



Management Strategy

Sumitomo Mitsui Financial Group, Inc.
February & March, 2016

■ Agenda

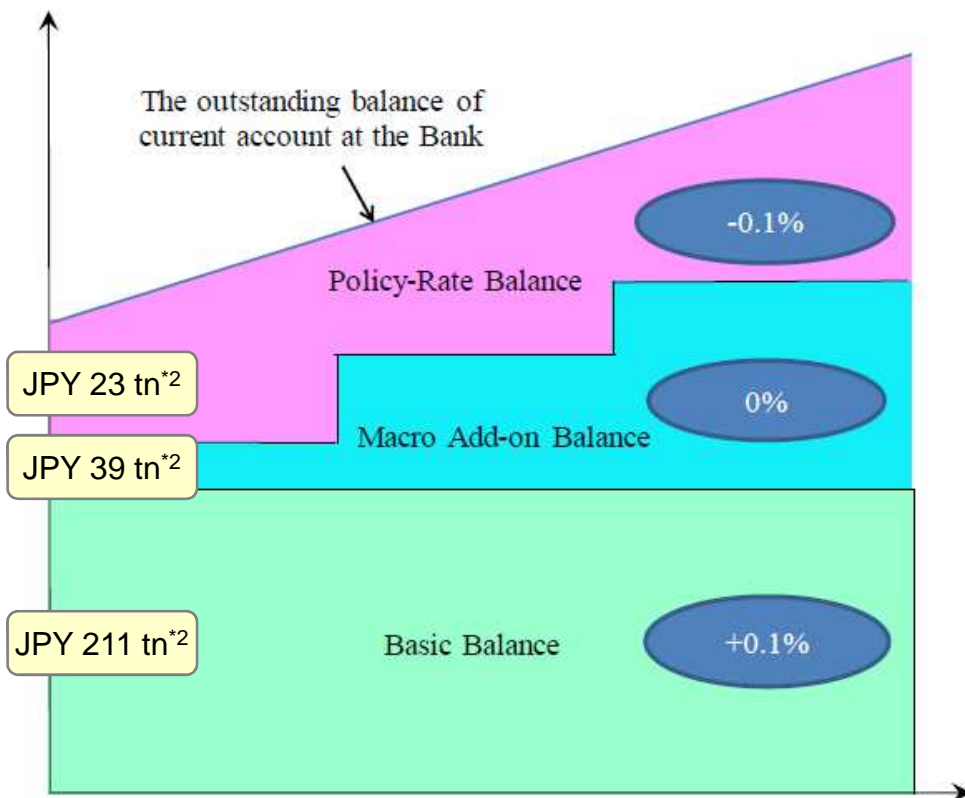
- I Impact of BOJ's negative interest rate policy
- II Robust financial results and our initiatives for growth
- III Sound asset portfolio
- IV Capital policy / Return to shareholders

I Impact of BOJ's negative interest rate policy

I. Impact of BOJ's negative interest rate policy

Major potential issues caused by BOJ's negative interest rate policy

BOJ's three-tier system*1



Major potential issues to banks

Possibility of negative yield investments triggered by an increase in cash

- Increase in cash
 - Customers' deposits
 - Redemption of JGBs
- Investments into domestic loans, etc.
 - If loan demand is inefficient...*
- Negative yield investments
 - BOJ's current account (Policy-Rate Balance)
 - JGBs with negative yields

Decline of loan interest rates

- Decrease of base rates led by a decline in market rates
- Lower spreads led by tighter competition

*1 Source: The Bank of Japan

*2 Numbers from "BOJ Current Account Balances by Sector (Jan.)" released from the Bank of Japan on February 16, 2016

Our initiatives

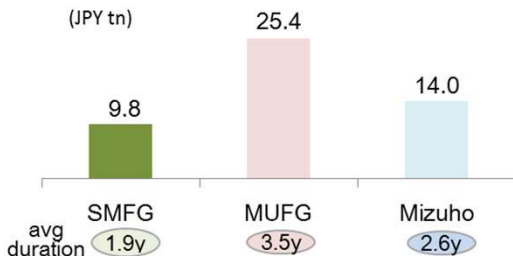
● Actions have already been taken to mitigate any potential negative impact

Manage BOJ's current account balance

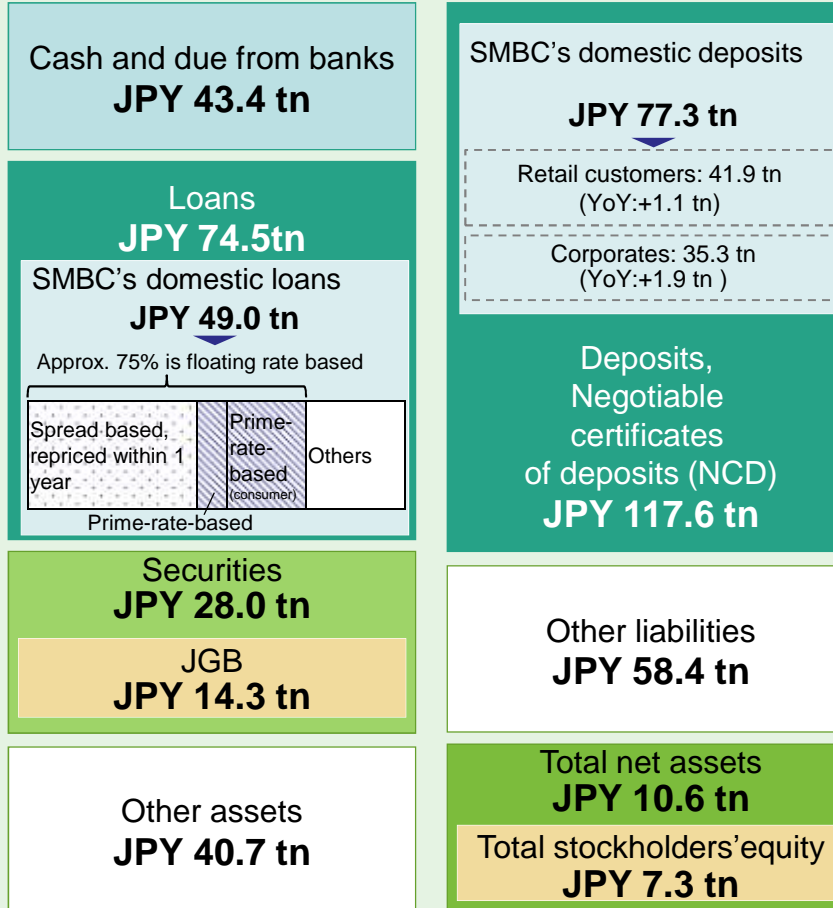
- SMBC's average balance: JPY 26.2 tn (1H, FY3/16)
- Large majority is included in "Basic Balance"

Have already reduced JGB holdings and our re-investment risk with negative yields is low

JGB holdings* (as of Dec. 2015)



Total assets : JPY 186.7 tn



Control inflow of funds

- Lowered interest rates
 - Time deposits: Feb. 8th
 - Ordinary deposits: Feb. 16th 0.02% → 0.001%
- Raised interest rates of foreign deposits
- Promote shifts from savings to investments

Loan to deposit ratio

63.4%

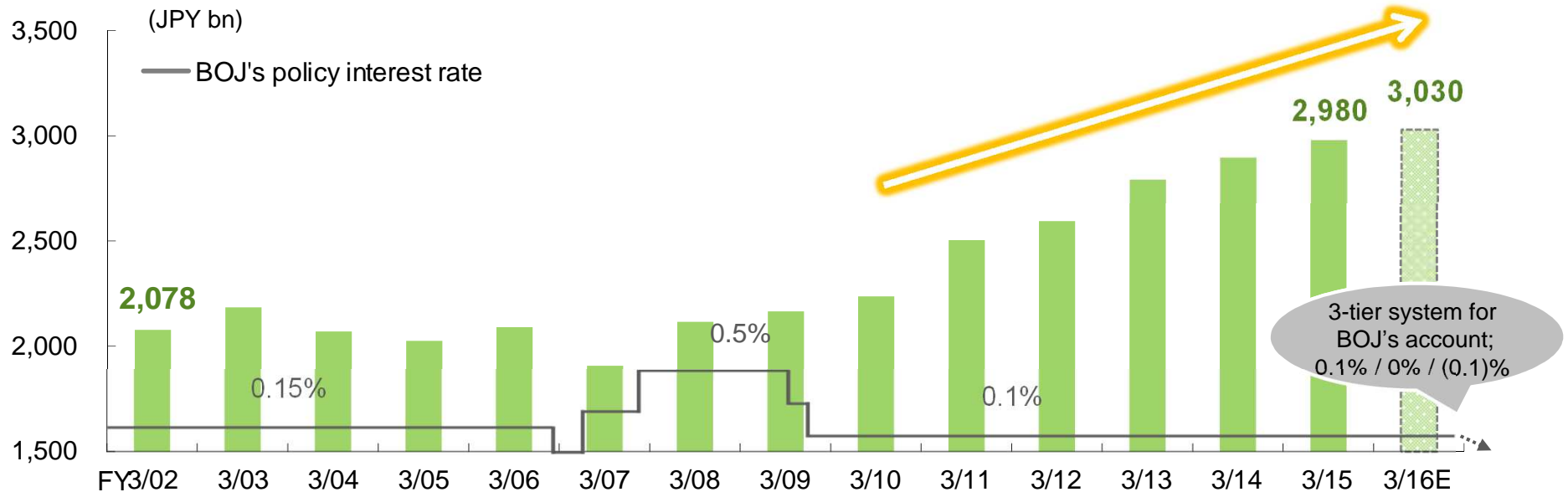
(Balance sheet as of Sep.30, 2015)

I. Impact of BOJ's negative interest rate policy

Diversified revenue sources

- SMBC's domestic loan/deposit related revenue is now only 18% of SMFG's consolidated gross profit, as we have diversified revenue sources amid the low interest rate environment

SMFG's consolidated Gross profit



Breakdown of contribution

| | FY3/03 | FY3/15 | 1H, FY3/16 |
|------------------------------------------------|--------|--------|------------|
| SMBC's domestic loan / deposit related revenue | 35% | 19% | 18% |
| International business | 5% | 16% | 17% |
| Group companies | 18% | 41% | 42% |

I. Impact of BOJ's negative interest rate policy

Domestic income analysis and impact to our profit

● Immediate impact to our profit is limited

| SMBC non-consolidated (JPY bn) | FY3/2015 | | 1H, FY3/2016 | |
|------------------------------------------------------------|-----------------|-----------------------|-----------------|-----------------------|
| | Average balance | Average interest rate | Average balance | Average interest rate |
| Interest-earning assets (*) | 70,642 | 1.31% | 72,148 | 1.30% |
| of which: | | | | |
| Loans and bills discounted | 45,298 | 1.31% | 45,342 | 1.22% |
| Securities (JGBs, corporate bonds and equities) | 20,186 | 1.43% | 20,488 | 1.61% |
| Receivables under securities borrowing transactions | 457 | 0.20% | 1,490 | 0.12% |
| Deposits with banks | 8 | 0.01% | 9 | 0.01% |
| Interest-bearing liabilities | 87,717 | 0.07% | 94,044 | 0.06% |
| of which: | | | | |
| Deposits | 70,404 | 0.03% | 72,985 | 0.03% |
| Negotiable certificates of deposit | 6,487 | 0.08% | 7,282 | 0.07% |
| Call money | 1,399 | 0.04% | 1,783 | 0.05% |
| Payables under securities lending transactions | 1,767 | 0.05% | 3,383 | 0.05% |
| Borrowed money | 4,947 | 0.21% | 6,223 | 0.24% |
| Short-term bonds | 25 | 0.07% | 22 | 0.07% |
| Bonds | 1,825 | 1.08% | 1,562 | 1.10% |

Rough calculation of impact to our earnings

- Assumptions
- Market rate: (10) bp
- Tax rate: 30%

After tax basis

**2 months impact
(Impact to FY3/16)**

approx. **JPY (3.5) bn**

12 months impact

approx. **JPY (21) bn**

(*) After deducting non-interest earning deposits (mainly deposits to the BOJ): FY3/15 JPY 20,983 bn; 1H, FY3/16 JPY 26,157 bn

II Robust financial results and our initiatives for growth

1. Financial results for 3Q, FY3/2016
2. Bank-securities / Group-wide collaboration
3. Consumer finance business
4. FinTech / Supporting startups in Japan
5. International business

II. Robust financial results and our initiatives for growth

1. Financial results for 3Q, FY3/2016 (cumulative)

Income statement

| | | (JPY bn) | Apr. -Dec. 2015 results | YOY change | FY3/16 targets |
|--------------------------|------------------------------------------------|------------------------------|-------------------------------|---------------|-------------------|
| SMFG consolidated | Consolidated gross profit | USD 18.4 bn ^{*1} | 2,218.6 | (11.7) | 3,030 |
| | | Variance^{*2} | 1,067.6 | +68.1 | |
| | General and administrative expenses | | (1,285.7) | (60.9) | |
| | Equity in gains (losses) of affiliates | | (44.8) | (45.1) | |
| | Consolidated net business profit | | 888.2 | (117.7) | |
| | Total credit cost | | (45.6) | (91.9) | (120) |
| | Ordinary profit | USD 7.5 bn ^{*1} | 900.2 | (206.7) | 1,220 |
| | | Variance^{*2} | 336.1 | (3.2) | 470 |
| | Profit attributable to owners of parent | USD 5.2 bn ^{*1} | 626.2 | (56.0) | 760 |
| | | Variance^{*2} | 167.4 | +15.5 | 240 |
| SMBC non-consolidated | Gross banking profit | USD 9.5 bn ^{*1} | 1,150.9 | (79.8) | 1,580 |
| | Expenses^{*3} | | (601.7) | (12.9) | (820) |
| | Banking profit^{*4} | USD 4.6 bn ^{*1} | 549.2 | (92.7) | 760 |
| | Total credit cost | | 33.2 | (68.7) | 0 |
| | Gains (losses) on stocks | | 10.9 | (48.8) | |
| | Other non-recurring gains (losses) | | (29.2) | +6.7 | |
| | Ordinary profit | USD 4.7 bn ^{*1} | 564.1 | (203.5) | 750 |
| | Net income | USD 3.8 bn ^{*1} | 458.8 | (71.6) | 520 |

Profit contribution of subsidiaries

| | (JPY bn) | Apr. -Dec. 2015 | YOY change |
|--------------------------------------------|----------|--------------------|---------------|
| SMBC Consumer Finance | | 43 | +1 |
| SMBC Nikko Securities | | 36 | (9) |
| Sumitomo Mitsui Finance and Leasing | | 22 | (1) |
| Cedyna | | 22 | (1) |
| Sumitomo Mitsui Card | | 14 | +1 |
| SMBC Friend Securities | | 3 | (3) |

Per share information (SMFG consolidated)

| | Apr.-Dec. 2015 result | YOY change | FY3/2016 target |
|------------------------------------------------|-----------------------------|---------------|--------------------|
| Profit attributable to owners of parent | JPY 458.04 | JPY (40.93) | JPY 555.87 |

| | Dec. 31, 2015 | Change from Mar. 31, 2015 |
|-------------------|---------------|------------------------------|
| Net assets | JPY 6,795.63 | +JPY 196.76 |

Credit ratings (SMBC)

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

● Fitch upgraded SMFG / SMBC's rating from A- to A (Nov. 2015)

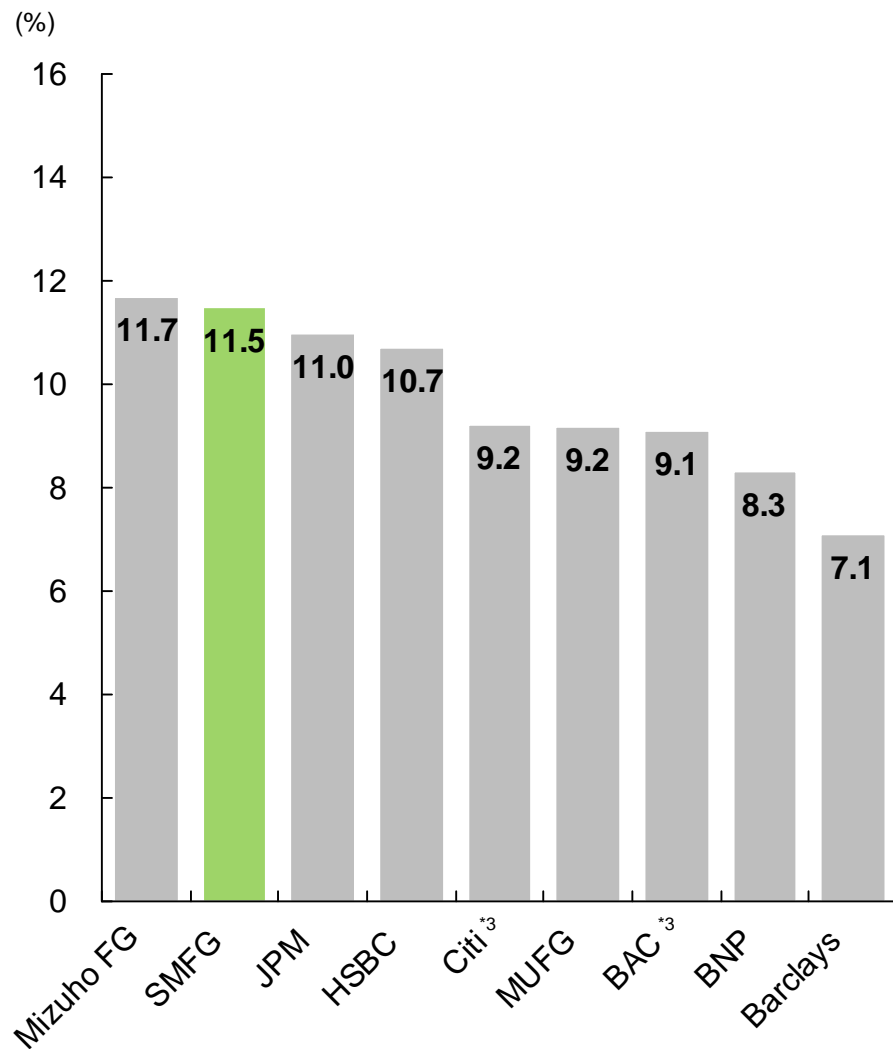
*1 Shown in USD at period-end exchange rate of USD 1 = JPY 120.53 *2 SMFG consolidated figures minus SMBC non-consolidated figures

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

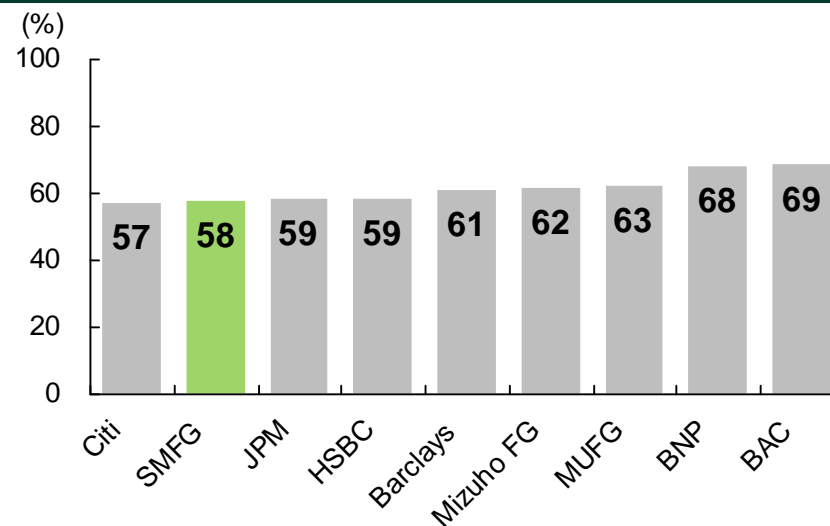
II. Robust financial results and our initiatives for growth

Ref: Peer comparison: High profitability and efficiency

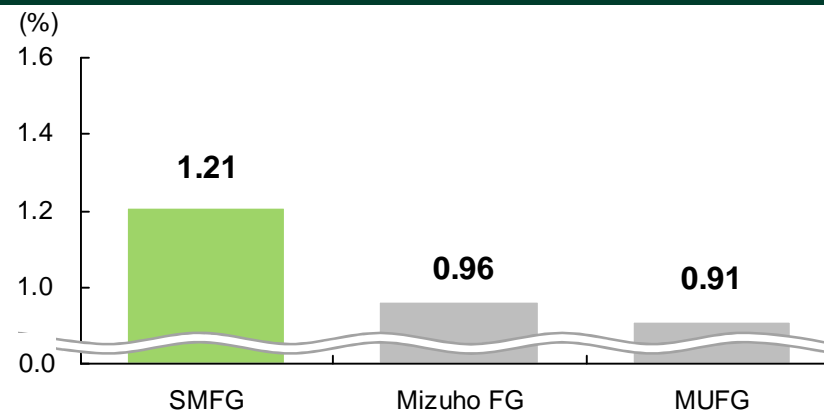
ROE*1, 2



Overhead ratio comparison*1, 4



Domestic loan-to-deposit spread*1, 5



| Proportion of loans to individuals & SMEs | SMFG | Mizuho FG | MUFG |
|-------------------------------------------|-------|-----------|-------|
| | 67.9% | 59.4% | 55.2% |

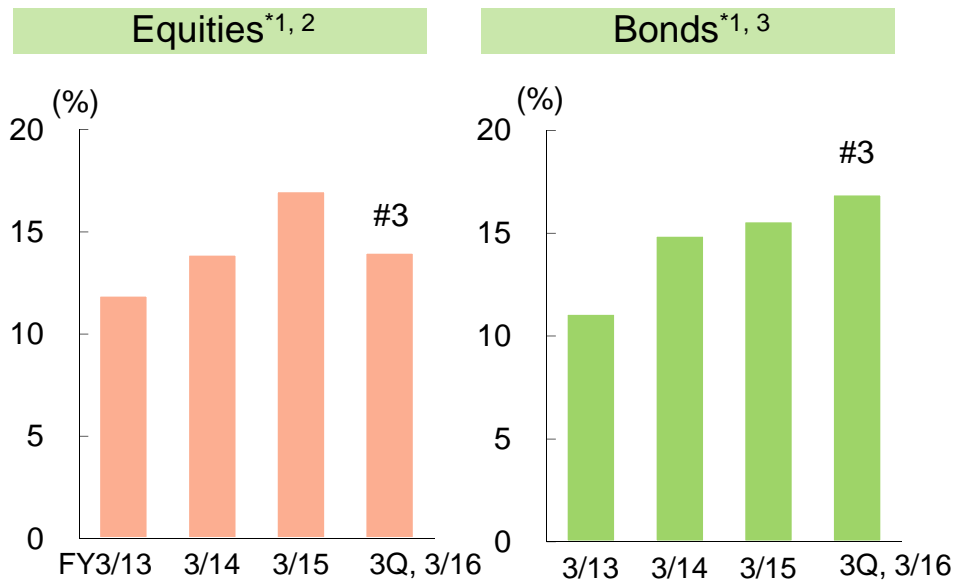
*1 Based on each company's disclosure *2 3Q, FY3/16 results for SMFG and MUFG, 1H, FY3/16 results for Mizuho FG, Jan.-Sep. 2015 results for HSBC and Barclays, and Jan.-Dec. results for others *3 ROTCE: Return on tangible common equity *4 Consolidated basis. G&A expenses divided by top-line profit (net of insurance claims). 3Q, FY3/16 results for SMFG, MUFG and Mizuho FG, Jan.-Sep. 2015 results for HSBC and Barclays, and Jan.-Dec. results for others. *5 1H, FY3/16 results. The figures shown in the graph are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and non-consolidated figures of Mizuho Bank for Mizuho FG

II. Robust financial results and our initiatives for growth

2. Bank-securities / Group-wide collaboration

- We will take advantage of our extensive client base, by leveraging our capabilities on a group-wide basis
 - provide capital markets related services for large corporates;
 - support growth initiatives such as IPOs for mid-sized corporates;
 - provide investment services and wealth management for SMEs and individuals

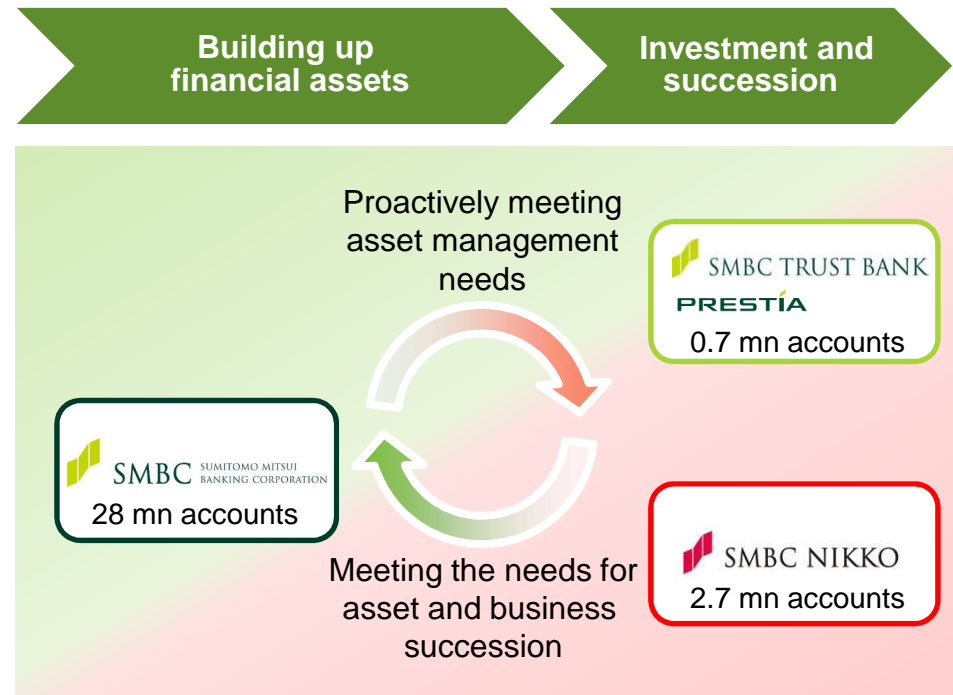
SMBC Nikko's market share



IPO league table

- Ranked #2 in IPO deals*4 (executed 20 deals as Lead Manager)

Bank-securities retail integration

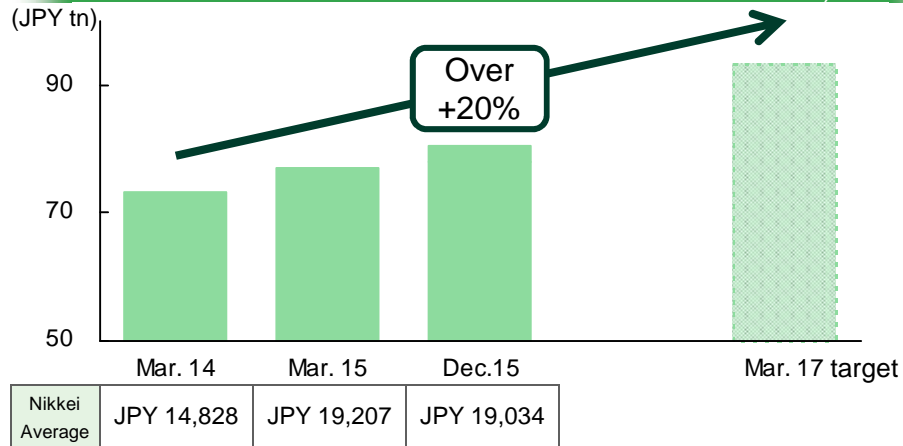


II. Robust financial results and our initiatives for growth

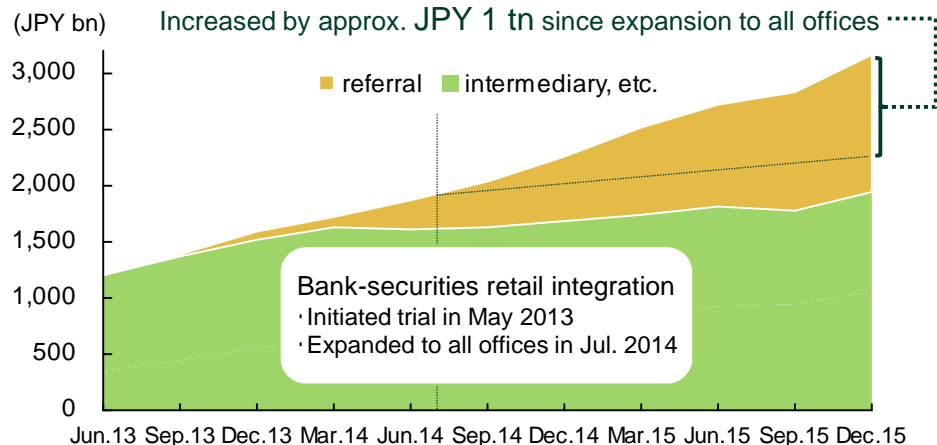
Ref: Financial results of SMBC Nikko Securities

Bank-securities collaboration (retail customers)

Retail AuM (SMBC+SMBC Nikko
+SMBC Trust Bank PRESTIA)



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

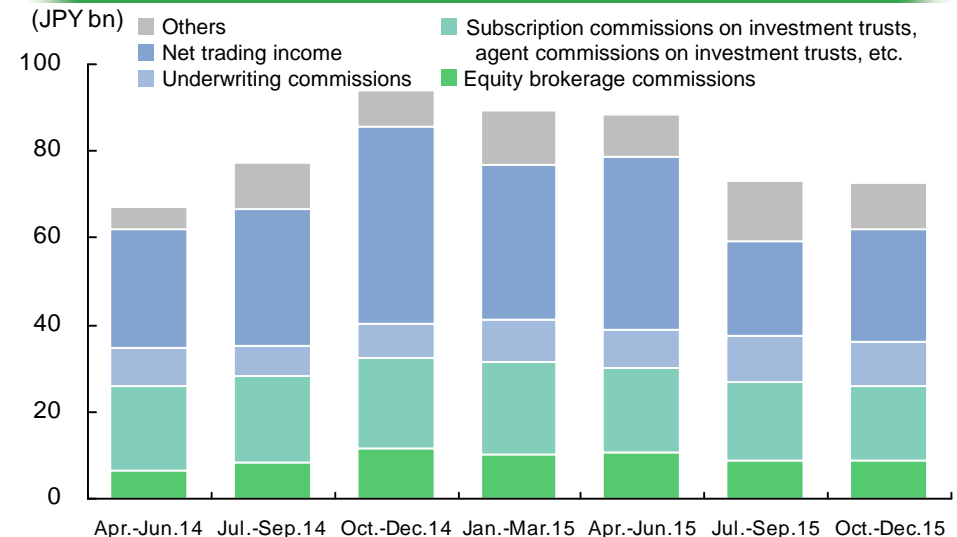


SMBC Nikko Securities

Financial results (consolidated)

| (JPY bn) | FY3/15 | Apr.-Dec 2015 | YOY change |
|--------------------------------------------------|---------|---------------|------------|
| Net operating revenue | 329.2 | 235.2 | (4.3) |
| SG&A expenses | (235.2) | (184.2) | (12.9) |
| Ordinary income*2 | 96.2 | 54.0 | (15.7) |
| Profit attributable to owners of parent*2 | 64.7 | 40.1 | (5.9) |

Net operating revenue

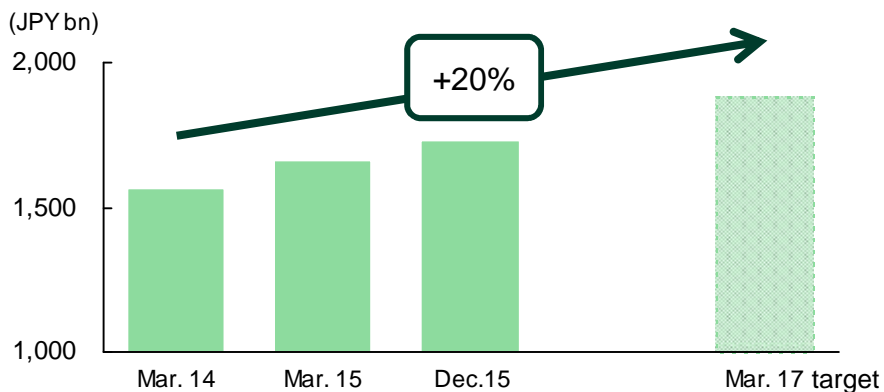


*1 Assets under management at SMBC Nikko via referral or financial instruments intermediary services from SMBC to SMBC Nikko. Includes assets transferred from SMBC Friend Securities to SMBC Nikko in Jan. 2011 upon integrating SMBC Friend's collaborative business with SMBC into SMBC Nikko and assets at the Private Banking division of SMBC Nikko *2 Includes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) etc.

II. Robust financial results and our initiatives for growth

3. Consumer finance business

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



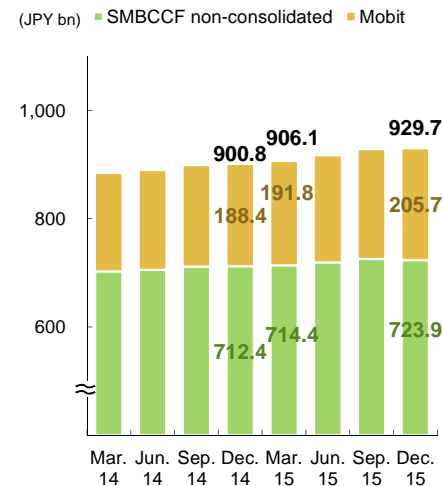
Financial results : SMBC Consumer Finance (consolidated)

| (JPY bn) | FY3/15 | Apr.-Dec. 2015 | YOY change |
|------------------------------------------------|--------|----------------|------------|
| Operating income | 228.3 | 183.5 | +13.0 |
| Expenses for loan losses within Expenses | (47.9) | (42.6) | (4.0) |
| Losses on interest repayments within Expenses | (44.8) | - | - |
| Ordinary profit | 16.6 | 45.8 | (0.4) |
| Profit attributable to owners of parent | 11.2 | 42.6 | +1.2 |

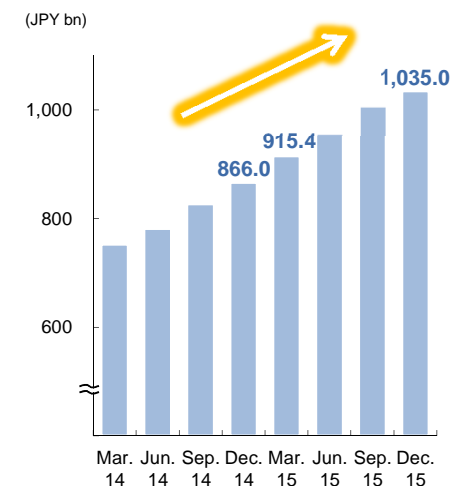
| | | | |
|----------------------------------------------|-------|---------|-------------------------------------------------------------------|
| Consumer loans outstanding | 980.3 | 1,014.0 | |
| Allowance on interest repayments | 127.6 | 78.0 | |
| Loan guarantee | 915.4 | 1,035.0 | No. of companies with guarantee agreements: 189 (as of Dec. 2015) |
| of which: for regional banks, etc. | 372.4 | 447.9 | |

SMBC Consumer Finance: loans / loan guarantee / overseas businesses

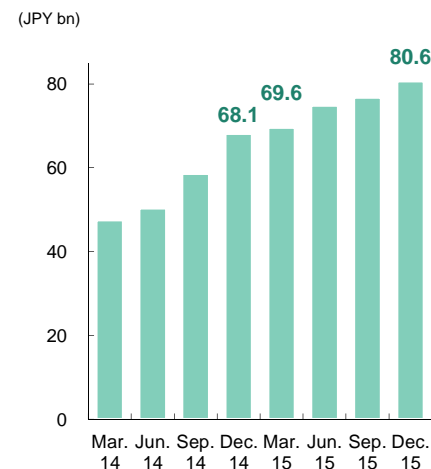
Consumer loans outstanding (domestic)



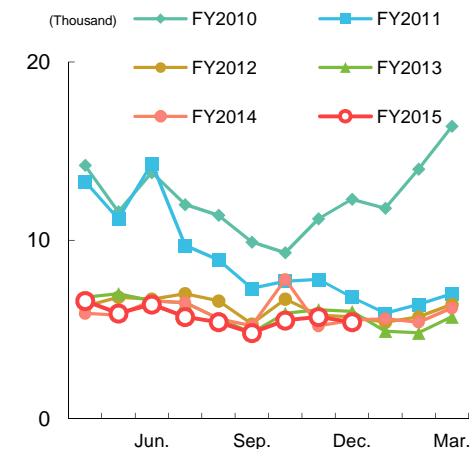
Loan guarantee amount



Consumer loans outstanding (overseas)*



No. of interest refund claims

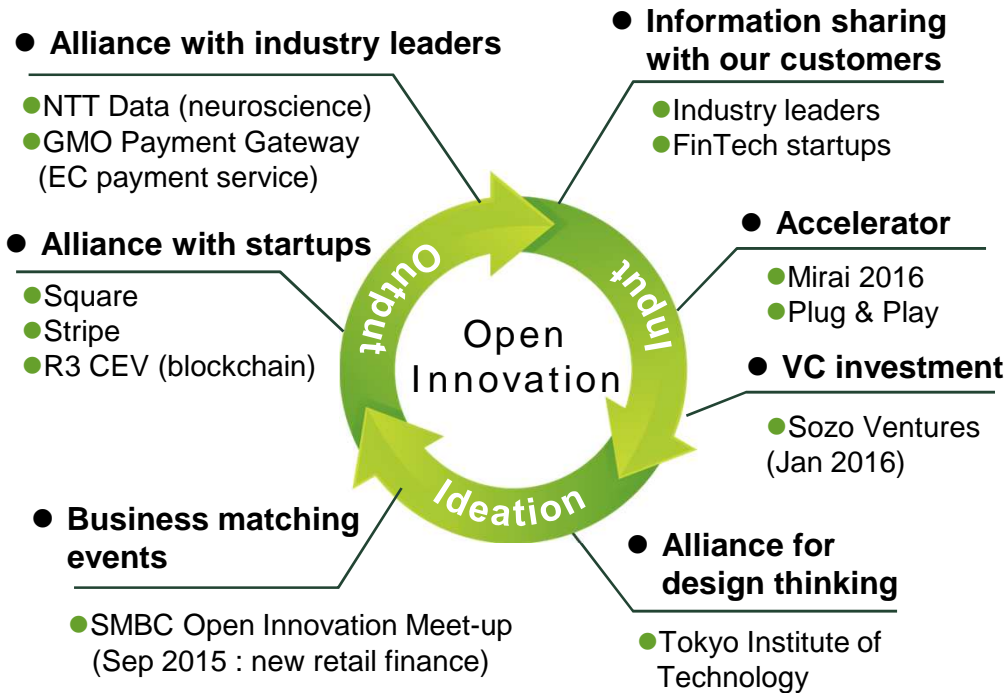


* Converted into Japanese yen at respective period-end exchange rates

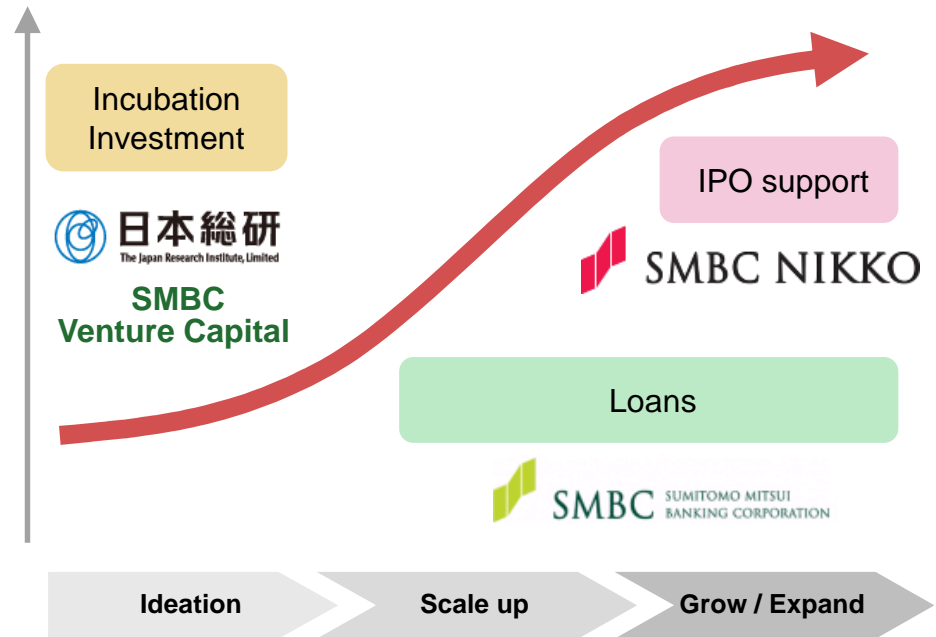
II. Robust financial results and our initiatives for growth

4. FinTech / Supporting startups in Japan

FinTech



Supporting the growth of startups



Improving customer experience & usability

- New mobile app (coming soon)

(Current)



(New)

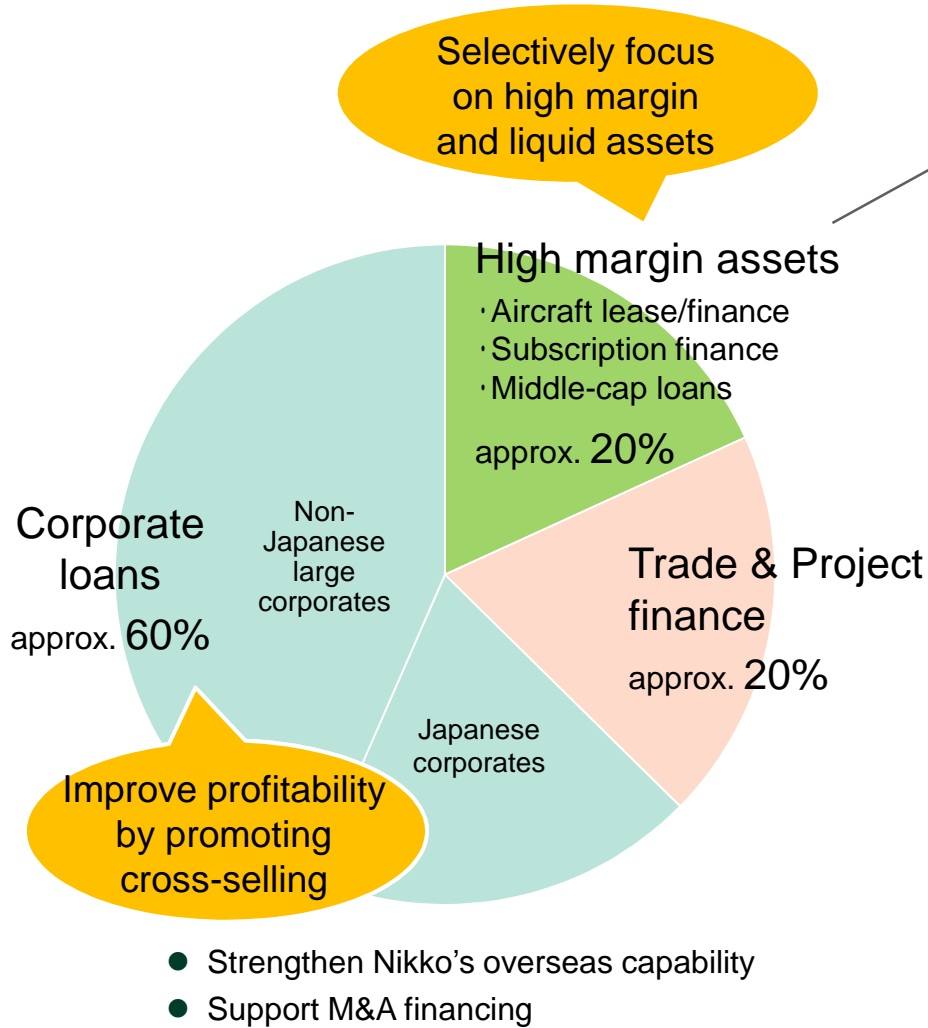


“Incubation & Innovation Initiative”

- A cross-industrial consortium to support commercialization of advanced technologies and ideas (established Feb. 2016)
 - Consortium members include NEC and Toyota
- Hosted “Mirai 2016” (accelerator program) with themes including, healthcare, Fin-Tech, AI, IoT/loE, and Cool Japan

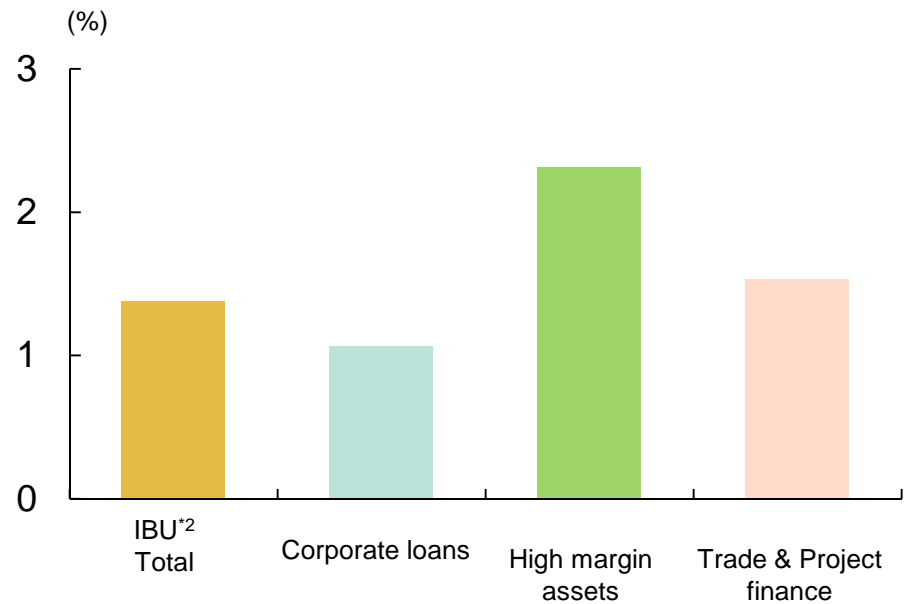
5. International business

Overseas loan portfolio



- Acquired European loan portfolio from GE of USD 2.2 bn (Sep. 2015)
- Origination & Distribution

Average overseas loan spreads*1



*1 Excludes up-front fees *2 IBU: International Banking Unit

II. Robust financial results and our initiatives for growth

5. International business: Asia

“Gateway to Asia”

- ✓ Support Japanese companies expand their business in Asia
- ✓ Establish a strong business with local Asian companies
- ✓ Become a gateway for US/European companies into Asia

Asia: 74 offices (as of Sep.2015)

- ★: Banking business offices
 - : Overseas offices of SMFG group companies excluding banking business offices
 - : Equity method affiliates
- Red dotted outline indicates offices opened or joined SMFG group after Apr. 2014

Established **Gateway to Japan Desk** (Feb. 2015)

Received approval to open **Dalian Br.** (Jul. 2015)

The Bank of East Asia (Hong Kong) becomes an equity-method affiliate of SMBC (Mar. 2015) (17.4% shares)

Opened **Manila Br.** (Sep. 2015)

Opened **Yangon Br.** (Apr. 2015)

ACLEDA Bank (Cambodia) becomes an equity-method affiliate of SMBC (Sep. 2015) (18.25% shares)

Agreed to acquire shares of **OTO/SOF*** (Indonesian automotive finance companies) (Oct. 2015) (35.1% shares)

Multi Franchise Strategy

- ✓ Full Bank
 - ✓ Localization
 - ✓ Commitment
- Establish the second & third SMBC in Asia

II. Robust financial results and our initiatives for growth

Ref: Domestic loan balance and spreads

Loan balance by domestic Marketing units*1

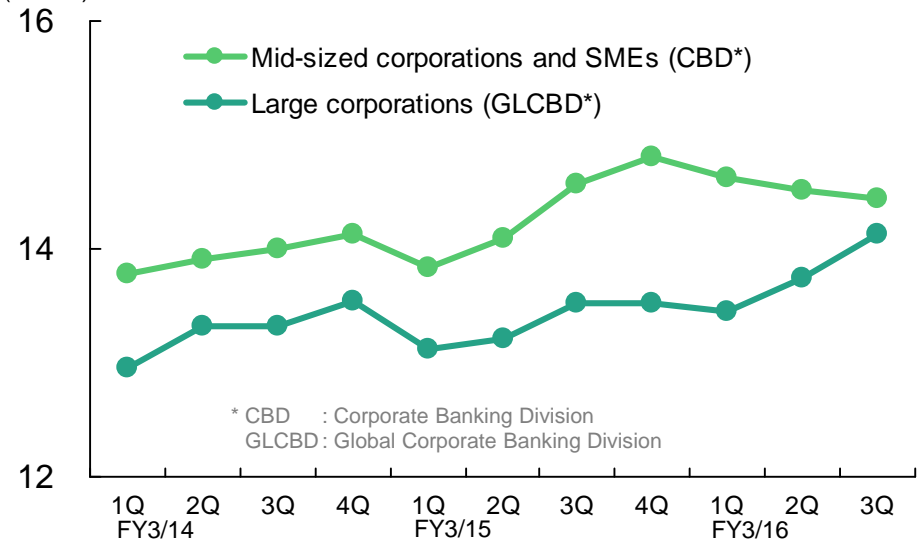
(SMBC non-consolidated)

| (JPY tn, at period-end) | Sep. 2015 | Change from Sep. 2014*4 | Change from Mar. 2015*4 |
|---------------------------------|-----------|-------------------------|-------------------------|
| Large corporations*2 | 14.1 | +0.5 | +0.5 |
| Mid-sized corporations & SMEs*3 | 16.3 | +0.0 | (0.8) |
| Individuals | 14.2 | (0.2)*5 | (0.1)*5 |

Loan balance of Wholesale Banking Unit*1, 6, 7

(SMBC non-consolidated)

(JPY tn)



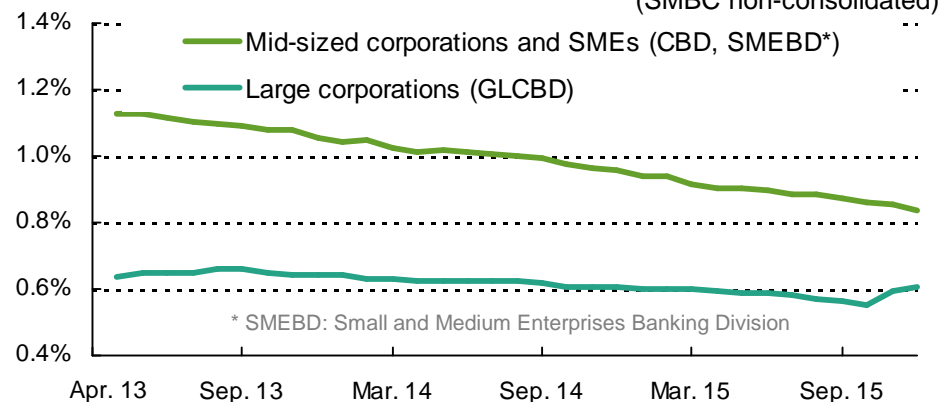
Domestic loan-to-deposit spread

(SMBC non-consolidated)

| (%) | Apr.-Dec. 2015 | Apr. -Jun. | Jul. -Sep. | Oct. -Dec. |
|-----------------------------------------------|----------------|------------|------------|------------|
| Interest earned on loans and bills discounted | 1.24 | 1.24 | 1.24 | 1.23 |
| Interest paid on deposits, etc. | 0.03 | 0.03 | 0.03 | 0.03 |
| Loan-to-deposit spread | 1.21 | 1.21 | 1.21 | 1.20 |

Domestic corporate loan spread*1, 6, 8

(SMBC non-consolidated)



*1 Managerial accounting basis. *2 Global Corporate Banking Division

*3 Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division *4 After adjustments for interest rates and exchange rates, etc.

*5 After adding back the portion of housing loans securitized in 2H, FY3/15 of approx. JPY 90 bn and 1H, FY3/16, of approx. JPY 90 bn

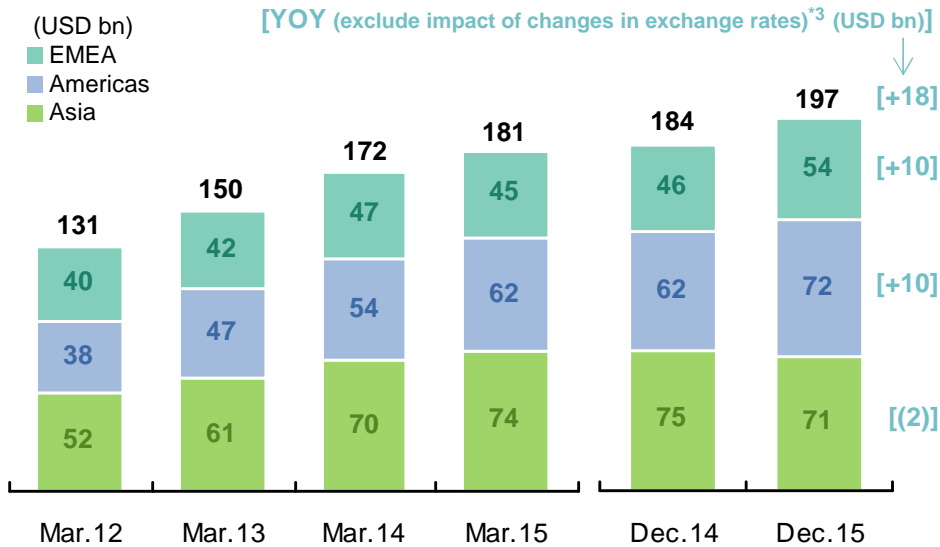
*6 We revised managerial accounting rules since Apr. 2014, following revision of domestic business structure.

*7 Quarterly average *8 Monthly average loan spread of existing loans

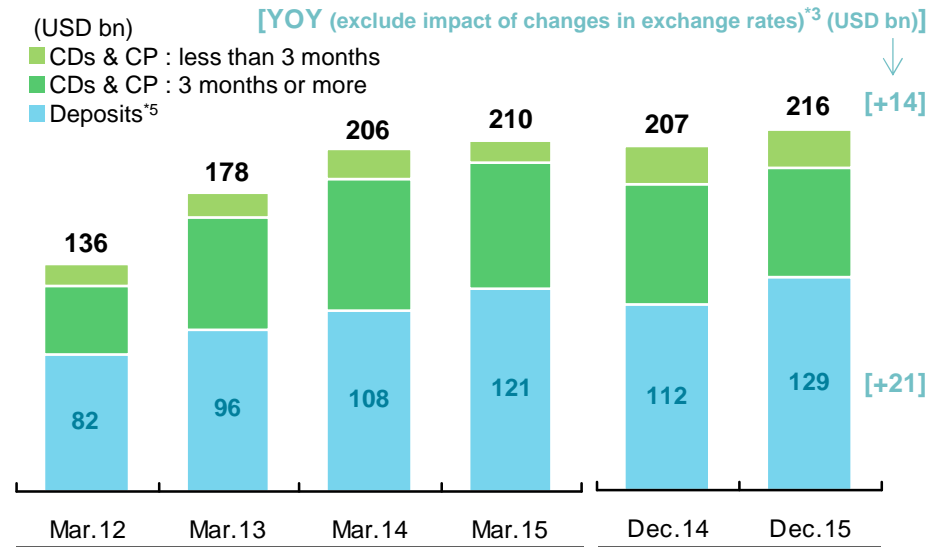
II. Robust financial results and our initiatives for growth

Ref: International loan balance, funding and spreads

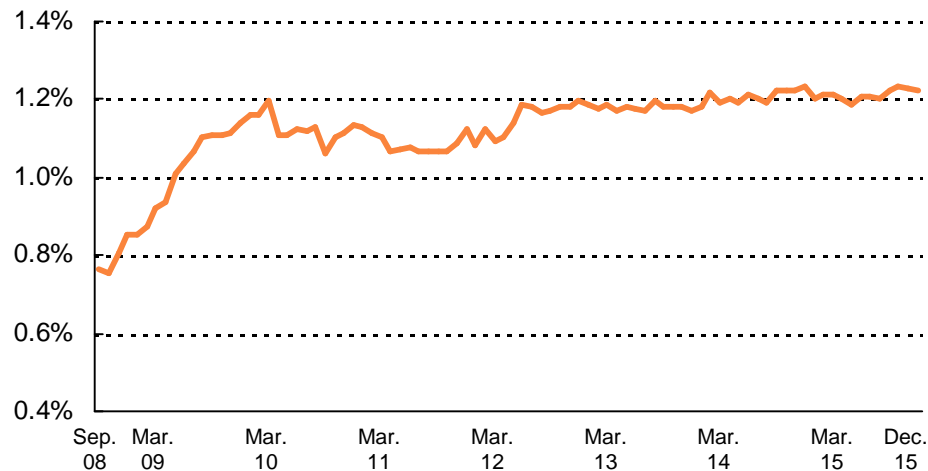
Overseas loan balance*1, 2



Overseas deposit balance*1, 2



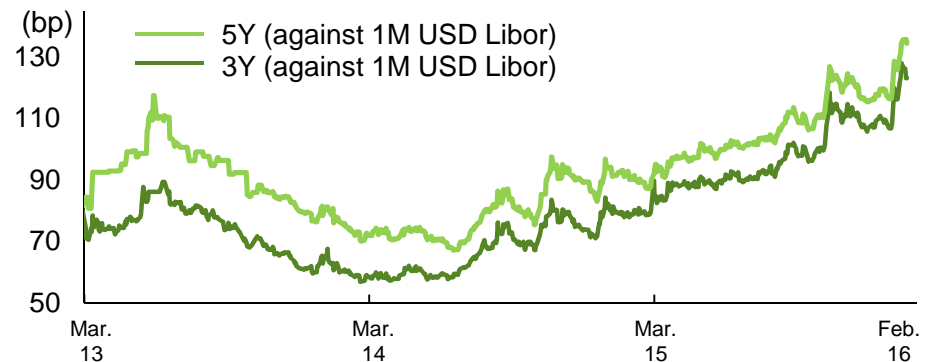
Overseas loan spread*1, 4

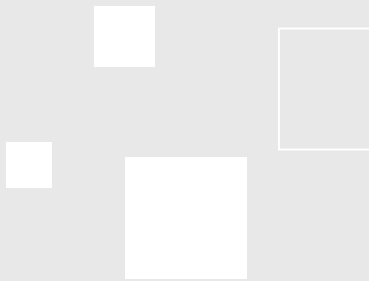


| Foreign currency bonds outstanding*6 (USD bn) | Mar. 14 | | Mar. 15 | | Dec. 14 | | Dec. 15 | |
|-----------------------------------------------|---------|--------------|---------|--------------|---------|--------------|---------|--------------|
| | Senior | Subordinated | Senior | Subordinated | Senior | Subordinated | Senior | Subordinated |
| | 19.2 | 3.3 | 25.1 | 4.7 | 21.2 | 4.9 | 29.3 | 4.1 |

● Issued senior bonds to overseas investors in Jan. 2016: USD 1.25 bn

Ref: Currency swap rate (JPY to USD)

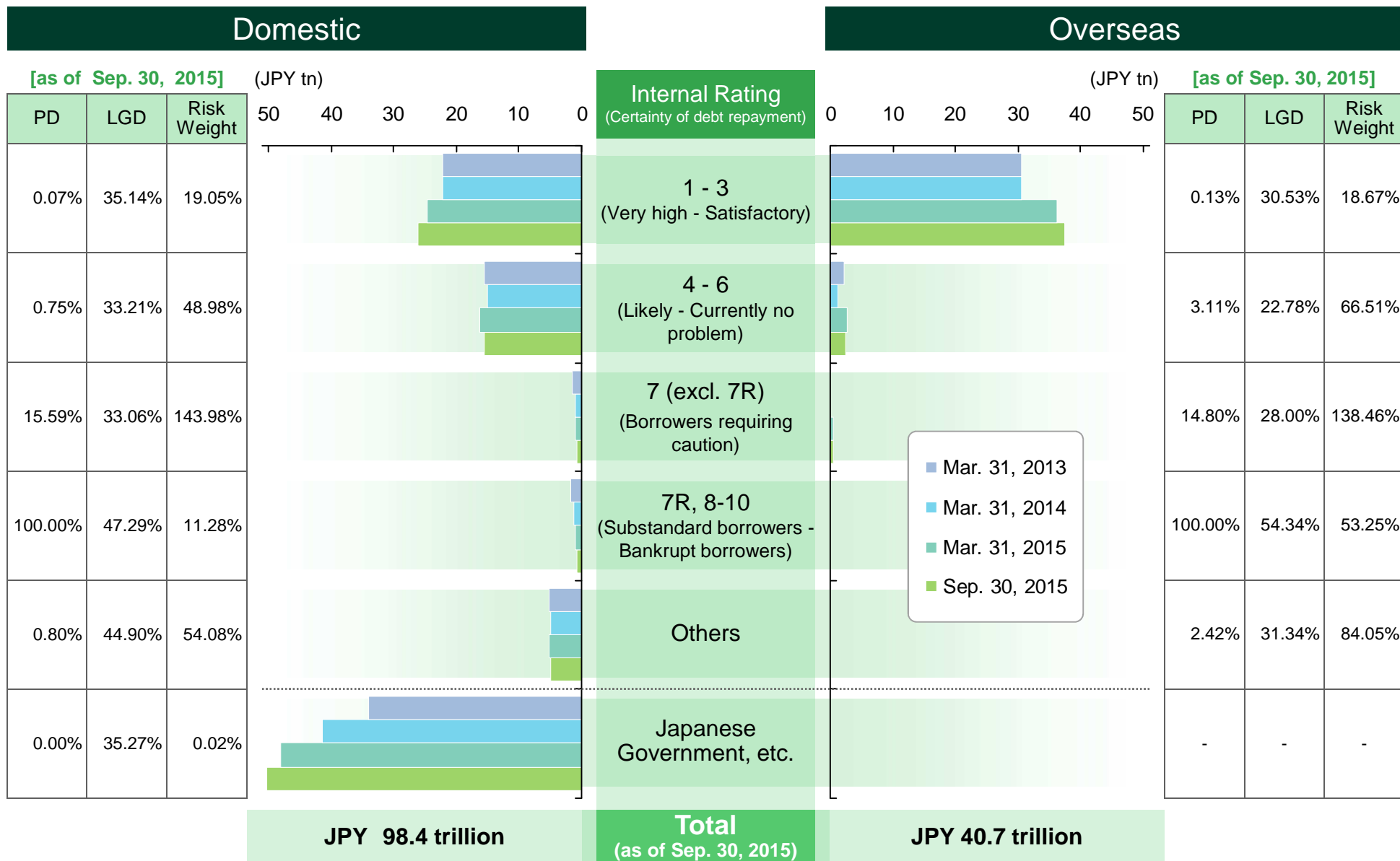




Sound asset portfolio

III. Sound asset portfolio

Corporate, sovereign and bank exposures



III. Sound asset portfolio

Exposure to oil and gas / other resources related industries / China / Russia

Exposure to oil and gas / other resources related industries (SMFG consolidated) *1, 2

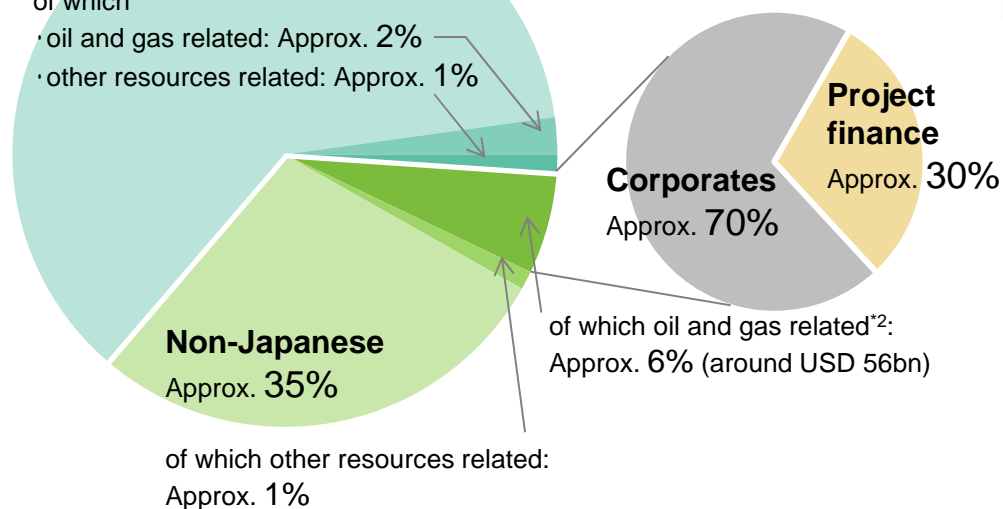
Domestic (corporates, individuals, government, etc.), and Overseas Japanese corporates

Approx. 65%

of which

• oil and gas related: Approx. 2%

• other resources related: Approx. 1%



- Non-Japanese oil and gas related exposure
 - Around 90% is classified as “1-3” in our internal rating
 - Total exposure to E&P (Exploration & Production) related corporates/projects including oil majors that is vulnerable to the fall of oil prices is less than USD 30 bn

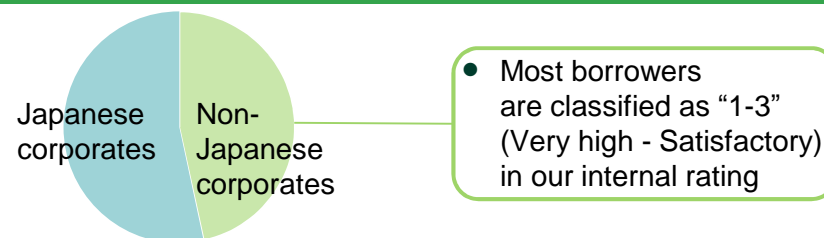
Loan balance in China *3

Loan balance (based on borrowers' domicile) *4

(JPY tn)

| Mar. 15 | Sep. 15 | Change from Mar. 31, 2015 |
|---------|---------|---------------------------|
| 1.20 | 1.05 | (0.15) |

Composition by borrowers (based on booking office)



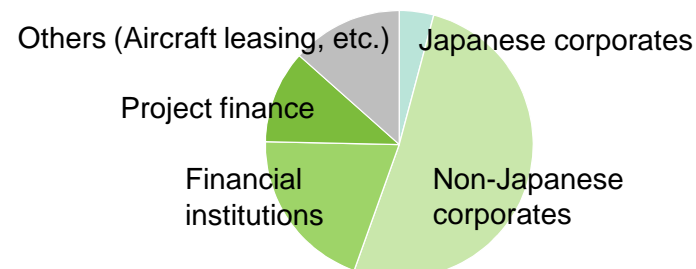
Exposure to Russia

(USD bn)

| Mar. 15 | Dec. 15 | Change from Mar. 31, 2015 |
|---------|---------|---------------------------|
| 5.1 | 4.6 | (0.5) |

Less than 1% of SMFG's total exposure

Breakdown of exposure to Russia



*1 Loans, commitment lines, guarantees, investments, etc.

*2 Amount of non-Japanese oil and gas / other resources related exposures are as of Dec. 31, 2015. Others including SMFG's total exposures are as of Sep. 30, 2015

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

*4 In round numbers. Exchange rate as of Sep. 30, 2015

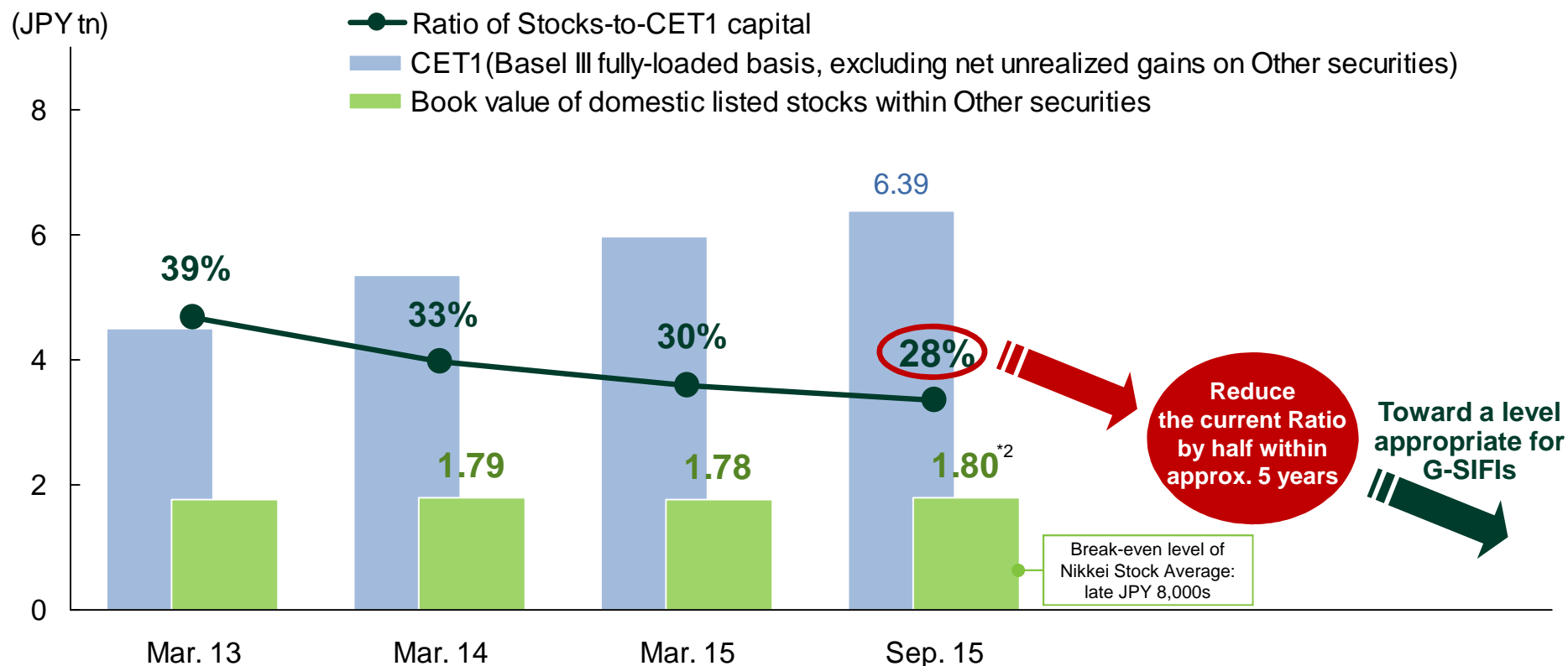
III. Sound asset portfolio

Reduction of strategic shareholdings

- We will continuously mitigate the risk from stock price fluctuations in order to have a more stable and robust financial base
- Toward achieving an appropriate level of the Ratio of Stocks-to-CET1 capital(*) as one of the G-SIFIs, we aim to have the assurance of reducing the current Ratio by half within approximately 5 years

(*) SMFG consolidated basis Book value^{*1} of domestic listed stocks / Common Equity Tier 1 capital (CET1)
 (Basel III fully-loaded basis, excluding net unrealized gains on Other securities)

Transition of strategic shareholdings outstanding (SMFG consolidated basis)



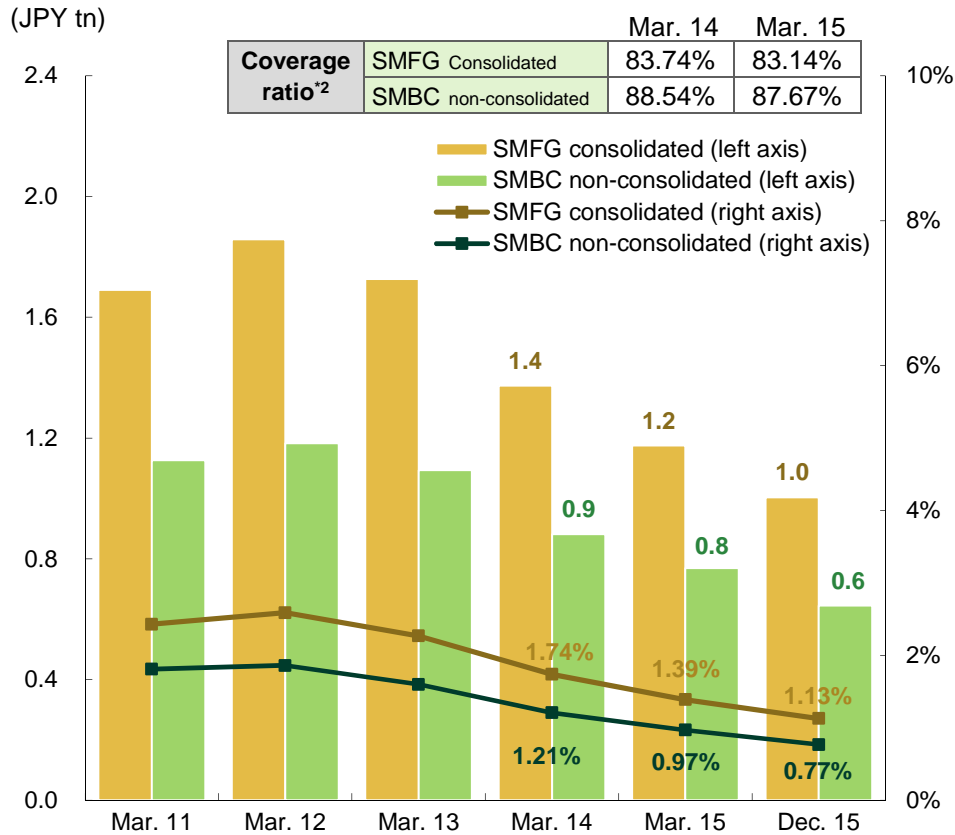
*1 Same meaning as acquisition cost

*2 Book value would have decreased compared to Mar 2015 excluding the effects of terminating hedge transactions

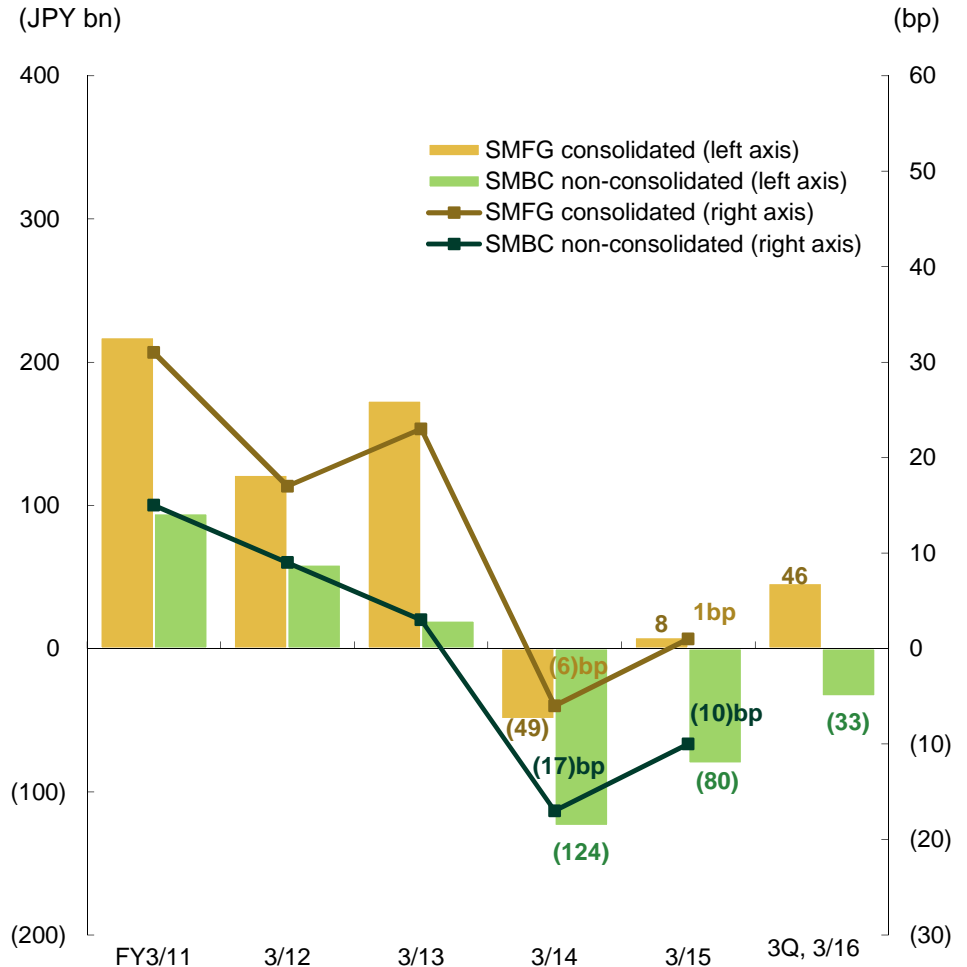
III. Sound asset portfolio

Ref: NPLs and Total credit cost

NPLs and NPL ratio*1



Total credit cost and Total credit cost ratio*4



SMFG consolidated

(JPY tn)

| | Mar. 11 | Mar. 12 | Mar. 13 | Mar. 14 | Mar. 15 | Dec. 15 |
|--------------|---------|---------|---------|---------|---------|---------|
| Total claims | 72 | 76 | 79 | 85 | 88 | |

SMBC non-consolidated

| | Mar. 11 | Mar. 12 | Mar. 13 | Mar. 14 | Mar. 15 | Dec. 15 |
|-----------------------------------------|---------|---------|---------|---------|---------|---------|
| Claims on borrowers requiring caution*3 | 2.8 | 1.9 | 1.6 | 1.6 | 1.5 | |
| Total claims | 64 | 68 | 73 | 79 | 81 | |

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

*2 Ratio of the collateral, guarantees and specific and general reserves to total NPLs

*3 Excludes claims to Substandard borrowers

*4 Total credit cost ratio = Total credit cost / Total claims

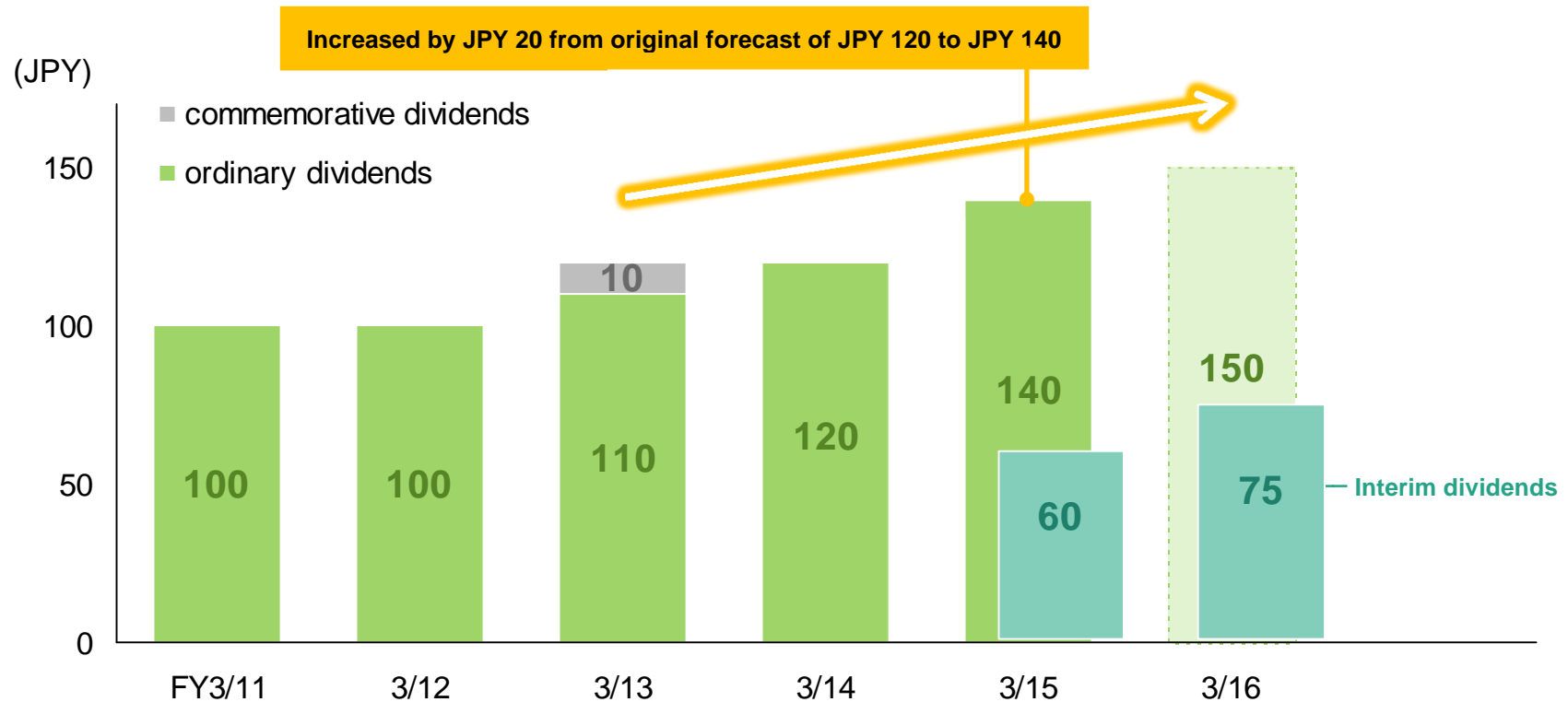
IV Capital policy / Return to shareholders

IV. Capital policy / Return to shareholders

Return to shareholders

- Raise dividend per share in a stable manner

Dividend per share*1



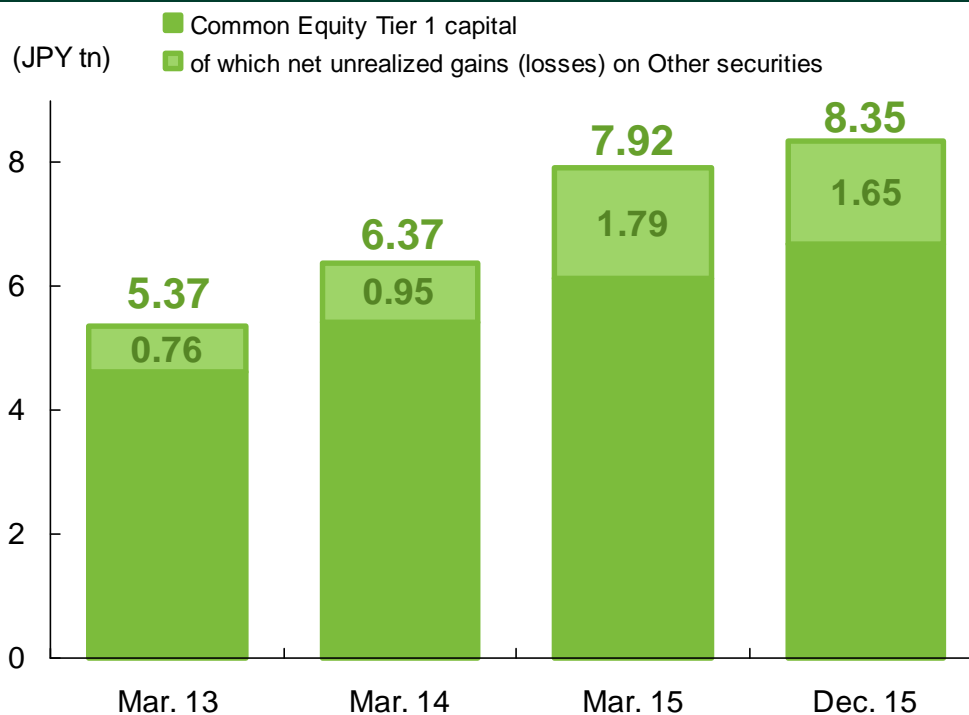
| | | | | | | |
|----------------|-------|-------|-------|-------|-------|----------------------|
| ROE*2 | 9.9% | 10.4% | 14.8% | 13.8% | 11.2% | Secure around 10% |
| Payout ratio*3 | 30.0% | 26.8% | 21.3% | 20.3% | 26.2% | |

*1 Common stock only *2 On a stockholders' equity basis *3 Consolidated payout ratio

Capital position

- Maintain financial soundness and address the global financial regulatory requirements

Trend of Common Equity Tier 1 capital and Common Equity Tier 1 capital ratio (fully-loaded*, pro forma)



| | | | | |
|---------------------------------------------------------|-------------|-----------------|-----------------|-----------------|
| Risk-weighted assets | JPY 62.1 tn | JPY 61.3 tn | JPY 65.9 tn | JPY 68.0 tn |
| CET 1 capital ratio [excluding net unrealized gains] | 8.6% | 10.3% [8.7%] | 12.0% [9.0%] | 12.2% [9.6%] |

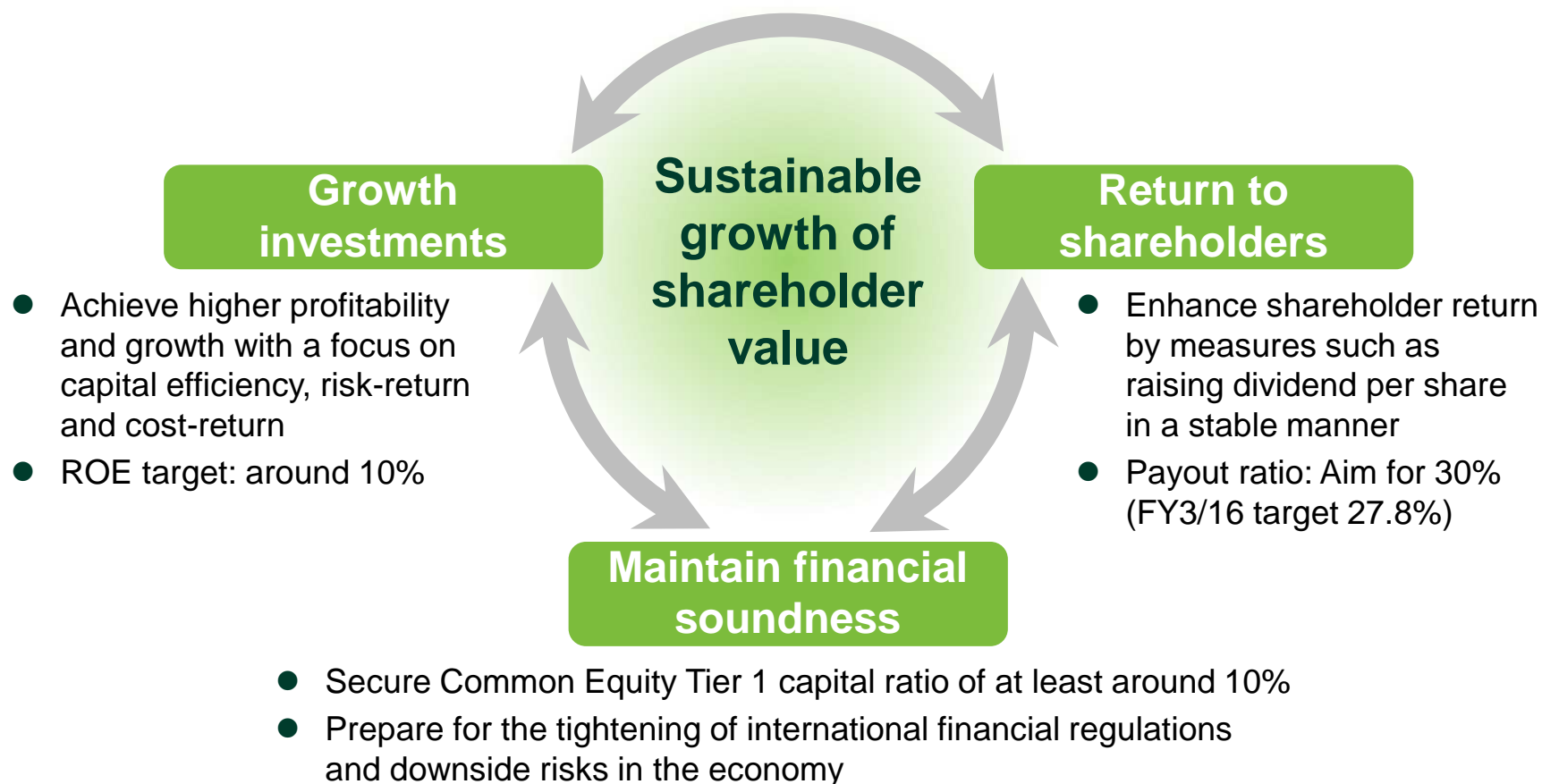
- Paying attention to discussions on revisions to the Standardized Approaches (credit risk, operational risk) and Capital floors based on standardized approaches

Secure around **10%**

* Based on the Mar. 31, 2019 definition

Basic capital policy

- **Our commitment** : Raise dividend per share in a stable manner
Aim for payout ratio of 30% (FY3/16 target: 27.8%)
- **Issues to be assessed:** Direction, clarification and implementation schedule of global financial regulations



■ Closing messages

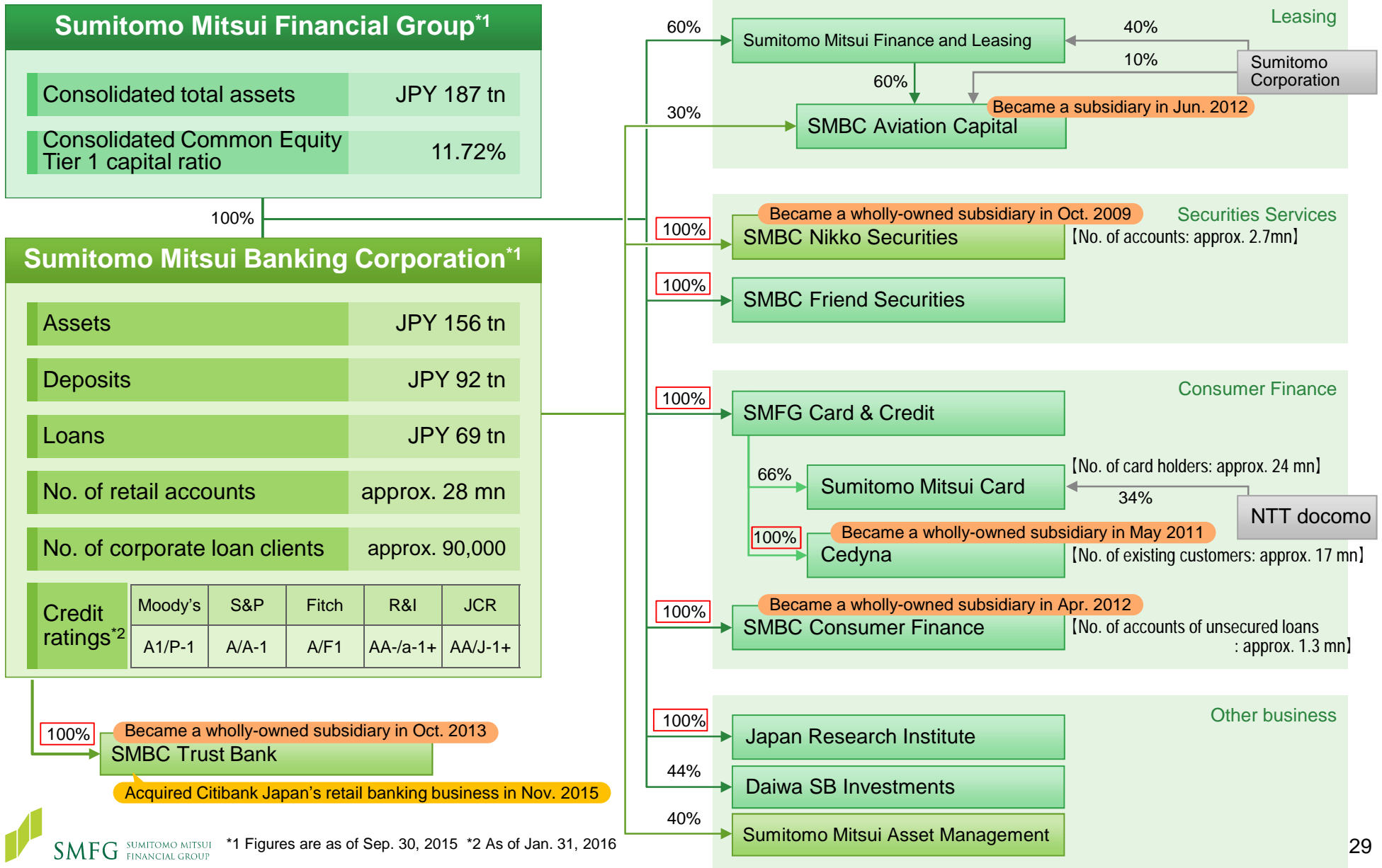
I Immediate impact of BOJ's negative interest rate policy to us is limited

**II Solid financial performance;
healthy asset portfolio**

**III Proven track record
of increasing dividend per share**

Appendix

Group structure



Vision for the next decade and three-year management goals

Vision for the next decade

We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region

**We will become
a truly Asia-centric institution**

**We will develop the best-in-class
earnings base in Japan**

We will realize true globalization and continue to evolve our business model

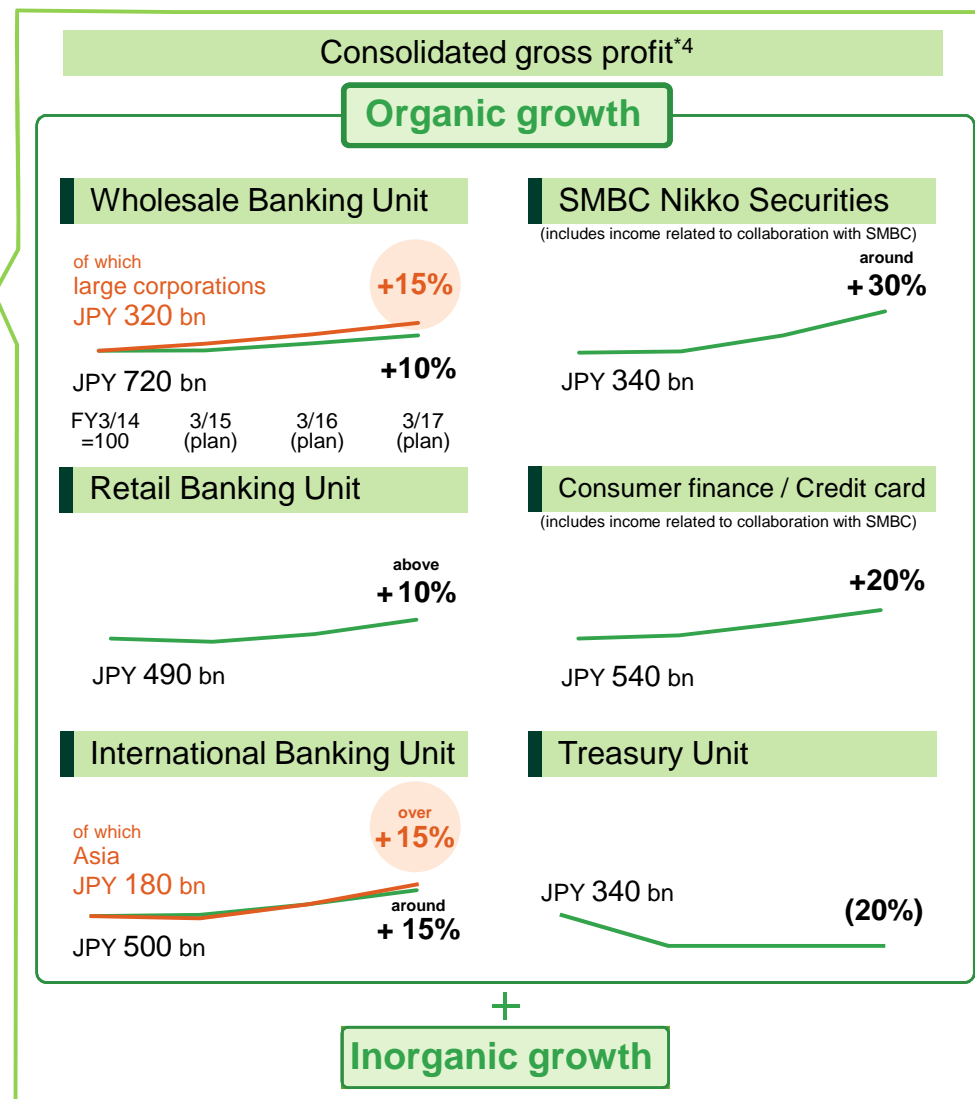
Three-year management goals

- 1 Develop and evolve client-centric business models for main domestic and international businesses
- 2 Build a platform for realizing Asia-centric operations and capture growth opportunities
- 3 Realize sustainable growth of top-line profit while maintaining soundness and profitability
- 4 Upgrade corporate infrastructure to support next stage of growth

Progress on financial targets

Progress on financial targets

| | | FY3/15 | Apr.- Dec. 2015 | FY3/17 targets |
|---------------|------------------------------------------|--------|-----------------------|-------------------|
| Growth | Growth rate of Consolidated gross profit | +2.8% | +2.1%*1 | around +15%*2 |
| | Consolidated ROE | 11.2% | 11.5%*1 | around 10% |
| Profitability | Consolidated net income RORA | 1.1% | 1.2%*1 | around 1% |
| | Consolidated overhead ratio | 55.7% | 57.9% | in the mid 50% |
| Soundness | Common Equity Tier 1 capital ratio*3 | 12.0% | 12.2% | around 10% |



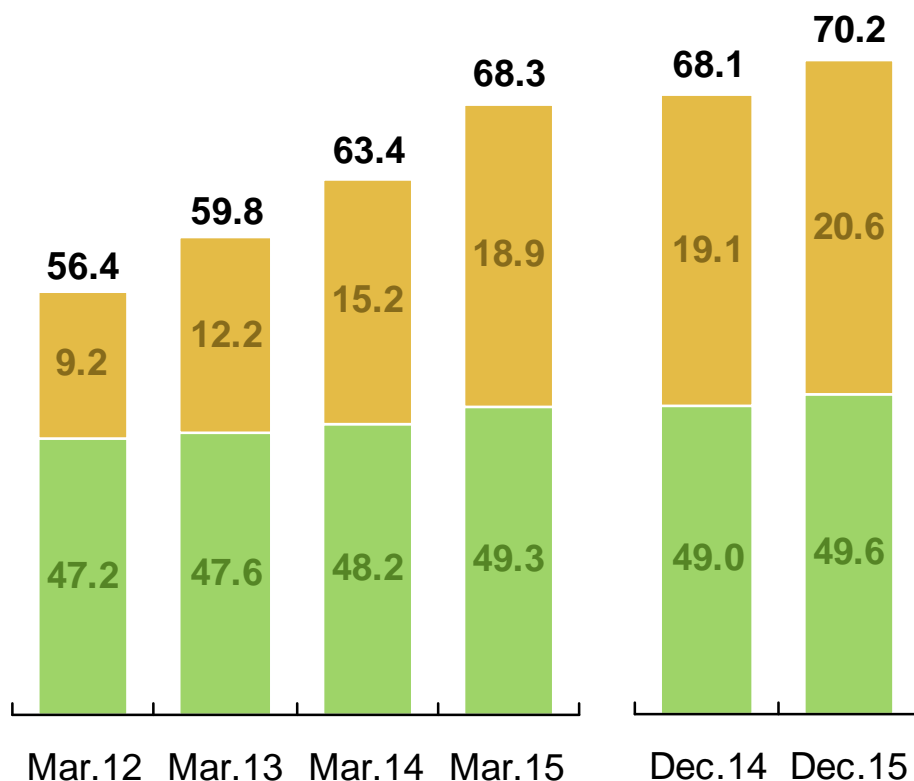
Loan balance and spread

Loan balance

(JPY tn)

(SMBC non-consolidated)

- Overseas offices and offshore banking accounts
- Domestic offices (excluding offshore banking account)



Average loan balance and spread*1

| (JPY tn, %) | Balance | |
|-----------------------------------------------|------------|--------------|
| | 1H, FY3/16 | YOY change*7 |
| Domestic loans*2 | 48.3 | +1.1 |
| of which | | |
| Large corporations*3 | 13.6 | +0.4 |
| Mid-sized corporations & SMEs*4 | 16.4 | +0.7 |
| Individuals | 14.3 | (0.4) |
| IBU's interest earning assets*5, 6 (USD bn,%) | 220.9 | +8.4 |

| (JPY tn, %) | Spread | |
|-----------------------------------------------|------------|--------------|
| | 1H, FY3/16 | YOY change*7 |
| Domestic loans*2 | 0.89 | (0.06) |
| of which | | |
| Large corporations*3 | 0.58 | (0.04) |
| Mid-sized corporations & SMEs*4 | 0.83 | (0.11) |
| Individuals | 1.45 | (0.00) |
| IBU's interest earning assets*5, 6 (USD bn,%) | 1.21 | +0.02 |

*1 Managerial accounting basis *2 SMBC non-consolidated *3 Global Corporate Banking Division

*4 Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division *5 Sum of SMBC, SMBC Europe and SMBC (China)

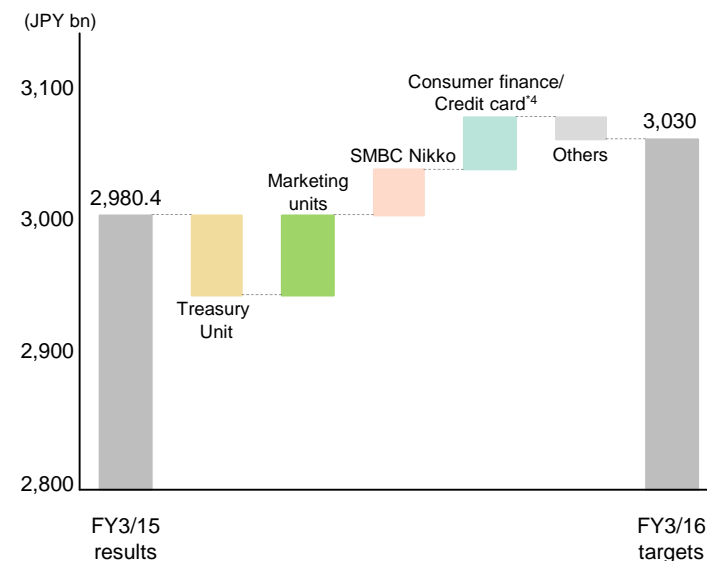
*6 Sum of loans, trade bills, and securities *7 After adjustments for interest rates and exchange rates, etc.

Earnings targets for FY3/2016

| | | (JPY bn) | FY3/15 results | 1H, FY3/16 results | FY3/16 targets | YOY change | |
|-------------------|------------------------------------------------|---------------------------|----------------|--------------------|---------------------------|------------|---------|
| SMFG consolidated | Consolidated gross profit | USD 24.9 bn ^{*1} | 2,980.4 | 1,512.7 | USD 25.3 bn ^{*1} | 3,030 | +49.6 |
| | Ordinary profit | USD 11.0 bn ^{*1} | 1,321.2 | 631.8 | USD 10.2 bn ^{*1} | 1,220 | (101.2) |
| | Variance with SMBC non-consolidated | | 365.2 | 216.8 | | 470 | +104.8 |
| | Profit attributable to owners of parent | USD 6.3 bn ^{*1} | 753.6 | 388.1 | USD 6.3 bn ^{*1} | 760 | +6.4 |
| | Variance with SMBC non-consolidated | | 110.6 | 102.9 | | 240 | +129.4 |

| | | | | | | | |
|-----------------------|------------------------------------|---------------------------|---------|---------|---------------------------|-------|---------|
| SMBC non-consolidated | Gross banking profit | USD 13.6 bn ^{*1} | 1,634.3 | 803.0 | USD 13.2 bn ^{*1} | 1,580 | (54.3) |
| | Expenses^{*2} | | (791.2) | (398.8) | | (820) | (28.8) |
| | Banking profit^{*3} | USD 7.0 bn ^{*1} | 843.1 | 404.2 | USD 6.3 bn ^{*1} | 760 | (83.1) |
| | Total credit cost | | 80.1 | 27.6 | | 0 | (80.1) |
| | Gains (losses) on stocks | | 52.6 | 1.1 | | | |
| | Ordinary profit | USD 8.0 bn ^{*1} | 956.0 | 415.0 | USD 6.3 bn ^{*1} | 750 | (206.0) |
| | Net income | USD 5.4 bn ^{*1} | 643.0 | 285.3 | USD 4.3 bn ^{*1} | 520 | (123.0) |

Breakdown of changes in Consolidated gross profit (revised in Nov. 2015)



Assumption of earnings targets^{*5}

| | | FY3/16 |
|----------------------------------|---------|--------|
| 3M TIBOR | | 0.17% |
| Federal funds target rate | | 0.75% |
| Exchange rate | JPY/USD | 120.00 |
| | JPY/EUR | 135.00 |

^{*1} Converted into USD at period-end exchange rate of USD 1 = JPY 119.92 ^{*2} Excludes non-recurring losses

^{*3} Before provision for general reserve for possible loan losses ^{*4} Sum of Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance

^{*5} Nominal GDP growth rate: FY3/2015 result was +1.6%; FY3/2016 forecast estimated by Japan Research Institute was +2.1% as of May 2015 and +2.2% as of Nov. 2015; Nikkei Stock Average: JPY19,206.99 as of Mar. 31, 2015 and JPY17,388.15 as of Sep. 30, 2015

Breakdown of SMFG's consolidated gross profit

| | (JPY bn) | | | | YOY change |
|--------------------------------------------------------|----------|------------|---------|------------|------------|
| | | 1H, FY3/15 | FY3/15 | 1H, FY3/16 | |
| SMFG's consolidated gross profit* | | 1,450.1 | 2,980.4 | 1,512.7 | +62.6 |
| Net interest income | | 763.6 | 1,505.2 | 782.7 | +19.1 |
| of which: | | | | | |
| SMBC | | 586.9 | 1,121.4 | 571.9 | (15.0) |
| SMBC Consumer Finance | | 73.0 | 149.0 | 78.0 | +4.0 |
| Trust fees | | 1.4 | 2.9 | 1.4 | (0.0) |
| Net fees and commissions | | 461.5 | 996.7 | 492.9 | +31.5 |
| of which: | | | | | |
| SMBC | | 157.1 | 350.0 | 163.9 | +6.8 |
| Sumitomo Mitsui Card | | 87.0 | 178.0 | 93.0 | +6.0 |
| SMBC Nikko Securities | | 77.0 | 173.0 | 92.0 | +14.0 |
| Cedyna | | 58.0 | 116.0 | 58.0 | (0.0) |
| Net trading income + Net other operating income | | 223.6 | 475.7 | 235.7 | +12.1 |
| of which: | | | | | |
| SMBC | | 82.8 | 161.0 | 66.3 | (16.4) |
| SMBC Nikko Securities | | 68.0 | 156.0 | 70.0 | +3.0 |
| Sumitomo Mitsui Finance and Leasing | | 54.0 | 115.0 | 63.0 | +8.0 |

* In round numbers excl. SMBC

Net fees and commissions

| (JPY bn) | FY3/15 | 1H, FY3/16 | YOY change |
|-------------------------------|--------|---------------|---------------|
| SMFG consolidated*1 | 996.7 | 492.9 | +31.5 |
| of which: SMBC | 350.0 | 163.9 | +6.8 |
| Sumitomo Mitsui Card | 178.0 | 93.0 | +6.0 |
| SMBC Nikko Securities | 173.0 | 92.0 | +14.0 |
| Cedyna | 116.0 | 58.0 | (0.0) |
| SMBC Consumer Finance | 49.0 | 28.0 | +4.0 |
| SMBC Friend Securities | 31.0 | 14.0 | (3.0) |

Reference: Gross banking profit of SMBC's Marketing units

| (JPY bn) | FY3/15 | 1H, FY3/16 | YOY Change*2 |
|---------------------------------------------------------|----------------|---------------|-----------------|
| Loan syndication | 42.0 | 17.3 | (0.5) |
| Structured finance | 22.1 | 8.4 | +1.0 |
| Asset finance*3 | 15.3 | 7.4 | +1.5 |
| Sales of derivatives products | 25.0 | 10.1 | +1.8 |
| Income related to domestic corporate business | 104.4 | 43.2 | +3.8 |
| Investment trusts | 36.7 | 15.3 | (2.7) |
| Pension-type insurance | 12.7 | 4.9 | (1.6) |
| Single premium type permanent life insurance | 8.4 | 10.6 | +6.4 |
| Level premium insurance | 7.4 | 3.2 | (0.1) |
| Income related to domestic consumer business | 65.2 | 34.0 | +2.0 |
| of which: | | | |
| Money remittance, electronic banking | 92.2 | 46.3 | +0.4 |
| Foreign exchange | 51.9 | 26.3 | +0.9 |
| Domestic Non-interest income | 313.3 | 139.4 | +3.0 |
| of which: | | | |
| IBU's loan related income*4 | 65.5 | 35.5 | +1.1 |
| IBU's Non-interest income*4 | 117.5 | 66.3 | +1.0 |
| Non-interest income | 430.8 | 205.7 | +4.0 |
| of which: | | | |
| Income on domestic loans | 426.5 | 210.3 | (8.7) |
| Income on domestic yen deposits | 120.9 | 49.8 | +1.1 |
| IBU's interest related income*4 | 227.8 | 114.4 | +11.7 |
| Interest income | 856.7 | 415.5 | +1.4 |
| Gross banking profit of SMBC's Marketing units*5 | 1,287.5 | 621.2 | +5.4 |

*1 In round numbers excl. SMBC *2 After adjustments of interest rates and exchange rates, etc. *3 Profit from real estate finance, securitization of monetary claims, etc.
*4 IBU: International Banking Unit *5 Managerial accounting basis

SMFG's performance by business unit*1

| | | (JPY bn) | 1H, FY3/15 | FY3/15 | 1H, FY3/16 | YOY change*2 | Gross profit performance vs. targets |
|----------------------------------------------|----------------------------------------|----------|---------------|-----------|---------------|-----------------|--------------------------------------------|
| Wholesale Banking Unit | Gross profit | | 332.8 | 729.0 | 343.4 | +9.3 | ↑ |
| | Expenses | | (140.8) | (300.6) | (147.6) | (8.9) | |
| | Net business profit | | 192.0 | 428.4 | 195.8 | +0.4 | |
| Retail Banking Unit | Gross profit | | 223.3 | 478.4 | 235.6 | +12.5 | ↑ |
| | Expenses | | (178.0) | (373.4) | (188.2) | (8.7) | |
| | Net business profit | | 45.3 | 105.0 | 47.4 | +3.8 | |
| International Banking Unit | Gross profit | | 282.7 | 593.1 | 325.4 | +28.5 | ↑ |
| | Expenses | | (106.1) | (226.2) | (124.9) | (14.6) | |
| | Net business profit | | 176.6 | 366.9 | 200.5 | +13.9 | |
| of which Marketing units | Gross profit | | 838.8 | 1,800.5 | 904.4 | +50.3 | ↑ |
| | Expenses | | (424.9) | (900.2) | (460.7) | (32.2) | |
| | Net business profit | | 413.9 | 900.3 | 443.7 | +18.1 | |
| of which Treasury Unit | Gross profit | | 221.2 | 374.8 | 239.0 | +13.9 | ↑ |
| | Expenses | | (14.9) | (30.7) | (19.4) | (1.6) | |
| | Net business profit | | 206.3 | 344.1 | 219.6 | +12.3 | |
| of which Sumitomo Mitsui Finance and Leasing | of which Gross profit | | 65.5 | 137.0 | 71.6 | +6.1 | ↑ |
| | of which Expenses | | (27.4) | (57.9) | (30.7) | (3.3) | |
| | Net business profit | | 39.1 | 80.5 | 41.7 | +2.6 | |
| of which SMBC Nikko Securities | Gross profit | | 153.0 | 350.0 | 176.6 | +20.8 | ↓ |
| | Expenses | | (115.3) | (249.5) | (132.2) | (15.1) | |
| | Net business profit | | 37.7 | 100.5 | 44.4 | +5.7 | |
| of which Consumer finance / Credit card*3 | Gross profit | | 283.8 | 576.1 | 298.4 | +14.6 | ↔ |
| | Expenses | | (180.4) | (363.8) | (189.4) | (9.0) | |
| | Net business profit | | 103.4 | 212.3 | 109.0 | +5.6 | |
| Total (SMFG consolidated) | Gross profit | | 1,450.1 | 2,980.4 | 1,512.7 | +62.6 | ↑ |
| | Expenses | | (804.3) | (1,659.3) | (852.2) | (48.0) | |
| | Ref: Gross profit - Expenses | | 645.8 | 1,321.1 | 660.5 | +14.6 | |
| | Equity in gains (losses) of affiliates | | 0.1 | (10.6) | (43.4) | (43.4) | |
| | Net business profit*4 | | 645.9 | 1,310.5 | 617.1 | (28.8) | |

*1 Managerial accounting basis. *2 After adjustments for changes in interest rates and exchange rates, etc.

*3 Sum of Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance

*4 Consolidated net business profit = Consolidated gross profit - General and administrative expenses + Equity in gains (losses) of affiliates

SMBC's performance by business unit*1

| | | (JPY bn) | 1H, FY3/15 | FY3/15 | 1H, FY3/16 | YOY change*2 |
|-------------------------------|-----------------------|----------|------------|---------|------------|--------------|
| Wholesale Banking Unit | Gross banking profit | | 262.5 | 555.4 | 257.6 | (4.9) |
| | Expenses | | (102.0) | (206.8) | (101.9) | (1.4) |
| | Banking profit | | 160.5 | 348.6 | 155.7 | (6.3) |
| Retail Banking Unit | Gross banking profit | | 185.8 | 386.8 | 182.9 | (2.4) |
| | Expenses | | (169.7) | (350.1) | (174.4) | (3.2) |
| | Banking profit | | 16.1 | 36.7 | 8.5 | (5.6) |
| International Banking Unit | Gross banking profit | | 166.7 | 345.3 | 180.7 | +12.7 |
| | Expenses | | (50.2) | (106.6) | (60.9) | (6.9) |
| | Banking profit | | 116.5 | 238.7 | 119.8 | +5.8 |
| Marketing units | Gross banking profit | | 615.0 | 1,287.5 | 621.2 | +5.4 |
| | Expenses | | (321.9) | (663.5) | (337.2) | (11.5) |
| | Banking profit | | 293.1 | 624.0 | 284.0 | (6.1) |
| Treasury Unit | Gross banking profit | | 211.0 | 354.0 | 222.5 | +11.5 |
| | Expenses | | (12.7) | (25.9) | (14.6) | (0.9) |
| | Banking profit | | 198.3 | 328.1 | 207.9 | +10.6 |
| Headquarters | Gross banking profit | | 1.8 | (7.2) | (40.7) | (41.7) |
| | Expenses | | (52.3) | (101.8) | (47.0) | +0.5 |
| | Banking profit | | (50.5) | (109.0) | (87.7) | (41.2) |
| Total (SMBC non-consolidated) | Gross banking profit | | 827.8 | 1,634.3 | 803.0 | (24.8) |
| | Expenses | | (386.9) | (791.2) | (398.8) | (11.9) |
| | Banking profit | | 440.9 | 843.1 | 404.2 | (36.7) |

*1 SMBC non-consolidated. Managerial accounting basis *2 After adjustments for interest rates and exchange rates, etc.

Treasury Unit

- Secure profit through flexible portfolio management that adapts to the changing market environment

Gross banking profit of SMBC's Treasury Unit

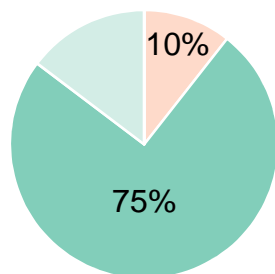
| (JPY bn) | FY3/11 | FY3/12 | FY3/13 | FY3/14 | 1H, FY3/15 | FY3/15 | 1H, FY3/16 |
|-----------------------------------------------------|--------|--------|--------|--------|------------|--------|------------|
| Gross banking profit of SMBC's Treasury Unit | 330.7 | 319.3 | 295.3 | 325.5 | 211.0 | 354.0 | 222.5 |

Diversification of earning sources: composition of Gross profit

- Trading (FX, derivatives, etc.)
- Equities
- Income gains (interest income, etc.)
- Alternative investments
- Capital gains (bonds, etc.)

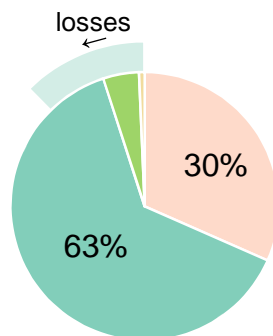
FY3/02

Gross profit: JPY 507.7 bn



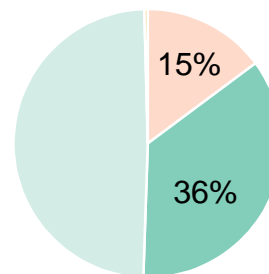
FY3/05

Gross profit: JPY 222.8 bn



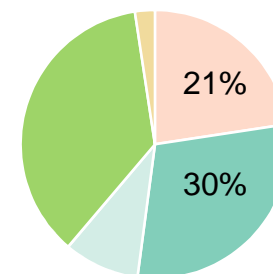
FY3/12

Gross profit: JPY 319.3 bn



FY3/15

Gross profit: JPY 354.0 bn



Gains (losses) on bonds

SMBC non-consolidated

Gains (losses) on bonds

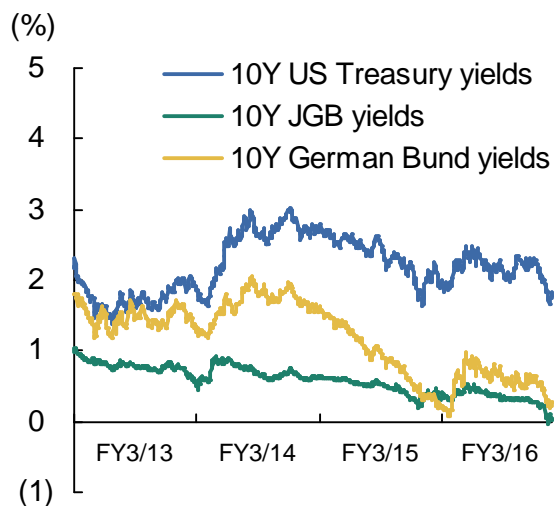
| (JPY bn) | FY3/15 | 1H, FY3/16 | YOY Change |
|--------------------------------|--------|------------|------------|
| Gains (losses) on bonds | 47.9 | 20.5 | (8.3) |
| Domestic operations | 3.3 | (0.5) | (3.0) |
| International operations | 44.6 | 21.1 | (5.3) |

Gross banking profit of SMBC's Treasury Unit

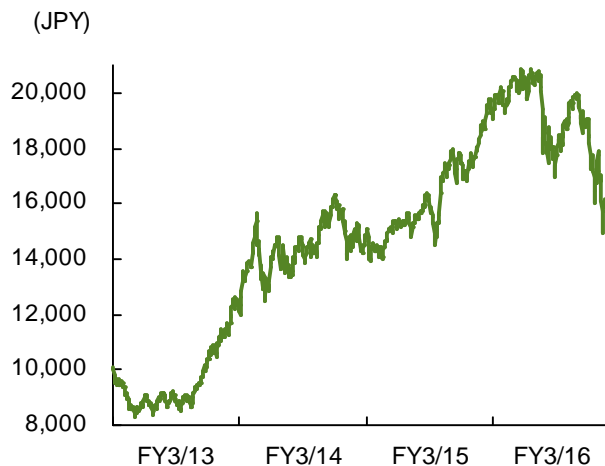
| (JPY bn) | FY3/15 | 1H, FY3/16 | YOY change |
|-----------------------------------------------------|--------|------------|------------|
| Gross banking profit of SMBC's Treasury Unit | 354.0 | 222.5 | +11.5 |

Interest rate, stock price and exchange rate

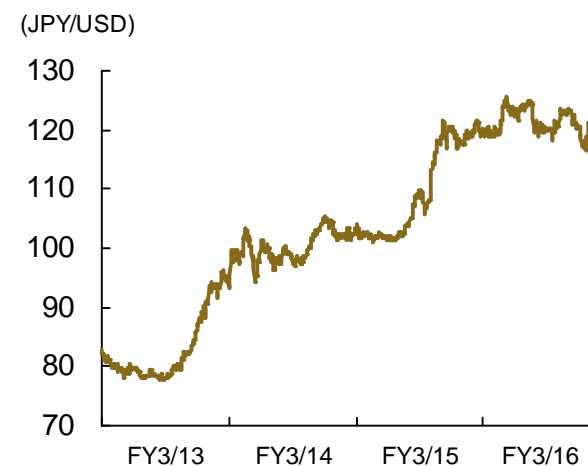
Interest rate of JGB, US Treasury and Bund



Nikkei Stock Average



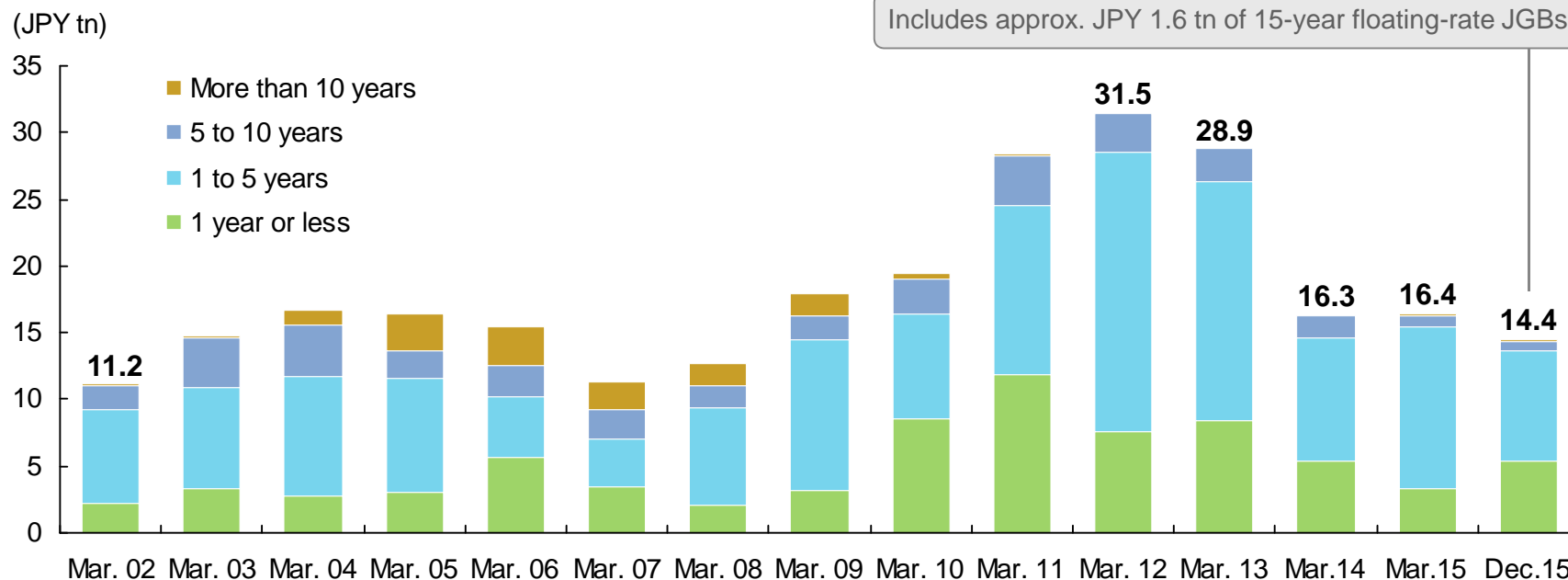
Exchange rate JPY / USD



Yen bond portfolio

SMBC non-consolidated

(Total balance of Other securities with maturities and bonds classified as held-to-maturity – total of JGBs, Japanese local government bonds and Japanese corporate bonds)



| | | | | | | | | | | | | | | | |
|--------------------------------------------------|------|-------|---------|-----|---------|---------|---------|-------|-------|------|-------|------|------|------|------|
| Average duration (years) ^{*1} | 2.7 | 3.6 | 3.4 | 2.3 | 1.5 | 1.7 | 2.4 | 1.8 | 1.1 | 1.4 | 1.9 | 1.8 | 1.1 | 1.8 | 1.9 |
| Unrealized gains (losses) (JPY bn) ^{*2} | 37.6 | 108.7 | (101.9) | 7.7 | (282.2) | (151.4) | (129.5) | (1.2) | 116.1 | 71.9 | 104.4 | 95.3 | 60.0 | 45.9 | 54.7 |

*1 Excludes 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 at Mar. 02 is for JGB portfolio only

*2 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 09

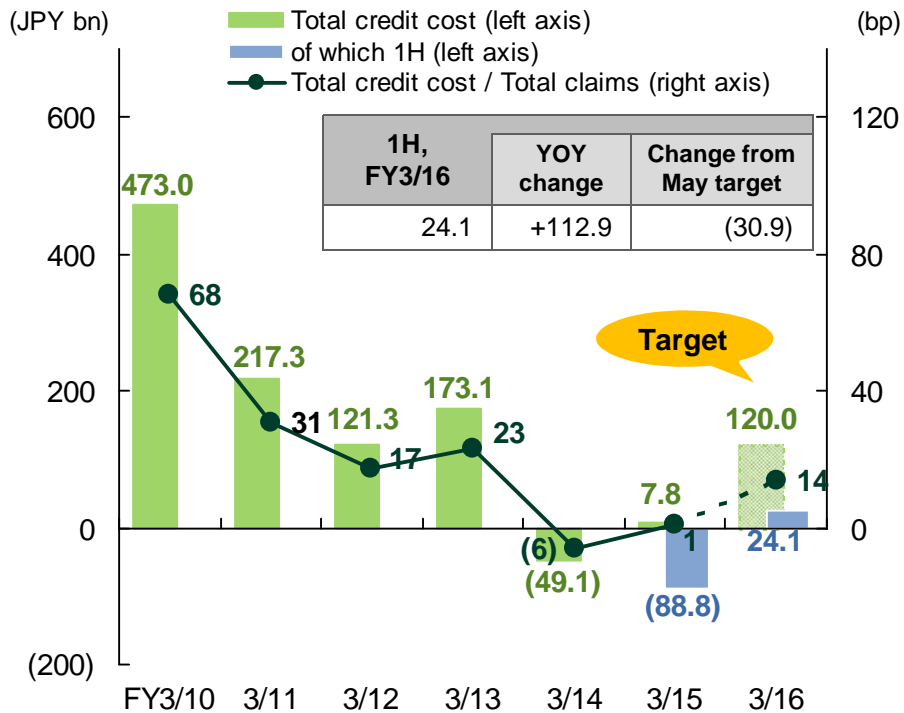
Bond portfolio

| | | Mar. 2013 | | Mar. 2014 | | Mar. 2015 | | Dec. 2015 | |
|-------------------|----------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|
| | | Balance sheet amount | Net unrealized gains (losses) | Balance sheet amount | Net unrealized gains (losses) | Balance sheet amount | Net unrealized gains (losses) | Balance sheet amount | Net unrealized gains (losses) |
| SMFG consolidated | Yen-denominated bonds | 30.4 | 0.17 | 17.4 | 0.10 | 17.1 | 0.07 | 15.4 | 0.07 |
| | of which JGB | 27.0 | 0.12 | 14.2 | 0.05 | 14.3 | 0.03 | 12.6 | 0.03 |
| | Held-to-maturity | 5.5 | 0.06 | 4.3 | 0.03 | 3.3 | 0.02 | 2.5 | 0.01 |
| | Others | 21.5 | 0.06 | 9.9 | 0.02 | 11.0 | 0.01 | 10.1 | 0.02 |
| | Foreign bonds (Other securities) | | | 4.3 | (0.03) | 5.6 | 0.03 | 5.3 | (0.04) |

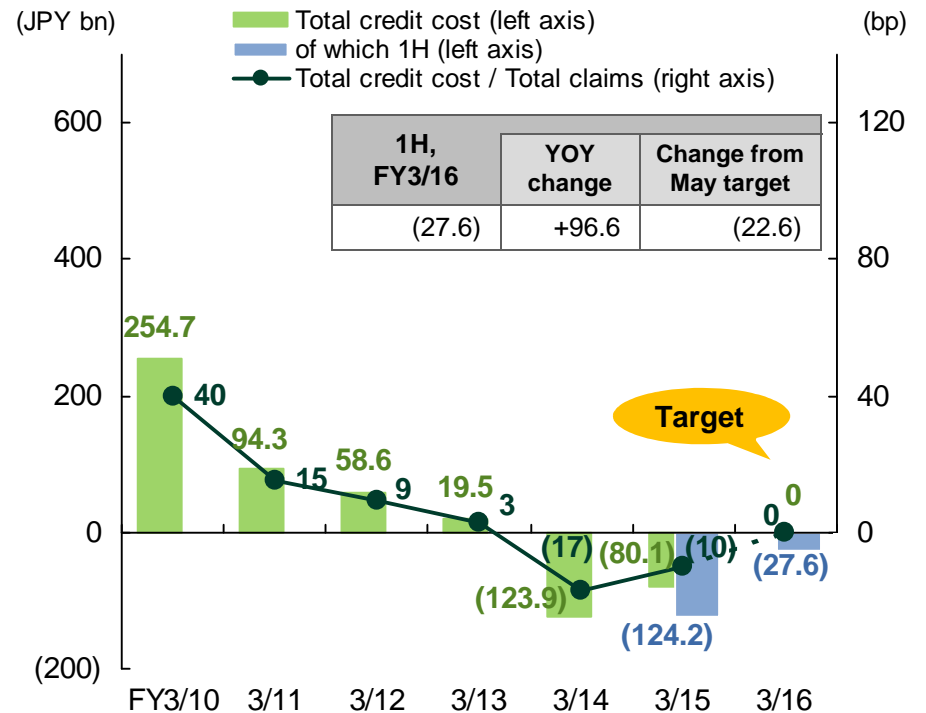
| | | | | | | | | | |
|-----------------------|----------------------------------|------|------|------|--------|------|------|------|--------|
| SMBC non-consolidated | Yen-denominated bonds | 28.9 | 0.16 | 16.3 | 0.09 | 16.4 | 0.07 | 14.4 | 0.07 |
| | of which JGB | 26.2 | 0.11 | 13.8 | 0.05 | 14.0 | 0.03 | 12.1 | 0.03 |
| | Held-to-maturity | 5.5 | 0.06 | 4.3 | 0.03 | 3.3 | 0.02 | 2.3 | 0.01 |
| | Others | 20.7 | 0.06 | 9.5 | 0.02 | 10.7 | 0.01 | 9.8 | 0.02 |
| | Foreign bonds (Other securities) | | | 3.2 | (0.02) | 4.2 | 0.03 | 3.8 | (0.04) |

Credit costs

SMFG consolidated



SMBC non-consolidated



Variance between SMFG consolidated and SMBC non-consolidated*

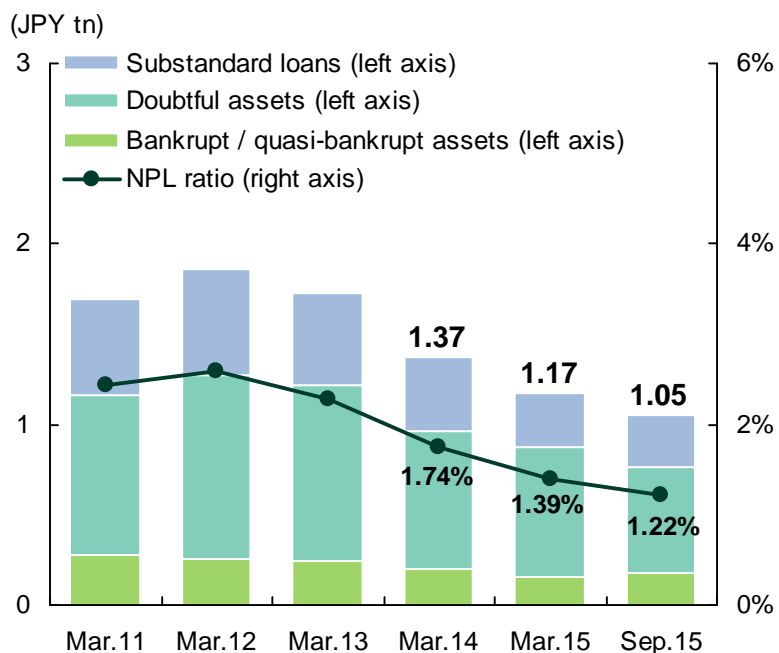
| (JPY bn) | 1H, FY3/16 | YOY change |
|--------------------------------------------|------------|------------|
| Variance with SMBC non-consolidated | 51.7 | +16.3 |
| SMBC Consumer Finance | 35.0 | +6.0 |
| Cedyna | 6.0 | +1.0 |
| Sumitomo Mitsui Card | 6.0 | +1.0 |
| Sumitomo Mitsui Finance and Leasing | (1.0) | +5.0 |

* In round numbers

Non-performing loan balance and ratio

SMFG consolidated

| | Mar. 15 | Sep. 15 |
|----------------|---------|---------|
| Coverage ratio | 83.14% | 81.52% |

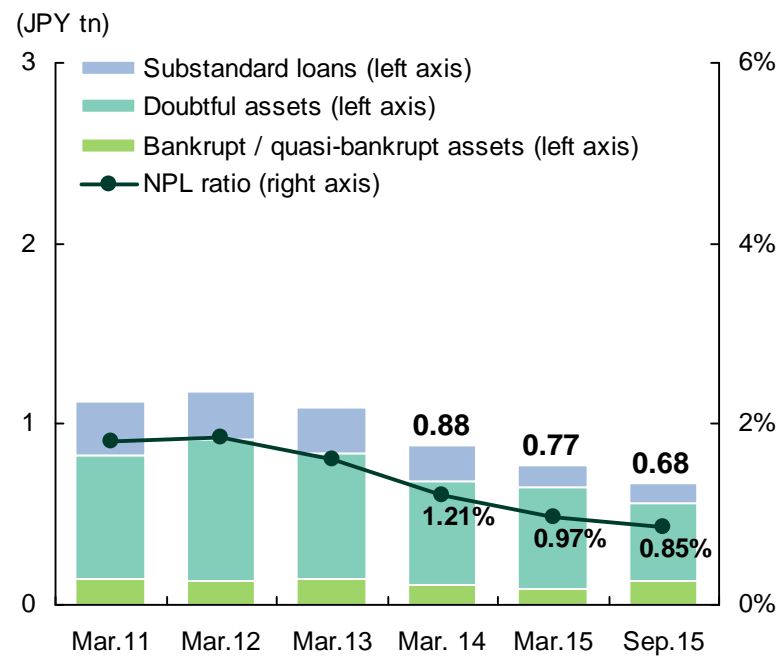


(JPY tn)

| | Mar. 11 | Mar. 12 | Mar. 13 | Mar. 14 | Mar. 15 | Sep. 15 |
|--------------|---------|---------|---------|---------|---------|---------|
| Total claims | 70 | 72 | 76 | 79 | 85 | 86 |

SMBC non-consolidated

| | Mar. 15 | Sep. 15 |
|----------------|---------|---------|
| Coverage ratio | 87.67% | 87.24% |



(JPY tn)

| | Mar. 11 | Mar. 12 | Mar. 13 | Mar. 14 | Mar. 15 | Sep. 15 |
|----------------------------------------|---------|---------|---------|---------|---------|---------|
| Claims on borrowers requiring caution* | 3.1 | 2.8 | 1.9 | 1.6 | 1.6 | 1.5 |
| Total claims | 62 | 64 | 68 | 73 | 79 | 79 |

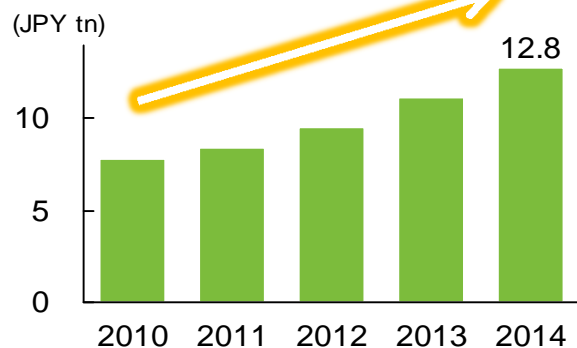
* Excludes claims to Substandard borrowers

Business alliances of payment services

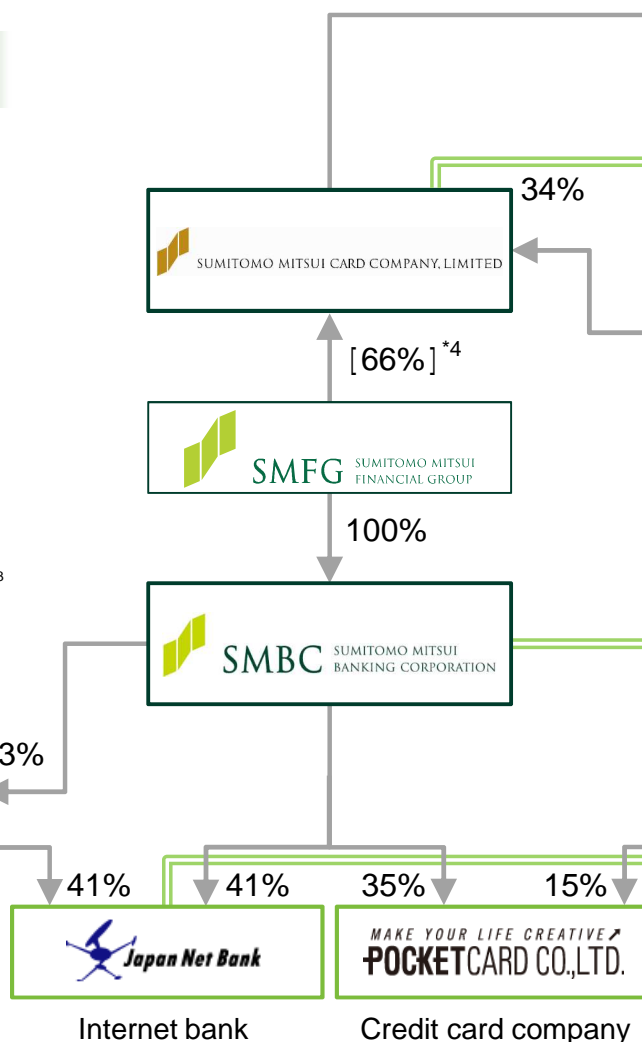
→ Capital/business alliances, investments
 — Business alliances

Consolidated subsidiaries
 Equity method affiliates

Market size of domestic B to C e-commerce^{*1}



| EC operators / Payment service providers | Mkt share of transaction volume ^{*2, 3} |
|------------------------------------------|--------------------------------------------------|
| 1 Rakuten | 15.7% |
| 2 SoftBank Payment Service | 14.1% |
| 3 GMO Payment Gateway | 12.0% |
| 4 Yahoo Japan | 9.3% |
| 5 Amazon Japan | 7.5% |



Smartphone payment service providers *Silicon Valley, U.S.*

Square

Multi-foreign currency online settlement providers *Silicon Valley, U.S.*

Stripe

Mobile operators

| | Mkt share of # of subscribers ^{*5} |
|---------------------|---------------------------------------------|
| 1 NTT DOCOMO | 42.2% |
| 2 SoftBank group | 29.0% |
| 3 KDDI group | 28.6% |

Global accelerator *Silicon Valley, U.S.*

Plug and Play

Convenience stores

| | Mkt share of all store sales ^{*6} |
|----------------------|--------------------------------------------|
| 1 Seven-Eleven Japan | 39.4% |
| 2 Family Mart | 19.7% |
| 3 Lawson | 19.3% |

*1 Source: Ministry of Economy, Trade and Industry

*2 Proportion of transaction volume of 3 e-commerce operators (net sales for Amazon Japan) and 2 payment service providers within domestic B to C e-commerce market

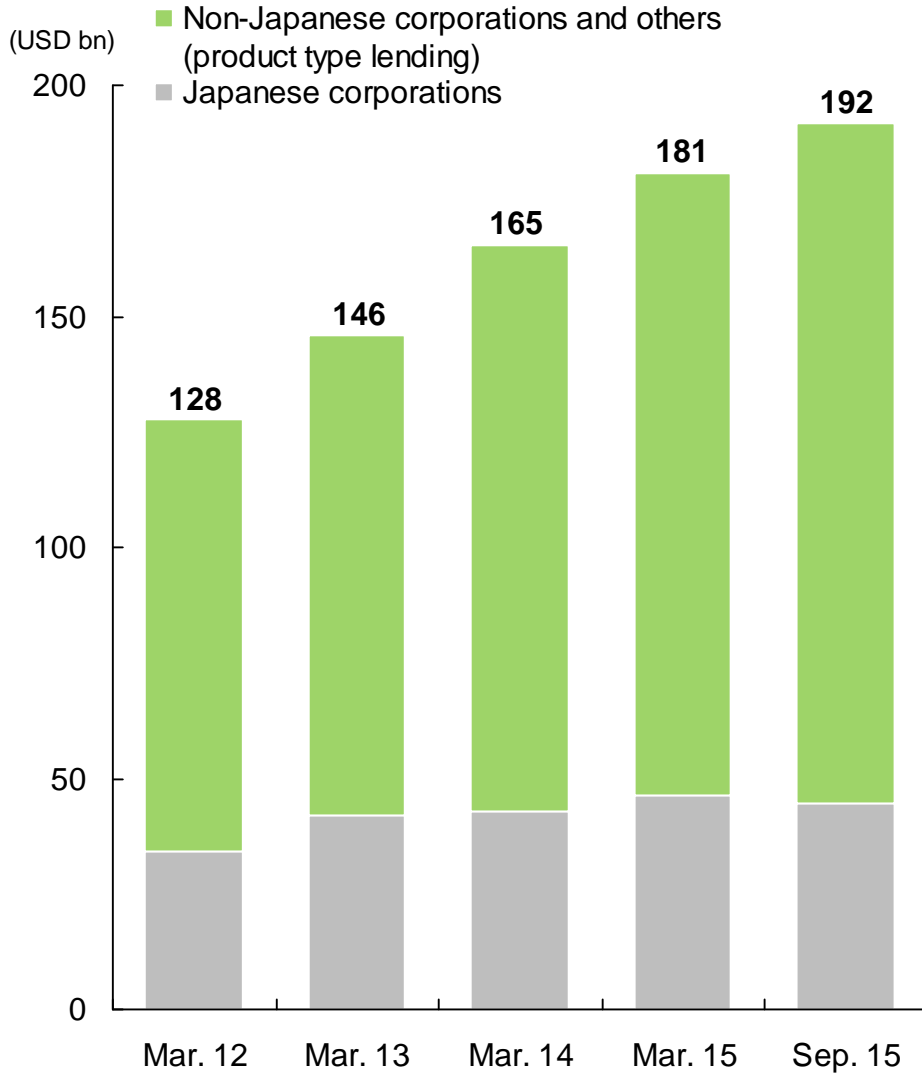
*3 Based on data of Ministry of Economy, Trade and Industry; Yano Research Institute; each company's disclosure, etc. *4 Figures in [] indicate indirect ownership

*5 Source: Ministry of Internal Affairs and Communications *6 Source: The NIKKEI

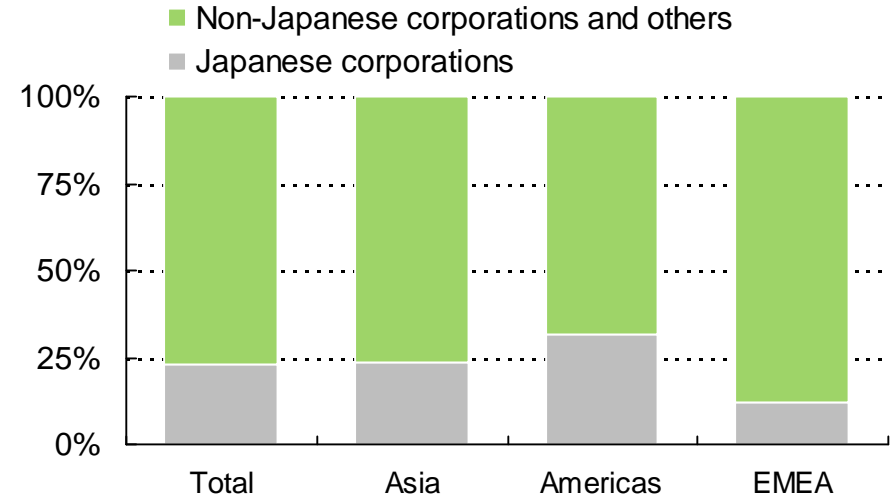
Overseas loan balance classified by borrower type

(Geographic classification based on booking office)

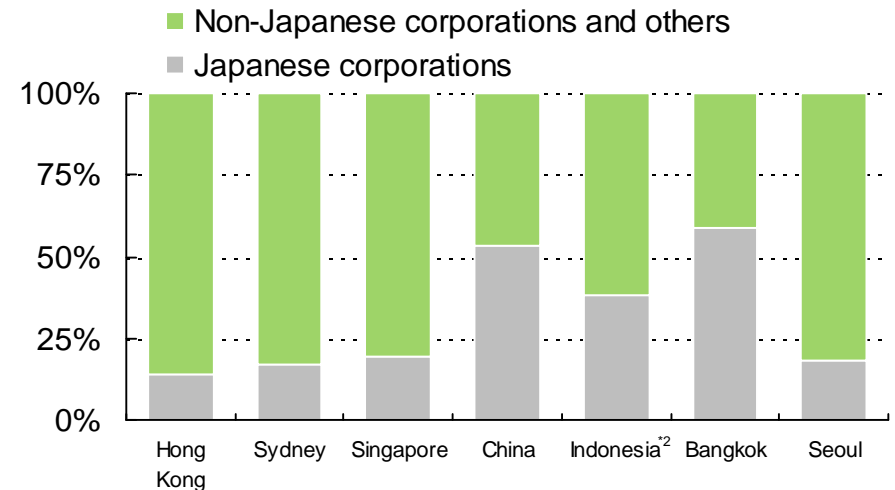
Total*1



By region (Sep. 2015)*1



Major marketing channels in Asia (Sep. 2015)*1



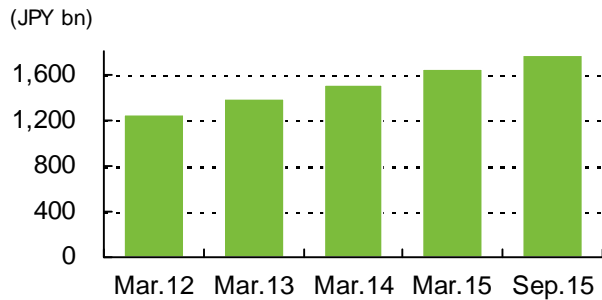
*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015

*2 Sum of SMBC and SMBC Indonesia

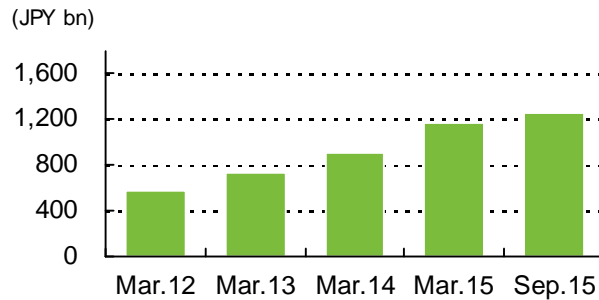
Loan balance in Asian countries/areas

(Geographic classification based on borrowers' domicile)*

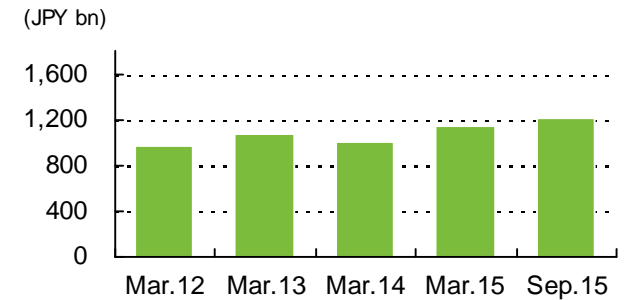
Hong Kong



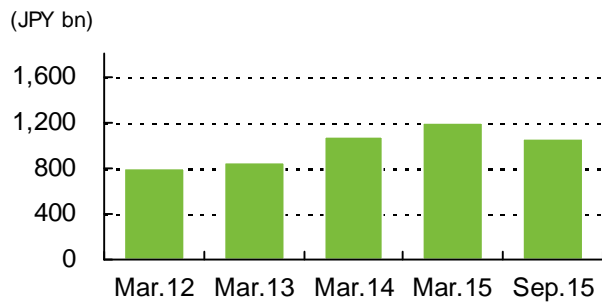
Australia



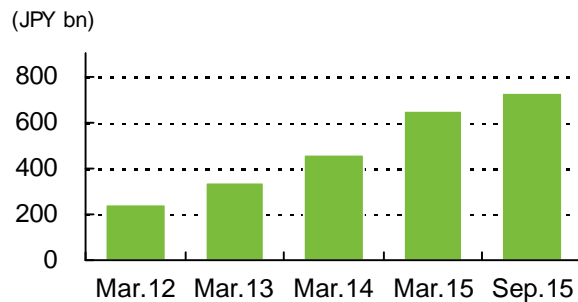
Singapore



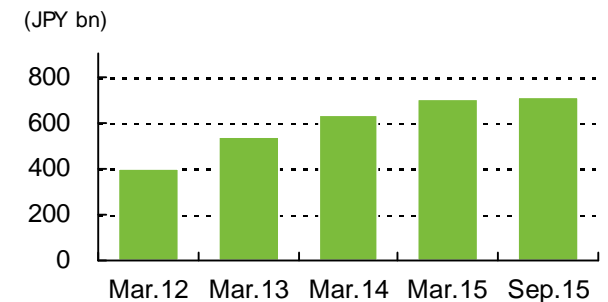
China



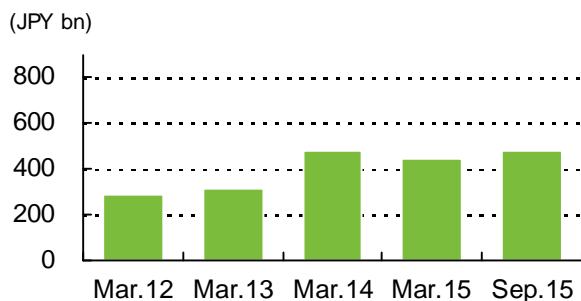
Indonesia



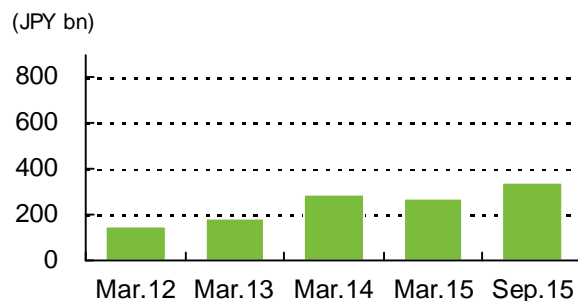
Thailand



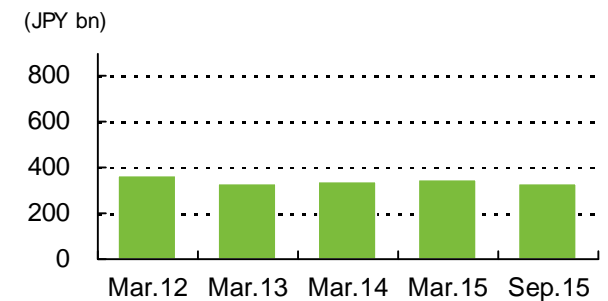
India



Taiwan



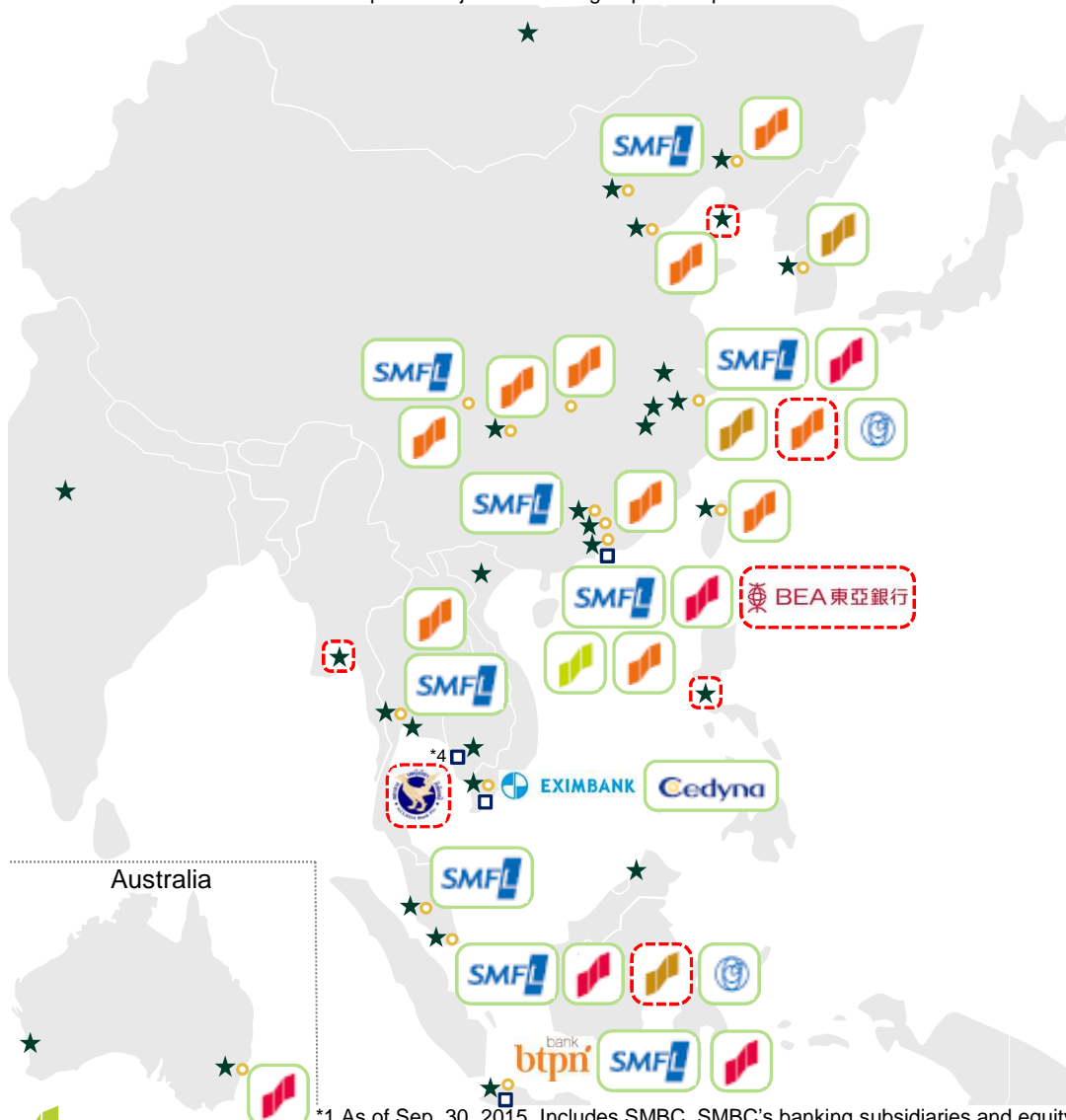
Korea



* Managerial accounting basis. Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Indonesia
 Loan balances are translated into JPY from each country's local currency at the exchange rate of Sep. 30, 2015

SMFG's network in Asia

- ★: Banking business offices
- : Overseas offices of SMFG group companies excluding banking business offices
- : Equity method affiliates
- Red dotted outline indicates offices opened or joined SMFG group after Apr. 2014



| | | |
|------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SMBC SUMITOMO MITSUI BANKING CORPORATION | Banking | < Asia and Oceania > 14 countries/areas, 39 offices* ¹ |
| Sumitomo Mitsui Finance and Leasing | Leasing | <ul style="list-style-type: none"> • Beijing • Shanghai • Chengdu • Guangzhou • Hong Kong • Bangkok • Kuala Lumpur • Singapore • Jakarta |
| SMBC NIKKO | Securities | <ul style="list-style-type: none"> • Hong Kong • Sydney • Singapore • Jakarta |
| | M&A advisory | <ul style="list-style-type: none"> • Shanghai • Hong Kong • Singapore • Jakarta |
| SMBC FRIEND SECURITIES | Market research | • Hong Kong |
| SUMITOMO MITSUI CARD COMPANY, LIMITED | Prepaid card services | • Seoul* ² |
| | Consulting | • Shanghai |
| Cedyna | Market research | • Singapore |
| | Auto loans | • Ho Chi Minh* ³ |
| SMBC CONSUMER FINANCE | Consumer finance | <ul style="list-style-type: none"> • Hong Kong • Shenzhen • Shenyang • Tianjin • Chongqing • Chengdu • Wuhan • Shanghai • Bangkok |
| | Loan management and collection | • Taipei |
| The Japan Research Institute, Limited | Consulting | • Shanghai |
| | System integration | <ul style="list-style-type: none"> • Shanghai • Singapore |

*¹ As of Sep. 30, 2015. Includes SMBC, SMBC's banking subsidiaries and equity method affiliates. Excludes offices planned to be closed

*² Prepaid cards targeted at travelers to Korea from Japan offered through an alliance with Hana SK Card Co., Ltd. since Nov. 2012

*³ Expanded auto loan business through alliance with Vietnam Eximbank since May 2013

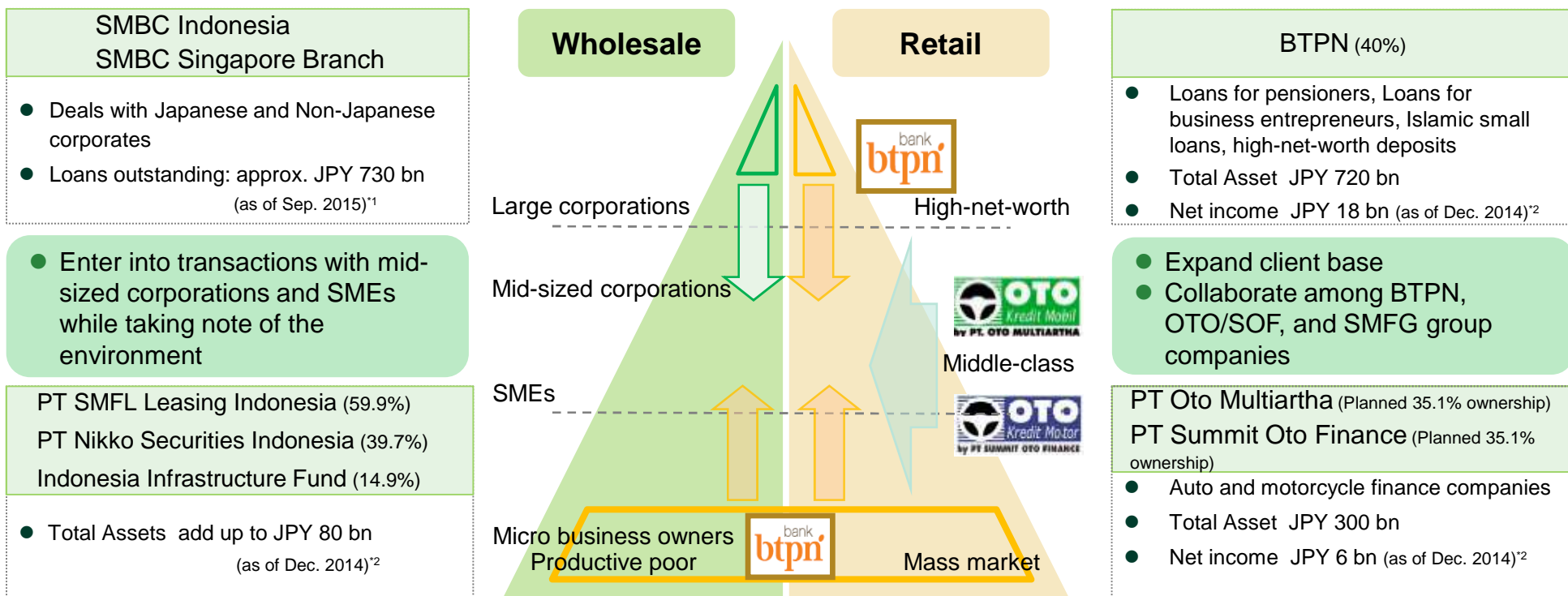
*⁴ SMBC made ACLEDA Bank an equity method's affiliate in Sep. 2015

Business in Indonesia

- Further promote building a base to provide a full-banking service in Indonesia through organically coupling our franchise entities

- Set-up an Advisory Board
- Promote CSR activities

()SMFG's percentage ownership in parentheses



Outlook of Macro-economic Environment

- Although an economic slowdown and continued market instability are expected for the moment, we anticipate a full economic recovery led by public investments
 - Large growth potential due to further expansion of the middle class
- GDP Growth Rate^{*3}: Year 2015, 4.7% → Year 2019, 6.0% Working Age Population^{*4}: Year 2015, 173 million → Year 2060, 215 million
- Percentage of Bank Account holders^{*5} (Year 2014): 36%

^{*1} Converted into JPY at 1 IDR = JPY 0.0081, an exchange rate as of Sep. 2015

^{*2} Converted into JPY at 1 IDR = JPY 0.0097, an exchange rate as of Dec. 2014

^{*3} IMF, World Economic Outlook October 2015 ^{*4} United Nations, World Population Prospects the 2015 Revision

^{*5} World Bank, The global Findex Database 2014: Measuring Financial Inclusion around the World

BTPN (Bank Tabungan Pensiunan Nasional)

- Showing steady results and expanding business operations stably, despite stagnant stock prices due to the slowdown of the Indonesian economy
- We aim to make BTPN a core bank of SMFG's business in Indonesia in the medium- to long-term

Financial results

| (IDR bn) | 2013 | 2014 | Jan.-Sep. 2015 |
|-----------------------------|---------|---------|----------------|
| Gross banking profit | 7,449 | 7,780 | 6,233 |
| Expenses | (3,980) | (4,501) | (3,709) |
| Net income | 2,131 | 1,853 | 1,375 |
| ROE | 26.2% | 18.4% | 14.5% |
| Loan | 46,105 | 51,994 | 56,938 |
| Customer deposit | 52,196 | 53,335 | 59,103 |
| Total asset | 69,665 | 75,015 | 80,113 |

Expense for investment into new business

YOY +11%

Collaboration after SMBC's investment, impact on SMFG's 3Q, FY3/16 financial results

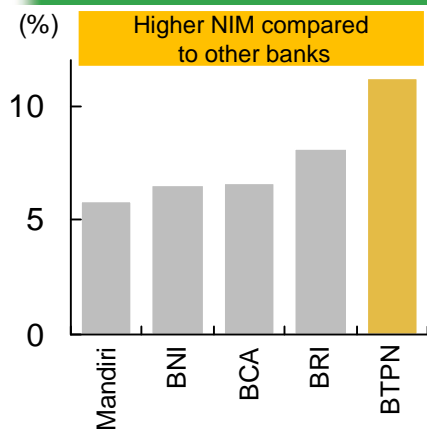
Strengthening collaboration

- Equity method affiliate with SMBC's 40% ownership
 - Total investment amount approx. USD 1.5 bn, approx. 6,500 IDR per stock (Total of May 2013 and Mar. 2014)
- Governance support via appointment of 2 SMBC representatives as members of BTPN Board of Commissioners
- Further expansion of customer base by sharing SMBC retail banking expertise (high-net-worth deposit business, marketing, credit management, etc.)
- Started mobile banking in 2015 called "BTPN WOW!" targeting mass market clientele; SMBC envisions expanding this type of business in other parts of Asia in the future
- Support for funding
 - Post SMBC's investment, Fitch Ratings raised BTPN's Indonesian domestic rating by 3 notches
 - SMBC extended loans collaborating with IFC

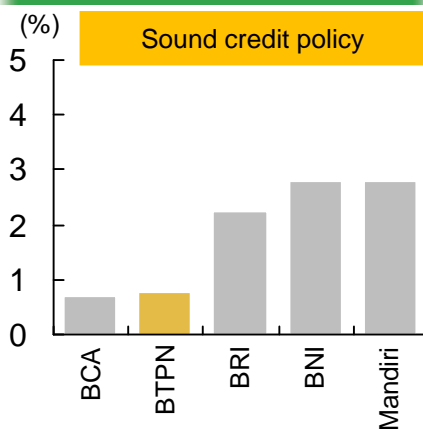
Impact on SMFG's 3Q, FY3/16 financial results

- BTPN's stock price is highly volatile due to illiquidity
- Stock price at end of Dec. 2015: 2,400 IDR
- Incurred an impairment loss in accordance to accounting standards due to BTPN stock price falling considerably compared to our acquisition cost despite strong operating results
- SMFG and SMBC's financial targets for FY3/16, which were revised in Nov. 2015 already incorporates the impairment loss

Net Interest Margin*



NPL ratio*



* Based on each company's disclosure (Sep. 2015 results)

Products that we have strengths overseas

Asset finance

Aircraft-related business

- Formed a group for marketing and solution-providing for domestic and overseas aircraft investors and aircraft leasing, centered around SMBC Aviation Capital

SMBC Aviation Capital results /
Number of owned and managed aircraft*1

| (USD mil) | 1H, FY3/16 | FY3/15 |
|------------------------|------------|--------|
| Total revenue*2 | 492 | 948 |
| Net income | 104 | 175 |
| Aircraft asset | 10,250 | 10,140 |
| Net asset | 1,550 | 1,460 |

| Aircraft leasing companies | Country | # owned/managed |
|----------------------------|----------------|-----------------|
| 1 GECAS | USA | 1,567 |
| 2 AerCap | Netherlands | 1,256 |
| 3 SMBC AC | Ireland | 395 |
| 4 CIT Aerospace | USA | 326 |
| 5 BBAM | USA | 297 |

Initiatives in middle market business

- High spread and well-diversified portfolio
- Carefully select profitable transactions, while strengthening credit control
- Compose around 2% of our overseas loan balance

U.S. middle market loan portfolio

- Sponsor finance for mid-sized corporations through agent banks / sponsor funds
- # of borrowers: approx. 100; loan balance: USD 1.4 bn; average loan balance: USD 15 mn per borrower; loan spread: 480bp; credit costs: 50bp (as of Mar. 2015)

Acquisition of European LBO loan portfolio from GE

- Loans for acquisition finance, extended to approx. 100 mid-sized companies domiciled in European countries
- Face value: USD 2.2 bn, average loan balance: USD 15-25 mn per borrower; loan spread: 400 bps, default rate over the past year was less than 1% due to high expertise

Project Finance

- Received “Global bank of the year” award by IJ Global League tables (Jan.-Dec. 2015)*3

| | Global | Asia*4 |
|-----------------|--------|--------|
| Project Finance | # 4 | # 5 |

*1 As of Dec. 31, 2015 (Source: Ascend “Airline Business”) *2 Leasing revenue + gains (losses) on sales of aircraft etc.

*3 Source: Thomson Reuters (Mandated Arrangers) *4 Asia Pacific

Capital and risk-weighted assets (SMFG consolidated)

Capital ratio (transitional basis)

| (JPY bn) | Mar. 31, 2015 | Dec. 31, 2015 |
|----------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Common Equity Tier 1 capital (CET1) | 7,476.5 | 7,972.8 |
| of which: | | |
| Total stockholders' equity related to common stock | 6,909.0 | 7,433.9 |
| Accumulated other comprehensive income ^{*1} | 801.5 | 742.9 |
| Regulatory adjustments related to CET1 ^{*1} | (460.4) | (441.0) |
| Tier 1 capital | 8,528.6 | 9,322.2 |
| of which: | | |
| Additional Tier 1 capital instruments | - | 300.0 |
| Eligible Tier 1 capital instruments (grandfathered) ^{*3} | 1,124.3 | 1,125.2 |
| Regulatory adjustments ^{*1, 2} | (348.2) | (330.0) |
| Tier 2 capital | 2,437.3 | 2,614.9 |
| of which: | | |
| Tier 2 capital instruments | 375.0 | 658.5 |
| Eligible Tier 2 capital instruments (grandfathered) ^{*3} | 1,424.0 | 1,316.8 |
| Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount ^{*2} | 699.4 | 646.5 |
| Regulatory adjustments ^{*1, 2} | (165.2) | (127.1) |
| Total capital | 10,965.9 | 11,937.0 |
| Risk-weighted assets | 66,136.8 | 68,144.7 |
| Common Equity Tier 1 capital ratio | 11.30% | 11.69% |
| Tier 1 capital ratio | 12.89% | 13.67% |
| Total capital ratio | 16.58% | 17.51% |

Common Equity Tier 1 capital ratio (fully-loaded^{*4}, pro forma)

| (JPY bn) | Mar. 31, 2015 | Dec. 31, 2015 |
|---------------------------------------------------------------------------------|-----------------|-----------------|
| Variance with CET1 on a transitional basis ^{*5} | 441.2 | 381.2 |
| of which: | | |
| Accumulated other comprehensive income | 1,202.3 | 1,114.4 |
| of which: | | |
| Net unrealized gains on other securities | 1,074.6 | 992.0 |
| of which: | | |
| Minority interests (subject to be phased-out) | (70.5) | (71.7) |
| Regulatory adjustments related to CET1 | (690.6) | (661.5) |
| Common Equity Tier 1 capital | 7,917.7 | 8,354.0 |
| Risk-weighted assets | 65,925.9 | 68,049.6 |
| Common Equity Tier 1 capital ratio | 12.0% | 12.2% |
| Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains) | 9.0% | 9.6% |

Preferred securities which become callable in FY3/16

| Issuer / Series | Issue date | Amount outstanding | Dividend rate ^{*6} | First call date ^{*7} | Step-up | |
|--------------------------------------|------------|--------------------|-----------------------------|-------------------------------|---------|------------------|
| SMFG Preferred Capital JPY 2 Limited | | | | | | |
| Series C | Dec. 2008 | JPY 140 bn | 4.87% | Jan. 2016 | None | Called Jan. 2016 |
| Series D | Jan. 2009 | JPY 2 bn | 4.80% | Jan. 2016 | None | |

Leverage ratio

(transitional basis, preliminary)

| (JPY bn) | Dec. 31, 2015 |
|-----------------------|---------------|
| Tier 1 capital | 9,322.2 |
| Leverage exposure | 197,094.7 |
| Leverage ratio | 4.72% |

LCR

(transitional basis)

| Average Oct. – Dec. 2015 |
|--------------------------|
| 112.9% |

*1~3 Subject to transitional arrangements. Regulatory adjustments of Tier 1 and Tier 2 include items that are either phased-in or phased-out as described in *1 and *2 below
 *1 40% of the original amounts are included *2 40% phase-out is reflected in the figures *3 Cap is 70% *4 Based on the Mar. 31, 2019 definition
 *5 Each figure represents 60% of the original amounts that are not included due to phase-in or included due to phase-out in the calculation of CET1 on a transitional basis
 *6 Until the first call date. Floating rate thereafter *7 Callable at any dividend payment date on and after the first call date, subject to prior confirmation of the FSA

Major capital requirement regulations forecasted to increase RWA

● We use AIRB*¹ approach for credit risk and AMA*¹ for operational risk; RWA increase is likely upon the revision of each approach

Revisions to the Standardised Approach for credit risk

- 2nd consultation published in Dec. 2015
- Planned publication of final rule during 2016

Revisions to the Standardised Approach for operational risk

- Wait for 2nd consultation
- Planned publication of final rule during 2016
- Planned proposal to end AMA*¹ by BCBS*²

Review of the CVA risk framework

- Planned publication of final rule during the first half of 2016

IRRBB
(Interest-rate risk in the banking book)

- Planned publication of final rule during 2016

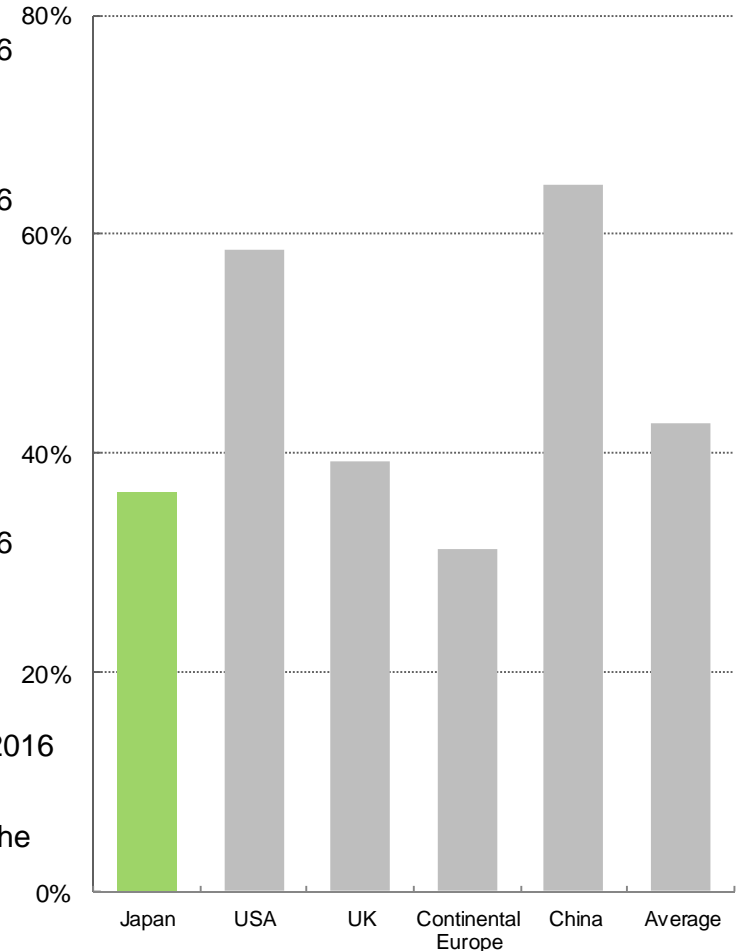
Revisions to the internal models

- Wait for publication of proposal regarding the internal model
- Planned publication of final rule by end of 2016

Capital floors

- To be discussed according to revisions to the Standardised Approaches and the internal models

G-SIBs' RWA/Total Asset*³



*1 AIRB approach: Advanced Internal Rating Based approach; AMA: Advanced Measurement Approach

*2 BCBS: Basel Committee on Banking Supervision

*3 Source: "The Banker" (July 2015 Edition). Average amount of each G-SIB separated by region. Japan is based on end of Mar. 2015, while other regions are based on end of Dec. 2014

Meeting international financial regulations

| | | Regulations | Contents of regulation | Effective | Current status | Action taken & impact on SMFG |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| G-SIFI regulation and supervision | G-SIB surcharge | Required for additional loss absorption capacity above the Basel III minimum | | 2016 | Finalised at FSB / Domestic regulation under consultation | Requirement for SMFG to be 8% on a fully-loaded basis. Achieved 8% CET 1 ratio by the end of Mar. 2013 |
| | Adequacy of loss-absorbing capacity (TLAC) | Required to hold loss absorbing capacity, which consists of eligible liabilities and regulatory capital, on both a going concern and gone concern basis | | 2019 | Finalised at FSB in Nov. 2015 | Currently have no issues in meeting requirements. Taking actions needed |
| | Recovery and Resolution Plan | SMFG Group Recovery Plan | | Implemented | Submitted | Work in accordance with due dates, including those of overseas operations |
| Prudential regulation Basel III | Capital requirement | Required to raise the level and quality of capital and enhance risk coverage under Basel III | | 2013 | Under phased implementation | Achieved our target of 8% CET 1 ratio by Mar. 2013, one year ahead of schedule |
| | | Fundamental review of trading book (Strengthened capital standards for market risk) | | 2019 | Finalised at BCBS in Jan.2016 | Currently have no issues in meeting requirements although paying attention to national finish |
| | | Revisions to the Standardised Approaches | | TBD | Consultation for operational/credit risk commenced in Oct.2014/Dec.2015 | To be finalized by the end of 2016. Paying attention to discussions |
| | | Revisions to the internal models | | TBD | Under discussion | A consultative document will be published by the end of 2015. Paying attention to discussions |
| | | Capital floors | | TBD | Consultation commenced in Dec. 2014 | Details and implementation schedule of regulation remain unclear. Paying attention to discussions |
| | | Review of the Credit Valuation Adjustment (CVA) risk framework | | TBD | Consultation commenced in Jul. 2015 | Implementation schedule remains unclear. Paying attention to discussions |
| | | Interest-rate risk in the banking book | | TBD | Consultation commenced in Jun. 2015 | Under discussion whether (i) uniformly applied Pillar 1 measure for calculating capital charge, or (ii) review of the current framework (Pillar 2). Paying attention to discussions |
| | Leverage ratio requirement | Non-risk-based measure based on "on-and off-accounting balance sheet items" against Tier 1 capital. Minimum requirement: 3% (on a trial basis) | | 2018 | Domestic regulation for disclosure finalised in Mar. 2015 | Currently have no issues in meeting requirements although paying attention to national finish. Minimum requirement of 3% subject to reexamination internationally |
| | Minimum standards for liquidity (LCR/NSFR) | LCR: Required to have sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. >=100% needed | | 2015 | Under phased implementation | In good position due to domestic deposit base. Intend to further strengthen foreign currency ALM |
| | | NSFR: Required to maintain a sustainable maturity structure of assets and liabilities >=100% needed | | 2018 | Finalised at BCBS in Oct. 2014 | Currently have no issues in meeting requirements although paying attention to national finish |
| Large exposure regulation | Tightening of exposure limit to a single borrower (25% of Tier 1) and expansion of scope of applicable exposure type, etc. | | Jan. 2019 | Partly implemented in Dec. 2014 | Limited impact from early adoption of derivatives, etc. Paying attention to remaining issues including treatment of interbank exposures | |
| Financial market/ Financial system reform | OTC derivatives markets reforms | <ul style="list-style-type: none"> Centralizing of OTC derivatives clearing Margin requirement for non-centrally cleared derivatives | | Dec. 2012 Sep. 2016 | Scope of application being expanded Implementation date postponed in Mar. 2015 | Taking actions needed although impact will be smaller compared to investment banks |
| | Regulation of shadow banking system | Strengthen the oversight and regulation of the shadow banking system such as MMFs, repos and securitizations | | TBD | Discussion underway on five specific areas | FSB's final rule to apply haircut floors on repo transactions excluded JGBs as applicable collateral (Oct. 2014) |
| | Limitation on banking activities / Ring fencing regulation | Requirements for foreign banking organizations (FBO Rule) | | Jul. 2016 | Final regulation published | Business related to regulation is limited. Taking actions needed |
| | | Ring-fenced banks prohibited from providing certain services and required to be isolated from the rest of the financial group in UK and EU | | TBD | UK: Enacted in Dec. 2013, EU: Proposal published in Jan. 2014 | SMBC will be out of scope, but still paying close attention to the discussion |

Able to meet requirements easily

Able to meet requirements

Impact unclear

Ongoing major regulatory discussions

| Regulations | | Contents | Schedule | Finalised at FSB or BCBS | Domestic regulation | |
|----------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|
| Capital requirement | Credit risk | Revisions to the Standardised Approach | <ul style="list-style-type: none"> Seeks to improve the standardised approach for credit risk, including reducing reliance on external credit ratings; increasing risk sensitivity; reducing national discretions; strengthening the link between the standardised approach and the internal-rating based (IRB) approach; and enhancing comparability of capital requirements across banks | <ul style="list-style-type: none"> Under consultation (comment period will be closed in Mar. 2016) Comprehensive data collection and analysis will be made through the QIS in early 2016 | Unfinished | Unfinished |
| | | Review of the CVA risk framework | <ul style="list-style-type: none"> Seeks to review the credit valuation adjustment (CVA) risk framework to capitalize the risk of future changes in CVA that is an adjustment to the fair value of derivatives to account for counterparty's credit risk | <ul style="list-style-type: none"> Under consultation (comment period closed in Oct. 2015) Targeted to be finalized in mid-2016 | Unfinished | Unfinished |
| | Market risk | IRRBB (Interest-rate risk in the banking book) | <ul style="list-style-type: none"> Under discussion whether (i) uniformly applied Pillar 1 measure for calculating capital charge, or (ii) review of the current framework (Pillar 2). | <ul style="list-style-type: none"> Under consultation (comment period closed in Sep. 2015) Targeted to be finalized through 2016 | Unfinished | Unfinished |
| | Operational risk | Revisions to the Standardised Approach | <ul style="list-style-type: none"> Seeks to address the weaknesses identified in the existing approach by (i) refining the operational risk proxy indicator by replacing Gross Income (GI) with a superior indicator, and (ii) improving calibration of the regulatory coefficients based on the results of the quantitative analysis | <ul style="list-style-type: none"> Under consultation (comment period closed in Jan. 2015) Waiting for the revised consultative document published. Removing the use of the Advanced Measurement Approach(AMA) will also be consulted | Unfinished | Unfinished |
| | Overall | Revisions to the internal models | <ul style="list-style-type: none"> Seeks to review possible modifications to the IRB framework including constraints on model parameter estimates | <ul style="list-style-type: none"> Waiting for the consultative document published | Unfinished | Unfinished |
| | | Capital floors based on standardised approaches | <ul style="list-style-type: none"> Replacement of the Basel I-based transitional capital floor with a permanent floor based on the Basel II/III standardised approaches for credit, market and operational risks | <ul style="list-style-type: none"> Under consultation (comment period closed in Mar. 2015) To be discussed according to the revisions to the standardised approaches and the internal models | Unfinished | Unfinished |
| Leverage ratio requirement | Leverage ratio | <ul style="list-style-type: none"> Continue to test a minimum requirement of 3% to be introduced in 2018 (from Jan. 2013 to Jan. 2017) Public disclosure requirement started on Jan. 2015 | <ul style="list-style-type: none"> Appropriate level of leverage ratio to be finalized by 2017 at the latest Scheduled to be implemented in 2018 Domestic regulations on calculation and disclosure implemented | Finished in part | Finished in part | |
| G-SIFI regulation | TLAC (total loss-absorbing capacity) | <ul style="list-style-type: none"> Minimum requirement of (i) 16% of RWA (19.5% including capital buffer as for SMFG) and 6% of the Basel III Tier 1 leverage ratio denominator as from 2019, (ii) 18% of RWA (21.5% including capital buffer as for SMFG) and 6.75% of the Basel III Tier 1 leverage ratio denominator as from 2022 Should be issued and maintained by resolution entities An access to credible ex-ante commitments to recapitalise a G-SIB in resolution may count toward a firm's TLAC as 2.5% RWA as from 2019 and 3.5% as from 2022 | <ul style="list-style-type: none"> Finalized in Nov. 2015 | Finished | Unfinished | |

Revision to the Standardised Approach for credit risk / Capital floors

Revision to the Standardised Approach for credit risk*

| Exposures | Current risk weights | Proposed revision of risk weights (Dec. 2014) | Proposed revision of risk weights (Dec. 2015) |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate exposures | · From 20% to 150% by reference to the external credit ratings | · From 60% to 300% based on a corporate's revenue and leverage | · From 20% to 150% by reference to the external credit ratings; unrated corporate of 100%; SME of 85% |
| Specialised lending | · 100% | · Project finance, Object finance, commodities finance, income-producing real estate finance: 120% · Exposures to land acquisition, development and construction finance: 150% | · Object and commodity finance: 120% · Project finance: pre-operational phase 150%; operational phase 100% |
| Bank exposures | · From 20% to 150% according to the sovereign rating or the bank's credit rating | · From 30% to 300% based on the bank's CET1 ratio and a net non-performing assets ratio | · From 20% to 150% according to the bank's external ratings |
| Retail exposures | · 75% for exposures that meet the regulatory retail criteria | · Considering whether to maintain | · 75% for exposures that meet the regulatory retail criteria |
| Exposures secured by residential real estate | · 35% | · From 25% to 100% based on the loan-to-value (LTV) ratio; preferential risk weights for loans with debt service coverage (DSC) ratio of 35% or less | · RW will be determined based on the exposure's LTV ratio from 25% to 75%, when repayment is not materially dependent on cash flows generated by property |
| Exposures secured by commercial real estate | · 100% | · A) No recognition of the real estate collateral, treating the exposure as unsecured with a national discretion for a preferential 50% risk weight: or; B) From 75% to 120% based on the LTV ratio | · Whether repayment is materially dependent on cash flow generated by property A) No: From 60% to 85% (SMEs) B) Yes: From 80% to 130% |
| Subordinated debt, equity and other capital instruments | · Either 100% or 250% when issued by banks or securities firms; no distinct treatment when issued by corporates | · Sub debts and capital instruments other than equities: 250% · Publicly traded equity: 300% · Other equity: 400% | · Sub debts and capital instruments other than equities: 150% · Equity holdings: 250% |
| Off-balance sheet exposures | · Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 0% | · Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10% | · Retail Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10-20% · Commitments, regardless of the underlying facility: 50-75% CCF |

Capital floors

Current framework

- For banks using the internal rating-based (IRB) approach for the credit risk and/or an advanced measurement approach (AMA) for operational risk

(The simplified framework for Japanese banks shown below)

(i) RWA based on IRB approach and/or AMA

compare

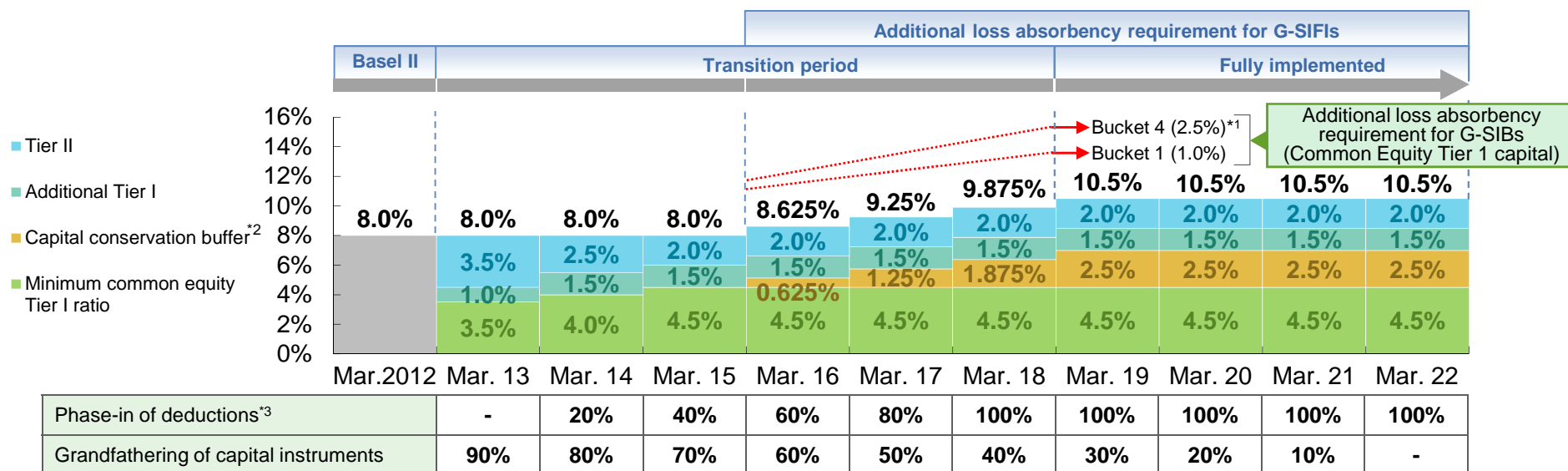
(ii) 80% of RWA based on the most recent approach before migration to the IRB approach and/or AMA (e.g. (i) AIRB/(ii) FIRB, (i) FIRB/(ii) Basel)

- If (i) is less than (ii), the bank should add the amount of difference to (i) when calculating its RWA

* The credit risk standardised approach treatment for sovereigns, central banks and public sector entities are not within the scope of the proposals. It will be considered as part of a broader and holistic review of sovereign-related risks

Application of Basel III

- Capital requirements and liquidity coverage ratio have been phased-in in line with international agreements
- Domestic regulations on leverage ratio, net stable funding ratio and capital buffers including capital conservation buffer and countercyclical buffer, are being finalized according to their adoption schedule
 - No additional requirements anticipated on top of minimum Basel requirement in Japan
 - Able to pass Basel requirement easily according to provisional calculation based on current draft rules



Leverage ratio and liquidity rules (Schedule based on final documents by BCBS, and domestic regulations)⁴

| | | | |
|---------------------------------|-----------------------------------------|----------------------------------------------------|------------------------------------------------------------------------------------------------|
| Leverage ratio | Mar. 2015 Domestic regulation finalised | Mar. 2015: Start disclosure (<i>minimum: 3%</i>) | Jan. 2018: Migration to pillar 1 |
| Liquidity coverage ratio (LCR) | Oct. 2014 Domestic regulation finalised | Phased-in from Mar. 2015 | 2015 through 1 st half 2017: <i>Final adjustments to definition and calibration</i> |
| Net stable funding ratio (NSFR) | Oct. 2014 Finalised at BCBS | Oct. 2014: <i>Final document published</i> | 2018/1: <i>Full implementation</i> |

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

*2 Countercyclical buffer (CCyB) omitted in the chart above; if applied, expected to be phased-in in the same manner as the Capital conservation buffer. In accordance with the CCyB set by each country, Japanese banks may have to meet additional capital requirements depending on the exposures in those countries

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

*4 Draft on other domestic rules to be applied after 2016, such as the NSFR, will be published in due course. Timeline based on BCBS documents is in italic

Public sector support and point of non-viability in Japan

| | Framework | Systemic risk | Subject entities | Conditions | Point of non-viability | No. of cases |
|-----------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------|--------------|
| Existing framework | Act on Special Measures for Strengthening Financial Functions <i>Capital injection</i> | Not Required | Banks (Capital injection may be made through BHC) | No suspension of payment of deposits and not having negative net worth | No | 32 |
| | Article 102 of Deposit Insurance Act (DIA) | Required (Credit system in Japan or in a certain region) | Banks only | Undercapitalized | No | 1 |
| | | | | Item 2 measures <i>Financial assistance exceeding payout cost</i> | Yes*3 | - |
| | | | | Item 3 measures <i>Nationalization</i> | | 1 |
| Newly established framework | Article 126-2 of DIA | Required (Financial system such as financial market in Japan) | Financial institutions including banks and BHCs | Specified Item 1 measures <i>Liquidity support</i> <i>Capital injection</i> | No | - |
| | | | | Specified Item 2 measures <i>Supervision or control and</i> <i>Financial assistance for orderly resolution</i> | Yes*3 | - |

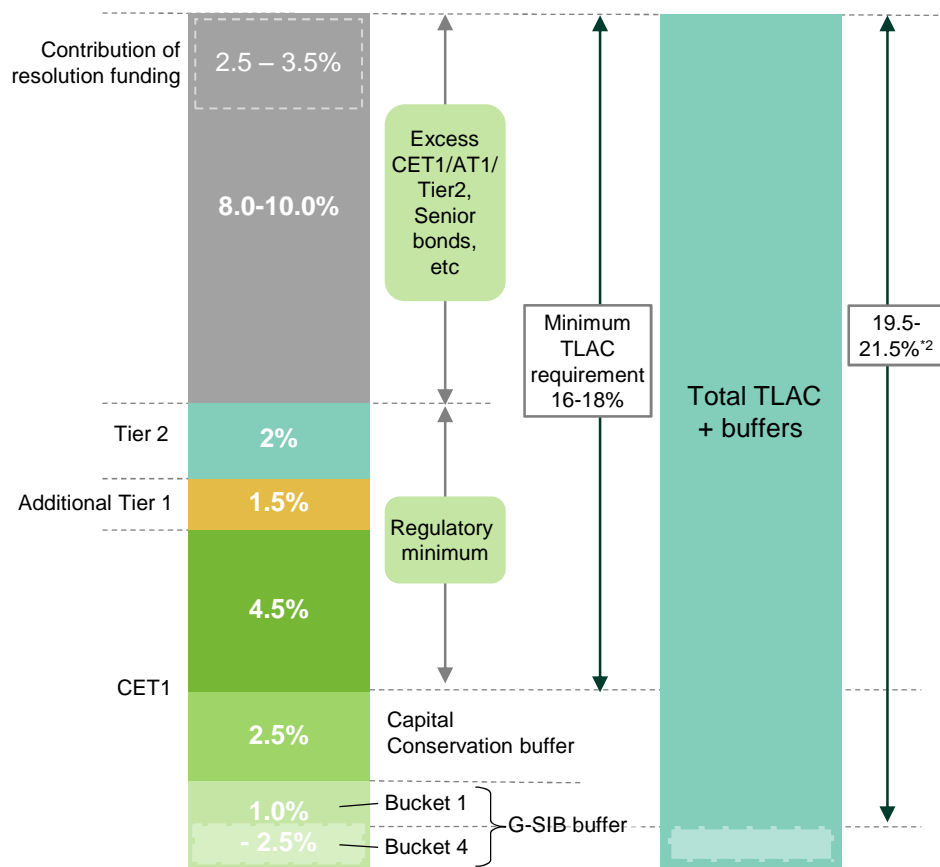
*1 Including the likelihood of a suspension of payment of deposits

*2 Including the likelihood of a suspension of payment or negative net worth

*3 Specified in Q&A published by FSA on March 6, 2014

TLAC requirements for G-SIBs*1

Illustrative TLAC requirement



Highlights of TLAC requirement

Minimum external TLAC requirements

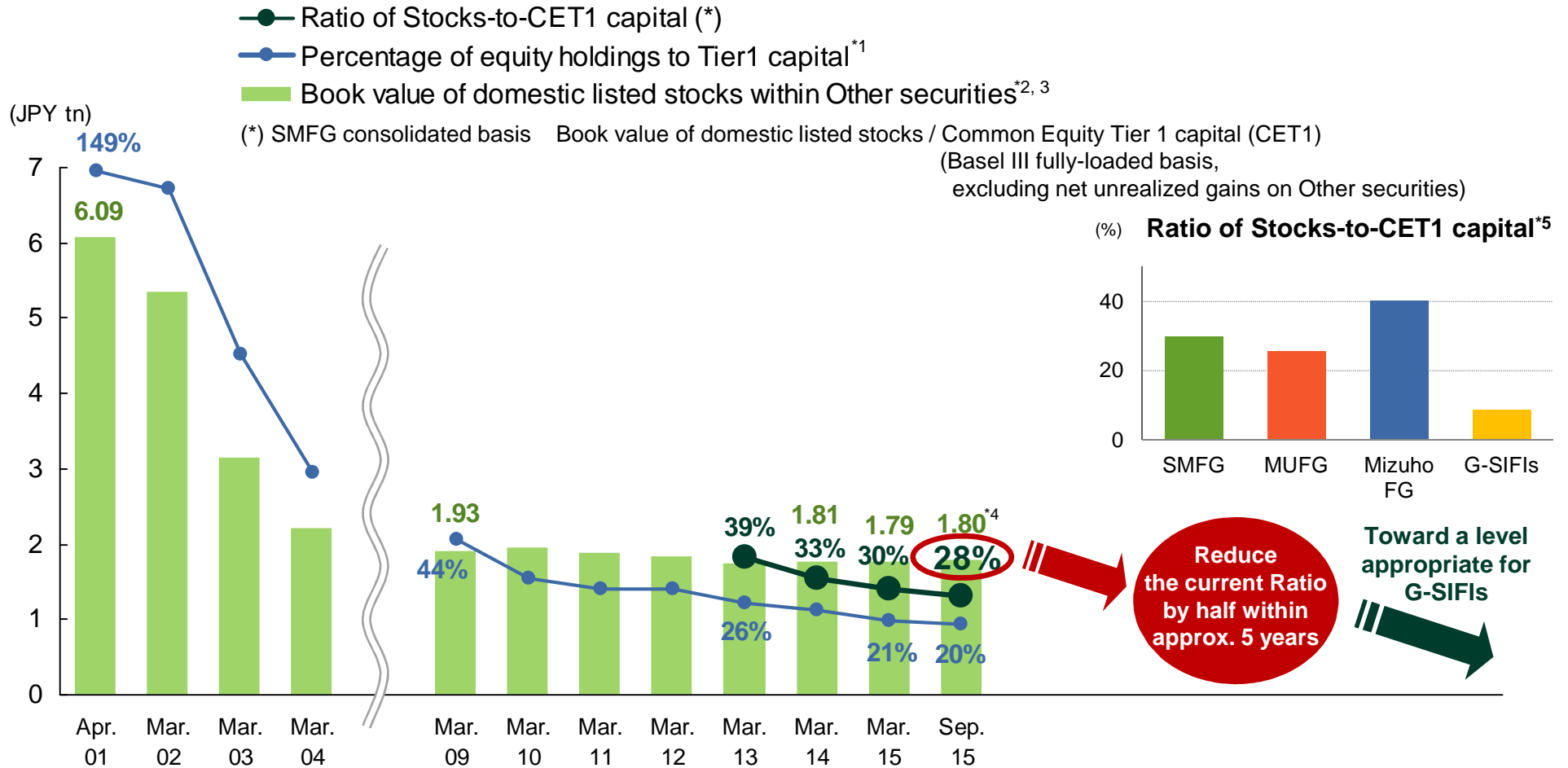
| | Jan. 2019 - Dec. 2021 | After Jan. 2022 |
|----------------------------------|-----------------------|-----------------|
| Risk weighted assets (RWA) basis | 16% | 18% |
| [Incl. buffers] | [19.5%] | [21.5%] |
| Leverage ratio denominator basis | 6% | 6.75% |

Instruments eligible for external TLAC

- Items that satisfy regulatory capital requirements, with certain exceptions such as non-controlling interests included in AT1/T2 after Jan. 2022
- Certain unsecured liabilities that are subordinated to excluded liabilities such as insured deposits (senior notes issued by a holding company which does not have any excluded liabilities on its balance sheet, etc.)
- An access to credible ex-ante commitments to recapitalize a G-SIB in resolution may count towards a firm's TLAC as 2.5% of RWA by Dec. 2021 and 3.5% of RWA after Jan. 2022. Japanese deposit insurance system is reported as such*3

Reduction of strategic shareholdings

Transition of strategic shareholdings outstanding (SMFG consolidated basis)



*1 Ratio against SMFG consolidated Tier 1 Capital (ratio against SMBC consolidated Tier 1 Capital until end of Mar. 2002. Ratio against Basel III fully-loaded SMFG consolidated Tier 1 capital from end of Mar. 2013) *2 SMBC consolidated basis until Mar. 2002 *3 Same meaning as acquisition cost

*4 Diminishes after deducting increase in book value from the termination of hedge transactions

*5 For 3 Japanese banks, ratio of book value of domestic listed stocks to CET1 excluding net unrealized gains on other securities, as of end of Mar. 2015. CET1 is based on our estimation of Basel III fully-loaded basis, pro forma. For G-SIFIs, an average of 21 banks' ratio of AFS equity (MTM)-to-CET1 capital (transitional basis) as of the end of Dec. 2014. 21 banks are determined as excluding 3 Japanese banks and 6 banks with insufficient data on equity holdings (BNP, GS, ABC, BPCE, ACA, ICBC) out of 30 G-SIFIs

Governance regarding strategic shareholdings

Basic policy regarding strategic shareholdings

(“Corporate governance report” announced on July 2015)

- In principle, SMFG does not hold the shares of other listed companies. This is in order to help maintain our standards as a globally operating financial institution and respond proactively to global regulation
- We determine “the rationale to hold” with comprehensive consideration based on the profitability, the objectives to hold, and other relevant factors for the medium to long term

- **Continuously implement reduction of strategic shareholdings in order to achieve an appropriate level as one of the G-SIFIs**
- **Examine annually the rationale for holding strategic shares of our main strategic share counterparties at the Board of Director’s meeting**
 - ✓ Have constructive dialogue with counterparties that lack profitability in order to improve overall profitability. If there is no rationale to hold the shares such as when there is no prospect for improvement in profitability, we will sell the shares
 - ✓ Begin dialogue to reduce strategic shareholdings even with counterparties that have the rationale to hold strategic shares, in order to mitigate the risk from stock price fluctuations

Deliberating the rationale for holding strategic shares

- Completed examining the rationale to hold major strategic shareholdings at the Board of Director’s meeting

- Profitability is verified by two measures: RARORA and RAROA

➤ **RARORA** (Risk Adjusted Return on Risk-weighted Asset)

Profit after excluding expense, credit cost, shareholding cost / Credit RWA + Stock book-value RWA
Taking into account the impact of RWA due to tightening of regulation

➤ **RAROA** (Risk Adjusted Return on Asset)

Profit after excluding expense, credit cost, shareholding cost / Total credit exposure + Total equity investments outstanding

- Profitability is also measured against risk-weighted capital (**RAROC**), but currently used as a referential measure because it lacks stability to use as an operational indicator since risk-weighted capital may increase or decrease from volatility of stock price

Corporate governance

No. of directors and corporate auditors (SMFG)

| | | FY3/15 | | |
|--------------------|-------------|--------|-----------|----|
| Directors | | 13 | June 2015 | 13 |
| | o/w outside | 3 | | 5 |
| Corporate Auditors | | 6 | | 6 |
| | o/w outside | 3 | | 3 |

More than one-third of SMFG's directors are outside directors

Outside directors and corporate auditors (SMFG)

| | Directors | Corporate Auditors |
|--------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Directors | ● Mr. Yoshinori Yokoyama (Project Professor at The University of Tokyo) | |
| | ● Mr. Kuniaki Nomura (Attorney at Law) | |
| | ● Mr. Arthur M. Mitchell (Attorney at Law admitted in New York) New | |
| | ● Mr. Masaharu Kohno (Previous Ambassador of Japan to the Republic of Italy) New | |
| | ● Ms. Eiko Sakurai (Chairman and CEO of Dow Corning Toray, Ltd.) New | |
| Corporate Auditors | | ● Mr. Ikuo Uno (Executive advisor to the Board of Nippon Life Insurance Company) |
| | | ● Mr. Satoshi Itoh (Certified Public Accountant) |
| | | ● Mr. Rokuro Tsuruta (Attorney at Law) |

Newly appointed outside directors



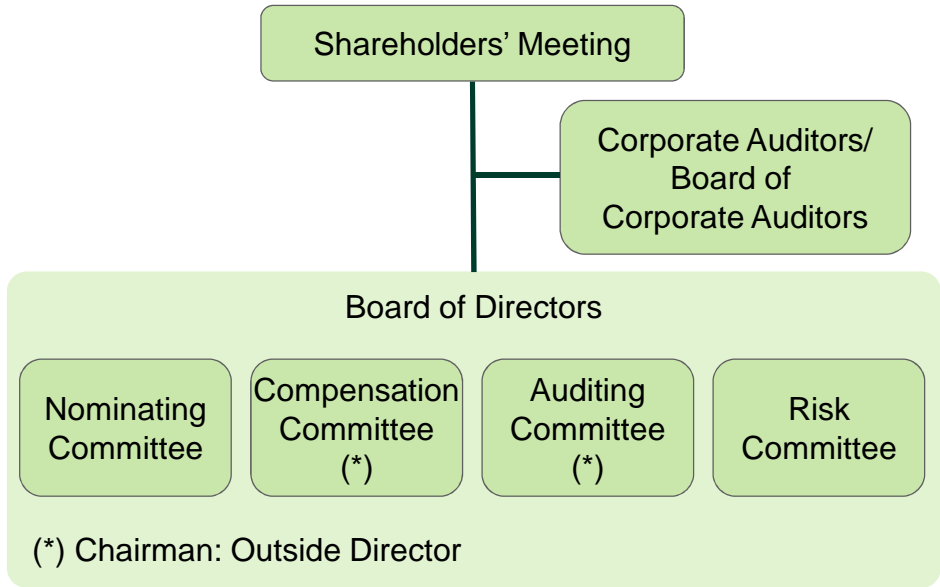
Mr. Arthur M. Mitchell
(Attorney at Law admitted in New York)



Mr. Masaharu Kohno
(Previous Ambassador of Japan to the Republic of Italy)



Ms. Eiko Sakurai
(Chairman and CEO of Dow Corning Toray, Ltd.)



CSR (Corporate Social Responsibility)

In order to fulfill our role as a global financial group that supports the sustainable growth of society, we will promote initiatives on CSR activities that focus on the topics of “Environment”, “Next Generation”, and “Community”

Environment

- Reduce environmental impact
- Manage environmental risks
- Promote environmental businesses
- Engage in environmental conservation activity etc.

- Exhibit our “Eco-products”
- Proactive in “SMFG Clean-up” (clean-up activities at rivers and seashores)
- Issued green bond



Exhibition of our “Eco-products”

Next Generation

- Contribute to improvement of financial literacy
- Cultivate our human resources in emerging countries
- Promote workforce diversity
- Establish a better work-life balance etc.

- Establish “Rising Square”
- Implement CSR activities in Indonesia and Myanmar



“Rising Square” (SMBC East Tower)

Community

- Support the restoration efforts for the Great East Japan Earthquake
- Contribute to community-based activities in many areas led by executive and employee volunteers
- Help those who are suffering from cognitive impairment etc.

- Volunteer efforts for disaster-stricken areas
- Nurture individuals who are “cognitive impairment supporters”
- Contribute to community at home and abroad



Visit to Miyagi Prefecture’s temporary housing facility (supporting restoration)

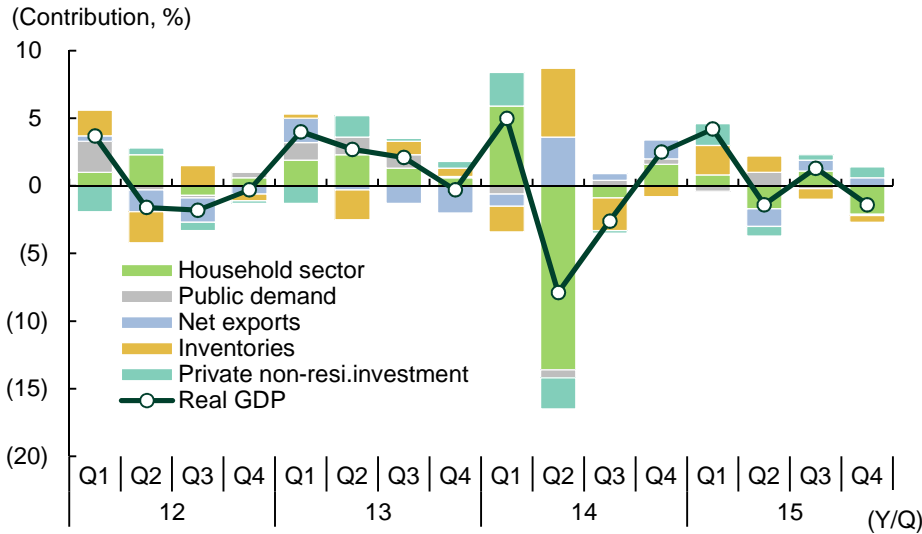
Credit ratings of G-SIBs (Moody's)*

| | Apr. 2001 | Jul. 2007 | Jan. 2016 |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Aaa | | <ul style="list-style-type: none"> Bank of America Bank of New York Mellon Citibank JPMorgan Chase Bank Royal Bank of Scotland UBS Wells Fargo Bank | |
| Aa1 | <ul style="list-style-type: none"> Bank of America Crédit Agricole Wells Fargo Bank UBS | <ul style="list-style-type: none"> Banco Santander Barclays Bank BNP Paribas Crédit Agricole Credit Suisse Deutsche Bank HSBC Bank ING Bank Nordea Bank Société Générale State Street Bank & Trust | |
| Aa2 | <ul style="list-style-type: none"> Bank of New York Mellon Barclays Bank Citibank HSBC Bank ING Bank JPMorgan Chase Bank Royal Bank of Scotland State Street Bank & Trust | <ul style="list-style-type: none"> SMBC BPCE(Banque Populaire) BTMU Mizuho Bank UniCredit | <ul style="list-style-type: none"> Bank of New York Mellon HSBC Bank Standard Chartered Wells Fargo Bank |
| Aa3 | <ul style="list-style-type: none"> Banco Santander BNP Paribas BPCE(Banque Populaire) Deutsche Bank Société Générale UniCredit | <ul style="list-style-type: none"> Goldman Sachs Bank Morgan Stanley Bank | <ul style="list-style-type: none"> JPMorgan Chase Bank Nordea Bank |
| A1 | <ul style="list-style-type: none"> Credit Suisse | <ul style="list-style-type: none"> Agricultural Bank of China Bank of China ICBC | <ul style="list-style-type: none"> SMBC Agricultural Bank of China Bank of America Bank of China BNP Paribas BTMU China Construction Bank Citibank Goldman Sachs Bank ICBC ING Bank Mizuho Bank Morgan Stanley Bank State Street Bank & Trust UBS |
| A2 | <ul style="list-style-type: none"> BTMU Standard Chartered | <ul style="list-style-type: none"> China Construction Bank Standard Chartered | <ul style="list-style-type: none"> Barclays Bank BPCE(Banque Populaire) Crédit Agricole Credit Suisse Société Générale |
| A3 | <ul style="list-style-type: none"> SMBC Mizuho Bank | | <ul style="list-style-type: none"> Banco Santander Royal Bank of Scotland |
| Baa1 | <ul style="list-style-type: none"> Agricultural Bank of China Bank of China China Construction Bank ICBC | | <ul style="list-style-type: none"> Deutsche Bank UniCredit |

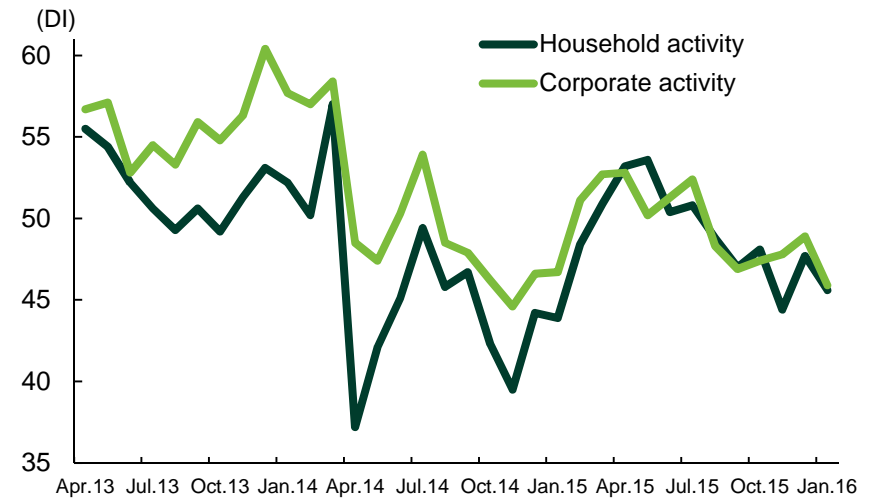
* Long-term issuer ratings (if not available, long-term deposit ratings) of operating banks

Current Japanese economy

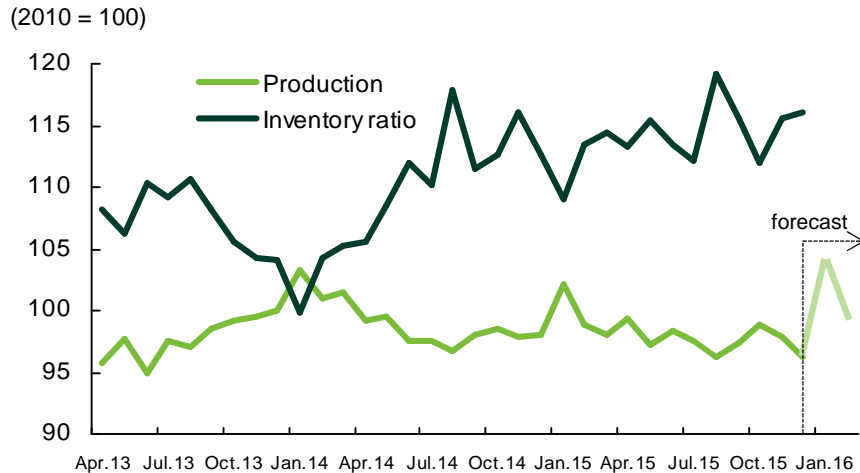
Real GDP growth rate (annualized QOQ change)*1



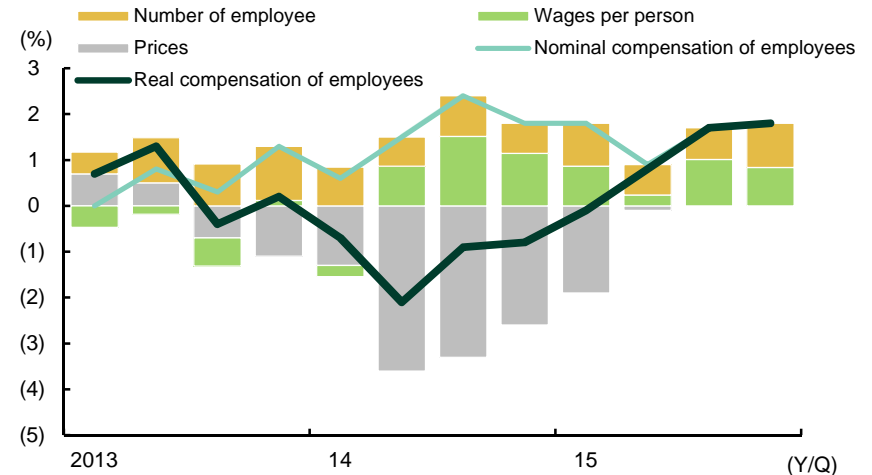
Economy watchers survey*2



Indices of industrial production*3



Real compensation of employees*4



*1 Source: Cabinet Office. Seasonally adjusted series. Household sector
Inventories = Change in private and public inventory, Public demand :

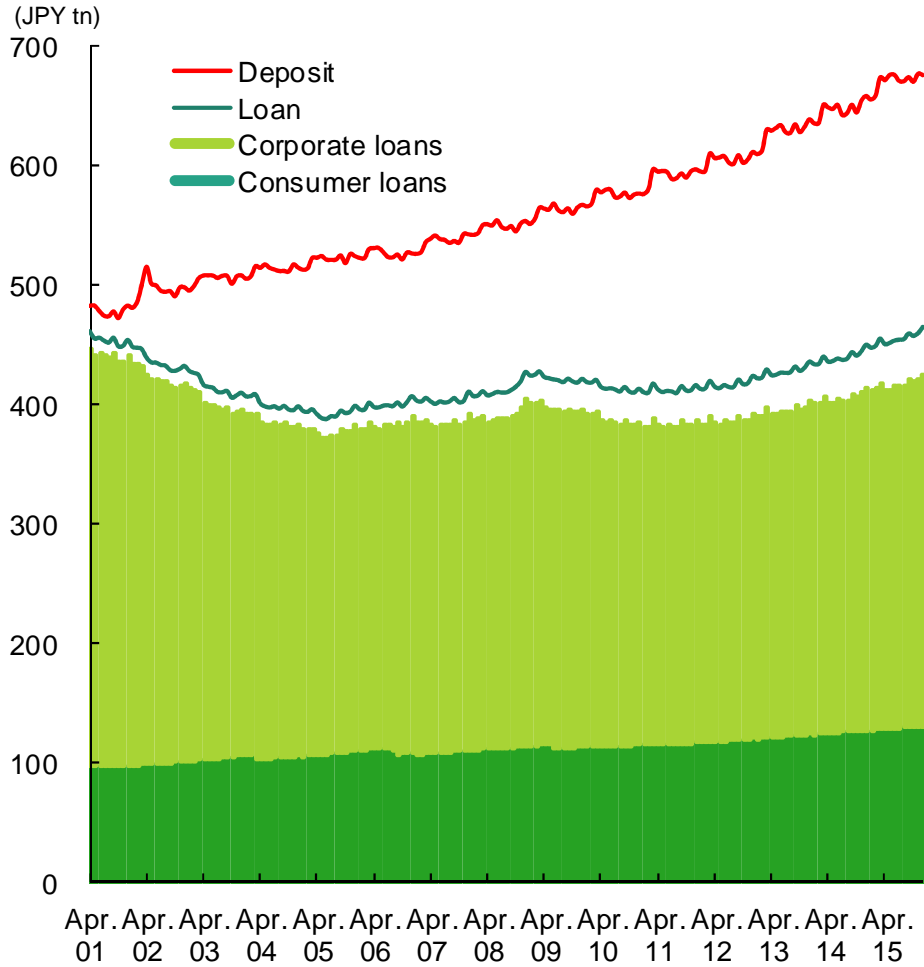
*2 Source: Cabinet Office. Diffusion index for current economic condition...

*3 Source: Ministry of Economy, Trade and Industry. Seasonally adjusted indices. In Jan. and Feb. 2016, based on the indices of production forecast

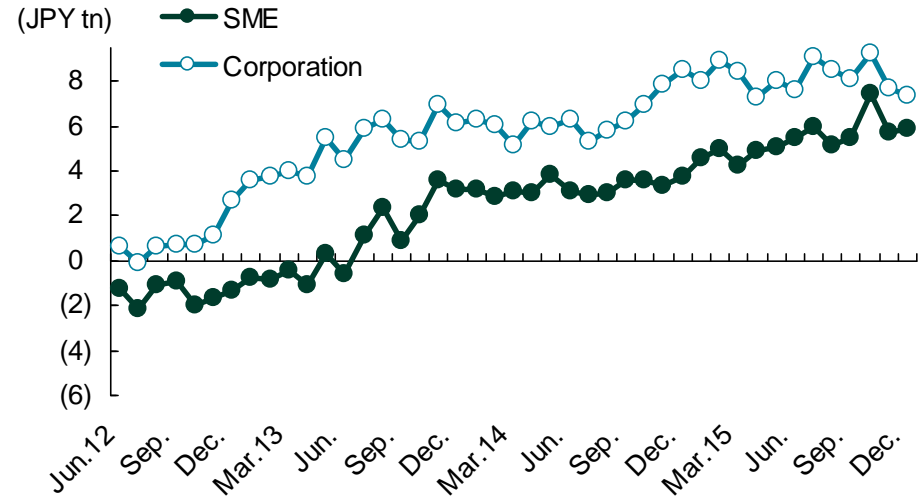
*4 Source: Cabinet Office and Ministry of Internal Affairs and Communications

Trends of loan and deposit balance in Japan*1

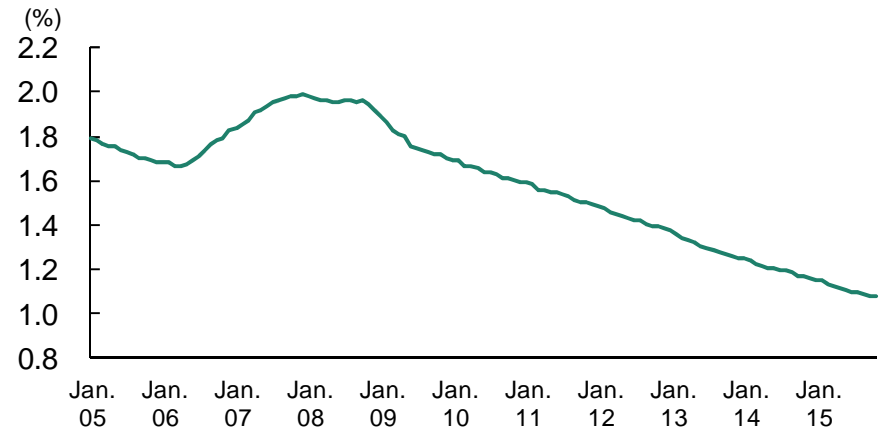
Loan and deposit balance of domestic banks



YoY increase/decrease of loan balance*2



Average loan spread of domestic banks*3



*1 Source: Bank of Japan "Deposits and Loans Market"

*2 Period end balance *3 Stock basis

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate”, “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: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; exposure to new risks as we expand the scope of our business; and incurrence of significant credit-related costs. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

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