

Overview of 3Q FY3/2020

January 30, 2020



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 + Cedyne
SMBCCF	SMBC Consumer Finance
SMAM	Sumitomo Mitsui Asset Management
SMDAM	Sumitomo Mitsui DS Asset Management
SMBC AC	SMBC Aviation Capital
Major local subsidiaries	SMBC Europe, SMBC Bank EU, SMBC (China)

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)

	Dec.18	Mar.19	Dec.19
USD	JPY 111.02	JPY 111.00	JPY 109.54
EUR	JPY 127.01	JPY 124.55	JPY 122.53

1. Income statement

- Profit attributable to owners of parent reached 87% of the full-year target.

	(JPY bn)	1-3Q FY3/20	YoY	Full-year target
1 Consolidated gross profit		2,073.5	(73.4)	
2 G&A expenses		1,299.3	+19.7	
Overhead ratio		62.7%	+3.1%	
3 Equity in gains (losses) of affiliates	Progress	47.6	+5.1	
4 Consolidated net business profit	72%	821.8	(88.0)	1,135
5 Total credit cost		96.5	+43.4	200
6 Gains (losses) on stocks		93.9	+12.8	
7 Ordinary profit		811.8	(119.6)	1,000
8 Extraordinary gains (losses)		19.6	+27.2	
9 Income taxes		205.0	+4.5	
10 Non-controlling interests		15.6	(69.8)	
11 Profit attributable to owners of parent	87%	610.8	(27.1)	700
12 ROE		8.9%	(0.7)%	

- Consolidated gross profit** : decreased YoY despite excluding the impact of group reorganization. However, the Global Markets Business Unit showed strong performance recording gains on sales of bonds and the wealth management business is recovering with revenue decline slowing down.
- G&A expenses** : increased YoY due to continued overseas expenditures and the increase of revenue-linked variable cost in the credit card business.
- Total credit cost** : increased YoY mainly due to the absence of reversals from large borrowers recorded last fiscal year.
- Gains on stocks** : gains on sales of strategic shareholdings increased (JPY 72 bn, YoY JPY +20 bn).
- Extraordinary gains** : recorded gains on step acquisitions on the merger of SMAM and Daiwa SB Investments (JPY 22 bn).
- Income taxes** : increased due to the absence of one-time impact from group reorganization recorded last fiscal year.
- Non-controlling interests** : in addition to the impact of group reorganization, decreased due to the absence of one-time impact from special redemption of preferred securities recorded last fiscal year.

Impact of group reorganization^{*1}

(JPY bn)

Consolidated gross profit	(69)	Consolidated net business profit	(45)
G&A expenses	(18)	Non-controlling interests	(23)
Equity in gains (losses) of affiliates	+6	Profit attributable to owners of parent	(15)

(Ref.) Group companies

SMBC

	(JPY bn)	1-3Q FY3/20	YoY	Full-year target
1 Gross banking profit		1,066.9	+40.9	
2 o/w Net interest income		652.2	(44.1)	
3 o/w Gains (losses) on cancellation of investment trusts		24.2	(24.2)	
4 o/w Net fees and commissions		235.5	(3.2)	
5 o/w Net trading income+ Net other operating income		177.8	+88.3	
6 o/w Gains (losses) on bonds		89.1	+86.5	
7 Expenses		608.2	+3.1	
8 Banking profit		458.7	+37.8	600
9 Total credit cost		11.5	+42.4	70
10 Gains (losses) on stocks		95.8	+37.5	
11 Extraordinary gains (losses)		(118.4)	(98.4)	
12 Net income		280.1	(68.5)	330

Provision of investment loss
for The Bank of East Asia:
JPY (110) bn *1

Other major group companies

(left : results of 1-3Q FY3/20 / right : YoY)

(JPY bn)	SMCC		SMBC Nikko ^{*2}		SMBCCF	
Gross profit	317.5	+27.7	236.7	(18.5)	206.6	+5.0
Expenses	240.8	+16.9	200.4	(9.1)	84.1	+2.0
Net business profit	77.0	+10.8	36.3	(9.5)	122.5	+3.0
Net income	43.4	+11.7	26.0	(6.3)	66.2	+16.9

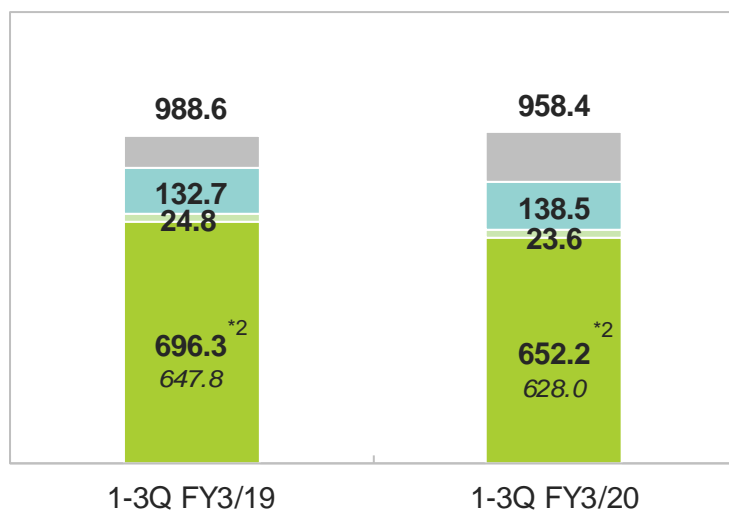
	SMBC Trust		SMDAM ^{*3} 50%		SMFL ^{*4} 50%	
Gross profit	36.3	(0.6)	27.0	+7.4	137.0	(5.9)
Expenses	36.7	(3.5)	24.1	+11.0	62.9	(3.6)
Net business profit	(0.4)	+2.9	2.9	(3.6)	76.9	(0.8)
Net income	(0.3)	+3.5	1.2	(3.2)	51.6	+4.9

(Equity method affiliate)

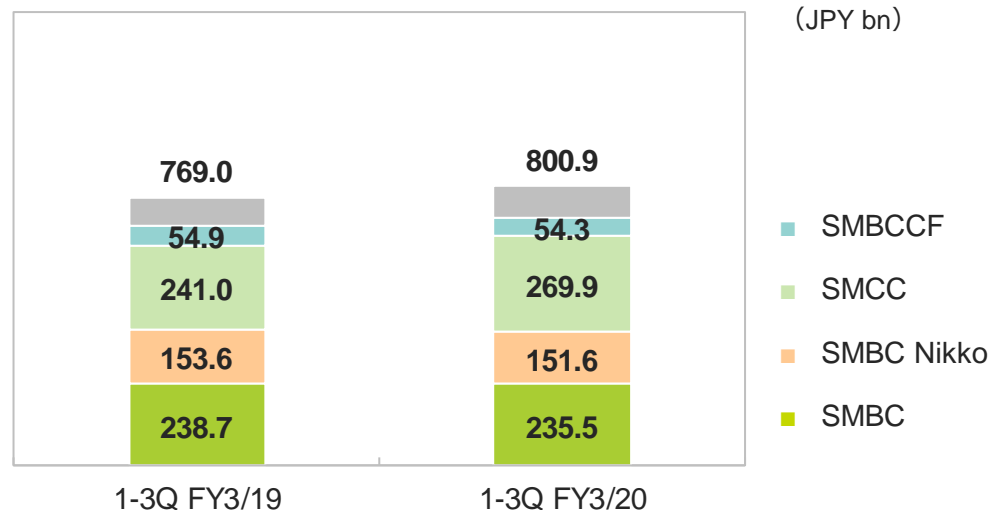
2. Consolidated gross profit

	1-3Q FY3/20			YoY ^{*1}			
	(JPY bn)	Consolidated	Non-consolidated	Variance	Consolidated	Non-consolidated	Variance
Consolidated gross profit		2,073.5	1,066.9	1,006.5	(73.4)	+40.9	(114.3)
Net interest income		958.4	652.2	306.2	(30.3)	(44.1)	+13.8
Trust fees		3.4	1.4	2.0	+0.1	(0.1)	+0.2
Net fees and commissions		800.9	235.5	565.4	+31.9	(3.2)	+35.1
Net trading income + Net other operating income		310.8	177.8	133.0	(75.0)	+88.3	(163.4)

Net interest income



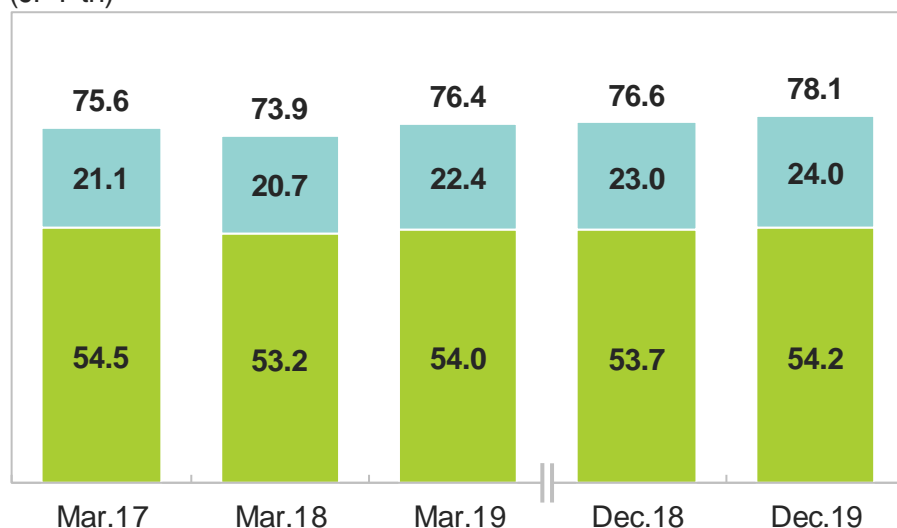
Net fees and commissions



3. 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 Dec.19

Domestic offices excl. Japan offshore banking accounts <i>excl. loans to the Japanese government, etc. and SMFG</i>	+0.2
Overseas offices and Japan offshore banking accounts <i>after adjustment for changes in exchange rate</i>	+1.5
	+1.8
Total	+1.7

Domestic loan-to-deposit spread

	FY3/20		FY3/20		
	(%)	1-3Q	YoY	1Q	2Q
Interest earned on loans and bills discounted	0.91	(0.03)	0.92	0.90	0.90
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00
Loan-to-deposit spread	0.91	(0.03)	0.92	0.90	0.90

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

Interest earned on loans and bills discounted	0.93	(0.05)	0.94	0.93	0.93
Loan-to-deposit spread	0.93	(0.05)	0.94	0.93	0.93

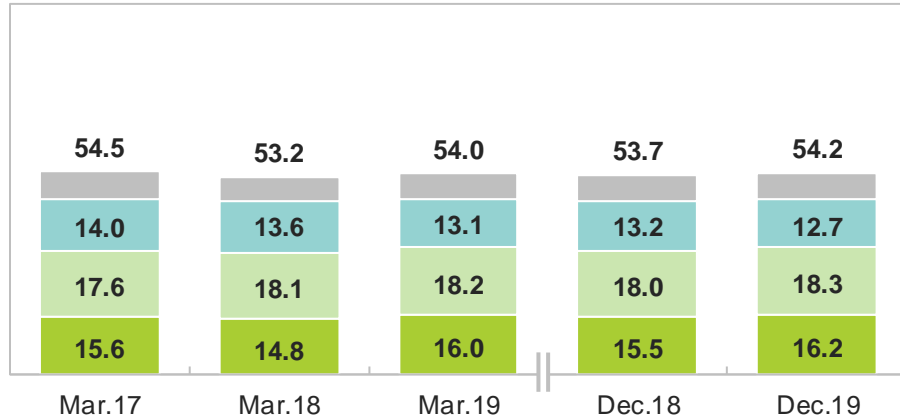
Average loan balance and spread*2

	Balance (JPY tn)		Spread (%)	
	1-3Q FY3/20	YoY*4	1-3Q FY3/20	YoY
Domestic loans	52.2	+0.5	0.73	(0.02)
Excluding loans to the Japanese government, etc.	49.6	+0.6	0.76	(0.03)
o/w Large corporations	15.6	+0.6	0.53	+0.01
Mid-sized corporations & SMEs	17.8	+0.3	0.62	(0.04)
Individuals	12.9	(0.5)	1.40	(0.04)
IBU's interest earning assets*3	302.3	+11.0	1.10	(0.01)
	USD bn	USD bn		

4. Domestic loans and deposits*1

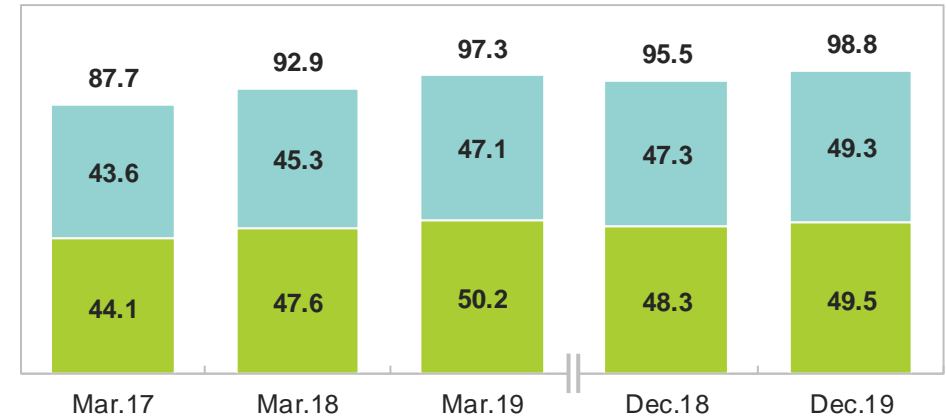
Domestic loan balance*2

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



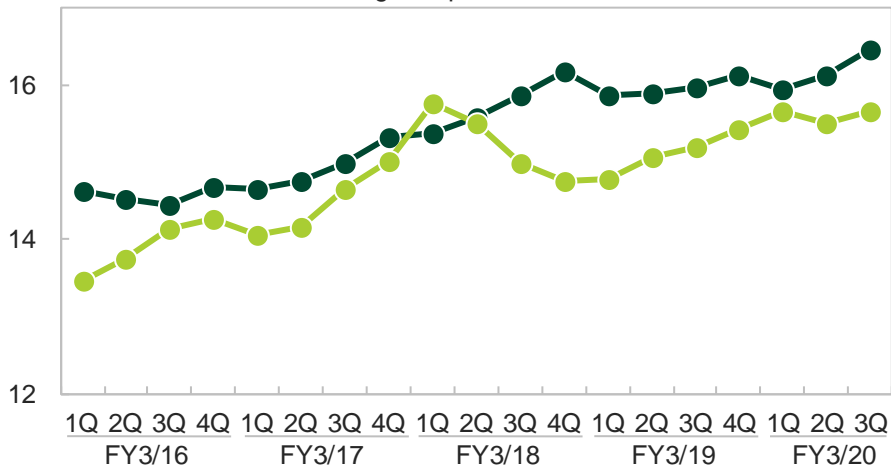
Domestic deposit balance

(JPY tn) ■ Corporates ■ Individuals



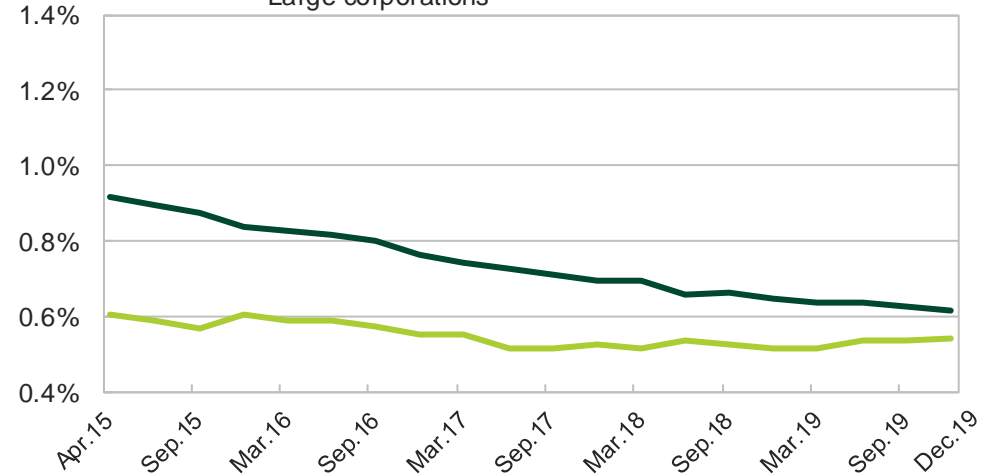
Domestic corporate loan balance*2,3

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



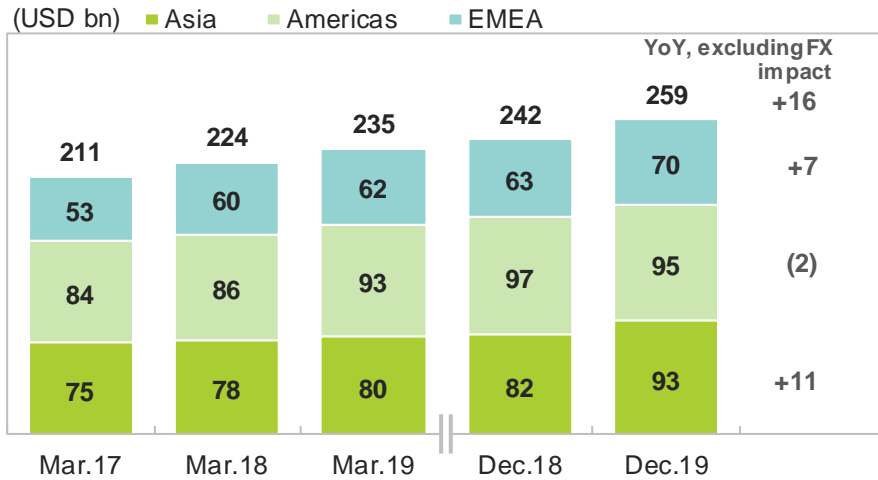
Domestic corporate loan spread*2,4

— Mid-sized corporations and SMEs — Large corporations

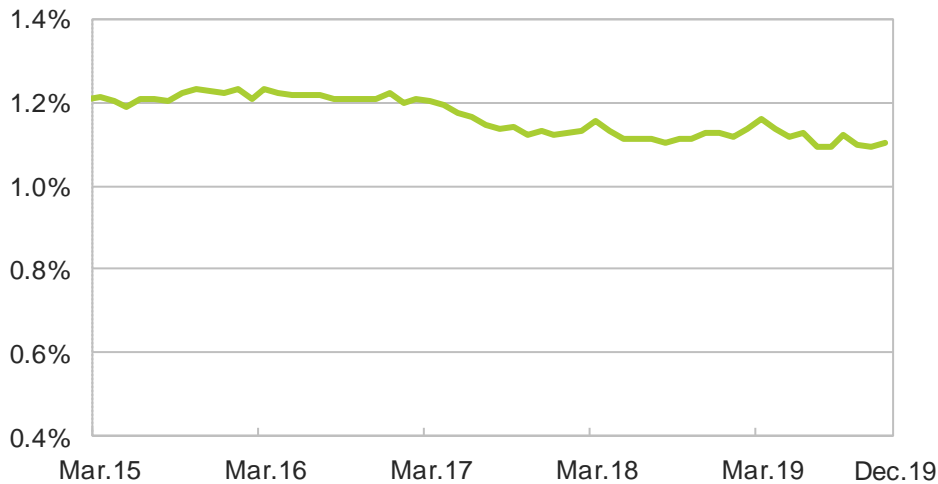


5. Overseas loans and deposits*1

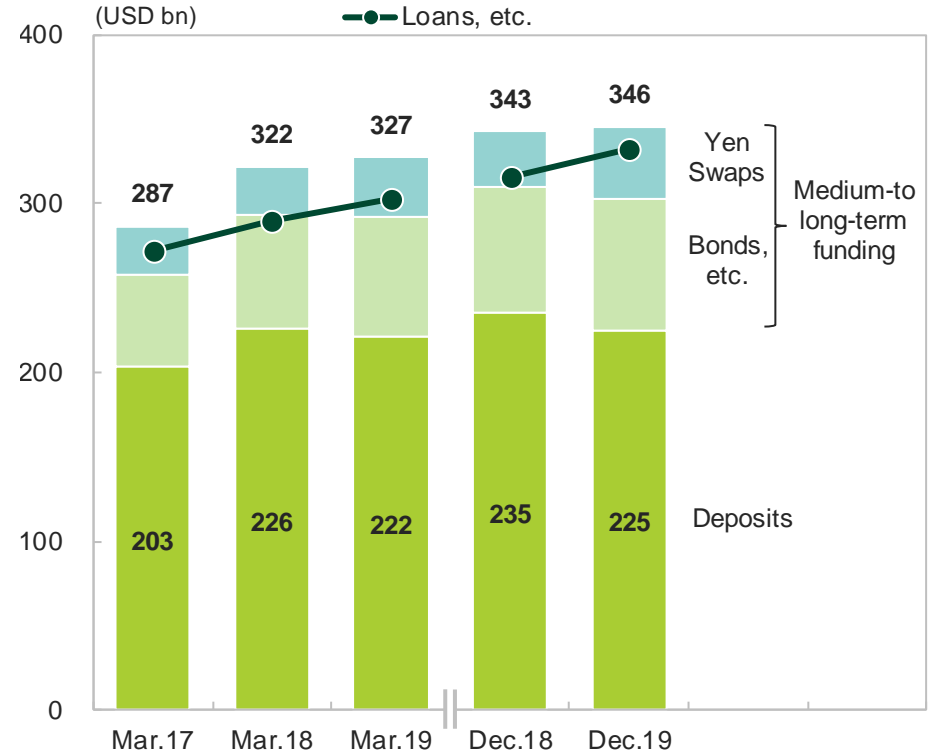
Overseas loan balance



Overseas loan spread*2



Foreign currency funding

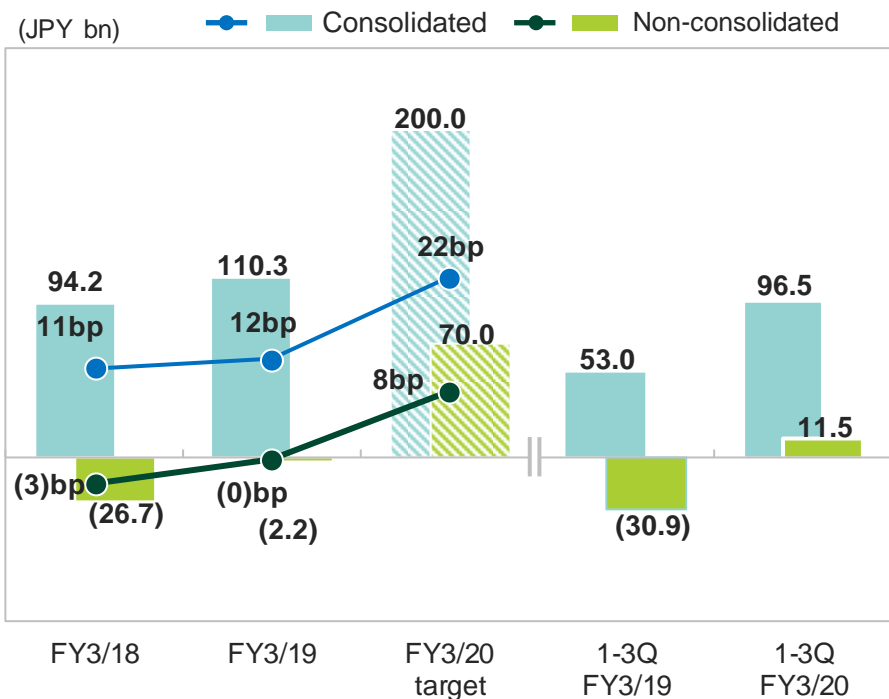


Foreign currency bonds outstanding (SMFG/SMBC)

Senior	54.2	57.1	60.9	61.6
Sub-ordinated	4.2	4.1	4.1	4.6

6. Asset quality

Credit costs*1



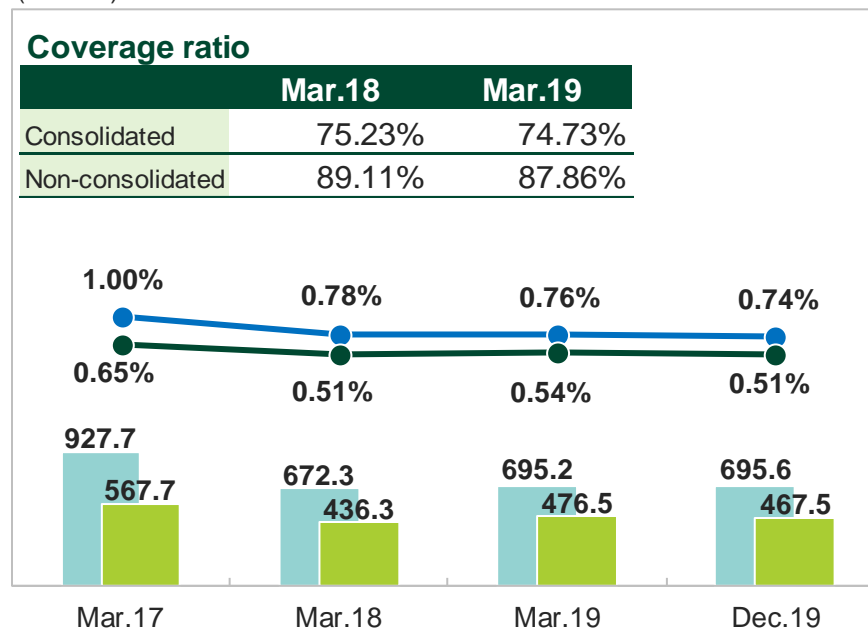
Major Group Companies

(JPY bn)

	1-3Q FY3/20	YoY
SMBCCF	50	(10)
SMCC	22	(0)

Non-performing loan balance and ratio*2

(JPY bn)



Total claims

(JPY tn)

Consolidated	86	91	94
Non-consolidated	86	89	91

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

Non-consolidated	1.3	0.8	0.8
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*1 Total credit cost ratio = Total credit cost / Total claims

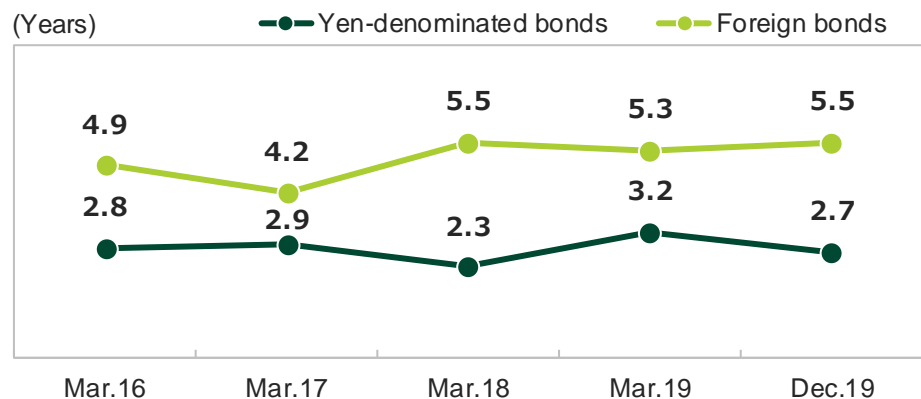
*2 NPL ratio = NPLs based on the Financial Reconstruction Act (excludes normal assets) / Total claims

7. Securities

Bond portfolio

	(JPY bn)	Mar.19		Dec.19	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
Consolidated	Yen-denominated bonds	9,264.0	61.3	11,689.0	27.2
	o/w JGB	6,514.6	24.1	8,607.5	(3.0)
	Foreign bonds	8,990.2	(28.4)	10,548.9	3.2
Non-consolidated	Yen-denominated bonds	8,953.7	60.6	11,339.3	26.8
	o/w JGB	6,252.3	23.3	8,347.3	(3.3)
	Foreign bonds	7,134.8	(28.3)	8,342.8	(16.3)

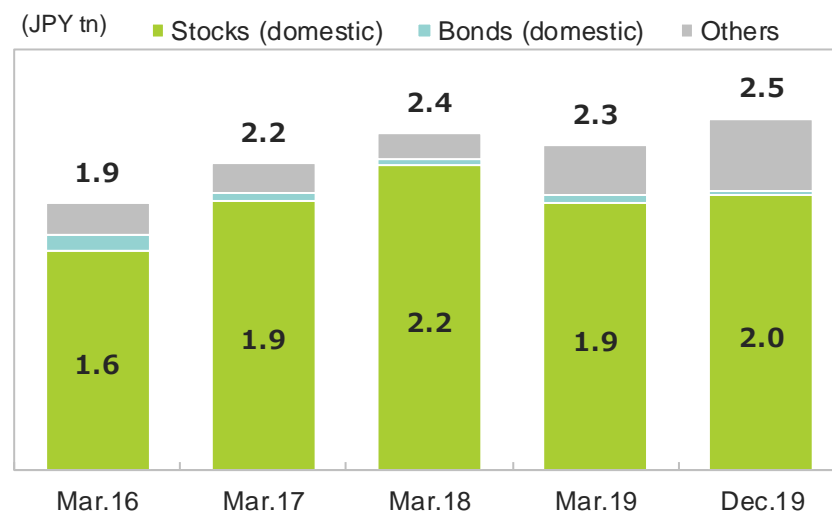
Duration*1



Strategic shareholdings

	(JPY bn)	Results
Total reduction		433
- FY3/17		115
FY3/18		115
FY3/19		130
1-3Q FY3/20		73
Consent of sales from clients outstanding		71

Unrealized gains (losses) on other securities*2

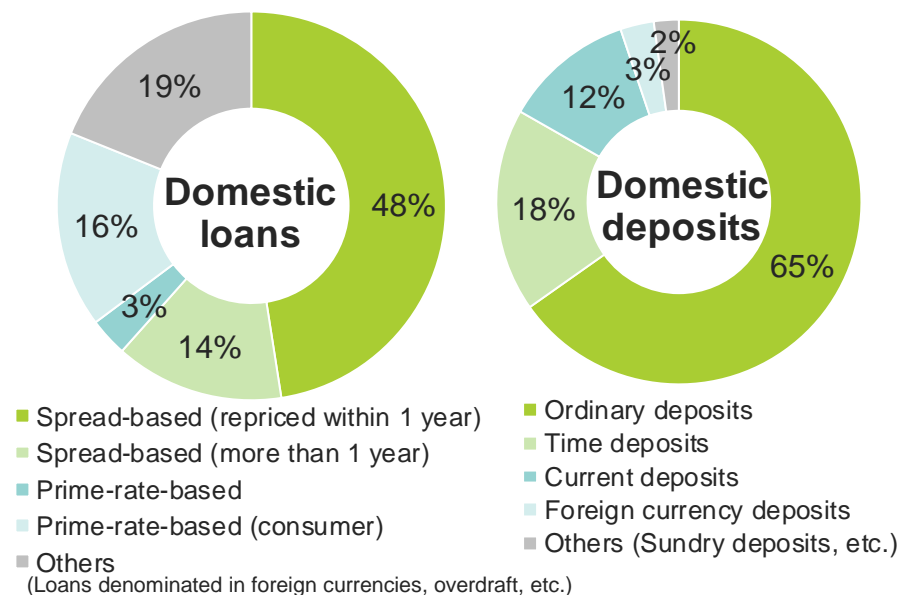


8. Balance sheet

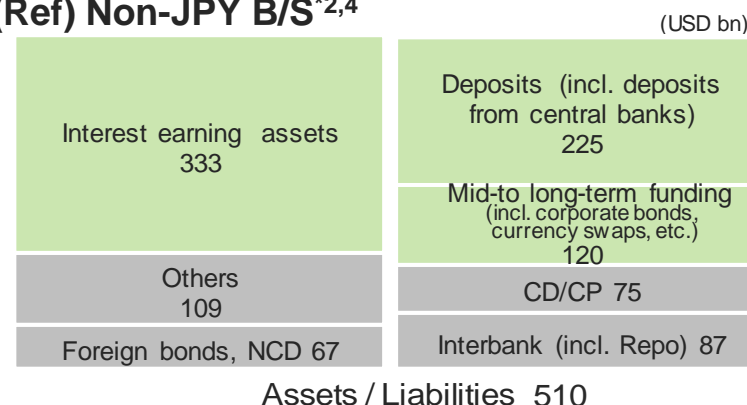
Consolidated

	(JPY tn)	Dec.19	vs Mar.19
Total assets		212.4	+8.8
o/w Cash and due from banks		57.1	(0.3)
o/w BOJ's current account balance ^{*1}		46.0	(1.2)
o/w Loans		80.3	+2.4
o/w Domestic loans ^{*1}		54.2	+0.2
o/w Large corporations ^{*2}		16.2	+0.2
Mid-sized corporations & SMEs ^{*2}		18.3	+0.1
Individuals ^{*2}		12.7	(0.3)
o/w Securities		28.3	+3.9
o/w Other securities		27.7	+3.9
o/w Stocks		3.5	(0.0)
JGBs		8.3	+2.1
Foreign bonds		10.5	+1.6
Total liabilities		201.0	+8.8
o/w Deposits		124.5	+2.1
o/w Domestic deposits ^{*1}		98.8	+1.5
Individuals		49.3	+2.2
Corporates		49.5	(0.7)
o/w NCD		11.7	+0.5
Total net assets		11.4	(0.1)
Loan to deposit ratio		59.0%	

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



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



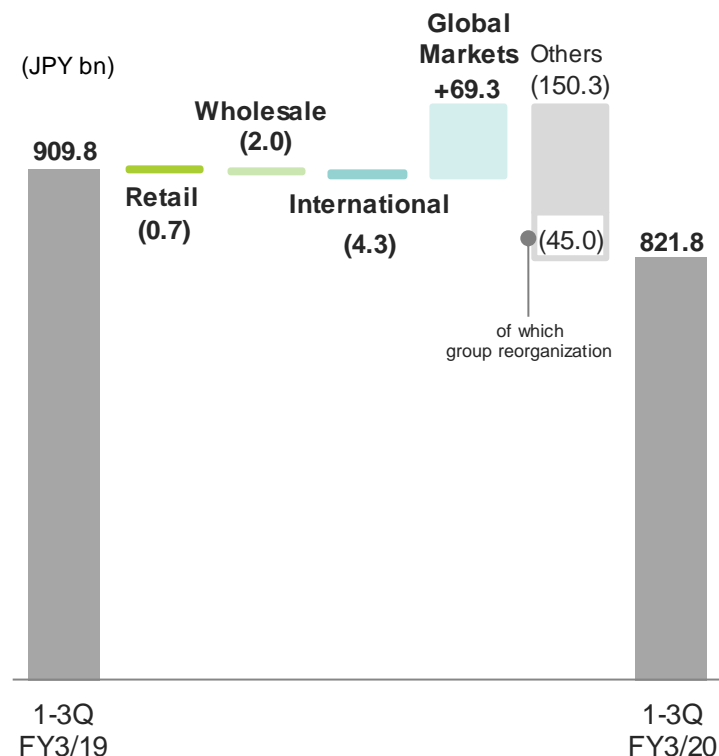
*1 Non-consolidated *2 Managerial accounting basis *3 After adding back the portion of housing loans securitized in 1-3Q FY3/20 of JPY 130.3 bn

*4 Sum of SMBC and Major local subsidiaries

9. Results by Business Unit

		FY3/19	1-3Q FY3/20	YoY*1
		(JPY bn)		
Retail	Gross profit	1,281.6	933.9	(1.4)
	Expenses	1,021.4	761.5	(0.6)
	<i>Overhead ratio</i>	79.7%	81.5%	+0.0%
	Net business profit	274.6	173.8	(0.7)
Wholesale	Gross profit	784.9	469.4	(8.1)
	Expenses	345.1	211.8	(4.7)
	<i>Overhead ratio</i>	44.0%	45.1%	(0.2)%
	Net business profit	484.9	293.1	(2.0)
International	Gross profit	689.6	509.4	+15.8
	Expenses	333.4	270.5	+17.3
	<i>Overhead ratio</i>	48.3%	53.1%	+1.8%
	Net business profit	395.1	280.9	(4.3)
Global Markets	Gross profit	333.6	347.8	+71.5
	Expenses	54.2	44.1	+4.3
	<i>Overhead ratio</i>	16.2%	12.7%	(1.7)%
	Net business profit	298.5	329.6	+69.3

Consolidated net business profit

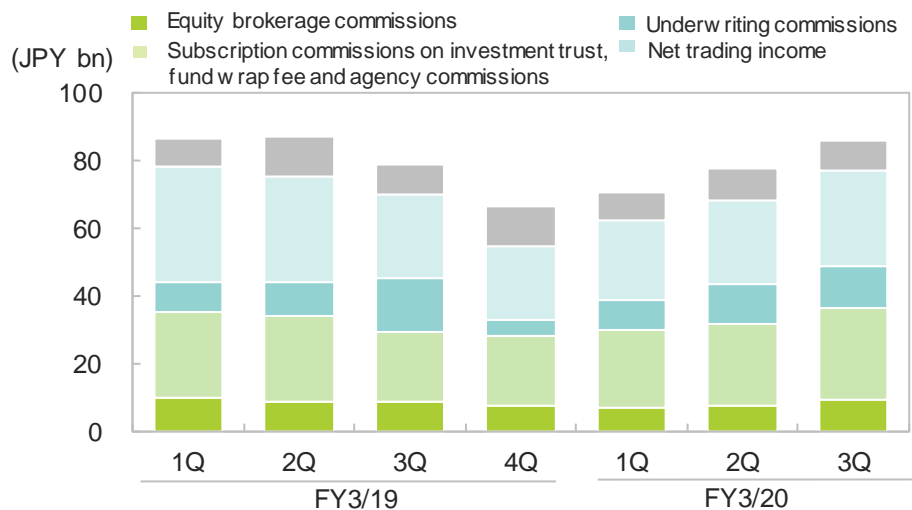


10. SMBC Nikko

Financial results

(JPY bn)	FY3/19	1-3Q FY3/20	YoY
Net operating revenue	319.2	234.3	(18.5)
SG&A expenses	276.5	201.3	(8.3)
Ordinary income	48.4	36.6	(10.5)
Net income	33.3	27.6	(6.9)

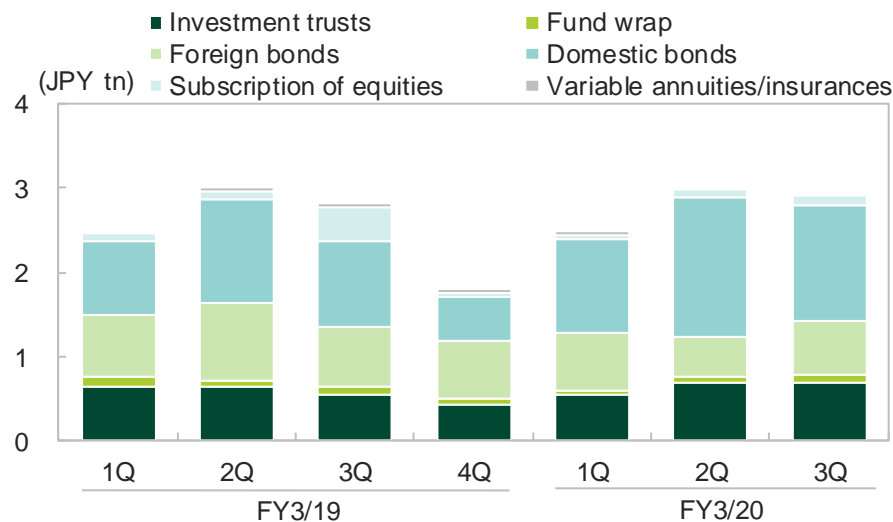
Net operating revenue



League tables (Apr-Dec.2019)*1

		Rank	Mkt share
SMBC Nikko	Global equity & equity-related (book runner, underwriting amount) ^{*2}	#2	18.4%
	JPY denominated bonds (lead manager, underwriting amount) ^{*3}	#3	18.8%
	Japanese corporate bonds (lead manager, underwriting amount)	#3	18.8%
	IPO (lead manager, No. of deals) ^{*4}	#2	20.0%
SMBC Group	Financial advisor (M&A, No. of deals) ^{*5}	#1	4.3%
	Financial advisor (M&A, transaction volume) ^{*5}	#7	14.8%

Product sales



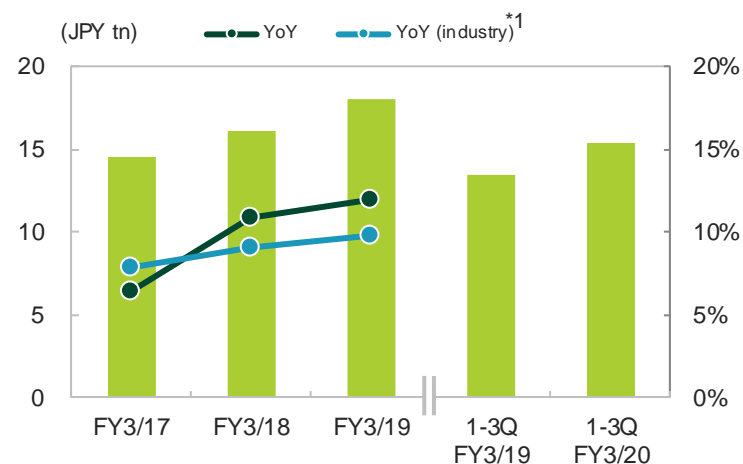
11. SMCC

Financial results

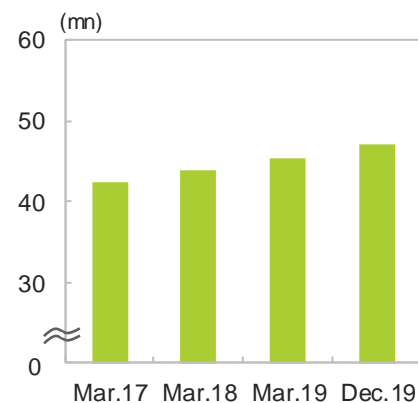
(JPY bn)	FY3/19	1-3Q FY3/20	YoY
Operating revenue	465.5	362.6	+30.5
o/w Commission fee	145.2	116.8	+8.3
Finance	108.5	82.0	+0.3
Sales on credit	36.8	27.4	(0.6)
Receipt agency	45.4	34.9	+1.0
Operating expense	403.0	307.2	+19.9
o/w Expenses for loan losses	33.1	22.9	(0.5)
Expense for interest repayments	10.9	-	-
Ordinary profit (loss)	62.7	55.4	+10.6
Net income	(46.7)	43.4	+11.7
Finance outstanding	730.2	739.5	

Key figures

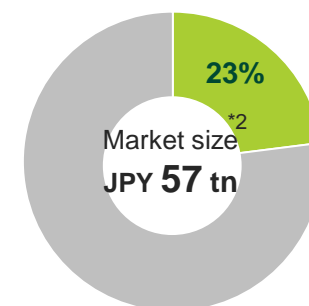
Sales handled



of card holders



Market share of the acquiring business

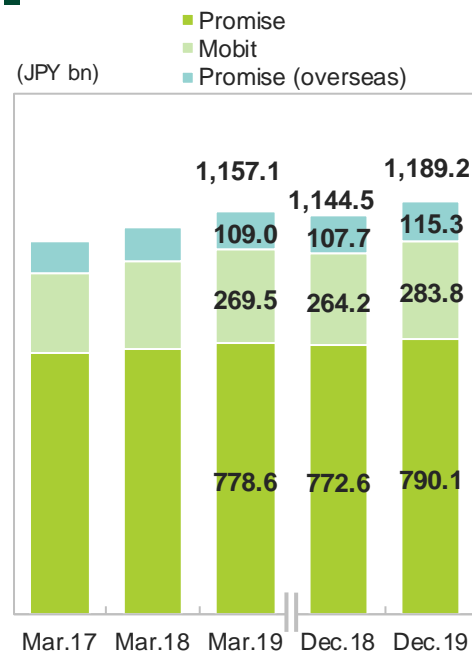


12. SMBCCF

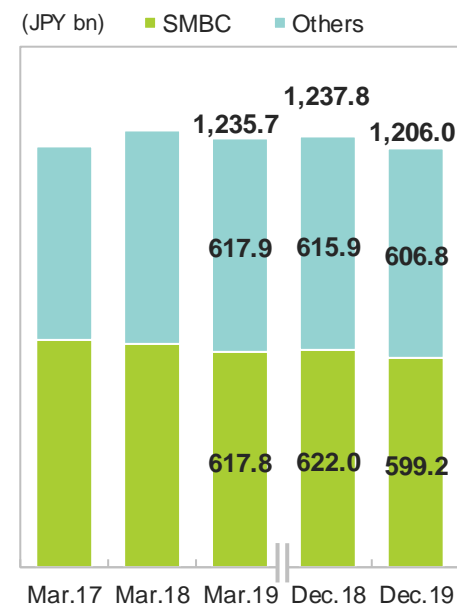
Financial results

(JPY bn)	FY3/19	1-3Q FY3/20	YoY
Operating income	281.8	217.1	+5.5
o/w Interest revenues	177.4	139.0	+6.1
Loan guarantee revenues	69.2	51.8	(0.6)
Operating expenses	236.0	144.5	(7.5)
o/w Expenses for loan losses	57.5	50.4	+2.5
Expense for loan guarantees	28.0	7.1	(12.3)
Expenses for interest repayments	36.0	-	-
Ordinary profit	46.3	72.9	+13.0
Net income	45.1	66.2	+16.9
NPLs (NPL ratio)	71.3 6.16%	81.6 6.86%	
Allowance on interest repayments (provision)	112.1 3.4 yrs	88.4 2.8 yrs	

Consumer loans



Loan guarantee



No. of interest refund claims

