

# Overview of 1H, FY3/2013 performance

LEAD THE VALUE

Sumitomo Mitsui Financial Group, Inc.

November 14, 2012

## Overview of 1H, FY3/2013 performance

### SMFG consolidated net income:

#### 1H results exceeded May forecast; revised full year forecast upward

- For 1H, FY3/2013, SMFG consolidated net income was JPY 331.0 bn, a JPY 81.0 bn increase compared with May forecast due mainly to good results of SMBC and other group companies
- SMBC non-consolidated net income was JPY 239.7 bn, a JPY 39.7 bn increase compared with May forecast due to a good performance of Treasury unit and a decrease of total credit cost, despite an incurred losses on stocks at SMBC
- SMFG consolidated net income forecast for FY3/2013 was revised upward from JPY 480 bn to JPY 540 bn

### Per share information (SMFG consolidated)

	1H, FY3/2013 results	Change from May forecast	YOY change
Net income per share	JPY 244.50	+JPY 59.86	+JPY 19.46
ROE *	12.8%		+0.2%
Dividend per share	JPY 50	-	-

FY3/2013 (Nov. forecast)	Change from May forecast
JPY 398.84	+JPY 44.32
JPY 100	-

	Sep. 30, 2012	Change from Mar. 31, 2012
Net Assets per share	JPY 3,966.30	+JPY 109.93

\* Annualized

# Overview of 1H, FY3/2013 results and progress of strategic initiatives

## Key financial figures

### Gross banking profit

SMBC non-consolidated

In comparison with the business plan,  
Marketing units: in line; Treasury unit: exceeded

v.s. May  
forecast  
+JPY 56.7 bn

JPY 786.7 bn

### Total credit cost

SMBC non-consolidated

Net reversal from our individualized efforts to  
assist certain debtors to improve their  
businesses and financial conditions

v.s. May  
forecast  
JPY (54.4) bn

Net reversal  
JPY 24.4 bn

### Net income

SMFG consolidated

Exceeded May forecast mainly from good results  
of SMBC Consumer Finance and other group  
companies

v.s. May  
forecast  
+JPY 81.0 bn

JPY 331.0 bn

## Progress towards financial targets in the medium-term management plan

	FY3/2011	1H, FY3/2013	FY3/2014 Targets
Core Tier I ratio (pro forma)			
Basel III fully loaded basis	above 6%	around 7.5%	8%
Basel III transitional basis	above 8%	around 9.5%	
Consolidated net income RORA	0.8%	1.2%*2	0.8%
Consolidated overhead ratio	52.5%	51.7%	50%-55%
SMBC non-consolidated overhead ratio	45.6%	45.5%	45%-50%
Overseas banking profit ratio*1	23.3%	30.7%	30%

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

\*2 Annualized

## Progress of strategic initiatives

### Development of international business

- Established three marketing offices in emerging markets, mainly in Asia, increased overseas headcount and educated / promoted overseas local staffs
- Further promoted infrastructure finance and trade finance
- Completed acquisition of aircraft leasing business from The RBS Group and commenced its operation as SMBC Aviation Capital
- Diversified and enhanced foreign-currency funding sources, by issuing USD denominated senior bonds to overseas institutional investors and AUD denominated senior bonds to domestic individual investors

### Synergies between SMBC and SMBC Nikko

- Released an on-line account linkage service called "Bank and Trade" (Oct. 2012)
- Strengthened cooperation between SMBC and SMBC Nikko, including in asset management business
- Established capability for handling cross-border M&A
- Reinforced internal management system

### Consumer finance business

- SMFG made Promise a wholly owned subsidiary in April 2012; Promise was renamed SMBC Consumer Finance in July 2012
- SMBC sold its share of ORIX Credit to ORIX
- SMBC Consumer Finance agreed with BTMU to dissolve Mobit joint venture, with the loan business being transferred to SMBC Consumer Finance

# 1H, FY3/2013 financial performance and revision of earnings forecast

## P/L

		P/L			FY3/2013 (Nov. forecast)	
(JPY bn)		1H, FY3/2013	Change from May forecast	YOY change	Change from May forecast	
SMBC <non-consolidated>	<b>Gross banking Profit</b>	786.7	+56.7	(32.8)	1,490	+20
	of which Gains (losses) on bonds	117.3	/	(7.1)		
	<b>Expenses*1</b>	(358.0)	+2.0	(3.4)	(720)	-
	<b>&lt;OHR&gt;</b>	45.5%	(3.8)%	+2.2%	48.3%	(0.7)%
	<b>Banking profit*2</b>	428.7	+58.7	(36.2)	770	+20
	<b>Total credit cost</b>	24.4	+54.4	+27.3	(80)	+20
	<b>Gains (losses) on stocks</b>	(133.6)	/	(87.5)		
	<b>Ordinary profit</b>	274.5	(35.5)	(123.0)	490	(110)
	<b>Net income</b>	239.7	+39.7	(50.9)	400	+20
SMFG <consolidated>	<b>Ordinary profit</b>	468.2	+8.2	(78.3)	830	(80)
	Variance with SMBC non-consolidated	193.7	+43.7	+44.8	340	+30
	<b>Net income</b>	331.0	+81.0	+17.3	540	+60
	Variance with SMBC non-consolidated	91.3	+41.3	+68.1	140	+40

## 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		

## Contribution of subsidiaries to SMFG's Net income

	1H, FY3/2013	YOY change
(JPY bn)		
<b>SMBC Consumer Finance*3</b>	31	+77
<b>SMBC Guarantee</b>	12	(1)
<b>Sumitomo Mitsui Finance and Leasing</b>	11	(1)
<b>Cedyna</b>	9	+3
<b>Sumitomo Mitsui Card</b>	8	(0)
<b>SMBC Nikko Securities</b>	8	(3)

\*1 Excluding non-recurring losses

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

\*3 Became subsidiary of SMFG in Dec. 2011. Figures for 1H, FY3/2012 were included as a 22% owned affiliated company and figures for 1H, FY3/2013 were included as a wholly-owned subsidiary

# Performance and loan balance by Business Unit\*1 on SMBC non-consolidated

(JPY bn)

	1H, FY3/12	1H, FY3/13	YOY change*2
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	1H, FY3/12	1H, FY3/13	YOY change*2
Consumer Banking Unit	Gross banking profit	192.3	174.8 (10.6)
	Expenses	143.0	140.9 (2.4)
	Banking profit	49.3	33.9 (8.2)
Middle Market Banking Unit	Gross banking profit	208.8	201.8 (4.0)
	Expenses	110.8	106.7 (2.4)
	Banking profit	98.0	95.1 (1.6)
Corporate Banking Unit	Gross banking profit	102.6	96.1 (1.8)
	Expenses	18.9	19.5 + 0.2
	Banking profit	83.7	76.6 (2.0)
International Banking Unit (IBU)	Gross banking profit	93.5	107.3 + 12.0
	Expenses	31.0	36.3 + 4.5
	Banking profit	62.5	71.0 + 7.5
Marketing Units	Gross banking profit	597.2	580.0 (4.4)
	Expenses	303.7	303.4 (0.1)
	Banking profit	293.5	276.6 (4.3)
Treasury Unit	Gross banking profit	227.3	201.7 (25.6)
	Expenses	9.5	10.2 + 0.8
	Banking profit	217.8	191.5 (26.4)
Headquarters	Gross banking profit	(5.0)	5.0 (2.8)
	Expenses	41.4	44.4 + 2.7
	Banking profit	(46.4)	(39.4) (5.5)
Total (Business Units)	Gross banking profit	819.5	786.7 (32.8)
	Expenses	354.6	358.0 + 3.4
	Banking profit	464.9	428.7 (36.2)

## Gross banking profit by product

(JPY bn)  
YOY change\*2

of which:		
Income on domestic loans	230.6	(12.8)
Income on domestic yen deposits	74.3	+1.3
IBU's interest related income*3	64.1	+9.1
Interest income	398.4	(1.9)
of which:		
Investment trust	17.8	(9.7)
Single premium type permanent life insurance	6.8	+2.0
Level premium insurance	5.5	+2.5
Income relating to Financial consulting for retail customers	33.6	(6.8)
of which:		
Loan syndication	20.6	+0.4
Structured finance*4	25.0	+0.6
Real estate finance*4	14.2	(1.5)
Income related to IB*5 business*4	70.9	(0.5)
of which:		
Sales of derivatives	9.0	+1.3
Money remittance, Electronic banking	45.7	(0.8)
Foreign exchange	21.6	(0.1)
IBU's non-interest income*3	45.9	+3.0
Non-interest income	181.6	(2.5)
Gross banking profit of Marketing Units	580.0	(4.4)

Adjustment of interest rates and exchange rates etc.: (12.8)

Nominal  
YOY  
change:  
(17.2)

## Average loan balance and spread by business unit

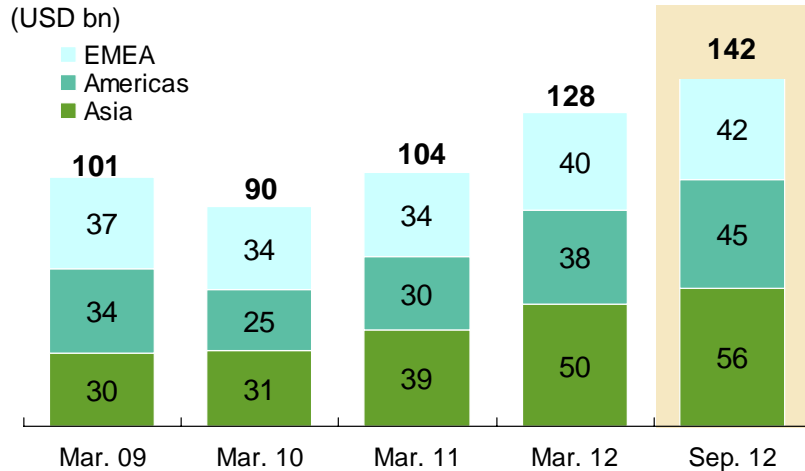
	Balance		Spread	
	1H, FY3/13	YOY change*2	1H, FY3/13	YOY change*2
(JPY tn, %)				
Domestic loans	45.8	(2.3)*5	1.04	(0.01)
of which:				
Consumer Banking Unit	15.2	(0.2)	1.44	(0.02)
Middle Market Banking Unit	16.3	(0.4)	1.08	(0.07)
Corporate Banking Unit	11.5	(0.2)	0.66	(0.02)

\*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

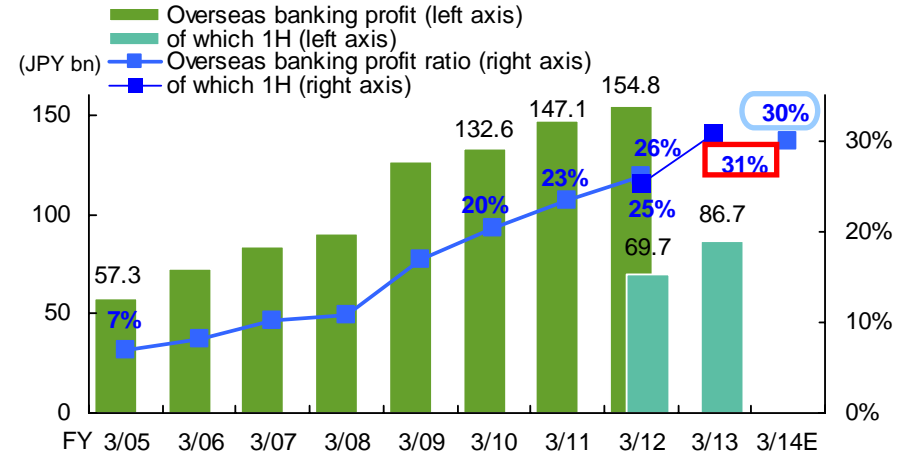
\*4 Including interest income \*5 of which JPY (1.8) tn was resulted from a decrease of balance of loans to government

# Development of international business

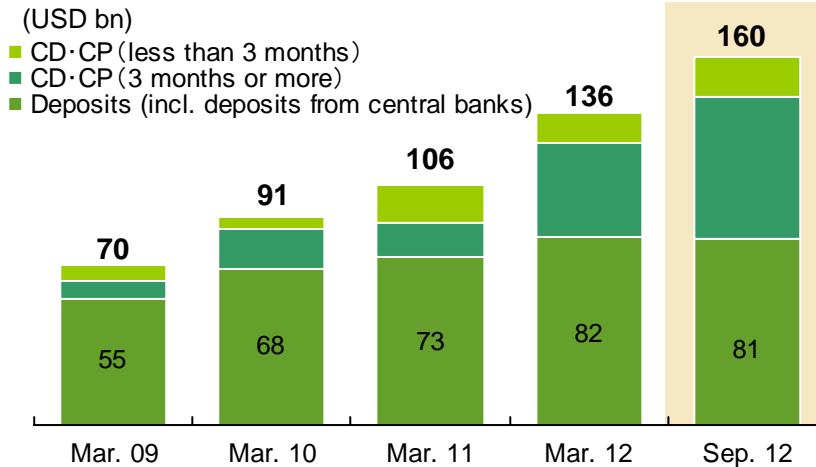
## Overseas loan balance\*1



## Overseas banking profit and ratio\*2 (before provisioning)



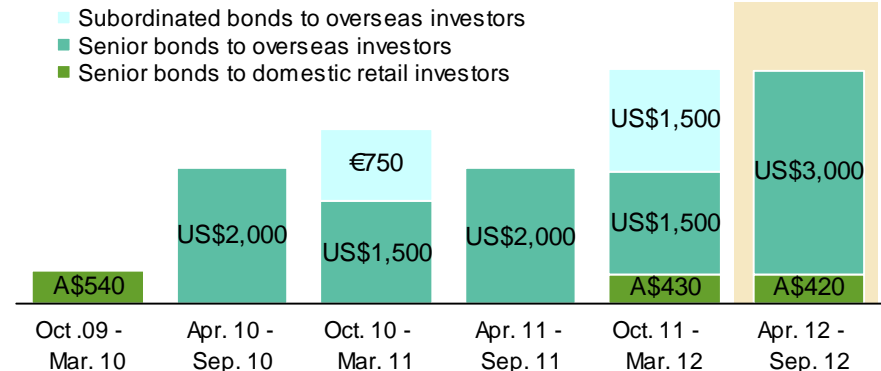
## Overseas deposit balance\*1



## Diversification of foreign-currency funding

- Issued foreign-currency denominated senior bonds to:
  - overseas institutional investors in Jul. 2012
  - domestic retail investors in Jun. 2012

## Issue amount of foreign-currency denominated bonds (mn)



\*1 Managerial accounting basis (exchanged at respective term-end fx rate).  
Sum of SMBC, SMBC Europe and SMBC (China)

\*2 Managerial accounting basis. Sum of SMBC and major overseas subsidiary banks.  
Based on the medium-term management plan assumed exchange rate of USD1=JPY85.

# Synergies between SMBC and SMBC Nikko

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

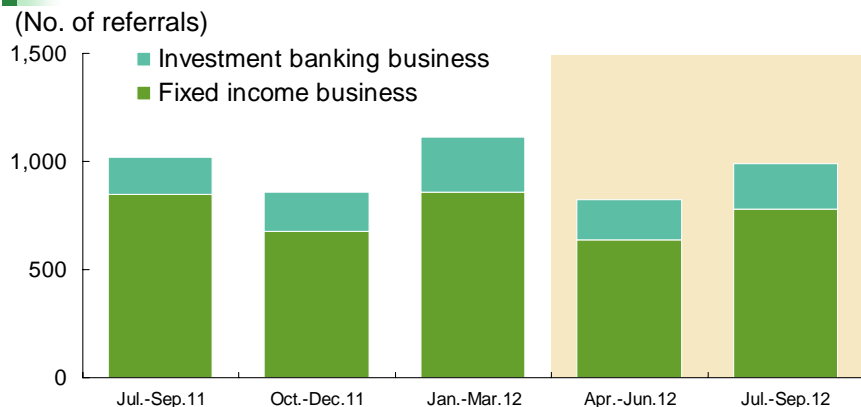
(JPY bn)	1H, FY3/2012	1H, FY3/2013	YOY change
Net operating revenue	112.5	108.5	(4.0)
SG&A expenses	(91.0)	(91.8)	(0.8)
Ordinary profit	21.8	17.3	(4.5)
Net income	10.7	6.6	(4.1)

## League tables as of 1H, FY3/2013

	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount)*1	#5	13.6%
JPY denominated bonds (lead manager, underwriting amount)*2	#5	7.3%
Financial advisor (M&A, transaction volume)*3	#4	27.6%
Financial advisor (M&A, No. of deals)*3	#6	2.2%

## Synergies between SMBC and SMBC Nikko

### Number of referrals from SMBC to SMBC Nikko



## Topics

- SMBC Nikko sold JPY 355.8 bn or 41% of the total issued amount of Reconstruction Bonds / Reconstruction Supporters' Bonds for retail investors during Jan. - Oct. 2012
- Nikko JF Asia Discovery Fund became the largest among all domestic funds launched since Sep. 2008 measured by launch value of JPY 131.3 bn
- Call center received awards
  - Obtained certifications of "COPC@CSP Standards" for five consecutive years
  - Awarded the best prize at the contest of "Best Contact Center of The Year 2012"
- Commenced Japanese stock brokerage and M&A advisory business in Singapore in Oct. 2012
- Launched testamentary trust agency business in Nov. 2012

\*1 Source: SMBC Nikko, based on data from Thomson Reuters. Relating to Japanese corporations'activities only

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

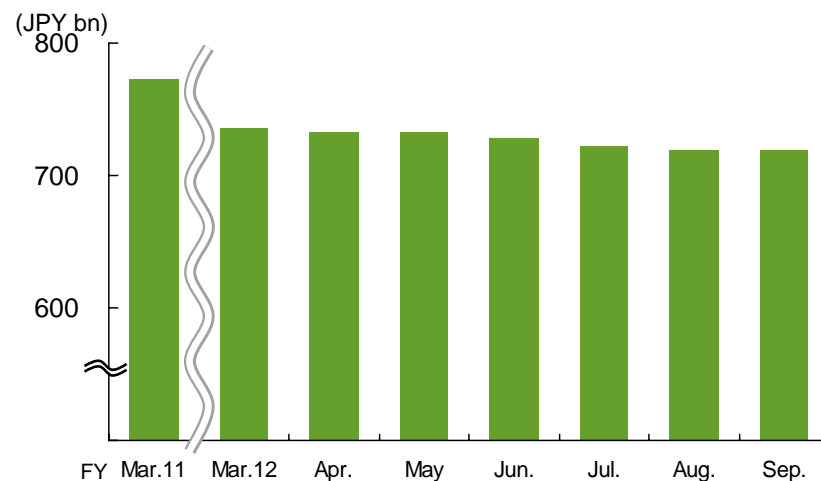
\*3 Source: Thomson Reuters. Relating to Japanese corporations'activities only Excluding real estate deals

# Consumer finance business

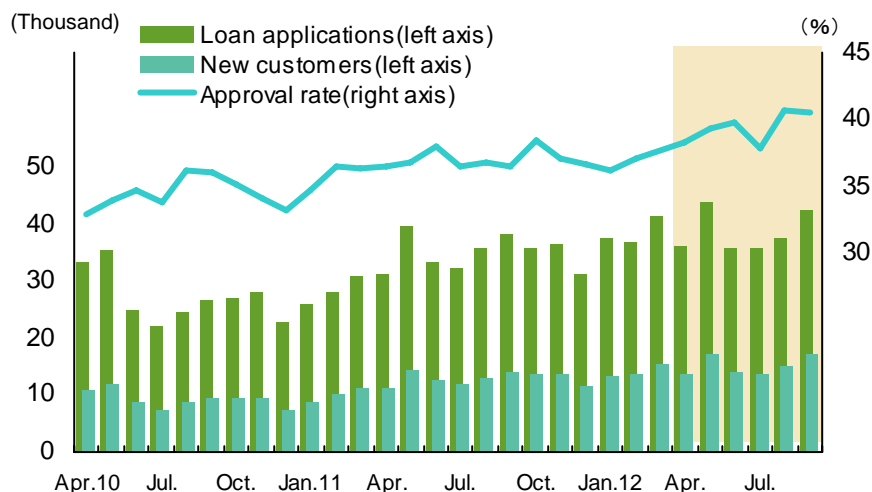
## SMBC Consumer Finance's financial performance on a consolidated basis

(JPY bn)	1H, FY3/2012	1H, FY3/2013	YOY change
Operating income	100.4	93.4	(7.0)
Ordinary profit*1	(205.7)	32.0	+237.7
Net income*1	(208.6)	30.6	+239.2
Consumer loans outstanding	801.3	746.4	

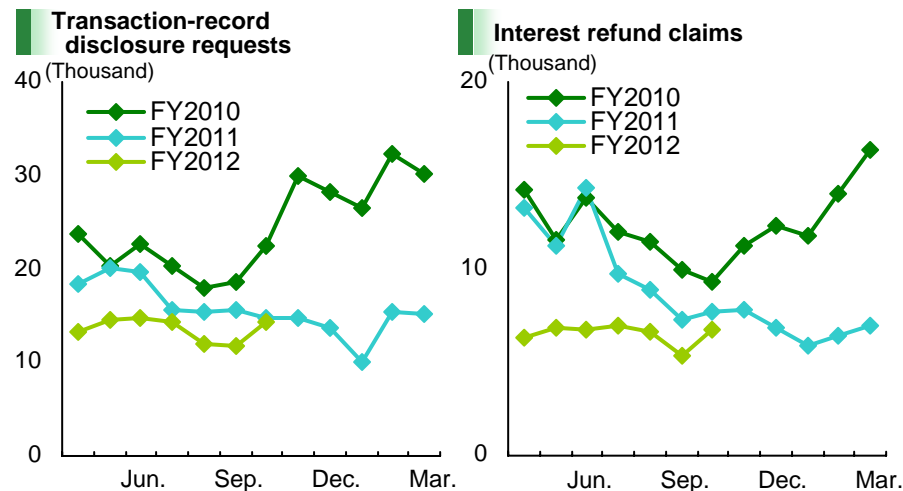
## Consumer loans outstanding in SMBC Consumer Finance\*2



## Loan applications and new customers/ approval rate in SMBC Consumer Finance



## Transaction-record disclosure requests and Interest refund claims in SMBC Consumer Finance\*2



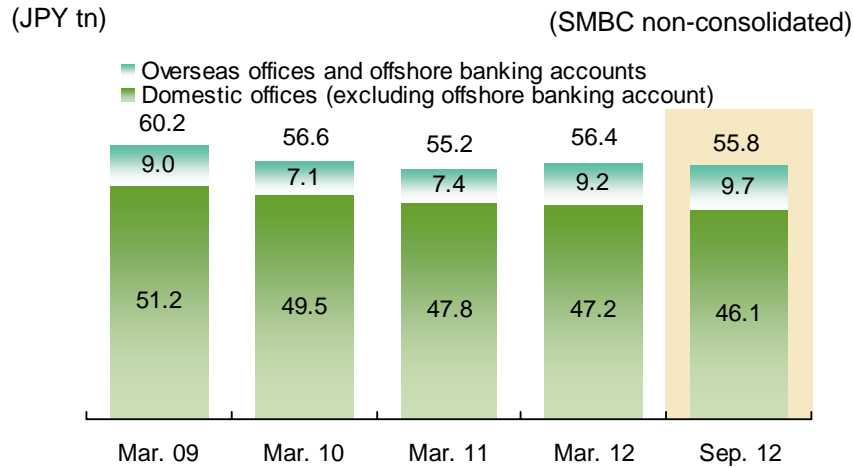
\*1 In 1H, FY3/2012, implemented an additional provision of the interest refund-related allowance to sufficiently prepare for the interest refund claims

\*2 Non-consolidated basis

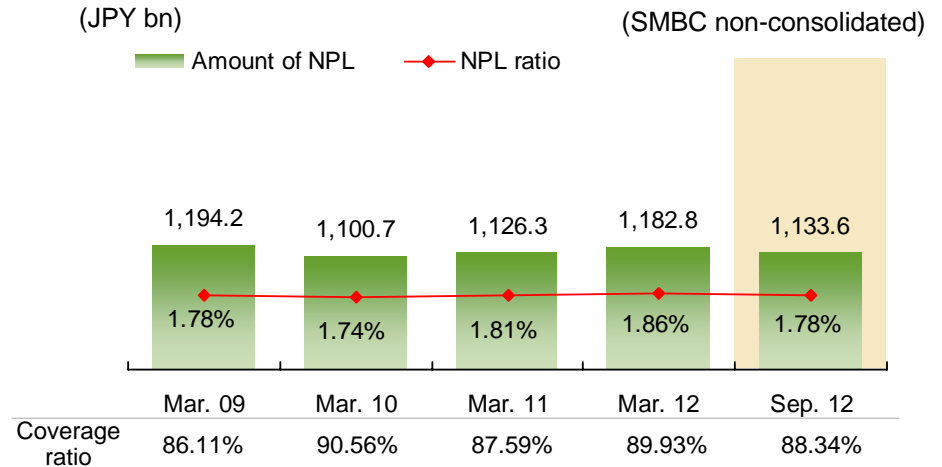


# Trends of balance sheet related Items

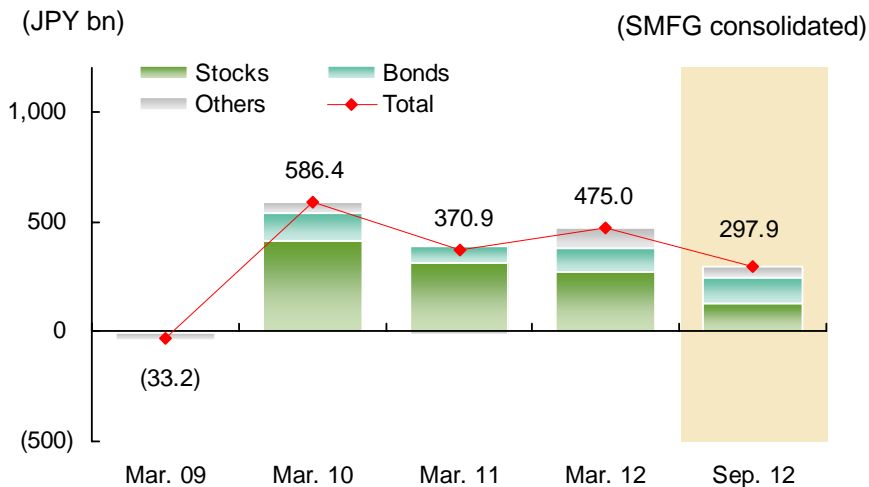
## Loan balance



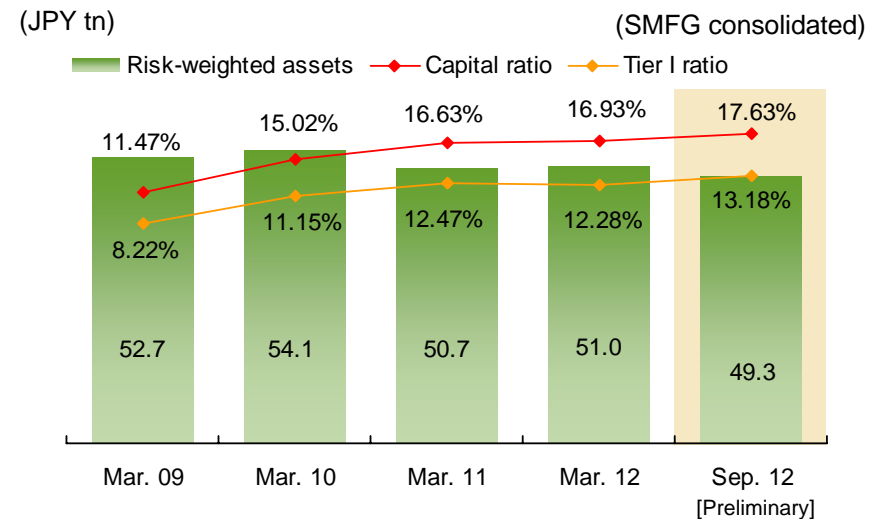
## NPLs and NPL ratio\*1



## Unrealized gains (losses) on other securities



## Risk-weighted assets and Capital / Tier I ratio\*2



\*1 NPL ratio = NPLs based on the Financial Reconstruction Law (excluding normal assets) / Total claims

\*2 Based on Basel II standard (Credit risk: AIRB, Operational risk: AMA)

# Capital and risk-weighted assets

## SMFG consolidated

(JPY bn)	Mar. 31, 12 (a)	Sep. 30, 12 <preliminary> (b)	(b) - (a)
<b>Tier I</b>	<b>6,272.3</b>	<b>6,506.3</b>	<b>+234.1</b>
of which:			
Capital stock & Capital surplus	3,097.7	3,096.5	(1.2)
Retained earnings	2,084.4	2,348.3	+ 263.9 (1)
Preferred securities issued by overseas SPCs	1,588.9	1,557.4	(31.5)
Foreign currency translation adjustment	(141.4)	(126.1)	+15.3
Increase in equity capital resulting from a securitization exposure	(38.3)	(39.1)	(0.8)
<b>Tier II</b>	<b>2,771.1</b>	<b>2,588.3</b>	<b>(182.8)</b>
of which:			
Unrealized gains on other securities after 55% discount	214.6	131.5	(83.1)
General reserve for loan losses	66.7	59.3	(7.4)
Perpetual subordinated debt	149.2	142.5	(6.6)
Dated subordinated debt	2,304.9	2,219.1	(85.8) (2)
Deduction	(399.6)	(390.5)	+9.2
Total capital	8,643.8	8,704.2	+ 60.4
Risk-weighted assets	51,043.2	49,344.8	(1,698.5) (3)
<b>Capital ratio</b>	<b>16.93%</b>	<b>17.63%</b>	<b>+0.70%</b>
Tier I ratio	<b>12.28%</b>	<b>13.18%</b>	+0.90%
Core Tier I ratio (pro forma)			
Basel III fully loaded basis	nearly 7.5%	around 7.5%	
Basel III transitional basis	above 9%	around 9.5%	
<b>Net deferred tax assets</b>	<b>350.2</b>	<b>419.1</b>	<b>+68.9</b>

## [Notes]

### Tier I

(1) Consolidated Net income	+JPY 331.0 bn
Dividends	JPY (70.5) bn

Net deferred tax assets / SMFG consolidated Tier I capital:  
6.44% as of Sep. 2012, increased by 0.86% compared with Mar. 2012

### Tier II

(2) Redemption of subordinated debt, etc	JPY (92.4) bn
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### Risk-weighted assets

(JPY bn)	Mar. 31, 12	Sep. 31, 12 <preliminary>	Change from Mar. 31, 12
(3) Credit risk-weighted assets	45,976.5	44,651.3	(1,325.2)
Market risk equivalent	1,174.2	1,211.9	+37.7
Operational risk equivalent	3,892.5	3,481.6	(410.9)
<b>Total</b>	<b>51,043.2</b>	<b>49,344.8</b>	<b>(1,698.5)</b>

Decreased mainly as a result of a decline of corporate exposures resulting from a decrease of loan balance to lower rated companies and JPY appreciation, despite an increase due to an acquisition of SMBC Aviation Capital

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

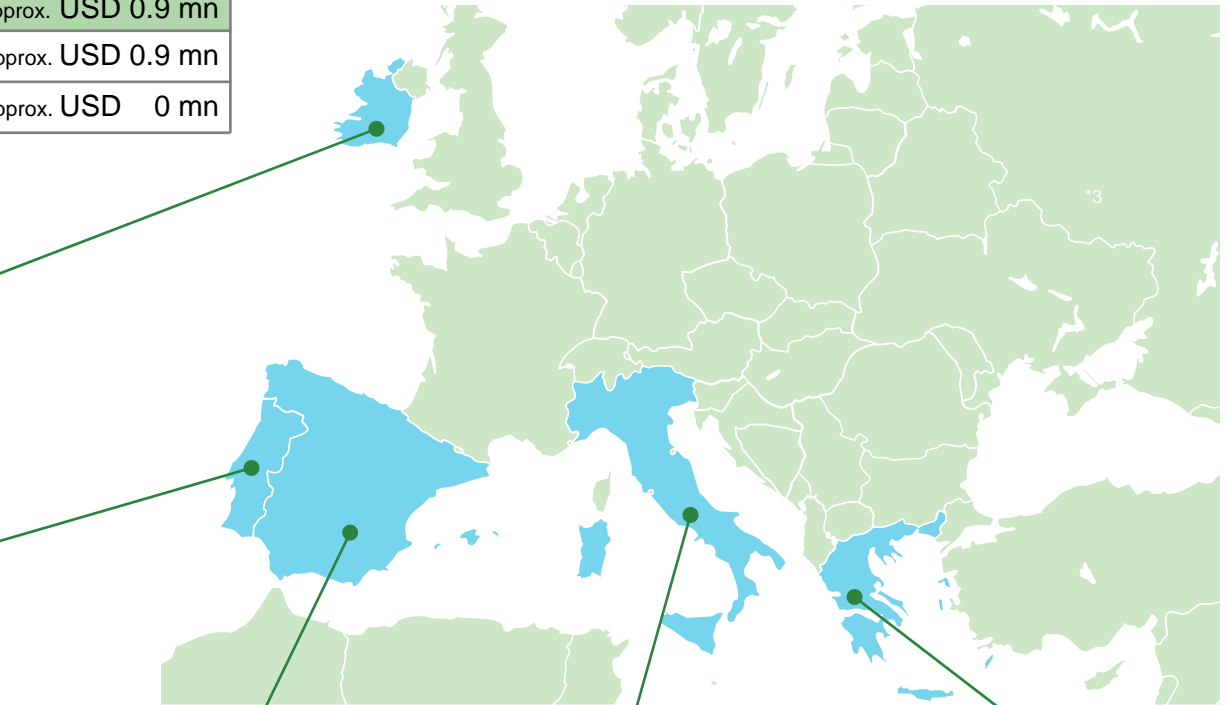
# Exposure to GIIPS Countries

Exposure to GIIPS countries - approx. USD 7.3 billion\*<sup>1</sup> as of September 2012

Gov't bonds issued by GIIPS countries* <sup>2</sup>	approx. USD 0.9 mn
Italy	approx. USD 0.9 mn
Greece	approx. USD 0 mn

**Ireland**  
 approx. USD 1.4 bn\*<sup>1</sup>  
 Aircraft leasing

**Portugal**  
 approx. USD 0.02 bn



**Spain**  
 approx. USD 2.5bn\*<sup>1</sup>  
 To large corporations and project finance

**Italy**  
 approx. USD 3.2 bn  
 To large corporations and project finance

**Greece**  
 approx. USD 0.21 bn\*<sup>1</sup>  
 Aircraft leasing

\*1 Aircraft leasing by newly consolidated SMBC Aviation Capital is approx. USD 1.5 bn in total; approx. USD 1 bn in Ireland, approx. USD 0.3 bn in Spain and approx. 0.18 bn in Greece\*

\*2 Secondary holdings of government bonds in SMBC Nikko

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Please refer to our most recent disclosure documents such as our annual report or registration statement on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and results of operations, and investors’ decisions.