Sumitomo Mitsui Financial Group, Inc.

# Major questions and answers on the financial results for FY3/2013

Frequently asked questions on the financial results for FY3/2013, announced on May 15, 2013 and our answers are as follows.
For the overview of the financial results, please refer to the announcement posted on our website at
www.smfg.co.jp/english/investor/financial/latest_statement/2013_3/h2503_e4_01.pdf

## 1. Financial results for FY3/2013

Q1. Please explain the major factors of the year-on-year increase in SMFG's consolidated Net income.

A1. SMFG's consolidated Net income for FY3/2013 was JPY 794.1 billion, JPY 275.5 billion increase year-on-year. This was due to contribution of both SMBC and other subsidiaries and affiliates, including SMBC Consumer Finance and Cedyna, which made profits after recording losses resulting from provisions for interest refund claims in the previous fiscal year. SMBC Nikko Securities and other subsidiaries also have shown steady results.

Q2. Please explain the major factors of the year-on-year increase in SMBC's non-consolidated Net income.

A2. At SMBC, Net interest income of the International Banking Unit, as well as commissions related to loan syndications and investment trusts sales has increased. However, Ordinary profit decreased by JPY 24.5 billion, mainly due to a decline in Gains on bonds, and a worsening of Losses on stocks. Meanwhile, Net income was up by JPY 139.8 billion, mainly because tax costs were contained resulting from elimination of tax loss carryforwards which led us to revise the criteria under which SMBC recognizes deferred tax assets pursuant to the practical guidelines issued by the JICPA.

Q3. Please explain SMFG's Common equity Tier 1 capital ratio as of March 31, 2013.

A3. Basel III capital adequacy requirements became effective from the end of March 2013, and SMFG's Common equity Tier 1 capital ratio as of March 31, 2013 was 9.38%.

## 2. Earnings forecasts

Q4. Please explain the major negative factors of SMFG's consolidated Net income forecast for FY3/2014 compared with FY3/2013.

A4. SMFG's consolidated Net income for FY3/2014 is forecasted to decrease by JPY 210 billion year-on-year to JPY 580 billion, mainly due to a decrease in SMBC's non-consolidated Net income.

Q5. Please explain the major negative factors of SMBC's non-consolidated Net income forecast for FY3/2014 compared with FY3/2013.

A5. SMBC's non-consolidated forecast for FY3/2014 is as follows: Gross banking profit is forecasted to be almost the same as FY3/2013. Although Expenses and Total credit costs are forecasted to increase, Ordinary profit is forecasted to increase by JPY 10 billion to JPY 680 billion, due to an improvement in Losses on stocks. Net income is forecasted to decrease by JPY 190 billion to JPY 430 billion, mainly because tax costs for FY3/2014 are assumed to be imposed at our effective tax rate, while tax costs for FY3/2013 were contained resulting from revising the criteria under which SMBC recognizes deferred tax assets pursuant to the practical guidelines issued by JICPA.

## 3. Others

Q6. Please explain the progress of the medium-term management plan.

A6. In FY3/2013, we achieved all financial targets of the medium-term management plan one year ahead of schedule, as shown below.

- Common equity Tier 1 capital ratio[*1]: 8.6% (FY3/2014 target: 8%)
- Consolidated Net income RORA: 1.3% (FY3/2014 target: 0.8%)
- Overhead ratio (SMFG consolidated): 52.4% (FY3/2014 target: 50%-55%)
- Overhead ratio (SMBC non-consolidated): 47.3% (FY3/2014 target: 45%-50%)
- Overseas banking profit ratio: 30.2%[*2] (FY3/2014 target: 30%)

*1 SMFG consolidated basis; Basel III fully-loaded basis, based on the definition as of March 31, 2019.

*2 Based on the assumption under the medium-term management plan exchange rate of USD 1 = JPY 85

Q7. Please explain the dividends policy.

A7. In FY3/2013, fiscal year-end dividends per share on common stock will be increased by JPY 10 and annual dividends per share will be JPY 110. This is mainly because SMFG recorded high level of Net income of JPY 794.1 billion, as well as achieved

Common equity Tier 1 capital ratio target of the medium-term management plan one year ahead of schedule. Also, as SMFG reached its 10th anniversary in December 2012, we will pay a commemorative dividend of JPY 10 per share to celebrate this occasion. As a result, annual dividends per share for FY3/2013 will be JPY 120. In FY3/2014, SMFG’s consolidated Net income is forecasted to decrease, but annual dividends will remain JPY 110, at the same level as the common stock dividend per share in FY3/2013, in line with our policy of aiming to realize a payout ratio of over 20% on a consolidated Net income basis.