

12th Annual Bank of America Merrill Lynch Japan Conference

# SMFG's Management Strategy

**Koichi Miyata, President**  
**Sumitomo Mitsui Financial Group, Inc.**

**September 9, 2015**

# Agenda

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- ① 1Q, FY3/2016 performance
- ② Initiatives toward business growth and high profitability
- ③ Corporate governance
- ④ Strategic shareholdings
- ⑤ Capital policy

# 1 1Q, FY3/2016 performance

# 1. 1Q, FY3/2016 performance

## 1Q, FY3/2016 financial results

### Income statement

		(JPY bn)	Apr.-Jun. 2015 results	YOY change	1H, FY3/2016	FY3/2016 targets
SMFG consolidated	Consolidated gross profit	USD 6.5 bn <sup>*1</sup>	796.0	+87.5	1,490	3,030
	General and administrative expenses		(426.8)	(29.0)		
	Consolidated net business profit		375.0	+64.4		
	Total credit cost		(6.5)	(31.7)	(55)	(120)
	Ordinary profit	USD 3.3 bn <sup>*1</sup>	404.5	+37.0	620	1,240
	Variance <sup>*2</sup>		142.2	+54.2	230	500
	Profit attributable to owners of parent	USD 2.2 bn <sup>*1</sup>	<b>267.9</b>	+37.1	380	760
Variance <sup>*2</sup>		82.9	+53.2	100	250	

35% of full year target

### Contribution of major subsidiaries to SMFG Net income

	(JPY bn)	Apr.-Jun. 2015	YOY change
SMBC Nikko Securities		18	+9
SMBC Consumer Finance		12	(4)
Cedyna		7	(1)
Sumitomo Mitsui Finance and Leasing		7	(1)
Sumitomo Mitsui Card		4	+0

### Update on financial targets

		Apr.-Jun. 2015	FY3/17 targets
Growth	Growth rate of Consolidated gross profit	<b>+9.9%<sup>*5</sup></b>	around +15% <sup>*6</sup>
Profitability	Consolidated ROE	<b>15.1%<sup>*5</sup></b>	around 10%
	Consolidated net income RORA	<b>1.6%<sup>*5</sup></b>	around 1%
	Consolidated overhead ratio	<b>53.6%</b>	in the mid 50%
Soundness	Common Equity Tier 1 capital ratio <sup>*7</sup>	<b>12.5%</b>	around 10%

		(JPY bn)	Apr.-Jun. 2015 results	YOY change	1H, FY3/2016	FY3/2016 targets
SMBC non-consolidated	Gross banking profit	USD 3.6 bn <sup>*1</sup>	440.4	+18.9	800	1,580
	Expenses <sup>*3</sup>		(201.0)	(9.1)	(410)	(820)
	Banking profit <sup>*4</sup>	USD 2.0 bn <sup>*1</sup>	239.4	+9.8	390	760
	Total credit cost		20.4	(16.9)	5	0
	Ordinary profit	USD 2.1 bn <sup>*1</sup>	262.3	(17.2)	390	740
	Net income	USD 1.5 bn <sup>*1</sup>	185.0	(16.1)	280	510

\*1 Translated into USD at period-end exchange rate of USD 1 = JPY 122.44 \*2 SMFG consolidated figures minus SMBC non-consolidated figures

\*3 Excludes non-recurring losses \*4 Before provision for general reserve for possible loan losses

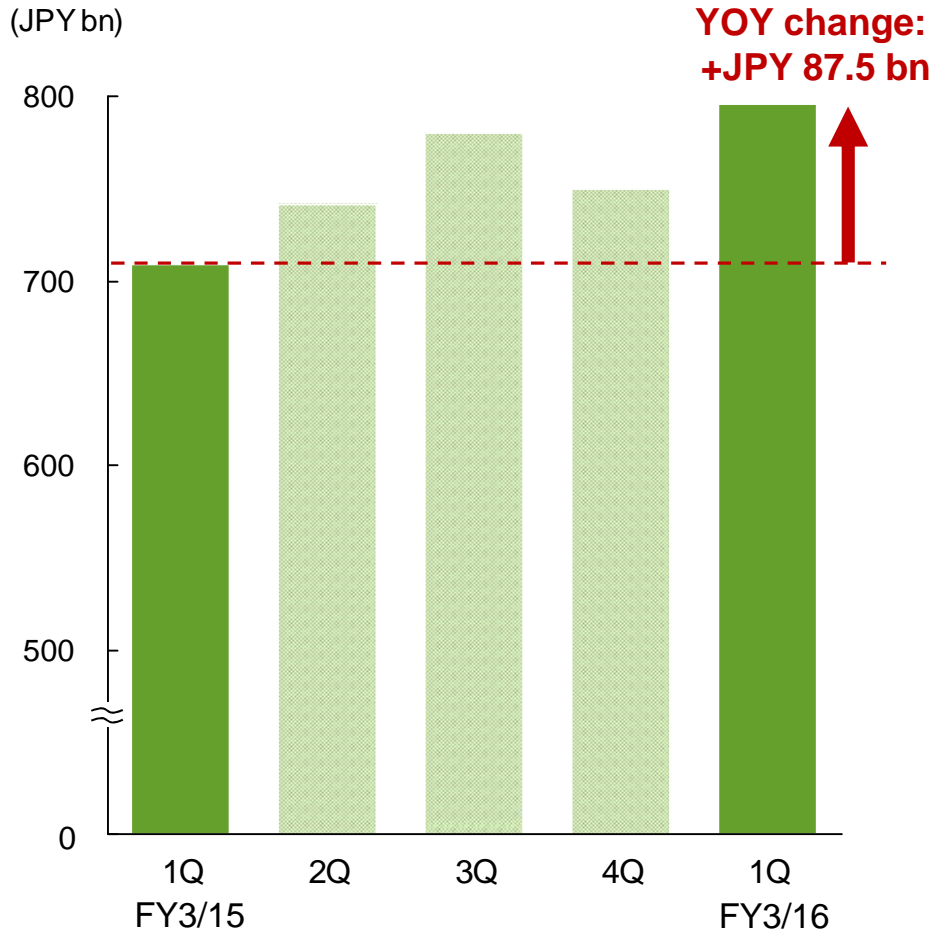
\*5 Annualized \*6 FY3/17 targeted consolidated gross profit increase in comparison with FY3/14 figure

\*7 Basel III fully-loaded basis. Based on the definition as of March 31, 2019

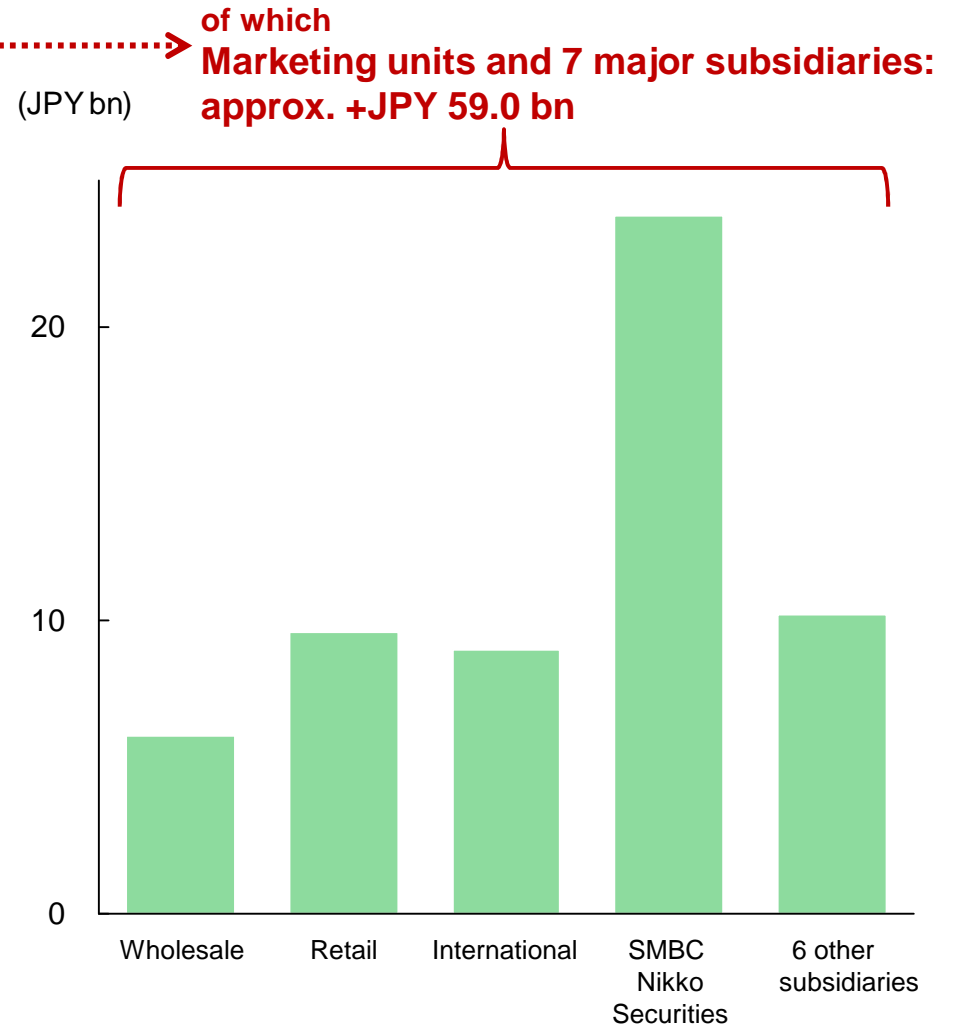
1. 1Q, FY3/2016 performance

# YOY change of gross profit in 1Q, FY3/16

Quarterly trend of SMFG's consolidated gross profit



YOY change of gross profit of Marketing units and major subsidiaries\*1, 2



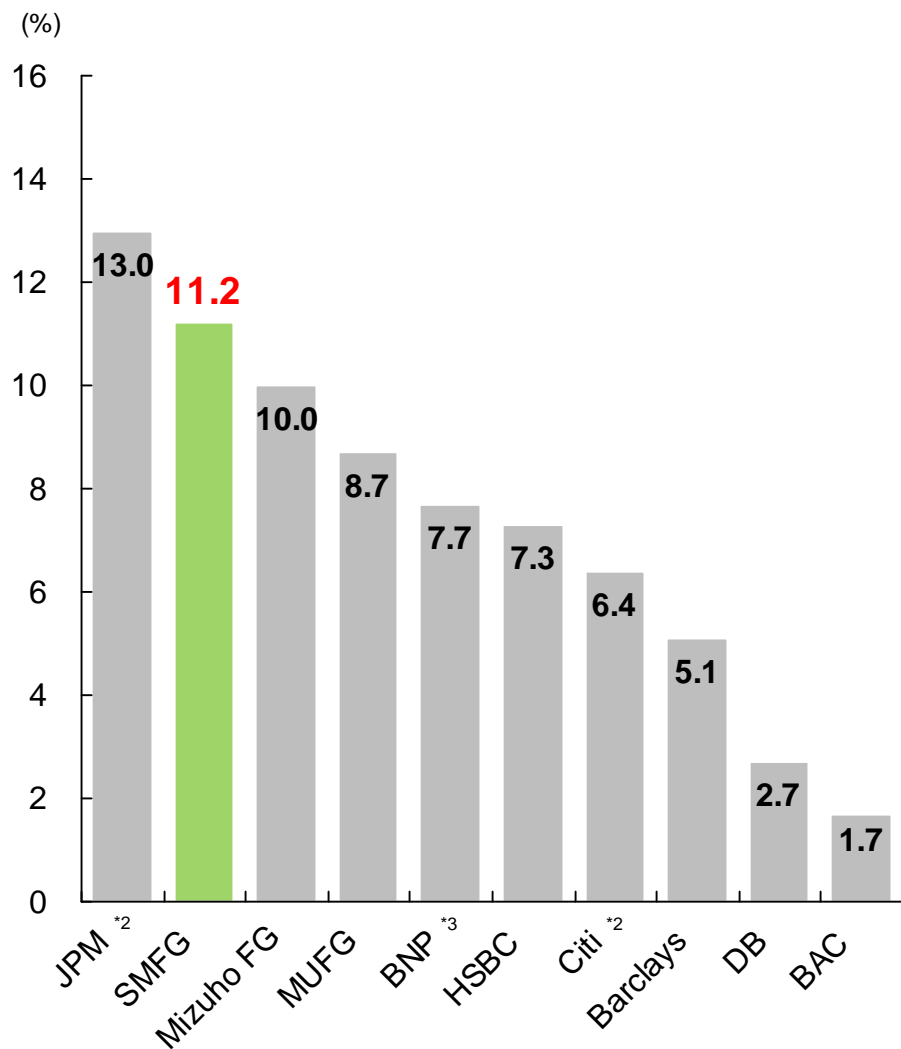
## 2 Initiatives toward business growth and high profitability

- (1) Peer comparison
- (2) Domestic loans
- (3) Wholesale business
- (4) Services utilizing IT
- (5) Bank-securities collaboration
- (6) Consumer finance
- (7) International business
- (8) Treasury Unit

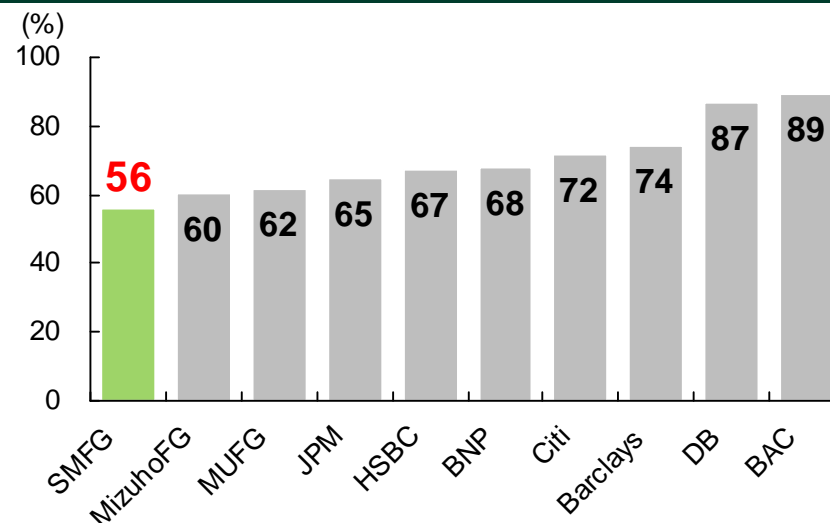
## 2. Initiatives toward business growth and high profitability

### (1) Peer comparison: high profitability and efficiency

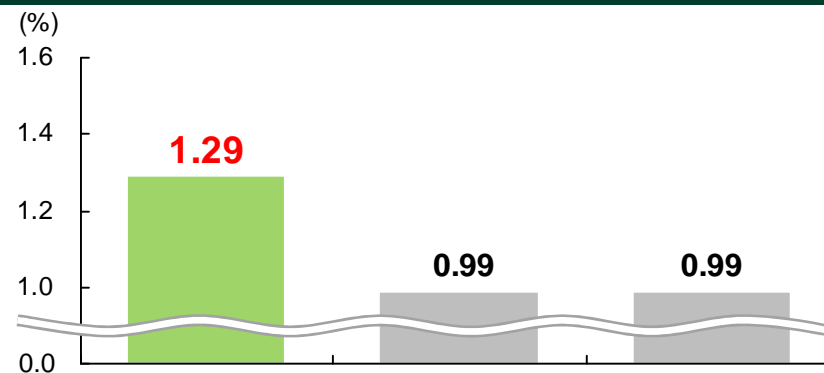
#### ROE\*1



#### Overhead ratio comparison\*1, 4



#### Domestic loan-to-deposit spread\*1, 5



	SMFG	MUFG	Mizuho FG
Proportion of loans to individuals & SMEs	67.9%	56.9%	58.2%

\*1 Based on each company's disclosure. FY3/15 results for SMFG, Mizuho FG and MUFG, and FY12/14 results for others

\*2 ROTCE: Return on tangible common equity \*3 Excluding exceptional

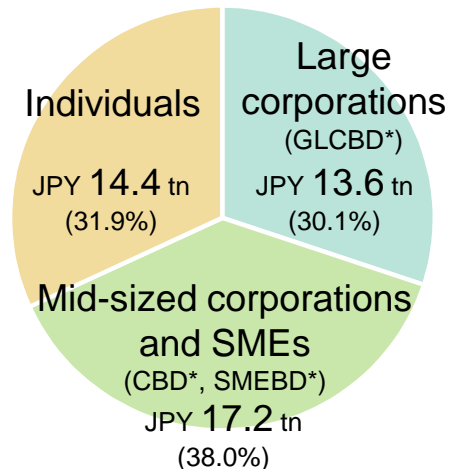
\*4 Consolidated basis. G&A expenses divided by top-line profit (net of insurance claims)

\*5 The figures shown in the graph are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and non-consolidated figures of Mizuho Bank for Mizuho FG

## 2. Initiatives toward business growth and high profitability

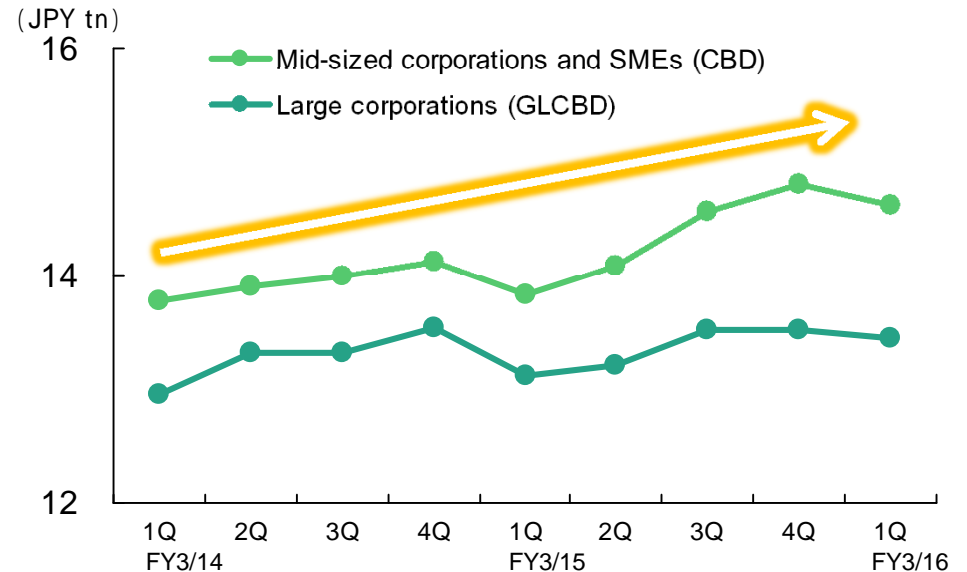
### (2) Domestic loans\*1

#### Composition of domestic loans (as of Mar. 2015)\*1

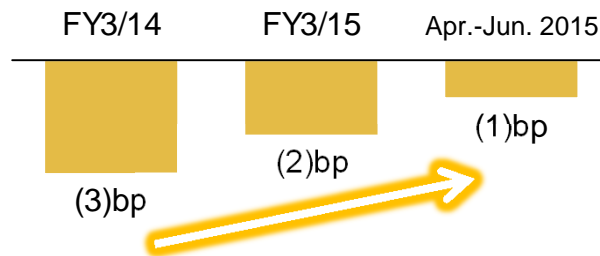


\* GLCBD: Global Corporate Banking Division  
 CBD : Corporate Banking Division  
 SMEBD: Small and Medium Enterprises Banking Division

#### Loan balance of Wholesale Banking Unit\*2, 3, 4

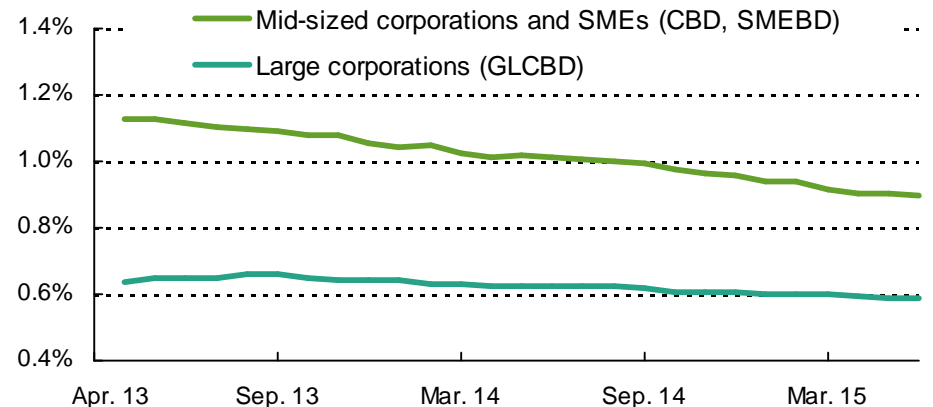


#### YOY change in individual loan spread\*2



Proportion of unsecured card loan to individual loan related income	FY3/14	FY3/15	Apr.-Jun. 2015
	29%	32%	34%

#### Domestic corporate loan spread\*2, 3, 5



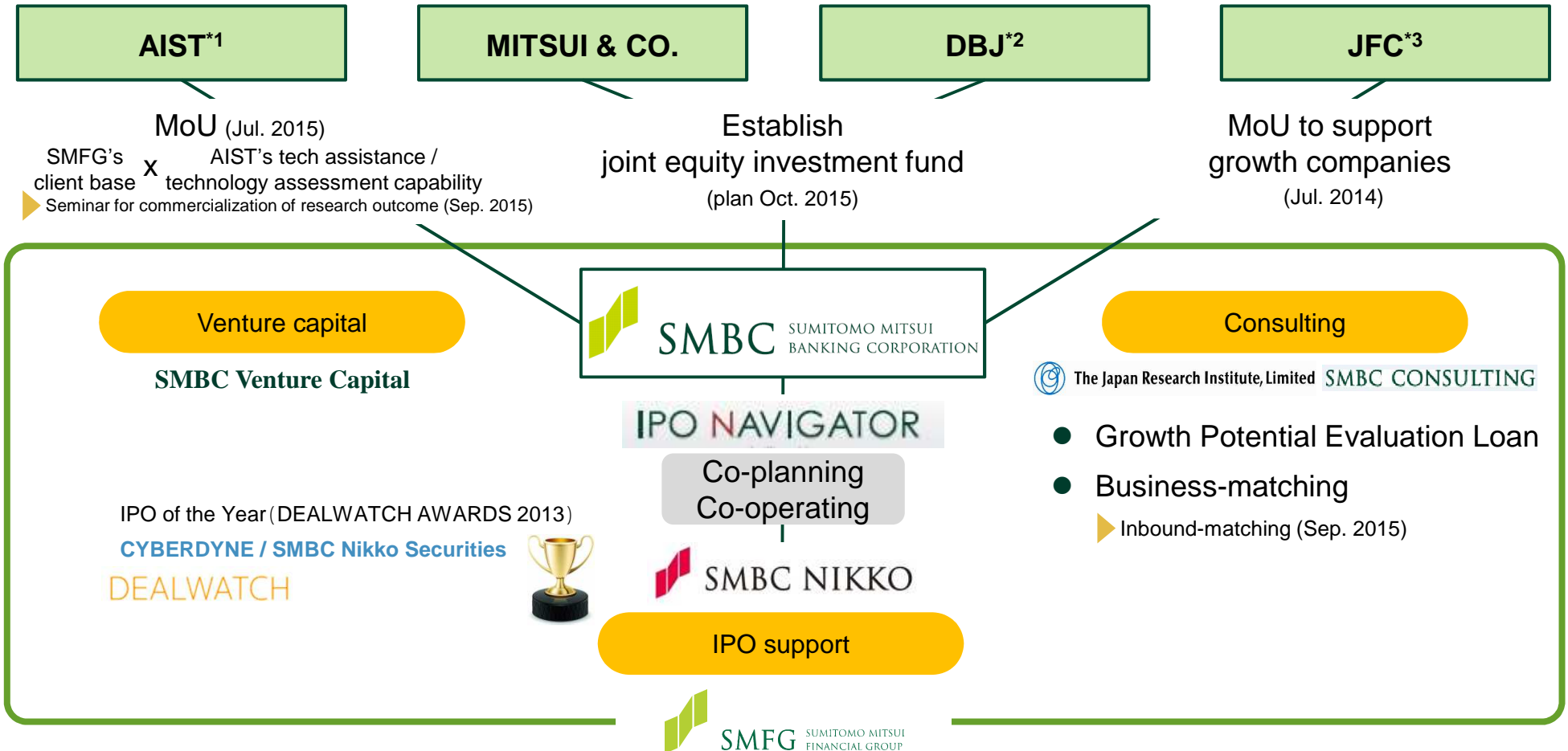


## 2. Initiatives toward business growth and high profitability

### (3) Wholesale business: Initiatives in growth areas

Support growth of medium-sized corporations and SMEs,  
as the “SMFG/SMBC that is strong in growth areas”

Combining SMFG’s network with start-ups and growing industries,  
consulting capabilities, and partnership with leading external institutions



\*1 AIST: The National Institute of Advanced Industrial Science and Technology

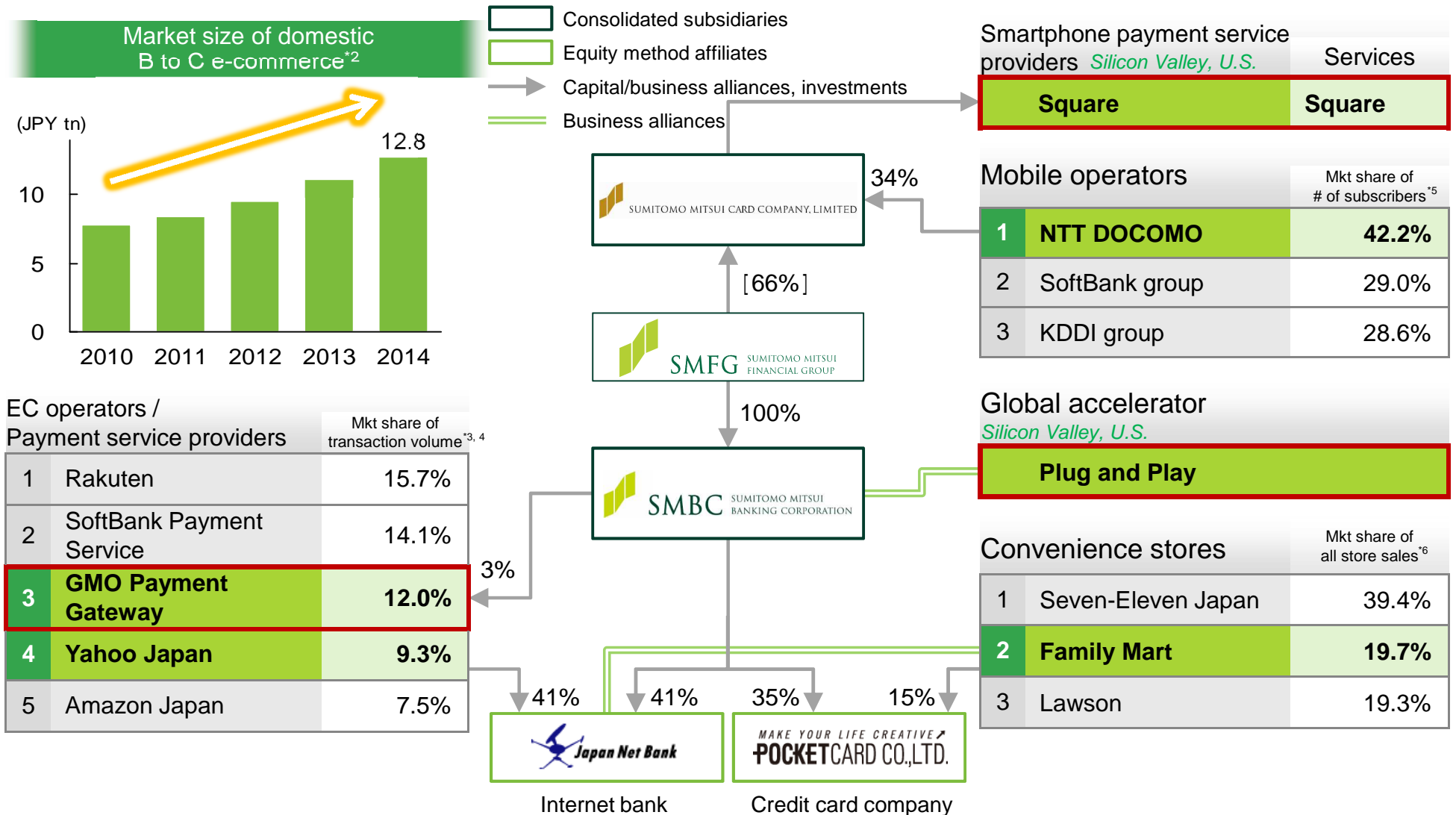
\*2 DBJ: Development Bank of Japan

\*3 JFC: Japan Finance Corporation

## 2. Initiatives toward business growth and high profitability

### (4) Services utilizing IT\*1

#### Form alliances with leading companies in each market



\*1 As of Jun. 2015 for ownership. Figures in [ ] indicate indirect ownership \*2 Source: Ministry of Economy, Trade and Industry

\*3 Proportion of transaction volume of 3 e-commerce operators (net sales for Amazon Japan) and 2 payment service providers within domestic B to C e-commerce market

\*4 Based on data of Ministry of Economy, Trade and Industry; Yano Research Institute; each company's disclosure, etc.

\*5 Source: Ministry of Internal Affairs and Communications \*6 Source: The NIKKEI

## 2. Initiatives toward business growth and high profitability

### (5) Bank-securities collaboration

#### Bank-securities collaboration (wholesale)

League tables\*1, 2

	FY3/2014		FY3/2015	
	Rank	Mkt share	Rank	Mkt share
<b>Global equity &amp; equity-related (book runner, underwriting amount)*3</b>	#3	13.9%	#2	17.0%
<b>JPY denominated bonds (lead manager, underwriting amount)*4</b>	#5	14.9%	#5	15.6%
<b>Financial advisor (M&amp;A, No. of deals)*5</b>	#1	5.0%	#2	4.8%

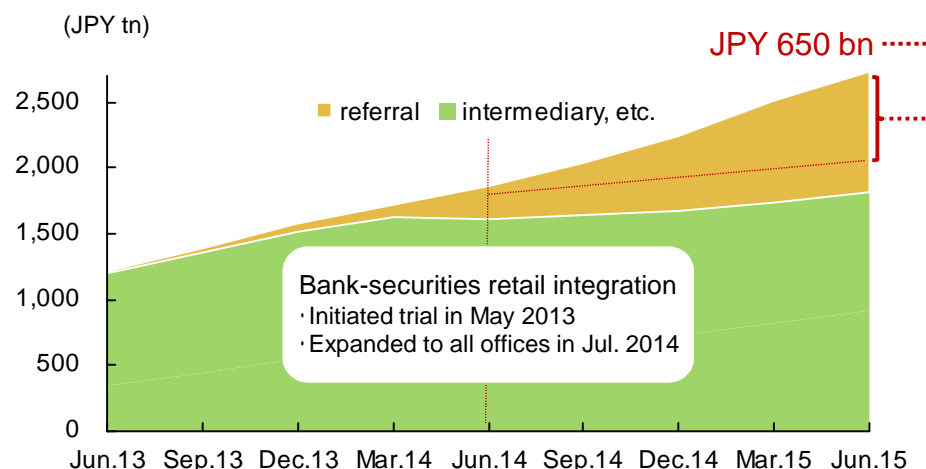
Target  
20%

#### Financial results : SMBC Nikko Securities (consolidated)

(JPY bn)	FY3/2015	Apr.-Jun. 2015	YOY change
<b>Net operating revenue</b>	329.2	88.6	+2.1
<b>SG&amp;A expenses</b>	(235.2)	(64.0)	(10.3)
<b>Ordinary income</b>	96.2	25.4	+10.9
<b>Profit attributable to owners of parent</b>	64.7	21.5	+11.7

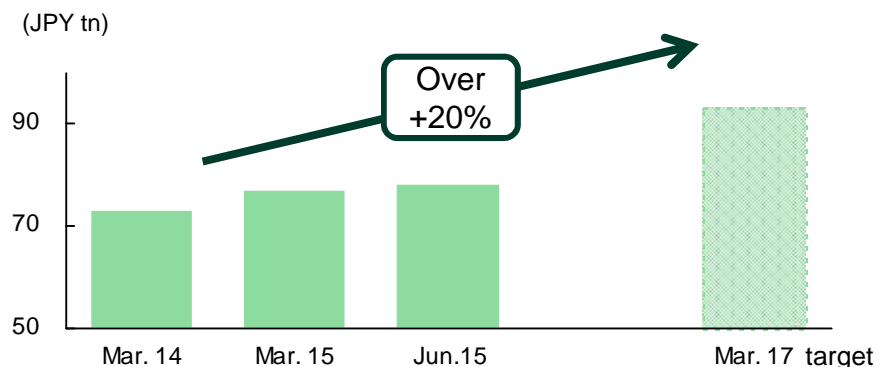
#### Bank-securities collaboration (retail)

AuM through bank-securities collaboration\*6 (SMBC Nikko)



- Started financial intermediary services with SMBC Trust Bank in Jul. 2015

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

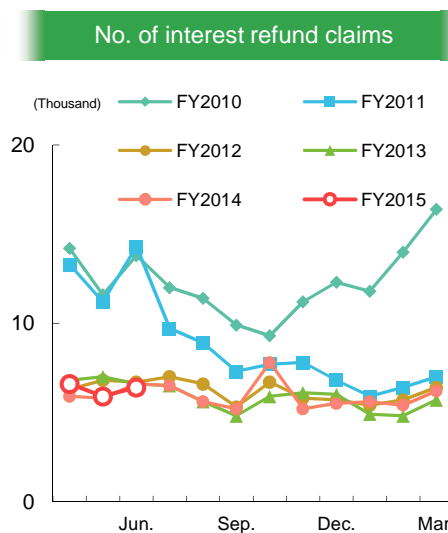
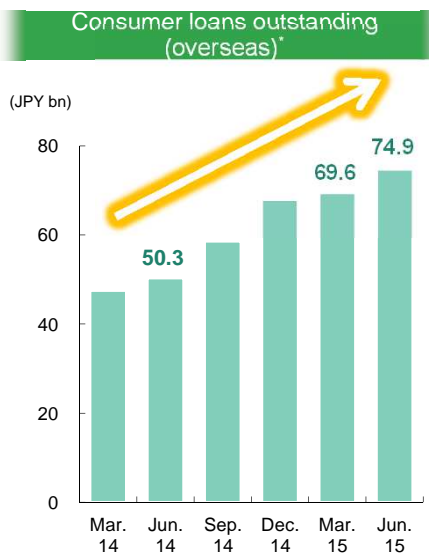
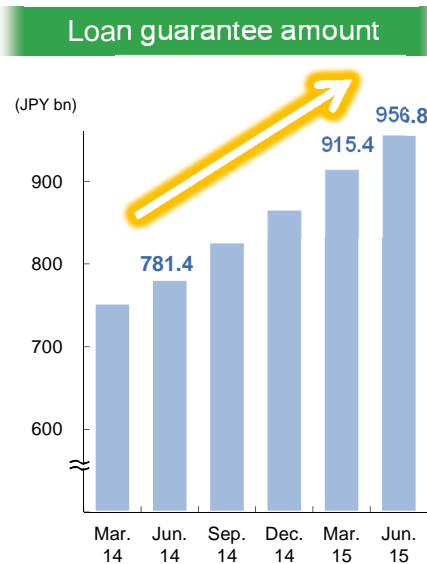
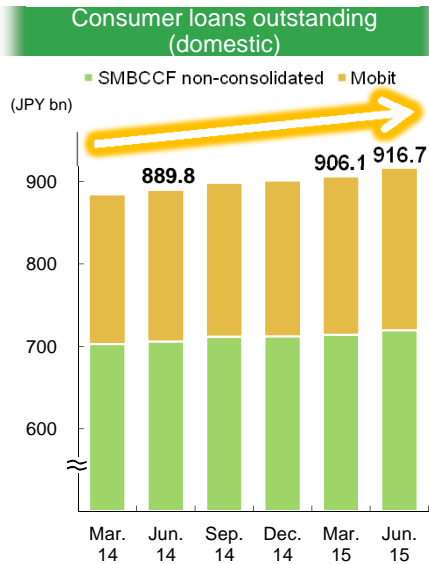


\*1 SMBC Nikko Securities for Global equity & equity-related and JPY denominated bonds. SMFG for Financial advisor \*2 Source: SMBC Nikko, based on data from Thomson Reuters \*3 Japanese corporate related only \*4 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds \*5 Japanese corporate related only. Group basis \*6 Assets under management at SMBC Nikko via referral or financial instruments intermediary services from SMBC to SMBC Nikko. Includes assets transferred from SMBC Friend Securities to SMBC Nikko in Jan. 2011 upon integrating SMBC Friend's collaborative business with SMBC into SMBC Nikko, and assets at the Private Banking division of SMBC Nikko

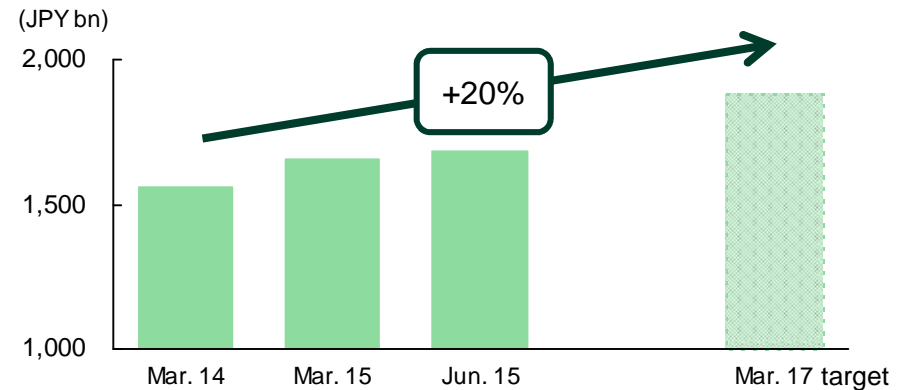
## 2. Initiatives toward business growth and high profitability

# (6) Consumer finance

SMBC Consumer Finance: Financing / Loan guarantee / Overseas businesses



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



Financial results : SMBC Consumer Finance (consolidated)

(JPY bn)	FY3/15	Apr.-Jun. 2015	YOY change
<b>Operating income</b>	228.3	59.8	+4.4
Expenses for loan losses within Expenses	(47.9)	(17.3)	(5.6)
Losses on interest repayments within Expenses	(44.8)	-	-
<b>Ordinary profit</b>	16.6	13.1	(4.8)
<b>Profit attributable to owners of parent</b>	11.2	12.0	(4.3)
<b>Consumer loans outstanding</b>	980.3	995.9	
<b>Allowance on interest repayments</b>	127.6	110.9	
<b>Loan guarantee</b>	915.4	956.8	
for regional financial institutions, etc.	372.4	398.5	

No. of companies with guarantee agreements: 189 (as of Jun. 2015)

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

## 2. Initiatives toward business growth and high profitability

# (7) International business: Asia strategy

Implement strategies toward realizing our vision for the next decade and become a truly Asia-centric institution

### “Gateway to Asia”

- ✓ Support Japanese corporations to expand business in Asia
- ✓ Capture growth of Asian countries and corporations
- ✓ Become a gateway for western corporations to access Asia

#### Strengthen marketing

- Asia Core Client Program
- Cross-branch organization for western multinational corporations in Asia
- Transaction banking
- DCM in Hong Kong
- Business for high net worth clients

#### Upgrade business infrastructure

- Appointments of National Staff
- Compliance
- IT · ALM
- Credit management

Asia: 75 offices

- ★: Banking business offices
  - : Overseas offices of SMFG group companies excluding banking business offices
  - : Equity method affiliates
- Red outline indicates offices opened or joined SMFG group after Apr. 2014

Established **Gateway to Japan Desk**(Feb. 2015)

Received approval to open **Dalian Br.** of SMBCCN (Jul. 2015)

Made **The bank of East Asia** (Hong Kong) an equity-method affiliate of SMBC (Mar. 2015) (17.4% shares)

Opened **Manila Br.** (Sep. 2015)

Opened **Yangon Br.** (Apr. 2015)

Made **ACLEDA Bank** (Cambodia) an equity-method affiliate of SMBC (Sep. 2015) (18.25% shares)

### Promote Multi Franchise strategy

- ✓ Full Bank
  - ✓ Localization
  - ✓ Commitment
- Aim to establish “second or third” SMBC

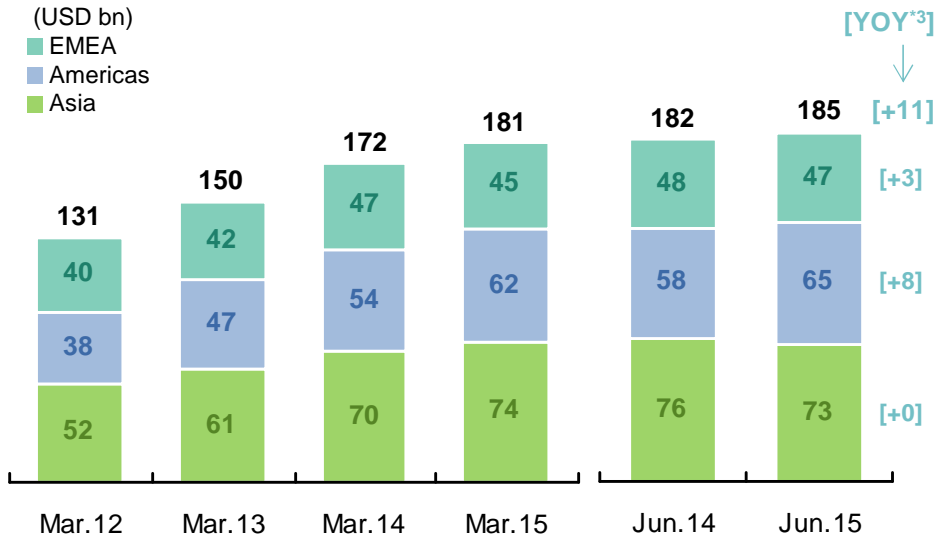
Australia

## 2. Initiatives toward business growth and high profitability

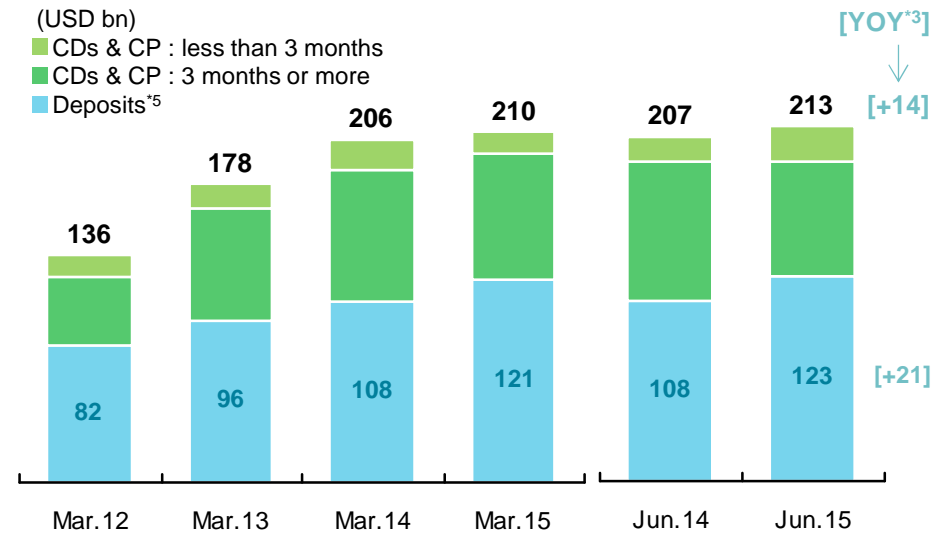
### (7) International business: Overseas loans and foreign currency funding /

#### Enhance business with non-Japanese large corporations

#### Overseas loan balance (includes trade bills)\*1, 2



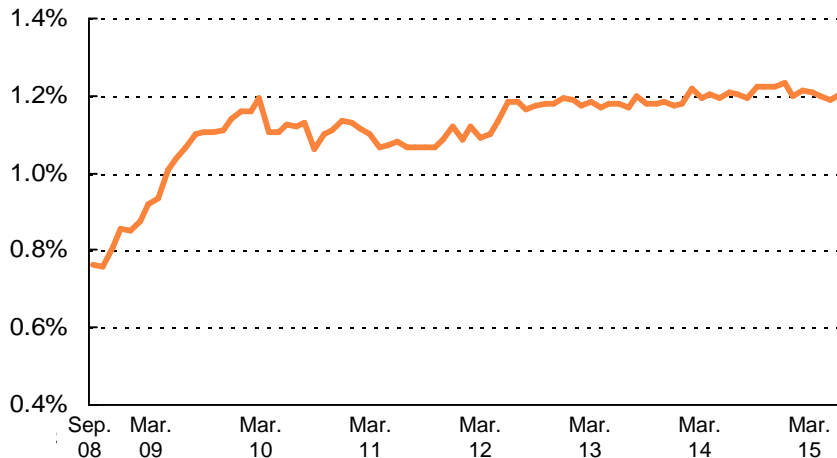
#### Overseas deposit balance\*1, 2



Foreign currency bonds outstanding*6 (USD bn)	Senior	19.2	25.1	19.6	26.1
	Subordinated	3.3	4.7	5.1	4.8

- Issued senior bonds to overseas investors in Jul. 2015: USD 3.0bn

#### Overseas loan spread\*1, 4



\*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China) \*2 Translated into USD at respective period-end exchange rates

\*3 Year-on-year changes exclude impact of changes in local currency / USD

\*4 Monthly average loan spread of existing loans \*5 Includes deposits from central banks \*6 Bonds issued by SMBC and SMFG

#### Enhance business with non-Japanese large corporations

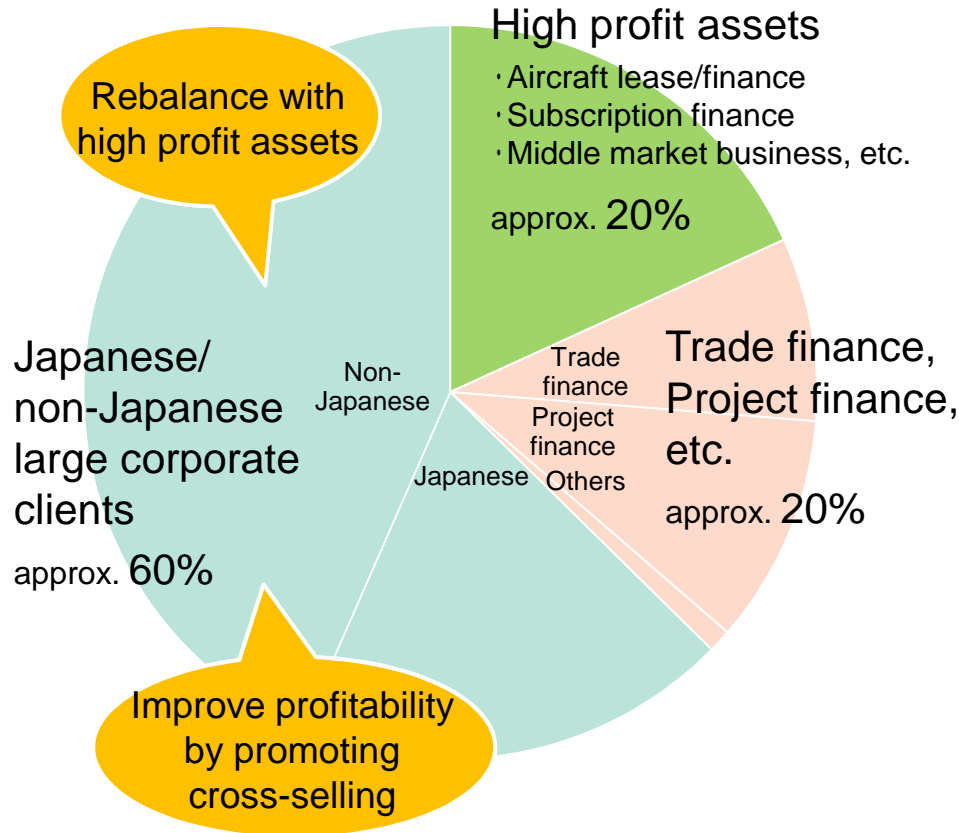
- Enhance business with core clients
- Develop marketing structure
  - Coverage in Asia for western multinational corporations
  - Solution providing capabilities
- Enhance product offerings
  - Collaboration between SMBC and SMBC Nikko Securities
  - Transaction banking

## 2. Initiatives toward business growth and high profitability

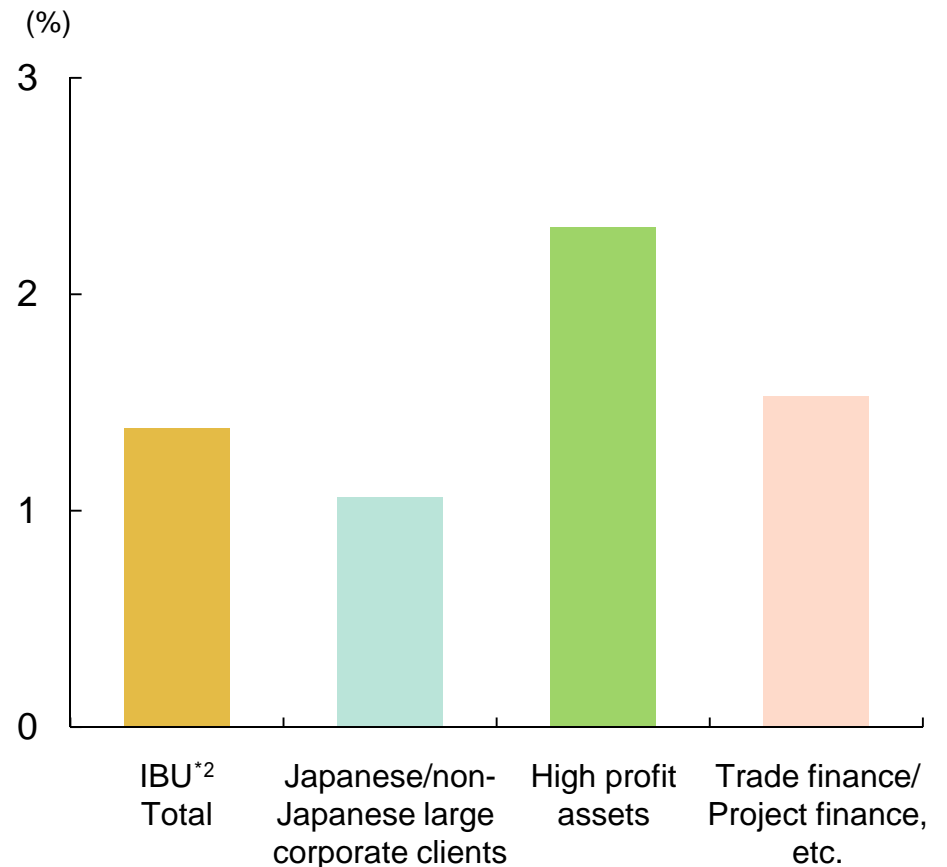
### (7) International business: Create a high profit portfolio (i)

Rebalance assets to create a high profit portfolio, while enhancing transactions with core clients

Composition of International Banking Unit's portfolio



Spread on a gross profit base<sup>\*1</sup>



\*1 Excludes up-front fees  
\*2 IBU: International Banking Unit

## 2. Initiatives toward business growth and high profitability

### (7) International business: Create a high profit portfolio (ii)

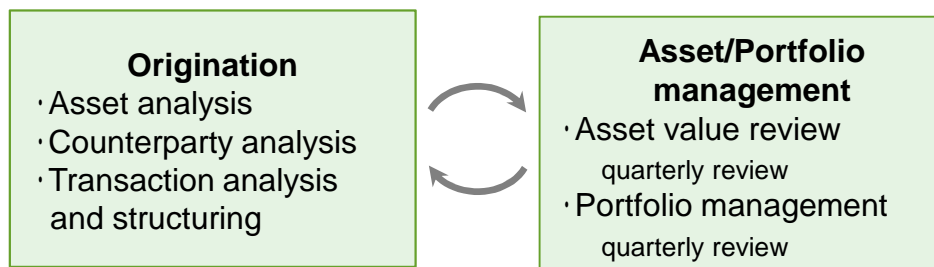
#### Asset finance

#### Aircraft leasing : SMBC Aviation Capital

FY3/2015 performance

- RORA: 1.6%; Contribution to SMFG's net income: USD 170 mn
- Control volatility of asset value through a "Buy and sell" business model; average age of aircraft: 4.4 years

#### Risk Management



[Number of owned and managed aircraft\*]

Aircraft leasing companies		Country	# owned/managed
1	GECAS	USA	1,624
2	AerCap	Netherlands	1,305
3	<b>SMBC AC</b>	<b>Ireland</b>	<b>386</b>
4	AWAS	Ireland	313
5	CIT Aerospace	USA	312

\* As of Dec. 31, 2014 (Source: Ascend "Airline Business")

#### Initiatives in middle market business

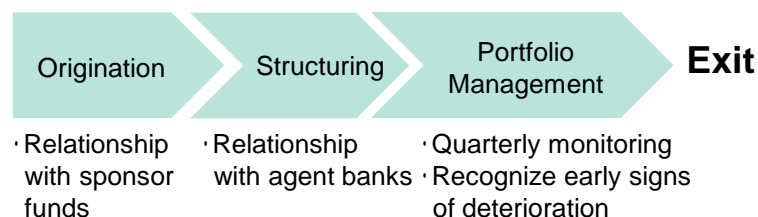
- High spread and well-diversified portfolio
- Carefully select profitable transactions, while strengthening credit control
- Compose around 2% of our overseas loan balance

#### Agreement to acquire European loan portfolio from GE

- Loans for acquisition finance, extended to approx. 100 mid-sized companies domiciled in European countries
- Face value: USD 2.2 bn, average loan balance: USD 15-25 mn per borrower; loan spread: 400 bp (as of May 2015); default rates in the past 12 months: less than 1%
- Transaction will be completed around the middle of FY3/2016

#### U.S. middle market business

- Sponsor finance for mid-sized corporations through agent banks / sponsor funds
- # of borrowers: approx. 100; loan balance: USD 1.4 bn; average loan balance: USD 15 mn per borrower; loan spread: 480bp; credit costs: 50bp (as of Mar. 2015)

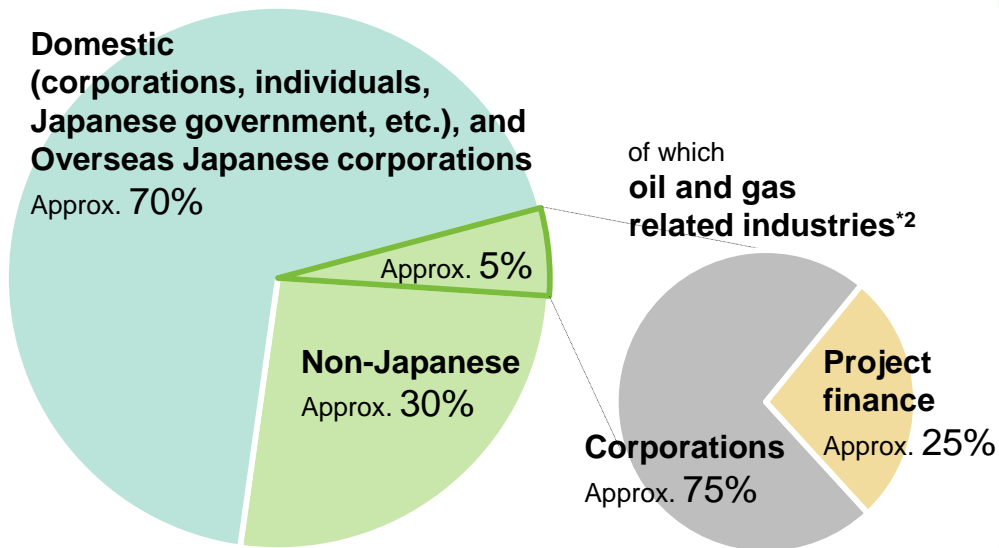




## 2. Initiatives toward business growth and high profitability

# (Ref.) Exposure to oil and gas related industries / Loan balance in China

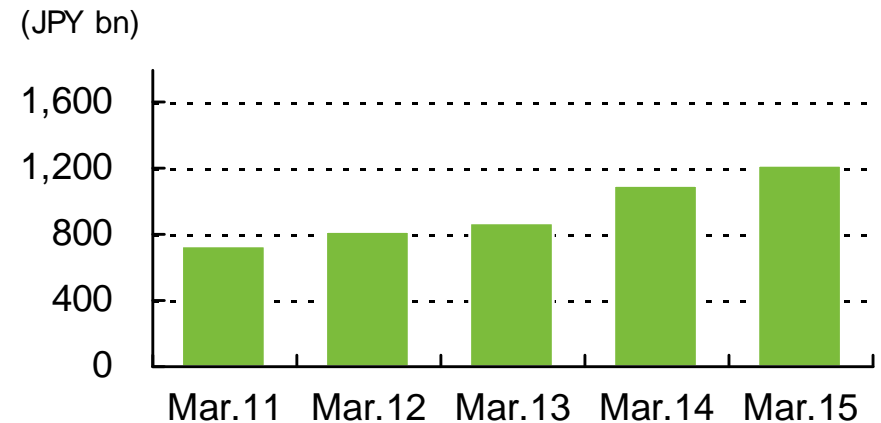
### Exposure to oil and gas related industries within SMFG's consolidated exposure\*1



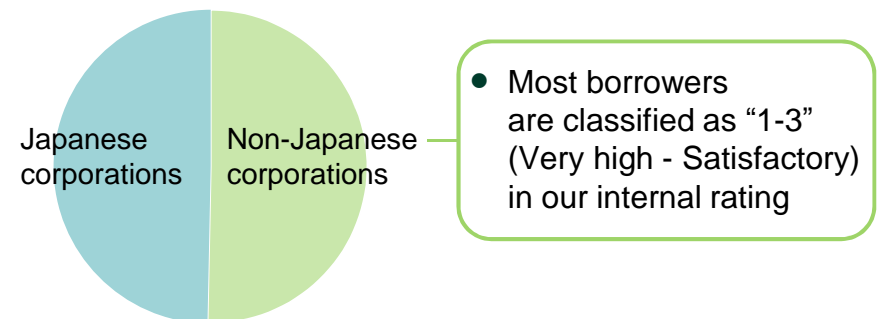
- Exposure to non-Japanese oil and gas related industries is around USD 52bn. Of the aggregate USD 52bn, the exposure to companies including oil majors, which are susceptible to oil/gas price fluctuation, is less than USD 30bn
- Within exposure to oil and gas related industries, around 90% is classified as “1-3” on our internal rating

### Loan balance in China\*2

#### Loan balance (based on borrowers' domicile)\*3



#### Composition by borrowers (based on booking office)



## 2. Initiatives toward business growth and high profitability

### (8) Treasury Unit

Secure profits through flexible portfolio management  
adapting to the changing market environment

#### Gross banking profit of SMBC's Treasury Unit

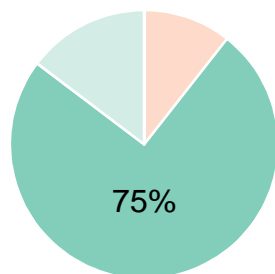
(JPY bn)	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15
<b>Gross banking profit of SMBC's Treasury Unit</b>	330.7	319.3	295.3	325.5	354.0

#### Diversification of earnings sources: composition of Gross profit

- Trading (FX, derivatives, etc.)
- Income gains (interest income, etc.)
- Capital gains (bonds, etc.)
- Equities
- Alternative investments

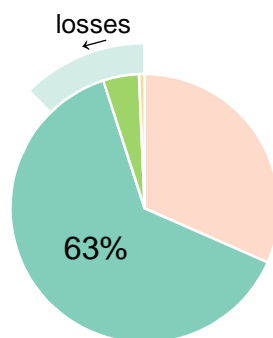
FY3/02

Gross profit: JPY 507.7 bn



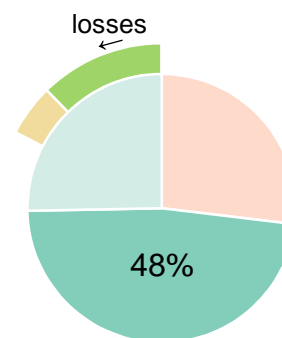
FY3/05

Gross profit: JPY 222.8 bn



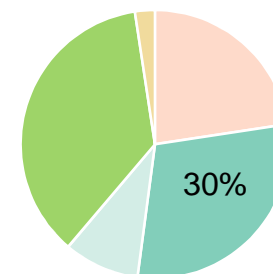
FY3/09

Gross profit: JPY 246.8 bn



FY3/15

Gross profit: JPY 354.0 bn



# 3 Corporate governance

### 3. Corporate governance

## Corporate governance

#### No. of directors and corporate auditors (SMFG)

		FY3/15		
Directors		13	June 2015	13
	o/w outside	3		5
Corporate Auditors		6		6
	o/w outside	3		3

More than one-third of SMFG's directors are outside directors

Shareholders' Meeting

Corporate Auditors/  
Board of  
Corporate Auditors

Board of Directors

Nominating  
Committee

Compensation  
Committee  
(\*)

Auditing  
Committee  
(\*)

Risk  
Management  
Committee

(\*) Chairman: Outside Director

#### Outside directors and corporate auditors (SMFG)

Directors	● Mr. Yoshinori Yokoyama (Project Professor at The University of Tokyo)
	● Mr. Kuniaki Nomura (Attorney at Law)
	● Mr. Arthur M. Mitchell (Attorney at Law admitted in New York) <b>New</b>
	● Mr. Masaharu Kohno (Previous Ambassador of Japan to the Republic of Italy) <b>New</b>
	● Ms. Eiko Sakurai (Chairman and CEO of Dow Corning Toray, Ltd.) <b>New</b>
Corporate Auditors	● Mr. Ikuo Uno (Executive advisor to the Board of Nippon Life Insurance Company)
	● Mr. Satoshi Itoh (Certified Public Accountant)
	● Mr. Rokuro Tsuruta (Attorney at Law)

#### Newly appointed outside directors



**Mr. Arthur M. Mitchell**  
(Attorney at Law  
admitted in New York)



**Mr. Masaharu Kohno**  
(Previous Ambassador  
of Japan to the  
Republic of Italy)



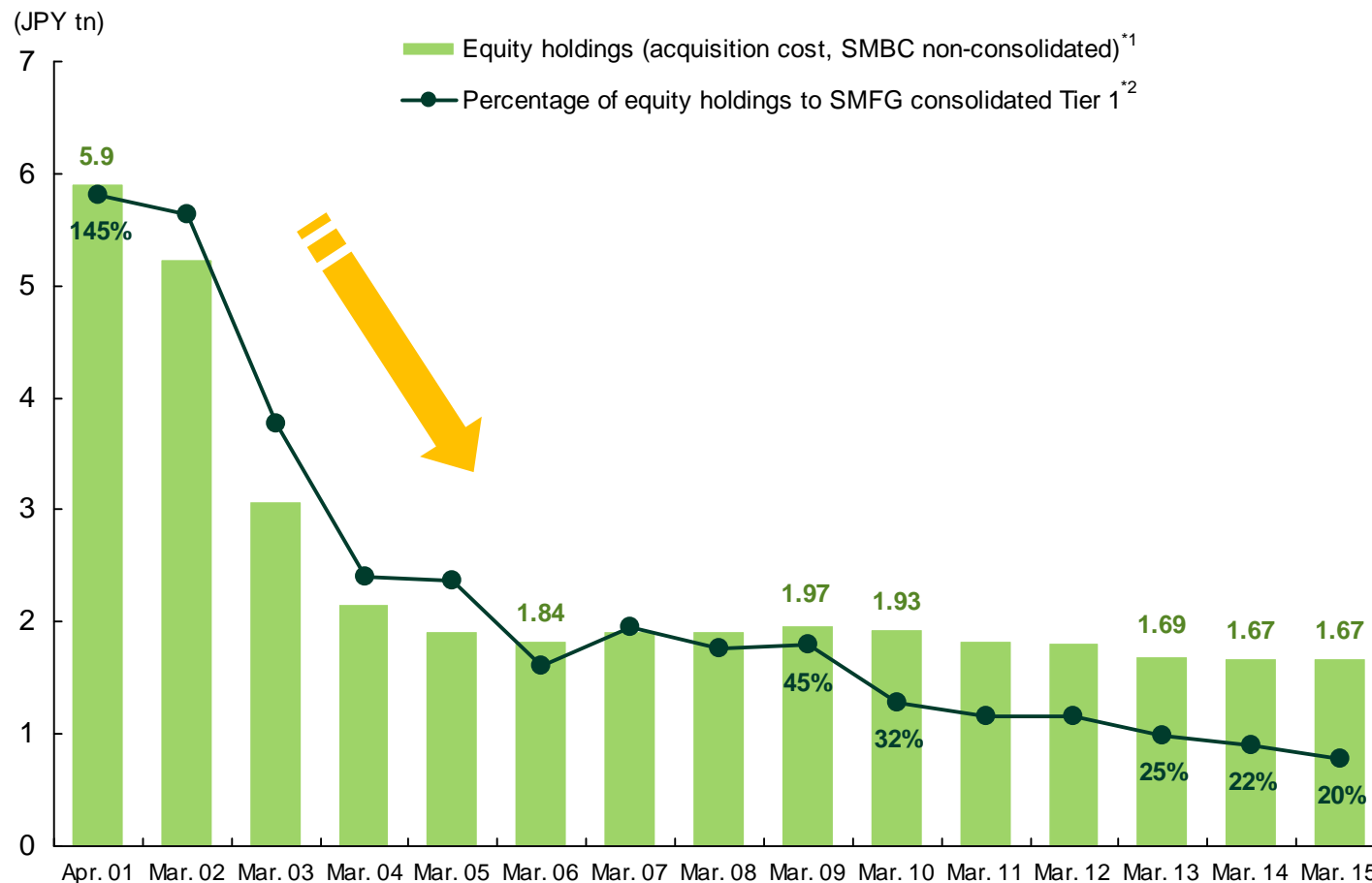
**Ms. Eiko Sakurai**  
(Chairman and CEO  
of Dow Corning Toray, Ltd.)

# 4 Strategic shareholdings

## 4. Strategic shareholdings

# Strategic shareholdings

In principle, SMFG does not hold the shares of other listed companies where "the rationale" to hold those shares cannot be recognised



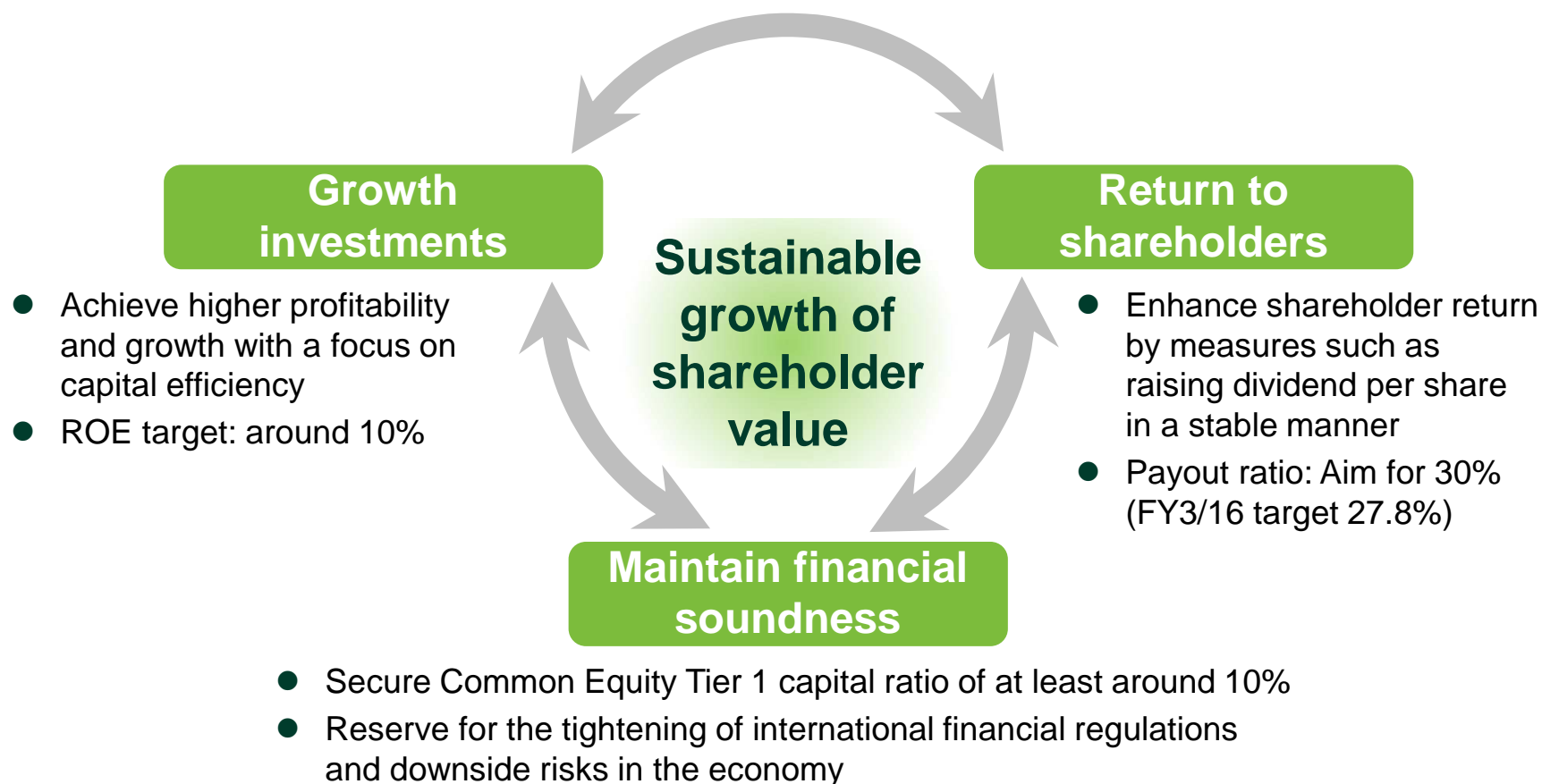
\*1 Shares of SMFG related to share exchange for acquiring former Promise are excluded

\*2 Until Mar. 2002, percentage to SMBC consolidated Tier I. After Mar. 2013, percentage to SMFG consolidated Tier 1 based on Basel III

# 5 Capital policy

## Basic capital policy

- **Our commitment** : Raise dividend per share in a stable manner  
Aim for payout ratio of 30% (FY3/16 target: 27.8%)
- **Issues to be assessed:** Directions of international financial regulations, clarification and implementation schedule

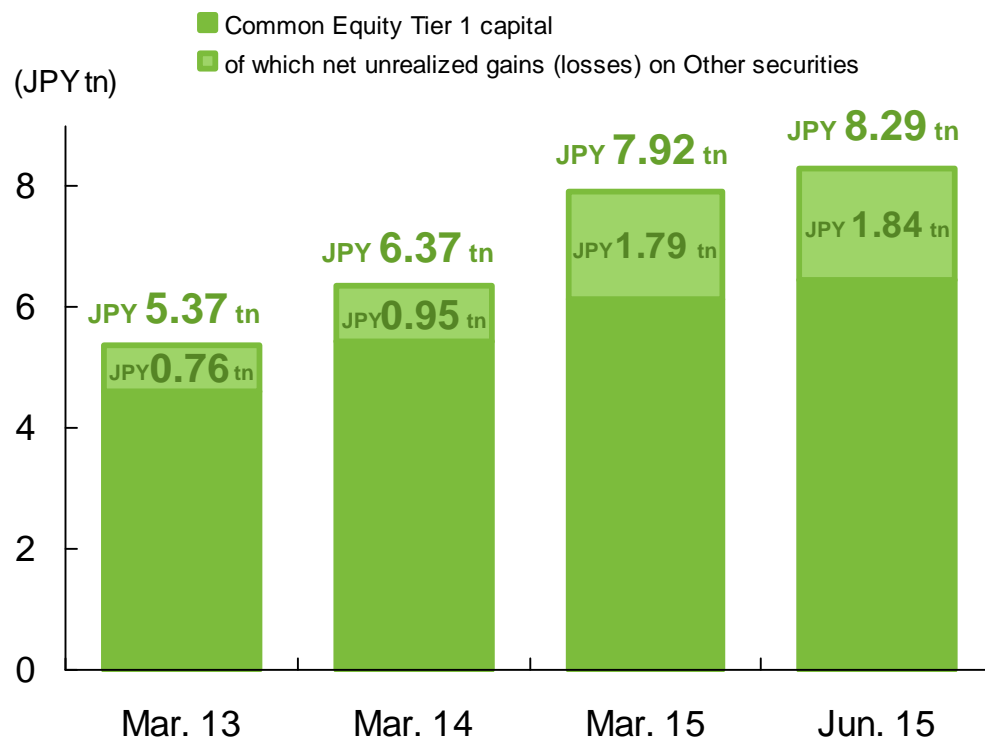




## 5. Capital policy

# Capital position

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



Risk-weighted assets	JPY 62.1 tn	JPY 61.3 tn	JPY 65.9 tn	JPY 66.3 tn
CET 1 capital ratio [excluding net unrealized gains]	8.6%	10.3% [8.7%]	12.0% [9.0%]	12.5% [9.4%]

- Paying attention to discussions on revisions to the Standardised Approaches and Capital floors based on standardised approaches

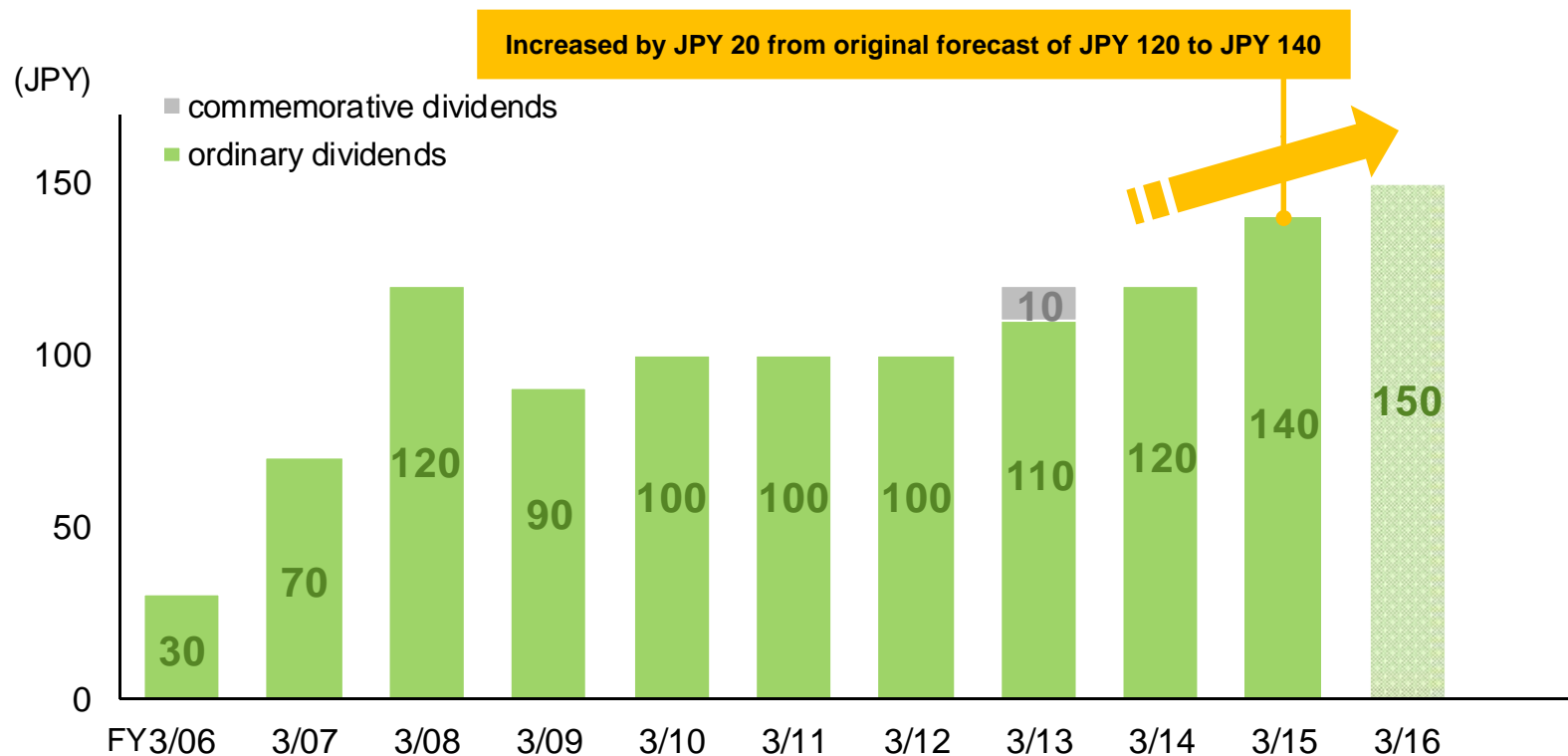
**Secure**  
around 10%

\* Based on the Mar. 31, 2019 definition

## 5. Capital policy

# Return to shareholders

### Dividend per share<sup>\*1, 2</sup>



ROE <sup>*3</sup>	22.8%	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	13.8%	11.2%	Secure around 10%
Payout ratio <sup>*4</sup>	3.4%	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	20.3%	26.2%	

<sup>\*1</sup> 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 <sup>\*2</sup> Common stock only <sup>\*3</sup> On a stockholders' equity basis <sup>\*4</sup> Consolidated payout ratio

# Appendix

# 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 develop 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

# Management policy in FY3/2016

- Accelerate key initiatives in accordance with management goals, produce results, and move reforms forward vigorously
- Anticipate changes and be proactive, make a difference with SMFG/SMBC's on-the-ground capabilities (*Genba-Ryoku*), and create business opportunities

## Five Values

Customer First

Proactive and Innovative

Speed

Quality

Team SMBC/SMFG

## Progress on financial targets

		FY3/14	FY3/15	FY3/17 targets
Growth	Growth rate of Consolidated gross profit	-	<b>+2.8%</b>	around +15%*1
	Consolidated ROE	13.8%	<b>11.2%</b>	around 10%
Profitability	Consolidated net income RORA	1.4%	<b>1.1%</b>	around 1%
	Consolidated overhead ratio	54.2%	<b>55.7%</b>	in the mid 50%
Soundness	Common Equity Tier 1 capital ratio*2	10.3%	<b>12.0%</b>	around 10%

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

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

# ■ Key initiatives in the medium-term management plan

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## Realize Asia-centric operations

## Develop client-centric business models

### 1. Create unique G-CIB\* business model for large corporate clients

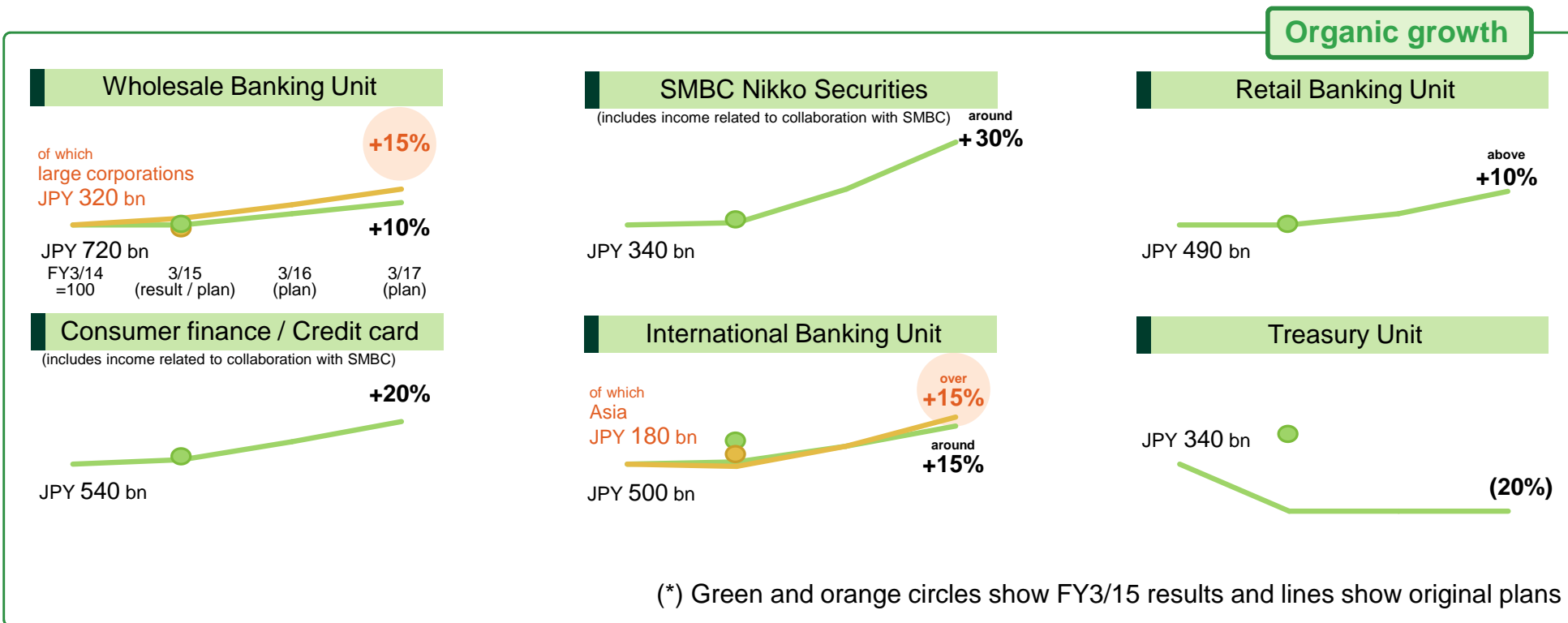
\* Global Corporate and Investment Banking

2. Boost our strengths in middle market and SME business by enhancing interaction with each client
3. Revise consumer banking business model according to client segmentation
4. Maximize group synergies in consumer finance / credit card businesses
5. Restructure international business by upgrading our capabilities to address clients' needs and improving efficiency of assets
6. Establish distribution business
7. Promote IT, internet, settlement and payment businesses in a unified manner as a group

# Growth drivers

## Consolidated gross profit\*

- Aim to increase consolidated gross profit by 15% in 3 years



+

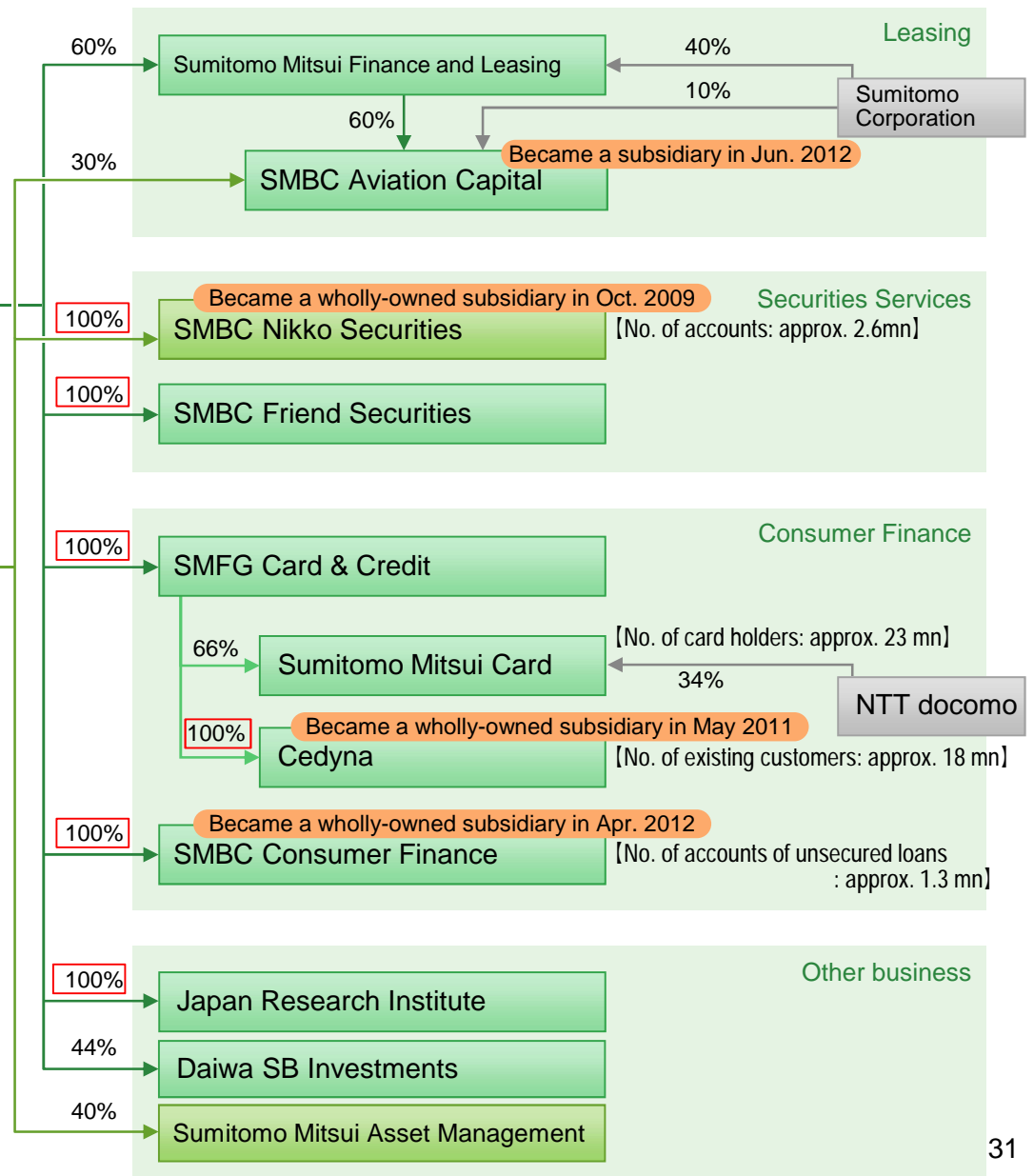
**Inorganic growth**

# Group structure\*

Sumitomo Mitsui Financial Group	
Consolidated total assets	JPY 183 tn
Consolidated Common Equity Tier 1 capital ratio	11.30%

Sumitomo Mitsui Banking Corporation					
Assets	JPY 155 tn				
Deposits	JPY 91 tn				
Loans	JPY 68 tn				
No. of retail accounts	approx. 27 mn				
No. of corporate loan clients	approx. 92,000				
Credit ratings	Moody's	S&P	Fitch	R&I	JCR
	A1/P-1	A+/A-1	A-/F1	AA-/a-1+	AA/J-1+

100% → Became a wholly-owned subsidiary in Oct. 2013  
**SMBC Trust Bank**

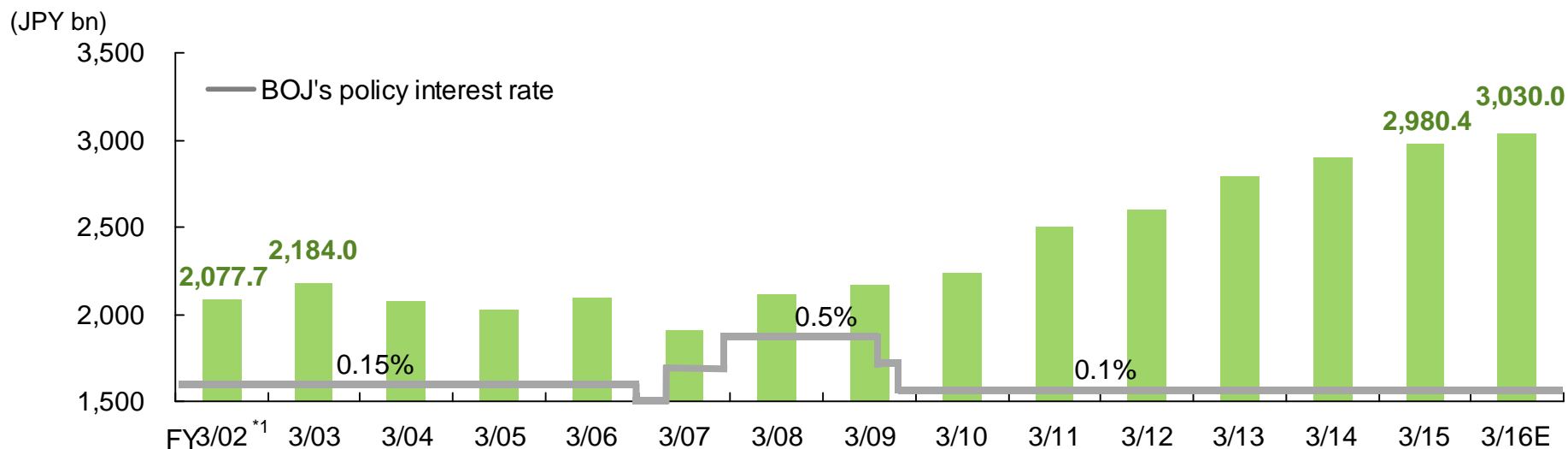


\* As of Mar. 31, 2015



# Revenue growth under the low interest rate environment

## SMFG's consolidated Gross profit



## Proportion within SMFG's consolidated Gross profit

	FY3/03	FY3/15
SMBC's domestic loan related income	32%	15%
International business	5%	16%

Consolidation history

Nikko Cordial Securities  
(Oct. 2009)

Promise  
(Dec. 2011)

Societe Generale Private Banking Japan  
(Oct. 2013)

Cedyna  
(May 2010)

RBS Aviation Capital  
(Jun. 2012)

Citibank Japan's retail banking business  
(plan Nov. 2015<sup>\*2</sup>)

<sup>\*1</sup> SMBC consolidated <sup>\*2</sup> Expected to be complete in Nov. 1, 2015, subject to necessary regulatory approvals

# SMFG's consolidated balance sheet and credit ratings

## Balance sheet (as of Mar. 2015)

### Total assets : JPY 183.4tn

Cash and due from banks  
JPY 39.7tn

Loans  
JPY 73.1tn

Securities  
JPY 29.6tn

JGB  
JPY 14.3tn

Other assets  
JPY 41.0tn

Deposits,  
Negotiable  
certificates  
of deposits (NCD)  
JPY 114.9tn

Other liabilities  
JPY 57.9tn

Total net assets  
JPY 10.7tn

Total stockholders' equity  
JPY 7.0tn

Loan to deposit ratio	63.6%
Risk-weighted assets	JPY 66.1 tn
ROE (Denominator: Total stockholders' equity)	11.2%

## Credit ratings

	SMBC	SMFG
Moody's	A1 / P-1	-
S&P	A+ / A-1	A / A-1
Fitch	A- / F1	A- / F1
R&I	AA- / a-1+	A+ / -
JCR	AA / J-1+	AA- / -

## Ref : Per share information

	Apr.-Jun. 2015 result	YOY change	FY3/2016 target
Profit attributable to owners of parent	JPY 195.92	+JPY 27.10	JPY 555.86

	Jun. 30, 2015	Change from Mar. 31, 2015
Net assets	JPY 6,743.54	+JPY 144.67

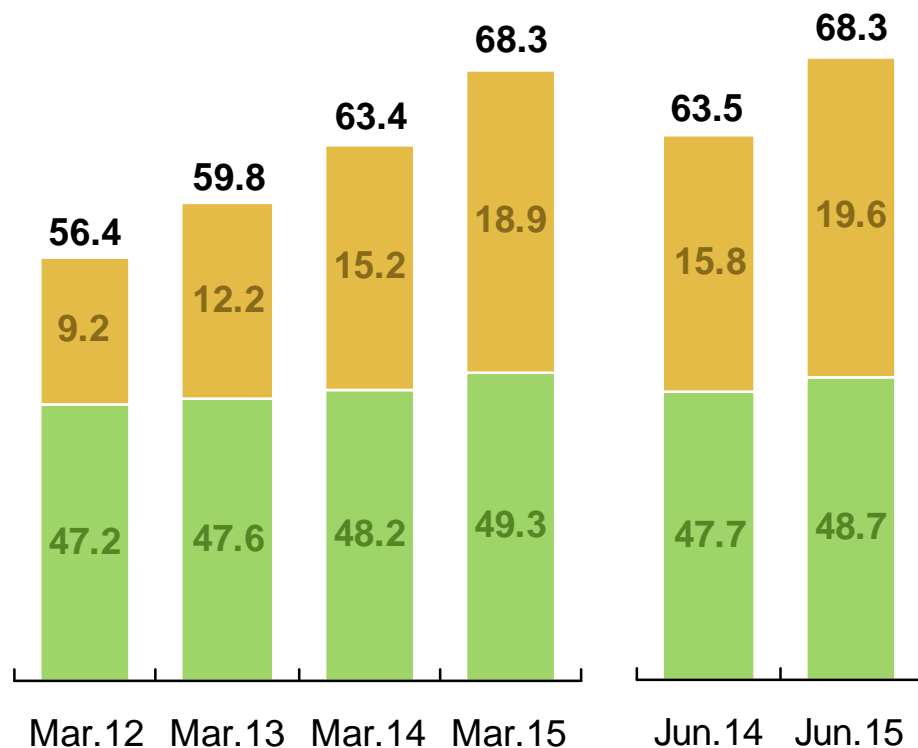
# Loan balance and spread

## Loan balance

(JPY tn)

(SMBC non-consolidated)

- Overseas offices and offshore banking accounts
- Domestic offices (excluding offshore banking account)



## Average loan balance and spread \*1

(JPY tn, %)	Balance	
	FY3/15	YOY change*7
Domestic loans*2	47.7	+0.3
of which		
Large corporations*3	13.3	+0.1
Mid-sized corporations & SMEs*4	16.1	+0.3
Individuals	14.6	(0.3)
IBU's interest earning assets*5, 6 (USD bn, %)	214.4	+26.2

(JPY tn, %)	Spread	
	FY3/15	YOY change*7
Domestic loans*2	0.92	(0.05)
of which		
Large corporations*3	0.61	(0.03)
Mid-sized corporations & SMEs*4	0.90	(0.10)
Individuals	1.39	(0.02)
IBU's interest earning assets*5, 6 (USD bn, %)	1.21	+0.03

\*1 Managerial accounting basis \*2 SMBC non-consolidated \*3 Global Corporate Banking Division

\*4 Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division \*5 Sum of SMBC, SMBC Europe and SMBC (China)

\*6 Sum of loans, trade bills, and securities \*7 After adjustments for interest rates and exchange rates, etc.

# Capital and risk-weighted assets, SMFG consolidated

## Capital ratio (transitional basis)

(JPY bn)	Mar. 31, 2015	Jun. 30, 2015
<b>Common Equity Tier 1 capital (CET1)</b>	<b>7,476.5</b>	<b>7,782.8</b>
of which:		
Total stockholders' equity related to common stock	6,909.0	7,178.0
Accumulated other comprehensive income* <sup>1</sup>	801.5	816.8
Regulatory adjustments related to CET1* <sup>1</sup>	(460.4)	(436.1)
Tier 1 capital	8,528.6	8,848.0
of which:		
Eligible Tier 1 capital instruments (grandfathered)* <sup>3</sup>	1,124.3	1,133.6
Regulatory adjustments* <sup>1,2</sup>	(348.2)	(344.7)
Tier 2 capital	2,437.3	2,567.9
of which:		
Tier 2 capital instruments	375.0	481.3
Eligible Tier 2 capital instruments (grandfathered)* <sup>3</sup>	1,424.0	1,424.0
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount* <sup>2</sup>	699.4	715.1
Regulatory adjustments* <sup>1,2</sup>	(165.2)	(161.5)
Total capital	10,965.9	11,415.9
Risk-weighted assets	66,136.8	66,440.8
<b>Common Equity Tier 1 capital ratio</b>	<b>11.30%</b>	<b>11.71%</b>
Tier 1 capital ratio	12.89%	13.31%
Total capital ratio	16.58%	17.18%

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

(JPY bn)	Mar. 31, 2015	Jun. 30, 2015
Variance with CET1 on a transitional basis* <sup>5</sup>	441.2	503.3
of which:		
Accumulated other comprehensive income	1,202.3	1,225.2
of which:		
Net unrealized gains on other securities	1,074.6	1,104.7
of which:		
Minority interests (subject to be phased-out)	(70.5)	(67.8)
Regulatory adjustments related to CET1	(690.6)	(654.1)
<b>Common Equity Tier 1 capital</b>	<b>7,917.7</b>	<b>8,286.1</b>
Risk-weighted assets	65,925.9	66,267.3
<b>Common Equity Tier 1 capital ratio</b>	<b>12.0%</b>	<b>12.5%</b>

## Preferred securities which become callable in FY3/16

Issuer / Series	Issue date	Amount outstanding	Dividend rate* <sup>6</sup>	First call date* <sup>7</sup>	Step-up
SMFG Preferred Capital JPY 2 Limited					
Series C	Dec. 2008	JPY 140 bn	4.87%	Jan. 2016	None
Series F	Jan. 2009	JPY 2 bn	4.80%	Jan. 2016	None

## Leverage ratio (transitional basis)

● 4.52% (as of Jun. 30, 2015)

## LCR (transitional basis)

● 110.8% (average Apr. – Jun. 2015)

\*1~3 Subject to transitional arrangements. Regulatory adjustments of Tier 1 and Tier 2 include items that are either phased-in or phased-out as described in \*1 and \*2 below  
\*1~3&5 Percentages indicate the treatment as of Mar. 31, 2015 and Jun. 30, 2015 \*1 40% of the original amounts are included  
\*2 40% phase-out is reflected in the figures \*3 Cap is 70% \*4 Based on the Mar. 31, 2019 definition \*5 Each figure represents 60% 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  
\*6 Until the first call date. Floating rate thereafter \*7 Callable at any dividend payment date on and after the first call date, subject to prior confirmation of the FSA

## Breakdown of SMFG's consolidated gross profit

(JPY bn)	FY3/14	FY3/15	YOY change
<b>SMFG's consolidated gross profit</b>	2,898.2	2,980.4	+82.2
<b>Net interest income</b>	1,484.2	1,505.2	+21.0
of which: <b>SMBC</b>	1,064.9	1,121.4	+56.5
<b>SMBC Consumer Finance</b>	124.0	149.0	+25.0
<b>Trust fees</b>	2.5	2.9	+0.4
<b>Net fees and commissions</b>	984.6	996.7	+12.1
of which: <b>SMBC</b>	357.4	350.0	(7.4)
<b>Sumitomo Mitsui Card</b>	170.0	178.0	+8.0
<b>SMBC Nikko Securities</b>	189.0	173.0	(16.0)
<b>Cedyna</b>	119.0	116.0	(3.0)
<b>Net trading income</b>	211.9	195.1	(16.8)
of which: <b>SMBC</b>	36.8	12.8	(24.0)
<b>SMBC Nikko Securities</b>	134.0	152.0	+17.0
<b>Net other operating income</b>	215.1	280.5	+65.4
of which: <b>SMBC</b>	97.2	148.2	+51.0
<b>Sumitomo Mitsui Finance and Leasing</b>	98.0	115.0	+17.0

\* In round numbers excl. SMBC

# Net fees and commissions

(JPY bn)	FY3/14	FY3/15	YOY change
<b>SMFG consolidated*1</b>	984.6	996.7	+12.1
of which:			
<b>SMBC</b>	357.4	350.0	(7.4)
<b>Sumitomo Mitsui Card</b>	170.0	178.0	+8.0
<b>SMBC Nikko Securities</b>	189.0	173.0	(16.0)
<b>Cedyna</b>	119.0	116.0	(3.0)
<b>SMBC Consumer Finance</b>	42.0	49.0	+7.0
<b>SMBC Europe</b>	28.0	39.0	+11.0
<b>SMBC Friend Securities</b>	34.0	31.0	(3.0)
<b>SMBC Capital Markets</b>	18.0	25.0	+7.0

## Reference: Gross banking profit of SMBC's Marketing units

(JPY bn)	FY3/14	FY3/15	YOY Change*2
Loan syndication	38.8	42.0	+3.2
Structured finance	25.3	22.1	(3.2)
Asset finance*3	15.6	15.3	(0.3)
Sales of derivatives products	20.4	25.0	+4.6
Income related to domestic corporate business	100.1	104.4	+4.3
Investment trusts	44.9	36.7	(8.2)
Pension-type insurance	7.7	12.7	+5.0
Single premium type permanent life insurance	8.3	8.4	+0.1
Level premium insurance	8.4	7.4	(1.0)
Income related to domestic consumer business	69.3	65.2	(4.1)
of which:			
Money remittance, electronic banking	91.9	92.2	+0.3
Foreign exchange	53.3	51.9	(1.1)
Domestic Non-interest income	319.2	313.3	(5.4)
of which:			
IBU's loan related income*4	63.0	65.5	(2.3)
IBU's Non-interest income*4	121.4	117.5	(4.1)
Non-interest income	440.6	430.8	(9.5)
of which:			
Income on domestic loans	446.6	426.5	(19.9)
Income on domestic yen deposits	120.8	120.9	+0.1
IBU's interest related income*4	174.6	227.8	+24.9
Interest income	819.3	856.7	+2.5
<b>Gross banking profit of SMBC's Marketing units*5</b>	<b>1,259.9</b>	<b>1,287.5</b>	<b>(7.0)</b>

\*1 In round numbers excl. SMBC \*2 After adjustments of interest rates and exchange rates, etc. \*3 Profit from real estate finance, securitization of monetary claims, etc.

\*4 IBU: International Banking Unit

\*5 Managerial accounting basis. Revised managerial accounting rules in Apr. 2014, following revision of domestic business structure.

Figures for FY3/14 are recalculated based on the new rules

# FY3/2015 performance by segment

	(JPY bn)	Gross profit		Expenses, etc.		Consolidated net business profit <sup>*1</sup>	
			YOY change		YOY change		YOY change
<b>Total</b>		2,980.4	+82.2	(1,669.9)	(110.2)	1,310.5	(28.1)
<b>Banking business</b>		1,923.7	+116.4	(994.2)	(52.8)	929.5	+63.6
of which							
<b>SMBC</b>		1,634.3	+76.1	(791.2)	(45.5)	843.1	+30.6
<b>Leasing</b>		149.3	+10.8	(60.8)	(6.3)	88.5	+4.5
of which							
<b>Sumitomo Mitsui Finance and Leasing<sup>*2</sup></b>		137.0	+9.1	(56.5)	(3.7)	80.5	+5.4
<b>Securities services</b>		393.9	(3.9)	(301.9)	(10.0)	92.0	(13.8)
of which							
<b>SMBC Nikko Securities<sup>*3</sup></b>		346.3	+7.0	(248.7)	(13.4)	97.6	(6.4)
<b>Consumer finance business</b>		576.9	+36.8	(381.9)	(29.1)	195.0	+7.6
of which							
<b>Sumitomo Mitsui Card</b>		196.4	+6.5	(146.0)	(6.5)	50.4	+0.1
<b>Cedyna<sup>*4</sup></b>		164.2	(3.4)	(121.7)	+1.9	42.5	(1.5)
<b>SMBC Consumer Finance<sup>*2</sup></b>		215.5	+33.8	(96.1)	(23.1)	119.4	+10.6
<b>Other businesses<sup>*5</sup></b>		(63.4)	(78.1)	68.9	(11.9)	5.5	(90.0)

\*1 SMFG changed the definition of "Consolidated net business profit" from FY3/15. The figures for FY3/14 have been adjusted retrospectively

\*2 On a consolidated basis \*3 Represents non-consolidated figures of SMBC Nikko Securities plus figures of the overseas incorporated securities companies

\*4 Cedyna provides consolidated figures minus figures of its immaterial subsidiaries \*5 Includes profits / losses to be offset as internal transactions between segments

# SMFG's Performance by business unit\*1

		(JPY bn)	FY3/14	FY3/15	YOY change <sup>2</sup>	Gross profit performance vs. targets <sup>2</sup>
	Wholesale Banking Unit	Gross profit	717.6	729.0	+2.9	⚡
		Expenses	(285.1)	(300.6)	(10.3)	
		<b>Net business profit</b>	432.5	428.4	(7.4)	
	Retail Banking Unit	Gross profit	480.0	478.4	(1.5)	⚡
		Expenses	(354.1)	(373.4)	(20.6)	
		<b>Net business profit</b>	125.9	105.0	(22.1)	
	International Banking Unit	Gross profit	495.9	593.1	+41.0	🏠
		Expenses	(183.1)	(226.2)	(25.0)	
		<b>Net business profit</b>	312.8	366.9	+16.0	
	of which Marketing units	Gross profit	1,693.5	1,800.5	+42.4	🏠
		Expenses	(822.3)	(900.2)	(55.9)	
		<b>Net business profit</b>	871.2	900.3	(13.5)	
	of which Treasury Unit	Gross profit	339.2	374.8	+35.6	🏠
		Expenses	(25.9)	(30.7)	(2.9)	
		<b>Net business profit</b>	313.3	344.1	+32.7	
	of which Sumitomo Mitsui Finance and Leasing	of which Gross profit	125.9	137.0	+11.1	🏠
		of which Expenses	(54.8)	(57.9)	(3.1)	
		<b>Net business profit</b>	73.0	80.5	+7.5	
	of which SMBC Nikko Securities	Gross profit	339.6	350.0	+6.1	⚡
		Expenses	(235.9)	(249.5)	(10.6)	
		<b>Net business profit</b>	103.7	100.5	(4.5)	
of which Consumer finance / Credit card <sup>3</sup>	Gross profit	539.9	576.1	+14.6	🏠	
	Expenses	(338.3)	(363.8)	(11.2)		
	<b>Net business profit</b>	201.6	212.3	+3.4		
Total (SMFG consolidated)	of which Gross profit	2,898.2	2,980.4	+82.2	🏠	
	of which Expenses	(1,569.9)	(1,659.3)	(89.4)		
	<b>Net business profit<sup>4</sup></b>	1,338.5	1,310.5	(28.1)		

\*1 Managerial accounting basis. \*2 After adjustments for changes in interest rates and exchange rates, etc.

\*3 Sum of Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance

\*4 Consolidated net business profit = Consolidated gross profit - General and administrative expenses + Equity in earnings (losses) of affiliates.

SMFG changed the definition of "Consolidated net business profit" from FY3/15. The figures for FY3/14 were recalculated based on the new rules



# ■ SMBC's performance by business unit\*1

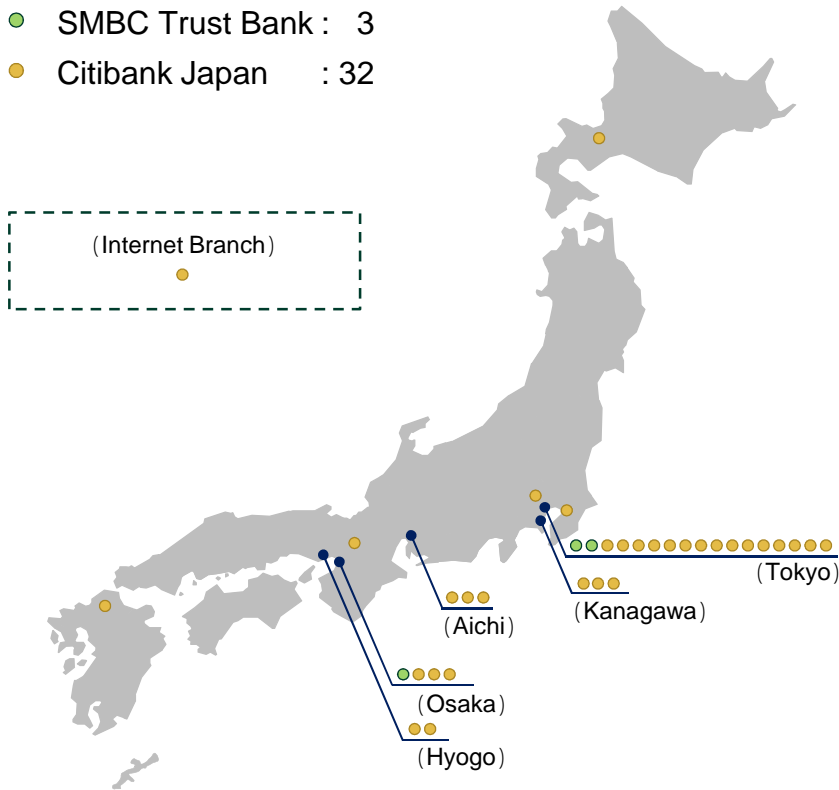
		(JPY bn)	FY3/14	FY3/15	YOY change*2
	Wholesale Banking Unit	Gross banking profit	558.5	555.4	(9.3)
		Expenses	(200.7)	(206.8)	(2.4)
		<b>Banking profit</b>	357.8	348.6	(11.7)
	Retail Banking Unit	Gross banking profit	405.4	386.8	(18.5)
		Expenses	(336.4)	(350.1)	(15.0)
		<b>Banking profit</b>	69.0	36.7	(33.5)
	International Banking Unit	Gross banking profit	296.0	345.3	+20.8
		Expenses	(89.1)	(106.6)	(11.5)
		<b>Banking profit</b>	206.9	238.7	+9.3
Marketing units	Gross banking profit	1,259.9	1,287.5	(7.0)	
	Expenses	(626.2)	(663.5)	(28.9)	
	<b>Banking profit</b>	633.7	624.0	(35.9)	
Treasury Unit	Gross banking profit	325.5	354.0	+28.5	
	Expenses	(22.9)	(25.9)	(1.1)	
	<b>Banking profit</b>	302.6	328.1	+27.4	
Headquarters	Gross banking profit	(27.3)	(7.2)	+54.7	
	Expenses	(96.6)	(101.8)	(15.5)	
	<b>Banking profit</b>	(123.9)	109.0	+39.2	
Total (SMBC non-consolidated)	Gross banking profit	1,558.1	1,634.3	+76.2	
	Expenses	(745.7)	(791.2)	(45.5)	
	<b>Banking profit</b>	812.4	843.1	+30.7	

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

# Retail business: Acquisition of Citibank Japan's retail banking business

## Network of SMBC Trust Bank and Citibank Japan

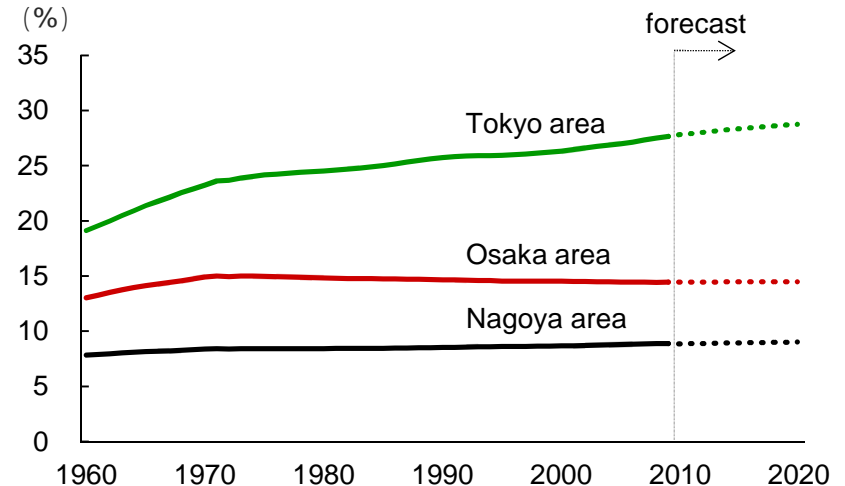
- SMBC Trust Bank : 3
- Citibank Japan : 32



New brand



## Population concentration in metropolitan areas\*1



## Acquisition of Citibank Japan's retail banking business

- SMBC Trust Bank will acquire the retail banking business of Citibank Japan on Nov. 1, 2015 subject to necessary regulatory approvals
  - Total deposits: JPY 2,440 bn\*2, Number of branches: 32\*3, Number of customers: approx. 740,000\*2
  - SMBC started to offer various preferential fee schemes in Apr. 2015
  - Started financial intermediary services between SMBC Trust Bank and SMBC Nikko Securities in Jul. 2015

\*1 Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research. Each metropolitan area includes following prefectures. Tokyo area: Tokyo, Kanagawa, Chiba, Saitama; Osaka area: Osaka, Kyoto, Hyogo, Nara; Nagoya area: Aichi, Gifu, Mie

\*2 As of Sep. 30, 2014 \*3 As of Nov. 30, 2014

# Gains (losses) on bonds

SMBC non-consolidated

## Gains (losses) on bonds

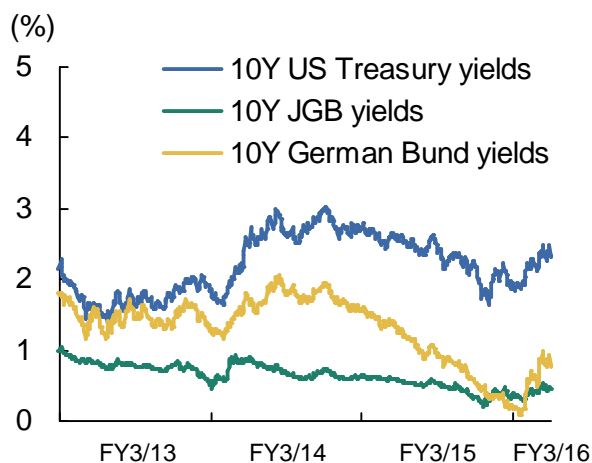
(JPY bn)	FY3/14	FY3/15	YOY change
<b>Gains (losses) on bonds</b>	0.7	47.9	+47.2
Domestic operations	(4.9)	3.3	+8.2
International operations	5.6	44.6	+39.0

## Gross banking profit of SMBC's Treasury Unit

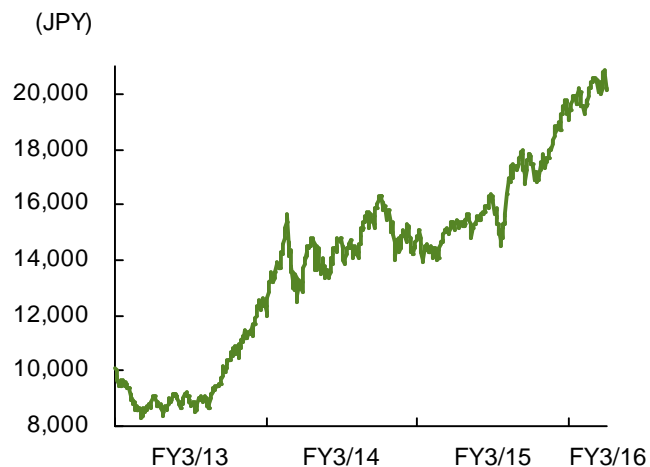
(JPY bn)	FY3/14	FY3/15	YOY change
<b>Gross banking profit of SMBC's Treasury Unit</b>	325.5	354.0	+28.5

## Interest rate, stock price and exchange rate

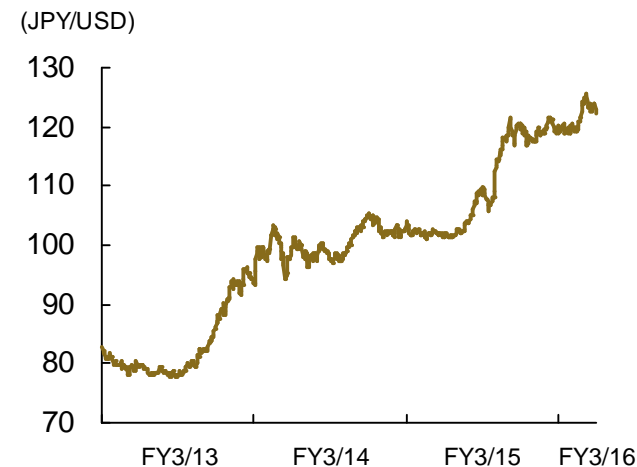
Interest rate of JGB, US Treasury and Bund



Nikkei Stock Average



Exchange rate JPY / USD

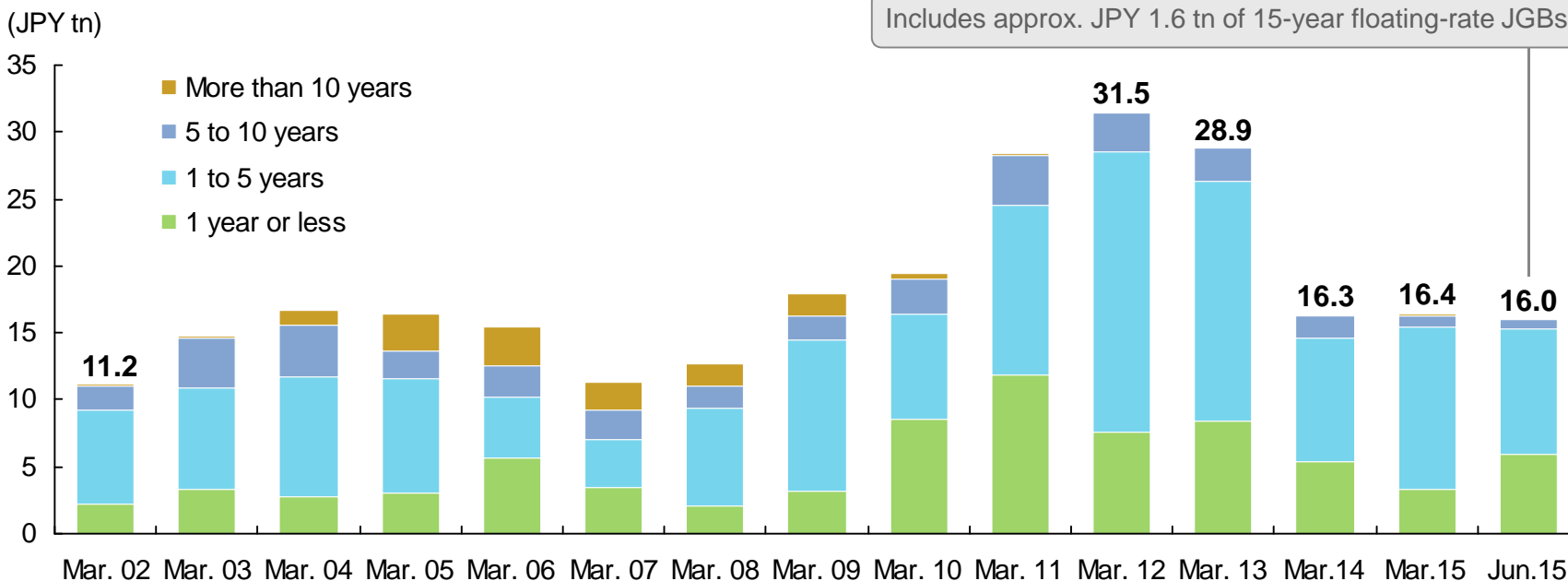


# Yen bond portfolio

## 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	1.1	1.8	1.7
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	45.9	53.6

\*1 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

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

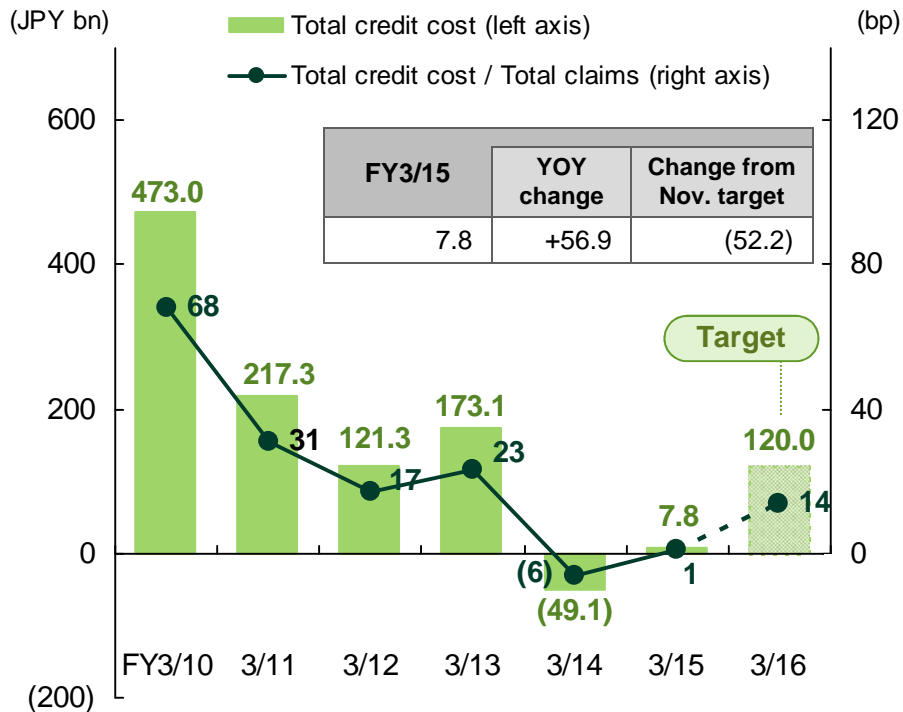
# Bond portfolio

		Mar. 2014		Mar. 2015		Jun. 2015		Change from Mar. 2015	
		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)
SMFG consolidated	(JPY tn)								
	Yen-denominated bonds	17.4	0.10	17.1	0.07	16.7	0.08	(0.4)	+0.01
	of which JGB	14.2	0.05	14.3	0.03	14.0	0.04	(0.3)	+0.01
	Held-to-maturity	4.3	0.03	3.3	0.02	3.1	0.02	(0.2)	+0.00
	Others	9.9	0.02	11.0	0.01	10.9	0.02	(0.1)	+0.01
	Foreign bonds (Other securities)	4.3	(0.03)	5.6	0.03	5.1	(0.05)	(0.6)	(0.08)

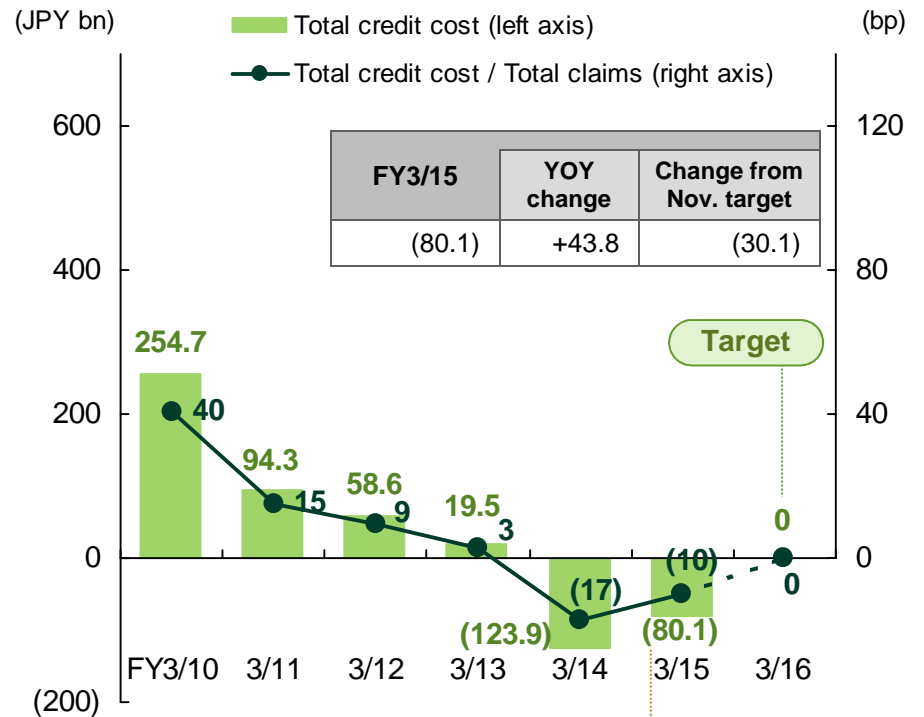
SMBC non-consolidated	Yen-denominated bonds	16.3	0.09	16.4	0.07	16.0	0.07	(0.4)	+0.01
	of which JGB	13.8	0.05	14.0	0.03	13.7	0.04	(0.3)	+0.01
	Held-to-maturity	4.3	0.03	3.3	0.02	3.1	0.02	(0.2)	(0.00)
	Others	9.5	0.02	10.7	0.01	10.6	0.02	(0.1)	+0.01
		Foreign bonds (Other securities)	3.2	(0.02)	4.2	0.03	3.6	(0.05)	(0.6)

# Credit costs

## SMFG consolidated



## SMBC non-consolidated



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

(JPY bn)	FY3/15	YOY Change
<b>Variance with SMBC non-consolidated</b>	87.9	+13.1
SMBC Consumer Finance	58.0	+15.0
Cedyna	11.0	(5.0)

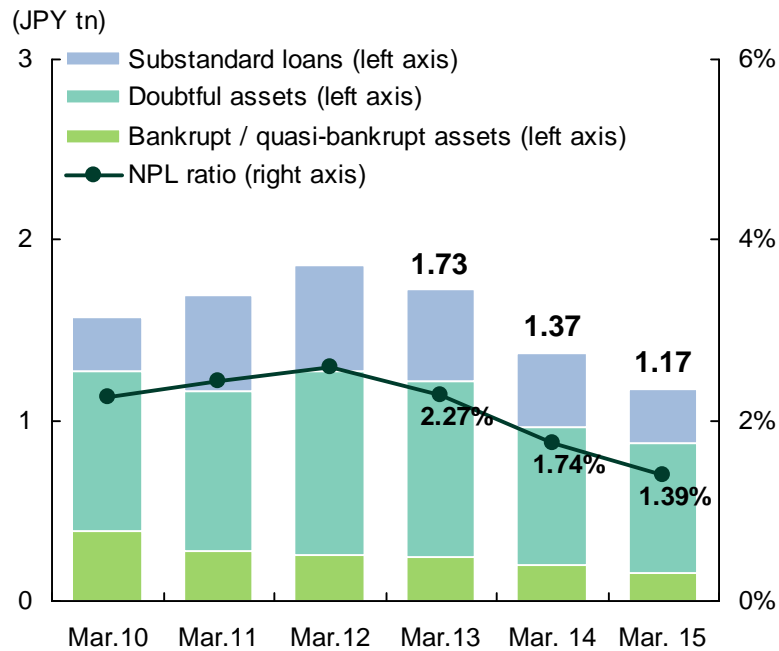
- Recorded net reversal of Total credit cost due to
  - Reversal of provisions made in previous years for large borrowers as a result of improved internal ratings, although the amount of reversal was decreased
  - decline in reserve ratio as a result of decreased defaults

\* In round numbers

# Non-performing loan balance and ratio

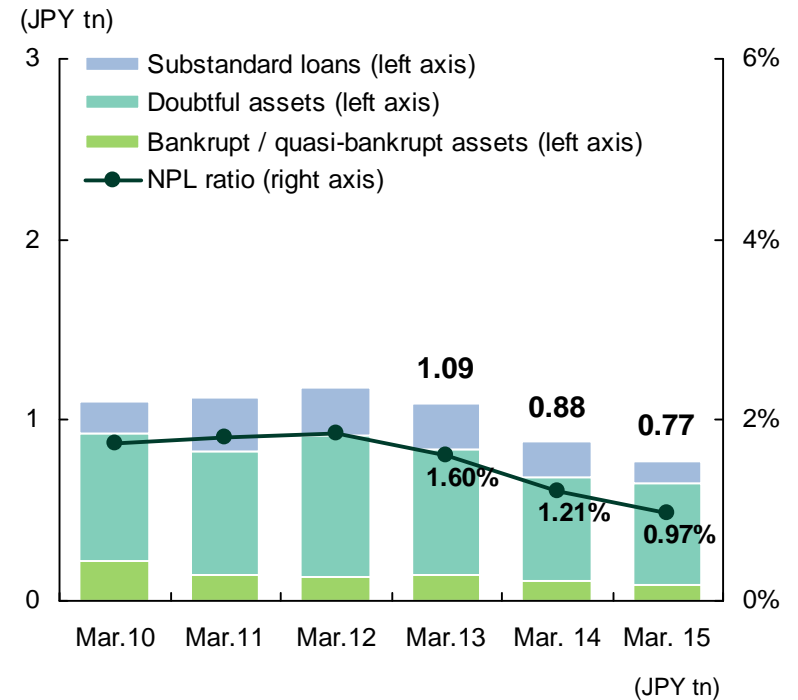
## SMFG consolidated

	Mar. 14	Mar. 15
Coverage ratio	83.74%	83.14%



## SMBC non-consolidated

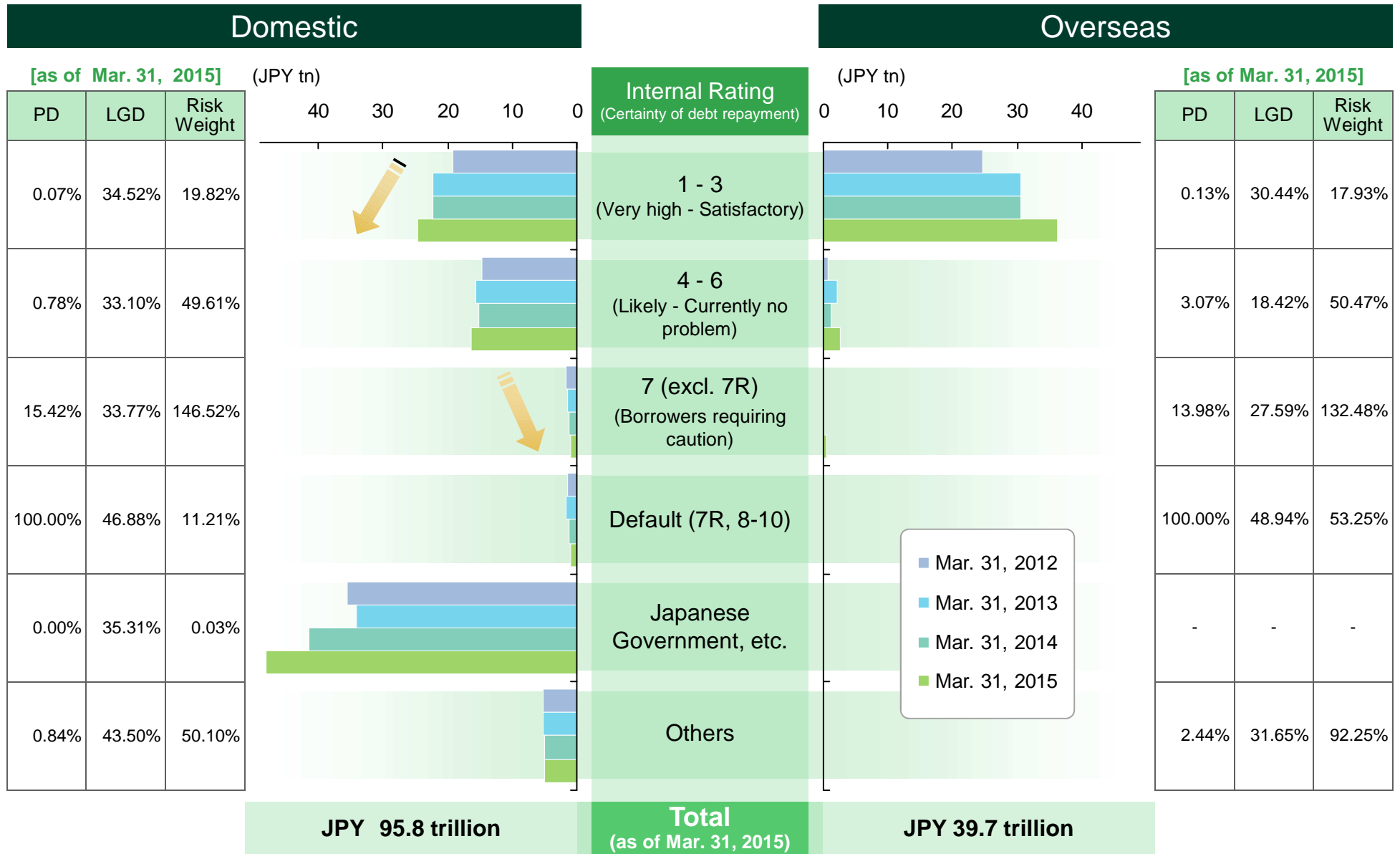
	Mar. 14	Mar. 15
Coverage ratio	88.54%	87.67%



Claims on borrowers requiring caution*	3.7	3.1	2.8	1.9	1.6	1.6
Total claims	63	62	64	68	73	79

\* Excludes claims to Substandard borrowers

# Corporate, sovereign and bank exposures

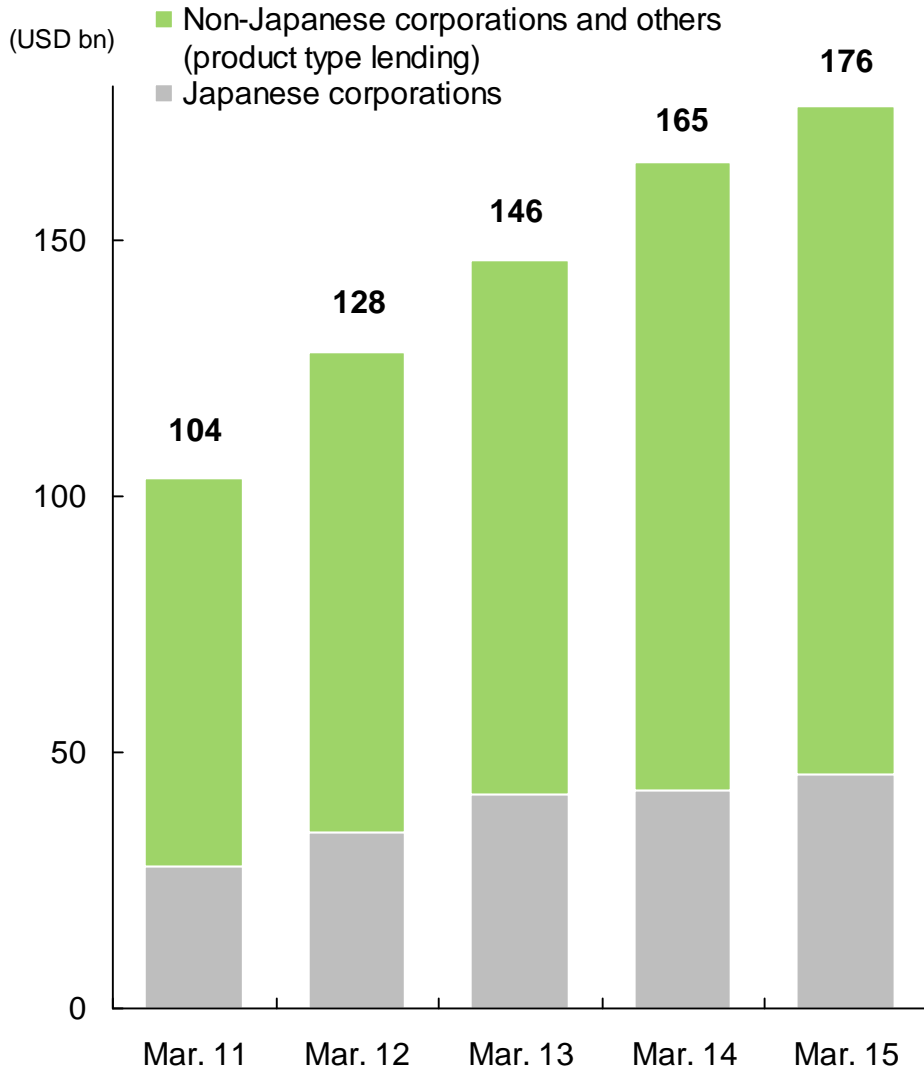




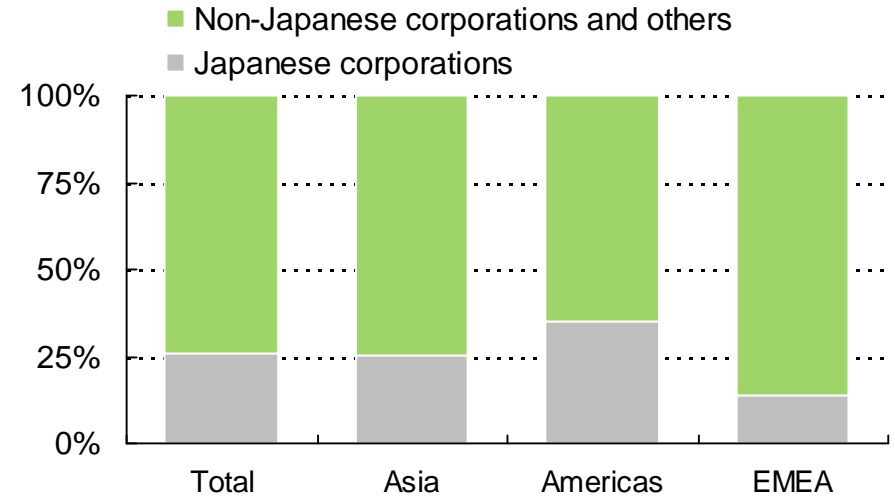
# Overseas loan balance classified by borrower type

(Geographic classification based on booking office)

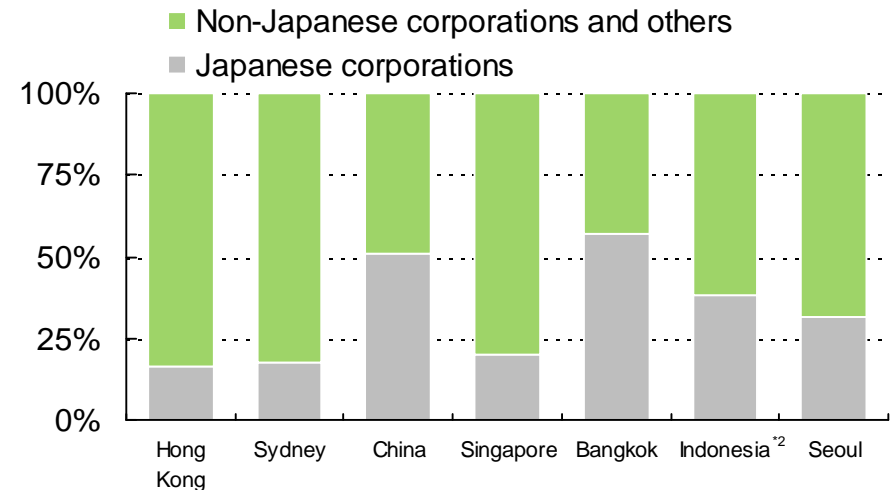
## Total\*<sup>1</sup>



## By region (Mar. 2015)\*<sup>1</sup>



## Major marketing channels in Asia (Mar. 2015)\*<sup>1</sup>



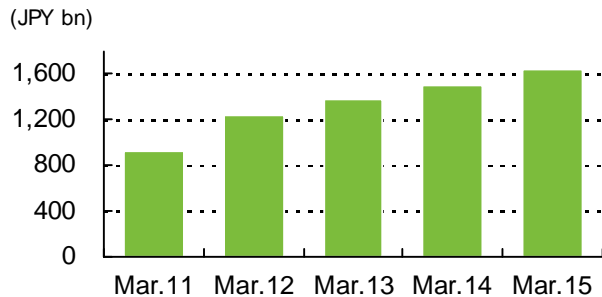
\*<sup>1</sup> Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China)

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

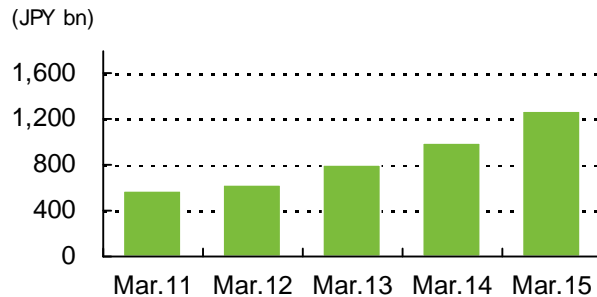
# Loan balance in Asian countries/areas

(Geographic classification based on borrowers' domicile)\*

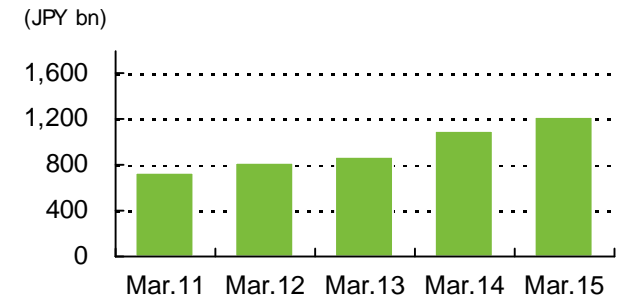
## Hong Kong



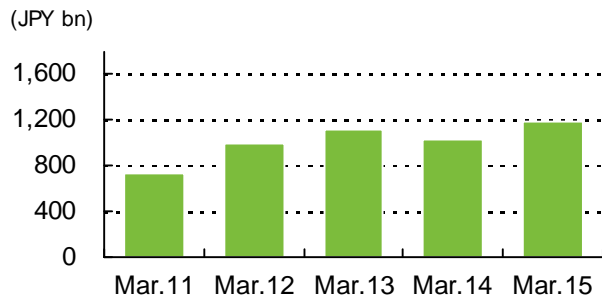
## Australia



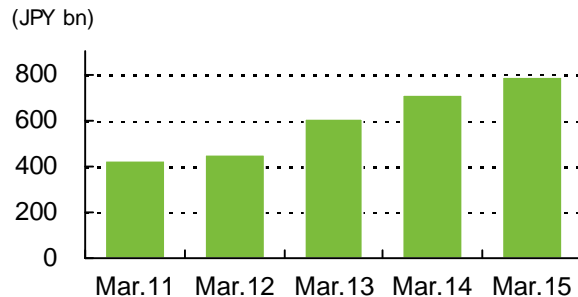
## China



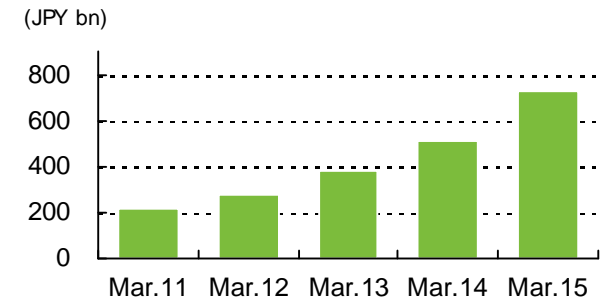
## Singapore



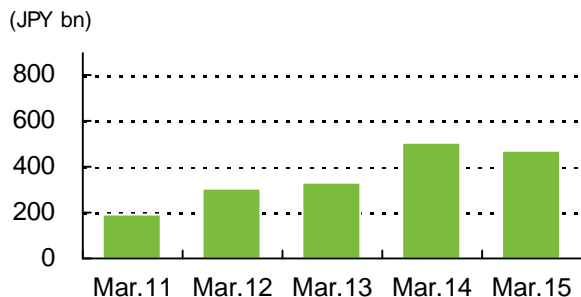
## Thailand



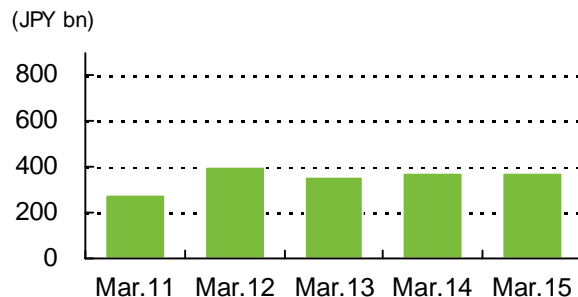
## Indonesia



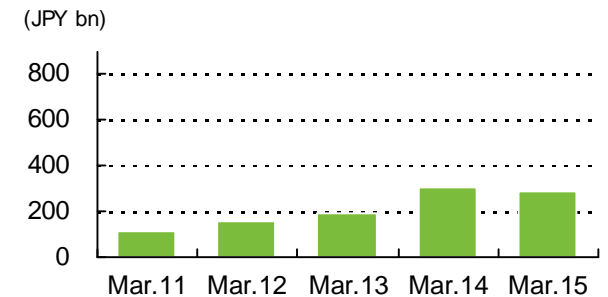
## India



## 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. 31, 2015

# International business: Products with competitive advantages

## Project finance / Loan syndication

- Project finance
  - SMBC was Awarded “Global Bank of the Year 2014” by Project Finance International for the 3rd time after 2008 and 2012, to become the only bank to be awarded three times
  - Devised a new scheme to involve regional banks in overseas project financing by using trust account



## Trade finance / Subscription finance

- Trade finance
  - Rated Africa Leaders in Trade for 2 consecutive years (2013 & 2014) by Global Trade Review
- Subscription finance<sup>\*3</sup>
  - Rated Debt Provider of the Year (Asia) in 2014 by PERE

League tables (Jan.-Dec. 2014, SMBC non-consolidated)<sup>\*1</sup>

	Global	Asia <sup>*2</sup>	Japan
Project Finance	# 2	# 5	
Loan Syndication	# 12	# 6	# 3

## Cash Management Services

Cash management providers' ranking (in Asia Pacific)<sup>\*4</sup>

Cash Management Service	Large Corporations	5th	#1 among Japanese banks for eight consecutive years #1 for ten consecutive years
	Medium Corporations	2nd	
	Small Corporations	2nd	
JPY CMS as voted by financial institutions		1st	

2015

First Japanese bank to be ranked 2nd in overall ranking

<sup>\*1</sup> Source: Thomson Reuters (Mandated Arrangers)

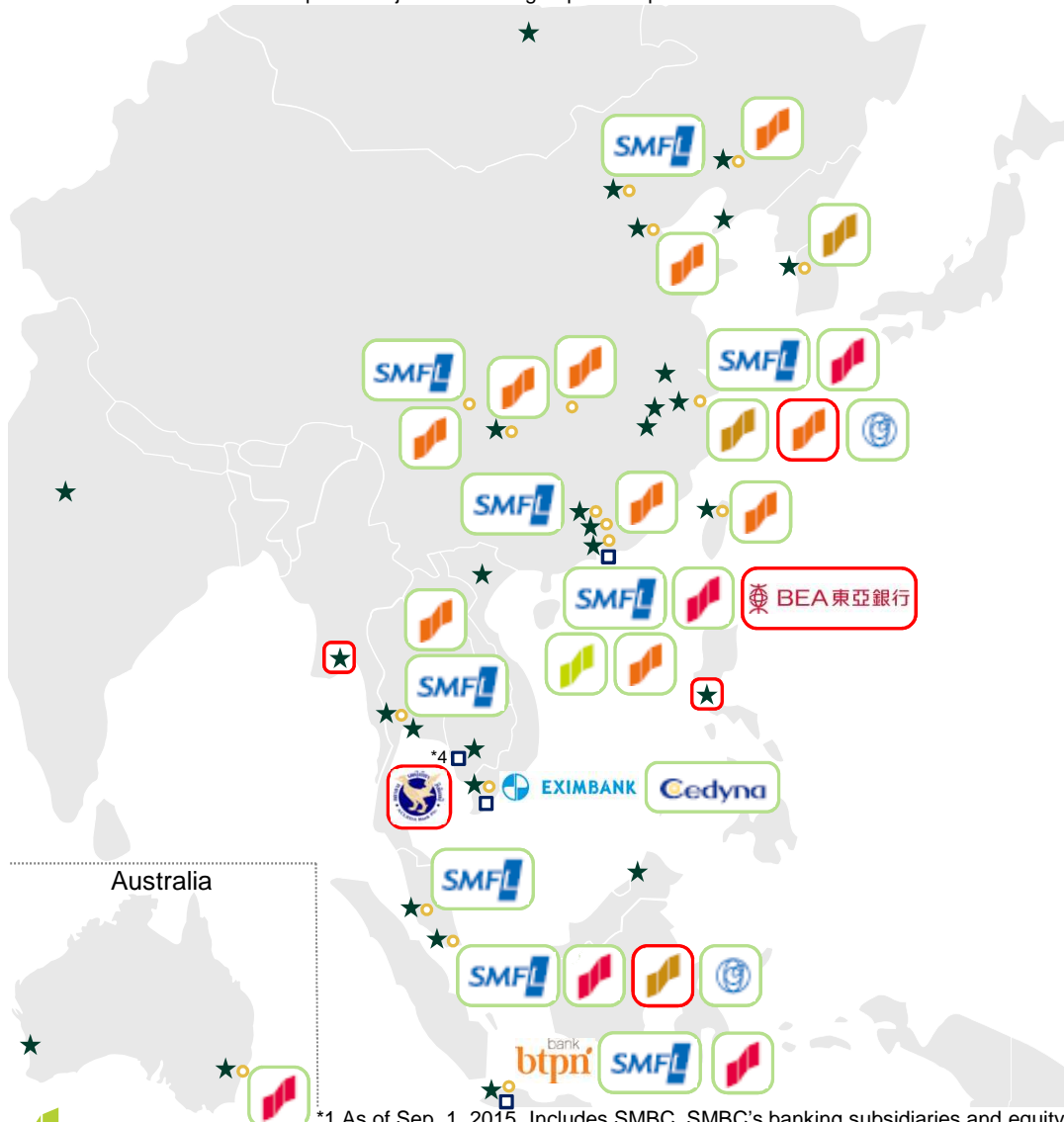
<sup>\*2</sup> Project finance: Asia Pacific. Loan syndication: Asia (excl. Japan), all international currency syndicated and club loans

<sup>\*3</sup> Bridge financing structure utilized by Fund SPCs investing in various asset classes, such as real estates

<sup>\*4</sup> Source: “ASIAMONEY” Cash Management Poll 2014 (published Aug. 2015)

# SMFG's network in Asia

- ★: Banking business offices
- : Overseas offices of SMFG group companies excluding banking business offices
- : Equity method affiliates
- Red outline indicates offices opened or joined SMFG group after Apr. 2014



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 38 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	• Hong Kong
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	• Seoul* <sup>2</sup>
	Consulting	• Shanghai
	Market research	• Singapore
Cedyna	Auto loans	• Ho Chi Minh* <sup>3</sup>
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>• Shanghai</li> <li>• Bangkok</li> </ul>
	Loan management and collection	• Taipei
The Japan Research Institute, Limited	Consulting	• Shanghai
	System integration	<ul style="list-style-type: none"> <li>• Shanghai</li> <li>• Singapore</li> </ul>

\*<sup>1</sup> As of Sep. 1, 2015. Includes SMBC, SMBC's banking subsidiaries and equity method affiliates. Excludes offices planned to be closed

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

\*<sup>3</sup> Expanded auto loan business through alliance with Vietnam Eximbank since May 2013

\*<sup>4</sup> SMBC made ACLEDA Bank an equity method affiliate in Sep. 2015

# SMFG's policy regarding strategic shareholdings

("Corporate governance report" announced on July 3, 2015 )

## Policy regarding strategic shareholdings

- In principle, SMFG does not hold the shares of other listed companies where "the rationale" to hold those shares cannot be recognised. This policy is in place in order to help maintain SMFG's financial soundness, taking into consideration the standards of globally operating financial institutions and our proactive response to global regulation.
- We determine "the rationale to hold" as where the shareholding will contribute to increase SMFG's corporate value in the medium to long term. We determine this with comprehensive consideration based on (a) the profitability - through an appropriate assessment and understanding of relevant factors, such as associated risks, costs and returns of the holding; (b) the objectives to hold - such as maintaining and strengthening our relationship, capital and business alliance, restructuring support, and (c) other relevant factors.
- We examine "the rationale to hold" on a regular basis. We will continue to hold shares where we recognise there is good rationale for doing so. Where an appropriate rationale no longer exists, we will sell them by taking into consideration various factors, such as market impact and the financial strategy of the issuers.

## Standards as to appropriate response in executing voting rights of strategic shareholdings

- In principle, SMFG executes voting rights on all proposals.
- From the perspective of increasing the corporate value over the medium to long term of the corporation in which we hold strategic shareholdings, we determine whether to vote for or against each individual proposal, taking into account the issuer's management situation.
- If there is any concerns about a conflict of interests occurring, we implement measures in accordance with the Management Policy Concerning Conflicts of Interests.

# Meeting international financial regulations

		Regulations	Contents of regulation	Effective	Current status	Action taken & impact on SMFG
G-SIFI regulation and supervision	G-SIB surcharge	Required for additional loss absorption capacity above the Basel III minimum		2016	Finalised at FSB / Domestic regulation under consultation	Requirement for SMFG to be 8% on a fully-loaded basis. Achieved 8% CET 1 ratio by the end of Mar. 2013
	Adequacy of loss-absorbing capacity (TLAC)	Required to hold loss absorbing capacity, which consists of eligible liabilities and regulatory capital, on both a going concern and gone concern basis		No earlier than 2019	Consultation commenced in Nov. 2014	Specific requirement and implementation schedule remain unclear. Paying attention to discussions
	Recovery and Resolution Plan	SMFG Group Recovery Plan		Implemented	Submitted	Work in accordance with due dates, including those of overseas operations
Prudential regulation Basel III	Capital requirement	Required to raise the level and quality of capital and enhance risk coverage under Basel III		2013	Under phased implementation	Achieved our target of 8% CET 1 ratio by Mar. 2013, one year ahead of schedule
		Fundamental review of trading book (Strengthened capital standards for market risk)		TBD	3 <sup>rd</sup> consultation completed Finalisation targeted by end-2015	Implementation schedule remains unclear. Paying attention to discussions
	Revisions to the Standardised Approaches		TBD	Consultation for operational/credit risk commenced in Oct./Dec. 2014	Details and implementation schedule of regulation remain unclear. Paying attention to discussions	
	Capital floors		TBD	Consultation commenced in Dec. 2014	Details and implementation schedule of regulation remain unclear. Paying attention to discussions	
	Review of the Credit Valuation Adjustment (CVA) risk framework		TBD	Consultation commenced in Jul. 2015	Implementation schedule remains unclear. Paying attention to discussions	
	Interest-rate risk in the banking book		TBD	Consultation commenced in Jun. 2015	Under discussion whether (i) uniformly applied Pillar 1 measure for calculating capital charge, or (ii) review of the current framework (Pillar 2). Paying attention to discussions	
	Leverage ratio requirement	Non-risk-based measure based on "on-and off-accounting balance sheet items" against Tier 1 capital. Minimum requirement: 3% (on a trial basis)		2018	Domestic regulation for disclosure finalised in Mar. 2015	Currently have no issues in meeting requirements although paying attention to national finish. Minimum requirement of 3% subject to reexamination internationally
	Minimum standards for liquidity (LCR/NSFR)	LCR: Required to have sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. >=100% needed		2015	Under phased implementation	In good position due to domestic deposit base. Intend to further strengthen foreign currency ALM
		NSFR: Required to maintain a sustainable maturity structure of assets and liabilities >=100% needed		2018	Finalised at BCBS in Oct. 2014	Currently have no issues in meeting requirements although paying attention to national finish
	Large exposure regulation	Tightening of exposure limit to a single borrower (25% of Tier 1) and expansion of scope of applicable exposure type, etc.		Jan. 2019	Partly implemented in Dec. 2014	Limited impact from early adoption of derivatives, etc. Paying attention to remaining issues including treatment of interbank exposures
Financial market / Financial system reform	OTC derivatives markets reforms	<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 Sep. 2016	Scope of application being expanded Implementation date postponed in Mar. 2015	Taking actions needed although impact will be smaller compared to investment banks
	Regulation of shadow banking system	Strengthen the oversight and regulation of the shadow banking system such as MMFs, repos and securitizations		TBD	Discussion underway on five specific areas	FSB's final rule to apply haircut floors on repo transactions excluded JGBs as applicable collateral (Oct. 2014)
	Limitation on banking activities / Ring fencing regulation	Requirements for foreign banking organizations (FBO Rule)		Jul. 2016	Final regulation published	Business related to regulation is limited. Taking actions needed
		Ring-fenced banks prohibited from providing certain services and required to be isolated from the rest of the financial group in UK and EU		TBD	UK: Enacted in Dec. 2013, EU: Proposal published in Jan. 2014	SMBC will be out of scope, but still paying close attention to the discussion
Taxation	Financial transaction Tax (FTT)		TBD	Under discussion	While details of regulation remain unclear, the impact is assumed to be manageable	

Able to meet requirements easily

Able to meet requirements

Impact unclear

# Ongoing major regulatory discussions

Regulations		Contents	Schedule	Finalised at BCBS	Domestic regulation	
Capital requirement	Credit risk	Revisions to the Standardised Approach	<ul style="list-style-type: none"> <li>Seeks to improve the standardised approach for credit risk, including reducing reliance on external credit ratings; increasing risk sensitivity; reducing national discretions; strengthening the link between the standardised approach and the internal-rating based (IRB) approach; and enhancing comparability of capital requirements across banks</li> </ul>	<ul style="list-style-type: none"> <li>Under consultation (comment period closed in Mar. 2015)</li> <li>Comprehensive data collection and analysis will be made through the QIS in 2015; targeted to be finalised in 2016*</li> </ul>	Unfinished	Unfinished
		Review of the CVA risk framework	<ul style="list-style-type: none"> <li>Seeks to review the credit valuation adjustment (CVA) risk framework to capitalize the risk of future changes in CVA that is an adjustment to the fair value of derivatives to account for counterparty's credit risk</li> </ul>	<ul style="list-style-type: none"> <li>Under consultation (comment period will be closed in Oct. 2015)</li> <li>Comprehensive data collection and analysis will be made through the QIS in late 2015</li> </ul>	Unfinished	Unfinished
	Market risk	IRRBB (Interest-rate risk in the banking book)	<ul style="list-style-type: none"> <li>Under discussion whether (i) uniformly applied Pillar 1 measure for calculating capital charge, or (ii) review of the current framework (Pillar 2).</li> </ul>	<ul style="list-style-type: none"> <li>Under consultation (comment period will be closed in Sep. 2015)</li> <li>Comprehensive data collection and analysis will be made through the QIS in late 2015</li> </ul>	Unfinished	Unfinished
	Operational risk	Revisions to the Standardised Approach	<ul style="list-style-type: none"> <li>Seeks to address the weaknesses identified in the existing approach by (i) refining the operational risk proxy indicator by replacing Gross Income (GI) with a superior indicator, and (ii) improving calibration of the regulatory coefficients based on the results of the quantitative analysis</li> </ul>	<ul style="list-style-type: none"> <li>Under consultation (comment period closed in Jan. 2015)</li> <li>Targeted to be finalised in mid-2015 through 2016*</li> </ul>	Unfinished	Unfinished
	Overall	Capital floors based on standardised approaches	<ul style="list-style-type: none"> <li>Replacement of the Basel I-based transitional capital floor with a permanent floor based on the Basel II/III standardised approaches for credit, market and operational risks</li> </ul>	<ul style="list-style-type: none"> <li>Under consultation (comment period closed in Mar. 2015)</li> <li>To be discussed according to the revisions to the standardised approaches</li> </ul>	Unfinished	Unfinished
Leverage ratio requirement	Leverage ratio	<ul style="list-style-type: none"> <li>Continue to test a minimum requirement of 3% to be introduced in 2018 (from Jan. 2013 to Jan. 2017)</li> <li>Public disclosure requirement started on Jan. 2015</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate level of leverage ratio to be finalised by 2017 at the latest*</li> <li>Scheduled to be implemented in 2018</li> <li>Domestic regulations on calculation and disclosure implemented</li> </ul>	Finished in part	Finished in part	
G-SIFI regulation	TLAC (total loss-absorbing capacity)	<ul style="list-style-type: none"> <li>A requirement for loss absorbing capacity on both a going concern and gone concern basis</li> <li>Proposed requirement is set within 16-20% of RWA and at least twice the Basel III Tier 1 leverage ratio requirement. This does not include regulatory capital buffers (overall requirement for a resolution entity with a 1% G-SIB surcharge would be 19.5-23.5%)</li> <li>Should be issued and maintained by resolution entities</li> <li>Authorities may permit prior reserving fund under the deposit insurance system as a quantum equivalent of up to 2.5% RWA or more</li> </ul>	<ul style="list-style-type: none"> <li>Under consultation (comment period closed in Feb. 2015)</li> <li>FSB will submit a final version to the G-20 Summit in Nov. 2015</li> <li>Will not become effective before Jan. 1, 2019</li> </ul>	Unfinished	Unfinished	

\* Source: FSB's release as of Feb. 4, 2015

# Revision to the Standardised Approach for credit risk / Capital floors

## Revision to the Standardised Approach for credit risk\*

Exposures	Current risk weights	Proposed revision of risk weights
Corporate exposures	· From 20% to 150% by reference to the external credit ratings	· From 60% to 300% based on a corporate's revenue and leverage
Specialised lending	· 100%	· Project finance, Object finance, commodities finance, income-producing real estate finance: 120% · Exposures to land acquisition, development and construction finance: 150%
Bank exposures	· From 20% to 150% according to the sovereign rating or the bank's credit rating	· From 30% to 300% based on the bank's CET1 ratio and a net non-performing assets ratio
Retail exposures	· 75% for exposures that meet the regulatory retail criteria	· Considering whether to maintain
Exposures secured by residential real estate	· 35%	· From 25% to 100% based on the loan-to-value (LTV) ratio; preferential risk weights for loans with debt service coverage (DSC) ratio of 35% or less
Exposures secured by commercial real estate	· 100%	· A) No recognition of the real estate collateral, treating the exposure as unsecured with a national discretion for a preferential 50% risk weight: or; B) From 75% to 120% based on the LTV ratio
Subordinated debt, equity and other capital instruments	· Either 100% or 250% when issued by banks or securities firms; no distinct treatment when issued by corporates	· Sub debts and capital instruments other than equities: 250% · Publicly traded equity: 300% · Other equity: 400%
Off-balance sheet exposures	· Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 0%	· Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10%

## Capital floors

### Current framework

- For banks using the internal rating-based (IRB) approach for the credit risk and/or an advanced measurement approach (AMA) for operational risk

(The simplified framework for Japanese banks shown below)

(i) RWA based on IRB approach and/or AMA

compare

(ii) 80% of RWA based on the most recent approach before migration to the IRB approach and/or AMA (e.g. (i) AIRB/(ii) FIRB, (i) FIRB/(ii) Basel I)

- If (i) is less than (ii), the bank should add the amount of difference to (i) when calculating its RWA

### Revision under consultation

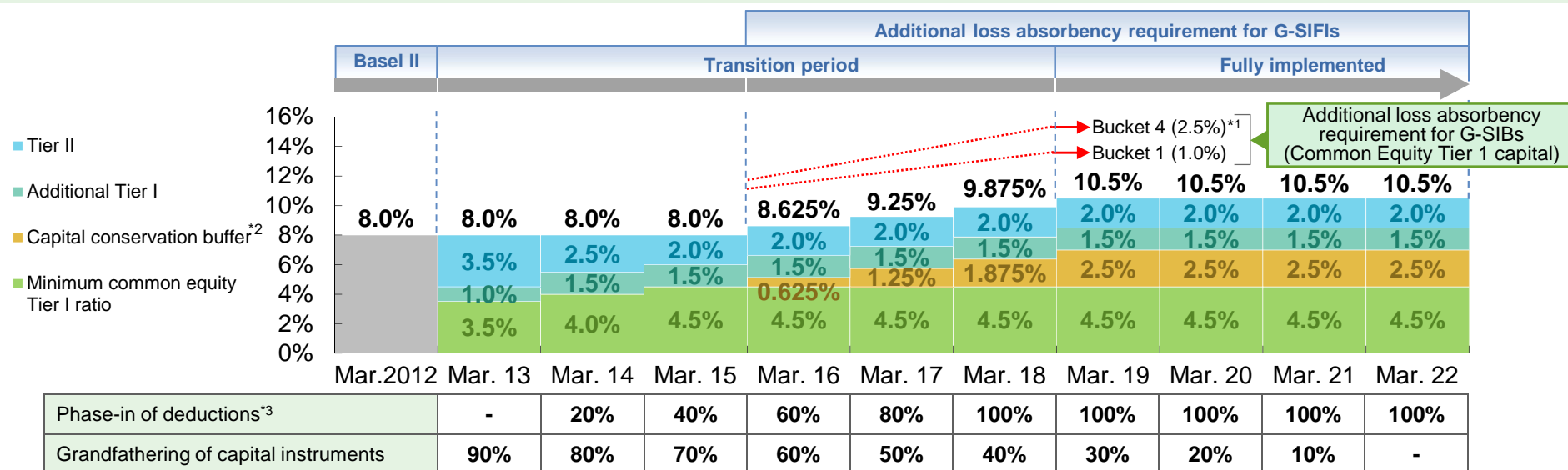
- While the revision for the capital floors is consulted separately from the revisions to the standardised approaches, it will be finalised in accordance with the revisions to the standardised approaches
- Details including the level of capital floors and implementation schedule are unclear

\* The credit risk standardised approach treatment for sovereigns, central banks and public sector entities are not within the scope of the proposals. It will be considered as part of a broader and holistic review of sovereign-related risks



# Application of Basel III

- Capital requirements and liquidity coverage ratio have been phased-in in line with international agreements
- Domestic regulations on leverage ratio, net stable funding ratio and capital buffers including capital conservation buffer and countercyclical buffer, are being finalized according to their adoption schedule
  - No additional requirements anticipated on top of minimum Basel requirement in Japan
  - Able to pass Basel requirement easily according to provisional calculation based on current draft rules



## Leverage ratio and liquidity rules (Schedule based on final documents by BCBS, and domestic regulations)<sup>4</sup>

Leverage ratio	Mar. 2015 Domestic regulation finalised	Mar. 2015: Start disclosure ( <i>minimum: 3%</i> )	Jan. 2018: Migration to pillar 1
Liquidity coverage ratio (LCR)	Oct. 2014 Domestic regulation finalised	Phased-in from Mar. 2015	2015 through 1 <sup>st</sup> half 2017: <i>Final adjustments to definition and calibration</i>
Net stable funding ratio (NSFR)	Oct. 2014 Finalised at BCBS	Oct. 2014: <i>Final document published</i>	2018/1: <i>Full implementation</i>

\*1 With an empty bucket of 3.5% to discourage further systemicness

\*2 Countercyclical buffer (CCyB) omitted in the chart above; if applied, expected to be phased-in in the same manner as the Capital conservation buffer. In accordance with the CCyB set by each country, Japanese banks may have to meet additional capital requirements depending on the exposures in those countries

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

\*4 Draft on other domestic rules to be applied after 2016, such as the NSFR, will be published in due course. Timeline based on BCBS documents is in italic

# 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	31
	Article 102 of Deposit Insurance Act (DIA)	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>	Yes*3	-
				Item 3 measures <i>Nationalization</i>		1
Newly established framework	Article 126-2 of DIA	Required (Financial system such as financial market in Japan)	Financial institutions including banks and BHCs	Specified Item 1 measures <i>Liquidity support</i> <i>Capital injection</i>	No	-
				Specified Item 2 measures <i>Supervision or control and</i> <i>Financial assistance for orderly resolution</i>	Yes*3	-

\*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

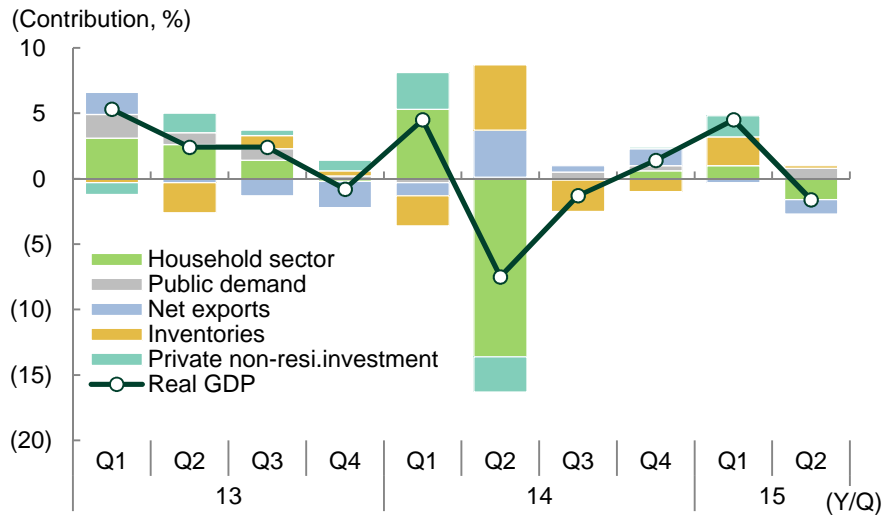
# Credit ratings of G-SIBs (Moody's)\*

	Apr. 2001	Jul. 2007	Aug. 2015
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>	<ul style="list-style-type: none"> <li><b>SMBC</b></li> <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> <li>HSBC Bank</li> <li>Standard Chartered</li> <li>Wells Fargo Bank</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>	<ul style="list-style-type: none"> <li>JPMorgan Chase Bank</li> <li>Nordea Bank</li> </ul>
A1	<ul style="list-style-type: none"> <li>Credit Suisse</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural Bank of China</li> <li>Bank of China</li> <li>ICBC</li> </ul>	<ul style="list-style-type: none"> <li><b>SMBC</b></li> <li>Agricultural Bank of China</li> <li>Bank of America</li> <li>Bank of China</li> <li>BNP Paribas</li> <li><b>BTMU</b></li> <li>Citibank</li> <li>Credit Suisse</li> <li>Goldman Sachs Bank</li> <li>ICBC</li> <li>ING Bank</li> <li><b>Mizuho Bank</b></li> <li>Morgan Stanley Bank</li> <li>State Street Bank &amp; Trust</li> <li>UBS</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>BPCE(Banque Populaire)</li> <li>Crédit Agricole</li> <li>Société Générale</li> </ul>
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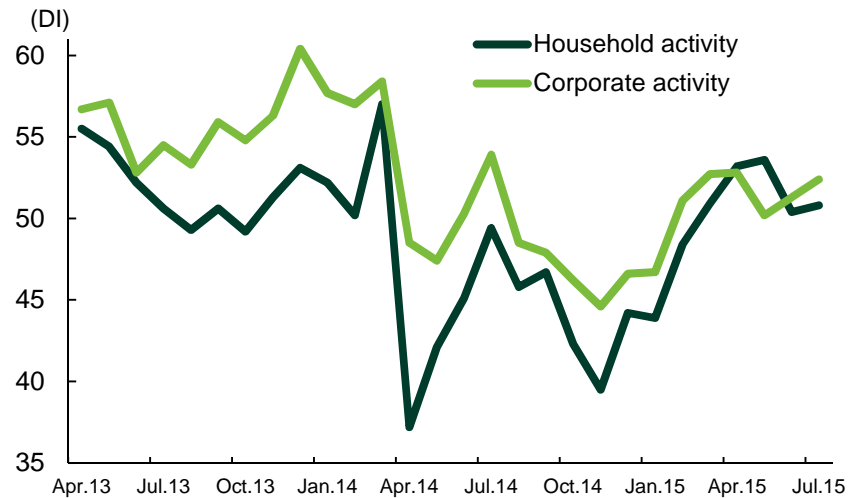
\* Long-term issuer ratings (if not available, long-term deposit ratings) of operating banks

# Current Japanese economy

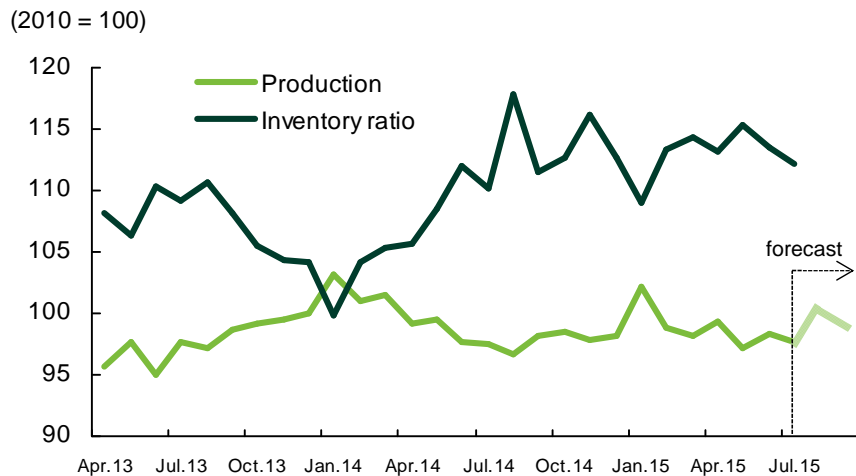
## Real GDP growth rate (annualized QOQ change)\*1



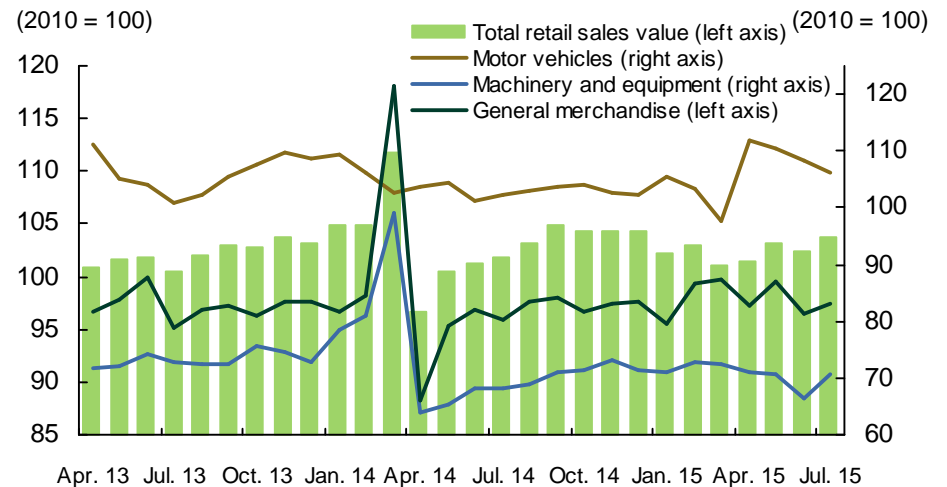
## Economy watchers survey\*2



## Indices of industrial production\*3, 4



## Indices of commercial sales value by type of business\*3, 5



\*1 Source: Cabinet Office. Seasonally adjusted series. Household sector = Private consumption + Private residential investment, Inventories = Change in private and public inventory, Public demand = Government consumption + Public investment

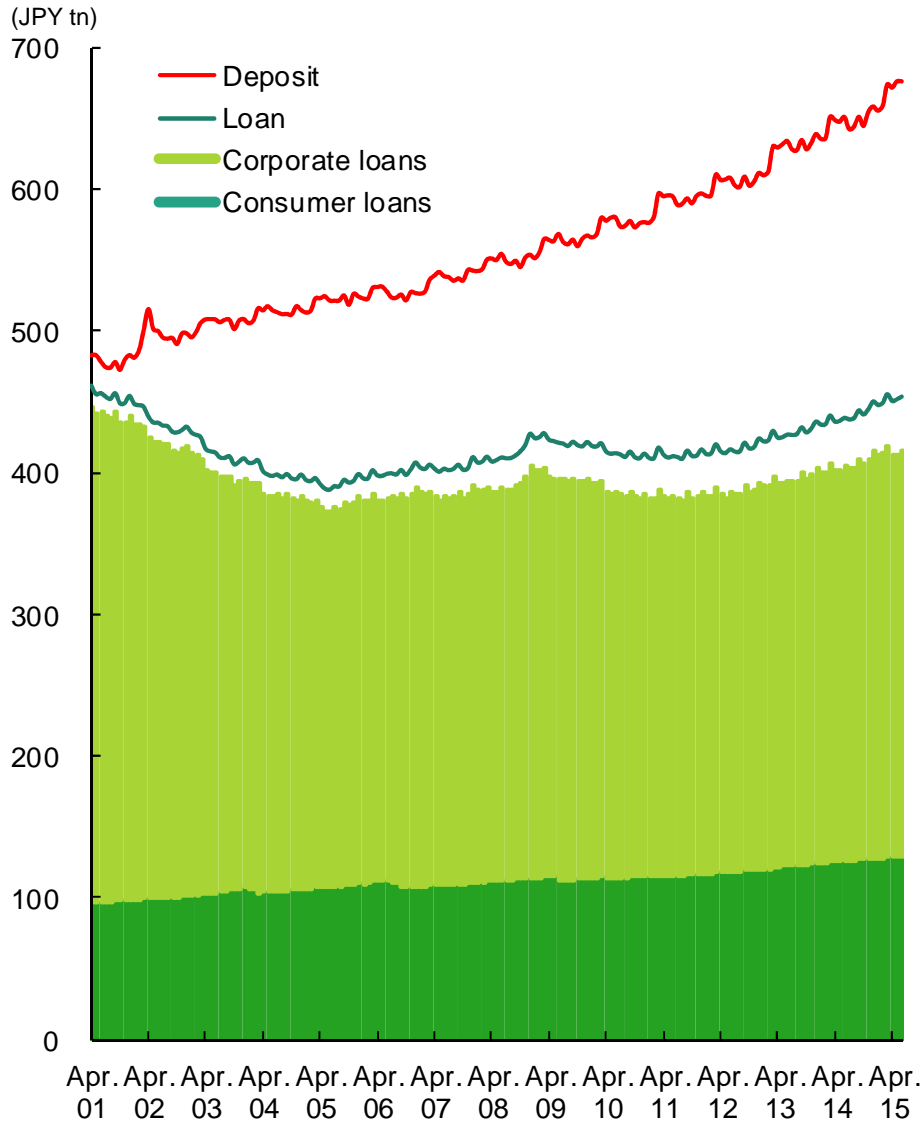
\*2 Source: Cabinet Office. Diffusion index for current economic conditions

\*3 Source: Ministry of Economy, Trade and Industry. \*4 Seasonally adjusted indices. In Aug. and Sep. 2015, based on the indices of production forecast

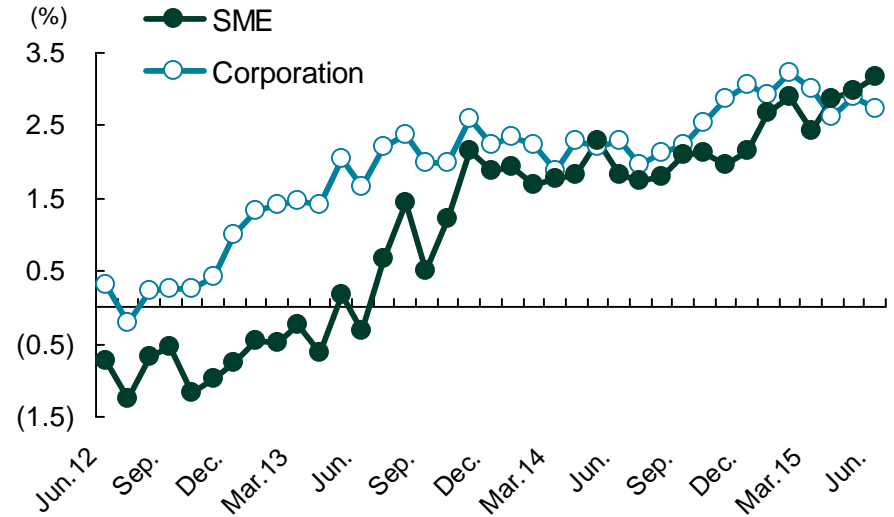
\*5 Seasonally adjustment indices. Machinery and equipment: such as household electrical appliance, General merchandise: such as department store

# Trends of loan and deposit balance in Japan\*1

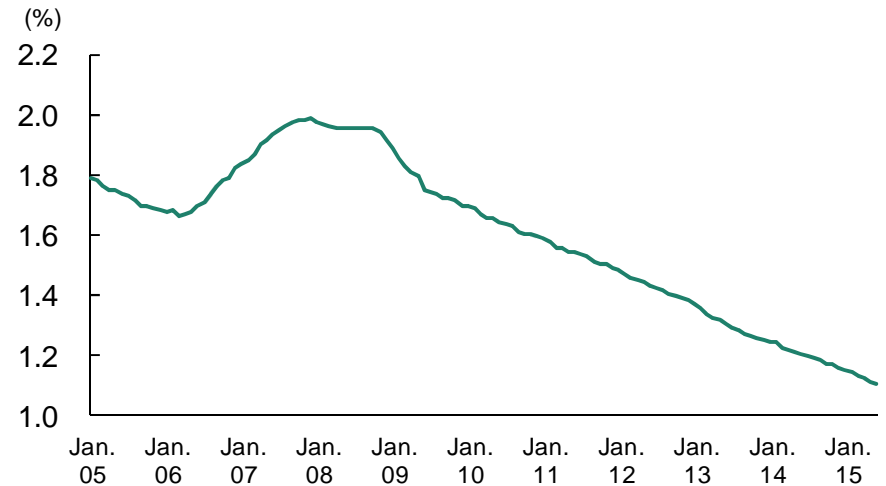
## Loan and deposit balance of domestic banks



## YOY increase/decrease of loan balance\*2



## Average loan spread of domestic banks\*3



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

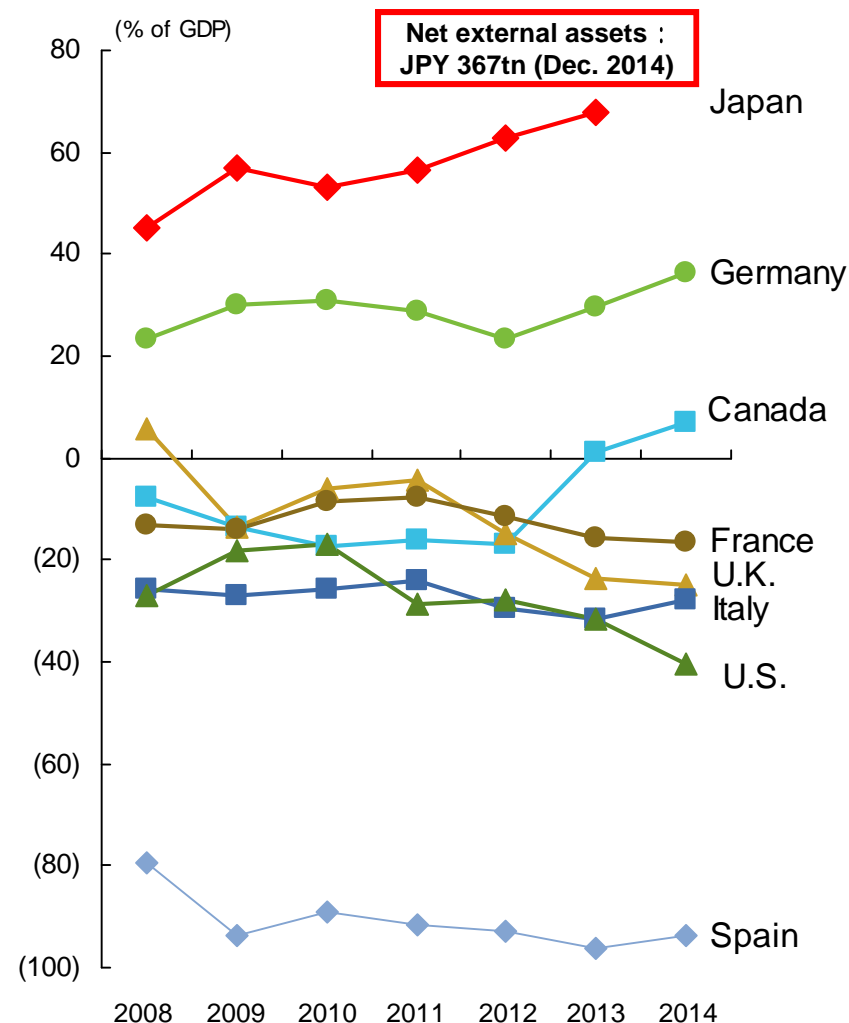
\*2 Period end balance \*3 Stock basis

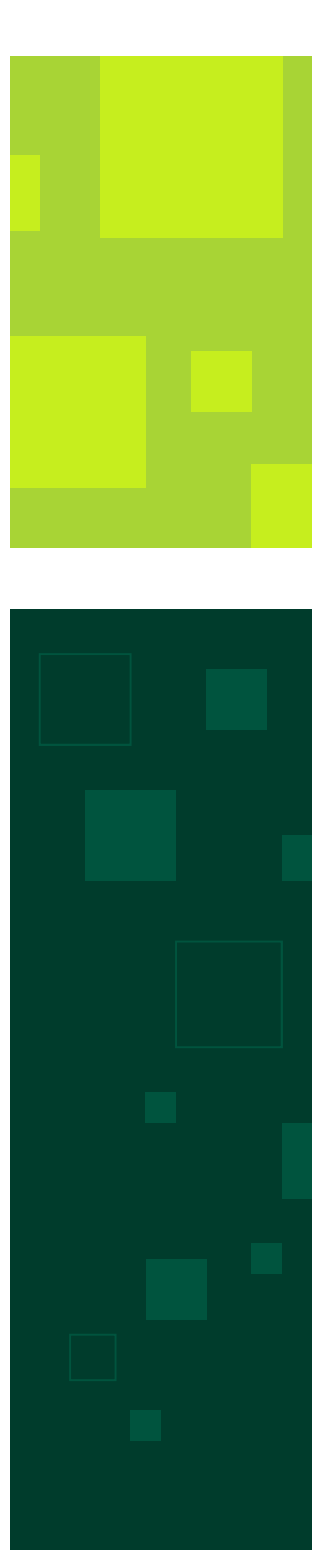

# Japanese national wealth

Balance sheet of Japan (as of Dec. 2013, JPY tn)<sup>\*1</sup>

Closing assets		9,295	Closing liabilities plus net worth		9,295
<b>Households</b>		<b>2,687</b>	Households		359
<b>Financial assets</b>		<b>1,656</b>	Non-financial corporations		1,490
Non-financial assets		1,031	of which: Stocks		678
of which: Land		676	Financial corporations		3,202
Non-financial corporations		2,045	of which: Stocks		201
Financial assets		1,028	To Nominal GDP: 241.6%		
Non-financial assets		1,017	General government		1,167
of which: Land		267	<b>Closing liabilities</b>		<b>6,246</b>
Financial corporations		3,296	<b>Net worth</b>		<b>3,049</b>
General government		1,168	Households		2,328
of which: Financial assets		577	Non-financial corporations		555
Financial assets		6,571	Financial corporations		94
Non-financial assets		2,724	General government		0

Net international investment position<sup>\*2</sup>





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 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.