deutsche Bank Global Financial Services Investor Conference**

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< Presentation Summary >

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**(Cover page)**

Good afternoon, ladies and gentlemen.

It is my great pleasure to be here this afternoon to make a presentation to you, and I would like to thank Deutsche Bank for organizing this conference.

I would also like to thank equity investors who are attending this session, especially our shareholders for your continued support.

**(P.1)**

Today, I would like to present four points as shown on page 1.

First, overview of SMFG.

Second, recent Japanese economy and markets,

Third, fiscal March 2013 performance and fiscal March 2014 forecast, and

Fourth, our strategic initiatives.

Please turn to page 2.

**(P.2)**

I would like to start by giving a brief overview of our company.

Ten years have passed since SMFG was established. During these ten years, we added top-tier companies in various financial industries to our group, thereby expanding the scope of our business. We now have become a diversified financial service group, and 45% of the group's gross profit comes from companies other than SMBC, the operating bank.

Also, most of major subsidiaries are a hundred per cent owned by SMFG. This is our distinctive character compared with other Japanese major banks, which enables us to implement a more flexible and efficient operation.

**(P.3)**

As shown on page 3, we believe one of our key strengths is high profitability, which is demonstrated by SMBC's higher domestic loan to deposit spread and SMFG's

higher ROE compared to our peers.

**(P.4)**

Page 4 illustrates the recent trends in the Japanese economy and the market. Stock prices have increased since last fall, and people's sentiment has also improved. However, the recovery of the real economy has just started. Please turn to page 5.

**(P.5)**

Let me touch upon our operation responding to the market movements. Since last November, the Treasury Unit of SMBC has shifted part of its portfolio from domestic bonds to foreign exchange and equity related instruments, and performing well.

We believe prompt and proactive approaches to market movements are our strengths. We were able to demonstrate this in the past as sub-prime related losses were substantially small (only 100 billion yen or 1 billion dollars) resulting from our prompt actions to reduce sub-prime related exposure early. We will capture business opportunities derived from market movements by capitalizing on this nature.

**(P.6)**

As shown on page 6, monthly sales of investment trusts have increased substantially.

We also see signs that the balance of Japanese domestic corporate loans is bottoming out. In March it was higher than they were in the previous fiscal year.

**(P.7)**

From page 7, I would like to explain the financial results of the last fiscal year and the forecast for the running fiscal year.

For last fiscal year, or fiscal March 2013, SMFG's ordinary profit on a consolidated basis surpassed 1 trillion yen for the first time in history, and net income reached 794 billion yen, a 275 billion yen increase from the previous fiscal year.

This was mainly because of three reasons.

Firstly, SMBC showed steady performance, secondly, SMBC Consumer Finance and Cedyne made profits after recording losses in the previous fiscal year and thirdly, SMBC Nikko Securities also increased profits.

**(P.8)**

The left chart on page 8 shows SMBC's loan balance on a non-consolidated basis. As of March 2013 domestic loans, as well as overseas loans, increased compared to the balance at the end of the previous fiscal year.

**(P.9)**

As shown on page 9, our overseas deposit is increasing steadily. We are paying attention to the stability of our funding.

**(P.10)**

Trends on loan spreads are shown on page 10. Downward trend is still persisting in the competitive domestic market whereas spreads have been improving overseas.

**(P.11)**

Page 11 shows the trend in the balance of our Yen denominated bonds.

We believe long term interest rates will not spike suddenly if we take into consideration BOJ's policy of increasing the outstanding amount of JGB at an annual pace of 50 trillion yen.

However, to prepare for the potential rise in the interest rate resulting from economic recovery, we have maintained the average duration of our yen bond portfolio relatively short.

**(P.12)**

As shown on page 12, we have maintained the credit costs at a low level.

By the way, SMBC made credit costs of 60 billion yen in the fourth quarter of fiscal March 2013, in order to deal with the termination of the SME Financing Facilitation Act and reduce future risks.

Credit cost forecast for this running fiscal year is 200 billion yen for SMFG on a consolidated basis and 80 billion yen for SMBC on a non-consolidated basis.

**(P.13)**

As shown on page 13, efficient operation is also our strength, demonstrated by the lowest overhead ratio among global financial institutions.

We are reexamining and containing expenses while allocating expenses overseas to increase top line profit.

We will pursue operational efficiency on a group-wide basis and keep the overhead ratio between 50 to 55 percent on a SMFG consolidated basis and between 45 to 50

percent on a SMBC non-consolidated basis.

Next, page 14 please.

**(P.14)**

Common Equity Tier 1 capital ratio on a Basel III fully loaded basis was 8.6% as of March 2013.

We are increasing our annual ordinary dividend by 10 yen per share to 110 yen per share and also paying a 10 yen commemorative dividend on top of the ordinary dividend to celebrate our 10<sup>th</sup> anniversary.

We would like to realize appropriate returns to our shareholders, by keeping in mind factors such as our capital position, investment opportunities for growth, dividend payout ratio and dividend amount.

**(P.15)**

Page 15 shows our earnings forecast for this fiscal year, fiscal March 2014.

SMFG's ordinary profit is 1 trillion yen and net profit is 580 billion yen.

SMBC's contribution to SMFG's net profit is 430 billion yen, and the remaining 150 billion yen comes from other group companies.

**(P.16)**

Now let me move on to our strategic initiatives on page 16.

In consumer banking, SMBC has created a best-in-class consulting business model among Japanese banks. SMBC Nikko, which joined our group back in 2009, also has a very strong domestic retail customer base and highly-professional asset management advisory staff.

In order to capture business opportunities under the trends of “savings to investments”, we will further promote the integrated business model between SMBC and SMBC Nikko.

**(P.17)**

Page 17 illustrates our “bank-securities integration model” between SMBC and SMBC Nikko.

The bank will refer its customers with aggressive wealth accumulation needs to SMBC Nikko, while SMBC Nikko will refer its customers with more interests in inheritance or wealth preservation to SMBC. This initiative will create capacity in SMBC for developing new customers. By this, we aim to build a most value-adding and efficient business model.

Please turn to the next page.

**(P.18)**

Last fiscal year, all of our group's consumer finance companies made profits and earned about 80 billion yen. This was in aggregate over 10% of the group's consolidated net income.

**(P.19)**

Page 19 shows the trend of SMBC's corporate loans and investment banking business related profits.

We have seen signs of changes in the domestic corporate banking business, while Japan is moving out of deflation.

We aim to capture the wide range of financing needs from cross-border M&A or corporate restructuring activities by global corporations, to overseas expansion by medium sized companies and revitalization of SMEs.

Also, industries such as agriculture, healthcare, nursing care, and renewable energy are ones that have been selected as focus areas in the government's growth strategy. In order to meet financing needs of these industries, we plan to create funds of about 100 billion yen to provide loans and equity funds to invest seed capital.

**(P.20)**

As shown on the next page, collaboration between SMBC and SMBC Nikko in the wholesale business is also progressing.

For example, number of referrals from SMBC to SMBC Nikko has increased by 14% compared to the previous fiscal year.

Three and a half years have passed since SMBC Nikko joined our group. Now the firm will move from a stage of developing a necessary business framework to a growth stage.

**(P.21)**

From page 21, I would like to explain our overseas initiatives.

We have been growing our loan book in Asia, Americas and EMEA mainly by extending loans to top tier multinational corporations or providing structured finance such as project finance.

SMBC's overseas banking profit ratio, the proportion of profit that we earn overseas, has surpassed our medium term plan target of 30% a year earlier than expected.

In addition, the FHC status that we obtained recently will allow us to develop debt and equity underwriting services in the U.S. and enable us to expand the scope of our business.

Please turn to the next page.

**(P.22)**

We will also lay down roots in countries with growth potential and develop together with the economy and enterprises in the region. We will offer full line commercial banking services by collecting deposits and providing loans through our partner banks. Target countries of this strategy include Indonesia and Vietnam which are very close to Japan geographically and culturally.

Through this initiative, we aim to become a “globally active diversified financial services group with Asia as our home market” rather than a “Japan Centric” bank. Last month, we announced our plan to acquire up to 40% stake of BTPN, a mid-sized Indonesian bank.

We will transfer the expertise of SMBC and our consumer finance companies into the partner banks such as BTPN and Vietnam Eximbank, in order to capture growth in these countries.

For instance, one of our group companies, Cedyne, is providing know how on auto finance, which is an installment credit, to Vietnam Eximbank and receiving fees. In Japan, installment credit and credit cards have grown since consumption started to expand in the 1960s. As there are countries in Asia where the economy is just like Japan back then, the expertise we have in the business will be an asset that we can capitalize to support the needs in those Asian countries. Even overseas, we plan to create businesses where we can receive fees without using any assets or capital.

**(P.23)**

On page 23, we show an overview of our investment into BTPN. BTPN is a unique bank that has strengths in the mass market segment. It provides loans to retired civil servants receiving pension and owners of small businesses. The bank is growing and highly profitable with 51% growth rate in profit in these 5 years and 30% ROE. We are planning to acquire up to 40% of the stake of the bank subject to the approval of the Indonesian regulator. Acquisition amount will be about 150 billion yen or about 1.5 billion dollars and we expect to achieve 1% RORA in three years.

(P.24)

Finally, I would like to emphasize key characteristics of our group.

First, we respond to markets and trends promptly and proactively;

Second, we have a strong domestic franchise and unique business model for both consumer and corporate businesses;

Third, we are capturing growth in Asia through organic and inorganic approaches;  
and

Fourth, we are aiming to pursue balance between investment for growth and return to shareholders.

Thank you very much for your kind attention.

(End)