

March 2013

Presentation at CLSA Japan Forum 2013 and Daiwa Investment Conference 2013

Koichi Miyata, President
Sumitomo Mitsui Financial Group, Inc.

< Presentation Summary >

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Today, I would like to present an overview of SMFG, our strengths and growth strategy.

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SMFG, which comprises SMBC as its core bank, was formed in December 2002. At that time, about 80% of consolidated gross profit came from SMBC and just 20% from group companies.

Since then, we have added leading players in their respective fields to our group by bringing them in from beyond the Mitsui and Sumitomo groups of companies. Domestically, we added SMBC Nikko Securities, Cedyne and SMBC Consumer Finance. Internationally, we added SMBC Aviation Capital.

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As a result, thanks in part to the contribution from these new companies, we have been able to increase consolidated gross profit steadily. In the first half of fiscal 2012 (fiscal year ending March 31, 2013), 40% of consolidated gross profit came from group companies other than SMBC.

Now, we have grown into a diversified financial services group, which encompasses major leasing, securities, consumer finance companies and a research entity as well as the commercial banks. The fact that many of the group companies are wholly owned does give SMFG a great degree of control and flexibility in the allocation of resources within the group.

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As for SMFG's financial performance, in the first nine months of this fiscal year, consolidated net income reached JPY 550.4 billion, ahead of our full year forecast of JPY 540 billion. This was due to the strong financial performance of SMBC and the growing contribution from other group companies.

I would also like to emphasize that all major subsidiaries made a profit in the first half of this fiscal year.

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Total consolidated assets of SMFG amounted to JPY 139 trillion as of September 2012. The loan-to-deposit ratio was 65.5%, which means we have ample liquidity thanks to our abundant domestic deposit base.

We have gradually strengthened our capital base. SMFG's Core Tier I ratio on a Basel III fully-loaded basis as of December 2012 was nearly 8%. By the end of March 2013, six years ahead of the 2019 deadline, we expect to achieve 8% which is the minimum regulatory requirement including the one percentage point surcharge as one of the G-SIBs.

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Let me talk about our asset quality. The chart shows our exposures classified by internal rating. Our internal rating is divided into 10 layers. "1" is the highest rating, which means that the probability of default is the lowest.

We have been working to improve our asset quality and risk-return profile. As a result, for domestic exposures, those rated within the "1-3" range have increased while those rated "7" have decreased. For overseas exposures, the vast majority of borrowers are blue chip companies which are rated within "1-3".

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Our strengths are high profitability and efficiency.

For example, our domestic loan-to-deposit spread is the highest among the three Japanese mega-banks. This is partly because we have a portfolio which is well balanced between individuals, SMEs, large corporations and government etc. About 70% of SMBC's domestic loan balance is to individuals and SMEs, which is about ten percentage points higher than other Japanese mega-banks.

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The average spread on the overseas loan book has been improving. In addition to project finance, in which we have a market-leading position, we have competitive advantages in loan syndications and cash management services in Asia.

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As for efficiency, our overhead ratio is the lowest among domestic and global peers.

We would like to extend SMBC's competitive advantage in cost control to other SMFG group companies.

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Our competitive edge is reflected in banking profit per employee and consolidated net income RORA. We have the strongest figures among the three Japanese mega-banks.

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Following the steep decline in ROE which affected many banks around the world immediately after the Lehman shock, we have been able to maintain a top-class ROE by generating steady profits, whilst enhancing our capital base.

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Let me talk about "Abenomics" and its impact on business opportunities for us. We would like to contribute actively to the revival of the Japanese economy and to generate growth for ourselves by a) providing financing to support economic recovery, b) promoting the shift from savings to investment and c) capitalizing on the growth of emerging countries in Asia and elsewhere. Let me talk about this more specifically with reference to the following pages.

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Two and a half years ago, we set up a "Growth Industry Cluster Dept." as a project team to support growth industries such as renewable energy, water, the environment and natural resources. Going forward, we will consider adding medical care, nursing care and agriculture. We are supporting projects from upstream to downstream by accumulating know-how and forming consortia through coordination of individual transactions with customers and by leveraging our broad relationships with Japanese companies and government agencies combined with our capability in providing comprehensive financial services.

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In our consumer finance business, the number of interest refund claims to SMBC Consumer Finance, our core company in this business area, is starting to stabilize. We are now going to concentrate on unsecured loan business, loan guarantee business and overseas business in Asia as the three pillars for growth going forward.

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In our retail financial consulting business, we provide services to each customer segment by utilizing SMBC's customer base of 25 million together with the strong retail franchise of SMBC Nikko.

We will further strengthen our consulting capability to respond to customer needs, including the growing need for inheritance planning services.

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In the securities business, SMBC Nikko, our principle securities company, has remained profitable even when competitors have not, by leveraging its retail business as a stable profit base.

In the third quarter of fiscal 2012, SMBC Nikko achieved its highest levels of net operating revenue and ordinary profit on a quarterly basis since joining SMFG group in October 2009, thanks to the recent market improvement.

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In overseas business, we are making investments to capture growth in Asia and emerging countries, in addition to the U.S. and European markets. We have already achieved the 30% target for our overseas banking profit ratio set out in the medium-term management plan in the first half of fiscal 2012.

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We will continue to strive to achieve a well-balanced and steady improvement in financial soundness, profitability and growth. At the same time, we will examine the mid-to-long term return to our shareholders, as well as making additional investments for growth.

(End)