

# Why is SMFG listing on NYSE?

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Sumitomo Mitsui Financial Group, Inc.

November 1, 2010

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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 Sumitomo Mitsui Financial Group, Inc. and its management with respect to Sumitomo Mitsui Financial Group, Inc.’s 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; Sumitomo Mitsui Financial Group, Inc.’s 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 Sumitomo Mitsui Financial Group, Inc.’s 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. Sumitomo Mitsui Financial Group, Inc. undertakes 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.

# Agenda

- **Overview of SMFG**
- **Why Listing on NYSE?**
- **Steps Going Forward**

\* The financial numbers in this presentation are all presented in accordance with Japanese GAAP

# Overview of SMFG

# One of Japan's three largest banking groups

100+ years of history as commercial bank/ 10 years of history as SMFG/SMBC

## Sumitomo Mitsui Financial Group\*

**Total assets** JPY 123 tn

**Net income** JPY 272 bn

**ROE** 7.5%

**Tier I ratio** 11.15%

**Number of employees** 57,888

**Business portfolio** Commercial Banking  
Securities  
Credit Card  
Leasing  
Others

## History

**1876** Beginning of Mitsui Bank

**1895** Establishment of Sumitomo Bank

**2001** Formation of SMBC

**2002** Establishment of SMFG

**2010** Listing of SMFG on NYSE

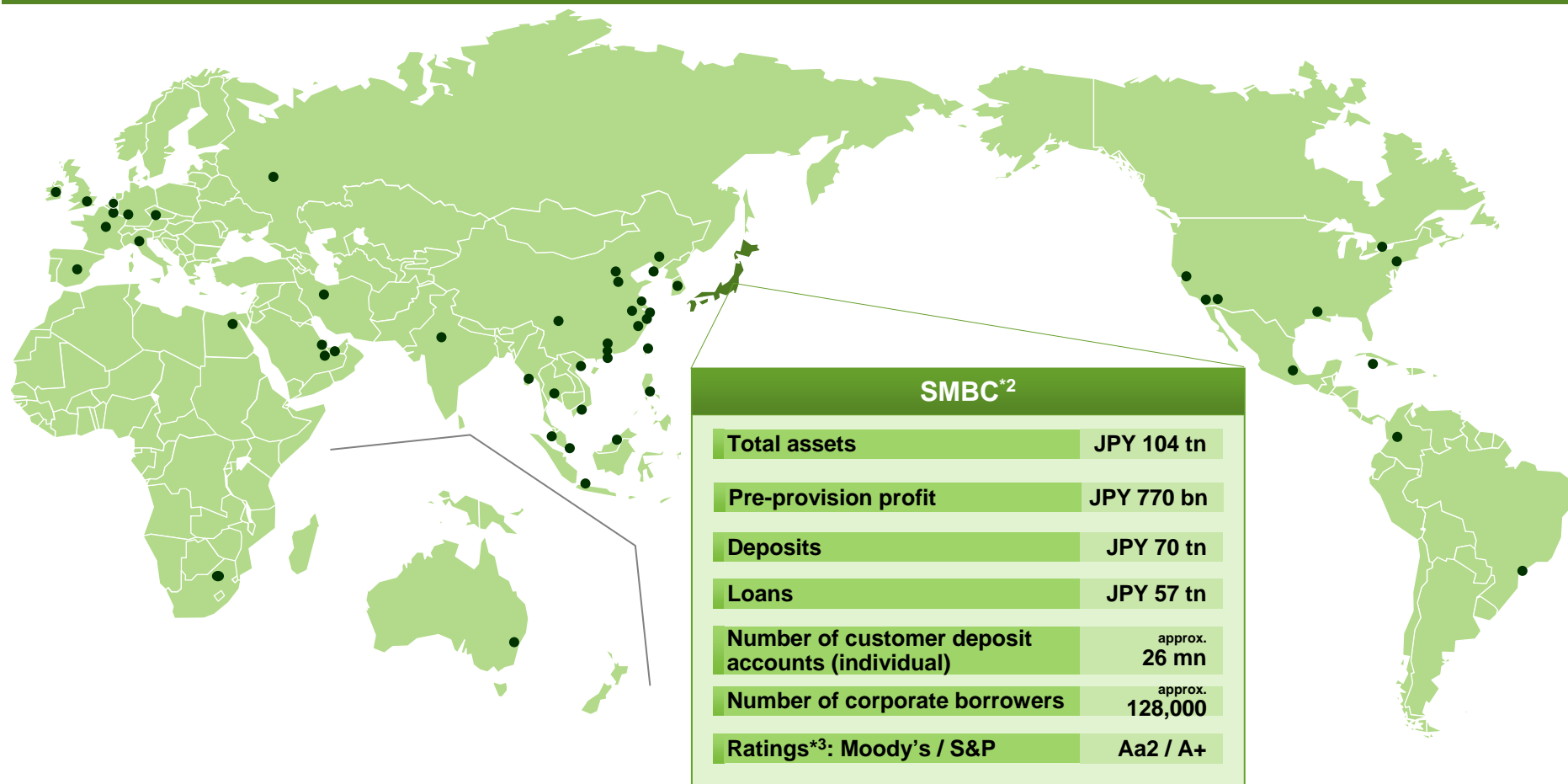


\* Consolidated basis, as of March 2010

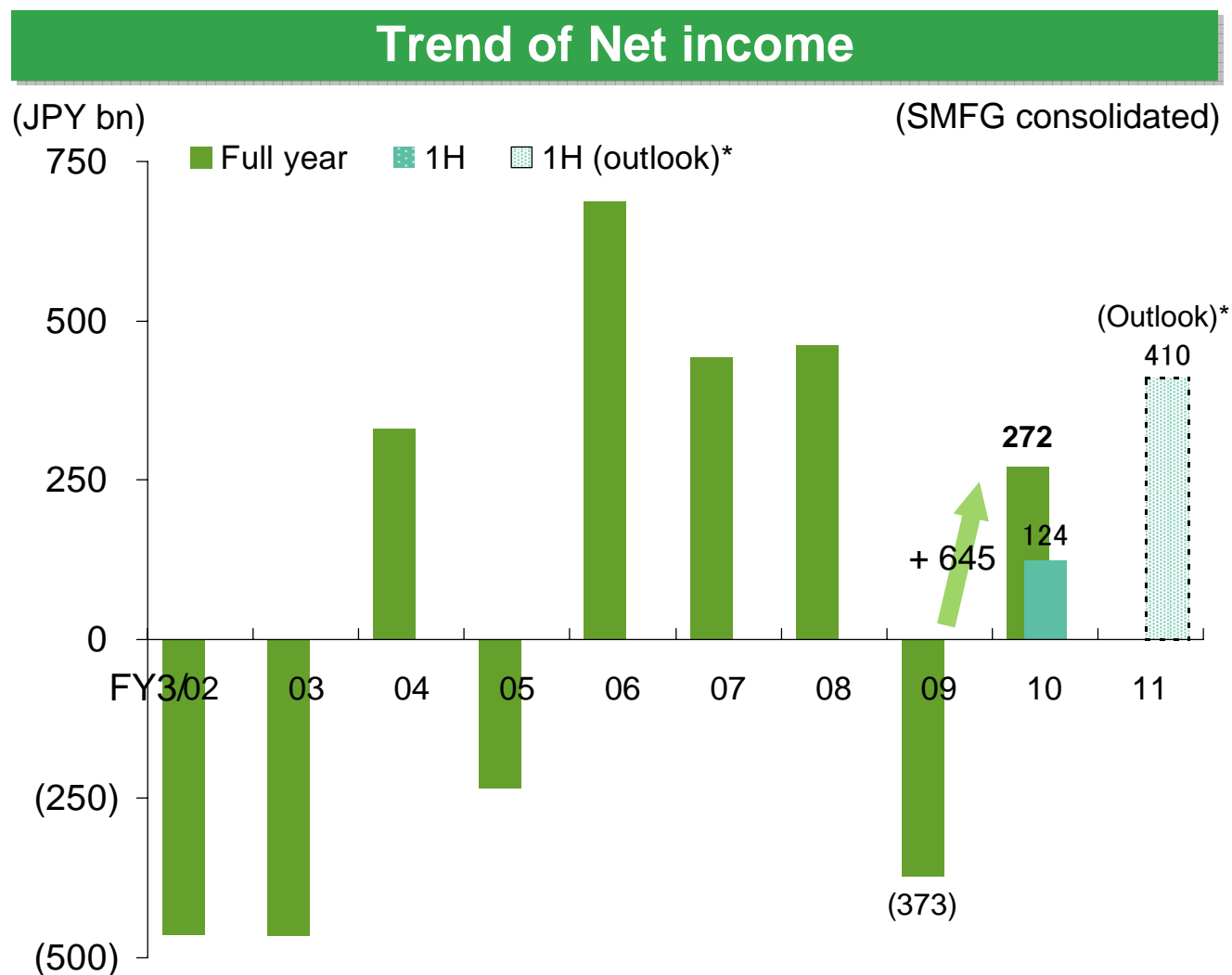
# Established global presence

## 50+ overseas network (branches, banking subsidiaries, etc)

### SMBC's overseas network\*1



# Recent financial results



\* The statements reflect our current expectations and constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. As such, our estimates remain subject to a variety of risks and uncertainties that could cause our actual results to differ. In addition, our estimate of interim results for the six months ended September 30, 2010 is not necessarily indicative of our results for the fiscal year, particularly in light of the uncertain economic environment.

## Key strengths

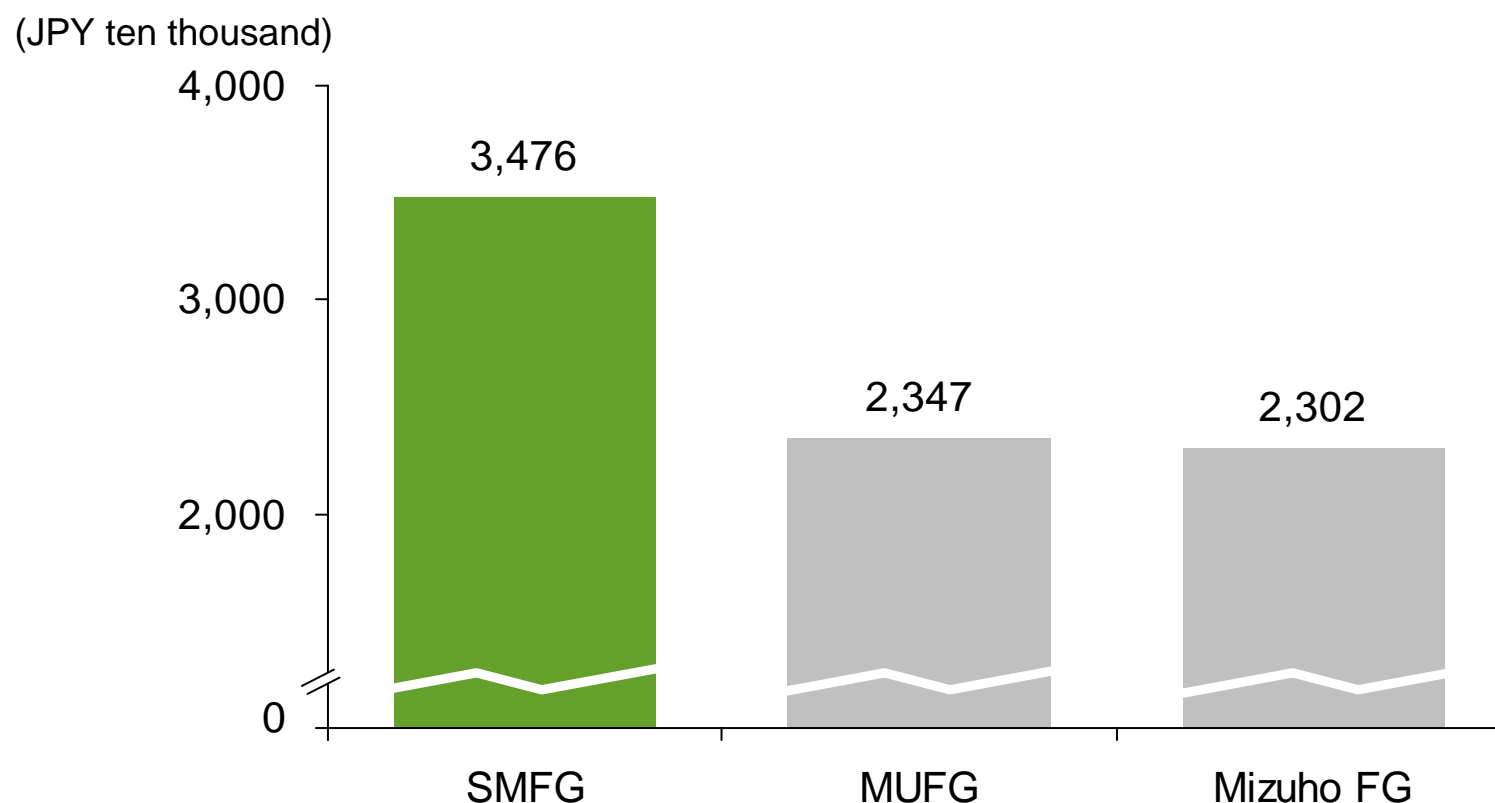
- #1 profitability among Japanese mega banks
- Limited downside risks
- Stable deposit base
- Substantially strengthened capital base



# #1 profitability among Japanese mega banks

## Maintaining higher Pre-provision profit per employee

### Pre-provision profit per employee (FY3/10)\*1, 2



\*1 Based on each company's public disclosure.

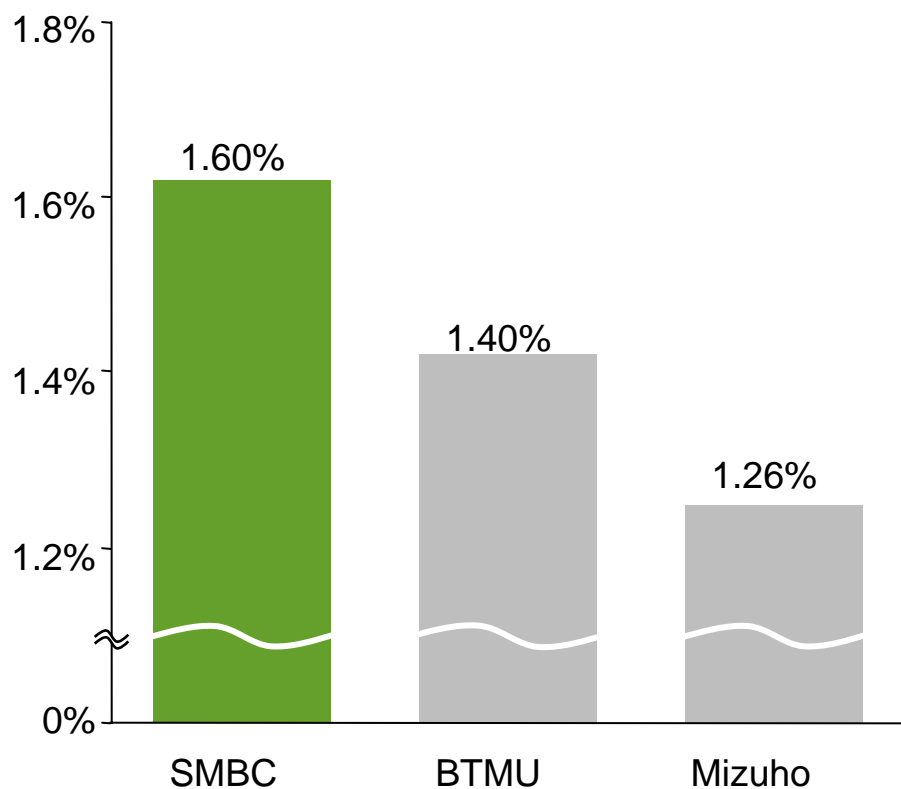
The figures shown in the chart are: non-consolidated figures of SMBC for SMFG, simple aggregation of The Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking for MUFG, and simple aggregation of Mizuho Bank, Mizuho Corporate Bank and Mizuho Trust & Banking for Mizuho FG

\*2 Pre-provision profit divided by number of employees (average number of beginning and end of the period)

# #1 profitability among Japanese mega banks

## Maintaining higher spread

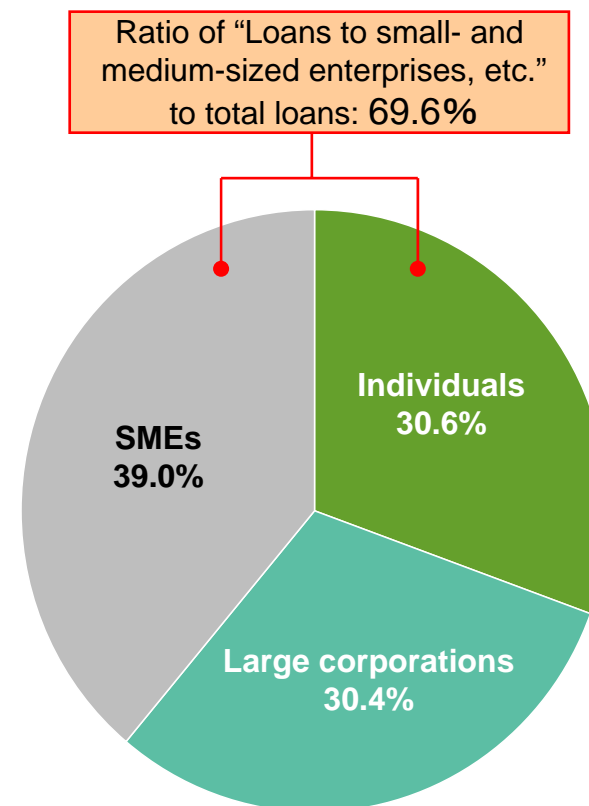
### Domestic loan-to-deposit interest spread (FY3/10)\*



\* Based on each company's public disclosure.  
 The figures shown in the chart are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and simple aggregation of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG

### Domestic loan portfolio

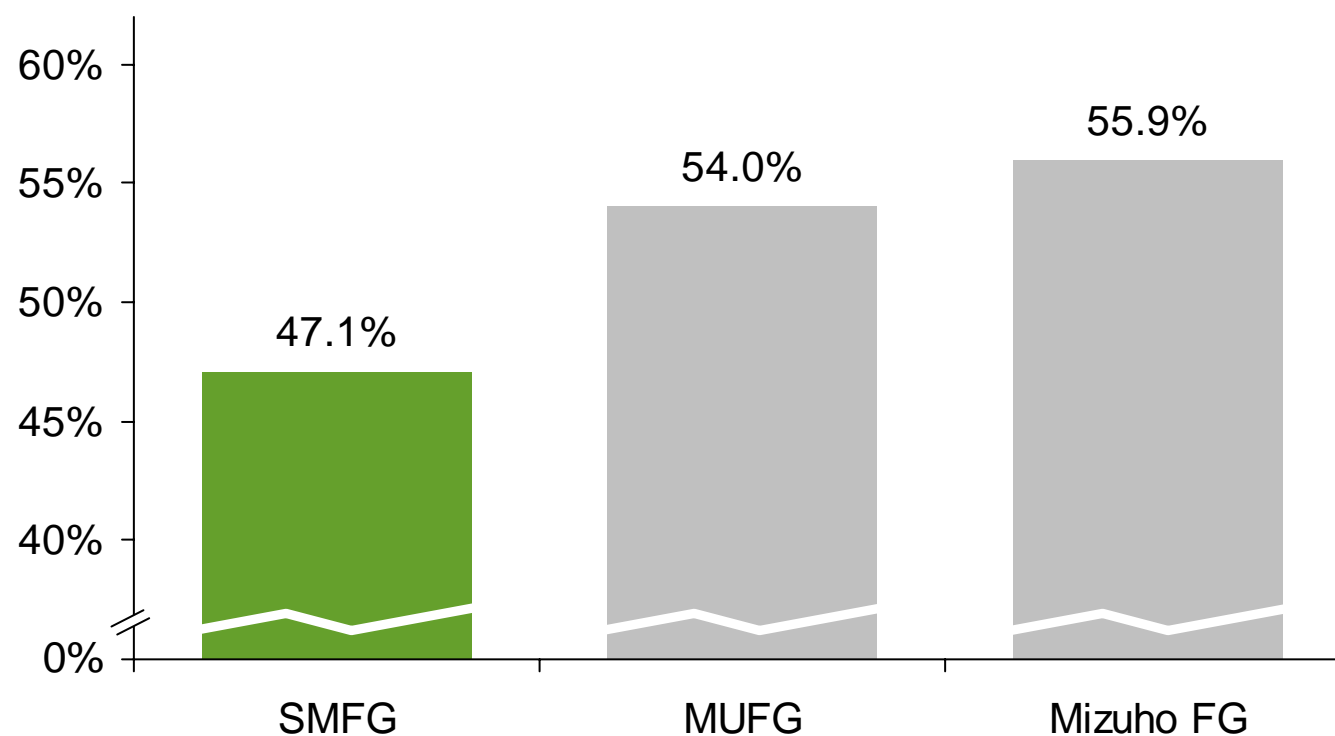
(SMBC non-consolidated)



# #1 profitability among Japanese mega banks

## Maintaining lower OHR

### Overhead ratio (FY3/10)<sup>\*1, 2</sup>



\*1 Based on each company's public disclosure.

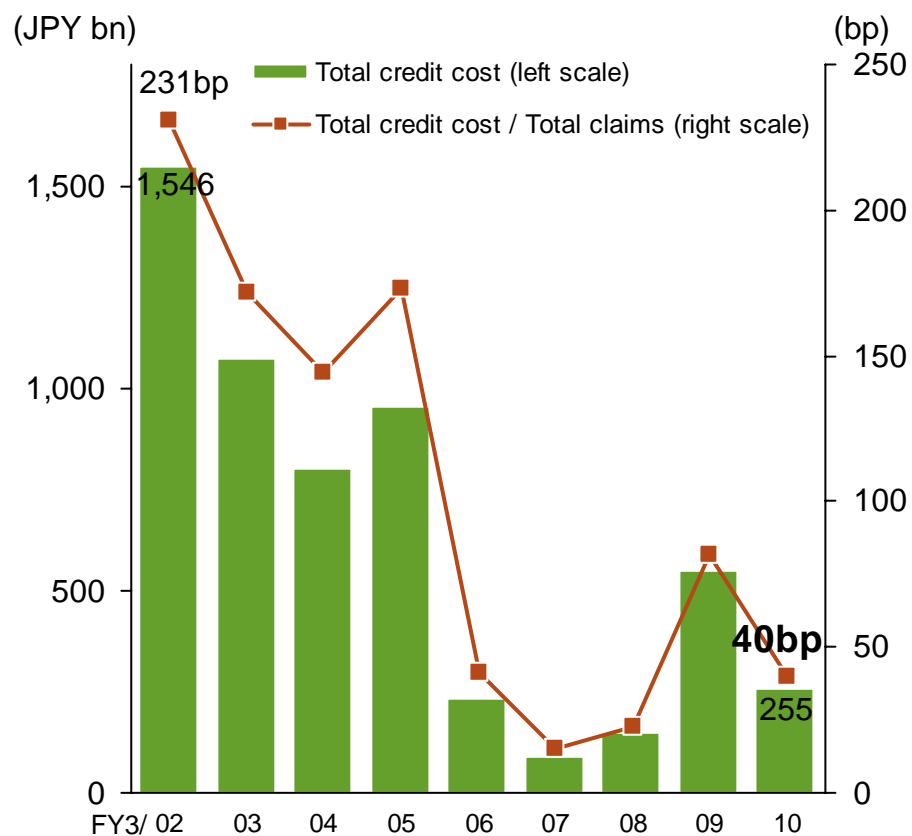
The figures shown in the chart are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and simple aggregation of Mizuho Bank and Mizuho Corporate Bank for Mizuho FG

\*2 Expenses divided by Gross banking profit

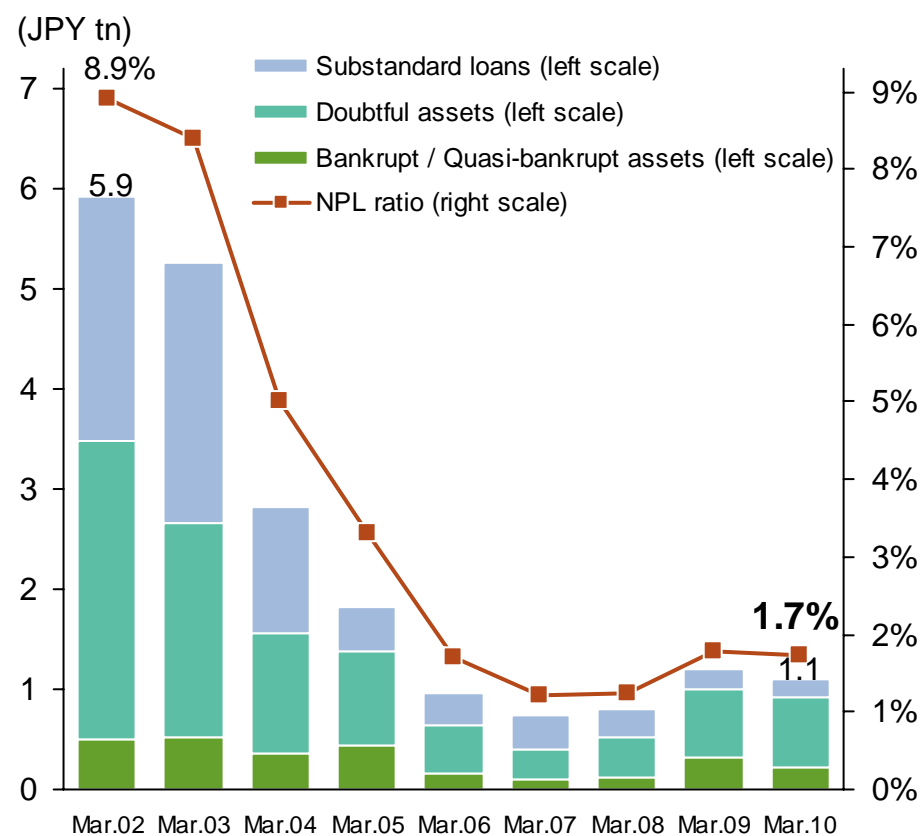
# Limited downside risks

## Stringent control on Total credit cost and NPLs

### Total credit cost



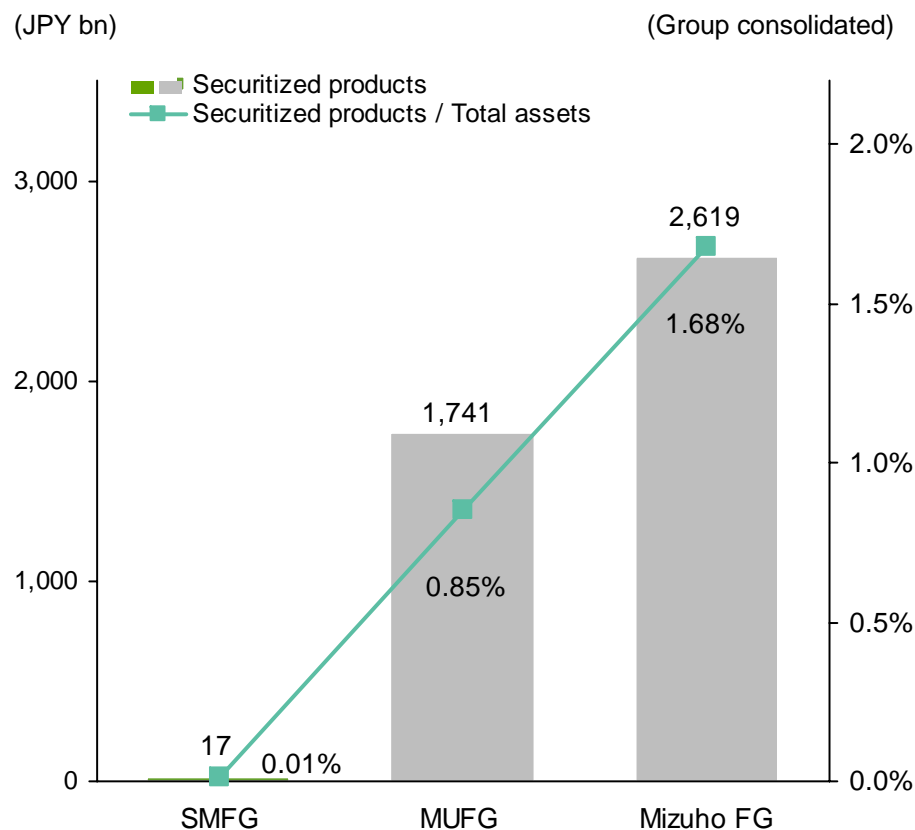
### Balance of NPLs



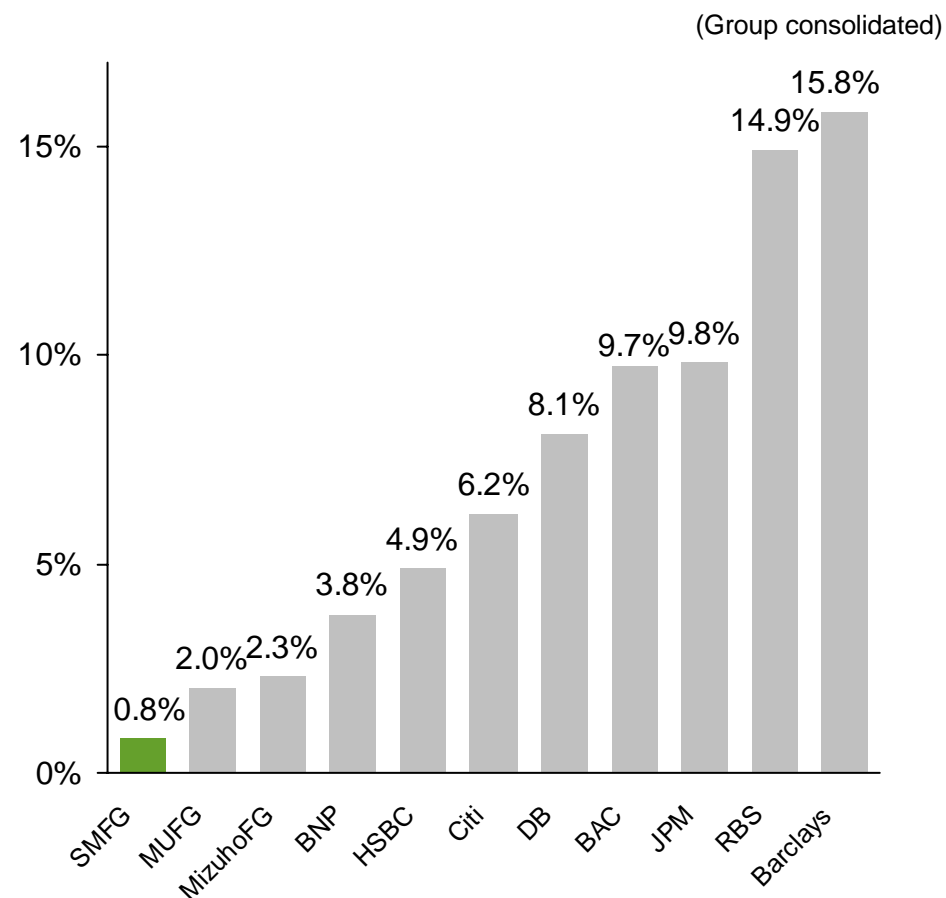
# Limited downside risks

## Limited risk exposure to securitized products and market risk equivalents

### Securitized products, etc.\*1 (as of Mar. 31, 10)



### Percentage of market risk equivalent in risk-adjusted assets\*2



\*1 SMFG: After provisions and write-offs

MUFG: Balance is the amount after impairment and before deducting net unrealized losses. Including "securities being held to maturity" and "other securities"

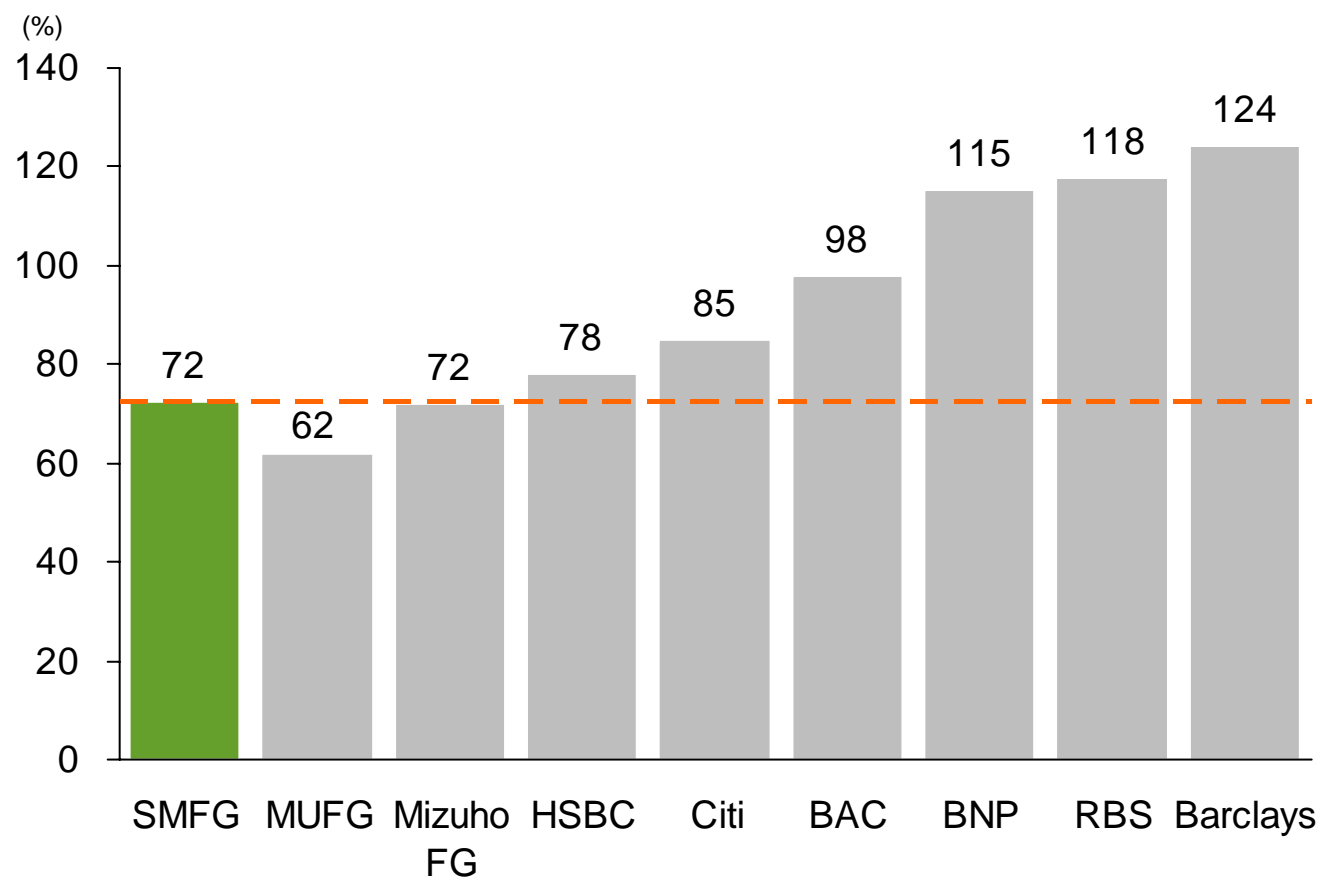
Mizuho FG: Balance is the amount after reserve for investment loss. Including banking accounts of subordinated banks and trading accounts of Mizuho Securities

\*2 Based on each company's public disclosures (as of Mar. 31, 10 for SMFG, MUFG and Mizuho FG; as of Dec. 31, 09 for BNP; and as of Jun. 30, 10 for others)

## Stable deposit base

Lower loan to deposit ratio than global peers

### Loan to deposit ratio\*

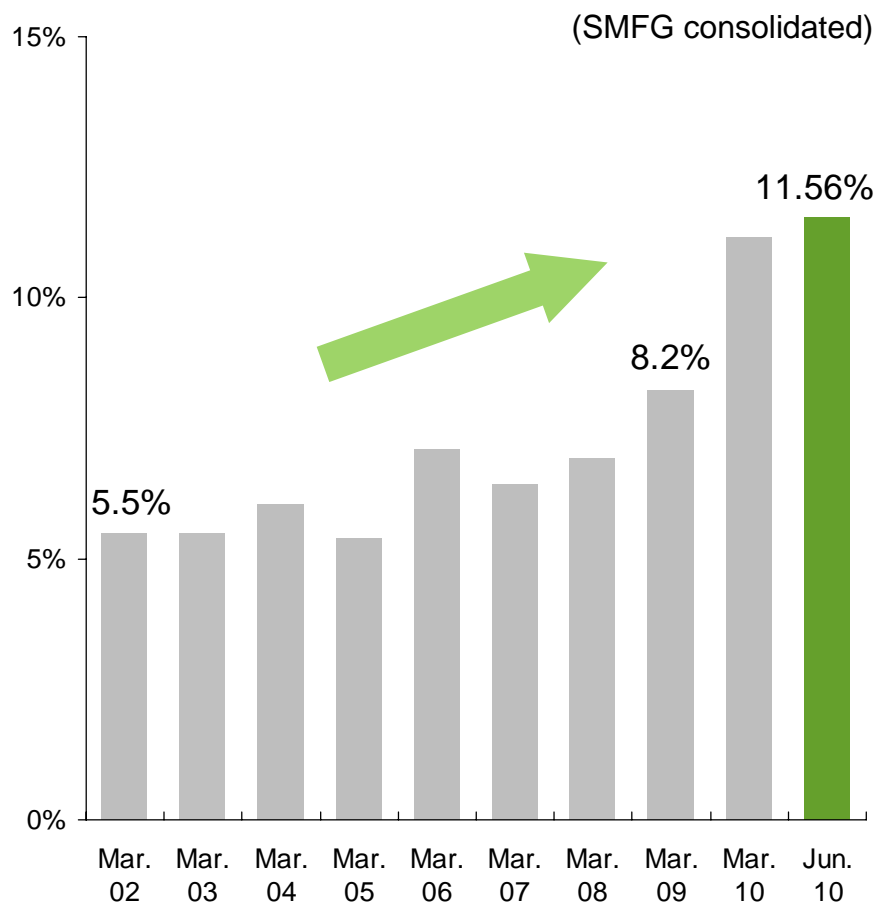


\* Consolidated basis. Based on each company's public disclosure (as of Jun. 30, 10)

# Substantially strengthened capital base

## Strengthened both in quality and quantity

### Trend of Tier I Ratio\*1

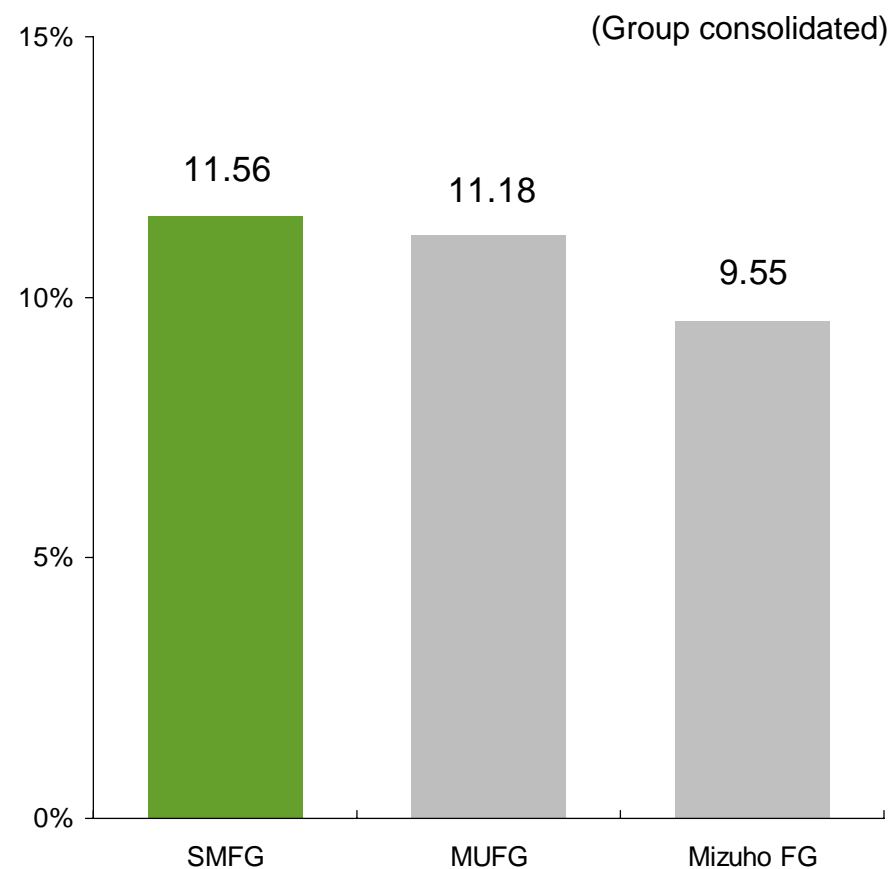


RWA

(JPY tn)

68	59	59	61	65	61	63	53	54	54
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### Comparison with peers\*2 (Jun. 10)



\*1 Based on Basel II standard from Mar. 07

\*2 Based on each group's public disclosure

# Why Listing on NYSE?



## Rationale

Aiming to become

“a globally competitive financial services group  
with the highest trust”

As a “passport” to achieve sustainable growth

## Rationale/ For organic growth

- Enhance transparency
  - IFRS-based disclosure
- Strengthen corporate governance
- Diversify shareholder base

## Rationale/ For inorganic growth

Although no specific plan at this moment

- Secure strategic flexibility

## Rationale/ For inorganic growth

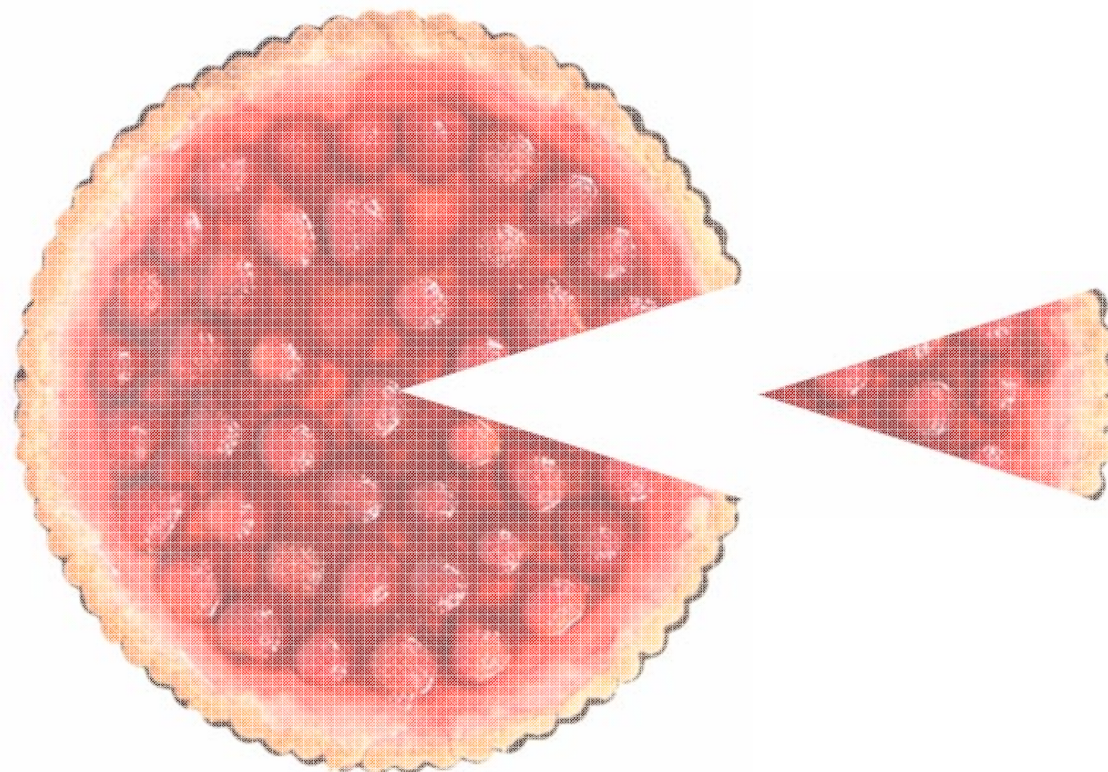
### Criteria for capital alliance

- Investment return
- Synergies (top-line, costs)

# Steps Going Forward

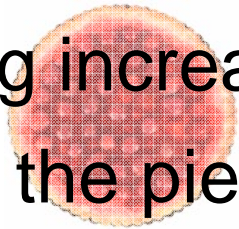
## Growth strategy/ Concepts

- Capturing increase in size of the pie
- Increasing share of the pie

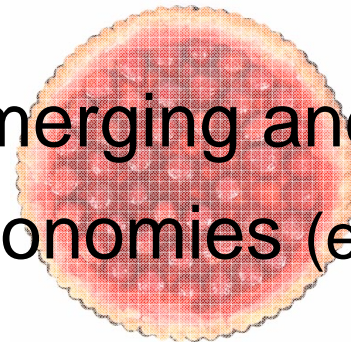


## Growth strategy/ Concepts

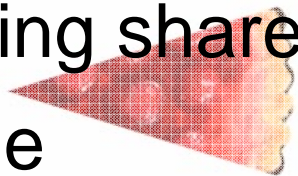
- Capturing increase in size of the pie



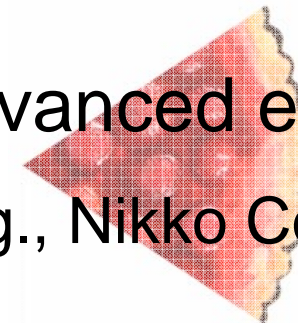
Emerging and developing economies (e.g., Asia)



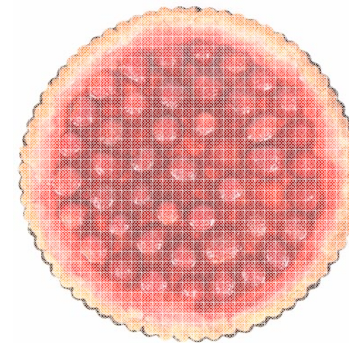
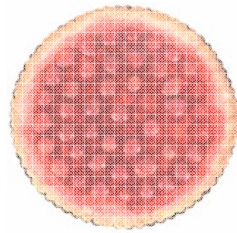
- Increasing share of the pie



Advanced economies (e.g., Nikko Cordial Securities)



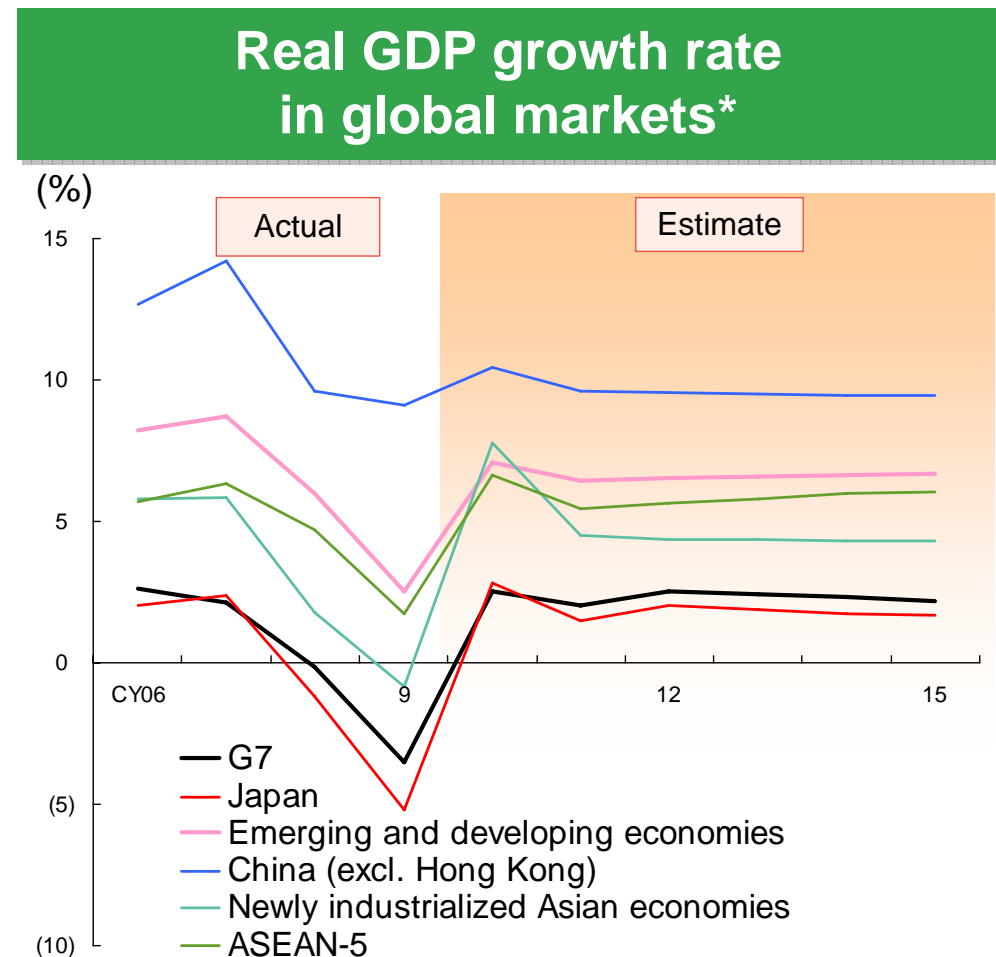
## Capturing increase in size of the pie/ Overseas business





## Growth strategy/ Capturing increase in size of the pie

- “Two way speed” economic recovery
- Low growth in advanced economies
- High growth in emerging and developing economies

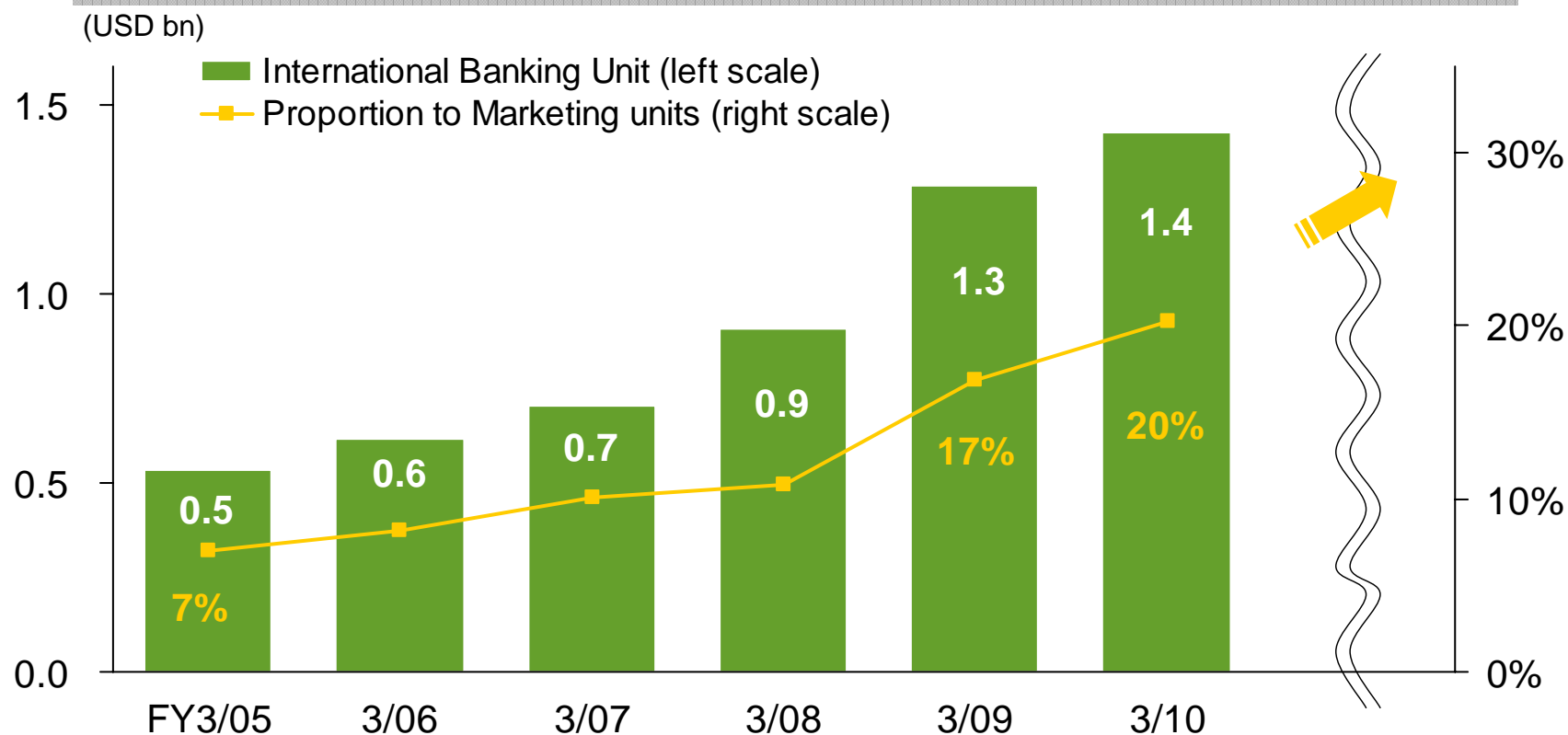


▶ Expand business in high growth areas (e.g., Asia)

## Overseas business/ Mid-term target

- Increase portion of overseas business

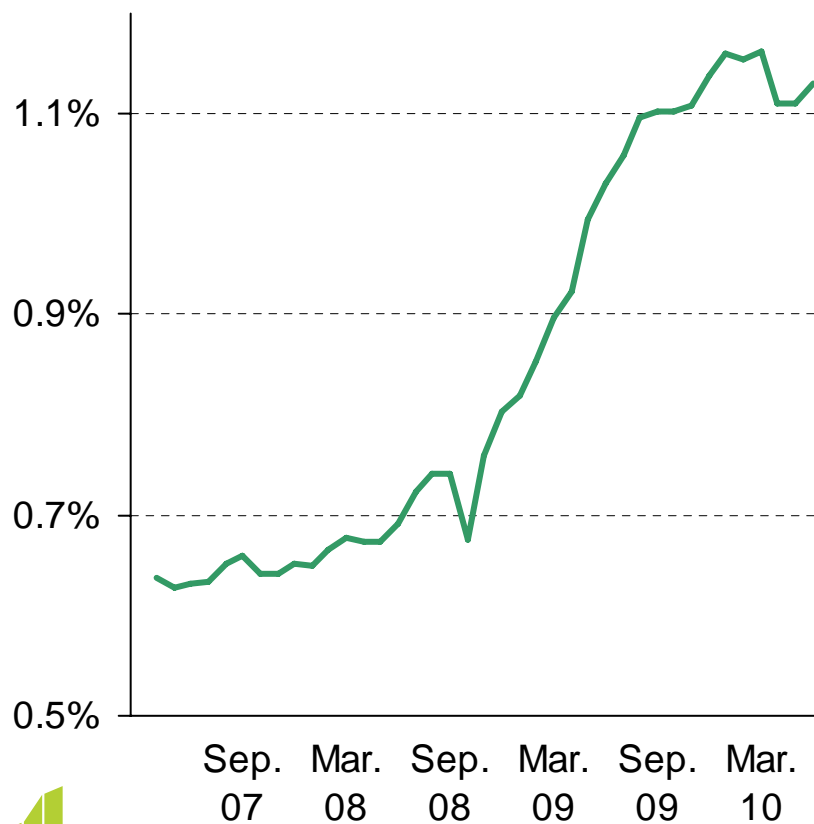
### Trends of Pre-provision profit in International Banking Unit\*1



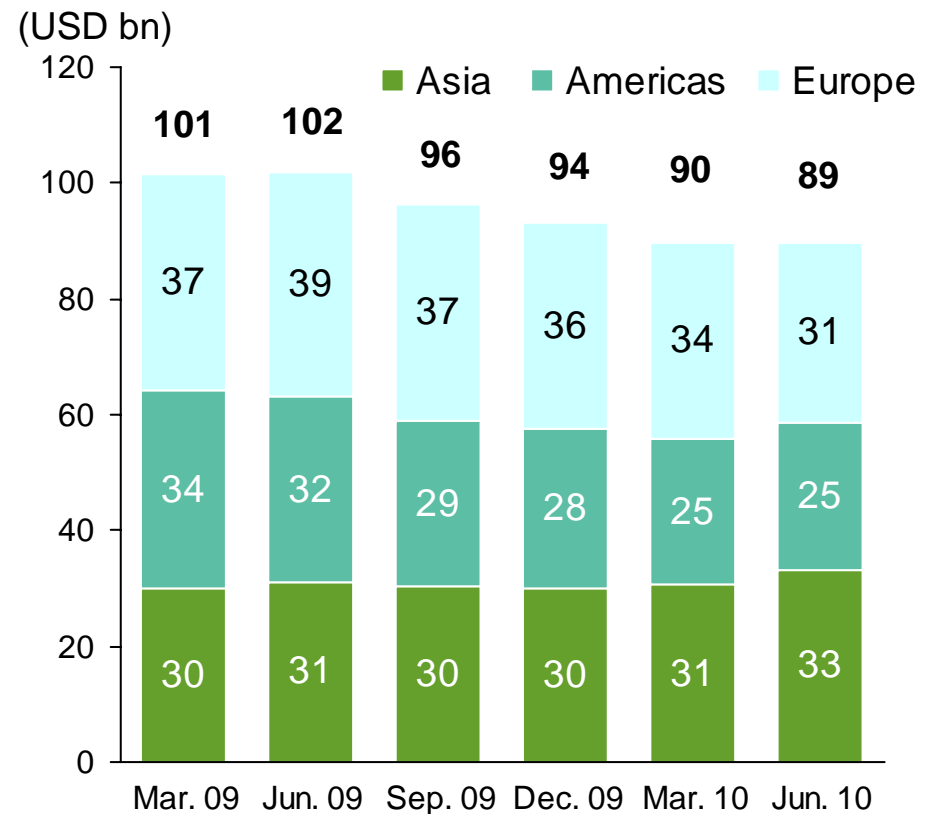
# Overseas business/ Loan business

- Allocate more resources overseas, especially in Asia

**Spread of overseas loans  
(average on contracted loans outstanding)\*1**



**Trends of overseas loans (balance)\*2**



\*1 Sum of SMBC, SMBC Europe and SMBC (China). Managerial accounting basis  
 \*2 Sum of SMBC, SMBC Europe and SMBC (China). Managerial accounting basis (JPY based loan balance is converted to USD at respective term-end JPY/USD rates)

# Overseas business/ Products with competitive edge

- Strength in CMS

## Cash management providers' ranking (in Asia Pacific) \*1

### CMS\*2

as voted by corporates

Large Corporates    Medium Corporates    Small Corporates



**No.1 among Japanese banks for five consecutive years**

### JPY CMS\*2

as voted by financial institutions



**No.1 among all banks for five consecutive years**

# Overseas business/ Products with competitive edge



## Overseas business/ Products with competitive edge

### ● Strength in project finance and syndicated loans

Project finance ranking (mandated lead arranger)* <sup>1</sup>		
Jan.-Jun. 2010, Asia Pacific		
	Financial institutions	Volume (USD mn)
1	ANZ Banking Group	659
2	Societe Generale	652
3	BNP Paribas	627
4	<b>SMFG</b>	<b>608</b>
5	MUFG	510
6	Intesa Sanpaolo	455
7	Credit Agricole Group	454
8	Mizuho Financial Group	449
9	Commonwealth Bank of Australia	436
10	National Australia Bank	374

Syndicated loans ranking (mandated arranger)* <sup>2</sup>		
Jan.-Jun. 2010, Asia		
	Financial institutions	Volume (USD mn)
1	HSBC	4,695
2	Standard Chartered Bank	3,826
3	Bank of China	3,195
4	DBS Bank	3,165
5	<b>SMFG</b>	<b>3,082</b>
6	MUFG	2,696
7	BNP Paribas	2,641
8	ANZ Banking Group	2,519
9	Credit Agricole Group	2,436
10	State Bank of India	2,007

\*1 Source: Infrastructure Journal. Asia Pacific region includes Australia \*2 Source: Basis point. Asia region excludes Australia and Japan

## Overseas business/ Initiatives in Americas Division

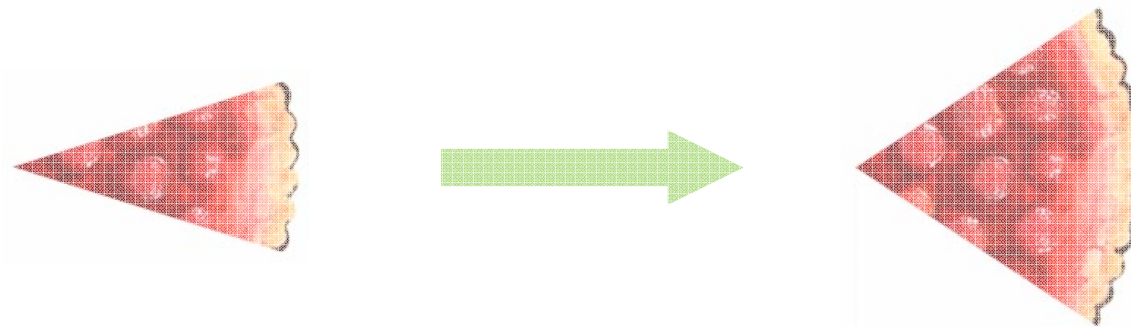
### ● Network in Americas Division

- North America: NY, LA, SF, Houston, Toronto
- Latin America: Sao Paulo, Mexico City, Bogota

### ● Recent example

- Established Bogota Representative Office (Sep. 10)
  - Project finance: natural resources/ energy, such as oil and gas, and power.

## Increasing share of the pie/ Nikko Cordial Securities

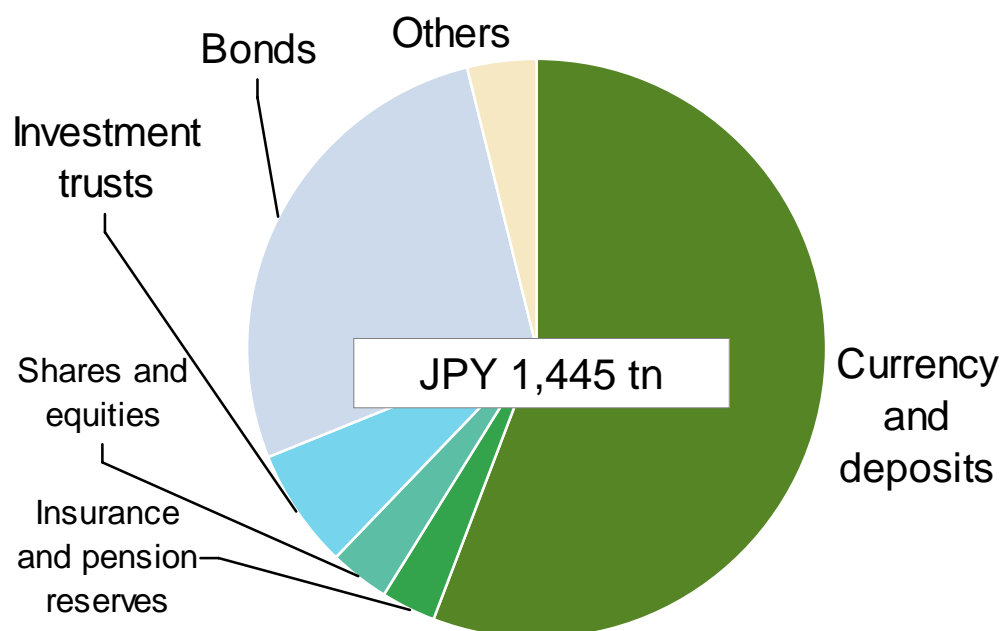




## Growth strategy/ Increasing share of the pie

- Abundant individual financial assets held as cash and deposits

### Financial assets held by Japanese households\*



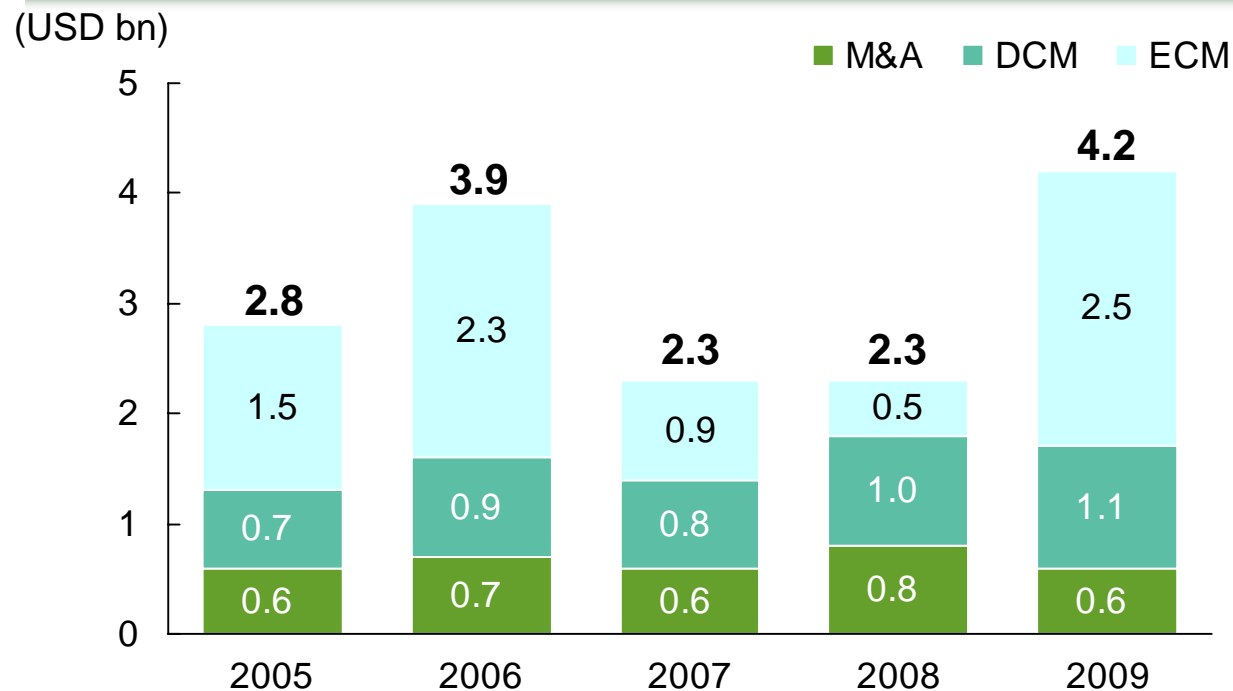
- ▶ Investment management services for individuals (e.g., Nikko retail, SMBC investment trust sales)



## Growth strategy/ Increasing share of the pie

- Certain needs for investment banking businesses

### Wallet size by product in Japanese market\*



## ▶ Nikko wholesale

## Nikko/ Results

- Achieved the highest Ordinary profit among peers

### Financial results (non-consolidated)

(JPY bn)	1Q FY3/11 results	YOY change*1	2H FY3/10 results*2	FY3/10 results*3	Targets in FY3/13
Net operating revenue	55.0	+ 13.1	100.5	184.9	300 <sup>*4</sup>
SG&A expenses	(40.5)	(8.9)	(76.9)	(140.4)	—
Ordinary profit	13.3	+ 2.3	24.1	45.3	100
Net income	10.2	+ 1.9	26.7	58.3	—

\*1 Comparison with results for 1Q, FY3/10 of former Nikko Cordial Securities before the corporate de-merger

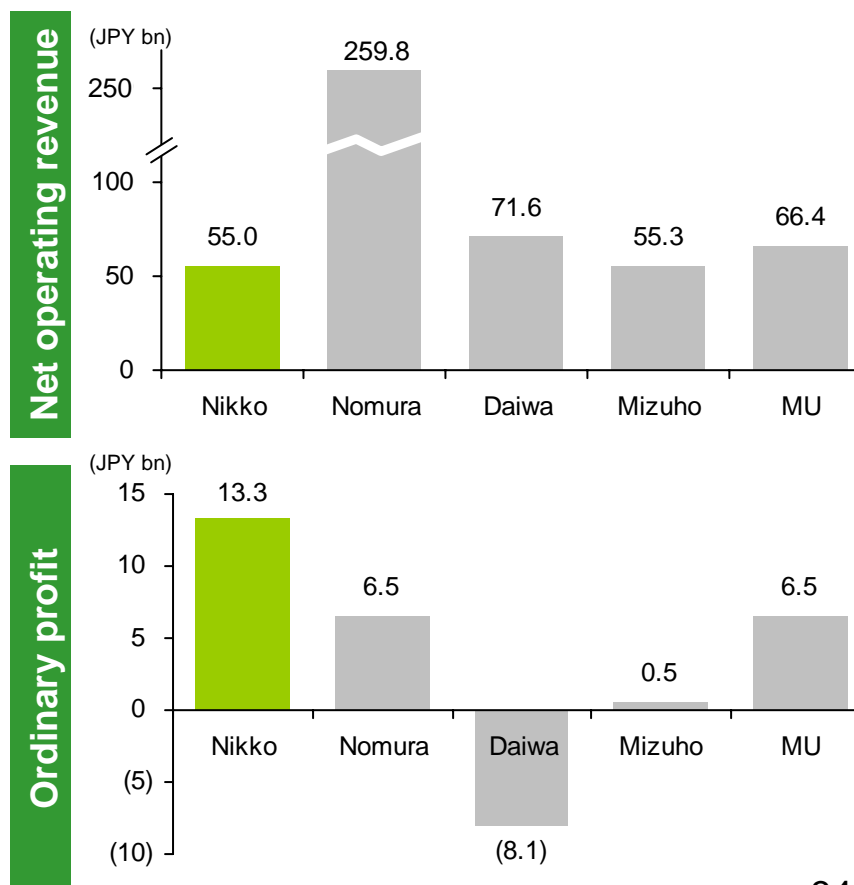
\*2 Figures of Nikko Cordial Securities after becoming a SMBC's wholly-owned subsidiary

\*3 Sum of financial information of Nikko Cordial Securities before and after succession through the corporate de-merger

\*4 JPY 200 billion for retail business and JPY 100 billion for wholesale business

\*5 Based on each company's public disclosure. The figures shown in the graph are: consolidated figures (US GAAP, comparison with Net revenue and Income before income taxes) of Nomura Holdings for Nomura; consolidated figures of Daiwa Securities Group for Daiwa; consolidated figures of Mizuho Securities for Mizuho; and consolidated figures of Mitsubishi UFJ Securities Holdings for MU

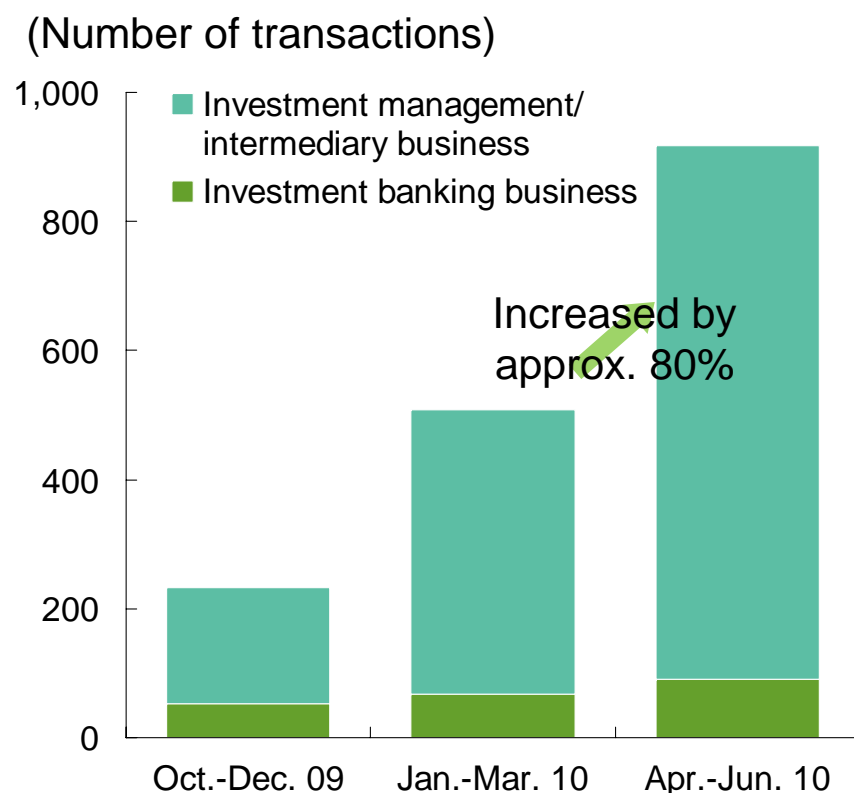
### Comparison with peers (in 1Q FY3/11)\*5



## Nikko/ Wholesale business

- Steady progress in Nikko's wholesale business

### Number of collaborative transactions with SMBC



### League table (1Q, FY3/11)

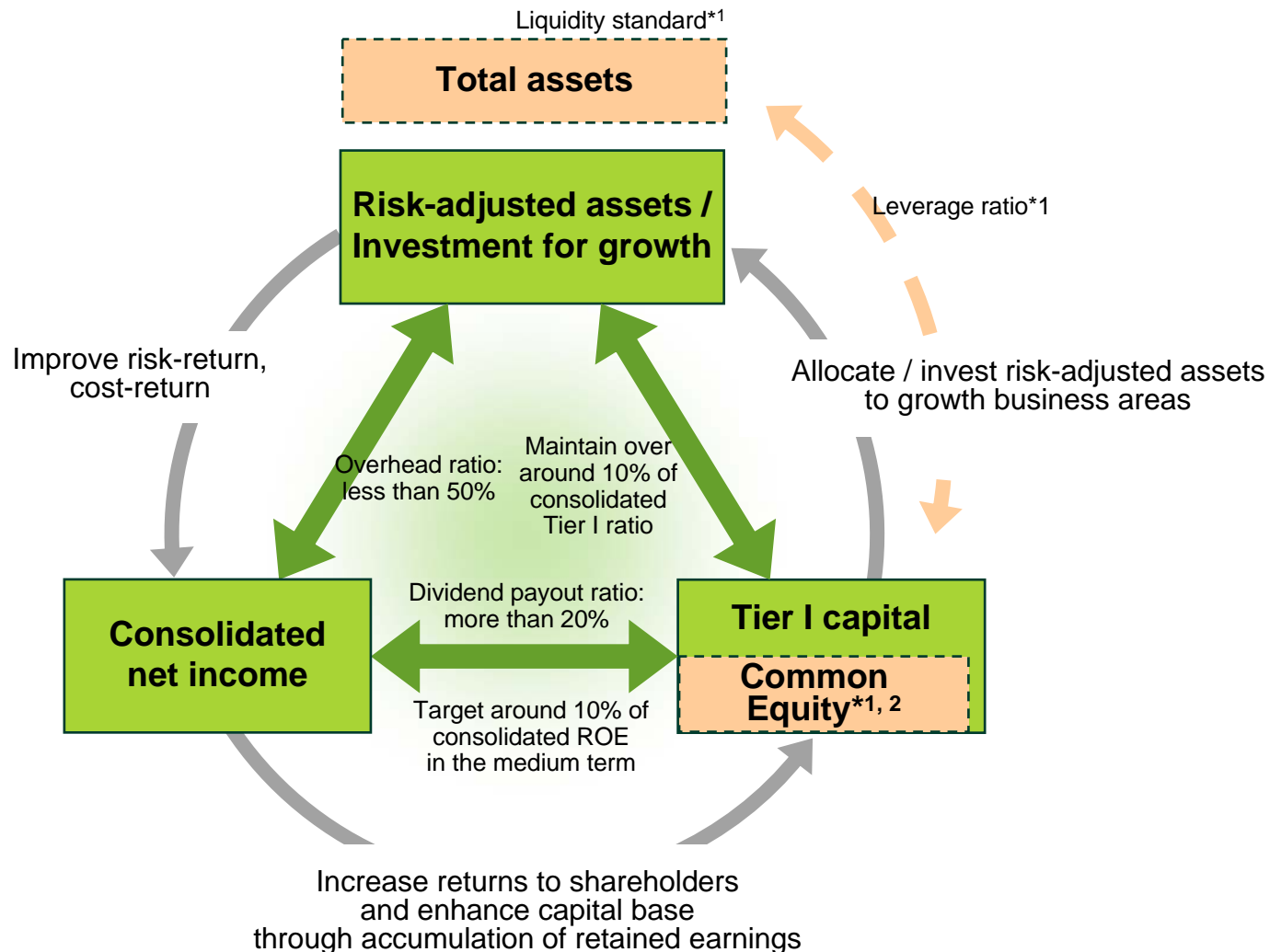
	Rank	Market share	Proceeds (JPY bn)
Bonds underwriting*1	3 <sup>rd</sup>	16.0%	435
Equities underwriting*2	4 <sup>th</sup>	10.5%	50

## Nikko/ Initiatives

- Equity trading
  - Commenced operations of equity trading system for institutional investors (Aug. 10)
  - Established equity research team (Aug. 10)
  
- Overseas operations
  - Started securities business in London (Oct. 10)
  - Expect to start securities business in NY and HK within FY3/11

# Well-balanced growth cycle

- Reinforce the growth cycle, leveraging NYSE listing



\*1 Defined by Consultative Document (Basel Committee on Banking Supervision, Dec. 17, 09)

\*2 Capital consisting mainly of common shares and retained earnings, defined by Basel Committee on Banking Supervision

# Appendix

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## (Appendix) Earnings Results for 1Q, FY3/11 and Outlook for 1H, FY3/11

*We revised our outlook for 1H, FY3/11 compared to original forecast, due mainly to better-than-expected banking profit and credit costs*

### Earnings Results for 1Q, FY3/11 (SMBC non-consolidated)

(JPY bn)	1Q, FY3/11	YOY change	FY3/10
Gross banking profit	395.1	+ 24.1	1,455.3
Expenses	(175.2)	+ 0.4	(685.8)
<OHR>	44.3%	(3.0)%	47.1%
Banking profit*1	219.9	+ 24.5	769.5
Total credit cost*2	(10.8)	+ 58.5	(254.7)
Ordinary profit	198.0	+ 88.7	462.7
Net income	175.8	+ 67.8	318.0

#### Banking profit

- Increased year over year mainly due to the gains on bonds, led by ALM operations that quickly responded to fluctuation in market interest rates
- Marketing Units' banking profit was fairly in line with the business plan

#### Total credit cost

- Substantially decreased year over year
  - Individualized responses to our clients
  - Reversal of provision for reserve for possible loan losses
  - Decrease of credit costs for foreign-currency-denominated claims attributable to yen appreciation

#### Net income

- Substantially increased by JPY 67.8 bn year over year to JPY 175.8 bn

### Outlook for 1H, FY3/11 (SMBC non-consolidated)\*3

(JPY bn)	Original forecasts*4	Revised forecasts*5	Changes from the original forecasts
Banking profit*1	370	490	+120
Net income	150	350	+200

- **Banking profit:** above the original forecast due mainly to an increase in gains on bonds
- **Net income:** above the original forecast due to better-than-expected banking profit and lower-than-expected credit costs

\*1 Before provision for general reserve for possible loan losses.

\*2 Including portion recorded in extraordinary gains (losses).

\*3 The statements reflect our current expectations and constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. As such, our estimates remain subject to a variety of risks and uncertainties that could cause our actual results to differ. In addition, our estimate of interim results for the six months ended September 30, 2010 is not necessarily indicative of our results for the fiscal year, particularly in light of the uncertain economic environment.

\*4 The original forecasts were announced on May 14, 2010.

\*5 The revised forecasts were announced on October 28, 2010.





**SMFG** SUMITOMO MITSUI  
FINANCIAL GROUP