Investors Meeting Presentation for 1H, FY3/2018 Performance

November 17th, 2017

Sumitomo Mitsui Financial Group, Inc.

SMFG Next Stage

SMFG SUMITOMO MITSUI FINANCIAL GROUP

- Good morning, ladies and gentlemen. I am Takeshi Kunibe, President and Group CEO of SMFG.
- Let me take this opportunity to express my appreciation for your interest in SMFG and for your ongoing support and understanding.
- At our Investors Meeting Presentation six months ago, I spoke to you about SMFG's three-year Medium-Term Management plan. In the past six months, we have put various initiatives into action with the goal of realizing a financial group with high quality, and are already seeing some positive results, which show that we are moving in the right direction. Although we are also facing some challenges, we are doing our best to overcome them.
- My presentation today will be slightly less than 40 minutes. After that, I will answer as many questions as possible.

Definitions

- Consolidated : SMFG (consolidated)
- Non-consolidated : SMBC (non-consolidated)
- SMFG : Sumitomo Mitsui Financial Group
- SMBC : Sumitomo Mitsui Banking Corporation
- SMBC Trust : SMBC Trust Bank
- SMFL : Sumitomo Mitsui Finance and Leasing
- SMBC Nikko : SMBC Nikko Securities
- SMBC Friend : SMBC Friend Securities
- SMCC : Sumitomo Mitsui Card Company
- SMBCCF : SMBC Consumer Finance
- SMAM : Sumitomo Mitsui Asset Management
- SMBCAC : SMBC Aviation Capital

Overview of the four business units

- Retail (RT) Business Unit
  : Domestic retail and SME businesses
  SMBC (RT), SMBC Nikko (RT), SMBC Friend, SMBC Trust (RT), SMCC, Cedyna, SMBCCF, others
- Wholesale (WS) Business Unit
  : Domestic large/mid-size corporation business
  SMBC (WS), SMBC Nikko (WS), SMBC Trust (WS), SMFL (Domestic), others
- International (Inter.) Business Unit :
  SMBC (Inter.), SMBC Nikko (Inter.), SMBC Trust (Inter.), SMFL (Inter.), others
- Global Markets (GM) Business Unit
  : Market / Treasury related businesses
  SMBC (Treasury), SMBC Nikko (Product), others

SMFG SUMITOMO MITSUI FINANCIAL GROUP

Agenda

I. 1H, FY3/2018 performance and FY3/2018 target

II. Progress of Medium-Term Management Plan (FY3/2018-FY3/2020) and initiatives going forward

III. Financial targets

IV. Capital policy

Appendix

- This is today's agenda. First, I will talk about the performance of the 1H of FY3/18 and our earnings target for the full year, followed by a pProgress report of our Medium-Term Management plan and initiatives going forward, Financial targets, and Capital policy.

I. 1H, FY3/2018 performance and FY3/2018 target

1. Highlights of 1H, FY3/2018 performance

	(JPY bn)		1H, FY3/18	YOY change	Change from May target	FY3/18 target
Consolidated	Consolidated gross profit	USD 13.0 bn[*1]	1,465.8	+48.3		
	General and administrative expenses		(894.6)	(12.6)		
	Overhead ratio		*61.0%*	*(1.2)%*		
	Equity in gains (losses) of affiliates		30.2	+17.5		
	Consolidated net business profit[*2]	USD 5.3 bn[*1] 53%[*3]	601.3	+53.2	+51.3	1,130
	Total credit cost		(34.1)	+20.7	+75.9	(210)
	Gains (losses) on stocks		51.5	+34.0		
	Ordinary profit	USD 5.5 bn[*1]	615.5	+101.3	+155.5	970
	Profit attributable to owners of parent	USD 3.7 bn[*1] 67%[*3]	420.2	+61.0	+110.2	630
	ROE		10.1%	+0.7%		
Non-consolidated	Gross banking profit	USD 6.3 bn[*1]	709.1	(204.9)[*4]		
	Expenses[*5]		(403.8)	(1.8)		
	Banking profit[*2]	USD 2.7 bn[*1]	305.3	(206.7)	+25.3	610
	Total credit cost		25.5	+17.5	+70.5	(80)
	Ordinary profit	USD 3.3 bn[*1]	368.5	(111.8)	+128.5	580
	Net income	USD 2.5 bn[*1]	284.5	(113.6)	+84.5	450

Per share information (Consolidated, JPY/Share)

	1H, FY3/18	YOY change	Change from May target	FY3/18 target
Dividend	80	+5		160
Profit attributable to owners of parent	297.94	+35.22		446.63
Net assets	7,211.72	+310.05[*6]		

YOY change

- Consolidated gross profit increased mainly due to the strong performance of investment product sales at SMBC Nikko and continuous growth of the credit card and overseas businesses
- General and Administrative expenses increased along with the top-line growth of SMBC Nikko and SMCC. However, excluding the effect of the yen depreciation, expenses decreased slightly as a result of the group-wide cost control
- Equity in gains (losses) of affiliates increased because The Bank of East Asia recorded gains on sale of its subsidiary
- Total credit cost decreased mainly because of the reversal of credit cost from large borrowers at SMBC
- Gains (losses) on stocks increased mainly due to gains on sales of strategic shareholdings (approx. JPY 40 bn)

Contribution of subsidiaries to Profit attributable to owners of parent

(JPY bn)	1H, FY3/18	YOY change	(JPY bn)	1H, FY3/18	YOY change
SMBC Nikko[*7]	28	+7	SMCC	6	(0)
SMBCCF	26	(2)	SMAM	1	+1
SMFL	17	+2	SMBC Trust	(4)	+4
Cedyna	13	(3)	BEA[*8]	17	+12

*1 Converted into USD at period-end exchange rate of USD 1 = JPY 112.74 *2 Before provision for general reserve for possible loan losses *3 Ratio to full-year target
*4 Includes JPY 200 bn of dividends from SMBC Nikko associated with making SMBC Nikko a direct subsidiary of SMFG *5 Excludes non-recurring losses *6 Change from 31 March, 2017
*7 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) *8 The Bank of East Asia

- Here are the highlights for the 1H, FY3/18 performance.
- Profit attributable to owners of the parent was ¥420.2 billion, an increase of ¥61.0 billion year on year, achieving 67% of our full-year target.
- Positive and negative factors for year-on-year profit growth are shown on the right. The Retail and International business units drove topline revenues, while bottom-line earnings were also up due to reduced credit costs because of the reversal of credit cost from large borrowers at SMBC and an increase in profit from the sale of strategic shareholdings.
- Going back to the table on the left, bottom-line earnings were ¥110.2 billion ahead of our 1H target announced in May due to consolidated gross profit exceeding our forecast because of the strong performance of the Retail business and realized gains on equity index-linked investment trusts, as well as cost control and lower-than-expected credit costs.
- As a result, we made strong progress toward our full-year target at 67%. However, we are not revising our target against potential deterioration of the business environment.
- Also, as announced in May, our dividend per share will be forecast is maintained at ¥160.
- 1H FY3/18 results data are provided on from p.6 to p.15 for your reference. I will now move on to progress of the Medium-Term Management plan and initiatives going forward.

2. Breakdown of gross profit

Breakdown of consolidated gross profit by business units[*1]

				(JPY bn)	FY3/17	1H, FY3/18	YOY change[*4]
				Wealth management business	320.8	170.3	+14.1
				Credit card business	365.5	184.2	+6.1
				Non-consolidated income on loans (excl. consumer finance)	160.0	73.2	(6.9)
			of which:	Domestic card loans	258.7	134.5	+6.8
				Consumer finance business	287.1	150.6	+9.7
	of which:	Retail Business Unit			1,288.9	633.0	+21.3
			SMBC	Income on loans	183.8	90.3	(2.4)
			SMBC	Money remittance, electronic banking	62.7	31.8	+0.4
			SMBC	Foreign exchange	37.9	20.0	+1.6
			SMBC	Loan syndication	48.7	22.1	+2.5
			SMBC	Structured finance	35.2	7.3	(13.0)
				Security business	93.7	35.6	(7.9)
				Leasing business	116.5	61.3	+9.4
	of which:	Wholesale Business Unit			775.6	362.0	(11.6)
				Asset related income[*2]	378.4	205.9	+7.9
				Loan related fees[*2]	108.6	49.0	+0.5
				Security business	37.7	18.5	(0.8)
				Aircraft leasing	46.8	23.7	+0.0
	of which:	International Business Unit			585.8	311.0	+17.5
		of which:		SMBC's Treasury Unit	272.4	156.3	(9.3)
	of which:	Global Markets Business Unit			346.6	196.4	(8.0)
Consolidated gross profit					2,920.7	1,465.8	+48.3
		of which:		SMBC's domestic income on loans and deposits[*3]	493.5	236.3	(7.8)
		of which:		International Business Unit's income on loans and deposits[*2]	249.9	131.4	+4.6

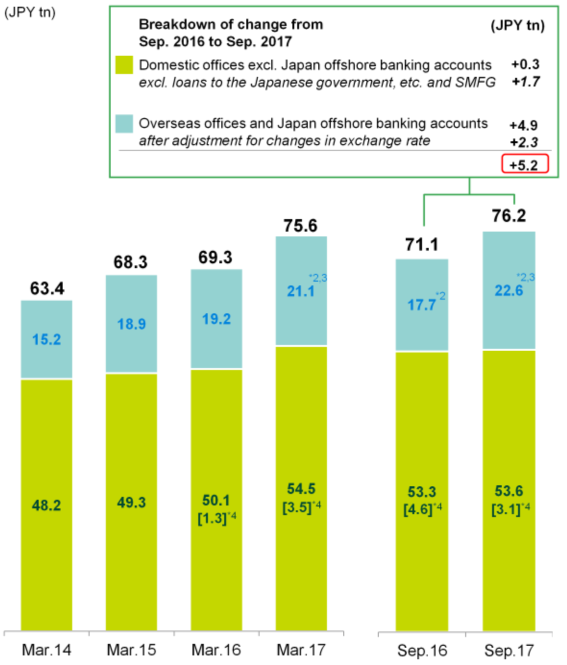
Breakdown of consolidated gross profit by accounting items

(JPY bn)			FY3/17	1H, FY3/18	YOY change
Consolidated gross proft[*5]			2,920.7	1,465.8	+48.3
	Net interest income		1,358.6	708.1	+47.5
	of which:	SMBC	1,138.9[*6]	480.6	(159.3)
		SMBCCF	163.0	85.0	+5.0
	Trust fees		3.8	1.9	+0.2
	Net fees and commissions		1,013.3	484.6	+20.5
	of which:	SMBC	348.9	144.0	(7.9)
		SMCC	203.0	96.0	+7.0
		SMBC Nikko	176.0	85.0	+7.0
		Cedyna	117.0	53.0	(1.0)
		SMBCCF	66.0	35.0	+3.0
	Net trading income + Net other operating income		545.0	271.2	(20.0)
	of which:	SMBC	173.9	83.5	(37.9)
		SMFL	149.0	81.0	+15.0
		SMBC Nikko	148.0	79.0	+9.0

*1 Managerial accounting basis *2 Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Trust *3 Sum of domestic income on loans and deposits for both yen and foreign currencies
*4 After adjustments of interest rates and exchange rates, etc. *5 Numbers excluding SMBC are rounded
*6 Includes JPY200bn of dividends from SMBC Nikko (2Q, FY3/17. eliminated in SMFG consolidated figures)

3. Loans

Loan balance[*1]



Average loan balance and spread[*5]

(JPY tn, %)	Balance 1H, FY3/18	Balance YOY change[*10]	Spread 1H, FY3/18	Spread YOY change
Domestic loans[*1]	53.0	+2.2	0.78	(0.06)
Excluding loans to the Japanese government, etc. and SMFG	49.9	+2.1	0.83	(0.07)
of which: Large corporations[*6]	15.6	+1.5	0.52	(0.07)
of which: Mid-sized corporations & SMEs[*7]	17.2	+0.7	0.71	(0.07)
of which: Individuals	13.9	(0.3)	1.47	(0.02)
IBU's interest earning assets[*8, 9] (USD bn, %)	270.3	+28.0	1.16	(0.06)

Domestic loan-to-deposit spread[*1]

(%)	1H, FY3/18	YOY change	1Q	2Q
Interest earned on loans and bills discounted	0.99	(0.10)	0.99	0.98
Interest paid on deposits, etc.	0.00	(0.01)	0.00	0.00
Loan-to-deposit spread	0.99	(0.09)	0.99	0.98
(Ref) Excludes loans to the Japanese government, etc.				
Interest earned on loans and bills discounted	1.03	(0.10)	1.04	1.02
Loan-to-deposit spread	1.03	(0.09)	1.04	1.02

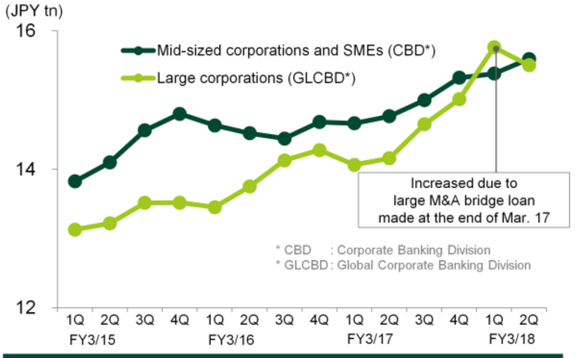
*1 Non-consolidated *2 Exchange rates using TTM as of Sep. 2016: USD 1 = JPY 101.05, EUR 1 = JPY 113.19, Mar. 2017: USD 1 = JPY 112.19, EUR 1 = JPY 119.84, and Sep. 2017: USD 1 = JPY 112.74, EUR 1 = JPY 132.88 *3 Includes balance of SMBC Canada Branch which was newly opened in Nov. 2016 and took over business of wholly-owned subsidiary SMBC of Canada *4 Of which loans to the Japanese government, etc. and SMFG *5 Managerial accounting basis *6 Global Corporate Banking Division
*7 Sum of Corporate Banking Division and SMEs covered by Retail Banking Unit
*8 Sum of SMBC, SMBC Europe, SMBC (China), and SMBC Trust *9 Sum of loans, trade bills, and securities *10 After adjustments for interest rates and exchange rates, etc.

4. Domestic loans and deposits

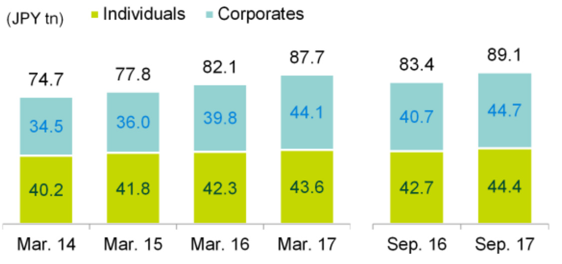
Loan balance by domestic customer segment*1, 2

(JPY tn)	Sep. 17	vs. Sep. 16	vs. Mar. 17
Large corporations*3	15.3	+1.0	(0.4)
Mid-sized corporations & SMEs*4	17.7	+0.9	+0.1
Individuals	13.8	*5 +0.0	*5 (0.1)

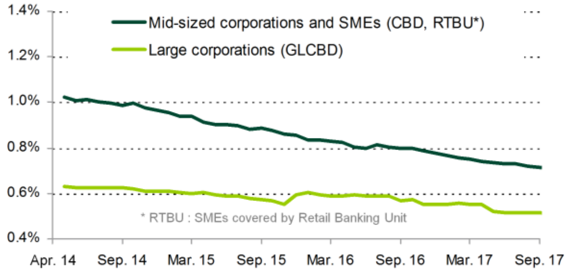
Loan balance of Wholesale Banking Unit*1, 2, 6, 7



Domestic deposit balance*1



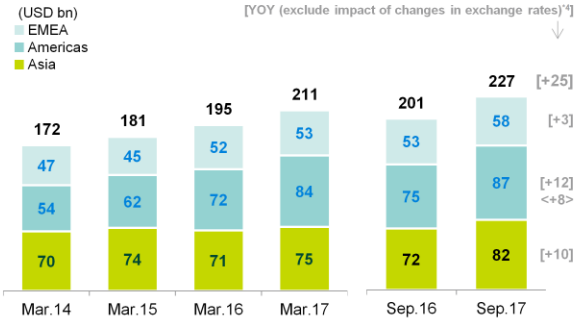
Domestic corporate loan spread*1, 2, 6, 8



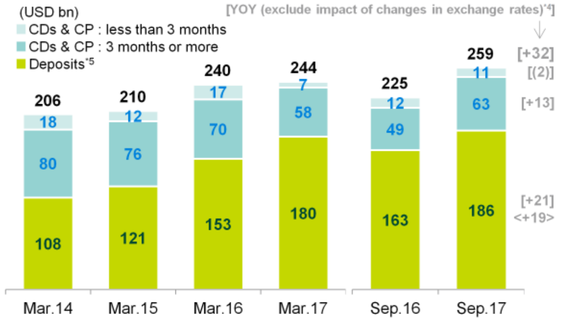
*1 Non-consolidated *2 Managerial accounting basis *3 Global Corporate Banking Division *4 Sum of Corporate Banking Division and SMEs covered by Retail Banking Unit
*5 After adjustments for securitization of housing loans (2H, FY3/17:JPY160 bn, 1H, FY3/18:JPY170 bn) *6 Excludes loans to the Japanese government, etc.
*7 Quarterly average *8 Monthly average loan spread of existing loans

5. Overseas loans and deposits

Overseas loan balance (includes trade bills)*1, 2

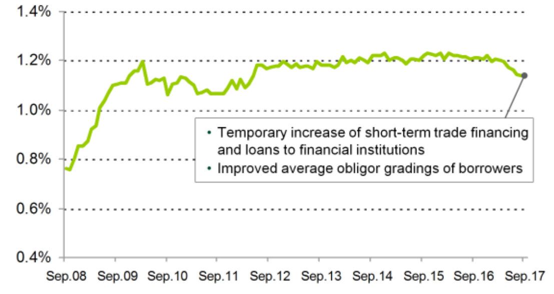


Overseas deposit balance*1, 2

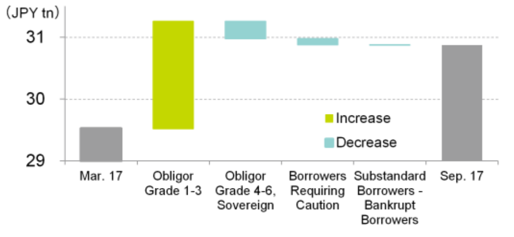


Foreign currency bonds outstanding*6 (USD bn)		Mar.16	Mar.17	Sep.16	Sep.17
	Senior	32.9	44.1	36.6	46.6
	Subordinated	4.1	4.1	4.1	4.1

Overseas loan spread*1, 4



(Ref.) Overseas exposure by Internal Ratings*7



*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Balance since Mar. 2017 includes balance of SMBC Canada Branch which was newly opened in Nov. 2016 and took over business of wholly-owned subsidiary SMBC of Canada *2 Converted into USD at respective period-end exchange rates
*3 Year-on-year changes exclude impact of changes in local currency / USD. Figure in < > is an YoY change excluding the balance of SMBC Canada Branch
*4 Monthly average loan spread of existing loans *5 Includes deposits from central banks *6 Bonds issued by SMFG and SMBC *7 Managerial accounting basis

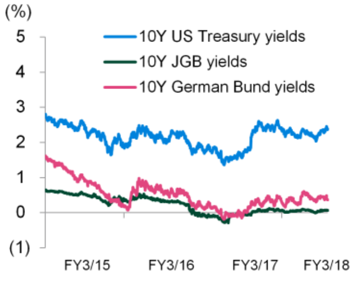
6. Gains (losses) on bonds

Gains (losses) on bonds (Non-consolidated)

(JPY bn)	FY3/17	1H, FY3/18	YOY Change
Gains (losses) on bonds	43.7	19.7	(38.3)
Domestic operations	8.2	6.4	(12.0)
International operations	25.5	13.4	(26.4)

Interest rate, stock price, and exchange rate

Interest rate of JGB, US Treasury and Bund



Nikkei Stock Average

Exchange rate JPY / USD

7. Expenses

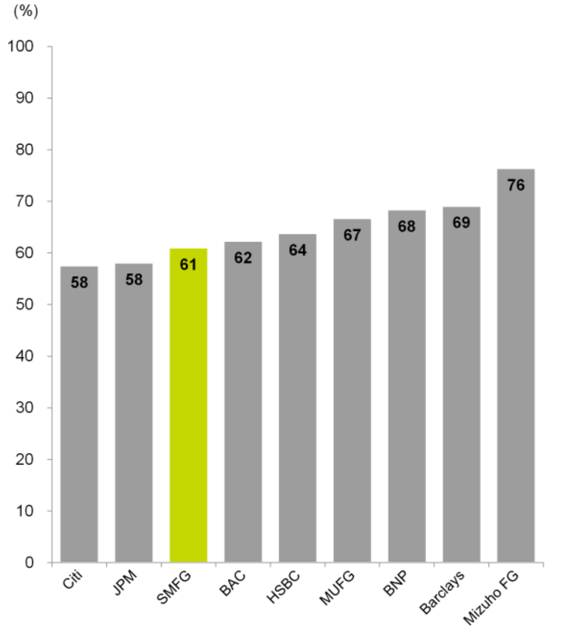
Consolidated

(JPY bn)	1H, FY3/18	YOY change
Expenses	(894.6)	(12.6)
Overhead ratio	61.0%	(1.2)%

By company (major Group companies)[*1]

(JPY bn)	1H, FY3/18	YOY change
SMBC[*2]	(403.8)	(1.8)
SMBC Nikko	(125.0)	(5.0)
SMCC	(83.0)	(5.0)
Cedyna	(57.0)	+1.0
SMBCCF	(53.0)	(2.0)
SMFL	(43.0)	(6.0)
SMBC Trust	(25.0)	+0.0
SMAM	(8.0)	(4.0)

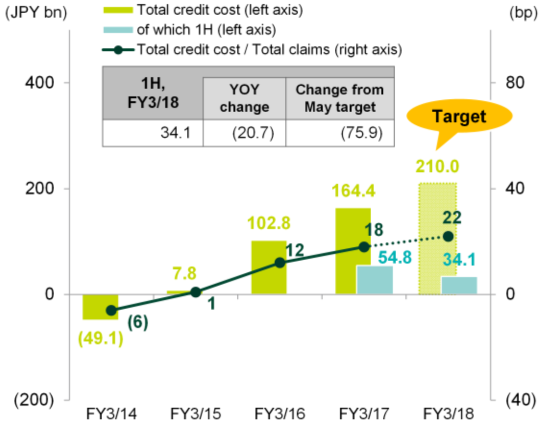
Overhead ratio comparison[*3]



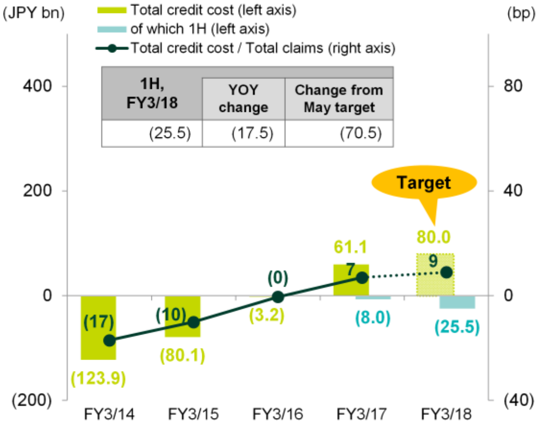
*1 Numbers excluding SMBC are rounded *2 Excludes non-recurring losses
*3 Consolidated basis. Based on each company's disclosure. G&A expenses (for Japanese banks, includes non-recurring losses of subsidiary banks) divided by top-line profit (net of insurance claims). 1H, FY3/18 results for SMFG, MUFG and Mizuho FG. Jan. - Sep. 2017 results for others

8. Credit costs

Consolidated



Non-consolidated



By company (major Group companies)*

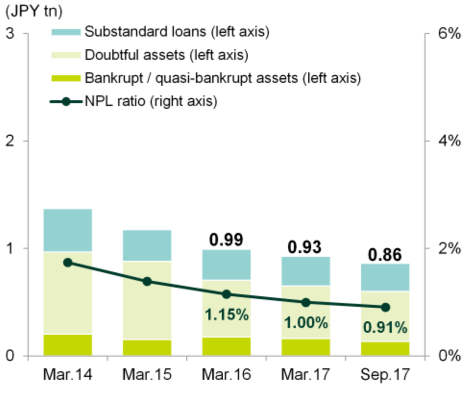
(JPY bn)	1H, FY3/18	YOY Change
SMBC	(25.5)	(17.5)
SMBCCF	42.0	+3.0
SMCC	9.0	+3.0
Cedyna	7.0	+1.0

* Numbers excluding SMBC are rounded

9. Non-performing loan balance and ratio

Consolidated

	Mar. 17	Sep. 17
Coverage ratio	77.68%	76.12%

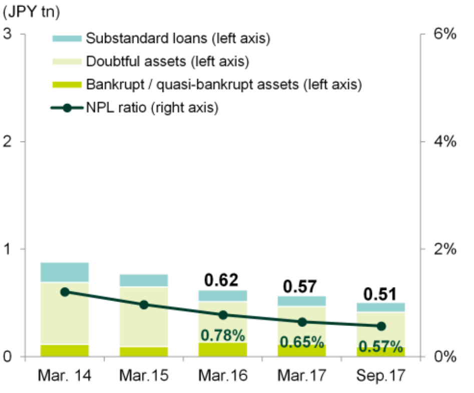


(JPY tn)

Total claims	79	85	87	93	94

Non-consolidated

	Mar. 17	Sep. 17
Coverage ratio	85.46%	84.62%



(JPY tn)

Claims on borrowers requiring caution*	1.6	1.6	1.4	1.6	1.6
Total claims	73	79	80	87	89

* Excludes claims to Substandard borrowers

10. Balance sheet

Consolidated B/S (Sep. 30, 2017) [vs. Mar. 31, 2017]

(JPY tn)

Assets	Liabilities and net assets
Cash and due from banks 49.3 [+2.5]	Deposits (includes NCD) 132.8 [+3.1] Domestic[*2,4] 95.7 [+1.2] Overseas[*3,5,6] 29.2 [+1.9]
Loans 81.2 [+0.9] Domestic[*2] 53.6 [(0.9)] Overseas[*3,5] 25.6 [+1.9]	
Securities 24.4 [(0.2)]	Other liabilities 59.8 [+2.9]
Other assets 49.4 [+3.3]	Total net assets 11.7 [+0.5]
Total assets 204.3 [+6.5]	

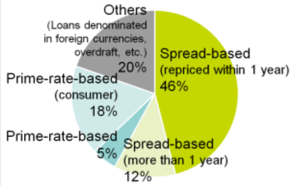
Loan to deposit ratio	61.1 %

Non-consolidated

- Balance in the BOJ's current account
  Sep. 30, 2017 PY 37.8 tn

Non-consolidated

- Domestic loans outstanding
  JPY 53.6 tn

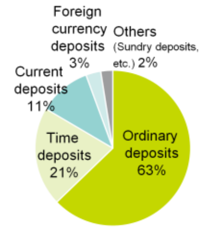


Consolidated

- Of which Stocks[*1] JPY 3.9 tn
- Of which JGBs[*1] JPY 8.1 tn
- Of which Foreign bonds[*1] JPY 6.5 tn

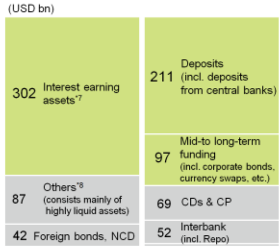
Non-consolidated

- Domestic deposits outstanding
  JPY 89.1 tn



(Ref) Non-JPY B/S items[*3,5]

(USD bn)



Assets / Liabilities 430

*1 Other securities *2 Non-consolidated *3 Managerial accounting basis *4 Includes NCD *5 Sum of SMBC, SMBCE, and SMBC (China) *6 Includes CDs and CP
*7 Sum of loans, trade bills, and securities of Marketing units (Wholesale Business Unit, Retail Business Unit and International Business Unit) *8 Includes deposits placed with central banks, etc.

11. Earnings target for FY3/2018

	(JPY bn)	FY3/17 results	1H, FY3/18 results	FY3/18 target	YOY change
Consolidated	Consolidated net business profit*2 (USD 10.1 bn*1)	1,132.9	601.3	1,130	(2.9)
	Total credit cost	(164.4)	(34.1)	(210)	(45.6)
	Ordinary profit (USD 9.0 bn*1)	1,005.9	615.5	970	(35.9)
	Profit attributable to owners of parent (USD 6.3 bn*1)	706.5	420.2	630	(76.5)
Non-consolidated	Banking profit*2 (USD 7.5 bn*1)	846.7*3	305.3	610	(236.7)
	Total credit cost	(61.1)	25.5	(80)	(18.9)
	Ordinary profit (USD 7.7 bn*1)	864.0*3	368.5	580	(284.0)
	Net income (USD 6.1 bn*1)	681.8*3	284.5	450	(231.8)
Per share dividend (JPY)		150	80	160	+10

Consolidated net business profit
Expected to earn almost the same level as FY3/17 by increasing non-interest income and expanding the overseas business in spite of impacts from the declining interest rates and declining spreads of domestic loans

Total credit cost
The full-year target remains unchanged against the continuing uncertain market environment though the pace of total credit cost recorded in the first half was lower than our target

Profit attributable to owners of parent
The full-year target remains unchanged against potential deterioration of the business environment in spite of the high progress rate in the first half

Assumptions of earnings target

		FY3/17 actual	FY3/18
3M TIBOR		0.06%	0.06%
Federal funds target rate		1.00%	1.25%
Exchange rate	JPY/USD	112.19	110.00
	JPY/EUR	119.84	125.00

revised from original assumption of EUR 1 = JPY 115.00

*1 Converted into USD at period-end exchange rate of USD 1 = JPY 112.19
*2 Before provision for general reserve for possible loan losses *3 Includes JPY200bn of dividends from SMBC Nikko (eliminated in SMFG consolidated figures)
*4 (Ref) Nominal GDP growth rate: FY3/2017 result was +1.1%; FY3/2018 forecast estimated by Japan Research Institute was +1.6% as of May 2017, +1.6% as of Nov.2017; Nikkei stock average: JPY18,909.26 as of Mar. 31, 2017, JPY 20,356.28 as of Sep. 30, 2017

II. Progress of Medium-Term Management Plan and initiatives going forward

SMFG SUMITOMO MITSUI FINANCIAL GROUP

1. Overview of Medium-Term Management Plan (FY3/2018-FY3/2020

SMFG Next Stage

To achieve sustainable growth by combining the Group's strengths with more focused business management

Core Policy

1 Discipline
Disciplined business management

2 Focus
Focus on our strengths to generate growth

3 Integration
Integration across the Group and globally to achieve sustainable growth

FY3/2020 Financial Targets

Business Environment
- Challenging earnings environment
- Tighter international regulations
- New opportunities from technology and social trends

Key considerations
- Improve capital, asset, and cost efficiencies
- Healthy risk-taking versus credit cost control
- Balance among financial soundness, enhancing shareholder returns, and growth investments

Capital Efficiency	ROE	7～8%	Maintain at least 7% notwithstanding accumulation of capital
Cost Efficiency	OHR	1% reduction compared with FY3/2017	Reduce to around 60% at the earliest opportunity (FY3/2017: 62.1%)
Financial Soundness	CET1 ratio*1,2	10%	Maintain capital in line with likely raised requirement (FY3/2017 8.3%)

*1 Calculated with RWA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms
*2 CET1: excludes net unrealized gains on other securities
RWA: excludes RWA associated with net unrealized gains on stocks

Shareholder Return Policy

- Adopt a progressive dividend policy targeting payout ratio of 40%
- Dividend per share forecast for FY3/2018 is 160 yen, a 10 yen increase year on year
- Policy for share buybacks will be laid out after the finalization of Basel III reforms

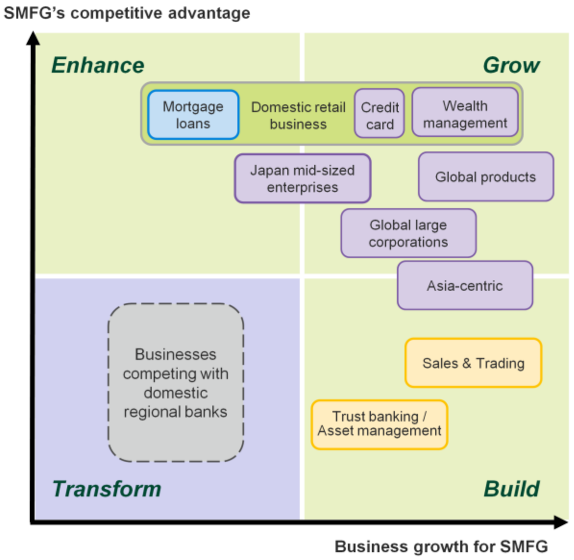
- Here is an overview of SMFG Next Stage, our Medium-Term Management plan unveiled in May. From the next page onward, I will talk about the three core policies whose keywords are Discipline, Focus, and Integration, in the same order as the labels on the top right of the slides.

Discipline

2. Transformation of business/asset portfolio

- **Prioritize business fields when allocating resources to enhance capital efficiency**
- **Maintain our competitive advantage in the domestic retail and wholesale businesses and generate stable earnings**

Business portfolio transformation



Review of group operations

(Launched in 2017)

March	Turning Kansai Urban Banking Corporation and THE MINATO BANK to equity method affiliates
August	Yahoo! JAPAN to consolidate The Japan Net Bank
August	Changing shareholder composition of POCKET CARD (ITOCHU and FamilyMart to raise its shareholdings)
November	Reorganization of the joint leasing partnership of SMFL - SMFG and Sumitomo Corp will respectively own 50% of SMFL - SMFG will turn SMFL to an equity method affiliate

Turning SMFL to an equity method affiliate (around 4Q, FY3/19)

- Reorganize SMFL into a platform for the strategic joint leasing partnership for SMFG and Sumitomo Corporation. Each company will own 50% of SMFL going forward
- SMFG will turn SMBCAC to an equity method affiliate, while maintaining the ownership ratio of the company (Ownership ratio of SMBCAC: SMBC32%, SMFL68%)
- Financial impact (Post-Basel III reforms basis)
  - RWA :approx. JPY(3) tn
  - CET1 ratio :around +40bp
  - Impact on P/L :approx. JPY(4) bn annually

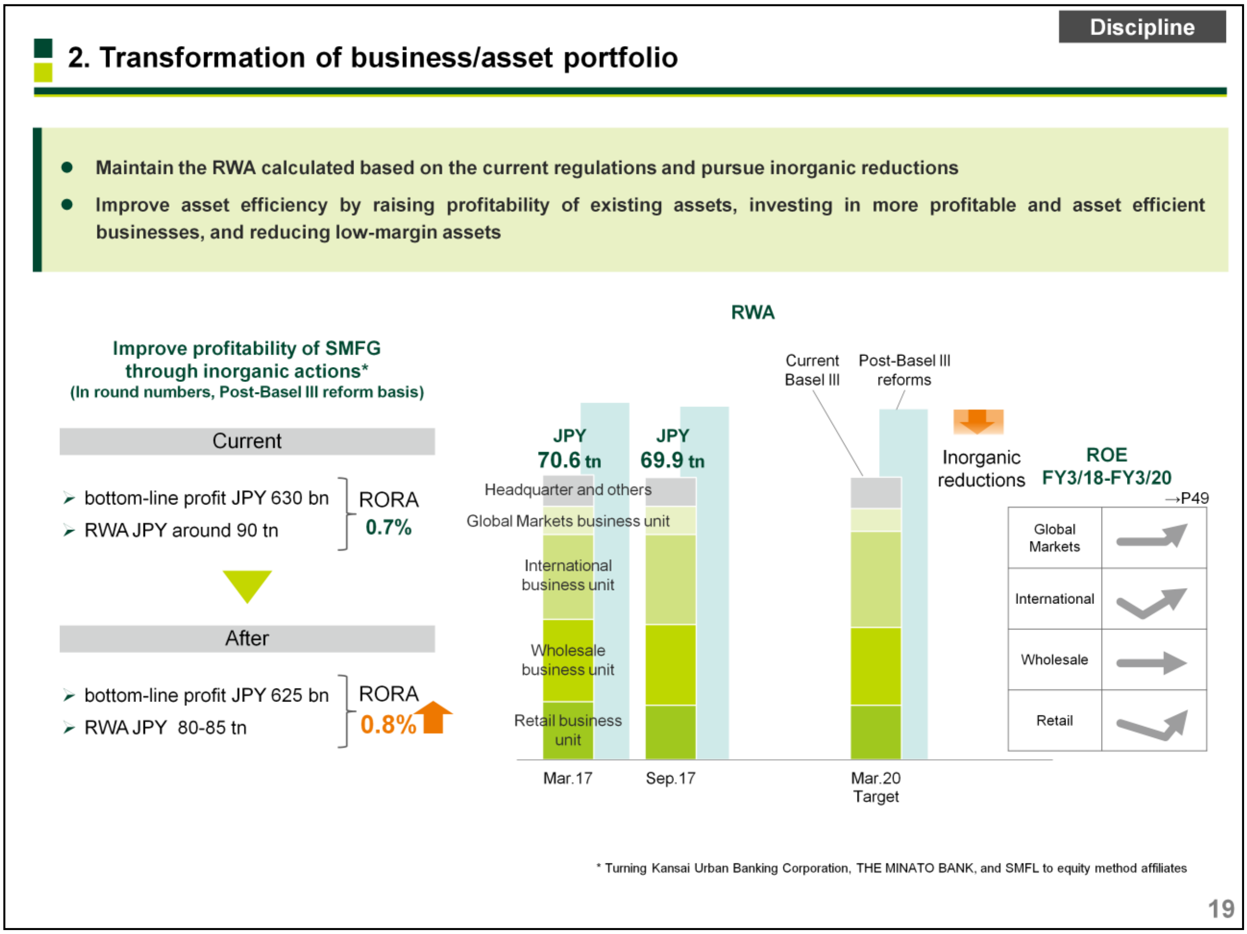
- The first is Discipline.
- On the right we are showing the reorganization of group operations that we have announced so far. We are accelerating the transformation of our business and asset portfolios.

- First, we decided to make Kansai Urban Banking Corporation and The Minato Bank our equity-method affiliates, because their business models compete head on with domestic regional banks as shown in the diagram on the left.

- We also decided to utilize the resources of outside partners to raise the corporate value of Japan Net Bank, Limited and Pocket Card Co., Ltd., because we think it would be difficult to grow these businesses on their own.

- There are two main objectives to the reorganization of our joint leasing partnership. First, is to further strengthen our leasing business. Under the Banking Act, SMFL has felt restrictions in further expanding its entry into growth sectors of leasing business such as eco-business, infrastructure and healthcare, where our competitors have been accelerating their initiatives. In this context, SMFG and Sumitomo Corp. agreed to reorganize SMFL by each holding 50% ownership of SMFL. This enables SMFL to seek further growth by leveraging SMFG's expertise in financial solutions and Sumitomo Corp's business know-how and global networks.

- Second, is to improve our capital and asset efficiency. Originally, the asset efficiency of the business was not good, as we booked 100% of SMFL's risk-weighted assets (RWA), while recording only 60% of bottom-line earnings in proportion to our equity stake. As a result of reorganizing the capital structure, our RWA will decrease by around ¥3 trillion on a post-Basel III reforms basis, which will improve our asset efficiency. Although annual earnings will be around ¥4.0 billion lower as a result of a smaller equity stake, we will compensate for this by expanding the scope of its business.



- The improvement in profitability of SMFG as a result of changes in capital structure is shown on the left of the slide. By making the regional banks and the leasing subsidiary equity-method affiliates, we estimate that SMFG’s return on RWA (RORA) will improve 0.1 percentage point from 0.7% to 0.8%.

- The graph on the right shows our projection of RWA over the next three years. We intend to keep RWA at the same level on the basis of current Basel III regulations and improve returns by exchanging assets. We are also planning inorganic reductions of RWA, because we expect a sharp increase in RWA as a result of tightened international financial regulations.

Discipline

3. Cost control: Improving productivity and efficiency

- **Made steady progress in executing key initiatives, especially the reduction of workload utilizing RPA***
  *Robotic Process Automation
- **Aim for remarkable productivity improvement on a group-wide basis by leveraging the effects of improved efficiency**

Progress of key initiatives
Cost reduction of JPY 50 bn in 3 years

Business reform to improve efficiency — JPY 20 bn

- Processes within Headquarter departments were eliminated, integrated, and simplified after evaluation. Reduced workload by automating certain tasks with the use of RPA

Completed automation of approx. 200 operations / 400 K hours (workload of 200 people) by Sep. 2017 through RPA

RPA workload reduction plan:
- FY3/18: 1 mn hours (workload of 500 people)
- 3 years: 3 mn hours (workload of 1,500 people)

- Started the integration and sharing of functions on a group-wide basis in areas such as purchase/payment, warehouse/logistics, wage operations and computer centers

Retail branch reorganization — JPY 20 bn

(# of branches)	by Sep.17		FY3/18 plan
Relocate and remodel	11	→	100
Centralize back-office operations	33	→	100

Reorganization of group companies — JPY 10 bn

- SMBC Nikko and SMBC Friend's integration process is progressing as planned

Cost reduction amount already in sight (as of Sep. 2017) — Approx. JPY 20 bn

Effect on personnel through key initiatives to improve efficiency

Reduce workload of 4,000 people (generate capacity)

Initiatives to leverage the effects of improved efficiency

Expand value-added operations (Profit ↑)
- Enhance sales and planning capabilities (sophisticate operations)
- Relocate staffs to strategic business fields

Reduce overtime work (Cost ↓)

Control replacement of retirees (Cost ↓)
- Control recruitment of new graduates **(SMBC's recruitment for FY3/19 was reduced by 40% year-on-year)**
- Control replacement of part time workers and temporary staffs
- Expand personnel exchange within the group companies

Achieve remarkable productivity improvement on a group-wide basis

- These are our cost control measures.
- As mentioned in our May presentation, we are targeting cost reduction of ¥50 billion in the three years under the Medium-Term Management Plan and ¥100 billion in the medium term by means of business reforms improving efficiency, retail branch reorganization, and reorganization of group companies.

- The three key cost control initiatives and specific actions taken in the 1H of FY3/18 are shown on the left of the slide. I will discuss the first - Robotic Process Automation (RPA) - in more detail in the next slide, but can say that we have made solid progress in reducing workload, which I think is a major positive result. We are also making progress with retail branch reorganization and reorganization of group companies. Through these actions, we have a total of approximately ¥20 billion of cost reduction that we have already in sight.

- As shown on the right, we plan to cut the workload of 4,000 people (including part-time employees) by implementing these measures. This breaks down into the workload of around 2,000 core workers through business reform to improve efficiency and retail branch reorganization and the workload of around 2,000 people in administrative positions, part-timers and contract workers through retail branch reorganization and by making administrative processes and headquarter operations more efficient.

- The capacity generated by these measures can be reassigned to strategic business areas to achieve topline growth, or for headquarters employees, they can increase the share of high value-added operations to enhance our planning capabilities. We also believe that reducing overtime will lead to working style reforms. We will obviously also reduce our head count in some areas.

Discipline

3. Cost control: Utilizing RPA (Robotic Process Automation

- Completed automation mainly in headquarter tasks of up to 400 thousand hours (workload of 200 people) through RPA
- Workload reduction of 1 million hours (workload of 500 people) is expected by the end of this fiscal year, and more than 3 million hours (workload of 1,500 people) within the next three years

1H, FY3/17 — Mainly automated high volume routine tasks within the Headquarter departments of SMBC

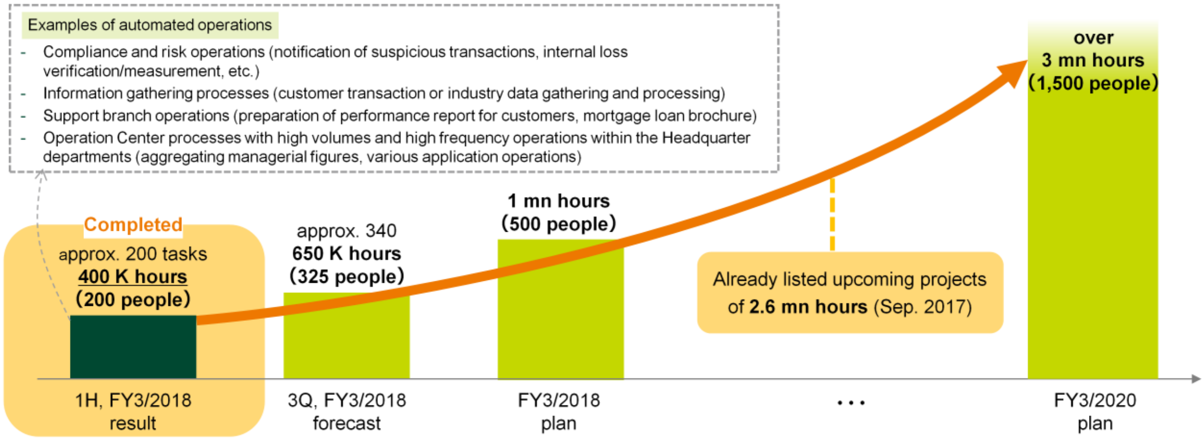
- Established a collaborative framework with multiple consulting firms*
- Adopted a product from UiPath which provides both desktop type and server type RPA

2H, FY3/17 — Expansion of RPA outside Headquarter departments and adoption of new technology

- Expand the range of targets to operation centers and marketing units
- Enlarge the business areas of automated processes by combining RPA with new technologies such as OCR

2H, FY3/17 — Expansion of RPA within the group and to various areas by self-manufacture

- Share the RPA knowledge accumulated in SMBC within the group
- Expand training programs for employees in order to actively utilize RPA



* Accenture Japan Ltd., EY Advisory & Consulting Co., Ltd., Deloitte Tohmatsu Consulting LLC, IBM Japan, Ltd., PwC Consulting LLC, UiPath

- Let me talk about our RPA measures in more detail.
- A growing number of companies are considering the use of RPA. SMFG’s strength lies in an integrated structure created by a collaborative framework with four leading global consulting companies, together with IBM Japan, and UiPath, which provides a high quality development under a robust management structure.

- Specifically, after making the business processes of all headquarters divisions of SMBC visible, we review and rationalize each process, and then actively automate the remaining processes. Problems that arise are quickly resolved by combining the knowledge of all these consulting companies, while UiPath (one of the world’s top three RPA vendors) is tasked with making timely modifications to RPA products to make them compatible with our IT system platform and security standards.

- Further, we have already completed automation of around 200 high-volume routine tasks using RPA, including compliance-related tasks, information gathering, and production of literature for customers. This saved 400,000 hours in the 1H of FY3/18, equivalent to the workload of around 200 employees. We plan to save 3 million hours (the workload of over 1,500 employees) within the next three years. We have already listed upcoming projects worth 2.6 million hour-reduction in the 1H of FY3/18. Going forward, we plan to implement these projects and extend the use of RPA to the whole group to give group-wide productivity a huge boost.

Focus

4. Focus on Seven Core Business Areas

Concept		Strategic Focus	
Enhance Enhance business base in domestic market	1	Hold the number one retail banking franchise in Japan	Digitalization
	2	Build on our lead position in the Japanese medium-sized enterprise market	
Grow Sustainable growth of US/EU businesses. Make Asia our second mother market	3	Increase market share in Corporate & Investment Banking in key global markets	
	4	Establish a top-tier position in product lines where we are competitive globally	
	5	Accelerate our "Asia-centric" strategy	
Build Build our new strengths for future growth	6	Strengthen sales & trading capability	
	7	Develop asset-light businesses: trust banking and asset management	

- The second is Focus. The slide shows our seven core business areas that we are focusing on. Starting from the next slide, I will discuss our initiatives in the four business units and refer to measures for core business areas in that context.

Focus

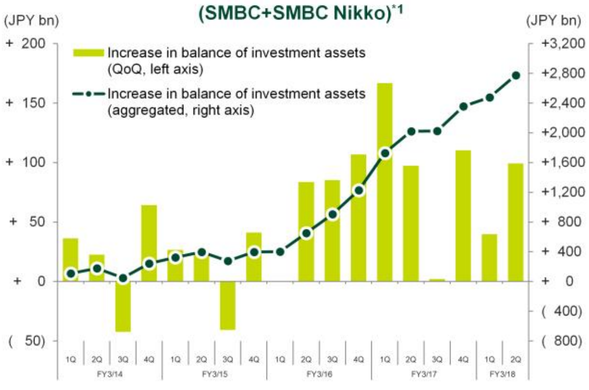
5. Initiatives by business units: Retail business ①

- Promoted wealth management business through bank-securities integration, resulting in strong sales performance of investment products focusing on medium- to long-term diversified investments
- Transform business model by utilizing digitalization through "SMBC Debit" and Smartphone apps

Promotion of wealth management business

- Formulated and published "Basic Policy for Customer-Oriented Business Conduct" in the Retail Business Unit
- The balance of fund wrap exceeded JPY 1.5 tn (SMBC + SMBC Nikko)
- The first investment fund with a "protect line" in Japan was released in Jul. 2017. Net asset: JPY 149.8 bn (as of Nov.15, 2017)

Increase in balance of investment assets (SMBC+SMBC Nikko)[*1]



Transforming business model through digitalization

Cashless

- Released "SMBC DEBIT", the first debit card in Japan equipped with two touch settlement sensors

- Started the sales of credit card through SMBC's web channel

Digitalization of over-the-counter services

- Received "Service & Hospitality Award 2017" for excellence[*2]

Web application of housing loans

- Launched a web application service for housing loans which enable customers to go through the credit procedure through a smartphone app

*1 SMBC: Retail Banking Unit (individuals), SMBC Nikko: Marketing Unit (individuals) Excludes effects of current price variation
*2 Japan Institute of Information Technology

- First, is the Retail business.
- SMFG aims to hold the number one retail banking franchise in Japan. There are three key strategies here: "promotion of wealth management business through bank-security integration;" "transforming business model through digitalization; and "retail branch reorganization for cost structure reform."

- First, as shown on the left, we are committed to a customer-oriented stance in the promotion of the wealth management business. We believe customers are the starting point of all our businesses—not just the retail business. SMFG is convinced that the only way to be successful in the mid- and longer term amid the growing importance of fiduciary duty on a global scale, is to shift our business model in a more group-wide oriented manner in the wealth management business with stronger customer centricity than ever before. To this end, we are building up the balance of assets that produce recurring income and expanding our customer base under our bank-securities integration model.
- In the 1H of FY3/18, our wealth management proposals with a medium- to long-term diversified investment approach proved effective. For example, our fund wrap balance exceeded ¥1.5 trillion at end-September 2017.

- On the right of the slide you can see how we are transforming the business model through digitalization. Many industries around the world are undergoing structural change spurred by technological innovation. My view is that in retail banking, customers' needs vary according to citizens' character traits and structural factors of each country, and thus it is important for us to create a business model specific to Japan.

- For example, although the proportion of cash settlements is still large in Japan, we anticipate the arrival of a cashless society. So in July we added two contactless IC debit card features of iD and Visa payWave to SMBC debit cards, providing the convenience of one-tap payment. These services are proving popular, with 40% of customers opening new SMBC accounts applying for debit cards.

Focus

5. Initiatives by business units: Retail business ②

- **Branch reorganization: Completed transformation of 11 branches to next-generation branches by Sep. 2017 as well as centralization of back-office operations**
- **Plan to speed up the process to complete transformation of 100 branches by the end of Mar. 2018**

Branch reorganization

- In the branches that were reformed, we saw effects as expected and reactions from customers were good

Reactions of customers to Ginza branch (flagship of next-generation branch)

Number of clients	YoY change (Apr.- Aug)
Routine transactions	**Approx. (20)%**
Consultation	**Approx. +80%**

Result of questionnaire

Impression on Ginza branch

Introducing next-generation branches

	FY3/2018	FY3/2019	FY3/2020
# of branches being introduced/ transformed to next-generation branches	100	280	430 Completed
Digitalization of processes	Digitalization of interfaces	Increase use of straight-through processing with internal processes	
Cost reduction			JPY 20 bn plus

FY3/2022: JPY 30 bn (reduce expenses associated with in-person banking by 20%)

Introduction of branches exclusive to individuals

Purpose
- Improved efficiency of personnel/space and expanded consulting space for individual clients by integrating administration of corporate clients to a nearest large branch

Image

	Nakanosakaue Branch	Sasazuka Branch
Area of branch	(65)%	(47)%
Ratio of space for clients	18%⇒54% (165m²⇒172m²)	20%⇒56% (155m²⇒224m²)

- Let's move on to branch reorganization. SMBC used to have 747 branches before the merger of Sakura Bank and Sumitomo Bank, but the total is now down to 440 as a result of integration and closures. From a global perspective, the number of branches of Japanese megabanks is not high compared with their overseas counterparts. We believe the main issue is not the number of branches, but the efficiency of each branch.

- What's most important is to improve customer convenience and customer satisfaction. Based on this concept, we are reviewing the efficiency of all retail branches, utilizing technology to streamline back-office processes and increase space for customers so that customer service personnel can devote plenty of time to consultation.

- Branches exclusive to individual clients shown on the right of the slide are just one example. By further improving the efficiency of personnel and space, and thereby expanding consulting space for individual clients, we have secured more time and comfortable atmosphere, where our staff members could offer appropriate consultation to individual clients.

- We have also launched branches shared by SMBC and SMBC Nikko Securities, which we believe could provide tangible results of our initiatives.

Focus

5. Initiatives by business units: Wholesale business ①

- Promote measures to improve profitability and enhance non-interest income to confront the continuous decline of loan spreads
- Leveraged group-based and domestic-overseas integrated approaches to large corporate clients

Key initiatives to improve asset efficiency

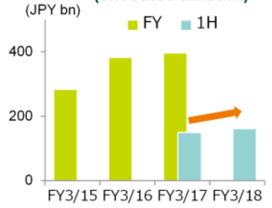
Further promotion of initiatives to improve profitability

- Promote high value-added loans
- Reinforce profitability management of each client and form plans to improve profitability
- Apply a business performance assessment criteria to front offices that values improvement of profitability

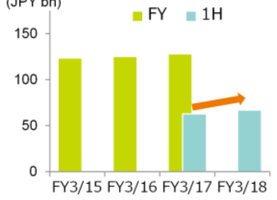
Enhancement of non-interest income

- Steady growth of non-interest base income (money remittance/electronic banking, FX) by expanding transactions with clients

Business successions related loans (executed amount)



Non-interest base income (managerial basis)

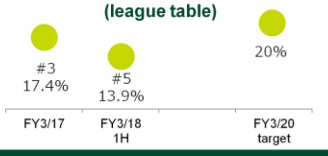


Expand presence in business with large corporate clients in Japan/overseas

Strengthen Corporate & Investment Banking model both in Japan and overseas

- Formulate cross-functional team in SMBC, SMBC Nikko, SMFL and SMBC Trust. Share an account plan within the group and allocate resource effectively to targeted clients

Lead arranger of Japanese corporate bonds (league table)



League tables (Apr. -Sep. 2017)*1

	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount)*2	#6	6.2%
JPY denominated bonds (lead manager, underwriting amount)*3	#5	16.1%
Financial advisor (M&A, No. of deals)*4	#1	6.1%
Financial advisor (M&A, transaction volume)*4	#5	9.1%
IPO (lead manager, No. of deals)*5	#3	14.3%

*1 SMBC Nikko Securities for Global equity & equity-related and JPY denominated bonds. SMFG for Financial advisor and IPO. Source: SMBC Nikko, based on data from Thomson Reuters
*2 Japanese corporate related only. Includes overseas offices *3 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds
*4 Japanese corporate related only. Group basis *5 Excludes REIT IPO. Includes overseas offices

- This page shows the Wholesale business.
- Loan spreads in the domestic loan business continue to contract amid increased competition. We are also aware that the rate of loan spread contraction is greater at SMBC than our competitors, which I acknowledge as clearly a major concern. We believe this is mainly due to progress with repayments of loans with large spreads made in the past in the medium-sized enterprise sector, which is our area of strength.

- We are hoping that the decline in loan spreads will come to an end, because the effect of these loan repayments appears to have run its course recently. However, I personally consider the contraction of loan spreads to be a management priority. We will therefore further strengthen measures toward improving the profitability of our business.

- For example, we are working on increasing high value-added loans. While this has always been a priority, we will be focusing on areas that maximize our strengths as a megabank, such as loans that require our advisory services. Effective from the 2H of FY3/18, we have started to formulate a profitability management plan for each client to help improve our banking relations with less profitable clients. Starting from the next fiscal year, we also plan to fully apply business performance assessment criteria to branch front officers, and doing so we prioritize profitability improvement and thereby adhere more strongly to disciplined business management.

- As shown on the right, we are adopting a cohesive and nimble approach in our business with large corporate clients by formulating an account plan that is shared within the Group. As a result of clients appreciating this approach, in some cases SMBC made progress in transactions with clients whose main bank is not SMBC.

Focus

5. Initiatives by business units: Wholesale business ②

- Offer multi-solutions on a group wide basis in the medium-sized enterprise market

Build on our lead position in the Japanese medium-sized enterprise market

Key fields	Initiatives
Support start-up companies and growing industries	➢ Promote collaboration within the group and development of financial solutions in the growing business fields to host various events for each fields
PB (Private Banking) approach	➢ Propose to privately-held listed corporations from both the PB approach and corporate business approach
Increase of corporate value (Private Equity fund)	➢ Reinforce origination and promote transactions such as curve outs and business successions
Real estate business	➢ Enhance further alignment of SMBC, SMBC Nikko, SMBC Trust, SMFL and promote proposals regarding Corporate Real Estate

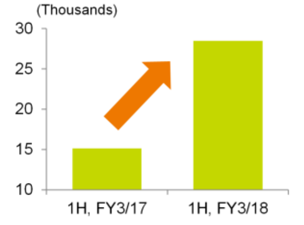
Initiatives towards growing business fields on a group basis

Business fields	Initiatives
IT	➢ Host various events at our open innovation hub in Shibuya, "*hoops link tokyo*" ➢ Hosted Israel × Healthtech seminar
Healthcare	➢ Closing of the first SIB (Social impact bond) in Japan, hosted SIB seminar
Agriculture	➢ Utilization of "Mirai Kyoso Farm"
Environment/energy	➢ Contract authentication of green bond (Tokyo)
Tourism	➢ Held Kominka (old and traditional Japanese housing) /regional revitalization seminar

Promotion of collaboration within the group

➢ The number of tossing up needs of customers increased significantly within the group companies

Number of toss-ups



- This page shows our business in the medium-sized enterprise market.
- As discussed in our IR Day presentation, we are providing group-wide multi-solutions in four key fields to build on our lead position in the medium-sized enterprise sector in Japan. The four key business fields are: "Support startup companies and growing industries," "PB (private banking) approach," "Private equity (PE) fund," and "Real estate business."

- As an example, various innovative initiatives are shown on the bottom left.

- And as shown on the bottom right, under the group-wide Business Unit structure, we are seeing an increasing number of cases in which group companies collaborate more closely with each other, and as a result, the number of Group-wide referrals of clients and their needs (toss-ups) is increasing. This is what we mean by "on-site capabilities," which is one of the strengths of our Wholesale business.

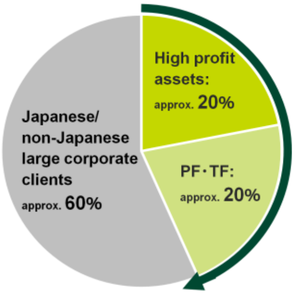
Focus

5. Initiatives by business units: International business ①

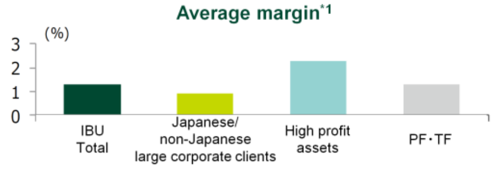
- Promote cross-selling through bank-securities integration (Bonds underwriting, FX, derivatives, etc.)
- Promote asset turnover (O&D) business model to further improve asset efficiency of global products that we hold competitive advantages

Portfolio of international business

- Target to allocate around 45% to high profit assets and PF・TF under disciplined operation



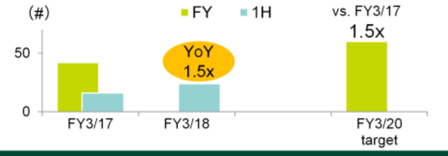
Average margin[*1]



Bank-securities integration

- The number of securities transactions (bonds) with active book runner roles increased by 150% from 1H, FY3/17
- Increased transactions associated with security business (FX, derivatives, etc.)

Active book runner (Securities)[*2]



Global products that we hold competitive advantages

Business	Ranking
Aircraft leasing	#4 (Global)
Railcar leasing	#6 (U.S.)
Subscription finance	#5[*3] (U.S.)
Project finance	#2[*4] (Global)

Expand product line-up and promote O&D

- Aircraft finance with AFIC[*5] (first in the world)
- Set up a fund to invest in LBO loan for the middle market

*1 Excludes up-front fees *2 Excludes deals issued by SMFG *3 Transaction amount base (our estimate) *4 Thomson Reuters Jan.-Jun., 2017
*5 Aircraft Finance Insurance Consortium provides an aircraft finance insurance product and is underwritten by four private insurance companies (Allianz Risk Transfer, Axis Insurance, Sompo International, Fidelis)

- Let's move on to the International business. The three major strategic points are "promoting our key initiatives into the Next Stage, i.e. bank-securities-leasing integration, global products, and becoming a truly Asia-centric institution", "practicing disciplined business management" and "expanding our management base with the next 10-year perspective."

- First, introducing group-wide Business Units allowed us to make progress with collaboration between product-related teams such as bank front-office, securities underwriting, and derivatives sales teams to make SMFG more agile on a global basis. For example, as shown on the top right, the number of corporate bond underwriting with active book-runner roles mandated by non-Japanese corporate clients has increased substantially.

- You can also see on the bottom right that in global products, SMFG has been developing new schemes that minimize risks while expanding our product lines, such as aircraft financing backed by Aircraft Finance Insurance Consortium (AFIC), at the same time as expanding business operations to hone its competitive edge.

- As we noted on p. 9, our overseas loan spread has recently contracted, but this is mainly the result of (a) tightening of the market, (b) temporary spike in low-margin short-term trade financing, and (c) cutting back on overseas loans in the interests of credit risk control amid signs of overheating in some markets including LBOs, which led to an improvement in asset quality. Traditionally, our strength has been in maintaining overseas loan spreads despite intense competition. We will therefore make it a priority to secure spreads while maintaining disciplined business management.

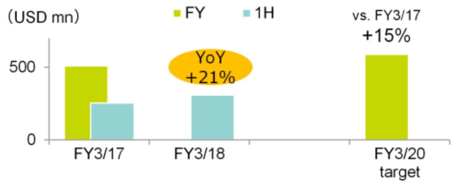
5. Initiatives by business units: International business ②

Focus

- **Expand profit by deepening relationships with core clients in Asia and take advantage of mid- to long-term growth in Asia through the Multi-franchise strategy**
- **Focus on stability, cost, and diversity in foreign currency funding**

Asia-centric

Non-asset based profit (Asia)



- Promote cross-selling by deepening relationships with core clients, i.e. prime local companies, growing companies, and large multi-national companies
- Strengthen transaction banking business

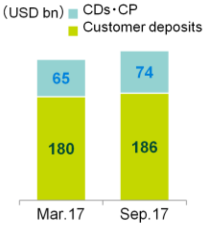
Expand business base in Asia

- Multi-franchise strategy in Indonesia
  - Collaborate with BTPN in finance for suppliers and distributors (Japanese / non-Japanese)
  - Develop and expand digital retail banking
- Enhance approach to investors in Asia

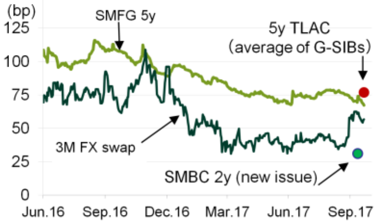
Foreign currency funding

- Acquiring overseas customer deposits and issuing foreign currency denominated bonds regularly in mindful of stability, cost, and diversification of currencies and terms

Overseas deposit balance



Senior bonds secondary spread[*1]



Issues of foreign currency senior bonds[*2]

- USD
  - SMFG[*3] : USD 6,750 mn in total in Jul. 2017 and Oct. 2017 (5y, 10y)
  - SMBC : USD 1,500 mn in Oct. 2017 (2y)
- EUR
  - SMFG[*3] : EUR 1,750 mn[*4] in total in Jun. 2017 (5y, 10y) and Oct. 2017 (7y)
- AUD
  - SMFG[*3] : AUD 750 mn in Sep. 2017(5.5y)

*1 Spread against 3 month USD LIBOR *2 Issued in overseas market since Apr. 2017. Targeting foreign institutional investors *3 TLAC bonds
*4 of which EUR 500mn were green bonds

- The left of the slide shows our Asia strategy.
- Although Asian economies have their ups and downs, I believe that they will grow strongly in the longer term. We will thus continue with our goal of becoming a truly Asia-centric institution with a commitment to capturing growth in Asia with a mid- and longer-term perspective.

- As an example, SMFG is deepening relationships with local core clients in Asia and US and European large multi-national companies doing business in Asia. You will see on the top left that non-asset based profit in Asia increased 21% year-on-year in the 1H of FY3/18 as a result of an increase in deposits and foreign exchange transactions.

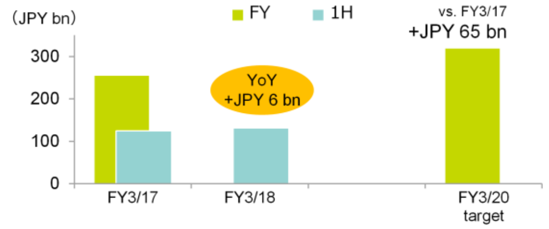
- The International business will continue to be a growth driver for SMFG, but we must secure foreign currency funding for sustainable growth, as shown on the right. While prioritizing the increase of deposits as a stable funding source, we will also tap the foreign currency-denominated bond market, in view of the diversity of currency and duration, to achieve diversity of funding sources and low cost funding.

Focus

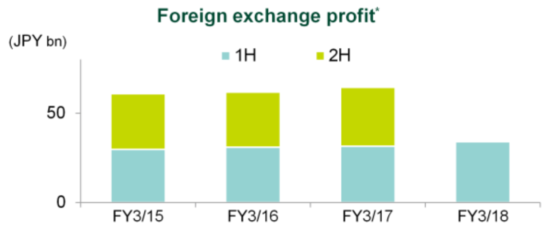
5. Initiatives by business units: Global markets

- Increased the volume of FX and derivative transactions
- Enhance Sales & Trading (S&T) to raise the level of earnings strength and stability

S&T profits



- Promote cross-selling（FX, derivatives, fund management）
- Provide clients with solutions to control market risks
- Enhance SMBC Nikko's equity trading capability



Enhance S&T

* Managerial accounting basis

- Moving on to the Global Markets Business Unit, the two main strategic focus points are "leveraging our trading capability to maximize earnings" and "strengthening customer-centric sales and trading in order to raise the level of earnings strength and stability of the business".

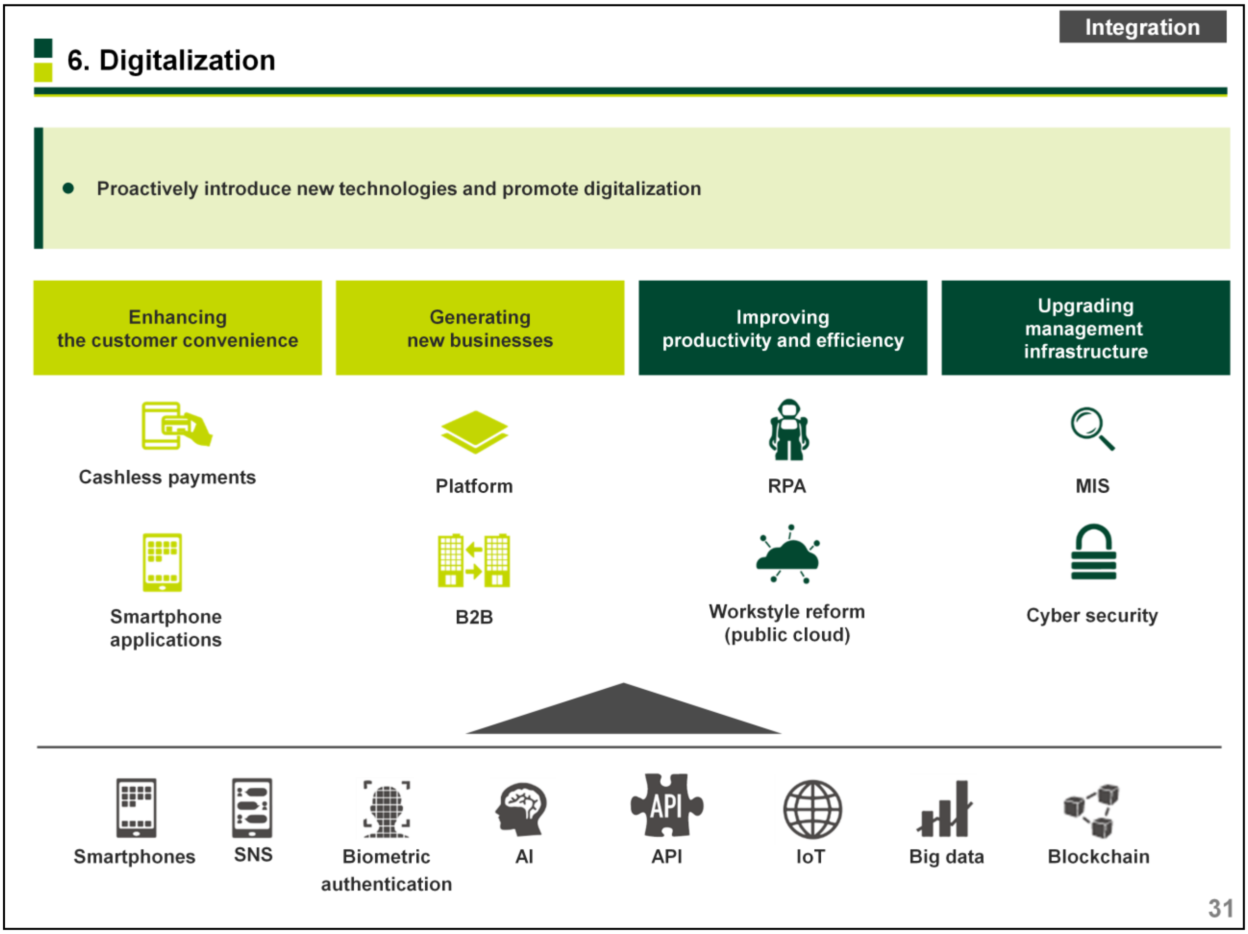
- In the 1H of FY3/18, we were able to harness our trading capability and to seize a global stock market rebound, following the receding geo-political risk concerns. In sales and trading (S&T), global derivatives trading and overseas foreign exchange-related transactions were brisk at SMBC, although bond trading was weak at SMBC Nikko Securities. Although we are still in the process of establishing a bank-securities collaboration platform overseas, we are strengthening our sales structure by hiring more people. Given that there is considerable scope for growth, we aim to capture business opportunities by expanding features that combine bonds, FX, and derivatives trading and building a sales and marketing structure tailored to regional characteristics.

Focus

(Ref) Gross profit, ROE and RWA by group-wide business units

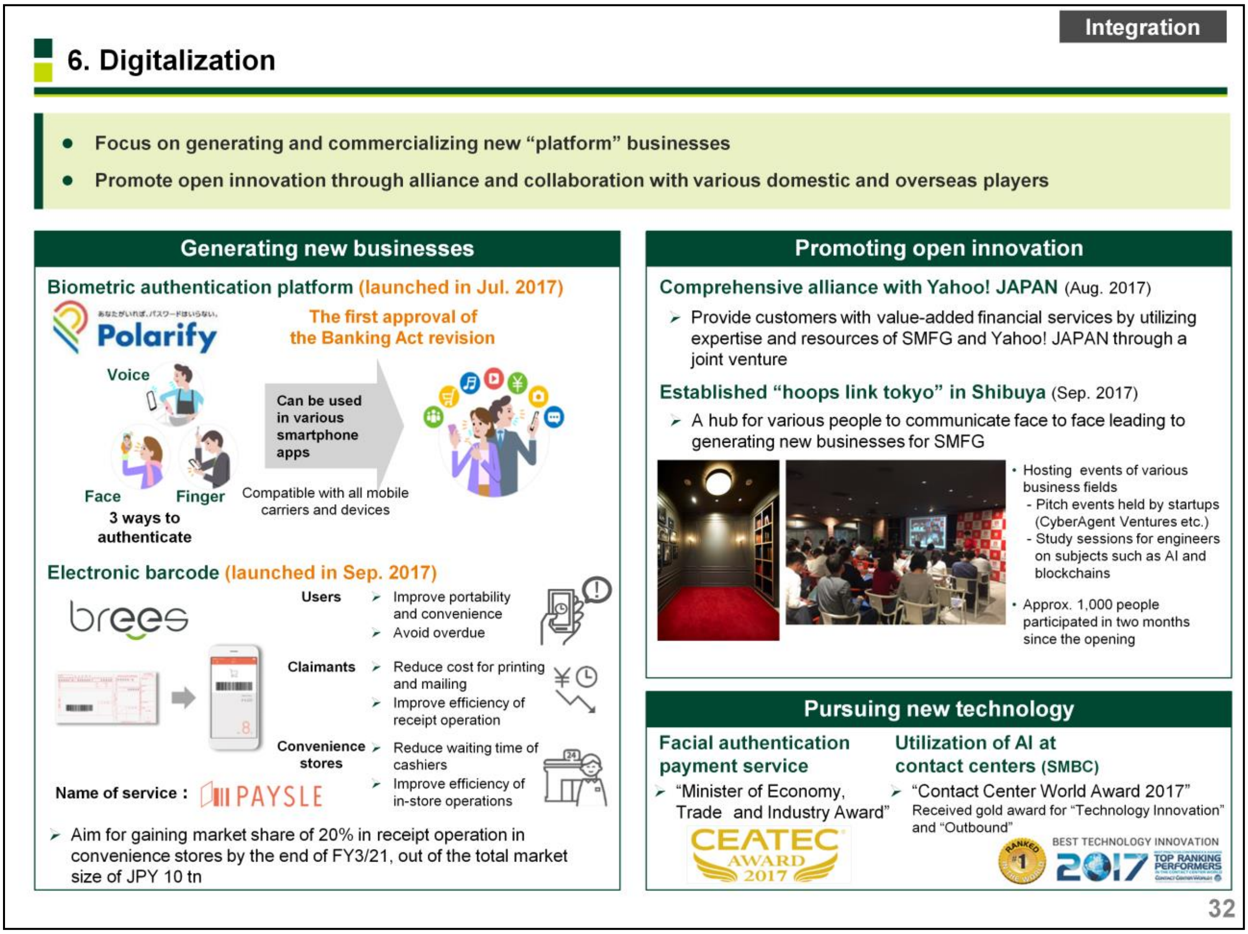
(JPY bn)		1H, FY3/17*1	FY3/17*1	1H, FY3/18	YOY change*2
Retail Business Unit	Gross profit	628.2	1,288.9	633.0	+21.3
	Expenses	(514.8)	(1,015.4)	(506.1)	(4.2)
	Overhead ratio	*82.0%*	*78.8%*	*80.0%*	*(2.1)%*
	Others	3.3	12.2	5.6	+2.4
	Net business profit	116.6	285.7	132.5	+19.5
	ROE*3, 4	-	-	6.5%	-
	RWA (JPY tn) *3, 5	-	-	13.5	-
Wholesale Business Unit	Gross profit	371.7	775.6	362.0	(11.6)
	Expenses	(166.2)	(346.7)	(171.0)	(1.6)
	Overhead ratio	*44.7%*	*44.7%*	*47.2%*	*+1.9%*
	Others	20.1	44.1	23.8	+4.2
	Net business profit	225.6	473.0	214.8	(9.0)
	ROE*3, 4	-	-	10.4%	-
	RWA (JPY tn) *3, 5	-	-	20.0	-
International Business Unit	Gross profit	259.2	585.8	311.0	+17.5
	Expenses	(112.3)	(251.9)	(139.2)	(9.7)
	Overhead ratio	*43.3%*	*43.0%*	*44.8%*	*+0.6%*
	Others	21.6	30.2	30.3	+15.1
	Net business profit	168.4	364.1	202.1	+22.9
	ROE*3, 4	-	-	10.4%	-
	RWA (JPY tn) *3, 5	-	-	22.3	-
Global Markets Business Unit	Gross profit	203.1	346.6	196.4	(8.0)
	Expenses	(25.6)	(50.3)	(26.6)	0.0
	Overhead ratio	*12.6%*	*14.5%*	*13.5%*	*+0.5%*
	Others	3.4	8.1	8.5	+1.9
	Net business profit	181.0	304.4	178.3	(6.1)
	ROE*3, 4	-	-	35.9%	-
	RWA (JPY tn) *3, 5	-	-	7.0	-

*1 Figures for FY3/17 were adjusted retrospectively in the Business Unit basis which was introduced in FY3/18
*2 After adjustments of interest rates and exchange rates, etc. *3 Preliminary figure
*4 ROE for each unit is managerial accounting basis with RWA calculated assuming Basel III reforms are finalized. ROE for the International Business Unit excludes the mid- to long-term foreign currency funding costs. ROE for the Global Markets Business Unit does not include interest-rate risk associated to the banking account
*5 RWA is calculated based on Basel III transitional basis



- Next, I’d like to talk about digitalization.
- We can no longer compete successfully by following traditional manners at a time when technological innovation has intensified competition, opening up our market to non-financial players. However, this also presents opportunities to utilize technology in various ways to provide new financial services.

- As discussed in our May presentation, we are thus promoting digitalization in four different areas, as shown here.



- SMFG's approach to digitalization differs from its competitors in that we focus on businesses that can be monetized and lead to the generation and commercialization of new platforms.

- Platform businesses launched in the 1H of FY3/18 are shown on the left. Our first projects are Polarify (the very first deal approved under the revised Banking Act, which facilitates investment in fintech-related companies), which provides a biometric authentication service, and Brees Corporation, which provides an electronic barcode bill payments service at convenience stores. SMFG stands out by founding subsidiaries that run clearly defined new businesses and making them commercially viable.

- Ministop started offering the electronic barcode bill payments service for their convenience store outlets in September 2017, followed by the Seicomart chain (whose stores are mainly in Hokkaido), which will start service in November. Brees Corporation is in talks with Seven-Eleven Japan, FamilyMart, and Lawson with a view to introducing the service at their stores in 2018.

7. ESG ①

- Enhance governance framework by transforming into a Company with Three Committees.
  Revised the executive pay system in order to ensure the management is well aligned with the shareholder perspective
- Issued green bonds to enhance environmental businesses
- Included in ESG indices selected by GPIF

Governance

Transforming into a Company with Three Committees

- Establish standard G-SIFI governance framework
- Strengthen the supervisory function of the Board of Directors
- Expedite execution of operations

Outside directors

- Increased the number of Outside directors from five to seven (ratio against the total number of Directors increased from 36% to 41%)
- Arranged a small meeting with Outside director for investors

Introduction of New Stock Compensation Plans for Executives utilizing restricted stock

- Introduced compensation that is linked to financial targets of the medium-term management plan and to our stock performance
- Raise the ratio of stock-based compensation
- Strengthen risk management through the introduction of a system for (a) partial deferral of bonuses and (b) reducing or returning compensation (Malus and Clawback)

Advisor (Komon) system

- There are currently one advisor (Komon) in SMFG, and eight in SMBC who are former Chairman or President.
  Advisor (Sodanyaku) system has been abolished in 2002
- Advisors are not involved in any management decision process

Environment, Society

Issued Euro-denominated green bond (Oct. 2017, EUR 500 mn)

Outline
- First Euro-denominated green bond (TLAC bond) issued by SMFG*1
- First project along the Green Bond Guidelines, 2017*2
- Obtained a second opinion from Sustainalytic

Objective
- Support to achieve the Sustainable Development Goals (SDGs)
- Enhance environmental businesses
- Meet investor's needs

Included in Nadeshiko Brand selection (in 2013, 2015, 2017)

NADESHIKO BRAND 2013 NADESHIKO BRAND 2015 NADESHIKO BRAND 2017

*1 SMBC issued green bond in 2015
*2 "Green Bond Guidelines, 2017" (established by the Ministry of the Environment in March 2017)

Included in ESG indices selected by GPIF

FTSE Blossom Japan

MSCI 2017 Constituent MSCI Japan ESG Select Leaders Index

- Next is ESG.
- First, in corporate governance, SMFG has been transformed into a Company with Three Committees and increased the number of outside directors in June as shown on the left. As a result, we have engaged in in-depth discussions at board meetings thanks to the contribution of the knowledge and expertise of outside directors at a time when there are many topics on the agenda that concern the big picture.

- As well, the Group reviewed its executive pay system to ensure management is well aligned with shareholders' perspective.

- Looking at environment and social elements of ESG on the right, SMFG issued its first Euro-denominated green bond (TLAC bond). The Group is also included in the ESG indices selected by the Government Investment Pension Fund (GPIF).

Integration

7. ESG ②

- Contributing to realize Sustainable Development Goals (SDGs) through promotion of activities focusing on “Environment”, “Next Generation” and “Community”

	Priority Issues (Materiality)	Relevant SDGs (focused targets)	Relevant SDGs	Initiatives
E	Environment	7, 12, 13	11, 14, 15, 17	➢Supporting renewable energy ➢Following the Equaor Principles ➢Green bonds and environmental assessment loans
S	Next Generation	4, 5, 8	3, 17	➢Financial education in Japan and overseas ➢Supporting human resources cultivation ➢Supporting international students
S	Community	10, 16	1, 2, 6, 9, 17	➢Diversity & Inclusion (female participation, LGBT, foreign officers) ➢Working styles reform
G	Management base	8, 16	17	➢Enhancing governance ➢Compliance

focused targets

- This slide shows how we are working toward Sustainable Development Goals (SDGs) adopted by the United Nations.

- Only last week, Keidanren revised its Charter of Corporate Behavior. SMFG’s management philosophy (business mission) is “to grow and prosper together with our customers”, “to maximize our shareholders’ value through the continuous growth of our business” and “to create a work environment that encourages our employees”. We will continue to engage in ESG-conscious management to contribute toward sustainable development of society as a whole by working to attain SDGs for the realization of the Society 5.0 vision.

III. Financial Targets

Progress on financial targets

		FY3/17	1H, FY3/18	(Ref) FY3/18 target*4	FY3/20 target
Capital efficiency	**ROE**	7.8%*1	10.1%*2	The same level as FY3/17	7 ~ 8%
Cost efficiency	**Overhead ratio**	62.1%	61.0%	Around 62.5% Pursue a lower number than the target	1% reduction compared with FY3/2017
Soundness	**CET 1 ratio*3**	8.3%	8.8%	A little less than 9%	10%

*1 Excluding special factors, such as the effects of implementing the consolidated corporate-tax system *2 Annualized
*3 Post-Basel III reform basis. Risk-weighted assets (RWA) inflated by 25% compared to RWA of Mar. 2017 assuming 70% capital floor. CET1 excludes net unrealized gains on other securities. RWA excludes RWA associated with net unrealized gains on stocks
*4 Calculated based on the profit targets for FY3/18 and estimated figures for FY3/20

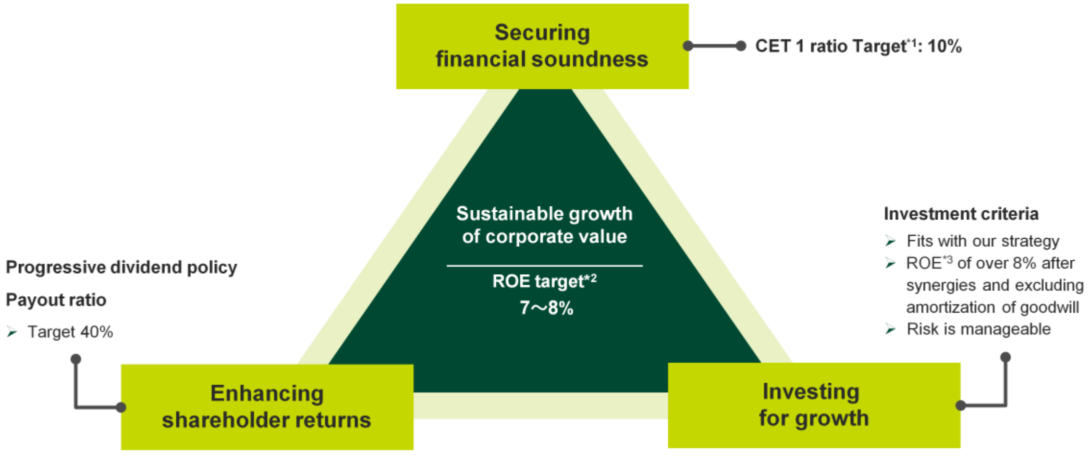
- The slide shows progress with financial targets.
- We made fast progress toward full-year targets in the 1H of FY3/18 and the performance of financial indicators was positive, but we expect full-year performance to be at the level shown in the second row from the right, although we will obviously aim to outperform these figures.
- Next, we move on to our capital policy.

IV. Capital Policy

SMFG SUMITOMO MITSUI FINANCIAL GROUP

1. Basic capital policy

- **Balance "securing financial soundness", "enhancing shareholder returns", and "investing for growth"**
- **Adopt a progressive dividend policy and target payout ratio of 40%**
- **Policy for share buybacks will be laid out after examination and discussion when Basel III reforms are finalized**
  (Taking into consideration; capital level, earnings forecasts, stock price, and opportunities of investments for growth)



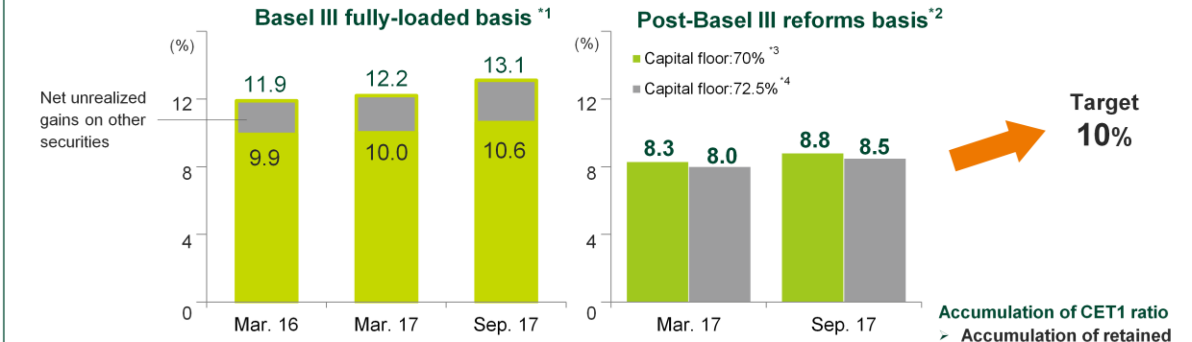
*1 Calculated with RWA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms with capital floor of 70%
CET1: excludes net unrealized gains on other securities
RWA: excludes RWA associated with gains on stocks
CET1 ratio on a Basel III fully-loaded basis (including net unrealized gains on other securities) exceeds CET1 ratio Post-Basel III reforms basis by 4%
*2 On a stockholders' equity basis
*3 Managerial accounting basis with RWA calculated assuming Basel III reforms are finalized

- Our basic capital policy is unchanged—we seek a balance among securing financial soundness, enhancing shareholder returns, and investing for growth. Our shareholder returns policy is a progressive dividend policy, and the dividend payout ratio target is 40%. Our policy for share buybacks will be laid out after we conduct due diligence and have thorough discussions once the Basel III reforms finalizes.

2. Capital position

- Common Equity Tier 1 capital (CET1) ratio target (Post-Basel III reforms basis) is 10%
- If the business environment does not significantly change, we expect to achieve the CET 1 ratio target as planned by accumulation of retained earnings and control of RWA even in the case of the capital floor being set at 72.5%

CET1 ratio



Accumulation of CET1 ratio

- Accumulation of retained earnings
  +45 - 50 bp / year
- Regional banks subsidiaries turned into equity method affiliates
  around +30bp
- SMFL turned into an equity method affiliate
  around +40bp

(JPY tn)

	Mar. 16	Mar. 17	Sep. 17	Mar. 17	Sep. 17
Risk-weighted assets (RWA) [Excludes RWA associated with net unrealized gains on stocks]	65.9	70.6	69.9	88.6 [85.5]	87.9 [84.4]
CET1 capital (of which net unrealized gains on other securities)	7.90 (1.35)	8.68 (1.54)	9.16 (1.69)	8.68 (1.54)	9.16 (1.69)

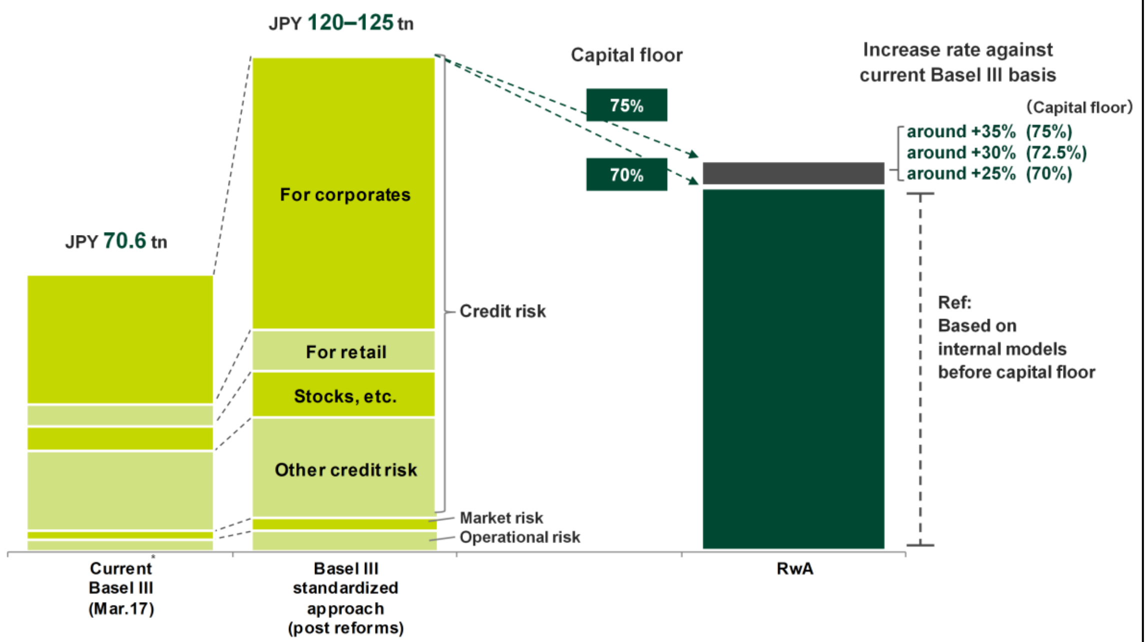
*1 Based on the definition applicable for March 31, 2019 *2 CET1 excludes net unrealized gains on other securities. RWA excludes RWA associated with net unrealized gains on stocks
*3 RWA is estimated to inflate by 25% from Mar.17 *4 RWA is estimated to inflate by 30% from Mar.17

- When we announced our Medium-Term Management Plan in May, we set a target of a 10% CET1 ratio at the end of March 2020 on a post-Basel III reforms basis. This was assuming capital floors of 70%, a 25% increase in RWA from end-March 2017, and the implementation of finalized Basel III reforms in 2021.

- We now think capital floors may be set at 72.5%, which is higher than our initial assumption in light of recent discussions for tighter international financial regulations. In that scenario (the grey histogram on the right), the CET1 ratio will be lower and the rate of increase will be slower than our original assumption.

- However, given that we are taking steps to reduce RWA on an inorganic basis by turning regional bank subsidiaries and SMFL into equity-method companies, we believe we are on track to attain our target CET1 ratio of around 10% at end-March 2020 by a combination of retaining earnings and RWA control, provided there is no major deterioration in the business environment.

(Ref) Estimated inflation of RWA at the time of finalization of Basel III reforms



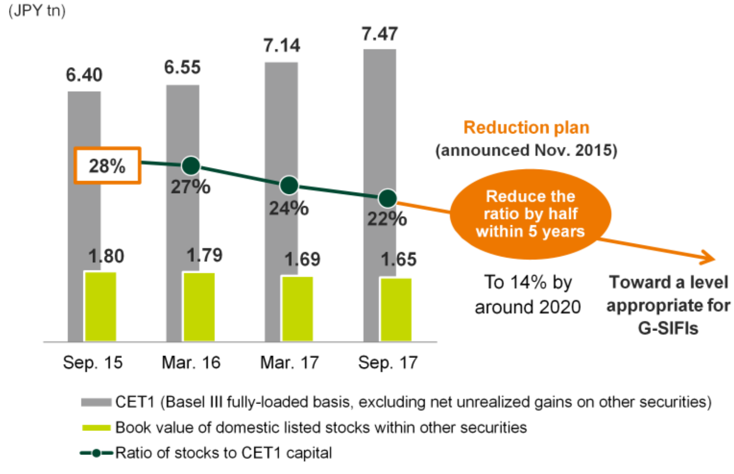
* We adopt floors based on FIRB. No capital floor adjustments are currently made

3. Strategic shareholdings

- Aim to halve the ratio* of stocks to CET1 during the five years starting from the end of Sep. 2015
  - Reduce the book value of domestic listed stocks of up to about 30%, or about JPY 500 bn (JPY 100 bn per year)
  - Continue to execute sales and get consent of sales from clients in the second half to achieve the full-year target of JPY 100 bn reduction

* SMFG consolidated basis: Book value of domestic listed stocks/CET1 capital (Basel III fully-loaded basis, excluding net unrealized gains on other securities)

Strategic shareholdings and reduction plan (Consolidated basis)



Reduction results for 1H, FY3/2018
approx. JPY 40 bn
(Total reduction from Sep. 2015– Sep. 2017 : approx. JPY 155 bn)

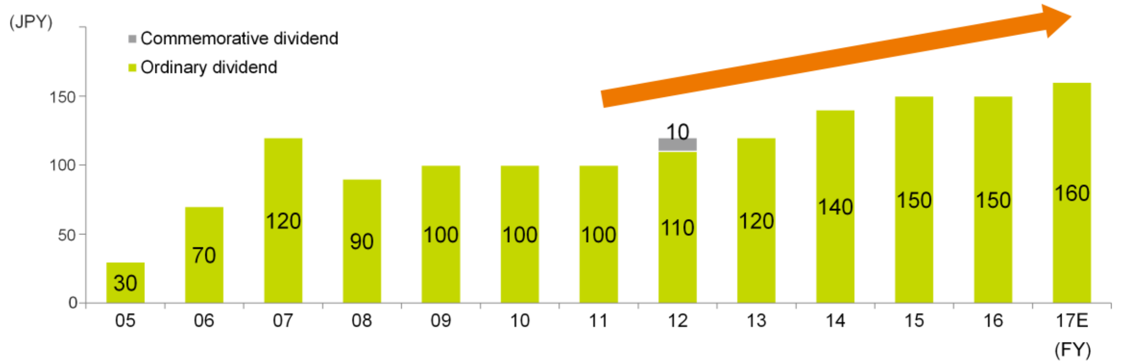
Consent of sales from clients (outstanding, Sep. 2017)
approx. JPY 120 bn
(Aggregated amount since Sep. 2015 : approx. JPY 280 bn)

- With regard to strategic shareholdings, we measure progress toward our reduction target using the total of shareholdings sold and shareholdings for which we have gained consent from clients to sell. Reduction results came to approximately ¥40 billion on a book value basis in the 1H of FY3/18, and shareholdings for which we gained consent to sell from clients but are yet to be sold increased by ¥20 billion (outstanding as of end-September 2017 compared to that as of end-March 2017), which gives us in total an additional ¥60 billion for which we have gained consent from clients to sell. These figures are in line with our target of an annual reduction of ¥100 billion.

4. Dividend policy

- **Progressive dividend policy, and target payout ratio of 40%**
  Note: Progressive dividend policy means not to reduce dividends, and will maintain or increase dividends
- **Dividend per share forecast for FY3/2018 is 160 yen, a 10 yen increase year on year**

Dividends per share[*1, 2]



	05	06	07	08	09	10	11	12	13	14	15	16	17E
Payout ratio[*3]	3.4%	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	20.3%	26.2%	32.7%	29.9%	35.8%
ROE[*4]	22.8%	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	13.8%	11.2%	8.9%	9.1%	

*1 SMFG implemented a 100 for 1 stock split of common stock on January 4, 2009. Figures shown above reflect the stock split, assuming that it had been implemented at the beginning of FY3/2006
*2 Common stock only *3 Consolidated payout ratio *4 On a stockholders' equity basis

- For shareholder returns, our basic policy is a progressive dividend policy. We also target a dividend payout ratio of 40%. We plan to increase dividend per share by ¥10 to ¥160 for FY3/18.

V. Key takeaways

Made a good start of the Medium-Term Management Plan that focuses on efficiency to become a financial group with high quality

- Under new management and organizational structure, each Business Unit executed initiatives to improve profitability. Implemented concrete measures such as transformation of business and asset portfolio, accelerating Group-wide collaboration and promoting digitalization
- The bottom-line profit for 1H, FY3/2018 reached 67% of the full-year target. The full-year target remains unchanged against potential deterioration of the business environment
- We will continue to focus on capital, asset, and cost efficiencies
- We are closely monitoring the discussion of the finalization of Basel III reforms. If the business environment does not significantly change, we are expected to achieve the CET 1 ratio target as planned by disciplined business management even in the case of the capital floor being set at 72.5%

- And finally, this is the message that I wish to communicate today.
- As we have seen, we think we made a good start of the Medium-Term Management Plan that focuses on efficiency to become a financial group with high quality.

- Our share price has gone up by around 10% in a rising market from ¥4,045 on March 31 2017, the day before I took over as Group CEO, to the ¥4,400 level. However, our PBR is still around the 0.6x mark.
- We will continue to do our utmost to improve shareholder value and meet your expectations.
- I sincerely ask for your continued support and understanding.

- Thank you.