

# Overview of 1Q, FY3/2016 performance

July 31, 2015

**Sumitomo Mitsui Financial Group, Inc.**

# Overview of 1Q, FY3/2016 performance

- SMFG gross profit increased mainly as a result of a good performance of Marketing units both domestically and internationally, a strong performance of SMBC Nikko Securities led by an increase in equity brokerage commissions, and realizing gains of equity index-linked investment trusts at SMBC
- SMFG reported strong Net income\* of JPY 267.9 bn, an year-on-year increase of JPY 37.1 bn, despite an increase in general and administrative expenses and total credit cost

\* Profit attributable to owners of parent

## Key financial figures

<b>Profit attributable to owners of parent</b> <span style="float: right;">SMFG consolidated</span>		<b>Banking profit*<sup>3</sup></b> <span style="float: right;">SMBC non-consolidated</span>	
<b>JPY 267.9 bn</b> USD 2.2 bn <sup>*1</sup>	YOY change: +JPY 37.1 bn <b>35%</b> of full-year target	<b>JPY 239.4 bn</b> USD 2.0 bn <sup>*1</sup>	YOY change: +JPY 9.8 bn <b>32%</b> of full-year target
<b>ROE*<sup>2</sup></b> <span style="float: right;">SMFG consolidated</span>		<b>Total credit cost</b> <span style="float: right;">Top: SMFG consolidated/ bottom: SMBC non-consolidated</span>	
<b>15.1%</b>	Financial target of medium-term management plan: <b>around 10%</b>	<b>JPY 6.5 bn</b>	FY3/2016 target: <b>JPY 120 bn</b>
<b>Overhead ratio</b> <span style="float: right;">SMFG consolidated</span>		<b>(net reversal) JPY 20.4 bn</b>	FY3/2016 target: <b>JPY 0 bn</b>
<b>53.6%</b>	Financial target of medium-term management plan: <b>in the mid 50%</b>		

## Per share information (SMFG consolidated)

	Apr.-Jun. 2015 result	YOY change	FY3/2016 target		Jun. 30, 2015	Change from Mar. 31, 2015
<b>Profit attributable to owners of parent</b>	JPY 195.92	+JPY 27.10	JPY 555.86	<b>Net assets</b>	JPY 6,743.54	+JPY 144.67

\*1 Translated into USD at period-end exchange rate of USD 1 = JPY 122.44 \*2 Annualized \*3 Before provision for general reserve for possible loan losses

# 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>	267.9	+37.1	380	760
Variance <sup>*2</sup>		82.9	+53.2	100	250	

## 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

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
	Gains (losses) on stocks		28.3	(2.5)		
	Other non-recurring gains (losses)		(25.8)	(7.6)		
	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

## Credit ratings (SMBC)

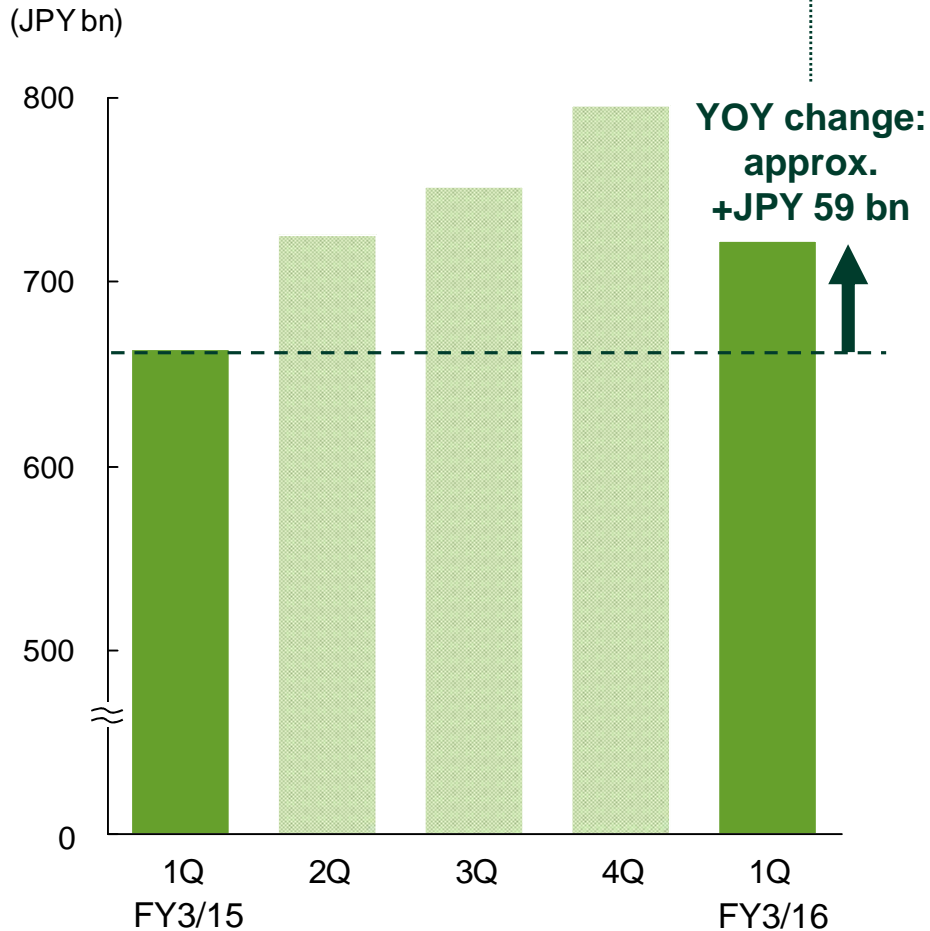
Moody's	A1 / P-1
S&P	A+ / A-1
Fitch	A- / F1
R&I	AA- / a-1+
JCR	AA / J-1+

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

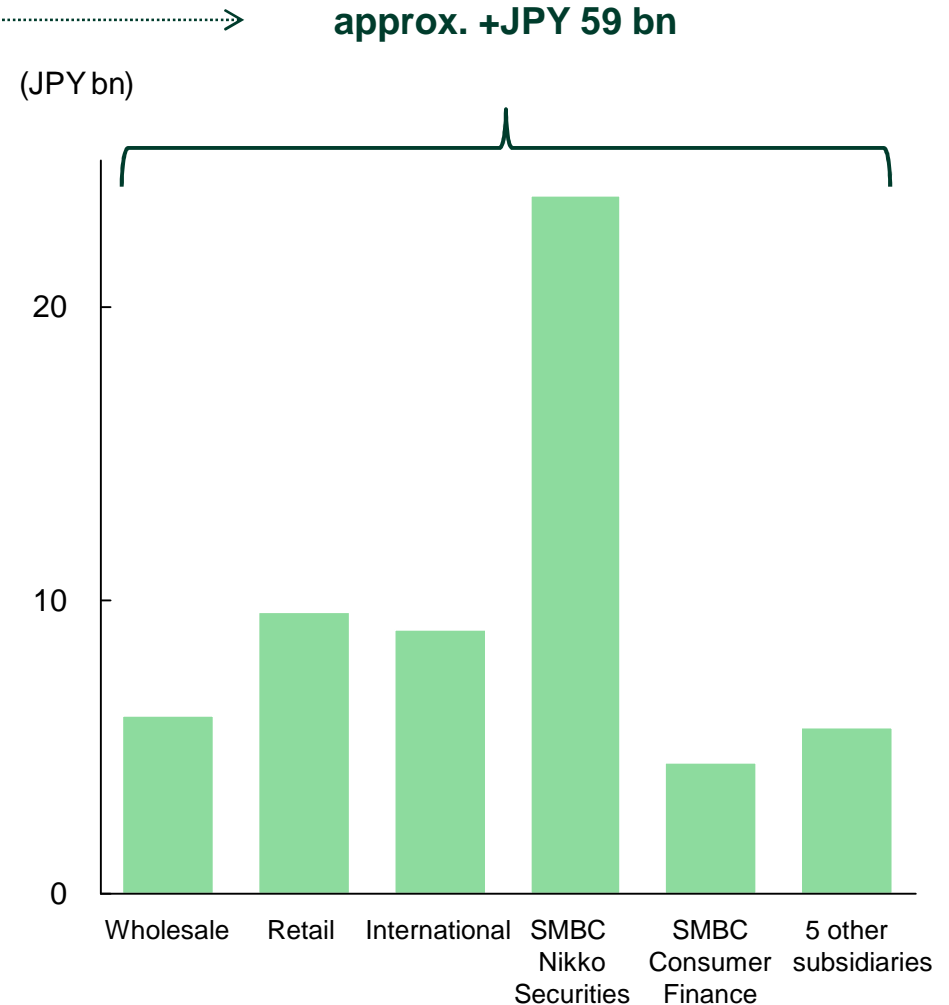
\*3 Excludes non-recurring losses \*4 Before provision for general reserve for possible loan losses

# Aggregate gross profit of SMFG's Marketing units and 7 major subsidiaries\*1, 2

Trend of quarterly results

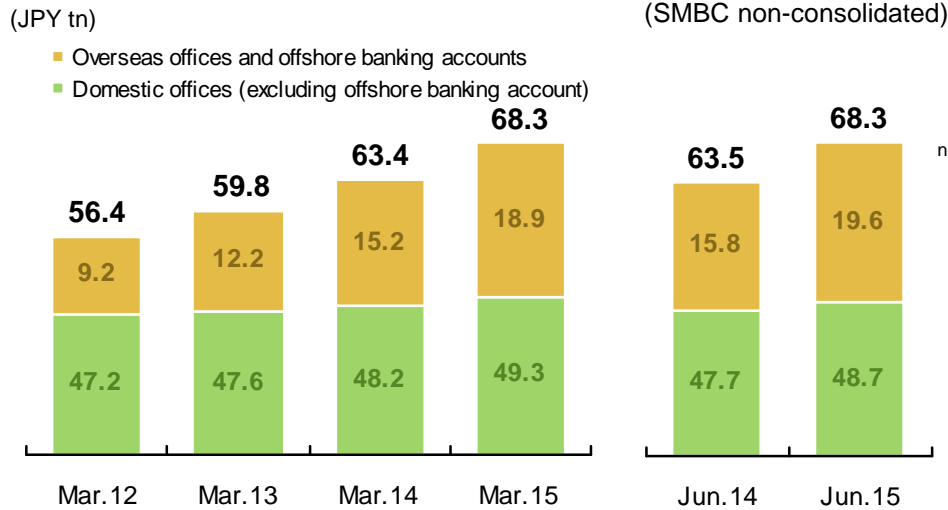


Breakdown of YOY change in 1Q, FY3/16

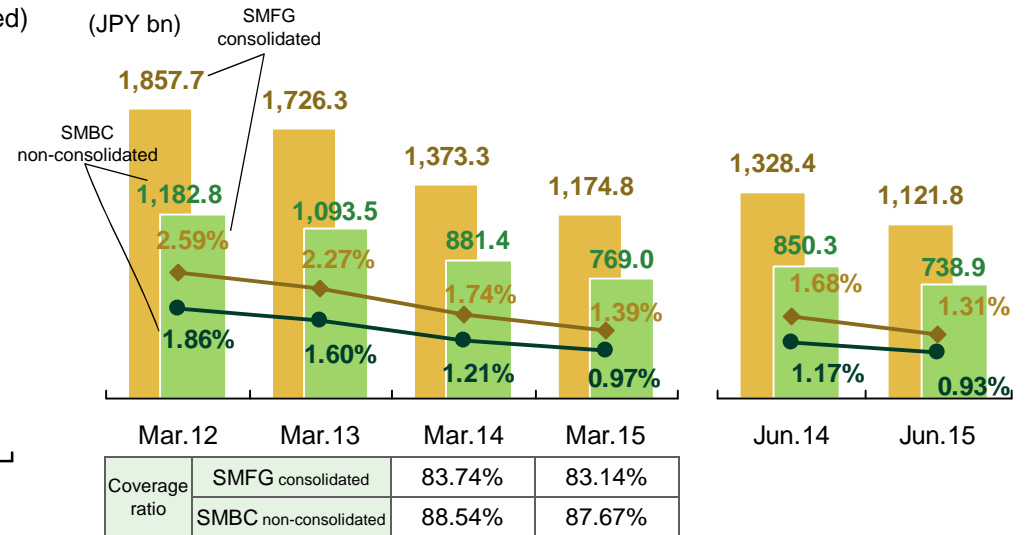


# Trends in key figures

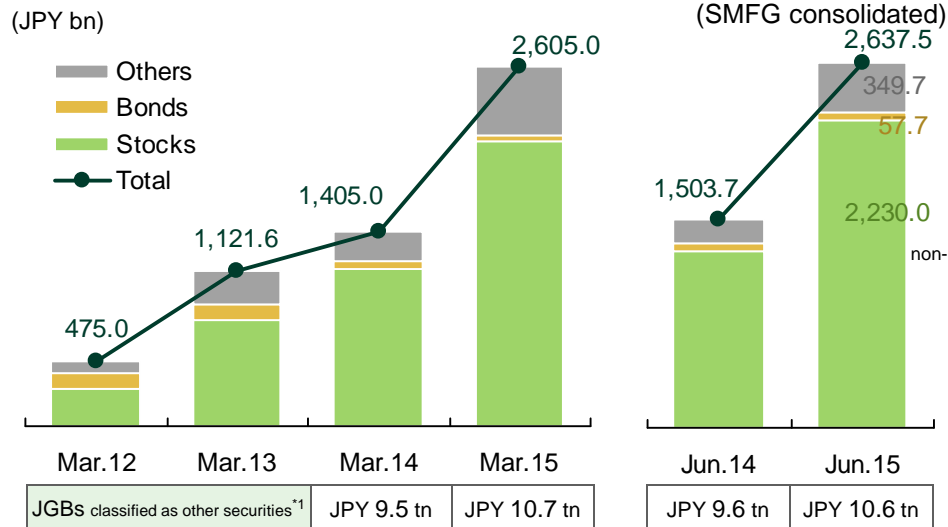
## Loan balance



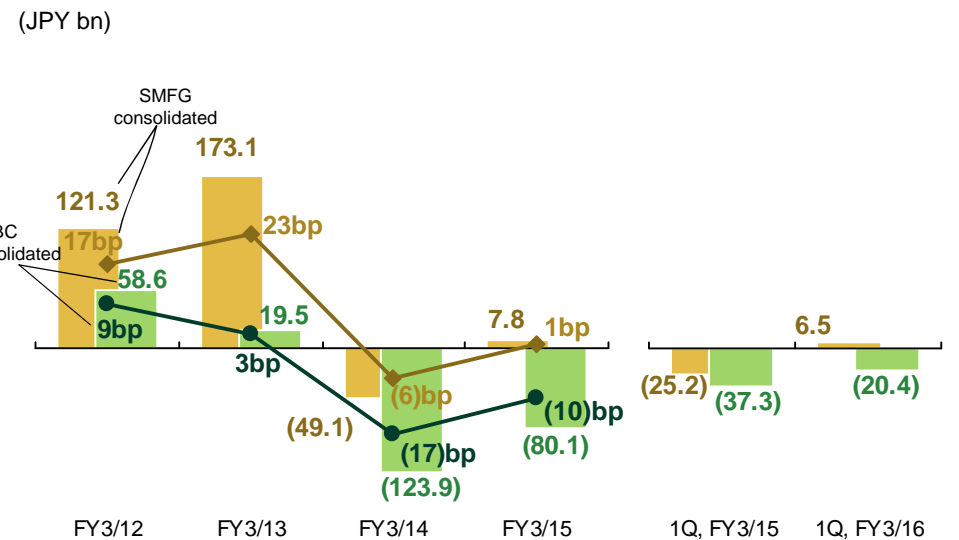
## NPLs and NPL ratio\*2



## Unrealized gains (losses) on other securities



## Total credit cost and Total credit cost ratio\*3



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

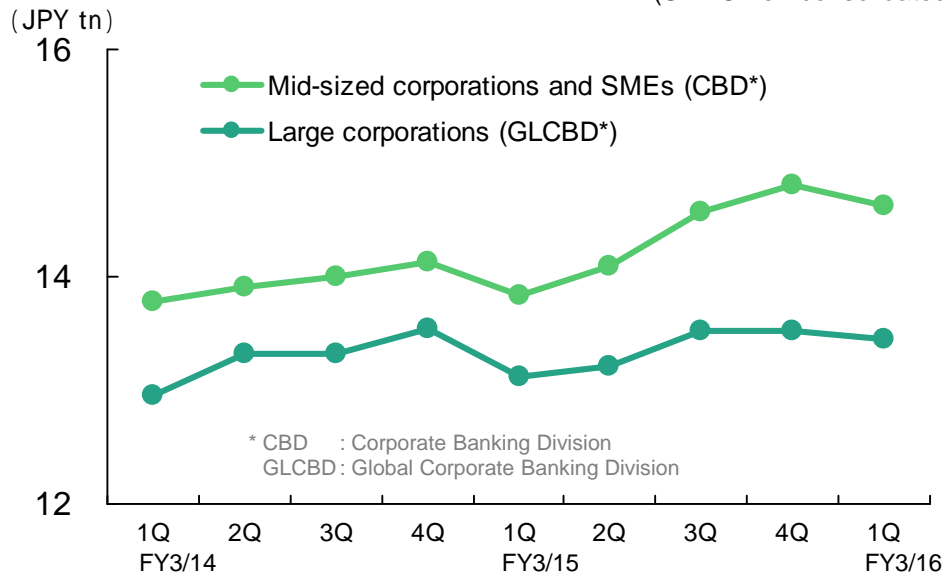
\*2 NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

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

# Wholesale business

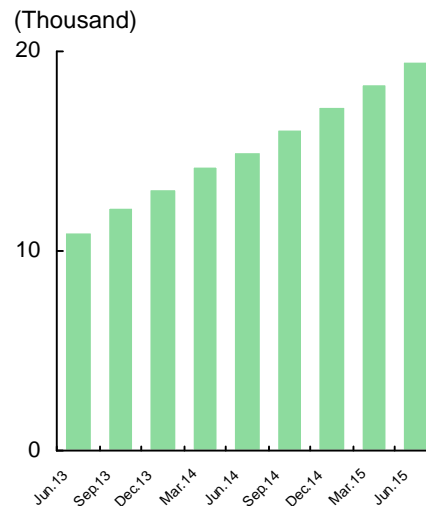
## Loan balance of Wholesale Banking Unit\*1, 2

(SMBC non-consolidated)

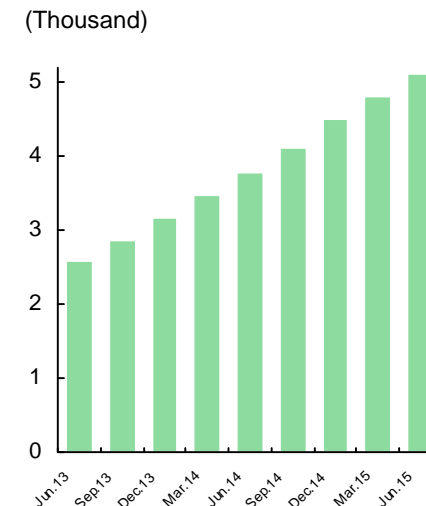


## Bank-securities collaboration (accumulated no. of cases via referral / intermediary services from SMBC to SMBC Nikko)

### Asset Management

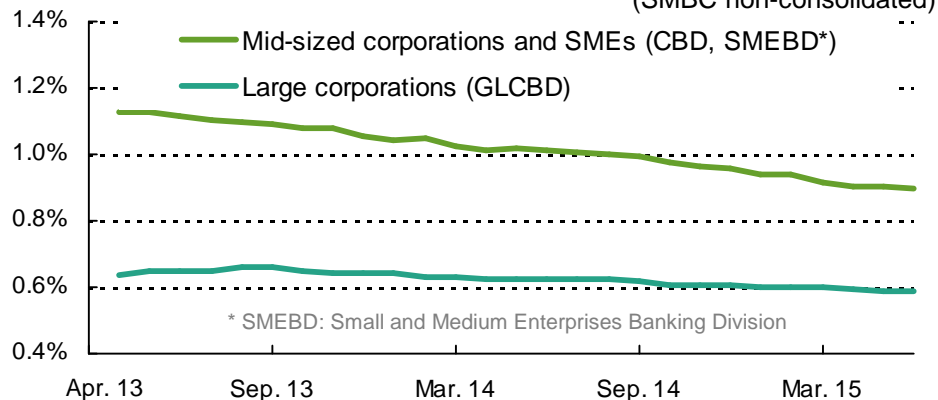


### Investment banking



## Domestic corporate loan spread\*1, 3

(SMBC non-consolidated)



## League tables (Apr. -Jun. 2015)\*4, 5

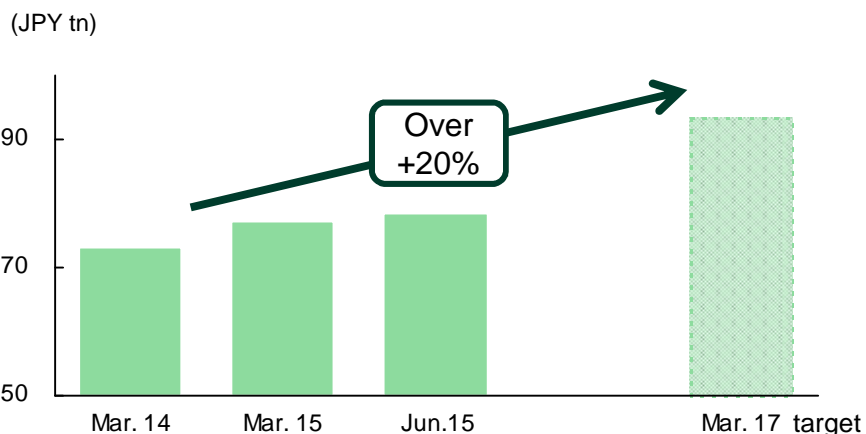
	Rank	Mkt share
<b>Global equity &amp; equity-related (book runner, underwriting amount)*6</b>	#4	12.5%
<b>JPY denominated bonds (lead manager, underwriting amount)*7</b>	#4	19.0%
<b>Financial advisor (M&amp;A, No. of deals)*8</b>	#1	7.0%
<b>Financial advisor (M&amp;A, transaction volume)*8</b>	#6	18.0%

\*1 Managerial accounting basis. We revised managerial accounting rules since Apr. 2014, following revision of domestic business structure. Figures for FY3/14 were recalculated based on the new rules \*2 Quarterly average \*3 Monthly average loan spread of existing loans \*4 SMBC Nikko Securities for Global equity & equity-related and JPY denominated bonds. SMFG for Financial advisor \*5 Source: SMBC Nikko, based on data from Thomson Reuters \*6 Japanese corporate related only \*7 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds \*8 Japanese corporate related only. Excludes real estate deals. Group basis

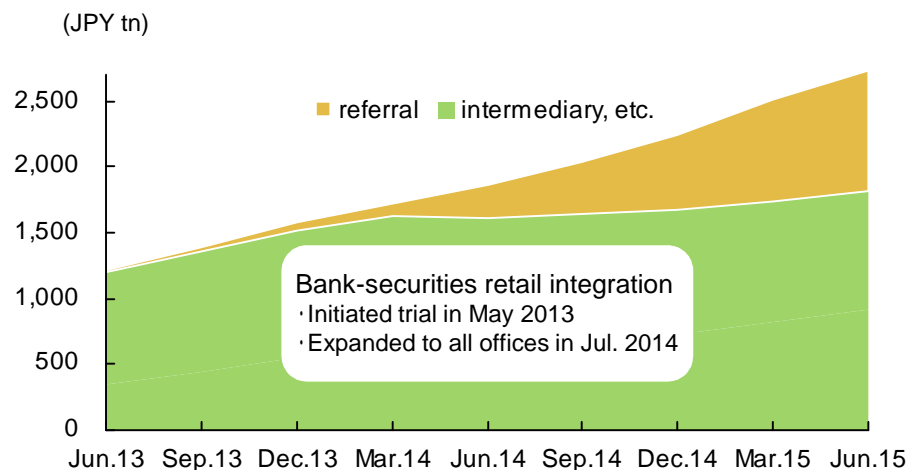
# Retail business / Financial results of SMBC Nikko Securities

## Bank-securities collaboration

### Retail AuM (SMBC+SMBC Nikko)



### AuM through bank-securities collaboration\*1 (SMBC Nikko Securities)



## 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

## Acquisition of Citibank Japan's retail banking business

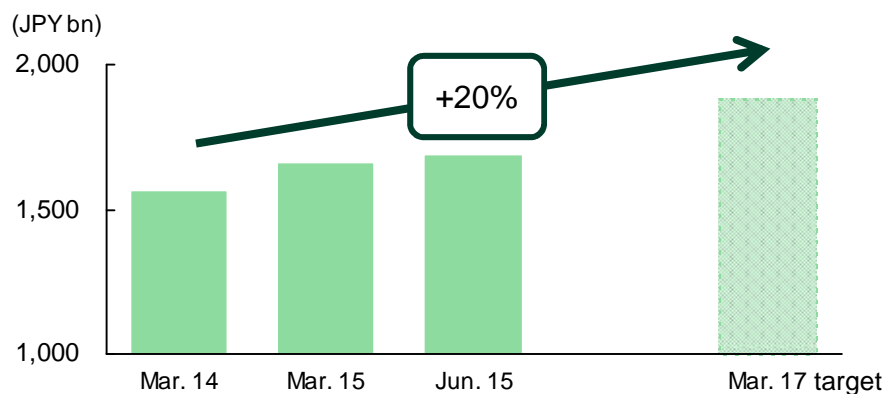
- SMBC Trust Bank will acquire the retail banking business of Citibank Japan on Nov. 1, 2015 subject to necessary regulatory approvals
  - Total deposits: JPY 2,440 bn<sup>\*2</sup>, Number of branches: 32<sup>\*3</sup>, Number of customers: approx. 740,000<sup>\*2</sup>
  - The retail banking operations will be conducted under the new brand PRESTIA from Nov. 1, 2015

**PRESTIA**

- SMBC started to offer various preferential fee schemes in Apr. 2015

# Consumer finance

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

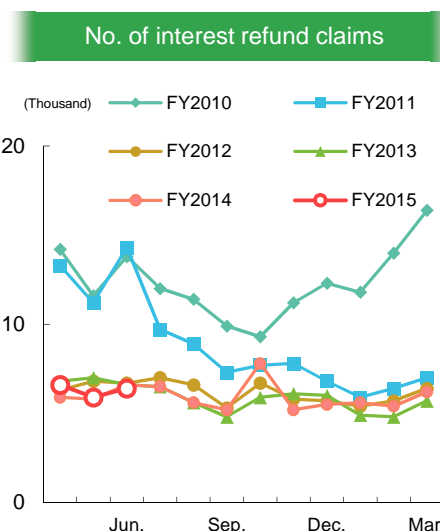
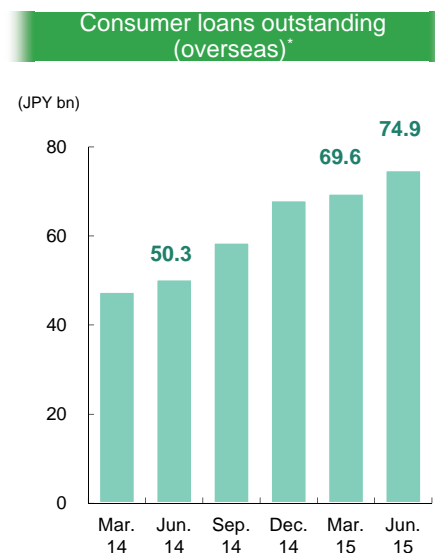
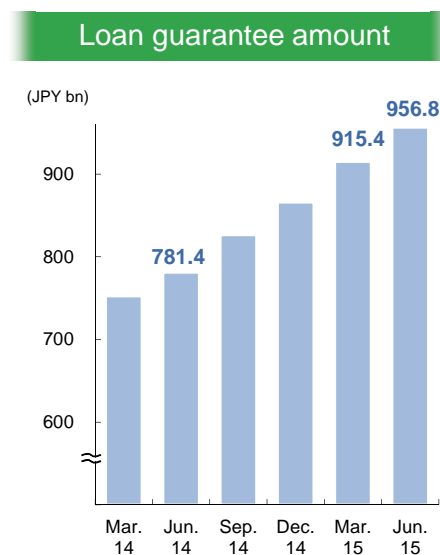
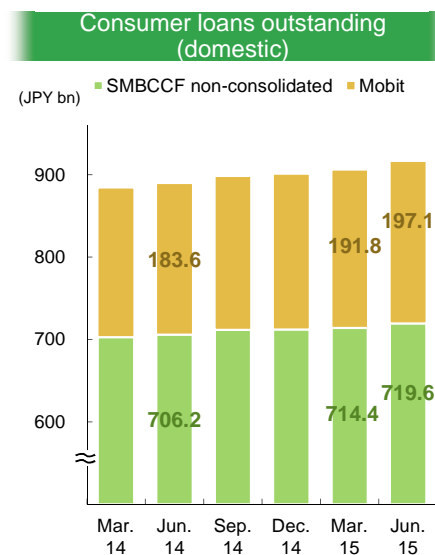


## Financial results : SMBC Consumer Finance (consolidated)

(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)
Profit attributable to owners of parent	11.2	12.0	(4.3)
<b>Consumer loans outstanding</b>	980.3	995.9	
Allowance on interest repayments	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)

## SMBC Consumer Finance: Financing / Loan guarantee / Overseas businesses

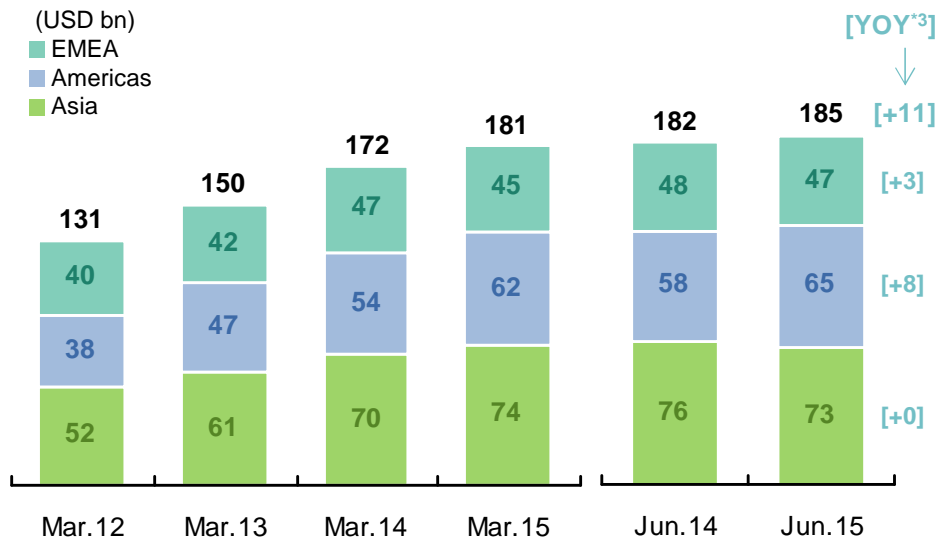


\* Translated into Japanese yen at respective period-end exchange rates

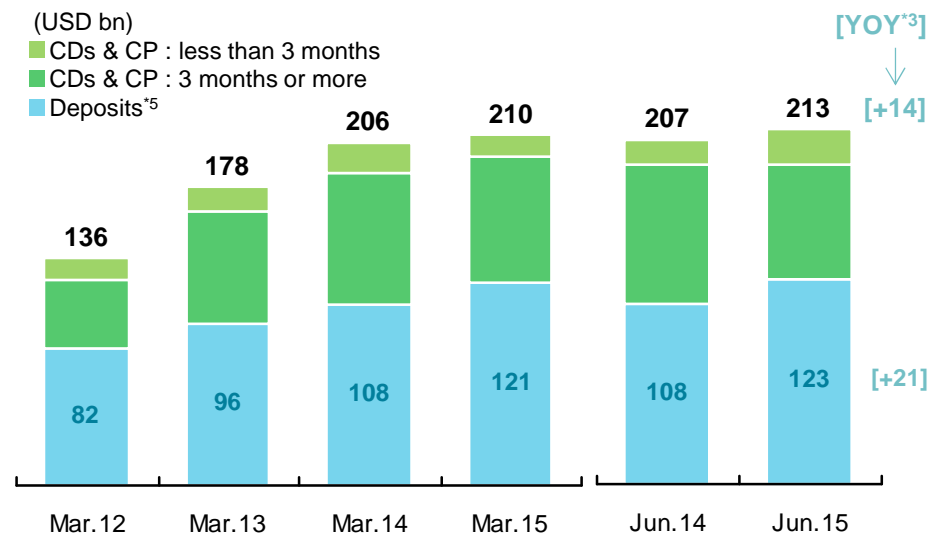


# International business

## Overseas loan balance (includes trade bills)<sup>\*1, 2</sup>



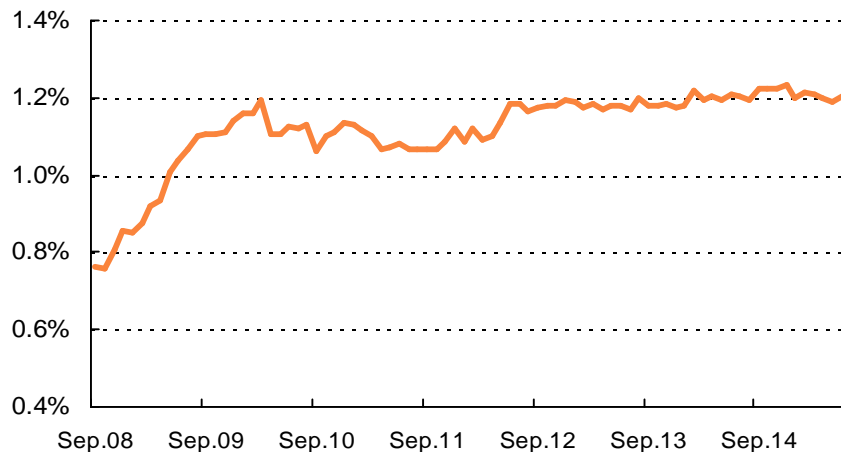
## Overseas deposit balance<sup>\*1, 2</sup>



Foreign currency bonds outstanding <sup>*6</sup> (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

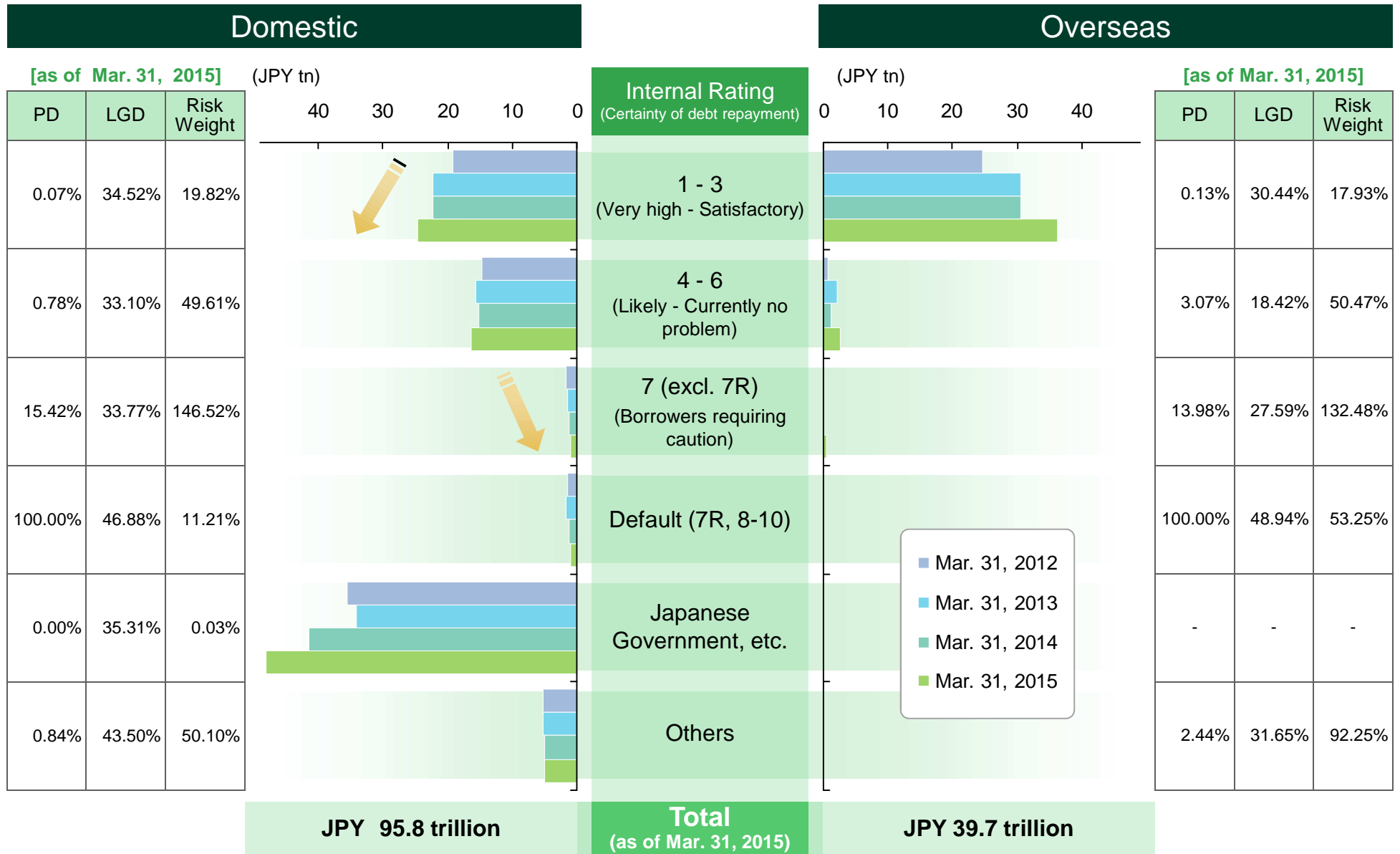
## Overseas loan spread<sup>\*1, 4</sup>

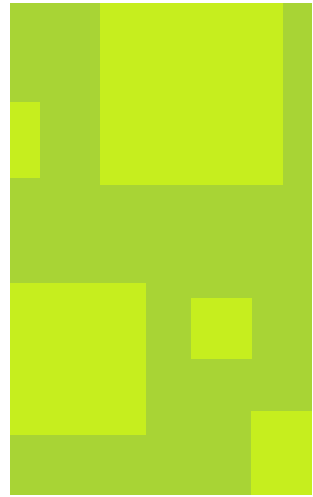



## Topics

- Reached an agreement to acquire European loan portfolio from GE
  - Aim to develop a more diversified portfolio of credit assets with higher quality and profitability
  - Loans for acquisition finance sponsored by PE funds, which are extended to approx. 100 companies domiciled in European countries (approx. USD 2.2 bn<sup>\*7</sup> at face value)  
The transaction will be completed around the middle of this fiscal year

# Ref: Corporate, sovereign and bank exposures





This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; exposure to new risks as we expand the scope of our business; and incurrence of significant credit-related costs. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

Please refer to our most recent disclosure documents such as our annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors’ decisions.

