Investors Meeting Presentation for FY3/2017 Performance

May 18th, 2017

Sumitomo Mitsui Financial Group, Inc.

SMFG SUMITOMO MITSUI FINANCIAL GROUP

- Good morning, ladies and gentlemen. Let me take this opportunity to express my appreciation for your interest in SMFG and for your ongoing support and understanding.
- I am Takeshi Kunibe, President and Group CEO of SMFG.
- Starting from April 2017, under the new Group-wide management structure, SMFG has embarked on our three-year medium-term management plan, which ends in the fiscal year ending March 2020. Today's presentation will mainly be about this medium-term plan. We hope that it will give you a deeper understanding of our management approach.
- Please be assured that as Group CEO, I will be communicating closely with the market and doing whatever I can to improve our share price performance.

This document contains "forward-looking statements" (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "probability," "risk," "project," "should," "seek," "target," "will" and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; 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 our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors' decisions.

Definitions

- Consolidated : SMFG (consolidated)
- Non-consolidated : SMBC (non-consolidated)
- SMFG : Sumitomo Mitsui Financial Group
- SMBC : Sumitomo Mitsui Banking Corporation
- SMBC Trust : SMBC Trust Bank
- SMFL : Sumitomo Mitsui Finance and Leasing
- SMBC Nikko : SMBC Nikko Securities
- SMBC Friend : SMBC Friend Securities
- SMCC : Sumitomo Mitsui Card Company
- SMBCCF : SMBC Consumer Finance
- SMAM : Sumitomo Mitsui Asset Management

Overview of the four business units

- Retail (RT) Business Unit
  : Domestic retail and SME businesses
  SMBC (RT), SMBC Nikko (RT), SMBC Friend, SMBC Trust (RT), SMCC, Cedyna, SMBCCF, others
- Wholesale (WS) Business Unit
  : Domestic large/mid-size corporation business
  SMBC (WS), SMBC Nikko (WS), SMBC Trust (WS), SMFL (Domestic), others
- International (Inter.) Business Unit :
  SMBC (Inter.), SMBC Nikko (Inter.), SMBC Trust (Inter.), SMFL (Inter.), others
- Global Markets (GM) Business Unit
  : Market / Treasury related businesses
  SMBC (Treasury), SMBC Nikko (Product), others

SMFG SUMITOMO MITSUI FINANCIAL GROUP

Agenda

I. FY3/2017 performance and FY3/2018 target

II. Medium-Term Management Plan (FY3/2018-FY3/2020)

Appendix

SMFG SUMITOMO MITSUI FINANCIAL GROUP

- This is today's agenda.
- Today I will present the performance of the fiscal year ended March 2017 and our earnings targets for FY3/18, followed by a discussion of our medium-term management plan.

I. FY3/2017 performance and FY3/2018 target

SMFG SUMITOMO MITSUI FINANCIAL GROUP

1. FY3/2017 summary

- Profit attributable to owners of parent was JPY 706.5 bn, a JPY 59.8 bn increase year-on-year
  - Consolidated net business profit remained almost flat from FY3/16 in spite of the impact of negative interest rates
  - Tax effect from implementing the consolidated corporate-tax system from FY3/18 contributed to the increase of the bottom line profit
- Dividend per share in FY3/17 is 150 yen, unchanged from our initial target

(JPY bn)	FY3/17 results	YOY change	vs. Nov. target	FY3/18 target
Profit attributable to owners of parent	706.5	+59.8	+6.5	630.0

Per share information (Consolidated)

(JPY/Share)	FY3/17 results	YOY change	vs. Nov. target	FY3/18 target
Profit attributable to owners of parent	516.00	+43.01	+4.01	446.80
Dividend	150	-	-	160

(JPY/Share)	Mar. 31, 2017	Change from Mar. 31, 2016	vs. Nov. target
Net assets	6,901.67	+382.07	

Financial target of the Medium-Term Management Plan (FY3/15-FY3/17)

		FY3/17	FY3/17 target
Growth	Growth rate of consolidated gross profit*1	+0.8%	around +15%
Profitability	Consolidated ROE	9.1%	around 10%
	Consolidated net income RORA	1.0%	around 1%
	Consolidated overhead ratio	62.1%	in the mid 50%
Soundness	Common equity Tier 1 capital ratio*2 [excluding net unrealized gains]	12.2% [10.0%]	around 10%

*1 Consolidated gross profit increase in comparison with FY3/14 figure
*2 Basel III fully-loaded basis. Based on the definition applicable for March 31, 2019

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- Here is a performance summary of FY3/17.
- In FY3/17, profit attributable to owners of parent was ¥706.5 billion, an increase of ¥59.8 billion from the previous year.
- Consolidated net business profit was flat despite the severe earnings environment following the introduction of negative interest rates. Bottom-line earnings were up from the previous year, due in part to the tax effect associated with adopting the consolidated corporate tax system.
- We maintained our dividend per share of ¥150, which was our initial target.

2. FY3/2017 financial results

Income statement

	(JPY bn)		FY3/17	YOY change	vs Nov target
Consolidated	Consolidated gross profit	USD 26.0 bn[1]	2,920.7	+16.8	+15.7
	General and administrative expenses		(1,812.4)	(87.6)	
	Equity in gains (losses) of affiliates		24.6	+60.7	
	Consolidated net business profit[2]	USD 10.1 bn[1]	1,132.9	(10.1)	
	Total credit cost		(164.4)	(61.6)	+15.6
	Gains (losses) on stocks		55.0	(14.0)	
	Others		(17.6)	+106.2	
	Ordinary profit	USD 9.0 bn[1]	1,005.9	+20.6	+45.9
	Extraordinary gains (losses)		(26.6)	(21.4)	
	Income taxes – current and deferred		(171.0)	+54.1	
	Profit attributable to owners of parent	USD 6.3 bn[1]	706.5	+59.8	+6.5
Non-consolidated	Gross banking profit	USD 14.8 bn[1]	1,663.7	+129.4	+23.7
	Expenses[3]		(816.9)	(11.5)	(1.9)
	Banking profit[2]	USD 7.5 bn[1]	846.7	+117.9	+21.7
	Total credit cost		(61.1)	(64.3)	(11.1)
	Gains (losses) on stocks		115.1	+79.7	
	Ordinary profit	USD 7.7 bn[1]	864.0	+116.1	+115.0
	Net income	USD 6.1 bn[1]	681.8	+72.6	+81.8

- **Consolidated gross profit** increased in spite of an impact of negative interest rates, mainly led by revenue growth at SMBC Nikko and the new consolidation of SMFL Capital
- **General and Administrative expenses** increased due in part to IT investments in the past years and the enhancement of overseas business despite our continuous efforts to control expenses
- **Equity in gains (losses) of affiliates** increased due mainly to the absence of a goodwill impairment loss of BTPN recorded in FY3/16
- **Total credit cost** increased primarily due to worsened business results of an obligor with large exposure
- **Gains (losses) on stocks** from sales of shareholdings was approx. JPY 60 bn (reduction of strategic shareholdings in FY3/17 was approx. JPY 100 bn)
- **Others** increased due mainly to the absence of provisions for losses on interest repayments at SMBCCF recorded in FY3/16
- **Extraordinary gains (losses)** includes JPY 43.0 bn of goodwill impairment loss of SMBC Friend and JPY 29.3 bn of gains on step acquisitions from the consolidation of SMAM
- **Income taxes** includes the effect of implementing the consolidated corporate-tax system (approx. JPY 100 bn)

Contribution of subsidiaries to Profit attributable to owners of parent [4]

(JPY bn)	FY3/17	YOY change	(JPY bn)	FY3/17	YOY change
SMBCCF	111	+176	SMCC	16	(1)
SMBC Nikko[5]	45	+8	SMBC Friend	1	(3)
SMFL	30	+3	SMBC Trust	(4)	+7
Cedyna	22	+14	BEA[6]	11	(3)

*1 Converted into USD at period-end exchange rate of USD 1 = JPY 112.19 *2 Before provision for general reserve for possible loan losses *3 Excludes non-recurring losses *4 in round numbers
*5 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) *6 The Bank of East Asia

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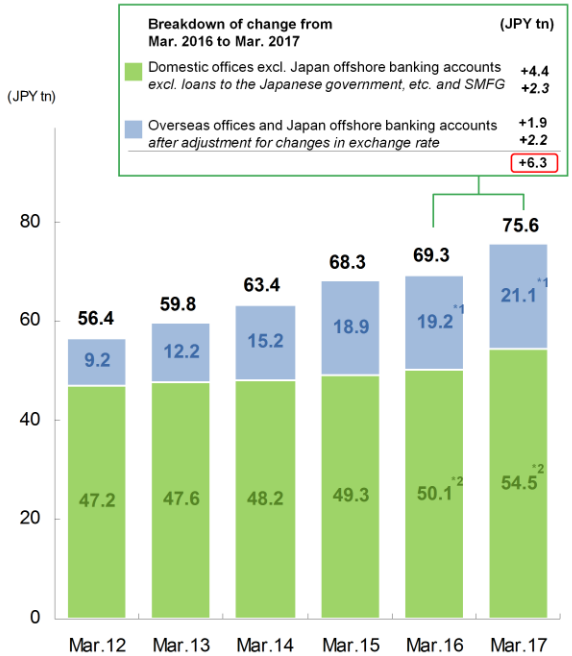
- This slide shows our financial results.
- Factors affecting year-on-year changes per line item are provided on the right hand side.

3. Loans

Loan balance (non-consolidated)



Average loan balance and spread*3

(JPY tn, %)		Balance FY3/17	Balance YOY change*9	Spread FY3/17	Spread YOY change
Domestic loans*4		51.9	+3.3	0.83	(0.08)
	Excluding loans to the Japanese government, etc. and SMFG	48.3	+1.1	0.88	(0.05)
of which	Large corporations*5	14.5	+0.6	0.57	(0.02)
	Mid-sized corporations & SMEs*6	16.7	+0.4	0.75	(0.07)
	Individuals	14.1	(0.1)	1.50	(0.02)
IBU's interest earning assets*7, 8 (USD bn, %)		244.5	+16.1	1.21	0.00

Domestic loan-to-deposit spread (non-consolidated)

(%)	FY3/17	YOY change	1H	2H
Interest earned on loans and bills discounted	1.05	(0.19)	1.09	1.01
Interest paid on deposits, etc.	0.01	(0.02)	0.01	0.00
Loan-to-deposit spread	1.04	(0.17)	1.08	1.01

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

Interest earned on loans and bills discounted	1.11	(0.13)	1.13	1.08
Loan-to-deposit spread	1.10	(0.11)	1.12	1.08

*1 Exchange rates using TTM as of Mar. 2016: USD 1 = JPY 112.62, EUR 1 = JPY 127.47 and Mar. 2017: USD 1 = JPY 112.19, EUR 1 = JPY 119.84
*2 Of which loans to the Japanese government, etc. and SMFG: Mar. 16: JPY 1.3 tn; Mar. 17: JPY 3.5 tn *3 Managerial accounting basis *4 Non-consolidated
*5 Global Corporate Banking Division *6 Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division
*7 Sum of SMBC, SMBC Europe and SMBC (China). Based on location of banking office *8 Sum of loans, trade bills, and securities *9 After adjustments for exchange rates, etc.

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- The loan balance of SMBC was ¥75.6 trillion at the end of March 2017, an increase of ¥6.3 trillion from a year earlier. The domestic loan balance grew by ¥4.4 trillion and the overseas loan balance increased by ¥1.9 trillion.
- In Japan, demand for M&A finance and hybrid finance was robust from our corporate customers, resulting in an increase of ¥2.3 trillion in loans (excluding loans to the government). Loans to the government also increased by ¥2.1 trillion.
- The domestic loan-to-deposit spread is shown on the bottom right. The loan-to-deposit spread, excluding the loans to the Japanese government, etc., contracted 11 basis points from the previous year due to falling market rates following the start of the negative interest rate policy, limited scope for lowering deposit rates, and a narrowing loan spread amid increased competition.
- Meanwhile, the loan spread, excluding loans to the government and SMFG, contracted 5 basis points. The rate of contraction has slowed due to prioritizing profitability in our operations.

4. Net fees and commissions

(JPY bn)	FY3/16	FY3/17	YOY change
Consolidated[*1]	1,003.8	1,013.3	+9.5
of which: SMBC	358.6	348.9	(9.7)
SMCC	190.0	203.0	+13.0
SMBC Nikko	165.0	176.0	+11.0
Cedyna	116.0	117.0	+0.0
SMBCCF	59.0	66.0	+7.0
SMBC Friend	27.0	20.0	(7.0)

(Ref) Gross banking profit of SMBC's Marketing units[*2]

(JPY bn)	FY3/16	FY3/17	YOY Change[*3]
Loan syndication	45.6	48.7	+4.2
Structured finance	26.5	35.2	+7.6
Asset finance[*4]	16.7	19.5	+2.7
Sales of derivatives products	26.4	22.0	(5.4)
Income related to domestic corporate business	115.2	125.4	+9.1
Investment trusts	25.7	20.0	(5.6)
Pension-type insurance	10.9	4.7	(6.2)
Single premium type permanent life insurance	20.3	4.5	(15.8)
Level premium insurance	6.9	6.3	(0.6)
Income related to domestic consumer business	63.8	35.5	(28.2)
of which: Money remittance, electronic banking	92.6	93.3	+0.3
Foreign exchange	52.2	53.2	+1.3
Domestic Non-interest income	316.0	317.7	+4.3
of which: IBU's loan related income[*5]	72.7	72.5	+5.3
IBU's Non-interest income[*5]	130.6	132.9	+6.8
Non-interest income	446.6	450.6	+11.1
of which: Income on domestic loans	421.2	420.0	(12.1)
Income on domestic yen deposits	98.7	64.8	(2.9)
IBU's interest related income[*5]	225.4	194.6	(4.1)
Interest income	827.5	760.6	(17.8)
Gross banking profit of SMBC's Marketing units	1,274.1	1,211.2	(6.7)

*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

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- Consolidated net fees and commissions increased ¥9.5 billion from the previous year.
- The main reasons for the increase are a rise in Sumitomo Mitsui Card fees for card sales handled and underwriting fees at SMBC Nikko Securities, which won lead arranger roles in several high-profile equity and bond issuances.

5. Gains (losses) on bonds

Non-consolidated

Gains (losses) on bonds

(JPY bn)	FY3/16	FY3/17	YOY Change
Gains (losses) on bonds	54.0	43.7	(10.3)
Domestic operations	3.4	18.2	+14.8
International operations	50.6	25.5	(25.1)

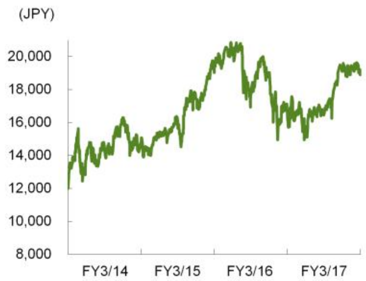
Gross banking profit of SMBC's Treasury Unit

(JPY bn)	FY3/16	FY3/17	YOY change
Gross banking profit of SMBC's Treasury Unit	293.6	272.4	(21.2)

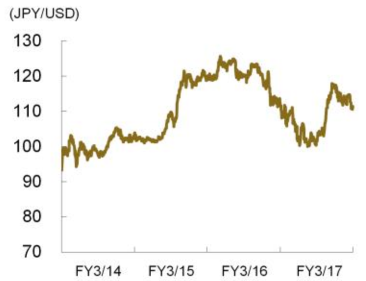
Interest rate, stock price and exchange rate

Interest rate of JGB, US Treasury and Bund

Nikkei Stock Average



Exchange rate JPY / USD



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- SMBC's gains (losses) on bonds decreased by ¥10.3 billion from the previous year.
- This is primarily because of a decrease in gains from the sale of foreign bonds, due in part to a rise in U.S. interest rates.

6. Expenses

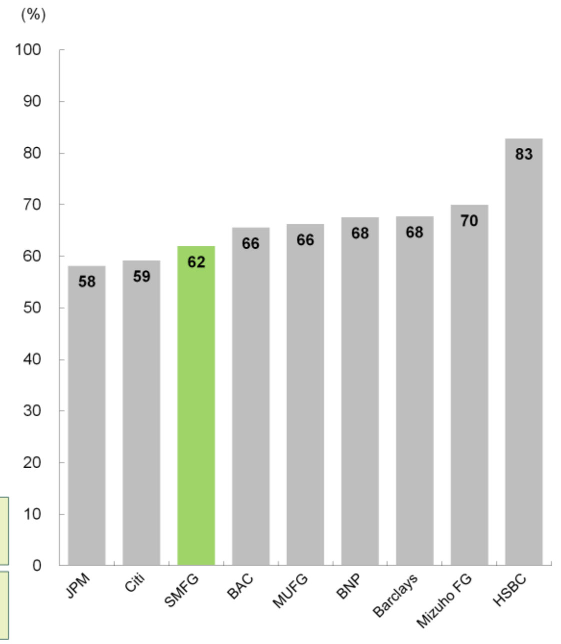
Consolidated

(JPY bn)	FY3/17	YOY change
Expenses	1,812.4	+87.6
Overhead ratio	62.1%	+2.7%

By company (major Group companies)*1

(JPY bn)	FY3/17	YOY change	
SMBC*2	816.9	+11.5	
SMBC Nikko	251.0	+9.0	
SMCC	173.0	+16.0	
Cedyna	127.0	+2.0	
SMBCCF	105.0	(0.0)	
SMFL	84.0	+21.0	Apr. 2016, New consolidation (SMFL Capital)
SMBC Trust	51.0	+25.0	Nov. 2015, New consolidation (PRESTIA)
SMBC Friend	37.0	(1.0)	

Overhead ratio comparison*3



*1 Numbers excluding SMBC are rounded
*2 Excludes non-recurring losses
*3 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). FY3/17 results for SMFG, MUFG and Mizuho FG, and Jan. - Dec. 2016 results for others

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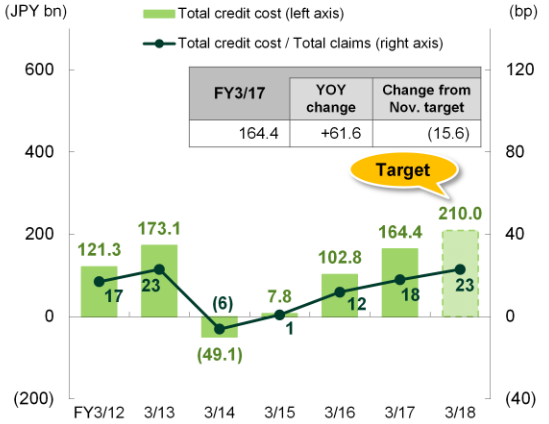
- Consolidated expenses increased ¥87.6 billion from the previous year for a consolidated overhead ratio of 62.1%. This is mainly due to the effect of IT system investment in the past years and the new consolidation of PRESTIA business and SMFL Capital.
- Having started strengthening expense control in the previous fiscal year, expenses were almost ¥40 billion lower than our initial target.
- We will continue to take an even more selective approach to expense allocation and focus on expense reduction as a Group with the goal of improving the consolidated overhead ratio.

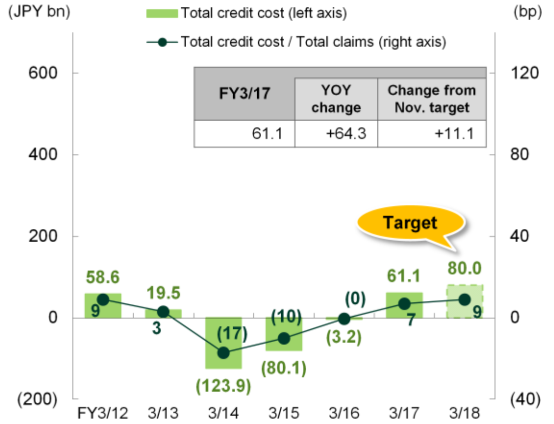
7. Credit costs

Consolidated



FY3/17	YOY change	Change from Nov. target
164.4	+61.6	(15.6)

Non-consolidated



FY3/17	YOY change	Change from Nov. target
61.1	+64.3	+11.1

By company (major Group companies)*

(JPY bn)	FY3/17	YOY Change
SMBC	61.1	+64.3
SMBCCF	73.0	+5.0
SMCC	13.0	+2.0
Cedyna	13.0	+1.0
SMBC Europe	1.0	(9.0)

* Numbers excluding SMBC are rounded

- Credit costs related to resources
  (sum of non-Japanese oil & gas, and other resources)
  - FY3/2016 : approx. JPY 32 bn
  - FY3/2017 : approx. JPY 2 bn
    Lower than May 2016 forecast due to the recovery of the oil price

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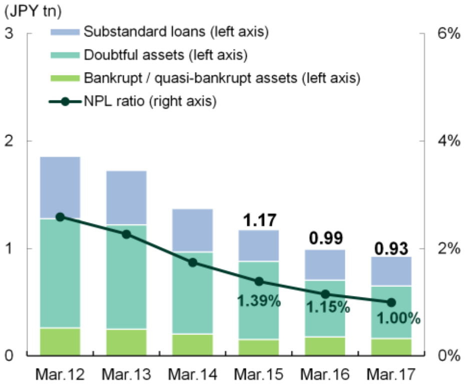
- SMFG's consolidated total credit cost was ¥164.4 billion, an increase of ¥61.6 billion from the previous year.
- This is mainly due to costs rising at SMBC as a result of worsened business results of an obligor with large exposure.
- Our credit cost forecast for this fiscal year is ¥210 billion for SMFG on a consolidated basis and ¥80 billion for SMBC on a non-consolidated basis. In addition to smaller reversal gains of provisions made in the past by SMBC, with little prospect of large reversals going forward, we have reflected risk factors like the uncertain outlook for the global economy.

Ref: Non-performing loan balance and ratio

Consolidated

	Mar. 16	Mar. 17
Coverage ratio	81.34%	77.68%

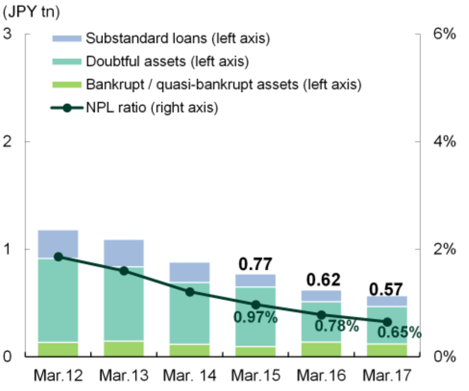


(JPY tn)

Total claims	72	76	79	85	87	93

Non-consolidated

	Mar. 16	Mar. 17
Coverage ratio	88.32%	85.46%



(JPY tn)

Claims on borrowers requiring caution*	2.8	1.9	1.6	1.6	1.4	1.6
Total claims	64	68	73	79	80	87

* Excludes claims to Substandard borrowers

8. Balance sheet management

Initiatives going forward

JPY Lending

Maintain the current balance

- Maintain or improve overall profitability
- Asset control through O&D

Foreign Currency Lending

Control the pace of increase

- Reduce low profitable assets and increase asset turnover
- Focus on profitability including cost of funding

Consolidated B/S (Mar. 31, 2017) [vs. Mar. 31, 2016]

(JPY tn)

Assets	Liabilities and net assets
Cash and due from banks 46.9 [+4.1]	Deposits (includes NCD) 129.7 [+4.8] (Domestic*1 87.7 [+5.6], Overseas*2,3 27.4 [+0.3])
Loans 80.2 [+5.2] (Domestic*1 54.5 [+4.4], Overseas*2 23.7 [+1.7])	
Securities 24.6 [(0.6)]	Other liabilities 56.8 [+5.6]
Other assets 46.1 [+2.6]	Total net assets 11.2 [+0.8]
Total assets 197.8 [+11.2]	

Loan to deposit ratio	61.9 %
Leverage ratio*4	4.74 %
LCR*5	119.2 %

JPY Funding

Control deposit balance

- Monitor the balances of large deposits
- Promote the "shift from savings to asset building"

Foreign Currency Funding

Increase quantity and improve quality

- Increase sticky customer deposits
- Diversify funding sources

*1 Non-consolidated *2 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China) *3 Includes CDs & CP *4 Transitional basis, preliminary
*5 Transitional basis, average Jan. – Mar. 2017

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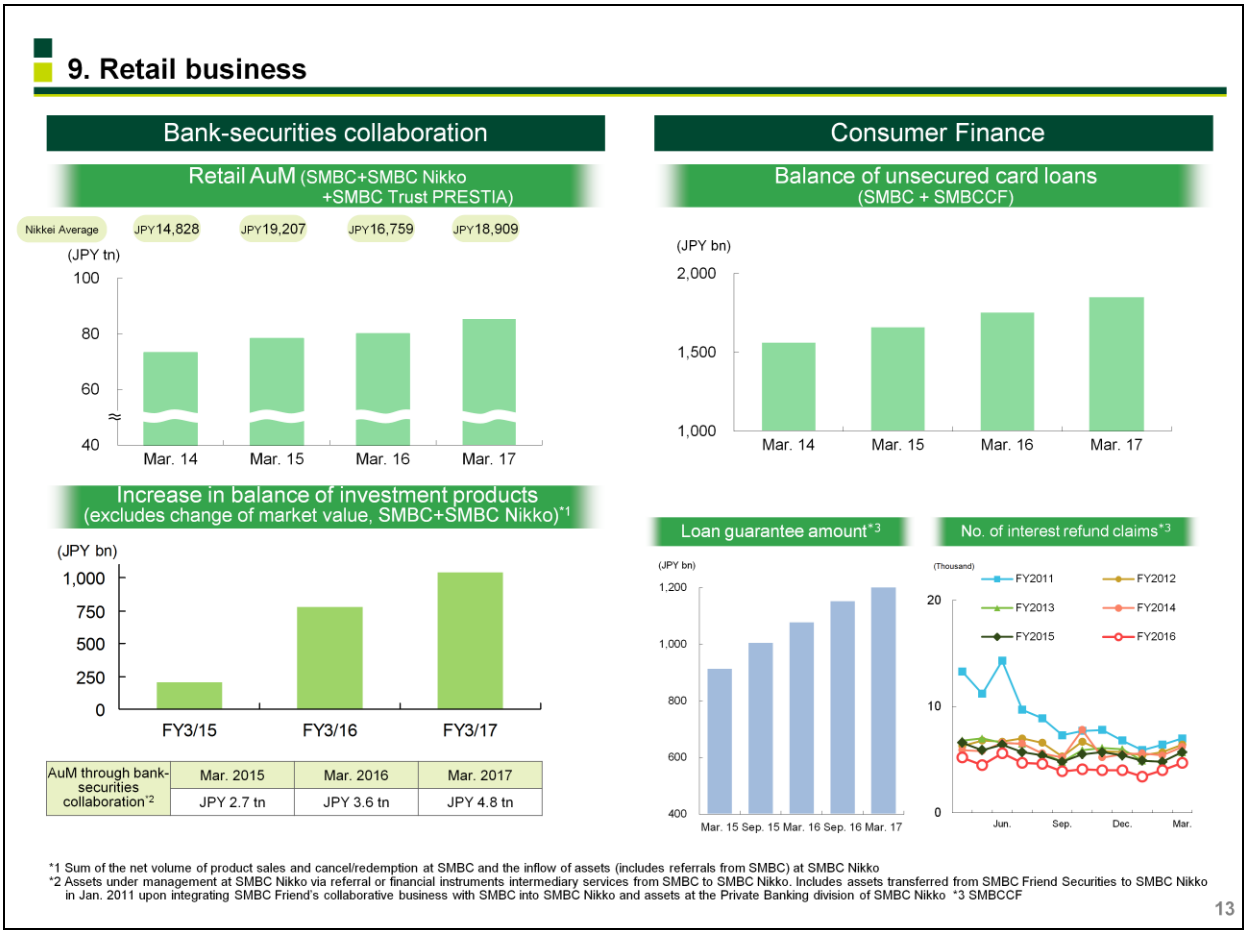
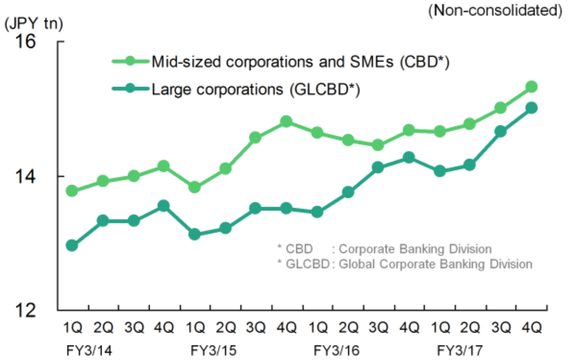
- Here is a summary of balance sheet management.
- Yen deposits (mainly corporate deposits) increased after the introduction of the negative interest rate policy in February 2016. Although the pace of increase has slowed, it is still increasing.
- The outstanding balance at our BOJ current accounts is at present not subject to negative interest rates, because we ensure we control the loan-to-deposit gap. We will continue to manage our balance sheet while paying close attention to regulatory benchmarks and asset efficiency.
- We will now move on to results of each business unit.



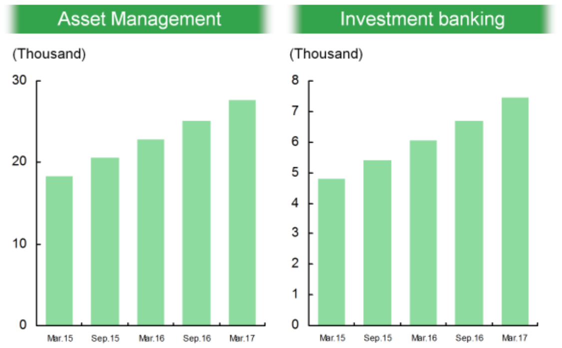
- First, let's look at the retail business.
- In the wealth management business, we are promoting the bank-securities integration model, which combines the capabilities of a megabank and one of the top three domestic securities firms.
- The steady increase in the balance of investment products managed by SMBC and SMBC Nikko adjusted for market price fluctuations is shown on the bottom left of the slide. The bank-securities integration model is clearly showing positive results.
- The consumer finance business on the right hand side is showing steady expansion amid an upturn in personal consumption. We will continue to fulfill individual customers' healthy borrowing needs with an even stricter focus on quality and tightening our screening process, mindful that the number of personal bankruptcies has been trending up since 2016.

10. Wholesale business

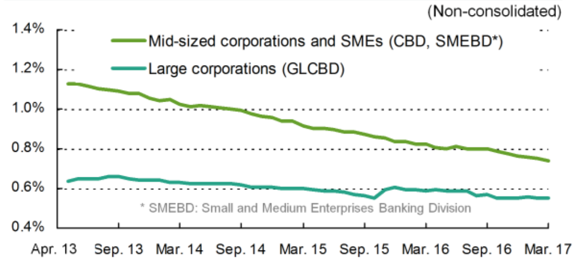
Loan balance of Wholesale Banking Unit[*1, 2]



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



Domestic corporate loan spread[*1, 3]



League tables (Apr. 2016 - Mar. 2017)[*4]

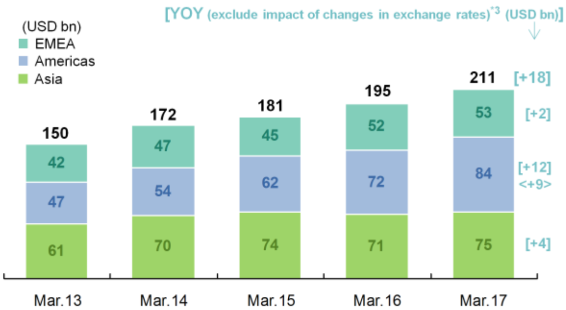
	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount)[*5, 6]	#2	19.0%
JPY denominated bonds (lead manager, underwriting amount)[*5, 7]	#3	17.2%
Financial advisor (M&A, No. of deals)[*5, 8]	#2	4.5%
IPO (lead manager, No. of deals)[*9]	#4	16.5%

*1 Managerial accounting basis. Excludes loans to the Japanese government, etc. We revised managerial accounting rules since 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. Source: Thomson Reuters

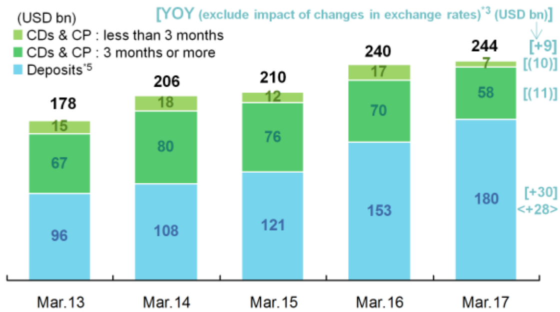
- This page shows the wholesale business.
- The loan balance of the Wholesale Banking Unit is shown on the top left. Our efforts to provide finance for large companies' M&A deals and our established "one to one" approach in dealing with each different customer in the small and mid-size company sector have proved effective, as reflected in the upward trend in the loan balance.
- Loan spreads continue to narrow amid increased competition, but we are continuing to strengthen solution-providing high value-added loans to secure margins, which has helped to slow the pace of narrowing spreads.
- We are also strengthening our fees and commissions business, including those harnessing the bank-securities collaboration. As shown on the bottom right, SMBC Nikko Securities has moved up on the league tables, from fourth to second in the equity underwriting and from fifth to third in the underwriting of yen-denominated bonds.

11. International business

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

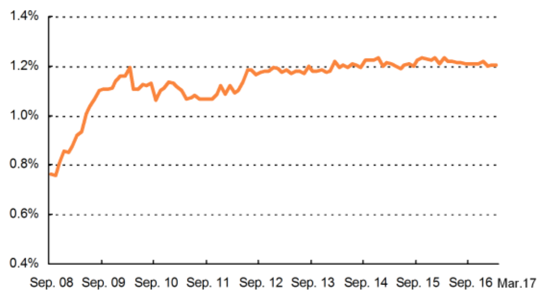


Overseas deposit balance*1, 2



Foreign currency bonds outstanding*6 (USD bn)		Mar.16	Mar.17
	Senior	32.9	44.1
	Subordinated	4.1	4.1

Overseas loan spread*1, 4



Project finance / Loan syndication

League tables (Jan. - Dec. 2016)*7

	Global	Asia*8	Japan
Project Finance	#3	#4	
Loan Syndication	#9	#9	#2

*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Balance as of Mar. 2017 includes balance of SMBC Canada Branch which was newly opened in Nov. 2016 and took over business of wholly-owned subsidiary SMBC of Canada *2 Converted into USD at respective period-end exchange rates
*3 Year-on-year changes exclude impact of changes in local currency / USD. Figure in < > is an YoY change excluding the balance of SMBC Canada Branch as of Dec. 2016
*4 Monthly average loan spread of existing loans *5 Includes deposits from central banks *6 Bonds issued by SMFG and SMBC *7 Source: Thomson Reuters (Mandated Arrangers)
*8 Project finance: Asia Pacific. Loan syndication: Asia (excl. Japan)

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- Let's move on to the international business.
- As shown on the top left, the overseas loan balance increased 8% overall as a result of seizing global corporations' M&A finance opportunities in the Americas.
- The overseas loan spread is shown on the bottom left. We are maintaining spreads despite tough competition with a management policy that focuses on profitability.
- The overseas deposit balance is shown on the top right. The balance of CDs and CP has decreased following US money market fund (MMF) regulatory reforms that took effect in October 2016, but we are compensating for this effect with increased deposits. Customer deposits are at an all-time high and we have issued US Dollar-denominated TLAC bonds to secure a stable source of foreign currency funding and liquidity, as well as complying with regulations.

12. Earnings target for FY3/2018

	(JPY bn)	FY3/17 results	FY3/18 1H	FY3/18 target	YOY change
Consolidated	Consolidated net business profit*2	USD 10.1 bn*1 1,132.9	550.0	1,130.0	(2.9)
	Total credit cost	(164.4)	(110.0)	(210.0)	(45.6)
	Ordinary profit	USD 9.0 bn*1 1,005.9	460.0	970.0	(35.9)
	Profit attributable to owners of parent	USD 6.3 bn*1 706.5	310.0	630.0	(76.5)
Non-consolidated	Banking profit*2	USD 7.5 bn*1 846.7	280.0	600.0	(246.7)
	Total credit cost	(61.1)	(45.0)	(80.0)	(18.9)
	Ordinary profit	USD 7.7 bn*1 864.0	240.0	550.0	(314.0)
	Net income	USD 6.1 bn*1 681.8	200.0	430.0	(251.8)

*1 Converted into USD at period-end exchange rate of USD 1 = JPY 112.19
*2 Before provision for general reserve for possible loan losses

Consolidated net business profit
Expected to earn almost the same level as FY3/17 by increasing non-interest income and expanding the overseas business in spite of impacts from the negative interest rates and declining spreads of domestic loans

Total credit cost
Expected to increase because of smaller gains on reversal of reserves for possible loan losses at SMBC and the continuing uncertain market environment

Profit attributable to owners of parent
Expected to increase on an year-on-year basis excluding the impact of an one time profit push up of approx. JPY 100 bn in FY3/17 because of implementing the consolidated corporate-tax system

Assumptions of earnings target

		FY3/17 actual	FY3/18
3M TIBOR		0.06%	0.06%
Federal funds target rate		1.00%	1.25%
Exchange rate	JPY/USD	112.19	110.00
	JPY/EUR	119.84	115.00

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- Here are our earnings targets for FY3/18.
- We target consolidated net business profit of ¥1.13 trillion and profit attributable to owners of parent of ¥630 billion.
- We aim to maintain consolidated net business profit at the same level as the previous year despite a harsh business environment by strengthening non-interest income and expanding overseas income.
- We forecast a ¥76.5 billion decrease in profit attributable to owners of parent due to the absence of the tax effect in the previous year associated with implementing the consolidated corporate-tax system, as well as increased credit cost due to reversal gains of provisions made in the past coming to an end. In other words, this is a ¥30 billion profit increase in real terms, because the previous year's one-time push-up of profit due to the implementation of the consolidated-tax system is ¥100 billion.
- We will now move on to our new medium-term management plan "SMFG Next Stage".

II. Medium-Term Management Plan (FY3/2018-FY3/2020)

SMFG Next Stage

(1) Review of previous Medium-Term Management Plan (FY3/2015–FY3/2017)

- Although the business environment was tougher than originally anticipated, we were able to achieve our targeted capital adequacy ratio by retaining stable earnings
- However, due to sluggish top-line growth and upfront investments, growth rate and efficiency ratio fell short of the target

Achievements

Steady progress in business strategy

Business model reform based on customer needs
- Retail AuM (three-year) +12%
- Average loan balance for Wholesale Banking Unit (three-year) +9%

Asia-centric strategy
- Expanded business with core Asian clients
- Increased synergies with investing companies, particularly in Indonesia

Evolving business model in international business
- Promoted cross-selling with core western clients
- Established high margin portfolio: e.g. acquisition of GE LBO business

Financial Targets

	Target	FY3/2017
CET1 capital ratio	10%	12.2% [10.0%]
Consolidated net income RORA	1%	1.0%
ROE	10%	9.1%

Note: Figures in parentheses exclude net unrealized gains on other securities. Common Equity Tier 1 capital ratio and consolidated net income RORA are based on current RwA

Challenges

Difficult business environment led to sluggish top-line growth. Shifted focus towards bottom line profit from the middle of FY3/2016. Earnings from upfront investments remain unrealized.

Japan	Introduction of negative interest rates
Global	Heightened uncertainty Slowdown of Asian economy Increased foreign currency funding cost
Regulatory	Tightening of international financial regulations

Financial Targets

	Target	FY3/2017
Consolidated gross profit growth rate	+15% Excluding inorganic growth:+10%	+0.8%
Overhead ratio	Mid-50%	62.1% (three-year: +7.9%)

Note: The consolidated gross profit growth rate represents the rate of change in comparison with FY3/2014

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- First, let's review our previous medium-term management plan.
- We put into action our vision of developing the best-in-class earnings base in Japan, becoming a truly Asia-centric institution, realizing true globalization and evolving our business model in our previous medium-term plan.
- As shown on the left of the slide, these endeavors produced positive results in terms of business strategy.
- We also made steady profit accumulation and attained our CET1 ratio target.
- However, top-line earnings slowed because operating conditions were worse than our assumption three years earlier, including the introduction of the negative interest rate policy in Japan and slowdown of Asian economies. We switched our focus to bottom-line earnings halfway through FY3/16 in light of changing conditions, but we were unable to attain the targets for consolidated gross profit growth rate and overhead ratio, due in part to upfront investment for business model reforms.

(2) Business Environment

- Earnings environment is expected to remain challenging due to the negative interest rates in Japan and tightening of international financial regulations
- However, chances of capturing business opportunities are growing by heightening our competitive advantages

Difficult earnings environment

Business environment is expected to remain unclear and uncertain

Financial/ Economic	Negative interest rates in Japan Higher foreign currency funding costs
Regulatory	Tightening of international financial regulations
Social/ Political	Protectionism, geo-political risk, etc.

Rates/Forex assumptions*1

	FY3/2017	FY3/2020
(Japan) Short-term rate*2	(0.10)%	(0.10)%
(US) FF rate*3	1.00%	2.25%
JPY/USD	JPY 112.19	JPY 110.00
JPY/Euro	JPY 119.84	JPY 115.00

*1 FY3/2017 are actual figures
*2 Assumes negative interest rates will continue
*3 Target rate (cap)

Business Opportunities

Retail	➢ Shift from savings to asset building ➢ Inheritance/business successions ➢ Digitalization/cashless
Wholesale	➢ M&A activity and overseas expansion of large companies ➢ Growth companies and industries pursuing open innovation ➢ Investment needs under the low-interest rate environment
International	➢ Stable growth prospects for the US economy ➢ M&A activities by multinational corporations ➢ Mid- to long-term growth of the Asian middle class ➢ Market growth in trade, infrastructure, and transportation

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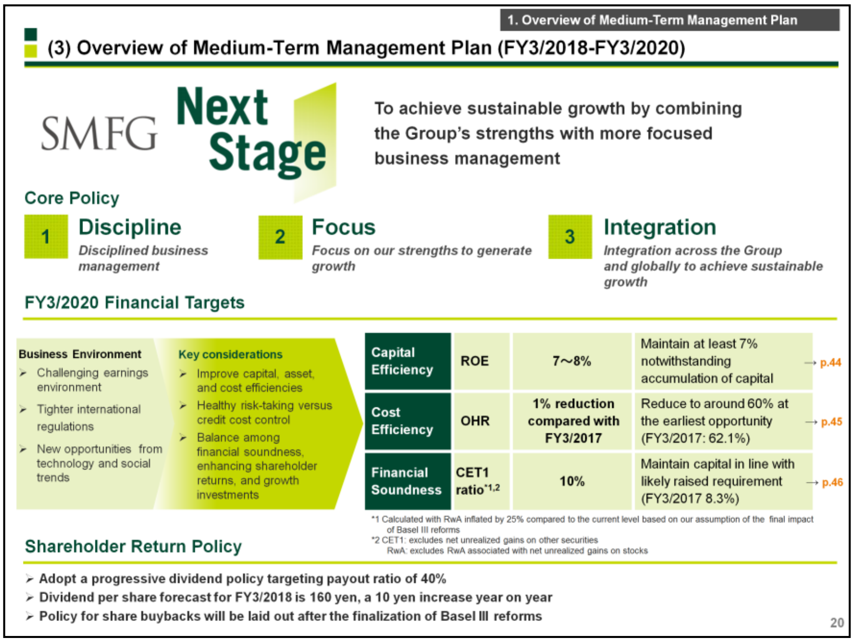
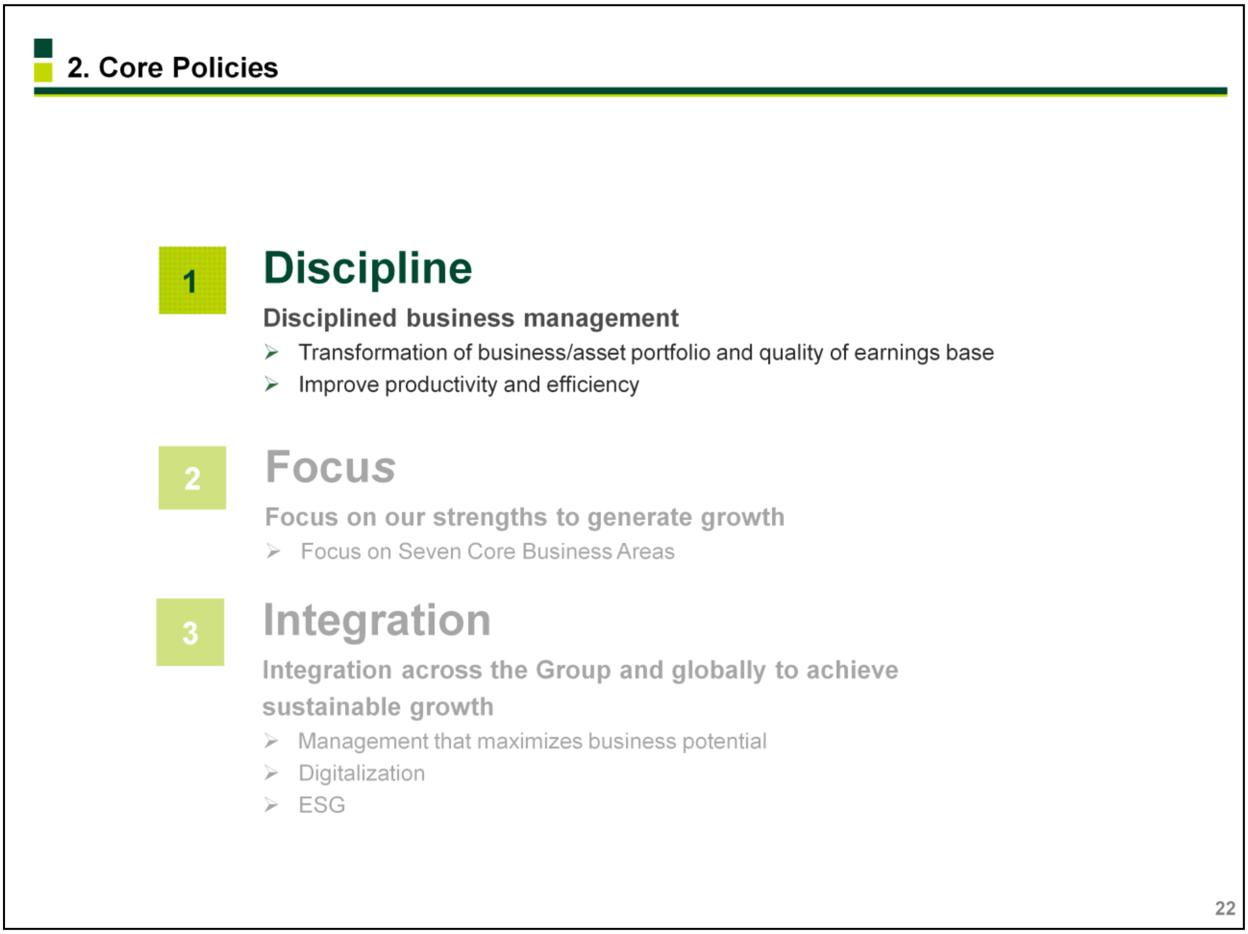
- Let me explain our assumptions for the business environment in formulating our new three-year medium-term plan.
- We expect the business environment to remain unclear and uncertain amid the difficult earnings environment including the negative interest rates in Japan, higher foreign currency funding costs, tighter international financial regulations, and political/social concerns such as the rise of protectionism and heightened geo-political risk.
- However, we also see some positives. As shown on the right of the slide, we believe there are business opportunities that we can grasp by becoming more competitive amid new and changing social trends, and diversification and increased sophistication of customer needs.



- Based on these assumptions, we formulated our "SMFG Next Stage," a new three-year medium-term management plan that runs from FY3/18 to FY3/20.
- The new medium-term plan represents the second stage of realizing our vision that we scripted three years ago of becoming a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region. This intention is expressed in the name of the plan: "SMFG Next Stage"
- We introduced group-wide Business Units and CxO system under a new management team in April 2017. Following the annual general meeting of shareholders in June, we plan to transition to a Company with Three Committees. Under this new management structure, we plan to combine the Group's strengths and with more focused business management to achieve sustained growth.
- Three Core Policies of the plan are shown below the SMFG Next Stage logo.
- The first is Discipline, i.e., prioritizing disciplined business management. We intend to focus even more on capital, assets, and cost efficiencies in our operations to improve profitability and engage in sound risk-taking and credit control to achieve sustained growth of bottom-line earnings.
- The second is Focus, i.e., engaging in growth strategies that focus on our strengths. We will pursue well-defined growth strategies that focus on our strengths, such as further strengthening our domestic retail and wholesale businesses and targeting growth of our international business and global products. We also intend to work on building new strengths for future growth.
- The third is Integration, i.e., developing a more sophisticated global group operation that underpins sustained growth. Under our new management structure, we plan to grasp business opportunities, optimize the allocation of management resources, and make the planning and management functions more sophisticated by further strengthening our ability to respond to customers on a global group basis.
- Our financial targets are shown on the bottom right. We set ROE, overhead ratio, and CET1 ratio targets to improve profitability and comply with international financial regulations at an early stage to secure financial soundness.
- Our basic capital policy seeks a balance among financial soundness, enhancing shareholder returns, and investing for growth. Our shareholder returns policy is a progressive dividend policy, and the dividend payout ratio target is 40%. In keeping with our policy to improve shareholder returns, we plan to raise our dividend per share by ¥10 to ¥160 for this fiscal year. Our policy for share buybacks will be laid out after the finalization of Basel III reforms.
- We will now discuss our Core Policies, financial targets, and capital policy.

- First, let's look at our Core Policies. I will explain each of the keywords: Discipline, Focus, and Integration.
- The first keyword is Discipline, i.e., making discipline a priority in business management.
- There are two main points in this theme—transformation of our business/asset portfolio and quality of our earnings base, and improving productivity and efficiency.



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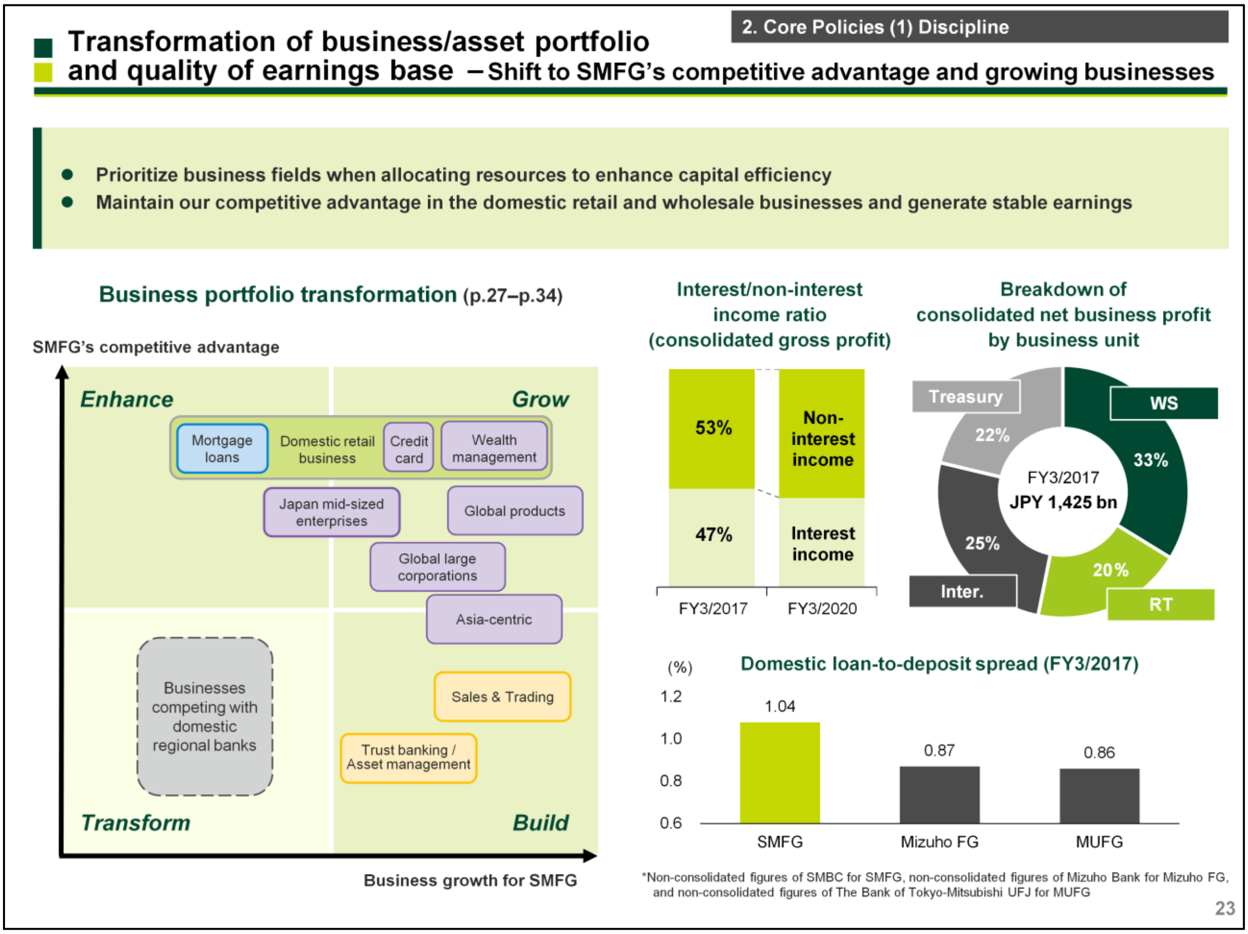
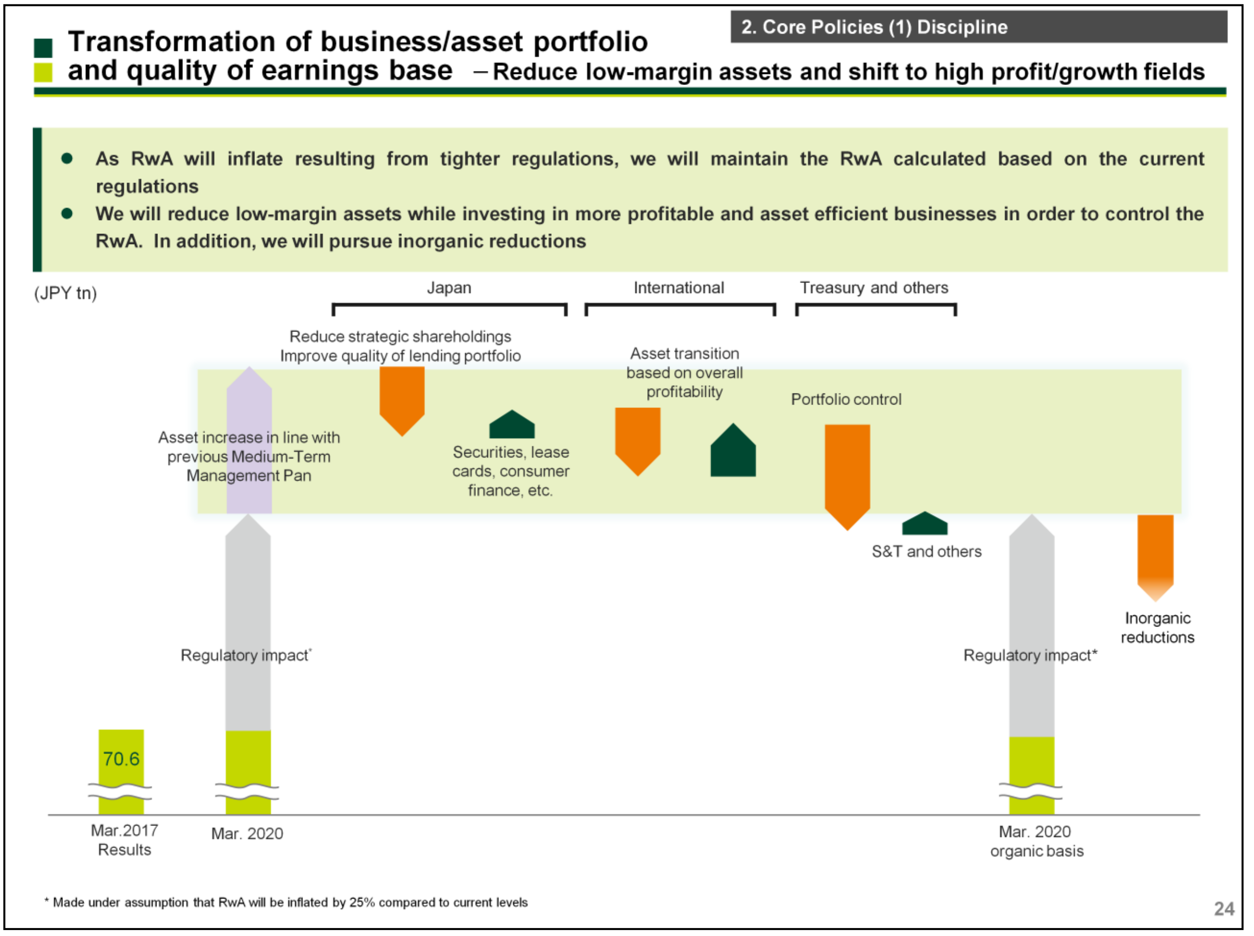


- We plan to allocate limited management resources effectively to maximize returns to improve our capital efficiency (ROE), assuming that the difficult business environment will continue.
- To this end, we reviewed our business portfolio and selected seven strategic business areas that demonstrate SMFG's competitive advantage and have growth potential that will be prioritized for resource allocation, as shown on the left.
- The business areas are divided into four quadrants. The Grow quadrant represents businesses with competitive advantage and growth potential. We plan to allocate resources to these businesses, which we consider to be growth drivers.
- The Enhance quadrant to the left represents businesses with a competitive advantage, but limited growth potential. We do not intend to allocate substantial resources to these businesses, instead aiming to raise profitability by maximizing group synergies and through group-wide efficiency gains.
- The Build quadrant on the bottom right represents businesses that we will be building for future growth by allocating resources. We plan to develop asset-light, highly differentiated business models as late starters in these businesses.
- Of course our stable business base in our mother market (Japan) is one of our strengths. In the domestic retail and wholesale businesses, we plan to review our business model in areas where we compete with banks subject only to domestic capital adequacy standards. As an example, we recently announced that we would convert two regional banks that are SMFG consolidated subsidiaries into equity-method subsidiaries. At the same time, we plan to extend our lead over competitors in loan-to-deposit spreads while strengthening non-interest income.

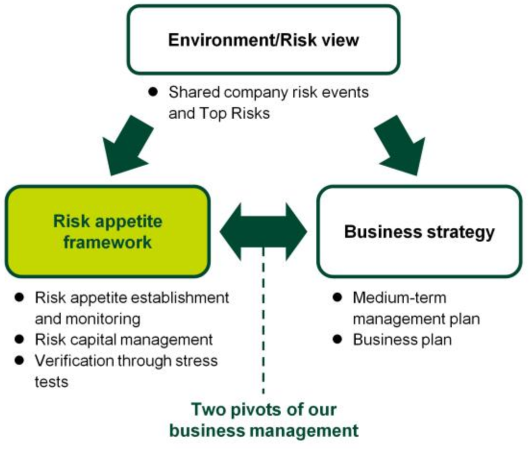


- In consideration of risk-weighted assets (RwA) increasing as a result of tightened international financial regulations, we intend to keep the total value of RwA steady based on the current regulations and improve profitability by asset replacement.
- Over the three years of our previous medium-term plan, our RwA increased by ¥9.3 trillion, due in part to yen depreciation and share price rise. Other contributing factors were increased lending in the international and domestic wholesale businesses, allocating assets to securities and consumer finance businesses, and SMFL Capital (previously GE Capital) and SMBC Trust Bank becoming consolidated subsidiaries.
- We intend to keep RwA at the same level on an organic basis in the next three years, allocating resources to the strategic business areas shown in green in the diagram and reducing low-margin assets to improve asset quality.
- In addition, as I mentioned earlier, we plan to reduce RwA on an inorganic basis, e.g., by turning our regional bank subsidiaries in the Kansai area to equity-method subsidiaries.

Ref: Assessing risks based on the risk appetite framework

- Run risk management based on the risk appetite framework and take on appropriate risks for earnings growth taking into consideration of our views toward the business environment and surrounding risks

Risk appetite framework



Risk management and appropriate risk-taking

Credit risk

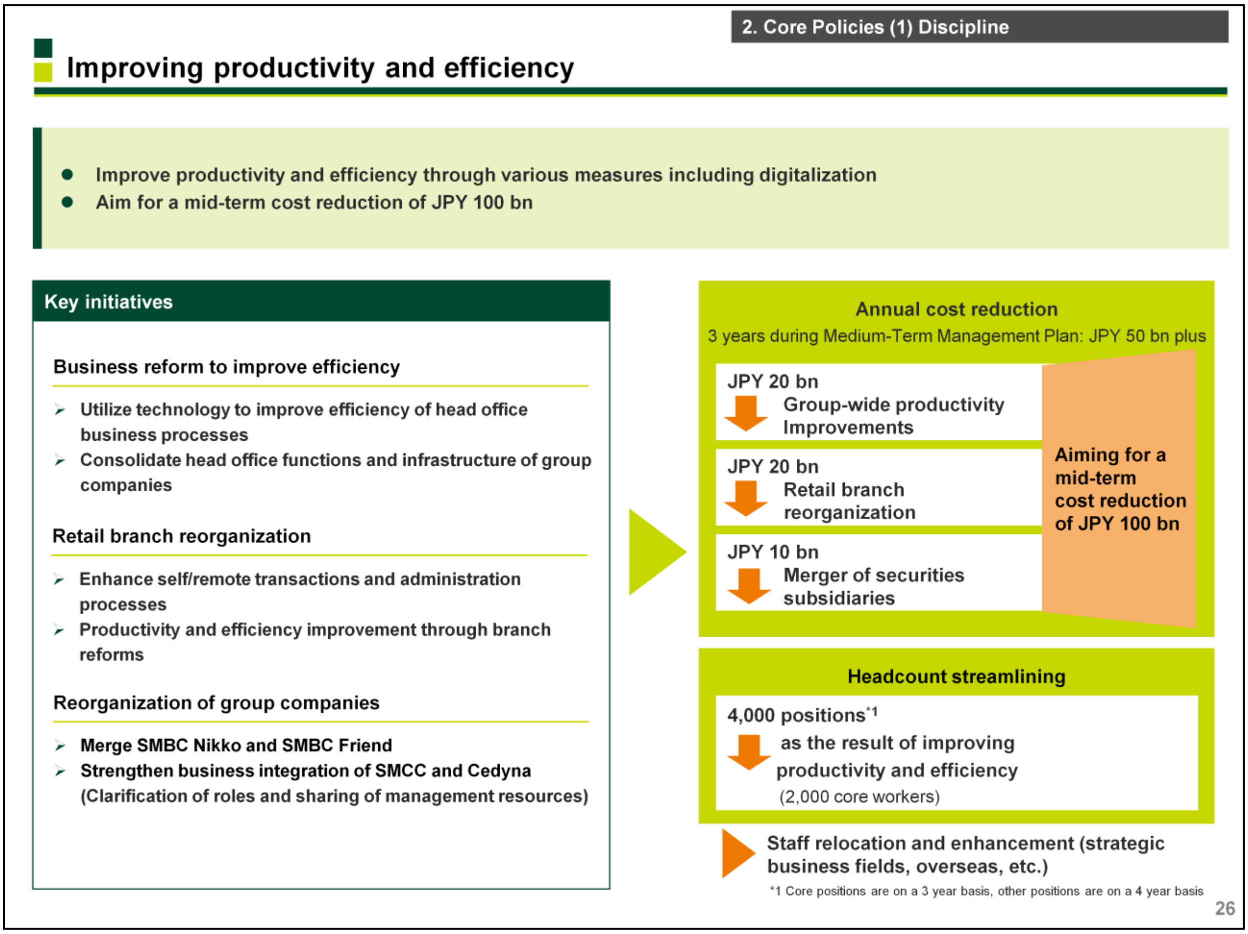
- Explicit asset control based on returns after credit costs
  - by obligor and customer segment

Liquidity risk

- Asset control to secure stable foreign currency funding
  - Global Portfolio Strategy Department
  - O&D (Origination & Distribution)
  - Strengthening currency based ALM

Improve returns on risk

Nimble portfolio management



- The second point under Discipline is improving productivity and efficiency.
- We plan to improve business efficiency and progress retail branch reorganization by harnessing digital technologies and group-based management as well as reorganizing group businesses.
- Specifically, the Productivity Management Department established in April 2017 will spearhead infrastructure-sharing by group companies and other efforts to improve business productivity/efficiency and curtail expenses.
- We also plan to progress retail branch reorganization to improve productivity of the retail business.
- As well, we aim to improve efficiency by centralizing shared functions by group business reorganization, including the integration of SMBC Nikko Securities and SMBC Friend Securities.
- We are targeting annual cost savings of ¥50 billion from these measures and ¥100 billion in the medium term.
- We expect 4,000 headcount reduction effect as a result of these measures. We intend to redeploy personnel to strategically important businesses to improve profitability while keeping labor costs under control.

2. Core Policies

1 **Discipline**

Disciplined business management

- Transformation of business/asset portfolio and quality of earnings base
- Improve productivity and efficiency

2 **Focus**

Focus on our strengths to generate growth

- Focus on Seven Core Business Areas

3 **Integration**

Integration across the Group and globally to achieve sustainable growth

- Management that maximizes business potential
- Digitalization
- ESG

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- From here on, we will discuss our focus on seven core business areas.

Focus on Seven Core Business Areas

Concept		Strategic Focus	
Enhance Enhance business base in domestic market	1	Hold the number one retail banking franchise in Japan	Digitalization
	2	Build on our lead position in the Japanese medium-sized enterprise market	
Grow Sustainable growth of US/EU businesses; Make Asia our second mother market	3	Increase market share in Corporate & Investment Banking in key global markets	
	4	Establish a top-tier position in product lines where we are competitive globally	
	5	Accelerate our "Asia-centric" strategy	
Build Build our new strengths for future growth	6	Strengthen sales & trading capability	
	7	Develop asset-light businesses: trust banking and asset management	

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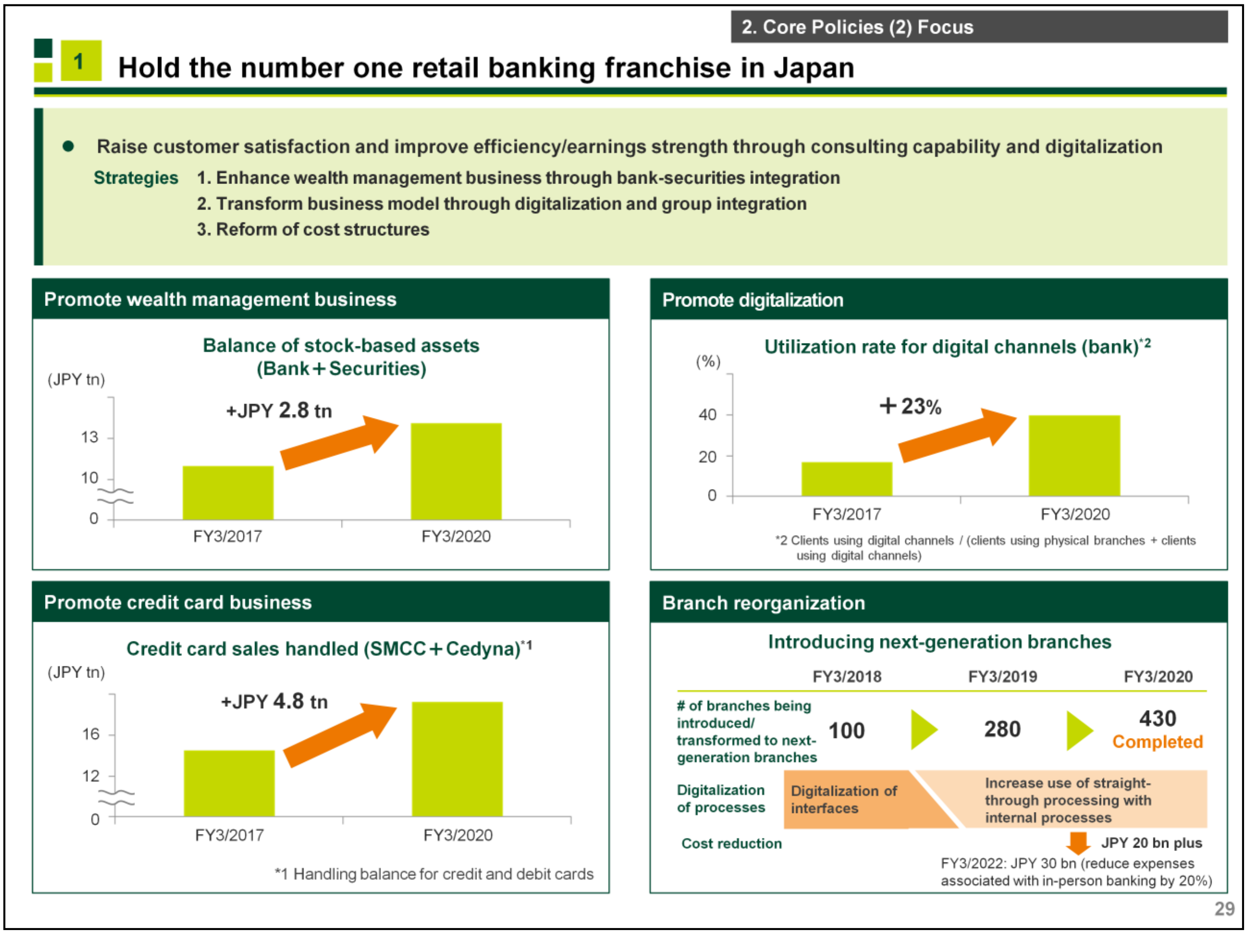
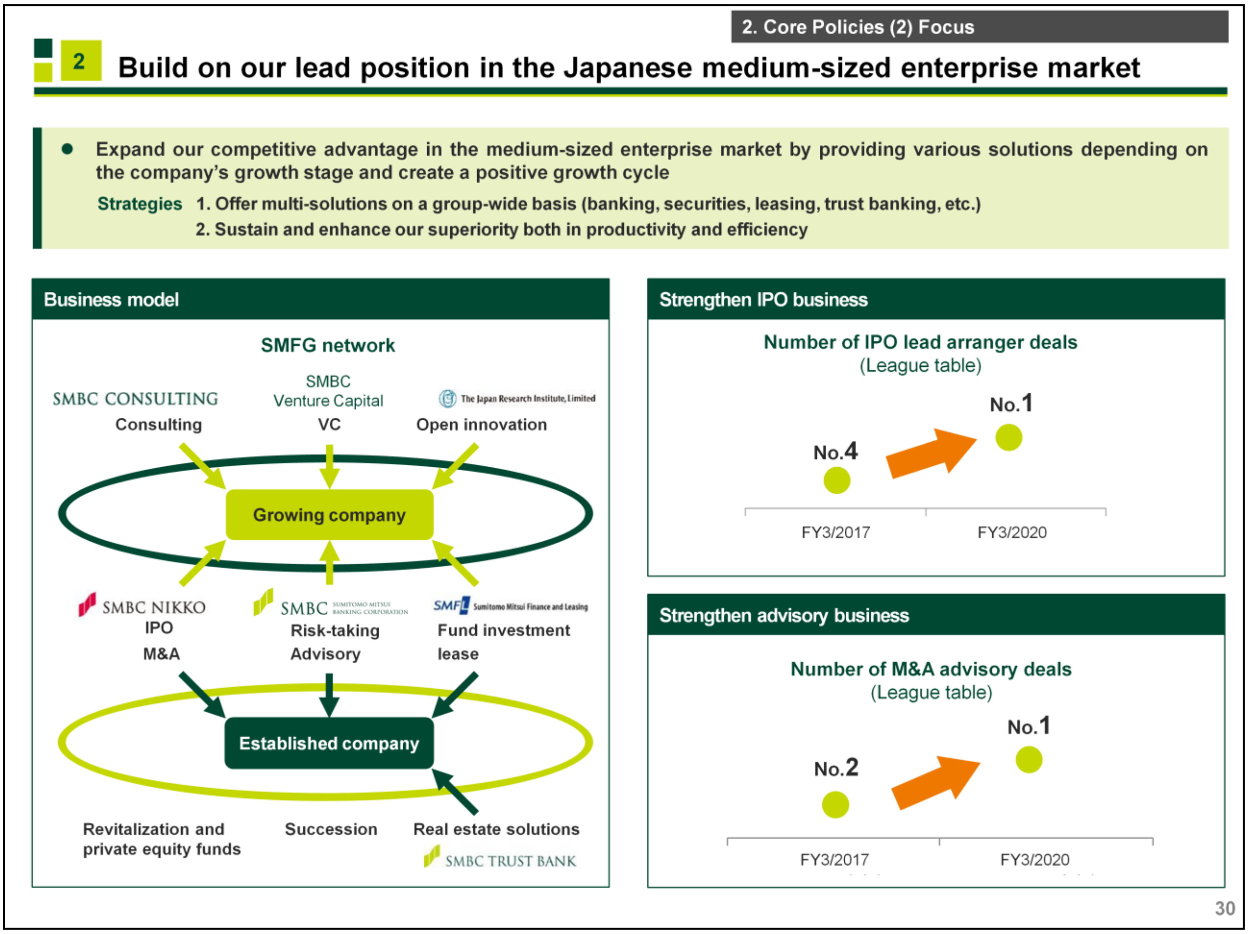
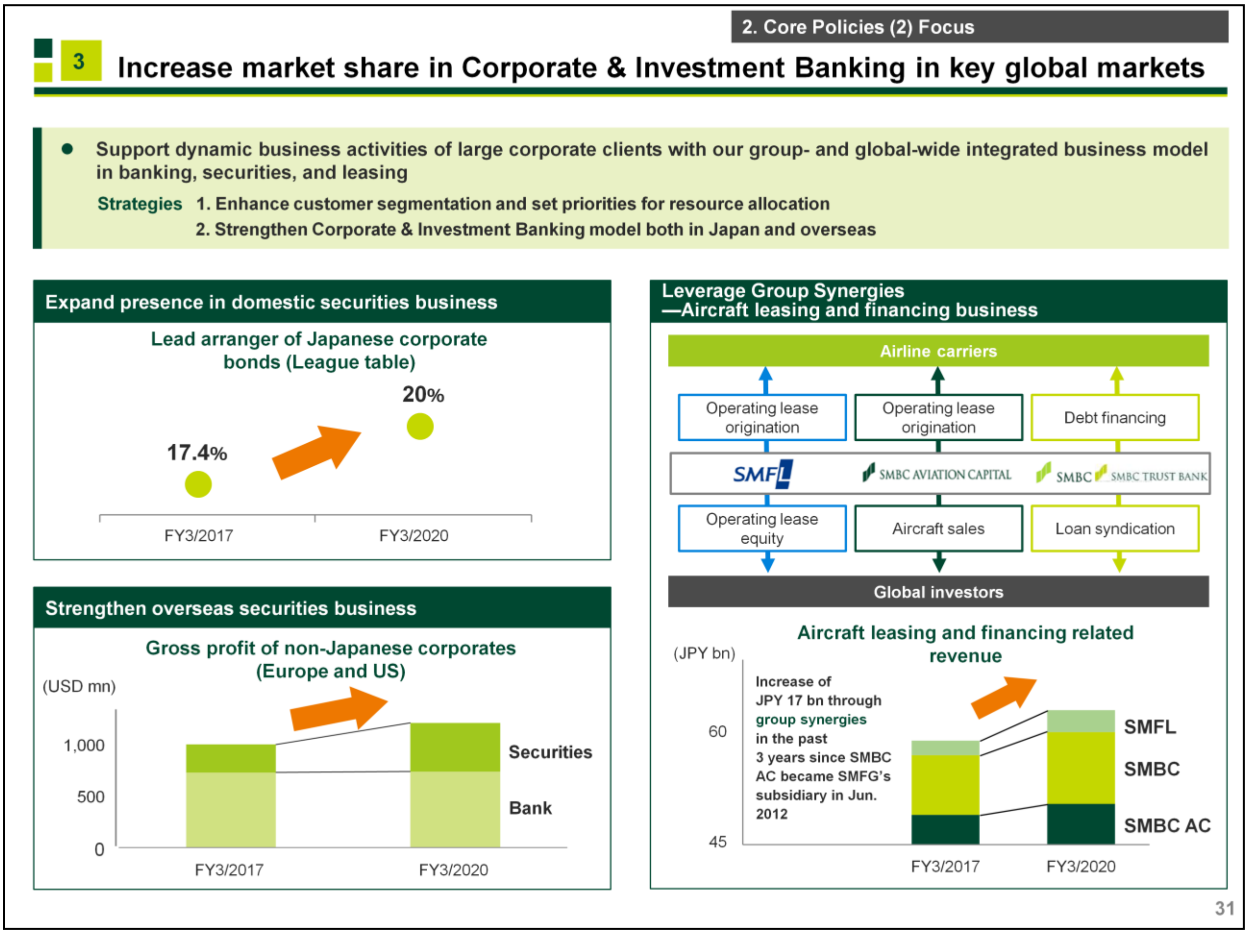
- Here provides an overview of our seven core business areas that demonstrate SMFG's competitive advantage and have good growth potential.



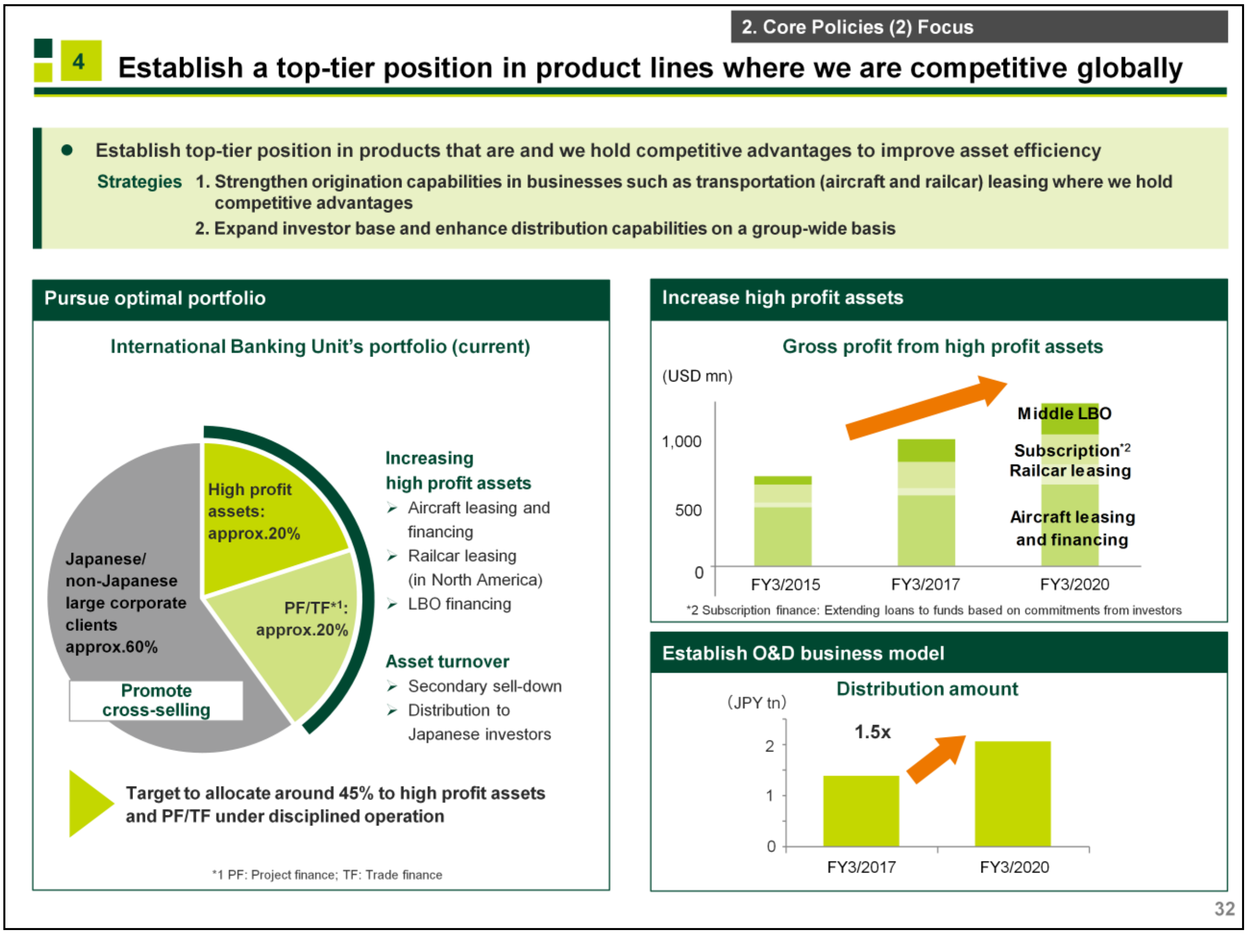
- First, is to hold the number one retail banking franchise in Japan.
- Our domestic retail business comprises megabank SMBC, one of Japan's big three securities companies SMBC Nikko Securities, Japan's largest credit card operation (Sumitomo Mitsui Card and Cedyna combined), and Japan's leading card loan business (SMBC, SMBC Consumer Finance, and Mobit). We believe we have the largest business base in all domestic retail businesses, giving the Group a stable source of earnings.
- Despite adverse business conditions of very low interest rates and narrowing spreads, we aim to leverage our consulting capability and state-of-the-art digital technologies to grasp business opportunities in the shift from savings to asset building and trends of digitalization and a cashless society.
- This means harnessing bank-securities collaboration to promote the wealth management business and build a business model for stable earnings by increasing the balance of assets that produce recurring income.
- We also plan to harness digital technologies for retail branch reorganization. Our goal is to improve customer convenience, change business processes, and increase space for customers by reducing back-office space to revolutionize retail branches.
- This transition to next-generation branches will require some initial investment (including IT investment), but we estimate that it will produce annual cost savings of ¥20 billion in the third year of the medium-term plan and ¥30 billion in FY3/22.



- Second, we aim to build on our lead position in the medium- sized enterprise market in Japan.
- The Group has a competitive advantage in the domestic medium-sized enterprise business.
- We believe the productivity of our domestic corporate business is higher than other megabanks.
- In the past three years we have helped fulfill the diverse requirements of various middle size corporation customers, including growth companies and owner-managed companies with investment needs, by our “One to One” approach of working with each individual company.
- Going forward, we aim to continue maintaining high productivity and achieve top positions in the number of lead arranger roles in IPO and M&A advisory transactions. We intend to create an ecosystem to support customers by providing various solutions.



- Third, we aim to increase our market share in corporate and investment banking businesses in Japan and overseas.
- Large corporations' business activities will likely become even more globalized and dynamic. The Group seeks to increase its presence with our group-wide and globally integrated business model in banking, securities, and leasing.
- To this end, we are developing a Corporate Investment Banking (CIB) model in Japan and overseas, targeting an increase in market share from 17% to 20% in lead arranger roles of domestic corporate bond issues.
- We are also seeking to expand overseas fees and commissions income by strengthening securities services to non-Japanese customers in North America and Europe. However, we intend to allocate resources selectively to financially active customers with whom the Group can leverage its strengths instead of all the customers.
- As shown on the right of the slide, the aircraft leasing and financing business is an example of post-merger integration (PMI) synergies. As you are aware, SMFG acquired what is now SMBC Aviation Capital (a company based in Ireland) from the Royal Bank of Scotland in 2012. As a result, the one-stop service that offers a lease financing business to global airlines and investment opportunities to investors worldwide, made a solid start and is progressing well. The Group seeks to maximize global group synergies in this way.



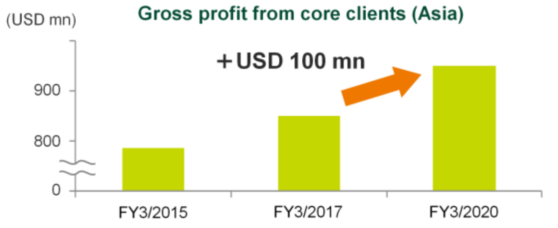
- Fourth, we aim to establish top-tier positions in product lines where we are competitive globally.
- The Group is looking beyond the aircraft leasing and financing business that I mentioned earlier, with plans to acquire the sixth-largest U.S. railcar leasing company American Railcar Leasing LLC within the first half of 2017. We have achieved high profit margins from the LBO finance business in Europe that we acquired from the GE Group while maintaining tight credit control. We aim to establish top-tier positions in profitable products that represent our area of strength to improve asset efficiency.
- In terms of asset turnover, we are building an “origination and distribution” (O&D) business model by a group-wide effort to expand our investor network and strengthen distribution capability.

5 Accelerate our "Asia-centric" strategy

- Take advantage of mid- to long-term growth in Asia

Strategies
1. Expand our customer base and promote cross-selling with prime local companies in Asia
2. Conduct full-line commercial banking operations in Indonesia
3. Develop digital retail banking business

Expand business with prime Asian corporations



Retail digital banking business in Indonesia (BTPN)

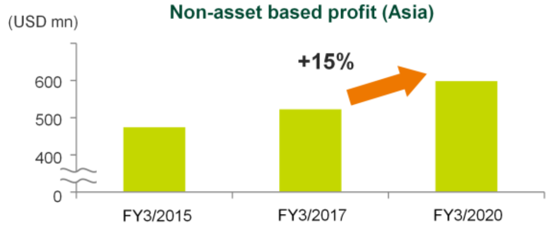
Smart phone banking for the middle class (started Aug 2016)

jenius **90,000** accounts in 3 months

Mobile banking for the mass market (started Mar 2015)

btpn wow! **3 mn** accounts (end of Dec 2016)

Expand non-asset based profit in Asia



Capture growth through strategic investments

	Investment ratio	Earnings contribution*
BTPN (Indonesia)	40.5%	JPY 6 bn
OTO/SOF (Indonesia)	35.1%	JPY 1.5 bn
BEA (HK)	19.6%	JPY 11 bn
ACLEDA (Cambodia)	18.3%	JPY 3 bn

* Round figures

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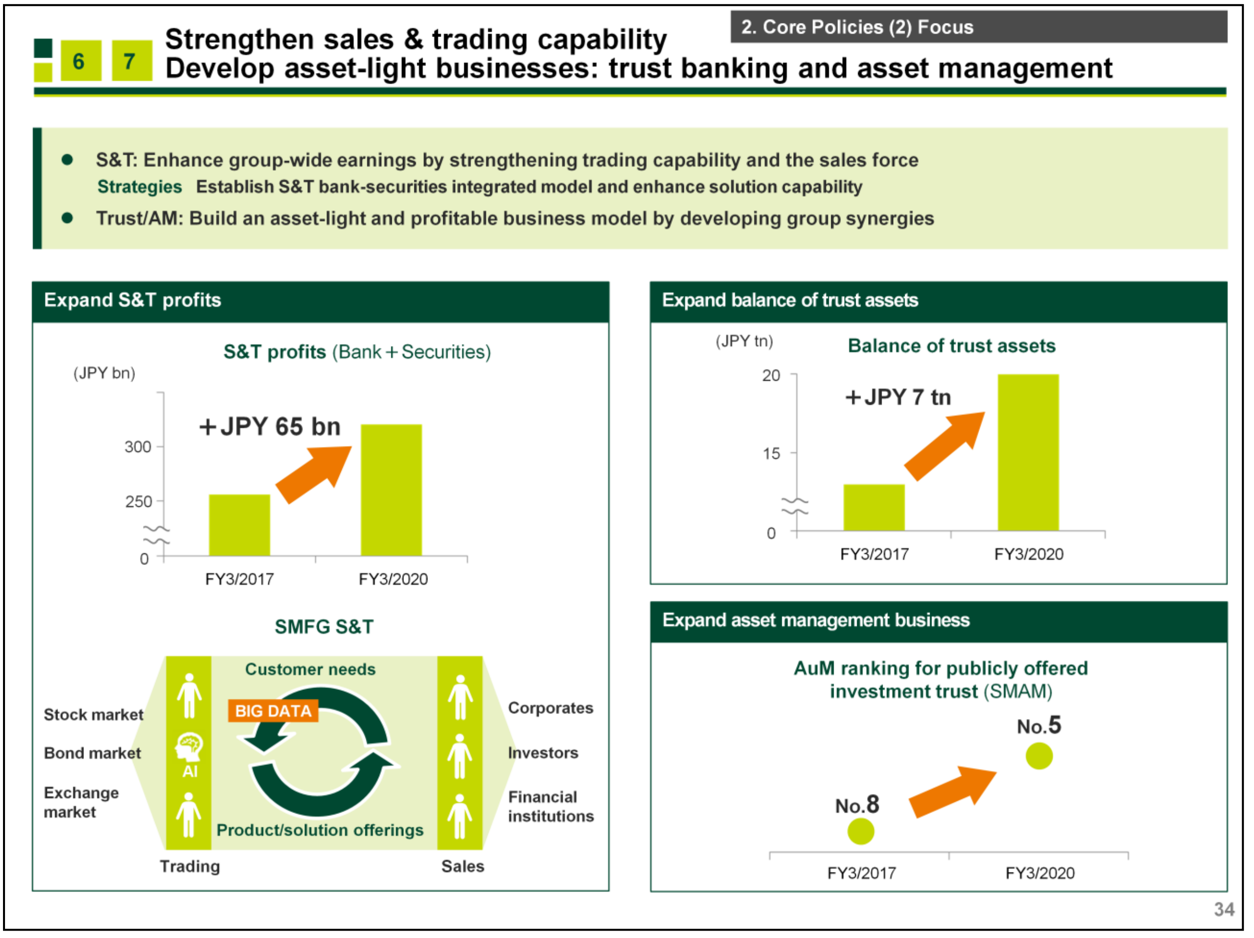
- Fifth, we aim to accelerate our Asia-centric strategy.
- Although the outlook for emerging economies in Asia remains uncertain, we plan to push ahead with business in Asia, staying with our basic stance of benefiting from growth in Asia from a mid- and longer-term perspective.
- We intend to expand our business with prime Asian corporations and increase cross-selling by strengthening transaction banking and other operations.
- We are also taking a long-term approach to full-line commercial banking operations in Indonesia and digital banking in the Asian retail business.



- Sixth, in sales and trading (S&T), we aim to strengthen our earnings capability by enhancing the trading capability of SMBC and sales capability of SMBC Nikko Securities through bank-securities integrated model, improving our ability to provide financial products and solutions on a global, group-wide basis.
- And seventh, as late starters in the trust and asset management businesses, we intend to focus on areas in which we can leverage SMFG's strengths to develop our own, asset-light, profitable business model.

2. Core Policies

1 **Discipline**

Disciplined business management

- Transformation of business/asset portfolio and quality of earnings base
- Improve productivity and efficiency

2 **Focus**

Focus on our strengths to generate growth

- Focus on Seven Core Business Areas

3 **Integration**

Integration across the Group and globally to achieve sustainable growth

- Management that maximizes business potential
- Digitalization
- ESG

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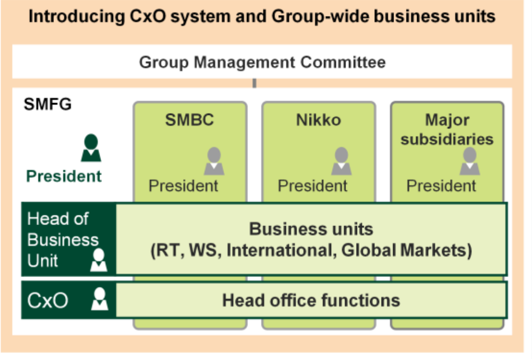
- Next we move on to Integration—how to develop a more sophisticated operation on a global, group-wide basis to underpin sustained growth.
- The three main points are management that maximizes business potential, digitalization, and ESG.

Management that maximizes business potential – Introduced CxO system and Group-wide business units

- Introduced CxO system and Group-wide business units to maximize business potential for the Group on a global basis

New Group-wide operational structure



Objectives

- Strengthen ability to support clients
- Optimize overall resource usage
- Sophisticate planning and management functions

Realizing business potential

Strengthen the ability to support clients

- Share strategies and client base
- Strengthen products and services

→

- Offer bank-securities integration services in all business units
- Develop a Group-wide client account plan
- Offer a full line up of services by the group companies

Optimize overall resource usage

- Share management resources and infrastructure
- Allocate resources efficiently and diligently

→

- Improve securities knowledge of bank marketing officers through personnel exchanges
- Reallocate RT marketing staffs

Sophisticate planning and management functions

- Share disciplinary methods
- Expedite decision-making

→

- Enhance personnel and payroll cost management group-wide
- Control and strategically allocate IT and digital investments

- First, we aim for operations that maximize business potential.
- To this end, we introduced group-wide Business Units and CxO system in April 2017.
- The three objectives of this measure are enhancing our ability to support clients, overall optimization of resource usage, and enhanced planning and management functions.
- In terms of enhancing our ability to support clients, we are sharing strategy and improving our services and ability to provide products to respond accurately to the diverse needs of a broad range of customers.
- We are also sharing management resources more by greater exchange of personnel and overall optimization of resource usage as well as making our planning and management functions more sophisticated to enable control and strategic allocation of human resources and IT investment.

Management that maximizes business potential – Organizational structure and business management

Organizational structure

Group-wide business units

- Establish planning department in each business unit
- Strengthen intra-Group functionality (retail marketing, retail IT, international business)

CxO system

- Established Corporate Treasury Department under the CFO, in charge of Group funding strategies
- Established Productivity Management Department under the CSO to improve productivity and business efficiency group-wide
- Promote system cost management, strategic investments, and IT expert training group-wide under the CIO
- Position CRO, CCO, CHRO, CDIO, CAE

Fiduciary duties

- Enhance group-wide promotional and monitoring functions to reinforce customer-oriented business operations

Business management

Data management and MIS enhancement

- Create a management dashboard. Enhance profitability management by customer globally

Introduce business unit ROE

- Manage bottom line in each business unit. Manage ROE based on assuming RwA inflation by the finalization of Basel III reforms

Risk appetite management by business unit

- Create policy of asset allocation by business field based on the risk appetite framework

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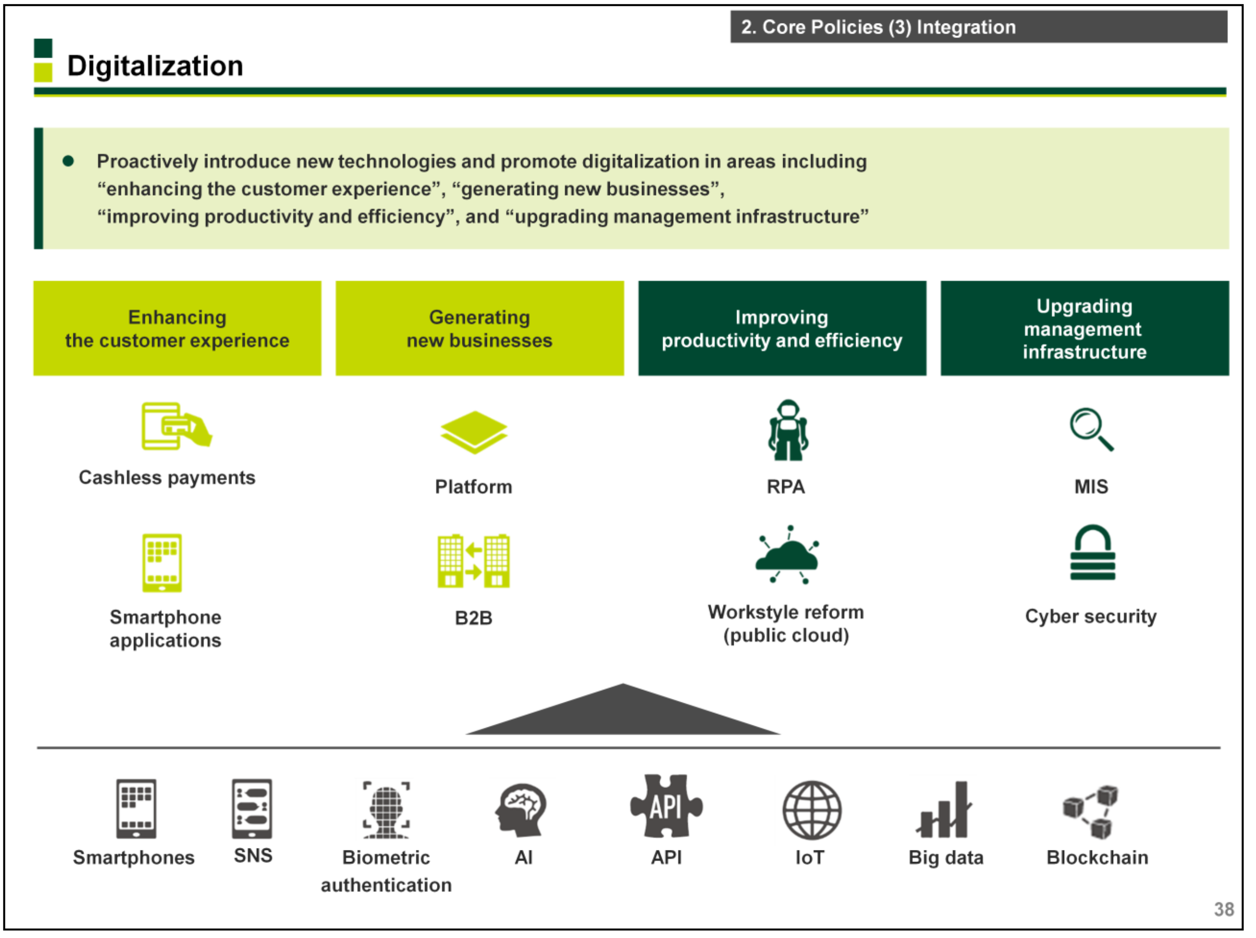
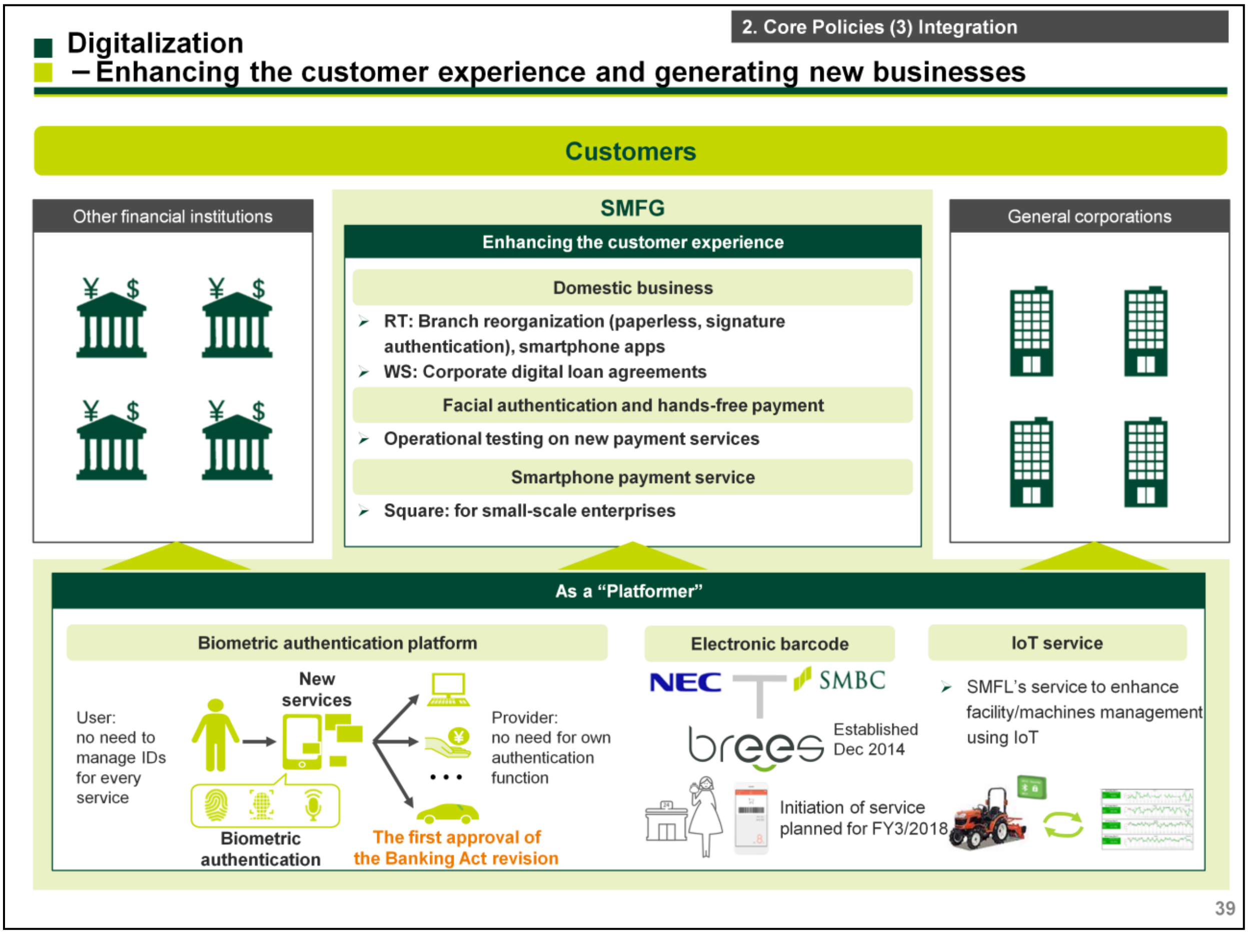
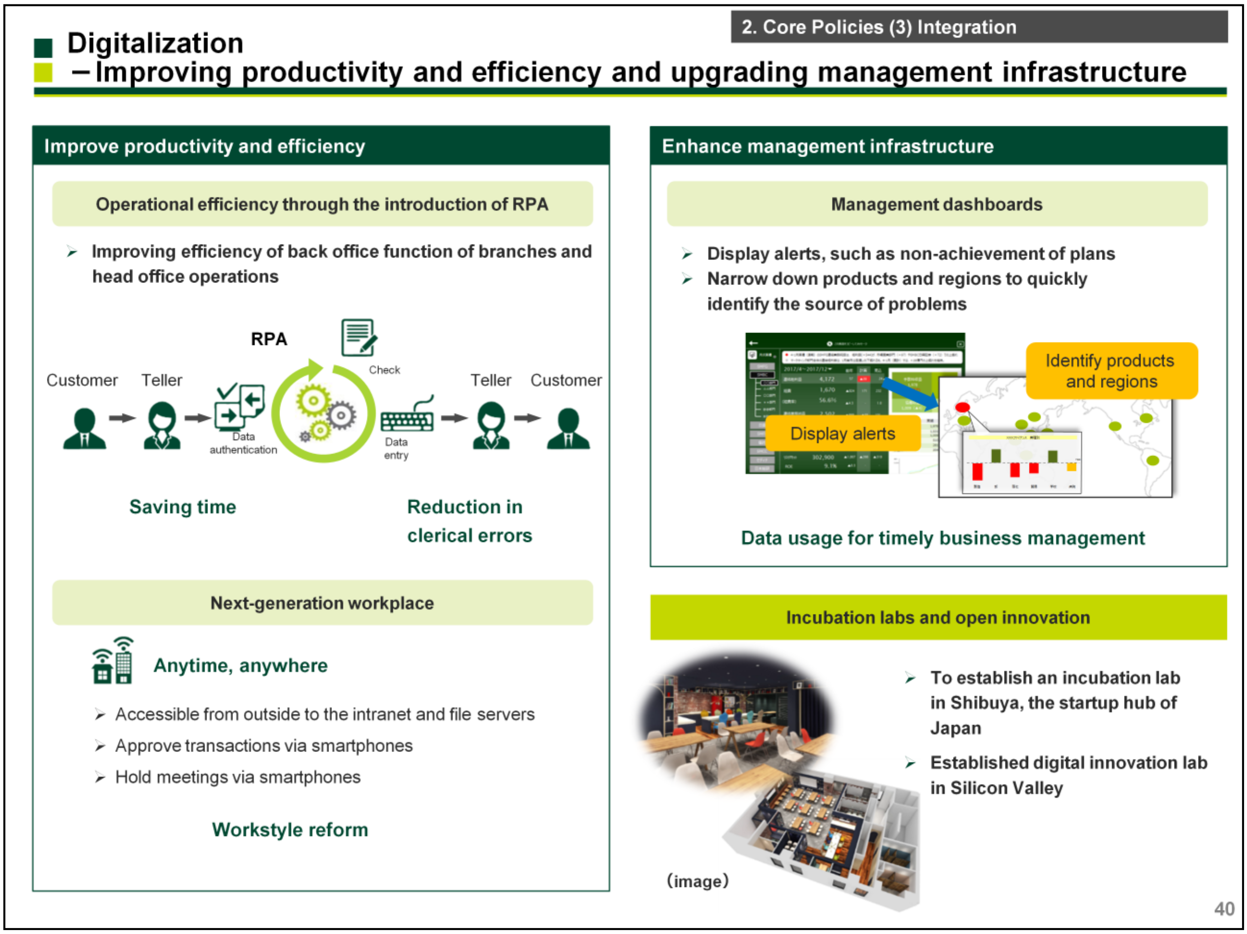
- In terms of the Headquarters' enhanced planning and management functions, we will formulate a group funding strategy under the CFO, improve group-wide business efficiency under the CSO, and carry out group-wide IT system investment and system cost management under the CIO. We also plan to reinforce customer-oriented business operations and strengthen efforts to exercise our fiduciary duty.
- To improve management control, we intend to introduce control of ROE and risk appetite by business unit and improve profitability by the use of more sophisticated management control tools.



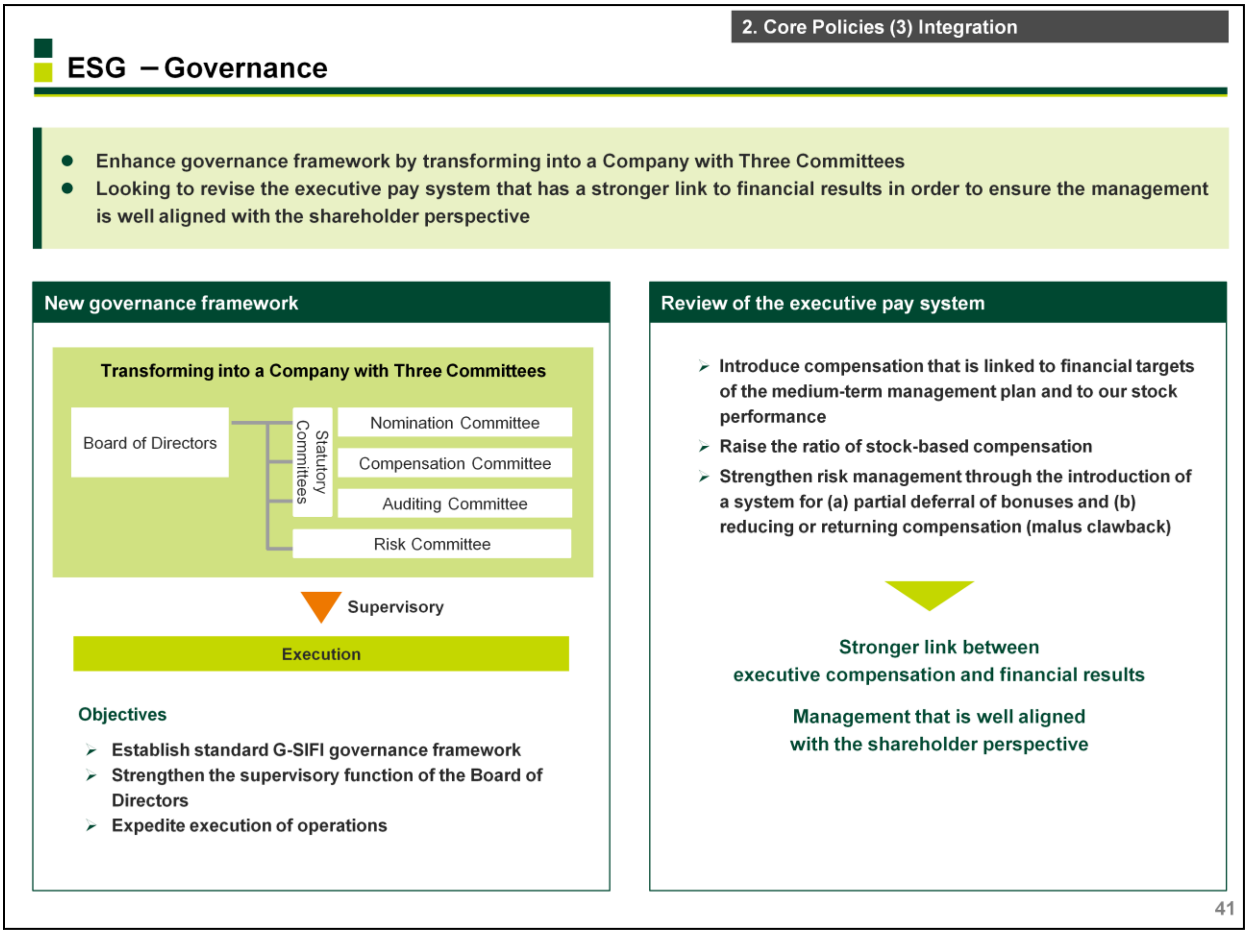
- Next, I'd like to explain about accelerating digitalization.
- As digitalization has progressed rapidly around the world, an IT strategy that harnesses the latest technologies is one of our key management strategies.
- The Group has appointed Chief Digital Innovation Officer (CDIO) to formulate IT strategies that involve diverse technologies.
  We are also pursuing an open collaboration with other companies to improve customer convenience and create new businesses, as well as improving productivity and adopting a more sophisticated management infrastructure.



- Let me give you some examples of how we are progressing digitalization.
- First, we are using digitalization to enhance customer experience.
- In Japan, we are engaging in retail branch reorganization and making smartphone apps easier to use. Feedback from corporate customers has been positive on digital loan agreements. Sumitomo Mitsui Card is offering a smartphone payment service for small-scale enterprises with Square, a FinTech company. We plan to provide various cutting-edge services that harness digital technologies so that we can create a totally new customer experience.
- Digitalization will also create businesses that provide a platform used by other financial institutions and business corporations in an open collaboration with companies outside the financial sector. For example, we formed an alliance with NTT DATA Corporation and Daon, Inc. as the first project approved under the revised Banking Act that relaxes restrictions on investment in FinTech-related companies to establish a new company that provides services offering individual identification platforms that uses several different types of biometrics. The Group plans to grasp similar business opportunities going forward.



- We aim to use digital technologies to improve productivity and efficiency.
- Starting in the previous fiscal year, we introduced robotic process automation (RPA) at our headquarters and conducted a thorough review of business processes.
- We also set up a next-generation workplace using a public cloud for doing business anytime, anywhere to improve productivity and efficiency and progress workstyle reforms.
- We also intend to make management control more visible and adopt more data-oriented, sophisticated management tools to improve management infrastructure.
- In terms of promoting open innovation, we plan to establish an Incubation Lab in fall 2017 in Shibuya, the startup hub of Japan.



- I will now move on to governance.
- The Group will transition from a Company with Auditors to a Company with Three Committees structure on approval by the annual general meeting of shareholders in June 2017 to establish a governance structure suitable for G-SIFIs and strengthen the supervisory function of the board of directors.
- In addition, we plan to review the executive pay system to ensure the management is well aligned with shareholders' perspective. We plan to introduce compensation that is linked to financial targets and our stock price. This will make executives' pay more earnings-linked. We are also considering raising the ratio of stock-based compensation.

ESG – Environmental and Social

- In order to carry out our social responsibilities, we will promote ESG activities that focus on the "Environment," "Next Generation," and "Community"

Environment

Promote environmental businesses
- Environment assessment financing, lease finance for renewable energy

Reduce environmental impact
- Eight major Group companies obtained ISO 14001 certification

Manage environmental risks
- Carry out assessments on loans for large-scale projects based on the Equator Principles

Community

Bring about a safe and secure community
- Continuous training for cognitive impairment supporters and service care attendants to create branches everyone can feel safe and secure

Engage in community-based activities
- Cooperative activities with local communities and NPOs, such as earthquake damage reconstruction volunteer work

Gold Partner (bank category) for the Tokyo 2020 Olympic and Paralympic Games

Next Generation

Improve financial literacy
- Promotion of financial education with the Ministry of Education, Culture, Sports, Science and Technology and the Tokyo Metropolitan Government

Cultivate human resources in emerging countries
- Promotion of CSR activities in Indonesia (MOU with local financial conglomerate Djarum Group)
- Teacher training program in Myanmar

Donate to a vocational maritime school in Indonesia

Diversity & Inclusion

Female participation
- Designated as a Nadeshiko Brand (Year 2013, 2015, 2017)
- Ratio of female managers (SMBC)
  Mar. 2017 18.8% target Mar. 2021 20%

Promotion of globalization
- Ratio of GM positions with locally hired employees : 33% (SMBC Apr. 2017)

Inclusion in SRI indexes

FTSE4Good

MSCI 2016 Constituent MSCI Global Sustainability Indexes

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- The Group will continue to promote ESG activities focused on the environment, the next generation, and community to fulfill our social responsibilities as a member of a global financial group.
- Promoting diversity and inclusion are also a management priority for the Group. We have actively encouraged increasing career opportunities for women, but we plan to do more to respond to the globalization trend, such as increasing locally hired employees outside Japan and developing an organization that provides opportunities for a diverse work force.
- I will now discuss our financial targets.

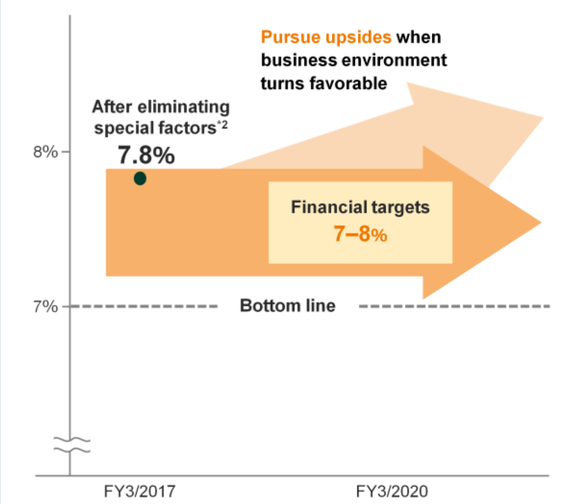
Financial targets

- ROE
- Overhead ratio
- CET1 ratio

ROE

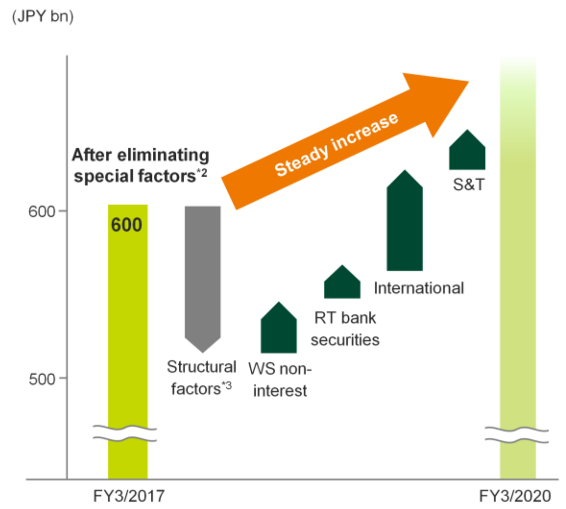
- In order to comply with regulations, accumulation of capital will be prioritized for the time being. However, we will secure at least 7% of ROE. In addition, by steadily enacting initiatives of the Medium-Term Management Plan, we will pursue upsides when business environment including regulations turns favorable
- Steadily increase bottom-line profit despite expected profit decline due to structural factors

ROE*1



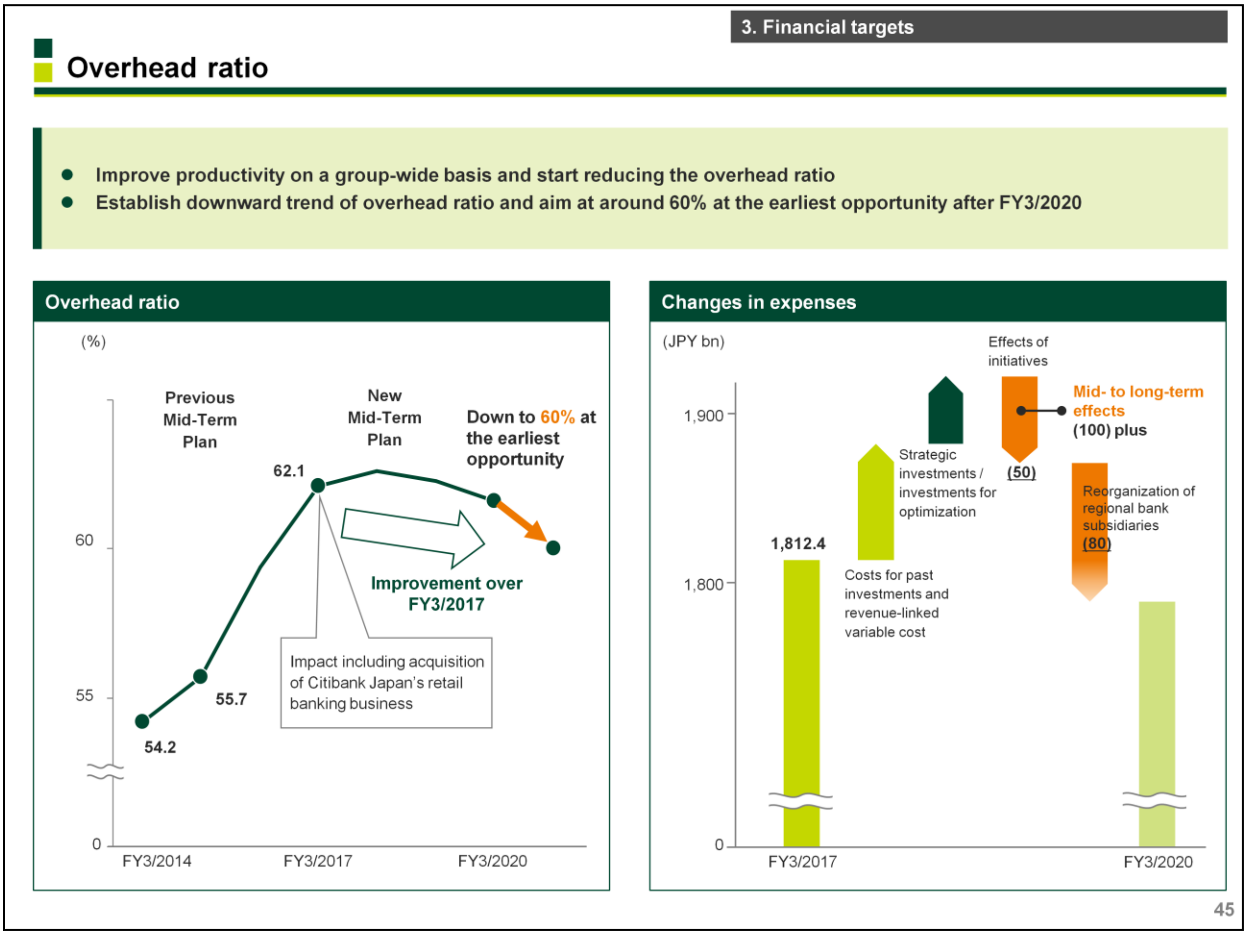
*1 On a stockholders' equity basis
*2 Excluding special factors, such as the effects of implementing the consolidated corporate-tax system

Net income



*3 Effects of negative interest rates, decline of domestic loan spreads and higher foreign currency funding costs

- We have set three financial targets—ROE, consolidated overhead ratio, and CET1 ratio to improve the three efficiencies (of capital, assets, and cost), raise profitability, and comply with tightened international financial regulations.
- We aim for ROE of 7–8% (minimum 7%), because accumulating capital is a priority for the time being in light of tightened regulations.
- This does not mean we are satisfied with this level; we will endeavor to exceed it. We will be looking for an upside if operating conditions improve, such as the end of the negative interest rate policy and/or regulations turning favorable.
- Currently, as a base-line, we are looking for the bottom-line earnings of around ¥600 billion. We will aim to improve earnings and achieve solid growth despite downside factors such as falling domestic interest rates and rising foreign currency funding costs.

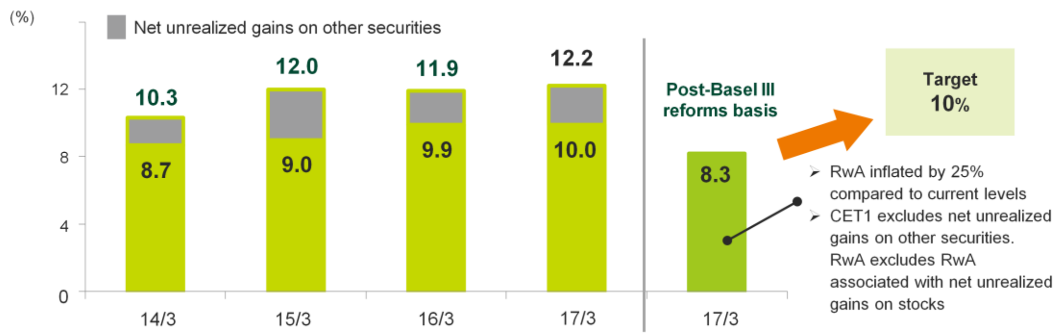


- This is our overhead ratio target.
- In the three years of our previous medium-term plan, the overhead ratio deteriorated due to forward investment for topline growth.
- We intend to reverse this trend as soon as possible and continue to reduce expenses through group-wide efforts to improve productivity and efficiency, although we will continue to invest in the necessary resources such as digitalization and overseas hiring.
- We aim to improve the overhead ratio to around 60% at the earliest opportunity after FY3/2020.

Capital position

- Common Equity Tier 1 capital (CET1) ratio target (Post-Basel III reforms basis) **10%**

CET1 ratio



(JPY tn)

	14/3	15/3	16/3	17/3	17/3 (Post-Basel III reforms basis)
Risk-weighted assets (RwA)	61.3	65.9	65.9	70.6	88.6
CET1 capital (of which net unrealized gains on other securities)	6.37 (0.95)	7.92 (1.79)	7.90 (1.35)	8.68 (1.54)	8.68 (1.54)

Accumulation of CET1 ratio

- **Accumulation of retained earnings** +around 50 bp / year
- **Regional banks subsidiaries turned into equity method affiliates** +40bp–50bp

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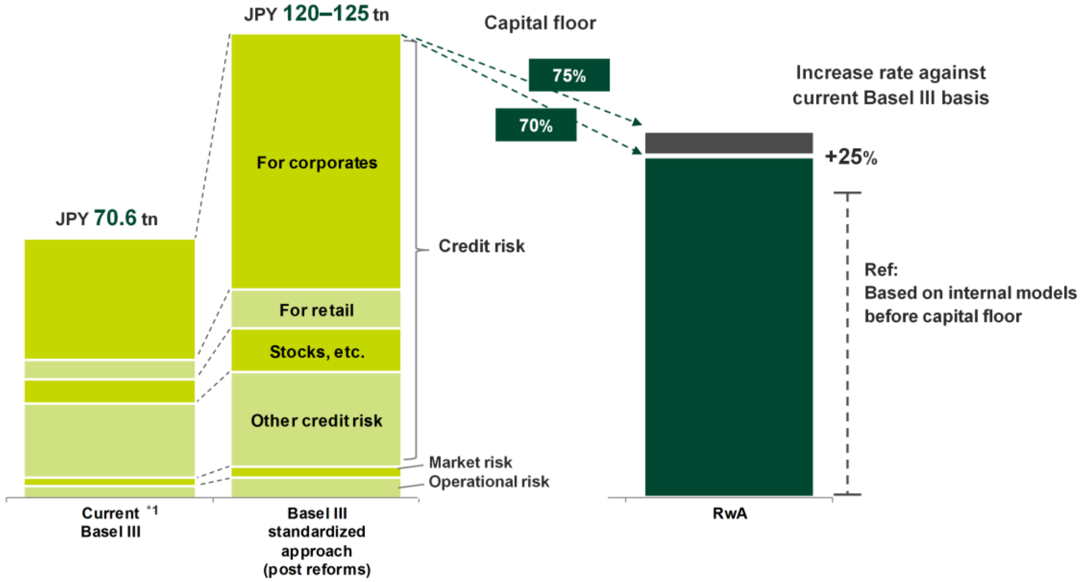
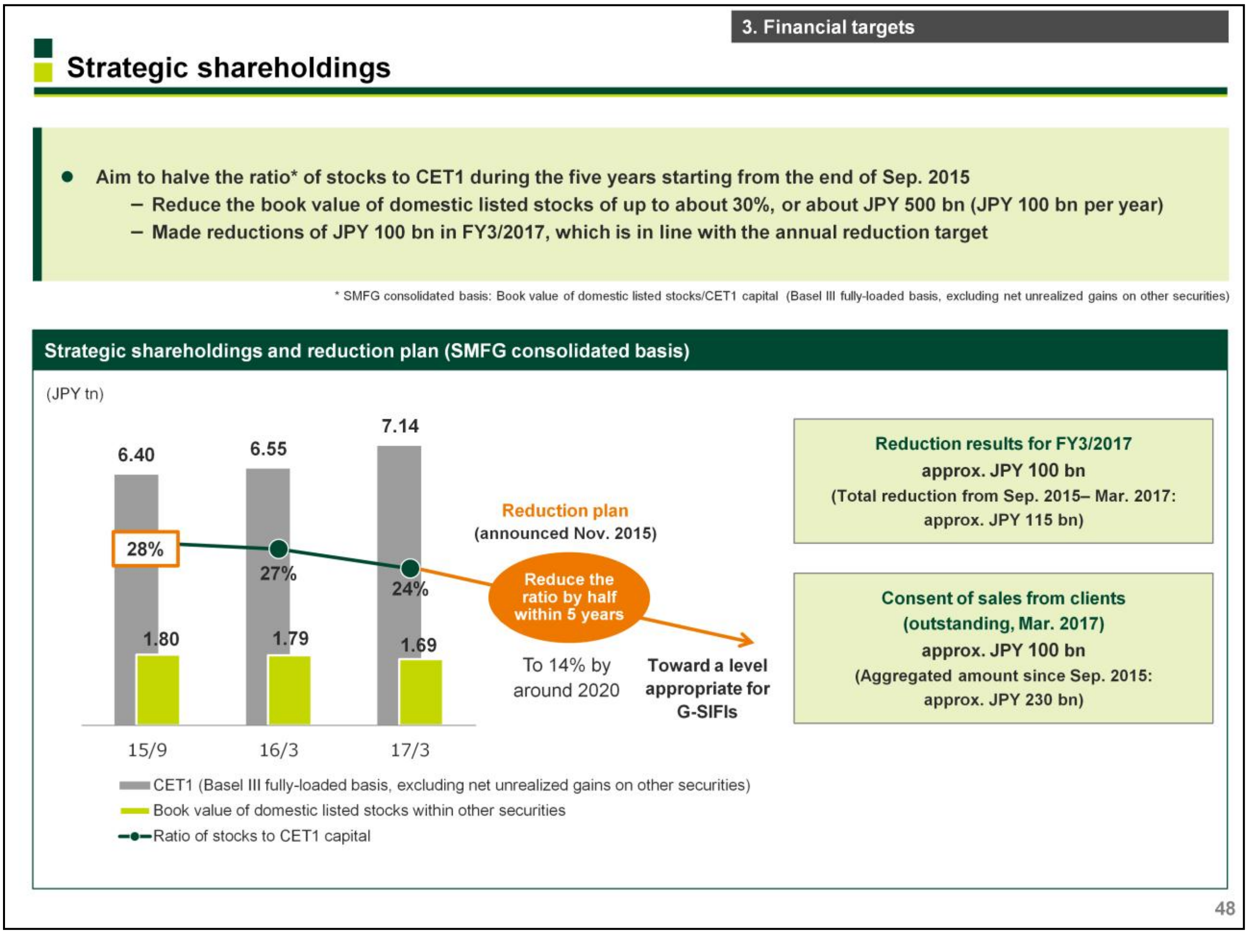
- This slide illustrates our capital position and CET1 ratio targets.
- We do not know at this stage the timing of the introduction of tightened international financial regulations or what impact they will have, but based on the information available now, we estimate around 25% increase in RwA in FY3/21when Basel III regulations are finalized. We therefore set the CET1 ratio target with the goal of securing sufficient financial soundness a year ahead of that, in the final year of our medium-term plan.
- The CET1 ratio factors in the increase in RwA described earlier, as well as subtracting net unrealized gains on Other securities and risk assets corresponding to stock valuation gains from both the numerator and denominator. Our target is 10%, a level that we set so that we can exceed the minimum requirement under the new regulations of 8% even in a once-in-10-years stress scenario based on our own stress test. Using this figure and our FY3/17 results, factoring in the aforementioned increase in RwA and adjusted for net unrealized gains, we arrive at a CET1 ratio of 8.3% on a post-Basel III reforms basis.
- Our CET1 ratio based on FY3/17 results including net unrealized gains is 12.2% on a Basel III fully loaded basis based on the definition applicable for March 31, 2019.

Ref: Estimated inflation of RwA at the time of finalization of Basel III reforms



*1 We adopt floors based on FIRB. No capital floor adjustments are currently made



- This shows our strategic shareholdings.
- We intend to continue reducing strategic shareholdings from corporate governance and risk asset control perspectives.
- We plan to halve the ratio of the book value of listed stocks to CET1 in 2020 to 14% versus end-September 2015, or reducing by around ¥500 billion on a value basis in five years.
- We recorded approximately ¥100 billion reduction in FY3/17 in line with our target, as well as gaining consent to sell from clients for a further ¥100 billion (outstanding as of end-March 2017).
- While doing our utmost to protect our relationship with clients, we will continue to reduce strategic shareholdings to control RwA.

Ref: Projections by business unit

	ROE		Net business profit (JPY bn)		RwA three-year change	
	FY3/2020 plan	FY3/2017 comparison	FY3/2020 plan	FY3/2017 comparison	FY3/2018–FY3/2020	Ref: FY3/2015–FY3/2017
Retail	7%	↗	285	+15	↘ Reduce overall while strengthening businesses such as credit cards and CF	+11%
Wholesale	10%	→	480	+15	↘ Reduce through sales of strategic shareholdings	+8%
International	9%	↗	415	+50	↗ Focus on profitability and reduce growth rate by 40% compared to the previous three years	+22%
Global Markets	39%	↗	330	+20	↘ Nimble portfolio management	+6%

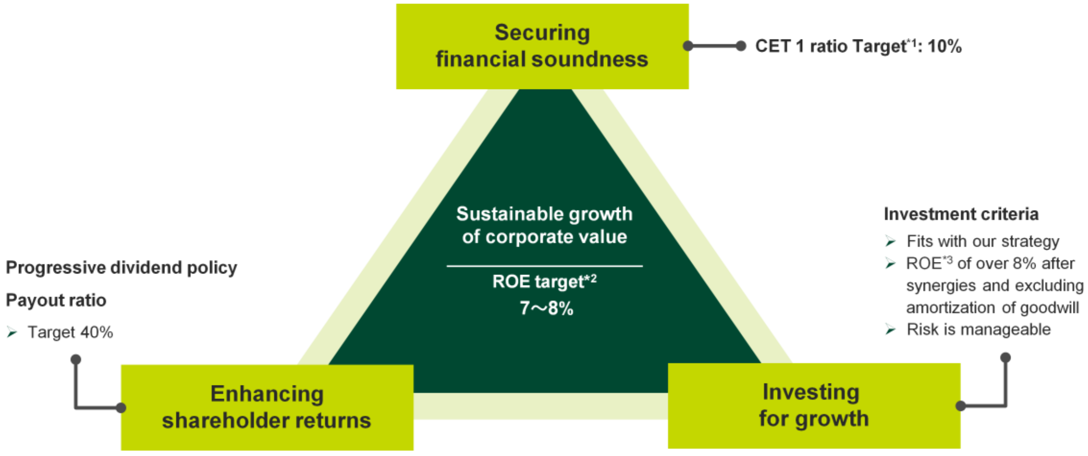
Notes:
1 Retail Business Unit: SMBC (RT), SMBC Nikko (RT), SMBC Friend, SMBC Trust (RT), SMCC, Cedyna, SMBCCF, other
Wholesale Business Unit: SMBC (WS), SMBC Nikko (WS), SMBC Trust (WS), SMFL (Domestic), other
International Business Unit: SMBC (Inter.), SMBC Nikko (Inter.), SMBC Trust (Inter.), SMFL (Inter.), other
Global Markets Business Unit: SMBC (Treasury), SMBC Nikko (Product), other
2 ROE for each unit is managerial accounting basis with RwA calculated assuming Basel III reforms are finalized. ROE for the International Business Unit excludes the mid- to long-term foreign currency funding costs. ROE for the Global Market Business Unit does not include interest-rate risk associated to the banking account
3 FY3/2017 comparisons for each unit are after adjustments for interest rate and exchange rate impacts

- In introducing Group-wide Business Units, we started ROE management for each Business Unit. Our targets for FY3/20 are shown here. From an internal control perspective, each Business Unit aims to raise ROE while factoring in the effects of tightened regulations taking effect in FY3/18.
- We will now move on to our capital policy.

Capital policy

Basic capital policy

- Balance "securing financial soundness", "enhancing shareholder returns", and "investing for growth"
- Adopt a progressive dividend policy, and target payout ratio of 40%
- Policy for share buybacks will be laid out after the finalization of Basel III reforms
  (Taking into consideration; capital level, earnings forecasts, stock price, and opportunities of investments for growth)



*1 Calculated with RwA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms. CET1: excludes net unrealized gains on other securities.
RwA: excludes RwA associated with gains on stocks
CET1 ratio on a Basel III fully-loaded basis (including net unrealized gains on other securities), exceeds CET1 ratio post Basel III reforms basis by 4%
*2 On a stockholders' equity basis
*3 Managerial accounting basis with RwA calculated assuming Basel III reforms are finalized

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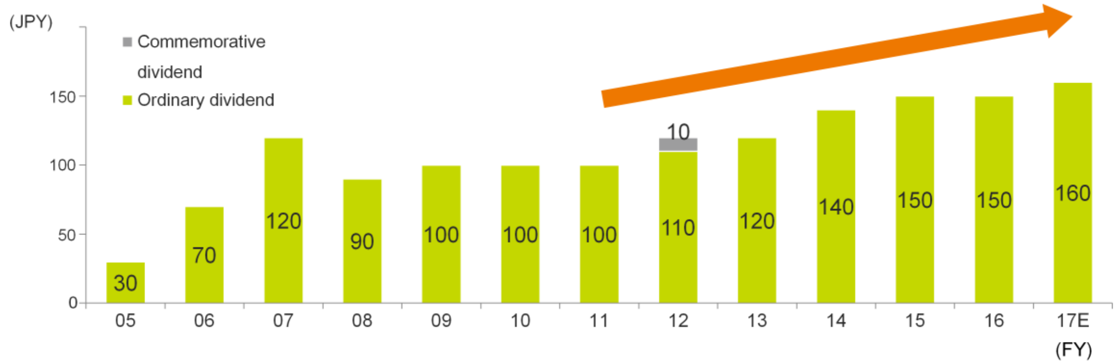
- This is our basic capital policy.
- Our objective is to balance securing financial soundness, enhancing shareholder returns, and investing for growth.
- For shareholder returns, our basic policy is a progressive dividend policy, i.e., no dividend cuts, therefore either maintaining or increasing dividends. We will also target a dividend payout ratio of 40%.
- For share buybacks, we intend to decide on a policy after Basel III reforms are finalized, because the effects of the reforms are still unclear and we cannot confirm our capital adequacy at this stage.

Dividend policy

- **Progressive dividend policy, and target payout ratio of 40%**

  Note: Progressive dividend policy means not to reduce dividends, and will maintain or increase dividends

Dividends per share[*1, 2]



	05	06	07	08	09	10	11	12	13	14	15	16	17E
Payout ratio[*3]	3.4%	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	20.3%	26.2%	32.7%	29.9%	35.8%
ROE[*4]	22.8%	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	13.8%	11.2%	8.9%	9.1%	

*1 SMFG implemented a 100 for 1 stock split of common stock on January 4, 2009. Figures shown above reflect the stock split, assuming that it had been implemented at the beginning of FY3/2006
*2 Common stock only *3 Consolidated payout ratio *4 On a stockholders' equity basis

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- We have steadily increased our dividends over time.
- Despite the outlook for tightened regulations, ongoing negative interest rate policy, and increased foreign currency funding costs, we believe we now have a foundation for stable bottom-line earnings of ¥600 billion. We thus intend to reward our shareholders by increasing shareholder returns in the form of dividends. As a start, we plan to increase dividend per share by ¥10 to ¥160 per share in FY3/18.
- We will also target a dividend payout ratio of 40%.

Key takeaways

To achieve sustainable growth by combining the Group's strengths with more focused business management

Core policies

1 Discipline

Disciplined business management

- Transformation of business/asset portfolio and quality of earnings base
- Improve productivity and efficiency

2 Focus

Focus on our strengths to generate growth

- Focus on Seven Core Business Areas

3 Integration

Integration across the Group and globally to achieve sustainable growth

- Management that maximizes business potential
- Digitalization
- ESG

Financial targets

- **Improve capital, asset, and cost efficiencies and maintain financial soundness**

Capital policy

- **Balance "securing financial soundness", "enhancing shareholder returns", and "investing for growth"**

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- To conclude, I will summarize the main points of our new medium-term management plan.
- We aim to achieve sustainable growth in what we consider to be a difficult operating environment by combining all of the Group's strengths with more focused business management.
- Our Core Policies are Discipline, Focus, and Integration. We target three efficiencies (of capital, assets, and cost), improved earnings capability, and financial soundness that complies with the regulatory environment.
- In addition, we aim to strike a balance among financial soundness, enhancing shareholder returns, and investing for growth to increase shareholder value.
- I sincerely ask for your continued support and understanding.

Appendix

Group structure*1

Sumitomo Mitsui Financial Group

Consolidated total assets	JPY 198 tn
Consolidated Common Equity Tier 1 capital ratio	12.17 %

Credit ratings	Moody's	S&P	Fitch	R&I	JCR
	A1/P-1	A-/ -	A/F1	A+/ -	AA-/ -

100%

Sumitomo Mitsui Banking Corporation

Assets	JPY 162 tn
Deposits	JPY 106 tn
Loans	JPY 76 tn
No. of retail accounts	approx. 27 mn
No. of corporate loan clients	approx. 84,000

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

100% Became a wholly-owned subsidiary in Oct. 2013
SMBC Trust Bank
Acquired Citibank Japan's retail banking business in Nov. 2015

Leasing

60% Sumitomo Mitsui Finance and Leasing
40% / 10% Sumitomo Corporation
60% / 30% SMBC Aviation Capital — Became a subsidiary in Jun. 2012
100% SMFL Capital*2 — Became a wholly-owned subsidiary in Apr. 2016
Became a direct subsidiary of SMFG in Oct. 2016

Securities Services

100% SMBC Nikko Securities — Became a wholly-owned subsidiary in Oct. 2009
【No. of accounts: approx. 2.8 mn】
100% SMBC Friend Securities
SMBC Nikko Securities and SMBC Friend Securities expected to merge in Jan. 2018

Consumer Finance

100% SMFG Card & Credit
66% Sumitomo Mitsui Card 【No. of card holders: approx. 26 mn】
34% NTT docomo
100% Cedyna — Became a wholly-owned subsidiary in May 2011
【No. of existing customers: approx. 17 mn】
100% SMBC Consumer Finance — Became a wholly-owned subsidiary in Apr. 2012
【No. of accounts of unsecured loans : approx. 1.3 mn】

Other business

100% Japan Research Institute
60% Sumitomo Mitsui Asset Management — Became a subsidiary in Jul. 2016
Became a direct subsidiary of SMFG in Oct. 2016

*1 As of Mar. 31, 2017 for figures
*2 Changed name from GE Japan GK to SMFL Capital Company, Limited in Sep. 2016

Performance by group-wide business units *

		(JPY bn)	FY3/17
of which **Retail Business Unit**		Gross profit	1,288.9
		Expenses	(1,015.4)
		Others	12.2
	Net business profit		285.7
of which **Wholesale Business Unit**		Gross profit	775.6
		Expenses	(346.7)
		Others	44.2
	Net business profit		473.1
of which **International Business Unit**		Gross profit	585.8
		Expenses	(251.9)
		Others	30.2
	Net business profit		364.1
of which **Global Markets Business Unit**		Gross profit	346.6
		Expenses	(50.3)
		Others	8.1
	Net business profit		304.4
Total		Gross profit	2,920.7
		Expenses	(1,812.4)
		Others	24.6
	Net business profit		1,132.9

* FY3/17 numbers shown in the new group-wide business units basis

Performance by business unit and subsidiary[*1]

(JPY bn)			FY3/16	FY3/17	YOY change[*2]
Wholesale Banking Unit		Gross profit	721.2	709.2	+14.7
		Expenses	(299.4)	(295.2)	(3.0)
	Net business profit		421.8	414.0	+11.7
Retail Banking Unit		Gross profit	481.5	487.7	+10.7
		Expenses	(383.2)	(387.7)	(2.3)
	Net business profit		98.3	100.0	+8.4
International Banking Unit		Gross profit	644.8	599.5	+20.8
		Expenses	(246.9)	(243.5)	(9.7)
	Net business profit		397.9	356.0	+11.1
of which Marketing units		Gross profit	1,847.5	1,796.4	+46.2
		Expenses	(929.5)	(926.4)	(15.0)
	Net business profit		918.0	870.0	+31.2
of which Treasury Unit		Gross profit	325.6	303.8	(25.8)
		Expenses	(38.8)	(36.4)	+2.7
	Net business profit		286.8	267.4	(23.1)
of which SMFL		of which Gross profit	142.8	178.8	+36.0
		of which Expenses	(63.5)	(84.3)	(20.8)
	Net business profit		80.7	96.2	+15.5
of which SMBC Nikko		Gross profit	318.0	352.1	+35.2
		Expenses	(257.2)	(269.1)	(12.7)
	Net business profit		60.8	83.0	+22.5
of which Consumer finance / Credit card[*3]		Gross profit	607.1	636.7	+29.7
		Expenses	(386.1)	(404.8)	(18.8)
	Net business profit		221.0	231.9	+10.9
Total (Consolidated)		Gross profit	2,904.0	2,920.7	+16.8
		Expenses	(1,724.8)	(1,812.4)	(87.6)
		(Ref) Gross profit - Expenses	1,179.2	1,108.3	(70.8)
		Equity in gains (losses) of affiliates	(36.2)	24.6	+60.7
	Net business profit[*4]		1,142.9	1,132.9	(10.1)

*1 Managerial accounting basis *2 After adjustments for changes in interest rates and exchange rates, etc.
*3 Sum of SMCC, Cedyna, and SMBCCF
*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)	FY3/16	FY3/17	YOY change*2
Marketing units	**Wholesale Banking Unit**	Gross banking profit	545.3	528.4	+3.7
		Expenses	(205.1)	(199.1)	+2.2
		Banking profit	340.2	329.3	+5.9
	Retail Banking Unit	Gross banking profit	372.8	355.3	(13.1)
		Expenses	(354.1)	(350.9)	+5.5
		Banking profit	18.7	4.4	(7.6)
	International Banking Unit	Gross banking profit	356.0	327.5	+2.7
		Expenses	(116.5)	(128.8)	(8.9)
		Banking profit	239.5	198.7	(6.2)
Marketing units		Gross banking profit	1,274.1	1,211.2	(6.7)
		Expenses	(675.7)	(678.8)	(1.2)
		Banking profit	598.4	532.4	(7.9)
Treasury Unit		Gross banking profit	293.6	272.4	(21.2)
		Expenses	(29.1)	(27.4)	0.0
		Banking profit	264.5	245.0	(21.2)
Headquarters		Gross banking profit	(33.4)	180.1	+157.3
		Expenses	(100.7)	(110.7)	(10.3)
		Banking profit	(134.1)	69.4	+147.0
Total (Non-consolidated)		Gross banking profit	1,534.3	1,663.7	+129.4
		Expenses	(805.5)	(816.9)	(11.5)
		Banking profit	728.8	846.7	+117.9

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

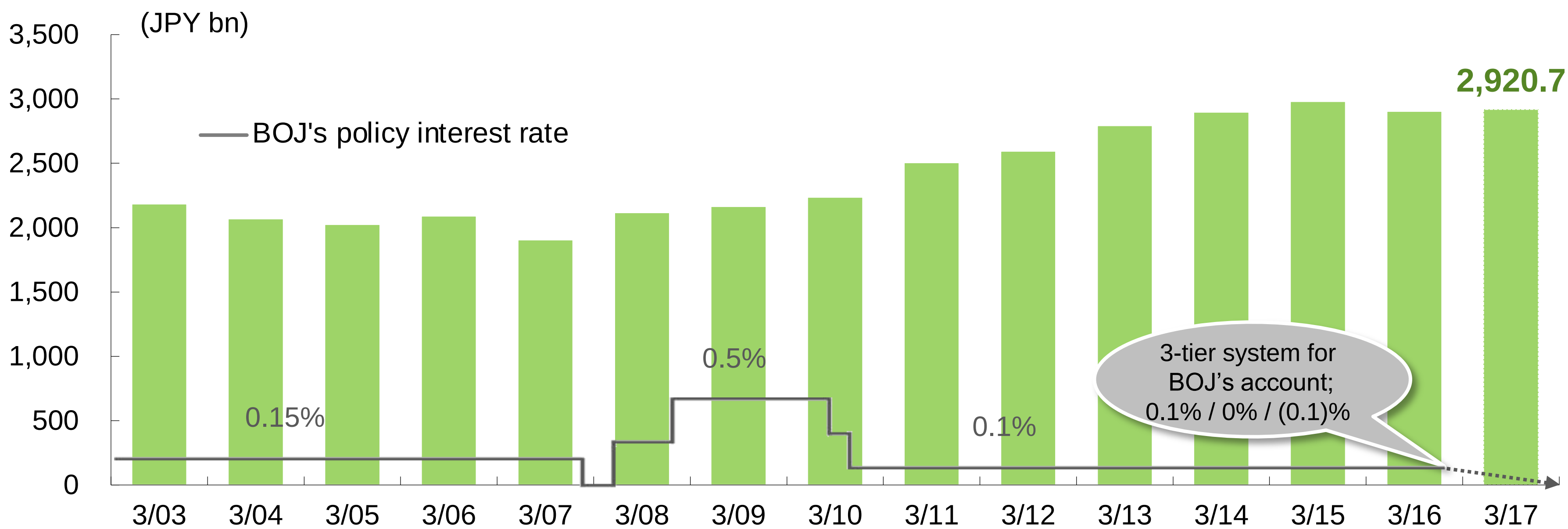
Breakdown of Consolidated gross profit

(JPY bn)			FY3/16	FY3/17	YOY change
Consolidated gross profit*1			2,904.0	2,920.7	+16.8
	Net interest income		1,422.9	1,358.6	(64.3)
	of which:	**SMBC**	1,023.6	1,138.9	+115.4*2
		SMBCCF	157.0	163.0	+5.0
	Trust fees		3.7	3.8	+0.1
	Net fees and commissions		1,003.8	1,013.3	+9.5
	of which:	**SMBC**	358.6	348.9	(9.7)
		SMCC	190.0	203.0	+13.0
		SMBC Nikko	165.0	176.0	+11.0
		Cedyna	116.0	117.0	+0.0
	Net trading income + Net other operating income		473.5	545.0	+71.4
	of which:	**SMBC**	149.6	173.9	+24.3
		SMFL	123.0	149.0	+26.0
		SMBC Nikko	128.0	148.0	+21.0

*1 Numbers excluding SMBC are rounded
*2 Includes JPY 200 bn of dividends from SMBC Nikko (eliminated in SMFG consolidated figures)

Changes in our business mix

Consolidated Gross profit



Breakdown of contribution to Gross profit

	FY3/03	FY3/17
SMBC's domestic loan / deposit related revenue	35%	17%
International business (banking)	5%	16%
Group companies	18%	38%

Proportion of International Business Unit within Consolidated net business profit: 32%

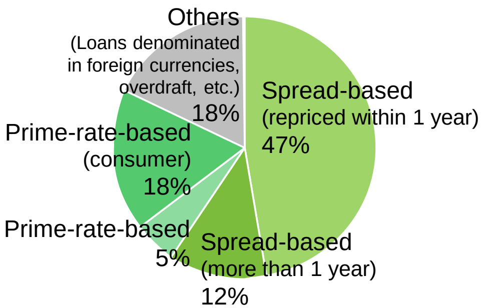
Balance sheet

Non-consolidated

- Balance in the BOJ's current account
  Mar. 31, 2017 JPY 36.2 tn
  FY3/17 average JPY 31.4 tn

Non-consolidated

- Domestic loans outstanding
  JPY 54.5 tn



- By domestic Marketing units[*1]

(JPY tn, at period-end)	Mar. 2017	Change from Mar. 2016
Large corporations[*2]	15.6	+1.4
Mid-sized corporations & SMEs[*3]	17.6	+0.4[*4]
Individuals	14.0	+0.1

Consolidated

- Of which Stocks[*5] JPY 3.8 tn
- Of which JGBs[*5] JPY 7.3 tn
- Of which Foreign bonds[*5] JPY 7.1 tn

Consolidated B/S (Mar. 31, 2017)

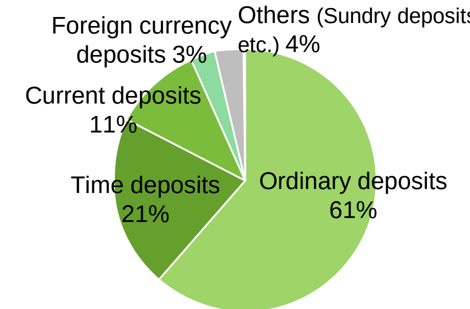
(JPY tn)

Assets	Liabilities and net assets
Cash and due from banks 46.9	Deposits (includes NCD) 129.7
Loans 80.2	
Securities 24.6	Other liabilities 56.8
Other assets 46.1	Total net assets 11.2

Total assets 197.8

Non-consolidated

- Domestic deposits outstanding
  JPY 87.7 tn



- (Ref) By type of depositor

(JPY tn)	Sep.15	Mar.16	Sep.16	Mar.17
Total	77.3	82.1	83.4	87.7
Individuals	41.9	42.3	42.7	43.6
Corporates	35.3	39.8	40.7	44.1

(Ref) Non-JPY B/S items[*6]

(USD bn)

Assets		Liabilities	
275	Interest earning assets[*7]	203	Deposits (incl. deposits from central banks)
		90	Mid-to long-term funding (incl. Corporate bonds, Currency swaps, etc.)
85	Others[*8] (consists mainly of highly liquid assets)	60	CDs & CP
39	Foreign bonds, NCD	41	Interbank (incl. Repo)

Assets・Liabilities 399

*1 Managerial accounting basis *2 Global Corporate Banking Division *3 Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division
*4 After adding back the portion of housing loans securitized in FY3/17 of approx. JPY 320 bn *5 Other securities
*6 Managerial accounting basis. Sum of SMBC + SMBCE + SMBC (China)
*7 Sum of loans, trade bills, and securities of Marketing units (Wholesale Banking Unit, Retail Banking Unit and International Banking Unit). *8 Deposit placed with central banks, etc.

Initiatives for negative interest rate policy

Control deposit balance

- Lowered interest rates
  - Ordinary deposits 0.001% since Feb. 16, 2016
  - Time deposits 0.01% since Mar. 1, 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 asset building

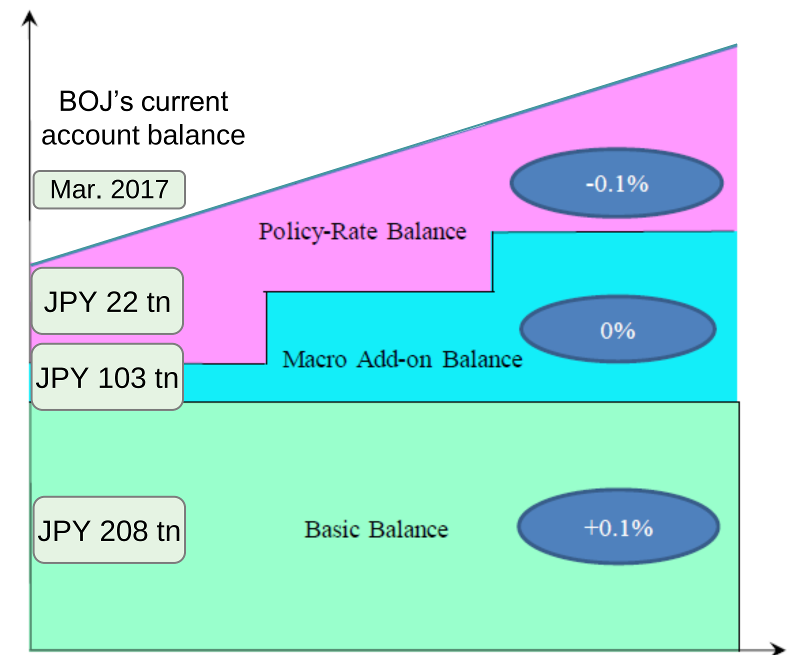
- Foreign deposits; raised interest rates, launched marketing campaigns
- Increase sales of wrap accounts and low risk and low return investment products

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



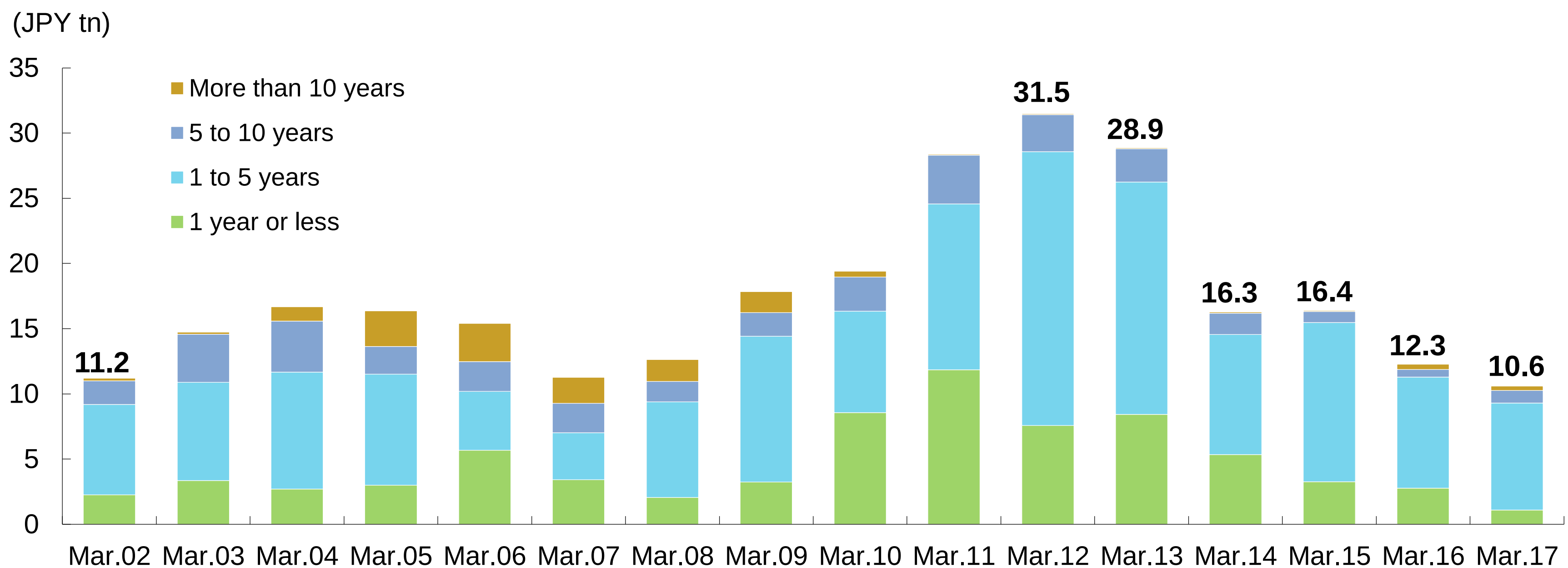
- Introduction of "Quantitative and Qualitative Monetary Easing with Yield Curve Control" (Sep. 2016)*2
  - "Yield curve control"
  - "Inflation-overshooting commitment"

*1 Source: The Bank of Japan ("Key Points of Today's Policy Decisions" on Jan. 29, 2016)
"BOJ Current Account Balances by Sector (Mar. 2017)" on Apr. 17, 2017 for BOJ's current account balance
*2 Source: The Bank of Japan ("New Framework for Strengthening Monetary Easing: "Quantitative and Qualitative Monetary Easing with Yield Curve Control" on Sep. 21, 2016)

Yen bond portfolio

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)



of which JGBs (JPY tn)	26.2	13.8	14.0	9.8	8.0

	Mar.02	Mar.03	Mar.04	Mar.05	Mar.06	Mar.07	Mar.08	Mar.09	Mar.10	Mar.11	Mar.12	Mar.13	Mar.14	Mar.15	Mar.16	Mar.17
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	2.9
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	57.5

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

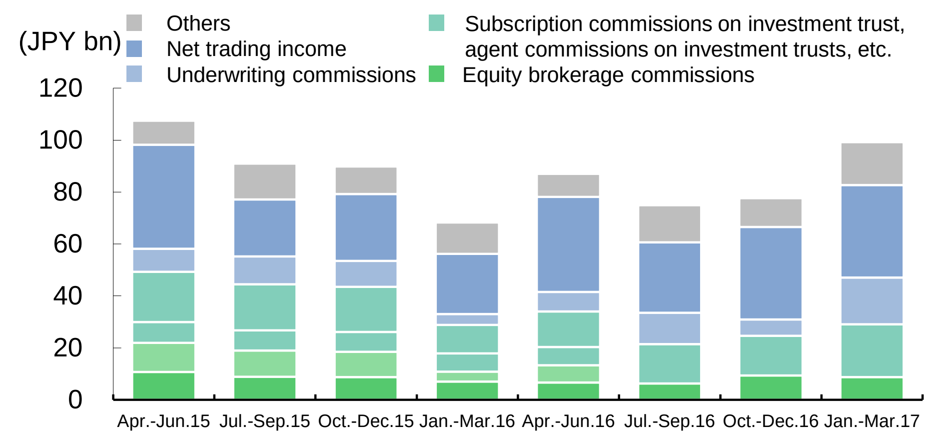
(JPY tn)			Mar. 2013		Mar. 2015		Mar. 2016		Mar. 2017	
			Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
Consolidated	**Yen-denominated bonds**		30.4	0.17	17.1	0.07	13.2	0.13	11.4	0.07
	of which JGB		27.0	0.12	14.3	0.03	10.3	0.08	8.5	0.03
		Held-to-maturity	5.5	0.06	3.3	0.02	2.2	0.02	1.2	0.01
		Others	21.5	0.06	11.0	0.01	8.1	0.06	7.3	0.02
	Foreign bonds (Other securities)				5.6	0.03	6.5	0.03	7.1	(0.11)
Non-consolidated	**Yen-denominated bonds**		28.9	0.16	16.4	0.07	12.3	0.12	10.6	0.06
	of which JGB		26.2	0.11	14.0	0.03	9.8	0.07	8.0	0.03
		Held-to-maturity	5.5	0.06	3.3	0.02	2.0	0.01	0.9	0.01
		Others	20.7	0.06	10.7	0.01	7.8	0.06	7.1	0.02
	Foreign bonds (Other securities)				4.2	0.03	5.2	0.02	5.6	(0.10)

SMBC Nikko

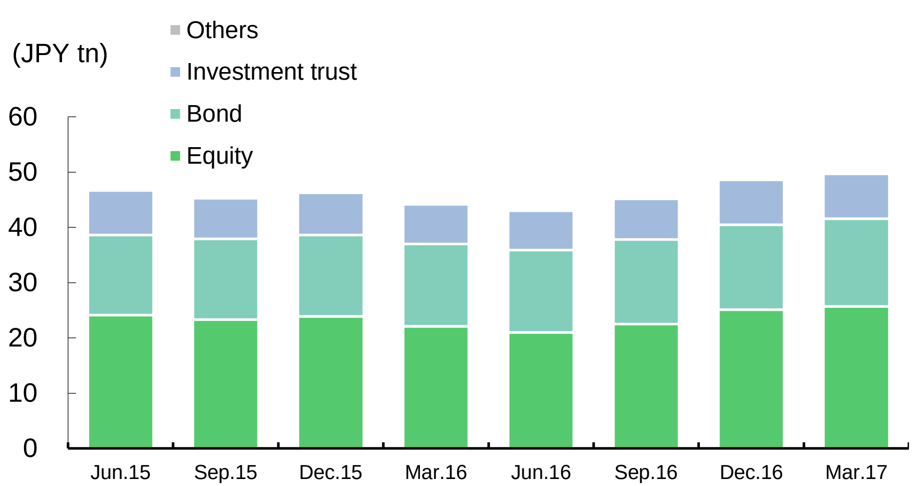
Financial results (consolidated)

(JPY bn)	FY3/16	FY3/17	YOY change
Net operating revenue	292.8	326.7	+33.9
SG&A expenses	(241.5)	(250.9)	(9.4)
Ordinary income[*1]	55.8	80.0	+24.2
Profit attributable to owners of parent[*1, 2]	42.1	46.9	+4.8

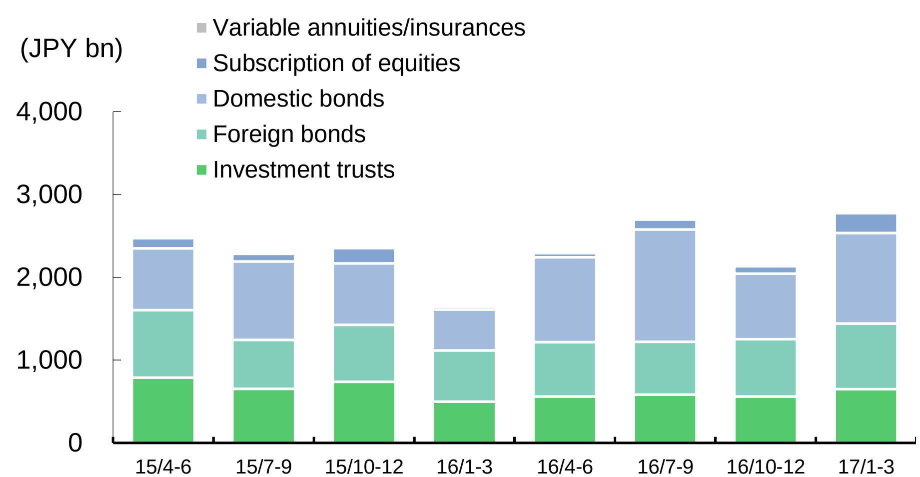
Net operating revenue



Client assets



Product sales



*1 Includes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) etc.
*2 Recorded loss of JPY 12.0 bn as extraordinary loss at SMBC Nikko in FY3/17 on restructuring and liquidation of business alliance with Barclays

SMBCCF

Financial results (Consolidated)

(JPY bn)	FY3/16	FY3/17	YOY change
Operating income	245.8	258.8	+13.0
Expenses for loan losses within Expenses	(52.0)	(54.6)	(2.6)
Losses on interest repayments within Expenses	(122.0)	-	+122.0
Ordinary profit	(61.2)	67.4	+128.6
Profit attributable to owners of parent	(64.8)	111.4	+176.2

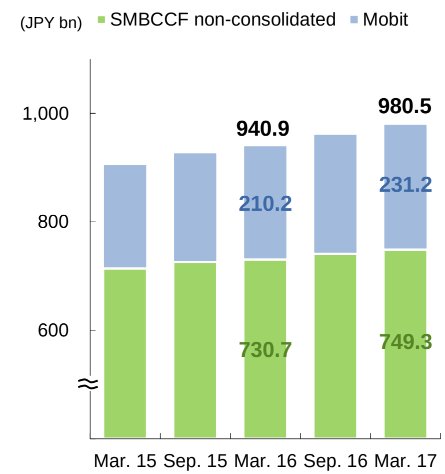
Consumer loans outstanding	1,022.0	1,074.6
Allowance on interest repayments	188.8	121.6
Loan guarantee	1,079.9	1,211.7
for regional financial institutions, etc.	474.2	561.8

Effect of implementing the consolidated corporate-tax system +JPY 50 bn

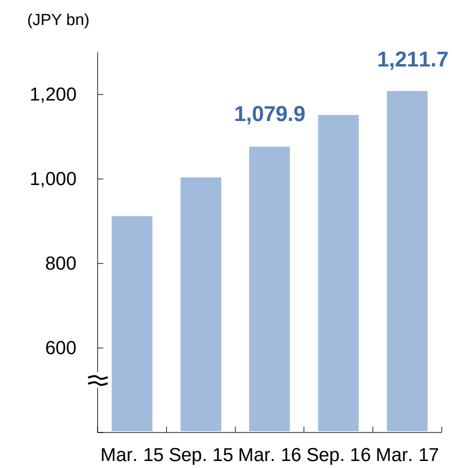
No. of companies with guarantee agreements: 188 (as of Mar. 2017)

Loan guarantee / overseas businesses

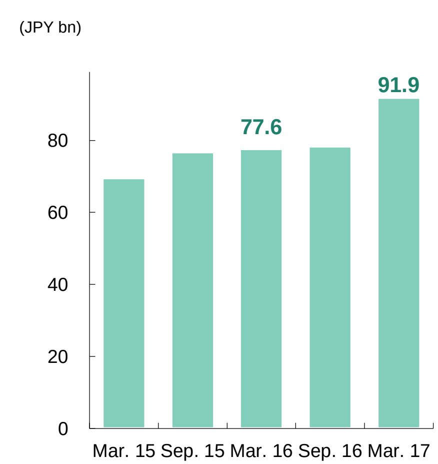
Consumer loans outstanding (domestic)



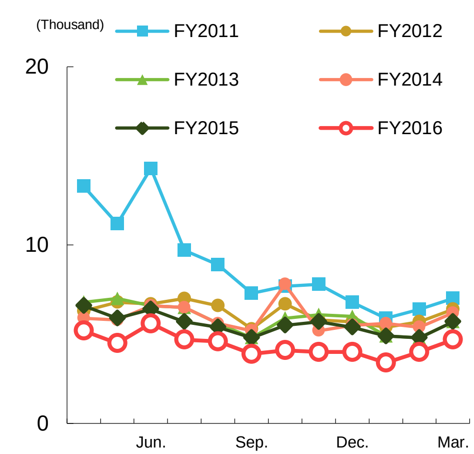
Loan guarantee amount



Consumer loans outstanding (overseas)*



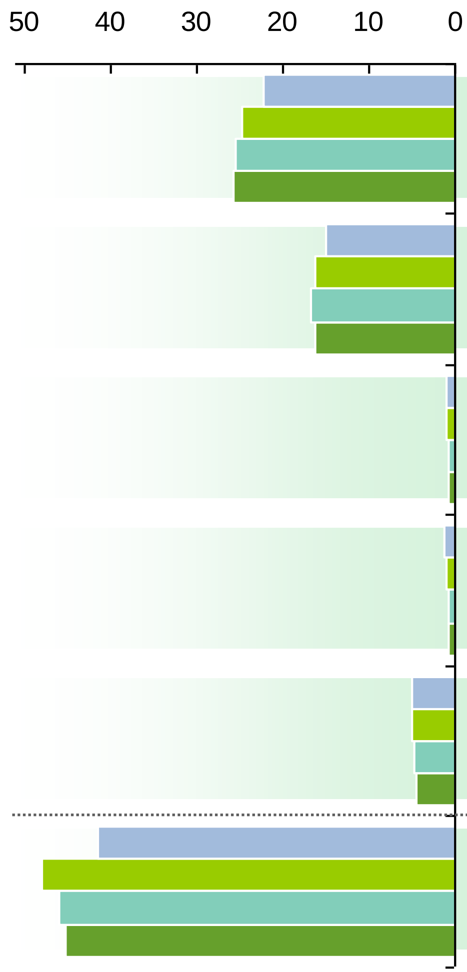
No. of interest refund claims

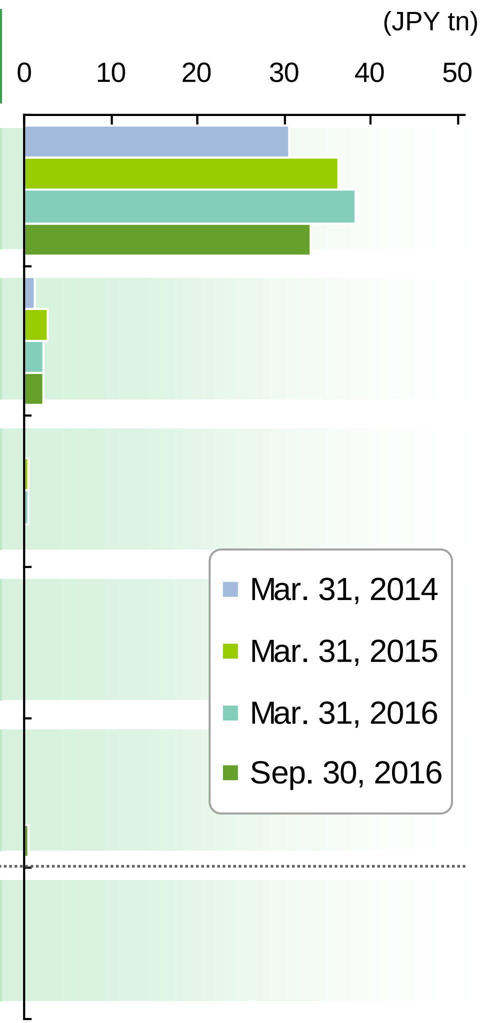


* Converted into Japanese yen at respective period-end exchange rates

Corporate, sovereign and bank exposures

Domestic PD*1 [as of Sep. 30, 2016]	Domestic LGD*2	Domestic Risk Weight	Internal Rating (Certainty of debt repayment)	Overseas PD*1 [as of Sep. 30, 2016]	Overseas LGD*2	Overseas Risk Weight
0.06%	35.74%	18.72%	1 - 3 (Very high - Satisfactory)	0.14%	29.04%	18.35%
0.72%	34.11%	49.71%	4 - 6 (Likely - Currently no problem)	3.06%	22.55%	65.80%
15.81%	34.19%	149.22%	7 (excl. 7R) (Borrowers requiring caution)	15.67%	25.19%	124.05%
100.00%	47.13%	8.08%	7R, 8-10 (Substandard borrowers - Bankrupt borrowers)	100.00%	70.40%	51.88%
0.85%	44.47%	56.11%	Others	1.05%	28.09%	30.99%
0.00%	35.31%	0.01%	Japanese Government, etc.	–	–	–





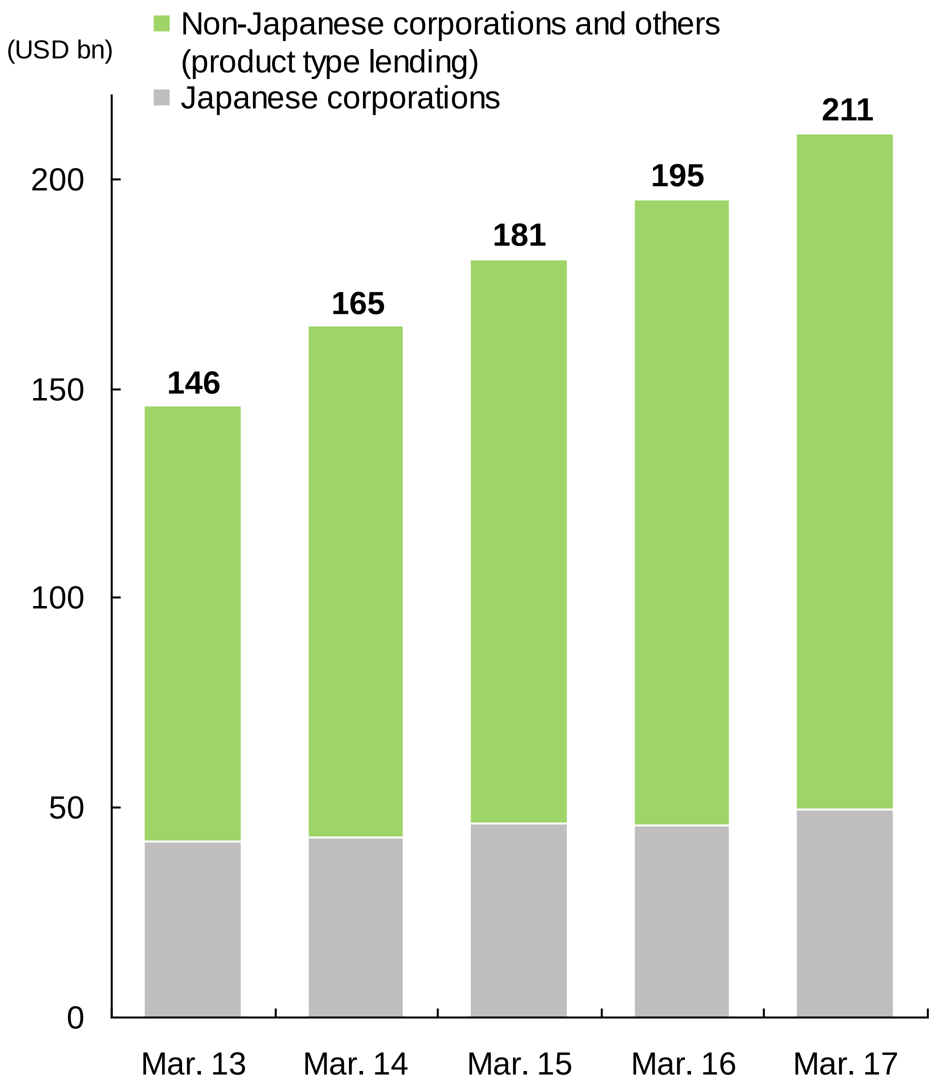
Domestic	Total (as of Sep. 30, 2016)	Overseas
JPY 93.0 trillion		JPY 36.0 trillion

(Consolidated)

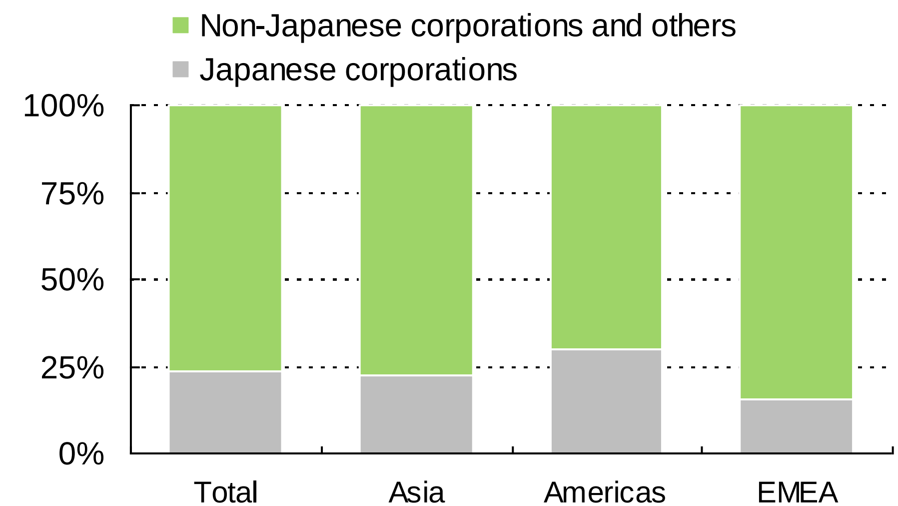
*1 Probability of Default. Probability of becoming default by obligor during one year
*2 Loss Given Default. Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default

Overseas loan balance classified by borrower type*1

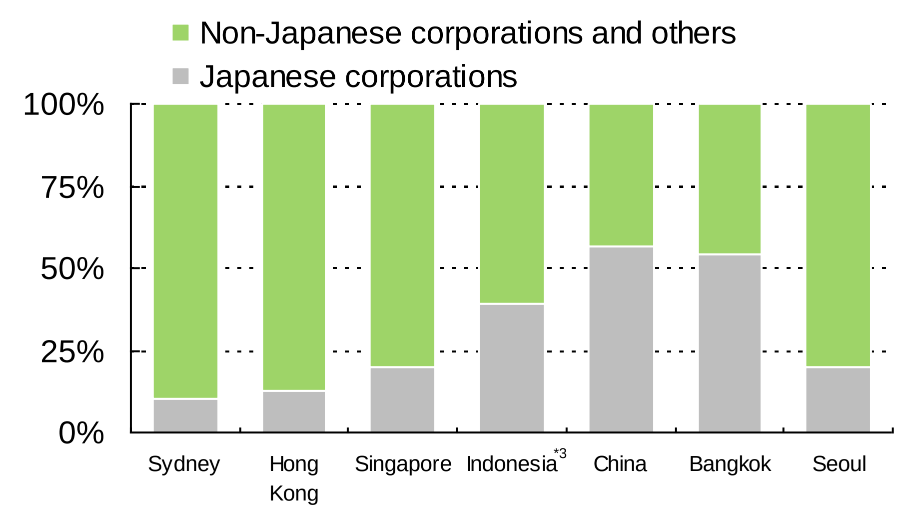
Total*1



By region (Mar. 2017)*1



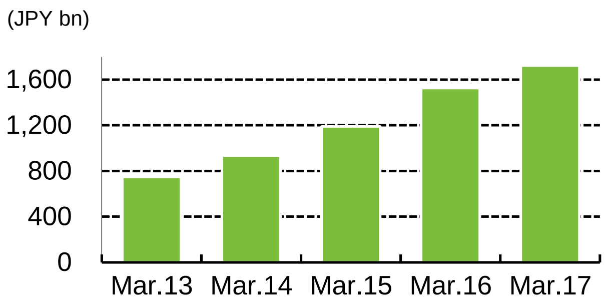
Major marketing channels in Asia (Mar. 2017)*1, 2



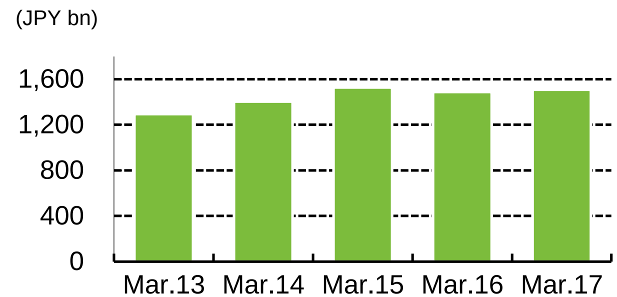
*1 Geographic classification based on booking office. Managerial accounting basis. *2 Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015
*3 Sum of SMBC and SMBC Indonesia

Loan balance in Asian countries/areas *1, 2

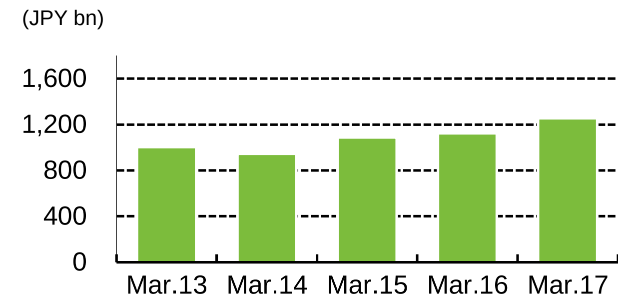
Australia



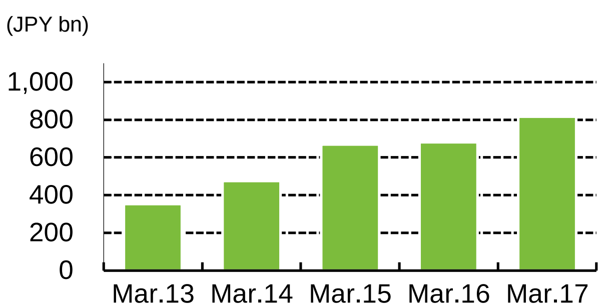
Hong Kong



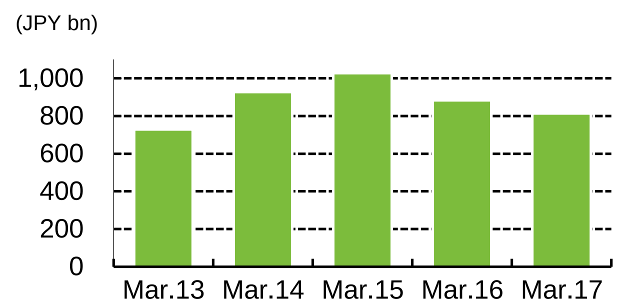
Singapore



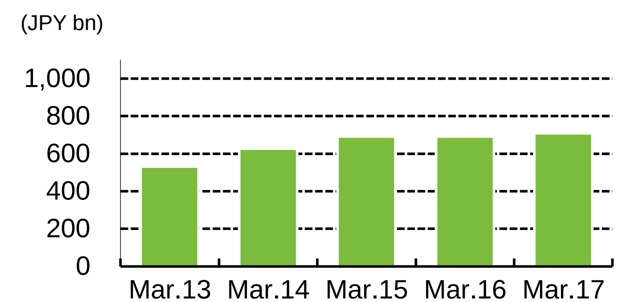
Indonesia



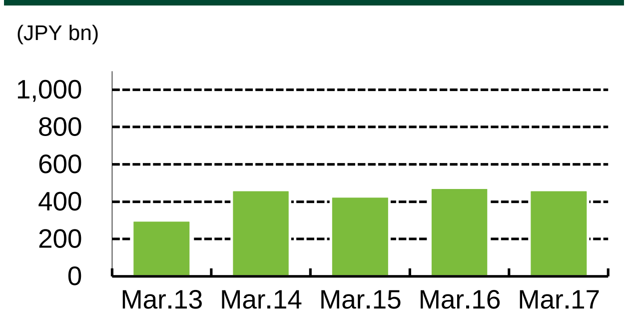
China



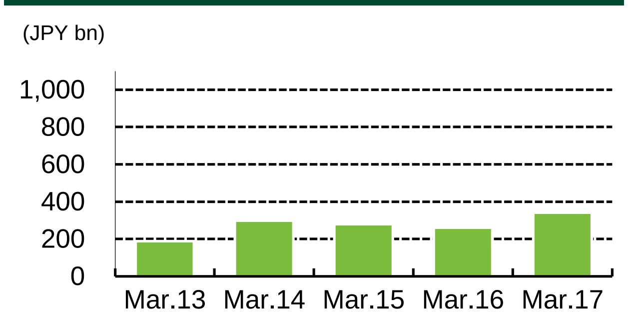
Thailand



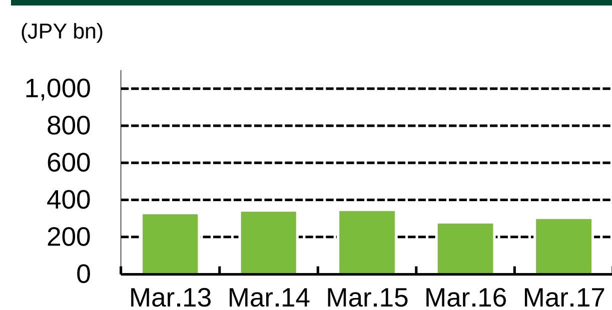
India



Taiwan



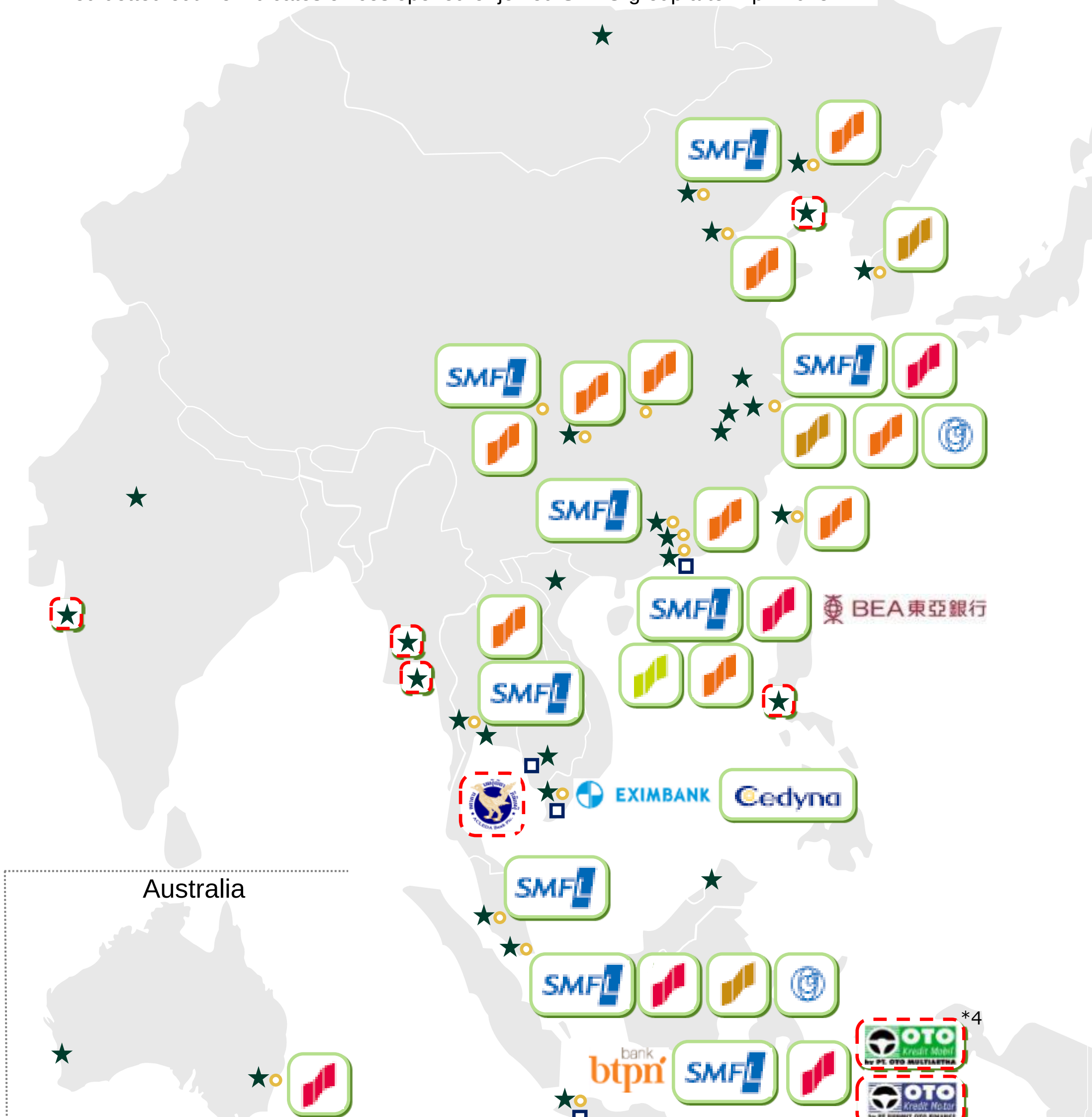
Korea



*1 Geographic classification based on borrowers' domicile
*2 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 Mar. 31, 2017

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, 41 offices[*1]
SMFL Sumitomo Mitsui Finance and Leasing	Leasing	• Beijing • Shanghai • Chengdu • Guangzhou • Hong Kong • Bangkok • Kuala Lumpur • Singapore • Jakarta
SMBC NIKKO	Securities	• Hong Kong • Sydney • Singapore • Jakarta
	M&A advisory	• Shanghai • Hong Kong • Singapore • Jakarta
SMBC FRIEND SECURITIES	Market research	• Hong Kong
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	• Seoul[*2]
	Consulting	• Shanghai
	Market research	• Singapore
Cedyna	Auto loans	• Ho Chi Minh[*3]
SMBC CONSUMER FINANCE	Consumer finance	• Hong Kong • Shenzhen • Shenyang • Tianjin • Chongqing • Chengdu • Wuhan • Shanghai • Bangkok
	Loan management and collection	• Taipei
The Japan Research Institute, Limited	Consulting	• Shanghai
	System integration	• Shanghai • Singapore

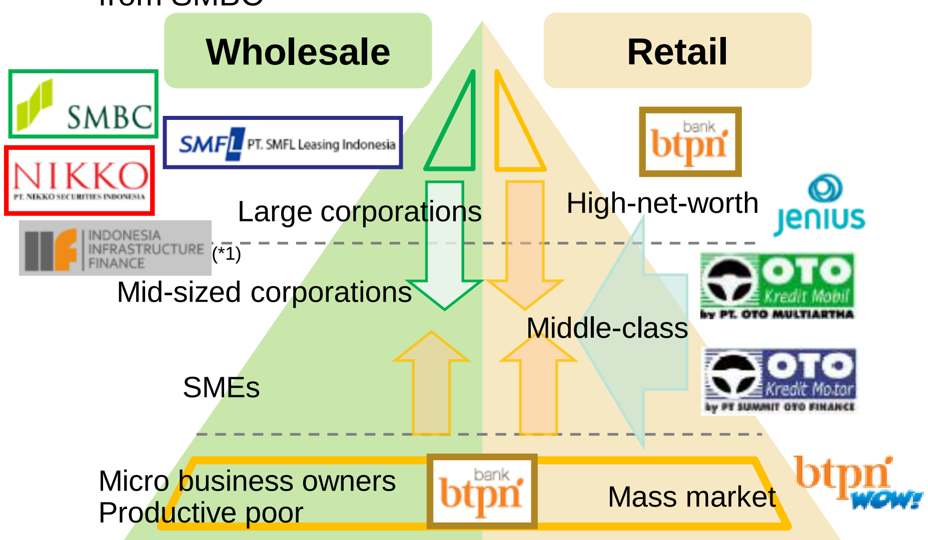
*1 As of Apr. 30, 2017. Includes SMBC, SMBC's banking subsidiaries and equity method affiliates. Excludes offices planned to be closed
*2 Prepaid cards targeted at travelers to Korea from Japan offered through an alliance with Hana SK Card Co., Ltd. since Nov. 2012
*3 Expanded auto loan business through 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 accelerate pursuing synergies among the Group in Indonesia
Asia Retail Innovation Department is newly established in Singapore to expand the digital banking business in Asia

Expanding business to provide full-banking service

- Bank Tabungan Pensiunan Nasional (BTPN)
  - Branchless banking service (Wow!) has successfully acquired about 3 million customers as of December 2016
  - In August 2016, BTPN launched smartphone-based digital banking service (Jenius) and acquired about 90K customers for 3 months
- OTO/SOF (Automotive Finance Companies)
  - Appointed a director (OTO) and a commissioner (OTO/SOF) from SMBC



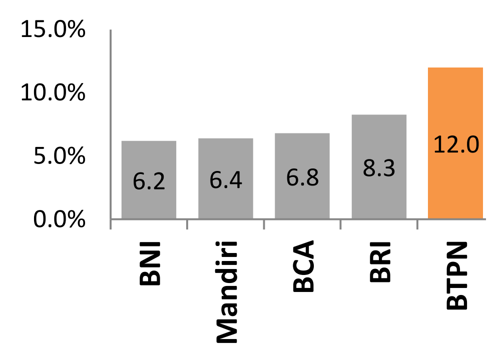
Financial results of BTPN *2

(IDR billion)	2015	2016	YOY
Gross banking profit	8,401	9,464	+13%
Operating expenses	(5,156)	(5,984)	+16%
Net profits (*)	1,702	1,752	+3%
ROE	13.3%	11.7%	-
Gross loans	58,587	63,168	+8%
Customer deposits	60,273	66,202	+10%
Total assets	81,040	91,371	+13%

(*) Net profit from existing business (excluding the investment for digital banking) increased 19% YOY in FY2016

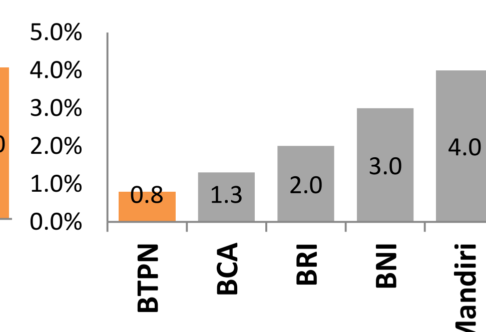
Net Interest Margin*3

Higher NIM compared to other banks



NPL ratio*3

Sound credit policy



*1 Indonesia Infrastructure Finance
*2 TTM as of Dec. 2015: IDR 1 = JPY 0.0088, Dec. 2016 : IDR 1 = JPY 0.0087
*3 Based on each company's disclosure (FY2016 results)

Products that we have strengths overseas

Aircraft-related business

- Providing solutions to domestic and overseas aircraft investors and offering aircraft leasing on a Group basis led by SMBC Aviation Capital

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

(USD mn)	FY3/17	FY3/16
Total revenue*2	1,086	993
Net income	298	199
Aircraft asset	10,963	10,515
Net asset	1,967	1,627

	Aircraft leasing companies	Country	# owned/managed
1	GECAS	USA	1,441
2	AerCap	Netherlands	1,160
3	Avolon	Ireland	626*3
4	**SMBC AC**	**Ireland**	**452**
5	Nordic Aviation Capital	Denmark	374

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 1,647 mn (as of Dec. 31, 2016)
- Strengths
  - Well-diversified portfolio management
  - Young age of railcars
  - Well-diversified client base by industry

Acquisition of American Railcar Leasing (ARL)

- 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)*4
- 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

Subscription finance, Americas / EMEA middle market business

- Extending loans to funds based on commitments from investors
  - Credit balance: approx. USD 21 bn, spread: approx. 150bp (as of Mar. 2017)
- Sponsor finance for mid-sized corporations, loan for acquisition finance
  - Accounts for around 2% of our overseas loan balance. Carefully select profitable transactions

*1 As of Dec. 31, 2016 (Source: Ascend "Airline Business") *2 Leasing revenue + gains (losses) on sales of aircraft etc. Excludes redelivery adjustment
*3 Includes an acquisition of CIT Aerospace closed in Apr. 2017 *4 Subject to change based on the timing, terms of the acquisition, etc.

Exposure to resource-related sectors *1

(JPY tn)	Mar. 15	Ratio to total exposure	Mar. 16	Ratio to total exposure	Mar. 17	Ratio to total exposure
Integrated Oil & Gas*2	1.8	1.6%	1.5	1.3%	1.3	1.1%
Services (Drilling, field services)	0.5	0.4%	0.5	0.4%	0.4	0.4%
Upstream (E&P*3)	1.5	1.3%	1.7	1.4%	1.5	1.2%
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%	5.5	4.4%
Other resources (Mining)	1.2	1.1%	1.1	1.0%	0.9	0.8%
Non-Japanese*4 (Resource-related sectors)	6.8	6.1%	6.9	6.0%	6.4	5.2%
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%	1.3	1.1%
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%	1.5	1.2%
Resource-related sectors	**8.1**	**7.3%**	**8.8**	**7.6%**	**7.9**	**6.4%**
Oil and gas	6.7	6.0%	7.4	6.4%	6.8	5.5%
Other resources (Mining)	1.4	1.3%	1.3	1.1%	1.1	0.9%

	Mar. 15	Ratio to total exposure	Mar. 16	Ratio to total exposure	Mar. 17	Ratio to total exposure
Non-Japanese*4	38	34.0%	38	32.9%	41	33.5%
Japanese	73	66.0%	77	67.1%	82	66.5%
SMFG total exposure	**111**	100.0%	**115**	100.0%	**123**	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 7.1 tn; Exposure at default (EAD) to the sectors is JPY 6.3 tn as of Mar. 2017

*1 Loans, commitment lines, guarantees, investments, etc. *2 Majors, state-owned companies, etc. *3 Exploration & Production
*4 Exchange rates using TTM as of Mar. 2015: USD 1 = JPY 120.15, Mar. 2016: USD 1 = JPY 112.62 and Mar. 2017: USD 1 = JPY 112.19

Breakdown of exposure to Non-Japanese oil & gas/other resources as of Mar. 2017

(USD bn)	[1] Exposure	Percentage of "1-3"	[2] Drawn amount	Percentage of "1-3"	[3] NPLs*1,2	[4] Ratio to drawn amount [3]/[2]	[5] Reserve for possible loan losses	[6] Collateral, guarantees, etc.	[7] Coverage ratio* ([5]+[6])/[3]
Asia	15.5	90%	13.2	90%	0.076	0.6%	0.020	-	26%
Americas	20.8	78%	7.6	76%	0.432	5.6%	0.047	0.283	76%
EMEA	20.7	84%	10.9	76%	0.289	2.6%	0.091	0.112	70%
Total	57.0	83%	31.8	82%	0.797	2.5%	0.158	0.395	69%
Oil and gas	48.7	84%	27.5	83%	0.461	1.7%	0.066	0.237	66%
Integrated Oil & Gas (Majors, state-owned companies, etc.)	11.7	96%	6.2	96%	-	-	-	-	-
Services (Drilling, field services)	4.0	44%	2.1	27%	0.136	6.4%	0.059	0.030	66%
Upstream (E&P)	13.3	73%	8.4	77%	0.239	2.9%	0.006	0.206	89%
Midstream (Storage/Transportation)	12.1	90%	5.7	89%	0.085	1.5%	0.001	-	1%
Downstream (Refining)	7.6	94%	5.2	93%	-	-	-	-	-
Other resources (Mining)	8.3	83%	4.3	73%	0.336	7.9%	0.092	0.158	74%

- Oil and gas : Corporate finance approx. 70%; Project finance approx. 30%
- Other resources (Mining) : Corporate finance approx. 85%; Project finance approx. 15%

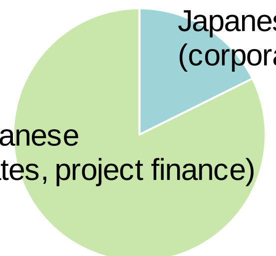
*1 NPLs based on the Financial Reconstruction Act, excluding Normal assets
*2 The balance of Claims on borrowers requiring caution are USD 0.2 bn in Asia, USD 1.9 bn in Americas, and USD 0.5 bn in EMEA. They are mainly included in Oil and gas

Loan and exposure to the UK / China / Russia

Loan balance in the UK*1, 2, 3

(JPY tn)

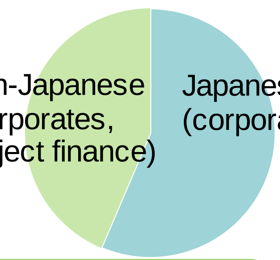
Mar. 16	Mar. 17
1.5	1.4



Loan balance in China*1, 2, 3, 4

(JPY tn)

Mar. 16	Mar. 17
0.8	0.8



- Most borrowers are classified as "1-3"*5 in our internal rating

Our operation in EMEA

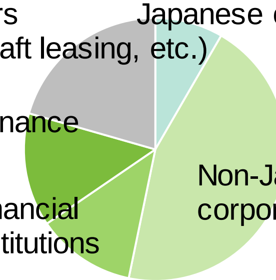
- Offices in the UK and EU
  - SMBC Europe
    - Head Office : London
    - 6 branches : Dublin, Amsterdam, Paris, Prague, Milan, Madrid
  - SMBC's branches
    - 3 branches : Brussels, Dusseldorf, Frankfurt
- Booking of loans
  - Loan balance in EMEA regions: Approx. JPY 6 tn
    - of which around 20%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

Exposure to Russia*6, 7

(USD bn)

Mar. 16	Mar. 17
4.3	3.2

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



*1 Sum of SMBC, SMBC Europe and SMBC (China) *2 Geographic classification based on borrowers' domicile
*3 Loan balance are converted into JPY from each country's local currency at the exchange rate of Mar. 31, 2017
*4 Based on borrowers' domicile for loan balance, booking office for classification of borrowers
*5 Certainty of debt repayment is in the range of Very high - Satisfactory *6 Loans, commitment lines, guarantees, investments, etc. *7 SMFG consolidated

Capital and risk-weighted assets, consolidated

Capital ratio (transitional basis)

(JPY bn)	Mar. 31, 2016	Mar. 31, 2017 *Preliminary*
Common Equity Tier 1 capital (CET1)	**7,796.5**	**86,08.5**
of which: Total stockholders' equity related to common stock	7,351.8	8,013.3
Accumulated other comprehensive income*1	875.7	1,290.0
Regulatory adjustments related to CET1*1	(646.4)	(898.1)
Tier 1 capital	9,031.7	9,946.2
of which: Additional Tier 1 capital instruments	300.0	449.9
Eligible Tier 1 capital instruments (grandfathered)*3	962.0	812.9
Regulatory adjustments*1, 2	(244.9)	(172.9)
Tier 2 capital	2,204.3	2,027.5
of which: Tier 2 capital instruments	655.1	898.9
Eligible Tier 2 capital instruments (grandfathered)*3	1,220.6	873.1
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount*2	345.7	197.4
Regulatory adjustments*1, 2	(137.1)	(70.6)
Total capital	11,235.9	11,973.7
Risk-weighted assets	66,011.6	70,683.5
Common Equity Tier 1 capital ratio	**11.81%**	**12.17%**
Tier 1 capital ratio	13.68%	14.07%
Total capital ratio	17.02%	16.93%

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

(JPY bn)	Mar. 31, 2016	Mar.31, 2017
Variance with CET1 on a transitional basis*5	104.6	70.2
of which: Accumulated other comprehensive income	583.8	322.5
of which: Net unrealized gains on other securities	*539.1*	*308.5*
of which: Non-controlling interests (subject to be phased-out)	(48.3)	(27.8)
Regulatory adjustments related to CET1	(430.9)	(224.5)
Common Equity Tier 1 capital	**7,901.0**	**8,678.7**
Risk-weighted assets	65,942.8	70,644.7
Common Equity Tier 1 capital ratio	**11.9%**	**12.2%**
Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains)	**9.9%**	**10.0%**

Preferred securities which become callable in FY3/18

	Issue date	Amount outstanding	Dividend rate*6	First call date*7	Type
SMFG Preferred Capital JPY 1 Limited	Feb. 2008	JPY 135.0 bn	3.52%	Jan. 2018	Non Step-up

Leverage ratio
(transitional basis, preliminary)

(JPY bn)	Mar. 31, 2017
Tier1 Capital	**9,946.2**
Leverage exposure	**209,669.6**
Leverage ratio	**4.74%**

LCR
(transitional basis)

Average Jan. – Mar. 2017
119.2%

*1~3 Subject to transitional arrangements. Regulatory adjustments of Tier 1 and Tier 2 include items that are either phased-in or phased-out as described in *1 and *2 below
*1~3&5 Percentages indicate the treatment as of Mar. 31, 2016 / Mar. 31, 2017
*1 60% / 80% of the original amounts are included *2 60% / 80% phase-out is reflected in the figures *3 Cap is 60% / 50% *4 Based on the Mar. 31, 2019 definition
*5 Each figure represents 40% / 20% of the original amounts that are not included due to phase-in or included due to phase-out in the calculation of CET1 on a transitional basis
*6 Until the first call date. Floating rate thereafter *7 Callable at any dividend payment date on and after the first call date, subject to prior confirmation of the FSA

TLAC requirements*1

TLAC and capital buffer requirements for SMFG

Minimum external TLAC requirements

	2019 - 2021	After 2022
Minimum external TLAC requirements (RWA basis)	16%	18%
Plus capital buffers*1	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, we expect 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

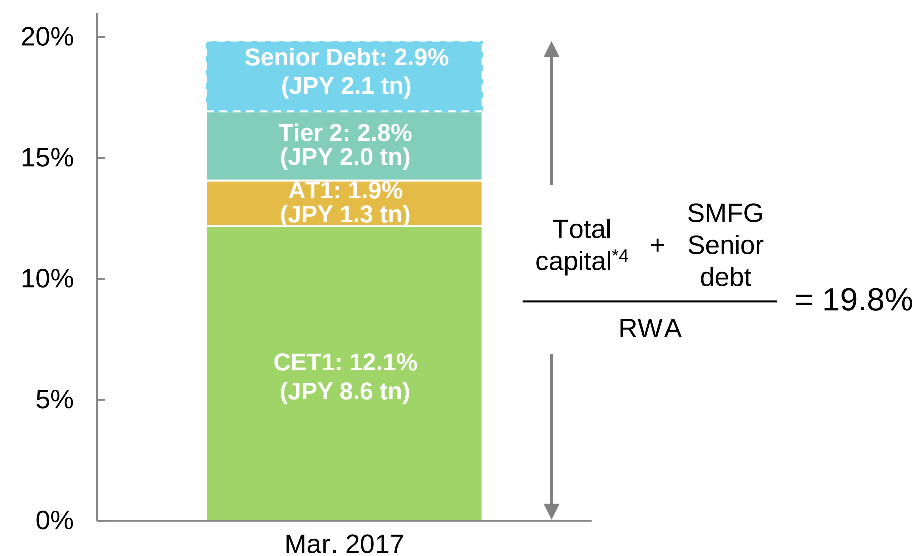
Meeting TLAC requirement

Issuance amount of SMFG senior unsecured debt*2

(JPY tn)	FY3/2016	FY3/2017
Issuance amount through the period	0.5	1.6
Amount outstanding at period end	0.5	2.1

Total capital plus SMFG senior debt to RWA*3

(Consolidated)



*1 Excludes countercyclical buffer. As for the G-SIB buffer, SMFG was allocated to bucket 1 (1.0%) according to the list published by the FSB in Nov. 2016
*2 Translated at the exchange rate as of Mar. 31, 2016 (FY3/2016) and as of Mar. 31, 2017 (FY3/2017)
*3 This figure is not the same as TLAC ratio
*4 Transitional basis. We expect the calculation for TLAC ratio, when the TLAC requirements in Japan are finalized, will differ from the one for total capital ratio. For example, some items in total capital will not be included in TLAC capital and vice versa

Corporate Social Responsibility

Major activities

Environment

- Certified to ISO14001 (major group companies)
- Issuance of green bonds (SMBC)
- Promoting SMBC Environmental Assessment Loans
- Supporting renewable energy development projects

Supporting renewable energy projects

Next Generation

- Promoting financial and career education to various generations
- Supporting educational activities in Asian emerging countries (Indonesia, and Myanmar)

Tour to learn and experience banking activities

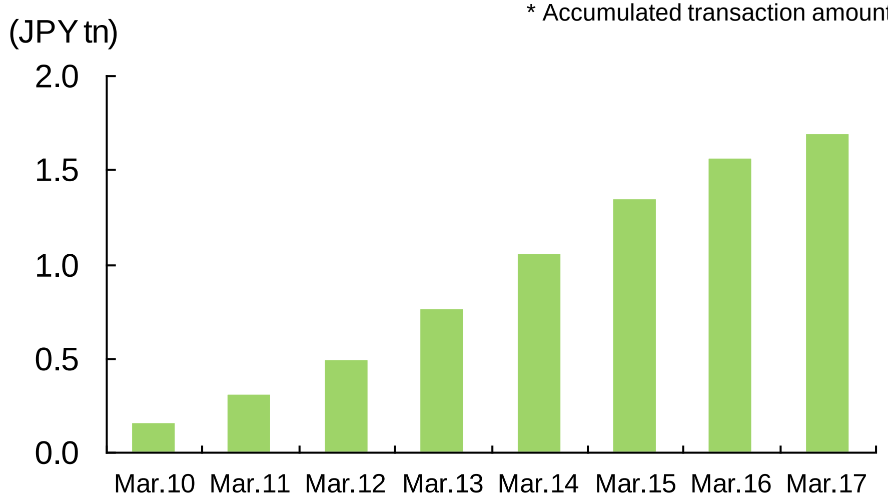
Community

- Training employees to appropriately support people diagnosed with dementia and other disabilities
- Collaborating with NPOs utilizing employees' donation fund
- Conducting employees' volunteer activities in disaster affected areas by earthquakes

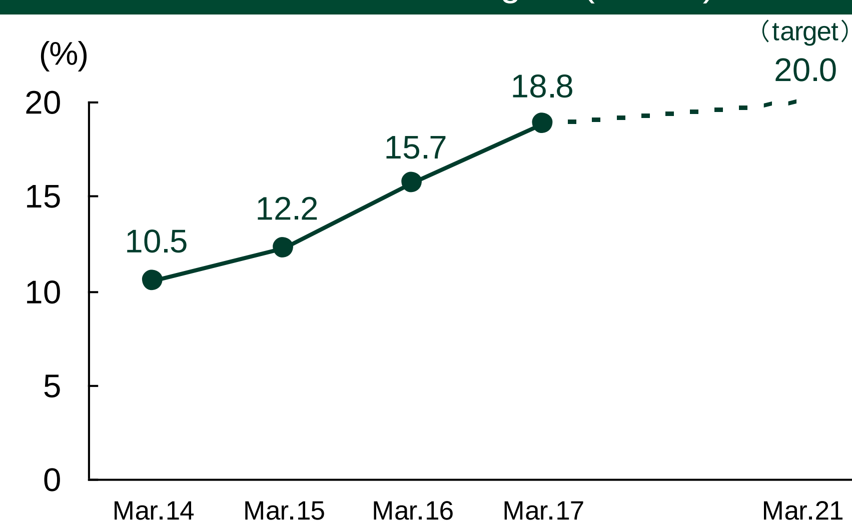
Employees' volunteer activities in disaster affected areas

SMBC assessment loans / private placement bonds

* Accumulated transaction amount

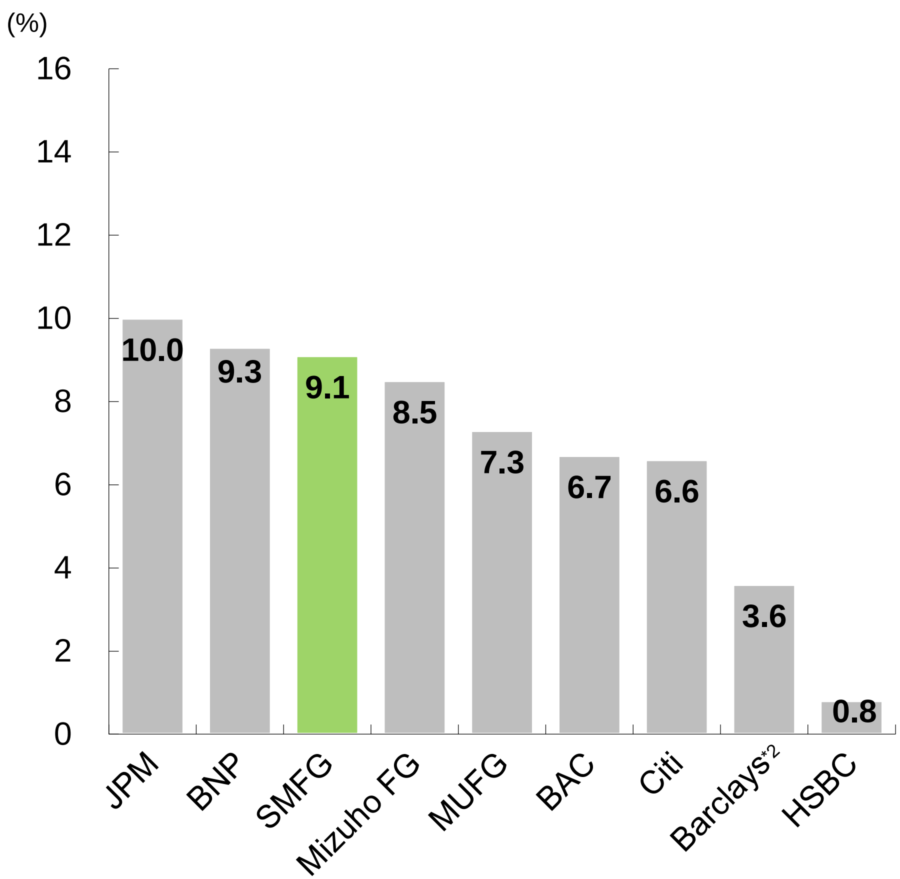


Ratio of female managers (SMBC)

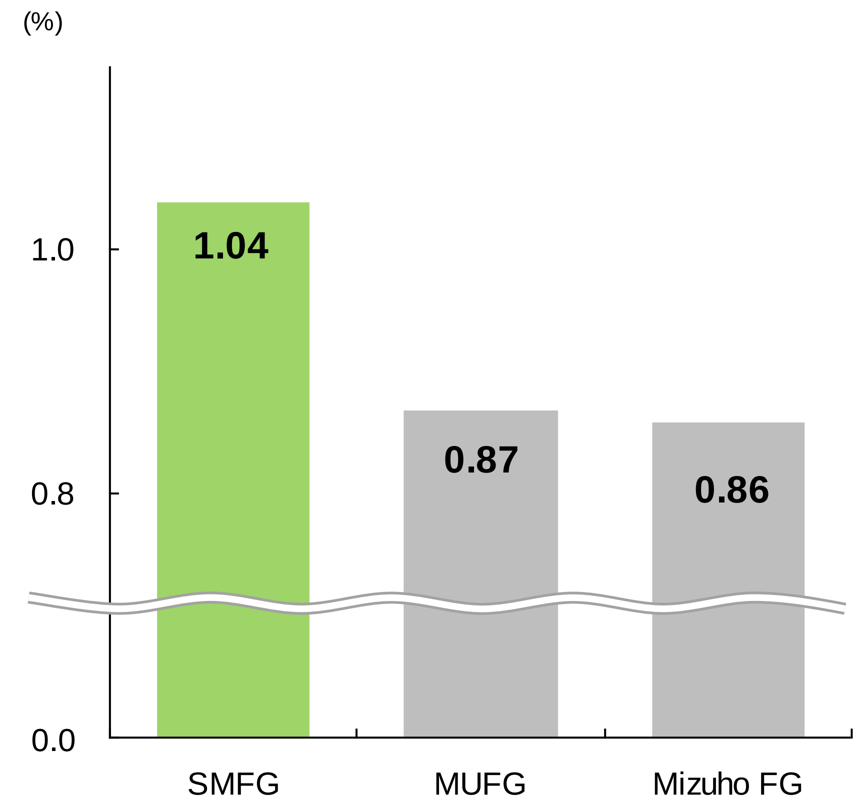


Peer comparison

ROE*1



Domestic loan-to-deposit spread*3



	SMFG	MUFG	Mizuho FG
Proportion of loans to individuals & SMEs	62.5%(*)	61.7%	58.2%

(*) 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%

*1 Based on each company's disclosure. FY3/17 results for SMFG and MUFG and Mizuho FG, and Jan. - Dec. 2016 results for others *2 ROTCE: Return on tangible common equity
*3 FY3/17 results. Based on each company's disclosure. The figures shown in the graph are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of Mizuho Bank for Mizuho FG, and non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG

Credit ratings of G-SIBs (Operating banks, by Moody's)*

	Apr. 2001	Jul. 2007	Apr. 2017
Aaa		• Bank of America • Bank of New York Mellon • Citibank • JPMorgan Chase Bank • Royal Bank of Scotland • UBS • Wells Fargo Bank	
Aa1	• Bank of America • Crédit Agricole • Wells Fargo Bank • UBS	• 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	• Bank of New York Mellon • Barclays Bank • Citibank • HSBC Bank • ING Bank • JPMorgan Chase Bank • Royal Bank of Scotland • State Street Bank & Trust	**SMBC** • BPCE(Banque Populaire) • ***BTMU*** • ***Mizuho Bank*** • UniCredit	• Bank of New York Mellon • HSBC Bank • Wells Fargo Bank
Aa3	• Banco Santander • BNP Paribas • BPCE(Banque Populaire) • Deutsche Bank • Société Générale • UniCredit	• Goldman Sachs Bank • Morgan Stanley Bank	• JPMorgan Chase Bank • Nordea Bank • Standard Chartered • State Street Bank & Trust
A1	• Credit Suisse	• Agricultural Bank of China • Bank of China • ICBC	**SMBC** • Agricultural Bank of China • Bank of America • Bank of China • Barclays Bank • BNP Paribas • ***BTMU*** • China Construction Bank • Citibank • Crédit Agricole • Credit Suisse • Goldman Sachs Bank • ICBC • ING Bank • ***Mizuho Bank*** • Morgan Stanley Bank • UBS
A2	• ***BTMU*** • Standard Chartered	• China Construction Bank • Standard Chartered	• BPCE(Banque Populaire) • Société Générale
A3	**SMBC** • ***Mizuho Bank***		• Banco Santander • Royal Bank of Scotland
Baa1	• Agricultural Bank of China • Bank of China • China Construction Bank • ICBC		• UniCredit
Baa2			• 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)*

	Apr. 2017		
	Moody's	**S&P**	
Aaa			AAA
Aa1			AA+
Aa2			AA
Aa3			AA-
A1	**SMFG** • Bank of New York Mellon • HSBC • ***Mizuho*** • ***MUFG*** • Standard Chartered • State Street		A+
A2	• Wells Fargo	• Bank of New York Mellon • HSBC • ***MUFG*** • State Street • Wells Fargo	A
A3	• Goldman Sachs • JPMorgan • Morgan Stanley	**SMFG** • ING • JPMorgan • ***Mizuho*** • UBS	A-
Baa1	• Bank of America • Citigroup • ING • UBS	• Bank of America • Citigroup • Credit Suisse • Goldman Sachs • Morgan Stanley • Standard Chartered	BBB+
Baa2	• Barclays • Credit Suisse	• Barclays	BBB
Baa3		• RBS	BBB-
Ba1	• RBS		BB+

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

Overview of international financial regulations

		Regulations	Contents of regulation	Effective	Current status	Action taken & impact on SMFG
G20	G-SIFI regulation and supervision	G-SIB surcharge	Require additional loss absorption capacity above the Basel III minimum	2016	Under phased implementation	◎ Requirement for SMFG to be 8% on a fully-loaded basis. SMFG CET1 ratio (FY2019) target : about 10%
G20	G-SIFI regulation and supervision	Adequacy of loss-absorbing capacity (TLAC)	Require loss absorbing capacity, which consists of eligible liabilities and regulatory capital, on both a going concern and gone concern basis	2019	Finalised in Nov. 2015	○ In progress to enhance our platform to address it
G20	G-SIFI regulation and supervision	Recovery and Resolution Plan	Require to develop Group Recovery Plan	Imple-mented	Done	○ Annual update necessary
G20	Prudential regulation / Basel III	Capital requirement	Require to raise the level and quality of capital and enhance risk coverage under Basel III	2013	Under phased implementation	◎ SMFG CET1 ratio (FY2019) target : about 10%
G20	Prudential regulation / Basel III		Fundamental review of trading book	2019	Finalised in Jan. 2016	○ Monitor how domestic regulations will be introduced
G20	Prudential regulation / Basel III		Revisions to the Standardised Approaches	TBD	Consultative document credit risk in Dec. 2015 operational risk in Mar. 2016	△ In progress for finalization. Monitor how it will be finalized
G20	Prudential regulation / Basel III		Constraints on the use of internal model approaches	TBD	Consultative document in Mar. 2016	△ In progress for finalization. Monitor how it will be finalized
G20	Prudential regulation / Basel III		Capital floors	TBD	Consultative document in Dec. 2014	△ In progress for finalization. Monitor how it will be finalized
G20	Prudential regulation / Basel III		Review of the Credit Valuation Adjustment (CVA) risk framework	TBD	Consultative document in Jul. 2015	△ In progress for finalization. Monitor how it will be finalized
G20	Prudential regulation / Basel III		Interest-rate risk in the banking book	2018	Finalised in Apr. 2016	○ Monitor how domestic regulations will be introduced
G20	Prudential regulation / Basel III	Leverage ratio requirement	Non-risk-based measure based on on-and off-accounting balance sheet items against Tier 1 capital. Minimum requirement: 3% (during trial period)	2018	Consultative document in April. 2016	○ Monitor how it will be finalized
G20	Prudential regulation / Basel III	Minimum standards for liquidity (LCR/NSFR)	LCR：Require to have sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. >=100%	2015	Under phased implementation	◎
G20	Prudential regulation / Basel III		NSFR：Require to maintain a sustainable maturity structure of assets and liabilities >=100%	2018	Finalised in Oct. 2014	○ Monitor how domestic regulations will be introduced
G20	Prudential regulation	Large exposure regulation	Tighten exposure limit to a single borrower (25% of Tier 1) and enlarge regulation scope	Jan. 2019	Partly implemented in Dec. 2014	○ Monitor how domestic regulations will be introduced
G20	Financial market / Financial system reform	OTC derivatives markets reforms	● Centralize OTC derivatives clearing ● Margin requirement for non-centrally cleared derivatives	Dec. 2012 Sep. 2016	Enlarge regulation scope Under phased implementation	△ In progress to enhance our platform to address it
G20	Financial market / Financial system reform	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	○ Monitor how domestic regulations will be introduced
US	Financial market / Financial system reform	Limitation on banking activities / Ring fencing regulation	Capital and liquidity requirements for foreign banking organizations	Jul. 2016	Done	◎
EU	Financial market / Financial system reform		Prohibit ring-fenced banks from providing certain services in UK Require to isolate trading business in EU from ring-fenced banks	TBD	UK：Enacted in Dec. 2013, EU：Proposal published in Jan. 2014	— Monitor how the regulation will be in force, although it is likely that the regulation will not apply to SMFG

◎ Able to meet requirements easily ○ Able to meet requirements △ Impact unclear

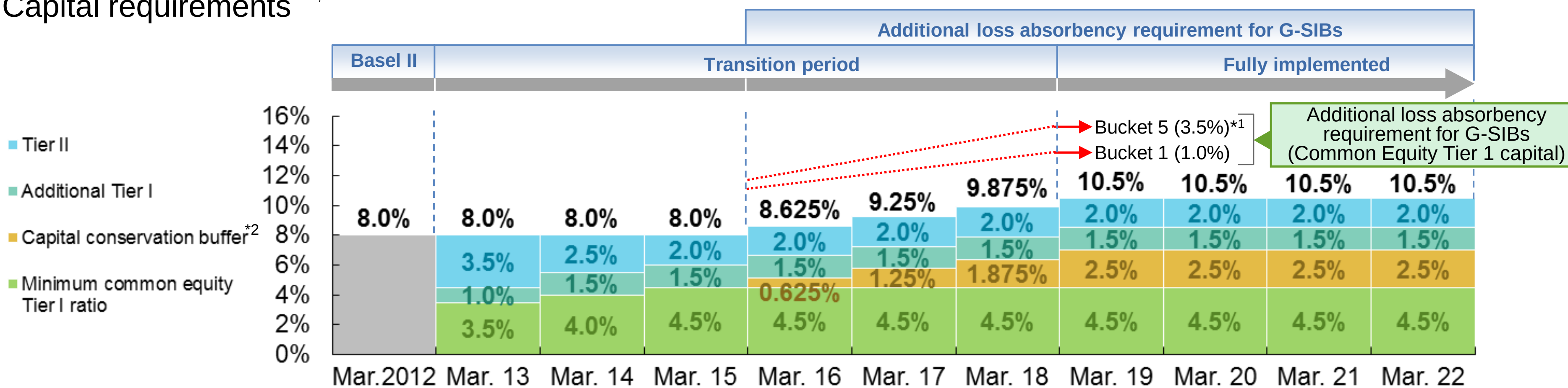
Progress of major regulatory discussions

Regulations			Outline	Finalized at FSB or BCBS	Domestic regulation
Capital requirement	Credit Risk	Revisions to the Standardised Approach	・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	Unfinished	Unfinished
		CVA risk framework	・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	Unfinished	Unfinished
	Market Risk	IRRBB (Interest-rate risk in the banking book)	・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	Finished	Unfinished
	Operational Risk	Revisions to the Standardised Measurement Approach	・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	Unfinished	Unfinished
	Overall	Constraints on the use of internal model approaches	・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	Unfinished	Unfinished
		Capital floors based on standardised approaches	・Replacement of the Basel I-based transitional capital floor with a permanent floor based on standardised approaches ・The framework and calibration are under consideration.	Unfinished	Unfinished
Leverage ratio requirement		Leverage ratio	・A minimum requirement of 3% to be introduced in 2018 ・Additional requirements for G-SIBs and revisions including credit conversion factors for off-balance sheet items are proposed	Finished in part	Finished in part
G-SIFI regulation		TLAC (total loss-absorbing capacity)	・Minimum requirement of (i) 16% of RWA and 6% of the Basel III Tier 1 leverage ratio denominator as from 2019, (ii) 18% of RWA 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 recapitalise 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	Finished	Unfinished

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**

Capital requirements [*1, 2]



	Mar.2012	Mar. 13	Mar. 14	Mar. 15	Mar. 16	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Mar. 21	Mar. 22
Phase-in of deductions[*3]		-	20%	40%	60%	80%	100%	100%	100%	100%	100%
Grandfathering of capital instruments		90%	80%	70%	60%	50%	40%	30%	20%	10%	-

Leverage ratio and liquidity rules[*1]

Leverage ratio	Mar. 2015 Domestic regulation finalised	Mar. 2015 : Start disclosure *(minimum : 3%)* Jan. 2018 : Full implementation
Liquidity coverage ratio (LCR)	Oct. 2014 Domestic regulation finalised	Phased-in from Mar. 2015 / Mar. 2015 60% / Jan. 2016 70% / Jan. 2017 80% / Jan. 2018 90% / Jan. 2019 100%
Net stable funding ratio (NSFR)	Oct. 2014 Finalised at BCBS	Jan. 2018 : *Full implementation*

*1 Schedule based on final documents by BCBS, and domestic regulations
*2 Countercyclical buffer (CCyB) omitted in the chart above; if applied, phased-in in the same manner as the Capital conservation buffer.
*3 Including amounts exceeding limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions

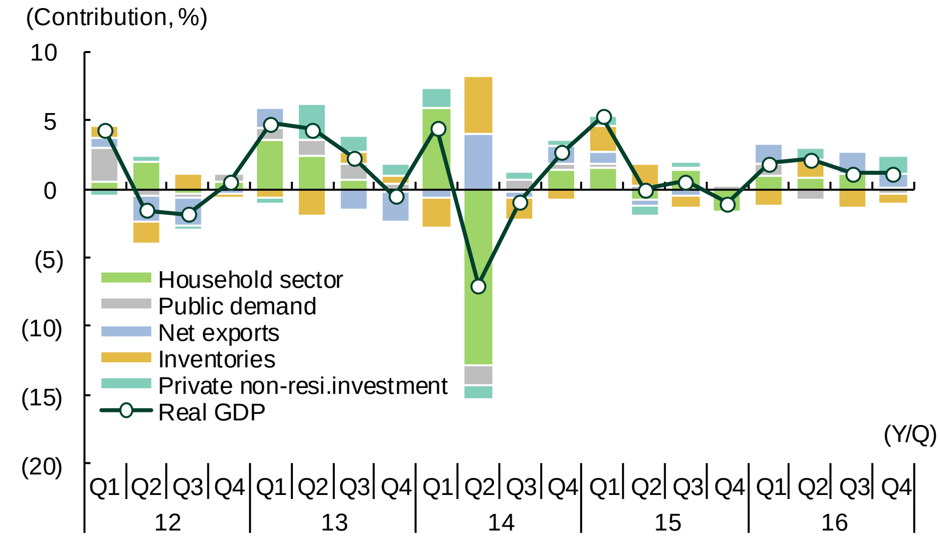
Public sector support and point of non-viability in Japan

<table>
<tr><th colspan="3">Framework</th><th>Systemic risk</th><th>Subject entities</th><th>Conditions</th><th>Point of non-viability</th></tr>
<tr><td rowspan="4">Existing framework</td><td colspan="2">Act on Special Measures for Strengthening Financial Functions
Capital injection</td><td>Not Required</td><td rowspan="2">Banks (Capital injection may be made through BHC)</td><td>No suspension of payment of deposits and not having negative net worth</td><td>No</td></tr>
<tr><td rowspan="3">Article 102 of Deposit Insurance Act (DIA)</td><td>Item 1 measures
Capital injection</td><td rowspan="3">Required (Credit system in Japan or in a certain region)</td><td>Undercapitalized</td><td>No</td></tr>
<tr><td>Item 2 measures
Financial assistance exceeding payout cost</td><td rowspan="2">Banks only</td><td>Suspension of payment of deposits or having negative net worth*1</td><td rowspan="2">Yes*3</td></tr>
<tr><td>Item 3 measures
Nationalization</td><td>Suspension of payment of deposits and having negative net worth*1</td></tr>
<tr><td rowspan="2">Newly established framework</td><td rowspan="2">Article 126-2 of DIA</td><td>Specified Item 1 measures
Liquidity support
Capital injection</td><td rowspan="2">Required (Financial system such as financial market in Japan)</td><td rowspan="2">Financial institutions including banks and BHCs</td><td>Not having negative net worth</td><td>No</td></tr>
<tr><td>Specified Item 2 measures
Supervision or control and Financial assistance for orderly resolution</td><td>Suspension of payment or having negative net worth*2</td><td>Yes*3</td></tr>
</table>

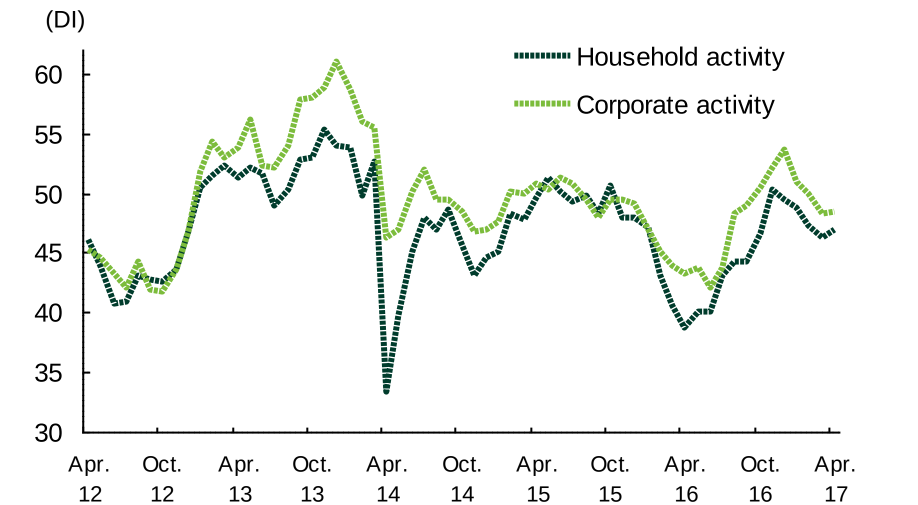
*1 Including the likelihood of a suspension of payment of deposits
*2 Including the likelihood of a suspension of payment or negative net worth
*3 Specified in Q&A published by FSA on March 6, 2014

Current Japanese economy

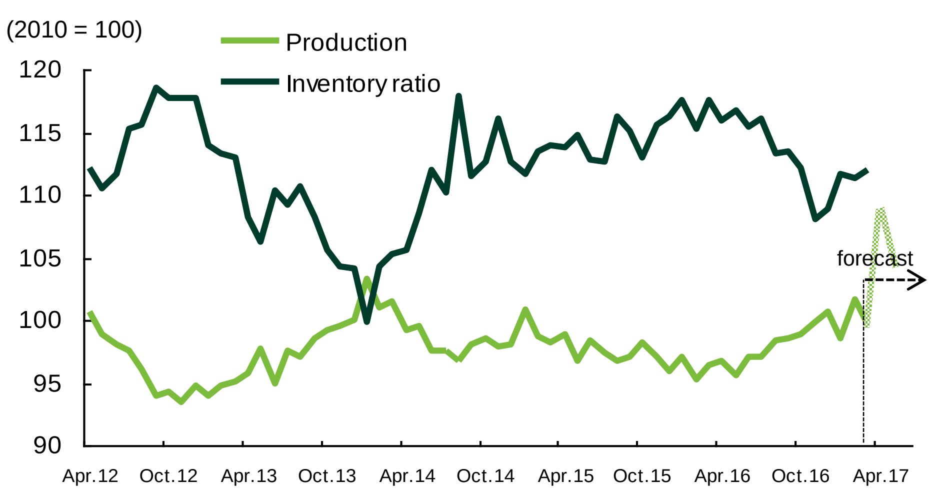
Real GDP growth rate (annualized QOQ change)*1



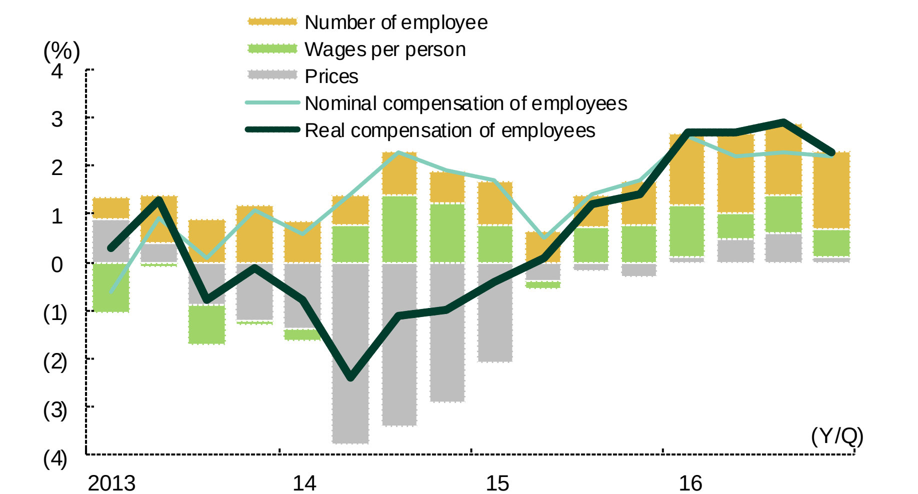
Economy watchers survey*2



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 Apr. and May 2017, based on the indices of production forecast
*4 Source: Cabinet Office and Ministry of Internal Affairs and Communications