

Investor Presentation

September 2019



SUMITOMO MITSUI
FINANCIAL GROUP

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

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
SMCC	Sumitomo Mitsui Card Company + Cedyna
SMBCCF	SMBC Consumer Finance
SMDAM	Sumitomo Mitsui DS Asset Management
SMBC AC	SMBC Aviation Capital

Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excludes non-recurring losses
Net business profit	Before provision for general reserve for possible loan losses

Retail Business Unit	Domestic retail and SME businesses SMBC , SMBC Trust, SMBC Nikko, SMCC, SMBCCF
Wholesale Business Unit	Domestic large/mid-size corporation business SMBC, SMBC Trust, SMFL, SMBC Nikko
International Business Unit	International business SMBC, SMBC Trust, SMFL, SMBC Nikko
Global Markets Business Unit	Market / Treasury related businesses SMBC, SMBC Nikko
Large corporations	Global Corporate Banking Division
Mid-sized corporations & SMEs	Corporate Banking Division and SMEs covered by Retail Banking Unit

Exchange rates (TTM)

	Mar. 18	Jun.18	Mar.19	Jun.19
USD/JPY	106.25	110.45	111.00	107.75
EUR/JPY	130.73	127.78	124.55	122.48

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I. Financial results

1. Income statement (1) FY3/19

- Both consolidated net business profit and profit attributable to owners of parent exceeded the target.
- Despite the challenging business environment, consolidated net business profit reached the same level as last year's strong performance excluding the impact of group reorganization.

	(JPY bn)	FY3/19	YoY	vs Nov.18 Target
1 Consolidated gross profit		2,846.2	(134.9)	
2 G&A expenses		1,715.1	(101.1)	
Overhead ratio		60.3%	(0.6)%	
3 Equity in gains (losses) of affiliates		61.1	+22.2	
4 Consolidated net business profit		1,192.3	(11.6)	+12.3
5 Total credit cost		110.3	+16.1	(19.7)
6 Gains (losses) on stocks		116.3	(2.6)	
7 Other income (expenses)		(63.1)	+1.4	
8 Ordinary profit		1,135.3	(28.8)	+15.3
9 Extraordinary gains (losses)		(11.7)	+43.5	
10 Income taxes		331.4	+60.9	
11 Profit attributable to owners of parent		726.7	(7.7)	+26.7
12 ROE		8.2%	(0.6)%	

- Consolidated gross profit** : increased slightly YoY excluding the impact of group reorganization due to the strong performance of the overseas business, while the wealth management business was sluggish due to the deterioration of market conditions.
- G&A expenses** : decreased YoY even after excluding the impact of group reorganization because of taking cost control measures.
- Equity in gains** : increased YoY due to group reorganization despite the absence of gains on sale of its subsidiary which The Bank of East Asia recorded in FY3/18
- Total credit cost** : increased YoY, while reversals of credit cost from large borrowers were recorded in the 1H at SMBC.
- Gains on stocks** : gains on sales of strategic shareholdings declined (JPY 89 bn, YoY JPY (12) bn), offsetting the one time impact from the reorganization of SMFL.
- Other income (expenses)** : recorded provisions for losses on interest repayments (JPY 47 bn) at SMBCCF and Cedyna.
- Extraordinary income (expenses)** : increased YoY with the absence of branch reorganization cost (JPY 25 bn) and goodwill impairment (JPY 21 bn) recorded in FY3/18.
- Income taxes** : tax imposed at SMCC by becoming a wholly owned subsidiary of SMFG^{*1}.

Impact of group reorganization^{*1}

(JPY bn)

Consolidated gross profit	(139)	Consolidated net business profit	(12)
G&A expenses	(92)	Profit attributable to owners of parent	0
Equity in gains (losses) of affiliates	+35		

(Ref.) Group companies

SMBC

	(JPY bn)	FY3/19	YoY	vs Nov.18 Target
1 Gross banking profit		1,395.6	(32.3)	
2 o/w Net interest income		944.1	(12.9)	
3 Domestic		638.1	(69.2)	
4 Overseas		306.0	+56.3	
5 o/w Net fees and commissions		342.3	+12.4	
6 Domestic		193.4	(7.4)	
7 Overseas		148.9	+19.8	
8 o/w Net trading income+ Net other operating income		107.0	(32.0)	
9 o/w Gains (losses) on bonds (domestic)		6.4	(1.1)	
10 o/w Gains (losses) on bonds (overseas)		(3.5)	(7.7)	
11 Expenses		811.5	+0.8	
12 Banking profit		584.1	(33.1)	(20.9)
13 Total credit cost		(2.2)	+24.5	(2.2)
14 Gains (losses) on stocks		68.0	(59.7)	
15 Ordinary profit		649.6	(105.6)	+9.6
16 Net income		477.4	(99.7)	+17.4

Other major group companies

(left : results of FY3/19 / right : YoY)

(JPY bn)	SMBC Nikko ^{*1}		SMBCCF		SMCC ^{*2} 66%	
Gross profit	323.1	(61.4)	268.5	+7.4	254.2	+28.1
Expenses	276.0	(15.4)	110.9	+1.8	190.9	+20.6
Net business profit	47.1	(46.0)	157.6	+5.6	63.3	+7.5
Net income	31.0	(27.2)	45.1	+20.5	(58.5) ^{*3}	(86.9)

(JPY bn)	Cedyna		SMBC Trust		SMAM 60%	
Gross profit	154.1	(3.2)	49.8	+5.6	25.7	(0.7)
Expenses	114.4	(1.2)	51.7	+1.0	17.9	+0.2
Net business profit	40.0	(1.8)	(1.9)	+4.7	7.9	(0.9)
Net income	11.9	+9.5	(3.8)	+2.0	5.3	(0.7)

(JPY bn)	SMFL 50% ^{*4}	
Gross profit	179.8	(4.7)
Expenses	88.3	+3.3
Net business profit	93.5	(7.9)
Net income	80.0	+25.5

1. Income statement (2) 1Q FY3/20

- Profit attributable to owners of parent reached 31% of the full-year target mainly due to lower than expected credit costs as well as recording gains on sales of strategic shareholdings

	1Q FY3/20 (JPY bn)	YoY	FY3/20 target
1 Consolidated gross profit	682.0	(37.1)	
2 G&A expenses	432.6	+3.9	
Overhead ratio	63.4%	+3.8%	
3 Equity in gains (losses) of affiliates	19.8	(4.2)	
4 Consolidated net business profit	23% 269.2	(45.2)	1,180
5 Total credit cost	37.6	+29.3	200
6 Gains (losses) on stocks	30.9	+1.9	
7 Ordinary profit	261.4	(70.5)	1,000
8 Extraordinary gains (losses)	20.9	+22.2	
9 Income taxes	60.7	(22.2)	
10 Profit attributable to owners of parent	31% 215.7	(11.4)	700
11 ROE	9.6%	(0.9)%	

- Consolidated gross profit** : decreased YoY mainly due to the sluggish market conditions that led to the weak performance in the wealth management business and reduction in wholesale non-interest income, while the Global market business unit showed strong performance recording gains on sales of bonds with the decline of the U.S. interest rates.
- G&A expenses** : increased YoY mainly due to the increase of revenue-linked variable cost in the credit card business and retirement benefit costs.
- Total credit cost** : increased YoY mainly due to the absence of reversals from large borrowers recorded last year, but was lower than expected.
- Gains on stocks** : recorded gains on sales of strategic shareholdings (JPY 25 bn, YoY JPY (1) bn).
- Extraordinary gains (losses)** : recorded gains on step acquisitions on the merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments (JPY 22 bn).

Impact of group reorganization^{*1}

(JPY bn)

Consolidated gross profit	(22)	Consolidated net business profit	(22)
G&A expenses	(6)	Profit attributable to owners of parent	+12
Equity in gains (losses) of affiliates	(6)		

(Ref.) Group companies

SMBC

	(JPY bn)	1Q FY3/20	YoY	FY3/20 target
1 Gross banking profit		356.5	+11.5	
2 o/w Net interest income		202.3	(32.8)	
3 o/w Net fees and commissions		77.5	+0.5	
4 o/w Net trading income+ Net other operating income		76.3	+43.9	
5 o/w Gains (losses) on bonds		52.2	+51.3	
6 Expenses		203.0	(2.2)	
7 Banking profit		153.5	+13.7	610
8 Total credit cost		6.1	+29.2	70
9 Gains (losses) on stocks		30.9	+2.2	
10 Ordinary profit		171.7	(20.4)	550
11 Net income		127.0	(9.3)	390

Other major group companies

(left : results of 1Q FY3/20 / right : YoY)

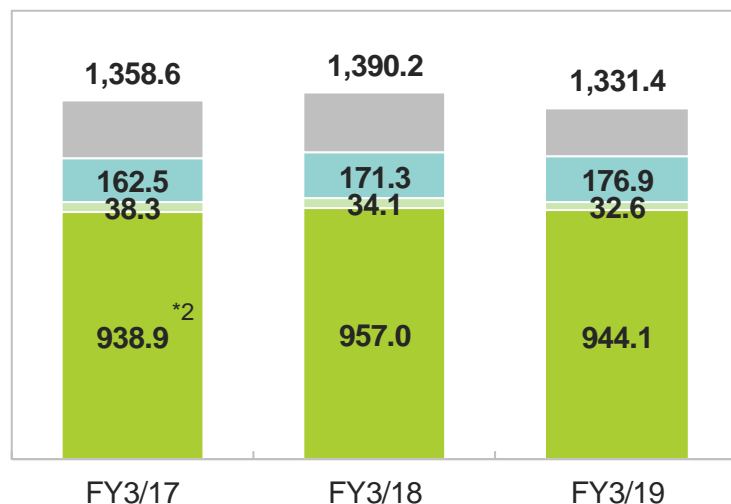
(JPY bn)	SMCC	SMBC Nikko ^{*1}	SMBCCF
Gross profit	103.5 +7.4	71.5 (15.4)	68.2 +1.8
Expenses	79.3 +4.7	64.9 (5.3)	28.0 +0.9
Net business profit	24.3 +2.8	6.7 (10.2)	40.2 +0.9
Net income	12.3 +2.1	4.0 (9.5)	20.7 +7.1

	SMBC Trust	SMDAM ^{*2} 50%	SMFL ^{*3} 50%
Gross profit	10.9 (1.4)	9.0 +2.5	43.7 (3.4)
Expenses	12.3 (1.0)	8.2 +3.8	21.2 (0.9)
Net business profit	(1.4) (0.4)	0.9 (1.3)	23.8 (1.6)
Net income	(0.8) (0.3)	0.4 (1.1)	16.1 +1.5

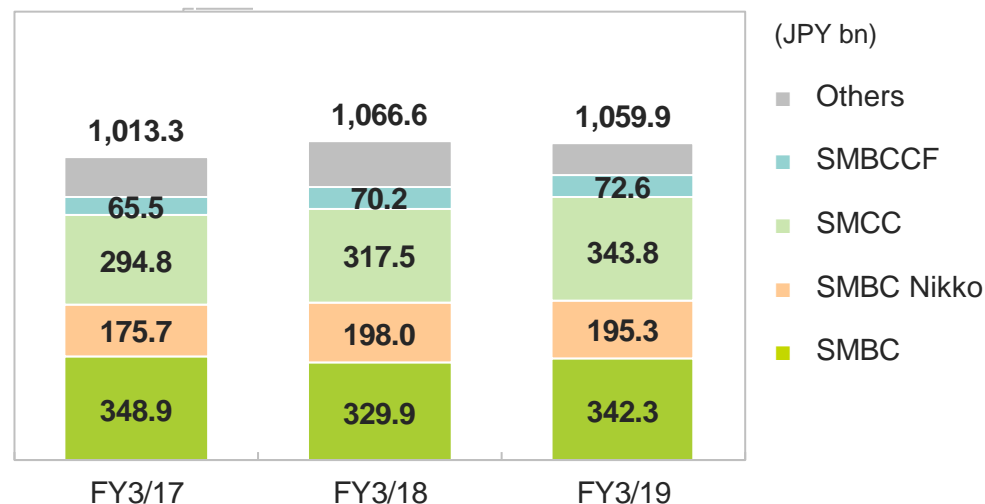
2. Consolidated gross profit (1) FY3/19

	(JPY bn)	FY3/19			YoY ^{*1}		
		Consolidated	SMBC	Variance	Consolidated	SMBC	Variance
Consolidated gross profit		2,846.2	1,395.6	1,450.6	(134.9)	(32.3)	(102.5)
Net interest income		1,331.4	944.1	387.3	(58.8)	(12.9)	(45.9)
Trust fees		4.7	2.2	2.5	+0.8	+0.2	+0.6
Net fees and commissions		1,059.9	342.3	717.6	(6.7)	+12.4	(19.1)
Net trading income + Net other operating income		450.2	107.0	343.2	(70.1)	(32.0)	(38.1)

Net interest income



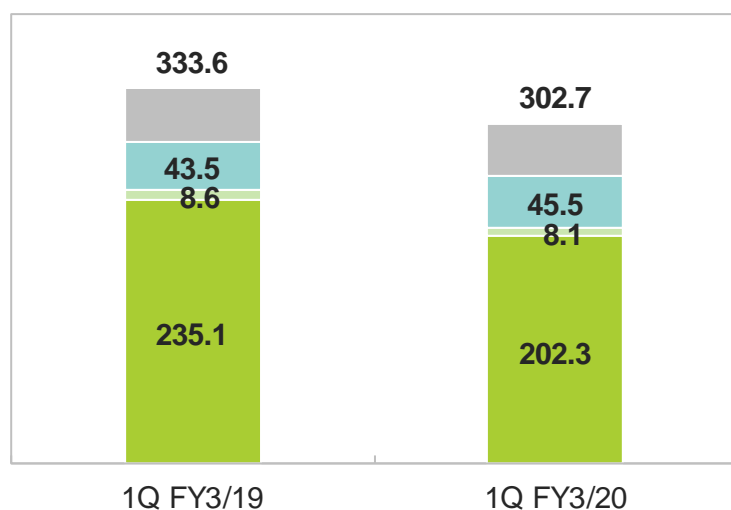
Net fees and commissions



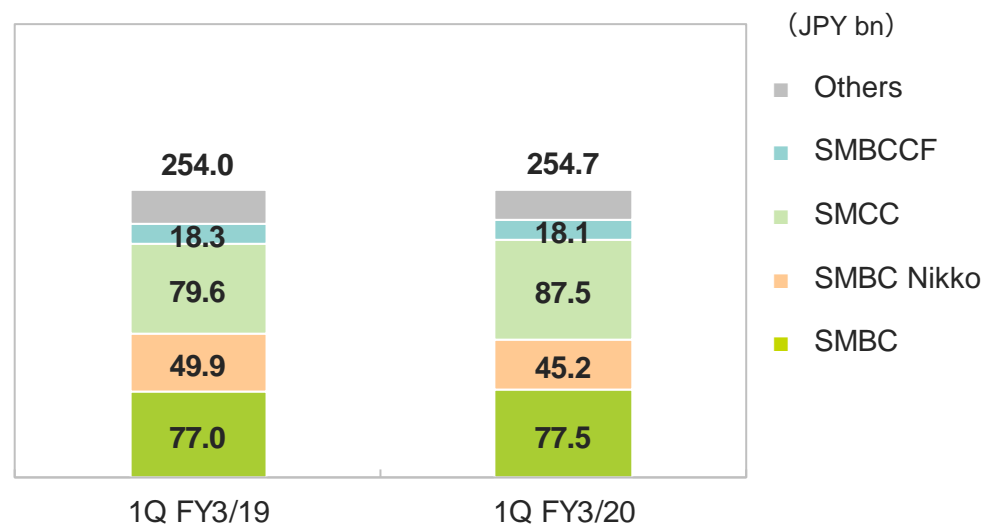
2. Consolidated gross profit (2) 1Q FY3/20

(JPY bn)	1Q FY3/20			YoY* ¹		
	Consolidated	Non-consolidated	Variance	Consolidated	Non-consolidated	Variance
Consolidated gross profit	682.0	356.5	325.6	(37.1)	+11.5	(48.7)
Net interest income	302.7	202.3	100.4	(30.9)	(32.8)	+1.9
Trust fees	1.0	0.5	0.5	(0.1)	+0.0	(0.1)
Net fees and commissions	254.7	77.5	177.2	+0.8	+0.5	+0.3
Net trading income + Net other operating income	123.6	76.3	47.3	(6.9)	+43.9	(50.7)

Net interest income



Net fees and commissions

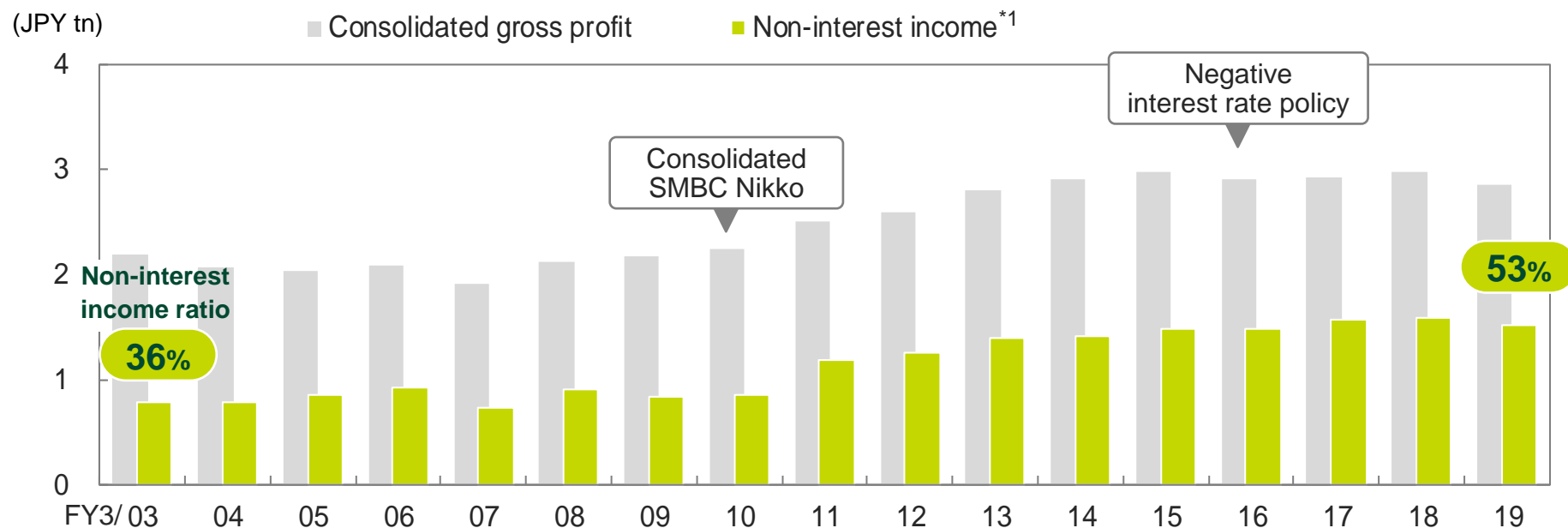


3. FY3/2020 target

	(JPY bn)	Results	Target	
		FY3/19	FY3/20	1H
Consolidated	Consolidated net business profit	1,192.3	1,180	540
	Total credit cost	110.3	200	100
	Ordinary profit	1,135.3	1,000	460
	Profit attributable to owners of parent	726.7	700	340
Non-consolidated	Banking profit	584.1	610	275
	Total credit cost	(2.2)	70	35
	Ordinary profit	649.6	550	250
	Net income	477.4	390	190

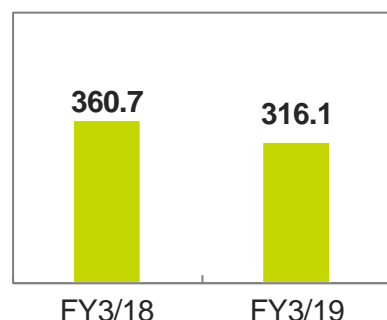
- **Consolidated net business profit** is expected to increase excluding the impact of group reorganization (YoY JPY (60) bn).
- **Total credit cost (consolidated)** is expected to increase due to smaller reversals at SMBC.
- **Profit attributable to owners of parents** is expected to decrease due to the increase of total credit cost.

(Ref.) Non-interest income

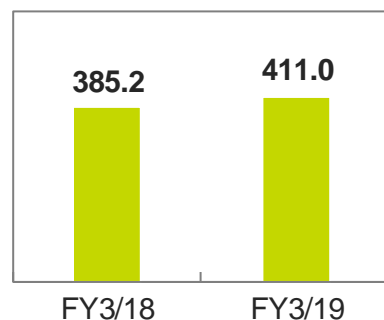


Major non-interest income items (JPY bn)

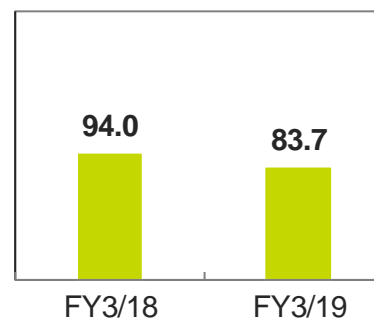
Wealth management



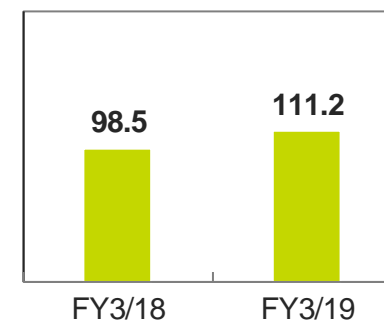
Credit card



Structured finance, Loan syndication, real estate finance



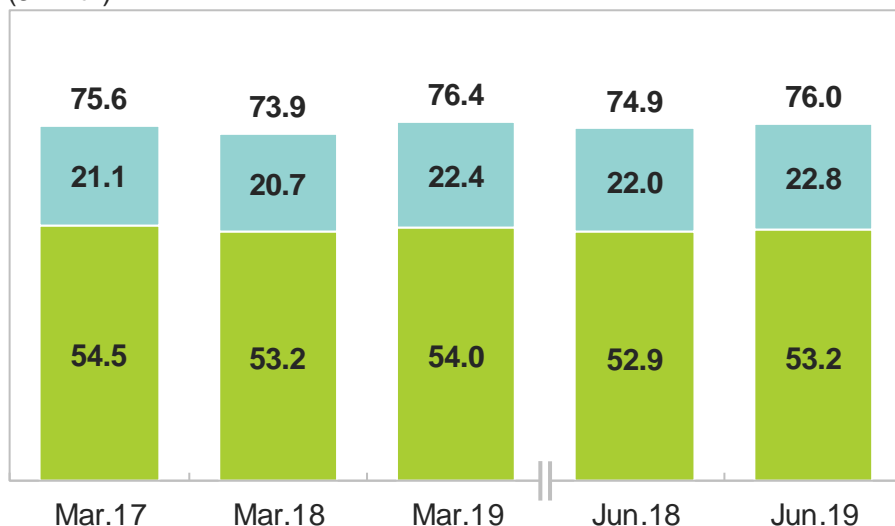
Loan related fees (overseas)



4. Loans^{*1}

Loan balance

(JPY tn)



Of which loans to the Japanese government, etc. and SMFG

3.5 tn 2.8 tn 2.7 tn 2.8 tn 2.6 tn

Breakdown of change from Mar.19 to Jun.19

Domestic offices excl. Japan offshore banking accounts	(0.7)
excl. loans to the Japanese government, etc. and SMFG	(0.6)
Overseas offices and Japan offshore banking accounts	+0.3
after adjustment for changes in exchange rate	+1.0
Total	(0.4)

Domestic loan-to-deposit spread

	FY3/20		FY3/19			
	1Q	YoY	1Q	2Q	3Q	4Q
Interest earned on loans and bills discounted	0.92	(0.03)	0.95	0.95	0.93	0.93
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.92	(0.03)	0.95	0.95	0.93	0.93

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

Interest earned on loans and bills discounted	0.94	(0.05)	0.99	0.98	0.97	0.96
Loan-to-deposit spread	0.94	(0.05)	0.99	0.98	0.97	0.96

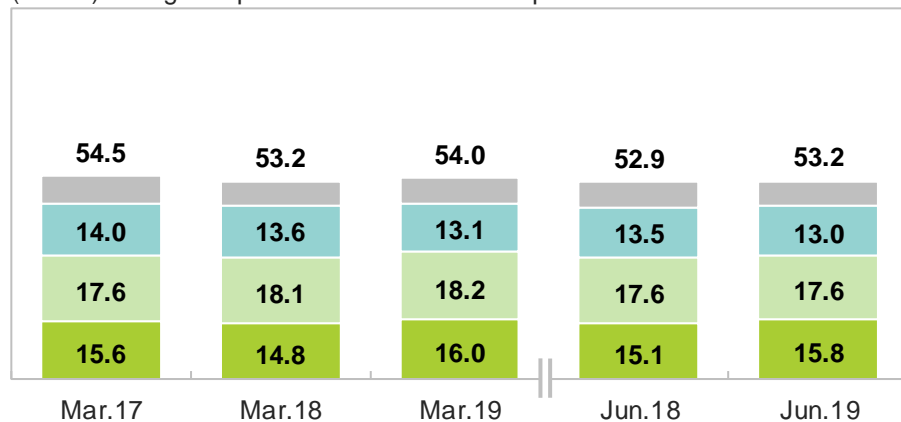
Average loan balance and spread^{*2}

	Balance (JPY tn)		Spread (%)	
	1Q FY3/20	YoY ^{*4}	1Q FY3/20	YoY
Domestic loans	52.3	+0.7	0.73	(0.03)
Excluding loans to the Japanese government, etc.	49.6	+0.8	0.76	(0.03)
o/w Large corporations	15.7	+1.0	0.52	+0.01
Mid-sized corporations & SMEs	17.6	+0.1	0.62	(0.04)
Individuals	13.1	(0.5)	1.40	(0.04)
IBU's interest earning assets ^{*3}	298.3 USD bn	+14.4 USD bn	1.12	+0.01

5. Domestic loans and deposits*1

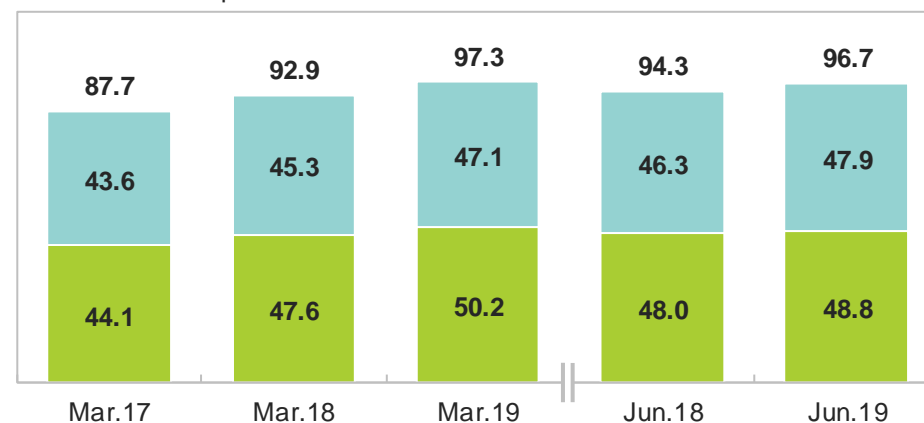
Domestic loan balance*2

(JPY tn) ■ Large corporations ■ Mid-sized corporations and SMEs ■ Individuals



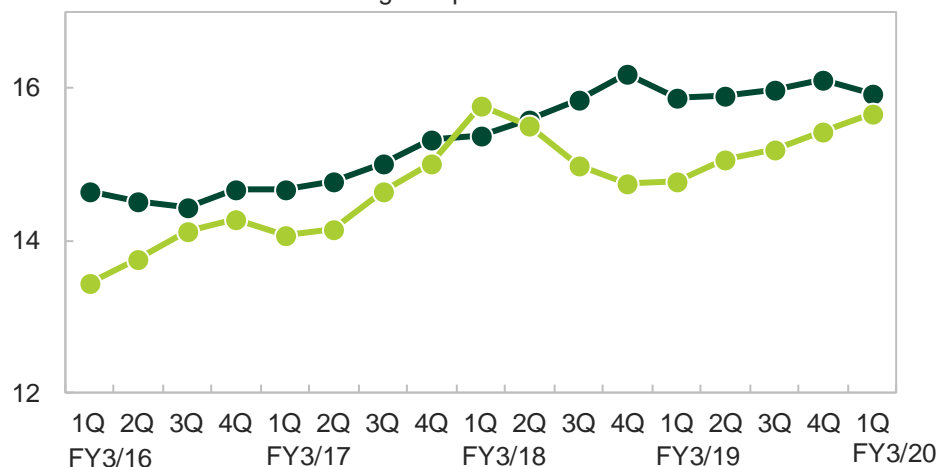
Domestic deposit balance

(JPY tn) ■ Corporates ■ Individuals



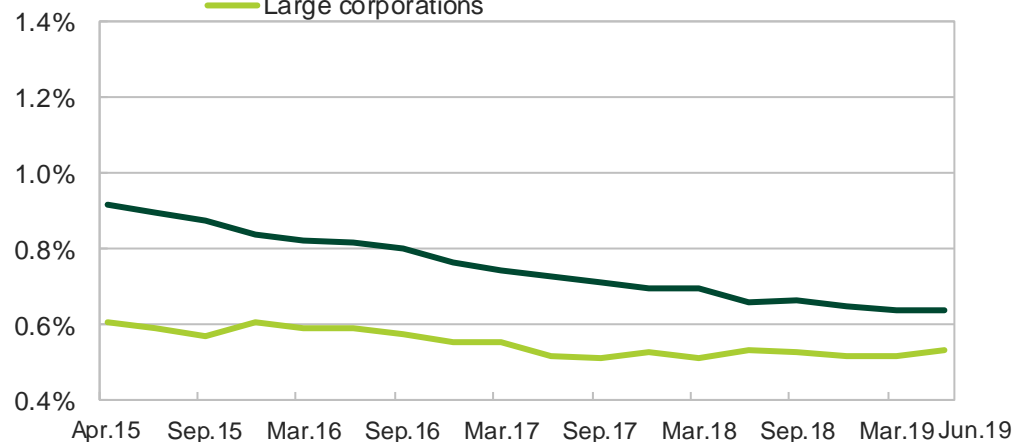
Domestic corporate loan balance*2,3

(JPY tn) — Mid-sized corporations and SMEs — Large corporations



Domestic corporate loan spread*2,4

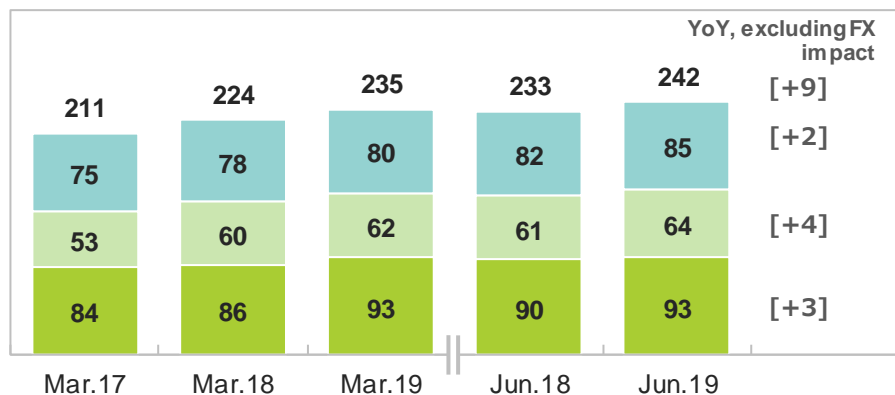
— Mid-sized corporations and SMEs — Large corporations



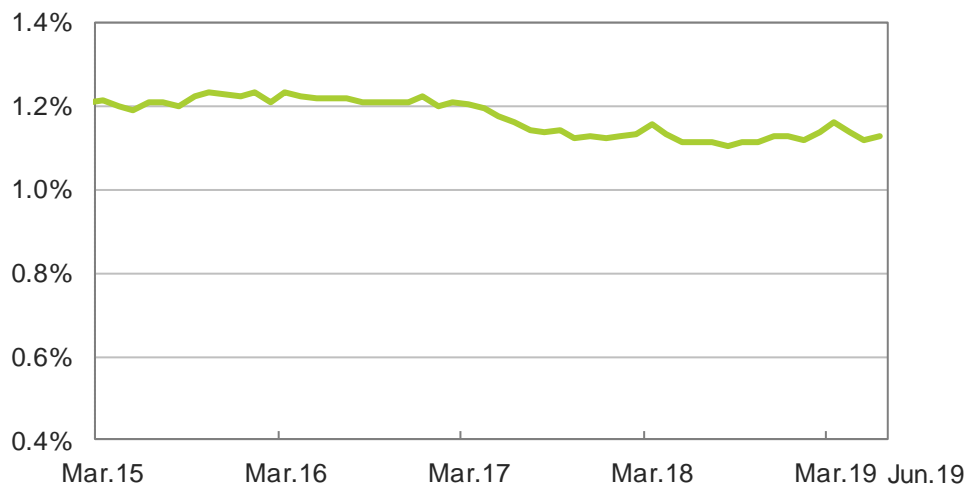
6. Overseas loans and deposits*1

Overseas loan balance

(USD bn) ■ Americas ■ EMEA ■ Asia

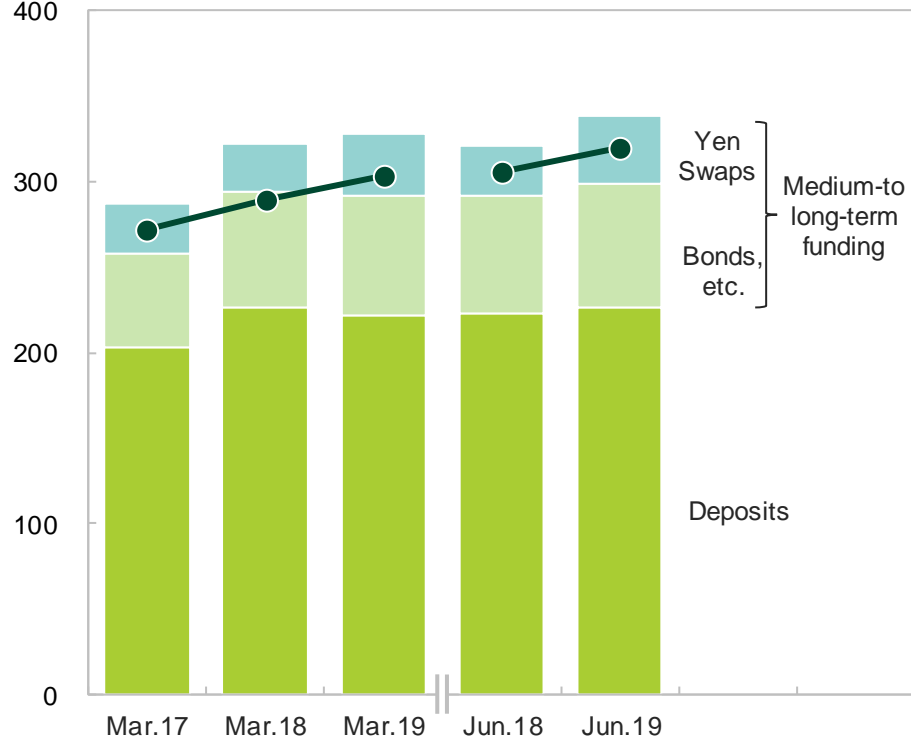


Overseas loan spread*2



Foreign currency funding

(USD bn) —●— Loans, etc.



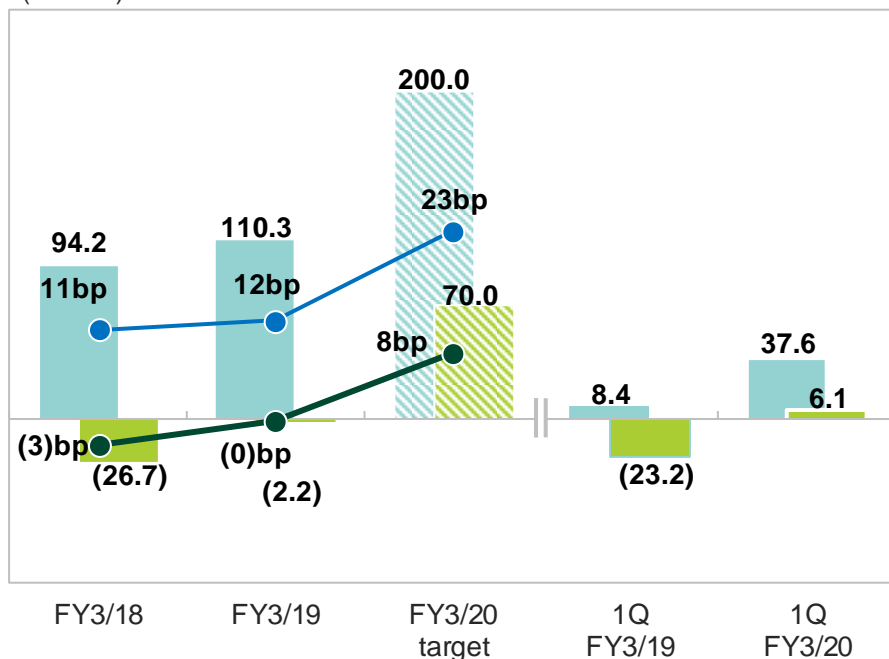
Foreign currency bonds outstanding (SMFG/SMBC)

Senior	54.2	56.0	55.6	59.2
Sub-ordinated	4.2	4.1	4.1	4.1

7. Asset quality

Credit costs*1

(JPY bn) Consolidated Non-consolidated



Major Group Companies

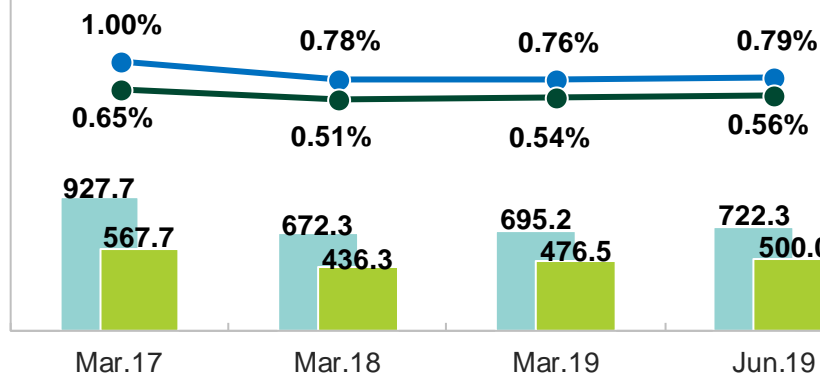
	(JPY bn)	
	1Q FY3/20	YoY
SMBCCF	17	(6)
SMCC	7	(0)

Non-performing loan balance and ratio*2

(JPY bn) Consolidated Non-consolidated

Coverage ratio

	Mar.18	Mar.19
Consolidated	75.23%	74.73%
Non-consolidated	89.11%	87.86%



Total claims

	(JPY tn)		
Consolidated	86	91	92
Non-consolidated	86	89	89

Claims on borrowers requiring caution (excludes claims to Substandard borrowers)

Non-consolidated	1.3	0.8	0.8
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*1 Total credit cost ratio = Total credit cost / Total claims

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

8. Securities

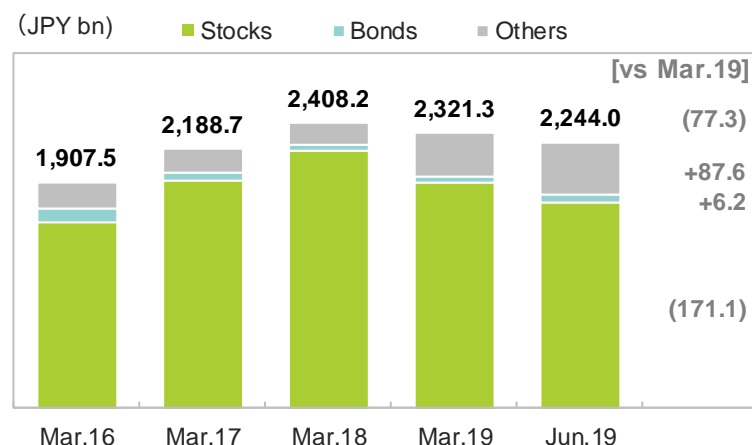
Bond portfolio

	(JPY tn)	Mar.19		Jun.19	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
Consolidated	Yen-dominated bonds	9.3	0.06	9.3	0.07
	o/w JGB	6.5	0.02	6.5	0.03
	Held-to-maturity	0.3	0.00	0.3	0.00
	Others	6.2	0.02	6.2	0.03
	Foreign bonds	9.0	(0.03)	8.9	0.03
Non-consolidated	Yen-denominated bonds (duration*1)	9.0 (3.2 yrs)	0.06	9.0 (2.8 yrs)	0.07
	o/w JGB	6.3	0.02	6.2	0.03
	Held-to-maturity	0.0	0.00	0.0	0.00
	Others	6.2	0.02	6.2	0.03
	Foreign bonds (duration*1)	7.1 (5.3 yrs)	(0.03)	7.0 (4.9 yrs)	0.02

Strategic shareholdings

	(JPY bn)	results
Total reduction		387
- FY3/17		115
FY3/18		115
FY3/19		130
1Q FY3/20		27
Consent of sales from clients outstanding		85

Unrealized gains (losses) on other securities*2

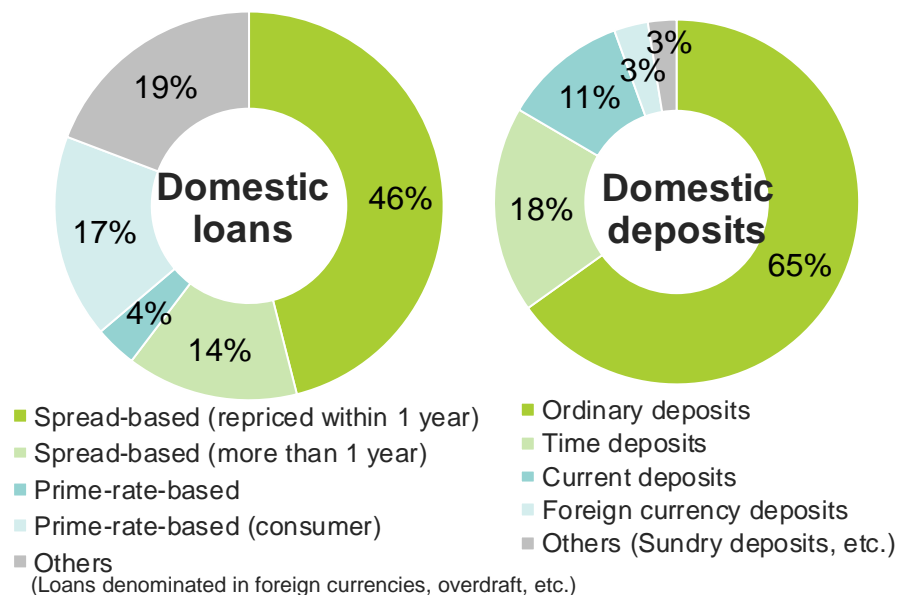


9. Balance sheet

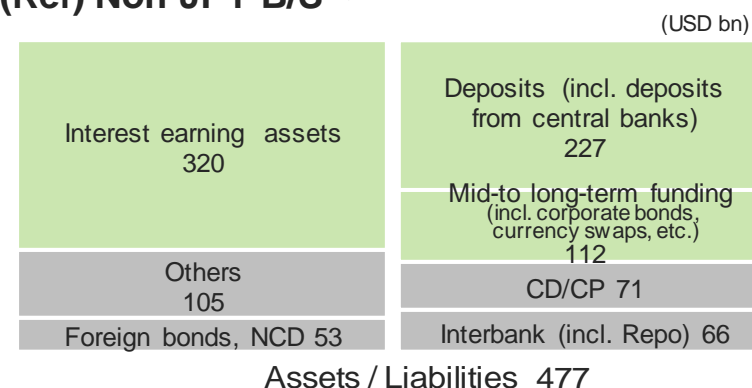
Consolidated

	(JPY tn)	Jun.19	vs Mar.19
Total assets		204.6	+0.9
o/w Cash and due from banks		58.0	+0.6
o/w BOJ's current account balance ^{*1}		47.1	(0.1)
o/w Loans		78.0	(0.0)
o/w Domestic loans ^{*1}		53.2	(0.7)
o/w Large corporations ^{*2}		15.8	(0.2)
Mid-sized corporations & SMEs ^{*2}		17.6	(0.4)
Individuals ^{*2}		13.0	(0.1)
o/w Securities		24.1	(0.3)
o/w Other securities		23.6	(0.2)
o/w Stocks		3.3	(0.2)
JGBs		6.2	+0.0
Foreign bonds		8.9	(0.1)
Total liabilities		193.4	+1.1
o/w Deposits		121.4	(0.9)
o/w Domestic deposits ^{*1}		96.7	(0.6)
Individuals		47.9	+0.8
Corporates		48.8	(1.4)
o/w NCD		10.9	(0.2)
Total net assets		11.2	(0.2)
Loan to deposit ratio		58.9%	

Composition of loans and deposits^{*1,2}



(Ref) Non-JPY B/S^{*2,4}



10. Capital / RWA

Capital ratio

Post-Basel III reforms basis

CET1 ratio **10.0%**

Regulatory basis

CET1 ratio **16.14%**

excluding Net unrealized gains
on other securities **13.4%**

Total capital ratio **20.38%**

External TLAC ratio

RWA basis^{*1} **26.40%**

Leverage exposure basis **8.11%**

Leverage ratio

4.87%

LCR (Average 1Q FY3/20)

131.0%

	(JPY bn)	Mar.19	Jun.19
CET1		9,654.5	9,666.6
o/w Total stockholders' equity related to common stock		8,921.9	9,038.0
Accumulated other comprehensive income		1,713.9	1,657.1
Regulatory adjustments related to CET1		(985.9)	(1,032.8)
Tier 1 capital		10,727.2	10,782.0
o/w Additional Tier 1 capital instruments		599.0	684.7
Eligible Tier 1 capital instruments (grandfathered) ^{*2}		436.5	436.5
Regulatory adjustments		(25.5)	(25.5)
Tier 2 capital		1,513.3	1,421.3
o/w Tier 2 capital instruments		997.7	985.5
Eligible Tier 2 capital instruments (grandfathered) ^{*2}		488.1	452.3
Regulatory adjustments		(50.0)	(82.3)
Total capital		12,240.5	12,203.3
Risk-weighted assets		58,942.8	59,864.8
Leverage exposure		219,538.8	221,255.3
External TLAC		17,983.4	17,964.7

II. Message from the new Group CEO

■ 1. Our business environment

- Financial institutions continue to face a severe earnings environment.
- Customer needs and actions are altering in response to changes in the social environment.

Earnings environment

Ultra-low interest rates / excess funds

Japan	1M LIBOR (0.10)% ^{*1}
U.S.	0.25% rate cut in July 2019

Change in customer needs

Cashless

Cashless payment amount^{*3}

JPY
35 tn



JPY
65 tn

2002

2017

Globalization

M&A by Japanese companies^{*5}

JPY
3 tn



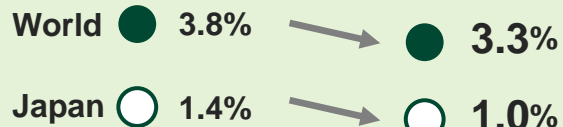
JPY
19 tn

2009

2018

Slowdown of world economy

GDP growth rate^{*2}



2010-18

2019E

Digitalization

Smartphone ownership ratio^{*4}

10%



75%

2010

2018

Growth of emerging countries

Middle income class in Indonesia^{*6}

21%



58%

2017

2030E

■ 2. Management strategy adapting to changes

- Our strength is that we respond swiftly to the challenging environment and the changing society.

Expand business and regional coverage

(Contribution to consolidated net business profit)

Group companies excl. SMBC



FY3/04

FY3/19

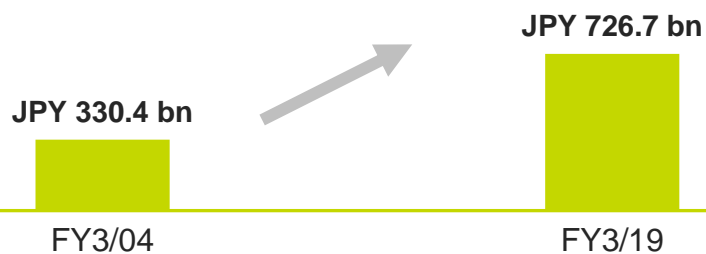
International business*¹



FY3/04

FY3/19

Bottom-line profit



Policy interest rate 0.15%

NIRP

Improve efficiency

Prioritize
bottom-line profit

Cost control

Reorganization of
group companies

ROE

7.8%

8.2%

FY3/17

FY3/19

OHR

62.1%

60.3%

FY3/17

FY3/19

RWA

JPY 70.6 tn

JPY 58.9 tn

Mar.17

Mar.19

■ 3. Key priorities

Customer First meet the true needs of our customers

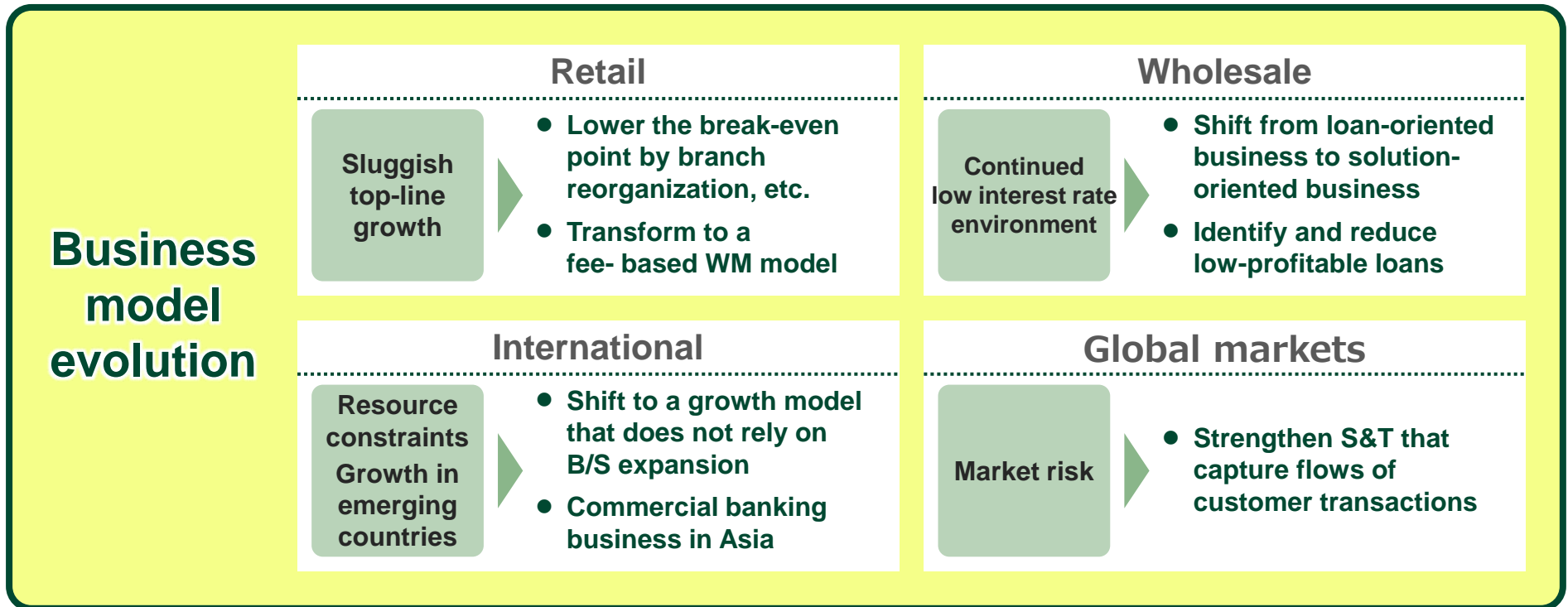


**Bold
transformation**

**Continuous
innovation**

**Maximize
group strengths**

■ 3. Key priorities (1) Bold transformation



■ 3. Key priorities (2) Continuous innovation

Our strengths

**Strong
financial platform**

**“Trust” gained
from customers**

**Enormous
information**

 攻めのIT経営銘柄2019
Competitive IT Strategy Company

Always provide new “values” to our customers

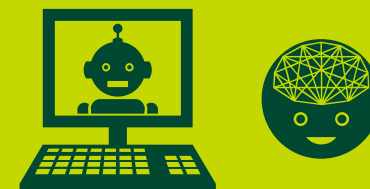
Generating new businesses



Utilizing data



Process automation



■ 3. Key priorities (3) Maximize group strengths

Established a Group-wide management system

- Introduced business unit system and CxO system
- Started formulating and planning business strategies on a group basis, optimized resource allocation

Leverage group synergies

Joint branches



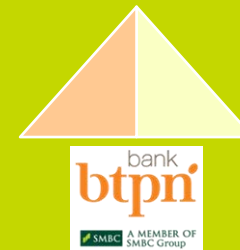
Cashless



Various solutions



Multi-franchise



Aircraft business

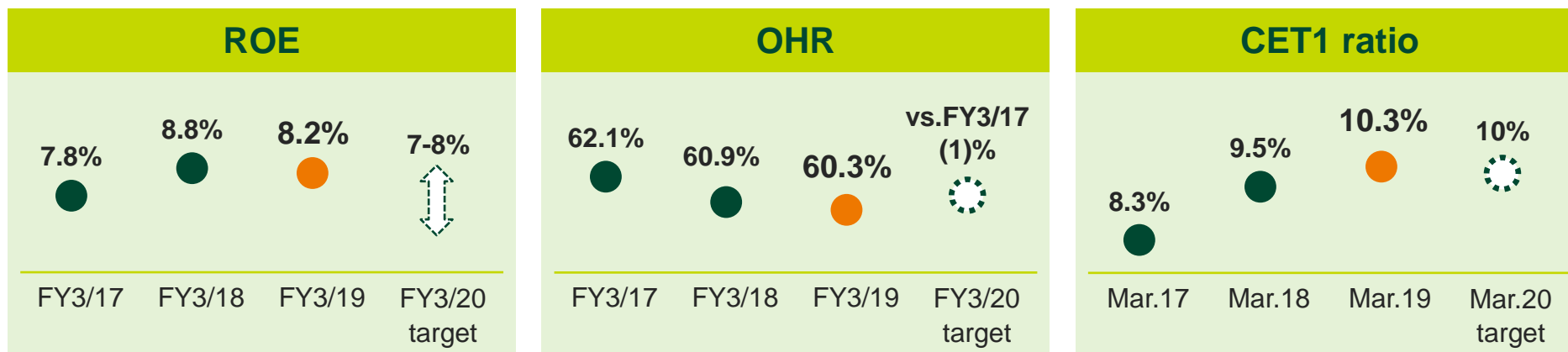


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III. Progress of Medium-Term Management Plan and strategic initiatives

1. Progress of Medium-Term Management Plan

Financial targets



Key initiatives

Discipline	<ul style="list-style-type: none"> Executed group reorganization measures in a speedy manner to improve capital and asset efficiency Already reduced cost by JPY 36 bn out of the JPY 50 bn target
Focus	<ul style="list-style-type: none"> Each business unit made good progress in key strategic initiatives of the Medium-Term Management Plan Completed M&A in strategic business areas (credit cards, Indonesia, asset management)
Integration	<ul style="list-style-type: none"> Sophisticated group management by transforming to a Company with Three-Committees and implemented the business unit system and the CxO system Capital policy entering into a new stage as the CET1 ratio reached the target one year ahead of schedule

■ 2. Transformation of business and asset portfolio

- Executed group reorganization measures in a speedy manner to improve capital and asset efficiency.

Group reorganization

	Bottom-line profit	RWA
Merger of SMBC Nikko and SMBC Friend	↑ Realize synergies	→
Deconsolidation of the Kansai regional banks	↓ (1)%	↓ (5)% ^{*2}
Deconsolidation of SMFL	↑ Strengthen core business areas	↓ (4)% ^{*2}
Consolidation of BTPN	↑ + JPY10bn ^{*1}	↑ Negligible impact
Merger of SMAM and Daiwa SB	↑ Realize synergies	→
Making SMCC a wholly owned subsidiary	↑ + JPY10bn ^{*1}	→

- Cost synergies from the merger of SMBC Nikko and SMBC Friend

System cost	Head office staff	Branch closures
JPY 5 bn	250 people	44 branches

- Expansion of business areas at SMFL (through the deconsolidation)

- Expand leased assets (real estate)
- Entered into new businesses including environmental related and infrastructure management

3. Cost control

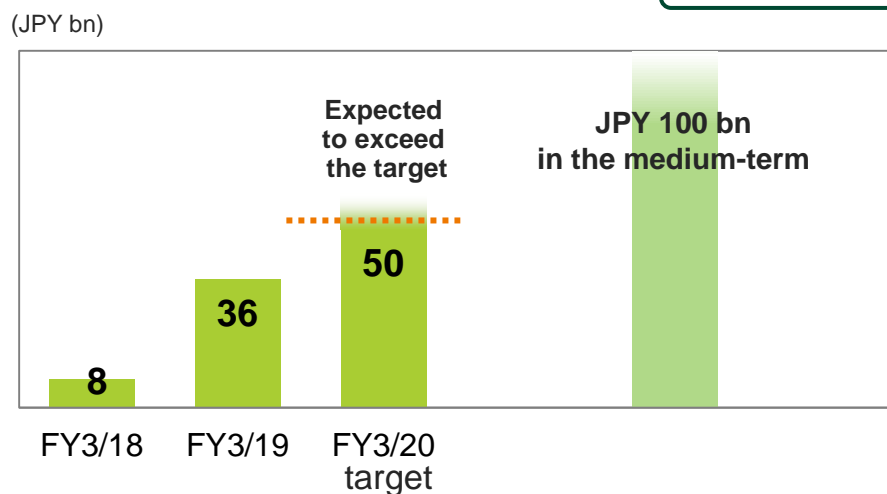
- Reduced cost by JPY 36 bn out of the JPY 50 bn target. Expected to exceed the target during FY3/20.
- Enhance cost control on a group-wide basis to achieve the OHR target.

Cost reduction

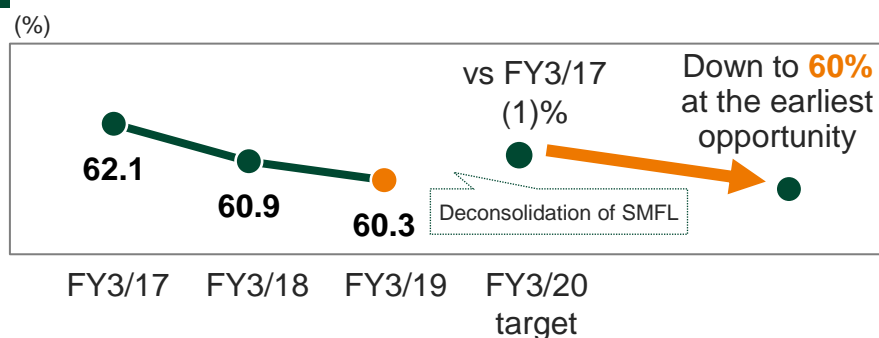
	FY3/19 results	FY3/20 target
Business reforms to improve efficiency	JPY 14.5 bn	JPY 20 bn
Retail branch reorganization	JPY 12.0 bn	JPY 20 bn
Reorganization of group companies	JPY 9.5 bn	JPY 10 bn

Expected in FY3/20

JPY 50 bn + α



OHR



Personnel (FY3/18-3/20)

Workload
reduction

Planned

4 thousand people

Expected

5 thousand people

Headcount
(attrition)

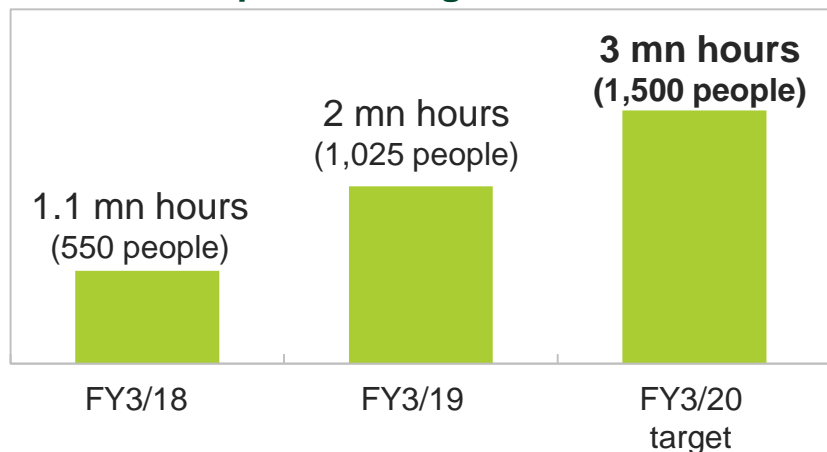
Reduce 4 thousand people
domestically

3. Cost control

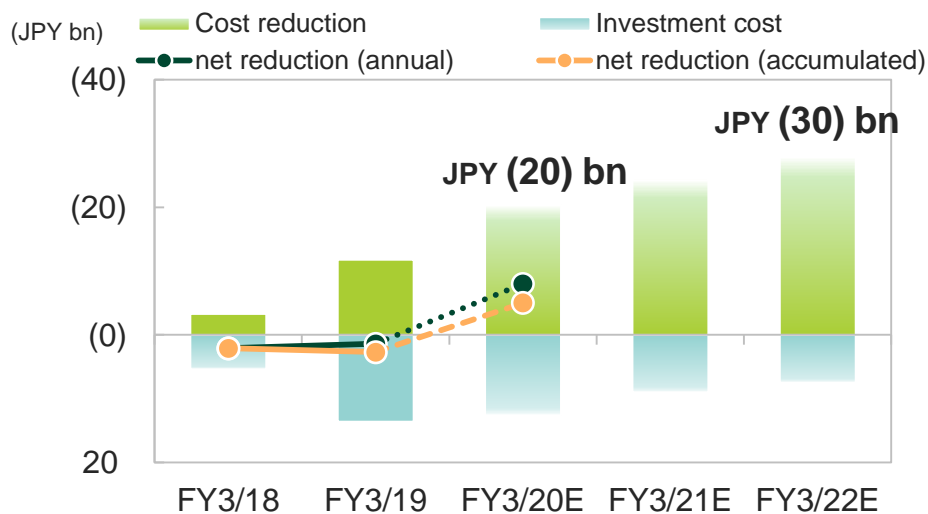
(Ref.) Progress of key initiatives

Business reforms with RPA

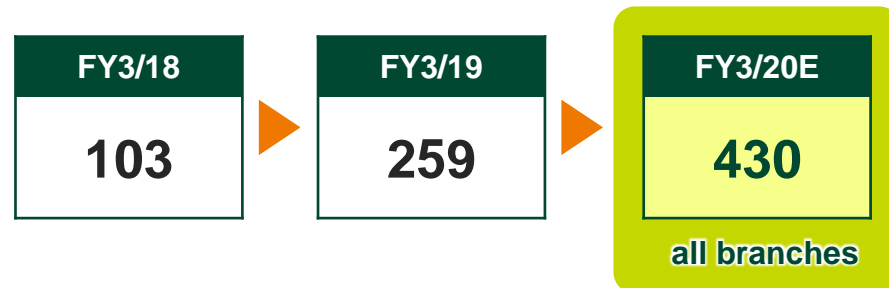
World's top-class usage



Cost reduction from retail branch reorganization

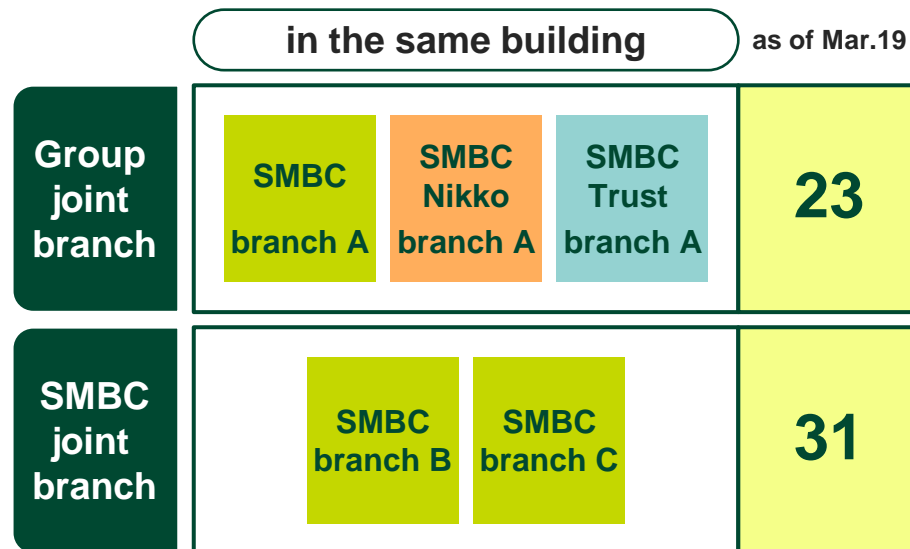


of branches transformed to smart branches



Joint branches

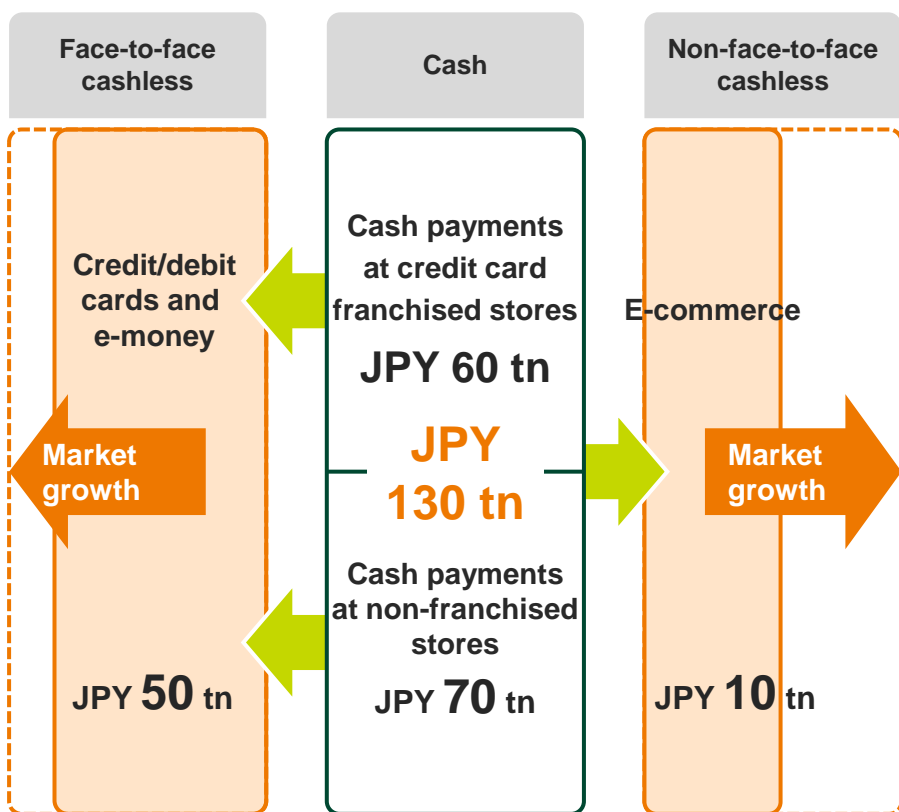
Enhance branch network efficiency by integrating branches



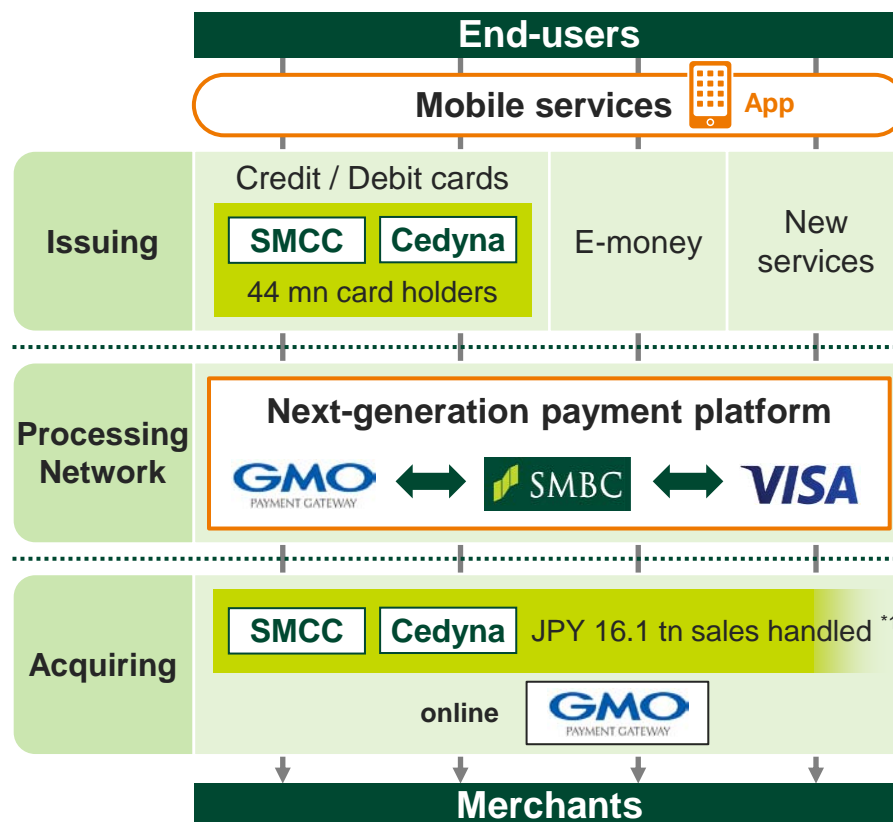
4. Cashless payment strategy

- Evolve the cashless payment market in Japan through initiatives that benefit both the merchants and end-users.

Japanese retail payment market



Enhance services to both merchants and end-users



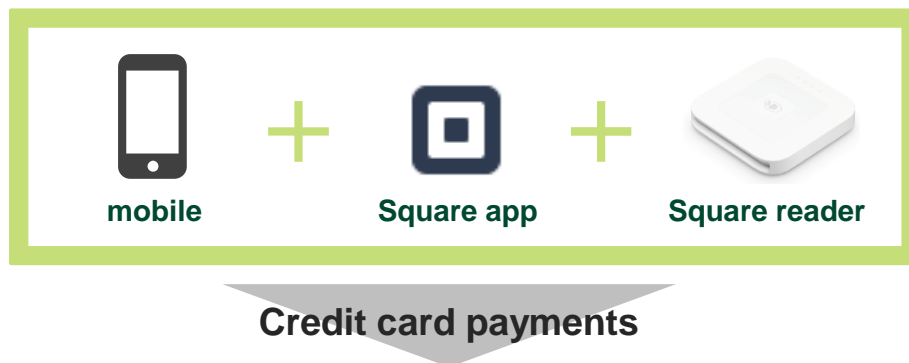
4. Cashless payment strategy

Enhance services to merchants and end-users

- Teamed up with Square to tap the small-middle merchant market.
- Added new features in the mobile app to improve customer convenience.

Tap the small-middle business market

- Leverage SMBC's customer base and retail channels



Upgraded the SMBC and SMCC apps

Debit card issuance



Control spending limits



Account management



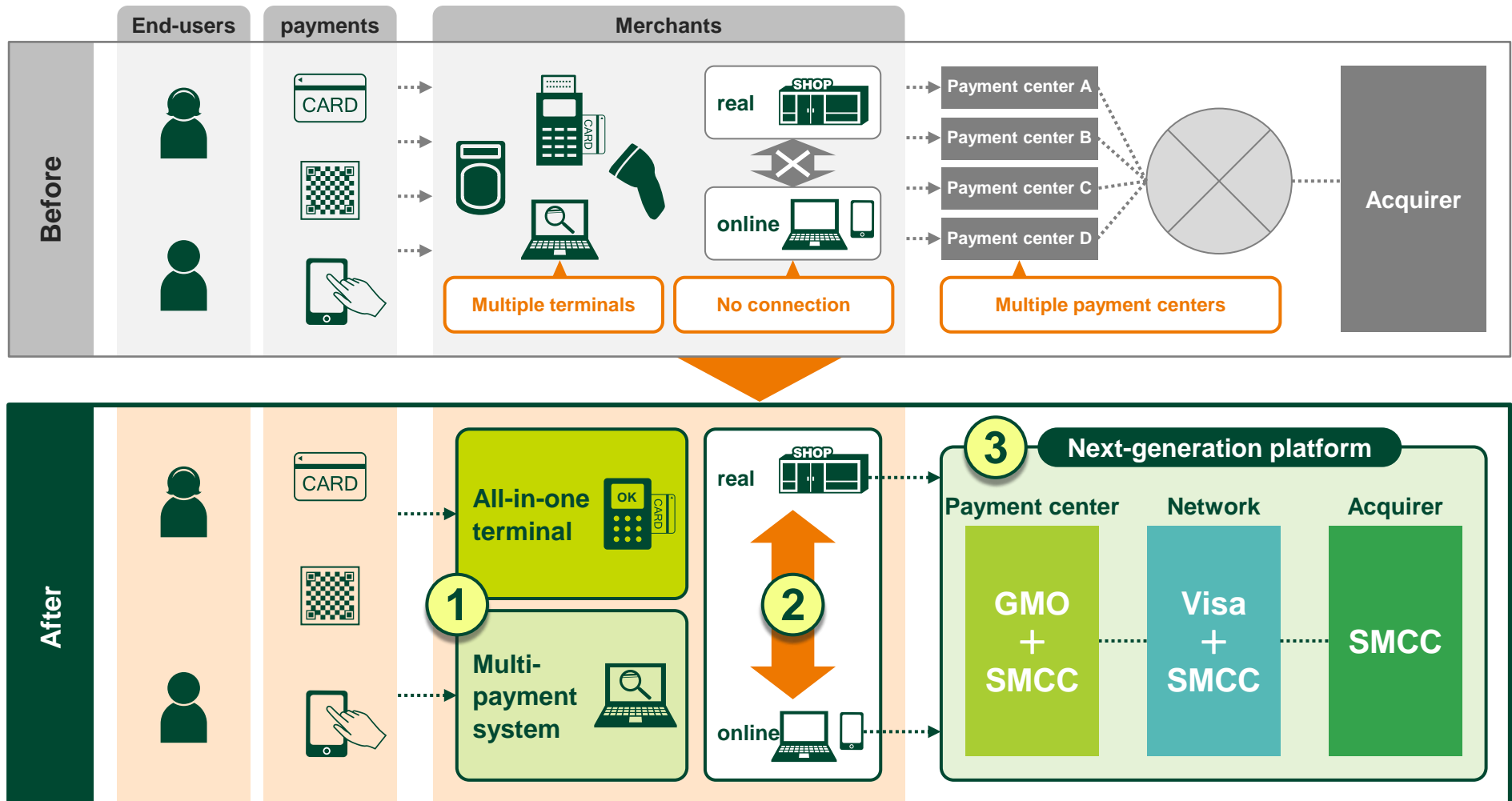
Managing financial assets



4. Cashless payment strategy

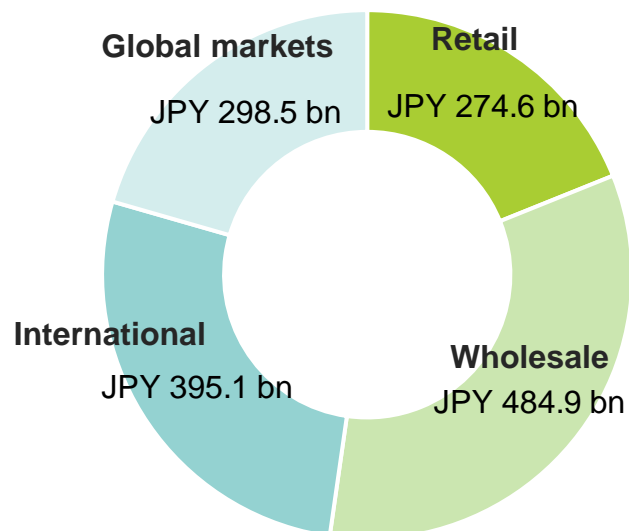
■ (Ref) Next-generation platform

- 1 Payments through a single terminal
- 2 Omni channel
- 3 World class security and stability

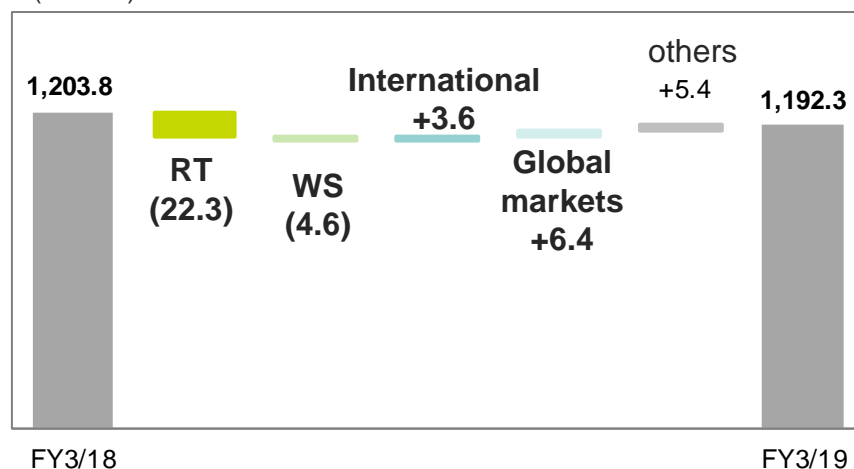


5. Initiatives by business unit

Consolidated net business profit*1



(JPY bn)



ROE*2

	FY3/18	FY3/19	FY3/20 target*3
Retail	7.5%	7.3%	7%
Wholesale	11.4%	12.1%	10%
International	10.6%	9.3%	9%
Global markets	33.5%	31.8%	39%

*1 YoY figures are after adjustments for interest rate and exchange rate impacts *2 Excludes impact from the provision for losses on interest repayments and the cost from branch reorganization (Retail), the medium- to long-term foreign currency funding costs (International) and the interest-rate risk associated to the banking account (Global Markets). Calculated with RWA based on Post-Basel III reforms basis *3 Target for the Medium-Term Management Plan

5. Initiatives by business unit:

Retail

- Made good progress in KPIs while profits decreased YoY due to the deterioration of the market in the second half of FY3/19.

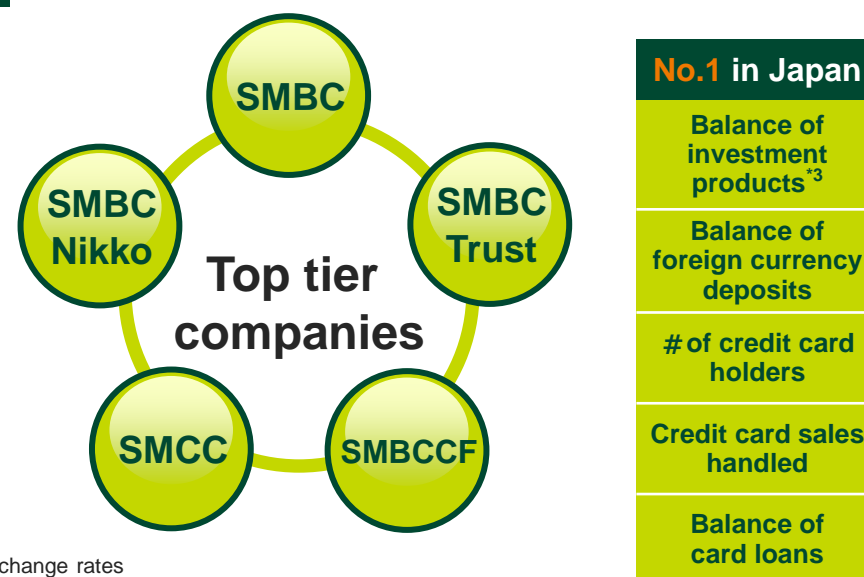
Financial results

(JPY bn)	FY3/19	YoY ^{*2}
Gross profit	1,281.6	(25.7)
Income on loans and deposits ^{*1}	160.4	(10.3)
Wealth management	316.1	(50.5)
Credit card	411.0	+25.7
Consumer finance	305.4	+3.3
Expenses	1,021.4	(4.5)
(Overhead ratio)	79.7%	+1.2%
Net business profit	274.6	(22.3)
ROE	7.3%	+0.1%
RWA (JPY tn)	12.8	(0.1)

KPI

	FY3/18	FY3/19
Balance of fee-based AUM (JPY tn)	11.9	12.7
Credit card sales handled (JPY tn)	16.1	17.9
Utilization rate for digital channels (%)	22.7	31.2
Balance of card loans (JPY tn)	1.8	1.8

The number one retail banking franchise in Japan



5. Initiatives by business unit:

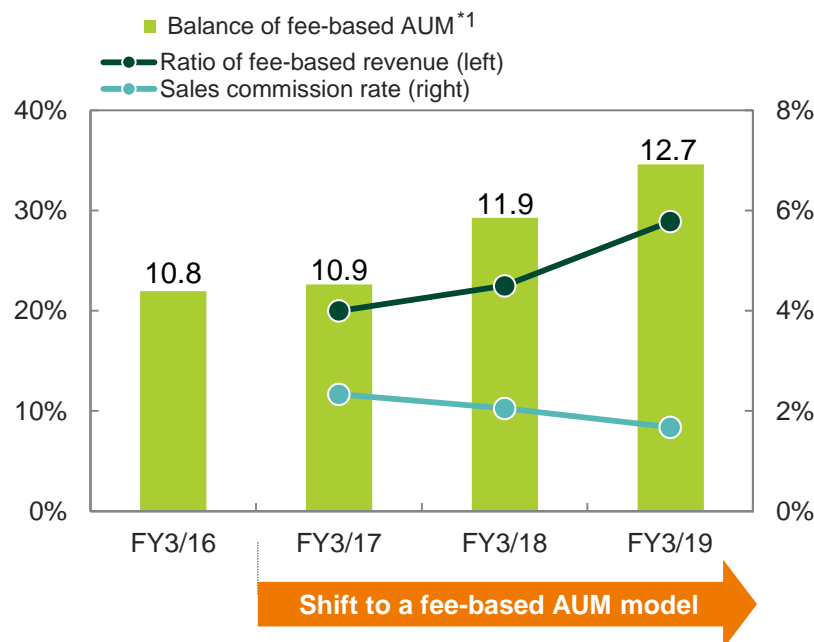
Retail

- Change the profit structure by shifting to a fee-based AUM business model.
- Capture long-term investment and inheritance / succession needs from customers in anticipation of the coming “100-Year life” era.

Wealth management business

- Shift to a fee-based AUM business model amid the ongoing decrease in sales commissions
- Steadily increasing fee-based AUM through the collaboration of SMBC and SMBC Nikko

- Strengthen consulting capability as we enter the “100-Year life” era



Long-term investment needs

- Consult customers using various simulations



Inheritance and succession needs

- High-net-worth clients aged 60 or older with accounts at SMBC*2

Total financial assets	o/w at SMBC	New potential for SMBC
JPY 34 tn	JPY 8 tn	JPY 26 tn

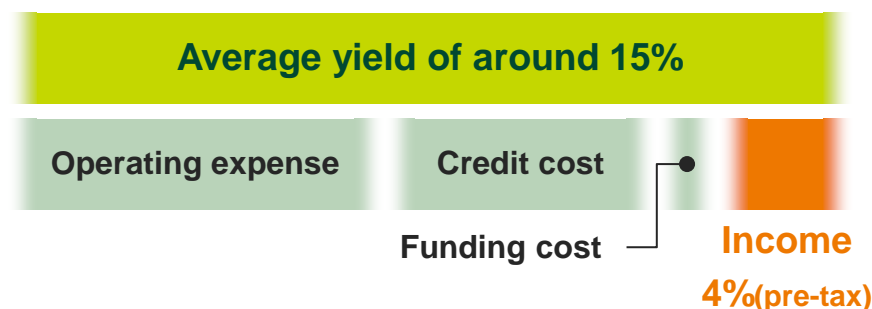
5. Initiatives by business unit:

Retail

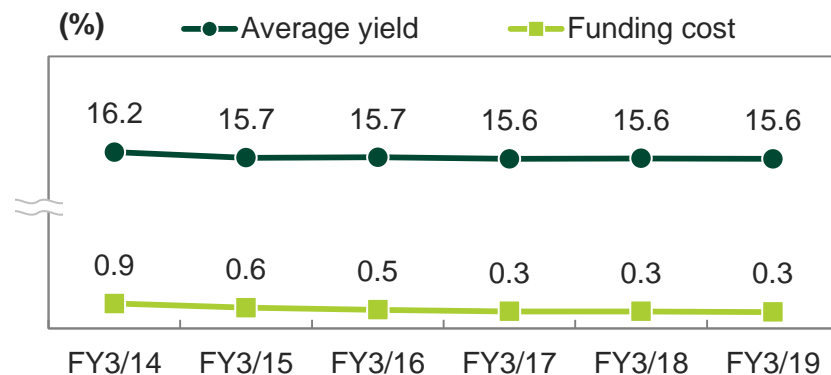
- Consumer finance business maintains a highly profitable business model amid the extremely low interest rate environment.
- Group-wide card loan balance is increasing.

Consumer finance

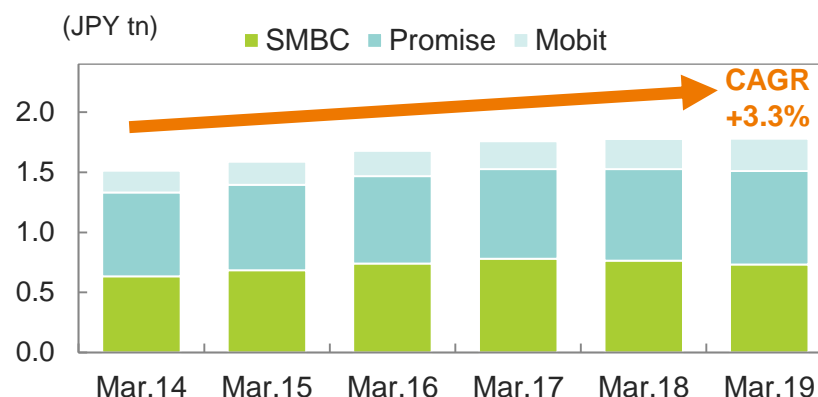
- Highly profitable business model*1



- Spreads remain at a high level (SMBCCF)



- Card loan balance is increasing on a group basis



- Increase in loans to female and young people with the rise of employments

	FY3/14	FY3/19
Female	29%	34%
20s&30s	64%	73%

(% of new loan customers at Promise)

*1 Estimated figures for domestic loans of Promise (excluding the guarantee business)

5. Initiatives by business unit:

Wholesale

- Maintained high ROE with competitive advantage. Good progress in KPI.

Financial results

	(JPY bn)	FY3/19	YoY ^{*1}
Gross profit		784.9	+0.6
Income on loans and deposits		192.9	(2.1)
S FX and money transfer fees		107.7	+1.5
M Loan syndication		38.0	(13.7)
B Structured finance		34.4	+2.8
C Real estate finance		11.3	+0.4
Security business		91.2	+9.3
Leasing business ^{*2}		120.4	(2.3)
Expenses		345.1	+0.9
(Overhead ratio)		44.0%	+0.1%
Net business profit		484.9	(4.6)
ROE		12.1%	(0.1)%
RWA (JPY tn)		19.5	(0.4)

KPI

	FY3/18	FY3/19
Japanese corporate bonds (%)	17.0	16.8
IPO deals	#3	#1
M&A advisory deals	#1	#1

Competitive advantage

Strong relationship
with customers

Offering multi-solutions
on a group wide basis

Marketing officers with
high capabilities,
expertise, and motivation

ROE (FY3/19)

12.1%

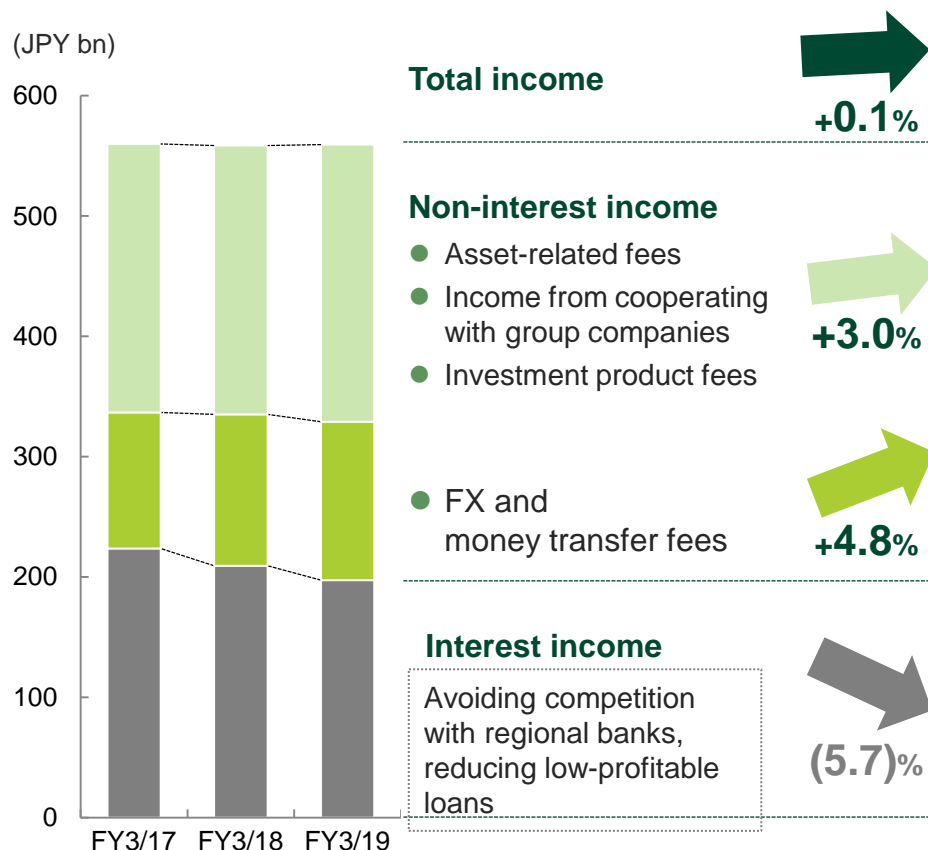
5. Initiatives by business unit:

Wholesale

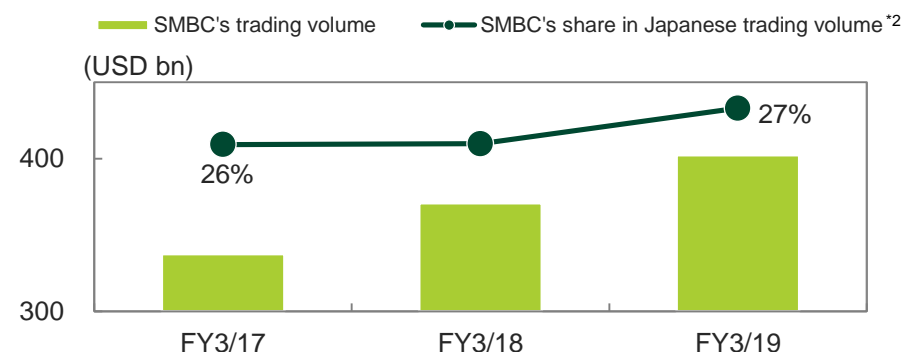
- Total income increased under the negative interest rate policy by strengthening non-interest income. In particular, stable fee income including FX and money transfer fees increased steadily.
- Aim to have the decline of the loan spread to bottom out this fiscal year.

Transformation of the profit structure*1

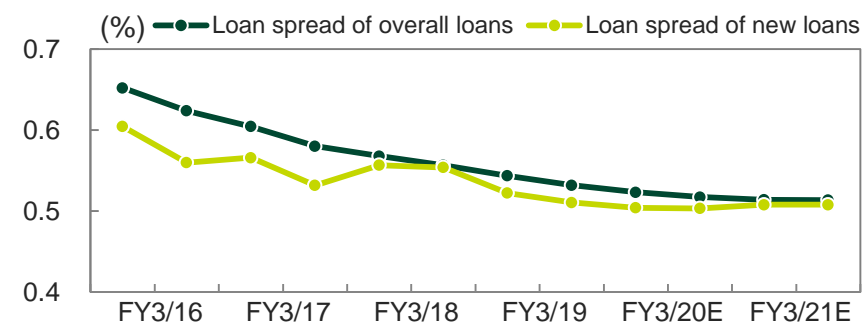
(vs FY3/18)



Steady increase in FX fees



Loan spread decline for mid-sized and SMEs is expected to bottom out in FY3/20



5. Initiatives by business unit:

Wholesale

- Improve asset efficiency through comprehensive profit-focused management, including cross-selling among group companies.
- Provide solutions using new digital services to upgrade marketing activities.

Improve asset efficiency

- Expand profitability management for each client



Provide solutions for a variety of customer needs

- Medium-sized corporate clients :
Multifaceted approach on a group basis

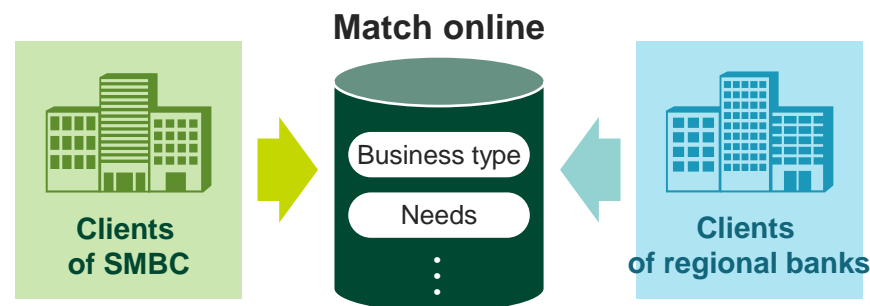


- Large global clients :
Deepening the CIB Model on a global basis



Digital solutions

- Started online business matching service



- Upgrade sales activities by using digital technology, such as global business flow analysis



5. Initiatives by business unit:

International

- Both gross profit and net business profit increased by growing business on a sustainable basis under the risk appetite framework.

Financial results

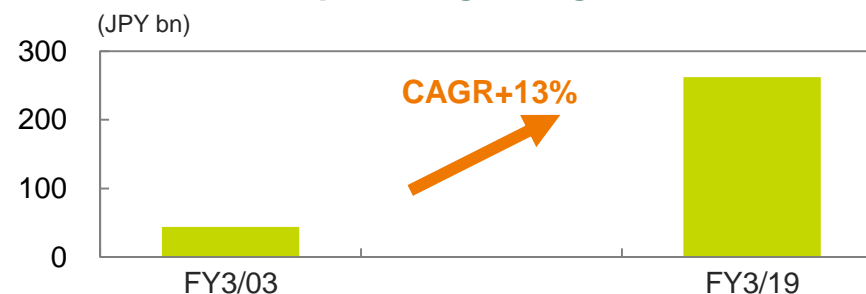
(JPY bn)	FY3/19	YoY ^{*1}
Gross profit	689.6	+31.2
Income on loans and deposits	297.6	+24.7
Loan related fees	111.2	+9.3
Securities business	41.8	+0.5
Aircraft leasing	46.6	(0.7)
Expenses	333.4	+22.2
(Overhead ratio)	48.3%	+1.1%
Net business profit	395.1	+3.6
ROE	9.3%	(1.1)%
RWA (JPY tn)	22.3	+1.1

KPI

	FY3/18	FY3/19
Non-asset based profit in Asia (USD mn)	634	756
# of active book runner transactions	64	97
Distribution amount (JPY tn)	2.5	3.0

Growth driver of SMBC group

- Net business profit^{*2} is growing



- Strong global businesses

Project finance

#2 global



Aircraft leasing

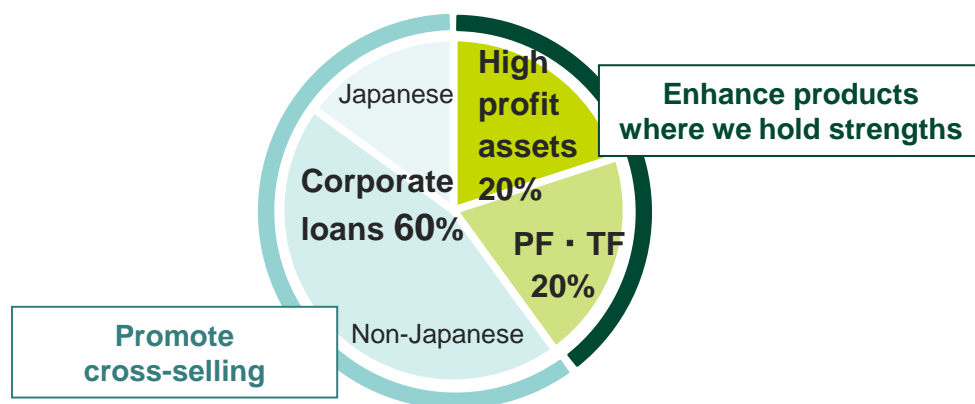
#5 global

5. Initiatives by business unit:

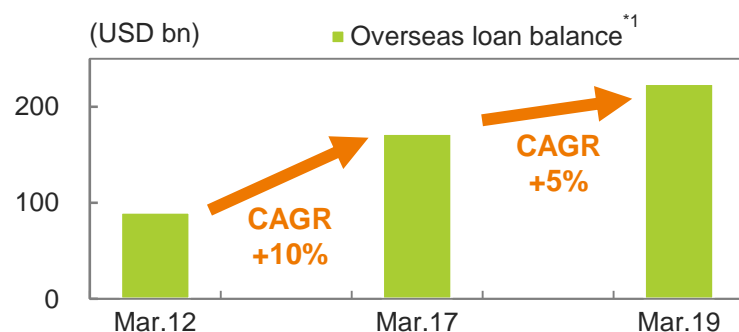
International

- Improve asset efficiency by promoting cross-selling and enhancing products where we hold strengths.

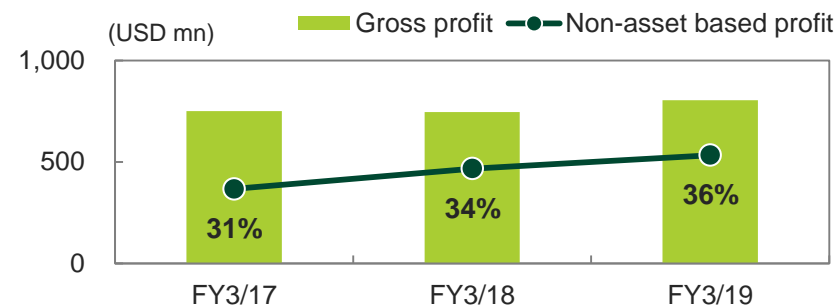
Overseas asset portfolio



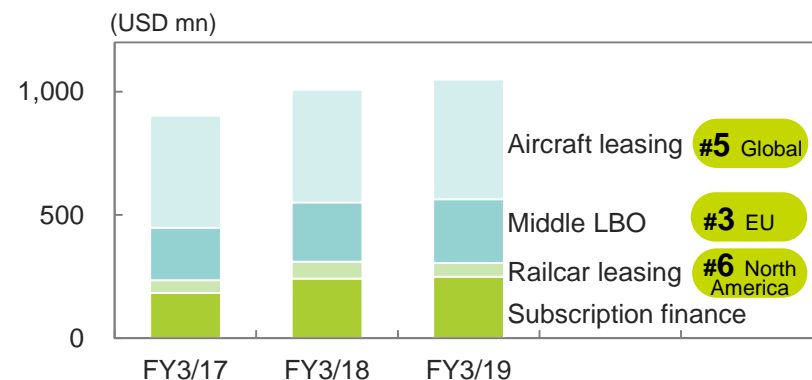
- Controlling the growth rate of assets



- Increased cross-selling among non-Japanese companies in Europe and the U.S.



- Increased profits from products with strengths



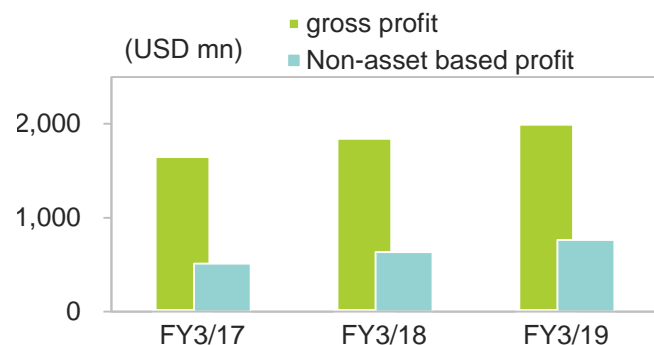
5. Initiatives by business unit:

International

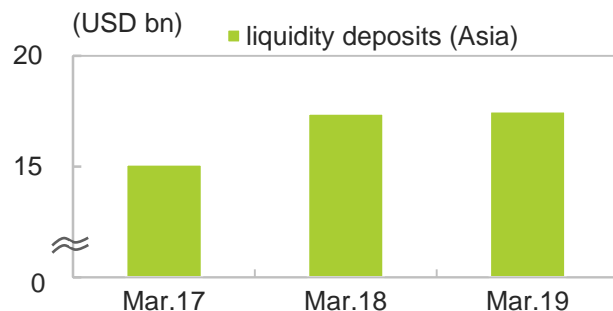
- Increase profit by deepening relationship with core clients in Asia.
- Merged BTPN and SMBC Indonesia. Accelerate the Multi-franchise strategy.

Asia core client strategy

- Expand transactions with core clients



- Steady increase in liquidity deposits by strengthening transaction banking



Multi-franchise strategy

- Merger of BTPN and SMBC Indonesia

Feb. 2019

Full-banking service

Establish a commercial bank covering both corporate and individual customers



Top-tier bank in Indonesia

Build the second SMBC

- Consider expansion to new targeted countries

5. Initiatives by business unit:

Global markets

- Both gross profit and net business profit increased by nimble portfolio management despite the severe market conditions.

Financial results

(JPY bn)	FY3/19	YoY ^{*1}
Gross profit	333.6	+4.8
SMBC's Treasury Unit	253.5	+7.5
Expenses	54.2	(0.4)
(Overhead ratio)	16.2%	(0.4)%
Net business profit	298.5	+6.4
ROE	31.8%	+1.4%
RWA (JPY tn)	4.9	(1.2)

KPI

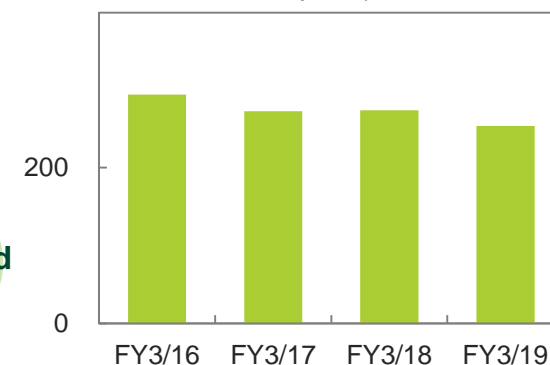
	FY3/18	FY3/19
S&T profits (JPY bn)	271.4	261.0

Stable earnings

Source of earnings



(JPY bn) ■ Gross profit(Non-consolidated)

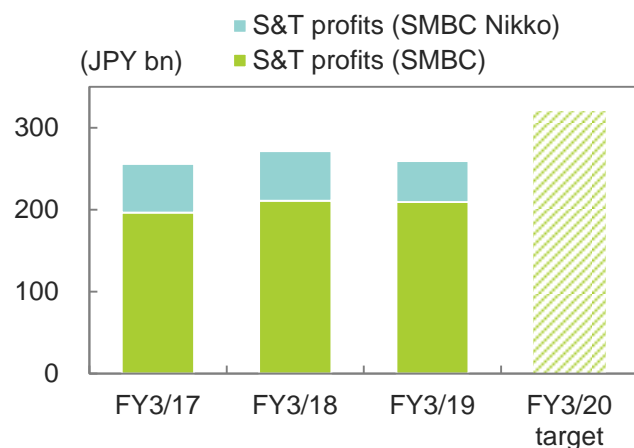


5. Initiatives by business unit:

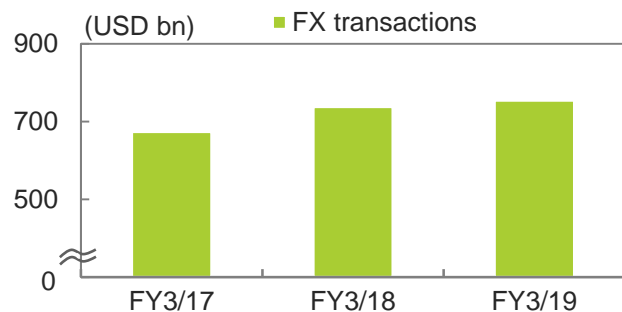
Global markets

- Further enhance S&T to improve and stabilize profitability.
- Focus both on stability and cost for foreign currency funding.

S&T (Sales & Trading)

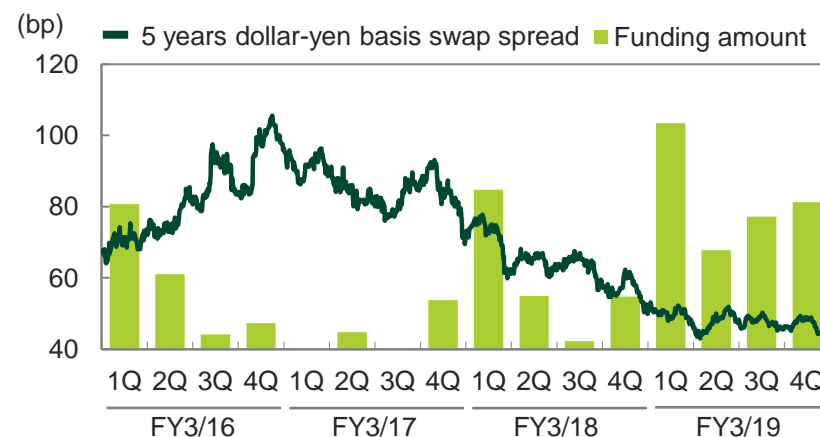


- Focus on FX-related transactions



Foreign currency funding

- Diversify funding methods and expand investors base
 - Covered bonds **First in Japan** (Nov. 2018)
 - Foreign currency green bond for individual investors **First as a Japanese bank** (Dec. 2018)
- Utilize medium- to long-term currency swaps looking at the swap spread to lower funding costs

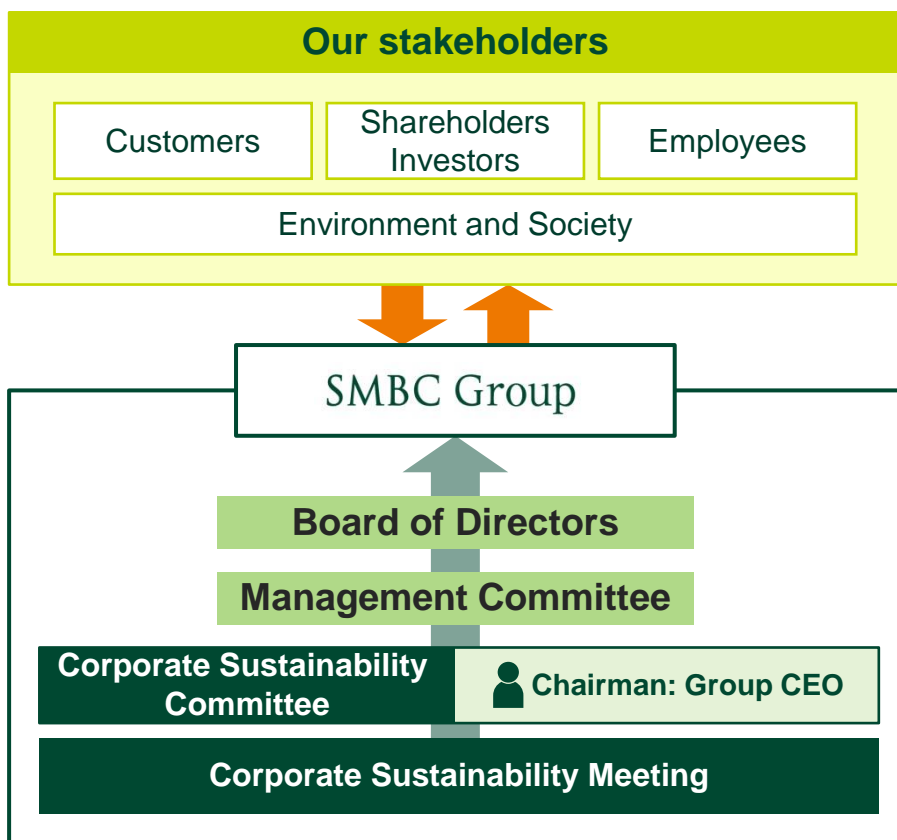


IV. ESG

■ 1. Sustainability management

- Promote initiatives to resolve social issues and achieve the SDGs under direct leadership from the Group CEO.

Sustainability management



Selected ESG indices










External awards



2. Environment, Social

- Work on initiatives to solve social issues.

Social Issues		Our initiatives	Achievements
Realize a sustainable society 		<ul style="list-style-type: none"> Enhance Corporate Sustainability Management Promote ESG/SDGs related financial services 	<ul style="list-style-type: none"> Endorsed the Principle for Responsible Banking ESG/SDGs assessment loan, social loan
Envir.	Low carbon society 	<ul style="list-style-type: none"> Promote climate related finance Manage climate change risk 	<ul style="list-style-type: none"> No.1 (globally) in syndicating renewable energy project Established lending policies for specific sectors (incl. coal-fired power plants) Disclosed the result of scenario analyses as response to TCFD
	Changes in Demography 	<ul style="list-style-type: none"> Succession and management of individual financial assets Provide solution for aging society 	<ul style="list-style-type: none"> Launched a multi-life-stage typed domestic investment trust "Life Journey"
Next Generation	Working environment with job satisfaction 	<ul style="list-style-type: none"> Diversity and Inclusion Work-style Reform 	<ul style="list-style-type: none"> Unconscious bias training for managers Promote teleworking
	Financial Inclusion 	<ul style="list-style-type: none"> Promote Digitalization Develop commercial banking business in Asia 	<ul style="list-style-type: none"> Update mobile apps Provide digital banking by BTPN
Community	Support growing industries Regional Revitalization 	<ul style="list-style-type: none"> Provide risk money and support through consultation 	<ul style="list-style-type: none"> No.1 in IPO underwriting
	Measures against Poverty 	<ul style="list-style-type: none"> Raise financial literacy 	<ul style="list-style-type: none"> Financial education to 130K people (domestic)

3. Initiatives toward TCFD^{*1} recommendations

- Conducted analysis and calculated the impact of climate-related risks.
The impact is considered to be limited : approx. JPY 1 bn of credit costs on an annual basis.
- Strengthening the risk management system when financing coal-fired power plants and coal mining.

Released in April 2019

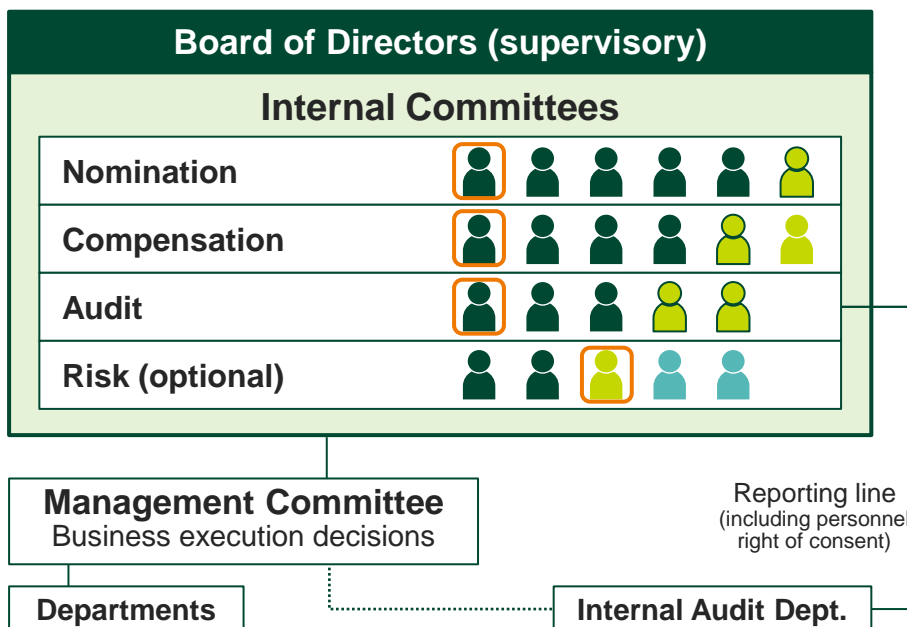
Governance	<ul style="list-style-type: none"> ● Enactment of the "Group Environmental Policy" ● Establishment of the "Corporate Sustainability Committee" chaired by the Group CEO to reflect climate change responses in management strategies
Strategy	<ul style="list-style-type: none"> ● Conducted scenario analysis of climate change in physical risks <ul style="list-style-type: none"> ● Targeting SMBC's domestic corporate customers, we estimate credit costs in the event of a water disaster to be approximately JPY 30 to 40 bn between 2019 and 2050 (JPY 1 bn annual) based on the scenarios of RCP*2.6 (2 ° C scenario) and RCP 8.5 (4 ° C scenario) ● Analysis of the future impact of stranded assets is under discussion ● Financing renewable energy projects and issuing green bonds
Risk Management	<ul style="list-style-type: none"> ● Implementation of environmental and social risk assessments based on the Equator Principles ● Manage finance for coal-fired power plants and coal mining <ul style="list-style-type: none"> ● Introduce business specific policies for coal-fired power plants in SMBC Group companies ● SMBC expanded the scope of its environmental and social risk assessments to include loans for coal mining
Metrics and Targets	<ul style="list-style-type: none"> ● Disclosure of greenhouse gas emissions

4. Governance

- Enhanced governance framework.
- Reduced the total number of the board of directors to 15. % of outside directors was raised to 47%.

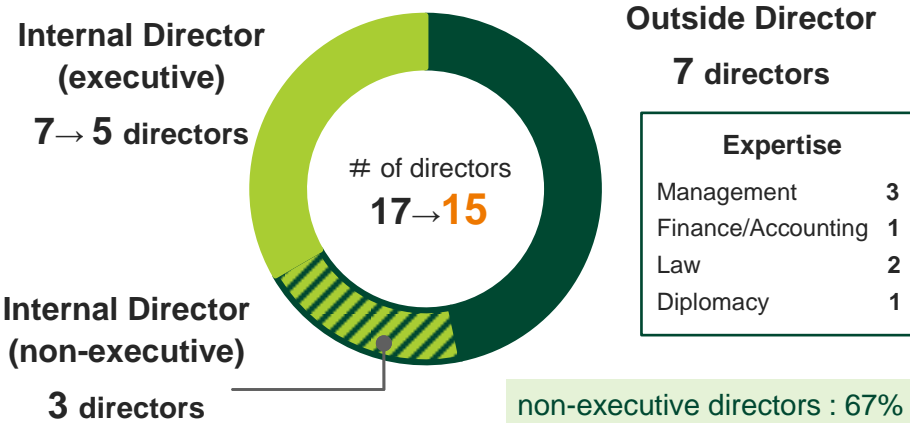
Governance framework

Outside director
 Internal director (non-executive)
 Internal director (executive)
 Outside experts
 Chairman

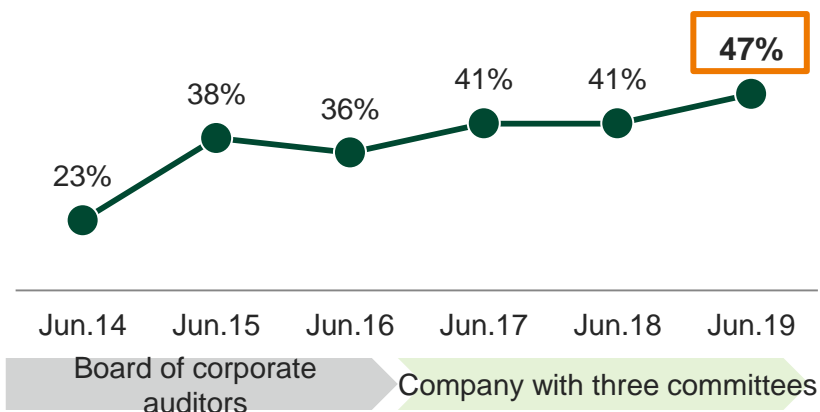


- Transformed SMBC and SMBC Nikko to a company with an Audit and Supervisory committee

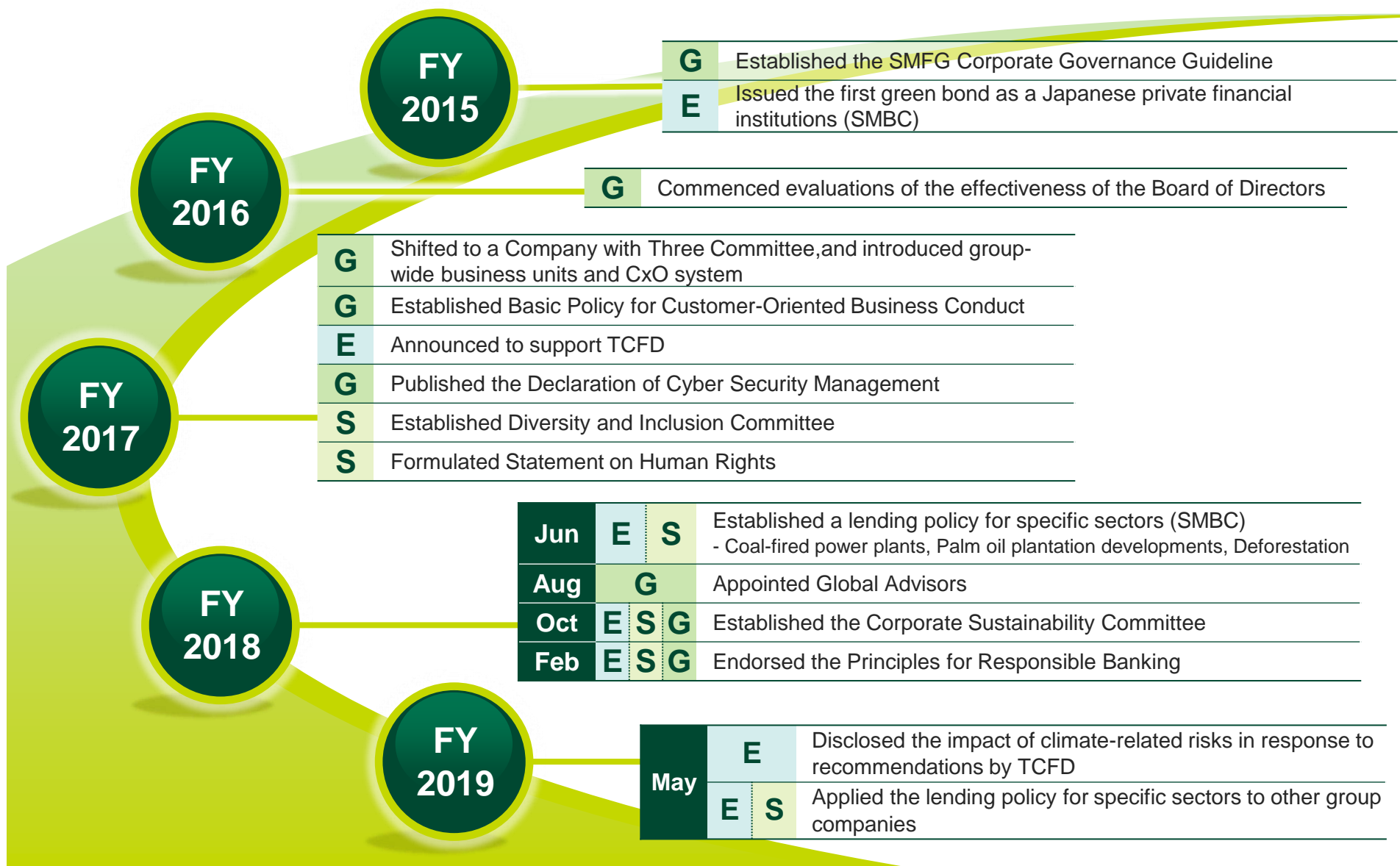
Board of directors



% of Outside Directors



■ (Ref.) Our ESG history

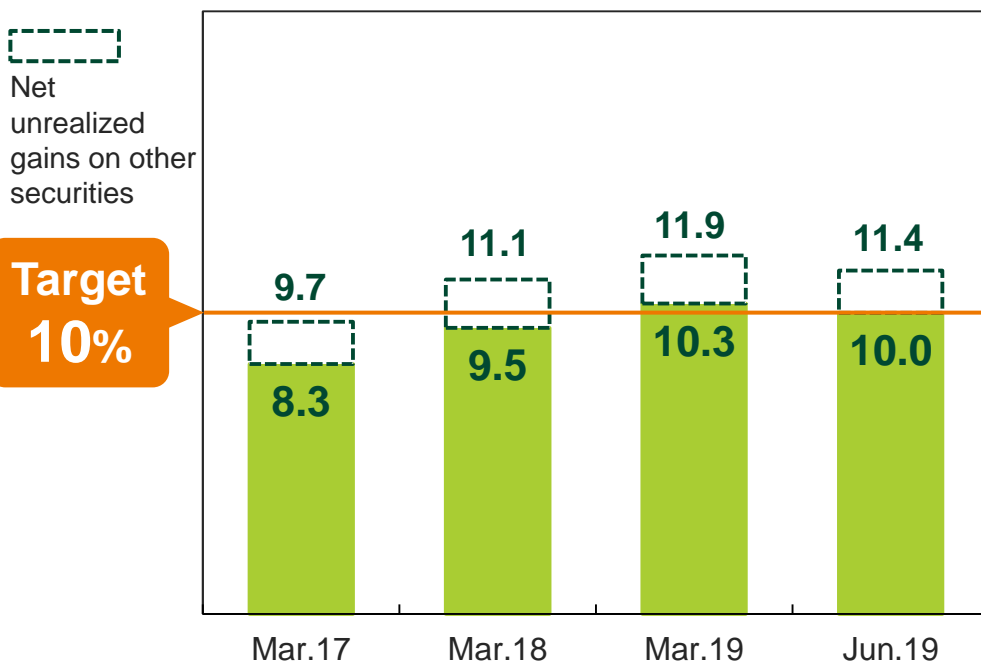


V. Capital policy

1. Capital position

- Reached our CET1 ratio target one year ahead of schedule.

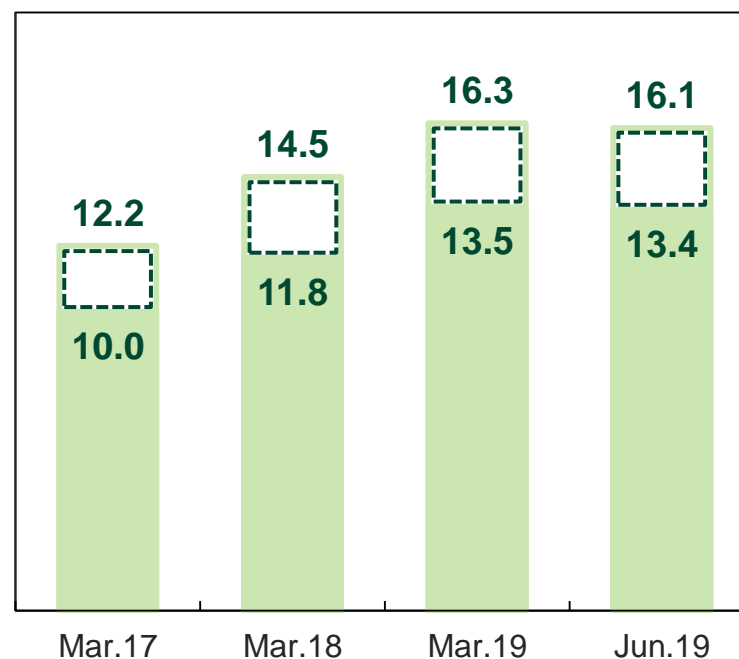
(%) **CET1 ratio** **Post-Basel III reforms**



(JPT tn)

RWA	85.6	78.7	76.8	80.4
CET1 capital	7.1	7.5	8.0	8.0

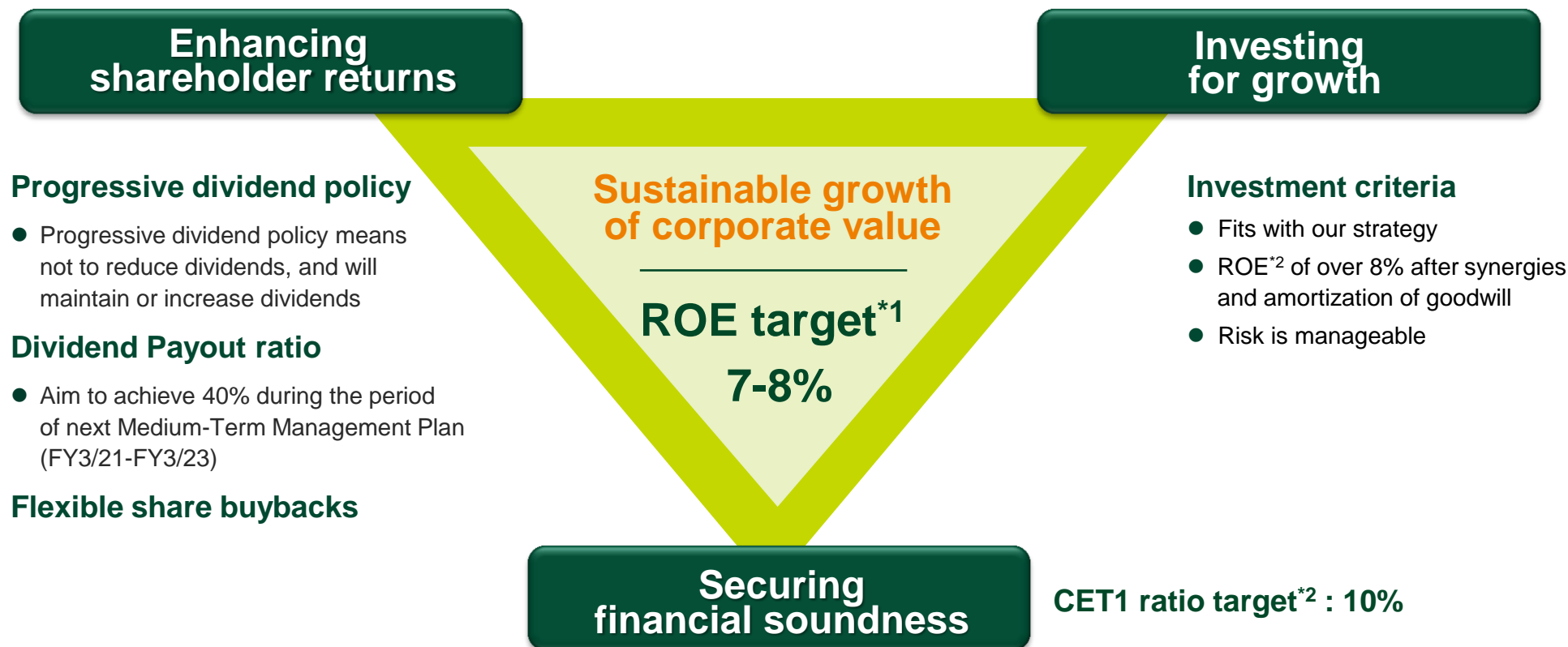
CET1 ratio **Basel III fully-loaded**



RWA	70.6	63.5	58.9	59.9
CET1 capital	8.7	9.2	9.7	9.7

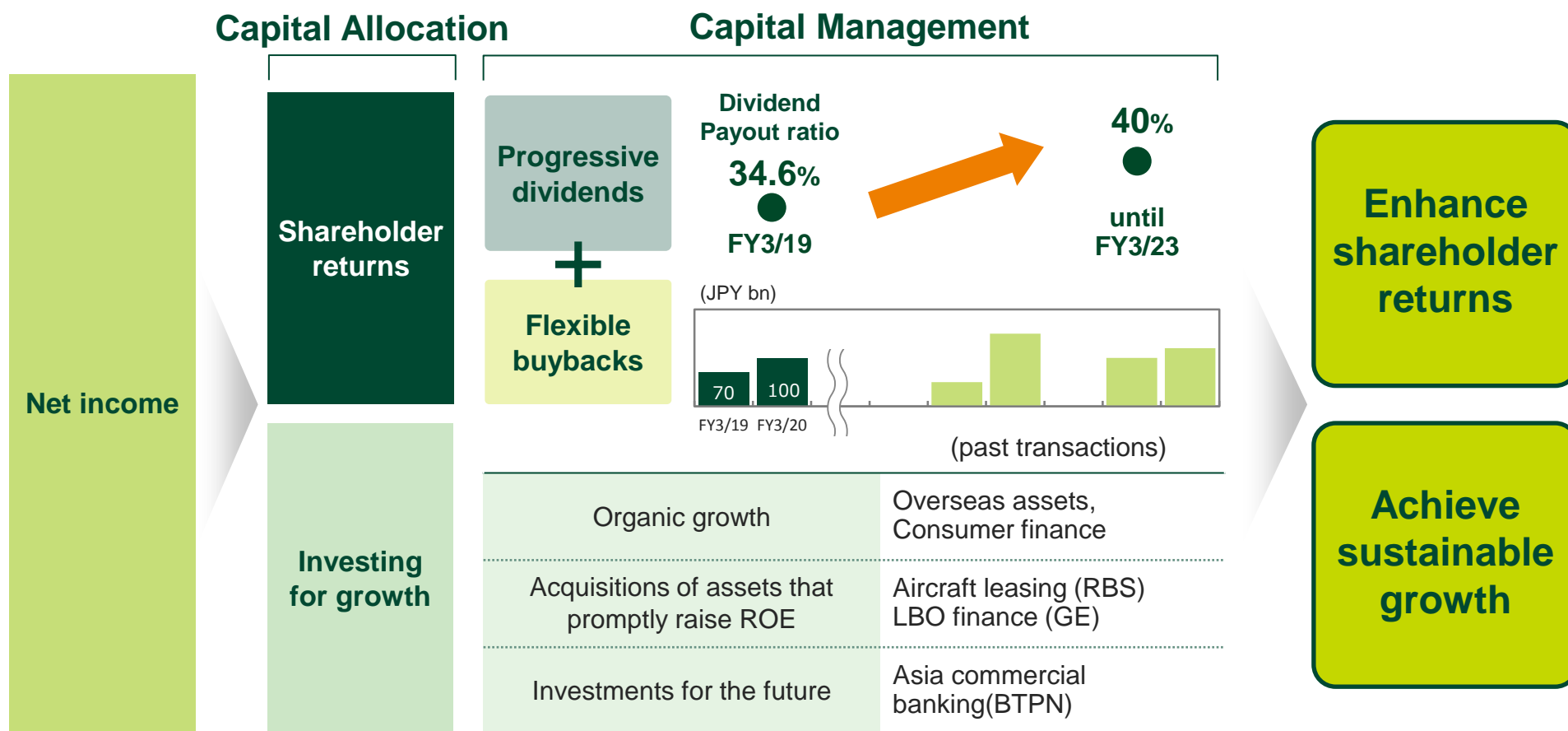
■ 2. Basic capital policy

- Achieve a healthy balance among securing financial soundness, enhancing shareholder returns, and investing for growth.
- Dividends will be our principal approach to shareholder returns. In addition, we will proceed with share buybacks on a flexible basis assuming our financial soundness is maintained.
 - We aim to pay progressive dividends supported by our sustainable earnings growth, and achieve a payout ratio of 40% during the period of the next medium-term management plan.
 - We will execute share buybacks as and when appropriate taking into account the factors such as our capital position, earnings trends, stock price, growth investment opportunities and an improvement of capital efficiency.



■ 3. Medium-to long-term capital management

- Entered into a new stage to focus on shareholder returns and investing for growth, after reaching our CET1 ratio target.
- Enhance shareholder returns through progressive dividends and flexible share buybacks, and achieve sustainable growth with disciplined growth investments.



4. Shareholder returns

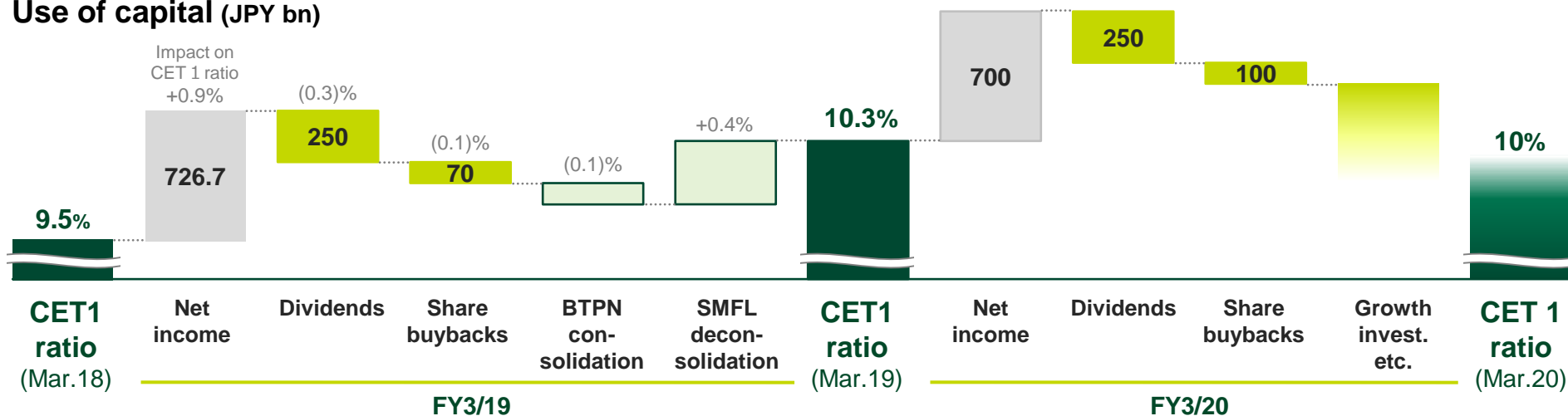
- Dividends : FY3/19 JPY 180 (+ JPY 10 YoY and vs target), FY3/20 target JPY 180.
- Share buybacks : JPY 100 bn (all of the repurchased shares will be cancelled.)

	FY3/19 (actual)	YoY	vs target	FY3/20 (target)
DPS	180	+10	+10	180
Dividend payout ratio	34.6%	+1.9%	—	35.9%
Share buybacks	70 bn (18/5)	—	—	100 bn (19/5)
Total payout ratio	44.2%	—	—	50.2%
Net income	726.7 bn	(7.7) bn	+26.7 bn	700 bn

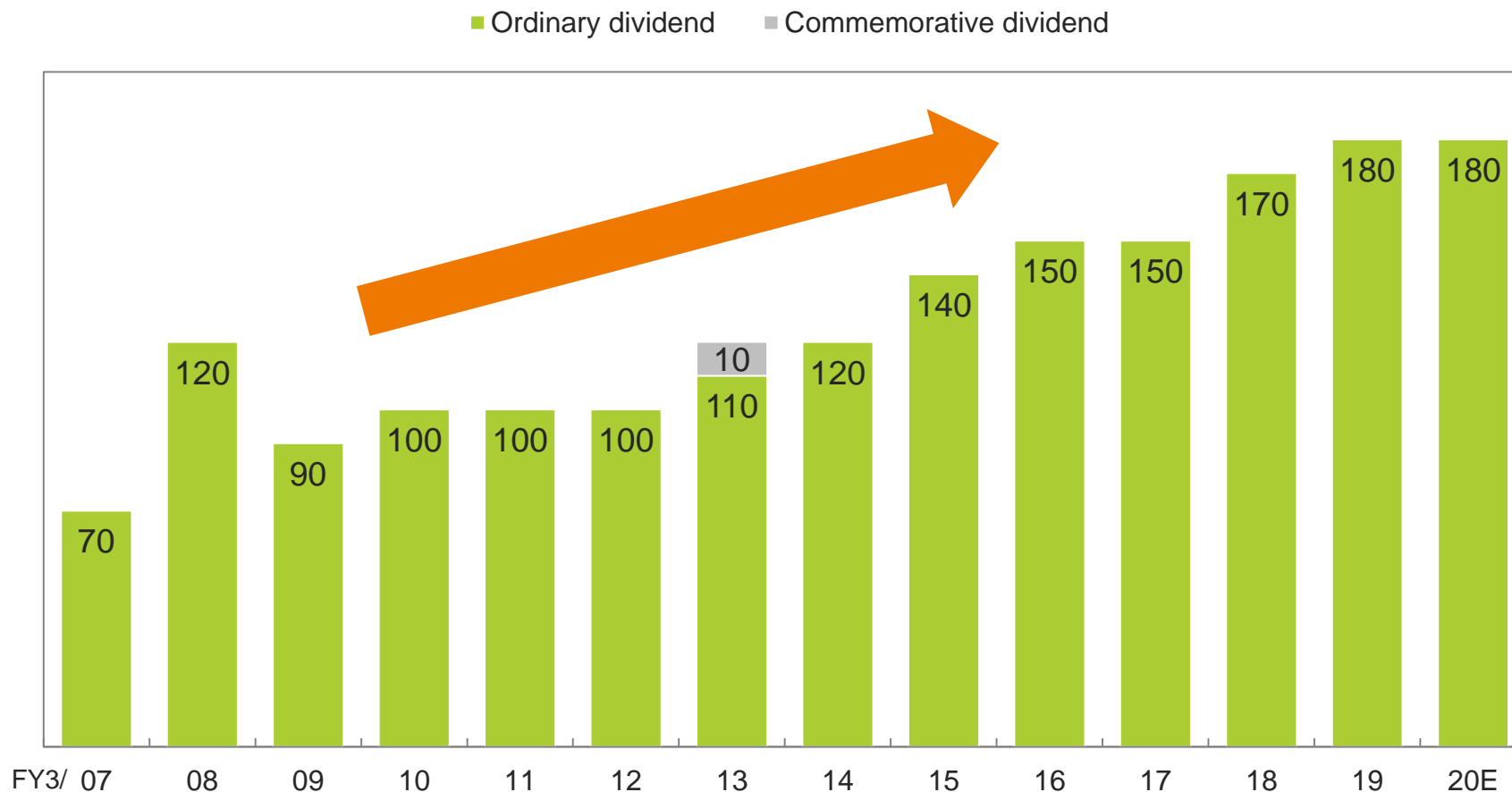
Outline of share buybacks

Purchase amount	JPY 100 bn
Purchase # of shares	27 mn shares
Purchase period	May.16 – Aug.9, 2019
Scheduled cancellation	Sep.20, 2019

Use of capital (JPY bn)



■ (Ref) Dividends per share

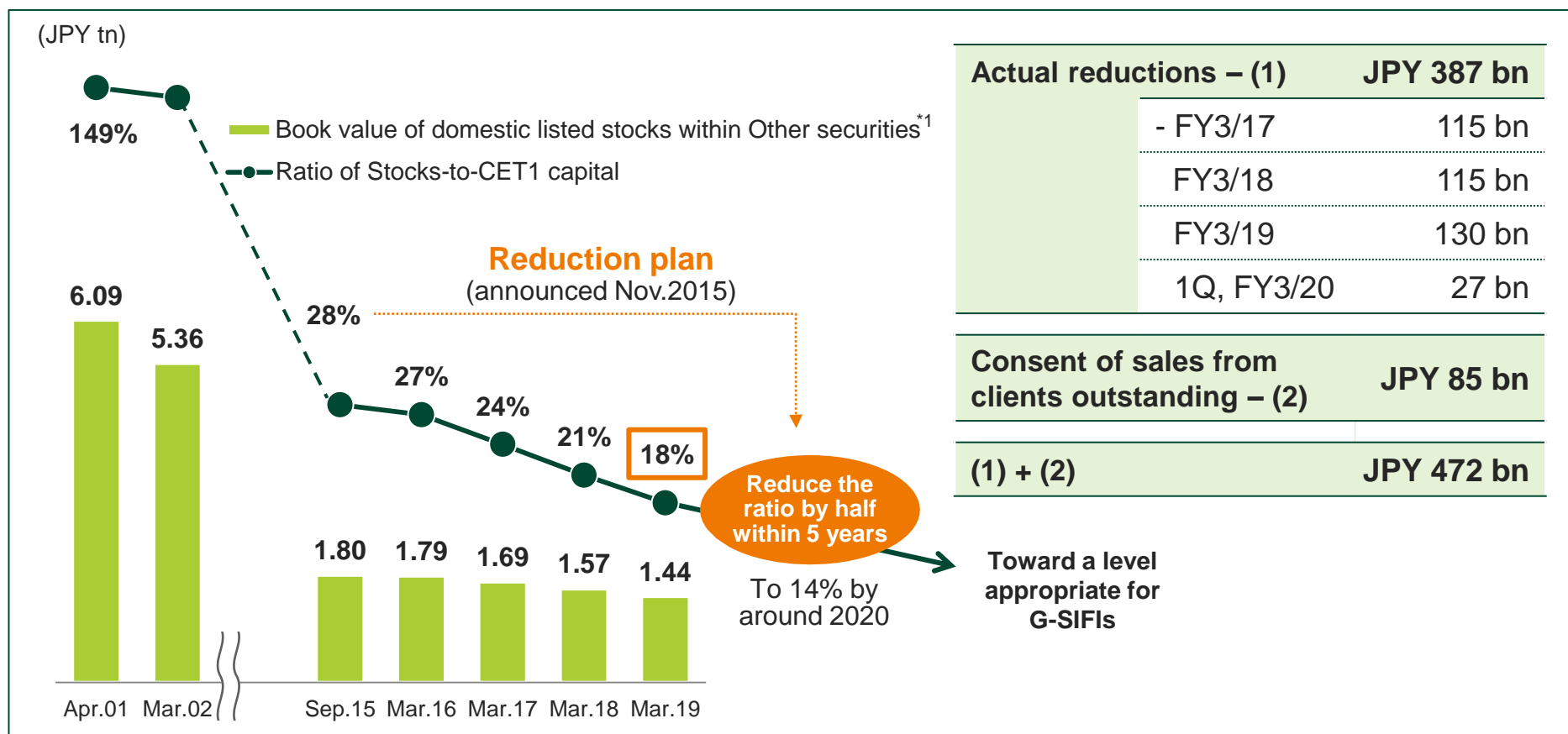


Dividend payout ratio (%)	12.5	20.5	-	46.8	30.0	26.8	21.3	20.3	26.2	32.7	29.9	32.7	34.6	35.9
ROE (%)	13.8	15.8	-	7.5	9.9	10.4	14.8	13.8	11.2	8.9	9.1	8.8	8.2	

5. 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.)
- Reduction is progressing as planned. Aim for having prospect to achieve the target during FY3/20.

Reduction plan




^{*1} Apr.01 and Mar.02 are ratio against SMBC consolidated Tier 1 capital

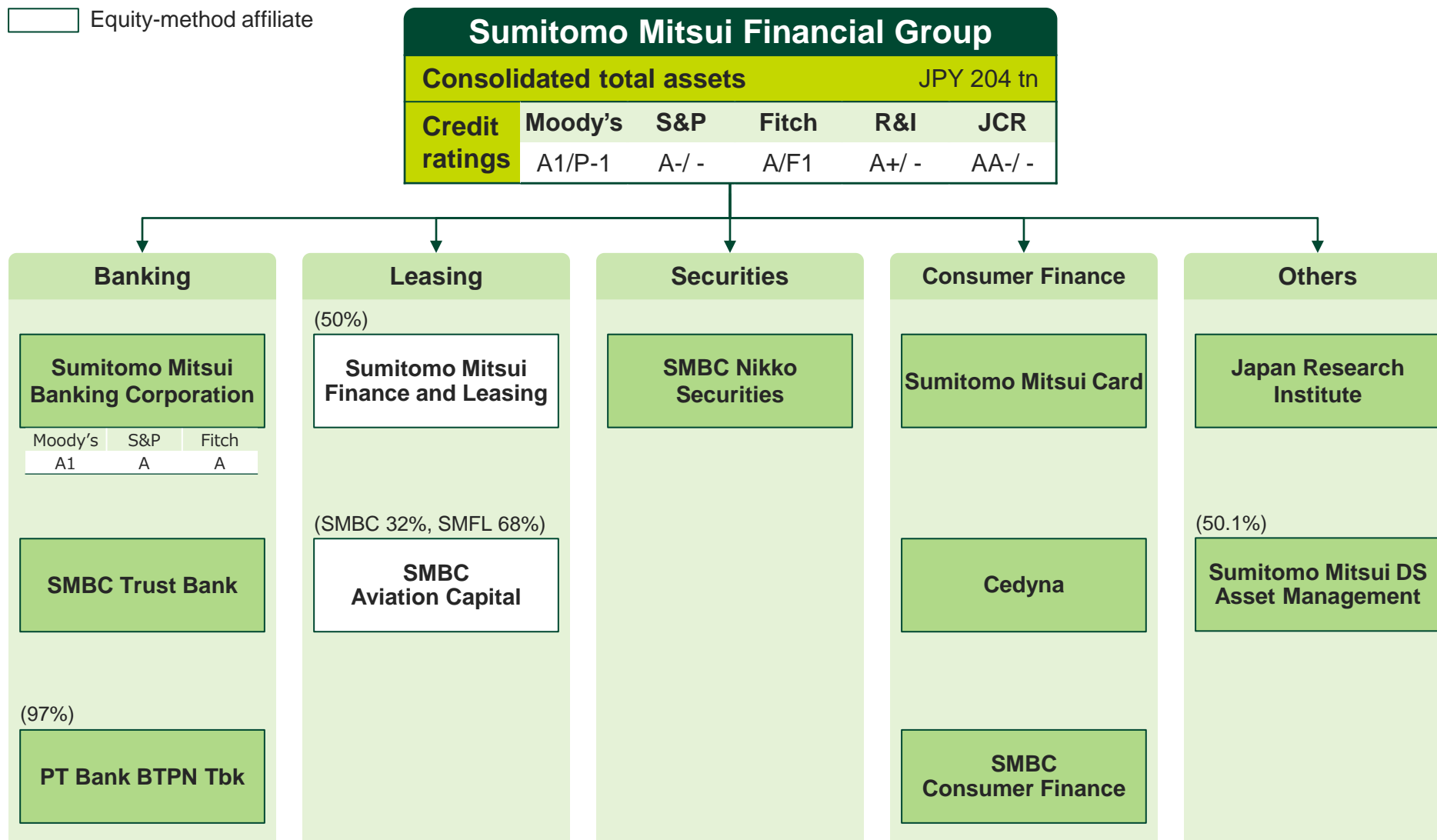
Appendix

Company overview

(1) Group structure

 Consolidated subsidiary

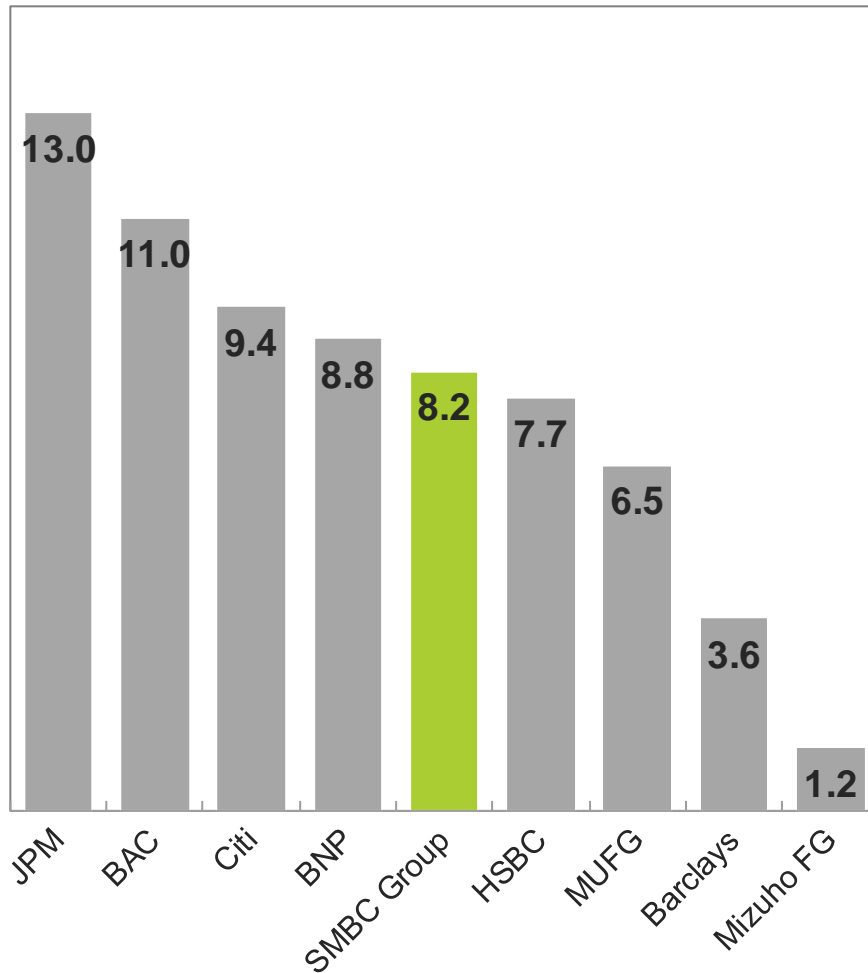
 Equity-method affiliate



(2) Peer comparison

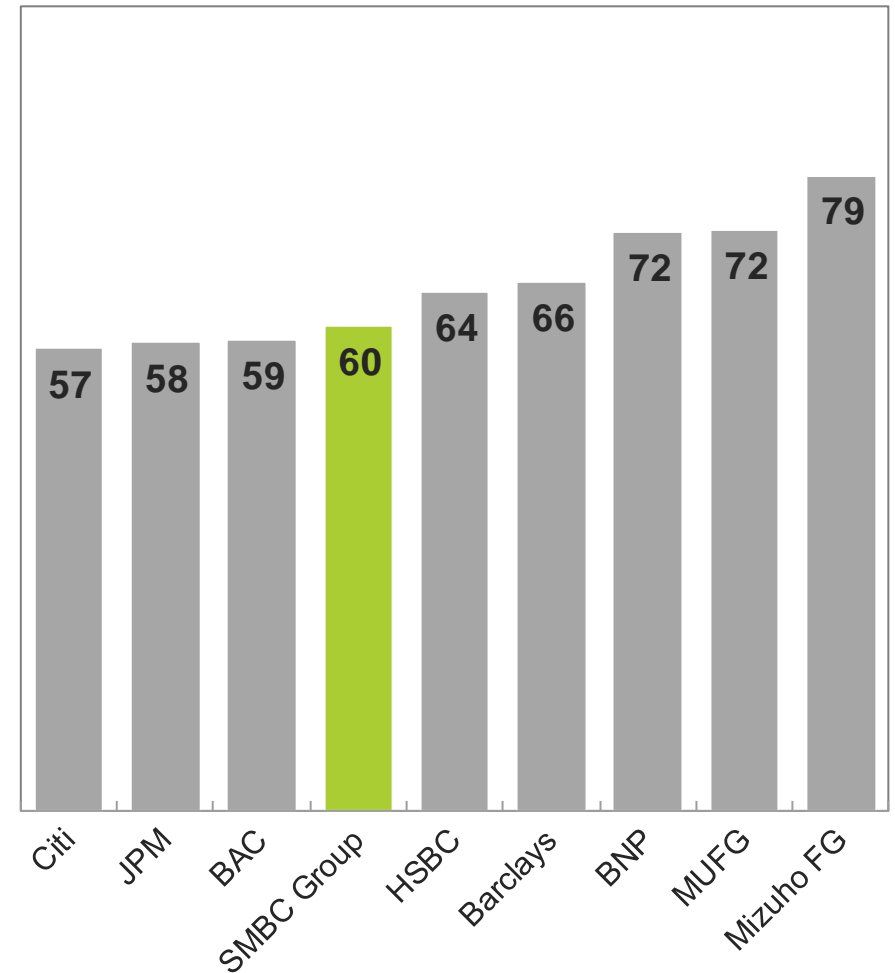
ROE*1

(%)



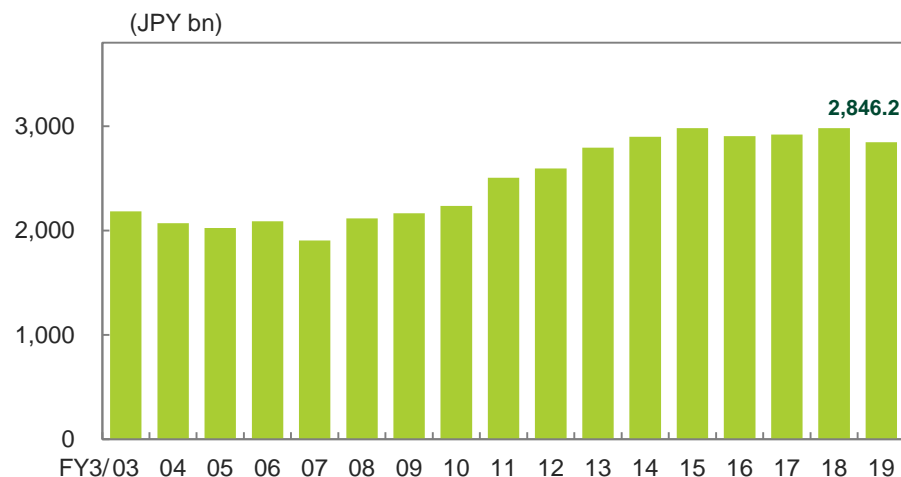
Overhead ratio*1

(%)



(3) Long-term results

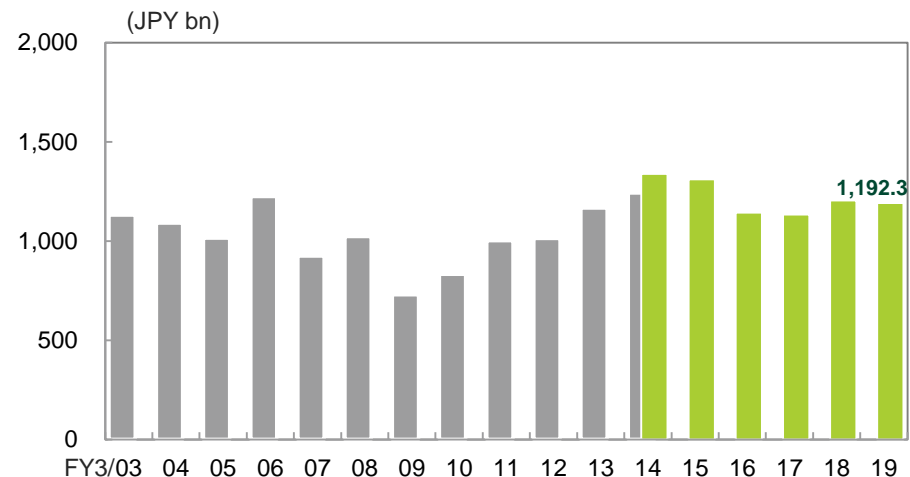
Consolidated gross profit



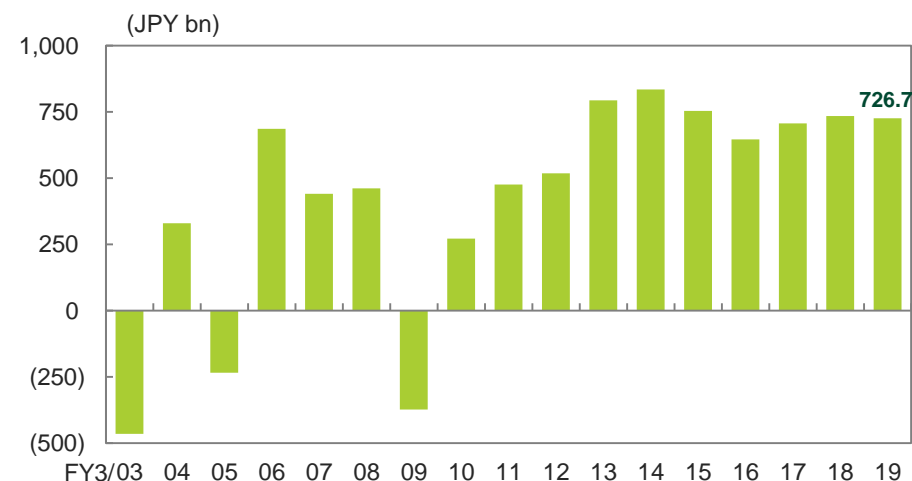
Breakdown of consolidated gross profit

	FY3/03		FY3/19
SMBC's Domestic loan / deposit related	35%	➡	15%
International business (banking)	5%	➡	19%
Group companies excluding SMBC	18%	➡	44%

Consolidated net business profit*1



Profit attributable to owners of parent



Group companies

(1) SMBC Nikko

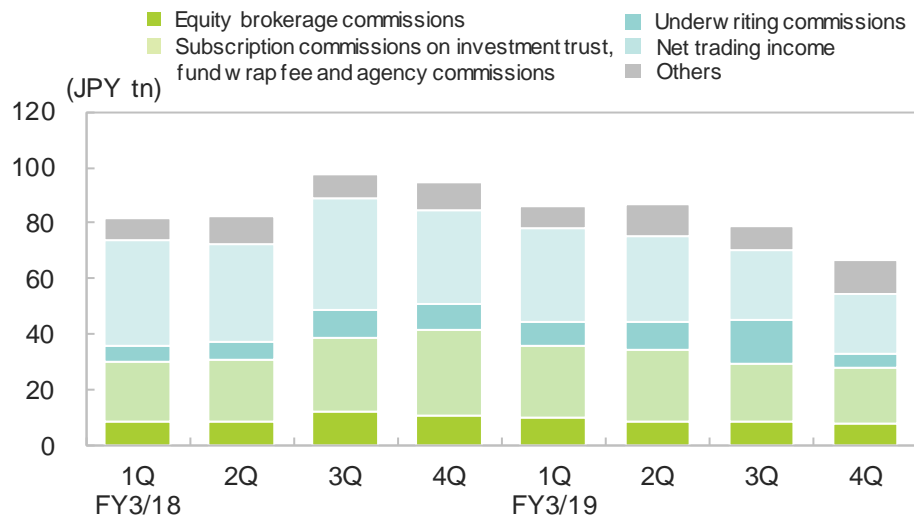
Financial results

(JPY bn)	FY3/18	FY3/19	YoY	vs sum of two companies*1
Net operating revenue	357.3	319.2	(38.1)	(61.5)
SG&A expenses	267.6	276.5	+8.9	(15.3)
Ordinary income	94.9	48.4	(46.5)	(47.0)
Net income	63.7	33.3	(30.4)	(26.9)

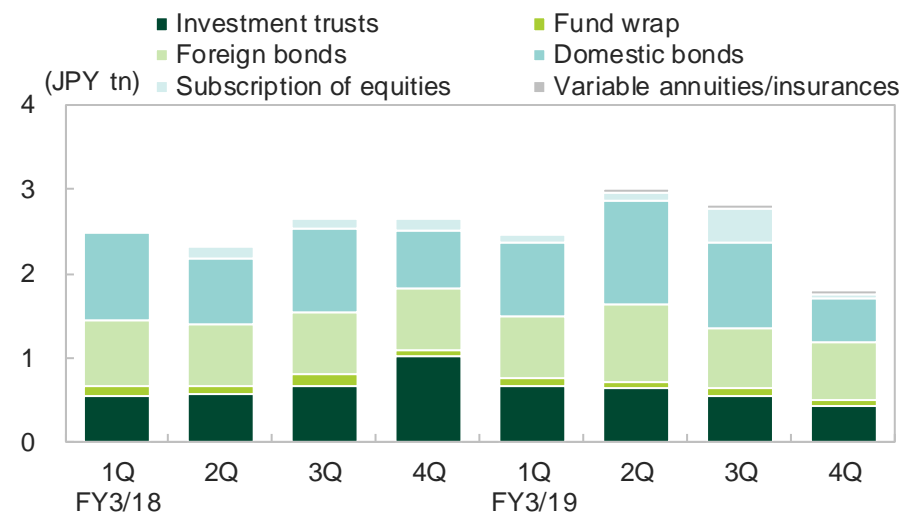
League tables (Apr.2018-Mar.2019)*2

	Rank	Mkt share
SMBC Nikko		
Global equity & equity-related (book runner, underwriting amount)*3	#2	15.4%
JPY denominated bonds (lead manager, underwriting amount)*3	#4	17.3%
Japanese corporate bonds (lead manager, underwriting amount)	#5	16.8%
SMBC Group		
IPO (lead manager, No. of deals)*5	#1	25.8%
Financial advisor (M&A, No. of deals)*6	#1	5.7%
Financial advisor (M&A, transaction volume)*6	#9	23.5%

Net operating revenue



Product sales



Group companies

(2) SMCC

Financial results

● SMCC (non-consolidated)

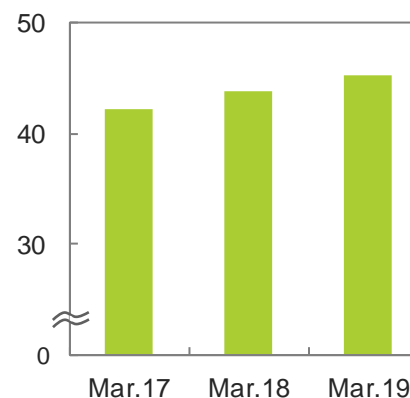
(JPY bn)	FY3/18	FY3/19	YoY
Operating revenue	247.8	279.3	+31.5
Operating expense	206.3	231.3	+25.0
Ordinary profit (loss)	41.0	47.8	+6.8
Net income	28.3	(58.5) ^{*1}	(86.8)

● Cedyna

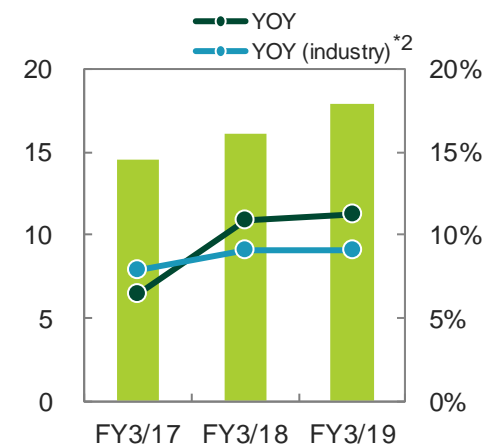
(JPY bn)	FY3/18	FY3/19	YoY
Operating revenue	188.9	186.5	(2.4)
Operating expense	175.8	172.1	(3.7)
Ordinary profit (loss)	13.4	14.8	+1.4
Net income	2.4	11.8	+9.4

Key figures

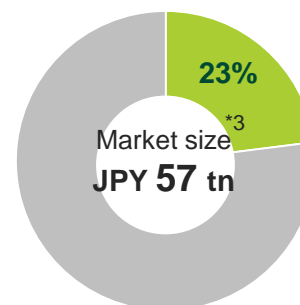
of card holders



Sales handled



Market share of the acquiring business



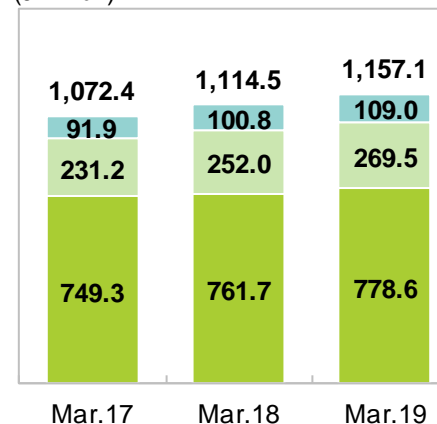
Financial results

(JPY bn)	FY3/18	FY3/19	YoY
Operating income	273.8	281.8	+8.0
Operating expenses	238.3	236.0	(2.3)
Expense for loan losses	58.1	57.5	(0.6)
Expense for loan guarantees	31.7	28.0	(3.7)
Expense for interest repayments	36.0	36.0	-
Ordinary profit	35.9	46.3	+10.3
Net income	24.6	45.1	+20.5
NPLs (NPL ratio)	64.8 5.81%	71.3 6.16%	+6.4 +0.35%
Allowance on interest repayments (provision)	109.4 2.3 yrs	112.1 3.4 yrs	

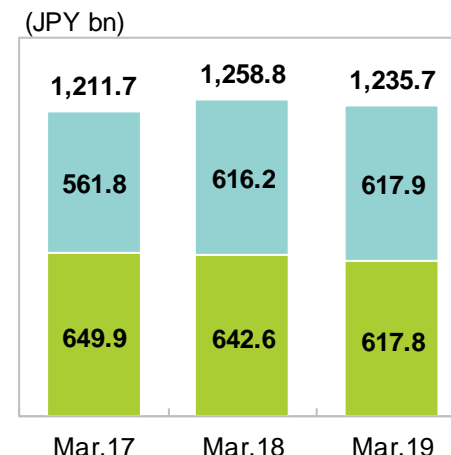
Consumer loans outstanding

Loan guarantee amount

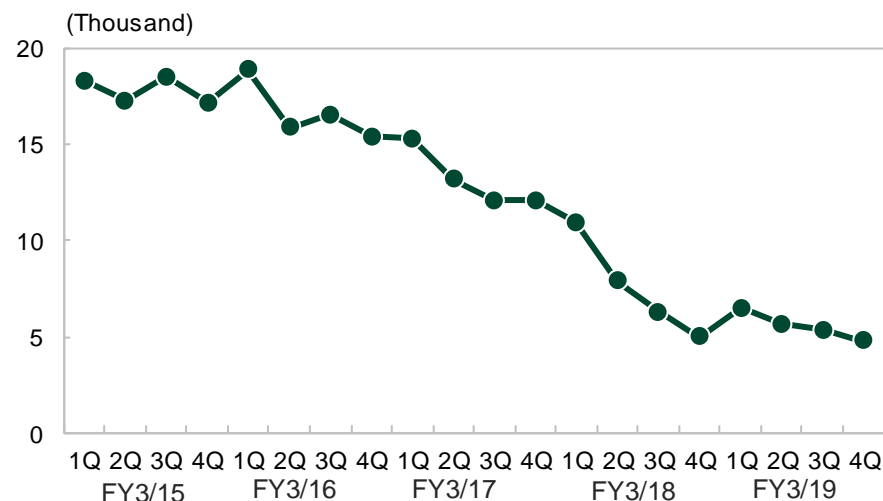
■ Promise ■ Mobit ■ Promise (overseas)
(JPY bn)



■ SMBC ■ Others



of interest refund claims



Group companies

(4) SMBCAC

Financial results

	(USD mn)	FY3/18	FY3/19
Total revenue		1,114	1,188
o/w Lease revenue		1,015	1,100
Net income		295	316
Aircraft asset ^{*1}		11,109	12,379
Net asset		2,274	3,117
ROE		13.9%	11.7%

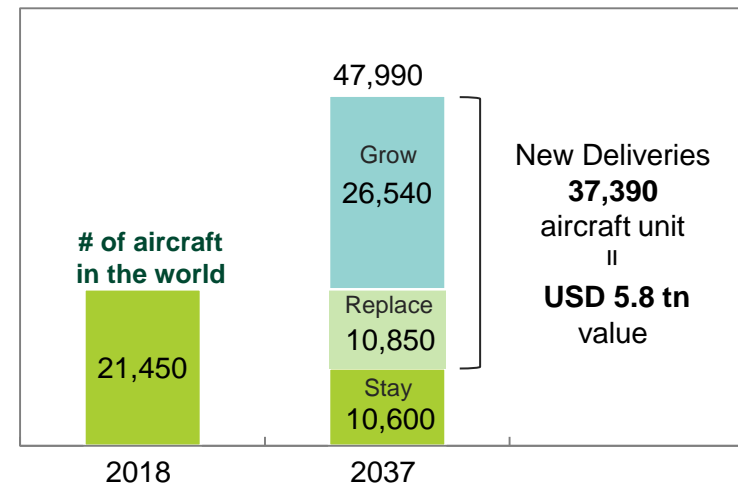
of owned and managed aircrafts^{*2}

	Company	Country	#
1	GECAS	USA	1,232
2	AerCap	Ireland	1,059
3	Avolon	Ireland	569
4	BBAM	USA	498
5	SMBC AC	Ireland	421

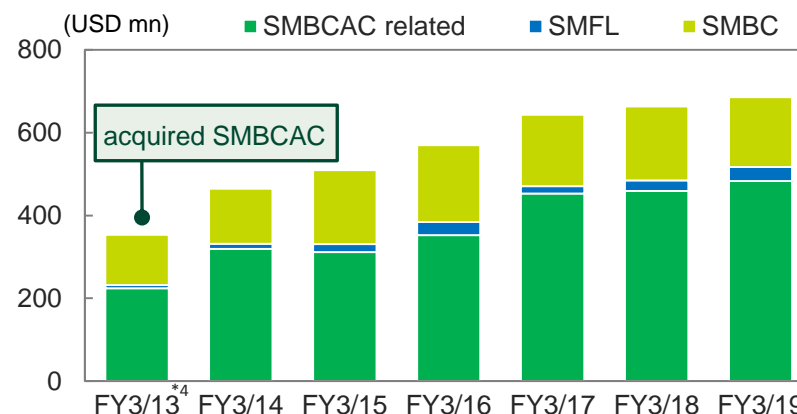
Average age of aircrafts

4.2 (as of Mar.19)

Aircraft Demand Forecast^{*3}



Aircraft business of SMBC Group



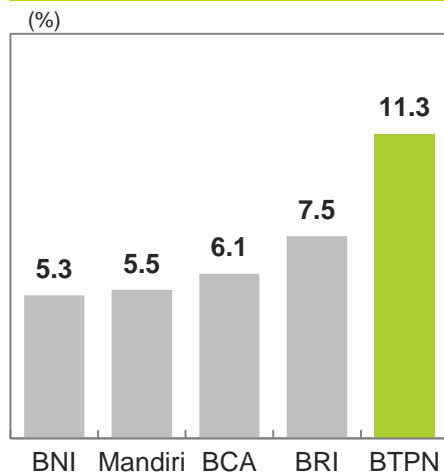
Group companies

(5) BTPN

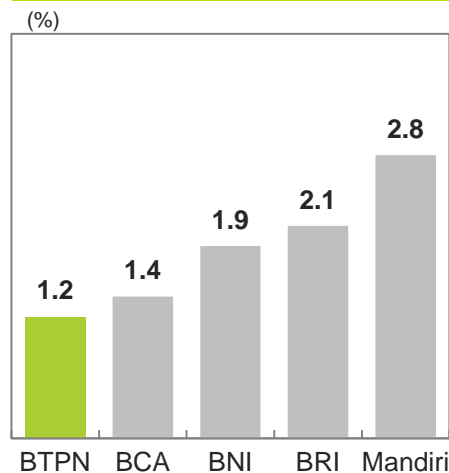
Financial results*1

(IDR billion)	2016	2017	2018	2019 1Q
Gross banking profit	9,464	9,991	10,201	2,780
Operating expenses	5,984	6,934	5,748	1,610
Net profits	1,752	1,221	1,968	507
ROE	12.6%	8.2%	12.4%	9.0%
Loans	63,168	65,352	68,137	139,844
Deposits	66,202	67,918	70,845	104,149
Total assets	91,371	95,490	101,919	192,151

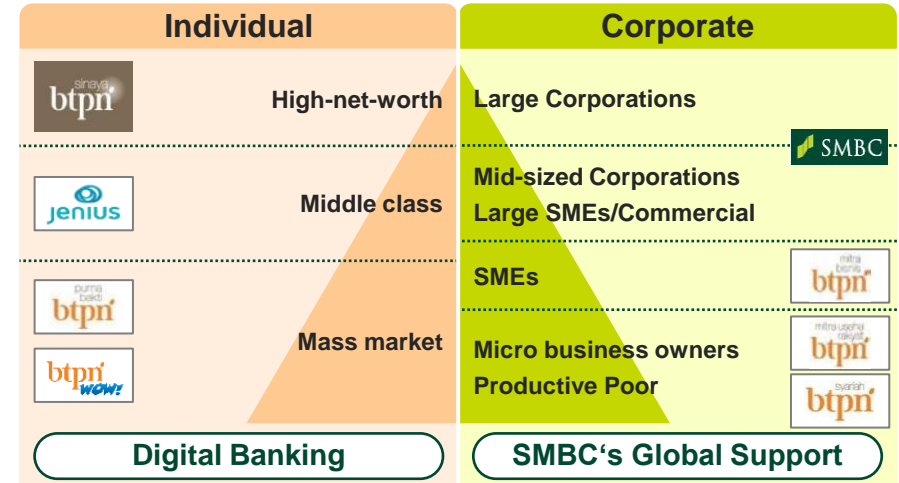
Net Interest Margin*2



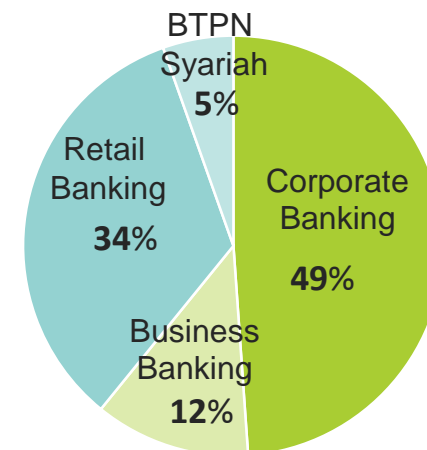
NPL ratio*2



Coverage

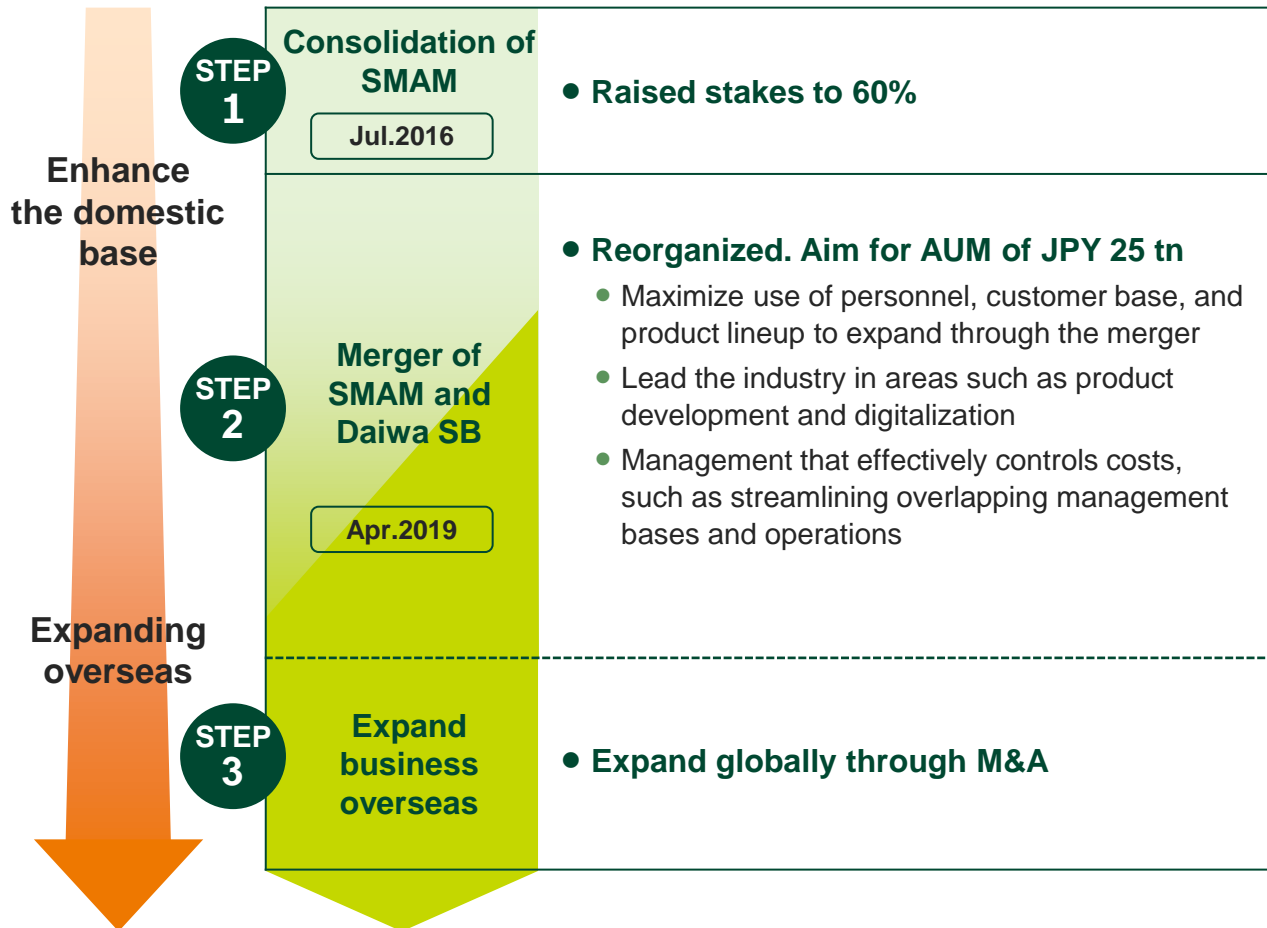


Loan breakdown*3



(6) Asset management

- SMAM merged with Daiwa SB (Sumitomo Mitsui DS Asset Management, stake:50.1%)
- Expand globally through organic and in-organic strategies



Domestic Ranking

AUM^{*1} (End of Sep.18) (JPY tn)

	Company	Balance
1	Asset Management One	59.6
2	Nomura Asset Management	49.2
3	Sumitomo Mitsui Trust Asset Management	46.9
4	Blackrock Japan	33.4
8	Sumitomo Mitsui DS Asset Management^{*2}	20.7

Operating income^{*3} (FY3/18) (JPY bn)

	Company	Profit
1	Nomura Asset Management	311
2	Asset Management One	207
3	Daiwa Asset management	184
4	Mitsubishi UFJ International Investment Trust	158
5	Sumitomo Mitsui DS Asset Management^{*2}	157

(1) Overview

SMBC Group 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

FY3/20 Financial Targets

Business Environment <ul style="list-style-type: none"> ➢ Challenging earnings environment ➢ Tighter international regulations ➢ New opportunities from technology and social trends 	Key considerations <ul style="list-style-type: none"> ➢ 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 FY3/17	Reduce to around 60% at the earliest opportunity (FY3/17: 62.1%)
		Financial Soundness	CET1 ratio*1	10%	Maintain capital in line with likely raised requirement (FY3/17 8.3%)

(2) 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	
	3	Increase market share in Corporate & Investment Banking in key global markets	
Grow Sustainable growth of US/EU businesses Make Asia our second mother market	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	

(3) Digitalization

- Proactively introduce new technologies and promote digitalization

Enhancing
the customer convenience



Cashless payments



Smartphone
applications

Generating
new businesses



Platform



B2B

Improving
productivity and efficiency



RPA



Workstyle reform
(public cloud)

Upgrading
management
infrastructure



MIS



Cyber security



Smartphones



SNS



Biometric
authentication



AI



API



IoT



Big data



Blockchain

Medium-term Management Plan

(4) IT investment

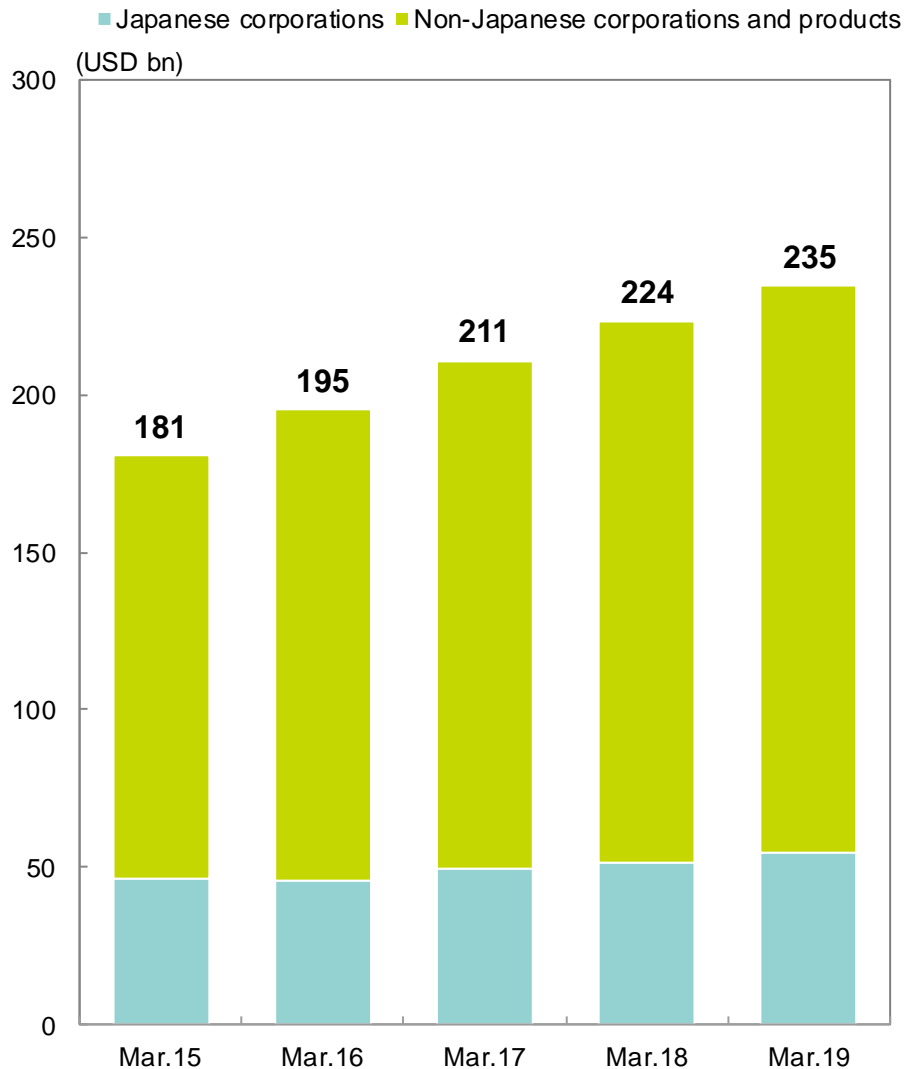
- Since the large renewal of systems has been completed, IT investment is expected to decrease in the current Medium-Term Management Plan
- In the mean time, we will further allocate our resources to “strategic investments” ; investments for business innovation through digitalization and the creation of new businesses

	Previous Medium-term Management Plan	Current Medium-term Management Plan
Main subject	<ul style="list-style-type: none"> ● Large renewal of systems <ul style="list-style-type: none"> ● Bank accounting system ● Core systems in group companies ● Up front investment to strategic areas <ul style="list-style-type: none"> ● Asia, retail, settlement, etc. 	<ul style="list-style-type: none"> ● Selected investments to strategic areas <ul style="list-style-type: none"> ● Select strategic and growing areas to invest in, such as investments for business innovation through digitalization and the creation of new businesses ● Adoption of efficient development method and utilization of new technology
Annual IT investment	JPY 170 bn	JPY 150 bn
Allocation to strategic investments	Strategic investment <div> <div>30%</div> <div>JPY 50 bn</div> <div>JPY 120 bn</div> </div>	<div> <div>40%</div> <div>JPY 50-60 bn</div> <div>JPY 90 bn</div> </div> +α
Review of budget	Once / year	Review the budget flexibly based on the dynamic changes in IT environment

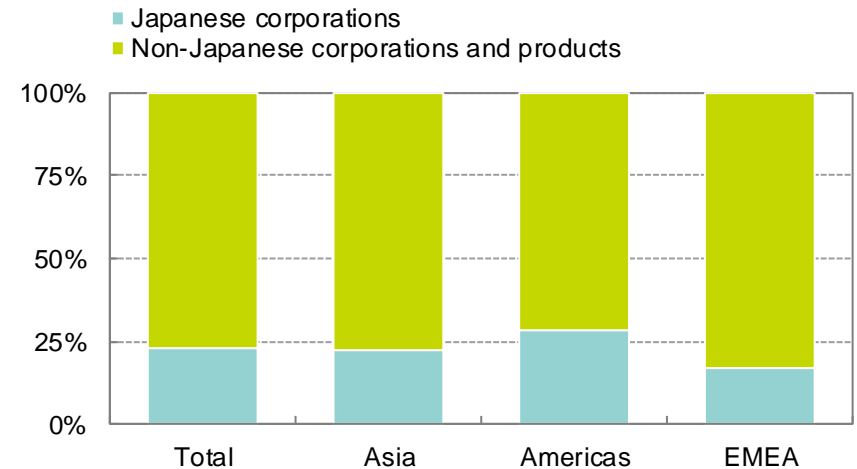
Loans and exposures

(1) Overseas loans classified by borrower type

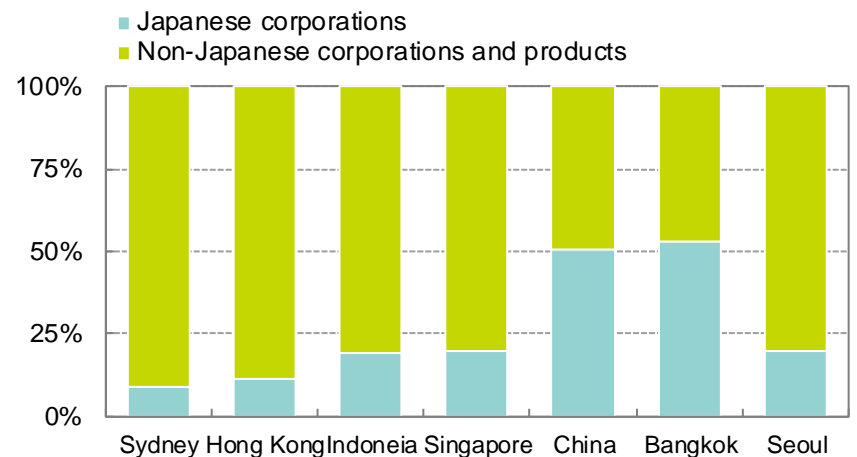
Total*1



By region (Mar.19)



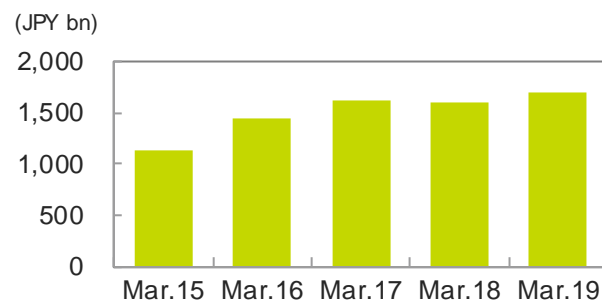
Major countries in Asia (Mar.19)*2



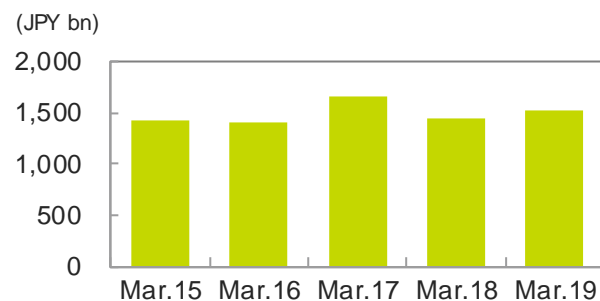
Loans and exposures

(2) Loan balance in Asia*1

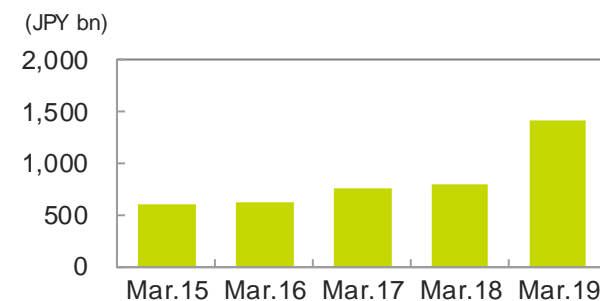
Australia



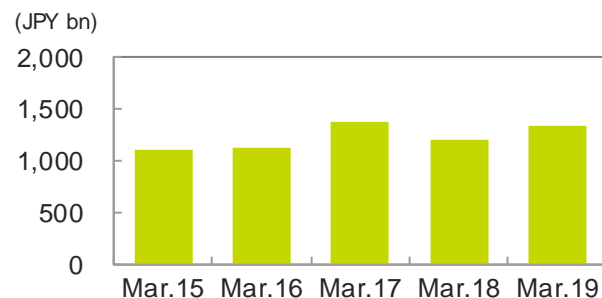
Hong Kong



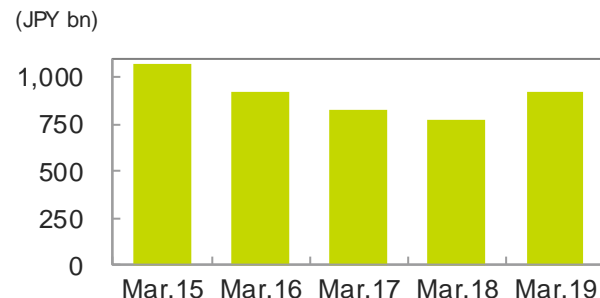
Indonesia



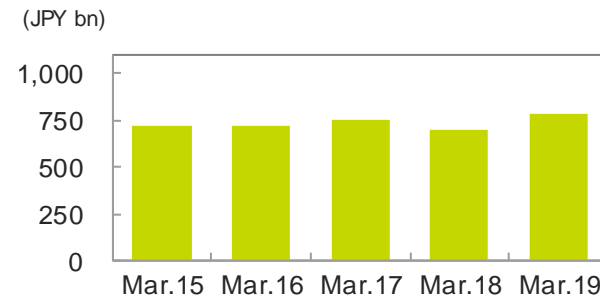
Singapore



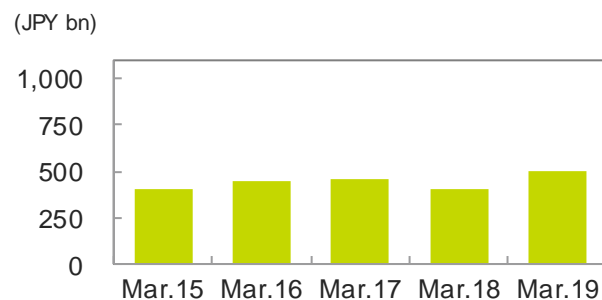
China



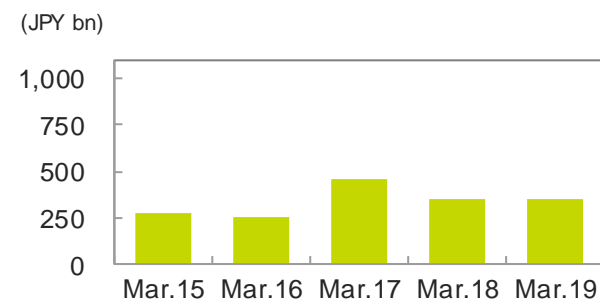
Thailand



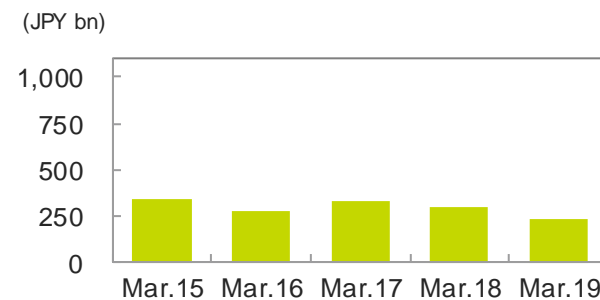
India



Taiwan

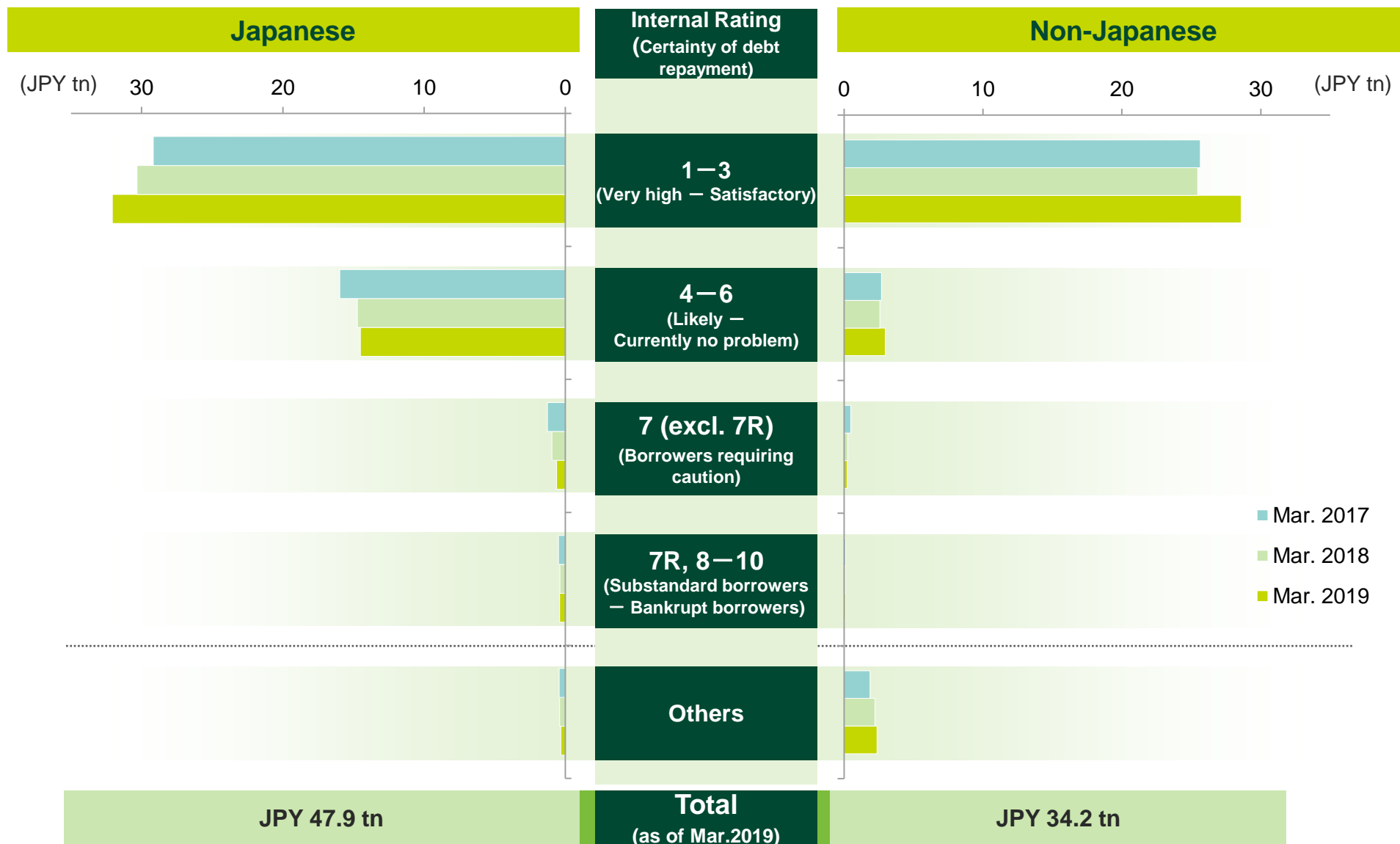


Korea


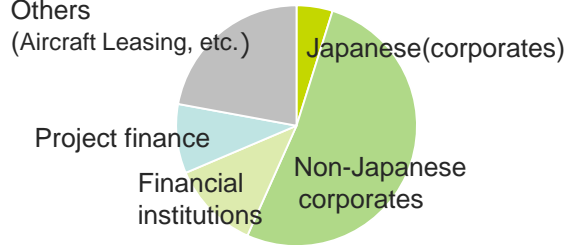

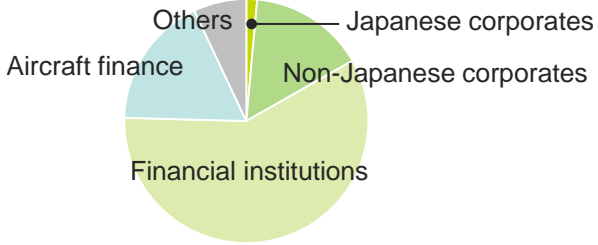

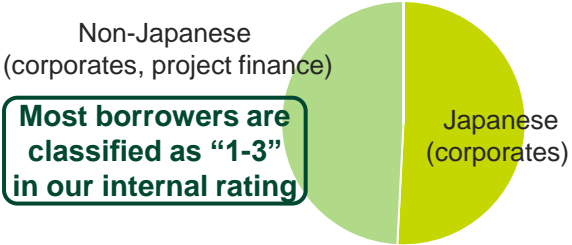


Loans and exposures

(3) Breakdown by internal ratings*1



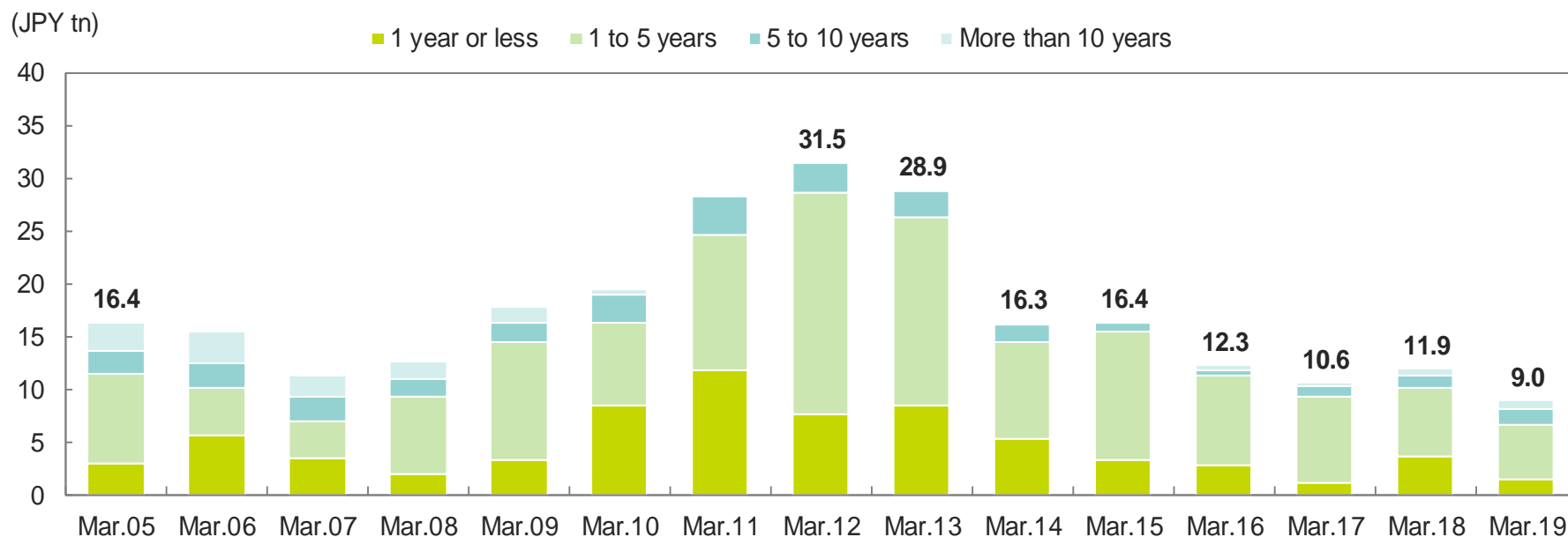
(4) Specific areas

	FY3/19	FY3/20	Breakdown
Russia (exposure) 	USD 3.5 bn	USD 3.4 bn	
Turkey (exposure) 	USD 3.4 bn	USD 3.0 bn	
China (loans) 	JPY 0.8 tn	JPY 0.9 tn	

Yen bond portfolio

Non-consolidated

(Total balance of Other securities with maturities and bonds classified as held-to-maturity – total of JGBs, local government and corporate bonds)



of which JGBs
(JPY tn)

26.2 13.8 14.0 9.8 8.0 9.3 6.3

Average duration (years) ¹⁾	2.3	1.5	1.7	2.4	1.8	1.1	1.4	1.9	1.8	1.1	1.8	2.8	2.9	2.3	3.2
Unrealized gains (losses) (JPY bn) ²⁾	7.7	(282.2)	(151.4)	(129.5)	(1.2)	116.1	71.9	104.4	95.3	60.0	45.9	103.8	57.5	44.2	60.5

¹ Excludes bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero

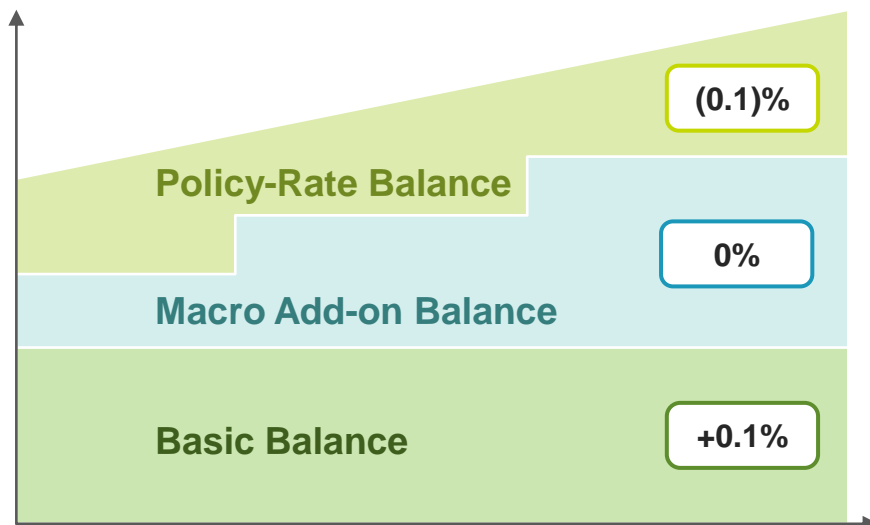
² 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 09

(1) BOJ's monetary policy

Timeline

Apr. 2013	Introduction of the Quantitative and Qualitative Monetary Easing (QQE)
Jan. 2016	Introduction of Negative Interest Rate Policy
Sep. 2016	Introduction of QQE with yield curve control
Jul. 2018	Introduction of forward guidance for policy rates
Apr. 2019	Clarification of forward guidance for policy rates

Three-tier system in current accounts at BOJ



Recent announcements

Jul. 2018

- **Introduction of forward guidance for policy rates**
 - Maintain the current level of low interest rates for an extended period of time, taking into account uncertainties regarding economic activity and prices including the effects of the consumption tax hike scheduled in Oct. 2019
- **Flexible operation of yield curve control**
- **Flexible operation of asset purchases**
- **Reduce the Policy-Rate Balance**
 - about JPY 10 tn on average to about JPY 5 tn

Apr. 2019

- **Clarification of forward guidance for policy rates**
 - Maintain the current extremely low levels of short- and long-term interest rates for an extended period of time, at least through around spring 2020
- **Implementation of measures contributing to the continuation of powerful monetary easing**
 - Expand eligible collateral for BOJ's provision of credit

(2) TLAC requirements

- Japanese TLAC standards, which are applied to Japanese G-SIBs, started in Mar.19
- The TLAC ratio as of Mar.19 meets the required level

TLAC and capital buffer requirements for SMFG

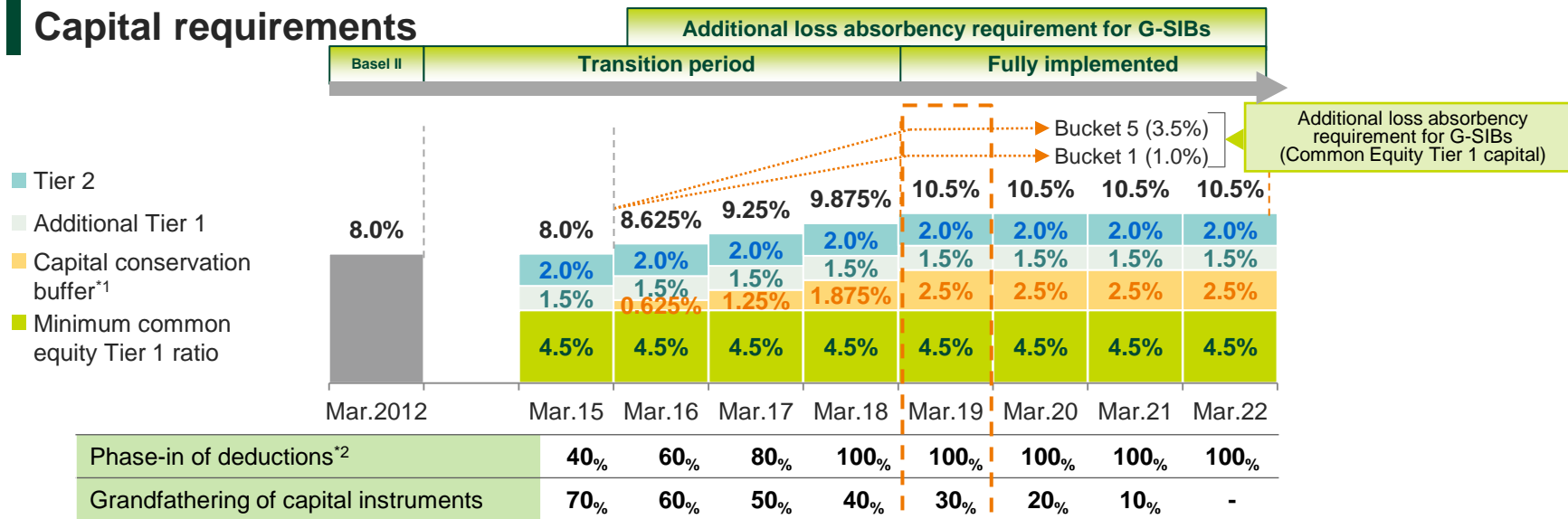
	2019 - 2021	After 2022
Minimum external TLAC requirements (RWA basis)	16%	18%
+) capital buffers* ¹	+3.5%	+3.5%
Effective required level of minimum external TLAC (RWA basis)	19.5%	21.5%
Minimum external TLAC requirements (Leverage Exposure basis)	6%	6.75%
Plus leverage ratio buffer* ¹	n.a.	7.25%

TLAC ratio (transitional basis)

	(JPY bn)	Mar.19
External TLAC (before deduction of capital buffers)	A	17,983.4
Risk-weighted assets (RWA)	B	58,942.8
TLAC ratio of RWA	(A/B) C	30.50%
Capital buffers (including CCyB)	D	(3.60%)
Ref: TLAC ratio of RWA (after deduction basis)	(C-D) E	26.90%
Leverage exposure (LE)	F	219,538.8
TLAC ratio of LE	(A/F) G	8.19%

(3) Application of Basel III

Capital requirements



		2022	2023	2024	2025	2026	2027
RWA*3	Revised standardized approach and internal ratings-based framework for credit risk	Implementation					
	Revised credit valuation adjustment (CVA) and market risk framework						
	Revised operational risk framework						
	Output floor	50%	55%	60%	65%	70%	72.5%

Leverage ratio and liquidity rules

	2015	2016	2017	2018	2019	2020	2021	2022
Leverage ratio	Disclosure				Implementation			
Revised leverage ratio*3, 4								Implementation
Liquidity coverage ratio (LCR)	60%	70%	80%	90%	100%			
Net stable funding ratio (NSFR) *3					Implementation			

*1 Countercyclical buffer (CCyB) omitted in the chart above; if applied, phased-in in the same manner as the Capital conservation buffer

*2 Including amounts exceeding limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions

*3 Scheduled based on final documents by BCBS (implementation in Japan TBD) *4 Revised exposure definition and G-SIB buffer

Credit ratings of G-SIBs (Operating banks)*1

(As of July 31, 2019)

Moody's	Moody's	S&P	Fitch	S&P Fitch
Aaa				AAA
Aa1				AA+
Aa2	<ul style="list-style-type: none"> Bank of America Bank of New York Mellon JPMorgan Chase Bank Wells Fargo Bank 		<ul style="list-style-type: none"> Bank of New York Mellon JPMorgan Chase Bank Royal Bank of Canada State Street Bank & Trust 	AA
Aa3	<ul style="list-style-type: none"> BNP Paribas Citibank HSBC Bank ING Bank State Street Bank & Trust UBS 	<ul style="list-style-type: none"> Bank of New York Mellon HSBC Bank Royal Bank of Canada State Street Bank & Trust 	<ul style="list-style-type: none"> Bank of America HSBC Bank ING Bank UBS Wells Fargo Bank 	AA-
A1	SMBC <ul style="list-style-type: none"> Agricultural Bank of China Bank of China BPCE China Construction Bank Crédit Agricole Credit Suisse Goldman Sachs Bank ICBC Mizuho Bank Morgan Stanley Bank MUFG Bank Société Générale Standard Chartered 	<ul style="list-style-type: none"> Bank of America BNP Paribas BPCE Citibank Crédit Agricole Credit Suisse Goldman Sachs Bank ING Bank JPMorgan Chase Bank Morgan Stanley Bank UBS Wells Fargo Bank 	<ul style="list-style-type: none"> Barclays Bank BNP Paribas BPCE Citibank Crédit Agricole Goldman Sachs Bank Morgan Stanley Bank Standard Chartered 	A+
A2	<ul style="list-style-type: none"> Banco Santander Barclays Bank Royal Bank of Canada 	SMBC <ul style="list-style-type: none"> Agricultural Bank of China Banco Santander Bank of China Barclays Bank China Construction Bank ICBC Mizuho Bank MUFG Bank Société Générale Standard Chartered 	SMBC <ul style="list-style-type: none"> Agricultural Bank of China Bank of China China Construction Bank Credit Suisse ICBC MUFG Bank Société Générale 	A
A3	<ul style="list-style-type: none"> Deutsche Bank 		<ul style="list-style-type: none"> Banco Santander Mizuho Bank 	A-
Baa1	<ul style="list-style-type: none"> UniCredit 	<ul style="list-style-type: none"> Deutsche Bank 		BBB+
Baa2		<ul style="list-style-type: none"> UniCredit 	<ul style="list-style-type: none"> Deutsche Bank UniCredit 	BBB
Baa3				BBB-

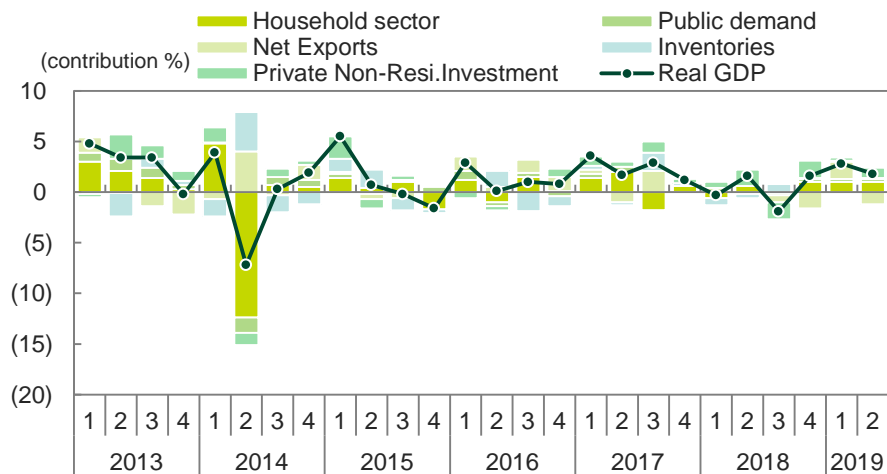
Credit ratings of G-SIBs (Holding companies)*1

(As of July 31, 2019)

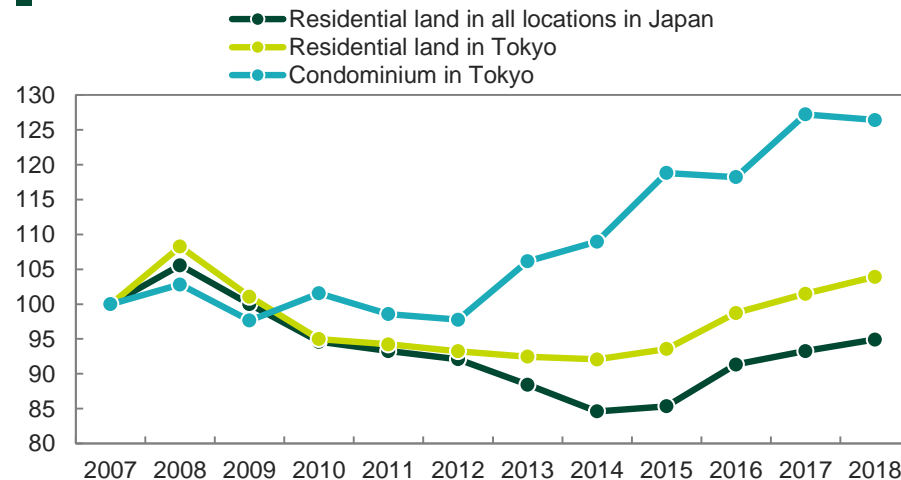
Moody's	Moody's	S&P	Fitch	S&P Fitch
Aaa				AAA
Aa1				AA+
Aa2				AA
Aa3			<ul style="list-style-type: none"> Bank of New York Mellon HSBC JPMorgan State Street 	AA-
A1	SMFG <ul style="list-style-type: none"> Bank of New York Mellon <ul style="list-style-type: none"> Mizuho MUFG State Street 		<ul style="list-style-type: none"> Bank of America Groupe BPCE ING UBS Wells Fargo 	A+
A2	<ul style="list-style-type: none"> Bank of America HSBC JPMorgan <ul style="list-style-type: none"> Standard Chartered Wells Fargo 	<ul style="list-style-type: none"> Bank of New York Mellon <ul style="list-style-type: none"> HSBC State Street 	SMFG <ul style="list-style-type: none"> Barclays Citigroup Goldman Sachs <ul style="list-style-type: none"> MUFG Morgan Stanley Standard Chartered 	A
A3	<ul style="list-style-type: none"> Citigroup Goldman Sachs <ul style="list-style-type: none"> Morgan Stanley UBS 	SMFG <ul style="list-style-type: none"> Bank of America ING JPMorgan <ul style="list-style-type: none"> Mizuho MUFG UBS Wells Fargo 	<ul style="list-style-type: none"> Credit Suisse Mizuho 	A-
Baa1	<ul style="list-style-type: none"> ING 	<ul style="list-style-type: none"> Citigroup Credit Suisse Goldman Sachs <ul style="list-style-type: none"> Morgan Stanley Standard Chartered 		BBB+
Baa2	<ul style="list-style-type: none"> Credit Suisse 	<ul style="list-style-type: none"> Barclays 		BBB
Baa3	<ul style="list-style-type: none"> Barclays 			BBB-
Ba1				BB+
Ba2				BB

Japanese economy

Real GDP growth rate (annualized QOQ change)*1



Price index for residential land and condominiums*2



Indicators to measure progress out of deflation*3

