

# Investors Meeting Presentation for FY3/2012 Financial Results

**May 25th, 2012**

**Koichi Miyata, President**  
**Sumitomo Mitsui Financial Group, Inc.**

\* After corrections announced on June 8, 2012

# Agenda

## Opening

FY3/2012 summary	2
Overview of the medium-term management plan	3
Profit drivers of the medium-term management plan	4
Risk factors for managing financial institutions	5
Market trends	6
Our strengths	7

## I. FY3/2012 results - Profitability & Financial soundness -

1. FY3/2012 financial performance	9
2. Top line	
(1) Performance by business unit	10
(2) Loan balance	11
(3) Loan spread	12
(4) Gains (losses) on bonds	13
3. Expenses	14
4. Credit cost	15
5. Non-performing loan balance	16
6. Exposure to GIIPS countries	17
7. Bond portfolio	18
8. Securitized products, etc.	19
9. Capital and risk-weighted assets	20



## II. Progress of the medium-term management plan & FY3/2013 initiatives

1. Progress of the medium-term management plan	22
2. FY3/2013 basic policy	23
3. Development of international business	24
4. Synergies between SMBC and SMBC Nikko	30
5. Transaction services	32
6. Credit cards	35
7. Consumer finance	36
8. Reorganization and strengthening of consumer finance & transaction services business	37
9. Financial consulting for retail customers	38
10. Tailor-made solutions for corporate clients	39
11. Capital policy	40
12. Earnings forecast for FY3/2013	45
13. Towards achieving the medium-term management plan	46

## In closing

## FY3/2012 summary

### A good start for the first year of the medium-term management plan

- SMFG's consolidated net income was JPY 518.5 bn, a JPY 42.6 bn increase year-on-year, due mainly to SMBC's good results.
- Made steady progress in strategic initiatives of “development of international business”, “synergies between SMBC and SMBC Nikko” and “credit card / consumer finance business”.
- Focus on the “3Cs” ; cross selling, credit control and cost control, and improve financial soundness, profitability and growth in a balanced way.

#### Per share information (SMFG consolidated)

	FY3/2012 Results		YOY change	FY3/2013 Forecast
Net income per share	JPY 374.26		+JPY 37.41	JPY 354.52
ROE *	10.4%		+0.5%	
Dividend per share	JPY 100		-	JPY 100

	Mar. 31, 2012	Change from Mar. 31, 2011
Net Assets per share	JPY 3,856.37	+JPY 322.90

\* Denominator: Total stockholders' equity

# Overview of the medium-term management plan

Announced May 2011

## Basic policy

To be a globally competitive and trusted financial services group by maximizing our strengths of Spirit of Innovation, Speed and Solution & Execution.

## Management plan for coming three years

Strongly support Japan's reconstruction on the financial front

## New Medium-term Management Plan (FY3/12–FY3/14)

### Management targets

- Aim for top quality in strategic business areas
- Establish a solid financial base and corporate infrastructure to meet the challenges of financial regulations and highly competitive environment

### Financial objectives

Steadily improve financial soundness, profitability and growth in a balanced way

- Achieve sufficient Core Tier I ratio as required for a global player
- Enhance risk-return profile by improving asset quality
- Aim for top-level cost efficiency among global players
- Expand overseas business especially in Asia by capturing growing business opportunities

### Key initiatives to achieve management and financial targets

#### Strategic initiatives

#### Strategic business areas

- Financial consulting for retail customers
- Tailor-made solutions for corporate clients
- Commercial banking in emerging markets, especially Asia
- Broker-dealer/ Investment banking
- Non-asset business (payment & settlement services and asset management)

#### Growth drivers

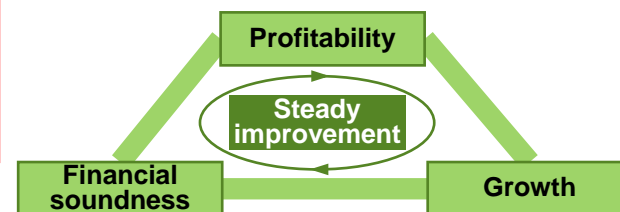
Development of international business

Synergies between SMBC and SMBC Nikko

FY3/14 targets	Core Tier I ratio (pro forma) *1	8%
	Consolidated net income RORA	0.8%
	Consolidated OHR	50 - 55%
	SMBC non-consolidated OHR	45 - 50%
	Overseas banking profit ratio *2	30%

\*1 Based on the definition as at the full implementation of Basel III, excluding unrealized gains

\*2 Managerial accounting basis

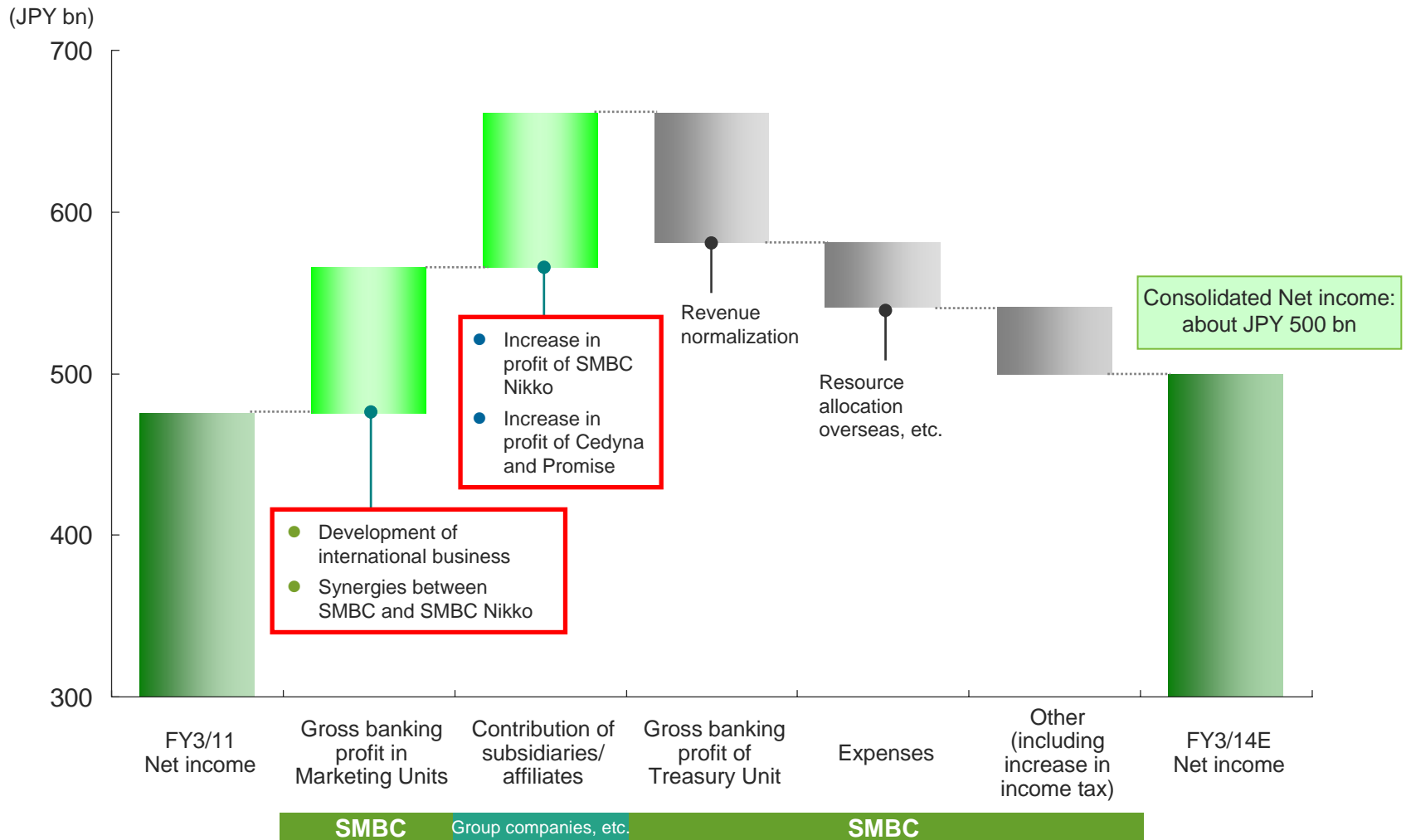


#### Corporate base

- Extend best practice in management throughout the SMFG group
- Develop corporate infrastructure to support growing international network
- Maximize operational efficiency

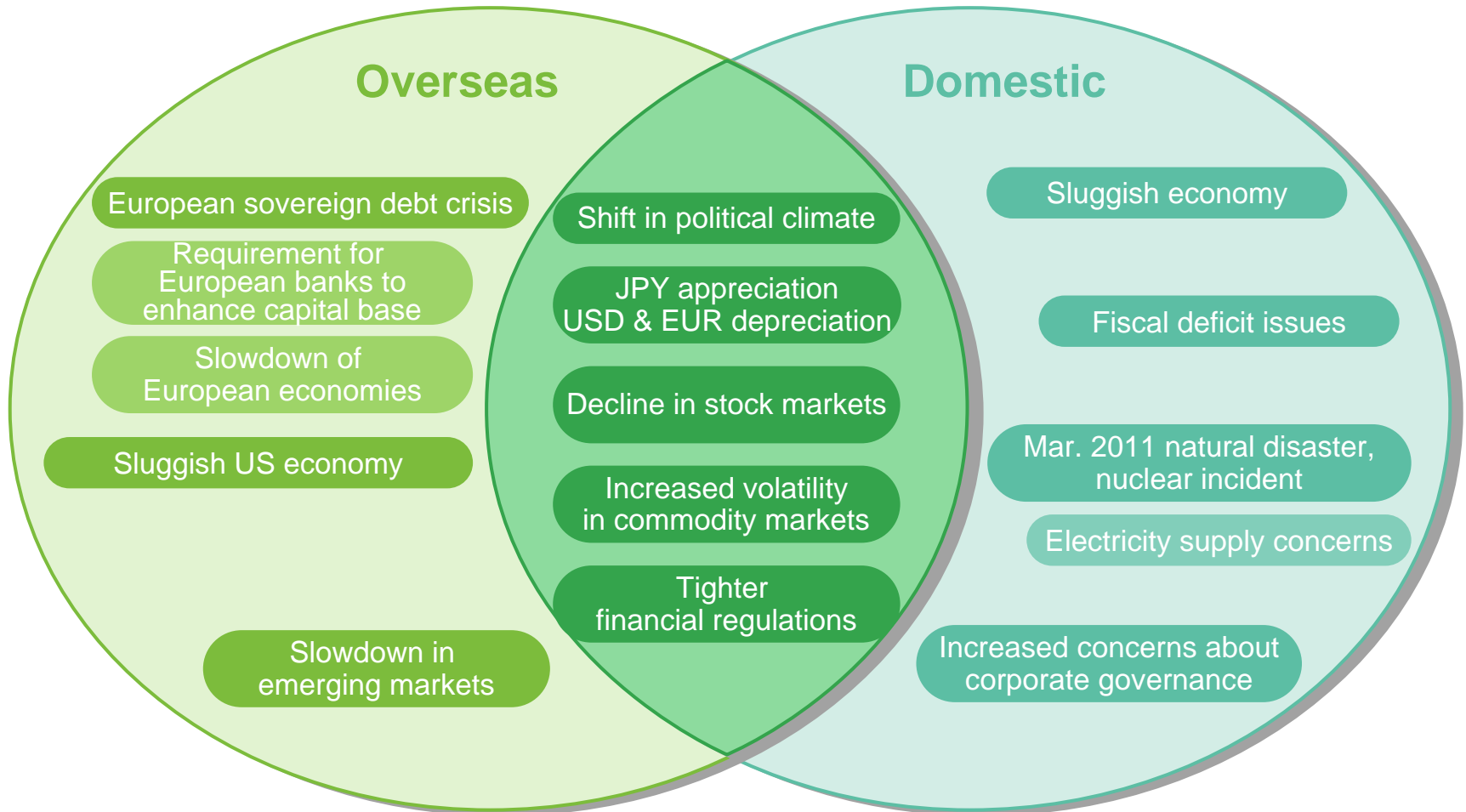
## Profit drivers of the medium-term management plan

SMFG's Net income in FY3/2014 is expected to be about JPY 500 billion, driven by increase in Gross banking profit of SMBC's Marketing Units resulting from a development of international business and cross-selling between SMBC and SMBC Nikko, as well as increased contribution of subsidiaries and affiliates, enhanced by stronger collaboration among group companies and business units



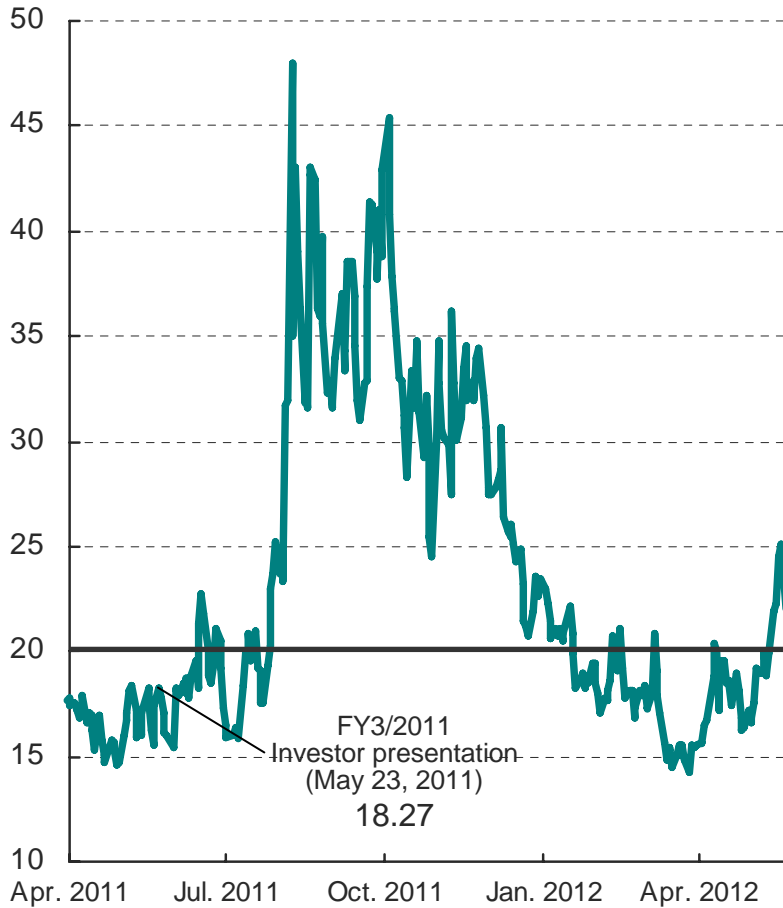
# Risk factors for managing financial institutions

*Business environment surrounding SMFG remains unpredictable, uncertain and unstable*



# Market trends

## VIX index



## Stock price of SMFG



# Our strengths

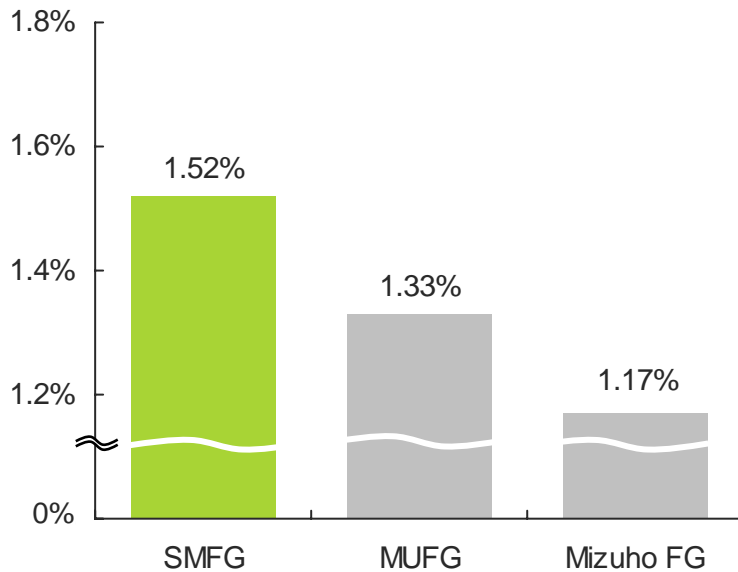
Despite unpredictable, uncertain and unstable business environment, loan-to-deposit spread and cost efficiency continue to be our competitive advantage

## SMBC non-consolidated

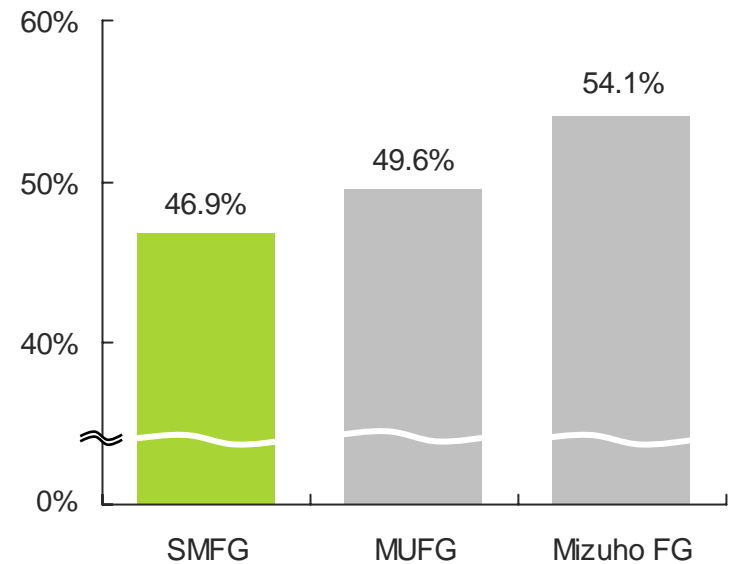
### Banking profit per employee

(JPY th)	FY3/2012	YOY change
Banking profit per employee*1	28,547	(1,313)

### Domestic loan-to-deposit spread (FY3/2012, comparison with peers\*2)



### Overhead ratio (FY3/2012, comparison with peers\*2)



\*1 Before provision for general reserve for possible loan losses, excluding gains (losses) on bonds

\*2 Based on each company's disclosure. The figures shown in the graph are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and sum of non-consolidated figures of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG



# I. FY3/2012 results

## - Profitability & Financial soundness -



# 1. FY3/2012 financial performance

SMFG recorded Net income of JPY 518.5 billion, second highest since establishment; Net losses of Promise and Cedyne due to provisions to fully prepare for interest refund claims were offset by good results of SMBC

## P/L

		(JPY bn)		
		FY3/2012	YOY change	FY3/2013 forecast
SMBC non-consolidated	Gross banking Profit	1,532.5	+0.7	1,470.0
	Expenses <sup>*1</sup>	719.5	+20.3	720.0
	<OHR>	46.9%	+1.3%	49.0%
	Banking profit <sup>*2</sup>	813.0	(19.6)	750.0
	Total credit cost <sup>*3</sup>	58.6	(35.7)	100.0
	Gains (losses) on stocks	(15.2)	+72.1	
	Ordinary profit	695.3	+99.6	600.0
	Net income	478.0	+56.8 <sup>*4</sup>	380.0
SMFG consolidated	Ordinary profit	935.6	+110.1	910.0
	Net income	518.5	+42.6 <sup>*4</sup>	480.0

## Contribution of subsidiaries/affiliates to SMFG's Net income

	(JPY bn)	FY3/2012	YOY change
Cedyne <sup>*5</sup>		(38)	(38)
Promise <sup>*6</sup>		(28)	(7)
Sumitomo Mitsui Card		16	+3
Sumitomo Mitsui Finance and Leasing		18	+2
SMBC Nikko Securities		19	(6)
SMBC Guarantee		33	+18

## Credit ratings (SMBC)

Moody's	Aa3 / P-1	R&I	A+ / a-1
S&P	A+ / A-1	JCR	AA- / J-1+
Fitch	A / F1		

\*1 Excluding non-recurring losses

\*2 Before provision for general reserve for possible loan losses

\*3 Including portion recorded in Extraordinary gains (losses) in the results of FY3/2011

\*4 of which JPY (22.6) bn on SMBC non-consolidated basis and JPY (39.6) bn on SMFG consolidated basis resulted from the change in the corporate tax rate in FY3/2012

\*5 Excluding gains related to step acquisition of JPY 11.7 bn associated with procedures for making Cedyne a subsidiary in FY3/2011

\*6 Excluding gains related to step acquisition of JPY 25.1 bn associated with procedures for making Promise a subsidiary in FY3/2012

## 2. Top line (1) Performance by business unit\*1

Marketing Units' gross banking profit increased year-on-year by JPY 11.7 billion, mainly driven by increase in IBU's income from growing overseas assets, and loan syndication-related income of Corporate Banking Unit

### SMBC non-consolidated

		(JPY bn)	FY3/2011	FY3/2012	YOY change*2
Consumer Banking Unit	Gross banking profit		387.8	383.7	(5.5)
	Expenses		290.3	289.5	(0.9)
	Banking profit		97.5	94.2	(4.6)
Middle Market Banking Unit	Gross banking profit		443.9	422.9	(18.2)
	Expenses		221.7	222.8	+ 0.2
	Banking profit		222.2	200.1	(18.4)
Corporate Banking Unit	Gross banking profit		201.3	212.6	+ 8.0
	Expenses		36.0	38.2	+ 1.5
	Banking profit		165.3	174.4	+ 6.5
International Banking Unit (IBU)	Gross banking profit		186.5	197.4	+ 27.4
	Expenses		57.9	64.9	+ 9.8
	Banking profit		128.6	132.5	+ 17.6
Marketing Units	Gross banking profit		1,219.5	1,216.6	+ 11.7
	Expenses		605.9	615.4	+ 10.6
	Banking profit		613.6	601.2	+ 1.1
Treasury Unit	Gross banking profit		330.7	319.3	(11.4)
	Expenses		17.9	19.2	+ 1.3
	Banking profit		312.8	300.1	(12.7)
Headquarters	Gross banking profit		(18.4)	(3.4)	+ 0.4
	Expenses		75.4	84.9	+ 8.4
	Banking profit		(93.8)	(88.3)	+ 8.0
Total (Business Units)	Gross banking profit		1,531.8	1,532.5	+ 0.7
	Expenses		699.2	719.5	+ 20.3
	Banking profit		832.6	813.0	(19.6)

### Gross banking profit by product

	(JPY bn)	YOY change*2
of which:		
Income on domestic loans	485.4	(26.0)
Income on domestic yen deposits	168.9	+ 0.7
IBU's Interest related income*3	115.2	+ 15.1
<b>Total interest income</b>	<b>821.3</b>	<b>(12.0)</b>
of which:		
Investment trust	46.9	(5.1)
Single premium type permanent life insurance	10.6	+ 3.1
Level premium insurance	7.5	+ 3.8
Total income related to Financial consulting for retail customers	74.6	+ 0.6
of which:		
Loan syndication	49.9	+ 5.2
Structured finance*4	49.0	(4.1)
Real estate finance*4	30.3	(4.0)
Total income related to Investment Banking business*4	154.8	(1.1)
of which:		
Sales of derivatives	16.3	(0.7)
Money remittance, Electronic banking	92.5	(1.1)
Foreign exchange	43.5	+ 1.0
IBU's Non-interest income*3	88.2	+ 14.1
<b>Total non-interest income</b>	<b>395.3</b>	<b>+ 23.7</b>
<b>Gross banking profit of Marketing Units</b>	<b>1,216.6</b>	<b>+ 11.7</b>
Adjustment of interest rates and exchange rates, etc.: (14.6)		

Nominal YOY change: (2.9)

### Average loan balance and spread by business unit

	Balance		Spread		
	(JPY tn, %)	FY3/2012	YOY change*2	FY3/2012	YOY change*2
Domestic loans		47.6	(1.1)	1.05	(0.03)
of which:					
Consumer Banking Unit		15.3	(0.1)	1.46	(0.03)
Middle Market Banking Unit		16.6	(0.9)	1.13	(0.05)
Corporate Banking Unit		11.8	+ 0.2	0.68	(0.03)
IBU's interest earning assets*5 (USD bn, %)		127.4	+ 28.6	1.10	(0.04)

\*1 Managerial accounting basis \*2 After adjustment of interest rates and exchange rates, etc. \*3 Including profit from Japanese corporations in Hong Kong Branch and Taipei Branch

\*4 Including interest income \*5 Sum of loans, trade bills, and securities

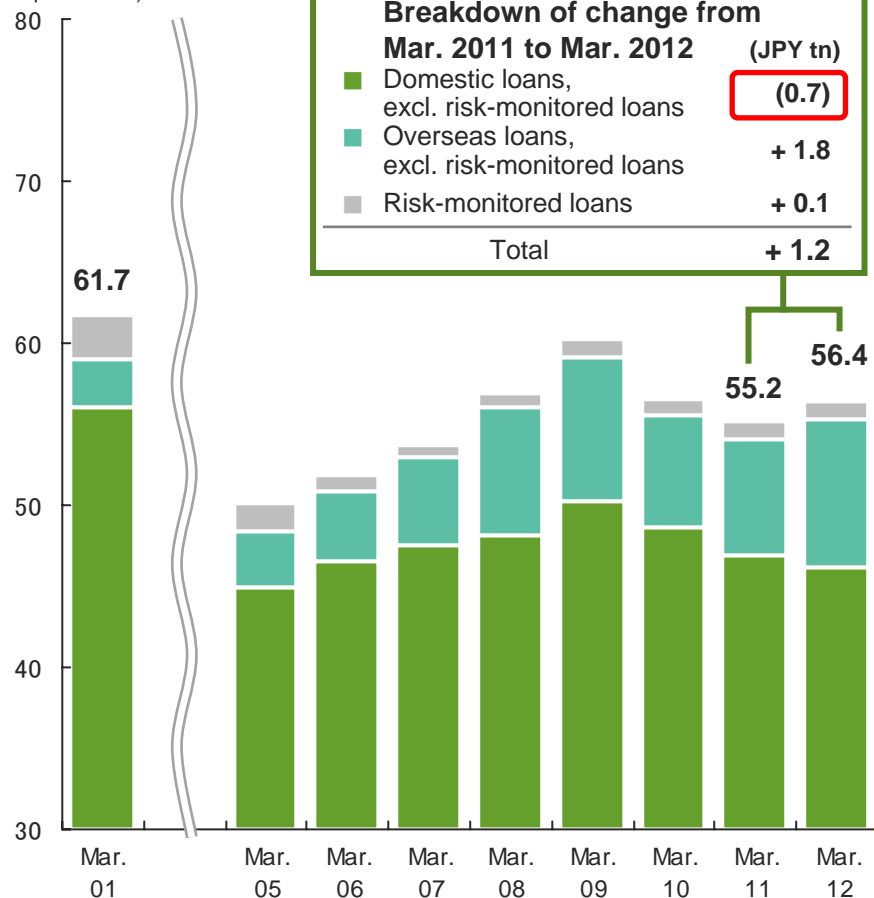
## 2. Top line (2) Loan balance

Domestic loans decreased YOY by JPY 0.7 trillion due to weak demand; overseas loans increased YOY by JPY 2.1 trillion, mainly in Asia and the Americas

### SMBC non-consolidated

#### Loan balance \*1

(JPY tn,  
at period-end)



\*1 The aggregate of former Sakura bank and Sumitomo Bank for Mar. 01

#### Loan balance by domestic Marketing Units, managerial accounting basis

(JPY tn, at period-end)	Mar. 2012	YOY change
Consumer Banking Unit	15.3	(0.1) <sup>*2</sup>
Middle Market Banking Unit <sup>*3</sup>	16.6	(0.5)
Corporate Banking Unit	11.7	(0.2)

\*2 After add-back adjustment of portion of housing loans securitized in FY3/12 of approx. JPY 80 bn

\*3 Excluding loans to the Special Account for Allotment of Local allocation Tax and Local Transfer Tax, etc. and Deposit Insurance Corporation of Japan

#### Overseas loans, classified by region,<sup>\*4</sup> managerial accounting basis

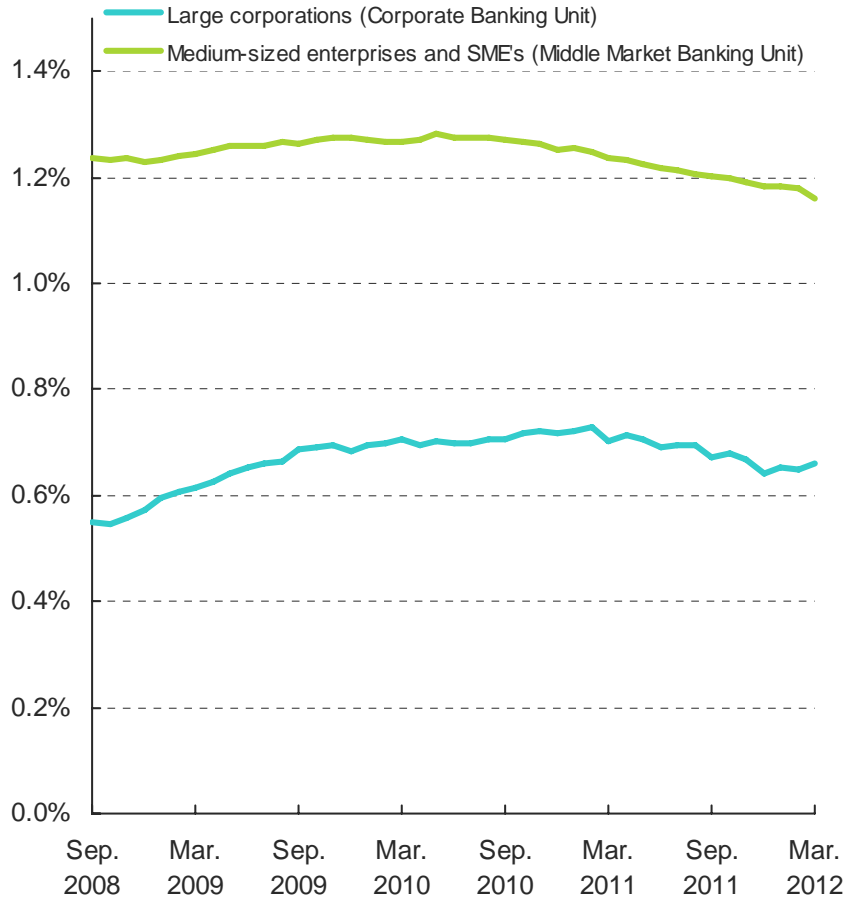
(JPY tn, at period-end)	Mar. 2012	YOY change	After adjustment of yen appreciation
Overseas total	10.5	+ 1.9	+ 2.1
of which to Japanese corporations	2.8	+ 0.5	+ 0.6
Asia	4.1	+ 0.9	+ 0.9
Americas	3.1	+ 0.6	+ 0.7
EMEA	3.3	+ 0.4	+ 0.5

\*4 Sum of SMBC, SMBC Europe and SMBC (China). Based on location of the channels.

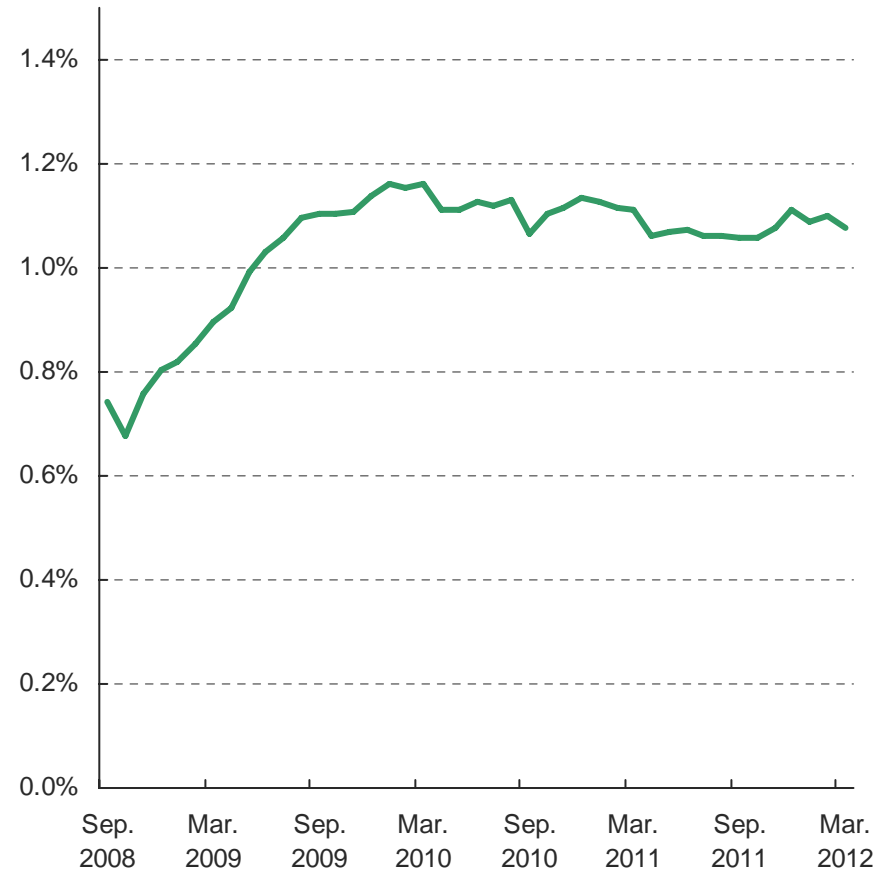
## 2. Top line (3) Loan spread\*1

### SMBC non-consolidated

#### Domestic



#### Overseas \*2



\*1 Managerial accounting basis. Average loan spread of existing loans. \*2 Sum of SMBC, SMBC Europe and SMBC (China)

## 2. Top line (4) Gains (losses) on bonds

Treasury Unit maintained a high level of gross banking profit, responding quickly to the decline in domestic and overseas interest rates; Gains on bonds in FY3/2012 was same level compared with FY3/2011

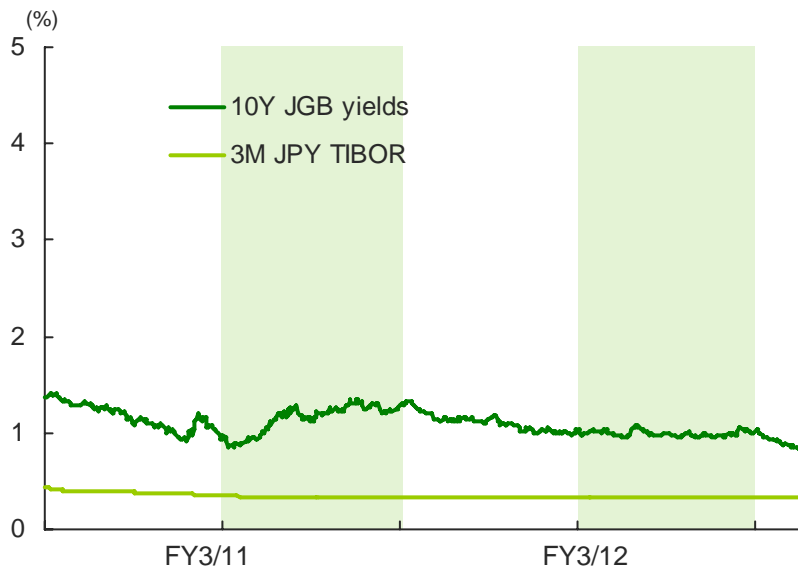
### SMBC non-consolidated

(JPY bn)	FY3/10	FY3/11	FY3/12
<b>Gross banking profit of Treasury Unit</b>	272.8	330.7	319.3

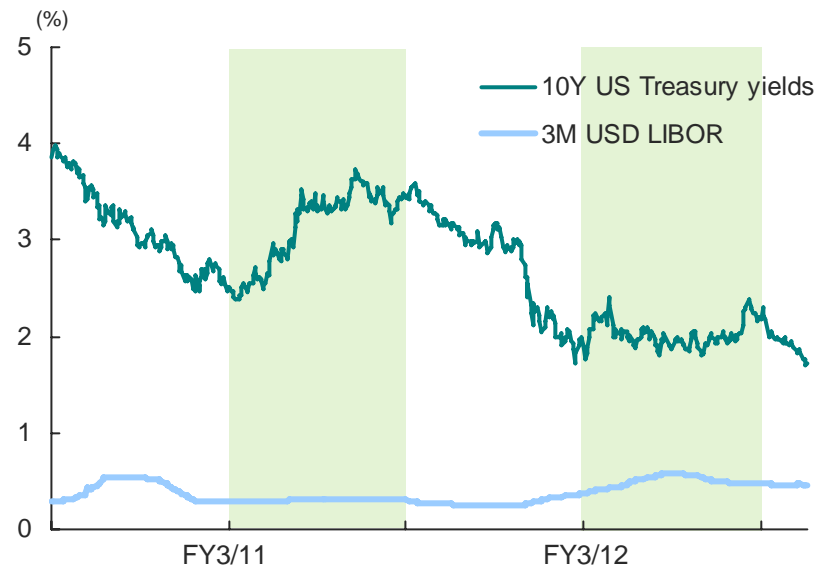
(JPY bn)	FY3/10	FY3/11	FY3/12
<b>Gains (losses) on bonds</b>	37.3	147.1	152.5
Domestic operations	9.1	28.4	23.2
International operations	28.2	118.7	129.3

### Trends on market interest rates (domestic and overseas market)

#### JPY



#### USD

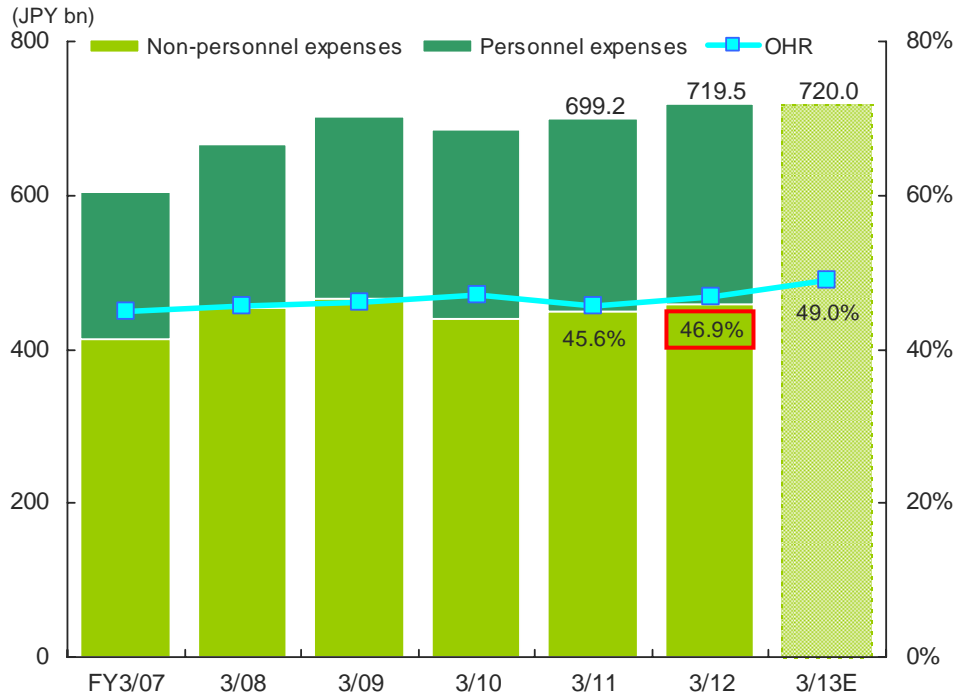


## 3. Expenses

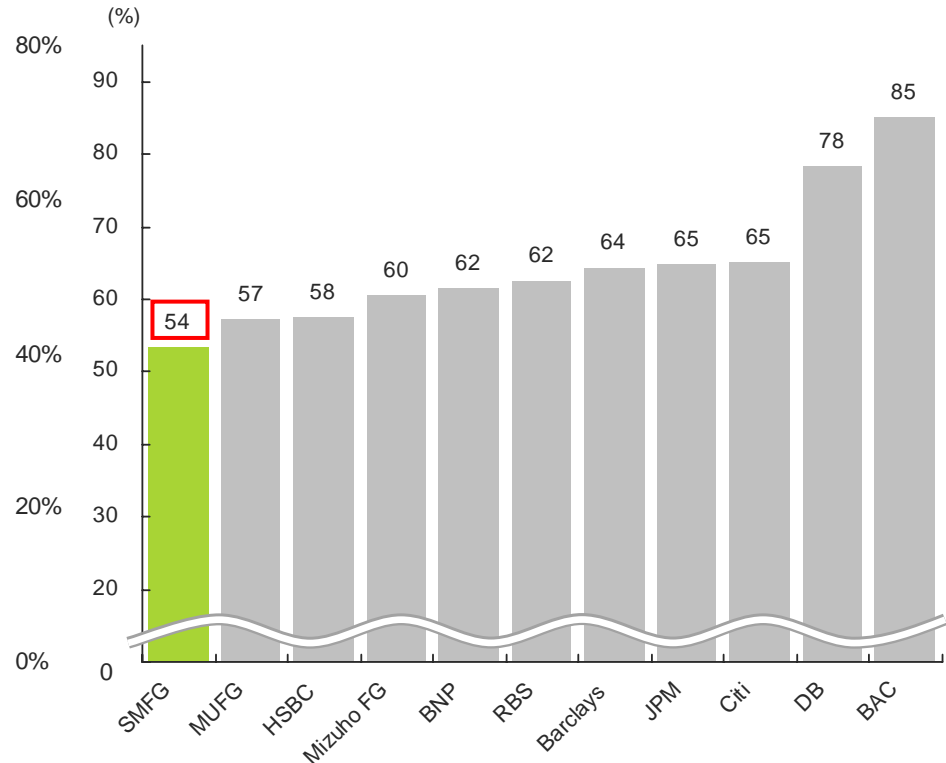
OHR is in 46.9% on SMBC non-consolidated basis and 54% on SMFG consolidated basis, result of a group-wide effort to control expenses, while proactively allocating resources into international business

### Expenses\*1

#### SMBC non-consolidated



### OHR on group consolidated basis \*3



#### SMFG consolidated

(JPY bn)	FY3/11	FY3/12	YOY change
Consolidated expenses*2	1,316.1	1,388.4	+72.3
OHR	52.5%	53.5%	+1.0%

\*1 Excluding non-recurring losses

\*2 Consolidated G&A expenses net of SMBC's non-recurring losses

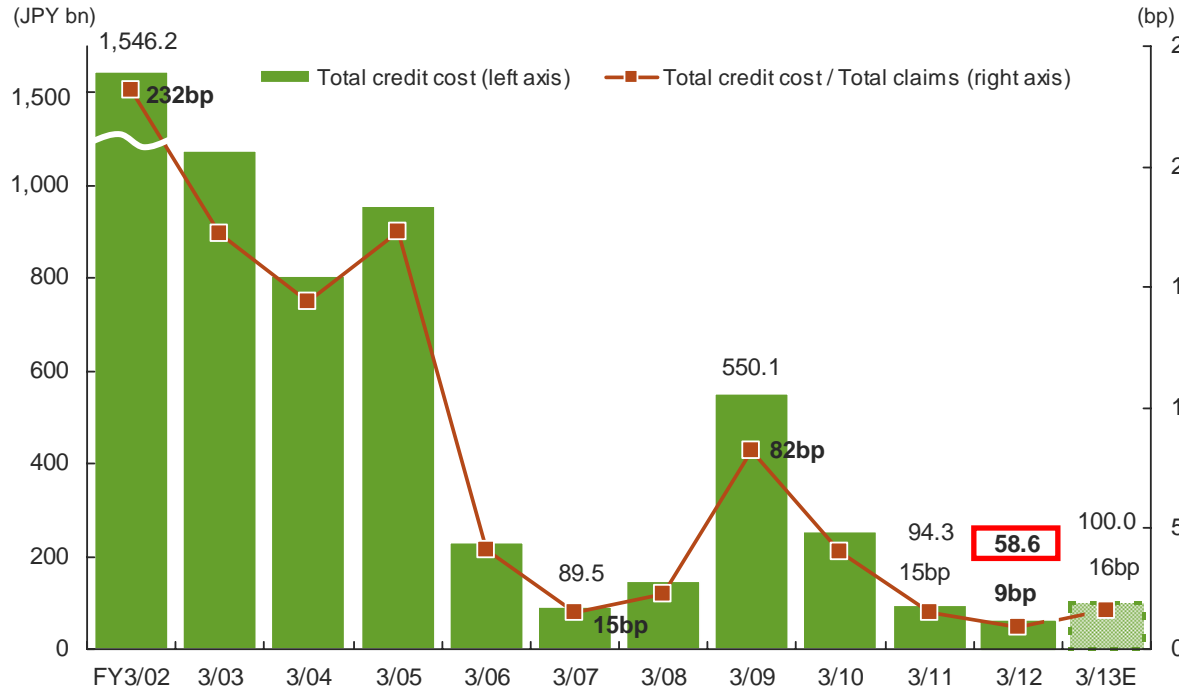
\*3 Based on each companies disclosure. G&A expenses (for Japanese banks, excluding non-recurring losses) divided by top-line profit (net of insurance claims). FY3/2012 results for SMFG, MUFG and Mizuho FG, and FY12/2011 results for others

## 4. Credit cost

Total credit cost was lowest ever in SMBC history, both on a SMBC non-consolidated and SMFG consolidated basis, due to decrease in new incurrence and reversal of provision from improvement of borrowers' business situations

### Total credit cost

#### SMBC non-consolidated



Major subsidiaries (JPY bn)	FY3/12	YOY change
Cedyna <sup>*1</sup>	26	+ 1
Kansai Urban Banking Corporation	21	(7)
Sumitomo Mitsui Card	9	(9)
Promise <sup>*2</sup>	4	+ 4
SMBC Guarantee	(2)	(11)
Sumitomo Mitsui Finance and Leasing	(6)	(21)

\*1 Became a subsidiary in May 2010

\*2 Became a subsidiary in Dec. 2011

#### SMFG consolidated (JPY bn)

											YOY change	
Total credit cost	1,703.4	1,200.9	956.6	1,196.8	302.0	145.0	248.6	767.8	473.0	217.3	121.3	(96.0)
Excluding SMBC non-consolidated	157.2	126.4	153.2	242.0	71.1	55.5	100.8	217.7	218.3	123.0	62.7	(60.3)

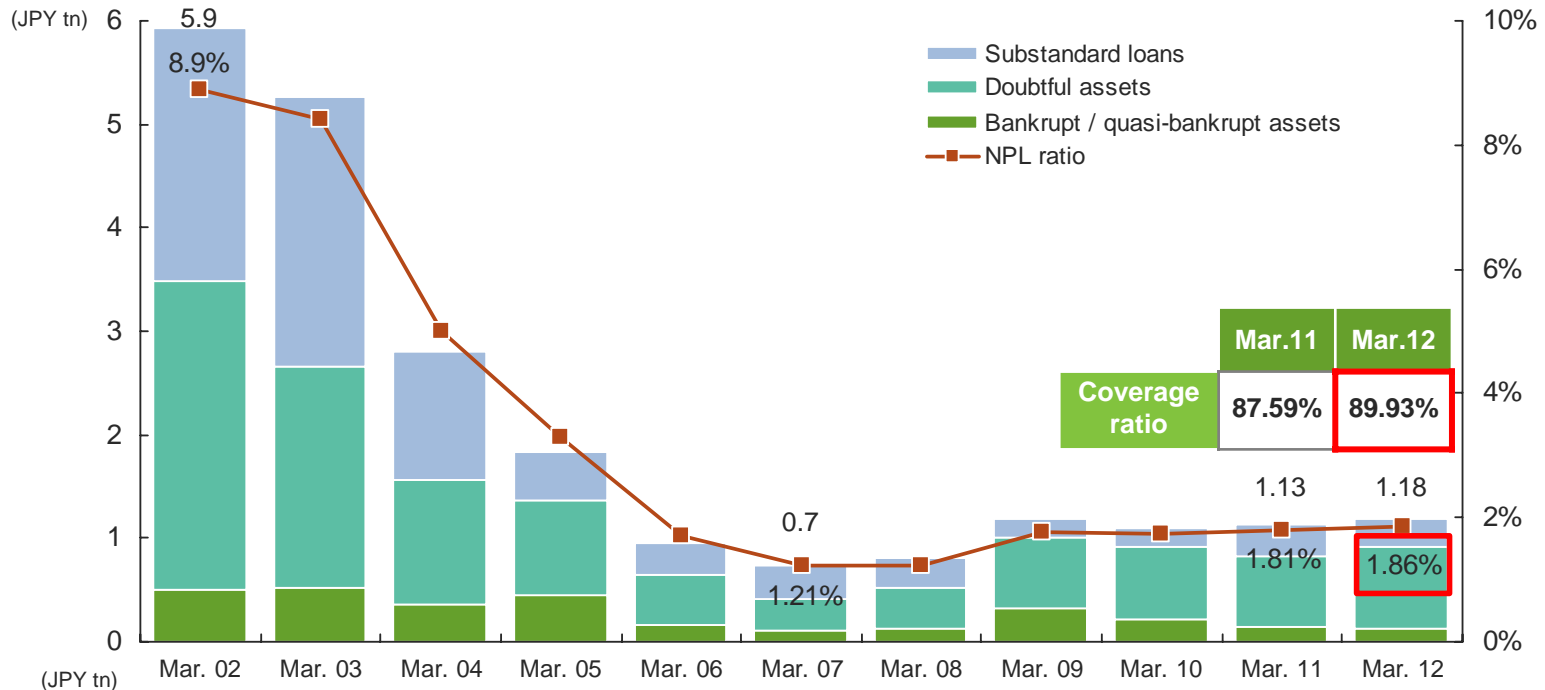


## 5. Non-performing loan balance

NPL ratio is kept at a low level through various initiatives to improve asset quality, such as individualized efforts to assist certain borrowers to improve their business and financial conditions

### Balance of non-performing loans

#### SMBC non-consolidated



	Mar. 02	Mar. 03	Mar. 04	Mar. 05	Mar. 06	Mar. 07	Mar. 08	Mar. 09	Mar. 10	Mar. 11	Mar. 12
Claims to borrowers requiring caution *1	7.8	5.6	4.3	2.4	2.2	2.4	2.6	3.7	3.7	3.1	2.8
Total claims	67	63	56	55	57	61	65	67	63	62	64

#### Impact of SME Financing Facilitation Act (JPY bn)

Estimate of decrease in provisions as of each period-end *2	approx. 17	approx. 35	approx. 31
Estimate of decrease in NPL as of each period-end *2	approx. 110	approx. 290	approx. 310

\*1 Excluding claims on Substandard borrowers

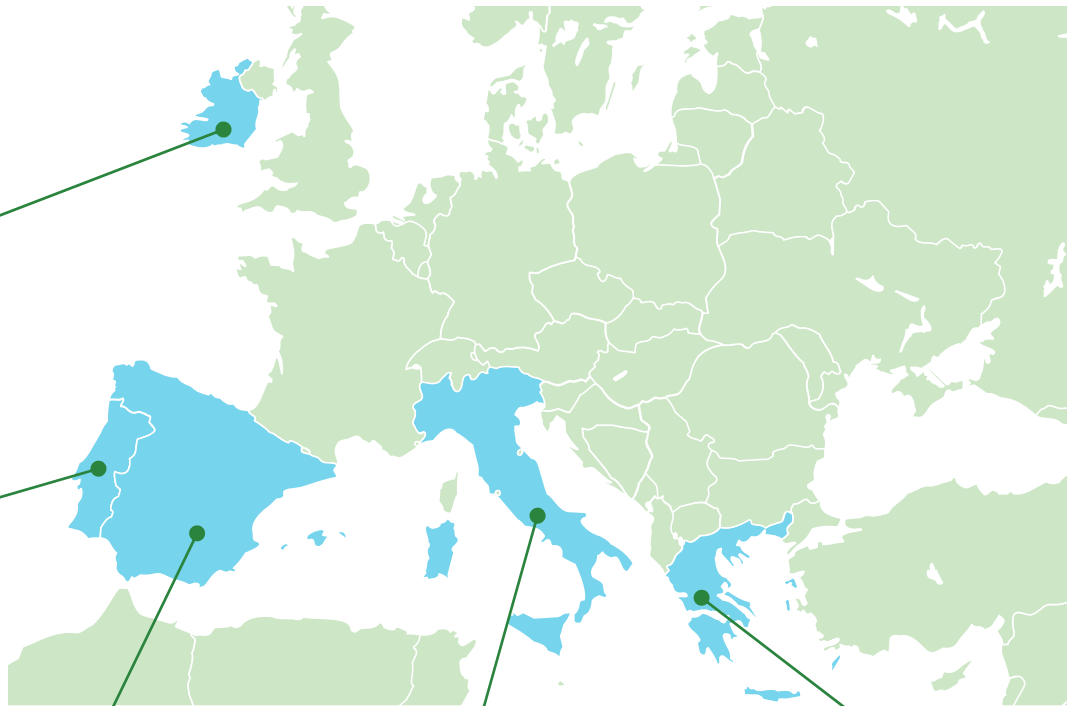
\*2 Estimated by one rank downgrade of the classification of certain borrowers whose loans have been restructured after implementation of the SME Financing Facilitation Act in Dec. 2009

## 6. Exposure to GIIPS countries

Exposure to GIIPS countries: approx. USD 5.7 billion as of March 2012

### SMFG consolidated

Gov't bonds issued by GIIPS countries	approx. USD 3 mn
Spain	USD 2 mn
Italy	USD 1 mn



**Ireland**  
 approx. USD 0.4 bn  
 Exposure insured by Irish insurance companies

**Portugal**  
 approx. USD 0.05 bn

**Spain**  
 approx. USD 2.2 bn  
 To large corporations and project finance

**Italy**  
 approx. USD 2.9 bn  
 To large corporations and project finance

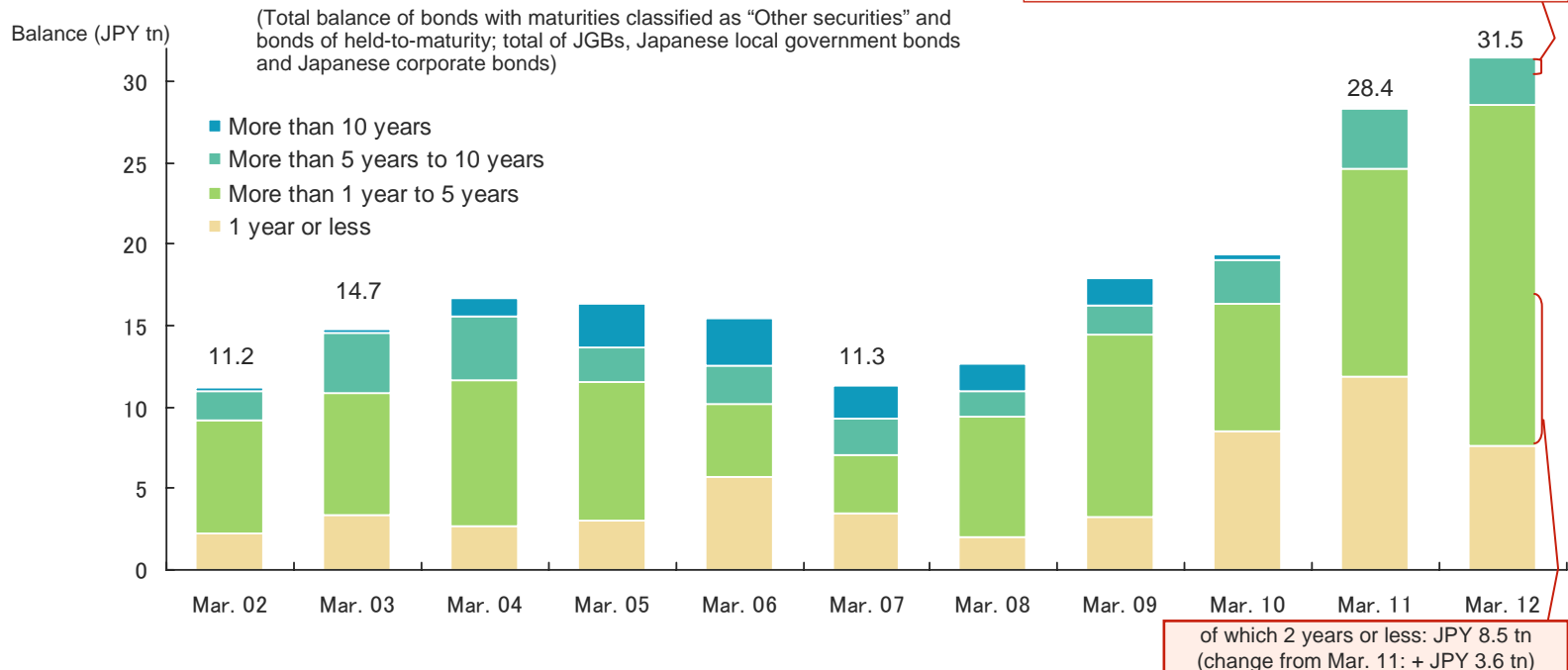
**Greece**  
 approx. USD 0.07 bn  
 Majority is collateralized

## 7. Bond portfolio

Average duration of yen bonds is 1.9 years. Domestic short-term interest rates are anticipated to remain stable at a low level, in spite of global sovereign debt concerns

### Yen bond portfolio

#### SMBC non-consolidated



Average duration (years)\*1

2.7

3.6

3.4

2.3

1.5

1.7

2.4

1.8

1.1

1.4

1.9

Unrealized gains (losses) (JPY bn)\*2

37.6

108.7

(101.9)

7.7

(282.2)

(151.4)

(129.5)

(1.2)

116.1

71.9

104.4

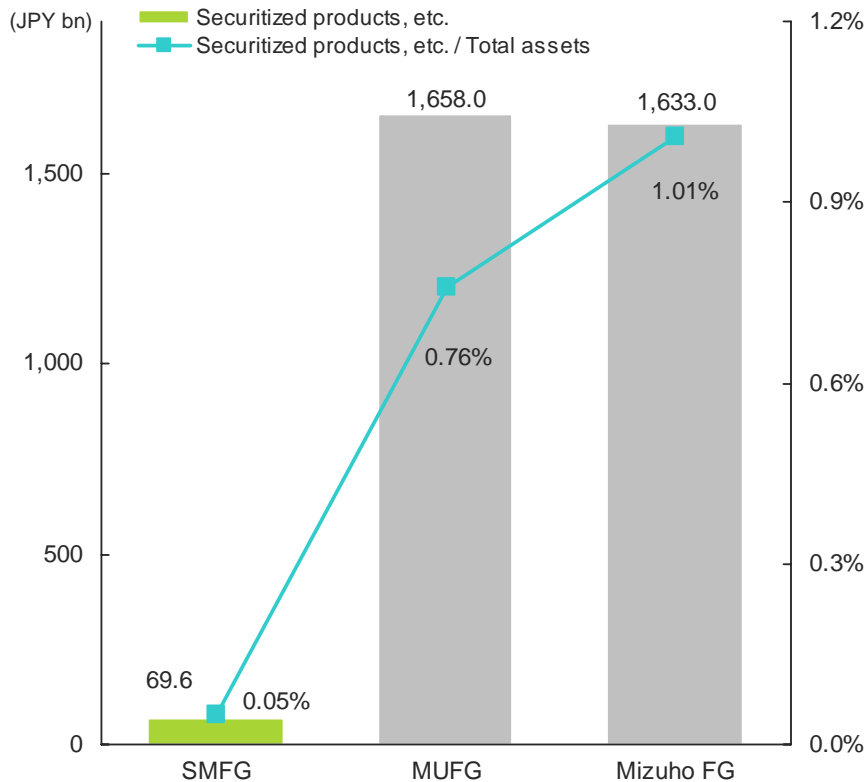
\*1 Excluding bonds of held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero (duration of JGBs portfolio for Mar. 02)

\*2 15-year floating-rate JGBs have been carried at their reasonably estimated amounts from Mar. 09

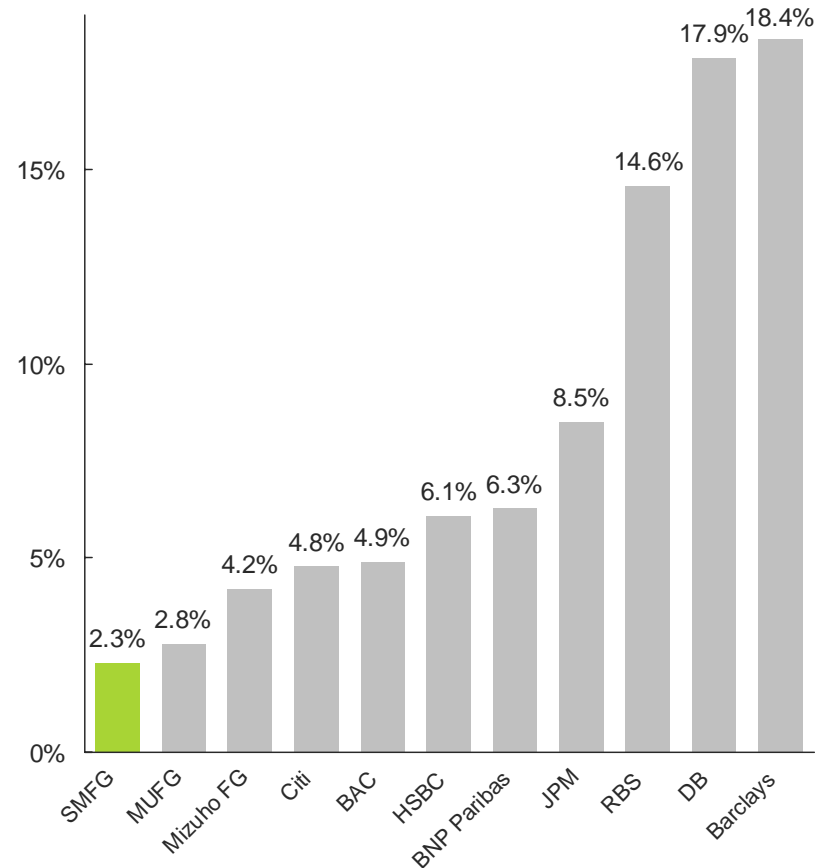
## 8. Securitized products, etc.

Lowest balance of securitized products among peers, since most of sub-prime related products were sold in the 1st half of FY3/2008

### Securitized products, etc.\*1



### Ratio of market-risk weighted assets to total risk-weighted assets \*2



\*1 SMFG: As of Mar. 31, 12. After provision and write-offs.

MUFG: As of Mar. 31, 12. After impairment and before deducting net unrealized losses. Including "securities being held to maturity" and "other."

Mizuho FG: As of Sept. 30, 11. After reserve for investment loss. Including banking accounts of subordinated banks and trading accounts of Mizuho Securities.

\*2 Market risk equivalent / Total risk-adjusted assets.

Calculated based on each company's financial statements. As of Mar. 31, 12 for SMFG, MUFG, and Mizuho FG; as of Dec. 31, 11 for others.

## 9. Capital and risk-weighted assets

SMFG's Tier I ratio: 12.28%; Core Tier I ratio (Common Equity Tier 1 capital ratio): nearly 7.5%  
(Pro forma as of March 31, 2012)

SMFG consolidated (JPY bn)	Mar. 31, 11 (a)	Mar. 31, 12 <preliminary> (b)	(b) - (a)
<b>Tier I</b>	<b>6,324.0</b>	<b>6,272.3</b>	<b>(51.7)</b>
of which:			
Capital stock & Capital surplus	3,316.7	3,097.7	(219.0)
Preferred Stock	210.0	-	(210.0)
Retained earnings	1,702.8	2,084.4	+ 381.6
Preferred securities issued by overseas SPCs	1,593.6	1,588.9	(4.7)
Foreign currency translation adjustment	(122.9)	(141.4)	(18.5)
Increase in equity capital resulting from a securitization exposure	(36.3)	(38.3)	(2.0)
<b>Tier II</b>	<b>2,537.0</b>	<b>2,771.1</b>	<b>+234.1</b>
of which:			
Unrealized gains on other securities after 55% discount	169.3	214.6	+ 45.3
General reserve for loan losses	100.0	66.7	(33.3)
Perpetual subordinated debt	243.0	149.2	(93.8)
Dated subordinated debt	1,967.2	2,304.9	+ 337.7
Deduction	(428.1)	(399.6)	+28.5
Total capital	8,432.9	8,643.8	+ 210.9
Risk-weighted assets	50,693.7	51,043.2	+ 349.5
<b>Capital ratio</b>	<b>16.63%</b>	<b>16.93%</b>	<b>+0.30%</b>
Tier I ratio	12.47%	<b>12.28%</b>	(0.19%)
Core Tier I ratio (pro forma)			
Based on the definition as at the full implementation of Basel III	above 6%	<b>nearly 7.5%</b>	+ over 1%
Based on the definition as at the initial implementation of Basel III	above 8%	<b>above 9%</b>	+ over 1%
<b>Net deferred tax assets</b>	<b>624.2</b>	<b>350.2</b>	<b>(274.0)</b>

### [Notes]

#### Tier I

- (1) Redemption of all Type 6 preferred stock  
on Apr. 1, 2011 JPY (210.0) bn
- (2) Consolidated Net income + JPY 518.5 bn
- (2) Dividends JPY (138.7) bn

Net deferred tax assets / SMFG consolidated Tier I capital:  
5.6% as of Mar. 2012, decreased by 4.3% compared with Mar. 2011

#### Tier II

- (3) Redemption of perpetual subordinated debt JPY (93.8) bn
- (4) Public offering in domestic market by SMBC + JPY 396.0 bn

#### Risk-weighted assets

(JPY bn)	Mar. 31, 11	Mar. 31, 12 <preliminary>	YOY change
(5) Credit risk-weighted assets	46,418.6	45,976.5	(442.0)
Market risk equivalent	584.0	1,174.2	+ 590.2
(Ref.) Outlier ratio *2	7.8%	2.6%	(5.2%)
Operational risk equivalent	3,691.1	3,892.5	+ 201.4
<b>Total</b>	<b>50,693.7</b>	<b>51,043.2</b>	<b>+ 349.5</b>

Decreased mainly as a result of a decline in domestic exposure,  
despite an increase in overseas loan balances and  
an increase through consolidation of Promise of JPY 900 bn

Basel 2.5 impact of introduction of stressed VaR: approx. JPY 400 bn

\*1 Calculation for Core Tier I ratio based on Basel III standards. Other calculations based on Basel II standards (Credit risk: AIRB, Operational risk: AMA)

\*2 SMBC consolidated basis

## II. Progress of medium-term management plan & FY3/2013 initiatives



# 1. Progress of the medium-term management plan

*Made a good start towards achieving our medium-term management plan*

Core Tier I ratio (pro-forma)	FY3/2011	FY3/2012	FY3/2014 Target
Based on the definition as at the full implementation of Basel III	above 6%	nearly 7.5%	8%
Based on the definition as at the initial implementation of Basel III	above 8%	above 9%	

	FY3/2011	FY3/2012	FY3/2014 Target
Consolidated net income RORA	0.8%	0.9%	0.8%
Consolidated overhead ratio	52.5%	53.5%	50% - 55%
SMBC non-consolidated overhead ratio	45.6%	46.9%	45% - 50%
Overseas banking profit ratio*	23.3%	26.0%	30%

\* Based on the medium-term management plan assumed exchange rate of 1USD=JPY85 for FY3/2012 to FY3/2014

## 2. FY3/2013 basic policy

**Move forward steadily towards the targets of the medium-term management plan, capturing opportunities with proactive ideas and actions**

### Growth drivers

Development of international business

Synergies between SMBC and SMBC Nikko

### Strengthen initiatives in strategic business areas

#### Financial consulting for retail customers

- Expand product line-up in securities intermediary business, reinforce insurance business at SMBC
- Grow marketing function for business owners by leveraging financial consultants assigned to corporate business offices
- Promote collaboration between SMBC and Promise

#### Tailor-made solutions for corporate clients

- Strengthen responsiveness to customers by reorganizing marketing framework and optimizing staff allocation
- Effectively accommodate diversified and sophisticated financing needs of clients from the planning stage

#### Commercial banking in emerging markets, especially Asia

- Promote collaboration between domestic and overseas offices and between business units to further support clients
- Reinforce growing businesses including infrastructure finance and trade finance
- Secure stable foreign-currency funding sources to accommodate an increase of overseas assets

#### Broker-dealer/ Investment banking

- Promote collaboration between SMBC and SMBC Nikko in areas including investment banking and sales of investment products
- Strengthen cross-border M&A and other advisory services by leveraging alliance with Moelis & Company

#### Non-asset businesses (payment & settlement services and asset management)

- Strengthen planning and marketing functions of transaction services business by establishing Transaction Business Planning Department and Transaction Business Division
- Promote collaboration between overseas partners and group companies in asset management business

### Establish a solid financial base and corporate infrastructure

- ✓ Extend best practice in management throughout the SMFG group
- ✓ Develop corporate infrastructure to support growing international network
- ✓ Maximize operational efficiency

- Diversify and enhance business portfolio, promote collaboration among group companies, and reinforce internal management system
- Reinforce corporate infrastructure for sustainable growth including profitability management, risk management, and human resource development
- Pursue operational efficiency by, for example, reinforcing front-line sections and streamlining headquarters

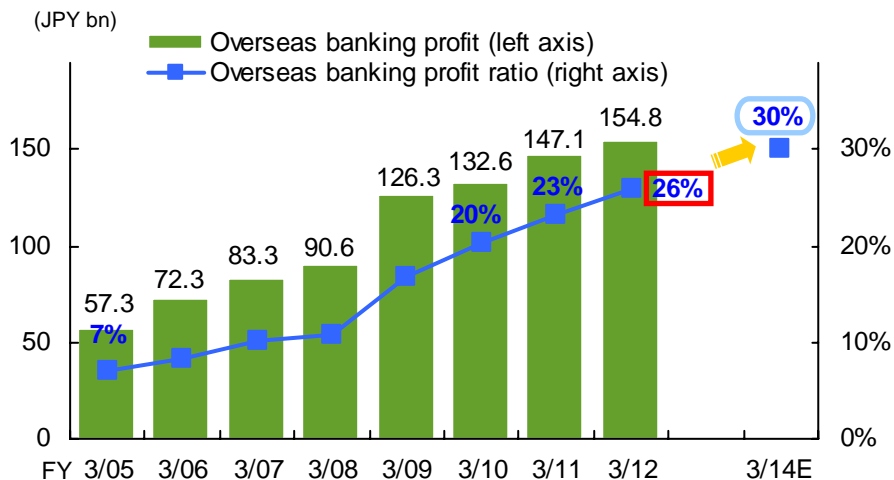


# 3. Development of international business

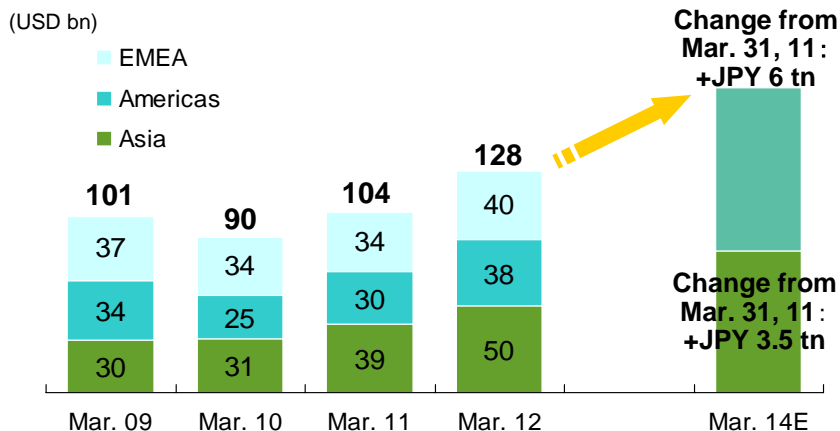
## (1) Progress of strategic initiatives

Overseas banking profit ratio in FY3/2012 rose to 26%, up 2.7% from FY3/2011, due to strategic allocation of assets, human resources and expansion of network. We intend to continue efforts to achieve 30%

### Overseas banking profit and ratio\*1 (before provisioning)



### Overseas loan balance\*2



### Expansion of international network (Since Apr. 2011)

Expansion of network mainly in Asia (No. of channels in emerging markets: Mar. 2011 24 → Mar. 2012 28 → Mar. 2014 plan 36)	Shenzhen Br.*3	Subsidiary bank in Malaysia
	Chongqing Br.**3,4	New Delhi Rep. Office
	Amsterdam Br.	Istanbul Rep. Office
	Phnom Penh Rep. Office	Bahrain Rep. Office
	Doha QFC Office	Lima Rep. Office
Business alliances with major local banks	New Delhi Branch*4	
	Banco BTG Pactual (Brazil)	Bank of China (China)
Strengthening of marketing functions in Asia Pacific	Scotiabank Inverlat (Mexico)	China Development Bank (China)
	Investment Banking Department, Asia Financial Solution Department, Asia	

### Strengthen products with a competitive advantage

#### Mandated arranger (2011)\*5

	Global	Asia*6
Loan Syndication	#9	#5
Project Finance	#3	#7

#### Infrastructure finance

- ✓ Working in consortium to establish an infrastructure finance company in Singapore
- ✓ Capital and business alliance with Indonesia Infrastructure Finance

\*1 Managerial accounting basis. Sum of SMBC and major overseas subsidiary banks. Based on the medium-term management plan assumed exchange rate of USD1=JPY85.

\*2 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Exchanged at respective period-end exchange rates. Geographic classification based on booking office.

\*3 Branch of SMBC (China) \*4 Received approval for preparation for opening \*5 Source: Thomson Reuters \*6 Loan Syndication - Asia (excl. Japan), Project Finance - Asia Pacific (incl. Australia and Japan)

# 3. Development of international business

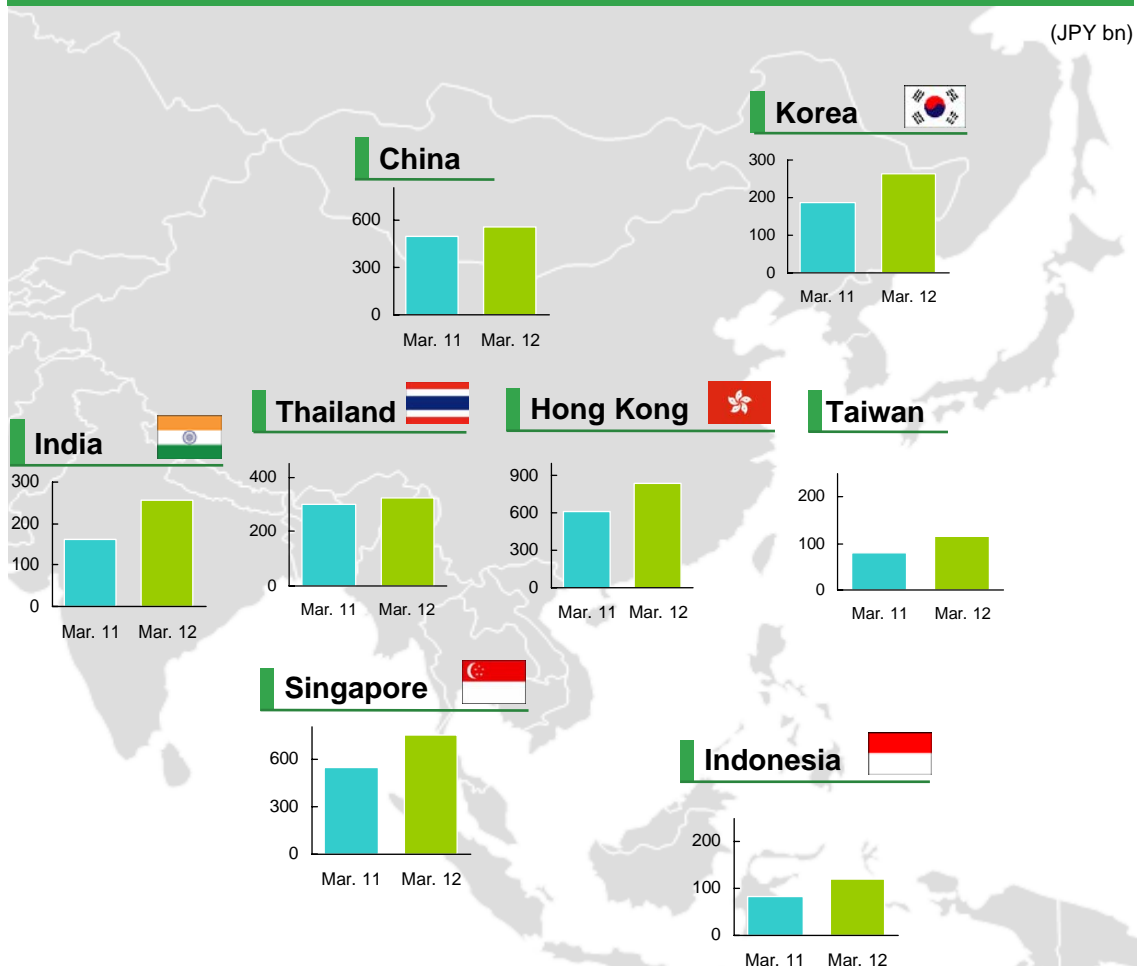
## (2) Our footprint in Asia

Capturing active financing needs in Asia by expanding our network and providing solutions through the new Investment Banking Dept., Asia, as well as promoting alliances with leading local banks

### Strategic partners\*1

China	Bank of China Industrial and Commercial Bank of China Agricultural Bank of China
Korea	<b>Kookmin Bank</b>
Taiwan	First Commercial Bank
Hong Kong	<b>Bank of East Asia</b>
Philippine	Metrobank
Vietnam	<b>Eximbank</b>
Malaysia	RHB Bank
Indonesia	Bank Central Asia
India	<b>Kotak Mahindra Bank</b>

### Loan balance in major countries\*2



### Network in Asia\*3

- SMBC (China)  
Head Office (Shanghai),  
Tianjin Br., Guangzhou Br.,  
Suzhou Br., Hangzhou Br.,  
Beijing Br., Shenyang Br.,  
Shenzhen Br.,  
Tianjin Binhai Sub-Br.,  
Suzhou Industrial Park Sub-Br.,  
Shanghai Puxi Sub-Br.,  
Changshu Sub-Br.
- Shanghai Br.
- Dalian Rep. Office
- Chongqing Rep. Office
- Hong Kong Br.
- Taipei Br.
- Seoul Br.
- Singapore Br.
- Bangkok Br.
- SMBC Malaysia Berhad  
- Kuala Lumpur Office
- Ho Chi Minh City Br.
- Hanoi Br.
- Vietnam Eximbank
- PT Bank Sumitomo Mitsui Indonesia
- Manila Rep. Office
- Yangon Rep. Office
- Phnom Penh Rep. Office
- Sydney Br.
- New Delhi Rep. Office

\*1 Boldfaced banks: SMBC has equity stake

\*2 Bar charts represent loan balance based on domicile of borrowers (not by channel). Figures of China includes those of SMBC (China). Loan balances as of Mar. 31, 2011 is exchanged to JPY from each country's local currency at the exchange rate of Mar. 31, 2012

\*3 SMBC's overseas offices, major overseas banking subsidiaries and affiliates and their offices

# 3. Development of international business

## (3) Alliance & acquisition strategy

*Pursue opportunities of alliances / acquisitions with / of firms that we can build trust relationships in the business areas that support our future growth*

### Investment criteria

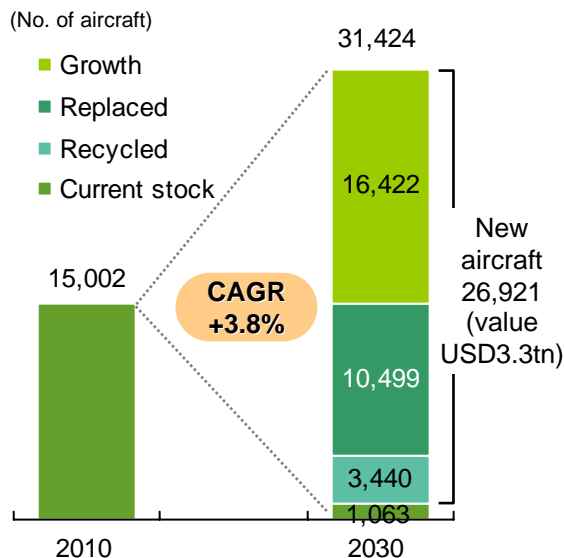
- Fits our Group strategy and associated risks are controllable
- Delivers sufficient investment returns (Achieves 0.8% Net income RORA)
- Contributes to strengthen our client service
- Foreign currency funding is secured to accommodate the deal

#### Example 1 Acquisition of aircraft leasing business from RBS group

##### Ranking after acquisition\*1

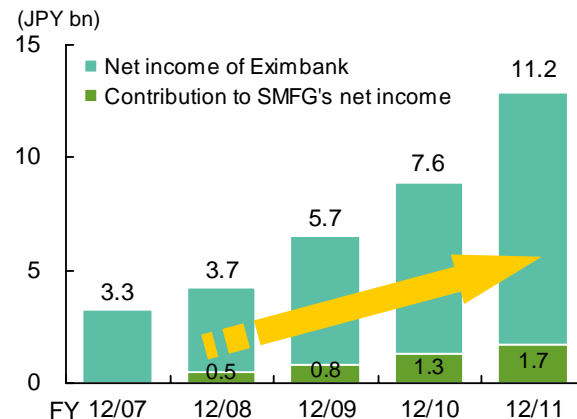
	Leasing Company	Nationality	No. of Aircrafts
1	GECAS	U.S.	1,755
2	ILFC	U.S.	1,031
RBS AC + SMFG/SC Group*2			335
3	BBAM	U.S.	327
4	AerCap	Netherlands	326
5	CIT Aerospace	U.S.	263
6	RBS AC	Ireland	246
SMFG/SC Group*2			89
17	SMFG/SC Group*2	Netherlands	89

##### Estimate of passenger aircraft demand\*3



#### Example 2 Investing in Vietnam Eximbank

- An equity method affiliate of SMBC
- Acquired 15% stake in May 2008
- Delegates 5 staff including 1 board member
- Provides technical assistance for retail and wholesale banking, risk management and IT
- Net income in 2011 rose 6.6 times compared to 2007 on a VND basis



\*1 As of Dec 31, 2011 (Source: Ascend)

\*2 Aggregate of 1) SMFL Aircraft Capital Corporation B.V., a subsidiary of Sumitomo Mitsui Finance and Leasing, and 2) Sumitomo Aircraft Asset Management B.V., a subsidiary of Sumitomo Corporation

\*3 Source: Airbus Global Market Forecast 2011-2030

# 3. Development of international business

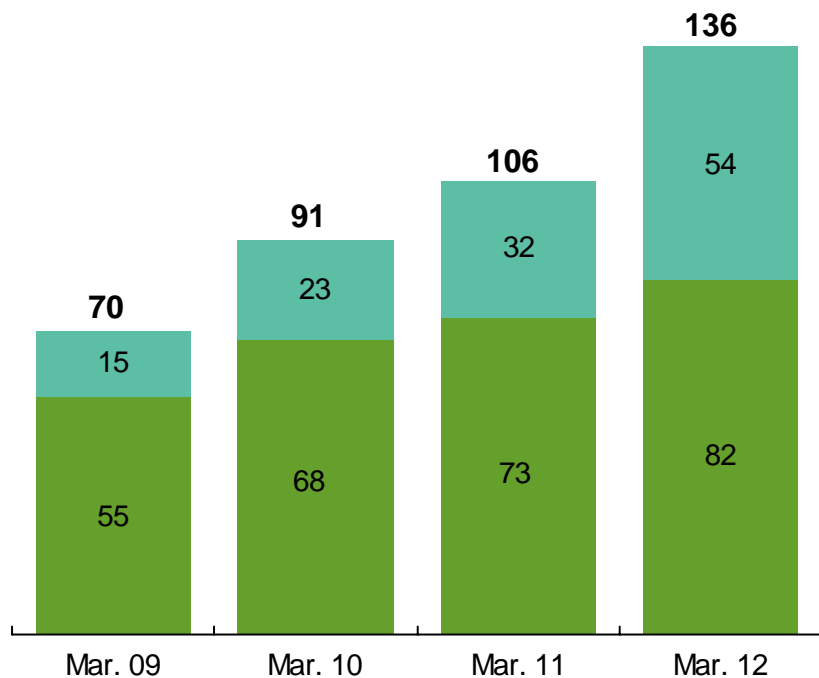
## (4)-1 Foreign currency funding

Strengthen overseas deposit base through customer deposit taking and issuance of CDs and CP In order to develop our international business

### Overseas deposit balance\*1

(USD bn)

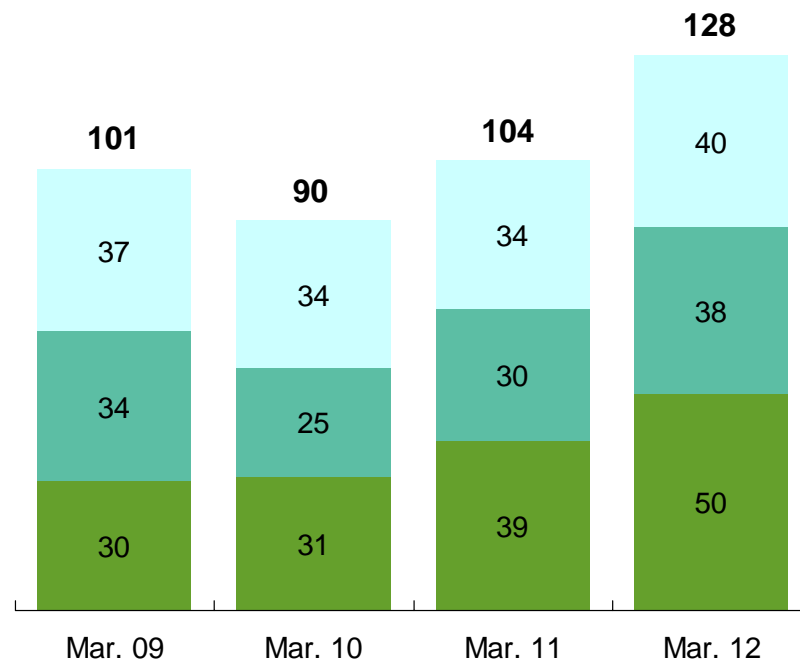
- CDs & CP
- Deposits\*2



### Overseas loan balance\*1

(USD bn)

- EMEA
- Americas
- Asia



\*1 Managerial accounting basis, exchanged at respective period-end exchange rates. Sum of SMBC, SMBC Europe and SMBC (China).

\*2 Includes deposits from central banks

# 3. Development of international business

## (4)-2 Foreign currency funding

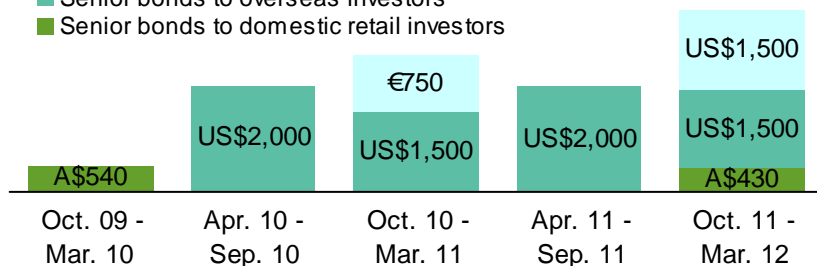
Improve stability of foreign currency funding by increasing medium to long-term funding

### Diversification of foreign currency funding

- USD CP program: Expanded Nov. 2011 (USD 15bn)  
Euro CP program: Established Nov. 2011 (EUR 10bn)
- Issued foreign currency denominated bonds to overseas investors and domestic retail investors

Issue amount of foreign currency denominated bonds (mn)

- Subordinated bonds to overseas investors
- Senior bonds to overseas investors
- Senior bonds to domestic retail investors



### Examples of USD senior bonds issuances by financial institutions

#### ● 5 year senior bonds

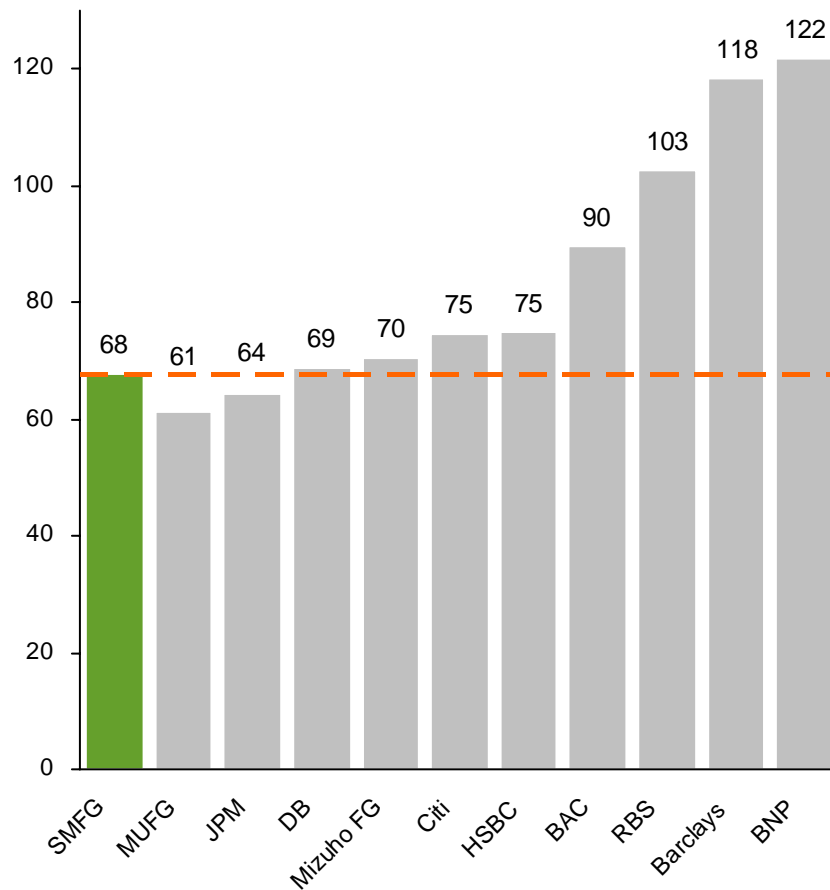
Pricing date	Issuer	Issue amount (USD mn)	Coupon (%)	Spread (bp)	Credit Ratings *1	
					Moody's	S&P
2012/1/3	Citigroup Inc	2,500	4.45	T+360	A3	A-
2012/1/5	Bank of Nova Scotia	1,250	2.55	T+172	Aa1	AA-
2012/1/5	SMBC	500	2.65	T+180	Aa3	A+
2012/1/6	Bank of Montreal	1,500	2.50	T+170	Aa2	A+
2012/1/30	ABN AMRO Bank NV	1,500	4.25	T+355	Aa3	A+

#### ● 10 year senior bonds

Pricing date	Issuer	Issue amount (USD mn)	Coupon (%)	Spread (bp)	Credit Ratings *1	
					Moody's	S&P
2012/1/5	SMBC	500	3.95	T+200	Aa3	A+
2012/1/13	JPMorgan Chase & Co	3,000	4.50	T+270	Aa3	A
2012/1/19	Goldman Sachs Group Inc	4,250	5.75	T+380	A1	A-
2012/1/19	Bank of America Corp	1,500	5.70	T+378	Baa1	A-
2012/2/2	Bank of America Corp	750	5.70	T+325	Baa1	A-

### Loan to deposit ratio (consolidated basis)\*2

























(%)



\*1 Credit ratings at time of issuance

\*2 Based on each company's financial statements, as of Mar. 31, 2012 for SMFG, MUFG, Mizuho FG, and as of Dec. 31, 2011 for others

# Reference: Global Export & Agency Finance Awards in 2011

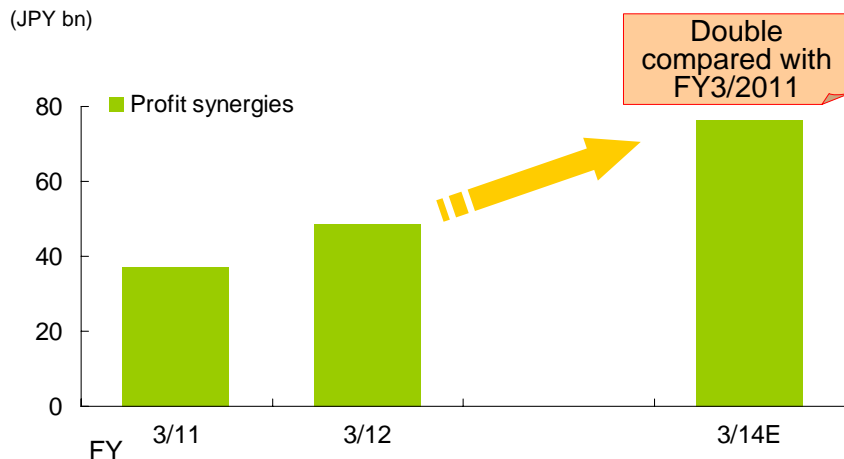
	AMERICAS		EMEA			ASIA	
 <b>Project Finance International</b>	 <i>Deal of the Year</i> Seigneurie de Beaupre (Hermes)		 <i>Deal of the Year</i> Tours Bordeaux (EIB)	 <i>Deal of the Year</i> Muharraq (Kexim)	 <i>Deal of the Year</i> Barzan (Nexi, Kexim & Sace)	 <i>Deal of the Year</i> Wiggins - Wicet (EFIC)	 <i>Deal of the Year</i> Mong Duong 2 (Kexim & K-sure)
 <b>Trade Finance Magazine</b>	 <i>Deal of the Year</i> Seigneurie de Beaupre (Hermes)	 <i>Deal of the Year</i> Reficar (Sace)	 <i>Deal of the Year</i> Tupras (Cesce)	 <i>Deal of the Year</i> SEC (Coface)	 <i>Deal of the Year</i> Taneco (EKF & Sace)		 <i>Deal of the Year</i> Mong Duong 2 (Kexim & K-sure)
 <b>Global Trade Review</b>		 <i>Deal of the Year</i> Reficar (Sace)	 <i>Deal of the Year</i> Petrobras (ECGD)		 <i>Deal of the Year</i> Azercosmos (Coface)		 <i>Deal of the Year</i> Mong Duong 2 (Kexim & K-sure)
 <b>Project Finance Magazine</b>	 <i>Deal of the Year</i> Seigneurie de Beaupre (Hermes)	 <i>Deal of the Year</i> Reficar (Sace)	 <i>Deal of the Year</i> Norte II (Kexim)				 <b>19 awards in 13 deals</b>

# 4. Synergies between SMBC and SMBC Nikko

## (1) Progress on collaboration between SMBC and SMBC Nikko

Wholesale ranking rise demonstrates the effects of collaboration between SMBC and SMBC Nikko

### Profit synergies\*1

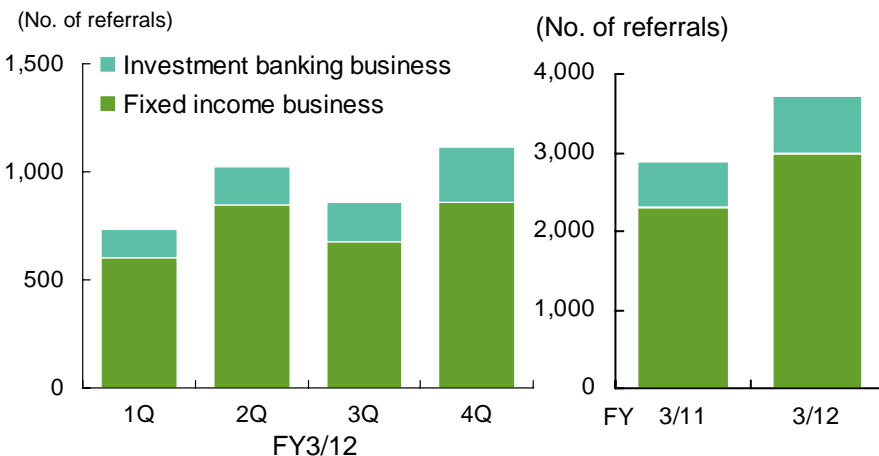


### Ranking related to wholesale business

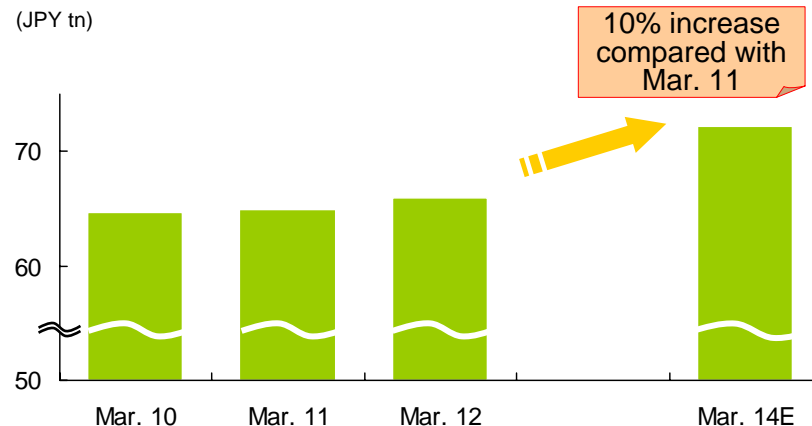
League tables for FY3/2012

		rank	Market Share (%)	FY3/11 rank
JPY denominated bonds (Lead manager, underwriting amount)*2	SMBC Nikko	#5	12.6	#5
Global equity & equity-related (bookrunner, underwriting amount)*3	SMBC Nikko	#3	18.1	#11
Financial advisor (M&A, No. of deals)*4	SMBC Nikko	#2	3.1	#3
Financial advisor (M&A, transaction volume)*4	SMBC Nikko	#7	20.5	#5

### No. of referrals from SMBC to SMBC Nikko



### Assets under management (for individuals) \*5



\*1 Managerial accounting basis \*2 Source: SMBC Nikko. Consisting of corporate bonds, FILP agency bonds, municipality bonds, and samurai bonds.

\*3 Source: SMBC Nikko, based on data from Thomson Reuters. Relating to Japanese corporations' activities only.

\*4 Source: Thomson Reuters. Relating to Japanese corporations' activities only. Excluding real estate deals. \*5 Managerial accounting basis (Sum of SMBC, SMBC Nikko and SMBC Friend Securities)

# 4. Synergies between SMBC and SMBC Nikko

## (2) Financial performance of SMBC Nikko

Grow SMBC Nikko through continuous expansion of the retail business, strengthening of the wholesale business by leveraging the alliance with Moelis and Co., and enhancing cross-selling with SMBC  
 SMBC Nikko's FY3/2012 performance: highest net income among Japanese peers from strong retail business

### SMBC Nikko's financial performance on a consolidated basis

(JPY bn)	FY3/2011	FY3/2012	YOY change
Net operating revenue	213.8	228.8	+15.0
SG&A expenses	171.1	185.1	+14.0
Ordinary profit	43.1	44.5	+1.4
Net income	25.4	19.4	(6.0) <sup>*1</sup>

### Business and capital alliance with Moelis & Company

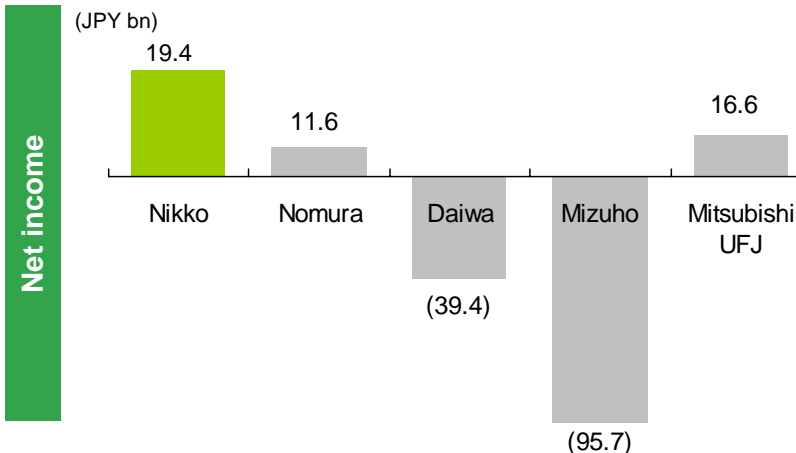
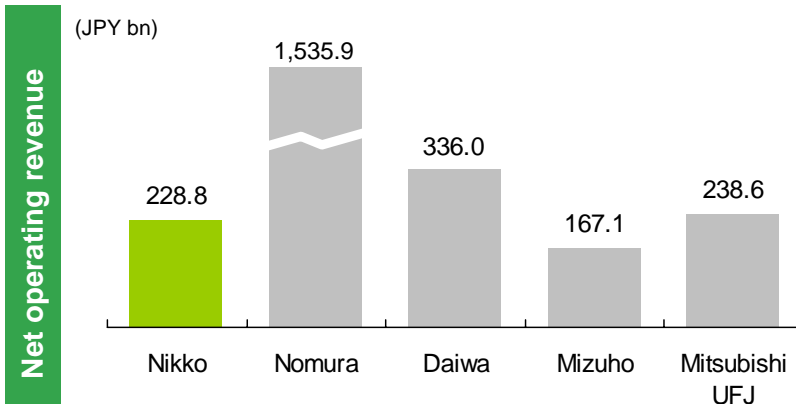
- Focus on providing cross-border M&A and other advisory services to Japanese companies
- Geographic areas for alliance: Japan, North America, Europe, Middle East, North Africa, Australia, Hong Kong and China
- SMBC invested approx. USD 93 mn in Moelis in Feb. 2012

<sup>\*1</sup> of which JPY(4.8) bn resulted from changes in the corporate tax rate in FY3/2012

<sup>\*2</sup> Based on each companies' financial statements.

The figures shown in the charts above are: consolidated figures of Nomura Holdings (US GAAP, Net revenue and Net income attributable to Nomura Holdings shareholders) for Nomura, consolidated figures of Daiwa Securities Group for Daiwa, consolidated figures of Mizuho Securities for Mizuho, and consolidated figures of Mitsubishi UFJ Securities Holdings for Mitsubishi UFJ

### Peer comparison (FY3/2012)<sup>\*2</sup>





## 5. Transaction services (1) Overall strategy

Grow the transaction services business as a stable profit generator by providing sophisticated transaction services on a group-wide basis

### Organizational revision for strengthening the transaction service business

- Establishment of Transaction Business Planning Dept. (SMFG/SMBC)
  - ✓ Devise long-term, integrated transaction business strategies for the SMFG/SMBC group
- Establishment of Transaction Business Division (SMBC)
  - ✓ Strengthen collaboration among relevant departments to flexibly and quickly offer products and services in a more integrated manner
- Establishment of Consumer Finance & Transaction Business Dept. (SMFG/SMBC)
  - ✓ Strengthen planning and control of the consumer finance and transaction service business for individuals

#### Transaction Business Planning Dept.

#### Transaction Business Division

##### Global Advisory Dept.

(Foreign exchange, advisory for international business development)

##### Electronic Commerce Banking Dept.

(Domestic remittance, Cash Management Services)

##### Asset Finance Dept.

(Off-Balancing, supplier finance)

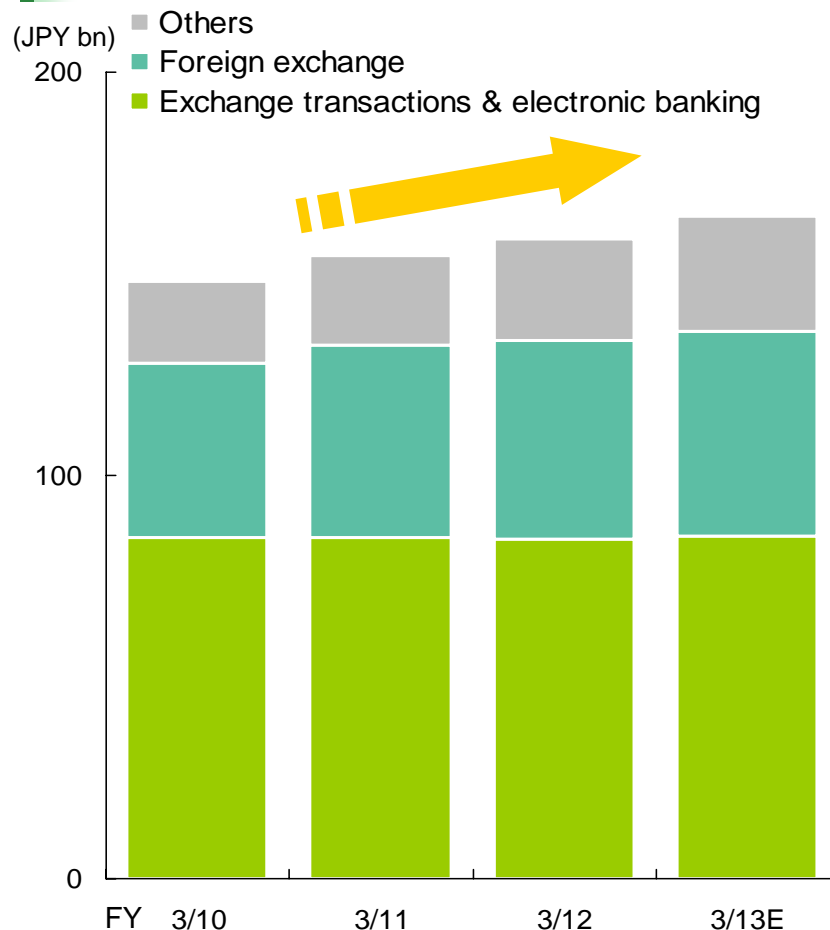
#### Consumer Finance & Transaction Business Dept.

Credit card and sales finance companies in the Group

Consumer finance companies in the Group

### Gross Banking Profit of Transaction Business Division\*

#### SMBC non-consolidated



## 5. Transaction services (2) Strategy in overseas operations

Capture the settlement services needs associated with growing commercial transactions in Asia

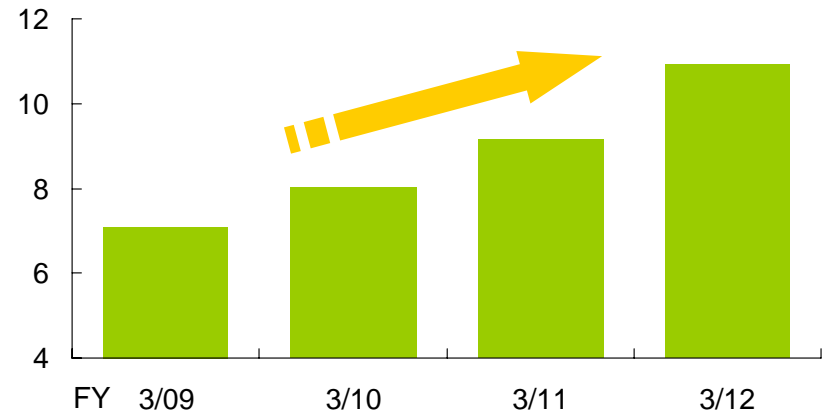
### Innovative products

Cash management providers' ranking (in Asia Pacific)\*

Cash management service (CMS) as voted by corporations	Large corporations	4th	#1 among Japanese banks for six consecutive years CMS in Asia: Aim to be one of the top three global banks
	Medium corporations	4th	
	Small corporations	3rd	
JPY CMS as voted by financial institutions		1st	#1 for six consecutive years

### Overseas electronic banking contracts

(thousands of contracts)



### SWIFT capable services for corporate clients

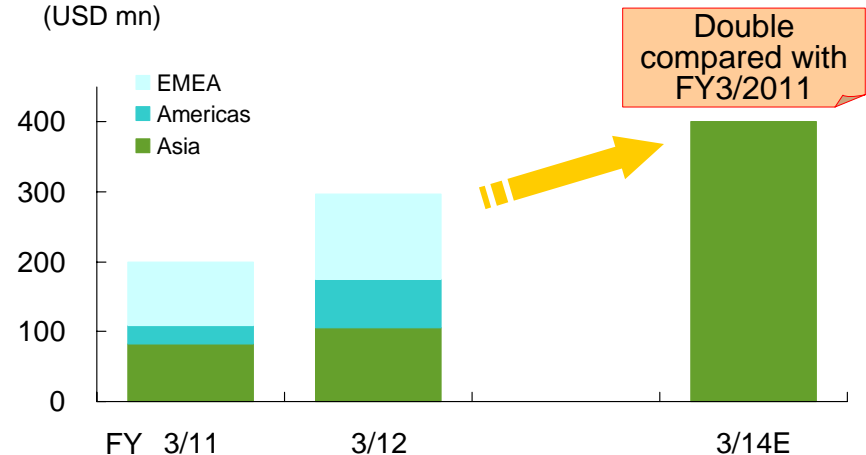
- First bank in the Asia Pacific to receive "Bank Readiness Certification" from SWIFT in nine countries in the Region

### Renminbi business to Japanese corporations

- Promoting the Renminbi settlement related business for Japanese corporations through the South China Dept., established last year, and Global Advisory Dept.

### Trade finance related profit

(USD mn)



\* Source: "ASIAMONEY": "Cash Management Poll 2011" (Aug. 2011)

## 5. Transaction services (3) Strategy in domestic operations

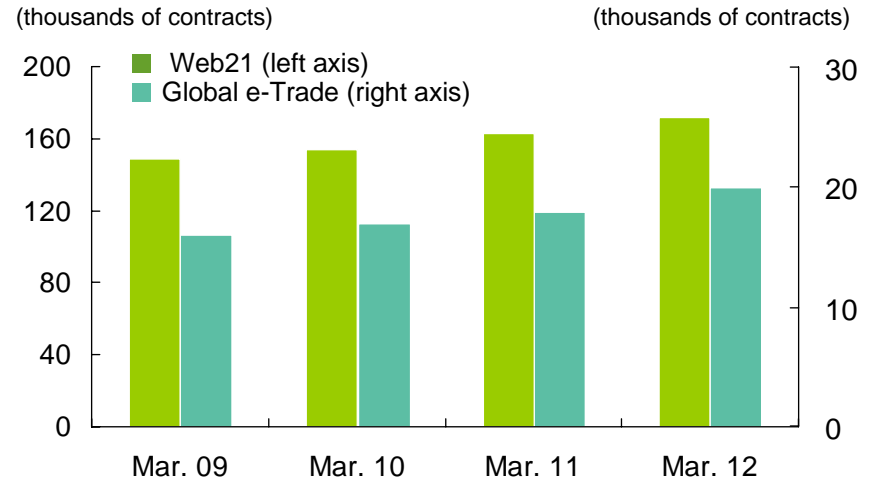
Increase market share by providing various transaction services on a group basis to meet diversified needs of clients

### Domestic transaction services provided by SMFG Group

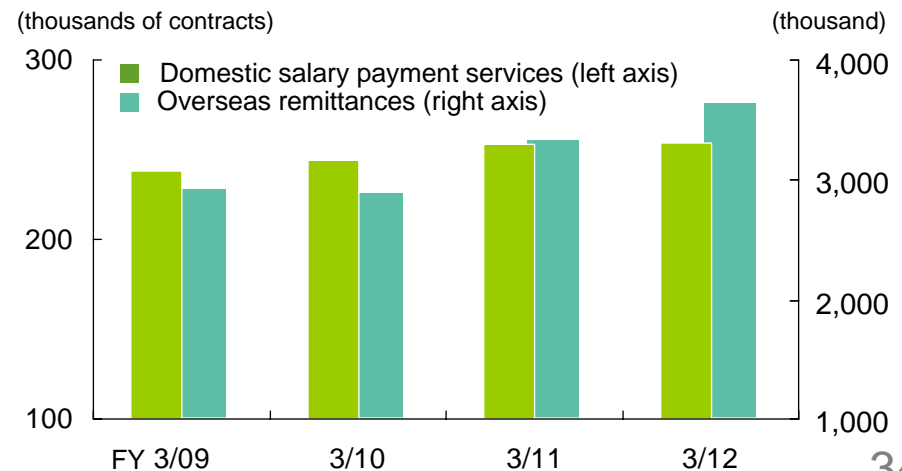
Provide various transaction services

Remittance	SMBC	
Account transfer		
Pay-easy		
J-Debit		
Credit Cards	Sumitomo Mitsui Card Cedyna Sakura Card Pocket Card Famima Credit	<ul style="list-style-type: none"> <li>Cover customers of banks, consumer credit companies and retailers</li> </ul>
E-money ("iD")	Sumitomo Mitsui Card	<ul style="list-style-type: none"> <li>Alliance with NTT DOCOMO</li> </ul>
Collection services	SMBC Finance Service	<ul style="list-style-type: none"> <li>Consolidated collection-related services in SMFG group to become one of the leading companies in the area</li> </ul>
Convenience store collection		
E-commerce transaction settlement		<ul style="list-style-type: none"> <li>Provide "Payment stations"; one-stop interface for settlement</li> </ul>
Electronic Monetary Claims	SMBC Electronic Monetary Claims Recording	<ul style="list-style-type: none"> <li>Launched business in Jul. 2010</li> </ul>
Pure-Internet-play bank	Japan Net Bank	<ul style="list-style-type: none"> <li>Alliance with Yahoo! Japan</li> </ul>

### Domestic electronic banking contracts



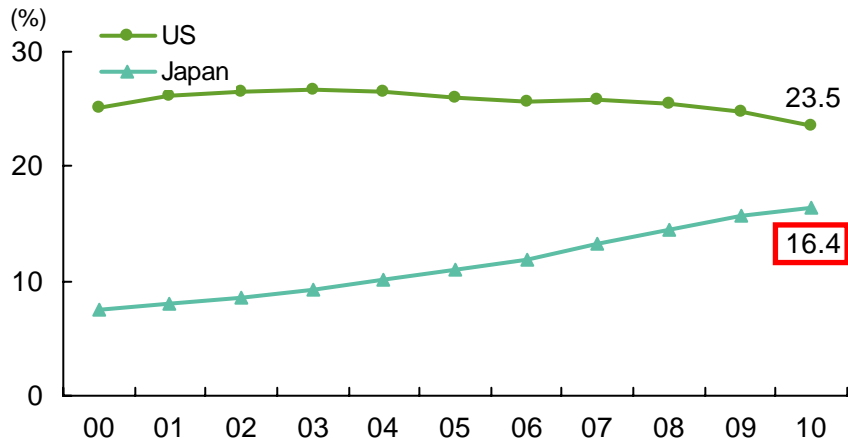
### Domestic transactions



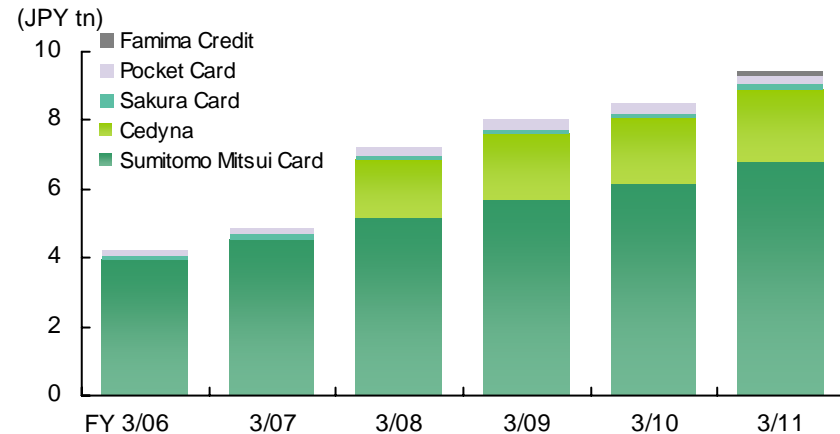
## 6. Credit cards

Strengthen credit card business, after making sufficient provision for refund claims in Cedyne in FY3/2012

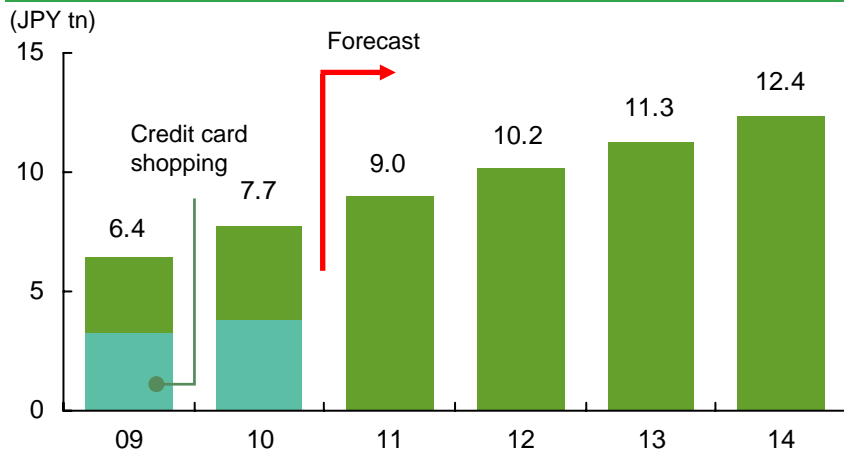
### Proportion of credit card shopping vs. private final consumption expenditure



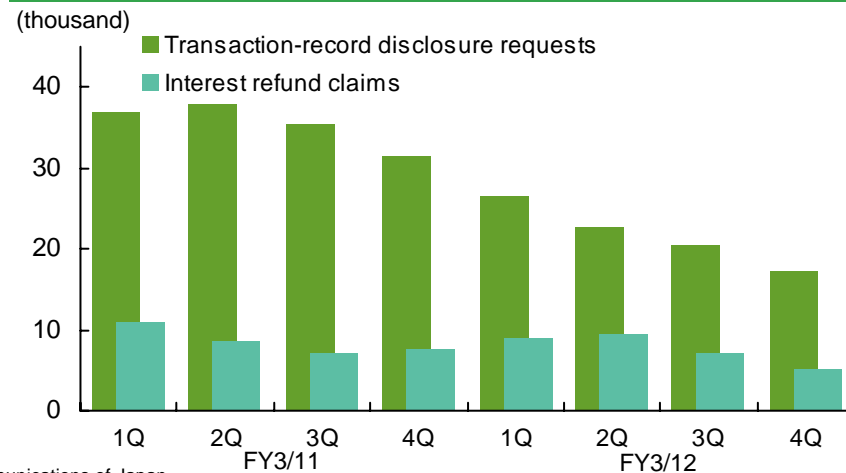
### Credit card shopping volume at Group companies\*2



### B to C electronic trade market\*1



### Transaction-record disclosure requests and interest refund claims in Cedyne



\*1 Source: SMFG, based on data from Nomura Research Institute and Ministry of Internal Affairs and Communications of Japan

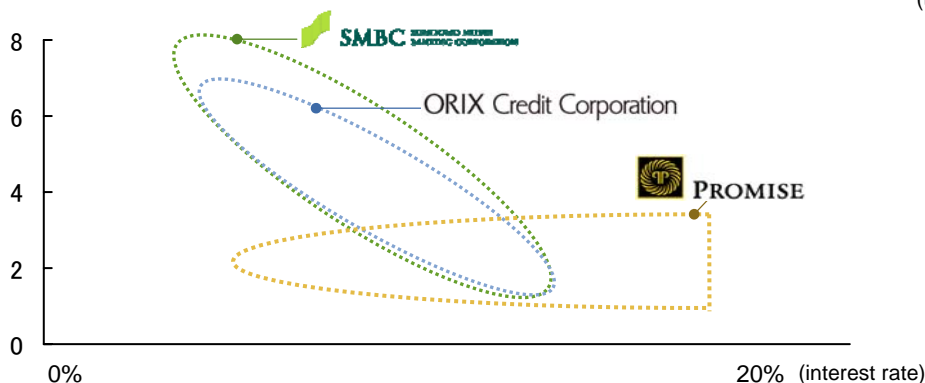
\*2 Source: Kinzai "Gekkan Shohisha Shinyo"

## 7. Consumer Finance

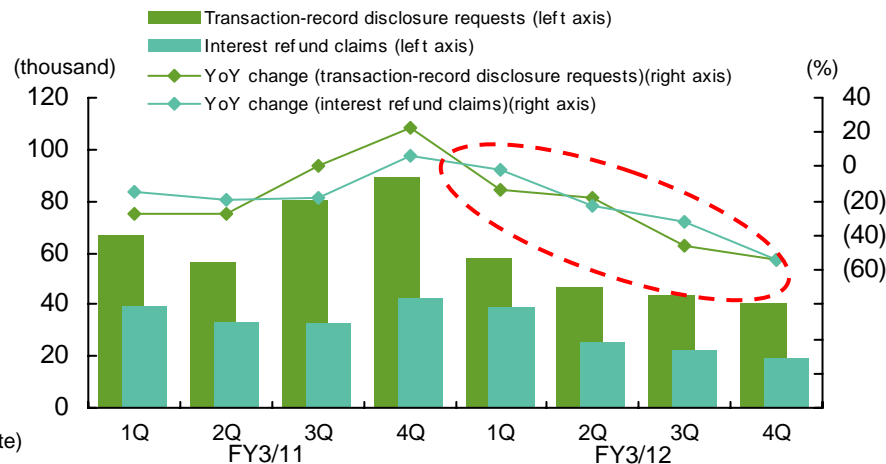
Strengthen consumer finance business by concentrating our resources into SMBC and Promise, while plan to transfer ORIX Credit shares in June 2012

### Overview of consumer finance business at SMFG

(Clients' borrowing limit, JPY mn)

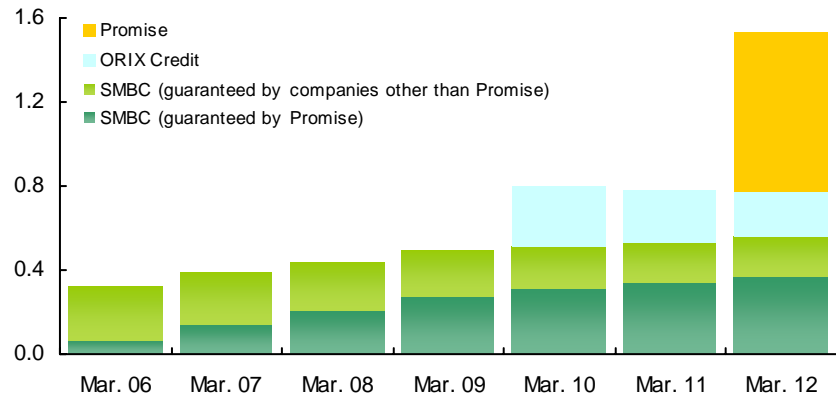


### Transaction-record disclosure requests and Interest refund claims in Promise\*

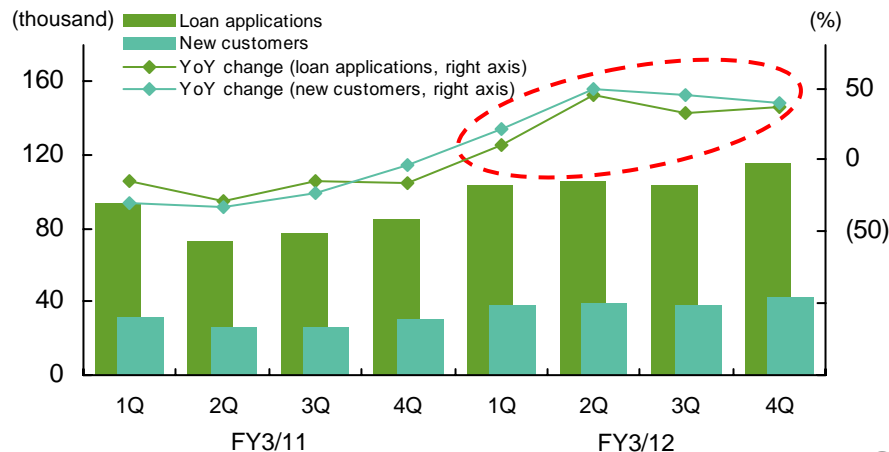


### Outstanding card loan balance of major Group companies

(JPY tn)



### Loan applications and new customers / approval rate in Promise



\* Numbers of Promise on a non-consolidated basis (until Sep. 2010, the aggregate of Promise and former SANYO Shinpan)

## 8. Reorganization and strengthening of consumer finance and transaction services business

Reorganize business portfolio of the Group as well as strengthen strategic business areas by allocating resources intensively

### Reorganization of the consumer finance business: Transfer of ORIX Credit (OCC) shares

Made OCC as a joint venture between Orix (Jul. 2009)

- Attempts to increase market presence by entering into new partnerships to increase market share and by improving efficiency in a changing environment
- SMFG: Acquired 100% of Promise shares (Apr. 2012)
- ORIX: Launched card loans business at ORIX Bank (Mar. 2012)

**SMFG and ORIX decided to concentrate resources into respective groups**

Transfer of OCC shares to ORIX: Jun. 2012 (plan)  
SMFG, SMBC, ORIX and OCC to enter into a new business alliance agreement

- Continue guarantee by Promise for OCC and OCC's loan servicing outsourcing to SMFG Group

### Reorganization of the transaction services business: Cedyna's 100% acquisition of SMBC Finance Service

**Cedyna**

- Credit cards
- Sales Financing
- Solutions
- Convenience store collection
- Collection services
- Factoring

- Develop collection services business, including e-commerce related, centering on SMBC Finance Service

**Consolidation**

- Marketing: Oct. 2012
- Middle & back offices: Apr. 2014 (plan)

**SMBC Finance Service Co., Ltd.**

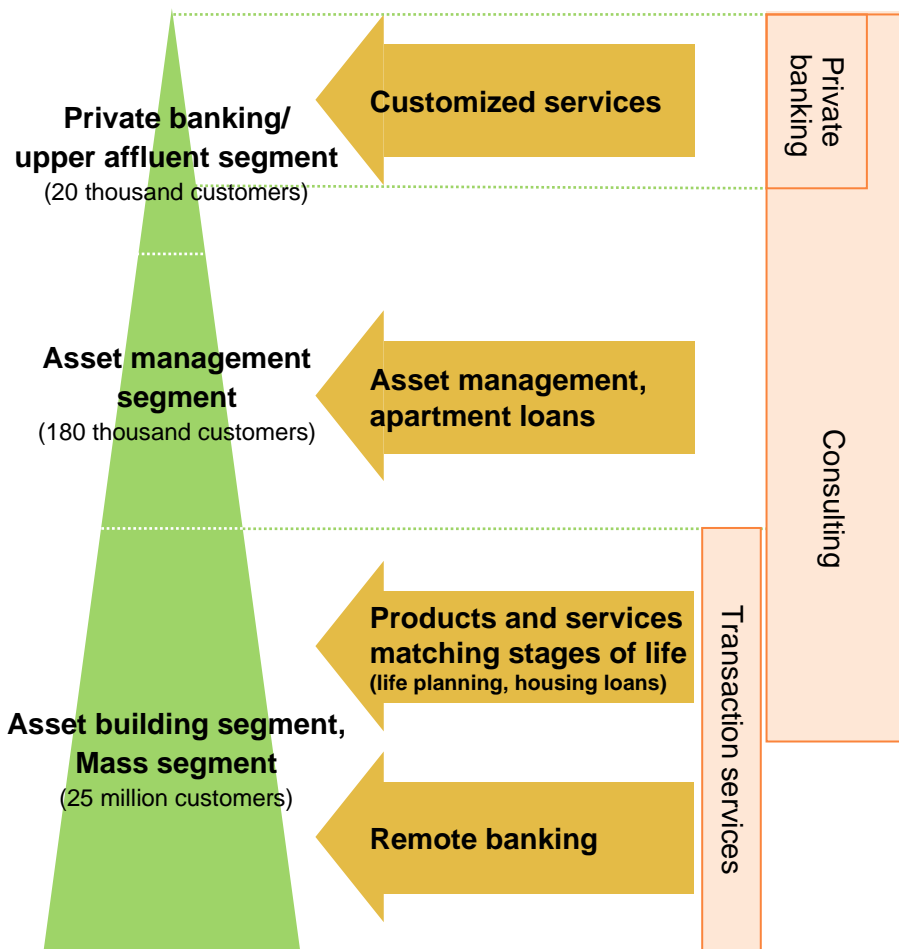
- Convenience store collection
- Collection services
- Factoring
- Finance
- Outsourcing

## 9. Financial consulting for retail customers

Further develop segmented business models

- business / asset succession consulting services for business / land owners
- products and services to match stages in life for asset-building and mass segment customers

### Business model by customer segment

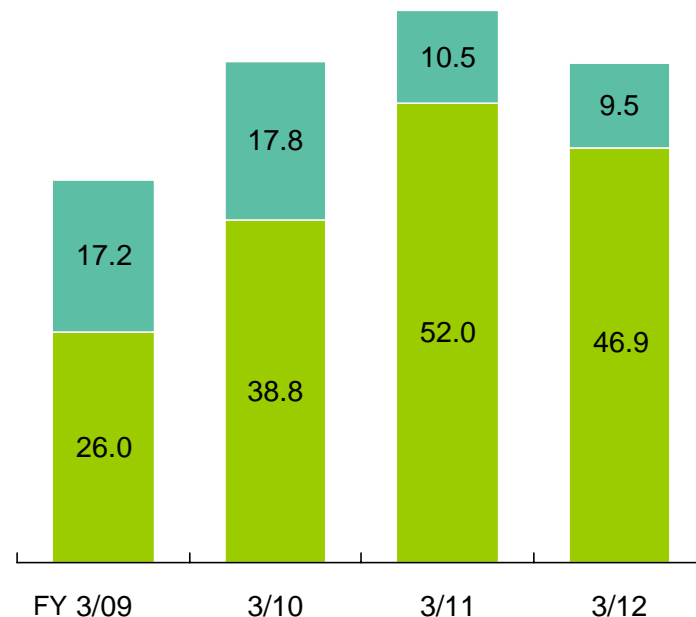


### Profit related to investment trust and pension-type insurance

#### SMBC non-consolidated

(JPY bn)

- Pension-type insurance
- Investment trusts



Outstanding balance\* (JPY tn)

4.9

5.9

6.2

6.1

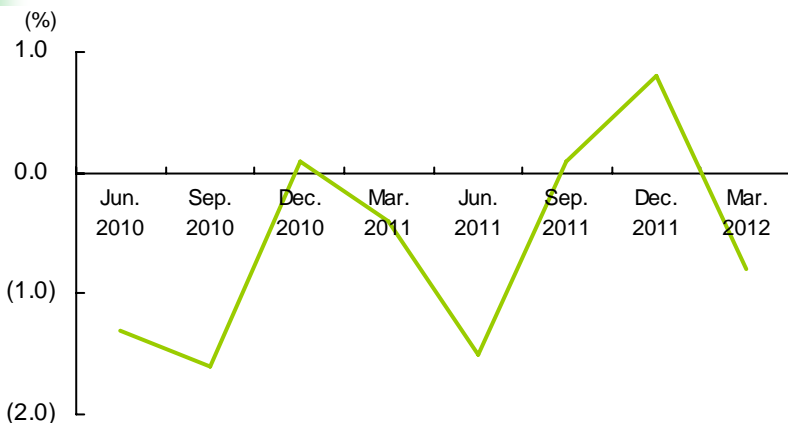
\* Sum of retail investment trusts under management and aggregate amount of pension-type insurance sales to retail customers at each period-end

# 10. Tailor-made solutions for corporate clients

Maximize consolidated profits by providing solutions to corporate clients on a group-wide basis through further collaboration between domestic and overseas offices and among group companies

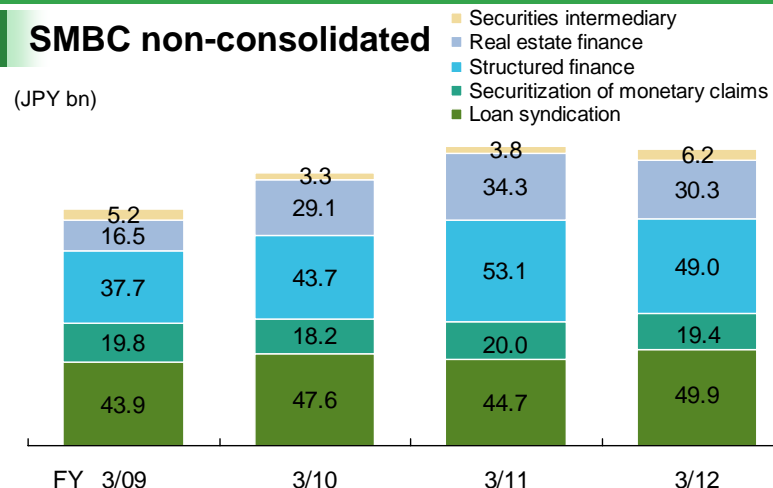
## Domestic corporate loan balance\*<sup>1</sup> (vs. previous quarter end)

### SMBC non-consolidated

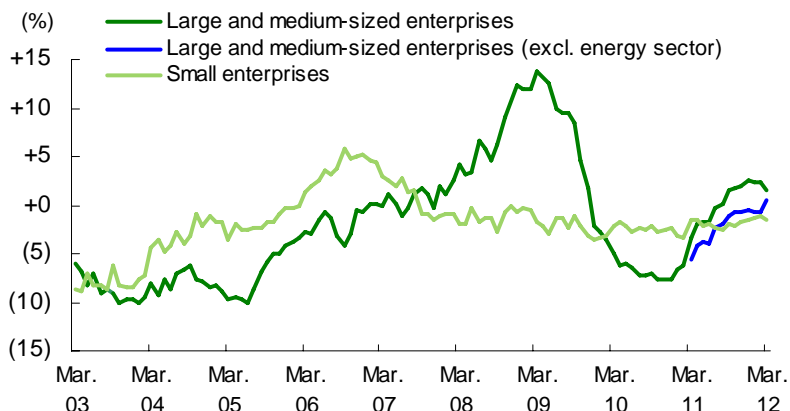


## Investment Banking related profit\*<sup>3</sup>

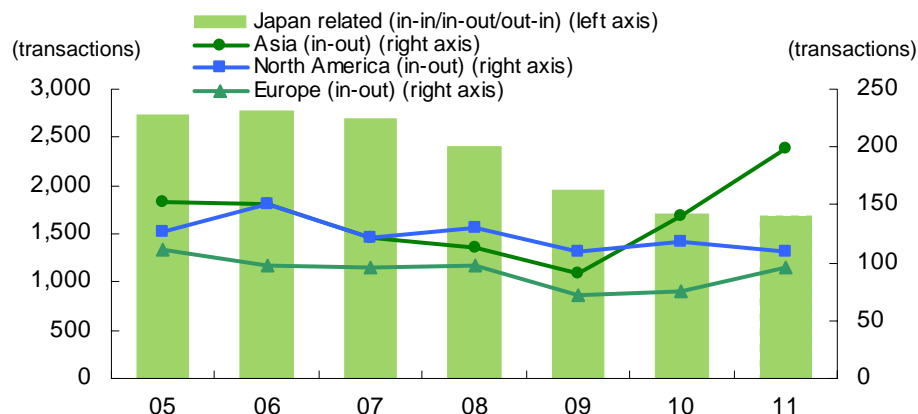
### SMBC non-consolidated



## Domestic corporate loans\*<sup>2</sup> (YoY % change in loan balance)



## M&A transactions\*<sup>4</sup>



\*<sup>1</sup> excluding loans to the government \*<sup>2</sup> Source: Bank of Japan "Loans and bills discounted by sector" \*<sup>3</sup> Securities intermediary: fees and commissions from individual and corporate clients. Others: managerial accounting basis including fees, commissions, interest income. \*<sup>4</sup> Source: Recof



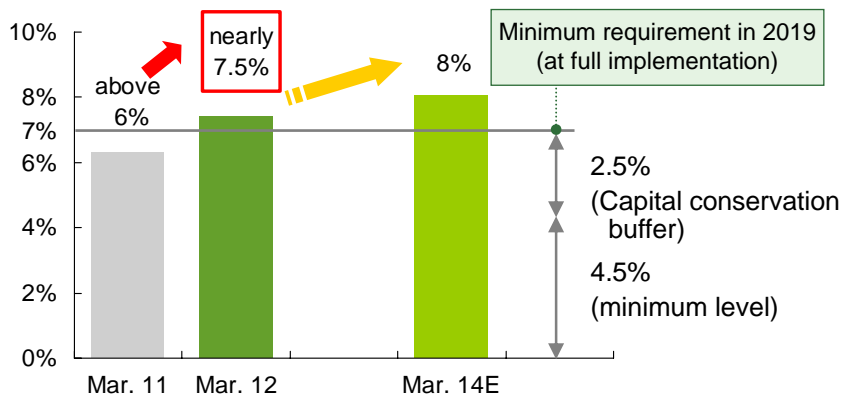
# 11. Capital policy (1) Core Tier I ratio, Risk-weighted assets

Core Tier I ratio, based on the definition as at the full implementation of Basel III, is nearly 7.5% as of March 2012; good progress to achieve the target of 8% by March 2014

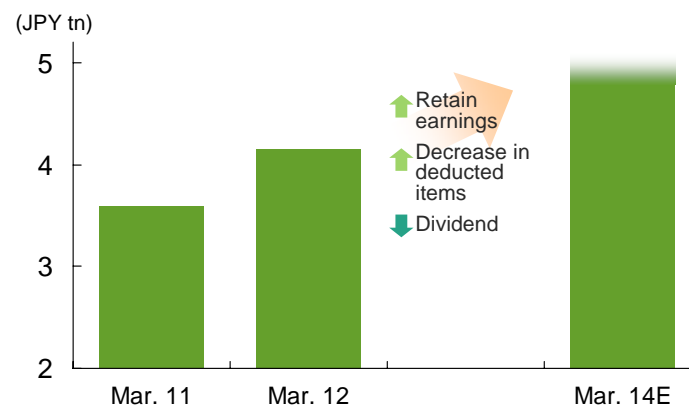
Improve the core Tier I ratio steadily by allocating risk-weighted assets to strategic business areas as well as reducing low profit assets and retaining earnings

## SMFG consolidated

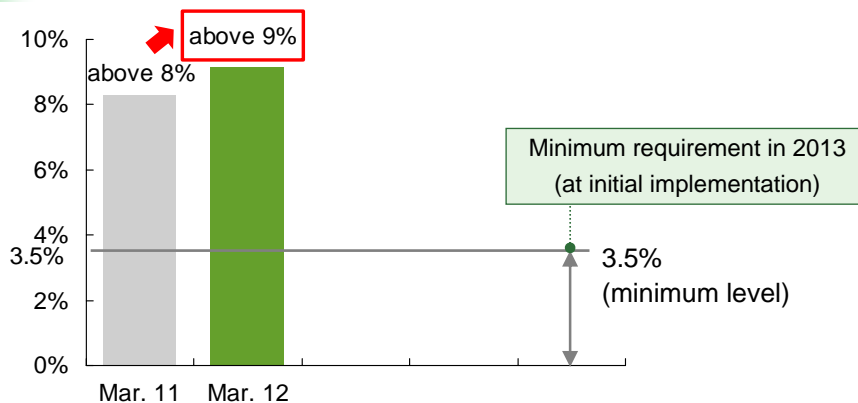
### Core Tier I ratio\*<sup>1</sup> based on the definition as at the full implementation of Basel III\*<sup>2,3</sup>



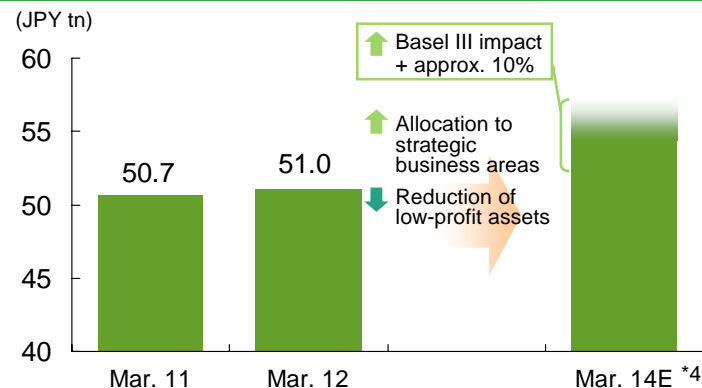
### Core Tier I capital based on the definition as at the full implementation of Basel III\*<sup>2,3</sup>



### Based on the definition as at the initial implementation of Basel III\*<sup>2</sup>



### Risk-weighted assets



\*1 Common Equity Tier 1 ratio under Basel III \*2 Pro forma \*3 Regulatory adjustments are fully deducted \*4 Estimates. Basel III basis

# 11. Capital policy (2) Additional Tier1 and Tier2 capital, return to shareholders

Maintain consolidated payout ratio of above 20%, sharing profits in a stable and continuous manner

## Capital policy

### Common equity Tier 1 capital (Core Tier I capital\*1)

- Aim for Core Tier I ratio of 8% at March 2014 by accumulating earnings
- Maintain Risk-weighted assets at JPY 55-60 tn level

### Additional Tier 1 capital

- Sufficient amount of preferred securities to be grandfathered beyond introduction of Basel III
- No need for issuance of "new-style" Tier I securities for a while

### Tier 2 capital

- Same as Additional Tier I capital
- Also able to issue "old-style" sub debt\*2 until FY3/2013

## Return to shareholders

- Dividends per share planned at JPY 100 in FY3/2013
- Above 20% consolidated payout ratio (FY3/2012: 26.8%, FY3/2013 estimate: 29.4%)

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13 forecast
Dividend per share (JPY)*3	90	100	100	100	100
BPS*4 (JPY, period-end)	2,790.27	3,391.75	3,533.47	3,856.37	
ROE*5	-	7.5%	9.9%	10.4%	

## Treasury stock (SMFG shares)

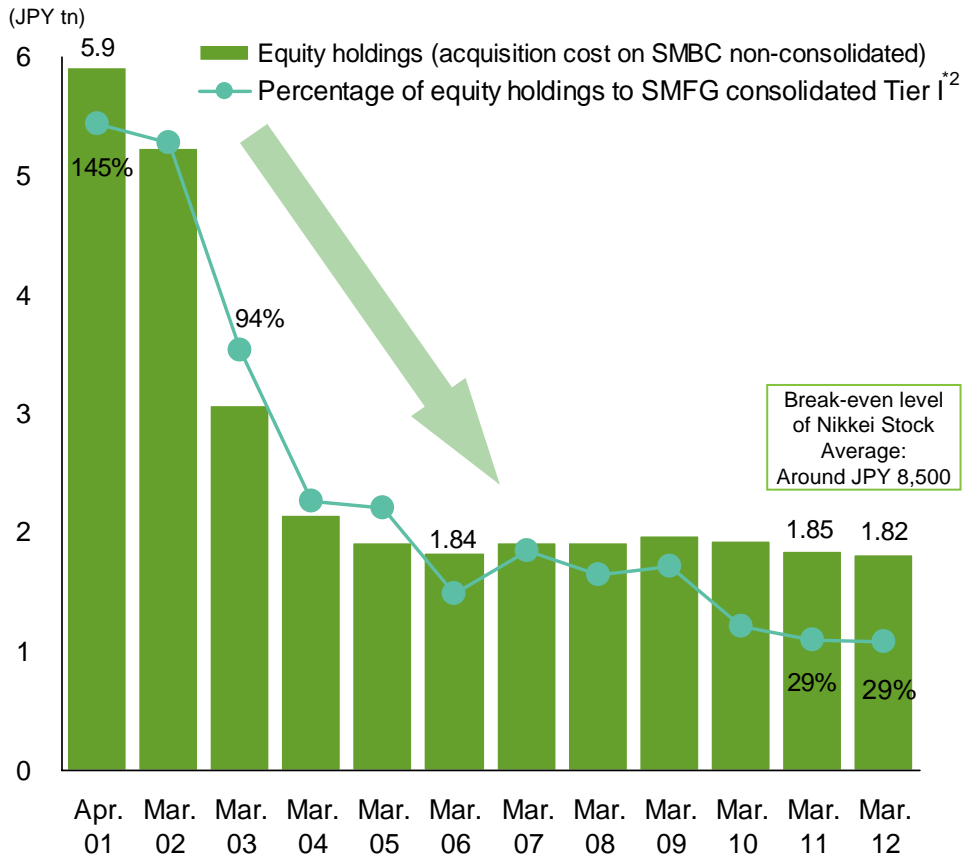
- Held by SMFG: 3.8 million shares\*6
- Held by SMBC: 56.2 million shares\*6
- (Due to share exchange for acquiring Promise)

\*1 Common Equity Tier 1 Capital under Basel III \*2 Subordinated debt issued based on Basel II and to be grandfathered beyond introduction of Basel III, such as bullet format, and callable format without step-up clause and redeemable 5 years after issuance \*3 common stock \*4 On a Net assets basis \*5 On a stockholders equity basis \*6 reflecting impact of 100% acquisition of Promise on April 1, 2012

## Reference: equity holdings

*Diminish impact of stock price fluctuation on capital by reducing the proportion of un-hedged equity to SMFG consolidated Tier I capital down to the level of 25% by March 2013 through selling and hedging; to that end, we intend to further strictly review the profitability and significance of the holdings. Ratio as of the end of March 2012 is 29%*

### Balance of equity holdings\*1



\*1 Balance of domestic stocks classified as other securities with fair value  
 \*2 Until Mar. 02, percentage to SMBC consolidated Tier I

### Changes in the environment

- Tightening of capital regulations

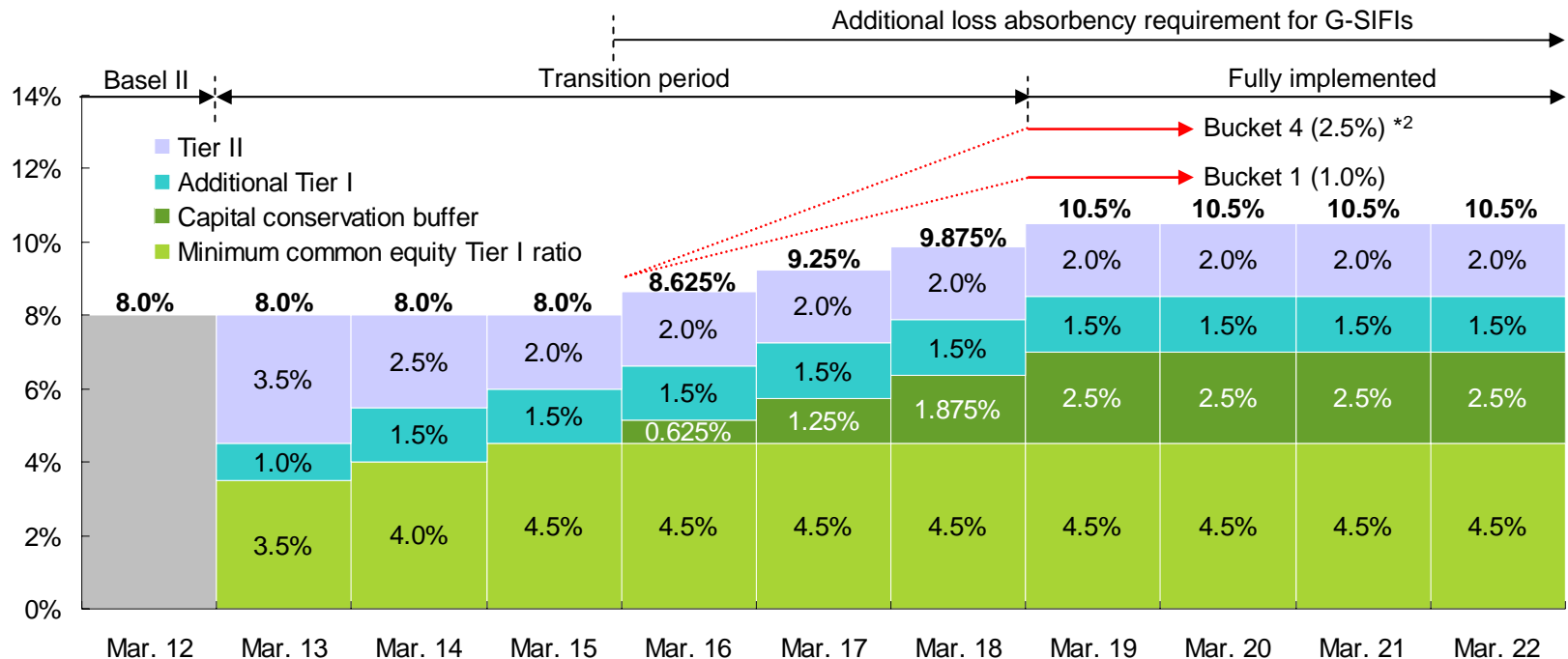
Need to minimize the impact of stock price fluctuation on our capital base

Reduce un-hedged equity to 25% of Tier I capital

# Reference: summary of regulatory capital framework

In March 2012, the Japanese FSA amended requirements regarding bank capital

- Basically consistent with Basel III text
- Effective from the end of March 2013 to conform with the fiscal year end of Japanese banks
- To be supplemented by details on application that will be published in due course<sup>\*1</sup>



Phase-in of deductions<sup>\*3</sup>

Grandfathering of capital instruments

-	20%	40%	60%	80%	100%	100%	100%	100%	100%
90%	80%	70%	60%	50%	40%	30%	20%	10%	-


\*1 Drafts of other rules that are to be implemented after 2014, such as rules on capital buffers and liquidity standards, will be published at a later stage

\*2 With an empty bucket of 3.5% to discourage further systemicness

\*3 Including amounts exceeding the limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions

# Reference: meeting international financial regulations

Estimate the impact of financial regulations on SMFG to be limited and currently have no material issues in meeting requirements. Continue to pay close attention to the discussions

Target institutions	Regulations	Contents of regulation	Effective date	Action taken & impact on SMFG
 <b>G-SIFIs</b>	G-SIFIs capital surcharge G20	<ul style="list-style-type: none"> <li>Required for additional loss absorption capacity above the Basel III minimum</li> <li>CET1 will be required at 8.0%-9.5% level</li> </ul>	2016	⊙ Aiming to achieve 8% Core Tier I ratio by end of Mar. 2014, earlier than deadline
	Recovery and Resolution Plan G20 US UK	<ul style="list-style-type: none"> <li>Should submit Group RRP by the end of 2012</li> <li>May need to submit RRP related to US operations</li> <li>Need to submit SMBCE's RRP to UKFSA</li> </ul>	End of 2012 US: End of 2013 ? UK: Jun. 2012	○ Work in progress to submit plans at respective due dates
<b>Internationally active banks</b>	OTC derivatives markets reforms G20 US	<ul style="list-style-type: none"> <li>Centralizing of OTC derivative clearing and capital requirements for exposures to CCPs</li> <li>Restricted banks' derivatives trading (Derivatives Push-Out Provision)</li> </ul>	Dec. 2012 US: Jul. 2012 ?	△ Taking actions needed although impact will be smaller compared to investment banks
	Limitation on banking activities - Retail ring fencing - Volcker Rule UK US	<ul style="list-style-type: none"> <li>Ring-fenced banks prohibited from providing certain services and required to be isolated from the rest of financial group in UK</li> <li>Depository institution and its affiliates prohibited from "proprietary trading", sponsorship and ownership in fund in US</li> </ul>	TBD Jul. 2012 ?	⊙ No retail business in UK (although paying close attention to the discussion) ○ Business related to regulation is limited. Paying close attention to discussions
	Capital requirement G20	<ul style="list-style-type: none"> <li>Required to raise the level and quality of the capital and enhance risk coverage under Basel III</li> </ul>	2013	⊙ Aiming to achieve 8% Core Tier I ratio by end of Mar. 2014, earlier than deadline
<b>Domestic banks</b>	Fundamental review of trading book	<ul style="list-style-type: none"> <li>Strengthened capital standards for market risk, such as reviewing the trading book/banking book boundary for capital regulation</li> </ul>	TBD	△ Details of regulation remain unclear. Certain impact will be possible depending on contents
	Leverage ratio requirement G20	<ul style="list-style-type: none"> <li>Non-risk-based measure based on "on- and off-accounting balance sheet items" against Tier I capital. Minimum requirement: 3% (transition period commenced in 2011)</li> </ul>	2018	○ Currently have no issues in meeting requirements although paying attention to national finish
	Minimum standards for liquidity (LCR / NSFR) G20	<ul style="list-style-type: none"> <li>LCR: Required to have sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. &gt;=100% needed</li> </ul>	2015	○ In good position due to domestic deposit base. Intend to further strengthen foreign currency ALM
		<ul style="list-style-type: none"> <li>NSFR: Required to maintain a sustainable maturity structure of assets and liabilities &gt;100% needed</li> </ul>	2018	
	Other regulations G20	<ul style="list-style-type: none"> <li>strengthen the oversight and regulation of the shadow banking system illustrated such as MMFs, securities lending and repos</li> </ul>	TBD	△ Direction of regulation unclear. Still need attention

⊙ Able to meet requirements easily ○ Able to meet requirements △ Impact unclear

## 12. Earnings forecast for FY3/2013

SMFG's consolidated net income forecast for FY3/2013 is JPY 480 bn, driven by an increase in contribution of group companies

		FY3/12 results	FY3/13 forecast	
			1H	
(JPY bn)				
SMBC non-consolidated	Gross banking profit	1,532.5	730	1,470
	Expenses*1	719.5	360	720
	<Overhead ratio>	46.9%	49.3%	49.0%
	Banking profit*2	813.0	370	750
	Total credit cost	58.6	30	100
	Gains (losses) on stocks	(15.2)		
	Ordinary profit	695.3	310	600
	Net income	478.0	200	380

SMFG consolidated	Ordinary profit	935.6	460	910
	Difference from SMBC non-consolidated	240.3	150	310
	Net income	518.5	250	480
	Difference from SMBC non-consolidated	40.5	50	100

### Assumption of earnings forecast\*3

		FY3/12 results	FY3/13 forecast
3M TIBOR		0.34%	0.33%
FF target rate		0.00 - 0.25%	0.00 - 0.25%
Exchange rate	(JPY/USD)	82.13	80
	(JPY/EUR)	109.73	100

[Breakdown of FY3/2013 forecast]

- ✓ Marketing Units: maintain FY3/2012 level due to an increase in International Banking Unit
- ✓ Treasury Unit: JPY (50) bn decrease

- ✓ Increase due to diminish in reversal of provisions and possible increase in 2H under the unstable and uncertain environment

- ✓ Promise and Cedyna, which recorded huge losses due to increase of provisions in FY3/2012, expected to turn into black

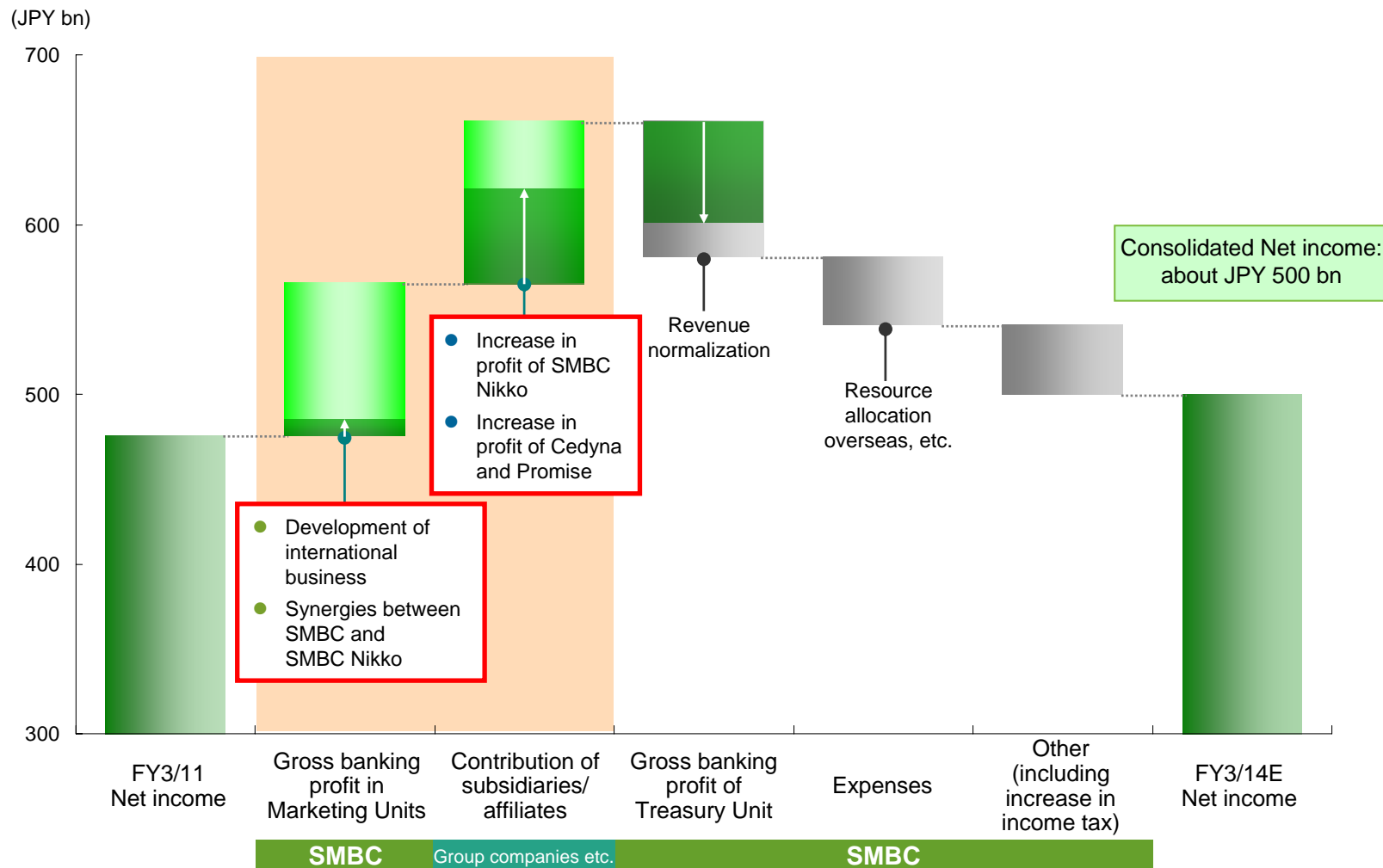
\*1 Excluding non-recurring losses \*2 Before provision for general reserve for possible loan losses

\*3 Nikkei stock average as of March 31, 2012, JPY10,083.56. Nominal GDP growth rate: FY3/2012 (2.2)%, FY3/2013 estimate +0.8% (estimate of Japan Research Institute as of April 2012)

# 13. Towards achieving the medium-term management plan

## (1) Forecast for FY3/2013

*In addition to development of international business and realizing synergies between SMBC and SMBC Nikko, we intend to leverage synergies between other group companies*



↑ ↓ : Change of FY3/2013 forecast from FY3/2011 results, including change in interest and exchange rates

# 13. Towards achieving the medium-term management plan

## (2) Financial targets

*Moving forward steadily towards achieving our medium-term management plan*

	Mar. 2011	Mar. 2012	FY3/2014 Target
<b>Core Tier I ratio (pro-forma)</b>			
Based on the definition as at the full implementation of Basel III	above 6%	nearly 7.5%	8%
Based on the definition as at the initial implementation of Basel III	above 8%	above 9%	

	FY3/2011	FY3/2012	FY3/2014 Target
<b>Consolidated net income RORA</b>	0.8%	0.9%	0.8%
<b>Consolidated overhead ratio</b>	52.5%	53.5%	50% - 55%
<b>SMBC non-consolidated overhead ratio</b>	45.6%	46.9%	45% - 50%
<b>Overseas banking profit ratio*</b>	23.3%	26.0%	30%

\* Based on the medium-term management plan assumed exchange rate of 1USD=JPY85 for FY3/2012 to FY3/2014



## ■ In closing - Management Principles “3C” -

Team SMFG , Team SMBC



**Cross-Selling**



**Credit Control**



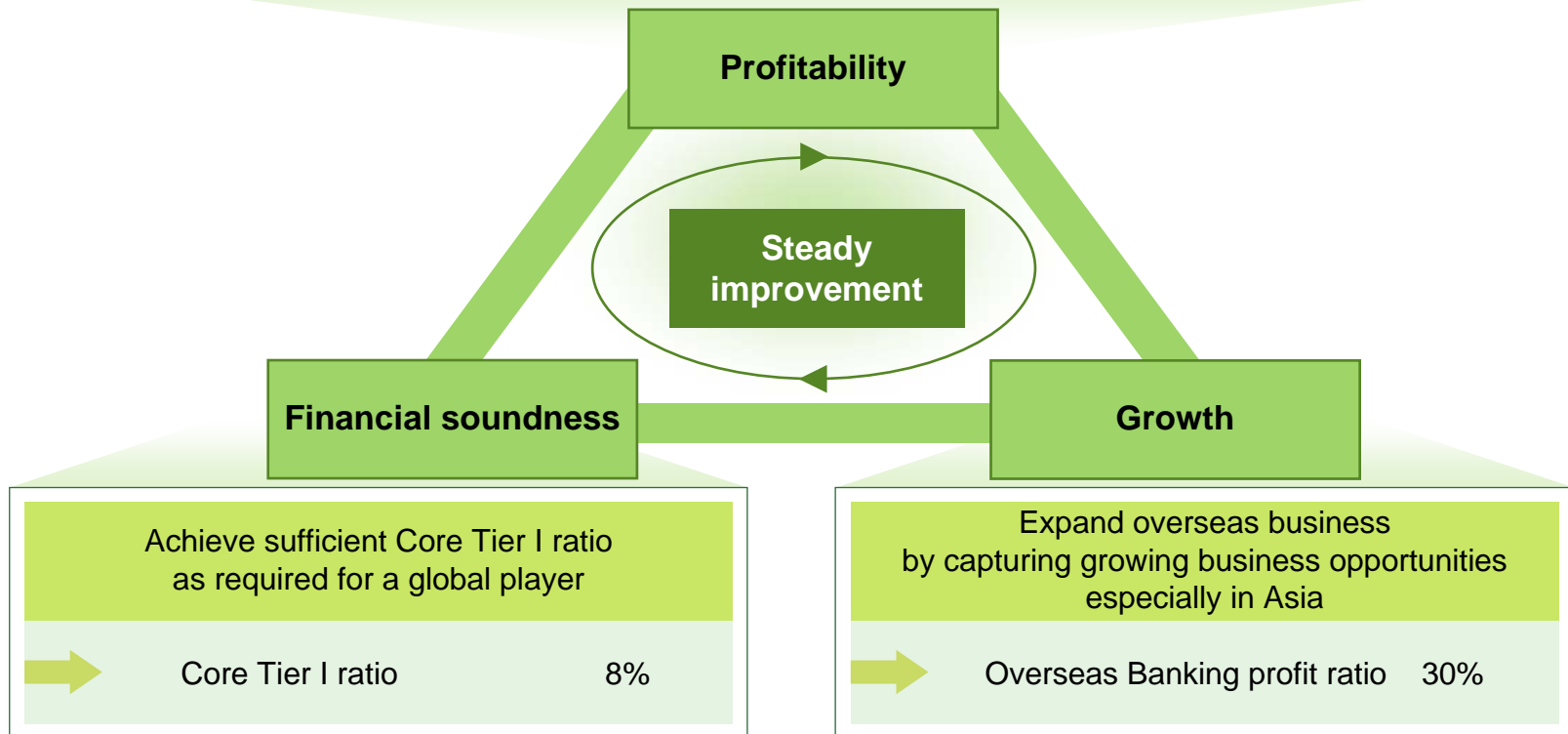
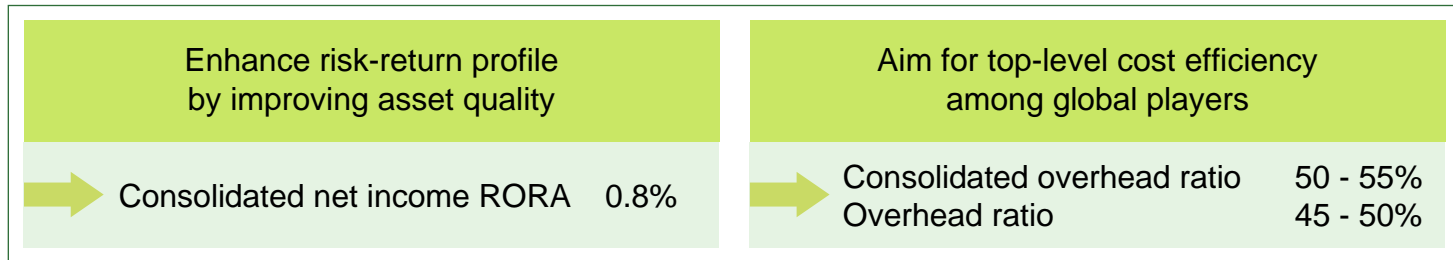
**Cost Control**

# Reference: management approach for sustainable growth

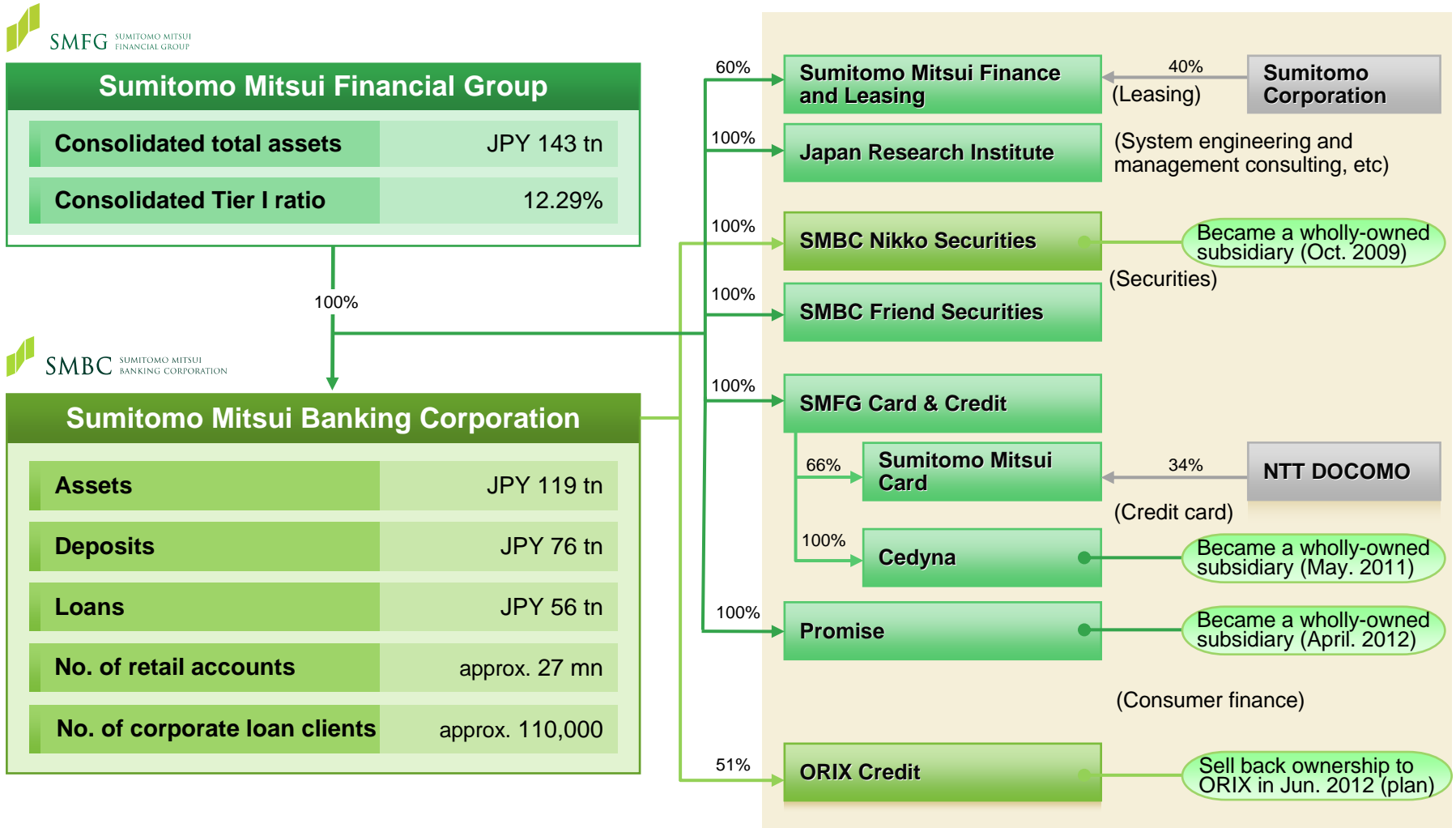
Achieve stable growth of consolidated net income

- Focus even more on return on risk and return on cost

⇒ “Better balance between” + “enhancement of” financial soundness, profitability, and growth



# Reference: group structure \*



\* As of May 25, 2012 for percentage of voting rights and as of March 31, 2012 for other figures

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate”, “estimate”, “expect”, “intend”, “may”, “plan”, “probability”, “risk”, “project”, “should”, “seek”, “target” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include the fragility of any economic recovery, both globally and in Japan; our ability to successfully implement its business and capital strategy; the success of our business alliances including those in the consumer finance industry; exposure to new risks as we expand the scope of our business; significant credit-related costs; declines in the value of our securities portfolio. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements. Please refer to our most recent disclosure documents such as our annual report or the registration statement on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as our earnings press releases for a more detailed description of the risks and uncertainties that may affect our financial conditions, our operating results, and investors’ decisions.

