

# Investors Meeting Presentation for 1H, FY3/2014 Performance

November 15th, 2013

**Sumitomo Mitsui Financial Group, Inc.**  
**Sumitomo Mitsui Banking Corporation**

# ■ Agenda

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# I. 1H, FY3/2014 performance

## I. 1H, FY3/2014 performance

## 1. 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

## I. 1H, FY3/2014 performance

## 2. Update on financial targets

- Already achieved all the financial targets in the medium-term management plan

Common Equity Tier 1 capital ratio	Mar. 2011	Sep. 2013 <i>Preliminary</i>	Mar. 2014 target
Basel 3 fully-loaded basis <sup>*1</sup>	above 6%	9.9%	8%
Basel 3 transitional basis	above 8%	10.35%	

	FY3/11	1H, FY3/13	FY3/14 target
Consolidated net income RORA	0.8%	1.6% <sup>*3</sup>	0.8%
Consolidated ROE	9.9%	17.1% <sup>*3</sup>	
Consolidated overhead ratio	52.5%	50.6%	50% - 55%
SMBC non-consolidated overhead ratio	45.6%	44.9%	45% - 50%
Overseas banking profit ratio <sup>*2</sup>	23.3%	31.9%	30%

<sup>\*1</sup> Based on the definition as of Mar. 31, 2019

<sup>\*2</sup> Based on the medium-term management plan assumed exchange rate of 1 USD=JPY 85 for FY3/2012 to FY3/2014

<sup>\*3</sup> Annualized

## I. 1H, FY3/2014 performance

## 3. 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>*1</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
	Net income	USD 5.2 bn <sup>*1</sup> 505.7	+174.7	750	+170
	Variance with SMBC non-consolidated	175.5	+84.2	240	+90
SMBC <non-consolidated>	Gross banking profit	USD 8.4 bn <sup>*1</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)	-
	Banking profit <sup>*3</sup>	USD 4.6 bn <sup>*1</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
	Net income	USD 3.4 bn <sup>*1</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+

<sup>\*1</sup> Translated into USD at period-end exchange rate of USD 1 = JPY 97.69 <sup>\*2</sup> Excluding non-recurring losses

<sup>\*3</sup> Before provision for general reserve for possible loan losses

## I. 1H, FY3/2014 performance

## 4. 1H, FY3/2014 performance by segment

	(JPY bn)	Gross profit	YOY change	Expenses	YOY change	Consolidated net business profit *1	YOY change
<b>Total</b>		1,516.2	+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*2</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*2</b>		87.1	+4.3	(34.7)	(3.0)	32.5	+0.6
<b>Other businesses*3</b>		22.1	+18.8	27.9	(2.4)	14.5	+21.1

## I. 1H, FY3/2014 performance

## 5. SMBC's performance by business unit\*1

## Banking profit by business unit

(JPY bn)			1H, FY3/13	FY3/13	1H, FY3/14	YOY change*2
Consumer Banking Unit	Gross banking profit		174.8	374.9	163.7	(5.4)
	Expenses		(140.9)	(284.4)	(140.7)	+0.5
	<b>Banking profit</b>		33.9	90.5	23.0	(4.9)
Middle Market Banking Unit	Gross banking profit		201.8	412.2	195.9	(3.6)
	Expenses		(106.7)	(216.7)	(107.7)	(0.6)
	<b>Banking profit</b>		95.1	195.5	88.2	(4.2)
Corporate Banking Unit	Gross banking profit		96.1	208.0	111.9	+11.2
	Expenses		(19.5)	(39.6)	(20.1)	(0.5)
	<b>Banking profit</b>		76.6	168.4	91.8	+10.7
International Banking Unit (IBU)	Gross banking profit		107.3	240.5	140.2	+10.2
	Expenses		(36.3)	(72.9)	(45.2)	(5.4)
	<b>Banking profit</b>		71.0	167.6	95.0	+4.8
Marketing units	Gross banking profit		580.0	1,235.6	611.7	+12.4
	Expenses		(303.4)	(613.6)	(313.7)	(6.0)
	<b>Banking profit</b>		276.6	622.0	298.0	+6.4
Treasury Unit	Gross banking profit		201.7	295.3	232.3	+30.6
	Expenses		(10.2)	(21.0)	(11.6)	(1.0)
	<b>Banking profit</b>		191.5	274.3	220.7	+29.6
Headquarters	Gross banking profit		5.0	9.2	(22.2)	(7.9)
	Expenses		(44.4)	(93.1)	(43.3)	(3.6)
	<b>Banking profit</b>		(39.4)	(83.9)	(65.5)	(11.5)
Total	Gross banking profit		786.7	1,540.1	821.8	+35.1
	Expenses		(358.0)	(727.7)	(368.6)	(10.6)
	<b>Banking profit</b>		428.7	812.4	453.2	+24.5

## Average loan balance and spread by business unit

(JPY tn)	Balance	
	1H, FY3/14	YOY change*2
Domestic loans	46.9	+1.1
of which		
Consumer Banking Unit	14.9	(0.2)
Middle Market Banking Unit*3	16.8	+0.5
Corporate Banking Unit	12.1	+0.7
IBU's interest earning assets*4	USD 155.0 bn	+USD 12.5 bn

(%)	Spread	
	1H, FY3/14	YOY change*2
Domestic loans	0.99	(0.05)
of which		
Consumer Banking Unit	1.41	(0.03)
Middle Market Banking Unit*3	0.99	(0.10)
Corporate Banking Unit	0.67	+0.01
IBU's interest earning assets*4	1.20	+0.04



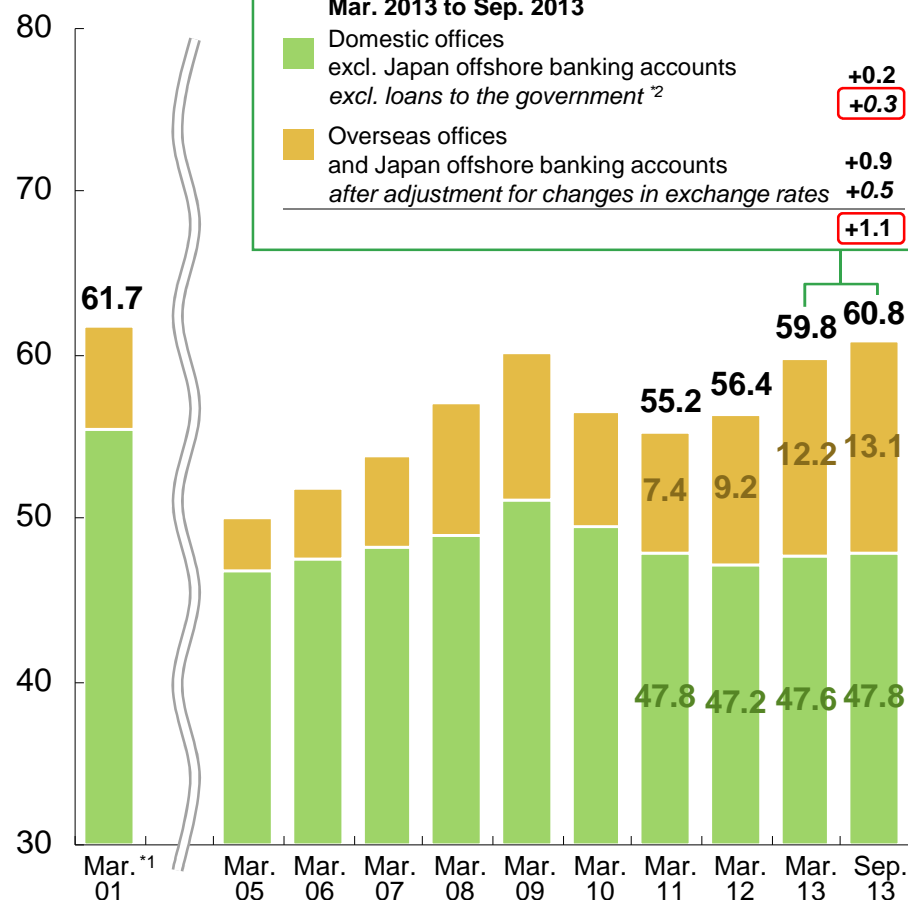
## I. 1H, FY3/2014 performance

## 6. Loan balance

## SMBC non-consolidated

## Loan balance

(JPY tn, at period-end)



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

(JPY tn, at period-end)	Sep. 2013	Change from Mar. 2013
Consumer Banking Unit	14.9	(0.1) <sup>*3</sup>
Middle Market Banking Unit <sup>*4</sup>	17.0	+0.0
Corporate Banking Unit	12.4	+0.4

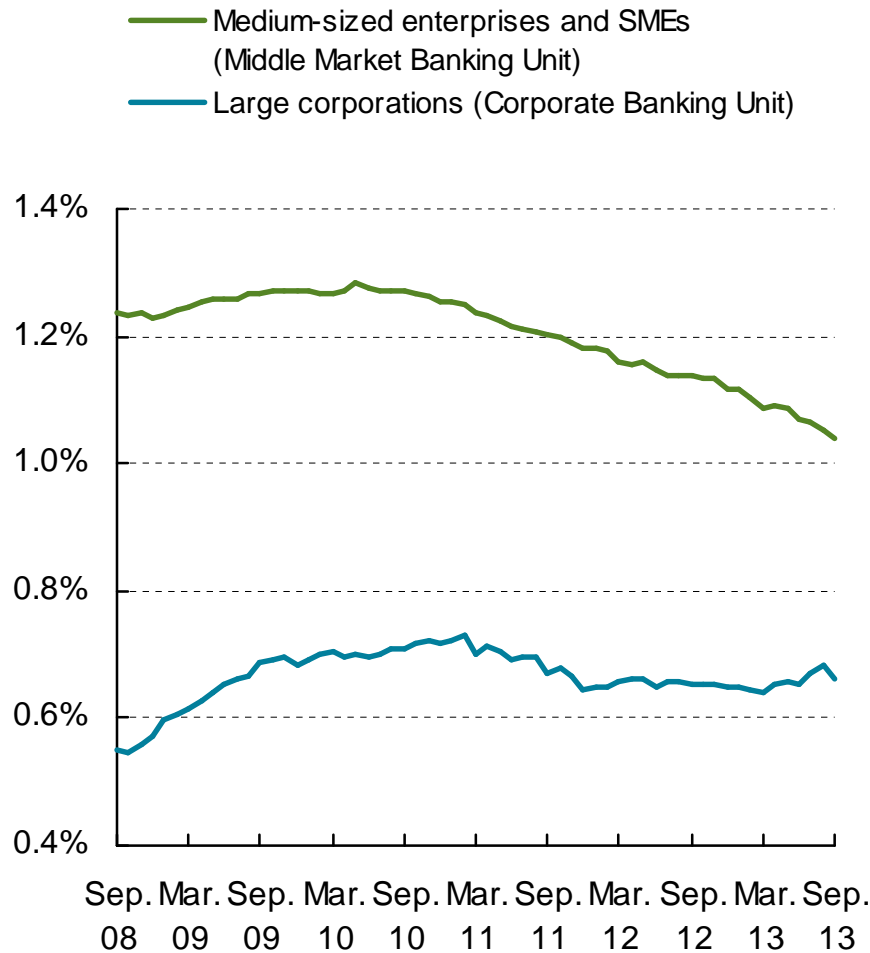
Overseas loans, classified by region, <sup>\*5</sup> managerial accounting basis

(JPY tn, at period-end)	Sep. 2013	Change from Mar. 2013	After adjustment for changes in exchange rates
Overseas total	14.7	+ 1.0	+ 0.5
to Japanese corporations	3.9	(0.0)	(0.1)
Asia	6.0	+ 0.6	+ 0.4
to Japanese corporations	1.6	+ 0.1	+ 0.1
Americas	4.6	+ 0.2	+ 0.1
to Japanese corporations	1.7	(0.1)	(0.2)
EMEA	4.1	+ 0.2	+ 0.0
to Japanese corporations	0.6	(0.0)	(0.1)

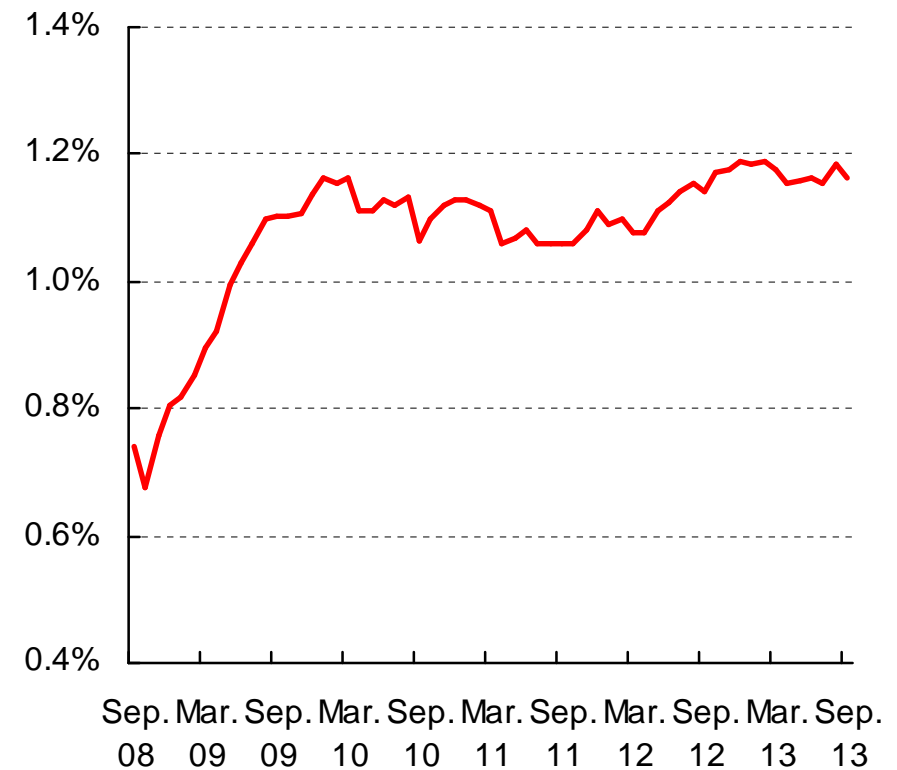
## I. 1H, FY3/2014 performance

## 7. Loan spread\*1

## Domestic\*2



## Overseas\*3



\*1 Managerial accounting basis. Average loan spread of existing loans \*2 SMBC non-consolidated \*3 Sum of SMBC, SMBC Europe and SMBC (China)

## I. 1H, FY3/2014 performance

## 8. SMBC's gross banking profit by product\*1

## Gross banking profit by product

		(JPY bn)	1H, FY3/13	FY3/13	1H, FY3/14	YOY change*2
of which:	Income on domestic loans		230.6	459.9	225.4	(5.3)
	Income on domestic yen deposits		74.3	148.2	60.1	(3.5)
	IBU's interest related income*3		64.1	146.1	85.2	+6.5
<b>Interest income</b>			<b>398.4</b>	<b>814.1</b>	<b>405.1</b>	<b>(3.8)</b>
of which:	Investment trust		17.8	50.1	23.8	+6.0
	Single premium type permanent life insurance		6.8	12.4	3.3	(3.5)
	Level premium insurance		5.5	12.2	4.2	(1.3)
	Income related to financial consulting for retail customers		33.6	80.0	34.0	+0.4
of which:	Loan syndication		20.6	61.4	28.6	+8.0
	Structured finance*4		25.0	56.7	30.3	+5.3
	Real estate finance*4		14.2	29.4	11.7	(2.5)
	Income related to IB business*4		70.9	172.9	83.7	+12.8
of which:	Sales of derivatives		9.0	19.7	11.2	+2.2
	Money remittance, electronic banking		45.7	92.0	45.7	0.0
	Foreign exchange		21.6	43.3	21.4	(0.1)
	IBU's non-interest income*3		45.9	100.4	58.8	+4.1
<b>Non-interest income</b>			<b>181.6</b>	<b>421.5</b>	<b>206.6</b>	<b>+16.2</b>
<b>Gross banking profit of Marketing units</b>			<b>580.0</b>	<b>1,235.6</b>	<b>611.7</b>	<b>+12.4</b>

Adjustment for changes in interest rates and exchange rates, etc.: +19.3

Nominal YOY change : +31.7 ←

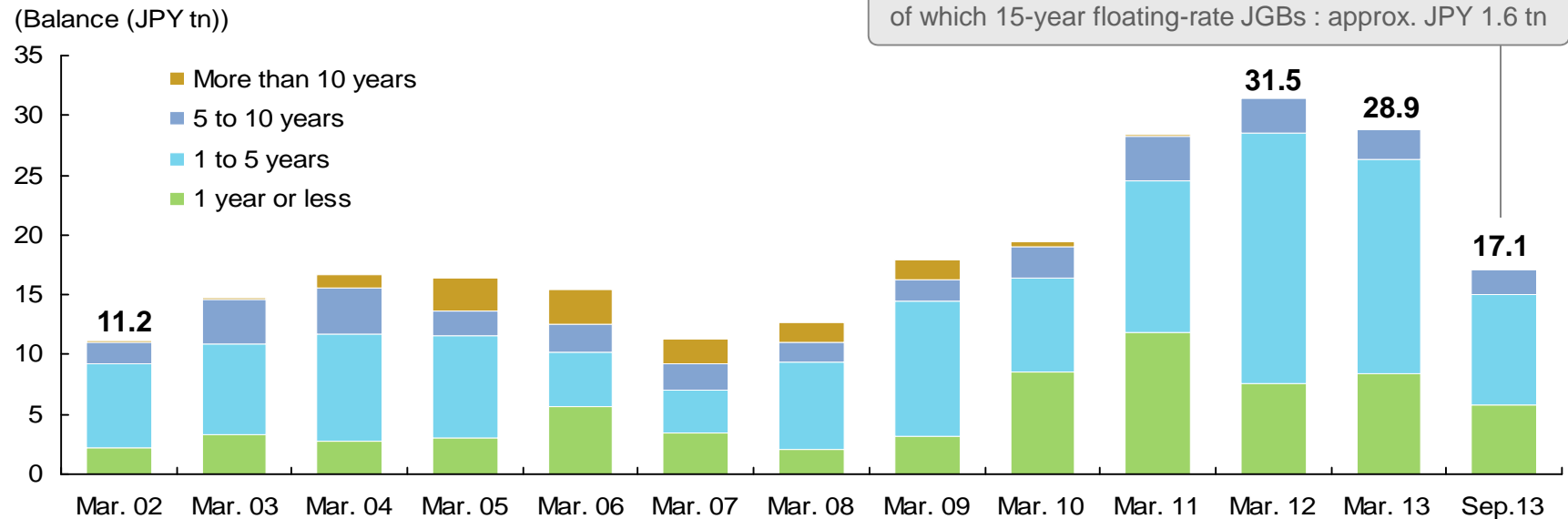
## I. 1H, FY3/2014 performance

## 9. Bond portfolio

## Yen bond portfolio

## SMBC non-consolidated

(Total balance of Other securities with maturities and bonds classified as held-to-maturity – i.e. total of JGBs, Japanese local government bonds and Japanese corporate bonds)



Average duration (years) <sup>*1</sup>	2.7	3.6	3.4	2.3	1.5	1.7	2.4	1.8	1.1	1.4	1.9	1.8	1.4
Unrealized gains (losses) (JPY bn) <sup>*2</sup>	37.6	108.7	(101.9)	7.7	(282.2)	(151.4)	(129.5)	(1.2)	116.1	71.9	104.4	95.3	62.1

<sup>\*1</sup> Excluding bonds classified as 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 at Mar. 02 is for JGB portfolio only

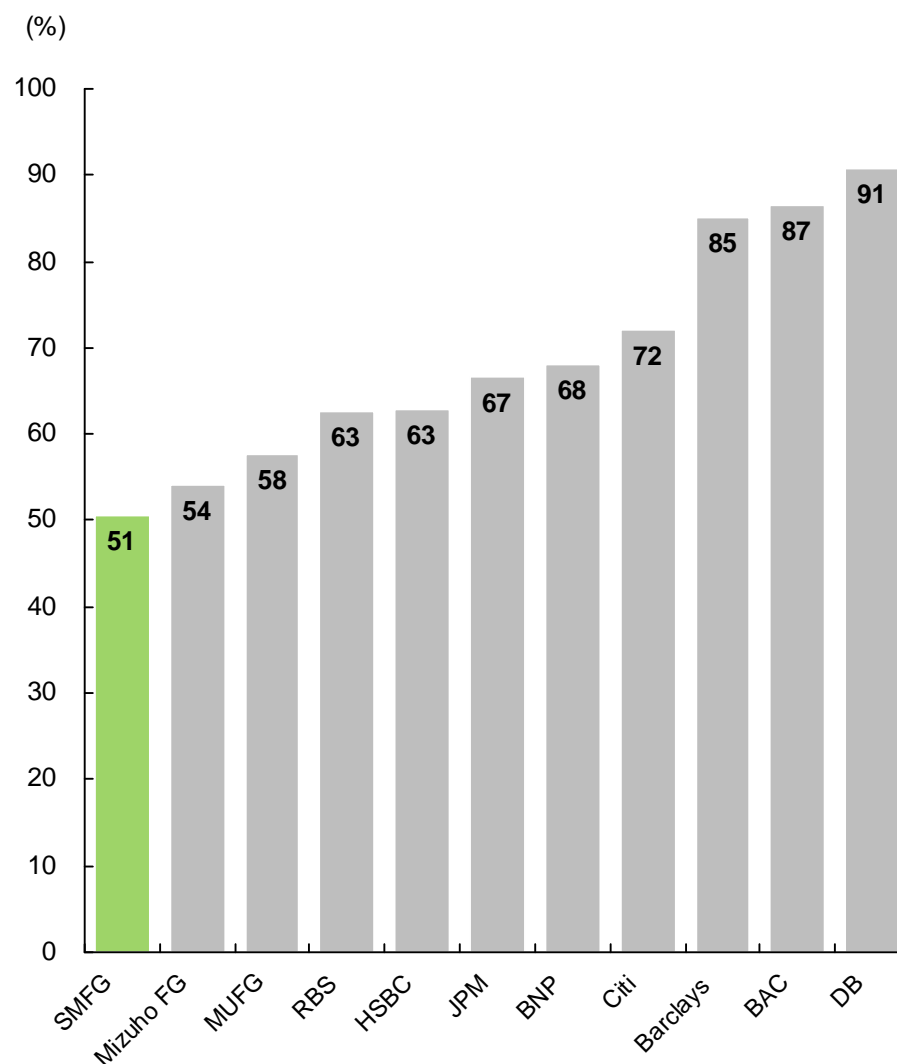
<sup>\*2</sup> 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 09

## I. 1H, FY3/2014 performance

## 10. Expenses

Expenses, OHR <sup>\*1</sup>

(JPY bn)		1H, FY3/14	YOY change	FY3/14 forecast (revised in Nov. 2013)
SMFG consolidated	Expenses <sup>*2</sup>	(763.4)	(53.7)	
	OHR	50.6%	(1.1%)	
SMBC non-consolidated	Expenses	(368.6)	(10.6)	(740.0)
	OHR	44.9%	(0.6%)	48.1%

OHR on group consolidated basis <sup>\*3</sup>

\*1 Excluding non-recurring losses

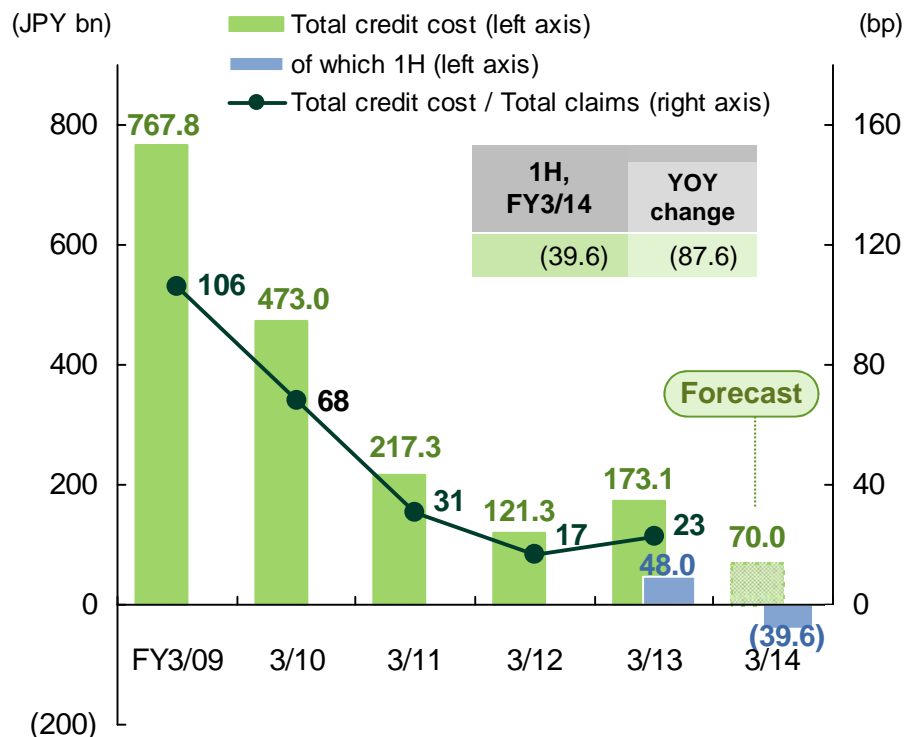
\*2 Consolidated G&amp;A expenses net of SMBC's non-recurring losses

\*3 Based on each company's disclosure. G&amp;A expenses (for Japanese banks, excluding non-recurring losses) divided by top-line profit (net of insurance claims). 1H, FY3/2014 results for SMFG, FY3/2013 results for MUFG and Mizuho FG, and FY12/2012 results for others

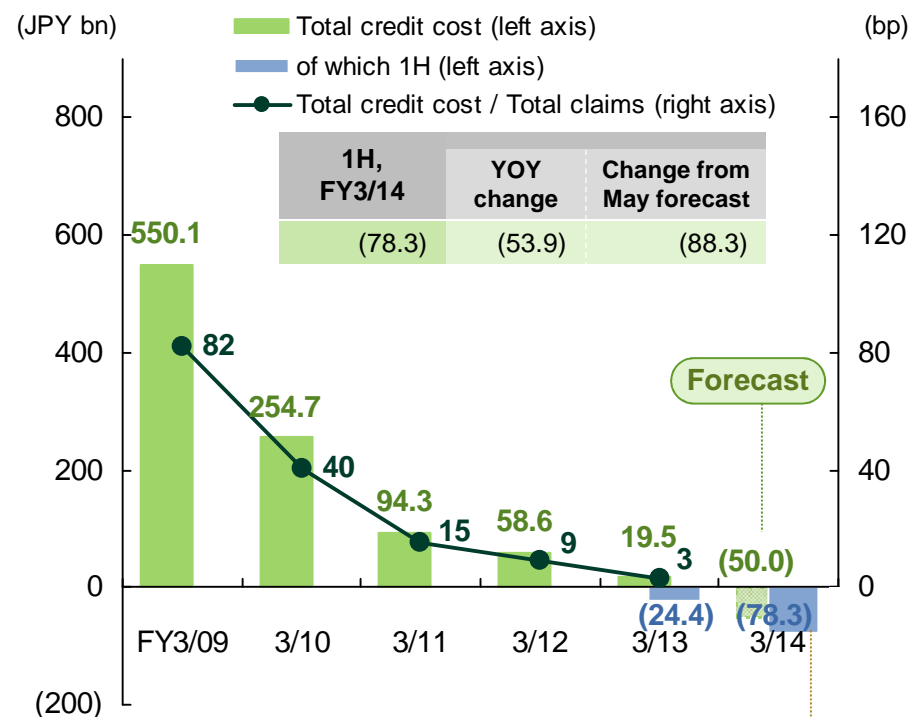
## I. 1H, FY3/2014 performance

## 11. Credit costs

## SMFG consolidated



## SMBC non-consolidated



## Variance between SMFG consolidated and SMBC non-consolidated\*

	(JPY bn)	1H, FY3/14	YOY Change
<b>Variance with SMBC non-consolidated</b>		38.7	(33.7)
SMBC Consumer Finance		20	(0)
Cedyna		8	(1)
Kansai Urban Banking Corporation		7	(0)

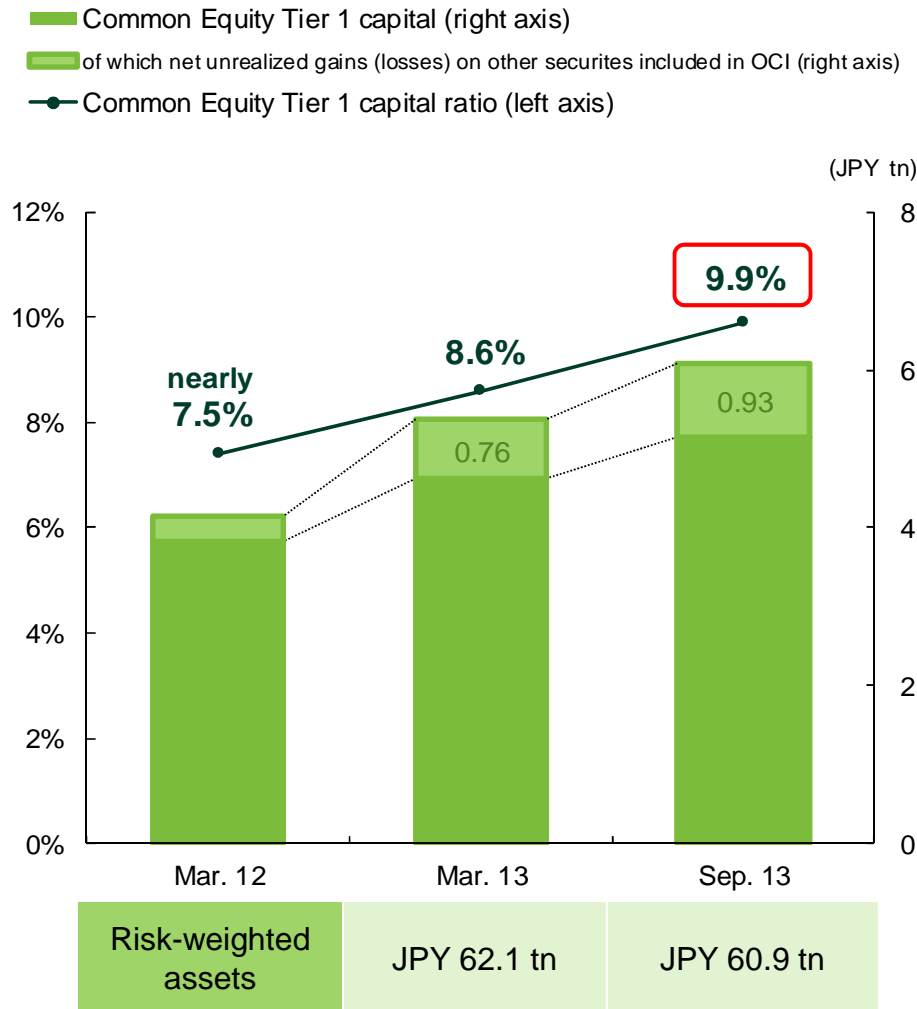
\* In round numbers

- Recorded net reversal of total credit cost due to a minimal incurrence of such cost and a reversal of provisions made in previous year, as well as a decline in reserve ratio

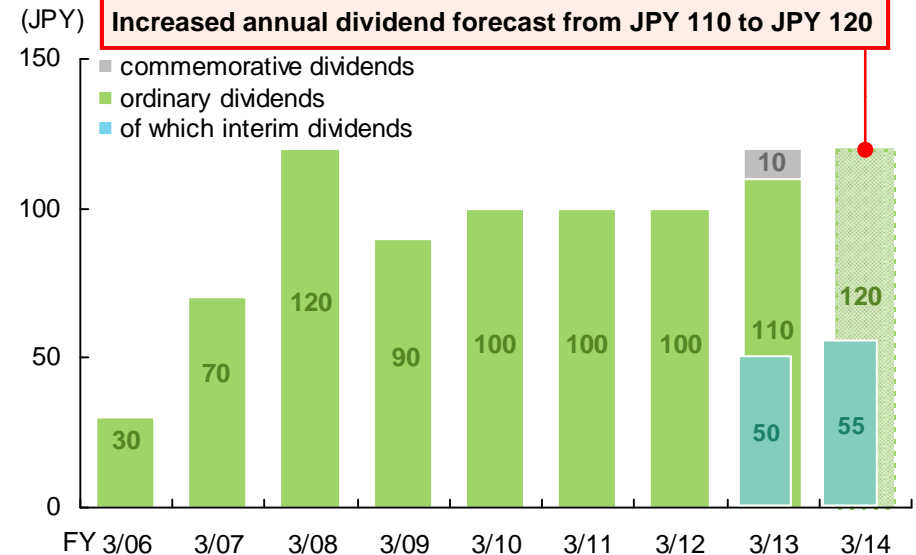
## I. 1H, FY3/2014 performance

# 12. Capital policy

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



## Return to shareholders\*2,3



Payout ratio*4	3.4%	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	22.6%
ROE*5	22.8%	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	

## Treasury stock (as of Sep. 2013)

Held by SMFG	Held by SMBC
3.9 million shares	42.8 million shares (*)

(\*) Sold 13.3 million shares through a securities disposal trust in May 2013

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

\*2 SMFG implemented a 100 for 1 stock split of common stock on Jan. 4, 2009. Figures shown above reflect the stock split, assuming that it had been implemented at the beginning of FY3/06

\*3 Common stock only \*4 Consolidated payout ratio \*5 On a stockholders' equity basis

## I. 1H, FY3/2014 performance

## 13. Earnings forecast for FY3/2014

(JPY bn)		FY3/13 results	1H results	FY3/14 forecast <as of Nov. 2013>	Change from May forecast	YOY change
SMFG <consolidated>	Ordinary profit	1,073.7	835.9	1,280	+250	+206.3
	Variance with SMBC non-consolidated	402.8	312.4	470	+120	+67.2
	Net income	794.1	505.7	750	+170	(44.1)
	Variance with SMBC non-consolidated	176.3	175.5	240	+90	+63.7

SMBC <non-consolidated>	Gross banking profit	1,540.1	821.8	1,540	-	(0.1)
	Expenses*1	(727.7)	(368.6)	(740)	-	(12.3)
	<OHR>	47.3%	44.9%	48.1%	-	+0.8%
	Banking profit*2	812.4	453.2	800	-	(12.4)
	Total credit cost	(19.5)	78.3	50	+130	+69.5
	Gains (losses) on stocks	(35.7)	76.5			
	Ordinary profit	670.9	523.5	810	+130	+139.1
	Net income	617.8	330.2	510	+80	(107.8)

Lower tax burden

## Assumption of earnings forecast\*3

		May 2013 forecast	Nov. 2013 forecast
3M TIBOR		0.27%	0.23%
FF target rate		0.00 ~ 0.25%	0.00 ~ 0.25%
Exchange rate	(JPY/USD)	90	95
	(JPY/EUR)	125	130

## Per share information (common stock)

(JPY/share)	FY3/14 forecast <as of Nov. 2013>	Change from May forecast
Net income (consolidated)	548.97	+120.57
Annual dividend	120	+10

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

\*3 Nominal GDP growth rate: FY3/2013 result was +0.3%; FY3/2014 forecast estimated by Japan Research Institute was +2.6% as of May, 2013 and 2.7% as of Nov., 2013  
Nikkei stock average: JPY12,397.91 as of Mar. 29, 2013 and JPY14,455.80 as of Sep. 30, 2013.

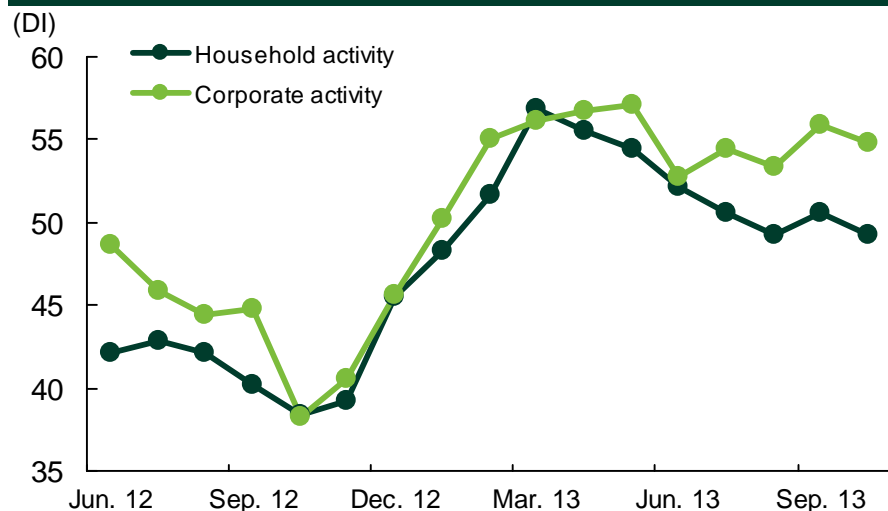


## **II. Business environment and group strategy**

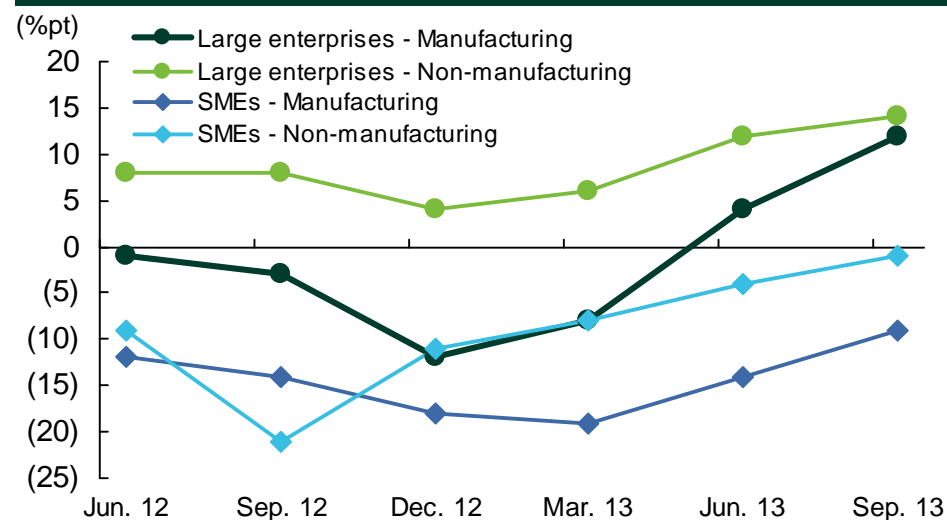
## II. Business environment and group strategy

### 1. Business environment (1) Current Japanese economy

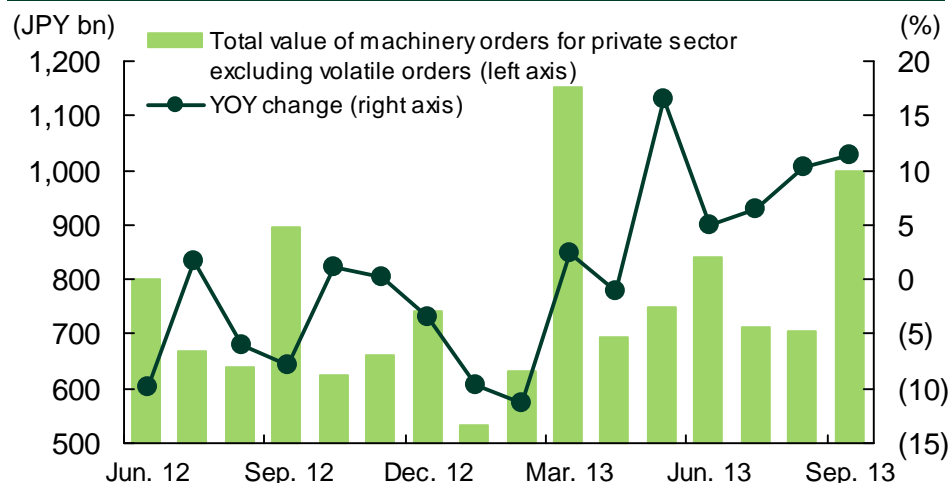
#### Economy watchers survey\*1



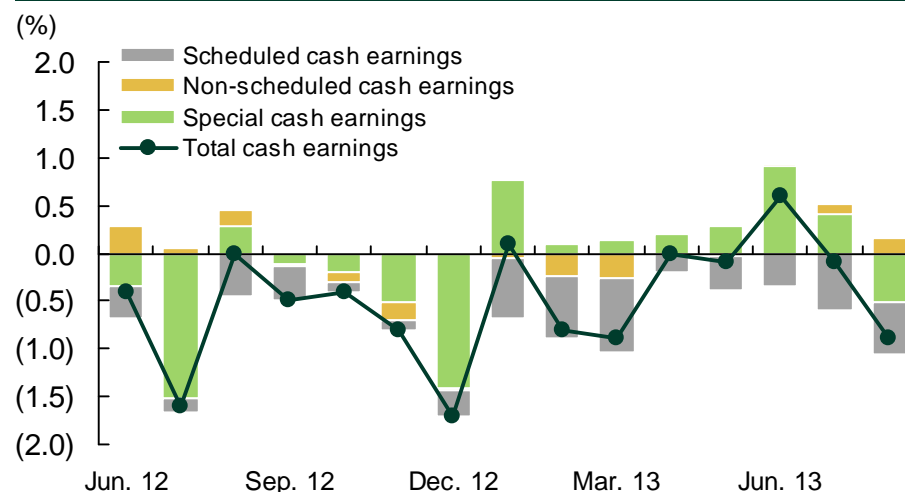
#### BOJ Tankan survey - Business conditions DI\*2



#### Orders received for machinery\*3



#### Employee earnings (YOY change)\*4



\*1 Source: Cabinet Office. Diffusion index for current economic conditions

\*2 Actual results. Diffusion index of "Favorable" minus "Unfavorable"

\*3 Source: Cabinet Office. Original series (Volatile orders = orders for ships and those from electric power companies)

\*4 Source: Ministry of Health, Labour and Welfare "Monthly Labour Survey"

## II. Business environment and group strategy

### 1. Business environment (2) Targets of “Japan Revitalization Strategy” (Released Jun. 2013)

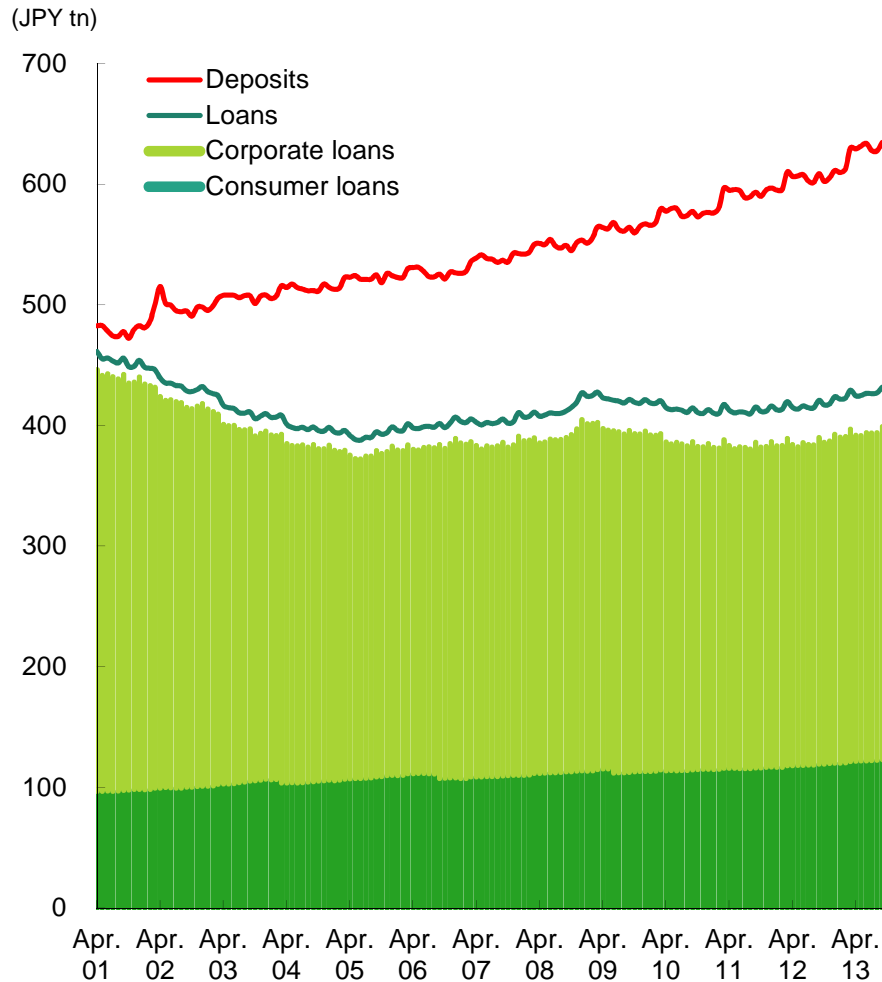
	Goals	Numerical targets	Current level	Time period	SMFG's initiatives
Unleash the power of the private sector to the fullest extent					<ul style="list-style-type: none"><li>- Utilize loan support program of BOJ</li><li>- Enhance advisory capabilities</li><li>- Affiliated loan for nursing homes</li><li>- Health care REIT</li><li>- Regenerative medicine fund</li><li>- Agriculture fund</li><li>- Project finance for solar energy projects</li><li>- PFI</li><li>- Enhance diversity</li></ul>
Expand private investment and promote business restructuring	Domestic CAPEX	JPY 70 tn	JPY 63 tn	in next 3 yrs	
Create new businesses	Business startup rate vs. closure rate	10% range	5%	-	
	Ease of doing business ranking	top 3 (in OECD)	#15	2020	
Create and develop a good health and longevity industry	Market for health promotion etc.	JPY 10 tn	JPY 4 tn	2020	
	Market for medicines etc.	JPY 16 tn	JPY 12 tn		
Turn agriculture, forestry and fishery into growth industries	Market for “the sixth industry”	JPY 10 tn	JPY 1 tn	2020	
	Exports of agricultural, food products etc.	JPY 1 tn	JPY 450 bn		
	Income of farmers/ farming communities	Double	-	in next 10 yrs	
Develop energy industry	Domestic and international market share of energy-related industries	JPY 26 tn (domestic JPY 10 tn)	JPY 8 tn	2020	
Develop social infrastructure	Size of PPP/PFI	JPY 12 tn	JPY 4.1 tn	in next 10 yrs	
Propel innovation using IT	Level of public data disclosures	dataset over 10,000	-	end of 2015	
Participation by all & foster human resources who can succeed in the global competition					
Fully utilize “power of women”	Employment rate of women	73%	68%	2020	
Move labor without unemployment	Unemployed for more than six months	decrease by 20%	-	in next 5 yrs	
Unlock full potential of universities	Ranking of Japanese universities	10+ to rank in top 100	-	in next 10 yrs	
Create New Frontiers					
Create a “country that continues to succeed through technology”	Global innovator World Economic Forum rankings	#1	#5	in next 5 yrs	
Tap into growth of emerging countries (economic partnership, etc.)	Trading FTA ratio	70%	19%	By 2018	<ul style="list-style-type: none"><li>- Trade finance</li><li>- Project finance</li></ul>
	Export amount by SMEs	X2 from 2010 level	-	2020	
Capture share of world's infrastructure	Infrastructure sales	JPY 30 tn	JPY 10 tn	2020	
Promoting Cool Japan etc.	Overseas sales of broadcast contents	X3	JPY 6.3 bn	By 2018	
	Foreign companies' direct investment	JPY 35 tn	JPY 17.8 tn	2020	
	Number of foreign visitors	above 30 mn	-	2030	
Others					
Expand SMEs	No. of companies expand overseas	add 10,000	-	in next 5 yrs	<ul style="list-style-type: none"><li>- Overseas expansion advisory</li></ul>
	Number of profit-making SMEs	1.4 mn	0.7 mn	2020	
Focus on Infrastructure management	Next-gen intelligent infrastructures	Domestic JPY 16 tn	JPY 2 tn	2020	

\* Source: Prime Minister of Japan and His Cabinet “Japan Revitalization Strategy - Japan is Back -”

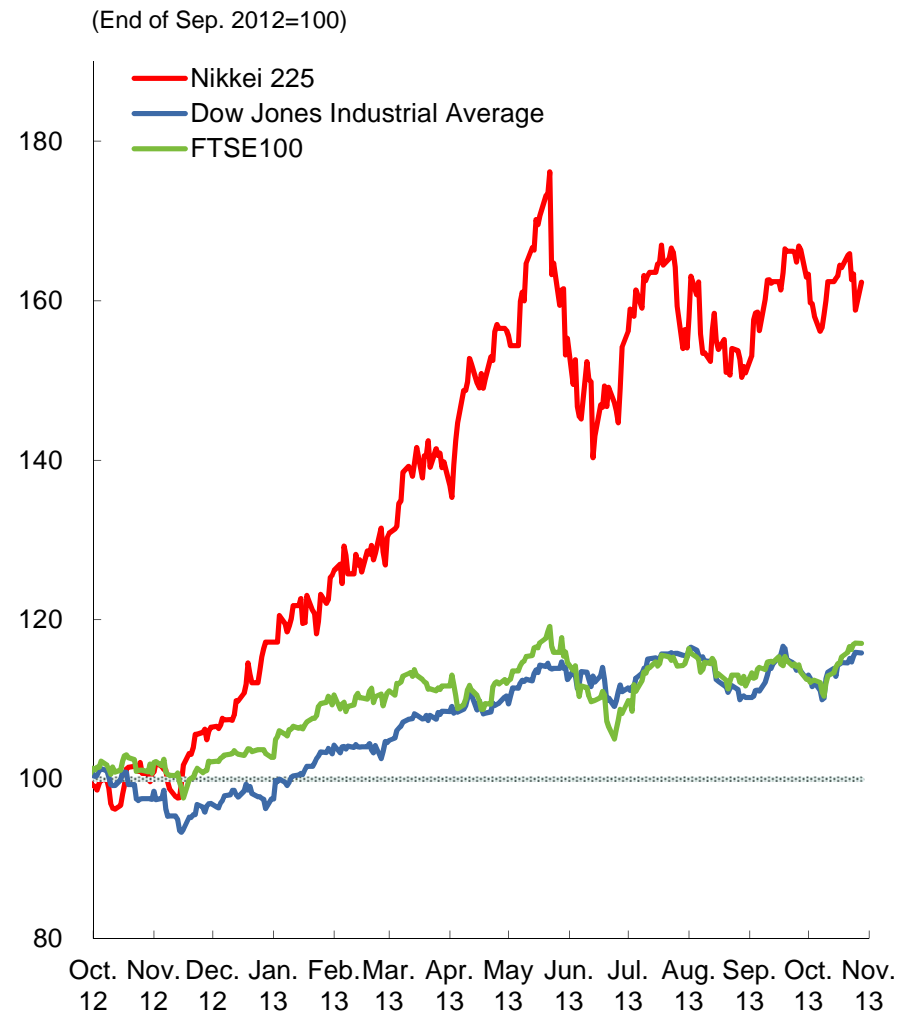
## II. Business environment and group strategy

### 1. Business environment (3) domestic deposits and loans, stock price

Deposit and loan balance of domestic banks (month-end)\*1



Stock price\*2



\*1 Source: Bank of Japan "Deposits and Loans Market"

\*2 Source: Bloomberg

## II. Business environment and group strategy

## 2. International financial regulations

### Basel 3

Capital requirement

Minimum standards  
for liquidity

Leverage ratio  
requirement

### Other prudential regulations

Oversight and regulation  
of G-SIFIs

Large exposure regulation

Enhancement of disclosure

Regulation on  
compensation framework

### Reform of financial markets and systems

OTC derivatives market reforms

Oversight and regulation  
of shadow banking

Limitation on banking activities /  
ring fencing regulation

Macroprudential regulation

## II. Business environment and group strategy

### 3. Management policy for FY3/2014

- Proactively contribute to the revitalization of the Japanese economy, and thereby achieve growth for SMFG
  - Create new business models and challenge for “innovation” in order to make the next leap forward
- 
- Provide financing to support the economic recovery of Japan.  
Take advantage of the shift from savings to investment by Japanese households.  
Capture growth opportunities in Asia and emerging markets
  - During this last year of the current medium-term management plan, seize business opportunities proactively while focusing on quality and also enhance client base and promote medium- to long-term initiatives for sustainable growth

## II. Business environment and group strategy

# 4. Group strategy (1) Group structure\*



SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

### Sumitomo Mitsui Financial Group

Consolidated total assets	JPY 149 tn
Consolidated Common Equity Tier 1 capital ratio	10.35%



SMBC SUMITOMO MITSUI  
BANKING CORPORATION

### Sumitomo Mitsui Banking Corporation

Assets	JPY 126 tn
Deposits	JPY 81 tn
Loans	JPY 61 tn
No. of retail accounts	approx. 28 mn
No. of corporate loan clients	approx. 100,000

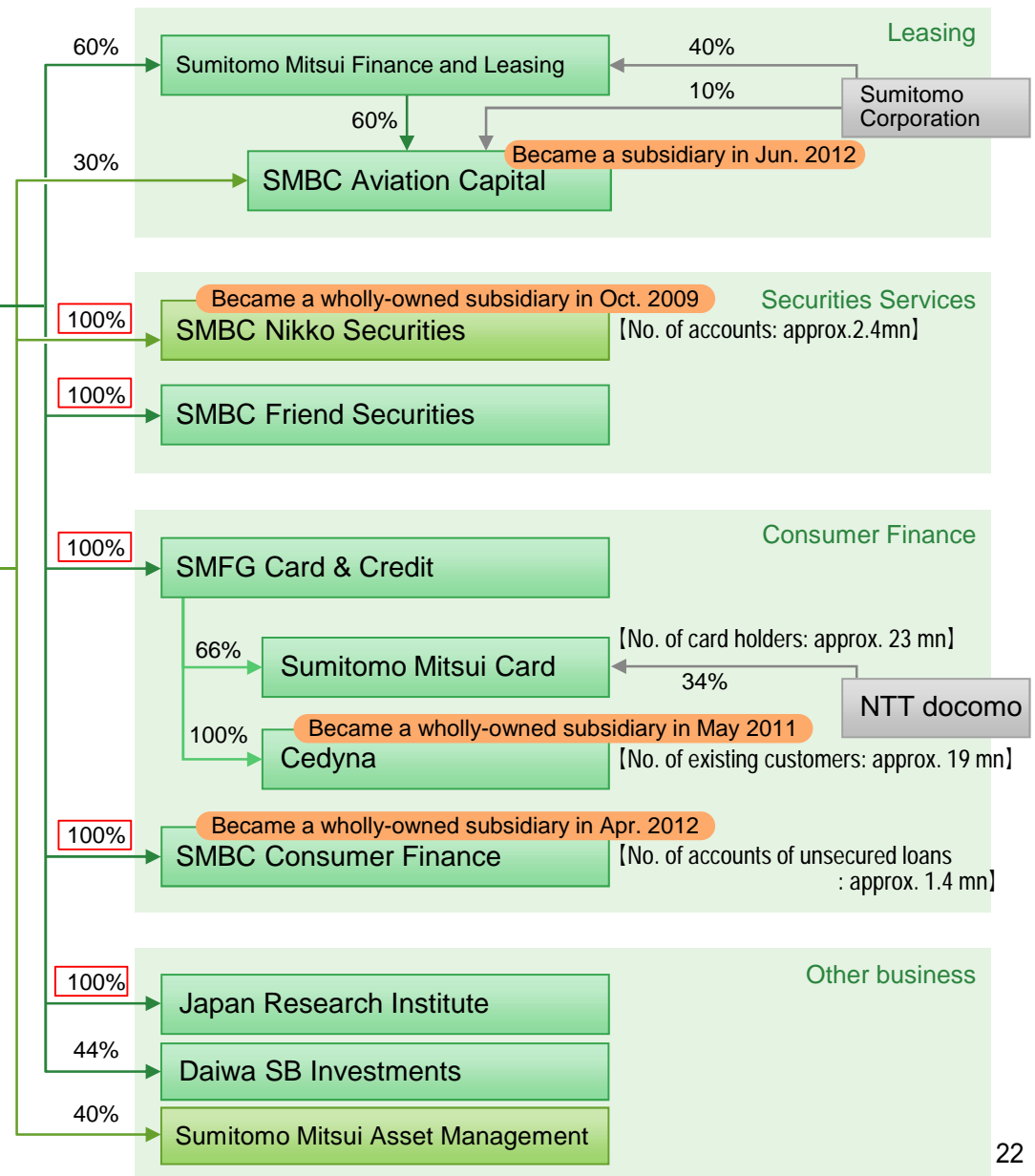
100%  
Became a wholly-owned subsidiary  
in Oct. 2013

SMBC Trust Bank



SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

\* As of Oct. 31, 2013 for percentage of voting rights  
and as of Sep. 30, 2013 for other figures



## II. Business environment and group strategy

### 4. Group strategy (2) Sumitomo Mitsui Finance & Leasing, Sumitomo Mitsui Card, Cedyna

#### Sumitomo Mitsui Finance & Leasing

- Ranked No. 1 in domestic leasing/financing, transaction volume at approx. JPY 480 bn
- Promoting collaboration with SMBC including intermediation by SMBC. No. of collaboration deals with SMBC were up 14% year on year
- Focusing on environmental/energy and medical/nursing care sectors. Transaction volume for solar energy equipment leasing doubled from last year to JPY 12 bn



Solar energy equipment leasing

#### Sumitomo Mitsui Card

- Entered into a strategic business alliance with U.S.-based Square, Inc. and commenced payment services for SMEs using smartphones and tablets



Payments using Square Reader

#### Cedyna

- Initiated auto loan business in Asian emerging markets
- Entered into an alliance with Vietnam Eximbank



## II. Business environment and group strategy

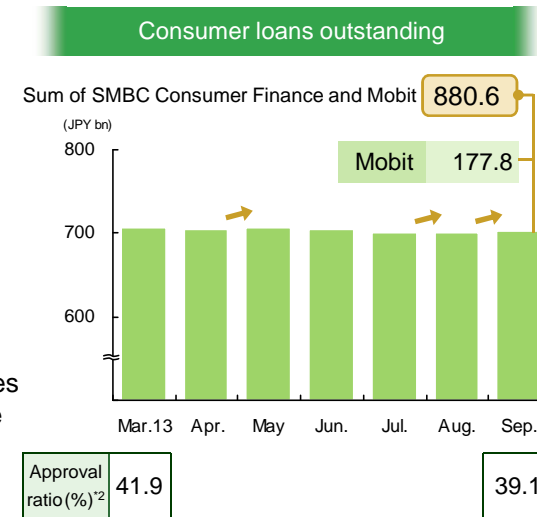
### 4. Group strategy (3) SMBC Consumer Finance

#### Financial performance on a consolidated basis

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

Consumer loans outstanding	746.4	742.8	744.3	
Loan guarantee	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



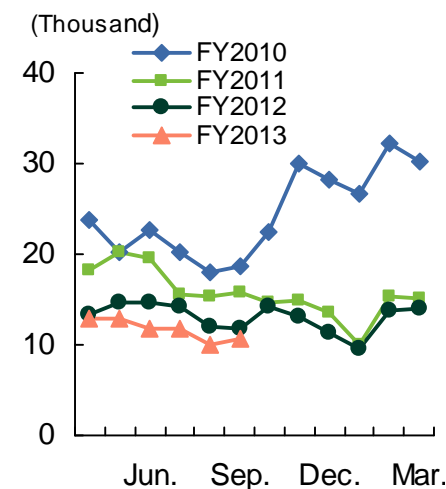
- Installed new jointly developed automated contract machines since May 2013



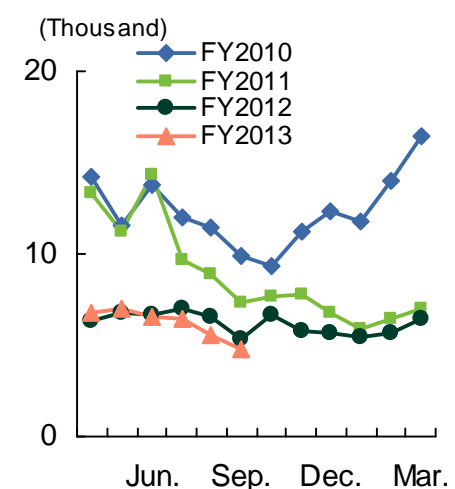
#### Overseas business

(JPY bn)	Sep. 30, 2012	Mar. 31, 2013	Sep. 30, 2013	Change from Mar. 31, 2013
Consumer loans outstanding*3	27.0	35.4	41.5	+6.1
of which				
Hong Kong	19.8	24.4	27.1	+2.7
Thailand	4.4	6.3	7.8	+1.5
Shenzhen	2.3	4.0	4.9	+0.9
Shenyang	0.3	0.6	1.5	+0.9

#### No. of transaction-record disclosure requests



#### No. of interest refund claims



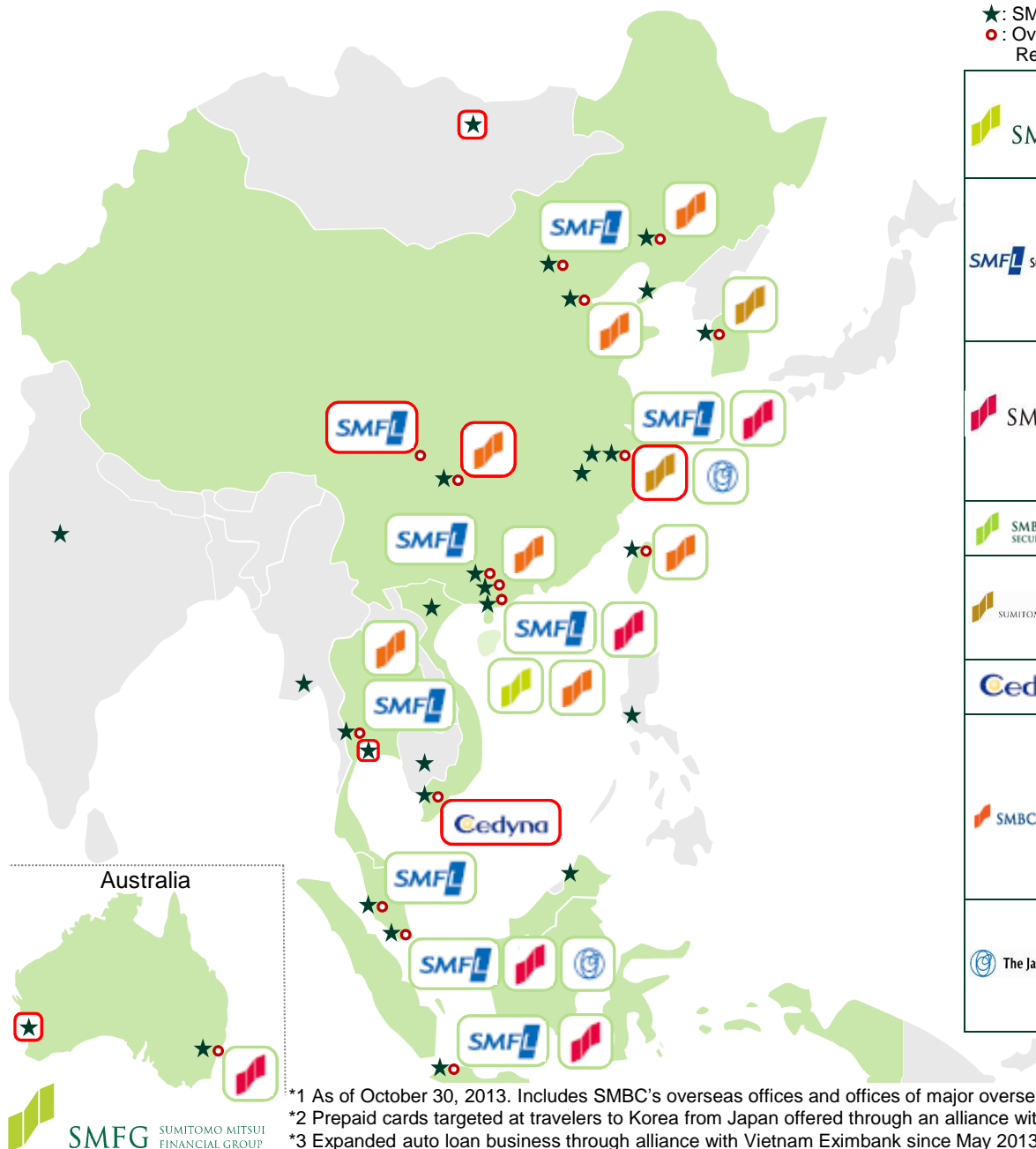
\*1 SMBC Consumer Finance non-consolidated basis

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

\*3 Translated into Japanese yen at respective period-end exchange rates

## II. Business environment and group strategy

### 4. Group strategy (4) SMFG's footprint in Asia



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 35 offices* <sup>1</sup>
Sumitomo Mitsui Finance and Leasing	Leasing	<ul style="list-style-type: none"> <li>Beijing</li> <li>Shanghai</li> <li>Chengdu</li> <li>Guangzhou</li> <li>Hong Kong</li> <li>Bangkok</li> <li>Kuala Lumpur</li> <li>Singapore</li> <li>Jakarta</li> </ul>
SMBC NIKKO	Securities services	<ul style="list-style-type: none"> <li>Hong Kong</li> <li>Sydney</li> <li>Singapore</li> <li>Jakarta</li> </ul>
	M&A advisory	<ul style="list-style-type: none"> <li>Shanghai</li> <li>Hong Kong</li> <li>Singapore</li> <li>Jakarta</li> </ul>
SMBC FRIEND SECURITIES	Market research	<ul style="list-style-type: none"> <li>Hong Kong</li> </ul>
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	<ul style="list-style-type: none"> <li>Seoul<sup>2</sup></li> </ul>
	Consulting	<ul style="list-style-type: none"> <li>Shanghai</li> </ul>
Cedyna	Auto loans	<ul style="list-style-type: none"> <li>Ho Chi Minh<sup>3</sup></li> </ul>
SMBC CONSUMER FINANCE	Consumer finance	<ul style="list-style-type: none"> <li>Chongqing</li> <li>Tianjin</li> <li>Shenyang</li> <li>Shenzhen</li> <li>Hong Kong</li> <li>Bangkok</li> </ul>
	Loan management and collection	<ul style="list-style-type: none"> <li>Taipei</li> </ul>
The Japan Research Institute, Limited	Consulting	<ul style="list-style-type: none"> <li>Shanghai</li> </ul>
	System integration	<ul style="list-style-type: none"> <li>Shanghai</li> <li>Singapore</li> </ul>

\*1 As of October 30, 2013. Includes SMBC's overseas offices and offices of major overseas subsidiary banks. Excludes offices planned to be closed

\*2 Prepaid cards targeted at travelers to Korea from Japan offered through an alliance with Hana SK Card Co., Ltd and AsiaPass Co., Ltd since Nov. 2012

\*3 Expanded auto loan business through alliance with Vietnam Eximbank since May 2013

# III. SMBC's business strategy

### III. SMBC's business strategy

## 1. Business strategy for FY3/2014

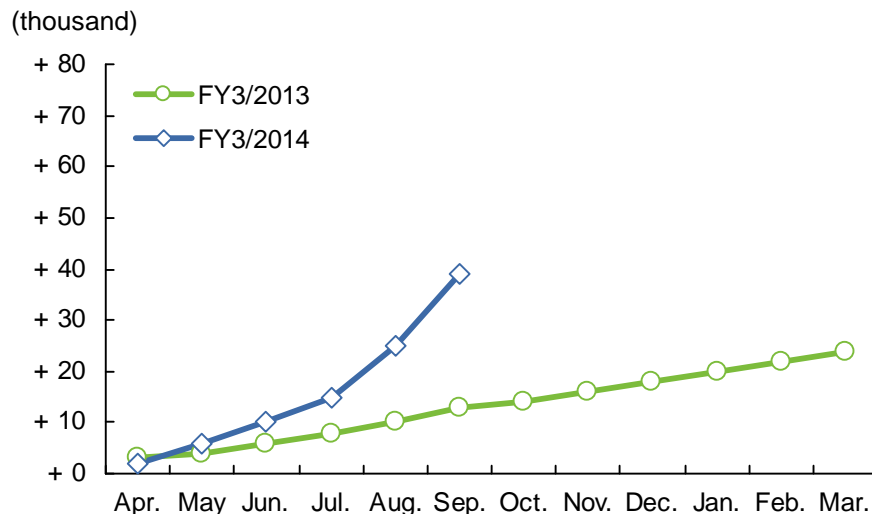
	Macro trends	Present	Strategic initiatives
<b>Consumer banking</b>	<ul style="list-style-type: none"> <li>Savings to investment</li> <li>Era of inheritance</li> <li>IT and internet society</li> </ul>	<ul style="list-style-type: none"> <li>Leading financial consulting business model</li> <li>Strong retail securities business platform as a result of acquiring SMBC Nikko Securities</li> </ul>	<ul style="list-style-type: none"> <li><b>Bank-securities integration model</b></li> <li><b>Strengthen inheritance related business</b></li> </ul>
<b>Corporate banking</b>	<ul style="list-style-type: none"> <li>Pulling out of deflation, recovery of financing demand</li> <li>Large corps: international business expansion</li> <li>Mid-sized corps and SMEs: overseas market entry</li> <li>Business succession planning needs</li> </ul>	<ul style="list-style-type: none"> <li>Solution-based business for corporates</li> <li>Business support for mid-sized corps and SMEs</li> <li>High asset quality</li> </ul>	<ul style="list-style-type: none"> <li><b>Proactively provide financing</b></li> <li><b>Accommodate global expansion and business restructuring</b></li> <li><b>Support growing industries</b></li> </ul>
<b>International</b>	<ul style="list-style-type: none"> <li>Emerging markets incl. Asia: high growth, infrastructure needs</li> <li>U.S.: economic recovery</li> <li>Europe: avoiding sovereign debt crisis</li> <li>Japanese banks: increasing presence</li> </ul>	<ul style="list-style-type: none"> <li>Rapid growth of international business</li> <li>- Overseas banking profit ratio: FY3/10: 20% → FY3/13: 30%</li> </ul>	<ul style="list-style-type: none"> <li><b>Multi-Franchise strategy</b></li> <li><b>Sustainably expand existing business</b></li> </ul>

### III. SMBC's business strategy

## 2. Consumer banking business (1) Enhance client base

### Expand holders of investment products

Increase of holders of investment products from beginning of period (SMBC)



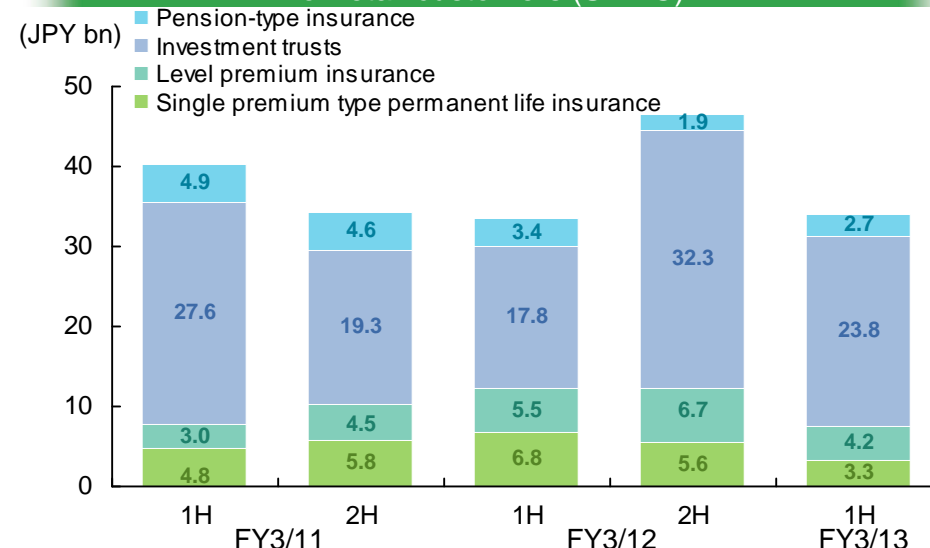
- Total new NISA account acquisition by SMFG (as of Sep. 2013): 450,000 accounts(\*)

(\*) SMBC: 120,000, SMBC Nikko Securities: 220,000, SMBC Friend Securities: 70,000, MINATO BANK: 20,000, Kansai Urban Banking Corporation: 20,000



### Improve quality of consulting services

Income related to financial consulting for retail customers (SMBC)



- **SMBC:** Ranked highest in investor satisfaction for Full Service National Bank in J.D. Power Asia Pacific 2013 Japan Investor Satisfaction study<sup>SM</sup>. Awarded for 2 consecutive years<sup>\*1</sup>. Introduced "Password card" for SMBC Direct
- **SMBC Nikko Securities:** Received award for excellence at "Best Contact Center of The Year 2013"<sup>\*2</sup>. Became the first firm to be honored for 4 consecutive years. Obtained certificate for COPC® CSP/ Release 5.1 version<sup>\*3</sup> with full score, the first case in the world. Obtained certificates of COPC® CSP<sup>\*3</sup> standards for 6 consecutive years
- **SMBC Consumer Finance:** Obtained certificate for COPC® CSP<sup>\*3</sup> for the first time in the domestic nonbank sector

\*1 Study based on a total of 3,379 investors who had used investment service at full service national bank. (japan.jdpower.com.)

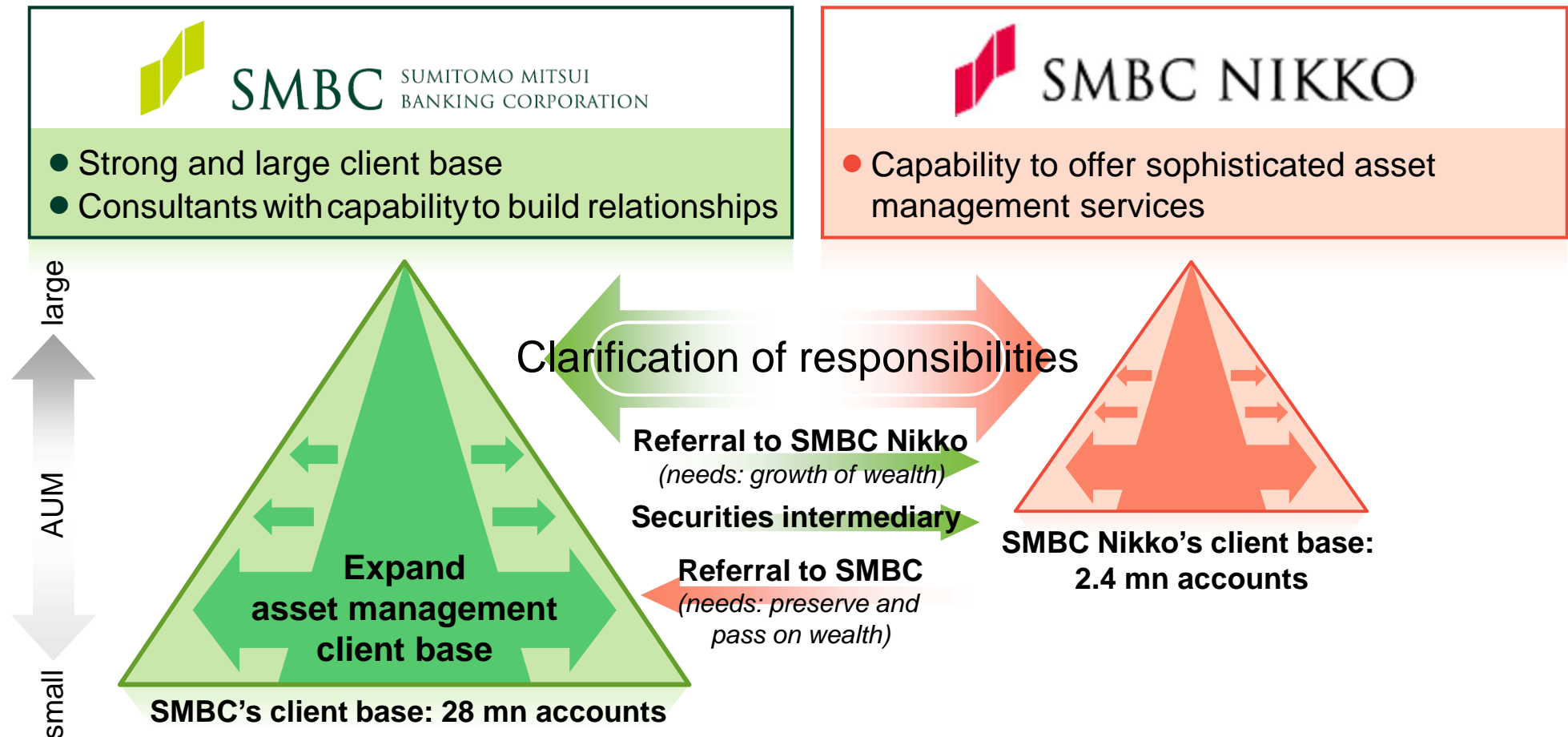
This is the twice consecutive year that SMBC has received an award for investor satisfaction from J.D. Power Asia Pacific

\*2 The commendation system hosted by a public interest incorporated association, Japan Institute of Information Technology

\*3 International quality standards for contact center operations. Release 5.1 version is the latest version

### III. SMBC's business strategy

## 2. Consumer banking business (2) Bank-securities integration model

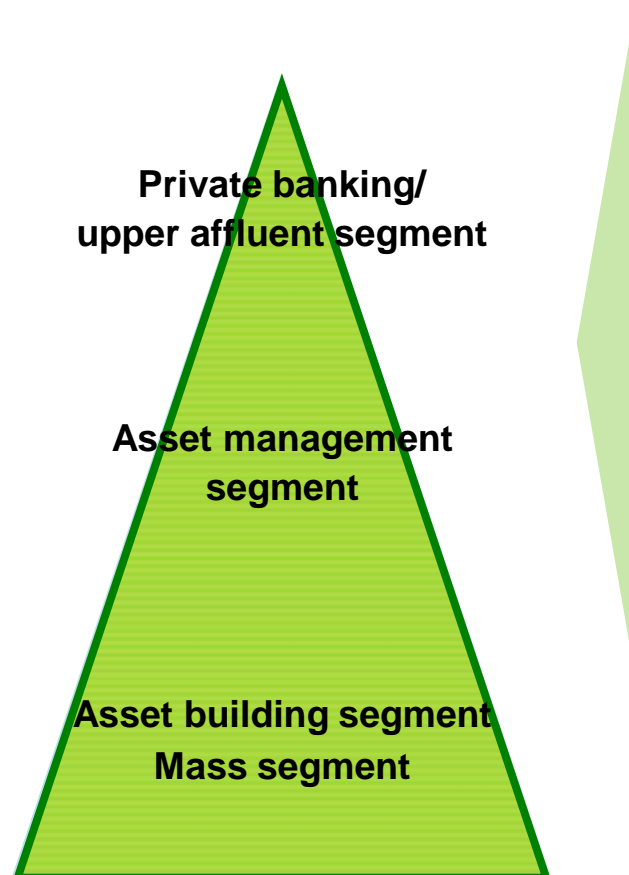


### No. of trial offices for bank-securities integration

	May 2013 -		Oct. 2013 -
SMBC	15	double	31
SMBC Nikko	10		22

### III. SMBC's business strategy

## 2. Consumer banking business (3) Wealth management and inheritance / succession related businesses



- Provide solution based on client needs



**SMBC** SUMITOMO MITSUI  
BANKING CORPORATION

- Solutions related to M&A and capital policy for business owners
- Solutions for business succession



**SMBC NIKKO**

- Specialized solutions related to stocks held by business owners

SMBC Nikko Securities  
SMBC Barclays Division

- Investment solutions from Barclays

Joined in Oct. 2013\*



**SMBC TRUST BANK**

- Wealth management solutions utilizing trust bank capabilities

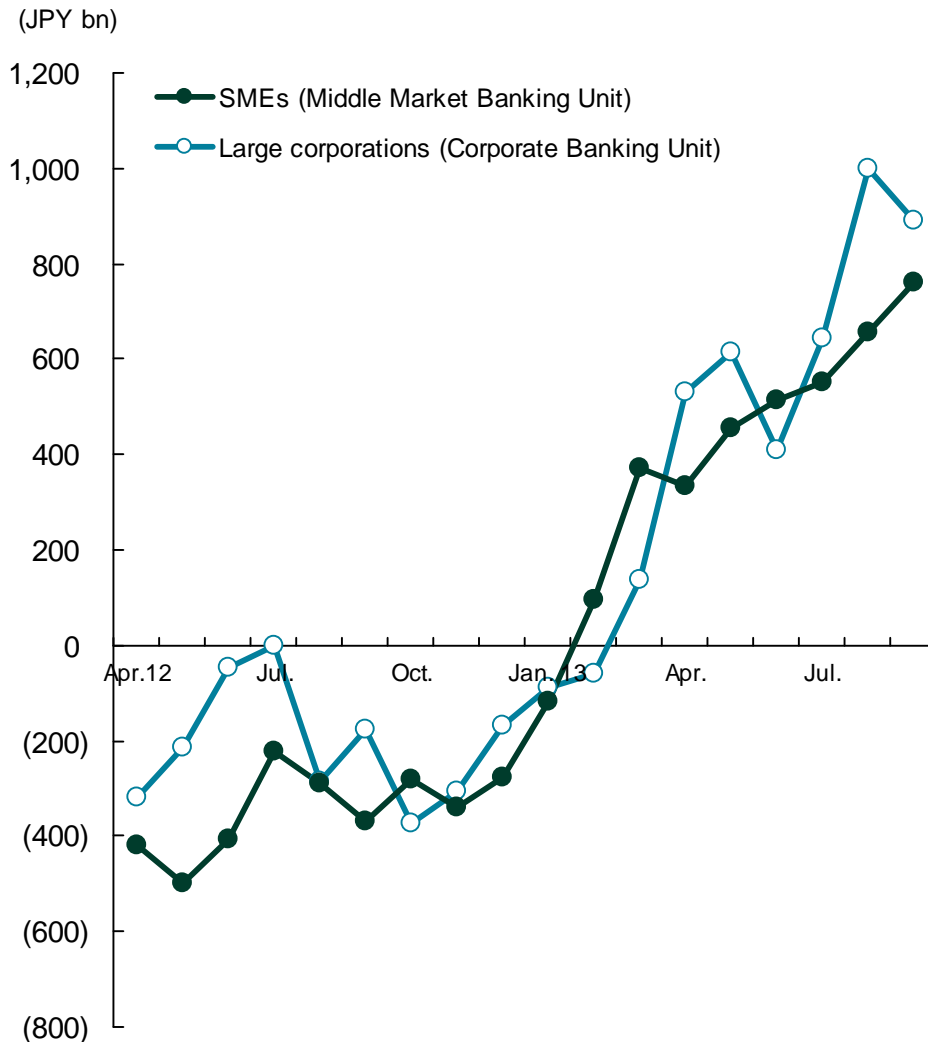
- Enhance consumer and middle market banking combined operation
  - Promote testamentary trust and inheritance settlement businesses
- Deploy specialized advisors in front offices
  - Provide expertise and transfer know-how of inheritance-related business to front sales staff

\* Made Societe Generale Private Banking Japan a wholly-owned subsidiary and changed name in Oct. 2013

### III. SMBC's business strategy

## 3. Corporate banking business (1) Provide financing to support economic recovery of Japan

### YOY increase/decrease of average loan balance\*

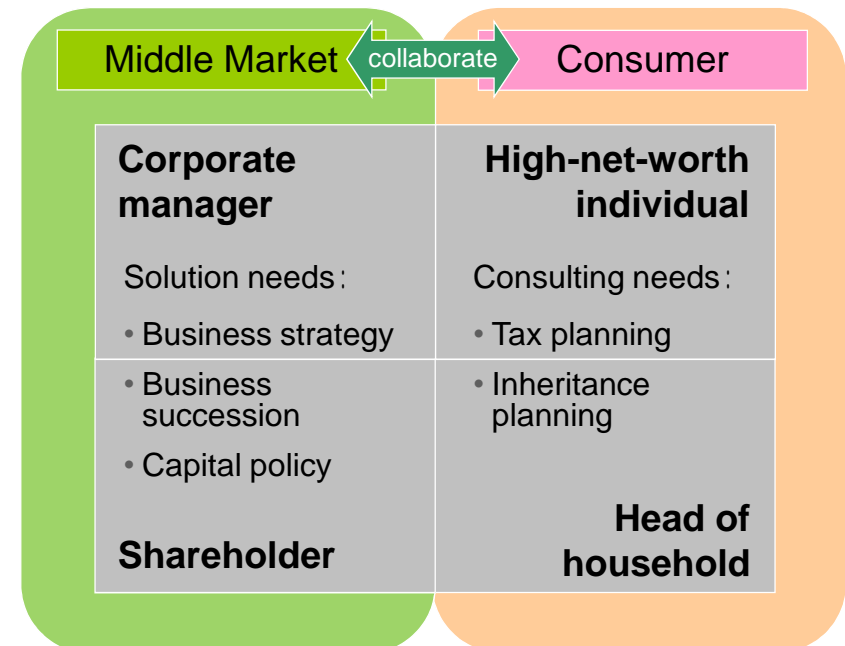


\* SMBC's Middle Market Banking Unit and Corporate Banking Unit

### Initiatives to increase loan balance

- Extended loans by measures such as utilizing loan support program of the Bank of Japan
- Corporate Advisory Division addresses corporate clients' needs for M&A and business restructuring by supporting strategy planning from an early stage
- Advisory on overseas expansion
- Middle market and consumer banking combined operation for business owners and land owners

### Middle market and consumer banking combined operation





### III. SMBC's business strategy

## 3. Corporate banking business (2) Initiatives to support growth industries

### Initiatives to support domestic growth industries

- Project finance for solar energy projects
  - Large-scale solar energy businesses run by Sumitomo Corporation; JGC Corporation
  - Regionalized solar energy business utilizing JA group's agriculture facilities across Japan
- Healthcare
  - Affiliated loans with Daiwa House Industry Co. for nursing homes
  - Prepared for establishment of health-care REITs
  - Invested in regenerative medicine fund under Sosei Group Corporation
- Agriculture
  - Invested in agriculture sector fund managed by Tsukuba Technology Seed
- PFI
  - Tokyo University's clinical research center facilities
- Assessment loans / private placement bonds
  - Lending based on evaluation of environmental friendliness, contribution to food / agriculture, sustainability, etc.

### Growth Industry Cluster Dept.

Renewable energy	Solar energy, wind energy, etc.
Water	Water supply and sewerage, recycled water, desalination, etc.
Environment	Eco-city development, energy-saving facilities, etc.
Natural resources	Coal, natural gas, etc.
Healthcare	Medical, nursing, etc.
Agriculture	Global expansion, etc.

### Example Approaches for emerging countries

Support growth of emerging countries, including Asia by leading a consortium of Japanese corporations with technological strength and municipalities

- Vietnam: Water, urban development, power
- Thailand: Upgrade industrial park
- Mongolia: Refurbish and construct electricity transmission and distribution systems

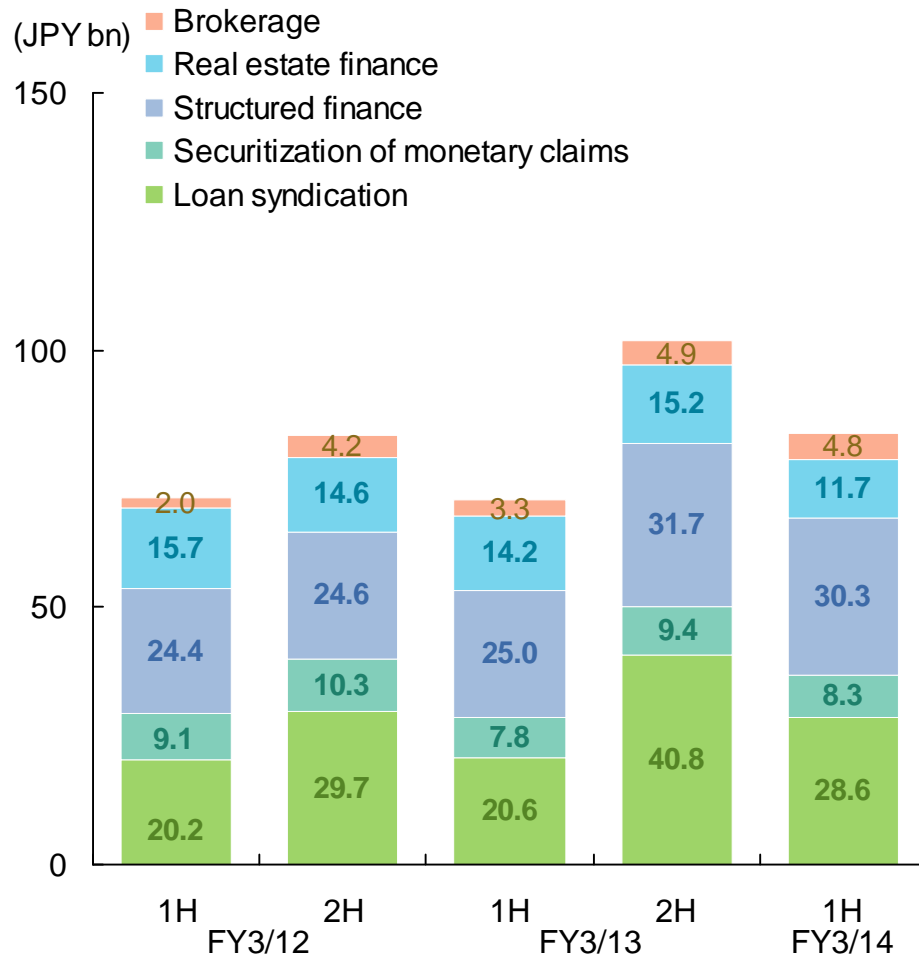
SMBC was awarded  
**FT / IFC Sustainable Bank of the Year 2013 (Asia/Pacific)**  
 as a result of its promotion of environmental business  
 and enhancement of diversity



### III. SMBC's business strategy

#### 3. Corporate banking business (3) Strengthen ability to support global expansion and restructuring

##### Income related to Investment banking business (SMBC)

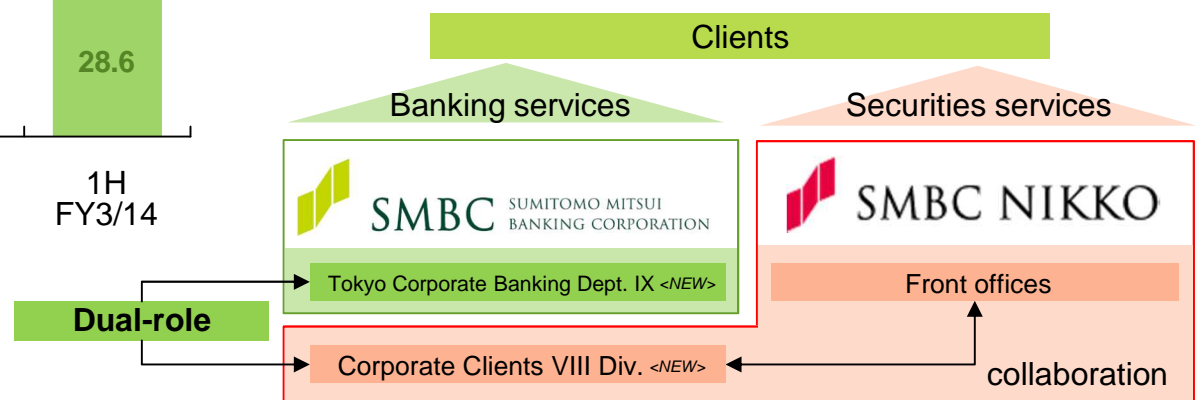


##### Responding to global expansion of clients

- Global Supply Chain Finance Department
  - 24 offices worldwide with approx. 110 employees
  - Accommodate clients' needs such as factoring services at overseas production bases
- Corporate Advisory Division
  - Increased overseas personnel and enhanced capability to have deeper discussion with clients

##### From bank-securities "collaboration" to "integration"

- SMBC Nikko Securities served as lead manager of global offerings of industrial corporations for the first time since joining SMFG group
- Established a new bank-securities dual-role department (Nov. 2013); allows for simultaneous proposal for syndicated loans and bonds etc.



### III. SMBC's business strategy

## Reference: 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

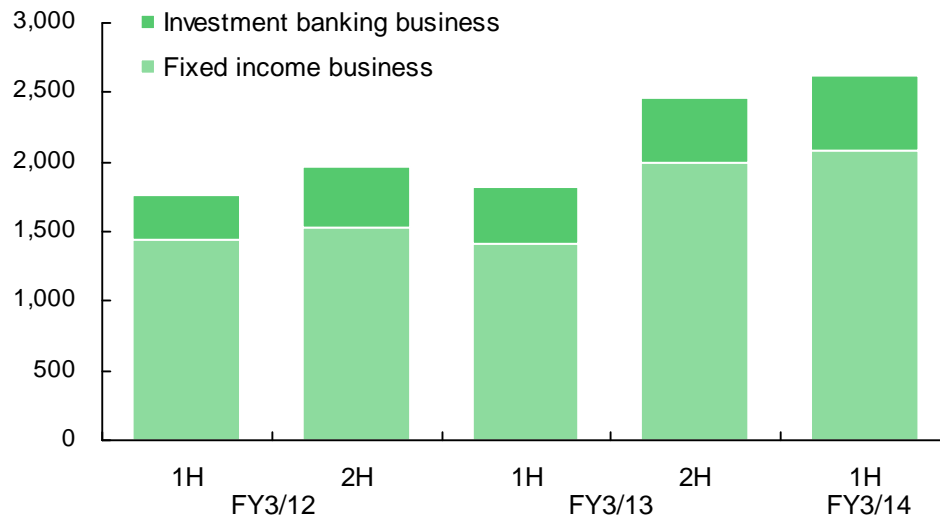
### League tables (Apr.-Sep. 2013)

	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%

(\*) Ranked No. 1 for underwriting of Samurai bonds

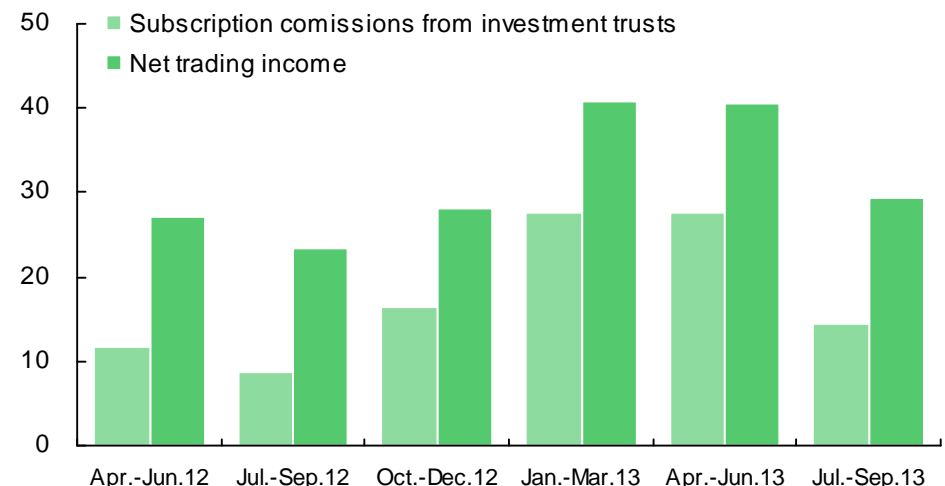
### Synergies between SMBC and SMBC Nikko

(No. of referrals)



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

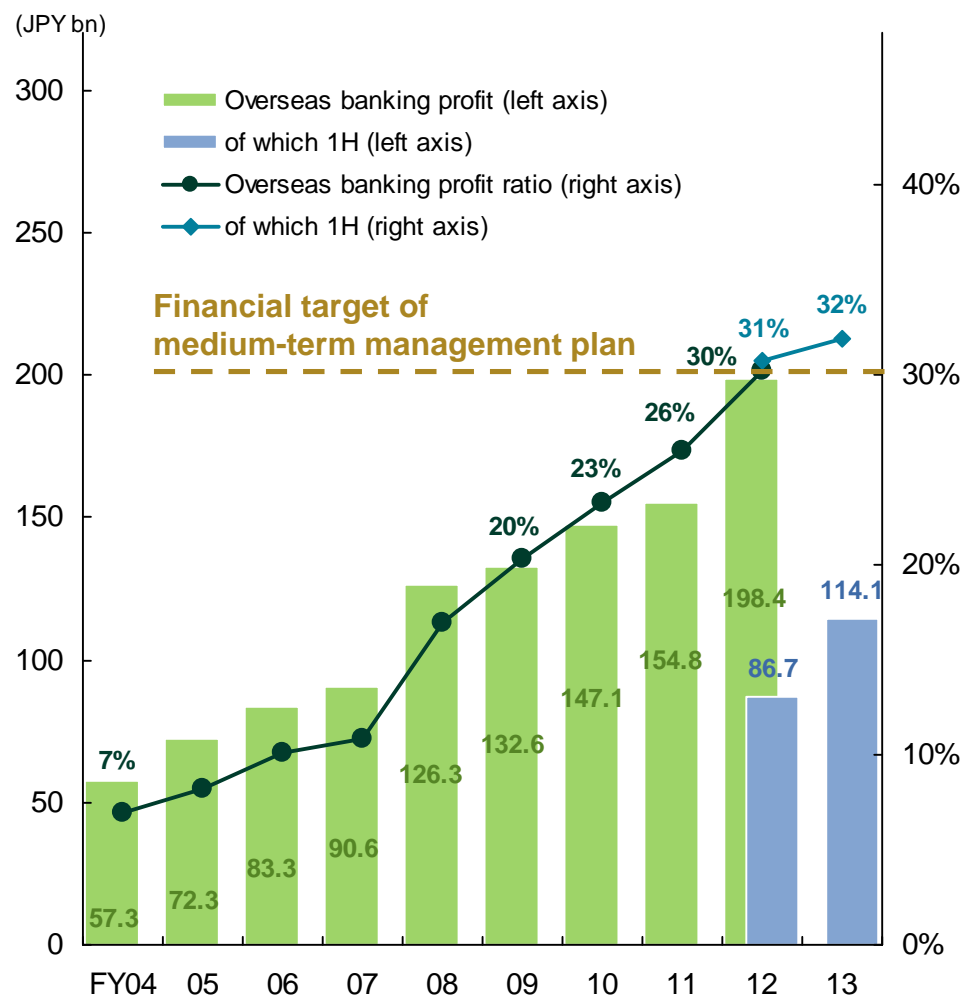
(JPY bn)



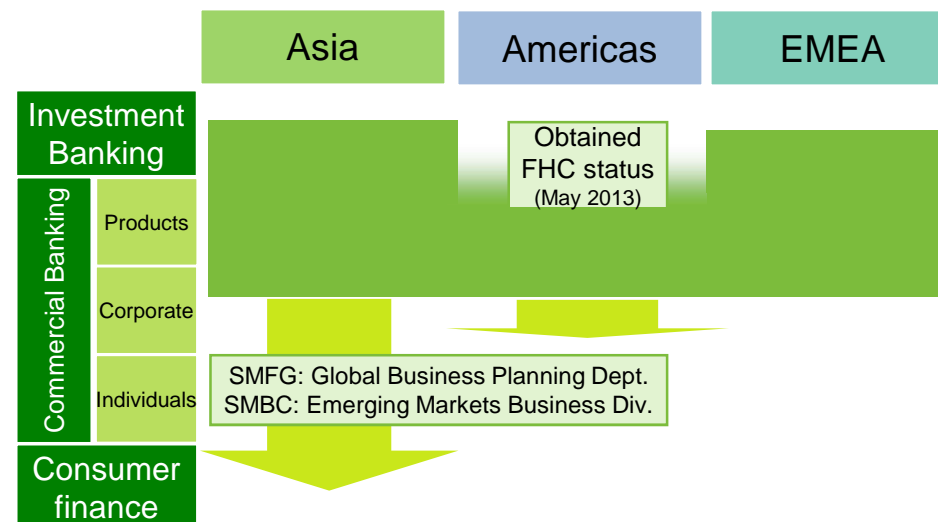
### III. SMBC's business strategy

## 4. International business (1) Overview

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



#### Our international business



#### Initiatives since Apr. 2013

Expansion of network	Perth Rep. Office (Australia)
	Santiago Rep. Office (Chile)
	Chonburi Exchange Office (Thailand)
	Ulaanbaatar Rep. Office (Mongolia)
Strengthening of marketing functions	Emerging Markets Business Division Global Transaction Banking Dept. Global Supply Chain Finance Dept. (Apr. 2013)
Capital / business alliances	Bank Tabungan Pensiunan Nasional (Indonesia) <capital alliance, etc.>
	Absa Bank Limited (South Africa) <expanding business cooperation, etc.>

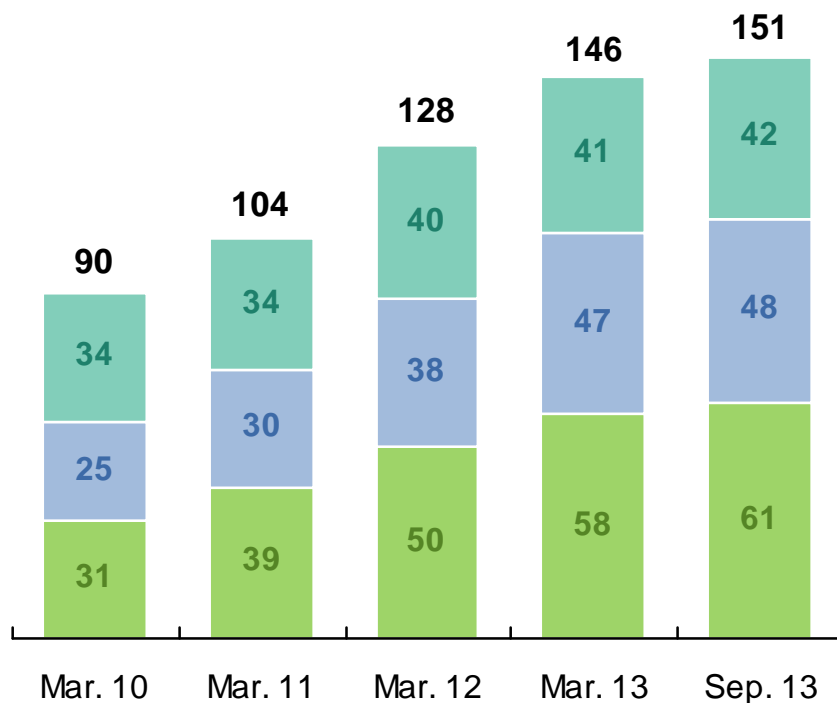
### III. SMBC's business strategy

#### 4. International business (2)-1 Sustainable growth of existing business (overseas loans)

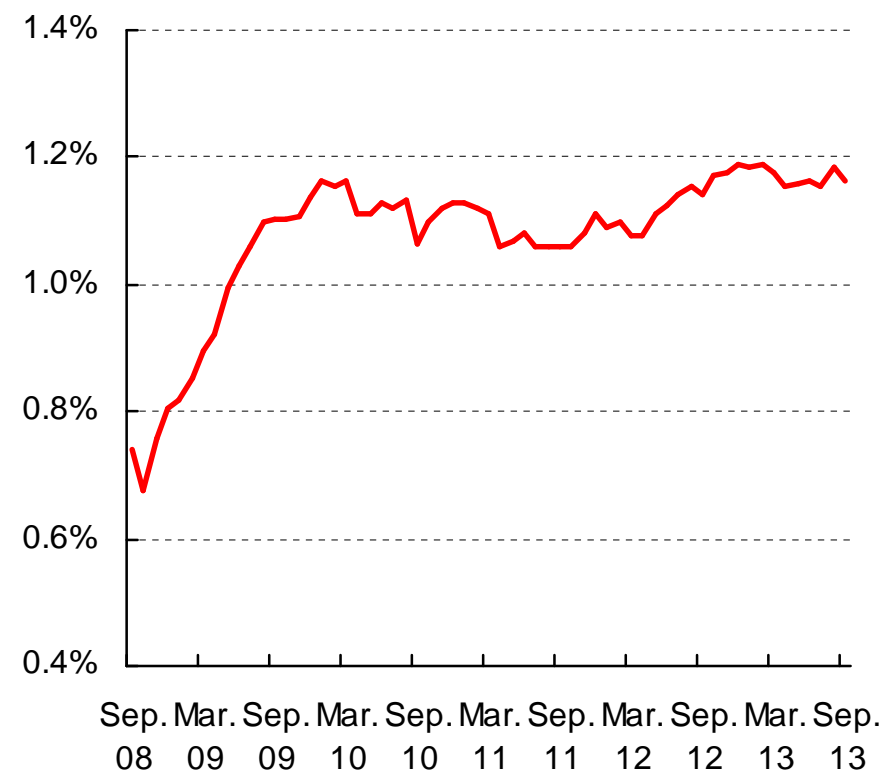
##### Overseas loan balance<sup>\*1, 2</sup>

(USD bn)

- EMEA
- Americas
- Asia



##### Overseas loan spread<sup>\*1, 3</sup>



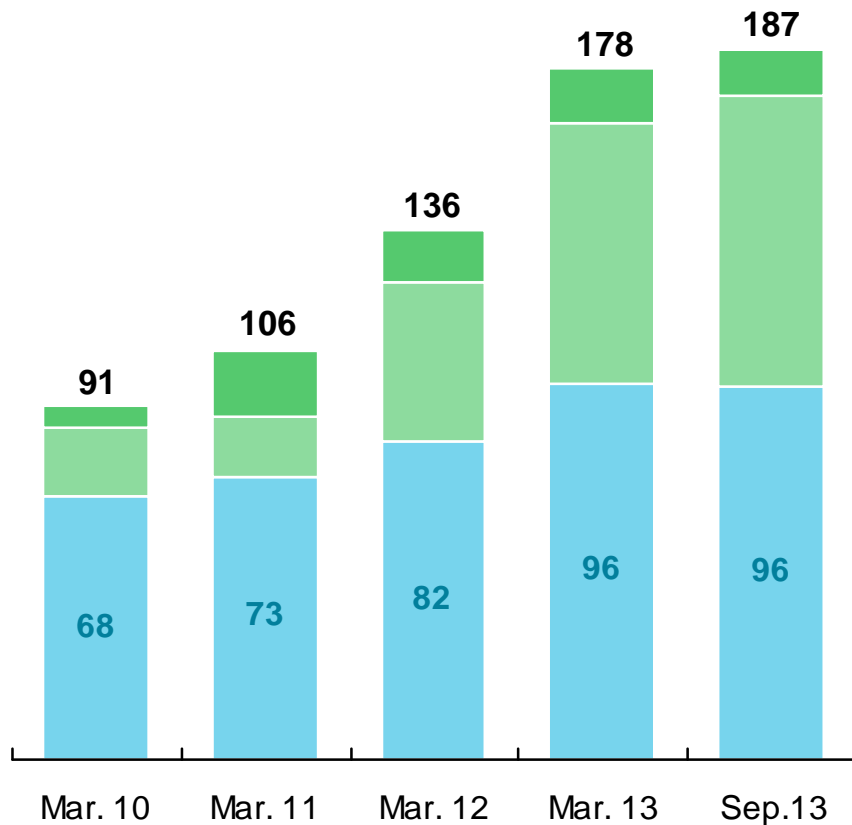
### III. SMBC's business strategy

#### 4. International business (2)-2 Sustainable growth of existing business (foreign currency funding)

##### Overseas deposit balance<sup>\*1, 2</sup>

(USD bn)

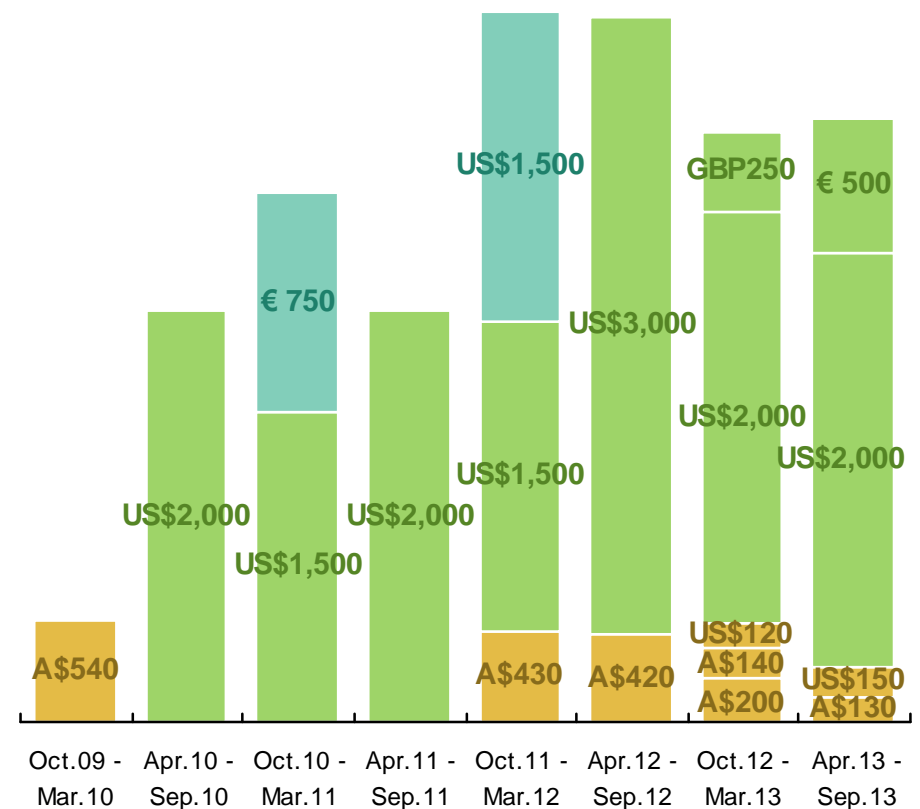
- CDs & CP : less than 3 months
- CDs & CP : 3 months or more
- Deposits<sup>\*3</sup>



##### Issued amount of foreign-currency denominated bonds

(in millions of currency units)

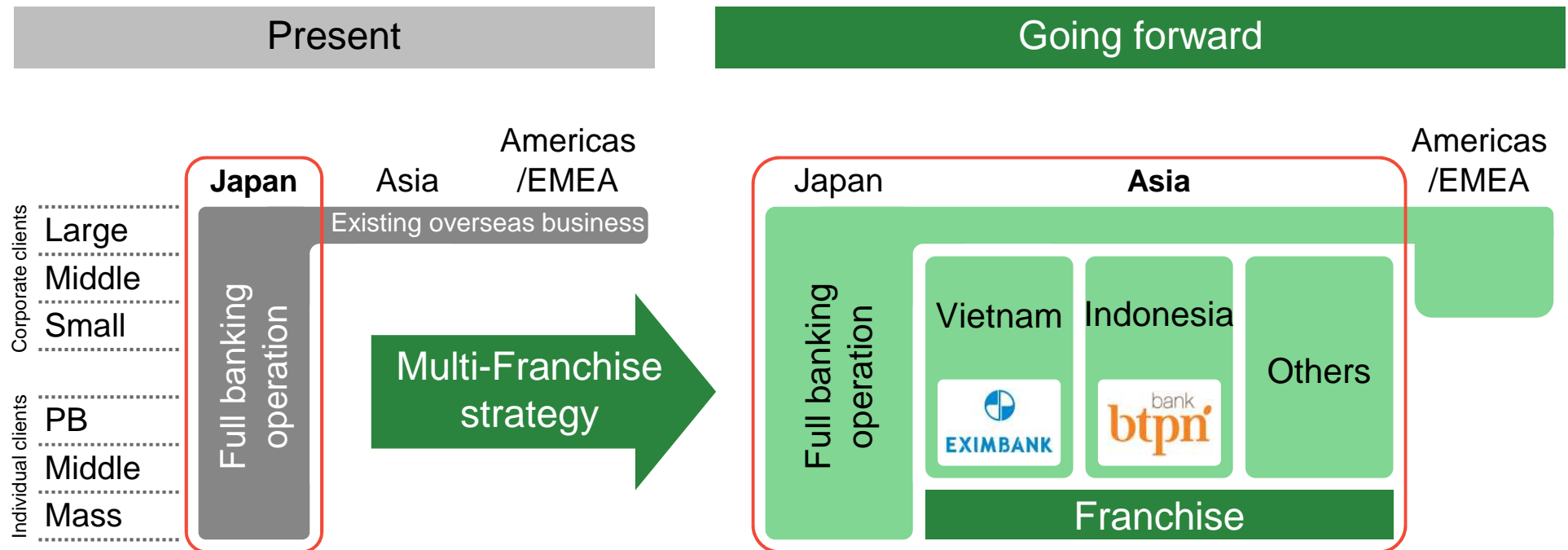
- Subordinated bonds to overseas institutional investors
- Senior bonds to overseas institutional investors
- Senior bonds to domestic retail investors



### III. SMBC's business strategy

## 4. International business (3) Multi-Franchise strategy

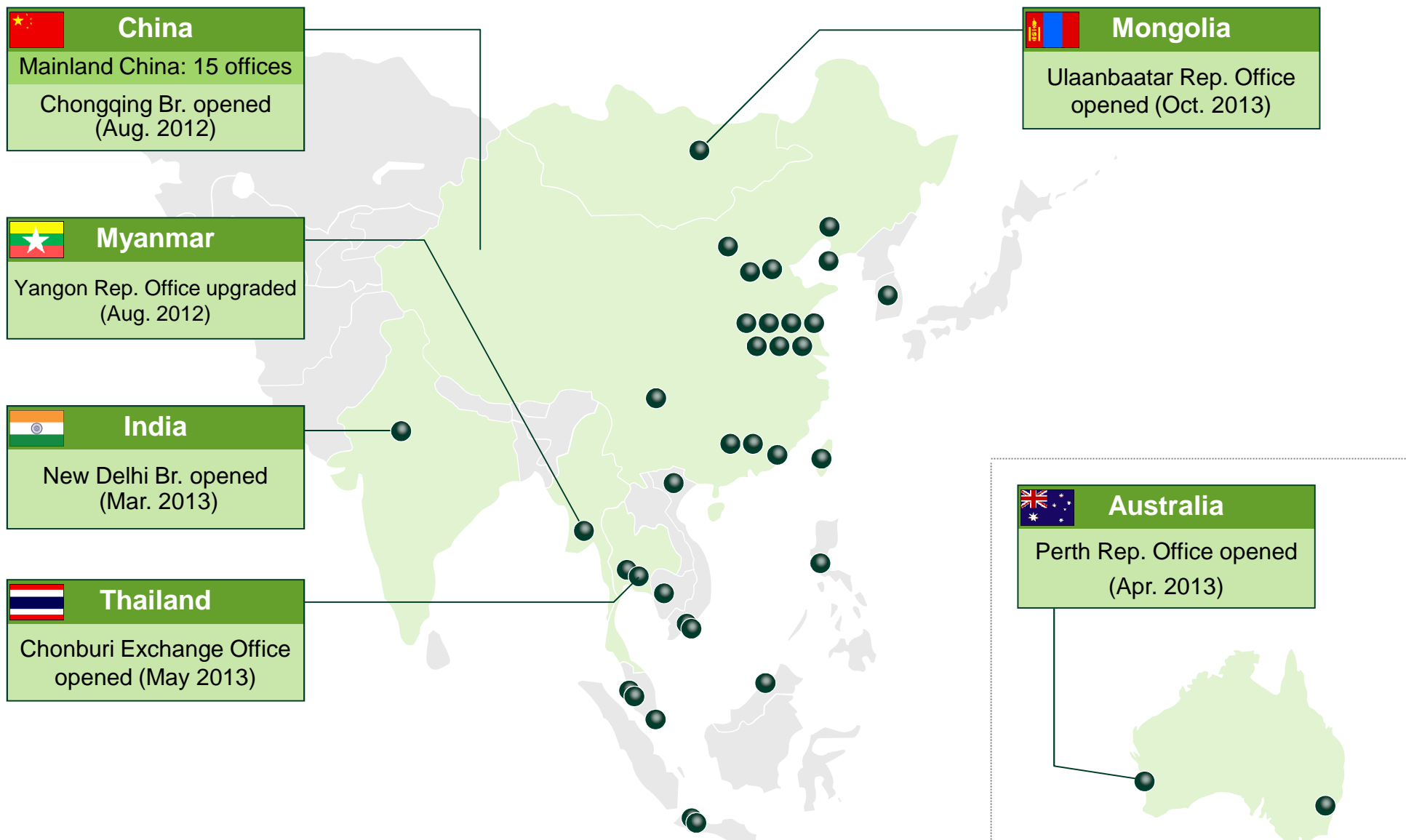
- Expand full-line banking services with a focus on Asia
- In the medium term, establish “second and third” SMBC



Building business with mid-to-long term perspectives  
Commitment to business in Asia

### III. SMBC's business strategy

## 4. International business (4) SMBC's footprint in Asia\*



\* Channels opened since Apr. 2012 are listed above



# Appendix

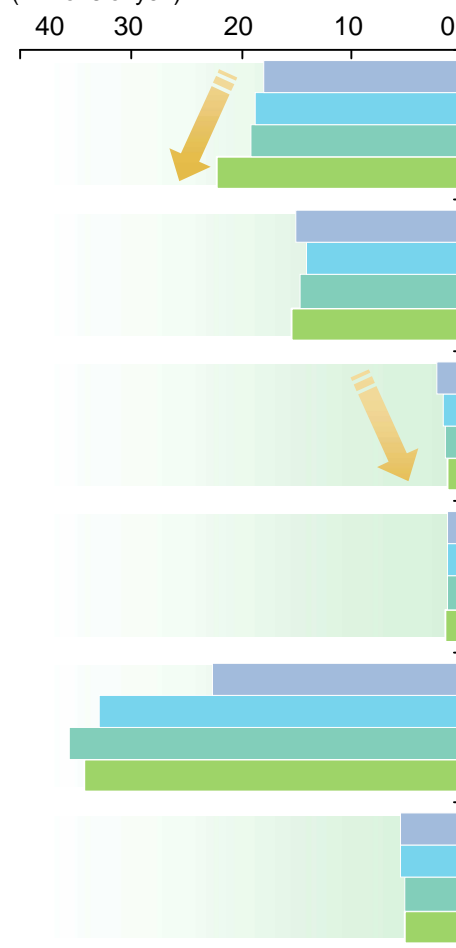
# Corporate, sovereign and bank exposures (SMFG consolidated)

## Domestic

[As of Mar. 31, 2013]

PD	LGD	Risk weight
0.07%	36.75%	19.39%
0.76%	33.08%	49.08%
12.58%	30.45%	127.74%
100.00%	48.27%	5.40%
0.00%	35.56%	0.04%
1.07%	38.62%	54.35%

(Trillions of yen)

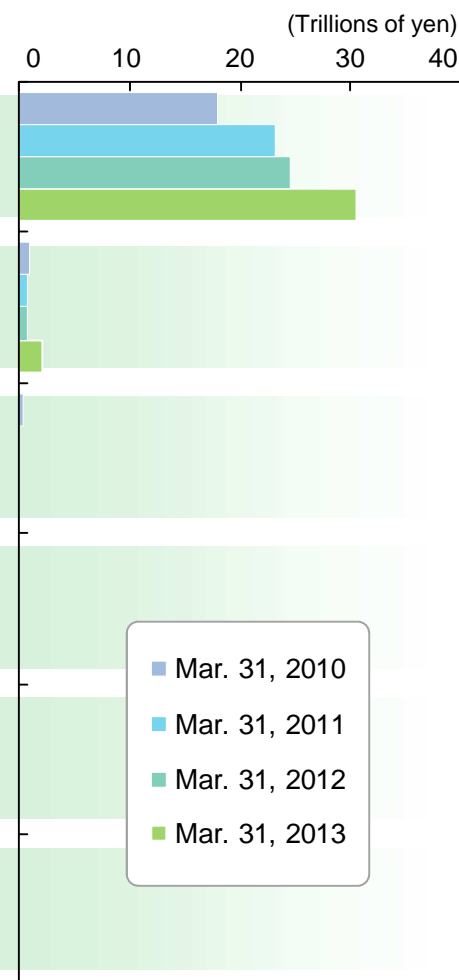


JPY 80.2 trillion

**Total**  
(As of Mar.31, 2013)

## Overseas

[As of Mar. 31, 2013]



JPY 33.0 trillion

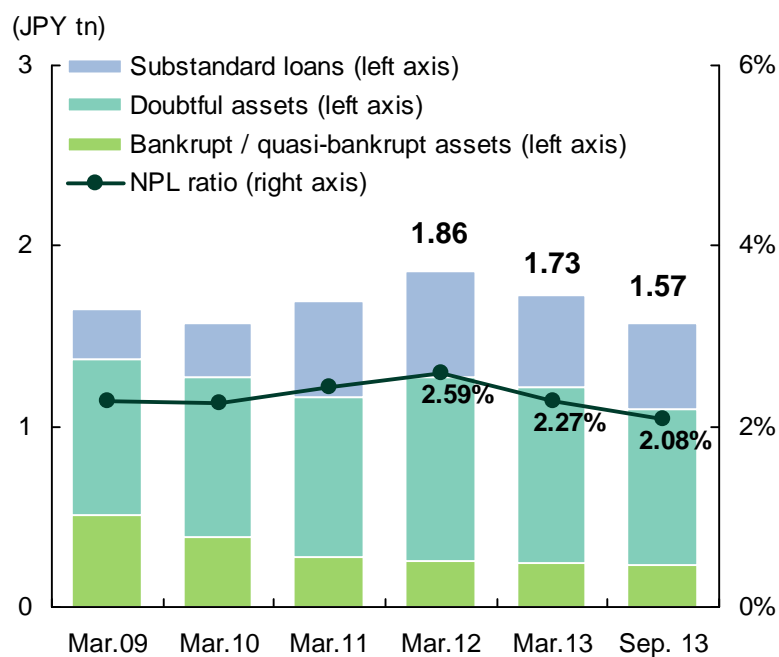
PD	LGD	Risk weight
0.15%	30.65%	18.58%
3.62%	13.23%	34.43%
23.82%	20.79%	112.64%
100.00%	65.08%	51.35%
-	-	-
2.12%	35.45%	102.07%

(SMFG consolidated)

# Non-performing loan balance and ratio

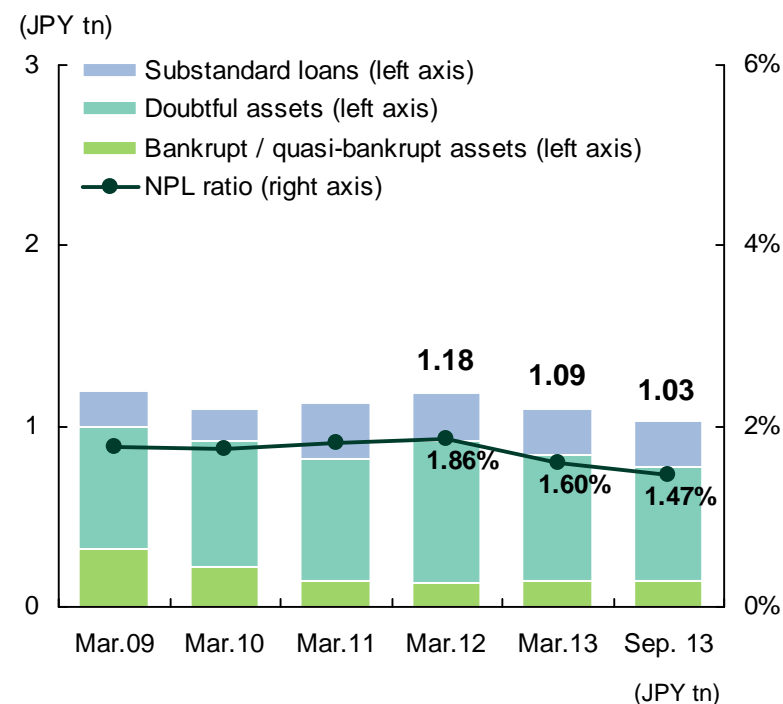
## SMFG consolidated

	Mar. 13	Sep. 13
Coverage ratio	85.84%	85.15%



## SMBC non-consolidated

	Mar. 13	Sep. 13
Coverage ratio	92.63%	90.24%



Claims on borrowers requiring caution*	3.7	3.7	3.1	2.8	1.9	1.7
Total claims	67	63	62	64	68	70

\* Excluding claims to Substandard borrowers

# Bond portfolio

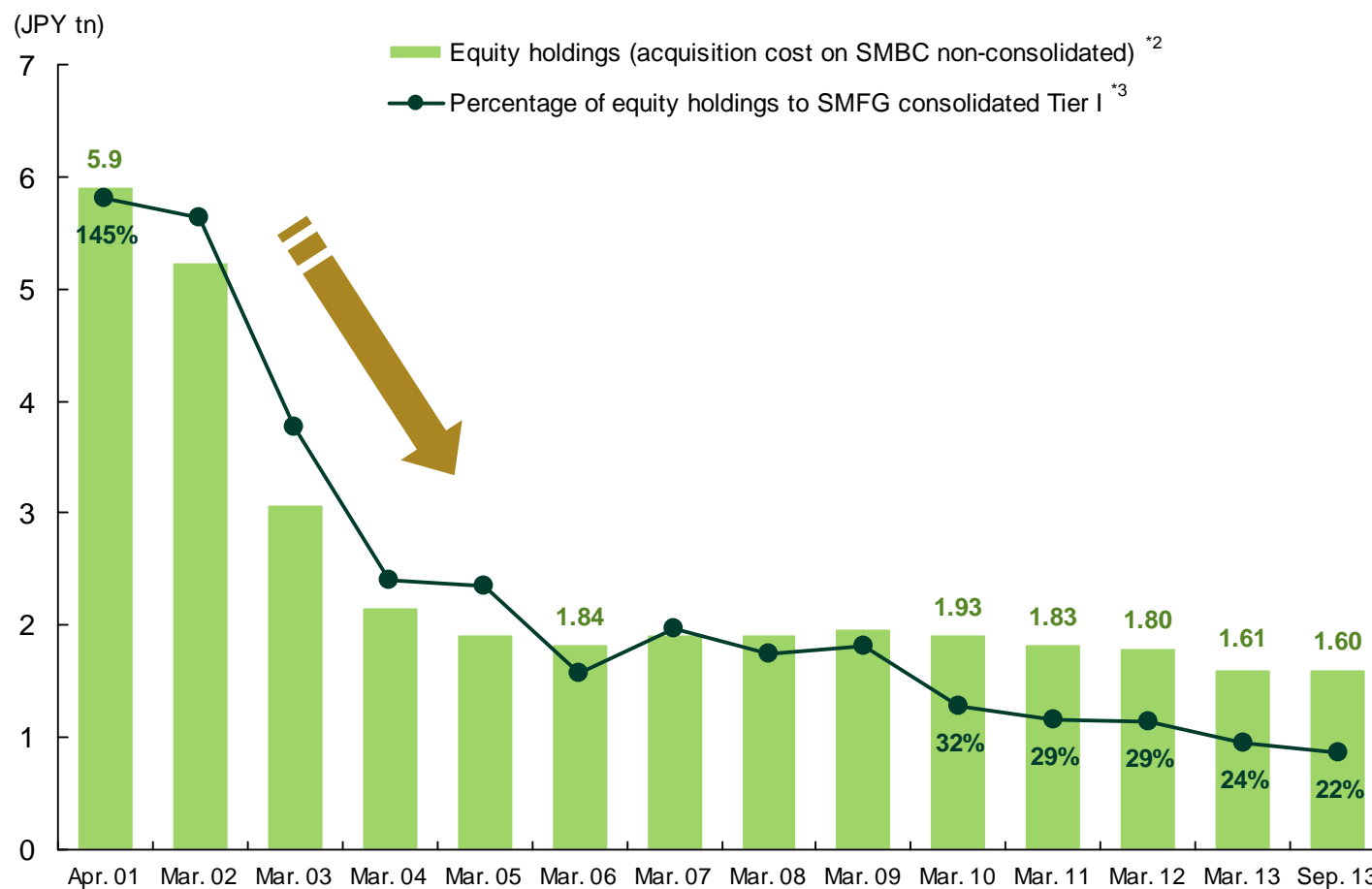
		Sep. 2012		Mar. 2013		Sep. 2013		Change from Mar. 2013	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
(JPY tn)									
SMBC <non-consolidated>	Yen-denominated bonds	30.4	0.17	28.9	0.16	17.1	0.10	(11.7)	(0.05)
	of which JGB	27.5	0.12	26.2	0.11	14.7	0.06	(11.5)	(0.05)
	Held-to-maturity	5.3	0.06	5.5	0.06	4.9	0.04	(0.6)	(0.02)
	Others	22.2	0.06	20.7	0.06	9.9	0.02	(10.8)	(0.03)

## < Reference >

SMFG <consolidated>	Yen-denominated bonds	31.8	0.18	30.4	0.17	18.4	0.11	(12.0)	(0.06)
	of which JGB	28.2	0.13	27.0	0.12	15.3	0.06	(11.7)	(0.06)
	Held-to-maturity	5.3	0.06	5.5	0.06	4.9	0.04	(0.6)	(0.02)
	Others	23.0	0.07	21.5	0.06	10.4	0.02	(11.1)	(0.04)

# Equity holdings

## Balance of equity holdings<sup>\*1</sup>



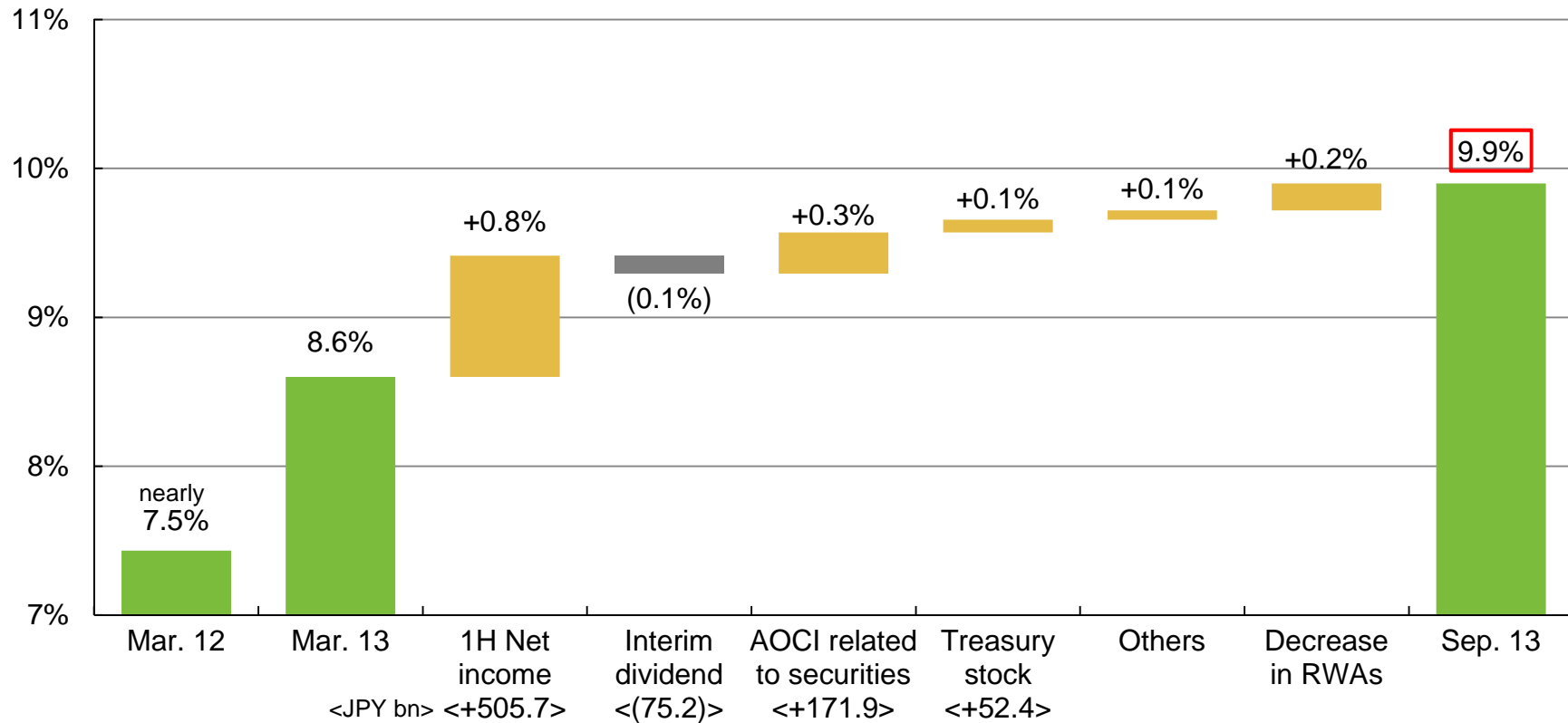
<sup>\*1</sup> Balance of domestic listed stocks classified as other securities

<sup>\*2</sup> Amount of un-hedged equity. Shares of SMFG related to share exchange for acquiring former Promise are excluded

<sup>\*3</sup> Until Mar. 2002, percentage to SMBC consolidated Tier I. After Mar. 2013, percentage to SMFG consolidated Tier 1 based on Basel 3

# Capital and risk-weighted assets (1) (SMFG consolidated)

## Common Equity Tier 1 capital ratio - fully-loaded\*, pro forma



\* Based on the Mar. 31, 2019 definition. Numbers may not add up due to rounding

# Capital and risk-weighted assets (2) (SMFG consolidated)

## Capital ratio (transitional basis)

	(JPY bn)	Mar. 31, 2013	Sep. 30, 2013 <i>preliminary</i>
<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\*1, 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*2	First call date*3	Step-up	
SMFG Preferred Capital USD2 Limited						Called Jul. 2013
	May 2008	USD 1,800 mn	8.75%	Jul. 2013	None	
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 Mar. 31, 2019 definition

\*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

# Products with competitive advantages

## Project Finance

- SMBC was awarded “Global Bank of the Year 2012” by *Project Finance International*, the leading publication in the global project finance industry
- Team with high expertise committed to obtain mandates
- Leverage relationships with customers and ECAs to work on transactions with both Japanese and non-Japanese sponsors



# Roll of honour

● Global  
Bank of the Year: **SMBC**

## League tables (Jan. – Sep. 2013)\*1

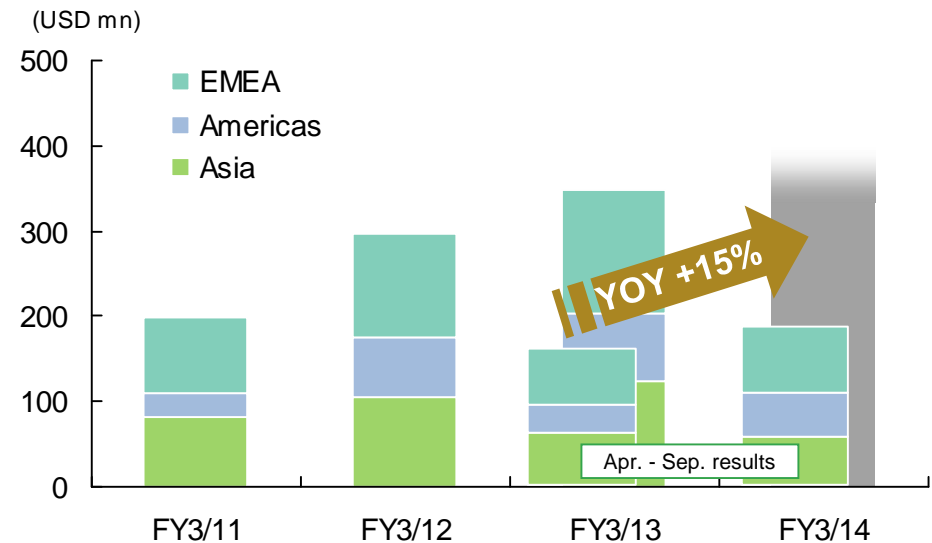
	Global	Asia*2	Japan
Project Finance	#4	#5	
Loan Syndication	#9	#6	#3

\*1 Source: Thomson Reuters (Mandated Arrangers)

\*2 Project finance: Asia Pacific. Loan syndication: Asia (excl. Japan), all international currency syndicated and club loans

\*3 Source: “ASIAMONEY” cash management poll (published Aug. 2013)

## Trade finance related profit



## Cash management service

### Cash management providers' ranking (in Asia Pacific)\*3

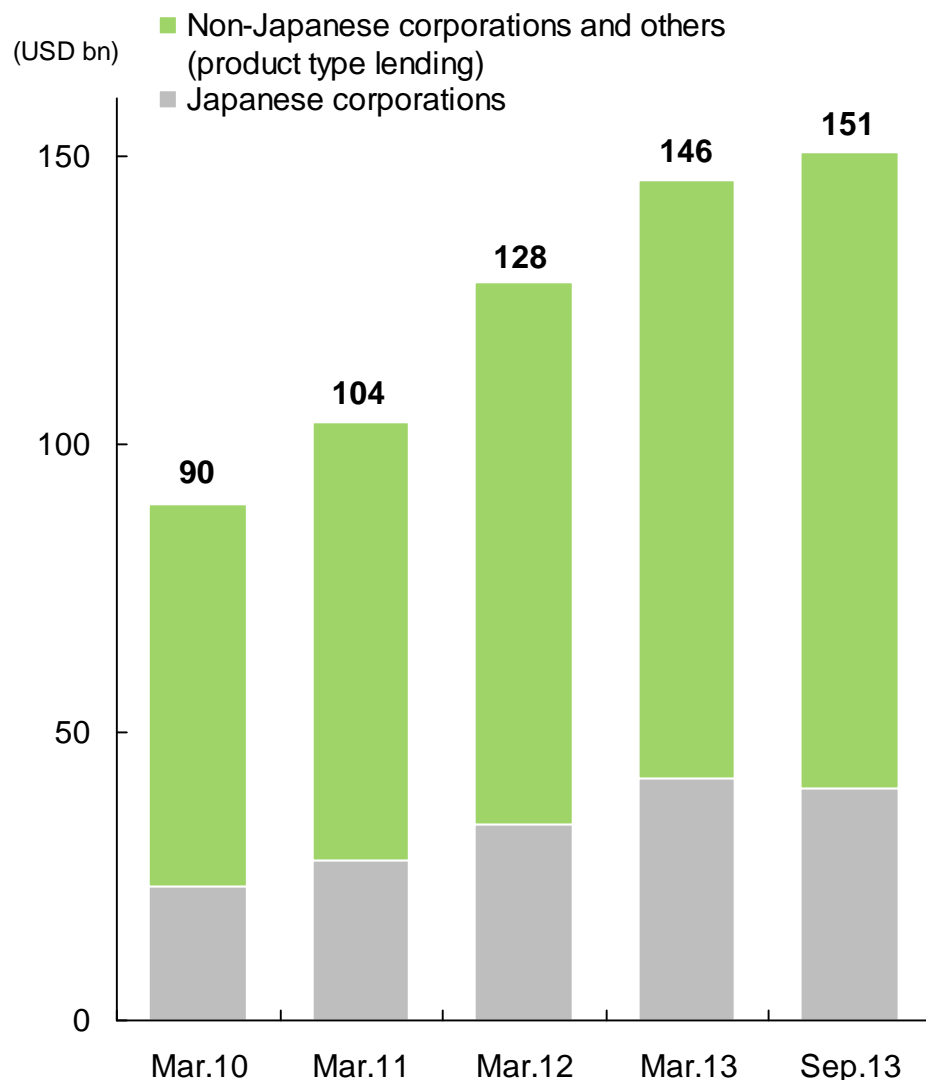
Cash management service (CMS) as voted by corporations	Large corporations	5th	#1 among Japanese banks for 6 consecutive years	<div>CMS in Asia</div> <div>Aim to be one of the top 3 global banks</div>
	Medium corporations	5th		
	Small corporations	5th		
JPY CMS as voted by financial institutions		1st	#1 for 8 consecutive years	



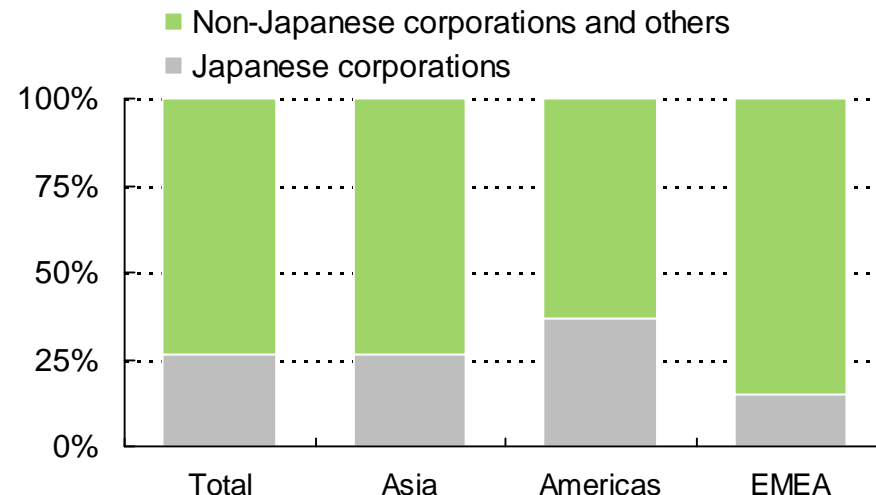
# Overseas loan balance classified by borrower type

(Geographic classification based on booking office)

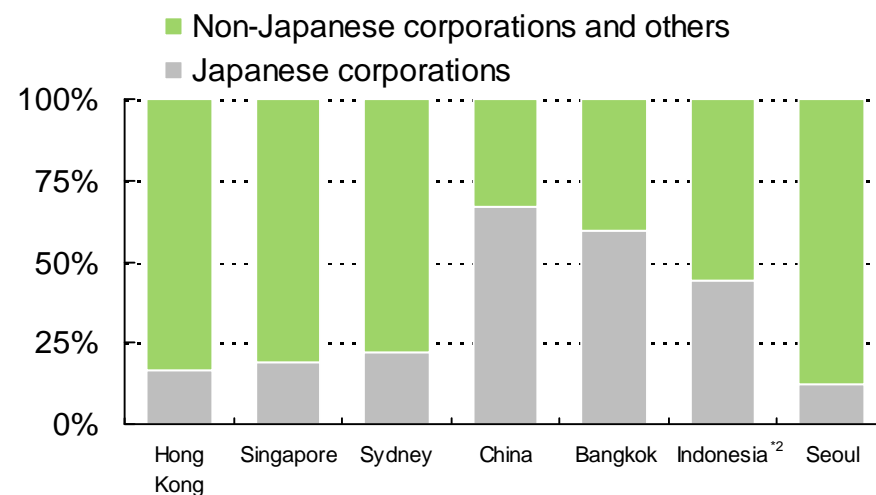
## Total\*1



## By region (Sep. 2013)\*1



## Major marketing channels in Asia (Sep. 2013)\*1



\*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China)

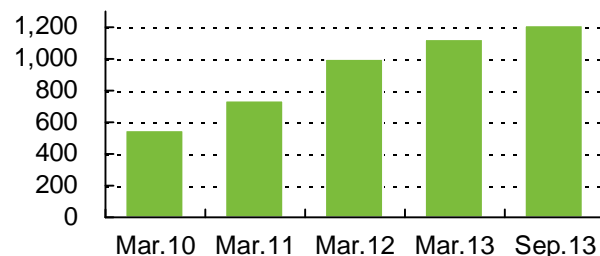
\*2 Sum of SMBC and PT Bank Sumitomo Mitsui Indonesia

# Loan balance in Asian countries

(Geographic classification based on borrowers' domicile)\*

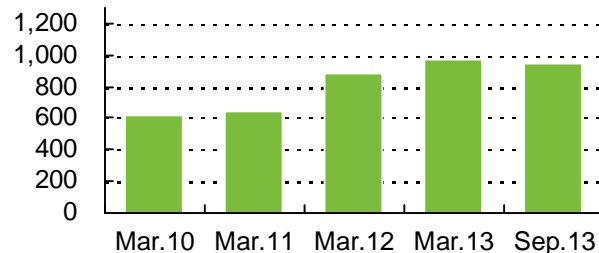
## Hong Kong

(JPY bn)



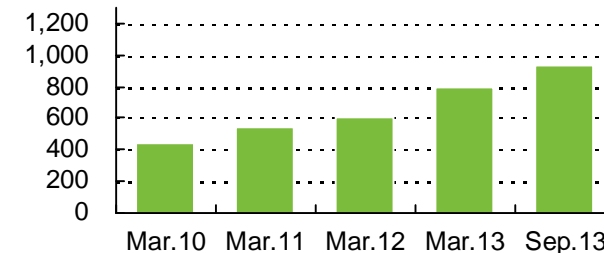
## Singapore

(JPY bn)



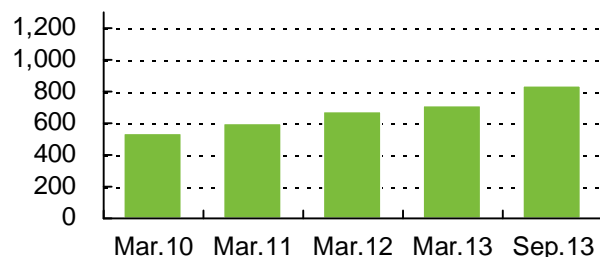
## Australia

(JPY bn)



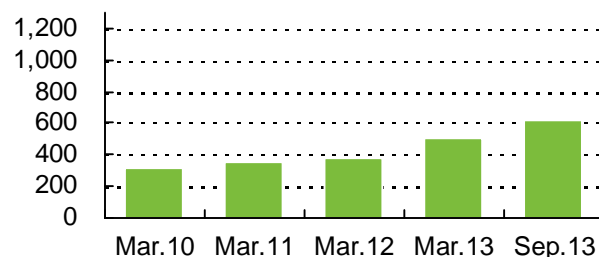
## China

(JPY bn)



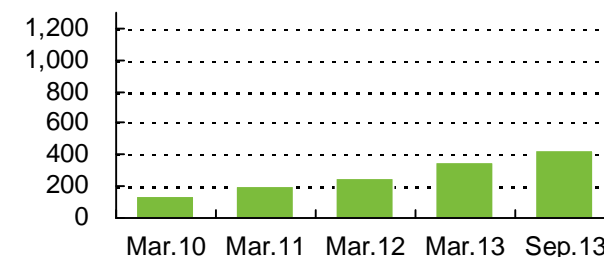
## Thailand

(JPY bn)



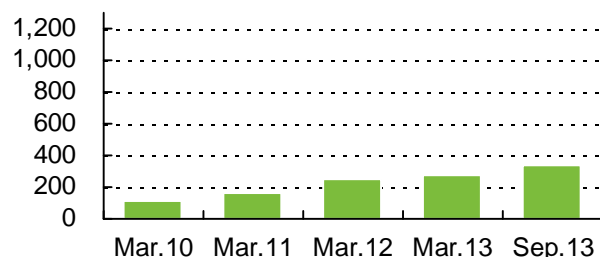
## Indonesia

(JPY bn)



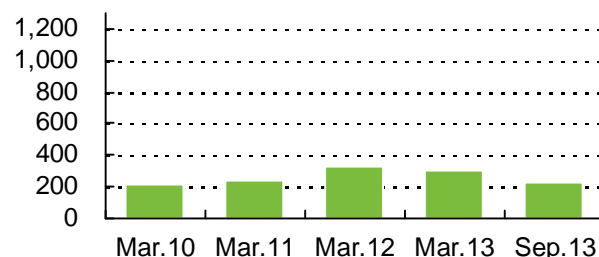
## India

(JPY bn)



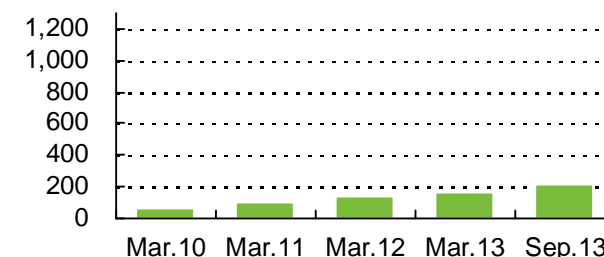
## Korea

(JPY bn)



## Taiwan

(JPY bn)



\* Managerial accounting basis. Sum of SMBC, SMBC Europe, SMBC (China) and PT Bank Sumitomo Mitsui Indonesia. Loan balances are translated into JPY from each country's local currency at the exchange rate of Sep. 2013

## Strategic partners in Asia

	Strategic partner*	Relationship since	Outline of alliance / cooperation
China	Bank of China	2000	Renminbi business cooperation
	Industrial and Commercial bank of China	1995	Ship finance business in China
	Agricultural Bank of China	2002	Funding activities in China
Korea	<b>Kookmin Bank</b>	2007	Mutual introduction of customers inside/outside Japan/Korea, Loan syndication, funding activities Invested in KB Financial Group, the holding company, in 2008
Taiwan	First Commercial Bank	2007	Local currency funding in China and Taiwan, usage of channel network
Hong Kong	<b>Bank of East Asia</b>	2008	Mutual introduction of customers in China and Hong Kong, credit card business, funding activities Invested in 2009 and 2012
Philippines	Metrobank	1995	Introduction of customers in Philippines, local currency transaction, usage of channel network. Established Japan desk in 2007
Vietnam	<b>Vietnam Eximbank</b>	2007	Retail and SME banking business in Vietnam Invested in 2008. Entered into technical service agreement in 2009
Malaysia	RHB Bank	1974	Local currency funding in Malaysia, transaction services, Islamic finance
Indonesia	<b>Bank Tabungan Pensiunan Nasional</b>	2013	Invested in 2013. Retail banking business in Indonesia
	Bank Central Asia	2009	Local currency funding in Indonesia, transaction services including CMS
Cambodia	ACLEDA Bank	2012	Usage of channel network in Cambodia, transaction services, trade finance
India	<b>Kotak Mahindra Bank</b>	2010	Asset management business in India such as establishing infrastructure fund, securities and investment banking business. Invested in 2010

\* Banks in bold type denotes equity stake held by SMBC

# Investment in Bank Tabungan Pensiunan Nasional Tbk PT

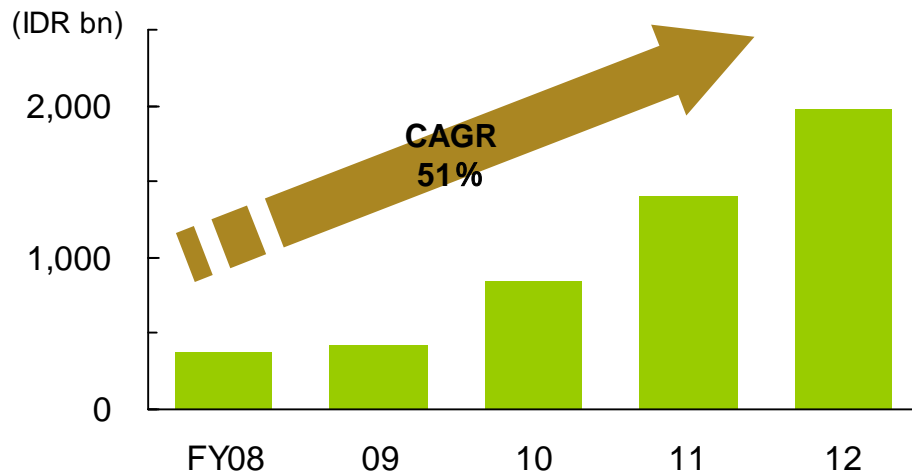
## Investment overview

- Investment amount: Approx. USD 1.5 bn (approx. JPY 150 bn) for 40% stake. As of May 10, approx. JPY 92 bn for 24.26% stake, IDR 6,500 per share
- Paid in US dollar; funded within ALM operation
- Share holding: 24.26% as of May 10, 2013 held by SMBC  
SMBC plans to hold 40% stake subject to the approval by regulatory authorities. BTPN will be treated as an affiliated company
- Expect to achieve RORA of 1.0% or higher

## Overview of BTPN

- Established in 1958 to serve retired military personnel through pension banking services. TPG Nusantara acquired a 71.6% stake in 2008
- Ranked 16th by asset size and 7th by market cap. among Indonesian banks
- Listing in Indonesian Stock Exchange : IDX ticker "BTPN"  
Market Cap. as of May 8, 2013 : IDR 33,289.6 bn  
(approx. JPY 326 bn)
- Rating by Fitch Ratings: AA- (national scale rating)

## BTPN's consolidated net income



\* Exchange rate as of May 8, 2013; 1,000 IDR=JPY 10.2, USD 0.1

### Asset



#### Pension banking

Loans to pension recipients



#### Micro-financing

Loans to small shop owners

### Liability



#### Deposit taking

Focus on wealthy customers

# SMBC Aviation Capital

## 1H, FY3/2014 performance

### Key financial information

(USD mn)	1H, FY3/14	FY3/13 (10 months)* <sup>2</sup>
<b>Total revenue*<sup>1</sup></b>	421	576
<b>Net income</b>	104	132
<b>Aircraft assets</b>	8,071	7,288
<b>Net assets</b>	1,179	1,078

- Merged existing aircraft leasing businesses (\*) into SMBC Aviation Capital in March 2013 and commenced operation as SMBC Aviation Capital in April 2013

(\*) SMFL Aircraft Capital Corporation B.V.(Netherlands), SMFL Aircraft Capital Japan Co., Ltd. (Japan) and Sumisho Aircraft Asset Management B.V.(Netherlands)

### Initiatives

- Realize “One Stop Shop” structure among three shareholders in order to meet various needs of the aircraft industry and aircraft investors
- Capture increasing aircraft demand by leveraging economies of scale
- Build sustainable profit structure through a “Buy and sell” business model

## Ranking by number of aircraft\*<sup>3</sup>

	Leasing company	Nationality	No. of aircrafts
1	GECAS	U.S.	1,742
2	ILFC	U.S.	1,033
3	BBAM	U.S.	332
	<b>SMBC AC + Sumisho Aircraft Asset Mgmt</b>		<b>318</b>
4	AerCap	Netherlands	297
5	Aviation Capital Group	U.S.	270
6	CIT Aerospace	U.S.	268
7	AWAS	Ireland	244
8	Boeing Capital Corp	U.S.	236
9	<b>SMBC AC</b>	<b>Ireland</b>	<b>232</b>
10	BOC Aviation	Singapore	198
23	<b>Sumisho Aircraft Asset Management</b>	<b>Netherlands</b>	<b>86</b>

\*1 Leasing revenue + gains (losses) on sales of aircrafts

\*2 Excludes assets of SMFL Aircraft Capital Corporation B.V., SMFL Aircraft Capital Japan Co., Ltd., Sumisho Aircraft Asset Management B.V.

\*3 As of Dec. 31, 2012 (Source: Flightglobal Insight “Aircraft Finance 2013”)

# Overview of “Abenomics”

## Policies : Three arrows

### Aggressive monetary policy

- 2% inflation target
- Quantitative and qualitative monetary easing
  - ✓ Main operating target: monetary base  
→ 270 trillion yen in 2014 (double from 2012)
  - ✓ Average duration and balance of JGB:  
→ double from 2012  
(monthly purchase 7+ trillion yen)
  - ✓ Purchase ETFs and J-REITs

### Flexible fiscal policy

- Create “15 months budget” by coupling FY2013 budget with 10.3 trillion yen FY2012 supplementary budget
- Implement flexible economic / fiscal policy in next 2-3 years
- Large scale public investment based on national land reconstruction plan
- Achieve primary balance surplus in 2020

### Growth strategy encouraging private sector investment

- Aim to become “trading / industrial investment nation” within 5 years
- Deregulate aggressively / reduce corporate tax rate
- Extend overseas investments, promote economic partnership agreements (TPP), and international natural resources strategy

## Targets

- Ease excessive yen appreciation  
→ Recover exports
- Improve stock price  
→ Increase domestic demand

+

- Support demand

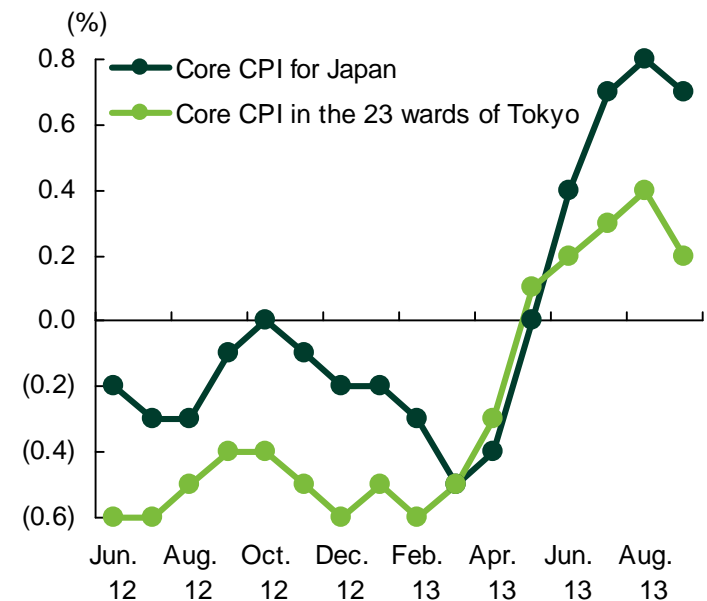
+

- Boost competitiveness of Japanese corporations

## Exit deflation/ Economic recovery


- Achieve nominal GDP growth rate of approx. 3% p.a.
- Increase per capita nominal Gross National Income by over 1.5 million yen

## Consumer price index (YOY change)\*



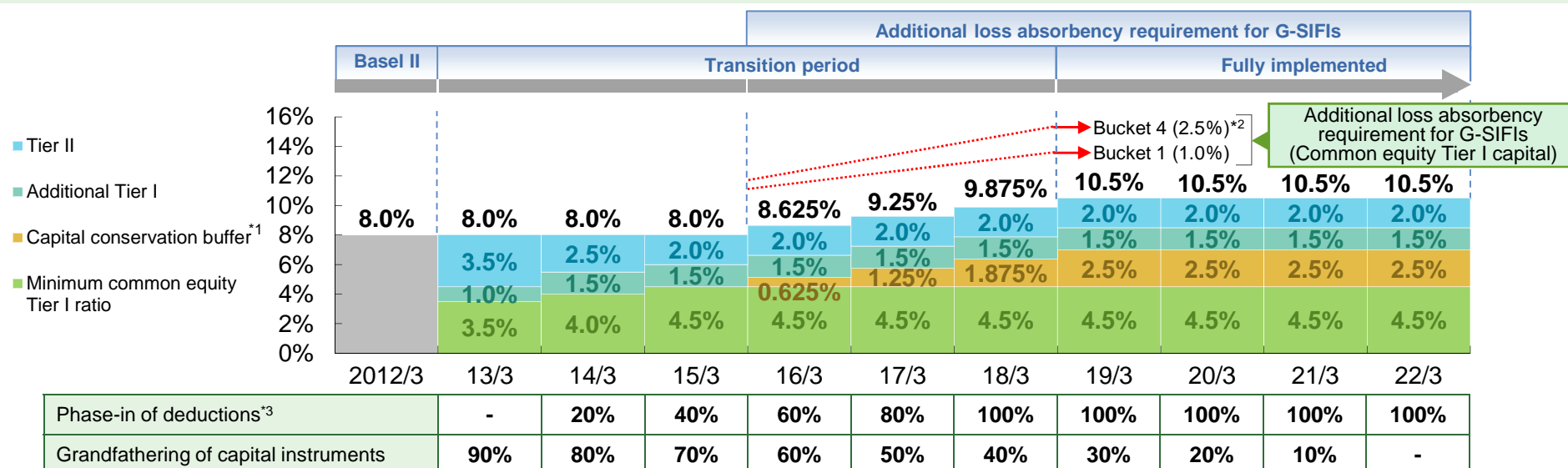
\* Source: Statistics Bureau. Core CPI: all items, less fresh foods

# Meeting international financial regulations

Target institutions	Regulations	Contents of regulation	Effective date	Action taken & impact on SMFG
 <b>G-SIFIs</b>	G-SIFIs capital surcharge <b>G20</b>	<ul style="list-style-type: none"> <li>Required for additional loss absorption capacity above the Basel III minimum</li> </ul>	2016	Requirement for SMFG to be 8% on a fully-loaded basis. Achieved 8% CET 1 ratio by the end of Mar. 2013
	Recovery and Resolution Plan <b>G20</b> <b>US</b> <b>UK</b>	<ul style="list-style-type: none"> <li>SMFG Group Recovery Plan</li> <li>Resolution Plan related to US operations</li> <li>SMBCE's Recovery Plan</li> </ul>	Submitted US: Dec. 2013 Submitted	Work in accordance with each respective due dates
<b>Internationally active banks</b>	OTC derivatives markets reforms <b>G20</b> <b>US</b>	<ul style="list-style-type: none"> <li>Centralizing of OTC derivatives clearing</li> <li>Margin requirement for non-centrally cleared derivatives</li> </ul>	Dec. 2012 Jan. 2015 US: Jul. 2012	Taking actions needed although impact will be smaller compared to investment banks
	Limitation on banking activities / Ring fencing regulation <b>EU</b> <b>US</b>	<ul style="list-style-type: none"> <li>Ring-fenced banks prohibited from providing certain services and required to be isolated from the rest of the financial group in UK and EU</li> <li>Depository institution and its affiliates prohibited from proprietary trading, sponsorship and ownership in fund in US</li> <li>Requirements for foreign banking organizations (FBO)</li> </ul>	TBD  Jul. 2014 (full implementation) Jul. 2015	No retail business in UK and EU (although paying close attention to the discussion)  Business related to regulation is limited. Paying close attention to discussions
	Bank Levy <b>EU</b>	<ul style="list-style-type: none"> <li>Financial Transaction Tax (FTT)</li> </ul>	After mid-2014	While details of regulation remain unclear, the impact is assumed to be manageable
	Capital requirement <b>G20</b>	<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	Achieved our target of 8% CET 1 ratio by Mar. 2013, one year ahead of schedule
<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. Paying attention to discussions
	Leverage ratio requirement <b>G20</b>	<ul style="list-style-type: none"> <li>Non-risk-based measure based on "on- and off-accounting balance sheet items" against Tier 1 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) <b>G20</b>	<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> <li>NSFR: Required to maintain a sustainable maturity structure of assets and liabilities &gt; 100% needed</li> </ul>	2015  2018	In good position due to domestic deposit base. Intend to further strengthen foreign currency ALM
	Other regulations <b>G20</b>	<ul style="list-style-type: none"> <li>Strengthen the oversight and regulation of the shadow banking system illustrated such as MMFs, repos and securitizations</li> <li>Large exposure regulation</li> </ul>	TBD  Jan. 2019	FSB's August proposal to apply haircut floors on repo transactions excluded JGBs as applicable collateral Paying attention to final large exposure rules to be public in March

# Application of Basel III

- Capital requirements have been phased-in since March 2013 in line with international agreements
- Leverage ratio and liquidity requirements (liquidity coverage ratio, net stable funding ratio) are planned to be published according to adoption schedule
  - No additional buffers anticipated on top of minimum Basel requirement in Japan
  - Able to pass Basel requirement easily according to provisional calculation based on current draft rules



Regulations to be finalized (Schedule based on consultative and ruling documents published by the Basel committee)

Leverage ratio	2015/1 : Start disclosure					2018/1 : Migration to pillar 1 (minimum:3%)				
	1 <sup>st</sup> half 2017 : Final adjustments to definition and calibration									
Liquidity coverage ratio (LCR)	Phased-in from 2015/1	2015/1 60%	2016/1 70%	2017/1 80%	2018/1 90%	2019/1 100%				
Net stable funding ratio (NSFR)	Until mid 2016:Observation period									
	2018/1 : Full implementation									

\*1 Drafts on other rules 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 limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions



# Public support and point of non-viability in Japan

Measures			Systemic risk	Subject entities	Status of targeted institution	Point of non-viability	No. of cases
Existing measures	Act on Special Measures for Strengthening Financial Functions <div>Pre-emptive capital injection</div>		Not Required	Banks and BHCs	<u>Not</u> failed* <sup>2</sup> or with negative net worth	No	27
	Article 102 of Deposit Insurance Act (DIA)	Measure under Item 1 <div>Pre-emptive capital injection</div>	Required (Credit system in Japan or in a certain region)		Non Item 2 or 3 measure financial institutions (undercapitalized)	No	1
		Measure under Item 2 <div>Financial assistance exceeding payout cost</div>		Banks only	Failed <u>or</u> with negative net worth	Yes <div>Q&amp;A published by FSA on Dec. 12, 2012</div>	-
		Measure under Item 3 <div>Nationalization</div>			Failed <u>and</u> with negative net worth		1
	Measures to be newly Implemented* <sup>1</sup>	Article 126-2 of DIA		Specific measure under Item 1 <div>Liquidity support Pre-emptive capital injection</div>	Required (Financial system such as financial market in Japan)	Financial institutions including banks and BHCs	<u>Not</u> with negative net worth
Specific measure under Item 2 <div>Financial assistance</div>			With <u>negative net worth, etc.</u> * <sup>3</sup>				

\*1 Scheduled to come into effect by Mar. 2014 \*2 Failed: ceased or likely to cease repaying its deposit.

\*3 Negative net worth, etc.: to be or likely to be with negative net worth or to be or likely to be unable to pay its debts as they become due

\*4 According to the report on orderly resolution regime for financial institutions in Japan published by the Financial System Council, it is considered appropriate that contractual bail-in options attached to subordinated debts are exercised when a financial institution in question is at insolvency and above measures are implemented.

# Credit ratings of G-SIBs (Moody's)\*

	Apr. 2001	Jul. 2007	Oct. 2013
Aaa		<ul style="list-style-type: none"> <li>Bank of America</li> <li>Bank of New York Mellon</li> <li>Citibank</li> <li>JPMorgan Chase Bank</li> <li>Royal Bank of Scotland</li> <li>UBS</li> <li>Wells Fargo Bank</li> </ul>	
Aa1	<ul style="list-style-type: none"> <li>Bank of America</li> <li>Crédit Agricole</li> <li>Wells Fargo Bank</li> <li>UBS</li> </ul>	<ul style="list-style-type: none"> <li>Banco Santander</li> <li>Barclays Bank</li> <li>BBVA</li> <li>BNP Paribas</li> <li>Crédit Agricole</li> <li>Credit Suisse</li> <li>Deutsche Bank</li> <li>HSBC Bank</li> <li>ING Bank</li> <li>Nordea Bank</li> <li>Société Générale</li> <li>State Street Bank &amp; Trust</li> </ul>	<ul style="list-style-type: none"> <li>Bank of New York Mellon</li> </ul>
Aa2	<ul style="list-style-type: none"> <li>Bank of New York Mellon</li> <li>Barclays Bank</li> <li>BBVA</li> <li>Citibank</li> <li>HSBC Bank</li> <li>ING Bank</li> <li>JPMorgan Chase Bank</li> <li>Royal Bank of Scotland</li> <li>State Street Bank &amp; Trust</li> </ul>	<b>SMBC</b> <ul style="list-style-type: none"> <li>BPCE(Banque Populaire)</li> <li><b>BTMU</b></li> <li><b>Mizuho Bank</b></li> <li>UniCredit</li> </ul>	<ul style="list-style-type: none"> <li>State Street Bank &amp; Trust</li> </ul>
Aa3	<ul style="list-style-type: none"> <li>Banco Santander</li> <li>BNP Paribas</li> <li>BPCE(Banque Populaire)</li> <li>Deutsche Bank</li> <li>Société Générale</li> <li>UniCredit</li> </ul>	<ul style="list-style-type: none"> <li>Goldman Sachs Bank</li> <li>Morgan Stanley Bank</li> </ul>	<b>SMBC</b> <ul style="list-style-type: none"> <li><b>BTMU</b></li> <li>HSBC Bank</li> <li>JPMorgan Chase Bank</li> <li>Nordea Bank</li> <li>Wells Fargo Bank</li> </ul>
A1	<ul style="list-style-type: none"> <li>Credit Suisse</li> </ul>	<ul style="list-style-type: none"> <li>Bank of China</li> <li>ICBC</li> </ul>	<ul style="list-style-type: none"> <li>Bank of China</li> <li>Credit Suisse</li> <li>ICBC</li> <li><b>Mizuho Bank</b></li> <li>Standard Chartered</li> </ul>
A2	<ul style="list-style-type: none"> <li><b>BTMU</b></li> <li>Standard Chartered</li> </ul>	<ul style="list-style-type: none"> <li>Standard Chartered</li> </ul>	<ul style="list-style-type: none"> <li>Barclays Bank</li> <li>BNP Paribas</li> <li>BPCE(Banque Populaire)</li> <li>Crédit Agricole</li> <li>Deutsche Bank</li> <li>Goldman Sachs Bank</li> <li>ING Bank</li> <li>Société Générale</li> <li>UBS</li> </ul>
A3	<b>SMBC</b> <ul style="list-style-type: none"> <li><b>Mizuho Bank</b></li> </ul>		<ul style="list-style-type: none"> <li>Bank of America</li> <li>Citibank</li> <li>Morgan Stanley Bank</li> <li>Royal Bank of Scotland</li> </ul>
Baa1	<ul style="list-style-type: none"> <li>Bank of China</li> <li>ICBC</li> </ul>		
Baa2			<ul style="list-style-type: none"> <li>Banco Santander</li> <li>UniCredit</li> </ul>
Baa3			<ul style="list-style-type: none"> <li>BBVA</li> </ul>

\* Long-term issuer ratings (if not available, long-term deposit ratings) of operating banks

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: 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 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.