

Provisional translation of  
the original Japanese version

# Financial Results for 1H, FY3/2012 & Progress of Management Policies

LEAD THE VALUE

**November 29th, 2011**

# Agenda

## Opening 2

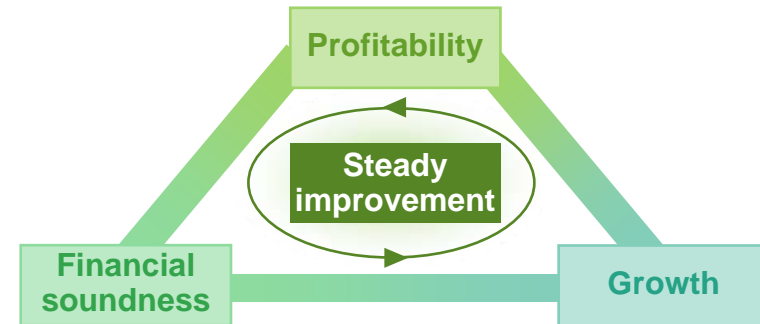
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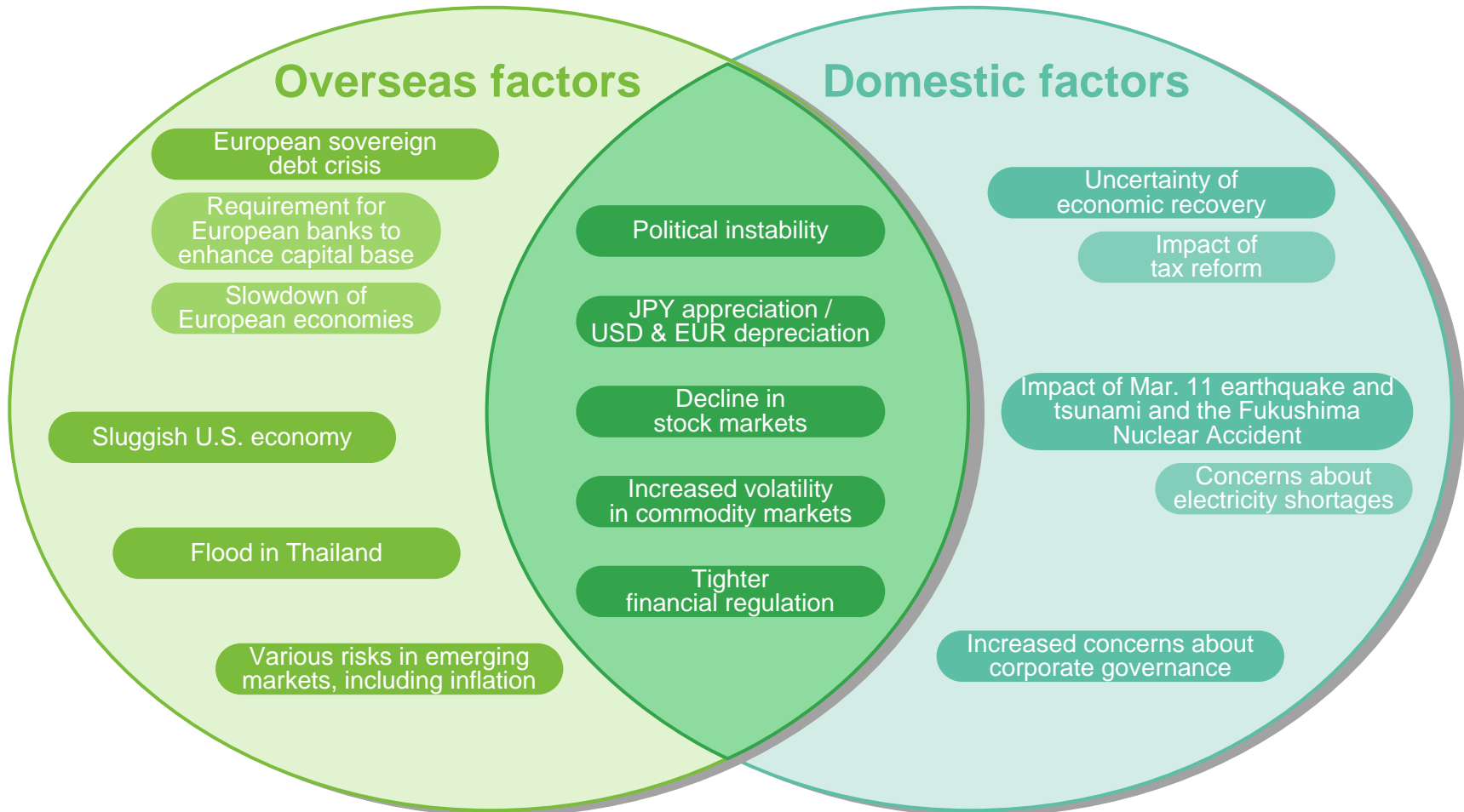
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# Opening - Risk Factors for Managing Financial Institutions -

*Financial institutions operate in an “unpredictable,” “uncertain,” and “unstable” business environment; we, however, made steady progress in 1H, FY3/2012*



# 1. Profitability - 1H, FY3/2012 Results -



# 1-1. Summary of 1H, FY3/2012 Results

Exceeded May 2011 forecast for consolidated net income by JPY 143.8 billion

## P/L

		(JPY bn)		
		1H, FY3/12	O/(U) May 2011 forecast	YOY change
SMBC non-consolidated	Gross banking profit	819.5	+94.5	(19.1)
	Expenses*1	354.6	(0.4)	+9.3
	<OHR>	43.3%	(570)bps	+210bps
	Banking profit*2	464.9	+94.9	(28.4)
	Total credit cost*3	2.9	(47.1)	(40.4)
	Gains (losses) on stocks	(46.1)		(27.8)
	Ordinary profit	397.6	+107.6	+4.6
	Income taxes-deferred	(92.3)		(73.3)
	Net income	290.6	+140.6	(60.6)
SMFG consolidated	Ordinary profit	546.5	+146.5	+5.9
	Net income	313.8	+143.8	(103.7)

## Per share information (common share)

		(JPY/share)		
		1H, FY3/12	O/(U) May 2011 forecast	YOY change
Net income (consolidated)		225.04	+103.12	(71.6)
ROE*4		12.6%		(470)bps
Interim dividend		50	-	-

		(JPY/share)	
		Sep. 2011	O/(U) Mar. 2011 forecast
Net assets (consolidated)		3,554.38	+20.91

## Major group companies' net income and comparison with the business plan\*5

		(JPY bn)	
		1H, FY3/12	O/(U) May 2011 forecast
SMBC Guarantee		13	+4
Sumitomo Mitsui Finance and Leasing		11	+4
SMBC Nikko Securities		10	(4)
Sumitomo Mitsui Card		8	+3
Promise		(46)	(48)

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

\*3 Including portion recorded in Extraordinary gains (losses) in 1H, FY3/11 results

\*4 Annualized. Numerator: Total stockholders' equity

\*5 In round numbers. Figures are before offsetting internal transactions between group companies and after adjustment by ownership ratio

# 1-2. Consolidated Results in 1H, FY3/2012

Subsidiaries and affiliates (excluding SMBC) accounted for JPY 23.2 billion of consolidated net income

• Promise net loss, but Sumitomo Mitsui Finance and Leasing, Sumitomo Mitsui Card and other subsidiaries steady results

(JPY bn)	SMFG consolidated	SMBC non-consolidated	Difference	YOY change
<b>Gross banking profit</b>	<b>1,321.9</b>	<b>819.5</b>	502.4	+24.2
Net interest income	658.7	486.6	172.1	(0.2)
Trust fees	0.7	0.7	0.0	(0.1)
Net fees and commissions	393.8	148.9	244.9	+26.1
Net trading income	144.4	90.9	53.5	0.0
Net other operating income	124.4	92.5	31.9	(1.7)
<b>G&amp;A expenses</b>	<b>693.8</b>	<b>*1 354.6</b>	339.2	(28.9)
<b>Total credit cost*2</b>	<b>28.0</b>	<b>2.9</b>	25.1	(37.4)
Gains (losses) on stocks	(12.1)	(46.1)	34.0	+38.3
Equity in earnings (losses) of affiliates	(40.6)		(40.6)	(42.2)
<b>Ordinary profit</b>	<b>546.5</b>	<b>397.6</b>	148.9	+1.3
<b>Net income</b>	<b>313.8</b>	<b>290.6</b>	23.2	(43.1)
<b>Net business profit / Banking profit</b>	<b>561.4</b>	<b>464.9</b>	96.5	(10.8)

## Main contributors to difference (figures of group companies are in round numbers)

(JPY bn)	1H, FY3/12	YOY change
<b>Ordinary profit</b>	<b>148.9</b>	<b>+1.3</b>
SMBC Guarantee	16	+4
Sumitomo Mitsui Finance and Leasing	34	+7
SMBC Nikko Securities	20	(3)
Sumitomo Mitsui Card	21	+7
Promise	(46)	(45)
<b>Net income*3</b>	<b>23.2</b>	<b>(43.1)</b>
SMBC Guarantee	13	+6
Sumitomo Mitsui Finance and Leasing	11	+2
SMBC Nikko Securities	10	(7)
Sumitomo Mitsui Card	8	+3
Promise	(46)	(45)

\*1 Excluding non-recurring losses \*2 Including portion recorded in Extraordinary gains (losses) in the results of 1H, FY3/11

\*3 Figures are before offsetting internal transactions between group companies and after adjustment by ownership ratio

# 1-3. Top-Line Profit (1) Performance by Business Unit\*1 <SMBC non-consolidated>

Marketing Units' gross bank profit: year-over-year increase of JPY 5.3 billion

• Mainly driven by investment trust sales and IBU's non-interest income

		(JPY bn)	1H, FY3/11	1H, FY3/12	YOY change*2
Consumer Banking Unit	Gross banking profit		190.2	192.3	+ 0.4
	Expenses		143.4	143.0	(0.5)
	Banking profit		46.8	49.3	+ 0.9
Middle Market Banking Unit	Gross banking profit		220.7	208.8	(11.4)
	Expenses		109.5	110.8	+ 0.9
	Banking profit		111.2	98.0	(12.3)
Corporate Banking Unit	Gross banking profit		99.0	102.6	+ 0.6
	Expenses		17.7	18.9	+ 0.9
	Banking profit		81.3	83.7	(0.3)
International Banking Unit (IBU)	Gross banking profit		88.8	93.5	+ 15.7
	Expenses		29.1	31.0	+ 5.0
	Banking profit		59.7	62.5	+ 10.7
Marketing Units	Gross banking profit		598.7	597.2	+ 5.3
	Expenses		299.7	303.7	+ 6.3
	Banking profit		299.0	293.5	(1.0)
Treasury Unit	Gross banking profit		251.7	227.3	(24.4)
	Expenses		8.9	9.5	+ 0.7
	Banking profit		242.8	217.8	(25.1)
Headquarters	Gross banking profit		(11.8)	(5.0)	0.0
	Expenses		36.7	41.4	+ 2.3
	Banking profit		(48.5)	(46.4)	(2.3)
Total (Business Units)	Gross banking profit		838.6	819.5	(19.1)
	Expenses		345.3	354.6	+ 9.3
	Banking profit		493.3	464.9	(28.4)

		(JPY bn)	<YOY change*2>
<b>Gross banking profit by product</b>			
o/w:			
Income on domestic loans		245.7	(14.2)
Income on domestic yen deposits		83.4	(1.8)
IBU's Interest related income*3		53.2	+5.0
Interest income		413.1	(11.2)
o/w:			
Investment trust		27.6	+3.8
Pension-type insurance		4.9	(0.9)
Income relating to Financial consulting for individuals		40.4	+4.4
o/w:			
Loan syndication		20.2	+0.6
Structured finance*4		24.4	+2.9
Real estate finance*4		15.7	(0.9)
Income related to IB*5 business*4		71.4	+2.3
o/w:			
Sales of derivatives		7.7	+0.4
Money remittance, Electronic banking		46.4	(0.6)
Foreign exchange		23.2	+0.5
IBU's Non-interest income*3		42.9	+11.4
Non-interest income		184.1	+16.5
<b>Gross banking profit of Marketing Units</b>		<b>597.2</b>	<b>+5.3</b>
Adjustment of interest rates and exchange rates, etc.: (6.8)			
Nominal YOY change: (1.5)			

## Average loan balance and spread by business unit

	Average balance		Average spread	
	1H, FY3/12	YOY change*2	1H, FY3/12	YOY change*2
(JPY tn, %)				
Domestic loans	48.1	(0.9)	1.05	(0.04)
o/w:				
Consumer Banking Unit	15.3	(0.1)	1.47	(0.03)
Middle Market Banking Unit	16.7	(1.0)	1.14	(0.05)
Corporate Banking Unit	11.8	(0.1)	0.71	0.00

\*1 Managerial accounting basis \*2 After adjustment of interest rates and exchange rates, etc. \*3 Including profit from Japanese corporations in Hong Kong Branch and Taipei Branch

\*4 Including interest income \*5 IB stands for "investment banking"

## 1-3. Top-Line Profit (2) Gains (Losses) on Bonds <SMBC non-consolidated>

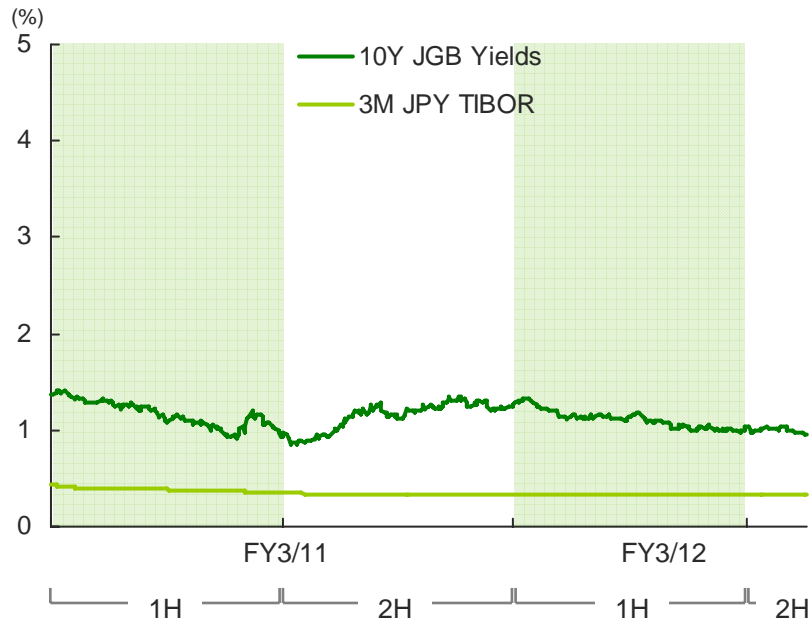
Treasury Unit maintained a high level of gross banking profit

- JPY 124.4 billion in gains on bonds in a declining interest rate environment

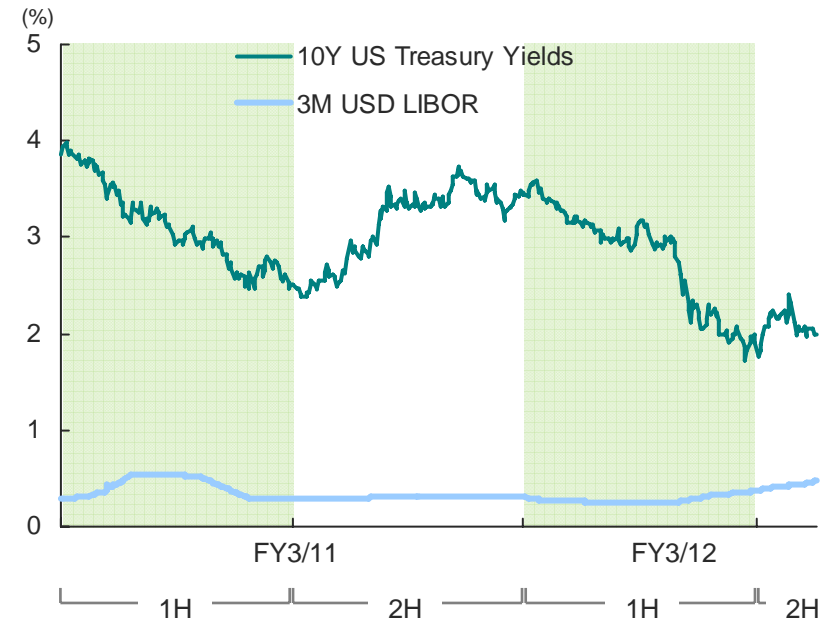
(JPY bn)	FY3/10	1H	FY3/11	1H, FY3/12	(JPY bn)	FY3/10	1H	FY3/11	1H, FY3/12
<b>Gains (losses) on bonds</b>	37.3	151.2	147.1	124.4	<b>Gross banking profit of Treasury Unit</b>	272.8	251.7	330.7	227.3
Domestic operations	9.1	39.0	28.4	15.2					
International operations	28.2	112.2	118.7	109.2					

### Interest rates

#### JPY



#### USD





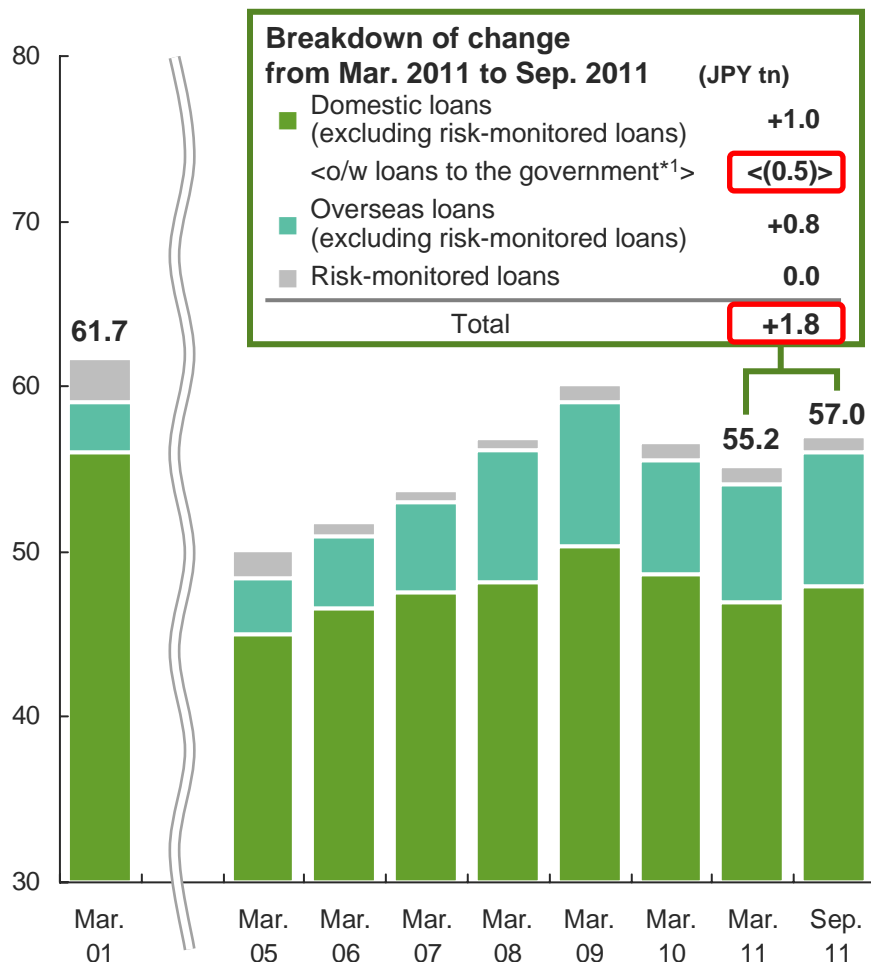
# 1-3. Top-Line Profit (3) Net Interest Income: Loan Balance <SMBC non-consolidated>

- Overseas loans increased
- Domestic loans (excluding loans to government) decreased

## Loan balance\*2

(JPY tn, term-end balance)

(SMBC non-consolidated)



## Loan balance by domestic Marketing Unit (managerial accounting basis)

(JPY tn, term-end balance)

(SMBC non-consolidated)

	Sep. 2011	Mar. 2011
Consumer Banking Unit	15.3	(0.1) <sup>*3</sup>
Middle Market Banking Unit <sup>*4</sup>	16.5	(0.5)
Corporate Banking Unit	12.2	+ 0.3

\*3 After add-back adjustment of portion of housing loans securitized in 1H, FY3/12 (approx. JPY 80 bn)

\*4 Excluding loans to the Special Account for Allotment of Local allocation Tax and Local Transfer Tax, etc. and Deposit Insurance Corporation of Japan, etc.

## Overseas loans, classified by region\*5 (managerial accounting basis)

(JPY tn, term-end balance)

	Sep. 2011	Change from Mar. 2011	After adjustment of yen appreciation
Overseas total [o/w to Japanese corporations]	9.3 [2.4]	+ 0.7 [+0.1]	+ 1.6 [+0.4]
Asia	3.6	+ 0.3	+ 0.6
Americas	2.8	+ 0.3	+ 0.6
EMEA	2.9	+ 0.1	+ 0.4

\*5 Based on location of our channels. Including SMBC Europe and SMBC (China)

\*1 Loans to the Special Account for Allotment of Local Allocation Tax and Local Transfer Tax, etc.

\*2 The aggregate of former Sakura bank and Sumitomo Bank for Mar. 01

# 1-3. Top-Line Profit (4) Net Interest Income: Loan to Deposit Spread <SMBC non-consolidated>

Domestic loan to deposit spread decreased

- Decline in short-term interest rates, fierce competition, and tight credit control

## Loan to deposit spread (financial accounting basis)

(JPY tn, %)

<Domestic>	1H, FY3/12		YOY change	
	Average balance	Yield	Average balance	Yield
Loans* (a)	45.3	1.57	(1.1)	(0.11)
Deposits, etc. (b)	71.6	0.06	+3.4	(0.04)
Loan to deposit spread (a) - (b)		1.51		(0.07)

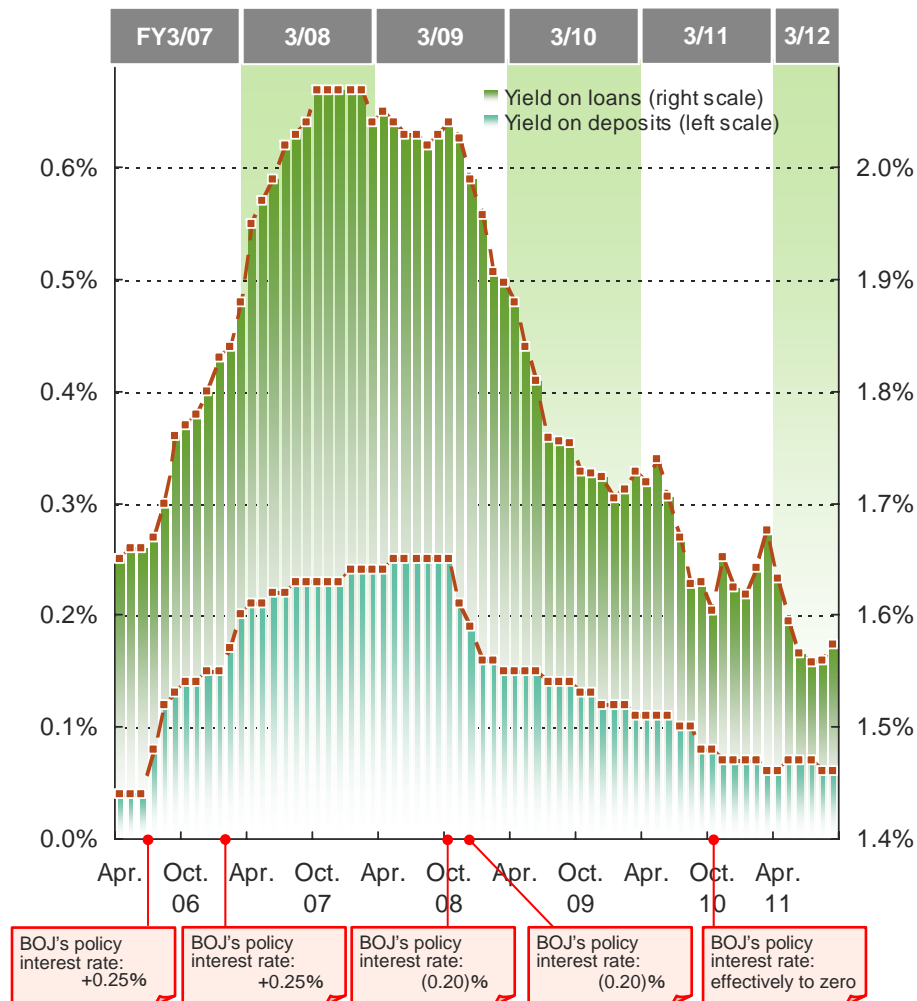
(Ref.)

&lt;Overseas&gt;

Loans (a)	9.1	2.00	+0.7	+0.03
Deposits, etc. (b)	10.1	0.47	+0.6	+0.02
Loan to deposit spread (a) - (b)		1.53		+0.01

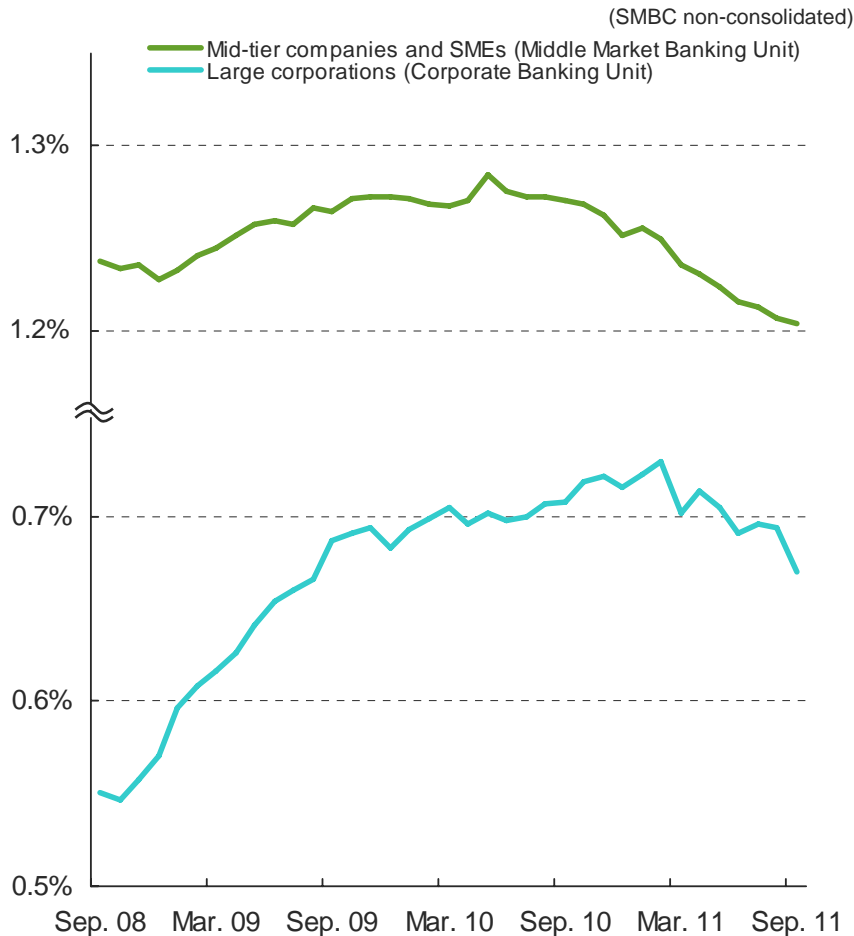
\* Excluding loans to financial institutions

## Yield on domestic loans and deposits (managerial accounting basis)



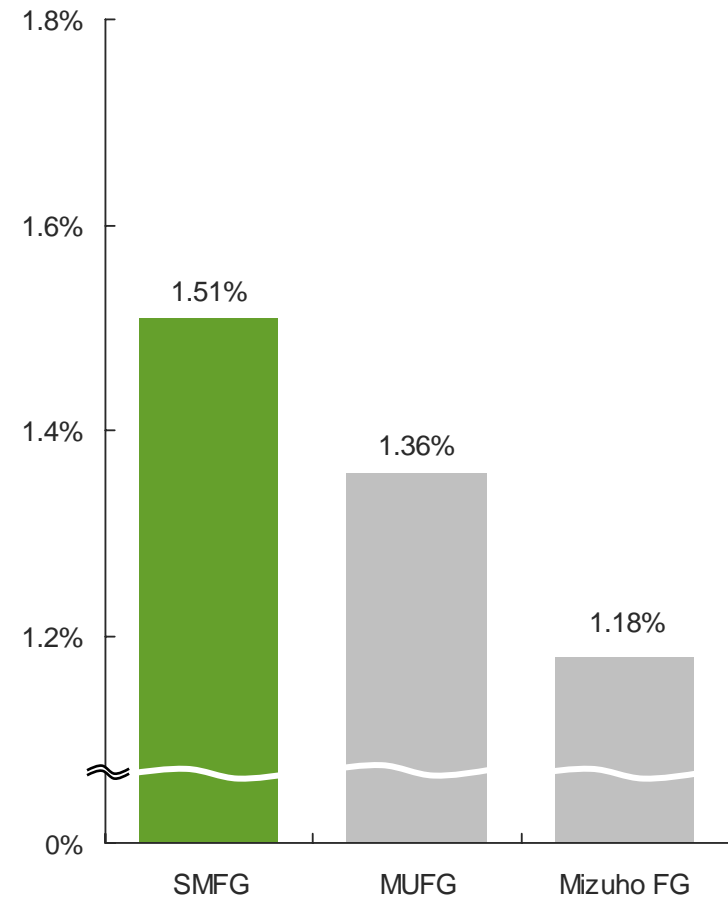
# (Ref.) Loan Spread / Peer Comparison of Loan to Deposit Spread (Domestic) <SMBC non-consolidated>

## Domestic loan spread (managerial accounting basis)



Ref.

## Domestic loan to deposit spread (In 1H, FY3/12, peer comparison\*)



\* Extracted from each company's financial statements  
The figures shown in the charts above are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and the aggregate of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG

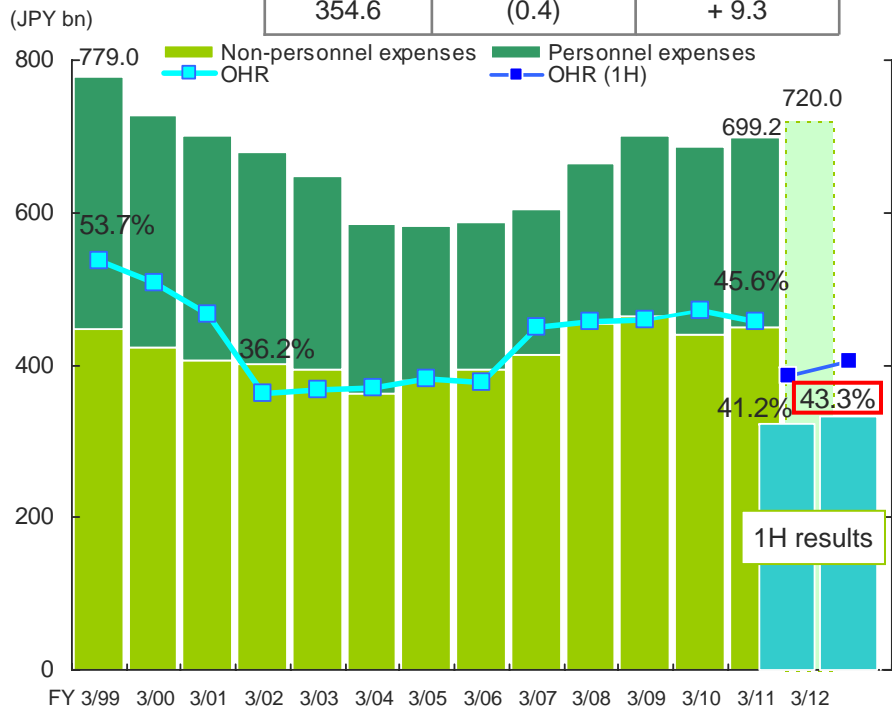
# 1-4. Expenses

Tight control of SMBC and group-wide expenses

## Trends of Expenses\*1

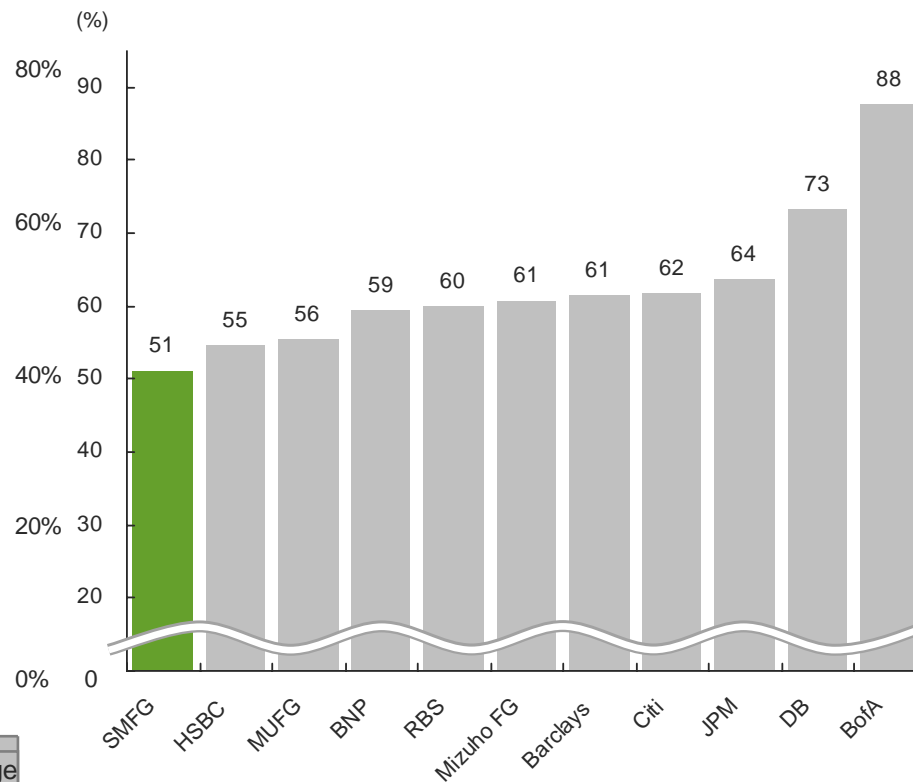
### SMBC non-consolidated

1H, FY3/12	O/(U) May 2011 forecast	YOY change
354.6	(0.4)	+ 9.3



Ref.

## OHR on group consolidated basis



### SMFG consolidated

(JPY bn)	FY3/11	FY3/12	YOY change
Consolidated expenses*2	1,316.1 <636.0>	<677.5>	<+41.5>
OHR	52.5% <48.3%>	<51.2%>	<+2.9%>

(1H results for the figures in < > at the bottom of the table)

\*1 Excluding non-recurring losses. FY3/01 and before: the aggregate of former Sakura Bank and Sumitomo Bank

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

\*3 Top-line profit (net of insurance claims) divided by G&A expenses (for Japanese banks, excluding non-recurring losses), based on each company's financial statements. As of 1H, FY3/12 results for SMFG, MUFG and Mizuho FG, and as of Jan.-Sep. 2011 results for others

# 1-5. Total Credit Cost

SMBC non-consolidated total credit cost decreased JPY 40.4 billion year over year

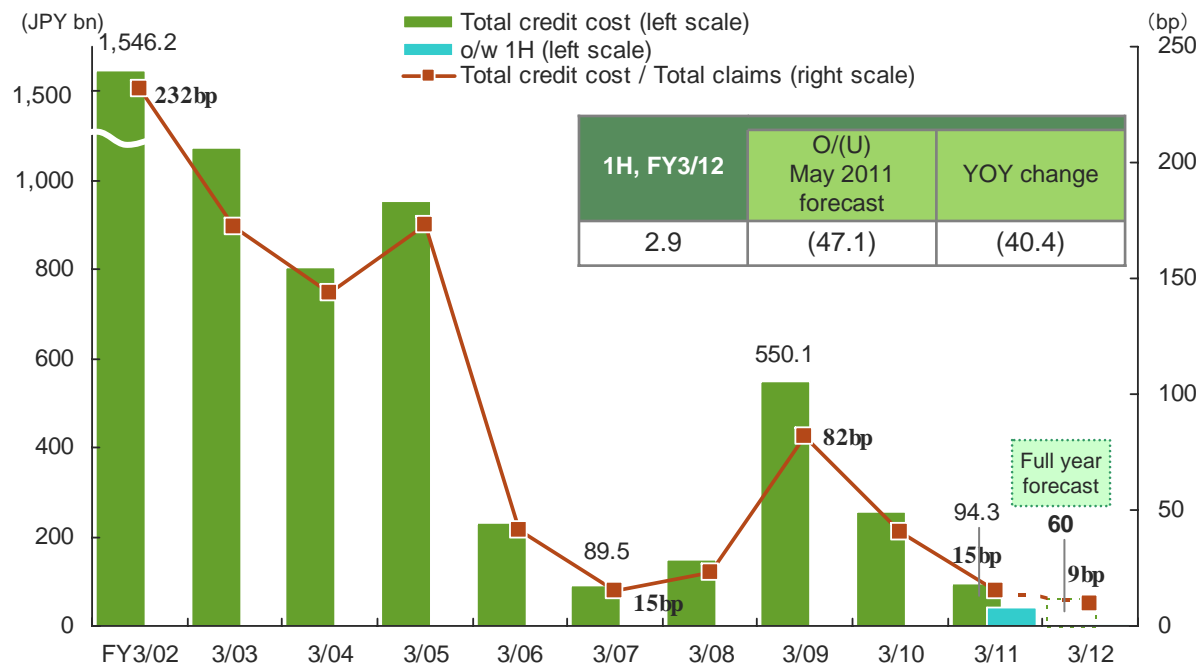
- Decrease in new incurrence + reversal of provision from improvement of borrowers' business situation

SMFG consolidated total credit cost decreased JPY 77.8 billion year over year

- Decrease in credit cost of domestic subsidiary banks

## Total credit cost

### SMBC non-consolidated



### Main five

(JPY bn)	1H, FY3/12	YOY change
Cedyna*	14	+5
Kansai Urban Banking Corporation	10	(4)
Sumitomo Mitsui Card	6	(4)
Sumitomo Mitsui Finance and Leasing	(3)	(10)
SMBC Guarantee	(3)	(8)

\* Became a subsidiary in May 2011

### SMFG consolidated (JPY bn)

												YOY change
Total credit cost	1,703.4	1,200.9	956.6	1,196.8	302.0	145.0	248.6	767.8	473.0	217.3	<28.0>	<(77.8)>
Excluding SMBC non-consolidated	157.2	126.4	153.2	242.0	71.1	55.5	100.8	217.7	218.3	123.0	<25.1>	<(37.4)>

(1H results for the figures in < > at the bottom of the table)

# 1-6. Earnings Forecast for FY3/2012

Revised FY3/12 forecast upward due to higher-than-expected 1H results

- SMBC non-consolidated net income + JPY 80 billion May forecast to JPY 430 billion
- SMFG consolidated net income + JPY 100 billion May forecast to JPY 500 billion

		(JPY bn)	FY3/11 results	1H results	FY3/12 forecast <as of Nov. 2011>	v.s. May 2011 forecast	YOY change
SMBC non-consolidated	Gross banking profit	1,531.8	819.5	1,520.0	+50.0	(11.8)	
	Expenses*1	699.2	354.6	720.0	-	20.8	
	<OHR>	45.6%	43.3%	47.4%	(160)bps	+ 180bps	
	Banking profit*2	832.6	464.9	800.0	+50.0	(32.6)	
	Total credit cost*3	94.3	2.9	60.0	(40.0)	(34.3)	
	Gains (losses) on stocks	(87.3)	(46.1)				
	Ordinary profit	595.7	397.6	640.0	+40.0	+44.3	
	Net income	421.2	290.6	430.0	+80.0	+8.8	
SMFG consolidated	Ordinary profit	825.4	546.5	900.0	+60.0	+74.6	
	Difference from SMBC non-consolidated	229.7	148.9	260.0	+20.0	+30.3	
	Net income	475.9	313.8	500.0	+100.0	+24.1	
	Difference from SMBC non-consolidated	54.7	23.2	70.0	+20.0	+15.3	

\*1 Excluding non-recurring losses \*2 Before provision for general reserve for possible loan losses  
\*3 Including portion recorded in Extraordinary gains (losses) in FY3/11 results

## Earnings forecast assumptions

		May 2011 forecast	Nov. 2011 forecast
3M TIBOR		0.34%	0.33%
FF target rate		0.00 - 0.25%	0.00 - 0.25%
Exchange rate	(JPY/USD)	85	80
	(JPY/EUR)	110	110
Ref.	Nikkei Stock Exchange (JPY)*4	9,755	8,700
	Nominal GDP growth rate*5	(1.7)%	(1.4)%

\*4 Spot price (May 2011 forecast: as of Mar. 31, 11, Nov. 2011 forecast: as of Sep. 30, 11)

\*5 Estimate by JRI (May 2011 forecast: as of May 19, 11, Nov. 2011 forecast: as of Nov. 14, 11)

## Per share information (common share)

FY3/12 forecast	Nov. 2011 forecast	v.s. May 2011 forecast
(JPY/share)		
Net income (consolidated)	358.29	+71.69
Annual dividend	100	-

## 2. Financial Soundness

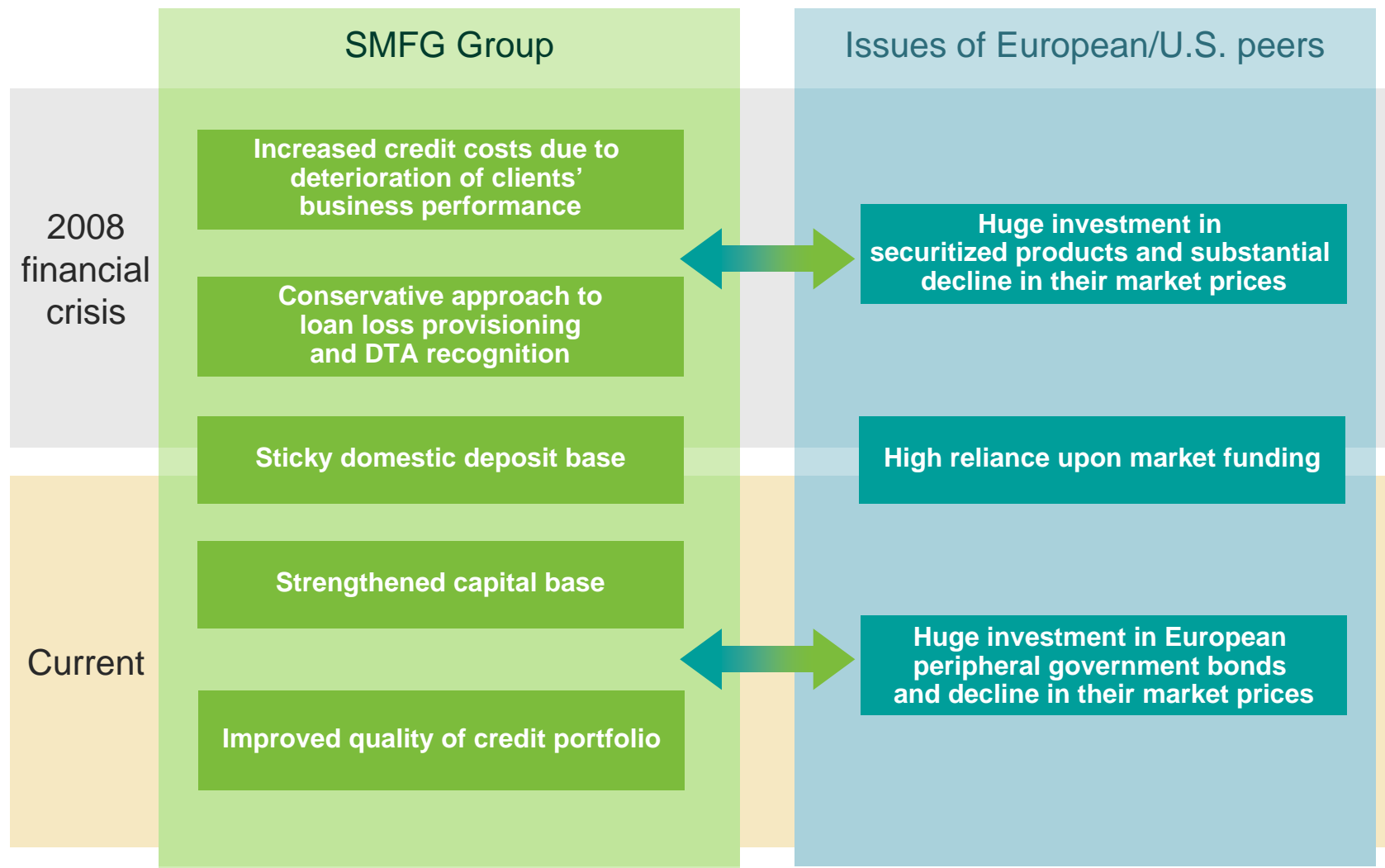


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## 2-1. Limited Downside Risks - Comparison with 2008 Financial Crisis -

*Capital base and asset quality improved substantially since 2008 financial crisis*

- *Stable liquidity profile underpinned by domestic sticky deposit base*



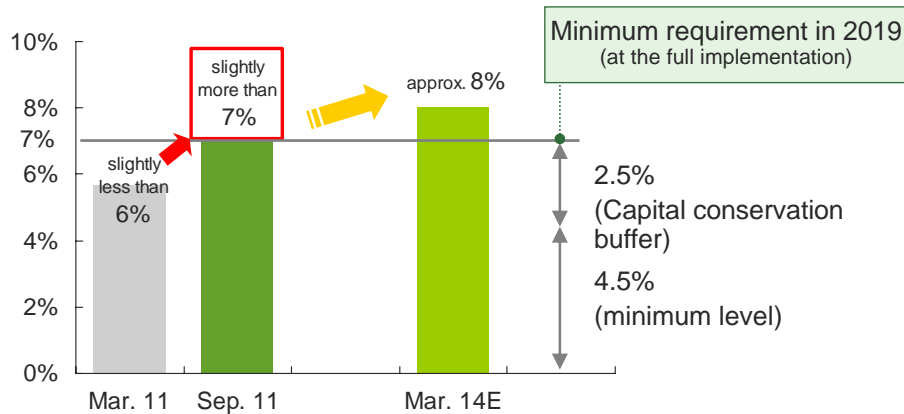


## 2-2. Capital and Risk-Weighted Assets

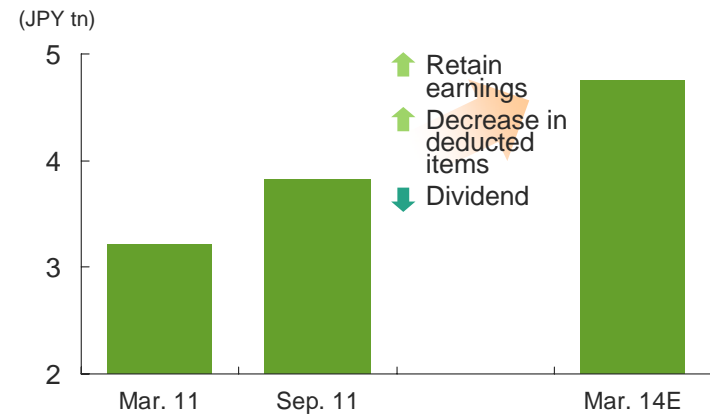
Steady progress in profit accumulation toward targeted Core Tier 1 ratio of 8% by Mar. 2014

- 1% higher than the minimum regulatory requirement and 5 years ahead of the full implementation of Basel III

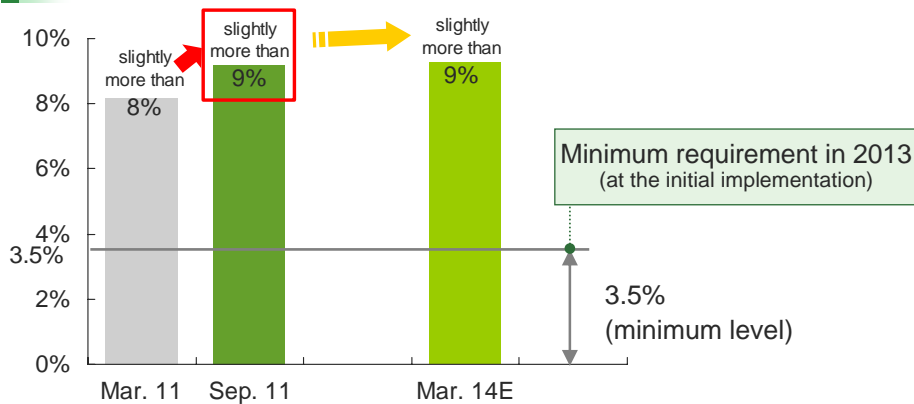
**Core Tier I ratio**  
(based on full implementation of Basel III\*1, 2)



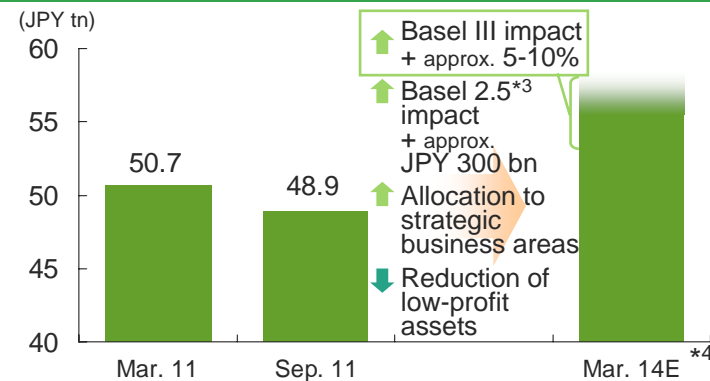
**Illustrative Core Tier I capital**  
(based on full implementation of Basel III\*1, 2)



(Ref.) Based on initial implementation of Basel III\*1



**Risk-weighted assets**

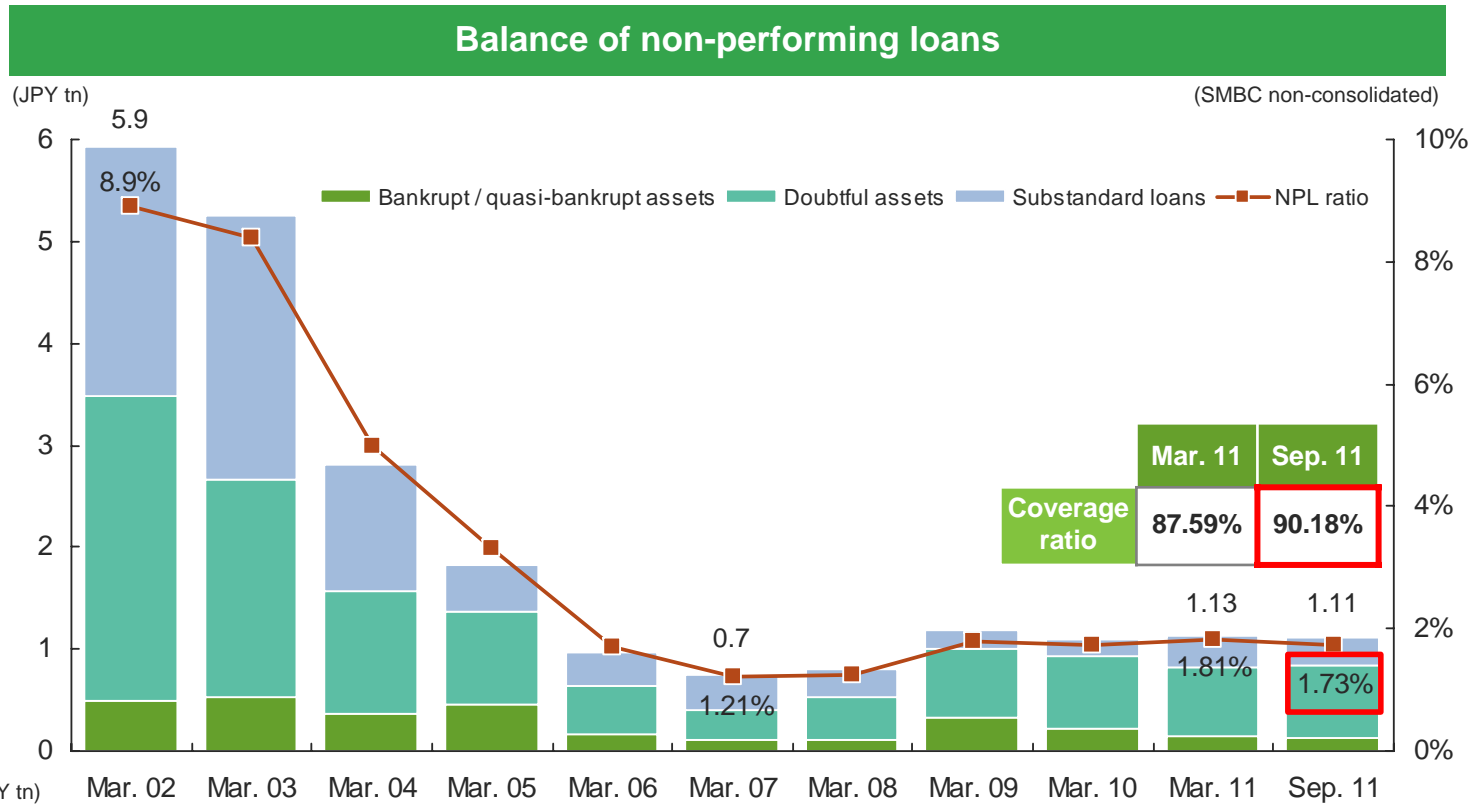


\*1 Estimate. Excluding Unrealized gains \*2 Regulatory adjustments are fully deducted

\*3 The Basel Committee describes "Basel II.5" in its publications \*4 Estimates. Basel III basis

## 2-3. Non-Performing Loan Balance

SMBC's NPL ratio is kept at a low level through various initiatives to improve our asset quality



(JPY tn)	Mar. 02	Mar. 03	Mar. 04	Mar. 05	Mar. 06	Mar. 07	Mar. 08	Mar. 09	Mar. 10	Mar. 11	Sep. 11
Claims to borrowers requiring caution*1	7.8	5.6	4.3	2.4	2.2	2.4	2.6	3.7	3.7	3.1	2.7
Total claims	67	63	56	55	57	61	65	67	63	62	64
<b>Impact of SME Financing Facilitation Act (JPY bn)</b>	<b>Estimate of decrease in provisions (as of each term end)*2</b>			approx. 17	approx. 35	approx. 33					
	<b>Estimate of decrease in NPL (as of each term end)*2</b>			approx. 110	approx. 290	approx. 310					

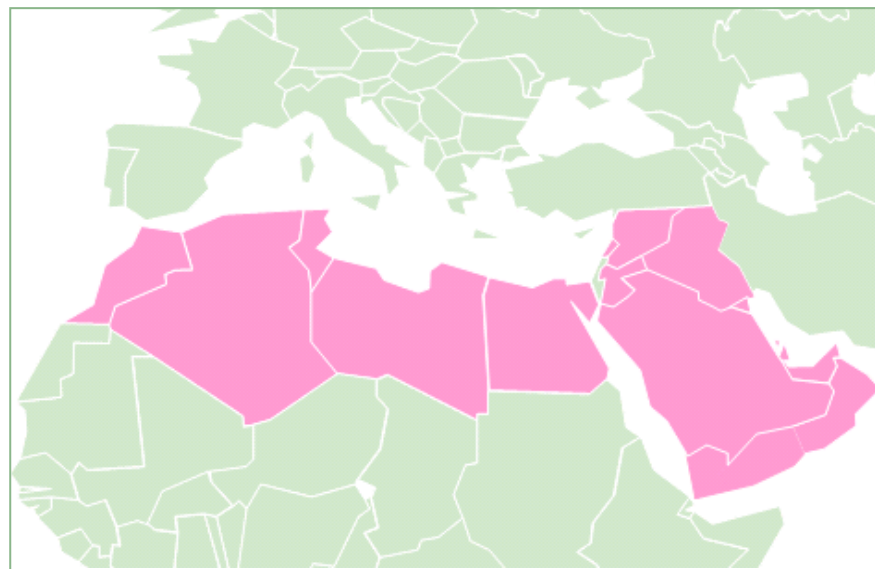
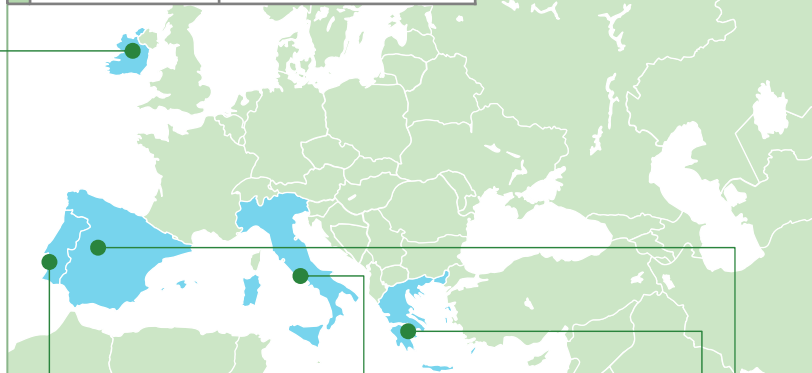
\*1 Excluding claims on Substandard borrowers

\*2 Estimated by one rank downgrade of the classification of certain borrowers whose loans have been restructured after implementation of the SME Financing Facilitation Act in Dec. 2009

## 2-4. Exposure to European Peripheral Countries and Arab Countries\*1 <SMFG consolidated (including securities companies)>

Limited exposure to European peripheral countries – approx. USD 5.3 billion

Gov't bonds issued by EU peripheral	approx. USD 3 mn
Spain	3
Italy	0



<b>Portugal</b>
approx. USD 0.1 bn
To banks and large corporations

<b>Italy</b>
approx. USD 2.5 bn
To large corporations and project finance

<b>Spain</b>
approx. USD 2.2 bn
To large corporations and project finance

<b>Ireland</b>
approx. USD 0.4 bn
To large corporations and project finance

<b>Greece</b>
approx. USD 0.1 bn
Majority is collateralized

<b>Total exposure to European Peripheral Countries:</b>
approx. USD 5.3 bn

<b>Arab countries*2</b>	approx. USD 9.8 bn
UAE*3	3.8
o/w Dubai	1.1
Qatar*4	2.6
Saudi Arabia*4	1.7
Others*5	1.7
o/w Oman	0.5
o/w Bahrain	0.4
o/w Egypt	0.3
o/w Kuwait	0.3
o/w Tunisia	0.01
o/w Libya	-

\*1 As of Sep. 30, 11

\*2 Pink-colored countries

\*3 Majority is to government-affiliated entities, local banks and Japanese companies

\*4 Project finance \*5 Trade finance and project finance

(SMFG consolidated)

## 2-5. Bond Portfolio <SMBC non-consolidated>

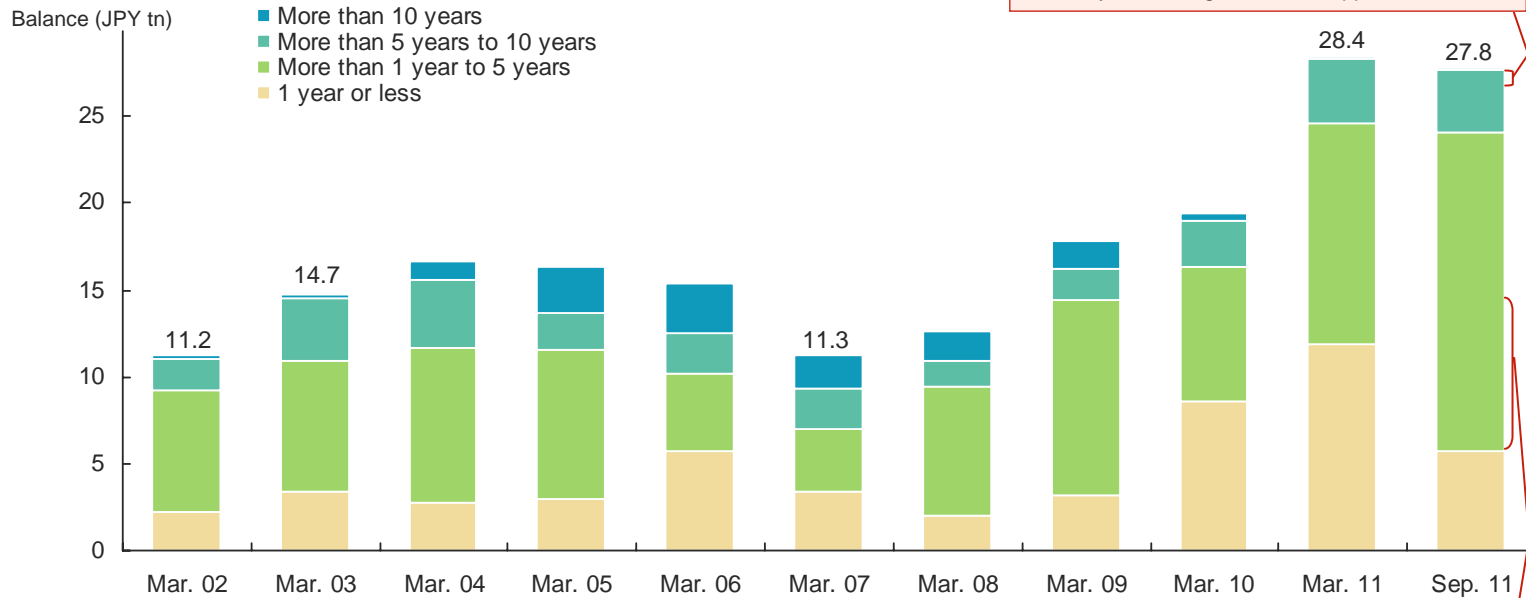
Average duration of yen bonds increased to 2.0 years

- Shifted to longer stance as expect low interest-rate environment to continue
- But about half of the bonds have maturity of 2 years or less and hardly any are more than 10 years

### Yen bond portfolio

(Total balance of bonds with maturities classified as "Other securities" and bonds classified as Held-to-maturity)

o/w 15-year floating-rate JGBs: approx. JPY 1.8 tn



o/w 2 years or less: JPY 8.3 tn  
(change from Mar. 11: +JPY 3.3 tn)

Average duration (years) <sup>*1</sup>	2.7	3.6	3.4	2.3	1.5	1.7	2.4	1.8	1.1	1.4	2.0
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	91.0

\*1 Excluding bonds classified as held to maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero (duration of JGBs portfolio for Mar. 02)

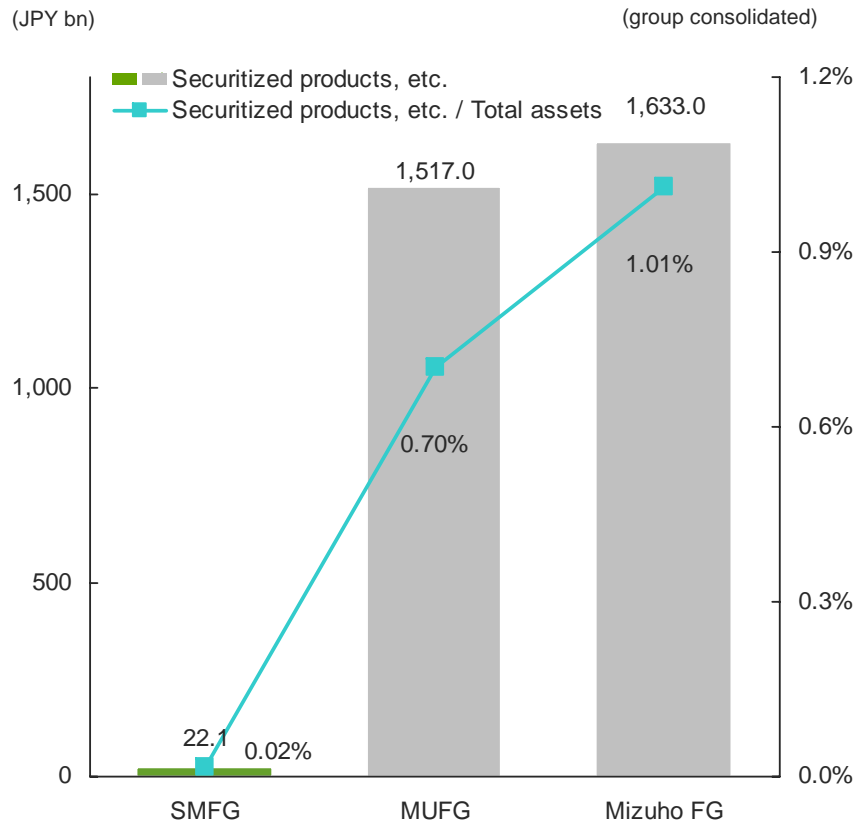
\*2 15-year floating-rate JGBs have been carried at their reasonably estimated amounts from Mar. 09

## 2-6. Securitized Products, etc.

*Very low balance of securitized products*

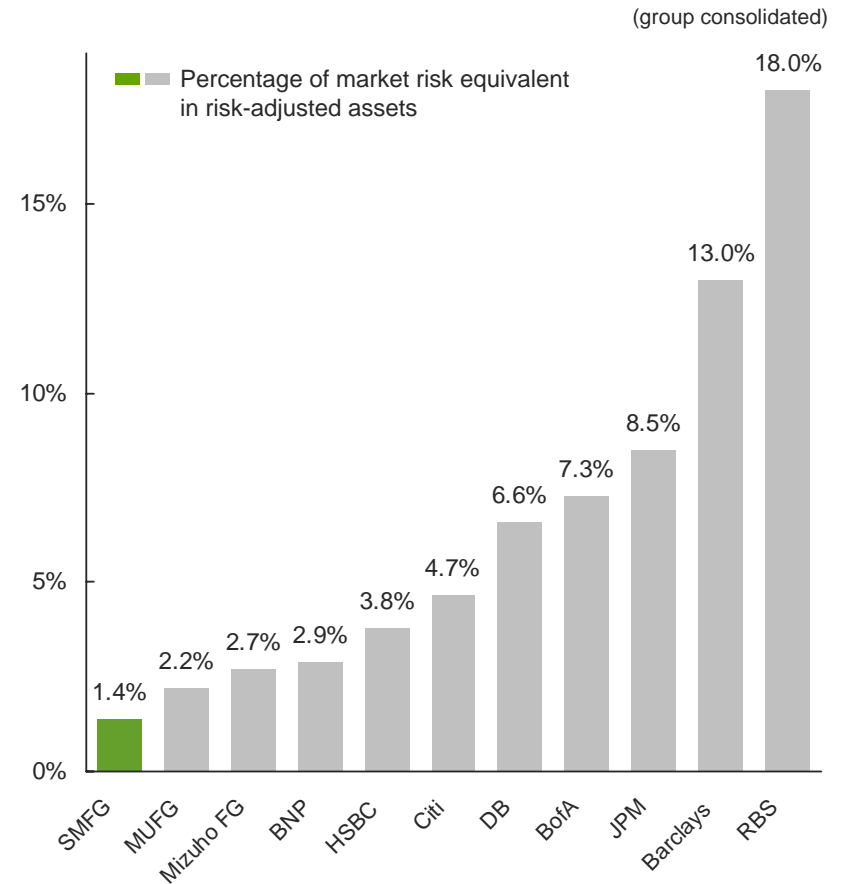
- Sold most of sub-prime related products in the 1st half of FY3/2008

### Securitized products, etc.\*1



Ref.

### Ratio of market-risk weighted assets to total risk-weighted assets\*2



\*1 SMFG: As of Sep. 30, 11. After provision and write-offs

MUFG: As of Sep. 30, 11. After impairment and before deducting net unrealized losses. Including "securities being held to maturity" and "other"

Mizuho FG: As of Sep. 30, 11. After reserve for investment loss. Including banking accounts of subordinated banks and trading accounts of Mizuho Securities

\*2 Market risk equivalent X 12.5 / Total risk-adjusted assets.

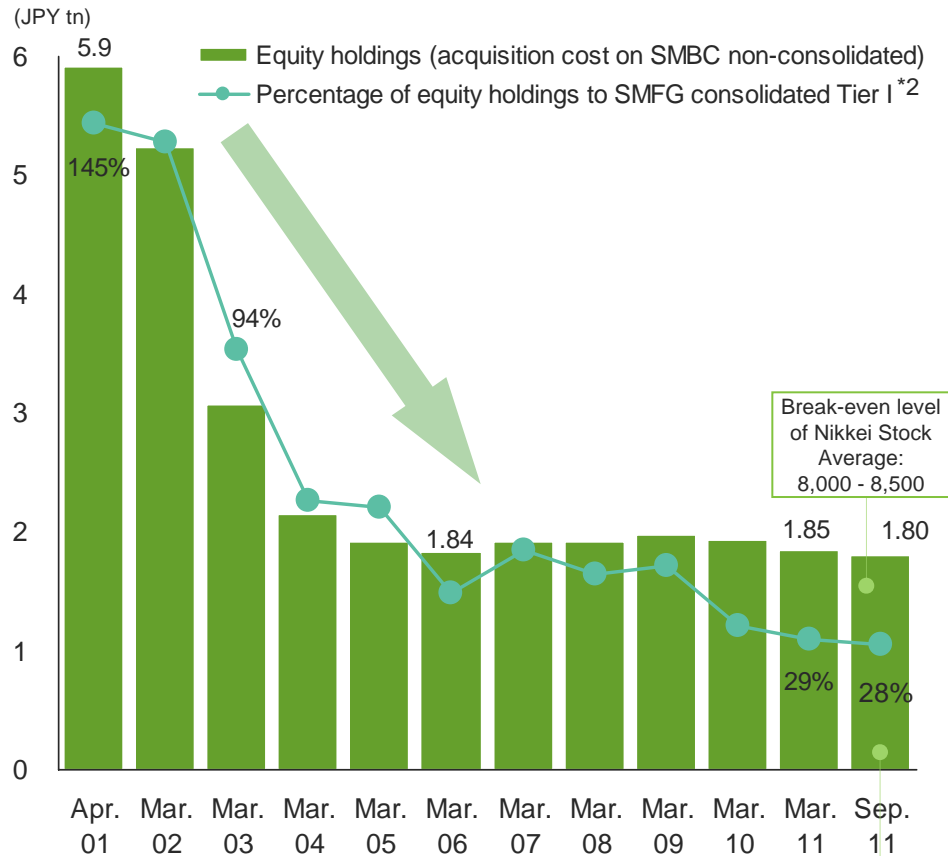
Calculated based on each company's financial statements (as of Sep. 30, 11 for SMFG, MUFG, Mizuho FG, DB and RBS; as of Dec. 31, 10 for BNP; and as of Jun. 30, 11 for others)

## 2-7. Equity Holdings

*Reduce impact of stock price fluctuation on capital base*

- Reduce un-hedged equity to about 25% of SMFG consolidated Tier 1 capital by March-end 2013

### Balance of equity holdings\*1



\*1 Balance of domestic stocks classified as other securities with fair value

\*2 Until Mar. 02, percentage to SMBC consolidated Tier I

Amount sold  
in 1H, FY3/12:  
approx. JPY 2 bn

### Changes in environment

- Tightening of capital regulations
- Introduction of IFRS

Need to minimize the impact  
of stock price fluctuation on  
our capital

Reduce un-hedged equity  
to about 25% of  
Tier I capital

### 3. Growth - Progress of Strategic Initiatives -

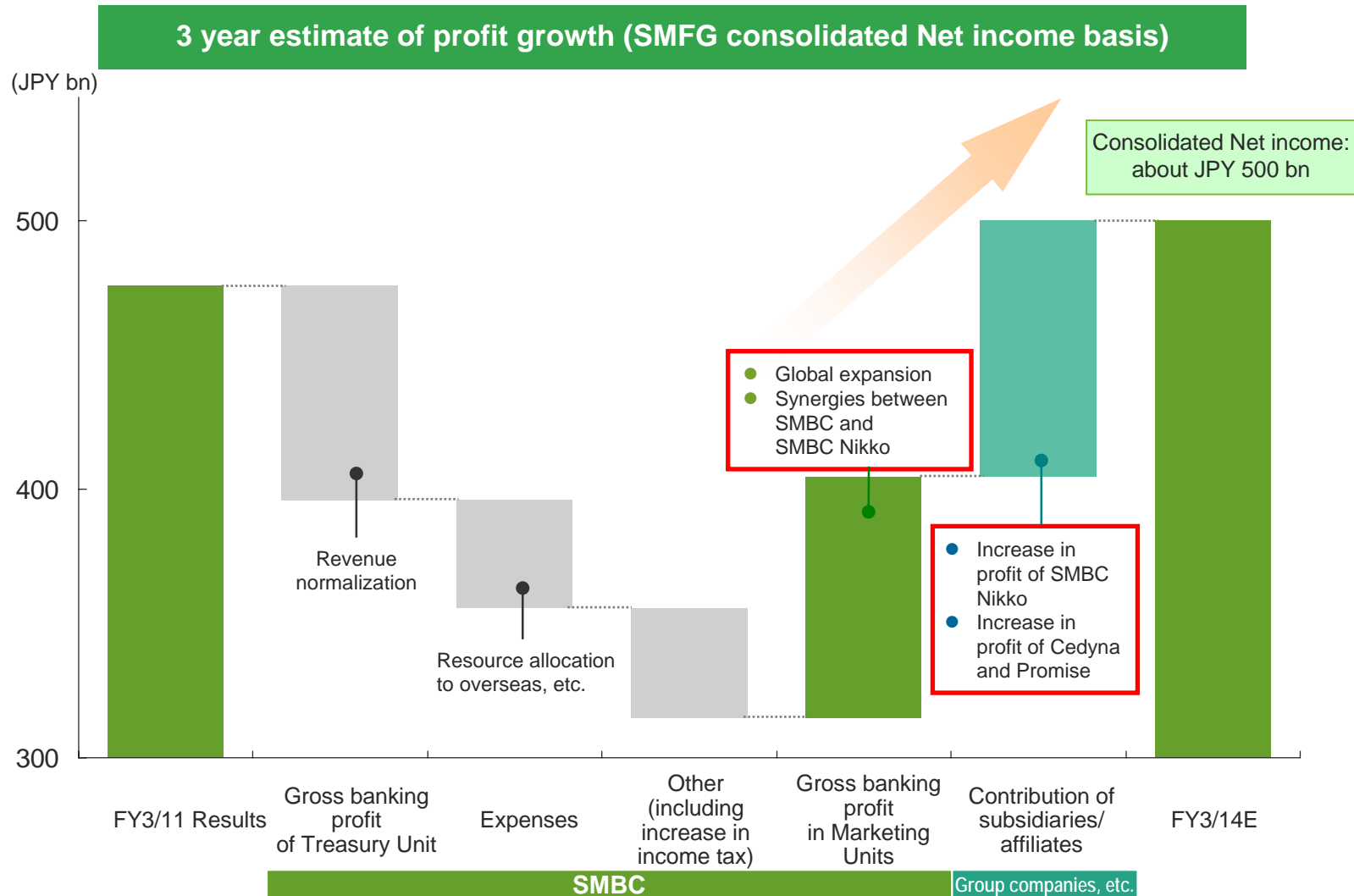
LEAD THE VALUE



## 3-1. Profit Drivers of Medium-term Management Plan

About JPY 500 billion in consolidated net income in FY3/2014

- Grow revenues of SMBC's Marketing Units and other group companies
- Accelerate global expansion, synergies between SMBC and SMBC Nikko, collaboration between units, etc.,

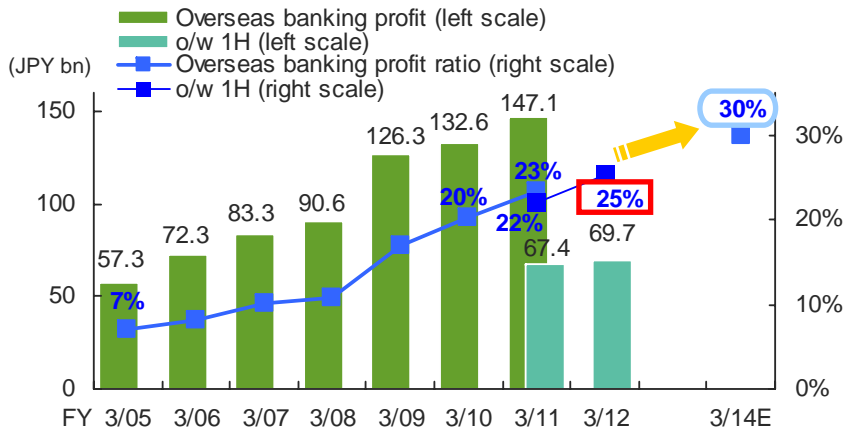




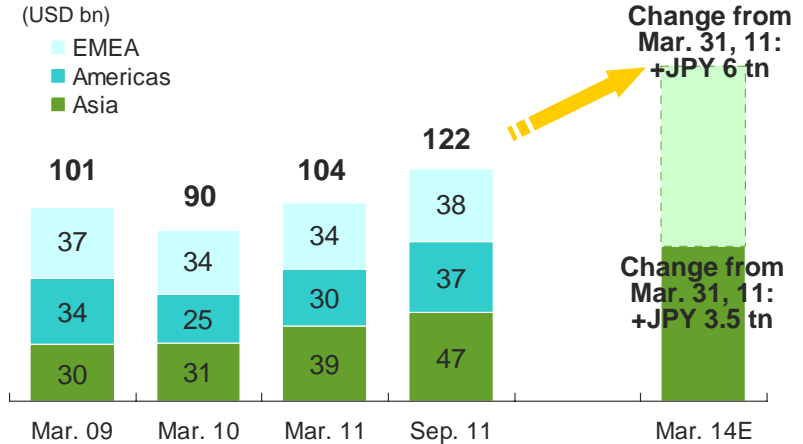
## 3-2. Global Expansion (1) Strategy Progress

Improved overseas banking profit ratio by 2% to 25.3% • Proactive allocation of assets, human resources, and channels

### Banking profit of overseas business and overseas banking profit ratio\*1

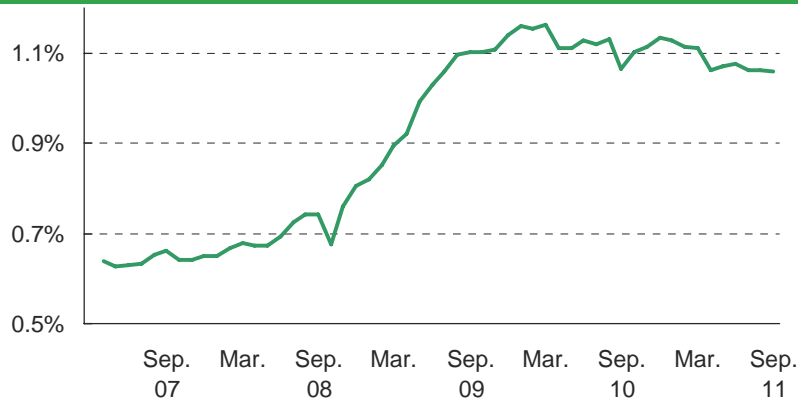


### Overseas loans (balance)\*2, 3



Ref.

### Overseas loan spread (average on existing loans)\*2



\*1 Managerial accounting basis. Sum of SMBC and major overseas subsidiary banks. Based on the assumption under the medium-term management plan (USD 1 = JPY 85) for the overseas banking profit ratio in 1H, FY3/12

\*2 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China)

\*3 Based on location of our channels. JPY based loan balance is exchanged to USD at respective term-end JPY/USD rate

\*4 Received approval to commence preparation for opening

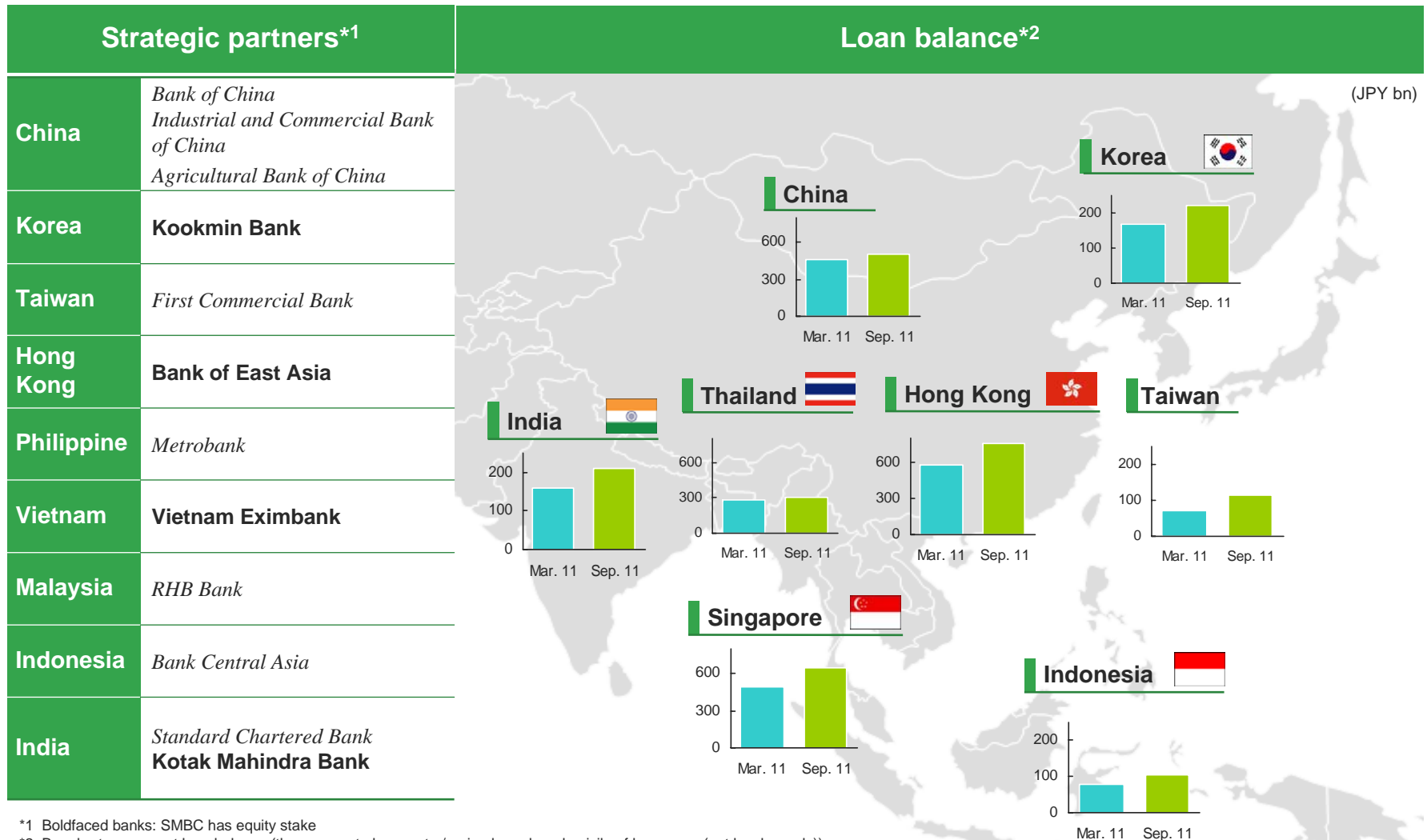
\*5 Received approval to open

### Enhancement of channel network and organization

Expanded channel network and increased overseas staff focusing on Asia	Shenzhen Br. Chongqing Br.*4 Amsterdam Br.	Subsidiary bank in Malaysia New Delhi Rep. Office Istanbul Sub-Br.*5
Enhanced business promotion framework for Japanese corporations in Greater China Area	Shifted responsibilities on Japanese corporations from International Banking Unit to Corporate Banking Unit Established South China Dept.	
Established departments to serve corporations in emerging markets	Global Korea Corporate Banking Dept. Latin Americas Marketing Dept., Americas Division International Banking Dept., Europe Division	
Established department to formulate business plans and strategies for transaction services business	Transaction Business Planning Dept.	
Established department to formulate strategies in emerging markets and investments/alliances	Global Business Strategy Dept.	
Entered into business alliances	Banco BTG Pactual (Brazil)	Bank of China (China)

## 3-2. Global Expansion (2) Business Developments in Asia

- Promoting alliances with leading banks in Asia
- Enhancing own channel network and lending business



\*1 Boldfaced banks: SMBC has equity stake

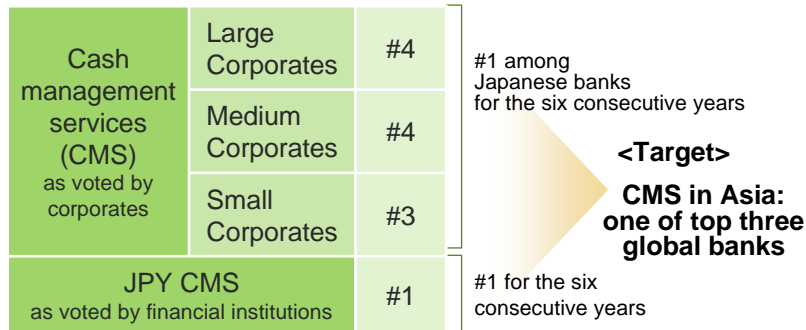
\*2 Bar charts represent loan balance (the aggregate by country/region based on domicile of borrowers (not by channels)). Figures of China includes those of SMBC (China). Loan balances as of Mar. 31, 11 is exchanged to JPY from each country's local currency at the exchange rate of Sep. 30, 11

## 3-2. Global Expansion (3) Transaction Services Business

- Enhancing transaction services business in Asia
- Further promoting trade finance business + expanding transaction services (deposits, cash management, foreign exchange, supply chain financing, etc.)

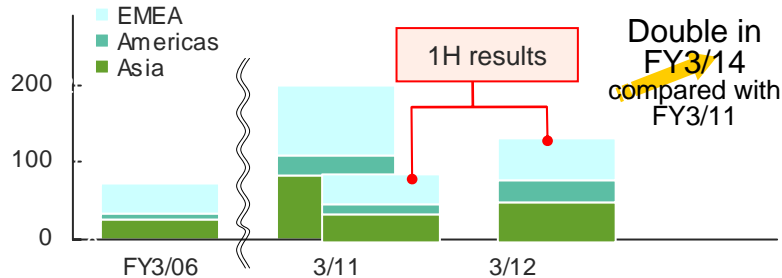
### Transaction Services Business

Cash management provider ranking (in Asia Pacific)\*1



### Trade finance related profit\*2

(USD mn)



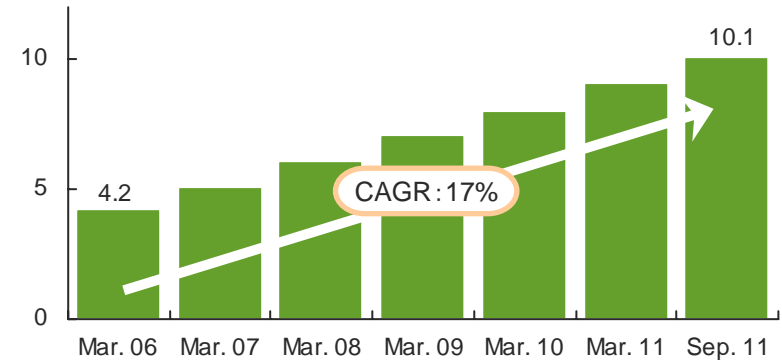
**No. of channels in emerging markets**



### No. of overseas e-banking clients\*4

(thousand)

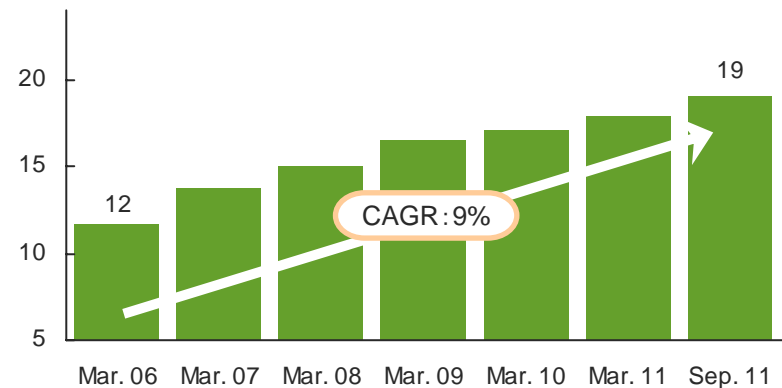
(SMBC non-consolidated)



### No. of Global e-Trade service clients

(thousand)

(SMBC non-consolidated)



\*1 Source: "ASIAMONEY": "Cash Management Poll 2011" (Aug. 2011) \*2 Managerial accounting basis (translated to USD at respective term-end JPY/USD rate). Sum of SMBC and its overseas subsidiaries

\*3 # of channels on May 14, 11 when we announced the medium-term management plan \*4 Total number of contracts for major e-banking services for overseas accounts

## 3-2. Global Expansion (4) Project Finance

### Enhancing project finance services

- Further accommodate infrastructure-related financing needs in Asia

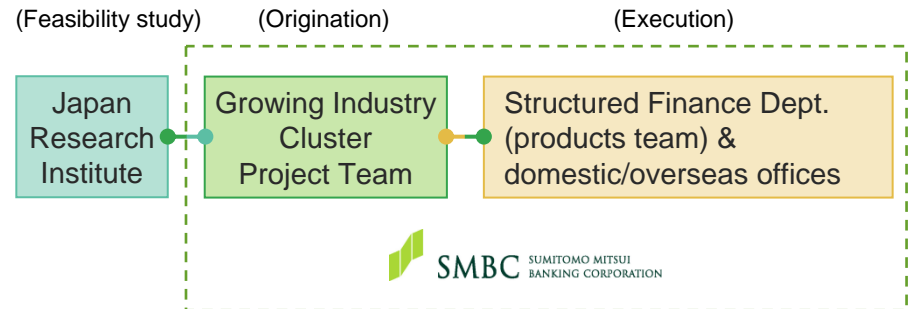
#### Project finance and loan syndication\*1

	Global	Asia*2
Project finance	#4	#7
Loan syndication	#8	#5

#### Example

#### Infrastructure finance

One-stop service ▶ Involved in projects from origination stage



#### Project finance (global ranking)\*1

	Financial institution	No. of deals	YOY change	Rank last year
1	State Bank of India	45	+7	1
2	MUFG	56	+6	8
3	IDBI Bank Ltd.	11	(8)	3
4	SMFG	45	+12	11
5	Credit Agricole CIB	49	(13)	5
	Industry total	421	(14)	

Environment

New energy sources

Water

Natural resources

Projects (examples)

- Delhi Mumbai Industrial Corridor Project (India)
- Song Bac Hydropower Plant Project (Vietnam)
- Masterplan developing for the Green Township Concept in Putrajaya City, etc. (Malaysia)
- Creation of NEXI Trust Beneficiary Rights (TBR) scheme for promoting institutional investors' investment in infrastructure finance

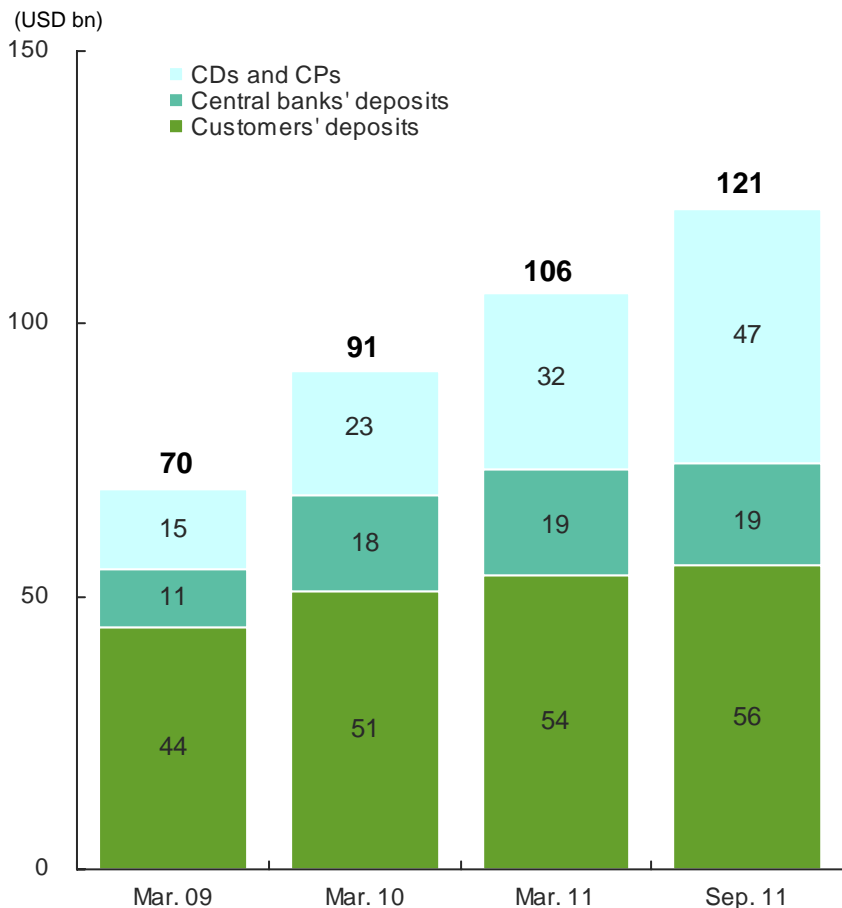
\*1 Jan.-Sep. 2011 results. Source: Thomson Reuters (Mandated arranger) \*2 Project finance - Asia Pacific (incl. Australia and Japan), Loan syndication - Asia (excl. Japan)

## 3-2. Global Expansion (5) Foreign-Currency Funding

Expanding and diversifying foreign-currency funding sources, in line with growing foreign assets

- Deposit-taking, issuance of foreign-currency bonds, expansion of CP programs

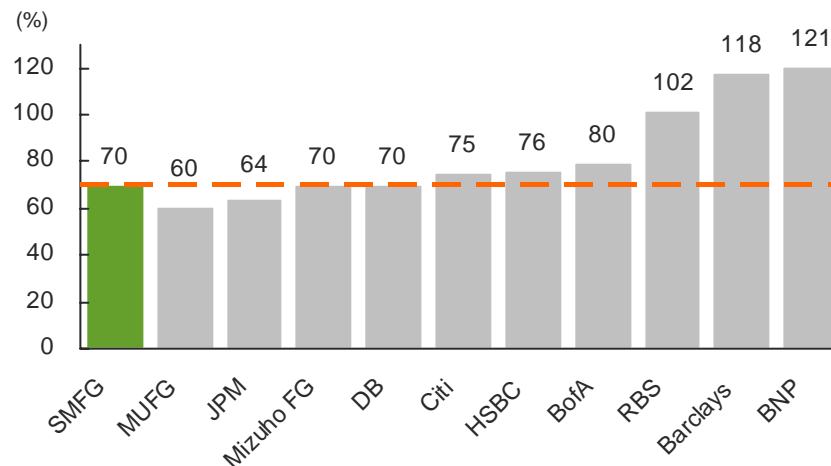
### Overseas deposit balance\*1



### Diversification of foreign-currency funding

- US CP program : Established in Nov. 2009 and size increased in Nov. 2011
- Euro CP program: Established in Nov. 2011
- Issued foreign-currency bonds for overseas institutional investors
  - USD 1 bn each for 3Y & 5Y senior bonds in Jul. 2010
  - EUR 750 mn for 10Y subordinated bonds in Nov. 2010
  - USD 650 mn for 3Y & USD 850 mn for 5Y senior bonds in Jan. 2011
  - USD 900 mn for 3Y & USD 1.1 bn for 5Y senior bonds in Jul. 2011
- Issued Australian Dollar senior bonds for domestic retail investors (Mar. 2010)

### Loan to deposit ratio on group consolidated basis\*2



\*1 Managerial accounting basis (translated to USD at respective term-end JPY/USD rate. Sum of SMBC, SMBC Europe and SMBC (China))

\*2 Based on each company's financial statements (as of Jun. 30, 11 for Barclays and BNP, as of Sep. 30, 11 for others)

# 3-3. Synergies between SMBC and SMBC Nikko

## (1) 1H, FY3/2012 Results of SMBC Nikko

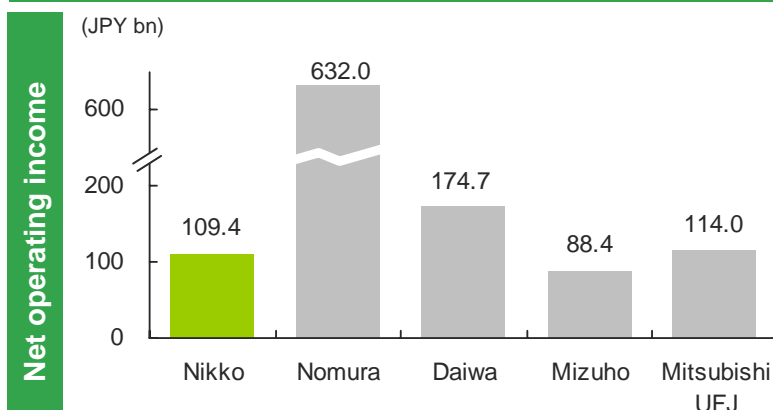
SMBC Nikko recorded net profit in the 1st half despite difficult market conditions

- Strong retail operation
- Maintain growth through sustainable growth of retail operation, and enhancement of wholesale functions and cross-sell with SMBC

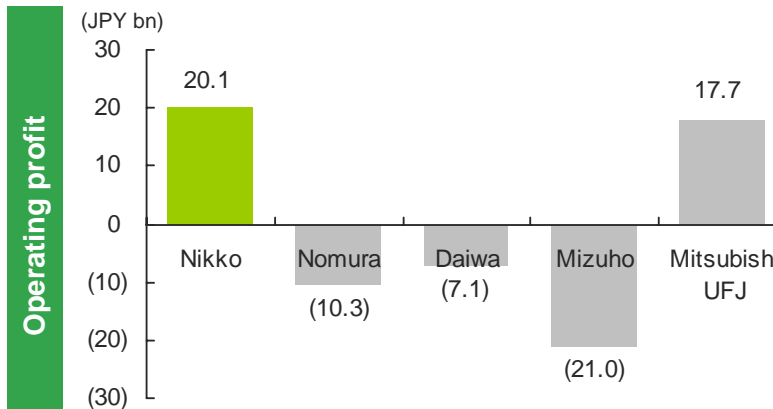
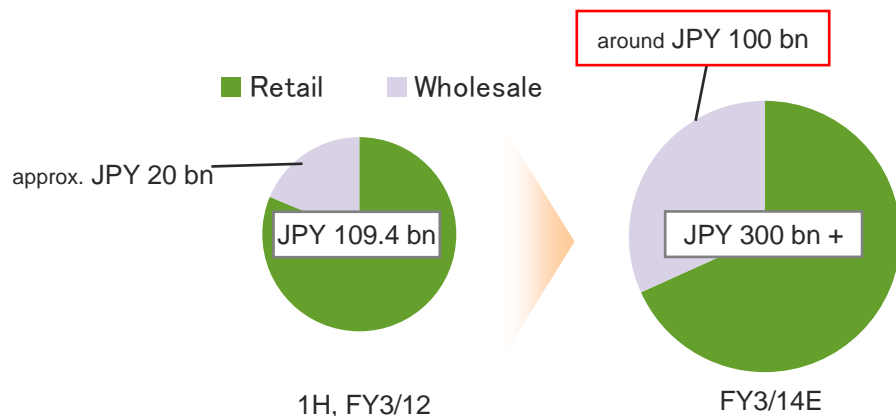
### SMBC Nikko's results (non-consolidated)

(JPY bn)	1H, FY3/11	FY3/11	1H, FY3/12	YOY change	FY3/14 targets
Net operating revenue	104.6	205.1	109.4	+4.8	300+
SG&A expenses	(81.6)	(166.6)	(89.4)	(7.8)	—
Ordinary profit	22.6	38.3	20.1	(2.5)	approx. 100
Net income	16.1	23.5	10.1	(6.0)	—

### Peer comparison (1H, FY3/12)\*



### Composition of Net operating revenue by business line



\* Extracted from each company's financial statements. The figures shown in the charts above are consolidated basis: Nomura Holdings for Nomura (US GAAP, comparison with Net revenue and Income before income taxes), Daiwa Securities Group for Daiwa, Mizuho Securities for Mizuho and Mitsubishi UFJ Securities Holdings for Mitsubishi UFJ

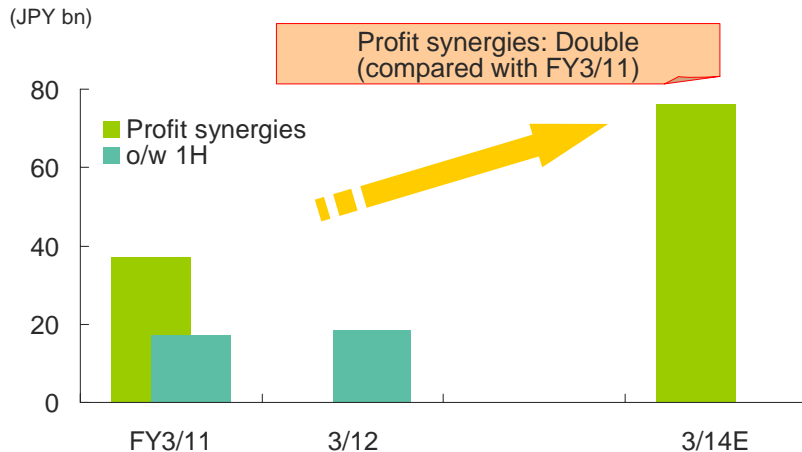
# 3-3. Synergies between SMBC and SMBC Nikko

## (2) Progress of Initiatives

Strengthen group-wide capability in financial consulting for individuals, solution providing to corporates

- Collaboration between SMBC and SMBC Nikko

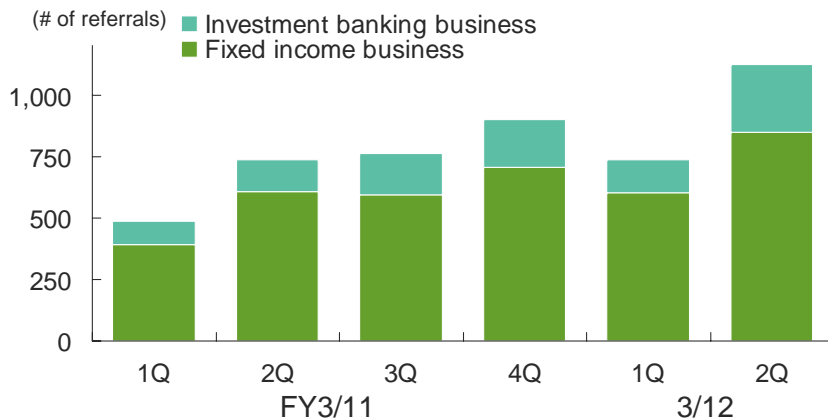
### Profit synergies\*1



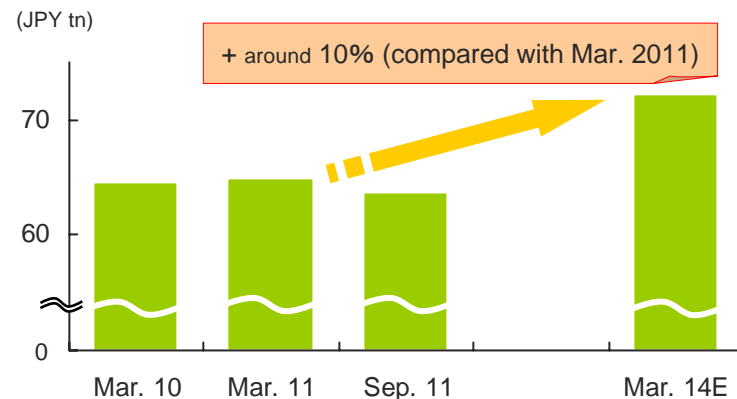
### Ranking related to wholesale business

League tables (Apr.-Sep. 2011)		Rank	Mkt share
All Bonds in Yen (Lead manager, Underwriting amount)*2	SMBC Nikko	#5	12.5%
Global Equity & Equity-Related (Book runner, Underwriting amount)*3	SMFG	#2	20.4%
Financial Advisor (M&A, No. of deals)*4	SMBC Nikko	#2	3.2%

### No. of referrals from SMBC to SMBC Nikko (contracted basis)



### Assets under management (for individuals)



\*1 Managerial accounting basis \*2 Source: SMBC Nikko (corporate bonds, FILP agency bonds, municipality bonds [proportional shares as lead manager], samurai bonds)

\*3 Source: SMBC Nikko based on the data of Thomson Reuters (Japanese related, group basis)

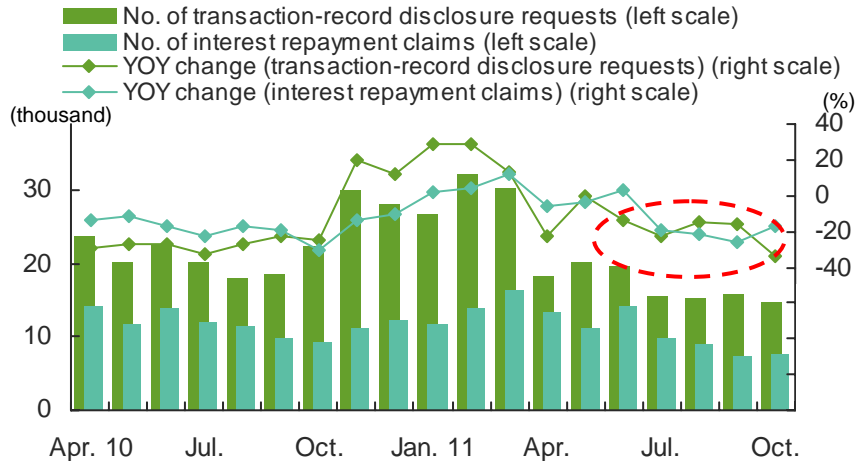
\*4 Source: Thomson Reuters (any Japanese involvement announced (excluding real estate related)) \*5 Managerial accounting basis (total of SMBC, SMBC Nikko and SMBC Friend)

# 3-4. Consumer Finance Business

## (1) Background of Making Promise a Wholly-Owned Subsidiary

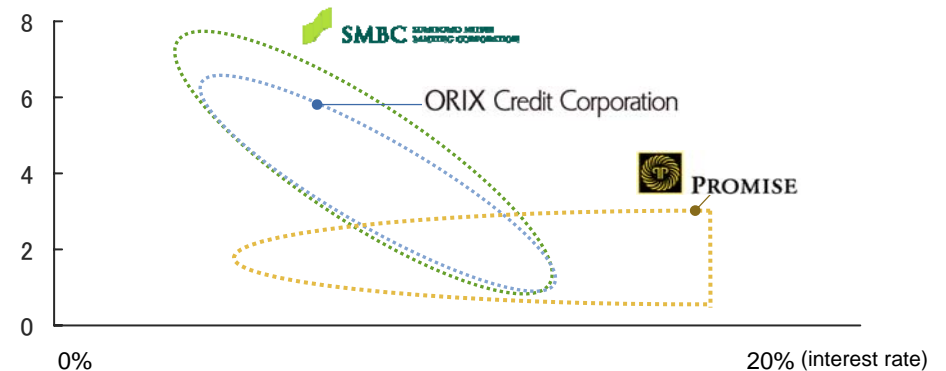
We plan to make Promise a wholly-owned subsidiary in coming April 2012\*1, taking into consideration of the decrease in the number of interest repayment claims and increase of new customers, indicating the positive prospect

### No. of transaction-record disclosure requests and interest repayment claims (Promise\*2)

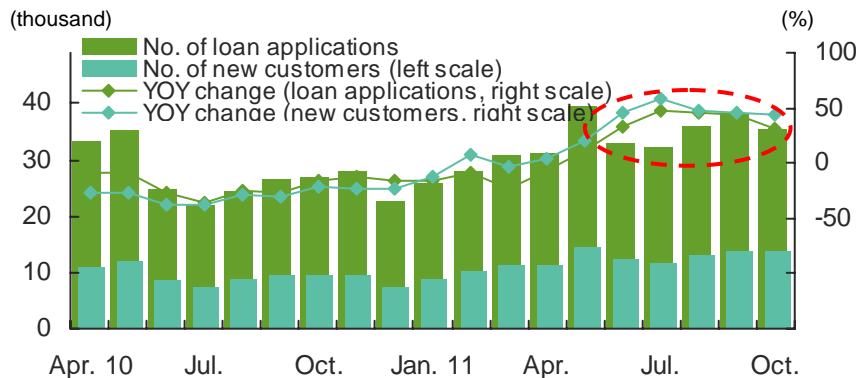


### Overview of SMFG consumer finance business (image)

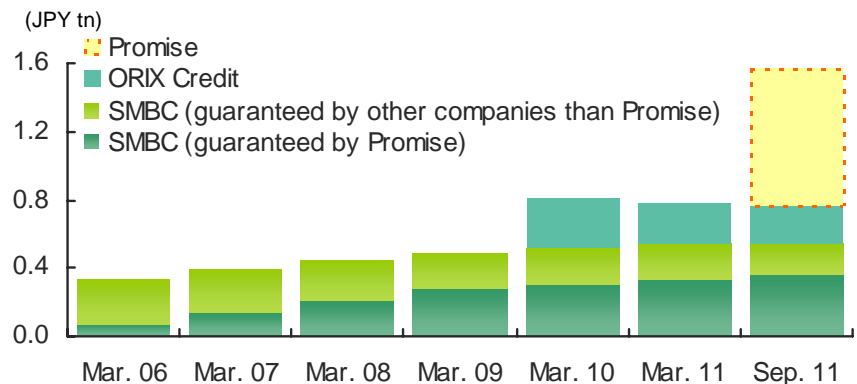
(Clients' borrowing limit, JPY mn)



### No. of loan applications and new customers / approval rate (Promise)



### Outstanding card loan balance of main group companies



\*1 Under the conditions that after the Tender Offer, the ratio of voting rights held by SMBC became more than 61.02%, or SMFG, SMBC and Promise confirmed that the subscription made by minority shareholders, subject to certain conditions, reached 50%, and public announcement for share exchange is made by SMFG by December 22.

\*2 Promise non-consolidated basis (on and before Sep. 2010, the aggregate of Promise non-consolidated and former SANYO SHINPAN)



## 3-4. Consumer Finance Business (2) Business Strategy

*Further strengthen consumer finance*

- Maximize synergies with Promise
- Promise expected to contribute JPY 20 - 30 billion to consolidated net income moving forward  
(dealt fundamentally with interest repayment claims)

### Making Promise a wholly-owned subsidiary of SMFG

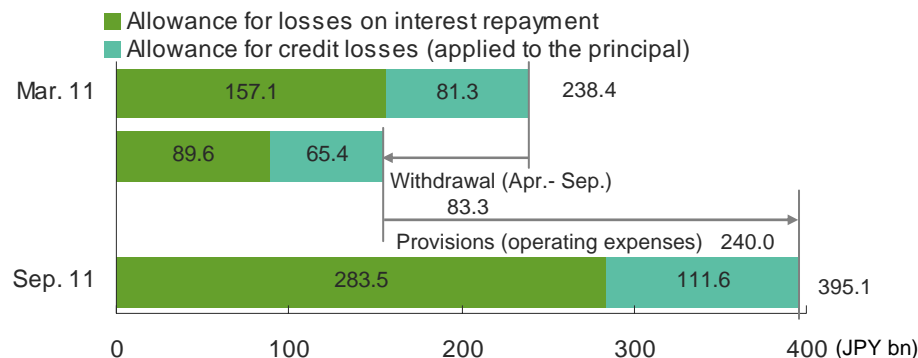
- SMBC's Tender offer for Promise's share  
Tender offer period: Oct. 18 - Nov. 30, 11  
Tender Offer Price: JPY 780 per common share
- SMFG's repurchase of its own shares\*  
(scheduled to repurchase in two separate transactions to acquire the amount needed [equivalent to approx. JPY 100 bn])  
First:  
Repurchase period: Dec. 2, 11 - Jan. 20, 12  
(tentatively scheduled)  
Maximum amount to be repurchased:  
23 mn shares or JPY 50 bn
- Tender Offer settlement date:  
Dec. 7, 11
- Date of capital increase of JPY 120 bn made by Promise, by allotment of new shares to the third party, to SMFG or SMBC: Dec. 26, 11
- Effective date of the Share Exchange\*:  
Apr. 2012 (tentatively scheduled)

### 1H, FY3/12 results and FY3/12 earnings forecast (Promise consolidated)

(JPY bn)	FY3/11 results	1H results	FY3/12 forecast
Operating income	238.4	100.4	193.0
Recurring profit	(48.8)	(205.7)	(191.4)
Net income	(96.0)	(208.6)	(195.4)
Customer loans outstanding	879.5	801.3	

approx.  
JPY 20-30 bn  
anticipated  
moving  
forward

### Ref. Interest repayment-related allowance



\* Under the conditions that after the Tender Offer, the ratio of voting rights held by SMBC became more than 61.02%, or SMFG, SMBC and Promise confirmed that the subscription made by minority shareholders, subject to certain conditions, reached 50%, and public announcement for share exchange will be made by SMFG by December 22. The share exchange ratio will be determined after the completion of the Tender Offer (Promise share price will be basically equivalent to the tender offer price of 780 yen)

## 3-5. Progress of Medium-term Management Plan

*We made steady progress toward achieving the financial targets of our medium-term management plan amid an adverse business environment*

Core Tier I ratio (estimate)		Mar. 2011	Sep. 2011	FY3/14 target
	Based on full implementation of Basel III*1, 2	slightly less than 6%	slightly more than 7%	approx. 8%
Ref.	Based on initial implementation of Basel III*1	slightly more than 8%	slightly more than 9%	

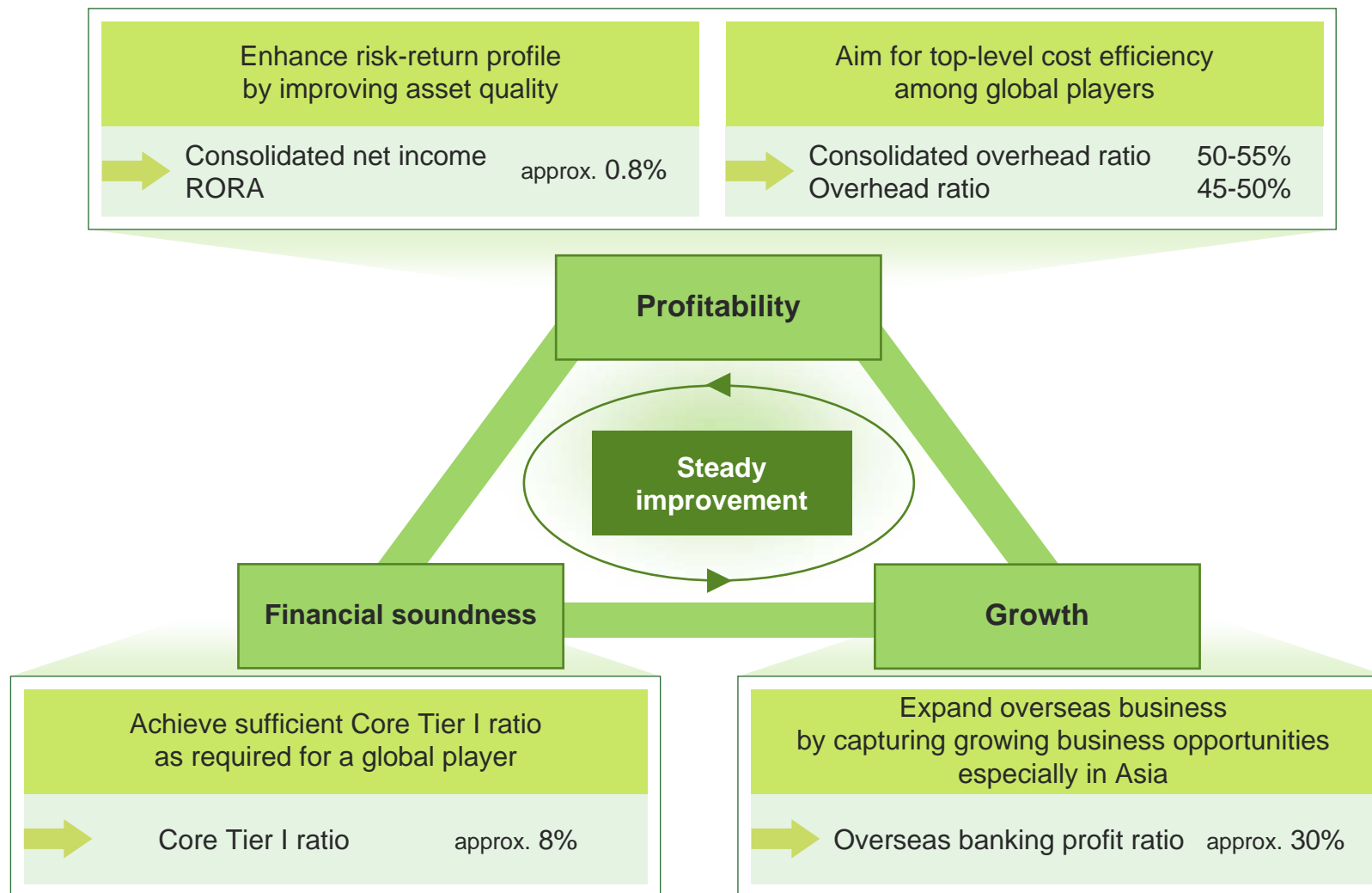
	FY3/11	1H, FY3/12	FY3/14 target
Consolidated net income RORA	0.8%	1.2%	approx. 0.8%
Consolidated overhead ratio	52.5%	51.2%	50-55%
Overhead ratio	45.6%	43.3%	45-50%
Overseas banking profit ratio	23.3%	25.3% *3	approx. 30%

\*1 Excluding Unrealized gains \*2 Regulatory adjustments are fully deducted \*3 Based on the exchange rate assumption (USD 1 = JPY 85) of the medium-term management plan

# (Ref.) Management Approach for Sustainable Growth

Achieve stable growth of consolidated net income

- Focus even more on return on risk and return on cost ⇒ “Better balance between” + “enhancement of” financial soundness, profitability, and growth



Team SMFG , Team SMBC




Cross Sell



Credit Control



Cost Control



This material 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 the fragility of any economic recovery, both globally and in Japan; our ability to successfully implement its business and capital strategy; the success of our business alliances including those in the consumer finance industry; exposure to new risks as we expand the scope of our business; significant credit-related costs; declines in the value of our securities portfolio. 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 material. We undertake no obligation to update or revise any forward-looking statements.

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



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