



Management Strategy

Sumitomo Mitsui Financial Group, Inc.
February & March 2017

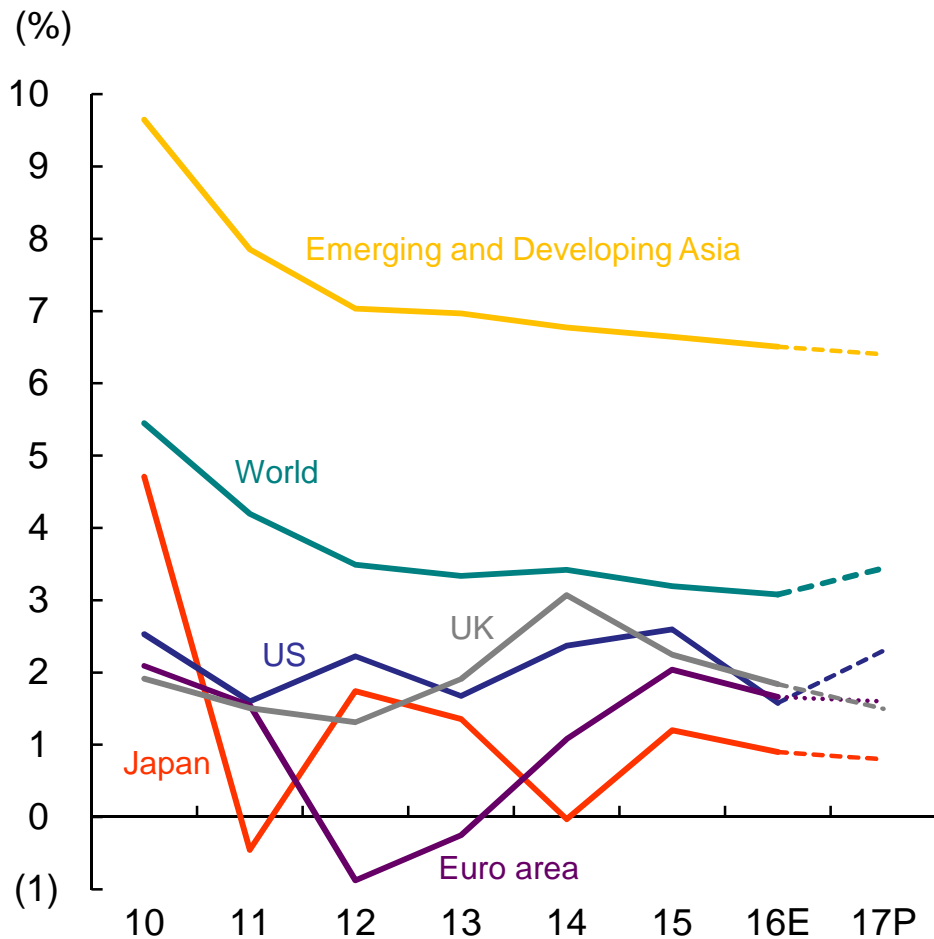
Agenda

- I Business environment and our initiatives
- II 3Q, FY3/2017 performance
- III Business strategy
- IV Corporate governance
- V Capital policy

I Business environment and our initiatives

Business environment

Real GDP growth rate*



Unexpected global events

“Unexpected” events may continue to occur worldwide

2016

- BOJ's negative interest rate policy
- Brexit
- US Presidential election

2017

- Elections in European countries (Netherlands, France, Germany)
- ⋮

Tightening of International financial regulations

- Strengthening of prudential regulation
 - Improvement of quality and quantity of capital
 - Leverage ratio requirement
 - Minimum standards for liquidity (LCR, NSFR)
 - Revision of measures to calculate risk-weighted assets, credit risk, operational risk, IRRBB, capital floors, revision to internal models
- Measures against Too-Big-To-Fail
 - G-SIBs surcharge
 - TLAC
- OTC derivatives market reforms

* Source: IMF World Economic Outlook Update Jan. 2017. 2016 numbers are estimates. 2017 numbers are projections

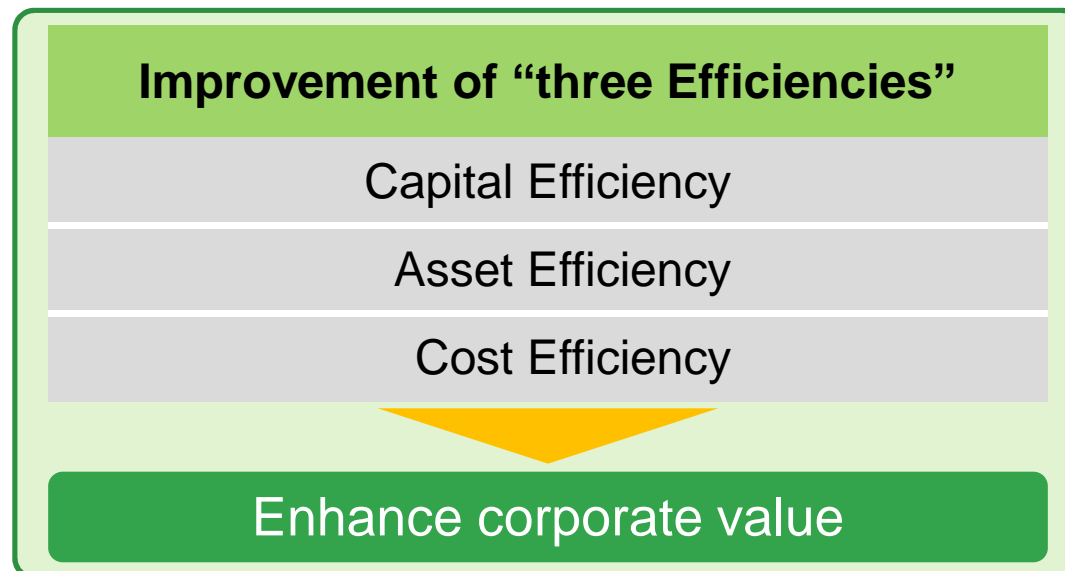
■ SMFG's initiatives toward the changing business environment

Challenges

- Decrease in domestic loan-to-deposit spreads
- Control of expenses
- Control of risk-weighted assets
- Increase in foreign currency funding costs
- Yen fund management
- Control of credit costs

Opportunities

- Investment needs for positive returns
- Digitalization of financial transactions (i.e. smartphone banking)
- Supporting growth companies and industries
- Securities related and cross boarder transactions of global companies
- Origination and distribution of overseas assets
- Mid- to long-term growth in Asia





3Q, FY3/2017 performance

3Q, FY3/2017 financial results

- SMFG's consolidated profit attributable to owners of parent reached 78% of the full-year target
 - Major contributions were depreciation of yen and solid performance of the Treasury unit compared to the target
 - Showed steady progress in controlling costs

Income statement

(JPY bn)		1H, FY3/17	Apr. -Dec. 2016	YOY change	FY3/17 targets
SMFG consolidated	Consolidated gross profit	1,417.5	USD 18.7 ^{*1} 2,173.8	(44.8)	2,905
	Variance ^{*2}	503.4	900.0	(167.6)	1,265
	General and administrative expenses	(882.0)	(1,345.2)	(59.5)	
	Equity in gains (losses) of affiliates	12.7	18.8	+63.5	
	Consolidated net business profit	548.1	847.3	(40.8)	
	Total credit cost	(54.8)	(68.0)	(22.5)	(180)
	Gains (losses) on stocks	17.4	41.8	(10.5)	
	Other income (expenses)	3.5	(7.8)	(13.0)	
	Ordinary profit	514.3	USD 7.0 ^{*1} 813.3	(86.8)	960
	Variance ^{*2}	34.0	138.9	(197.2)	220
	Profit attributable to owners of parent	359.2	USD 4.7 ^{*1} 544.7	(81.6)	700
	Variance ^{*2}	(38.9)	1.4	(166.0)	100

Contribution of subsidiaries to SMFG's Net income

(JPY bn)	Apr. -Dec. 2016	YOY change
SMBC ^{*3}	543	+84
SMBC Consumer Finance	46	+4
SMBC Nikko Securities ^{*4}	25	(11)
Sumitomo Mitsui Finance and Leasing	24	+2
Cedyna	22	+1
Sumitomo Mitsui Card	11	(3)
SMBC Friend Securities	3	(0)
SMBC Trust Bank	(12)	(6)

Per share information (SMFG consolidated)

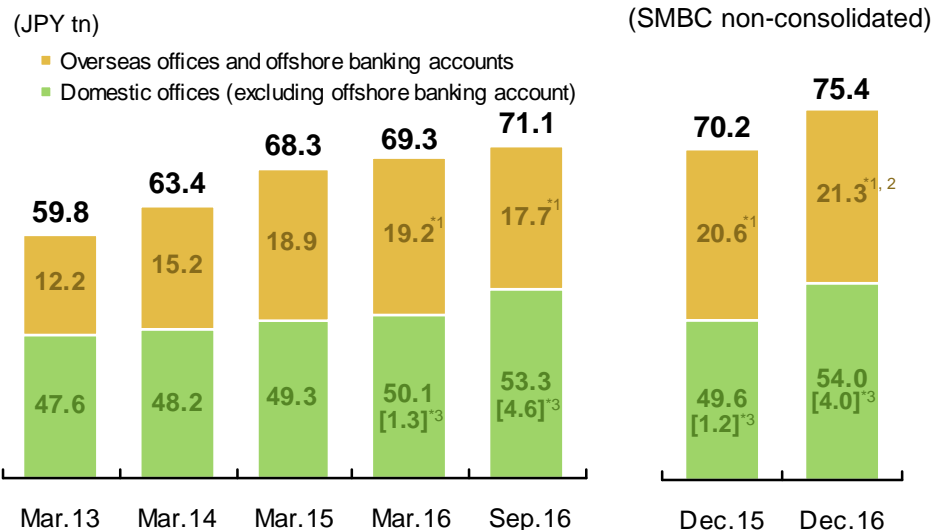
	Apr.-Dec. 2016	YOY change	FY3/2017 target
Profit attributable to owners of parent	JPY 398.38	JPY (59.66)	JPY 511.99

	Dec. 31, 2016	Change from Mar. 31, 2016
Net assets	JPY 6,756.00	+JPY 236.40

II. 3Q, FY3/2017 performance

Ref: Loan balance and spread

Loan balance



Average loan balance ^{*4}

(JPY tn)	Balance	
	1H, FY3/17	YOY change ^{*10}
Domestic loans ^{*5}	50.8	+2.6
Excluding loans to the Japanese government, etc. and SMFG	47.8	+1.0
of which		
Large corporations ^{*6}	14.1	+0.5
Mid-sized corporations & SMEs ^{*7}	16.5	+0.3
Individuals	14.2	(0.1)
IBU's interest earning assets ^{*8, 9} (USD bn)	239.4	+17.8

Domestic loan-to-deposit spread

(SMBC non-consolidated)

(%)	Apr.-Dec. 2016	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Interest earned on loans and bills discounted	1.06	1.13	1.05	1.01
Interest paid on deposits, etc.	0.01	0.01	0.01	0.01
Loan-to-deposit spread	1.05	1.12	1.04	1.00

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

Interest earned on loans and bills discounted	1.12	1.15	1.12	1.08
Loan-to-deposit spread	1.11	1.14	1.11	1.07

Average loan spread ^{*4}

(%)	Spread	
	1H, FY3/17	YOY change
Domestic loans ^{*5}	0.85	(0.06)
Excluding loans to the Japanese government, etc. and SMFG	0.90	(0.04)
of which		
Large corporations ^{*6}	0.58	+0.00
Mid-sized corporations & SMEs ^{*7}	0.77	(0.08)
Individuals	1.51	(0.02)
IBU's interest earning assets ^{*8, 9} (%)	1.21	+0.01

^{*1} Exchange rates using TTM as of Dec. 2015: USD 1 = JPY 120.53, Mar. 2016: USD 1 = JPY 112.62, Sep. 2016: USD 1 = JPY 101.05 and Dec. 2016: USD 1 = JPY 116.49

^{*2} Balance as of Dec. 2016 includes balance of SMBC Canada Branch which was newly opened in Nov. 2016 and took over business of wholly-owned subsidiary SMBC of Canada ^{*3} Of which loans to the Japanese government, etc. and SMFG ^{*4} Managerial accounting basis ^{*5} SMBC non-consolidated

^{*6} Global Corporate Banking Division ^{*7} Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division

^{*8} Sum of SMBC, SMBC Europe and SMBC (China) ^{*9} Sum of loans, trade bills, and securities ^{*10} After adjustments for exchange rates, etc.

II. 3Q, FY3/2017 performance

Ref: Net fees and commissions

(JPY bn)	FY3/16	1H, FY3/17	YOY change
SMFG consolidated*1	1,003.8	464.1	(28.8)
of which: SMBC	358.6	151.9	(12.0)
Sumitomo Mitsui Card	190.0	98.0	+5.0
SMBC Nikko Securities	165.0	77.0	(14.0)
Cedyna	116.0	59.0	+1.0
SMBC Consumer Finance	59.0	32.0	+4.0
SMBC Friend Securities	27.0	10.0	(4.0)

Reference: Gross banking profit of SMBC's Marketing units*2

(JPY bn)	FY3/16	1H, FY3/17	YOY Change*3
Loan syndication	45.6	19.7	+2.8
Structured finance	26.5	20.4	+11.6
Asset finance*4	16.7	9.0	+1.5
Sales of derivatives products	26.4	11.2	+1.1
Income related to domestic corporate business	115.2	60.3	+17.0
Investment trusts	25.7	9.6	(5.6)
Pension-type insurance	10.9	2.8	(2.0)
Single premium type permanent life insurance	20.3	2.3	(8.3)
Level premium insurance	6.9	3.1	(0.1)
Income related to domestic consumer business	63.8	17.8	(16.0)
of which:			
Money remittance, electronic banking	92.6	46.4	(0.1)
Foreign exchange	52.2	26.6	+0.5
Domestic Non-interest income	316.0	146.5	+7.9
of which:			
IBU's loan related income*5	72.7	28.3	(2.5)
IBU's Non-interest income*5	130.6	55.4	(3.0)
Non-interest income	446.6	201.9	+4.9
of which:			
Income on domestic loans	421.2	211.7	(4.1)
Income on domestic yen deposits	98.7	32.7	(1.3)
IBU's interest related income*5	225.4	92.8	+0.9
Interest income	827.5	373.1	(6.4)
Gross banking profit of SMBC's Marketing units	1,274.1	575.0	(1.5)

*1 Numbers excluding SMBC are rounded *2 Managerial accounting basis *3 After adjustments of interest rates and exchange rates, etc.

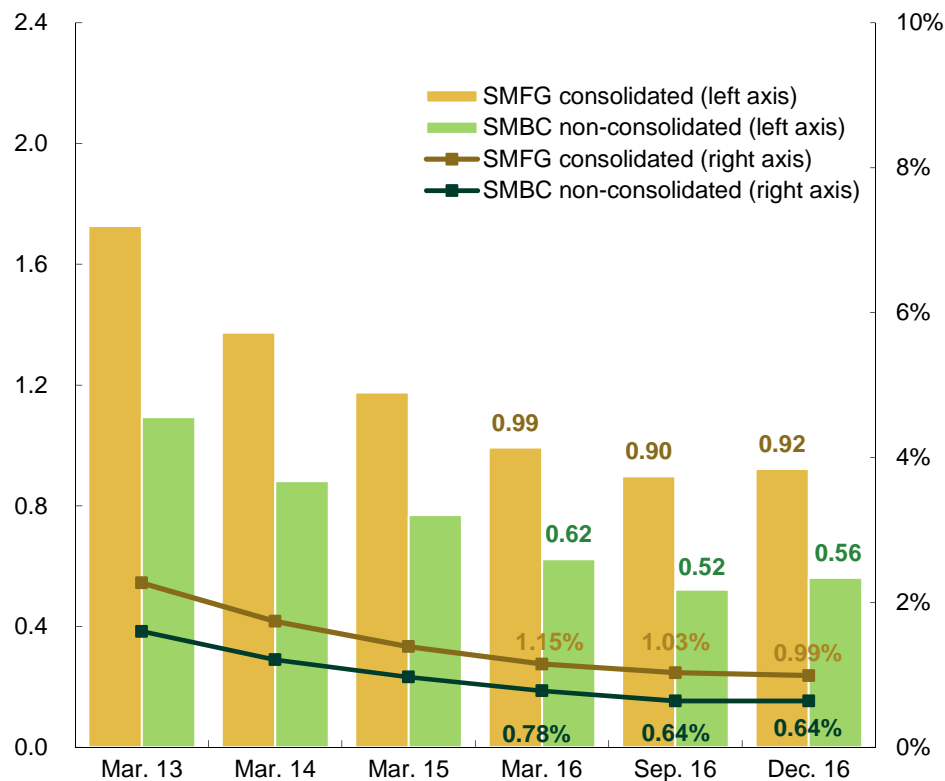
*4 Profit from real estate finance, securitization of monetary claims, etc. *5 International Banking Unit

II. 3Q, FY3/2017 performance

Ref: NPLs and Total credit cost

NPLs and NPL ratio*1

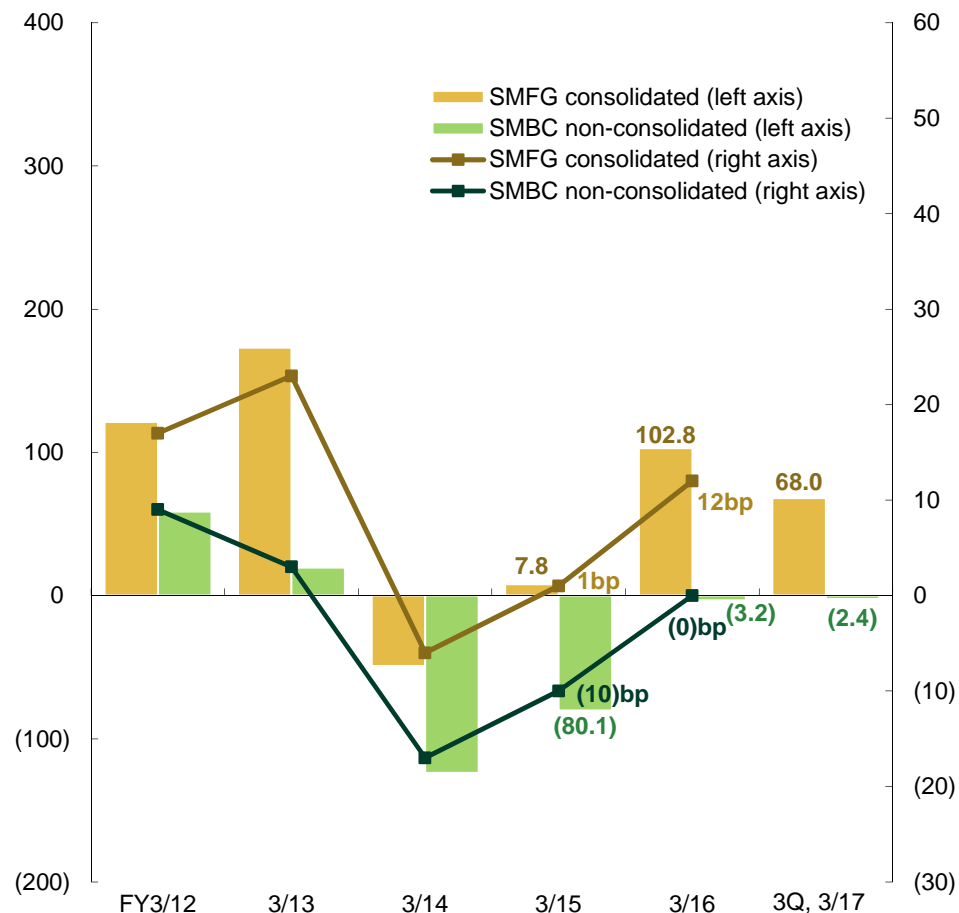
(JPY tn)



Total credit cost and Total credit cost ratio*3

(JPY bn)

(bp)



SMFG consolidated

(JPY tn)

Total claims	79	85	87	87	93
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SMBC non-consolidated

Claims on borrowers requiring caution*2	1.6	1.6	1.4	1.2	1.4
Total claims	73	79	80	81	87

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

*2 Excludes claims to Substandard borrowers

*3 Total credit cost ratio = Total credit cost / Total claims



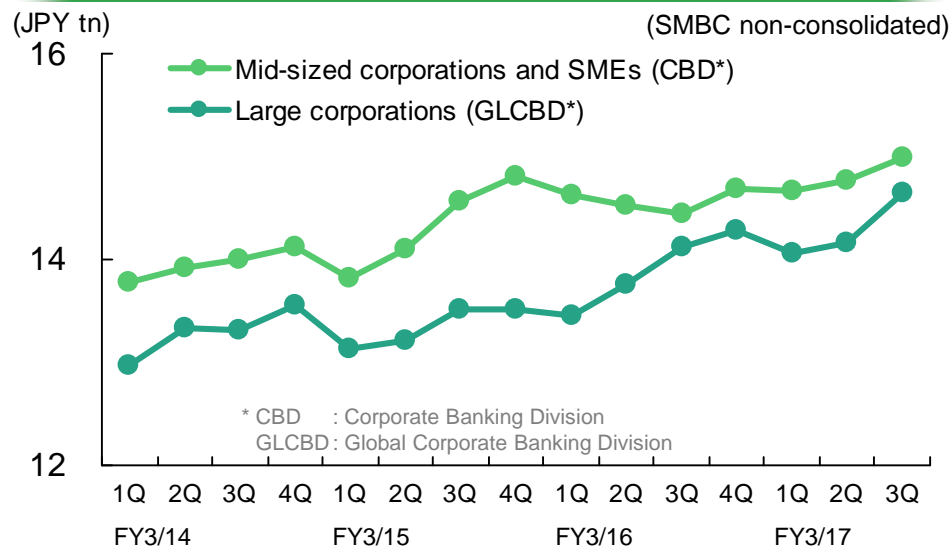
Business strategy

III. Business strategy

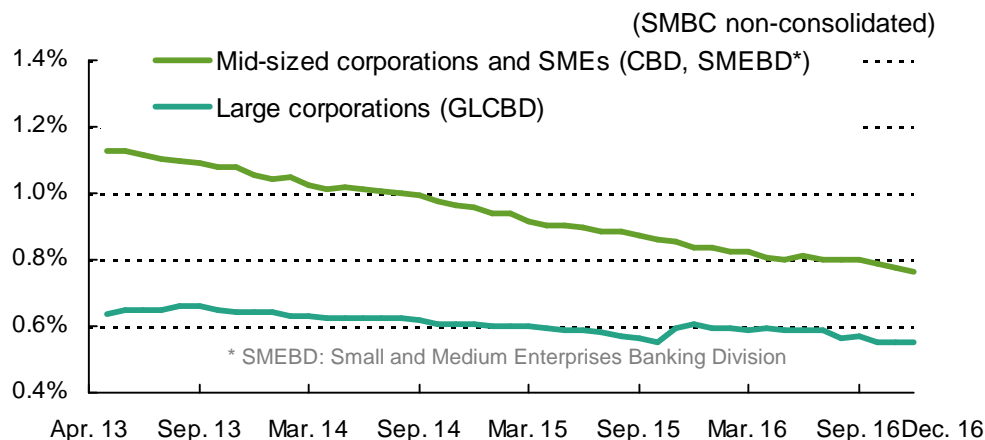
Wholesale Business

Loan balance and spread

Loan balance of Wholesale Banking Unit*1, 2

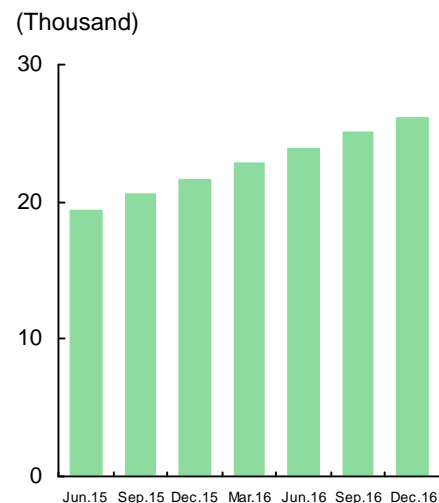


Domestic corporate loan spread*1, 3

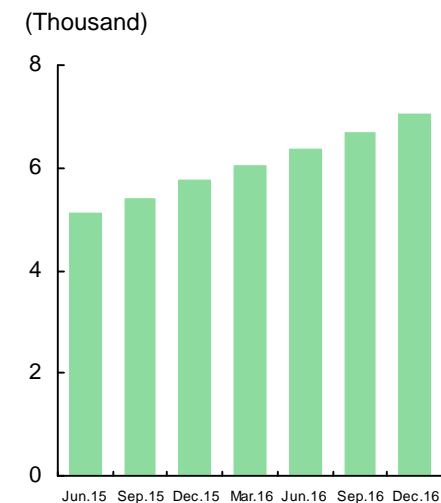


Bank-securities collaboration (accumulated no. of cases via referral / intermediary services from SMBC to SMBC Nikko)

Asset management



Investment banking



League tables (Apr. -Dec. 2016)*4

	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount)*5, 6	#2	18.6%
JPY denominated bonds (lead manager, underwriting amount)*5, 7	#3	16.8%
Financial advisor (M&A, No. of deals)*5, 8	#2	4.1%
IPO (lead manager, No. of deals)*9	#3	16.4%

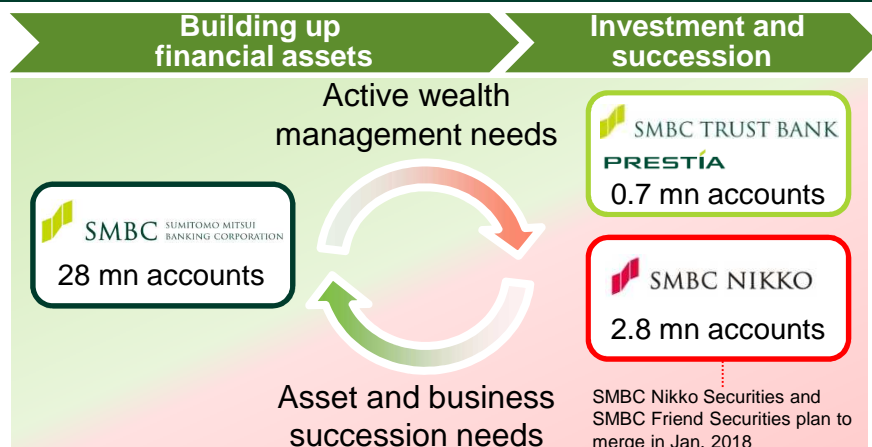
*1 Managerial accounting basis. Excludes loans to the Japanese government, etc. Managerial accounting rules was revised in Apr. 2014. Figures for FY3/14 were recalculated based on the new rules *2 Quarterly average *3 Monthly average loan spread of existing loans *4 SMBC Nikko Securities for Global equity & equity-related, JPY denominated bonds and IPO. SMFG for Financial advisor *5 Source: SMBC Nikko, based on data from Thomson Reuters
 *6 Japanese corporate related only. Includes overseas offices *7 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds *8 Japanese corporate related only. Group basis *9 Excludes REIT IPO. Includes overseas offices. Source: Thomson Reuters

III. Business strategy

Retail business

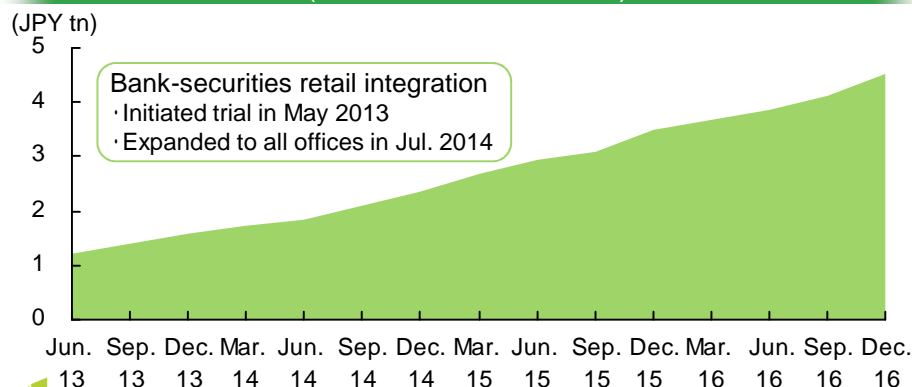
- Promote customer-oriented consulting based on the bank-securities integration strategy

Bank-securities collaboration in retail business

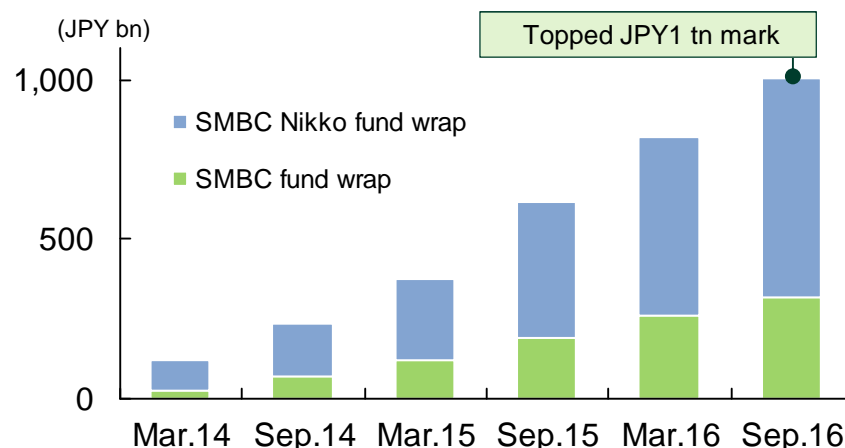


- Restructuring domestic private banking alliance scheme with Barclays
- From Apr. 2017, SMBC and SMBC Nikko will be responsible for business operation, while products and services are provided by Barclays

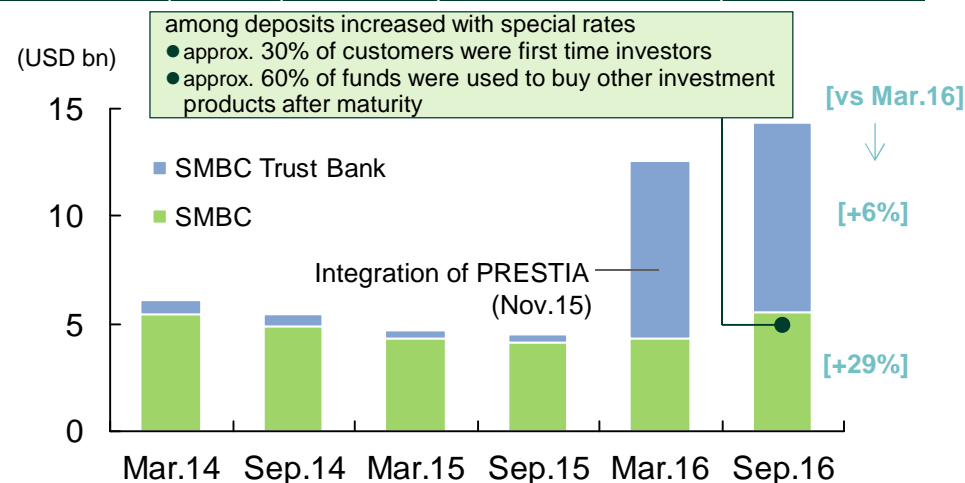
AuM through bank-securities collaboration^{*1, 2} (SMBC Nikko Securities)



Balance of Fund wrap (SMBC+SMBC Nikko)



Foreign deposit balance (SMBC (Individuals)+SMBC Trust Bank)^{*3}



^{*1} Retroactive adjustment was introduced to assets under management (of which bonds) at SMBC Nikko since Jun. 2014

^{*2} Assets under management at SMBC Nikko via referral or financial instruments intermediary services from SMBC to SMBC Nikko. Includes assets transferred from SMBC Friend Securities to SMBC Nikko in Jan. 2011 upon integrating SMBC Friend's collaborative business with SMBC into SMBC Nikko and assets at the Private Banking division of SMBC Nikko

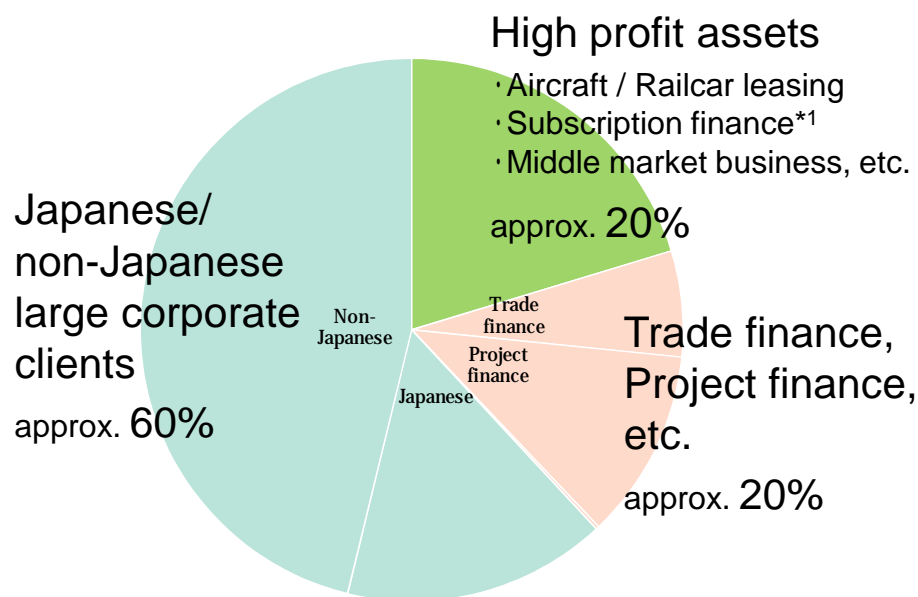
^{*3} Converted into USD at respective period-end exchange rates

III. Business strategy

International business (1) Evolving the business model

- Improve profitability by promoting cross-selling and executing nimble portfolio management
- Be selective in risk taking. Pay attention to credit control and funding

International Banking Unit's portfolio (Sep. 2016)



Promote cross-selling

- Enhance business with non-Japanese core clients
- Transactions connecting Japanese and non-Japanese corporations

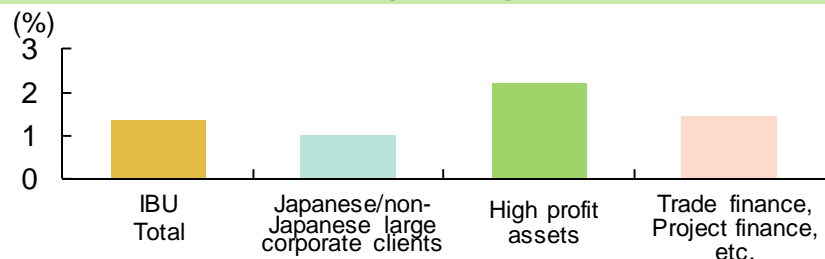
Nimble portfolio management

- Increasing high profit assets
- Asset turn over
 - Enhancing Origination & Distribution model

Acquisition of American Railcar Leasing (ARL)

- Build a more diversified high-quality portfolio by enhancing our transportation leasing business
 - SMBC Rail Services will acquire ARL, the 6th largest railcar leasing company in the U.S.; Expected to close 1H 2017
 - Asset size: approx. USD 3.4 bn (approx. 34 thousand railcars)*3
 - Purchasing price of the entity is expected to be lower than the appraisal value of the railcars conducted by a third party. Therefore, impact to SMFG CET1 capital ratio is minimal

Average margin*2



*1 Extending loans to funds based on commitments from investors

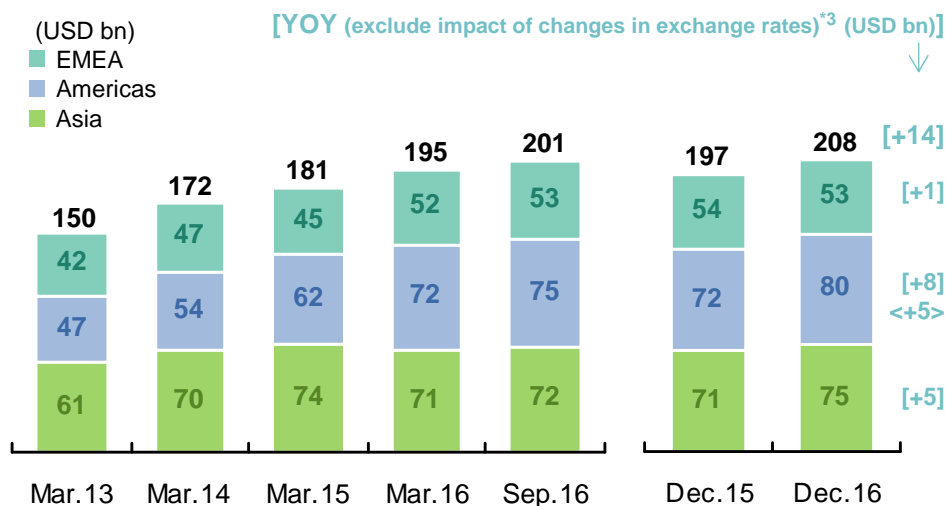
*2 Excludes up-front fees

*3 Subject to certain conditions and adjustments

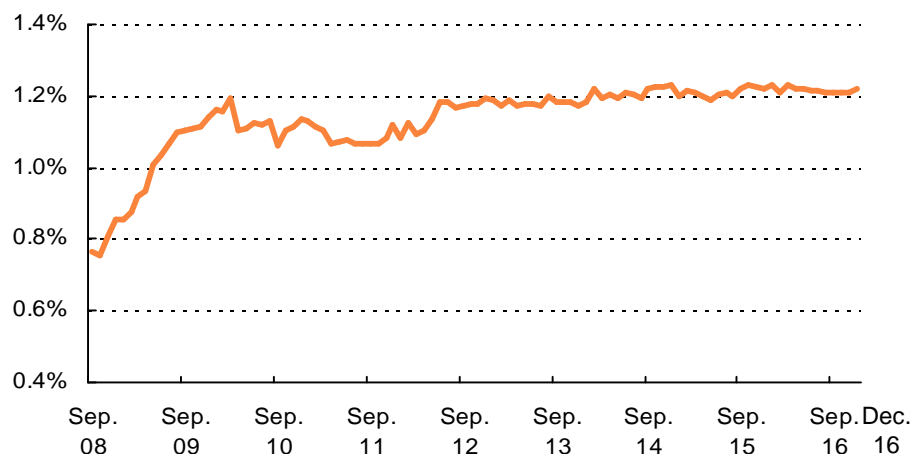
III. Business strategy

International business (2) Lending and funding

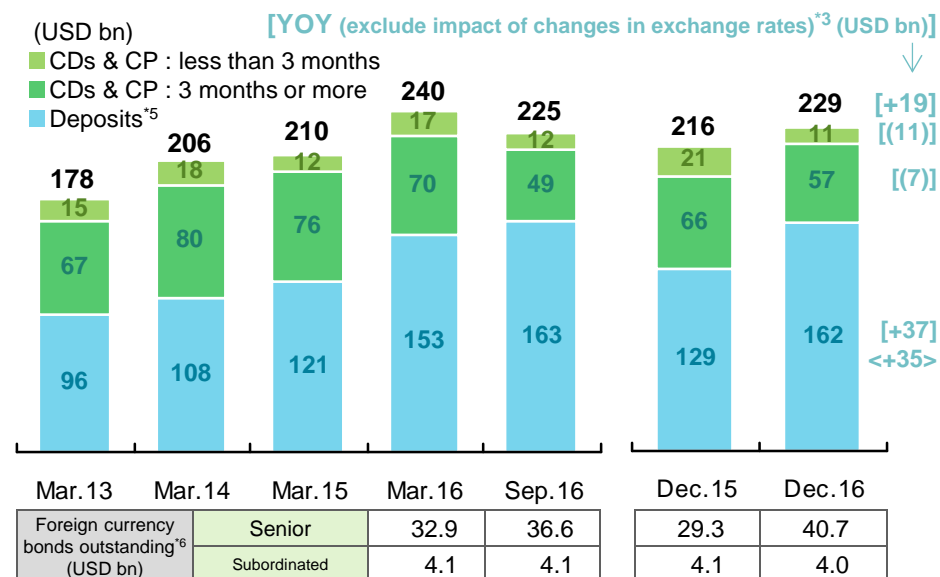
Overseas loan balance (includes trade bills)*1, 2



Overseas loan spread*1, 4



Overseas deposit balance*1, 2



Status of foreign currency funding

- TLAC bonds issued by SMFG
 - Euro-denominated senior bonds: EUR 2.0 bn (Jun. 2016, Jan. 2017)
 - USD-denominated senior bonds: total of USD 14.25 bn (Mar., Jul., and Oct. 2016, Jan. 2017)
 - USD-denominated callable senior bonds (Formosa): USD 0.47 bn (Mar. 2017)
- Senior bonds issued by SMBC (Oct. 2016, Jan. 2017)
- Impact of US MMF reform (effective in Oct. 2016)
 - CDs and CP outstanding decreased until the end of Sep. 2016, but bottomed out after the enforcement
 - Managed to increase deposits, and extend tenor of CDs and CP: No issues in liquidity
- Impact on funding cost associated with rising FX swap rate is limited (the amount of short-term FX swaps are very limited for this fiscal year)

Digital innovation

- Introducing new services rapidly by pursuing open innovation
 - Establishing SMFG Silicon Valley Digital Innovation Laboratory and SMBC Silicon Valley Representative Office to enhance its group-wide ability to gather and disseminate information in the region

Biometric Identification

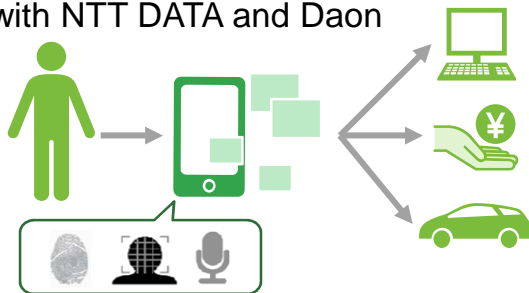
Commercialize facial recognition payments

- Conducting POC(proof of concept) at the employee cafeterias of SMFG group companies
- Using the world's most accurate facial recognition authentication technology, NEC's "NeoFace"



Identification intermediary service

- Offering biometrics identification app for smartphones
- Collaboration with NTT DATA and Daon



BTPN

Launched new digital banking services in two different client segment



Launched in
Aug. 2016



Smartphone based
digital banking services
for digitally savvy
high-net-worth/middle class



Launched in
Mar. 2015



Low cost feature-phone
based financial services
for mass market

- Aim to expand business model in other Asian countries

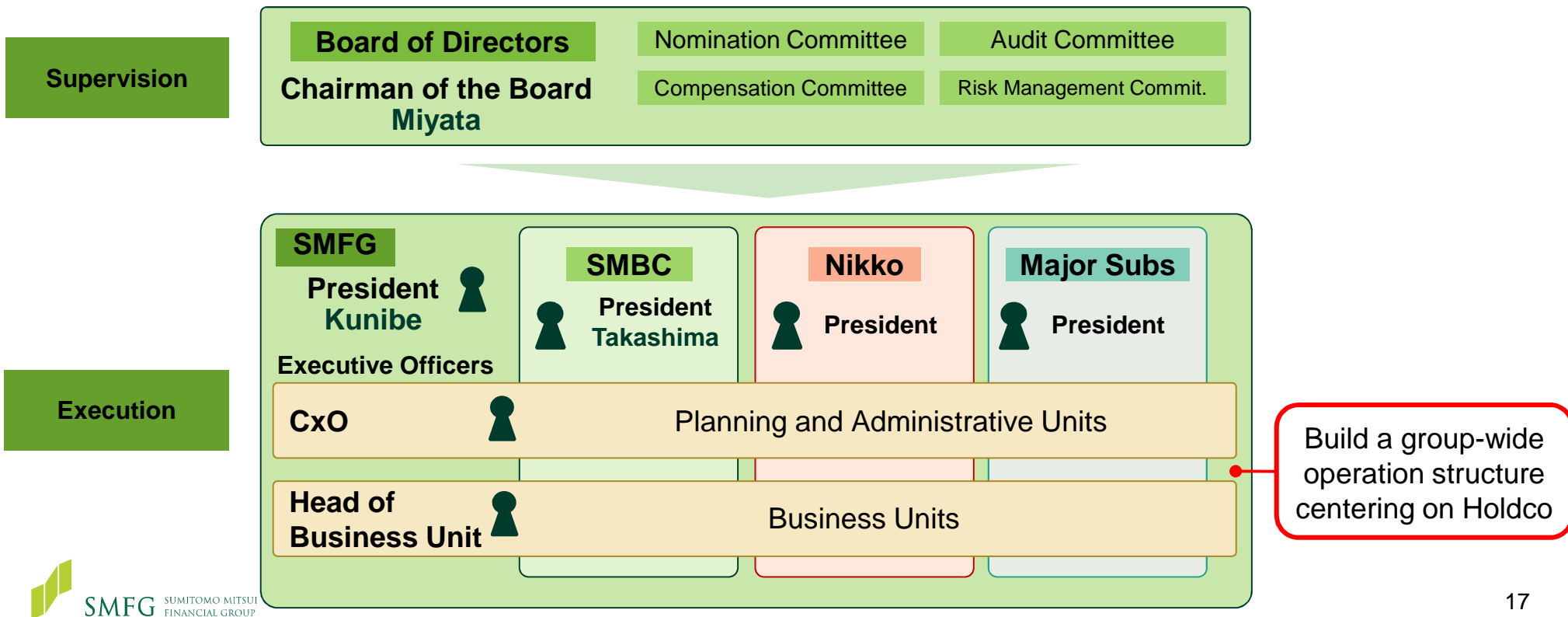
IV Corporate governance

Enhancement of group-wide operational structure

- Management policy will be maintained under new senior management effective April 1, 2017
- Plan to implement CxO*¹ system and set up group-wide business units*² in April 2017
 - Further strengthen our integrated group operation structure centering on a holding company and capability to meet diversified customer needs

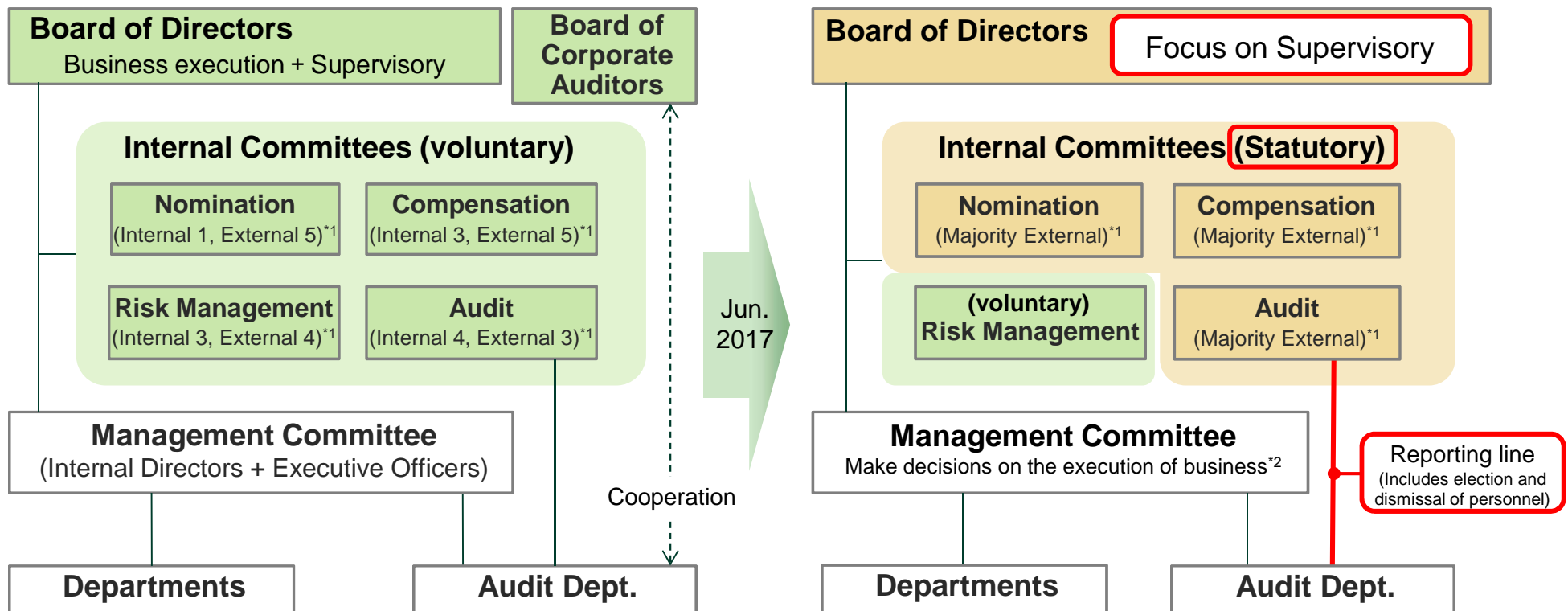
*1 Chief officers including CFO (Chief Financial Officer) and CRO (Chief Risk Officer)

*2 Structure which will determine strategies for each customer segment across group companies



■ Transformation to a company with Three Committees

- SMFG decided to transform into a Company with Three Committees, which is globally recognized and has affinity to international banking regulation and supervision in order to further enhance its corporate governance framework (Subject to approval by ordinary general meeting of shareholders scheduled in Jun. 2017)
- Strengthen the supervisory function of the Board of Directors and expedite execution of operations by leveraging the monitoring mechanism of the new framework



*1 Number of Internal and External directors

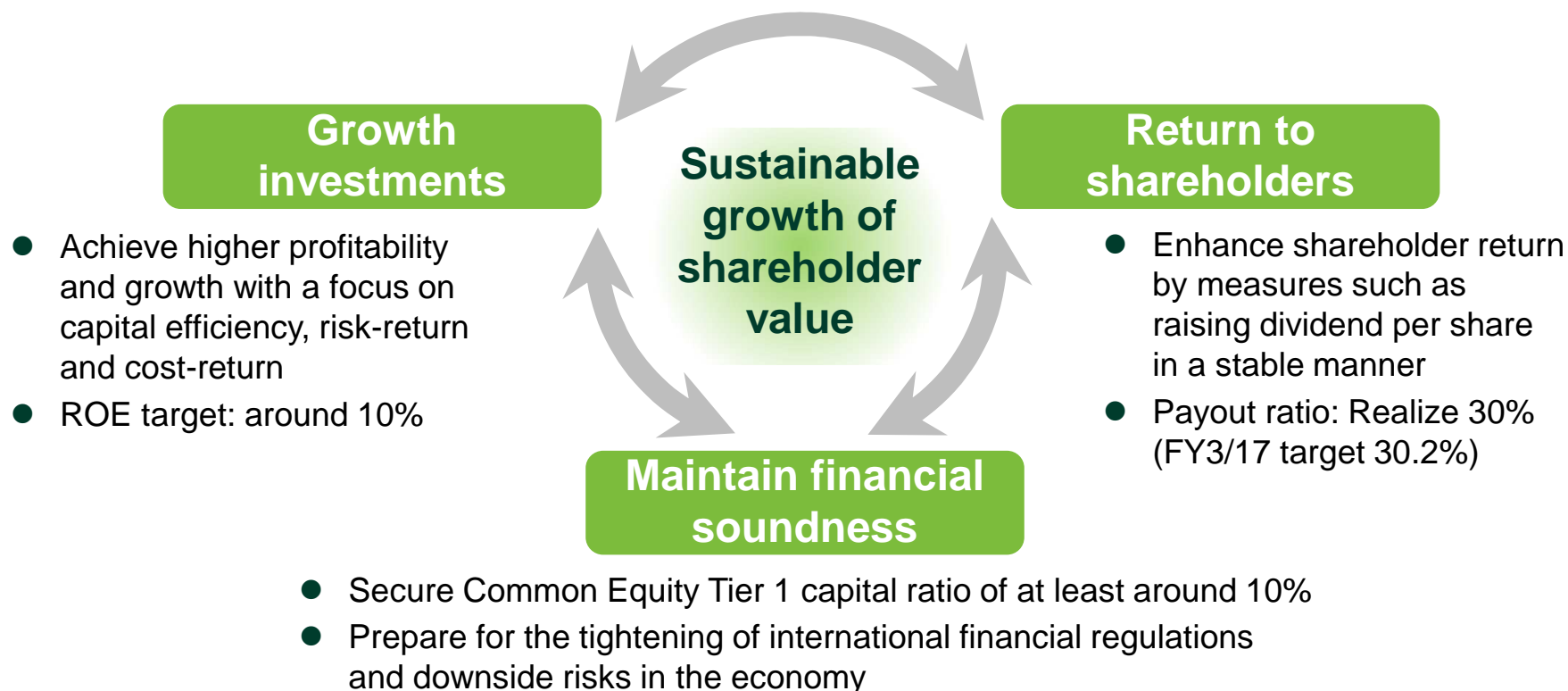
*2 Excludes authorities made to Board of Directors by law



Capital policy

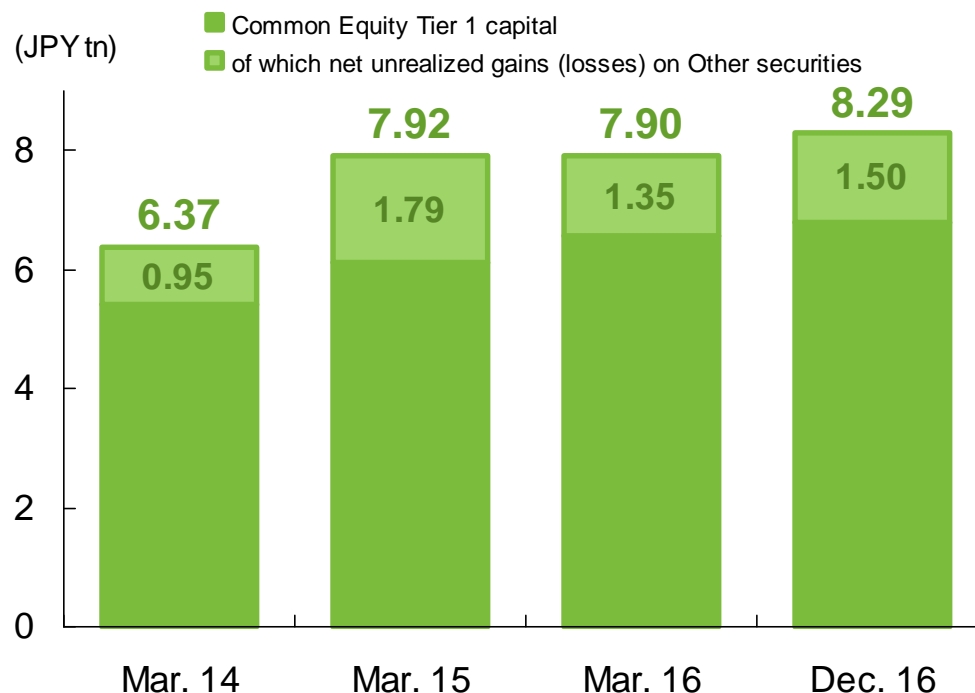
Basic capital policy

- **Our commitment** : Raise dividend per share in a stable manner
(FY3/17 forecast) DPS: JPY 150; Payout ratio: 30.2%
- **Capital adequacy** : A meeting of the GHOS* to finalise Basel III reforms, originally planned for early January 2017, was postponed.
We have not changed the view that our risk-weighted assets inflation caused by the new regulations has potential to be higher than the mid-20% range but will be manageable by taking various initiatives



Capital position

Trend of Common Equity Tier 1 capital and Common Equity Tier 1 capital ratio (fully-loaded*, pro forma)



Risk-weighted assets	JPY 61.3 tn	JPY 65.9 tn	JPY 65.9 tn	JPY 69.3 tn
CET 1 capital ratio [excluding net unrealized gains]	10.3% [8.7%]	12.0% [9.0%]	11.9% [9.9%]	11.9% [9.7%]

- Continuously paying attention to discussions on revisions to the Standardised Approaches (credit risk, operational risk) and Capital floors based on standardised approaches

Secure
around **10%**

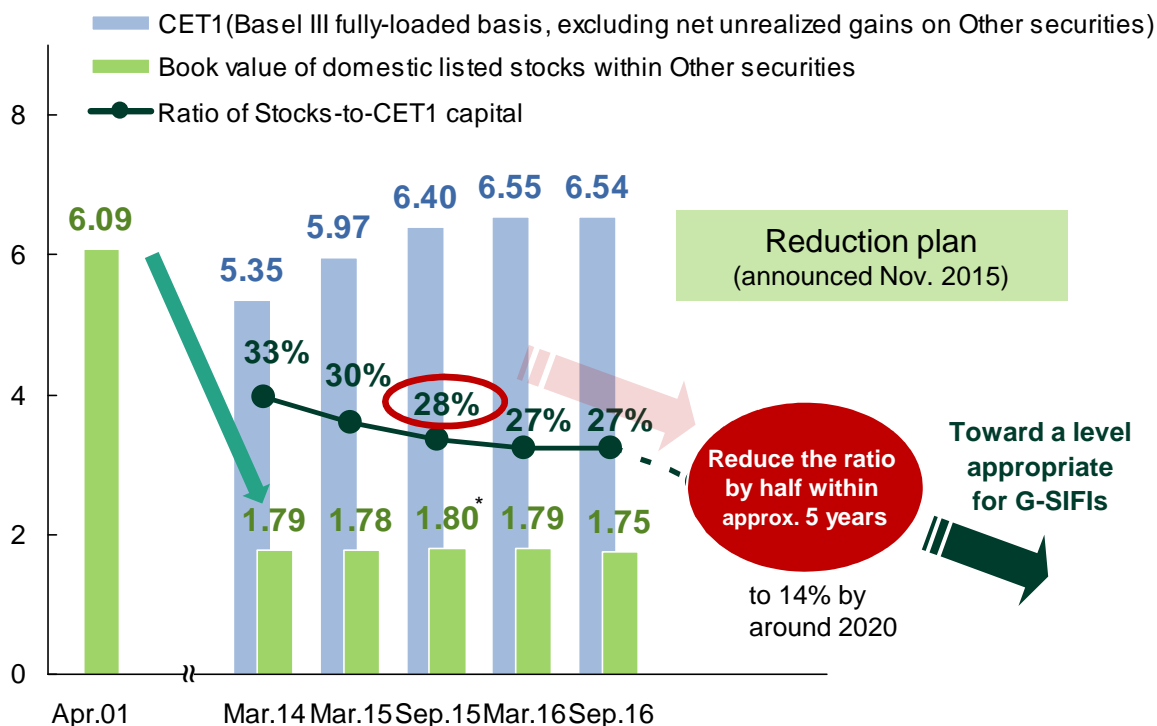
* Based on the Mar. 31, 2019 definition

Strategic shareholdings

- We aim to have the assurance of reducing the Ratio of Stocks-to-CET1 capital* by half within approximately 5 years (beginning at Sep. 30, 2015), which is reducing book value of up to about 30% or about JPY 500 bn of domestic listed stocks
- The current outstanding of consent of sales received from clients is in line with the reduction pace of JPY 100 bn annually

* SMFG consolidated basis Book value of domestic listed stocks / Common Equity Tier 1 capital (CET1)
(Basel III fully-loaded basis, excluding net unrealized gains on Other securities)

Transition and reduction plan of strategic shareholdings (SMFG consolidated basis)

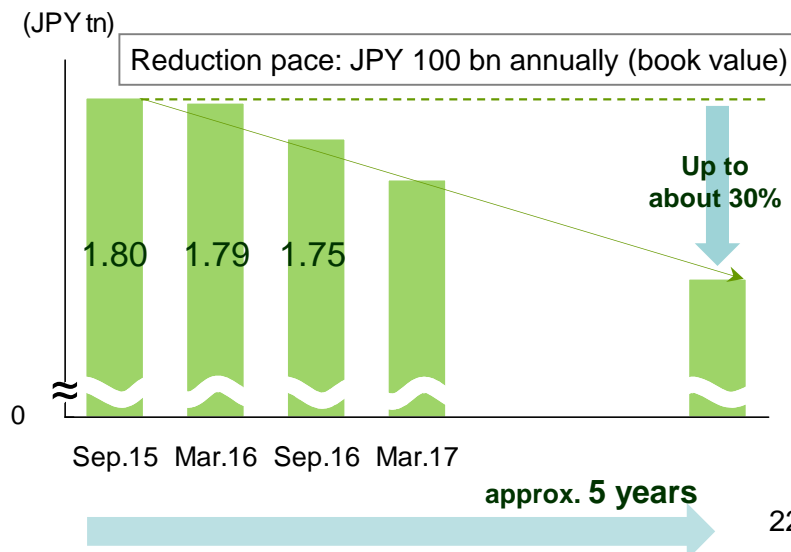


* Amount is reduced after excluding impact of the termination of hedge transactions

Reduction results (book value)

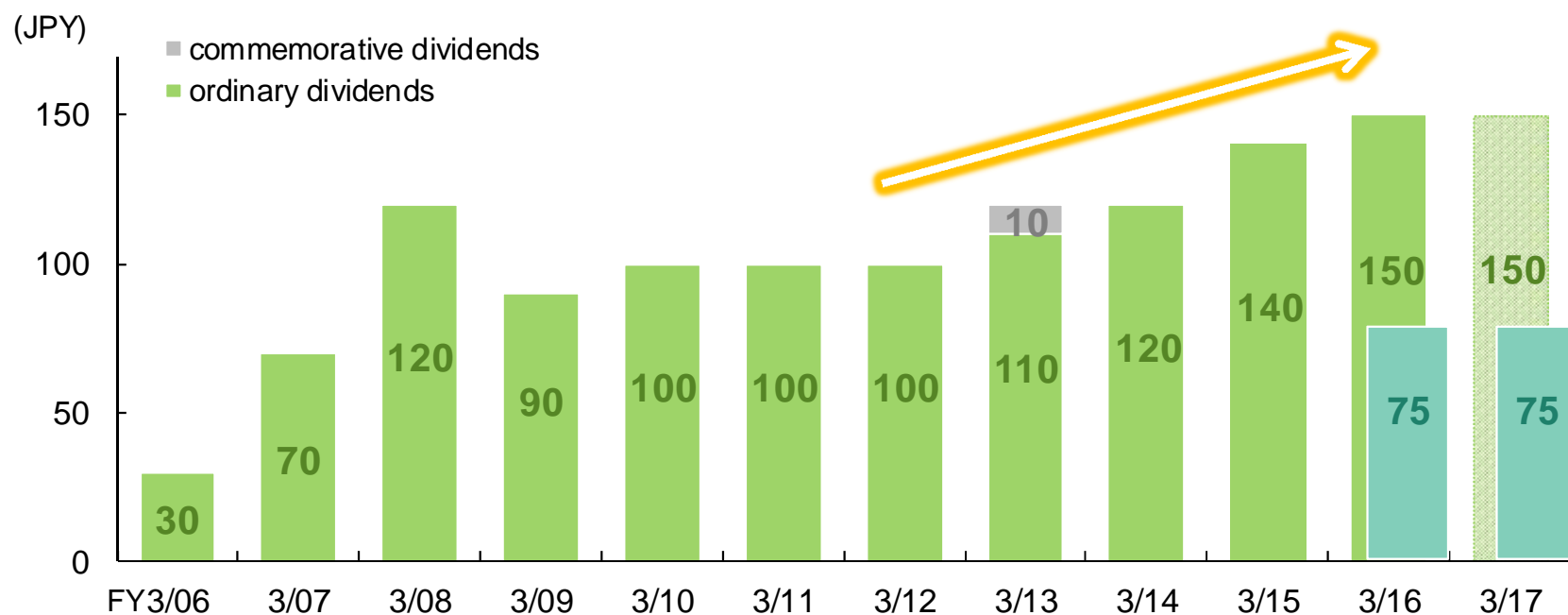
- Sales of listed stocks in Apr.-Dec. 2016: approx. JPY 75 bn (the aggregated amount since Sep. 30, 2015: approx. JPY 88 bn)
- Consent of sales from clients (outstanding) as of Dec. 31, 2016: approx. JPY 110 bn (the aggregated amount since Sep. 30, 2015: approx. JPY 210 bn)

Reduction plan



Return to shareholders

Dividend per share^{*1, 2}



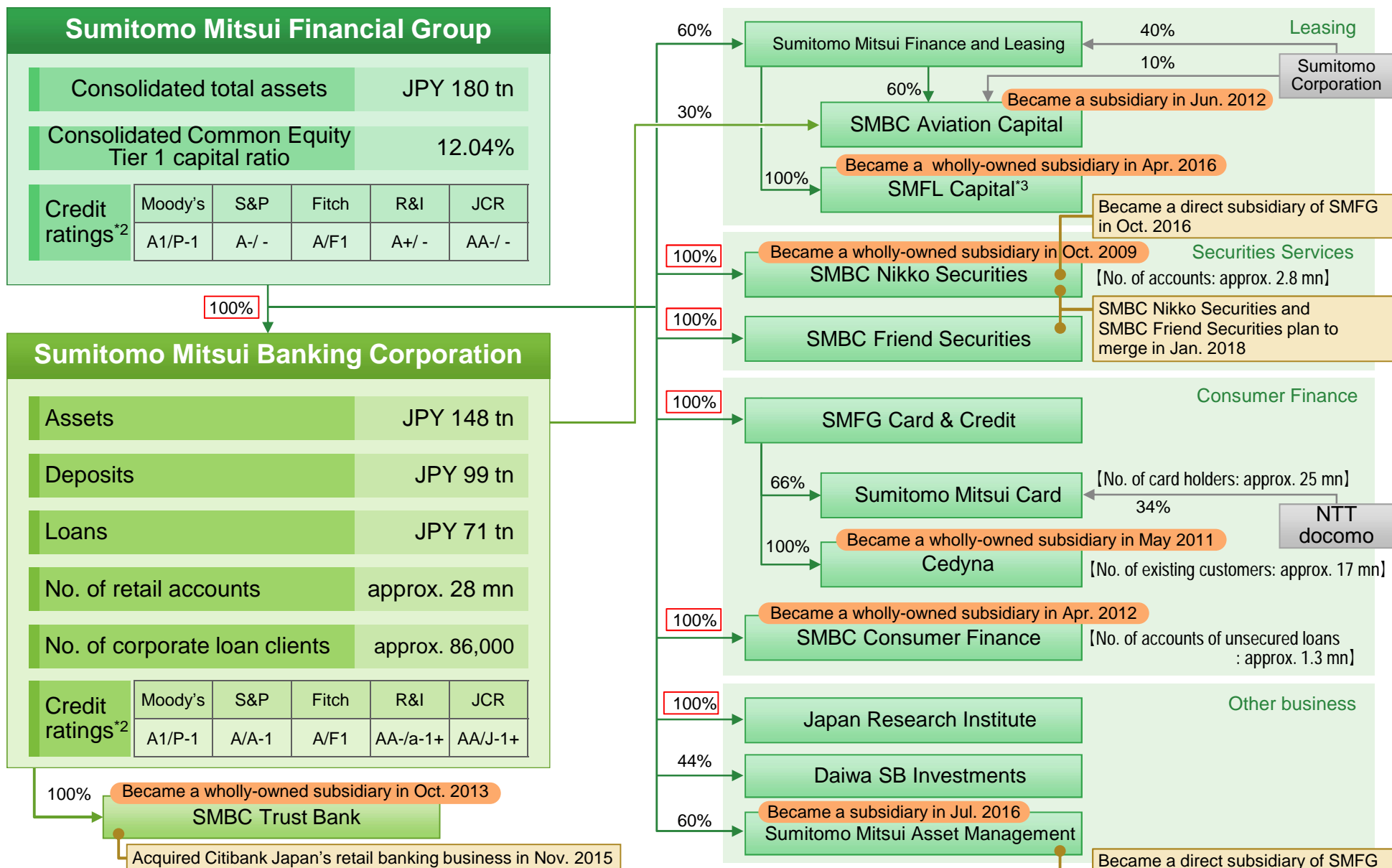
ROE ^{*3}	22.8%	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	13.8%	11.2%	8.9%	3Q, FY3/17 9.5%	Secure around 10%
Payout ratio ^{*4}	3.4%	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	20.3%	26.2%	32.7%	30.2%	

Closing remarks

- I** 3Q, FY3/2017 financial results were on track with the annual target; Showed steady progress in strengthening major businesses, while taking risk-sensitive approach in certain areas
- II** Management policy will be maintained under new senior management
- III** RWA inflation caused by the new regulations has potential to be higher than the mid-20% range but will be manageable by taking various initiatives
 - Focusing on improving “capital”, “asset” and “cost” efficiencies
- IV** We have a proven track record of steadily increasing dividend per share. FY3/2017 forecast is dividend per share 150 yen with a payout ratio of 30.2%

Appendix

Group structure*1



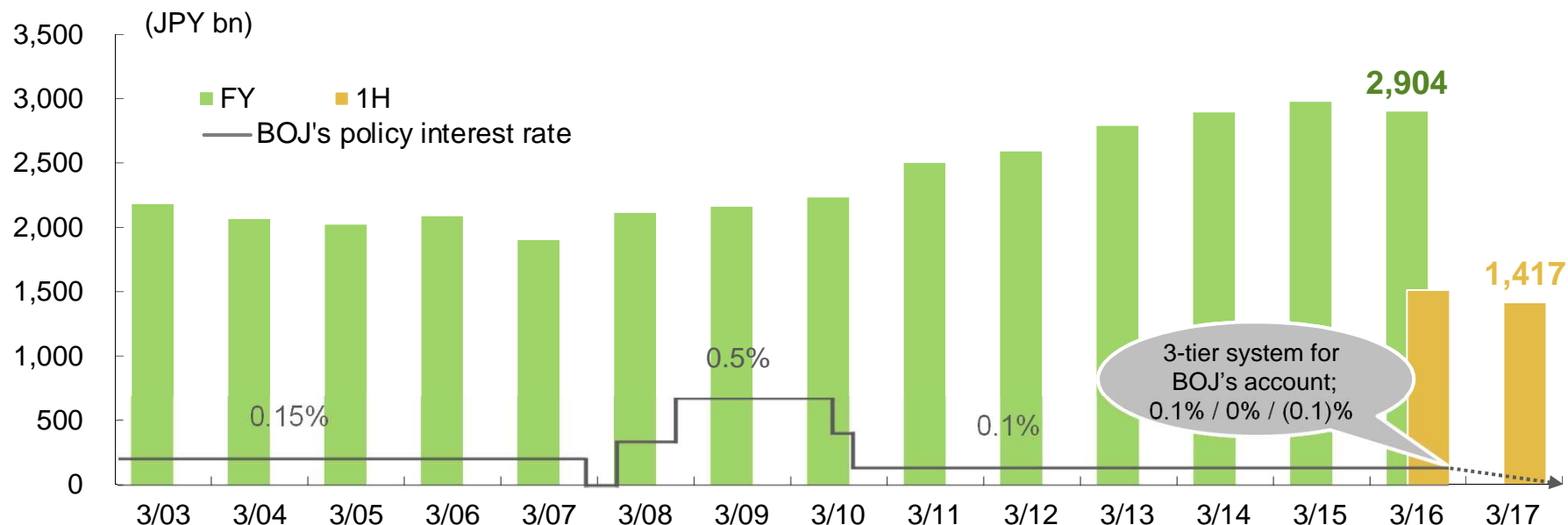
*1 As of Sep. 30, 2016 for figures

*2 As of Jan. 31, 2017

*3 Changed name from GE Japan GK to SMFL Capital Company, Limited in Sep. 2016

Changes in our business mix

SMFG's consolidated Gross profit



Breakdown of contribution to Gross profit

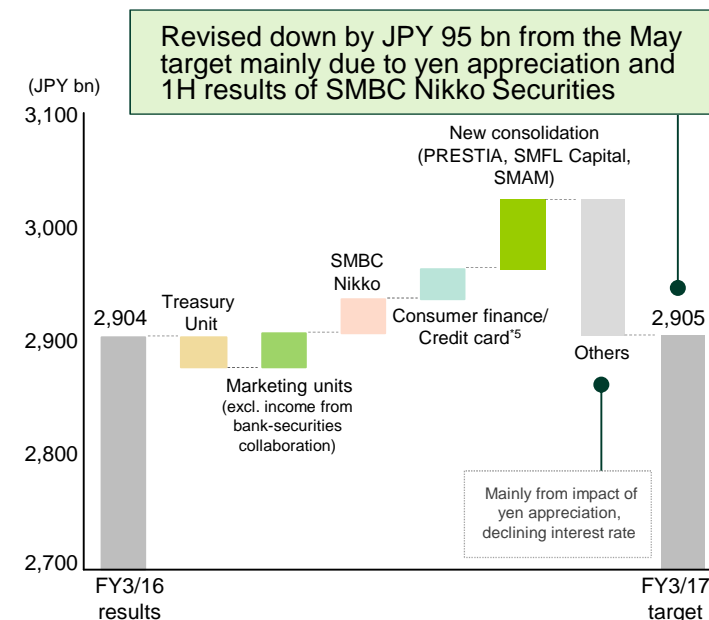
	FY3/03		1H FY3/17
SMBC's domestic loan / deposit related revenue	35%		18%
International business (banking)	5%		15%
Group companies	18%		31%

Consolidated net business profit basis: 33%

Earnings targets for FY3/2017

		(JPY bn)	FY3/16 results	1H	FY3/17 targets	YOY change	Change from May targets
SMFG consolidated	Consolidated gross profit		2,904.0	1,417.5	2,905	+1.0	(95.0)
	Total credit cost		(102.8)	(54.8)	(180)	(77.2)	± 0.0
	Ordinary profit		985.3	514.3	960	(25.3)	(60.0)
	Variance*2		237.4	34.0	220	(17.4)	(80.0)
	Profit attributable to owners of parent		646.7	359.2	700	+53.3	± 0.0
	Variance*2		37.5	(38.9)	100	+62.5	(30.0)
SMBC non-consolidated	Gross banking profit		1,534.3	914.0	1,640	+105.7	+10.0
	Expenses*3		(805.5)	(402.0)	(815)	(9.5)	+10.0
	Banking profit*4		728.8	512.0	825	+96.2	+20.0
	Total credit cost		3.2	8.0	(50)	(53.2)	± 0.0
	Ordinary profit		747.9	480.3	740	(7.9)	+20.0
	Net income		609.2	398.1	600	(9.2)	+30.0

Breakdown of increase in Consolidated gross profit



Decrease in Tax expenses and Profit attributable to non-controlling interests

Assumption of earnings targets*6

		FY3/2017
3M TIBOR		0.06%
Federal funds target rate		0.75%
Exchange rate	JPY/USD	100.00
	JPY/EUR	110.00

Revised from original assumptions of USD 1 = JPY 110 and EUR 1 = JPY 125

*1 Converted into USD at period-end exchange rate of USD 1 = JPY 101.05 *2 SMFG consolidated figures minus SMBC non-consolidated figures

*3 Excludes non-recurring losses *4 Before provision for general reserve for possible loan losses

*5 Sum of Sumitomo Mitsui Card, Cedyna, and SMBC Consumer Finance

*6 Nominal GDP growth rate: FY3/2016 result was +2.2%; FY3/2017 forecast estimated by Japan Research Institute was +1.1% as of May 2016, +1.1% as of Nov. 2016; Nikkei stock average: JPY 16,758.67 as of Mar. 31, 2016, JPY 16,449.84 as of Sep. 30, 2016

Vision for the next decade and three-year management goals

Vision for the next decade

We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region

**We will become
a truly Asia-centric institution**

**We will develop the best-in-class
earnings base in Japan**

We will realize true globalization and continue to evolve our business model

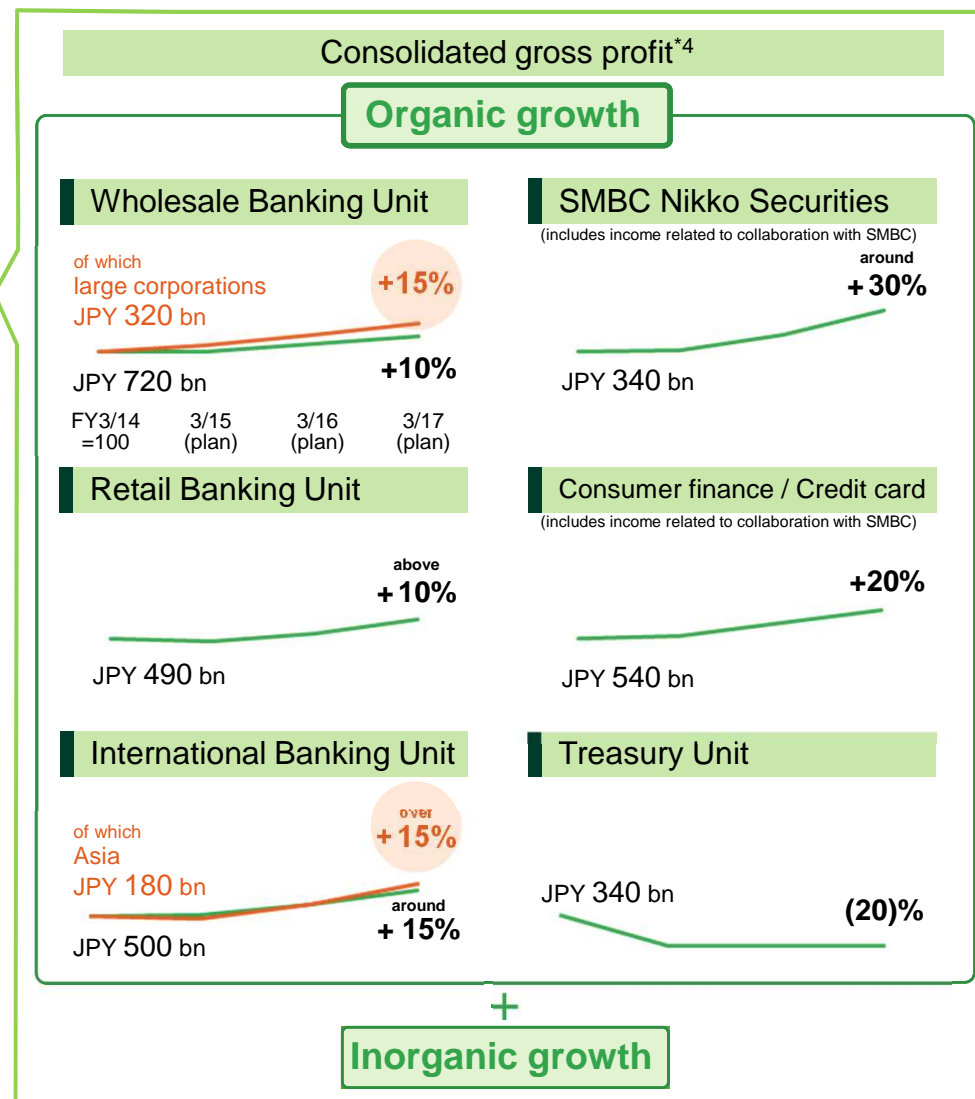
Three-year management goals

- 1** Develop and evolve client-centric business models for main domestic and international businesses
- 2** Build a platform for realizing Asia-centric operations and capture growth opportunities
- 3** Realize sustainable growth of top-line profit while maintaining soundness and profitability
- 4** Upgrade corporate infrastructure to support next stage of growth

Progress on financial targets and topline target by business unit

Progress on financial targets

		FY3/16	Apr.-Dec. 2016	FY3/17 targets
Growth	Growth rate of Consolidated gross profit ^{*1}	+0.2%	+0.0%^{*2}	around +15%
	Consolidated ROE	8.9%	9.5%^{*2}	around 10%
Profit-ability	Consolidated net income RORA	0.97%	1.04%^{*2}	around 1%
	Consolidated overhead ratio	59.4%	61.9%	in the mid 50%
	Common Equity Tier 1 capital ratio ^{*3}	11.9%	11.9%	around 10%
Soundness	Common Equity Tier 1 capital ratio ^{*3}	11.9%	11.9%	around 10%



■ Breakdown of SMFG's consolidated gross profit

(JPY bn)		FY3/16		1H, FY3/17	
		1H, FY3/16			YOY change
SMFG's consolidated gross profit*		1,512.7	2,904.0	1,417.5	(95.3)
of which:	Net interest income	782.7	1,422.9	660.6	(122.2)
	SMBC	571.9	1,023.6	639.9	+68.0
	SMBC Consumer Finance	78.0	157.0	80.0	+2.0
Trust fees		1.4	3.7	1.7	+0.3
Net fees and commissions		492.9	1,003.8	464.1	(28.8)
of which:	SMBC	163.9	358.6	151.9	(12.0)
	Sumitomo Mitsui Card	93.0	190.0	98.0	+5.0
	SMBC Nikko Securities	92.0	165.0	77.0	(14.0)
	Cedyna	58.0	116.0	59.0	+1.0
Net trading income + Net other operating income		235.7	473.5	291.1	+55.5
of which:	SMBC	66.3	149.6	121.4	+55.0
	SMBC Nikko Securities	70.0	128.0	70.0	(0.0)
	Sumitomo Mitsui Finance and Leasing	62.0	123.0	67.0	+4.0

* In round numbers excl. SMBC

■ 1H, FY3/2017 performance by segment

(JPY bn)						
	Gross profit	YOY change	Expenses, etc.	YOY change	Consolidated net business profit	YOY change
Total	1,417.5	(95.3)	(869.3)	+26.3	548.1	(69.0)
Banking business	1,059.6	+105.7	(521.1)	(21.6)	538.5	+84.1
of which						
SMBC	914.0	+111.0	(402.0)	(3.2)	512.0	+107.9
Leasing	87.2	+5.2	(37.6)	(5.6)	49.5	(0.4)
of which						
Sumitomo Mitsui Finance and Leasing*1	78.7	+7.1	(34.6)	(4.7)	44.1	+2.4
Securities services	176.4	(16.5)	(151.7)	+5.4	24.8	(11.1)
of which						
SMBC Nikko Securities*2	158.7	(17.5)	(127.4)	+4.5	31.3	(12.9)
Consumer finance business	313.2	+13.1	(206.9)	(11.0)	106.3	+2.1
of which						
Sumitomo Mitsui Card	105.9	+4.5	(85.6)	(8.6)	20.3	(4.1)
Cedyna*3	84.5	+2.0	(62.7)	(1.1)	21.8	+0.9
SMBC Consumer Finance*1	120.7	+6.0	(51.8)	(0.9)	68.9	+5.1
Other businesses*4	(218.9)	(202.8)	48.0	+59.1	(171.0)	(143.7)

■ SMFG's performance by business unit*1

(JPY bn)				1H, FY3/16	FY3/16	1H, FY3/17	YOY change*2
	Wholesale Banking Unit	Gross profit		343.4	721.2	342.0	+13.7
		Expenses		(147.6)	(299.4)	(144.2)	(2.0)
		Net business profit		195.8	421.8	197.8	+13.5
	Retail Banking Unit	Gross profit		235.6	481.5	224.8	(9.1)
		Expenses		(188.2)	(383.2)	(190.8)	(2.1)
		Net business profit		47.4	98.3	34.0	(11.2)
	International Banking Unit	Gross profit		325.4	644.8	276.2	+6.7
		Expenses		(124.9)	(246.9)	(113.3)	(5.3)
		Net business profit		200.5	397.9	162.9	+1.4
	of which Marketing units	Gross profit		904.4	1,847.5	843.0	+11.3
		Expenses		(460.7)	(929.5)	(448.3)	(7.6)
		Net business profit		443.7	918.0	394.7	+3.7
	of which Treasury Unit	Gross profit		239.0	325.6	178.2	(62.1)
		Expenses		(19.4)	(38.8)	(17.5)	+1.2
		Net business profit		219.6	286.8	160.7	(60.9)
	of which Sumitomo Mitsui Finance and Leasing	of which Gross profit		71.6	142.8	78.7	+7.1
		of which Expenses		(30.7)	(63.5)	(36.1)	(5.4)
		Net business profit		41.7	80.7	44.1	+2.4
	of which SMBC Nikko Securities	Gross profit		176.6	318.0	159.2	(14.3)
		Expenses		(132.2)	(257.2)	(127.1)	+3.3
		Net business profit		44.4	60.8	32.1	(11.0)
	of which Consumer finance / Credit card*3	Gross profit		298.4	607.1	311.1	+12.5
		Expenses		(189.4)	(386.1)	(200.1)	(10.8)
		Net business profit		109.0	221.0	111.0	+1.7
	Total (SMFG consolidated)	Gross profit		1,512.7	2,904.0	1,417.5	(95.3)
		Expenses		(852.2)	(1,724.8)	(882.0)	(29.8)
		Ref: Gross profit - Expenses		660.5	1,179.2	535.5	(125.1)
		Equity in gains (losses) of affiliates		(43.4)	(36.2)	12.7	+56.1
		Net business profit*4		617.1	1,142.9	548.1	(69.0)

*1 Managerial accounting basis. *2 After adjustments for changes in interest rates and exchange rates, etc.

*3 Sum of Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance

*4 Consolidated net business profit = Consolidated gross profit - General and administrative expenses + Equity in gains (losses) of affiliates

■ SMBC's performance by business unit*1

(JPY bn)				1H, FY3/16	FY3/16	1H, FY3/17	YOY change*2
	Wholesale Banking Unit	Gross banking profit		257.6	545.3	257.7	+12.6
		Expenses		(101.9)	(205.1)	(99.6)	0.0
		Banking profit		155.7	340.2	158.1	+12.6
	Retail Banking Unit	Gross banking profit		182.9	372.8	169.1	(12.0)
		Expenses		(174.4)	(354.1)	(176.7)	(1.7)
		Banking profit		8.5	18.7	(7.6)	(13.7)
	International Banking Unit	Gross banking profit		180.7	356.0	148.2	(2.1)
		Expenses		(60.9)	(116.5)	(59.5)	(4.2)
		Banking profit		119.8	239.5	88.7	(6.3)
	Marketing units	Gross banking profit		621.2	1,274.1	575.0	(1.5)
		Expenses		(337.2)	(675.7)	(335.8)	(5.9)
		Banking profit		284.0	598.4	239.2	(7.4)
Treasury Unit		Gross banking profit		222.5	293.6	164.3	(58.2)
		Expenses		(14.6)	(29.1)	(13.6)	(0.4)
		Banking profit		207.9	264.5	150.7	(58.6)
Headquarters		Gross banking profit		(40.7)	(33.4)	174.7	+170.7
		Expenses		(47.0)	(100.7)	(52.6)	+3.1
		Banking profit		(87.7)	(134.1)	122.1	+173.8
Total (SMBC non-consolidated)		Gross banking profit		803.0	1,534.3	914.0	+111.0
		Expenses		(398.8)	(805.5)	(402.0)	(3.2)
		Banking profit		404.2	728.8	512.0	+107.9

*1 SMBC non-consolidated. Managerial accounting basis *2 After adjustments for interest rates and exchange rates, etc.

Initiatives for negative interest rate policy

Control deposit balance

- Lowered interest rates
 - Ordinary deposits 0.001% since Feb. 16th, 2016
 - Time deposits 0.01% since Mar. 1st, 2016
- Initiatives against inflow of large funds from corporations (especially financial institutions)
 - Charge fees for correspondent accounts of foreign banks

Promote shifts from savings to investment

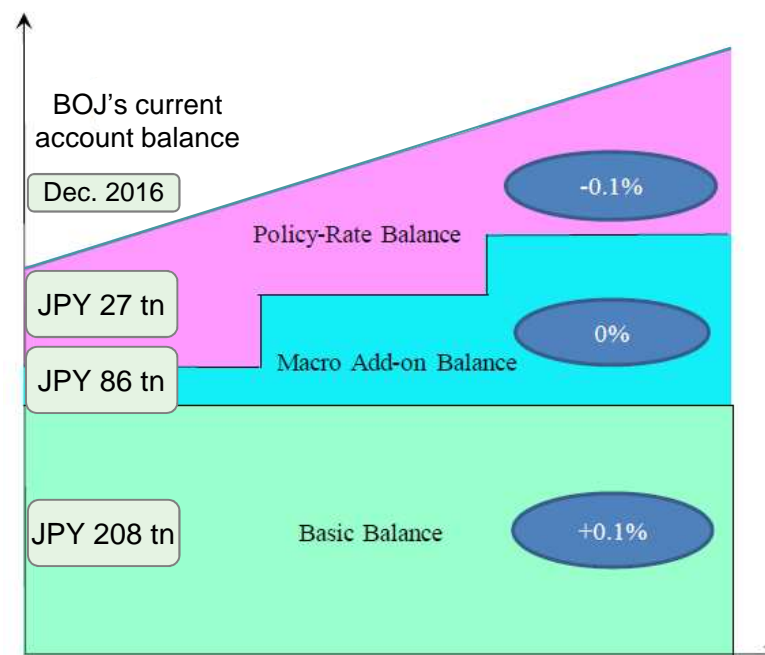
- Foreign deposits; raised interest rates, launched marketing campaigns
- Increase sales of wrap accounts and low risk and low return investment products

Diversify revenue sources Initiatives to secure loan margin

- Strengthen commission business
- Expand non-banking business
- Initiatives to increase high value-added loans by providing solutions

BOJ's negative interest rate policy

- Introduction of “Quantitative and Qualitative Monetary Easing with a Negative Interest Rate” (Feb. 2016)*¹



- Introduction of “Quantitative and Qualitative Monetary Easing with Yield Curve Control” (Sep. 2016)*²
 - “Yield curve control”
 - “Inflation-overshooting commitment”

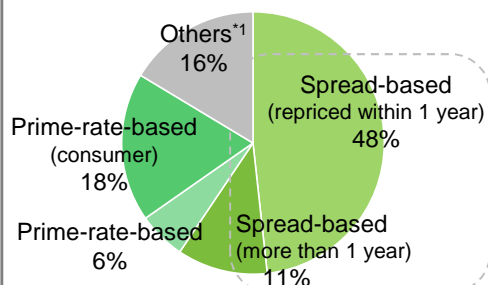
Balance sheet

SMFG consolidated balance sheet (Sep. 30, 2016)

Of which SMBC
non-consolidated

- Balance in the BOJ's current account
Sep. 30, 2016 JPY 30.8 tn
1H FY3/17 average JPY 30.1 tn

- Domestic loans outstanding
JPY 53.3 tn



- Spread-based loan balance
approx. JPY 30 tn

- Market rate: (10) bp
- Tax rate: 30%

Before tax basis approx. JPY (30) bn

After tax basis approx. JPY (20) bn

- JGB JPY 7.4 tn
 - Of which Other securities JPY 6.0 tn

Cash and due from banks
JPY 39.3 tn

Loans
JPY 76.0 tn

Securities
JPY 21.9 tn

Other assets
JPY 42.9 tn

Total assets JPY 180.0 tn

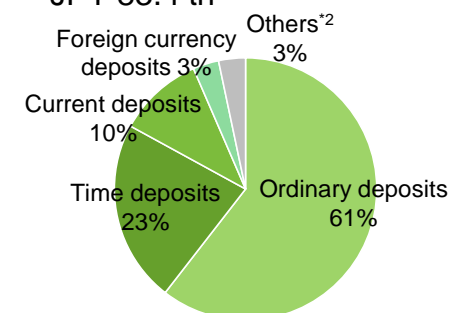
Deposits
(includes NCD)
JPY 120.9 tn

Other liabilities
JPY 48.6 tn

Total net assets JPY 10.4 tn

Of which SMBC
non-consolidated

- Domestic deposits outstanding
JPY 83.4 tn



- Borrowed money JPY 7.4 tn
- Bonds JPY 4.1 tn
- CP JPY 1.2 tn

*1 Loans denominated in foreign currencies, overdraft, etc. *2 Sundry deposits, etc.

Gains (losses) on bonds

SMBC non-consolidated

Gains (losses) on bonds

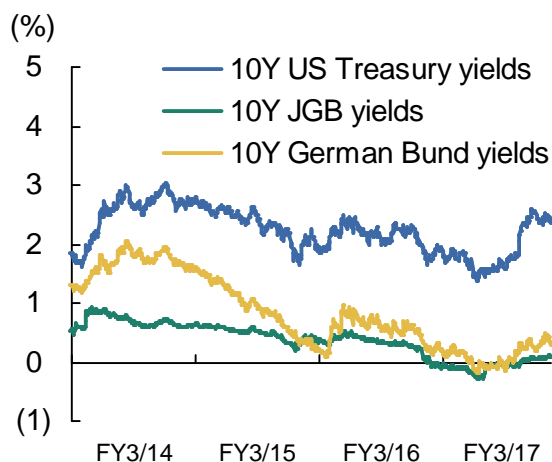
(JPY bn)	FY3/16	1H, FY3/17	YOY Change
Gains (losses) on bonds	54.0	58.0	+37.5
Domestic operations	3.4	18.3	+18.9
International operations	50.6	39.7	+18.6

Gross banking profit of SMBC's Treasury Unit

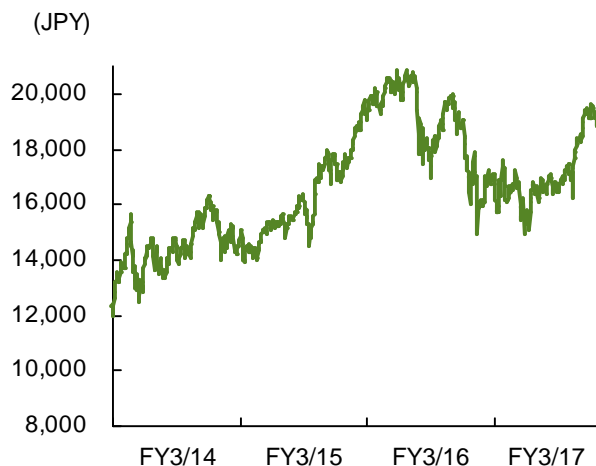
(JPY bn)	FY3/16	1H, FY3/17	YOY change
Gross banking profit of SMBC's Treasury Unit	293.6	164.3	(58.2)

Interest rate, stock price and exchange rate

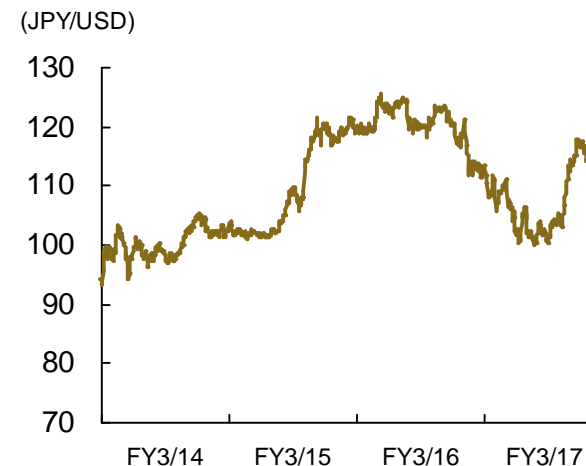
Interest rate of JGB, US Treasury and Bund



Nikkei Stock Average



Exchange rate JPY / USD



Treasury Unit

- Secure profits through flexible portfolio management adapting to the changing market environment

Gross banking profit of SMBC's Treasury Unit

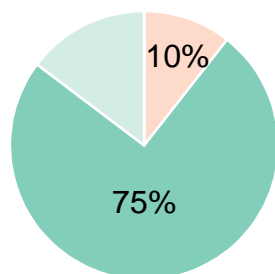
(JPY bn)	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	1H, FY3/16	FY3/16	1H, FY3/17
Gross banking profit of SMBC's Treasury Unit	330.7	319.3	295.3	325.5	354.0	222.5	293.6	164.3

Diversification of earnings sources: composition of Gross profit

- Trading (FX, derivatives, etc.)
- Income gains (interest income, etc.)
- Capital gains (bonds, etc.)
- Equities
- Alternative investments

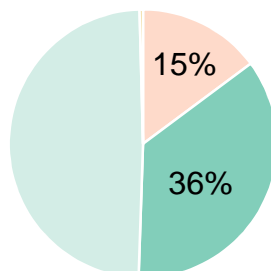
FY3/02

Gross profit: JPY 507.7 bn



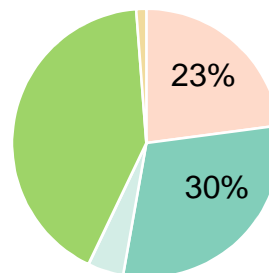
FY3/12

Gross profit: JPY 319.3 bn



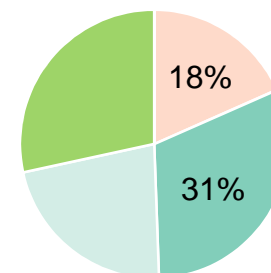
FY3/14

Gross profit: JPY 325.5 bn



FY3/16

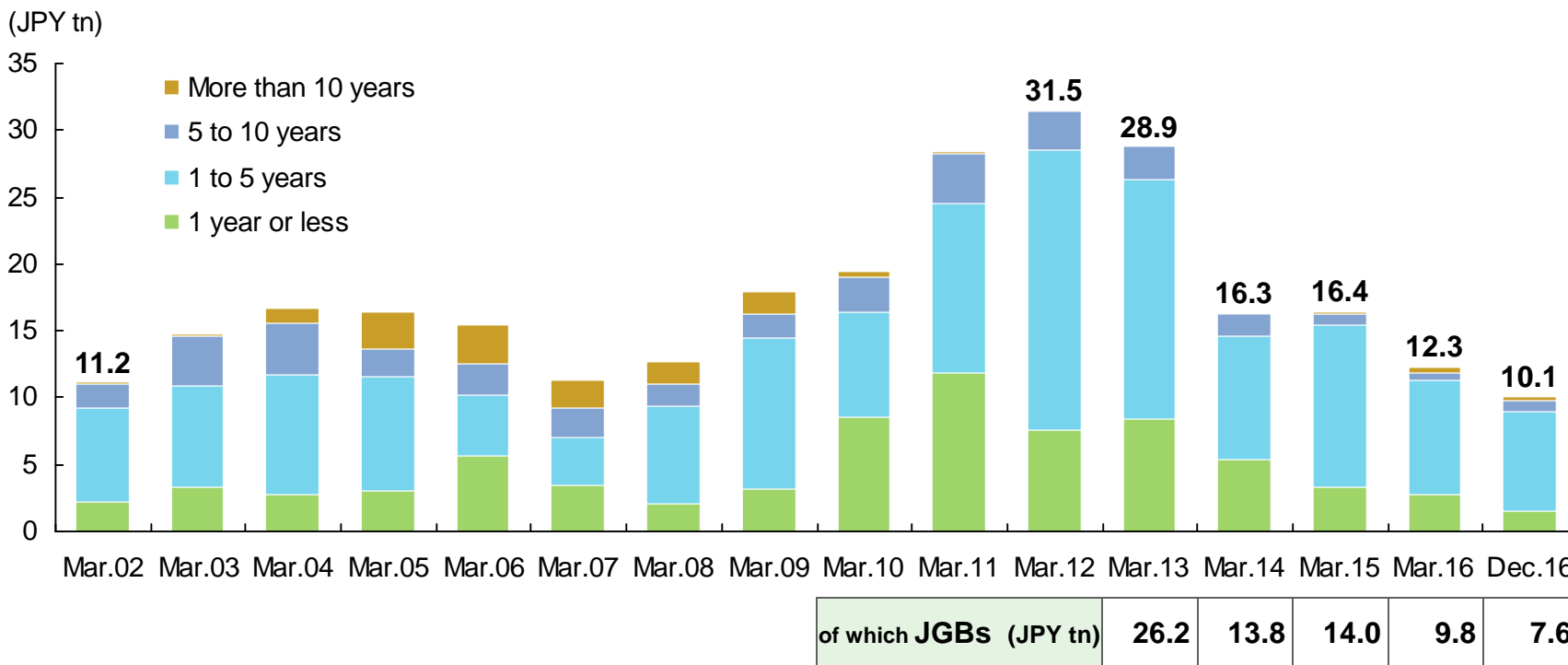
Gross profit: JPY 293.6 bn



Yen bond portfolio

SMBC non-consolidated

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



Average duration (years)*1	2.7	3.6	3.4	2.3	1.5	1.7	2.4	1.8	1.1	1.4	1.9	1.8	1.1	1.8	2.8	3.0
Unrealized gains (losses) (JPY bn)*2	37.6	108.7	(101.9)	7.7	(282.2)	(151.4)	(129.5)	(1.2)	116.1	71.9	104.4	95.3	60.0	45.9	103.8	56.8

*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. Duration at Mar. 02 is for JGB portfolio only

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

Bond portfolio

		Mar. 2013		Mar. 2015		Mar. 2016		Dec. 2016	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
(JPY tn)									
SMFG consolidated	Yen-denominated bonds	30.4	0.17	17.1	0.07	13.2	0.13	10.9	0.07
	of which JGB	27.0	0.12	14.3	0.03	10.3	0.08	8.0	0.03
	Held-to-maturity	5.5	0.06	3.3	0.02	2.2	0.02	1.4	0.01
	Others	21.5	0.06	11.0	0.01	8.1	0.06	6.6	0.02
	Foreign bonds (Other securities)			5.6	0.03	6.5	0.03	6.1	(0.14)

SMBC non-consolidated	Yen-denominated bonds	28.9	0.16	16.4	0.07	12.3	0.12	10.1	0.06
	of which JGB	26.2	0.11	14.0	0.03	9.8	0.07	7.6	0.03
	Held-to-maturity	5.5	0.06	3.3	0.02	2.0	0.01	1.2	0.01
	Others	20.7	0.06	10.7	0.01	7.8	0.06	6.4	0.02
	Foreign bonds (Other securities)			4.2	0.03	5.2	0.02	4.5	(0.13)

Expenses

SMFG consolidated

(JPY bn)	1H, FY3/17	YOY change
Expenses	882.0	+29.8
Overhead ratio	62.2%	+5.9%

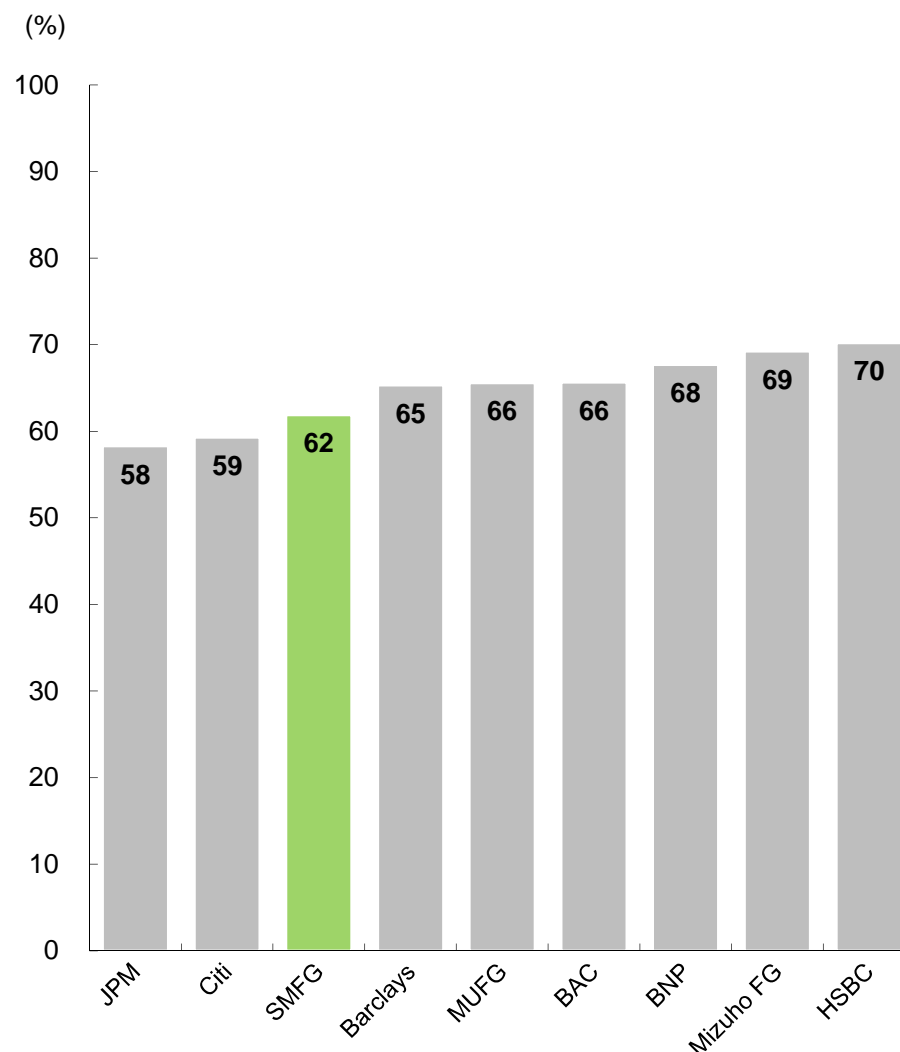
Major components

(JPY bn)	1H, FY3/17	YOY change
SMBC*1	402	+3
SMBC Nikko Securities	120	(5)
Sumitomo Mitsui Card	85	+9
Cedyna	63	+1
SMBC Consumer Finance	52	+1
Sumitomo Mitsui Finance and Leasing	36	+5
SMBC Trust Bank	25	+21
SMBC Friend Securities	19	(1)

New consolidation (SMFL Capital)

New consolidation (PRESTIA)

Overhead ratio comparison*2



*1 Excludes non-recurring losses

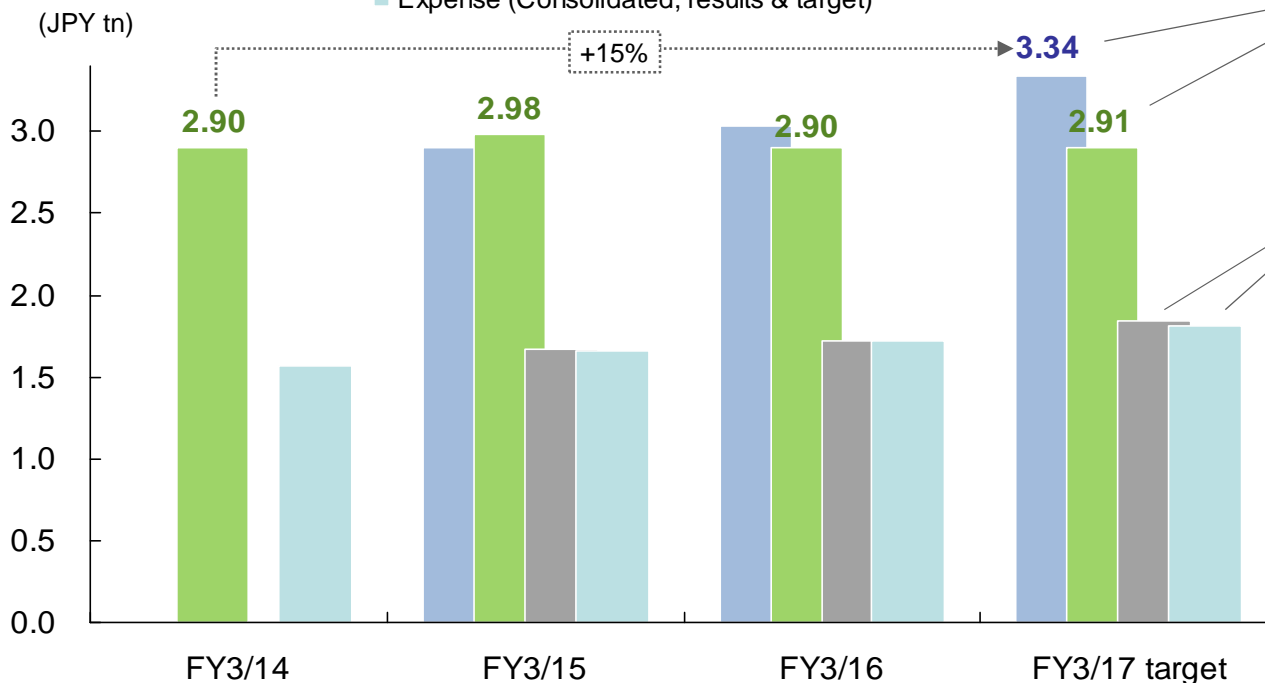
*2 Consolidated basis. Based on each company's disclosure. G&A expenses (for Japanese banks, includes non-recurring losses of subsidiary banks) divided by top-line profit (net of insurance claims). Based on each company's disclosure. 3Q, FY3/17 results for SMFG, MUFG and Mizuho FG, 3Q, FY12/16 results for Barclays and HSBC, and FY12/16 results for others

Expense control

- As topline growth is sluggish, we implemented group-wide cost reduction initiatives and optimal resource allocation in addition to cost cutting efforts taken by each company. Consolidated overhead ratio for this fiscal year is expected to be in the lower 60% range

Trend of consolidated gross profit and expenses

- Gross profit (Consolidated, Mid-term plan)
- Gross profit (Consolidated, results & FY3/2017 target)
- Expense (Consolidated, Mid-term plan)
- Expense (Consolidated, results & target)



Comparison with the mid-term plan target

Gross profit JPY (435) bn

Expense control JPY (25) bn

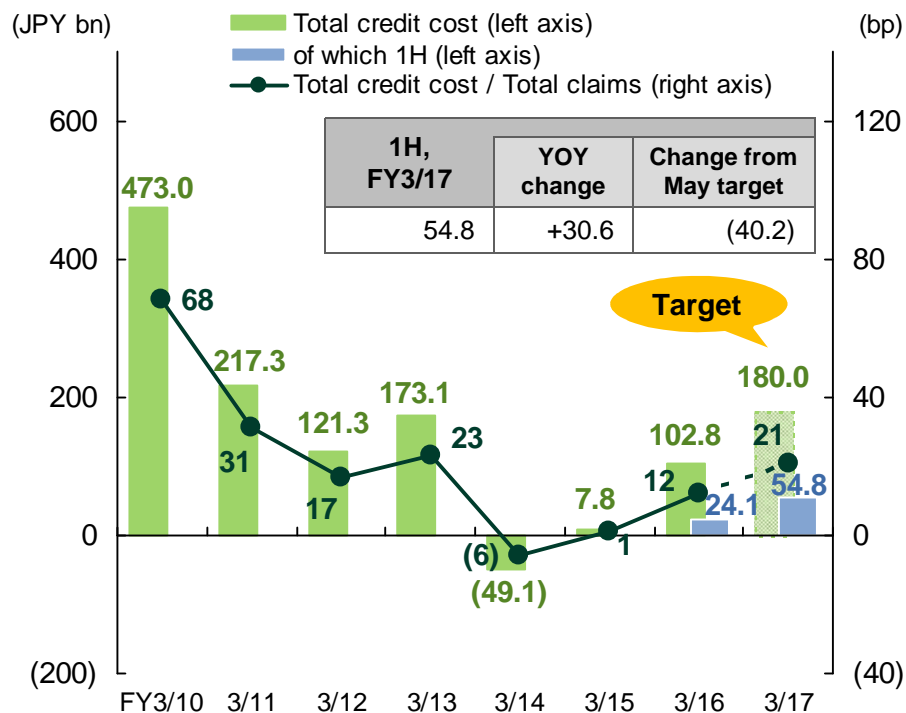
Group-wide cost reduction measures

- Economy of scale
 - Rent cost, advertisement cost, etc.
- Commonalize and commoditize
 - Systems, marketing offices, etc.
- Centralize and integrate
 - Procurement, facility maintenance, administrative work, etc.

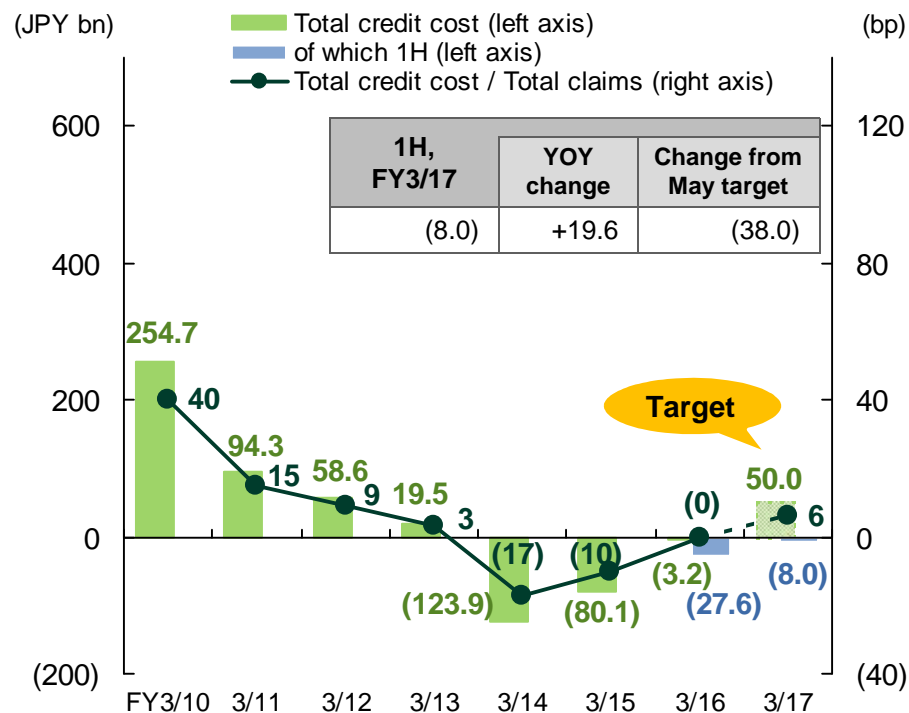
Consolidated overhead ratio	FY3/14	FY3/15	FY3/16	FY3/17 target
	54.2%	55.7%	59.4%	3Q, FY3/2017 61.9%

Credit costs

SMFG consolidated



SMBC non-consolidated



Major components

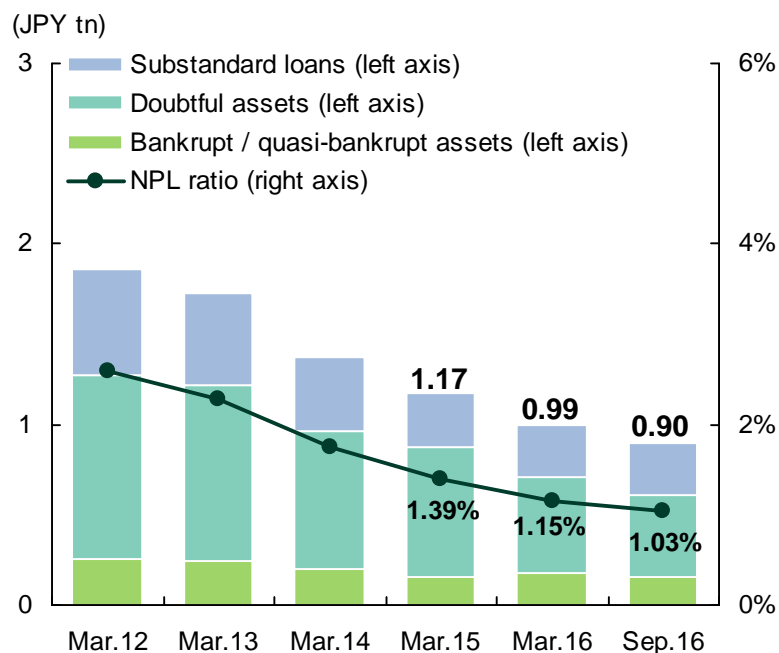
(JPY bn)	1H, FY3/17	YOY change
SMBC Consumer Finance	39	+4
Sumitomo Mitsui Card	6	+1
Cedyna	6	(0)
SMBC Europe	4	+3

- Credit costs related to resources (sum of non-Japanese oil & gas, and other resources)
 - FY3/2016 : approx. JPY 32 bn
 - FY3/2017 : forecast same level as the previous fiscal year mainly from Upstream and Services within Oil & gas sector, and Other resources (Mining)

■ Non-performing loan balance and ratio

■ SMFG consolidated

	Mar. 16	Sep. 16
Coverage ratio	81.34%	79.25%

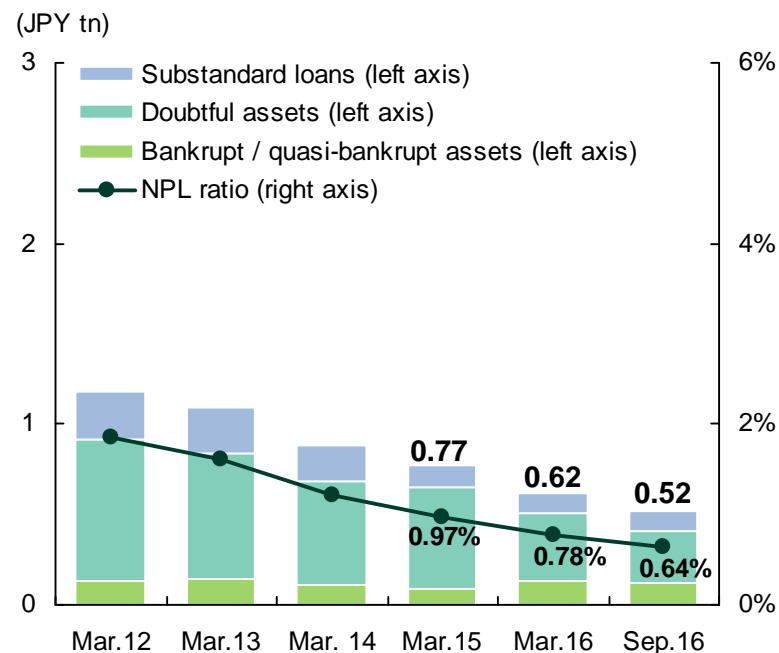


(JPY tn)

Total claims	72	76	79	85	87	87
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■ SMBC non-consolidated

	Mar. 16	Sep. 16
Coverage ratio	88.32%	87.06%

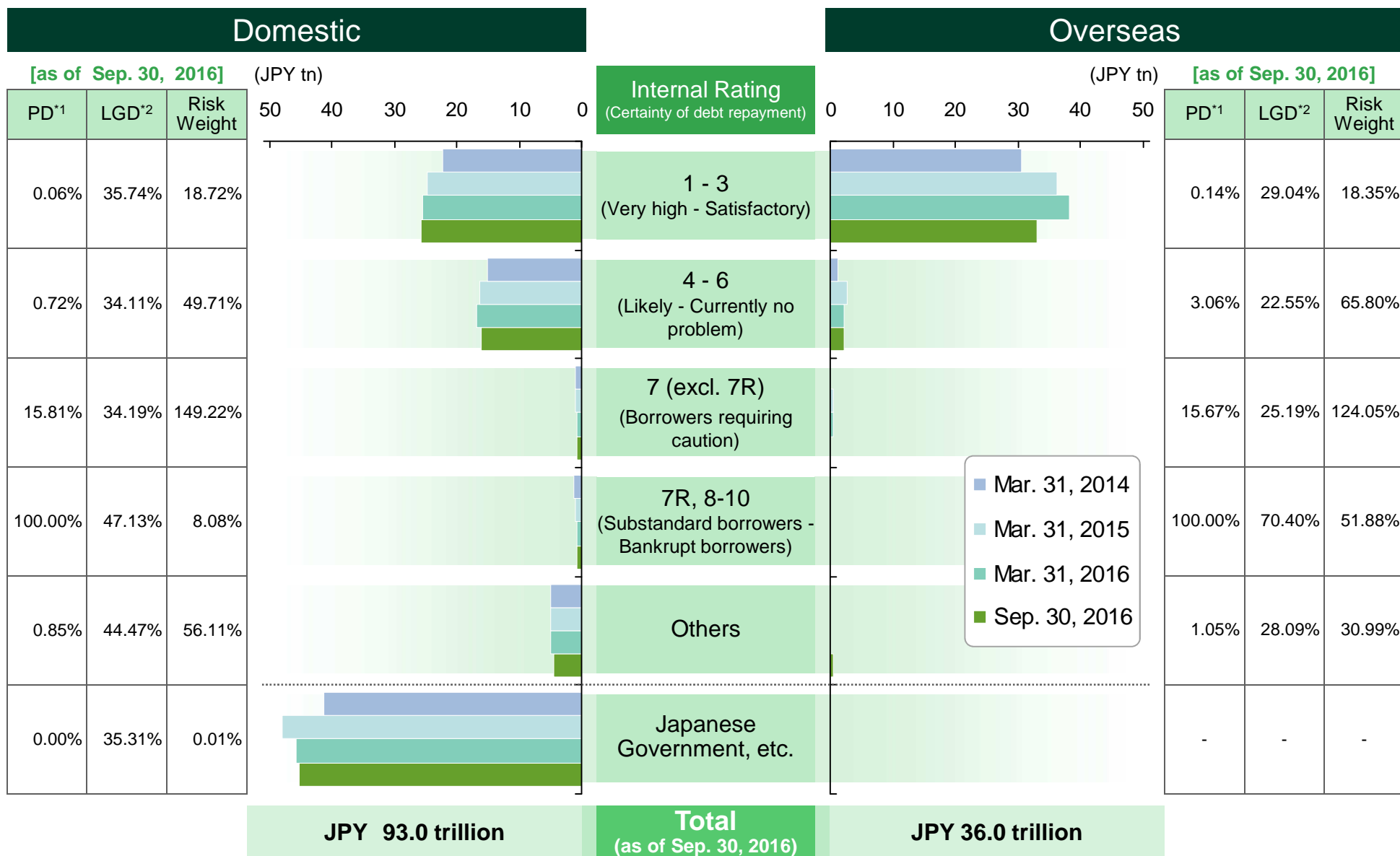


(JPY tn)

Claims on borrowers requiring caution*	2.8	1.9	1.6	1.6	1.4	1.2
Total claims	64	68	73	79	80	81

* Excludes claims to Substandard borrowers

Corporate, sovereign and bank exposures



■ Exposure to resource-related sectors*1

(JPY tn)			Mar. 15	Ratio to total exposure	Mar. 16	Ratio to total exposure	Dec. 16	Ratio to total exposure
		Integrated Oil & Gas*2	1.8	1.6%	1.5	1.3%	1.6	1.3%
		Services (Drilling, field services)	0.5	0.4%	0.5	0.4%	0.5	0.4%
		Upstream (E&P*3)	1.5	1.3%	1.7	1.4%	1.6	1.3%
		Midstream (Storage/Transportation)	1.1	1.0%	1.4	1.2%	1.4	1.1%
		Downstream (Refining)	0.7	0.6%	0.7	0.6%	0.9	0.7%
	Oil and gas		5.5	5.0%	5.8	5.0%	6.0	4.8%
	Other resources (Mining)		1.2	1.1%	1.1	1.0%	1.0	0.8%
	Non-Japanese*4 (Resource-related sectors)		6.8	6.1%	6.9	6.0%	7.0	5.6%
		o/w Upstream	0.1	0.1%	0.2	0.2%	0.2	0.2%
		Oil and gas	1.2	1.1%	1.6	1.4%	1.7	1.3%
		Other resources (Mining)	0.2	0.2%	0.2	0.2%	0.2	0.2%
		Japanese (Resource-related sectors)	1.4	1.2%	1.8	1.6%	1.9	1.5%
	Resource-related sectors		8.1	7.3%	8.8	7.6%	8.9	7.1%
	Oil and gas		6.7	6.0%	7.4	6.4%	7.6	6.2%
	Other resources (Mining)		1.4	1.3%	1.3	1.1%	1.2	1.0%
	Non-Japanese*4		38	34.0%	38	32.9%	42	33.8%
	Japanese		73	66.0%	77	67.1%	82	66.2%
	SMFG total exposure		111	100.0%	115	100.0%	124	100.0%

- “Oil and gas” does not include petrochemical; Japanese “Other resources (Mining)” does not include general trading companies
- Non-Japanese (resource-related sectors) : Corporate finance approx. 70%; Project finance approx. 30%
- Japanese (resource-related sectors) : Corporate finance 100%. No NPLs
- Exposure to resource-related sectors excluding project finance which are unaffected by resource prices is JPY 7.7 tn;
Exposure at default (EAD) to the sectors is JPY 6.8 tn as of Dec. 2016

Breakdown of exposure to Non-Japanese oil & gas/other resources

(USD bn)		[1] Exposure* ¹	[2]		[3] NPLs* ^{1,2,3}	[4] Ratio to drawn amount [3]/[2]	[5] Reserve for possible loan losses* ¹	[6] Collateral, guarantees, etc.* ¹	[7] Coverage ratio* ¹	
			Percentage of “1-3”* ¹	Drawn amount* ¹					Percentage of “1-3”* ¹	([5]+[6])/[3]
Asia		16.8	89%	14.6	90%	0.088	0.6%	0.024	0.000	27%
Americas		21.6	80%	8.2	74%	0.449	5.5%	0.059	0.319	84%
EMEA		21.5	81%	11.2	73%	0.267	2.4%	0.088	0.120	78%
Total		59.9	83%	33.9	80%	0.804	2.4%	0.172	0.439	76%
Oil and gas		51.2	84%	29.4	82%	0.389	1.3%	0.066	0.280	89%
Integrated Oil & Gas (Majors, state-owned companies, etc.)		13.8	92%	7.6	89%	-	-	-	-	-
Services (Drilling, field services)		4.1	43%	2.2	29%	0.090	4.2%	0.048	0.025	80%
Upstream (E&P)		13.7	74%	8.7	76%	0.299	3.4%	0.018	0.255	91%
Midstream (Storage/Transportation)		12.2	91%	5.9	89%	-	-	-	-	-
Downstream (Refining)		7.4	97%	5.0	97%	-	-	-	-	-
Other resources (Mining)		8.7	75%	4.6	69%	0.415	9.1%	0.106	0.159	64%

- Oil and gas : Corporate finance approx. 70%; Project finance approx. 30%
- Other resources (Mining) : Corporate finance approx. 80%; Project finance approx. 20%

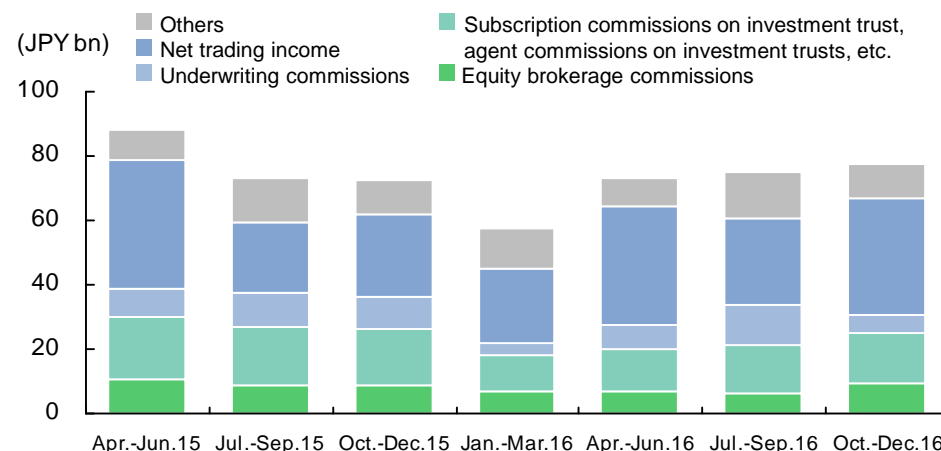
SMBC Nikko Securities / Reorganization of group companies

SMBC Nikko Securities

Financial results (consolidated)

(JPY bn)	Apr.-Dec. 2015	FY3/16	Apr.-Dec. 2016	YOY change
Net operating revenue	235.2	292.8	227.1	(8.1)
SG&A expenses	(184.2)	(241.5)	(181.1)	+3.1
Ordinary income^{*1}	54.0	55.8	48.6	(5.4)
Profit attributable to owners of parent^{*1, 2}	40.1	42.1	26.3	(13.8)

Net operating revenue



Reorganization of group companies

Merger of securities subsidiaries

Target of merger: Jan. 2018



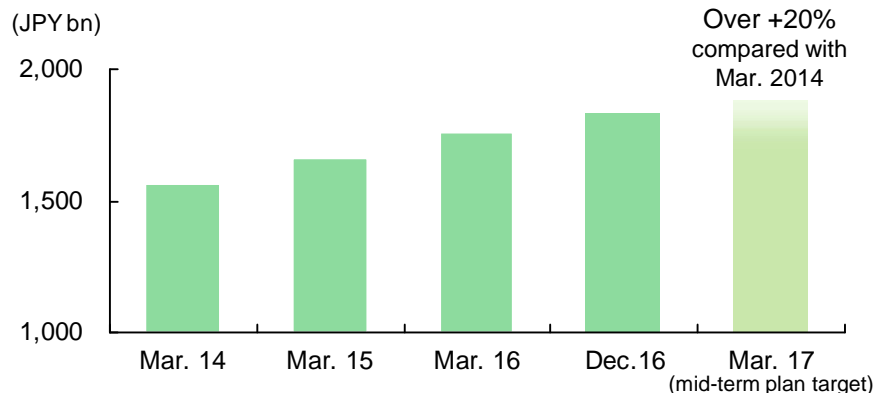
Consolidation of asset management company

Increased stakes to 60%: Jul. 2016



Consumer finance business

Balance of unsecured card loans (SMBC + SMBC Consumer Finance)



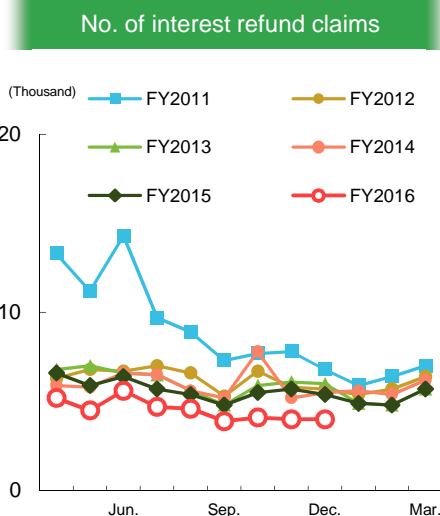
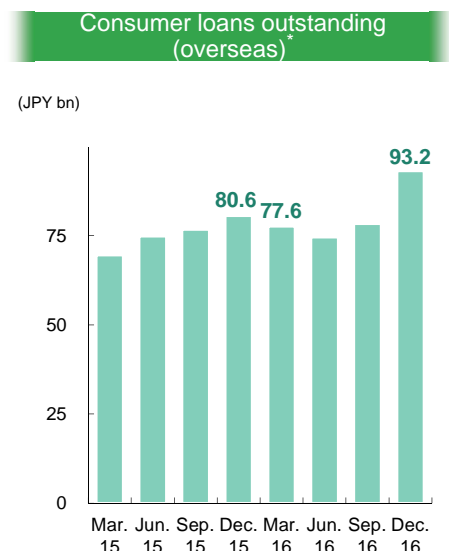
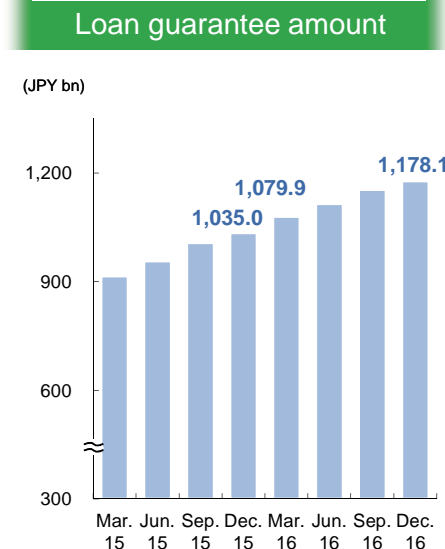
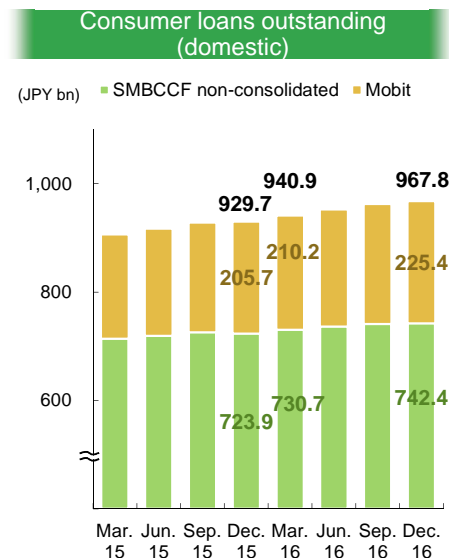
Financial results : SMBC Consumer Finance (consolidated)

(JPY bn)	Apr.-Dec. 2015	FY3/16	Apr.-Dec. 2016	YOY change
Operating income	183.5	245.8	193.1	+9.5
Expenses for loan losses within Expenses	(42.6)	(52.0)	(45.2)	(2.6)
Losses on interest repayments within Expenses	-	(122.0)	-	-
Ordinary profit	45.8	(61.2)	50.2	+4.4
Profit attributable to owners of parent	42.6	(64.8)	46.1	+3.6

Consumer loans outstanding	1,014.0	1,022.0	1,063.5
Allowance on interest repayments	78.0	188.8	135.8
Loan guarantee	1,035.0	1,079.9	1,178.1
of which: for regional financial institutions, etc.	447.9	474.2	535.7

No. of companies with guarantee agreements:
189
(as of Dec. 2016)

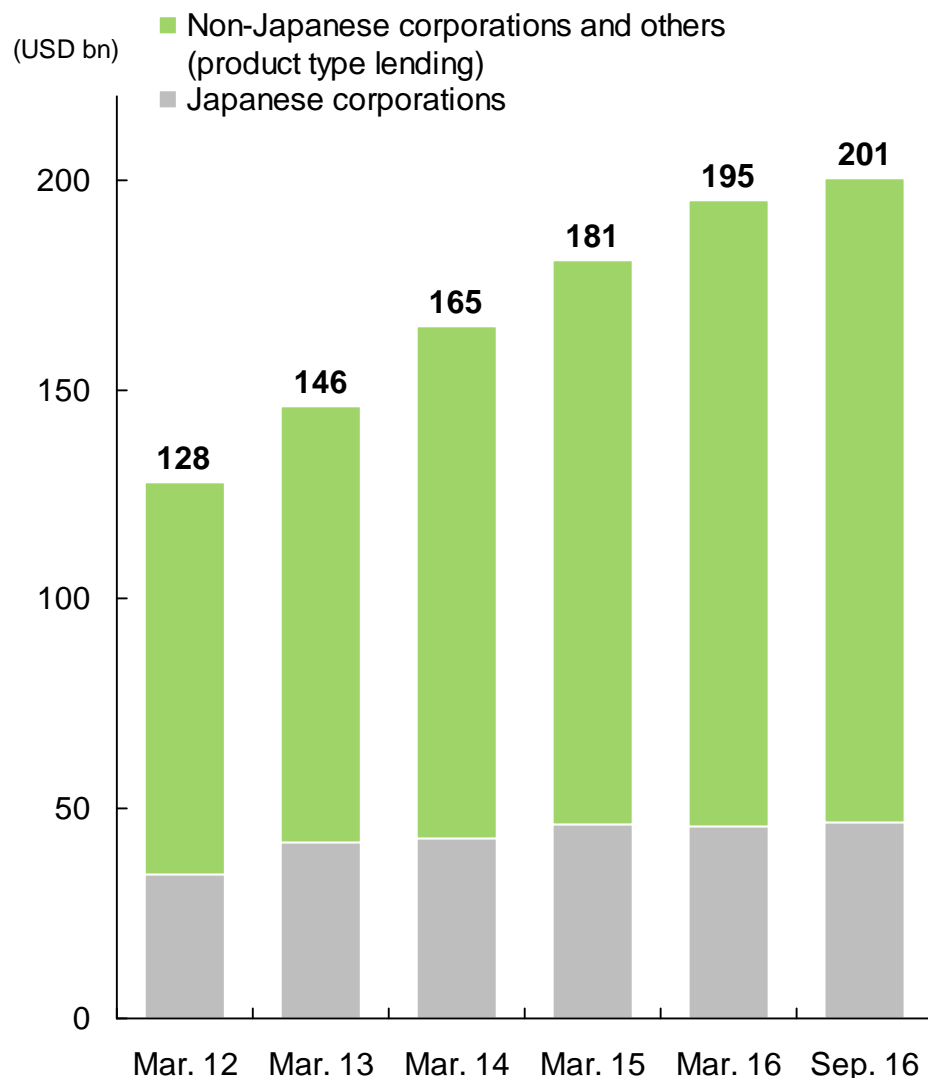
SMBC Consumer Finance: financing / loan guarantee / overseas businesses



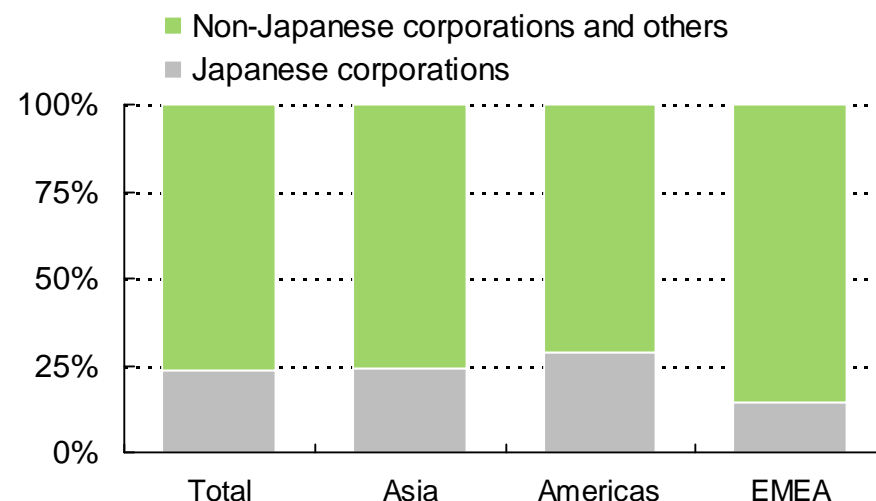
* Converted into Japanese yen at respective period-end exchange rates

Overseas loan balance classified by borrower type

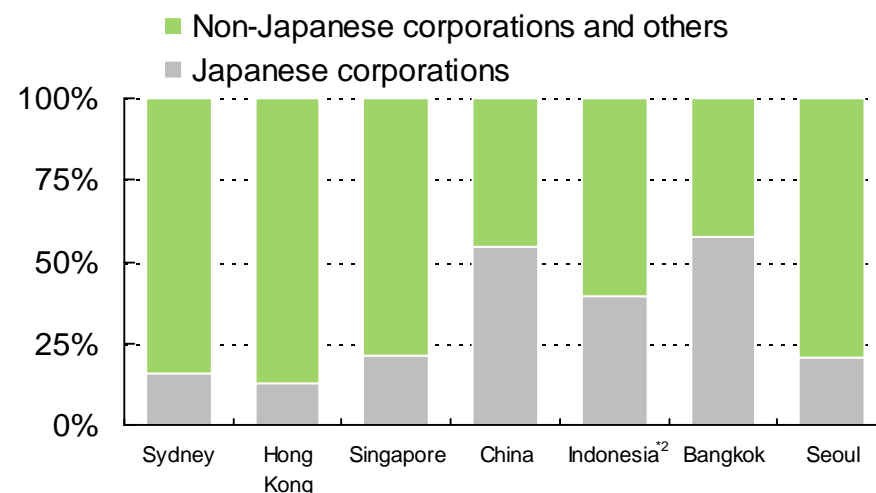
Total*¹



By region (Sep. 2016)*¹



Major marketing channels in Asia (Sep. 2016)*¹

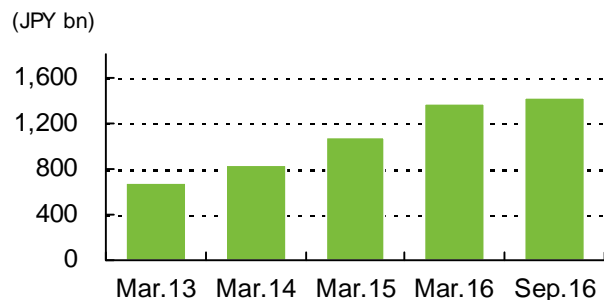


*¹ Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015

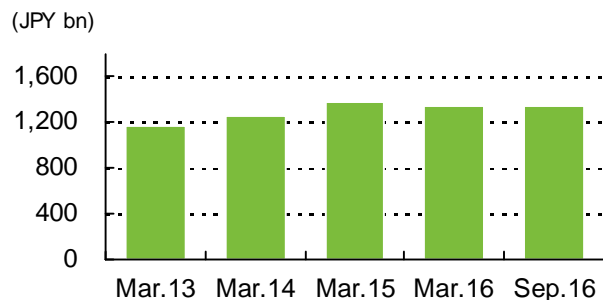
*² Sum of SMBC and SMBC Indonesia

Loan balance in Asian countries/areas

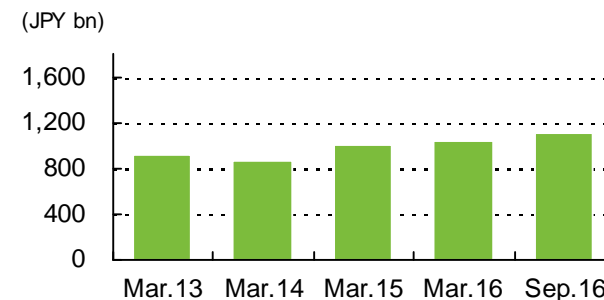
Australia



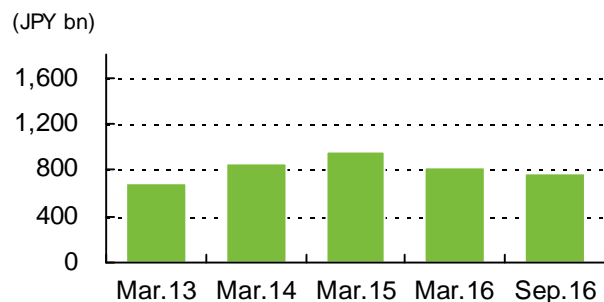
Hong Kong



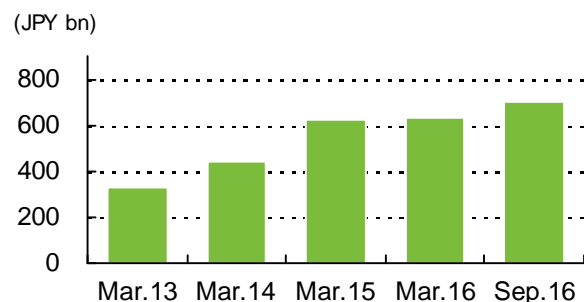
Singapore



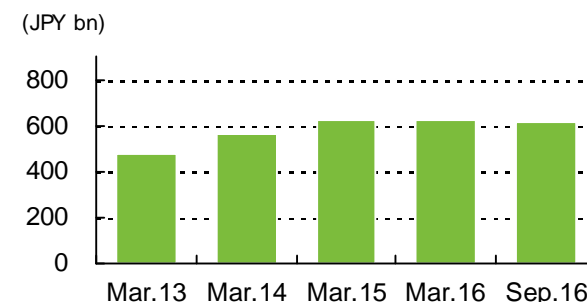
China



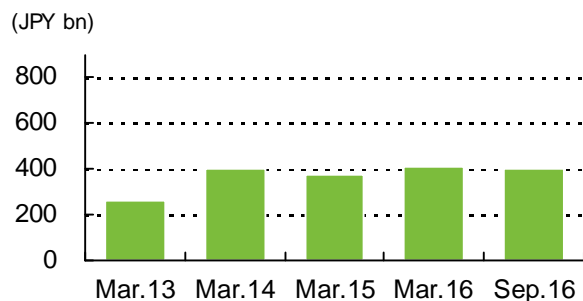
Indonesia



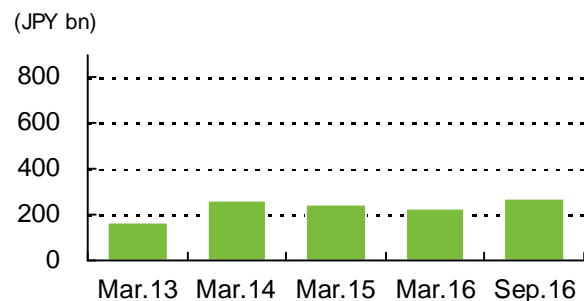
Thailand



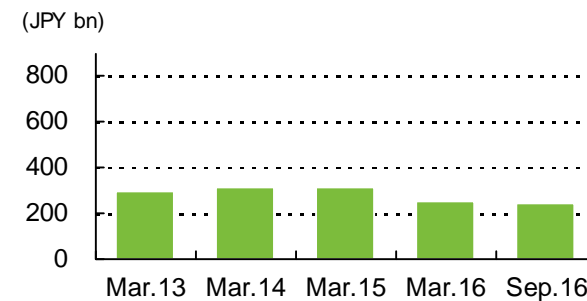
India



Taiwan



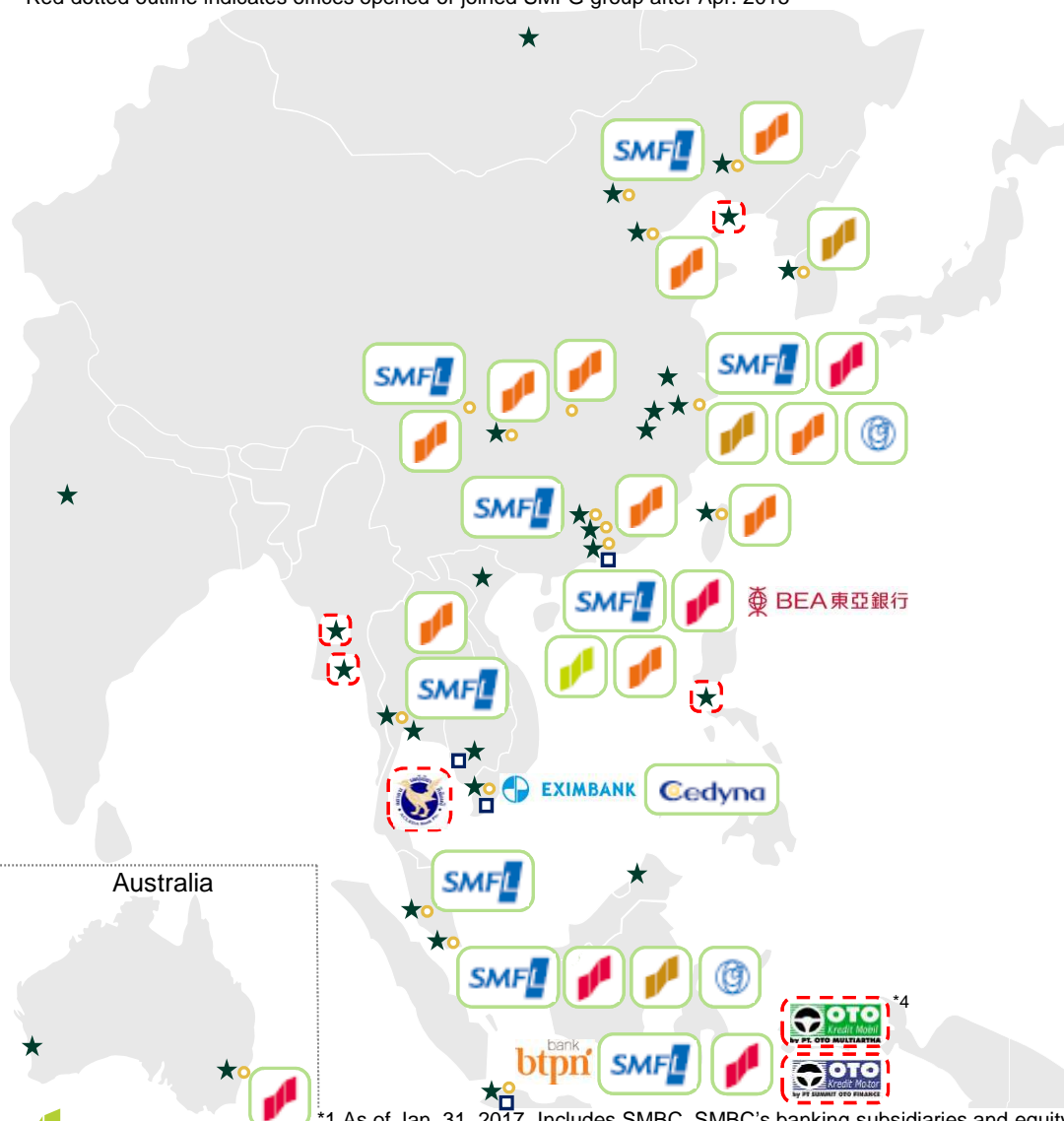
Korea



* Managerial accounting basis. Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Indonesia
Loan balances are translated into JPY from each country's local currency at the exchange rate of Sep. 30, 2016

SMFG's network in Asia

- ★: Banking business offices
 ○: Overseas offices of SMFG group companies excluding banking business offices
 □: Equity method affiliates
 Red dotted outline indicates offices opened or joined SMFG group after Apr. 2015



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 40 offices* ¹
Sumitomo Mitsui Finance and Leasing	Leasing	<ul style="list-style-type: none"> Beijing Shanghai Chengdu Guangzhou Hong Kong Bangkok Kuala Lumpur Singapore Jakarta
SMBC NIKKO	Securities	<ul style="list-style-type: none"> Hong Kong Sydney Singapore Jakarta
	M&A advisory	<ul style="list-style-type: none"> Shanghai Hong Kong Singapore Jakarta
SMBC FRIEND SECURITIES	Market research	<ul style="list-style-type: none"> Hong Kong
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	<ul style="list-style-type: none"> Seoul*²
	Consulting	<ul style="list-style-type: none"> Shanghai
	Market research	<ul style="list-style-type: none"> Singapore
Cedyna	Auto loans	<ul style="list-style-type: none"> Ho Chi Minh*³
SMBC CONSUMER FINANCE	Consumer finance	<ul style="list-style-type: none"> Hong Kong Shenzhen Shenyang Tianjin Chongqing Chengdu Wuhan Shanghai Bangkok
	Loan management and collection	<ul style="list-style-type: none"> Taipei
The Japan Research Institute, Limited	Consulting	<ul style="list-style-type: none"> Shanghai
	System integration	<ul style="list-style-type: none"> Shanghai Singapore

*¹ As of Jan. 31, 2017. Includes SMBC, SMBC's banking subsidiaries and equity method affiliates. Excludes offices planned to be closed

*² Prepaid cards targeted at travelers to Korea from Japan offered through an alliance with Hana SK Card Co., Ltd. since Nov. 2012

*³ Expanded auto loan business through alliance with Vietnam Eximbank since May 2013

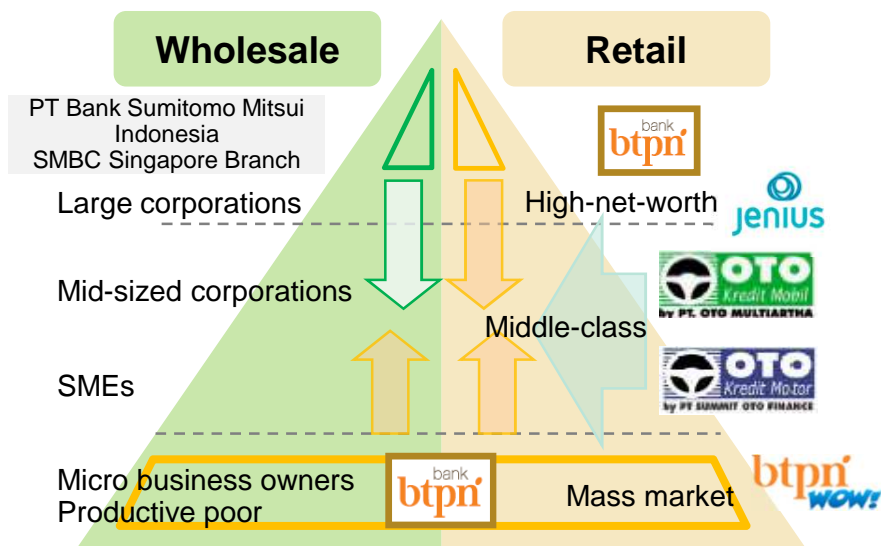
*⁴ SMBC made OTO/SOF equity method affiliates in Mar. 2016

Indonesia strategy (Multi-Franchise strategy)

- We will further promote building a base to provide a full-banking service in Indonesia
- BTPN launched mobile banking services targeting mass & high-net-worth / middle-class segment

Deepening platform for the full-banking service

- Bank Tabungan Pensiunan Nasional (BTPN)
- Branchless banking service (Wow!) has successfully acquired 1.7 million customers as of Sep. 2016
- In August 2016, BTPN launched smartphone-based digital banking service (Jenius)
- OTO/SOF to become equity method affiliates in Mar. 2016
- Appointed SMBC's director and commissioner in the board member



* Based on each company's disclosure (Sep. 2016 results)

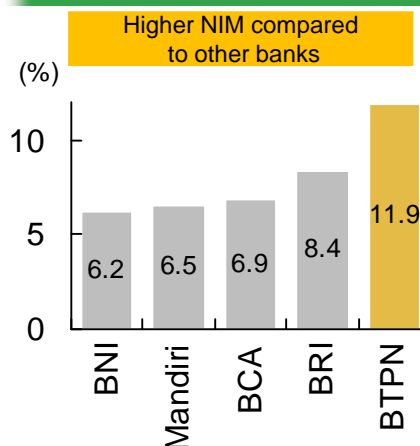
Financial results of BTPN

(IDR billion)	2014	2015	2016 9M	YoY
Gross banking profit	7,780	8,401	6,958	+11.6%
Operating expenses	4,480	5,156	4,354	+17.4%
Net profits (*)	1,869	1,702	1,399	+1.7%
ROE	16.9%	13.3%	12.7%	-

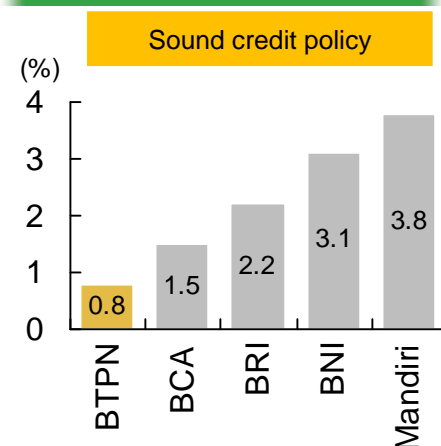
Gross loans	51,994	58,587	62,587	+9.9%
Customer deposits	53,335	60,273	65,226	+10.4%
Total assets	75,059	81,040	86,089	+7.5%

(*) Net profit from existing business (excluding new investments into digital banking) increased 15.7% YoY for 9M in FY2016

Net Interest Margin*



NPL ratio*



Products that we have strengths overseas

Aircraft-related business

- SMBC Aviation Capital leading the way in providing solutions to domestic and overseas aircraft investors and offering aircraft leasing

SMBC Aviation Capital results /
Number of owned and managed aircraft^{*1}

(USD mn)	1H, FY3/17	FY3/16
Total revenue^{*2}	531	993
Net income	139	199
Aircraft asset	10,910	10,515
Net asset	1,771	1,627

Aircraft leasing companies	Country	# owned/managed
1 GECAS	USA	1,441
2 AerCap	Netherlands	1,160
3 SMBC Aviation Capital	Ireland	452
4 Nordic Aviation Capital	Denmark	374
5 CIT Aerospace ^{*3}	USA	339
9 Avolon ^{*3}	Ireland	287

Railcar leasing

- SMBC Rail Services
(a wholly-owned consolidated subsidiary in the U.S.)
- U.S. based mid-sized railcar leasing company, leased assets: USD 1,417 mn (as of Dec. 31, 2015)
- Announced acquisition of American Railcar Leasing LLC (6th largest railcar leasing company in the US)

Subscription finance, Americas / EMEA middle market business

- Extending loans to funds based on commitments from investors
 - Credit balance: approx. USD 18 bn, spread: approx. 150bp (as of Sep. 2016)
- Sponsor finance for mid-sized corporations, loan for acquisition finance
 - Accounts for around 2% of our overseas loan balance. Carefully select profitable transactions

Project Finance / Loan Syndication

League tables (Jan.-Dec. 2016)^{*4}

	Global	Asia ^{*5}	Japan
Project Finance	#3	#4	
Loan Syndication	#9	#9	#2

^{*1} As of Dec. 31, 2016 (Source: Ascend "Airline Business") ^{*2} Leasing revenue + gains (losses) on sales of aircraft etc. Excludes redelivery adjustment

^{*3} Avolon acquisition of CIT Aerospace expected to close in 2017

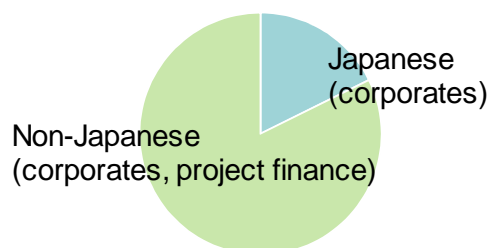
^{*4} Source: Thomson Reuters (Mandated Arrangers) ^{*5} Asia Pacific for project finance, Asia excluding Japan for loan syndication

Loan and exposure to the UK / China / Russia

Loan balance in the UK^{*1, 2, 3}

(JPY tn)

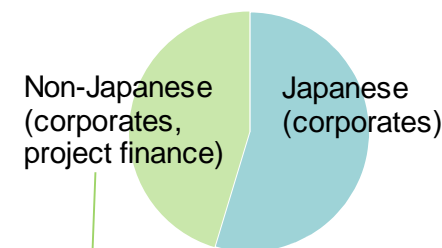
Mar.16	Sep. 16
1.5	1.3



Loan balance in China^{*1, 2, 3, 4}

(JPY tn)

Mar.16	Sep. 16
0.8	0.8



- Most borrowers are classified as “1-3”^{*5} in our internal rating

Our operation in EMEA

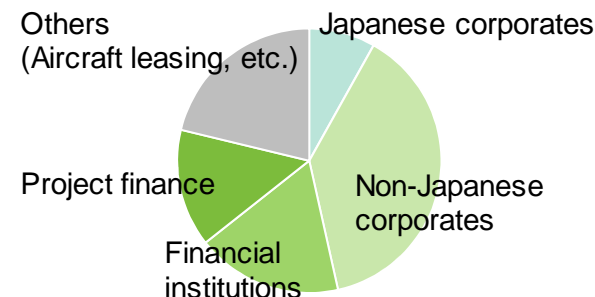
- Offices in the UK and EU
 - SMBC Europe
 - Head Office : London
 - 6 branches : Dublin, Amsterdam, Paris, Prague, Milan, Madrid
 - SMBC's branches
 - 3 branches : Brussels, Dusseldorf, Frankfurt
- Booking of loans
 - Loan balance in EMEA regions: Approx. JPY 5.4 tn
 - of which around 20% is booked at SMBC Europe London

Exposure to Russia^{*6, 7}

(USD bn)

Mar.16	Sep. 16
4.3	3.2

0.3% of SMFG's total exposure of approx. USD 1tn



Capital and risk-weighted assets (SMFG consolidated)

Capital ratio (transitional basis)

	(JPY bn)	Mar. 31, 2016	Dec. 31, 2016
Common Equity Tier 1 capital (CET1)		7,796.5	8,210.5
of which:			
Total stockholders' equity related to common stock		7,351.8	7,793.6
Accumulated other comprehensive income ^{*1}		875.7	865.9
Regulatory adjustments related to CET1 ^{*1}		(646.4)	(671.4)
Tier 1 capital		9,031.7	9,393.2
of which:			
Additional Tier 1 capital instruments		300.0	300.0
Eligible Tier 1 capital instruments (grandfathered) ^{*3}		962.0	963.7
Regulatory adjustments ^{*1, 2}		(244.9)	(281.5)
Tier 2 capital		2,204.3	2,361.7
of which:			
Tier 2 capital instruments		655.1	911.2
Eligible Tier 2 capital instruments (grandfathered) ^{*3}		1,220.6	1,015.4
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount ^{*2}		345.7	382.2
Regulatory adjustments ^{*1, 2}		(137.1)	(84.3)
Total capital		11,235.9	11,754.9
Risk-weighted assets		66,011.6	69,422.8
Common Equity Tier 1 capital ratio		11.81%	11.82%
Tier 1 capital ratio		13.68%	13.53%
Total capital ratio		17.02%	16.93%

Common Equity Tier 1 capital ratio (fully-loaded^{*4}, pro forma)

	(JPY bn)	Mar. 31, 2016	Dec. 31, 2016
Variance with CET1 on a transitional basis ^{*5}		104.6	81.8
of which:			
Accumulated other comprehensive income		583.8	577.3
of which:			
Net unrealized gains on other securities		539.1	598.0
of which:			
Non-controlling interests (subject to be phased-out)		(48.3)	(47.9)
Regulatory adjustments related to CET1		(430.9)	(447.6)
Common Equity Tier 1 capital		7,901.0	8,292.4
Risk-weighted assets		65,942.8	69,349.4
Common Equity Tier 1 capital ratio		11.9%	11.9%
Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains)		9.9%	9.7%

Preferred securities which become callable in FY3/17

Issuer / Series	Issue date	Amount outstanding	Dividend rate ^{*6}	First call date ^{*7}	Type	
SMFG Preferred Capital USD 1 Limited	Dec. 2006	USD 649.1 mn	6.078%	Jan. 2017	Step-up	Called Jan. 2017
SMFG Preferred Capital GBP 1 Limited	Dec. 2006	GBP 73.6 mn	6.164%	Jan. 2017	Step-up	

Leverage ratio

(transitional basis, preliminary)

	(JPY bn)	Dec. 31, 2016
Leverage ratio		4.63%
Leverage exposure		202,545.9

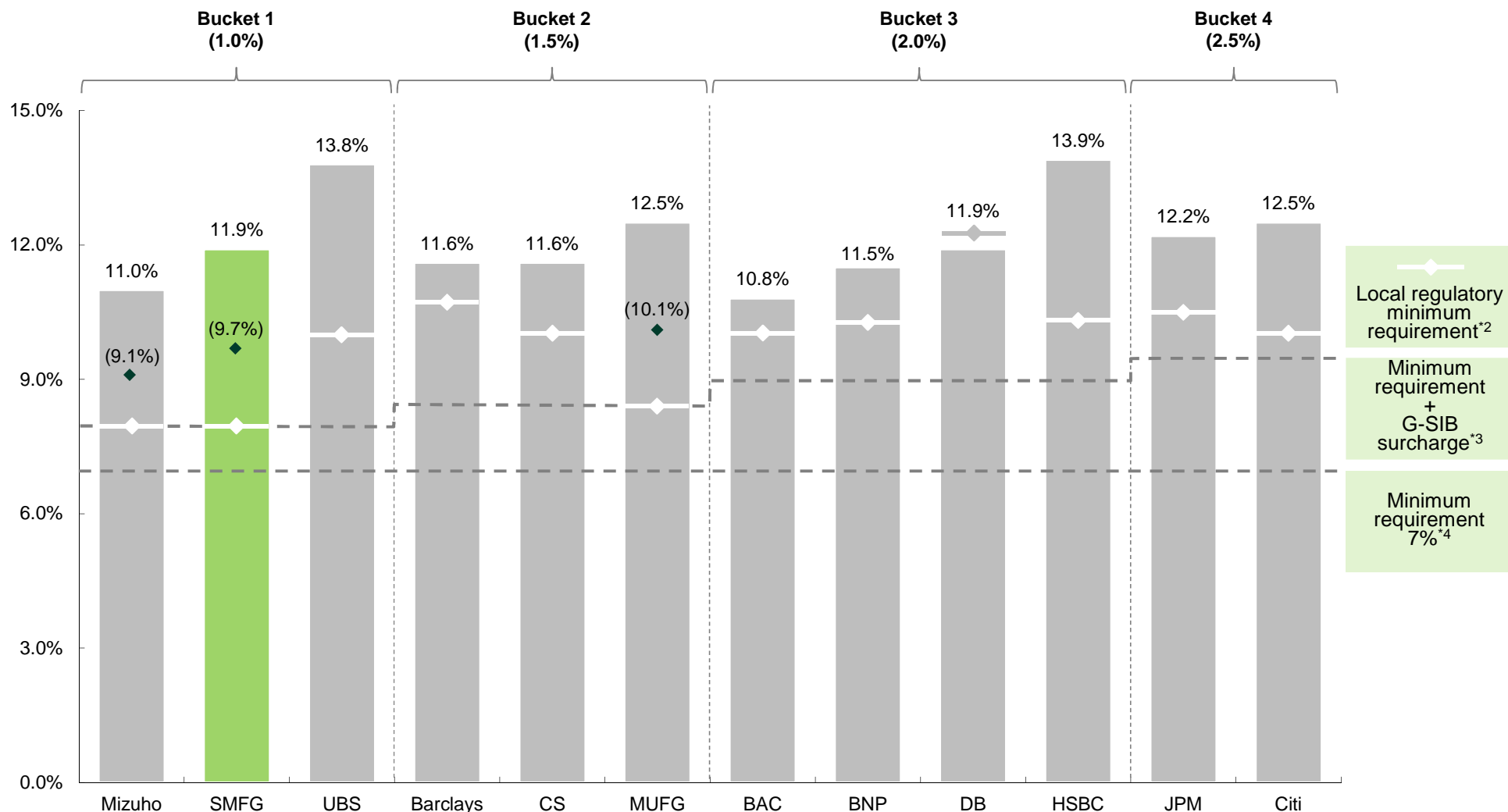
LCR

(transitional basis)

Average Oct. – Dec. 2016
119.5%

Peer comparison - CET 1 ratio

CET1 ratio - Basel III fully-loaded basis (pro forma) ^{*1}



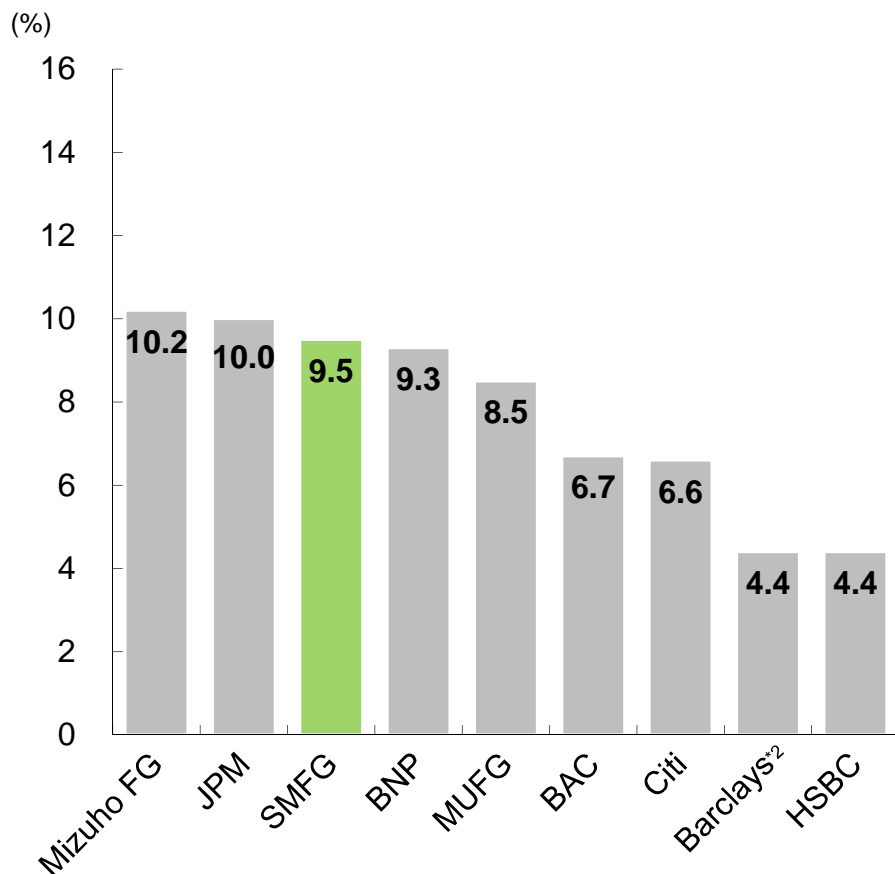
^{*1} Based on each company's disclosure. As of Sep. 30, 2016 for Mizuho FG, MUFG, Barclays, and HSBC, and as of Dec. 31, 2016 for others. CET 1 ratio excluding net unrealized gains from Other securities shown in parentheses

^{*2} Local regulatory minimum requirement: for Japanese G-SIBs, Minimum CET1 Requirements + Capital conservation buffer + G-SIB surcharge; for Swiss G-SIBs, Minimum component + Buffer component; for UK G-SIBs, Pillar 1 + Pillar 2A + Capital conservation buffer + G-SIB surcharge; for US G-SIBs, Minimum CET1 Requirements + Capital conservation buffer + FRB's G-SIB surcharge; for EU G-SIBs, Pillar 1 + SREP add-on + Capital conservation buffer + G-SIB surcharge

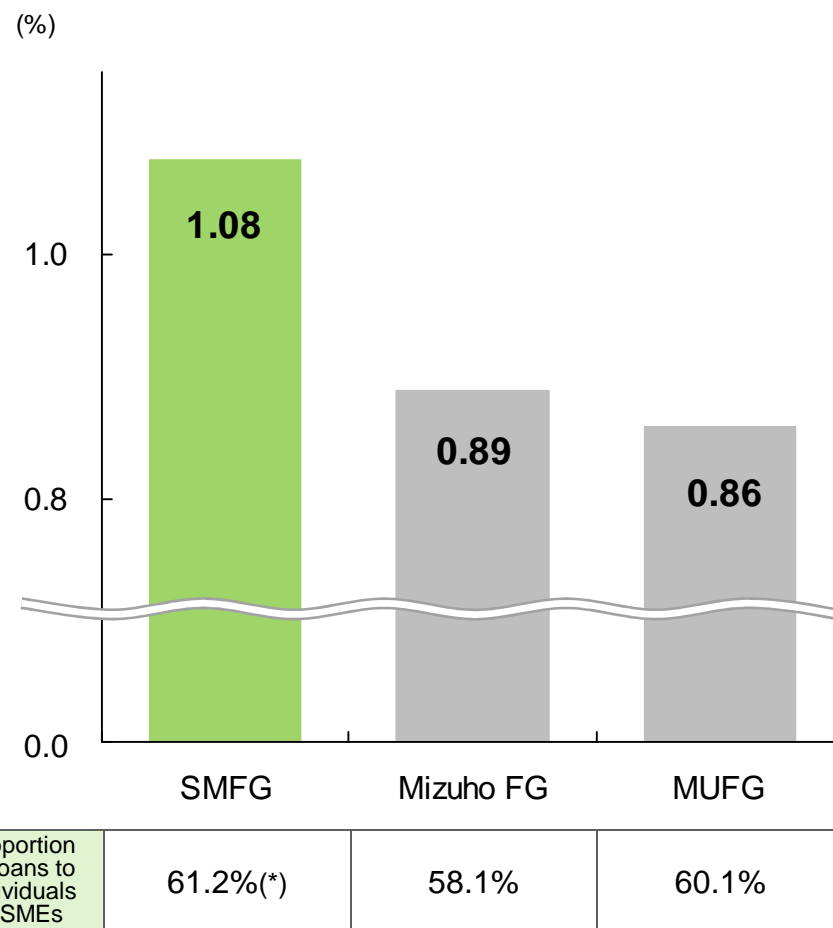
^{*3} The list published by the FSB in Nov. 2016 ^{*4} Minimum requirement = Minimum CET1 Requirements (4.5%) + Capital conservation buffer (2.5%)

Peer comparison

ROE*¹



Domestic loan-to-deposit spread*³



(*) Proportion of loans to individuals & SMEs decreased due to a) an increase in loans to the Japanese government, etc. and b) loans to holding company SMFG's definition turned into Large corporation from SME. Proportion of loans to individuals & SMEs excluding SMFG as of Mar. 31, 2016 was 65.2%

Meeting international financial regulations

Regulations	Contents of regulation	Effective	Current status	Action taken & impact on SMFG
G-SIB surcharge	Required for additional loss absorption capacity above the Basel III minimum	2016	Under phased implementation	Requirement for SMFG to be 8% on a fully-loaded basis. Achieved 8% CET 1 ratio by the end of Mar. 2013
Adequacy of loss-absorbing capacity (TLAC)	Required to hold loss absorbing capacity, which consists of eligible liabilities and regulatory capital, on both a going concern and gone concern basis	2019	Finalised at FSB in Nov. 2015	Currently have no issues in meeting requirements. Taking actions needed
Recovery and Resolution Plan	SMFG Group Recovery Plan	Imple-mented	Submitted	Work in accordance with due dates, including those of overseas operations
	ISDA Protocol: Stays on early termination rights following the start of resolution proceedings of derivatives counterparty	Imple-mented	Adhered	Adhered at each of the relevant major entities
Capital requirement	Required to raise the level and quality of capital and enhance risk coverage under Basel III	2013	Under phased implementation	Achieved our target of 8% CET 1 ratio by Mar. 2013, one year ahead of schedule
	Fundamental review of trading book (Strengthened capital standards for market risk)	2019	Finalised at BCBS in Jan. 2016	Currently have no issues in meeting requirements although paying attention to national finish
	Revisions to the Standardised Approaches	TBD	Consultation for credit/operational risk commenced in Dec. 2015/Mar. 2016	To be finalized in the near future. Paying attention to discussions
	Constraints on the use of internal model approaches	TBD	Consultation commenced in Mar. 2016	To be finalized in the near future. Paying attention to discussions
	Capital floors	TBD	Consultation commenced in Dec. 2014	Details and implementation schedule of regulation remain unclear. Paying attention to discussions
	Review of the Credit Valuation Adjustment (CVA) risk framework	TBD	Consultation commenced in Jul. 2015	Implementation schedule remains unclear. Paying attention to discussions
	Interest-rate risk in the banking book	2018	Finalised at BCBS in Apr. 2016	Currently have no issues in meeting requirements although paying attention to national finish
Leverage ratio requirement	Non-risk-based measure based on “on-and off-accounting balance sheet items” against Tier 1 capital. Minimum requirement: 3% (on a trial basis)	2018	Consultation for revisions to the framework including additional requirements for G-SIBs commenced in April. 2016	Currently have no issues in meeting Tier 1 capital minimum requirement of 3%. Paying attention to discussions about revisions to the framework
Minimum standards for liquidity (LCR/NSFR)	LCR :Required to have sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. >=100% needed	2015	Under phased implementation	In good position due to domestic deposit base. Intend to further strengthen foreign currency ALM
	NSFR :Required to maintain a sustainable maturity structure of assets and liabilities >=100% needed	2018	Finalised at BCBS in Oct. 2014	Currently have no issues in meeting requirements although paying attention to national finish
Large exposure regulation	Tightening of exposure limit to a single borrower (25% of Tier 1) and expansion of scope of applicable exposure type, etc.	Jan. 2019	Partly implemented in Dec. 2014	BCBS issued frequently asked questions clarifying the application of the large exposure limit for interbank exposures. Currently, have limited impact
OTC derivatives markets reforms	<ul style="list-style-type: none">● Centralizing of OTC derivatives clearing● Margin requirement for non-centrally cleared derivatives	Dec. 2012 Sep. 2016	Scope of application being expanded Under phased implementation	Taking actions needed although impact will be smaller compared to investment banks
Regulation of shadow banking system	Strengthen the oversight and regulation of the shadow banking system such as MMFs, repos and securitizations	TBD	Discussion underway on five specific areas	FSB’s final rule to apply haircut floors on repo transactions excluded JGBs as applicable collateral (Oct. 2014)
Limitation on banking activities / Ring fencing regulation	Requirements for foreign banking organizations (FBO Rule)	Jul. 2016	Final regulation published	Needed actions already taken
	Ring-fenced banks prohibited from providing certain services and required to be isolated from the rest of the financial group in UK and EU	TBD	UK :Enacted in Dec. 2013, EU :Proposal published in Jan. 2014	SMBC will be out of scope, but still paying close attention to the discussion

Ongoing major regulatory discussions

Regulations			Contents	Schedule	Finalized at FSB or BCBS	Domestic regulation
Capital requirement	Credit risk	Revisions to the Standardised Approach	<ul style="list-style-type: none"> Seeks to improve the standardised approach for credit risk, including reducing reliance on external credit ratings; increasing risk sensitivity; reducing national discretions; strengthening the link between the standardised approach and the internal-rating based (IRB) approach; and enhancing comparability of capital requirements across banks 	<ul style="list-style-type: none"> Under consultation (comment period closed in Mar. 2016) To be finalized in the near future 	Unfinished	Unfinished
		Review of the CVA risk framework	<ul style="list-style-type: none"> Seeks to review the credit valuation adjustment (CVA) risk framework to capitalize the risk of future changes in CVA that is an adjustment to the fair value of derivatives to account for counterparty's credit risk 	<ul style="list-style-type: none"> Under consultation (comment period closed in Oct. 2015) To be finalized in the near future 	Unfinished	Unfinished
	Market risk	IRRBB (Interest-rate risk in the banking book)	<ul style="list-style-type: none"> Adoption of enhanced Pillar 2 approach; (i) more extensive guidance on the expectations for a bank's IRRBB management process, (ii) enhanced disclosure requirements, (iii) an updated standardized framework and (iv) a stricter threshold for identifying outlier banks 	<ul style="list-style-type: none"> Finalized in Apr. 2016 	Finished	Unfinished
	Operational risk	Revisions to the Standardised Measurement Approach	<ul style="list-style-type: none"> Use of the Business Indicator (BI), a proxy of size of business, and the loss data for risk weighted assets calculation is proposed. Termination of the Advanced Measurement Approaches (AMA) is also proposed 	<ul style="list-style-type: none"> Under consultation (comment period closed in Jun. 2016) To be finalized in the near future 	Unfinished	Unfinished
	Overall	Constraints on the use of internal model approaches	<ul style="list-style-type: none"> Constraints on the use of the internal ratings based approach to credit risk; (i) applying the standardised approach to exposures to financial institutions, large corporates and equities, (ii) applying the F-IRB approach for exposures to medium sized corporates, (iii) applying the standardized approach or the IRB supervisory slotting approach for specialized lending, or (iv) applying or raising floors to PDs/LGDs and revising the estimation methods 	<ul style="list-style-type: none"> Under consultation (comment period closed in Jun. 2016) To be finalized in the near future 	Unfinished	Unfinished
		Capital floors based on standardised approaches	<ul style="list-style-type: none"> Replacement of the Basel I-based transitional capital floor with a permanent floor based on standardised approaches The design and calibration is now considered. The floor could be calibrated in the range of 60% to 90% 	<ul style="list-style-type: none"> Under consultation (comment period closed in Mar. 2015) To be finalized in the near future 	Unfinished	Unfinished
Leverage ratio requirement	Leverage ratio	Leverage ratio	<ul style="list-style-type: none"> A minimum requirement of 3% to be introduced in 2018 Public disclosure requirement started in Jan. 2015 Additional requirements for G-SIBs and revisions including credit conversion factors for off-balance sheet items are proposed in Apr. 2016 	<ul style="list-style-type: none"> The additional requirements for G-SIBs to be finalized in the near future Scheduled to be implemented in 2018 	Finished in part	Finished in part
G-SIFI regulation	TLAC (total loss-absorbing capacity)	TLAC (total loss-absorbing capacity)	<ul style="list-style-type: none"> Minimum requirement of (i) 16% of RWA (19.5% including capital buffer as for SMFG) and 6% of the Basel III Tier 1 leverage ratio denominator as from 2019, (ii) 18% of RWA (21.5% including capital buffer as for SMFG) and 6.75% of the Basel III Tier 1 leverage ratio denominator as from 2022 Should be issued and maintained by resolution entities An access to credible ex-ante commitments to recapitalize a G-SIB in resolution may count toward a firm's TLAC as 2.5% RWA as from 2019 and 3.5% as from 2022 	<ul style="list-style-type: none"> Finalized in Nov. 2015 	Finished	Unfinished

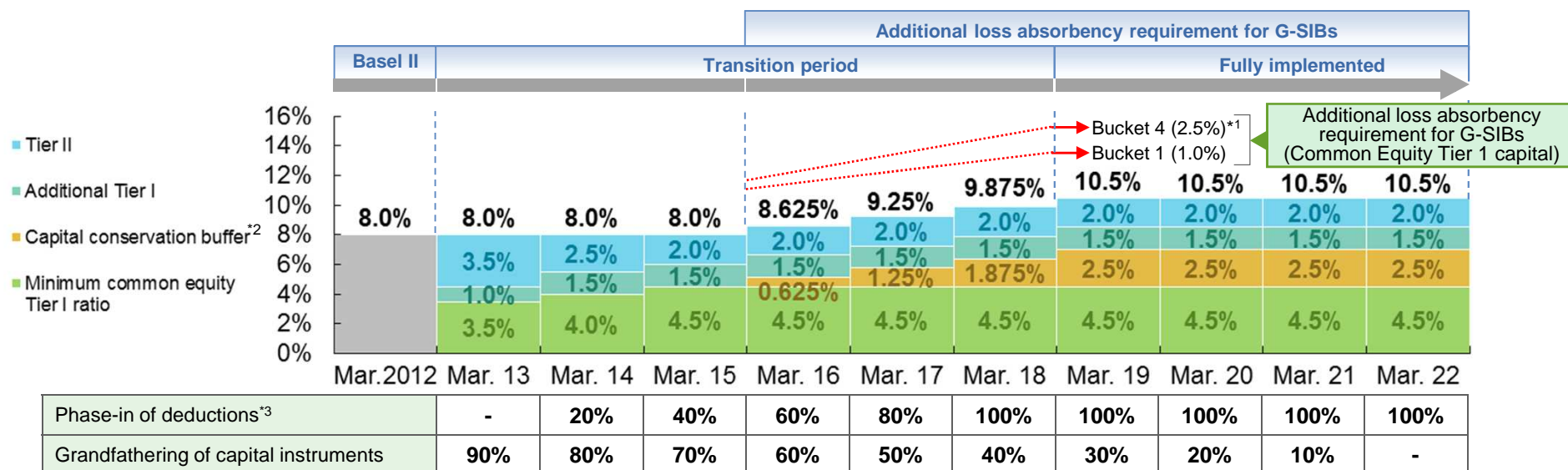
Revision to the Standardised Approach for credit risk / Capital floors

Revision to the Standardised Approach for credit risk*				Capital floors
Exposures	Current risk weights	Proposed revision of risk weights (Dec. 2014)	Proposed revision of risk weights (Dec. 2015)	Current framework
Corporate exposures	· From 20% to 150% by reference to the external credit ratings	· From 60% to 300% based on a corporate's revenue and leverage	· From 20% to 150% by reference to the external credit ratings; unrated corporate of 100%; SME of 85%	<ul style="list-style-type: none"> For banks using the internal rating-based (IRB) approach for the credit risk and/or an advanced measurement approach (AMA) for operational risk <p>(The simplified framework for Japanese banks shown below)</p> <p>(i) RWA based on IRB approach and/or AMA</p> <p>compare</p> <p>(ii) 80% of RWA based on the most recent approach before migration to the IRB approach and/or AMA (e.g. (i) AIRB/(ii) FIRB, (i) FIRB/(ii) Basel I)</p> <ul style="list-style-type: none"> If (i) is less than (ii), the bank should add the amount of difference to (i) when calculating its RWA
Specialised lending	· 100%	· Project finance, Object finance, commodities finance, income-producing real estate finance: 120% · Exposures to land acquisition, development and construction finance: 150%	· A) From 20% to 150% by reference to the external credit ratings · B) If unrated, project finance: pre-operational phase 150%; operational phase 100%, object and commodity finance: 120%	
Bank exposures	· From 20% to 150% according to the sovereign rating or the bank's credit rating	· From 30% to 300% based on the bank's CET1 ratio and a net non-performing assets ratio	· From 20% to 150% according to the bank's external ratings	
Retail exposures	· 75% for exposures that meet the regulatory retail criteria	· 75% for exposures that meet the regulatory retail criteria	· 75% for exposures that meet the regulatory retail criteria	
Exposures secured by residential real estate	· 35%	· From 25% to 100% based on the loan-to-value (LTV) ratio; preferential risk weights for loans with debt service coverage (DSC) ratio of 35% or less	· RW will be determined based on the exposure's LTV ratio from 25% to 75%, when repayment is not materially dependent on cash flows generated by property	
Exposures secured by commercial real estate	· 100%	· A) No recognition of the real estate collateral, treating the exposure as unsecured with a national discretion for a preferential 50% risk weight: or; B) From 75% to 120% based on the LTV ratio	· Whether repayment is materially dependent on cash flow generated by property A) No: From 60% to 85% (SMEs) B) Yes: From 80% to 130%	
Subordinated debt, equity and other capital instruments	· Either 100% or 250% when issued by banks or securities firms; no distinct treatment when issued by corporates	· Sub debts and capital instruments other than equities: 250% · Publicly traded equity: 300% · Other equity: 400%	· Sub debts and capital instruments other than equities: 150% · Equity holdings: 250%	
Off-balance sheet exposures	· Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 0% CCF · Commitment with a maturity under one year: 20% CCF, over one year: 50% CCF	· Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10% CCF · Commitment other than above: 75% CCF	· Retail Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10-20% CCF · Commitments, regardless of the underlying facility: 50-75% CCF	

* The credit risk standardised approach treatment for sovereigns, central banks and public sector entities are not within the scope of the proposals. It will be considered as part of a broader and holistic review of sovereign-related risks

Application of Basel III

- Capital requirements and liquidity coverage ratio have been phased-in in line with international agreements
- Domestic regulations on leverage ratio and net stable funding ratio are being finalized according to their adoption schedule
 - No additional requirements anticipated on top of minimum Basel requirement in Japan
 - Able to pass Basel requirement easily according to provisional calculation based on current draft rules



Leverage ratio and liquidity rules (Schedule based on final documents by BCBS, and domestic regulations)^{*4}

Leverage ratio	Mar. 2015 Domestic regulation finalised	Mar. 2015: Start disclosure (<i>minimum : 3%</i>)					Jan. 2018: <i>Migration to pillar 1</i>				
		2015 through 1 st half 2017: <i>Final adjustments to definition and calibration*</i>									
Liquidity coverage ratio (LCR)	Oct. 2014 Domestic regulation finalised	Phased-in from Mar. 2015		Mar. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019			
				60%	70%	80%	90%	100%			
Net stable funding ratio (NSFR)	Oct. 2014 Finalised at BCBS	Oct. 2014: <i>Final document published</i>					Jan. 2018: <i>Full implementation</i>				

^{*1} With an empty bucket of 3.5% to discourage further systemicness

^{*2} Countercyclical buffer (CCyB) omitted in the chart above; if applied, phased-in in the same manner as the Capital conservation buffer. In accordance with the CCyB set by each country, Japanese banks may have to meet additional capital requirements depending on the exposures in those countries

^{*3} Including amounts exceeding limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions

^{*4} Draft on other domestic rules to be applied after 2016, such as the NSFR, will be published in due course. Timeline based on BCBS documents is in italic

^{*5} Additional requirements for G-SIBs and revisions including credit conversion factors for off-balance sheet items are proposed in Apr. 2016

Public sector support and point of non-viability in Japan

Framework			Systemic risk	Subject entities	Conditions	Point of non-viability
Existing framework	Act on Special Measures for Strengthening Financial Functions <i>Capital injection</i>		Not Required	Banks (Capital injection may be made through BHC)	No suspension of payment of deposits and not having negative net worth	No
	Article 102 of Deposit Insurance Act (DIA)	Item 1 measures <i>Capital injection</i>	Required (Credit system in Japan or in a certain region)	Banks only	Undercapitalized	No
		Item 2 measures <i>Financial assistance exceeding payout cost</i>			Suspension of payment of deposits or having negative net worth ^{*1}	Yes ^{*3}
		Item 3 measures <i>Nationalization</i>			Suspension of payment of deposits and having negative net worth ^{*1}	
Newly established framework	Article 126-2 of DIA	Specified Item 1 measures <i>Liquidity support</i> <i>Capital injection</i>	Required (Financial system such as financial market in Japan)	Financial institutions including banks and BHCs	Not having negative net worth	No
		Specified Item 2 measures <i>Supervision or control and Financial assistance for orderly resolution</i>			Suspension of payment or having negative net worth ^{*2}	Yes ^{*3}

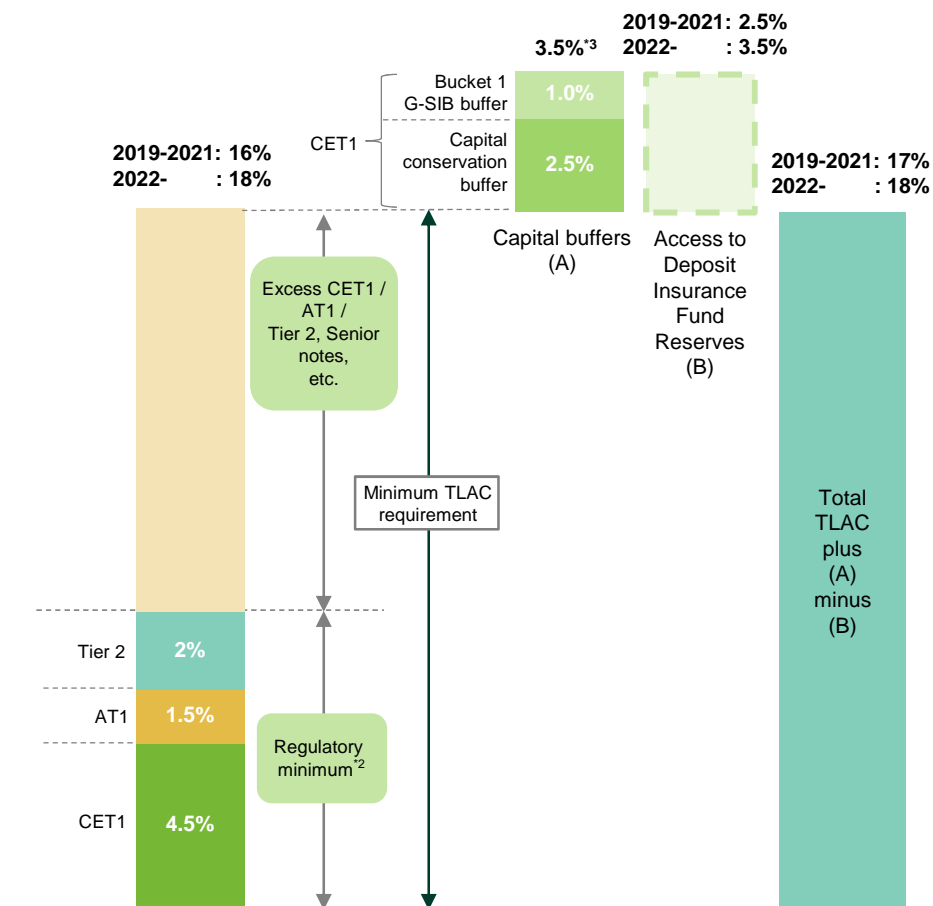
^{*1} Including the likelihood of a suspension of payment of deposits

^{*2} Including the likelihood of a suspension of payment or negative net worth

^{*3} Specified in Q&A published by FSA on March 6, 2014

TLAC requirements*1

Illustrative TLAC requirements (RWA basis)



Highlights of TLAC requirement

Minimum external TLAC requirements

	2019 - 2021	After 2022
Minimum external TLAC requirements (RWA basis)	16%	18%
Plus capital buffers*3	19.5%	21.5%
Factoring treatment of access to Deposit Insurance Fund Reserves	17.0%	18.0%
Minimum external TLAC requirements Leverage ratio denominator basis	6%	6.75%

- Based on current calculations, expecting that the TLAC requirements based on RWA will be more constraining than requirements based on the leverage ratio denominator

Contribution of Japanese Deposit Insurance Fund Reserves

- The FSA plans to allow Japanese G-SIBs to count the amount equivalent to 2.5% of RWA from Mar. 2019 and 3.5% of RWA from Mar. 2022 as external TLAC

Credit ratings of G-SIBs (Moody's)*

	Apr. 2001	Jul. 2007	Jan. 2017
Aaa		<ul style="list-style-type: none"> Bank of America Bank of New York Mellon Citibank JPMorgan Chase Bank Royal Bank of Scotland UBS Wells Fargo Bank 	
Aa1	<ul style="list-style-type: none"> Bank of America Crédit Agricole Wells Fargo Bank UBS 	<ul style="list-style-type: none"> Banco Santander Barclays Bank BNP Paribas Crédit Agricole Credit Suisse Deutsche Bank HSBC Bank ING Bank Nordea Bank Société Générale State Street Bank & Trust 	
Aa2	<ul style="list-style-type: none"> Bank of New York Mellon Barclays Bank Citibank HSBC Bank ING Bank JPMorgan Chase Bank Royal Bank of Scotland State Street Bank & Trust 	SMBC <ul style="list-style-type: none"> BPCE(Banque Populaire) BTMU Mizuho Bank UniCredit 	<ul style="list-style-type: none"> Bank of New York Mellon HSBC Bank Wells Fargo Bank
Aa3	<ul style="list-style-type: none"> Banco Santander BNP Paribas BPCE(Banque Populaire) Deutsche Bank Société Générale UniCredit 	<ul style="list-style-type: none"> Goldman Sachs Bank Morgan Stanley Bank 	<ul style="list-style-type: none"> JPMorgan Chase Bank Nordea Bank Standard Chartered State Street Bank & Trust
A1	<ul style="list-style-type: none"> Credit Suisse 	<ul style="list-style-type: none"> Agricultural Bank of China Bank of China ICBC 	SMBC <ul style="list-style-type: none"> Crédit Agricole Credit Suisse Goldman Sachs Bank ICBC ING Bank Mizuho Bank Morgan Stanley Bank UBS Agricultural Bank of China Bank of America Bank of China Barclays Bank BNP Paribas BTMU China Construction Bank Citibank
A2	<ul style="list-style-type: none"> BTMU Standard Chartered 	<ul style="list-style-type: none"> China Construction Bank Standard Chartered 	<ul style="list-style-type: none"> BPCE(Banque Populaire) Société Générale
A3	SMBC <ul style="list-style-type: none"> Mizuho Bank 		<ul style="list-style-type: none"> Banco Santander Royal Bank of Scotland
Baa1	<ul style="list-style-type: none"> Agricultural Bank of China Bank of China China Construction Bank ICBC 		<ul style="list-style-type: none"> UniCredit
Baa2			<ul style="list-style-type: none"> Deutsche Bank

* Long-term issuer ratings (if not available, long-term deposit ratings) of operating banks

Credit ratings of G-SIBs (Holding companies, by Moody's / S&P)*

	Jan. 2017				
	Moody's		S&P		
Aaa					AAA
Aa1					AA+
Aa2					AA
Aa3					AA-
A1	<div>SMFG</div> <ul style="list-style-type: none">Bank of New York MellonHSBCMizuho	<ul style="list-style-type: none">MUFGStandard CharteredState Street			A+
A2	<ul style="list-style-type: none">Wells Fargo		<ul style="list-style-type: none">Bank of New York MellonHSBCMUFG	<ul style="list-style-type: none">State StreetWells Fargo	A
A3	<ul style="list-style-type: none">Goldman SachsJPMorgan	<ul style="list-style-type: none">Morgan Stanley	<div>SMFG</div> <ul style="list-style-type: none">INGJPMorgan	<ul style="list-style-type: none">MizuhoUBS	A-
Baa1	<ul style="list-style-type: none">Bank of AmericaCitigroup	<ul style="list-style-type: none">INGUBS	<ul style="list-style-type: none">Bank of AmericaCitigroupCredit Suisse	<ul style="list-style-type: none">Goldman SachsMorgan StanleyStandard Chartered	BBB+
Baa2	<ul style="list-style-type: none">Barclays	<ul style="list-style-type: none">Credit Suisse	<ul style="list-style-type: none">Barclays		BBB
Baa3			<ul style="list-style-type: none">RBS		BBB-
Ba1	<ul style="list-style-type: none">RBS				BB+

* Long-term issuer ratings (if not available, Senior unsecured ratings for Moody's) of holding companies

Governance regarding strategic shareholdings

Basic policy regarding strategic shareholdings

("Corporate governance report" announced on July 2015)

- In principle, SMFG does not hold the shares of other listed companies. This is in order to help maintain our standards as a globally operating financial institution and respond proactively to global regulation
- We determine "the rationale to hold" with comprehensive consideration based on the profitability, the objectives to hold, and other relevant factors for the medium to long term

- **Continuously implement reduction of strategic shareholdings in order to achieve an appropriate level as one of the G-SIFIs**
- **Examine annually the rationale for holding strategic shares of our main strategic share counterparties at the Board of Director's meeting**
 - ✓ Have constructive dialogue with counterparties that lack profitability in order to improve overall profitability. If there is no rationale to hold the shares such as when there is no prospect for improvement in profitability, we will sell the shares
 - ✓ Begin dialogue to reduce strategic shareholdings even with counterparties that have the rationale to hold strategic shares, in order to mitigate the risk from stock price fluctuations

Deliberating the rationale for holding strategic shares

- Completed examining the rationale to hold major strategic shareholdings at the Board of Director's meeting
- Profitability is verified by two measures: RARORA and RAROA

➤ **RARORA** (Risk Adjusted Return on Risk-weighted Asset)

Profit after excluding expense, credit cost, shareholding cost / Credit RWA + Stock book-value RWA
Taking into account the impact of RWA due to tightening of regulation

➤ **RAROA** (Risk Adjusted Return on Asset)

Profit after excluding expense, credit cost, shareholding cost / Total credit exposure + Total equity investments outstanding

- Profitability is also measured against risk-weighted capital (**RAROC**), but currently used as a referential measure because it lacks stability to use as an operational indicator since risk-weighted capital may increase or decrease from volatility of stock price

■ CSR (Corporate Social Responsibility) (1)

- In order to fulfill our role as a global financial group that supports the sustainable growth of society, we will promote initiatives on CSR activities that focus on the topics of “Environment”, “Next Generation”, and “Community”

Environment

- Reduce environmental impact
- Manage environmental risks
- Promote environmental businesses
- Engage in environmental conservation activity etc.

- Our 8 major group companies obtained ISO14001 certification
- Issued green bond (SMBC)
- Promote our SMBC Environmental Assessment Loan
- Exhibit our “Eco-products”



Exhibition of our “Eco-products”

Next Generation

- Contribute to improvement of financial and career education
- Cultivate human resources in emerging countries
- Promote workforce diversity
- Establish a better work-life balance etc.

- Contribute to raise financial knowledge tailored for different generations,
- Cultivate human resources in Asian countries such as Indonesia
- Promote our SMBC Nadeshiko Loans/Bonds



“Natsuyasumi Kodomo Ginko Tankentai”
(Practicing counting paper money)

Community

- Engage in community-based activities led by executive and employee
- Support for the elderly and people with disabilities
- Solve social issues by collaborating with NGOs and NPOs
- Support the restoration efforts etc.

- Training sessions for universal manner and cognitive impairment supporters
- Voluntary activities led by executive and employee of our group companies
- Volunteer activities at the areas damaged by the Kumamoto Earthquakes, leveraging our experience from the Tohoku recovery support effort



Volunteer activities at the areas damaged by the Kumamoto Earthquakes

CSR (Corporate Social Responsibility) (2)

Recognition and accreditation for SMFG CSR initiatives

SRI Indexes on which SMFG is listed



CSR awards and certifications

● Kids Design Award *1

- Environmental magazine JUNIOR SAFE received the Kids Design Award in the category of designs that develop children's creativity and shape their future at the Tenth Kids Design Award



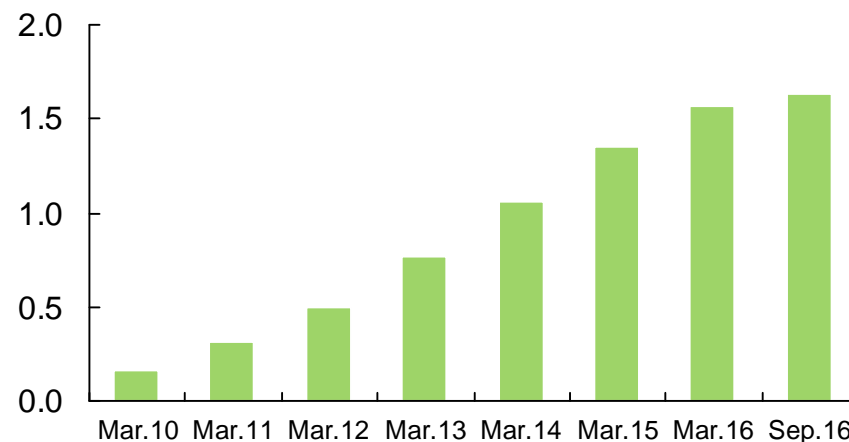
● "Kurumin" certification for the next generation*2

- "Kurumin" certification awarded by prefectural labor bureaus to companies recognized to be taking active steps to support the development of the next generation.

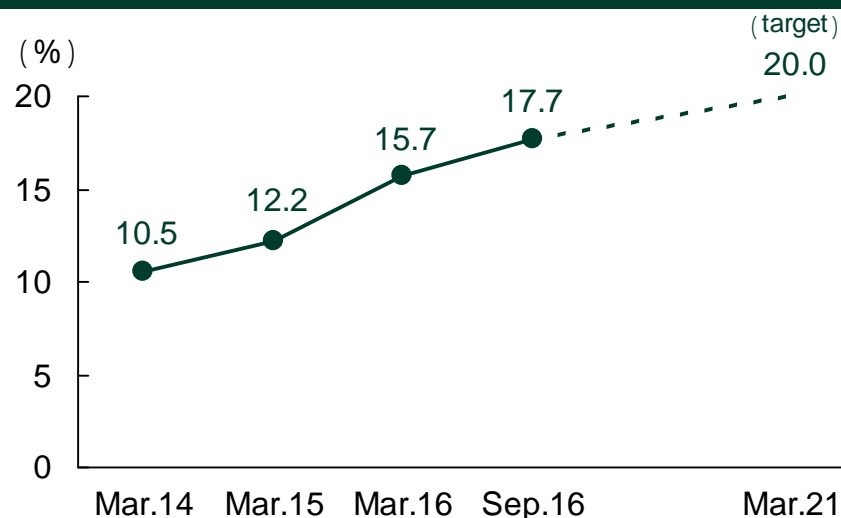


SMBC assessment loans and private placement bonds

(JPY tn)

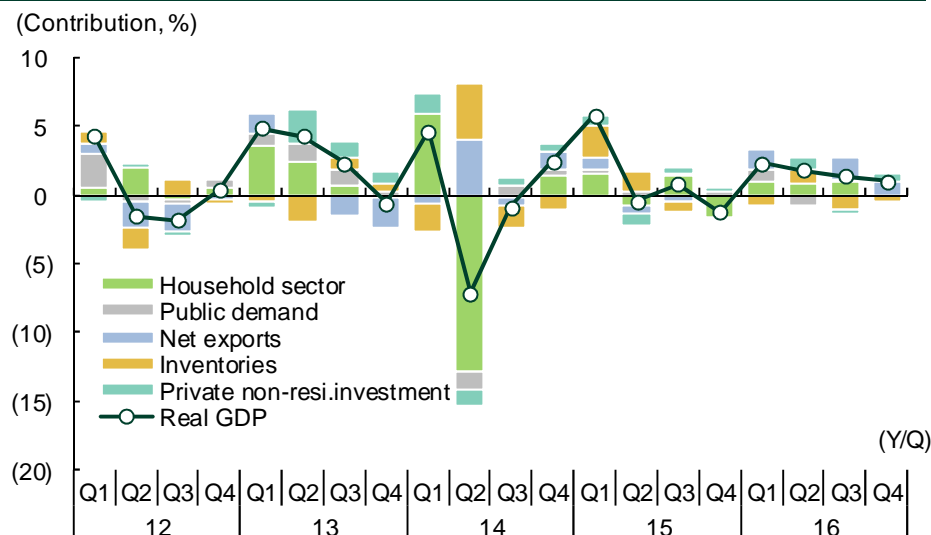


Ratio of female managers (SMBC)

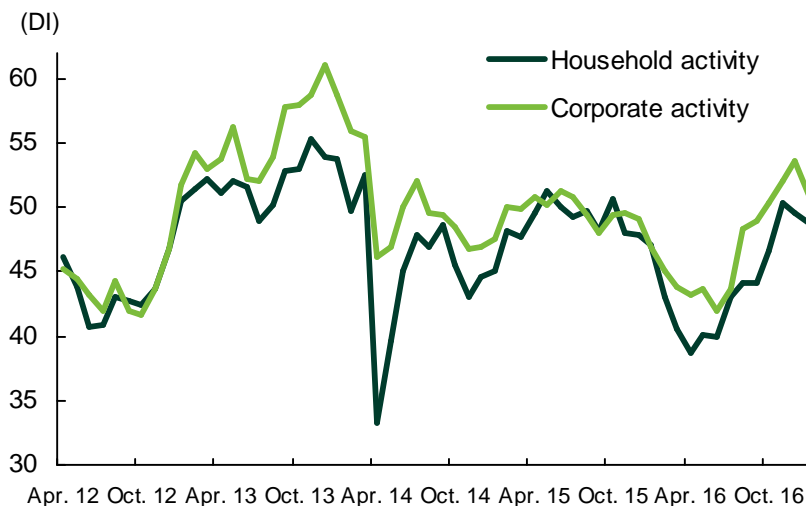


Current Japanese economy

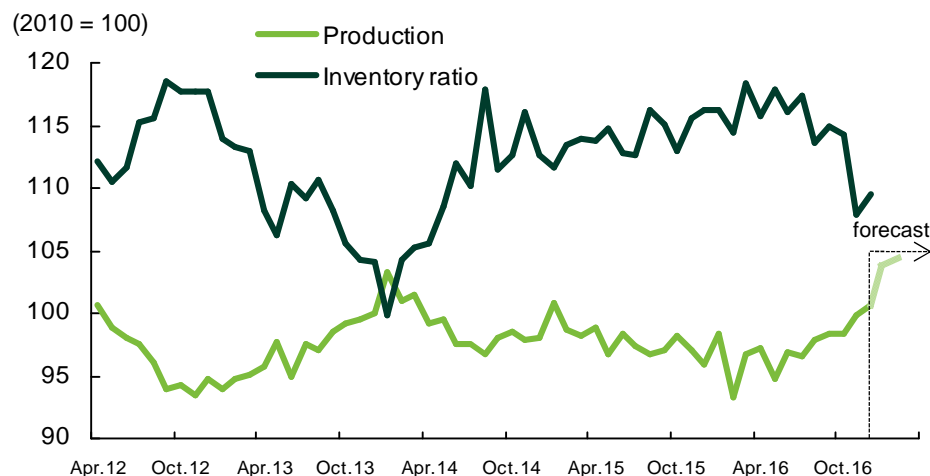
Real GDP growth rate (annualized QOQ change)*1



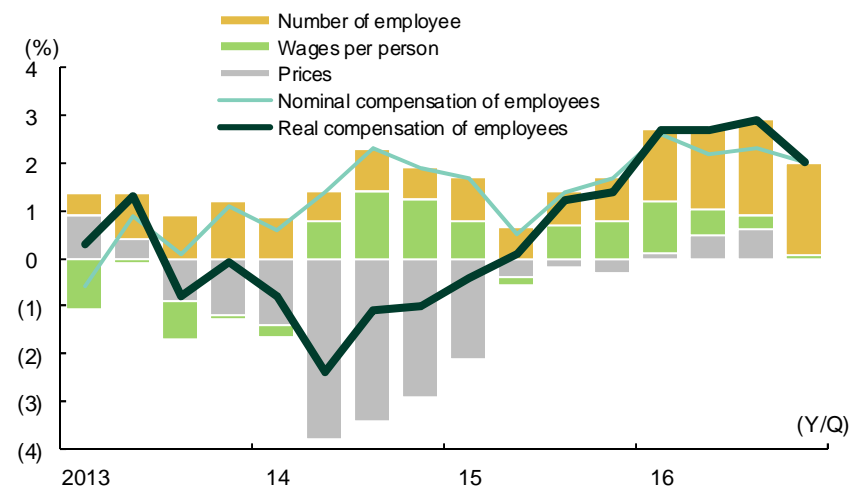
Economy watchers survey*2



Indices of industrial production*3



Real compensation of employees*4



*1 Source: Cabinet Office. Seasonally adjusted series. Household sector = Private consumption + Private residential investment, Inventories = Change in private and public inventory, Public demand = Government consumption + Public investment

*2 Source: Cabinet Office. Diffusion index for current economic conditions

*3 Source: Ministry of Economy, Trade and Industry. Seasonally adjusted indices. In Jan. and Feb. 2017, based on the indices of production forecast

*4 Source: Cabinet Office and Ministry of Internal Affairs and Communications

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”, “estimate”, “expect”, “intend”, “may”, “plan”, “probability”, “risk”, “project”, “should”, “seek”, “target” 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; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; exposure to new risks as we expand the scope of our business; and incurrence of significant credit-related costs. 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 earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and results of operations, and investors’ decisions.