- Good morning, ladies and gentlemen.
- Let me take this opportunity to express my appreciation for your interest in us and for your ongoing support and understanding.
- Starting from April 2017, we have embarked on our three-year Medium-Term Management Plan, which ends in FY3/20. In the past year, we put various initiatives into action to attain the goal of becoming a financial group with high quality and achieved some positive results, suggesting we are on the right track.
- Now, you may have noticed that our logo has been changed in the commercials you watched here earlier and the materials we distributed.
- Our new management structure has been working well and group-wide initiatives have steadily been implemented. In order to promote this further, we have designated “SMBC” as the new master brand of our group, effective April 2018. We plan to accelerate group-wide initiatives as “SMBC Group” under our new brand strategy.
- Today I would first like to make a presentation for about 40 minutes before answering any questions you may have.

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, Inc.
- SMBC : Sumitomo Mitsui Banking Corporation
- SMBC Trust : SMBC Trust Bank
- SMFL : Sumitomo Mitsui Finance and Leasing
- SMBC Nikko : SMBC Nikko Securities
- SMCC : Sumitomo Mitsui Card Company
- SMBCCF : SMBC Consumer Finance
- SMAM : Sumitomo Mitsui Asset Management
- SMBCAC : SMBC Aviation Capital

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

- Large corporations : Global Corporate Banking Division
- Mid-sized corporations & SMEs
  : Corporate Banking Division (CBD) and SMEs covered by Retail Banking Unit

- Exchange rates(TTM)

	Mar.17	Mar.18
USD	JPY 112.19	JPY 106.25
EUR	JPY 119.84	JPY 130.73

SMBC

Agenda

SMBC

- This is today's agenda.
- First I will present the performance of FY3/18 and our earnings targets for FY3/19, followed by the progress of the Medium-Term Management Plan and initiatives going forward, and our capital policy.

I. FY3/2018 performance and FY3/2019 target

SMBC

1. FY3/2018 financial results

Income statement

	(JPY bn)		FY3/18	YoY	vs. Nov.17 target	FY3/19 target
Consolidated	Consolidated gross profit	USD 28.1bn	2,981.1	+60.3		
	General and administrative expenses <Overhead ratio>		1,816.2 *60.9%*	+3.8 *(1.2)%*		
	Equity in gains (losses) of affiliates		39.0	+14.4		
	Consolidated net business profit*1	USD 11.3bn	1,203.8	+71.0	+73.8	1,155
	Total credit cost		94.2	(70.2)	(115.8)	200
	Gains (losses) on stocks		118.9	+63.9		
	Other income (expenses)		(64.5)	(46.8)		
	Ordinary profit	USD 11.0bn	1,164.1	+158.3	+194.1	1,020
	Extraordinary gains (losses)		(55.3)	(28.7)		
	Income taxes		270.5	+99.6		
	Profit attributable to owners of parent	USD 6.9bn	734.4	+27.8	+104.4	700
	ROE		8.8%	(0.3)%		
Non-consolidated	Gross banking profit	USD 13.4bn	1,427.9	(235.7)	Loss of dividends*2 JPY (200) bn	
	Expenses*3		810.8	(6.2)		
	Banking profit*1	USD 5.8bn	617.2	(229.5)	+7.2	605
	Total credit cost		(26.7)	(87.8)	(106.7)	70
	Gains (losses) on stocks		127.7	+12.6		
	Ordinary profit	USD 7.1bn	755.3	(108.8)	+175.3	590
	Net income	USD 5.4bn	577.0	(104.7)	+127.0	420

YoY changes of FY3/18 financial results

Profit attributable to owners of parent increased by JPY 27.8 bn mainly due to the steady performance of the Retail and International business units, and the large reversal of credit cost

Consolidated gross profit increased mainly due to the strong performance of investment product sales in the Retail business unit and continuous growth of the credit card and overseas businesses

General and administrative expenses remained almost flat as a result of the group-wide cost control initiatives while expenses increased along with the top-line growth of SMBC Nikko and SMCC

Equity in gains 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 on stocks increased mainly because of gains on sales of strategic shareholdings (approx. JPY 100 bn)

Other income (expenses) decreased mainly due to the provisions for losses on interest repayments at SMBCCF and Cedyna (approx. JPY (50) bn)

Extraordinary gains (losses) decreased due to the cost from branch reorganization (approx. JPY (25) bn)

Income taxes increased due to the loss of tax benefits recorded in FY3/17 by implementing the consolidated corporate-tax system (approx. JPY (100) bn)

Contribution of subsidiaries to Profit attributable to owners of parent

Figures in <> of YoY exclude the impact of tax benefits recorded in FY3/17 by implementing the consolidated corporate-tax system

(JPY bn)	FY3/18	YoY	(JPY bn)	FY3/18	YoY
SMBC Nikko*4	62	+17	SMAM	4	+2
SMFL	33	+3	Cedyna	2	(20) <(14)>
SMBCCF	25	(87) <(38)>	SMBC Trust	(6)	(2) <+11>
SMCC	19	+3	BEA*5	26	+16

SMBC

*1 Before provision for general reserve for possible loan losses
*2 Loss of JPY 200 bn of dividends from SMBC Nikko associated with making SMBC Nikko a direct subsidiary of SMFG recorded in FY3/17 *3 Excludes non-recurring losses
*4 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) *5 The Bank of East Asia

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- Here is the performance summary of FY3/18.
- Profit attributable to owners of parent was ¥734.4 billion, an increase of ¥27.8 billion from the previous year and ¥104.4 billion higher than our FY3/18 target.
- Factors affecting year-on-year changes are shown on the right hand side. Top-line earnings grew due to the steady performance of the retail and international business units, while the rise in equity in gains of affiliates also contributed to the increase of consolidated net business profit. Consequently, profit attributable to owners of parent increased due to lower credit costs and higher gains on stocks, offsetting the loss of the previous year's tax benefits resulting from the implementation of the consolidated corporate-tax system.
- Going back to the table on the left hand side, our FY3/19 targets are consolidated net business profit of ¥1,155 billion yen and profit attributable to owners of parent of ¥700 billion.
- Our target for profit attributable to owners of parent is ¥34.4 billion lower than in FY3/18, which reflects an increase in total credit cost and lower gains on stocks. It also includes a one-time positive effect of ¥50 billion from the reorganization of group regional banks in the Kansai area and joint leasing partnership. Adjusted for these factors, our target for profit attributable to owners of parent is in the mid-¥600 billion range in real terms, which exceeds our assumption at the time of formulating the Medium-Term Management Plan. A year ago, I noted that as a base line, our bottom-line earnings is around ¥600 billion. We would like to demonstrate that we have achieved solid growth.
- Please go over the FY3/18 results data on page 6–14 later. I will now move on to the progress and strategy going forward regarding our Medium-Term Management Plan.

2. Breakdown of gross profit

By business unit[*1]

(JPY bn)	FY3/17[*3]	FY3/18	YoY[*4]
Wealth management business	320.8	360.7	+23.4
Credit card business	365.5	385.2	+19.7
Non-consolidated income on loans (excl. consumer finance)	160.0	145.0	(12.6)
Consumer finance business	287.1	302.1	+15.1
o/w Retail business unit	1,313.9	1,311.5	+34.2
SMBC: Income on loans	183.8	177.8	(6.2)
SMBC: Money remittance, electronic banking	62.7	64.1	+1.4
SMBC: Foreign exchange	37.9	41.9	+3.8
SMBC: Loan syndication	48.7	51.6	+3.0
SMBC: Structured finance	35.2	31.5	(3.8)
Securities business	93.7	81.9	(11.9)
Leasing business	116.5	122.8	+6.2
o/w Wholesale business unit	776.4	772.9	(6.7)
Asset related income[*2]	378.4	403.8	+12.0
Non-asset related income[*2]	95.8	128.9	+28.8
Loan related fees[*2]	108.6	98.5	(9.3)
Securities business	37.7	39.6	+2.2
Aircraft leasing	46.8	45.8	(1.3)
o/w International business unit	566.1	632.0	+38.8
o/w SMBC's Treasury Unit	272.4	273.4	(2.0)
o/w Global markets business unit	346.8	356.2	+6.4
Consolidated gross profit	2,920.7	2,981.1	+60.3
o/w SMBC's domestic income on loans and deposits	493.5	470.0	(17.1)
o/w International business unit's income on loans and deposits[*2]	249.9	261.3	+14.8

By accounting item

(JPY bn)	FY3/17	FY3/18	YoY
Consolidated gross profit[*5]	2,920.7	2,981.1	+60.3
Net interest income	1,358.6	1,390.2	+31.6
o/w SMBC	1,138.9	957.0	(181.9) <+18.1>[*6]
Domestic	904.2	707.3	(196.9) <+3.1>[*6]
Overseas	234.8	249.7	+15.0
SMBCCF	163.0	171.0	+9.0
Trust fees	3.8	3.9	+0.1
Net fees and commissions	1,013.3	1,066.6	+53.3
o/w SMBC	348.9	329.9	(19.0)
SMCC	187.0	211.0	+24.0
SMBC Nikko	176.0	198.0	+22.0
Cedyna	108.0	107.0	(1.0)
SMBCCF	66.0	70.0	+5.0
Net trading income + Net other operating income	545.0	520.3	(24.7)
o/w SMBC	173.9	139.0	(34.9)
SMBC Nikko	148.0	156.0	+8.0
SMFL	149.0	154.0	+5.0

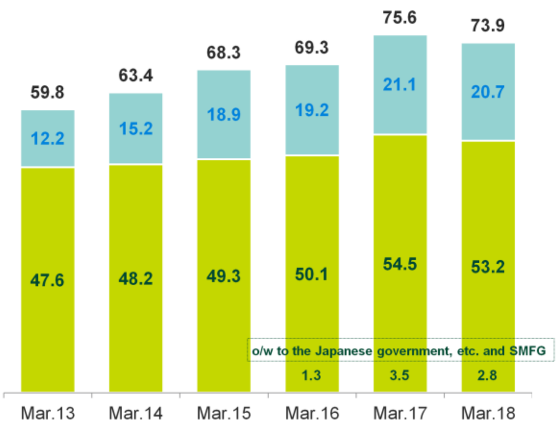
*1 Managerial accounting basis *2 Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Trust, etc.
*3 Adjusted retrospectively in the business unit basis which was introduced in FY3/18 *4 After adjustments of interest rates and exchange rates, etc.
*5 Numbers excluding SMBC are rounded *6 Figures in <> exclude the impact of receiving JPY 200 bn of dividends from SMBC Nikko (FY3/17, eliminated in consolidated figures)

3. Loans*1

Loan balance

(JPY tn)

Breakdown of change from Mar. 2017 to Mar. 2018	(JPY tn)
Domestic offices excl. Japan offshore banking accounts	(1.3)
excl. loans to the Japanese government, etc. and SMFG	(0.6)
Overseas offices and Japan offshore banking accounts	(0.4)
after adjustment for changes in exchange rate	+0.4
Total	(1.7)



Domestic loan-to-deposit spread

(%)	FY3/18	YoY	1H	2H
Interest earned on loans and bills discounted	0.98	(0.07)	0.99	0.97
Interest paid on deposits, etc.	0.00	(0.01)	0.00	0.00
Loan-to-deposit spread	0.98	(0.06)	0.99	0.97

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

	FY3/18	YoY	1H	2H
Interest earned on loans and bills discounted	1.02	(0.09)	1.03	1.01
Loan-to-deposit spread	1.02	(0.08)	1.03	1.01

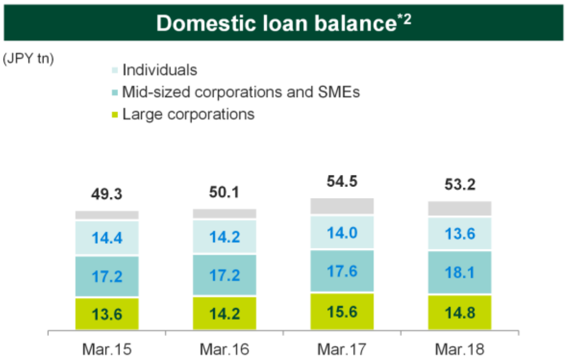
Average loan balance and spread*2

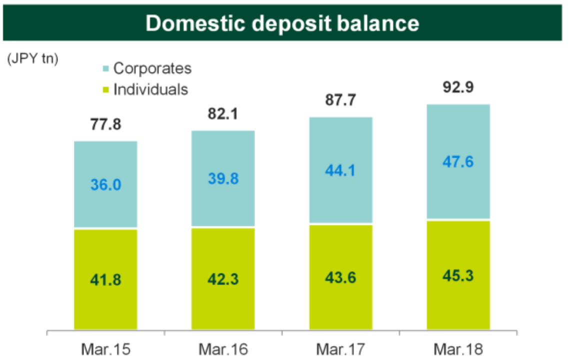
	Balance (JPY tn)		Spread (%)	
	FY3/18	YoY*4	FY3/18	YoY
Domestic loans	52.7	+0.8	0.78	(0.05)
Excluding loans to the Japanese government, etc. and SMFG	49.6	+1.3	0.82	(0.06)
o/w Large corporations	15.3	+0.8	0.52	(0.05)
Mid-sized corporations & SMEs	17.5	+0.8	0.69	(0.06)
Individuals	13.8	(0.3)	1.46	(0.03)
IBU's interest earning assets*3 (USD bn, %)	278.2	+28.5	1.14	(0.07)

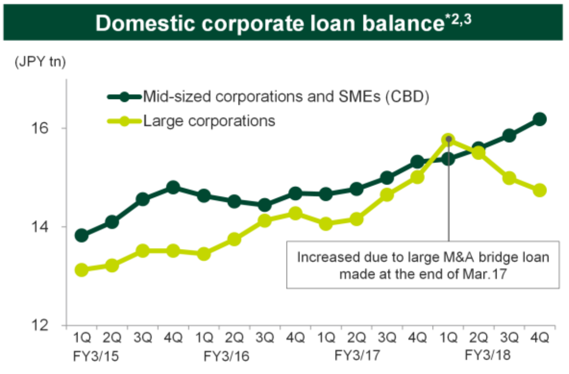
*1 Non-consolidated *2 Managerial accounting basis *3 Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Trust, etc. Sum of loans, trade bills, and securities
*4 After adjustments for exchange rates, etc.

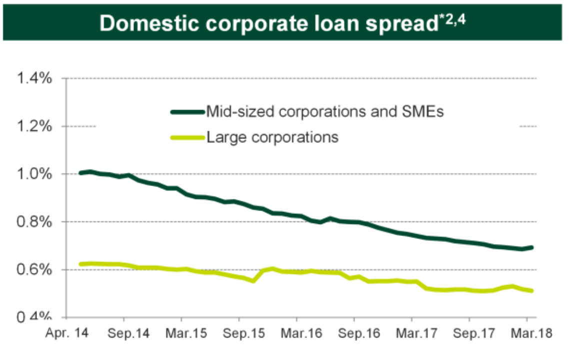
SMBC

4. Domestic loans and deposits[*1]









*1 Non-consolidated *2 Managerial accounting basis *3 Quarterly average, excludes loans to the Japanese government, etc.
*4 Monthly average loan spread of existing loans, excludes loans to the Japanese government, etc.

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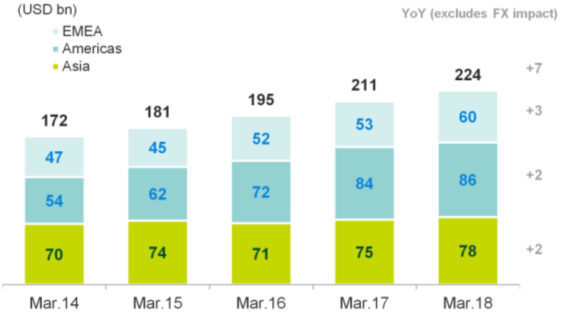
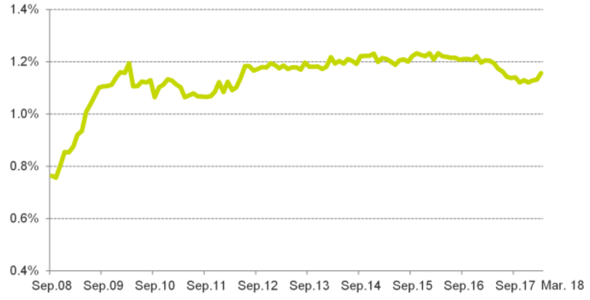
5. Overseas loans and deposits[*1]

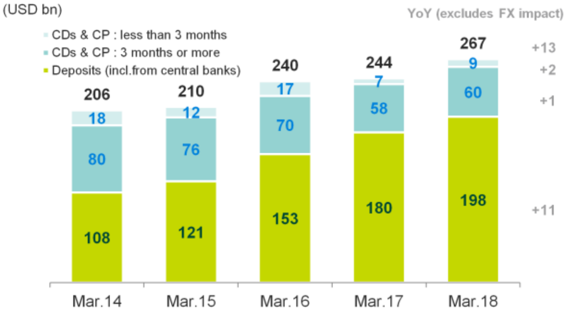
Overseas loan balance (includes trade bills)



Overseas loan spread[*2]



Overseas deposit balance



Foreign currency bonds outstanding[*3] (USD bn)	Senior			32.9	44.1	54.2
	Subordinated			4.1	4.1	4.2

Benchmark issuance of foreign currency bonds[*4] (since Jan. 2018)

Senior / Sub	Issue Date	Currency	Amount (mn)	Tenor	Coupon
Senior (SMFG) [*5]	Jan. 17, 2018	USD	1,500 500 750	5y 5y 10y	3.102% 3mL+74bp 3.544%
Senior (SMBC)	Jan. 17, 2018	USD	1,250 750	2y 2y	2.514% 3mL+35bp
Senior (SMFG) [*5]	Feb. 9, 2018	USD	265	30NC10	4.200%
Senior (SMBC)	Apr. 24, 2018	USD	750	2y	3mL+40bp

SMBC

*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China) *2 Monthly average loan spread of existing loans
*3 Bonds issued by SMFG and SMBC *4 Issued in overseas market. Targeting foreign institutional investors *5 TLAC bonds

6. Balance sheet

Consolidated B/S (Mar. 2018) <vs. Mar. 2017>

(JPY tn)

Assets		Liabilities and net assets	
Cash and due from banks	53.7 <+6.9>	Deposits (includes NCD)	127.7 <(2.0)>
Loans	72.9 <(7.3)>	Domestic*2	98.8 <+4.1>
Domestic	53.2 <(1.3)>	Overseas*1,3	28.4 <+1.0>
Overseas*1	23.8 <+0.1>	Other liabilities	59.7 <+2.9>
Securities	25.7 <+1.1>	Total net assets	11.6 <+0.4>
Other assets	46.7 <+0.6>		
Total assets	199.0 <+1.3>		

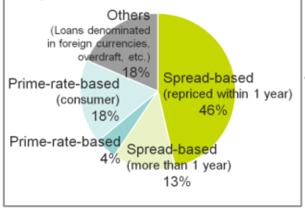
Loan to deposit ratio	57.1 %

Non-consolidated

- BOJ's current account balance JPY 41.5 tn

Non-consolidated

- Domestic loans outstanding JPY 53.2 tn



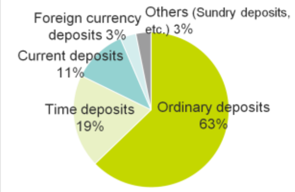
Consolidated

(Other securities)

- o/w Stocks JPY 3.9 tn
- o/w JGBs JPY 9.2 tn
- o/w Foreign bonds JPY 7.2 tn

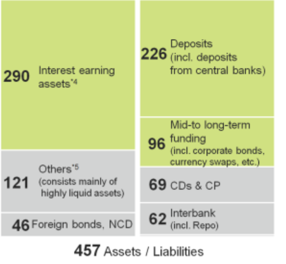
Non-consolidated

- Domestic deposits outstanding JPY 92.9 tn



(Ref) Non-JPY B/S items*1

(USD bn)



*1 Managerial accounting basis. Sum of SMBC, SMBCE and SMBC (China) *2 Including NCD *3 Including CDs and CP
*4 Sum of loans, trade bills and securities of Marketing units *5 Includes deposit placed with central banks, etc.

SMBC

7. Gains (losses) on bonds / bond portfolio

Gains (losses) on bonds (non-consolidated)

(JPY bn)	FY3/17	FY3/18	YoY
Gains (losses) on bonds	43.7	11.7	(32.0)
Domestic operations	18.2	7.5	(10.7)
International operations	25.5	4.2	(21.3)

Bond portfolio

	(JPY tn)	Mar.17		Mar.18	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
Consolidated	Yen-denominated bonds	11.4	0.07	12.2	0.05
	o/w JGB	8.5	0.03	9.6	0.01
	Held-to-maturity	1.2	0.01	0.4	0.00
	Others	7.3	0.02	9.2	0.01
	Foreign bonds (Other securities)	7.1	(0.11)	7.2	(0.16)
Non-consolidated	Yen-denominated bonds	10.6	0.06	11.9	0.05
	o/w JGB	8.0	0.03	9.3	0.01
	Held-to-maturity	0.9	0.01	0.1	0.00
	Others	7.1	0.02	9.2	0.01
	Foreign bonds (Other securities)	5.6	(0.10)	5.3	(0.14)

SMBC

8. Expenses

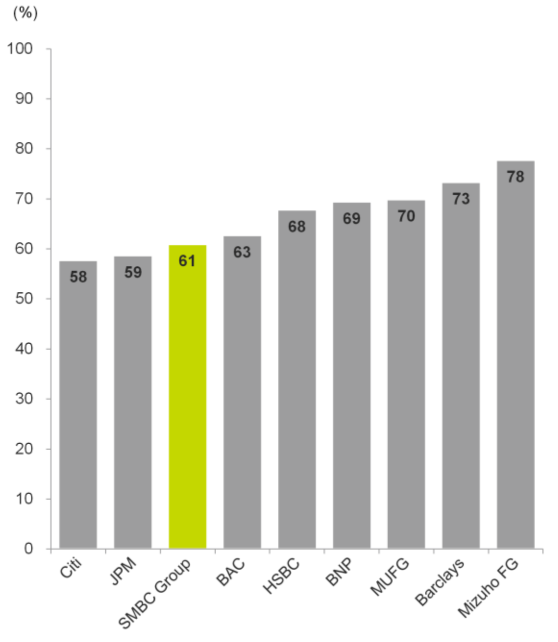
Consolidated

(JPY bn)	FY3/18	YoY
Expenses	1,816.2	+3.8
Overhead ratio	60.9%	(1.2)%

Major Group companies[*1]

(JPY bn)	FY3/18	YoY
SMBC[*2]	810.8	(6.2)
SMBC Nikko	267.0	+16.0
SMCC	170.0	+13.0
Cedyna	116.0	(2.0)
SMBCCF	109.0	+4.0
SMFL	85.0	+1.0
SMBC Trust	51.0	+0.0
SMAM	18.0	+6.0

Overhead ratio comparison[*3]

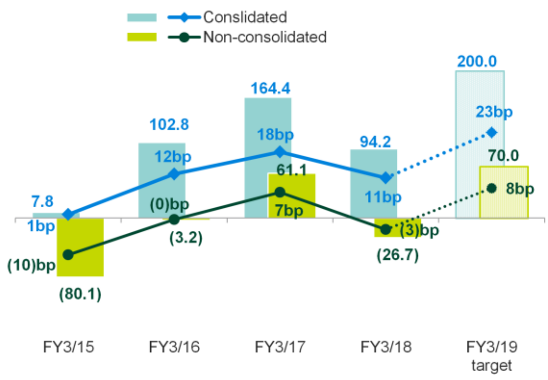


*1 Numbers excluding SMBC are rounded *2 Excludes non-recurring losses
*3 Based on each company's disclosure. G&A expenses (for Japanese banks, includes non-recurring losses of subsidiary banks) divided by top-line profit (net of insurance claims). FY3/18 results for SMBC Group, MUFG and Mizuho FG. and Jan. - Dec. 2017 results for others

9. Credit costs / non-performing loan

Credit costs[*1]

(JPY bn)



Major Group companies

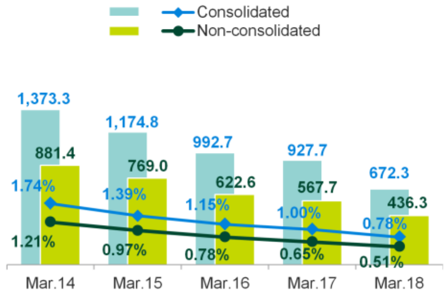
(JPY bn)	FY3/18	YoY
SMBCCF	80	+7
SMCC	18	+5
Cedyna	14	+2

Non-performing loan balance and ratio[*2]

(JPY bn)

Coverage ratio

	Mar. 17	Mar. 18
Consolidated	77.68%	75.23%
Non-consolidated	85.46%	89.11%



Total Claims (JPY tn)

Consolidated	79	85	87	93	86
Non-consolidated	73	79	80	87	86

Claims on borrowers requiring caution[*3]

Non-consolidated	1.6	1.6	1.4	1.6	1.3

*1 Total credit cost ratio = Total credit cost / Total claims * 2 NPL ratio = NPLs based on the Financial Reconstruction Act (excludes normal assets) / Total claims
*3 Excludes claims to Substandard borrowers

SMBC

10. Earnings target for FY3/2019

	(JPY bn)	FY3/18 results	FY3/19 target 1H	FY3/19 target	YoY
Consolidated	Consolidated net business profit*1 (USD 11.3bn)	1,203.8	555	1,155	(48.8)
	Total credit cost	94.2	100	200	+105.8
	Ordinary profit (USD 11.0 bn)	1,164.1	480	1,020	(144.1)
	Profit attributable to owners of parent (USD 6.9 bn)	734.4	310	700	(34.4)
Non-consolidated	Banking profit*1 (USD 5.8 bn)	617.2	265	605	(12.2)
	Total credit cost	(26.7)	35	70	+96.7
	Ordinary profit (USD 7.1 bn)	755.3	260	590	(165.3)
	Net income (USD 5.4 bn)	577.0	180	420	(157.0)

Consolidated net business profit

Earn the same level as FY3/18 which performed well excluding

- the impact from the reorganization of regional banks in Kansai area and the joint leasing business (approx. JPY (40) bn)
- the loss of gains on sales of a subsidiary at The Bank of East Asia (approx. JPY (8) bn)

Total credit cost

Expected to increase because of smaller gains on reversal of reserves for possible loan losses at SMBC

Profit attributable to owners of parent

Includes a one time impact related to the reorganization of regional banks in Kansai area and the joint leasing business (approx. + JPY 50 bn). Excluding this one time factor, will reach around JPY 650 bn, which is higher than originally anticipated in the Medium-Term Management Plan

Assumptions of earnings target

		FY3/18 Actual	FY3/19 estimate
3M TIBOR		0.06%	0.07%
Federal funds target rate		1.75%	2.00%
Exchange rate	JPY/USD	106.25	110.00
	JPY/EUR	130.73	130.00

*1 Before provision for general reserve for possible loan losses

SMBC

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

SMBC

1. FY3/2018 achievements

- **Made steady progress in executing initiatives based on the three core policies of the Medium-Term Management Plan**
- **Progress of the financial results is ahead of target**

SMBC Group Next Stage

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

Progress on financial targets

		FY3/17	FY3/18	FY3/20 Target
Capital Efficiency	ROE	7.8%*1	8.8%	7～8%
Cost Efficiency	OHR	62.1%	60.9%	1% reduction compared with FY3/17
Financial Soundness	CET1 ratio*2	8.3%	9.5%	10%

1 Discipline
Disciplined business management

- Announced and implemented group reorganization measures to transform business/asset portfolio
  - ✓ Regional banks in Kansai area, joint leasing business, etc.
- Executed cost control initiatives
  - ✓ Business reform, retail branch reorganization, integration of SMBC Nikko and SMBC Friend

2 Focus
Focus on our strengths to generate growth

- Made steady progress in executing key initiatives in the seven strategic business areas
- Accelerated selection and concentration of business operations as well as business model reorganization in the four business units

3 Integration
Integration across the Group and globally to achieve sustainable growth

- Introduced CxO system and Group-wide business units
- Transformed into a Company with Three Committees and reviewed the executive pay system
- Promoted digitalization
  - ✓ Focused on businesses that can be monetized and lead to the generation and commercialization of new platforms

*1 Excluding special factors, such as the effects of implementing the consolidated corporate-tax system
*2 Post-Basel III reform basis. CET1 excludes net unrealized gains on other securities. RWA excludes RWA associated with net unrealized gains on stocks

SMBC

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- Our Core Policies set out in the Medium-Term Management Plan that started in April 2017 are Discipline, Focus, and Integration.
- In the past year, we have implemented various initiatives based on these Core Policies, and made steady progress overall.
- As shown on the right hand side, we surpassed our financial targets as well, with some help from a strong macro economic environment.

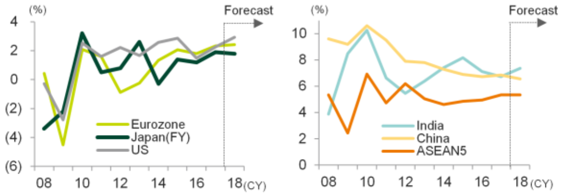
2. Business environment

- While attention to the rise of protectionism and market volatility is necessary, the macro economic environment generally remains strong
- Impact from the finalization of Basel III was as expected. Focus can be put on “enhancing shareholder returns” and “investing for growth”
- On the other hand, medium-term downward pressure on earnings is expected to increase due to structural changes in the business environment

Macro economic environment

- The global economy generally remained strong.
  A gradual economic recovery is expected to continue despite of the economic slowdown in some countries including China

Economic growth rate[*1]



Regulatory environment

- Basel III was finalized. Our RWA is estimated to inflate by 25% compared to the current Basel III fully-loaded basis but the impact was as expected
- Regulation is fixed and we expect to reach our CET1 ratio target by the end of Mar.2019
  Going forward, focus can be put on “enhancing shareholder returns” and “investing for growth”

Structural changes in business environment

- Medium-term downward pressure on earnings is expected to increase
  - ✓ Continuation of the negative interest rate policy and the surplus of funds
  - ✓ Changes in customers’ needs due to digitalization. Fierce competition with new technology/entrants
  - ✓ Expanding gap between Japanese and US & European interest rates
- Major risk factors in the global economy
  - ✓ Rise in uncertainty in politics such as protectionism
  - ✓ Change in money flow due to the shift in US/European monetary policy
  - ✓ Geo-political risks (North Korea/ Middle East)
  - ✓ Volatility in asset value

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*1 Growth rate of 2018 refers to the government outlook for Japan and to IMF outlook for the others

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- Let me explain our views for the business environment.
- We expect the global economy to remain generally robust.
- In terms of the regulatory environment, Basel III reforms were finalized in December 2017. We estimate that our RwA will inflate by around 25% compared to the fully-loaded basis of the current Basel III regulations, but the impact was as expected.
- So far we have prioritized strengthening our capital base assuming tougher regulations, but we believe we have reached the stage where focus can be put on enhancing shareholder returns and investing for growth now that regulatory uncertainty has cleared and we are on track to attain our CET1 ratio target.
- At the same time, as shown on the right hand side, downward pressure on earnings will likely increase in the medium-term due to structural changes in the business environment.
- Financial institutions are facing far-reaching structural changes and a paradigm shift amid Japan’s continuing negative interest rate policy and the trend of digital innovation. I believe today’s challenge is to stay one step ahead and evolve our business model accordingly, so that we turn “change” into business opportunities.

3. Management policy in FY3/2019

- Improve ROE by accelerating the Medium-Term Management Plan

Management policy in FY3/2019:

"Accelerate the Medium-Term Management Plan"

SMBC Group
Next Stage

1	Discipline	Accelerate the improvement of management efficiency
2	Focus	Accelerate selection and concentration of business operations and business model reorganization
3	Integration	Accelerate realization of the positive impact from group integration

SMBC

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- Based on this understanding of the business environment, our management policy for FY3/19 is to accelerate our Medium-Term Management Plan to become a financial group with high quality.
- From the next page, we will discuss each initiative in detail.

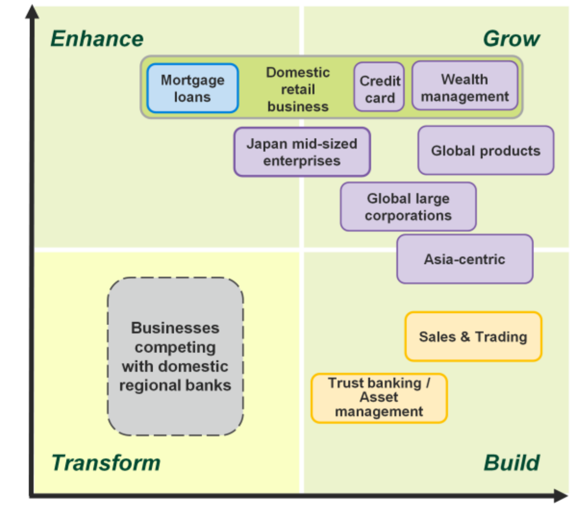
Discipline

4. Transformation of business/asset portfolio

- **Prioritize business fields when allocating resources to enhance capital efficiency**
- **Announced and executed group reorganization measures to transform business/asset portfolio**

Business portfolio transformation

SMBC Group's competitive advantage



Review of group operations

(launched)		
Mar. 2017	Turning Kansai Urban Banking Corporation and THE MINATO BANK to equity method affiliates	Completed
Aug.	Yahoo! JAPAN to consolidate The Japan Net Bank	Completed
Aug.	Changing shareholder composition of POCKET CARD	Completed
Nov.	Reorganization of the joint leasing partnership of SMFL	Scheduled in Nov. 2018
May 2018	Reorganization of the asset management business	Scheduled in Apr. 2019

Merger of SMAM and Daiwa SB Investments

- Entered into a basic agreement of a merger
- Accelerate technology investment, enhance management functions, and pursue cross industry M&A by utilizing economy of scale
- Ownership ratio post merger
  SMFG : 50.1%, Daiwa Securities Group : 23.5%,
  Mitsui Sumitomo Insurance Company : 15.0%,
  Sumitomo Life Insurance : 10.4%,
  Sumitomo Mitsui Trust Bank : 1.0%

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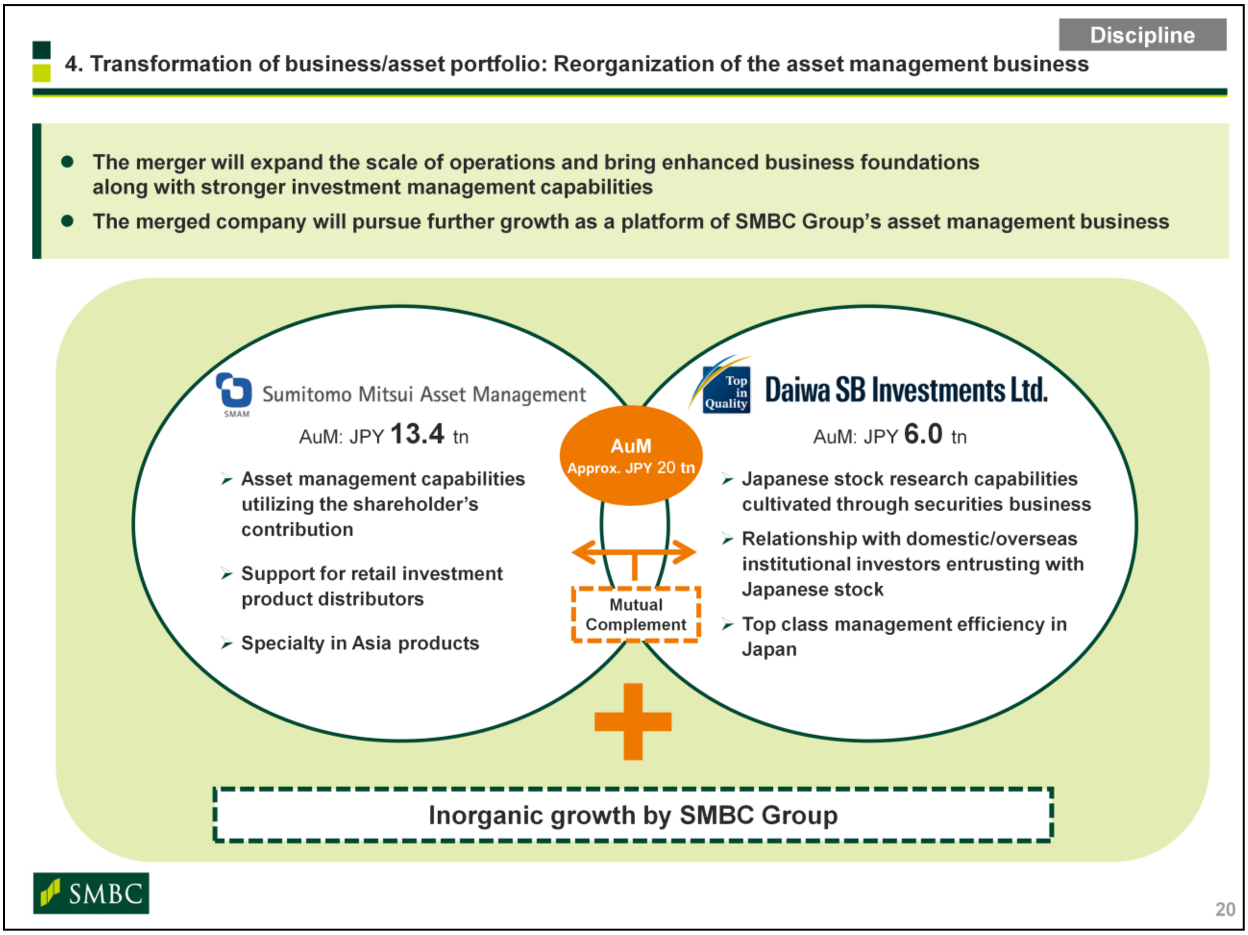
- The first is transformation of our business/asset portfolio.
- Reorganization measures of our group operations that we have announced so far are shown on the right hand side.
- In FY3/18, we turned our regional bank subsidiaries in the Kansai area into equity-method affiliates and went ahead with our decision to reorganize our joint leasing partnership.
- Furthermore, we plan to allocate resources for future growth of the asset management business (in the "Build" quadrant on the bottom right of the diagram on the left hand side). As a new development, a memorandum of understanding (MOU) has been concluded between Sumitomo Mitsui Asset Management (SMAM) and Daiwa SB Investments as they entered into a basic agreement of a merger last week.
- We will explain the significance and strategies of this merger on the next page.



- The MOU has been concluded as we believe that scale expansion is essential to improve our competitiveness in the asset management business, which is going through consolidation and realignment in Japan and worldwide.
- The newly merged company will have AuM of approximately ¥20 trillion, ranking eighth in Japan, and fourth on an operating profit basis. We believe we have acquired the minimum scale needed to survive tough competition in the years ahead.
- SMAM's strengths lie in life and non-life insurance (mainly in Japan) and investment trusts for individuals, while Daiwa SB Investments excels in doing business with domestic and overseas pension funds and corporate customers. We believe the merger will reinforce the company's business foundations and investment management capabilities, because there is little overlap in customer base and areas of strength.
- We regard the merger as the second step after turning SMAM into a consolidated subsidiary in FY3/17. We plan to strengthen the newly merged company as a platform of SMBC Group's asset management business and thereby to pursue our global asset management business.

Discipline

5. Cost control: Improving productivity and efficiency

- **Improved OHR compared with FY3/17**
- **The materialized cost reduction amount summed up to JPY 26 bn in FY3/18 out of the JPY 50 bn target under the Medium-Term Management Plan. Made steady progress toward the targeted workload reduction of 4,000 people**

Progress of key initiatives

	Target	Materialized
Business reform to improve efficiency	JPY 20bn	JPY 10 bn

- Automated approx. 1.1 mn hours (workload of 550 people) of operation by utilizing RPA on a group-wide basis
  ⇒**Three-year plan: 3 mn hours (workload of 1,500 people)**
- The integration and sharing of functions on a group-wide basis are generally progressing as planned

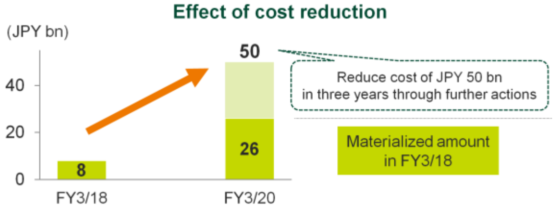
	Target	Materialized
Retail branch reorganization	JPY 20bn	JPY 6 bn

- Completed transformation of 103 branches to next-generation branches as well as centralization of back-office operations of 134 branches

	Target	Materialized
Reorganization of group companies	JPY 10bn	JPY 10 bn

- Completed merger of SMBC Nikko and SMBC Friend

Effect of cost reduction



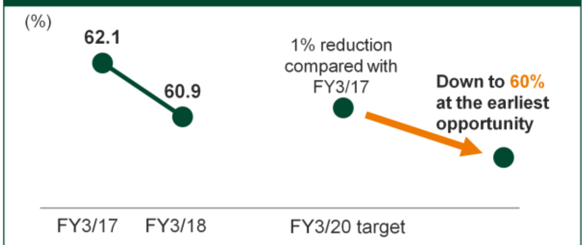
Effect on personnel through key initiatives to improve efficiency

Reduce workload of 4,000 people (generate capacity)

- Achieved workload reduction of 1,000 people in FY3/18
- Implementing concrete measures to achieve the target in the remaining 2 years

Initiatives to leverage the effects of improved efficiency	
Expand value-added operations	(Profit ↑)
Reduce overtime work	(Cost ↓)
Control replacement of retirees	(Cost ↓)

Transition of OHR



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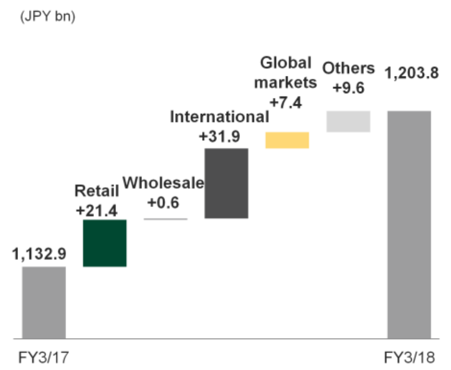
- Here is a summary of our cost control measures.
- As shown on the bottom right, our overhead ratio was 60.9% in FY3/18, improving 1.2% from FY3/17, and lower than our Medium-Term Management Plan target of a 1.0% reduction compared with FY3/17. Looking at the progress of key Medium-Term Management Plan initiatives on the left hand side, we target cost reduction of ¥50 billion in three years, of which we have materialized a ¥26 billion reduction in the first year.
- We reduced the workload of 1,000 people in the first year. In addition to that, including the integration of back office services subsidiaries announced in March 2018, we have worked on materializing the reduction of workload of 4,000 people to be achieved by the final year of the Medium-Term Management Plan. We will solidly execute these measures in the remaining two years.
- The capacity generated will allow us to redeploy personnel to strategic business fields and reduce labor costs. We also believe we can contribute to the realization of Work Style Reform by reducing overtime work.
- In FY3/19, we will continue to keep costs strictly under control to further improve our cost efficiency, which is one of SMBC Group's strengths.

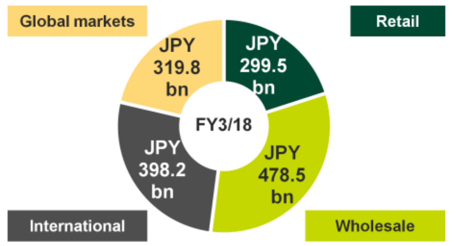
Focus

6. Initiatives by business unit: FY3/2018 results

(JPY bn)		FY3/17[*1]	FY3/18	YoY[*2]
Retail	Gross profit	1,313.9	1,311.5	+34.2
	Expenses	1,041.1	1,027.5	+16.1
	Overhead ratio	*79.2%*	*78.3%*	*(0.8)%*
	Others	12.1	15.5	+3.3
	Net business profit	284.9	299.5	+21.4
	ROE[*3, 4]	-	7.5%	-
	RWA (JPY tn) [*3, 5]	-	13.8	-
Wholesale	Gross profit	776.4	772.9	(6.7)
	Expenses	344.8	347.8	+1.6
	Overhead ratio	*44.4%*	*45.0%*	*+0.6%*
	Others	45.7	53.4	+8.9
	Net business profit	477.2	478.5	+0.6
	ROE[*3, 4]	-	11.4%	-
	RWA (JPY tn) [*3, 5]	-	20.1	-
International	Gross profit	566.1	632.0	+38.8
	Expenses	241.2	280.7	+23.2
	Overhead ratio	*42.6%*	*44.4%*	*+1.0%*
	Others	38.4	46.9	+16.3
	Net business profit	363.4	398.2	+31.9
	ROE[*3, 4]	-	10.6%	-
	RWA (JPY tn) [*3, 5]	-	21.0	-
Global markets	Gross profit	346.8	356.2	+6.4
	Expenses	50.2	53.9	+3.3
	Overhead ratio	*14.5%*	*15.1%*	*+0.7%*
	Others	8.1	17.5	+4.3
	Net business profit	304.8	319.8	+7.4
	ROE[*3, 4]	-	33.5%	-
	RWA (JPY tn) [*3, 5]	-	5.9	-

Net business profit by business unit





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*1 Adjusted retrospectively in the business unit basis which was introduced in FY3/18 *2 After adjustments of the changes of interest rates and exchange rates *3 Preliminary figure
*4 Managerial accounting basis with RWA calculated assuming Basel III reforms are finalized. Excludes impact from the provision for losses on interest repayments and the cost from branch reorganization (Retail), the mid- to long-term foreign currency funding costs (International) and the interest-rate risk associated to the banking account (Global Markets)
*5 Basel III transitional basis

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- From here on, we will discuss initiatives by business unit.
- Annual performance of net business profit by business unit is shown on the right hand side. Net business profit increased year-on-year in all four business units in FY3/18.
- In particular, the retail and international business units drove the Group’s profit growth.
- From the next page, I will discuss initiatives for each business unit.

6. Initiatives by business unit: Retail business (1)

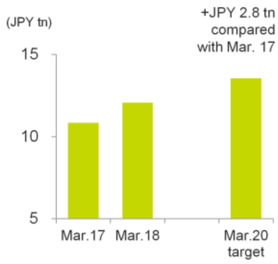
Focus

- **Customer-oriented wealth management business has evolved by focusing on stock-based and medium- to long-term diversified investments**
- **Strengthen the wealth management business with high-net-worth (HNW) clients on a group-wide basis**

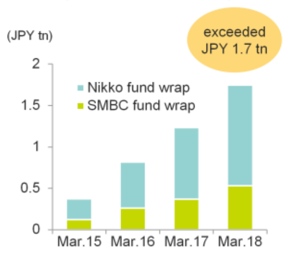
Establish wealth management business

- Balance of stock-based assets in FY3/18 increased ahead of target
- Made solid progress in shifting to the stock-based wealth management business model with the strong sales performance of fund-wrap products that contributes to diversifying investments for investors

Balance of stock-based assets (SMBC+SMBC Nikko)



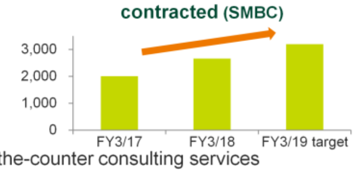
Balance of fund wrap (SMBC+SMBC Nikko)



Cultivate and strengthen business with HNW clients

- Initiatives for corporate owners
  - ✓ Enhance SMBC Nikko's solution providing capability to meet the business succession needs of corporate owners. Take full advantage of collaboration between Corporate Business Office and Area Main Office
- Inheritance/business succession consulting
  - ✓ Enhance customer service personnel's consulting capability for inheritance/business succession and accelerate actions to capture customers' needs by all aspects
  - ✓ Promote integration of assets based on testamentary trust, insurance and business succession through estimation of inheritance tax to visualize the "demands to reserve and prepare"

# of testamentary trust + inheritance disposition contracted (SMBC)



- Over-the-counter consulting services
  - ✓ Through retail branch reorganization, utilize service counters to provide asset management and inheritance consulting for HNW clients. Also provide follow-up services by call centers

SMBC

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- First, let's look at the retail business.
- The wealth management business drove earnings of the retail business in FY3/18.
- We have been a front runner in shifting our business model in the wealth management business, which has clearly shown positive results in our view. Specifically, we have seen a steady increase in the balance of stock-based assets, consequently building up fundamental earnings capability that is not affected by market price fluctuations. In particular, sales performance of products that contribute to diversifying investments for investors has been strong. The balance of fund wrap has been increasing at a faster pace than major securities companies and other megabanks.
- And we are stepping up measures to strengthen the business with high-net-worth (HNW) clients, as shown on the right hand side. For example, SMBC Nikko is strengthening its solution providing capability to meet the business succession needs for corporate owners, as well as working more closely with SMBC's Corporate Business Offices and Area Main Offices.

6. Initiatives by business unit: Retail business (2)

Focus

- **Transformed 103 branches to next-generation branches. Accelerate the pace in FY3/19 in order to complete transformation of all branches by the end of FY3/20**
- **Implement multiple measures not only to reduce cost, but also improve customers' convenience**

Steady progress in retail branch reorganization

- Transformed 103 branches to next generation branches in FY3/18 as planned. Plan to transform 280 branches in total by FY3/19

	FY3/18	FY3/19	FY3/20
# of branches transformed to next-generation branches	103	280	430 Completed
Digitalization of processes	Digitalization of interfaces	Increase use of straight-through processing with internal processes	
Cost reduction			JPY 20 bn plus

FY3/22: JPY 30 bn (reduce expenses associated with in-person banking by 20%)

- By improving efficiency of personnel / space, expanded consulting space for individual clients (from 33% to 66%)

- Promote "digital transactions", "simplification of administrative process" and "group-wide collaboration" in order to both improve customers' convenience and reduce cost

Promote digital transactions

- ✓ Adding automatically "SMBC Direct" services to savings account

First in 3 major banks

- ✓ Offering integrated card that has both debit and credit functions with contactless payment feature

First in Japan

Simplify administrative process

- ✓ Promoting transactions without signature

Relocate and integrate group companies

- Sharing branches between SMBC, SMBC Nikko and SMBC Trust
- Promoting shared branches with other group companies such as SMFL and Cedyna in regions

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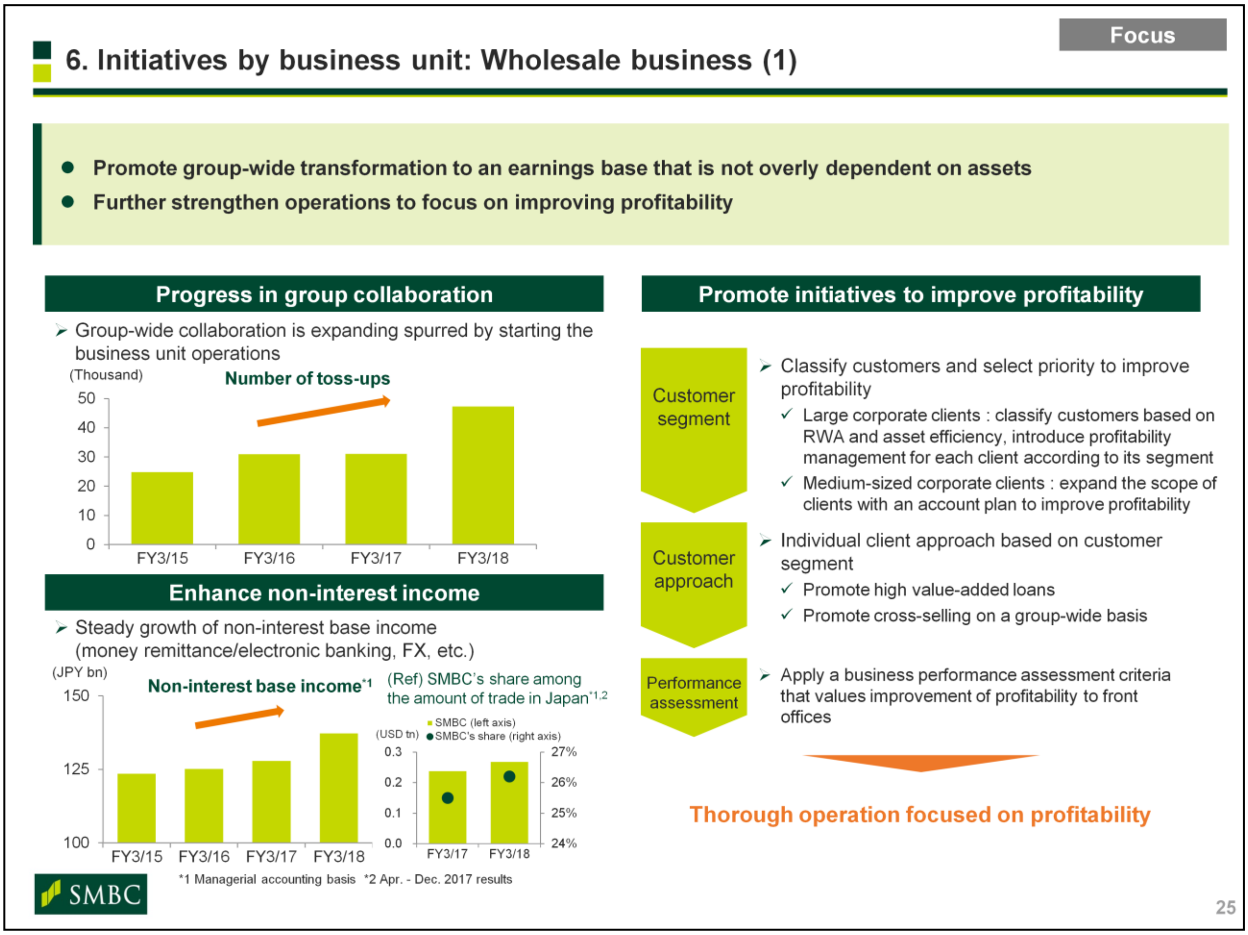
- We are also making steady progress in retail branch reorganization. In FY3/18, we completed the transformation of 103 branches to next-generation branches.
- Branch reorganization entails making branches smaller and more streamlined, as well as consolidating group companies' branches for a cost saving of ¥20 billion in three years. What differentiates our strategy is that we improve customer convenience by promoting digital transactions and expanding consulting space at the same time as reducing costs.
- My impression is that many customers are reluctant to visit bank branches today because of the long waiting time, or an uninspiring experience.
- My goal is to create bank branches that individual customers can visit casually for a stress-free consultation. Face-to-face customer contact is essential in the wealth management business, which we are focusing on as a way to take advantage of our superior consulting capability. We will therefore maintain our branch network while making them more efficient.



- This page shows the wholesale business.
- In the wholesale business, as loan spreads continue to narrow amid increased competition, we are focusing on improving asset efficiency.
- First, as shown on the top left, we have made solid progress in collaboration between group companies. The number of group-wide referrals of clients and their needs (toss-ups) by group companies to fulfill customer needs has increased sharply as a result of group-wide business unit operations.
- Also, as shown on the bottom left, we are working to expand our non-interest income. Especially the stable non-interest base income, which is generated from customers' day-to-day transactions, is showing a solid increase. For example, FX income has been growing as a result of efforts to analyze customer transactions and fund flows, and upgrading our cash management service.
- We are further strengthening initiatives to improve profitability, as shown on the right hand side. We introduced profitability management for large corporate clients in accordance with their customer segment, classifying customers based on RwA and asset efficiency, while fully applying business performance criteria to front offices that reflect profitability improvement. This is what I declared to implement at the last year's Investors Meeting. We will follow these measures to ensure that we achieve thorough operation focused on profitability.

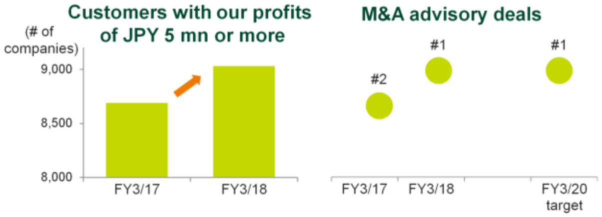
6. Initiatives by business unit: Wholesale business (2)

Focus

- **Build on our lead position in the Japanese medium-sized enterprise market through offering multi-solutions on a group wide basis**
- **Leveraged group-based and domestic-overseas integrated approaches to large corporate clients**

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

- Promote multi-solutions on a group wide basis by establishing the three core policies and eight strategies from the customer's perspective



Become clients' business partner	Venture approach	Respond to clients' change in environment	HR solution
	Turn around solution		Digital transformation
	Cash management solution	Create innovation with clients	Smart mobility innovation
	CRE solution		
	Owner approach		

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 account plans and allocate resource effectively to targeted clients
  - ✓ Promote global initiatives through cross-boarder and cross-business unit collaboration
  - ✓ Provide turnaround solutions on a global basis

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- The banking business with Japanese corporate clients is an area where we hold strength and are working on expanding our customer base and service providing capabilities.
- As shown on the left hand side, we are building our lead position in the Japanese medium-sized enterprise market by offering multi-solutions on a group-wide basis.
- The number of customers with our revenue base of over ¥5 million rose by more than 300 firms in FY3/18 as a result of expanding our customer base, leveraging on business succession and securities & investment transactions. As well, with strengthened bank-securities collaboration and domestic-international integration model, we were able to achieve the top position in the number of M&A advisory deals in Japan.
- As shown on the right hand side, we are expanding transactions with large corporate clients in Corporate & Investment Banking, by formulating sophisticated account plans shared within the group and allocating management resources strategically, as well as providing solutions on a global basis.

Focus

6. Initiatives by business unit: International business (1)

- **Strengthen global products that we hold competitive advantages and promote cross-selling to further improve asset efficiency**
- **Achieve nimble asset management by promoting asset turnover (O&D) business model**

Portfolio of international business

- Pursue disciplined portfolio management and seek to allocate around 45% to high profit assets and PF･TF
- Promote cross-selling for Japanese/non-Japanese large corporate clients through bank-securities integration
- Pursue upside by increasing assets ahead of schedule based on the current stable economic / foreign currency funding situation

Increasing high profit assets

- ✓ Aircraft leasing and financing
- ✓ Railcar leasing (in North America)
- ✓ Subscription finance
- ✓ LBO finance, etc.

Pursue business synergies by centralizing transportation related assets

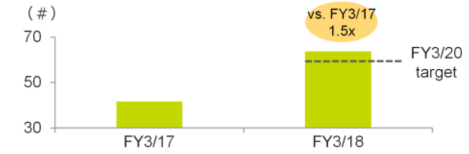
PF･TF

- ✓ Project finance
  "Global Bank of the Year" from Project Finance International
- ✓ Trade finance
  "Best Trade Finance Portfolio Partner of the year 2017" from IFC (first as a Japanese bank)

Bank-securities integration

- The number of active book runner transactions (bonds) increased by 50% from FY3/17; 40% were first time clients

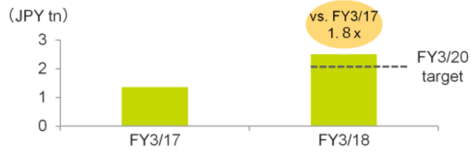
Active book runner (Securities)



Nimble asset management through O&D

- Strengthen origination and distribution capability through initiatives such as enlarging our investors base

Distribution amount



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- Let's move on to the international business.
- In the international business, under disciplined operation, we are rebalancing our portfolio in favor of high profit assets in which we hold competitive advantages and improving asset efficiency by promoting cross-selling. We intend to accelerate these initiatives going forward.
- For example, we are pursuing further group synergies by centralizing portfolio management of transportation-related assets such as aircraft leasing and railcar leasing.
- In the overseas markets, positioned as a growth driver in the Medium-Term Management Plan, we initially planned to gradually increase assets. However, we have decided to seek an upside by increasing asset ahead of schedule in FY3/19 amid a stable economy and favorable conditions for foreign currency funding.
- Moving on to the top right, we have made solid progress with bank-securities integration, mainly in the form of cross-selling for large corporate clients. We attained our Medium-Term Management Plan target early for the number of securities transactions (bonds) with active book runner roles.
- As shown on the bottom right, the distribution amount in the Origination and Distribution (O&D) business increased substantially in FY3/18 as a result of group-wide efforts to enlarge our investors network. We will continue to focus on nimble asset management through O&D by strengthening both origination and distribution capabilities.

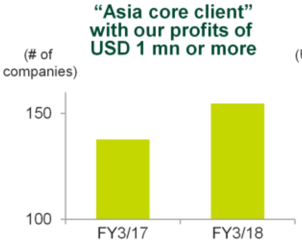
Focus

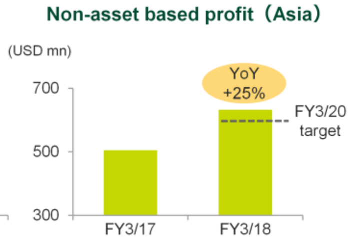
6. Initiatives by business unit: International business (2)

- **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

- 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

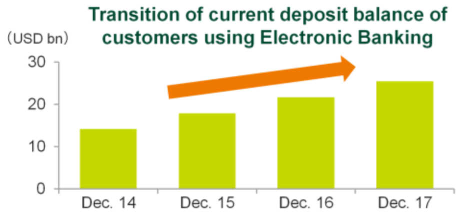




- Multi-franchise strategy in Indonesia
  - ✓ Started discussion on merger between BTPN and SMBC Indonesia, aiming to shift to a full-line commercial bank covering both wholesale and retail operations
  - ✓ Develop and expand digital retail banking

Foreign currency funding

- Increase sticky customer deposits focusing on both "volume" and "quality"



- Issue foreign currency denominated bonds regularly to realize stability, cost, and diversification of currencies and terms

Issuance of foreign currency senior bonds[*1]

- USD
  - SMFG[*2]: USD 9,765 mn in Jul. 17, Oct.17, Jan. 18 and Feb. 18 (5y, 10y, 30y)
  - SMBC : USD 3,500 mn in Oct. 17 and Jan. 18 (2y)
- EUR
  - SMFG[*2]: EUR 1,750 mn[*3] in Jun. 17 and Oct. 17 (5y, 7y, 10y)
- AUD
  - SMFG[*2]: AUD 750 mn in Sep.17 (5.5y)

*1 Issued in overseas market in FY3/18 *2 TLAC bonds *3 of which EUR 500 mn are green bonds

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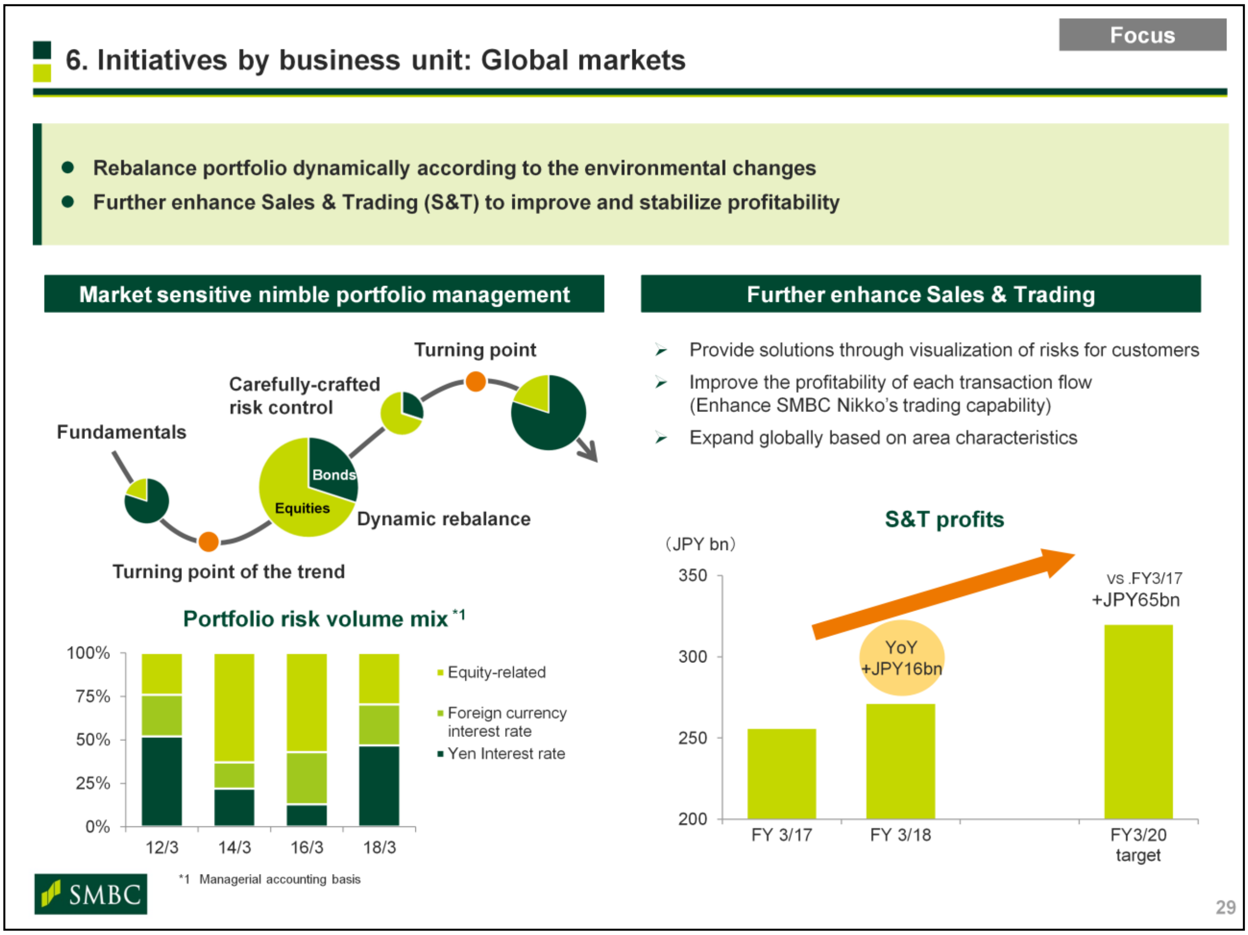
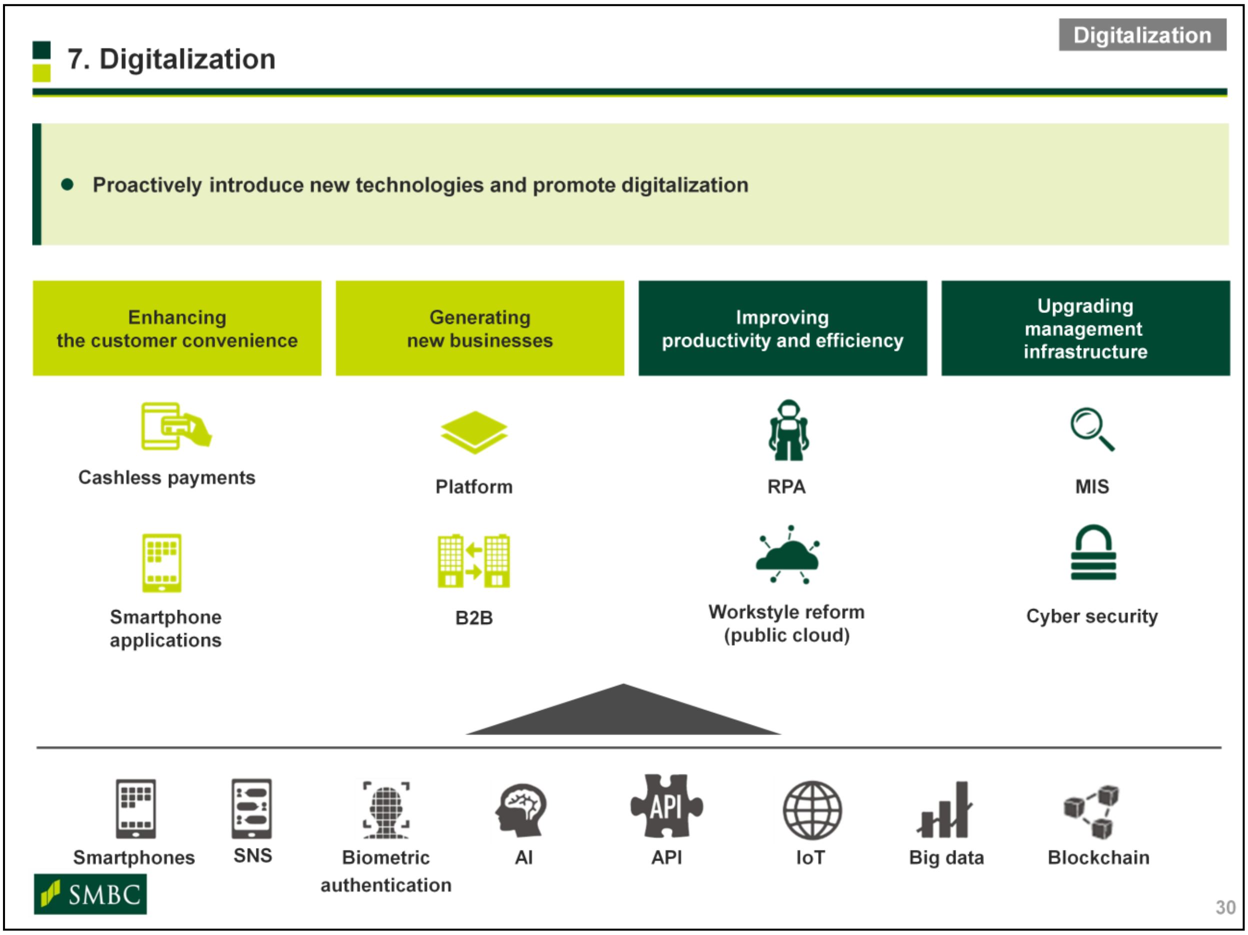
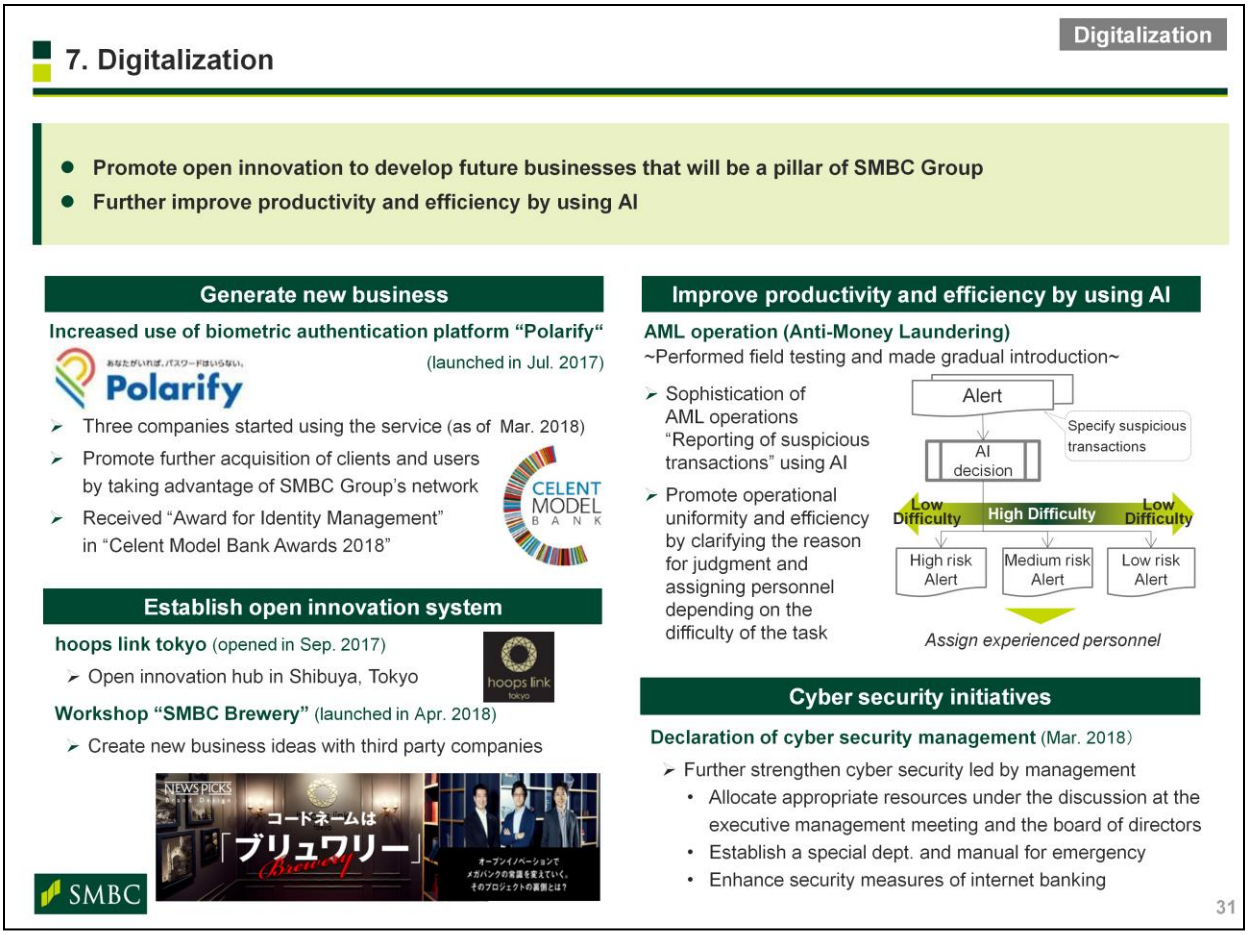
- Our initiatives for Asia (positioned as a strategic business area) are shown on the left hand side. The number of core clients with which we have deepened our business relationships has increased, including prime local companies and multi-national corporations doing business in Asia. As well, we have recorded strong growth in non-asset based profit (mainly deposit-taking and FX transactions), for which we have also attained our medium-term plan target ahead of schedule.
- In Indonesia, where we are implementing the multi-franchise strategy, we have started discussions on a merger between BTPN and SMBC Indonesia, aiming to shift to a full-line commercial bank covering both wholesale and retail operations to become a top-tier local financial institution.
- Foreign currency funding is shown on the right hand side.
- We are focusing on both volume and quality, aiming to increase sticky customer deposits as a stable source of funding. For example, our ongoing efforts to improve quality can be seen in the graph showing the transition of current deposit balance of customers using electronic banking. We will continue to work on improving quality through these measures.



- This page shows Global markets.
- First, our efforts toward market sensitive nimble portfolio management.
- In FY3/18, we were able to ride the stock market upswing to increase profits. Although the market outlook has become less clear since the start of 2018, we will continue to rebalance our portfolio dynamically according to environmental change by harnessing our strengths in trading capabilities to capture earnings opportunities.
- Moving on to the right hand side, we seek to further enhance Sales and Trading (S&T).
- In FY3/18, we increased S&T profits by strengthening products and the sales force at SMBC Nikko, and by providing solutions through visualization of the market risks facing customers.
- Looking ahead, we plan to expand transaction volume and enhance SMBC Nikko's trading capability to improve the profitability of each transaction flow.



- This page is about promoting digitalization.
- At a time of transformation driven by technological innovation in the finance business, I believe the key to success lies in the ability to embrace change intelligently and agilely ahead of the competitors.
- Based on this view, we are promoting digitalization in four ways as shown in the slide.

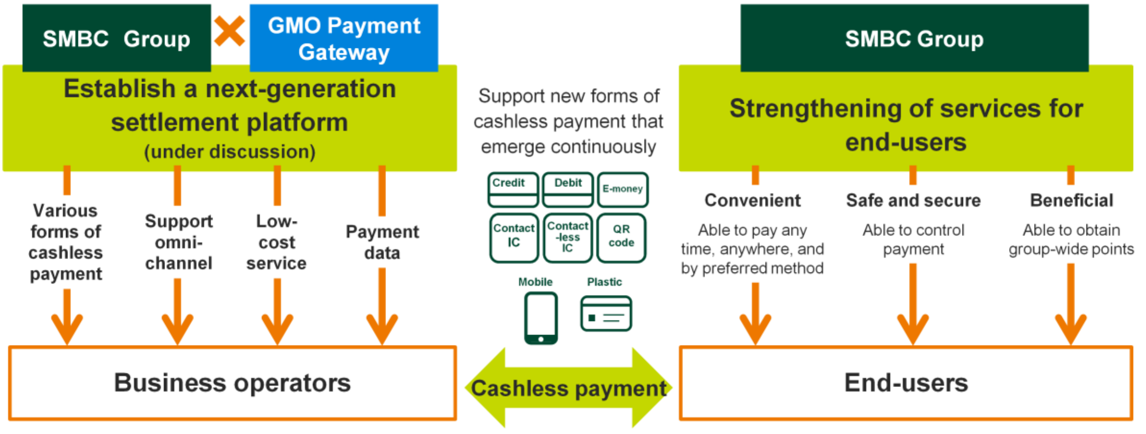


- Here are some recent initiatives. First, on the top left, is our biometric authentication platform "Polarify", launched last year. The business has grown steadily, with an increase in partners outside SMBC Group as well.
- Second is the establishment of an open innovation system.
- We opened hoops link tokyo, an open innovation hub in Shibuya, in September 2017. In April 2018, we launched SMBC Brewery, a workshop program run by SMBC Group in collaboration with third party companies. This is a project to create new business ideas by diverse companies sharing their knowledge and expertise.
- Moving on to the top right, these are initiatives to improve productivity and efficiency. We have achieved positive results in productivity improvement by the use of RPA, and are also working to improve productivity using AI, which can be considered the next standard after RPA.

7. Digitalization：Cashless payment strategy (1)

Digitalization

- **Enhance our cashless payment services for the benefit of both business operators and end-users**
- **Overcome the hurdles to the evolution of the cashless payment market in Japan**



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

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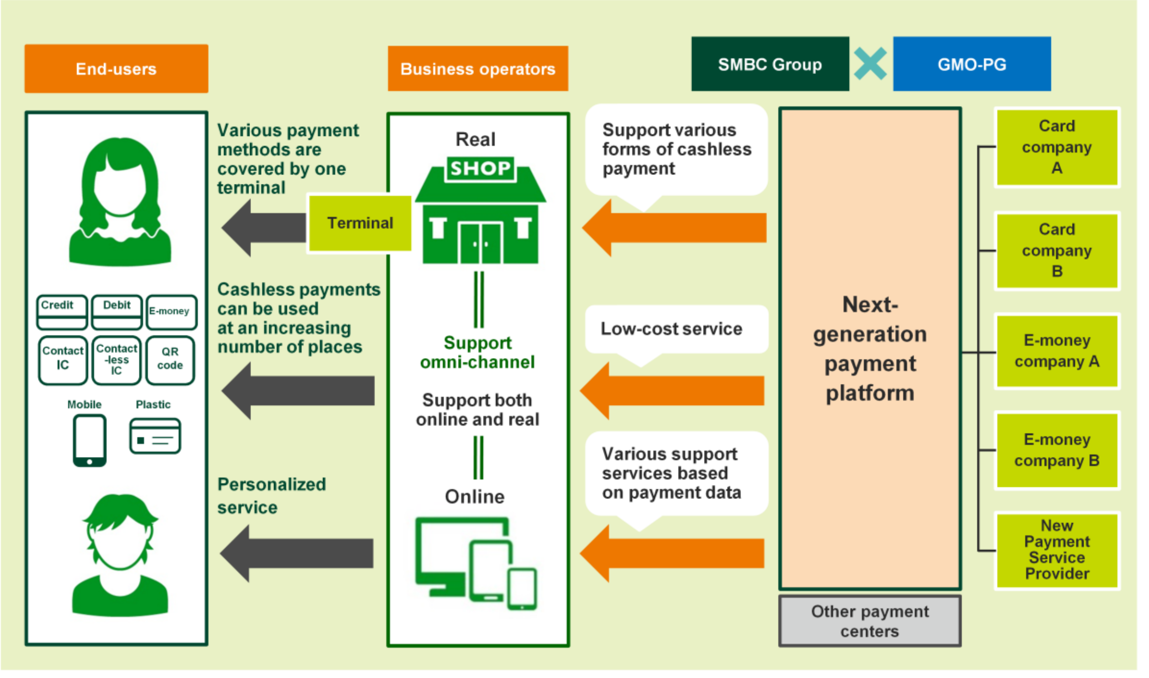
- This page shows our cashless payment strategy as announced in our May 8, 2018 press release.
- Although Japan has various payment methods, it lags behind many overseas countries in the transition to cashless payments. I believe this is mainly due to the complex payments infrastructure and high cost structure, making it difficult for companies to provide diverse payment methods that users require.
- SMBC Group is taking an initiative in solving these problems and promoting cashless payment in Japan by taking advantage of its strengths in having, as a group member, leading players in the cashless payment business in Japan, i.e. Sumitomo Mitsui Card and Cedyna.
- Specifically, this means not only creating new payment methods and interfaces, but enhancing our cashless payment services for the benefit of both business operators and end-users, so that end-users can use diverse payment methods as they wish.
- First, we decided that we need to build our own payment platform so that we can provide new services that solve business operators' problems and fulfill their needs in a timely and flexible manner. This is a new challenge for us, because we have previously used an outside service provider, therefore we have started discussions with GMO Payment Gateway, which has a strong track record in online payment platforms, with a view to establishing a next-generation platform in short order. Our goal is to enable business operators to provide diverse payment methods to end-users at low cost.
- For end-users, we will strengthen our service to make it convenient (able to pay anytime, anywhere, by their preferred method), safe and secure (able to control payment, e.g., setting flexible usage limits), and beneficial (save money by redeeming group loyalty points), making it easier for them to use cashless payment.

(Ref) Future of the next-generation payment platform



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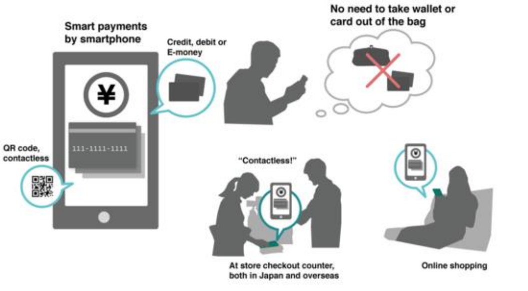
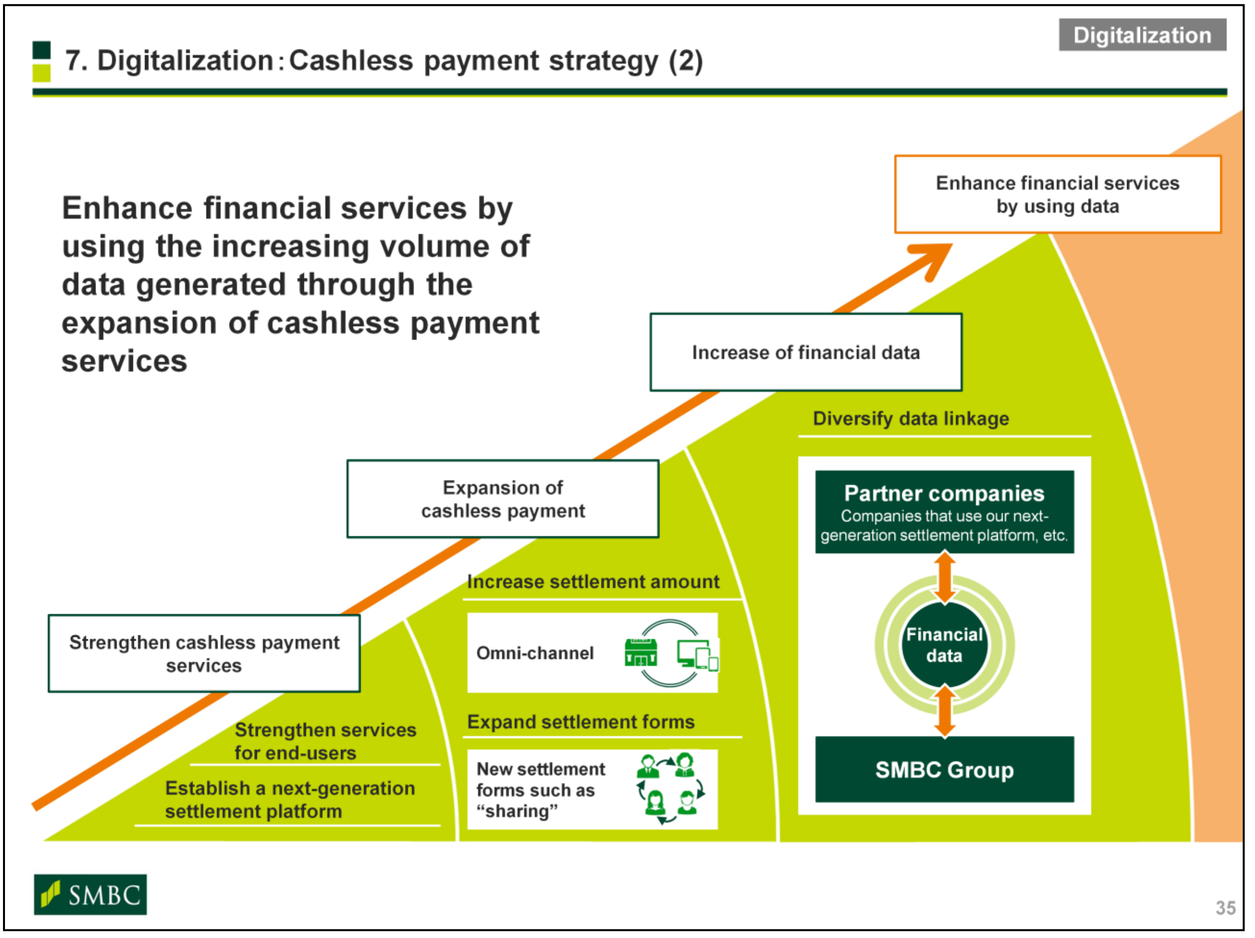
(Ref) Provision of new CX in cashless payment

Convenient	End-user can pay any time, anywhere and by preferred method
Safe and secure	End-user can control payment through flexible setting of limits, etc.
Beneficial	End-user can obtain group-wide points by using various financial services (incl. payment)

<Convenient>



<Safe and secure>



- This page explains the medium-term vision for our cashless payment strategy.
- We expect cashless payment will grow in terms of transaction volume and usage situations in the coming years as we improve services for business operators and end-users.
- This means an increase in payment data. We expect to increase the quality and quantity of financial data by linking payment data with data held by third-party partners and group companies.
- We believe SMBC Group can further enhance its financial services by utilizing these payment data.

Integration

8. ESG: Environment, Society

- **Started to investigate and analyze climate-related impact according to TCFD. Plan to disclose loan policy for coal-fired power plant**
- **As one of the initiatives to promote diversity, achieved the target of female managers ratio earlier than planned**

Environment

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" (by Financial Stability Board)
- Analyze and quantify data of climate-related impact according to TCFD and plan to disclose its progress as required
- Plan to revise and disclose the loan policy for coal-fired power plant at SMBC

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

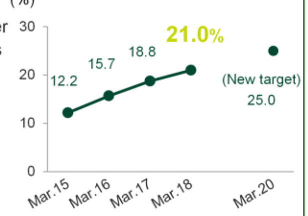
Outline
- First Euro-denominated green bond (TLAC bond) issued by SMFG*1
- First project along the Green Bond Guidelines, 2017*2
- Obtained a second opinion from Sustainalytic

Objective
- Support to achieve the Sustainable Development Goals (SDGs)
- Enhance environmental businesses
- Meet investor's needs

Society

Diversity & Inclusion

- SMBC achieved the former target of female managers ratio, "20% by Mar. 21" earlier than planned
- New target of "25% by Mar. 20" is set



- SMBC received Top Gold Rating on PRIDE index evaluation for LGBT-related initiatives
- Amended employment regulation regarding same-sex partnership

work with Pride Gold 2017

Included in ESG indices selected by GPIF

FTSE Blossom Japan

MSCI 2017 Constituent MSCI Japan ESG Select Leaders Index

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*1 SMBC issued green bond in 2015 *2 "Green Bond Guidelines, 2017" (established by the Ministry of the Environment in March 2017)

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- This page shows our ESG initiatives.
- For Environment, we are taking action against environmental risk and working on related disclosures, as shown on the left hand side. In response to Task Force on Climate-related Financial Disclosures (TCFD), we have started to analyze and quantify data of climate-related impact. We plan to disclose its progress going forward.
- For Society, shown on the right hand side, we set a target of 20% female managers ratio by the end of March 2021, but attained it earlier with a ratio of 21% in March 2018. We have therefore set a new target of 25% by the end of March 2020.

8. ESG: Governance

Integration

- Enhance governance framework by transforming into a Company with Three Committees
- Seven outside directors with various knowledge and experience have been appointed

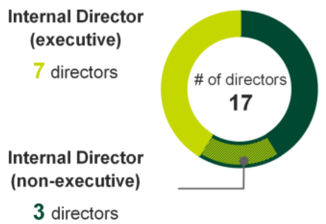
Governance framework

Transformed into a Company with Three Committees (Jun. 2017)

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

Board of Directors, outside directors

Composition and operation of the Board of Directors



Expertise	
Management	3
Finance/accounting	1
Law	2
Diplomacy	1

FY	FY3/17	FY3/18
# of meetings	14	10
# of agenda items	144	82

Outside director exclusive meetings

- Held to exchange information and share their perception from an independent and objective standpoint. Feedback of the discussion is given to management
- Held twice in FY3/18

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- This page shows our Governance initiatives.
- We transformed into a Company with Three Committees in June 2017 and appointed seven outside directors with diverse knowledge and experience. As a result, outside directors currently account for more than 40% of the Board of Directors.
- Under our new governance framework, the operation of the Board of Directors has changed significantly, because most of the business execution functions have been transferred to executive officers. This allows the Board to discuss more “big picture” themes, which I believe has led to make for meaningful discussions.

Integration

8. ESG: SDGs

- Selected the goals to focus on through our business to realize the Sustainable Development Goals (SDGs)

	E	S		G
	Environment	Next Generation	Community	Governance
Goals to focus	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	1 NO POVERTY 11 SUSTAINABLE CITIES AND COMMUNITIES	5 GENDER EQUALITY 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Retail	➢Cashless, transactions without bankbook ➢Electronic contract by tablets	➢Improve financial literacy ➢ESG investment trusts		
Wholesale	➢Assessment loan (ESG/SDGs Assessment loan, etc.)	➢Support growing companies, taking initiatives to realize smart mobility	➢Assessment loan (SMBC Workstyle Reform loan, etc.)	
International	➢Establish loan policy and support businesses regarding environmental/ social risk ➢Renewable energy projects	➢Take initiatives toward financial inclusion (retail business in Asia, etc.)	➢ Multi franchise strategy in Asia	
Global markets	➢Promote eco-business and reduce environmental burden through issuing green bonds	➢Improve convenience of financial market through promotion of digitalization	➢Provide solutions to form a healthy and active financial / capital market	

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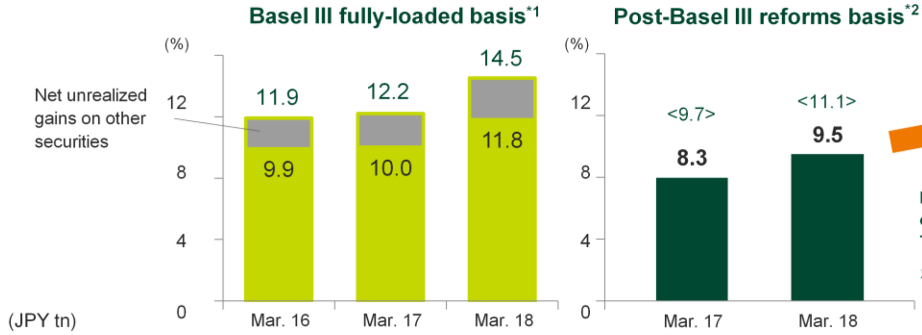
- This page shows our initiatives for Sustainable Development Goals (SDGs) adopted by the United Nations.
- SMBC Group selected seven goals to focus to realize SDGs through our business in the areas of Environment and Society. In FY3/19, we have incorporated these initiatives into the business plan of each business unit and are implementing them accordingly.
- We will now move on to our capital policy.

Ⅲ. Capital Policy

1. Capital position

- The Basel III reforms were finalized with a capital floor of 72.5%, which is higher than our original assumption. However, with the revisions being eased in areas including the CVA risk framework and operational risk, the final impact of RWA inflation will be as expected
- We expect that CET 1 ratio is likely to reach our target of 10% by the end of Mar.19, one year ahead of the original target, through RWA controls including inorganic initiatives and accumulation of earnings

CET1 ratio



(JPY tn)

	Mar. 16	Mar. 17	Mar. 18	Mar. 17 (Post-Basel III reforms basis)	Mar. 18 (Post-Basel III reforms basis)
Risk-weighted assets (RWA) (Excludes RWA associated with net unrealized gains on stocks)	65.9	70.6	63.5	88.8 (85.6)	82.4 (78.7)
CET1 capital (o/w net unrealized gains on other securities)	7.90 (1.35)	8.68 (1.54)	9.22 (1.69)	8.68 (1.54)	9.22 (1.69)

Expect to reach our target of 10% by Mar. 19

Factors to reach the target ahead of the schedule of the Medium-Term Management Plan

- **Higher profits than expected (FY3/18, FY3/19 target)** around +20bp
- **Regional banks subsidiaries turned into equity method affiliates** around +30bp — FY3/18
- **SMFL turned into an equity method affiliate** around +40bp — Schedule Nov. 2018

*1 Based on the definition applicable for Mar.19
*2 Calculated with RWA inflated by 25% compared to the current Basel III fully-loaded basis. Figures in < > are calculated with CET1 including net unrealized gains on other securities and RWA including RWA associated with net unrealized gains on stocks

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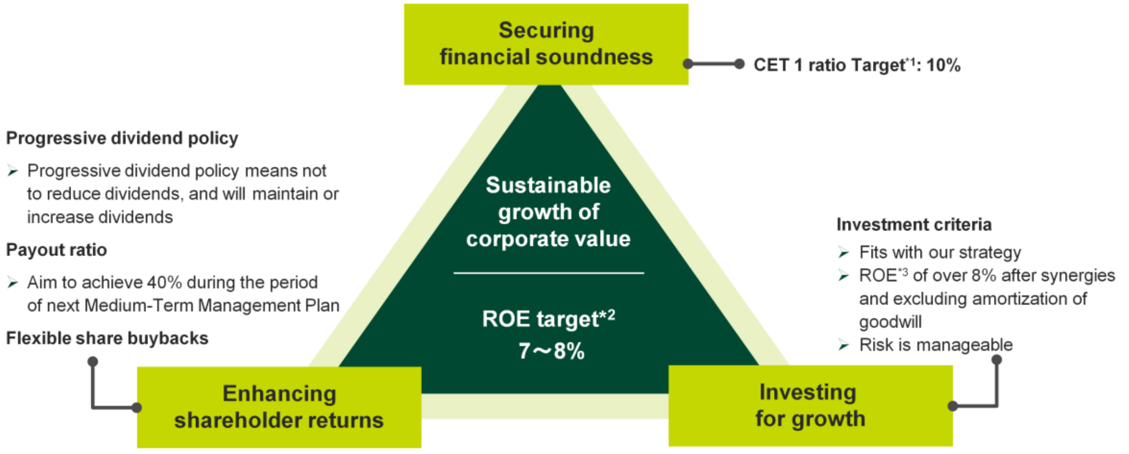
- This slide illustrates our capital position.
- Basel III reforms were finalized in December 2017. Although the capital floor was set at 72.5%, higher than our original assumption of 70%, the final impact on RwA was in line with our expectations due to relaxed CVA risk and operational risk requirements.
- We expect that CET1 ratio on the post-Basel III reforms basis is likely to reach our target of 10% by the end of FY3/19, which means we will attain our Medium-Term Management Plan target a year ahead.
- This is due to our consolidated net profit in FY3/18 and FY3/19 target surpassing our Medium-Term Management Plan targets and undertaking RwA control measures, including inorganic measures such as turning regional bank subsidiaries and the leasing company into equity-method companies.

2. Basic capital policy

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



*1 Calculated with RWA inflated by 25% compared to the current Basel III fully-loaded basis due to the final impact of Basel III reforms. CET1: excludes net unrealized gains on other securities. RWA: excludes RWA associated with gains on stocks *2 On a stockholders' equity basis *3 Managerial accounting basis with RWA calculated assuming Basel III reforms are finalized

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- Let's move on to our basic capital policy.
- Our basic capital policy is to achieve a healthy balance among securing financial soundness, enhancing shareholder returns, and investing for growth, which has not changed.
- We previously stated that we would decide on our share buyback policy after Basel III reforms were finalized and we analyzed and discussed their impact. We have now renewed our shareholder returns policy, because Basel III reforms were finalized in December 2017 and the fog of uncertainty has cleared.
- Specifically, dividends will be our principal approach to shareholder returns, but we will also proceed with share buybacks flexibly assuming our financial soundness is maintained.
- With regard to dividends, our basic policy has been a progressive dividend policy, i.e., no dividend cuts and maintaining or increasing dividends, aiming to achieve a dividend payout ratio of 40%. Going forward, we will maintain a progressive dividend policy assuming a sustainable earnings growth, targeting a dividend payout ratio of 40% during the period of the next Medium-Term Management Plan.
- We also plan to conduct flexible share buybacks assuming our financial soundness is maintained, taking into consideration our capital position, earnings trends, share price, growth investment opportunities, improvement of capital efficiency, and other factors.

3. Shareholder Returns announced in May 2018

- **Dividends: FY3/18: JPY 170 (YoY +JPY 20; vs initial target +JPY 10) ; FY3/19 target: JPY 170**
- **Share buybacks: up to JPY 70 billion**
  all of the repurchased shares will be cancelled
  - The above reflects our expectation that CET1 ratio is likely to reach our target of approx. 10% by the end of FY3/19 through controls of risk-weighted asset including inorganic initiatives and accumulation of earnings; and the outperformance of profit attributable to owners of parent in FY3/18 versus our initial target announced in May 2017 and the expectation of robust business performance to continue in FY3/19

Overview of shareholder return initiatives

(JPY)	FY3/18	YoY	vs. May 2017 target	FY3/19 target
Dividend per share	170	+ 20	+10	170
Dividend payout ratio	32.7%	+2.8%		34.3%
Profit attributable to owners of parent	734.4 bn	+ 27.8 bn	+ 104.4 bn	700 bn
Share buybacks	70 bn			
(Ref) Total payout ratio	42.2%			

Outline of the repurchase and cancellation of own shares

Aggregate amount to be repurchased	Up to JPY 70 bn
Aggregate number of shares to be repurchased	Up to 20 mn shares (Equivalent to 1.4% of the number of shares issued excluding treasury stock)*1
Repurchase period	From May 15, 2018 to July 31, 2018
Scheduled cancellation date	August 20, 2018

*1 Number of shares issued (excluding treasury stock): 1,410,558,422 shares; number of treasury stock: 3,884,968 shares; as of March 31, 2018

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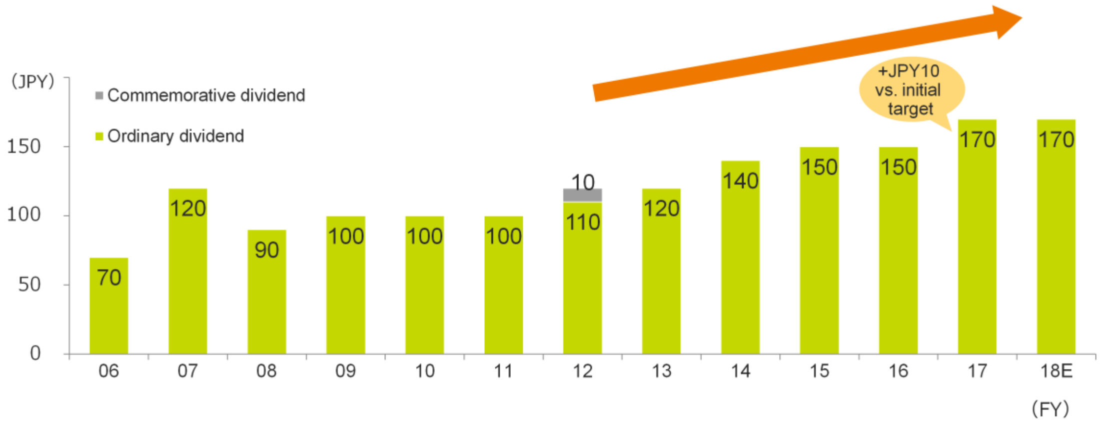
- This page shows our policy on shareholder returns for FY3/18 and FY3/19 that we recently announced.
- For dividends, in FY3/18 we will increase our dividend per share by ¥20 from FY3/17 to ¥170 per share, i.e. ¥10 more than our initial forecast, because profit attributable to owners of parent was significantly higher than our initial forecast. We will maintain the FY3/18 level of ¥170 per share in FY3/19 despite a decline being forecasted in profit attributable to owners of parent.
- Further, we have set a share repurchase limit of ¥70 billion, based on the assumption that our CET1 ratio is likely to reach our target of 10% by the end of FY3/19; our FY3/18 profit attributable to owners of parent exceeded our initial forecast by more than ¥100 billion; and the expectation of robust business performance to continue in FY3/19.
  All shares repurchased will be cancelled.

(Ref) Dividends per share[*1,2]



	06	07	08	09	10	11	12	13	14	15	16	17	18E
Dividend payout ratio[*3]	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	20.3%	26.2%	32.7%	29.9%	32.7%	34.3%
ROE[*4]	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	13.8%	11.2%	8.9%	9.1%	8.8%	

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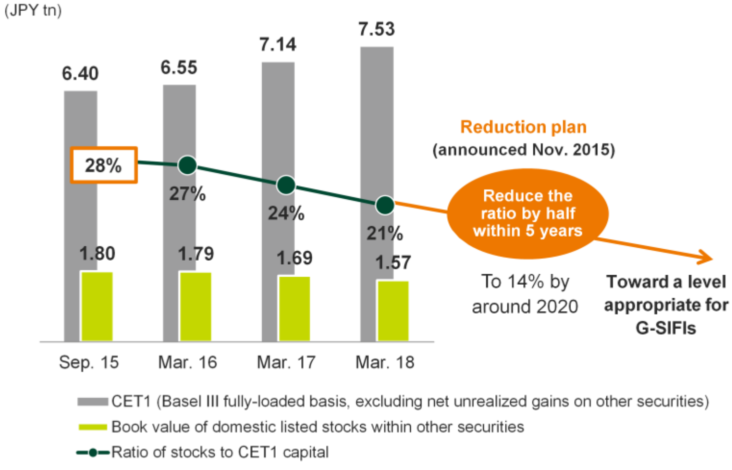
*1 SMFG implemented a 100 for 1 stock split of common stock on January 4, 2009. Figures shown above reflect the stock split, assuming that it had been implemented at the beginning of FY06 *2 Common stock only *3 Consolidated payout ratio *4 On a stockholders' equity basis

4. Strategic shareholdings

- **Aim to halve the ratio[*1] of stocks to CET1 during the five years starting from the end of Sep. 2015**
  - Reduce the book value of domestic listed stocks of up to about 30%, or about JPY 500 bn (JPY 100 bn per year)
- **Reduction is progressing as planned**

Strategic shareholdings and reduction plan (Consolidated basis)



Reduction results

FY3/18 approx. JPY 115 bn
(Total reduction from Sep. 2015– Mar. 2018: approx. JPY 230 bn) - (1)

Consent of sales from clients outstanding

Mar. 2018 approx. JPY 115 bn - (2)

(1) + (2) = approx. JPY 345 bn

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

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- This slide shows our strategic shareholdings.
- We aim to halve the ratio of the book value of domestic listed stocks to CET1 to 14% during the five years from the end of September 2015, or reducing by ¥500 billion on a value basis.
- We are making steady progress with the reduction of strategic shareholdings. Reduction was on track in FY3/18 at ¥115 billion and totaled ¥230 billion since the end of September 2015.
- We have also gained consent to sell from clients a further ¥115 billion (outstanding as of end-March 2018), bringing the total to ¥345 billion.
- We will continue to reduce our strategic shareholdings according to the plan to control the impact of share price fluctuations on capital.

IV. Key takeaways

- **Accelerate the Medium-Term Management Plan to become a financial group with high quality**
  - **Further extend our strength of high efficiency**
  - **Build on our lead position in the Japanese market**
  - **Enhance international business, our growth driver**
  - **Reform business model through digitalization**
- **Improve ROE through sustainable earnings growth and capital management**

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- Finally, here are the key takeaways of today’s presentation.
- To recap, we will accelerate our Medium-Term Management Plan to attain the goal of becoming a financial group with high quality.
- We seek to improve ROE through sustainable earnings growth and capital management, including strengthening shareholder returns.
- I sincerely ask for your continued support and understanding.
- Thank you.