

# Fixed Income Investor Presentation

June 2013

## Sumitomo Mitsui Banking Corporation

The financial figures for SMFG and SMBC included in this presentation are prepared in accordance with generally accepted accounting principles in Japan, or Japanese GAAP



# Disclaimer

---

This presentation is being provided to you for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior written consent of Sumitomo Mitsui Banking Corporation (“SMBC”). All information included in this presentation speaks as of the date of this presentation (or earlier, if so indicated in this presentation) and is subject to change without notice.

This presentation is based on information provided by SMBC. Neither SMBC nor its affiliates make any representation or warranty, express or implied as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of any of the information or opinions in this presentation.

The information contained herein does not constitute an offer or solicitation of securities for sale in the United States or anywhere else. Securities may not be offered or sold in the United States unless they are registered under applicable law or exempt from registration. No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

This presentation 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 SMBC and its management with respect to Sumitomo Mitsui Financial Group, Inc.’s and SMBC’s 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” 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 as a result of various factors, such as any deterioration in Japanese and global economic conditions and financial markets; future declines in securities prices on Japanese stock markets or other global markets; failure to satisfy capital adequacy requirements; incurrence of significant credit-related costs; a significant downgrade of our credit ratings; failure to achieve the goals of our business strategy; exposure to new risks as SMBC expands the scope of its business; the success of SMBC’s business strategies and alliances; reduction of recoverability of certain tax deferred assets; failure of SMBC’s information technology systems; financial difficulties of counterparties and other financial institutions; regulatory sanctions; insufficient liquidity; changes in laws and regulations affecting SMBC’s business; and SMBC’s ability to maintain competitiveness. SMBC undertakes no obligation to update or revise any forward-looking statements.

# SMFG / SMBC overview

## SMFG (Sumitomo Mitsui Financial Group)

- SMFG is one of the three largest banking groups in Japan with an established global presence
- Designated as one of the G-SIBs

<b>Market capitalization (TSE:8316 / NYSE:SMFG)</b>	JPY 6.2 tn (USD 64 bn)
---	---------------------------

<b>Total assets</b>	JPY 149 tn
---------------------	------------

<b>Tier I ratio</b>	10.93 %
---------------------	---------

(As of Apr. 30, 2013 for Market capitalization and as of Mar. 31, 2013 for the others)  
(Consolidated)

## SMBC's business franchise

- Core operating entity within the SMFG franchise
- Heritage dating back more than 400 years
- 27 million** retail customer deposit accounts
- 103 thousand** domestic corporate loan clients
- 439** domestic branches
- 60+** overseas franchises\*2

<b>Ratings (Moody's / S&amp;P)*3</b>	Aa3 / A+
--------------------------------------	----------

(As of Mar. 31, 2013, except for the ratings)

## SMBC's asset quality and liquidity

<b>Total assets</b>	JPY 126 tn
---------------------	------------

<b>Loans</b>	JPY 60 tn
--------------	-----------

<b>Yen Bond Portfolio*1</b>	JPY 29 tn
-----------------------------	-----------

<b>Deposits</b>	JPY 92 tn
-----------------	-----------

<b>Loan-to-deposit ratio</b>	65.0 %
------------------------------	--------

<b>Non-performing loan ratio</b>	1.60 %
----------------------------------	--------

(As of Mar. 31, 2013, non-consolidated)

## SMBC's profitability

**FY3/13**

<b>Gross banking profit</b>	JPY 1,540 bn
-----------------------------	--------------

<b>Banking profit (before provisions)*4</b>	JPY 812 bn
---	------------

<b>Net income</b>	JPY 618 bn
-------------------	------------

<b>Overhead ratio*5</b>	47.3 %
-------------------------	--------

(Non-consolidated)

\*1 Total balance of bonds with maturities classified as "Other securities" and bonds of held-to-maturity; total of JGBs, Japanese local government bonds and Japanese corporate bonds

\*2 SMBC's branches and subsidiaries

\*3 SMBC's long-term senior unsecured bond ratings

\*4 Before provision for general reserve for possible loan losses

\*5 Expenses divided by gross banking profit

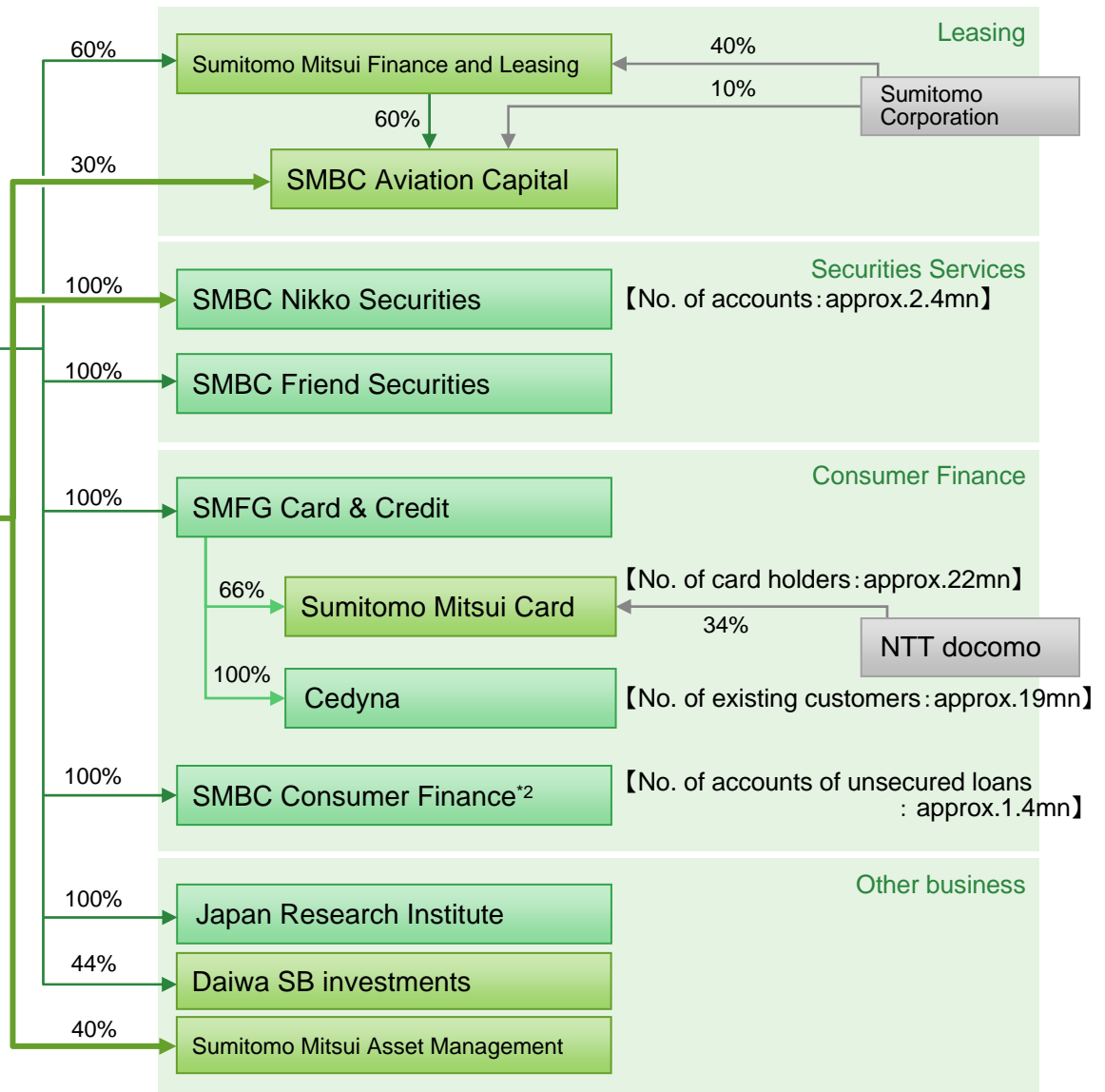
# Group structure\*1



Sumitomo Mitsui Financial Group	
Consolidated total assets	JPY 149 tn
Consolidated Tier I ratio	10.93%



Sumitomo Mitsui Banking Corporation



\*1 As of Mar. 31, 2013

\*2 Renamed to SMBC Consumer Finance from Promise on July 1, 2012

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

	Apr. 2001	Jul. 2007	Apr. 2013
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>	<ul style="list-style-type: none"> <li>Bank of New York Mellon</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>Mizuho CB/BK</li> <li>UniCredit</li> </ul>	<ul style="list-style-type: none"> <li>State Street Bank &amp; Trust</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><b>SMBC</b></li> <li><b>BTMU</b></li> <li>HSBC Bank</li> <li>JPMorgan Chase Bank</li> <li>Nordea Bank</li> <li>Wells Fargo Bank</li> </ul>
A1	<ul style="list-style-type: none"> <li>Credit Suisse</li> </ul>	<ul style="list-style-type: none"> <li>Bank of China</li> </ul>	<ul style="list-style-type: none"> <li>Bank of China</li> <li>Credit Suisse</li> <li>Mizuho CB/BK</li> <li>Standard Chartered</li> </ul>
A2	<ul style="list-style-type: none"> <li><b>BTMU</b></li> <li>Standard Chartered</li> </ul>	<ul style="list-style-type: none"> <li>Standard Chartered</li> </ul>	<ul style="list-style-type: none"> <li>Barclays Bank</li> <li>BNP Paribas</li> <li>BPCE(Banque Populaire)</li> <li>Crédit Agricole</li> <li>Deutsche Bank</li> <li>Goldman Sachs Bank</li> <li>ING Bank</li> <li>Société Générale</li> <li>UBS</li> </ul>
A3	<ul style="list-style-type: none"> <li><b>SMBC</b></li> <li>Mizuho CB/BK</li> </ul>		<ul style="list-style-type: none"> <li>Bank of America</li> <li>Citibank</li> <li>Morgan Stanley Bank</li> <li>Royal Bank of Scotland</li> </ul>
Baa1	<ul style="list-style-type: none"> <li>Bank of China</li> </ul>		
Baa2			<ul style="list-style-type: none"> <li>Banco Santander</li> <li>UniCredit</li> </ul>
Baa3			<ul style="list-style-type: none"> <li>BBVA</li> </ul>

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

# ■ Highlights

---

## Financial soundness

- Asset quality
- Credit costs
- Liquidity
- Capital and risk

## Profitability

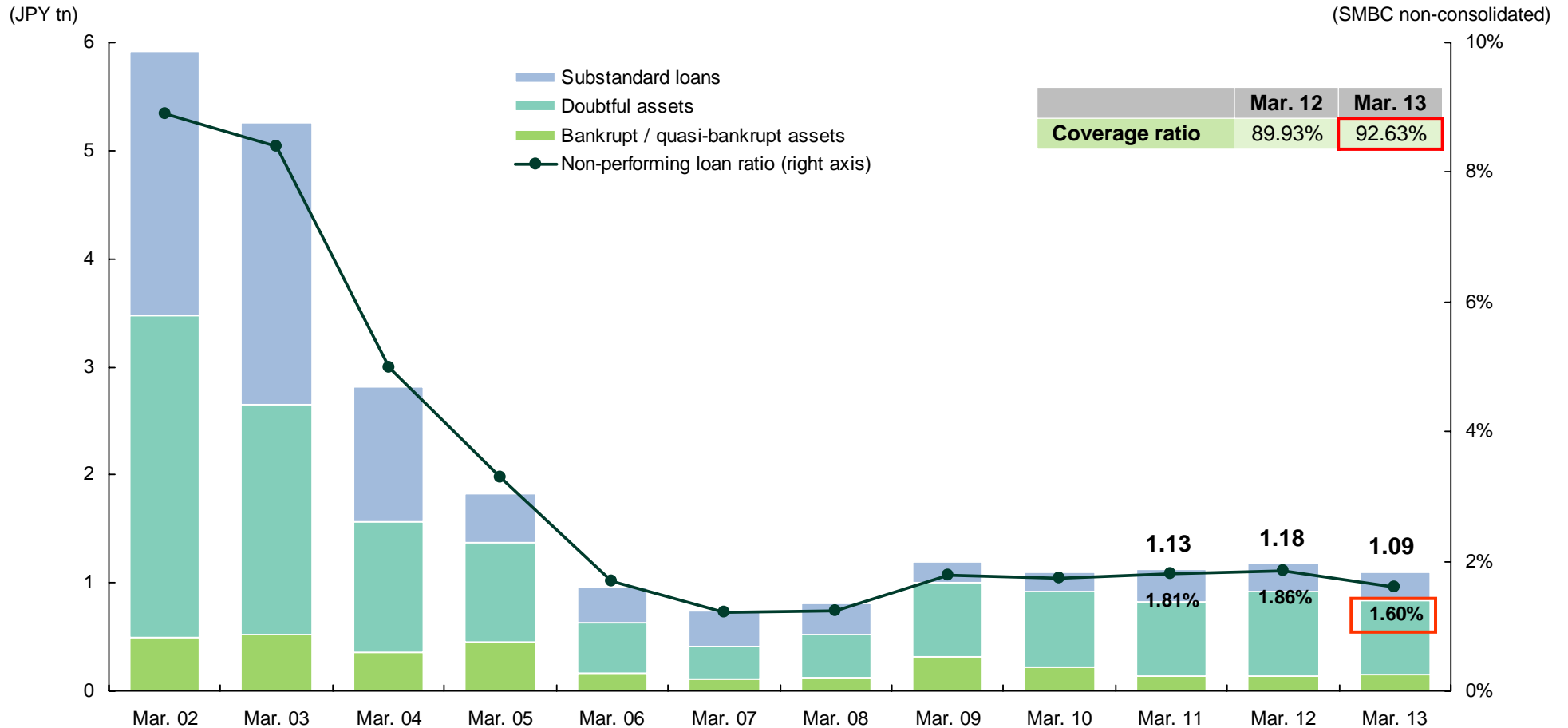
- Financial results of FY3/2013
- Source of profitability
- Loan balance & spread
- Foreign currency funding
- Expenses

## Growth

- International business
- Synergies between SMBC and SMBC Nikko

# Asset quality - solid loan portfolio

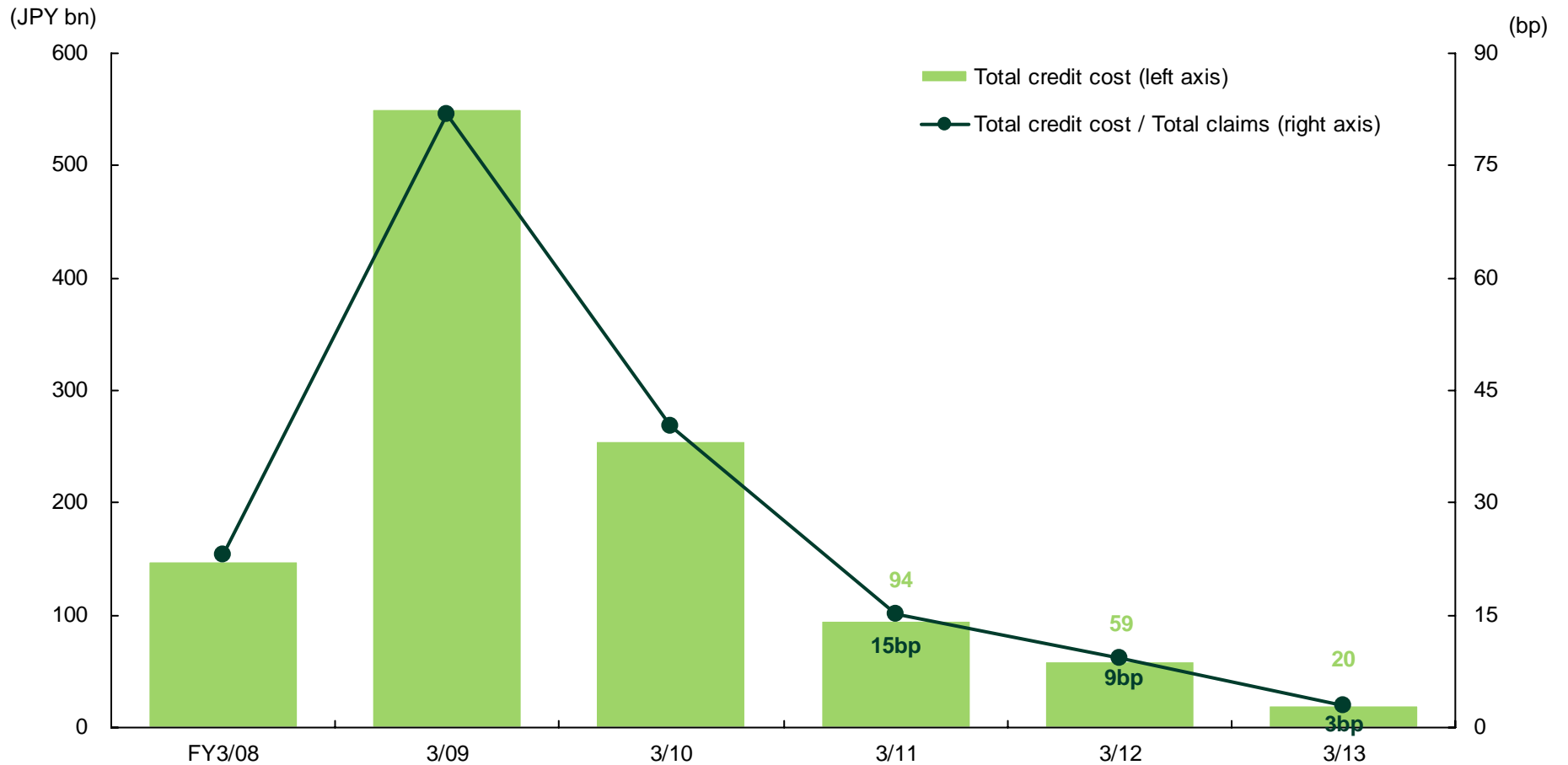
## Balance of non-performing loans



# Credit costs

## Total credit cost

(SMBC non-consolidated)

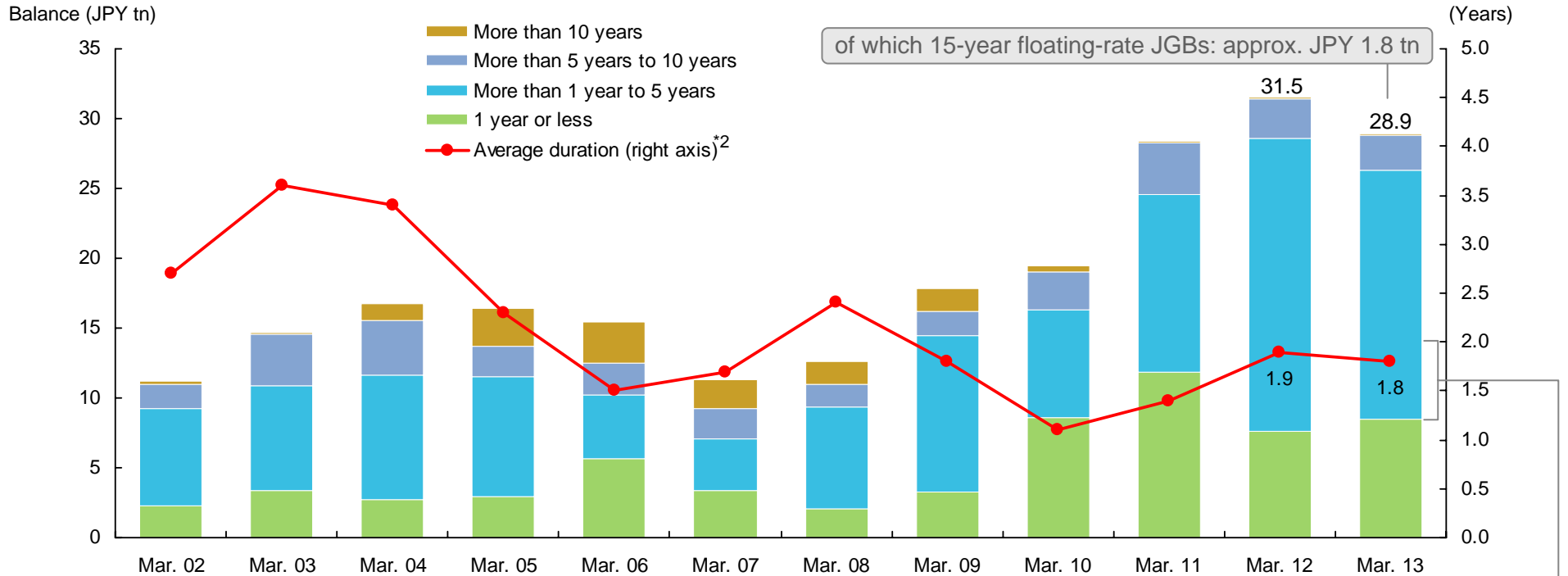




# Asset quality - bond portfolio

## Yen bond portfolio\*1

(SMBC non-consolidated)



of which 2 years or less: JPY 5.8 tn  
(change from Mar. 12: JPY (2.8) tn)

<b>Unrealized gains (losses) (JPY bn)<sup>*3</sup></b>	<b>104.4</b>	<b>95.3</b>
--	--------------	-------------

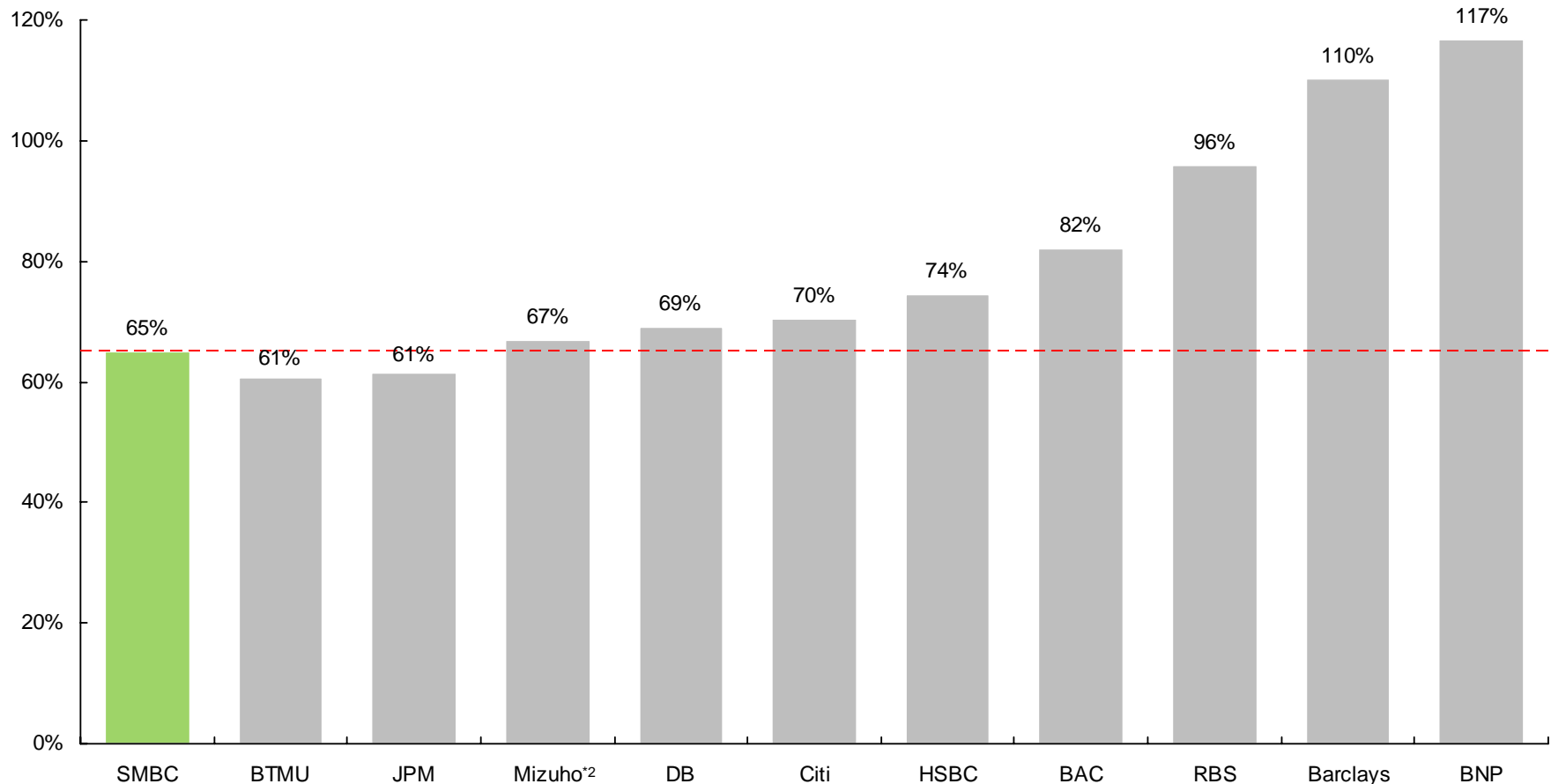
\*1 Total balance of bonds with maturities classified as "Other securities" and bonds of held-to-maturity; total of JGBs, Japanese local government bonds and Japanese corporate bonds

\*2 Excluding bonds of 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

\*3 15-year floating-rate JGBs have been carried at their reasonably estimated amounts from Mar. 09

# Liquidity - supported by a sticky domestic deposit base

## Loan-to-deposit ratio\*1



\*1 Based on each company's financial statements, as of Mar. 31, 2013 for SMBC, The Bank of Tokyo-Mitsubishi UFJ ("BTMU") and Mizuho, and as of Dec. 31, 2012 for others. Figures of SMBC, BTMU and Mizuho are on a non-consolidated basis. The others are on a consolidated basis

\*2 Aggregate of Mizuho Bank and Mizuho Corporate Bank

# Capital and risk-weighted assets - SMFG consolidated

## Capital ratio

	(JPY bn)	Mar. 31, 13 <preliminary>
<b>Common Equity Tier 1 capital (CET1)</b>		<b>5,855.9</b>
of which:		
Total stockholders' equity related to common stock		5,585.9
Minority interests related to CET1		268.9
<b>Tier 1 capital</b>		<b>6,829.0</b>
of which:		
Eligible Tier 1 capital instruments (grandfathered)		1,463.3
Adjusted minority interests related to Additional Tier 1		127.6
Foreign currency translation adjustments		(97.5)
Regulatory adjustments		(520.3)
<b>Tier 2 capital</b>		<b>2,357.0</b>
of which:		
Eligible Tier 2 capital instruments (grandfathered)		1,830.9
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount		506.6
Regulatory adjustments		(76.7)
<b>Total capital</b>		<b>9,186.0</b>
<b>Risk-weighted assets</b>		<b>62,426.1</b>
<b>Common Equity Tier 1 capital ratio</b>		<b>9.38%</b>
Tier 1 capital ratio		10.93%
Total capital ratio		14.71%

## Risk-weighted assets\*1

	(JPY bn)	Mar. 31, 12	Mar. 31, 13 <preliminary>	Change from Mar. 31, 12
Credit risk-weighted assets		45,976.5	56,775.3	+10,798.8
Market risk equivalent / 8%		1,174.2	2,031.3	+857.1
Operational risk equivalent / 8%		3,892.5	3,256.2	(636.3)
Items included due to grandfathering			363.3	+363.3
Reference: Outlier ratio*2		2.6%	1.0%	(1.6%)
<b>Total</b>		<b>51,043.2</b>	<b>62,426.1</b>	<b>+11,382.9</b>

### Main factors for the changes:

- Implementation of Basel 3: +approx. JPY 6 tn
- Increase in loan balance, yen depreciation, etc.: +approx. JPY 5 tn

## Common Equity Tier 1 capital ratio (fully-loaded\*3, pro forma)

	(JPY bn)	Mar. 31, 13
Variance with CET1 on a transitional basis		
Accumulated other comprehensive income		665
Minority interests (subject to be phased-out)		(130)
Regulatory adjustments related to CET1		(1,018)
<b>Common Equity Tier 1 capital</b>		<b>5,373</b>
<b>Risk-weighted assets</b>		<b>62,063</b>
<b>Common Equity Tier 1 capital ratio</b>		<b>8.6%</b>

\*1 Basel 2 basis for Mar. 31, 2012 and Basel 3 basis for Mar. 31, 2013

\*2 SMBC consolidated

\*3 Based on the definition as of Mar. 31, 2019

# ■ Highlights

---

## Financial soundness

- Asset quality
- Credit costs
- Liquidity
- Capital and risk

## Profitability

- Financial results of FY3/2013
- Source of profitability
- Loan balance & spread
- Foreign currency funding
- Expenses

## Growth

- International business
- Synergies between SMBC and SMBC Nikko

# Financial results of FY3/2013

		(JPY bn)	FY3/2012 Results	FY3/2013 Results	YOY change
SMBC non-consolidated	Gross banking profit		1,532.5	1,540.1	7.6
	<i>Gains (losses) on bonds</i>		152.5	113.8	(38.7)
	Expenses* <sup>1</sup>		(719.5)	(727.7)	(8.2)
	<Overhead ratio>* <sup>2</sup>		46.9%	47.3%	+0.4%
	Banking profit (before provisions)* <sup>3</sup>		813.0	812.4	(0.6)
	Total credit cost		(58.6)	(19.5)	+39.1
	Gains (losses) on stocks		(15.2)	(35.7)	(20.5)
	Ordinary profit		695.3	670.9	(24.5)
	Net income		478.0	617.8	+139.8
Reference: SMFG consolidated	Ordinary profit		935.6	1,073.7	+138.2
	Net income		518.5	794.1	+275.5

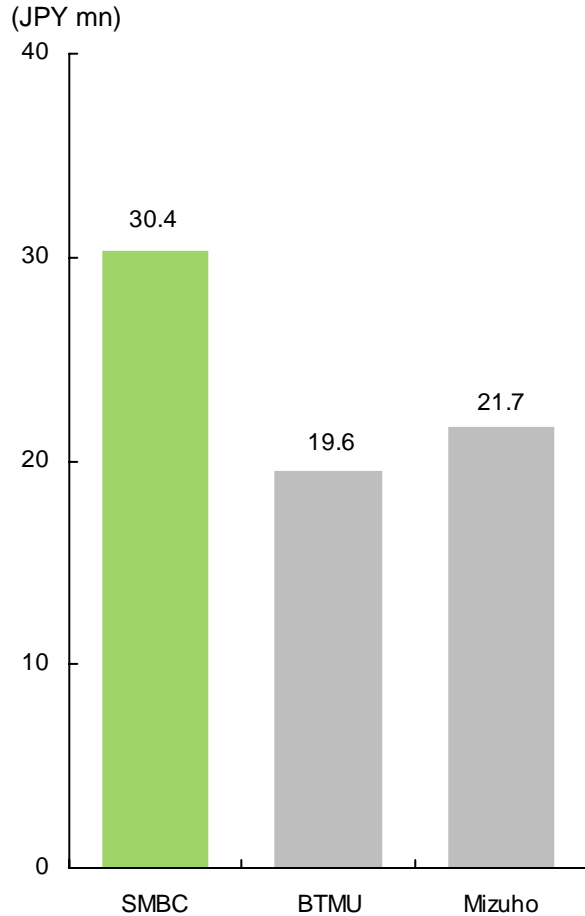
\*1 Excluding non-recurring losses

\*2 Expenses divided by gross banking profit

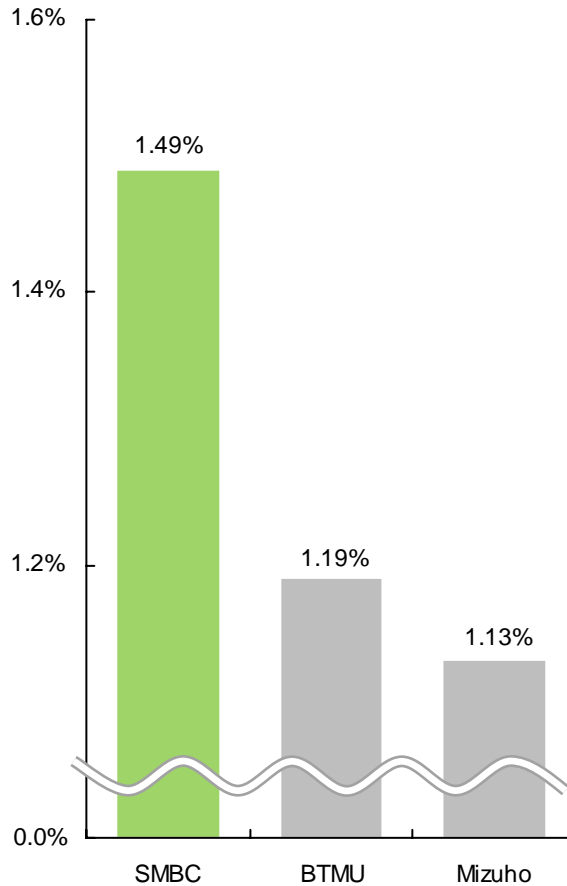
\*3 Before provision for general reserve for possible loan losses

# Source of profitability

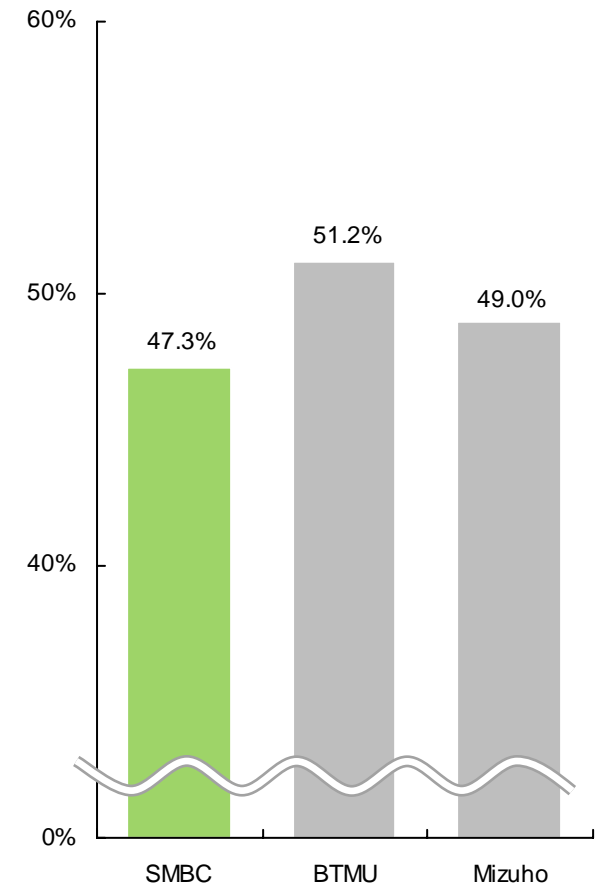
**Banking profit (before provisions) per employee<sup>\*1,2</sup>**



**Domestic loan-to-deposit spread<sup>\*1</sup>**



**Overhead ratio<sup>\*1</sup>**

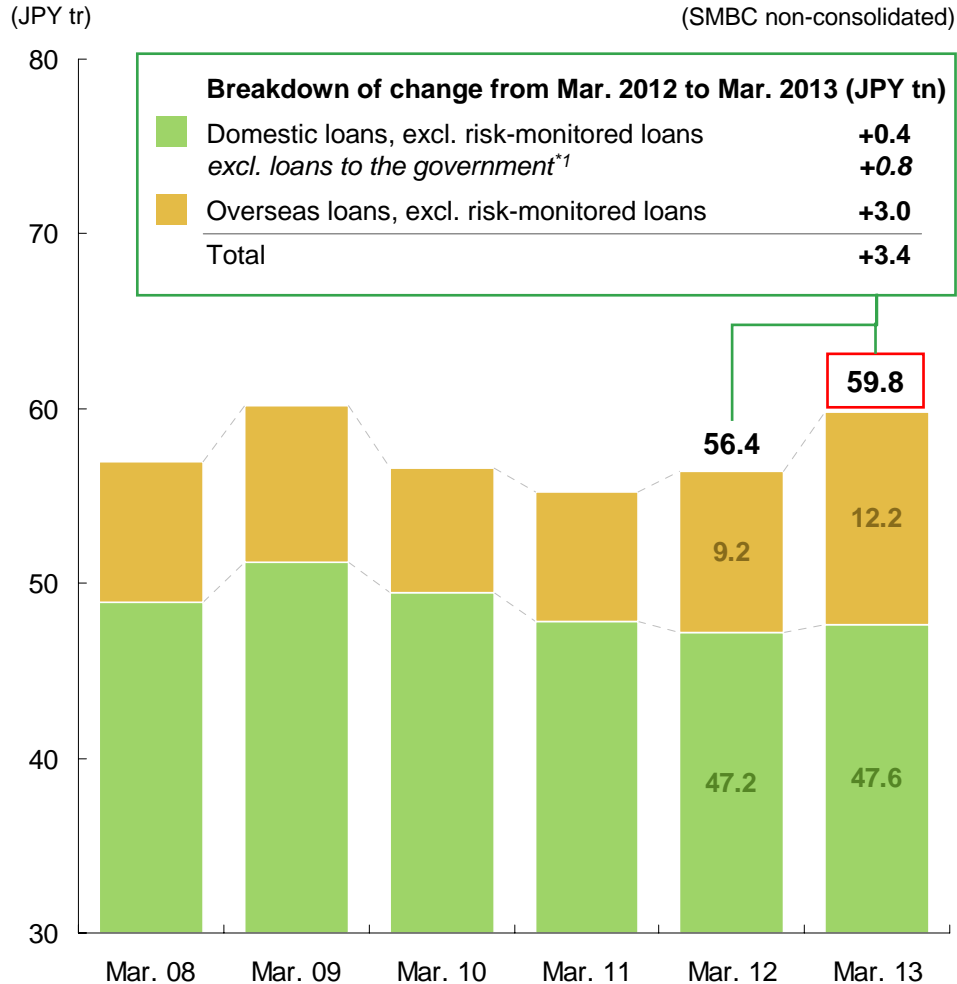


\*1 Based on each company's FY3/2013 disclosure except for banking profit (before provisions) per employee for BTMU, which is based on the average headcount of Sep. 2012 and Mar. 2012. The figures shown in the graph are: non-consolidated figures of SMBC and BTMU, and sum of Mizuho Bank and Mizuho Corporate Bank for Mizuho

\*2 Before provision for general reserve for possible loan losses, excluding gains (losses) on bonds, divided by average number of employees (average number of beginning and end of the period for BTMU and Mizuho)

# Loan balance & exposures

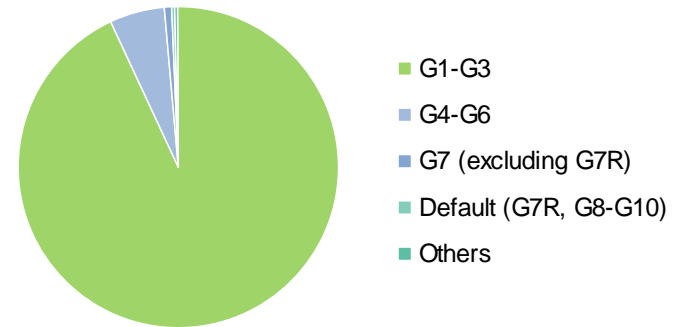
## Loan balance



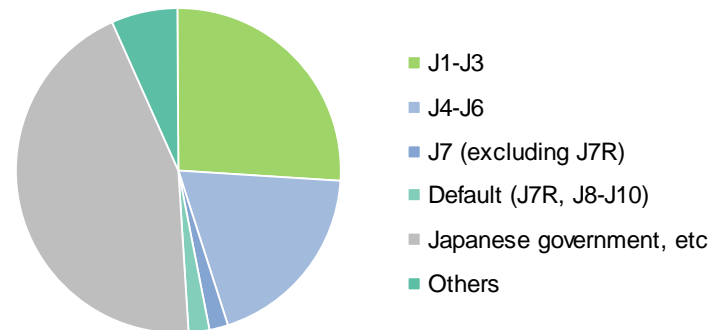
## Exposures by obligor grade as of Sep. 2012\*2 (corporate, sovereign and bank)

(SMFG consolidated)

### Overseas exposures



### Domestic exposures



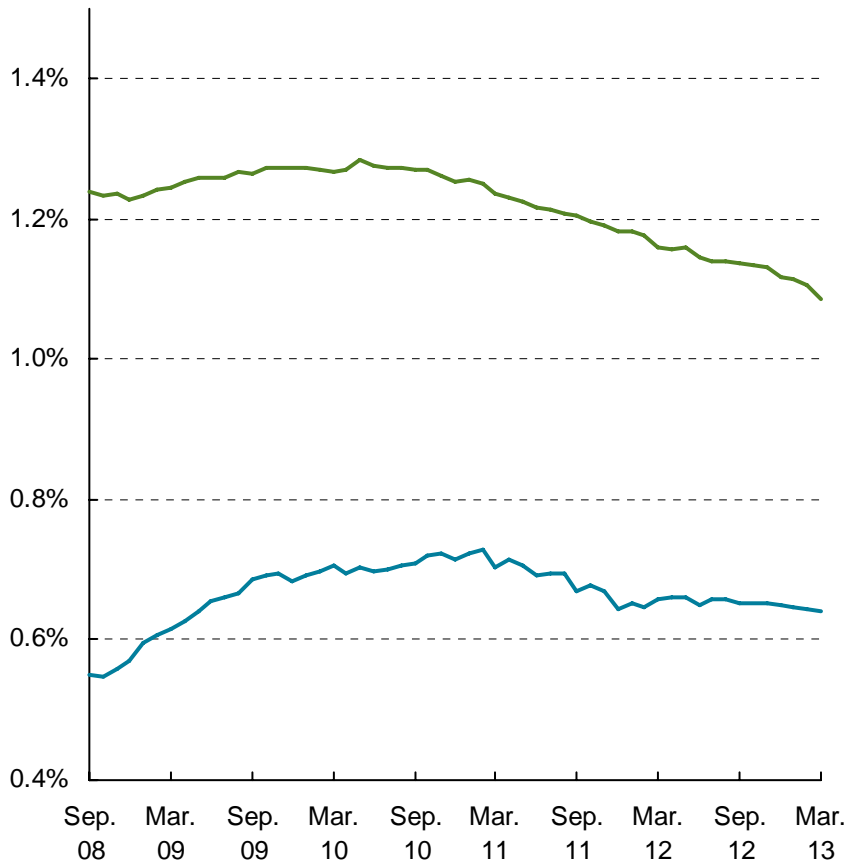
\*1 Loans to the Special Account for Allotment of Local Allocation Tax and Local Transfer Tax, etc.

\*2 Exposures include credit to domestic and overseas commercial/industrial companies, individuals for business purposes, sovereigns, public sector entities, and financial institutions. See appendix for details on obligor grade

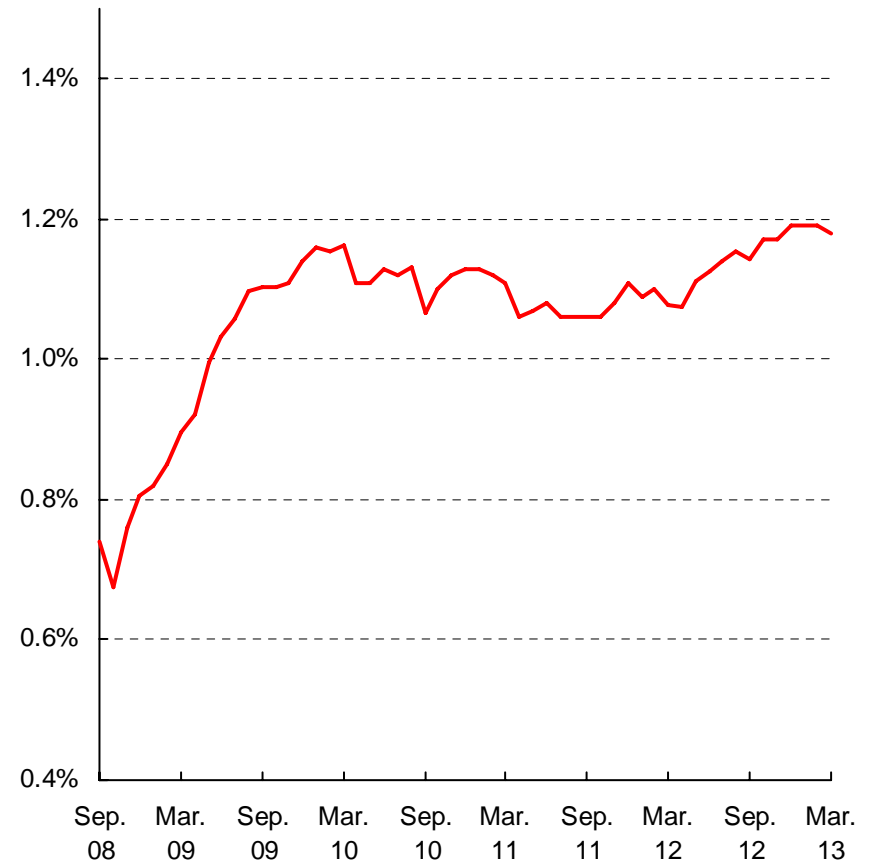
# Loan spread\*1

## Domestic\*2

— Large corporations (Corporate Banking Unit)  
 — Medium-sized enterprises and SMEs (Middle Market Banking Unit)



## Overseas\*3



\*1 Managerial accounting basis. Average loan spread of existing loans

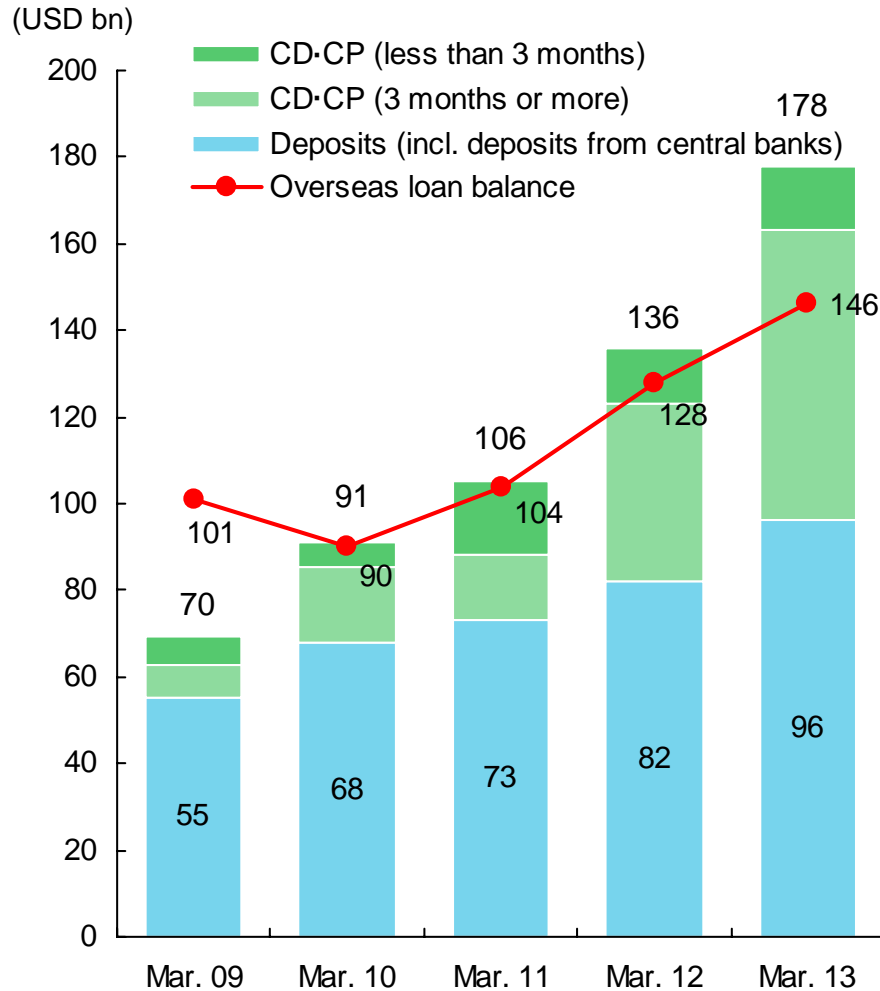
\*2 SMBC non-consolidated

\*3 Sum of SMBC, SMBC Europe and SMBC (China)



# Foreign currency funding (1)

## Overseas deposit & loan balance\*



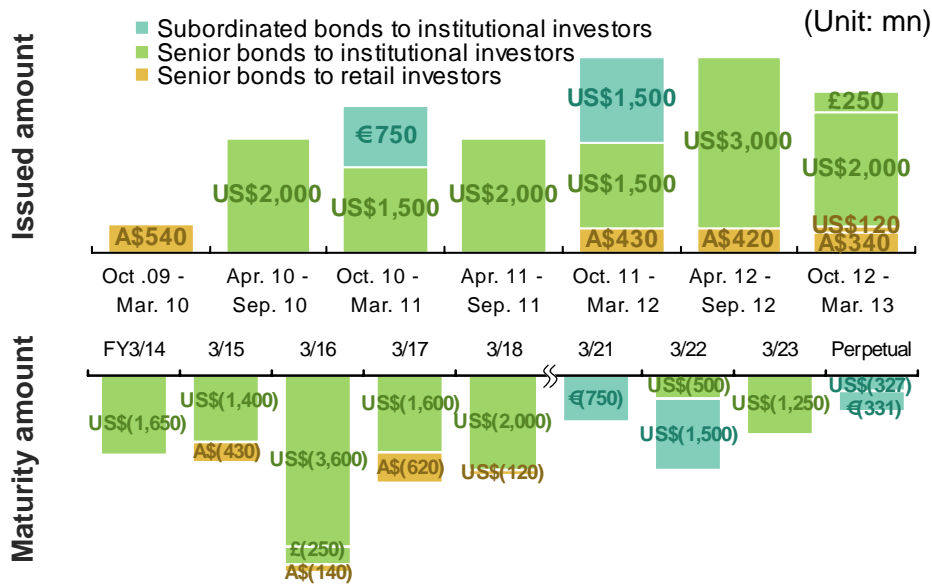
## Diversification of foreign currency funding

- CP program for short-term funding
  - USD CP Program:
    - Established Nov. 2009 (USD 5bn)
    - Expanded Nov. 2011 (USD 15bn)
  - Euro CP Program:
    - Established Nov. 2011 (EUR 10bn)
- Benchmark bond transactions
  - USD denominated senior bonds:
    - Issued periodically since 2010
    - In order to build a more robust and broader investor base, issued senior bonds via 3(a)(2) format since July 2012
  - USD and EUR denominated subordinated bonds: issued to international investors
  - USD and AUD denominated senior bonds: issued to Japanese domestic retail investors
  - GBP denominated senior bonds
    - Issued by drawing down from EMTN programme allowing us to diversify funding currencies
- Other transactions
  - AUD denominated transferable deposits: issued by Sydney branch to international investors

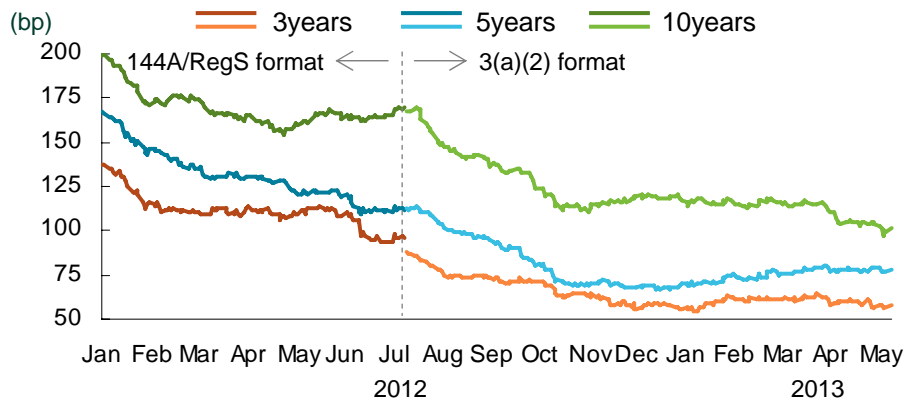
\* Managerial accounting basis, exchanged at respective period-end fx rates. Sum of SMBC, SMBC Europe and SMBC (China)

# Foreign currency funding (2)

## Issuance and maturity of foreign currency bonds



## Secondary spread of selected SMBC bonds\*1



## Foreign currency bonds issued since 2010

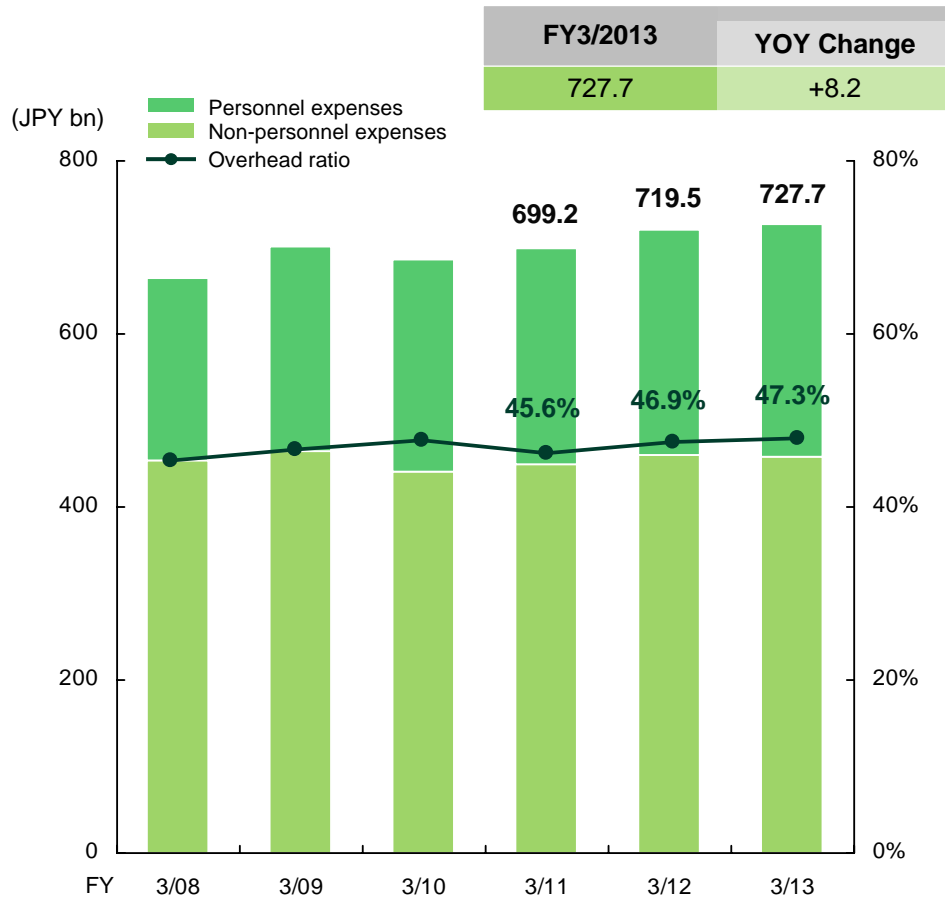
Issue date	Sub/Senior	Format	Tenor	Amount (mn)	Coupon	Spread <sup>2</sup>
<b>USD denominated</b>						
Jul. 22, 2010	Senior	144A/RegS	3 years	USD 1,000	2.15%	+118bp
			5 years	USD 1,000	3.15%	+137.5bp
Jan. 14, 2011	Senior	144A/RegS	3 years	USD 650	1.95%	+90bp
			5 years	USD 850	3.10%	+103bp
Jul. 22, 2011	Senior	144A/RegS	3 years	USD 400	1.90%	+130bp
			3 years	USD 500	LIBOR+0.95%	LIBOR+0.95%
Jan. 12, 2012	Senior	144A/RegS	5 years	USD 1,100	2.90%	+150bp
			3 years	USD 500	1.90%	+155bp
Mar. 1, 2012	Sub	RegS	5 years	USD 500	2.65%	+180bp
			10 years	USD 500	3.95%	+200bp
Jul. 18, 2012	Senior	3(a)(2)	10 years	USD 1,500	4.85%	+285bp
			3 years	USD 1,000	1.35%	+100bp
Jan. 18, 2013	Senior	3(a)(2)	5 years	USD 1,250	1.80%	+120bp
			10 years	USD 750	3.20%	+170bp
Mar. 25, 2013	Senior	Domestic Retail	3 years	USD 750	0.90%	+58bp
			5 years	USD 750	1.50%	+77bp
Mar. 25, 2013	Senior	Domestic Retail	10 years	USD 500	3.00%	+117bp
			5 years	USD 120	1.21%	--
<b>GBP denominated</b>						
Mar. 18, 2013	Senior	RegS (EMTN)	3 years	GBP 250	LIBOR+0.55%	LIBOR+0.55%
<b>Euro denominated</b>						
Nov. 9, 2010	Sub	144A/RegS	10 years	Euro 750	4.00%	+130bp
<b>AUD denominated</b>						
Mar. 16, 2010	Senior	Domestic Retail	3 years	AUD 540	5.76%	--
Dec. 21, 2011	Senior	Domestic Retail	3 years	AUD 430	4.28%	--
Jun. 21, 2012	Senior	Domestic Retail	4 years	AUD 420	4.07%	--
Dec. 19, 2012	Senior	Domestic Retail	4 years	AUD 200	3.47%	--
Mar. 25, 2013	Senior	Domestic Retail	3 years	AUD 140	3.29%	--

\*1 Source: Bloomberg. Spreads shown for dates after Jan. 18, 2013 represent spreads of bonds issued on that date

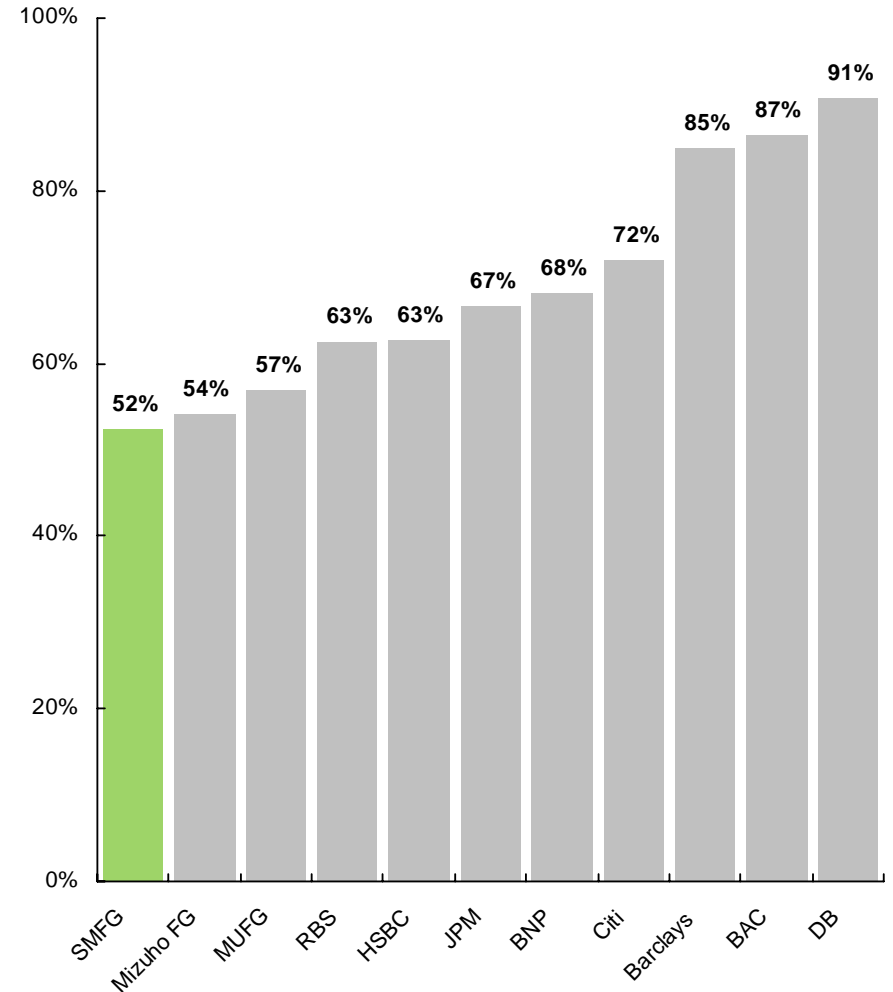
\*2 Spread over US Treasury except for Euro denominated bonds issued at Nov. 9, 2010 (over Mid Swap)

# Expenses - control both in SMBC and on a group-wide basis

## Expenses\*1



## Overhead ratio on group consolidated basis\*2



\*1 Excluding non-recurring losses

\*2 Based on each company's disclosure. G&A expenses (for Japanese banks, excluding non-recurring losses of subsidiary banks) divided by Top-line profit (net of insurance claims).  
FY3/2013 results for SMFG, MUFG and Mizuho FG, and FY12/2012 for others

# ■ Highlights

---

## Financial soundness

- Asset quality
- Credit costs
- Liquidity
- Capital and risk

## Profitability

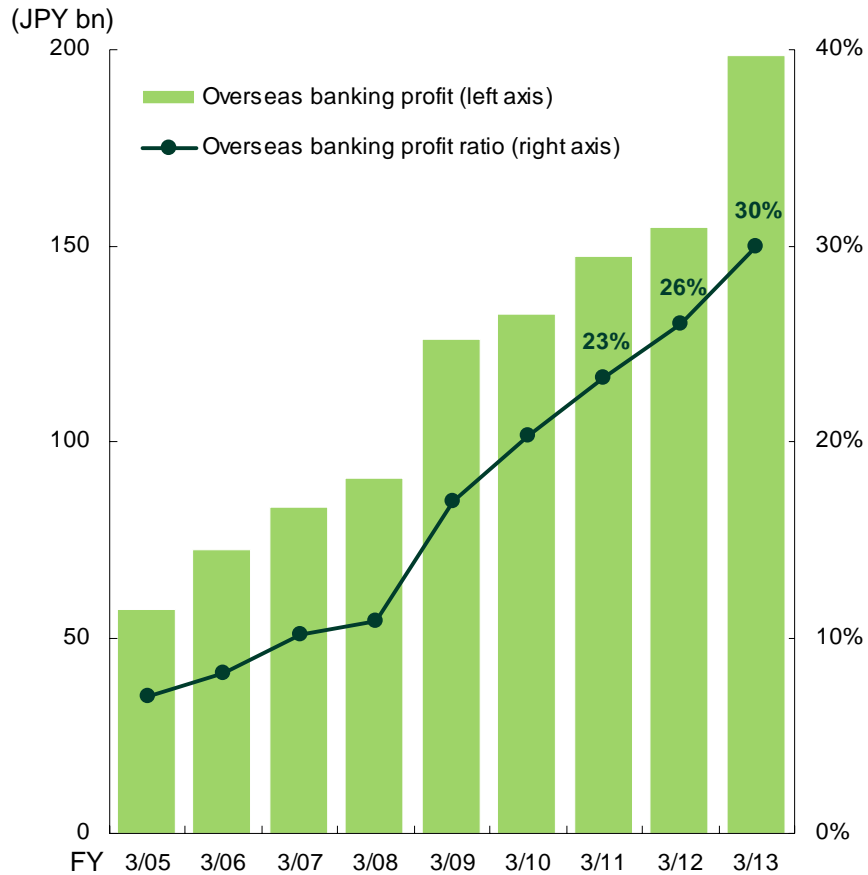
- Financial results of FY3/2013
- Source of profitability
- Loan balance & spread
- Foreign currency funding
- Expenses

## **Growth**

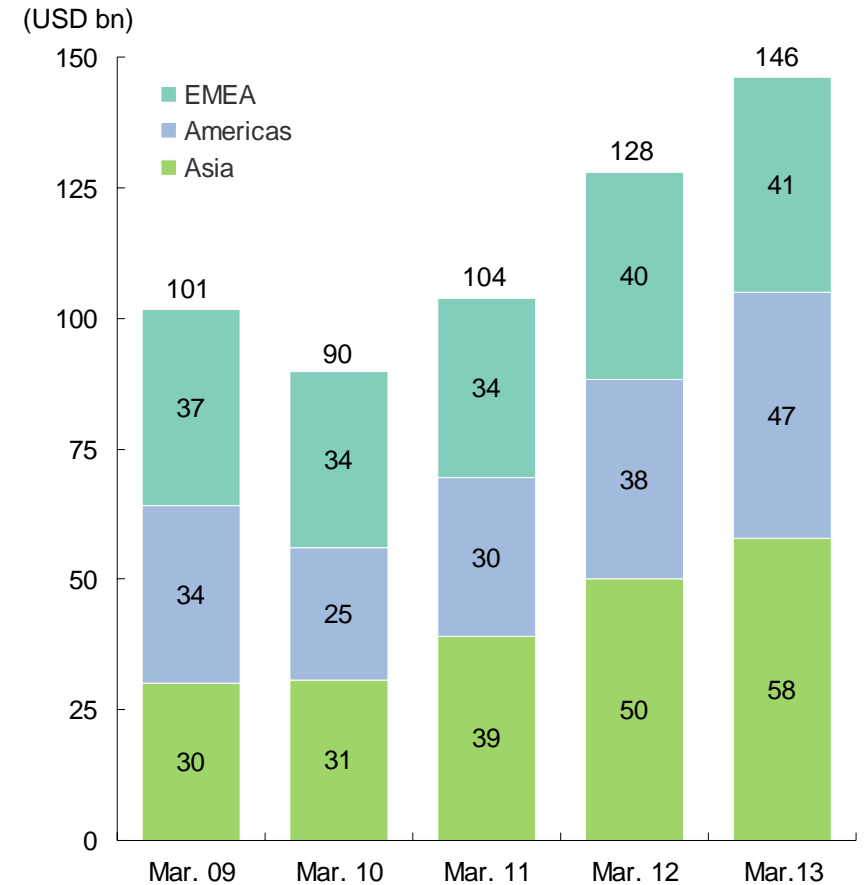
- International business
- Synergies between SMBC and SMBC Nikko

# International business (1) - profit and loan balance

## Overseas banking profit (before provisions) and ratio\*1



## Overseas loan balance (USD)\*2



\*1 Managerial accounting basis. Sum of SMBC and major overseas banking subsidiaries. Based on the medium-term management plan assumed exchange rate of USD1=JPY85 since FY3/12

\*2 Managerial accounting basis (exchanged at respective period-end fx rates). Sum of SMBC, SMBC Europe and SMBC (China)

# International business (2) - products with a competitive advantage

## Project finance

- SMBC was awarded as the Global Bank of the Year 2012 by Project Finance International, the leading publication of global project finance industry
- Team with high expertise committed to obtain mandates
- Leverage relationships with customers and ECAs to work on transactions with both Japanese and non-Japanese sponsors

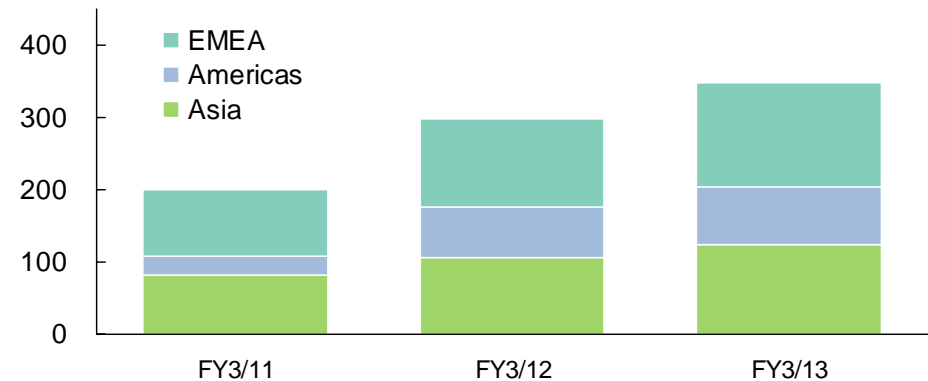


### League tables (Jan. – Dec. 2012)\*1

	Global	Asia*2	Japan
Project Finance	#3	#5	
Loan Syndication	#7	#1	#2

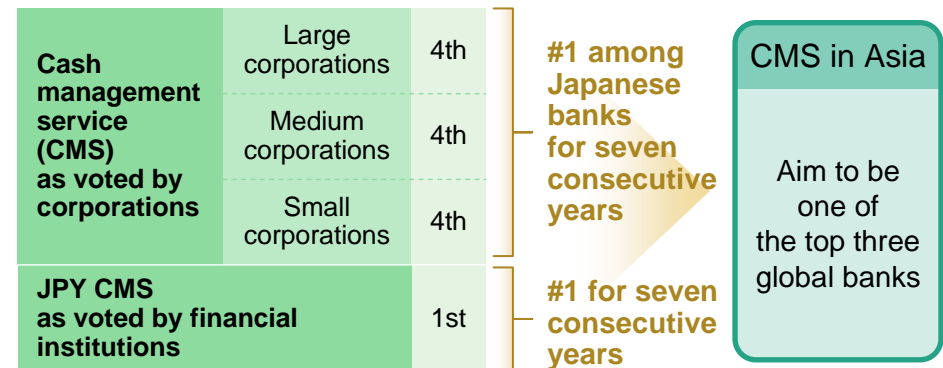
## Trade finance related profit

(USD mn)



## Cash Management Service

### Cash management providers' ranking (in Asia Pacific)\*3



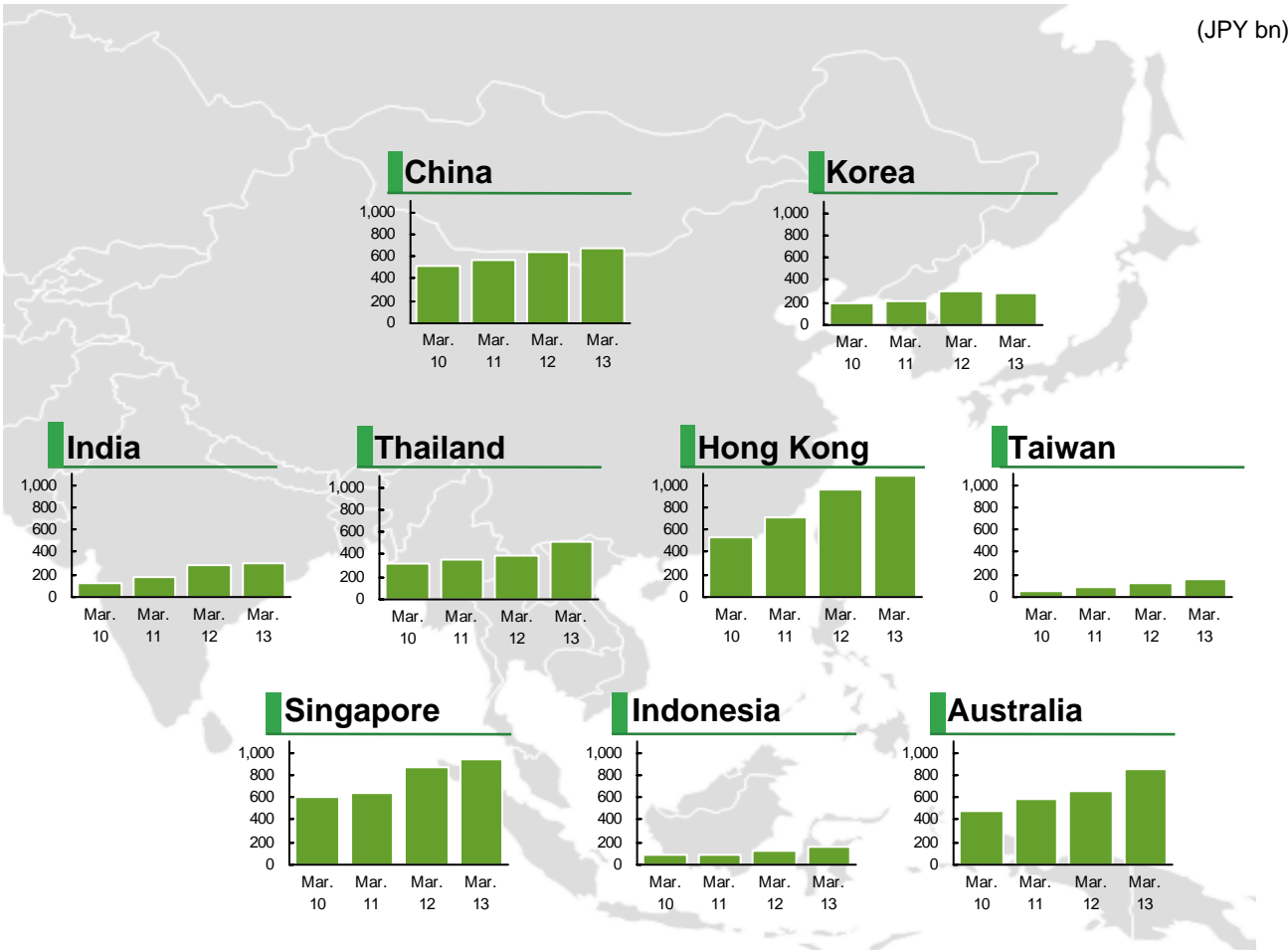
\*1 Source: Thomson Reuters (Mandated Arrangers)

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

\*3 Source: "ASIAMONEY": Cash management Poll 2011 (Aug. 2012)

# International business (3) - our footprint in Asia

## Loan balance in Asian countries (Geographic classification based on domicile of borrowers)\*1



## Strategic partners\*2

China	Bank of China Industrial and Commercial Bank of China Agricultural Bank of China
Korea	<u>Kookmin Bank</u>
Taiwan	First Commercial Bank
Hong Kong	<u>Bank of East Asia</u>
Philippines	Metrobank
Vietnam	<u>Vietnam Eximbank</u>
Malaysia	RHB Bank
Indonesia	<u>Bank Tabungan Pensiunan Nasional</u> Bank of Central Asia
Cambodia	ACLEDA Bank
India	<u>Kotak Mahindra Bank</u>

\*1 Sum of SMBC, SMBC Europe and SMBC (China). Loan balances are calculated in JPY from each country's local currency at the exchange rate of Mar. 29, 2013

\*2 Underlined banks: SMBC has equity stake

# International business (4) - SMBC Aviation Capital

## FY2012 topics and future strategies

### FY2012 topics

- Merged existent aircraft leasing business into SMBC Aviation Capital in March 2013:  
 SMFL Aircraft Capital Corporation B.V. (Netherlands),  
 SMFL Aircraft Capital Japan Co., Ltd. (Japan) and  
 Sumisho Aircraft Asset Management B.V. (Netherlands)

### Future strategies

- Realize “One Stop Shop” structure among three shareholders in order to meet various needs of the aircraft industry and aircraft investors
- Capture increasing aircraft demand by leveraging economies of scale
- Build sustainable profit structure through a “Buy and sell” business model

## Number of aircrafts ranking\*

	Leasing company	Nationality	No. of Aircrafts
1	GECAS	US	1,742
2	ILFC	US	1,033
3	BBAM	US	332
	<b>SMBC AC + Sumisho Acft Asset Mgt</b>		<b>318</b>
4	AerCap	Netherlands	297
5	Aviation Capital Group	US	270
6	CIT Aerospace	US	268
7	AWAS	Ireland	244
8	Boeing Capital Corp	US	236
9	<b>SMBC AC</b>	<b>Ireland</b>	<b>232</b>
10	BOC Aviation	Singapore	198
23	<b>Sumisho Aircraft Asset Management</b>	<b>Netherlands</b>	<b>86</b>

\* As of Dec. 31, 2012 (Source: Flightglobal Insight “Aircraft Finance 2013”)

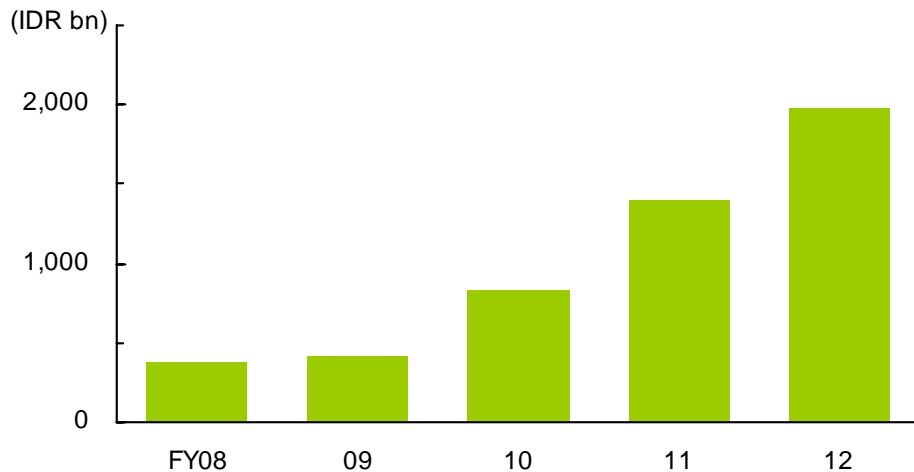


# International business (5) - Investment in BTPN\*1

## Investment overview

- Investment amount: approx. USD 1.5 bn  
As of May 10, approx. JPY 92 bn, IDR 6,500 per share  
Approx. JPY 150 bn for 40% stake
- Paid in US dollar; funded within ALM operation
- Share holding: 24.26% as of May 10, 2013 held by SMBC  
SMBC plans to hold 40% stake subject to the approval by regulatory authorities. BTPN will be treated as an affiliated company

## BTPN's consolidated net income



## Overview of BTPN

- Established in 1958 to serve retired military personnel through pension banking services. TPG Nusantara acquired a 71.6% stake in 2008
- Ranked 16th by asset size and 7th by market cap. among Indonesian banks
- Listing in Indonesian Stock Exchange: IDX ticker "BTPN"  
Market Cap. as of May 8, 2013: IDR 33,289.6 bn  
(approx. JPY 326 bn)
- Rating by Fitch Ratings: AA- (national scale rating)

### Asset



#### Pension banking

Loan to pension recipients



#### Micro-financing

Loans to small shop owners

### Liability



#### Deposit taking

Focus on wealthy customers

\*1 Bank Tabungan Pensiunan Nasional Tbk PT

\*2 Exchange rate as of May 8, 2013; 1,000 IDR=JPY 10.2, USD 0.1

# Synergies between SMBC and SMBC Nikko

## SMBC Nikko's consolidated financial performance

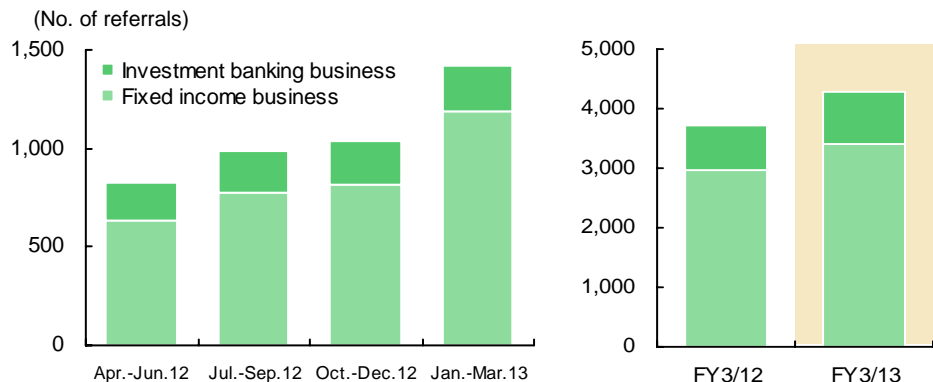
(JPY bn)	FY3/12	FY3/13	YOY Change
<b>Net operating revenue</b>	228.8	274.7	+45.9
<b>SG&amp;A expenses</b>	(185.1)	(200.2)	(15.1)
<b>Ordinary income</b>	44.5	75.7	+31.2
<b>Net income<sup>*1</sup></b>	19.4	45.7	+26.3

## League tables (Apr.-Mar. 2013, SMBC Nikko)

	Rank	Market share
<b>Global equity &amp; equity-related (book runner, underwriting amount)<sup>*2</sup></b>	#4	11.9%
<b>JPY denominated bonds (lead manager, underwriting amount)<sup>*3</sup></b>	#5	11.1%
<b>Financial advisor (M&amp;A, transaction volume)<sup>*4</sup></b>	#4	17.8%
<b>Financial advisor (M&amp;A, No. of deals)<sup>*4</sup></b>	#5	2.6%

## Synergies between SMBC and SMBC Nikko

### Number of referrals from SMBC to SMBC Nikko



## Topics at SMBC Nikko

- Strengthened cooperation between SMBC and SMBC Nikko in retail securities business, including release of on-line account linkage service called "Bank and Trade" in Oct. 2012 and launch of testamentary trust agency business in Nov. 2012
- Commenced Japanese stock brokerage and M&A advisory in Singapore in Oct. 2012
- Gained #2 in analyst ranking by brokers<sup>\*5</sup>
- Announced new medium-term management plan in Apr. 2013

\*1 of which JPY (4.8) bn resulted from changes in the corporate income tax rate in FY3/2012

\*2 Source: SMBC Nikko, based on data from Thomson Reuters. Relating only activities of Japanese corporations

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

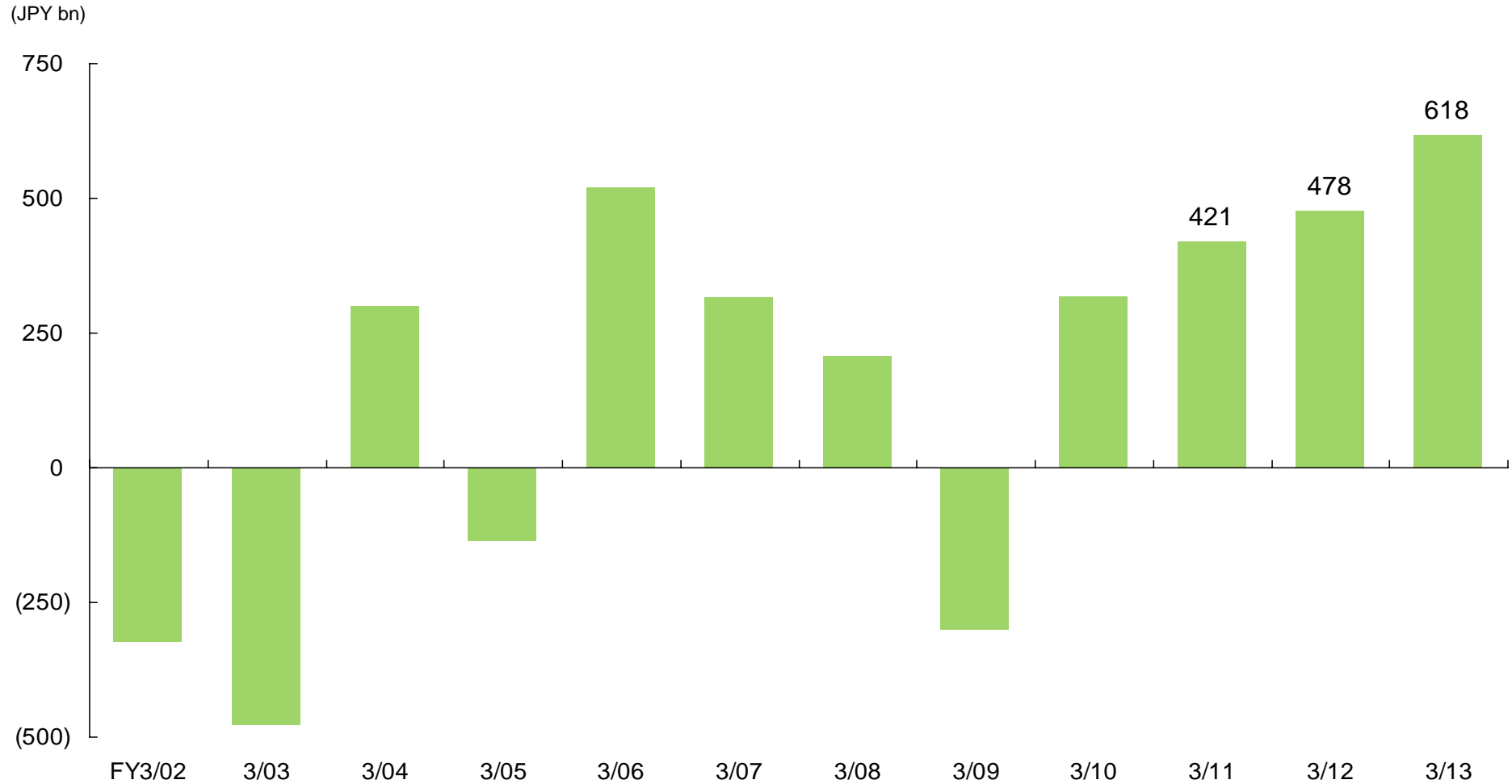
\*4 Source: Thomson Reuters. Relating only activities of Japanese corporations. Excluding real estate deals

\*5 Source: Nikkei Veritas (Mar. 24, 2013)

# Appendix

# Trend of bottom line profits

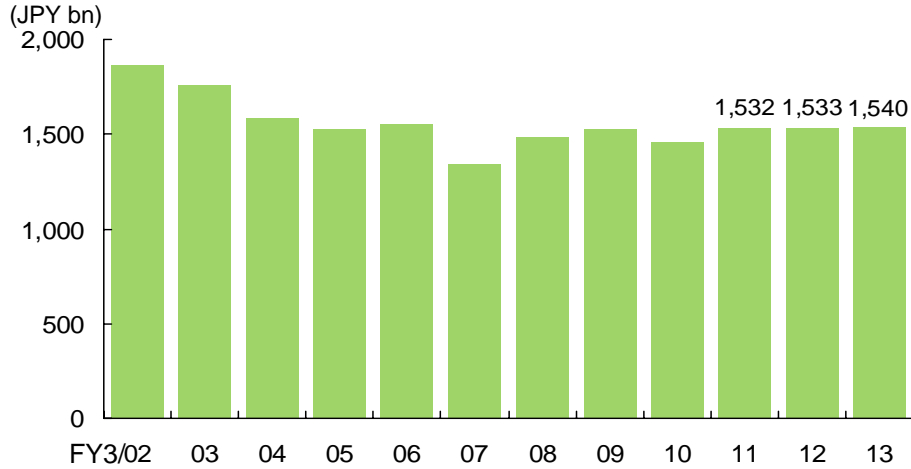
## SMBC's non-consolidated net income



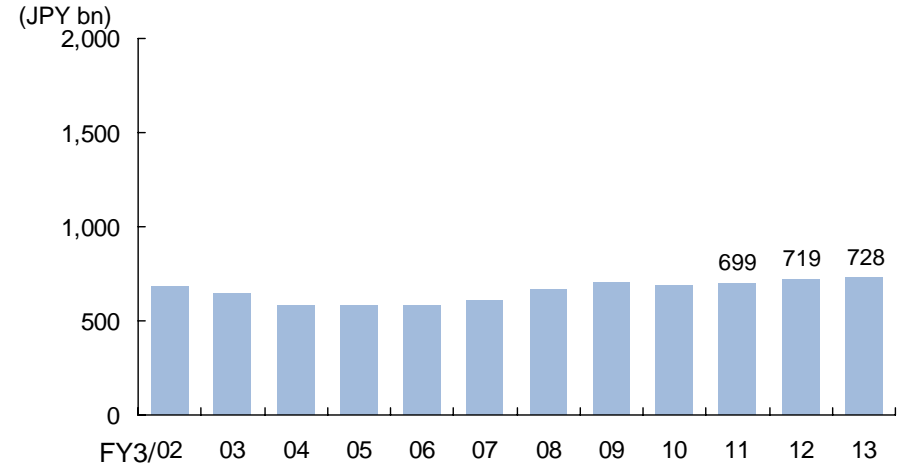
# Trend of major income components

(SMBC non-consolidated)

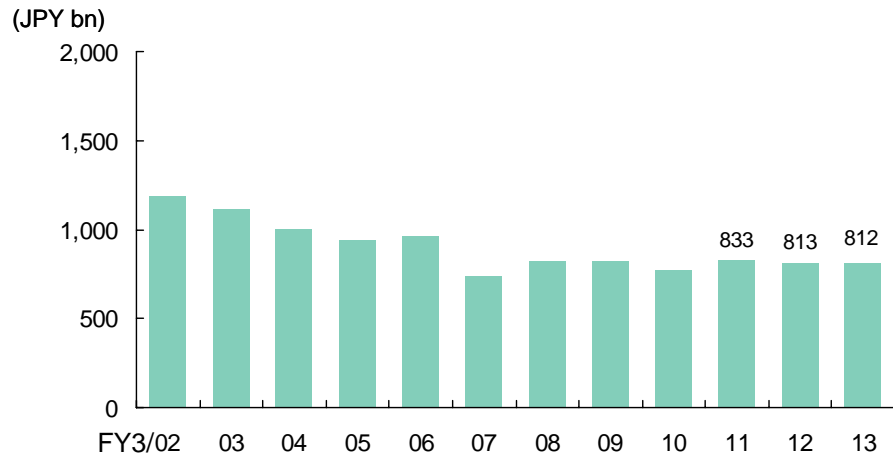
## Gross banking profit



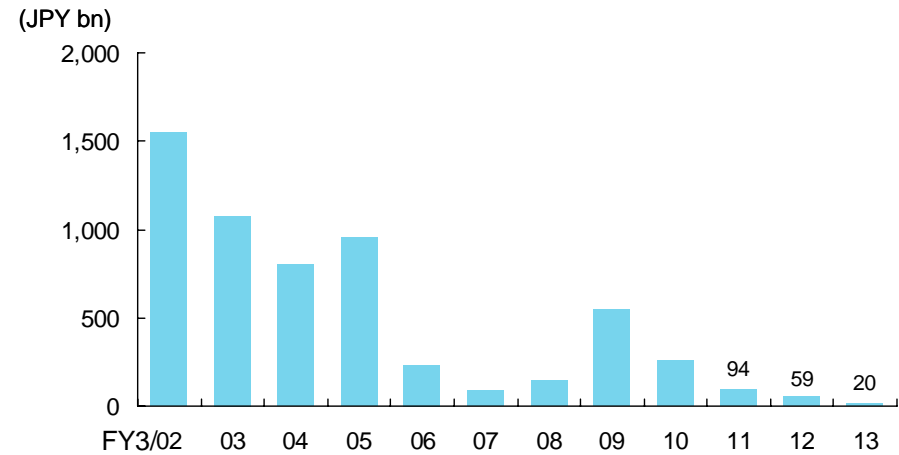
## Expenses



## Banking profit (before provisions)



## Total credit cost



# ■ Performance by business unit\*1

			(JPY bn)	FY3/12	FY3/13	YOY change*2
Consumer Banking Unit		Gross banking profit		383.7	374.9	+4.4
		Expenses		(289.5)	(254.4)	(5.4)
		<b>Banking profit (before provisions)</b>		<b>94.2</b>	<b>90.5</b>	<b>+9.8</b>
Middle Market Banking Unit		Gross banking profit		422.9	412.2	(5.0)
		Expenses		(222.8)	(216.7)	(2.3)
		<b>Banking profit (before provisions)</b>		<b>200.1</b>	<b>195.5</b>	<b>(2.7)</b>
Corporate Banking Unit		Gross banking profit		212.6	208.0	+2.6
		Expenses		(38.2)	(39.6)	(0.6)
		<b>Banking profit (before provisions)</b>		<b>174.4</b>	<b>168.4</b>	<b>+2.0</b>
International Banking Unit		Gross banking profit		197.4	240.5	+33.0
		Expenses		(64.9)	(72.9)	(8.4)
		<b>Banking profit (before provisions)</b>		<b>132.5</b>	<b>167.6</b>	<b>+24.6</b>
Marketing units		Gross banking profit		1,216.6	1,235.6	+35.0
		Expenses		(615.4)	(613.6)	(1.3)
		<b>Banking profit (before provisions)</b>		<b>601.2</b>	<b>622.0</b>	<b>+33.7</b>
Treasury Unit		Gross banking profit		319.3	295.3	(24.0)
		Expenses		(19.2)	(21.0)	(1.5)
		<b>Banking profit (before provisions)</b>		<b>300.1</b>	<b>274.3</b>	<b>(25.5)</b>
Headquarters		Gross banking profit		(3.4)	9.2	(3.4)
		Expenses		(84.9)	(93.1)	(5.4)
		<b>Banking profit (before provisions)</b>		<b>(88.3)</b>	<b>(83.9)</b>	<b>(8.8)</b>
Total		Gross banking profit		1,532.5	1,540.1	+7.6
		Expenses		(719.5)	(727.7)	(8.2)
		<b>Banking profit (before provisions)</b>		<b>813.0</b>	<b>812.4</b>	<b>(0.6)</b>

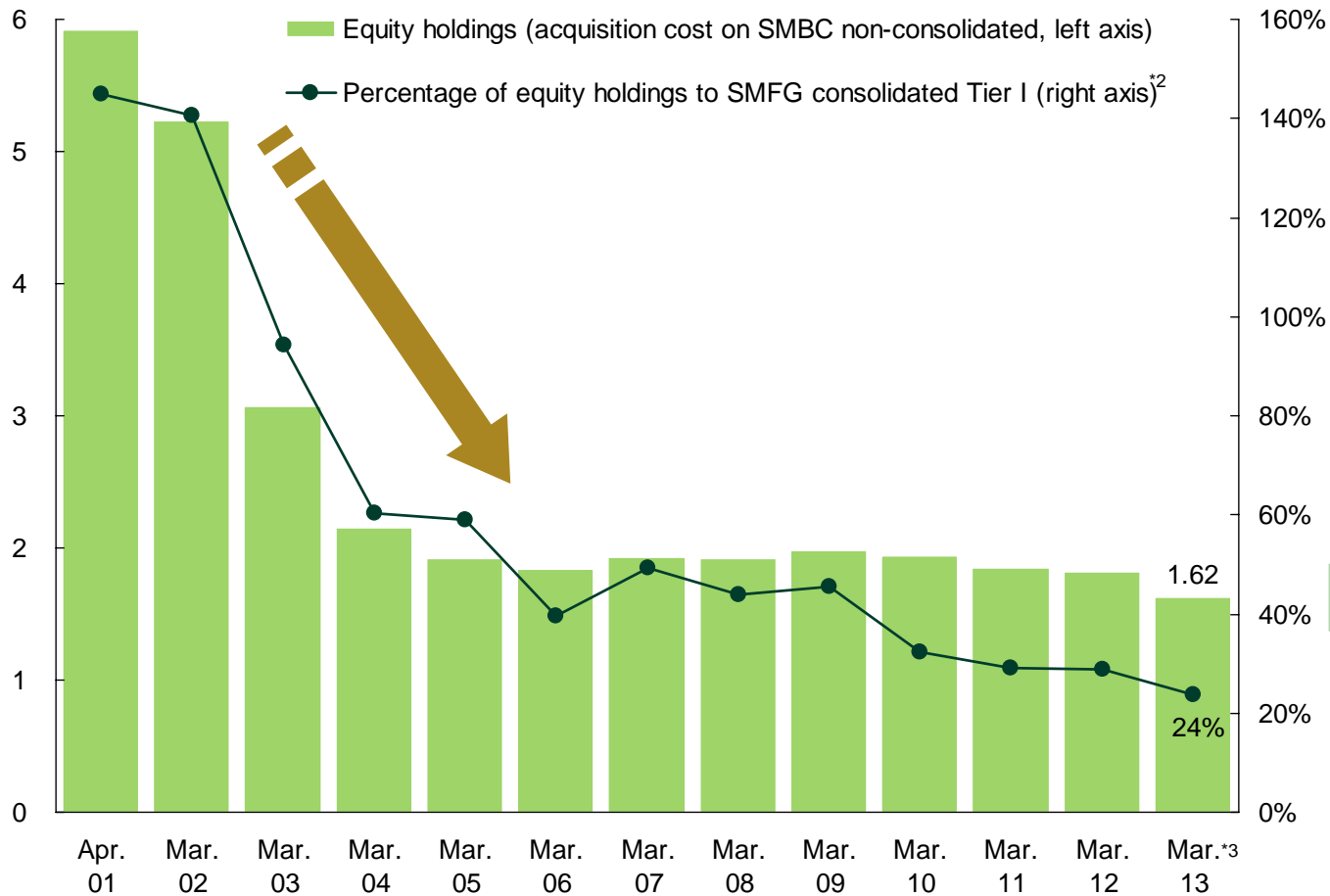
\*1 SMBC non-consolidated. Managerial accounting basis

\*2 After adjustment of internal rates, etc.

# Equity holdings

## Balance of equity holdings\*1

(JPY tn)



**Reduced un-hedged equity below 25% of SMFG Tier I capital**

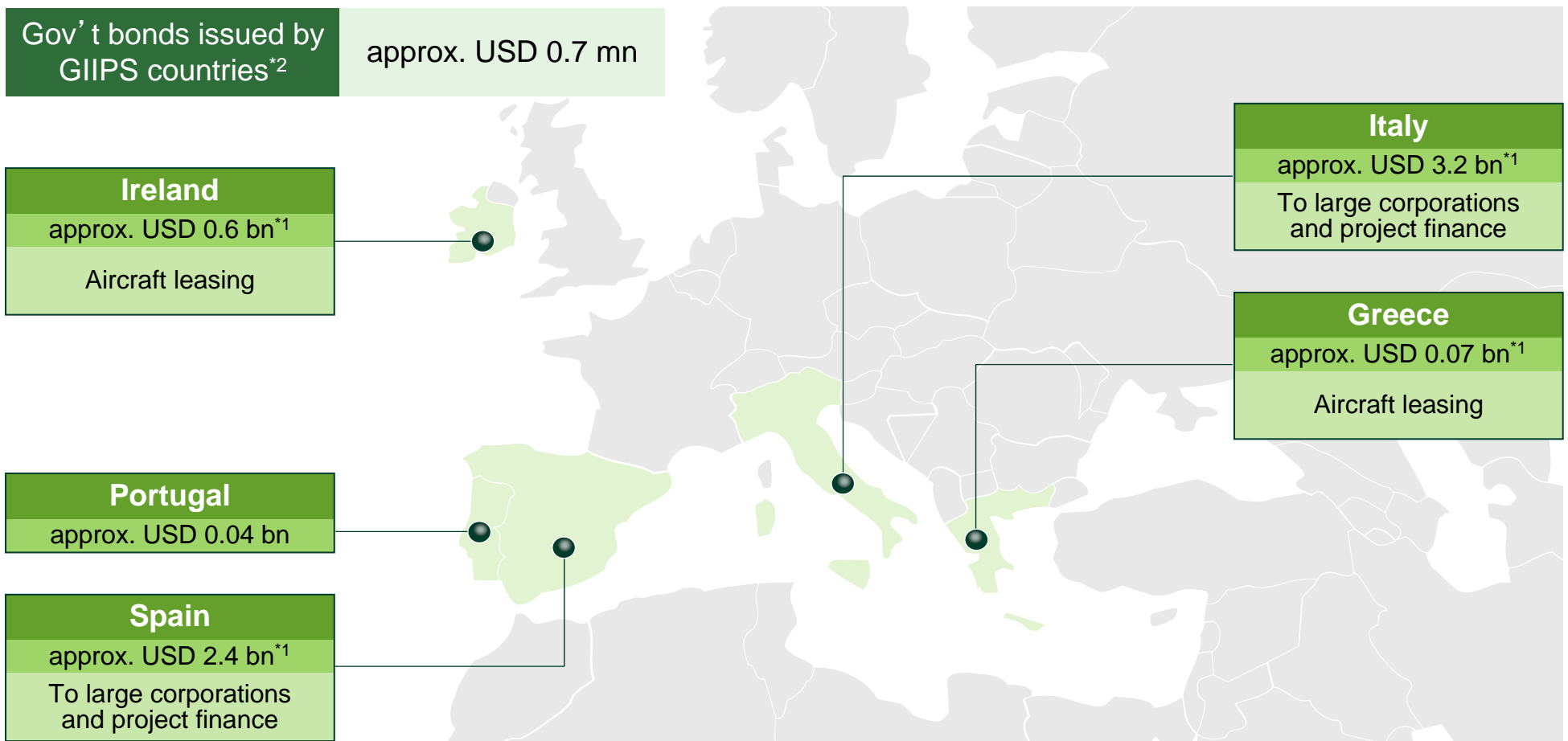
\*1 Balance of domestic stocks classified as other securities with fair value

\*2 Until Mar. 2002, percentage to SMBC consolidated Tier I. On Mar. 2013, percentage to SMFG consolidated Tier I based on Basel 3

\*3 Shares of SMFG related to share exchange for acquiring former Promise are excluded. Amount of un-hedged equity

# ■ Exposure to GIIPS countries

Exposure to GIIPS countries - approx. USD 6.3 billion\*<sup>1</sup> as of March 2013



(SMFG consolidated)

\*<sup>1</sup> Aircraft leasing by newly consolidated SMBC Aviation Capital is approx. USD 0.49 bn in total; USD 0.33 bn in Ireland, USD 0.11 bn in Spain, USD 0.04 bn in Greece and USD 0.01 bn in Italy

\*<sup>2</sup> Secondary holdings of government bonds in SMBC Nikko. USD 0.70 mn in Italy and USD 0.02mn in Greece



# Obligor grading system

Obligor grade		Definition	Borrower category
Domestic (C&I*), etc.	Overseas (C&I*), etc.		
J1	G1	Very high certainty of debt repayment	Normal borrowers
J2	G2	High certainty of debt repayment	
J3	G3	Satisfactory certainty of debt repayment	
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment	
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems	
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers requiring caution
J7R	G7R	(Of which substandard borrowers)	Substandard borrowers
J8	G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially bankrupt borrowers
J9	G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Effectively bankrupt borrowers
J10	G10	Legally or formally bankrupt	Bankrupt borrowers

\* Commercial/Industrial

# Financial consulting for retail customers

## Solid business infrastructure

- Maximize synergies between a mega-bank and a top-notch securities company in Japan

### Mega-trends

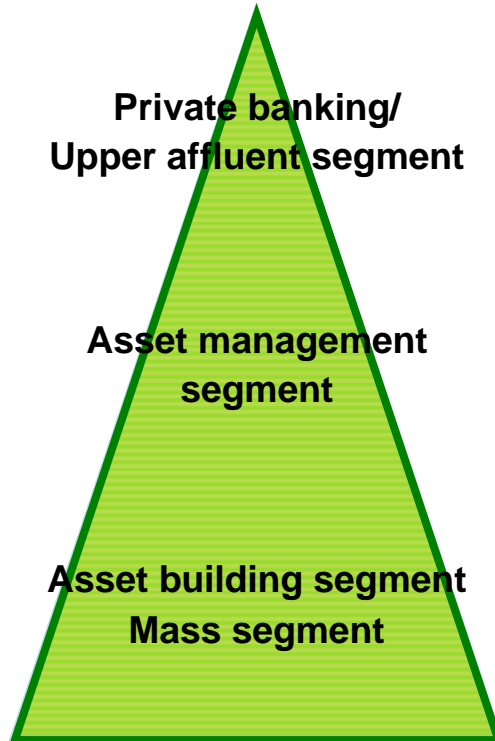
Acceleration on savings to investment

- Japanese ISA

Coming era of inheritance

- Asset and business succession
- Asset transfer between generations

Advanced IT and network-society



### Present

Customized services

**Since Jun. 2010**

JV with Barclays

Investment management,  
testamentary trust,  
apartment loans

**Since Apr. 2010**

Securities intermediary  
businesses

Housing loans, card loans,  
insurance products

**Since Oct. 2012**

“Bank and Trade”

Remote banking

### Going forward

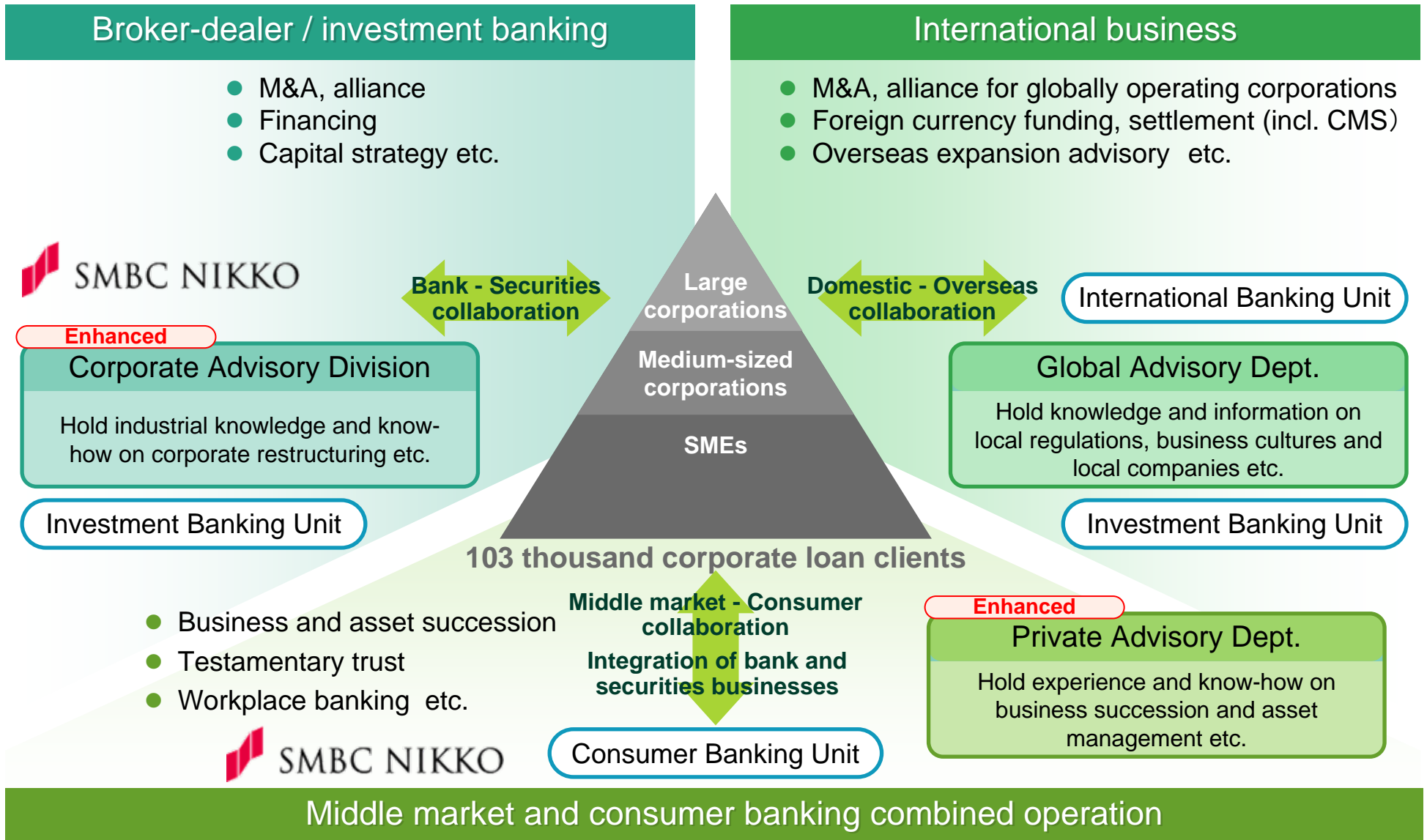
**Integration of bank  
and securities  
businesses**

**Inheritance and  
succession business**



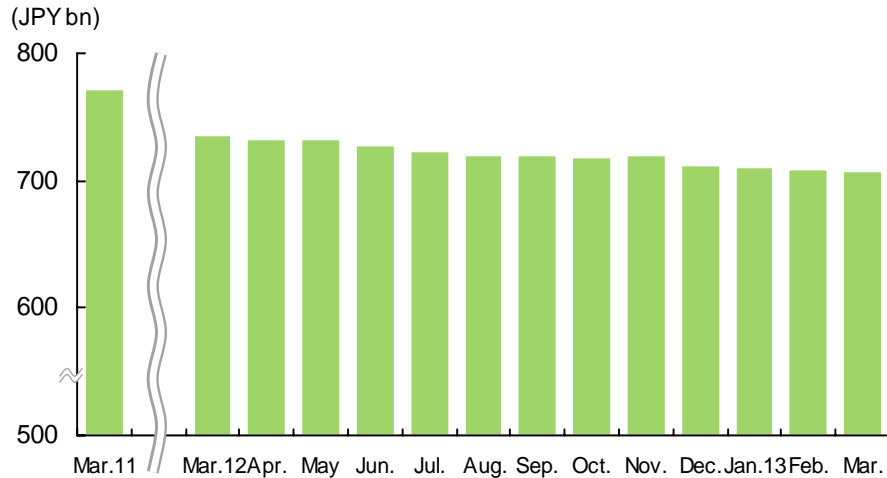
- AUM at SMBC: approx. JPY 70 trillion
- No. of consultants: approx. 5,000
- No. of marketing channels: approx. 600

# Tailor-made solutions for corporate clients

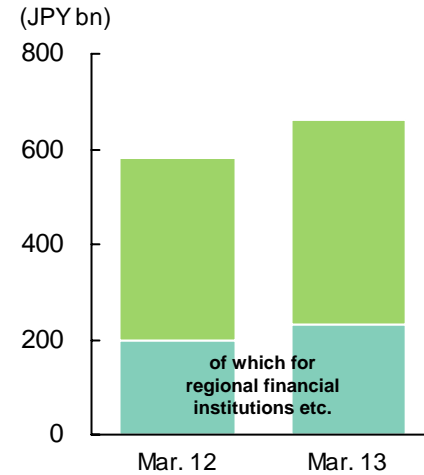


# SMBC Consumer Finance\*1

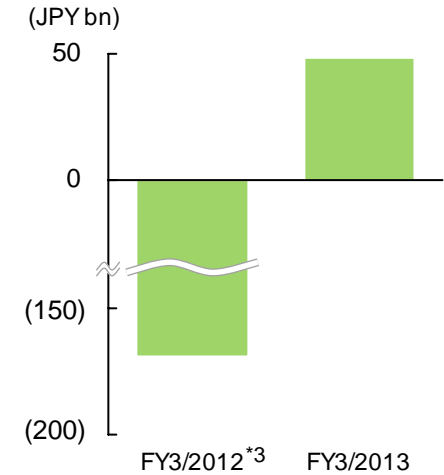
## Consumer loans outstanding\*2



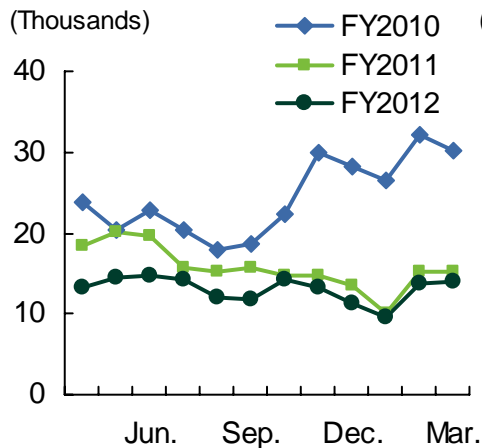
## Loan guarantee balance\*2



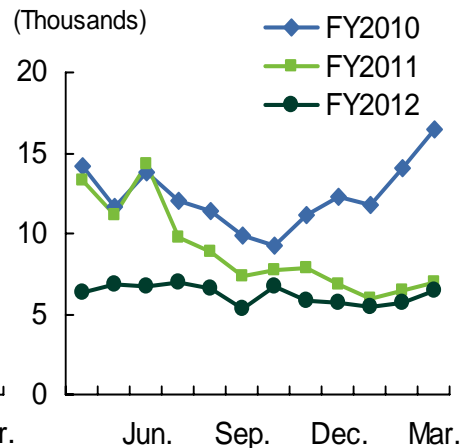
## Consolidated net income



## Transaction-record disclosure requests\*2



## Interest refund claims\*2



## Overseas operations



\*1 SMBC Consumer Finance is a wholly-owned subsidiary of SMFG

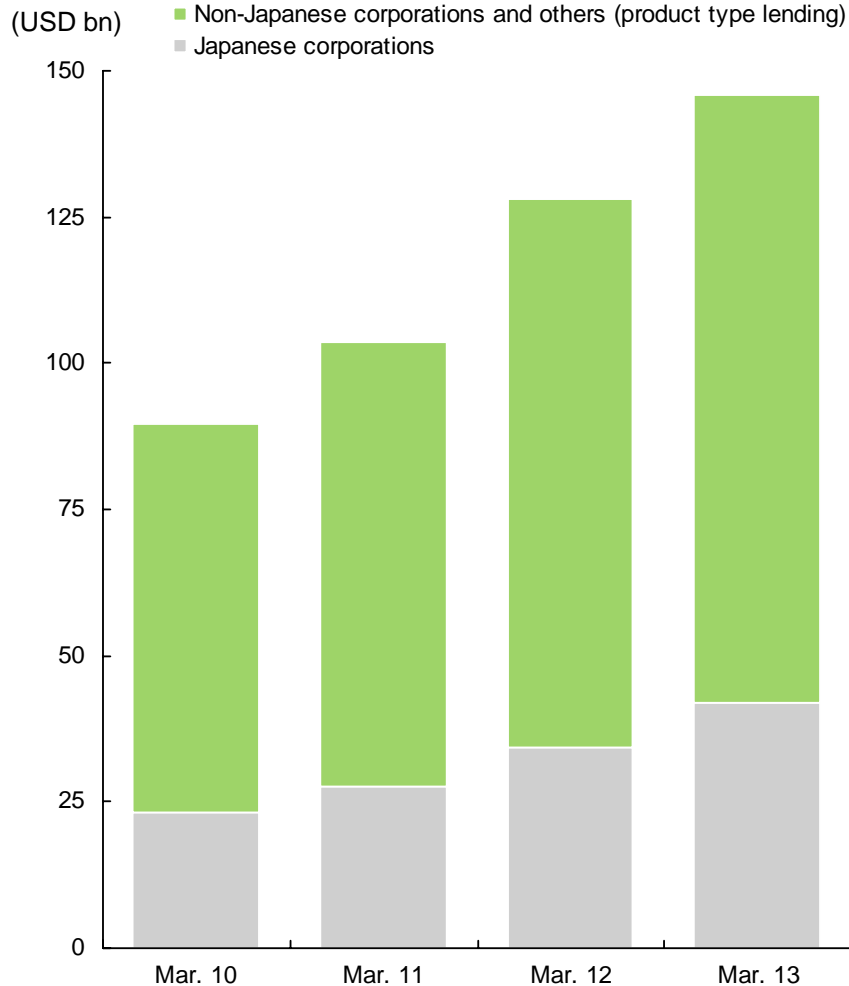
\*2 SMBC Consumer Finance non-consolidated basis

\*3 Made provisions in 2Q FY3/2012 to prepare for interest refund claims

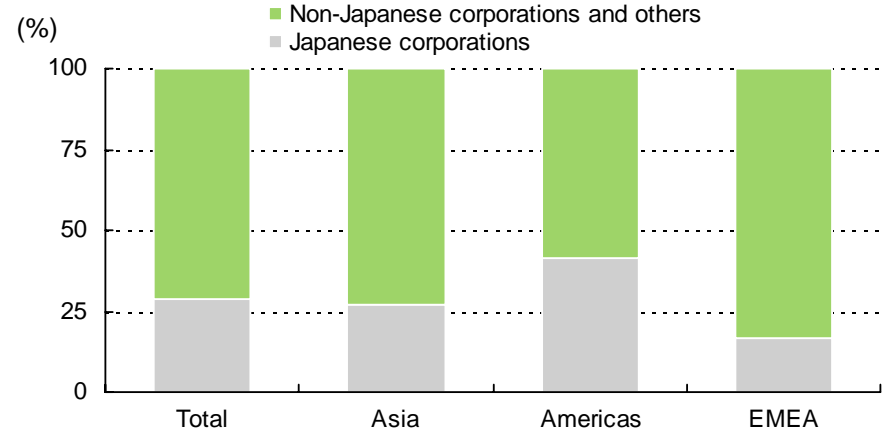
# Overseas loan balance classified by borrower type

(Geographic classification based on booking office)\*

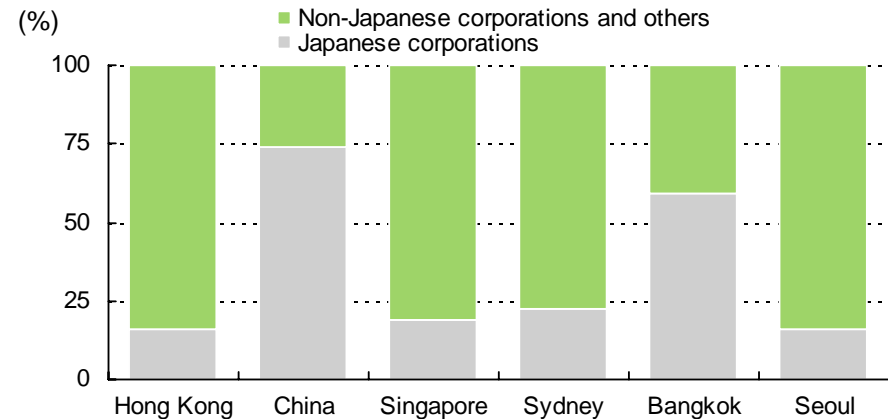
## Total



## By region (Mar. 2013)



## Major marketing channels in Asia (Mar. 2013)



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

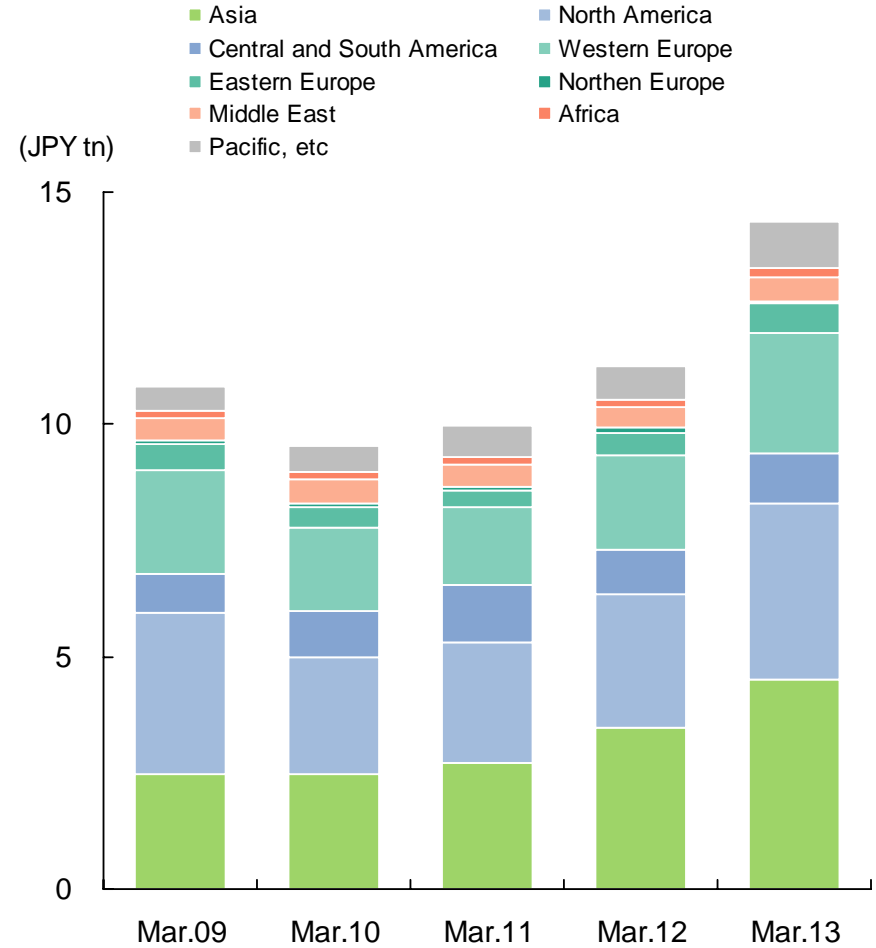
# Overseas loan balance classified by industry and domicile

(Geographic classification based on domicile of borrowers)\*

## By industry



## By domicile



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

# Support for growing markets

## Growth Industry Cluster Dept.

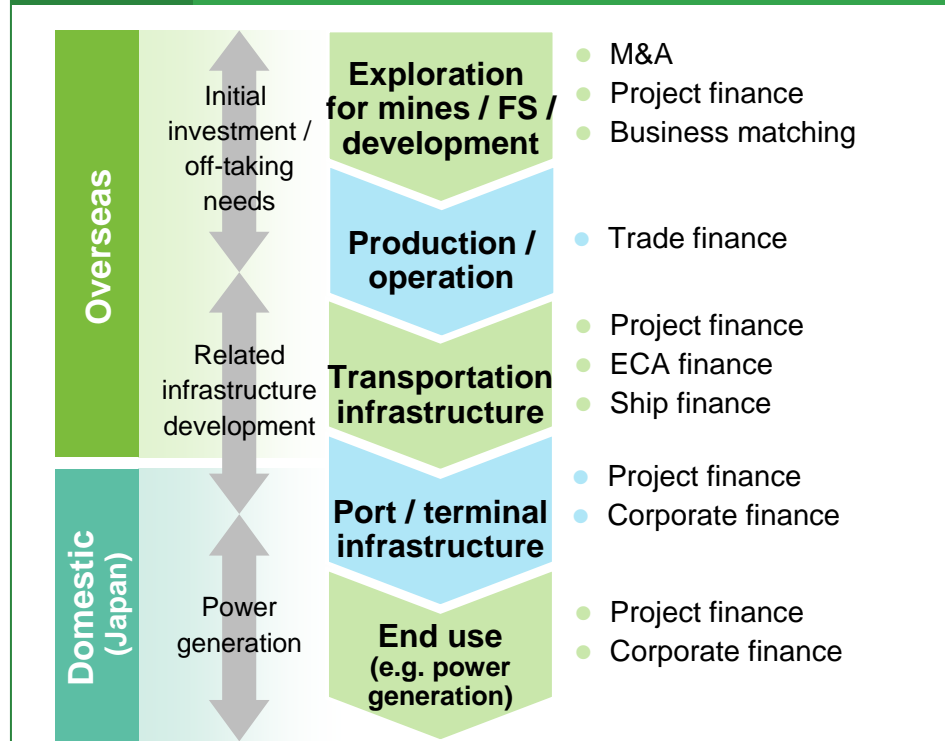
Renewable energy	Solar energy, wind energy, etc.
Water	Water supply and sewerage, recycled water, desalination, etc.
Environment	Eco-city development, energy-saving facilities, etc.
Natural resources	Coal, natural gas, etc.
Healthcare	Medical, nursing, etc.
Agriculture	Global expansion, etc.

## Example Approaches for emerging countries

Support growth of emerging countries including Asia through leading a consortium of Japanese corporations with technological strength and municipalities.

- India: Delhi-Mumbai Industrial Corridor
- Vietnam: Water, urban development, power
- Malaysia: Eco-city project
- Thailand: Upgrade industrial park
- Mongolia: Refurbish and construct electricity transmission and distribution systems
- China: Healthcare, eco-city project

## Example Approaches for energy related business

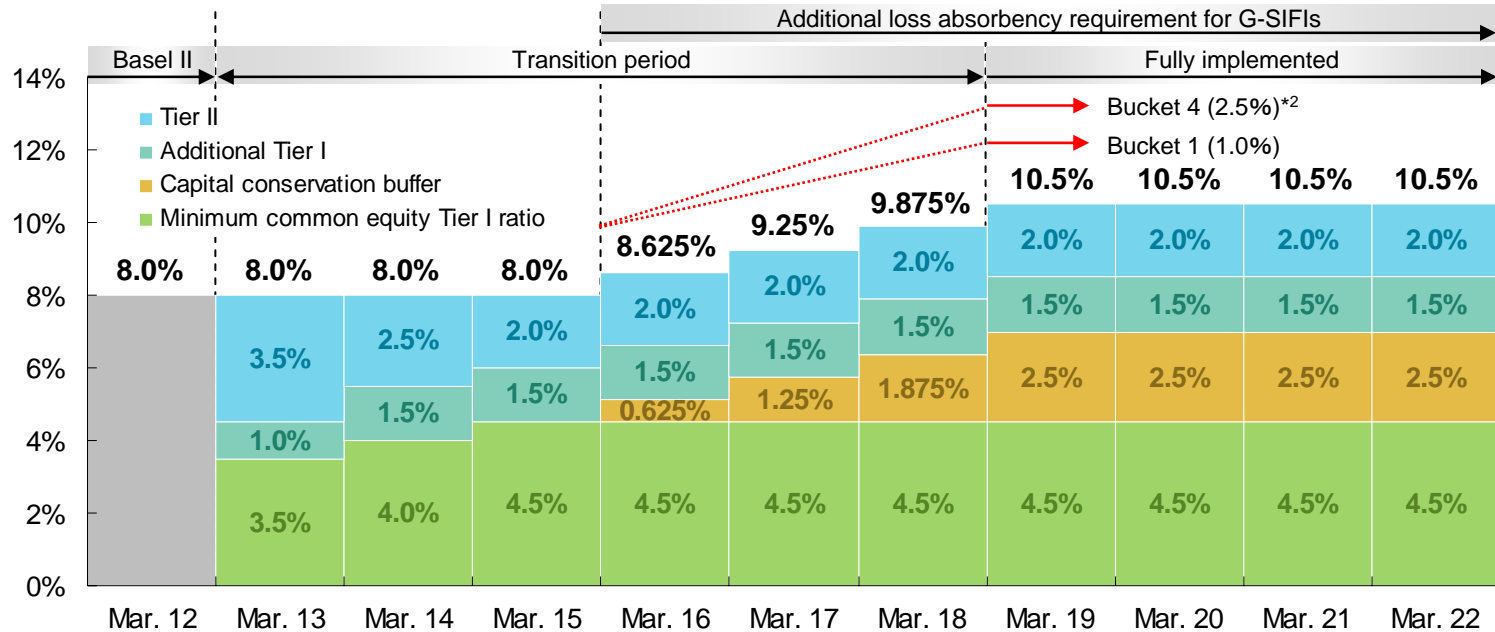


SMBC (SMBC BANKING CORPORATION)	<ul style="list-style-type: none"> <li>• Relationship management</li> <li>• Financing</li> </ul>
SMFG (日本総研)	<ul style="list-style-type: none"> <li>• Consulting</li> </ul>
SMBC NIKKO	<ul style="list-style-type: none"> <li>• M&amp;A advisory</li> <li>• Equity / bond underwriting</li> </ul>
SMF (Sumitomo Mitsui Finance and Leasing Co., Ltd.)	<ul style="list-style-type: none"> <li>• Finance lease</li> <li>• Operating lease</li> </ul>

# Summary of regulatory capital framework

In March 2012, the Japanese FSA amended requirements regarding bank capital<sup>\*1</sup>

- Effective from the end of March 2013 to conform with the fiscal year end of Japanese banks
- Basically consistent with Basel III text



	Mar. 12	Mar. 13	Mar. 14	Mar. 15	Mar. 16	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Mar. 21	Mar. 22
<b>Phase-in of deductions<sup>*3</sup></b>	-	20%	40%	60%	80%	100%	100%	100%	100%	100%	100%
<b>Grandfathering of capital instruments</b>	90%	80%	70%	60%	50%	40%	30%	20%	10%	-	-

\*1 Drafts of other rules that are to be implemented after 2014, such as rules on capital buffers and liquidity standards, will be published at a later stage

\*2 With an empty bucket of 3.5% to discourage further systemicness

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



# “Abenomics” and “Quantitative and Qualitative Monetary Easing”

## Policies : Three arrows

### Aggressive monetary policy

- 2% inflation target
- Strengthen monetary easing by BOJ
- Strengthen co-ordination between the government and BOJ to overcome deflation
- Establish a public (MOF and BOJ) - private investment fund for purchasing foreign bonds

### Flexible fiscal policy

- Formulate 10.3 trillion yen of supplementary budget of FY2012
- Adopt flexible economic / fiscal policies in the next 2-3 years
- Large scale public investment based on national land reconstruction plan
- Achieve primary balance surplus in 2020

### Growth strategy

- Aim to be “trading / industrial investment nation” in the next 5 years
- Deregulate aggressively and reduce corporate tax rate
- Extend overseas investments, economic partnership agreements and international natural resources strategy to capture growth of Asia

## Targets

- Recovery of export by easing excessive yen appreciation
- Increase of domestic demand led by rise in stock prices

+

- Support demand

+

- Boost competitiveness of Japanese corporations

**Pull-out of deflation/  
recover economy/  
achieve nominal GDP growth rate  
of above 3%**

## “Quantitative and Qualitative Monetary Easing” By BOJ (Announced on Apr. 4, 2013)

- Achieve the price stability target of 2% in terms of the YoY rate of change in the CPI at the earliest possible time, with a time horizon of about 2 years.

<b>Operating target</b>	Monetary base
<b>Monetary base</b>	270 trillion yen at end-2014 (doubled from 2012)
<b>Increase in JGB purchases</b>	All maturities including 40-year bonds
	7+ trillion yen per month
	Average remaining maturity: approx.7 years (extended from approx.3 years at 2012)
<b>Increase in ETF purchases</b>	Increase amounts outstanding at an annual pace of 1 trillion yen (doubled from 2013)
<b>Increase in J-REIT purchases</b>	Increase amounts outstanding at an annual pace of 30 billion yen (tripled from 2013)

# Japanese national wealth

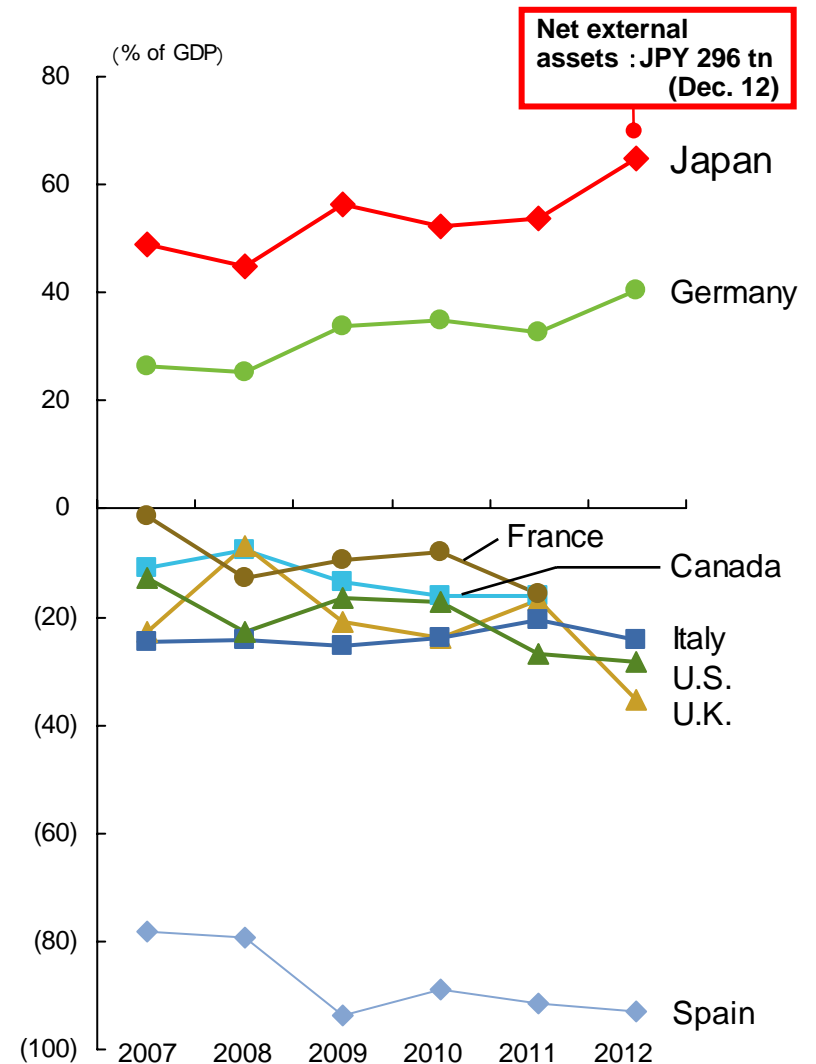
B/S of Japan (as of Dec. 2011, JPY tn)\*1

Closing Assets		8,451	Closing liabilities plus net worth		8,451
Households	2,556		Households	360	
Financial assets	1,512		Non-financial corporations	1,157	
Non-financial assets	1,044		Stocks	349	
Land	694		Financial corporations	2,825	
Non-financial corporations	1,836		Stocks	85	
Financial assets	816		General government	1,096	
Non-financial assets	1,020				
Land	282		Closing liabilities	5,455	
Financial corporations	2,885		<b>Net worth</b>	<b>2,996</b>	
General government	1,087		Households	2,195	
Financial assets	496		Non-financial corporations	678	
Financial assets	2,730		Financial corporations	61	
Non-financial assets	5,721		General government	(19)	

\*1 Source: Cabinet office (Jan. 2013)

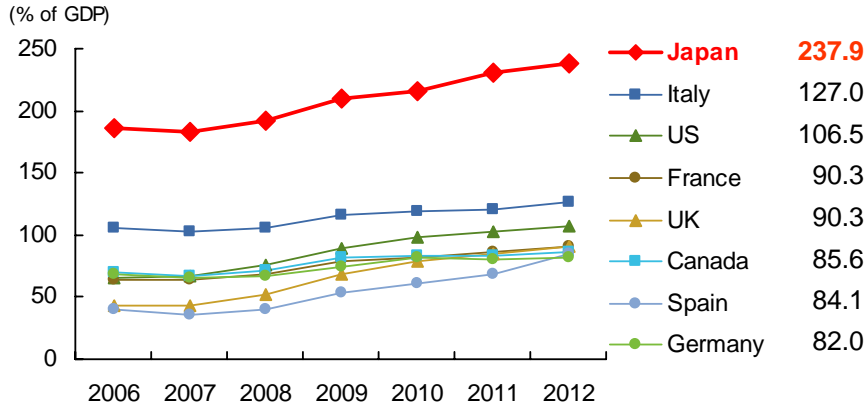
\*2 Source: IMF.Stat

Net international investment position\*2



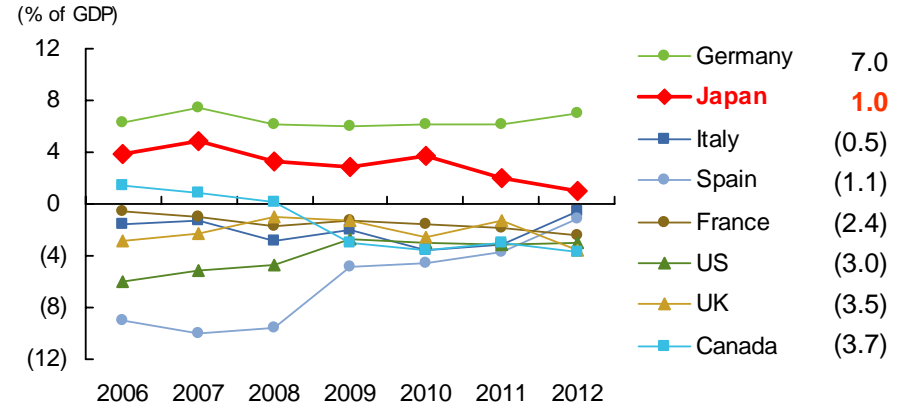
# Fiscal condition of major nations

## General government gross debt



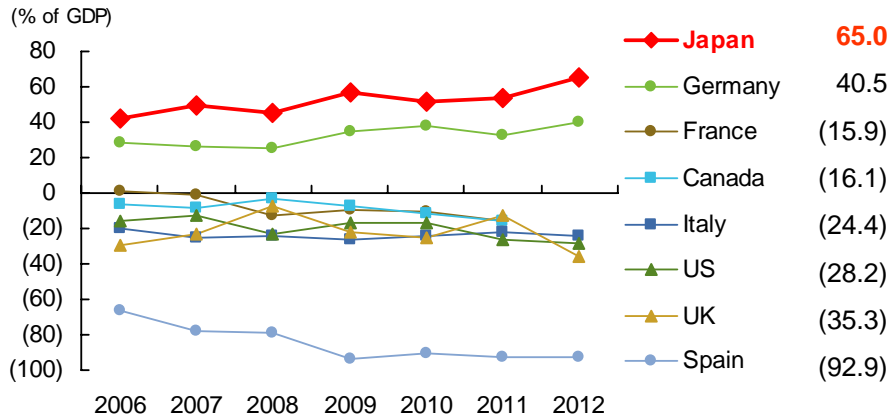
Source: IMF "World Economic Outlook, April 2013"  
\*Applied estimated figures of 2012 for Japan and France

## Current account balance



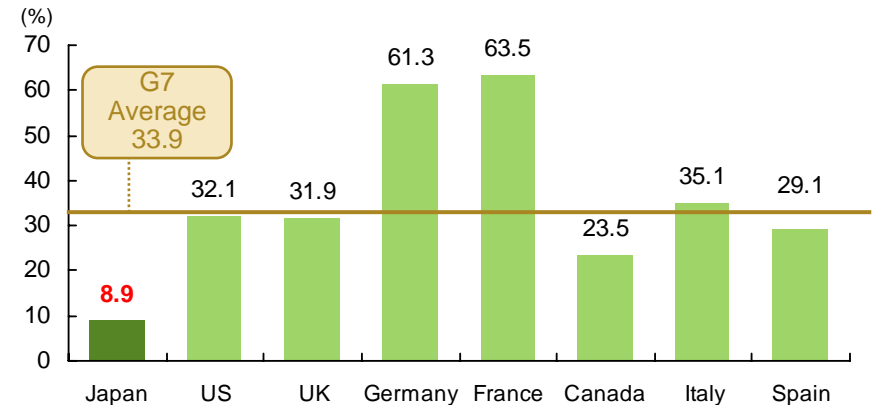
Source: IMF "World Economic Outlook, April 2013"  
\*Applied estimated figures of 2012 for United States

## Net international investment position



Source: IMF.Stat

## Non-resident holding of general government debt, 2012



Source: IMF "Apr 2013 Fiscal Monitor"

