

Financial Review

Principal Financial Data

Consolidated Performance Summary

(Billions of yen)

Year ended March 31	2015	2016	2017	2018	2019
Consolidated gross profit	2,980.4	2,904.0	2,920.7	2,981.1	2,846.2
Net interest income	1,505.2	1,422.9	1,358.6	1,390.2	1,331.4
Net fees and commissions + Trust fees	999.6	1,007.5	1,017.1	1,070.5	1,064.6
Net trading income + Net other operating income	475.7	473.5	545.0	520.3	450.2
General and administrative expenses	1,659.3	1,724.8	1,812.4	1,816.2	1,715.1
Overhead ratio	55.7%	59.4%	62.1%	60.9%	60.3%
Equity in gains (losses) of affiliates	(10.6)	(36.2)	24.6	39.0	61.1
Consolidated net business profit	1,310.5	1,142.9	1,132.9	1,203.8	1,192.3
Total credit cost (gains)	7.8	102.8	164.4	94.2	110.3
SMBC non-consolidated	(80.1)	(3.2)	61.1	(26.7)	(2.2)
Gains (losses) on stocks	66.7	69.0	55.0	118.9	116.3
Other income (expenses)	(48.2)	(123.9)	(17.6)	(64.5)	(63.1)
Ordinary profit	1,321.2	985.3	1,005.9	1,164.1	1,135.3
Extraordinary gains (losses)	(11.8)	(5.1)	(26.6)	(55.3)	(11.7)
Income taxes	441.4	225.0	171.0	270.5	331.4
Profit attributable to non-controlling interests	114.4	108.4	101.8	104.0	65.5
Profit attributable to owners of parent	753.6	646.7	706.5	734.4	726.7

Consolidated Balance Sheet Summary

March 31

Total assets	183,442.6	186,585.8	197,791.6	199,049.1	203,659.1
Loans and bills discounted	73,068.2	75,066.1	80,237.3	72,945.9	77,979.2
Securities	29,633.7	25,264.4	24,631.8	25,712.7	24,338.0
Total liabilities	172,746.3	176,138.2	186,557.3	187,436.2	192,207.5
Deposits	101,047.9	110,668.8	117,830.2	116,477.5	122,325.0
Negotiable certificates of deposit	13,825.9	14,250.4	11,880.9	11,220.3	11,165.5
Total net assets	10,696.3	10,447.7	11,234.3	11,612.9	11,451.6
Stockholders' equity	7,018.4	7,454.3	8,119.1	8,637.0	9,054.4
Retained earnings	4,098.4	4,534.5	5,036.8	5,552.6	5,992.2
Accumulated other comprehensive income	2,003.9	1,459.5	1,612.5	1,753.4	1,713.9
Non-controlling interests	1,671.7	1,531.0	1,499.3	1,219.6	678.5

Financial Indicators

March 31

Total capital ratio (BIS guidelines)	16.58%	17.02%	16.93%	19.36%	20.76%
Tier 1 capital ratio (BIS guidelines)	12.89%	13.68%	14.07%	16.69%	18.19%
Common equity Tier 1 capital ratio (BIS guidelines)	11.30%	11.81%	12.17%	14.50%	16.37%
Dividend per share (Yen)	140	150	150	170	180
Dividend payout ratio	26.2%	32.7%	29.9%	32.7%	34.6%
ROE (on a stockholders' equity basis)	11.2%	8.9%	9.1%	8.8%	8.2%

Market Data (As of the end of each fiscal year)

Nikkei Stock Average (Yen)	19,207	16,759	18,909	21,454	21,206
Foreign exchange rate (USD/JPY)	120.15	112.62	112.19	106.25	111.00

Consolidated Performance Summary

■ Consolidated Net Business Profit

Consolidated gross profit decreased by ¥134.9 billion year-on-year to ¥2,846.2 billion. Performance was sluggish in the wealth management business of the Retail Business Unit, which showed strong performance in the previous fiscal year, due to the deterioration of market conditions in the second half of FY2018. Meanwhile, strong performance continued in the International Business Unit, leading group-wide growth, which contributed to a slight increase in consolidated gross profit when excluding the financial impacts of Group reorganization detailed to the right.

General and administrative expenses decreased by ¥101.1 billion year-on-year to ¥1,715.1 billion. They decreased even after excluding the impact of Group reorganization because of ongoing group-wide cost control initiatives.

As a result, consolidated net business profit decreased by ¥11.6 billion year-on-year to ¥1,192.3 billion. Excluding the impacts of reorganizations, it reached the same level as the strong performance in FY2017, despite the challenging business environment.

■ Profit Attributable to Owners of Parent

Total credit cost increased by ¥16.1 billion year-on-year to ¥110.3 billion primarily due to reduced gains on reversal of provisions at SMBC.

Consequently, ordinary profit decreased by ¥28.8 billion year-on-year to ¥1,135.3 billion. Profit attributable to owners of parent decreased by ¥7.7 billion year-on-year to ¥726.7 billion, however, it surpassed the disclosed target of ¥700.0 billion.

Financial Impacts of Group Reorganization*

(Approximations, billions of yen)

Consolidated gross profit	(139.0)	Consolidated net business profit	(12.0)
General and administrative expenses	(92.0)	Profit attributable to owners of parent	0
Equity in gains (losses) of affiliates	+35.0		

* Deconsolidation of Kansai Urban Banking Corporation, THE MINATO BANK, LTD., and Sumitomo Mitsui Finance and Leasing Company, Limited; the consolidation of PT Bank Tabungan Pensiunan Nasional Tbk; the conversion of Sumitomo Mitsui Card Company, Limited into a wholly owned subsidiary

Performance of Major Group Companies

(Left: FY2018 performance; Right: Year-on-year comparison)

(Billions of yen)

	SMBC		SMBC Trust	
Gross profit	1,395.6	(32.3)	49.8	+5.6
Expenses	811.5	+0.8	51.7	+1.0
Net business profit	584.1	(33.1)	(1.9)	+4.7
Net income	477.4	(99.7)	(3.8)	+2.0

	SMBC Nikko* ¹		SMCC 66%	
Gross profit	323.1	(61.4)	254.2	+28.1
Expenses	276.0	(15.4)	190.9	+20.6
Net business profit	47.1	(46.0)	63.3	+7.5
Net income	31.0	(27.2)	(58.5) ²	(86.9)

	Cedyna		SMBCCF	
Gross profit	154.1	(3.2)	268.5	+7.4
Expenses	114.4	(1.2)	110.9	+1.8
Net business profit	40.0	(1.8)	157.6	+5.6
Net income	11.9	+9.5	45.1	+20.5

	SMAM 60%		SMFL 50%³	
Gross profit	25.7	(0.7)	179.8	(4.7)
Expenses	17.9	+0.2	88.3	+3.3
Net business profit	7.9	(0.9)	93.5	(7.9)
Net income	5.3	(0.7)	80.0	+25.5

Ratio of Ownership by SMFG

*1 Excludes profit from overseas equity method affiliates of SMBC Nikko, (consolidated subsidiaries of Sumitomo Mitsui Financial Group), year-on-year comparisons include figures of SMBC Friend Securities

*2 Includes tax impact of approximately ¥(90.0) billion by becoming a wholly owned subsidiary of SMFG

*3 Changed the ownership ratio of SMFL in November 2018. Consolidated subsidiary with 60% ownership until the end of December 2018 and equity method affiliate with 50% ownership after that

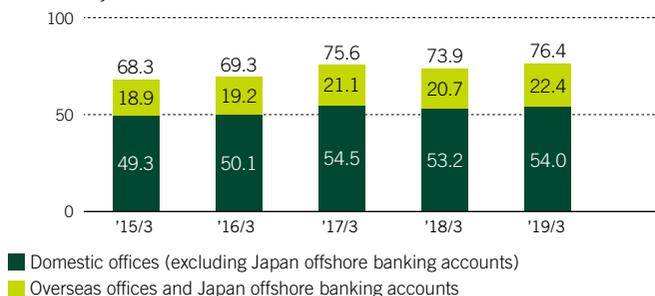
Consolidated Balance Sheet Summary

Loans and Bills Discounted (SMBC non-consolidated)

Loans and bills discounted increased by ¥2,505.6 billion year-on-year to ¥76,401.8 billion due to an increase in overseas loans.

Balance of Loan

(Trillions of yen)

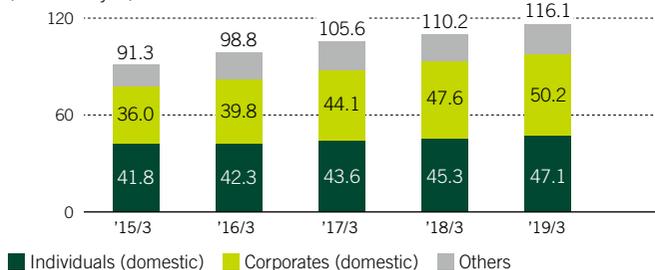


Deposits (SMBC non-consolidated)

Deposits increased by ¥5,847.9 billion year-on-year to ¥116,091.1 billion. This increase was mainly due to increases in both individual and corporate deposits in Japan.

Balance of Deposit

(Trillions of yen)



Domestic Loan-to-Deposit Spread (SMBC non-consolidated)

In FY2018, domestic loan-to-deposit spread decreased by 0.04 percentage point year-on-year to 0.94% primarily as a result of a decline of loan spreads. After the second quarter, the decrease in domestic loan-to-deposit spread has been

limited to 0.02 percentage point, and this downward trend appears to be bottoming out.

Domestic Loan-to-Deposit Spread (%)

	FY2018				FY2017	
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.95	0.95	0.93	0.93	0.94	0.98
Interest paid on deposits	0.00	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.95	0.95	0.93	0.93	0.94	0.98

Securities

Other securities decreased by ¥1,639.6 billion year-on-year to ¥23,800.5 billion due to a decrease in the amount of Japanese government bonds held by SMBC. Net unrealized gains on other securities decreased by ¥86.8 billion year-on-year to ¥2,321.3 billion mainly because of lower stock prices.

Unrealized Gains (Losses) on Other Securities

(Billions of yen)

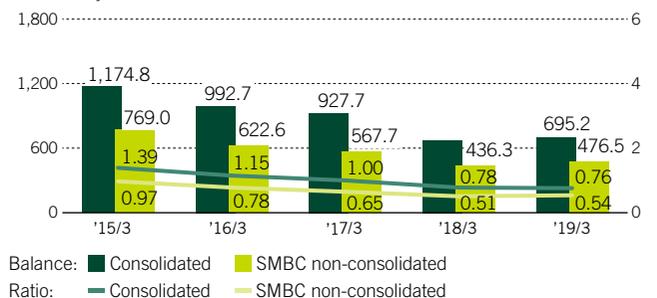
	Balance		Net unrealized gains (losses)	
	March 31, 2019	YoY	March 31, 2019	YoY
Stocks	3,486.6	(402.7)	1,902.9	(270.7)
Bonds	8,983.7	(2,850.5)	60.4	+16.0
Others	11,330.2	+1,613.5	358.0	+167.9
Total	23,800.5	(1,639.6)	2,321.3	(86.8)

NPLs Based on the Financial Reconstruction Act

The balance of NPLs based on the Financial Reconstruction Act increased by ¥22.8 billion year-on-year to ¥695.2 billion. However, the NPL ratio declined by 0.02 percentage point to 0.76% as a result of an increase in outstanding credit.

Balance of NPLs Based on the Financial Reconstruction Act and NPL Ratio

(Billions of yen)



Capital

■ Capital

Common equity Tier 1 capital increased by ¥437.1 billion year-on-year due to an increase in retained earnings.

■ Risk-Weighted Assets

Risk-weighted assets decreased by ¥4,597.5 billion year-on-year, due to the deconsolidation of Sumitomo Mitsui Finance and Leasing as well as improvement of the credit portfolio for domestic large borrowers in the Wholesale Business Unit.

■ Capital Ratio

The common equity Tier 1 ratio was 16.37% and the total capital ratio was 20.76%. In addition, the external TLAC ratio reached its required level on both the risk-weighted asset basis and the leverage exposure basis.

Total Capital Ratio (BIS Guidelines)

	2019 (A)	2018 (B)	Increase (decrease) (A-B)
(Billions of yen)			
Common equity Tier 1 capital	9,654.5	9,217.4	+437.1
Additional Tier 1 capital	1,072.7	1,392.9	(320.1)
Tier 1 capital	10,727.2	10,610.2	+117.0
Tier 2 capital	1,513.3	1,693.9	(180.6)
Total capital	12,240.5	12,304.1	(63.6)
Risk-weighted assets	58,942.8	63,540.3	(4,597.5)
Common equity Tier 1 capital ratio	16.37%	14.50%	+1.87%
Total capital ratio	20.76%	19.36%	+1.40%

Leverage Ratio

Leverage ratio	4.88%	5.01%	(0.13)%
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External TLAC Ratio

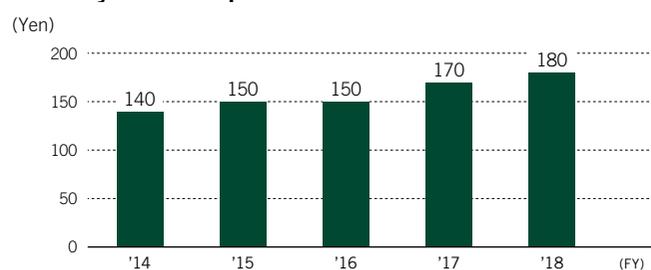
Risk-weighted asset basis	26.90%
Leverage exposure basis	8.19%

Shareholder Returns

For FY2018, the Company distributed ordinary dividend per share of common stock of ¥180, ¥10 higher than in the previous fiscal year and the disclosed forecast, in reflection of the fact that profit attributable to owners of parent was higher than the target because of steady progress in the measures of the Medium-Term Management Plan.

In addition, the Company announced plans to repurchase ¥100.0 billion of own shares with the aim of further enhancing shareholder returns.

Ordinary Dividend per Share of Common Stock



Dividend Payout Ratio

26.2%	32.7%	29.9%	32.7%	34.6%
(Reference) Total payout ratio				44.2%

Overview of Repurchase of Own Shares

Type of shares to be repurchased	Common stock
Aggregated amount repurchased	¥100.0 billion (upper limit)
Aggregate number of shares to be repurchased	32,000,000 shares (upper limit)
Repurchase period	May 16 – August 30, 2019