

# Investors Meeting Presentation for FY3/2014 Performance

May 16th, 2014

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

# ■ Agenda

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# **I. FY3/2014 performance and FY3/2015 targets**

## I. FY3/2014 performance and FY3/2015 targets

## 1. FY3/2014 summary

- Recorded highest ever net income of JPY 835.4 bn on a SMFG consolidated basis
- Continued to exceed all financial targets of the medium-term management plan (FY2011 to FY2013)
- SMBC's net income reached JPY 605.3 bn mainly due to realized gains on equity index-linked investment trusts in the Treasury Unit and net reversal of total credit cost
- Other group companies such as SMBC Nikko Securities also showed steady results

## Per share information of SMFG consolidated

	FY3/14 results	YOY change
Net income	JPY 611.45	+JPY 24.96
ROE	13.8%	(1.0)%
Dividend	JPY 120	±JPY 0*
of which Ordinary dividend	JPY 120	+JPY 10

	Mar. 31, 2014	Change from Mar. 31, 2013
Net assets	JPY 5,323.87	+JPY 637.18

## FY3/15 Targets

JPY 497.34
JPY 120
JPY 120

## Credit ratings of SMBC

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

\* Includes commemorative dividend of JPY 10 per share for SMFG's 10<sup>th</sup> anniversary in FY3/13

## I. FY3/2014 performance and FY3/2015 targets

## 2. Achievement of financial targets

- Achieved all the financial targets in the medium-term management plan

Common Equity Tier 1 capital ratio	Mar. 2011	Mar. 2014 <i>Preliminary</i>	Mar. 2014 target
Basel 3 fully-loaded basis <sup>*1</sup>	above 6%	10.3%	8%
Basel 3 transitional basis	above 8%	10.63%	

	FY3/11	FY3/14	FY3/14 targets
Consolidated net income RORA	0.8%	1.4%	0.8%
Consolidated ROE	9.9%	13.8%	
Consolidated overhead ratio	52.5%	53.0%	50% - 55%
SMBC non-consolidated overhead ratio	45.6%	47.9%	45% - 50%
Overseas banking profit ratio <sup>*2</sup>	23.3%	33.0%	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 FY3/2014

## I. FY3/2014 performance and FY3/2015 targets

## 3. FY3/2014 financial performance

## Income statement

	(JPY bn)	FY3/14	YOY change	Change from Nov. forecast
SMFG consolidated	Consolidated gross profit	USD28.2bn <sup>*1</sup> 2,898.2	+105.3	
	Variance with SMBC non-consolidated	1,340.0	+87.2	
	General and administrative expenses	(1,569.9)	(73.7)	
	Total credit cost	49.1	+222.2	+119.1
	Ordinary profit	1,432.3	+358.6	+152.3
	Variance with SMBC non-consolidated	479.8	+77.0	+9.8
	Net income	USD8.1bn <sup>*1</sup> 835.4	+41.3	+85.4
	Variance with SMBC non-consolidated	230.1	+53.8	(9.9)
SMBC non-consolidated	Gross banking profit	USD15.1bn <sup>*1</sup> 1,558.1	+18.0	+18.1
	of which Net interest income	1,064.9	+93.7	
	Expenses <sup>*2</sup>	(745.7)	(18.0)	(5.7)
	Banking profit <sup>*3</sup>	812.4	+0.0	+12.4
	Total credit cost	123.9	+143.4	+73.9
	Gains (losses) on stocks	106.4	+142.1	
	Ordinary profit	952.5	+281.6	+142.5
	Income taxes - current and deferred	(341.2)	(293.6)	
	Net income	USD5.9bn <sup>*1</sup> 605.3	(12.5)	+95.3

## Contribution of subsidiaries to SMFG's Consolidated gross profit

	(JPY bn)	FY3/14	YOY change
SMBC Nikko Securities		329	+53
Sumitomo Mitsui Card		187	+8
SMBC Consumer Finance		182	+16
Cedyna		157	(0)
Sumitomo Mitsui Finance and Leasing		128	+14

## Contribution of subsidiaries to SMFG's Net income

	(JPY bn)	FY3/14	YOY change
SMBC Nikko Securities		63	+18
SMBC Consumer Finance		29	(19)
Sumitomo Mitsui Finance and Leasing		25	+6
SMBC Guarantee		20	+10
Cedyna		16	+3
Sumitomo Mitsui Card		16	(3)
SMBC Friend Securities		10	(0)

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

<sup>\*1</sup> Translated into USD at period-end exchange rate of USD 1 = JPY 102.88 <sup>\*2</sup> Excludes non-recurring losses

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

## I. FY3/2014 performance and FY3/2015 targets

## 4. FY3/2014 performance by segment

	(JPY bn)	Gross profit	YOY change	Expenses	YOY change	Consolidated net business profit <sup>*1</sup>	YOY change
<b>Total</b>		2,909.5	+107.1	(1,509.3)	(64.8)	1,242.4	+76.2
<b>Banking business</b>		1,806.4	+7.8	(901.3)	(24.4)	919.0	+27.7
of which							
<b>SMBC</b>		1,558.1	+18.0	(745.7)	(18.0)	812.4	+0.0
<b>Leasing</b>		137.3	+16.9	(54.7)	(3.9)	90.9	+21.6
of which							
<b>Sumitomo Mitsui Finance and Leasing<sup>*2</sup></b>		127.9	+13.1	(54.8)	(3.1)	77.3	+18.3
<b>Securities services</b>		397.8	+56.3	(278.6)	(31.3)	118.5	+26.3
of which							
<b>SMBC Nikko Securities</b>		319.7	+50.8	(221.8)	(26.9)	97.2	+23.8
<b>Consumer finance business</b>		550.0	+23.5	(346.2)	(15.0)	96.1	(26.1)
of which							
<b>Sumitomo Mitsui Card</b>		189.9	+6.8	(139.6)	(7.0)	43.7	(1.1)
<b>Cedyna</b>		154.6	+1.1	(116.5)	+1.7	11.3	(2.4)
<b>SMBC Consumer Finance<sup>*2</sup></b>		181.8	+16.0	(75.5)	(9.3)	26.5	(25.4)
<b>Other businesses<sup>*3</sup></b>		18.0	+2.6	71.5	+9.8	17.9	+26.7

<sup>\*1</sup> Consolidated net business profit = SMBC's non-consolidated banking profit (before provision for general reserve for possible loan losses)

+ SMFG's non-consolidated ordinary profit + Other subsidiaries' ordinary profit (excluding non-recurring factors) + Equity method affiliates' ordinary profit X Ownership ratio

– Internal transactions (dividends, etc.) <sup>\*2</sup> On a consolidated basis <sup>\*3</sup> Includes profits/losses to be offset as internal transactions between segments

## I. FY3/2014 performance and FY3/2015 targets

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

## Banking profit by business unit

			(JPY bn)	FY3/13	FY3/14	YOY change*2
	Consumer Banking Unit	Gross banking profit		374.9	339.0	(24.5)
		Expenses		(284.4)	(284.7)	+0.7
		<b>Banking profit</b>		90.5	54.3	(23.8)
	Middle Market Banking Unit	Gross banking profit		412.2	399.3	(7.8)
		Expenses		(216.7)	(219.1)	(1.4)
		<b>Banking profit</b>		195.5	180.2	(9.2)
	Corporate Banking Unit	Gross banking profit		208.0	225.6	+7.6
		Expenses		(39.6)	(40.3)	(1.0)
		<b>Banking profit</b>		168.4	185.3	+6.6
	International Banking Unit (IBU)	Gross banking profit		240.5	296.0	+19.4
		Expenses		(72.9)	(89.3)	(10.3)
		<b>Banking profit</b>		167.6	206.7	+9.1
Marketing units		Gross banking profit		1,235.6	1,259.9	(5.3)
		Expenses		(613.6)	(633.4)	(12.0)
		<b>Banking profit</b>		622.0	626.5	(17.3)
Treasury Unit		Gross banking profit		295.3	325.5	+30.2
		Expenses		(21.0)	(23.0)	(1.7)
		<b>Banking profit</b>		274.3	302.5	+28.5
Headquarters		Gross banking profit		9.2	(27.3)	(6.9)
		Expenses		(93.1)	(89.3)	(4.3)
		<b>Banking profit</b>		(83.9)	(116.6)	(11.2)
Total		Gross banking profit		1,540.1	1,558.1	+18.0
		Expenses		(727.7)	(745.7)	(18.0)
		<b>Banking profit</b>		812.4	812.4	+0.0

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

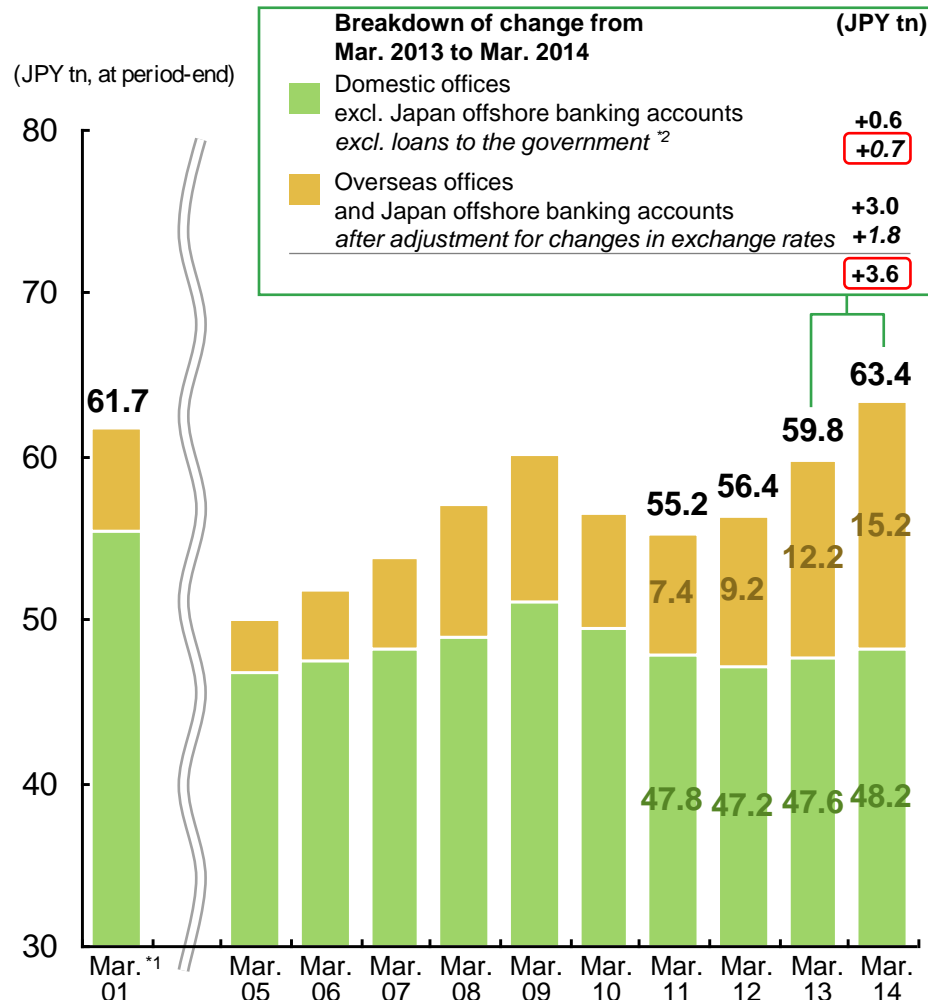


## I. FY3/2014 performance and FY3/2015 targets

## 6. Loan balance

## SMBC non-consolidated

## Loan balance



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

(JPY tn, at period-end)	Mar. 2014	Change from Mar. 2013
Consumer Banking Unit	14.8	(0.1) <sup>*3</sup>
Middle Market Banking Unit <sup>*4</sup>	17.3	+0.4
Corporate Banking Unit	12.3	+0.3

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

(JPY tn, at period-end)	Mar. 2014	Change from Mar. 2013	After adjustment for changes in exchange rates
Overseas total	17.0	+ 3.3	+ 1.9
to Japanese corporations	4.4	+ 0.5	+ 0.1
Asia	6.8	+ 1.3	+ 0.9
to Japanese corporations	1.7	+ 0.2	+ 0.1
Americas	5.5	+ 1.1	+ 0.6
to Japanese corporations	2.0	+ 0.1	(0.0)
EMEA	4.8	+ 0.9	+ 0.4
to Japanese corporations	0.7	+ 0.1	+ 0.0

<sup>\*1</sup> The aggregate of former Sakura bank and Sumitomo Bank <sup>\*2</sup> Loans to the Special Account for Allotment of Local Allocation Tax and Local Transfer Tax, etc.

<sup>\*3</sup> After adding back the portion of housing loans securitized in FY3/14, of approx. JPY 160 bn

<sup>\*4</sup> Excludes loans to the Special Account for Allotment of Local Allocation Tax and Local Transfer Tax, etc.

<sup>\*5</sup> Sum of SMBC, SMBC Europe and SMBC (China). Based on location of banking office

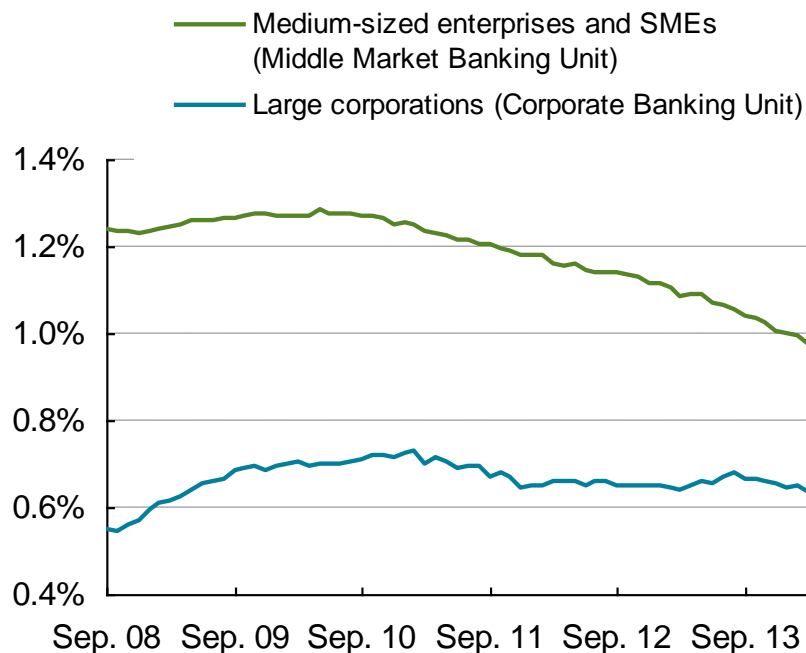
## I. FY3/2014 performance and FY3/2015 targets

# 7. Average loan balance and spread

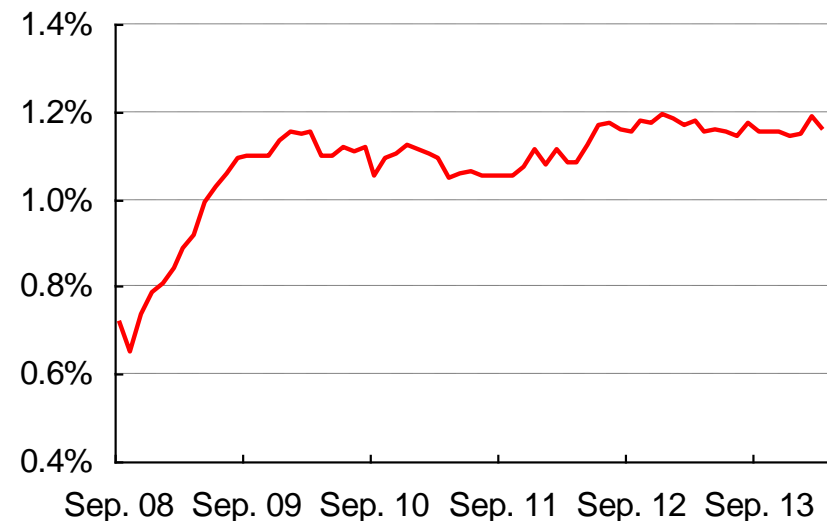
## Average loan balance and spread by business unit

	(JPY tn, %)	Balance		Spread	
		FY3/14	YOY change <sup>*5</sup>	FY3/14	YOY change <sup>*5</sup>
Domestic loans <sup>*1</sup>		47.3	+1.5	0.97	(0.07)
of which					
Consumer Banking Unit		14.9	(0.2)	1.40	(0.03)
Middle Market Banking Unit <sup>*2</sup>		17.0	+0.6	0.96	(0.11)
Corporate Banking Unit		12.2	+0.7	0.66	+0.01
IBU's interest earning assets <sup>*3,4</sup>		USD 188.2 bn	+USD 16.5 bn	1.18	+0.01

### Loan spread (domestic)<sup>\*1,6</sup>



### Loan spread (overseas)<sup>\*3,6</sup>



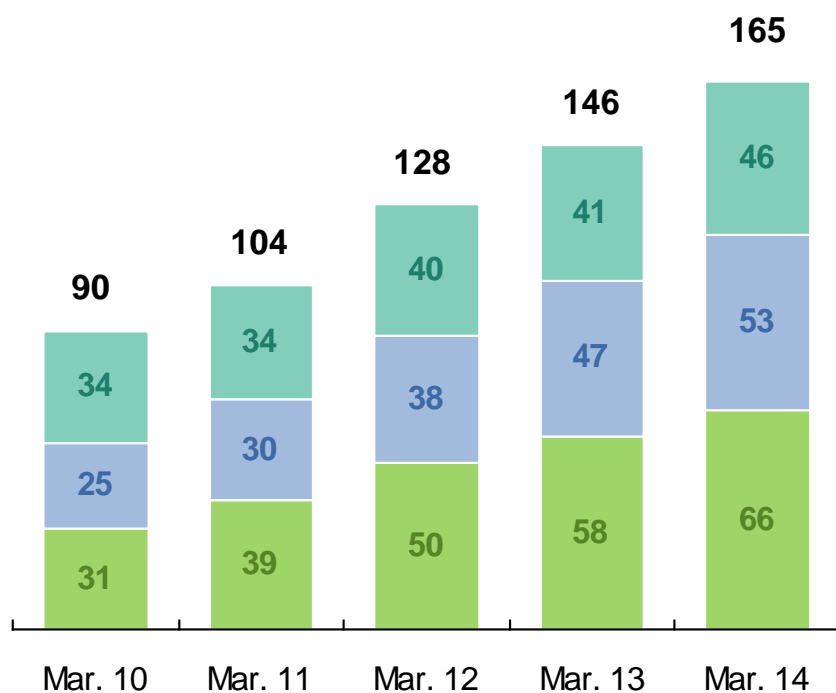
## I. FY3/2014 performance and FY3/2015 targets

# 8. Overseas loan and deposit balance

## Overseas loan balance\*1, 2

(USD bn)

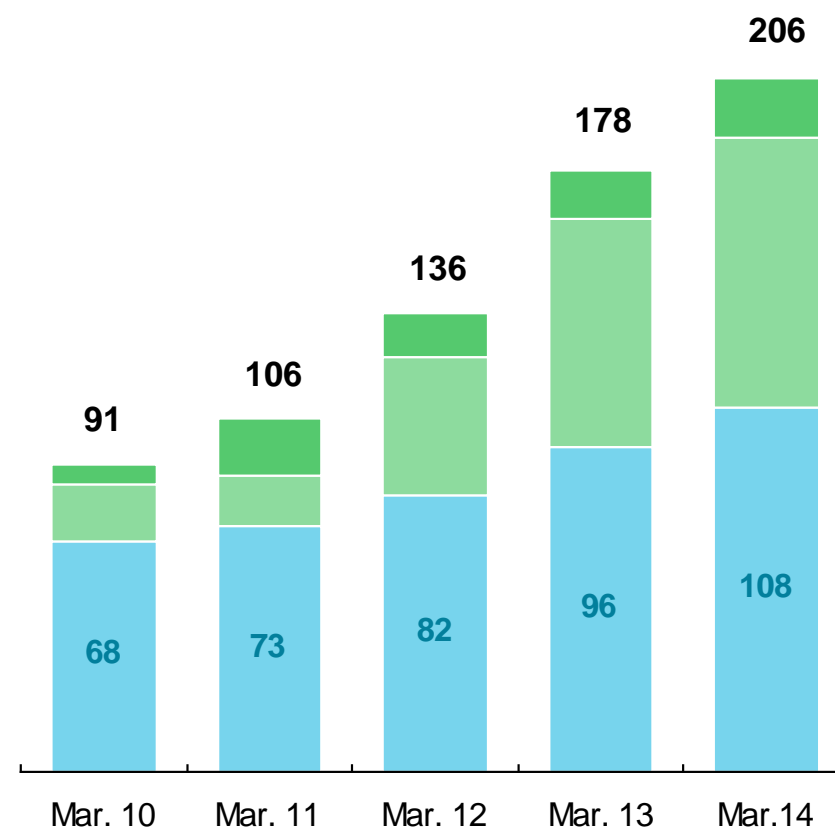
- EMEA
- Americas
- Asia



## Overseas deposit balance\*1, 2

(USD bn)

- CDs & CP : less than 3 months
- CDs & CP : 3 months or more
- Deposits\*3



Foreign currency bonds outstanding (USD bn)	Senior bonds	13.6	19.2
	Subordinated bonds	3.2	3.3

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

\*2 Translated into USD at respective period-end exchange rates

\*3 Includes deposits from central banks

## I. FY3/2014 performance and FY3/2015 targets

## 9. SMBC's non-interest income\*1

## Gross banking profit by product

	(JPY bn)	FY3/13	FY3/14	YOY change*2
of which: Investment trust		50.1	43.8	(6.3)
Single premium type permanent life insurance		12.4	8.3	(4.1)
Level premium insurance		12.2	8.4	(3.8)
Income related to financial consulting for retail customers		80.0	68.2	(11.8)
of which: Loan syndication		61.4	61.0	(0.4)
Structured finance*3		56.7	63.2	+6.5
Real estate finance*3		32.0	29.9	(2.1)
Income related to investment banking business*3		175.6	179.5	+3.9
of which: Sales of derivatives		19.7	23.5	+3.8
Money remittance, electronic banking		92.0	91.9	(0.1)
Foreign exchange		43.3	43.3	+0.7
IBU's non-interest income*4		100.4	124.1	+7.1
<b>Non-interest income</b>		<b>421.5</b>	<b>440.6</b>	<b>+3.1</b>
of which: Income on domestic loans		459.9	446.6	(13.4)
Income on domestic yen deposits		148.2	120.8	(5.7)
IBU's interest related income*4		146.1	180.5	+13.8
<b>Interest income</b>		<b>814.1</b>	<b>819.3</b>	<b>(8.4)</b>
<b>Gross banking profit of Marketing units</b>		<b>1,235.6</b>	<b>1,259.9</b>	<b>(5.3)</b>

Adjustment for changes in interest rates and exchange rates, etc.: +29.6

Nominal YOY change : +24.3 ←

## I. FY3/2014 performance and FY3/2015 targets

## 10. Gains (losses) on bonds

SMBC non-consolidated

## Gains (losses) on bonds

(JPY bn)	FY3/13	FY3/14	YOY change
<b>Gains (losses) on bonds</b>	113.8	0.7	(113.1)
Domestic operations	40.6	(4.9)	(45.5)
International operations	73.2	5.6	(67.6)

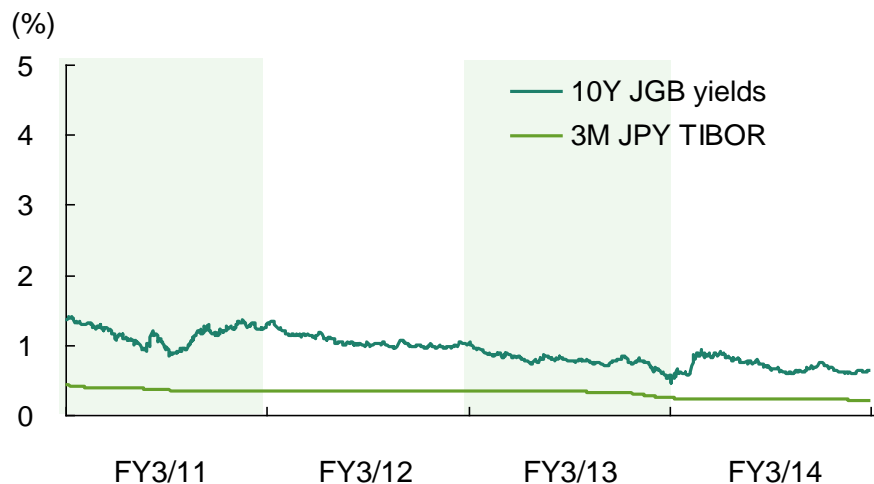
## Gross banking profit of Treasury Unit

(JPY bn)	FY3/13	FY3/14	YOY change
<b>Gross banking profit of Treasury Unit</b>	295.3	325.5	+30.2

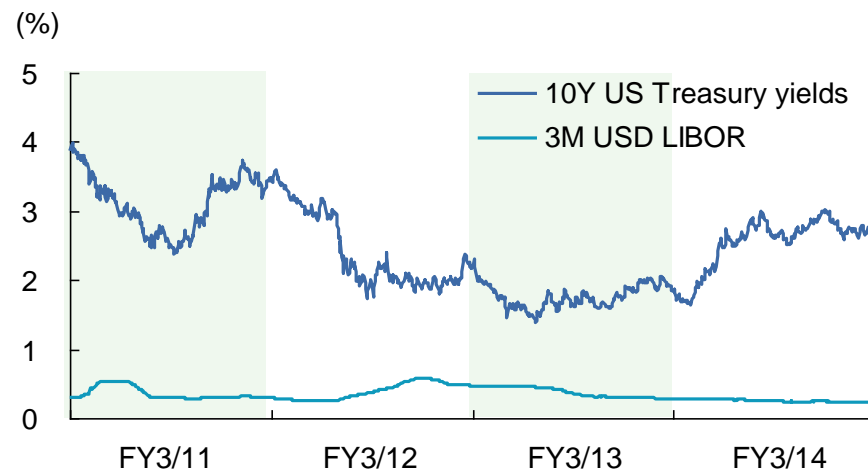
Includes profits from equity index-linked investment trusts

## Interest rate of JPY and USD

## JPY



## USD



## I. FY3/2014 performance and FY3/2015 targets

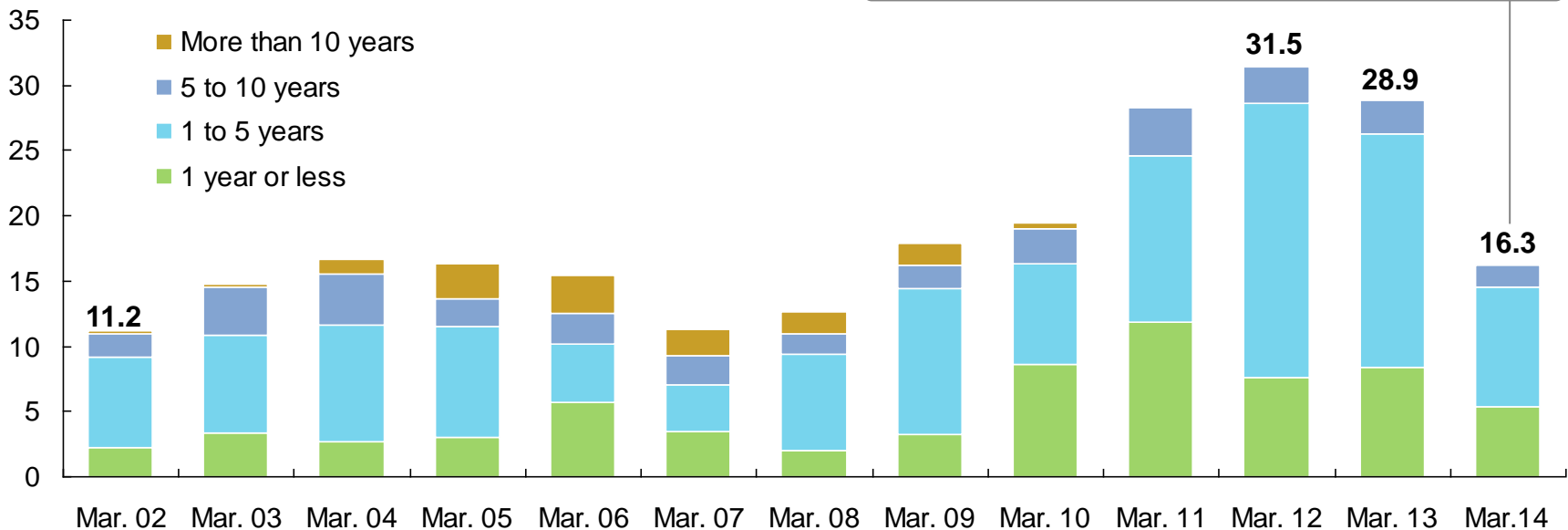
# 11. Bond portfolio

## 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)

(Balance (JPY tn))



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	1.1
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	60.0

<sup>\*1</sup> Excludes 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

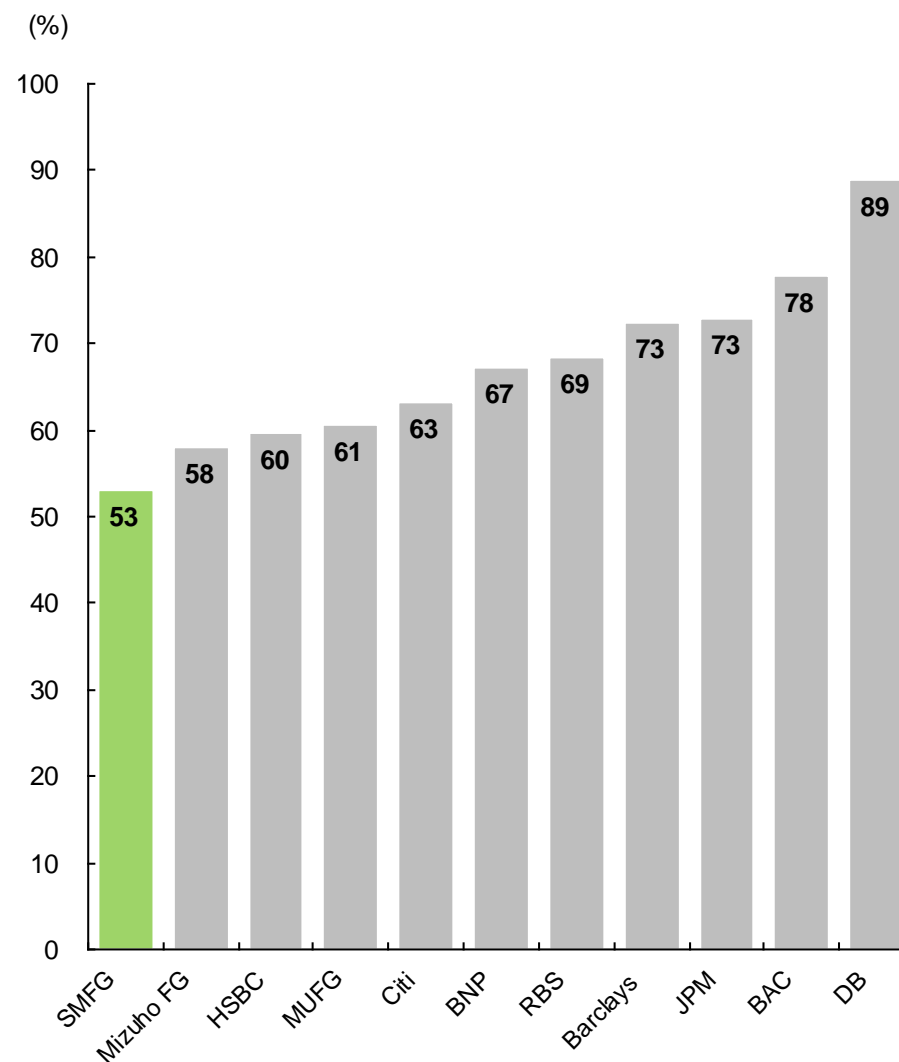
<sup>\*2</sup> 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 09

## I. FY3/2014 performance and FY3/2015 targets

## 12. Expenses

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

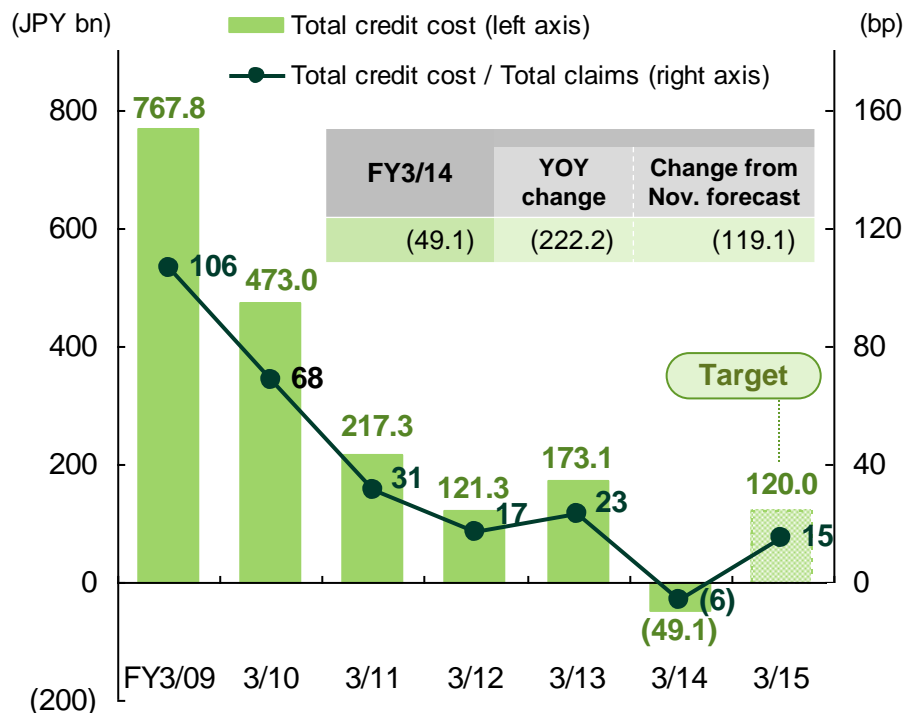
(JPY bn)		FY3/14	YOY change
SMFG consolidated	Expenses <sup>*2</sup>	1,535.2	(70.5)
	OHR	53.0%	(0.6%)
SMBC non-consolidated	Expenses	745.7	(18.0)
	OHR	47.9%	(0.6%)

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

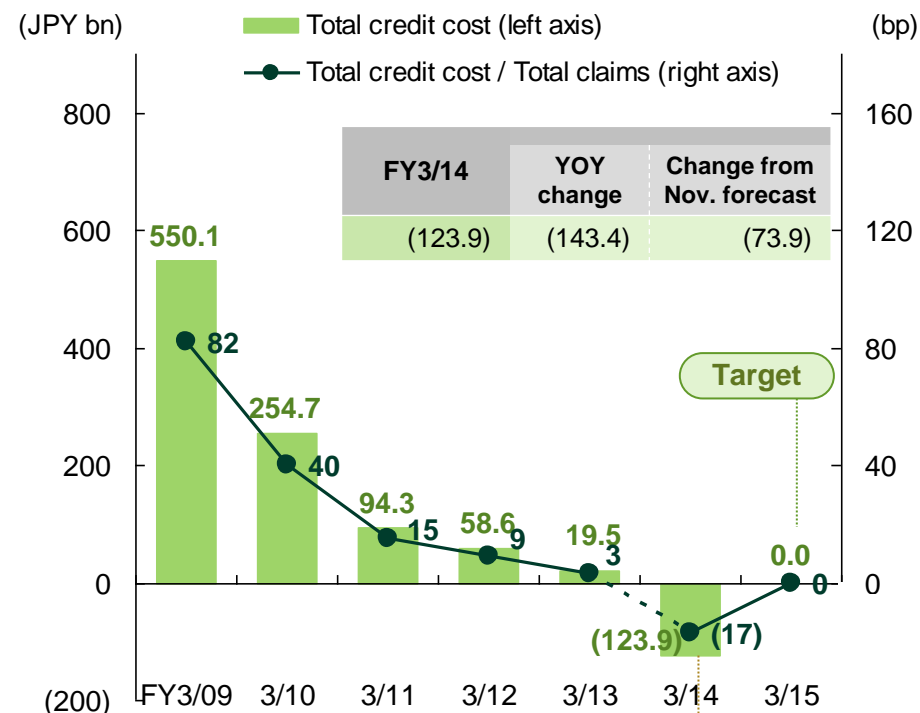
## I. FY3/2014 performance and FY3/2015 targets

## 13. Credit costs

## SMFG consolidated



## SMBC non-consolidated



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

	(JPY bn)	FY3/14	YOY Change
<b>Variance with SMBC non-consolidated</b>		74.8	(78.7)
SMBC Consumer Finance		43.0	+3.0
Cedyna		16.0	(6.0)
Kansai Urban Banking Corporation		4.0	(23.0)

\* 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 years, as well as a decline in reserve ratio



## I. FY3/2014 performance and FY3/2015 targets

## 14. Capital and risk-weighted assets, SMFG consolidated

## Capital ratio (transitional basis)

	(JPY bn)	Mar. 31, 2013	Mar. 31, 2014 <i>preliminary</i>
<b>Common Equity Tier 1 capital (CET1)</b>		<b>5,855.9</b>	<b>6,550.8</b>
of which:			
Total stockholders' equity related to common stock		5,585.9	6,312.3
Accumulated other comprehensive income <sup>*1</sup>			175.6
Regulatory adjustments related to CET1 <sup>*1</sup>			(193.8)
<b>Tier 1 capital</b>		<b>6,829.0</b>	<b>7,514.3</b>
of which:			
Eligible Tier 1 capital instruments (grandfathered) <sup>*3</sup>		1,463.3	1,212.1
Regulatory adjustments <sup>*1,2</sup>		(520.3)	(415.4)
<b>Tier 2 capital</b>		<b>2,357.0</b>	<b>2,047.1</b>
of which:			
Eligible Tier 2 capital instruments (grandfathered) <sup>*3</sup>		1,830.9	1,627.4
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount <sup>*2</sup>		506.6	506.6
Regulatory adjustments <sup>*1,2</sup>		(76.7)	(182.1)
<b>Total capital</b>		<b>9,186.0</b>	<b>9,561.4</b>
<b>Risk-weighted assets</b>		<b>62,426.1</b>	<b>61,623.3</b>
<b>Common Equity Tier 1 capital ratio</b>		<b>9.38%</b>	<b>10.63%</b>
<b>Tier 1 capital ratio</b>		<b>10.93%</b>	<b>12.19%</b>
<b>Total capital ratio</b>		<b>14.71%</b>	<b>15.51%</b>

Common Equity Tier 1 capital ratio (fully-loaded<sup>\*4</sup>, pro forma)

	(JPY bn)	Mar. 31, 2013	Mar. 31, 2014
Variance with CET1 on a transitional basis <sup>*5</sup>			
Accumulated other comprehensive income		664.6	702.4
of which:			
Net unrealized gains on other securities		755.8	759.6
Minority interests (subject to be phased-out)		(129.6)	(104.8)
Regulatory adjustments related to CET1		(1,018.1)	(775.1)
<b>Common Equity Tier 1 capital</b>		<b>5,372.8</b>	<b>6,373.2</b>
<b>Risk-weighted assets</b>		<b>62,062.8</b>	<b>61,339.2</b>
<b>Common Equity Tier 1 capital ratio</b>		<b>8.6%</b>	<b>10.3%</b>

## Preferred securities which become callable in FY3/15

Issuer / Series	Issue date	Amount outstanding	Dividend rate <sup>*6</sup>	First call date <sup>*7</sup>	Step-up
SMFG Preferred Capital JPY3 Limited					
Series C	Sep. 2009	JPY 79.5 bn	3.98%	Jan. 2015	None
Series D	Oct. 2009	JPY 45.0 bn	3.94%	Jan. 2015	None

## Treasury stock (as of Mar. 2014)

Held by SMFG	Held by SMBC
4.0 million shares	42.8 million shares

<sup>\*1</sup>~<sup>\*3</sup> Subject to transitional arrangements. Regulatory adjustments of Tier1 and Tier2 include items that are either phased-in or phased-out as described in <sup>\*1</sup> and <sup>\*2</sup> below  
<sup>\*1</sup> For Mar. 31, 2014, 20% of the original amounts are included <sup>\*2</sup> 20% phase-out is reflected in the figures as of Mar. 31, 2014

<sup>\*3</sup> Cap decreased to 80% from 90% <sup>\*4</sup> Based on the Mar. 31, 2019 definition <sup>\*5</sup> For Mar. 31, 2014, each figure represents the 80% of the original amounts that are not included due to phase-in or included due to phase-out in the calculation of CET1 on a transitional basis

<sup>\*6</sup> Until the first call date. Floating rate thereafter <sup>\*7</sup> Callable at any dividend payment date on and after the first call date, subject to prior confirmation of the FSA

## I. FY3/2014 performance and FY3/2015 targets

## 15. Earnings targets for FY3/2015

## Income statement

		(JPY bn)	FY3/14	1H	FY3/15 targets
SMFG consolidated	Ordinary profit		1,432.3	560	1,110
	Variance with SMBC non-consolidated		479.8	160	380
	Net income		835.4	330	680
	Variance with SMBC non-consolidated		230.1	50	170
SMBC non-consolidated	Gross banking Profit		1,558.1	760	1,540
	Expenses*1		(745.7)	(390)	(790)
	Banking profit*2		812.4	370	750
	Total credit cost		123.9	50	0
	Ordinary profit		952.5	400	730
	Net income		605.3	280	510

## Assumption of earnings targets\*3

		FY3/14 results	FY3/15
3M TIBOR		0.23%	0.22%
Federal funds target rate		0.00~ 0.25%	0.00~ 0.25%
Exchange rate	(JPY/USD)	102.88	100.00
	(JPY/EUR)	141.56	135.00

- Aggregate net income of group companies other than SMBC expected to be at the same level

- Forecast to increase mainly due to consumption tax rate hike, effects from past investments in IT systems and facilities, and expenses to expand the overseas businesses

## Per share information (common stock)

(JPY/share)	FY3/15 targets	YOY Change
Consolidated net income	497.34	(114.11)
Annual dividend	120	±0

## **II. Medium-term management plan: Overview**

## II. Medium-term management plan: Overview

# 1. Vision for the next decade and three-year management goals

### Vision for the next decade

**We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region**

**We will become a truly Asia-centric institution**

Strengthening our business in Asia is the key strategy to become a leading financial group in Asia

**We will develop the best-in-class earnings base in Japan**

We aim to proactively contribute to the revitalization of the Japanese economy and capture a high market share by implementing specific strategies for enhancing our capability to meet our clients' needs

**We will realize true globalization and continue to evolve our business model**

We will expand our global franchise and implement measures to realize the globalization of our corporate infrastructure that supports our growth. At the same time, we will continue to evolve our business model by anticipating changes in our business environment, both domestic and international

### Three-year management goals

- ① Develop and evolve client-centric business models for main domestic and international businesses
- ② Build a platform for realizing Asia-centric operations and capture growth opportunities
- ③ Realize sustainable growth of top-line profit while maintaining soundness and profitability
- ④ Upgrade corporate infrastructure to support next stage of growth

## II. Medium-term management plan: Overview

# 2. Business environment (1) Summary

Economic environment	Developed countries	<ul style="list-style-type: none"> <li>● Economy recovering gradually</li> <li>● Private sector's cash surplus continues for the medium to long term</li> <li>● Financial intermediary function of the capital markets increasing importance</li> </ul>
	Asia's emerging countries	<ul style="list-style-type: none"> <li>● Potential strong growth of the economy and expansion of finance sector revenue pool in the medium to long term</li> <li>● Economy may enter a correction phase in the short term</li> </ul>
	Japan	<ul style="list-style-type: none"> <li>● Growth opportunities unique to a mature market exist, such as acceleration of global expansion of corporations, asset management for individuals and business succession</li> </ul>
Market environment		<ul style="list-style-type: none"> <li>● U.S. economy's full scale recovery and Japan's deflation exit are main themes</li> <li>● In Japan, base scenario is a gradual increase of both the interest rate and the stock market in line with improvement of economic fundamentals</li> </ul>
Regulatory environment		<ul style="list-style-type: none"> <li>● Implementation of international financial regulatory framework / tightening of regulatory requirements in the U.S. and European countries</li> <li>● Further room for Japanese banks to enlarge presence, backed by sound asset quality and resilient capital base</li> <li>● Potential easing of foreign investment restrictions in Asian countries in the medium to long term</li> </ul>
Technology		<ul style="list-style-type: none"> <li>● E-commerce market continues to expand / payment methods continue to diversify</li> <li>● Overall market structure may change rapidly due to emergence of new technologies / services and new entrants from other industries</li> </ul>

## II. Medium-term management plan: Overview

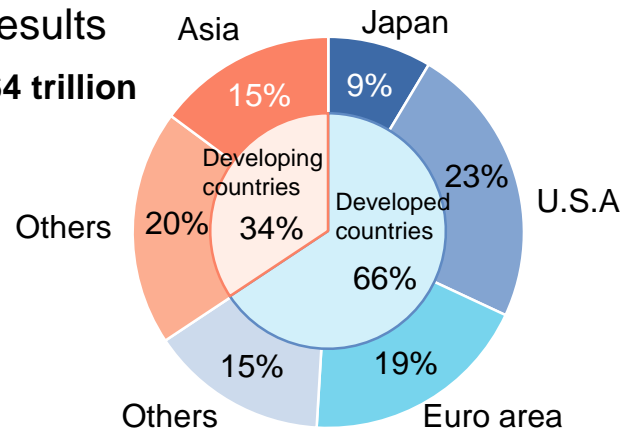
# 2. Business environment

(2) Rise of Asia / cash surplus of private sector in developed countries

Nominal GDP share by country / region\*1  
(Year 2010, Year 2019)

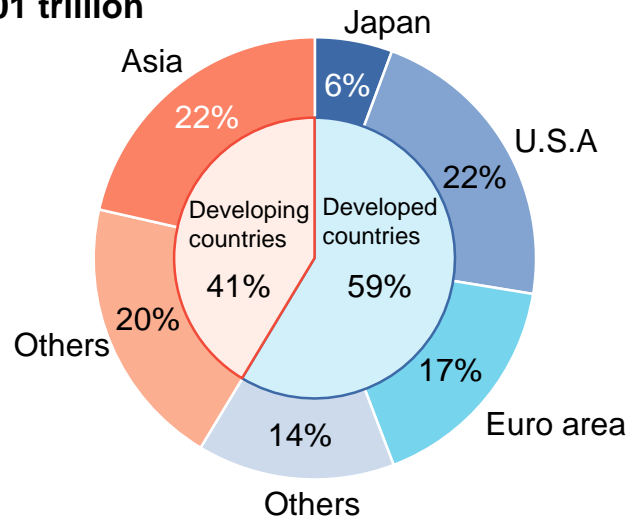
### 2010 results

USD 64 trillion

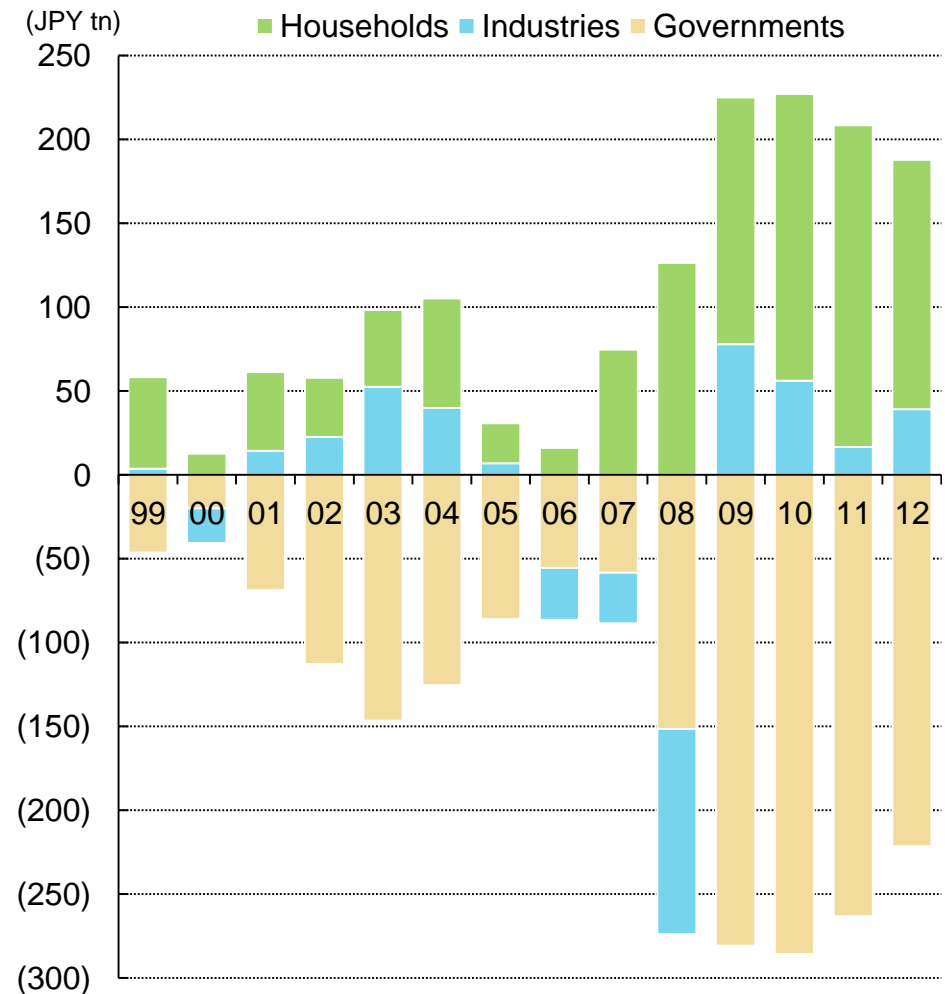


### 2019 forecasts

USD 101 trillion



Cash surplus / deficit by department in developed countries\*2  
(Total of Japan, US and Euro area)



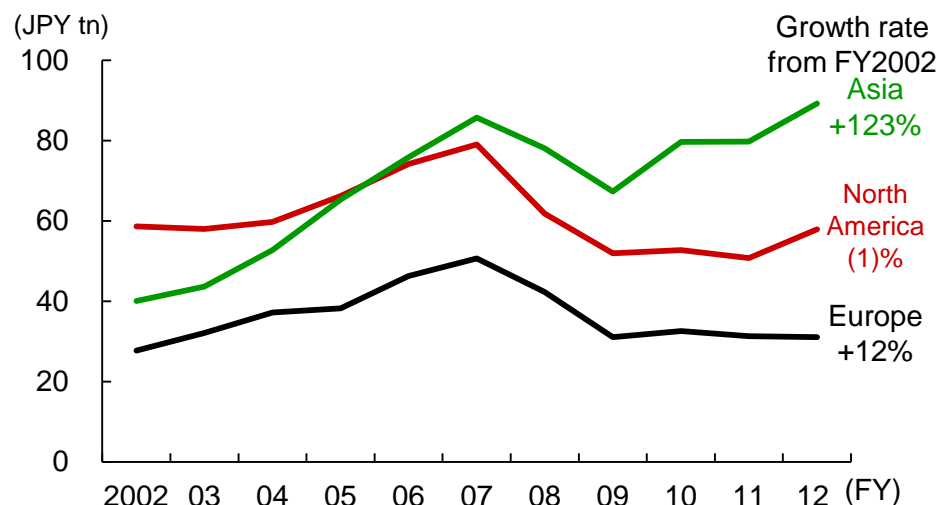
\*1 Source: IMF \*2 Source: BOJ, FRB, and ECB. Exchange rate of USD 1 = JPY 100 and EUR 1 = JPY 135

## II. Medium-term management plan: Overview

# 2. Business environment (3) Growth areas in domestic market

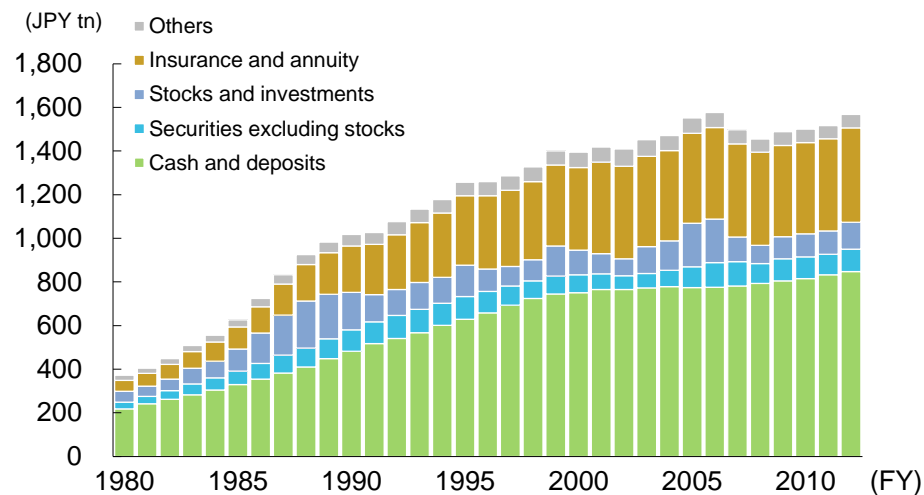
### Corporate business

#### Sales of overseas subsidiaries of Japanese corporations\*1

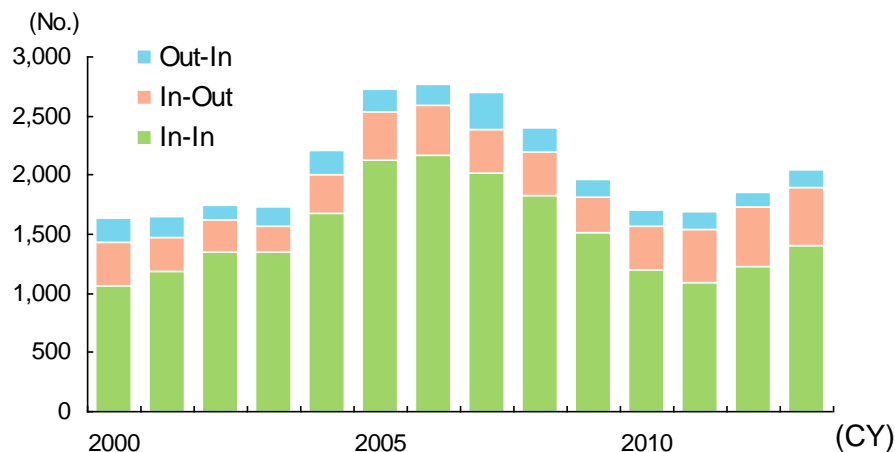


### Consumer business

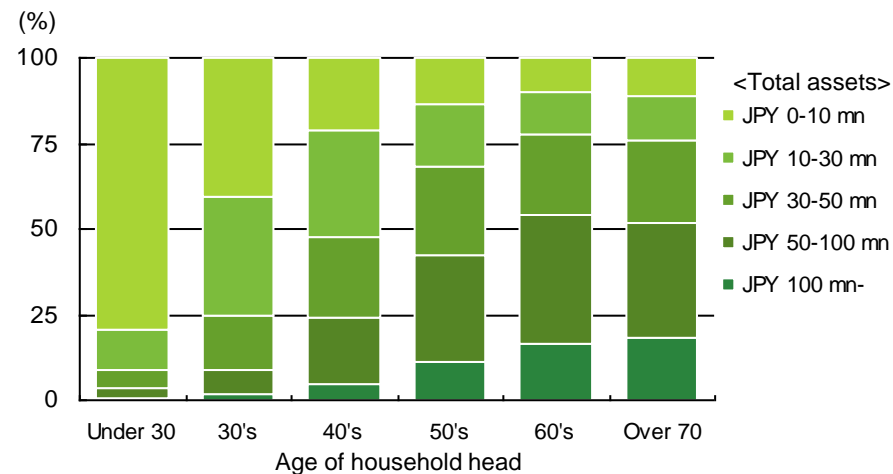
#### Balance of financial assets owned by individuals\*3



#### No. of M&A deals\*2



#### Total assets by age groups\*4



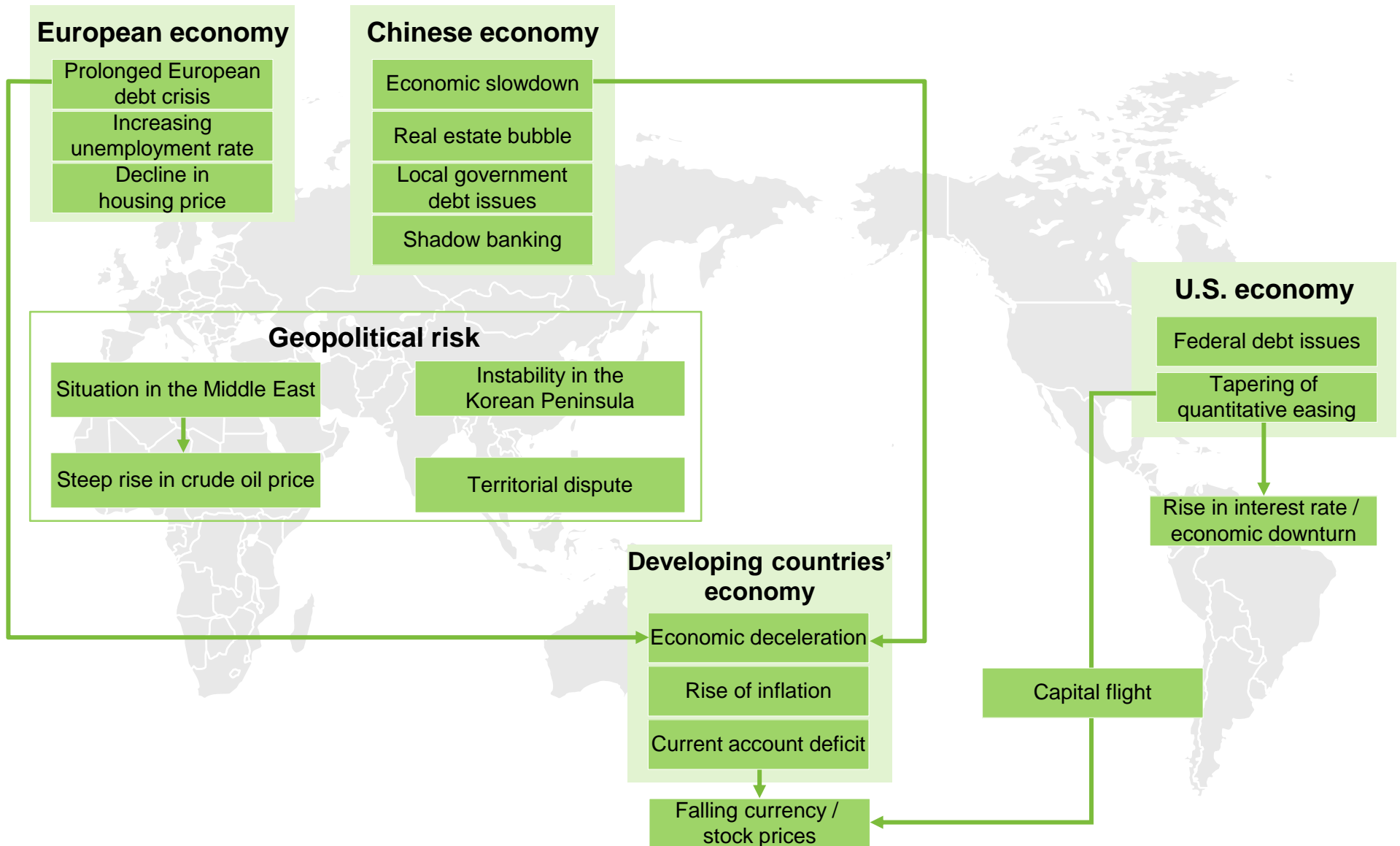
\*1 Source: Ministry of Economy, Trade and Industry "Basic Survey of Overseas Business Activities"

\*2 Source: Recof data corporation \*3 Source: Bank of Japan

\*4 Source: Ministry of Internal Affairs and Communications "National Survey of Family Income and Expenditure"

## II. Medium-term management plan: Overview

### 2. Business environment (4) Global risk factors





## II. Medium-term management plan: Overview

# 3. Financial targets

- Invest resources, take risks, and focus on top-line profit growth

		FY3/17 targets	FY3/14 results
Growth	Growth rate of Consolidated gross profit	around <b>+15%<sup>*1</sup></b>	-
Profitability	Consolidated ROE	around <b>10%</b>	13.8%
	Consolidated net income RORA	around <b>1%</b>	1.4%
	Consolidated overhead ratio	in the mid <b>50%</b>	54.2%
Soundness	Common Equity Tier 1 Capital Ratio <sup>*2</sup>	around <b>10%</b>	10.3%

<sup>\*1</sup> FY3/17 targeted consolidated gross profit increase in comparison with FY3/14 figure

<sup>\*2</sup> Basel III fully-loaded basis. Based on the definition as of March 31, 2019

## II. Medium-term management plan: Overview

## 4. Illustration of profit growth (1) Top-line profit

## 3 year estimation of SMFG's profit growth

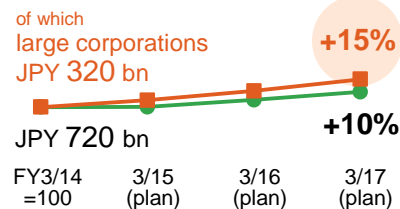
	FY3/14 results	FY3/17 targets	(JPY bn) three-year growth amount
Consolidated gross profit	2,898.2	3,340	+441.8
Net income	around 600 <sup>*1</sup>	around 800	around +200

## Assumption of macroeconomic indicators

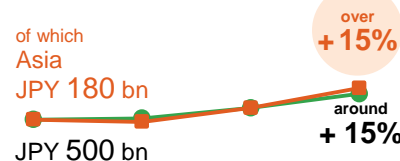
	FY3/15	FY3/16	FY3/17
Nominal GDP growth rate	+2.0%	+1.6%	+1.7%
Uncollateralized overnight call rate	0.10%	0.10%	0.20%
Exchange rate (JPY/USD)	JPY 100	JPY 100	JPY 100

## Trend of consolidated gross profit\*2

## Wholesale Banking Unit



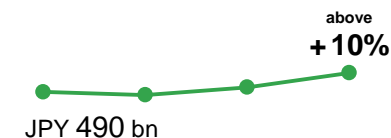
## International Banking Unit



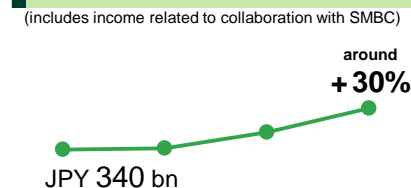
## Treasury Unit



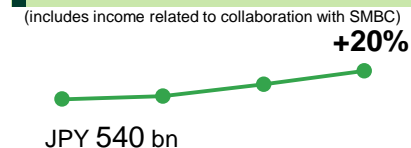
## Retail Banking Unit



## SMBC Nikko Securities



## Consumer finance / Credit card



Inorganic growth

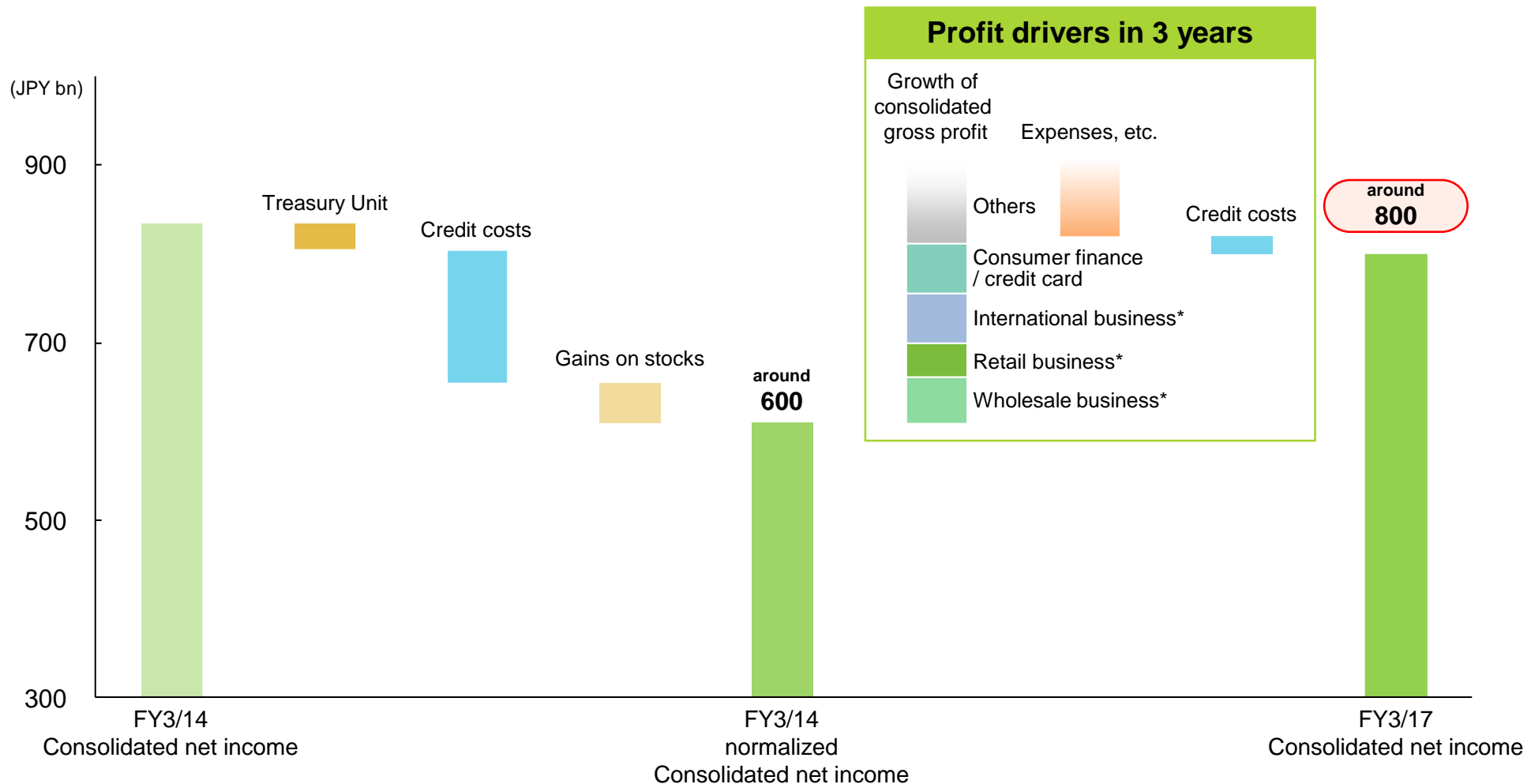
\*1 After adjustments for normalization of credit costs, gains on equity, etc.

\*2 FY3/17 targeted consolidated gross profit in comparison with FY3/14 figure. After adjustments for changes in interest rates and exchange rates, etc.

## II. Medium-term management plan: Overview

## 4. Illustration of profit growth (2) Bottom-line profit

3 year estimation of consolidated net income growth (after tax for each item)



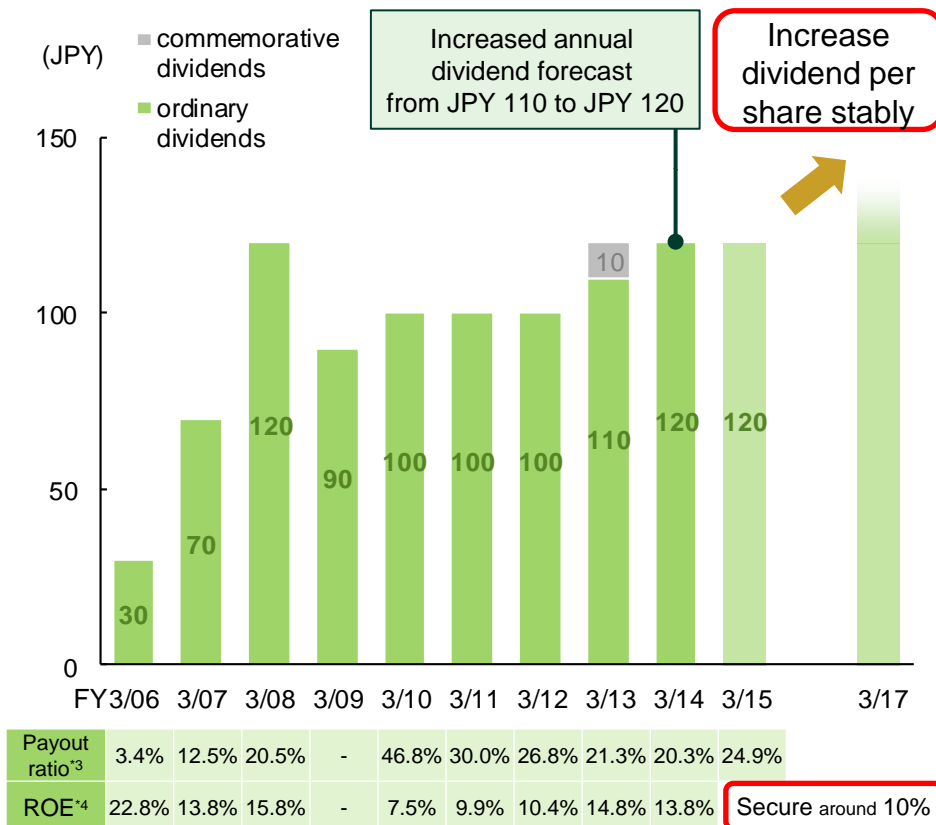
\* Sum of SMBC and SMBC Nikko Securities

## II. Medium-term management plan: Overview

### 5. Capital Policy

- Aim for a stable increase in dividend per share and sustainable growth of shareholder value by achieving higher profitability and efficiency through investments for growth, while focusing on capital efficiency
- Secure Common Equity Tier 1 capital ratio of around 10% even after realization of certain investments and downside scenarios

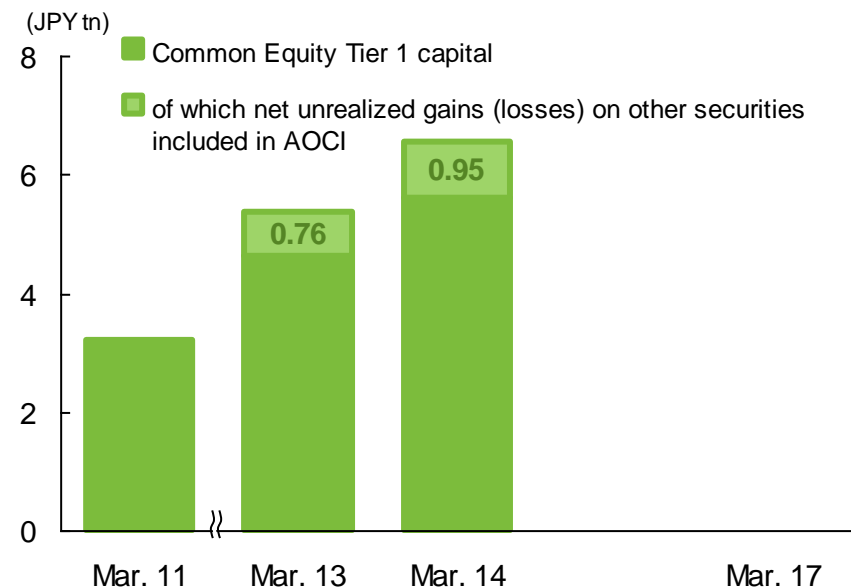
#### Return to shareholders<sup>\*1,2</sup>



#### Common Equity Tier 1 capital ratio (fully-loaded<sup>\*5</sup>, pro forma)

	Mar. 11	Mar. 13	Mar. 14
CET 1 capital ratio	above 6%	8.6%	10.3%
Risk-weighted assets	-	JPY 62.1 tn	JPY 61.3 tn

Secure around 10%



## II. Medium-term management plan: Overview

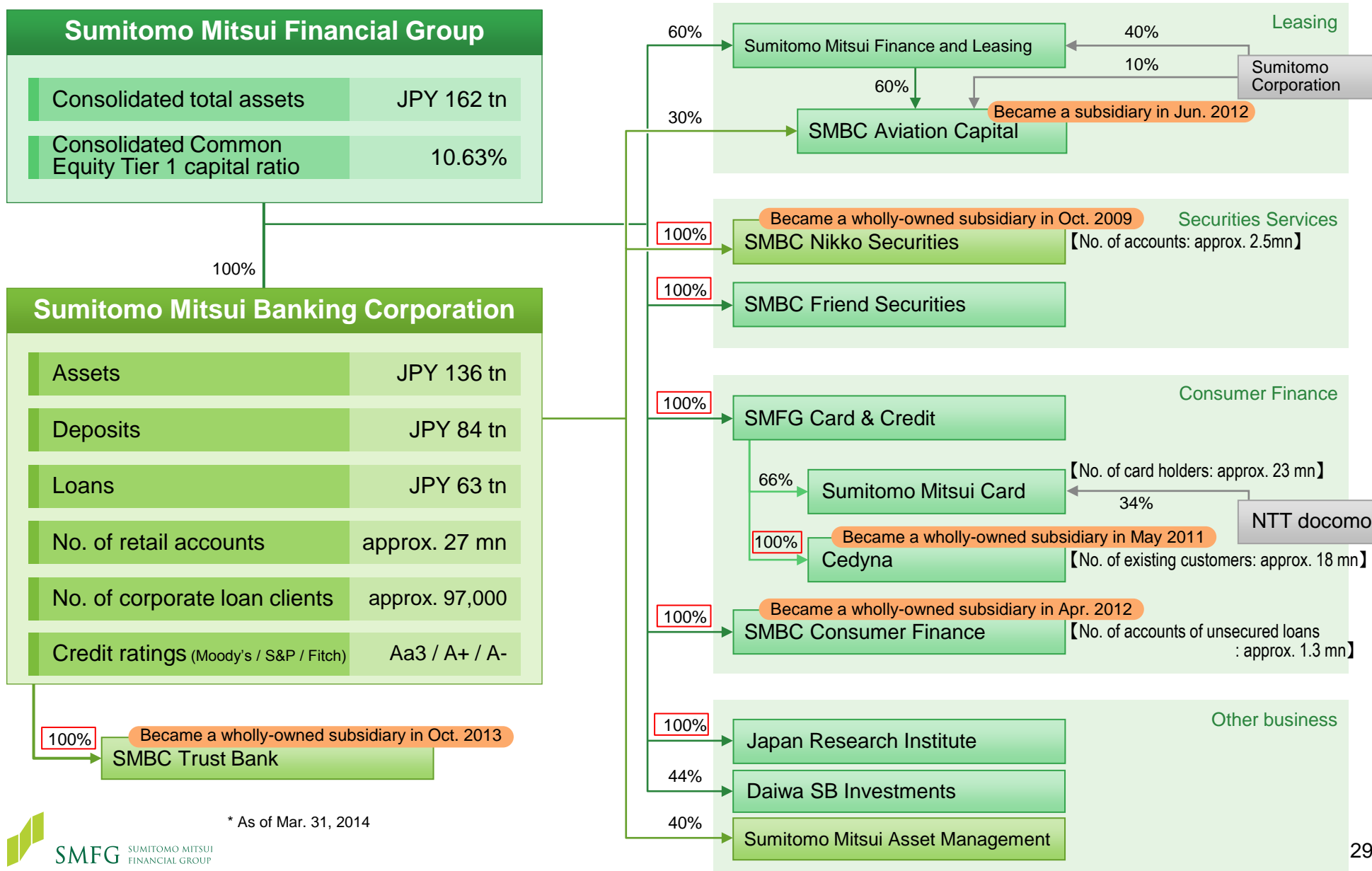
## 6. Upgrade corporate infrastructure

- Realize true globalization and intensify group management that will support us to further expand our businesses and continue to evolve our business model



## II. Medium-term management plan: Overview

## Reference: Group structure\*



## **II. Medium-term management plan: Business strategy**

## II. Medium-term management plan: Business strategy

### 1. Vision for the next decade and initiatives in the next three years

#### Vision for the next decade

**We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region**

We will become a truly Asia-centric institution

We will develop the best-in-class earnings base in Japan

We will realize true globalization and continue to evolve our business model

#### Three-year management goals

- 1 Develop and evolve client-centric business models for main domestic and international businesses
- 2 Build a platform for realizing Asia-centric operations and capture growth opportunities
- 3 Realize sustainable growth of top-line profit while maintaining soundness and profitability
- 4 Upgrade corporate infrastructure to support next stage of growth

- Implement strategies toward realizing our vision for the next decade
- Develop and evolve client-centric domestic and international business models
- Focus on top-line profit growth



## II. Medium-term management plan: Business strategy

# 2. Speedy and effective implementation of growth strategies

- Implemented some of growth strategies ahead of the new medium-term management plan
- Execute new strategies and reallocate resources speedily and boldly - traits of SMFG/SMBC

Review of the previous  
medium-term management plan

### Achievements

- Strengthened capital base
- Actively increased overseas assets
- Increased profits of group companies

### Challenges

- Establish business models from mid to long-term perspectives
- Review each business portfolio
- Expand customer base

Started ahead of  
the new plan [FY3/14]

Implement on a full scale  
in concurrence with the start  
of the new plan [FY3/15 - FY3/17]

Based on the discussion of  
“Growth strategy project” (FY3/13)

Business for  
large corporations

- Established a bank-securities dual-role department

- Expand scope of large corporate clients
- Strengthen collaboration between  
(1) SMBC and SMBC Nikko  
(2) domestic and overseas offices

Business for  
medium and small-  
sized corporations

- Started trial of middle market and consumer banking combined operation

- Launched Area system

Consumer  
business

- Started trial of bank-securities integration model

- Expand bank-securities integration model

Revision of domestic  
business structure

International  
business

- Started Multi Franchise strategy (invested in BTPN)

- Implement Asia strategy on a full scale

New business  
areas

- SMBC Trust Bank started operation
- Acquired railcar leasing company in the U.S.

- Strengthen trust banking business

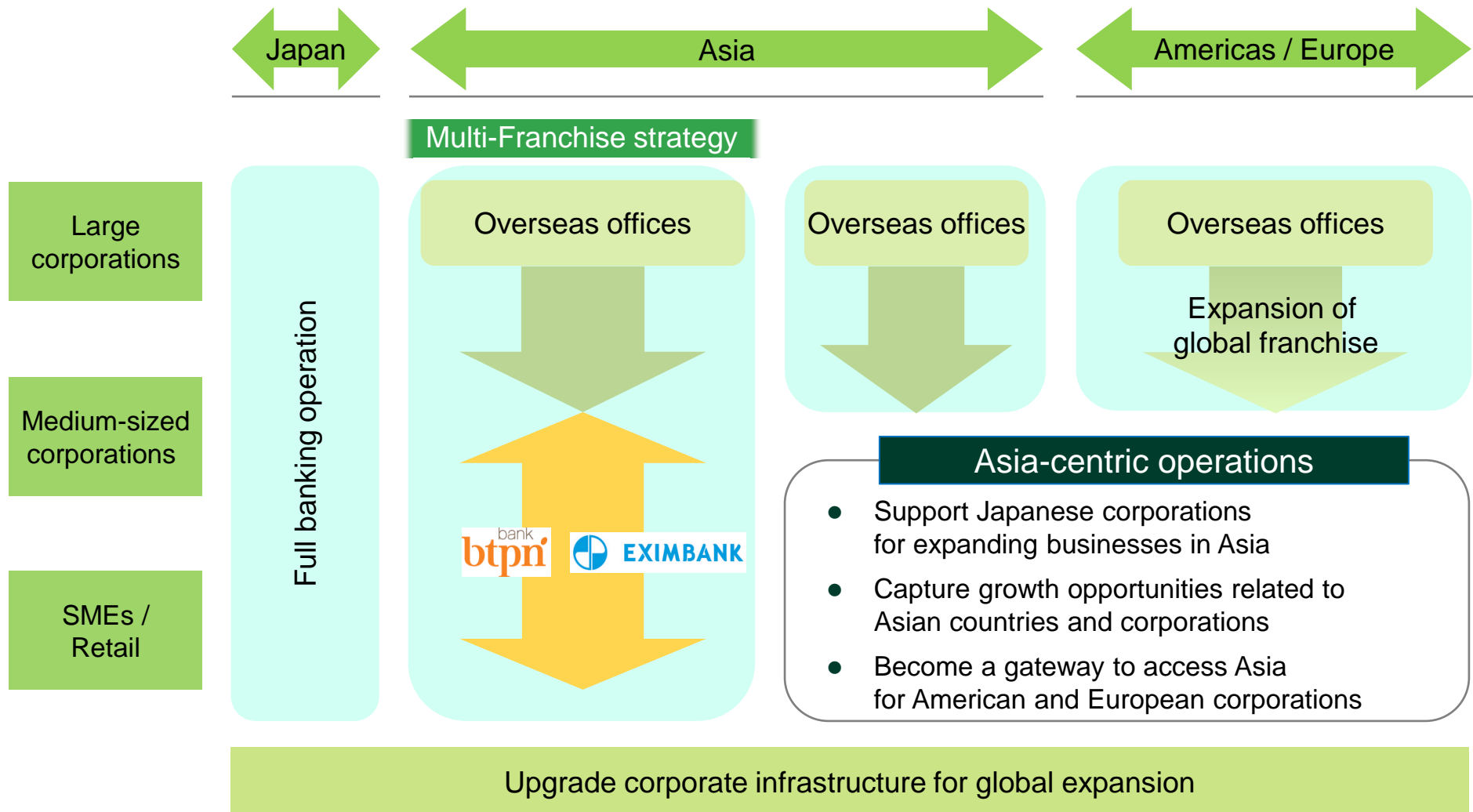
Corporate  
infrastructure

- Established Global Human Resources Dept.
- Established Diversity and Inclusion Committee

## II. Medium-term management plan: Business strategy

### 3. International business (1) True globalization & Asia-centric operations

- Aim to become a leading financial group in Asia by proactively investing our resources in the region, while expanding our global franchise



## II. Medium-term management plan: Business strategy

### 3. International business (2)-1 Asian strategy: Multi-Franchise strategy

- Aim to establish “second or third” SMBC, accelerating the development of full-line banking services in Indonesia and Vietnam via organic and inorganic growth

#### Key points of Multi-Franchise strategy

Full bank

Localization

Commitment

Indonesia

Vietnam

Other countries

Large  
Corporations

Medium-sized  
corporations

SMEs /  
Retail

Overseas offices

bank  
**btpn**

 **EXIMBANK**

Indonesia

#### SMBC Indonesia

- Upgraded administrative system geared towards expansion of business operations and increased personnel last year
- Will be on a business expansion phase going forward

#### BTPN

- SMBC acquired 40% stake
- Will promote collaboration with SMFG group

Vietnam

#### Vietnam Eximbank

- Collaborates with Cedyna in auto loan business
- SMBC provides support in risk management and planning of measures to increase revenue

## II. Medium-term management plan: Business strategy

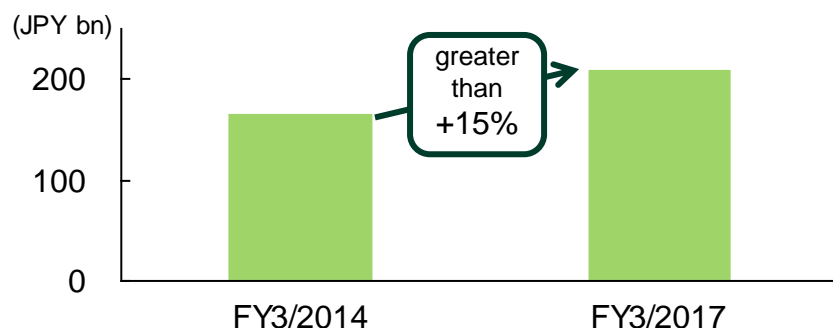
### 3. International business (2)-2 Asian strategy: Organic growth

- Enter new businesses / segments while strengthening existing businesses in order to realize Asia-centric operations
- Expand business in Asia through collective efforts of the group

#### Key points of organic growth strategy

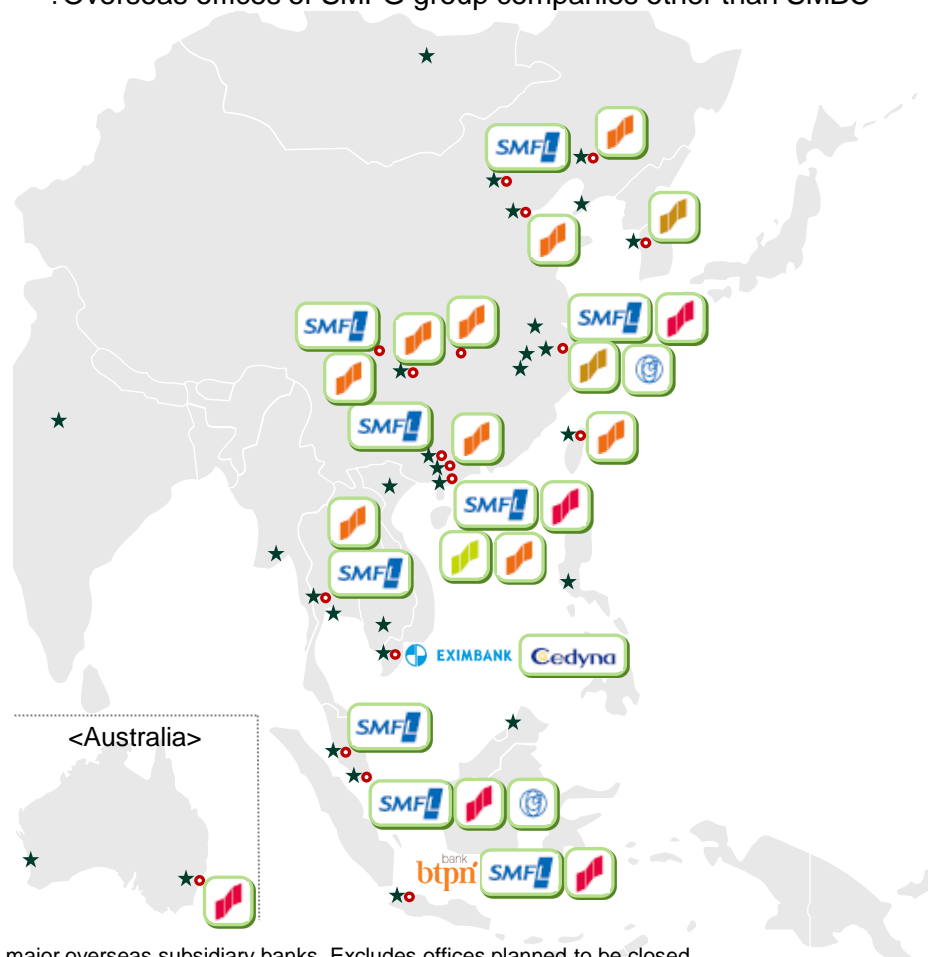
- Further strengthen transactions with Japanese and non-Japanese large corporations
- Strengthen transaction banking business
- Enter middle market corporate business

#### Consolidated gross profit of Asian-business



★ : SMBC\*

○ : Overseas offices of SMFG group companies other than SMBC



\* As of April 30, 2014. Includes SMBC's overseas offices and offices of major overseas subsidiary banks. Excludes offices planned to be closed

## II. Medium-term management plan: Business strategy

### 3. International business (3) Development and evolution of business model

- Improve capabilities to address our clients' needs by enhancing product line-up and revising client coverage globally, while improving efficiency of assets

#### Promote cross-selling for global non-Japanese large corporations

- Strengthen client relationships and increase non-interest income through expansion of product line-up, such as TB/IB<sup>\*1</sup>, and promoting cross-selling
- Promote sector- and product-specific global coverage

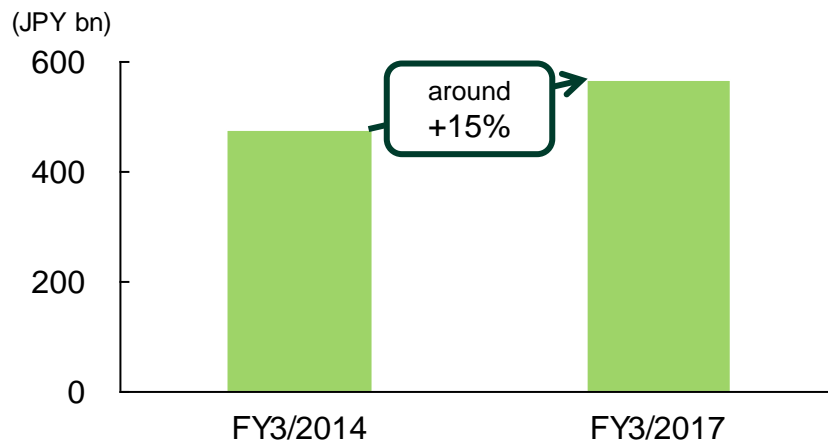
#### Create a profitable asset portfolio

- Diversify assets
- Increase presence in the U.S. middle markets
- Upgrade portfolio management system

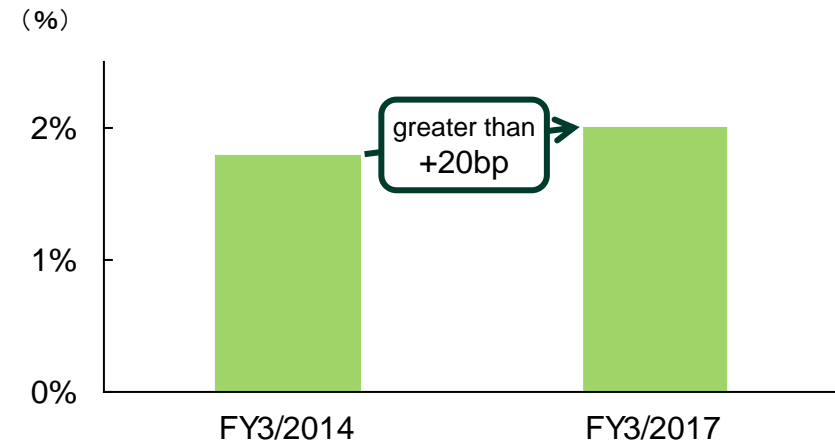
#### Institutional investor business/ foreign-currency funding

- Enhance ability to provide products and arrange financing that meet needs of institutional investors
- Continue to initiate stable funding of major currencies

#### Consolidated gross profit of International Business Unit



#### Credit related revenue RORA<sup>\*2</sup>



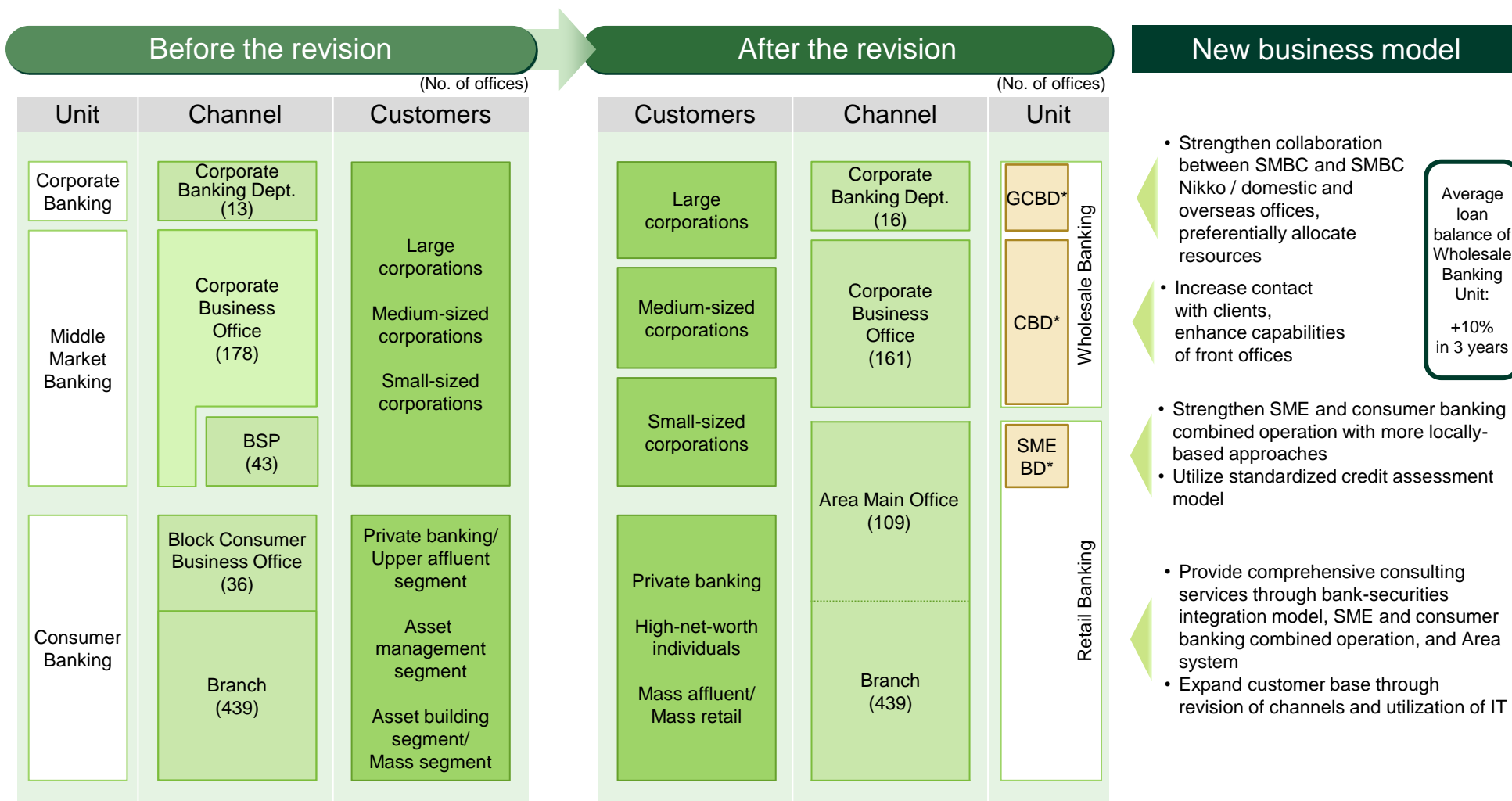
<sup>\*1</sup> TB: Transaction banking (Cash Management Services (CMS), foreign exchange, supply chain finance, etc.) IB: Investment banking

<sup>\*2</sup> Credit related revenue RORA = Sum of credit related revenue (loan spread, guarantee fee, etc.) of SMBC non-consolidated, SMBC Europe and SMBC (China) / consolidated risk weighted assets of International Banking Unit

## II. Medium-term management plan: Business strategy

# 4. Revision of domestic business structure

- Reviewed client segmentation and fully revised domestic business structure in April 2014, for the first time since establishment of SMBC, in order to enhance capability to meet clients' needs



\* GCBD: Global Corporate Banking Division, CBD: Corporate Banking Division, SMEBD: Small and Medium Enterprise Banking Division

## II. Medium-term management plan: Business strategy

### 5. Corporate business (1) Large corporate business

- Recognizing large corporate business as a growth area, create our unique Global-Corporate and Investment Banking (G-CIB) business model
- Drive top-line growth in corporate business. SMBC Nikko Securities to become a top player in equity and bond underwriting

#### Unique G-CIB model

- Seamless operation of bank-securities and domestic and overseas offices for a more seamless operations offer higher quality solutions based on extensive knowledge of industries globally, via increased number of departments and personnel

Large corporate clients

offer higher quality solutions

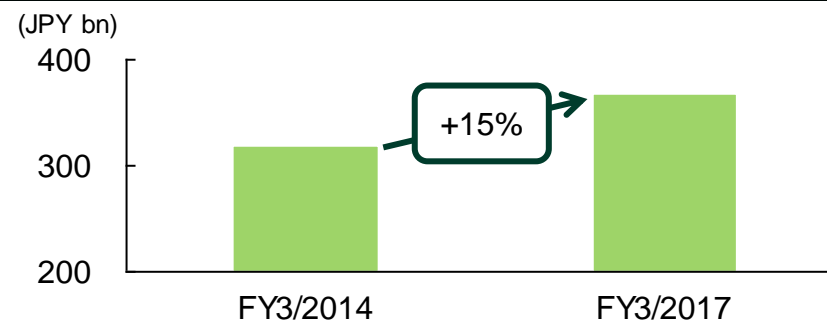


Expand RM Depts. Dual-role, HR exchange Expand client coverage

Extensive knowledge of industries

Seamless operation of domestic / overseas offices

#### Consolidated gross profit of large corporate business



#### SMBC Nikko Securities

- Aim for a market share of 20% for underwriting of Japanese equities and corporate bonds. Secure a top-3 position in 3 years

#### League tables (FY3/2014)

Global equity and equity-related*1 :			JPY denominated bonds*2:		
Bookrunner	Underwriting amount (JPY bn)	Market share	Lead manager	Underwriting amount (JPY bn)	Market share
1. Nomura	1,455.5	32.0%	1. Nomura	3,054.4	19.0%
2. MUFJ MS	753.8	16.6%	2. MUFJ MS	3,006.2	18.7%
3. SMBC Nikko	633.0	13.9%	3. Mizuho	2,949.9	18.4%
4. Daiwa	455.3	10.0%	4. Daiwa	2,544.0	15.9%
5. Mizuho	424.3	9.3%	5. SMBC Nikko	2,388.8	14.9%

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

\*2 Source: SMBC Nikko. Corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds



## II. Medium-term management plan: Business strategy

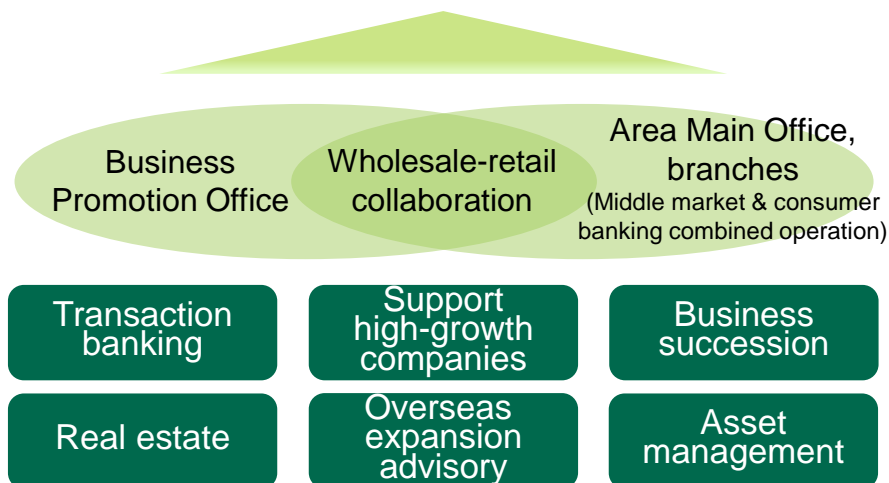
# 5. Corporate business (2) Middle market & SME business

- Continue to improve SMBC's strength in middle market and SME business by enhancing capability to respond accurately to clients' needs

### Middle market and SME business

- Middle market: provide tailored responses to clients through enhanced client relationship management structures
- SMEs: comprehensively address needs of business owners including business succession and asset management through one-stop-services under the new Area system; enhance speed and quality of response by measures such as expanding use of standardized credit assessment model

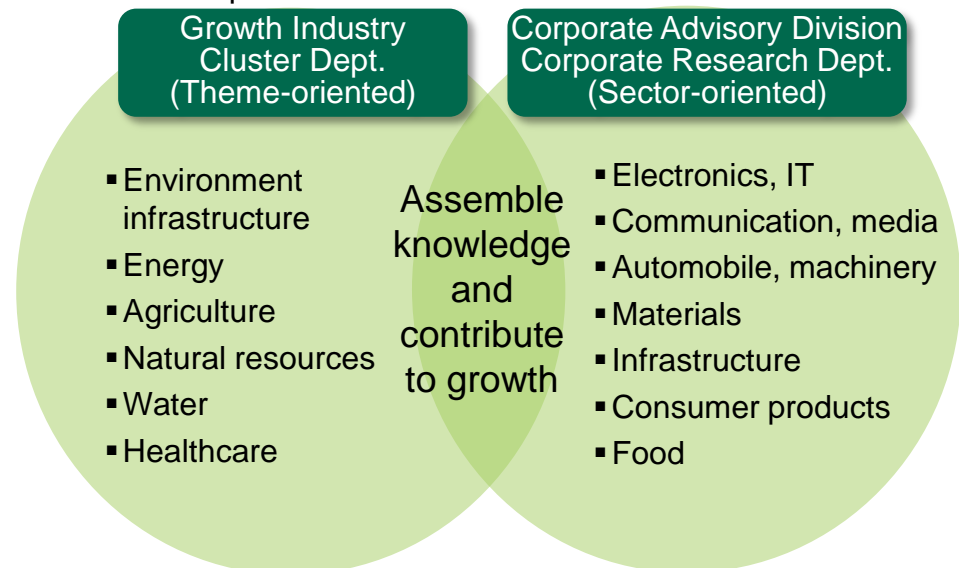
#### Middle market & SME clients



- Proactively contribute to the growth and development of the Japanese economy by financially supporting growth industries and companies

### Growth areas

- Actively participate in national projects such as "Japan Revitalization Strategy" and concession projects by leveraging the unique strengths of the Growth Industry Cluster Dept.



Solar energy equipment leasing

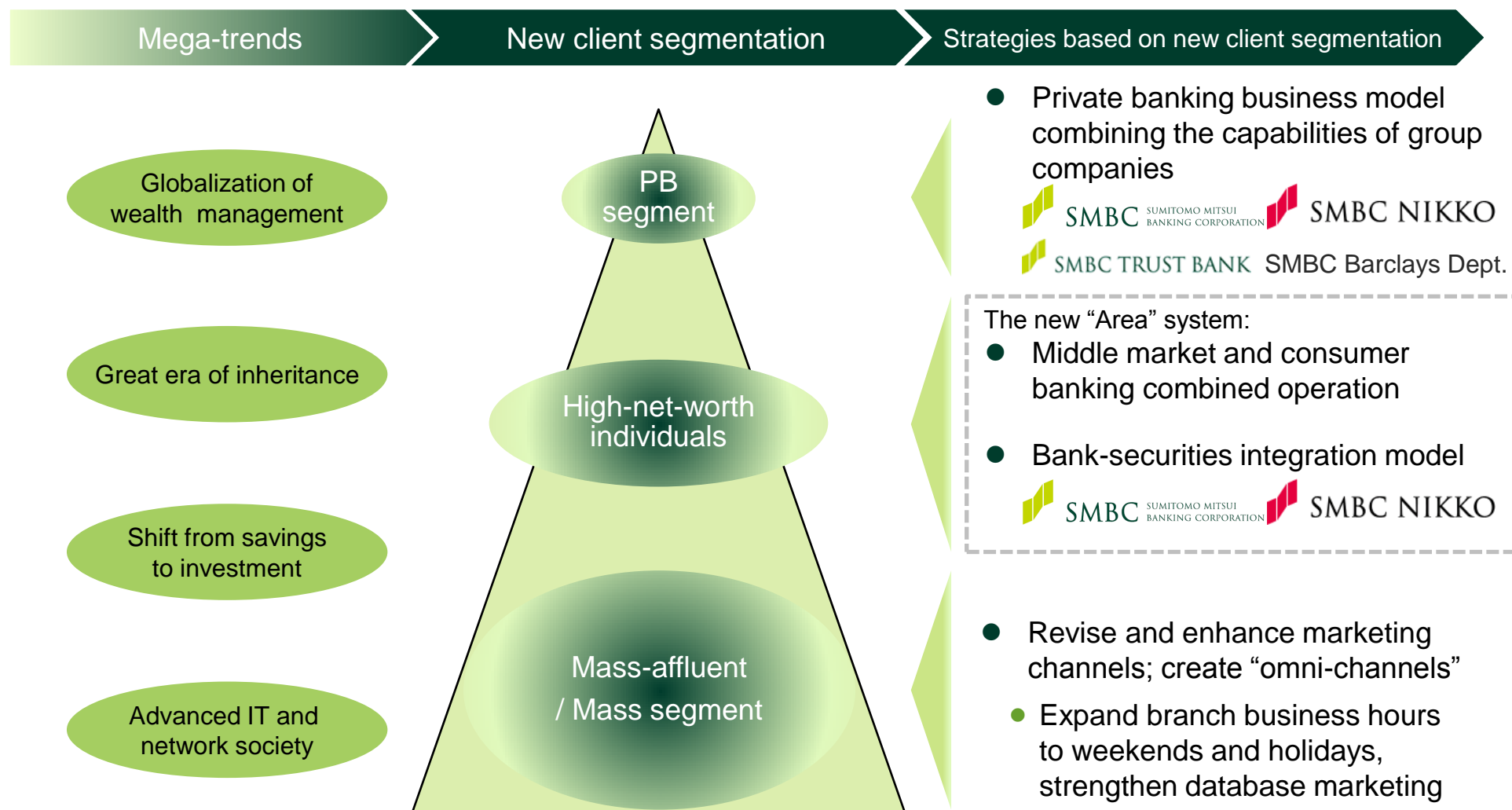




## II. Medium-term management plan: Business strategy

### 6. Consumer business (1) Business model by client segment

- Develop the best-in-class business base in Japan, by leveraging our group's collective strength and revising our marketing channels under strategies based on new client segmentation



## II. Medium-term management plan: Business strategy

### 6. Consumer business (2) Strengthen bank-securities integration

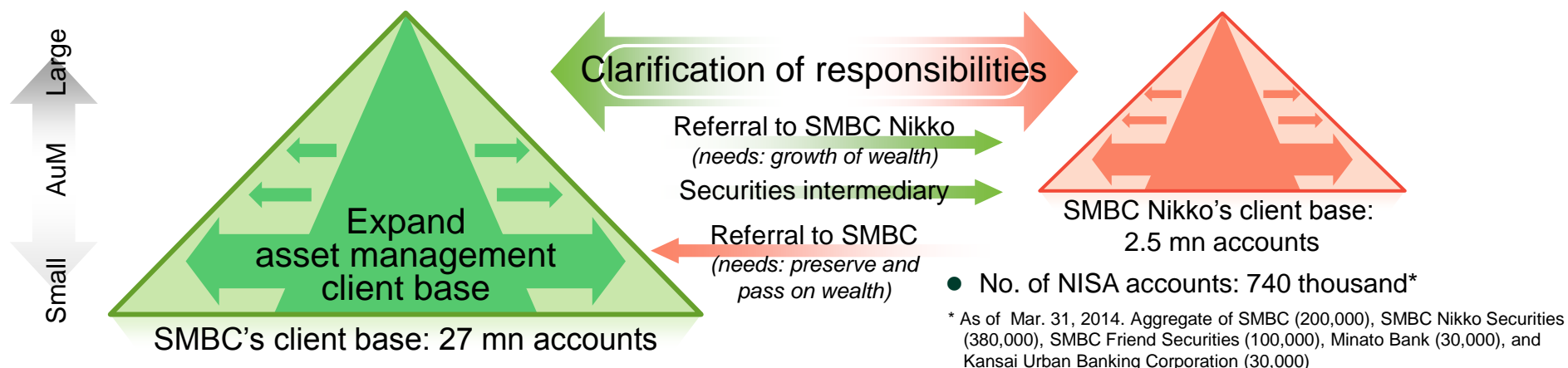
- Expand bank-securities integration model within FY3/2015 based on the favorable reception by customers for the trial operation



- Strong and large client base
- Consultants with capability to build relationships



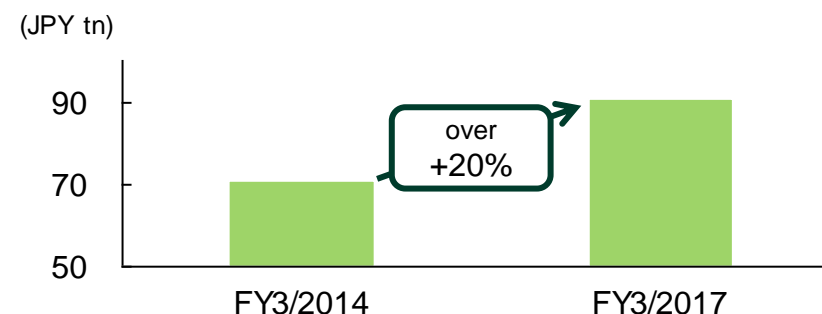
- Capability to offer sophisticated asset management services



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

	May 2013-	Oct 2013-	FY2014
SMBC	15	31	Expand integration
SMBC Nikko	10	22	

#### Retail AuM (SMBC+SMBC Nikko)



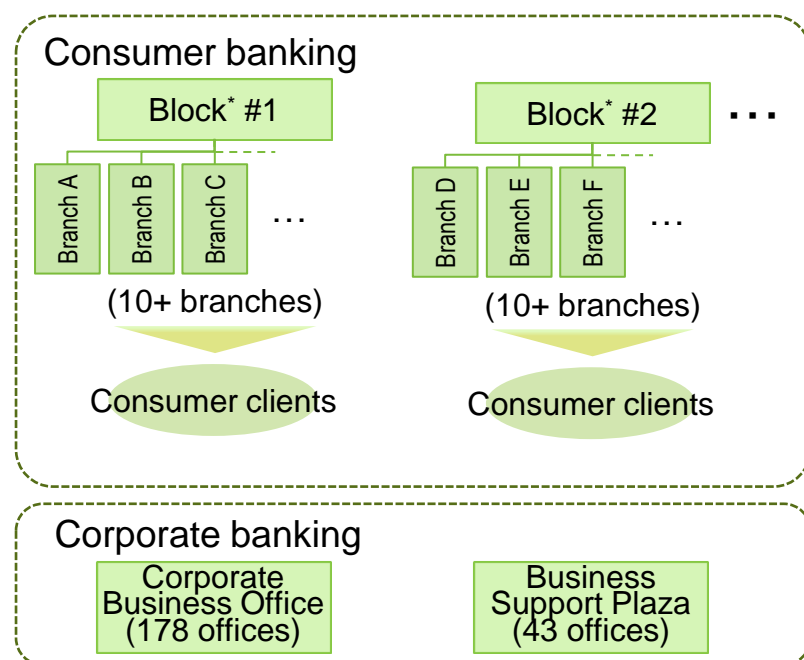
## II. Medium-term management plan: Business strategy

# 6. Consumer business (3) Establish a consolidated business through Area system

- Implement a community-based area marketing strategy under the newly launched Area system
- Expand business opportunities with business owners by leveraging inheritance and succession advisory services. Effectively expand our client base through bank-securities integration model

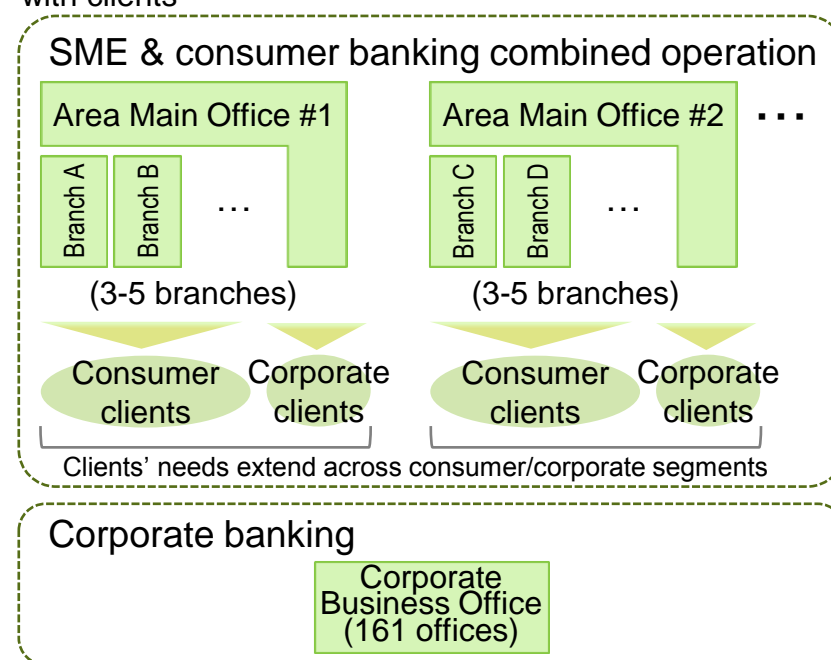
### Before the revision

- “Block” system: branches were overseen by 36 Block Consumer Business Offices
- Block Consumer Business Offices took the initiative with business promotion and supervision of branches with respect to the designated “block”



### After the revision

- “Area” system: branches are grouped into 109 Areas; BSPs\* were merged into Area Main Offices
- Area Main Offices mainly promote SME and consumer banking combined operation
- Area Main Offices and branches maintain close relationship with clients



\* Block: Block Consumer Promotion Office, BSP: Business Support Plaza

## II. Medium-term management plan: Business strategy

# 6. Consumer business (4) Consumer finance / credit card business

- Maximize group synergies toward securing top market shares

### Consumer finance business

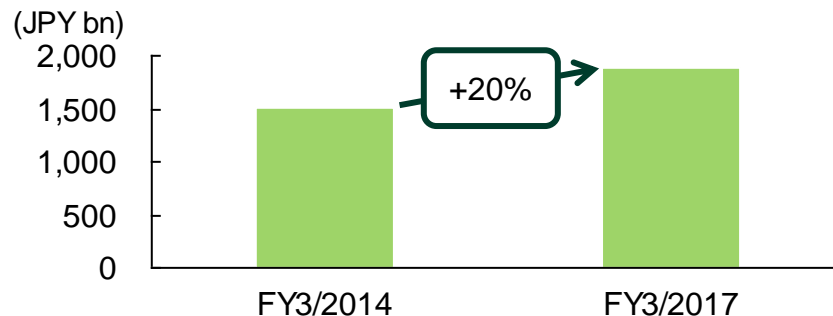
- Achieve an overwhelming market share by expanding the variety of our client base under the SMBC-Promise double-brand strategy

Clients



Integrated operation of planning and promotion functions

Balance of unsecured card loans (SMBC + SMBC Consumer Finance)



### Credit card business

- Reinforce top-line profit and pursue cost-synergies by leveraging on strengths of Sumitomo Mitsui Card and Cedyna, which are bank-based and retail-based credit card companies, respectively

Bank-based clients

Retail-based clients



Integrated management platforms

### New leading-edge services

- Utilize ICT and actively invest in new business areas to generate further business opportunities mainly in retail business

New payment services  
(alliance with Square, Inc.)



Enhance Internet banking services (strengthen alliance with Yahoo! JAPAN)



## II. Medium-term management plan: Business strategy

### 7. SMBC Nikko Securities

#### Basic concepts of the medium-term management plan

##### “Speed & Scale”

Rapidly and fundamentally improve our presence in financial and securities markets globally by promoting growth strategies

Pursue high level securities expertise

Create an innovative banking-securities collaboration model

Establish a solid market presence and be highly evaluated by our valued clients

#### Major initiatives

Retail

- Expand client base and sustain earnings strength by actively injecting resources and enhancing banking-securities collaboration

Wholesale

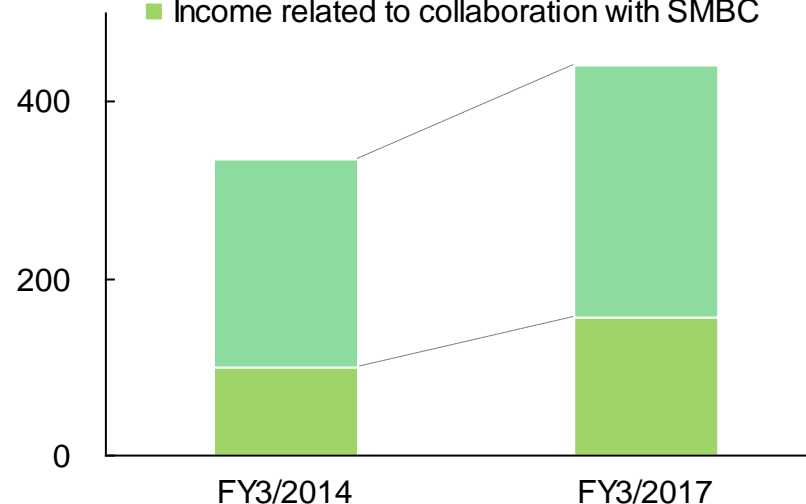
- IB: Establish a competitive front office structure by improving quality of coverage and further promoting banking-securities collaboration
- Secondary: Improve earnings from sales and trading businesses by enhancing order flow and position control
- Overseas: Expand business selectively and effectively, by leveraging SMBC's marketing base and alliances

#### Consolidated gross profit

(JPY bn)

Others

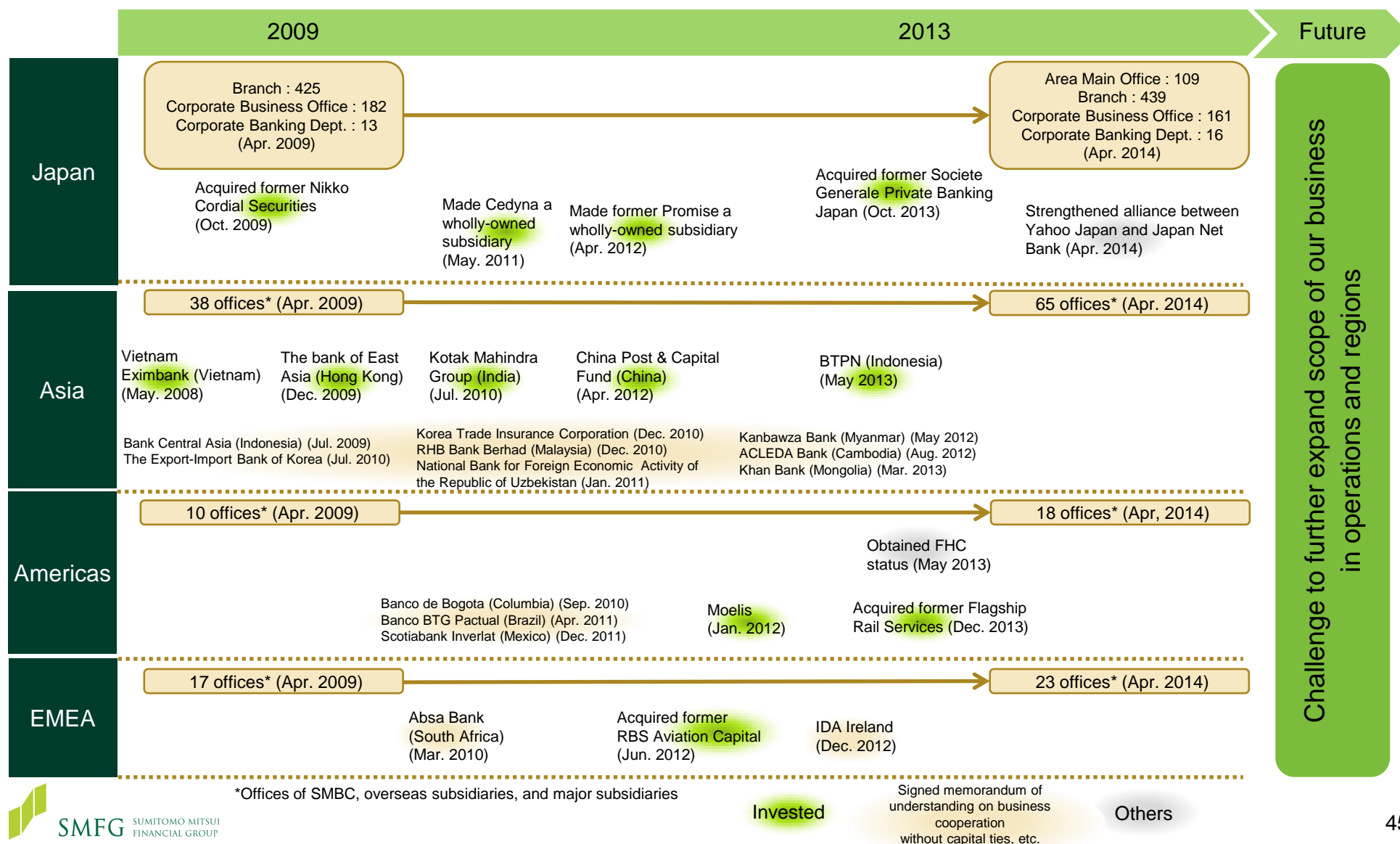
Income related to collaboration with SMBC



## II. Medium-term management plan: Business strategy

# 8. Toward realizing further growth

- Challenge to further expand scope of our business in operations and regions globally on a group basis, leveraging our past strategic moves



## II. Medium-term management plan: Business strategy

### 9. Five Values

Vision for the next decade

**We will become a global financial group that,  
by earning the highest trust of our customers,  
leads the growth of Japan and the Asian region.**

#### Five Values

**Customer First**

**Proactive and Innovative**

**Speed**

**Quality**

**Team SMBC/SMFG**

In order to realize our vision  
for the next decade,  
we determine Five Values  
that our employees  
share and abide by  
to meet the needs of our clients

# Appendix

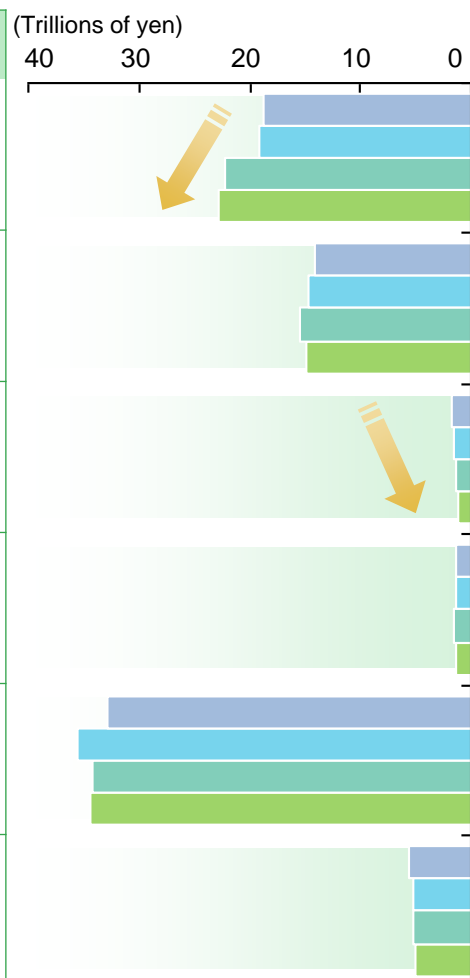


# Corporate, sovereign and bank exposures

## Domestic

[as of Sep. 30, 2013]

PD	LGD	Risk weight
0.06%	36.04%	18.47%
0.74%	32.28%	47.62%
12.56%	30.74%	128.60%
100.00%	47.66%	5.46%
0.00%	35.45%	0.04%
1.01%	38.73%	54.02%



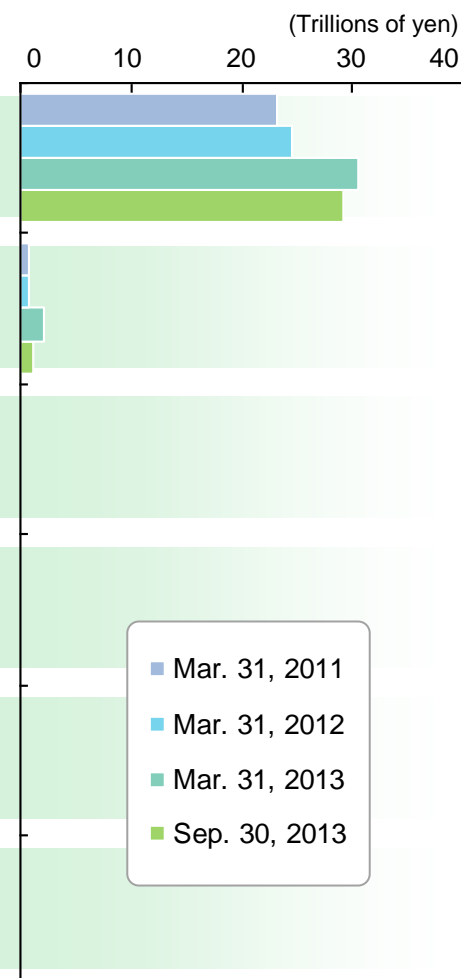
**JPY 79.5 trillion**

**Total**  
(as of Sep. 30, 2013)

## Overseas

[as of Sep. 30, 2013]

PD	LGD	Risk Weight
0.16%	30.96%	21.15%
2.72%	21.12%	54.09%
23.13%	22.86%	121.10%
100.00%	64.75%	51.35%
—	—	—
2.12%	33.96%	99.18%

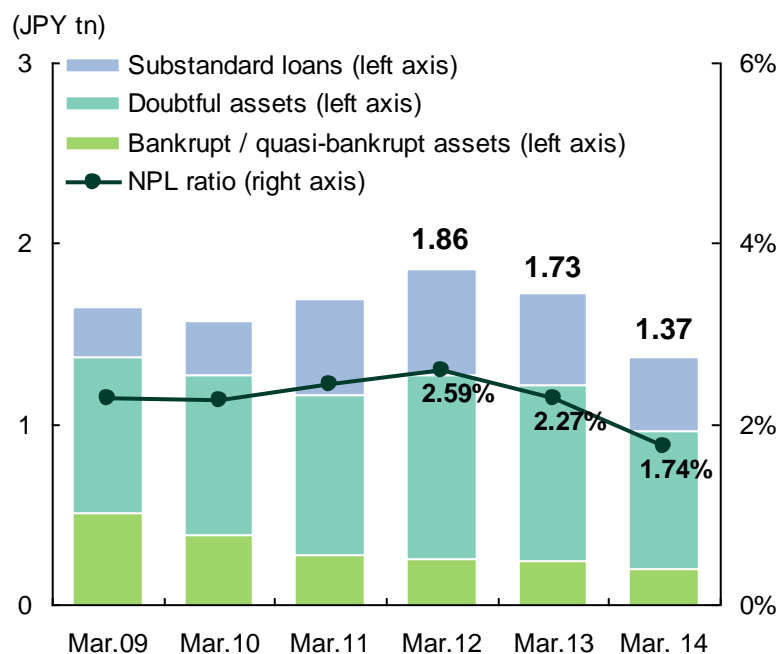


**JPY 30.9 trillion**

# Non-performing loan balance and ratio

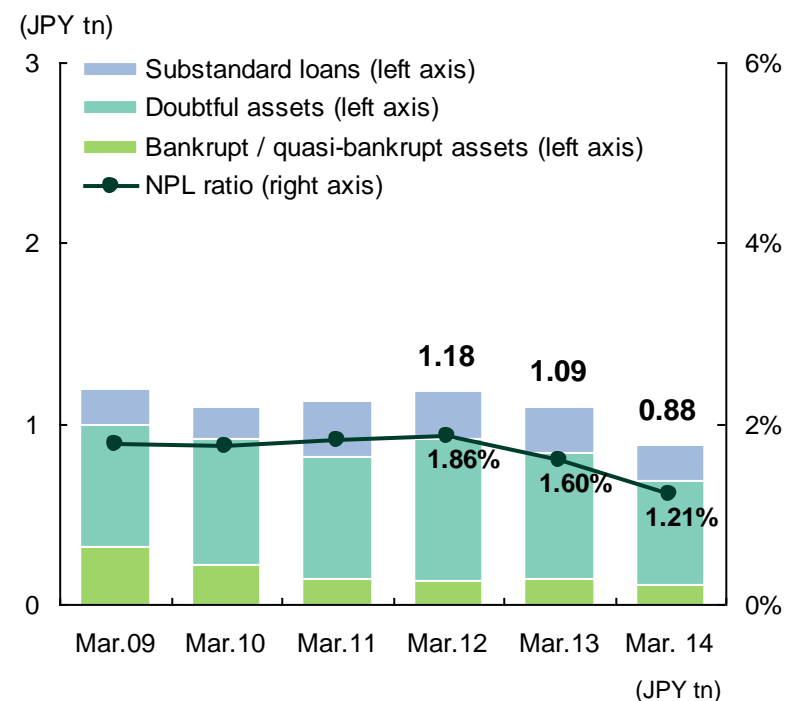
## SMFG consolidated

	Mar. 13	Mar. 14
Coverage ratio	85.84%	83.74%



## SMBC non-consolidated

	Mar. 13	Mar. 14
Coverage ratio	92.63%	88.54%



Claims on borrowers requiring caution*	3.7	3.7	3.1	2.8	1.9	1.6
Total claims	67	63	62	64	68	73

\* Excludes claims to Substandard borrowers

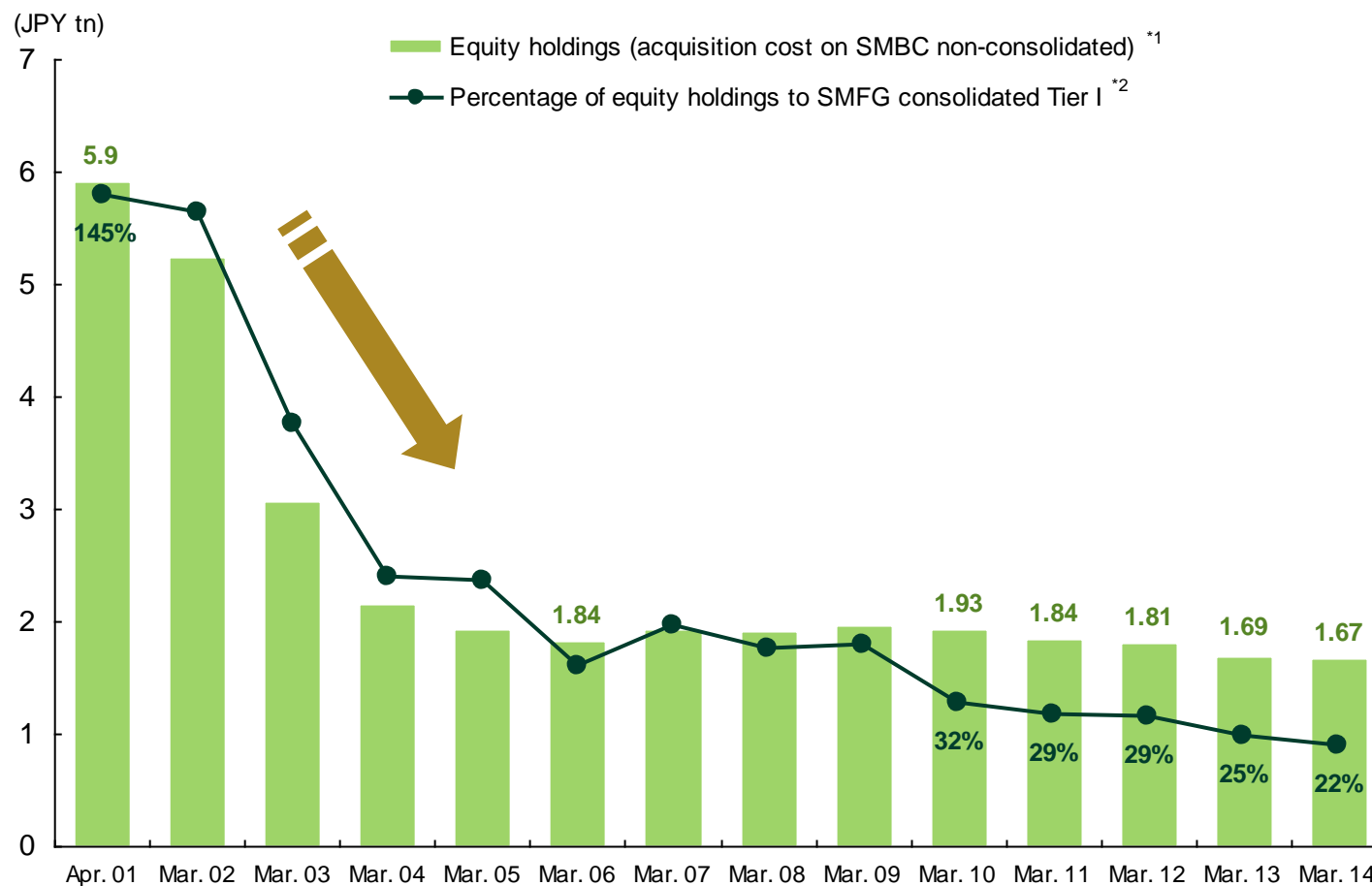
# Bond portfolio

		Mar. 2013		Sep. 2013		Mar. 2014		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)									
SMFG consolidated	Yen-denominated bonds	30.4	0.17	18.4	0.11	17.4	0.10	(13.0)	(0.07)
	of which JGB	27.0	0.12	15.3	0.06	14.2	0.05	(12.8)	(0.07)
	Held-to-maturity	5.5	0.06	4.9	0.04	4.3	0.03	(1.2)	(0.03)
	Others	21.5	0.06	10.4	0.02	9.9	0.02	(11.6)	(0.04)

SMBC non-consolidated	Yen-denominated bonds	28.9	0.16	17.1	0.10	16.3	0.09	(12.6)	(0.06)
	of which JGB	26.2	0.11	14.7	0.06	13.8	0.05	(12.4)	(0.06)
	Held-to-maturity	5.5	0.06	4.9	0.04	4.3	0.03	(1.2)	(0.03)
	Others	20.7	0.06	9.9	0.02	9.5	0.02	(11.2)	(0.03)

# Equity holdings

## Balance of domestic listed stocks classified as other securities



<sup>\*1</sup> Shares of SMFG related to share exchange for acquiring former Promise are excluded

<sup>\*2</sup> Until Mar. 2002, percentage to SMBC consolidated Tier I. After Mar. 2013, percentage to SMFG consolidated Tier 1 based on Basel 3

# SMBC Nikko Securities

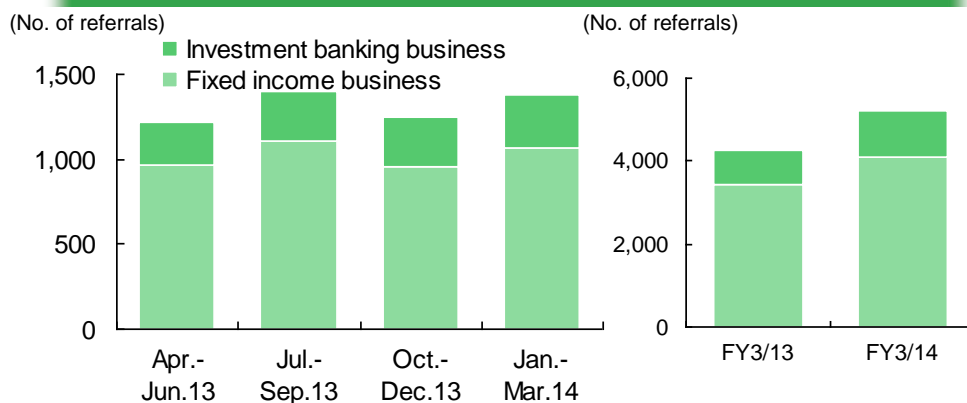
## Financial results (consolidated)

(JPY bn)	FY3/2013	FY3/2014	YOY change
<b>Net operating revenue</b>	274.7	327.9	+53.2
<b>SG&amp;A expenses</b>	(200.2)	(227.8)	(27.6)
<b>Ordinary income</b>	75.7	102.1	+26.4
<b>Net income</b>	45.7	64.6	+18.9

## Synergies between SMBC and SMBC Nikko

- Expanded bank-securities integration in Oct. 2013  
(Doubled number of trial offices to 31 at SMBC and 22 at SMBC Nikko)
- Established a new bank-securities dual-role department in Nov. 2013

### Number of referrals from SMBC to SMBC Nikko \*1



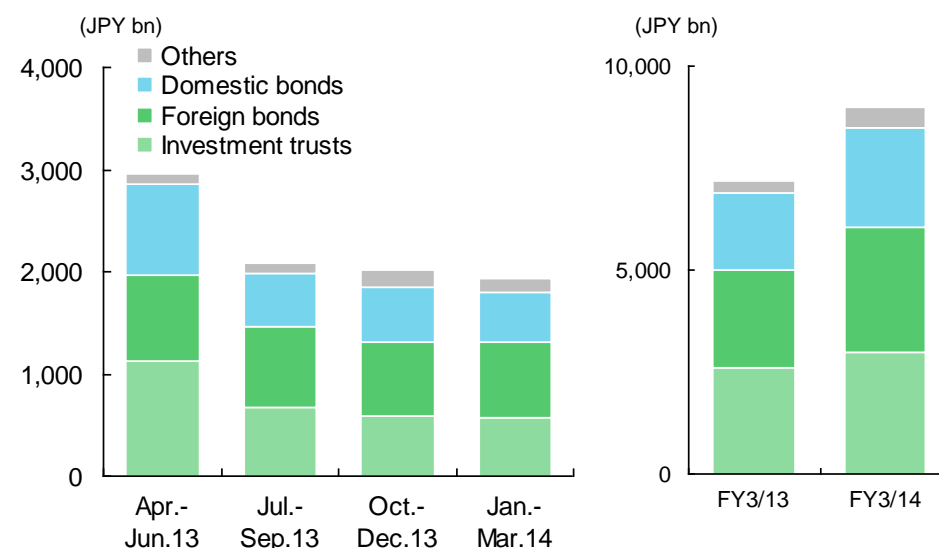
## League tables (Apr. 2013-Mar. 2014)

- Awarded “Yen Bond House of the Year 2013” by *International Financing Review*
- Awarded “Samurai Bond House of the Year” by *Thomson Reuters*



	Rank	Mkt share
<b>Global equity &amp; equity-related (book runner, underwriting amount)*2</b>	#3	13.9%
<b>JPY denominated bonds (lead manager, underwriting amount)*3</b>	#5	14.9%
<b>Financial advisor (M&amp;A, transaction volume)*4</b>	#4	17.1%
<b>Financial advisor (M&amp;A, No. of deals)*4</b>	#3	3.0%

## Product Sales



\*1 Excludes number of referrals between offices conducting bank-securities integration model as a trial run

\*2 Source: SMBC Nikko, based on data from Thomson Reuters. Japanese corporate related only

\*3 Source: SMBC Nikko. Consisting of corporate bonds, FILP agency bonds, municipality bonds, and samurai bonds

\*4 Source: Thomson Reuters. Japanese corporate related only. Excludes real estate deals

# SMBC Consumer Finance

## Financial results (consolidated)

(JPY bn)	FY3/2013	FY3/2014	YOY change
<b>Operating income</b>	187.0	194.8	+7.8
Losses on interest repayments within Expenses	-	(38.7)	(38.7)
<b>Ordinary profit</b>	51.8	26.5	(25.3)
<b>Net income</b>	48.1	29.3	(18.8)
<b>Consumer loans outstanding</b>	742.8	937.6	
<b>Allowance on interest repayments</b>	203.3	152.7	
<b>Loan guarantee</b>	659.6	752.5	
for regional financial institutions, etc.	232.7	274.3	

No. of companies with guarantee agreements:  
**187**  
(as of Mar. 2014)

## Overseas business

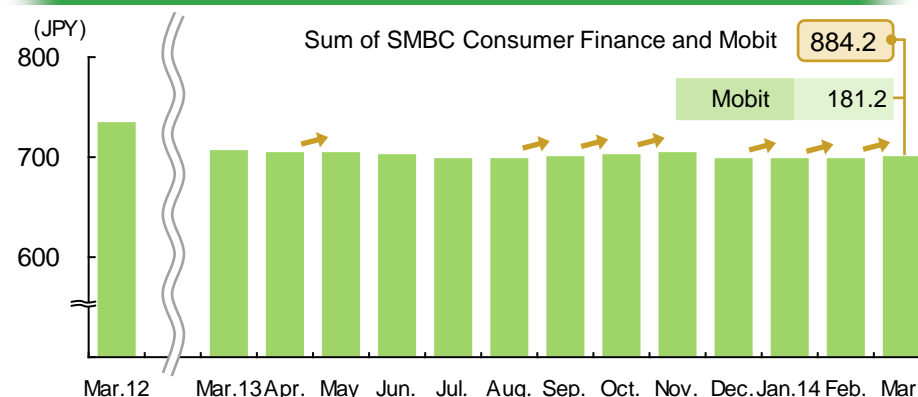
- Started operation in Chongqing, Chengdu, and Wuhan.
- Expanded network in mainland China to six offices

(JPY bn)	Mar. 31, 2013	Mar. 31, 2014	Change from Mar. 31, 2013
<b>Consumer loans outstanding<sup>*2</sup></b>	35.4	47.5	+12.0
of which <b>Hong Kong</b>	24.4	28.7	+4.3

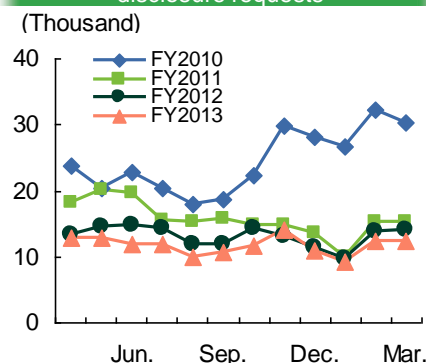
## Financing business<sup>\*1</sup>

- Made Mobit a wholly-owned subsidiary in Mar. 2014

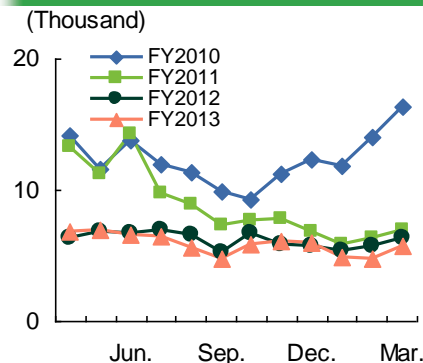
Consumer loans outstanding on a non-consolidated basis



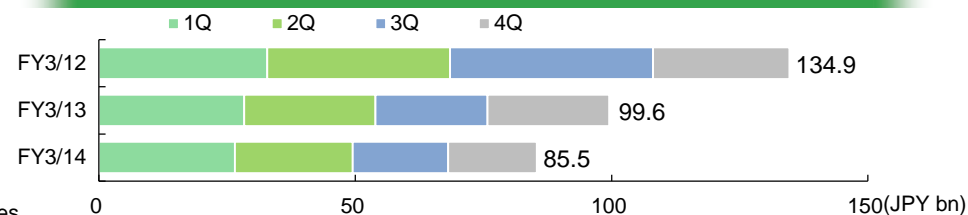
No. of transaction-record disclosure requests



No. of interest refund claims



Cash-out related with refund claims



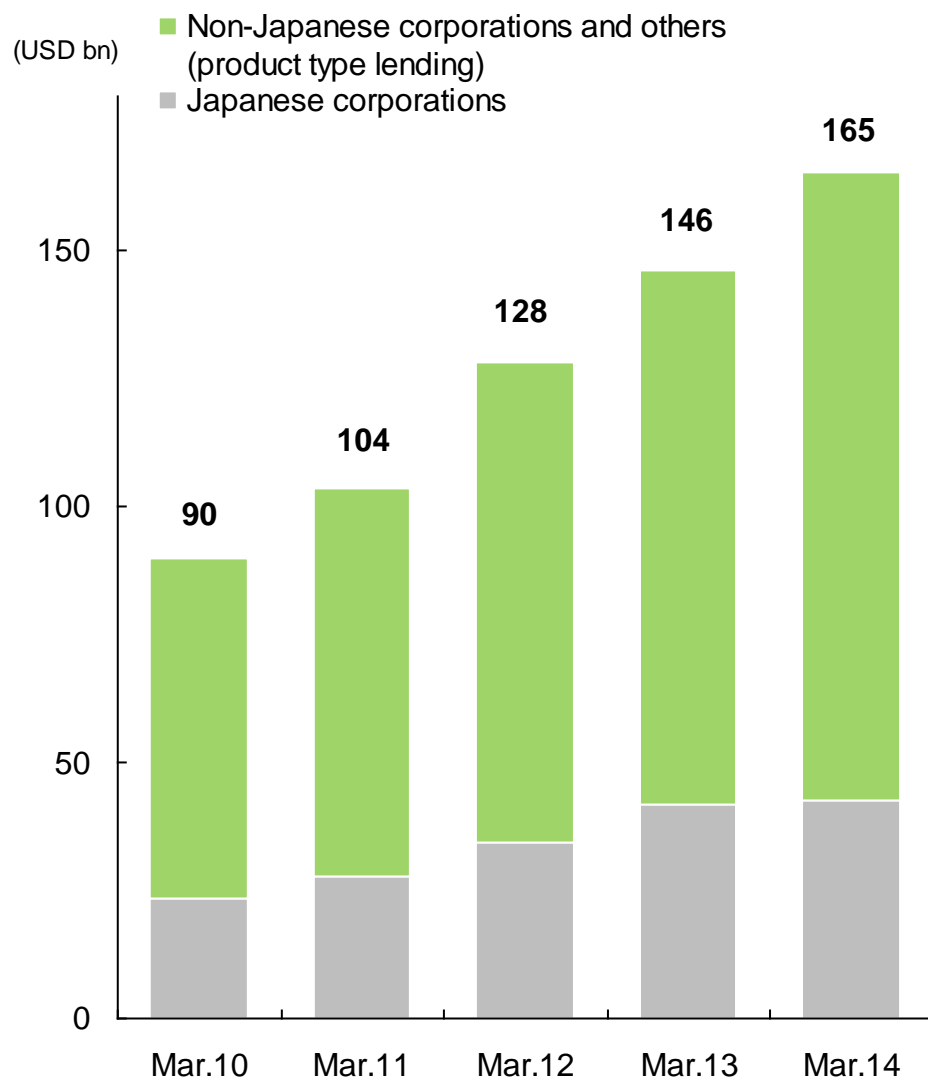
<sup>\*1</sup> SMBC Consumer Finance non-consolidated basis

<sup>\*2</sup> Translated into Japanese yen at respective period-end exchange rates

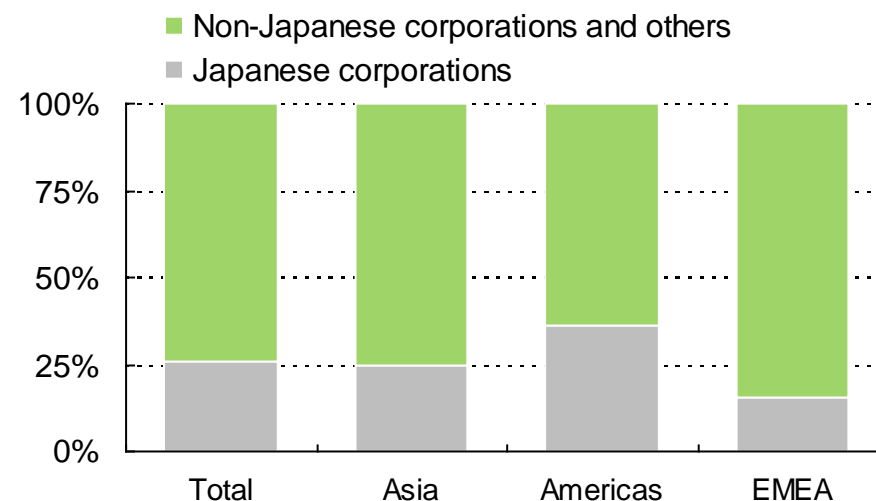
# Overseas loan balance classified by borrower type

(Geographic classification based on booking office)

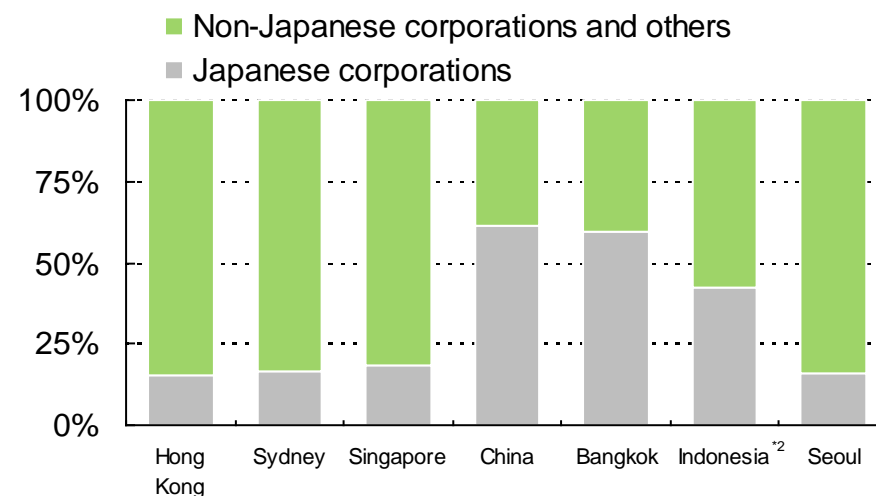
## Total\*<sup>1</sup>



## By region (Mar. 2014)\*<sup>1</sup>



## Major marketing channels in Asia (Mar. 2014)\*<sup>1</sup>



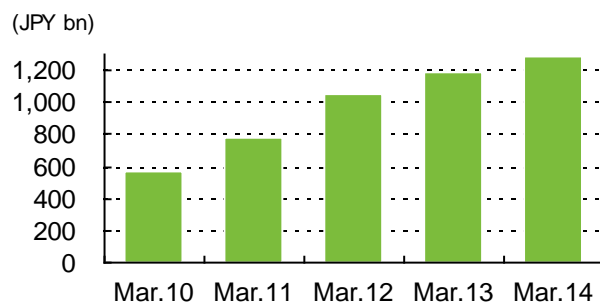
\*<sup>1</sup> Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China)

\*<sup>2</sup> Sum of SMBC and SMBC Indonesia

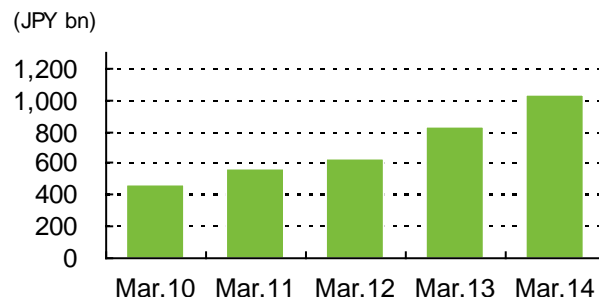
# Loan balance in Asian countries

(Geographic classification based on borrowers' domicile)\*

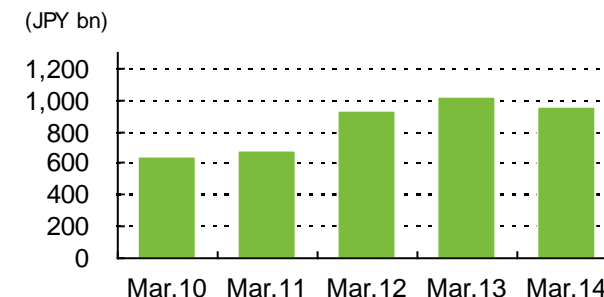
## Hong Kong



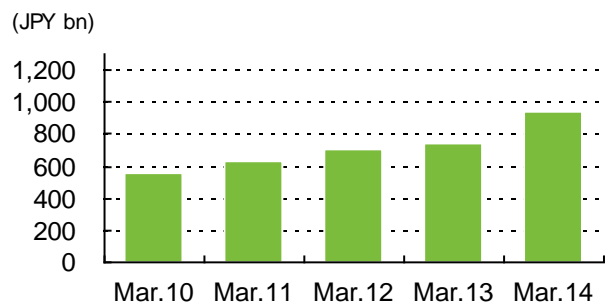
## Australia



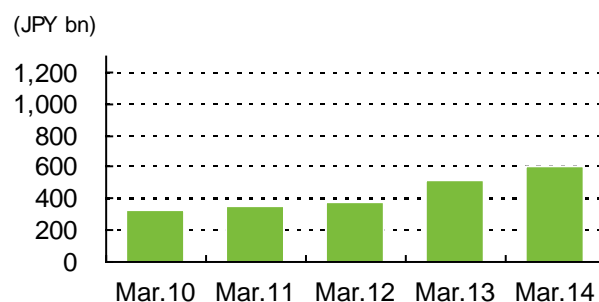
## Singapore



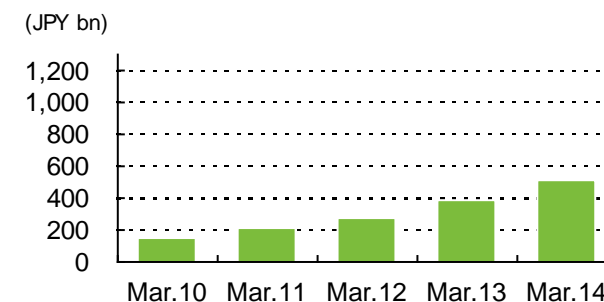
## China



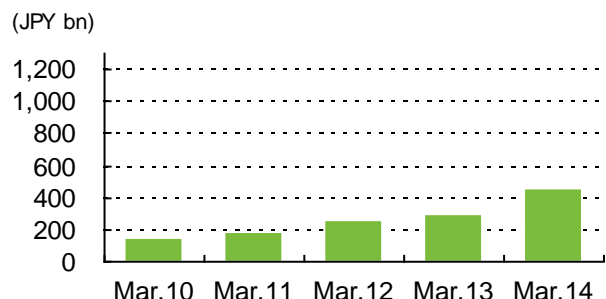
## Thailand



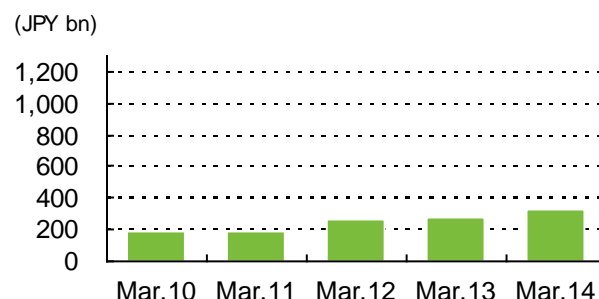
## Indonesia



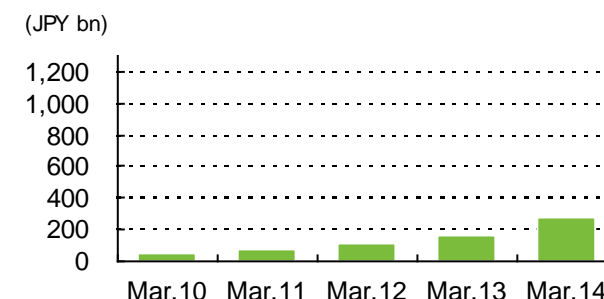
## India



## Korea



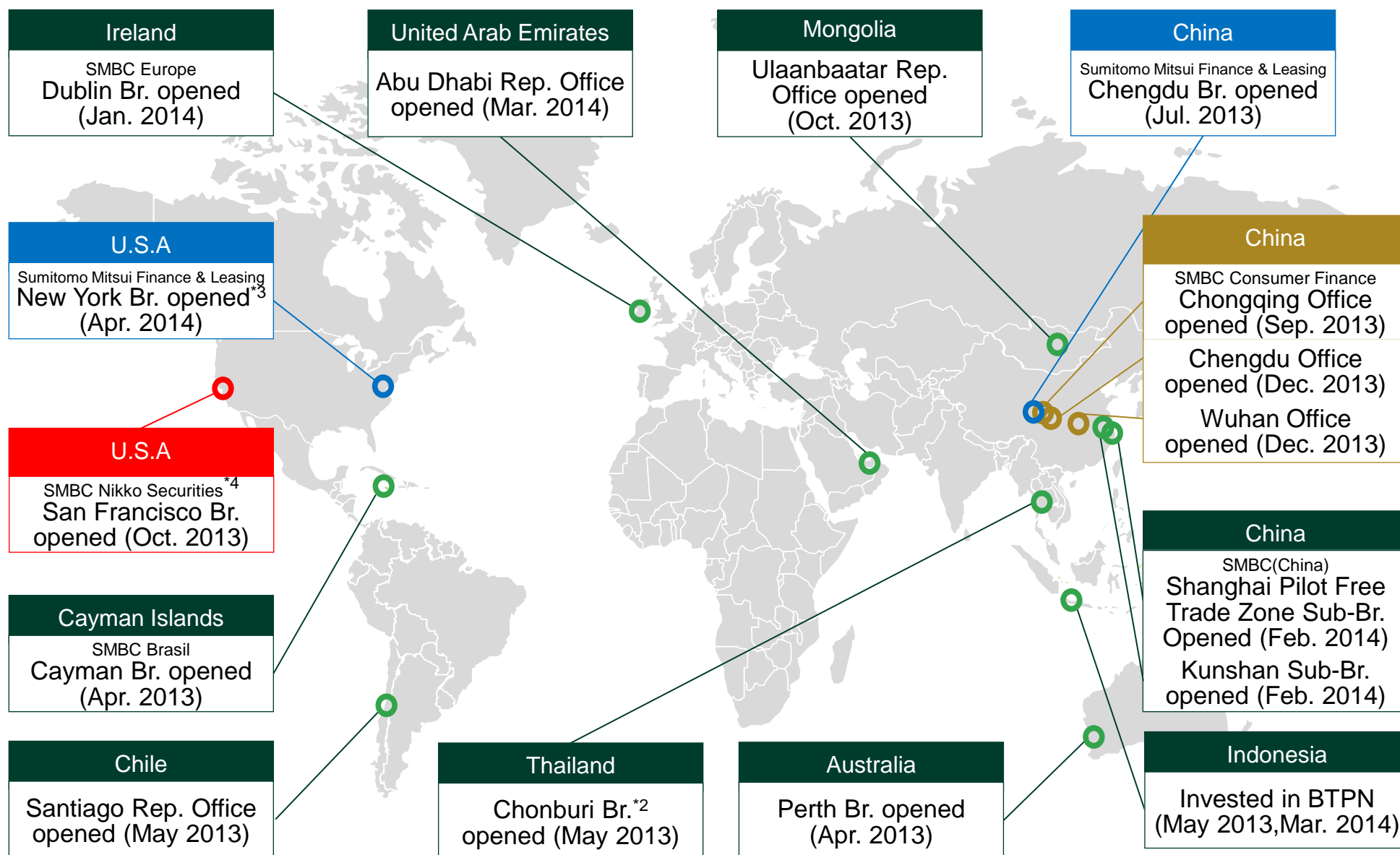
## Taiwan



\* Managerial accounting basis. Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Indonesia  
Loan balances are translated into JPY from each country's local currency at the exchange rate of Mar. 2014



# SMFG's global franchise<sup>\*1</sup>

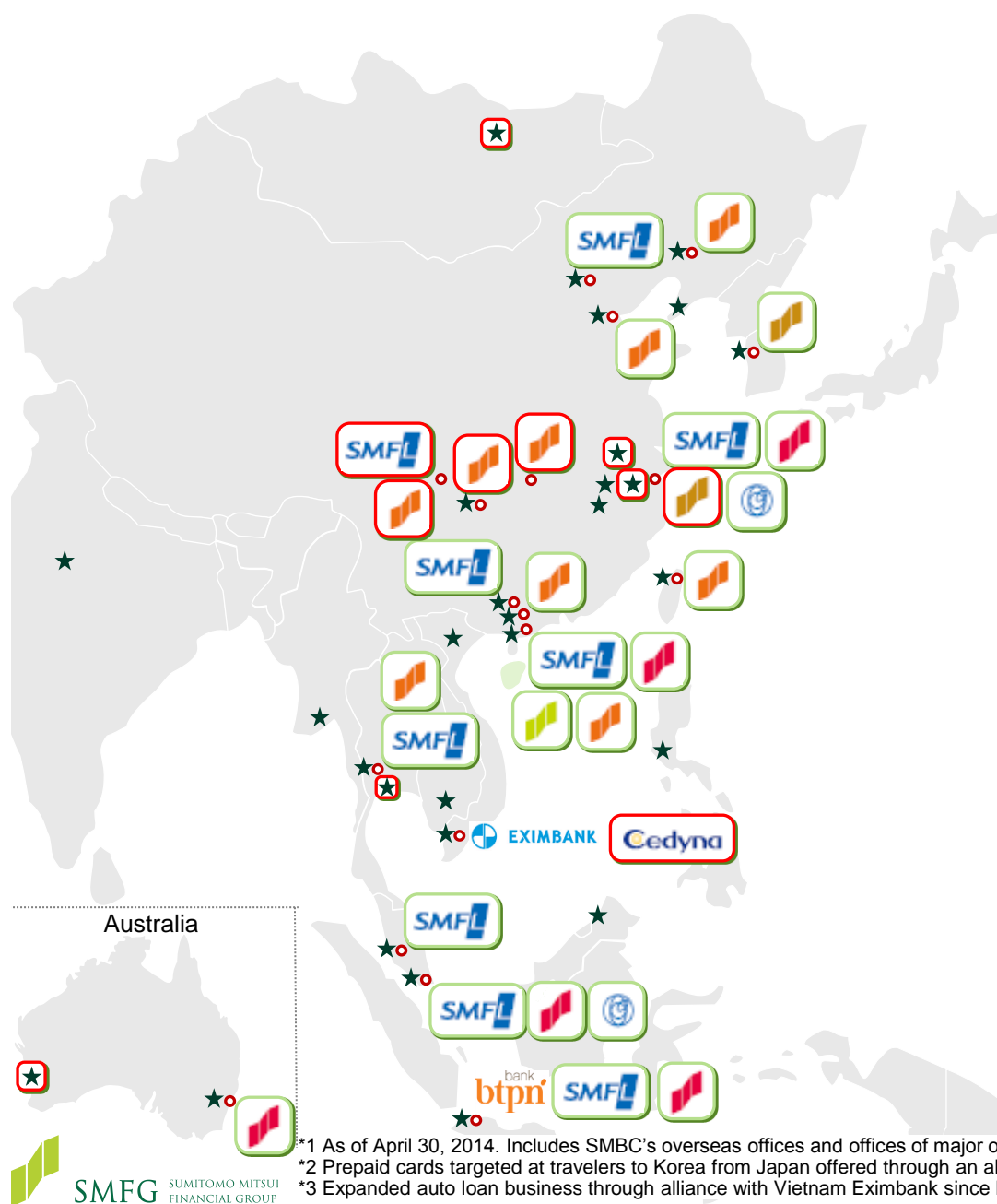


<sup>\*1</sup> Channels opened since Apr. 2013 are listed above

<sup>\*2</sup> Changed registered name from "Chonburi Exchange Office" to "Chonburi Branch" in April 2014 with the change of license pursuant to local laws and ordinances of Thailand (the branch's status under the Japanese law and its name in Japanese remain unchanged)

<sup>\*3</sup> Opened in Apr. 2014 and will commence operation in 1H, FY3/2015 <sup>\*4</sup> Branch of SMBC Nikko Securities America, Inc.

# SMFG's footprint in Asia



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 37 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	<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>Hong Kong</li> <li>Shenzhen</li> <li>Shenyang</li> <li>Tianjin</li> <li>Chongqing</li> <li>Chengdu</li> <li>Wuhan</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>

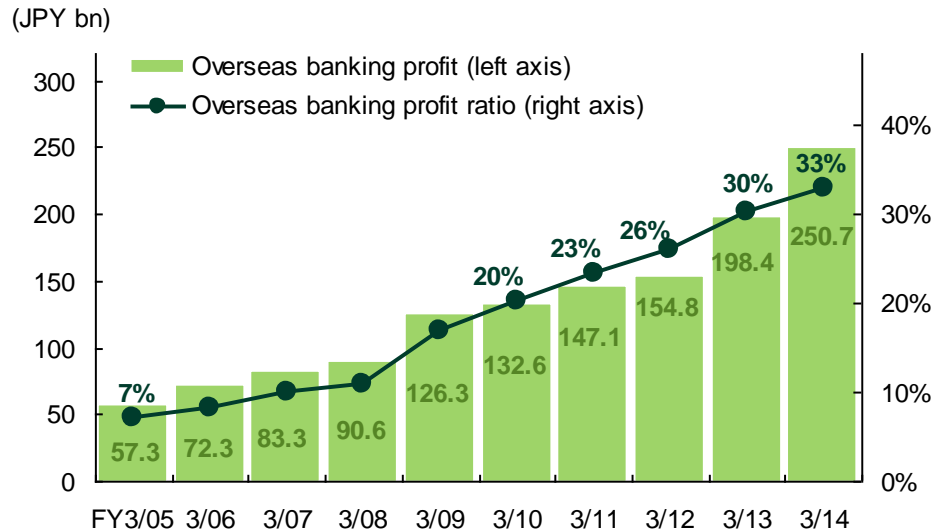
\*1 As of April 30, 2014. Includes SMBC's overseas offices and offices of major overseas subsidiary banks. Excludes offices planned to be closed

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

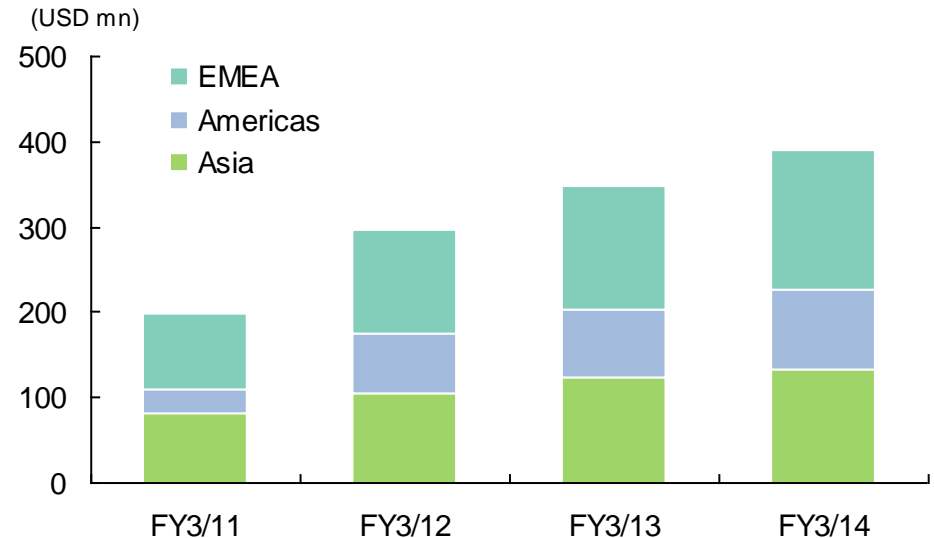
\*3 Expanded auto loan business through alliance with Vietnam Eximbank since May 2013

# Overseas banking profit ratio / products with competitive advantages

## Overseas banking profit and ratio\*1



## Trade finance related profit



## Project Finance

- 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

### League tables (Jan. – Dec. 2013)\*2

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

## Cash management service

### Cash management providers' ranking (in Asia Pacific)\*4

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	

\*1 Managerial accounting basis. Sum of SMBC and major overseas subsidiary banks. Based on the former medium-term management plan assumed exchange rate of USD1=JPY85 since FY3/12 \*2 Source: Thomson Reuters (Mandated Arrangers)

\*3 Project finance: Asia Pacific. Loan syndication: Asia (excl. Japan), all international currency syndicated and club loans

\*4 Source: "ASIAMONEY" cash management poll (published Aug. 2013)

# SMBC Aviation Capital / SMBC Rail Services

## SMBC Aviation Capital FY3/2014 results

### FY3/2014 results

(USD mn)	FY3/14	FY3/13 (10 months)* <sup>2</sup>
<b>Total revenue*<sup>1</sup></b>	852	576
<b>Net income</b>	192	132
<b>Aircraft assets</b>	8,822	7,288
<b>Net assets</b>	1,300	1,078

### Initiatives

- Integrated SMBC's aircraft finance related businesses into Global Aircraft Finance Department (established in April 2014) to promote collaboration within SMFG group with an aim to differentiate from competition and maximize profits
- Plan to develop the "buy and sell" business model where purchases are based on careful planning in advance and sales are completed in a flexible and timely manner, in an aim to build a sustainable profit structure

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

	Aircraft leasing company	Nationality	No. of aircrafts
1	GECAS	U.S.	1,692
2	ILFC	U.S.	1,009
3	<b>SMBC AC</b>	<b>Ireland</b>	<b>344</b>
4	BBAM	U.S.	330
5	AerCap	Netherlands	311
6	CIT Aerospace	U.S.	272
7	AWAS	Ireland	270
8	Aviation Capital Group	U.S.	256

## SMBC Rail Services

- Acquired Flagship Rail Services, LLC, the ninth largest railcar leasing company in the U.S., from Perella Weinberg Partners Asset Based Value Strategy
- Aim to expand U.S. business and diversify business portfolio

Head office location	Chicago, Illinois, U.S.A.
Founded	2006
Total assets	approx. USD 1.2 bn (Dec. 31, 2013)
Number of cars	approx. 15,000

\*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, 2013 (Source: Ascend "Airline Business")

# Investment in BTPN / Vietnam Eximbank

## BTPN

### Investment overview

- Acquired 24.26% stake in May 2013 (IDR 6,500 per share)
- Increased ownership to 40% (approx. USD 1.5 bn in total) in March 2014
- An equity method affiliate of SMBC

### Overview of BTPN

- Established in 1958 to serve retired military personnel through pension banking services
- Ranked 6th by market cap. among Indonesian banks

#### Asset



#### Pension banking

Loans to pension recipients



#### Micro-financing

Loans to small shop owners

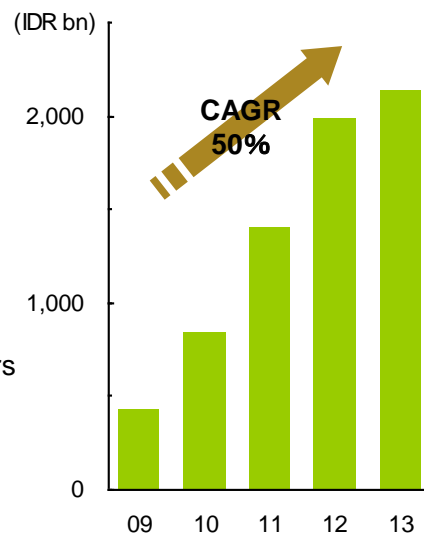
#### Liability



#### Deposit taking

Focus on wealthy customers

#### Consolidated net income



\* Exchange rate as of Dec. 31, 2013; 1,000IDR=JPY8.6, USD0.08

## Vietnam Eximbank

### Investment overview

- Acquired 15% stake in May 2008
- An equity method affiliate of SMBC
- SMBC delegates one board member and staffs

### Business alliance

- SMBC collaborates and provides technical assistance for retail and wholesale banking, risk management, IT, etc.
  - Technical assistance
    - Employee training
    - IT system
    - Risk management
  - Business collaboration
    - Introduce Japanese corp. to acquire employees' accounts
    - Collaborate to provide cash management service
    - Collaboration with Cedyna (auto loan)
    - Promote business matching




## Strategic partners in Asia

	Strategic partner*	Relationship since	Outline of alliance / cooperation
China	Bank of China	2000	<ul style="list-style-type: none"> <li>Renminbi business cooperation</li> </ul>
	Industrial and Commercial bank of China	1995	<ul style="list-style-type: none"> <li>Ship finance business in China</li> </ul>
	Agricultural Bank of China	2002	<ul style="list-style-type: none"> <li>Funding activities in China</li> </ul>
Korea	<b>Kookmin Bank</b>	2007	<ul style="list-style-type: none"> <li>Mutual introduction of customers inside/outside Japan/Korea, Loan syndication, funding activities</li> <li>Invested in KB Financial Group, the holding company, in 2008</li> </ul>
Taiwan	First Commercial Bank	2007	<ul style="list-style-type: none"> <li>Local currency funding in China and Taiwan, usage of channel network</li> </ul>
Hong Kong	<b>Bank of East Asia</b>	2008	<ul style="list-style-type: none"> <li>Mutual introduction of customers in China and Hong Kong, credit card business, funding activities</li> <li>Invested in 2009 and 2012</li> </ul>
Philippines	Metrobank	1995	<ul style="list-style-type: none"> <li>Introduction of customers in Philippines, local currency transaction, usage of channel network. Established Japan desk in 2007</li> </ul>
Vietnam	<b>Vietnam Eximbank</b>	2007	<ul style="list-style-type: none"> <li>Retail and SME banking business in Vietnam</li> <li>Invested in 2008. Entered into technical service agreement in 2009</li> </ul>
Malaysia	RHB Bank	1974	<ul style="list-style-type: none"> <li>Local currency funding in Malaysia, transaction services, Islamic finance</li> </ul>
Indonesia	<b>Bank Tabungan Pensiunan Nasional</b>	2013	<ul style="list-style-type: none"> <li>Invested in 2013 and 2014. Retail banking business in Indonesia</li> </ul>
	Bank Central Asia	2009	<ul style="list-style-type: none"> <li>Local currency funding in Indonesia, transaction services including CMS</li> </ul>
Cambodia	ACLEDA Bank	2012	<ul style="list-style-type: none"> <li>Usage of channel network in Cambodia, transaction services, trade finance</li> <li>Technical assistance to Foreign Corporate Desk, consultation service department for Japanese companies, etc.</li> </ul>
India	<b>Kotak Mahindra Bank</b>	2010	<ul style="list-style-type: none"> <li>Asset management business in India such as establishing infrastructure fund, securities and investment banking business. Invested in 2010</li> </ul>

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

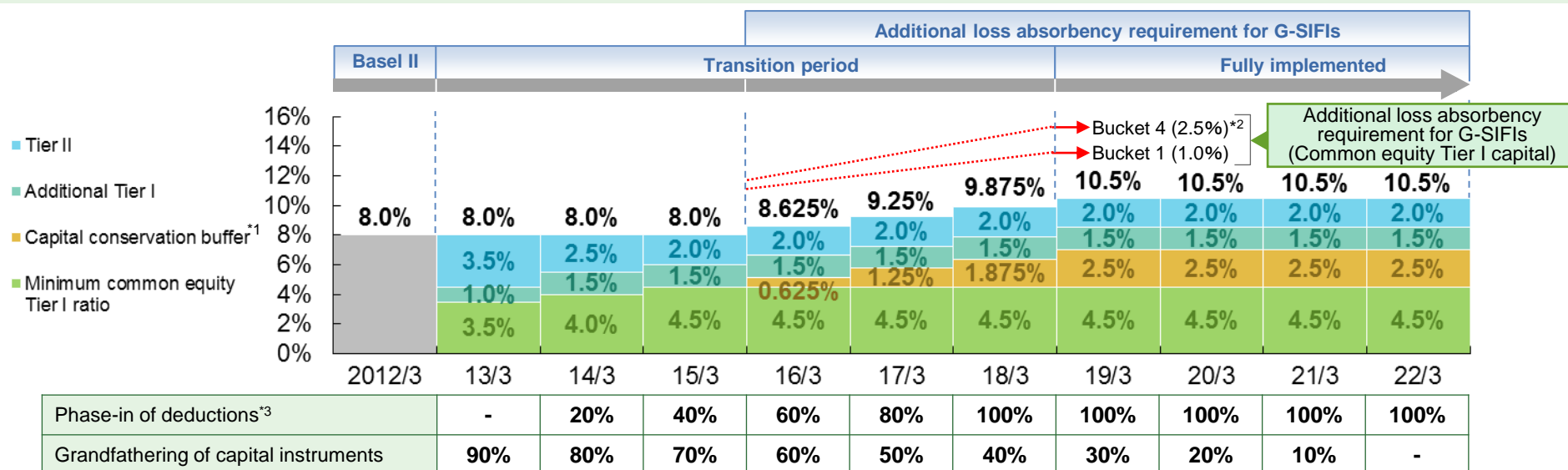


# Meeting international financial regulations

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 Submitted Submitted	○ Work in accordance with each respective due dates
<b>Internationally active banks</b>	OTC derivatives markets reforms <b>G20</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 Dec. 2015	△ Taking actions needed although impact will be smaller compared to investment banks
	Limitation on banking activities / Ring fencing regulation <b>EU</b> <b>UK</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 (Volcker Rule)</li> <li>Requirements for foreign banking organizations (FBO Rule)</li> </ul>	TBD Jul. 2015 Jul. 2016	⊙ SMBC will be out of scope (still 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>	TBD	△ 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> <li>Fundamental review of trading book (Strengthened capital standards for market risk)</li> </ul>	2013 TBD	⊙ Achieved our target of 8% CET 1 ratio by Mar. 2013, one year ahead of schedule △ Implementation schedule remains unclear. Paying attention to discussions
<b>Domestic banks</b>	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% (on a trial basis)</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 proposal to apply haircut floors on repo transactions excluded JGBs as applicable collateral (Aug. 2013) ○ Impact is manageable but paying attention to remaining issues including treatment of interbank exposures

# 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 (minimum : 3%)					2018/1 : Migration to pillar 1				
	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)	2014/1 : Consultative Paper for modification					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 systeminess

\*3 Including amounts exceeding limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions



# Public sector support and point of non-viability in Japan

Framework		Systemic risk	Subject entities	Conditions	Point of non-viability	No. of cases
Existing framework	Act on Special Measures for Strengthening Financial Functions <i>Capital injection</i>	Not Required	Banks (Capital injection may be made through BHC)	No suspension of payment of deposits and not having negative net worth	No	29
	Article 102 of Deposit Insurance Act (DIA) Item 1 measures <i>Capital injection</i>	Required (Credit system in Japan or in a certain region)	Banks only	Undercapitalized	No	1
	Item 2 measures <i>Financial assistance exceeding payout cost</i>			Suspension of payment of deposits or having negative net worth <sup>*1</sup>	Yes <sup>*3</sup>	-
	Item 3 measures <i>Nationalization</i>			Suspension of payment of deposits and having negative net worth <sup>*1</sup>		1
Newly established framework	Article 126-2 of DIA Specified Item 1 measures <i>Liquidity support</i> <i>Capital injection</i>	Required (Financial system such as financial market in Japan)	Financial institutions including banks and BHCs	Not having negative net worth	No	-
	Specified Item 2 measures <i>Supervision or control and Financial assistance for orderly resolution</i>			Suspension of payment or having negative net worth <sup>*2</sup>	Yes <sup>*3</sup>	-

\*1 Including the likelihood of a suspension of payment of deposits

\*2 Including the likelihood of a suspension of payment or negative net worth

\*3 Specified in Q&A published by FSA on March 6, 2014

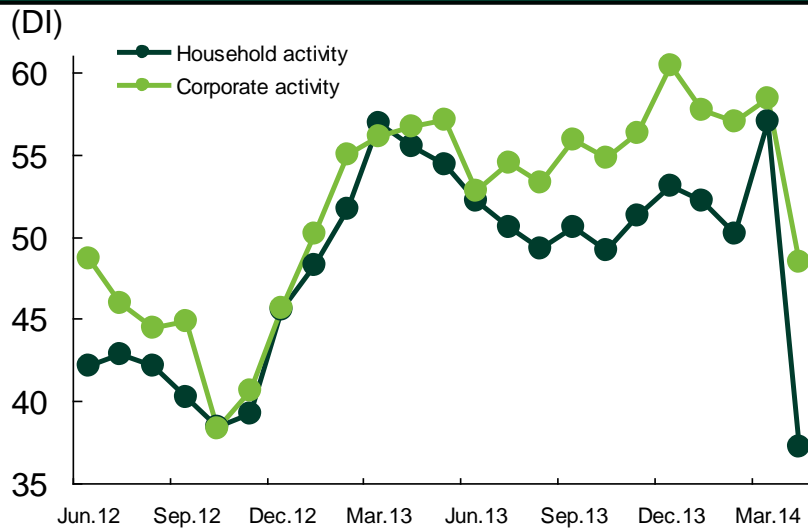
# Credit ratings of G-SIBs (Moody's)\*

	Apr. 2001	Jul. 2007	Apr. 2014
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>	
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>Bank of New York Mellon</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>State Street Bank &amp; Trust</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>BNP Paribas</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>Bank of America</li> <li>Barclays Bank</li> <li>BPCE(Banque Populaire)</li> <li>Citibank</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>Morgan Stanley Bank</li> </ul>
Baa1	<ul style="list-style-type: none"> <li>Bank of China</li> <li>ICBC</li> </ul>		<ul style="list-style-type: none"> <li>Banco Santander</li> <li>Royal Bank of Scotland</li> </ul>
Baa2			<ul style="list-style-type: none"> <li>BBVA</li> <li>UniCredit</li> </ul>

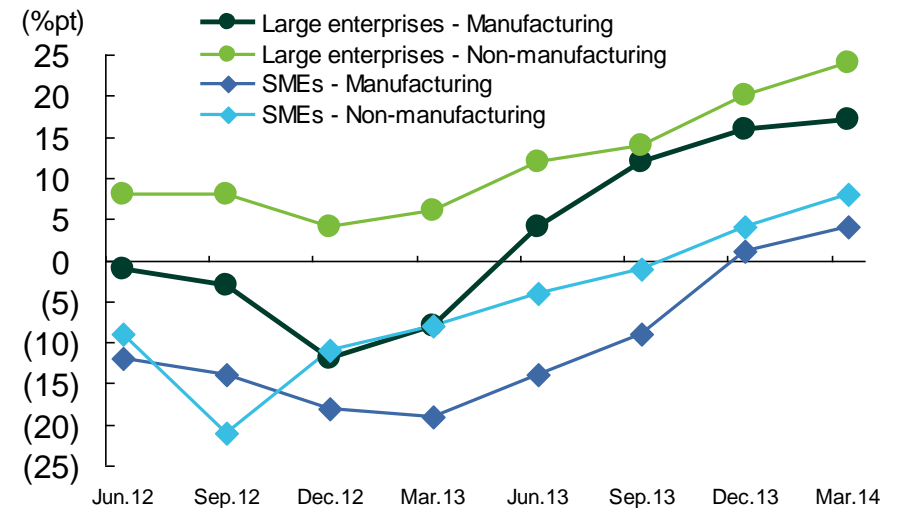
\* Long-term issuer ratings (if not available, long-term deposit ratings) of operating banks

# Current Japanese economy

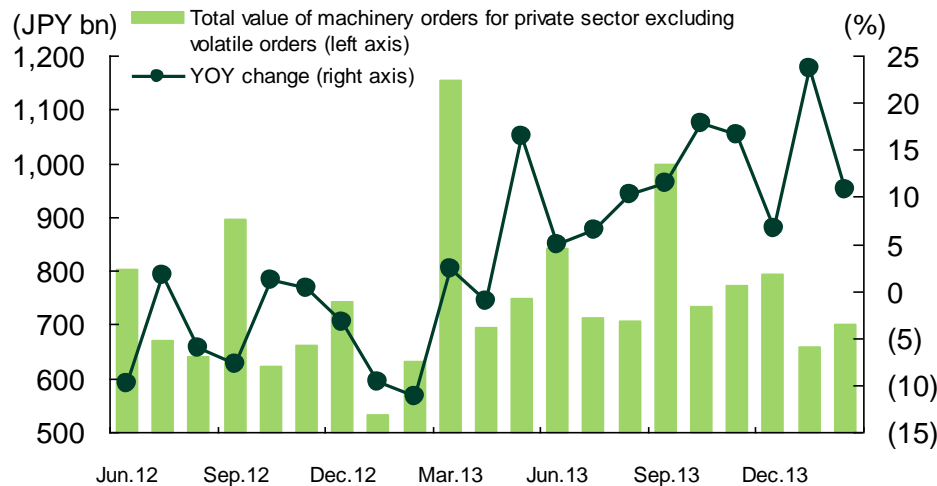
## Economy watchers survey\*1



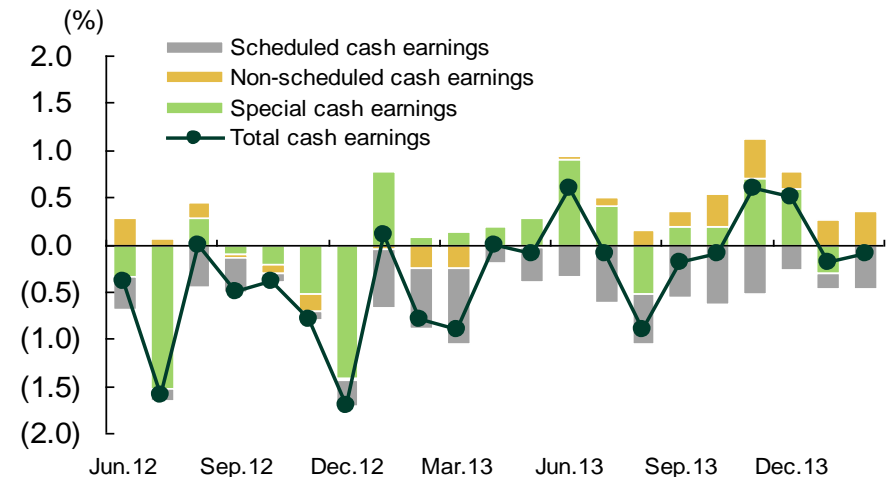
## BOJ Tankan survey – Business conditions DI\*2



## 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"

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.