

International Business Unit

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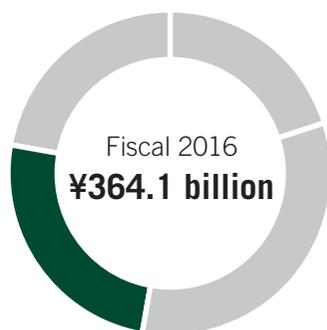
Overview of Business Unit

The International Business Unit is a growth driver for SMFG. The Unit supports the global businesses of a diverse range of clients, such as Japanese companies operating overseas, non-Japanese companies, financial institutions, and government agencies and public corporations of various countries.

Strengths

- A global network that is capable of adapting to the distinctive market characteristics of each respective region
- A product lineup with a global top-tier presence
- A unique Asia strategy based on a medium- to long-term perspective

Breakdown of Consolidated Net Business Profit



**International
Business Unit
26%**

Major Operating Companies

Operating Companies ^{*1}	Business Characteristics
SMBC	Banking transactions with Japanese and non-Japanese companies operating overseas utilizing our global network
SMBC Trust Bank	Foreign-currency denominated loan transactions
Sumitomo Mitsui Finance and Leasing	Global vendor financing and leasing transactions with Japanese and non-Japanese companies operating overseas (including AC ^{*2})
SMBC Nikko Securities	Full-line securities transactions conducted overseas, such as bond underwriting, sales and trading.

*1 Includes overseas subsidiaries

*2 SMBC Aviation Capital Limited

Medium-Term Management Plan

Business Environment and Challenges

The business environment for financial institutions continues to be unclear and uncertain due to such factors as Brexit, a new Presidential administration in the U.S., and the slowdown in emerging market economies.

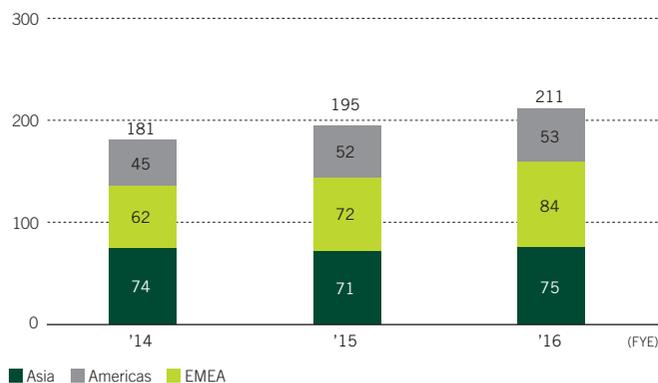
Furthermore, due to the effects of international financial regulations, such as TLAC requirements* and the Basel Capital Accords, as well as regulatory tightening in Europe, the U.S., and other countries, the business environment for financial institutions is expected to remain challenging.

On the other hand, we will ensure that we capture business opportunities arising from positive trends such as the continued growth of the U.S. economy, the medium- to long-term expansion of the middle class in Asia, the expanding global commercial flow, and corporate restructuring needs.

* TLAC (Total Loss Absorbing Capacity) requirements: The obligation for global systemically important banks (G-SIBs) to maintain certain levels of capital and specified liabilities to hold adequate loss-absorbing capacity

Overseas Loan Balance*^{1,2}

(USD bn)



Overseas Loan Spread*^{1,3}

(%)



*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Balance as of 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 Monthly average loan spread of existing loans

Basic Policies and Directives

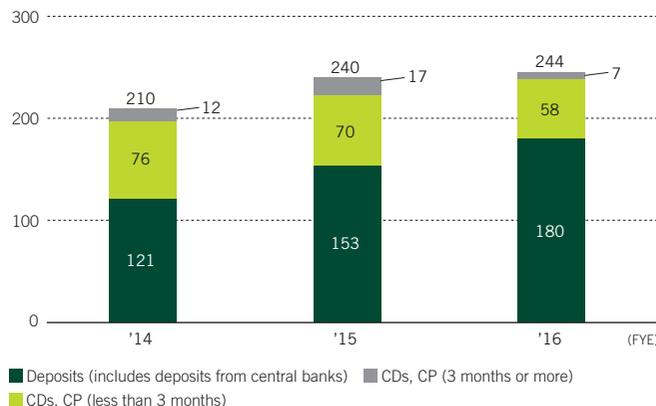
The International Business Unit has defined the three basic policies with the principles of Discipline, Focus, and Integration.

- Promote key initiatives to the “Next Stage”:
Further integrating the banking, securities and leasing businesses; strengthening the asset finance business and our origination & distribution (“O&D”) capabilities; and pursuing the “Asia-centric” strategy
- Strengthen the business base including the Asian retail business that is expected to be our growth area for the next decade
- Pursue bottom-line growth and enhance “capital”, “asset” and “cost” efficiencies by disciplined management of credit risk, expenses and liquidity

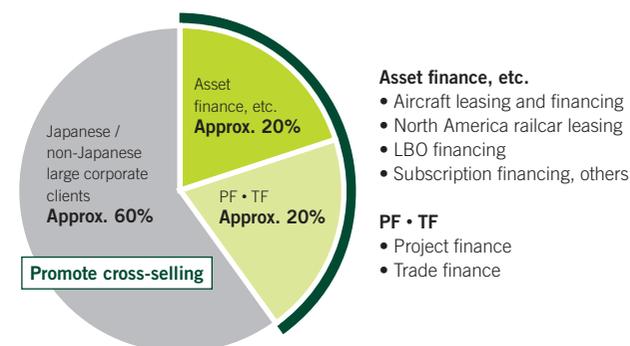
By adhering to the above basic policies, we will continue to fulfill our role as a growth driver for SMFG.

Overseas Deposit Balance*^{1,2}

(USD bn)



Portfolio Structure (Current)



- Asset finance, etc.**
- Aircraft leasing and financing
 - North America railcar leasing
 - LBO financing
 - Subscription financing, others
- PF • TF**
- Project finance
 - Trade finance

International Business Unit

Priority Strategies

Increase Market Share in Corporate & Investment

Banking in Key Global Markets

Accelerate Bank-Securities Integration

In businesses targeting large corporations in the Americas and EMEA, we will further enhance bank-securities integration, and sales and trading (S&T). By assigning staff to specific industry sectors and countries/regions in the Product Unit, which handles a range of transactions such as securities and derivatives, we will further enhance our expertise and provide customers with higher quality business solutions.

We will pursue a business model that emphasizes bottom-line growth and efficiency by strategically allocating resources to customer segments in which we can expect to win cross-selling opportunities.

Product Sectors where We Hold Strengths

Establishment of a Top-Tier Position and an O&D Business Model

We will build an explicit business portfolio to achieve sustainable growth in areas where we have strength, including asset finance (aircraft and railcar leasing), subscription finance,^{*1} and middle market LBO^{*2}.

We will also pursue an O&D^{*3} business model to further enhance the asset and capital efficiencies of its portfolio and solidify our top-tier position in the industry.

*1 Subscription finance: Bridge finance provided, for example, to real estate funds

*2 LBO (leveraged buyout): An M&A method used, for example, by private equity funds

*3 O&D: Origination and distribution

Accelerate Our “Asia-centric Strategy”

Deepen Relationships with Core Clients and Take Advantage of Mid- to Long-Term Growth in Asia

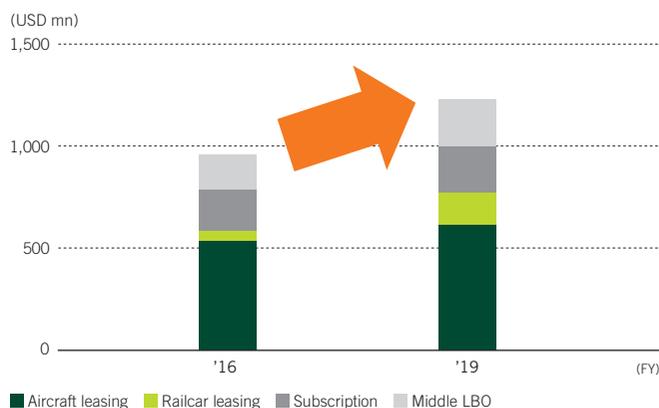
In Asia, we will seek to deepen our relationships with both prime local companies and promising growing companies while promoting the cross-selling of services with the focus being on our transaction banking business.

At the same time, we will develop full-line operations in Indonesia and other parts of Asia in addition to promoting digital retail banking as a growth base for the next decade.

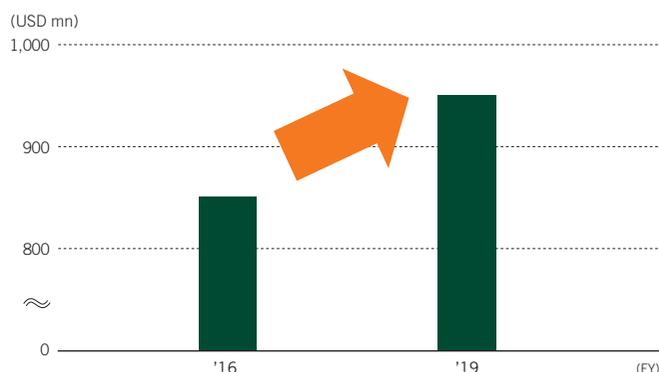
Gross Profit Target from Non-Japanese Corporations (The Americas and EMEA)



Gross Profit Target of Assets that Our Group Hold Strength



Gross Profit Target from Core Clients (Asia)



Review of Fiscal 2016

In fiscal 2016, we proactively developed businesses in which SMFG exhibits competitive advantages, such as aircraft and railcar leasing, and subscription finance while nimbly managing its portfolio in response to changes in the business environment. Furthermore, we sought to engage in a wider range of transactions by enhancing our

ability to respond to customer needs with regard to M&A-related financing, bond underwriting, and other financial functions.

Overseas deposits reached a record high, reflecting our constant efforts to increase deposits from the perspective of securing stable funding.

Topics

Expansion of Our Global Network

We are expanding our global network to enhance customer convenience and strengthen our reach in emerging market economies and other growth markets. In March 2017 we opened the Mumbai Branch in India and the Silicon Valley Representative Office in the United States.



Digital Banking in Asia

We collaborated with PT Bank Tabungan Pensiunan Nasional Tbk (BTPN), an affiliate in Indonesia, to launch “Jenius,” a smartphone-based digital banking service targeting middle class customers and high-net-worth individuals. The digitalization of our operations has enabled us to provide innovative financial services to the people of Indonesia.

Smartphone-based digital banking

 **Jenius**

Started Aug 2016
280,000 customers
(as of June 2017)



Asset Finance

The acquisition of American Railcar Leasing LLC, the sixth-largest railcar leasing company in the U.S., was completed in June 2017. SMFG will continue developing its asset finance business, which is an area of strength for the Group.

