

Investors Meeting Presentation for 1H, FY3/2017 Performance

November 18th, 2016

Sumitomo Mitsui Financial Group, Inc.
Sumitomo Mitsui Banking Corporation

Agenda

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I. 1H, FY3/2017 performance and FY3/2017 targets

I. 1H, FY3/2017 performance and FY3/2017 targets

1. 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 targets 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
Profit attributable to owners of parent	359.2	+39.2	(28.9)
Consolidated ROE*1	9.4%		(1.4)%

FY3/2017 Target
700

Per share information (SMFG consolidated)

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

	Sep. 30, 2016	Change from Mar. 31, 2016
Common Equity Tier1 Capital Ratio*2	11.9%	±0.0%

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

*1 Denominator: Total stockholders' equity. Annualized

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

I. 1H, FY3/2017 performance and FY3/2017 targets

2. Financial results

Income statement

		(JPY bn)	1H, FY3/17	Change from May targets	YOY change	FY3/17 targets
SMFG consolidated	Consolidated gross profit	USD 14.0 bn ^{*1}	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 ^{*1}	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 ^{*1}	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 ^{*1}	914.0	+24.0	+111.0	1,640
	Expenses ^{*3}		(402.0)	+8.0	(3.2)	(815)
	Banking profit ^{*4}	USD 5.1 bn ^{*1}	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 ^{*1}	480.3	+50.3	+65.3	740
	Net income	USD 3.9 bn ^{*1}	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 from the consolidation of SMAM^{*5}

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 Converted 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 Sumitomo Mitsui Asset Management

I. 1H, FY3/2017 performance and FY3/2017 targets

Ref: SMFG's Performance by business unit*1

		(JPY bn)	1H, FY3/16	FY3/16	1H, FY3/17	YOY change*2
	Wholesale Banking Unit	Gross profit	343.4	721.2	342.0	+13.7
		Expenses	(147.6)	(299.4)	(144.2)	(2.0)
		Net business profit	195.8	421.8	197.8	+13.5
	Retail Banking Unit	Gross profit	235.6	481.5	224.8	(9.1)
		Expenses	(188.2)	(383.2)	(190.8)	(2.1)
		Net business profit	47.4	98.3	34.0	(11.2)
	International Banking Unit	Gross profit	325.4	644.8	276.2	+6.7
		Expenses	(124.9)	(246.9)	(113.3)	(5.3)
		Net business profit	200.5	397.9	162.9	+1.4
	of which Marketing units	Gross profit	904.4	1,847.5	843.0	+11.3
		Expenses	(460.7)	(929.5)	(448.3)	(7.6)
		Net business profit	443.7	918.0	394.7	+3.7
	of which Treasury Unit	Gross profit	239.0	325.6	178.2	(62.1)
		Expenses	(19.4)	(38.8)	(17.5)	+1.2
		Net business profit	219.6	286.8	160.7	(60.9)
of which Sumitomo Mitsui Finance and Leasing	of which Gross profit	71.6	142.8	78.7	+7.1	
	of which Expenses	(30.7)	(63.5)	(36.1)	(5.4)	
	Net business profit	41.7	80.7	44.1	+2.4	
of which SMBC Nikko Securities	Gross profit	176.6	318.0	159.2	(14.3)	
	Expenses	(132.2)	(257.2)	(127.1)	+3.3	
	Net business profit	44.4	60.8	32.1	(11.0)	
of which Consumer finance / Credit card*3	Gross profit	298.4	607.1	311.1	+12.5	
	Expenses	(189.4)	(386.1)	(200.1)	(10.8)	
	Net business profit	109.0	221.0	111.0	+1.7	
Total (SMFG consolidated)	Gross profit	1,512.7	2,904.0	1,417.5	(95.3)	
	Expenses	(852.2)	(1,724.8)	(882.0)	(29.8)	
	Ref: Gross profit - Expenses	660.5	1,179.2	535.5	(125.1)	
	Equity in gains (losses) of affiliates	(43.4)	(36.2)	12.7	+56.1	
	Net business profit*4	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

I. 1H, FY3/2017 performance and FY3/2017 targets

Ref: Breakdown of SMFG's consolidated gross profit

	(JPY bn)				YOY change
		1H, FY3/16	FY3/16	1H, FY3/17	
SMFG's consolidated gross profit*		1,512.7	2,904.0	1,417.5	(95.3)
Net interest income		782.7	1,422.9	660.6	(122.2)
of which:					
SMBC		571.9	1,023.6	639.9	+68.0
SMBC Consumer Finance		78.0	157.0	80.0	+2.0
Trust fees		1.4	3.7	1.7	+0.3
Net fees and commissions		492.9	1,003.8	464.1	(28.8)
of which:					
SMBC		163.9	358.6	151.9	(12.0)
Sumitomo Mitsui Card		93.0	190.0	98.0	+5.0
SMBC Nikko Securities		92.0	165.0	77.0	(14.0)
Cedyna		58.0	116.0	59.0	+1.0
Net trading income + Net other operating income		235.7	473.5	291.1	+55.5
of which:					
SMBC		66.3	149.6	121.4	+55.0
SMBC Nikko Securities		70.0	128.0	70.0	(0.0)
Sumitomo Mitsui Finance and Leasing		62.0	123.0	67.0	+4.0

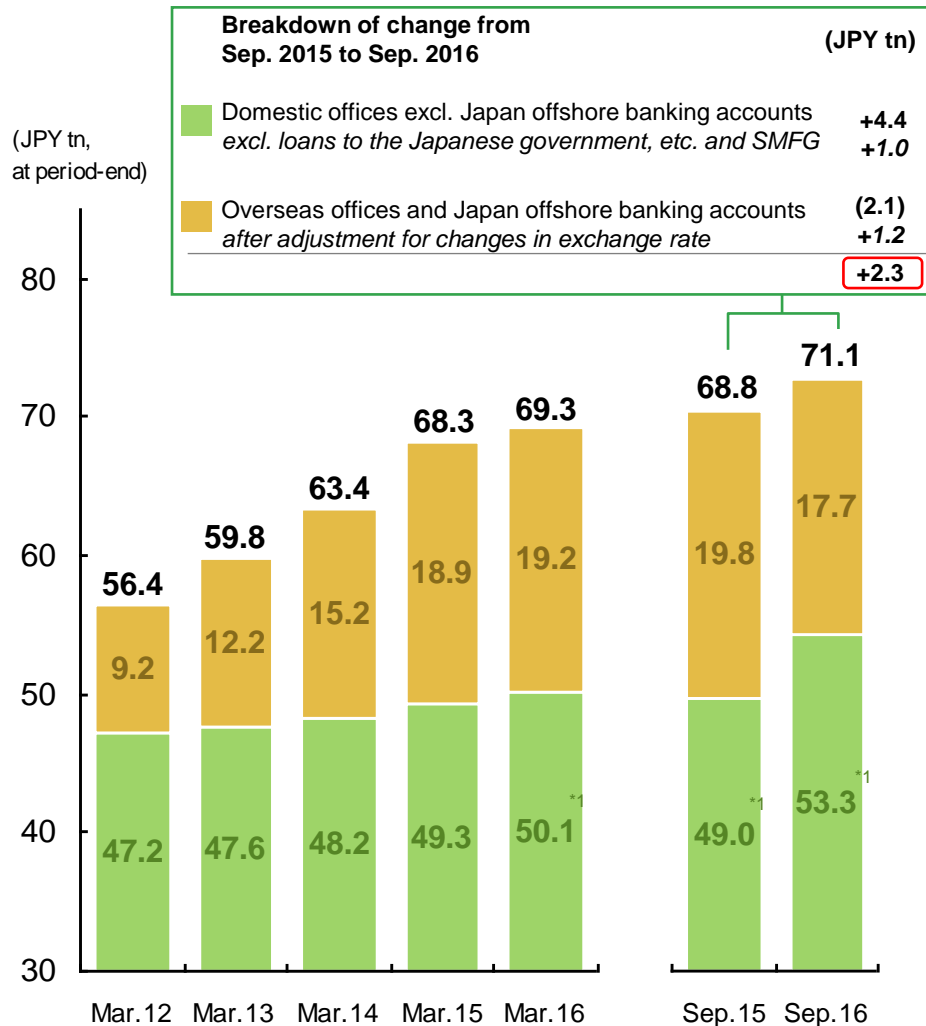
* In round numbers excl. SMBC

I. 1H, FY3/2017 performance and FY3/2017 targets

3. Loan balance

SMBC non-consolidated

Loan balance



Loan balance by domestic Marketing units, managerial accounting basis

(JPY tn, at period-end)	Sep. 2016	Change from Sep. 2015	Change from Mar. 2016
Large corporations*2	14.3	+0.2	(0.0)
Mid-sized corporations & SMEs*3	16.8	+0.5	(0.4)
Individuals	14.1	+0.1*4	+0.0*4

Overseas loans, classified by region,*5 managerial accounting basis

(JPY tn, at period-end)	Sep. 2016	Change from Sep. 2015	After adjustment for changes in exchange rates	Change from Mar. 2016	After adjustment for changes in exchange rates
Overseas total	20.3	(2.7)	+ 1.1	(1.7)	+ 0.7
to Japanese corporations	4.7	(0.6)	+ 0.3	(0.4)	+ 0.1
Asia	7.3	(1.4)	(0.2)	(0.8)	+ 0.1
to Japanese corporations	1.8	(0.3)	+0.0	(0.2)	+ 0.0
Americas	7.6	(0.5)	+0.9	(0.5)	+ 0.4
to Japanese corporations	2.2	(0.4)	+0.0	(0.2)	+ 0.0
EMEA	5.4	(0.8)	+0.4	(0.5)	+ 0.2
to Japanese corporations	0.8	+0.0	+0.2	(0.0)	+ 0.1

*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 Global Corporate Banking Division *3 Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division

*4 After adding back the portion of housing loans securitized in 2H, FY3/16 of approx. JPY 80 bn and 1H, FY3/17, of approx. JPY 160bn

*5 Sum of SMBC, SMBC Europe and SMBC (China). Based on location of banking office

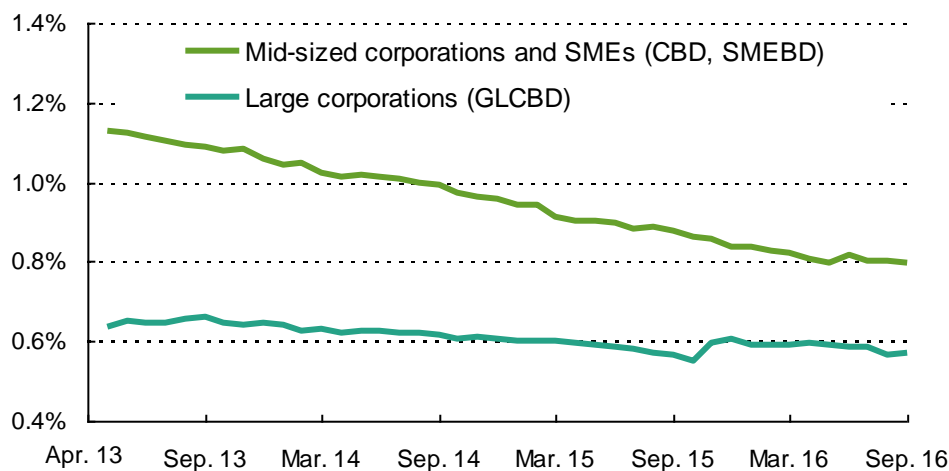
I. 1H, FY3/2017 performance and FY3/2017 targets

4. Average loan balance and spread, domestic loan-to-deposit spread

Average loan balance and spread*1

	Balance		Spread	
	1H, FY3/17	YOY change*7	1H, FY3/17	YOY change
(JPY tn, %)				
Domestic loans*2	50.8	+2.6	0.85	(0.06)
Excluding loans to the Japanese government, etc. and SMFG	47.8	+1.0	0.90	(0.04)
of which				
Large corporations*3	14.1	+0.5	0.58	+0.00
Mid-sized corporations & SMEs*4	16.5	+0.3	0.77	(0.08)
Individuals	14.2	(0.1)	1.51	(0.02)
IBU's interest earning assets*5,6 (USD bn, %)	239.4	+17.8	1.21	+0.01

Loan spread (domestic)*1, 2, 8, 9



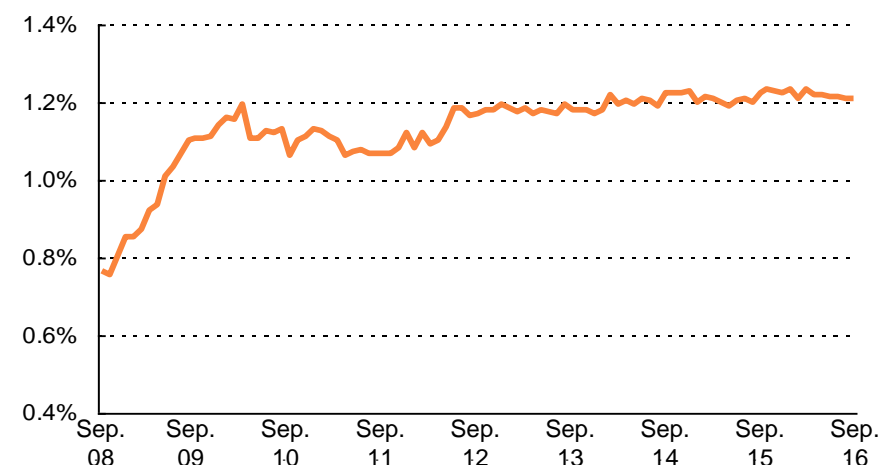
Domestic loan-to-deposit spread (SMBC non-consolidated)

	(%)	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
Loan-to-deposit spread		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
Loan-to-deposit spread	1.12	(0.09)	1.14	1.11

Loan spread (overseas)*1, 5, 9



*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 exchange rates, etc. *8 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 *9 Monthly average loan spread of existing loans

I. 1H, FY3/2017 performance and FY3/2017 targets

5. Net fees and commissions

(JPY bn)	FY3/16	1H, FY3/17	YOY change
SMFG consolidated*1	1,003.8	464.1	(28.8)
of which: SMBC	358.6	151.9	(12.0)
Sumitomo Mitsui Card	190.0	98.0	+5.0
SMBC Nikko Securities	165.0	77.0	(14.0)
Cedyna	116.0	59.0	+1.0
SMBC Consumer Finance	59.0	32.0	+4.0
SMBC Friend Securities	27.0	10.0	(4.0)

Reference: Gross banking profit of SMBC's Marketing units*2

(JPY bn)	FY3/16	1H, FY3/17	YOY Change*3
Loan syndication	45.6	19.7	+2.8
Structured finance	26.5	20.4	+11.6
Asset finance*4	16.7	9.0	+1.5
Sales of derivatives products	26.4	11.2	+1.1
Income related to domestic corporate business	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)
Income related to domestic consumer business	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
Domestic Non-interest income	316.0	146.5	+7.9
of which:			
IBU's loan related income*5	72.7	28.3	(2.5)
IBU's Non-interest income*5	130.6	55.4	(3.0)
Non-interest income	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*5	225.4	92.8	+0.9
Interest income	827.5	373.1	(6.4)
Gross banking profit of SMBC's Marketing units	1,274.1	575.0	(1.5)

*1 Numbers excluding SMBC are rounded *2 Managerial accounting basis *3 After adjustments of interest rates and exchange rates, etc.

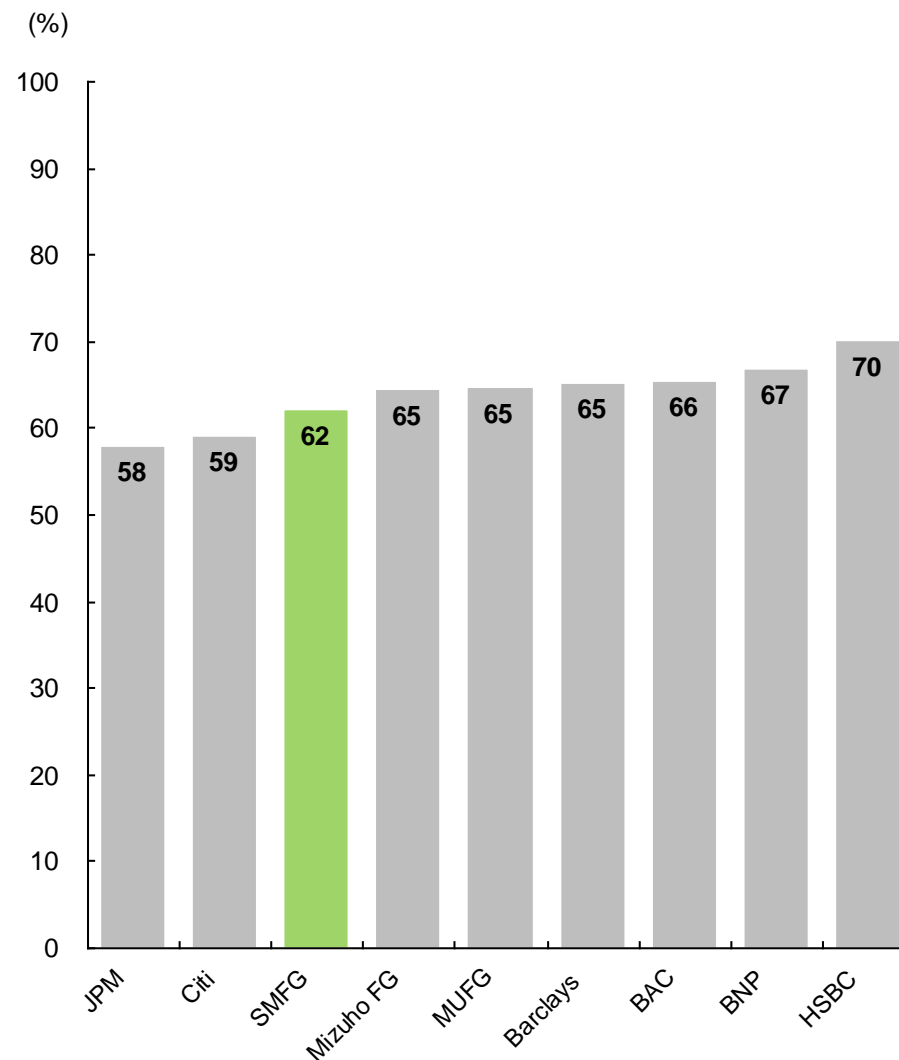
*4 Profit from real estate finance, securitization of monetary claims, etc. *5 International Banking Unit

I. 1H, FY3/2017 performance and FY3/2017 targets

6. Expenses

Expenses, overhead ratio

		(JPY bn)	1H, FY3/17	YOY change
SMFG consolidated	Expenses		882.0	+29.8
	Overhead ratio		62.2%	+5.9%
SMBC non-consolidated ^{*1}	Expenses		402.0	+3.2
	Overhead ratio		44.0%	(5.7)%

Overhead ratio comparison^{*2}

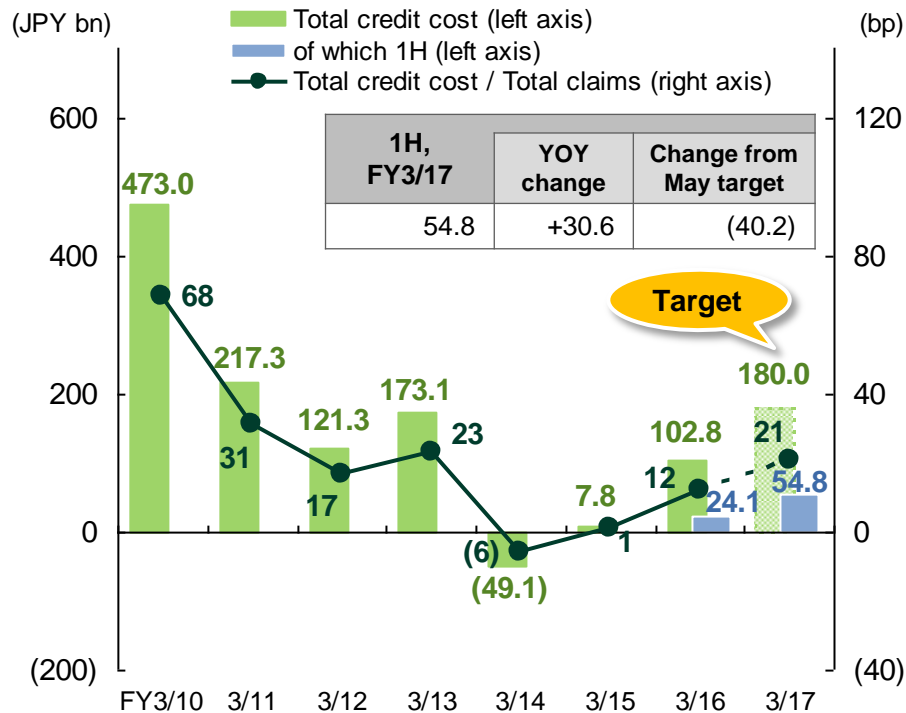
^{*1} Excludes non-recurring losses

^{*2} Consolidated basis. Based on each company's disclosure. G&A expenses (for Japanese banks, includes non-recurring losses of subsidiary banks) divided by top-line profit (net of insurance claims). 1H, FY3/2017 results for SMFG, Mizuho FG and MUFG, and Jan.- Sep. 2016 results for others

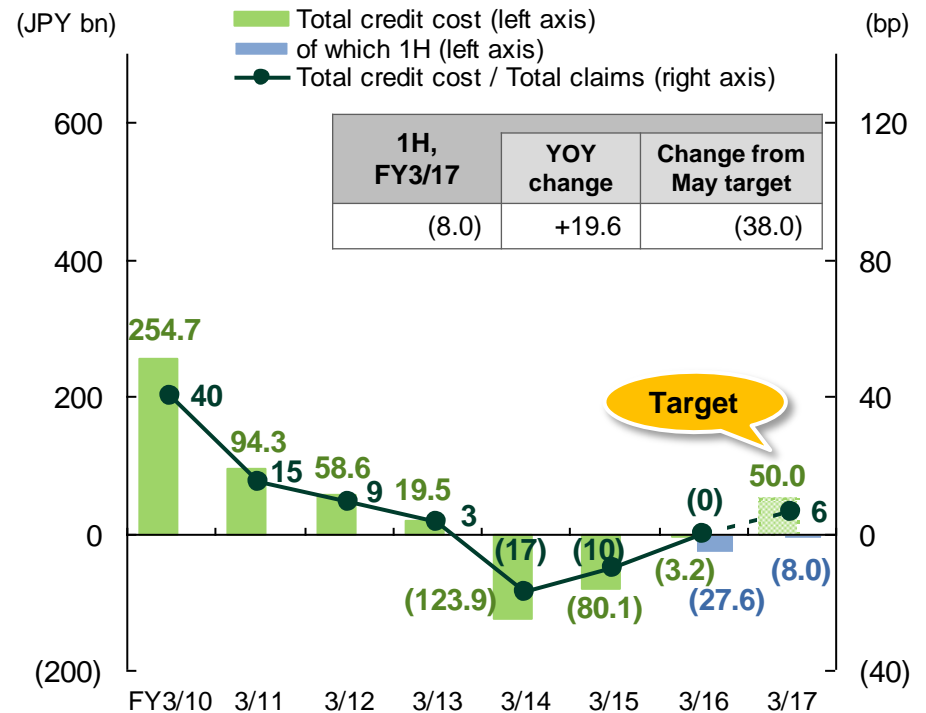
I. 1H, FY3/2017 performance and FY3/2017 targets

7. Credit costs

SMFG consolidated



SMBC non-consolidated



Variance with SMBC non-consolidated*

(JPY bn)	1H, FY3/17	YOY change
Variance with SMBC non-consolidated	62.8	+11.0
SMBC Consumer Finance	39.0	+4.0
Sumitomo Mitsui Card	6.0	+1.0
Cedyna	6.0	(0.0)
SMBC Europe	4.0	+3.0

* In round numbers

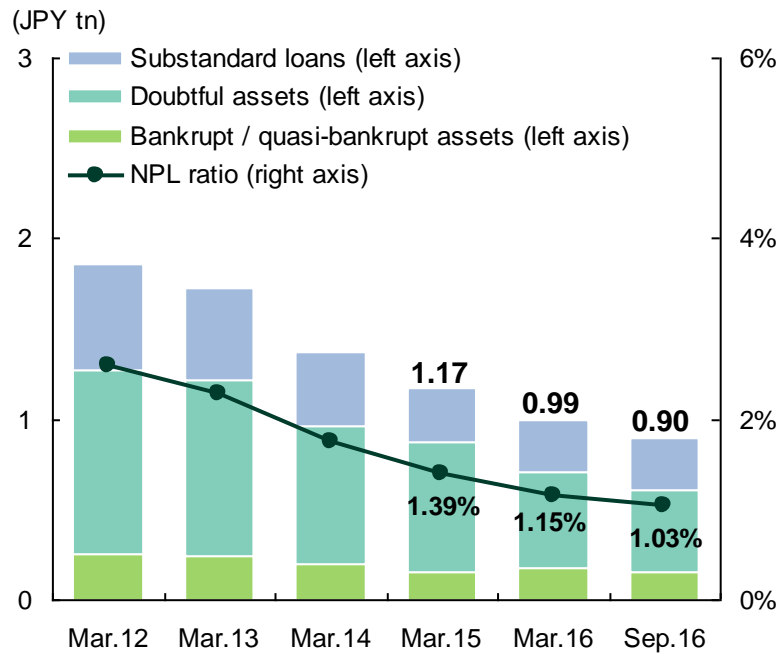
- Credit costs related to resources (sum of non-Japanese oil & gas, and other resources)
 - FY3/2016: approx. JPY 32 bn
 - FY3/2017: forecast same level as the previous fiscal year mainly from Upstream and Services within Oil & gas sector, and Other resources (Mining)

I. 1H, FY3/2017 performance and FY3/2017 targets

Ref: Non-performing loan balance and ratio

SMFG consolidated

	Mar. 16	Sep. 16
Coverage ratio	81.34%	79.25%

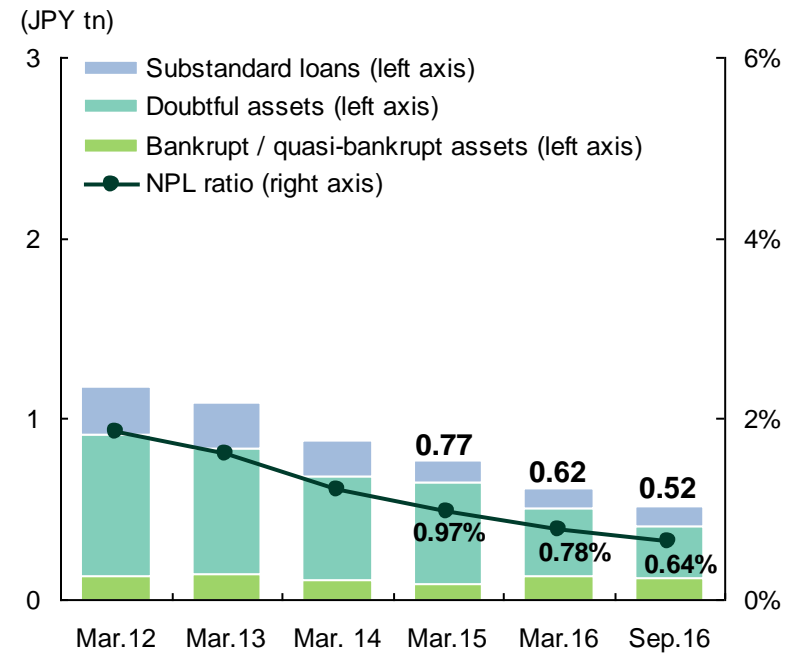


(JPY tn)

	Mar.12	Mar.13	Mar.14	Mar.15	Mar.16	Sep.16
Total claims	72	76	79	85	87	87

SMBC non-consolidated

	Mar. 16	Sep. 16
Coverage ratio	88.32%	87.06%



(JPY tn)

	Mar.12	Mar.13	Mar.14	Mar.15	Mar.16	Sep.16
Claims on borrowers requiring caution*	2.8	1.9	1.6	1.6	1.4	1.2
Total claims	64	68	73	79	80	81

* Excludes claims to Substandard borrowers

I. 1H, FY3/2017 performance and FY3/2017 targets

8. Initiatives for negative interest rate policy

Control deposit balance

- Lowered interest rates
 - Ordinary deposits 0.001% since Feb. 16th
 - Time deposits 0.01% since Mar. 1st
- Initiatives against inflow of large funds from corporations (especially financial institutions)
 - Charge fees for correspondent accounts of foreign banks

Promote shifts from savings to investment

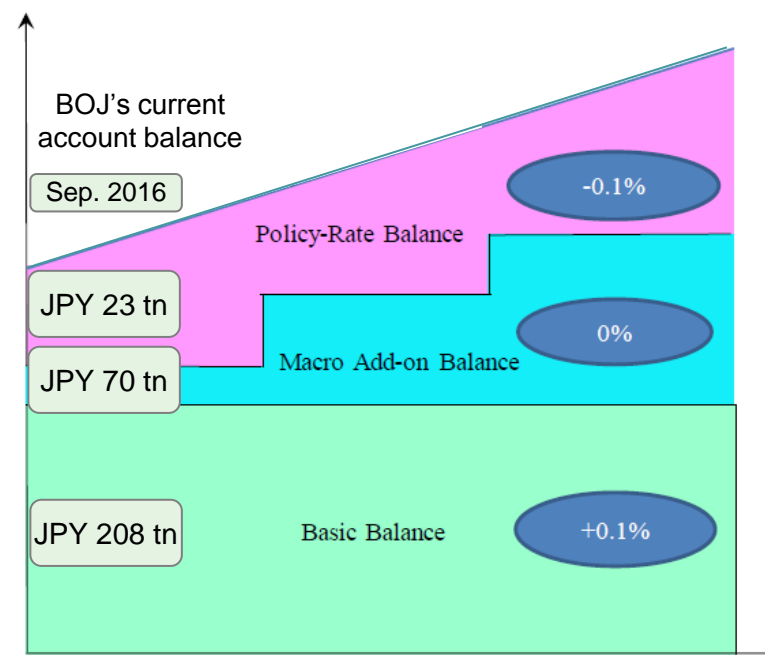
- Foreign deposits; raised interest rates, launched marketing campaigns
- Increase sales of wrap accounts and low risk and low return investment products

Diversify revenue sources Initiatives to secure loan margin

- Strengthen commission business
- Expand non-banking business
- Initiatives to increase high value-added loans by providing solutions

BOJ's negative interest rate policy*

- Introduction of “Quantitative and Qualitative Monetary Easing with a Negative Interest Rate” (Feb.2016)**1



- Introduction of “Quantitative and Qualitative Monetary Easing with Yield Curve Control” (Sep.2016)**2
 - “Yield curve control”
 - “Inflation-overshooting commitment”

*1 Source: The Bank of Japan (“Key Points of Today’s Policy Decisions” on Jan. 29, 2016)
 “BOJ Current Account Balances by Sector (Sep. 2016)” on Oct. 17, 2016 for BOJ’s current account balance

*2 Source: The Bank of Japan (“New Framework for Strengthening Monetary Easing: “Quantitative and Qualitative Monetary Easing with Yield Curve Control” on Sep. 21, 2016)

I. 1H, FY3/2017 performance and FY3/2017 targets

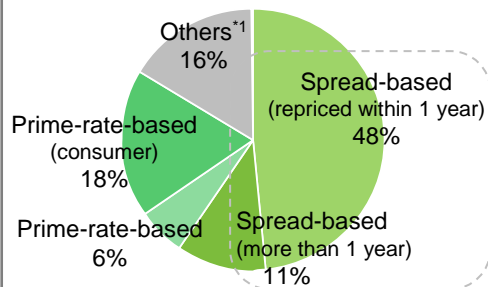
Ref: Balance sheet

SMFG consolidated balance sheet (Sep. 30, 2016)

Of which SMBC
non-consolidated

- Balance in the BOJ's current account
Sep. 30, 2016 JPY 30.8 tn
1H FY3/17 average JPY 30.1 tn

- Domestic loans outstanding
JPY 53.3 tn



- Spread-based loan balance
approx. JPY 30 tn
 - Market rate: (10) bp
 - Tax rate: 30%

Before tax basis approx. JPY (30) bn
After tax basis approx. JPY (20) bn

- JGB JPY 7.4 tn
 - Of which Other securities JPY 6.0 tn

Cash and due from banks
JPY 39.3 tnLoans
JPY 76.0 tnSecurities
JPY 21.9 tnOther assets
JPY 42.9 tn

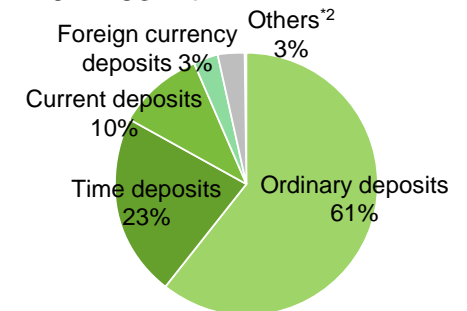
Total assets JPY 180.0 tn

Deposits
(includes NCD)
JPY 120.9 tnOther liabilities
JPY 48.6 tn

Total net assets JPY 10.4 tn

Of which SMBC
non-consolidated

- Domestic deposits outstanding
JPY 83.4 tn



- Borrowed money JPY 7.4 tn
- Bonds JPY 4.1 tn
- CP JPY 1.2 tn

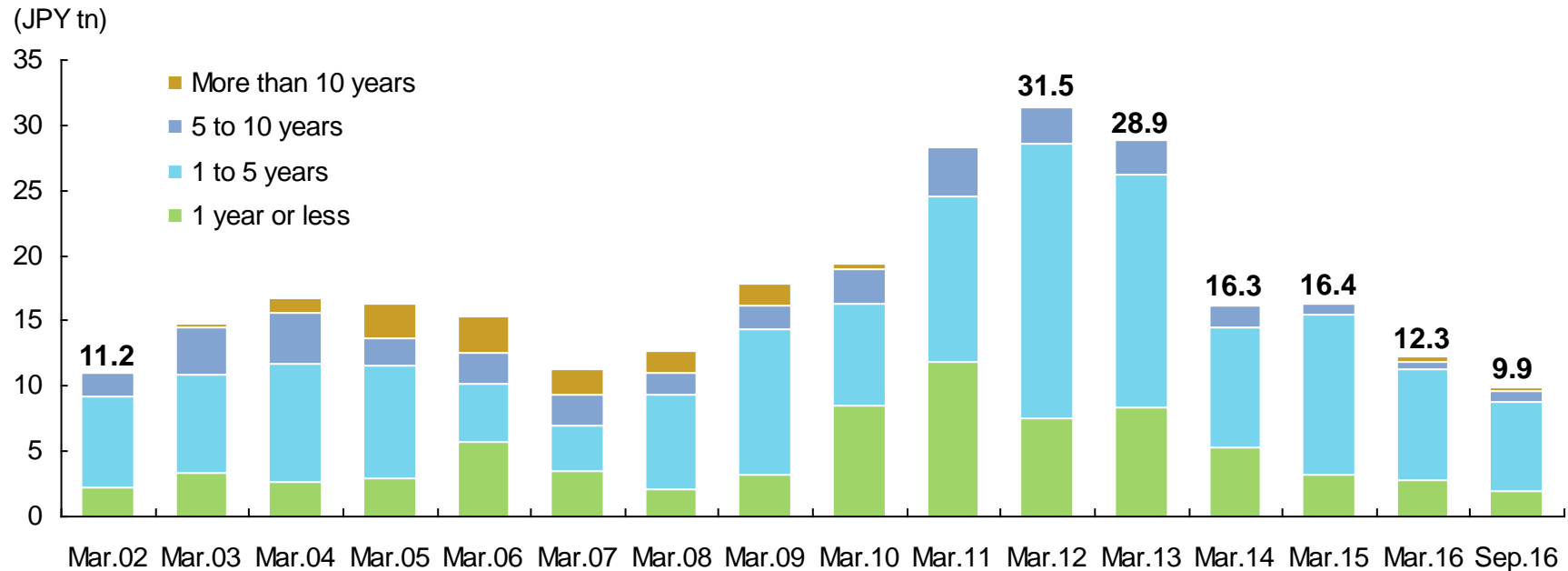
*1 Loans denominated in foreign currencies, overdraft, etc. *2 Sundry deposits, etc.

I. 1H, FY3/2017 performance and FY3/2017 targets

Ref: 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)



Mar.02 Mar.03 Mar.04 Mar.05 Mar.06 Mar.07 Mar.08 Mar.09 Mar.10 Mar.11 Mar.12 Mar.13 Mar.14 Mar.15 Mar.16 Sep.16

of which JGBs (JPY tn)	26.2	13.8	14.0	9.8	7.4
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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	2.8	2.8
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	103.8	98.5

*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

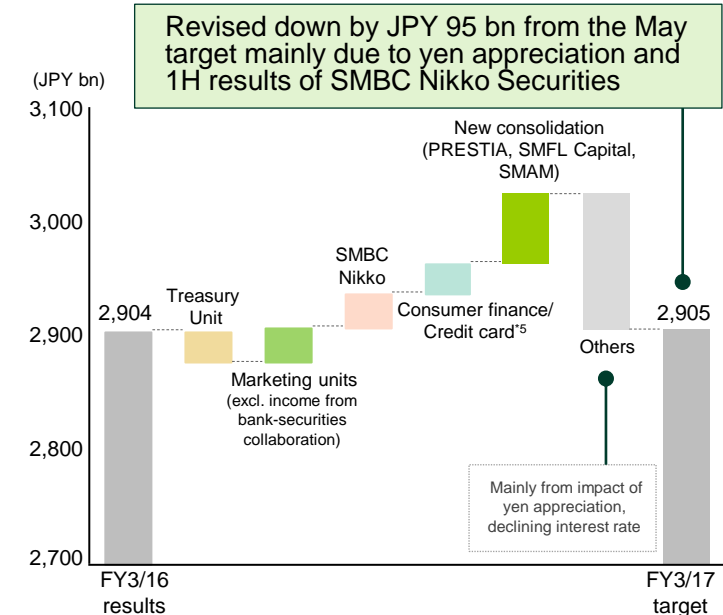
*2 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 09

I. 1H, FY3/2017 performance and FY3/2017 targets

9. Earnings targets for FY3/2017

		(JPY bn)	FY3/16 results	1H	FY3/17 targets	YOY change	Change from May targets
SMFG consolidated	Consolidated gross profit		2,904.0	1,417.5	2,905	+1.0	(95.0)
	Total credit cost		(102.8)	(54.8)	(180)	(77.2)	±0.0
	Ordinary profit		985.3	514.3	960	(25.3)	(60.0)
	Variance*2		237.4	34.0	220	(17.4)	(80.0)
	Profit attributable to owners of parent		646.7	359.2	700	+53.3	±0.0
	Variance*2		37.5	(38.9)	100	+62.5	(30.0)
SMBC non-consolidated	Gross banking profit		1,534.3	914.0	1,640	+105.7	+10.0
	Expenses*3		(805.5)	(402.0)	(815)	(9.5)	+10.0
	Banking profit*4		728.8	512.0	825	+96.2	+20.0
	Total credit cost		3.2	8.0	(50)	(53.2)	±0.0
	Ordinary profit		747.9	480.3	740	(7.9)	+20.0
	Net income		609.2	398.1	600	(9.2)	+30.0

Breakdown of increase in Consolidated gross profit



Decrease in Tax expenses and Profit attributable to non-controlling interests

Assumption of earnings targets*6

	FY3/2017	
3M TIBOR	0.06%	
Federal funds target rate	0.75%	
Exchange rate	JPY/USD	100.00
	JPY/EUR	110.00

Revised from original assumptions of USD 1 = JPY 110 and EUR 1 = JPY 125

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

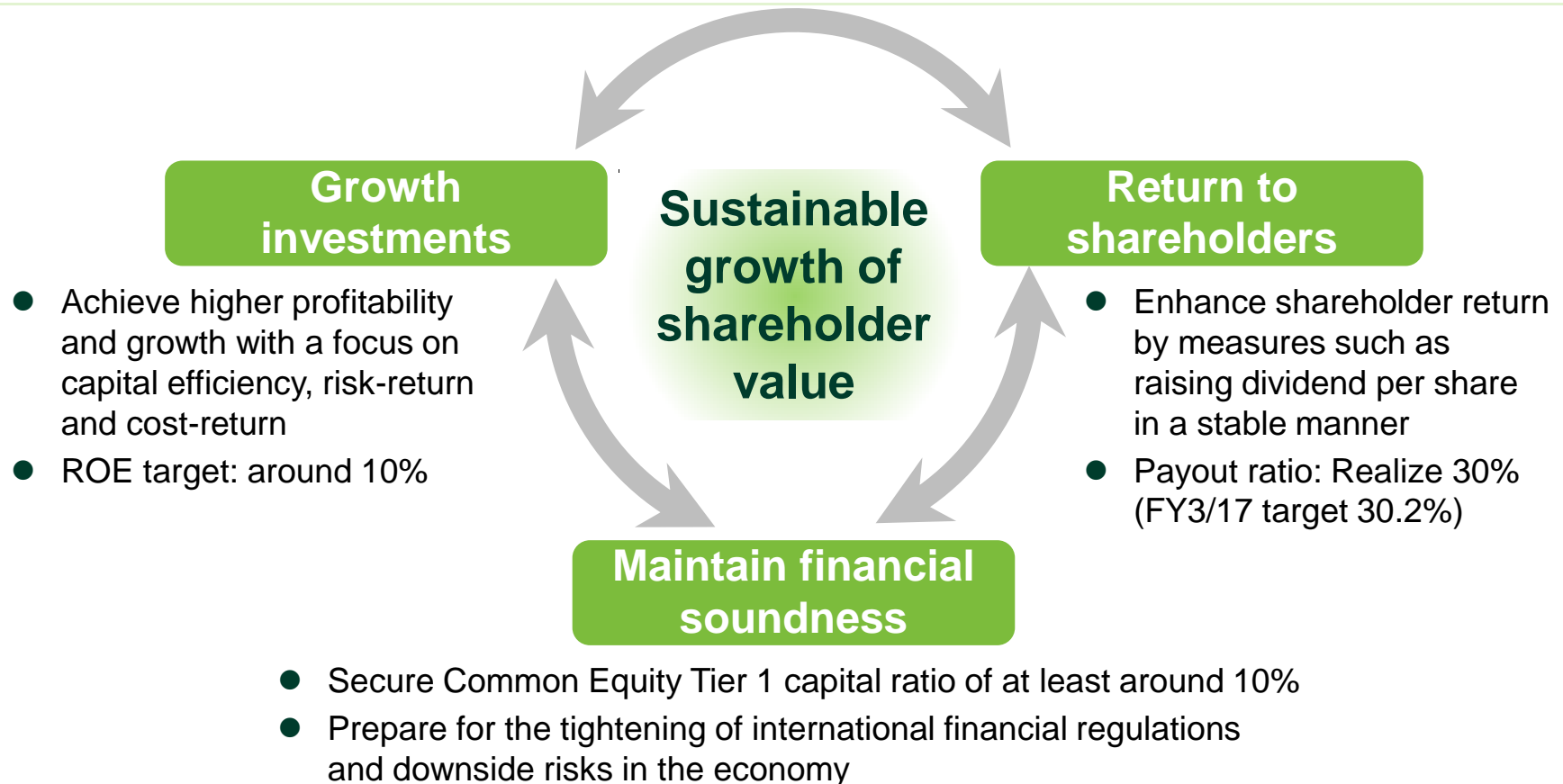
*6 Nominal GDP growth rate: FY3/2016 result was +2.2%; FY3/2017 forecast estimated by Japan Research Institute was +1.1% as of May 2016, 1.1% as of Nov.2016
; Nikkei stock average: JPY16,758.67 as of Mar. 31, 2016, JPY 16,449.84 as of Sep.30, 2016

II. Capital policy

II. Capital policy

1. Basic capital policy

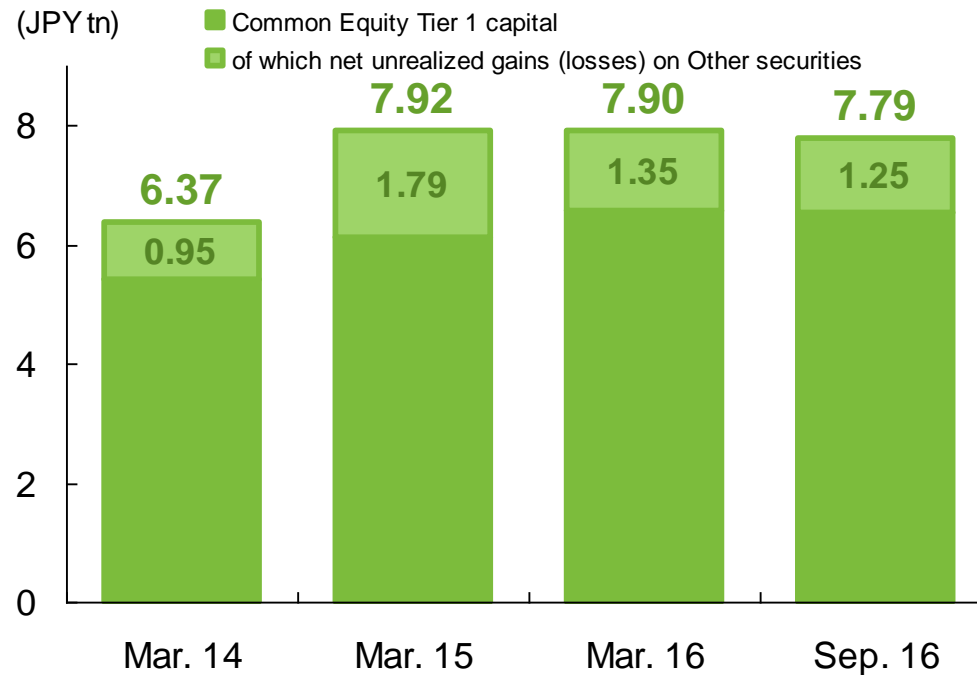
- **Our commitment** : Raise dividend per share in a stable manner
(FY3/17 forecast) DPS: JPY 150; Payout ratio: 30.2%
- **Capital adequacy** : The outcome of international financial regulations are expected to be agreed toward the beginning of the year 2017.
We are at the final phase of confirming capital adequacy



II. Capital policy

2. Capital position

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



Risk-weighted assets	JPY 61.3 tn	JPY 65.9 tn	JPY 65.9 tn	JPY 65.0 tn
CET 1 capital ratio [excluding net unrealized gains]	10.3% [8.7%]	12.0% [9.0%]	11.9% [9.9%]	11.9% [10.0%]

- Continuously paying attention to discussions on revisions to the Standardised Approaches (credit risk, operational risk) and Capital floors based on standardised approaches

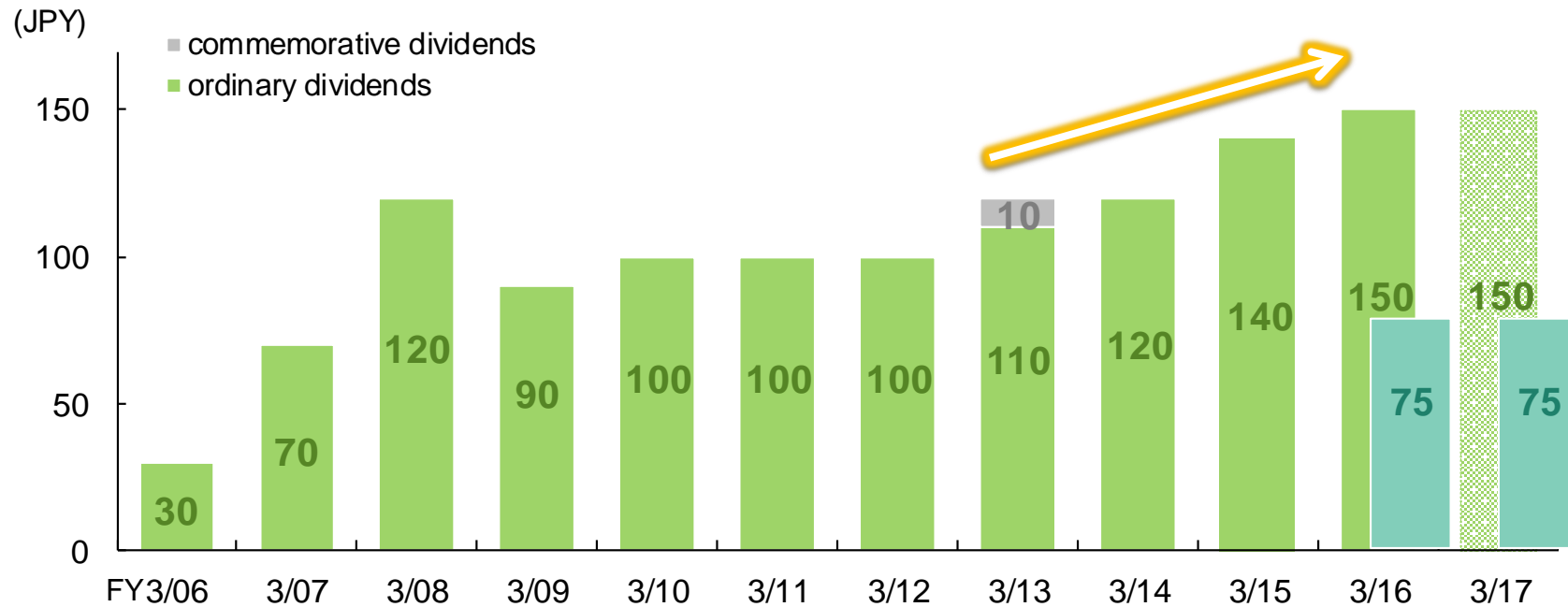
Secure
around **10%**

* Based on the Mar. 31, 2019 definition

II. Capital policy

3. Return to shareholders

Dividend per share^{*1, 2}



ROE ^{*3}	22.8%	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	13.8%	11.2%	8.9%	1H, FY3/17 9.4%	Secure around 10%
Payout ratio ^{*4}	3.4%	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	20.3%	26.2%	32.7%	30.2%	

*1 SMFG implemented a 100 for 1 stock split of common stock on Jan. 4, 2009. Figures shown above reflect the stock split, assuming that it had been implemented at the beginning of FY3/06 *2 Common stock only *3 On a stockholders' equity basis *4 Consolidated payout ratio

II. Capital policy

4. Strategic shareholdings

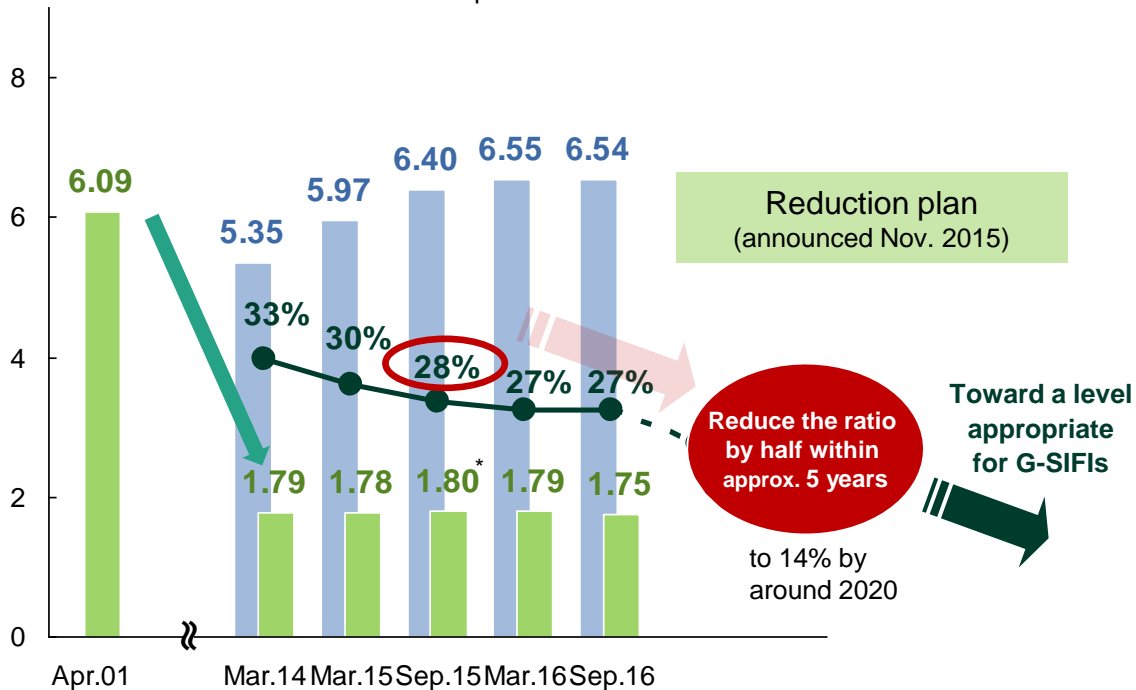
- We aim to have the assurance of reducing the Ratio of Stocks-to-CET1 capital(*) by half within approximately 5 years (beginning at Sep. 30, 2015,) which is reducing book value of up to about 30% or about JPY 500 bn of domestic listed stocks
- The current outstanding of consent of sales received from clients is in line with the reduction pace of JPY 100 bn annually

(*) SMFG consolidated basis Book value of domestic listed stocks / Common Equity Tier 1 capital (CET1)

(Basel III fully-loaded basis, excluding net unrealized gains on Other securities)

Transition and reduction plan of strategic shareholdings (SMFG consolidated basis)

- CET1 (Basel III fully-loaded basis, excluding net unrealized gains on Other securities)
- Book value of domestic listed stocks within Other securities
- Ratio of Stocks-to-CET1 capital



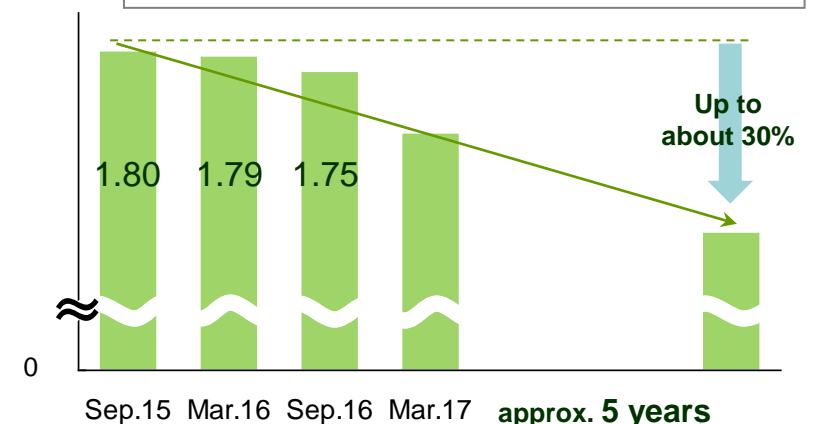
* Amount is reduced after excluding impact of the termination of hedge transactions

Reduction results (book value)

- Sales of listed stocks in 1H, FY3/17: approx. JPY 40 bn (the aggregated amount since Sep. 30, 2015: approx. JPY 53 bn)
- Consent of sales from clients (outstanding) as of Sep. 2016: approx. JPY 100 bn (the aggregated amount since Sep. 30, 2015: approx. JPY 160 bn)

Reduction plan

(JPY tn) Reduction pace: JPY 100 bn annually (book value)



III. SMFG's strategy toward the changing business environment

III. SMFG's strategy toward the changing business environment

1. 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

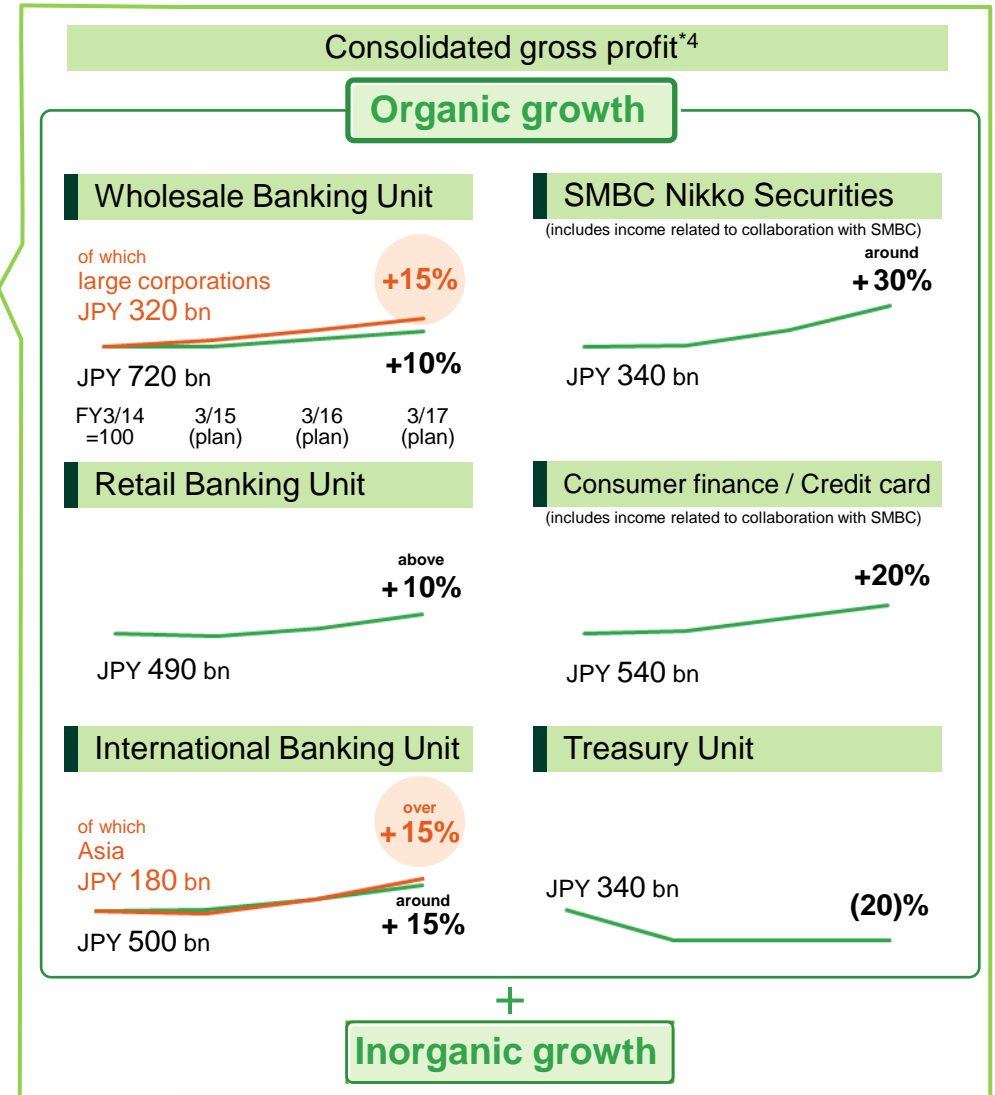
- 1 Develop and evolve client-centric business models for main domestic and international businesses
- 2 Build a platform for realizing Asia-centric operations and capture growth opportunities
- 3 Realize sustainable growth of top-line profit while maintaining soundness and profitability
- 4 Upgrade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

III. SMFG's strategy toward the changing business environment

Ref: Progress on financial targets and topline target by business unit

Progress on financial targets

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



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

*3 Basel III fully-loaded basis. Based on the definition as of March 31, 2019

*4 FY3/17 targeted consolidated gross profit in comparison with FY3/14 figure. After adjustments for changes in interest rates and exchange rates, etc.

III. SMFG's strategy toward the changing business environment

2. Current business environment and SMFG's initiatives

- Focus on improving “asset”, “capital” and “cost” efficiencies taking into account of the current business environment

Risk Category	Business environment	SMFG's initiatives
Soundness	<ul style="list-style-type: none"> • Increase of uncertainty in the global economy • Tightening of international financial regulations 	<ul style="list-style-type: none"> • Tightening control of risk-weighted assets • Reduction of strategic shareholdings
Profitability	<ul style="list-style-type: none"> • Negative interest rate policy, decrease in domestic loan-to-deposit spreads • Increase in foreign currency funding cost 	<ul style="list-style-type: none"> • Operation focused on profitability and efficiency • Cost reduction council on a group basis
Liquidity	<ul style="list-style-type: none"> • Decrease in CDs・CP outstandings due to the U.S. Money Market Fund reform 	<ul style="list-style-type: none"> • Increasing customer deposits overseas • Nimble funding management of foreign currency senior bonds and debts
Credit	<ul style="list-style-type: none"> • Partial overheating in the domestic real estate market • Risks rising in certain areas such as emerging economies and resources sector 	<ul style="list-style-type: none"> • Enhance credit review process for new transactions • Cautious approach in certain domestic real estate transactions • Risk-sensitive overseas credit operation
Market	<ul style="list-style-type: none"> • Volatility caused by the monetary policies of Japan and the U.S. 	<ul style="list-style-type: none"> • Capture gains by promptly reacting to changes in the market
Operational/Others	<ul style="list-style-type: none"> • Domestic and overseas operational losses 	<ul style="list-style-type: none"> • Thorough implementation of compliance and “Client always come first” marketing • Secure accuracy of operations

III. SMFG's strategy toward the changing business environment

Ref: Recent changes in the business environment and its impact on SMFG

● Impacts of recent events are under control

Changes in the business environment

Yen appreciation /
U.S. dollar depreciation

BOJ's Introduction of "Quantitative and Qualitative
Monetary Easing with Yield Curve Control"

Brexit

Introduction of U.S. Money Market Fund reform

Mr. Trump becomes
President-elect of the United States

Impacts on SMFG

- Revision of exchange rate for earnings targets
 - JPY/USD: from 110 to 100
 - JPY/EUR: from 125 to 110
- No immediate impact, but close attention is necessary for risks of negative interest rates widening
- Reconsideration of operations in the UK after Brexit based on the assumption of maintaining ongoing business
- Decrease in CDs & CP are as expected. No issues in liquidity because of our diversifying funding sources including an increase in customer deposits
- Impact of rising costs is limited since the amount of short-term FX swaps are very limited
- Managed market volatility on the election day
- Close attention is necessary for the outcome of his campaign pledge to the policies, impact on the economy and regulations, and market volatility

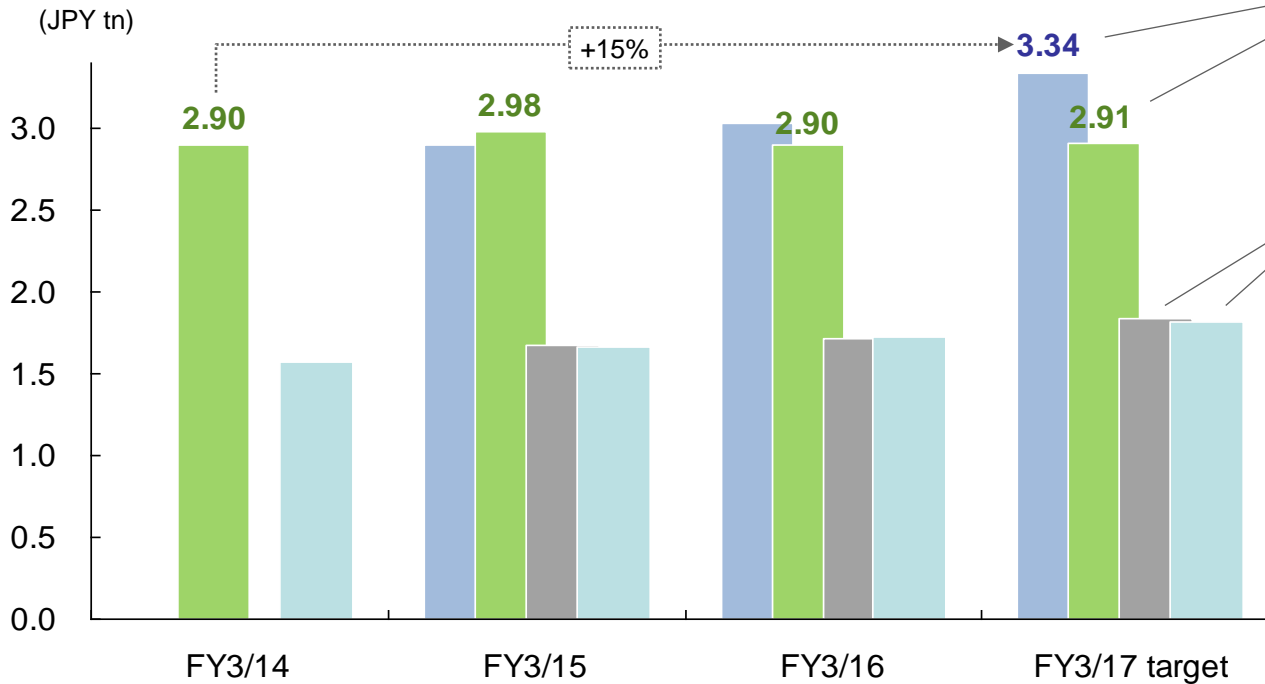
III. SMFG's strategy toward the changing business environment

4. Expense control

- As topline growth is sluggish, we implemented group-wide cost reduction initiatives and optimal resource allocation in addition to cost cutting efforts taken by each company. Consolidated overhead ratio for this fiscal year is expected to be in the lower 60% range

Trend of consolidated gross profit and expenses

- Gross profit (Consolidated, Mid-term plan)
- Gross profit (Consolidated, results & FY3/2017 target)
- Expense (Consolidated, Mid-term plan)
- Expense (Consolidated, results & target)



Comparison with the mid-term plan target

Gross profit JPY (435) bn

Expense control JPY (25) bn

Group-wide cost reduction measures

- Economy of scale
 - Rent cost, advertisement cost, etc.
- Commonalize and commoditize
 - Systems, marketing offices, etc.
- Centralize and integrate
 - Procurement, facility maintenance, administrative work, etc.

Consolidated overhead ratio	FY3/14	FY3/15	FY3/16	FY3/17 target
	54.2%	55.7%	59.4%	1H, FY3/2017 62.2%

IV. Business strategy

1. Management policy in FY3/2017 and first half achievements
2. Wholesale business
3. Retail business
4. International business
5. Digital innovation

IV. Business strategy

1. Management policy in FY3/2017 and first half achievements (1)

- **Focus on bottom-line profit by strengthening efforts to improve profitability and efficiency, while maximizing efforts to realize the key initiatives set in the medium-term management plan and grow our top line profit**
- **Run a strict risk-sensitive operation given the current uncertain business environment, while pursuing new business opportunities by responding to changes in a proactive and innovative manner**

IV. Business strategy

1. Management policy in FY3/2017 and first half achievements (2)

	Initiatives for FY3/17	First half achievements
Wholesale	<ul style="list-style-type: none"> Expand targeted clients of bank-securities collaboration “Domestic-international integration” model Support growth areas/growing companies 	<ul style="list-style-type: none"> Increased gross profit and loans outstanding year-on-year by strengthening solution providing capability and enhancing the “One to One” business model SMBC Nikko Securities ranked 2nd in equities underwriting and 3rd in bonds underwriting in Japan Supporting start-up companies and promoting IPOs
Retail	<ul style="list-style-type: none"> Bank-securities integration strategy Inheritance and succession businesses Digital innovation Consumer finance 	<ul style="list-style-type: none"> Increased AuM by providing products that address the needs of clients and promoting foreign currency products (fund wrap, foreign deposits, etc.) Introduced new convenient services (new banking app, SMBC DEBIT)
International	<ul style="list-style-type: none"> Cross-selling with major clients Nimble portfolio management Fine-tune Asian strategy and pursue opportunities in a mid- to long-term perspective Strengthen and diversify foreign currency funding 	<ul style="list-style-type: none"> Increased securities related transactions (mainly bond underwriting) with non-Japanese corporate clients through a collaboration between SMBC and SMBC Nikko Securities Increased high profit assets / asset turn over Promoted cross-selling for core clients in Asia; collaboration with BTPN ^{*1} Increased customer deposits (foreign currency)
Innovation	<ul style="list-style-type: none"> Pursue open innovation Introduce new services utilizing new technologies 	<ul style="list-style-type: none"> Hosted “Mirai Hackathon” aiming to use financial API ^{*2} Announced the introduction of a new FinTech service (new paper-less convenience store payment service by using smartphones) through a joint venture with NEC

^{*1} Bank Tabungan Pensiunan Nasional

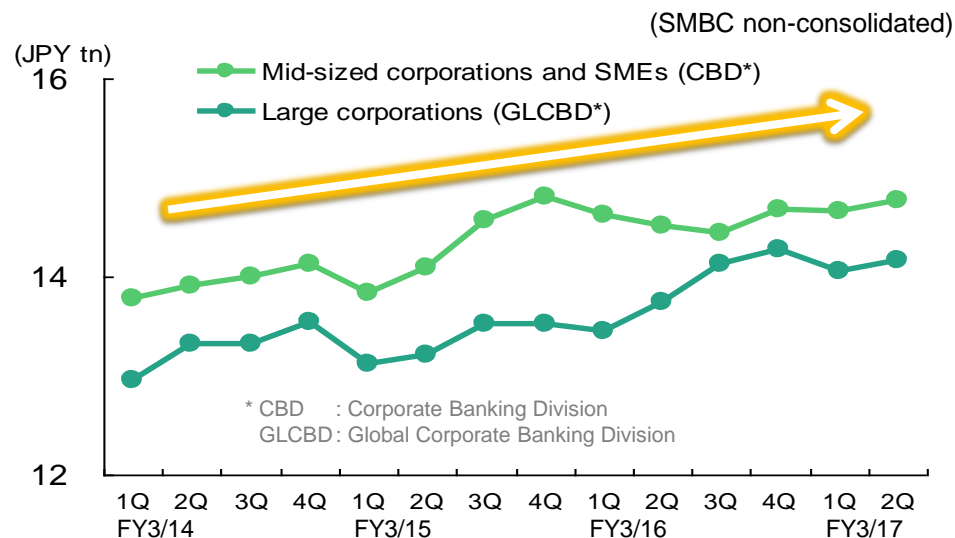
^{*2} Abbreviation for Application Programming Interface. API is a scheme that allows developers/users to access specific functions and services provided by a system from another system

IV. Business strategy

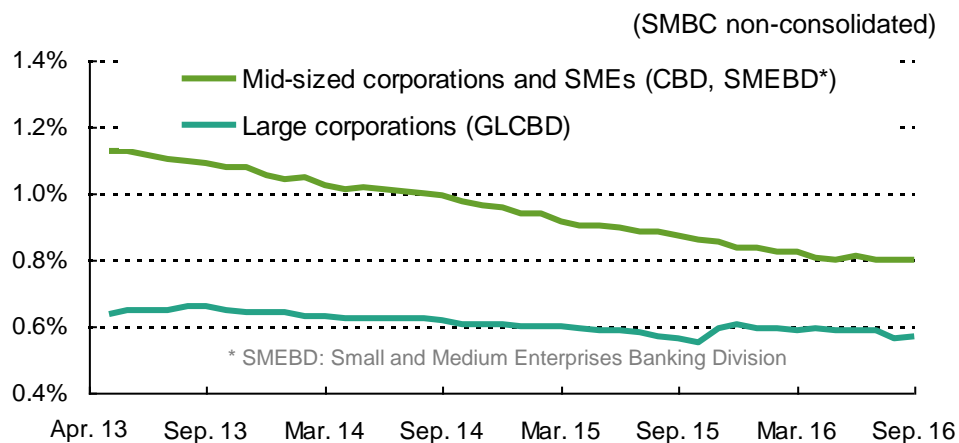
2. Wholesale Business (1) Enhance lending and non-interest income

Loan balance and spread

Loan balance of Wholesale Banking Unit*1, 2

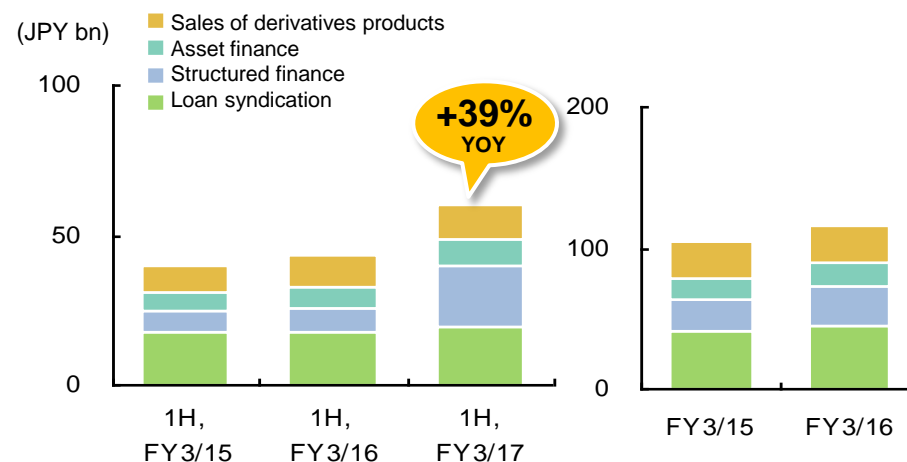


Domestic corporate loan spread*1, 3



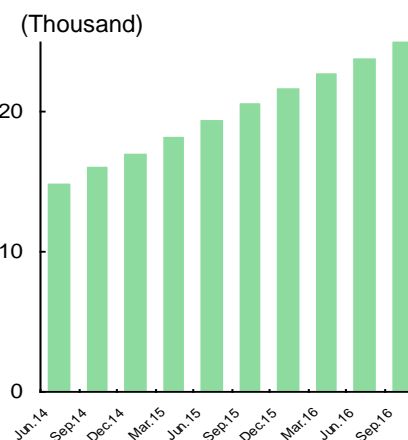
Enhance non-interest income

Income related to domestic corporate business

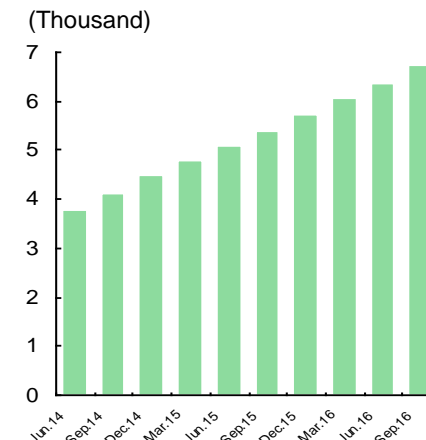


Bank-securities collaboration*4

Asset Management



Investment banking



*1 Managerial accounting basis. Excludes loans to the government, etc. We revised managerial accounting rules in 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 Accumulated no. of cases via referral / intermediary services from SMBC to SMBC Nikko

IV. Business strategy

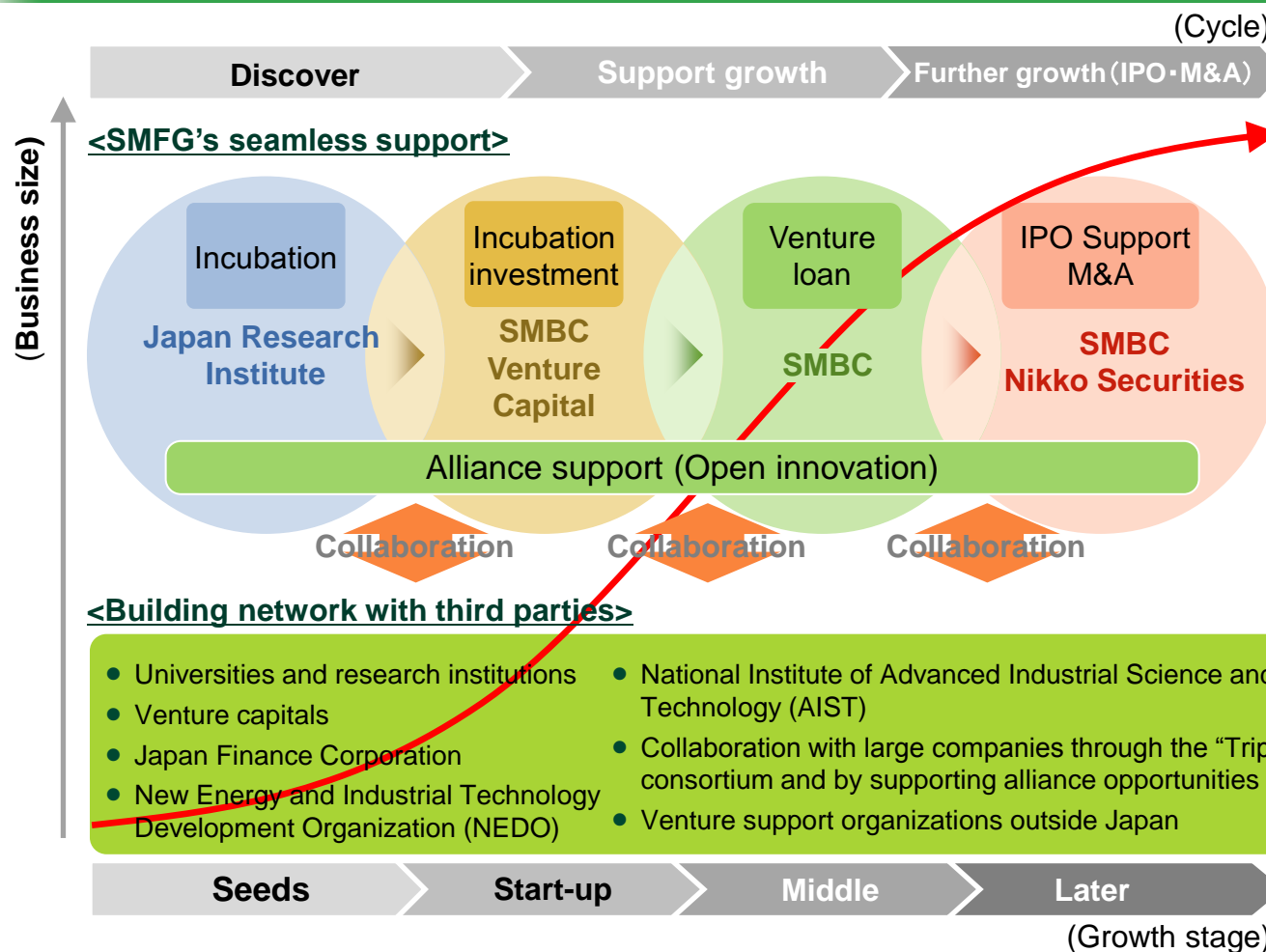
2. Wholesale business (2) Supporting growing companies

- Building the brand of “SMBC/SMFG that is strong in growth areas”

Building support system by utilizing resources inside and outside of the Group

Support system for start-up companies throughout their growth stage

Building an eco-system



- The cross-industry Triple I consortium aiming to build an innovative eco-system

Incubation & Innovation Initiative

- A pitch event to connect investors and start-up companies



* Incubation & Innovation Initiative. A cross industry consortium to support business development of new advanced technology and business ideas

IV. Business strategy

Ref: SMBC Nikko Securities / Reorganization of group companies

SMBC Nikko Securities

Financial results (consolidated)

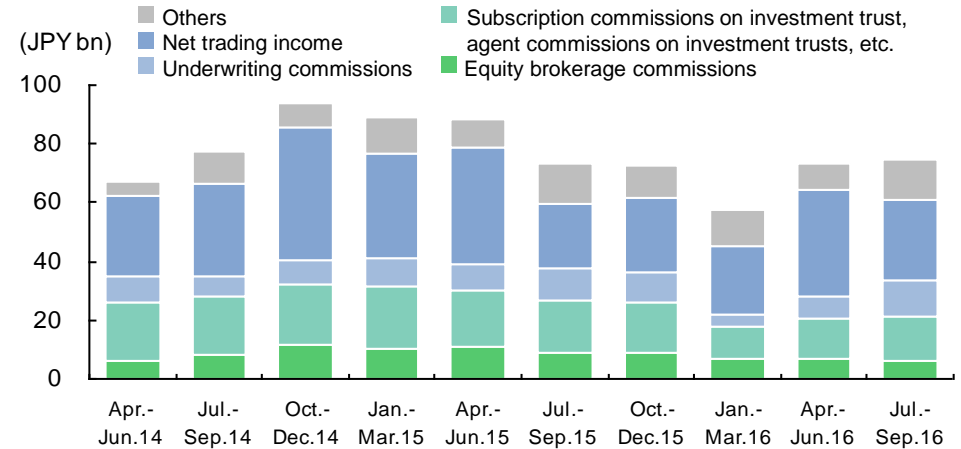
(JPY bn)	FY3/16	1H, FY3/17	YOY change
Net operating revenue	292.8	149.1	(13.2)
SG&A expenses	(241.5)	(119.5)	+4.8
Ordinary income^{*1}	55.8	31.5	(9.0)
Profit attributable to owners of parent^{*1}	42.1	22.0	(7.4)

League tables (Apr. -Sep. 2016)^{*2}

	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount)^{*3, 4}	#2	19.3%
JPY denominated bonds (lead manager, underwriting amount)^{*3, 5}	#3	18.2%
Financial advisor (M&A, No. of deals)^{*3, 6}	#3	3.5%
IPO (lead manager, No. of deals)^{*7}	#4	17.1%

- SMFG ranked #1 on market share of Samurai Bond (21.7%)

Net operating revenue



Reorganization of group companies

Merger of securities subsidiaries

Target of merger: Jan. 2018



SMBC NIKKO



SMBC FRIEND SECURITIES

Consolidation of asset management company

Increased stakes to 60%



Sumitomo Mitsui Asset Management



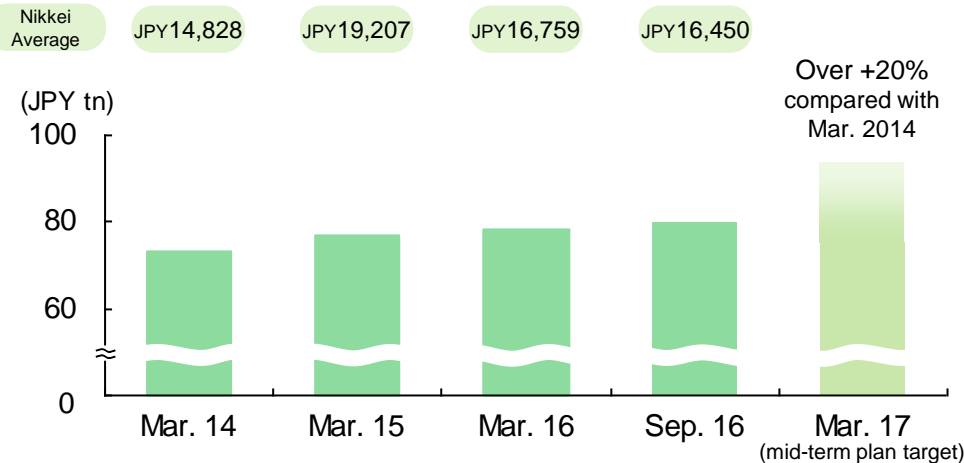
SMFG group's managerial resources

IV. Business strategy

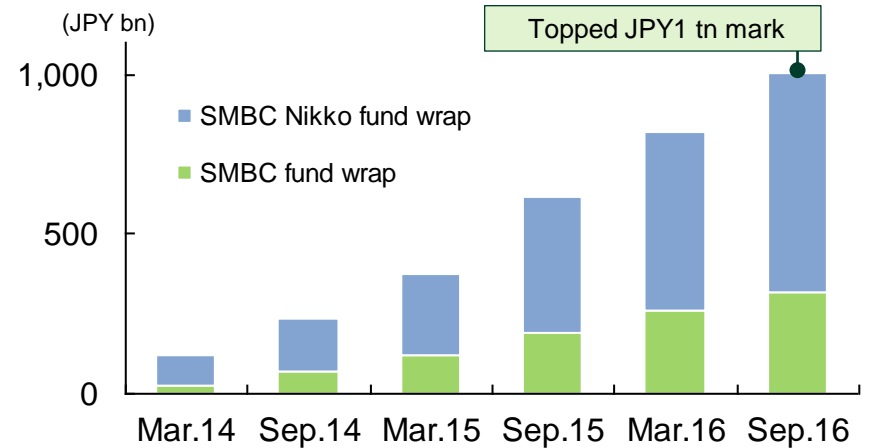
3. Retail business (1) Wealth management business

- Promote customer-oriented consulting based on the bank-securities integration strategy

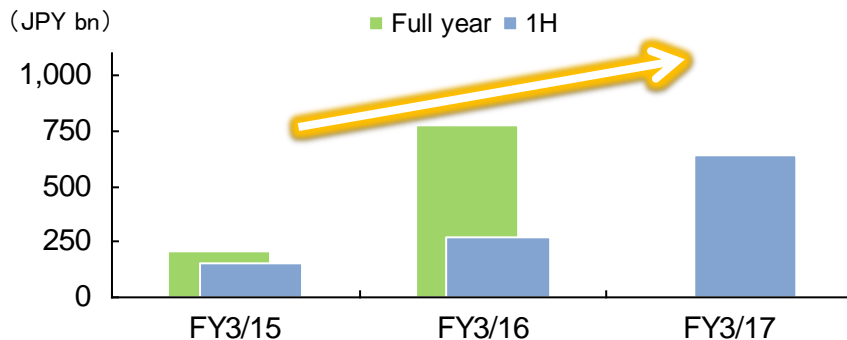
Retail AuM (SMBC+SMBC Nikko+SMBC Trust Bank PRESTIA)



Balance of Fund wrap (SMBC+SMBC Nikko)

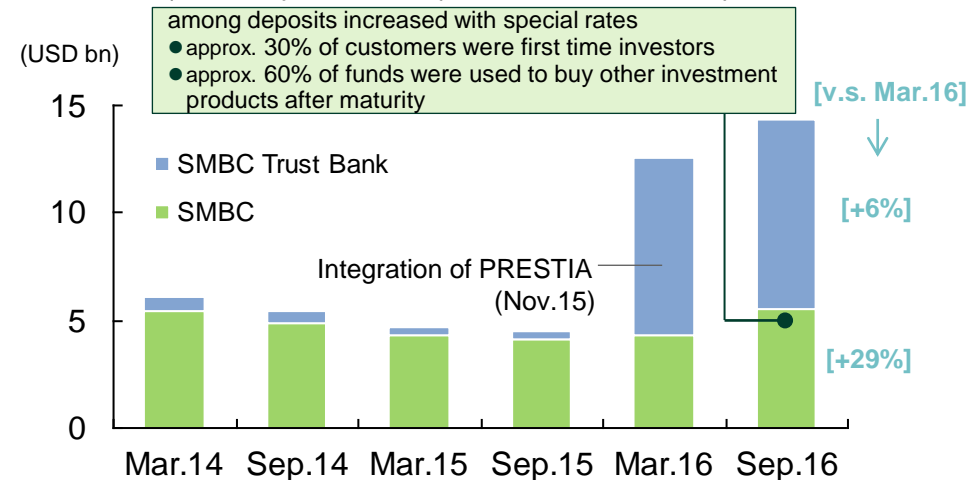


Increase balance of investment products (excludes change of market value, SMBC+SMBC Nikko)*1



AuM through bank-securities collaboration*2	15/3	15/9	16/3	16/9
	JPY 2.6 tn	JPY 3.1 tn	JPY 3.6 tn	JPY 4.1 tn

Foreign deposit balance (SMBC (Individuals)+SMBC Trust Bank)*3



*1 Sum of the net volume of product sales and cancel/redemption at SMBC and the inflow of assets (includes referrals from SMBC) at SMBC Nikko

*2 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 *3 Converted into USD at respective period-end exchange rates

IV. Business strategy

3. Retail Business (2) Meeting customer needs / Improving customer convenience

Meeting customer needs

- Improve the quality of our services in accordance with “Our commitment to fiduciary duties”
- SMBC ranked No.1 for the first time in the Annual Retail Banking Survey*1 by Nikkei Veritas
- SMBC ranked No.1 in investor satisfaction for Full Service National Bank in J.D. Power Asia Pacific 2016 Japan Investor Satisfaction study*2



- SMBC Nikko Securities received the Best Customer Support of The Year 2016*3
- SMBC Consumer Finance becomes the first company in the nonbank sector to obtain the certificate for COPC® CSP, international quality standards for call center operations, for the fourth consecutive year



Improving customer convenience

SMBC DEBIT

- Introduced “SMBC DEBIT”, a new debit card service with the Visa brand (Oct. 2016)
 - Free annual fee
 - Cash back
 - Four different card designs
 - Managing account statements with new app
 - Card to be equipped with contactless payment function (Spring 2017)



New smartphone app

- New banking app (Apr. 2016)
 - “simple”, “easy” and “user-friendly”
- New app enabling to view and manage SMBC, SMBC Nikko Securities and Sumitomo Mitsui Card transactions in one screen (Oct. 2016)
 - Account activities of SMBC and SMBC DEBIT are shown in one screen



*1 Survey of 117 banks nationwide conducted by The Nihon Keizai Shimbu and the Nikkei Veritas

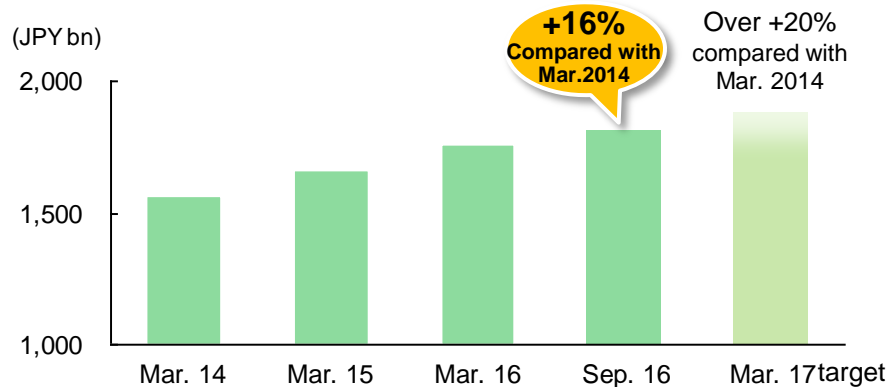
*2 Disclaimer: J.D. Power Asia Pacific 2016 Japan Investor Satisfaction study. Study based on a total of 2,746 investors who had used investment service at full service national bank. (japan.jdpower.com.)

*3 Customer support award sponsored by Japan Institute of Information Technology

IV. Business strategy

3. Retail business (3) Consumer finance

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



Financial results : SMBC Consumer Finance (consolidated)

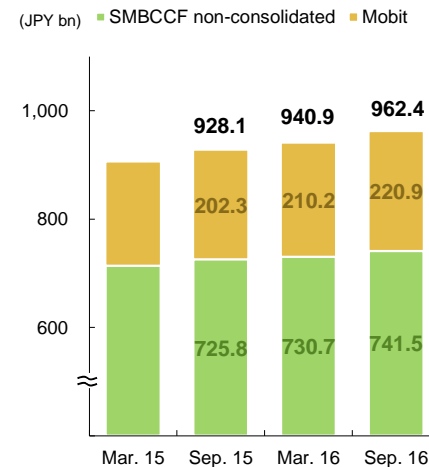
(JPY bn)	FY3/16	Apr.-Sep. 2016	YOY change
Operating income	245.8	127.0	+5.8
Expenses for loan losses within Expenses	(52.0)	(32.8)	(1.8)
Losses on interest repayments within Expenses	(122.0)	-	-
Ordinary profit	(61.2)	30.5	+1.2
Profit attributable to owners of parent	(64.8)	28.1	+1.0
Consumer loans outstanding	1,022.0	1,043.6	
Allowance on interest repayments	188.8	153.4	
Loan guarantee	1,079.9	1,154.5	
for regional financial institutions, etc.	474.2	518.8	

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

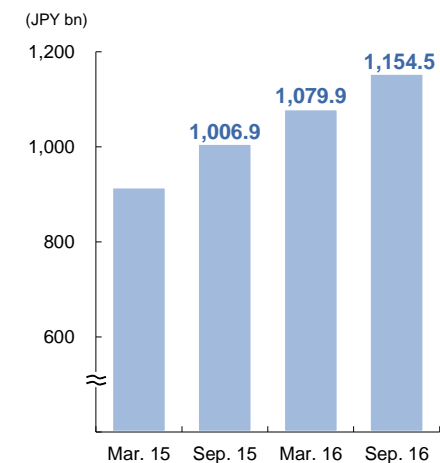
* Converted into Japanese yen at respective period-end exchange rates

SMBC Consumer Finance: financing / loan guarantee / overseas businesses

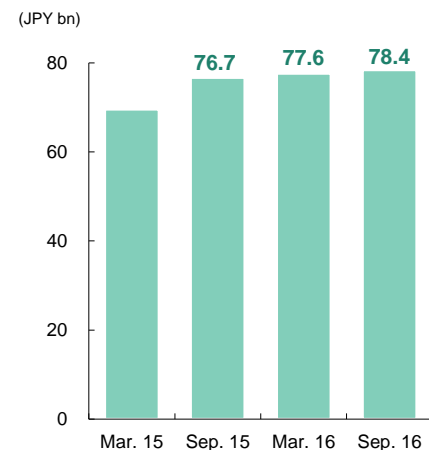
Consumer loans outstanding (domestic)



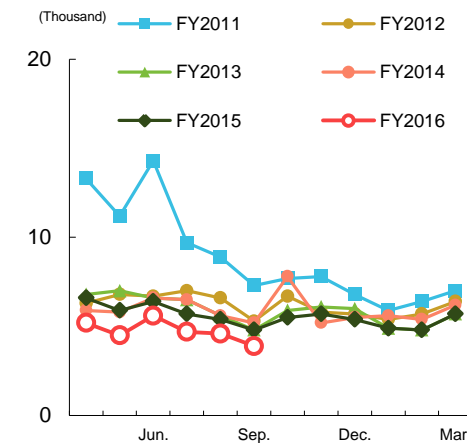
Loan guarantee amount



Consumer loans outstanding (overseas)*



No. of interest refund claims

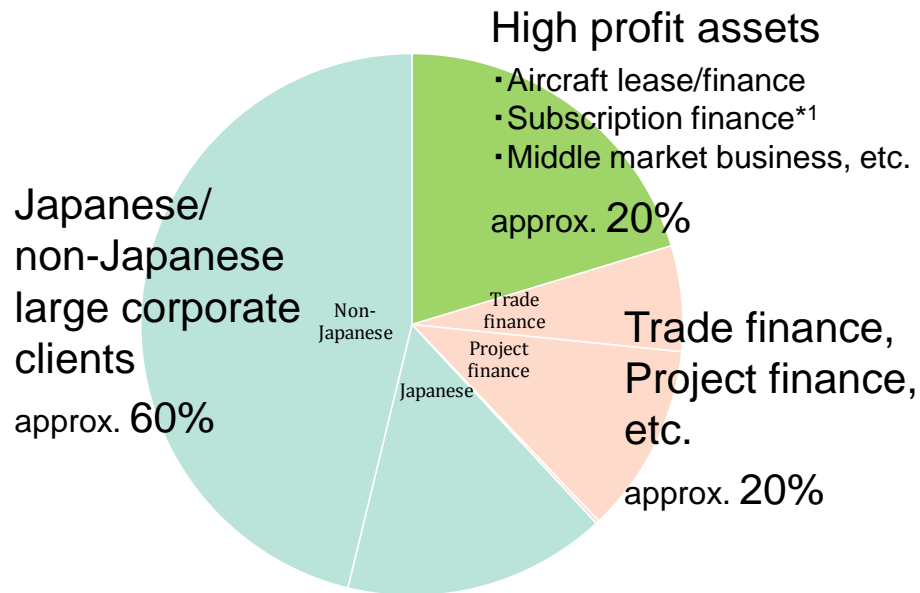


IV. Business strategy

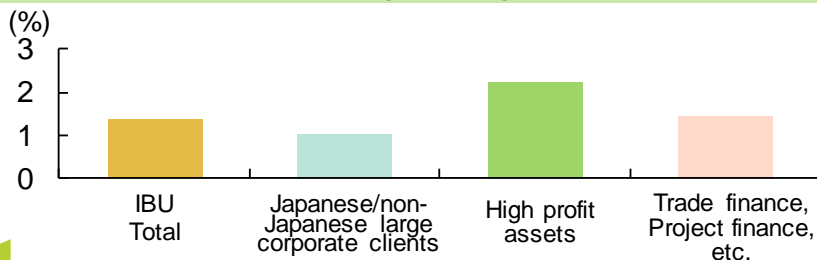
4. International business (1) Evolving the business model

- Improve profitability by promoting cross-selling and executing nimble portfolio management
- Be selective in risk taking. Pay attention to credit control and funding

International Banking Unit's portfolio (Sep. 2016)



Average margin*2



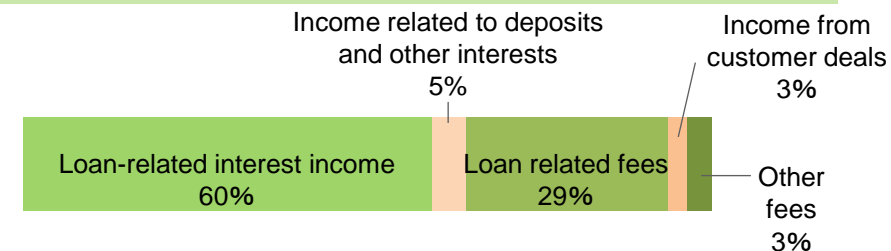
Promote cross-selling

- Enhance business with non-Japanese core clients
- Transactions connecting Japanese and non-Japanese corporations
- Domestic-international integration model

Nimble portfolio management

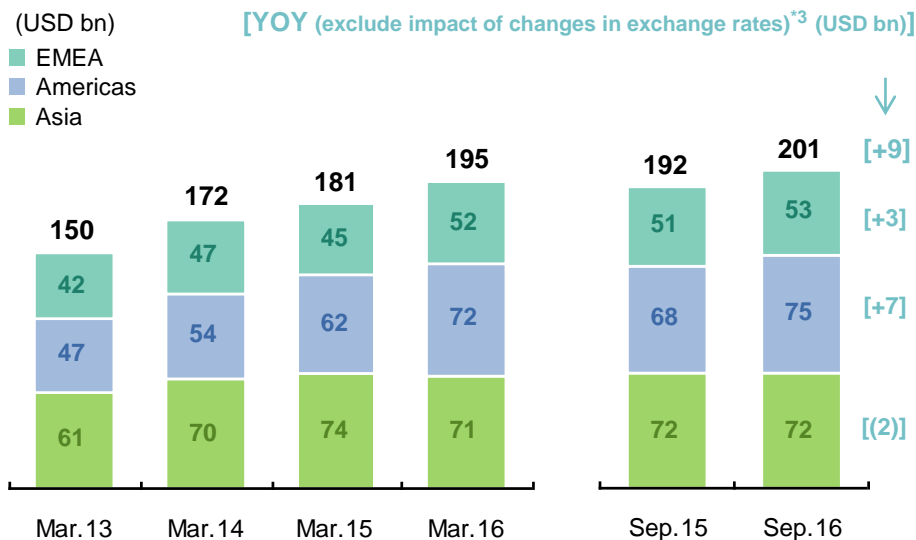
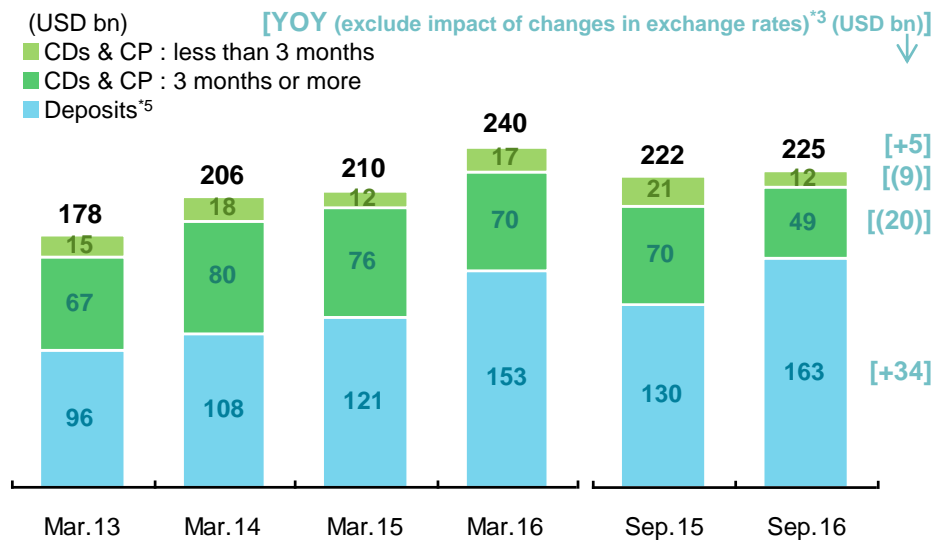
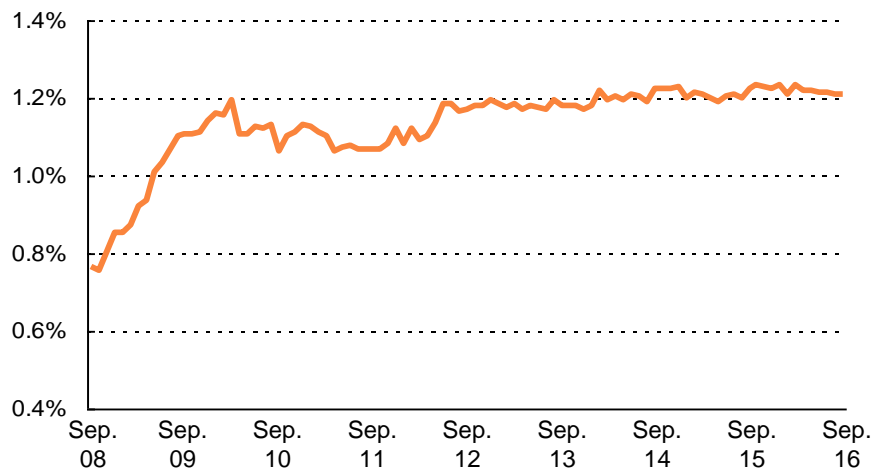
- Increasing high profit assets
- Asset turn over
 - Secondary sales of overseas assets(1H, FY3/17): increased by 1.8 times YOY
 - Selling assets to domestic investors utilizing trust beneficially right scheme

Gross banking profit of IBU*3



IV. Business strategy

4. International business (2) Lending and funding

Overseas loan balance (includes trade bills)^{*1, 2}Overseas deposit balance^{*1, 2}Overseas loan spread^{*1, 4}

Foreign currency bonds outstanding ^{*6} (USD bn)	Senior	25.1	32.9	28.3	36.6
	Subordinated	4.7	4.1	4.8	4.1

Status of foreign currency funding

- TLAC bonds issued by SMFG
 - Euro-denominated senior bonds: EUR 1.5 bn (Jun. 2016)
 - USD-denominated senior bonds: total of USD 12 bn (Mar., Jul., and Oct. 2016)
- Impact of US MMF reform (effective in Oct. 2016)
 - CDs and CP outstandings decreased until the end of Sep. 2016, but bottomed out after the enforcement
 - Managed to increase deposits, and extend tenor of CDs and CP: No issues in liquidity
- Impact on funding cost associated with rising FX swap rate is limited (the amount of short-term FX swaps are very limited for this fiscal year)


*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China) *2 Converted 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

IV. Business strategy

4. International business (3) Asia strategy

Medium- to long- term strategy	Major initiatives during the current mid- term plan (2014-2016)	1H, FY3/17 major achievements
1 Develop existing businesses	<ul style="list-style-type: none"> ● Introducing Asia core client program ● Gateway to/from Asia, promoting bank-securities collaboration 	<ul style="list-style-type: none"> ● Promoted Asia core client program <ul style="list-style-type: none"> ● “Enhance account planning”, “Strengthen products”, “Reinforce customer relationship” ● BTPN launched a smartphone based digital banking services for high-net-worth / middle class by collaborating with SMBC  ● Expanded branch network <ul style="list-style-type: none"> ● SMBC(China) opened Dalian Branch ● Thilawa Front Office in Yangon ● Received approval to open an office in Mumbai (scheduled in Mar. 2017) ● Established East Asia head office ● Expanded and diversified local currency funding
2 Enter large Tier 2, and middle sized corporate businesses	<ul style="list-style-type: none"> ● Adjusted the speed of implementation due to the slowdown in the Asian economy 	
3 Strengthen transaction banking	<ul style="list-style-type: none"> ● Developed an integrated framework of planning and marketing cash management, trade finance and FX 	
4 Further promote the multi-franchise strategy	<ul style="list-style-type: none"> ● Promoted Indonesia strategy : collaborated with BTPN, invested in OTO/SOF ● Established a new business framework for the East Asia Division ● Made ACLEDA Bank an equity-method affiliate 	
5 Upgrade business infrastructure	<ul style="list-style-type: none"> ● Enhanced ALM operation ● Solidified compliance system ● Renewed regional personnel management system 	

IV. Business strategy

5. Digital innovation

- Promoting initiatives to introduce new services utilizing new technology and build new financial infrastructure

Improving SMFG's competitiveness

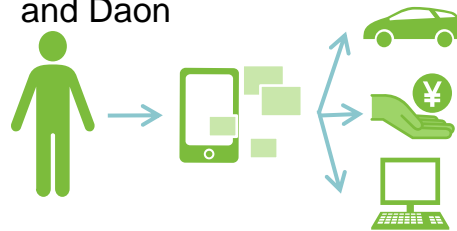
Electronic bar codes

- Established a JV with NEC. Introduced a new paperless payment service using smartphones that can be made at convenience store



Identification intermediary service

- Offering biometrics identification app for smartphones
- Collaboration with NTT DATA and Daon

Payment services
(Sumitomo Mitsui Card)

- Started to offer multicurrency online payment service in Japan with Stripe, Inc.
- Started service for Apple Pay

Fraud detection
using AI (Artificial Intelligence)

- Utilizing AI to detect credit card fraud at Sumitomo Mitsui Card Company through collaboration with Google

Building new financial infrastructure

API*

- Feasibility study by holding "API hackathon"
- Started joint studies with NTT DATA to offer API linked B to B services including fund wiring

Blockchain

- Conducting feasibility studies of using blockchain technology in the financial sector collaborating with universities and start-up companies

* Abbreviation for Application Programming Interface. API is a mechanism that enables users to access functions and services provided by a system from another system

■ Closing remarks

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

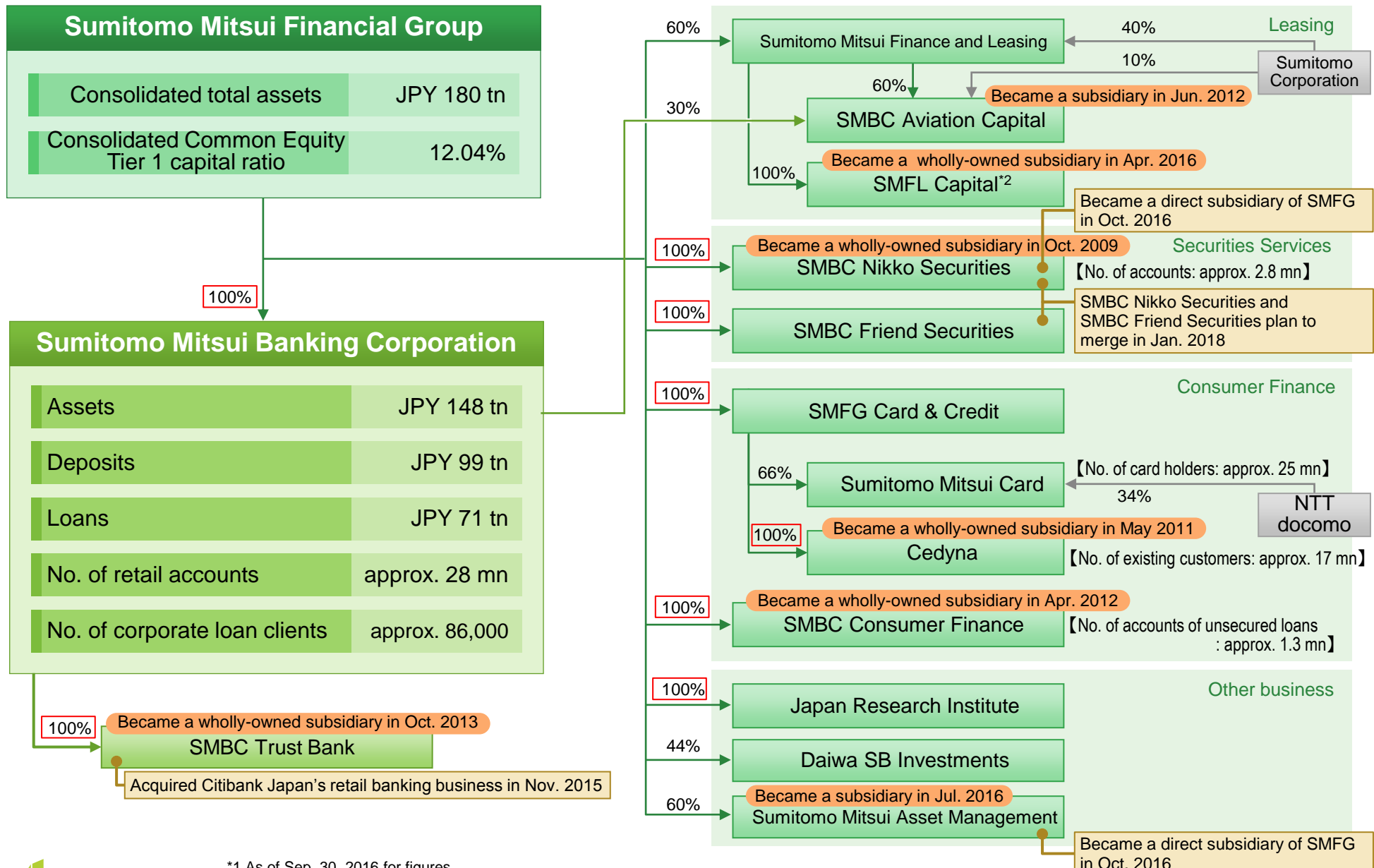
**We will become
a truly Asia-centric institution**

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

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

Appendix

Group structure*1

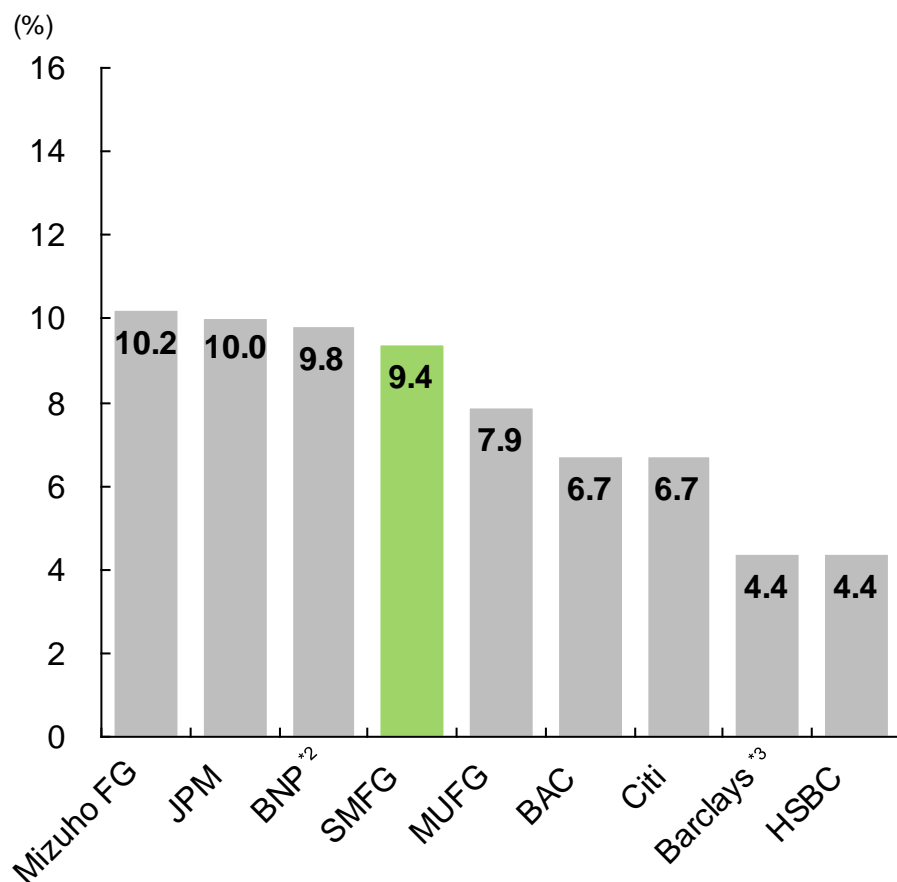


*1 As of Sep. 30, 2016 for figures

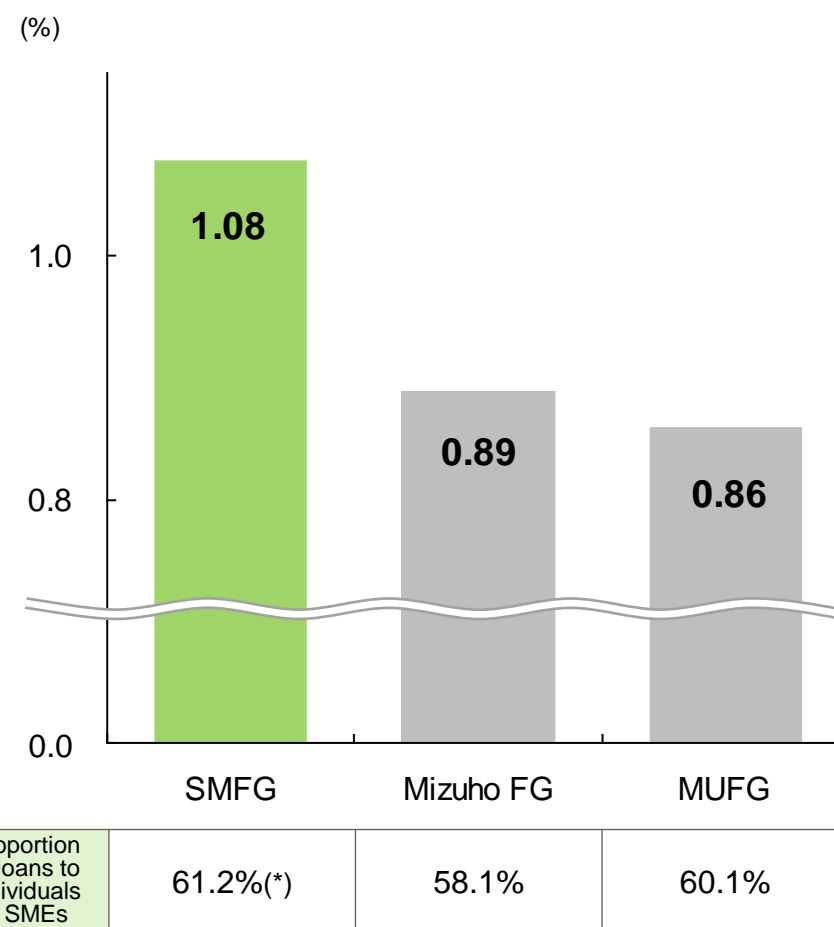
*2 Changed name from GE Japan GK to SMFL Capital Company, Limited in Sep. 2016

Peer comparison

ROE*1



Domestic loan-to-deposit spread*4



(*) Proportion of loans to individuals & SMEs decreased due to a) an increase in loans to the Japanese government, etc. and b) loans to holding company SMFG's definition turned into Large corporation from SME. Proportion of loans to individuals & SMEs excludes SMFG as of Mar. 31, 2016 was 65.2%

*1 Based on each company's disclosure. 1H, FY3/17 results for SMFG, Mizuho FG and MUFG, and Jan.-Sep. 2016 results for others

*2 ROTCE: Return on tangible common equity *3 Excluding exceptional

*4 1H, FY3/17 results. Based on each company's disclosure. The figures shown in the graph are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of Mizuho Bank for Mizuho FG, and non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG

Credit ratings of G-SIBs (Operating banks, by Moody's)*

	Apr. 2001	Jul. 2007	Oct. 2016
Aaa		<ul style="list-style-type: none"> Bank of America Bank of New York Mellon Citibank JPMorgan Chase Bank 	<ul style="list-style-type: none"> Royal Bank of Scotland UBS Wells Fargo Bank
Aa1	<ul style="list-style-type: none"> Bank of America Crédit Agricole 	<ul style="list-style-type: none"> Wells Fargo Bank UBS 	<ul style="list-style-type: none"> Banco Santander Barclays Bank BNP Paribas Crédit Agricole Credit Suisse Deutsche Bank
Aa2	<ul style="list-style-type: none"> Bank of New York Mellon Barclays Bank Citibank HSBC Bank 	<ul style="list-style-type: none"> ING Bank JPMorgan Chase Bank Royal Bank of Scotland State Street Bank & Trust 	<ul style="list-style-type: none"> Bank of New York Mellon HSBC Bank
Aa3	<ul style="list-style-type: none"> Banco Santander BNP Paribas BPCE(Banque Populaire) 	<ul style="list-style-type: none"> Deutsche Bank Société Générale UniCredit 	<ul style="list-style-type: none"> Wells Fargo Bank
A1	<ul style="list-style-type: none"> Credit Suisse 	<ul style="list-style-type: none"> Goldman Sachs Bank Morgan Stanley Bank 	<ul style="list-style-type: none"> JPMorgan Chase Bank Nordea Bank Standard Chartered State Street Bank & Trust
A1		<ul style="list-style-type: none"> Agricultural Bank of China Bank of China 	<ul style="list-style-type: none"> ICBC
A2	<ul style="list-style-type: none"> BTMU 	<ul style="list-style-type: none"> Standard Chartered 	<ul style="list-style-type: none"> China Construction Bank Standard Chartered
A3	<ul style="list-style-type: none"> SMBC 	<ul style="list-style-type: none"> Mizuho Bank 	<ul style="list-style-type: none"> China Construction Bank Citibank
Baa1	<ul style="list-style-type: none"> Agricultural Bank of China Bank of China 	<ul style="list-style-type: none"> China Construction Bank ICBC 	<ul style="list-style-type: none"> Crédit Agricole Goldman Sachs Bank ICBC ING Bank Mizuho Bank Morgan Stanley Bank UBS
Baa2			<ul style="list-style-type: none"> Deutsche Bank

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

Credit ratings of G-SIBs (Holding companies, by Moody's / S&P)*

Oct. 2016					
Moody's		S&P			
Aaa				AAA	
Aa1				AA+	
Aa2				AA	
Aa3				AA-	
A1	SMFG <ul style="list-style-type: none"> • Bank of New York Mellon • HSBC • Mizuho 	<ul style="list-style-type: none"> • MUFG • Standard Chartered • State Street 		A+	
A2	<ul style="list-style-type: none"> • Wells Fargo 		<ul style="list-style-type: none"> • Bank of New York Mellon • HSBC • MUFG 	<ul style="list-style-type: none"> • State Street • Wells Fargo 	A
A3	<ul style="list-style-type: none"> • Goldman Sachs • JPMorgan 	<ul style="list-style-type: none"> • Morgan Stanley 	SMFG <ul style="list-style-type: none"> • ING • JPMorgan 	<ul style="list-style-type: none"> • Mizuho • UBS 	A-
Baa1	<ul style="list-style-type: none"> • Bank of America • Citigroup 	<ul style="list-style-type: none"> • ING 	<ul style="list-style-type: none"> • Bank of America • Citigroup • Credit Suisse 	<ul style="list-style-type: none"> • Goldman Sachs • Morgan Stanley • Standard Chartered 	BBB+
Baa2	<ul style="list-style-type: none"> • UBS 		<ul style="list-style-type: none"> • Barclays 		BBB
Baa3	<ul style="list-style-type: none"> • Barclays 	<ul style="list-style-type: none"> • Credit Suisse 	<ul style="list-style-type: none"> • RBS 		BBB-
Ba1	<ul style="list-style-type: none"> • RBS 				BB+

* Long-term issuer ratings (if not available, Senior unsecured ratings for Moody's) of holding companies

1H, FY3/2017 performance by segment

	(JPY bn)	Gross profit		Expenses, etc.		Consolidated net business profit	
			YOY change		YOY change		YOY change
Total		1,417.5	(95.3)	(869.3)	+26.3	548.1	(69.0)
Banking business		1,059.6	+105.7	(521.1)	(21.6)	538.5	+84.1
of which							
SMBC		914.0	+111.0	(402.0)	(3.2)	512.0	+107.9
Leasing		87.2	+5.2	(37.6)	(5.6)	49.5	(0.4)
of which							
Sumitomo Mitsui Finance and Leasing*1		78.7	+7.1	(34.6)	(4.7)	44.1	+2.4
Securities services		176.4	(16.5)	(151.7)	+5.4	24.8	(11.1)
of which							
SMBC Nikko Securities*2		158.7	(17.5)	(127.4)	+4.5	31.3	(12.9)
Consumer finance business		313.2	+13.1	(206.9)	(11.0)	106.3	+2.1
of which							
Sumitomo Mitsui Card		105.9	+4.5	(85.6)	(8.6)	20.3	(4.1)
Cedyna*3		84.5	+2.0	(62.7)	(1.1)	21.8	+0.9
SMBC Consumer Finance*1		120.7	+6.0	(51.8)	(0.9)	68.9	+5.1
Other businesses*4		(218.9)	(202.8)	48.0	+59.1	(171.0)	(143.7)

*1 On a consolidated basis

*2 Represents non-consolidated figures of SMBC Nikko Securities plus figures of the overseas incorporated securities companies

*3 Cedyna provides consolidated figures minus figures of its immaterial subsidiaries

*4 Includes profits / losses to be offset as internal transactions between segments

SMBC's performance by business unit*1

		(JPY bn)	1H, FY3/16	FY3/16	1H, FY3/17	YOY change*2
Wholesale Banking Unit	Gross banking profit		257.6	545.3	257.7	+12.6
	Expenses		(101.9)	(205.1)	(99.6)	0.0
	Banking profit		155.7	340.2	158.1	+12.6
Retail Banking Unit	Gross banking profit		182.9	372.8	169.1	(12.0)
	Expenses		(174.4)	(354.1)	(176.7)	(1.7)
	Banking profit		8.5	18.7	(7.6)	(13.7)
International Banking Unit	Gross banking profit		180.7	356.0	148.2	(2.1)
	Expenses		(60.9)	(116.5)	(59.5)	(4.2)
	Banking profit		119.8	239.5	88.7	(6.3)
Marketing units	Gross banking profit		621.2	1,274.1	575.0	(1.5)
	Expenses		(337.2)	(675.7)	(335.8)	(5.9)
	Banking profit		284.0	598.4	239.2	(7.4)
Treasury Unit	Gross banking profit		222.5	293.6	164.3	(58.2)
	Expenses		(14.6)	(29.1)	(13.6)	(0.4)
	Banking profit		207.9	264.5	150.7	(58.6)
Headquarters	Gross banking profit		(40.7)	(33.4)	174.7	+170.7
	Expenses		(47.0)	(100.7)	(52.6)	+3.1
	Banking profit		(87.7)	(134.1)	122.1	+173.8
Total (SMBC non-consolidated)	Gross banking profit		803.0	1,534.3	914.0	+111.0
	Expenses		(398.8)	(805.5)	(402.0)	(3.2)
	Banking profit		404.2	728.8	512.0	+107.9

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

Gains (losses) on bonds

SMBC non-consolidated

Gains (losses) on bonds

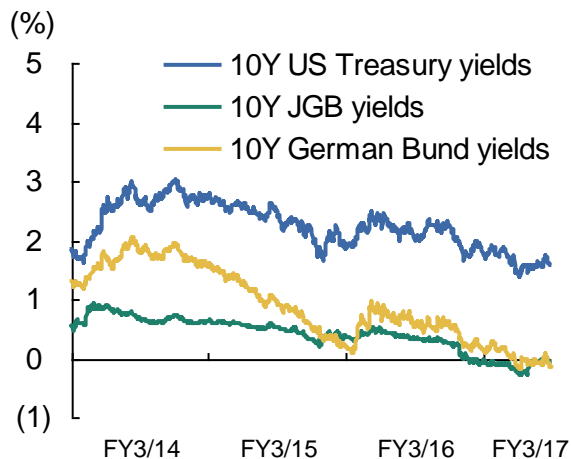
(JPY bn)	FY3/16	1H, FY3/17	YOY Change
Gains (losses) on bonds	54.0	58.0	+37.5
Domestic operations	3.4	18.3	+18.9
International operations	50.6	39.7	+18.6

Gross banking profit of SMBC's Treasury Unit

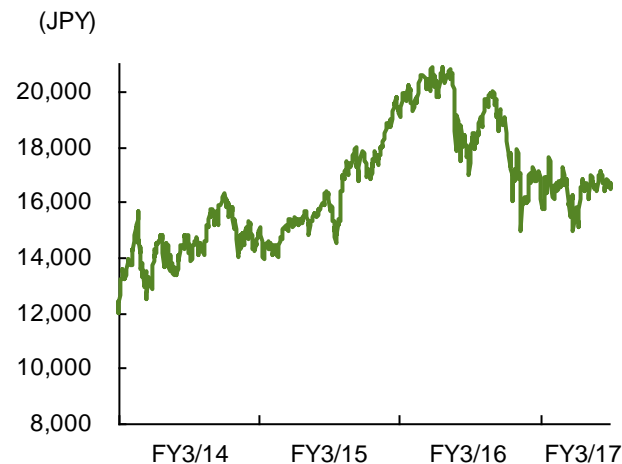
(JPY bn)	FY3/16	1H, FY3/17	YOY change
Gross banking profit of SMBC's Treasury Unit	293.6	164.3	(58.2)

Interest rate, stock price and exchange rate

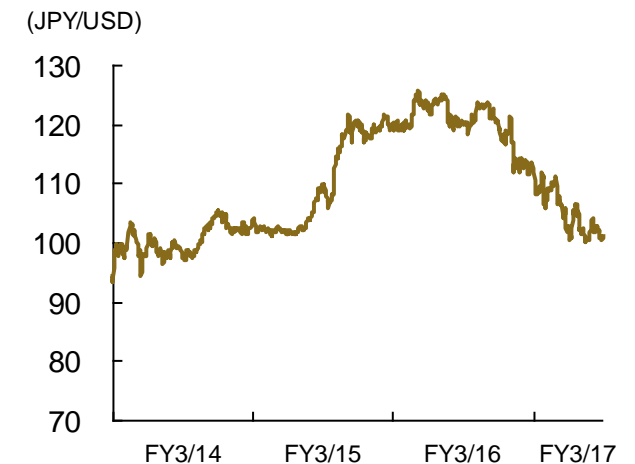
Interest rate of JGB, US Treasury and Bund



Nikkei Stock Average



Exchange rate JPY / USD

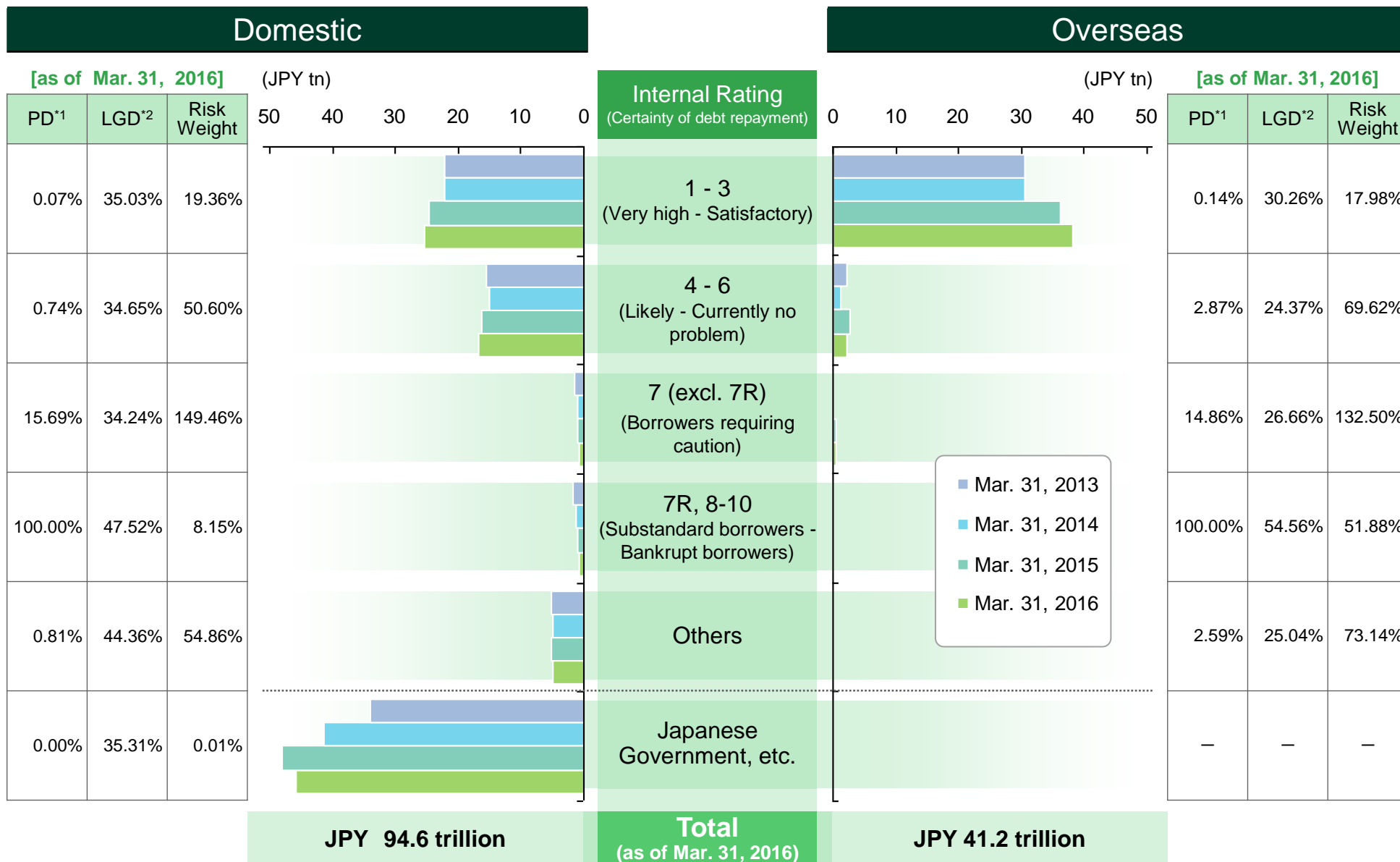


Bond portfolio

		Mar. 2013		Mar. 2015		Mar. 2016		Sep. 2016	
		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)
(JPY tn)									
SMFG consolidated	Yen-denominated bonds	30.4	0.17	17.1	0.07	13.2	0.13	10.7	0.12
	of which JGB	27.0	0.12	14.3	0.03	10.3	0.08	8.0	0.07
	Held-to-maturity	5.5	0.06	3.3	0.02	2.2	0.02	1.7	0.01
	Others	21.5	0.06	11.0	0.01	8.1	0.06	6.3	0.06
	Foreign bonds (Other securities)			5.6	0.03	6.5	0.03	5.6	0.00

SMBC non-consolidated	Yen-denominated bonds	28.9	0.16	16.4	0.07	12.3	0.12	9.9	0.11
	of which JGB	26.2	0.11	14.0	0.03	9.8	0.07	7.4	0.07
	Held-to-maturity	5.5	0.06	3.3	0.02	2.0	0.01	1.4	0.01
	Others	20.7	0.06	10.7	0.01	7.8	0.06	6.0	0.06
	Foreign bonds (Other securities)			4.2	0.03	5.2	0.02	4.1	(0.00)

Corporate, sovereign and bank exposures



*1 Probability of Default. Probability of becoming default by obligor during one year

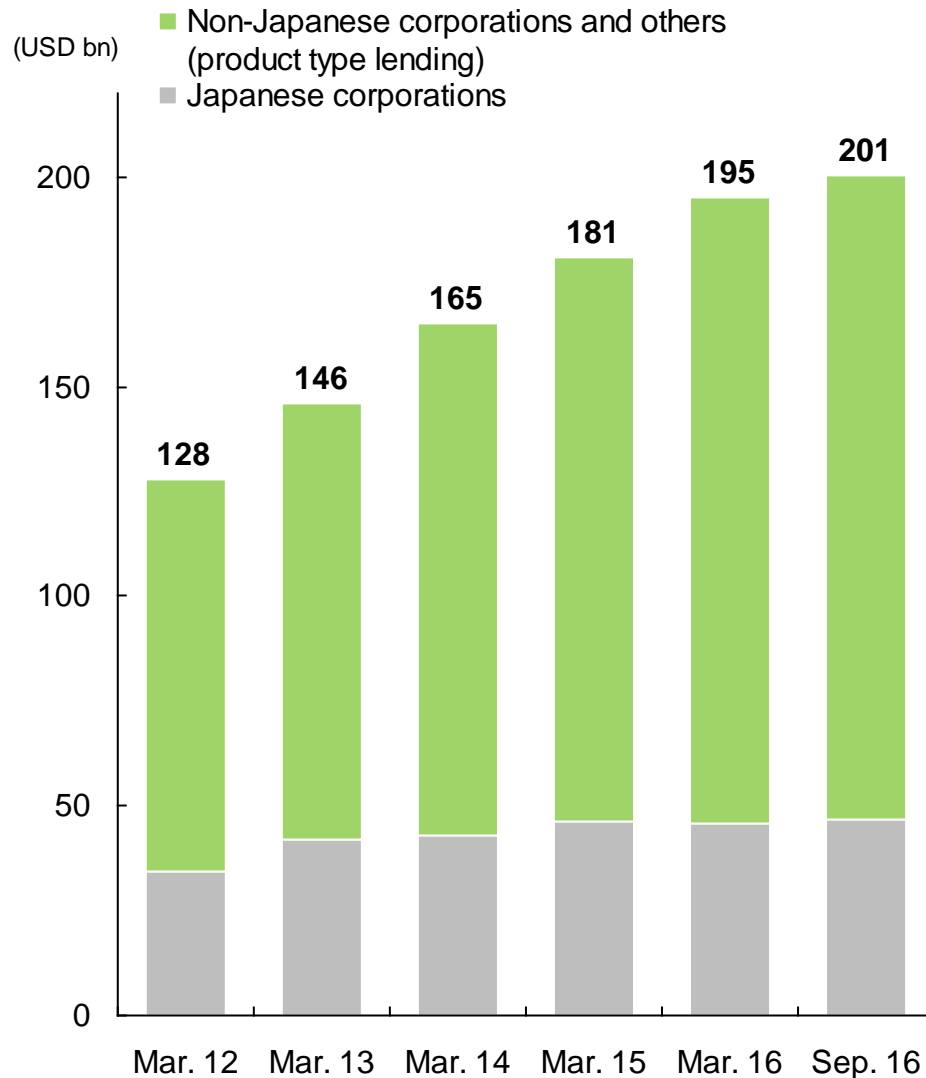
*2 Loss Given Default. Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default

(SMFG consolidated)

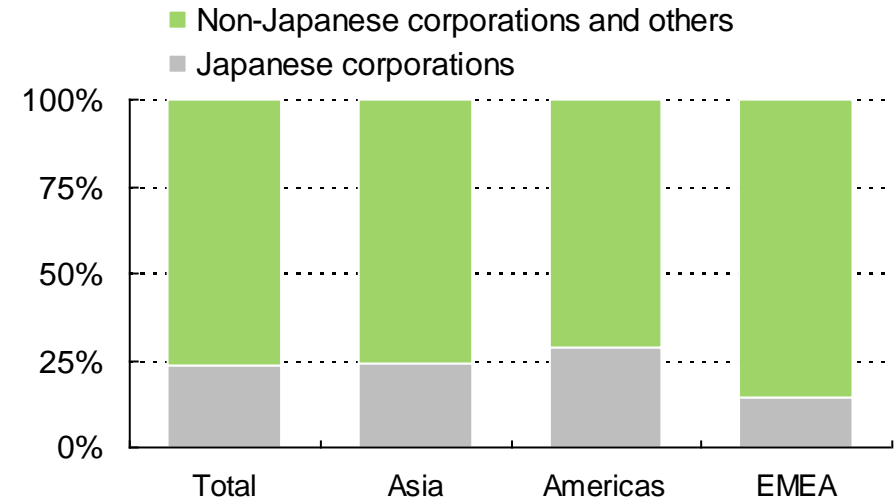
Overseas loan balance classified by borrower type

(Geographic classification based on booking office)

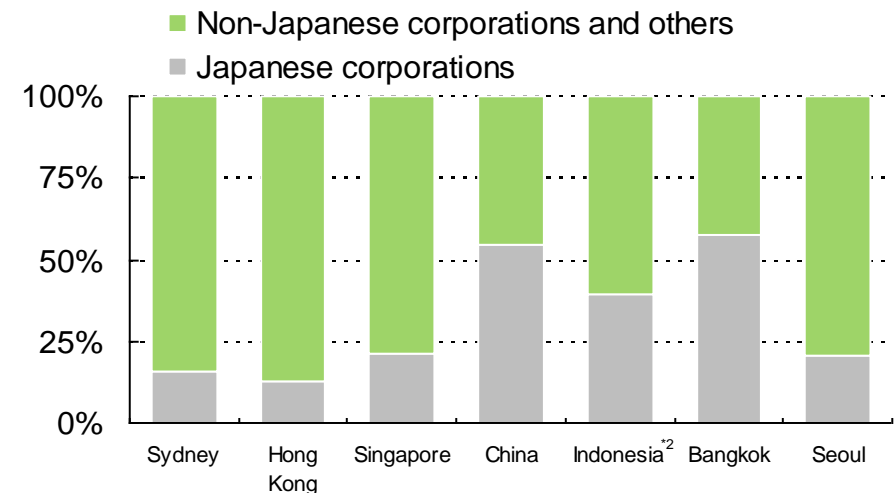
Total*¹



By region (Sep. 2016)*¹



Major marketing channels in Asia (Sep. 2016)*¹



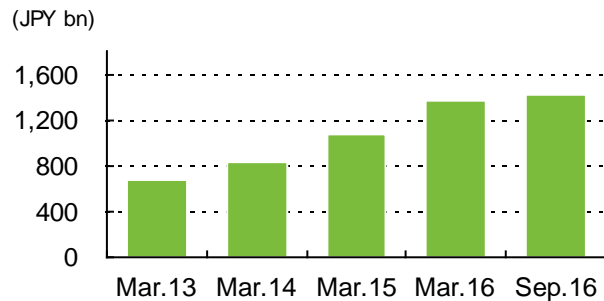
*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015

*2 Sum of SMBC and SMBC Indonesia

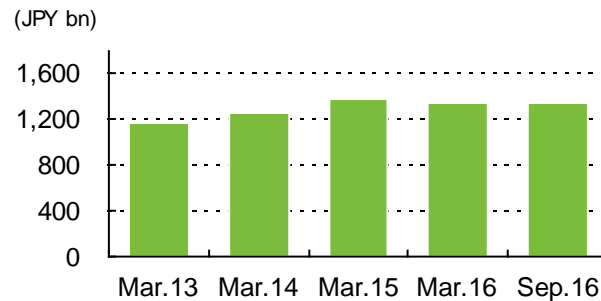
Loan balance in Asian countries/areas

(Geographic classification based on borrowers' domicile)*

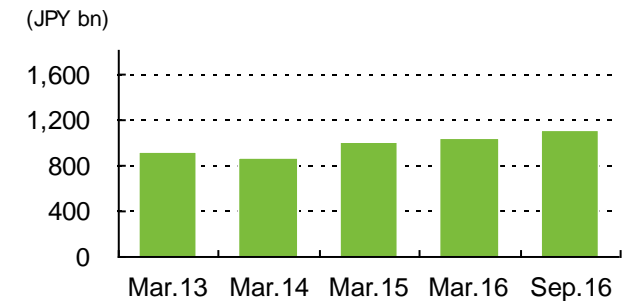
Australia



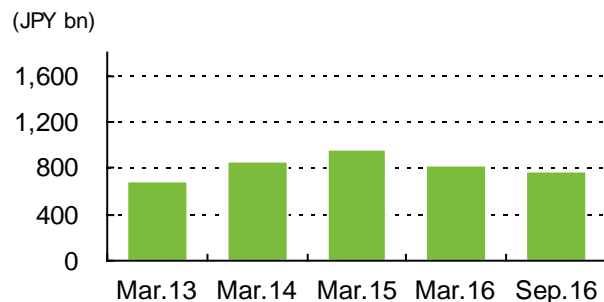
Hong Kong



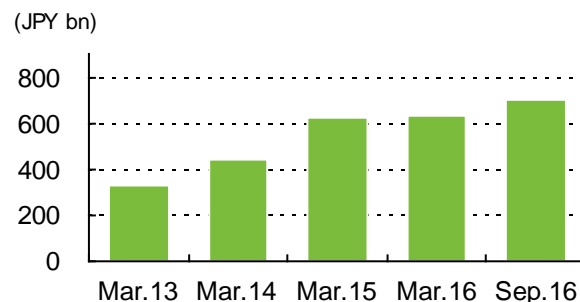
Singapore



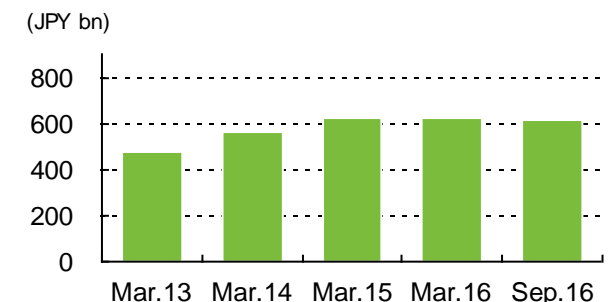
China



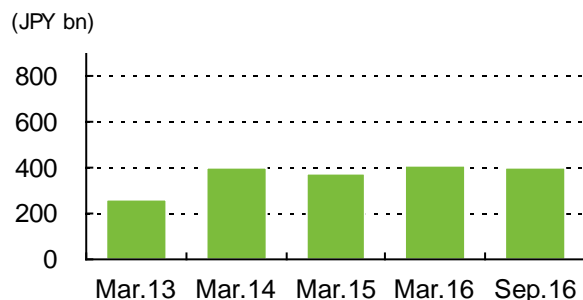
Indonesia



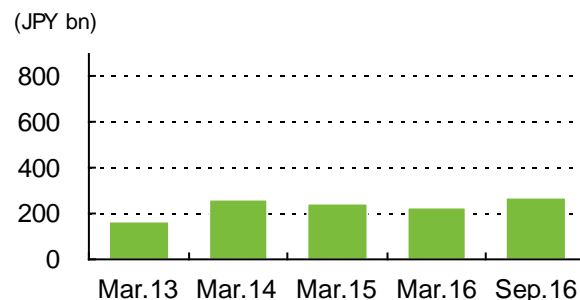
Thailand



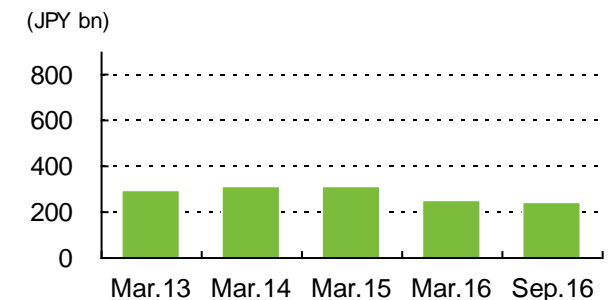
India



Taiwan



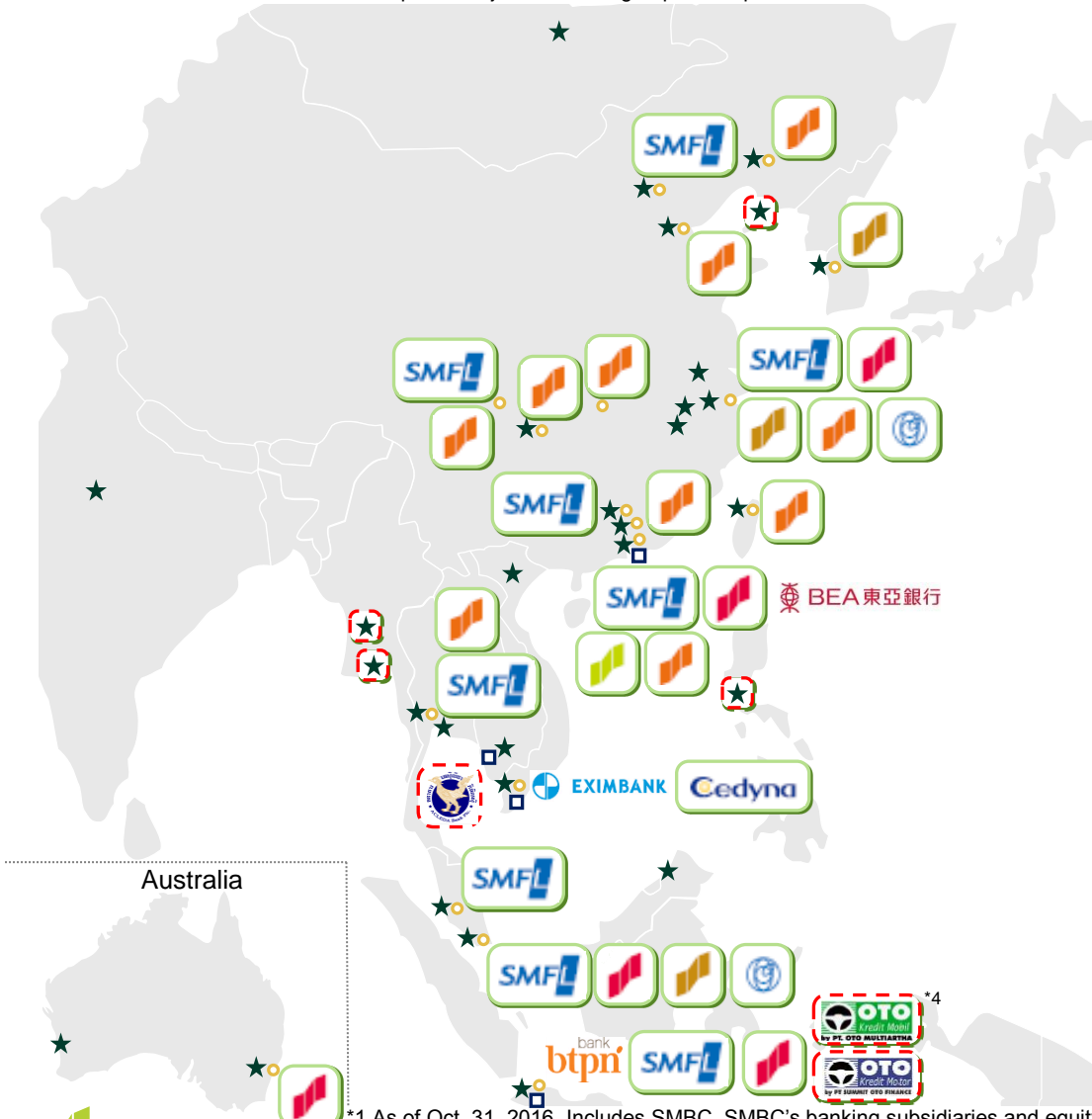
Korea



* 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, 2016

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. 2015



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 40 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	<ul style="list-style-type: none"> Hong Kong
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	<ul style="list-style-type: none"> Seoul*²
	Consulting	<ul style="list-style-type: none"> Shanghai
	Market research	<ul style="list-style-type: none"> Singapore
Cedyne	Auto loans	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Taipei
The Japan Research Institute, Limited	Consulting	<ul style="list-style-type: none"> Shanghai
	System integration	<ul style="list-style-type: none"> Shanghai Singapore

*¹ As of Oct. 31, 2016. 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

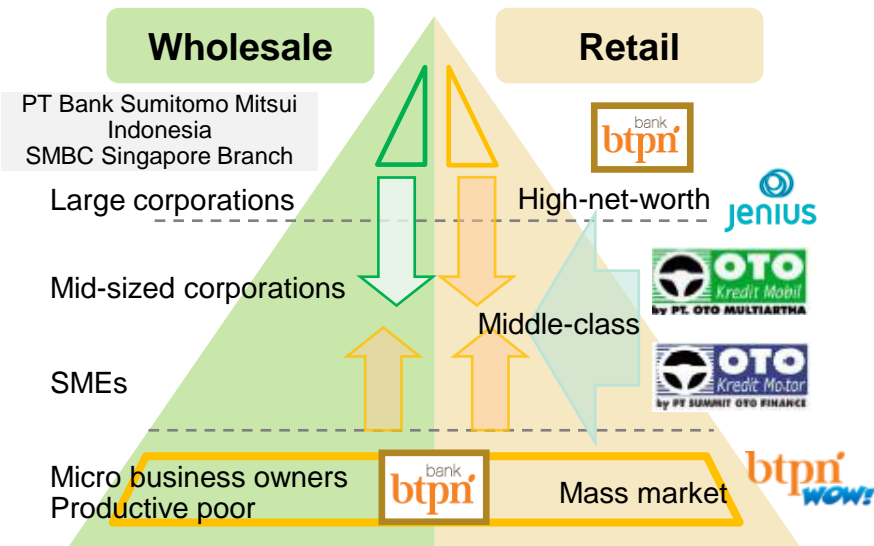
*⁴ SMBC made OTO/SOF equity method affiliates in Mar. 2016

Indonesia strategy (Multi-Franchise strategy)

- We will further promote building a base to provide a full-banking service in Indonesia
- BTPN launched mobile banking services targeting mass & high-net-worth / middle-class segment

Deepening platform for the full-banking service

- Bank Tabungan Pensiunan Nasional (BTPN)
- Branchless banking service (Wow!) has successfully acquired 1.7 million customers as of Sep. 2016
- In August 2016, BTPN launched smartphone-based digital banking service (Jenius)
- OTO/SOF to become equity method affiliates in Mar. 2016
- Appointed SMBC's director and commissioner in the board member



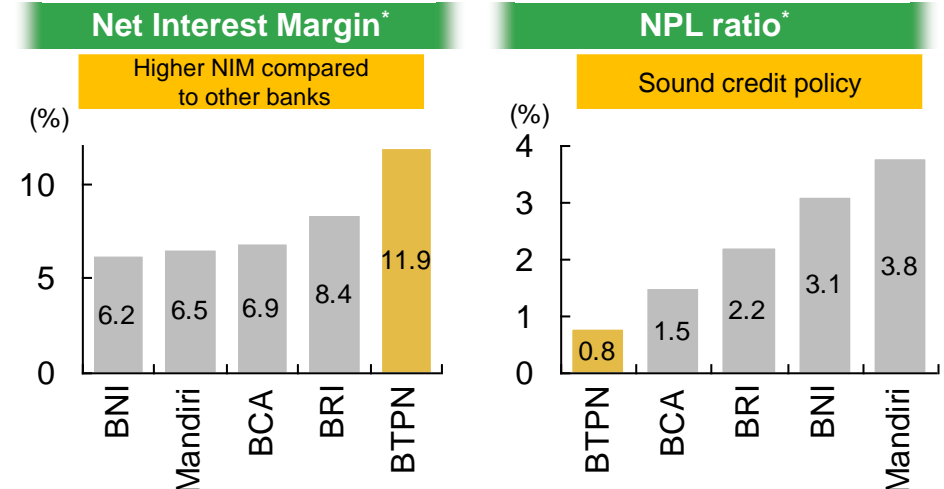
* Based on each company's disclosure (Sep. 2016 results)

Financial results of BTPN

(IDR billion)	2014	2015	2016 9M	YoY
Gross banking profit	7,780	8,401	6,958	+11.6%
Operating expenses	▲4,480	▲5,156	▲4,354	+17.4%
Net profits (*)	1,869	1,702	1,399	+1.7%
ROE	16.9%	13.3%	12.7%	-

Gross loans	51,994	58,587	62,587	+9.9%
Customer deposits	53,335	60,273	65,226	+10.4%
Total assets	75,059	81,040	86,089	+7.5%

(*) Net profit from existing business (excluding new investments into digital banking) increased 15.7% YoY for 9M in FY2016



Products that we have strengths overseas

Aircraft-related business

- SMBC Aviation Capital leading the way in providing solutions to domestic and overseas aircraft investors and offering aircraft leasing

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

(USD mn)	1H, FY3/17	FY3/16
Total revenue *2	531	993
Net income	139	199
Aircraft asset	10,910	10,515
Net asset	1,771	1,627

Aircraft leasing companies	Country	# owned/managed
1 GECAS	USA	1,567
2 AerCap	Netherlands	1,256
3 SMBC AC	Ireland	395
4 CIT Aerospace*3	USA	326
5 BBAM	USA	297
15 Avolon*3	Ireland	158

Railcar leasing

- SMBC Rail Services (a wholly-owned consolidated subsidiary in the U.S.)
- U.S. based mid-sized railcar leasing company, leased assets: USD 1,417 mn (as of Dec. 31, 2015)
- Strengths
 - Well-diversified portfolio management
 - Young age of railcars
 - Well-diversified client base by industry

Subscription finance, Americas / EMEA middle market business

- Extending loans to funds based on commitments from investors
 - Credit balance: approx. USD 18 bn, spread: approx. 150bp (as of Sep. 2016)
- Sponsor finance for mid-sized corporations, loan for acquisition finance
 - Accounts for around 2% of our overseas loan balance. Carefully select profitable transactions

Project Finance / Loan Syndication

League tables (Jan.-Sep. 2016)*4

	Global	Asia*5	Japan
Project Finance	#3	#3	
Loan Syndication	#7	#8	#2

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

*3 Avolon acquisition of CIT Aerospace expected to close in 2017

*4 Source: Thomson Reuters (Mandated Arrangers) *5 Asia Pacific for project finance, Asia excluding Japan for loan syndication

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%
Oil and gas			5.5	5.0%	5.8	5.0%	5.0	4.4%
Other resources (Mining)			1.2	1.1%	1.1	1.0%	0.9	0.8%
Non-Japanese*4 (Resource-related sectors)			6.8	6.1%	6.9	6.0%	6.0	5.2%
	o/w Upstream		0.1	0.1%	0.2	0.2%	0.2	0.2%
Oil and gas			1.2	1.1%	1.6	1.4%	1.6	1.4%
Other resources (Mining)			0.2	0.2%	0.2	0.2%	0.2	0.2%
Japanese (Resource-related sectors)			1.4	1.2%	1.8	1.6%	1.8	1.6%
Resource-related sectors			8.1	7.3%	8.8	7.6%	7.8	6.8%
Oil and gas			6.7	6.0%	7.4	6.4%	6.6	5.8%
Other resources (Mining)			1.4	1.3%	1.3	1.1%	1.2	1.0%
Non-Japanese*4			38	34.0%	38	32.9%	34	30.0%
Japanese			73	66.0%	77	67.1%	80	70.0%
SMFG total exposure			111	100.0%	115	100.0%	114	100.0%

- “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

Breakdown of exposure to Non-Japanese oil and gas / other resources (Sep. 2016)

(USD bn)	[1] Exposure		[2] Drawn amount		[3] NPLs ^{*1,2}	[4] Ratio to drawn amount [3]/[2]	[5] Reserve for possible loan losses	[6] Collateral, guarantees, etc.	[7] Coverage ratio ^{*1} ([5]+[6])/[3]
		Percentage of "1-3"		Percentage of "1-3"					
Asia	15.9	88%	13.5	89%	0.139	1.0%	0.028	0.042	51%
Americas	21.9	82%	8.6	75%	0.127	1.5%	0.025	0.102	100%
EMEA	21.2	80%	11.7	72%	0.317	2.7%	0.123	0.115	75%
Total	59.0	83%	33.8	79%	0.583	1.7%	0.176	0.259	75%
Oil and gas	49.6	85%	28.6	82%	0.394	1.4%	0.114	0.217	84%
Integrated Oil & Gas (Majors, state-owned companies, etc.)	13.0	91%	7.8	88%	-	-	-	-	-
Services (Drilling, field services)	4.1	44%	2.1	27%	0.083	4.0%	0.038	0.020	70%
Upstream (E&P)	14.1	79%	8.8	76%	0.311	3.5%	0.076	0.197	88%
Midstream (Storage/Transportation)	12.2	93%	5.7	91%	-	-	-	-	-
Downstream (Refining)	6.3	96%	4.2	96%	-	-	-	-	-
Other resources (Mining)	9.4	73%	5.2	68%	0.189	3.6%	0.062	0.042	55%

- Oil and gas : Corporate finance approx. 70%; Project finance approx. 30%
- Other resources (Mining) : Corporate finance approx. 85%; Project finance approx. 15%

*1 NPLs based on the Financial Reconstruction Act, excluding Normal assets

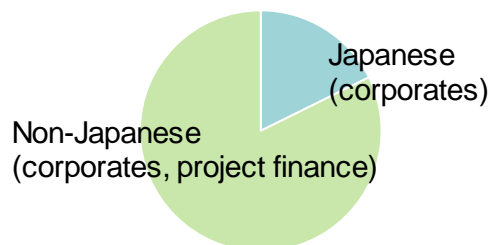
*2 The balance of Claims on borrowers requiring caution are USD 0.1 bn in Asia, USD 0.8 bn in Americas, and USD 1.2 bn in EMEA. They are mainly included in Oil and gas

Loan and exposure to the UK / China / Russia

Loan balance in the UK^{*1, 2, 3}

(JPY tn)

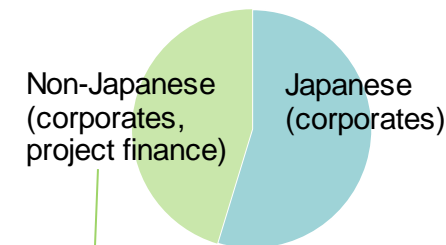
Mar.16	Sep. 16
1.5	1.3



Loan balance in China^{*1, 2, 3, 4}

(JPY tn)

Mar.16	Sep. 16
0.8	0.8



- Most borrowers are classified as “1-3”^{*5} in our internal rating

Our operation in EMEA

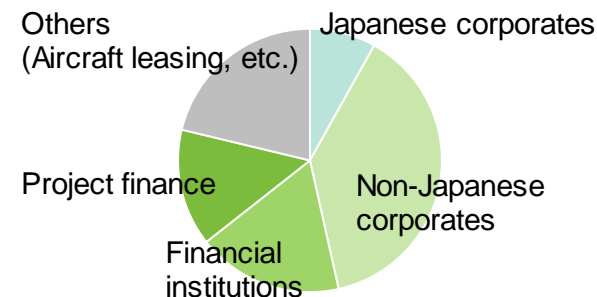
- Offices in the UK and EU
 - SMBC Europe
 - Head Office : London
 - 6 branches : Dublin, Amsterdam, Paris, Prague, Milan, Madrid
 - SMBC's branches
 - 3 branches : Brussels, Dusseldorf, Frankfurt
- Booking of loans
 - Loan balance in EMEA regions: Approx. JPY 5.4 tn
 - of which around 20% is booked at SMBC Europe London

Exposure to Russia^{*6, 7}

(USD bn)

Mar.16	Sep. 16
4.3	3.2

0.3% of SMFG's total exposure of approx. USD 1tn



*1 Sum of SMBC, SMBC Europe and SMBC (China) *2 Geographic classification based on borrowers' domicile

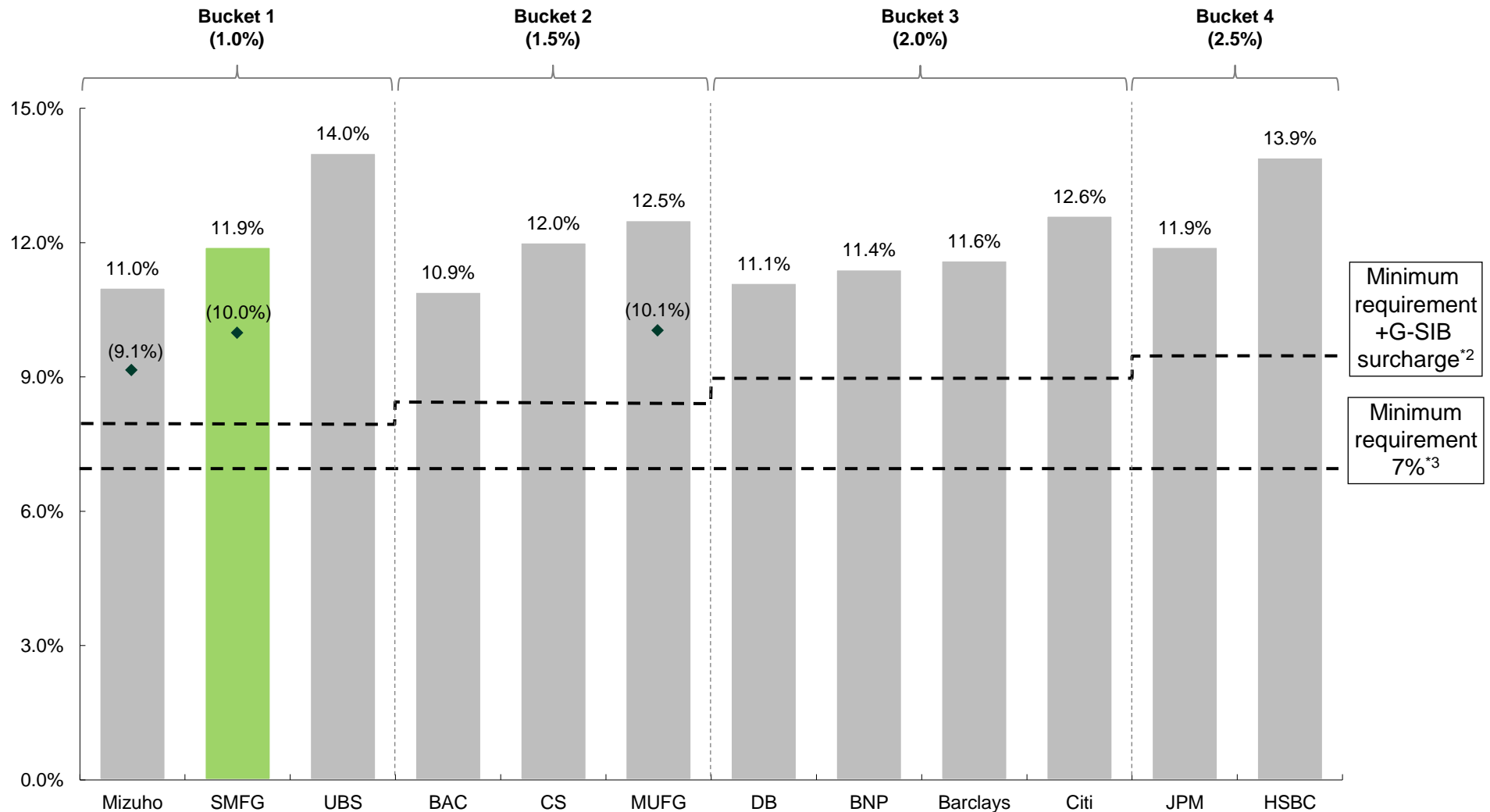
*3 Loan balance are converted into JPY from each country's local currency at the exchange rate of Mar. 31, 2016

*4 Based on borrowers' domicile for loan balance, booking office for classification of borrowers

*5 Certainty of debt repayment is in the range of Very high - Satisfactory *6 Loans, commitment lines, guarantees, investments, etc. *7 SMFG consolidated

Ref : CET1 ratio of G-SIBs (Basel III fully-loaded basis)

CET1 ratio - Basel III fully-loaded basis (pro forma) *1



*1 Based on each company's disclosure. Sep. 2016 results. CET 1 ratio excluding net unrealized gains from Other securities shown in parentheses

*2 The list published by the FSB in Nov. 2015

*3 Minimum requirement = Minimum CET1 Requirements (4.5%) + Capital conservation buffer (2.5%)

Capital and risk-weighted assets (SMFG consolidated)

Capital ratio (transitional basis)

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

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

(JPY bn)	Mar. 31, 2016	Sep. 30, 2016
Variance with CET1 on a transitional basis* ⁵	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)
Common Equity Tier 1 capital	7,901.0	7,790.1
Risk-weighted assets	65,942.8	64,976.8
Common Equity Tier 1 capital ratio	11.9%	11.9%
Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains)	9.9%	10.0%

Preferred securities which become callable in FY3/17

Issuer / Series	Issue date	Amount outstanding	Dividend rate* ⁶	First call date* ⁷	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
Leverage ratio	4.71%
Leverage exposure	189,341.6

LCR

(transitional basis)

Average Jul. – Sep. 2016
118.7%

*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

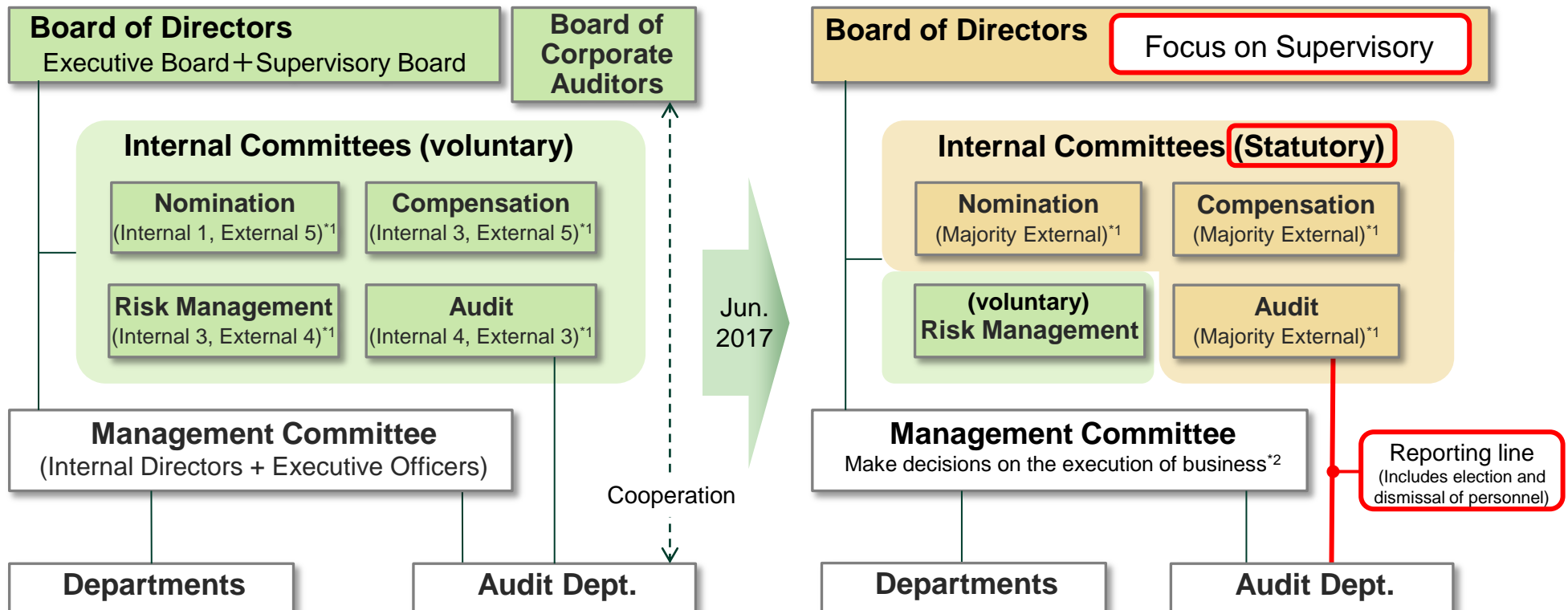
*5 Each figure represents 40% of the original amounts that are not included due to phase-in or included due to phase-out in the calculation of CET1 on a transitional basis

*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

Enhancement of group management structure

(1) Transformation to a Company with Three Committees

- In order to further enhance its corporate governance framework, SMFG decided to transform into a Company with Three Committees, which is globally recognized and has affinity to international banking regulation and supervision (Subject to approval by ordinary general meeting of shareholders scheduled in Jun. 2017)
- Strengthen the supervisory function of the Board of Directors and expedite execution of operations by leveraging the monitoring mechanism of the new framework



*1 Number of Internal and External directors

*2 Excludes authorities made to Board of Directors by law

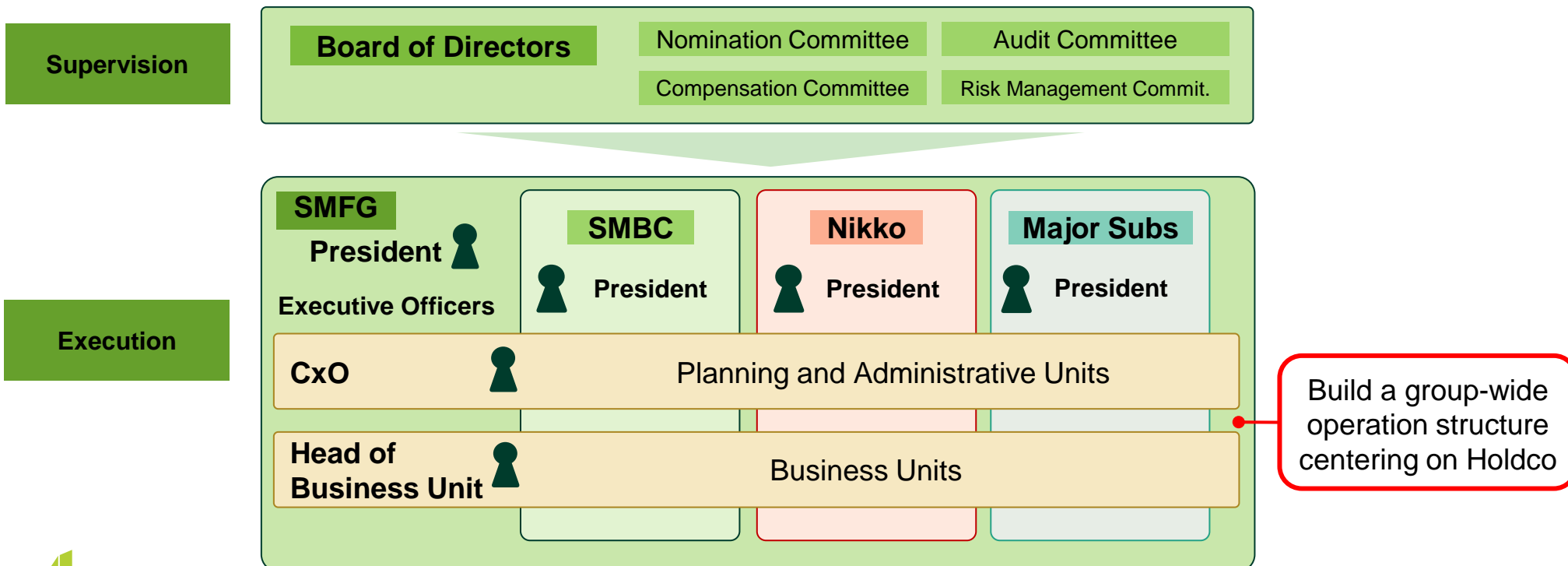
Enhancement of group management structure

(2) Enhancement of group-wide operational structure

- Plan to implement CxO(*1) system and set up group-wide business units(*2) in Apr. 2017
 - Further strengthen our integrated group operation structure centering on a holding company and capability to meet diversified customer needs
- In order to strengthen competitiveness as a diversified financial services group, SMFG decided to merge SMBC Nikko Securities and SMBC Friend Securities, and consolidated Sumitomo Mitsui Asset Management Company

(*1) Chief officers including CFO (Chief Financial Officer) and CRO (Chief Risk Officer)

(*2) Structure which will determine strategies for each customer segment across group companies



Ref: 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

CSR (Corporate Social Responsibility) (1)

- 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.

- Our 8 major group companies obtained ISO14001 certification
- Issued green bond (SMBC)
- Promote our SMBC Environmental Assessment Loan
- Exhibit our “Eco-products”



Exhibition of our “Eco-products”

Next Generation

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

- Contribute to raise financial knowledge tailored for different generations,
- Cultivate human resources in Asian countries such as Indonesia
- Promote our SMBC Nadeshiko Loans/Bonds



“Natsuyasumi Kodomo Ginko Tankentai”
(Practicing counting paper money)

Community

- Engage in community-based activities led by executive and employee
- Support for the elderly and people with disabilities
- Solve social issues by collaborating with NGOs and NPOs
- Support the restoration efforts etc.

- Training sessions for universal manner and cognitive impairment supporters
- Voluntary activities led by executive and employee of our group companies
- Volunteer activities at the areas damaged by the Kumamoto Earthquakes, leveraging our experience from the Tohoku recovery support effort



Volunteer activities at the areas damaged by the Kumamoto Earthquakes

CSR (Corporate Social Responsibility) (2)

Recognition and accreditation for SMFG CSR initiatives

SRI Indexes on which SMFG is listed



CSR awards and certifications

● Kids Design Award *1

- Environmental magazine JUNIOR SAFE received the Kids Design Award in the category of designs that develop children's creativity and shape their future at the Tenth Kids Design Award



● "Kurumin" certification for the next generation*2

- "Kurumin" certification awarded by prefectural labor bureaus to companies recognized to be taking active steps to support the development of the next generation.

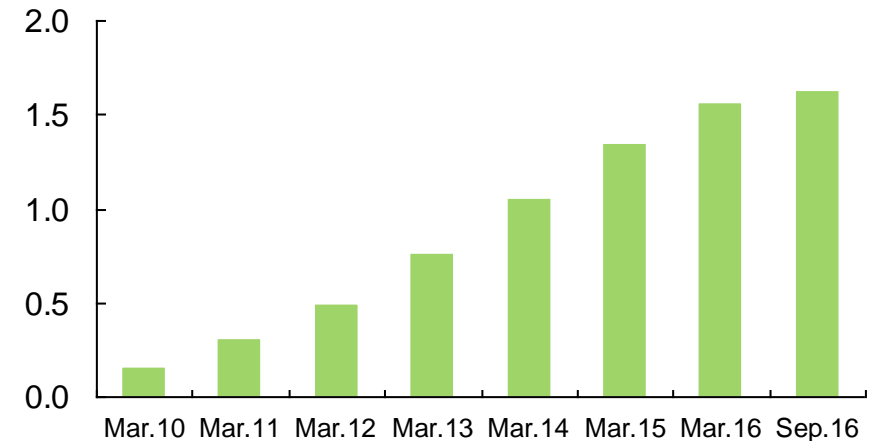


*1 Recipient company: SMFG

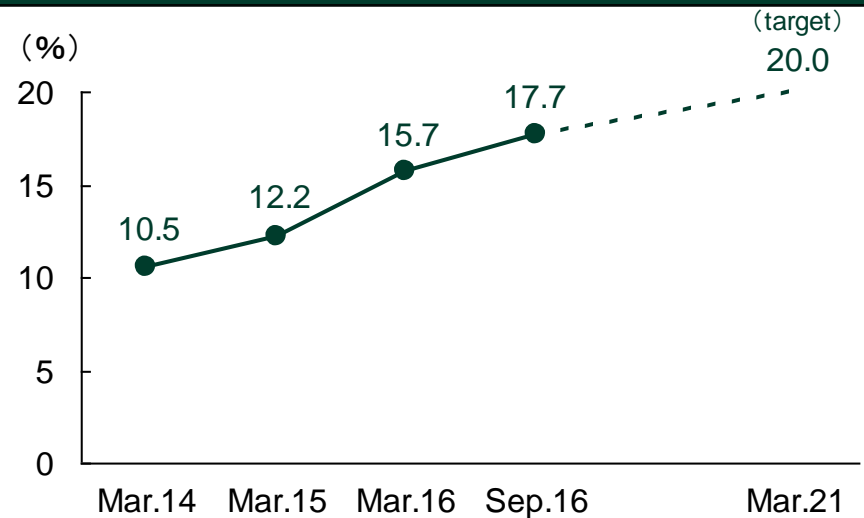
*2 Recipient company: SMBC, SMBC Nikko Securities, Sumitomo Mitsui Card Company, Cedyna, SMBC Consumer Finance, Japan Research Institute, The Minato Bank, Kansai Urban Banking Corporation

SMBC assessment loans and private placement bonds

(JPY tn)



Ratio of female managers (SMBC)



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	Under phased implementation	⊕ 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
Prudential regulation	Recovery and Resolution Plan	SMFG Group Recovery Plan	Implemented	Submitted	○ Work in accordance with due dates, including those of overseas operations
		ISDA Protocol: Stays on early termination rights following the start of resolution proceedings of derivatives counterparty	Implemented	Adhered	○ Adhered at each of the relevant major entities
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 credit/operational risk commenced in Dec. 2015/Mar. 2016	△ To be finalized by the end of 2016. Paying attention to discussions	
	Constraints on the use of internal model approaches	TBD	Consultation commenced in Mar. 2016	△ To be finalized by the end of 2016. 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	2018	Finalised at BCBS in Apr. 2016	○ Currently have no issues in meeting requirements although paying attention to national finish	
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	Consultation for revisions to the framework including additional requirements for G-SIBs commenced in April. 2016	○ Currently have no issues in meeting Tier 1 capital minimum requirement of 3%. Paying attention to discussions about revisions to the framework	
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	○ BCBS issued frequently asked questions clarifying the application of the large exposure limit for interbank exposures. Currently, have limited impact	
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 Under phased implementation	△ 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)	
Financial market/ Financial system reform	Limitation on banking activities / Ring fencing regulation	Requirements for foreign banking organizations (FBO Rule)	Jul. 2016	Final regulation published	⊕ Needed actions already taken
		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

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) Targeted to be finalized through 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"> Adoption of enhanced Pillar 2 approach; (i) more extensive guidance on the expectations for a bank's IRRBB management process, (ii) enhanced disclosure requirements, (iii) an updated standardized framework and (iv) a stricter threshold for identifying outlier banks 	<ul style="list-style-type: none"> Finalized in Apr. 2016 	Finished	Unfinished
	Operational risk	Revisions to the Standardised Measurement Approach	<ul style="list-style-type: none"> Use of the Business Indicator (BI), a proxy of size of business, and the loss data for risk weighted assets calculation is proposed. Termination of the Advanced Measurement Approaches (AMA) is also proposed 	<ul style="list-style-type: none"> Under consultation (comment period will be closed in Jun. 2016) Targeted to be finalized through 2016 	Unfinished	Unfinished
	Overall	Constraints on the use of internal model approaches	<ul style="list-style-type: none"> Constraints on the use of the internal ratings based approach to credit risk; (i) applying the standardised approach to exposures to financial institutions, large corporates and equities, (ii) applying the F-IRB approach for exposures to medium sized corporates, (iii) applying the standardized approach or the IRB supervisory slotting approach for specialized lending, or (iv) applying or raising floors to PDs/LGDs and revising the estimation methods 	<ul style="list-style-type: none"> Under consultation (comment period will be closed in Jun. 2016) Targeted to be finalized through 2016 	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 standardised approaches The design and calibration is now considered. The floor could be calibrated in the range of 60% to 90% 	<ul style="list-style-type: none"> Under consultation (comment period closed in Mar. 2015) Targeted to be finalized through 2016 	Unfinished	Unfinished
Leverage ratio requirement	Leverage ratio	<ul style="list-style-type: none"> A minimum requirement of 3% to be introduced in 2018 Public disclosure requirement started in Jan. 2015 Additional requirements for G-SIBs and revisions including credit conversion factors for off-balance sheet items are proposed in Apr. 2016 	<ul style="list-style-type: none"> The additional requirements for G-SIBs to be finalized through 2016 Scheduled to be implemented in 2018 	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 recapitalize 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	

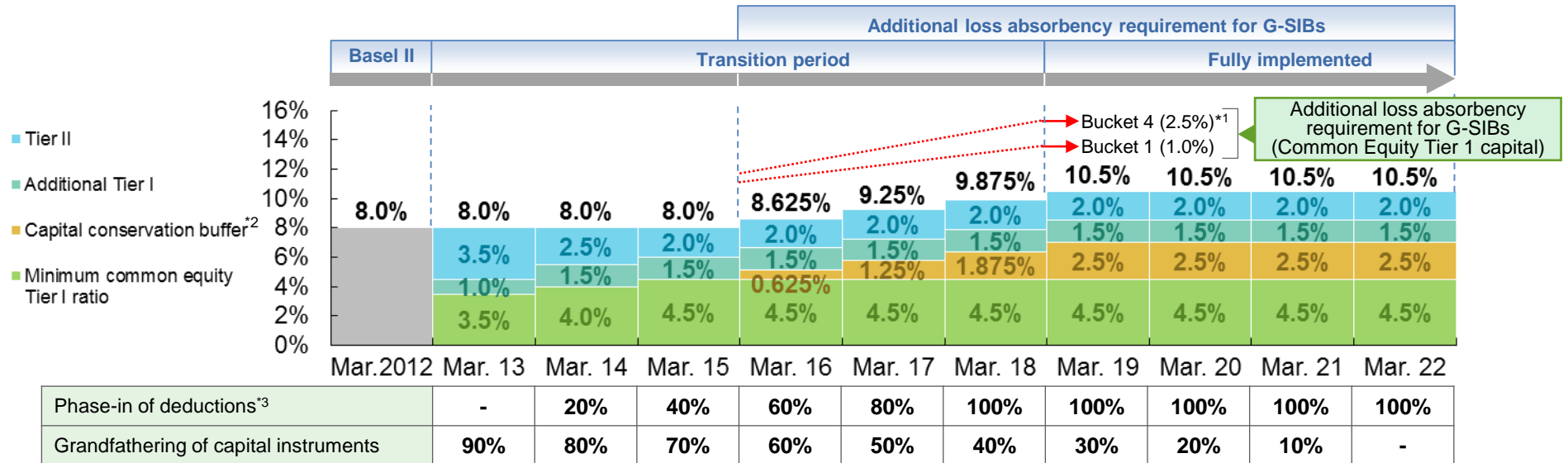
Revision to the Standardised Approach for credit risk / Capital floors

Revision to the Standardised Approach for credit risk*				Capital floors
Exposures	Current risk weights	Proposed revision of risk weights (Dec. 2014)	Proposed revision of risk weights (Dec. 2015)	Current framework
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%	<ul style="list-style-type: none"> For banks using the internal rating-based (IRB) approach for the credit risk and/or an advanced measurement approach (AMA) for operational risk <p>(The simplified framework for Japanese banks shown below)</p> <p>(i) RWA based on IRB approach and/or AMA</p> <p style="text-align: center;">↕ compare ↕</p> <p>(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 I)</p> <ul style="list-style-type: none"> If (i) is less than (ii), the bank should add the amount of difference to (i) when calculating its RWA
Specialised lending	• 100%	• Project finance, Object finance, commodities finance, income-producing real estate finance: 120% • Exposures to land acquisition, development and construction finance: 150%	• A) From 20% to 150% by reference to the external credit ratings • B) If unrated, project finance: pre-operational phase 150%; operational phase 100%, object and commodity finance: 120%	
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	• 75% for exposures that meet the regulatory retail criteria	• 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% CCF • Commitment with a maturity under one year: 20% CCF, over one year: 50% CCF	• Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10% CCF • Commitment other than above: 75% CCF	• Retail Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10-20% CCF • Commitments, regardless of the underlying facility: 50-75% CCF	

* 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 and net stable funding ratio 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 2015 through 1 st half 2017: Final adjustments to definition and calibration ^{*5}										
Liquidity coverage ratio (LCR)	Oct. 2014 Domestic regulation finalised	Phased-in from Mar. 2015										
		<table border="1"> <thead> <tr> <th>Mar. 2015</th> <th>Jan. 2016</th> <th>Jan. 2017</th> <th>Jan. 2018</th> <th>Jan. 2019</th> </tr> </thead> <tbody> <tr> <td>60%</td> <td>70%</td> <td>80%</td> <td>90%</td> <td>100%</td> </tr> </tbody> </table>	Mar. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019	60%	70%	80%	90%	100%
Mar. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019								
60%	70%	80%	90%	100%								
Net stable funding ratio (NSFR)	Oct. 2014 Finalised at BCBS	Oct. 2014: Final document published Jan. 2018: Full implementation										

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

*2 Countercyclical buffer (CCyB) omitted in the chart above; if applied, 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

*5 Additional requirements for G-SIBs and revisions including credit conversion factors for off-balance sheet items are proposed in Apr. 2016

Public sector support and point of non-viability in Japan

	Framework	Systemic risk	Subject entities	Conditions	Point of non-viability	
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	
	Article 102 of Deposit Insurance Act (DIA)	Required (Credit system in Japan or in a certain region)	Banks only	Item 1 measures <i>Capital injection</i>	Undercapitalized	No
				Item 2 measures <i>Financial assistance exceeding payout cost</i>	Suspension of payment of deposits or having negative net worth* ¹	Yes* ³
				Item 3 measures <i>Nationalization</i>	Suspension of payment of deposits and having negative net worth* 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>	Not having negative net worth	No
				Specified Item 2 measures <i>Supervision or control and</i> <i>Financial assistance for orderly resolution</i>	Suspension of payment or having negative net worth* ²	Yes* ³

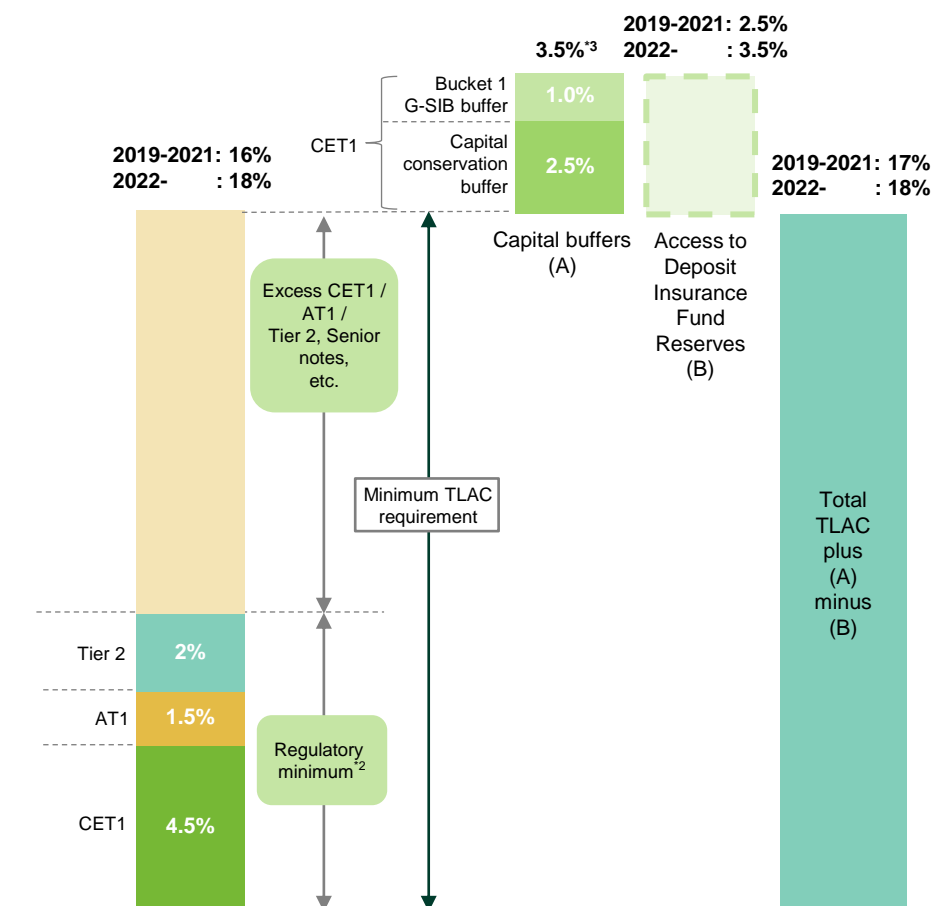
*1 Including the likelihood of a suspension of payment of deposits

*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*1

Illustrative TLAC requirements (RWA basis)



Highlights of TLAC requirement

Minimum external TLAC requirements

	2019 - 2021	After 2022
Minimum external TLAC requirements (RWA basis)	16%	18%
Plus capital buffers*3	19.5%	21.5%
Factoring treatment of access to Deposit Insurance Fund Reserves	17.0%	18.0%
Minimum external TLAC requirements Leverage ratio denominator basis	6%	6.75%

- Based on current calculations, expecting that the TLAC requirements based on RWA will be more constraining than requirements based on the leverage ratio denominator

Contribution of Japanese Deposit Insurance Fund Reserves

- The FSA plans to allow Japanese G-SIBs to count the amount equivalent to 2.5% of RWA from Mar. 2019 and 3.5% of RWA from Mar. 2022 as external TLAC

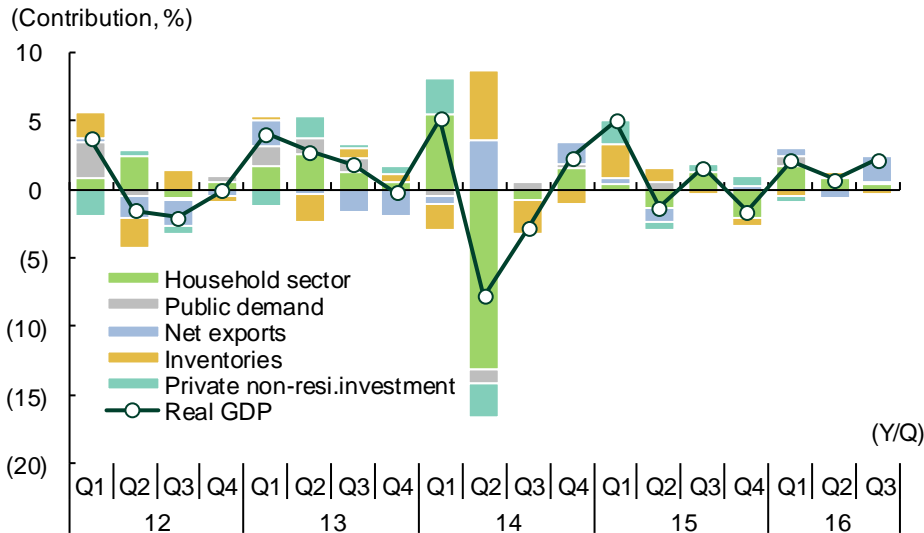
*1 Includes capital buffers. Based on the FSB's final TLAC standards released in Nov. 2015 and the FSA's approach to introduce the TLAC framework in Japan released in Apr. 2016 (the "FSA's Approach"). FSA's Approach remains subject to change based on future international discussions

*2 Under current capital requirements

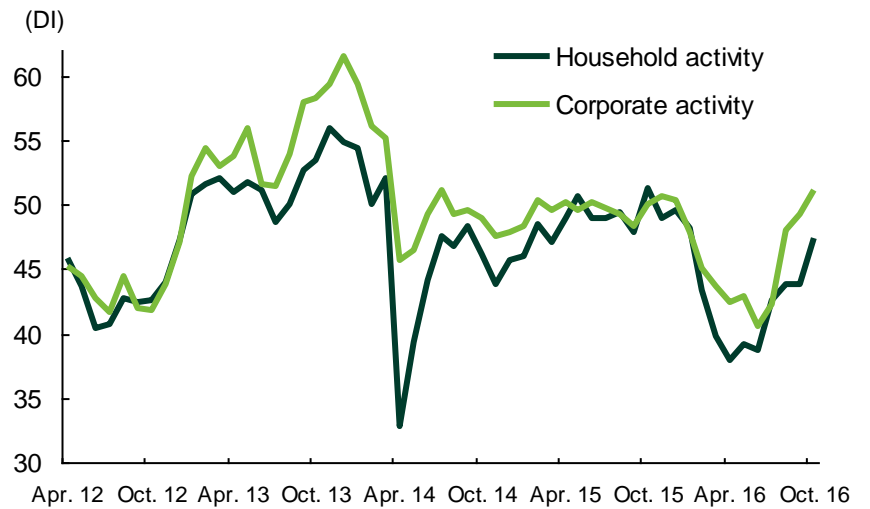
*3 Excludes countercyclical buffer. As for G-SIB buffer, SMFG was allocated to bucket 1 (1.0%) according to the list published by the FSB in Nov. 2015. Capital buffers will be fully implemented in 2019

Current Japanese economy

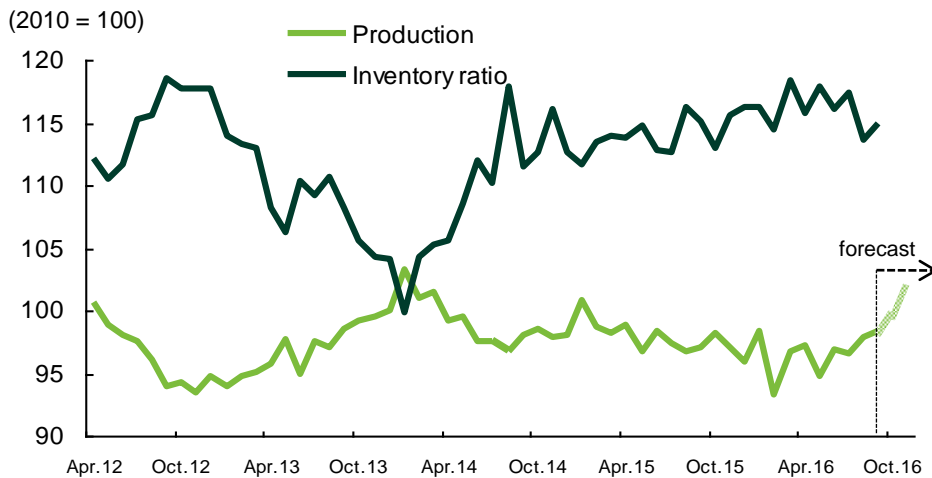
Real GDP growth rate (annualized QOQ change)*1



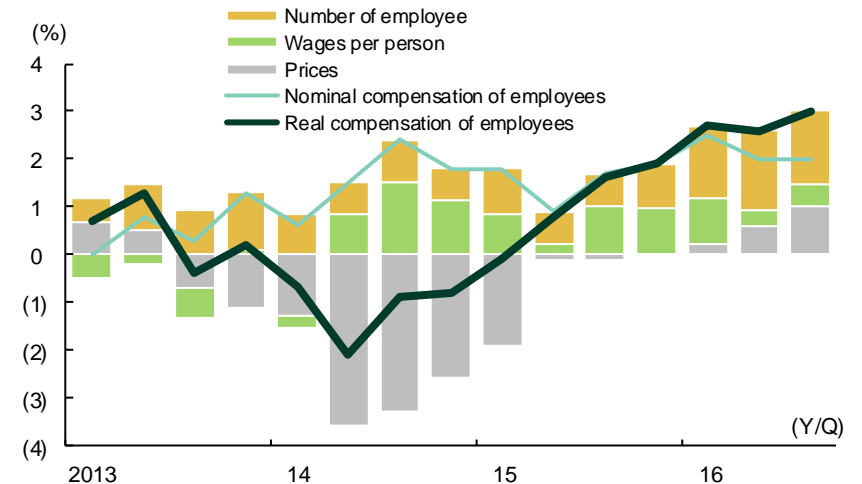
Economy watchers survey*2



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 Aug. and Sep. 2016, based on the indices of production forecast

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

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.