

Investors Meeting 1H FY3/2020

November 19, 2019



2019 Award for Excellence
in Corporate Disclosure

— Industries —



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 + Cedyna |
| 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 |

■ Agenda

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Appendix

I. Financial results

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.

| | (JPY bn) | 1H 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 | Progress | 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} 50% | | (Equity method affiliate) SMFL ^{*4} 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 |

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.

| | (JPY bn) | Results | Target | |
|------------------|---|---------|--------|---------------|
| | | FY3/19 | FY3/20 | vs May target |
| 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.

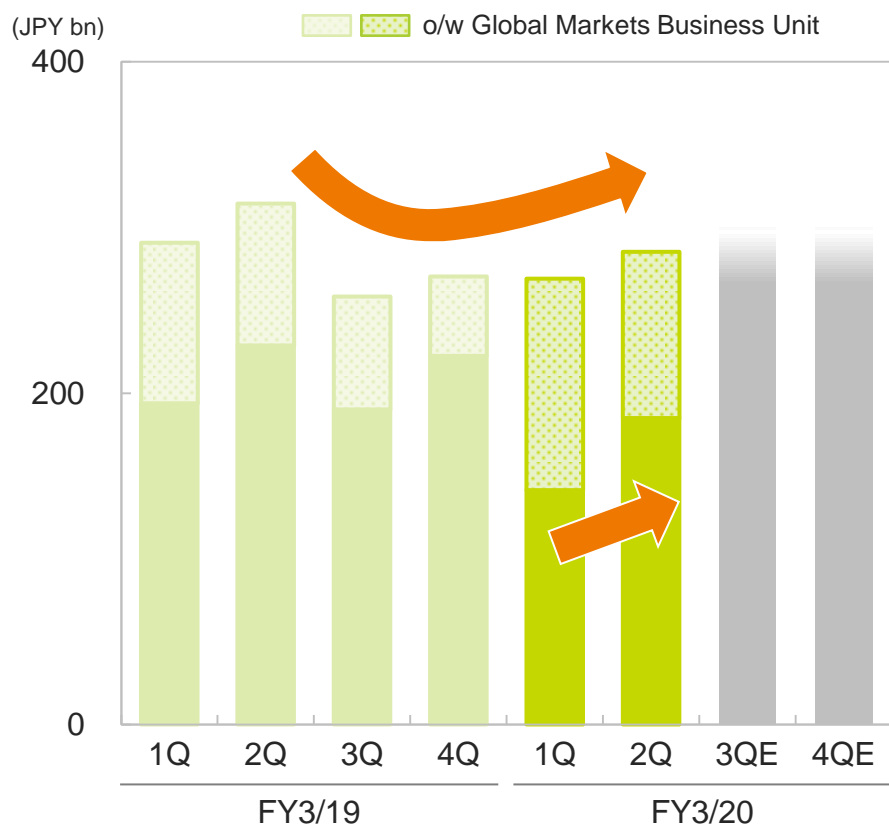
Assumption of FX rates

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

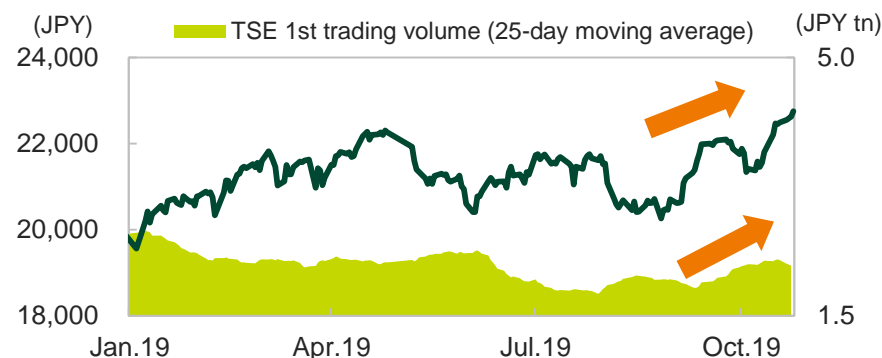
■ (Ref.) Trend of business profit

- Consolidated net business profit has been gradually increasing after a big drop in 3Q, FY3/19.
- Recent trend is upward even after excluding profit from Global Markets.

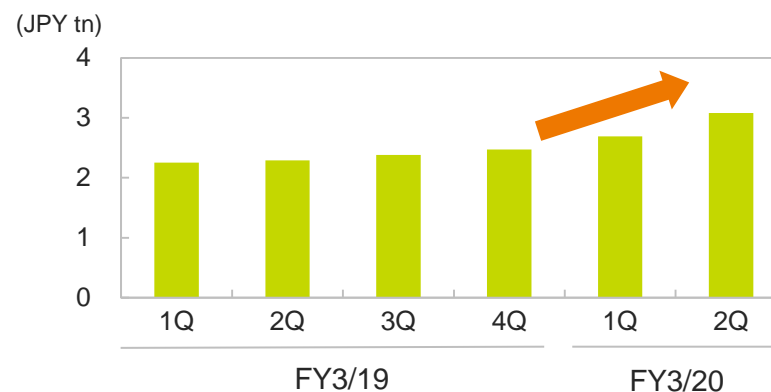
Consolidated net business profit*1



Nikkei average and trading volume



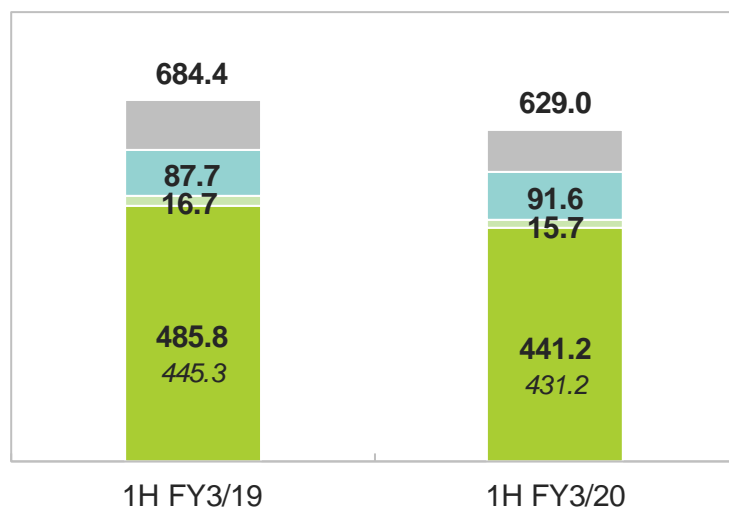
Domestic bond issuance*2



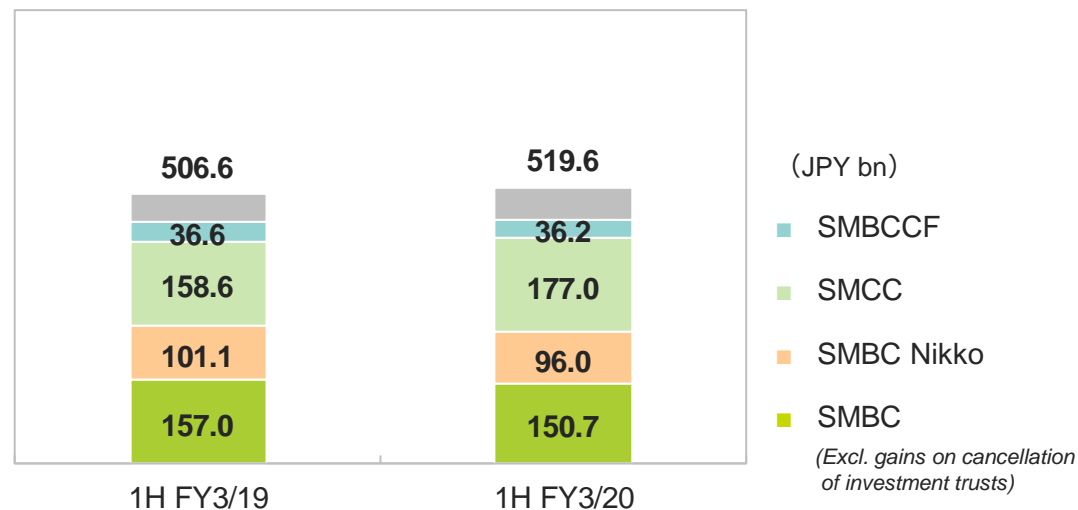
3. Consolidated gross profit

| (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) |

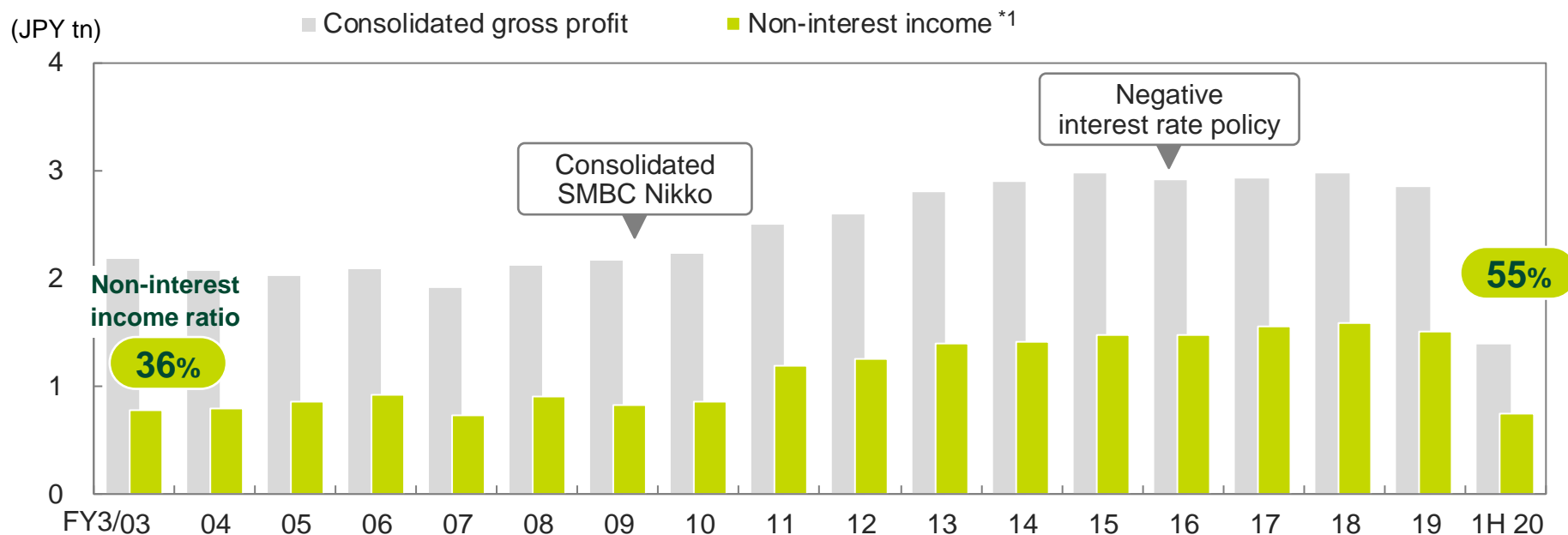
Net interest income



Net fees and commissions

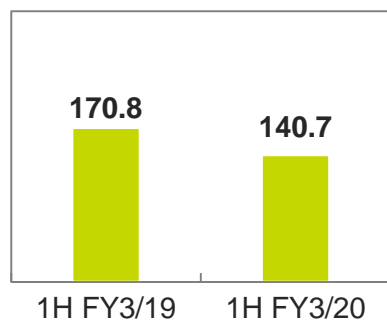


(Ref.) Non-interest income

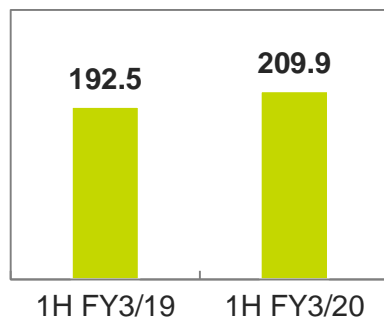


Major items (JPY bn)

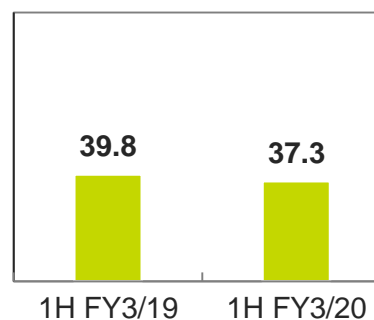
Wealth management



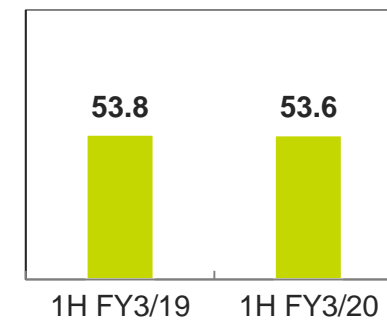
Payment business



Structured finance, Loan syndication, real estate finance



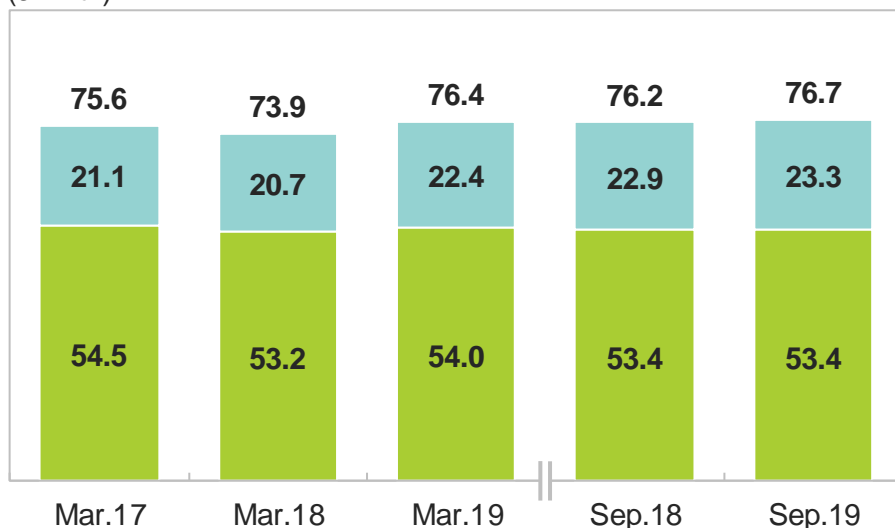
Loan related fees (overseas)



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 | (0.6) |
| excl. loans to the Japanese government, etc. and SMFG | (0.4) |
| Overseas offices and Japan offshore banking accounts | +0.9 |
| after adjustment for changes in exchange rate | +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 |

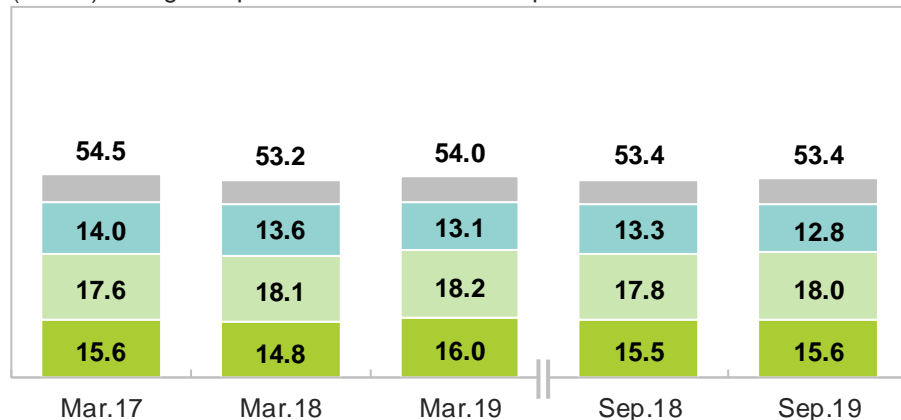
Average loan balance and spread^{*2}

| | 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

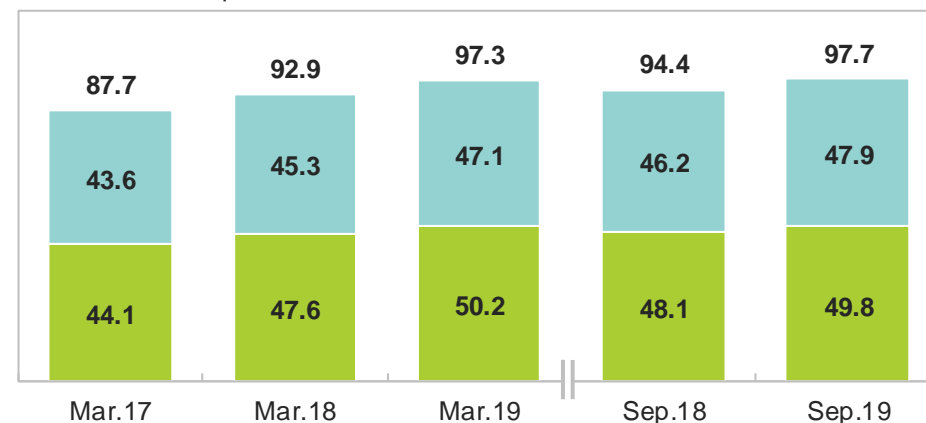
Domestic loan balance*2

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



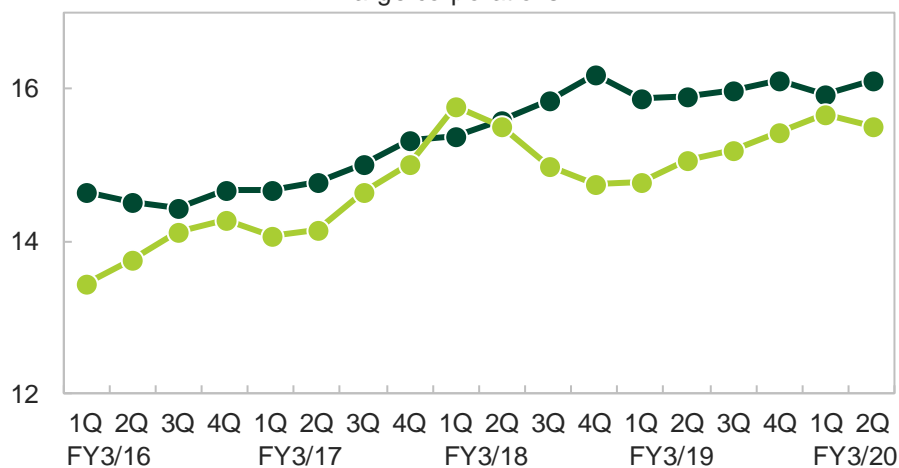
Domestic deposit balance

(JPY tn) ■ Corporates ■ Individuals



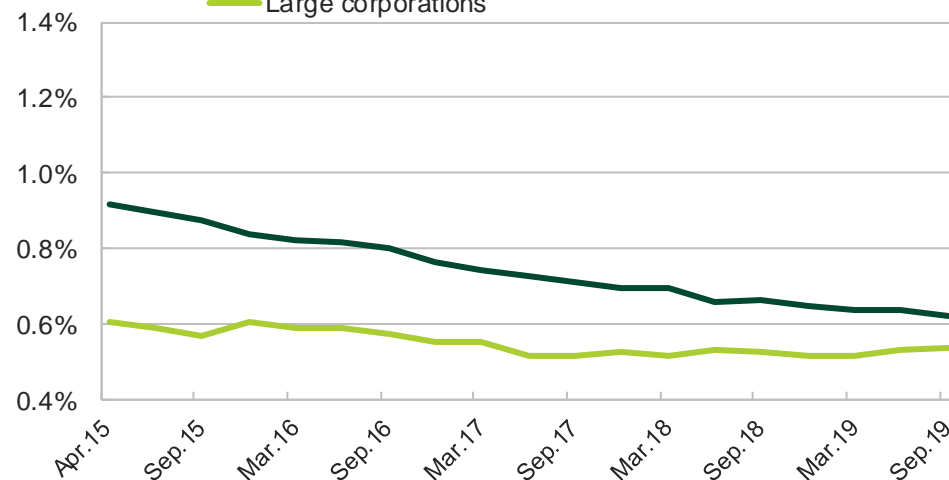
Domestic corporate loan balance*2,3

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



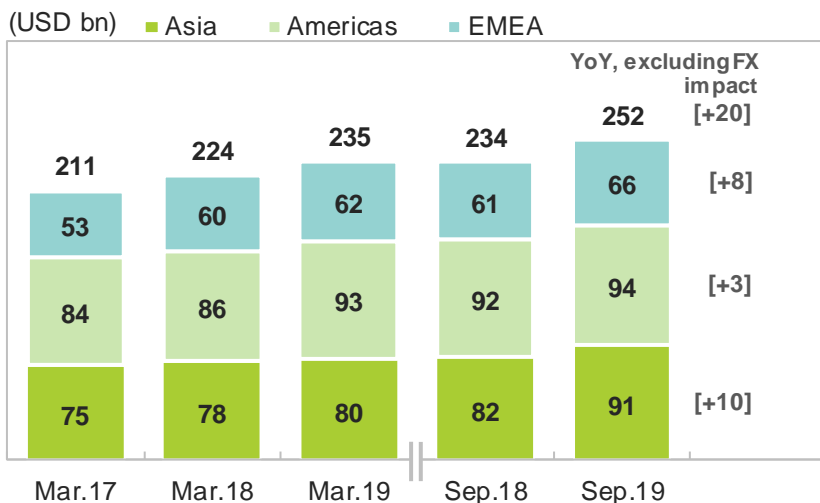
Domestic corporate loan spread*2,4

— Mid-sized corporations and SMEs — Large corporations

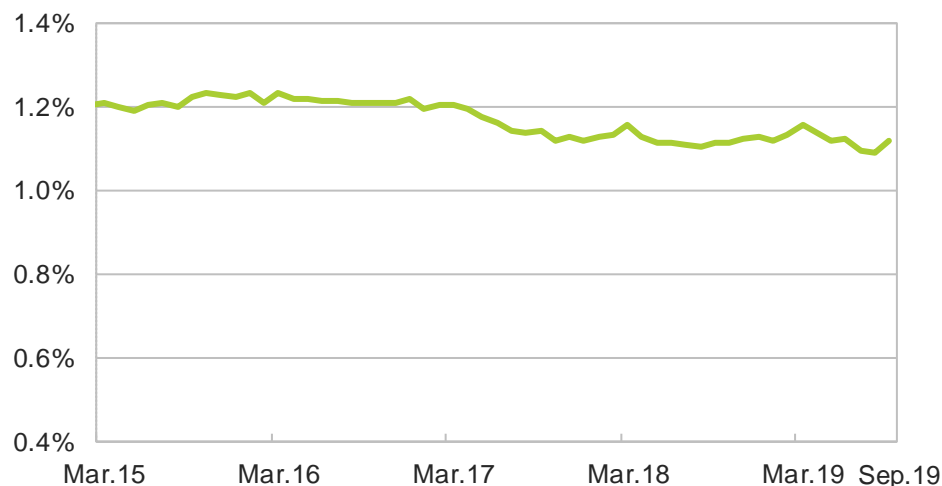


6. Overseas loans and deposits

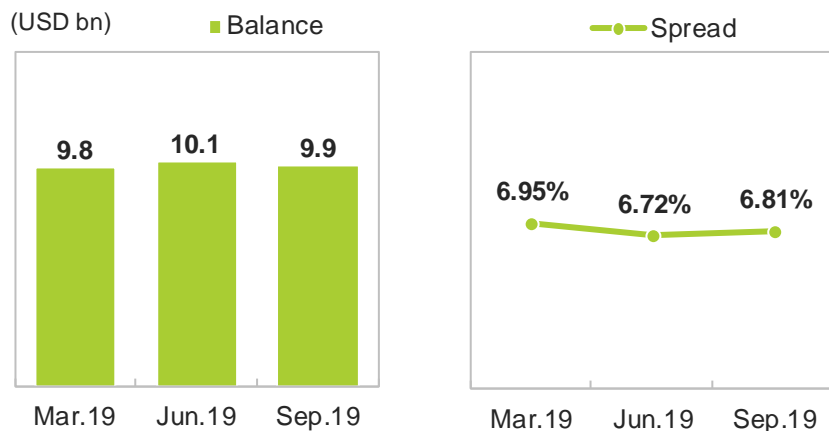
Overseas loan balance*1



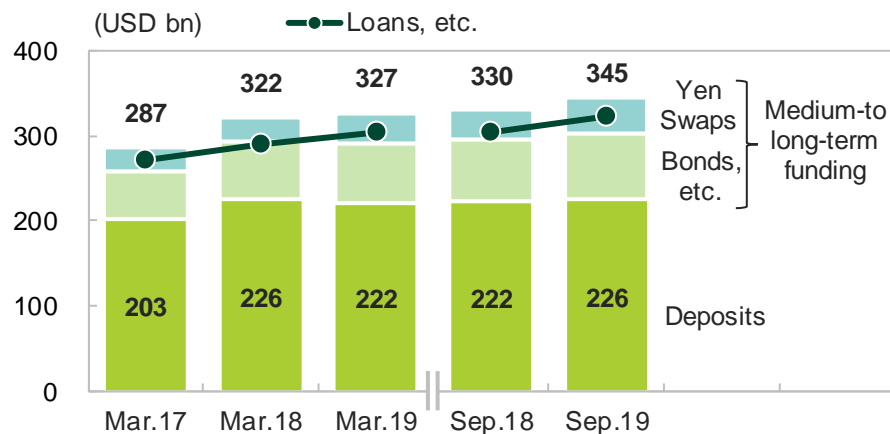
Overseas loan spread*1,2



BTPN



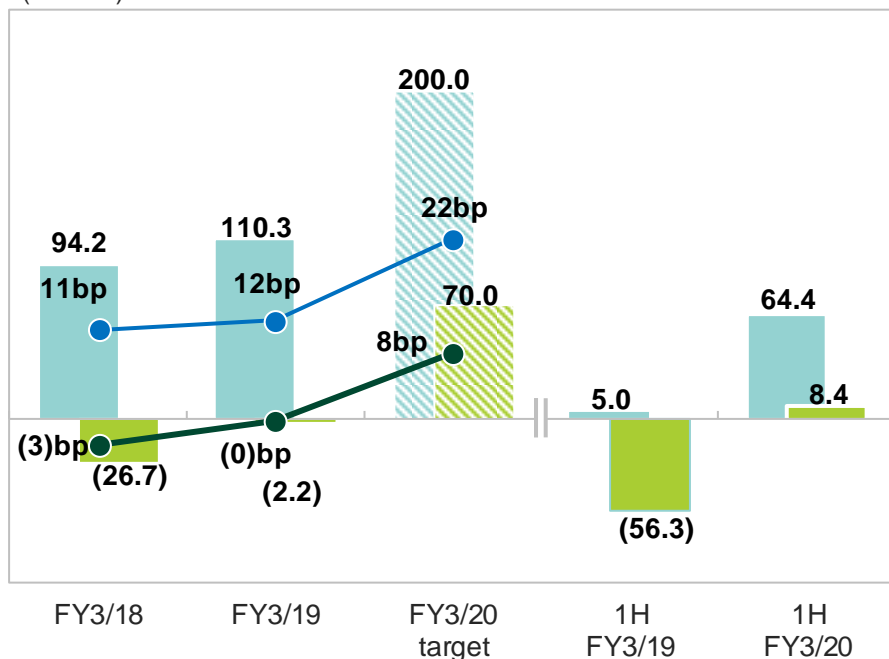
Foreign currency funding*1



7. Asset quality

Credit costs*1

(JPY bn) Consolidated Non-consolidated

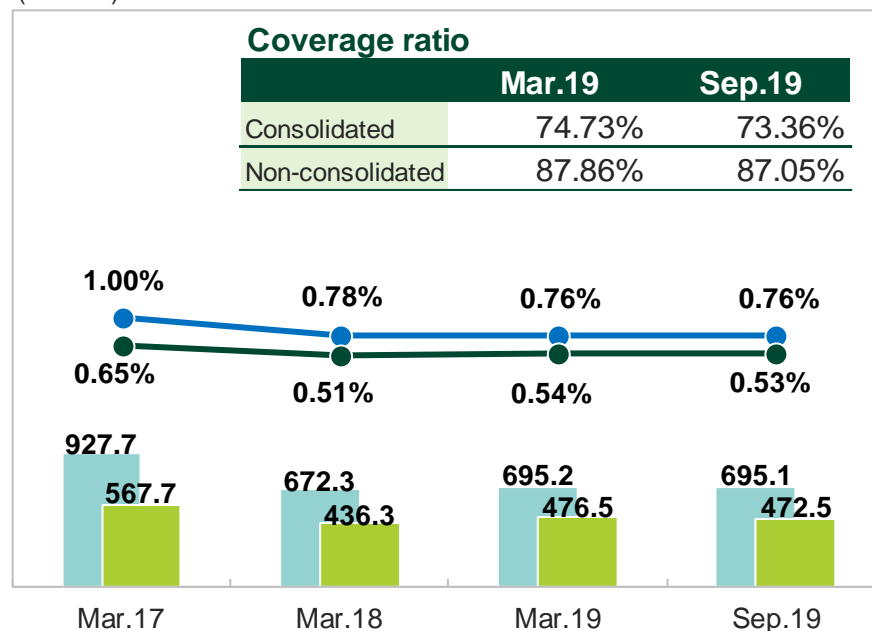


Major Group Companies

| | (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

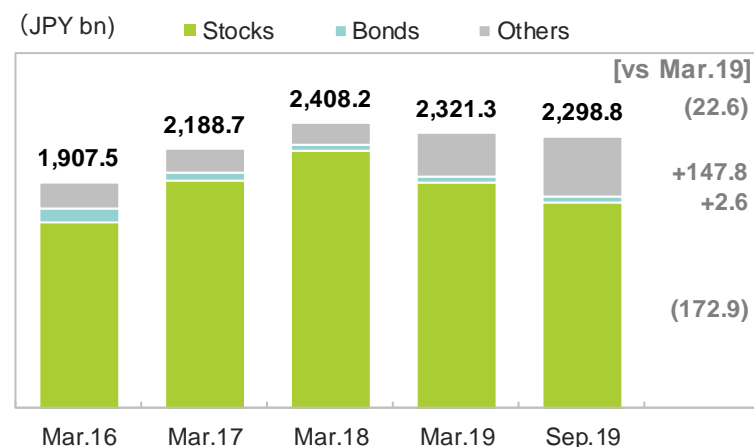
Bond portfolio

| | (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

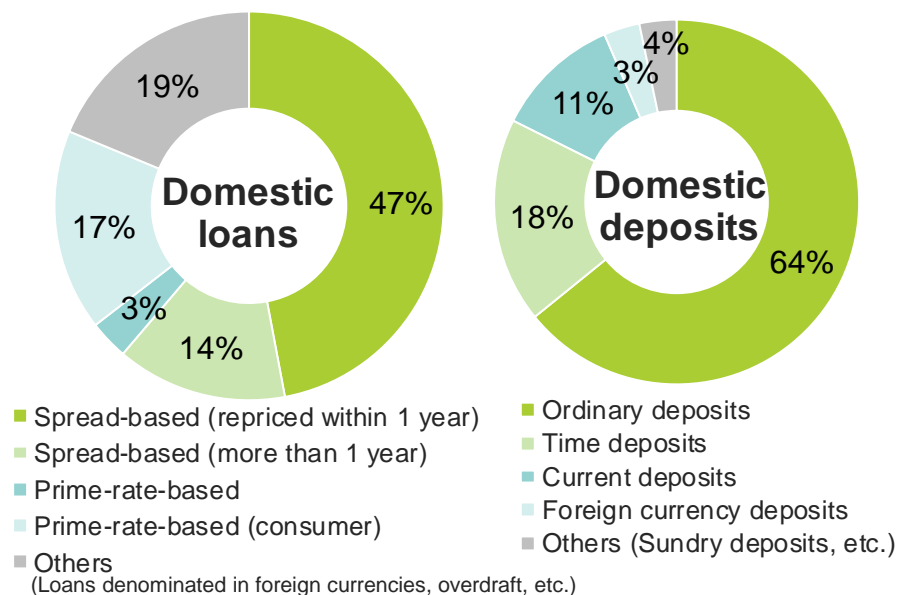


9. Balance sheet

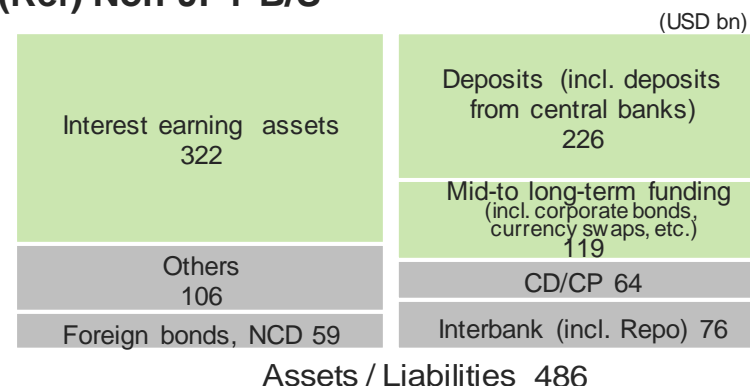
Consolidated

| | (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) |
| Mid-sized corporations & SMEs ^{*2} | | 18.0 | (0.1) |
| Individuals ^{*2} | | 12.8 | (0.3) |
| o/w Securities | | 27.1 | +2.7 |
| o/w Other securities | | 26.6 | +2.8 |
| o/w Stocks | | 3.3 | (0.2) |
| JGBs | | 8.5 | +2.3 |
| 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 |
| Individuals | | 47.9 | +0.8 |
| 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}



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



10. Capital / RWA^{*1}

| Capital ratio | | |
|--|--|--------|
| Post-Basel 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 |

A decorative graphic consisting of several white squares of varying sizes arranged in a cluster in the top right corner of the slide.

II. Progress of Medium-Term Management Plan and strategic initiatives

■ 1. Progress of Medium-Term Management Plan

SMBC Group Next Stage

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

1 Discipline

- Transforming business portfolio
- Cost control

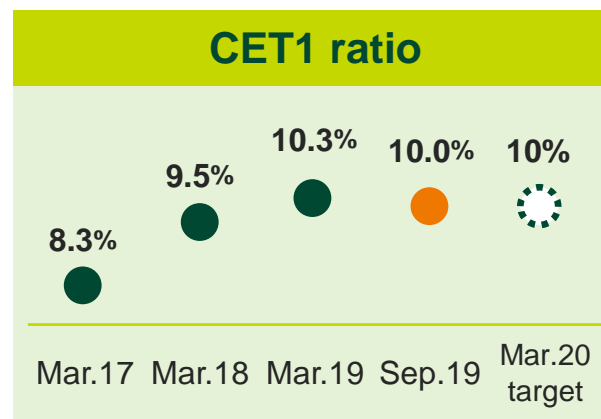
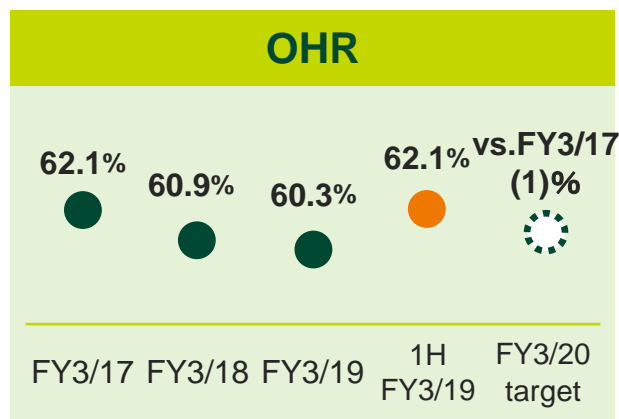
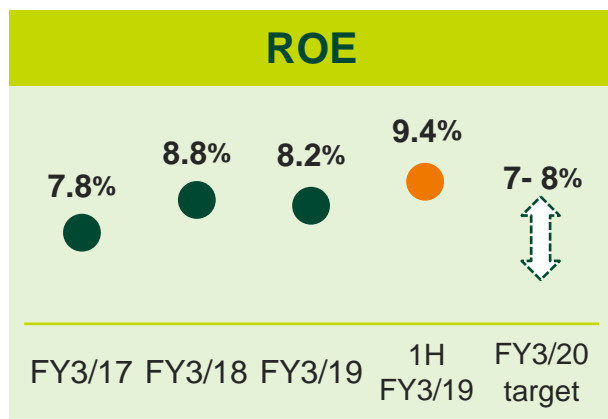
2 Focus

- Focusing on strategic business areas
- Promoting digitalization such as cashless payment

3 Integration

- Sophisticating group management
- ESG / SDGs initiatives

Financial targets



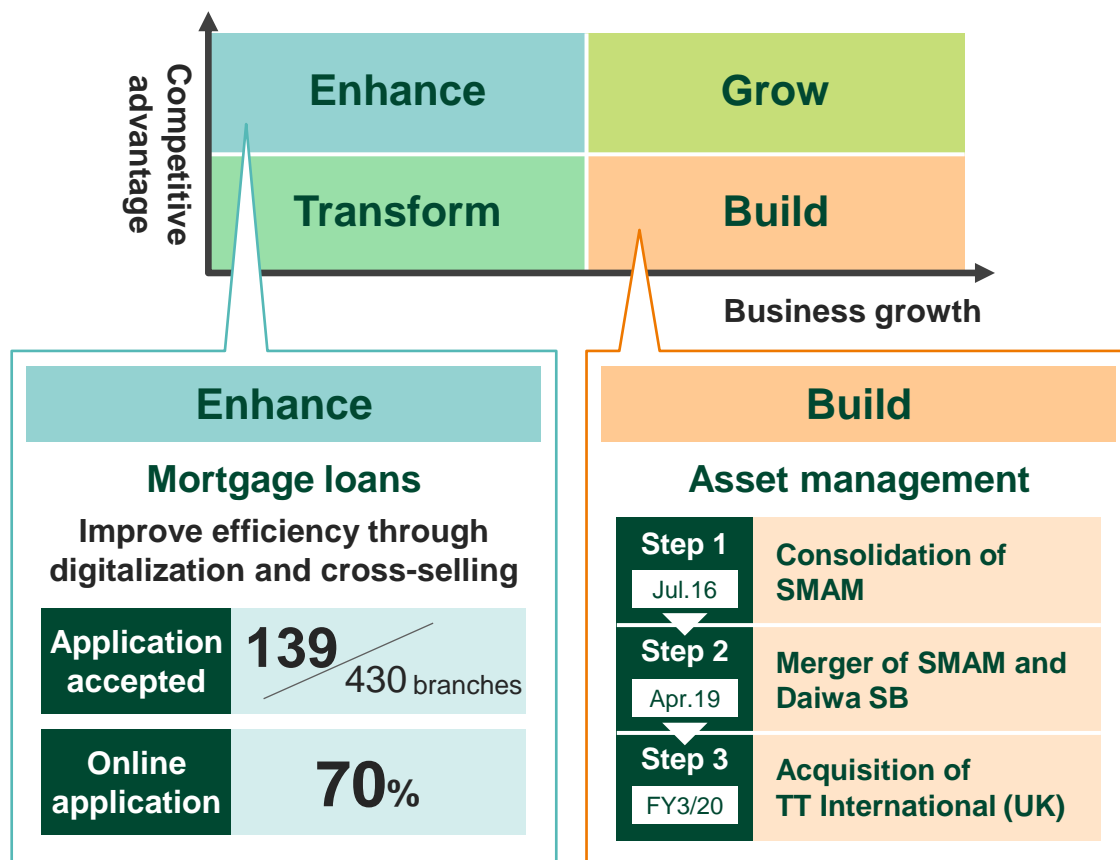
2. Transformation of business and asset portfolio

- Prioritize business areas when allocating resources to enhance capital efficiency.

Group reorganization

| | Bottom-line profit | RWA |
|--|----------------------------------|----------------------|
| Merger of SMBC Nikko and SMBC Friend | ↑ Realize synergies | → |
| Deconsolidation of the Kansai regional banks | ↓ (1)% | ↓ (5)% ^{*2} |
| Deconsolidation of SMFL | ↑ Strengthen core business areas | ↓ (4)% ^{*2} |
| Consolidation of BTPN | ↑ + JPY10bn ^{*1} | ↑ Negligible impact |
| Merger of SMAM and Daiwa SB | ↑ Realize synergies | → |
| Making SMCC a wholly owned subsidiary | ↑ + JPY10bn ^{*1} | → |

Business model reforms



3. Cost control

- Reduced cost by JPY 46.5 bn. Expected to exceed the target of JPY 50 bn for FY3/20.
- OHR rose due to the downturn in top-line revenues.
Enhance cost control aiming to reach the financial target of the Medium-Term Management Plan.

Initiatives

| | - 1H FY3/20 results | FY3/20 target |
|--|---------------------|---------------|
| Business reforms to improve efficiency | JPY 22.0 bn | JPY 20 bn |
| Retail branch reorganization | JPY 14.5bn | JPY 20 bn |
| Reorganization of group companies | JPY 10.0 bn | JPY 10 bn |

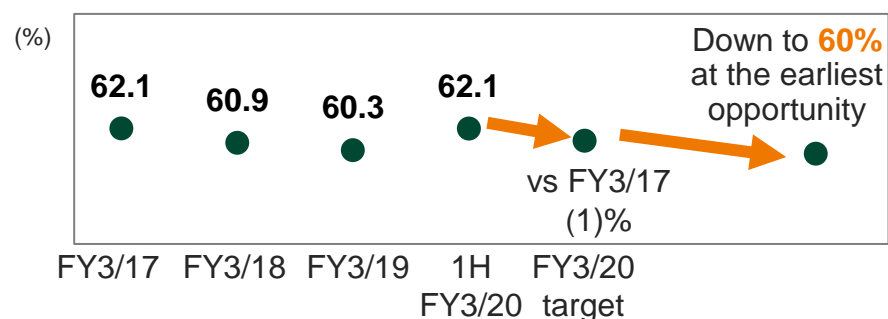
Expected in FY3/20 **JPY 50 bn + α**

Headcount reduction 4,300 people domestically (attrition)

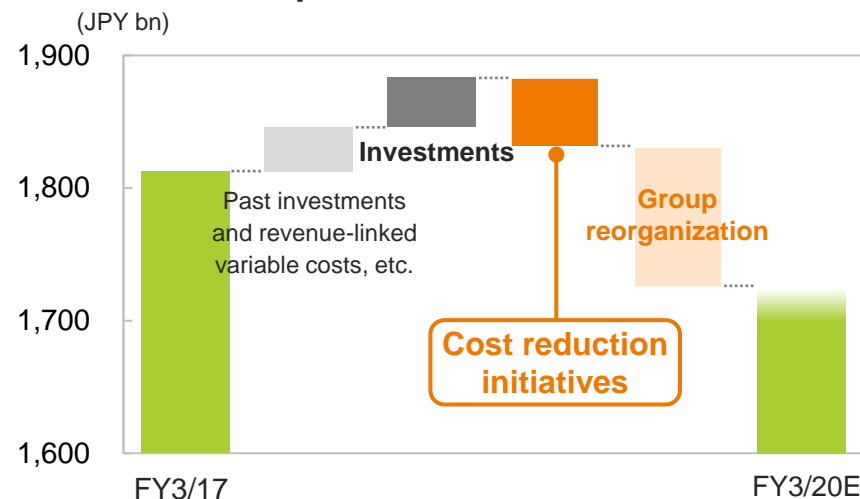
World's top-class usage of RPA

| | |
|---------------|--|
| - 1H FY3/20 | 2.9 mn hours (1,450 people) |
| FY3/20 target | 3.0 mn hours (1,500 people) |
| | Target raised 3.5 mn hours (1,750 people) |

OHR



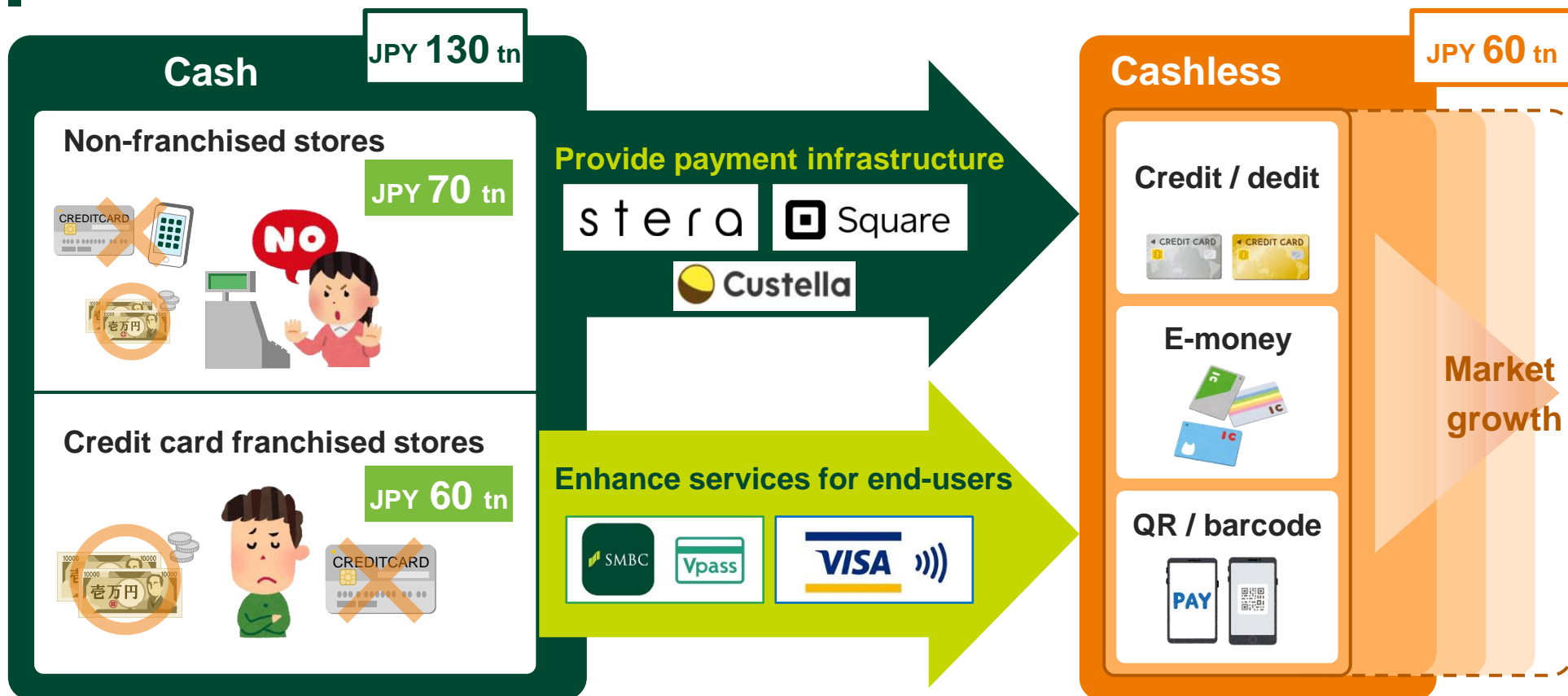
Consolidated expenses



4. Cashless payment strategy

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

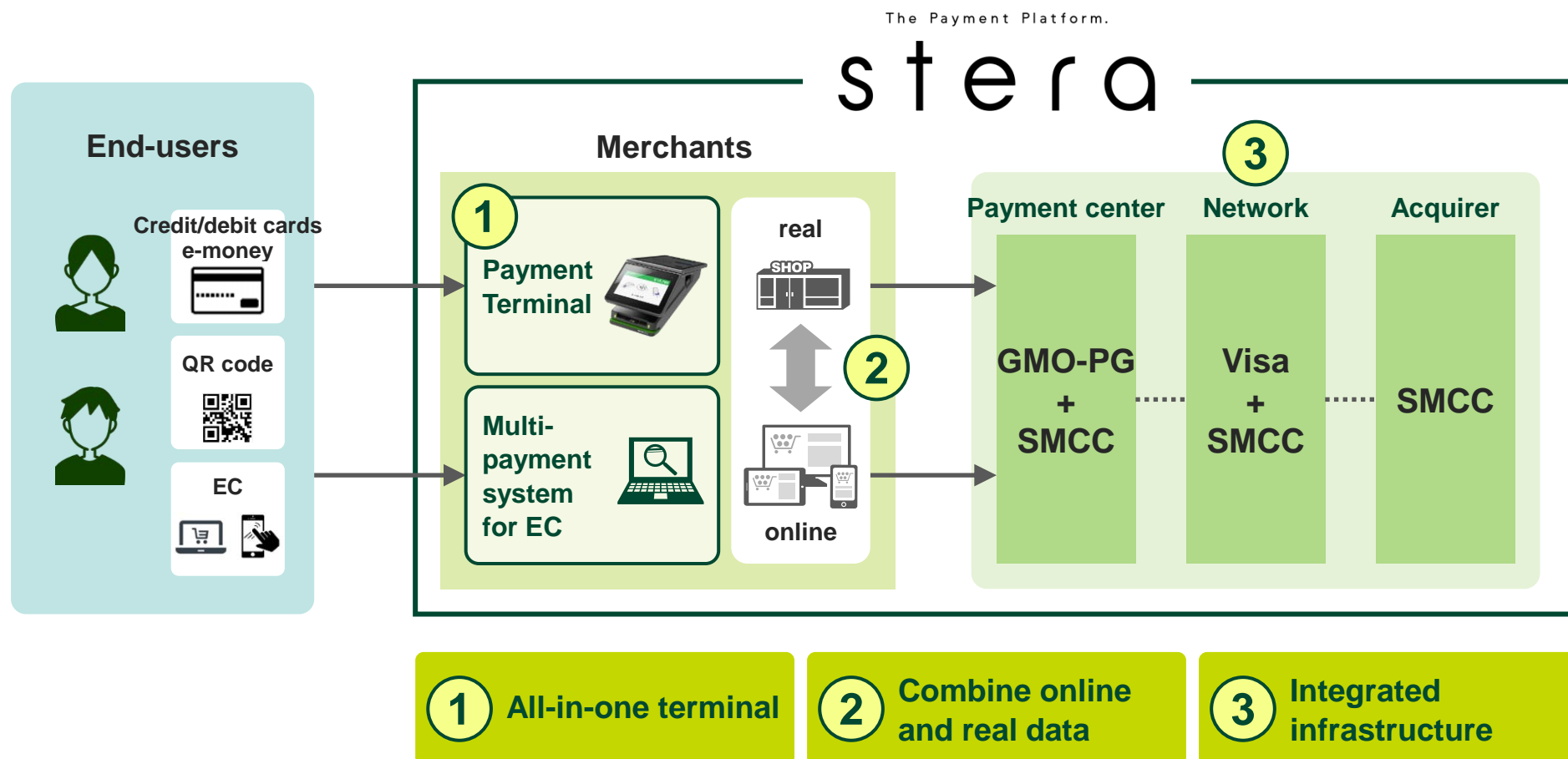
Japanese retail payment market



4. Cashless payment strategy

■ (1) Next-generation platform “stera”

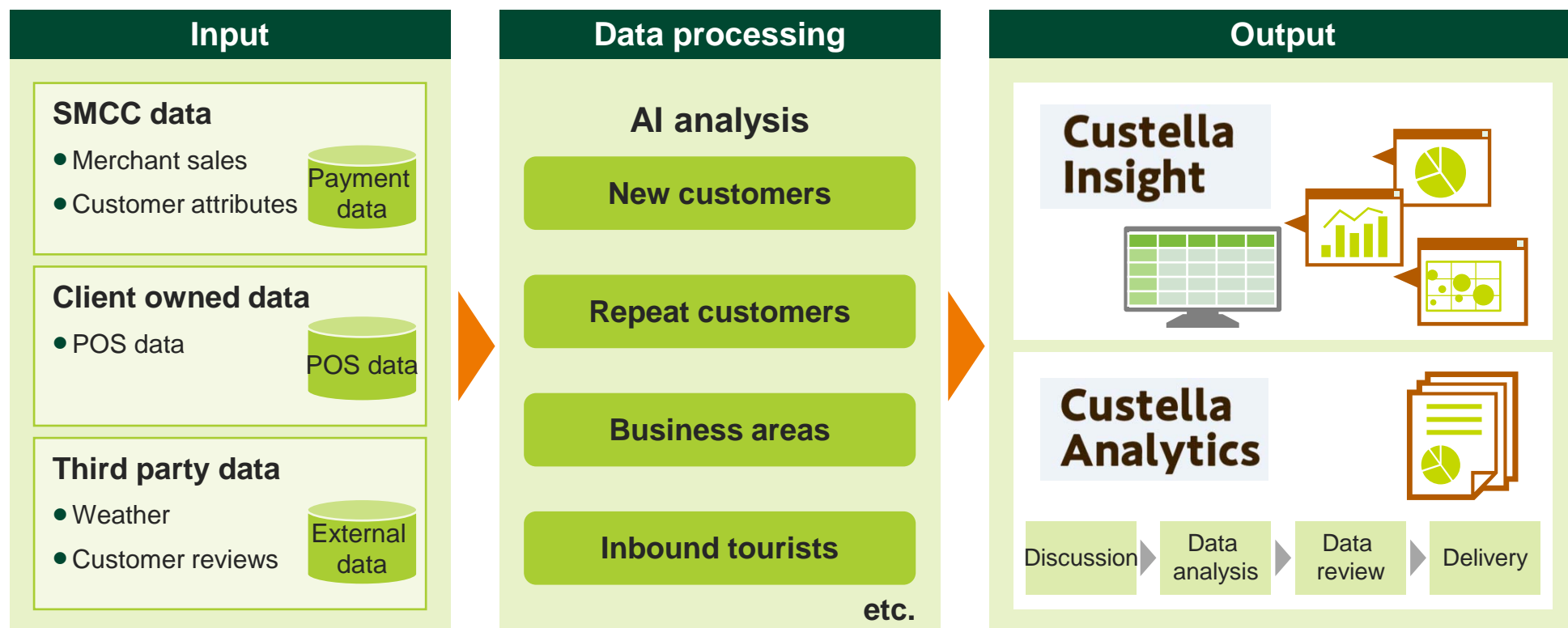
- Introduced “stera”, which is a comprehensive payment platform that offers one-stop cashless payment service.



4. Cashless payment strategy

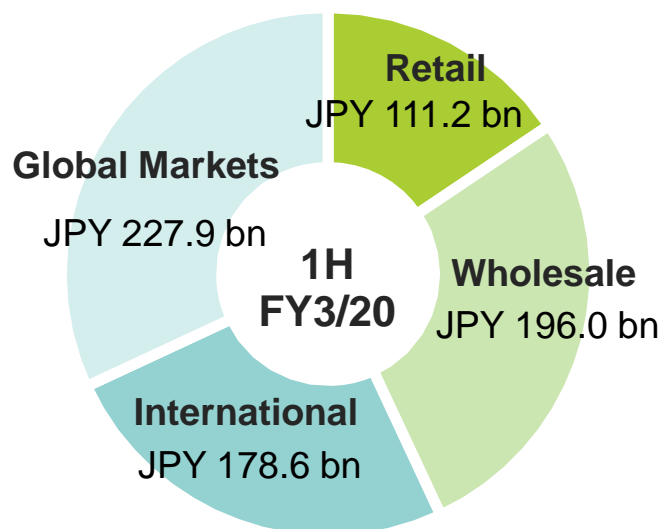
(2) Data analysis support service “Custella”

- Utilizing cashless data to support marketing activities of merchants and local governments.



5. Initiatives by business unit

Consolidated net business profit*1



ROE*2

| | FY3/19 | 1H FY3/20 | FY3/20 target*3 |
|----------------|--------|-----------|-----------------|
| Retail | 7.3% | 7.3% | 7% |
| Wholesale | 12.1% | 11.2% | 10% |
| International | 9.3% | 9.6% | 9% |
| Global markets | 31.8% | 43.6% | 39% |

5. Initiatives by business unit:

Retail

- Both gross profit and net business profit decreased YoY because of the slow recovery of the market environment which deteriorated in 2H FY3/19.

Financial results

| | (JPY bn) | 1H FY3/20 | YoY ^{*2} |
|--|----------|--------------|-------------------|
| Gross profit | | 614.2 | (15.5) |
| Income on loans and deposits ^{*1} | | 73.3 | (4.6) |
| Wealth management business | | 140.7 | (31.2) |
| Payment business | | 209.9 | +17.5 |
| Consumer finance business | | 154.0 | +1.5 |
| Expenses | | 503.9 | (4.7) |
| (Overhead ratio) | | 82.0% | +1.2% |
| Net business profit | | 111.2 | (10.9) |

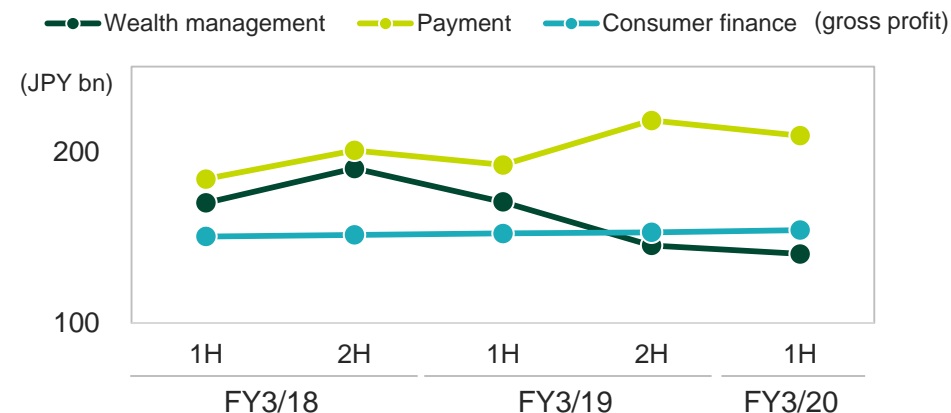
| | | |
|--------------|------|-------|
| ROE | 7.3% | +0.5% |
| RWA (JPY tn) | 12.8 | (0.0) |

KPI

| | 1H FY3/19 | 1H FY3/20 |
|---|--------------|--------------|
| Balance of stock-based assets (JPY tn) | 12.5 | 12.8 |
| Credit card sales handled (JPY tn) | 8.6 | 9.9 |
| Utilization rate for digital channels (%) | 26.0 | 35.4 |
| Balance of card loans (JPY tn) | 1.8 | 1.8 |

Key points in 1H

- Payment and consumer finance businesses showed solid performance while the wealth management business was sluggish.



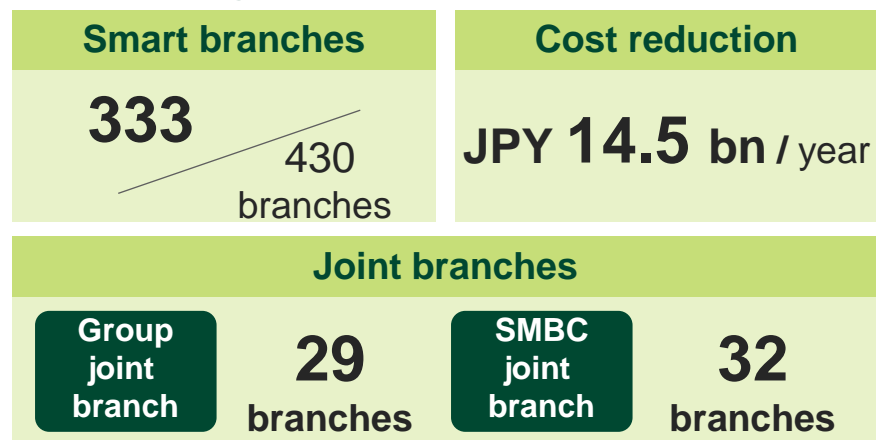
5. Initiatives by business unit:

Retail

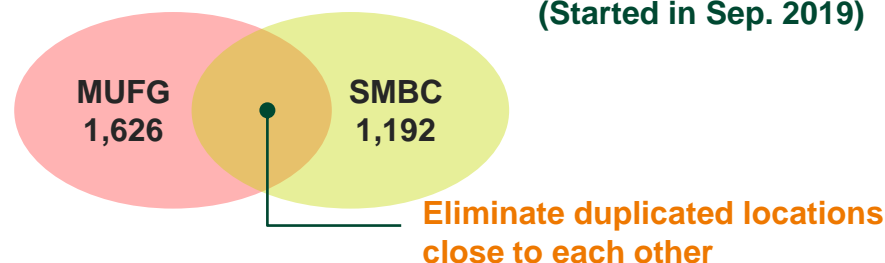
- Implement measures to lower the break-even point in order to build a business model that can overcome the severe business environment.
- WM business; change the profit structure by shifting to a fee-based AUM business model.

Lowering the break-even point

- Branch reorganization (as of Sep. 2019)



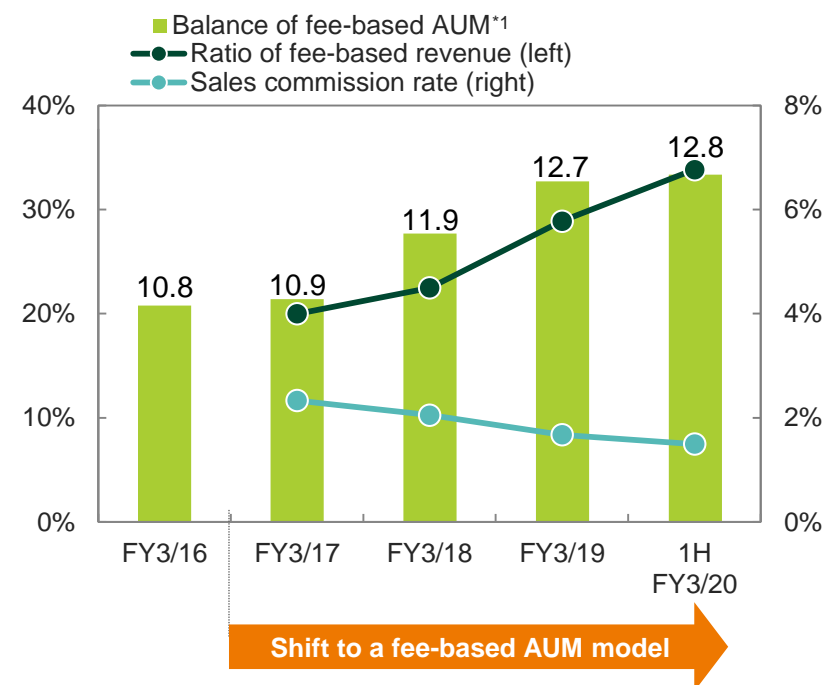
- Sharing the ATM network with MUFG
(Started in Sep. 2019)



*1 All figures are for SMBC+SMBC Nikko

Wealth management business

- Steadily increasing fee-based AUM through customer-oriented operations despite the severe business environment.



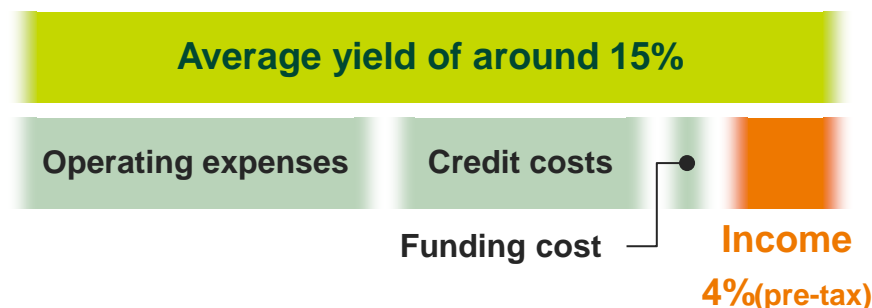
5. Initiatives by business unit:

Retail

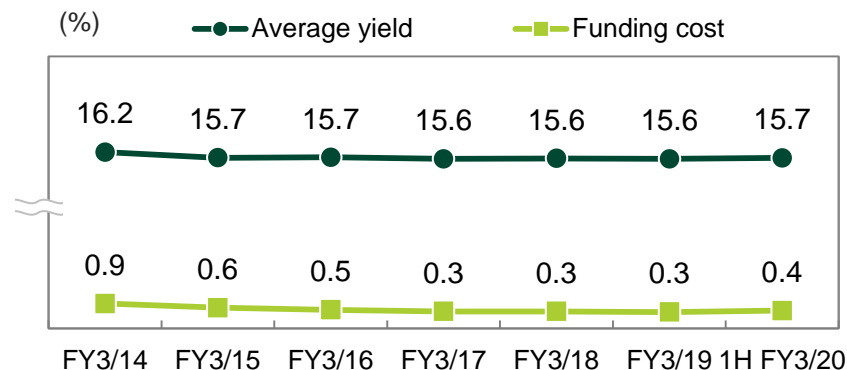
- Consumer finance business maintains a highly profitable business model with a steady growth trend.

Consumer finance

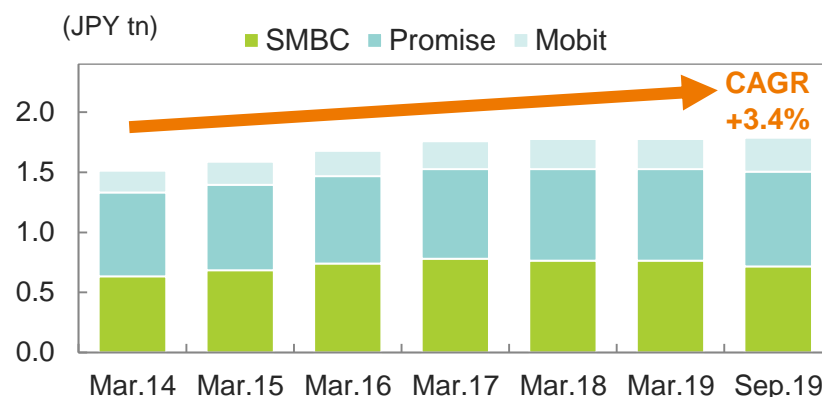
- Highly profitable business model^{*1}



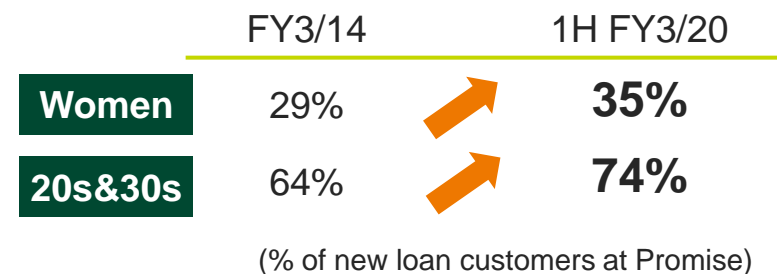
- Spreads maintained at a high level (SMBCCF)



- Card loan balance is increasing on a group basis



- Increase in loans to women and young people with the rise of employments



5. Initiatives by business unit:

Wholesale

- Maintained high ROE. Good progress in KPI.

Financial Results

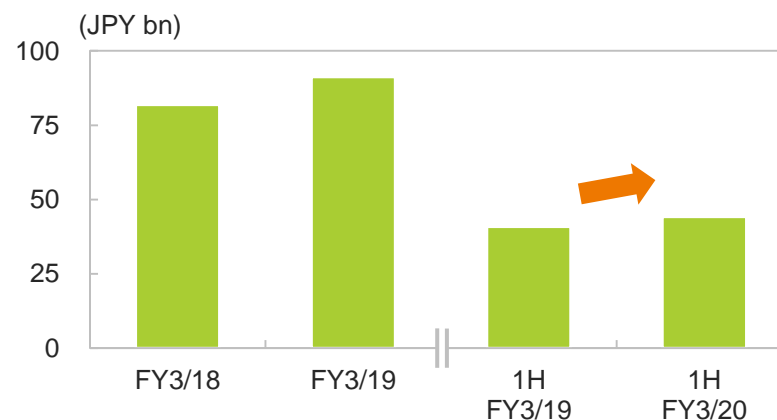
| | (JPY bn) | 1H FY3/20 | YoY* ¹ |
|------------------------------|----------|--------------|-------------------|
| Gross profit | | 311.4 | (2.1) |
| Income on loans and deposits | | 95.0 | (0.5) |
| S FX and money transfer fees | | 53.9 | +0.6 |
| M Loan syndication | | 15.4 | +0.8 |
| B Structured finance | | 17.2 | (3.8) |
| C Real estate finance | | 4.7 | +0.3 |
| Securities business | | 45.0 | +4.2 |
| Expenses | | 139.6 | (2.3) |
| (Overhead ratio) | | 44.8% | (0.5)% |
| Net business profit | | 196.0 | +0.3 |
| ROE | | 11.2% | (1.9)% |
| RWA (JPY tn) | | 16.8 | +0.2 |

KPI

| | 1H FY3/19 | 1H FY3/20 |
|------------------------------|--------------|--------------|
| Japanese corporate bonds (%) | 18.1 | 19.4 |
| IPO deals | #3 | #1 |
| M&A advisory deals | #1 | #1 |

Key points in 1H

- Showed good performance in the securities business in a severe business environment.



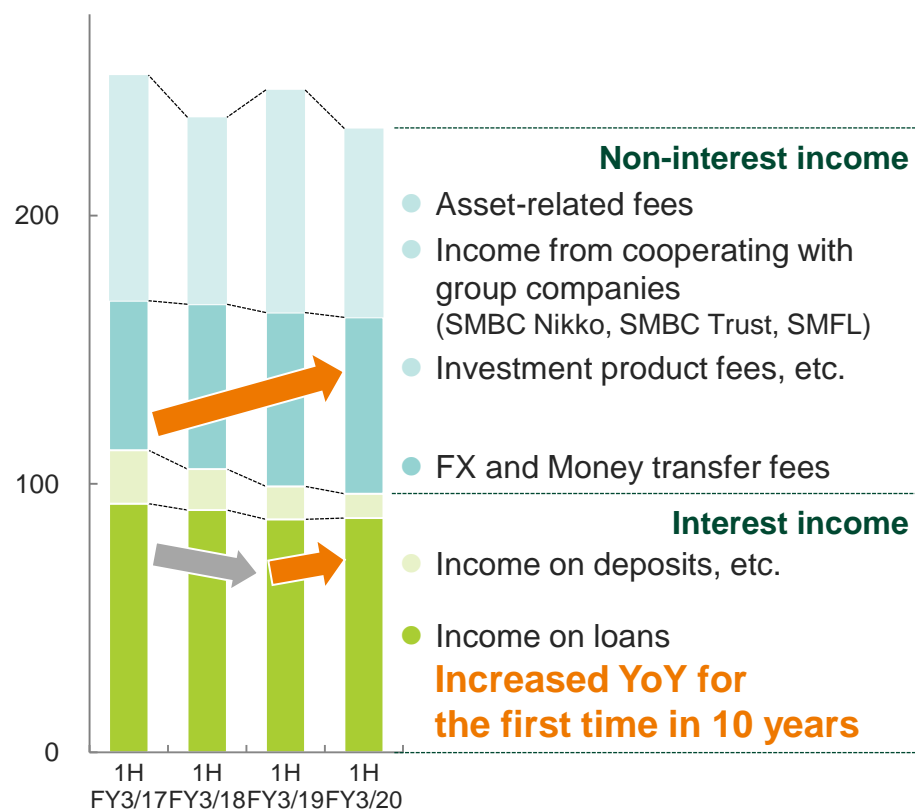
5. Initiatives by business unit:

Wholesale

- Interest income on loans increased YoY for the first time in 10 years due to the steady increase in overall loan balance and efforts on adding high value-added loans with higher spreads.
- Shift to a solution-oriented business model to strengthen non-interest income.

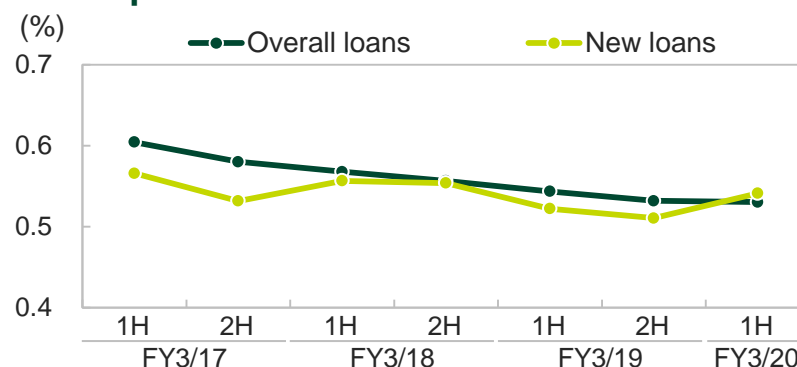
Transformation of the profit structure*1

(JPY bn)

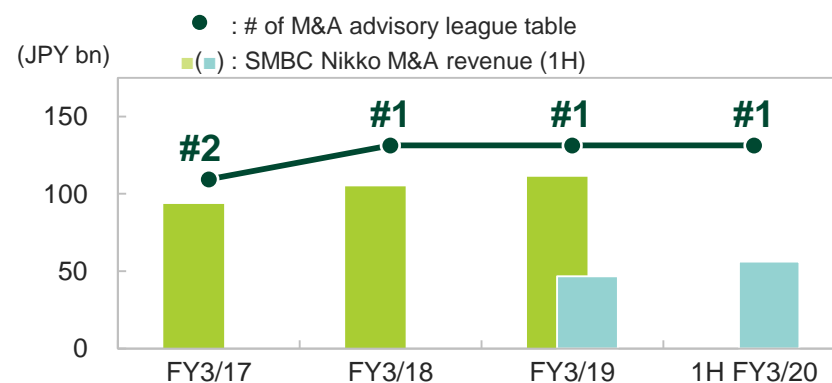


*1 Wholesale unit (SMBC)

- Loan spread decline for mid-sized and SMEs is expected to bottom out in FY3/20



- Shift to a solution-oriented business model

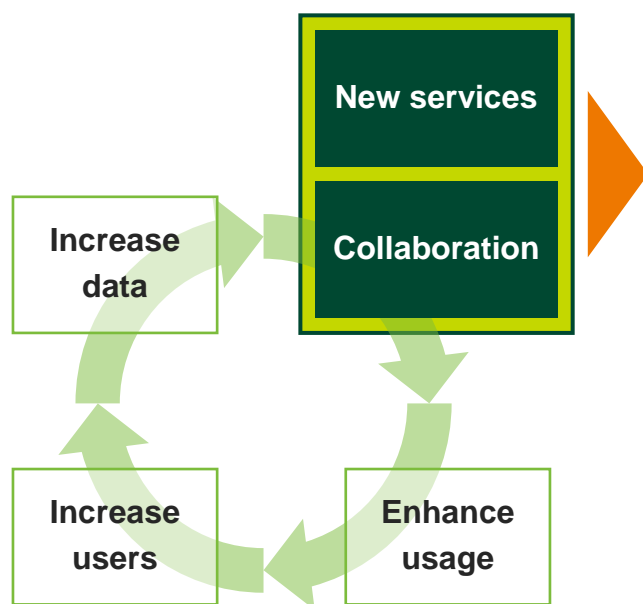


5. Initiatives by business unit:

Wholesale

- Build B2B digital platforms by collaborating with external partners.

Digital eco-system



New services

Business
matching
platform

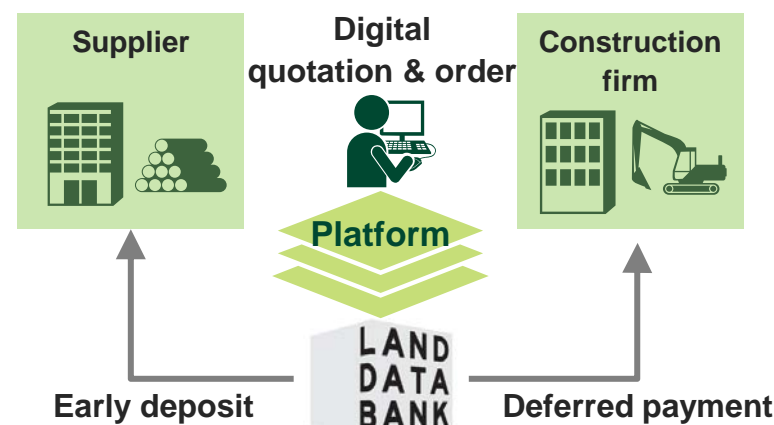


Cloud-based
digital contract^{*1}



Collaboration with large clients

Financial platform to support SME
in the construction industry^{*2}



Expand partners

6. Initiatives by business unit:

International

- While gross profit increased due to asset expansion, net business profit declined because of continued overseas expenditures and increased credit costs at BEA.

Financial results

| (JPY bn) | 1H FY3/20 | YoY ^{*1} |
|------------------------------|--------------|-------------------|
| Gross profit | 329.8 | +7.0 |
| Income on loans and deposits | 144.0 | +5.1 |
| Loan related fees | 53.6 | +2.4 |
| Securities business | 27.1 | +3.4 |
| Expenses | 177.0 | +13.9 |
| (Overhead ratio) | 53.7% | +3.2% |
| Net business profit | 178.6 | (10.8) |

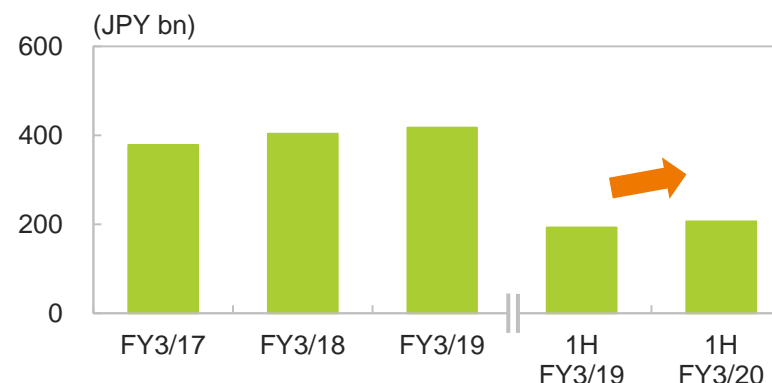
| | | |
|--------------|------|--------|
| ROE | 9.6% | (1.7)% |
| RWA (JPY tn) | 20.6 | +2.6 |

KPI

| | 1H FY3/19 | 1H FY3/20 |
|---|--------------|--------------|
| Non-asset based profit in Asia (USD mn) | 375 | 383 |
| # of active book runner transactions | 48 | 56 |
| Distribution amount (JPY tn) | 1.2 | 1.3 |

Key points in 1H

- Steady increase of asset-related revenues^{*2}

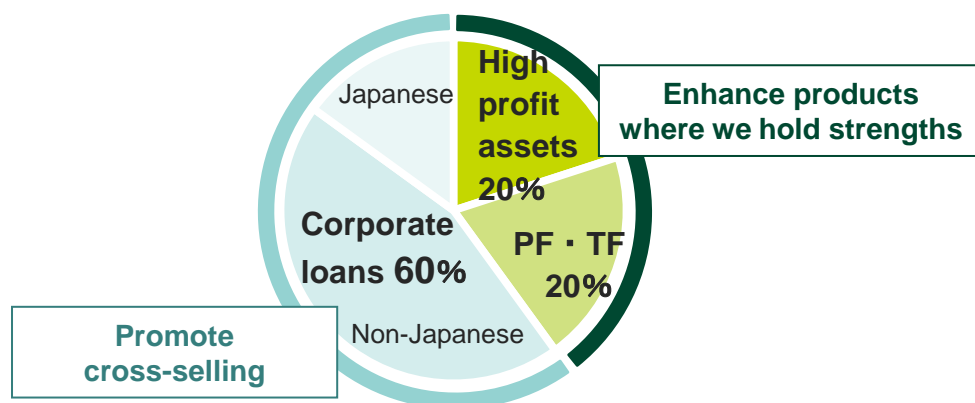


6. Initiatives by business unit:

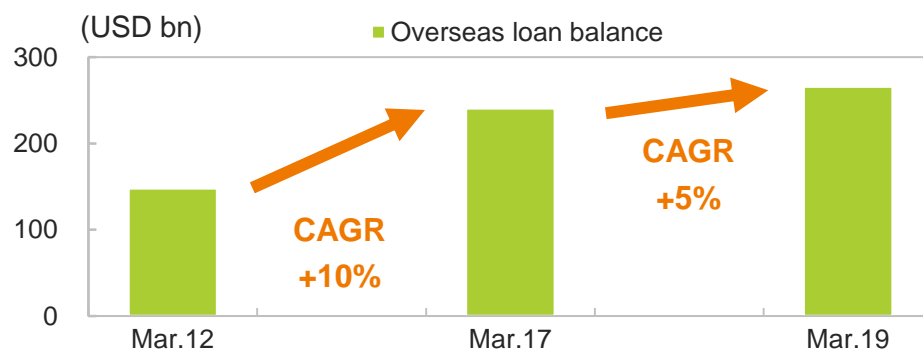
International

- Improve asset efficiency by promoting cross-selling and enhancing products where we hold strengths.

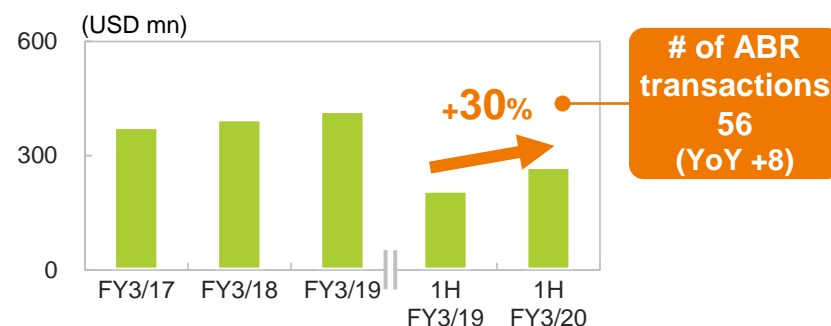
Overseas asset portfolio



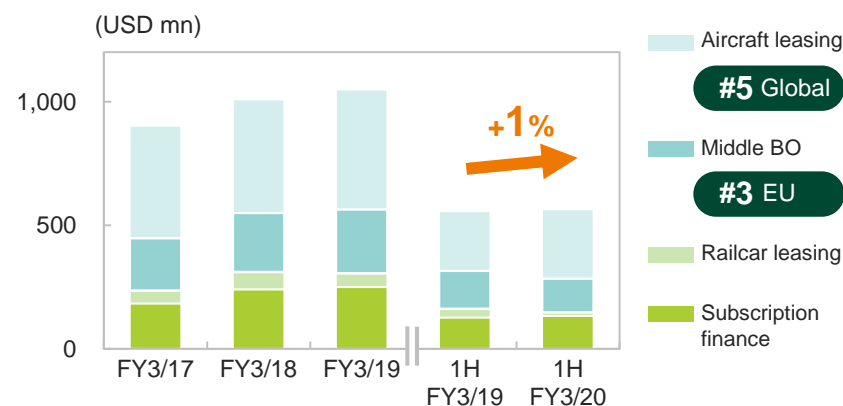
● Controlling the growth rate of assets



● Gross profit increased at SMBC Nikko



● Increased profits in products we hold strengths



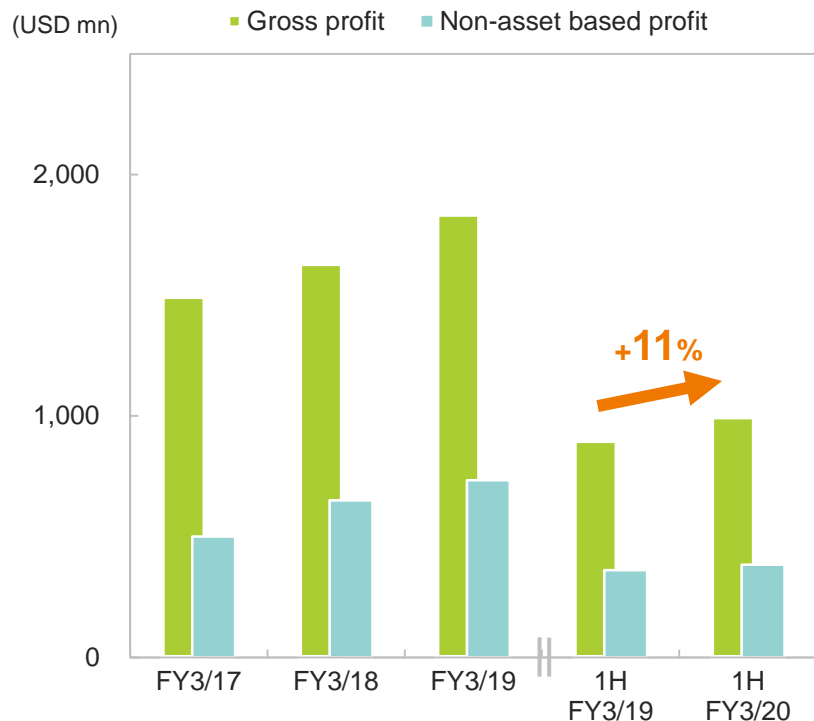
6. Initiatives by business unit:

International

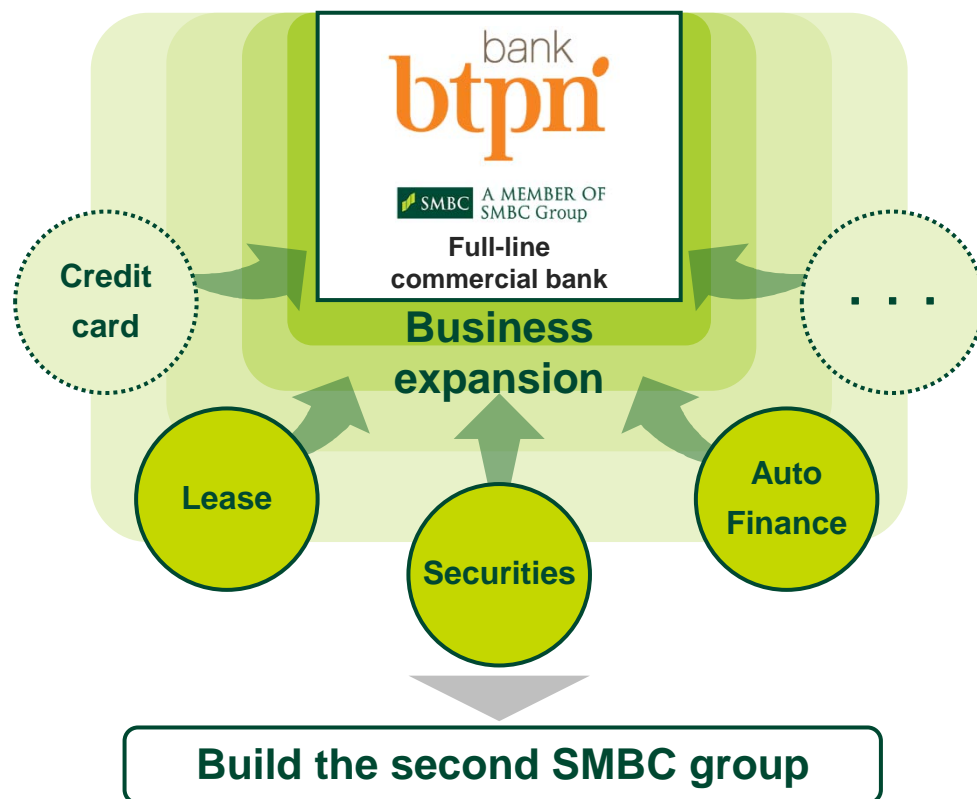
- Increased profit by deepening relationship with core clients in Asia.
- Multi-franchise strategy; pursue business expansion of BTPN and consider targeting new countries.

Asia core client strategy

- Enhancing presence in Asia



Multi-franchise strategy



- Consider targeting new countries

6. Initiatives by business unit:

Global Markets

- Both gross profit and net business profit increased by nimble portfolio management.

Financial results

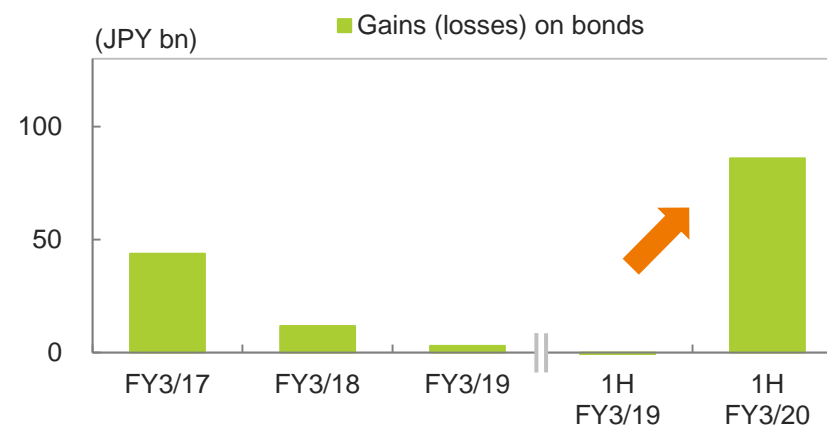
| | (JPY bn) | 1H FY3/20 | YoY* ¹ |
|----------------------|----------|--------------|-------------------|
| Gross profit | | 240.9 | +40.7 |
| SMBC's Treasury Unit | | 194.4 | +35.6 |
| Expenses | | 28.7 | +1.8 |
| (Overhead ratio) | | 11.9% | (1.5)% |
| Net business profit | | 227.9 | +38.6 |
| | | | |
| ROE | | 43.6% | +7.6% |
| RWA (JPY tn) | | 5.6 | (0.2) |

KPI

| | 1H FY3/19 | 1H FY3/20 |
|------------------------------------|--------------|--------------|
| Sales and trading profits (JPY bn) | 131.3 | 139.2 |

Key points in 1H

- Increased gains on bonds taking advantage of the decline of interest rates.

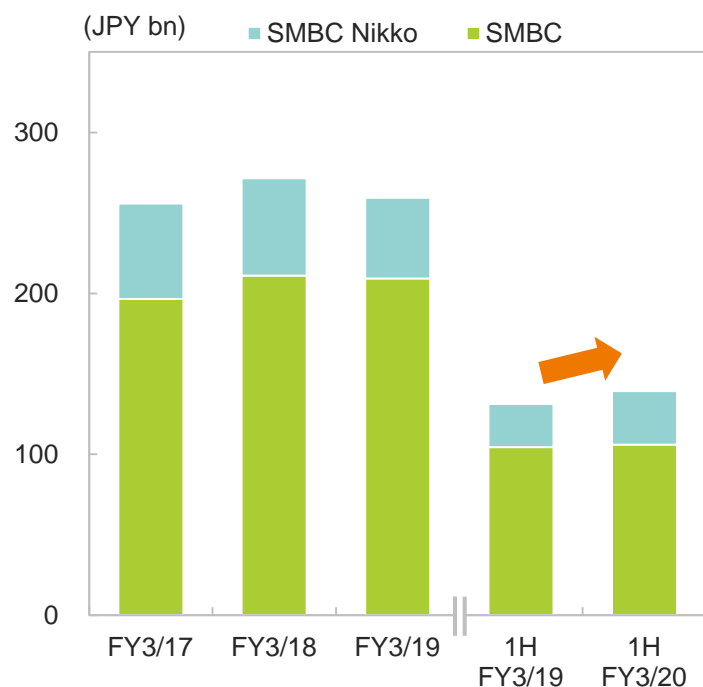


6. Initiatives by business unit:

Global Markets

- Further enhance S&T to improve and stabilize profitability.
- Raise foreign currency funding capabilities by pursuing stability and lowering costs.

S&T (Sales & Trading)



Foreign currency funding

- Actively utilize mid- to long- term yen swaps



- Issuance of covered bonds

| Issue date | Amount (mn) | Tenor | Cost |
|------------|----------------------|-----------|----------------------------------|
| 18/11/6 | EUR 1,000 | 5y | 6m Euribor+20bp |
| 19/6/18 | EUR 500 USD 1,000 | 7y 5y | 6m Euribor+25bp 3m Libor+50bp |
| 19/11/7 | EUR 750 USD 500 | 10y 3y | 6m Euribor+35bp 3m Libor+38bp |

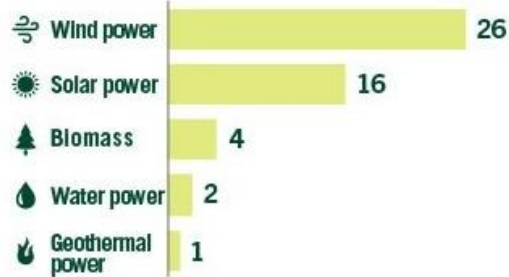
ESG initiatives

| | | |
|--------|--|-------|
| FY3/18 | Shifted to a Company with Three Committees, introduced Group-wide business units and CxO system | G |
| | Established Basic Policy for Customer-Oriented Business Conduct | G |
| | Announced to support TCFD | E |
| | Published the Declaration of Cyber Security Management | G |
| | Established Diversity and Inclusion Committee | S |
| | Formulated Statement on Human Rights | S |
| FY3/19 | Established lending policies for specific sectors (SMBC) - Coal-fired power plants, Palm oil plantation developments, Deforestation | E S |
| | Appointed Global Advisors | G |
| | Established the Corporate Sustainability Committee | E S G |
| | Endorsed the Principles for Responsible Banking | E S G |
| FY3/20 | May First global financial institution to disclose the quantitative impact of climate-related risks in response to recommendations by TCFD | E |
| | Applied the lending policy for specific sectors on a group basis | E S |
| | Jun Reduced the number of the board of directors from 17 to 15. % of outside directors was raised to 47% | E S G |
| | Sep Signed the Principles for Responsible Banking | G |
| | Oct Published the declaration of proper use of personal data | G |

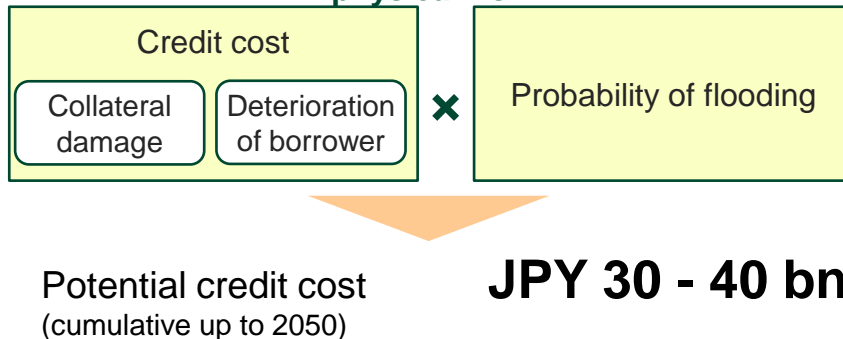
■ ESG initiatives

Environment

Project finance for renewable energy (FY3/19)



Initiatives toward TCFD -physical risk-

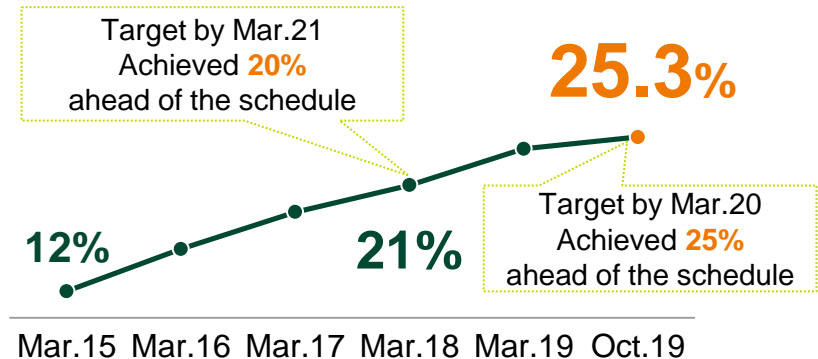


Social

Support SMEs in introducing cashless payment



Diversity (% of female managers)



Governance

Governance framework

■ Outside director
 ■ Internal director (executive)
 ■ Internal director (non-executive)
 ■ Outside experts
 Chairman

Board of Directors (supervisory)

Internal Committees

| | |
|-----------------|---|
| Nomination | ■ ■ ■ ■ ■ ■ |
| Compensation | ■ ■ ■ ■ ■ ■ |
| Audit | ■ ■ ■ ■ ■ |
| Risk (optional) | ■ ■ ■ ■ ■ |

Management Committee
Business execution decisions

Departments

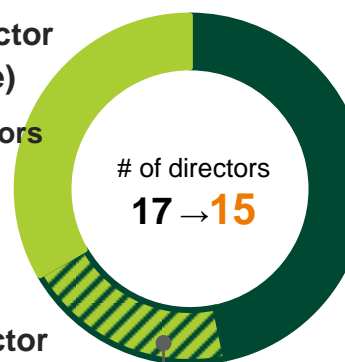
Internal Audit Dept.

Reporting line
(including personnel
right of consent)

Board of directors

Internal director
(executive)
7 → 5 directors

Outside director
7 directors



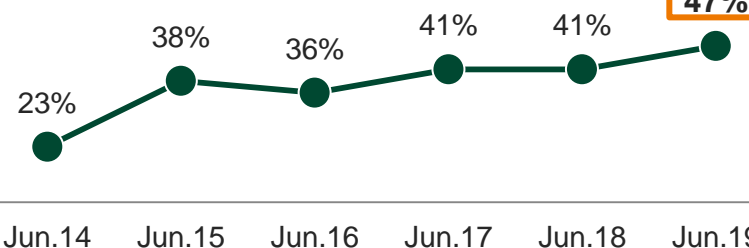
Expertise

| | |
|--------------------|---|
| Management | 3 |
| Finance/Accounting | 1 |
| Law | 2 |
| Diplomacy | 1 |

Internal director
(non-executive)
3 directors

Non-executive directors: 67%

% of outside directors



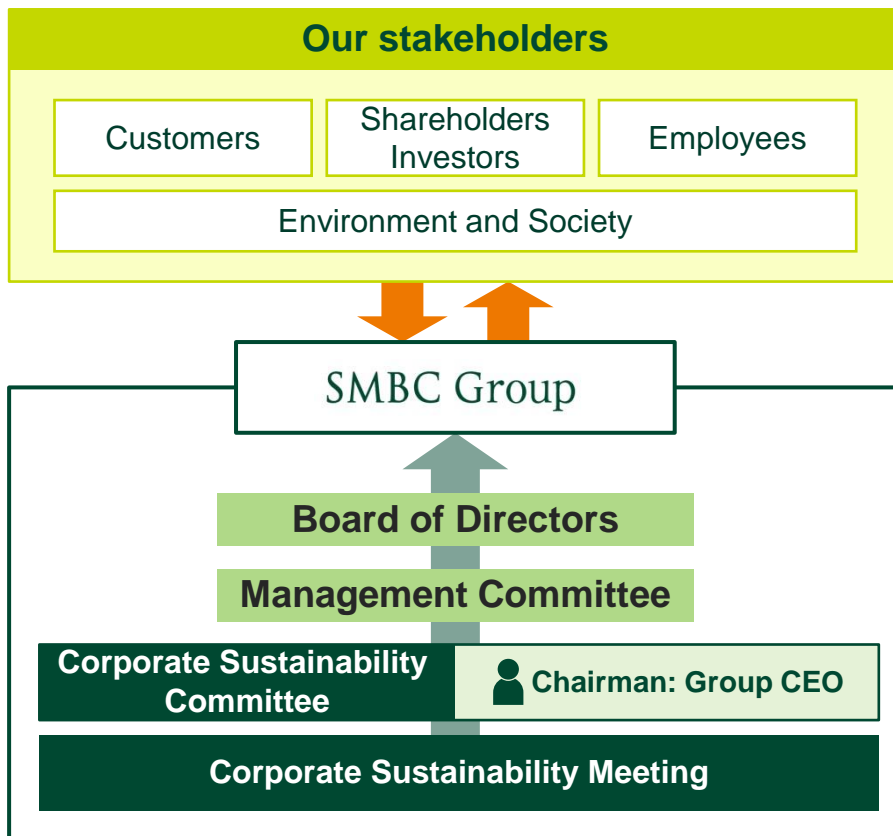
Board of corporate auditors

Company with three committees

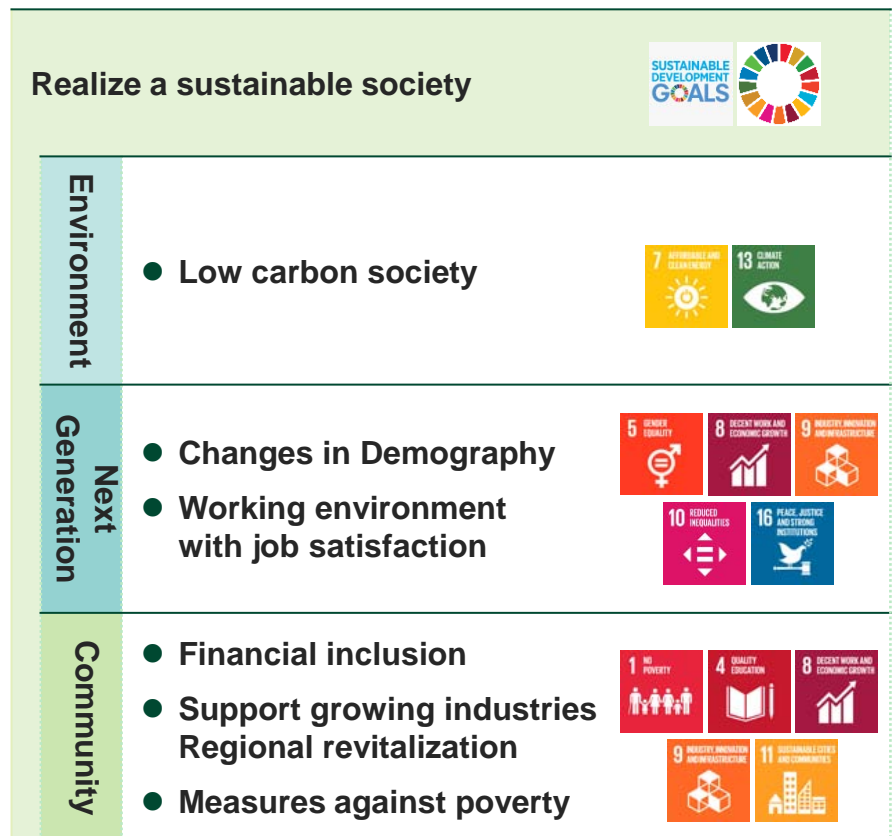
■ (Ref.) Sustainability Management

- Promote initiatives to resolve social issues and achieve the SDGs under direct leadership from the Group CEO.

■ Sustainability management



■ SDGs initiatives through our core businesses



■ (Ref.) Response to Recommendations by TCFD

- Conducted analysis and calculated the impact of climate-related risks. The impact is approx. JPY 1 bn of credit costs on an annual basis.
- Strengthening the environmental / social risk management systems when financing coal-fired power plants and coal mining.

Initiatives toward TCFD*1 Recommendations

Released in April 2019

| | |
|---------------------|---|
| Governance | <ul style="list-style-type: none"> ● Enactment of the "Group Environmental Policy" ● Establishment of the "Corporate Sustainability Committee" chaired by the Group CEO to reflect climate change responses in management strategies |
| Strategy | <ul style="list-style-type: none"> ● Conducted scenario analysis of climate change in physical risks <ul style="list-style-type: none"> ● Targeting SMBC's domestic corporate customers, we estimated credit costs in the event of a water disaster to be approximately JPY 30 to 40 bn between 2019 and 2050 based on the scenarios of RCP*2 2.6 (2 ° C scenario) and RCP 8.5 (4 ° C scenario) ● Analysis of the future impact of stranded assets is under discussion ● Financing renewable energy projects and issuing green bonds |
| Risk Management | <ul style="list-style-type: none"> ● Implementation of environmental and social risk assessments based on the Equator Principles ● Manage finance for coal-fired power plants and coal mining <ul style="list-style-type: none"> ● Introduce business specific policies for coal-fired power plants in SMBC Group companies ● SMBC expanded the scope of its environmental and social risk assessments to include loans for coal mining |
| Metrics and Targets | <ul style="list-style-type: none"> ● Disclosure of greenhouse gas emissions |

(Ref.) Awards and initiatives

Selected ESG indices



External awards



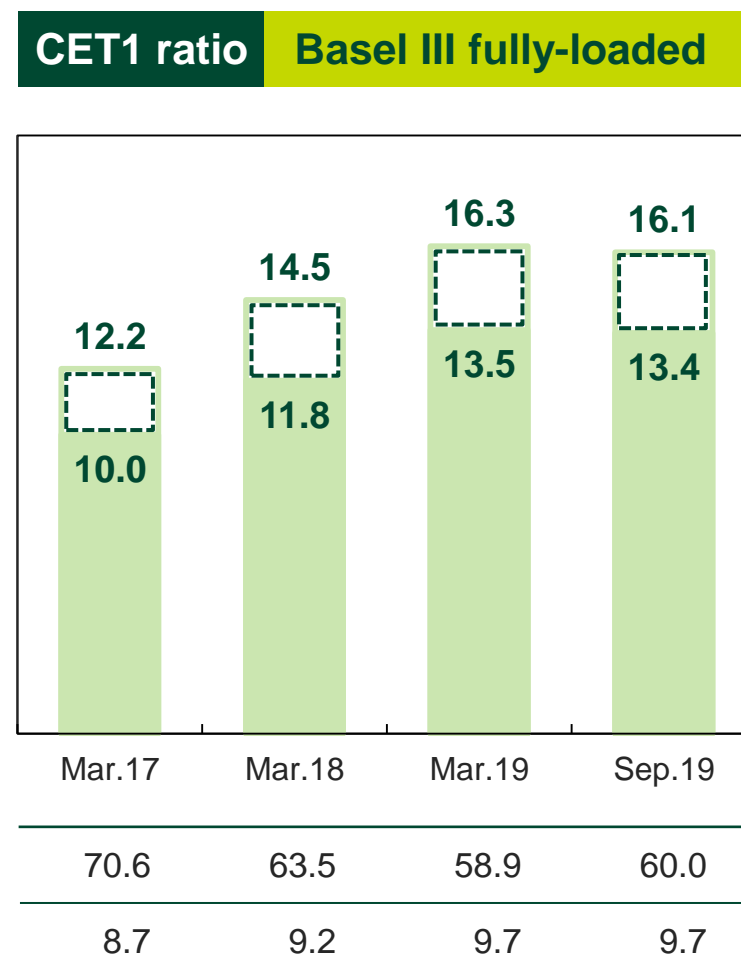
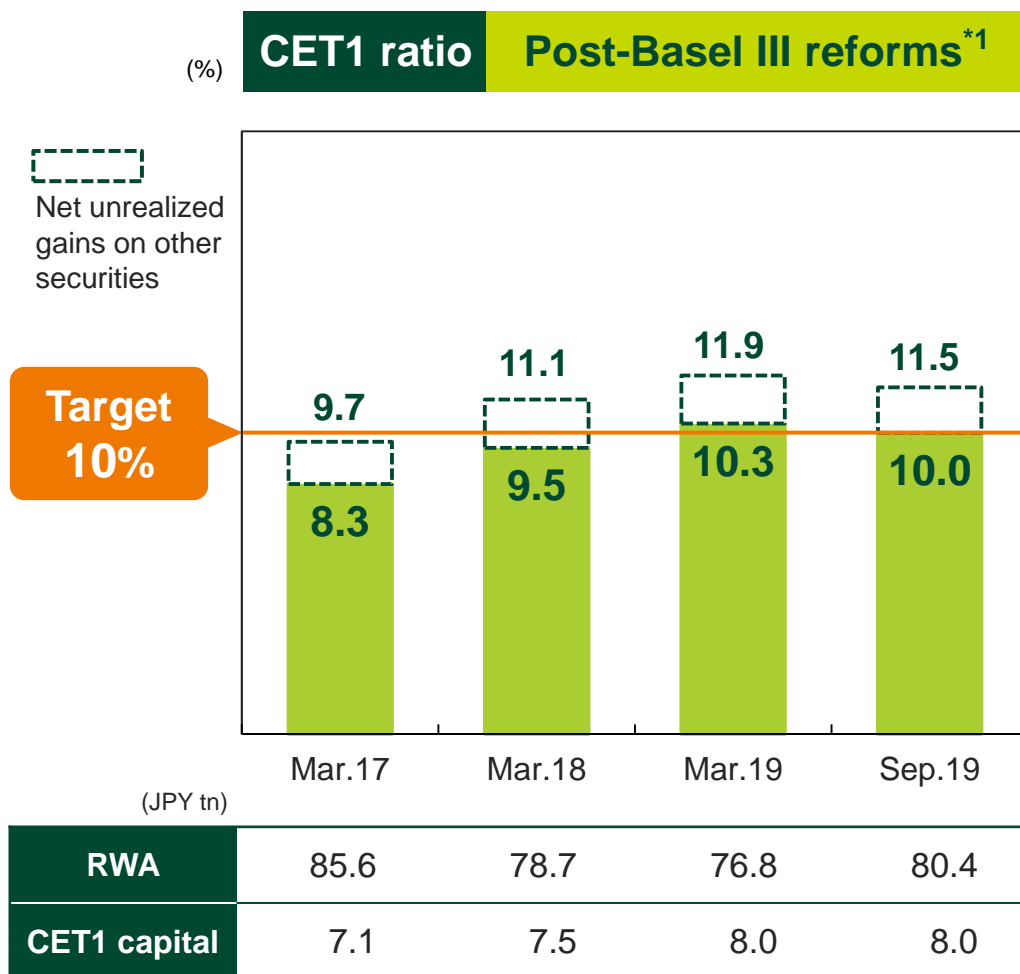
Endorsed initiatives



IV. Capital Policy

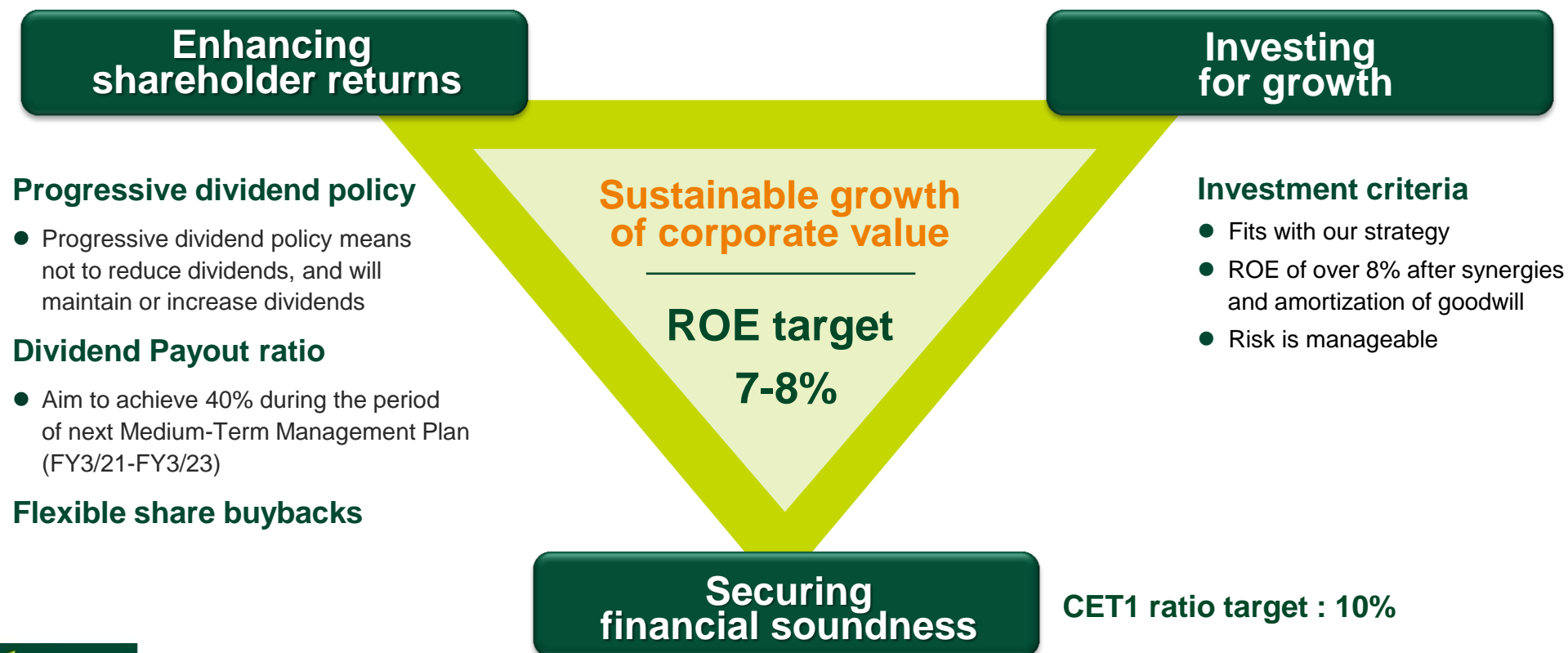
1. Capital position

- Reached our CET1 ratio target one year ahead of schedule.



■ 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

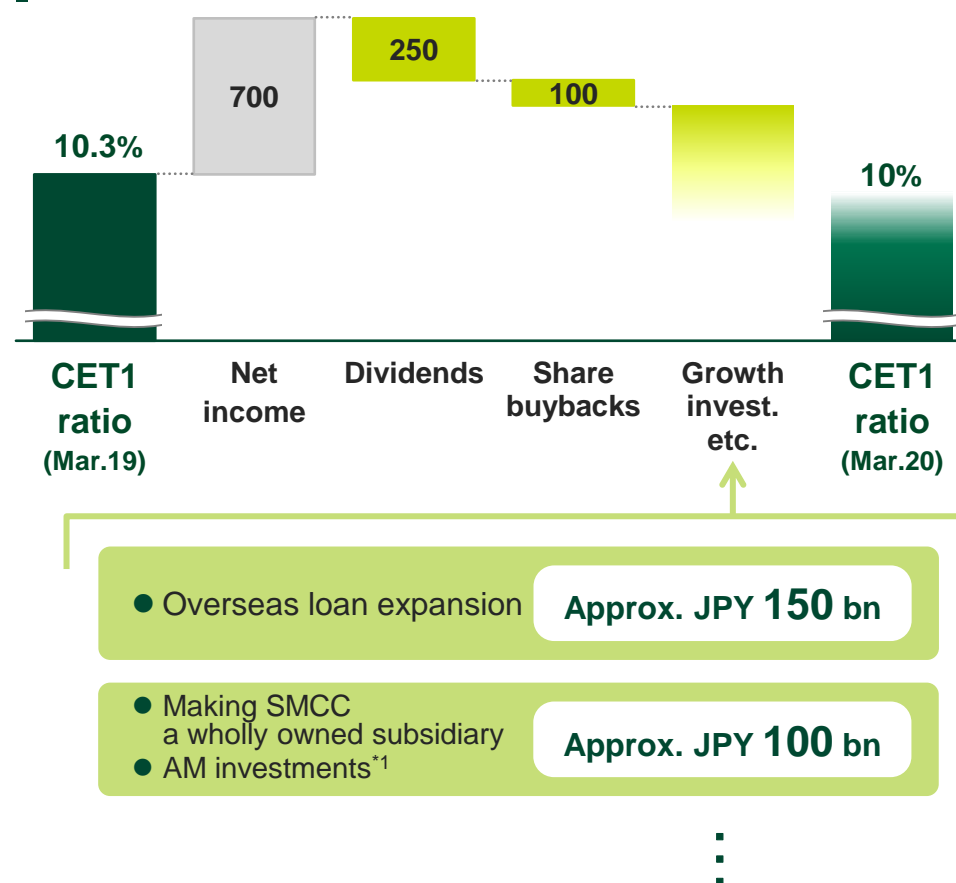


3. Shareholder returns

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

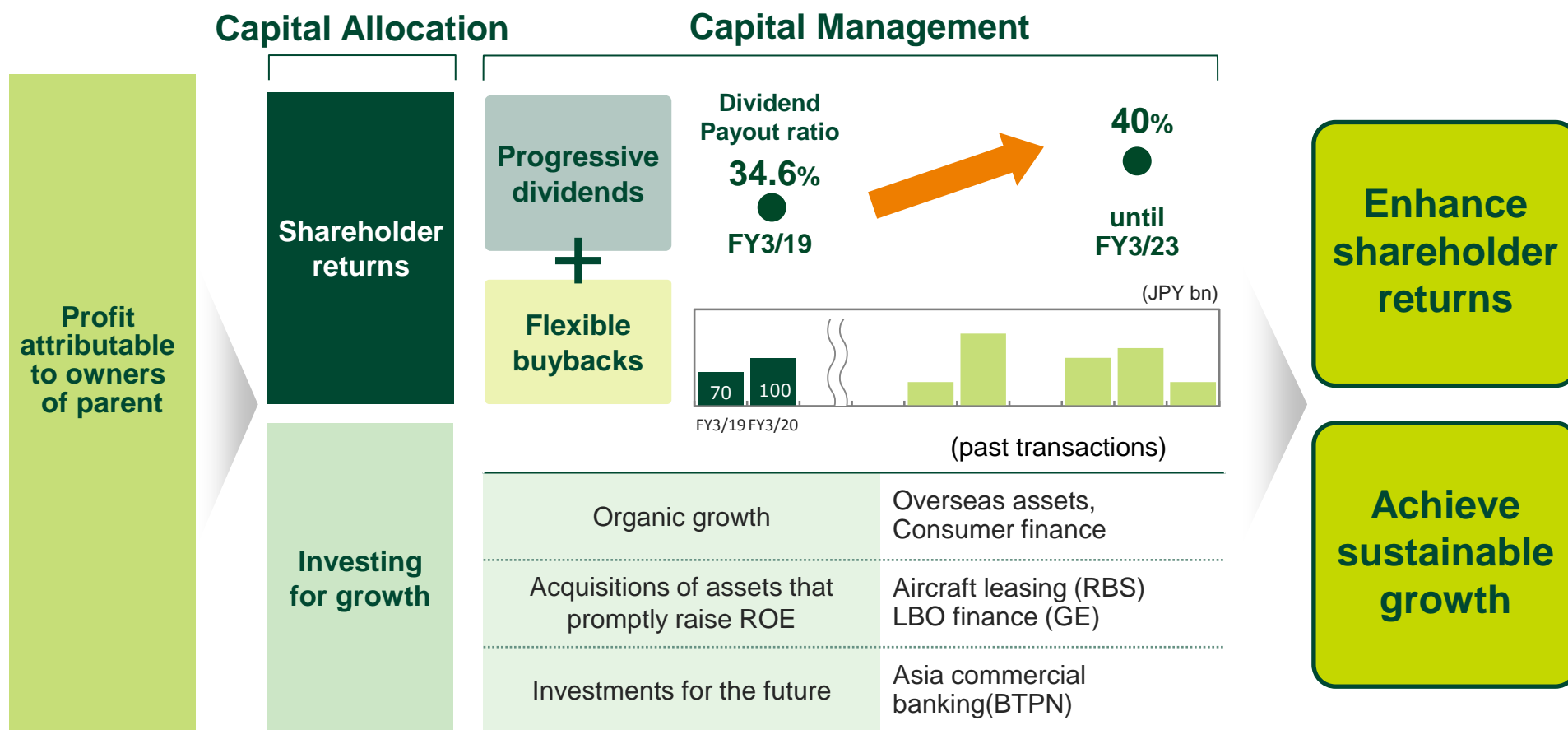
| | FY3/19 (actual) | YoY | FY3/20 (target) |
|-----------------------|---------------------------|----------|----------------------------|
| DPS | 180 | +10 | 180 |
| Dividend payout ratio | 34.6% | +1.9% | 35.2% |
| Share buybacks | 70 bn (15.37mn shares) | — | 100 bn (26.5 mn shares) |
| Total payout ratio | 44.2% | — | 49.5% |
| Net income | 726.7 bn | (7.7) bn | 700 bn |

Use of capital in FY3/20 (JPY bn)

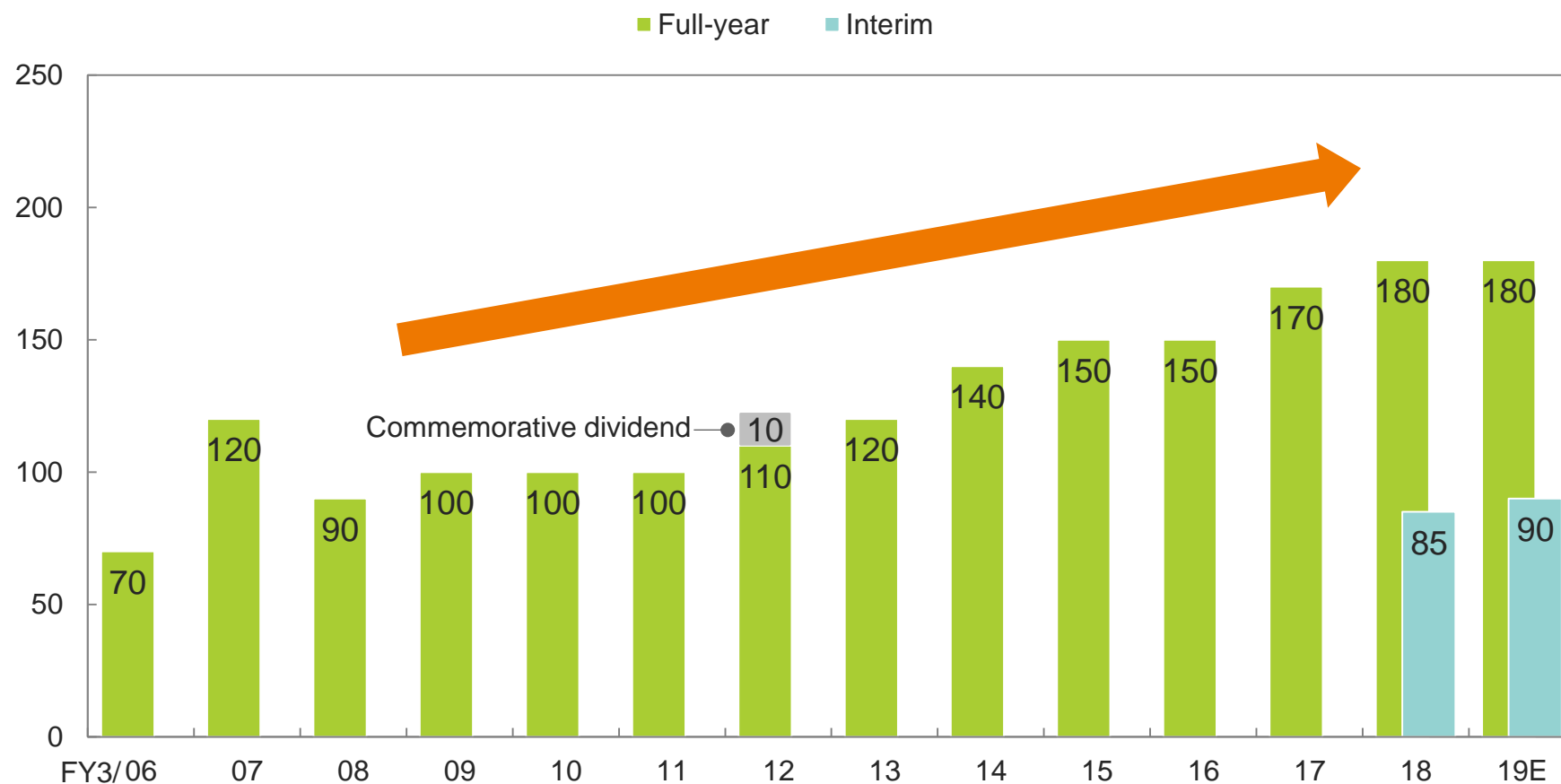


■ (Ref.) Medium-to long-term capital management

- Entered into a new stage to focus on shareholder returns and investing for growth, after reaching our CET1 ratio target.
- Enhance shareholder returns through progressive dividends and flexible share buybacks, and achieve sustainable growth with disciplined growth investments.



■ (Ref.) Dividends per share



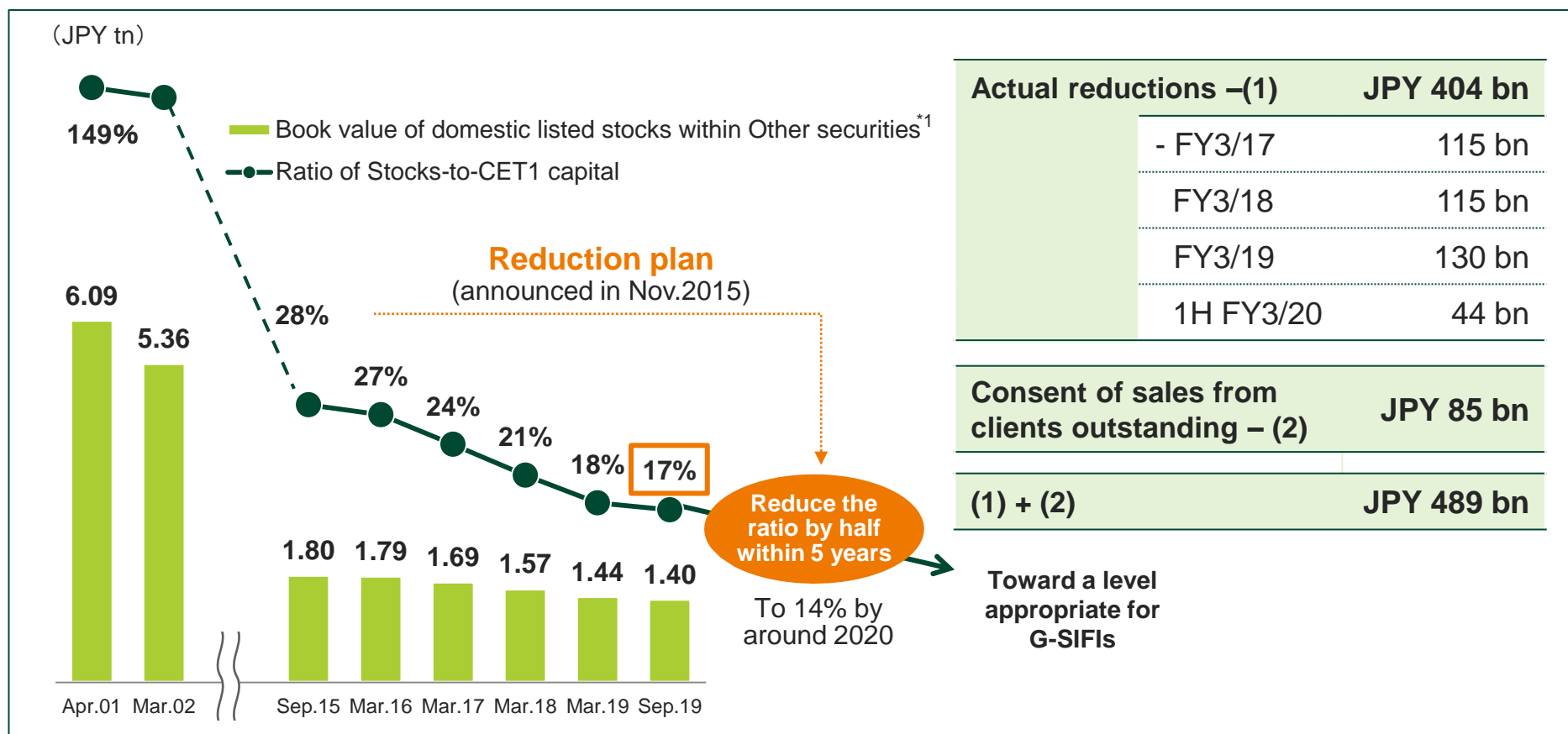
| Dividend payout ratio (%) | 12.5 | 20.5 | - | 46.8 | 30.0 | 26.8 | 21.3 | 20.3 | 26.2 | 32.7 | 29.9 | 32.7 | 34.6 | 35.2 |
|---------------------------|------|------|---|------|------|------|------|------|------|------|------|------|------|------|
| ROE (%) | 13.8 | 15.8 | - | 7.5 | 9.9 | 10.4 | 14.8 | 13.8 | 11.2 | 8.9 | 9.1 | 8.8 | 8.2 | |

4. Strategic shareholdings

- Showing good progress to achieve the target.

- Aim to halve the ratio 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 plan



V. Changing the corporate culture

Inspire challenging spirits

- Build a culture that inspires innovative changes through new and open-minded challenges.

Creating new values

CDIO
meeting

SMBC
Pitch
Contest

Nikko
Ventures

Producing new CEOs



The first president
in the 30s appointed at
SMBC CLOUDSIGN. Inc

Digital contract

SMBCグループ
NC_{ore}

BPO support

SMBC VALUE CREATION
CO., LTD.

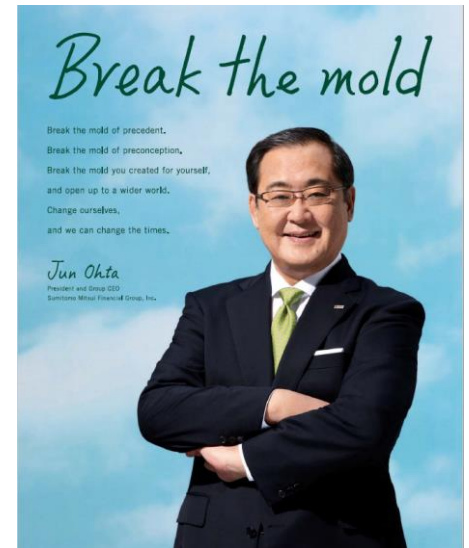
RPA consulting

Raising employee awareness

- Inspire challenging spirits with flexible mindset

Work style reform

Free dress code



Revision of personnel system(SMBC)

Fair

Integrate
employee
types

Challenge

Integrate
job bands
& grades

Chance

Support
life-long
carrier

Appendix

(1) Group structure

Sumitomo Mitsui Financial Group

Consolidated total assets JPY 204 tn

| Credit ratings | Moody's | S&P | Fitch | R&I | JCR |
|----------------|---------|------|-------|------|-------|
| | A1/P-1 | A-/- | A/F1 | A+/- | AA-/- |

Consolidated subsidiary Equity-method affiliate

Banking

Sumitomo Mitsui Banking Corporation

| Moody's | S&P | Fitch |
|---------|-----|-------|
| A1 | A | A |

SMBC Trust Bank

(92%)

PT Bank BTPN Tbk

Leasing

(50%)

Sumitomo Mitsui Finance and Leasing

(SMBC 32%、SMFL 68%)

SMBC Aviation Capital

Securities

SMBC Nikko Securities

Consumer Finance

Sumitomo Mitsui Card

SMBC Consumer Finance

Others

(50.1%)

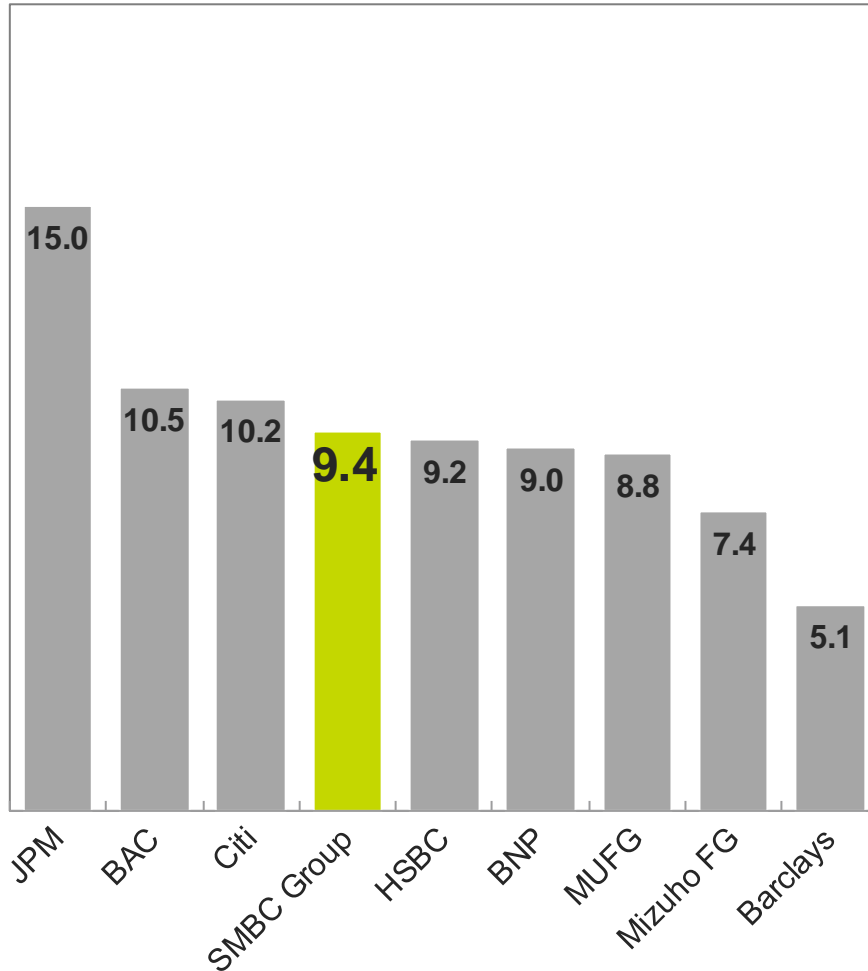
Japan Research Institute

Sumitomo Mitsui DS Asset Management

(2) Peer comparison

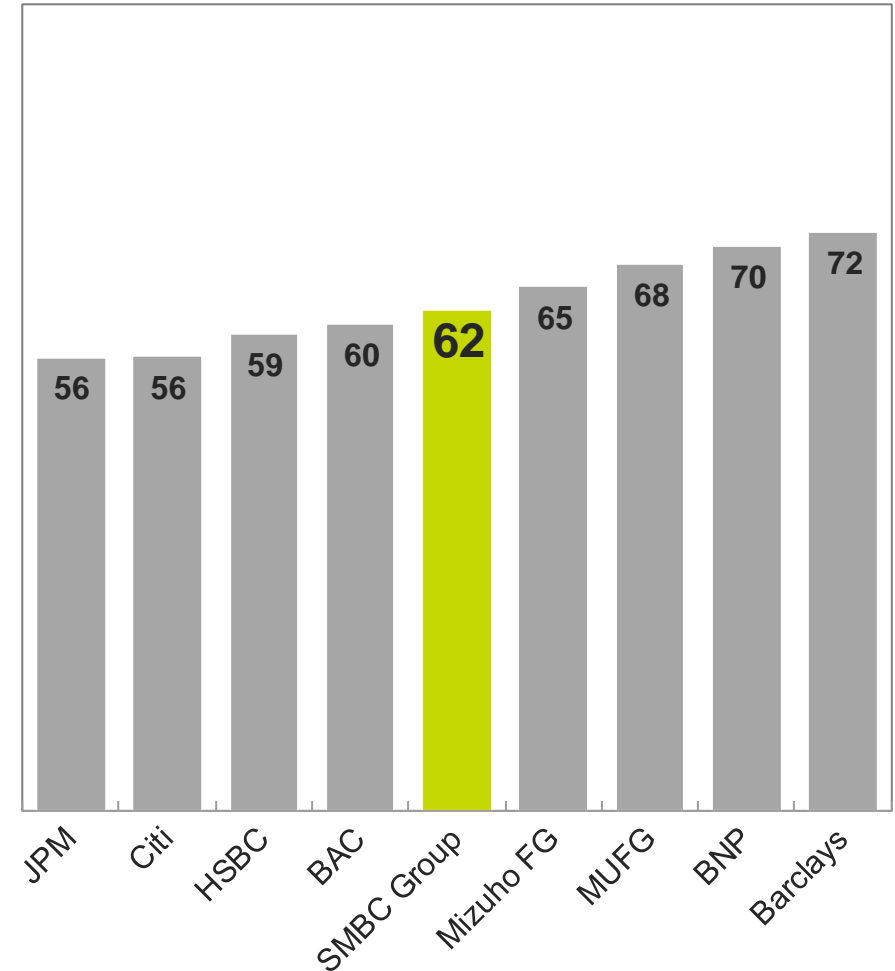
ROE*1

(%)



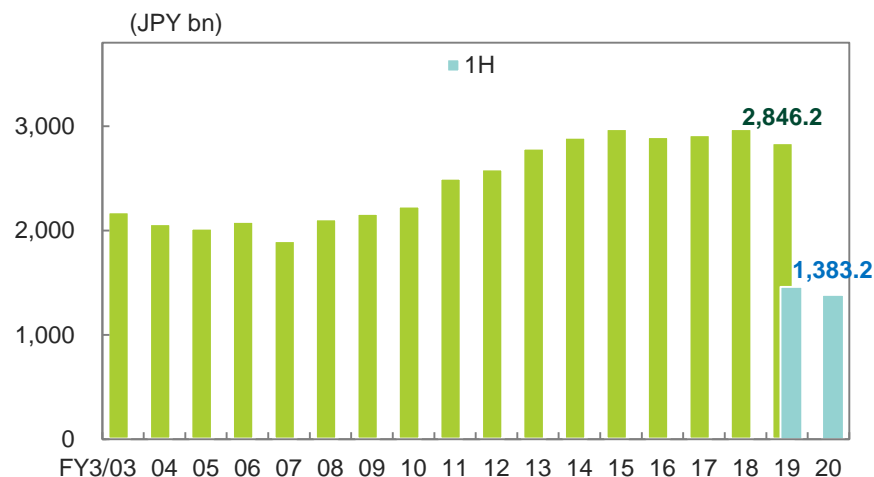
Overhead ratio*1

(%)



(3) Long-term results

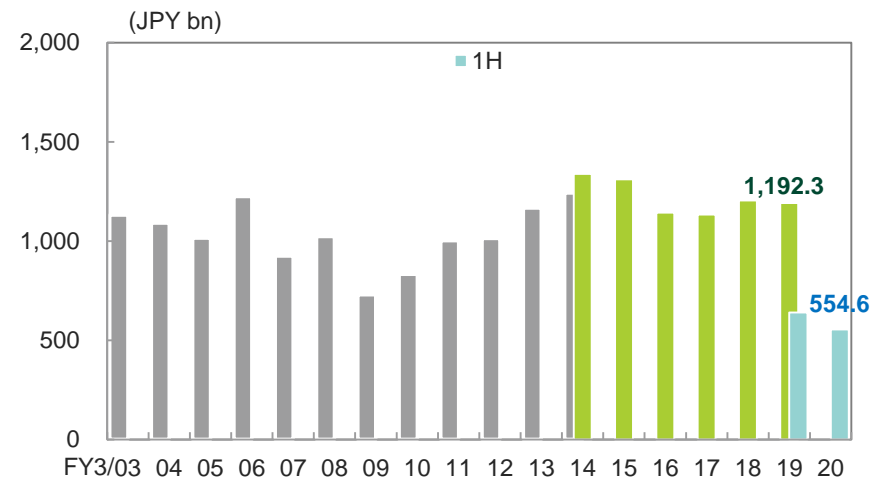
Consolidated gross profit



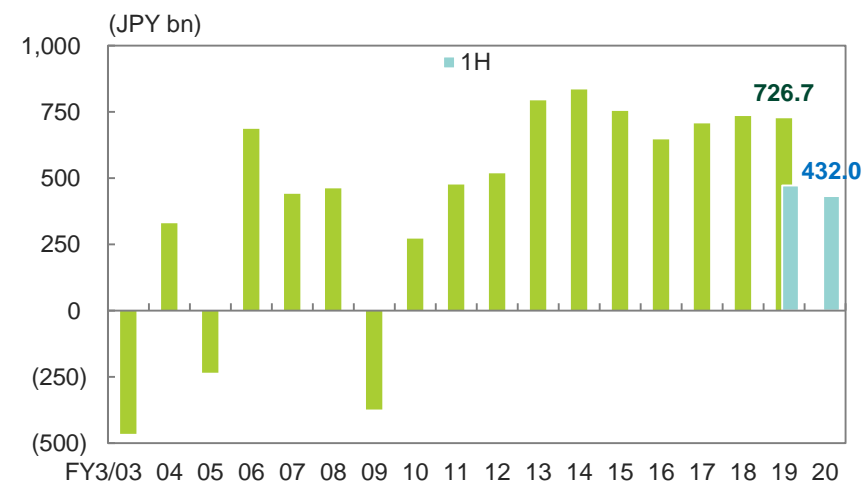
Breakdown of consolidated gross profit

| | FY3/03 | | 1H FY3/20 |
|--|--------|---|-----------|
| SMBC's Domestic loan / deposit related | 35% | ➡ | 15% |
| International business (banking) | 5% | ➡ | 22% |
| Group companies excluding SMBC | 18% | ➡ | 37% |

Consolidated net business profit*1



Profit attributable to owners of parent



Group companies

(1) SMBC Nikko

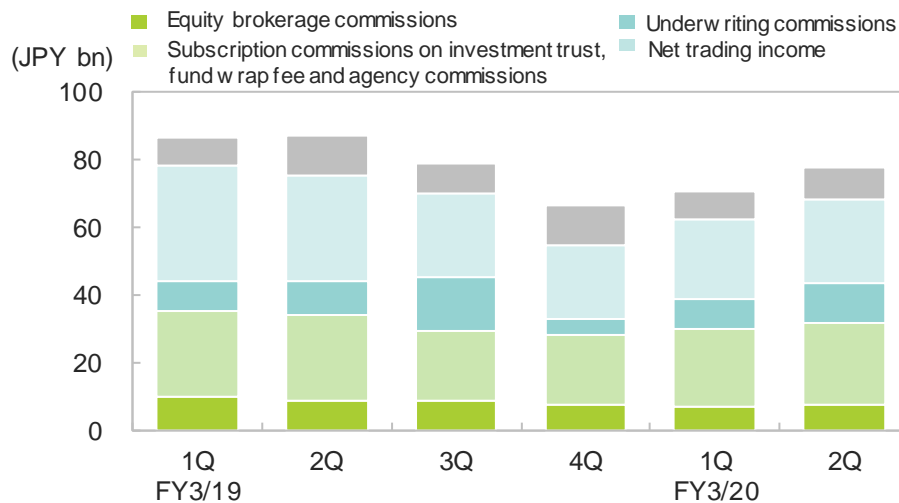
Financial results

| (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) |

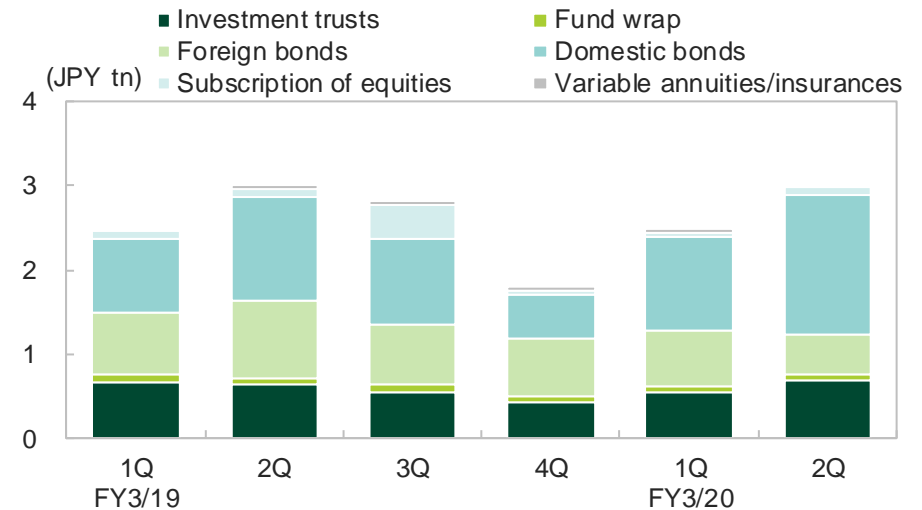
League tables (Apr-Sep.2019)*1

| | 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% |

Net operating revenue



Product sales

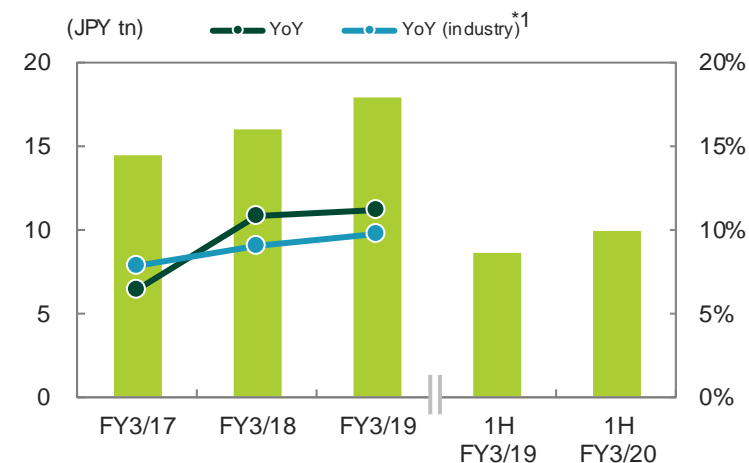


Financial results

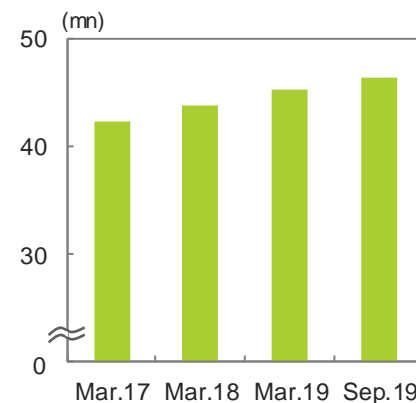
| (JPY bn) | FY3/19 | 1H FY3/20 | YoY |
|---------------------------------|--------|--------------|-------|
| Operating revenue | 465.5 | 239.0 | +19.6 |
| o/w Commission fee | 145.2 | 75.9 | +5.5 |
| Finance | 108.5 | 54.4 | +0.1 |
| Sales on credit | 36.8 | 18.5 | (0.3) |
| Receipt agency | 45.4 | 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

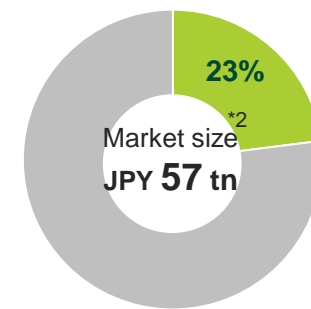
Sales handled



of card holders



Market share of the acquiring business



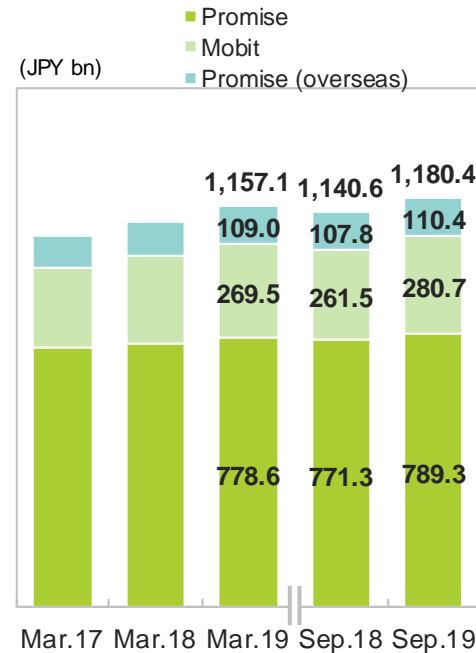
*1 The Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2018)

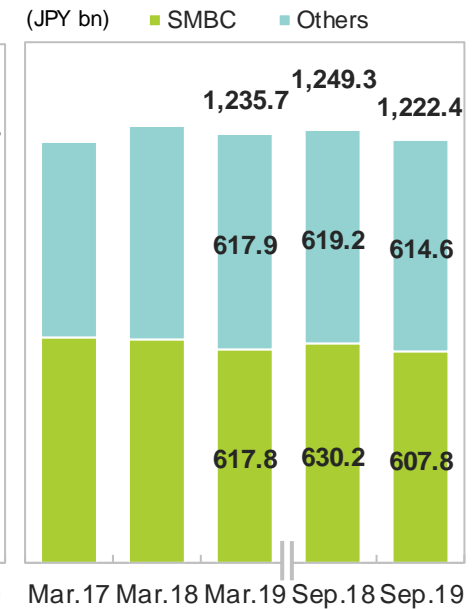
Financial results

| (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 (NPL ratio) | 71.3 6.16% | 76.0 6.44% | |
| Allowance on interest repayments (provision) | 112.1 3.4 yrs | 95.8 2.9 yrs | |

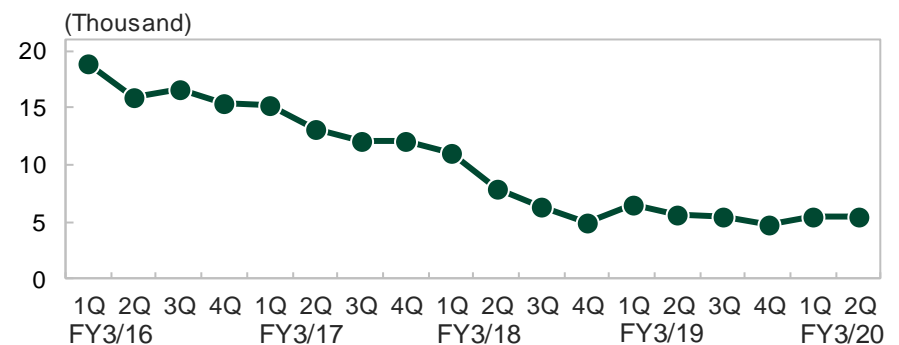
Consumer loans



Loan guarantee



No. of interest refund claims



Group companies

(4) SMBCAC

Financial results

| | (USD mn) | FY3/19 | 1H FY3/20 |
|------------------------------|----------|--------|--------------|
| Total revenue | | 1,188 | 639 |
| Lease revenue | | 1,100 | 565 |
| Net income | | 316 | 189 |
| Aircraft asset ^{*1} | | 12,379 | 12,920 |
| Net asset | | 3,117 | 3,115 |
| ROE | | 11.7% | 12.1% |

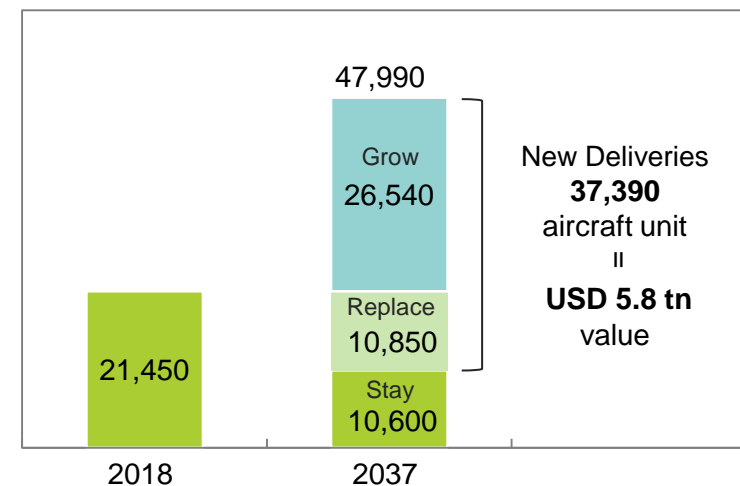
of owned and managed aircraft^{*2}

| | Company | Country | # |
|---|---------|---------|-------|
| 1 | GECAS | USA | 1,232 |
| 2 | AerCap | Ireland | 1,059 |
| 3 | Avolon | Ireland | 569 |
| 4 | BBAM | USA | 498 |
| 5 | SMBC AC | Ireland | 421 |

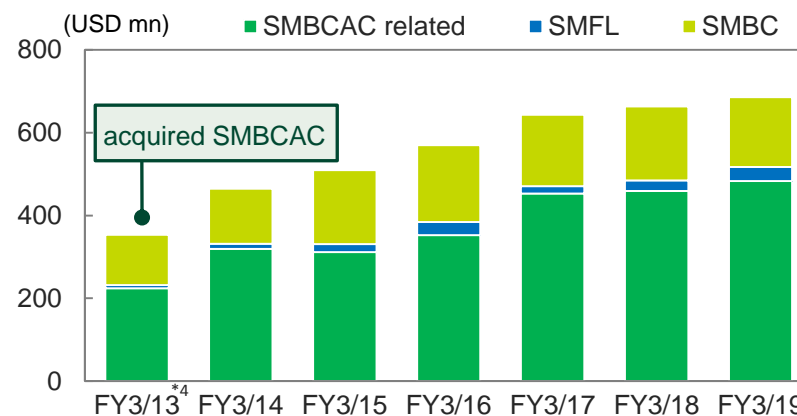
Average age of aircrafts

4.2 (as of Sep.19)

Aircraft Demand Forecast^{*3}



Aircraft business of SMBC Group



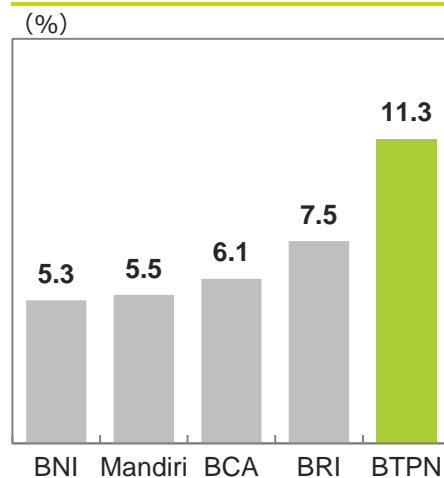
Group companies

(5) BTPN

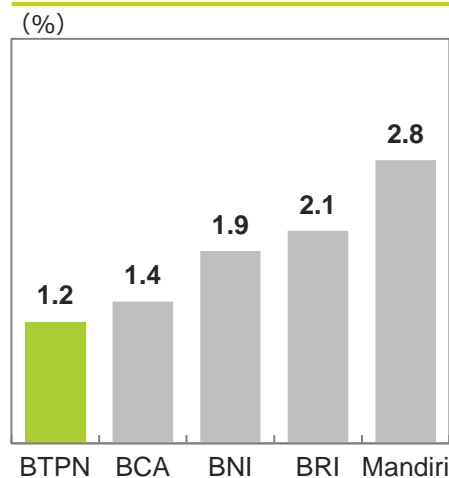
Financial results*1

| (IDR billion) | 2016 | 2017 | 2018 | 2019 Jan-Sep |
|----------------------|--------|--------|---------|-----------------|
| Gross banking profit | 9,464 | 9,991 | 10,201 | 9,249 |
| Operating expenses | 5,984 | 6,915 | 5,748 | 5,175 |
| Net profits | 1,752 | 1,221 | 1,968 | 1,947 |
| ROE | 12.6% | 8.2% | 12.4% | 10.3% |
| Loans | 63,168 | 65,352 | 68,137 | 140,593 |
| Deposits | 66,202 | 67,918 | 70,845 | 98,331 |
| Total assets | 91,371 | 95,490 | 101,919 | 182,241 |

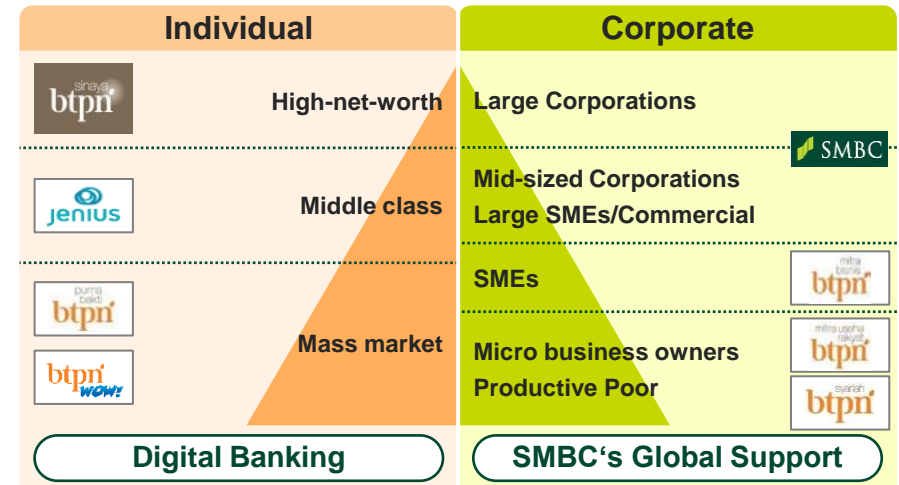
Net Interest Margin*2



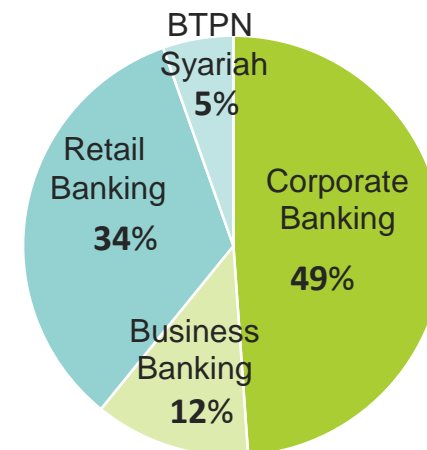
NPL ratio*2



Customer

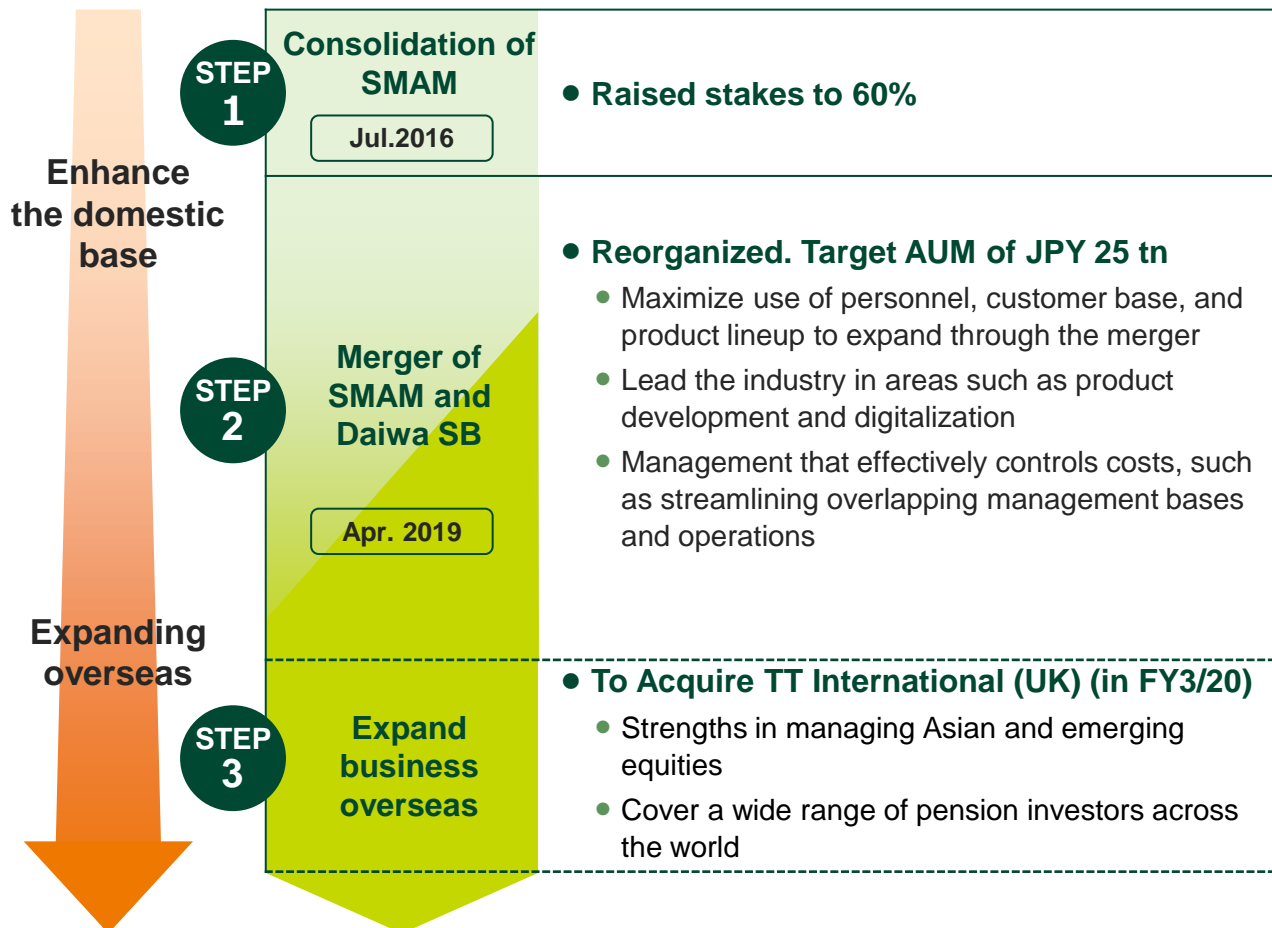


Loan breakdown*3



(6) Asset management

- Expand globally through organic and in-organic strategies, including acquisition of TT International (UK)



Domestic Ranking

AUM*¹ (End of Mar.19) (JPY tn)

| | Company | Balance |
|----|---|---------|
| 1 | Sumitomo Mitsui Trust Asset Management | 66.9 |
| 2 | Asset Management One | 51.7 |
| 3 | Nomura Asset Management | 47.6 |
| 4 | Blackrock Japan | 31.0 |
| 10 | Sumitomo Mitsui DS Asset Management* ² | 19.6 |

Operating income*³ (FY3/19) (JPY bn)

| | Company | Profit |
|---|---|--------|
| 1 | Nomura Asset Management | 31.8 |
| 2 | Asset Management One | 20.0 |
| 3 | Daiwa Asset management | 16.6 |
| 4 | Mitsubishi UFJ International Investment Trust | 13.5 |
| 7 | Sumitomo Mitsui DS Asset Management* ² | 10.5 |

(1) Focus on Seven Core Business Areas

| Concept | | Strategic Focus | |
|---|---|--|----------------|
| Enhance Enhance business base in domestic market | 1 | Hold the number one retail banking franchise in Japan | Digitalization |
| | 2 | Build on our lead position in the Japanese medium-sized enterprise market | |
| | 3 | Increase market share in Corporate & Investment Banking in key global markets | |
| Grow Sustainable growth of US/EU businesses Make Asia our second mother market | 4 | Establish a top-tier position in product lines where we are competitive globally | |
| | 5 | Accelerate our “Asia-centric” strategy | |
| Build Build our new strengths for future growth | 6 | Strengthen sales & trading capability | |
| | 7 | Develop asset-light businesses: trust banking and asset management | |

(2) Digitalization

- Proactively introduce new technologies and promote digitalization

Enhancing
the customer convenience



Cashless payments



Smartphone
applications

Generating
new businesses



Platform



B2B

Improving
productivity and efficiency



RPA



Workstyle reform
(public cloud)

Upgrading
management
infrastructure



MIS



Cyber security



Smartphones



SNS



Biometric
authentication



AI



API



IoT



Big data



Blockchain

Medium-term Management Plan

(3) IT investment

- Since the large renewal of systems has been completed, IT investment is expected to decrease in the current Medium-Term Management Plan
- In the mean time, we will further allocate our resources to “strategic investments” ; investments for business innovation through digitalization and the creation of new businesses

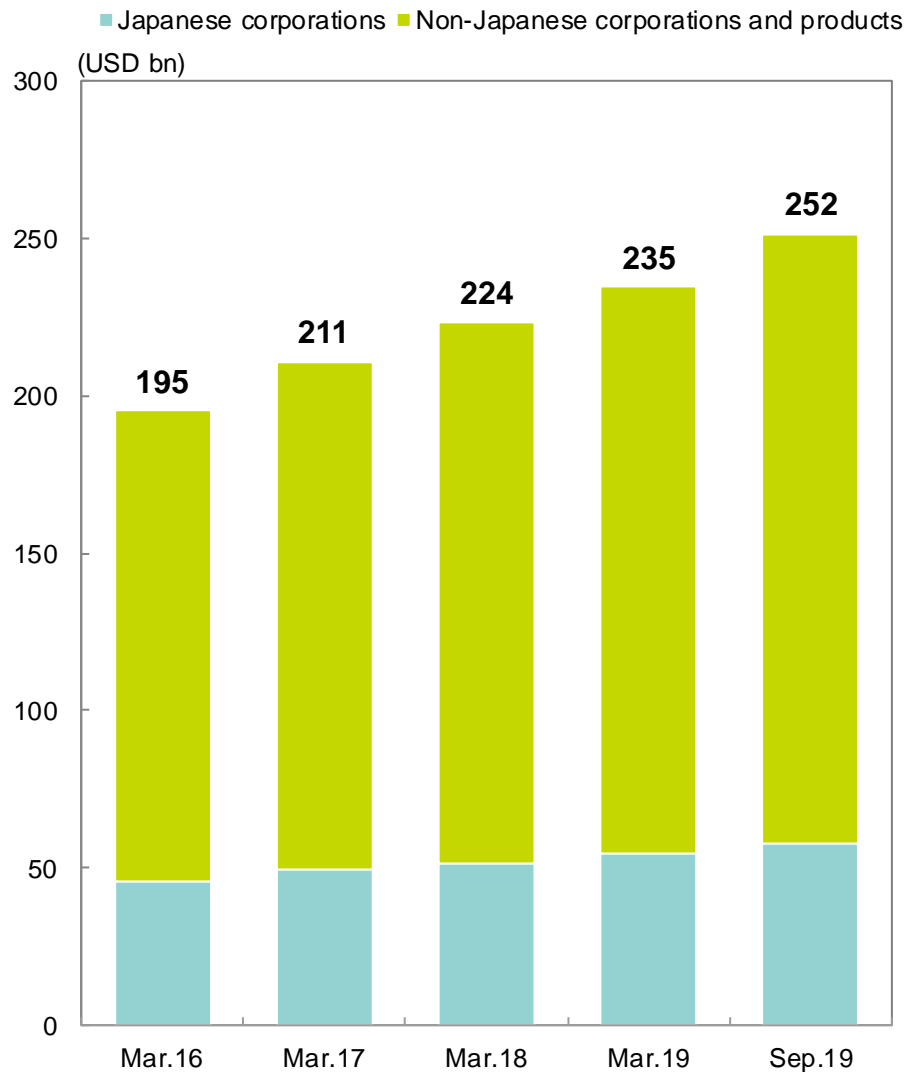
| | Previous Medium-term Management Plan |
|-------------------------------------|---|
| Main subject | <ul style="list-style-type: none"> ● Large renewal of systems <ul style="list-style-type: none"> ● Bank accounting system ● Core systems in group companies ● Up front investment to strategic areas <ul style="list-style-type: none"> ● Asia, retail, settlement, etc. |
| Annual IT investment | JPY 170 bn |
| Allocation to strategic investments | <div>Strategic investment</div> <div> <div>30%</div> <div>JPY 50 bn</div> <div>JPY 120 bn</div> </div> |
| Review of budget | Once / year |

| Current Medium-term Management Plan |
|---|
| <ul style="list-style-type: none"> ● Selected investments to strategic areas <ul style="list-style-type: none"> ● Select strategic and growing areas to invest in, such as investments for business innovation through digitalization and the creation of new businesses ● Adoption of efficient development method and utilization of new technology |
| JPY 150 bn |
| <div> <div>40%</div> <div>JPY 50-60 bn</div> <div>JPY 90 bn</div> </div> <div>+α</div> |
| Review the budget flexibly based on the dynamic changes in IT environment |

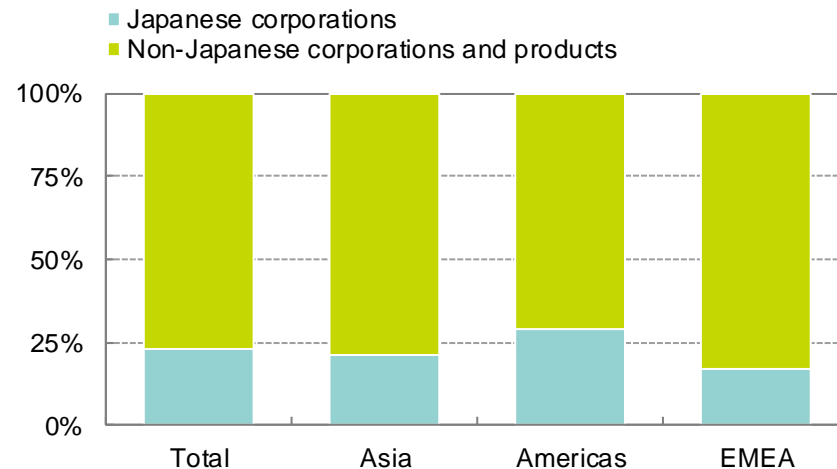
Loans and exposure

(1) Overseas loans classified by borrower type*1

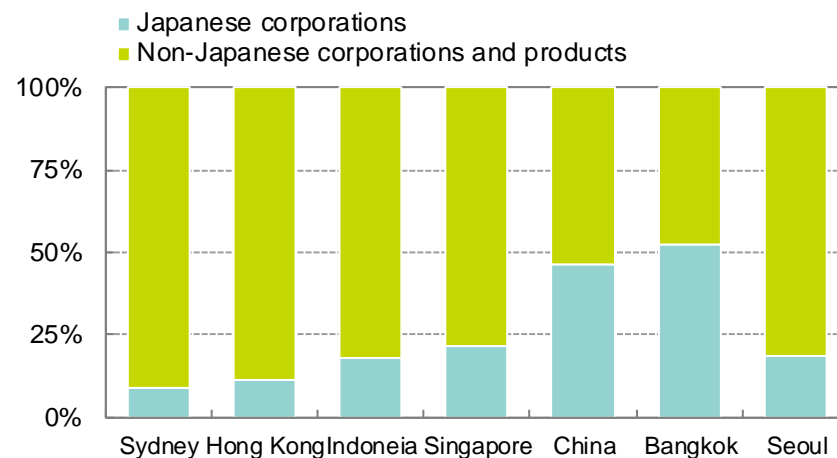
Total



By region (Sep.19)



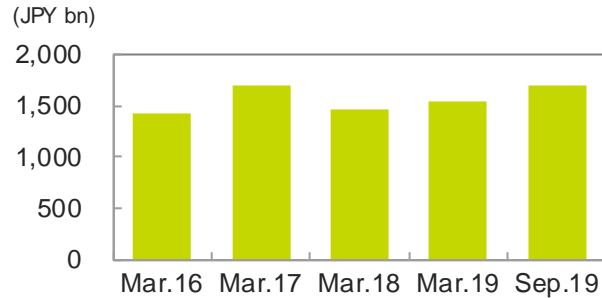
Major offices in Asia (Sep.19)



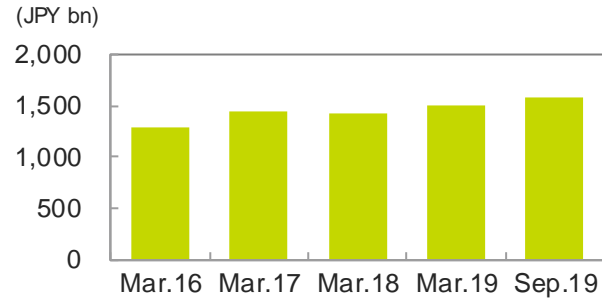
Loans and exposure

(2) Loan balance in Asia*1

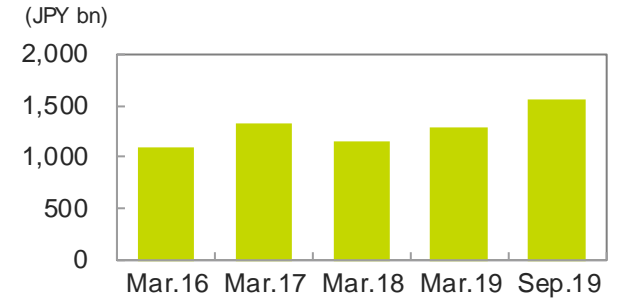
Hong Kong



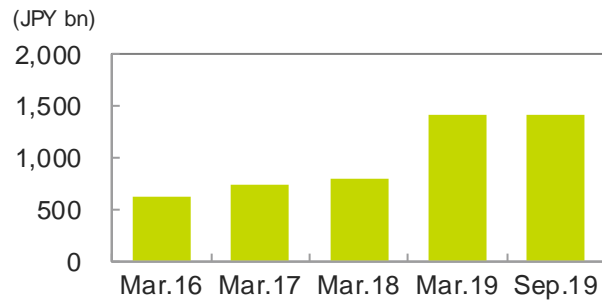
Australia



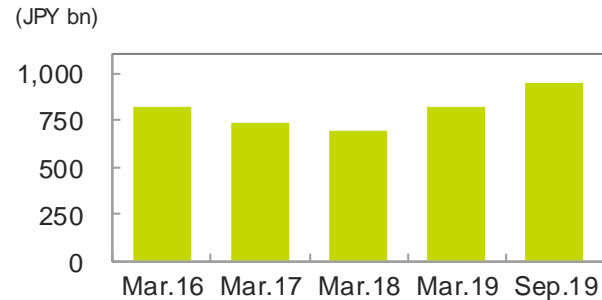
Singapore



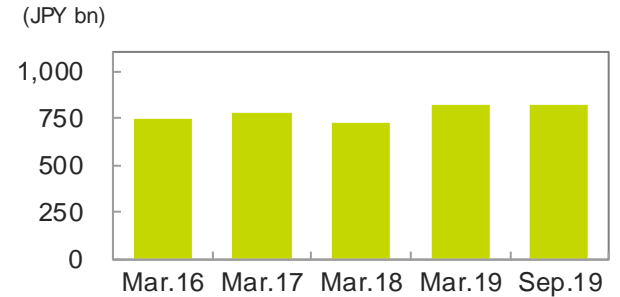
Indonesia



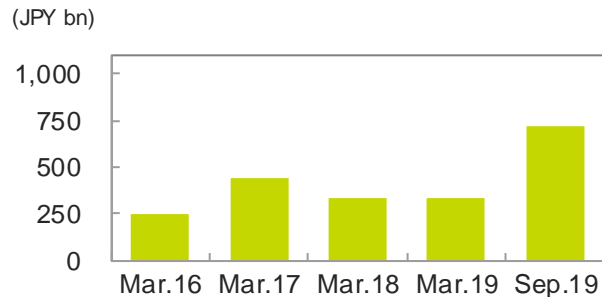
China



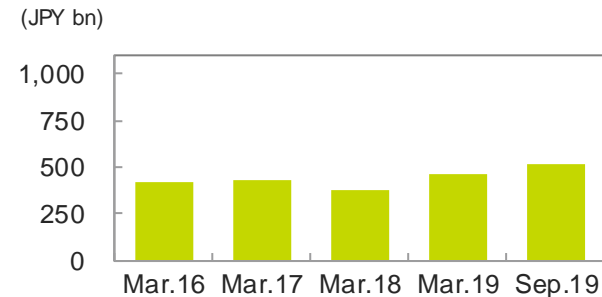
Thailand



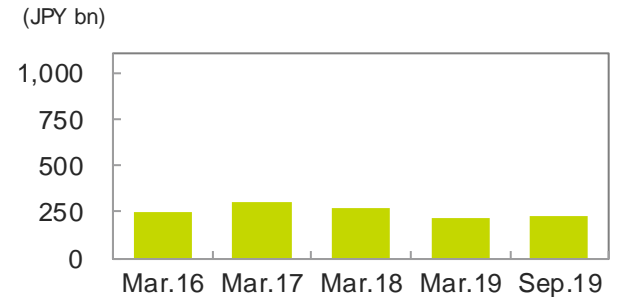
Taiwan




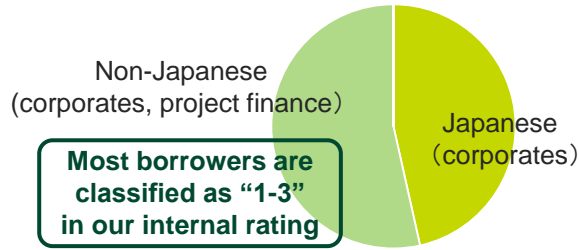

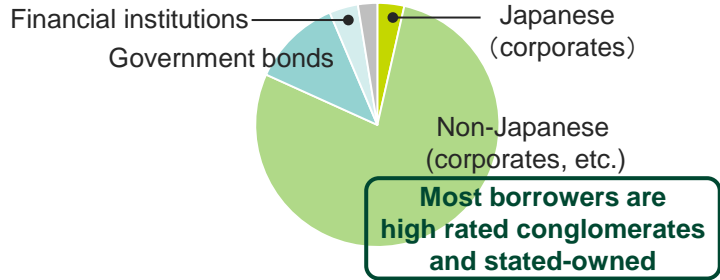

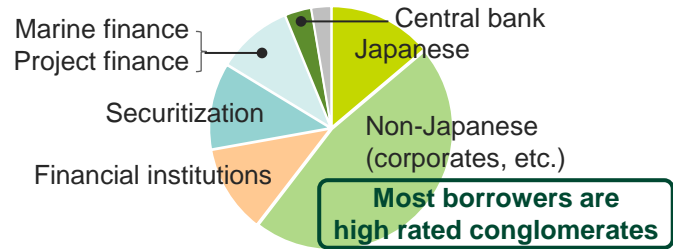
India



Korea

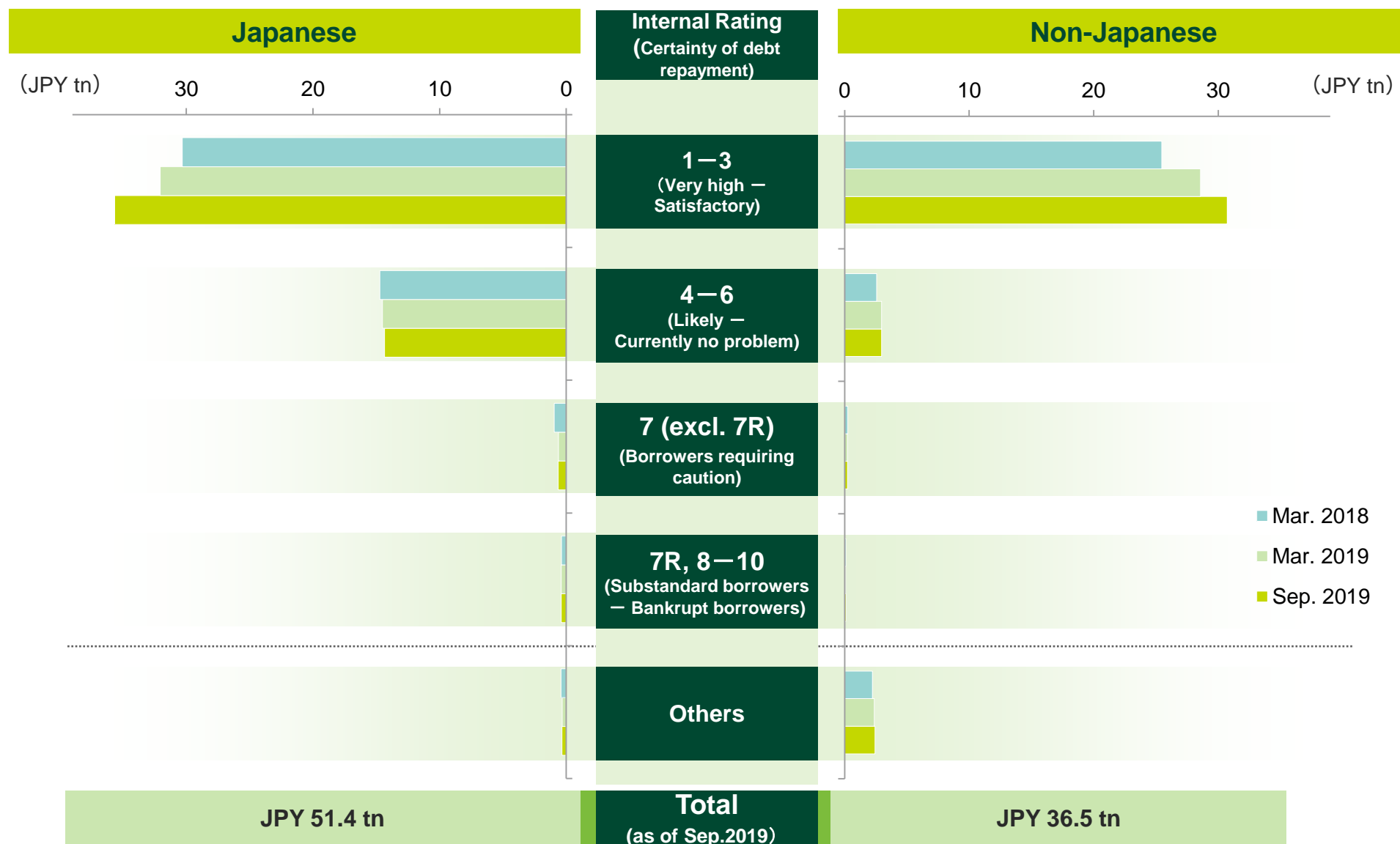


(3) Specific areas

| | Mar.19 | Sep.19 | Breakdown |
|--|-------------|-------------|---|
| China (loans)  | JPY 0.9 tn | JPY 0.9 tn |  |
| Hong Kong (exposure)  | USD 20.5 bn | USD 22.5 bn |  |
| Korea (exposure)  | USD 14.5 bn | USD 14.7 bn |  |

Loans and exposure

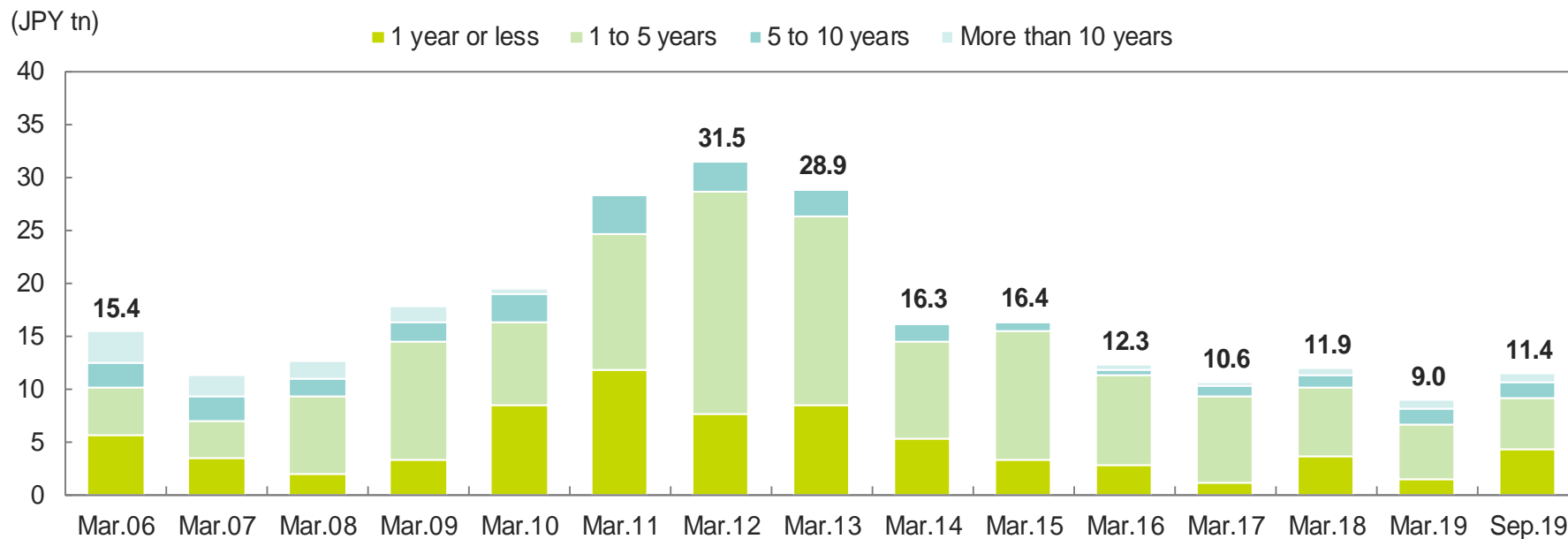
(4) Breakdown by internal ratings*1



Yen bond portfolio

Non-consolidated

(Total balance of Other securities with maturities and bonds classified as held-to-maturity – total of JGBs, local government bonds and corporate bonds)



of which JGBs
(JPY tn)

13.8 14.0 9.8 8.0 9.3 6.3 8.5

| Average duration (years) ¹ | 1.5 | 1.7 | 2.4 | 1.8 | 1.1 | 1.4 | 1.9 | 1.8 | 1.1 | 1.8 | 2.8 | 2.9 | 2.3 | 3.2 | 2.4 |
|---|---------|---------|---------|-------|-------|------|-------|------|------|------|-------|------|------|------|------|
| Unrealized gains (losses) (JPY bn) ² | (282.2) | (151.4) | (129.5) | (1.2) | 116.1 | 71.9 | 104.4 | 95.3 | 60.0 | 45.9 | 103.8 | 57.5 | 44.2 | 60.5 | 62.8 |

¹ Excludes bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero. Duration at Mar. 02 is for JGB portfolio only

² 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 09

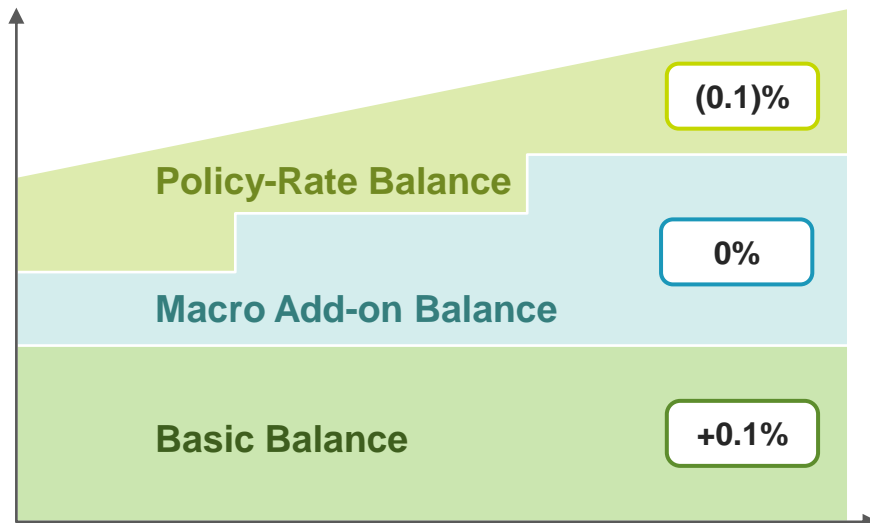
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(1) BOJ's monetary policy

Timeline

| | |
|------------------|--|
| Apr. 2013 | Introduction of the Quantitative and Qualitative Monetary Easing (QQE) |
| Jan. 2016 | Introduction of Negative Interest Rate Policy |
| Sep. 2016 | Introduction of QQE with yield curve control |
| Jul. 2018 | Introduction of forward guidance for policy rates |
| Apr. 2019 | Clarification of forward guidance for policy rates |

Three-tier system in current accounts at BOJ



Recent announcements

Jul. 2018

- **Introduction of forward guidance for policy rates**
 - Maintain the current level of low interest rates for an extended period of time, taking into account uncertainties regarding economic activity and prices including the effects of the consumption tax hike scheduled in Oct. 2019
- **Flexible operation of yield curve control**
- **Flexible operation of asset purchases**
- **Reduce the Policy-Rate Balance**
 - about JPY 10 tn on average to about JPY 5 tn

Apr. 2019

- **Clarification of forward guidance for policy rates**
 - Maintain the current extremely low levels of short- and long-term interest rates for an extended period of time, at least through around spring 2020
- **Implementation of measures contributing to the continuation of powerful monetary easing**
 - Expand eligible collateral for BOJ's provision of credit

(2) TLAC requirements

- Japanese TLAC standards, which are applied to Japanese G-SIBs, started in Mar.19
- The TLAC ratio as of Sep.19 meets the required level

TLAC and capital buffer requirements for SMFG

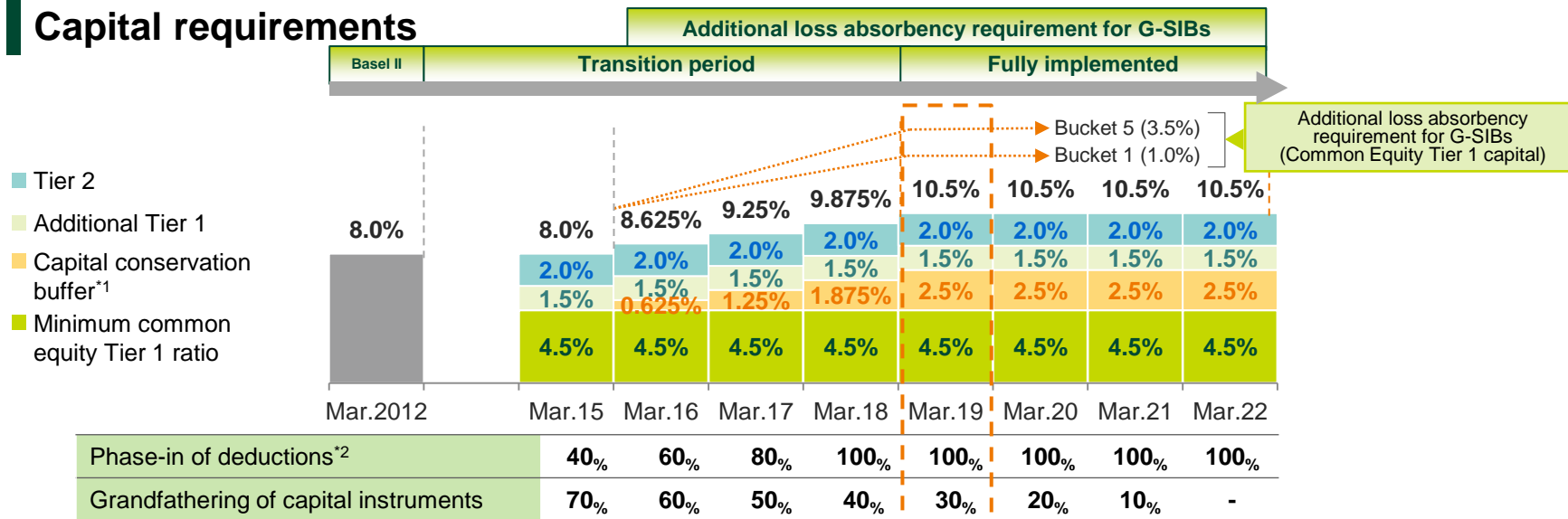
| | 2019 - 2021 | After 2022 |
|--|----------------|---------------|
| Minimum external TLAC requirements (RWA basis) | 16% | 18% |
| +) capital buffers* ¹ | +3.5% | +3.5% |
| Effective required level of minimum external TLAC (RWA basis) | 19.5% | 21.5% |
| Minimum external TLAC requirements (Leverage Exposure basis) | 6% | 6.75% |

TLAC ratio (transitional basis)

| | (JPY bn, %) | Sep.19 |
|--|----------------|---------------|
| External TLAC (before deduction of capital buffers) | A | 18,471.9 |
| Risk-weighted assets (RWA) | B | 60,001.9 |
| TLAC ratio of RWA | (A/B) C | 30.78% |
| Capital buffers (including CCyB) | D | (3.61%) |
| Ref: TLAC ratio of RWA (after deduction basis) | (C-D) E | 27.17% |
| Leverage exposure (LE) | F | 226,345.9 |
| TLAC ratio of LE | (A/F) G | 8.16% |

(3) Application of Basel III

Capital requirements



| | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|-------|--|----------------|------|------|------|------|-------|
| RWA*3 | Revised standardized approach and internal ratings-based framework for credit risk | Implementation | | | | | |
| | Revised credit valuation adjustment (CVA) and market risk framework | | | | | | |
| | Revised operational risk framework | | | | | | |
| | Output floor | 50% | 55% | 60% | 65% | 70% | 72.5% |

Leverage ratio and liquidity rules

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|------------|------|------|----------------|------|------|------|----------------|
| Leverage ratio*3 | Disclosure | | | Implementation | | | | |
| Revised leverage ratio*3, 4 | | | | | | | | Implementation |
| Liquidity coverage ratio (LCR) | 60% | 70% | 80% | 90% | 100% | | | |
| Net stable funding ratio (NSFR) *3 | | | | Implementation | | | | |

*1 Countercyclical buffer (CCyB) omitted in the chart above; if applied, phased-in in the same manner as the Capital conservation buffer

*2 Including amounts exceeding limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions

*3 Scheduled based on final documents by BCBS (implementation in Japan TBD) *4 Revised exposure definition and G-SIB buffer

Credit ratings of G-SIBs (Operating banks)*1

(As of Oct. 31, 2019)

| Moody's | Moody's | | S&P | | Fitch | | S&P Fitch |
|---------|--|--|--|--|--|---|--------------|
| Aaa | | | | | | | AAA |
| Aa1 | | | | | | | AA+ |
| Aa2 | <ul style="list-style-type: none"> Bank of America Bank of New York Mellon | <ul style="list-style-type: none"> JPMorgan Chase Bank Wells Fargo Bank | | | <ul style="list-style-type: none"> Bank of New York Mellon JPMorgan Chase Bank | <ul style="list-style-type: none"> Royal Bank of Canada State Street Bank & Trust | AA |
| Aa3 | <ul style="list-style-type: none"> BNP Paribas Citibank Crédit Agricole HSBC Bank | <ul style="list-style-type: none"> ING Bank State Street Bank & Trust UBS | <ul style="list-style-type: none"> Bank of New York Mellon HSBC Bank | <ul style="list-style-type: none"> Royal Bank of Canada State Street Bank & Trust | <ul style="list-style-type: none"> Bank of America HSBC Bank ING Bank | <ul style="list-style-type: none"> UBS Wells Fargo Bank | AA- |
| A1 | SMBC <ul style="list-style-type: none"> Agricultural Bank of China Bank of China BPCE China Construction Bank Standard Chartered | <ul style="list-style-type: none"> Credit Suisse Goldman Sachs Bank ICBC Mizuho Bank Morgan Stanley Bank MUFG Bank Société Générale | <ul style="list-style-type: none"> Bank of America BNP Paribas BPCE Citibank Crédit Agricole Credit Suisse Goldman Sachs Bank | <ul style="list-style-type: none"> ING Bank JPMorgan Chase Bank Morgan Stanley Bank UBS Wells Fargo Bank | <ul style="list-style-type: none"> Barclays Bank BNP Paribas BPCE Citibank Crédit Agricole | <ul style="list-style-type: none"> Goldman Sachs Bank Morgan Stanley Bank Standard Chartered | A+ |
| A2 | <ul style="list-style-type: none"> Banco Santander Barclays Bank | <ul style="list-style-type: none"> Royal Bank of Canada | SMBC <ul style="list-style-type: none"> Agricultural Bank of China Banco Santander Bank of China Barclays Bank China Construction Bank | <ul style="list-style-type: none"> ICBC Mizuho Bank MUFG Bank Société Générale Standard Chartered | SMBC <ul style="list-style-type: none"> Agricultural Bank of China Bank of China China Construction Bank | <ul style="list-style-type: none"> Credit Suisse ICBC MUFG Bank Société Générale | A |
| A3 | <ul style="list-style-type: none"> Deutsche Bank | | | | <ul style="list-style-type: none"> Banco Santander Mizuho Bank | | A- |
| Baa1 | <ul style="list-style-type: none"> UniCredit | | <ul style="list-style-type: none"> Deutsche Bank | | | | BBB+ |
| Baa2 | | | <ul style="list-style-type: none"> UniCredit | | <ul style="list-style-type: none"> Deutsche Bank UniCredit | | BBB |
| Baa3 | | | | | | | BBB- |

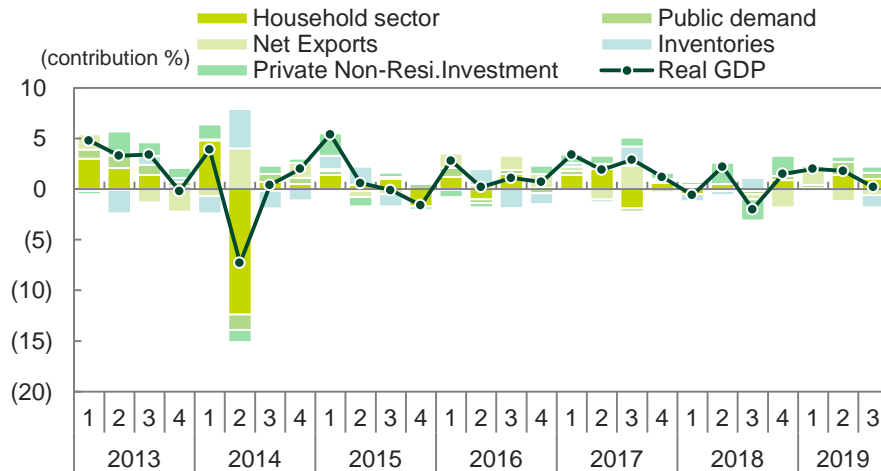
Credit ratings of G-SIBs (Holding companies)*¹

(As of Oct. 31, 2019)

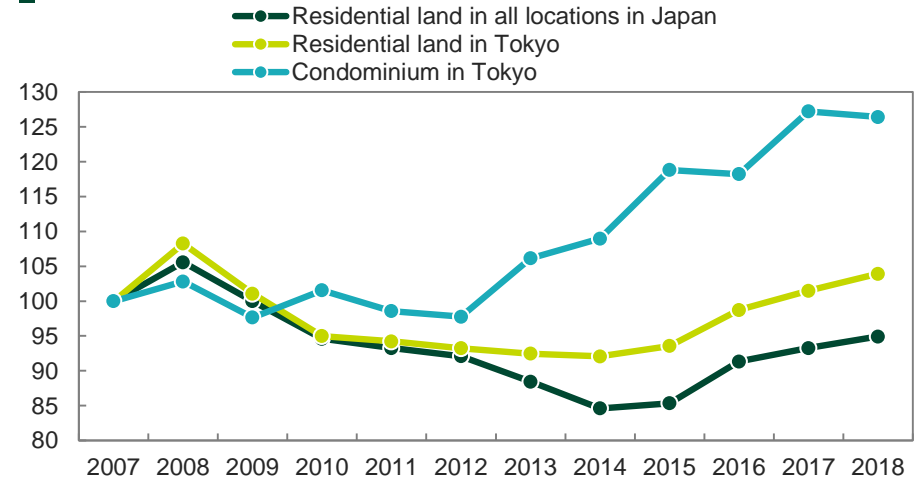
| Moody's | Moody's | | S&P | | Fitch | | S&P Fitch |
|---------|---|--|--|--|--|--|--------------|
| Aaa | | | | | | | AAA |
| Aa1 | | | | | | | AA+ |
| Aa2 | | | | | | | AA |
| Aa3 | | | | | <ul style="list-style-type: none"> Bank of New York Mellon HSBC | <ul style="list-style-type: none"> JPMorgan State Street | AA- |
| A1 | SMFG <ul style="list-style-type: none"> Bank of New York Mellon | <ul style="list-style-type: none"> Mizuho MUFG State Street | | | <ul style="list-style-type: none"> Bank of America Groupe BPCE ING | <ul style="list-style-type: none"> UBS Wells Fargo | A+ |
| A2 | <ul style="list-style-type: none"> Bank of America HSBC JPMorgan | <ul style="list-style-type: none"> Standard Chartered Wells Fargo | <ul style="list-style-type: none"> Bank of New York Mellon | <ul style="list-style-type: none"> HSBC State Street | SMFG <ul style="list-style-type: none"> Barclays Citigroup Goldman Sachs | <ul style="list-style-type: none"> MUFG Morgan Stanley Standard Chartered | A |
| A3 | <ul style="list-style-type: none"> Citigroup Goldman Sachs | <ul style="list-style-type: none"> Morgan Stanley UBS | SMFG <ul style="list-style-type: none"> Bank of America ING JPMorgan | <ul style="list-style-type: none"> Mizuho MUFG UBS Wells Fargo | <ul style="list-style-type: none"> Credit Suisse Mizuho | | A- |
| Baa1 | <ul style="list-style-type: none"> ING | | <ul style="list-style-type: none"> Citigroup Credit Suisse Goldman Sachs | <ul style="list-style-type: none"> Morgan Stanley Standard Chartered | | | BBB+ |
| Baa2 | <ul style="list-style-type: none"> Credit Suisse | | <ul style="list-style-type: none"> Barclays | | | | BBB |
| Baa3 | <ul style="list-style-type: none"> Barclays | | | | | | BBB- |
| Ba1 | | | | | | | BB+ |
| Ba2 | | | | | | | BB |

Japanese economy

Real GDP growth rate (annualized QOQ change)*1



Price index for residential land and condominiums*2



Indicators to measure progress out of deflation*3

