

# Overview of 1H, FY3/2014 performance

November 12, 2013

**Sumitomo Mitsui Financial Group, Inc.**

# 1H, FY3/2014 summary

- Recorded highest half year ordinary profit (JPY 835.9 bn) and net income (JPY 505.7 bn) on a SMFG consolidated basis
- Revised upward full year net income forecast from JPY 580 bn to JPY 750 bn
- Increased annual dividend forecast from JPY 110 to JPY 120 per share
- SMBC increased its banking profit in Marketing units including Corporate and International Banking Units, and realized gains on equity index-linked investment trusts in Treasury Unit
- Other group companies such as SMBC Nikko Securities also showed steady results
- Recorded net reversal of total credit cost

## Per share information (SMFG consolidated)

	1H, FY3/2014 results	YOY change	FY3/2014 forecast (revised in Nov. 2013)
Net income	JPY 370.46	+JPY 125.96	JPY 548.97
ROE*	17.1%	+4.3%	
Dividend	JPY 55	+JPY 5	JPY 120
	Sep. 30, 2013	Change from Mar. 31, 2013	
Net assets	JPY 5,130.52	+JPY 443.83	

\* Annualized

# 1H, FY3/2014 financial results

## P/L

	(JPY bn)	1H, FY3/2014	YOY change	FY3/2014 (revised in Nov.)	Change from May forecast	
SMFG <consolidated>	<b>Consolidated gross profit</b>	USD 15.5 bn <sup>**</sup>	1,510.0	+138.2		
	Variance with SMBC non-consolidated		688.2	+103.1		
	Net interest income		780.3	+100.5		
	Others		729.7	+37.7		
	General and administrative expenses		(780.6)	(58.8)		
	Total credit cost		39.6	+87.6		
	Ordinary profit		835.9	+367.7	1,280	+250
	Variance with SMBC non-consolidated		312.4	+118.7	470	+120
	<b>Net income</b>	USD 5.2 bn <sup>**</sup>	505.7	+174.7	750	+170
	Variance with SMBC non-consolidated		175.5	+84.2	240	+90
SMBC <non-consolidated>	<b>Gross banking profit</b>	USD 8.4 bn <sup>**</sup>	821.8	+35.1	1,540	-
	of which Net interest income		570.9	+96.1		
	of which Gains (losses) on bonds		6.3	(111.0)		
	Expenses <sup>*2</sup>		(368.6)	(10.6)	(740)	-
	<b>Banking profit<sup>*3</sup></b>	USD 4.6 bn <sup>**</sup>	453.2	+24.5	800	-
	Total credit cost		78.3	+53.9	50	+130
	Gains (losses) on stocks		76.5	+210.1		
	Ordinary profit		523.5	+249.0	810	+130
<b>Net income</b>	USD 3.4 bn <sup>**</sup>	330.2	+90.5	510	+80	

## Contribution of subsidiaries to SMFG's Net income

	(JPY bn)	1H, FY3/2014	YOY change
SMBC Nikko Securities		41	+33
SMBC Consumer Finance		31	+0
Sumitomo Mitsui Finance and Leasing		15	+4
Cedyna		13	+4
Sumitomo Mitsui Card		9	+1
SMBC Friend Securities		8	+4
SMBC Guarantee		7	(5)

- Mainly due to profits from equity index-linked investment trusts

## Credit ratings (SMBC)

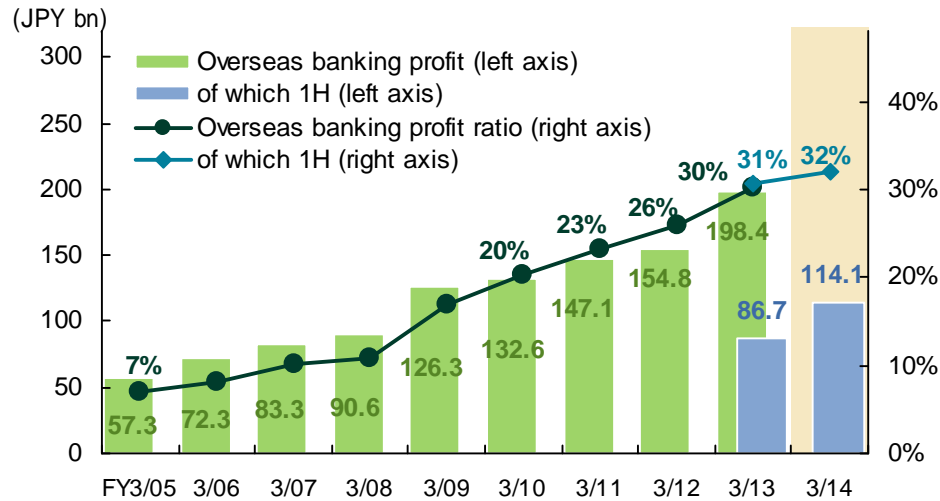
Moody's	Aa3 / P-1
S&P	A+ / A-1
Fitch	A- / F1
R&I	AA- / a-1+
JCR	AA / J-1+

\*1 Translated into USD at period-end fx rate of USD 1 = JPY 97.69 \*2 Excluding non-recurring losses

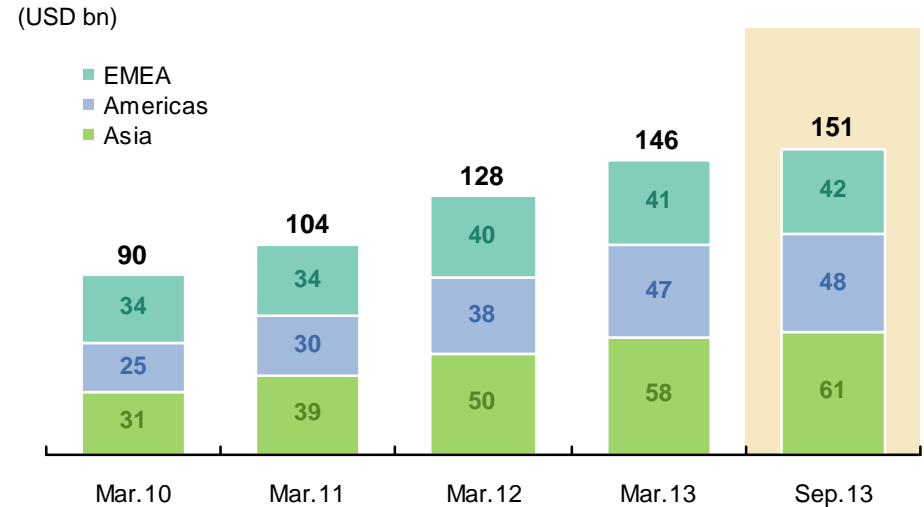
\*3 Before provision for general reserve for possible loan losses

# International business

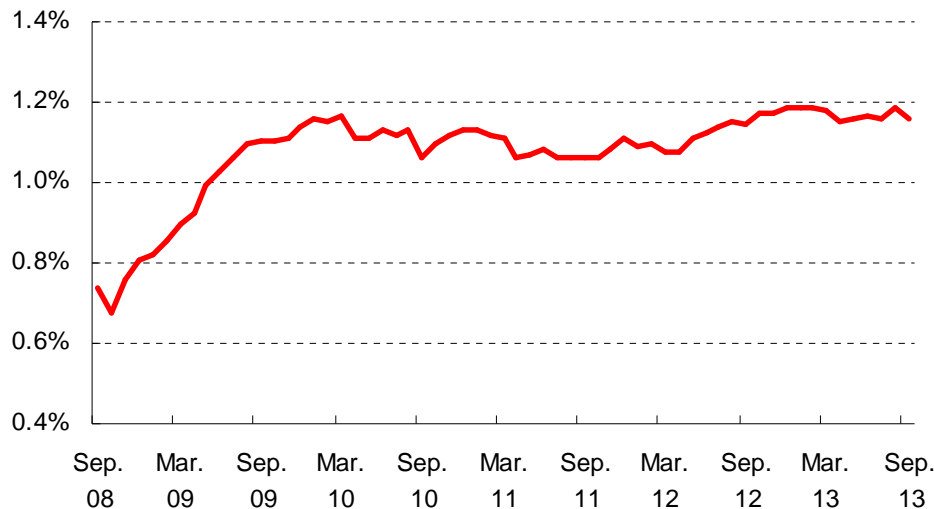
## Overseas banking profit and ratio\*1



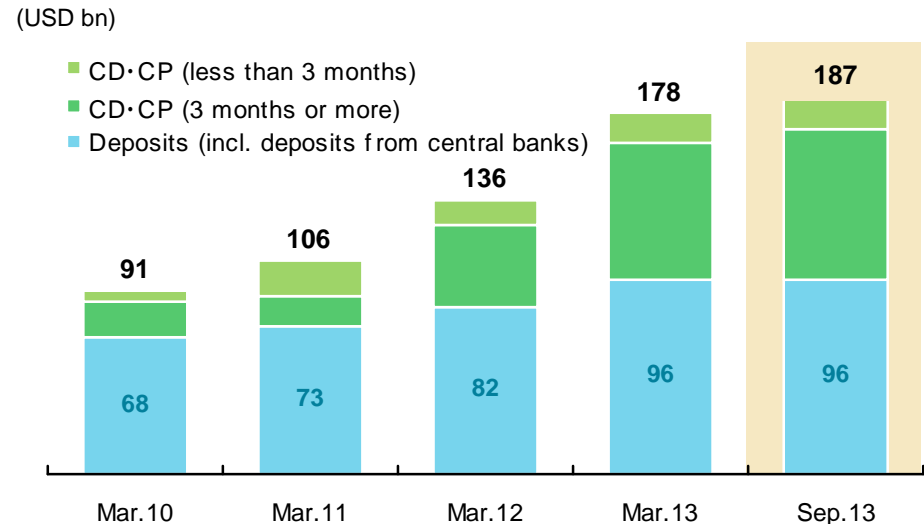
## Overseas loan balance\*2, 4



## Overseas loan spread\*2, 3



## Overseas deposit balance\*2, 4



# SMBC Nikko Securities

## Financial performance on a consolidated basis

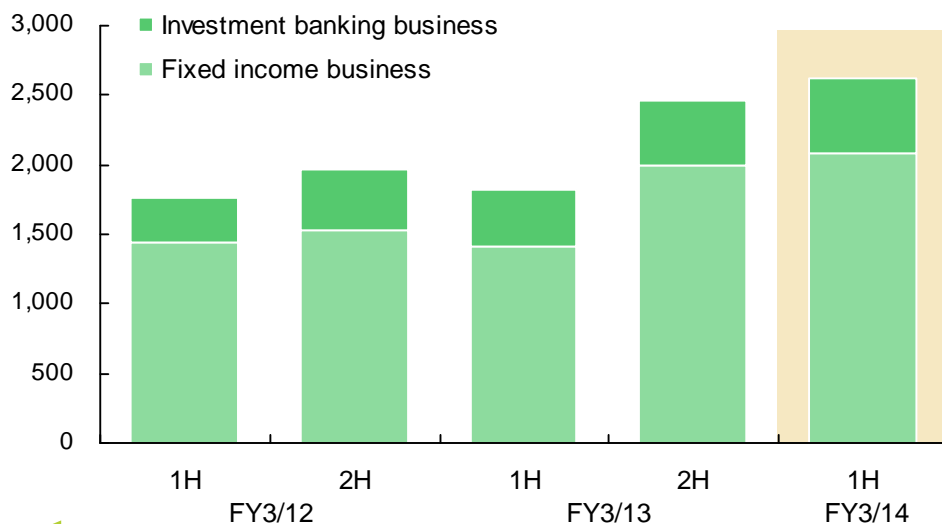
(JPY bn)	1H, FY3/13	FY3/13	1H, FY3/14	YOY change
<b>Net operating revenue</b>	108.5	274.7	180.6	+72.1
<b>SG&amp;A expenses</b>	(91.8)	(200.2)	(116.1)	(24.3)
<b>Ordinary income</b>	17.3	75.7	65.3	+48.0
<b>Net income</b>	6.6	45.7	41.2	+34.6

## League tables (Apr.-Sep. 2013)

	Rank	Mkt share
<b>Global equity &amp; equity-related (book runner, underwriting amount)*<sup>1</sup></b>	#3	12.8%
<b>JPY denominated bonds (lead manager, underwriting amount)*<sup>2</sup></b>	#4	15.6%
<b>Financial advisor (M&amp;A, transaction volume)*<sup>3</sup></b>	#6	16.0%
<b>Financial advisor (M&amp;A, No. of deals)*<sup>3</sup></b>	#3	2.6%

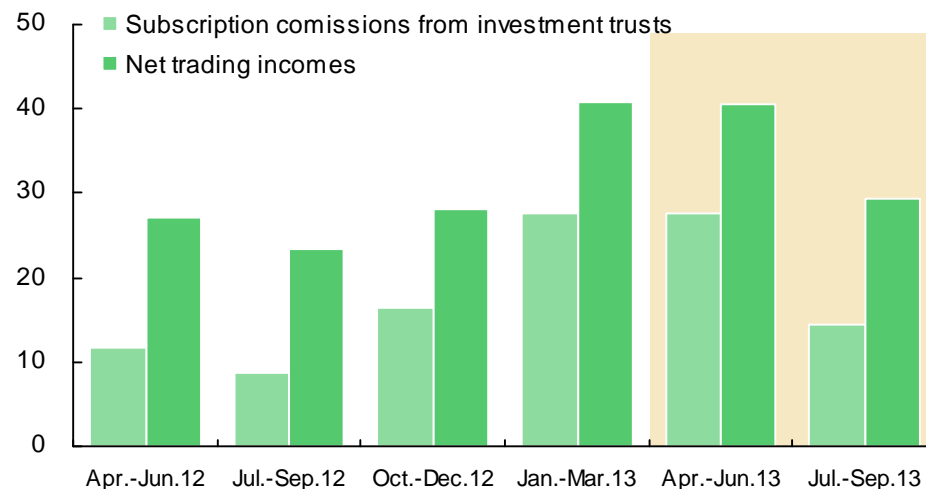
## Synergies between SMBC and SMBC Nikko

(No. of referrals)



## Net operating revenue related to sales of investment trusts and foreign bonds

(JPY bn)



\*1 Source: SMBC Nikko, based on data from Thomson Reuters. Japanese corporate related only

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

\*3 Source: Thomson Reuters. Japanese corporate related only. Excluding real estate deals

# SMBC Consumer Finance

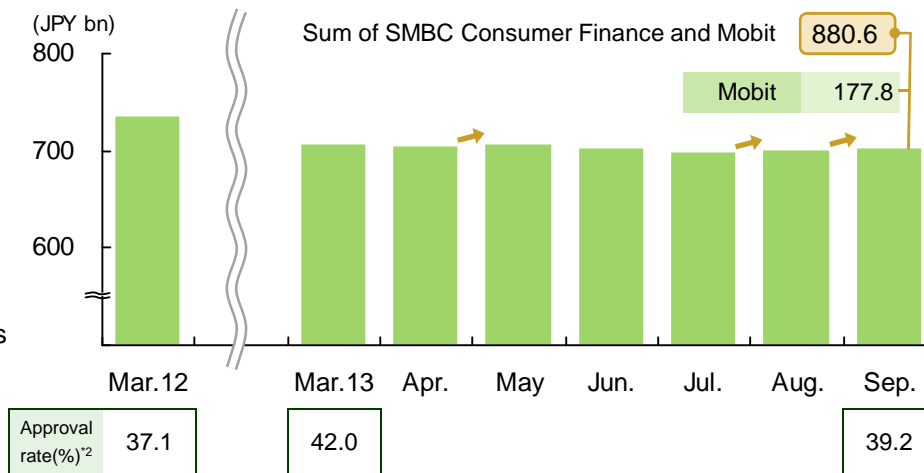
## Financial performance on a consolidated basis

(JPY bn)	1H, FY3/13	FY3/13	1H, FY3/14	YOY change
<b>Operating income</b>	93.4	187.0	95.5	+2.1
<b>Ordinary profit</b>	31.9	51.8	32.5	+0.6
<b>Net income</b>	30.5	48.1	30.6	+0.1

<b>Consumer loans outstanding</b>	746.4	742.8	744.3	
<b>Loan guarantee</b>	621.6	659.6	702.2	No. of companies with guarantee agreements: 189 (as of Oct. 2013)
for regional financial institutions, etc.	213.5	232.7	252.6	

## Financing business\*1

### Consumer loans outstanding on a non-consolidated basis

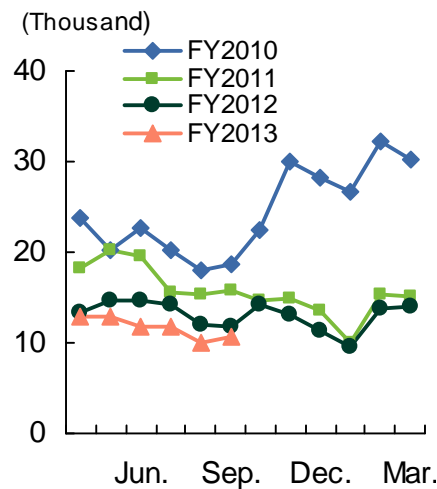


## Overseas business

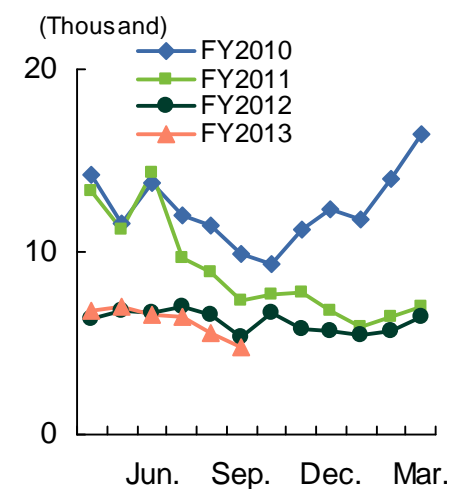
### Consumer loans outstanding<sup>\*3</sup>

(JPY bn)	Sep. 30, 2012	Mar. 31, 2013	Sep. 30, 2013	Change from Mar. 31, 2013
<b>Total</b>	27.0	35.4	41.5	+6.1
of which				
<b>Hong Kong</b>	19.8	24.4	27.1	+2.7
<b>Thailand</b>	4.4	6.3	7.8	+1.5
<b>Shenzhen</b>	2.3	4.0	4.9	+0.9
<b>Shenyang</b>	0.3	0.6	1.5	+0.9

### No. of transaction-record disclosure requests



### No. of interest refund claims



\*1 SMBC Consumer Finance non-consolidated basis

\*2 Approval ratio = Number of new customers / Number of loan applications. Half year basis

\*3 Converted into Japanese yen at period-end fx rate

# 1H, FY3/2014 performance by segment

	(JPY bn)	Gross profit		Expenses		Consolidated net business profit <sup>*1</sup>	
			YOY change		YOY change		YOY change
<b>Total</b>		1516.2	+141.2	(752.4)	(52.4)	708.1	+109.3
<b>Banking business</b>		934.1	+22.6	(444.8)	(17.1)	490.6	+12.5
of which							
<b>SMBC</b>		821.8	+35.1	(368.6)	(10.6)	453.2	+24.5
<b>Leasing</b>		71.3	+10.9	(26.3)	(2.8)	52.6	+13.2
of which							
<b>Sumitomo Mitsui Finance and Leasing<sup>*2</sup></b>		66.8	+9.4	(26.4)	(2.7)	45.9	+11.6
<b>Securities services</b>		218.3	+82.6	(142.0)	(28.4)	76.4	+56.8
of which							
<b>SMBC Nikko Securities</b>		176.7	+70.7	(114.1)	(24.0)	62.3	+46.4
<b>Consumer finance business</b>		270.4	+6.3	(167.2)	(1.7)	74.0	+5.8
of which							
<b>Sumitomo Mitsui Card</b>		92.9	+4.2	(67.7)	(1.6)	22.2	+0.6
<b>Cedyna</b>		77.4	+0.1	(57.2)	+2.5	12.8	+3.6
<b>SMBC Consumer Finance<sup>*2</sup></b>		87.1	+4.3	(34.7)	(3.0)	32.5	+0.6
<b>Other business<sup>*3</sup></b>		22.1	+18.8	27.9	(2.4)	14.5	+21.1

# Performance by SMBC's business unit\*1

## Banking profit by business unit

		(JPY bn)	1H, FY3/13	1H, FY3/14	YOY change*2
Consumer Banking Unit	Gross banking profit		174.8	163.7	(5.4)
	Expenses		140.9	140.7	(0.5)
	<b>Banking profit</b>		33.9	23.0	(4.9)
Middle Market Banking Unit	Gross banking profit		201.8	195.9	(3.6)
	Expenses		106.7	107.7	+0.6
	<b>Banking profit</b>		95.1	88.2	(4.2)
Corporate Banking Unit	Gross banking profit		96.1	111.9	+11.2
	Expenses		19.5	20.1	+0.5
	<b>Banking profit</b>		76.6	91.8	+10.7
International Banking Unit (IBU)	Gross banking profit		107.3	140.2	+10.2
	Expenses		36.3	45.2	+5.4
	<b>Banking profit</b>		71.0	95.0	+4.8
Marketing units	Gross banking profit		580.0	611.7	+12.4
	Expenses		303.4	313.7	+6.0
	<b>Banking profit</b>		276.6	298.0	+6.4
Treasury Unit	Gross banking profit		201.7	232.3	+30.6
	Expenses		10.2	11.6	+1.0
	<b>Banking profit</b>		191.5	220.7	+29.6
Headquarters	Gross banking profit		5.0	(22.2)	(7.9)
	Expenses		44.4	43.3	+3.6
	<b>Banking profit</b>		(39.4)	(65.5)	(11.5)
Total	Gross banking profit		786.7	821.8	+35.1
	Expenses		358.0	368.6	+10.6
	<b>Banking profit</b>		428.7	453.2	+24.5

## Gross banking profit by product

		(JPY bn)	1H, FY3/14	YOY change*2
of which:	Income on domestic loans		225.4	(5.3)
	Income on domestic yen deposits		60.1	(3.5)
	IBU's interest related income*3		85.2	+6.5
<b>Interest income</b>			405.1	(3.8)
of which:	Investment trust		23.8	+6.0
	Single premium type permanent life insurance		3.3	(3.5)
	Level premium insurance		4.2	(1.3)
	Income related to financial consulting for retail customers		34.0	+0.4
of which:	Loan syndication		28.6	+8.0
	Structured finance*4		30.3	+5.3
	Real estate finance*4		11.7	(2.5)
	Income related to IB business*4		83.7	+12.8
of which:	Sales of derivatives		11.2	+2.2
	Money remittance, electronic banking		45.7	0.0
	Foreign exchange		21.4	(0.1)
	IBU's non-interest income*3		58.8	+4.1
<b>Non-interest income</b>			206.6	+16.2
<b>Gross banking profit of Marketing units</b>			611.7	+12.4

Adjustment of interest rates and exchange rates, etc.: +19.3

Nominal YOY change : +31.7

## Average loan balance and spread by business unit

		(JPY tn, %)	Balance		Spread	
			1H, FY3/14	YOY change*2	1H, FY3/14	YOY change*2
Domestic loans			46.9	+1.1	0.99	(0.05)
of which	Consumer Banking Unit		14.9	(0.2)	1.41	(0.03)
	Middle Market Banking Unit		16.8	+0.5	0.99	(0.10)
	Corporate Banking Unit		12.1	+0.7	0.67	+0.01
IBU's interest earning assets*5 (USD bn, %)			155.0	+12.5	1.20	+0.04

\*1 SMBC non-consolidated. Managerial accounting basis \*2 After adjustments of interest rates and exchange rates, etc.

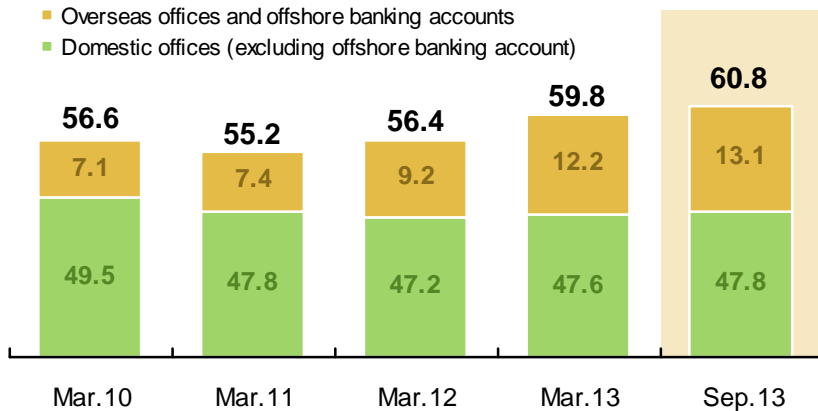
\*3 Includes profit from Japanese corporations in Hong Kong Branch and Taipei Branch \*4 Includes interest income \*5 Sum of loans, trade bills and securities



# Trends in key figures

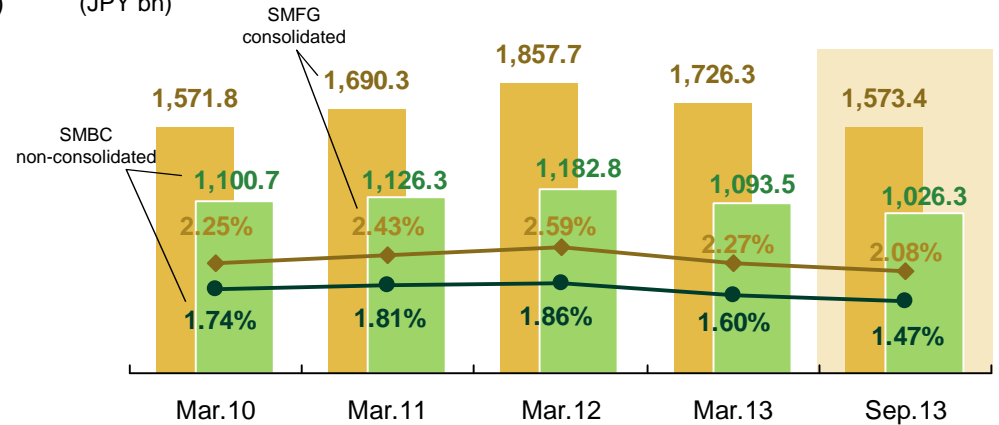
## Loan balance

(JPY tn) (SMBC non-consolidated)



## NPLs and NPL ratio\*2

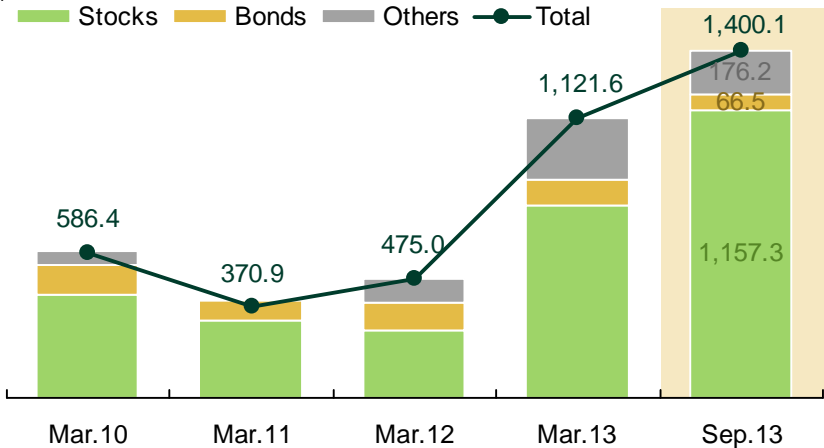
(JPY bn)



Coverage ratio	SMBC consolidated	85.84%	85.15%
	SMBC non-consolidated	92.63%	90.24%

## Unrealized gains (losses) on other securities

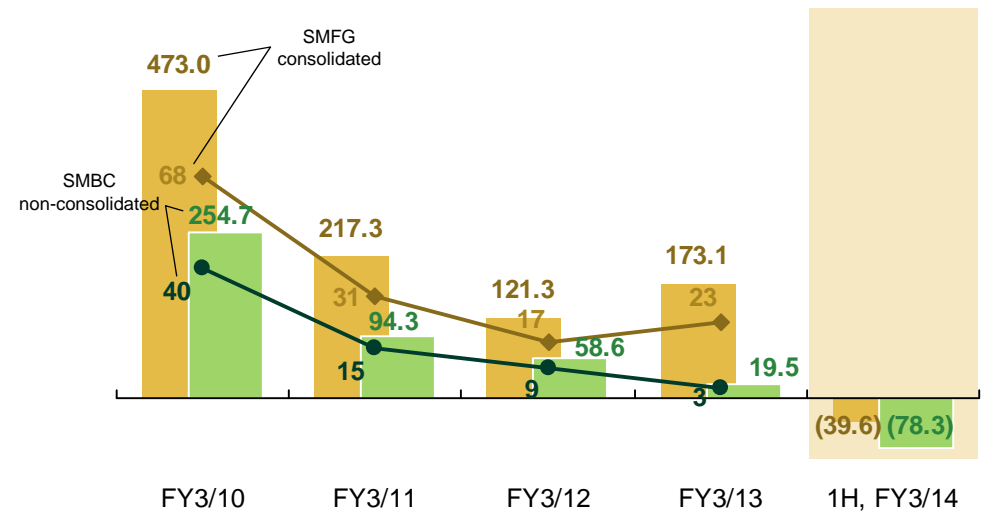
(JPY bn) (SMFG consolidated)



JGBs classified as other securities*1	JPY 23.6 tn	JPY 20.7 tn	JPY 9.9 tn
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## Total credit cost and Total credit cost ratio\*3

(JPY bn)



\*1 SMBC non-consolidated basis. Balance sheet amount

\*2 NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

\*3 Total credit cost ratio = Total credit cost / Total claims

# Capital and risk-weighted assets – SMFG consolidated

## Capital ratio (transitional basis)

(JPY bn)	Mar. 31, 2013	Sep. 30, 2013 <prel.>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>5,855.9</b>	<b>6,346.2</b>
of which:		
Total stockholders' equity related to common stock	5,585.9	6,071.6
Minority interests related to CET1	268.9	273.2
<b>Tier 1 capital</b>	<b>6,829.0</b>	<b>7,439.3</b>
of which:		
Eligible Tier 1 capital instruments (grandfathered)	1,463.3	1,463.3
Adjusted Minority interests related to Additional Tier 1	127.6	131.9
Foreign currency translation adjustments	(97.4)	(34.4)
Regulatory adjustments	(520.3)	(467.6)
<b>Tier 2 capital</b>	<b>2,357.0</b>	<b>2,392.4</b>
of which:		
Eligible Tier 2 capital instruments (grandfathered)	1,830.9	1,830.9
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount	506.6	617.8
Regulatory adjustments	(76.7)	(160.2)
<b>Total capital</b>	<b>9,186.0</b>	<b>9,831.7</b>
<b>Risk-weighted assets</b>	<b>62,426.1</b>	<b>61,299.4</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>9.38%</b>	<b>10.35%</b>
<b>Tier 1 capital ratio</b>	<b>10.93%</b>	<b>12.13%</b>
<b>Total capital ratio</b>	<b>14.71%</b>	<b>16.03%</b>

## Common Equity Tier 1 capital ratio (fully-loaded<sup>\*1</sup>, pro forma)

(JPY bn)	Mar.31, 2013	Sep. 30, 2013
Variance with CET1 on a transitional basis		
Accumulated other comprehensive income	664.6	868.2
of which:		
Net unrealized gains on other securities	755.8	927.6
Minority interests (subject to be phased-out)	(129.6)	(132.1)
Regulatory adjustments related to CET1	(1,018.1)	(996.6)
<b>Common Equity Tier 1 capital</b>	<b>5,372.8</b>	<b>6,085.6</b>
<b>Risk-weighted assets</b>	<b>62,062.8</b>	<b>60,930.1</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>8.6%</b>	<b>9.9%</b>

## Preferred securities which become callable in FY3/14

Issuer	Issued date	Aggregate issued amount	Dividend rate <sup>*2</sup>	First call date <sup>*3</sup>	Step-up	
SMFG Preferred Capital USD2 Limited						
	May 2008	USD 1,800 mn	8.75%	Jul. 2013	None	Called Jul. 2013
SMFG Preferred Capital JPY2 Limited						
Series D	Dec. 2008	JPY 145.2 bn	4.76%	Jan. 2014	None	
Series G	Jan. 2009	JPY 125.7 bn	4.65%	Jan. 2014	None	

\*1 Based on the definition as of Mar. 31, 2019

\*2 For SMFG Preferred Capital JPY 2 Limited only, floating rate after the first call date

\*3 Callable at any dividend payment date on and after the first call date, subject to the prior approval of FSA

# ■ Topics in 1H, FY3/2014

## Consumer banking business

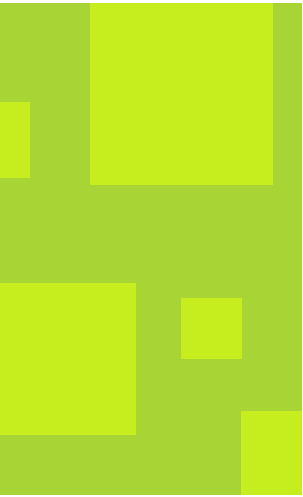

- Started “bank-securities integration model” between SMBC and SMBC Nikko Securities as a trial run in May
- Societe Generale Private Banking Japan became a wholly-owned subsidiary and commenced operation as SMBC Trust Bank in October
- Launched promotion activities of NISA (Nippon Individual Savings Account)
- SMBC and SMBC Consumer Finance started installing new jointly developed automated contract machines in May
- Sumitomo Mitsui Card entered into a business alliance with U.S.-based Square, Inc. and commenced providing mobile payment services, etc.

## Corporate banking business

- Actively extended loans by measures such as utilizing loan support program of the Bank of Japan
- Promoted initiatives to support growth industries, including investing in a regenerative medicine fund and an agricultural fund, as well as arranging project finance for solar energy projects
- SMBC Nikko Securities was appointed lead manager of global equity offerings by industrial corporations for the first time since joining SMFG group

## International business

- SMBC established three marketing offices in emerging markets, mainly in Asia, until October
- Sumitomo Mitsui Finance & Leasing, SMBC Nikko Securities and SMBC Consumer Finance each set up offices in Chengdu, San Francisco and Chongqing respectively
- Promoted Multi-Franchise strategy, including investing in BTPN in Indonesia
- Obtained FHC status in the U.S.



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,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” 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: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; exposure to new risks as we expand the scope of our business; and incurrence of significant credit-related costs. 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 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 and our operating results, and investors’ decisions.

