

Investors Meeting Presentation for 1H, FY3/2018 Performance

November 17th, 2017

Sumitomo Mitsui Financial Group, Inc.

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; incurrence of significant credit-related costs; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; and exposure to new risks as we expand the scope of our business. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

Please refer to our most recent disclosure documents such as our annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors’ decisions.

Definitions

- 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
- SMBCAC : SMBC Aviation Capital

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, Cedyne, 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

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I. 1H, FY3/2018 performance and FY3/2018 target

1. Highlights of 1H, FY3/2018 performance

	(JPY bn)	1H, FY3/18	YOY change	Change from May target	FY3/18 target	
Consolidated	Consolidated gross profit	USD 13.0 ^{*1} bn	1,465.8	+48.3		
	General and administrative expenses		(894.6)	(12.6)		
	Overhead ratio		61.0%	(1.2)%		
	Equity in gains (losses) of affiliates		30.2	+17.5		
	Consolidated net business profit^{*2}	USD 5.3 ^{*1} bn 53% ^{*3}	601.3	+53.2	+51.3	1,130
	Total credit cost		(34.1)	+20.7	+75.9	(210)
	Gains (losses) on stocks		51.5	+34.0		
	Ordinary profit	USD 5.5 ^{*1} bn	615.5	+101.3	+155.5	970
	Profit attributable to owners of parent	USD 3.7 ^{*1} bn 67% ^{*3}	420.2	+61.0	+110.2	630
	ROE		10.1%	+0.7%		
Non-consolidated	Gross banking profit	USD 6.3 ^{*1} bn	709.1	(204.9) ^{*4}		
	Expenses^{*5}		(403.8)	(1.8)		
	Banking profit^{*2}	USD 2.7 ^{*1} bn	305.3	(206.7)	+25.3	610
	Total credit cost		25.5	+17.5	+70.5	(80)
	Ordinary profit	USD 3.3 ^{*1} bn	368.5	(111.8)	+128.5	580
	Net income	USD 2.5 ^{*1} bn	284.5	(113.6)	+84.5	450
Per share information (Consolidated, JPY/Share)						
Dividend		80	+5		160	
Profit attributable to owners of parent		297.94	+35.22		446.63	
Net assets		7,211.72	+310.05 ^{*6}			

YOY change

- **Consolidated gross profit** increased mainly due to the strong performance of investment product sales at SMBC Nikko and continuous growth of the credit card and overseas businesses
- **General and Administrative expenses** increased along with the top-line growth of SMBC Nikko and SMCC. However, excluding the effect of the yen depreciation, expenses decreased slightly as a result of the group-wide cost control
- **Equity in gains (losses) of affiliates** increased because The Bank of East Asia recorded gains on sale of its subsidiary
- **Total credit cost** decreased mainly because of the reversal of credit cost from large borrowers at SMBC
- **Gains (losses) on stocks** increased mainly due to gains on sales of strategic shareholdings (approx. JPY 40 bn)

Contribution of subsidiaries to Profit attributable to owners of parent

	(JPY bn)	1H, FY3/18	YOY change	(JPY bn)	1H, FY3/18	YOY change
SMBC Nikko^{*7}		28	+7	SMCC	6	(0)
SMBCCF		26	(2)	SMAM	1	+1
SMFL		17	+2	SMBC Trust	(4)	+4
Cedyna		13	(3)	BEA^{*8}	17	+12

*1 Converted into USD at period-end exchange rate of USD 1 = JPY 112.74 *2 Before provision for general reserve for possible loan losses *3 Ratio to full-year target

*4 Includes JPY 200 bn of dividends from SMBC Nikko associated with making SMBC Nikko a direct subsidiary of SMFG *5 Excludes non-recurring losses *6 Change from 31 March, 2017

*7 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) *8 The Bank of East Asia

2. Breakdown of gross profit

Breakdown of consolidated gross profit by business units^{*1}

		(JPY bn)	FY3/17	1H, FY3/18	YOY change ^{*4}
	Wealth management business		320.8	170.3	+14.1
	Credit card business		365.5	184.2	+6.1
	Non-consolidated income on loans (excl. consumer finance)		160.0	73.2	(6.9)
	of which:				
	Domestic card loans		258.7	134.5	+6.8
	Consumer finance business		287.1	150.6	+9.7
of which:	Retail Business Unit		1,288.9	633.0	+21.3
	Income on loans		183.8	90.3	(2.4)
	Money remittance, electronic banking		62.7	31.8	+0.4
	Foreign exchange		37.9	20.0	+1.6
	Loan syndication		48.7	22.1	+2.5
	Structured finance		35.2	7.3	(13.0)
	Security business		93.7	35.6	(7.9)
	Leasing business		116.5	61.3	+9.4
of which:	Wholesale Business Unit		775.6	362.0	(11.6)
	Asset related income ^{*2}		378.4	205.9	+7.9
	Loan related fees ^{*2}		108.6	49.0	+0.5
	Security business		37.7	18.5	(0.8)
	Aircraft leasing		46.8	23.7	+0.0
of which:	International Business Unit		585.8	311.0	+17.5
of which:	SMBC's Treasury Unit		272.4	156.3	(9.3)
of which:	Global Markets Business Unit		346.6	196.4	(8.0)
	Consolidated gross profit		2,920.7	1,465.8	+48.3
of which:	SMBC's domestic income on loans and deposits ^{*3}		493.5	236.3	(7.8)
of which:	International Business Unit's income on loans and deposits ^{*2}		249.9	131.4	+4.6

Breakdown of consolidated gross profit by accounting items

		(JPY bn)	FY3/17	1H, FY3/18	YOY change
	Consolidated gross profit^{*5}		2,920.7	1,465.8	+48.3
	Net interest income		1,358.6	708.1	+47.5
of which:	SMBC		1,138.9 ^{*6}	480.6	(159.3)
	SMBCCF		163.0	85.0	+5.0
	Trust fees		3.8	1.9	+0.2
	Net fees and commissions		1,013.3	484.6	+20.5
of which:	SMBC		348.9	144.0	(7.9)
	SMCC		203.0	96.0	+7.0
	SMBC Nikko		176.0	85.0	+7.0
	Cedyna		117.0	53.0	(1.0)
	SMBCCF		66.0	35.0	+3.0
	Net trading income + Net other operating income		545.0	271.2	(20.0)
of which:	SMBC		173.9	83.5	(37.9)
	SMFL		149.0	81.0	+15.0
	SMBC Nikko		148.0	79.0	+9.0

*1 Managerial accounting basis *2 Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Trust *3 Sum of domestic income on loans and deposits for both yen and foreign currencies

*4 After adjustments of interest rates and exchange rates, etc. *5 Numbers excluding SMBC are rounded

*6 Includes JPY200bn of dividends from SMBC Nikko (2Q, FY3/17. eliminated in SMFG consolidated figures)

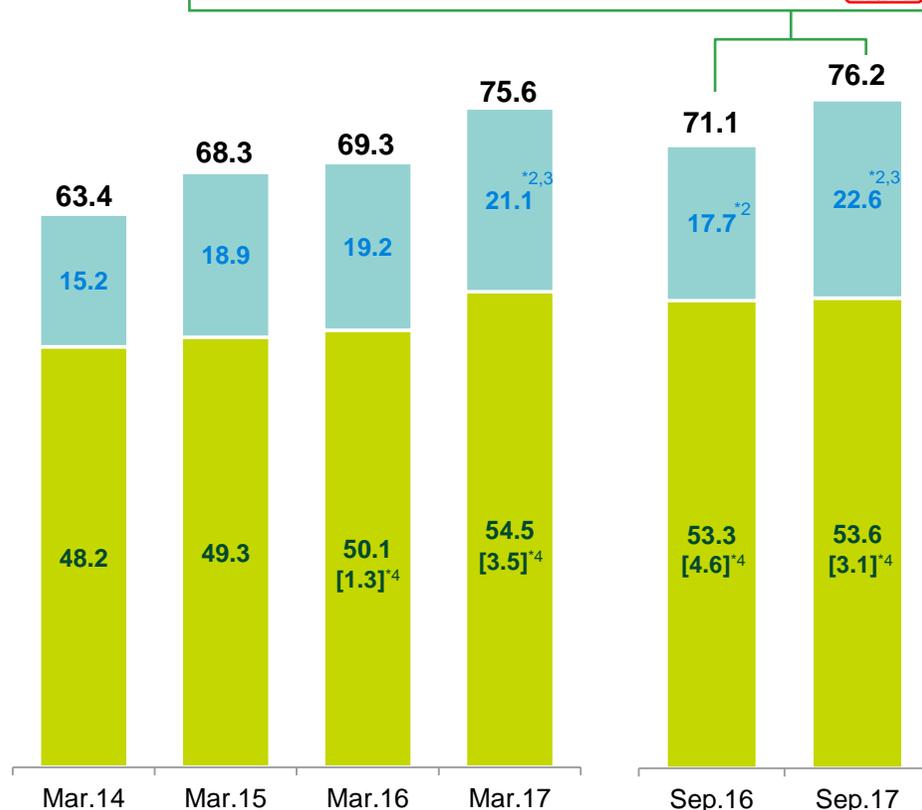
3. Loans

Loan balance*1

(JPY tn)

Breakdown of change from Sep. 2016 to Sep. 2017 (JPY tn)

Domestic offices excl. Japan offshore banking accounts excl. loans to the Japanese government, etc. and SMFG	+0.3 +1.7
Overseas offices and Japan offshore banking accounts after adjustment for changes in exchange rate	+4.9 +2.3
	+5.2



Average loan balance and spread*5

(JPY tn, %)	Balance		Spread	
	1H, FY3/18	YOY change*10	1H, FY3/18	YOY change
Domestic loans*1	53.0	+2.2	0.78	(0.06)
Excluding loans to the Japanese government, etc. and SMFG	49.9	+2.1	0.83	(0.07)
of which				
Large corporations*6	15.6	+1.5	0.52	(0.07)
Mid-sized corporations & SMEs*7	17.2	+0.7	0.71	(0.07)
Individuals	13.9	(0.3)	1.47	(0.02)
IBU's interest earning assets*8, 9 (USD bn, %)	270.3	+28.0	1.16	(0.06)

Domestic loan-to-deposit spread*1

(%)	1H, FY3/18	YOY change	1Q	2Q
Interest earned on loans and bills discounted	0.99	(0.10)	0.99	0.98
Interest paid on deposits, etc.	0.00	(0.01)	0.00	0.00
Loan-to-deposit spread	0.99	(0.09)	0.99	0.98

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

Interest earned on loans and bills discounted	1.03	(0.10)	1.04	1.02
Loan-to-deposit spread	1.03	(0.09)	1.04	1.02

*1 Non-consolidated *2 Exchange rates using TTM as of Sep. 2016: USD 1 = JPY 101.05, EUR 1 = JPY 113.19, Mar. 2017: USD 1 = JPY 112.19, EUR 1 = JPY 119.84, and Sep. 2017: USD 1 = JPY 112.74, EUR 1 = JPY 132.88 *3 Includes balance of SMBC Canada Branch which was newly opened in Nov. 2016 and took over business of wholly-owned subsidiary SMBC of Canada *4 Of which loans to the Japanese government, etc. and SMFG *5 Managerial accounting basis *6 Global Corporate Banking Division *7 Sum of Corporate Banking Division and SMEs covered by Retail Banking Unit *8 Sum of SMBC, SMBC Europe, SMBC (China), and SMBC Trust *9 Sum of loans, trade bills, and securities *10 After adjustments for interest rates and exchange rates, etc.

4. Domestic loans and deposits

Loan balance by domestic customer segment*1, 2

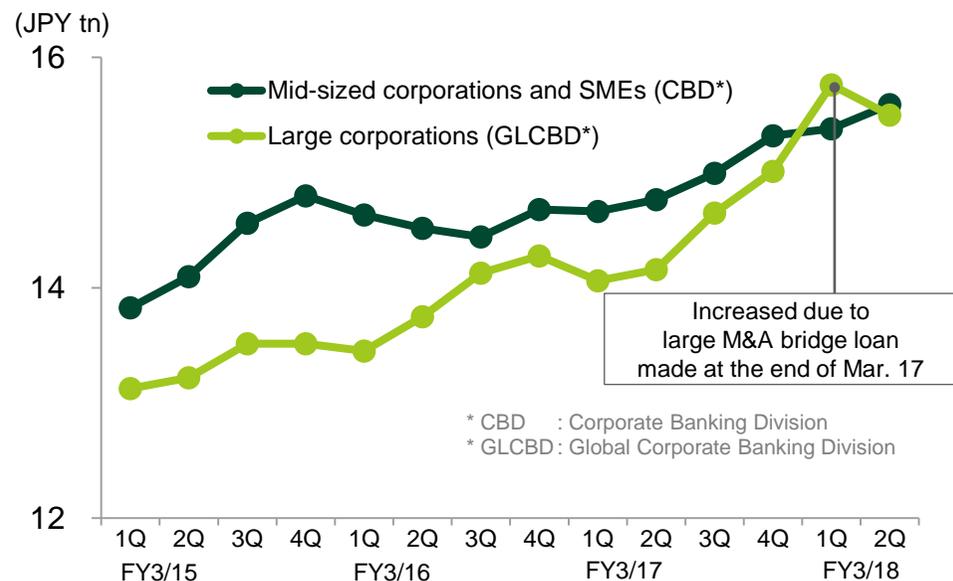
(JPY tn)	Sep. 17	vs. Sep. 16	vs. Mar. 17
Large corporations*3	15.3	+1.0	(0.4)
Mid-sized corporations & SMEs*4	17.7	+0.9	+0.1
Individuals	13.8	+0.0*5	(0.1)*5

Domestic deposit balance*1

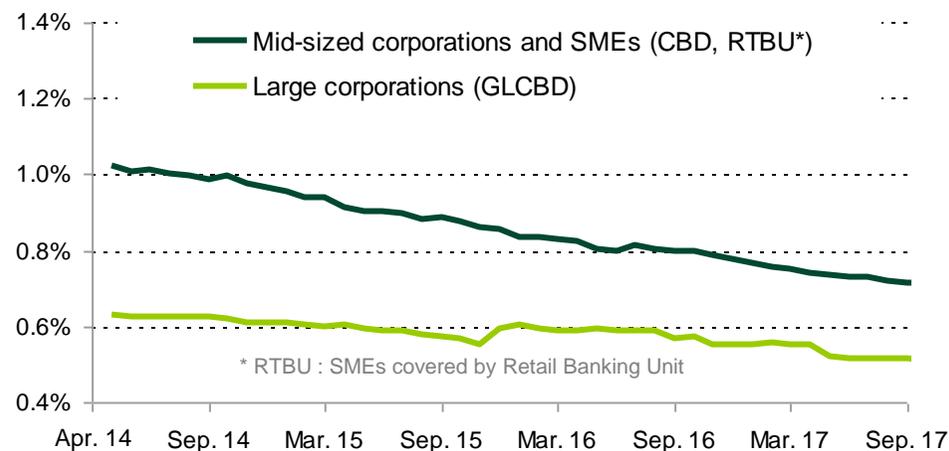
(JPY tn) ■ Individuals ■ Corporates



Loan balance of Wholesale Banking Unit*1, 2, 6, 7



Domestic corporate loan spread*1, 2, 6, 8



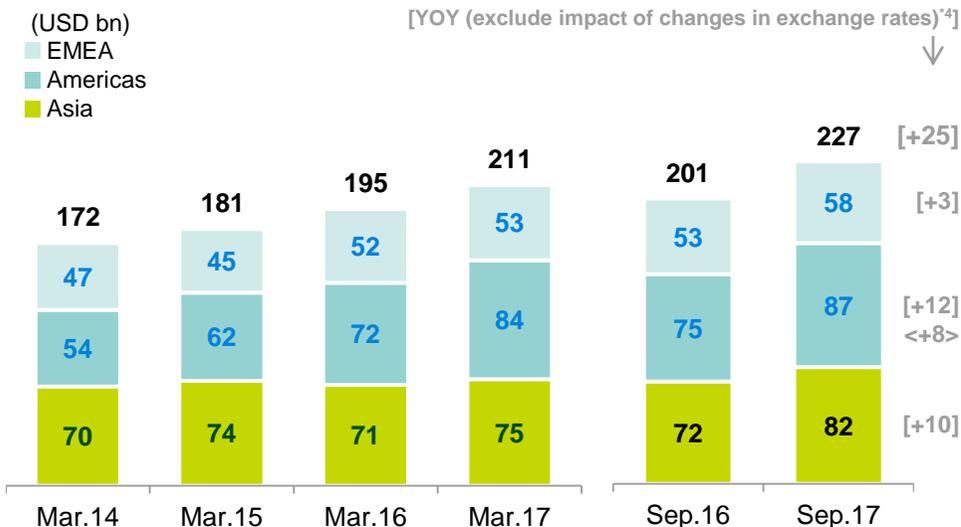
*1 Non-consolidated *2 Managerial accounting basis *3 Global Corporate Banking Division *4 Sum of Corporate Banking Division and SMEs covered by Retail Banking Unit

*5 After adjustments for securitization of housing loans (2H, FY3/17:JPY160 bn, 1H, FY3/18:JPY170 bn) *6 Excludes loans to the Japanese government, etc.

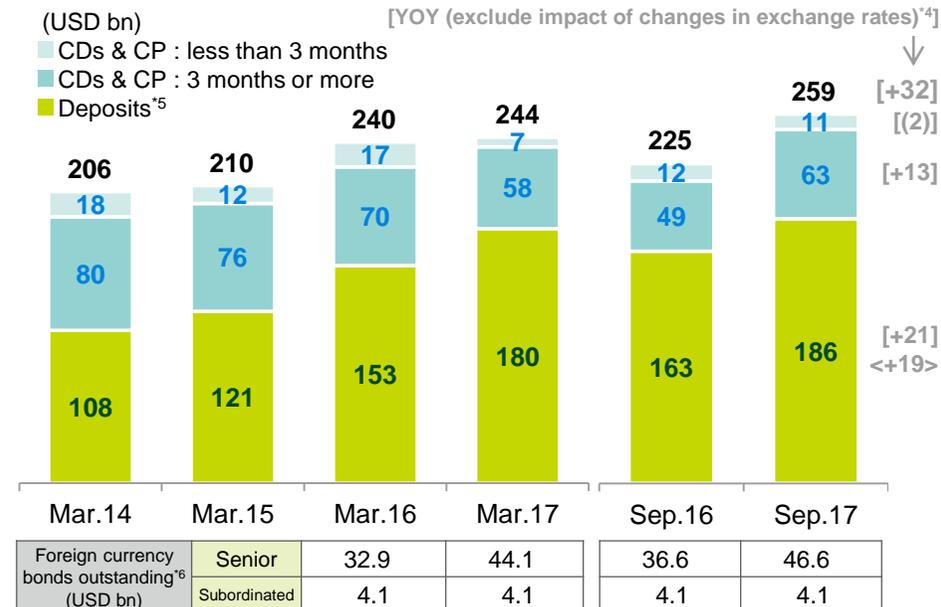
*7 Quarterly average *8 Monthly average loan spread of existing loans

5. Overseas loans and deposits

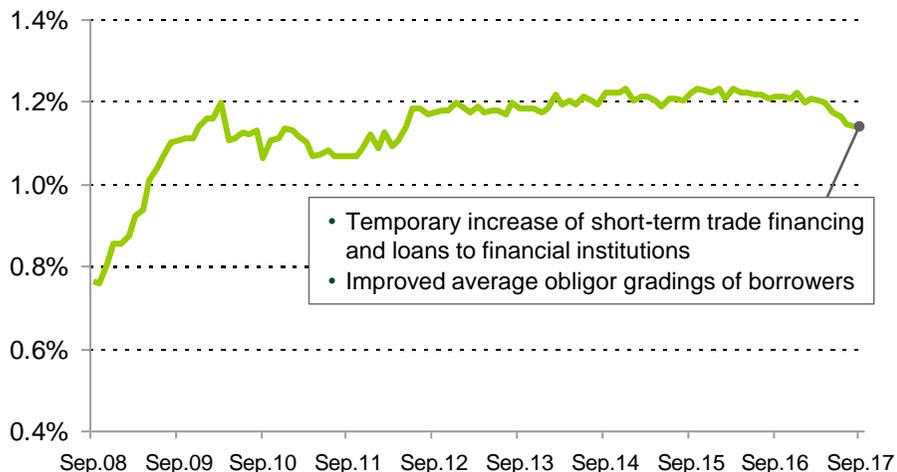
Overseas loan balance (includes trade bills)^{*1, 2}



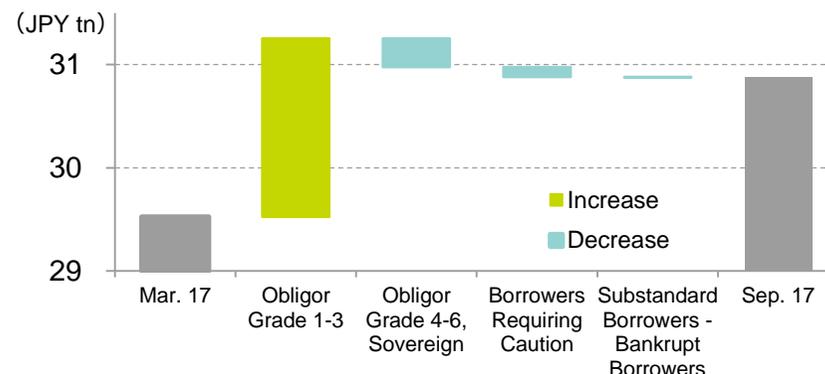
Overseas deposit balance^{*1, 2}



Overseas loan spread^{*1, 4}



(Ref.) Overseas exposure by Internal Ratings^{*7}



^{*1} Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Balance since 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

^{*4} Monthly average loan spread of existing loans ^{*5} Includes deposits from central banks ^{*6} Bonds issued by SMFG and SMBC ^{*7} Managerial accounting basis

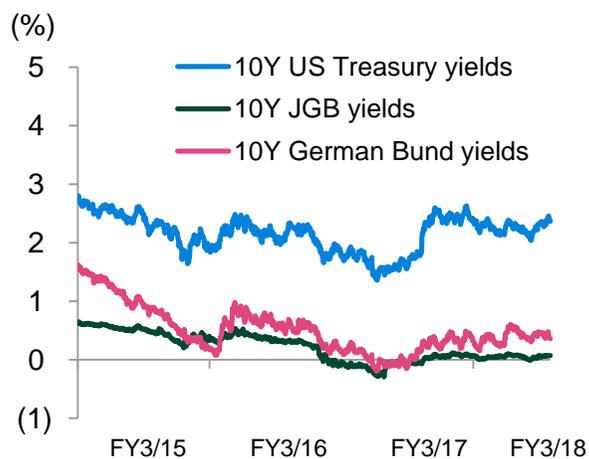
6. Gains (losses) on bonds

Gains (losses) on bonds (Non-consolidated)

(JPY bn)	FY3/17	1H, FY3/18	YOY Change
Gains (losses) on bonds	43.7	19.7	(38.3)
Domestic operations	8.2	6.4	(12.0)
International operations	25.5	13.4	(26.4)

Interest rate, stock price, and exchange rate

Interest rate of JGB, US Treasury and Bund



Nikkei Stock Average



Exchange rate JPY / USD



7. Expenses

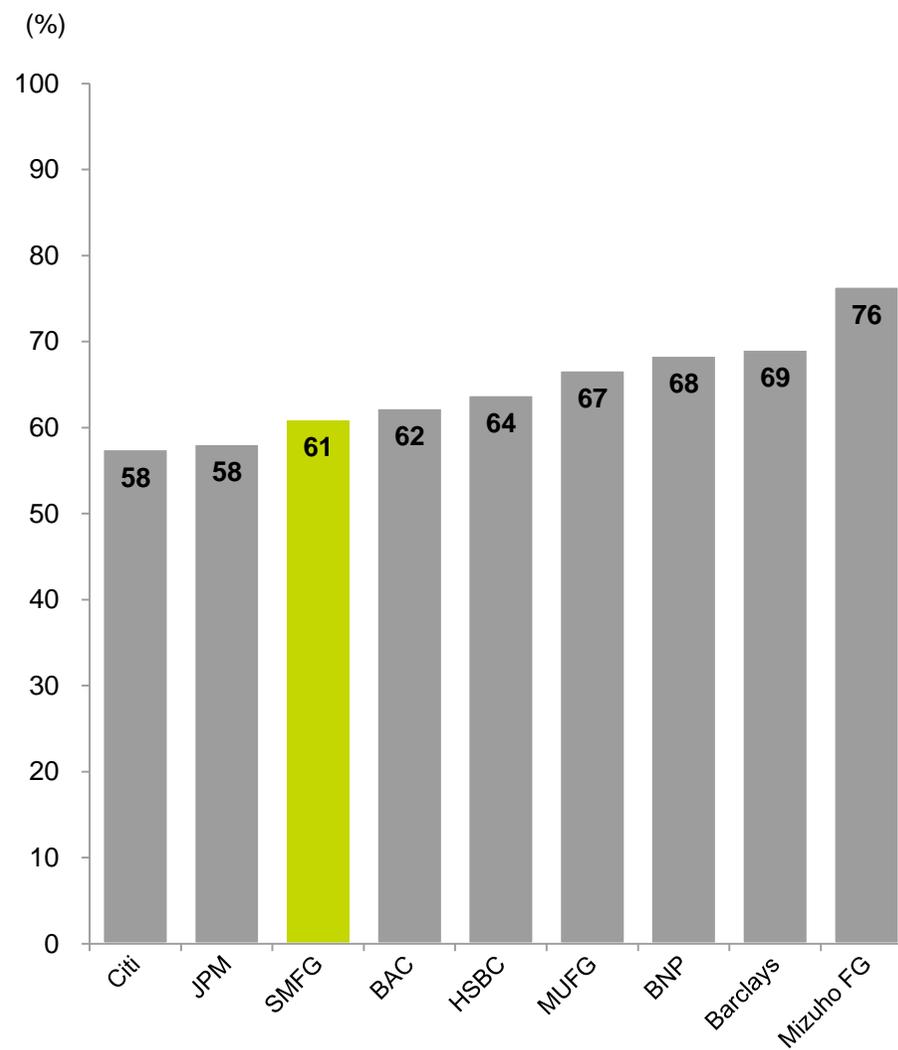
Consolidated

(JPY bn)	1H, FY3/18	YOY change
Expenses	(894.6)	(12.6)
Overhead ratio	61.0%	(1.2)%

By company (major Group companies)*1

(JPY bn)	1H, FY3/18	YOY change
SMBC*2	(403.8)	(1.8)
SMBC Nikko	(125.0)	(5.0)
SMCC	(83.0)	(5.0)
Cedyna	(57.0)	+1.0
SMBCCF	(53.0)	(2.0)
SMFL	(43.0)	(6.0)
SMBC Trust	(25.0)	+0.0
SMAM	(8.0)	(4.0)

Overhead ratio comparison *3

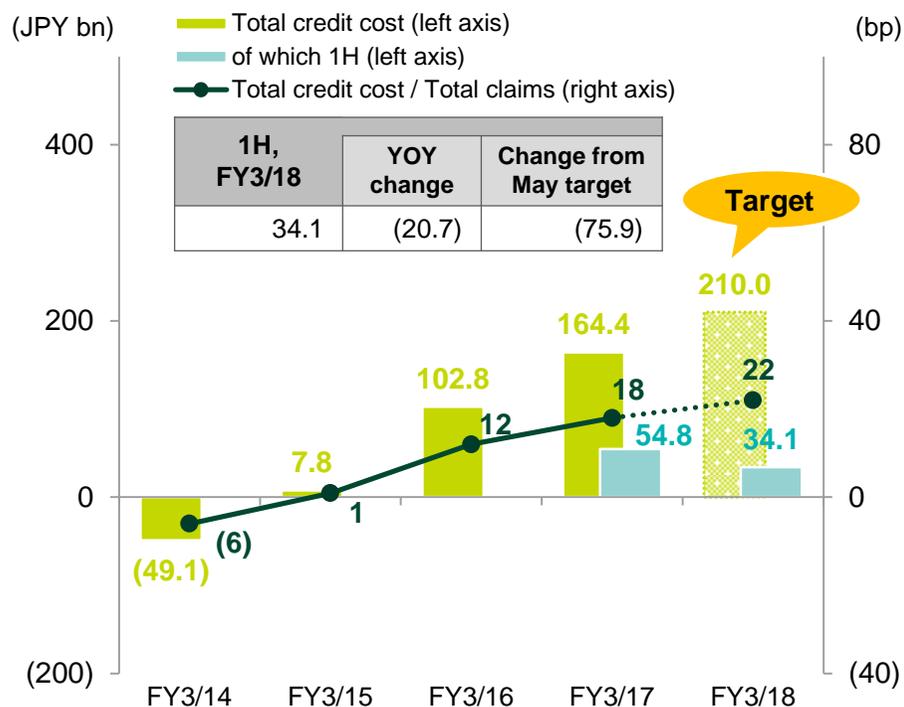


*1 Numbers excluding SMBC are rounded *2 Excludes non-recurring losses

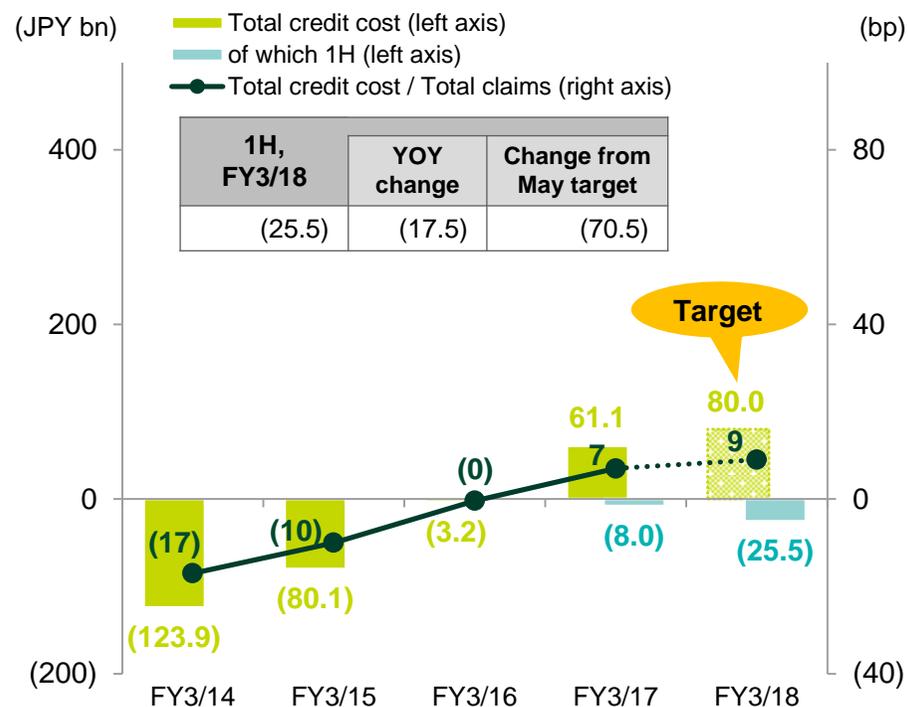
*3 Consolidated basis. Based on each company's disclosure. G&A expenses (for Japanese banks, includes non-recurring losses of subsidiary banks) divided by top-line profit (net of insurance claims). 1H, FY3/18 results for SMFG, MUFG and Mizuho FG. Jan. - Sep. 2017 results for others

8. Credit costs

Consolidated



Non-consolidated



By company (major Group companies)*

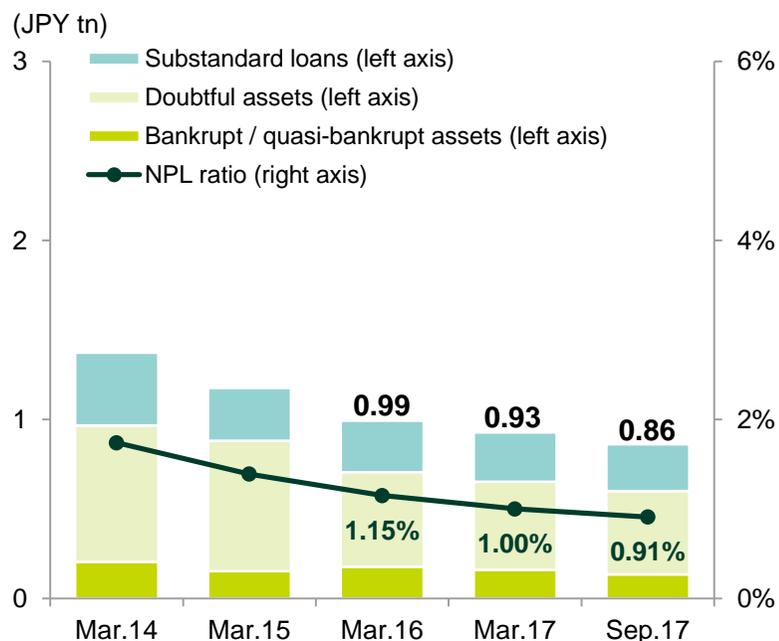
	(JPY bn)	1H, FY3/18	YOY Change
SMBC		(25.5)	(17.5)
SMBCCF		42.0	+3.0
SMCC		9.0	+3.0
Cedyna		7.0	+1.0

* Numbers excluding SMBC are rounded

9. Non-performing loan balance and ratio

Consolidated

	Mar. 17	Sep. 17
Coverage ratio	77.68%	76.12%

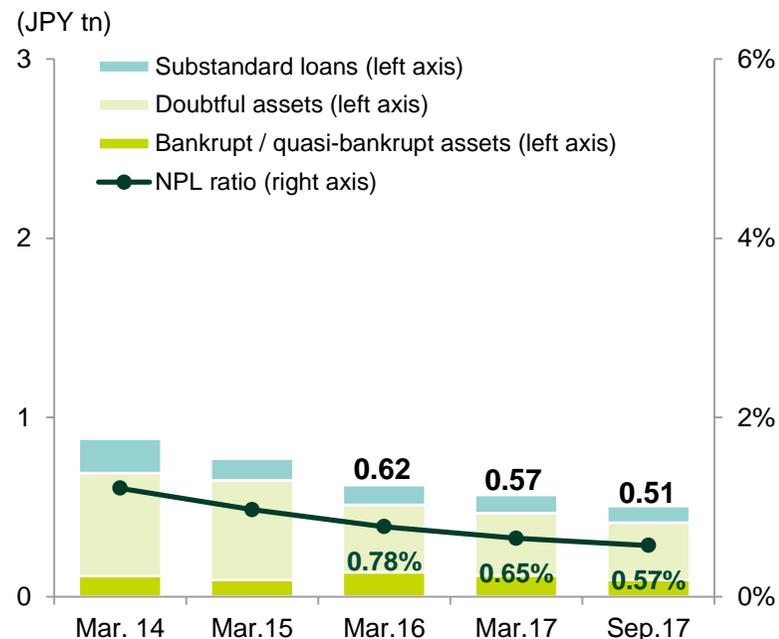


(JPY tn)

	Mar. 14	Mar. 15	Mar. 16	Mar. 17	Sep. 17
Total claims	79	85	87	93	94

Non-consolidated

	Mar. 17	Sep. 17
Coverage ratio	85.46%	84.62%



(JPY tn)

	Mar. 14	Mar. 15	Mar. 16	Mar. 17	Sep. 17
Claims on borrowers requiring caution*	1.6	1.6	1.4	1.6	1.6
Total claims	73	79	80	87	89

* Excludes claims to Substandard borrowers

10. Balance sheet

Consolidated B/S (Sep. 30, 2017) [vs. Mar. 31, 2017]

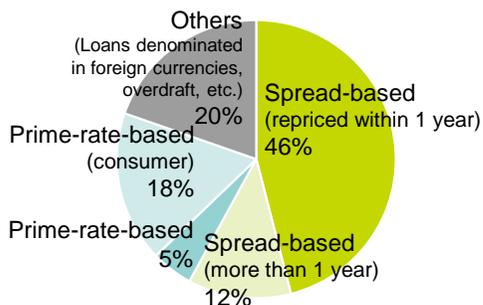
(JPY tn)

Non-consolidated

- Balance in the BOJ's current account
Sep. 30, 2017 PY 37.8 tn

Non-consolidated

- Domestic loans outstanding
JPY 53.6 tn



Consolidated

- Of which Stocks*1 JPY 3.9 tn
- Of which JGBs*1 JPY 8.1 tn
- Of which Foreign bonds*1 JPY 6.5 tn

Cash and due from banks
49.3 [+2.5]

Loans
81.2 [+0.9]

Domestic*2 53.6 [(0.9)]
Overseas*3,5 25.6 [+1.9]

Securities
24.4 [(0.2)]

Other assets
49.4 [+3.3]

Total assets 204.3 [+6.5]

Deposits (includes NCD)
132.8 [+3.1]

Domestic*2,4 95.7 [+1.2]
Overseas*3,5,6 29.2 [+1.9]

Other liabilities
59.8 [+2.9]

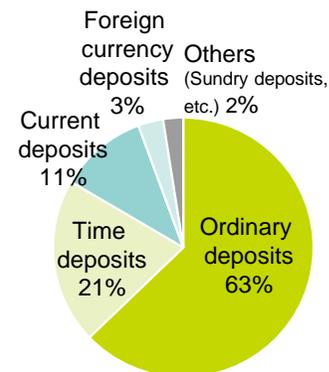
Total net assets
11.7 [+0.5]

Loan to deposit ratio

61.1 %

Non-consolidated

- Domestic deposits outstanding
JPY 89.1 tn



(Ref) Non-JPY B/S items*3,5

(USD bn)

302 Interest earning assets*7	211 Deposits (incl. deposits from central banks)
	97 Mid-to long-term funding (incl. corporate bonds, currency swaps, etc.)
87 Others*8 (consists mainly of highly liquid assets)	69 CDs & CP
42 Foreign bonds, NCD	52 Interbank (incl. Repo)

Assets / Liabilities 430

*1 Other securities *2 Non-consolidated *3 Managerial accounting basis *4 Includes NCD *5 Sum of SMBC, SMBCE, and SMBC (China) *6 Includes CDs and CP
*7 Sum of loans, trade bills, and securities of Marketing units (Wholesale Business Unit, Retail Business Unit and International Business Unit) *8 Includes deposits placed with central banks, etc.

11. Earnings target for FY3/2018

	(JPY bn)	FY3/17 results	1H, FY3/18 results	FY3/18 target	YOY change
Consolidated	Consolidated net business profit*2 USD 10.1^{*1} bn	1,132.9	601.3	1,130	(2.9)
	Total credit cost	(164.4)	(34.1)	(210)	(45.6)
	Ordinary profit USD 9.0^{*1} bn	1,005.9	615.5	970	(35.9)
	Profit attributable to owners of parent USD 6.3^{*1} bn	706.5	420.2	630	(76.5)
Non-consolidated	Banking profit*2 USD 7.5^{*1} bn	846.7 ^{*3}	305.3	610	(236.7)
	Total credit cost	(61.1)	25.5	(80)	(18.9)
	Ordinary profit USD 7.7^{*1} bn	864.0 ^{*3}	368.5	580	(284.0)
	Net income USD 6.1^{*1} bn	681.8 ^{*3}	284.5	450	(231.8)
Per share dividend (JPY)		150	80	160	+10

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 declining interest rates and declining spreads of domestic loans

Total credit cost

The full-year target remains unchanged against the continuing uncertain market environment though the pace of total credit cost recorded in the first half was lower than our target

Profit attributable to owners of parent

The full-year target remains unchanged against potential deterioration of the business environment in spite of the high progress rate in the first half

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	125.00

revised from original assumption of EUR 1 = JPY 115.00

*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 Includes JPY200bn of dividends from SMBC Nikko (eliminated in SMFG consolidated figures)

*4 (Ref) Nominal GDP growth rate: FY3/2017 result was +1.1%; FY3/2018 forecast estimated by Japan Research Institute was +1.6% as of May 2017, +1.6% as of Nov.2017; Nikkei stock average: JPY18,909.26 as of Mar. 31, 2017, JPY 20,356.28 as of Sep. 30, 2017

II. Progress of Medium-Term Management Plan and initiatives going forward

1. Overview of Medium-Term Management Plan (FY3/2018-FY3/2020)

SMFG Next Stage

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

Core Policy

1

Discipline

Disciplined business management

2

Focus

Focus on our strengths to generate growth

3

Integration

Integration across the Group and globally to achieve sustainable growth

FY3/2020 Financial Targets

Business Environment

- Challenging earnings environment
- Tighter international regulations
- New opportunities from technology and social trends

Key considerations

- Improve capital, asset, and cost efficiencies
- Healthy risk-taking versus credit cost control
- Balance among financial soundness, enhancing shareholder returns, and growth investments

Capital Efficiency

ROE

7~8%

Maintain at least 7% notwithstanding accumulation of capital

Cost Efficiency

OHR

1% reduction compared with FY3/2017

Reduce to around 60% at the earliest opportunity (FY3/2017: 62.1%)

Financial Soundness

CET1 ratio^{*1,2}

10%

Maintain capital in line with likely raised requirement (FY3/2017 8.3%)

*1 Calculated with RWA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms

*2 CET1: excludes net unrealized gains on other securities

RWA: excludes RWA associated with net unrealized gains on stocks

Shareholder Return Policy

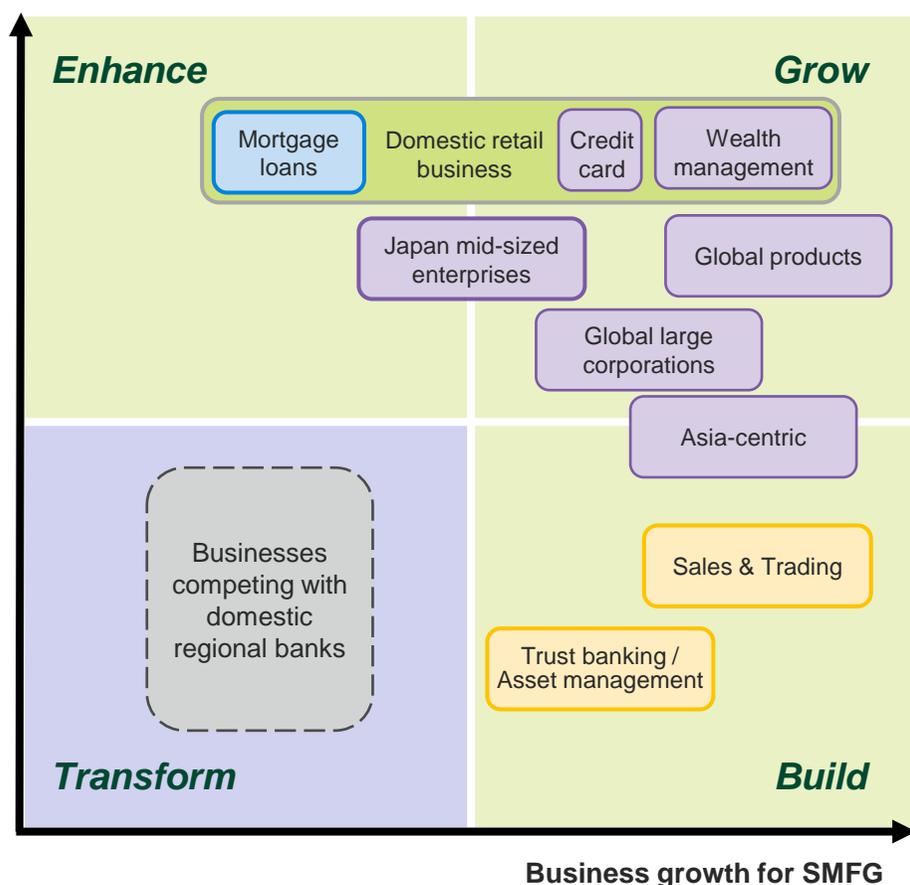
- Adopt a progressive dividend policy targeting payout ratio of 40%
- Dividend per share forecast for FY3/2018 is 160 yen, a 10 yen increase year on year
- Policy for share buybacks will be laid out after the finalization of Basel III reforms

2. Transformation of business/asset portfolio

- Prioritize business fields when allocating resources to enhance capital efficiency
- Maintain our competitive advantage in the domestic retail and wholesale businesses and generate stable earnings

Business portfolio transformation

SMFG's competitive advantage



Review of group operations

(Launched in 2017)

- | | |
|----------|---|
| March | Turning Kansai Urban Banking Corporation and THE MINATO BANK to equity method affiliates |
| August | Yahoo! JAPAN to consolidate The Japan Net Bank |
| August | Changing shareholder composition of POCKET CARD (ITOCHU and FamilyMart to raise its shareholdings) |
| November | Reorganization of the joint leasing partnership of SMFL <ul style="list-style-type: none"> - SMFG and Sumitomo Corp will respectively own 50% of SMFL - SMFG will turn SMFL to an equity method affiliate |

Turning SMFL to an equity method affiliate (around 4Q, FY3/19)

- Reorganize SMFL into a platform for the strategic joint leasing partnership for SMFG and Sumitomo Corporation. Each company will own 50% of SMFL going forward
- SMFG will turn SMBCAC to an equity method affiliate, while maintaining the ownership ratio of the company (Ownership ratio of SMBCAC: SMBC32%, SMFL68%)
- Financial impact (Post-Basel III reforms basis)
 - RWA :approx. JPY(3) tn
 - CET1 ratio :around +40bp
 - Impact on P/L :approx. JPY(4) bn annually

2. Transformation of business/asset portfolio

- Maintain the RWA calculated based on the current regulations and pursue inorganic reductions
- Improve asset efficiency by raising profitability of existing assets, investing in more profitable and asset efficient businesses, and reducing low-margin assets

Improve profitability of SMFG through inorganic actions* (In round numbers, Post-Basel III reform basis)

Current

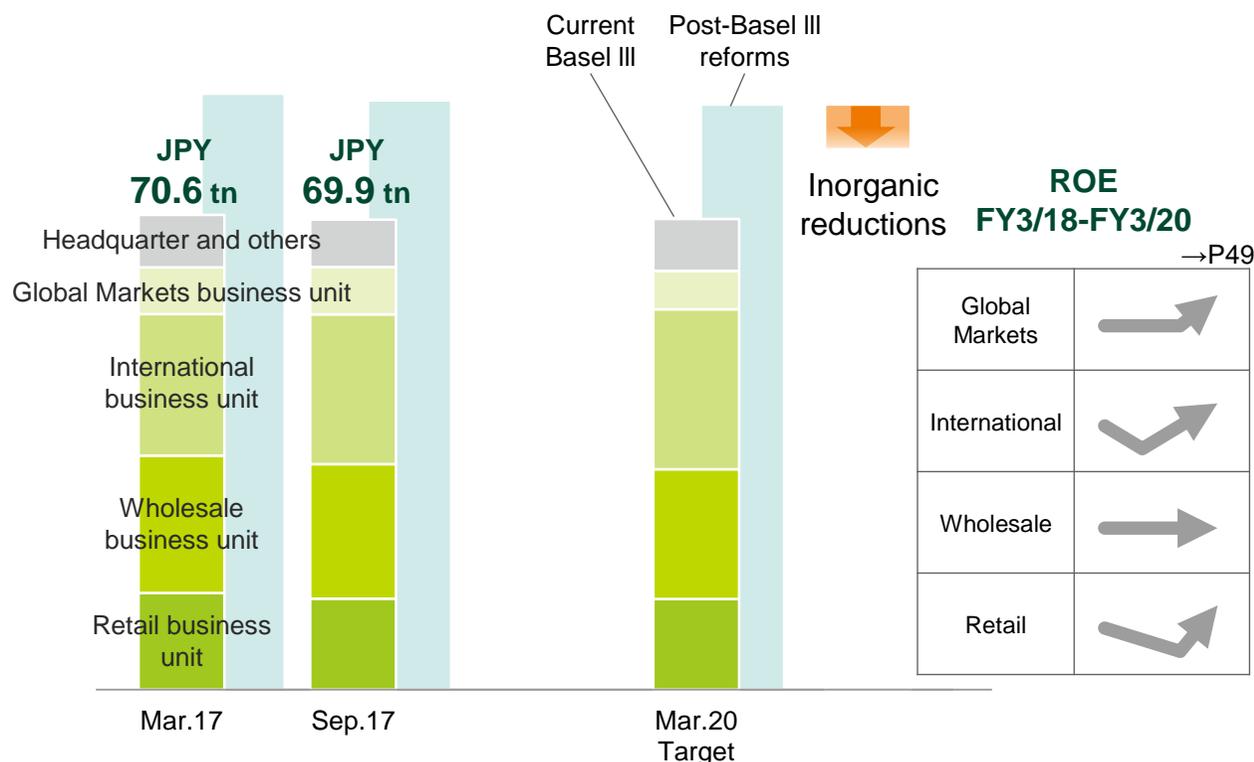
- bottom-line profit JPY 630 bn
 - RWA JPY around 90 tn
- RORA **0.7%**



After

- bottom-line profit JPY 625 bn
 - RWA JPY 80-85 tn
- RORA **0.8%**

RWA



* Turning Kansai Urban Banking Corporation, THE MINATO BANK, and SMFL to equity method affiliates

3. Cost control: Improving productivity and efficiency

- Made steady progress in executing key initiatives, especially the reduction of workload utilizing RPA*
*Robotic Process Automation
- Aim for remarkable productivity improvement on a group-wide basis by leveraging the effects of improved efficiency

Progress of key initiatives

Cost reduction of JPY 50 bn in 3 years

Business reform to improve efficiency

JPY 20 bn

- Processes within Headquarter departments were eliminated, integrated, and simplified after evaluation. Reduced workload by automating certain tasks with the use of RPA

➤ Completed automation of approx. 200 operations / 400 K hours (workload of 200 people) by Sep. 2017 through RPA

RPA workload reduction plan	FY3/18: 1 mn hours (workload of 500 people)
	3 years: 3 mn hours (workload of 1,500 people)

- Started the integration and sharing of functions on a group-wide basis in areas such as purchase/payment, warehouse/logistics, wage operations and computer centers

Retail branch reorganization

JPY 20 bn

	(# of branches)	by Sep.17	FY3/18 plan
➤ Relocate and remodel	11	→	100
➤ Centralize back-office operations	33	→	100

Reorganization of group companies

JPY 10 bn

- SMBC Nikko and SMBC Friend's integration process is progressing as planned

Cost reduction amount already in sight (as of Sep. 2017)

Approx.
JPY 20 bn

Effect on personnel
through key initiatives to improve efficiency

Reduce workload of 4,000 people (generate capacity)

Initiatives to leverage the effects of improved efficiency

Expand value-added operations (Profit ↑)

- Enhance sales and planning capabilities (sophisticate operations)
- Relocate staffs to strategic business fields

Reduce overtime work (Cost ↓)

Control replacement of retirees (Cost ↓)

- Control recruitment of new graduates (**SMBC's recruitment for FY3/19 was reduced by 40% year-on-year**)
- Control replacement of part time workers and temporary staffs
- Expand personnel exchange within the group companies

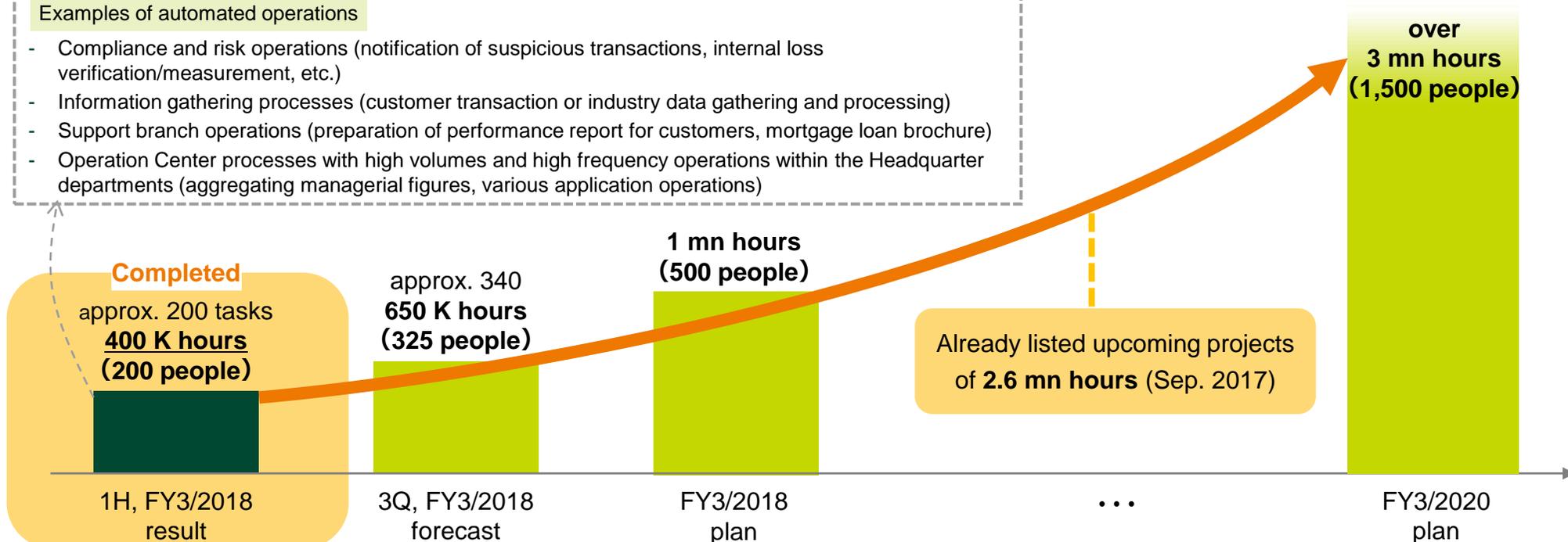
Achieve remarkable productivity improvement
on a group-wide basis

3. Cost control: Utilizing RPA (Robotic Process Automation)

- Completed automation mainly in headquarter tasks of up to 400 thousand hours (workload of 200 people) through RPA
- Workload reduction of 1 million hours (workload of 500 people) is expected by the end of this fiscal year, and more than 3 million hours (workload of 1,500 people) within the next three years

<p>1H, FY3/17 Mainly automated high volume routine tasks within the Headquarter departments of SMBC</p> <ul style="list-style-type: none"> ➢ Established a collaborative framework with multiple consulting firms* ➢ Adopted a product from UiPath which provides both desktop type and server type RPA 	<p>2H, FY3/17 Expansion of RPA outside Headquarter departments and adoption of new technology</p> <ul style="list-style-type: none"> ➢ Expand the range of targets to operation centers and marketing units ➢ Enlarge the business areas of automated processes by combining RPA with new technologies such as OCR 	<p>2H, FY3/17 Expansion of RPA within the group and to various areas by self-manufacture</p> <ul style="list-style-type: none"> ➢ Share the RPA knowledge accumulated in SMBC within the group ➢ Expand training programs for employees in order to actively utilize RPA
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- Examples of automated operations**
- Compliance and risk operations (notification of suspicious transactions, internal loss verification/measurement, etc.)
 - Information gathering processes (customer transaction or industry data gathering and processing)
 - Support branch operations (preparation of performance report for customers, mortgage loan brochure)
 - Operation Center processes with high volumes and high frequency operations within the Headquarter departments (aggregating managerial figures, various application operations)



* Accenture Japan Ltd., EY Advisory & Consulting Co., Ltd., Deloitte Tohmatsu Consulting LLC, IBM Japan, Ltd., PwC Consulting LLC, UiPath

4. Focus on Seven Core Business Areas

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

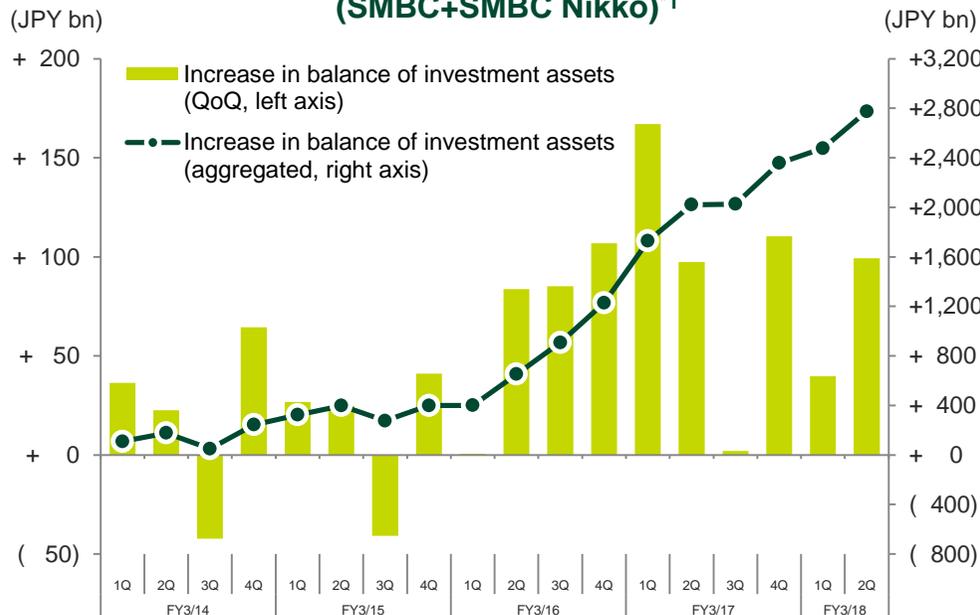
5. Initiatives by business units: Retail business ①

- Promoted wealth management business through bank-securities integration, resulting in strong sales performance of investment products focusing on medium- to long-term diversified investments
- Transform business model by utilizing digitalization through “SMBC Debit” and Smartphone apps

Promotion of wealth management business

- Formulated and published “Basic Policy for Customer-Oriented Business Conduct” in the Retail Business Unit
- The balance of fund wrap exceeded JPY 1.5 tn (SMBC + SMBC Nikko)
- The first investment fund with a “protect line” in Japan was released in Jul. 2017. Net asset: JPY 149.8 bn (as of Nov.15, 2017)

Increase in balance of investment assets
(SMBC+SMBC Nikko)*1



*1 SMBC: Retail Banking Unit (individuals), SMBC Nikko: Marketing Unit (individuals) Excludes effects of current price variation

*2 Japan Institute of Information Technology

Transforming business model through digitalization

Cashless

- Released “SMBC DEBIT”, the first debit card in Japan equipped with two touch settlement sensors



- Started the sales of credit card through SMBC’s web channel

Digitalization of over-the-counter services

- Received “Service & Hospitality Award 2017” for excellence*2



Web application of housing loans

- Launched a web application service for housing loans which enable customers to go through the credit procedure through a smartphone app



5. Initiatives by business units: Retail business ②

- Branch reorganization: Completed transformation of 11 branches to next-generation branches by Sep. 2017 as well as centralization of back-office operations
- Plan to speed up the process to complete transformation of 100 branches by the end of Mar. 2018

Branch reorganization

- In the branches that were reformed, we saw effects as expected and reactions from customers were good

Reactions of customers to Ginza branch (flagship of next-generation branch)

Number of clients	YoY change (Apr.- Aug)	Result of questionnaire Impression on Ginza branch
Routine transactions	Approx. (20)%	
Consultation	Approx. +80%	

Introduction of branches exclusive to individuals

- Improved efficiency of personnel/space and expanded consulting space for individual clients by integrating administration of corporate clients to a nearest large branch

Purpose

Image

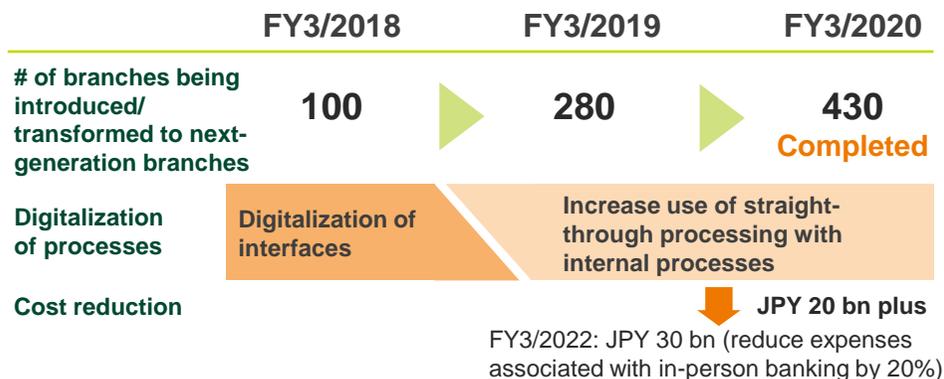


Branch exclusive to individuals
“SMBC The PERSONAL”

Nakanosakaue Branch

Sasazuka Branch

Introducing next-generation branches



Area of branch

Ratio of space for clients

(65)%

(47)%

18%⇒54%
(165m²⇒172m²)

20%⇒56%
(155m²⇒224m²)

5. Initiatives by business units: Wholesale business ①

- Promote measures to improve profitability and enhance non-interest income to confront the continuous decline of loan spreads
- Leveraged group-based and domestic-overseas integrated approaches to large corporate clients

Key initiatives to improve asset efficiency

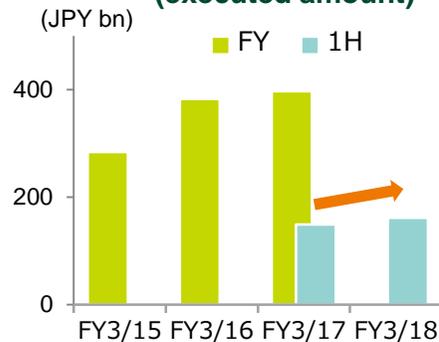
Further promotion of initiatives to improve profitability

- Promote high value-added loans
- Reinforce profitability management of each client and form plans to improve profitability
- Apply a business performance assessment criteria to front offices that values improvement of profitability

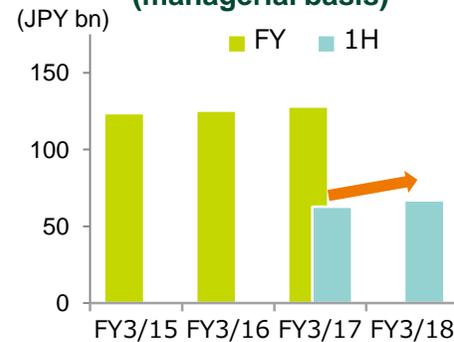
Enhancement of non-interest income

- Steady growth of non-interest base income (money remittance/electronic banking, FX) by expanding transactions with clients

Business successions related loans (executed amount)



Non-interest base income (managerial basis)

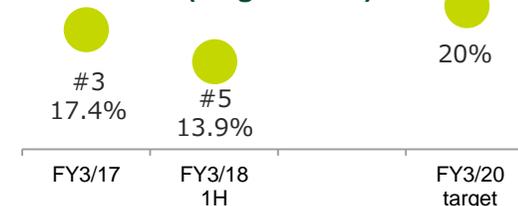


Expand presence in business with large corporate clients in Japan/overseas

Strengthen Corporate & Investment Banking model both in Japan and overseas

- Formulate cross-functional team in SMBC, SMBC Nikko, SMFL and SMBC Trust. Share an account plan within the group and allocate resource effectively to targeted clients

Lead arranger of Japanese corporate bonds (league table)



League tables (Apr. -Sep. 2017)^{*1}

	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount) ^{*2}	#6	6.2%
JPY denominated bonds (lead manager, underwriting amount) ^{*3}	#5	16.1%
Financial advisor (M&A, No. of deals) ^{*4}	#1	6.1%
Financial advisor (M&A, transaction volume) ^{*4}	#5	9.1%
IPO (lead manager, No. of deals) ^{*5}	#3	14.3%

^{*1} SMBC Nikko Securities for Global equity & equity-related and JPY denominated bonds. SMFG for Financial advisor and IPO. Source: SMBC Nikko, based on data from Thomson Reuters

^{*2} Japanese corporate related only. Includes overseas offices ^{*3} Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds

^{*4} Japanese corporate related only. Group basis ^{*5} Excludes REIT IPO. Includes overseas offices

5. Initiatives by business units: Wholesale business ②

- Offer multi-solutions on a group wide basis in the medium-sized enterprise market

Build on our lead position in the Japanese medium-sized enterprise market

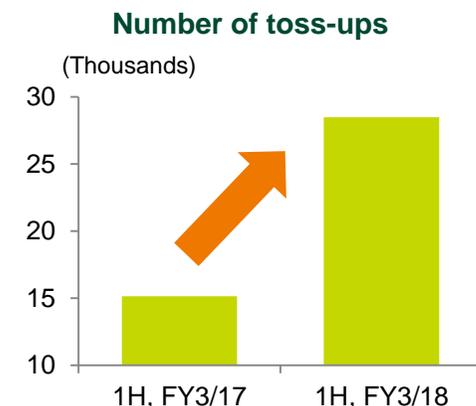
Key fields	Initiatives
Support start-up companies and growing industries	➤ Promote collaboration within the group and development of financial solutions in the growing business fields to host various events for each fields
PB (Private Banking) approach	➤ Propose to privately-held listed corporations from both the PB approach and corporate business approach
Increase of corporate value (Private Equity fund)	➤ Reinforce origination and promote transactions such as curve outs and business successions
Real estate business	➤ Enhance further alignment of SMBC, SMBC Nikko, SMBC Trust, SMFL and promote proposals regarding Corporate Real Estate

Initiatives towards growing business fields on a group basis

Business fields	Initiatives
IT	<ul style="list-style-type: none"> ➤ Host various events at our open innovation hub in Shibuya, "hoops link tokyo" ➤ Hosted Israel × Healthtech seminar
Healthcare	➤ Closing of the first SIB (Social impact bond) in Japan, hosted SIB seminar
Agriculture	➤ Utilization of "Mirai Kyoso Farm"
Environment/energy	➤ Contract authentication of green bond (Tokyo)
Tourism	➤ Held Kominka (old and traditional Japanese housing) /regional revitalization seminar

Promotion of collaboration within the group

- The number of tossing up needs of customers increased significantly within the group companies

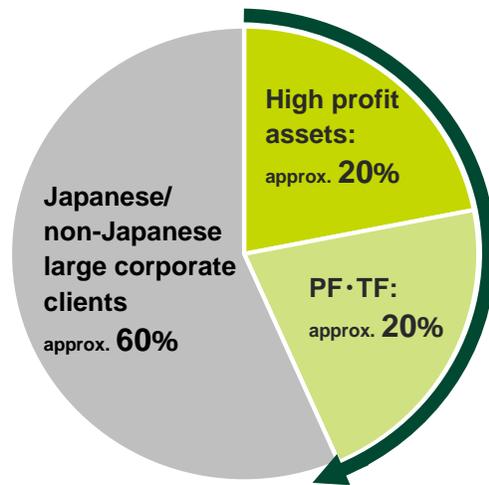


5. Initiatives by business units: International business ①

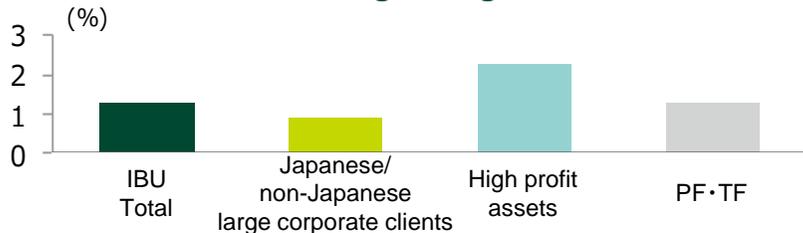
- Promote cross-selling through bank-securities integration (Bonds underwriting, FX, derivatives, etc.)
- Promote asset turnover (O&D) business model to further improve asset efficiency of global products that we hold competitive advantages

Portfolio of international business

- Target to allocate around 45% to high profit assets and PF·TF under disciplined operation

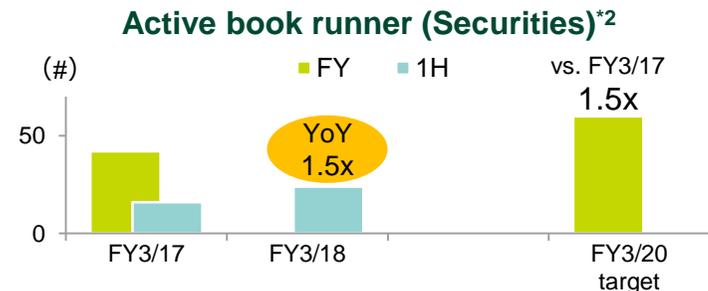


Average margin*1



Bank-securities integration

- The number of securities transactions (bonds) with active book runner roles increased by 150% from 1H, FY3/17
- Increased transactions associated with security business (FX, derivatives, etc.)



Global products that we hold competitive advantages

Business	Ranking	Expand product line-up and promote O&D
Aircraft leasing	#4 (Global)	<ul style="list-style-type: none"> ➢ Aircraft finance with AFIC*5 (first in the world) ➢ Set up a fund to invest in LBO loan for the middle market
Railcar leasing	#6 (U.S.)	
Subscription finance	#5*3 (U.S.)	
Project finance	#2*4 (Global)	

*1 Excludes up-front fees *2 Excludes deals issued by SMFG *3 Transaction amount base (our estimate) *4 Thomson Reuters Jan.-Jun., 2017

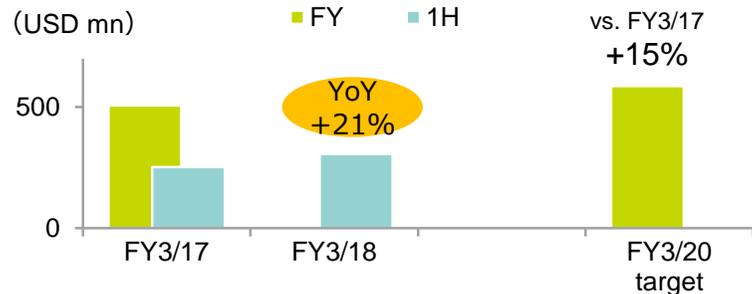
*5 Aircraft Finance Insurance Consortium provides an aircraft finance insurance product and is underwritten by four private insurance companies (Allianz Risk Transfer, Axis Insurance, Sompo International, Fidelis)

5. Initiatives by business units: International business ②

- Expand profit by deepening relationships with core clients in Asia and take advantage of mid- to long-term growth in Asia through the Multi-franchise strategy
- Focus on stability, cost, and diversity in foreign currency funding

Asia-centric

Non-asset based profit (Asia)



- Promote cross-selling by deepening relationships with core clients, i.e. prime local companies, growing companies, and large multi-national companies
- Strengthen transaction banking business

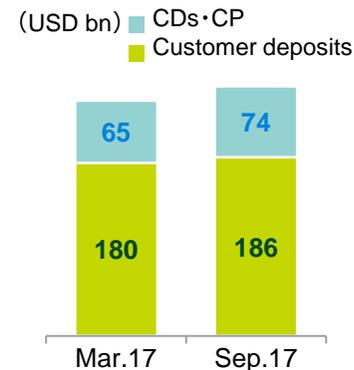
Expand business base in Asia

- Multi-franchise strategy in Indonesia
 - Collaborate with BTPN in finance for suppliers and distributors (Japanese / non-Japanese)
 - Develop and expand digital retail banking
- Enhance approach to investors in Asia

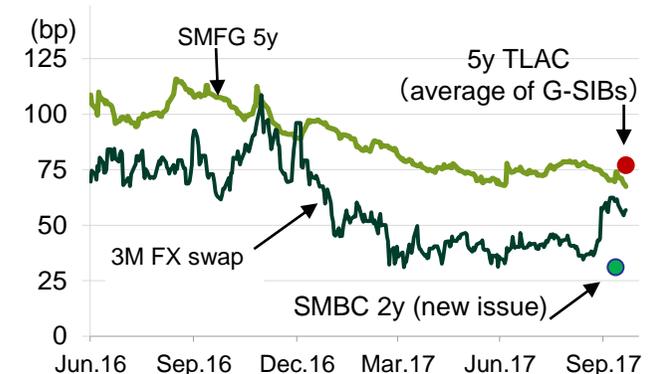
Foreign currency funding

- Acquiring overseas customer deposits and issuing foreign currency denominated bonds regularly in mindful of stability, cost, and diversification of currencies and terms

Overseas deposit balance



Senior bonds secondary spread*1



Issues of foreign currency senior bonds*2

- USD
 - SMFG*3 : USD 6,750 mn in total in Jul. 2017 and Oct. 2017 (5y, 10y)
 - SMBC : USD 1,500 mn in Oct. 2017 (2y)
- EUR
 - SMFG*3 : EUR 1,750 mn*4 in total in Jun. 2017 (5y, 10y) and Oct. 2017 (7y)
- AUD
 - SMFG*3 : AUD 750 mn in Sep. 2017(5.5y)

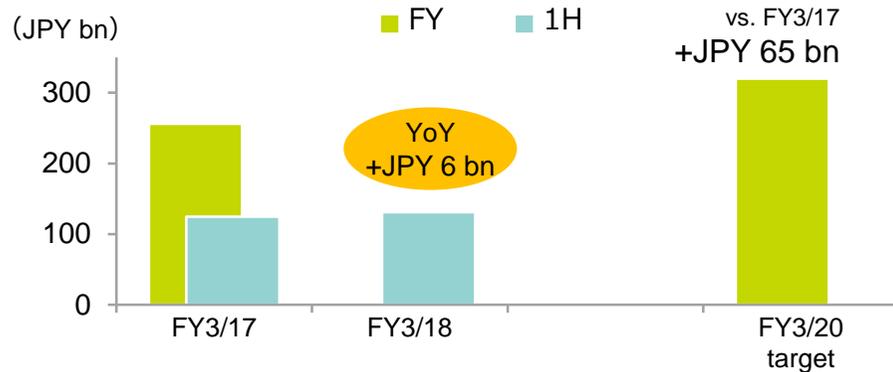
*1 Spread against 3 month USD LIBOR *2 Issued in overseas market since Apr. 2017. Targeting foreign institutional investors *3 TLAC bonds

*4 of which EUR 500mn were green bonds

5. Initiatives by business units: Global markets

- Increased the volume of FX and derivative transactions
- Enhance Sales & Trading (S&T) to raise the level of earnings strength and stability

S&T profits



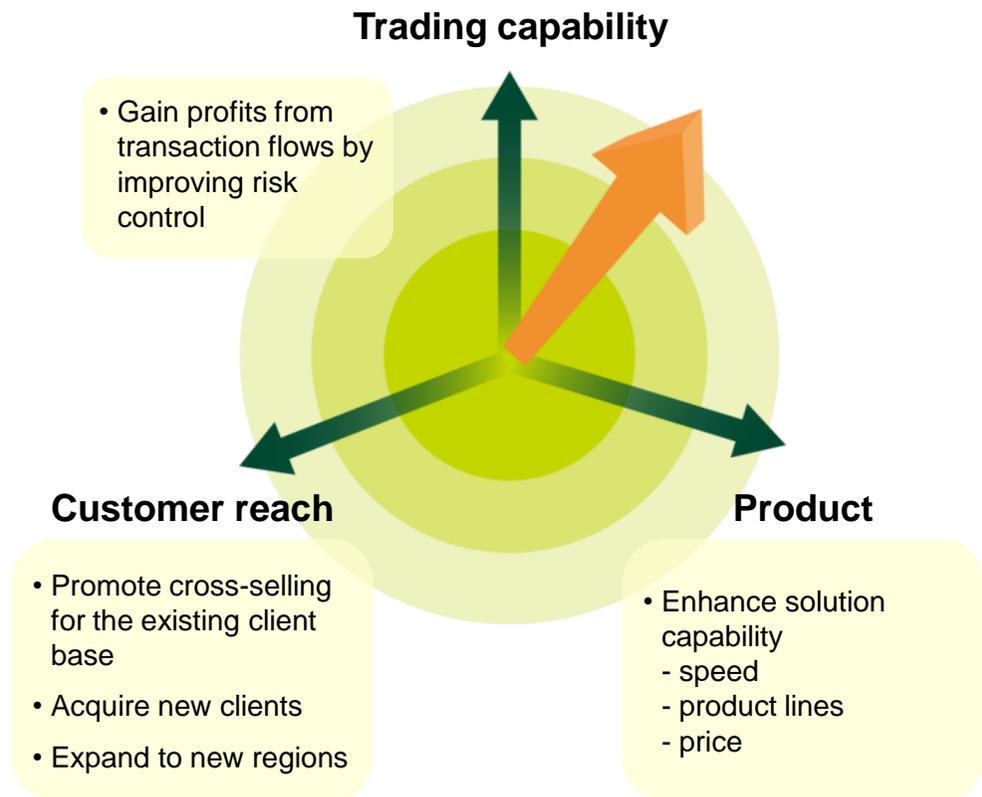
- Promote cross-selling (FX, derivatives, fund management)
- Provide clients with solutions to control market risks
- Enhance SMBC Nikko's equity trading capability

Foreign exchange profit*



* Managerial accounting basis

Enhance S&T



(Ref) Gross profit, ROE and RWA by group-wide business units

		(JPY bn)	1H,	FY3/17 ^{*1}	1H,	YOY
			FY3/17 ^{*1}	FY3/18	change ^{*2}	
Retail Business Unit	Gross profit	628.2	1,288.9	633.0	+21.3	
	Expenses	(514.8)	(1,015.4)	(506.1)	(4.2)	
	Overhead ratio	82.0%	78.8%	80.0%	(2.1)%	
	Others	3.3	12.2	5.6	+2.4	
	Net business profit	116.6	285.7	132.5	+19.5	
	ROE^{*3, 4}	-	-	6.5%	-	
	RWA (JPY tn)^{*3, 5}	-	-	13.5	-	
Wholesale Business Unit	Gross profit	371.7	775.6	362.0	(11.6)	
	Expenses	(166.2)	(346.7)	(171.0)	(1.6)	
	Overhead ratio	44.7%	44.7%	47.2%	+1.9%	
	Others	20.1	44.1	23.8	+4.2	
	Net business profit	225.6	473.0	214.8	(9.0)	
	ROE^{*3, 4}	-	-	10.4%	-	
	RWA (JPY tn)^{*3, 5}	-	-	20.0	-	
International Business Unit	Gross profit	259.2	585.8	311.0	+17.5	
	Expenses	(112.3)	(251.9)	(139.2)	(9.7)	
	Overhead ratio	43.3%	43.0%	44.8%	+0.6%	
	Others	21.6	30.2	30.3	+15.1	
	Net business profit	168.4	364.1	202.1	+22.9	
	ROE^{*3, 4}	-	-	10.4%	-	
	RWA (JPY tn)^{*3, 5}	-	-	22.3	-	
Global Markets Business Unit	Gross profit	203.1	346.6	196.4	(8.0)	
	Expenses	(25.6)	(50.3)	(26.6)	0.0	
	Overhead ratio	12.6%	14.5%	13.5%	+0.5%	
	Others	3.4	8.1	8.5	+1.9	
	Net business profit	181.0	304.4	178.3	(6.1)	
	ROE^{*3, 4}	-	-	35.9%	-	
	RWA (JPY tn)^{*3, 5}	-	-	7.0	-	

*1 Figures for FY3/17 were adjusted retrospectively in the Business Unit basis which was introduced in FY3/18

*2 After adjustments of interest rates and exchange rates, etc. *3 Preliminary figure

*4 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 Markets Business Unit does not include interest-rate risk associated to the banking account

*5 RWA is calculated based on Basel III transitional basis

6. Digitalization

- Proactively introduce new technologies and promote digitalization

Enhancing the customer convenience



Cashless payments



Smartphone applications

Generating new businesses



Platform



B2B

Improving productivity and efficiency



RPA



Workstyle reform (public cloud)

Upgrading management infrastructure



MIS



Cyber security



Smartphones



SNS



Biometric authentication



AI



API



IoT



Big data



Blockchain

6. Digitalization

- Focus on generating and commercializing new “platform” businesses
- Promote open innovation through alliance and collaboration with various domestic and overseas players

Generating new businesses

Biometric authentication platform (launched in Jul. 2017)



The first approval of the Banking Act revision



Can be used in various smartphone apps



Compatible with all mobile carriers and devices

Electronic barcode (launched in Sep. 2017)



Users

- Improve portability and convenience
- Avoid overdue

Claimants

- Reduce cost for printing and mailing
- Improve efficiency of receipt operation

Convenience stores

- Reduce waiting time of cashiers
- Improve efficiency of in-store operations



Name of service : **PAYSLE**

- Aim for gaining market share of 20% in receipt operation in convenience stores by the end of FY3/21, out of the total market size of JPY 10 tn

Promoting open innovation

Comprehensive alliance with Yahoo! JAPAN (Aug. 2017)

- Provide customers with value-added financial services by utilizing expertise and resources of SMFG and Yahoo! JAPAN through a joint venture

Established “hoops link tokyo” in Shibuya (Sep. 2017)

- A hub for various people to communicate face to face leading to generating new businesses for SMFG



- Hosting events of various business fields
 - Pitch events held by startups (CyberAgent Ventures etc.)
 - Study sessions for engineers on subjects such as AI and blockchains
- Approx. 1,000 people participated in two months since the opening

Pursuing new technology

Facial authentication payment service

- “Minister of Economy, Trade and Industry Award”



Utilization of AI at contact centers (SMBC)

- “Contact Center World Award 2017”
Received gold award for “Technology Innovation” and “Outbound”



7. ESG ①

- Enhance governance framework by transforming into a Company with Three Committees.
Revised the executive pay system in order to ensure the management is well aligned with the shareholder perspective
- Issued green bonds to enhance environmental businesses
- Included in ESG indices selected by GPIF

Governance

Transforming into a Company with Three Committees

- Establish standard G-SIFI governance framework
- Strengthen the supervisory function of the Board of Directors
- Expedite execution of operations

Outside directors

- Increased the number of Outside directors from five to seven (ratio against the total number of Directors increased from 36% to 41%)
- Arranged a small meeting with Outside director for investors

Introduction of New Stock Compensation Plans for Executives utilizing restricted stock

- Introduced compensation that is linked to financial targets of the medium-term management plan and to our stock performance
- Raise the ratio of stock-based compensation
- Strengthen risk management through the introduction of a system for (a) partial deferral of bonuses and (b) reducing or returning compensation (Malus and Clawback)

Advisor (Komon) system

- There are currently one advisor (Komon) in SMFG, and eight in SMBC who are former Chairman or President. Advisor (Sodanyaku) system has been abolished in 2002
- Advisors are not involved in any management decision process

Environment, Society

Issued Euro-denominated green bond (Oct. 2017, EUR 500 mn)

- Outline**
- First Euro-denominated green bond (TLAC bond) issued by SMFG*1
 - First project along the Green Bond Guidelines, 2017*2
 - Obtained a second opinion from Sustainalytic
- Objective**
- Support to achieve the Sustainable Development Goals (SDGs)
 - Enhance environmental businesses
 - Meet investor's needs

Included in Nadeshiko Brand selection (in 2013, 2015, 2017)



*1 SMBC issued green bond in 2015

*2 "Green Bond Guidelines, 2017" (established by the Ministry of the Environment in March 2017)

Included in ESG indices selected by GPIF



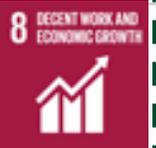
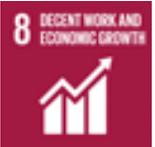
FTSE Blossom
Japan



2017 Constituent
MSCI Japan ESG
Select Leaders Index

7. ESG ②

- Contributing to realize Sustainable Development Goals (SDGs) through promotion of activities focusing on “Environment”, “Next Generation” and “Community”

	Priority Issues (Materiality)	Relevant SDGs	Initiatives
E	Environment	      	<ul style="list-style-type: none"> Supporting renewable energy Following the Equator Principles Green bonds and environmental assessment loans
S	Next Generation	    	<ul style="list-style-type: none"> Financial education in Japan and overseas Supporting human resources cultivation Supporting international students
	Community	      	<ul style="list-style-type: none"> Diversity & Inclusion (female participation, LGBT, foreign officers) Working styles reform
G	Management base	  	<ul style="list-style-type: none"> Enhancing governance Compliance

focused targets

III. Financial Targets

Progress on financial targets

		FY3/17	1H, FY3/18	(Ref) FY3/18 target*4	FY3/20 target
Capital efficiency	ROE	7.8%*1	10.1%*2	The same level as FY3/17	7 ~ 8%
Cost efficiency	Overhead ratio	62.1%	61.0%	Around 62.5% Pursue a lower number than the target	1% reduction compared with FY3/2017
Soundness	CET 1 ratio*3	8.3%	8.8%	A little less than 9%	10%

*1 Excluding special factors, such as the effects of implementing the consolidated corporate-tax system *2 Annualized

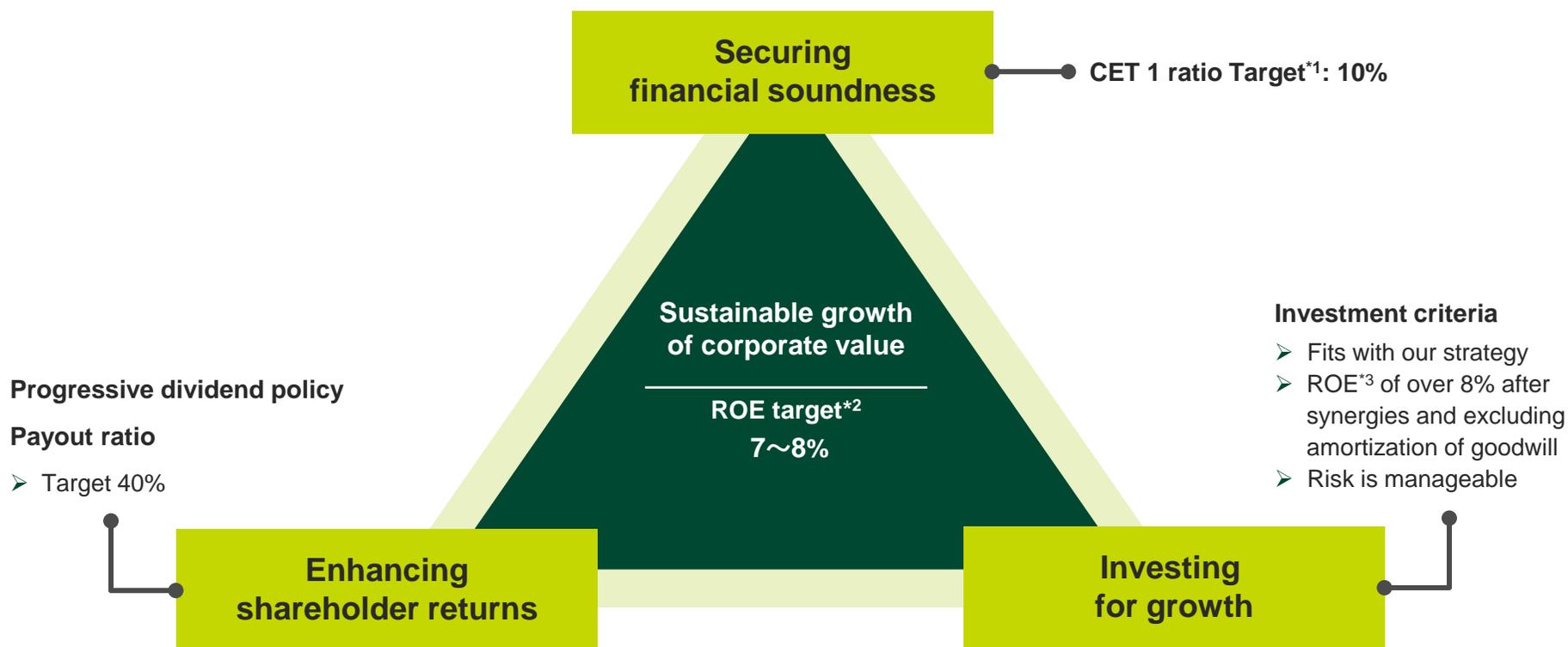
*3 Post-Basel III reform basis. Risk-weighted assets (RWA) inflated by 25% compared to RWA of Mar. 2017 assuming 70% capital floor. CET1 excludes net unrealized gains on other securities. RWA excludes RWA associated with net unrealized gains on stocks

*4 Calculated based on the profit targets for FY3/18 and estimated figures for FY3/20

IV. Capital Policy

1. 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 examination and discussion when Basel III reforms are finalized
(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 with capital floor of 70%

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

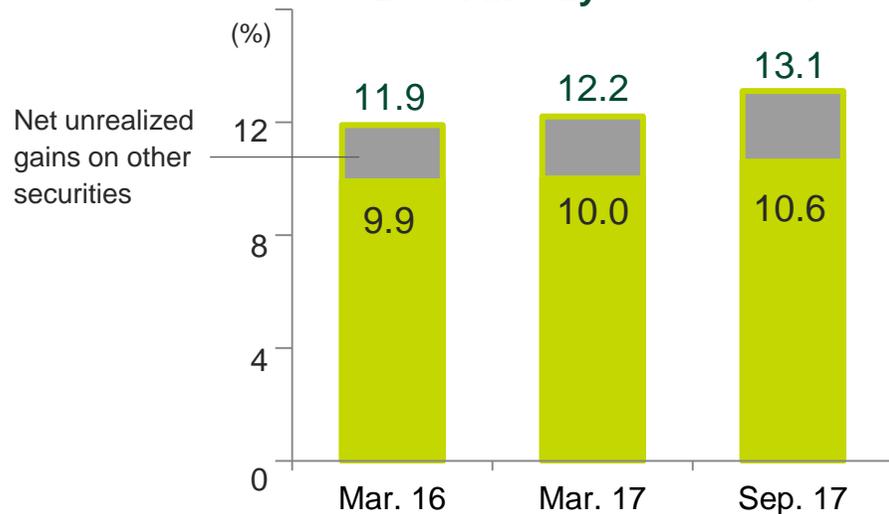
*3 Managerial accounting basis with RWA calculated assuming Basel III reforms are finalized

2. Capital position

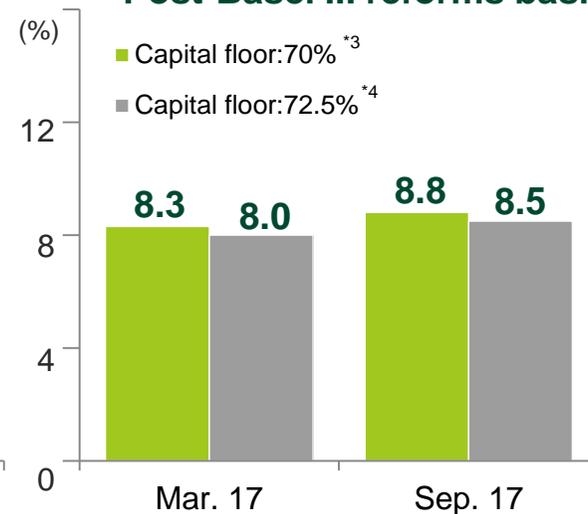
- Common Equity Tier 1 capital (CET1) ratio target (Post-Basel III reforms basis) is 10%
- If the business environment does not significantly change, we expect to achieve the CET 1 ratio target as planned by accumulation of retained earnings and control of RWA even in the case of the capital floor being set at 72.5%

CET1 ratio

Basel III fully-loaded basis *1



Post-Basel III reforms basis *2



Target
10%

(JPY tn)

Risk-weighted assets (RWA) [Excludes RWA associated with net unrealized gains on stocks]	65.9	70.6	69.9
CET1 capital (of which net unrealized gains on other securities)	7.90 (1.35)	8.68 (1.54)	9.16 (1.69)

88.6 [85.5]	87.9 [84.4]
8.68 (1.54)	9.16 (1.69)

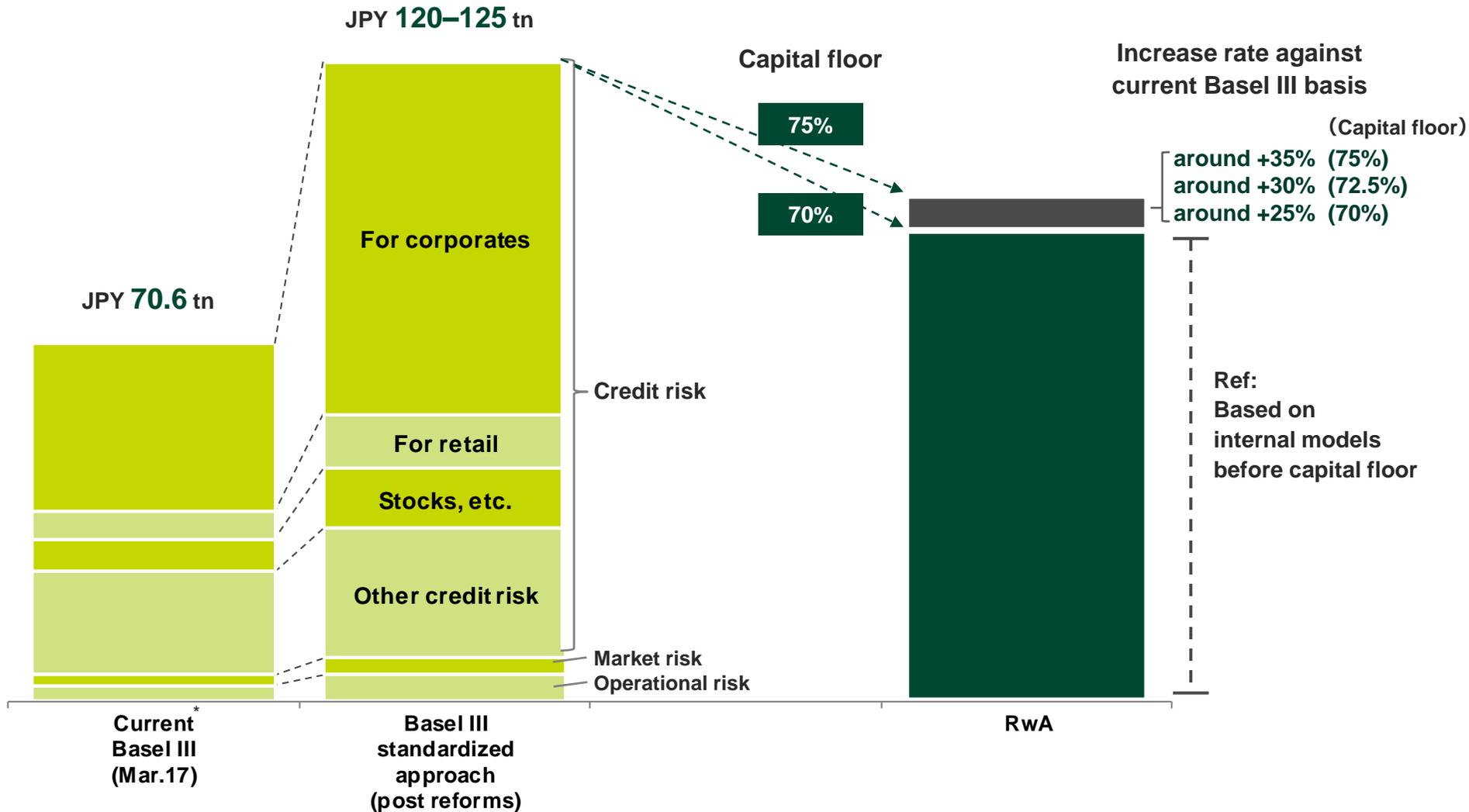
Accumulation of CET1 ratio

- Accumulation of retained earnings
+45 - 50 bp / year
- Regional banks subsidiaries turned into equity method affiliates
around +30bp
- SMFL turned into an equity method affiliate
around +40bp

*1 Based on the definition applicable for March 31, 2019 *2 CET1 excludes net unrealized gains on other securities. RWA excludes RWA associated with net unrealized gains on stocks

*3 RWA is estimated to inflate by 25% from Mar.17 *4 RWA is estimated to inflate by 30% from Mar.17

(Ref) Estimated inflation of RWA at the time of finalization of Basel III reforms



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

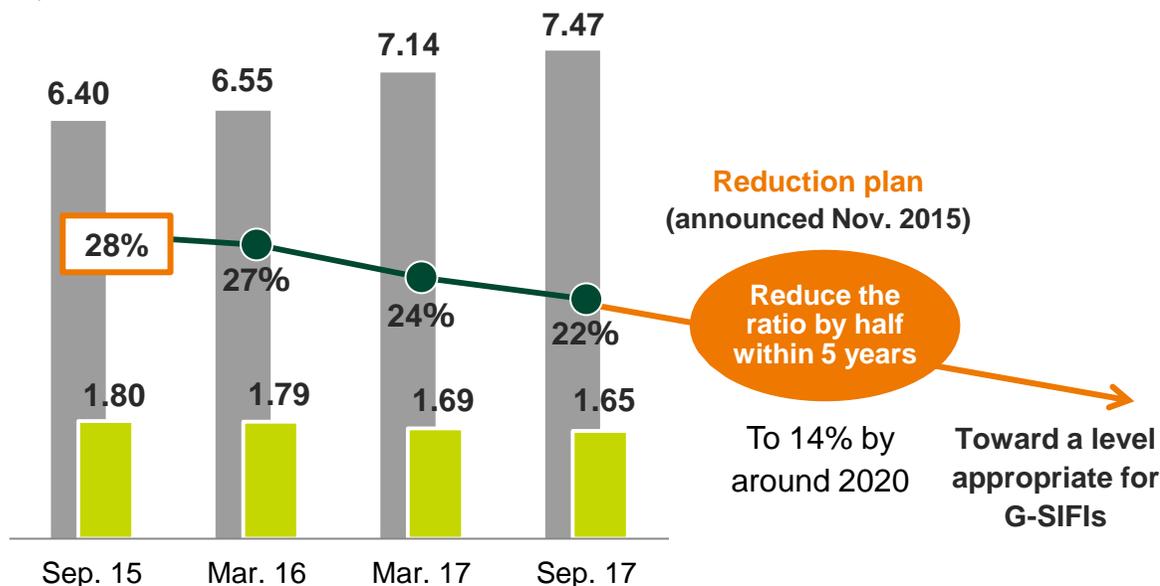
3. Strategic shareholdings

- Aim to halve the ratio* of stocks to CET1 during the five years starting from the end of Sep. 2015
 - Reduce the book value of domestic listed stocks of up to about 30%, or about JPY 500 bn (JPY 100 bn per year)
 - Continue to execute sales and get consent of sales from clients in the second half to achieve the full-year target of JPY 100 bn reduction

* SMFG consolidated basis: Book value of domestic listed stocks/CET1 capital (Basel III fully-loaded basis, excluding net unrealized gains on other securities)

Strategic shareholdings and reduction plan (Consolidated basis)

(JPY tn)



CET1 (Basel III fully-loaded basis, excluding net unrealized gains on other securities)
 Book value of domestic listed stocks within other securities
 Ratio of stocks to CET1 capital

Reduction results for 1H, FY3/2018
 approx. JPY 40 bn
 (Total reduction from Sep. 2015– Sep. 2017 :
 approx. JPY 155 bn)

Consent of sales from clients
 (outstanding, Sep. 2017)
 approx. JPY 120 bn
 (Aggregated amount since Sep. 2015 :
 approx. JPY 280 bn)

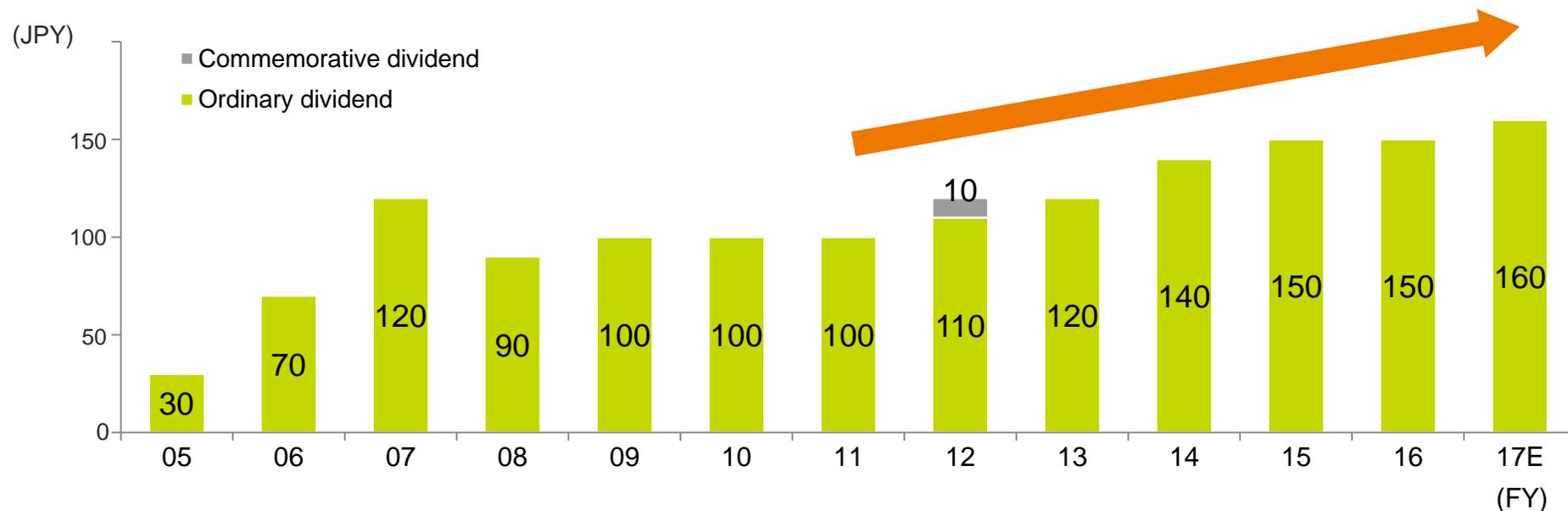
4. Dividend policy

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

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

- Dividend per share forecast for FY3/2018 is 160 yen, a 10 yen increase year on year

Dividends per share*1, 2



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

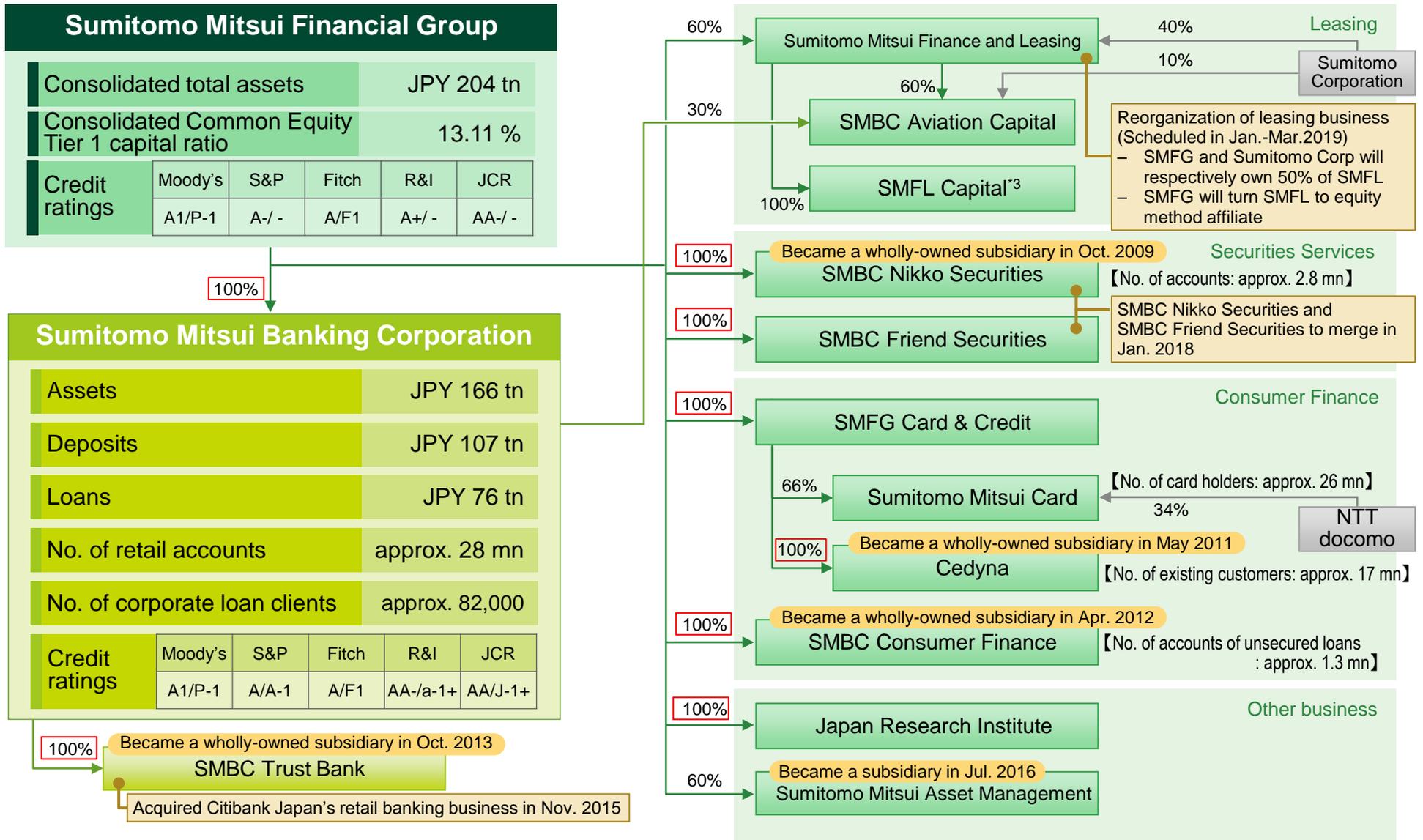
*2 Common stock only *3 Consolidated payout ratio *4 On a stockholders' equity basis

Made a good start of the Medium-Term Management Plan that focuses on efficiency to become a financial group with high quality

- Under new management and organizational structure, each Business Unit executed initiatives to improve profitability. Implemented concrete measures such as transformation of business and asset portfolio, accelerating Group-wide collaboration and promoting digitalization
- The bottom-line profit for 1H, FY3/2018 reached 67% of the full-year target. The full-year target remains unchanged against potential deterioration of the business environment
- We will continue to focus on capital, asset, and cost efficiencies
- We are closely monitoring the discussion of the finalization of Basel III reforms. If the business environment does not significantly change, we are expected to achieve the CET 1 ratio target as planned by disciplined business management even in the case of the capital floor being set at 72.5%

Appendix

Group structure*1

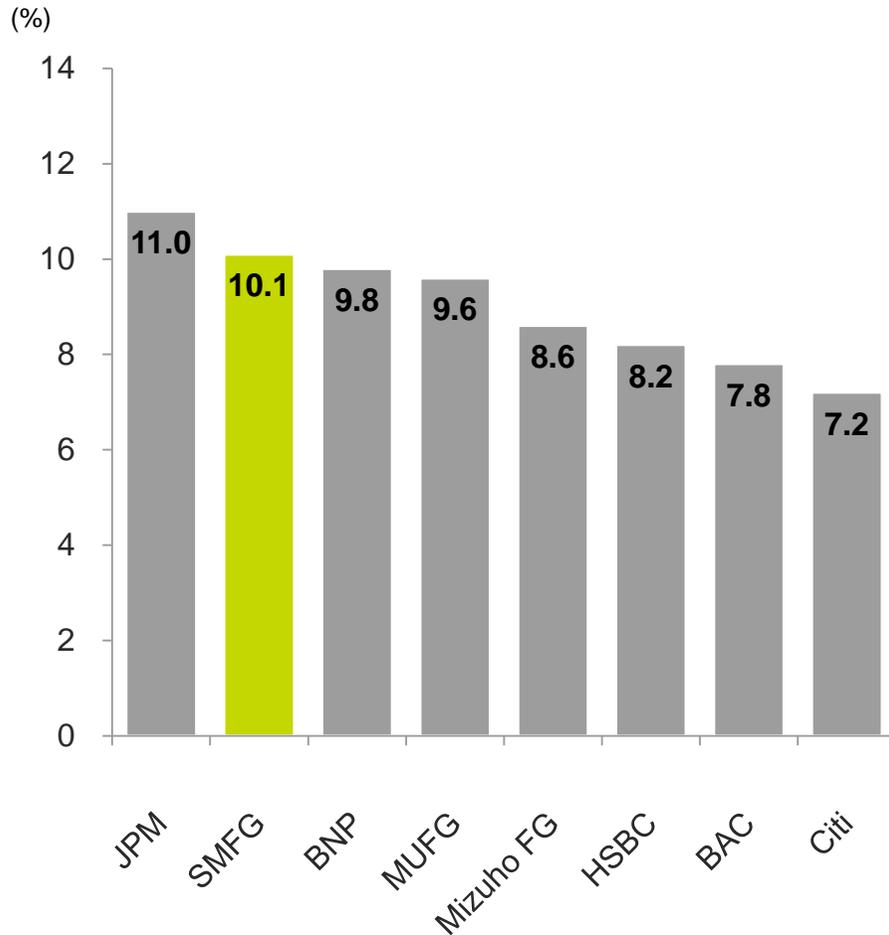


*1 As of Sep. 30, 2017 for figures

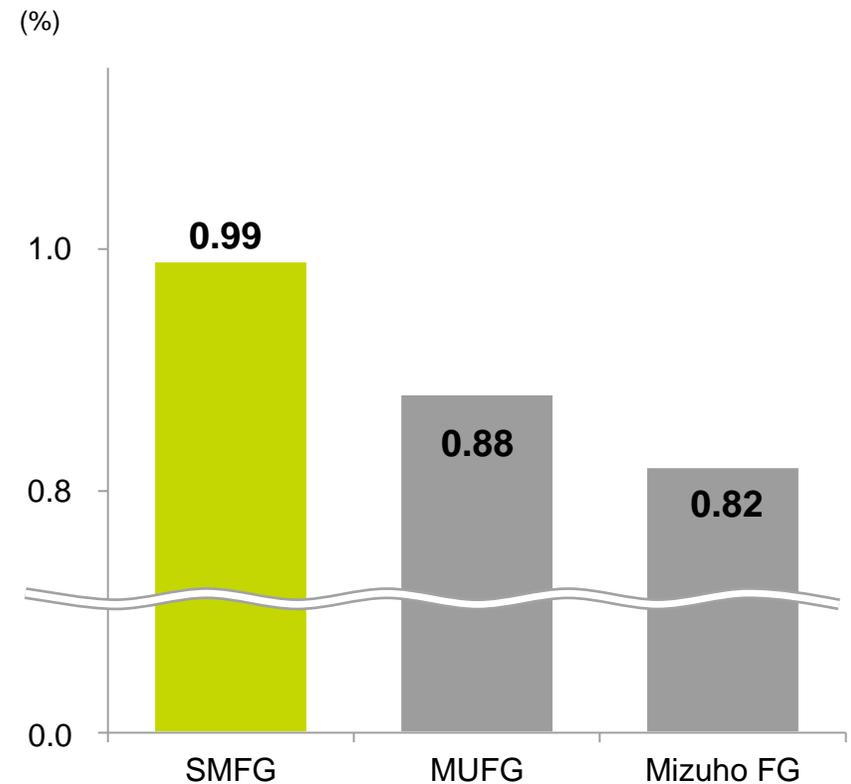
*2 Changed name from GE Japan GK to SMFL Capital Company, Limited in Sep. 2016

Peer comparison

ROE*1



Domestic loan-to-deposit spread*2



Proportion of loans to individuals & SMEs	SMFG	MUFG	Mizuho FG
	63.2%(*)	62.7%	59.3%

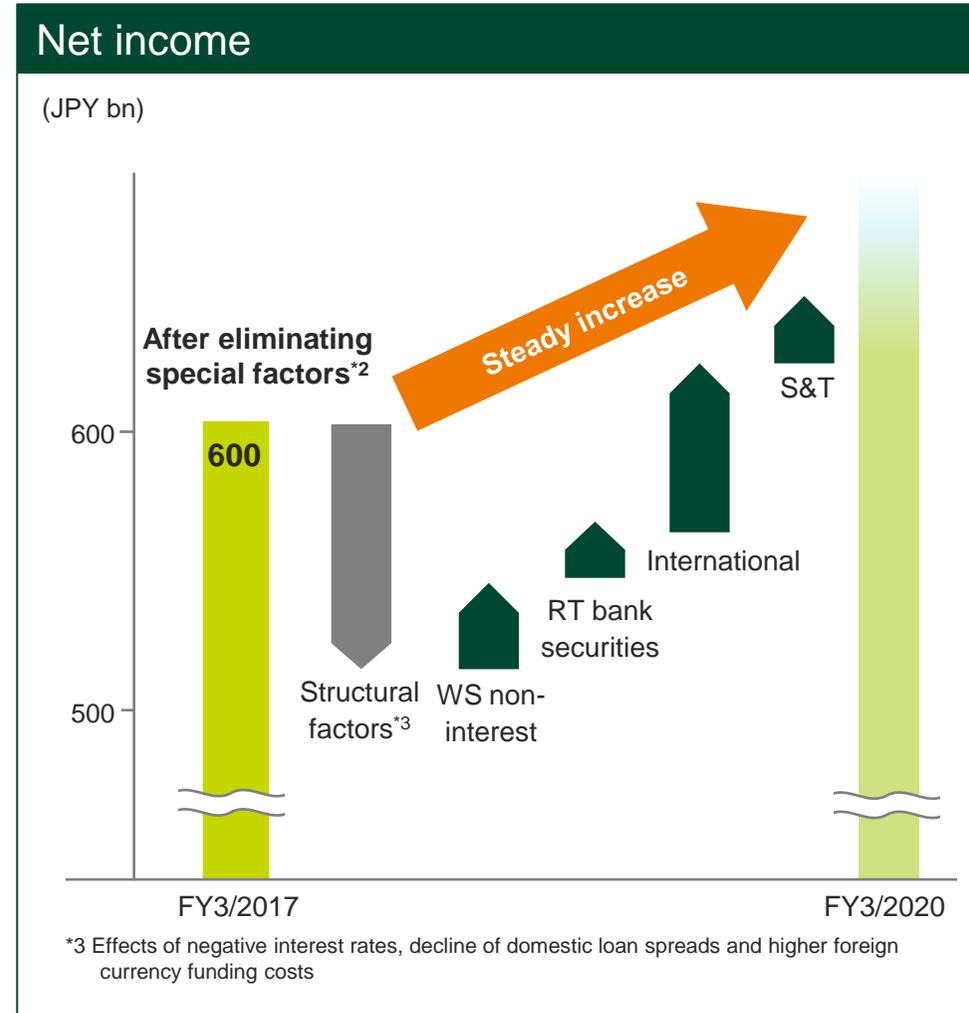
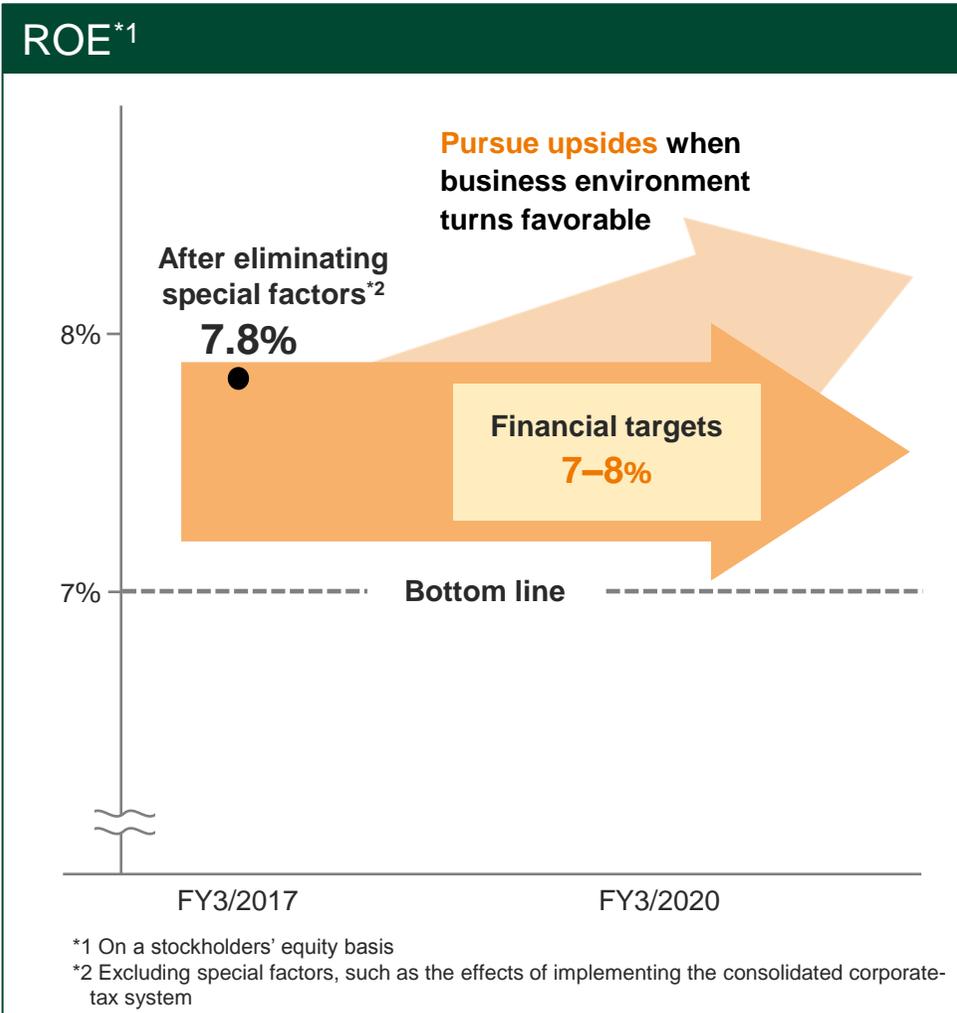
(*) Proportion of loans to individuals & SMEs decreased due to a) an increase in loans to the Japanese government, etc. and b) loans to holding company SMFG's definition turned into Large corporation from SME. Proportion of loans to individuals & SMEs excluding SMFG as of Mar. 31, 2016 was 65.2%

*1 Based on each company's disclosure. 1H, FY3/18 results for SMFG, MUFG and Mizuho FG. Jan. - Sep. 2017 results for others *

*2 1H, FY3/18 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 The Bank of Tokyo-Mitsubishi UFJ for MUFG and non-consolidated figures of Mizuho Bank for Mizuho FG

ROE

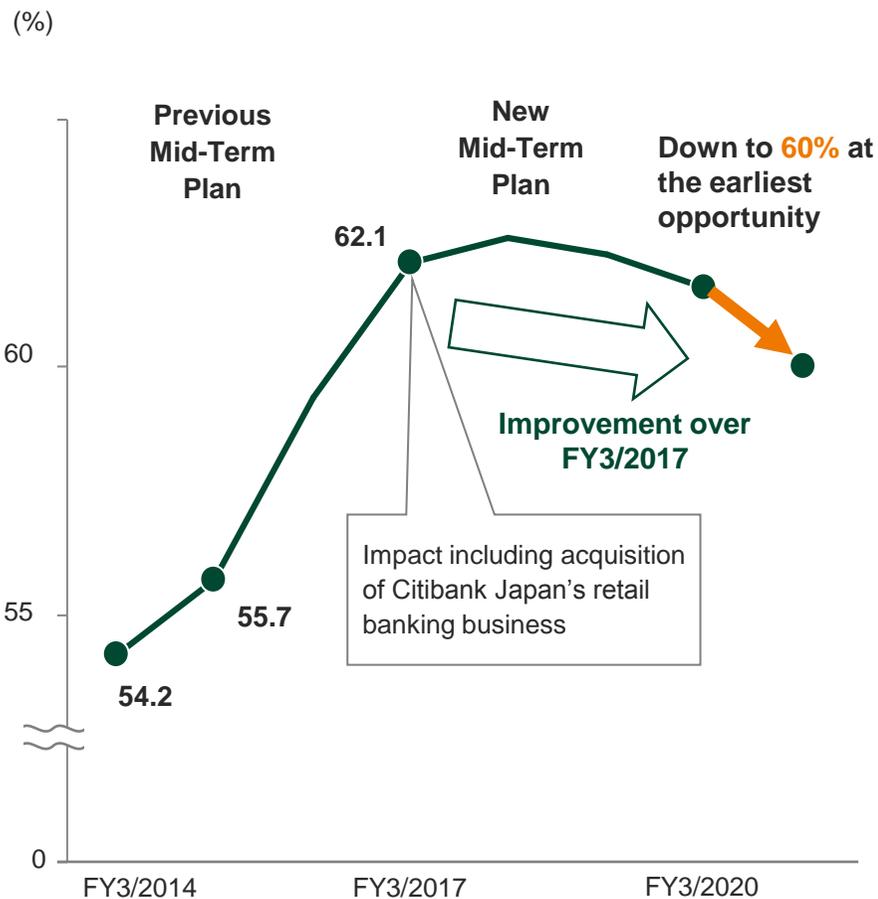
- In order to comply with regulations, accumulation of capital will be prioritized for the time being. However, we will secure at least 7% of ROE. In addition, by steadily enacting initiatives of the Medium-Term Management Plan, we will pursue upsides when business environment including regulations turns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



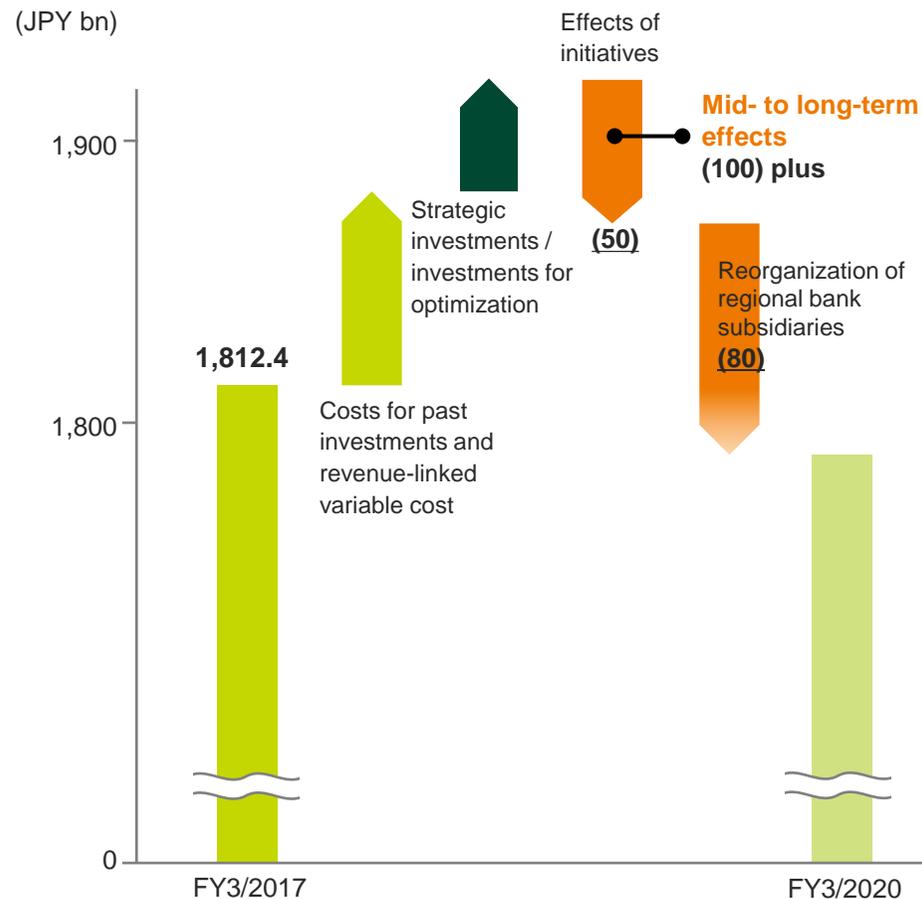
Overhead ratio

- Improve productivity on a group-wide basis and start reducing the overhead ratio
- Establish downward trend of overhead ratio and aim at around 60% at the earliest opportunity after FY3/2020

Overhead ratio



Changes in expenses



Projections by business unit

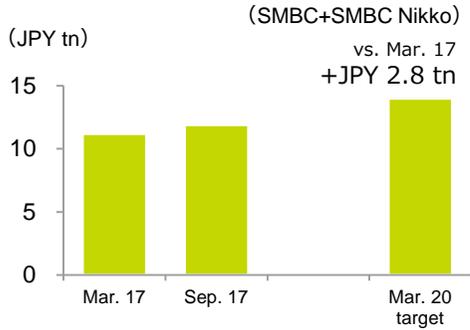
	ROE			Net business profit (JPY bn)		RWA (JPY tn)
	FY3/2020 target	FY3/2017 comparison	Three year plan	FY3/2020 target	FY3/2017 comparison	FY3/2017 [of which credit RWA]
Retail	7%		<ul style="list-style-type: none"> ➤ Expenses will initially increase due to initiatives such as branch reorganization. The cost reduction effects of the initiatives and the merger of SMBC Nikko and SMBC Friend will appear in the latter of the period ➤ Reduce overall RWA while strengthening businesses such as credit cards and consumer finance 	285	+15	13.6 [12.8]
Wholesale	10%		<ul style="list-style-type: none"> ➤ While net business profit will increase by strengthening securities business, etc, net income will slightly decrease with the normalization of credit costs ➤ Reduce RWA through sales of strategic shareholdings 	475	+10	20.8 [20.4]
International	9%		<ul style="list-style-type: none"> ➤ Expenses will initially increase with costs of past investments and strategic investments in the securities business, but in the latter of the period, profits will increase by generating returns on the investments/initiatives that have been made ➤ Reduce the growth rate of RWA in three years by half compared to the previous three years (+22%). Control the increase in the latter of the period 	415	+50	21.9 [20.4]
Global Markets	39%		<ul style="list-style-type: none"> ➤ Increase in profit is expected by enhancing the Sales & Trading business ➤ Reduce RWA through nimble portfolio management 	335	+20	6.9 [4.6]

Notes:

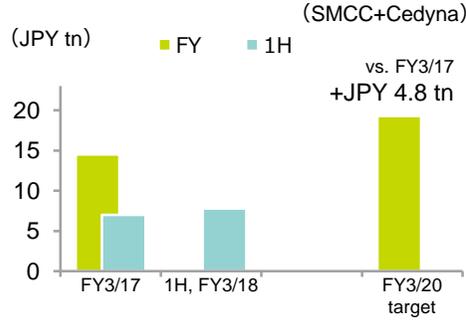
- 1 ROE for each unit is managerial accounting basis with RWA calculated assuming Basel III reforms are finalized. ROE for the International Business Unit excludes the mid- to long-term foreign currency funding costs. ROE for the Global Markets Business Unit does not include interest-rate risk associated to the banking account. The objectives on RWA written in the three year plan are determined based on the current regulation
- 2 FY3/2017 comparison for ROE is image of three-year developments of ROE from FY3/2017 estimates when formulating the Medium-Term Management Plan
- 3 FY3/2017 comparisons for ROE and Net business profit are after adjustments for interest rate and exchange rate impacts
- 4 FY3/2017 results for each unit are managerial accounting basis, pursuant to current regulation

Retail

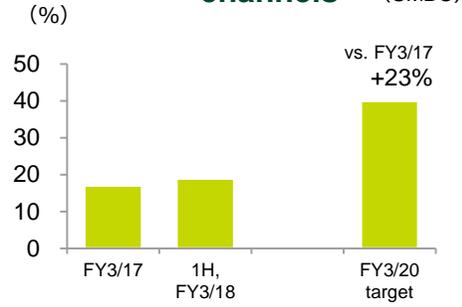
Balance of stock-based assets



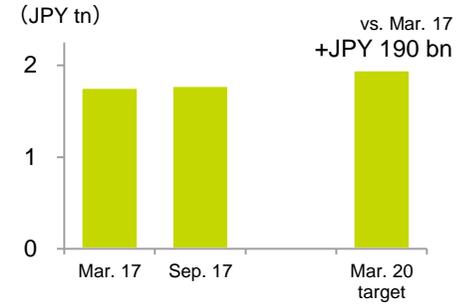
Credit card sales handled



Utilization rate for digital channels

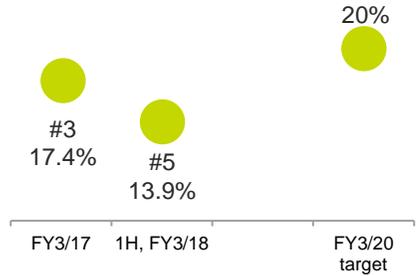


Balance of card loans



Wholesale

Lead arranger of Japanese corporate bonds (league table)



Lead arranger of IPO deals (league table)

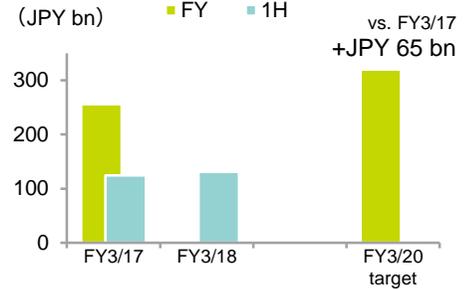


M&A advisory deals (league table)



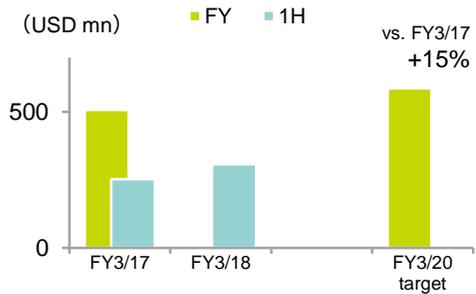
Global Markets

S&T profits

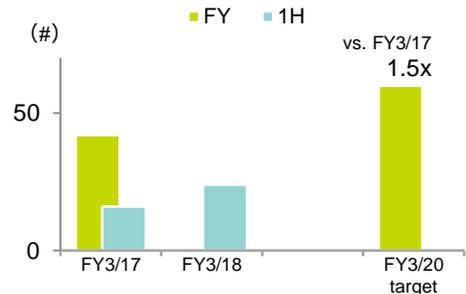


International

Non-asset based profit (Asia)

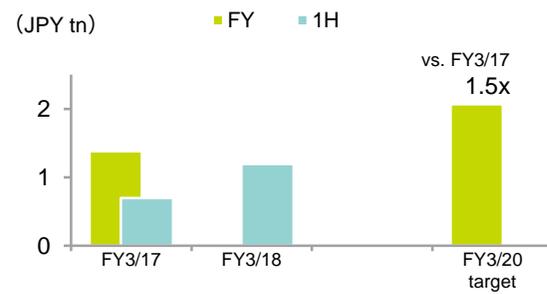


Active book runner (Securities)



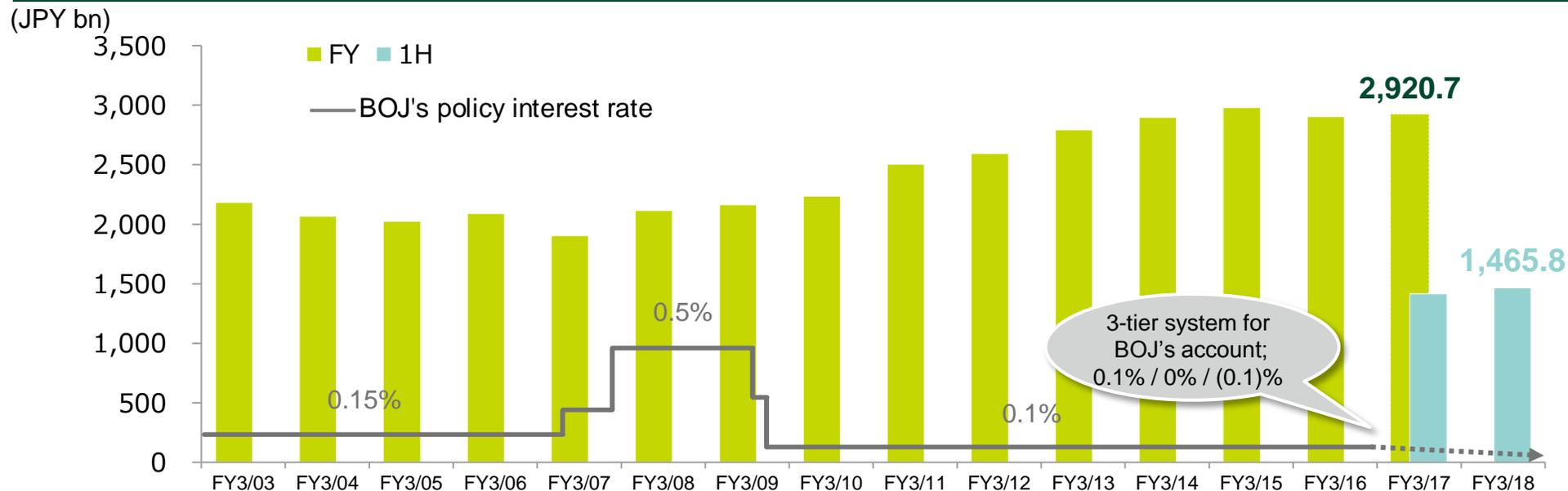
O&D

Distribution amount



Changes in our business mix

Consolidated Gross profit



Breakdown of contribution to Gross profit

	FY3/03	1H, FY3/18
SMBC's domestic loan / deposit related revenue	35%	18%
International business (banking)	5%	18%
Group companies	18%	47%

Proportion of International Business Unit within Consolidated net business profit: 34%

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

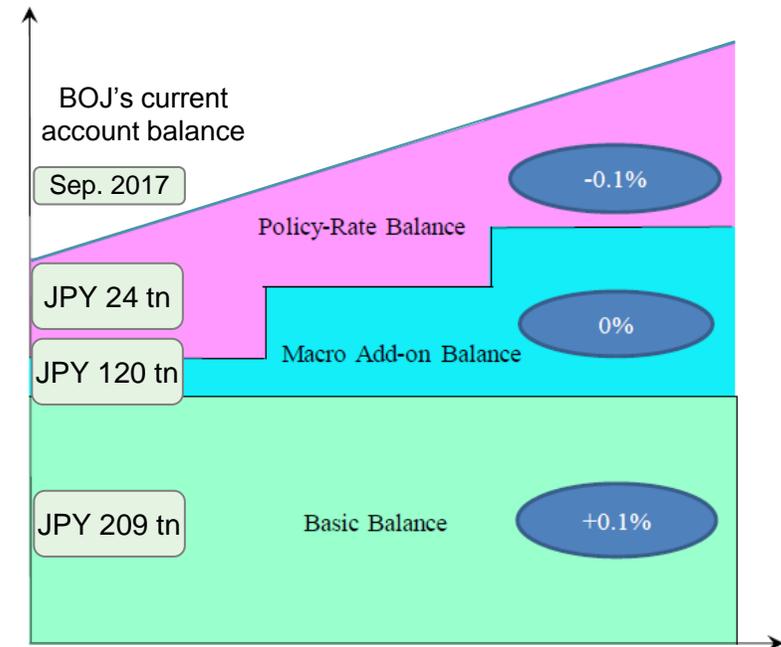
- Foreign deposits; raised interest rates, launched marketing campaigns
- Increase sales of wrap accounts and low risk and low return investment products

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”

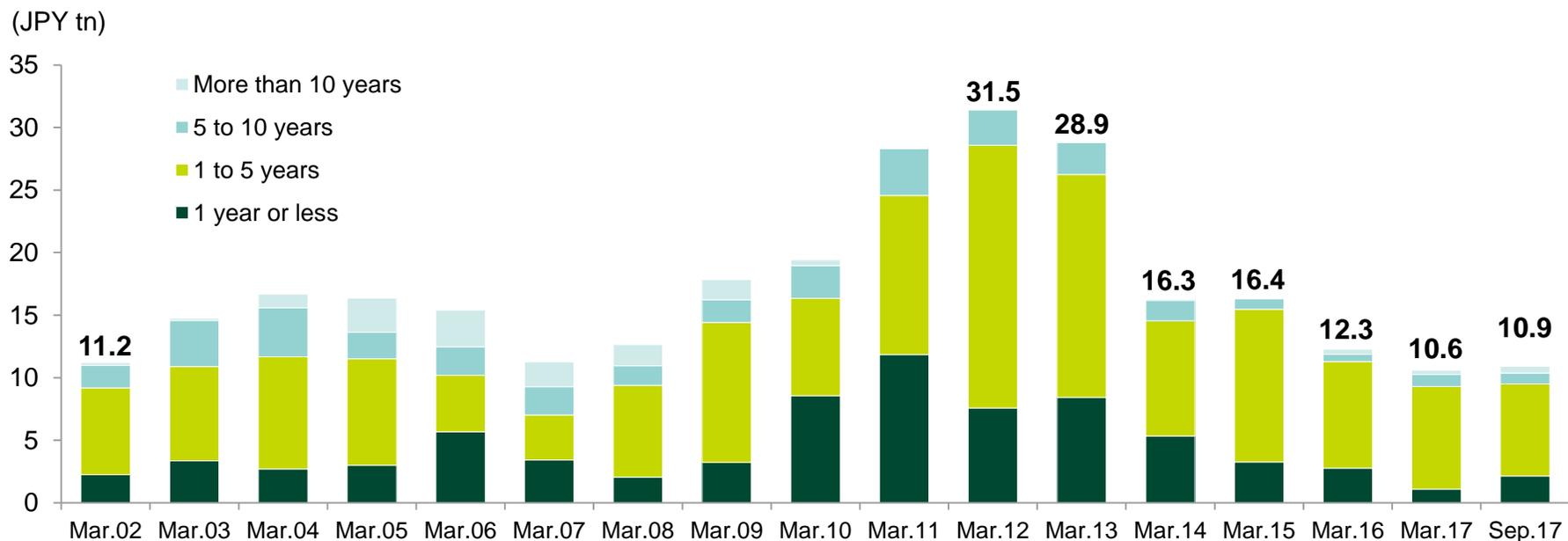
*1 Source: The Bank of Japan (“Key Points of Today’s Policy Decisions” on Jan. 29, 2016)
“BOJ Current Account Balances by Sector (Sep. 2017)” on Oct. 16, 2017 for BOJ’s current account balance

*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)	Mar.12	Mar.13	Mar.14	Mar.15	Mar.16	Mar.17	Sep.17
	26.2	13.8	14.0	9.8	8.0	8.4	

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	2.5
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	39.4

*1 Excludes bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero. Duration at Mar. 02 is for JGB portfolio only

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

Bond portfolio

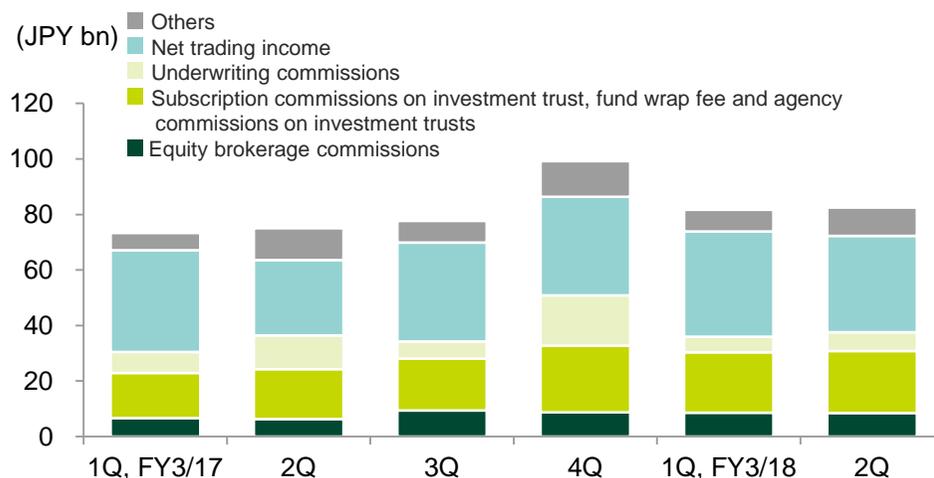
		Mar. 2013		Mar. 2016		Mar. 2017		Sep. 2017	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
(JPY tn)									
Consolidated	Yen-denominated bonds	30.4	0.17	13.2	0.13	11.4	0.07	11.6	0.05
	of which JGB	27.0	0.12	10.3	0.08	8.5	0.03	8.8	0.01
	Held-to-maturity	5.5	0.06	2.2	0.02	1.2	0.01	0.7	0.00
	Others	21.5	0.06	8.1	0.06	7.3	0.02	8.1	0.01
	Foreign bonds (Other securities)			6.5	0.03	7.1	(0.11)	6.5	(0.10)

Non-consolidated	Yen-denominated bonds	28.9	0.16	12.3	0.12	10.6	0.06	10.9	0.04
	of which JGB	26.2	0.11	9.8	0.07	8.0	0.03	8.4	0.01
	Held-to-maturity	5.5	0.06	2.0	0.01	0.9	0.01	0.4	0.00
	Others	20.7	0.06	7.8	0.06	7.1	0.02	7.9	0.01
	Foreign bonds (Other securities)			5.2	0.02	5.6	(0.10)	5.0	(0.09)

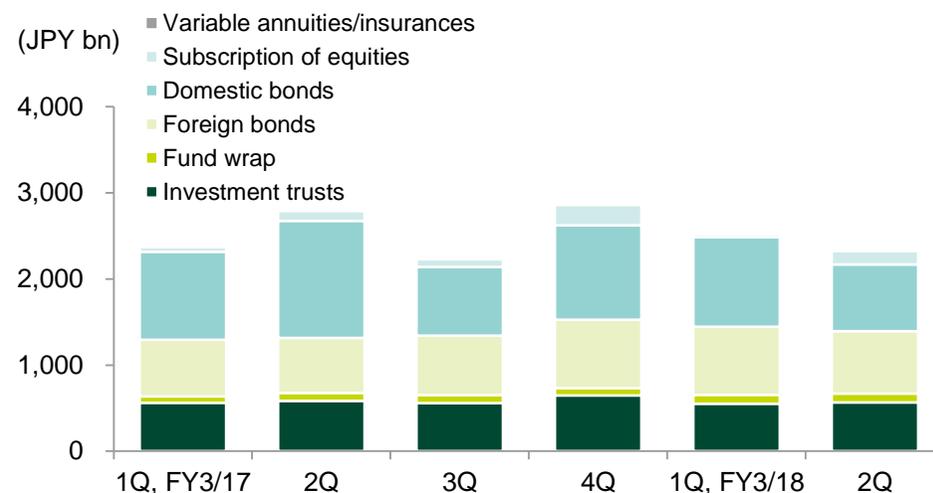
Financial results (consolidated)

(JPY bn)	1H, FY3/17	FY3/17	1H, FY3/18	YOY change
Net operating revenue	149.1	326.7	164.8	+15.7
SG&A expenses	(119.5)	(250.9)	(124.7)	+5.2
Ordinary income*¹	31.5	80.0	41.8	+10.3
Profit attributable to owners of parent*^{1,2}	22.0	46.9	28.8	+6.8

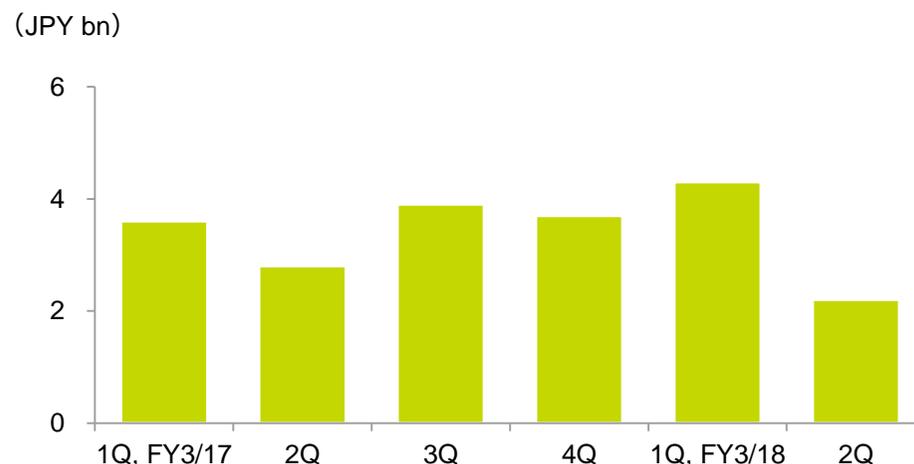
Net operating revenue*³



Product sales*⁴



Earnings of overseas offices (Overseas offices total)*⁵



*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 2H, FY3/17 on restructuring and liquidation of business alliance with Barclays

*3 Fund wrap fee was separated from "Others" and presented as "Fund wrap fee and agency commissions on investment trusts" from 1Q, FY3/18 and FY3/17 was adjusted retrospectively

*4 Includes sale of fund wrap from 1Q, FY3/18

*5 Managerial accounting basis. Overseas offices total is defined as the total of:

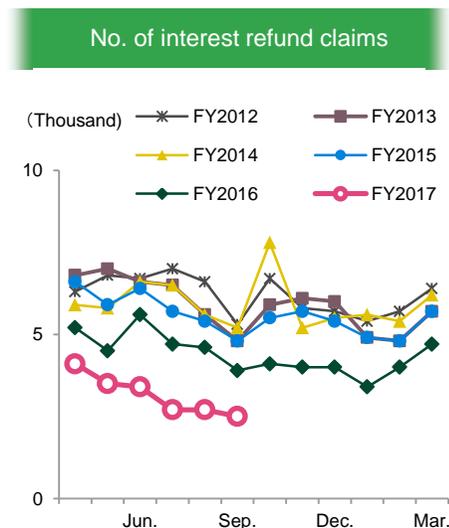
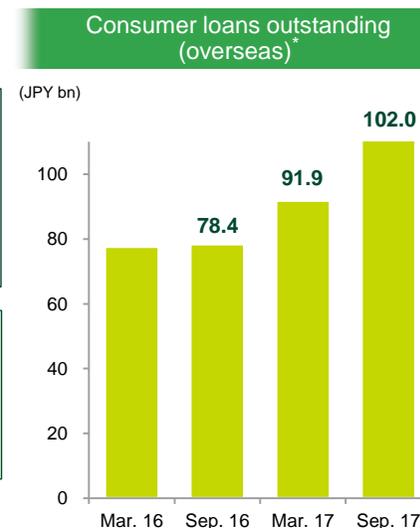
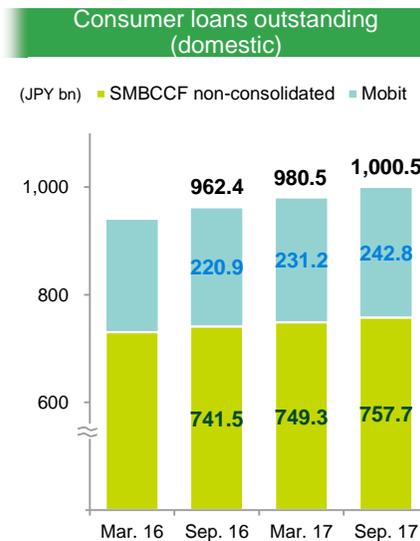
- Earnings of SMBC Nikko's consolidated subsidiaries: SMBC Nikko Securities (Hong Kong) and SMBC Nikko Securities (Singapore); and
- Earnings of SMBC Nikko's affiliated companies: Securities Product Group of SMBC Nikko Capital Markets and SMBC Nikko Securities America

Financial results (Consolidated)

(JPY bn)	1H, FY3/17	FY3/17	1H, FY3/18	YOY change
Operating income	127.0	258.8	136.3	+9.3
Operating expenses	(96.6)	(191.6)	(101.4)	(4.9)
Expenses for loan losses	(32.8)	(54.6)	(34.8)	(2.1)
Ordinary profit	30.5	67.4	35.0	+4.5
Profit attributable to owners of parent	28.1	111.4	26.3	(1.8)

Consumer loans outstanding	1,043.6	1,074.6	1,104.2	Effect of implementing the consolidated corporate-tax system +JPY 50 bn
Allowance on interest repayments	153.4	121.6	91.9	
Loan guarantee	1,154.5	1,211.7	1,249.9	No. of companies with guarantee agreements: 189 (as of Sep. 2017)
for regional banks, etc.	518.8	561.8	597.9	

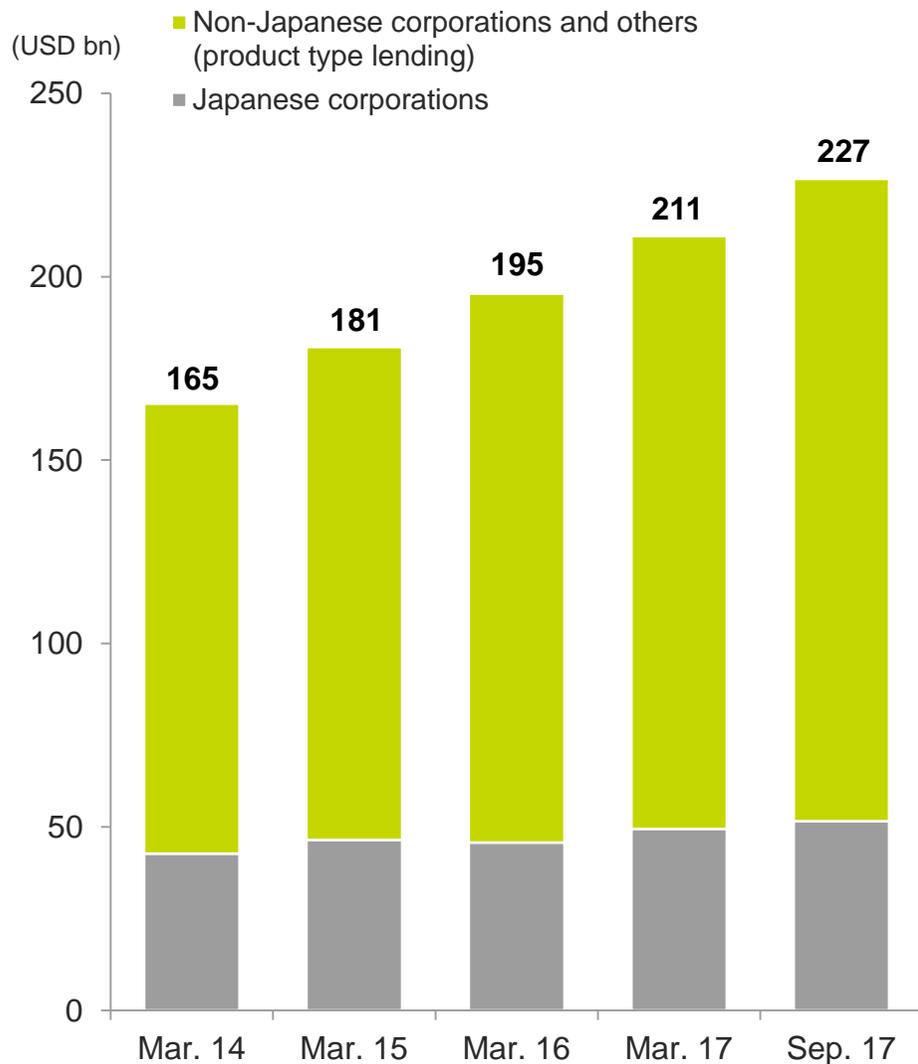
Financing / Loan guarantee / overseas businesses



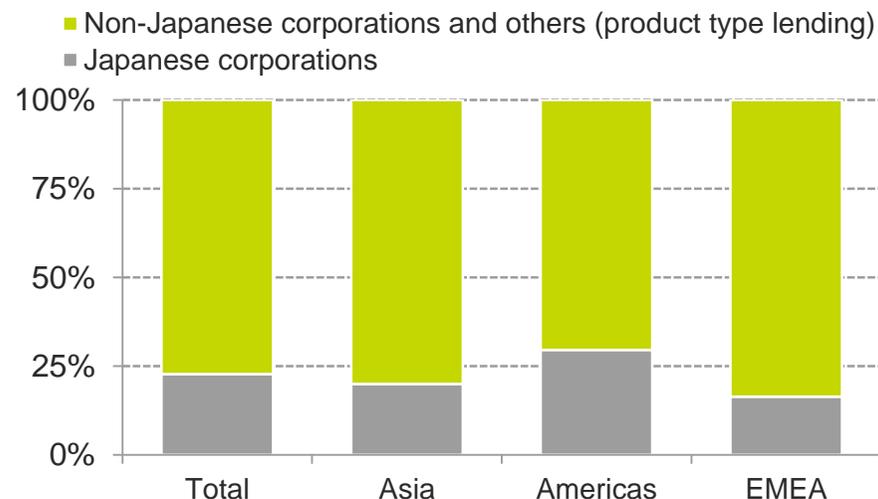
* Converted into Japanese yen at respective period-end exchange rates

Overseas loan balance classified by borrower type*1

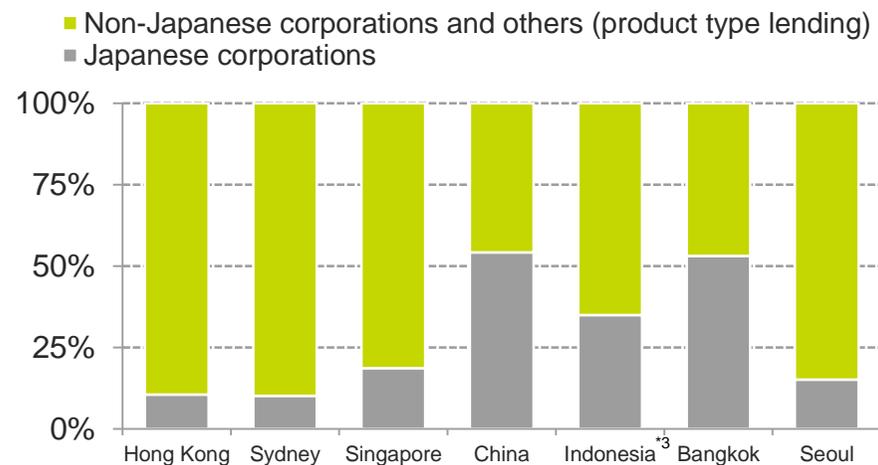
Total*2



By region (Sep. 2017)*2



Major marketing channels in Asia (Sep. 2017)*2

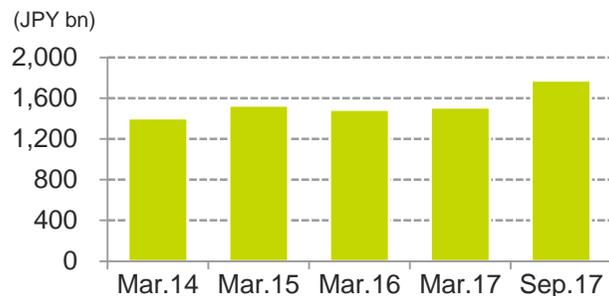


*1 Geographic classification based on booking office *2 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015

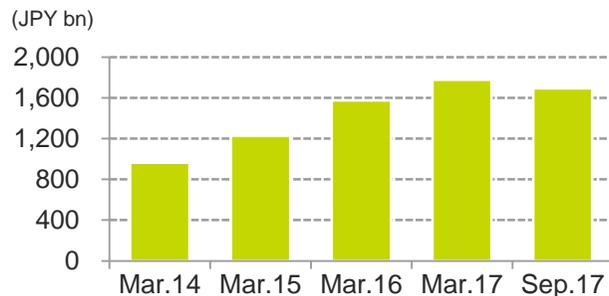
*3 Sum of SMBC and SMBC Indonesia

Loan balance in Asian countries/areas *1, 2

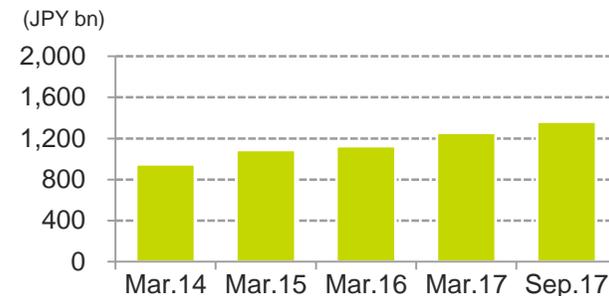
Hong Kong



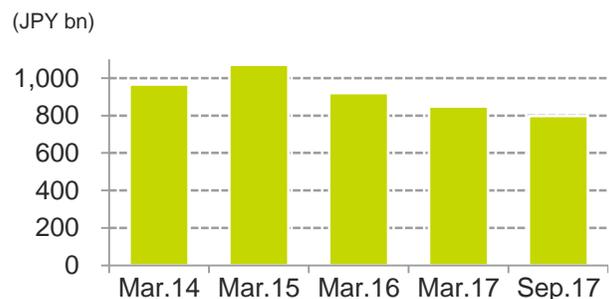
Australia



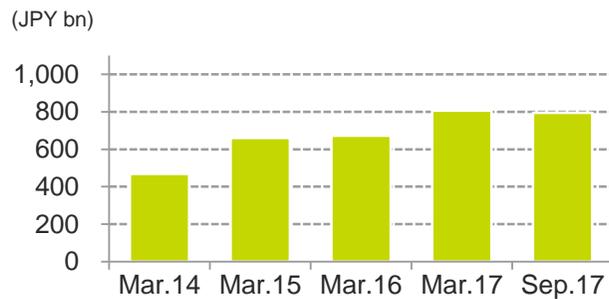
Singapore



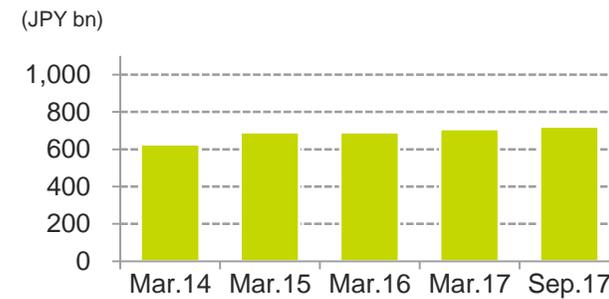
China



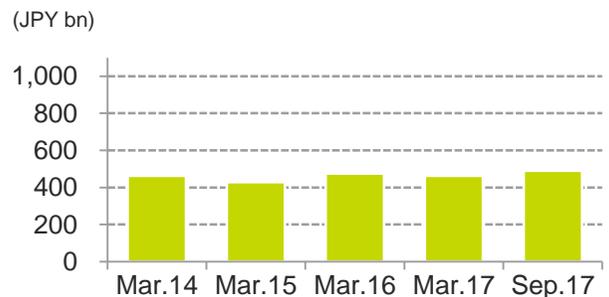
Indonesia



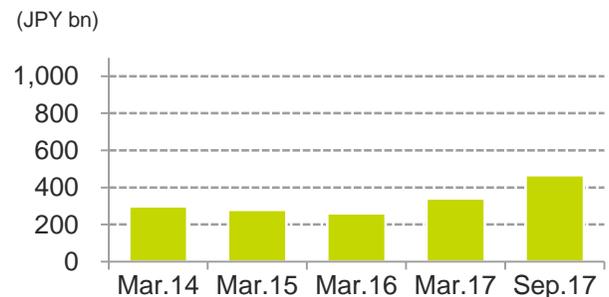
Thailand



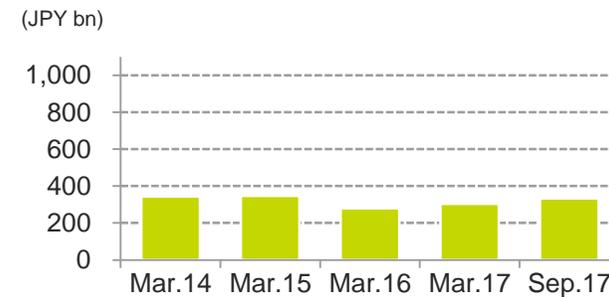
India



Taiwan



Korea

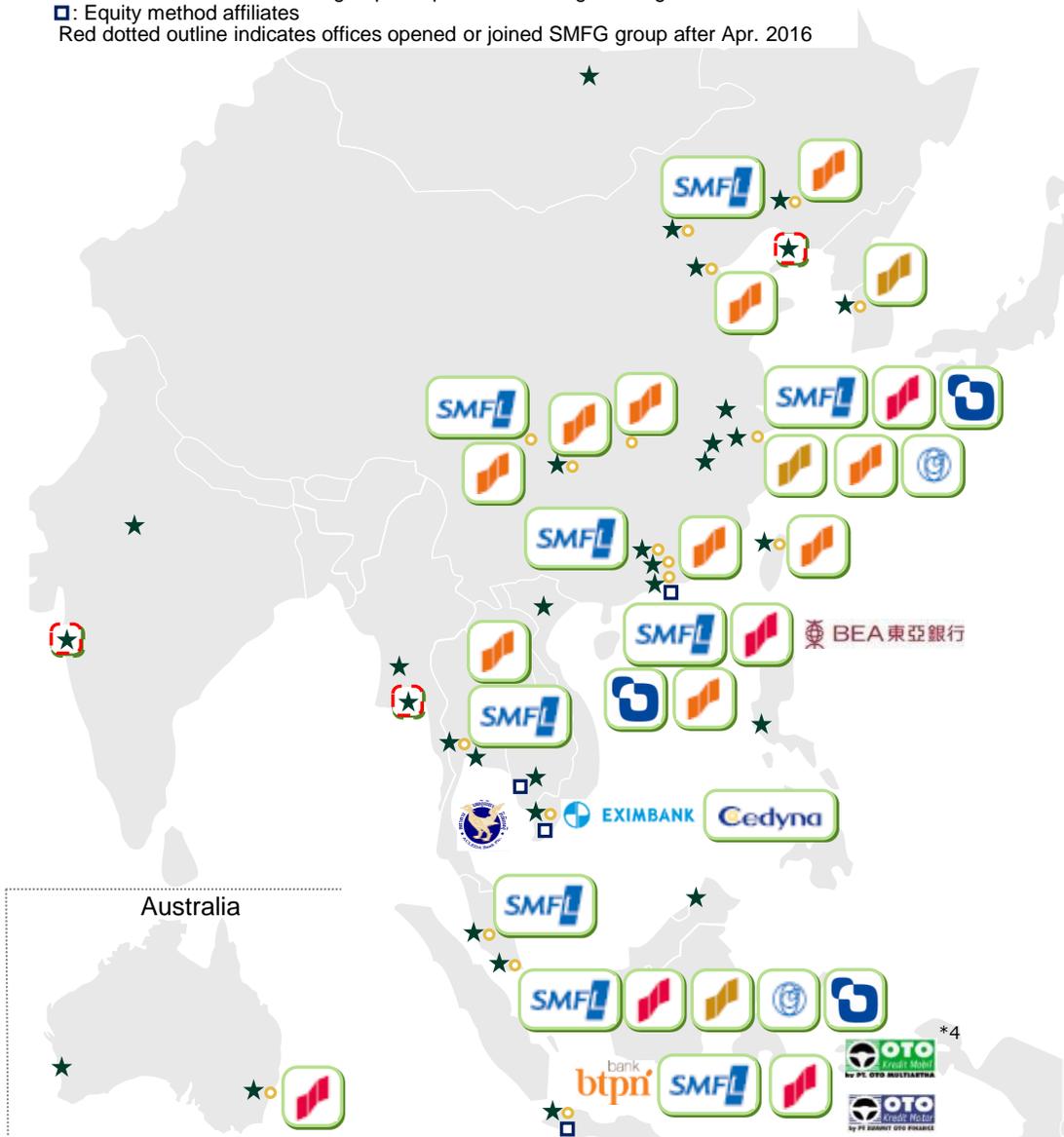


*1 Geographic classification based on borrowers' domicile

*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 Sep. 30, 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. 2016



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 42 offices*1
Sumitomo Mitsui Finance and Leasing	Leasing	<ul style="list-style-type: none"> • Beijing • Shanghai • Chengdu • Guangzhou • Hong Kong • Bangkok • Kuala Lumpur • Singapore • Jakarta
SMBC NIKKO	Securities	<ul style="list-style-type: none"> • Hong Kong • Sydney • Singapore • Jakarta
	M&A advisory	<ul style="list-style-type: none"> • Shanghai • Hong Kong • Singapore • Jakarta
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	• Seoul*2
	Consulting	• Shanghai
	Market research	• Singapore
Cedyne	Auto loans	• Ho Chi Minh*3
SMBC CONSUMER FINANCE	Consumer finance	<ul style="list-style-type: none"> • Hong Kong • Shenzhen • Shenyang • Tianjin • Chongqing • Chengdu • Wuhan • Shanghai • Bangkok
	Loan management and collection	• Taipei
The Japan Research Institute, Limited	Consulting	• Shanghai
	System integration	<ul style="list-style-type: none"> • Shanghai • Singapore
Sumitomo Mitsui Asset Management	Asset management	<ul style="list-style-type: none"> • Shanghai • Hong Kong • Singapore

*1 As of Sep. 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

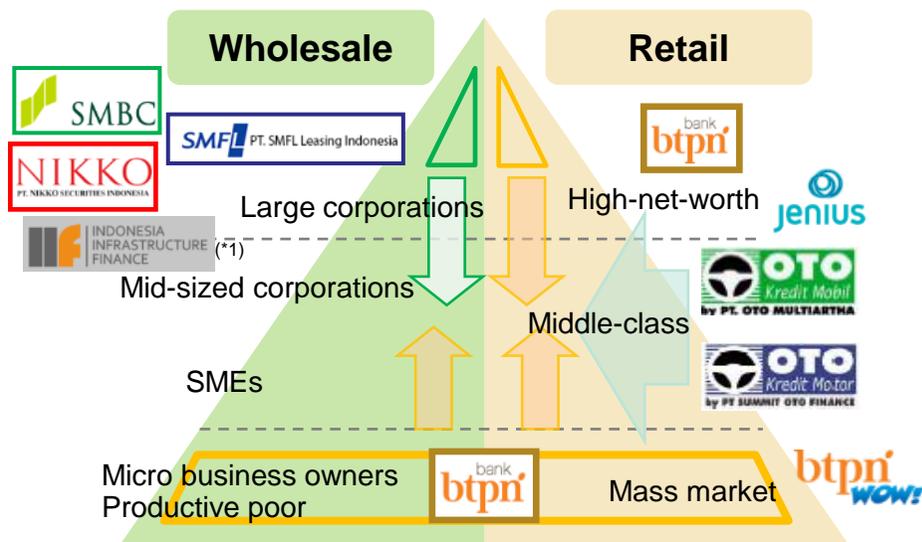
*3 Expanded auto loan business through alliance with Vietnam Eximbank since May 2013 *4 SMBC made OTO/SOF equity method affiliates in Mar. 2016

Indonesia strategy (Multi-Franchise strategy)

- We will accelerate pursuing synergies among the Group companies in Indonesia
- Asia Retail Innovation Department was 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 4 million customers as of Sep. 2017
 - In August 2016, BTPN launched smartphone-based digital banking service (Jenius) and acquired about 360K customers as of Sep. 2017
- OTO/SOF (Automotive Finance Companies)
 - Appointed a director (OTO) and a commissioner (OTO/SOF) from SMBC



*1 Indonesia Infrastructure Finance
 *2 TTM as of Dec. 2015: IDR 1 = JPY 0.0088, Dec. 2016 : IDR 1 = JPY 0.0087, Sep. 2017: IDR 1= JPY 0.0083
 *3 Based on each company's disclosure (Jun. 2017 results)

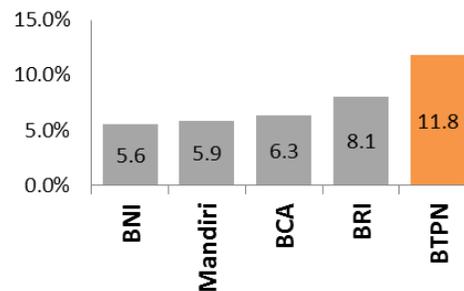
Financial results of BTPN*2

(IDR billion)	2015	2016	Jan.-Sep., 2017	YOY
Gross banking profit	8,401	9,464	7,491	+7.7%
Operating expenses	(5,156)	(5,984)	(4,709)	+8.2%
Net profits	1,702	1,752	1,367	(2.3)%*
ROE	13.3%	11.7%	11.3%	-
Gross loans	58,587	63,168	65,764	+5.1%
Customer deposits	60,273	66,202	69,611	+6.7%
Total assets	81,040	91,371	93,788	+8.9%

(*) Net profits from existing business (excluding the investment for digital banking) increased 10% year-on-year

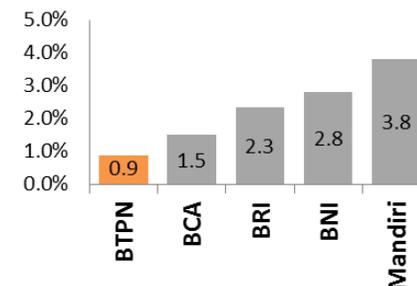
Net Interest Margin*3

Higher NIM compared to other banks



NPL ratio*3

Sound credit policy



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)	1H, FY3/18	FY3/17
Total revenue*2	552	1,086
Net income	145	298
Aircraft asset	11,245	10,963
Net asset	2,107	1,967

Aircraft leasing companies	Country	# owned/managed
1 GECAS	USA	1,363
2 AerCap	Ireland	1,122
3 Avolon	Ireland	589
4 SMBC AC	Ireland	440
5 Nordic Aviation Capital	Denmark	409

*1 As of Sep. 11, 2017 (Source: Ascend "Airline Business")

*2 Leasing revenue + gains (losses) on sales of aircraft etc. Excludes redelivery adjustment

*3 These figures may be changed by factors such as adjustments based on time of acquisition and terms and conditions of contract

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 4 bn (as of Jun. 30, 2017)*3
- Number of cars owned and managed: approx. 56 thousand railcars (as of Jun. 30, 2017)
- Our strengths
 - Well-diversified portfolio management
 - Young age of railcars
 - Well-diversified client base by industry

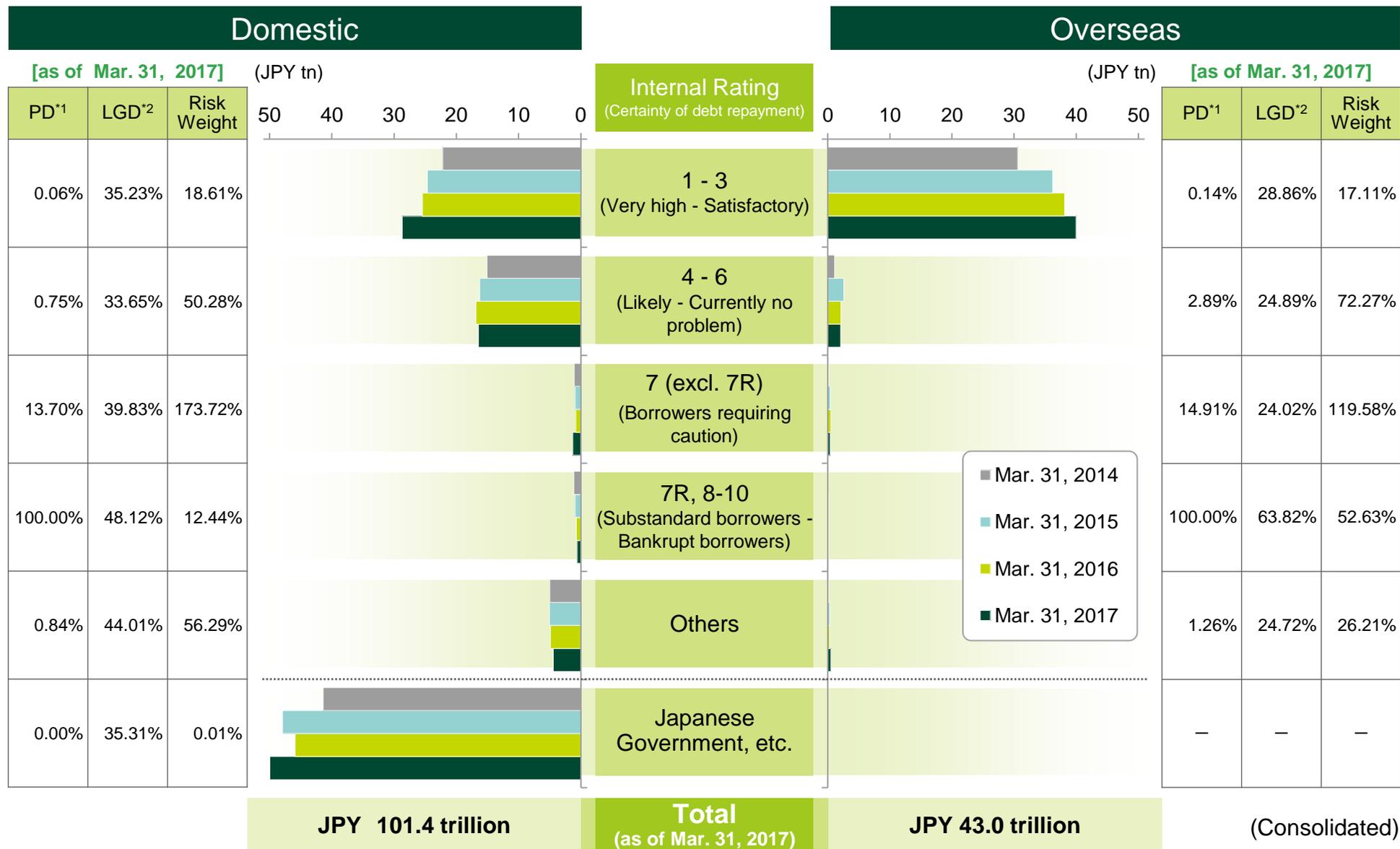
Completion of acquisition of American Railcar Leasing (ARL)

- SMBC Rail Services fully acquired all equity interests of ARL, the 6th largest railcar leasing company in the U.S.
- Purchasing price of the entity was 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
 - Balance of claims : approx. USD 23 bn
 - Spread: around 150 bp
- Sponsor finance for mid-sized corporations, LBO loans
 - Accounts for around 2% of our overseas loan balance. Carefully select profitable transactions
 - Spread: around 350bp - 450bp

Corporate, sovereign and bank exposures



*1 Probability of Default. Probability of becoming default by obligor during one year

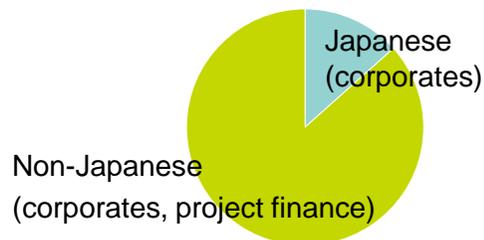
*2 Loss Given Default. Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default

Loan and exposure to the UK / China / Russia

Loan balance in the UK*1, 2, 3

(JPY tn)

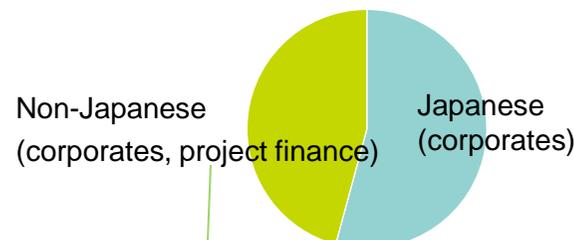
Mar. 17	Sep. 17
1.4	1.6



Loan balance in China*1, 2, 3, 5

(JPY tn)

Mar. 17	Sep. 17
0.8	0.8



- Most borrowers are classified as “1-3”^{*6} in our internal rating

Our operation in EMEA

• Offices in the UK and EU*4

- SMBC
 - Brussels, Dusseldorf, Frankfurt
 - SMBC Europe (London, Dublin, Amsterdam, Paris, Prague, Milan, Madrid)
- SMBC Nikko : London, Luxemburg
- SMFL : Dublin, Frankfurt

Brexit

Preparing to establish a bank subsidiary and a security subsidiary in Frankfurt, Germany subject to regulatory approval

• Booking of loans

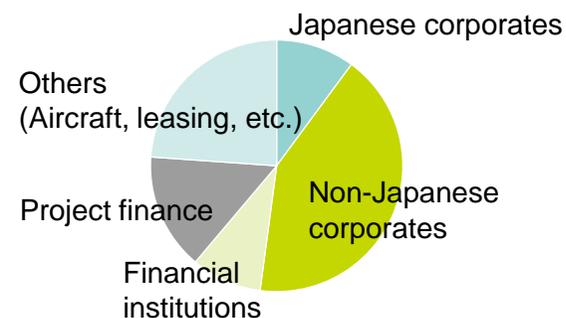
- Loan balance in EMEA regions: Approx. JPY 6.5 tn
 - of which around 20% is booked at SMBC Europe London

Exposure to Russia*7, 8

(USD bn)

Mar. 17	Sep. 17
3.2	2.9

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 Sep.30, 2017

*4 Major group subsidiaries *5 Based on borrowers' domicile for loan balance, booking office for classification of borrowers

*6 Certainty of debt repayment is in the range of Very high - Satisfactory *7 Loans, commitment lines, guarantees, investments, etc. *8 SMFG consolidated

Exposure to resource-related sectors ^{*1}

		(JPY tn)	Mar. 16	Ratio to total exposure	Mar. 17	Ratio to total exposure	Sep. 17	Ratio to total exposure
		Integrated Oil & Gas ^{*2}	1.5	1.3%	1.3	1.1%	1.5	1.2%
		Services (Drilling, field services)	0.5	0.4%	0.4	0.4%	0.4	0.3%
		Upstream (E&P ^{*3})	1.7	1.4%	1.5	1.2%	1.6	1.3%
		Midstream (Storage/Transportation)	1.4	1.2%	1.4	1.1%	1.3	1.1%
		Downstream (Refining)	0.7	0.6%	0.9	0.7%	0.9	0.7%
		Oil and gas	5.8	5.0%	5.5	4.4%	5.7	4.6%
		Other resources (Mining)	1.1	1.0%	0.9	0.8%	1.0	0.8%
		Non-Japanese^{*4} (Resource-related sectors)	6.9	6.0%	6.4	5.2%	6.7	5.4%
		o/w Upstream	0.2	0.2%	0.2	0.2%	0.2	0.1%
		Oil and gas	1.6	1.4%	1.3	1.1%	1.1	0.9%
		Other resources (Mining)	0.2	0.2%	0.2	0.2%	0.2	0.2%
		Japanese (Resource-related sectors)	1.8	1.6%	1.5	1.2%	1.4	1.1%
		Resource-related sectors	8.8	7.6%	7.9	6.4%	8.0	6.5%
		Oil and gas	7.4	6.4%	6.8	5.5%	6.9	5.5%
		Other resources (Mining)	1.3	1.1%	1.1	0.9%	1.2	1.0%
		Non-Japanese^{*4}	38	32.9%	41	33.5%	43	34.9%
		Japanese	77	67.1%	82	66.5%	81	65.1%
		SMFG total exposure	115	100.0%	123	100.0%	124	100.0%

- “Oil and gas” does not include petrochemical; Japanese “Other resources (Mining)” does not include general trading companies
- Non-Japanese (resource-related sectors) : Corporate finance approx. 70%; Project finance approx. 30%
- Japanese (resource-related sectors) : Corporate finance 100%. No NPLs
- Exposure to resource-related sectors excluding project finance which are unaffected by resource prices is JPY 6.9 tn; Exposure at default (EAD) to the sectors is JPY 6.1 tn as of Sep. 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. 2016: USD 1 = JPY 112.62, Mar. 2017: USD 1 = JPY 112.19 and Sep. 2017: USD 1 = JPY 112.74

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

(USD bn)	[1] Exposure		[2] Drawn amount		[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]
		Percentage of "1-3"		Percentage of "1-3"					
Asia	17.4	87%	14.8	88%	0.048	0.3%	0.013	-	26%
Americas	20.5	78%	7.6	77%	0.343	4.5%	0.032	0.243	80%
EMEA	20.9	84%	9.8	75%	0.370	3.8%	0.111	0.174	77%
Total	58.8	83%	32.2	81%	0.761	2.4%	0.156	0.417	75%
Oil and gas	50.3	83%	28.3	82%	0.495	1.8%	0.106	0.260	74%
Integrated Oil & Gas (Majors, state-owned companies, etc.)	13.4	98%	7.5	97%	-	-	-	-	-
Services (Drilling, field services)	3.7	41%	2.0	30%	0.253	12.5%	0.097	0.109	81%
Upstream (E&P)	13.9	74%	8.6	77%	0.184	2.1%	0.008	0.151	87%
Midstream (Storage/Transportation)	11.6	88%	5.0	88%	0.058	1.2%	0.000	-	0%
Downstream (Refining)	7.7	85%	5.2	85%	-	-	-	-	-
Other resources (Mining)	8.5	83%	3.9	75%	0.266	6.8%	0.050	0.157	78%

- 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 2.0 bn in Americas, and USD 0.7 bn in EMEA. They are mainly included in Oil and gas

ESG – Accreditation and support for initiatives

SRI Indices on which SMFG is listed

ESG Indices selected by GPIF (Broad index)



**FTSE Blossom
Japan**

MSCI



2017 Constituent
MSCI Japan ESG
Select Leaders Index



FTSE4Good



Member of SNAM
Sustainability Index
2017

Support for initiatives in Japan and Overseas

United Nations Global Compact



UNEP Finance Initiative



UNEP Finance Initiative
Innovative financing for sustainability

CDP



Equator Principles



“Principles for Financial Action
toward a Sustainable Society
(Principles for Financial Action
for the 21st Century)”

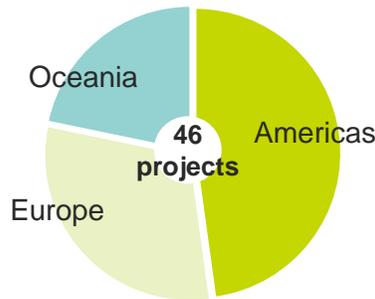


Promote environmental businesses

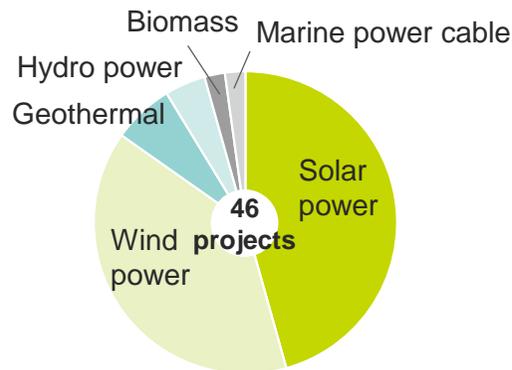
Issued Euro denominated green bond
(EUR 500mn in Oct.2017)

Project finance for renewable energy related projects
(FY3/2017)

Regional breakdown



Sector breakdown



Manage environmental risks

Working with the Equator Principles

- Started implementation of the internal rules in June 2006.
Revision in line with the update to Equator Principles

Task Force on Climate-related Financial Disclosures (TCFD)

- Set up a working group to respond to the final report
“Recommendations of the Task Force on Climate-related Financial Disclosures” (TCFD established by Financial Stability Board)

Reduce environmental impact

Obtain new third-party verification of environmental data

- Reduction in CO₂ emission of major 10 group companies have been verified by a third-party

Environmental management system

- 8 major Group companies* obtained ISO14001 certification



* SMBC, SMFL, SMBC Nikko, SMBC Friend, SMCC, Cedyna, SMBCCF, The Japan Research Institute, Limited

Support growth industries

Supporting Commercialization to support Japan’s Growth Strategy

- “Incubation & Innovation Initiative”
(Cross-industry consortium)



Cultivate human resources in emerging countries

Promotion of CSR activities in Indonesia

- MOU with local financial conglomerate Djarum Group

Promotion of CSR activities in Myanmar

- Teacher training program



Supporting human cultivation in Myanmar

Improve financial literacy

#of participants at financial and economic education programs organized by SMFG companies:

Approx. 130,000*
(SMFG, FY3/17)

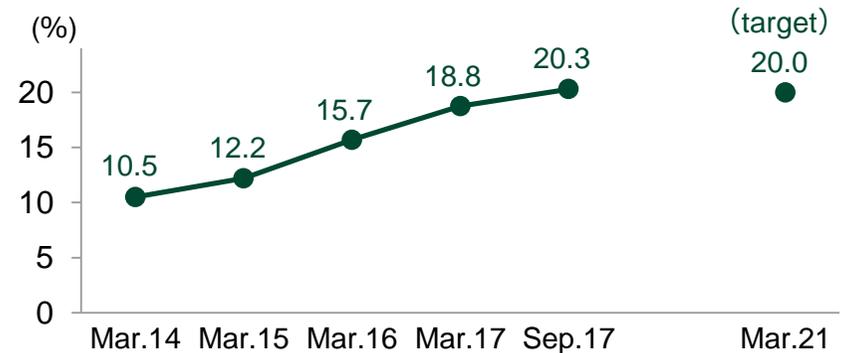
*cumulative number



Bank work experience program for elementary school students

Diversity & Inclusion

Achieved the target of female managers ratio earlier than planned (SMBC)



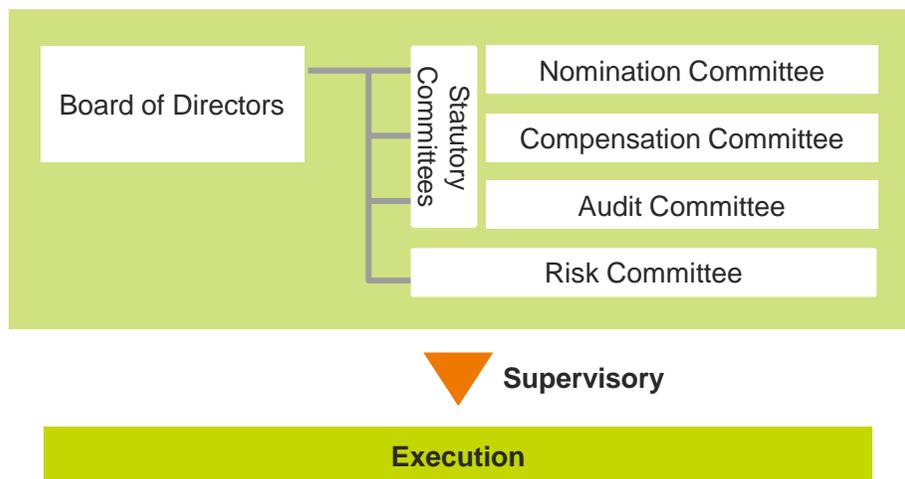
Promoted globalization

- Ratio of GM positions with locally hired employees: 33% (SMBC, Sep.2017)

Promoted initiatives for enterprise-driven child-care services (SMBC)

Received Top Gold Rating on PRIDE Index evaluation for LGBT-related initiatives(SMBC)

Transformed into a Company with Three Committees



Objectives

- Establish a “G-SIFIs Standard” governance framework
- Strengthen the supervisory function of the Board of Directors
- Expedite execution of operations

*1 Chairman of Nomination, Compensation and Auditing committees are also outside directors

*2 Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan

*3 Senior Advisor, Aflac Japan

Increased the number of outside directors

Outside directors

- Increased the number of outside directors from five to seven (ratio against the total number of directors increased from 36% to 41%)
- Arranged a small meeting of outside director for investors

Internal Committees

- Internal committees consist of a majority of outside directors*1

◎ : Chairman, ○ : Member

Committee (inside : outside)		Nomina tion (1:5)	Compen sation (2:4)	Audit (2:3)	Risk (1:4)
Masayuki Matsumoto	Outside director	○		◎	
Arthur M. Mitchell	Outside director	○	○		
Shozo Yamazaki	Outside director			○	○
Masaharu Kohno	Outside director	○			○
Yoshinobu Tsutsui	Outside director	◎	○		
Katsuyoshi Shinbo	Outside director		◎	○	
Eriko Sakurai	Outside director	○	○		
Koichi Miyata	Chairman of the Board	○	○		
Takeshi Kunibe	Director President		○		
Jun Ohta	Director Deputy President and Executive Officer				◎
Toshiyuki Teramoto	Director			○	
Toru Mikami	Director			○	
Hirohide Yamaguchi*2	Outside expert				○
Nobuyuki Kinoshita*3	Outside expert				○

Capital and risk-weighted assets, consolidated

Capital ratio (transitional basis)

(JPY bn)	Mar. 31, 2017	Sep. 30, 2017 <i>Preliminary</i>
Common Equity Tier 1 capital (CET1)	8,608.5	9,060.4
of which:		
Total stockholders' equity related to common stock	8,013.3	8,323.0
Accumulated other comprehensive income ^{*1}	1,290.0	1,389.4
Regulatory adjustments related to CET1 ^{*1}	(898.1)	(860.3)
Tier 1 capital	9,946.2	10,384.0
of which:		
Additional Tier 1 capital instruments	449.9	450.0
Eligible Tier 1 capital instruments (grandfathered) ^{*3}	812.9	812.9
Regulatory adjustments ^{*1,2}	(172.9)	(167.5)
Tier 2 capital	2,027.5	1,988.5
of which:		
Tier 2 capital instruments	898.9	901.5
Eligible Tier 2 capital instruments (grandfathered) ^{*3}	873.1	810.8
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount ^{*2}	197.4	216.5
Regulatory adjustments ^{*1,2}	(70.6)	(67.2)
Total capital	11,973.7	12,372.5
Risk-weighted assets	70,683.5	69,905.6
Common Equity Tier 1 capital ratio	12.17%	12.96%
Tier 1 capital ratio	14.07%	14.85%
Total capital ratio	16.93%	17.69%

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

(JPY bn)	Mar. 31, 2017	Sep.30, 2017
Variance with CET1 on a transitional basis ^{*5}	70.2	101.5
of which:		
Accumulated other comprehensive income	322.5	347.3
of which:		
Net unrealized gains on other securities	308.5	337.5
of which:		
Non-controlling interests (subject to be phased-out)	(27.8)	(30.8)
Regulatory adjustments related to CET1	(224.5)	(215.1)
Common Equity Tier 1 capital	8,678.7	9,169.9
Risk-weighted assets	70,644.7	69,865.7
Common Equity Tier 1 capital ratio	12.2%	13.1%
Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains)	10.0%	10.6%

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)	Sep. 30, 2017
Tier1 Capital	10,384.0
Leverage exposure	217,387.4
Leverage ratio	4.77%

LCR

(transitional basis)

Average Jul. – Sep. 2017
127.4%

*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 80% of the original amounts are included *2 80% phase-out is reflected in the figures *3 Cap is 50% *4 Based on the Mar. 31, 2019 definition

*5 Each figure represents 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

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

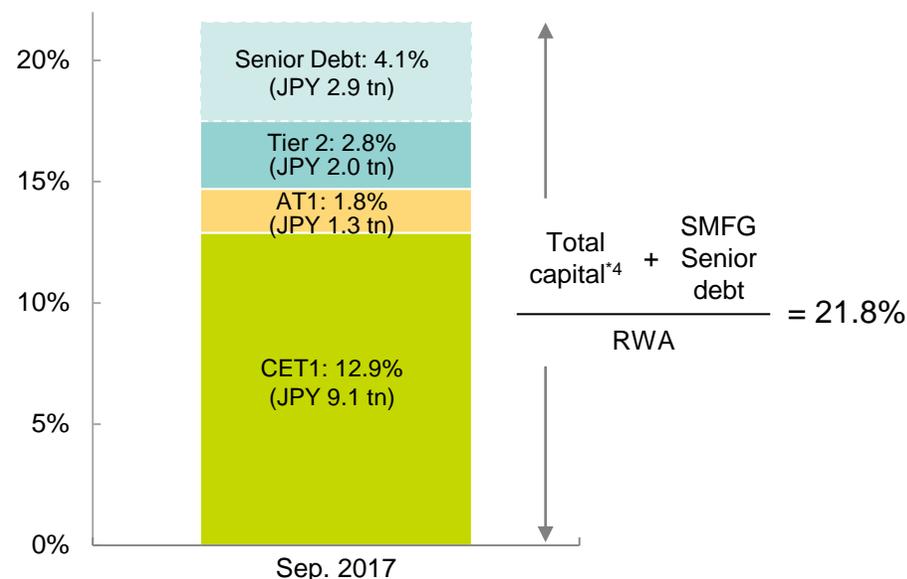
Meeting TLAC requirement

Issuance amount of SMFG senior unsecured debt*2

(JPY tn)	FY3/2016	FY3/2017	1H, FY3/2017
Issuance amount through the period	0.5	1.6	0.8
Amount outstanding at period end	0.5	2.1	2.9

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)

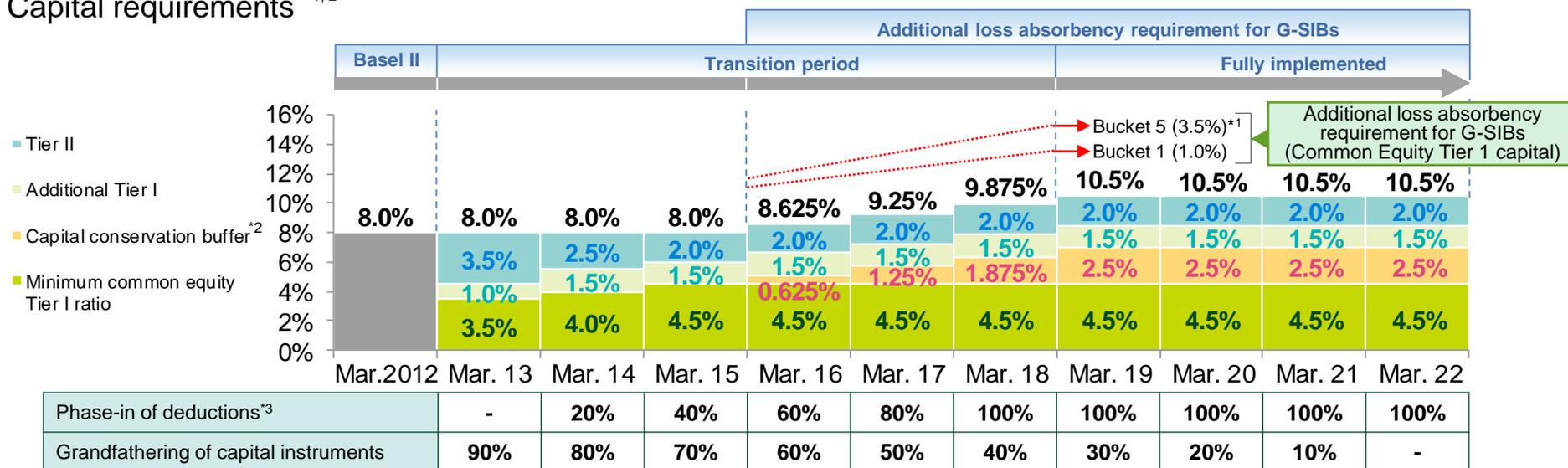
*3 This figure is not the same as TLAC ratio

*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

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 under consideration

Capital requirements ^{*1, 2}



Leverage ratio and liquidity rules ^{*1}

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

Overview of international financial regulations

Regulations	Contents of regulation	Effective	Current status	Action taken & impact on SMFG		
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% *assuming no countercyclical buffer	
	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 meet the requirement	
	Recovery and Resolution Plan	Require to develop Group Recovery Plan	Implemented	Done	○ Annual update necessary	
Prudential regulation Basel III	Capital requirement	Require to raise the level and quality of capital	2013	Under phased implementation	⊙ SMFG CET1 ratio (FY2019) target : about 10%	
		Fundamental review of trading book	2019	Finalised in Jan. 2016	○ Monitor how domestic regulations will be introduced	
		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	
		Constraints on the use of internal model approaches	TBD	Consultative document in Mar. 2016	△ In progress for finalization. Monitor how it will be finalized	
		Capital floors	TBD	Consultative document in Dec. 2014	△ In progress for finalization. Monitor how it will be finalized	
		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	
		Interest-rate risk in the banking book	2018	Finalised in Apr. 2016	○ Monitor how domestic regulations will be introduced	
		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
		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	⊙
			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
	Large exposure regulation	Tighten exposure limit to a single borrower (25% of Tier 1) and enlarge regulation scope	2019	Partly implemented in Dec. 2014	○ Monitor how domestic regulations will be introduced	
Financial market / Financial system reform	OTC derivatives markets reforms	Centralize OTC derivatives clearing Margin requirement for non-centrally cleared derivatives	2012 2016	Enlarge regulation scope Under phased implementation	△ In progress to enhance out platform to address it	
	Regulation of shadow banking system	Strengthen the oversight and regulation of the shadow banking system such as MMFs, repos and securitizations	-	Some regulation have been finalized	○ Monitor how the regulations will be finalized or how domestic regulations will be introduced	
	Ring fencing regulation	Capital and liquidity requirements for foreign banking organizations in U.S.	2016	Done	⊙	
		Capital and liquidity requirements for foreign banking organizations through establishment of an intermediate parent understating in EU	TBD	Published in Nov. 2016 by European Commission	△ Monitor how it will be finalized	

⊙ 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 •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 •Should be issued and maintained by resolution entities	Finished	Unfinished	

Public sector support and point of non-viability in Japan

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

*1 Including the likelihood of a suspension of payment of deposits

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

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

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

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

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

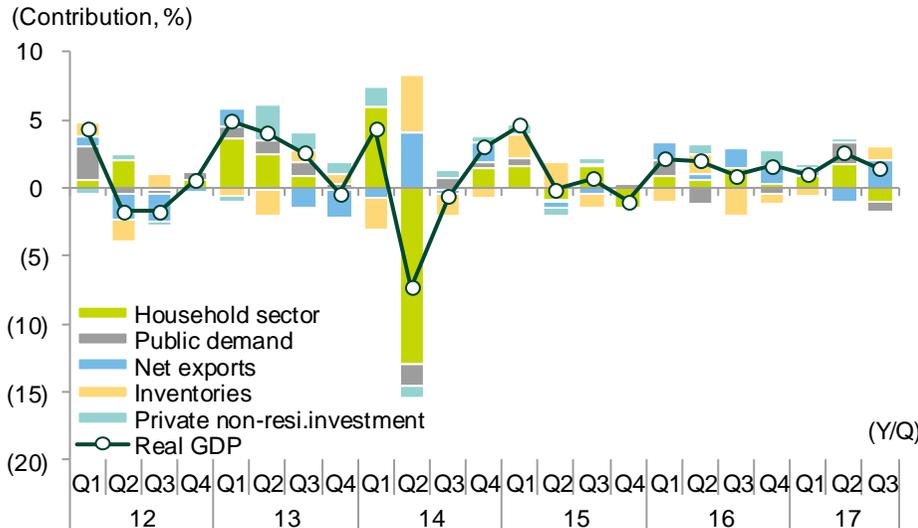
Credit ratings of G-SIBs (Holding companies, by Moody's / S&P)*

Oct. 2017					
	Moody's		S&P		
Aaa					AAA
Aa1					AA+
Aa2					AA
Aa3					AA-
A1	<ul style="list-style-type: none"> SMFG Bank of New York Mellon Mizuho 	<ul style="list-style-type: none"> MUFG State Street 			A+
A2	<ul style="list-style-type: none"> HSBC Standard Chartered 	<ul style="list-style-type: none"> Wells Fargo 	<ul style="list-style-type: none"> Bank of New York Mellon HSBC MUFG 	<ul style="list-style-type: none"> State Street Wells Fargo 	A
A3	<ul style="list-style-type: none"> Goldman Sachs JPMorgan 	<ul style="list-style-type: none"> Morgan Stanley 	<ul style="list-style-type: none"> SMFG ING JPMorgan 	<ul style="list-style-type: none"> Mizuho UBS 	A-
Baa1	<ul style="list-style-type: none"> Bank of America Citigroup 	<ul style="list-style-type: none"> ING UBS 	<ul style="list-style-type: none"> Bank of America Citigroup Credit Suisse 	<ul style="list-style-type: none"> Goldman Sachs Morgan Stanley Standard Chartered 	BBB+
Baa2	<ul style="list-style-type: none"> Barclays 	<ul style="list-style-type: none"> Credit Suisse 	<ul style="list-style-type: none"> Barclays 		BBB
Baa3	<ul style="list-style-type: none"> RBS 		<ul style="list-style-type: none"> RBS 		BBB-
Ba1					BB+

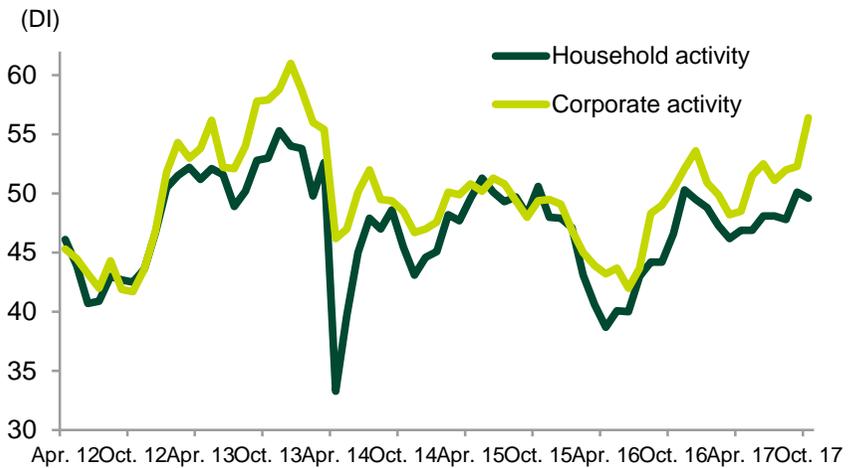
* Long-term issuer ratings (if not available, Senior unsecured ratings for Moody's) of holding companies

Current Japanese economy

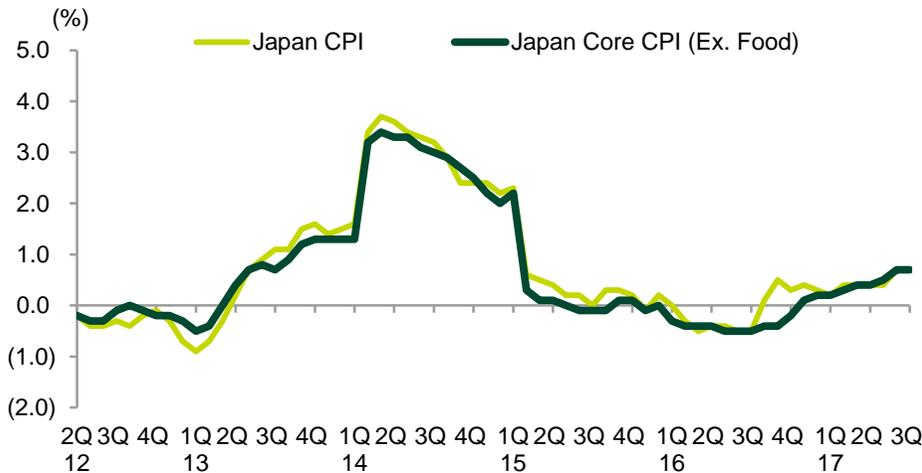
Real GDP growth rate (annualized QOQ change)*1



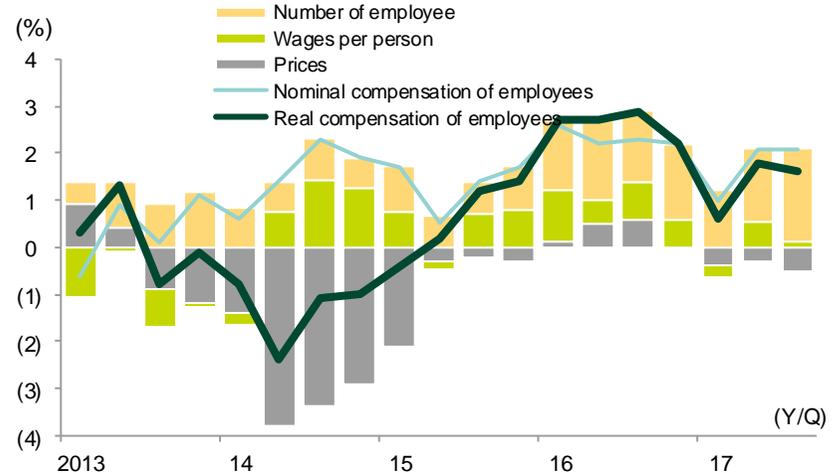
Economy watchers survey*2



Consumer price index (YOY change)*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: Statistics Bureau. Core CPI: All items, less fresh foods

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