

Fixed Income Investor Presentation

November 2016

Sumitomo Mitsui Financial Group, Inc.

Unless otherwise indicated, the financial figures for SMFG and SMBC included in this presentation are prepared in accordance with generally accepted accounting principles in Japan, or Japanese GAAP

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■ Agenda

Overview

- SMFG / SMBC overview
- Group structure
- Financial results of FY3/2015, FY3/2016 and 1H, FY3/2017
- Balance sheet and loan balance
- Sources of profitability

Financial soundness

- Asset quality
- Reduction of strategic shareholdings
- Capital

Business strategy

- Medium-term management plan
- Wholesale business
- Retail business
- International business

TLAC requirements

SMFG / SMBC overview*1

SMFG consolidated

- SMFG is one of the three largest banking groups in Japan with an established global presence
- Designated as a G-SIB

Market capitalization
(TSE:8316 NYSE:SMFG) JPY 5.9 tn / USD 52.0 bn
(As of Nov. 25, 2016)

Total assets JPY 180 tn / USD 1,781 bn

Total capital ratio
(Basel III transitional basis) 17.45%

CET1 ratio
(Basel III fully-loaded basis) 11.9%

NPL ratio 1.03%

(As of Sep. 30, 2016)

Ratings (Moody's / S&P)*2 A1 / A-

SMBC non-consolidated

Total assets JPY 148 tn / USD 1,469 bn

Loans JPY 71 tn / USD 703 bn

Deposits*3 JPY 99 tn / USD 979 bn

NPL ratio 0.64%

(As of Sep. 30, 2016)

Ratings (Moody's / S&P)*2 A1 / A

Profitability

		FY3/16		1H, FY3/17	
SMFG consolidated	Consolidated gross profit	JPY 2,904 bn	USD 25.8 bn	JPY 1,417 bn	USD 14.0 bn
	Ordinary profit	JPY 985 bn	USD 8.7 bn	JPY 514 bn	USD 5.1 bn
	Profit attributable to owners of parent	JPY 647 bn	USD 5.7 bn	JPY 359 bn	USD 3.6 bn
SMBC non-consolidated	Gross banking profit	JPY 1,534 bn	USD 13.6 bn	JPY 914 bn	USD 9.0 bn
	Banking profit*4	JPY 729 bn	USD 6.5 bn	JPY 512 bn	USD 5.1 bn
	Net income	JPY 609 bn	USD 5.4 bn	JPY 398 bn	USD 3.9 bn

SMBC's business franchise

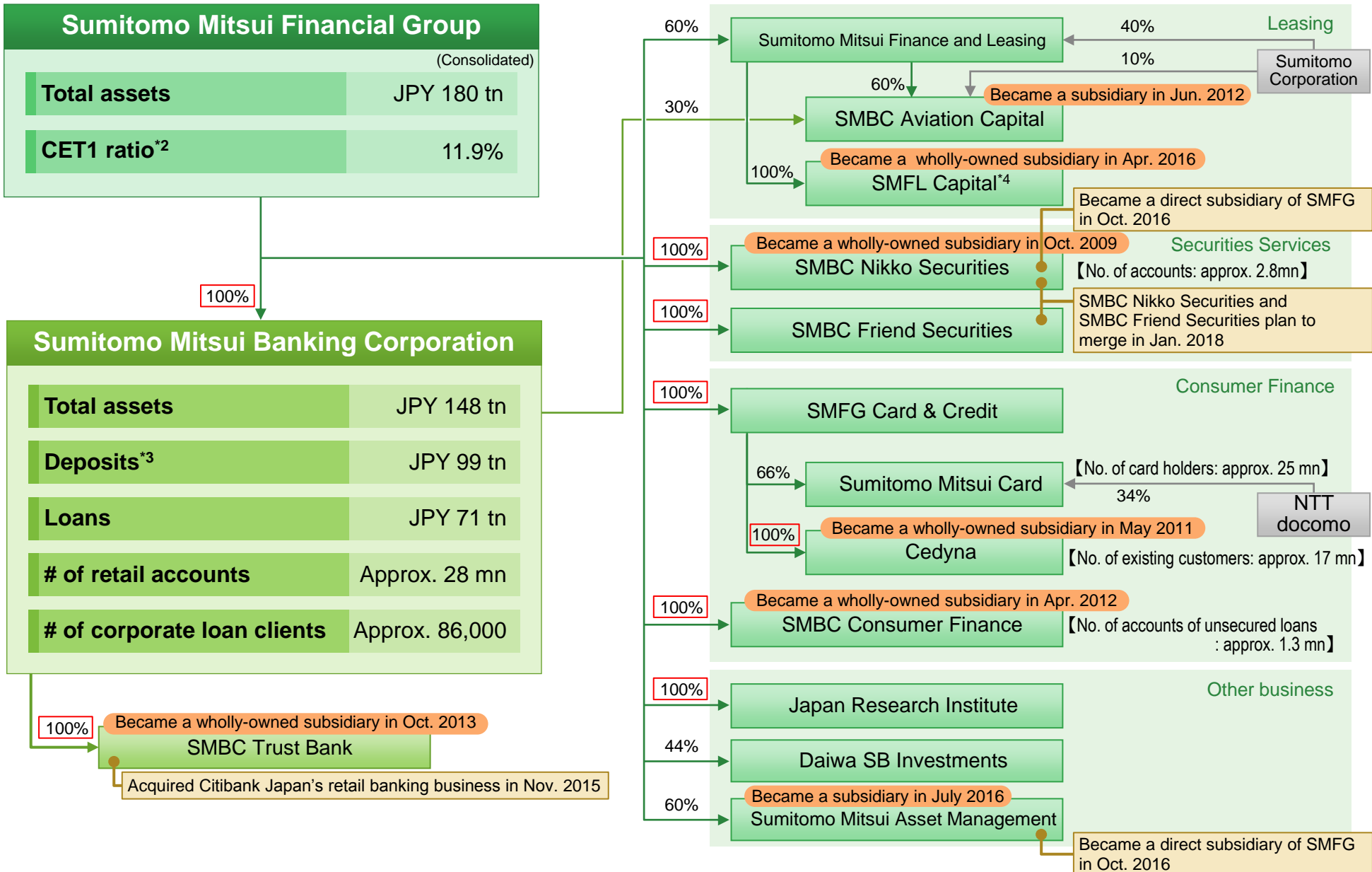
- Core operating entity within the SMFG franchise
- Heritage dating back more than 400 years
- Approx. 28 million** retail customer deposit accounts
- Approx. 86 thousand** domestic corporate loan clients
- 440** domestic branches
- Over 70** overseas franchises*5

(As of Sep. 30, 2016)

*1 Exchange rate for as of Mar. 31, 2016 is USD 1.00 = JPY 112.62, as of Sep. 30, 2016 is USD 1.00 = JPY 101.05 and as of Nov. 25, 2016 is USD 1.00 = JPY 113.78

*2 Senior unsecured ratings as of Nov. 29, 2016 *3 Excludes negotiable certificates of deposits *4 Before provision for general reserve for possible loan losses

*5 SMBC's overseas offices, offices of overseas subsidiary banks, and other subsidiaries and affiliates



*3 Excludes negotiable certificates of deposits *4 Changed name from GE Japan GK to SMFL Capital Company, Limited in Sep. 2016

*3 Excludes negotiable certificates of deposits *4 Changed name from GE Japan GK to SMFL Capital Company, Limited in Sep. 2016

Financial results of FY3/2015, FY3/2016 and 1H, FY3/2017

Income statement

		(JPY bn)	FY3/2015	FY3/2016	1H, FY3/2017	YOY change
SMFG consolidated	Consolidated gross profit		2,980.4	2,904.0	1,417.5	(95.3)
	General and administrative expenses		(1,659.3)	(1,724.8)	(882.0)	(29.8)
	Equity in gains (losses) of affiliates		(10.6)	(36.2)	12.7	+56.1
	Consolidated net business profit		1,310.5	1,142.9	548.1	(69.0)
	Total credit cost		(7.8)	(102.8)	(54.8)	(30.6)
	Gains (losses) on stocks		66.7	69.0	17.4	(14.8)
	Other income (expenses)		(48.2)	(123.9)	3.5	(3.2)
	Ordinary profit		1,321.2	985.3	514.3	(117.6)
	Profit attributable to owners of parent		753.6	646.7	359.2	(28.9)
	Variance with SMBC non-consolidated		110.6	37.5	(38.9)	(141.8)
SMBC non-consolidated	Gross banking profit		1,634.3	1,534.3	914.0	+111.0
	Expenses*1		(791.2)	(805.5)	(402.0)	(3.2)
	Banking profit*2		843.1	728.8	512.0	(107.9)
	Total credit cost		80.1	3.2	8.0	(19.6)
	Ordinary profit		956.0	747.9	480.3	+65.3
	Net income		643.0	609.2	398.1	+112.8

Contribution of subsidiaries to SMFG's net income

(JPY bn)	1H, FY3/2017	YOY change
SMBC Consumer Finance	28	+1
SMBC Nikko Securities	21	(5)
Sumitomo Mitsui Finance and Leasing	16	+2
Cedyna	15	+1
Sumitomo Mitsui Card	5	(3)
SMBC Friend Securities	1	(1)
The Bank of East Asia	5	(4)

Includes JPY 29.3 bn of gains on step acquisitions recorded through consolidation of SMAM*3

Includes JPY 200 bn of dividends from SMBC Nikko (eliminated in SMFG consolidated figures)

*1 Excludes non-recurring losses

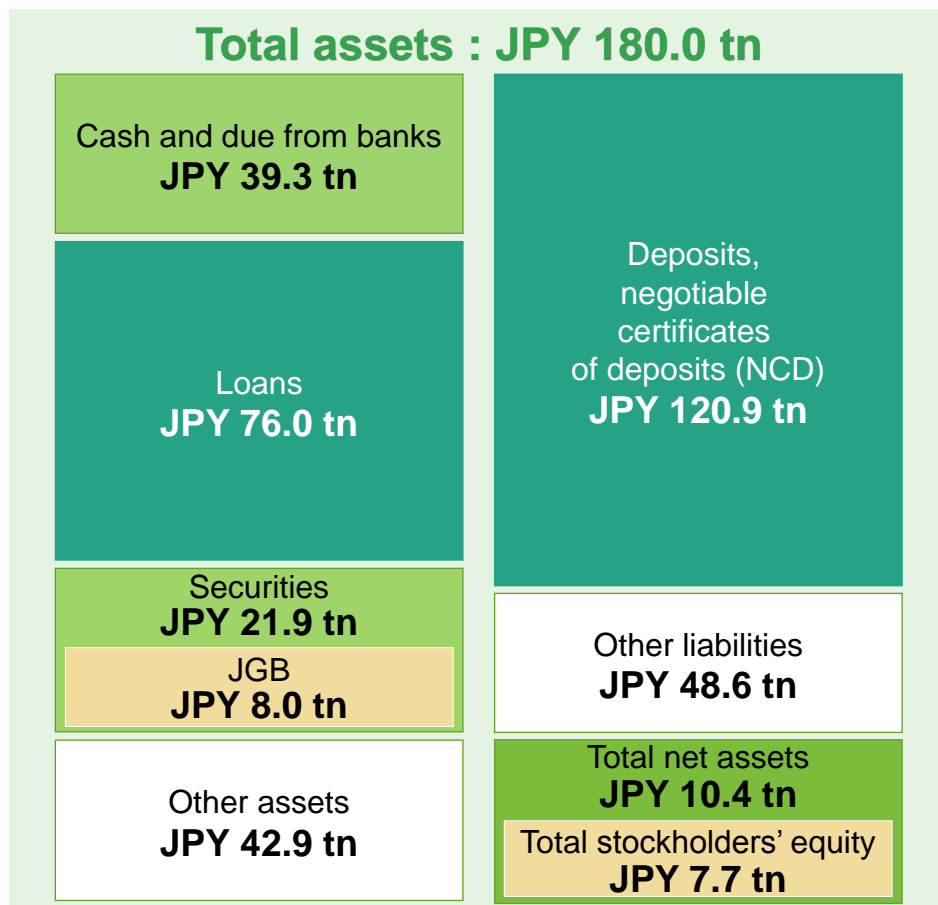
*2 Before provisions for general reserve for possible loan losses

*3 Sumitomo Mitsui Asset Management

Balance sheet and loan balance

Balance sheet (as of Sep. 30, 2016)

(SMFG consolidated)



Loan to deposit ratio	62.8 %
Risk-weighted assets	JPY 65.0 tn
ROE (Denominator: Total stockholders' equity)* ¹	9.4 %

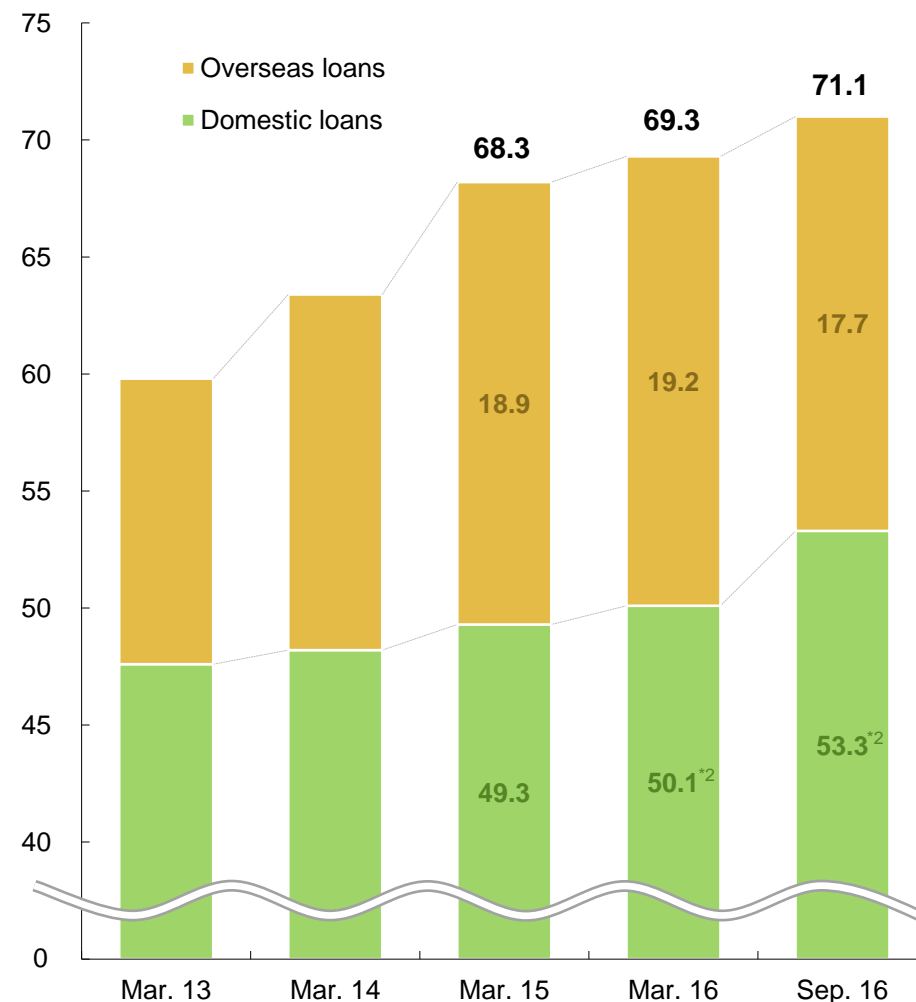
*¹ Annualized

*² Of which loans to the Japanese government, etc. and SMFG: Mar. 16: JPY 1.3 tn; Sep. 16: JPY 4.6 tn

Loan balance

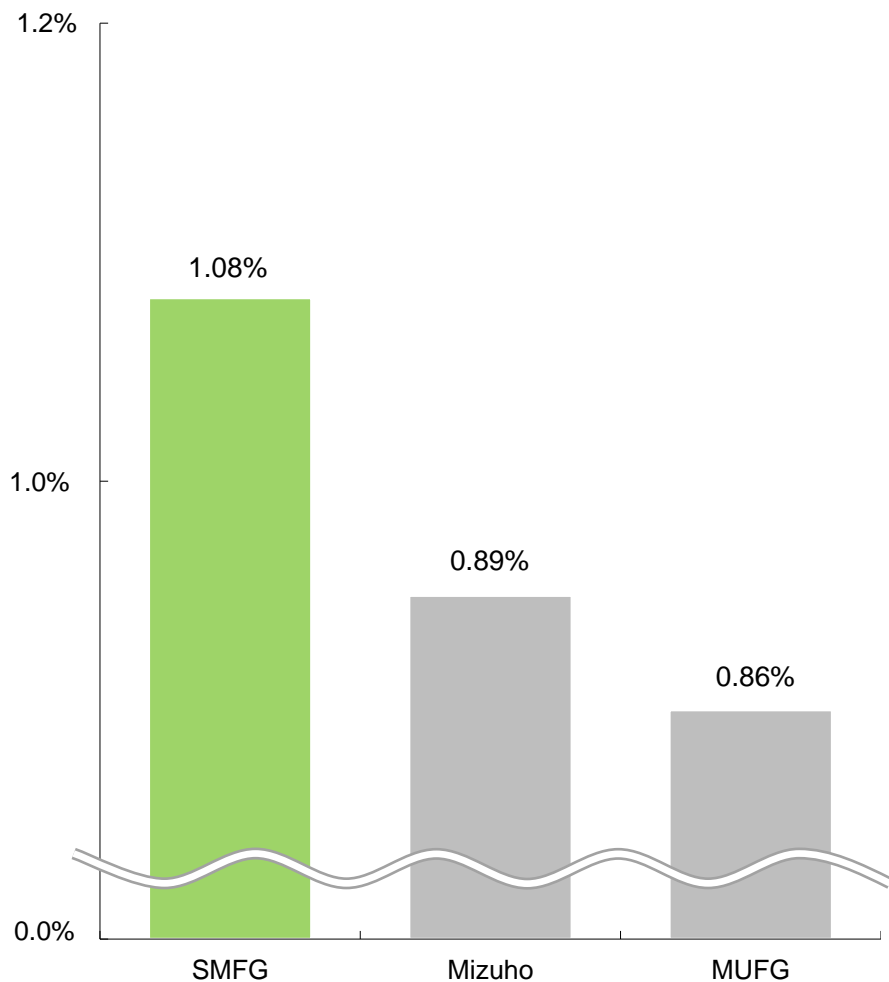
(SMBC non-consolidated)

(JPY tn)

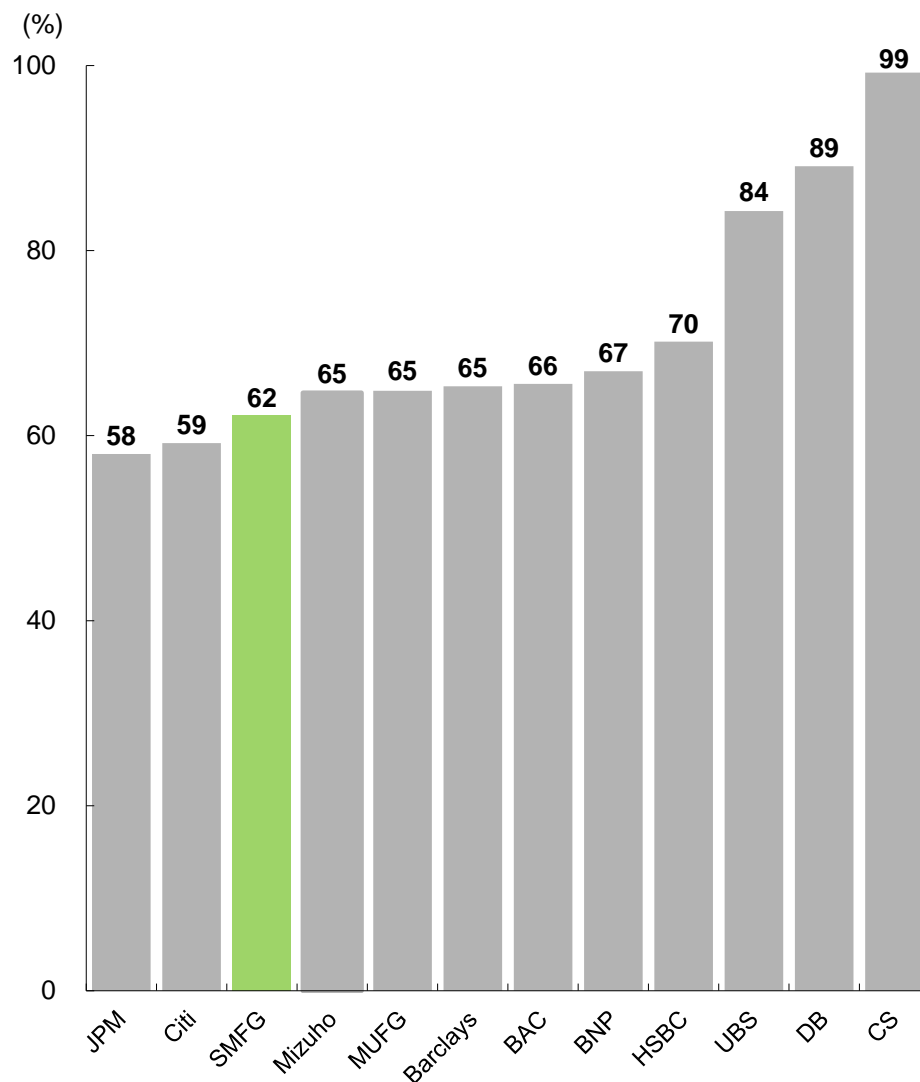


Sources of profitability

Domestic loan-to-deposit spread*1



Overhead ratio*2



*1 Based on each company's 1H, FY3/17 disclosure. The figures shown in the graph are: non-consolidated figures of SMBC for SMFG, non-consolidated figures of The Bank of Tokyo-Mitsubishi UFJ for MUFG, and non-consolidated figures of Mizuho Bank for Mizuho

*2 Based on each company's disclosure on a consolidated basis. G&A expenses (for Japanese banks, includes non-recurring losses of subsidiary banks) divided by top-line profit (net of insurance claims). 1H, FY3/17 results for SMFG, MUFG and Mizuho, 3Q, FY12/16 results for the others

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Financial soundness

- Asset quality
- Reduction of strategic shareholdings
- Capital

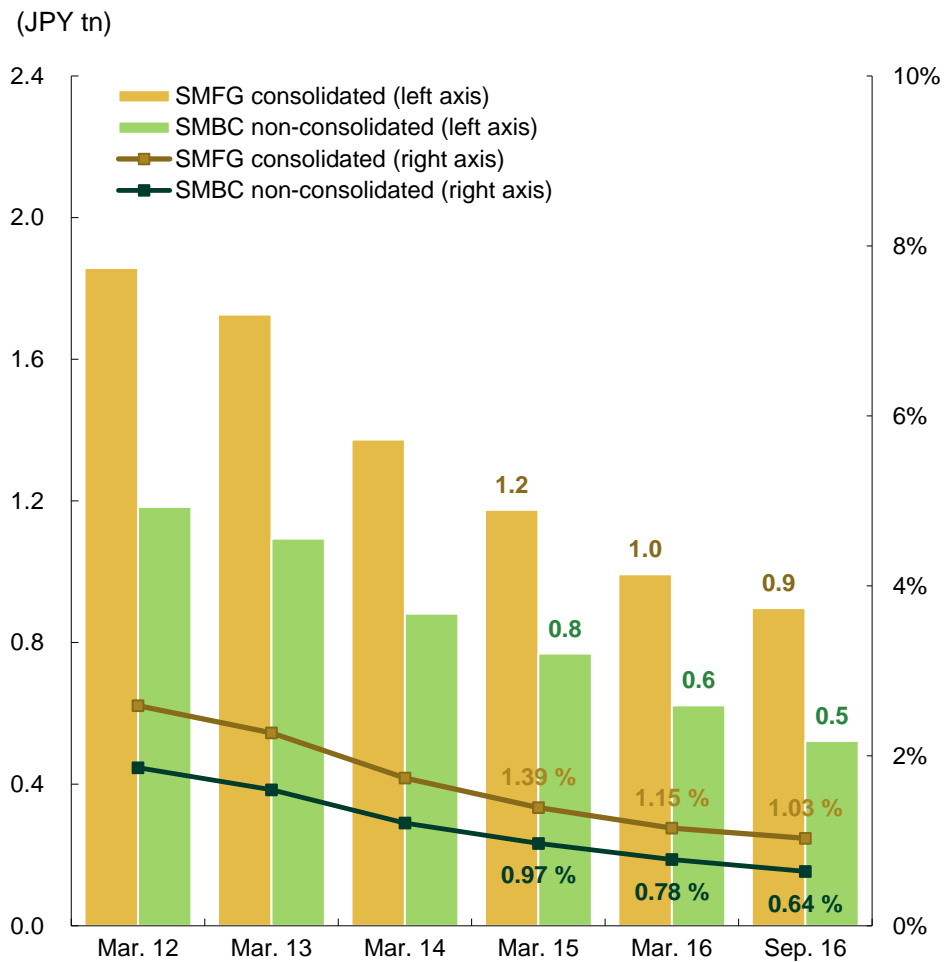
Business strategy

- Medium-term management plan
- Wholesale business
- Retail business
- International business

TLAC requirements

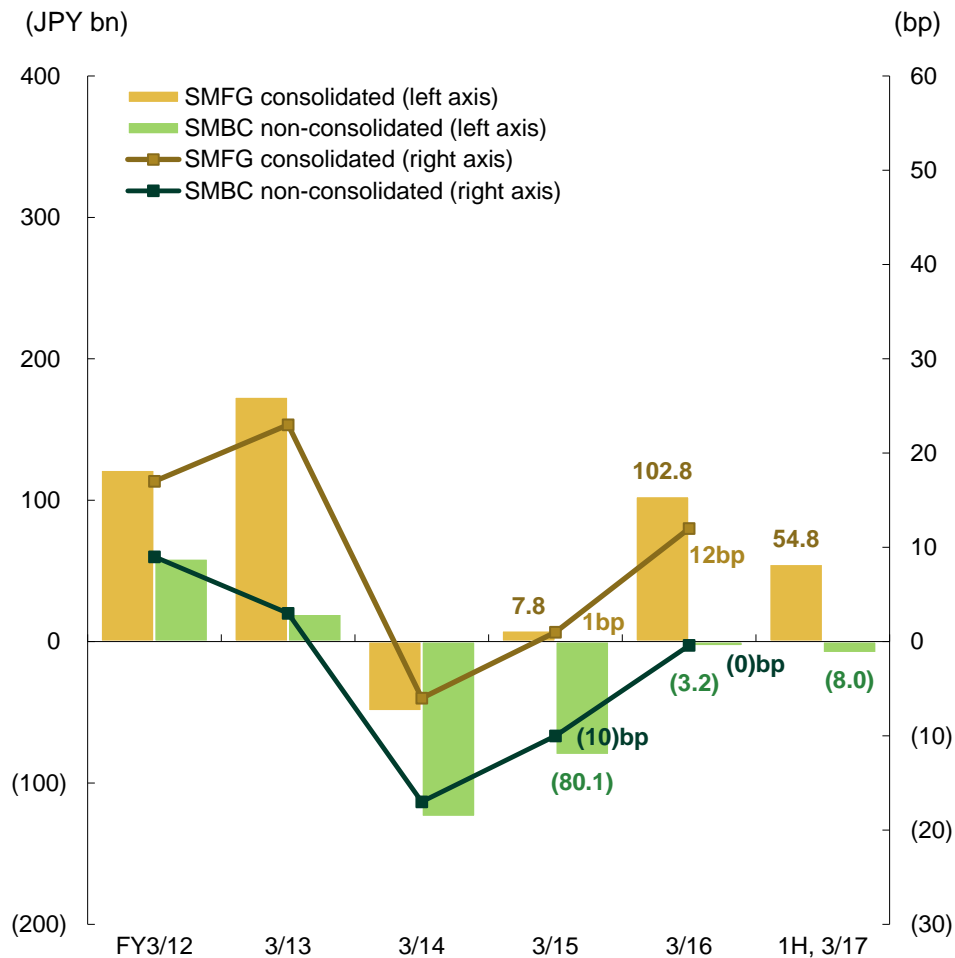
Asset quality – solid loan portfolio

NPLs and NPL ratio*1



Coverage ratio*3	SMFG consolidated	81.34%	79.25%
	SMBC non-consolidated	88.32%	87.06%

Total credit cost and total credit cost ratio*2

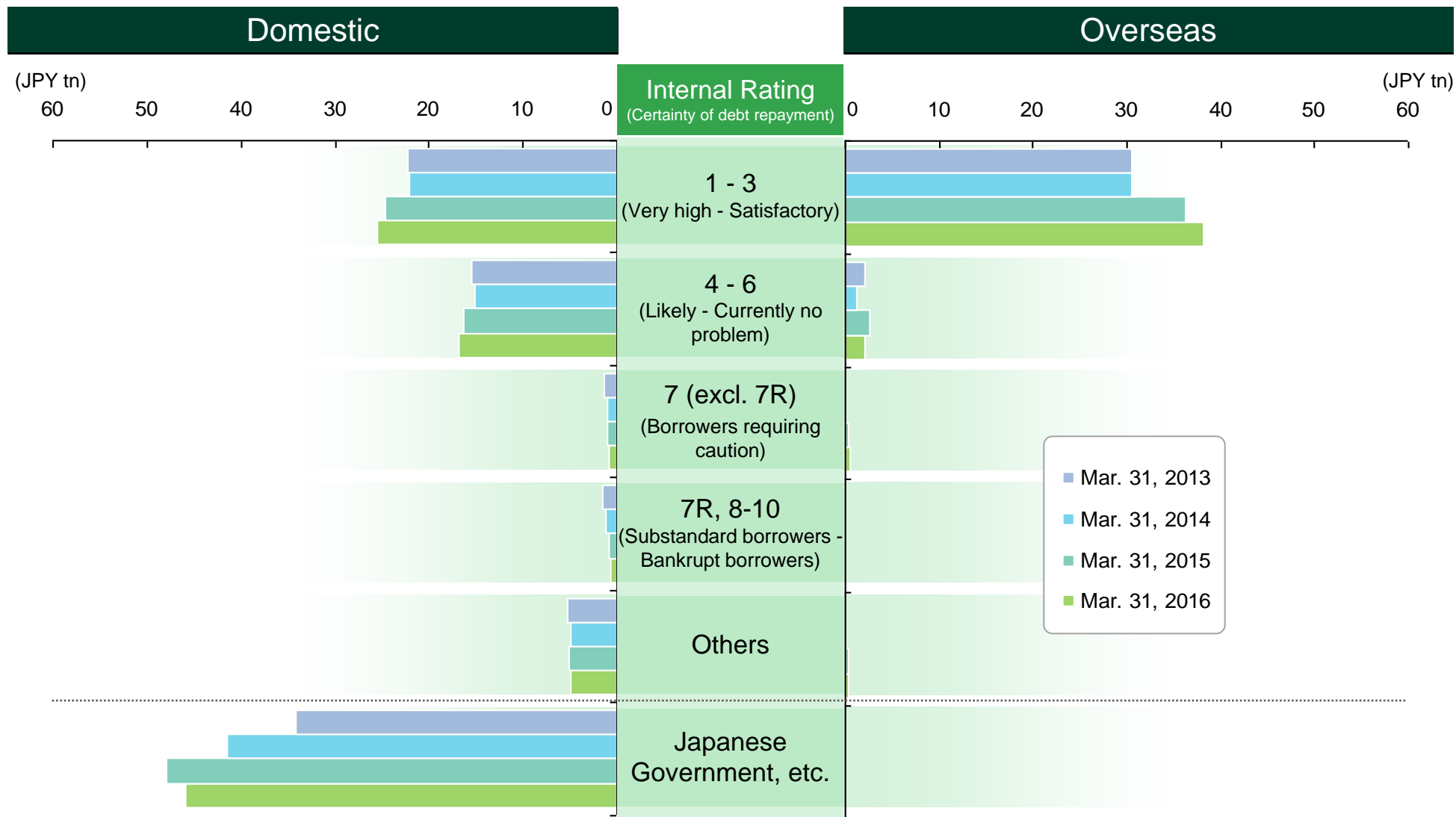


*1 NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

*2 Total credit cost ratio = Total credit cost / Total claims

*3 Ratio of the collateral, guarantees and specific and general reserves to total NPLs

Corporate, sovereign and bank exposures*



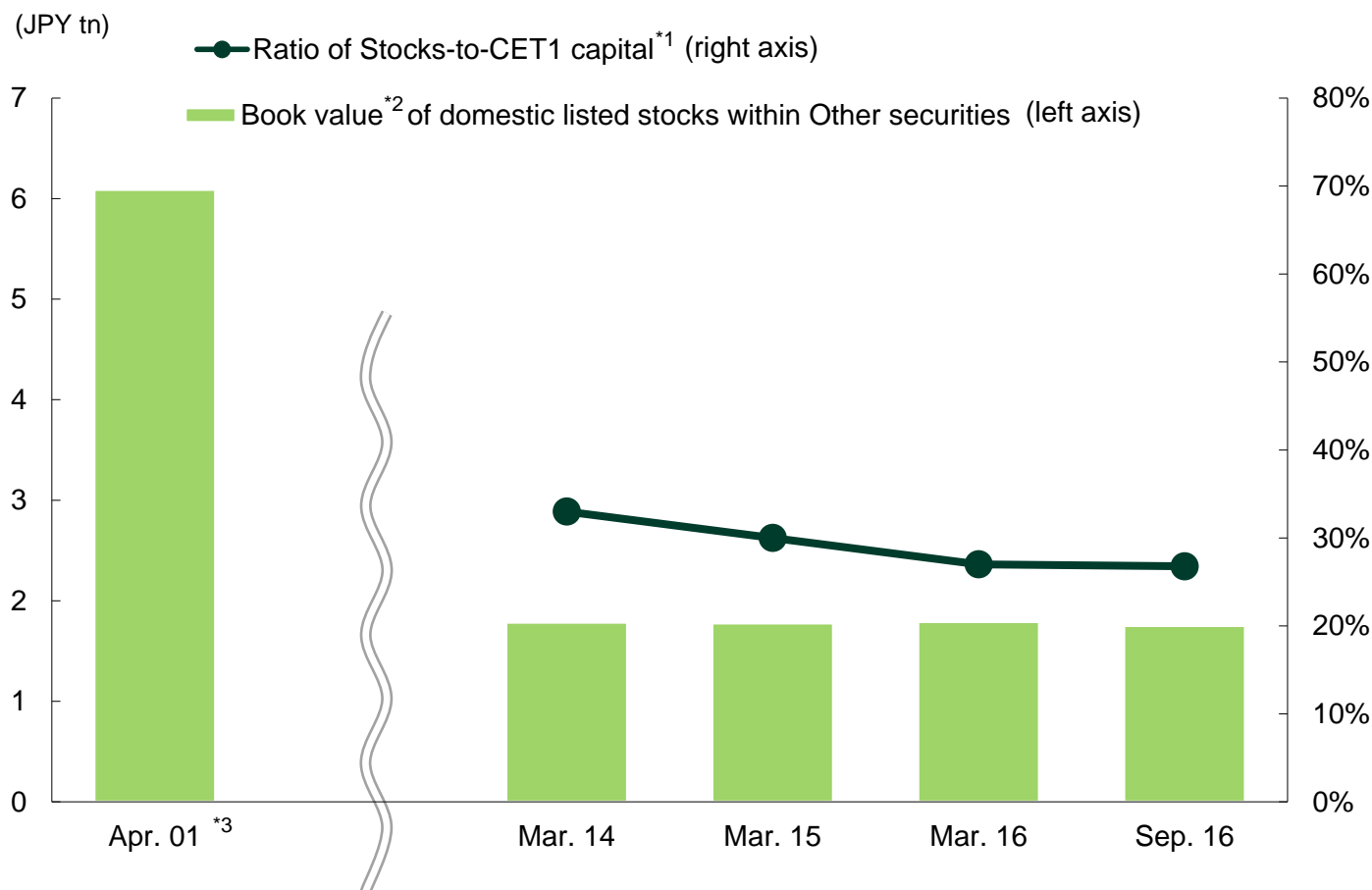
(SMFG consolidated)

* Exposures include credit to domestic and overseas commercial / industrial companies, individuals for business purposes, sovereigns, public sector entities, and financial institutions. See appendix for details on obligor grading system

■ Reduction of strategic shareholdings

- SMFG aims to continuously mitigate the risk from stock price fluctuations in order to have a more stable and robust financial base

Strategic shareholdings outstanding (SMFG consolidated basis)



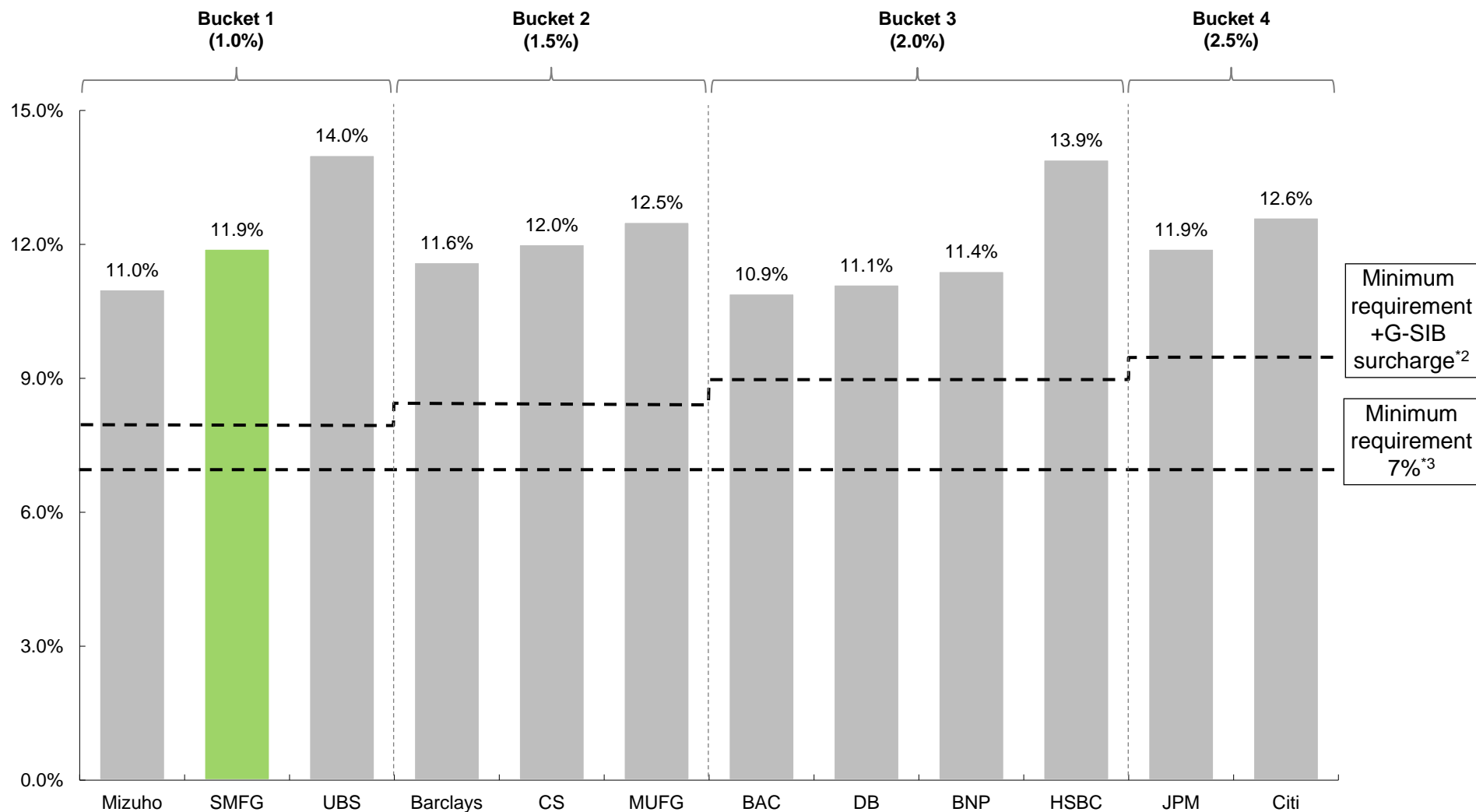
^{*1} Book value of domestic listed stocks / CET1 (Basel III fully-loaded basis, excluding net unrealized gains on Other securities)

^{*2} Same meaning as acquisition cost

^{*3} SMBC consolidated basis

Resilient capital base

CET1 ratio - Basel III fully-loaded basis (pro forma) ^{*1}



^{*1} Based on each company's disclosure. As of Sep. 30, 2016

^{*2} The list published by the FSB in Nov. 2016

^{*3} Minimum requirement = Minimum CET1 Requirements (4.5%) + Capital conservation buffer (2.5%)

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TLAC requirements

■ Medium-term management plan – FY3/2015 to FY3/2017

Vision for the next decade

We will become a global financial group that, by earning the highest trust of our customers, leads the growth of Japan and the Asian region

**We will become
a truly Asia-centric institution**

**We will develop the best-in-class
earnings base in Japan**

We will realize true globalization and continue to evolve our business model

Three-year management goals

- 1** Develop and evolve client-centric business models for main domestic and international businesses
- 2** Build a platform for realizing Asia-centric operations and capture growth opportunities
- 3** Realize sustainable growth of top-line profit while maintaining soundness and profitability
- 4** Upgrade corporate infrastructure to support next stage of growth

■ Current business environment and SMFG's initiatives

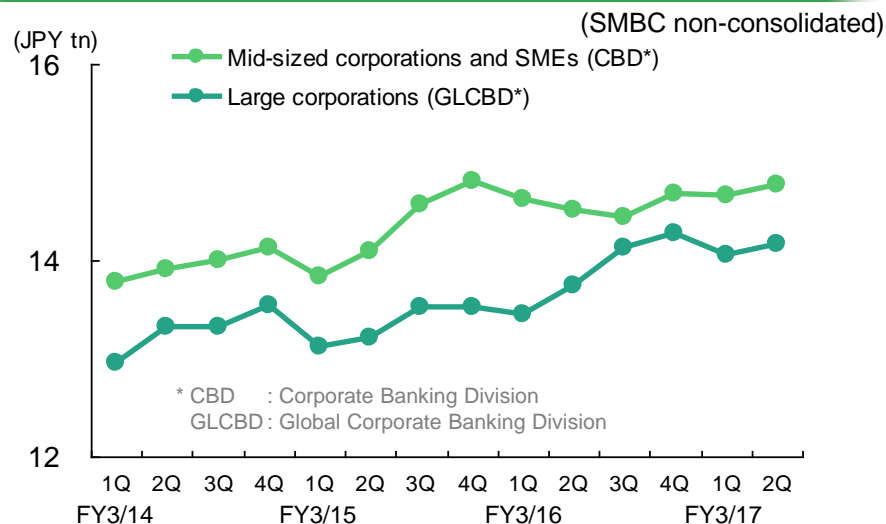
- Focus on improving “asset”, “capital” and “cost” efficiencies taking into account of the current business environment

Risk Category	Business environment	SMFG's initiatives
Soundness	<ul style="list-style-type: none"> • Increase of uncertainty in the global economy • Tightening of international financial regulations 	<ul style="list-style-type: none"> • Tightening control of risk-weighted assets • Reduction of strategic shareholdings
Profitability	<ul style="list-style-type: none"> • Negative interest rate policy, decrease in domestic loan-to-deposit spreads • Increase in foreign currency funding cost 	<ul style="list-style-type: none"> • Operation focused on profitability and efficiency • Cost reduction council on a group basis
Liquidity	<ul style="list-style-type: none"> • Decrease in CDs・CP outstandings due to the U.S. Money Market Fund reform 	<ul style="list-style-type: none"> • Increasing customer deposits overseas • Nimble funding management of foreign currency senior bonds and debts
Credit	<ul style="list-style-type: none"> • Partial overheating in the domestic real estate market • Risks rising in certain areas such as emerging economies and resources sector 	<ul style="list-style-type: none"> • Enhance credit review process for new transactions • Cautious approach in certain domestic real estate transactions • Risk-sensitive overseas credit operation
Market	<ul style="list-style-type: none"> • Volatility caused by the monetary policies of Japan and the U.S. 	<ul style="list-style-type: none"> • Capture gains by promptly reacting to changes in the market
Operational/ Others	<ul style="list-style-type: none"> • Domestic and overseas operational losses 	<ul style="list-style-type: none"> • Thorough implementation of compliance and “Client always come first” marketing • Secure accuracy of operations

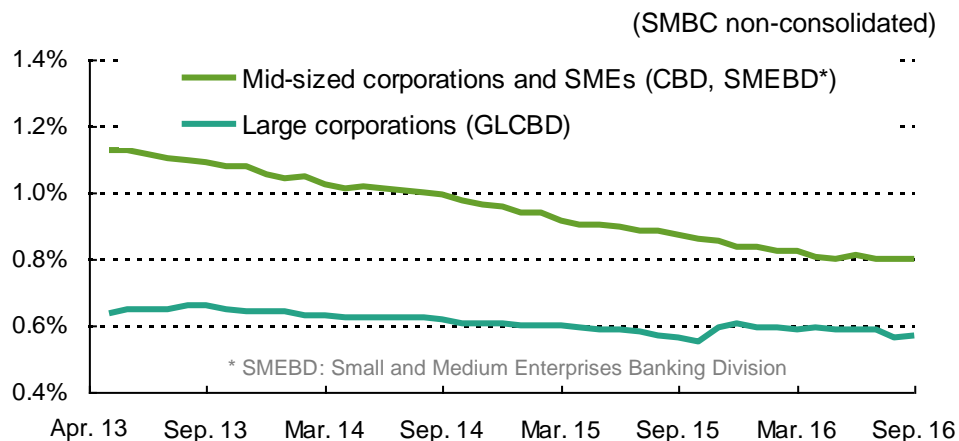
Wholesale Business

Loan balance and spread

Loan balance of Wholesale Banking Unit*1, 2



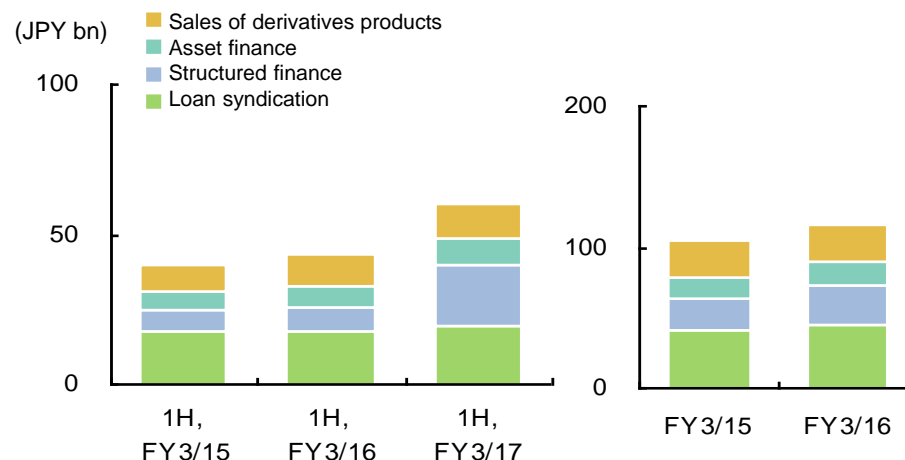
Domestic corporate loan spread*1, 3



*1 Managerial accounting basis. Excludes loans to the government, etc. We revised managerial accounting rules in Apr. 2014. Figures for FY3/14 were recalculated based on the new rules *2 Quarterly average *3 Monthly average loan spread of existing loans *4 SMBC Nikko Securities for Global equity & equity-related, JPY denominated bonds and IPO. SMFG for Financial advisor *5 Source: SMBC Nikko, based on data from Thomson Reuters *6 Japanese corporate related only. Includes overseas offices *7 Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds *8 Japanese corporate related only. Group basis *9 Excludes REIT IPO. Source: Thomson Reuters

Enhance non-interest income

Income related to domestic corporate business



League tables (Apr. -Sep. 2016)*4

	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount)*5, 6	#2	19.3%
JPY denominated bonds (lead manager, underwriting amount)*5, 7	#3	18.2%
Financial advisor (M&A, No. of deals)*5, 8	#3	3.5%
IPO (lead manager, No. of deals)*9	#4	17.1%

● SMFG ranked #1 on market share of Samurai Bond (21.7%)

Retail business

Bank securities retail integration

Building up
financial assets

Investment and
succession

Proactively meeting
asset management needs

SMBC SUMITOMO MITSUI
BANKING CORPORATION
28 mn accounts

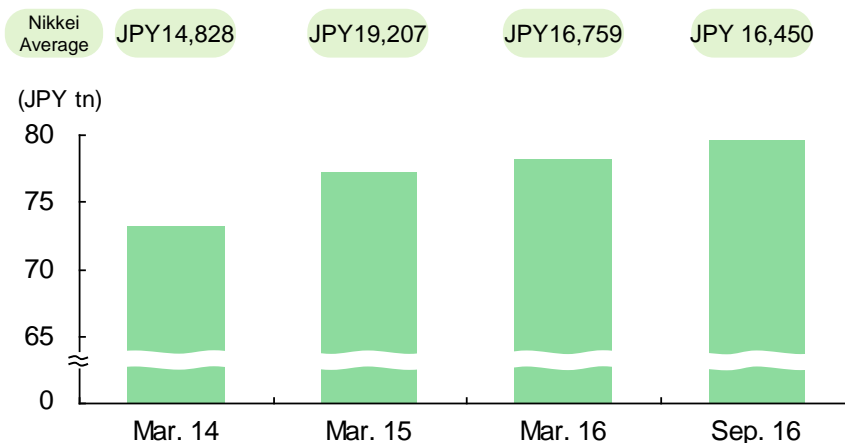
**SMBC TRUST BANK
PRESTIA**
0.7 mn accounts

SMBC NIKKO
2.8 mn accounts

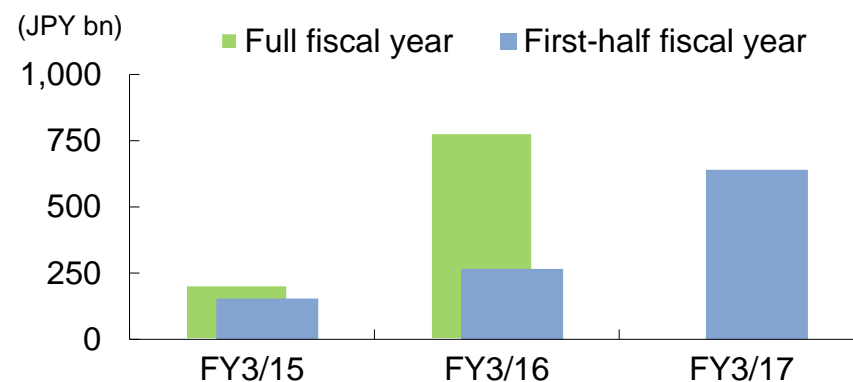
Meeting the needs for
asset and business succession

Bank-securities collaboration (retail customers)

Retail AuM (SMBC+SMBC Nikko+SMBC Trust Bank PRESTIA)



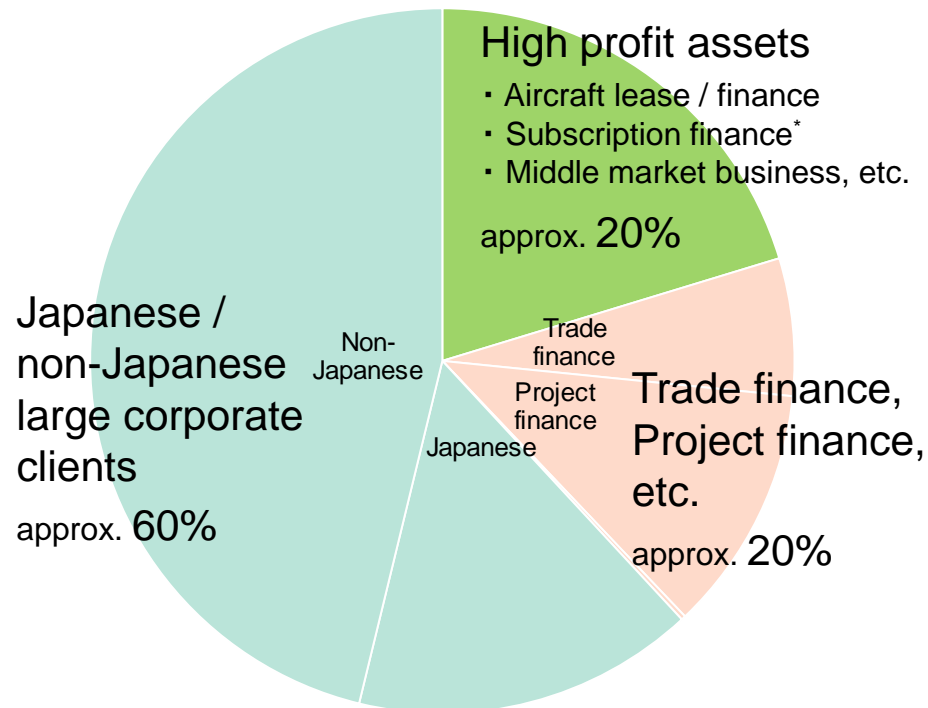
Increase balance of investment products (excludes changing market value, SMBC+SMBC Nikko)*



* Sum of the net volume of product sales and cancellations / redemptions at SMBC and the inflow of assets (includes referrals from SMBC) at SMBC Nikko

■ International business – evolving business model

International Banking Unit's portfolio (as of Sep. 30, 2016)



Promote cross-selling

- Enhance business with non-Japanese core clients
- Transactions connecting Japanese and non-Japanese corporations
- Domestic-international integration model

Nimble portfolio management

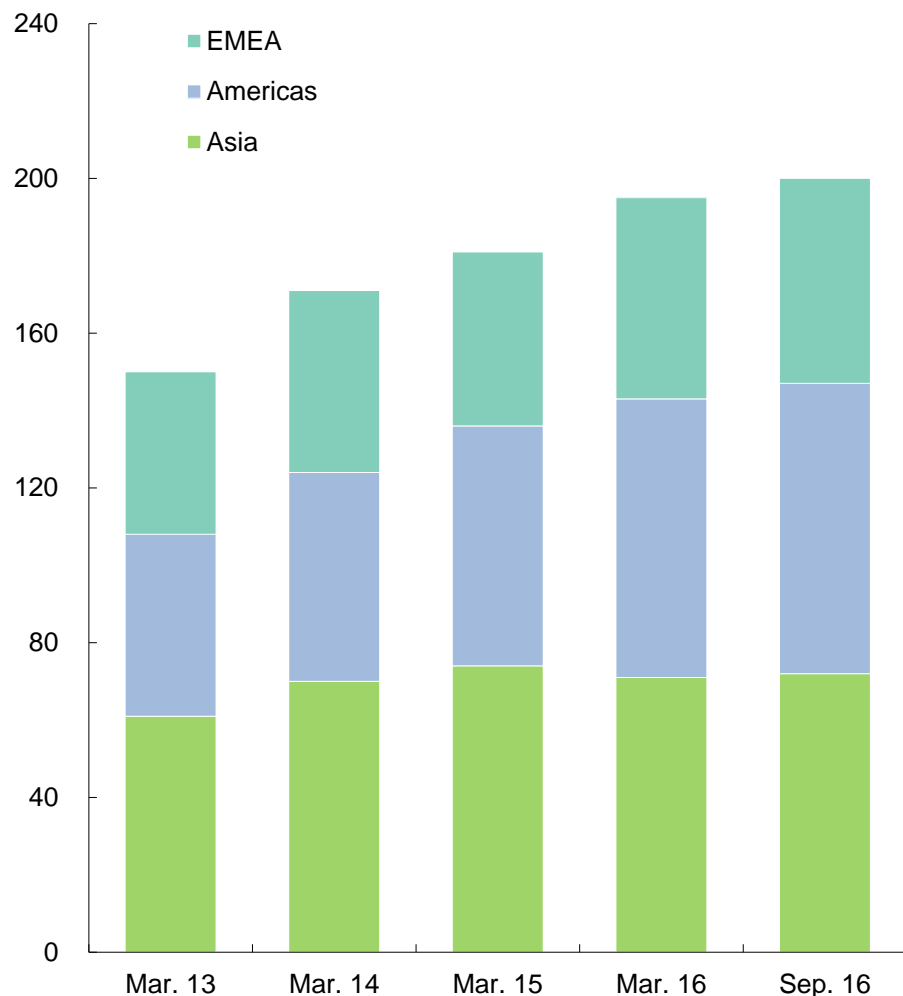
- Increasing high profit assets
- Asset turn over
 - Secondary sales of overseas assets(1H, FY3/17): increased by 1.8 times YOY
 - Selling assets to domestic investors utilizing trust beneficially right scheme

* Extending loans to funds based on commitments from investors

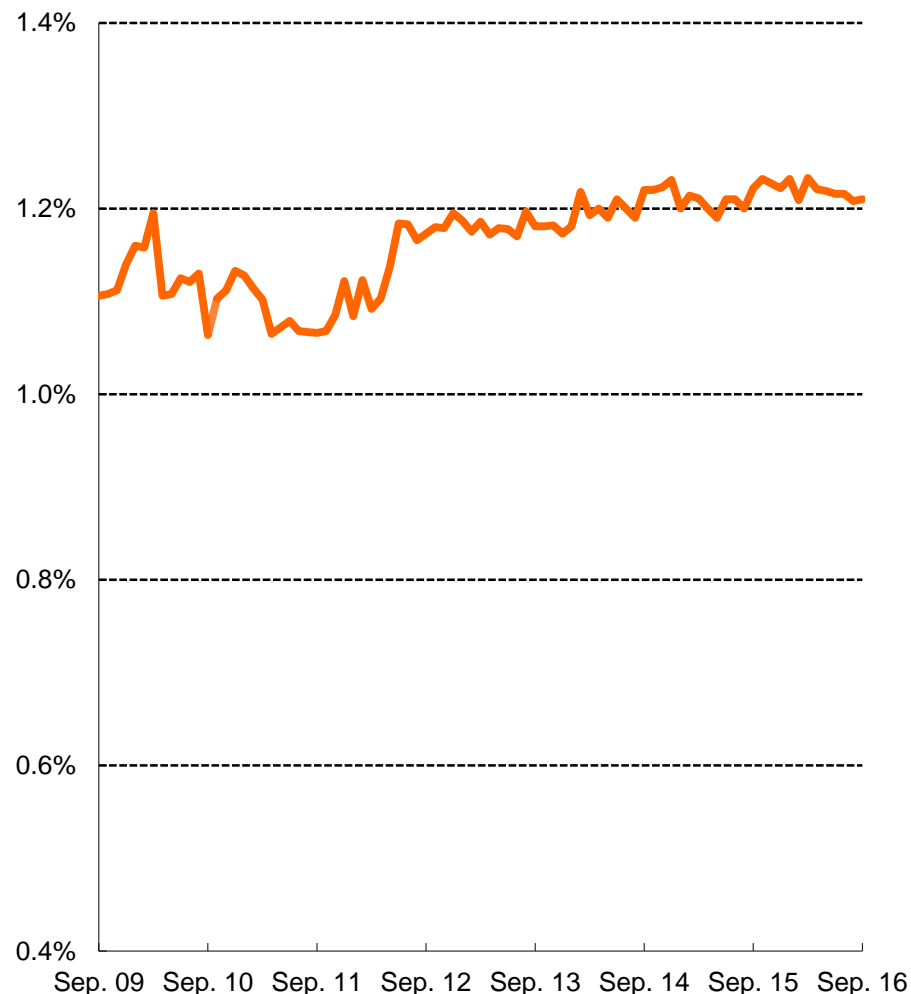
International business – overseas loans

Balance*¹

(USD bn)



Spread*²

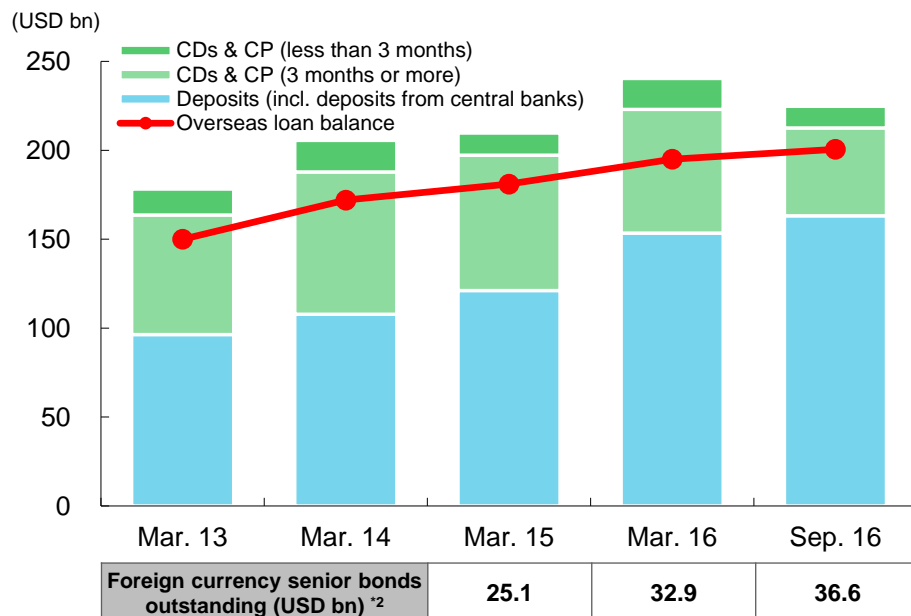


*1 Includes trade bills. Managerial accounting basis, translated into USD at respective period-end exchange rates. Sum of SMBC, SMBC Europe and SMBC (China)

*2 Managerial accounting basis. Average loan spread of existing loans on a monthly basis. Sum of SMBC, SMBC Europe and SMBC (China)

International business – SMBC / SMFG foreign currency funding

SMBC overseas deposit & loan balance*1



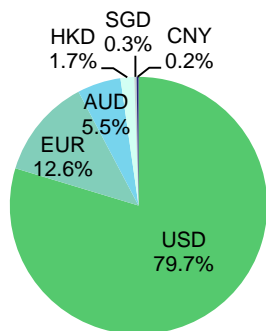
Foreign currency funding by region

Region (Main currency)	Major capital markets funding tool
Japan: SMFG (USD)	SEC Registered
Japan: SMBC (USD)	Global MTN Programme (USD 50 bn) 3(a)(2)
Japan: SMFG/SMBC (USD/EUR/GBP/AUD/HKD)	Euro MTN Programme (JPY 1,500 bn equivalent) RegS
Europe (USD/EUR/GBP)	Euro CP Programme (EUR 10 bn) Euro CD
US (USD)	US Domestic CP Programme (USD 15 bn) US Domestic CD
Australia (USD/AUD)	Debt Issuance Programme (USD 8 bn) Australian Domestic CD
Hong Kong (HKD)	CD Programme (HKD 15 bn)
Singapore (SGD)	CD Programme (SGD 5 bn)

SMBC / SMFG long-term capital markets funding*3

(Outstanding amount)

Total: USD 48.2 bn



Outstanding amount		
USD	38.4 bn	--
EUR	5.8 bn	= USD 6.1 bn
AUD	3.6 bn	= USD 2.6 bn
HKD	6.4 bn	= USD 0.8 bn
SGD	0.2 bn	= USD 0.1 bn
CNY	0.8 bn	= USD 0.1 bn

Recent deals (Senior unsecured)

- Oct. 19, 2016 / SMFG / USD / 3.5bn / 5y FIX at 2.442%, 5y FRN at 3ML+114bp, 10y FIX at 3.010%, SMBC / USD / 1.0bn / 2y FIX at 1.762%, 2y FRN at 3ML+67bp
- Jun. 15, 2016 / SMFG / EUR / 1.5bn / 10y FIX at 1.546%
- Oct. 20, 2015 / SMBC / USD / 500mn / 5y FIX at 2.45% / Green Bonds
- Sep. 8, 2015 / SMBC / EUR / 1.5bn (includes re-opening 500mn on Nov.12) / 2y FRN at Euribor+30bp / Private Placement
- May 28, 2015 / SMBC / USD / 655mn / 30NC10 FIX at 4.30% / Formosa

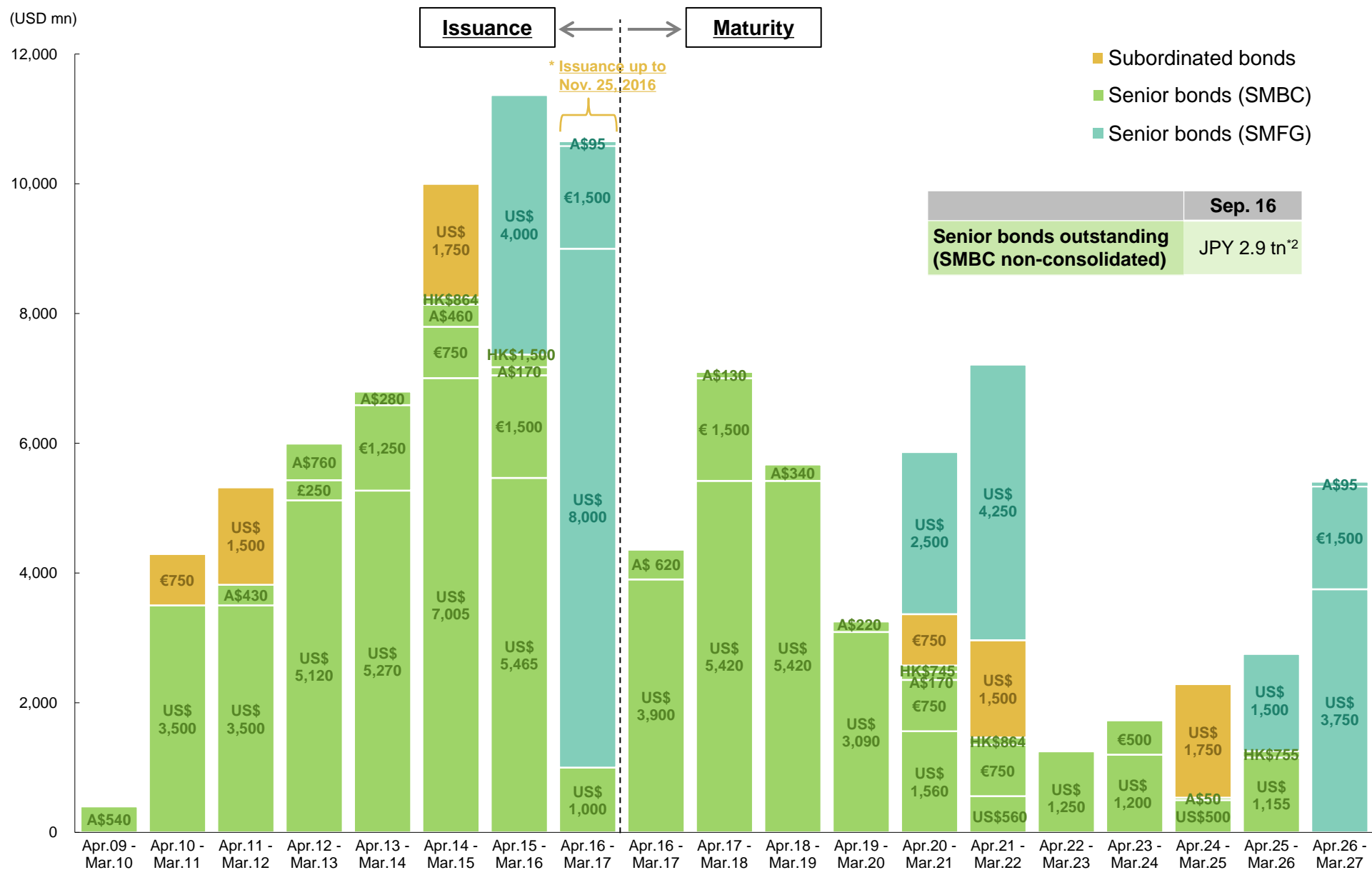
*1 Includes trade bills. Managerial accounting basis, translated into USD at respective period-end exchange rates. Sum of SMBC, SMBC Europe and SMBC (China)

*2 Bonds issued by SMBC and SMFG

*3 Issuance with original maturity of two years or more as of Nov. 25, 2016, issue date basis. Translated into USD at the exchange rates as of Nov. 25, 2016

International business –

■ SMBC / SMFG capital markets funding profile*1



*1 Excludes JPY funding, certificate of deposits and transferable deposits. For the callable bonds, 1st call dates are regarded as their maturity dates, while there is no assurance they will be redeemed at such time. Issuance with original maturity of two years or more as of Nov. 25, 2016, issue date basis. Translated into USD at the exchange rate as of Nov. 25, 2016 *2 Including JPY denominated bonds

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TLAC requirements

■ Key points of TLAC requirements and senior notes of SMFG

Anticipated TLAC and capital buffer requirements

- Anticipated TLAC and capital buffer requirements for SMFG are effectively 17% of risk-weighted assets (“RWA”) from 2019 and 18% from 2022^{*1}
 - As the Japanese Deposit Insurance Fund Reserves fulfill the requirements, the Financial Services Agency of Japan (“FSA”) plans to allow Japanese G-SIBs to count 2.5% of RWA from 2019 and 3.5% of RWA from 2022 as external TLAC^{*2}
- Total capital ratio stood at 17.45%^{*3} as of Sep. 2016
- The SPE resolution strategy is basically considered to be the preferred resolution strategy^{*4}

Safeguards before incurring losses at PoNV

- Senior notes may incur losses depending on recovery value through court-administered insolvency proceedings of SMFG which is expected to commence subsequent to point of non-viability (“PoNV”)
 - Before senior notes incur losses, all Basel III eligible AT1 and Tier 2 instruments will be fully^{*5} written down upon PoNV in accordance with their terms
- PoNV will be reached upon a suspension of payment or having negative net worth^{*6}
 - Prior reaching to PoNV, SMFG will need to implement a recovery plan upon reaching certain regulatory capital level to remain viable
 - Also SMFG will be required to meet various capital requirements, a breach of which will result in certain corrective measures^{*7}

^{*1} Please see the next page for assumptions and calculations. Final TLAC standards (“Principles on Loss-Absorbing and Recapitalisation Capacity of G-SIBs in Resolution, Total Loss-Absorbing Capacity (TLAC) Term Sheet”) published by the FSB also include a minimum requirement based on a leverage ratio denominator basis

^{*2} On Apr. 15, 2016, the FSA released its approach to introduce the TLAC framework in Japan (the “FSA’s Approach”). (<http://www.fsa.go.jp/en/news/2016/20160415-1/01.pdf>)

^{*3} SMFG consolidated Basel III total capital ratio on a transitional basis

^{*4} Under the FSA’s Approach. SPE resolution strategy indicates a single point of entry resolution strategy in which resolution powers are applied to the top level entity of a banking group by a single national resolution authority

^{*5} Except for the amounts that have become due and payable prior to the occurrence of PoNV

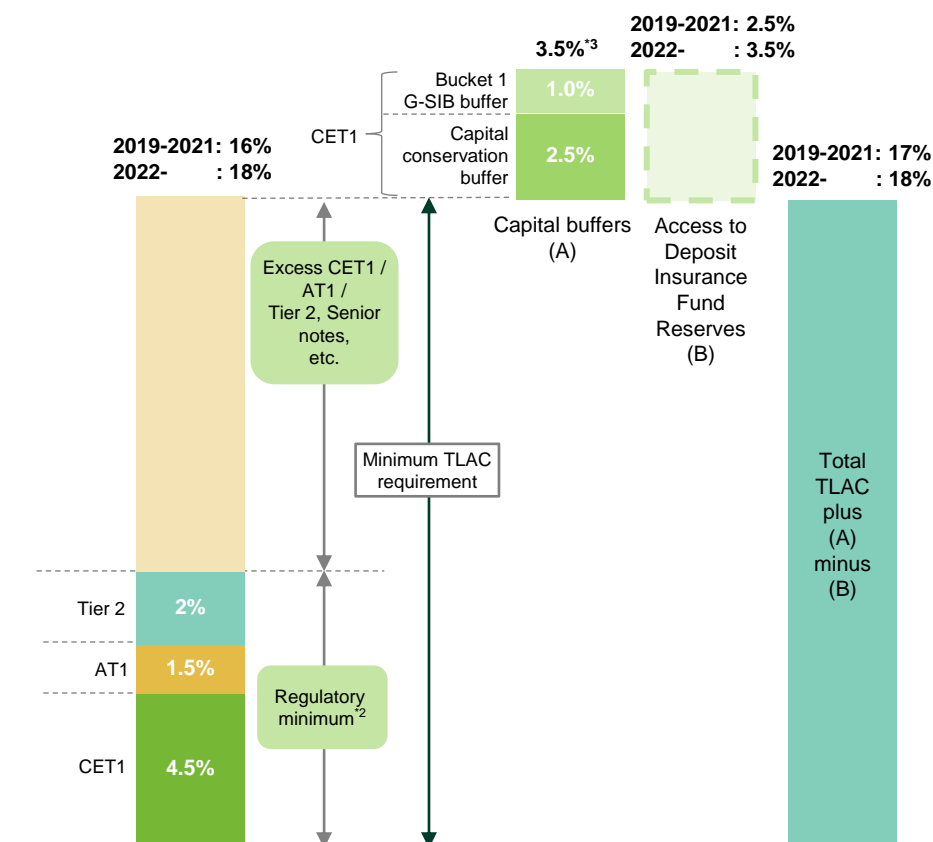
^{*6} PoNV will be deemed to have been reached when the Prime Minister of Japan, following deliberation by Japan’s Financial Crisis Response Council pursuant to the Deposit Insurance Act (“DIA”), confirms (*nintei*) that “specified Item 2 measures (*tokutei dai nigo sochi*),” which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the DIA, as then in effect, need to be applied to a financial institution under circumstances where its liabilities exceed or are likely to exceed its assets, or it has suspended or is likely to suspend payment of its obligations

^{*7} In addition, in Japan, safeguards designed to prevent systemic disruption including capital injection are available prior to PoNV and there is a history of such capital injections

■ Anticipated TLAC and capital buffer requirements for SMFG*1

- On Apr. 15, 2016, the FSA released the FSA's Approach regarding TLAC framework in JAPAN

TLAC and capital buffer requirements for SMFG



Highlights of TLAC requirements

Minimum external TLAC requirements

	2019 - 2021	After 2022
Minimum external TLAC requirements (RWA basis)	16%	18%
Plus capital buffers*3	19.5%	21.5%
Factoring treatment of access to Deposit Insurance Fund Reserves	17.0%	18.0%
Minimum external TLAC requirements (Leverage ratio denominator basis)	6%	6.75%

- Based on current calculations, we expect that the TLAC requirements based on RWA will be more constraining than requirements based on the leverage ratio denominator

Contribution of Japanese Deposit Insurance Fund Reserves

- The FSA plans to allow Japanese G-SIBs to count the amount equivalent to 2.5% of RWA from Mar. 2019 and 3.5% of RWA from Mar. 2022 as external TLAC

*1 Based on the FSB's final TLAC standards released in Nov. 2015 and the FSA's Approach.

The FSA's Approach remains subject to change based on future discussions among international regulators

*2 Under current capital requirements

*3 Excludes countercyclical buffer. As for G-SIB buffer, SMFG was allocated to bucket 1 (1.0%) according to the list published by the FSB in Nov. 2015

Meeting TLAC requirements

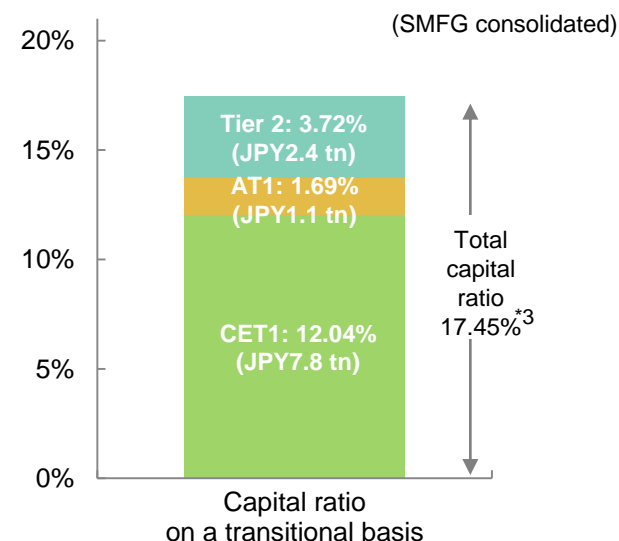
TLAC senior	<ul style="list-style-type: none"> Under the SPE resolution strategy, which is basically considered as the preferred resolution strategy*¹, senior unsecured debt instruments issued by holding company are expected to count as “external TLAC” SMBC has been increasing capital markets funding, which demonstrates the potential funding capacity for SMFG
Tier 2 capital	<ul style="list-style-type: none"> Aim to fill buckets of 1.5% AT1 and 2.0% Tier 2 capital through regular refinancing with Basel III eligible instruments issued by SMFG to achieve an efficient capital structure
AT1 capital	
CET1 capital	<ul style="list-style-type: none"> Aim to secure CET1 ratio of at least around 10% on a fully loaded basis Prepare for the tightening of international financial regulations and downside risks in the economy
RWAs	<ul style="list-style-type: none"> Closely monitoring regulatory developments that may increase RWAs

Issuance amount of unsecured debt*²

(USD bn)	FY3/2015	FY3/2016	1H, FY3/2017
SMBC / SMFG senior	\$8.7	\$11.5	\$6.4
of which SMFG senior	-	\$4.0	\$6.4
		Total \$10.4*	
SMFG AT1 / Tier 2	\$3.1	\$5.3	\$2.5

* 1.6% of RWA as of Sep. 2016

Capital ratio as of Sep. 2016



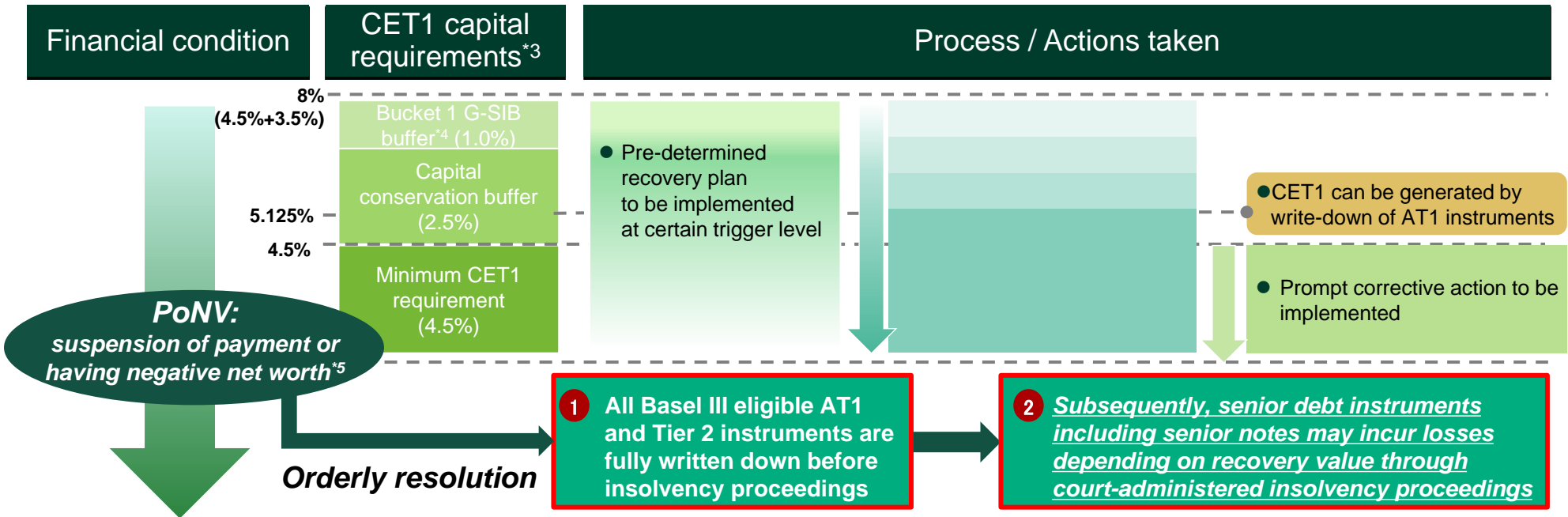
*¹ Under the FSA's Approach. SPE resolution strategy indicates a single point of entry resolution strategy in which resolution powers are applied to the top level entity of a banking group by a single national resolution authority

*² Translated into USD at the exchange rate as of Mar. 31, 2015 (FY3/2015), as of Mar. 31, 2016 (FY3/2016), as of Sep. 30, 2016 (1H, FY3/2017)

*³ This is total capital ratio on a transitional basis. Since TLAC requirements in Japan have not yet been finalized, the calculation for TLAC ratio may be different from the one for total capital ratio, hence there is a possibility that some items in total capital may not be included in TLAC capital

- capital requirement-based corrective measures

- Senior notes may incur losses during orderly resolution which is expected to be commenced subsequent to PoNV*¹
- All Basel III eligible AT1 and Tier 2 instruments will be fully*² written down upon PoNV pursuant to their terms before senior notes incur losses and AT1 / Tier 2 investors will not be able to claim written down amounts in the liquidation proceedings
- Prior to reaching PoNV, SMFG will need to implement a recovery plan to remain viable. Also SMFG will be required to meet various capital requirements, a breach of which will result in certain corrective measures

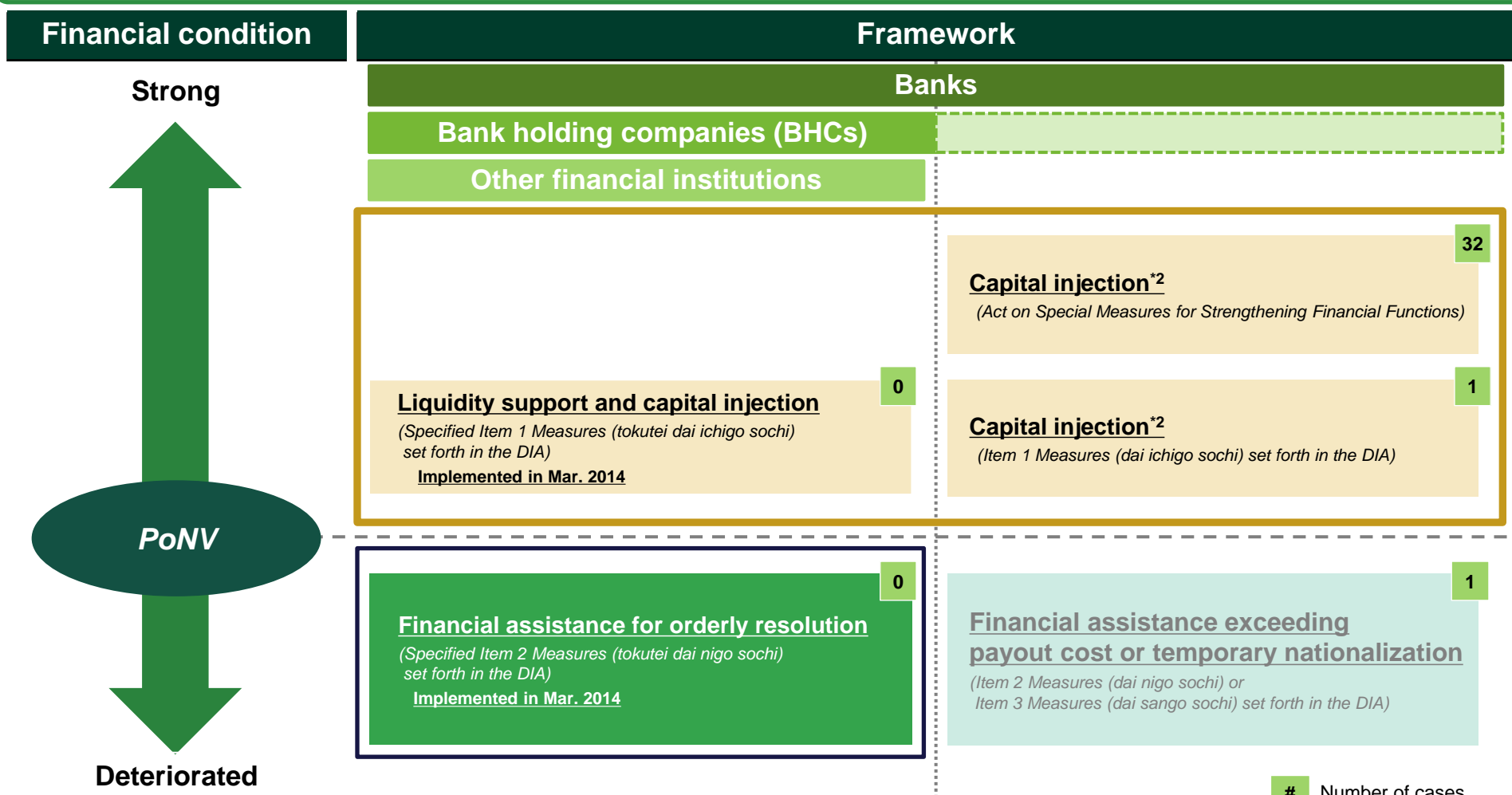


*1 Based on a possible model of Japanese G-SIB's resolution under the SPE resolution strategy as set out in the FSA's Approach *2 Except for the amounts that have become due and payable prior to the occurrence of PoNV *3 Excludes countercyclical buffer *4 As for G-SIB buffer, SMFG was allocated to bucket 1 (1.0%) according to the list published by the FSB in Nov. 2015 *5 PoNV will be deemed to have reached when the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the DIA, confirms (*nintei*) that "specified Item 2 measures (*tokutei dai nigo sochi*)", which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the DIA, as then in effect, need to be applied to a financial institution under circumstances where its liabilities exceed or are likely to exceed assets, or it has suspended or is likely to suspend payment of obligations

Safeguards before incurring losses at PoNV

- safeguards to prevent systemic disruption

- In Japan, safeguards designed to prevent systemic disruption including capital injection are available prior to PoNV*1
- The Mar. 2014 amendments to the DIA expanded the scope of institutions eligible for the safeguards to include financial holding companies and other financial institutions



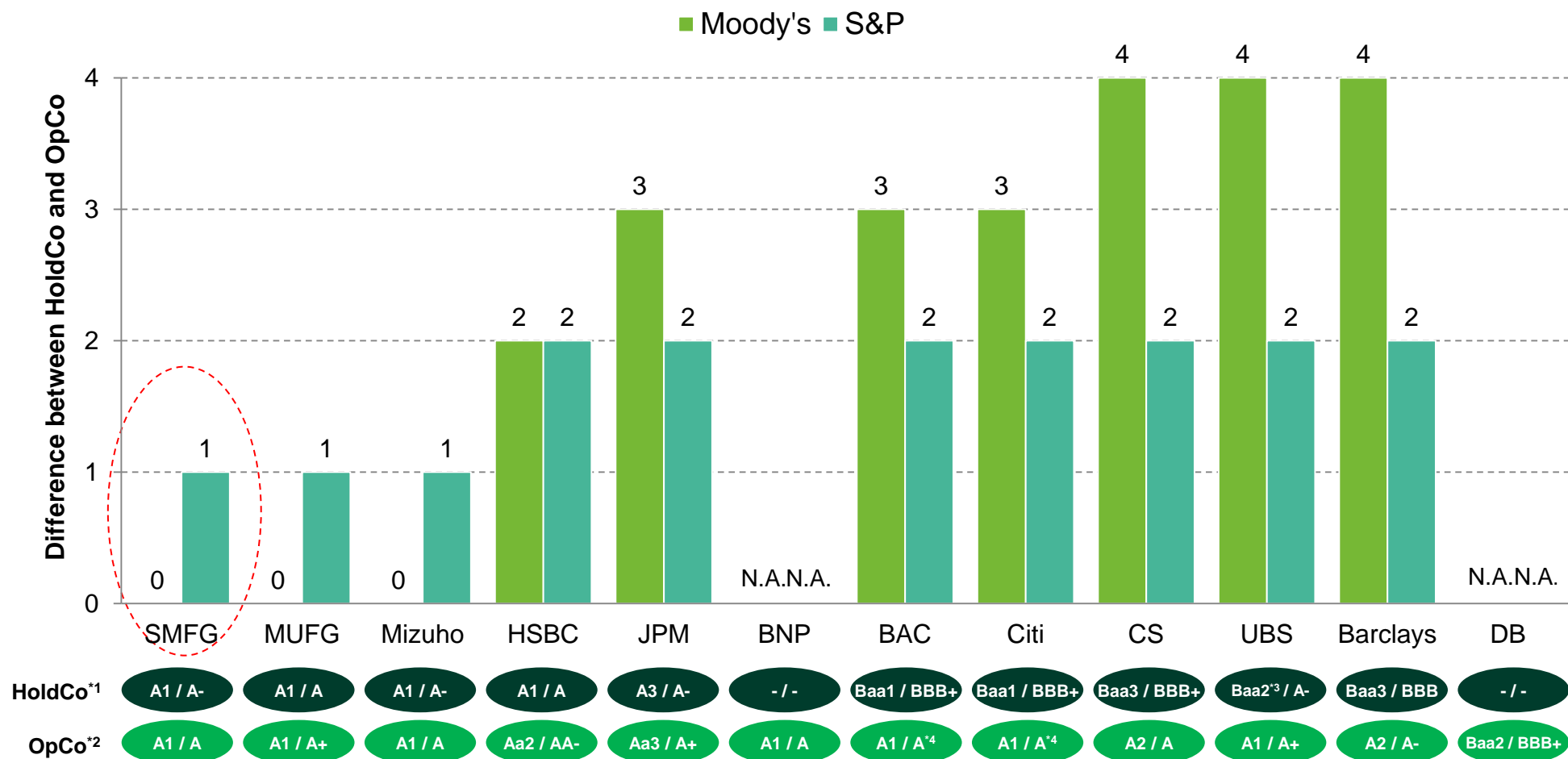
*1 There is no assurance that any such measures would be applied in any given case

*2 Capital injection may be made through BHCs

Number of cases

Credit ratings of G-SIBs

Credit ratings of selected G-SIBs (as of Nov. 25, 2016)



*1 Senior unsecured ratings (if not available, long-term Issuer Ratings for Moody's and long-term Issuer Credit Ratings for S&P)

*2 Senior unsecured ratings of SMBC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., HSBC Bank plc, JPMorgan Chase Bank NA, BNP Paribas SA, Bank of America NA, Citibank NA, Credit Suisse AG, UBS AG, Barclays Bank plc and Deutsche Bank AG, respectively

*3 BACKED senior unsecured rating of UBS Group Funding Jersey guaranteed by UBS Group AG

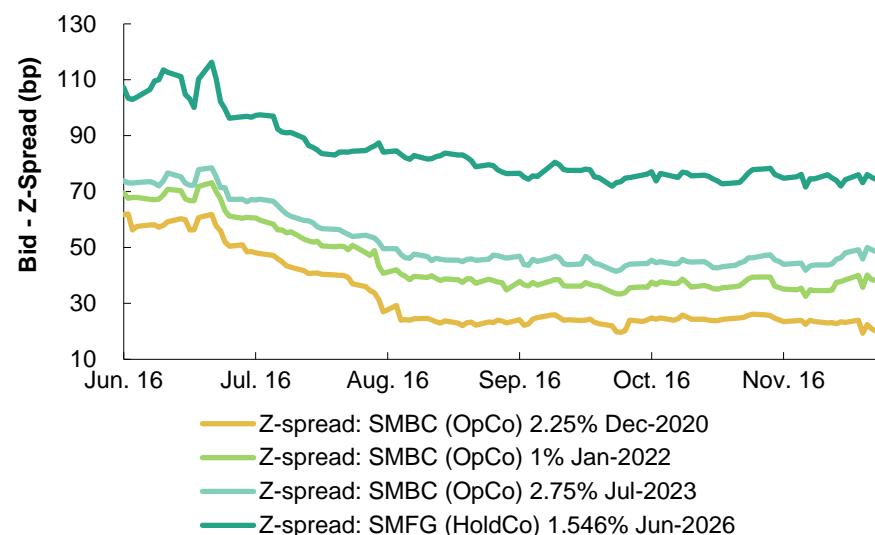
*4 Under review for possible upgrade

SMFG EUR denominated senior notes

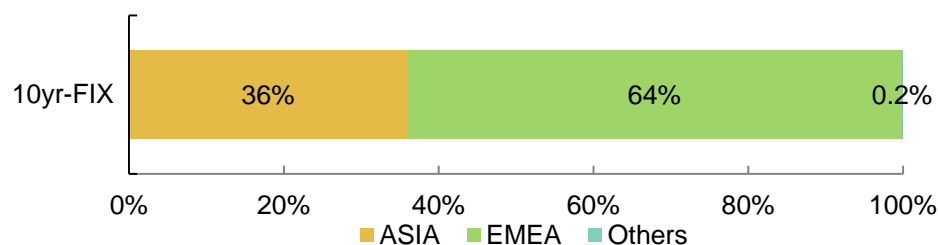
Transaction summary

	10-year Senior Fixed Rate Notes
Issuer	Sumitomo Mitsui Financial Group, Inc.
Securities Offered	Senior Notes (the "Notes")
Regulatory Treatment	It is expected that the Notes will count as "external TLAC" as defined in the FSB's final TLAC standards*1 when the regulation is implemented in Japan
Maturity	10 years
Amount	EUR 1,500mn
Coupon	1.546%
Spread	MS+105bp
Ratings	A1 (Moody's) / A- (S&P)
Listing	Luxembourg Stock Exchange's Euro MTF Market
Pricing Date	Jun. 7, 2016
Format	Regulation S

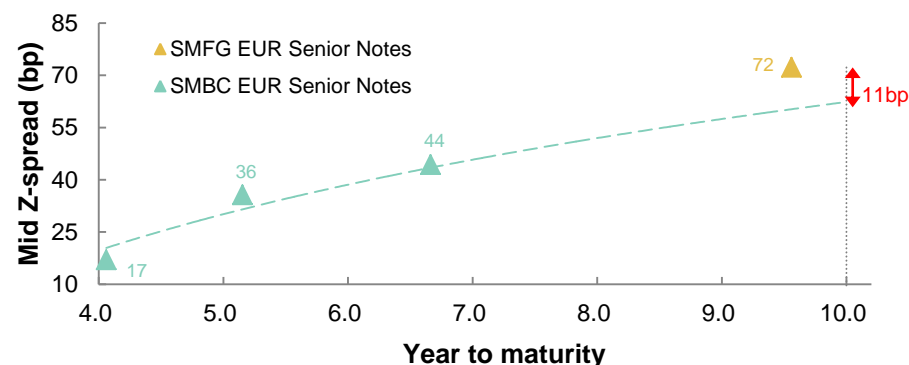
Secondary performance*2



Geographical breakdown of allocation



SMFG/SMBC credit curve (EUR Z-spread)*2



*1 Principles on Loss-Absorbing and Recapitalisation Capacity of G-SIBs in Resolution, TLAC Term Sheet published by the FSB on Nov. 9, 2015. TLAC requirements have not yet been adopted or proposed in Japan and there is no assurance that such TLAC requirements will be the same as the FSB's final TLAC standards or that Senior Notes will qualify as TLAC under such requirements

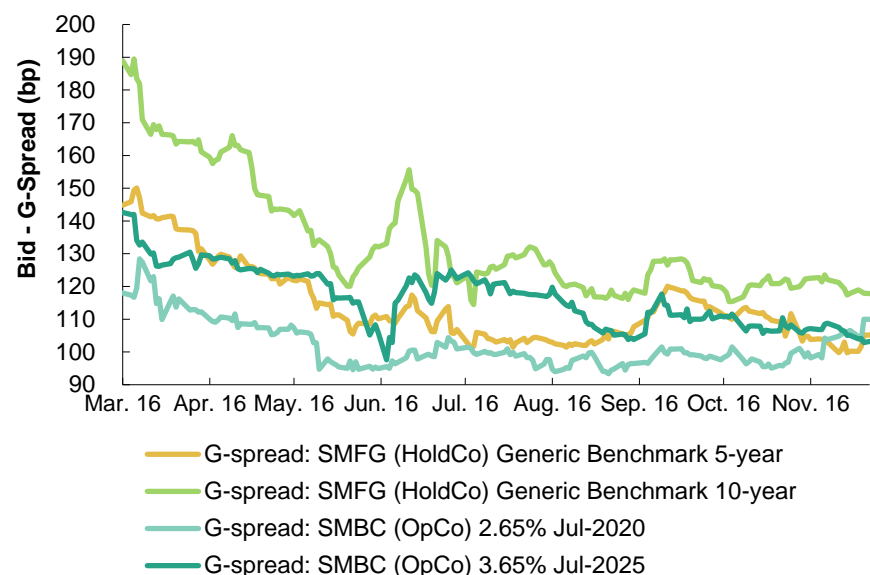
*2 Source: Bloomberg, as of Nov. 25, 2016

SMFG USD denominated senior notes

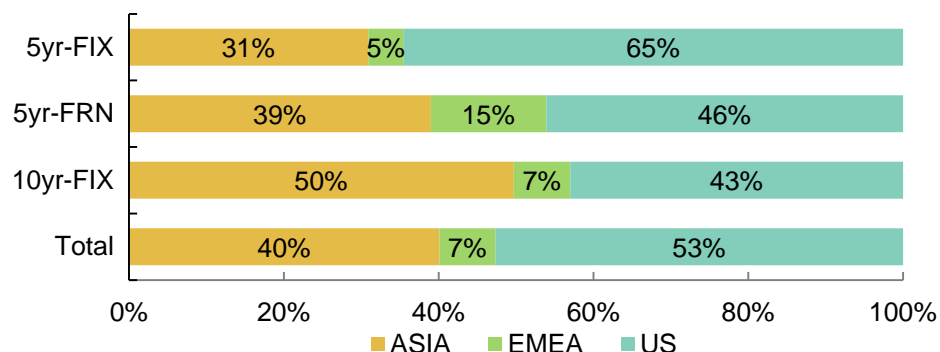
Transaction summary

	5-year Senior Fixed Rate Notes	5-year Senior Floating Rate Notes	10-year Senior Fixed Rate Notes
Issuer	Sumitomo Mitsui Financial Group, Inc.		
Securities Offered	Senior Notes (the "Notes")		
Regulatory Treatment	It is expected that the Notes will count as "external TLAC" as defined in the FSB's final TLAC standards*1 when the regulation is implemented in Japan		
Maturity	5 years		10 years
Amount	\$1,500mn	\$500mn	\$1,500mn
Coupon	2.442%	US\$3m Libor + 114bp	3.010%
Spread	UST+115bp	US\$3m Libor + 114bp	UST+125bp
Ratings	A1 (Moody's) / A- (S&P)		
Listing	Luxembourg Stock Exchange's Euro MTF Market		
Pricing Date	Oct. 11, 2016		
Format	SEC Registered		

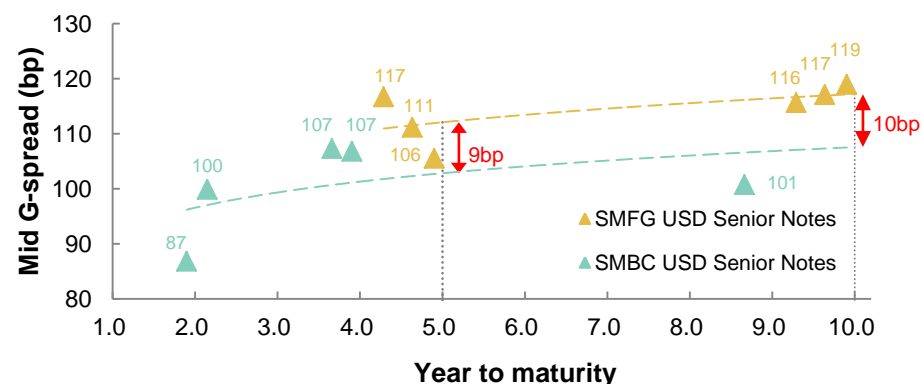
Secondary performance*2



Geographical breakdown of allocation



SMFG / SMBC credit curve (USD G-spread)*2



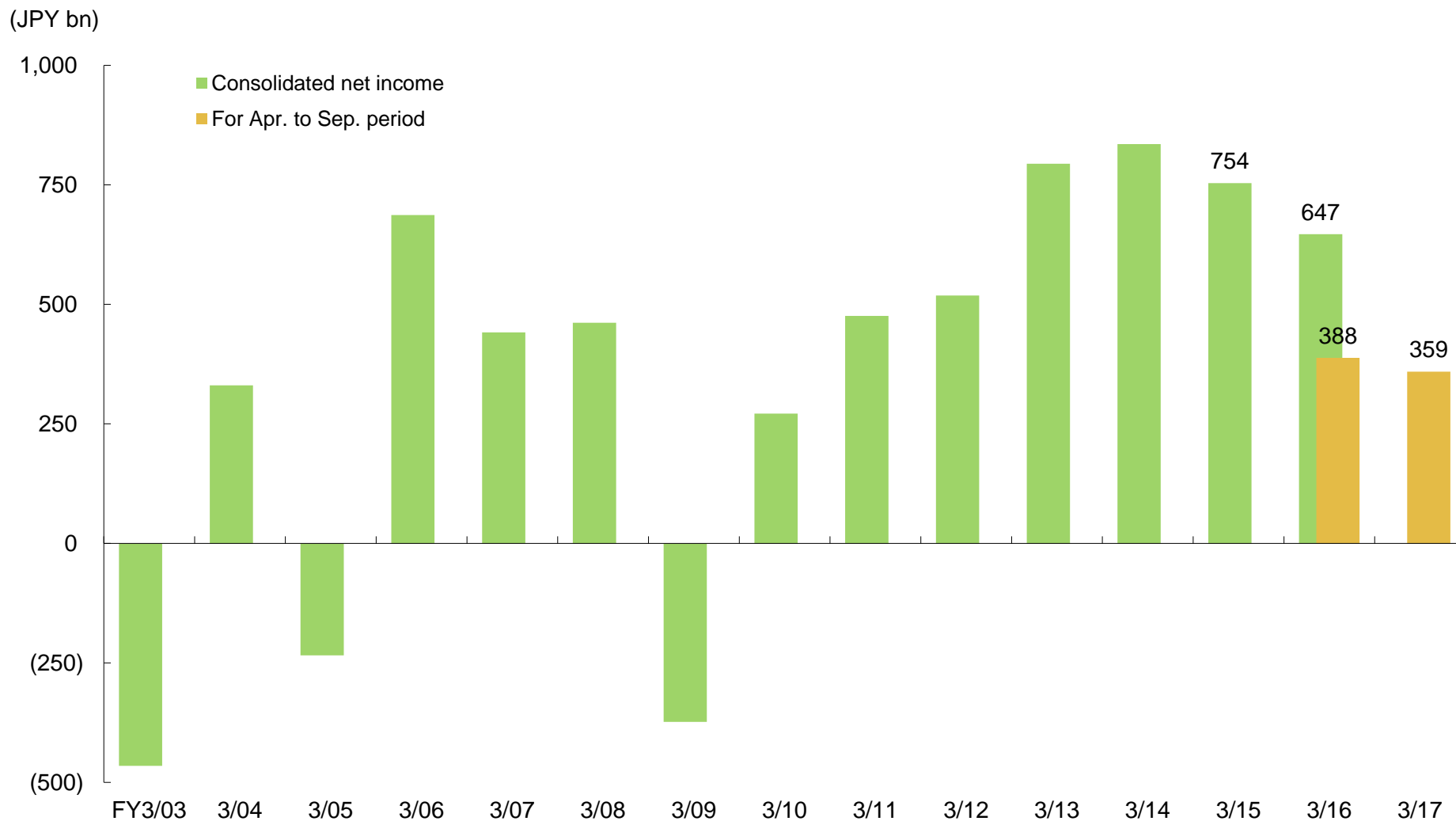
*1 Principles on Loss-Absorbing and Recapitalisation Capacity of G-SIBs in Resolution, TLAC Term Sheet published by the FSB on Nov. 9, 2015. TLAC requirements have not yet been adopted or proposed in Japan and there is no assurance that such TLAC requirements will be the same as the FSB's final TLAC standards or that Senior Notes will qualify as TLAC under such requirements

*2 Source: Bloomberg, as of Nov. 25, 2016

Appendix

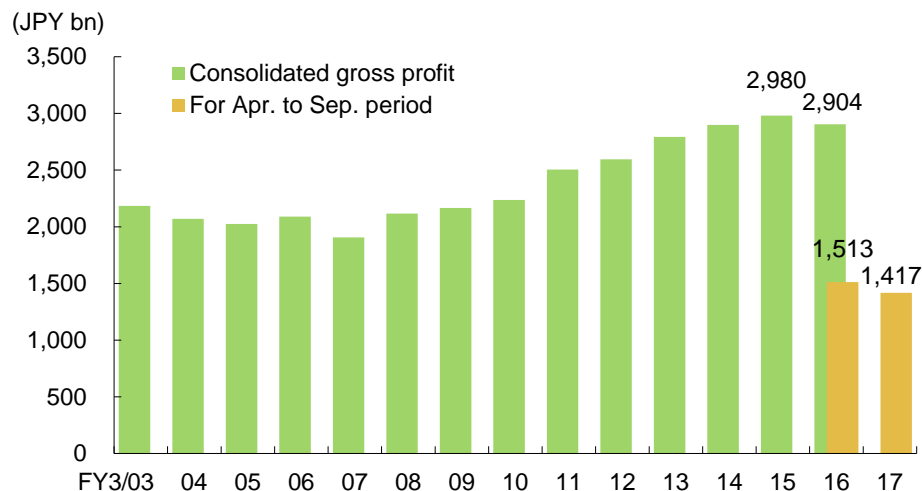
Trend of bottom line profits

Net income / Profit attributable to owners of parent (SMFG consolidated)

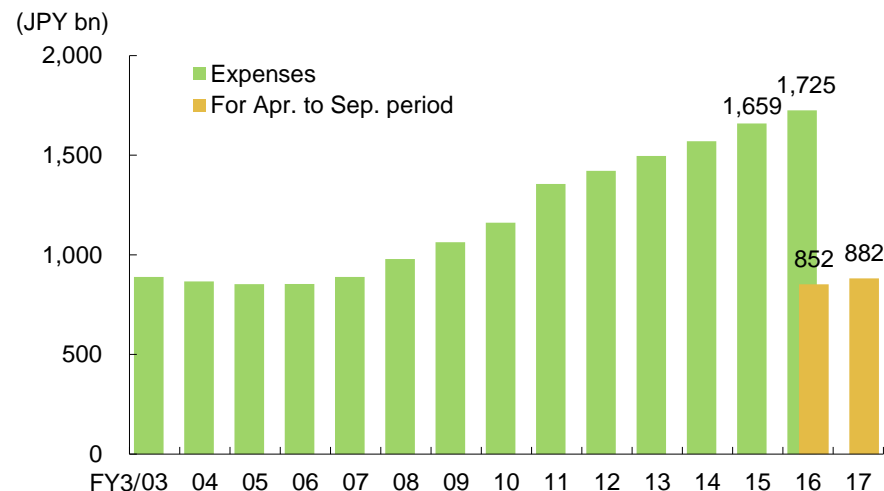


Trend of major income components – SMFG consolidated

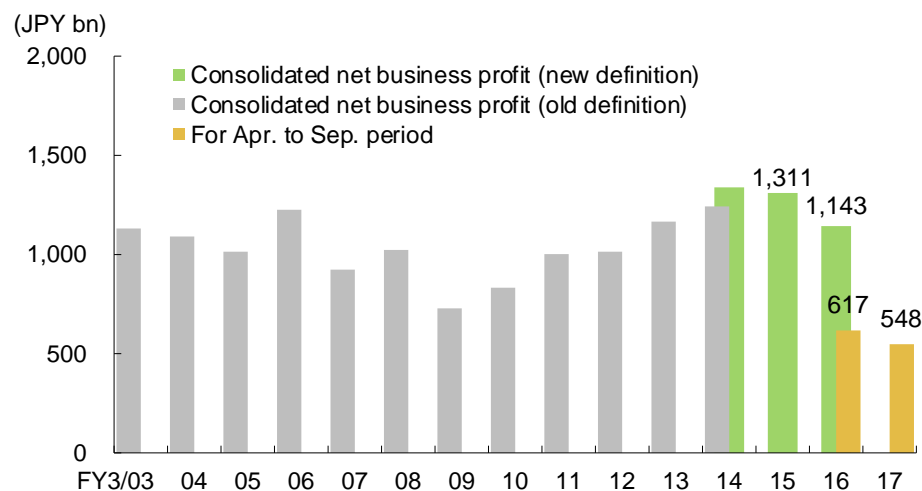
Consolidated gross profit



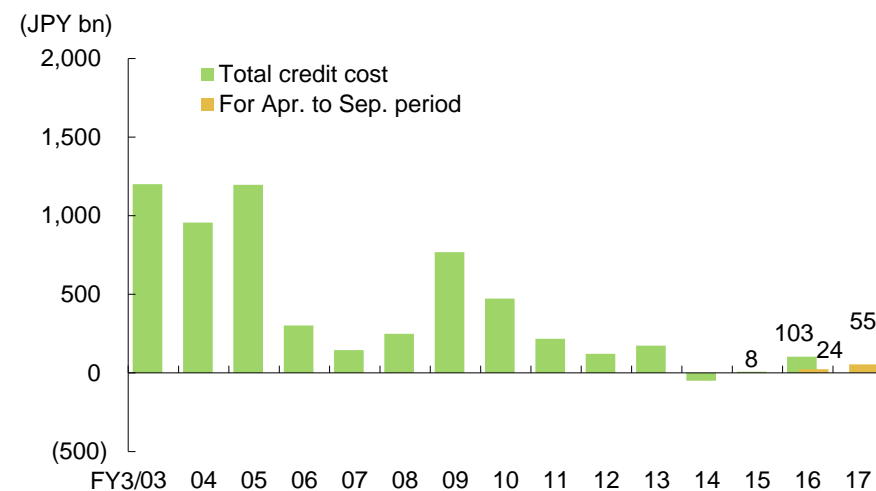
General and administrative expenses



Consolidated net business profit*



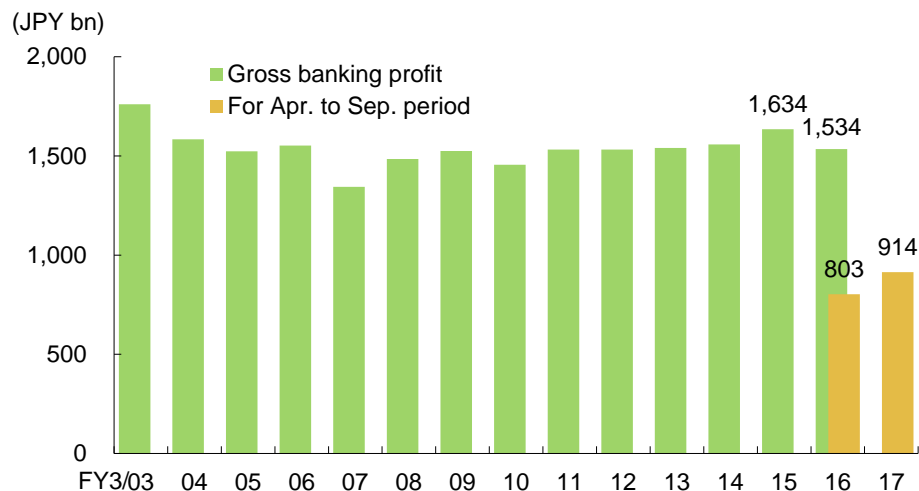
Total credit cost



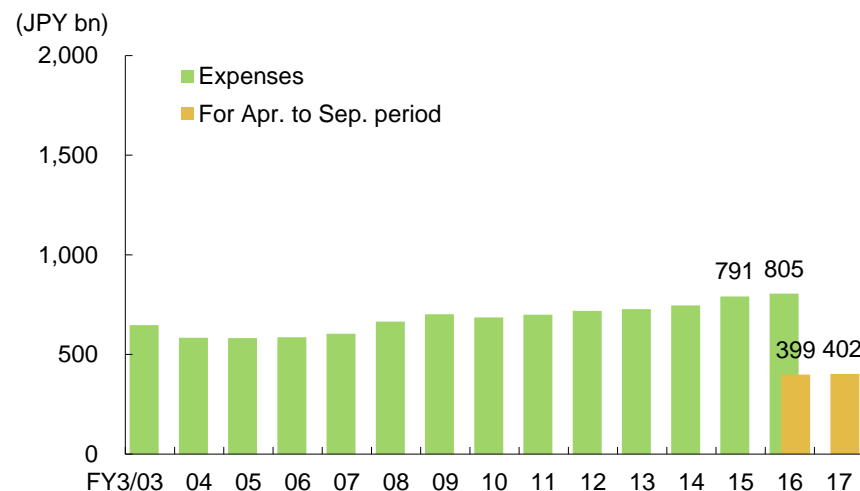
* We have changed the definition of "Consolidated net business profit" from the fiscal year ended March 31, 2015. The figure for the fiscal year ended March 31, 2014 has been adjusted retrospectively

Trend of major income components – SMBC non-consolidated

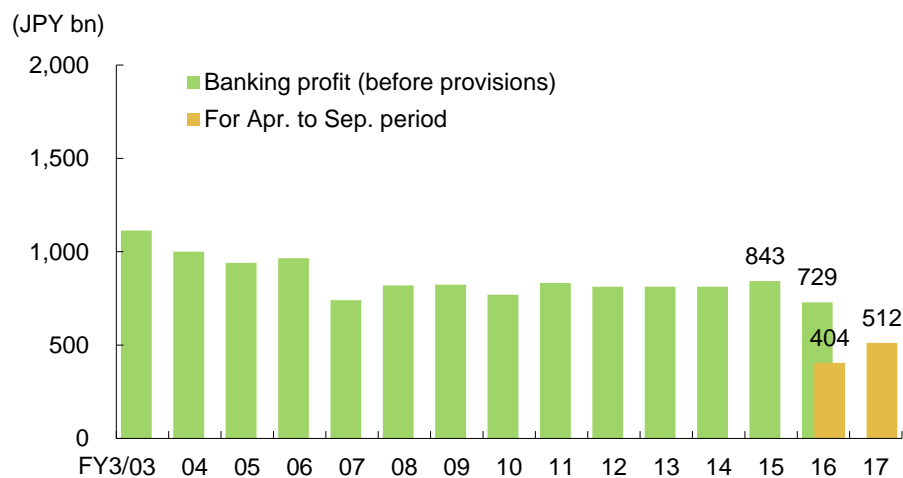
Gross banking profit



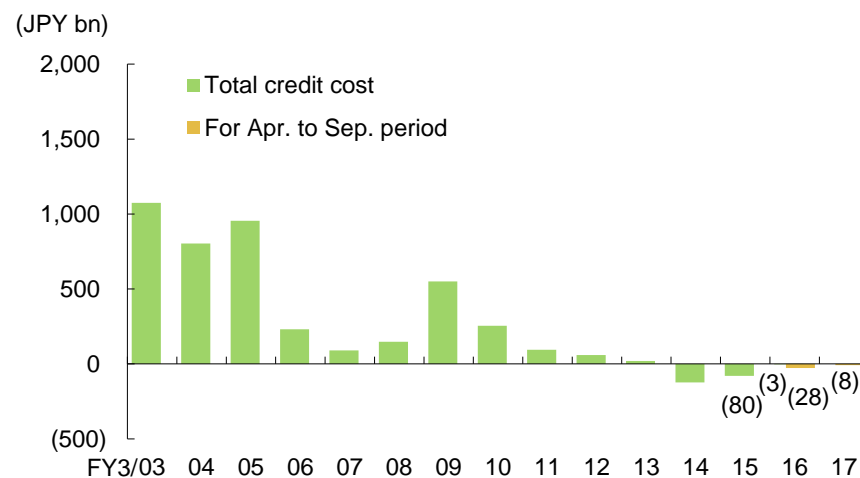
Expenses



Banking profit (before provisions)



Total credit cost



■ Capital and risk-weighted assets, SMFG consolidated

Capital ratio (transitional basis)

(JPY bn)			Mar. 31, 2016	Sep. 30, 2016 <i>Preliminary</i>
	CET1		7,796.5	7,832.7
	of which:	Total stockholders' equity related to common stock	7,351.8	7,608.4
		Accumulated other comprehensive income ^{*1}	875.7	727.3
		Regulatory adjustments related to CET1 ^{*1}	(646.4)	(718.9)
Tier 1 capital			9,031.7	8,934.3
of which:	AT1 capital instruments		300.0	300.0
	Eligible Tier 1 capital instruments (grandfathered) ^{*3}		962.0	928.9
	Regulatory adjustments ^{*1, *2}		(244.9)	(283.1)
Tier 2 capital			2,204.3	2,419.5
of which:	Tier 2 capital instruments		655.1	883.6
	Eligible Tier 2 capital instruments (grandfathered) ^{*3}		1,220.6	1,165.5
	Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount ^{*2}		345.7	322.4
	Regulatory adjustments ^{*1, *2}		(137.1)	(81.9)
Total capital			11,235.9	11,353.9
Risk-weighted assets			66,011.6	65,049.9
CET1 ratio			11.81%	12.04%
Tier 1 ratio			13.68%	13.73%
Total capital ratio			17.02%	17.45%

Leverage ratio (transitional basis)

(JPY bn)	Mar. 31, 2016	Sep. 30, 2016 <i>Preliminary</i>
Leverage ratio	4.61%	4.71%
Leverage exposure	195,762.4	189,341.6

LCR (transitional basis)

Average Jul. – Sep. 2016
118.7%

^{*1~3} Subject to transitional arrangements. Regulatory adjustments of Tier 1 and Tier 2 include items that are either phased-in or phased-out as described in ^{*1} and ^{*2} below Percentages below indicate the treatment as of Mar. 31, 2016 / Sep. 30, 2016

^{*1} 60% of the original amounts are included ^{*2} 60% phase-out is reflected in the figures ^{*3} Cap is 60%

Financial highlights – IFRS*

Income statement data

	(JPY bn)	FY3/2015	FY3/2016
Net interest income		1,411.5	1,441.5
Net Fee and commission income		873.5	900.3
Net Trading income		127.8	462.7
Other operating income		919.6	883.8
Total operating income		3,332.4	3,688.2
Net operating income		3,242.3	3,539.9
Profit before tax		1,132.9	1,325.7
Net profit		723.0	952.8

Statement of financial position data

	(JPY bn)	FY3/2016
Total assets		180,172.7
Loans		88,862.4
Deposits		125,940.8
Total equity		11,042.1

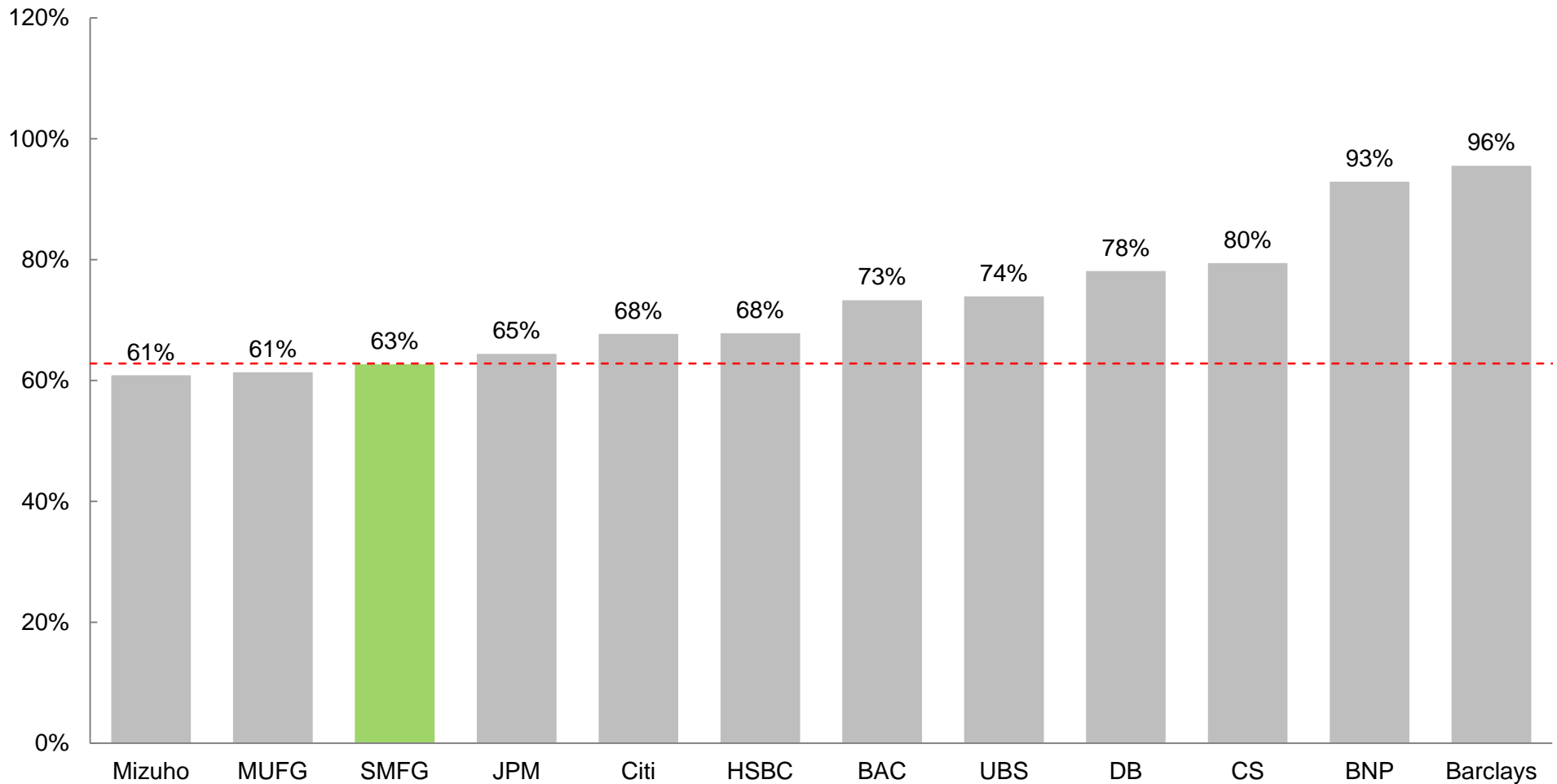
* SMFG consolidated

Reconciliation with Japanese GAAP *

	(At and for FY3/2016, JPY bn)	Total equity	Net profit
IFRS		11,042.1	952.8
Differences arising from different accounting for:	Scope of consolidation	119.2	3.1
	Derivative financial instruments	133.7	(173.1)
	Investment securities	(256.8)	(56.6)
	Loans and advances	25.4	35.2
	Investments in associates and joint ventures	(86.2)	(53.4)
	Property, plant and equipment	(9.3)	(1.3)
	Lease accounting	(0.5)	1.5
	Defined benefit plans	(32.2)	(6.6)
	Deferred tax assets	(35.4)	51.2
	Foreign currency translation	-	(61.7)
	Others	(151.2)	(27.0)
	Tax effect of the above	1.4	96.6
Japanese GAAP		10,447.7	755.1

Liquidity – supported by a sticky domestic deposit base

Loan-to-deposit ratio*



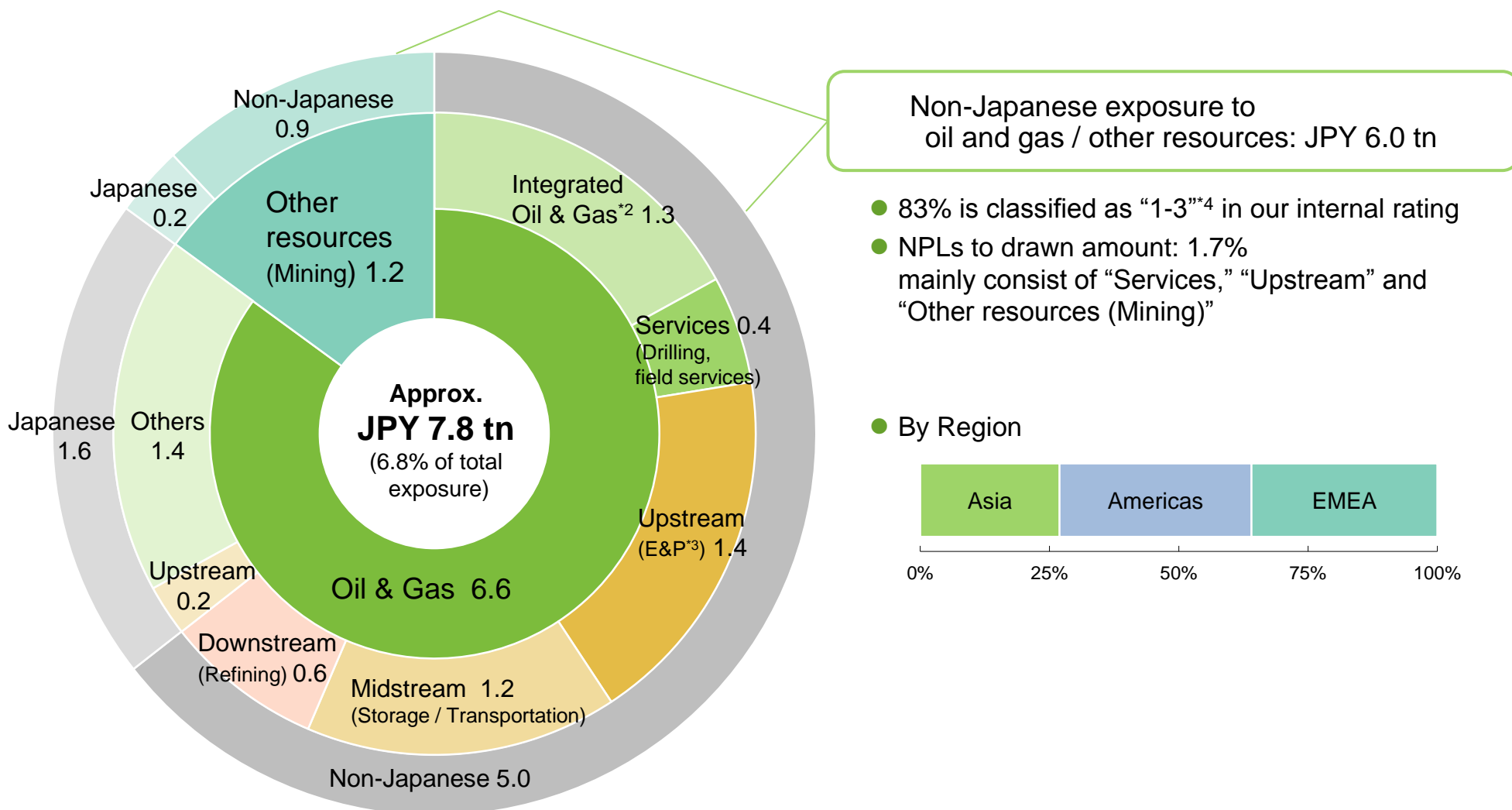
* Based on each company's disclosure. As of Sep. 30, 2016 on a consolidated basis.

Obligor grading system

Obligor grade		Definition	Borrower category
Domestic (C&I*), etc.	Overseas (C&I*), etc.		
J1	G1	Very high certainty of debt repayment	Normal borrowers
J2	G2	High certainty of debt repayment	
J3	G3	Satisfactory certainty of debt repayment	
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment	
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems	
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish / unstable business, or financial problems	Borrowers requiring caution
J7R	G7R	(Of which substandard borrowers)	Substandard borrowers
J8	G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially bankrupt borrowers
J9	G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Effectively bankrupt borrowers
J10	G10	Legally or formally bankrupt	Bankrupt borrowers

* Commercial / Industrial

■ Exposure to resources related sectors*¹ (as of Sep. 30, 2016)



*¹ Loans, commitment lines, guarantees, investments, etc. Sum of SMBC, SMBC Europe and SMBC (China)

*² Majors, state-owned oil companies, etc. *³ Exploration & Production

*⁴ Certainty of debt repayment is in the range of Very high - Satisfactory

Initiatives for negative interest rate policy

Control deposit balance

- Lowered interest rates
 - Ordinary deposits 0.001% since Feb. 16th
 - Time deposits 0.01% since Mar. 1st
- Initiatives against inflow of large funds from corporations (especially financial institutions)
 - Charge fees for correspondent accounts of foreign banks

Promote shifts from savings to investment

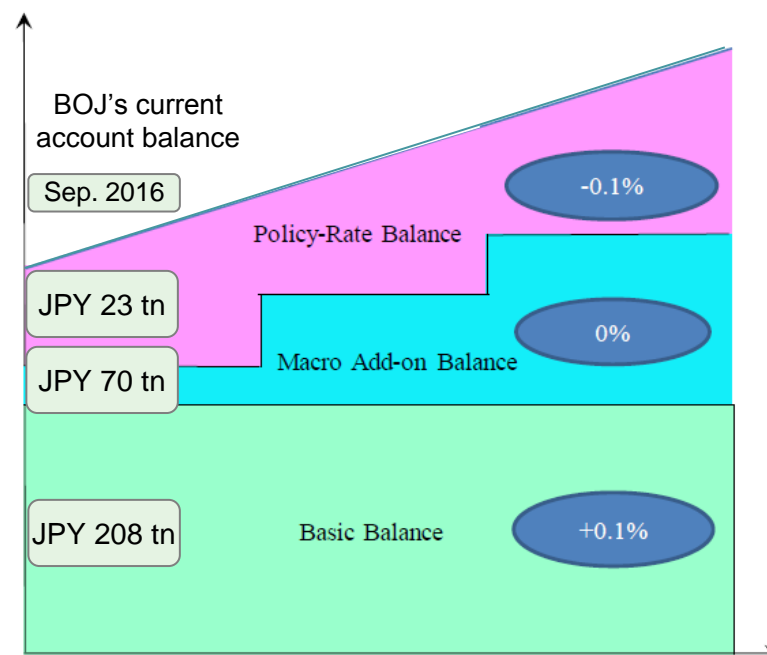
- Foreign deposits; raised interest rates, launched marketing campaigns
- Increase sales of wrap accounts and low risk and low return investment products

Diversify revenue sources Initiatives to secure loan margin

- Strengthen commission business
- Expand non-banking business
- Initiatives to increase high value-added loans by providing solutions

BOJ's negative interest rate policy*

- Introduction of “Quantitative and Qualitative Monetary Easing with a Negative Interest Rate” (Feb.2016)*¹



- Introduction of “Quantitative and Qualitative Monetary Easing with Yield Curve Control” (Sep.2016)*²
 - “Yield curve control”
 - “Inflation-overshooting commitment”

*1 Source: The Bank of Japan (“Key Points of Today’s Policy Decisions” on Jan. 29, 2016)
 “BOJ Current Account Balances by Sector (Sep. 2016)” on Oct. 17, 2016 for BOJ’s current account balance

*2 Source: The Bank of Japan (“New Framework for Strengthening Monetary Easing: “Quantitative and Qualitative Monetary Easing with Yield Curve Control” on Sep. 21, 2016)

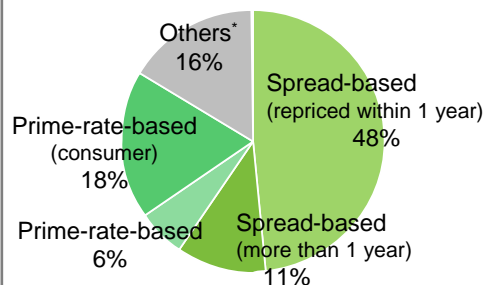
Balance sheet

SMFG consolidated balance sheet (Sep. 30, 2016)

Of which SMBC
non-consolidated

- Balance in the BOJ's current account
Sep. 30, 2016 JPY 30.8 tn
1H, FY3/17 average JPY 30.1 tn

- Domestic loans outstanding
JPY 53.3 tn



- JGB JPY 7.4 tn
 - Of which other securities JPY 6.0 tn

Cash and due from banks
JPY 39.3 tn

Loans
JPY 76.0 tn

Securities
JPY 21.9 tn

Other assets
JPY 42.9 tn

Deposits
(includes NCD)
JPY 120.9 tn

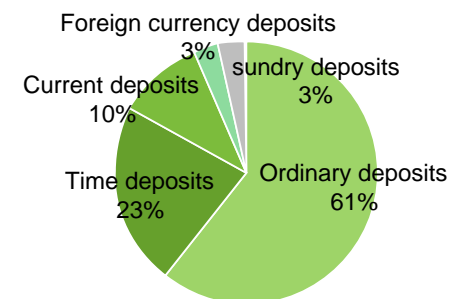
Other liabilities
JPY 48.6 tn

Total net assets JPY 10.4 tn

Total assets JPY 180.0 tn

Of which SMBC
non-consolidated

- Domestic deposits outstanding
JPY 83.4 tn

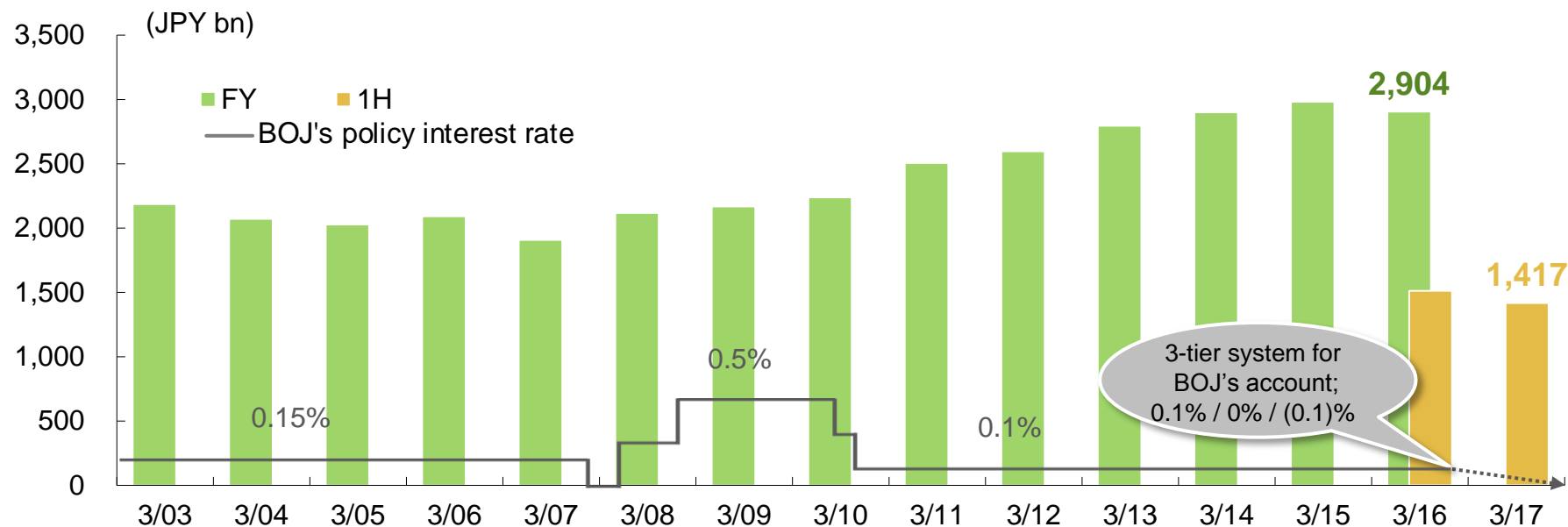


- Borrowed money JPY 7.4 tn
- Bonds JPY 4.1 tn
- CP JPY 1.2 tn

* Loans denominated in foreign currencies, overdraft, etc.

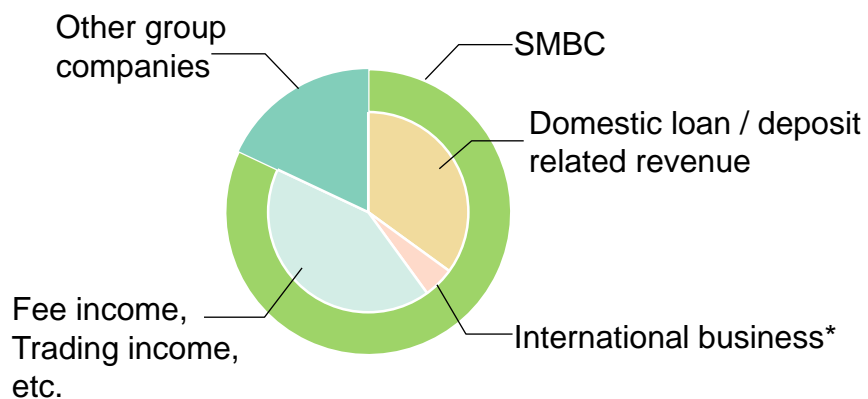
Diversified revenue sources

SMFG's consolidated Gross profit



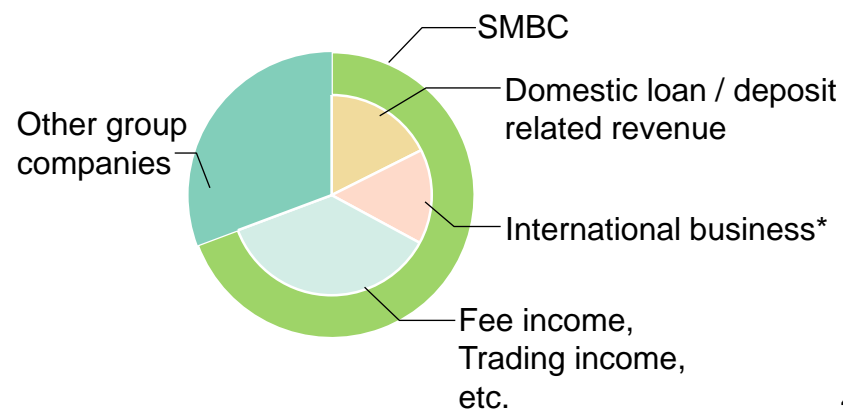
Illustrative breakdown of contribution

FY3/03



* Includes major overseas banking subsidiaries

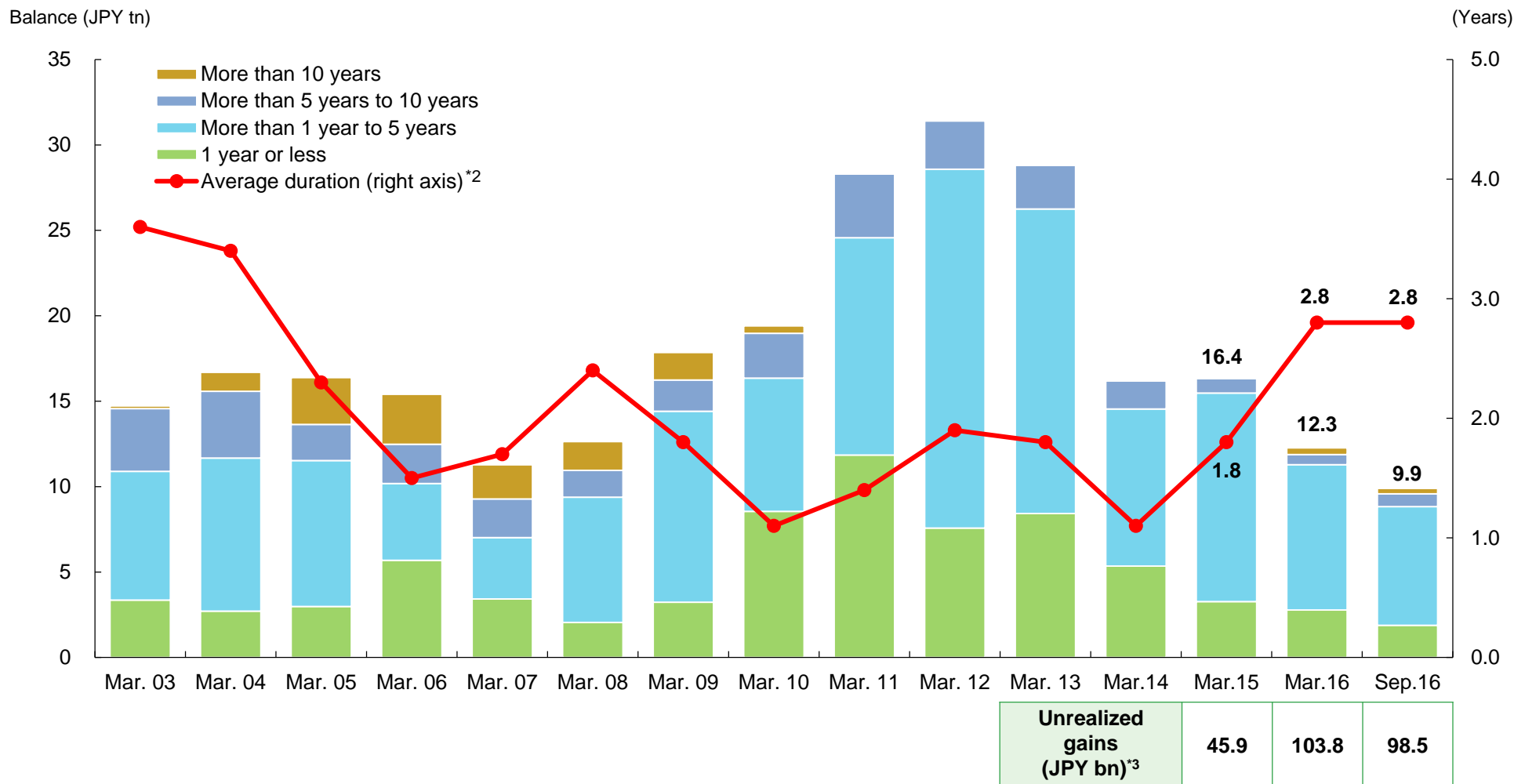
1H, FY3/17



Bond portfolio

Yen bond portfolio*1

(SMBC non-consolidated)



*1 Total balance of other securities with maturities and bonds classified as held-to-maturity; total of JGBs, Japanese local government bonds and Japanese corporate bonds

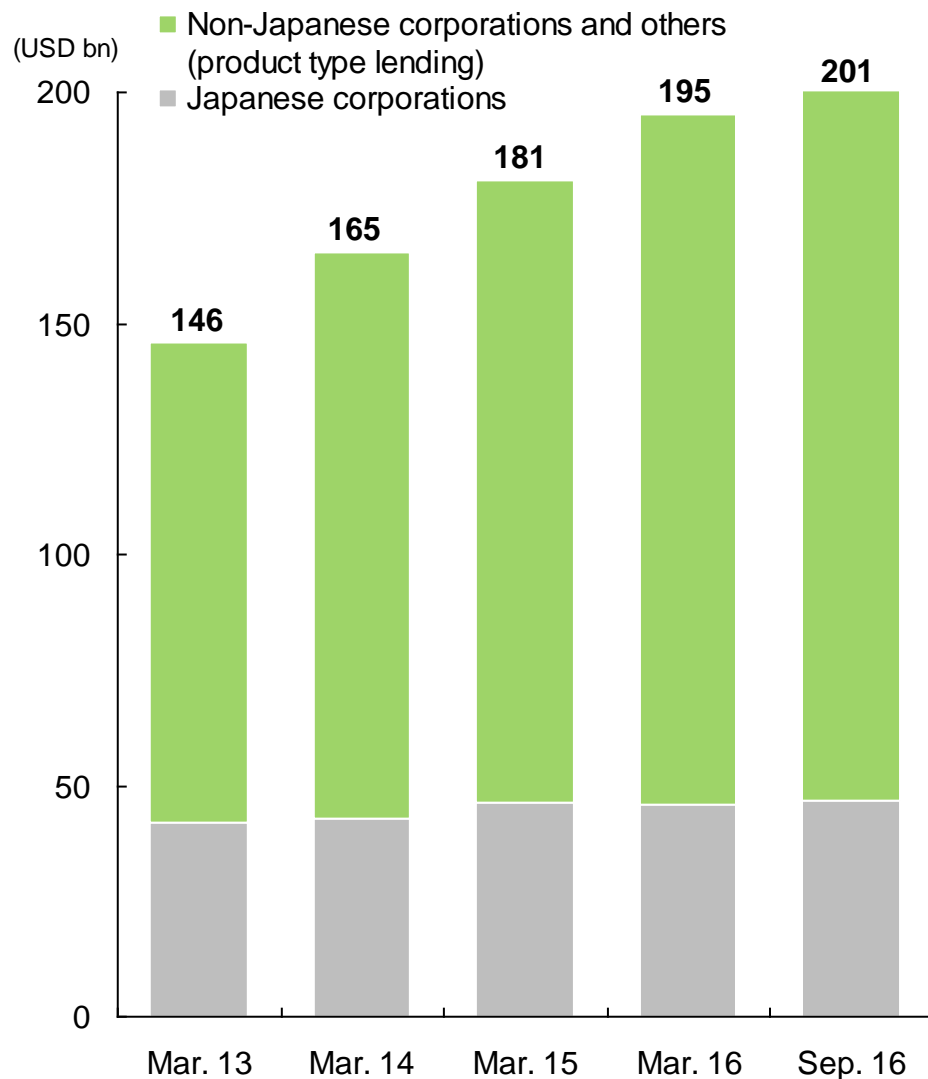
*2 Excludes bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero.

*3 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 2009

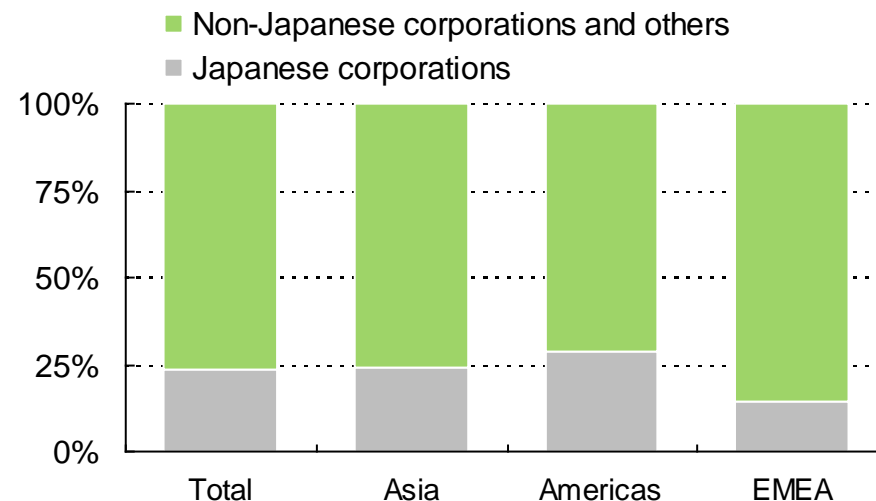
Overseas loan balance classified by borrower type

(Geographic classification based on booking office)

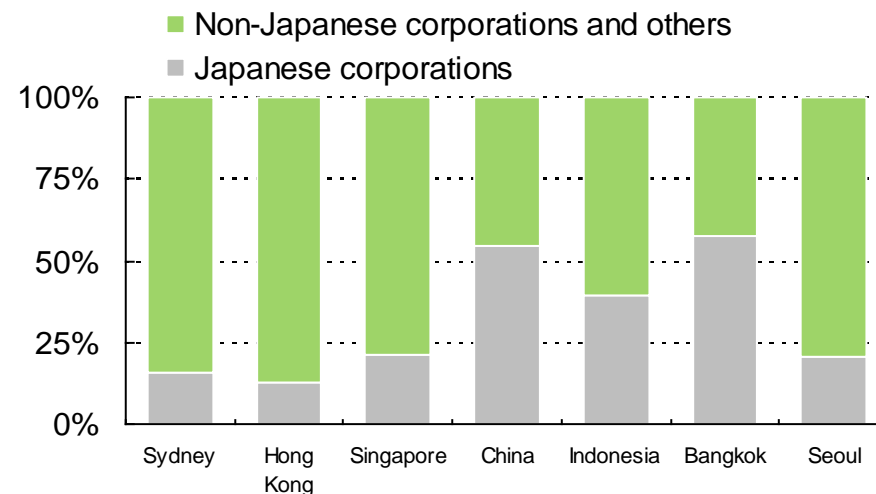
Total*1



By region (Sep. 2016)*1



Major marketing channels in Asia (Sep. 2016)*1, 2



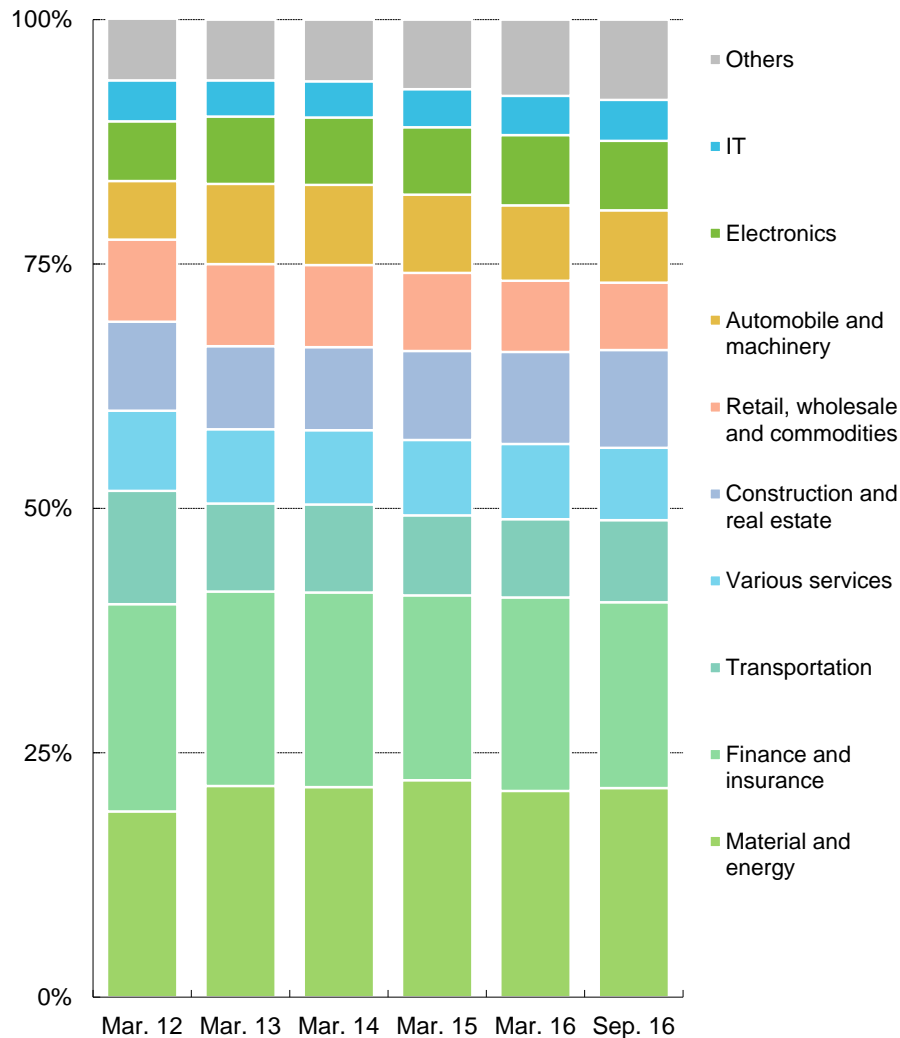
*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015

*2 Sum of SMBC and SMBC Indonesia

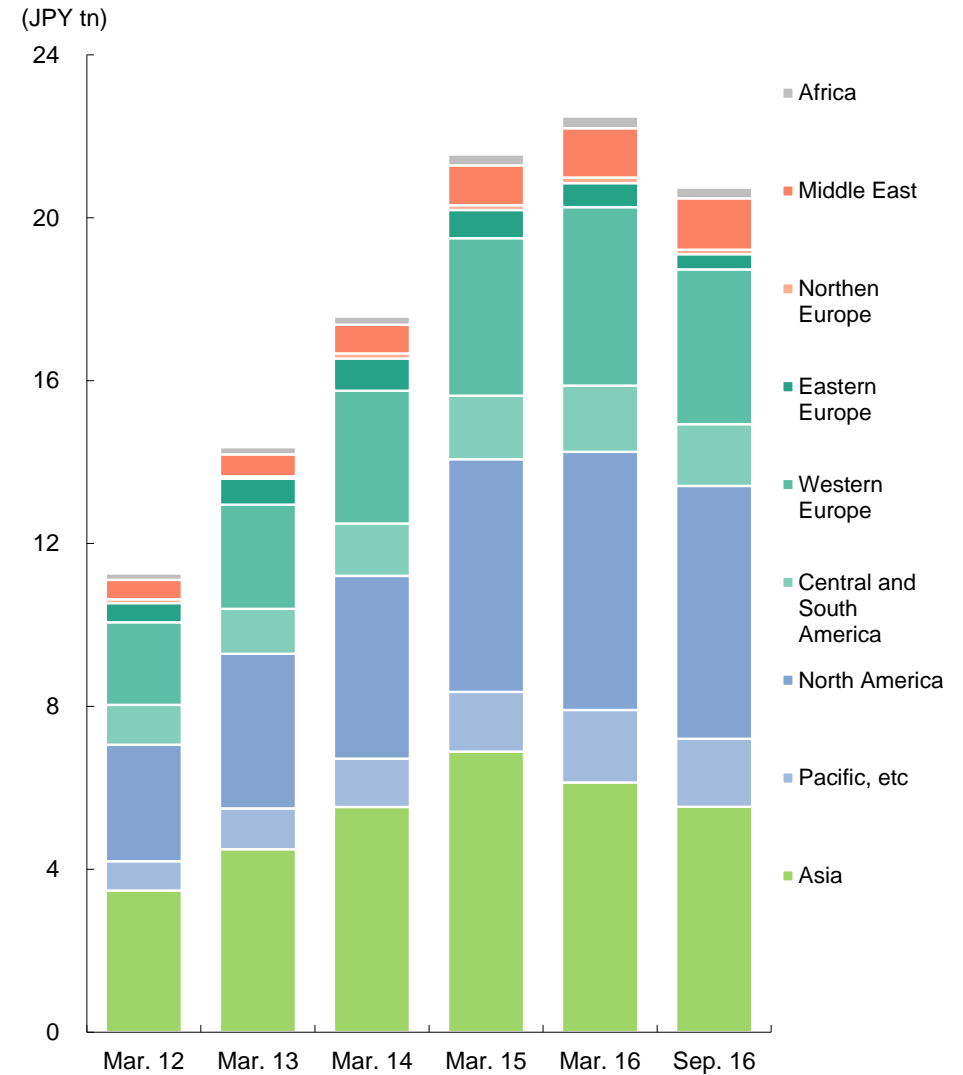
Overseas loan balance classified by industry and domicile

(Geographic classification based on domicile of borrowers)*

By industry



By domicile

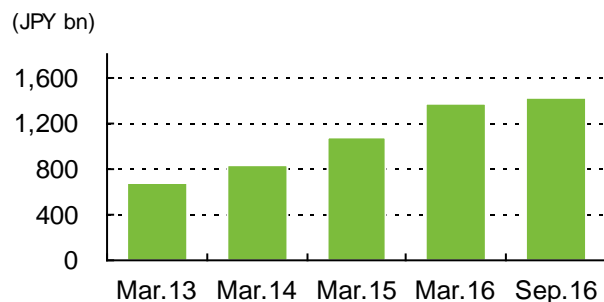


* Managerial accounting basis, translated into JPY at respective period-end exchange rates. Sum of SMBC, SMBC Europe and SMBC (China). Before direct reduction

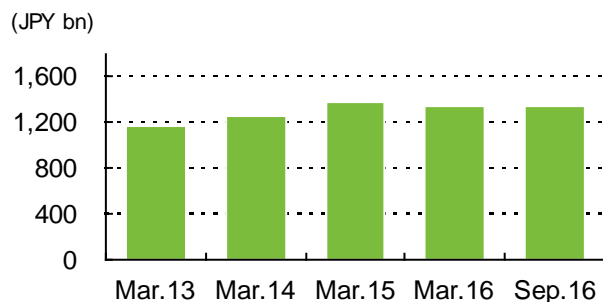
Loan balance in Asian countries/areas

(Geographic classification based on borrowers' domicile)*

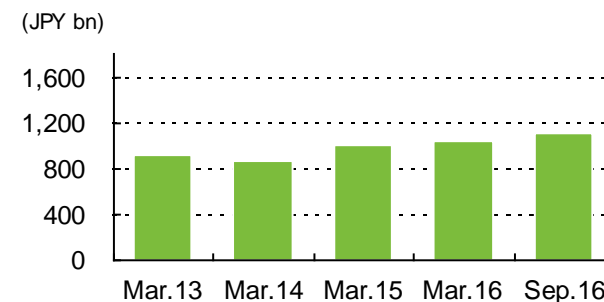
Australia



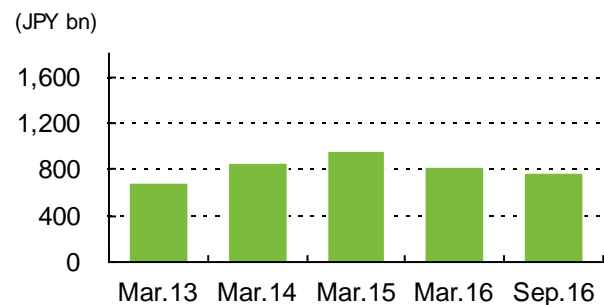
Hong Kong



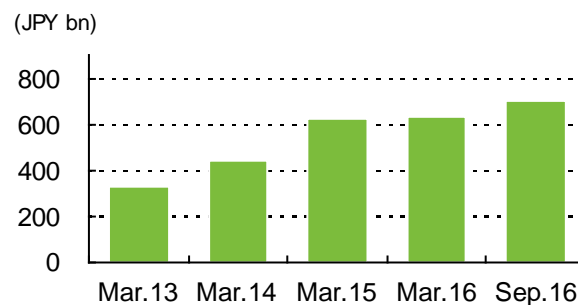
Singapore



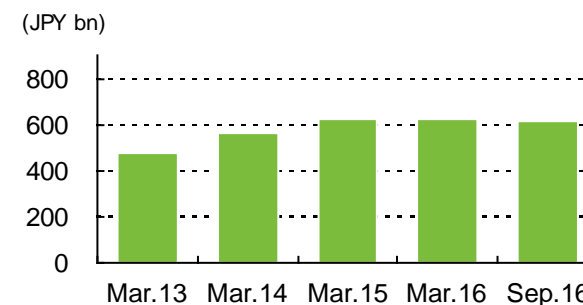
China



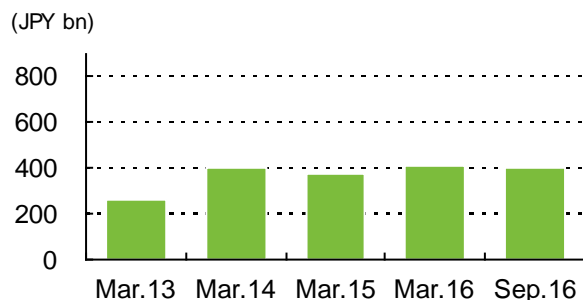
Indonesia



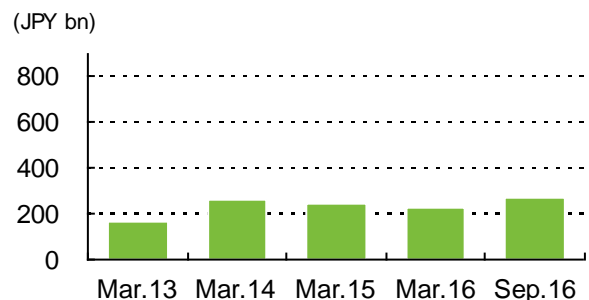
Thailand



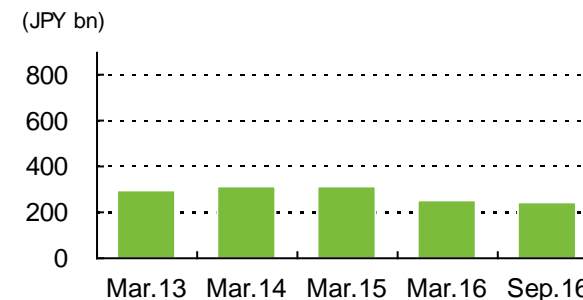
India



Taiwan



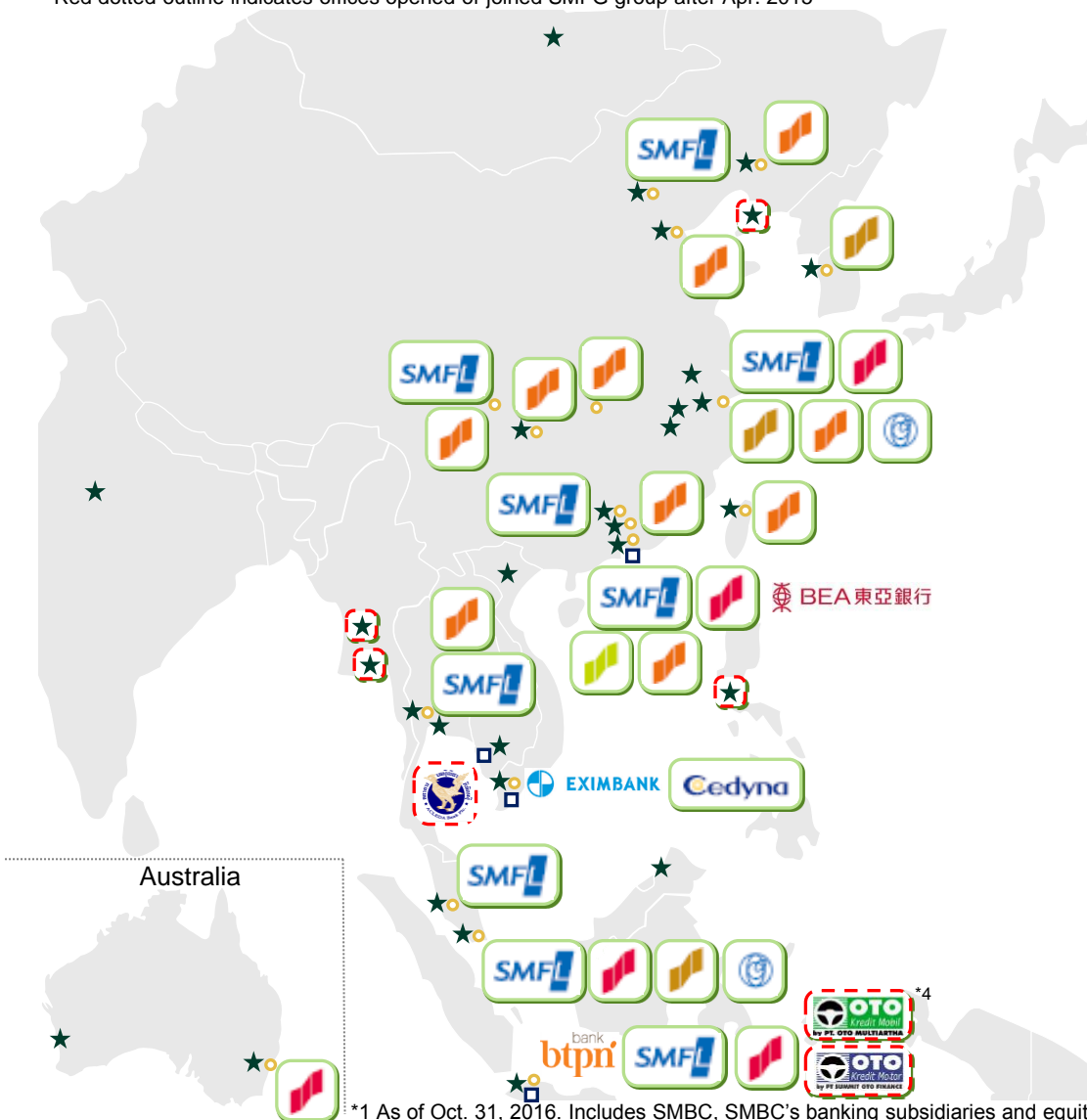
Korea



* Managerial accounting basis. Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Indonesia
Loan balances are translated into JPY from each country's local currency at the exchange rate of Sep. 30, 2016

SMFG's network in Asia

- ★: Banking business offices
 ○: Overseas offices of SMFG group companies excluding banking business offices
 □: Equity method affiliates
 Red dotted outline indicates offices opened or joined SMFG group after Apr. 2015



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 40 offices* ¹
Sumitomo Mitsui Finance and Leasing	Leasing	<ul style="list-style-type: none"> Beijing Shanghai Chengdu Guangzhou Hong Kong Bangkok Kuala Lumpur Singapore Jakarta
SMBC NIKKO	Securities	<ul style="list-style-type: none"> Hong Kong Sydney Singapore Jakarta
	M&A advisory	<ul style="list-style-type: none"> Shanghai Hong Kong Singapore Jakarta
SMBC FRIEND SECURITIES	Market research	<ul style="list-style-type: none"> Hong Kong
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	<ul style="list-style-type: none"> Seoul*²
	Consulting	<ul style="list-style-type: none"> Shanghai
	Market research	<ul style="list-style-type: none"> Singapore
Cedyna	Auto loans	<ul style="list-style-type: none"> Ho Chi Minh*³
SMBC CONSUMER FINANCE	Consumer finance	<ul style="list-style-type: none"> Hong Kong Shenzhen Shenyang Tianjin Chongqing Chengdu Wuhan Shanghai Bangkok
	Loan management and collection	<ul style="list-style-type: none"> Taipei
The Japan Research Institute, Limited	Consulting	<ul style="list-style-type: none"> Shanghai
	System integration	<ul style="list-style-type: none"> Shanghai Singapore

*¹ As of Oct. 31, 2016. Includes SMBC, SMBC's banking subsidiaries and equity method affiliates. Excludes offices planned to be closed

*² Prepaid cards targeted at travelers to Korea from Japan offered through an alliance with Hana SK Card Co., Ltd. since Nov. 2012

*³ Expanded auto loan business through alliance with Vietnam Eximbank since May 2013

*⁴ SMBC made OTO/SOF equity method affiliates in Mar. 2016

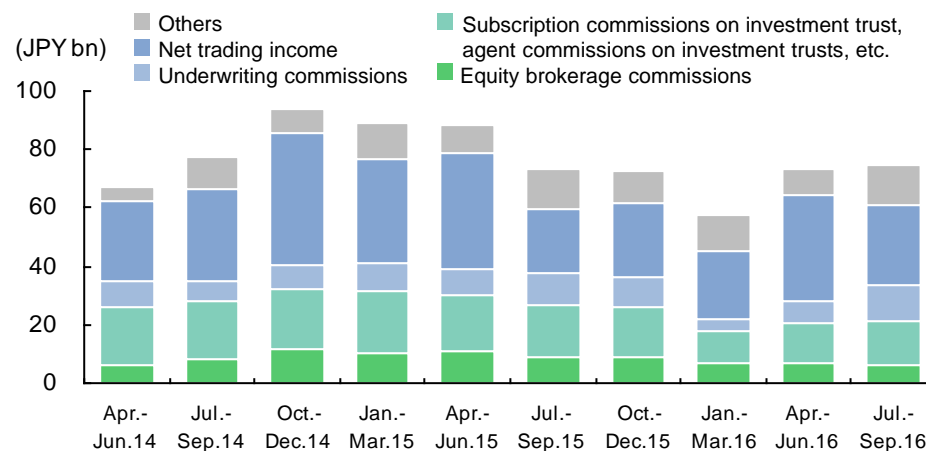
SMBC Nikko Securities / Reorganization of group companies

SMBC Nikko Securities

Financial results (consolidated)

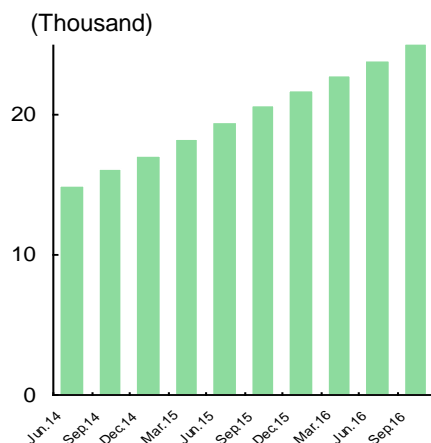
(JPY bn)	FY3/16	1H, FY3/17	YOY change
Net operating revenue	292.8	149.1	(13.2)
SG&A expenses	(241.5)	(119.5)	+4.8
Ordinary income*¹	55.8	31.5	(9.0)
Profit attributable to owners of parent*¹	42.1	22.0	(7.4)

Net operating revenue

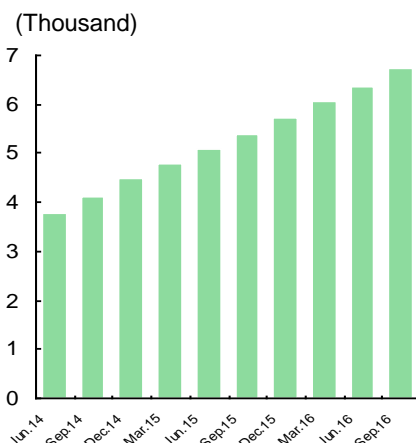


Bank-securities collaboration*²

Asset Management



Investment banking



Reorganization of group companies

Merger of securities subsidiaries

Target of merger: Jan. 2018



SMBC NIKKO



SMBC FRIEND
SECURITIES

Consolidation of asset management company

Increased stakes to 60%



Sumitomo Mitsui Asset Management



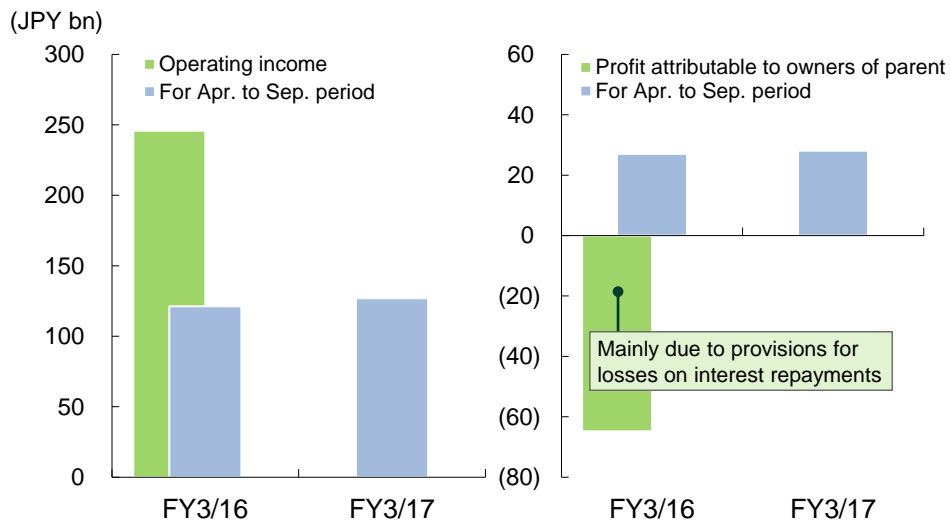
SMFG group's
managerial
resources

*1 Includes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) etc.

*2 Accumulated no. of cases via referral / intermediary services from SMBC to SMBC Nikko

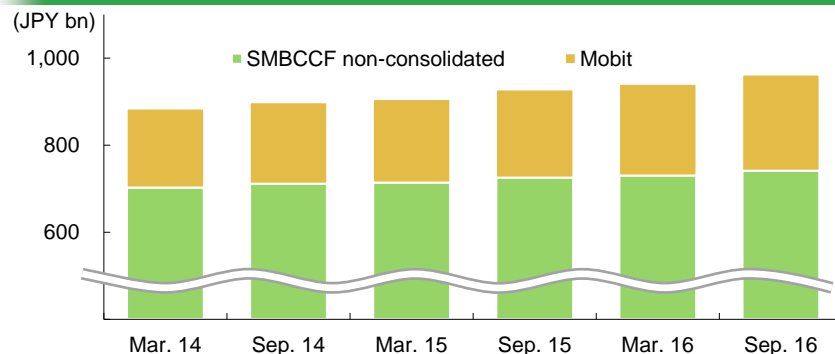
SMBC Consumer Finance (“SMBCCF”)

Consolidated operating income and Profit attributable to owners of parent

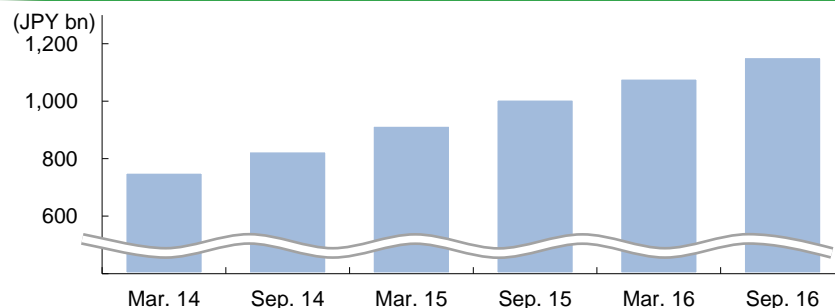


Financing / loan guarantee business

Consumer loans outstanding (domestic)

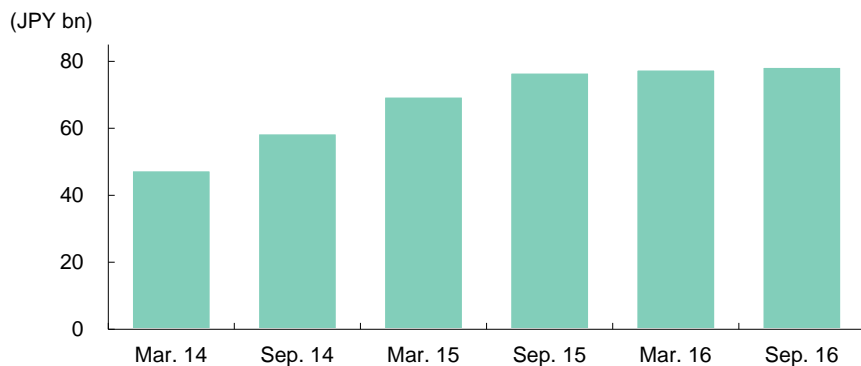


Loan guarantee amount

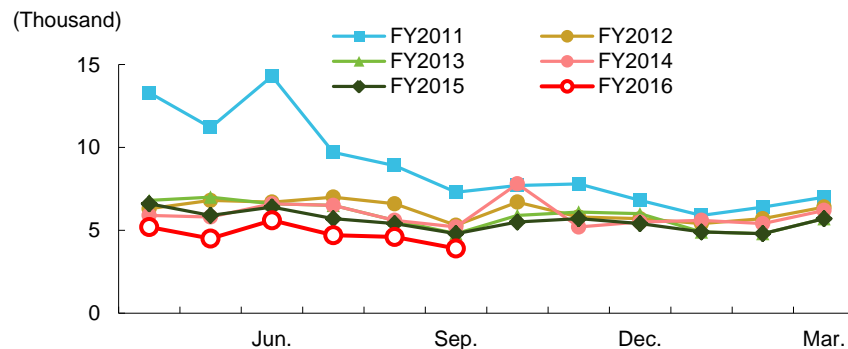


Overseas business

Consumer loans outstanding (overseas)*



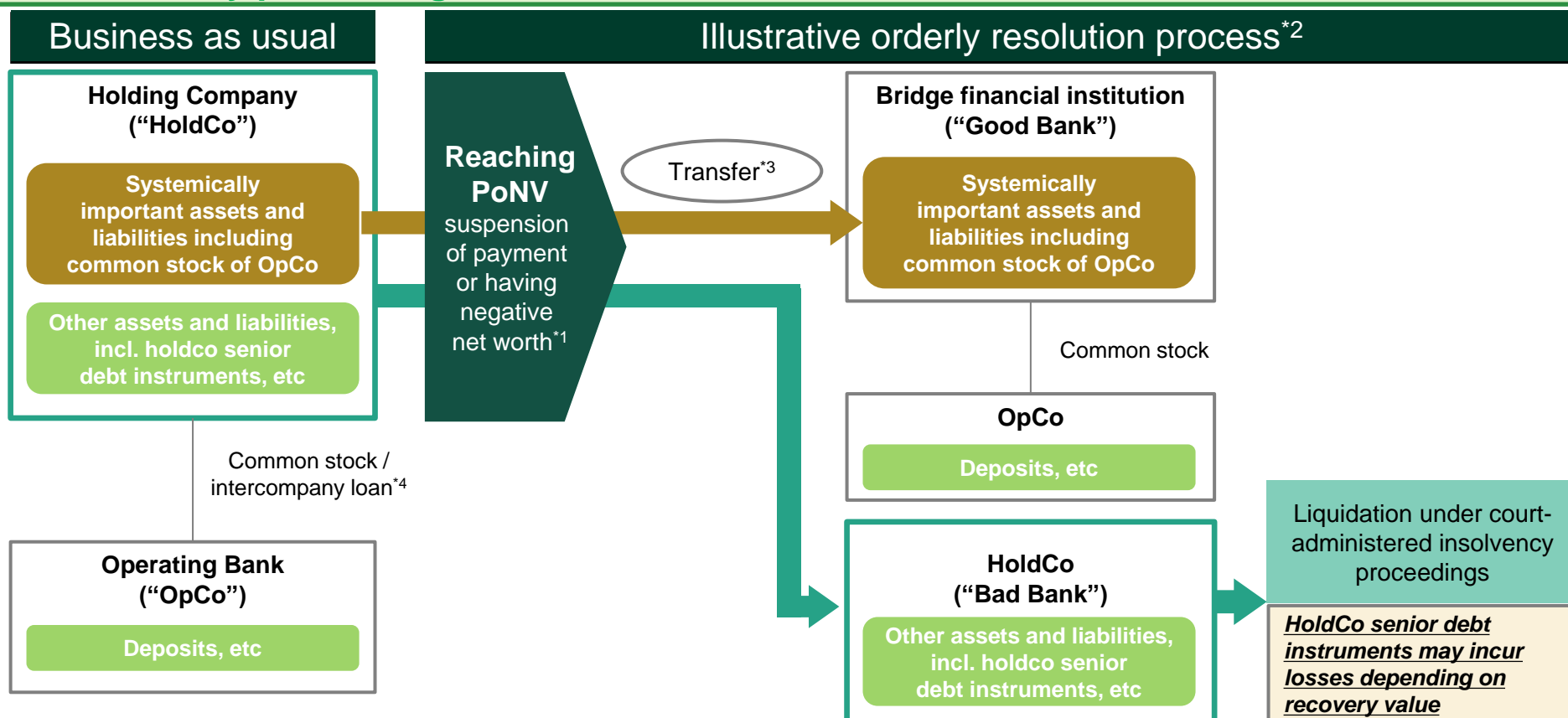
No. of interest refund claims



* Aggregate of overseas subsidiaries. Translated into JPY at respective period-end exchange rates

Orderly resolution regime in Japan

- An orderly resolution is expected to be commenced subsequent to PoNV^{*1} after SMFG absorbs losses incurred by its material subsidiaries
- Senior notes may incur losses depending on recovery value through court-administered insolvency proceedings



^{*1} PoNV will be deemed to have been reached when the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the DIA, confirms (*nintei*) that "specified Item 2 measures (*tokutei dai nigo sochi*)," which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the DIA, as then in effect, need to be applied to a financial institution under circumstances where its liabilities exceed or are likely to exceed its assets, or it has suspended or is likely to suspend payment of its obligations

^{*2} Based on a possible model of Japanese G-SIB's resolution under the SPE resolution process, as stated in the FSA's Approach

^{*3} Transfer of business, assets and/or liabilities under special supervision by or under special control of the Deposit Insurance Company of Japan

^{*4} According to the FSA's Approach, domestic material subsidiaries including OpCo could be subject to internal TLAC requirements depending on its size and risk of exposures. Losses incurred at the material subsidiaries would be absorbed by the HoldCo through internal TLAC with certain involvement of the authority in order to implement the orderly resolution

■ Precedents of public sector support and resolution

Framework ^{*1*2}	Precedents	Date	Amount (JPY bn)
Act on Special Measures for Strengthening Financial Functions <i>Capital injection</i>	Recent precedents of banks		
	Howa Bank	Mar. 2014	16.0
	Jimoto Holdings (Kirayaka Bank) ^{*3}	Dec. 2012	30.0
	Tohoku Bank	Sep. 2012	10.0
	77 Bank	Dec. 2011	20.0
	Tsukuba Bank	Sep. 2011	35.0
	Jimoto Holdings (Sendai Bank) ^{*3}	Sep. 2011	30.0
	Other precedents of banks before 2011	-	304.5 (12 cases)
	Precedents of credit associations (<i>Shinkumi / Shinkin</i>)	-	213.1 (14 cases)
			Total 658.6 (32 cases)
Article 102, Paragraph 1 of the DIA	Item 1 measures <i>Capital injection</i>	Resona Bank	Jun. 2003 1,960.0
	Item 2 measures <i>Financial assistance exceeding payout cost</i>	N.A.	N.A.
	Item 3 measures <i>Temporary nationalization</i>	Ashikaga Bank	Nov. 2003 N.A. ^{*4}

PoNV

*1 There is no assurance that any such measures would be applied in any given case

*2 There is also a newly established framework under Article 126-2, paragraph 1 of the DIA although there is no precedent of such framework being applied thus far

*3 Names of financial institutions in parentheses refer to the entities that effectively received capital injection

*4 The Deposit Insurance Company of Japan acquired all the shares of the bank against nil consideration

Public sector support and PoNV in Japan

Framework*1			Systemic risk	Subject entities	Conditions	PoNV	No. of cases
Framework for banks	Act on Special Measures for Strengthening Financial Functions <div>Capital injection</div>		Not required	Banks (Capital injection may be made through BHC)	No suspension of payment of deposits and not having negative net worth	No	32
	Article 102, Paragraph 1 of the DIA	Item 1 measures <div>Capital injection</div>	Required (Credit system in Japan or in a certain region)		Undercapitalized	No	1
		Item 2 measures <div>Financial assistance exceeding payout cost</div>		Banks only	Suspension of payment of deposits or having negative net worth*2	Yes*4	-
		Item 3 measures <div>Temporary nationalization</div>			Suspension of payment of deposits and having negative net worth*2		1
	Framework for financial Institutions	Article 126-2, Paragraph 1 of the DIA	Specified Item 1 measures <div>Liquidity support Capital injection</div>	Required (Financial system such as financial market in Japan)	Financial institutions including banks and BHCs	Not having negative net worth	No
Specified Item 2 measures <div>Financial assistance for orderly resolution</div>			Suspension of payment or having negative net worth*3			Yes*4	-

^{*1} There is no assurance that any such measures would be applied in any given case

^{*2} Including the likelihood of a suspension of payment of deposits

^{*3} Including the likelihood of a suspension of payment or negative net worth

^{*4} Specified in Q&A published by the FSA on Mar. 6, 2014

Meeting international financial regulations

		Regulations	Contents of regulation	Effective	Current status
G20	G-SIFI regulation and supervision	G-SIB surcharge	Required for additional loss absorption capacity above the Basel III minimum	2016	Under phased implementation
		Adequacy of loss-absorbing capacity (TLAC)	Required to hold loss absorbing capacity, which consists of eligible liabilities and regulatory capital, on both a going concern and gone concern basis	2019	Finalised at the FSB in Nov. 2015
		Recovery and Resolution Plan	SMFG Group Recovery Plan	Implemented	Submitted
			ISDA Protocol: Stays on early termination rights following the start of resolution proceedings of derivatives counterparty	Implemented	Adhered
	Prudential regulation Basel III	Capital requirement	Required to raise the level and quality of capital and enhance risk coverage under Basel III	2013	Under phased implementation
			Fundamental review of trading book (Strengthened capital standards for market risk)	2019	Finalised at BCBS in Jan. 2016
			Revisions to the Standardised Approaches	TBD	Consultation for credit/operational risk commenced in Dec. 2015/Mar. 2016
			Constraints on the use of internal model approaches	TBD	Consultation commenced in Mar. 2016
			Capital floors	TBD	Consultation commenced in Dec. 2014
			Review of the Credit Valuation Adjustment (CVA) risk framework	TBD	Consultation commenced in Jul. 2015
			Interest-rate risk in the banking book	2018	Finalised at BCBS in Apr. 2016
		Leverage ratio requirement	Non-risk-based measure based on "on-and off-accounting balance sheet items" against Tier 1 capital. Minimum requirement: 3% (on a trial basis)	2018	Consultation for revisions to the framework including additional requirements for G-SIBs commenced in Apr. 2016
		Minimum standards for liquidity (LCR/NSFR)	LCR: Required to have sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. >=100% needed	2015	Under phased implementation
			NSFR: Required to maintain a sustainable maturity structure of assets and liabilities >=100% needed	2018	Finalised at BCBS in Oct. 2014
		Large exposure regulation	Tightening of exposure limit to a single borrower (25% of Tier 1) and expansion of scope of applicable exposure type, etc.	Jan. 2019	Partly implemented in Dec. 2014
	Financial market / Financial system reform	OTC derivatives markets reforms	<ul style="list-style-type: none"> Centralizing of OTC derivatives clearing Margin requirement for non-centrally cleared derivatives 	Dec. 2012 Sep. 2016	Scope of application being expanded Under phased Implementation
		Regulation of shadow banking system	Strengthen the oversight and regulation of the shadow banking system such as MMFs, repos and securitizations	TBD	Discussion underway on five specific areas
		Limitation on banking activities / Ring fencing regulation	Requirements for foreign banking organizations (FBO Rule)	Jul. 2016	Final regulation published
			Ring-fenced banks prohibited from providing certain services and required to be isolated from the rest of the financial group in UK and EU	TBD	UK: Enacted in Dec. 2013, EU: Proposal published in Jan. 2014

Ongoing major regulatory discussions

Regulations			Contents	Schedule	Finalised at the FSB or BCBS*	Domestic regulation
Capital requirement	Credit risk	Revisions to the Standardised Approach	•Seeks to improve the standardised approach for credit risk, including reducing reliance on external credit ratings; increasing risk sensitivity; reducing national discretions; strengthening the link between the standardised approach and the internal-rating based (IRB) approach; and enhancing comparability of capital requirements across banks	•Under consultation (comment period closed in Mar. 2016) •Comprehensive data collection and analysis will be made through the QIS in early 2016	Unfinished	Unfinished
		Review of the CVA risk framework	•Seeks to review the credit valuation adjustment (CVA) risk framework to capitalize the risk of future changes in CVA that is an adjustment to the fair value of derivatives to account for counterparty's credit risk	•Under consultation (comment period closed in Oct. 2015) •Targeted to be finalized in mid-2016	Unfinished	Unfinished
	Market risk	IRRBB (Interest-rate risk in the banking book)	•Adoption of enhanced Pillar 2 approach; (i) more extensive guidance on the expectations for a bank's IRRBB management process, (ii) enhanced disclosure requirements, (iii) an updated standardized framework and (iv) a stricter threshold for identifying outlier banks	•Finalized in Apr. 2016	Finished	Unfinished
	Operational risk	Revisions to the Standardised Measurement Approach	•Use of the Business Indicator (BI), a proxy of size of business, and the loss data for risk weighted assets calculation is proposed. Termination of the Advanced Measurement Approaches (AMA) is also proposed	•Under consultation (comment period closed in Jun. 2016) •Targeted to be finalized through 2016	Unfinished	Unfinished
	Overall	Constraints on the use of internal model approaches	•Constraints on the use of the internal ratings based approach to credit risk; (i) applying the standardised approach to exposures to financial institutions, large corporates and equities, (ii) applying the F-IRB approach for exposures to medium sized corporates, (iii) applying the standardized approach or the IRB supervisory slotting approach for specialized lending, or (iv) applying or raising floors to PDs/LGDs and revising the estimation methods	•Under consultation (comment period closed in Jun. 2016) •Targeted to be finalized through 2016	Unfinished	Unfinished
		Capital floors based on standardised approaches	•Replacement of the Basel I-based transitional capital floor with a permanent floor based on revised standardised approaches •The design and calibration is now considered. The floor could be calibrated in the range of 60% to 90%	•Under consultation (comment period closed in Mar. 2015) •Targeted to be finalized through 2016	Unfinished	Unfinished
Leverage ratio requirement		Leverage ratio	•A minimum requirement of 3% to be introduced in 2018 •Public disclosure requirement started in Jan. 2015 •Additional requirements for G-SIBs and revisions including credit conversion factors for off-balance sheet items are proposed in Apr. 2016	•The additional requirements for G-SIBs to be finalized through 2016 •Scheduled to be implemented in 2018	Finished in part	Finished in part
G-SIFI regulation		TLAC (total loss-absorbing capacity)	•Minimum requirement of (i) 16% of RWA (19.5% including capital buffer as for SMFG) and 6% of the Basel III Tier 1 leverage ratio denominator as from 2019, (ii) 18% of RWA (21.5% including capital buffer as for SMFG) and 6.75% of the Basel III Tier 1 leverage ratio denominator as from 2022 •Should be issued and maintained by resolution entities •An access to credible ex-ante commitments to recapitalise a G-SIB in resolution may count toward a firm's TLAC as 2.5% RWA as from 2019 and 3.5% as from 2022	•Finalized in Nov. 2015	Finished	Unfinished

* Basel Committee on Banking Supervision

Revision to the Standardised Approach for credit risk / Capital floors

Revision to the Standardised Approach for credit risk*

Exposures	Current risk weights	Proposed revision of risk weights (Dec. 2014)	Proposed revision of risk weights (Dec. 2015)
Corporate exposures	• From 20% to 150% by reference to the external credit ratings	• From 60% to 300% based on a corporate's revenue and leverage	• From 20% to 150% by reference to the external credit ratings; unrated corporate of 100%; SME of 85%
Specialised lending	• 100%	• Project finance, Object finance, commodities finance, income-producing real estate finance: 120% • Exposures to land acquisition, development and construction finance: 150%	• A) From 20% to 150% by reference to the external credit ratings • B) If unrated, project finance: pre-operational phase 150%; operational phase 100%, object and commodity finance: 120%
Bank exposures	• From 20% to 150% according to the sovereign rating or the bank's credit rating	• From 30% to 300% based on the bank's CET1 ratio and a net non-performing assets ratio	• From 20% to 150% according to the bank's external ratings
Retail exposures	• 75% for exposures that meet the regulatory retail criteria	• 75% for exposures that meet the regulatory retail criteria	• 75% for exposures that meet the regulatory retail criteria
Exposures secured by residential real estate	• 35%	• From 25% to 100% based on the loan-to-value (LTV) ratio; preferential risk weights for loans with debt service coverage (DSC) ratio of 35% or less	• RW will be determined based on the exposure's LTV ratio from 25% to 75%, when repayment is not materially dependent on cash flows generated by property
Exposures secured by commercial real estate	• 100%	• A) No recognition of the real estate collateral, treating the exposure as unsecured with a national discretion for a preferential 50% risk weight: or; B) From 75% to 120% based on the LTV ratio	• Whether repayment is materially dependent on cash flow generated by property A) No: From 60% to 85% (SMEs) B) Yes: From 80% to 130%
Subordinated debt, equity and other capital instruments	• Either 100% or 250% when issued by banks or securities firms; no distinct treatment when issued by corporates	• Sub debts and capital instruments other than equities: 250% • Publicly traded equity: 300% • Other equity: 400%	• Sub debts and capital instruments other than equities: 150% • Equity holdings: 250%
Off-balance sheet exposures	• Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 0% CCF • Commitment with a maturity under one year: 20% CCF, over one year: 50% CCF	• Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10% CCF • Commitment other than above: 75% CCF	• Retail Commitment that a bank may cancel unconditionally, or effectively provide automatic cancellation due to the deterioration of borrower: 10-20% CCF • Commitments, regardless of the underlying facility: 50-75% CCF

* The credit risk standardised approach treatment for sovereigns, central banks and public sector entities are not within the scope of the proposals.
It will be considered as part of a broader and holistic review of sovereign-related risks

Capital floors

Current framework

- For banks using the internal rating-based (IRB) approach for the credit risk and/or an advanced measurement approach (AMA) for operational risk

(The simplified framework for Japanese banks shown below)

(i) RWA based on IRB approach and/or AMA

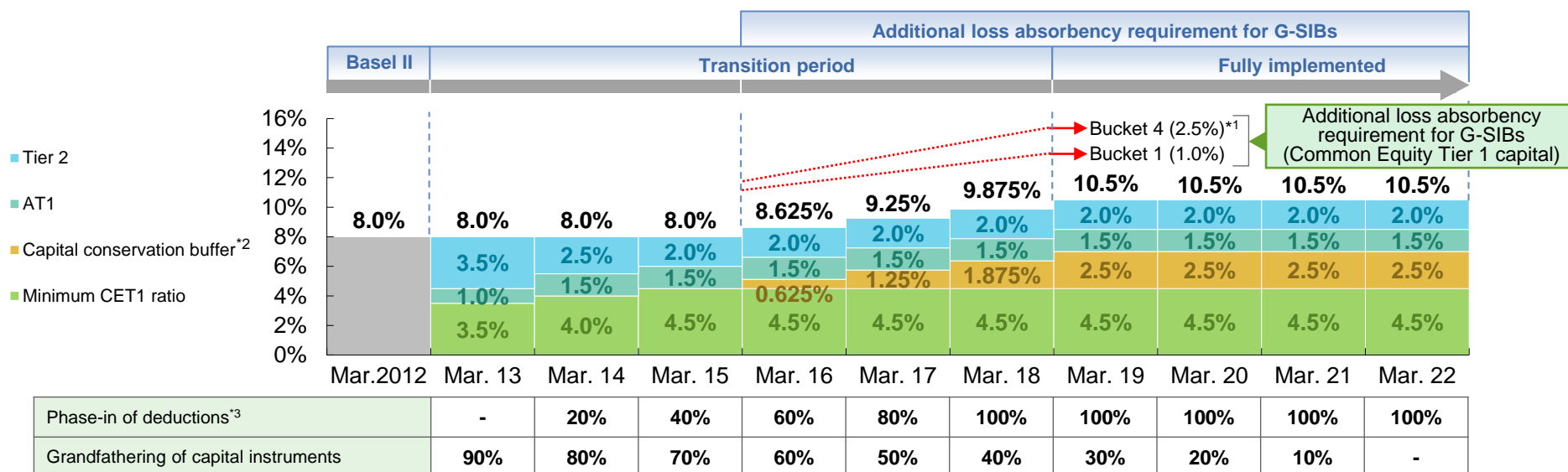
compare

(ii) 80% of RWA based on the most recent approach before migration to the IRB approach and/or AMA (e.g. (i) AIRB/(ii) FIRB, (i) FIRB/(ii) Basel I)

- If (i) is less than (ii), the bank should add the amount of difference to (i) when calculating its RWA

Application of Basel III

- Capital requirements and liquidity coverage ratio have been phased-in in line with international agreements
- Domestic regulations on leverage ratio and net stable funding ratio are being finalized according to their adoption schedule



Leverage ratio and liquidity rules (Schedule based on final documents by BCBS, and domestic regulations)*4

Leverage ratio	Mar. 2015 domestic regulation finalised	Mar. 2015: Start disclosure (<i>minimum: 3%</i>) Jan. 2018: <i>Migration to pillar 1</i> 2015 through 1 st half 2017: <i>Final adjustments to definition and calibration</i> ⁵					
Liquidity coverage ratio (LCR)	Oct. 2014 domestic regulation finalised	Phased-in from Mar. 2015	Mar. 2015 60%	Jan. 2016 70%	Jan. 2017 80%	Jan. 2018 90%	Jan. 2019 100%
Net stable funding ratio (NSFR)	Oct. 2014 finalised at BCBS	Oct. 2014: <i>Final document published</i> Jan. 2018: <i>Full implementation</i>					

*1 With an empty bucket of 3.5% to discourage further systemicness

*2 Countercyclical buffer ("CCyB") omitted in the chart above; if applied, expected to be phased-in in the same manner as the capital conservation buffer. In accordance with the CCyB set by each country, Japanese banks may have to meet additional capital requirements depending on the exposures in those countries

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

*4 Draft on other domestic rules to be applied after 2016, such as the NSFR, will be published in due course. Timeline based on BCBS documents is in italic

*5 Additional requirements for G-SIBs and revisions including credit conversion factors for off-balance sheet items were proposed in Apr. 2016

Credit ratings of G-SIBs by Moody's / S&P – Holding companies*¹

	Nov. 2016* ²				
	Moody's		S&P		
Aaa					AAA
Aa1					AA+
Aa2					AA
Aa3					AA-
A1	SMFG • Bank of New York Mellon • HSBC • Mizuho	• MUFG • Standard Chartered • State Street			A+
A2	• Wells Fargo		• Bank of New York Mellon • HSBC • MUFG	• State Street • Wells Fargo	A
A3	• Goldman Sachs • JPMorgan	• Morgan Stanley	SMFG • ING • JPMorgan	• Mizuho • UBS	A-
Baa1	• Bank of America • Citigroup	• ING	• Bank of America • Citigroup • Credit Suisse	• Goldman Sachs • Morgan Stanley • Standard Chartered	BBB+
Baa2	• UBS* ³		• Barclays		BBB
Baa3	• Barclays	• Credit Suisse	• RBS		BBB-
Ba1	• RBS				BB+

*1 Rating are Long-term issuer ratings (if not available, Senior unsecured ratings for Moody's)

*2 As of Nov. 25, 2016

*3 BACKED senior unsecured rating of UBS Group Funding Jersey guaranteed by UBS Group AG

Credit ratings of G-SIBs by Moody's – Operating banks^{*1}

	Apr. 2001		Jul. 2007		Nov. 2016 ^{*2}	
Aaa			<ul style="list-style-type: none"> Bank of America Bank of New York Mellon Citibank JPMorgan Chase Bank Royal Bank of Scotland UBS Wells Fargo Bank 			
Aa1	<ul style="list-style-type: none"> Bank of America Crédit Agricole 	<ul style="list-style-type: none"> UBS Wells Fargo Bank 	<ul style="list-style-type: none"> Banco Santander Barclays Bank BNP Paribas Crédit Agricole Credit Suisse Deutsche Bank 	<ul style="list-style-type: none"> HSBC Bank ING Bank Nordea Bank Société Générale State Street Bank & Trust 		
Aa2	<ul style="list-style-type: none"> Bank of New York Mellon Barclays Bank Citibank HSBC Bank 	<ul style="list-style-type: none"> ING Bank JPMorgan Chase Bank Royal Bank of Scotland State Street Bank & Trust 	SMBC <ul style="list-style-type: none"> BPCE(Banque Populaire) BTMU 	<ul style="list-style-type: none"> Mizuho Bank UniCredit 	<ul style="list-style-type: none"> Bank of New York Mellon HSBC Bank 	<ul style="list-style-type: none"> Wells Fargo Bank
Aa3	<ul style="list-style-type: none"> Banco Santander BNP Paribas BPCE(Banque Populaire) 	<ul style="list-style-type: none"> Deutsche Bank Société Générale UniCredit 	<ul style="list-style-type: none"> Goldman Sachs Bank 	<ul style="list-style-type: none"> Morgan Stanley Bank 	<ul style="list-style-type: none"> JPMorgan Chase Bank Nordea Bank 	<ul style="list-style-type: none"> Standard Chartered Bank State Street Bank & Trust
A1	<ul style="list-style-type: none"> Credit Suisse 		<ul style="list-style-type: none"> Agricultural Bank of China Bank of China 	<ul style="list-style-type: none"> China Construction Bank ICBC 	SMBC <ul style="list-style-type: none"> Agricultural Bank of China Bank of America Bank of China BNP Paribas BTMU China Construction Bank Citibank 	<ul style="list-style-type: none"> Crédit Agricole Goldman Sachs Bank ICBC ING Bank Mizuho Bank Morgan Stanley Bank UBS
A2	<ul style="list-style-type: none"> BTMU 	<ul style="list-style-type: none"> Standard Chartered Bank 	<ul style="list-style-type: none"> Standard Chartered Bank 		<ul style="list-style-type: none"> Barclays Bank BPCE (Banque Populaire) 	<ul style="list-style-type: none"> Credit Suisse Société Générale
A3	SMBC	<ul style="list-style-type: none"> Mizuho Bank 			<ul style="list-style-type: none"> Banco Santander 	<ul style="list-style-type: none"> Royal Bank of Scotland
Baa1	<ul style="list-style-type: none"> Agricultural Bank of China Bank of China 	<ul style="list-style-type: none"> China Construction Bank ICBC 			<ul style="list-style-type: none"> UniCredit 	
Baa2					<ul style="list-style-type: none"> Deutsche Bank 	

^{*1} Rating are Long-term issuer ratings (if not available, Senior unsecured ratings. If none of them are available, Long-term deposit ratings)

^{*2} As of Nov. 25, 2016

Credit ratings of G-SIBs by S&P – Operating banks*¹

	Apr. 2001		Jul. 2007		Nov. 2016 ^{*2}	
AAA			•Wells Fargo Bank			
AA+	•UBS		•Bank of America •BNP Paribas	•Citibank •UBS		
AA	•Barclays Bank •Crédit Agricole •Credit Suisse	•Deutsche Bank •JPMorgan Chase Bank •State Street Bank & Trust	•Banco Santander •Barclays Bank •HSBC Bank •ING Bank	•JPMorgan Chase Bank •Royal Bank of Scotland •Société Générale •State Street Bank & Trust		
AA-	•Bank of America •Bank of New York Mellon •BNP Paribas •Citibank •HSBC Bank	•ING Bank •Royal Bank of Scotland •Société Générale •Wells Fargo Bank	•Bank of New York Mellon •Crédit Agricole •Credit Suisse	•Deutsche Bank •Morgan Stanley Bank •Nordea Bank	•Bank of New York Mellon •HSBC Bank •Nordea Bank	•State Street Bank & Trust •Wells Fargo Bank
A+	•Banco Santander	•UniCredit	SMBC •BTMU •Mizuho Bank	•Standard Chartered Bank •UniCredit	•BTMU •JPMorgan Chase Bank	•UBS
A	•Standard Chartered Bank				SMBC •Agricultural Bank of China •Bank of America •Bank of China •BNP Paribas •BPCE (Banque Populaire) •China Construction Bank •Citibank •Crédit Agricole	•Credit Suisse •Goldman Sachs Bank •ICBC •ING Bank •Mizuho Bank •Morgan Stanley Bank •Société Générale •Standard Chartered Bank
A-	•BTMU				•Banco Santander	•Barclays Bank
BBB+	SMBC	•Mizuho Bank	•Bank of China •China Construction Bank	•ICBC	•Deutsche Bank	•Royal Bank of Scotland
BBB						
BBB-					•UniCredit	
BB+	•Bank of China •China Construction Bank	•ICBC				

*1 Long-term issuer ratings of operating banks

*2 As of Nov. 25, 2016

■ CSR (Corporate Social Responsibility)

- In order to fulfill our role as a global financial group that supports the sustainable growth of society, we will promote initiatives on CSR activities that focus on the topics of “Environment”, “Next Generation”, and “Community”

Environment

- Reduce environmental impact
- Manage environmental risks
- Promote environmental businesses
- Engage in environmental conservation activity etc.

- Our 8 major group companies obtained ISO14001 certification
- Issued green bond (SMBC)
- Promote our SMBC Environmental Assessment Loan
- Exhibit our “Eco-products”



Exhibition of our “Eco-products”

Next Generation

- Contribute to improvement of financial and career education
- Cultivate human resources in emerging countries
- Promote workforce diversity
- Establish a better work-life balance etc.

- Contribute to raise financial knowledge tailored for different generations,
- Cultivate human resources in Asian countries such as Indonesia
- Promote our SMBC Nadeshiko Loans/Bonds



“Natsuyasumi Kodomo Ginko Tankentai”
(Practicing counting paper money)

Community

- Engage in community-based activities led by executive and employee
- Support for the elderly and people with disabilities
- Solve social issues by collaborating with NGOs and NPOs
- Support the restoration efforts etc.

- Training sessions for universal manner and cognitive impairment supporters
- Voluntary activities led by executive and employee of our group companies
- Volunteer activities at the areas damaged by the Kumamoto Earthquakes, leveraging our experience from the Tohoku recovery support effort



Volunteer activities at the areas damaged by the Kumamoto Earthquakes

CSR (Corporate Social Responsibility) (cont'd)

Recognition and accreditation for SMFG CSR initiatives

SRI Indexes on which SMFG is listed



CSR awards and certifications

● Kids Design Award *1

- Environmental magazine JUNIOR SAFE received the Kids Design Award in the category of designs that develop children's creativity and shape their future at the Tenth Kids Design Award



● "Kurumin" certification for the next generation*2

- "Kurumin" certification awarded by prefectural labor bureaus to companies recognized to be taking active steps to support the development of the next generation.

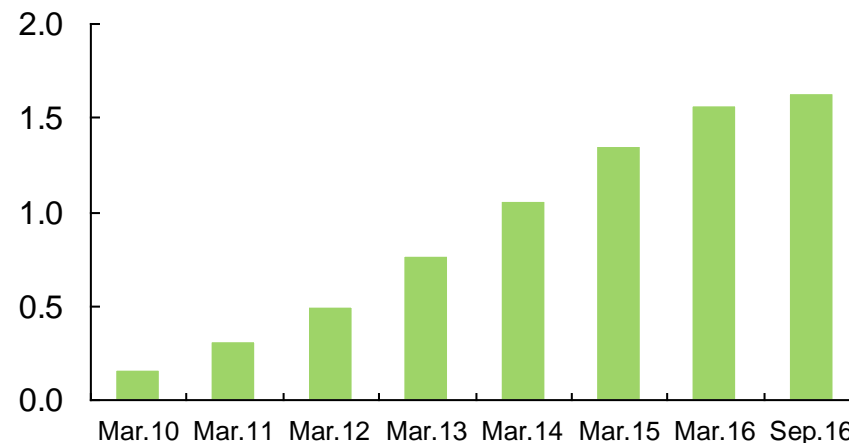


*1 Recipient company: SMFG

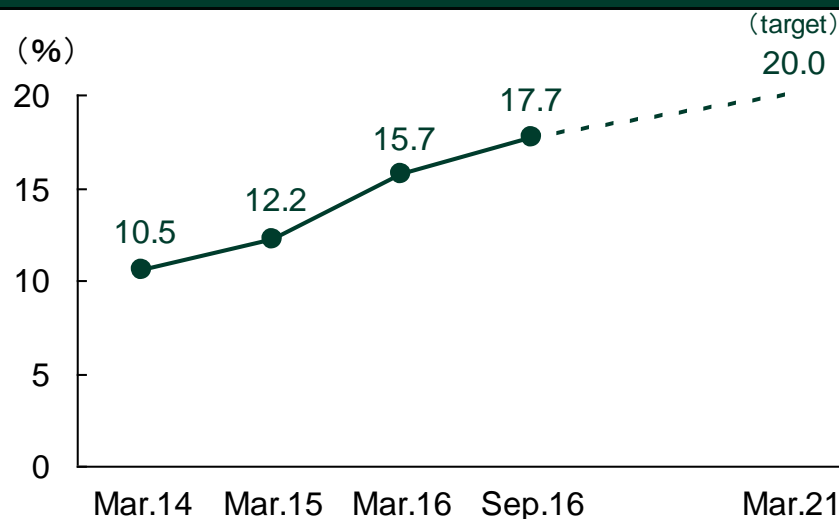
*2 Recipient company: SMBC, SMBC Nikko Securities, Sumitomo Mitsui Card Company, Cedyne, SMBC Consumer Finance, Japan Research Institute, The Minato Bank, Kansai Urban Banking Corporation

SMBC assessment loans and private placement bonds

(JPY tn)

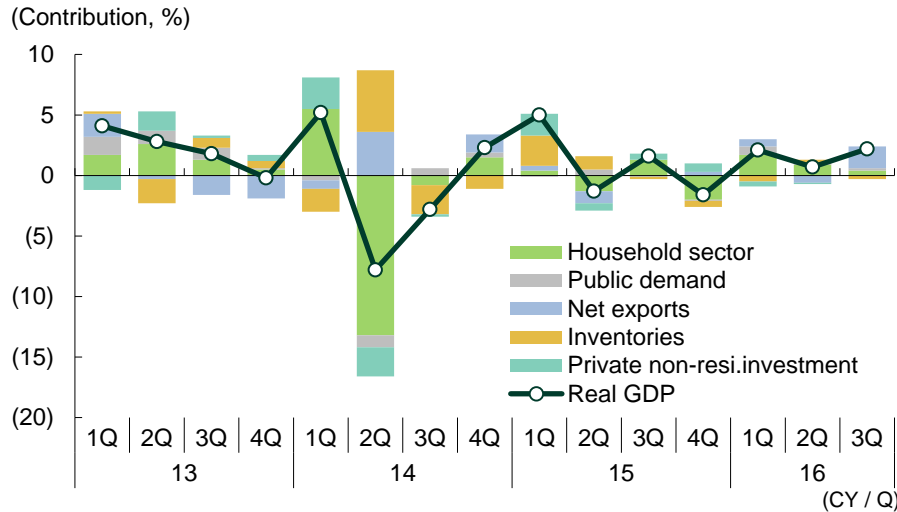


Ratio of female managers (SMBC)

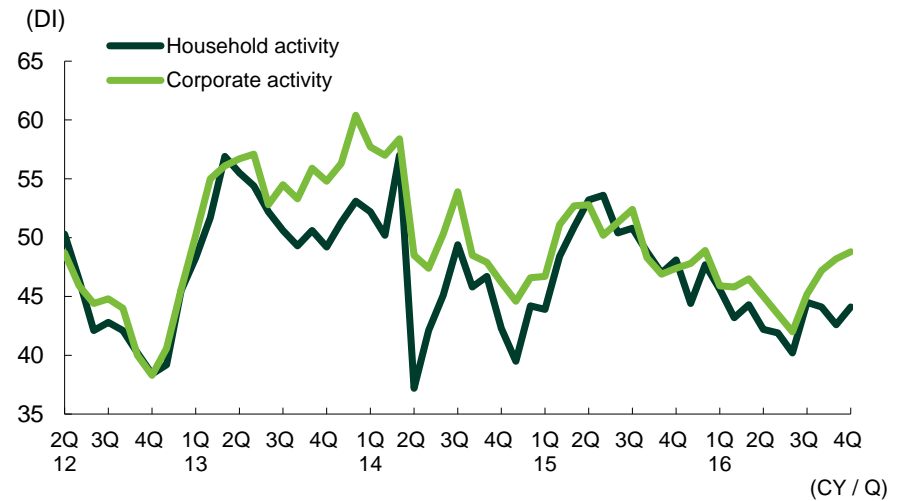


Current Japanese economy

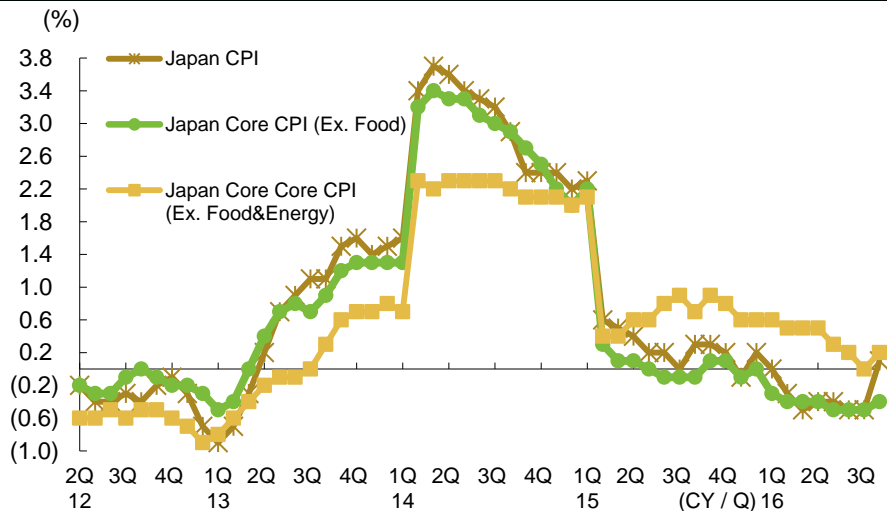
Real GDP growth rate (annualized QOQ change)*1



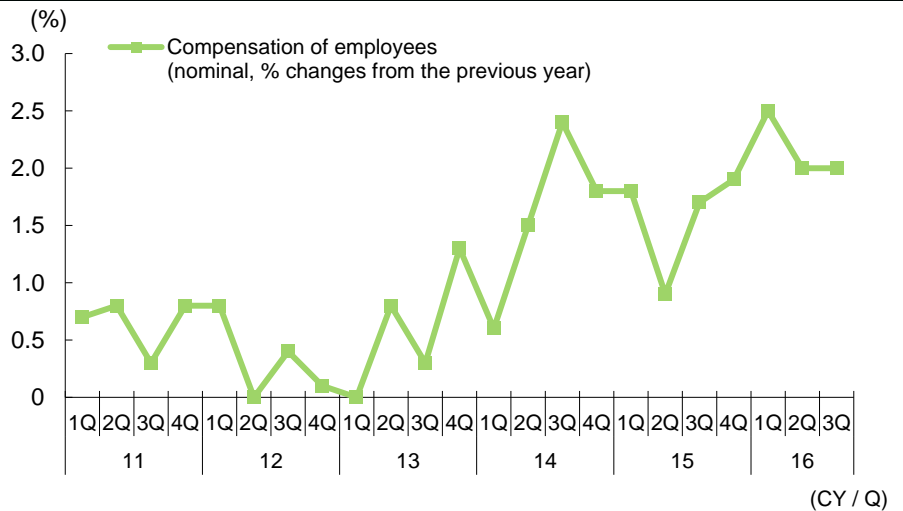
Economy watchers survey*2



Consumer price index (YOY change)*3



Compensation of employees*4



*1 Source: Cabinet Office. Seasonally adjusted series. Household sector = Private consumption + Private residential investment, Public demand = Government consumption + Public investment, Inventories = Change in private and public inventory

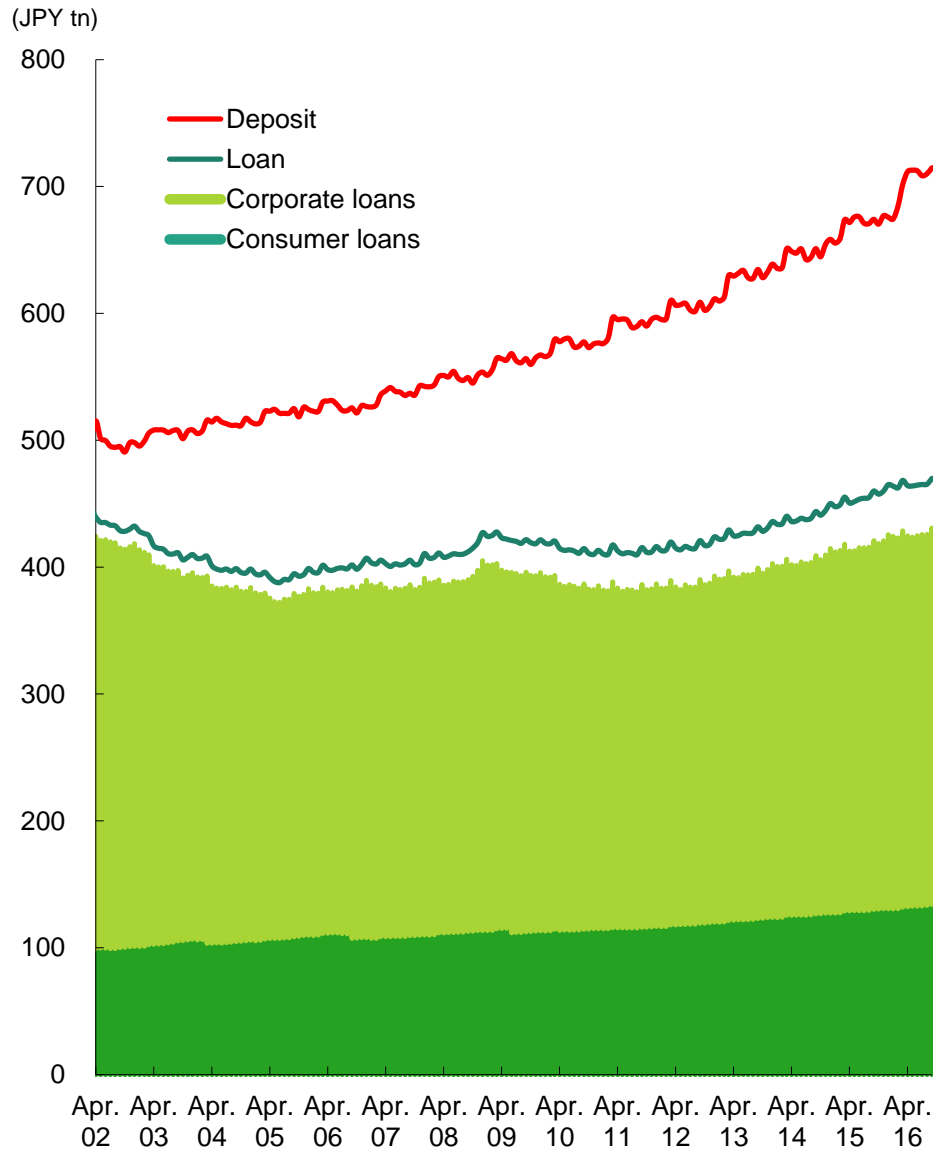
*2 Source: Cabinet Office. Diffusion index for current economic conditions

*3 Source: Statistics Bureau & SMBC Nikko. Core CPI: All items, less fresh foods. Core Core CPI: All item, less food (less alcoholic beverages) and energy

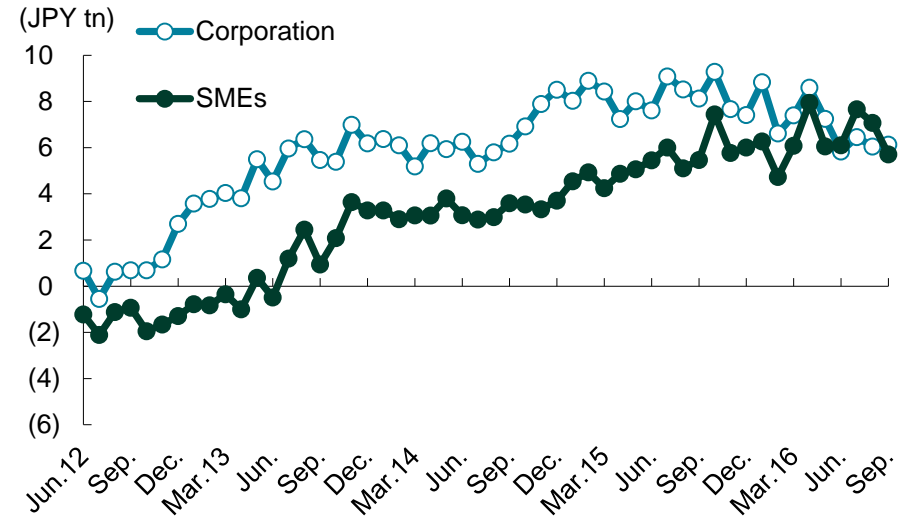
*4 Source: Cabinet Office

Trends of loan and deposit balance in Japan*1

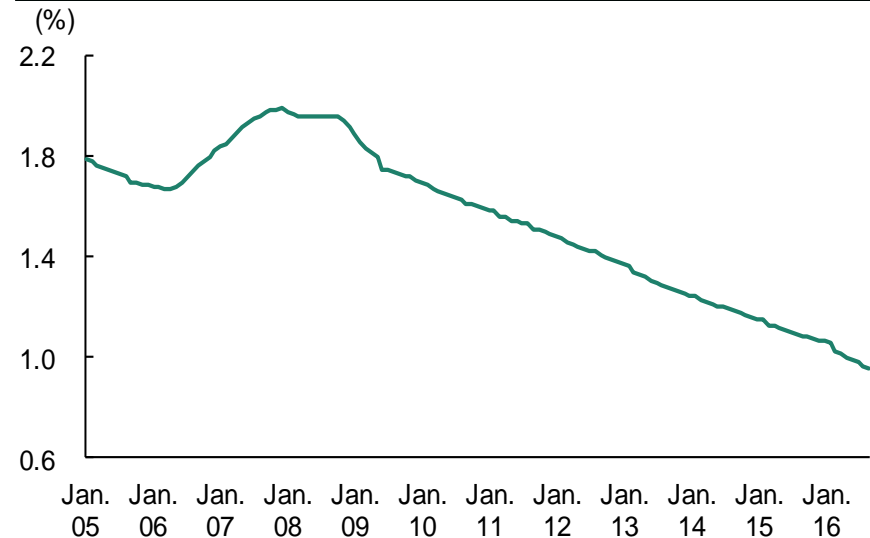
Loan and deposit balance of domestic banks



YOY increase / decrease of loan balance*2



Average loan spread of domestic banks*3



*1 Source: Bank of Japan "Deposits and Loans Market" *2 Period end balance *3 Stock basis

Japanese national wealth

Balance sheet of Japan (as of Dec. 2014, JPY tn)^{*1}

Closing assets		9,684	Closing liabilities plus net worth		9,684
Households		2,727	Households		368
Financial assets		1,696	Non-financial corporations		1,592
Non-financial assets		1,032	Stocks		783
Land		673	Financial corporations		3,374
Non-financial corporations		2,140	To nominal GDP : 247.8%		214
Financial assets		1,119	General government		1,213
Non-financial assets		1,021	Closing liabilities		6,576
Land		270	Net worth		3,109
Financial corporations		3,514	Households		2,359
General government		1,199	Non-financial corporations		548
Financial assets		598	Financial corporations		140
Financial assets		6,943	General government		(14)
Non-financial assets		2,741			

*1 Source: Cabinet Office

*2 Source: IMF Stat. The figures shown in the graph are from 2009 to 2015

*3 Source: Ministry of Finance Japan. As of Dec. 31, 2015

Net international investment position^{*2}

