

Overview of 1Q FY3/2020

July 30, 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 + Cedyne
SMBCCF	SMBC Consumer Finance
SMDAM	Sumitomo Mitsui DS 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)	Jun.18	Mar.19	Jun.19
USD	JPY 110.45	JPY 111.00	JPY107.75
EUR	JPY 127.78	JPY 124.55	JPY122.48

1. Income statement

- Profit attributable to owners of parent reached 31% of the full-year target mainly due to lower than expected credit costs as well as recording gains on sales of strategic shareholdings

	1Q (JPY bn) FY3/20	YoY	FY3/20 target
1 Consolidated gross profit	682.0	(37.1)	
2 G&A expenses	432.6	+3.9	
Overhead ratio	63.4%	+3.8%	
3 Equity in gains (losses) of affiliates	19.8	(4.2)	
4 Consolidated net business profit	23% 269.2	(45.2)	1,180
5 Total credit cost	37.6	+29.3	200
6 Gains (losses) on stocks	30.9	+1.9	
7 Ordinary profit	261.4	(70.5)	1,000
8 Extraordinary gains (losses)	20.9	+22.2	
9 Income taxes	60.7	(22.2)	
10 Profit attributable to owners of parent	31% 215.7	(11.4)	700
11 ROE	9.6%	(0.9)%	

- Consolidated gross profit** : decreased YoY mainly due to the sluggish market conditions that led to the weak performance in the wealth management business and reduction in wholesale non-interest income, while the Global market business unit showed strong performance recording gains on sales of bonds with the decline of the U.S. interest rates.
- G&A expenses** : increased YoY mainly due to the increase of revenue-linked variable cost in the credit card business and retirement benefit costs.
- Total credit cost** : increased YoY mainly due to the absence of reversals from large borrowers recorded last year, but was lower than expected.
- Gains on stocks** : recorded gains on sales of strategic shareholdings (JPY 25 bn, YoY JPY (1) bn).
- Extraordinary gains (losses)** : recorded gains on step acquisitions on the merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments (JPY 22 bn).

Impact of group reorganization^{*1}

(JPY bn)

Consolidated gross profit	(22)	Consolidated net business profit	(22)
G&A expenses	(6)	Profit attributable to owners of parent	+12
Equity in gains (losses) of affiliates	(6)		

(Ref.) Group companies

SMBC

	(JPY bn)	1Q FY3/20	YoY	FY3/20 target
1 Gross banking profit		356.5	+11.5	
2 o/w Net interest income		202.3	(32.8)	
3 o/w Net fees and commissions		77.5	+0.5	
4 o/w Net trading income+ Net other operating income		76.3	+43.9	
5 o/w Gains (losses) on bonds		52.2	+51.3	
6 Expenses		203.0	(2.2)	
7 Banking profit		153.5	+13.7	610
8 Total credit cost		6.1	+29.2	70
9 Gains (losses) on stocks		30.9	+2.2	
10 Ordinary profit		171.7	(20.4)	550
11 Net income		127.0	(9.3)	390

Other major group companies

(left : results of 1Q FY3/20 / right : YoY)

(JPY bn)	SMCC	SMBC Nikko ^{*1}	SMBCCF
Gross profit	103.5 +7.4	71.5 (15.4)	68.2 +1.8
Expenses	79.3 +4.7	64.9 (5.3)	28.0 +0.9
Net business profit	24.3 +2.8	6.7 (10.2)	40.2 +0.9
Net income	12.3 +2.1	4.0 (9.5)	20.7 +7.1

	SMBC Trust	SMDAM ^{*2} 50%	SMFL ^{*3} 50%
Gross profit	10.9 (1.4)	9.0 +2.5	43.7 (3.4)
Expenses	12.3 (1.0)	8.2 +3.8	21.2 (0.9)
Net business profit	(1.4) (0.4)	0.9 (1.3)	23.8 (1.6)
Net income	(0.8) (0.3)	0.4 (1.1)	16.1 +1.5

2. FY3/2020 target

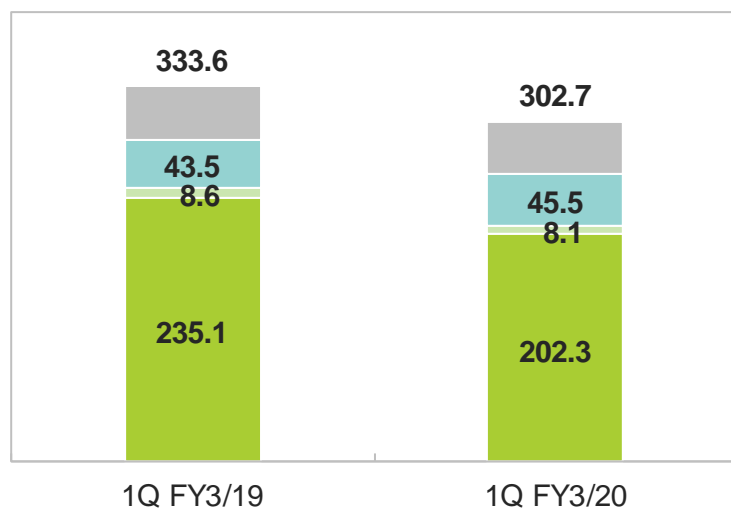
	(JPY bn)	Results		Target	
		FY3/19	FY3/20	1H	
Consolidated	Consolidated net business profit	1,192.3	1,180	540	
	Total credit cost	110.3	200	100	
	Ordinary profit	1,135.3	1,000	460	
	Profit attributable to owners of parent	726.7	700	340	
Non-consolidated	Banking profit	584.1	610	275	
	Total credit cost	(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.

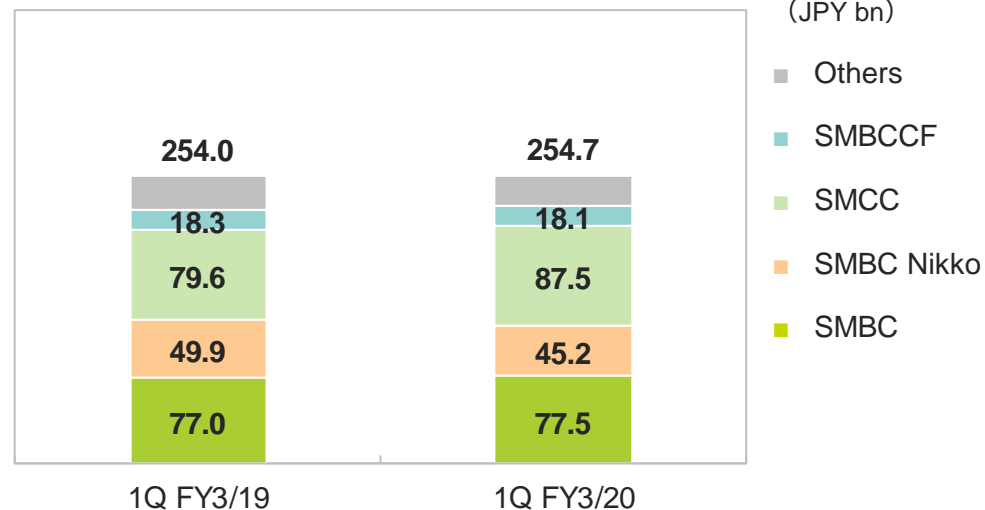
3. Consolidated gross profit

	1Q FY3/20			YoY*1			
	(JPY bn)	Consolidated	Non-consolidated	Variance	Consolidated	Non-consolidated	Variance
Consolidated gross profit		682.0	356.5	325.6	(37.1)	+11.5	(48.7)
Net interest income		302.7	202.3	100.4	(30.9)	(32.8)	+1.9
Trust fees		1.0	0.5	0.5	(0.1)	+0.0	(0.1)
Net fees and commissions		254.7	77.5	177.2	+0.8	+0.5	+0.3
Net trading income + Net other operating income		123.6	76.3	47.3	(6.9)	+43.9	(50.7)

Net interest income



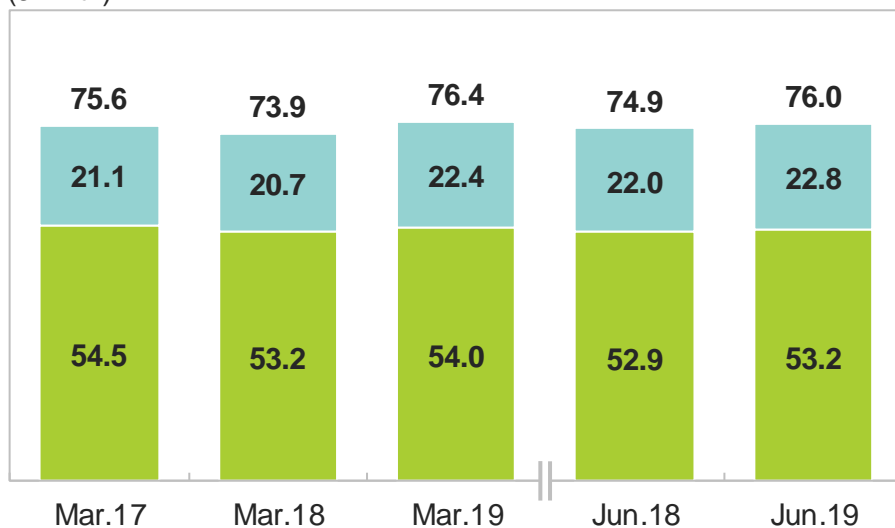
Net fees and commissions



4. Loans*1

Loan balance

(JPY tn)



Of which loans to the Japanese government, etc. and SMFG

3.5 tn 2.8 tn 2.7 tn 2.8 tn 2.6 tn

Breakdown of change from Mar.19 to Jun.19

Domestic offices excl. Japan offshore banking accounts	(0.7)
excl. loans to the Japanese government, etc. and SMFG	(0.6)
Overseas offices and Japan offshore banking accounts	+0.3
after adjustment for changes in exchange rate	+1.0
Total	(0.4)

Domestic loan-to-deposit spread

	FY3/20		FY3/19			
	1Q	YoY	1Q	2Q	3Q	4Q
Interest earned on loans and bills discounted	0.92	(0.03)	0.95	0.95	0.93	0.93
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.92	(0.03)	0.95	0.95	0.93	0.93

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

Interest earned on loans and bills discounted	0.94	(0.05)	0.99	0.98	0.97	0.96
Loan-to-deposit spread	0.94	(0.05)	0.99	0.98	0.97	0.96

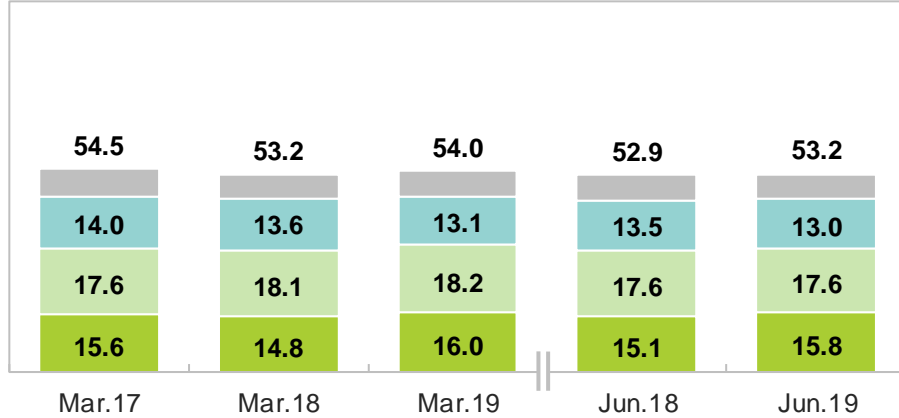
Average loan balance and spread*2

	Balance (JPY tn)		Spread (%)	
	1Q FY3/20	YoY*4	1Q FY3/20	YoY
Domestic loans	52.3	+0.7	0.73	(0.03)
Excluding loans to the Japanese government, etc.	49.6	+0.8	0.76	(0.03)
o/w Large corporations	15.7	+1.0	0.52	+0.01
Mid-sized corporations & SMEs	17.6	+0.1	0.62	(0.04)
Individuals	13.1	(0.5)	1.40	(0.04)
IBU's interest earning assets*3	298.3	+14.4	1.12	+0.01
	USD bn	USD bn		

5. Domestic loans and deposits*1

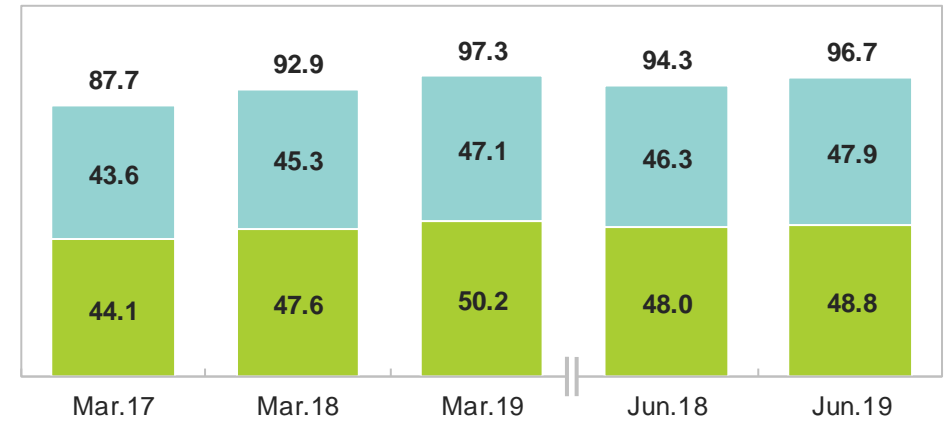
Domestic loan balance*2

(JPY tn) ■ Large corporations ■ Mid-sized corporations and SMEs ■ Individuals



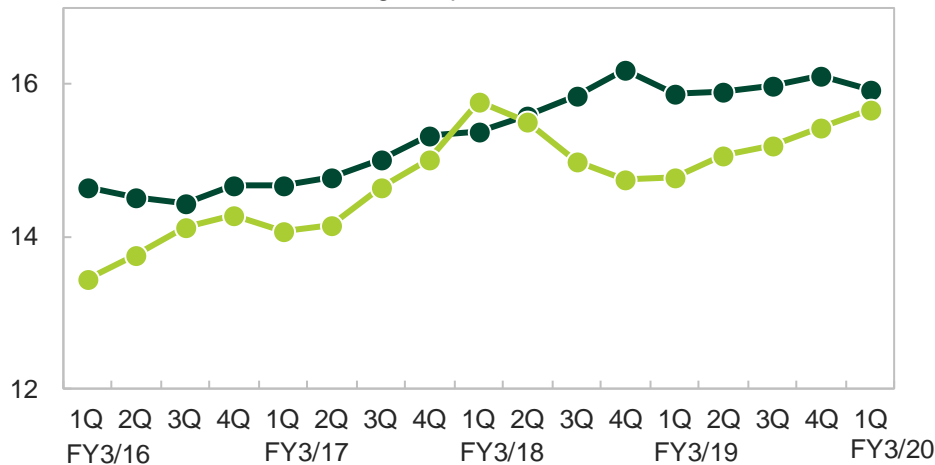
Domestic deposit balance

(JPY tn) ■ Corporates ■ Individuals



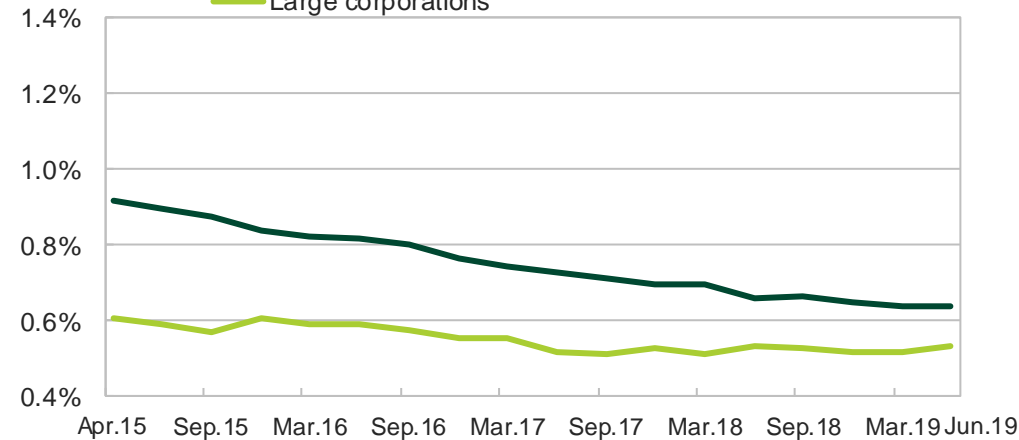
Domestic corporate loan balance*2,3

(JPY tn) ● Mid-sized corporations and SMEs ● Large corporations



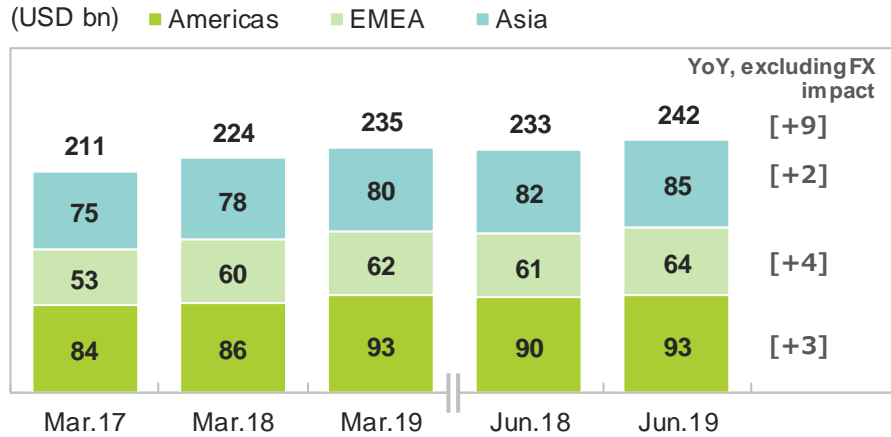
Domestic corporate loan spread*2,4

— Mid-sized corporations and SMEs — Large corporations

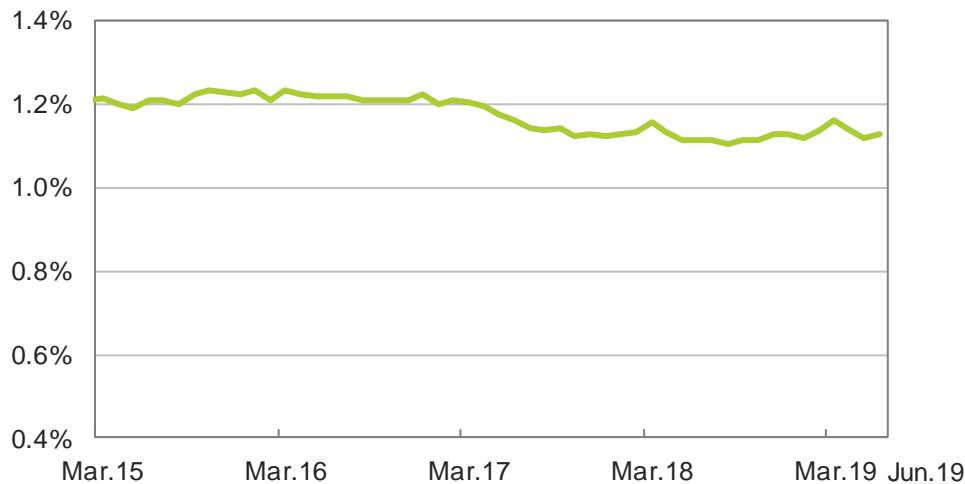


6. Overseas loans and deposits*1

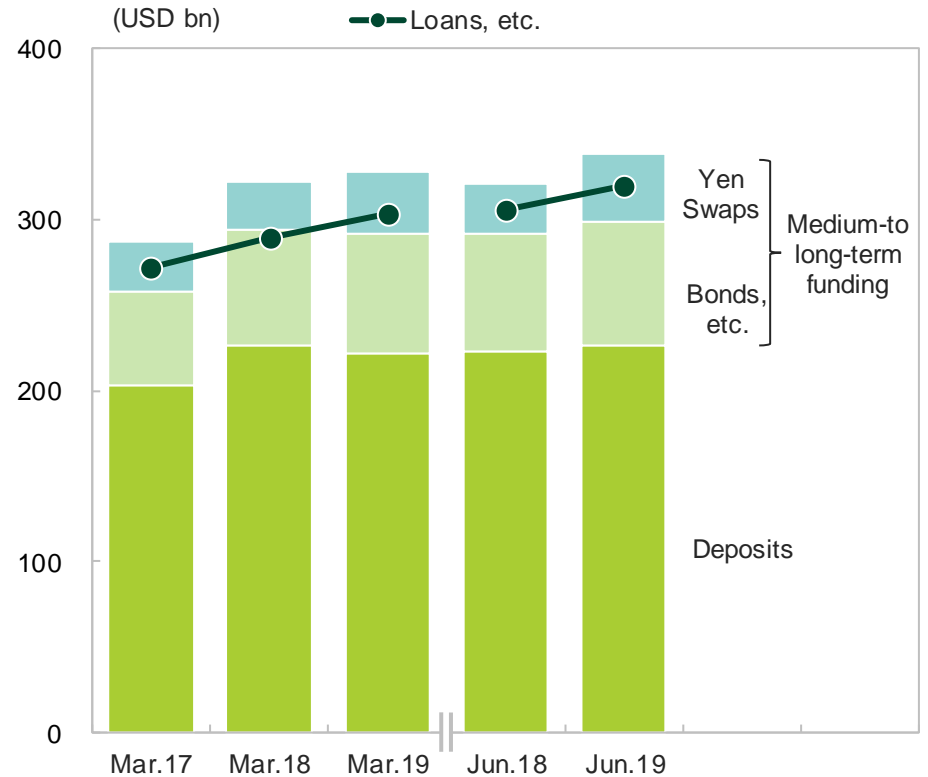
Overseas loan balance



Overseas loan spread*2



Foreign currency funding



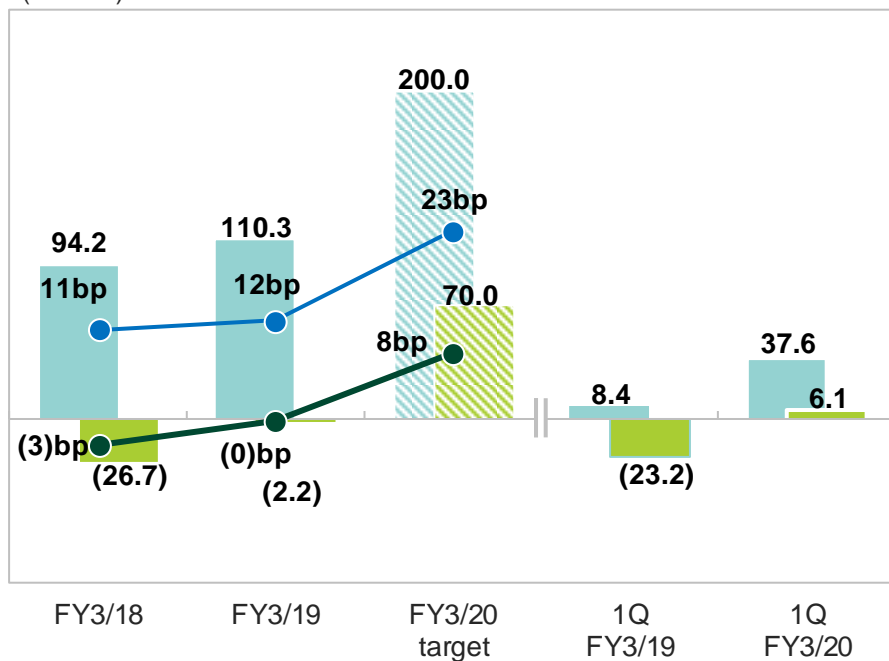
Foreign currency bonds outstanding (SMFG/SMBC)

Senior	54.2	56.0	55.6	59.2
Sub-ordinated	4.2	4.1	4.1	4.1

7. Asset quality

Credit costs*1

(JPY bn) Consolidated Non-consolidated



Major Group Companies

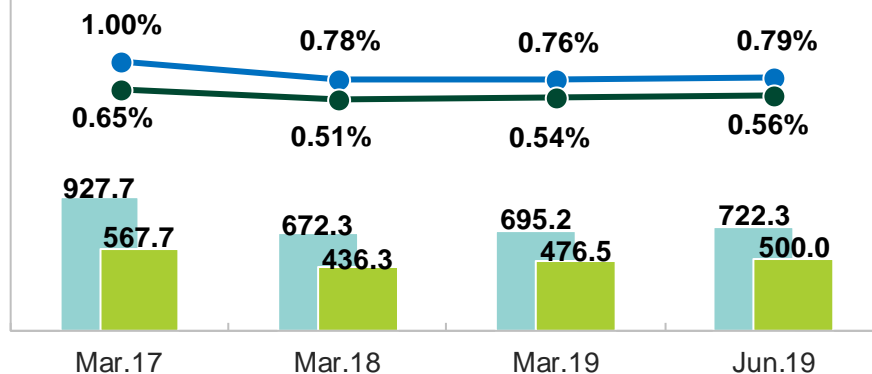
	(JPY bn)	
	1Q FY3/20	YoY
SMBCCF	17	(6)
SMCC	7	(0)

Non-performing loan balance and ratio*2

(JPY bn) Consolidated Non-consolidated

Coverage ratio

	Mar.18	Mar.19
Consolidated	75.23%	74.73%
Non-consolidated	89.11%	87.86%



Total claims

	(JPY tn)		
Consolidated	86	91	92
Non-consolidated	86	89	89

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

Non-consolidated	1.3	0.8	0.8
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8. Securities

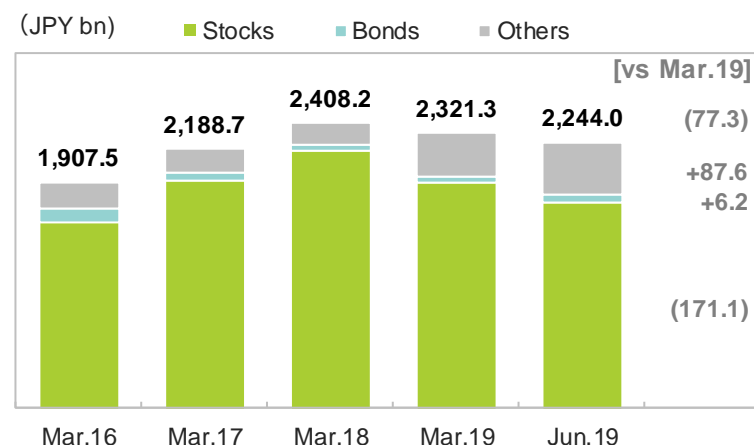
Bond portfolio

	(JPY tn)	Mar.19		Jun.19	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
Consolidated	Yen-dominated bonds	9.3	0.06	9.3	0.07
	o/w JGB	6.5	0.02	6.5	0.03
	Held-to-maturity	0.3	0.00	0.3	0.00
	Others	6.2	0.02	6.2	0.03
	Foreign bonds	9.0	(0.03)	8.9	0.03
Non-consolidated	Yen-denominated bonds (duration^{*1})	9.0 (3.2 yrs)	0.06	9.0 (2.8 yrs)	0.07
	o/w JGB	6.3	0.02	6.2	0.03
	Held-to-maturity	0.0	0.00	0.0	0.00
	Others	6.2	0.02	6.2	0.03
	Foreign bonds (duration^{*1})	7.1 (5.3 yrs)	(0.03)	7.0 (4.9 yrs)	0.02

Strategic shareholdings

(JPY bn)	results
Total reduction	387
- FY3/17	115
FY3/18	115
FY3/19	130
1Q FY3/20	27
Consent of sales from clients outstanding	85

Unrealized gains (losses) on other securities^{*2}

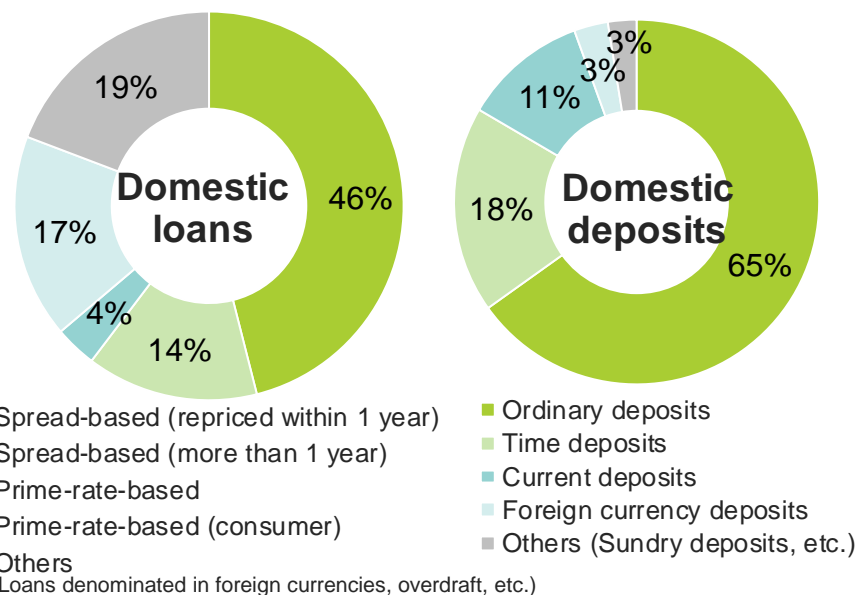


9. Balance sheet

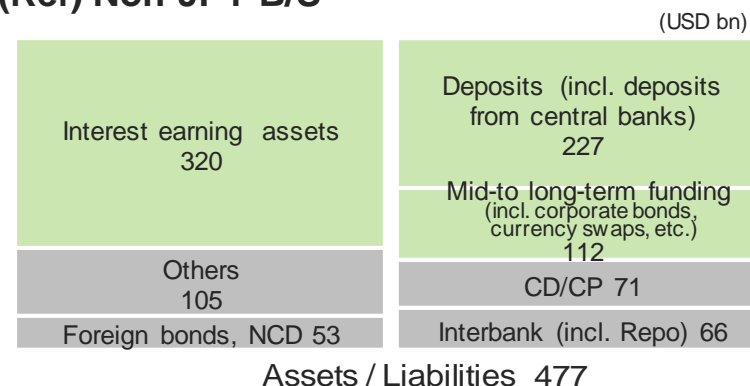
Consolidated

	(JPY tn)	Jun.19	vs Mar.19
Total assets		204.6	+0.9
o/w Cash and due from banks		58.0	+0.6
o/w BOJ's current account balance*1		47.1	(0.1)
o/w Loans		78.0	(0.0)
o/w Domestic loans*1		53.2	(0.7)
o/w Large corporations*2		15.8	(0.2)
Mid-sized corporations & SMEs*2		17.6	(0.4)
Individuals*2		13.0	(0.1)
o/w Securities		24.1	(0.3)
o/w Other securities		23.6	(0.2)
o/w Stocks		3.3	(0.2)
JGBs		6.2	+0.0
Foreign bonds		8.9	(0.1)
Total liabilities		193.4	+1.1
o/w Deposits		121.4	(0.9)
o/w Domestic deposits*1		96.7	(0.6)
Individuals		47.9	+0.8
Corporates		48.8	(1.4)
o/w NCD		10.9	(0.2)
Total net assets		11.2	(0.2)
Loan to deposit ratio		58.9%	

Composition of loans and deposits*1,2



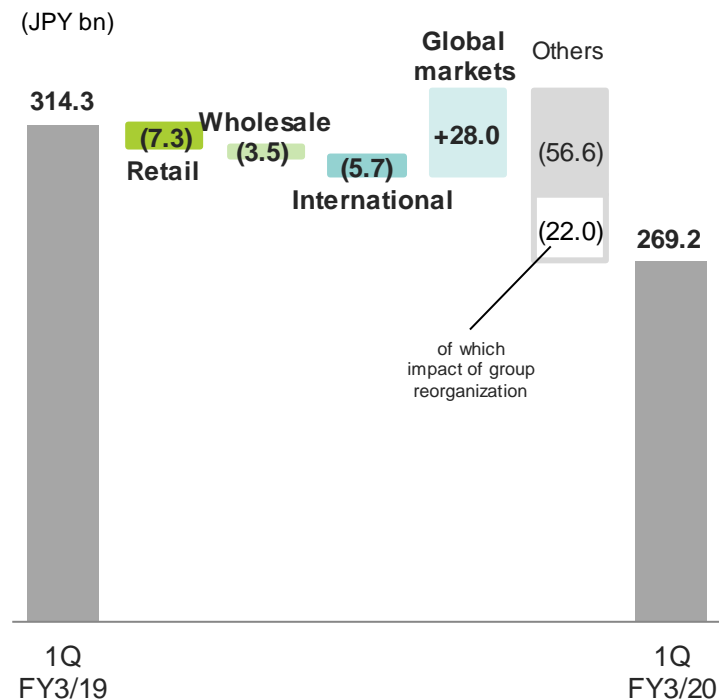
(Ref) Non-JPY B/S*2,4



10. Results by Business Unit

		FY3/19	1Q FY3/20	YoY*1
		(JPY bn)		
Retail	Gross profit	1,281.6	302.6	(12.6)
	Expenses	1,021.4	252.7	(5.3)
	Overhead ratio	79.7%	83.5%	+1.7%
	Net business profit	274.6	50.3	(7.3)
Wholesale	Gross profit	784.9	144.3	(5.8)
	Expenses	345.1	69.0	(2.2)
	Overhead ratio	44.0%	47.8%	+0.4%
	Net business profit	484.9	85.8	(3.5)
International	Gross profit	689.6	159.8	(0.3)
	Expenses	333.4	90.7	+6.7
	Overhead ratio	48.3%	56.8%	+4.3%
	Net business profit	395.1	84.6	(5.7)
Global Markets	Gross profit	333.6	135.0	+29.5
	Expenses	54.2	14.3	+1.1
	Overhead ratio	16.2%	10.6%	(1.9)%
	Net business profit	298.5	127.6	+28.0

Consolidated net business profit

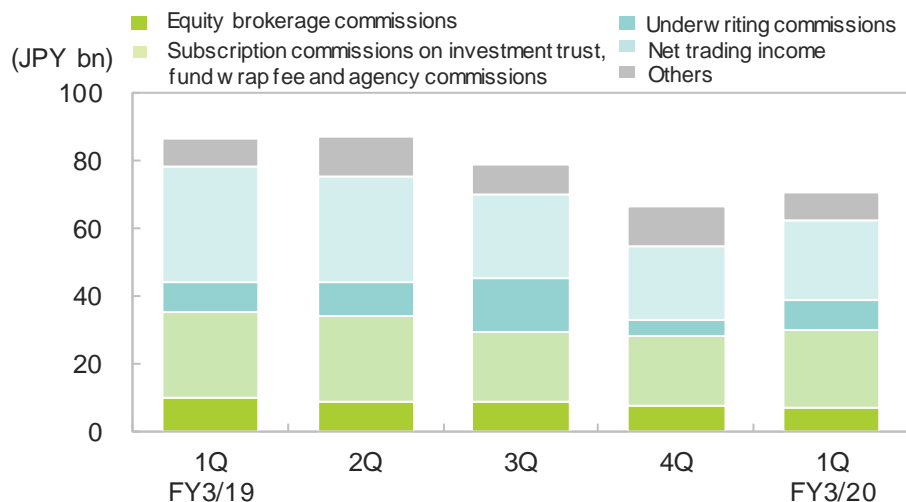


11. SMBC Nikko

Financial results

(JPY bn)	FY3/19	1Q FY3/20	YoY
Net operating revenue	319.2	70.6	(15.8)
SG&A expenses	276.5	65.3	(4.9)
Ordinary income	48.4	6.4	(11.6)
Net income	33.3	5.0	(9.9)

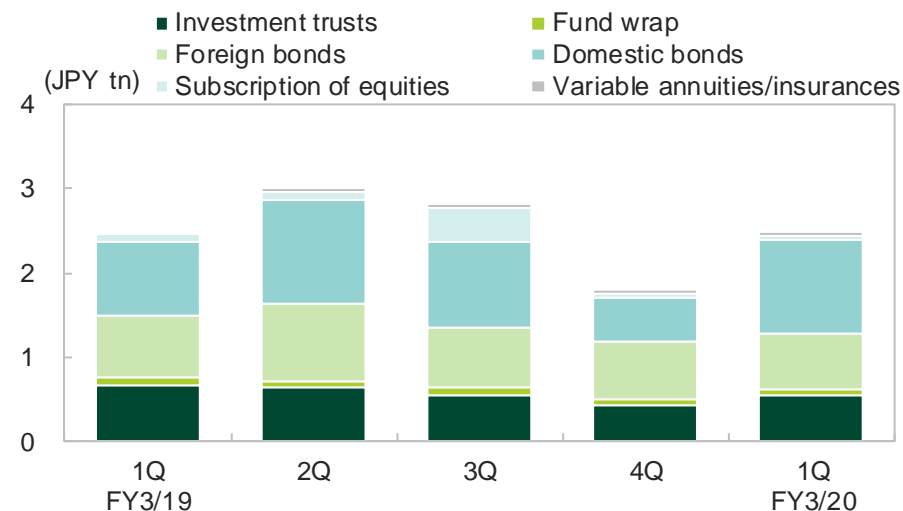
Net operating revenue



League tables (Apr-Jun.2019)*1

		Rank	Mkt share
SMBC Nikko	Global equity & equity-related (book runner, underwriting amount)*2	#6	10.7%
	JPY denominated bonds (lead manager, underwriting amount)*3	#3	18.7%
	Japanese corporate bonds (lead manager, underwriting amount)	#2	21.1%
	IPO (lead manager, No. of deals)*4	#5	5.6%
SMBC Group	Financial advisor (M&A, No. of deals)*5	#1	4.0%
	Financial advisor (M&A, transaction volume)*5	#5	11.2%

Product sales



12. SMBCCF

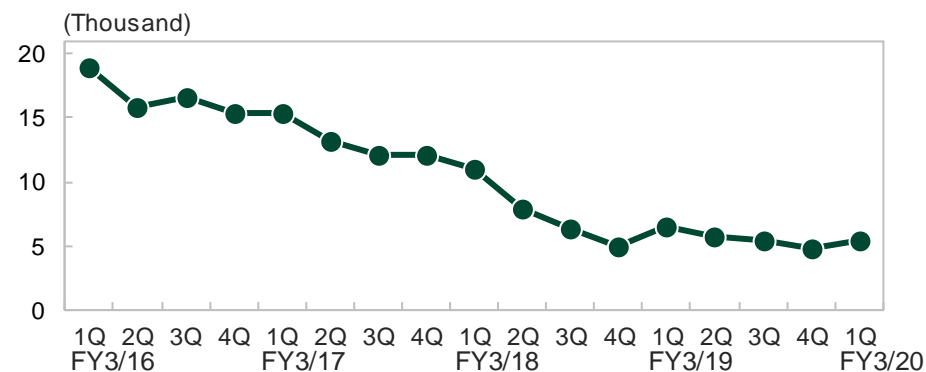
Financial results

(JPYbn)	FY3/19	1Q FY3/20	YoY
Operating income	281.8	71.6	+1.9
Operating expenses	236.0	48.8	(4.5)
Expenses for loan losses	57.5	19.9	(1.0)
Ordinary profit	46.3	22.9	+6.5
Net income	45.1	20.7	+7.1

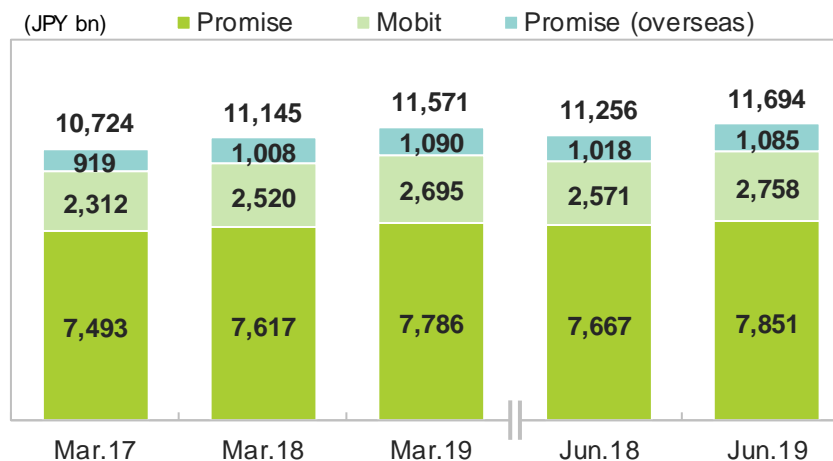
NPLs (NPL ratio)	71.3 6.16%	74.2 6.35%
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Allowance on interest repayments (provision)	112.1 3.4 yrs	104.2 3.3 yrs
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No. of interest refund claims



Consumer loans outstanding



Loan guarantee amount

