

Overview of 3Q, FY3/2019 performance

January 31, 2019



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FINANCIAL GROUP

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

- 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
- SMBC Friend : SMBC Friend Securities Co. Ltd.
- SMCC : Sumitomo Mitsui Card Company
- SMCCCF : SMBC Consumer Finance
- SMAM : Sumitomo Mitsui Asset Management
- SMBCAC : SMBC Aviation Capital
- Consolidated : SMFG consolidated
- Non-consolidated : SMBC non-consolidated
- Net business profit : Before provision for general reserve for possible loan losses
- Expenses (non-consolidated) : Excludes non-recurring losses
- Retail Business Unit (RT) : Domestic retail and SME businesses
SMBC (RT), SMBC Trust (RT), SMBC Nikko (RT), SMCC, Cedyne, SMBCCF, others
- Wholesale Business Unit (WS) : Domestic large/mid-size corporation business
SMBC (WS), SMBC Trust (WS), SMFL (Domestic), SMBC Nikko (WS), others
- International Business Unit (Inter.) :
SMBC (Inter.), SMBC Trust (Inter.), SMFL (Inter.), SMBC Nikko (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 and SMEs covered by Retail Banking Unit
- Exchange rates(TTM)

	Dec.17	Mar.18	Dec.18
USD	JPY113.00	JPY 106.25	JPY 111.02
EUR	JPY134.99	JPY 130.73	JPY 127.01

3Q, FY3/2019 financial results

- Consolidated net business profit reached 77% and profit attributable to owners of parent reached 91% of the full-year target

(JPY bn)	1-3Q, FY3/19	YoY	Full-year target
Consolidated gross profit	USD 19.3 bn 2,146.8	(95.2)	
G&A expenses	1,279.5	(72.2)	
Overhead ratio	59.6%	(0.7)%	
Equity in gains (losses) of affiliates	42.5	+2.4	
Consolidated net business profit	USD 8.2 bn 909.8	(20.6)	1,180
Total credit cost	53.0	+1.1	130
Gains (losses) on stocks	81.0	(8.0)	
Ordinary profit	USD 8.4 bn 931.5	(28.1)	1,120
Extraordinary gains (losses)	(7.6)	+2.8	
Income taxes	200.5	(20.8)	
Profit attributable to owners of parent	USD 5.7 bn 637.9	(10.2)	700
ROE	9.6%	(0.7)%	

YoY changes

Consolidated gross profit decreased by JPY 16 bn excluding the impact from the deconsolidation of the Kansai regional banks. Market-related and wealth management businesses were sluggish compared to the 1H results due to the recent deterioration of the market conditions, while overseas business showed a solid performance.

G&A expenses decreased as a result of group-wide cost control initiatives, even excluding the impact from the deconsolidation of the regional banks.

Total credit cost remained almost flat due to the incurrence of credit cost from large non-Japanese borrowers in the 3Q, while reversals from large Japanese borrowers were recorded in the 1H at SMBC.

Gains on stocks decreased because gains on sales of strategic shareholdings declined (JPY 52 bn, YoY JPY (16) bn), offsetting the one time impact from the reorganization of SMFL (JPY +17bn.)

Impact from the deconsolidation of the regional banks (1Q-3Q, FY3/19)

		(JPY bn)
Consolidated gross profit	(79)	
G&A expenses	(62)	
Equity in gains (losses) of affiliates	+15	
Consolidated net business profit	(2)	
Profit attributable to owners of parent	+10	

(Ref.) Performance of the major group companies

SMBC

	1-3Q, FY3/19	YoY	Full-year target
(JPY bn)			
Gross banking profit	1,026.0	(36.3)	
o/w Net interest income	696.3	(13.1)	
o/w Net fees and commissions	238.7	+2.4	
o/w Net trading income + Net other operating income	89.5	(25.6)	
o/w Gains (losses) on bonds	2.6	(19.4)	
Expenses	605.1	(1.3)	
Banking profit	420.9	(35.0)	605
Total credit cost	(30.9)	+4.3	0
Gains (losses) on stocks	58.2	(25.5)	
Ordinary profit	490.0	(68.1)	640
Net income	348.5	(84.2)	460

Other major group companies

(left : results of 1-3Q, FY3/19 / right : YoY)

(JPY bn)	SMBC Nikko ^{*1}	SMBCCF	SMCC ^{66%}
Gross profit	255.2 (8.4)	201.6 +5.3	173.1 +13.5
Expenses	209.5 +16.5	82.1 +2.0	138.1 +13.0
Net business profit	45.7 (24.9)	119.5 +3.4	34.9 +0.5
Net income	32.3 (15.9)	49.4 +7.5	16.8 +0.3

(JPY bn)	SMFL ^{60%} ^{*2}	Cedyna	SMBC Trust
Gross profit	141.6 (1.0)	116.8 (2.6)	36.9 +6.3
Expenses	66.6 +2.9	85.7 (0.5)	40.2 +3.0
Net business profit	76.4 (4.2)	31.3 (2.0)	(3.3) +3.3
Net income	46.7 +0.4	14.9 (1.6)	(3.8) +1.6

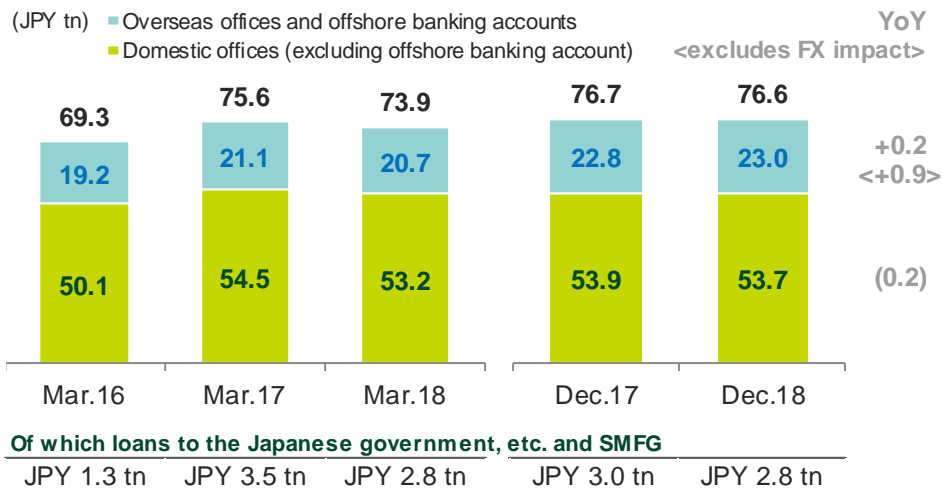
(JPY bn)	SMAM ^{60%}
Gross profit	19.6 +1.9
Expenses	13.1 +0.5
Net business profit	6.6 +1.4
Net income	4.4 +0.8

*1 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG)

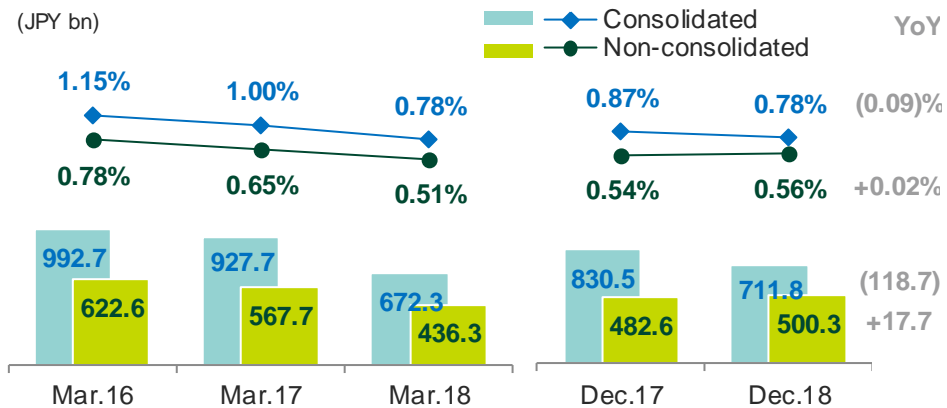
*2 Profit and loss were consolidated at 60% until the end of December 2018, though the ownership ratio was changed to 50% as of November 2018

Trends in key figures

Loan balance (Non-consolidated)



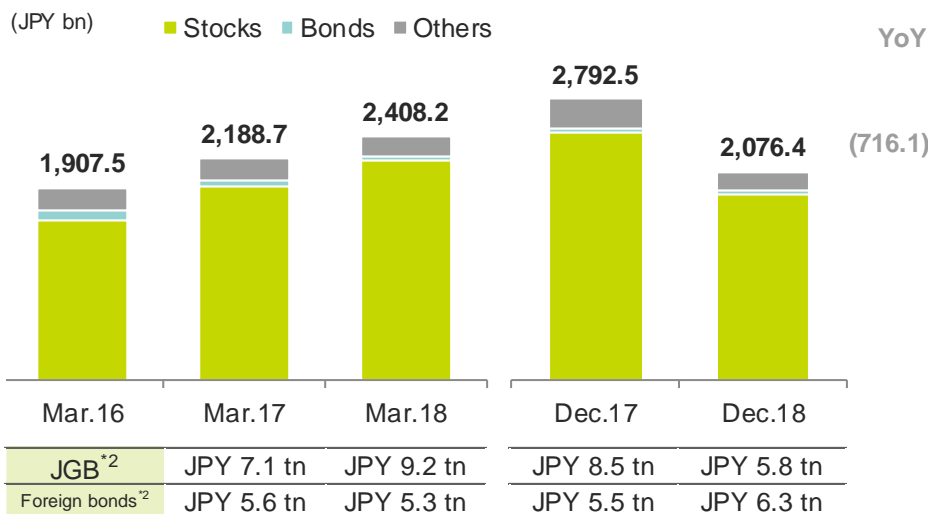
NPLs and NPL ratio^{*3}



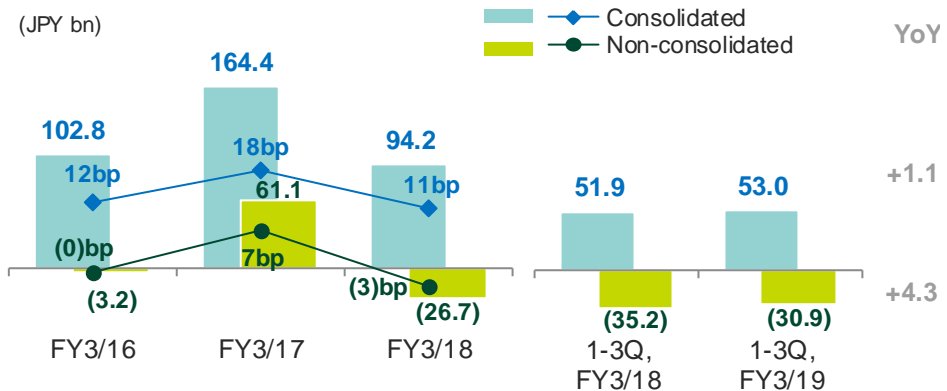
Coverage ratio

Consolidated	77.68%	75.23%
Non-consolidated	85.46%	89.11%

Unrealized gains (losses) on other securities^{*1}



Total credit cost and Total credit cost ratio^{*4}



Total claims

Consolidated	JPY 93 tn	JPY 86 tn	JPY 96 tn	JPY 92 tn
Non-consolidated	JPY 87 tn	JPY 86 tn	JPY 89 tn	JPY 90 tn

Domestic loan spread, progress on the financial targets of the Medium-Term Management Plan

Domestic loan-to-deposit spread*1

(%)	1-3Q, FY3/19	YoY	1Q	2Q	3Q
Interest earned on loans and bills discounted	0.94	(0.04)	0.95	0.95	0.93
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00
Loan-to-deposit spread	0.94	(0.04)	0.95	0.95	0.93
(Ref) Excludes loans to the Japanese government, etc.					
Interest earned on loans and bills discounted	0.98	(0.04)	0.99	0.98	0.97
Loan-to-deposit spread	0.98	(0.04)	0.99	0.98	0.97

(Ref) Per share information

(JPY / share)	1-3Q, FY3/18	1-3Q, FY3/19	YoY
Profit attributable to owners of parent	459.53	456.20	(3.34)
(JPY / share)	Mar.18	Dec.18	vs Mar.18
Net assets	7,366.21	7,516.00	+149.79

(Ref) Credit Ratings

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

*1 Non-consolidated

Progress

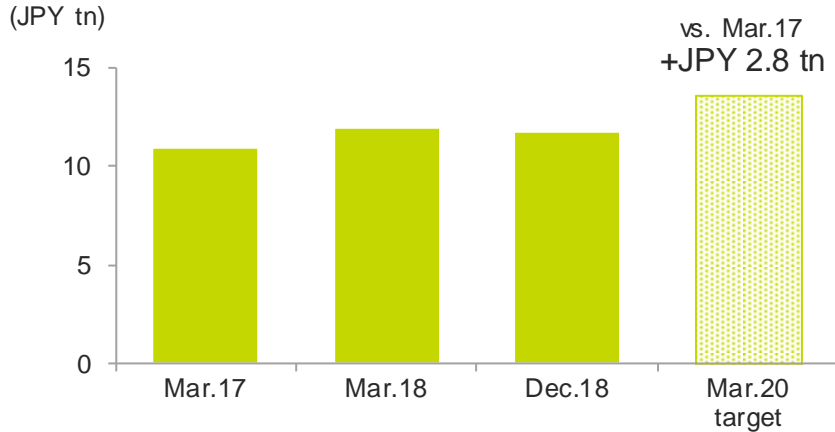
		Results 1-3Q, FY3/19	Target FY3/20
Capital efficiency	ROE	9.6%	7-8%
Cost efficiency	OHR	59.6%	1% reduction from FY3/17 (62.1%)

(Ref) Reduction of strategic shareholdings (book value)

- Results for 1-3Q, FY3/19 : JPY 87 bn
(Total reduction from Sep. 2015 : JPY 318 bn)
- Consent of sales from clients (outstanding, Dec. 2018) : JPY 105 bn

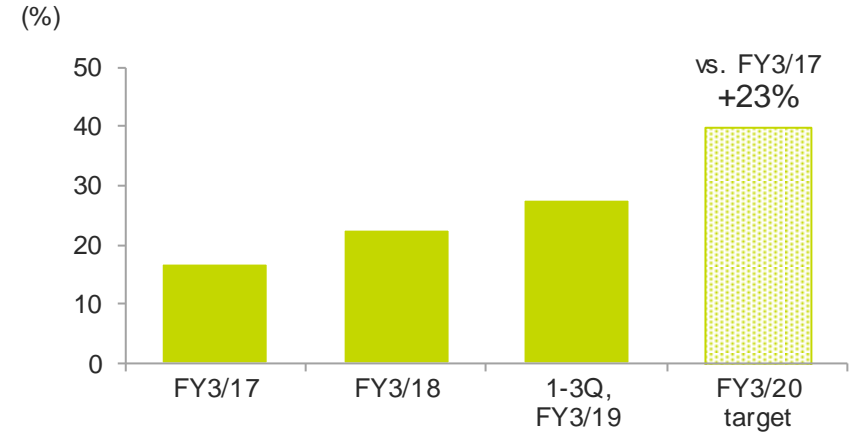
Wealth management business

Balance of fee-based AUM (SMBC + SMBC Nikko)



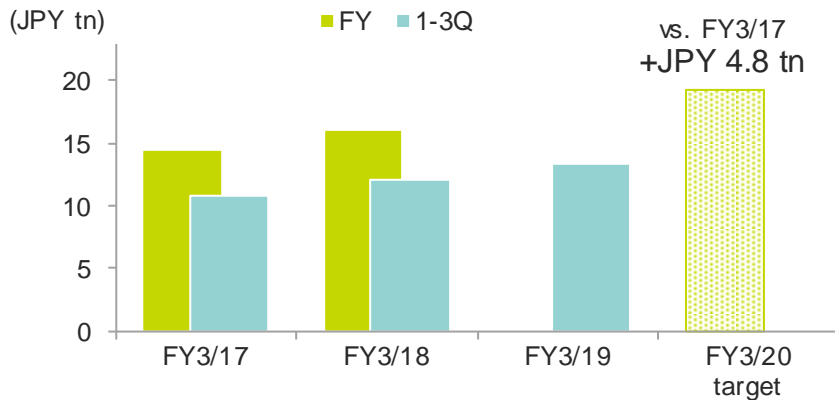
Digitalization

Utilization rate for digital channels (SMBC)*2



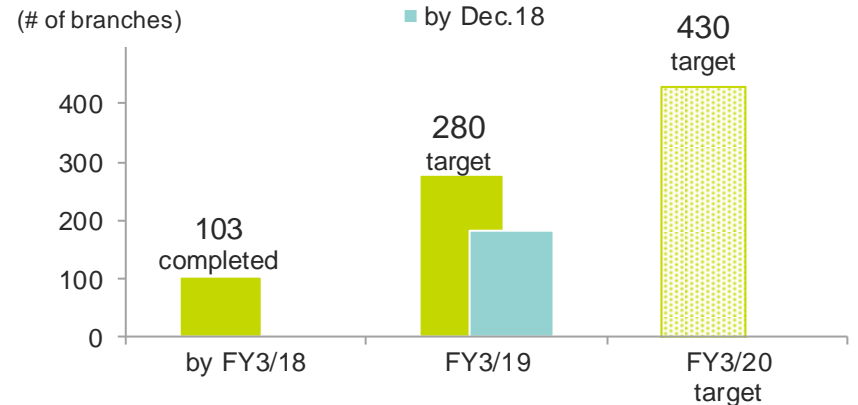
Credit card business

Credit card sales handled (SMCC + Cedyne)*1



Branch reorganization

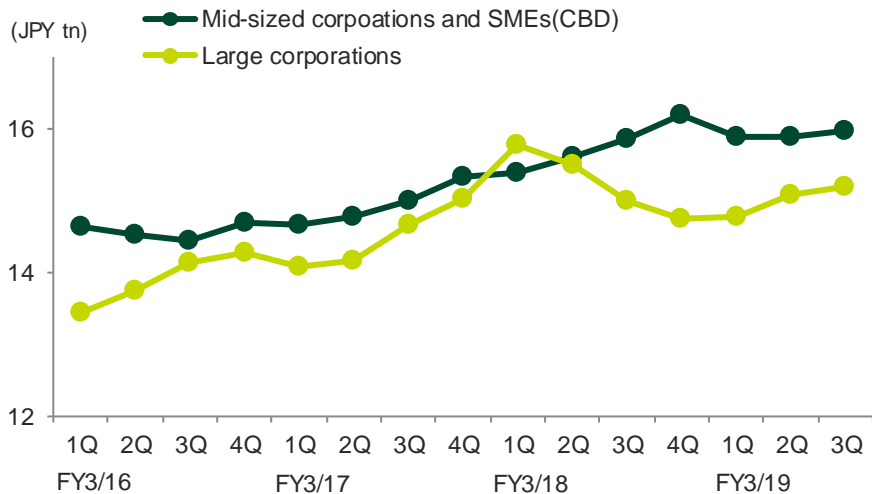
Transformation to smart branches (SMBC)



Wholesale business

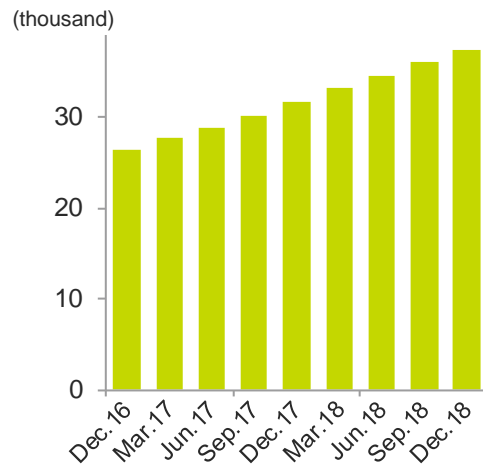
Loan balance of Wholesale Banking Unit^{*1,2}

(Non-consolidated)

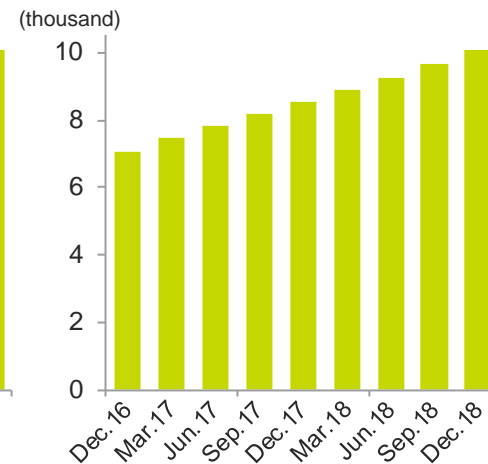


Bank-securities collaboration^{*4}

Wealth Management

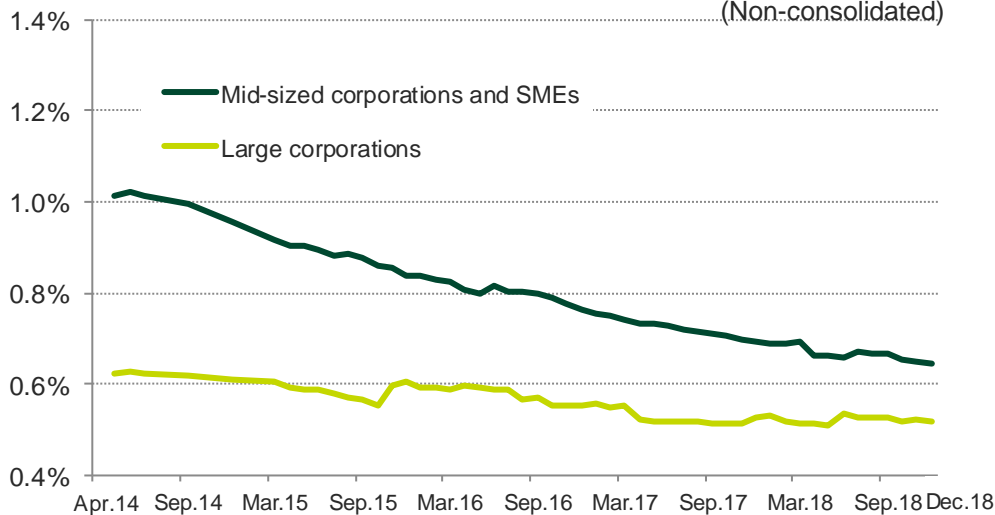


Investment banking



Domestic corporate loan spread^{*1,3}

(Non-consolidated)



League tables (Apr.-Dec. 2018)^{*5}

	Rank	Mkt share
SMBC Nikko	Global equity & equity-related (book runner, underwriting amount) ^{*6}	#2 15.4%
	JPY denominated bonds (lead manager, underwriting amount) ^{*7}	#3 18.7%
	Japanese corporate bonds (lead manager, underwriting amount)	#3 18.4%
SMBC Group	IPO (lead manager, No. of deals) ^{*8}	#3 23.7%
	Financial advisor (M&A, No. of deals) ^{*9}	#1 5.3%
	Financial advisor (M&A, transaction volume) ^{*9}	#9 25.9%

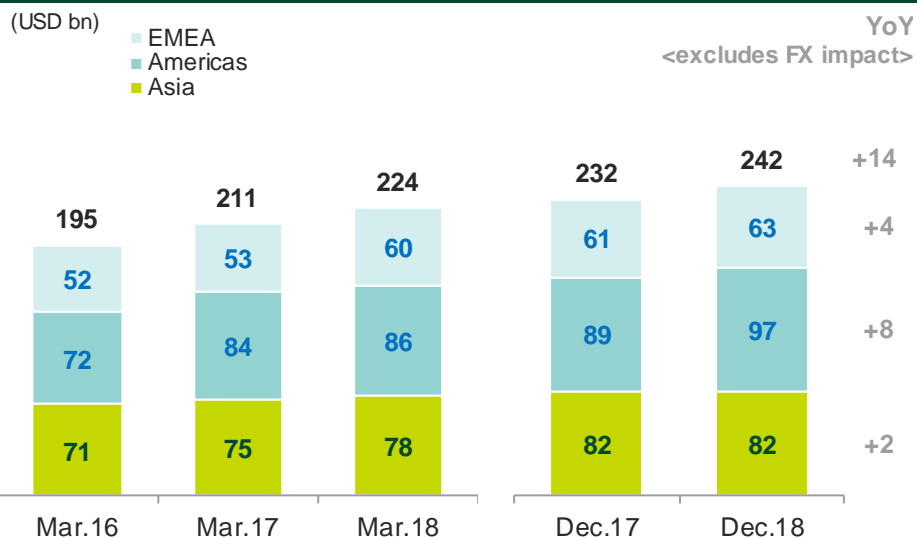
*1 Managerial accounting basis. Excludes loans to the Japanese government, etc. *2 Quarterly average *3 Monthly average loan spread of existing loans

*4 Accumulated no. of cases via referral / intermediary services from SMBC to SMBC Nikko *5 Source: SMBC Nikko, based on data from Thomson Reuters

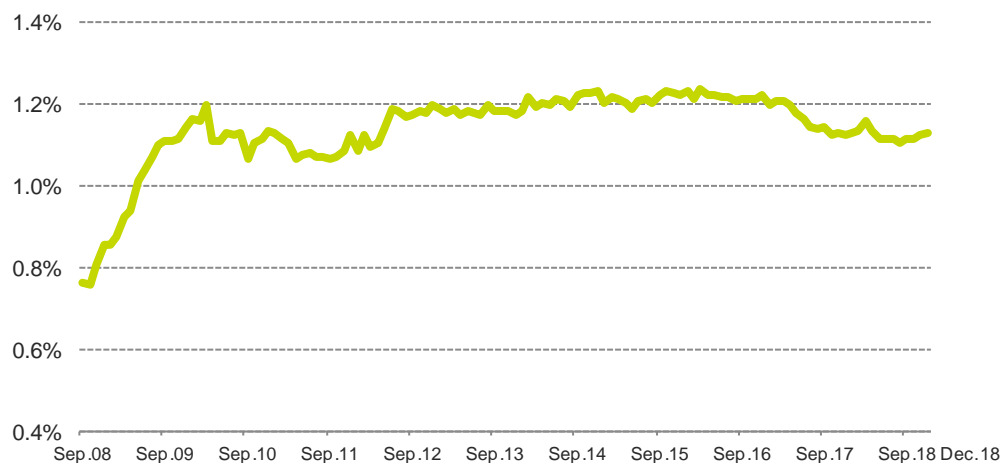
*6 Japanese corporate related only. Includes overseas offices *7 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds *8 Excludes REIT IPO. Includes overseas offices *9 Japanese corporate related only

Overseas business*1

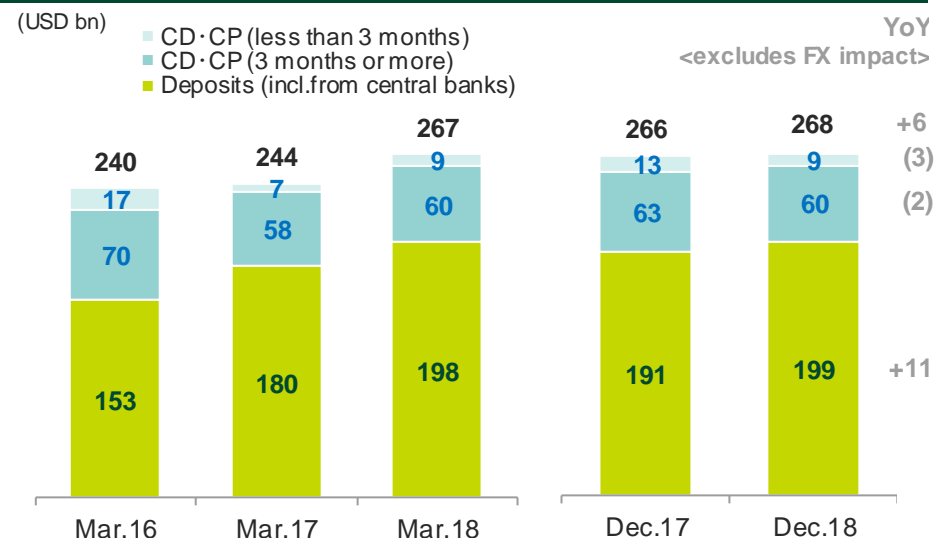
Overseas loan balance (includes trade bills)



Overseas loan spread*2



Overseas deposit balance

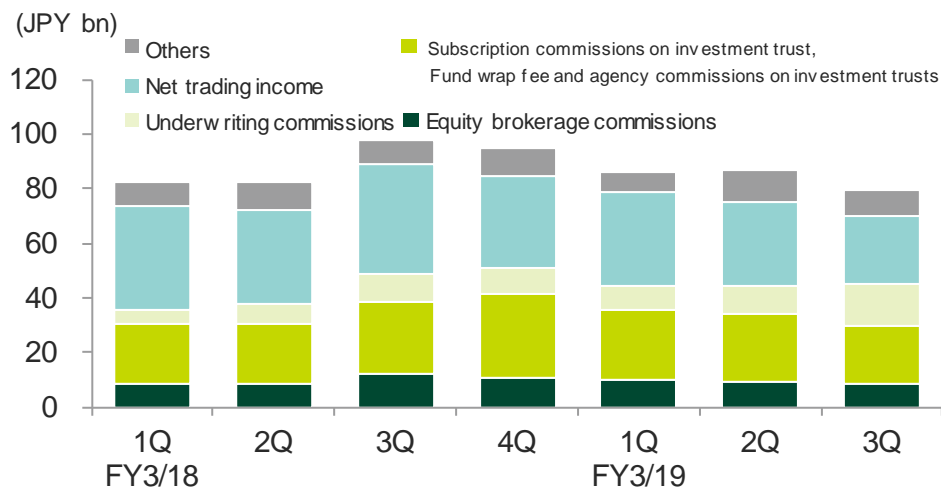


Foreign currency bonds outstanding ³	Mar.18		Dec.18	
	Senior	Subordinated	Senior	Subordinated
Senior	44.1	54.2	51.5	60.9
Subordinated	4.1	4.2	4.1	4.1

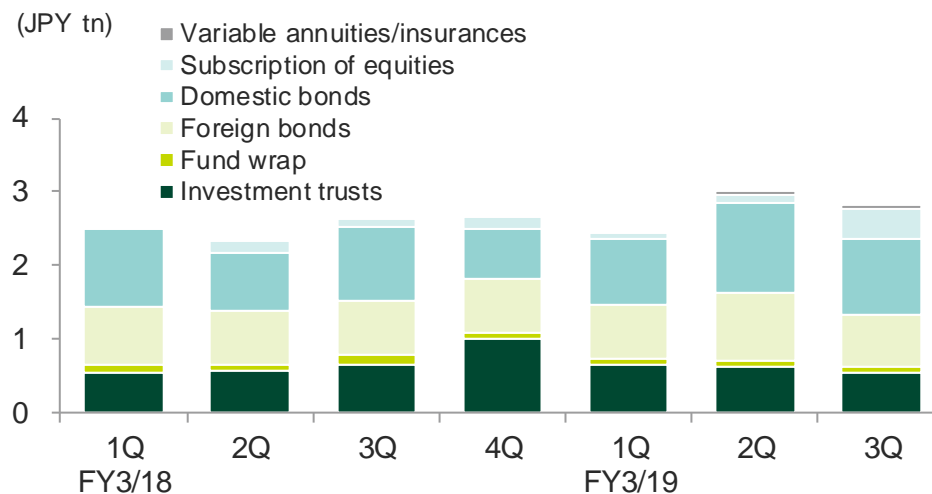
Financial results

(JPY bn)	FY3/18	1-3Q, FY3/19	YoY	vs. sum of two companies ^{*1}
Net operating revenue	357.3	252.8	(9.7)	(33.1)
SG&A expenses	267.6	209.6	+16.6	+7.5
Ordinary income	94.9	47.1	(25.3)	(25.8)
Profit attributable to owners of parent	63.7	34.5	(15.0)	(11.5)

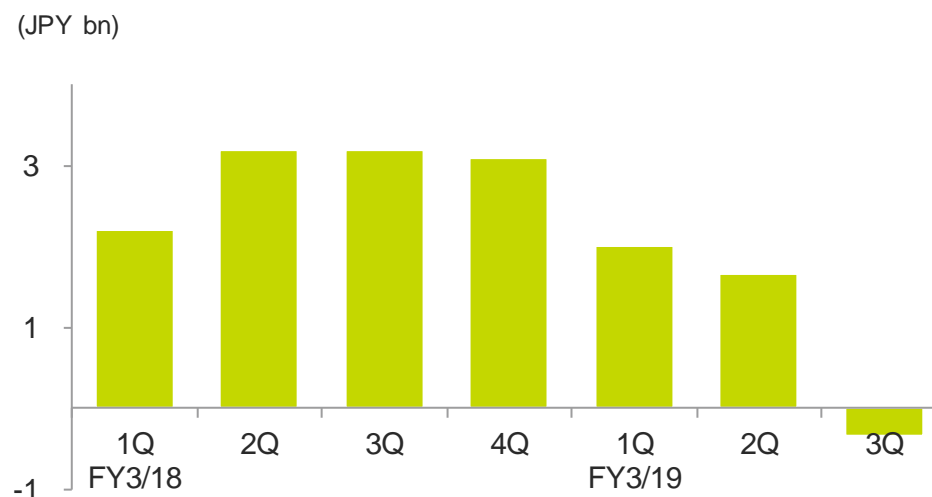
Net operating revenue



Product sales



Earnings of overseas offices^{*2}



*1 Compared with the sum of SMBC Nikko and SMBC Friend

*2 Earnings of SMBC Nikko Securities (Hong Kong, Singapore), Securities Product Group of SMBC Nikko Capital Markets, SMBC Nikko Securities America and SMBC Nikko Capital Markets Europe GmbH

Financial results

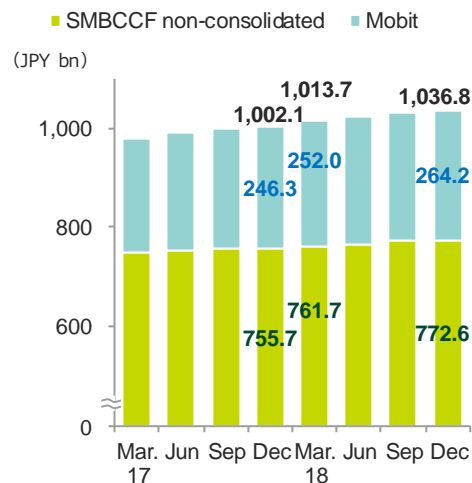
(JPY bn)	FY3/18	1-3Q, FY3/19	YoY
Operating income	273.8	211.6	+5.6
Operating expenses	238.3	151.9	(0.3)
Expenses for loan losses	58.1	47.8	(0.5)
Ordinary profit	35.9	60.0	+6.0
Profit attributable to owners of parent	24.6	49.4	+7.5

Consumer loans outstanding	1,115.6	1,144.7
Allowance on interest repayments	109.4	84.4
Loan guarantee	1,258.8	1,237.8
Regional banks, etc.	616.2	615.9

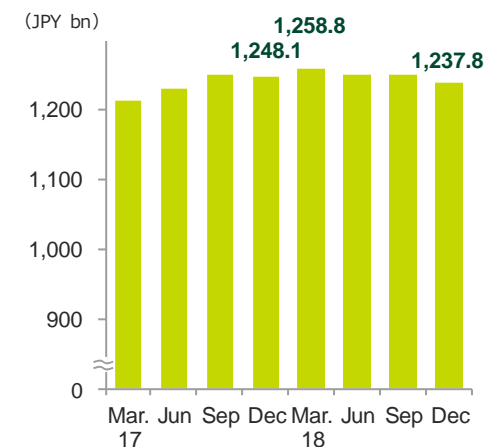
No. of companies with guarantee agreements: 188 (Dec. 2018)

Loans / loan guarantee / overseas businesses

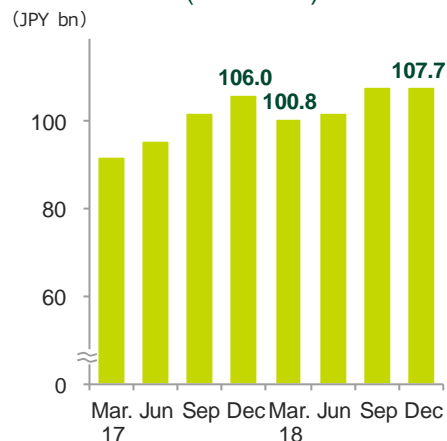
Consumer loans outstanding (domestic)



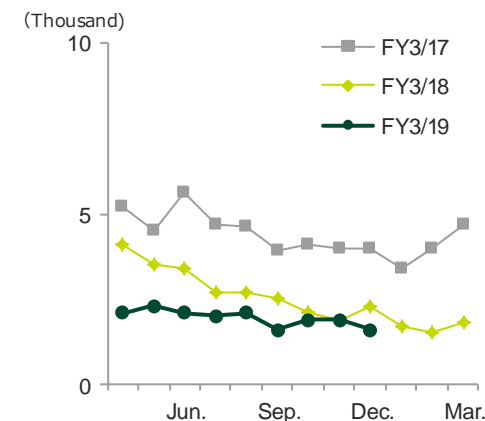
Loan guarantee amount



Consumer loans outstanding (overseas)



No. of interest refund claims



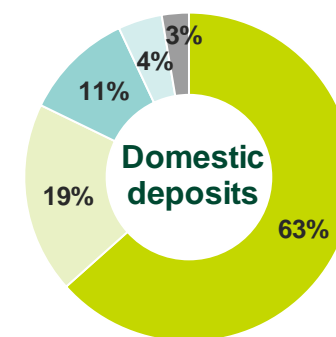
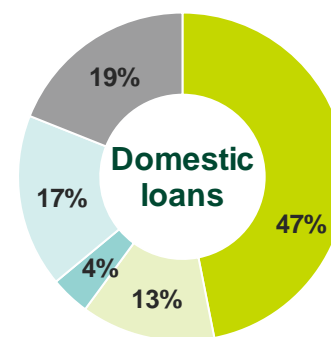
Balance sheet

Consolidated B/S

	Dec.18	vs Mar.18
	(JPY tn)	
Total assets	202.0	+3.0
o/w Cash and due from banks	54.2	+0.5
o/w BOJ's current account balance ^{*1}	42.5	+1.0
o/w Loans	77.7	+4.7
o/w Domestic loans ^{*1}	53.7	+0.5
o/w Large corporations ^{*2}	15.5	+0.7
o/w Mid-sized corporations & SMEs ^{*2}	18.0	+0.0
o/w Individuals ^{*2}	13.2	(0.3) ^{*3}
o/w Securities	23.0	(2.7)
o/w Other securities	22.4	(3.0)
o/w Stocks	3.5	(0.4)
o/w JGBs	5.8	(3.4)
o/w Foreign bonds	8.1	+0.9
Total liabilities	190.7	+3.2
o/w Deposits	120.9	+4.4
o/w Domestic deposits ^{*1}	95.5	+2.6
o/w Individuals	47.3	+2.0
o/w Corporates	48.3	+0.7
o/w NCD	10.8	(0.5)
Total net assets	11.3	(0.3)

Loan to deposit ratio **59.0%**

Composition of loans and deposits^{*1}



- Spread-based (repriced within 1 year)
- Spread-based (more than 1 year)
- Prime-rate-based
- Prime-rate-based (consumer)
- Others
- Ordinary deposits
- Time deposits
- Current deposits
- Foreign currency deposits
- Others (Sundry deposits, etc.)

(Loans denominated in foreign currencies, overdraft, etc.)

*1 Non-consolidated *2 Managerial accounting basis *3 After adding back the portion of housing loans securitized in 1-3Q, FY3/19 of approx. JPY 175.4 bn