

# Overview of 1Q, FY3/2019 performance

July 30, 2018

LEAD THE VALUE

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; incurrence of significant credit-related costs; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; and exposure to new risks as we expand the scope of our business. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

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

## Definitions

- Consolidated : SMFG consolidated
- Non-consolidated : SMBC non-consolidated
- SMFG : Sumitomo Mitsui Financial Group, Inc.
- 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
- Retail business unit (RT) : Domestic retail and SME businesses  
SMBC (RT), SMBC Nikko (RT), SMCC, Cedyne, SMBCCF, others
- Wholesale business unit (WS) : Domestic large/mid-size corporation business  
SMBC (WS), SMBC Nikko (WS), SMBC Trust (WS), SMFL (Domestic), others
- International business unit (Inter.) :  
SMBC (Inter.), SMBC Nikko (Inter.), SMBC Trust (Inter.), SMFL (Inter.), others
- Global markets business unit (GM) : Market / Treasury related businesses  
SMBC (Treasury), SMBC Nikko (Product), others
- Large corporations : Global Corporate Banking Division
- Mid-sized corporations & SMEs : Corporate Banking Division (CBD) and SMEs covered by Retail Banking Unit
- Exchange rates(TTM)

	Jun.17	Mar.18	Jun.18
USD	JPY 111.96	JPY 106.25	JPY 110.45
EUR	JPY 127.90	JPY 130.73	JPY 127.78

# 1Q, FY3/2019 financial results

## Income statement

		(JPY bn)	1Q FY3/19	YoY	1H target	FY3/19 target
Consolidated	1 Consolidated gross profit	USD 6.5 bn	719.1	(18.3)		
	2 General and administrative expenses <Overhead ratio>		428.8 59.6%	(25.1) (2.0)%	Impact from the deconsolidation of the regional banks: approx. (1)%	
	3 Equity in gains (losses) of affiliates		24.0	+4.4		
	4 Consolidated net business profit*1	USD 2.8 bn	314.4	+11.2	555	1,155
	5 Total credit cost		8.4	(6.4)	100	200
	6 Gains (losses) on stocks		29.0	+0.1		
	7 Other income (expenses)		(3.2)	(2.0)		
	8 Ordinary profit	USD 3.0 bn	331.9	+15.7	480	1,020
	9 Extraordinary gains (losses)		(1.3)	(0.7)		
	10 Income taxes		82.9	+33.1		
	11 Profit attributable to owners of parent	USD 2.1 bn	227.1	(14.4)	310	700
12 ROE		10.5%	(1.3)%			
Non-consolidated	13 Gross banking profit	USD 3.1 bn	344.9	(12.1)		
	14 Expenses*2		205.2	(0.6)		
	15 Banking profit*1	USD 1.3 bn	139.7	(11.6)	265	605
	16 Total credit cost		(23.2)	(8.6)	35	70
	17 Gains (losses) on stocks		28.7	+0.9		
	18 Ordinary profit	USD 1.7 bn	192.0	+4.0	260	590
19 Net income	USD 1.2 bn	136.4	(32.1)	180	420	

Consolidated net business profit and profit attributable to owners of parent reached 27% and 32% of the full-year target, respectively

## YoY changes

**Consolidated gross profit** decreased due to the impact from the deconsolidation of the regional banks in the Kansai area. However, excluding the impact from the deconsolidation, it increased mainly driven by the International and Wholesale Business Units

**General and Administrative expenses** decreased as a result of the group-wide cost control initiatives and the deconsolidation of the regional banks. They decreased even after excluding the impact from the deconsolidation

**Equity in gains of affiliates** increased as a result of gains on share exchange from the deconsolidation of the regional banks (approx. JPY 13 bn), despite the loss of gains on sales of a subsidiary at The Bank of East Asia recorded in the previous year (approx. JPY (8) bn)

**Total credit cost** decreased mainly because of the reversal of credit cost from large borrowers at SMBC

**Gains on stocks** remained flat due to the gains on sales of strategic shareholdings (approx. JPY 26 bn)

**Income taxes** increased mainly because of the loss of tax benefits related to the sales of securities recorded in the previous year

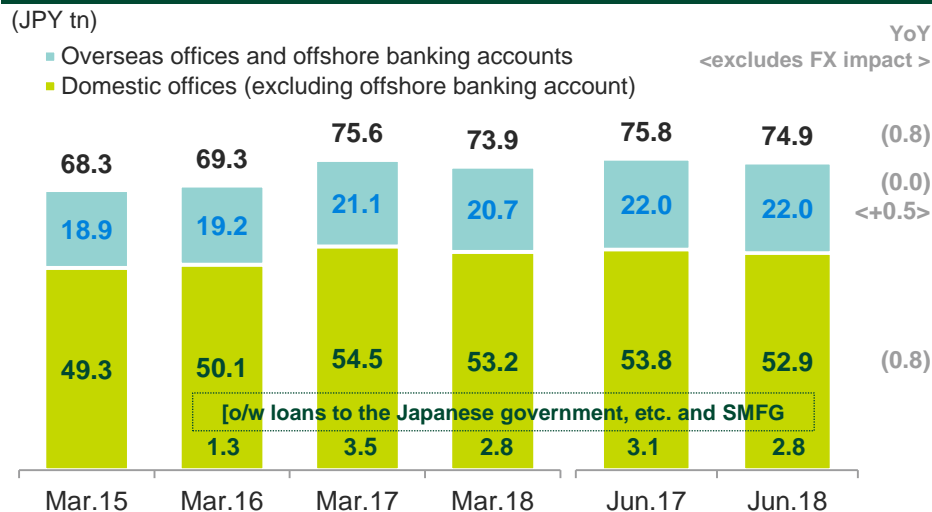
## Contribution of subsidiaries to Profit attributable to owners of parent

	(JPY bn)	1Q FY3/19	YOY		1Q FY3/19	YOY
SMBCCF		13.6	+0.1	SMCC	3.1	(0.2)
SMBC Nikko*3		13.4	(1.2)	SMAM	0.9	+0.3
SMFL		8.7	(0.2)	SMBC Trust	(0.5)	+2.7
Cedyna		5.5	(0.2)			

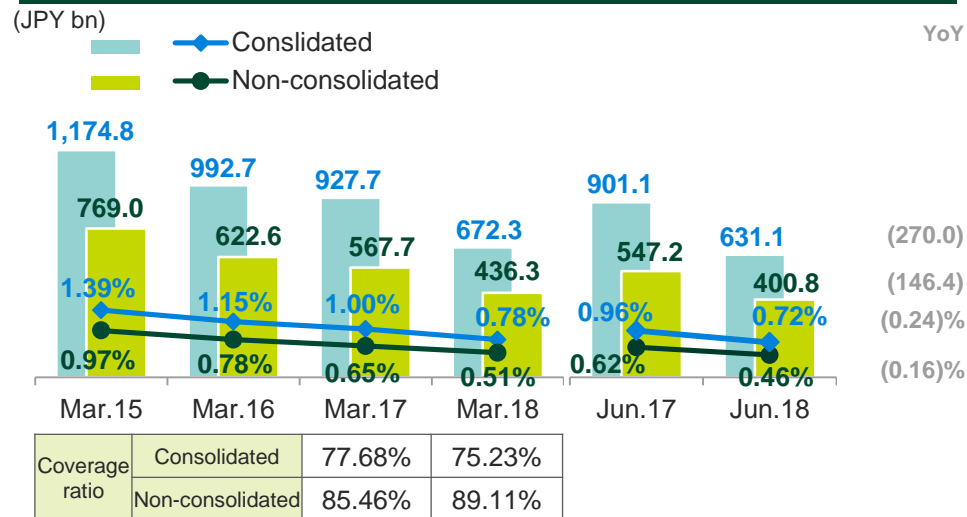
\*1 Before provision for general reserve for possible loan losses \*2 Excludes non-recurring losses  
\*3 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG)

# Trends in key figures

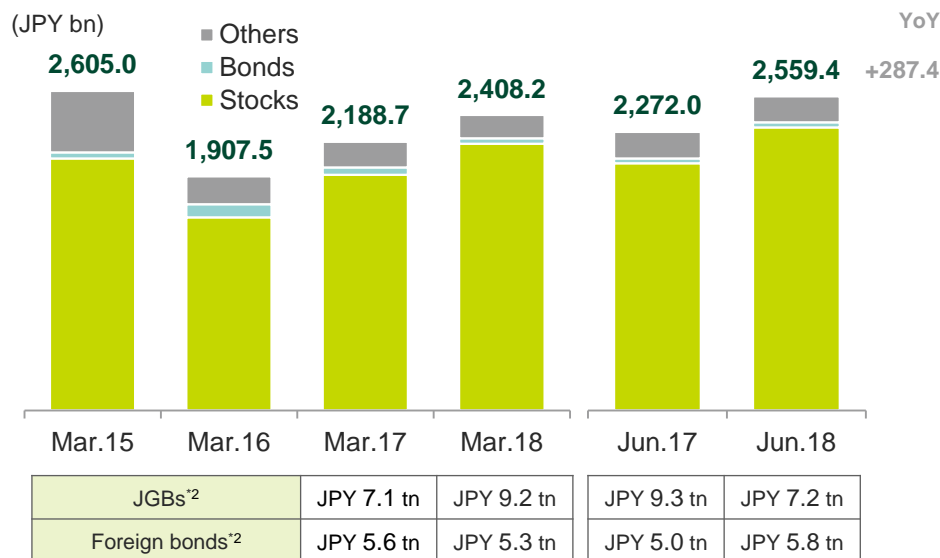
## Loan balance (Non-consolidated)



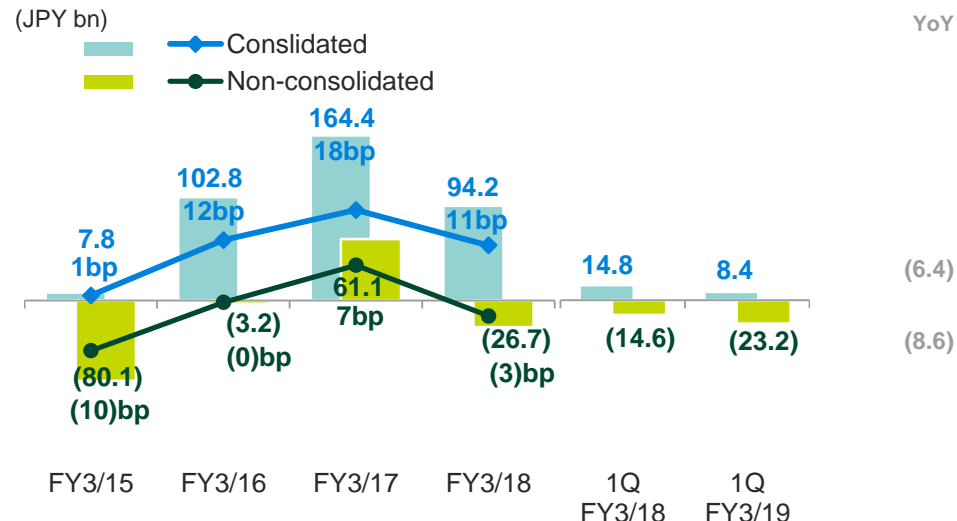
## NPLs and NPL ratio\*3



## Unrealized gains (losses) on other securities\*1



## Total credit cost and Total credit cost ratio\*4



# Domestic loan-to-deposit spread, progress of the financial targets

## Domestic loan-to-deposit spread\*1

(%)	FY3/18				FY3/19
	1Q	2Q	3Q	4Q	1Q
Interest earned on loans and bills discounted	0.99	0.98	0.98	0.97	0.95
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.99	0.98	0.98	0.97	0.95

(Ref) Excludes loans to the Japanese government, etc.

Interest earned on loans and bills discounted	1.04	1.02	1.01	1.01	0.99
Loan-to-deposit spread	1.04	1.02	1.01	1.01	0.99

## (Ref) Per share information

(JPY/Share)	1Q FY3/19	YoY	FY3/19 target
Profit attributable to owners of parent	161.78	(9.50)	501.69

(JPY/Share)	Jun, 2018	Change from Mar. 18
Net assets	7,502.96	+136.75

## (Ref) Credit ratings

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

## Progress of the financial targets

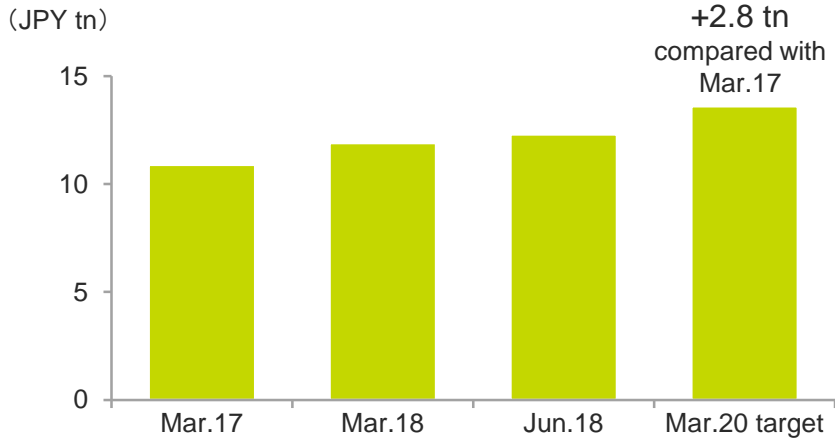
		1Q FY3/19	FY3/20 target
Capital Efficiency	ROE	10.5%	7~8%
Cost Efficiency	OHR	59.6%	1% reduction compared with FY3/17 (62.1%)

## (Ref) Strategic shareholdings

- Reduction amount (book value)
  - 1Q, FY3/19 : approx. JPY 20 bn
  - Consent of sales from clients (outstanding, Jun.18) : approx. JPY 100 bn
- Gains recorded
  - 1Q, FY3/19 : approx. JPY 26 bn

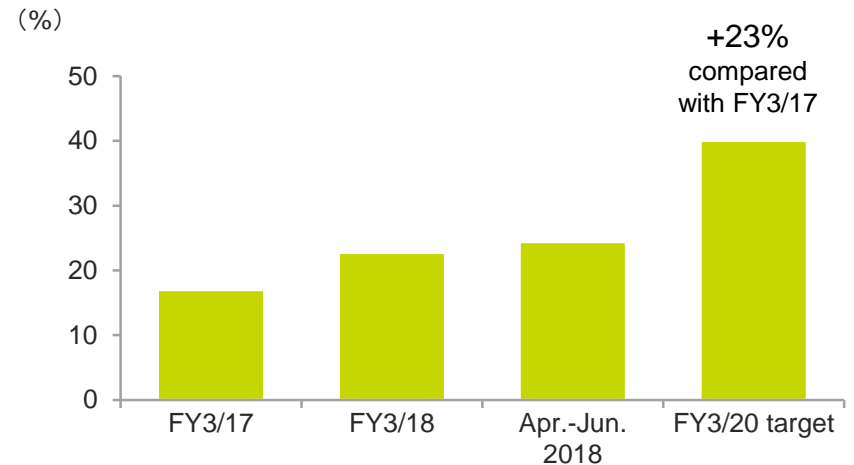
## Wealth management business

### Balance of stock-based assets (SMBC+SMBC Nikko)



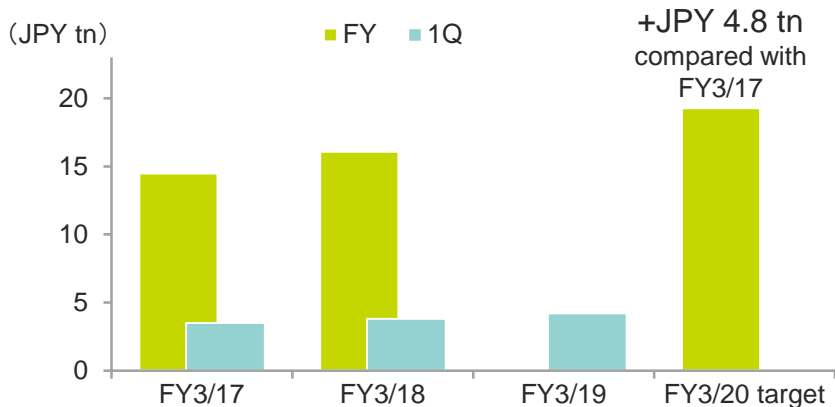
## Digitalization

### Utilization rate for digital channels (SMBC)\*2



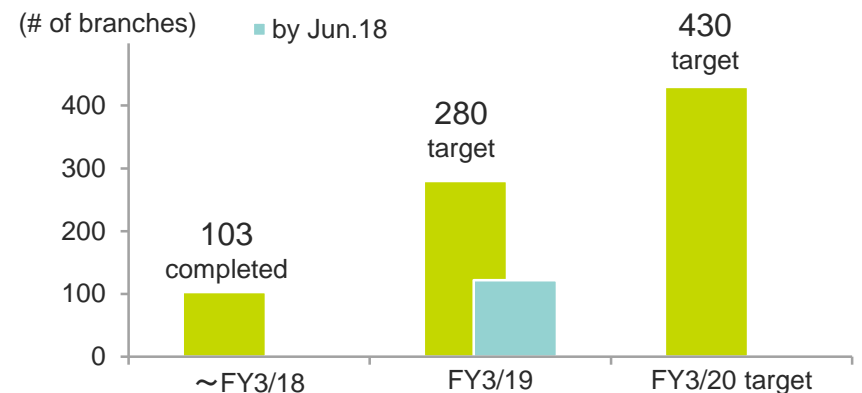
## Credit card business

### Credit card sales handled (SMCC+Cedyna)\*1



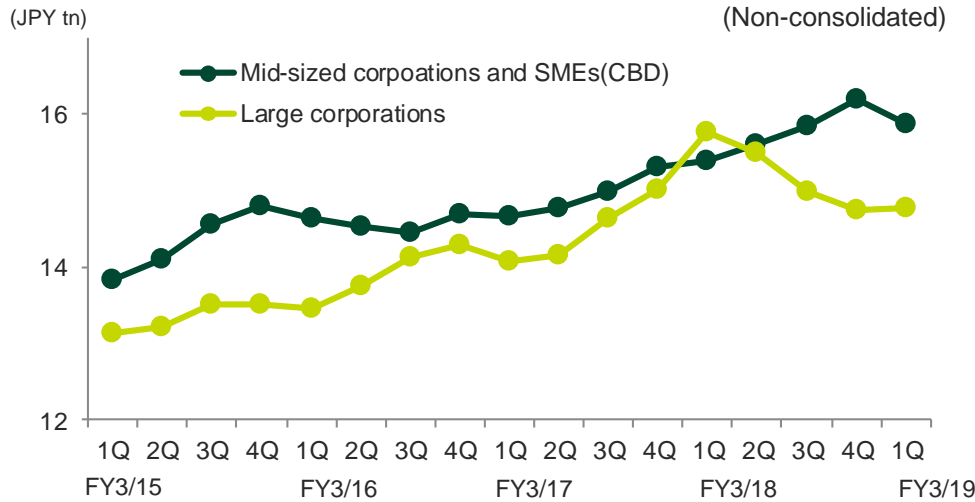
## Branch reorganization

### Transformation to next-generation branches (SMBC)



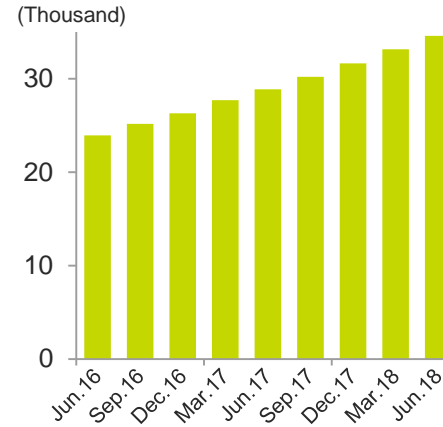
# Wholesale business

## Loan balance of wholesale Banking Unit \*1,2

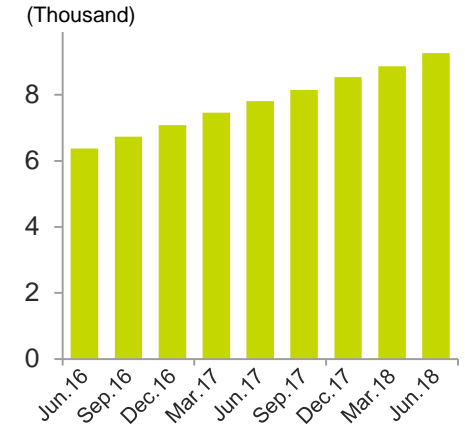


## Bank-securities collaboration\*4

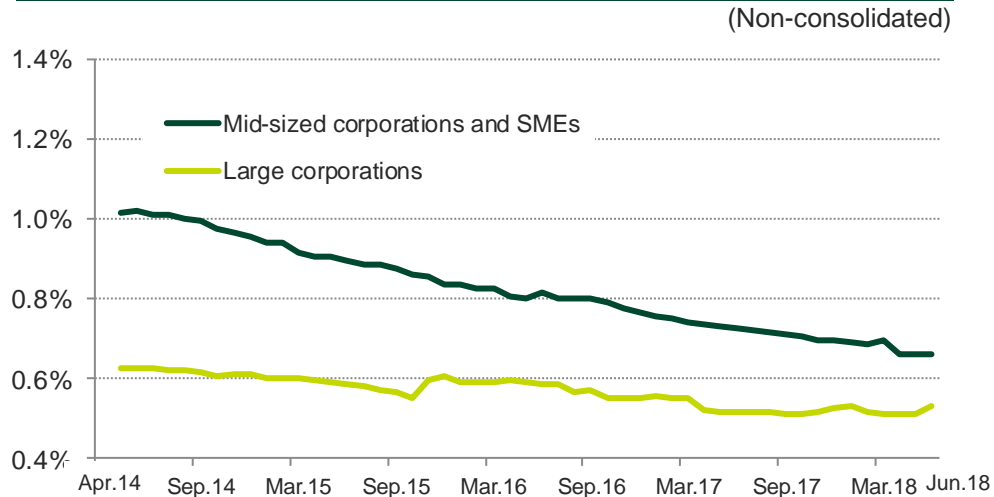
### Asset Management



### Investment banking



## Domestic corporate loan spread \*1,3



## League tables (Apr.-Jun.2018)\*5

		Rank	Mkt share
SMBC Nikko	Global equity & equity-related (book runner, underwriting amount)*6	#4	15.9%
	JPY denominated bonds (lead manager, underwriting amount)*7	#5	16.4%
	Japanese corporate bonds (lead manager, underwriting amount)	#3	18.0%
SMBC Group	IPO (lead manager, No. of deals)*8	#1	22.7%
	Financial advisor (M&A, No. of deals)*9	#2	3.2%
	Financial advisor (M&A, transaction volume)*9	#7	36.9%

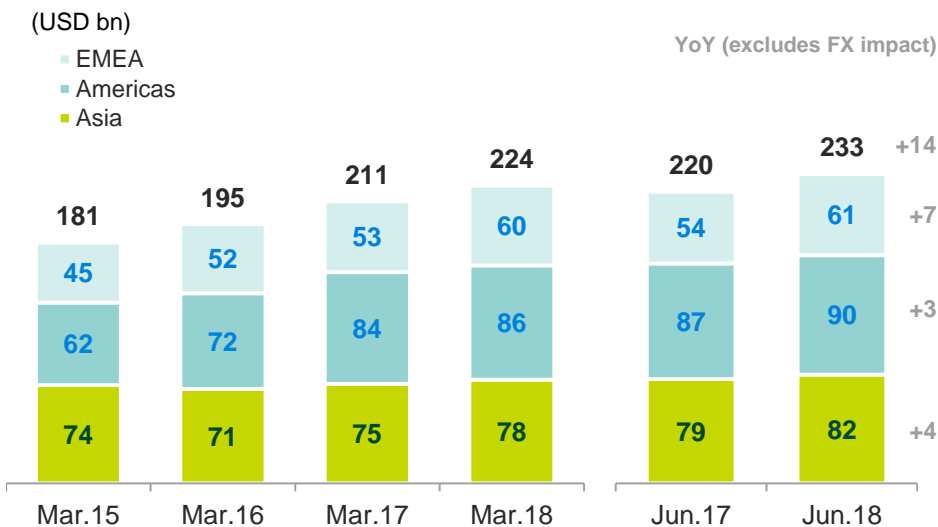
\*1 Managerial accounting basis. Excludes loans to the Japanese government, etc. \*2 Quarterly average \*3 Monthly average loan spread of existing loans

\*4 Accumulated no. of cases via referral / intermediary services from SMBC to SMBC Nikko \*5 Source: SMBC Nikko, based on data from Thomson Reuters

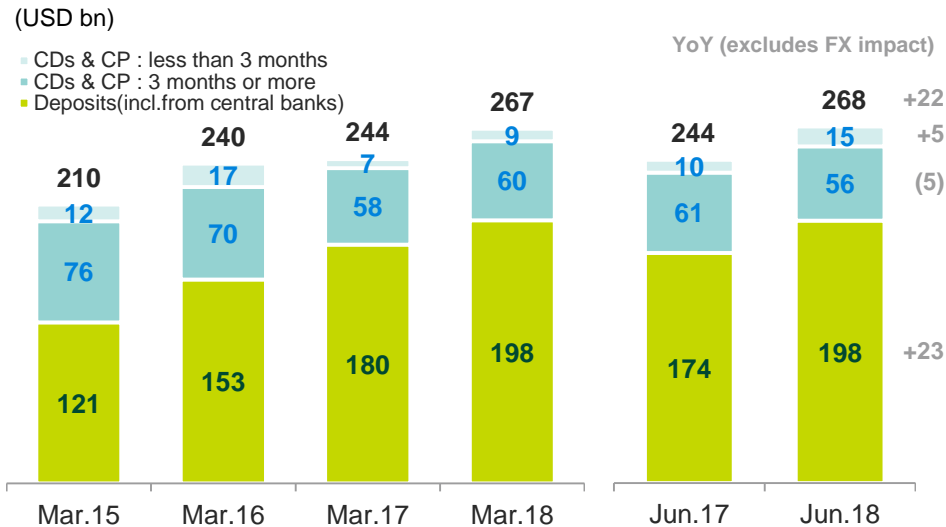
\*6 Japanese corporate related only. Includes overseas offices \*7 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds \*8 Excludes REIT IPO. Includes overseas offices \*9 Japanese corporate related only

# Overseas business\*1

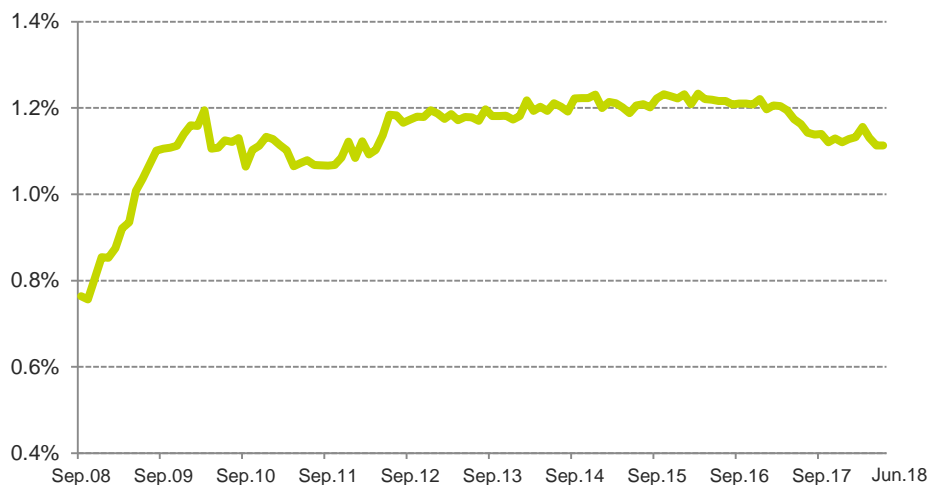
## Overseas loan balance (includes trade bills)



## Overseas deposit balance



## Overseas loan spread\*2



Foreign currency bonds outstanding <sup>3</sup> (USD bn)	Senior	44.1	54.2
	Subordinated	4.1	4.2

	45.8	55.6
	4.1	4.1

## Benchmark issues of foreign currency bonds\*4 (since Apr. 2018)

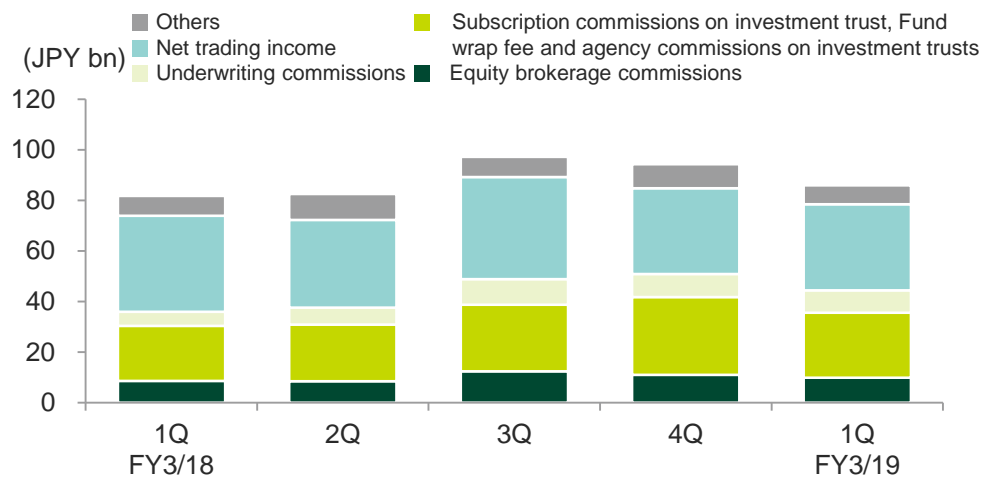
Senior / Sub	Issue Date	Currency	Amount (mn)	Tenor	Coupon
Senior (SMBC)	Apr.24, 2018	USD	750	2y	3mL+40bp
Senior (SMFG) *5	Jul.19, 2018	USD	750	5y	3.748%
			500	5y	3mL+86bp
			750	10y	3.944%
Senior (SMFG) *5	Jul.23, 2018	EUR	500	5y	0.819%



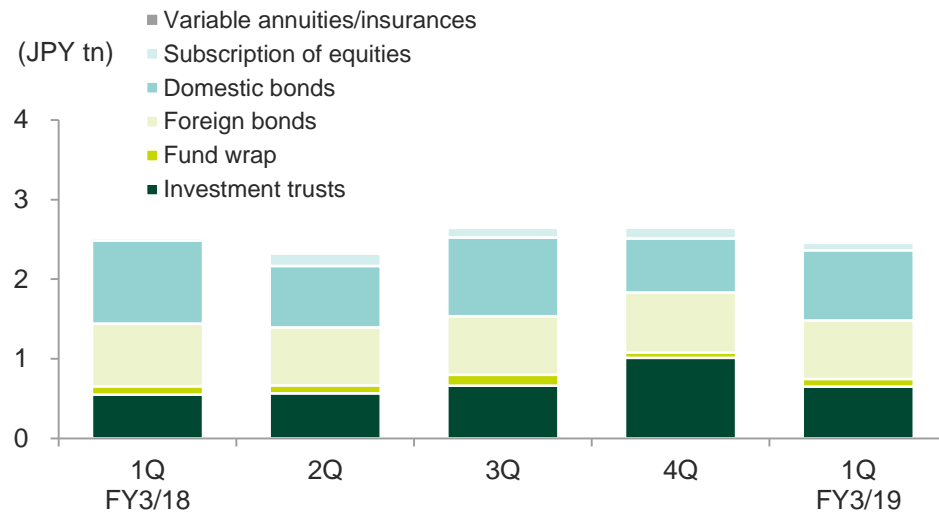
## Financial results

(JPY bn)	FY3/18	1Q FY3/19	YoY change	vs. sum of two subsidiaries*1
Net operating revenue	357.3	86.4	+4.3	(4.7)
SG&A expenses	267.6	70.2	+7.9	(0.3)
Ordinary income	94.9	18.0	(2.9)	(4.2)
Profit attributable to owners of parent	63.7	14.9	+0.5	(0.4)

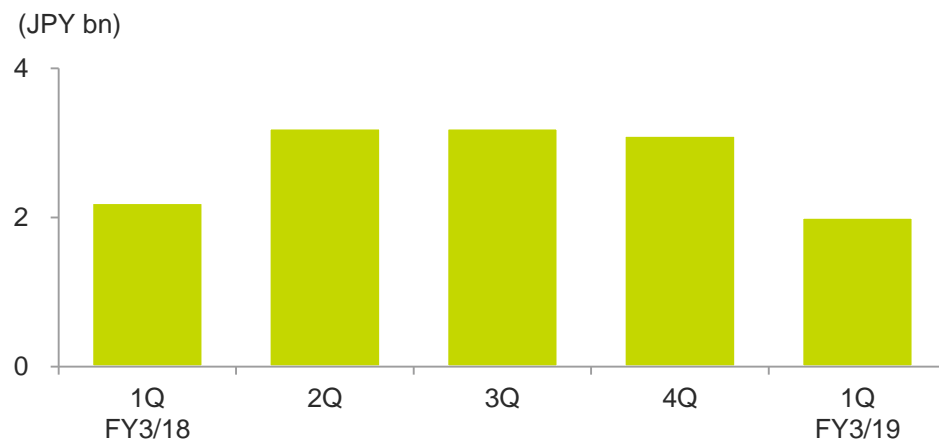
## Net operating revenue



## Product sales



## Earnings of overseas business\*2



\*1 Compared with the sum of SMBC Nikko and SMBC Friend

\*2 Earnings of SMBC Nikko Securities (Hong Kong), SMBC Nikko Securities (Singapore), Securities Product Group of SMBC Nikko Capital Markets, SMBC Nikko Securities America and preparation company for consolidated subsidiary in Frankfurt, Germany

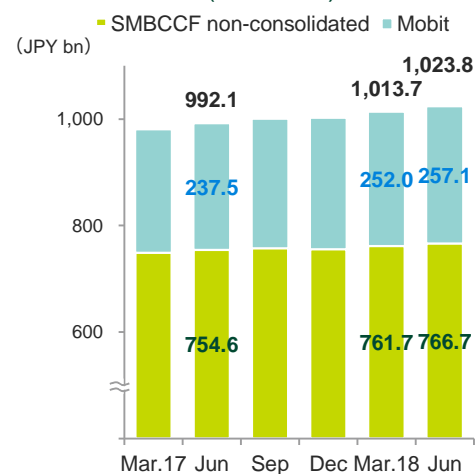
## Financial results

(JPY bn)	FY3/18	1Q FY3/19	YoY change
Operating income	273.8	69.7	+2.3
Operating expenses	238.3	53.4	+3.2
Expenses for loan losses	58.1	20.9	+2.2
Ordinary profit	35.9	16.4	(0.9)
Profit attributable to owners of parent	24.6	13.6	+0.1

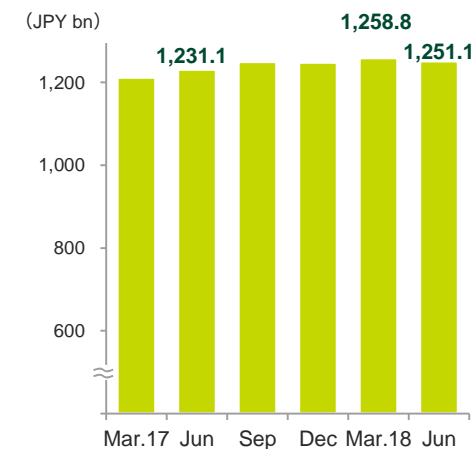
Consumer loans outstanding	1,115.6	1,126.4	
Allowance on interest repayments	109.4	101.6	
Loan guarantee	1,258.8	1,251.1	No. of companies with guarantee agreements: 189 (Jun. 2018)
Regional banks, etc.	616.2	616.5	

## Loans / loan guarantee / overseas businesses

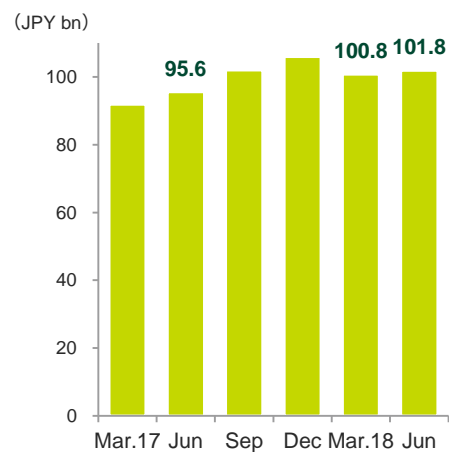
### Consumer loans outstanding (domestic)



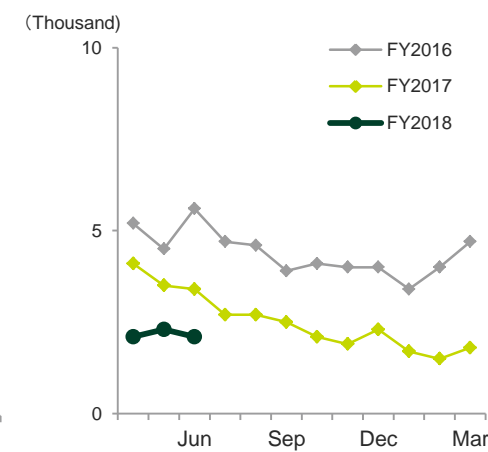
### Loan guarantee amount



### Consumer loans outstanding (overseas)



### No. of interest refund claims



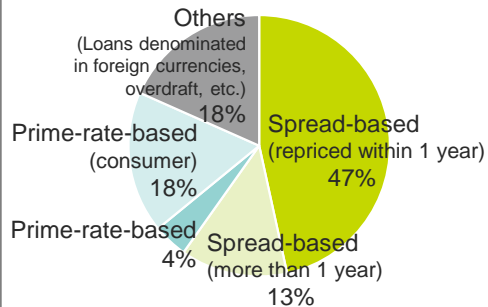
# Balance sheet

## Non-consolidated

- BOJ's current account balance  
Jun. 2018 JPY 43.0 tn

## Non-consolidated

- Domestic loans outstanding  
JPY 52.9 tn



### By customer segment\*1

(JPY tn, at period-end)	Jun.18	Change from Mar. 18
Large corporations	15.1	+0.2
Mid-sized corporations & SMEs	17.6	(0.3)
Individuals	13.5	(0.1)*2

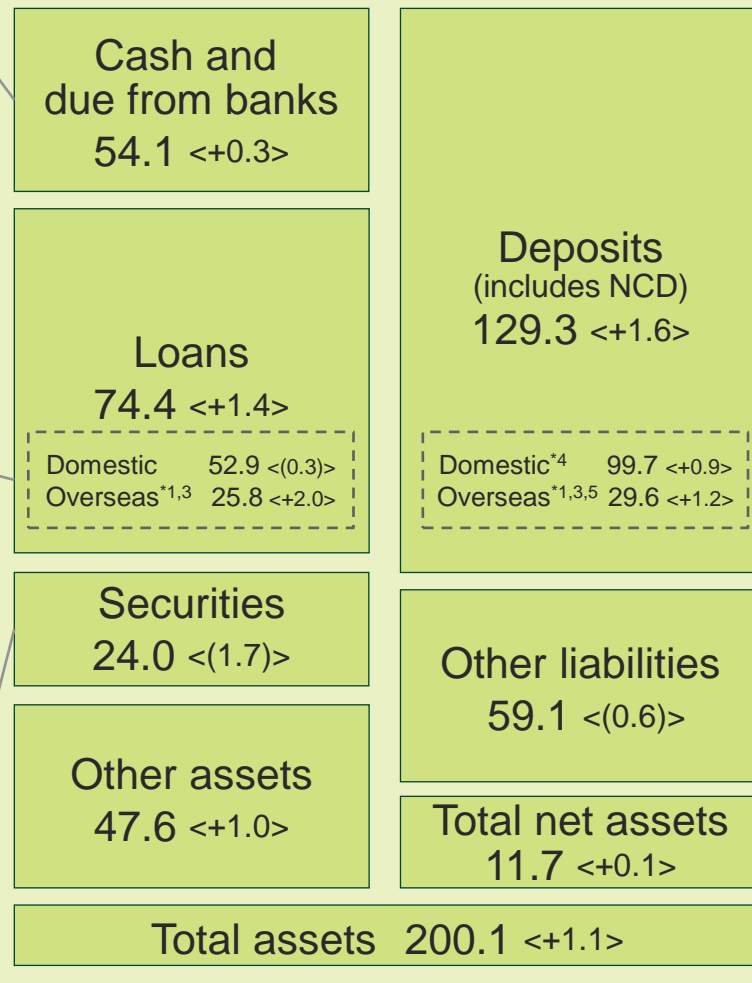
## Consolidated

(Other securities)

- o/w Stocks JPY 4.0 tn
- o/w JGBs JPY 7.2 tn
- o/w Foreign bonds JPY 7.5 tn

## Consolidated B/S (Jun. 2018) <vs. Mar. 2018>

(JPY tn)

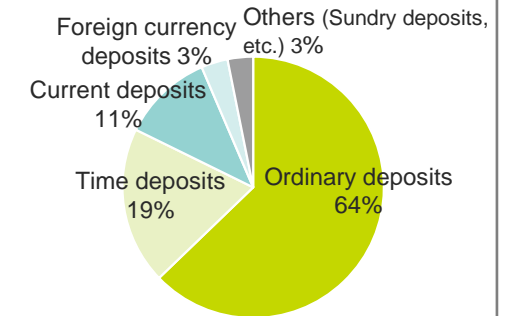


**Loan to deposit ratio**

**57.5 %**

## Non-consolidated

- Domestic deposits outstanding  
JPY 94.3 tn



### By type of depositor

(JPY tn)	Mar.17	Mar. 18	Jun. 18
<b>Total</b>	87.7	92.9	94.3
Individuals	43.6	45.3	46.3
Corporates	44.1	47.6	48.0