

# Overview of 1H, FY3/2017 performance

Nov. 14, 2016

**Sumitomo Mitsui Financial Group, Inc.**

# 1H, FY3/2017 summary

- Consolidated profit attributable to owners of parent exceeded the target announced in May by JPY 39.2 bn, reaching 51% of the full-year target
  - Consolidated gross profit was down mainly due to yen appreciation and weak performance of the Retail Banking Unit and SMBC Nikko Securities
  - Expenses and credit costs were lower than the original targets
- Full-year target of consolidated profit attributable to owners of parent and dividend per share remain unchanged

(JPY bn)	1H, FY3/17 results	Change from May target	YOY change	FY3/2017 Target
<b>Profit attributable to owners of parent</b>	359.2	+39.2	(28.9)	700

## Per share information (SMFG consolidated)

(JPY/Share)	1H, FY3/17 results	YOY change	FY3/17 targets
<b>Profit attributable to owners of parent</b>	262.72	(21.17)	511.99
<b>Dividend</b>	75	± 0	150

(JPY/Share)	Sep. 30, 2016	Change from Mar. 31, 2016
<b>Net assets</b>	6,526.48	+6.88

## Financial targets and progress of the medium-term management plan

		FY3/16	1H, FY3/17	FY3/17 targets
Growth	Growth rate of Consolidated gross profit <sup>*1</sup>	+0.2%	(2.2)% <sup>*2</sup>	around +15%
	Consolidated ROE	8.9%	9.4% <sup>*2</sup>	around 10%
Profitability	Consolidated net income RORA	0.97%	1.10% <sup>*2</sup>	around 1%
	Consolidated overhead ratio	59.4%	62.2%	in the mid 50%
Soundness	Common Equity Tier 1 capital ratio <sup>*3</sup>	11.9%	11.9%	around 10%

## 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+

\*1 Consolidated gross profit increase in comparison with FY3/14 figure \*2 Annualized

\*3 Basel III fully-loaded basis. Based on the definition applicable for March 31, 2019

# 1H, FY3/2017 financial results

## Income statement

		(JPY bn)	1H, FY3/17	Change from May targets	YOY change	FY3/17 targets*5
SMFG consolidated	Consolidated gross profit	USD 14.0 bn <sup>*1</sup>	1,417.5	(52.5)	(95.3)	2,905
	Variance*2		503.4	(76.6)	(206.3)	1,265
	General and administrative expenses		(882.0)		(29.8)	
	Equity in gains (losses) of affiliates		12.7		+56.1	
	Consolidated net business profit		548.1		(69.0)	
	Total credit cost		(54.8)	+40.2	(30.6)	(180)
	Ordinary profit	USD 5.1 bn <sup>*1</sup>	514.3	+34.3	(117.6)	960
	Variance*2		34.0	(16.0)	(182.9)	220
	Extraordinary gains (losses)		26.8		+27.8	
	Profit attributable to owners of parent	USD 3.6 bn <sup>*1</sup>	359.2	+39.2	(28.9)	700
Variance*2		(38.9)	+1.1	(141.8)	100	
SMBC non-consolidated	Gross banking profit	USD 9.0 bn <sup>*1</sup>	914.0	+24.0	+111.0	1,640
	Expenses*3		(402.0)	+8.0	(3.2)	(815)
	Banking profit*4	USD 5.1 bn <sup>*1</sup>	512.0	+32.0	+107.9	825
	Total credit cost		8.0	+38.0	(19.6)	(50)
	Gains (losses) on stocks		15.1		+14.0	
	Ordinary profit	USD 4.8 bn <sup>*1</sup>	480.3	+50.3	+65.3	740
	Net income	USD 3.9 bn <sup>*1</sup>	398.1	+38.1	+112.8	600

## Contribution of subsidiaries to SMFG's Gross profit

	(JPY bn)	1H, FY3/17	YOY change
SMBC Nikko Securities		150	(13)
SMBC Consumer Finance		121	+6
Sumitomo Mitsui Card		105	+4
Cedyna		85	+2
Sumitomo Mitsui Finance and Leasing		79	+7
SMBC Friend Securities		20	(2)
SMBC Trust Bank		16	+14

Includes JPY 29.3 bn of gains on step acquisitions recorded through consolidation of SMAM<sup>\*6</sup>

Includes JPY 200 bn of dividends from SMBC Nikko (eliminated in SMFG consolidated figures)

## Contribution of subsidiaries to SMFG's Net income

	(JPY bn)	1H, FY3/17	YOY change
SMBC Nikko Securities		21	(5)
SMBC Consumer Finance		28	+1
Sumitomo Mitsui Card		5	(3)
Cedyna		15	+1
Sumitomo Mitsui Finance and Leasing		16	+2
SMBC Friend Securities		1	(1)
SMBC Trust Bank		(9)	(7)
The Bank of East Asia		5	(4)

\*1 Translated into USD at period-end exchange rate of USD 1 = JPY 101.05 \*2 SMFG consolidated figures minus SMBC non-consolidated figures

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

\*5 Revised assumptions for earnings targets from USD 1 = JPY 110 and EUR 1 = JPY 125 to USD 1 = JPY 100 and EUR 1 = JPY 110

\*6 Sumitomo Mitsui Asset Management

# Breakdown of gross profit

## SMFG's consolidated gross profit

(JPY bn)	1H, FY3/16	FY3/16	1H, FY3/17	YOY change
<b>SMFG's consolidated gross profit*1</b>	1,512.7	2,904.0	1,417.5	(95.3)
of which:				
<b>Net interest income</b>	782.7	1,422.9	660.6	(122.2)
of which:				
SMBC	571.9	1,023.6	639.9	+68.0
<b>Net fees and commissions</b>	492.9	1,003.8	464.1	(28.8)
of which:				
SMBC	163.9	358.6	151.9	(12.0)
SMBC Nikko Securities	92.0	165.0	77.0	(14.0)
<b>Net trading income + Net other operating income</b>	235.7	473.5	291.1	+55.5
of which:				
SMBC	66.3	149.6	121.4	+55.0

## Domestic loan-to-deposit spread\*2

(%)	1H, FY3/17	YOY change	Apr. - Jun.	Jul. - Sep.
Interest earned on loans and bills discounted	1.09	(0.15)	1.13	1.05
Interest paid on deposits, etc.	0.01	(0.02)	0.01	0.01
<b>Loan-to-deposit spread</b>	1.08	(0.13)	1.12	1.04
(Ref) Excludes loans to the Japanese government, etc.				
Interest earned on loans and bills discounted	1.13	(0.11)	1.15	1.12
<b>Loan-to-deposit spread</b>	1.12	(0.09)	1.14	1.11

## Average loan balance and spread\*3

(JPY tn, %)	Balance		Spread	
	1H, FY3/17	YOY change*8	1H, FY3/17	YOY change
<b>Domestic loans*2</b>	50.8	+2.6	0.85	(0.06)
of which:				
Large corporations*4	14.1	+0.5	0.58	+0.00
Mid-sized corporations & SMEs*5	16.5	+0.3	0.77	(0.08)
Individuals	14.2	(0.1)	1.51	(0.02)
<b>IBU's interest earning assets*6,7 (USD bn, %)</b>	239.4	+17.8	1.21	+0.01

## Reference: SMBC's gross banking profit of marketing units\*3

(JPY bn)	FY3/16	1H, FY3/17	YOY change*8
Loan syndication	45.6	19.7	+2.8
Structured finance	26.5	20.4	+11.6
Asset finance*9	16.7	9.0	+1.5
Sale of derivative products	26.4	11.2	+1.1
<b>Income related to domestic corporate business</b>	115.2	60.3	+17.0
Investment trusts	25.7	9.6	(5.6)
Pension-type insurance	10.9	2.8	(2.0)
Single premium type permanent life insurance	20.3	2.3	(8.3)
Level premium insurance	6.9	3.1	(0.1)
<b>Income related to domestic consumer business</b>	63.8	17.8	(16.0)
of which:			
Money remittance, electronic banking	92.6	46.4	(0.1)
Foreign exchange	52.2	26.6	+0.5
<b>Domestic Non-interest income</b>	316.0	146.5	+7.9
of which:			
IBU's loan related income	72.7	28.3	(2.5)
<b>IBU's Non-interest income</b>	130.6	55.4	(3.0)
<b>Non-interest income</b>	446.6	201.9	+4.9
of which:			
Income on domestic loans	421.2	211.7	(4.1)
Income on domestic yen deposits	98.7	32.7	(1.3)
IBU's interest related income	225.4	92.8	+0.9
<b>Interest income</b>	827.5	373.1	(6.4)
<b>SMBC's gross banking profit of Marketing units</b>	1,274.1	575.0	(1.5)

\*1 In round numbers excl. SMBC \*2 SMBC non-consolidated \*3 Managerial accounting basis

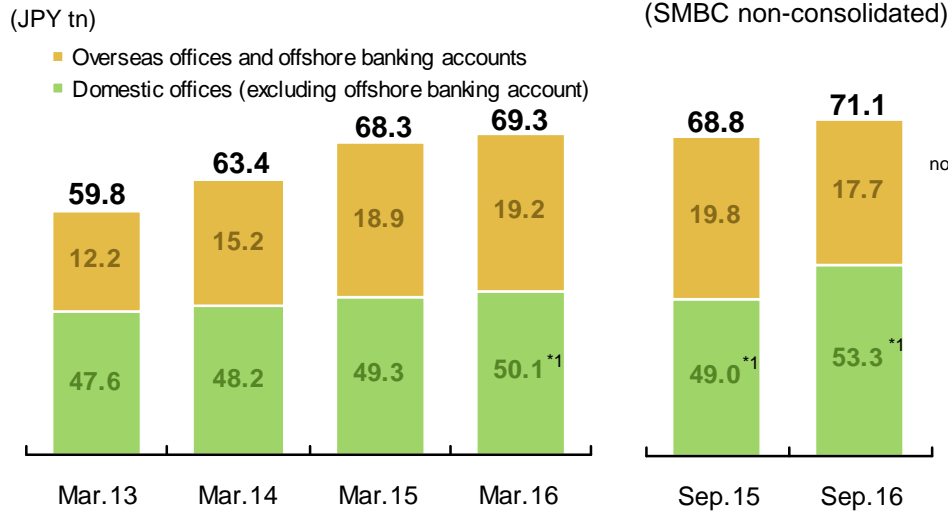
\*4 Global Corporate Banking Division \*5 Sum of Corporate Banking Division and Small and Medium Enterprise Banking Division

\*6 Sum of SMBC, SMBC Europe and SMBC (China) \*7 Sum of loans, trade bills, and securities

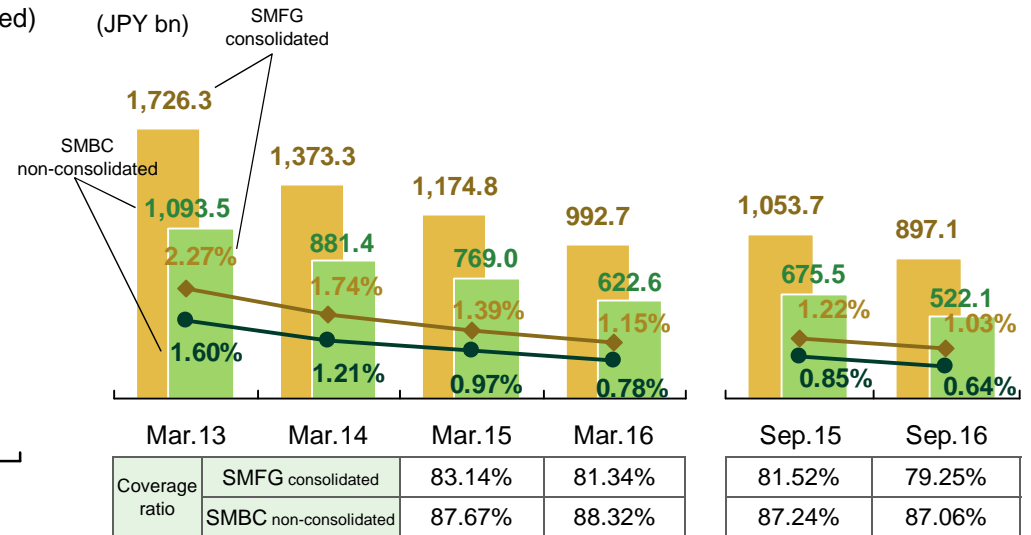
\*8 After adjustments for interest rates and exchange rates, etc. \*9 Profit from real estate finance, securitization of monetary claims, etc.

# Trends in key figures

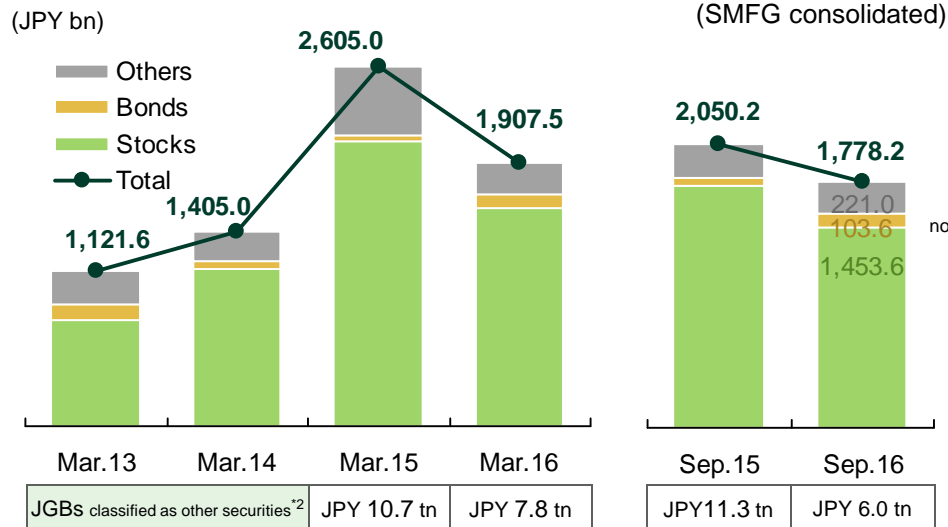
## Loan balance



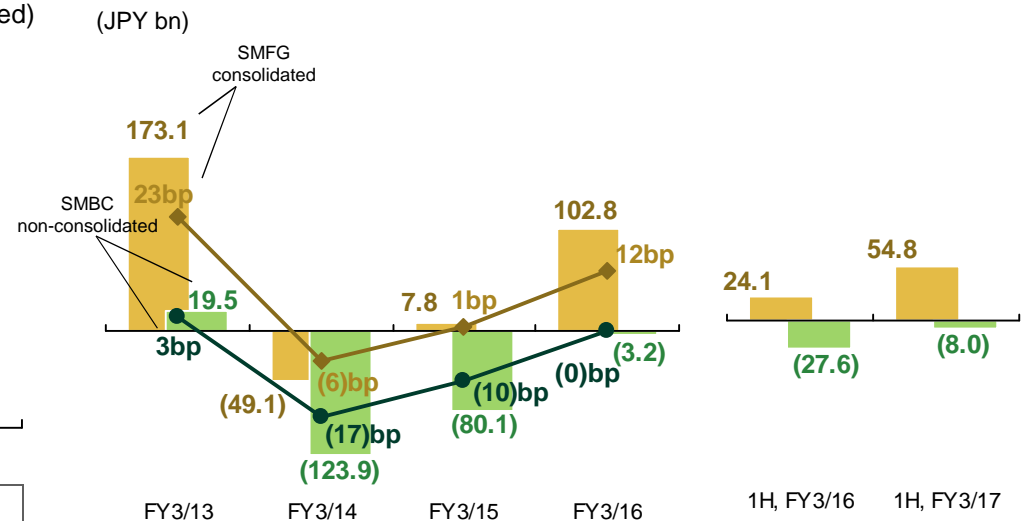
## NPLs and NPL ratio<sup>\*3</sup>



## Unrealized gains (losses) on other securities



## Total credit cost and Total credit cost ratio<sup>\*4</sup>



\*1 Of which loans to the Japanese government, etc. and SMFG: Sep. 15: JPY 1.2 tn; Mar. 16: JPY 1.3 tn; Sep. 16: JPY 4.6 tn

\*2 SMBC non-consolidated basis. Balance sheet amount

\*3 NPL ratio = NPLs based on the Financial Reconstruction Act (excludes normal assets) / Total claims

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

# Performance by business unit and subsidiary\*1

		(JPY bn)	1H, FY3/16	FY3/16	1H, FY3/17	YOY change <sup>2</sup>
of which	<b>Wholesale Banking Unit</b>	Gross profit	343.4	721.2	342.0	+13.7
		Expenses	(147.6)	(299.4)	(144.2)	(0.2)
		<b>Net business profit</b>	195.8	421.8	197.8	+13.5
	<b>Retail Banking Unit</b>	Gross profit	235.6	481.5	224.8	(9.1)
		Expenses	(188.2)	(383.2)	(190.8)	(2.1)
		<b>Net business profit</b>	47.4	98.3	34.0	(11.2)
	<b>International Banking Unit</b>	Gross profit	325.4	644.8	276.2	+6.7
		Expenses	(124.9)	(246.9)	(113.3)	(5.3)
		<b>Net business profit</b>	200.5	397.9	162.9	+1.4
	<b>Marketing units</b>	Gross profit	904.4	1,847.5	843.0	+11.3
		Expenses	(460.7)	(929.5)	(448.3)	(7.6)
		<b>Net business profit</b>	443.7	918.0	394.7	+3.7
	<b>Treasury Unit</b>	Gross profit	239.0	325.6	178.2	(62.1)
		Expenses	(19.4)	(38.8)	(17.5)	+1.2
		<b>Net business profit</b>	219.6	286.8	160.7	(60.9)
	<b>Sumitomo Mitsui Finance and Leasing</b>	of which Gross profit	71.6	142.8	78.7	+7.1
		of which Expenses	(30.7)	(63.5)	(36.1)	(5.4)
		<b>Net business profit</b>	41.7	80.7	44.1	+2.4
	<b>SMBC Nikko Securities</b>	Gross profit	176.6	318.0	159.2	(14.3)
		Expenses	(132.2)	(257.2)	(127.1)	+3.3
		<b>Net business profit</b>	44.4	60.8	32.1	(11.0)
<b>Consumer finance / Credit card<sup>3</sup></b>	Gross profit	298.4	607.1	311.1	+12.5	
	Expenses	(189.4)	(386.1)	(200.1)	(10.8)	
	<b>Net business profit</b>	109.0	221.0	111.0	+1.7	
<b>Total (SMFG consolidated)</b>	Gross profit	1,512.7	2,904.0	1,417.5	(95.3)	
	Expenses	(852.2)	(1,724.8)	(882.0)	(29.8)	
	Equity in gains (losses) of affiliates	(43.4)	(36.2)	12.7	+56.1	
	<b>Net business profit<sup>4</sup></b>	617.1	1,142.9	548.1	(69.0)	

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

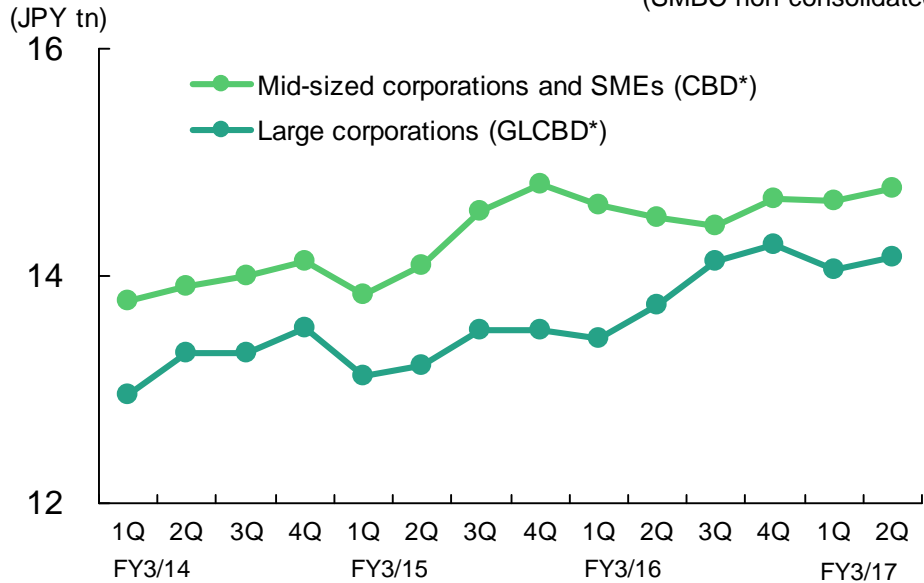
\*3 Sum of Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance

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

# Wholesale business

## Loan balance of Wholesale Banking Unit<sup>\*1, 2</sup>

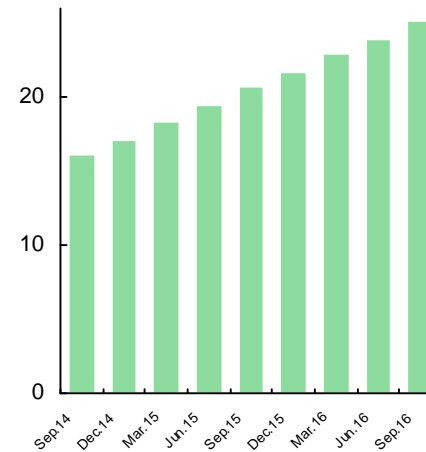
(SMBC non-consolidated)



## Bank-securities collaboration (accumulated no. of cases via referral / intermediary services from SMBC to SMBC Nikko)

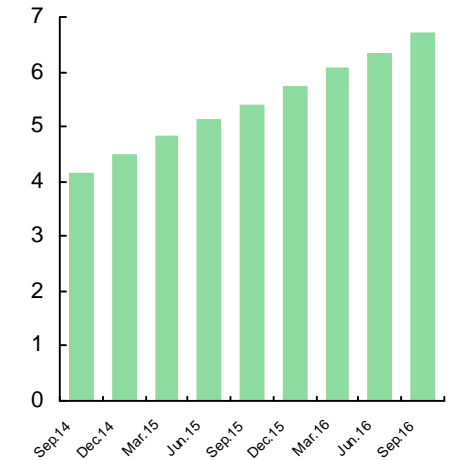
### Asset Management

(Thousand)



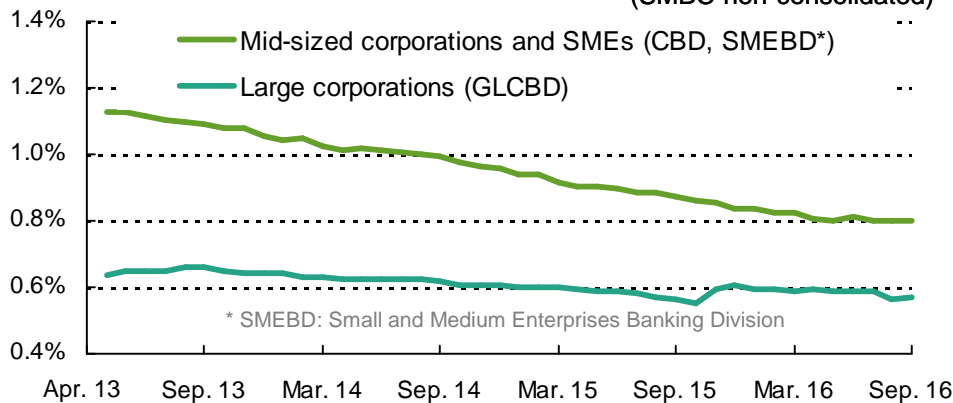
### Investment banking

(Thousand)



## Domestic corporate loan spread<sup>\*1, 3</sup>

(SMBC non-consolidated)



## League tables (Apr. -Sep. 2016)<sup>\*4</sup>

	Rank	Mkt share
<b>Global equity &amp; equity-related (book runner, underwriting amount)<sup>*5, 6</sup></b>	#2	19.3%
<b>JPY denominated bonds (lead manager, underwriting amount)<sup>*5, 7</sup></b>	#3	18.2%
<b>Financial advisor (M&amp;A, No. of deals)<sup>*5, 8</sup></b>	#3	3.5%
<b>IPO (lead manager, No. of deals)<sup>*9</sup></b>	#4	17.1%

● Ranked #1 on market share of Samurai Bond (21.7%)

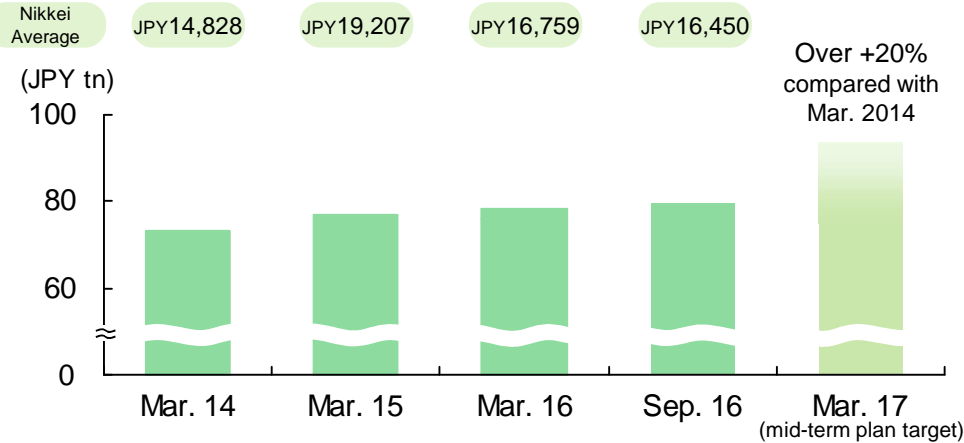
\*1 Managerial accounting basis. Excludes loans to the Japanese government, etc. We revised managerial accounting rules since Apr. 2014. Figures for FY3/14 were recalculated based on the new rules \*2 Quarterly average \*3 Monthly average loan spread of existing loans

\*4 SMBC Nikko Securities for Global equity & equity-related, JPY denominated bonds and IPO. SMFG for Financial advisor \*5 Source: SMBC Nikko, based on data from Thomson Reuters \*6 Japanese corporate related only. Includes overseas offices \*7 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds \*8 Japanese corporate related only. Group basis \*9 Excludes REIT IPO. Source: Thomson Reuters

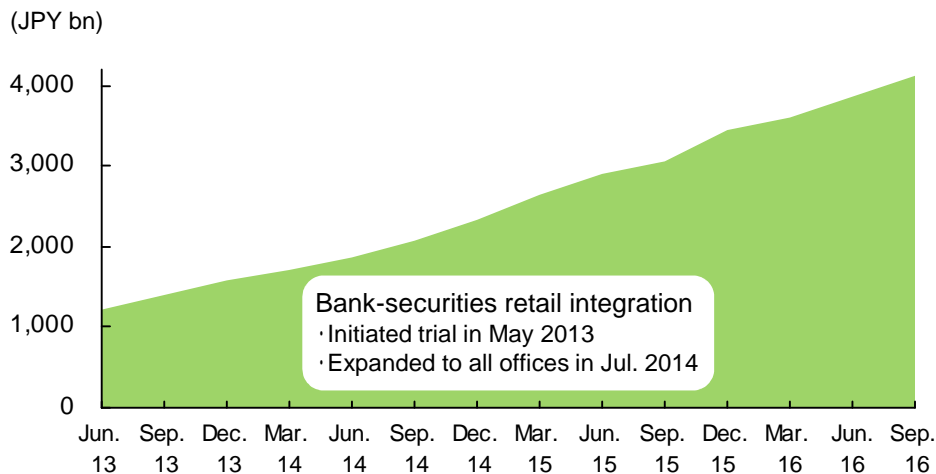
# Retail business / Financial results of SMBC Nikko Securities

## Bank-securities collaboration

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



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

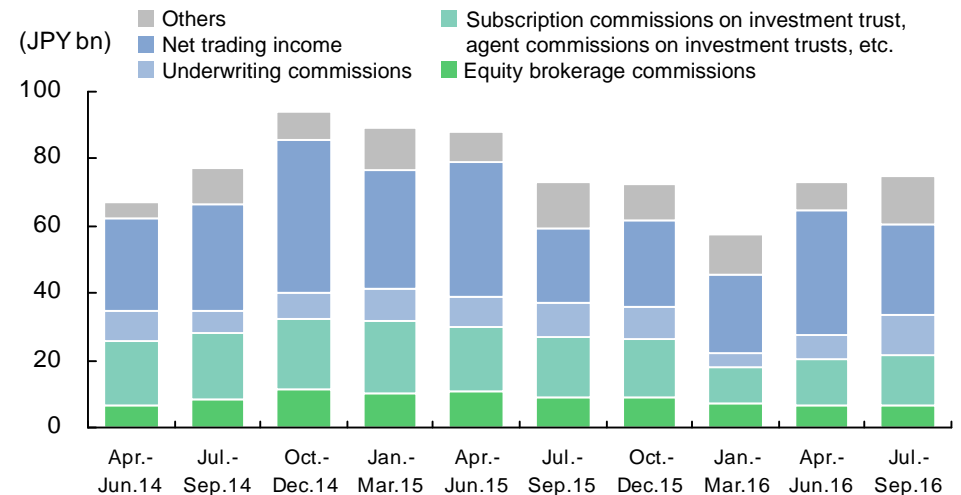


## SMBC Nikko Securities

### Financial results (consolidated)

	(JPY bn)			
	1H, FY3/16	FY3/16	1H, FY3/17	YOY change
Net operating revenue	162.3	292.8	149.1	(13.2)
SG&A expenses	(124.3)	(241.5)	(119.5)	+4.8
Ordinary income*2	40.5	55.8	31.5	(9.0)
Profit attributable to owners of parent*2	29.4	42.1	22.0	(7.4)

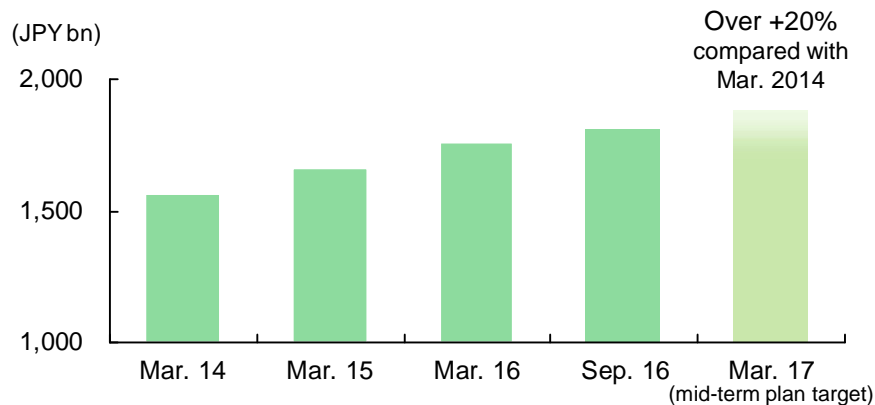
### Net operating revenue





# Consumer finance

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



## Financial results : SMBC Consumer Finance (consolidated)

(JPY bn)	1H, FY3/16	FY3/16	1H, FY3/17	YOY change
<b>Operating income</b>	121.2	245.8	127.0	+5.8
Expenses for loan losses within Expenses	(31.0)	(52.0)	(32.8)	(1.8)
Losses on interest repayments within Expenses	-	(122.0)	-	-
<b>Ordinary profit</b>	29.3	(61.2)	30.5	+1.2
Profit attributable to owners of parent	27.1	(64.8)	28.1	+1.0

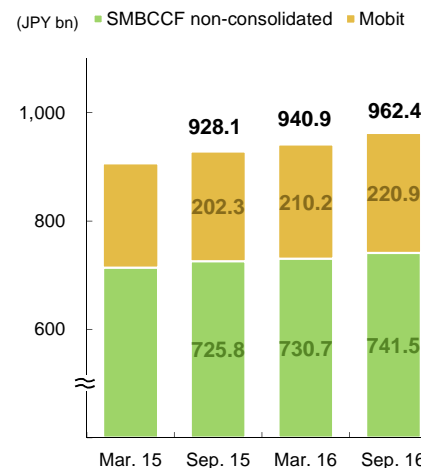
<b>Consumer loans outstanding</b>	1,008.8	1,022.0	1,043.6
<b>Allowance on interest repayments</b>	96.5	188.8	153.4
<b>Loan guarantee</b>	1,006.9	1,079.9	1,154.5
of which: <b>for regional financial institutions, etc.</b>	428.9	474.2	518.8

No. of companies with guarantee agreements:  
189  
(as of Sep. 2016)

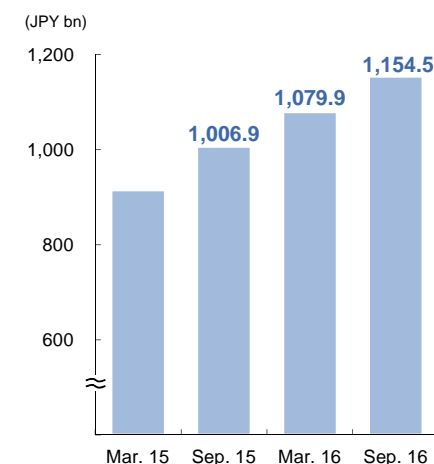
\* Translated into Japanese yen at respective period-end exchange rates

## SMBC Consumer Finance: financing / loan guarantee / overseas businesses

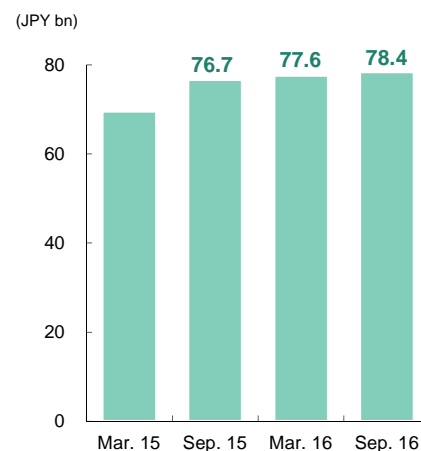
### Consumer loans outstanding (domestic)



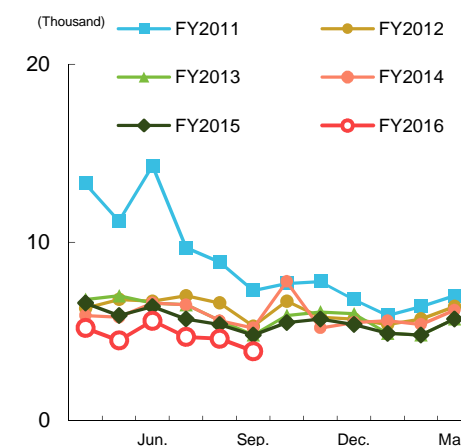
### Loan guarantee amount



### Consumer loans outstanding (overseas)\*

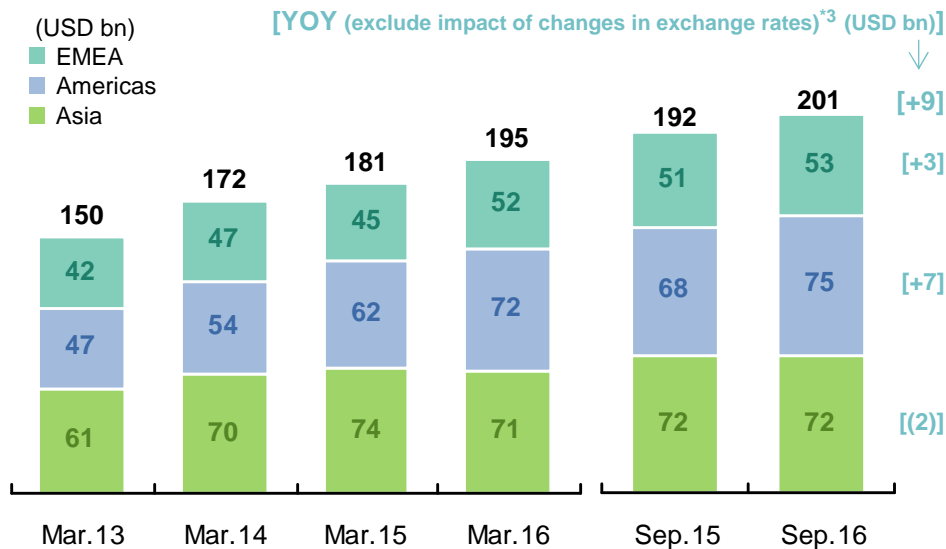


### No. of interest refund claims

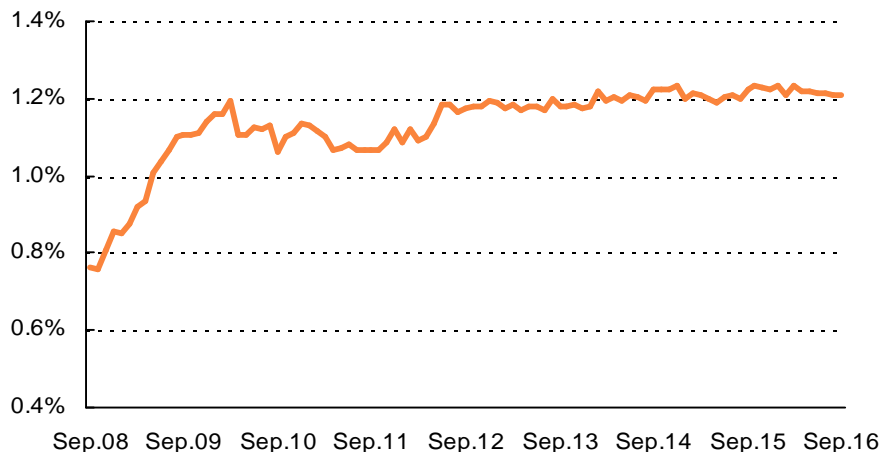


# International business

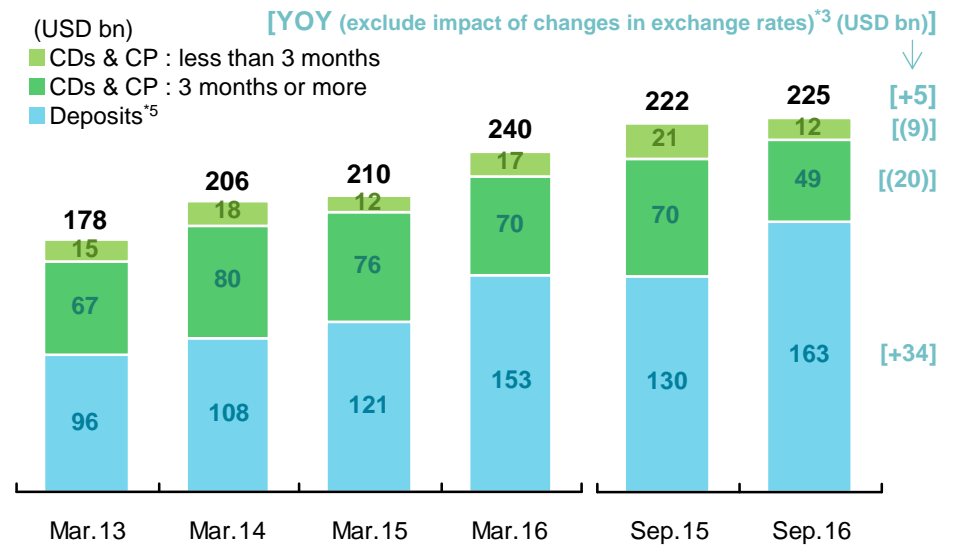
## Overseas loan balance (includes trade bills)<sup>\*1, 2</sup>



## Overseas loan spread<sup>\*1, 4</sup>



## Overseas deposit balance<sup>\*1, 2</sup>



Foreign currency bonds outstanding <sup>*6</sup> (USD bn)	Senior	25.1	32.9	28.3	36.6
	Subordinated	4.7	4.1	4.8	4.1

- SMFG issued senior bonds to meet TLAC requirements: EUR 1.5 bn (Jun. 2016) and USD 12.0 bn (Mar. /Jul. /Oct. 2016)

## Project finance / Loan syndication

League tables (Jan. - Sep. 2016)<sup>\*7</sup>

	Global	Asia <sup>*8</sup>	Japan
Project Finance	#3	#3	
Loan Syndication	#7	#8	#2

\*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China) \*2 Translated into USD at respective period-end exchange rates

\*3 Year-on-year changes exclude impact of changes in local currency / USD

\*4 Monthly average loan spread of existing loans \*5 Includes deposits from central banks \*6 Bonds issued by SMBC and SMFG

\*7 Source: Thomson Reuters (Mandated Arrangers) \*8 Project finance: Asia Pacific. Loan syndication: Asia (excl. Japan)

# Ref: Exposure to resource-related sectors \*1

		(JPY tn)	Mar. 15	Ratio to total exposure	Mar. 16	Ratio to total exposure	Sep. 16	Ratio to total exposure
		Integrated Oil & Gas*2	1.8	1.6%	1.5	1.3%	1.3	1.1%
		Services (Drilling, field services)	0.5	0.4%	0.5	0.4%	0.4	0.4%
		Upstream (E&P*3)	1.5	1.3%	1.7	1.4%	1.4	1.2%
		Midstream (Storage/Transportation)	1.1	1.0%	1.4	1.2%	1.2	1.1%
		Downstream (Refining)	0.7	0.6%	0.7	0.6%	0.6	0.6%
		<b>Oil and gas</b>	<b>5.5</b>	<b>5.0%</b>	<b>5.8</b>	<b>5.0%</b>	<b>5.0</b>	<b>4.4%</b>
		<b>Other resources (Mining)</b>	<b>1.2</b>	<b>1.1%</b>	<b>1.1</b>	<b>1.0%</b>	<b>0.9</b>	<b>0.8%</b>
		<b>Non-Japanese*4 (Resource-related sectors)</b>	<b>6.8</b>	<b>6.1%</b>	<b>6.9</b>	<b>6.0%</b>	<b>6.0</b>	<b>5.2%</b>
		o/w Upstream	0.1	0.1%	0.2	0.2%	0.2	0.2%
		<b>Oil and gas</b>	<b>1.2</b>	<b>1.1%</b>	<b>1.6</b>	<b>1.4%</b>	<b>1.6</b>	<b>1.4%</b>
		<b>Other resources (Mining)</b>	<b>0.2</b>	<b>0.2%</b>	<b>0.2</b>	<b>0.2%</b>	<b>0.2</b>	<b>0.2%</b>
		<b>Japanese (Resource-related sectors)</b>	<b>1.4</b>	<b>1.2%</b>	<b>1.8</b>	<b>1.6%</b>	<b>1.8</b>	<b>1.6%</b>
		<b>Resource-related sectors</b>	<b>8.1</b>	<b>7.3%</b>	<b>8.8</b>	<b>7.6%</b>	<b>7.8</b>	<b>6.8%</b>
		<b>Oil and gas</b>	<b>6.7</b>	<b>6.0%</b>	<b>7.4</b>	<b>6.4%</b>	<b>6.6</b>	<b>5.8%</b>
		<b>Other resources (Mining)</b>	<b>1.4</b>	<b>1.3%</b>	<b>1.3</b>	<b>1.1%</b>	<b>1.2</b>	<b>1.0%</b>
		<b>Non-Japanese*4</b>	<b>38</b>	<b>34.0%</b>	<b>38</b>	<b>32.9%</b>	<b>34</b>	<b>30.0%</b>
		<b>Japanese</b>	<b>73</b>	<b>66.0%</b>	<b>77</b>	<b>67.1%</b>	<b>80</b>	<b>70.0%</b>
		<b>SMFG total exposure</b>	<b>111</b>	<b>100.0%</b>	<b>115</b>	<b>100.0%</b>	<b>114</b>	<b>100.0%</b>

- “Oil and gas” does not include petrochemical; Japanese “Other resources (Mining)” does not include general trading companies
- Non-Japanese (resource-related sectors) : Corporate finance approx. 70%; Project finance approx. 30%
- Japanese (resource-related sectors) : Corporate finance 100%. No NPLs
- Exposure to resource-related sectors excluding project finance which are unaffected by resource prices is JPY 6.7 tn;  
Exposure at default (EAD) to the sectors is JPY 5.9 tn as of Sep. 2016

# Capital and risk-weighted assets, SMFG consolidated

## Capital ratio (transitional basis)

(JPY bn)	Mar. 31, 2016	Sep. 30, 2016 <i>Preliminary</i>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>7,796.5</b>	<b>7,832.7</b>
of which:		
Total stockholders' equity related to common stock	7,351.8	7,608.4
Accumulated other comprehensive income <sup>*1</sup>	875.7	727.3
Regulatory adjustments related to CET1 <sup>*1</sup>	(646.4)	(718.9)
<b>Tier 1 capital</b>	<b>9,031.7</b>	<b>8,934.3</b>
of which:		
Additional Tier 1 capital instruments	300.0	300.0
Eligible Tier 1 capital instruments (grandfathered) <sup>*3</sup>	962.0	928.9
Regulatory adjustments <sup>*1, 2</sup>	(244.9)	(283.1)
<b>Tier 2 capital</b>	<b>2,204.3</b>	<b>2,419.5</b>
of which:		
Tier 2 capital instruments	655.1	883.6
Eligible Tier 2 capital instruments (grandfathered) <sup>*3</sup>	1,220.6	1,165.5
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount <sup>*2</sup>	345.7	322.4
Regulatory adjustments <sup>*1, 2</sup>	(137.1)	(81.9)
<b>Total capital</b>	<b>11,235.9</b>	<b>11,353.9</b>
<b>Risk-weighted assets</b>	<b>66,011.6</b>	<b>65,049.9</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>11.81%</b>	<b>12.04%</b>
<b>Tier 1 capital ratio</b>	<b>13.68%</b>	<b>13.73%</b>
<b>Total capital ratio</b>	<b>17.02%</b>	<b>17.45%</b>

## Common Equity Tier 1 capital ratio (fully-loaded<sup>\*4</sup>, pro forma)

(JPY bn)	Mar. 31, 2016	Sep. 30, 2016
Variance with CET1 on a transitional basis <sup>*5</sup>	104.6	(42.6)
of which:		
Accumulated other comprehensive income	583.8	484.9
of which:		
Net unrealized gains on other securities	539.1	500.0
of which:		
Non-controlling interests (subject to be phased-out)	(48.3)	(48.1)
Regulatory adjustments related to CET1	(430.9)	(479.3)
<b>Common Equity Tier 1 capital</b>	<b>7,901.0</b>	<b>7,790.1</b>
<b>Risk-weighted assets</b>	<b>65,942.8</b>	<b>64,976.8</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>11.9%</b>	<b>11.9%</b>
<b>Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains)</b>	<b>9.9%</b>	<b>10.0%</b>

## Preferred securities which become callable in FY3/17

Issuer / Series	Issue date	Amount outstanding	Dividend rate <sup>*6</sup>	First call date <sup>*7</sup>	Type
SMFG Preferred Capital USD 1 Limited	Dec. 2006	USD 649.1 mn	6.078%	Jan. 2017	Step-up
SMFG Preferred Capital GBP 1 Limited	Dec. 2006	GBP 73.6 mn	6.164%	Jan. 2017	Step-up

## Leverage ratio

(transitional basis, preliminary)

(JPY bn)	Sep. 30, 2016
<b>Leverage ratio</b>	<b>4.71%</b>
Leverage exposure	189,341.6

## LCR

(transitional basis)

Average Jul. – Sep. 2016
<b>118.7%</b>

\*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 60% of the original amounts are included \*2 60% phase-out is reflected in the figures \*3 Cap is 60% \*4 Based on the Mar. 31, 2019 definition  
 \*5 Each figure represents 40% 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

# Topics in 1H, FY3/2017

## Domestic business

### Wholesale business

- Promoted initiatives to increase loans and to secure margins (financing for MBO/LBO and restructuring, hybrid finance, etc.)
- Expanded the bank-securities dual-role department of SMBC and SMBC Nikko Securities (Oct. 2016)
- Increased members of the cross-industry Triple I consortium which supports commercialization of technology and business ideas and makes policy recommendations
- Became the first bank to establish an agricultural corporate entity, which contributes to the vitalization of agriculture and the local regions

### Retail business



- SMBC Nikko Securities and SMBC Friend Securities executed a merger agreement. SMFG consolidates Sumitomo Mitsui Asset Management
- SMBC ranked 1<sup>st</sup> overall in the 12<sup>th</sup> Annual Retail Banking Survey<sup>\*1</sup>(Oct. 2016). SMBC Nikko Securities receives the Best Customer Support of The Year 2016<sup>\*2</sup>. SMBC Consumer Finance becomes the first company in the nonbank sector to obtain the certificate for COPC® CSP<sup>\*3</sup> for the fourth consecutive year
- Introduced new services utilizing smartphones (e.g., a new banking app; paper-less convenience store payment service (scheduled))
- SMBC started “SMBC DEBIT”, a new debit card service with the Visa brand (Oct. 2016)

## IT/Innovation

- SMBC actively conducted joint research and collaborations on blockchain technology. Started full-fledged consideration of services offering Individual identification platforms that use various types of biometrics
- Sumitomo Mitsui Card Company formally introduces cutting-edge payment services offered by Stripe, Inc. (Oct. 2016), started to support Apple Pay (Oct. 2016)

## International business

- SMBC(China) opened Dalian Branch. SMBC opened Thilawa Front Office in Yangon. Received approval to open an office in Mumbai
- Collaborated with BTPN in the retail banking business in Indonesia. Launched a new digital banking service for high-net-worth / middle class clients



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,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” 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 our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors’ decisions.