Message from Top Management

Dear Fellow Stakeholders,

We sincerely thank you for your continued support and patronage. In this annual report, we would like to present our initiatives implemented in fiscal 2012 (fiscal year ended March 2013) and our management policies going forward.

In fiscal 2012, SMFG achieved record-high net income of ¥794.1 billion, a ¥275.5 billion increase year-on-year, with a ROE of 14.8%, and all of the financial targets of the medium-term management plan one year ahead of schedule.

We consider fiscal 2013, the last year of the medium-term management plan, as the year to "proactively contribute to the revitalization of the Japanese economy, and as a result achieve the growth of SMFG" and "create new business models and challenge for innovation for our next leap forward." We will proactively support the revitalization of the Japanese economy through SME financing and other measures, and at the same time address changes in the financial needs of our clients and business environment in order to position us for medium- to long-term growth.

Principal Initiatives in Fiscal 2012

The European economy decelerated in fiscal 2012 as the sovereign debt crisis intensified, but there were signs of economic recovery notably in the U.S. and China. In Japan, although industrial production and exports decreased markedly, a certain level of recovery was observed toward the end of the fiscal year mainly due to the yen's depreciation.

Koichi Miyata
President
Sumitomo Mitsui Financial Group, Inc.

Against this backdrop, we had set fiscal 2012, the second year of the medium-term management plan for the three years from fiscal 2011 to 2013, as the year for moving forward steadily toward the targets of the medium-term management plan, capturing opportunities with proactive ideas and actions, and we proactively strengthened initiatives to achieve the twin management targets of aiming for top quality in strategic business areas and establishing a solid financial base and corporate infrastructure to meet the challenges of financial regulations and highly competitive environment.

Specifically, we enhanced the product line-up of SMBC in the securities intermediary business and insurance business for our retail clients to better accommodate their diversifying asset management needs. We also actively supported our corporate clients by financing their restructuring and other needs, resulting in a year-on-year increase in loan balance of SMBC's Middle Market Banking Unit. In the international business, we provided high quality services in areas such as project finance and loan syndication where we have a global competitive advantage, as demonstrated by SMBC being awarded "Global Bank of the Year" by the magazine Project Finance International. In the securities business, SMBC and SMBC Nikko Securities strengthened their collaboration in the retail securities business and released an on-line account linkage service called "Bank and Trade." In addition, SMBC Nikko Securities continued to enhance its capabilities in the wholesale securities business by launching Japanese stock brokerage and M&A advisory services in Singapore. In the consumer finance business, we concentrated our business resources into specific companies: Promise was made a wholly-owned subsidiary and renamed SMBC Consumer Finance; shares of ORIX Credit were sold back to ORIX; and SMBC Consumer Finance decided to make the loan business of Mobit into a wholly-owned subsidiary. In the leasing business, we completed the joint acquisition of the aircraft leasing business from The RBS Group, named it SMBC Aviation Capital, and integrated our group's major aircraft leasing companies into the company.

As a result of these steady performances by the marketing units of SMBC and other group companies and low credit cost, SMFG's consolidated ordinary profit increased ¥138.2 billion to ¥1,073.7 billion, and net income increased ¥275.5 billion to record-high ¥794.1 billion with a ROE of 14.8%. We also achieved all of the financial targets of the medium-term management plan one year ahead of schedule.

Progress of financial targets in the medium-term management plan

Common Equity Tier 1 capital ratio*1	Mar. 2011	Mar. 2013	Mar. 2014 Target
Basel III fully-loaded basis*2	above 6%	8.6%	8%

	FY3/2011	FY3/2013	FY3/2014 Target
Consolidated net income RORA	0.8%	1.3%	0.8%
Consolidated overhead ratio	52.5%	52.4%	50%-55%
SMBC non-consolidated overhead ratio	45.6%	47.3%	45%–50%
Overseas banking profit ratio*3	23.3%	30.2%	30%

*1 SMFG consolidated
*2 Based on the definition as of Mar. 31, 2019
*3 Based on the medium-term management plan assumed exchange rate of 1USD = JPY85 for FY3/2012 to FY3/2014

Management Policies for Fiscal 2013

In line with our basic policy for fiscal 2013 — "proactively contribute to the revitalization of the Japanese economy, and as a result achieve the growth of SMFG" and "create new business models and challenge for innovation for our next leap forward" — we will proactively finance business activities, and capture opportunities presented by the shift from savings to investment in Japan and the

Takeshi Kunibe
President and CEO
Sumitomo Mitsui Banking Corporation

growth of Asia and other emerging markets. Further, as fiscal 2013 is the last year of the medium-term management plan, we will focus on quality as we proactively capture opportunities, and continue to implement our medium- to long-term initiatives to enhance our client base for the sustainable growth of SMFG.

◎ Initiatives by business line

We will reinforce the functions of our group companies in order to provide even higher quality services to our clients.

● Consumer banking

Our group companies will provide leading-edge products and services according to the needs and life stage of our retail clients. Specifically, SMBC will expand its own line-up of consumer loan and investment products, and also strengthen its collaboration with SMBC Nikko Securities in asset-management to capture opportunities presented by the shift from savings to investment in Japan. In addition, we will serve the needs for business and asset succession of business owners and landowners through the enhanced testamentary trust planning and other functions of SMBC.

● Corporate banking

SMBC will continue to meet the financing and business restructuring needs of our corporate clients, mainly medium-sized companies and small and medium-sized enterprises (SMEs), and thereby contribute to the revitalization of Japanese economy, as well as continue to provide tailored support to SMEs after the expiration of SME Financing Facilitation Act. In addition, SMBC will further enhance its research and advisory capabilities and strengthen its ability to support the strategy planning of globally active large corporations from the planning stage by concentrating industry experts in the Corporate Advisory Division which will also deploy overseas representatives to build up knowledge on a global basis. Furthermore, SMBC Nikko Securities will continue to enhance its capabilities in the wholesale securities business such as equity and debt underwriting and M&A advisory, as well as to intensify its collaboration with SMBC to accommodate our clients' diversifying and increasingly sophisticated needs.

● International banking

We will continue to strengthen our capabilities in infrastructure finance and trade finance which demand is expected to continue to expand around the world, as well as in transaction banking business, including ancillary financing, mainly in Asia where commercial flows are increasing in step with the economic development of the region. We will also continue our efforts to secure stable foreign-currency funding in order to accommodate the increase in our overseas assets. In Asia and other rapidly growing emerging markets, we aim to become a "globally active financial services group with Asia as our home market" by firmly establishing a full-scale commercial banking franchise in those markets. SMBC's equity investment in PT Bank Tabungan Pensiunan Nasional Tbk, a commercial bank in Indonesia, is a good example.

◎ Strengthening our corporate infrastructure

We will further reinforce our corporate infrastructure in line with our group-wide and global business operations by enhancing our group-wide risk-management structure and globally developing human resources with diverse capabilities. Furthermore, we will intensify our commitment to diversity by more actively hiring and promoting talented staff regardless of gender or nationality. We will also continue to reinforce our compliance and internal control system in line with the expansion of our group-wide and global business operations to more effectively comply with laws and regulations governing our businesses in Japan and other countries.

Capital and Shareholder Return Policies

In the medium-term management plan, we have set a Common Equity Tier 1 capital ratio (fully-loaded basis) target of 8% as of March 31, 2014. This means that we aim to achieve a Common Equity Tier 1 capital ratio of approximately 1 percentage point higher than the Basel III required level of 7% five years earlier than the Basel III full implementation deadline of March 2019. The Common Equity Tier 1 capital ratio as of March 31, 2013 was 8.6% compared to the targeted 8% as of March 31, 2014.

Looking ahead, Global Systemically Important Financial Institutions (G-SIFIs) may be required to have additional loss absorption capacity in the form of a capital surcharge. We believe we will be able to secure a sufficient level of capital for the possible G-SIFI capital surcharge by implementing the initiatives in our medium-term management plan and maintaining our globally top-level operational efficiency, thereby steadily building up retained earnings.

Meanwhile, SMFG's basic shareholder return policy is to secure a payout ratio of over 20% on a consolidated net income basis through the stable and consistent distribution of profit, while enhancing retained earnings to maintain financial soundness in light of the public nature of our business as a bank holding company; and to achieve sustainable growth of enterprise value.

Regarding dividends, we increased the annual ordinary dividend per share on common stock by ¥10 due mainly to the favorable earnings and achievement of Common Equity Tier 1 capital ratio target of the medium-term management plan one year ahead of schedule. We also added a commemorative dividend of ¥10 per share for the 10th anniversary of SMFG's establishment, resulting in an annual cash dividend per share of ¥120.

For fiscal 2013, we forecast consolidated ordinary profit of ¥1,030 billion and net income of ¥580 billion. Meanwhile, in line with our basic shareholder return policy of securing a payout ratio of over 20% on a consolidated net income basis, we forecast an annual cash dividend per share for fiscal 2013 of ¥110. This is the same as in fiscal 2012 excluding the commemorative dividend, and the half of which, ¥55, will be paid as an interim dividend.

We believe that we can meet your expectations through the initiatives we have described. We hope that we can continue to count on your understanding and support in the years ahead.

September 2013

Koichi Miyata
President
Sumitomo Mitsui
Financial Group, Inc.

Takeshi Kunibe
President and CEO
Sumitomo Mitsui
Banking Corporation

Overview of the medium-term management plan (Announced May 2011)

Basic Policy

To be a globally competitive and trusted financial services group by maximizing our strengths of Spirit of Innovation, Speed and Solution & Execution.

Management plan for the coming three years

Medium-term Management Plan (Fiscal 2011 - Fiscal 2013)

Management targets	• Top quality in strategic business areas • A solid financial base and corporate infrastructure to meet the challenges of financial regulations and highly competitive environment
Financial objectives	Steadily improve financial soundness, profitability and growth in a balanced way • Achieve the level of Common Equity Tier 1 capital ratio required for a global player • Enhance risk-return profile by improving asset quality • Aim for top-level cost efficiency among global players • Expand overseas business especially in Asia by capturing growing business opportunities