

# Overview of FY3/2019

May 15, 2019



SUMITOMO MITSUI  
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
SMCC	Sumitomo Mitsui Card Company
SMBCCF	SMBC Consumer Finance
SMAM	Sumitomo Mitsui Asset Management
SMBC AC	SMBC Aviation Capital

Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excludes non-recurring losses
Net business profit	Before provision for general reserve for possible loan losses

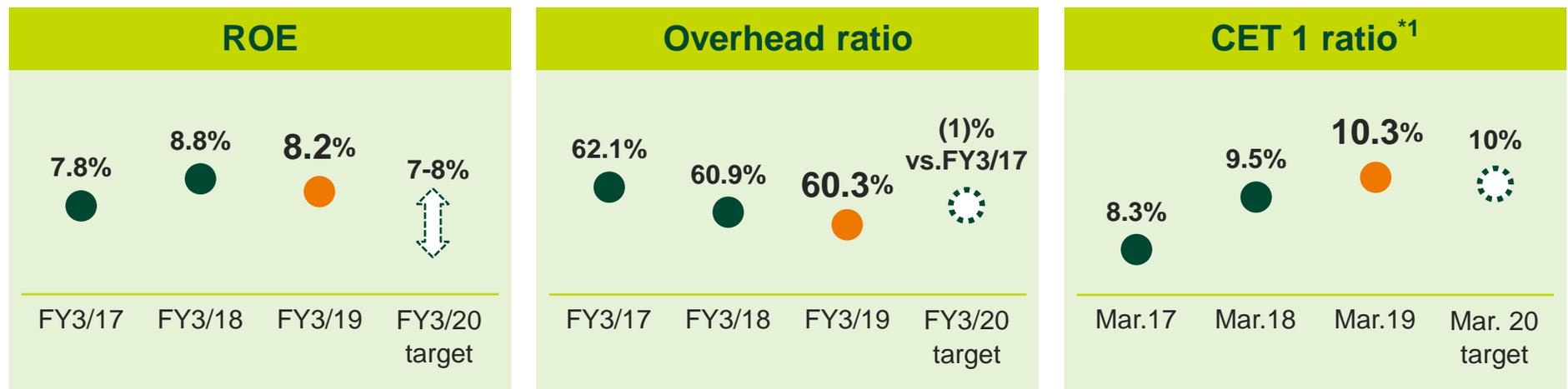
Retail Business Unit	Domestic retail and SME businesses SMBC , SMBC Trust, SMBC Nikko, SMCC, SMBCCF
Wholesale Business Unit	Domestic large/mid-size corporation business SMBC, SMBC Trust, SMFL, SMBC Nikko
International Business Unit	International business SMBC, SMBC Trust, SMFL, SMBC Nikko
Global Markets Business Unit	Market / Treasury related businesses SMBC, SMBC Nikko
Large corporations	Global Corporate Banking Division
Mid-sized corporations & SMEs	Corporate Banking Division and SMEs covered by Retail Banking Unit

Exchange rates (TTM)	Mar. 18	Mar. 19
USD	JPY 106.25	JPY 111.00
EUR	JPY 130.73	JPY 124.55

# Highlights



## Financial targets of the Medium-Term Management Plan



# 1. Income statement

- Both consolidated net business profit and profit attributable to owners of parent exceeded the target
- Despite the challenging business environment, consolidated net business profit reached the same level as last year's strong performance excluding the impact of group reorganization

	(JPY bn)	FY3/19	YoY	vs Nov.18 Target
1 Consolidated gross profit		2,846.2	(134.9)	
2 G&A expenses		1,715.1	(101.1)	
Overhead ratio		60.3%	(0.6)%	
3 Equity in gains (losses) of affiliates		61.1	+22.2	
4 Consolidated net business profit		1,192.3	(11.6)	+12.3
5 Total credit cost		110.3	+16.1	(19.7)
6 Gains (losses) on stocks		116.3	(2.6)	
7 Other income (expenses)		(63.1)	+1.4	
8 Ordinary profit		1,135.3	(28.8)	+15.3
9 Extraordinary gains (losses)		(11.7)	+43.5	
10 Income taxes		331.4	+60.9	
11 Profit attributable to owners of parent		726.7	(7.7)	+26.7
12 ROE		8.2%	(0.6)%	

- **Consolidated gross profit** : increased slightly YoY excluding the impact of group reorganization due to the strong performance of the overseas business, while the wealth management business was sluggish due to the deterioration of market conditions.
- **G&A expenses** : decreased YoY even after excluding the impact of group reorganization because of taking cost control measures.
- **Equity in gains** : increased YoY due to group reorganization despite the absence of gains on sale of its subsidiary which The Bank of East Asia recorded in FY3/18
- **Total credit cost** : increased YoY, while reversals of credit cost from large borrowers were recorded in the 1H at SMBC.
- **Gains on stocks** : gains on sales of strategic shareholdings declined (JPY 89 bn, YoY JPY (12) bn), offsetting the one time impact from the reorganization of SMFL.
- **Other income (expenses)** : recorded provisions for losses on interest repayments (JPY 47 bn) at SMBCCF and Cedyne.
- **Extraordinary income (expenses)** : increased YoY with the absence of branch reorganization cost (JPY 25 bn) and goodwill impairment (JPY 21 bn) recorded in FY3/18.
- **Income taxes** : tax imposed at SMCC by becoming a wholly owned subsidiary of SMFG\*2.

## Impact of group reorganization\*1

(JPY bn)

Consolidated gross profit	(139)	Consolidated net business profit	(12)
G&A expenses	(92)	Profit attributable to owners of parent	0
Equity in gains (losses) of affiliates	+35		

\*1 Deconsolidation of the regional banks and SMFL, the consolidation of BTPN and SMCC becoming a wholly-owned subsidiary

\*2 The negative impact on profit attributable to owners of parent was JPY 60 bn (based on 66% of ownership ratio)

# (Ref.) Group companies

## SMBC

	(JPY bn)	FY3/19	YoY	vs Nov.18 Target
1 <b>Gross banking profit</b>		1,395.6	(32.3)	
2 o/w Net interest income		944.1	(12.9)	
3 Domestic		638.1	(69.2)	
4 Overseas		306.0	+56.3	
5 o/w Net fees and commissions		342.3	+12.4	
6 Domestic		193.4	(7.4)	
7 Overseas		148.9	+19.8	
8 o/w Net trading income+ Net other operating income		107.0	(32.0)	
9 o/w Gains (losses) on bonds (domestic)		6.4	(1.1)	
10 o/w Gains (losses) on bonds (overseas)		(3.5)	(7.7)	
11 <b>Expenses</b>		811.5	+0.8	
12 <b>Banking profit</b>		584.1	(33.1)	(20.9)
13 <b>Total credit cost</b>		(2.2)	+24.5	(2.2)
14 <b>Gains (losses) on stocks</b>		68.0	(59.7)	
15 <b>Ordinary profit</b>		649.6	(105.6)	+9.6
16 <b>Net income</b>		477.4	(99.7)	+17.4

## Other major group companies

(left : results of FY3/19 / right : YoY)

(JPY bn)	SMBC Nikko*1		SMBCCF		SMCC 66%	
<b>Gross profit</b>	323.1	(61.4)	268.5	+7.4	254.2	+28.1
<b>Expenses</b>	276.0	(15.4)	110.9	+1.8	190.9	+20.6
<b>Net business profit</b>	47.1	(46.0)	157.6	+5.6	63.3	+7.5
<b>Net income</b>	31.0	(27.2)	45.1	+20.5	(58.5) <sup>*2</sup>	(86.9)

(JPY bn)	Cedyna		SMBC Trust		SMAM 60%	
<b>Gross profit</b>	154.1	(3.2)	49.8	+5.6	25.7	(0.7)
<b>Expenses</b>	114.4	(1.2)	51.7	+1.0	17.9	+0.2
<b>Net business profit</b>	40.0	(1.8)	(1.9)	+4.7	7.9	(0.9)
<b>Net income</b>	11.9	+9.5	(3.8)	+2.0	5.3	(0.7)

(JPY bn)	SMFL 50% <sup>*3</sup>	
<b>Gross profit</b>	179.8	(4.7)
<b>Expenses</b>	88.3	+3.3
<b>Net business profit</b>	93.5	(7.9)
<b>Net income</b>	80.0	+25.5



\*1 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG). YoY includes figures of SMBC Friend.

\*2 Impact of JPY (90) bn by becoming a wholly owned subsidiary of SMFG. \*3 Changed the ownership ratio of SMFL in Nov.18. Consolidated subsidiary with 60% ownership until the end of Dec. 18 and equity method affiliate with 50% ownership after that.

## 2. FY3/2020 target

	(JPY bn)	Results		Target	
		FY3/19	FY3/20	1H	
Consolidated	Consolidated net business profit	1,192.3	1,180	540	
	Total credit cost	110.3	200	100	
	Ordinary profit	1,135.3	1,000	460	
	Profit attributable to owners of parent	726.7	700	340	
Non-consolidated	Banking profit	584.1	610	275	
	Total credit cost	(2.2)	70	35	
	Ordinary profit	649.6	550	250	
	Net income	477.4	390	190	

- **Consolidated net business profit** is expected to increase excluding the impact of group reorganization (YoY JPY 60bn).
- **Total credit cost (consolidated)** is expected to increase due to smaller reversals at SMBC.
- **Profit attributable to owners of parents** is expected to decrease due to the increase of total credit cost.

### 3. Shareholder returns

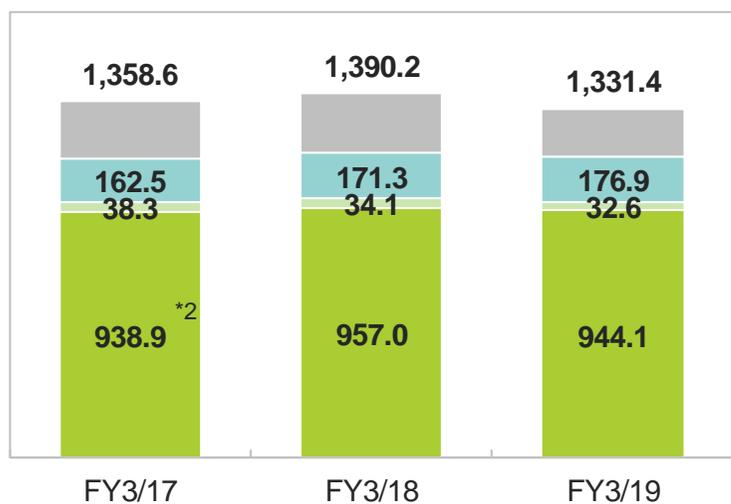
- Dividends : FY3/19 JPY 180 (+ JPY 10 YoY and vs target), FY3/20 target JPY 180
- Share buybacks : up to JPY 100 bn (all of the repurchased shares will be cancelled)

	FY3/19			FY3/20 (target)	Outline of share buybacks	
	(JPY)	YoY	vs target			
DPS	<b>180</b>	<b>+10</b>	+10	180	Purchase amount	up to JPY 100 bn
Dividend payout ratio	<b>34.6%</b>	<b>+1.9%</b>	—	35.9%	Purchase # of shares	up to 32 mn shares
Share buybacks	<b>70 bn</b> (May.18)	—	—	<b>100 bn</b> (May.19)	Purchase period	May 16 – Aug. 30, 2019
Total payout ratio	<b>44.2%</b>	—	—	<b>50.2%</b>	Scheduled cancellation	Sep. 20, 2019
Net income	726.7 bn	(7.7) bn	+26.7 bn	700 bn		

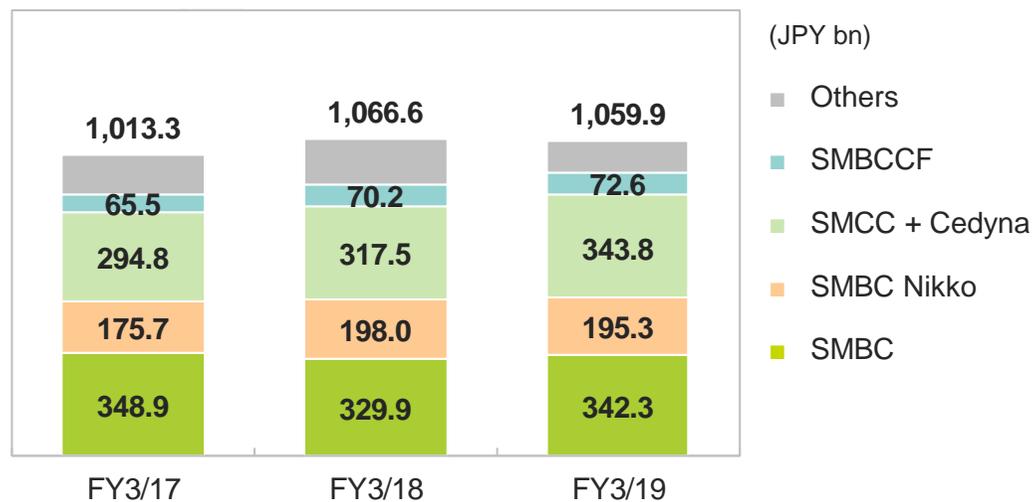
## 4. Consolidated gross profit

	FY3/19			YoY <sup>*1</sup>			
	(JPY bn)	Consolidated	SMBC	Variance	Consolidated	SMBC	Variance
<b>Consolidated gross profit</b>		2,846.2	1,395.6	1,450.6	(134.9)	(32.3)	(102.5)
Net interest income		1,331.4	944.1	387.3	(58.8)	(12.9)	(45.9)
Trust fees		4.7	2.2	2.5	+0.8	+0.2	+0.6
Net fees and commissions		1,059.9	342.3	717.6	(6.7)	+12.4	(19.1)
Net trading income + Net other operating income		450.2	107.0	343.2	(70.1)	(32.0)	(38.1)

### Net interest income



### Net fees and commissions



# 5. Loans\*1

## Loan balance

(JPY tn)



### Of which loans to the Japanese government and SMFG

1.2 tn      1.3 tn      3.5 tn      2.8 tn      2.7 tn

### Breakdown of change from Mar. 2018 to Mar. 2019

Domestic offices excl. Japan offshore banking accounts <i>excl. loans to the Japanese government and SMFG</i>	<b>+0.8</b>
Overseas offices and Japan offshore banking accounts <i>after adjustment for changes in exchange rate</i>	<b>+1.7</b>
<b>Total</b>	<b>+2.5</b>

## Domestic loan-to-deposit spread

(%)	FY3/19	YoY	1H	2H
Interest earned on loans and bills discounted	0.94	(0.04)	0.95	0.93
Interest paid on deposits, etc.	0.00	+0.00	0.00	0.00
Loan-to-deposit spread	0.94	(0.04)	0.95	0.93

(Ref.) Excludes loans to the Japanese government

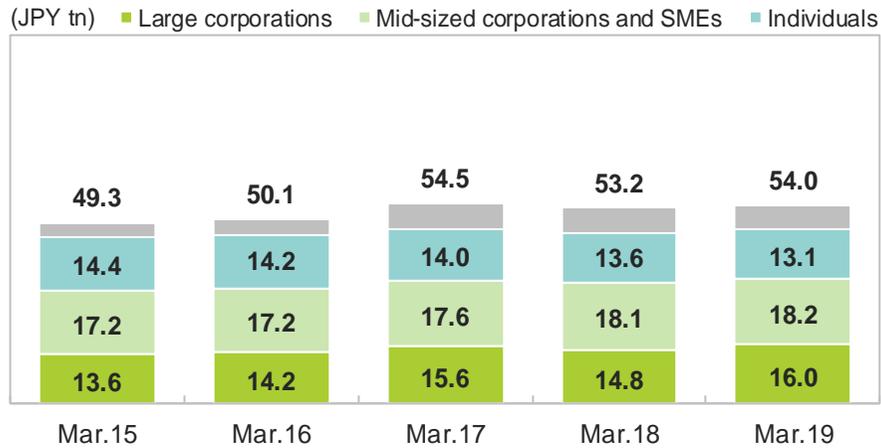
Interest earned on loans and bills discounted	0.97	(0.05)	0.98	0.96
Loan-to-deposit spread	0.97	(0.05)	0.98	0.96

## Average loan balance and spread\*2

	Balance (JPY tn)		Spread (%)	
	FY3/19	YoY*4	FY3/19	YoY
Domestic loans	52.0	(0.6)	0.75	(0.03)
Excluding loans to the Japanese government	49.2	(0.4)	0.79	(0.03)
o/w Large corporations	15.1	(0.2)	0.52	+0.00
Mid-sized corporations & SMEs	17.7	+0.3	0.64	(0.05)
Individuals	13.3	(0.5)	1.43	(0.03)
IBU's interest earning assets*3	295.1 USD bn	+19.1 USD bn	1.12	(0.02)

# 6. Domestic loans and deposits\*1

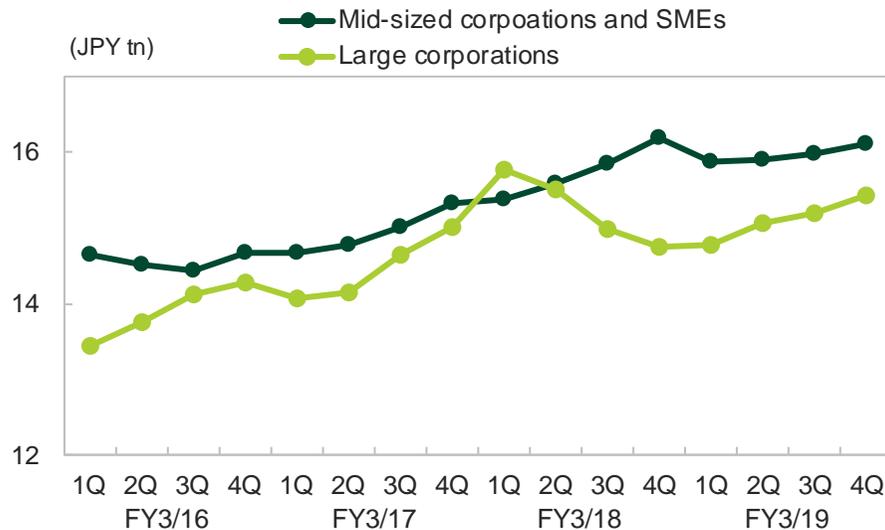
## Domestic loan balance\*2



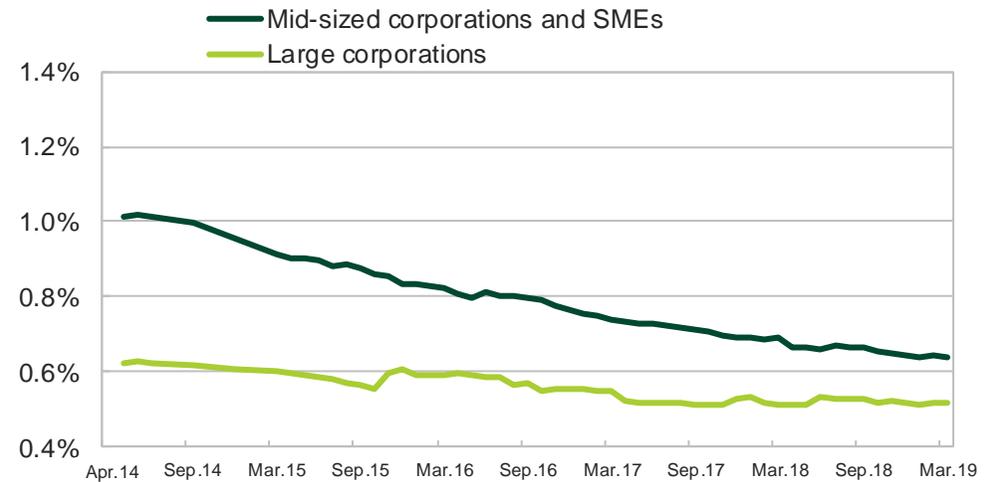
## Domestic deposit balance



## Domestic corporate loan balance\*2,3



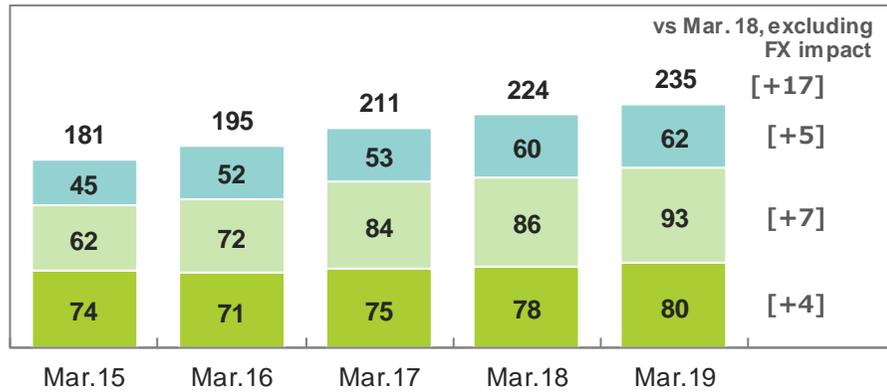
## Domestic corporate loan spread\*2,4



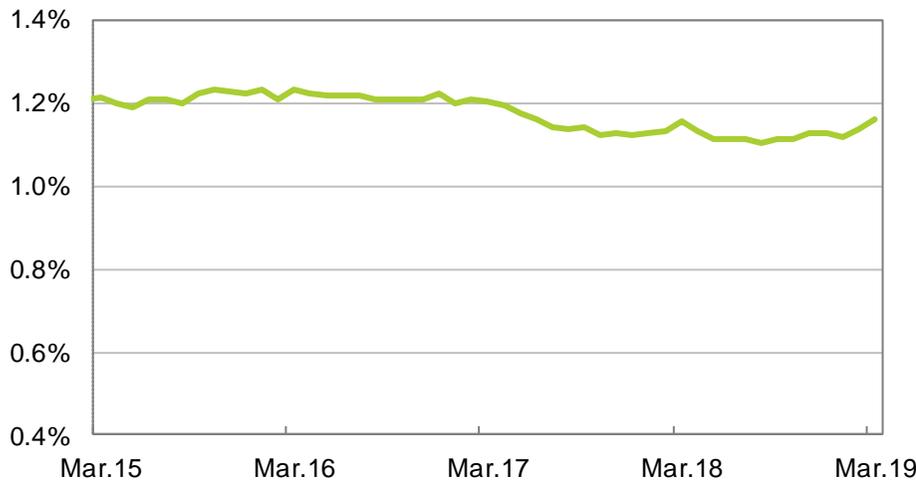
# 7. Overseas loans and deposits\*1

## Overseas loan balance

(USD bn) ■ Asia ■ Americas ■ EMEA

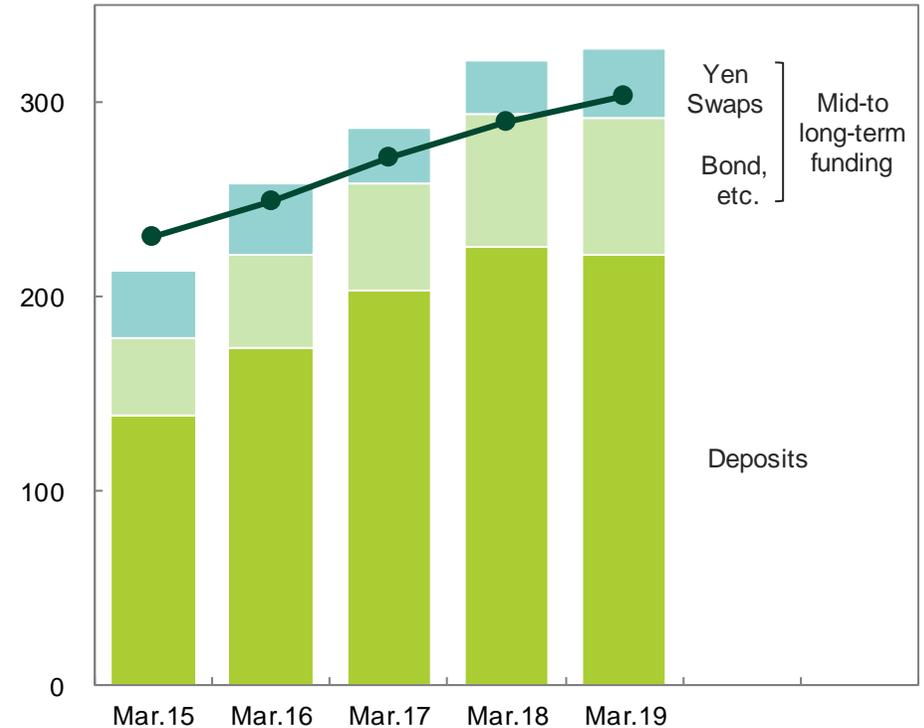


## Overseas loan spread\*2



## Foreign currency funding

(USD bn) ● Loans, etc.

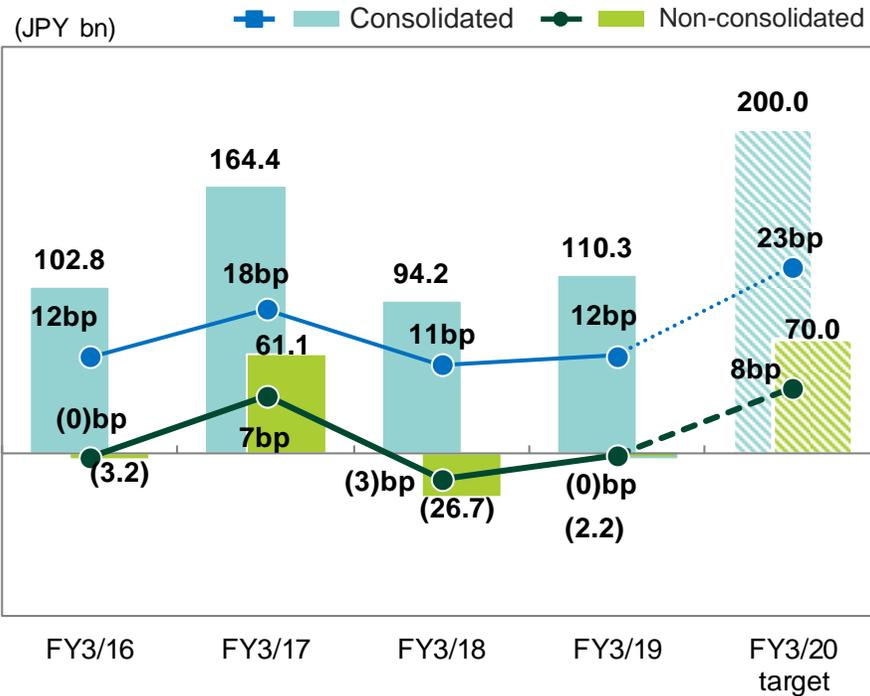


## Foreign currency bonds outstanding (SMFG/SMBC)

Senior	32.9	44.1	54.2	56.0
Sub-ordinated	4.1	4.1	4.2	4.1

# 8. Asset quality

## Credit costs\*1

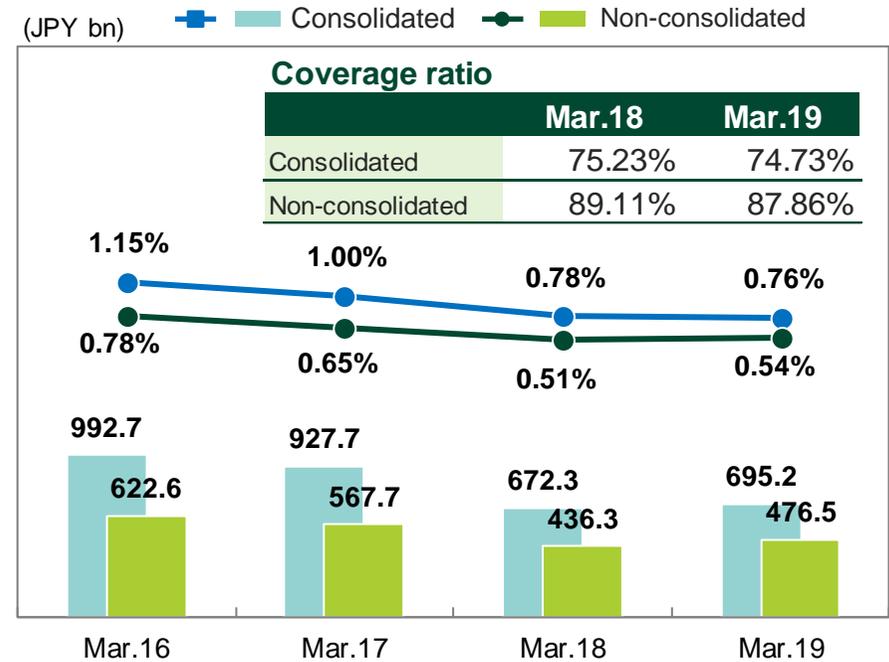


## Major Group Companies

(JPY bn)

	FY3/19	YoY
SMBCCF	76	(5)
SMCC	18	(0)
Cedyna	15	+0

## Non-performing loan balance and ratio\*2



## Total claims

(JPY tn)

Consolidated	93	86	91
Non-consolidated	87	86	89

## Claims on borrowers requiring caution (excludes claims to Substandard borrowers)

Non-consolidated	1.6	1.3	0.8
------------------	-----	-----	-----

## 9. Securities

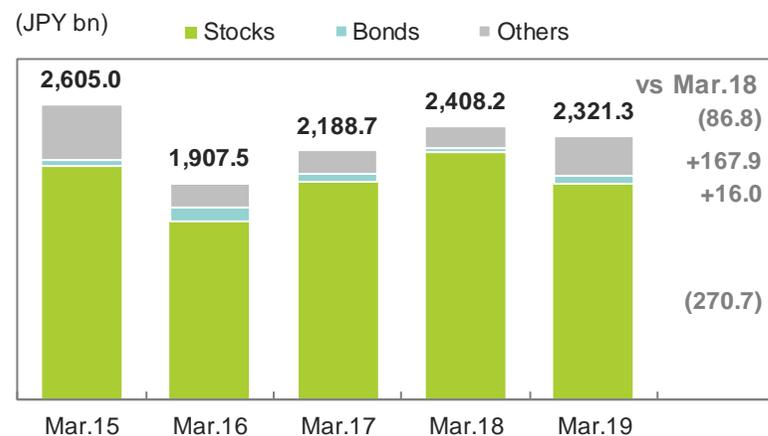
### Bond portfolio

	(JPY tn)	Mar.18		Mar.19	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
<b>Consolidated</b>	<b>Yen-dominated</b>	12.2	0.05	9.3	0.06
	o/w JGB	9.6	0.01	6.5	0.02
	Held-to-maturity	0.4	0.00	0.3	0.00
	Others	9.2	0.01	6.2	0.02
	<b>Foreign bonds</b>	7.2	(0.16)	9.0	(0.03)
<b>Non-consolidated</b>	<b>Yen-denominated (duration*1)</b>	11.9 (2.3 yrs)	0.05	9.0 (3.2 yrs)	0.06
	o/w JGB	9.3	0.01	6.3	0.02
	Held-to-maturity	0.1	0.00	0.0	0.00
	Others	9.2	0.01	6.2	0.02
	<b>Foreign bonds (duration*1)</b>	5.3 (5.5 yrs)	(0.14)	7.1 (5.3 yrs)	(0.03)

### Strategic shareholdings

	(JPY bn)	Results
<b>Total reduction</b>		<b>360</b>
- FY3/17		115
FY3/18		115
FY3/19		130
<b>Consent of sales from clients outstanding</b>		<b>88</b>

### Unrealized gains (losses) on other securities\*2

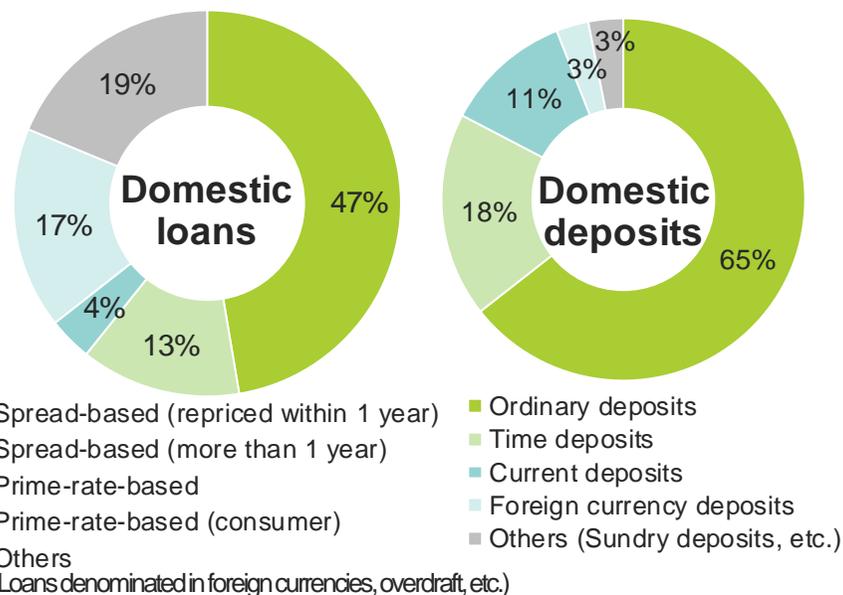


# 10. Balance sheet

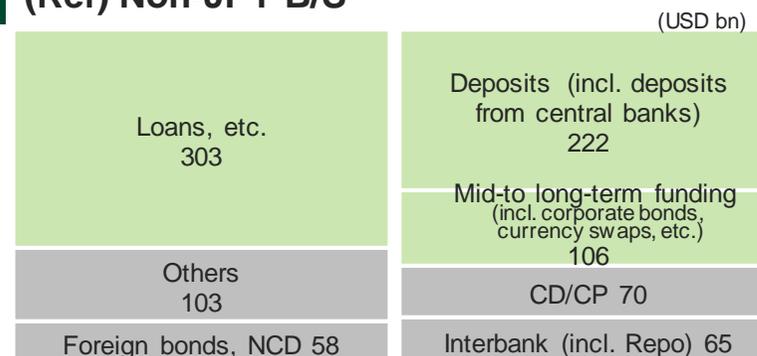
## Consolidated

	(JPY tn)	Mar.19	vs Mar.18
<b>Total assets</b>		<b>203.7</b>	<b>+4.6</b>
o/w Cash and due from banks		57.4	+3.7
o/w BOJ's current account balance*1		47.2	+5.8
o/w Loans		78.0	+5.0
o/w Domestic loans		54.0	+0.8
o/w Large corporations*1		16.0	+1.1
o/w Mid-sized corporations & SMEs*1		18.2	+0.2
o/w Individuals*1		13.1	(0.3)*2
o/w Securities		24.3	(1.4)
o/w Other securities		23.8	(1.6)
o/w Stocks		3.5	(0.4)
o/w JGBs		6.2	(3.0)
o/w Foreign bonds		9.0	+1.8
<b>Total liabilities</b>		<b>192.2</b>	<b>+4.8</b>
o/w Deposits		122.3	+5.8
o/w Domestic deposits		97.3	+4.4
Individuals		47.1	+1.8
Corporates		50.2	+2.6
o/w NCD		11.2	(0.1)
<b>Total net assets</b>		<b>11.5</b>	<b>(0.2)</b>
<b>Loan to deposit ratio</b>		<b>58.4%</b>	

## Composition of loans and deposits\*1



## (Ref) Non-JPY B/S\*1,3



Assets / Liabilities 464

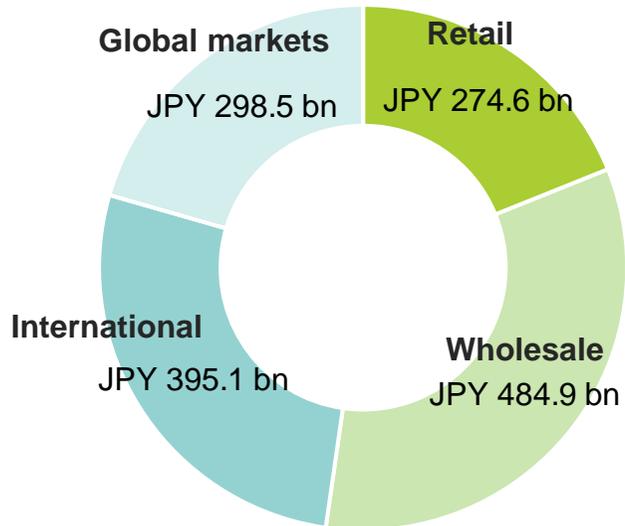
# 11. Capital / RWA\*1

Capital ratio	
Post-Base III reforms basis	
CET1 ratio	<b>10.3%</b>
Regulatory basis	
CET1 ratio	<b>16.37%</b>
excluding Net unrealized gains on other securities	13.5%
Total capital ratio	<b>20.76%</b>
External TLAC ratio	
RWA basis*2	<b>26.90%</b>
Leverage exposure basis	<b>8.19%</b>
Leverage ratio	
	<b>4.88%</b>
LCR (Average 19/4Q)	
	<b>131.4%</b>

(JPY bn)	Mar.18	Mar.19
<b>CET1</b>	<b>9,217.4</b>	<b>9,654.5</b>
o/w Total stockholders' equity related to common stock	8,510.1	8,921.9
Accumulated other comprehensive income	1,753.4	1,713.9
Regulatory adjustments related to CET1	(1,049.3)	(985.9)
<b>Tier 1 capital</b>	<b>10,610.2</b>	<b>10,727.2</b>
o/w Additional Tier 1 capital instruments	599.8	599.0
Eligible Tier 1 capital instruments (grandfathered)*3	650.3	436.5
Regulatory adjustments	(81.6)	(25.5)
<b>Tier 2 capital</b>	<b>1,693.9</b>	<b>1,513.3</b>
o/w Tier 2 capital instruments	993.4	997.7
Eligible Tier 2 capital instruments (grandfathered)*3	625.4	488.1
Regulatory adjustments	(50.0)	(50.0)
<b>Total capital</b>	<b>12,304.1</b>	<b>12,240.5</b>
<b>Risk-weighted assets</b>	<b>63,540.3</b>	<b>58,942.8</b>
<b>Leverage exposure</b>	<b>211,718.1</b>	<b>219,538.8</b>
<b>External TLAC</b>	-	17,983.4

# 12. Results by business unit

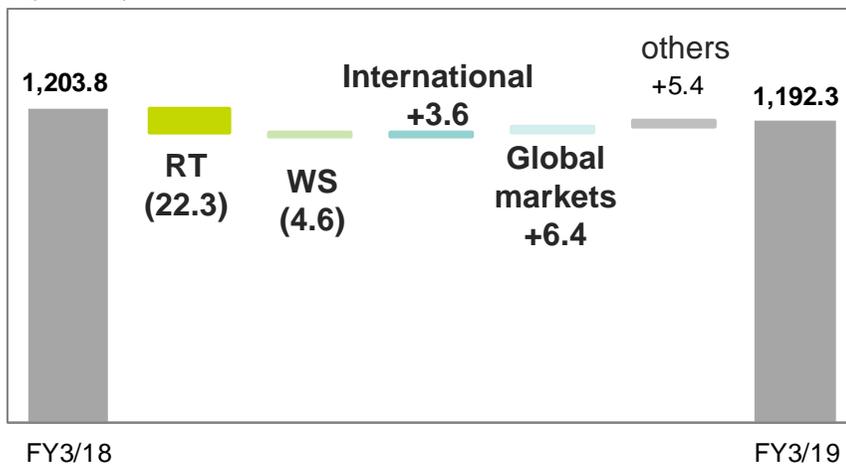
## Consolidated net business profit\*1



## ROE\*2

	FY3/18	FY3/19	FY3/20 target*3
Retail	7.5%	7.3%	7%
Wholesale	11.4%	12.1%	10%
International	10.6%	9.3%	9%
Global markets	33.5%	31.8%	39%

(JPY bn)



# 13. SMBC Nikko

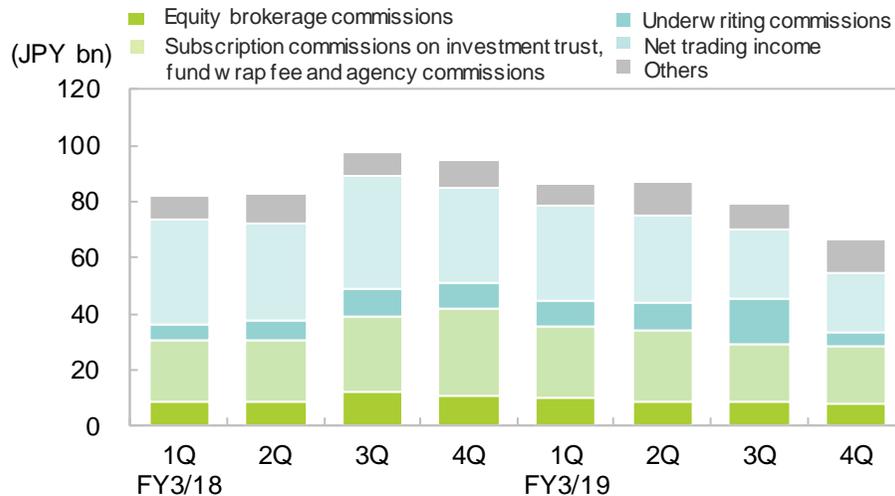
## Financial results

(JPY bn)	FY3/18	FY3/19	YoY	vs sum of two companies*1
<b>Net operating revenue</b>	357.3	319.2	(38.1)	(61.5)
<b>SG&amp;A expenses</b>	267.6	276.5	+8.9	(15.3)
<b>Ordinary income</b>	94.9	48.4	(46.5)	(47.0)
<b>Net income</b>	63.7	33.3	(30.4)	(26.9)

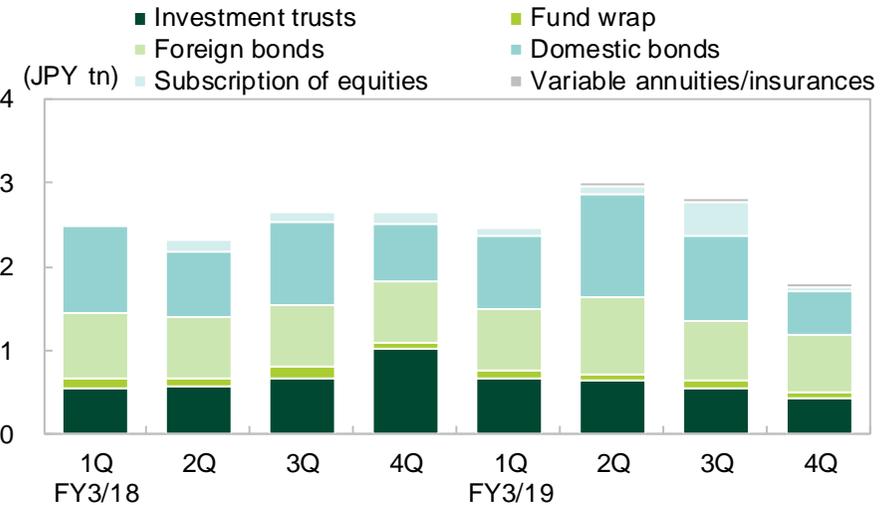
## League tables (Apr.2018-Mar.2019)\*2

	Rank	Mkt share
<b>SMBC Nikko</b>		
Global equity & equity-related (book runner, underwriting amount)*3	#2	15.4%
JPY denominated bonds (lead manager, underwriting amount)*3	#4	17.3%
Japanese corporate bonds (lead manager, underwriting amount)	#5	16.8%
<b>SMBC Group</b>		
IPO (lead manager, No. of deals)*5	#1	25.8%
Financial advisor (M&A, No. of deals)*6	#1	5.7%
Financial advisor (M&A, transaction volume)*6	#9	23.5%

## Net operating revenue



## Product sales



\*1 SMBC Nikko and SMBC Friend \*2 Source: SMBC Nikko, based on data from REFINITIV \*3 Japanese corporate related only. Includes overseas offices

\*4 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds

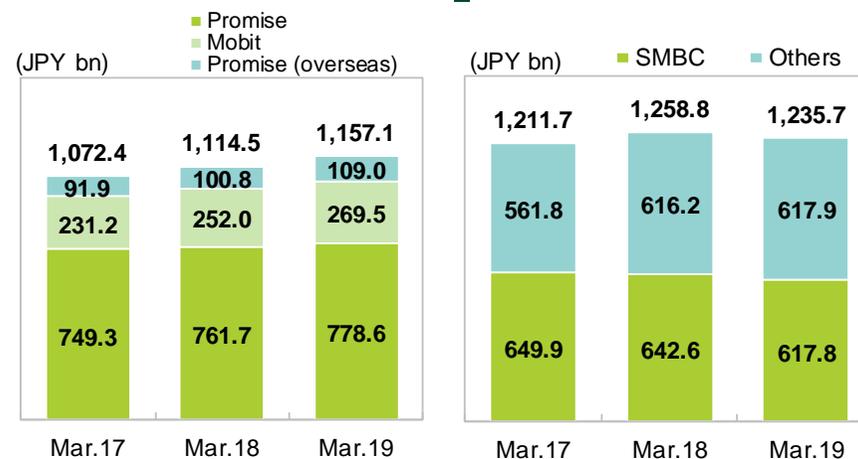
\*5 Excludes REIT IPO. Includes overseas offices \*6 Japanese corporate related only

# 14. SMBCCF

## Financial results

(JPY bn)	FY3/18	FY3/19	YoY
<b>Operating income</b>	273.8	281.8	+8.0
<b>Operating expenses</b>	238.3	236.0	(2.3)
Expense for loan losses	58.1	57.5	(0.6)
Expense for loan guarantees	31.7	28.0	(3.7)
Expense for interest repayments	36.0	36.0	-
<b>Ordinary profit</b>	35.9	46.3	+10.3
<b>Net income</b>	24.6	45.1	+20.5
<b>NPLs (NPL ratio)</b>	64.8 5.81%	71.3 6.16%	+6.4 +0.35%
<b>Allowance on interest repayments (provision)</b>	109.4 2.3 yrs	112.1 3.4 yrs	

## Consumer loans outstanding



## No. of interest refund claims

