

September 9, 2015

**Presentation at the 12th Annual Bank of America Merrill Lynch Japan Conference  
“SMFG’s Management Strategy”**

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<Presentation Summary>

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**(Cover page)**

Good afternoon, ladies and gentlemen. My name is Miyata from Sumitomo Mitsui Financial Group.

It’s my great pleasure to be here today to make this presentation, and

I would like to thank all of you for taking time out of your schedule for SMFG.

I would also like to thank Merrill Lynch Japan Securities for organizing this conference.

We are currently seeing global financial market is entering into instability due to the economic backdrop of a slowing Chinese economy, this is a big topic of today, and the Japanese stock market is also shaken by this trend. Our stock price is also showing significant fluctuation.

**(P.1)**

Please move on to page 1.

Despite the current market situation, we continue to demonstrate results in business development and financial results, as we approach our half-way mark for our medium-term management plan. Today I will explain our financial achievements for the first quarter of this fiscal year, implementation of our medium-to-long term growth, corporate governance, strategic shareholdings, and capital policy for approximately 20 minutes, and then followed by a discussion with Ms. Otsuki.

**(P.3)**

Our first quarter results are shown on page 3.

Consolidated net income was 267.9 bn, which is a 37.1 bn increase compared to the previous year.

We’ve reached 35% of our full year target, which is 760 bn.

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Please take a look at page 4.

As you can see, our first quarter performance is good, not only due to the continuing steady performance by SMBC's Treasury Unit, but also due to increased gross profit from the respective marketing units.

In April of last year, SMBC revised the overall domestic business structure. This measure was in order to meet the demands of our clients needs. I feel the fruits of our labor has finally begun to appear.

A key driver for increased gross profit in the marketing units was one of medium-term management plan's core initiatives called bank-securities collaboration. Specifically, SMBC Nikko serves individual clients' active asset management needs and SMBC serves aging SMBC Nikko clients with inheritance/succession-related needs, which is an integral part of the "Bank-securities retail integration". Additionally, SMBC Nikko provides solutions for SMBC's large corporate clients with seamless operation of bank-securities and domestic-international offices, and serves asset management needs from SMBC's mid-sized corporate clients. In this way, many other opportunities provide for a way for the bank and securities to work together to enhance results.

**(P.6)**

Next, I will explain our initiatives toward business growth and high profitability shown on page 6.

Our high profitability and efficiency is illustrated as our globally top level ROE figure, low overhead ratio, and high domestic loan-to-deposit spread relative to our domestic mega bank peers. We will continue to focus on risk return and implement high quality management.

**(P.7)**

SMBC non-consolidated domestic loan figure is shown on page 7.

The upper right is the illustration of our corporate loan balance. We see an increasing trend in loan balance from mid-sized corporations and SMEs due to a more open mindset for capital investment, enhanced interaction with each client through our "one to one" approach, carefully implementing and even creating client's financing needs.

On the bottom left, loan spreads for individuals have slowed its movement toward compression due to success in strengthening unsecured card loans business. On the bottom right, for corporates, competition remains fierce and loan spread compression continues to trend. However, we continue to fight this trend through solution-providing to clients by implementing high value-added loans.

**(P.8)**

We will introduce our advanced initiatives on page 8 and 9. First, let's begin with page 8.

One of SMFG's strengths is its solid mid-size corporates and SME client base. Among these clients, we've observed many struggling with problems related to human resources, funds, network, and succession. Therefore, we've introduced our network of venture companies and growth industries, our consultation function, and influential external partnerships to the clients. In turn, resolving the client's management issues has provided us with new business opportunities and helped us contribute to the "virtuous cycle of venture business creation", revitalization of Japanese economy, and Abenomics.

As presented in our slide, we continue to support our client's growth as the "SMFG/SMBC that is strong in growth areas" through hosting a pitch contest with Agency of Industrial Science and Technology (AIST) that has technical assessment ability, supporting IPO from SMBC Nikko, and business matching of our clients.

**(P.9)**

Next, services utilizing IT.

Recently, we often hear the word "FinTech", which is a combination of the word finance and technology. We believe this area of business is our future growth engine. As you can see, we have cooperative relationships with the industry's top class enterprises and proactively provide financial services utilizing mobile and internet. For example, as seen on the top left hand side, e-commerce market has grown by over 10% every year. At SMFG/SMBC, we will provide settlement services by forging alliance with GMO Payment Gateway to SMBC corporate clients with business via internet needs.

On the top right, Sumitomo Mitsui Card, by forming a capital and business alliance with a US company called Square, has been providing credit card payment services via smartphones and tablets in Japan since May 2013. Payment services provided by Square enable smartphones to become participating merchants' settlement terminal by inserting a small card reader into the smartphone's earphone jack. Within Japan domestically, we have seen over 100,000 stores implement this service due to its relative low cost for implementation compared to regular credit card transactions and its matching payment services needs from small stores and sole proprietors.

In regard to introducing the latest technology, Sumitomo Mitsui Card opened an office in Silicon Valley three years ago and has addressed this theme. SMBC, in August of this year, has formed a partnership contract with Plug and Play, which is a global accelerator headquartered in Silicon Valley that focus on fostering and supporting start-ups. SMFG will continue to provide advanced financial service by sharing information and network related to upcoming technology.

Please move forward to page 10.

**(P.10)**

Our bank-securities collaboration is on page 10.

Regarding our wholesale business, we target to increase SMBC Nikko's equities and Yen-denominated bonds underwriting share to 20% from our medium-term management plan's starting point of 14%.

In terms of our retail business, as seen on the bottom right, we've increased our assets under management over the last year by 650 bn Yen due to bank-securities retail integration. We are also increasing our services for our high-net-worth clients by starting financial instrument intermediary services with SMBC Trust Bank in July of this year.

**(P.11)**

Our consumer finance business is on page 11.

We need to pay close attention to the trend of interest refund claims, but otherwise domestic unsecured card loans, loan guarantee, overseas business steadily continues to expand.

Please continue on to page 12.

**(P.12)**

This is our international business.

We aim to realize our vision for the next decade, which is to become a truly “Asia-centric” institution by building a platform and capturing growth opportunities. “Asia-centric” means aiming to become a leading financial group in Asia through supporting Japanese corporate clients making inroads in the Asia market, contributing to the growth of countries and corporations in Asia, and becoming a gateway to access Asia for western corporate clients.

We believe it is important for our medium-long term growth to continue our business in Asian emerging countries that is rooted locally, despite potentially facing head wind with the impact from the Chinese economy deceleration and US rate hike. We will expand our business platform by proactively promoting and developing locally hired staff, strengthening our business infrastructure including compliance, expanding our network by establishing new offices or forming business and capital alliances, building medium-long term relationships with core clients, and enhancing our product offerings like transaction banking.

For investments, we will continue to verify the effectiveness of our alliances; if we are unable to produce satisfactory results, we will consider selling those investments off.

**(P.13)**

Please take a look at page 13.

Our overseas loan balance in Asia for the first quarter remained flat compared to the previous year due to the impact of the slowing economy. On the other hand, Americas and EMEA continues to increase even though we are carefully selecting profitable deals. Our overseas loan spread continues to maintain stable.

For overseas foreign-currency funding, we are increasing customer-based deposits, diversifying our funding base, and raising medium-long term bonds.

**(P.14)**

Please look at page 14.

Let me explain our measures to switch our overseas business model into one capable of sustainable growth.

We will increase profitability by establishing relationships with clients as business partners and not only providing loans, but also combining deposit, foreign exchange, securities business. We plan to improve the quality of our portfolio by strengthening our risk taking capability and switching our low profitability assets into ones that have higher turnover and profitability.

**(P.15)**

We are showing you an example of high profit assets on page 15.

Our aircraft leasing business conducted by SMBC Aviation Capital is a high profit business. We put effort into hedging aircraft price volatility risk by continuing our asset turnover through aircraft procurement and sales and keeping the average life of our aircraft portfolio short. We create business opportunities by becoming a one-stop shop for domestic and overseas investor clients with investment needs through the cooperation of our various group companies.

We aim to raise profitability of our overall portfolio. One of the initiatives is conducting middle market business, which is small pockets of highly profitable transactions combined with careful credit risk management. However, it only makes up 2% of our overseas loan portfolio, even including the acquired loan portfolio from GE Group in Europe.

**(P.17)**

You will find our Treasury Unit's gross banking profit from the past 5 years and in which market we have earned with a timeline on page 17.

SMBC's Treasury Unit's strength is their management structure that allows for flexible and speedy portfolio shifts that corresponds with the ever changing market environment. Although we've had outstanding investments since the latter half of 2012 in Japanese equity, as you can see from our performance, our aim is to achieve stable profitability, rather than maximize returns by managing our portfolio in accordance with the market environment.

Please turn to page 19.

**(P.19)**

For our corporate governance, we've decided to elect one-third or more of directors as independent outside directors as our business continues to expand and in order to manage with a diverse and global perspective. As you can see, our newly appointed independent outside directors have taken their posts and are presenting diverse perspectives for management. We are seeing that discussions at our board of

directors meetings are becoming even more active.

**(P.21)**

Please look at Page 21.

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

We will deliberate, at our board of director meetings, the target amount and time frame of the reduction of strategic shareholdings as well as what type of indicator will be suitable in order to verify the rationale for holding strategic shares. We would like to share our strategy in November during our first half results announcement.

**(P.23)**

Our capital policy is on page 23.

We will secure a Common Equity Tier 1 capital ratio of at least around 10% while striving to strike an appropriate balance among growth investments, shareholder return, and reserves for the tightening of international financial regulations and downside risk in the economy. At the same time, we aim to achieve ROE target of around 10% and deliver sustainable shareholder value by realizing solid growth.

We aim to stably increase our dividend per share and to raise payout ratio to 30%. Specific figures are presented on page 24 and 25. Our forecasted dividend for this year is a 10 Yen increase to 150 Yen and payout ratio of 27.8%.

Our Common Equity Tier 1 capital ratio on a Basel III fully-loaded basis as of end of June 2015 is 12.5%, and is 9.4% excluding net unrealized gains on other securities. However, we continue to assess the direction, clarification and implementation schedule regarding international financial regulation due to the fact that there may be an increase in risk-weighted assets through the regulation such as revisions to standardized approaches and capital floors, which are under consultation.

As shown in the medium-term management plan, we plan to maintain an ROE of approximately 10% and Common Equity Tier 1 capital ratio of around 10%, and concurrently aim to strengthen shareholders return.

We hope that we can obtain your continued support. Thank you very much for your kind attention.

(End)