

Overview of 1H FY3/2020

November 13, 2019



2019 Award for Excellence
in Corporate Disclosure

— Industries —

SAAJ The Securities Analysts
Association of Japan



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
SMAM	Sumitomo Mitsui Asset Management
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

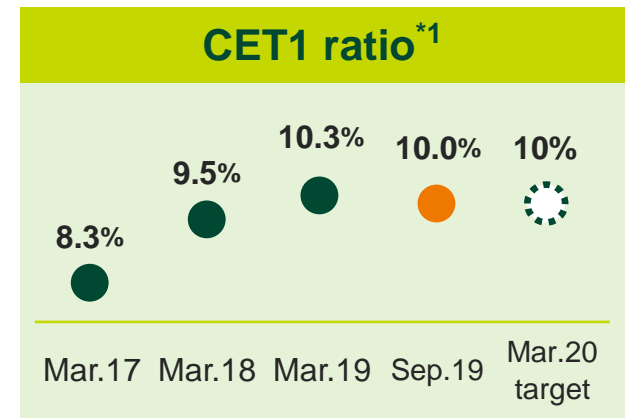
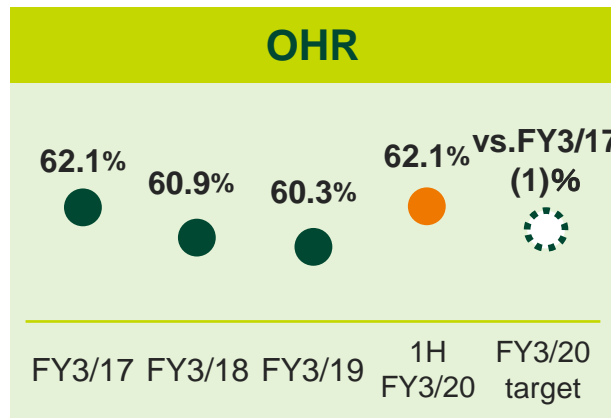
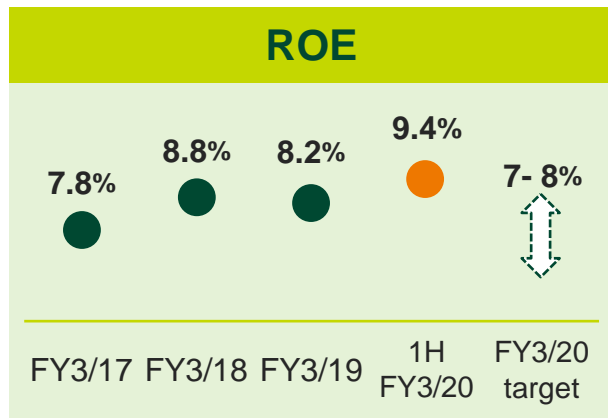
Retail Business Unit	Domestic retail and SME businesses SMBC, SMBC Trust, SMBC Nikko, SMCC, SMBCCF
Wholesale Business Unit	Domestic large/mid-size corporation business SMBC, SMBC Trust, SMFL, SMBC Nikko
International Business Unit	International business SMBC, SMBC Trust, SMFL, SMBC Nikko
Global Markets 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)	Sep.18	Mar.19	Sep.19
USD	JPY 113.58	JPY 111.00	JPY 107.93
EUR	JPY 132.15	JPY 124.55	JPY 118.01

Highlights

	1H FY3/20	FY3/20 target
Consolidated net business profit	JPY 554.6 bn	JPY 1,135 bn (45) bn vs original target
Profit attributable to owners of parent	JPY 432.0 bn 62% of the full-year target	JPY 700 bn Unchanged

Financial targets



1. Income statement

- **Profit attributable to owners of parent reached 62% of the full-year target.**

- Strong performance in Global Markets offset the sluggish performance of the remaining business units.
- Recorded lower than expected credit costs and higher than expected gains on stocks.

	1H (JPY bn) FY3/20	YoY	vs May target
1 Consolidated gross profit	1,383.2	(76.8)	
G&A expenses	858.7	+6.2	
2 Overhead ratio	62.1%	+3.7%	
3 Equity in gains (losses) of affiliates	30.1	(2.9)	
4 Consolidated net business profit	47% 554.6	(85.8)	+14.6
5 Total credit cost	64.4	+59.4	(35.6)
6 Gains (losses) on stocks	70.3	+18.4	
7 Ordinary profit	558.4	(121.8)	+98.4
8 Extraordinary gains (losses)	20.6	+25.7	
9 Income taxes	135.7	(25.8)	
10 Profit attributable to owners of parent	62% 432.0	(40.7)	+92.0
11 ROE	9.4%	(1.3)%	

- **Consolidated gross profit** : decreased YoY due to yen appreciation and the sluggish performance in the wealth management business while the Global Markets Business Unit showed strong performance recording gains on sales of bonds with the decline of overseas interest rates.
- **G&A expenses** : increased YoY due to continued overseas expenditures and the increase of revenue-linked variable cost in the credit card business.
- **Equity in gains of affiliates** : decreased YoY due to provisions for loan losses at The Bank of East Asia (JPY (8) bn).
- **Total credit cost** : increased YoY mainly due to the absence of reversals from large borrowers recorded last year.
- **Gains on stocks** : gains on sales of strategic shareholdings increased (JPY 58 bn, YoY JPY +14 bn).
- **Extraordinary gains** : recorded gains on step acquisitions on the merger of SMAM and Daiwa SB Investments (JPY 22 bn).

Impact of group reorganization^{*1}

(JPY bn)

Consolidated gross profit	(46)	Consolidated net business profit	(35)
G&A expenses	(12)	Profit attributable to owners of parent	+22
Equity in gains (losses) of affiliates	(1)		

(Ref.) Group companies

SMBC

	(JPY bn)	1H FY3/20	YoY	vs May target
1 Gross banking profit		735.8	+31.3	
2 o/w Net interest income		441.2	(44.6)	
3 o/w Gains (losses) on cancellation of investment trusts		10.0	(30.5)	
4 Domestic		277.4	(54.8)	
5 Overseas		163.8	+10.2	
6 o/w Net fees and commissions		150.7	(6.4)	
7 Domestic		80.7	(4.0)	
8 Overseas		70.0	(2.4)	
9 o/w Net trading income+ Net other operating income		143.0	+82.4	
10 o/w Gains (losses) on bonds		85.9	+87.6	
11 Expenses		402.8	+0.3	
12 Banking profit		333.0	+31.1	+58.0
13 Total credit cost		8.4	+64.7	(26.6)
14 Gains (losses) on stocks		73.0	+23.7	
15 Extraordinary gains (losses)		(105.5)	(106.2)	
16 Net income		194.0	(106.9)	+4.0

Provision of investment loss
for The Bank of East Asia:
JPY (100) bn *1

Other major group companies

(left : 1H FY3/20 / right : YoY)

(JPY bn)	SMCC		SMBC Nikko ^{*2}		SMBCCF	
Gross profit	209.0	+17.7	150.5	(25.3)	137.0	+3.3
Expenses	157.8	+9.9	131.1	(9.5)	56.0	+0.9
Net business profit	51.4	+7.9	19.5	(15.8)	81.0	+2.4
Net income	31.5	+9.7	15.0	(10.8)	40.4	+11.0

	SMBC Trust		SMDAM ^{*3}		SMFL ^{*4}	
			50%		50%	
Gross profit	25.2	+0.7	18.0	+4.8	90.9	(4.7)
Expenses	24.4	(2.7)	15.8	+7.1	42.0	(2.5)
Net business profit	0.8	+3.4	2.2	(2.4)	51.4	(0.5)
Net income	0.7	+4.4	1.0	(2.0)	34.2	+2.8

(Equity method affiliate)

2. FY3/2020 target

- The target of profit attributable to owners of parent is unchanged, while the target of consolidated net business profit is revised downward.

	Results		Target
	FY3/19	FY3/20	vs May target
	(JPY bn)		
Consolidated	Consolidated net business profit	1,192.3	1,135 (45)
	Total credit cost	110.3	200 -
	Ordinary profit	1,135.3	1,000 -
	Profit attributable to owners of parent	726.7	700 -
Non-consolidated	Banking profit	584.1	600 (10)
	Total credit cost	(2.2)	70 -
	Ordinary profit	649.6	490 (60)
	Net income	477.4	330 (60)

- Consolidated net business profit :**

The target is revised downward mainly due to the downturn in the wealth management business and the impact of FX rates. However, it is expected to exceed the previous year, excluding the impact of group reorganization (YoY JPY (60) bn).

- Profit attributable to owners of parent :**

The target is unchanged due to the expected increase of gains on sales of strategic shareholdings.

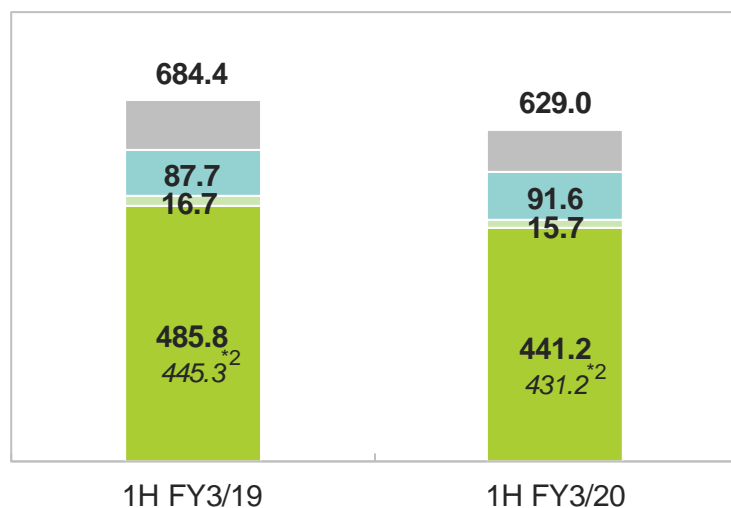
Assumption of FX rates

	Original	Revised
USD	JPY 110	JPY 105
EUR	JPY 130	JPY 117

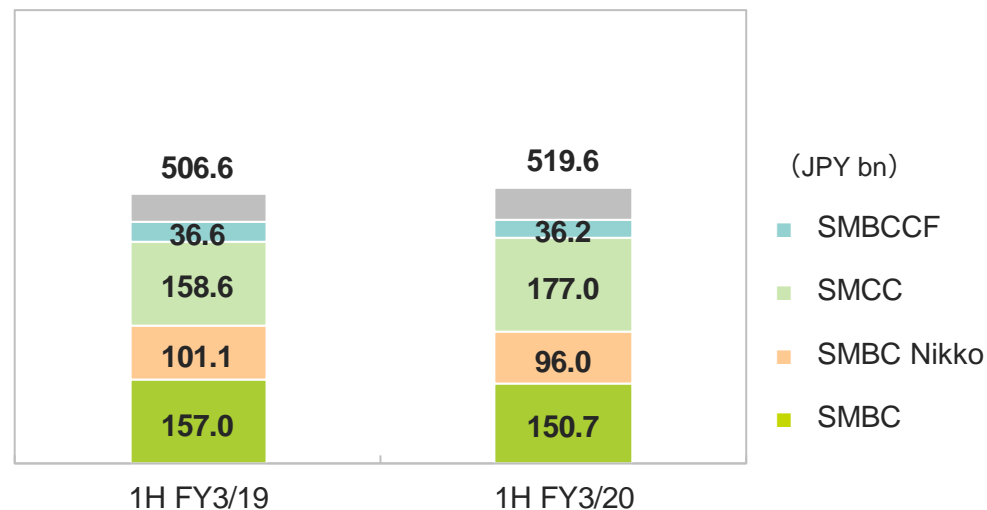
3. Consolidated gross profit

(JPY bn)	1H FY3/20			YoY*1		
	Consolidated	Non-consolidated	Variance	Consolidated	Non-consolidated	Variance
Consolidated gross profit	1,383.2	735.8	647.4	(76.8)	+31.3	(108.1)
Net interest income	629.0	441.2	187.8	(55.4)	(44.6)	(10.8)
Trust fees	2.1	0.9	1.2	(0.1)	(0.1)	+0.0
Net fees and commissions	519.6	150.7	368.9	+13.0	(6.4)	+19.4
Net trading income + Net other operating income	232.5	143.0	89.5	(34.3)	+82.4	(116.7)

Net interest income



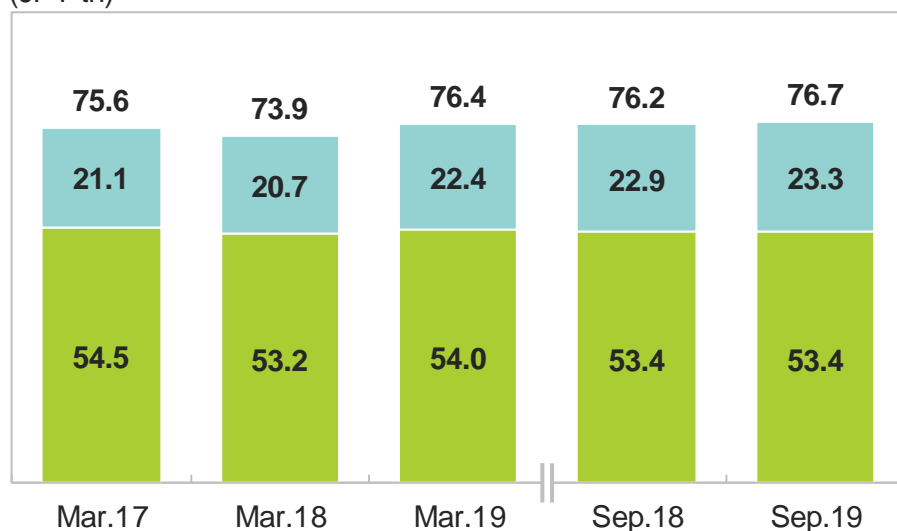
Net fees and commissions



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 2.5 tn

Breakdown of change from Mar.19 to Sep.19

Domestic offices excl. Japan offshore banking accounts excl. loans to the Japanese government, etc. and SMFG	(0.6)
Overseas offices and Japan offshore banking accounts after adjustment for changes in exchange rate	+0.9
	+1.7
Total	+0.3

Domestic loan-to-deposit spread

	1H FY3/20 (%)	YoY	1Q	2Q
Interest earned on loans and bills discounted	0.91	(0.04)	0.92	0.90
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00
Loan-to-deposit spread	0.91	(0.04)	0.92	0.90

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

Interest earned on loans and bills discounted	0.94	(0.04)	0.94	0.93
Loan-to-deposit spread	0.94	(0.04)	0.94	0.93

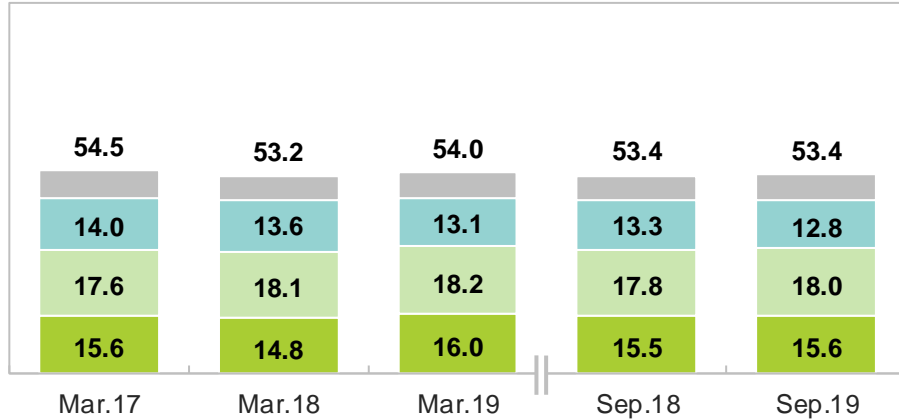
Average loan balance and spread*2

	Balance (JPY tn)		Spread (%)	
	1H FY3/20	YoY*4	1H FY3/20	YoY
Domestic loans	52.2	+0.5	0.74	(0.03)
Excluding loans to the Japanese government, etc.	49.5	+0.7	0.77	(0.03)
o/w Large corporations	15.6	+0.7	0.53	+0.01
Mid-sized corporations & SMEs	17.7	+0.2	0.62	(0.04)
Individuals	13.0	(0.5)	1.40	(0.04)
IBU's interest earning assets*3	303.7	+16.5	1.11	(0.00)
	USD bn	USD bn		

5. Domestic loans and deposits*1

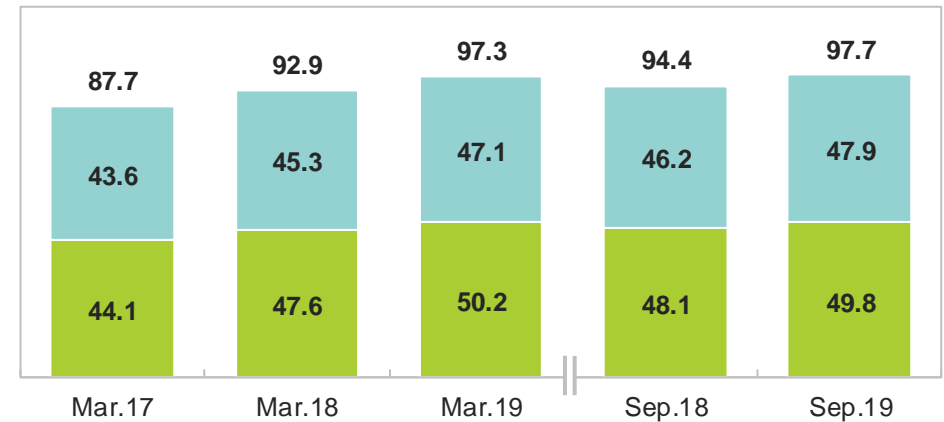
Domestic loan balance*2

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



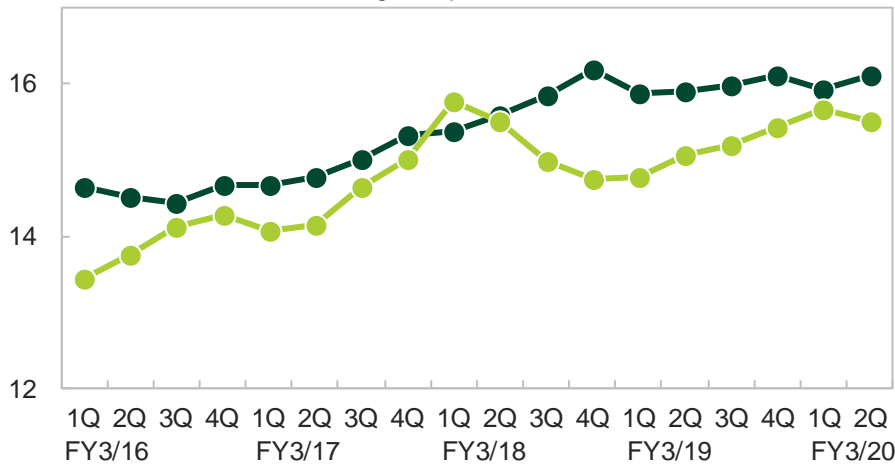
Domestic deposit balance

(JPY tn) ■ Corporates ■ Individuals



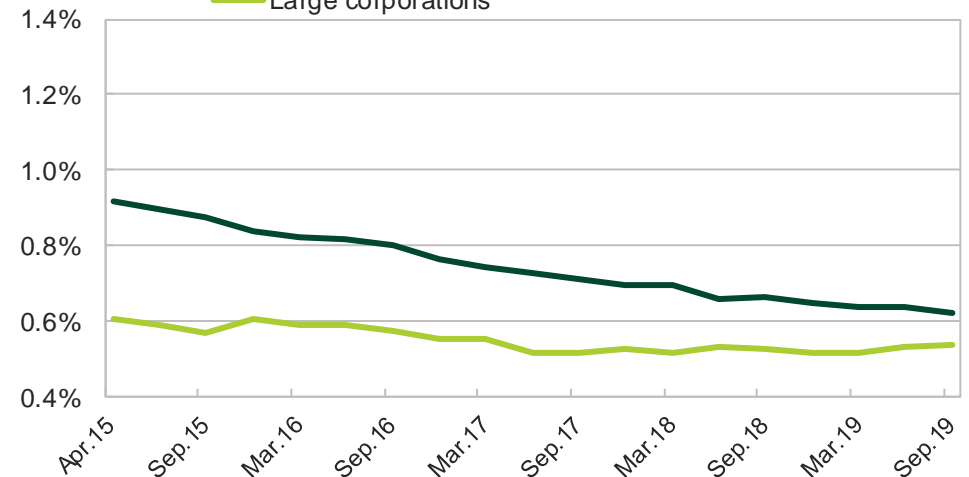
Domestic corporate loan balance*2,3

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



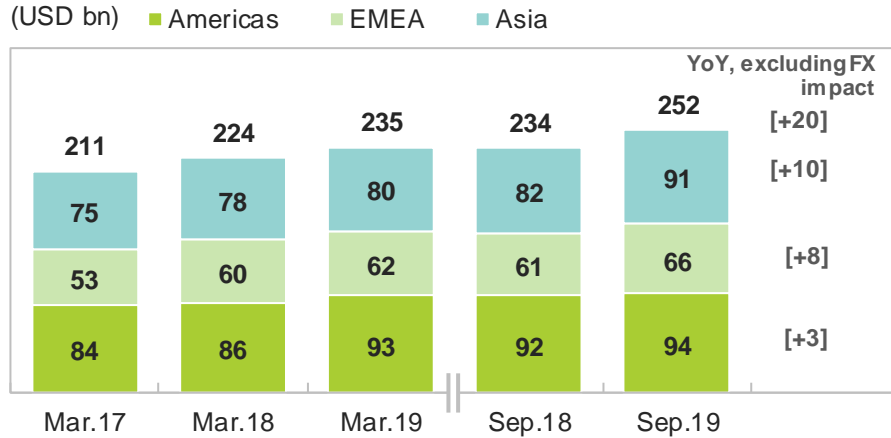
Domestic corporate loan spread*2,4

— Mid-sized corporations and SMEs — Large corporations

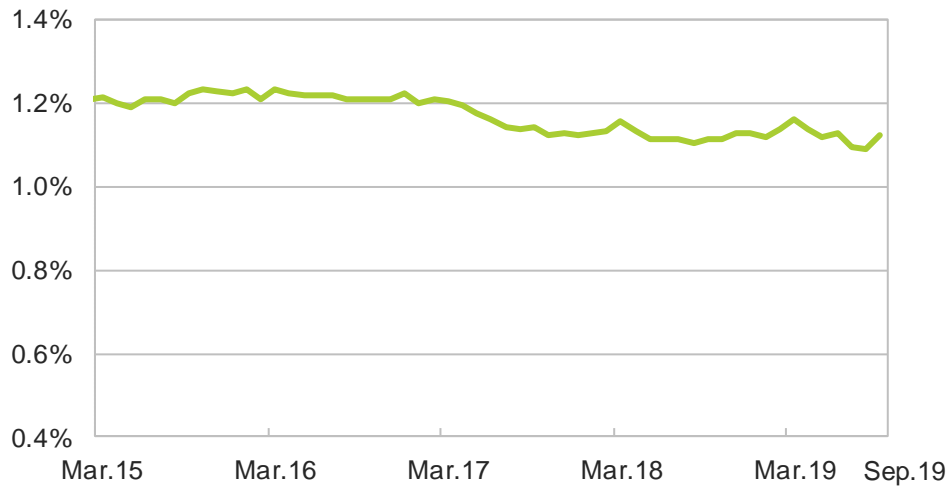


6. Overseas loans and deposits*1

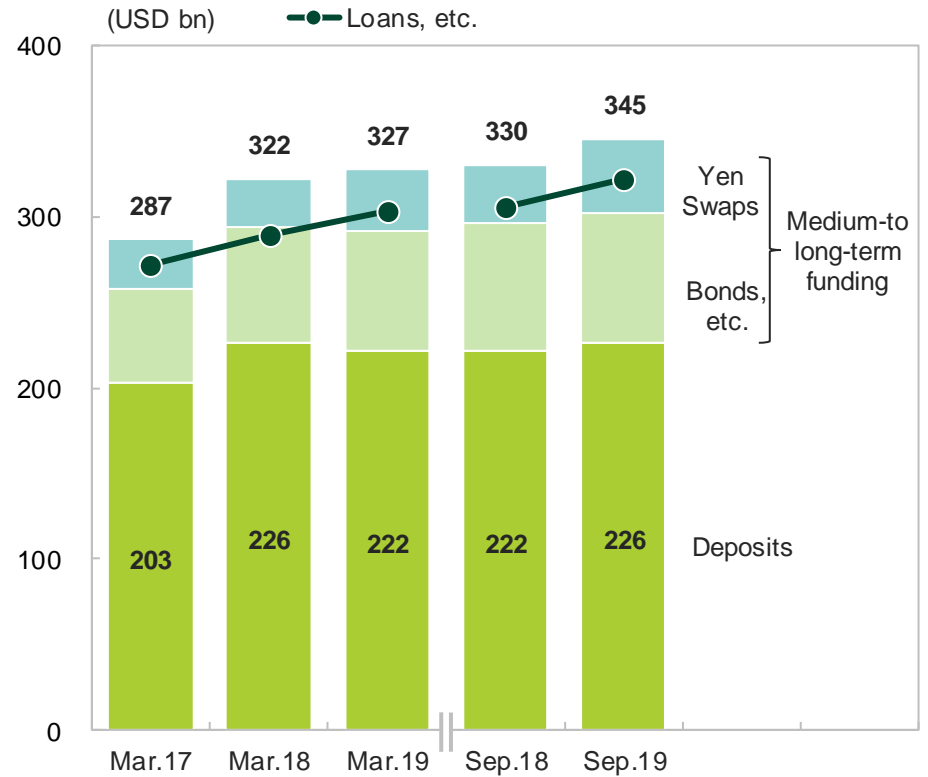
Overseas loan balance



Overseas loan spread*2



Foreign currency funding



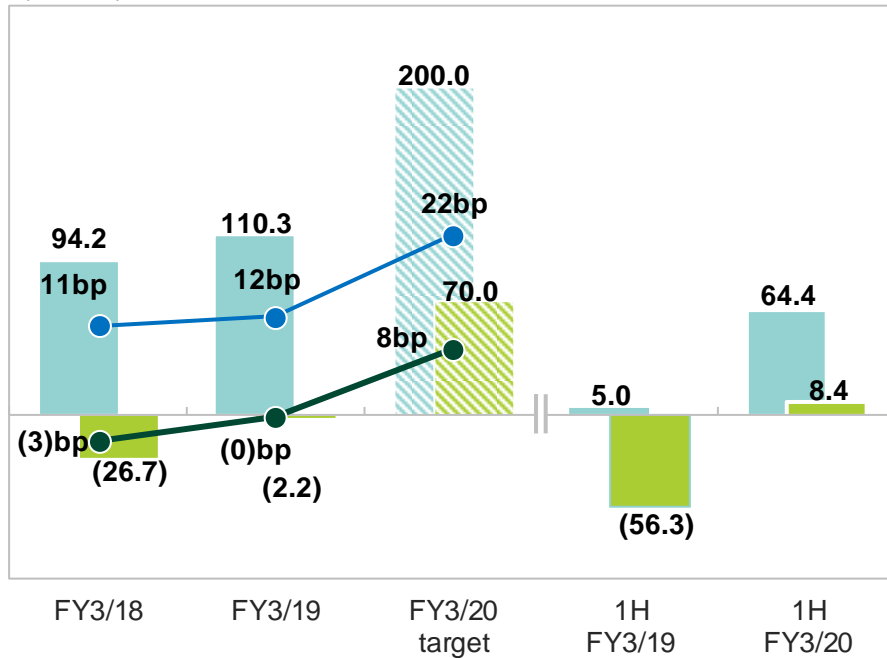
Foreign currency bonds outstanding (SMFG/SMBC)

Senior	54.2	57.1	57.2	63.0
Sub-ordinated	4.2	4.1	4.1	4.6

7. Asset quality

Credit costs*1

(JPY bn) Consolidated Non-consolidated

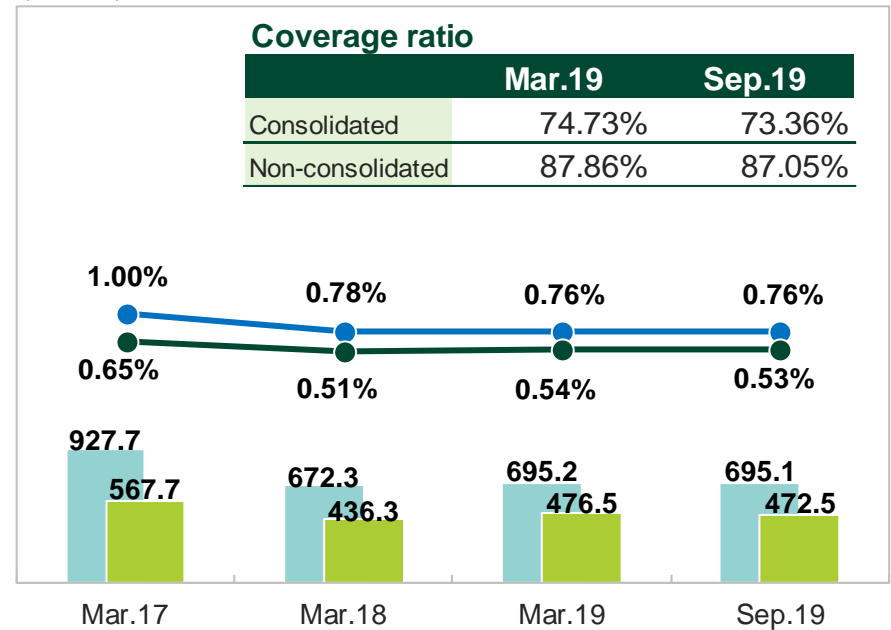


Major Group Companies

	(JPY bn)	
	1H FY3/20	YoY
SMBCCF	34	(9)
SMCC	16	(1)

Non-performing loan balance and ratio*2

(JPY bn) Consolidated Non-consolidated



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
------------------	-----	-----	-----

8. Securities

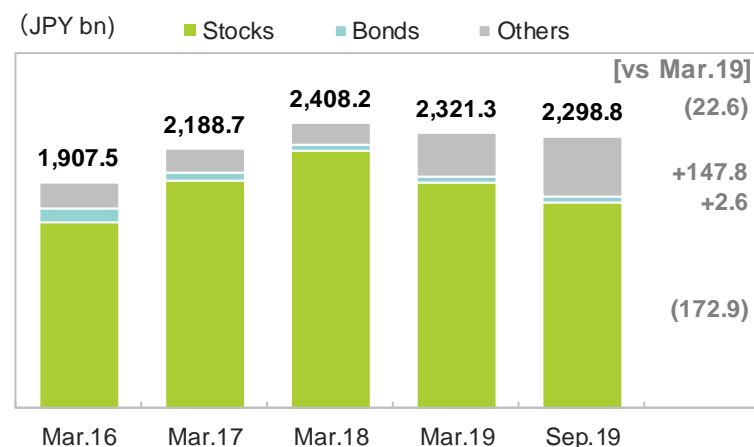
Bond portfolio

	(JPY tn)	Mar.19		Sep.19	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
Consolidated	Yen-dominated bonds	9.3	0.06	11.8	0.06
	o/w JGB	6.5	0.02	8.8	0.02
	Held-to-maturity	0.3	0.00	0.3	0.00
	Others	6.2	0.02	8.5	0.02
	Foreign bonds	9.0	(0.03)	9.5	0.05
Non-consolidated	Yen-denominated bonds (duration^{*1})	9.0 (3.2 yrs)	0.06	11.4 (2.4 yrs)	0.06
	o/w JGB	6.3	0.02	8.5	0.02
	Held-to-maturity	0.0	0.00	-	-
	Others	6.2	0.02	8.5	0.02
	Foreign bonds (duration^{*1})	7.1 (5.3 yrs)	(0.03)	7.3 (5.4 yrs)	0.03

Strategic shareholdings

(JPY bn)	results
Total reduction	404
- FY3/17	115
FY3/18	115
FY3/19	130
1H FY3/20	44
Consent of sales from clients outstanding	85

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

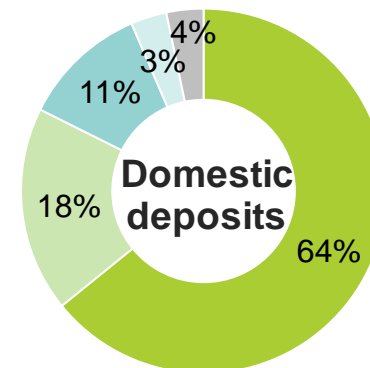
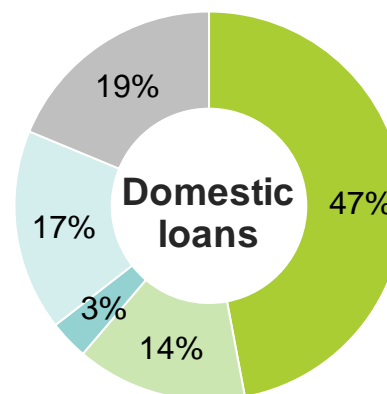


9. Balance sheet

Consolidated

	(JPY tn)	Sep.19	vs Mar.19
Total assets		209.4	+5.8
o/w Cash and due from banks		57.7	+0.3
o/w BOJ's current account balance ^{*1}		46.6	(0.6)
o/w Loans		78.7	+0.7
o/w Domestic loans ^{*1}		53.4	(0.6)
o/w Large corporations ^{*2}		15.6	(0.4)
o/w Mid-sized corporations & SMEs ^{*2}		18.0	(0.1)
o/w Individuals ^{*2}		12.8	(0.3) ^{*3}
o/w Securities		27.1	+2.7
o/w Other securities		26.6	+2.8
o/w Stocks		3.3	(0.2)
o/w JGBs		8.5	+2.3
o/w Foreign bonds		9.5	+0.5
Total liabilities		198.2	+6.0
o/w Deposits		122.6	+0.2
o/w Domestic deposits ^{*1}		97.7	+0.5
o/w Individuals		47.9	+0.8
o/w Corporates		49.8	(0.3)
o/w NCD		11.5	+0.3
Total net assets		11.2	(0.2)
Loan to deposit ratio		58.7%	

Composition of loans and deposits^{*1,2}



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

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

(USD bn)	
Interest earning assets	322
Others	106
Foreign bonds, NCD	59
Deposits (incl. deposits from central banks)	226
Mid-to long-term funding (incl. corporate bonds, currency swaps, etc.)	119
CD/CP	64
Interbank (incl. Repo)	76

Assets / Liabilities 486

10. Capital / RWA*1

Capital ratio	
Post-Base III reforms basis	
CET1 ratio	10.0%
Regulatory basis	
CET1 ratio	16.18%
excluding Net unrealized gains on other securities	13.4%
Total capital ratio	20.05%
External TLAC ratio	
RWA basis*2	27.17%
Leverage exposure basis	8.16%
Leverage ratio	
	4.70%
LCR (Average 2Q FY3/20)	
	125.9%

(JPY bn)	Mar.19	Sep.19
CET1	9,654.5	9,709.7
o/w Total stockholders' equity related to common stock	8,921.9	9,083.5
Accumulated other comprehensive income	1,713.9	1,675.5
Regulatory adjustments related to CET1	(985.9)	(1,053.4)
Tier 1 capital	10,727.2	10,641.2
o/w Additional Tier 1 capital instruments	599.0	685.0
Eligible Tier 1 capital instruments (grandfathered)*3	436.5	263.5
Regulatory adjustments	(25.5)	(25.5)
Tier 2 capital	1,513.3	1,390.8
o/w Tier 2 capital instruments	997.7	993.4
Eligible Tier 2 capital instruments (grandfathered)*3	488.1	416.3
Regulatory adjustments	(50.0)	(82.4)
Total capital	12,240.5	12,031.9
Risk-weighted assets	58,942.8	60,001.9
Leverage exposure	219,538.8	226,345.9
External TLAC	17,983.4	18,471.9

11. Results by Business Unit

		FY3/19	1H FY3/20	YoY*1
		(JPY bn)		
Retail	Gross profit	1,281.6	614.2	(15.5)
	Expenses	1,021.4	503.9	(4.7)
	Overhead ratio	79.7%	82.0%	+1.2%
	Net business profit	274.6	111.2	(10.9)
Wholesale	Gross profit	784.9	311.4	(2.1)
	Expenses	345.1	139.6	(2.3)
	Overhead ratio	44.0%	44.8%	(0.5)%
	Net business profit	484.9	196.0	+0.3
International	Gross profit	689.6	329.8	+7.0
	Expenses	333.4	177.0	+13.9
	Overhead ratio	48.3%	53.7%	+3.2%
	Net business profit	395.1	178.6	(10.8)
Global Markets	Gross profit	333.6	240.9	+40.7
	Expenses	54.2	28.7	+1.8
	Overhead ratio	16.2%	11.9%	(1.5)%
	Net business profit	298.5	227.9	+38.6

Consolidated net business profit

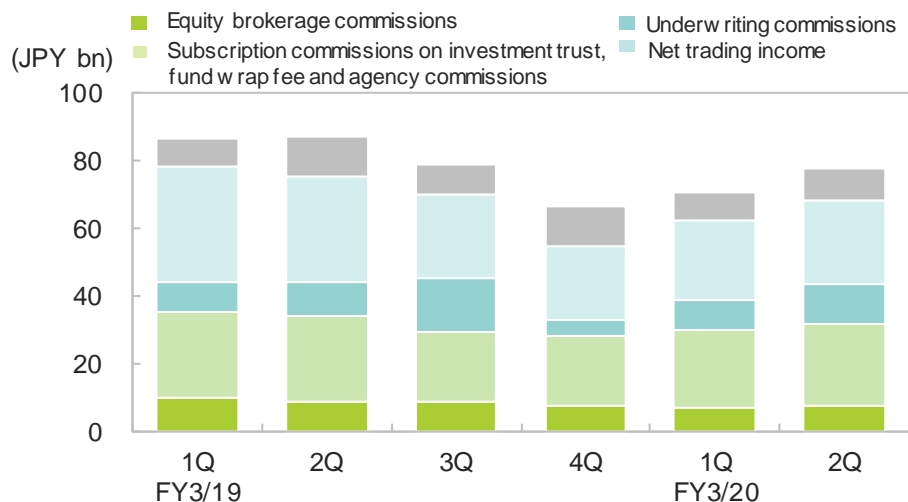


12. SMBC Nikko

Financial results

(JPY bn)	FY3/19	1H FY3/20	YoY
Net operating revenue	319.2	148.4	(25.1)
SG&A expenses	276.5	131.7	(9.1)
Ordinary income	48.4	19.4	(16.8)
Net income	33.3	16.4	(11.5)

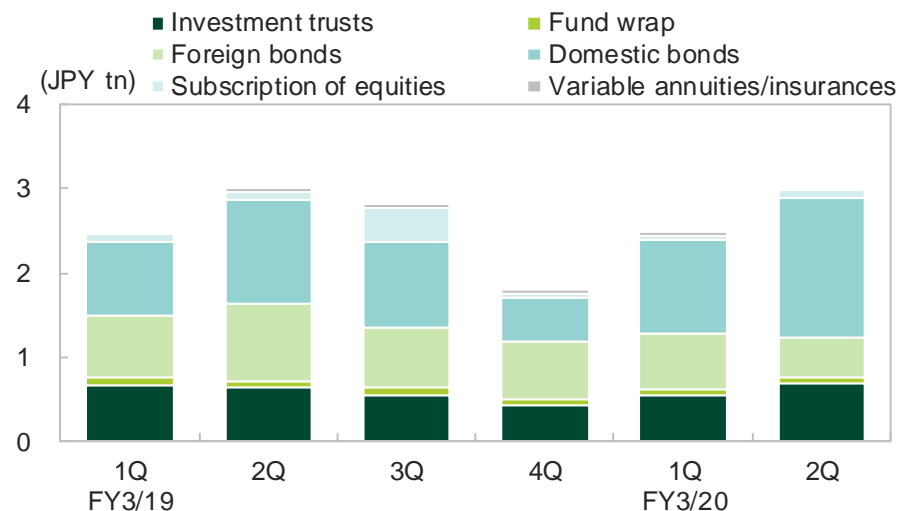
Net operating revenue



League tables (Apr-Sep.2019)*1

	Rank	Mkt share
SMBC Nikko	Global equity & equity-related (book runner, underwriting amount) ^{*2}	#4 15.4%
	JPY denominated bonds (lead manager, underwriting amount) ^{*3}	#2 19.3%
	Japanese corporate bonds (lead manager, underwriting amount)	#2 19.0%
	IPO (lead manager, No. of deals) ^{*4}	#1 17.2%
SMBC Group	Financial advisor (M&A, No. of deals) ^{*5}	#1 4.0%
	Financial advisor (M&A, transaction volume) ^{*5}	#4 17.9%

Product sales



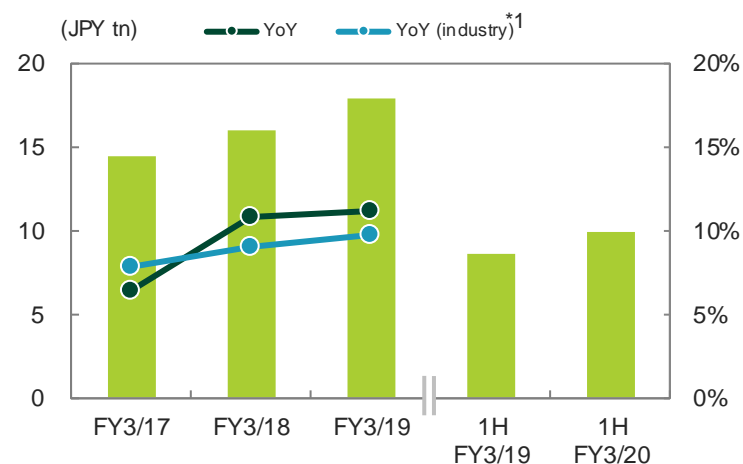
13. SMCC

Financial results

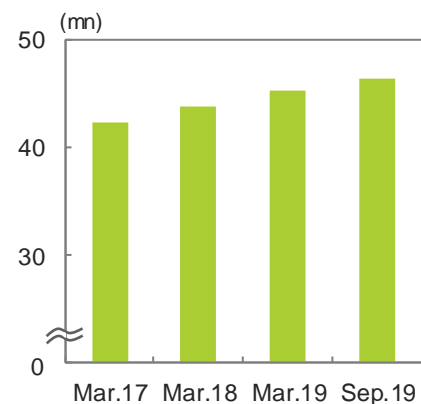
(JPY bn)	FY3/19	1H FY3/20	YoY
Operating revenue	465.5	239.0	+19.6
o/w Commission fee	145.2	75.9	+5.5
Finance	108.5	54.4	+0.1
Sales on credit	36.8	18.5	(0.3)
Receipt agency	45.4	23.3	+0.6
Operating expense	403.0	202.6	+11.5
o/w Expenses for loan losses	33.1	15.9	(0.7)
Expense for interest repayments	10.9	-	-
Ordinary profit (loss)	62.7	36.6	+8.3
Net income	(46.7)	31.5	+9.6
Finance outstanding	730.2	740.1	

Key figures

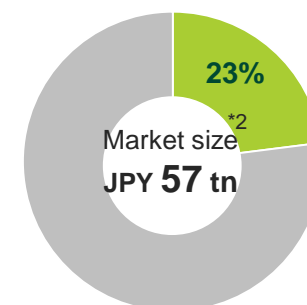
Sales handled



of card holders



Market share of the acquiring business

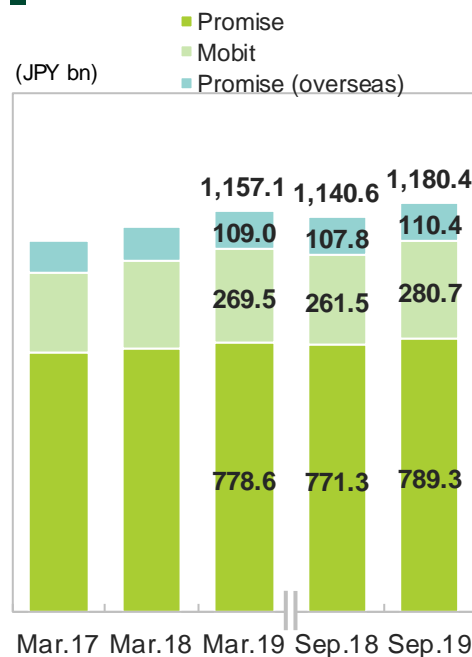


14. SMBCCF

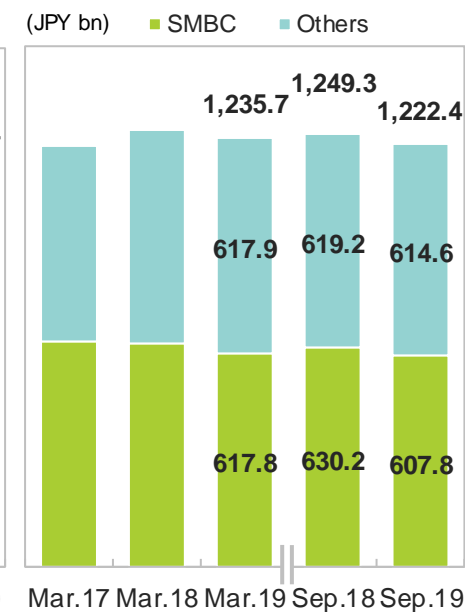
Financial results

(JPY bn)	FY3/19	1H FY3/20	YoY
Operating income	281.8	144.0	+3.8
o/w Interest revenues	177.4	91.9	+4.0
Loan guarantee revenues	69.2	34.5	(0.3)
Operating expenses	236.0	96.7	(7.6)
o/w Expenses for loan losses	57.5	37.8	+0.6
Expense for loan guarantees	28.0	1.0	(9.3)
Expenses for interest repayments	36.0	-	-
Ordinary profit	46.3	47.4	+11.4
Net income	45.1	40.4	+11.0
NPLs	71.3	76.0	
(NPL ratio)	6.16%	6.44%	
Allowance on interest repayments (provision)	112.1	95.8	
	3.4 yrs	2.9 yrs	

Consumer loans



Loan guarantee



No. of interest refund claims

