

LEAD THE VALUE

Management Strategy

Sumitomo Mitsui Financial Group, Inc.
February & March 2018

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

- Consolidated : SMFG (consolidated)
- Non-consolidated : SMBC (non-consolidated)
- SMFG : Sumitomo Mitsui Financial Group
- SMBC : Sumitomo Mitsui Banking Corporation
- SMBC Trust : SMBC Trust Bank
- SMFL : Sumitomo Mitsui Finance and Leasing
- SMBC Nikko : SMBC Nikko Securities
- SMBC Friend : SMBC Friend Securities
- SMCC : Sumitomo Mitsui Card Company
- SMCCCF : SMBC Consumer Finance
- SMAM : Sumitomo Mitsui Asset Management
- SMBCAC : SMBC Aviation Capital

Overview of the four business units

- Retail (RT) Business Unit :
Domestic retail and SME businesses
SMBC (RT), SMBC Nikko (RT), SMBC Friend, SMBC Trust (RT), SMCC, Cedyne, SMCCCF, others
- Wholesale (WS) Business Unit :
Domestic large/mid-size corporation business
SMBC (WS), SMBC Nikko (WS), SMBC Trust (WS), SMFL (Domestic), others
- International (Inter.) Business Unit :
SMBC (Inter.), SMBC Nikko (Inter.), SMBC Trust (Inter.), SMFL (Inter.), others
- Global Markets (GM) Business Unit :
Market / Treasury related businesses
SMBC (Treasury), SMBC Nikko (Product), others

- I Progress of the Medium-Term Management Plan
- II 3Q, FY3/2018 performance
- III Capital Policy
- IV Key Takeaways

I Progress of the Medium-Term Management Plan

Overview of Medium-Term Management Plan (FY3/2018-FY3/2020)

SMFG Next Stage

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

Core Policy

1

Discipline

Disciplined business management

2

Focus

Focus on our strengths to generate growth

3

Integration

Integration across the Group and globally to achieve sustainable growth

FY3/2020 Financial Targets

Business Environment

- Challenging earnings environment
- Tighter international regulations
- New opportunities from technology and social trends

Key considerations

- Improve capital, asset, and cost efficiencies
- Healthy risk-taking versus credit cost control
- Balance among financial soundness, enhancing shareholder returns, and growth investments

Capital Efficiency

ROE

7~8%

Maintain at least 7% notwithstanding accumulation of capital

Cost Efficiency

OHR

1% reduction compared with FY3/2017

Reduce to around 60% at the earliest opportunity (FY3/2017: 62.1%)

Financial Soundness

CET1 ratio^{*1,2}

10%

Maintain capital in line with likely raised requirement (FY3/2017 8.3%)

*1 Calculated with RWA inflated by 25% compared to the current level based on our assumption of the final impact of Basel III reforms

*2 CET1: excludes net unrealized gains on other securities

RWA: excludes RWA associated with net unrealized gains on stocks

Shareholder Return Policy

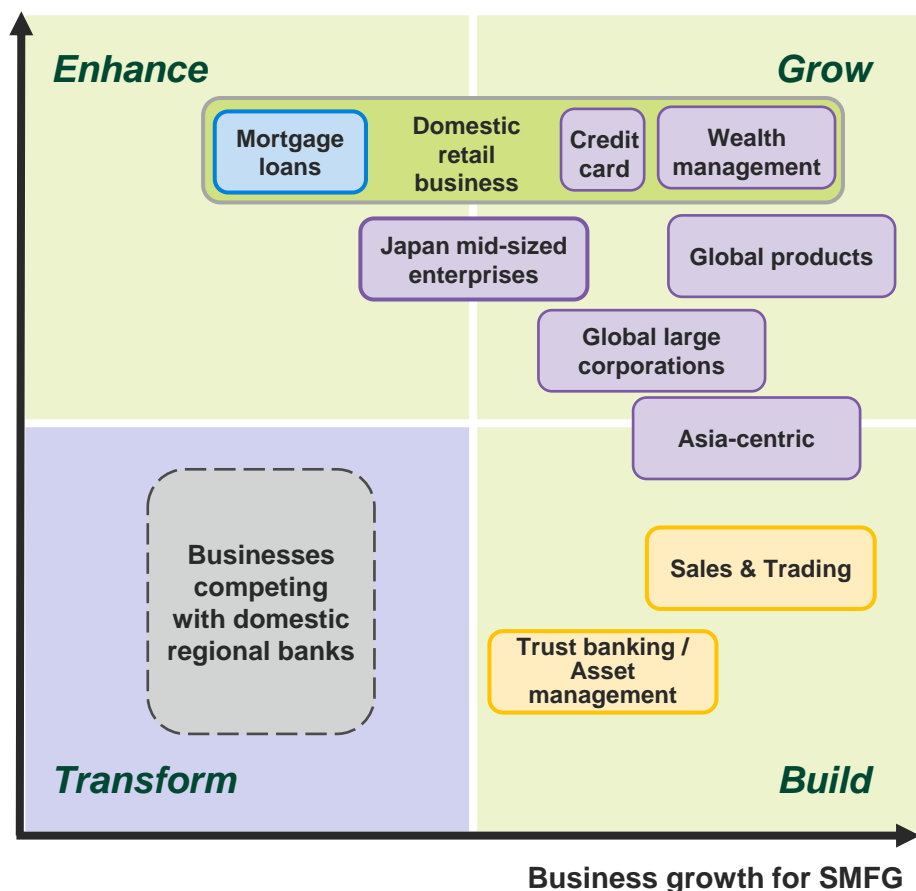
- Adopt a progressive dividend policy targeting payout ratio of 40%
- Dividend per share forecast for FY3/2018 is 160 yen, a 10 yen increase year on year
- Policy for share buybacks will be laid out after the finalization of Basel III reforms

Transformation of business/asset portfolio

- Prioritize business fields when allocating resources to enhance capital efficiency
- Maintain our competitive advantage in the domestic retail and wholesale businesses and generate stable earnings

Business portfolio transformation

SMFG's competitive advantage



Review of group operations

(Launched in 2017)

- | | |
|----------|---|
| March | Turning Kansai Urban Banking Corporation and THE MINATO BANK to equity method affiliates |
| August | Yahoo! JAPAN to consolidate The Japan Net Bank |
| August | Changing shareholder composition of POCKET CARD (ITOCHU and FamilyMart to raise its shareholdings) |
| November | Reorganization of the joint leasing partnership of SMFL <ul style="list-style-type: none"> - SMFG and Sumitomo Corp will respectively own 50% of SMFL - SMFG will turn SMFL to an equity method affiliate |

Turning SMFL to an equity method affiliate (around 4Q, FY3/19)

- Reorganize SMFL into a platform for the strategic joint leasing partnership for SMFG and Sumitomo Corporation. Each company will own 50% of SMFL going forward
- SMFG will turn SMBCAC to an equity method affiliate, while maintaining the ownership ratio of the company (Ownership ratio of SMBCAC: SMBC32%, SMFL68%)
- Financial impact (Post-Basel III reforms basis)
 - RWA :approx. JPY(3) tn
 - CET1 ratio :around +40bp
 - Impact on P/L :approx. JPY(4) bn annually

Cost control: Improving productivity and efficiency

- Made steady progress in executing key initiatives as well as cost control in daily operations on a group-wide basis

Key initiatives

Cost reduction: JPY 50 bn (in 3 years), JPY 100 bn (mid-term)

Business reform to improve efficiency

JPY 20 bn

- Utilize technology to improve efficiency of head office business processes
- Consolidate head office functions and infrastructure of group companies

Retail branch reorganization

JPY 20 bn

- Transform 430 branches to next-generation branches
- Enhance self/remote transactions and administration processes
- Productivity and efficiency improvement through branch reforms

Reorganization of group companies

JPY 10 bn

- Merge SMBC Nikko and SMBC Friend
- Strengthen business integration of SMCC and Cedyne
(Clarification of roles and sharing of management resources)

Effect on personnel
through key initiatives to improve efficiency

Reduce workload of 4,000 people (generate capacity)

Progress

- Working on reducing 830 K hours of workload (400 people) with RPA (Robotic Process Automation)
- Integrating group functions (e.g. launched group-wide procurement system)
- On track to transform 100 branches to next-generation branches by the end of Mar. 2018
- Centralized back-office operations
- Completed merger of SMBC Nikko and SMBC Friend in Jan. 2018
(# of branches: total 185 → 148)



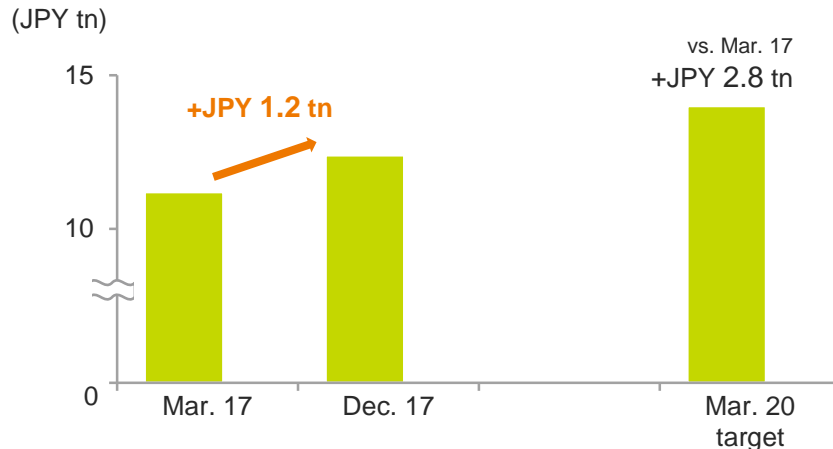
Daily operation control

Initiatives by business units: Retail business

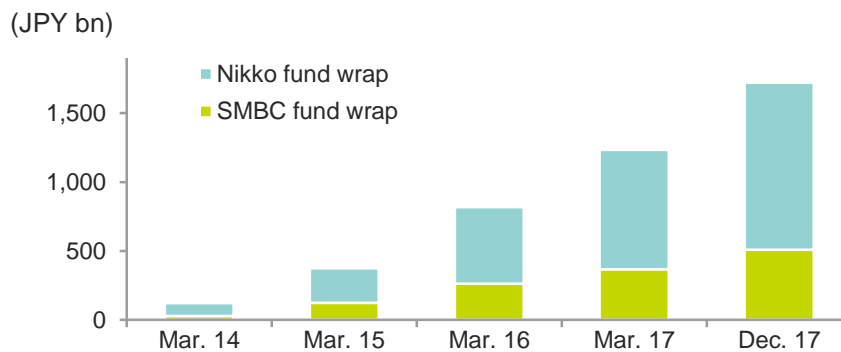
- Promoting wealth management business through bank-securities integration, leading to strong sales of investment products that focus on medium- to long-term diversified investments
- Credit card sales handled has increased by capturing the growing trend of cashless payment including online shopping

Wealth management business

Balance of stock-based assets (SMBC + SMBC Nikko)



Balance of fund wrap (SMBC+SMBC Nikko)



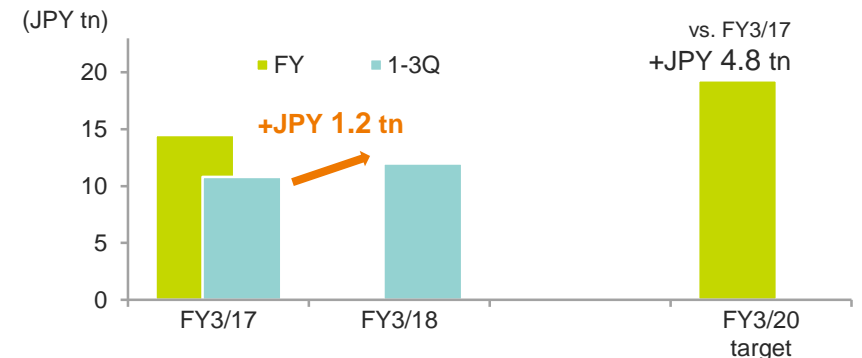
Shared branch of SMBC and SMBC Nikko

- Jointly operated branches (currently 12 branches)



Credit card business

Credit card sales handled*1 (SMCC + Cedyne)



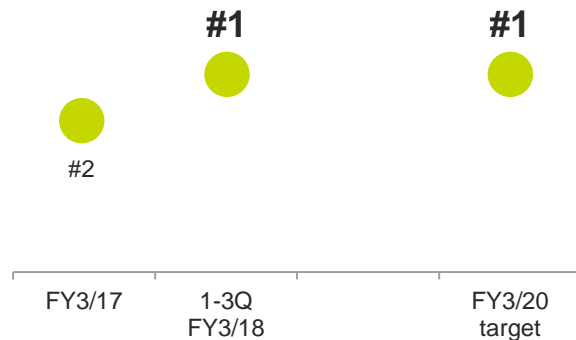
*1 Handling balance for credit and debit cards

Initiatives by business units: Wholesale business

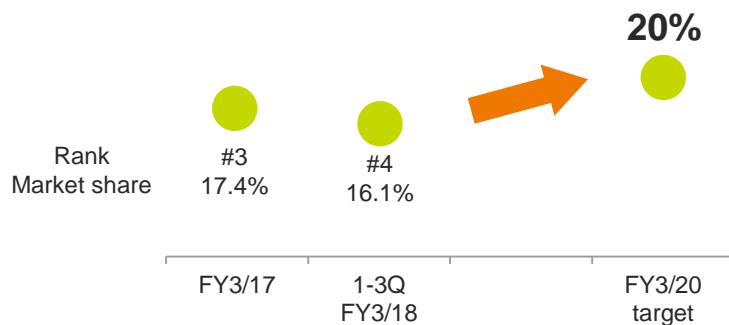
- Increase cross-selling through bank-securities collaboration, illustrated by our leading position in M&A advisory deals
- Offer multi-solutions on a group wide basis in the medium-sized enterprise market, including our support for start-up companies through Pitch Contest “Mirai”

Bank-securities integration

M&A advisory deals



Lead arranger of Japanese corporate bonds



Support of start-up companies

Pitch Contest “Mirai”

- One of the largest incubation/acceleration programs in Japan
- Support the commercialization of start-up companies and the spin-out/carve-out of existing businesses
- Fully leverage SMFG’s broad customer base and expertise of group companies

Theme

Robotics,
AI, IoT

New materials,
Energy

Medical,
Healthcare

FinTech,
Social
business

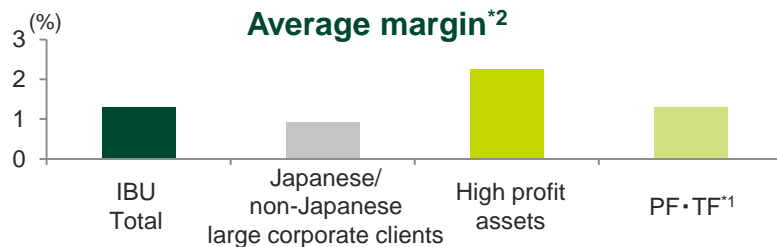
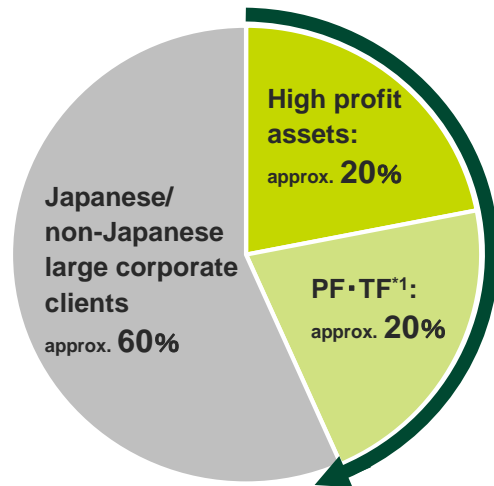


Initiatives by business units: International business

- Promote cross-selling to targeted clients through bank-securities integration (Bond underwriting, FX, derivatives, etc.)
- Arranged multiple project bond transactions by leveraging our strong project finance capabilities

Portfolio of international business

- Target to allocate around 45% to high profit assets and PF·TF under disciplined operation

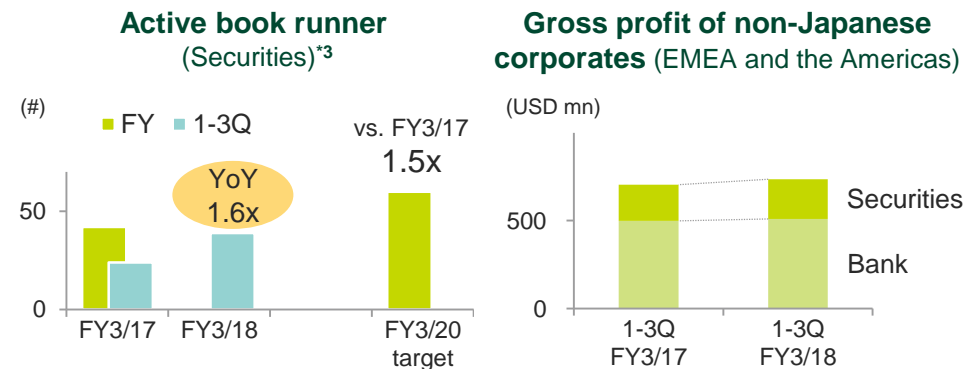


*1 PF: Project Finance, TF: Trade Finance
 *2 Excludes up-front fees *3 Excludes deals issued by SMFG

Bank-securities integration

Cross-selling to targeted clients

- Sharing account plans and prioritizing resources to targeted clients
- Cross-selling multiple products including bonds, FX and derivatives
- Providing JPY related solutions (Samurai bond, JPY sub debt)



Project bond

- By leveraging our strong project finance capabilities, we served as active book runners in multiple project bond deals
 - Independent Water & Power Project in UAE (Dec 2017)
 - Wind farm project in India (Aug 2017)



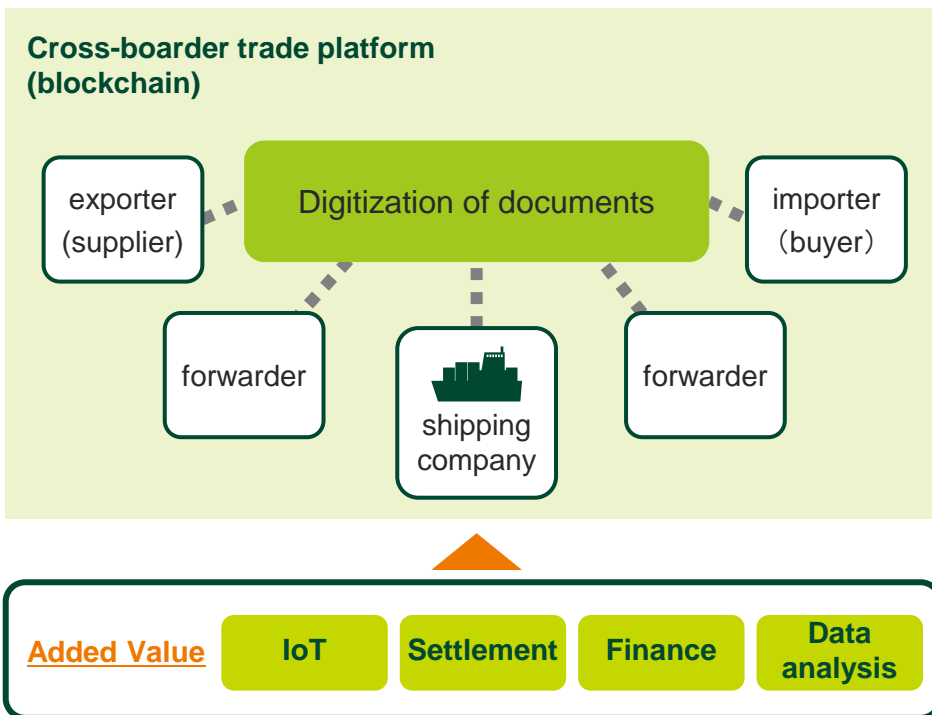
"Global Bank of the Year" of 2017 from Project Finance International

Digitalization

- Focus on businesses that can be monetized and lead to the generation and commercialization of new platforms
- Started demonstration tests of new systems that utilize technologies such as blockchain and AI

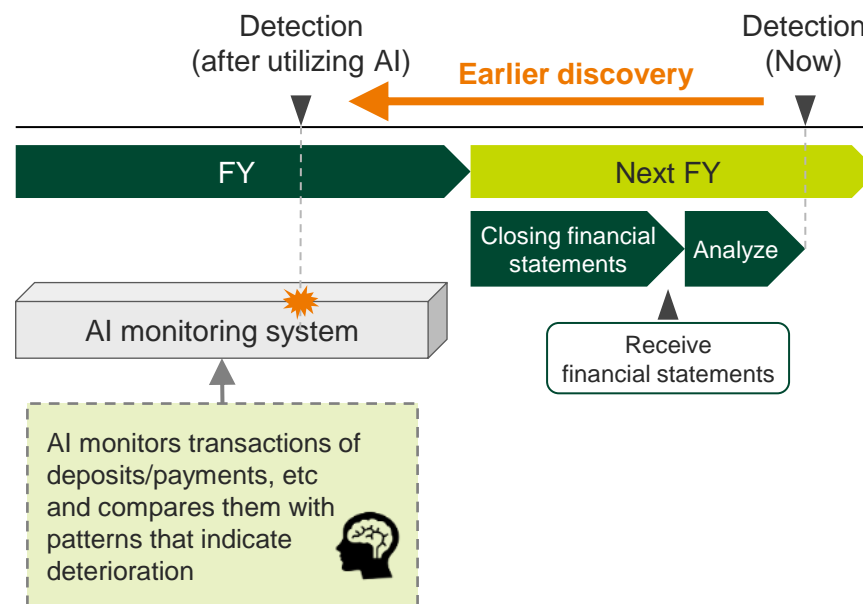
Cross-border trade platform

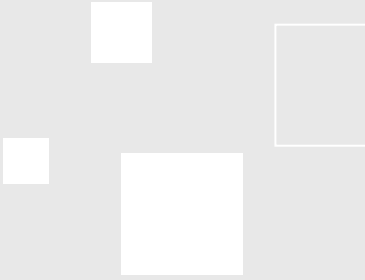
- By blockchain and IoT, build a cross-border trade platform and collaborate with companies from various industries



Detecting signs of credit deterioration

- Detect signs of our corporate customers' credit deterioration earlier than analyzing their financial statements by utilizing AI to monitor transactions of deposits/payments, etc.
- Our plan is to systematize this model in the next fiscal year





II 3Q, FY3/2018 performance

3Q, FY3/2018 performance

Income statement

		(JPY bn)	1H, FY3/18	1-3Q, 2017	YOY change	FY3/18 target
Consolidated	Consolidated gross profit	1,465.8	USD 19.8 bn ^{*1}	2,242.1	+68.3	
	General and administrative expenses	(894.6)		(1,351.8)	(6.6)	
	Overhead ratio	61.0%		60.3%	(1.6)%	
	Equity in gains (losses) of affiliates	30.2		40.1	+21.4	
	Consolidated net business profit ^{*2}	601.3	USD 8.2 bn ^{*1}	930.4	+83.1	1,130
				<82%> ^{*3}		
	Total credit cost	(34.1)		(51.9)	+16.1	(210)
	Gains (losses) on stocks	51.5		89.0	+47.2	
	Ordinary profit	615.5	USD 8.5 bn ^{*1}	959.5	+146.2	970
	Profit attributable to owners of parent	420.2	USD 5.7 bn ^{*1}	648.1	+103.4	630
			<103%> ^{*3}			
ROE	10.1%		10.3%	+0.8%		
Non-consolidated	Gross banking profit	709.1	USD 9.4 bn ^{*1}	1,062.3	(211.4) ^{*4}	
	Expenses ^{*5}	(403.8)		(606.5)	+10.2	
	Banking profit ^{*2}	305.3	USD 4.0 bn ^{*1}	455.9	(201.2)	610
	Total credit cost	25.5		35.2	+32.8	(80)
	Ordinary profit	368.5	USD 4.9 bn ^{*1}	558.1	(116.3)	580
	Net income	284.5	USD 3.8 bn ^{*1}	432.7	(110.5)	450

Consolidated gross profit increased mainly due to the strong performance of investment product sales at SMBC Nikko and continuous growth of the credit card and overseas businesses

General and Administrative expenses increased along with the top-line growth of SMBC Nikko and SMCC. We will continue to focus on cost control on a group-wide basis

Gains (losses) on stocks increased because of larger gains on sales of strategic shareholdings

Contribution of subsidiaries to Profit attributable to owners of parent

(JPY bn)	1-3Q, 2017	YOY change	(JPY bn)	1-3Q, 2017	YOY change
SMBC Nikko ^{*6}	48	+23	SMCC	11	+0
SMBCCF	42	(4)	SMAM	2	+1
SMFL	28	+4	SMBC Trust	(5)	+7
Cedyna	17	(6)			

Per share information (Consolidated)

(JPY/Share)	1-3Q, 2017	YOY change	FY3/18 target
Profit attributable to owners of parent	459.53	+61.15	446.64
(JPY/Share)	1-3Q, 2017	Change from Mar. 31, 2017	
Net assets	7,485.80	+584.13	

*1 Converted into USD at Dec. 2017 exchange rate of USD 1 = JPY 113.00 *2 Before provision for general reserve for possible loan losses *3 Ratio to full-year target

*4 Includes JPY 200 bn of dividends from SMBC Nikko associated with making SMBC Nikko a direct subsidiary of SMFG *5 Excludes non-recurring losses

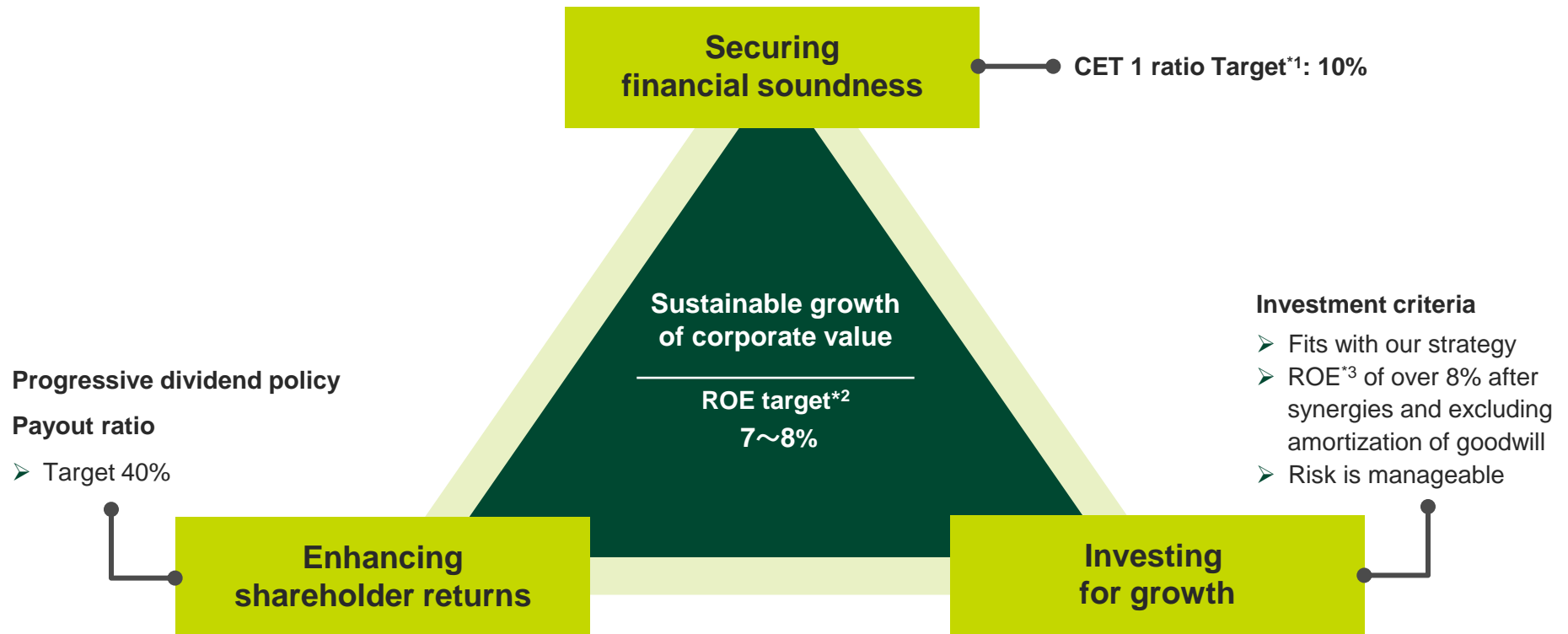
*6 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG)



Capital Policy

Basic capital policy

- Balance “securing financial soundness”, “enhancing shareholder returns”, and “investing for growth”
- Adopt a progressive dividend policy and target payout ratio of 40%
- We will lay out our updated capital policy in May 2018 after thorough consideration including discussions at the board meeting



*1 Calculated with RWA inflated by 25% compared to the current level based on our May 2017 assumption of the final impact of Basel III reforms

CET1: excludes net unrealized gains on other securities

RWA: excludes RWA associated with gains on stocks

CET1 ratio on a Basel III fully-loaded basis (including net unrealized gains on other securities) exceeds CET1 ratio Post-Basel III reforms basis by about 4%

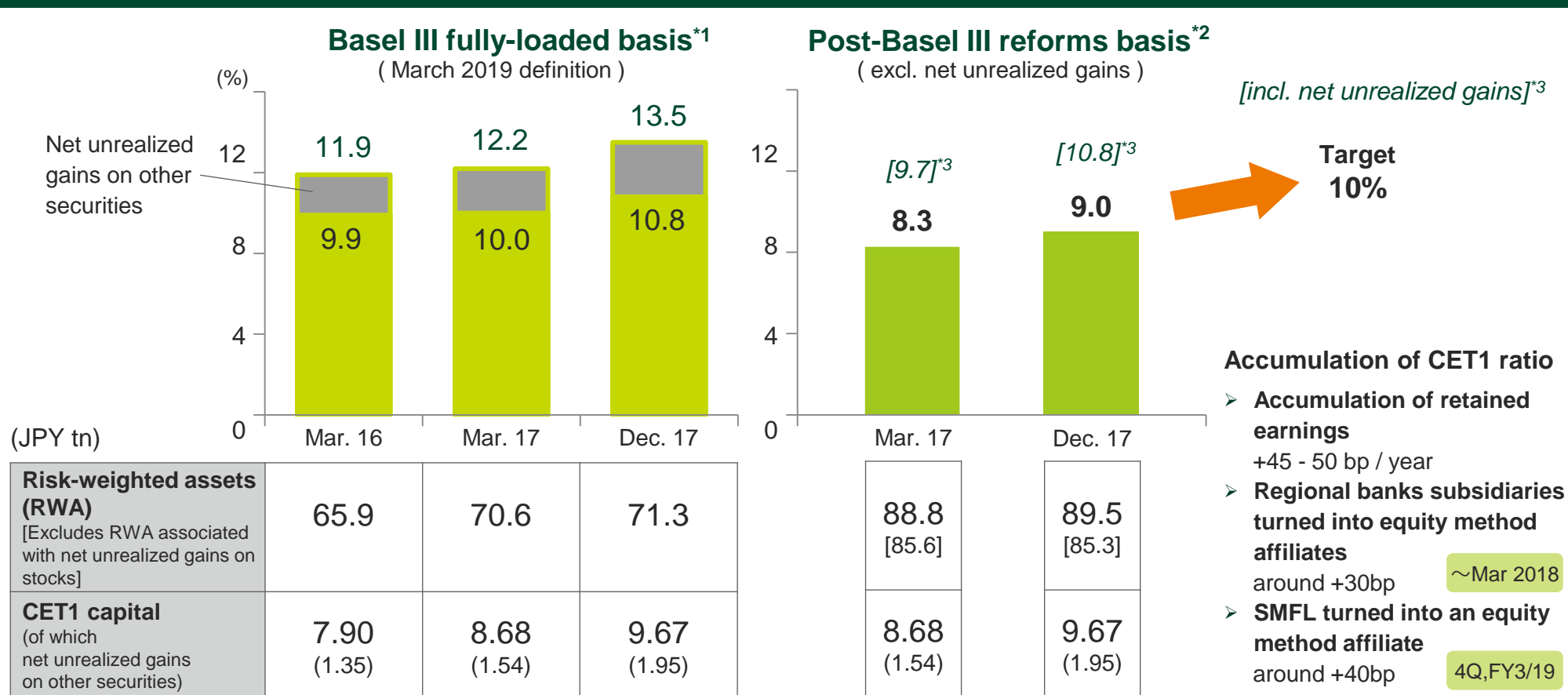
*2 On a stockholders' equity basis

*3 Managerial accounting basis utilizing RWA calculated based on the final impact of Basel III reforms

Capital position

- Common Equity Tier 1 capital ratio target (Post-Basel III reforms basis) is 10%
- The Basel III reforms were finalized with a capital floor of 72.5%, which is higher than our original assumption of 70%. However, with the revisions being eased in areas including the CVA risk framework and operational risk, we expect the final impact of RWA inflation against the current Basel III basis will be almost at the same level as our original assumption (around 25% inflation) under the Medium-Term Management Plan
- We expect to achieve the CET1 ratio target as planned with accumulation of retained earnings and control of RWA

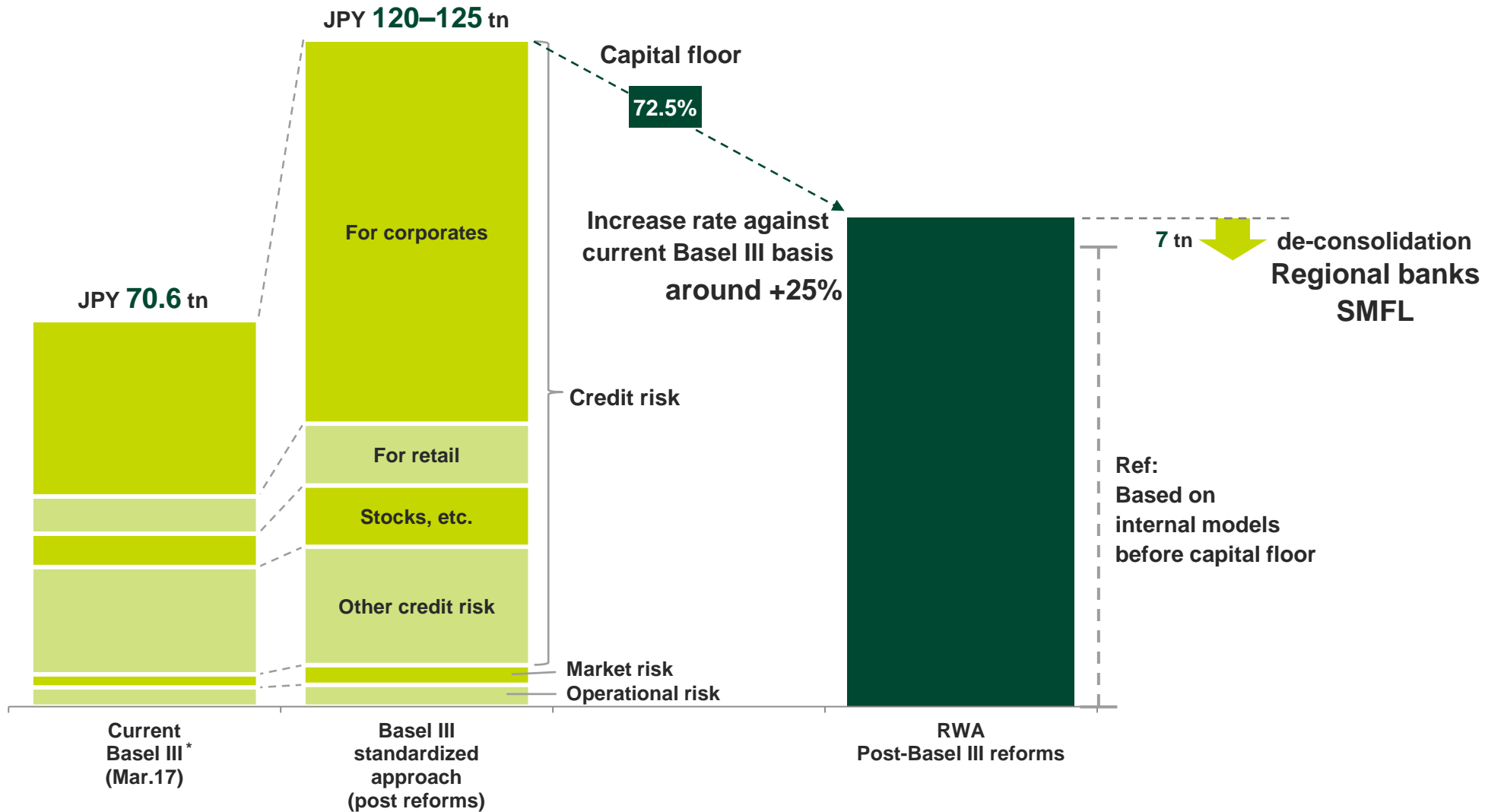
CET1 ratio



*1 Based on the definition applicable for March 31, 2019 *2 CET1 excludes net unrealized gains on other securities. RWA excludes RWA associated with net unrealized gains on stocks.
Based on the current estimation of the final impact of RWA inflation from the Basel III reforms

*3 CET1 includes net unrealized gains on other securities. RWA includes RWA associated with net unrealized gains on stocks

(Ref) Estimated inflation of RWA at the time of finalization of Basel III reforms



* We adopt floors based on FIRB. No capital floor adjustments are currently made

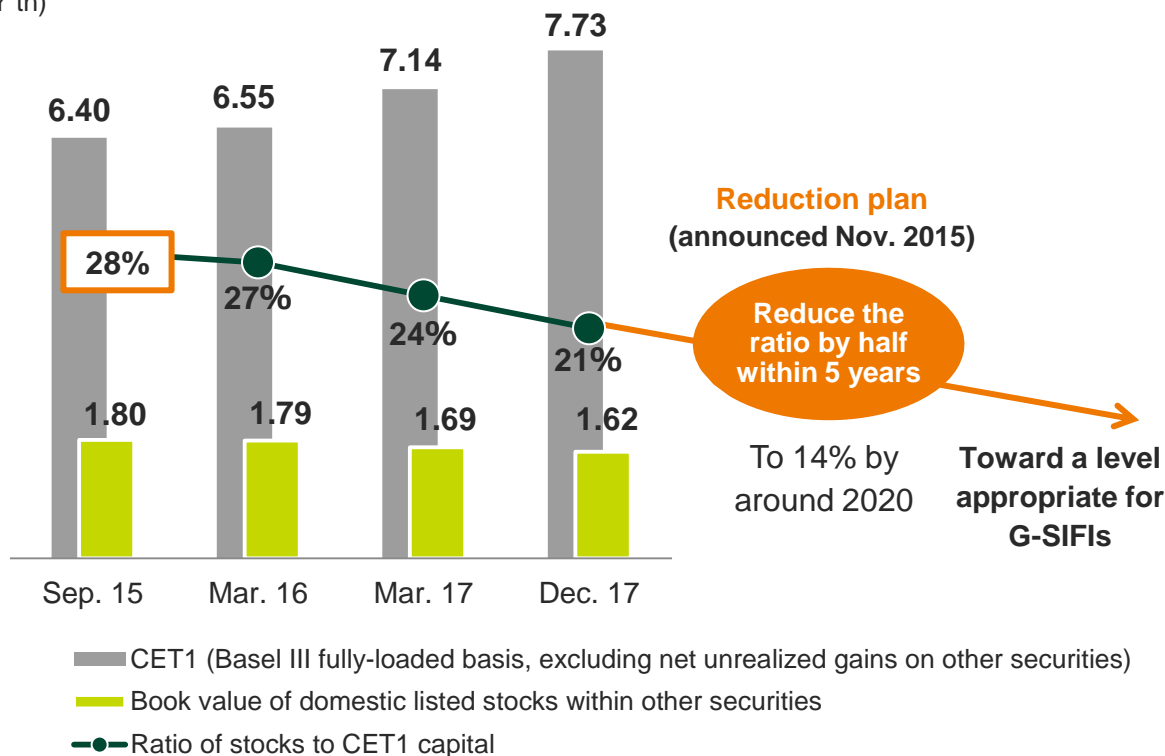
Strategic shareholdings

- Aim to halve the ratio* of stocks to CET1 during the five years starting from the end of Sep. 2015
 - Reduce the book value of domestic listed stocks of up to about 30%, or about JPY 500 bn (JPY 100 bn per year)
 - Continue to execute sales and get consent of sales from clients to achieve the full-year target of JPY 100 bn reduction

* SMFG consolidated basis: Book value of domestic listed stocks/CET1 capital (Basel III fully-loaded basis, excluding net unrealized gains on other securities)

Strategic shareholdings and reduction plan (Consolidated basis)

(JPY tn)



Reduction results for Apr.– Dec. 2017
 approx. JPY 65 bn
 (Total reduction from Sep. 2015– Dec. 2017 :
 approx. JPY 180 bn)

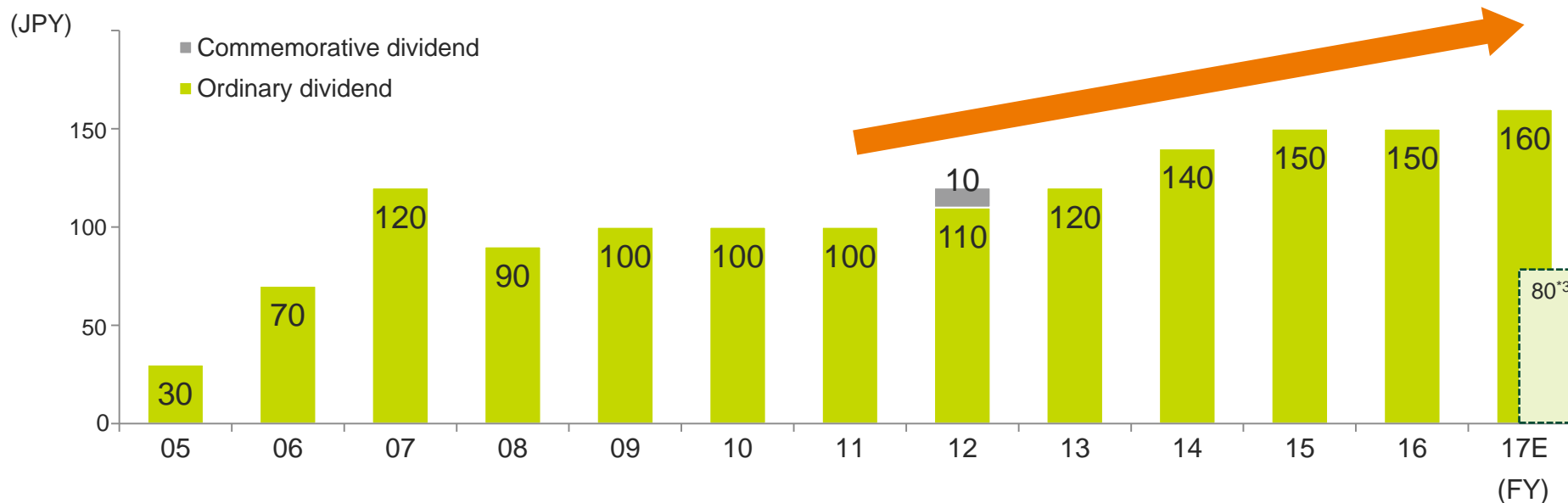
Consent of sales from clients
 (outstanding, Dec. 2017)
 approx. JPY 105 bn
 (Aggregated amount since Sep. 2015 :
 approx. JPY 290 bn)

Dividend policy

- Progressive dividend policy*, and target payout ratio of 40%
- Dividend per share forecast for FY3/2018 is 160 yen, a 10 yen increase year on year

* Progressive dividend policy means not to reduce dividends, and will maintain or increase dividends

Dividends per share*1, 2



Payout ratio*4	3.4%	12.5%	20.5%	-	46.8%	30.0%	26.8%	21.3%	20.3%	26.2%	32.7%	29.9%	35.8%
ROE*5	22.8%	13.8%	15.8%	-	7.5%	9.9%	10.4%	14.8%	13.8%	11.2%	8.9%	9.1%	

*1 SMFG implemented a 100 for 1 stock split of common stock on January 4, 2009. Figures shown above reflect the stock split, assuming that it had been implemented at the beginning of FY3/2006

*2 Common stock only *3 Already paid as interim dividend *4 Consolidated payout ratio *5 On a stockholders' equity basis

Making good progress in the Medium-Term Management Plan that focuses on efficiency to become a financial group with high quality

- We have been implementing concrete measures such as transformation of business and asset portfolio, accelerating Group-wide collaboration and promoting digitalization.
- The bottom-line profit for 3Q, FY3/2018 reached 103% of the full-year target. The full-year target remains unchanged against potential deterioration of the business environment.
- We expect to achieve the CET1 ratio target as planned with accumulation of retained earnings and our continued efforts to control RWA.
- We will lay out our updated capital policy in May 2018.

Appendix

Group structure*1

Sumitomo Mitsui Financial Group

Consolidated total assets JPY 204 tn

Consolidated Common Equity Tier 1 capital ratio 13.11 %

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

Sumitomo Mitsui Banking Corporation

Assets JPY 166 tn

Deposits JPY 107 tn

Loans JPY 76 tn

No. of retail accounts approx. 28 mn

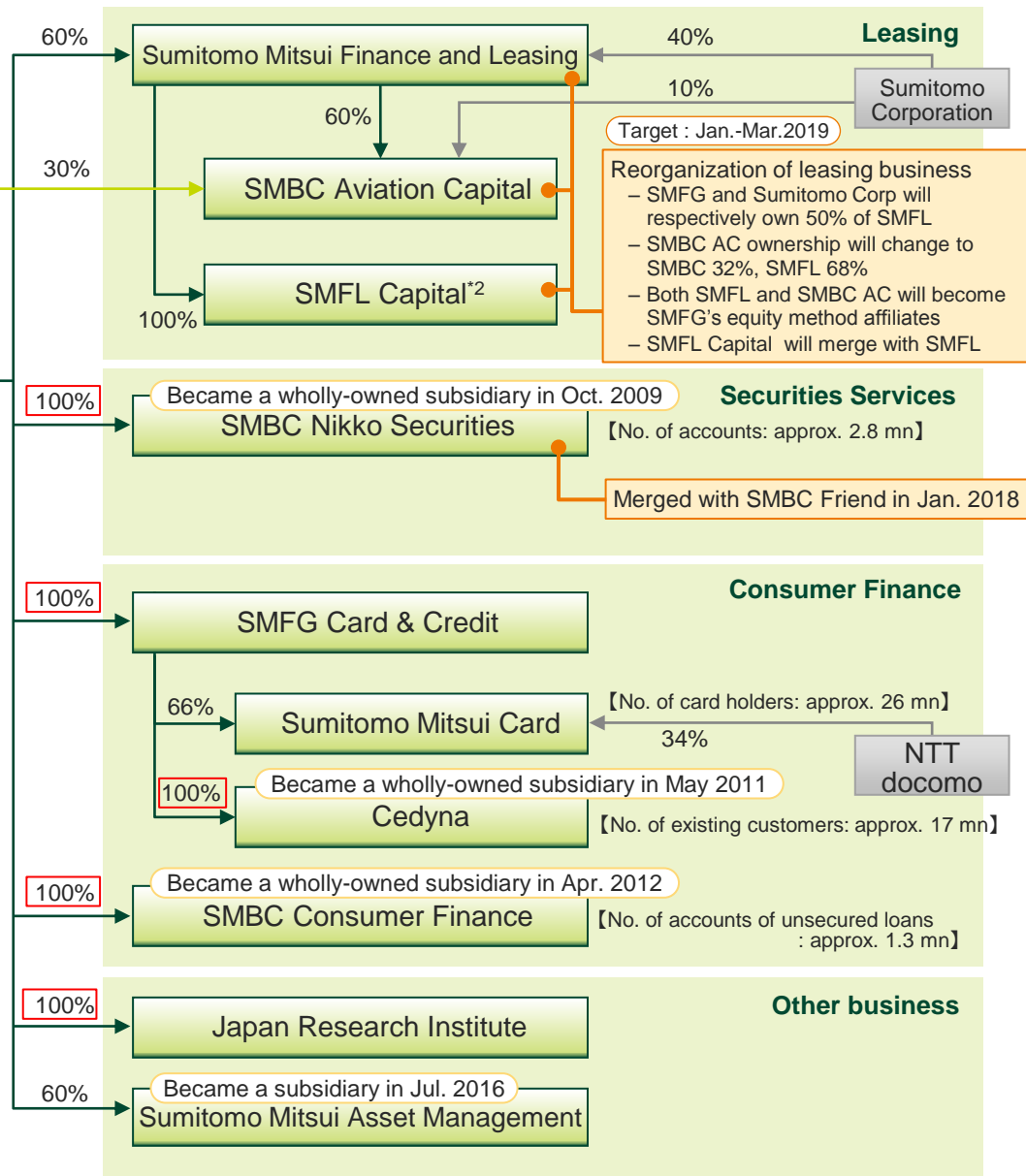
No. of corporate loan clients approx. 82,000

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

100% Became a wholly-owned subsidiary in Oct. 2013

SMBC Trust Bank

Acquired Citibank Japan's retail banking business in Nov. 2015

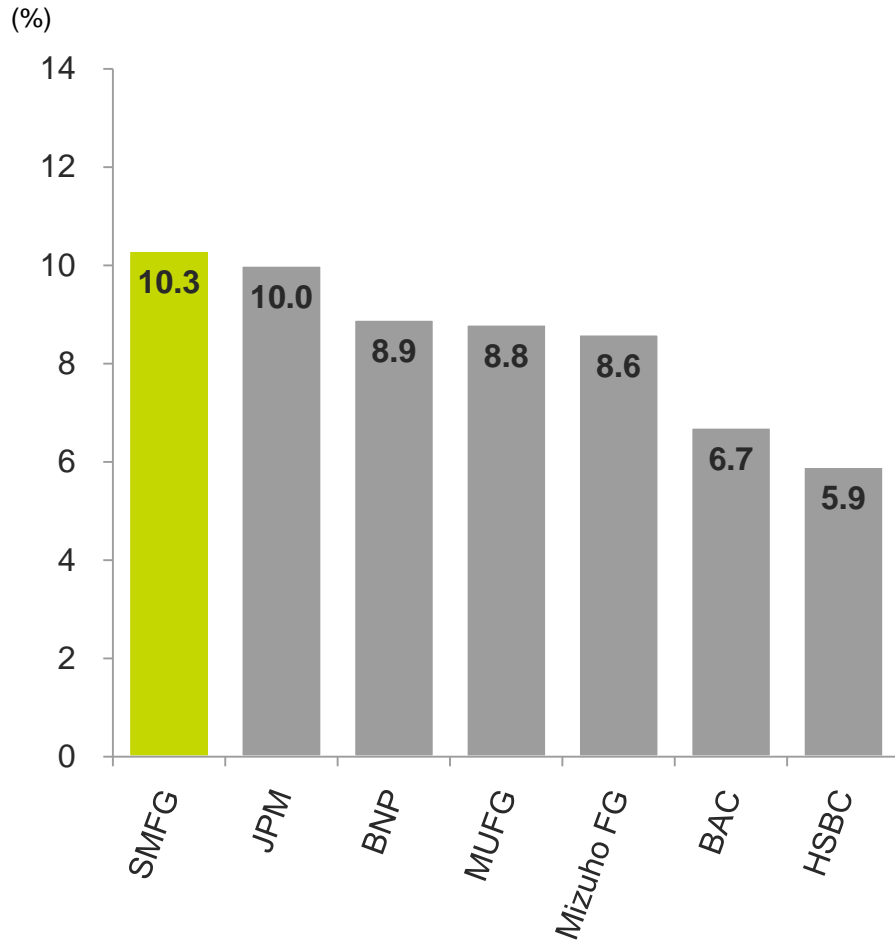


*1 As of Sep. 30, 2017 for figures

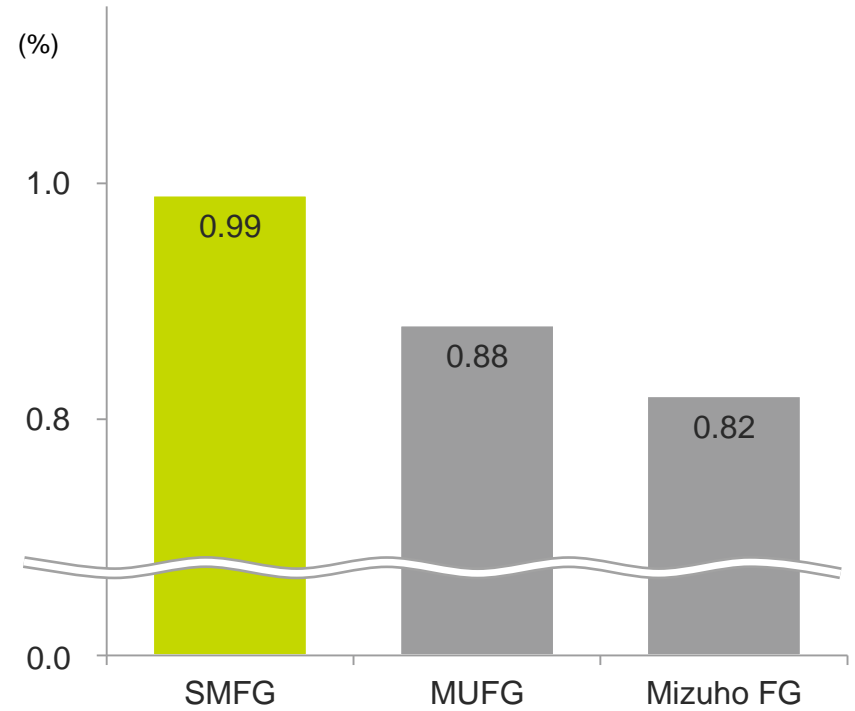
*2 Changed name from GE Japan GK to SMFL Capital Company, Limited in Sep. 2016

Peer comparison

ROE*1



Domestic loan-to-deposit spread*2



Proportion of loans to individuals & SMEs	63.2%	62.7%	59.3%
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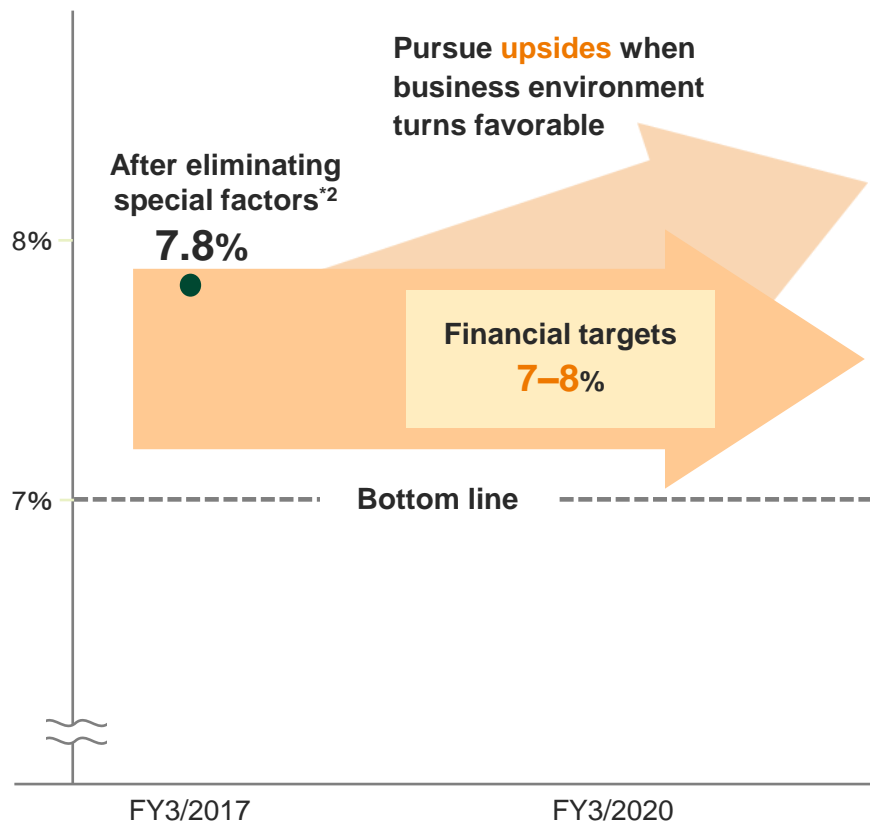
*1 Based on each company's disclosure. 3Q, FY3/18 results for SMFG, MUFG, 1H, FY3/18 results for Mizuho FG, and FY12/17 results for others

*2 1H, FY3/18 results. Based on each company's 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 FG

ROE

- In order to comply with regulations, accumulation of capital will be prioritized for the time being. However, we will secure at least 7% of ROE. In addition, by steadily enacting initiatives of the Medium-Term Management Plan, we will pursue upsides when business environment including regulations turns favorable
- Steadily increase bottom-line profit despite expected profit decline due to structural factors

ROE*1

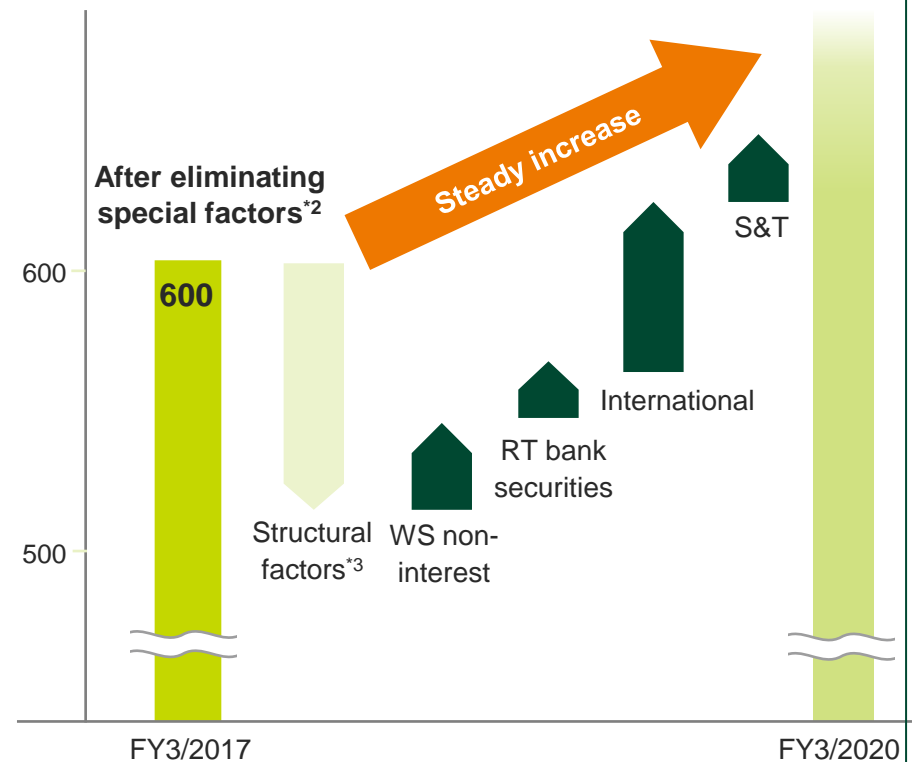


*1 On a stockholders' equity basis

*2 Excluding special factors, such as the effects of implementing the consolidated corporate-tax system

Net income

(JPY bn)

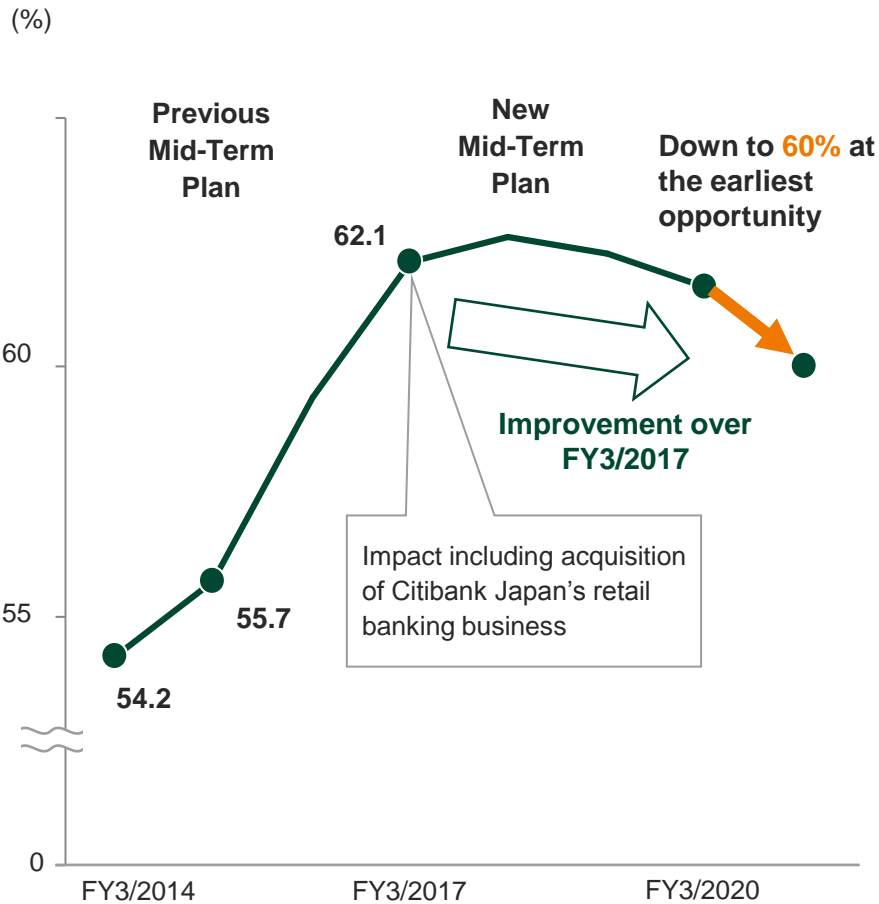


*3 Effects of negative interest rates, decline of domestic loan spreads and higher foreign currency funding costs

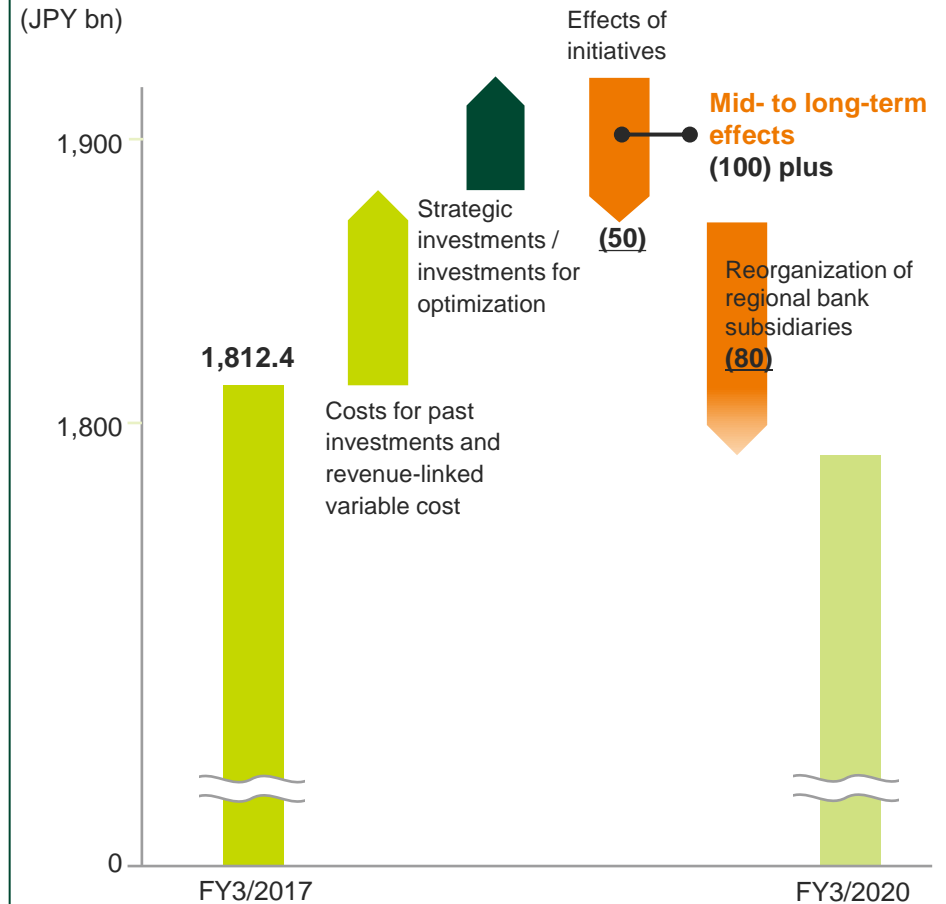
Overhead ratio

- Improve productivity on a group-wide basis and start reducing the overhead ratio
- Establish downward trend of overhead ratio and aim at around 60% at the earliest opportunity after FY3/2020





Overhead ratio



Changes in expenses



Projections by business unit

	ROE			Net business profit (JPY bn)		RWA (JPY tn)
	FY3/2020 target	FY3/2017 comparison	Three year plan	FY3/2020 target	FY3/2017 comparison	FY3/2017 [of which credit RWA]
Retail	7%		<ul style="list-style-type: none"> ➤ Expenses will initially increase due to initiatives such as branch reorganization. The cost reduction effects of the initiatives and the merger of SMBC Nikko and SMBC Friend will appear in the latter of the period ➤ Reduce overall RWA while strengthening businesses such as credit cards and consumer finance 	285	+15	13.6 [12.8]
Wholesale	10%		<ul style="list-style-type: none"> ➤ While net business profit will increase by strengthening securities business, etc, net income will slightly decrease with the normalization of credit costs ➤ Reduce RWA through sales of strategic shareholdings 	475	+10	20.8 [20.4]
International	9%		<ul style="list-style-type: none"> ➤ Expenses will initially increase with costs of past investments and strategic investments in the securities business, but in the latter of the period, profits will increase by generating returns on the investments/initiatives that have been made ➤ Reduce the growth rate of RWA in three years by half compared to the previous three years (+22%). Control the increase in the latter of the period 	415	+50	21.9 [20.4]
Global Markets	39%		<ul style="list-style-type: none"> ➤ Increase in profit is expected by enhancing the Sales & Trading business ➤ Reduce RWA through nimble portfolio management 	335	+20	6.9 [4.6]

Notes:

- 1 ROE for each unit is managerial accounting basis with RWA calculated assuming Basel III reforms are finalized. ROE for the International Business Unit excludes the mid- to long-term foreign currency funding costs. ROE for the Global Markets Business Unit does not include interest-rate risk associated to the banking account. The objectives on RWA written in the three year plan are determined based on the current regulation
- 2 FY3/2017 comparison for ROE is image of three-year developments of ROE from FY3/2017 estimates when formulating the Medium-Term Management Plan
- 3 FY3/2017 comparisons for ROE and Net business profit are after adjustments for interest rate and exchange rate impacts
- 4 FY3/2017 results for each unit are managerial accounting basis, pursuant to current regulation

Gross profit, ROE and RWA by group-wide business units

		(JPY bn)	1H,	FY3/17 ^{*1}	1H,	YOY
			FY3/17 ^{*1}	FY3/18	change ^{*2}	
Retail Business Unit	Gross profit	628.2	1,288.9	633.0	+21.3	
	Expenses	(514.8)	(1,015.4)	(506.1)	(4.2)	
	<i>Overhead ratio</i>	82.0%	78.8%	80.0%	(2.1)%	
	Others	3.3	12.2	5.6	+2.4	
	Net business profit	116.6	285.7	132.5	+19.5	
	ROE^{*3, 4}	-	-	6.5%	-	
	RWA (JPY tn)^{*3, 5}	-	-	13.5	-	
Wholesale Business Unit	Gross profit	371.7	775.6	362.0	(11.6)	
	Expenses	(166.2)	(346.7)	(171.0)	(1.6)	
	<i>Overhead ratio</i>	44.7%	44.7%	47.2%	+1.9%	
	Others	20.1	44.1	23.8	+4.2	
	Net business profit	225.6	473.0	214.8	(9.0)	
	ROE^{*3, 4}	-	-	10.4%	-	
	RWA (JPY tn)^{*3, 5}	-	-	20.0	-	
International Business Unit	Gross profit	259.2	585.8	311.0	+17.5	
	Expenses	(112.3)	(251.9)	(139.2)	(9.7)	
	<i>Overhead ratio</i>	43.3%	43.0%	44.8%	+0.6%	
	Others	21.6	30.2	30.3	+15.1	
	Net business profit	168.4	364.1	202.1	+22.9	
	ROE^{*3, 4}	-	-	10.4%	-	
	RWA (JPY tn)^{*3, 5}	-	-	22.3	-	
Global Markets Business Unit	Gross profit	203.1	346.6	196.4	(8.0)	
	Expenses	(25.6)	(50.3)	(26.6)	0.0	
	<i>Overhead ratio</i>	12.6%	14.5%	13.5%	+0.5%	
	Others	3.4	8.1	8.5	+1.9	
	Net business profit	181.0	304.4	178.3	(6.1)	
	ROE^{*3, 4}	-	-	35.9%	-	
	RWA (JPY tn)^{*3, 5}	-	-	7.0	-	

*1 Figures for FY3/17 were adjusted retrospectively in the Business Unit basis which was introduced in FY3/18

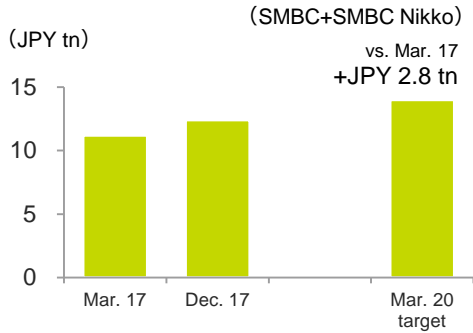
*2 After adjustments of interest rates and exchange rates, etc. *3 Preliminary figure

*4 ROE for each unit is managerial accounting basis with RWA calculated assuming Basel III reforms are finalized. ROE for the International Business Unit excludes the mid- to long-term foreign currency funding costs. ROE for the Global Markets Business Unit does not include interest-rate risk associated to the banking account

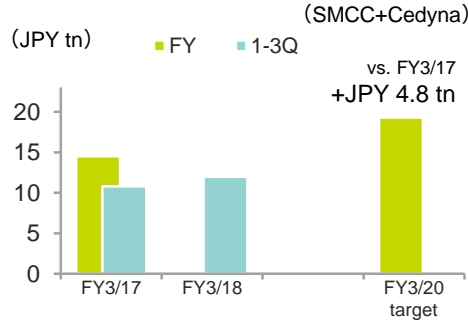
*5 RWA is calculated based on Basel III transitional basis

Retail

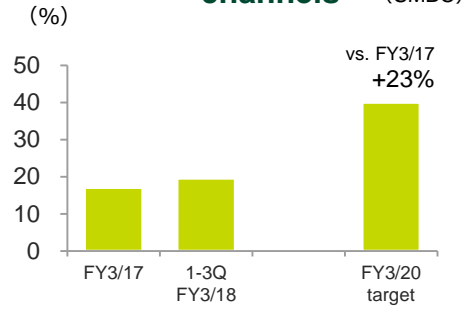
Balance of stock-based assets



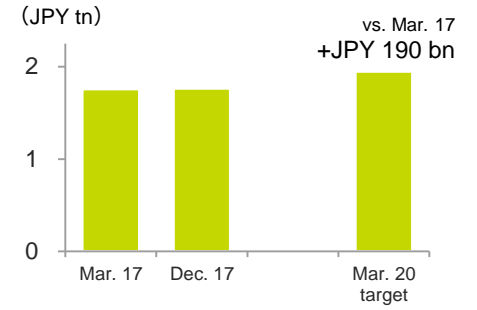
Credit card sales handled



Utilization rate for digital channels

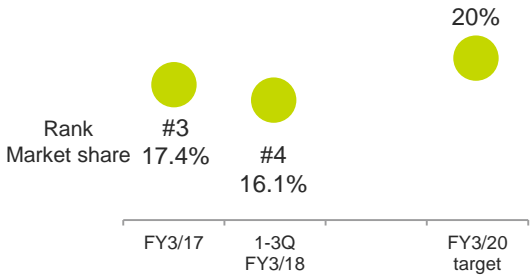


Balance of card loans

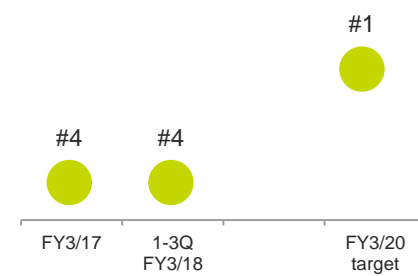


Wholesale

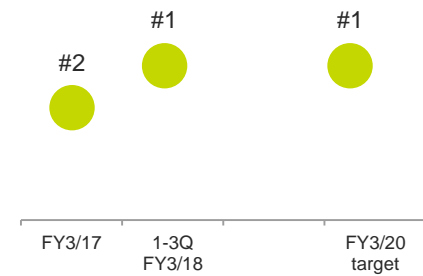
Lead arranger of Japanese corporate bonds (league table)



Lead arranger of IPO deals (league table)

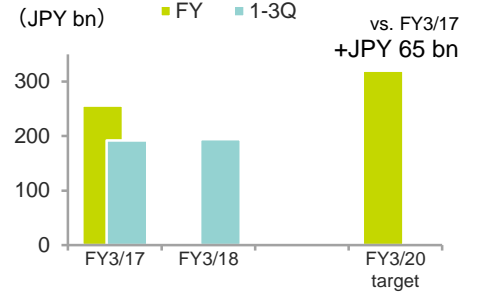


M&A advisory deals (league table)



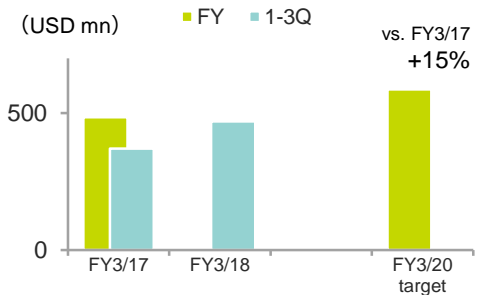
Global Markets

S&T profits

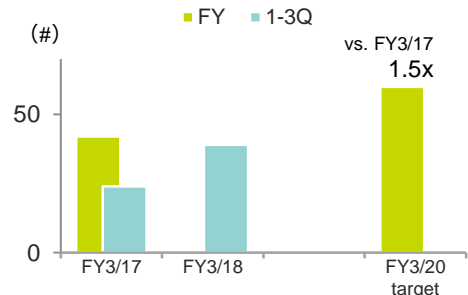


International

Non-asset based profit (Asia)

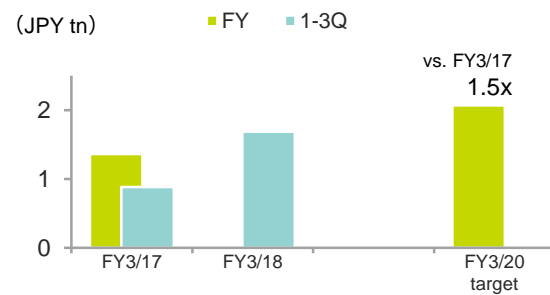


Active book runner (Securities)



O&D

Distribution amount



Breakdown of gross profit

Breakdown of consolidated gross profit by business units^{*1}

	FY3/17	1H, FY3/18	YOY change ^{*4}
Wealth management business	320.8	170.3	+14.1
Credit card business	365.5	184.2	+6.1
Non-consolidated income on loans (excl. consumer finance)	160.0	73.2	(6.9)
of which:			
Domestic card loans	258.7	134.5	+6.8
Consumer finance business	287.1	150.6	+9.7
of which:			
Retail Business Unit	1,288.9	633.0	+21.3
Income on loans	183.8	90.3	(2.4)
S Money remittance, electronic banking	62.7	31.8	+0.4
M Foreign exchange	37.9	20.0	+1.6
B Loan syndication	48.7	22.1	+2.5
C Structured finance	35.2	7.3	(13.0)
Security business	93.7	35.6	(7.9)
Leasing business	116.5	61.3	+9.4
of which:			
Wholesale Business Unit	775.6	362.0	(11.6)
Asset related income ^{*2}	378.4	205.9	+7.9
Loan related fees ^{*2}	108.6	49.0	+0.5
Security business	37.7	18.5	(0.8)
Aircraft leasing	46.8	23.7	+0.0
of which:			
International Business Unit	585.8	311.0	+17.5
of which:			
SMBC's Treasury Unit	272.4	156.3	(9.3)
of which:			
Global Markets Business Unit	346.6	196.4	(8.0)
Consolidated gross profit	2,920.7	1,465.8	+48.3
of which:			
SMBC's domestic income on loans and deposits ^{*3}	493.5	236.3	(7.8)
of which:			
International Business Unit's income on loans and deposits ^{*2}	249.9	131.4	+4.6

Breakdown of consolidated gross profit by accounting items

	FY3/17	1H, FY3/18	YOY change ^{*4}
Consolidated gross profit	2,920.7	1,465.8	+48.3
Net interest income	1,358.6	708.1	+47.5
of which:			
SMBC	1,138.9 ^{*6}	480.6	(159.3)
SMBCCF	163.0	85.0	+5.0
Trust fees	3.8	1.9	+0.2
Net fees and commissions	1,013.3	484.6	+20.5
of which:			
SMBC	348.9	144.0	(7.9)
SMCC	203.0	96.0	+7.0
SMBC Nikko	176.0	85.0	+7.0
Cedyna	117.0	53.0	(1.0)
SMBCCF	66.0	35.0	+3.0
Net trading income + Net other operating income	545.0	271.2	(20.0)
of which:			
SMBC	173.9	83.5	(37.9)
SMFL	149.0	81.0	+15.0
SMBC Nikko	148.0	79.0	+9.0

*1 Managerial accounting basis *2 Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Trust *3 Sum of domestic income on loans and deposits for both yen and foreign currencies

*4 After adjustments of interest rates and exchange rates, etc. *5 Numbers excluding SMBC are rounded

*6 Includes JPY200bn of dividends from SMBC Nikko (2Q, FY3/17. eliminated in SMFG consolidated figures)

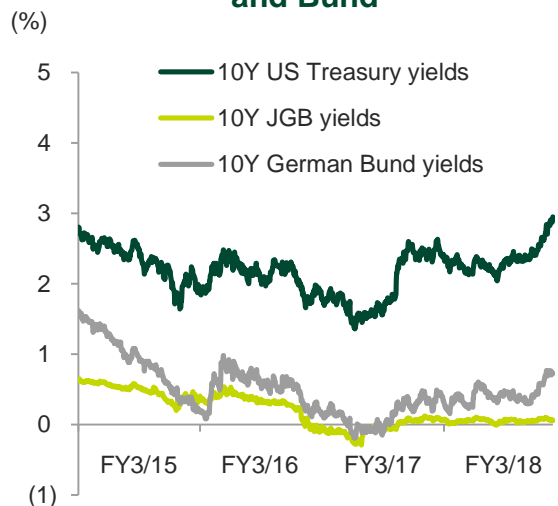
Gains (losses) on bonds

Gains (losses) on bonds (Non-consolidated)

(JPY bn)	FY3/17	1H, FY3/18	YOY Change
Gains (losses) on bonds	43.7	19.7	(38.3)
Domestic operations	8.2	6.4	(12.0)
International operations	25.5	13.4	(26.4)

Interest rate, stock price, and exchange rate

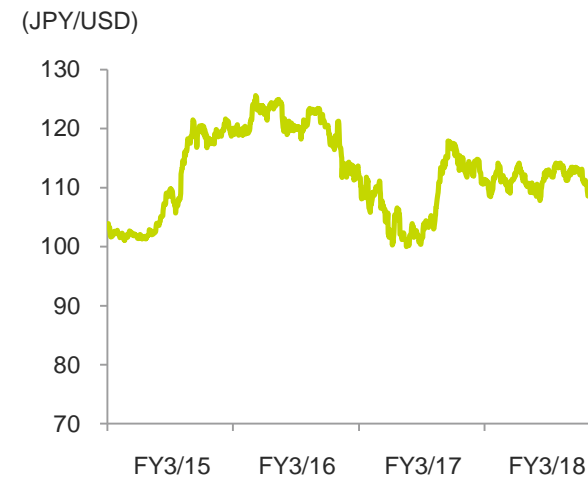
Interest rate of JGB, US Treasury, and Bund



Nikkei Stock Average



Exchange rate JPY / USD



Expenses

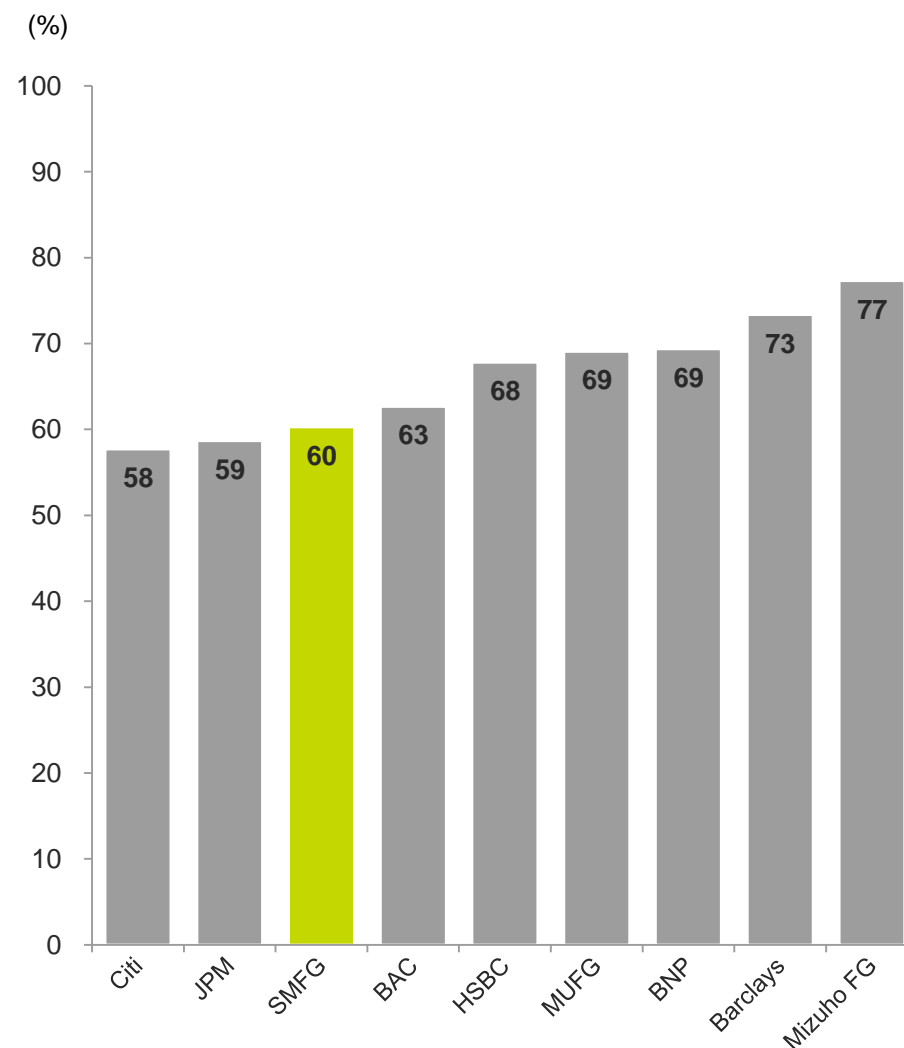
Consolidated

(JPY bn)	1H, FY3/18	YOY change
Expenses	(894.6)	(12.6)
Overhead ratio	61.0%	(1.2)%

By company (major Group companies)*1

(JPY bn)	1H, FY3/18	YOY change
SMBC*2	(403.8)	(1.8)
SMBC Nikko	(125.0)	(5.0)
SMCC	(83.0)	(5.0)
Cedyna	(57.0)	+1.0
SMBCCF	(53.0)	(2.0)
SMFL	(43.0)	(6.0)
SMBC Trust	(25.0)	+0.0
SMAM	(8.0)	(4.0)

Overhead ratio comparison *3



*1 Numbers excluding SMBC are rounded *2 Excludes non-recurring losses

*3 Consolidated basis. Based on each company's disclosure. G&A expenses (for Japanese banks, includes non-recurring losses of subsidiary banks) divided by top-line profit (net of insurance claims). 3Q, FY3/18 results for SMFG, MUFG and Mizuho FG. FY12/17 results for others

Earnings target for FY3/2018

	(JPY bn)	FY3/17 results	1H, FY3/18 results	FY3/18 target	YOY change
Consolidated	Consolidated net business profit*2	USD 10.1 ^{*1} bn 1,132.9	601.3	1,130	(2.9)
	Total credit cost	(164.4)	(34.1)	(210)	(45.6)
	Ordinary profit	USD 9.0 ^{*1} bn 1,005.9	615.5	970	(35.9)
	Profit attributable to owners of parent	USD 6.3 ^{*1} bn 706.5	420.2	630	(76.5)
Non-consolidated	Banking profit*2	USD 7.5 ^{*1} bn 846.7 ^{*3}	305.3	610	(236.7)
	Total credit cost	(61.1)	25.5	(80)	(18.9)
	Ordinary profit	USD 7.7 ^{*1} bn 864.0 ^{*3}	368.5	580	(284.0)
	Net income	USD 6.1 ^{*1} bn 681.8 ^{*3}	284.5	450	(231.8)
Per share dividend (JPY)		150	80	160	+10

Consolidated net business profit

Expected to earn almost the same level as FY3/17 by increasing non-interest income and expanding the overseas business in spite of impacts from the declining interest rates and declining spreads of domestic loans

Total credit cost

The full-year target remains unchanged against the continuing uncertain market environment though the pace of total credit cost recorded in the first half was lower than our target

Profit attributable to owners of parent

The full-year target remains unchanged against potential deterioration of the business environment in spite of the high progress rate in the first half

Assumptions of earnings target*4

	FY3/17 actual	FY3/18 estimate
3M TIBOR	0.06%	0.06%
Federal funds target rate	1.00%	1.25%
Exchange rate	JPY/USD	112.19
	JPY/EUR	119.84
		125.00

*1 Converted into USD at Mar. 31, 2017 exchange rate of USD 1 = JPY 112.19

*2 Before provision for general reserve for possible loan losses *3 Includes JPY200 bn of dividends from SMBC Nikko (eliminated in SMFG consolidated figures)

*4 (Ref) Nominal GDP growth rate: FY3/2017 result was +1.1%; FY3/2018 forecast estimated by Japan Research Institute was +1.6% as of May 2017, +1.6% as of Nov.2017; Nikkei stock average: JPY18,909.26 as of Mar. 31, 2017, JPY 20,356.28 as of Sep. 30, 2017

revised from original assumption of EUR 1 = JPY 115.00

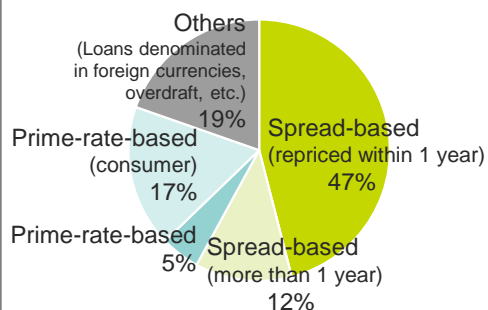
Balance sheet

Non-consolidated

- Balance in the BOJ's current account
Dec. 31, 2017 JPY 37.9 tn

Non-consolidated

- Domestic loans outstanding
JPY 53.9 tn



- By domestic Marketing units^{*1}

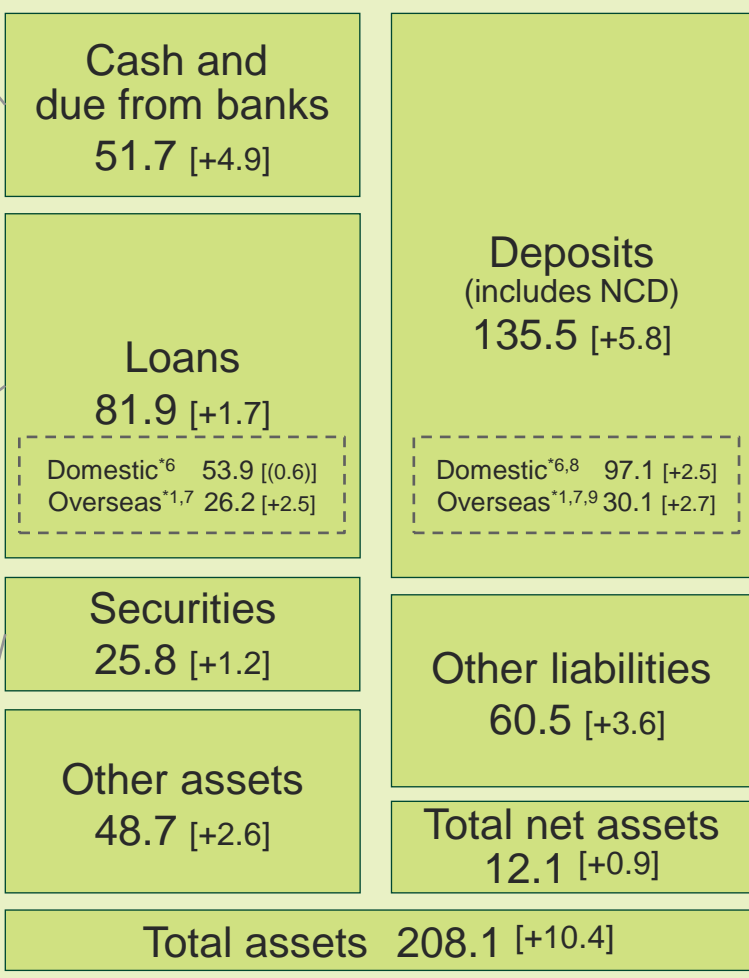
(JPY tn, at period-end)	Dec. 2017	Change from Mar. 2017
Large corporations ^{*2}	15.2	(0.4)
Mid-sized corporations & SMEs ^{*3}	18.0	+0.4
Individuals	13.7	(0.1) ^{*4}

Consolidated

- Of which Stocks^{*5} JPY 4.2 tn
- Of which JGBs^{*5} JPY 8.6 tn
- Of which Foreign bonds^{*5} JPY 7.0 tn

Consolidated B/S (Dec. 31, 2017) [vs. Mar. 31, 2017]

(JPY tn)

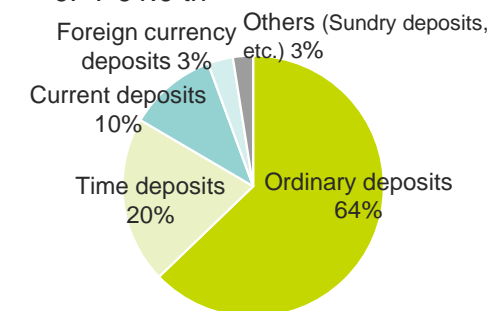


Loan to deposit ratio

60.4 %

Non-consolidated

- Domestic deposits outstanding
JPY 91.0 tn

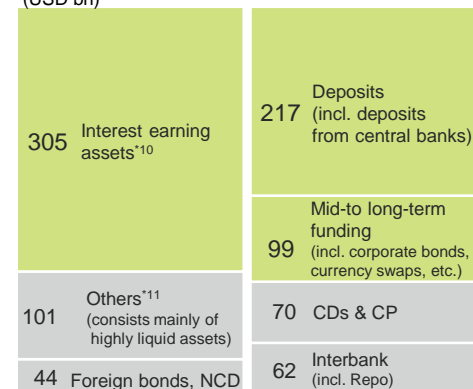


- By type of depositor

(JPY tn)	Mar.16	Mar.17	Dec.17
Total	82.1	87.7	91.0
Individuals	42.3	43.6	45.7
Corporates	39.8	44.1	45.3

(Ref) Non-JPY B/S items^{*1,7}

(USD bn)



Assets / Liabilities 450

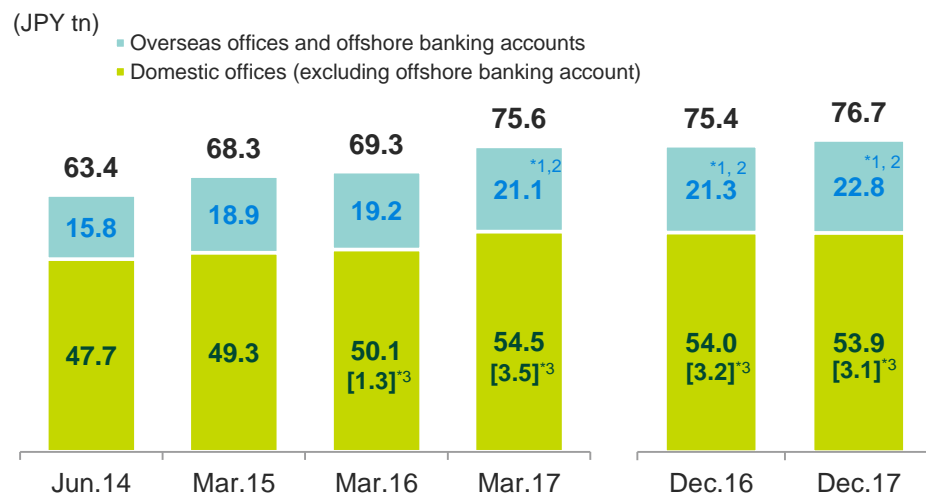
*1 Managerial accounting basis *2 Global Corporate Banking Division *3 Sum of Corporate Banking Division and SMEs covered by Retail Banking Unit

*4 After adding back the portion of housing loans securitized in 1-3Q, FY3/18 of approx. JPY 220 bn *5 Other securities

*6 Non-consolidated *7 Sum of SMBC, SMBC E and SMBC (China) *8 Including NCD *9 Including CDs and CP

*10 Sum of loans, trade bills and securities of Marketing units *11 Includes deposit placed with central banks, etc.

Loan balance (Non-consolidated)



Average loan balance^{*4}

	(JPY tn, %)	1H FY3/18	YOY change ^{*9}
Domestic loans (Non-consolidated)		53.0	+2.2
Excluding loans to the Japanese government, etc. and SMFG		49.9	+2.1
of which			
Large corporations ^{*5}		15.6	+1.5
Mid-sized corporations & SMEs ^{*6}		17.2	+0.7
Individuals		13.9	(0.3)
IBU's interest earning assets ^{*7,8} (USD bn, %)		270.3	+28.0

Domestic loan-to-deposit spread (Non-consolidated)

	(%)	FY3/18 1-3Q	YoY change	1Q	2Q	3Q
Interest earned on loans and bills discounted		0.98	(0.08)	0.99	0.98	0.98
Interest paid on deposits, etc.		0.00	(0.01)	0.00	0.00	0.00
Loan-to-deposit spread		0.98	(0.07)	0.99	0.98	0.98

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

	(%)	FY3/18 1-3Q	YoY change	1Q	2Q	3Q
Interest earned on loans and bills discounted		1.02	(0.10)	1.04	1.02	1.01
Loan-to-deposit spread		1.02	(0.09)	1.04	1.02	1.01

Average loan spread^{*4}

	(JPY tn, %)	1H FY3/18	YOY change
Domestic loans (Non-consolidated)		0.78	(0.06)
Excluding loans to the Japanese government, etc. and SMFG		0.83	(0.07)
of which			
Large corporations ^{*5}		0.52	(0.07)
Mid-sized corporations & SMEs ^{*6}		0.71	(0.07)
Individuals		1.47	(0.02)
IBU's interest earning assets ^{*7,8} (USD bn, %)		1.16	(0.06)

*1 Exchange rates using TTM as of Dec. 2016: USD 1 = JPY 116.49, EUR 1 = JPY 122.68, Mar. 2017: USD 1 = JPY 112.19, EUR 1 = JPY 119.84, and Dec. 2017: USD 1 = JPY 113.00, EUR 1 = JPY 134.99

*2 Includes balance of SMBC Canada Branch which was newly opened in Nov. 2016 and took over business of wholly-owned subsidiary SMBC of Canada

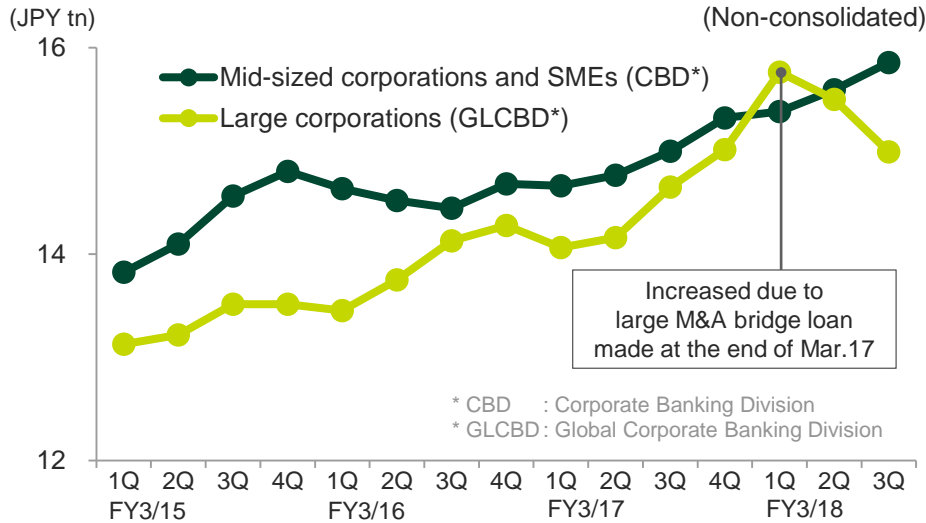
*3 Of which loans to the Japanese government, etc. and SMFG *4 Managerial accounting basis *5 Global Corporate Banking Division

*6 Sum of Corporate Banking Division and SMEs covered by Retail Banking Unit *7 Sum of SMBC, SMBC Europe and SMBC (China)

*8 Sum of loans, trade bills, and securities *9 After adjustments for exchange rates, etc.

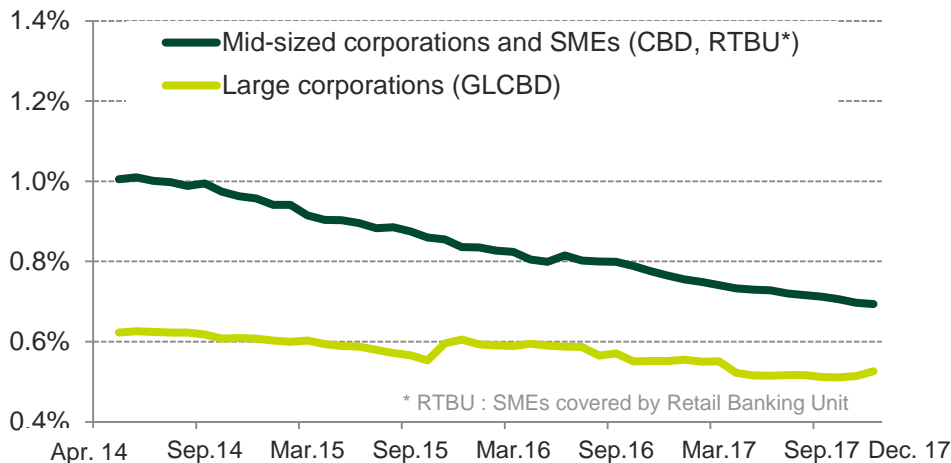
Wholesale business

Loan balance of Wholesale Banking Unit*1, 2



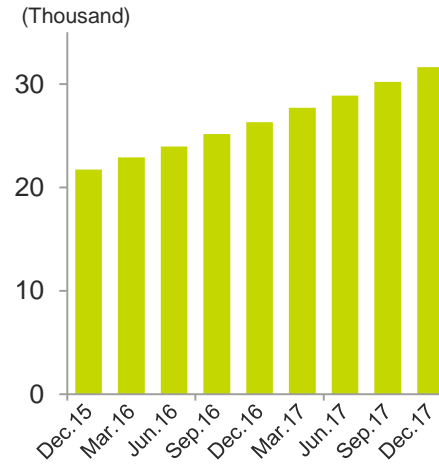
Domestic corporate loan spread*1, 3

(Non-consolidated)

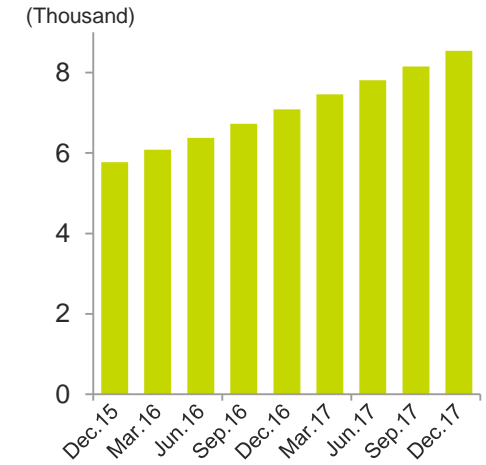


Bank-securities collaboration*4

Asset Management



Investment banking



League tables (1-3Q, FY3/2018)*5

	Rank	Mkt share
Global equity & equity-related (book runner, underwriting amount)*6	#5	8.6%
JPY denominated bonds (lead manager, underwriting amount)*7	#4	16.9%
Japanese corporate bonds (lead manager, underwriting amount)	#4	16.1%
IPO (lead manager, No. of deals)*8	#4	14.8%
Financial advisor (M&A, No. of deals)*9	#1	5.6%
Financial advisor (M&A, transaction volume)*9	#5	9.1%

*1 Managerial accounting basis. Excludes loans to the Japanese government, etc. *2 Quarterly average *3 Monthly average loan spread of existing loans

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

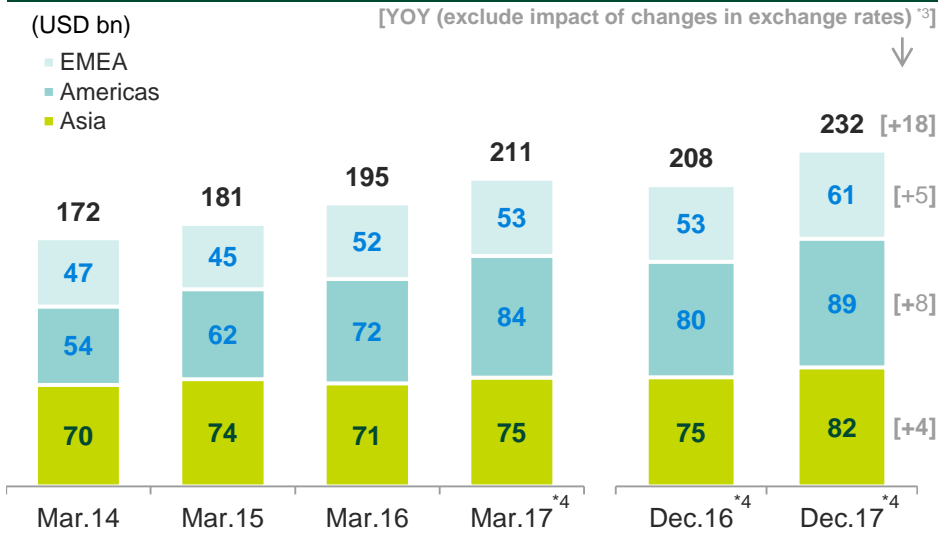
*5 SMBC Nikko Securities for Global equity & equity-related and JPY denominated bonds. SMFG for Financial advisor and IPO. Source: SMBC Nikko, based on data from Thomson Reuters

*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

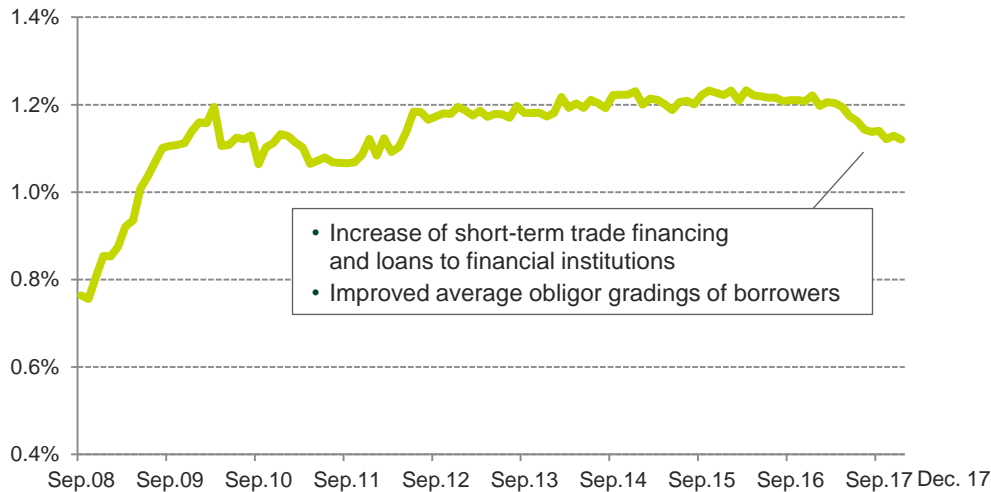
*8 Excludes REIT IPO. Includes overseas offices *9 Japanese corporate related only. Group basis

Overseas business

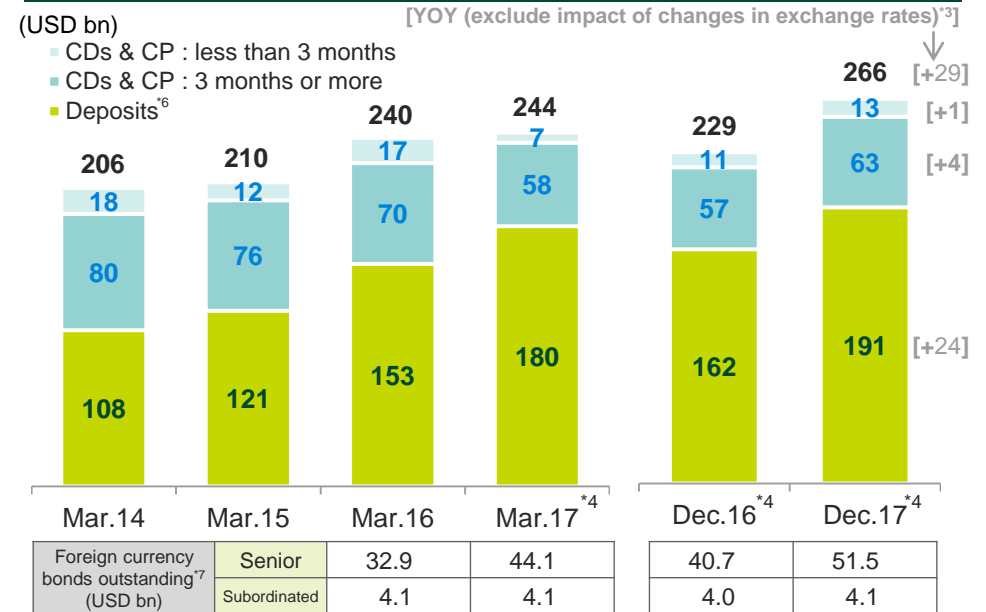
Overseas loan balance (includes trade bills)*1, 2



Overseas loan spread*1, 5



Overseas deposit balance*1, 2



Benchmark issues of foreign currency bonds*8 (since Jan. 2018)

Senior / Sub	Issue Date	Currency	Amount (mn)	Tenor	Coupon
Senior (SMFG) *9	Jan, 17, 2018	USD	1,500	5y	3.102%
			500	5y	3mL+74bp
			750	10y	3.544%
Senior (SMBC)	Jan. 17, 2018	USD	1,250	2y	2.514%
			750	2y	3mL+35bp

*1 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China).

*2 Converted into USD at respective period-end exchange rates *3 Year-on-year changes exclude impact of changes in local currency / USD

*4 Includes balance of SMBC Canada Branch which was opened in Nov. 2016 and took over business of wholly-owned subsidiary SMBC of Canada

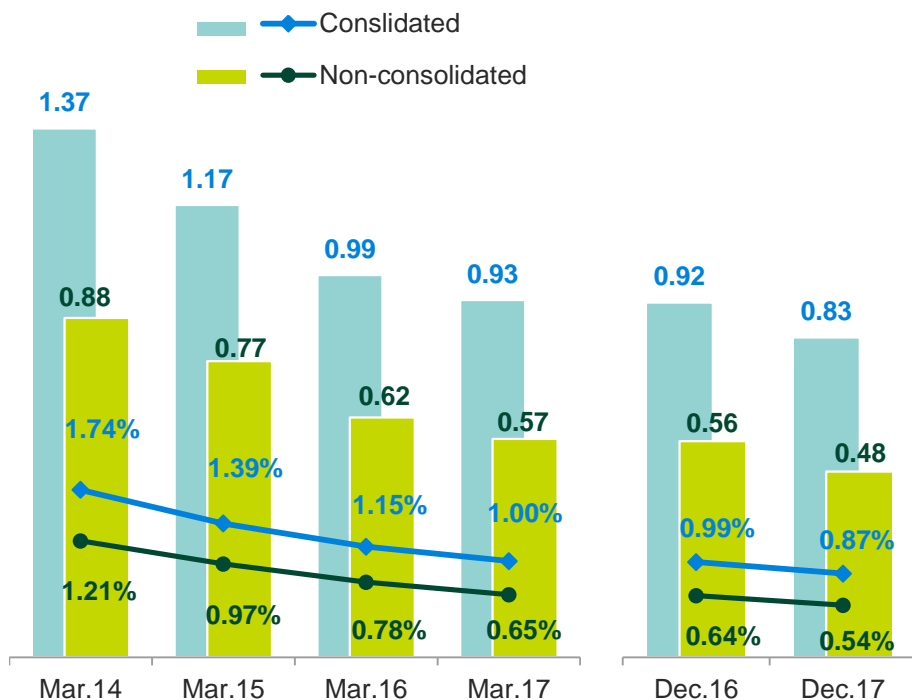
*5 Monthly average loan spread of existing loans *6 Includes deposits from central banks *7 Bonds issued by SMFG and SMBC

*8 Issued in overseas market. Targeting foreign institutional investors *9 TLAC bonds

NPLs and Total credit cost

NPLs and NPL ratio*1

(JPY tn)



Total claims (top: Consolidated, bottom: Non-consolidated) (JPY tn)

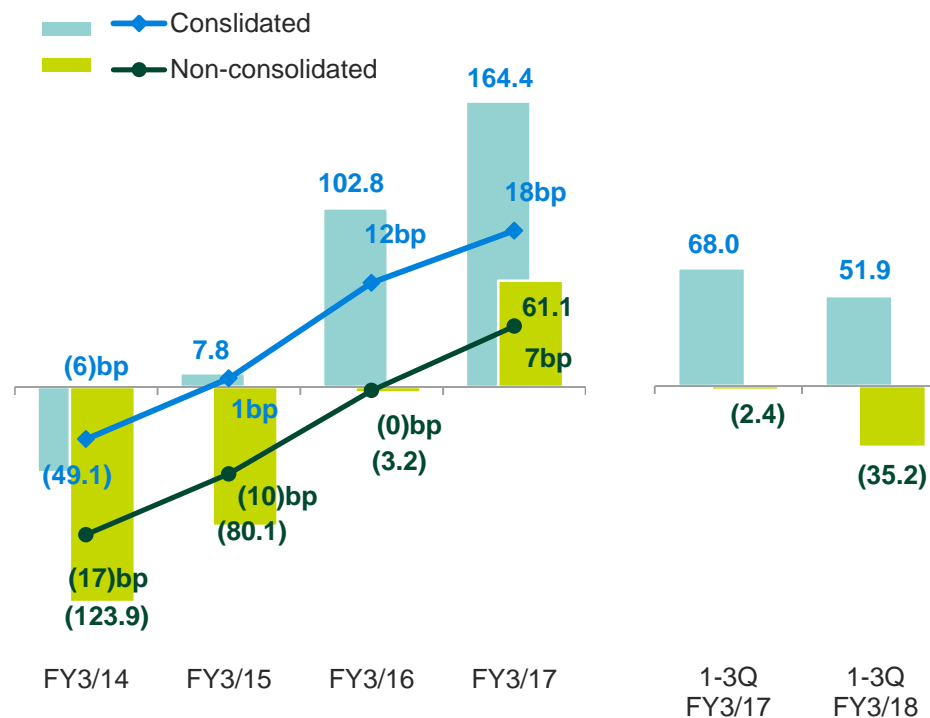
79	85	87	93	93	96
73	79	80	87	87	89

*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

Total credit cost and Total credit cost ratio*2

(JPY bn)



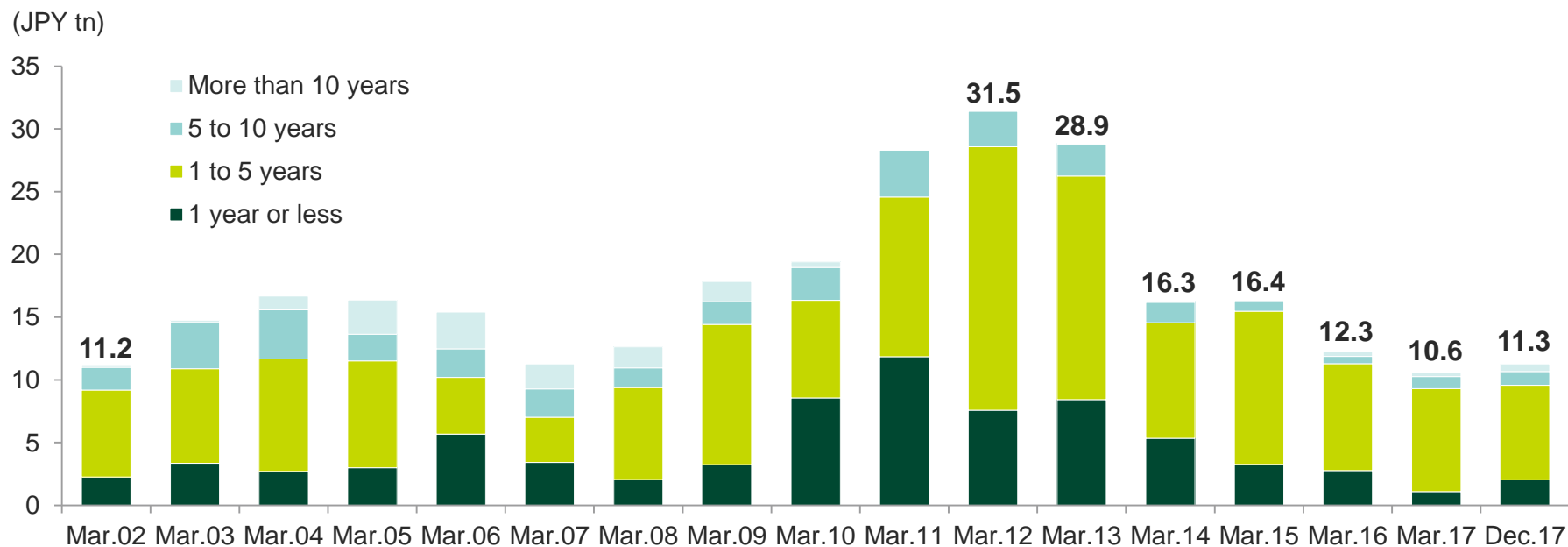
Variances between Consolidated and Non-consolidated

(JPY bn)	1H, FY3/18	YOY change
Total	60	(3)
of which:		
SMBCCF	42	+3
SMCC	9	+3
Cedyna	7	+1

Yen bond portfolio

Non-consolidated

(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)



of which JGBs (JPY tn)	Mar.12	Mar.13	Mar.14	Mar.15	Mar.16	Mar.17	Dec.17
	26.2	13.8	14.0	9.8	8.0	8.6	

Average duration (years)^{*1}	2.7	3.6	3.4	2.3	1.5	1.7	2.4	1.8	1.1	1.4	1.9	1.8	1.1	1.8	2.8	2.9	2.4
Unrealized gains (losses) (JPY bn)^{*2}	37.6	108.7	(101.9)	7.7	(282.2)	(151.4)	(129.5)	(1.2)	116.1	71.9	104.4	95.3	60.0	45.9	103.8	57.5	40.9

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

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

Bond portfolio

		Mar. 2013		Mar. 2016		Mar. 2017		Dec. 2017	
		Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)	Balance sheet amount	Net unrealized gains (losses)
(JPY tn)									
Consolidated	Yen-denominated bonds	30.4	0.17	13.2	0.13	11.4	0.07	11.9	0.05
	of which JGB	27.0	0.12	10.3	0.08	8.5	0.03	9.0	0.01
	Held-to-maturity	5.5	0.06	2.2	0.02	1.2	0.01	0.4	0.00
	Others	21.5	0.06	8.1	0.06	7.3	0.02	8.6	0.01
	Foreign bonds (Other securities)			6.5	0.03	7.1	(0.11)	7.0	(0.12)

Non-consolidated	Yen-denominated bonds	28.9	0.16	12.3	0.12	10.6	0.06	11.3	0.04
	of which JGB	26.2	0.11	9.8	0.07	8.0	0.03	8.6	0.01
	Held-to-maturity	5.5	0.06	2.0	0.01	0.9	0.01	0.1	0.00
	Others	20.7	0.06	7.8	0.06	7.1	0.02	8.5	0.01
	Foreign bonds (Other securities)			5.2	0.02	5.6	(0.10)	5.5	(0.11)

Initiatives for negative interest rate policy

Control deposit balance

- Lowered interest rates
 - Ordinary deposits 0.001% since Feb. 16, 2016
 - Time deposits 0.01% since Mar. 1, 2016
- Initiatives against inflow of large funds from corporations (especially financial institutions)
 - Charge fees for correspondent accounts of foreign banks

Promote shifts from savings to asset building

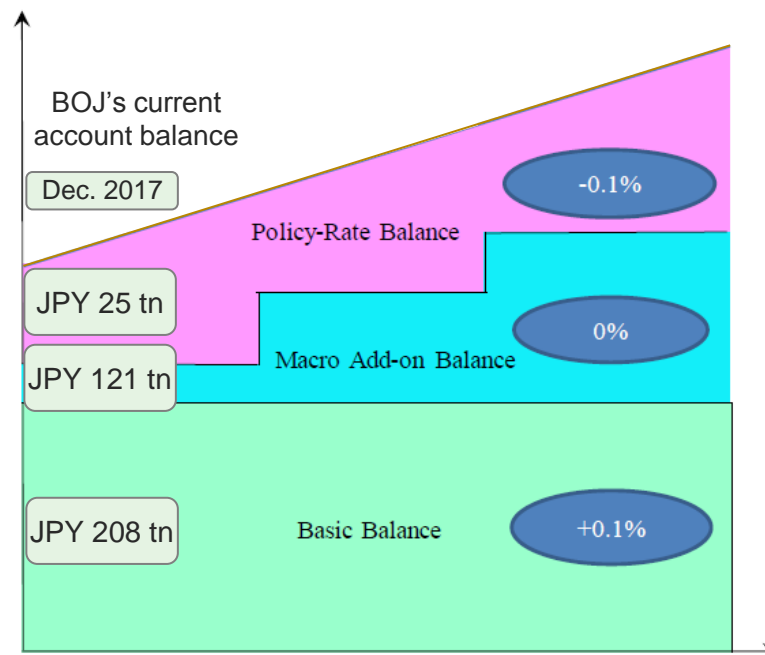
- Foreign deposits; raised interest rates, launched marketing campaigns
- Increase sales of wrap accounts and low risk and low return investment products

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



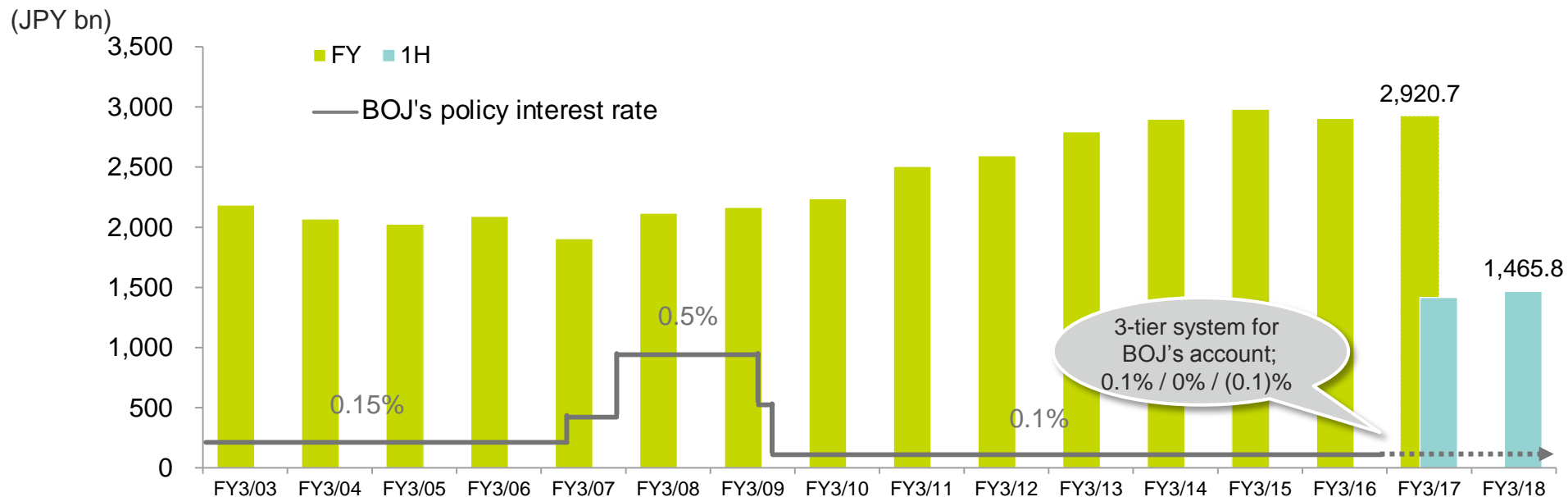
- Introduction of “Quantitative and Qualitative Monetary Easing with Yield Curve Control” (Sep. 2016)*²
 - “Yield curve control”
 - “Inflation-overshooting commitment”

*1 Source: The Bank of Japan (“Key Points of Today’s Policy Decisions” on Jan. 29, 2016)
“BOJ Current Account Balances by Sector (Dec. 2017)” on Jan. 16, 2018 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)

Changes in our business mix

Consolidated Gross profit



Breakdown of contribution to Gross profit

	FY3/03	1H, FY3/18
SMBC's domestic loan / deposit related revenue	35%	18%
International business (banking)	5%	18%
Group companies	18%	47%

Proportion of International Business Unit within Consolidated net business profit: 34%

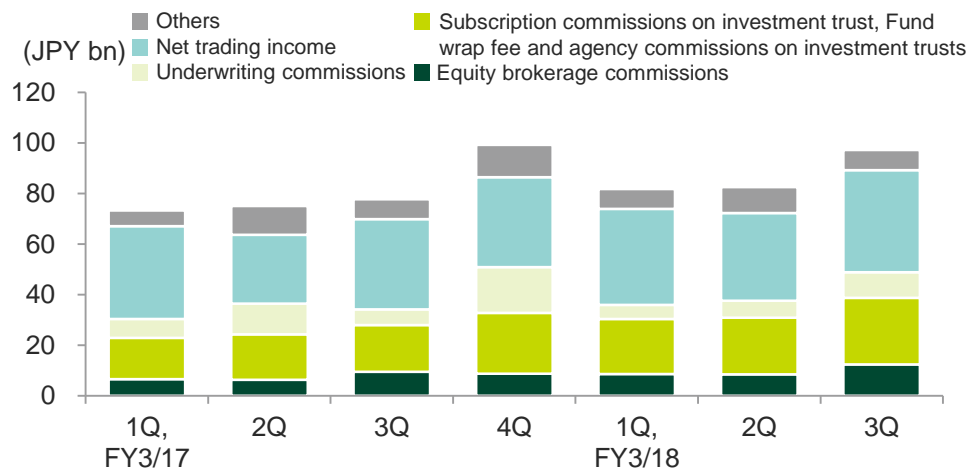
Focus on Seven Core Business Areas

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

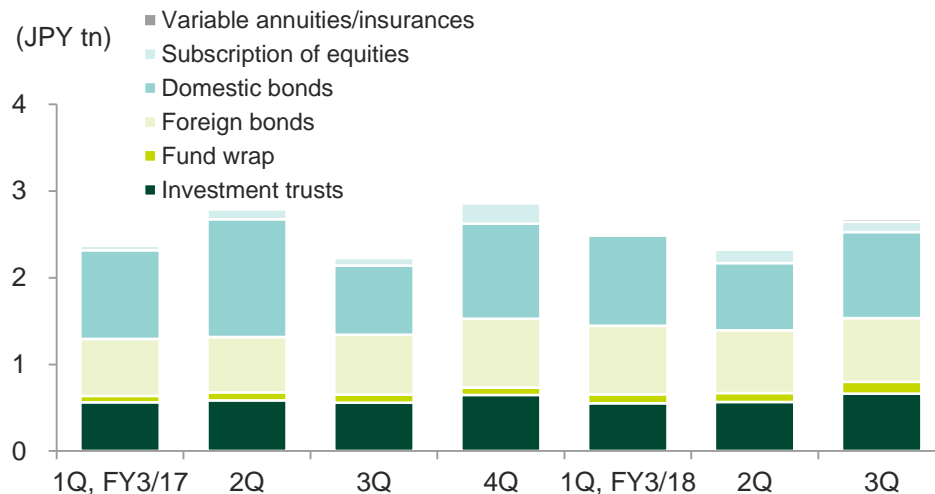
Financial results (consolidated)

(JPY bn)	FY3/17	1-3Q FY3/18	YOY change
Net operating revenue	326.7	262.5	+35.4
SG&A expenses	(250.9)	(193.0)	(11.9)
Ordinary income^{*1}	80.0	72.4	+23.8
Profit attributable to owners of parent^{*1,2}	46.9	49.5	+23.2

Net operating revenue^{*3}

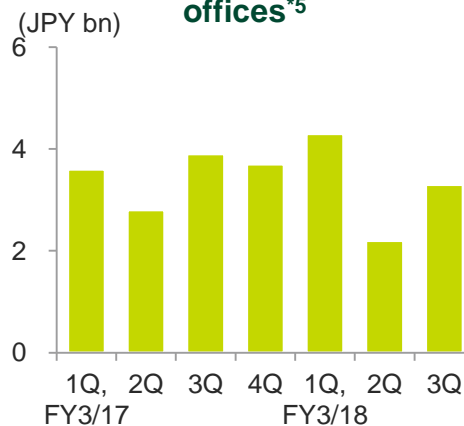


Product sales^{*4}

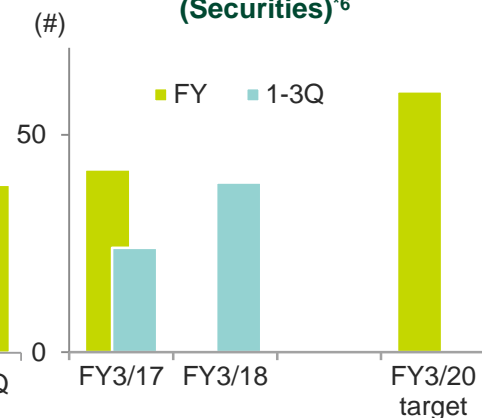


Overseas business

Earnings of overseas offices^{*5}



Active book runner (Securities)^{*6}



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

*2 Recorded loss of JPY 12.0 bn as extraordinary loss at SMBC Nikko in 2H, FY3/17 on restructuring and liquidation of business alliance with Barclays

*3 Fund wrap fee was separated from "Others" and presented as "Fund wrap fee and agency commissions on investment trusts" from FY3/18 and FY 3/17 was adjusted retrospectively

*4 Includes sale of fund wrap from FY3/18

*5 Managerial accounting basis. Overseas offices total is defined as the total of :

- Earnings of SMBC Nikko's consolidated subsidiaries: SMBC Nikko Securities (Hong Kong) and SMBC Nikko Securities (Singapore)

- Earnings of SMBC Nikko's affiliated companies: Securities Product Group of SMBC Nikko Capital Markets and SMBC Nikko Securities America

*6 Excludes deals of SMFG as the issuer

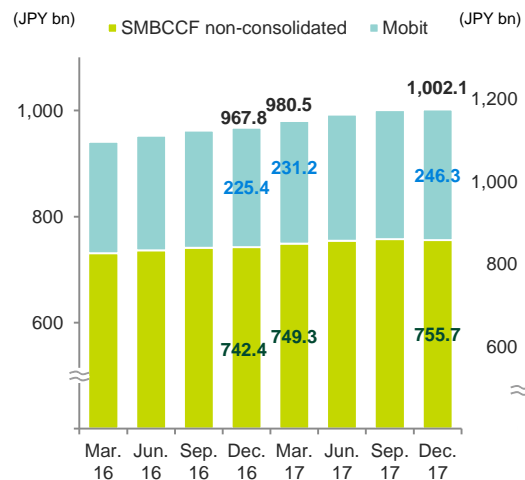
Financial results (consolidated)

(JPY bn)	FY3/17	1-3Q FY3/18	YOY change
Operating income	258.8	206.0	+13.0
Operating expenses	(191.6)	(152.3)	(9.2)
Expenses for loan losses	(54.6)	(48.4)	(3.1)
Ordinary profit	67.4	54.0	+3.8
Profit attributable to owners of parent	111.4	41.9	(4.2)

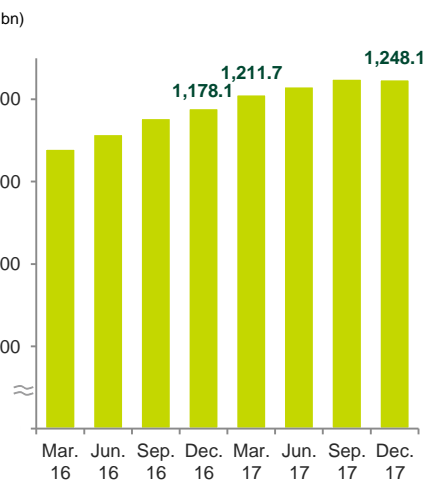
Consumer loans outstanding	1,074.6	1,109.4	Effect of implementing the consolidated corporate-tax system +JPY 50 bn
Allowance on interest repayments	121.6	81.0	
Loan guarantee	1,211.7	1,248.1	No. of companies with guarantee agreements: 189 (as of Dec. 2017)
for regional banks, etc.	561.8	604.1	

Loans / loan guarantee / overseas businesses

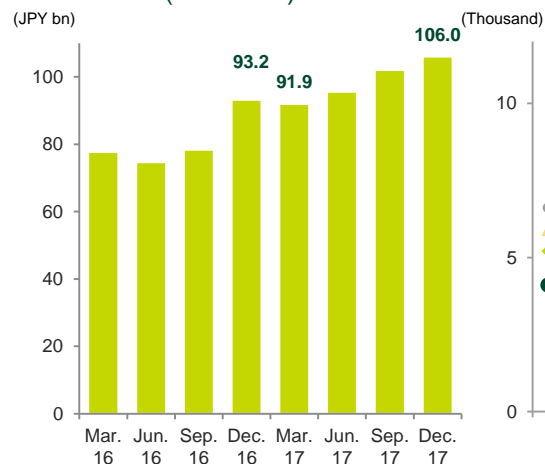
Consumer loans outstanding (domestic)



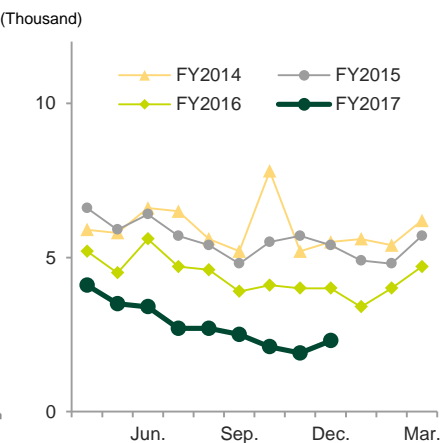
Loan guarantee amount



Consumer loans outstanding (overseas)*



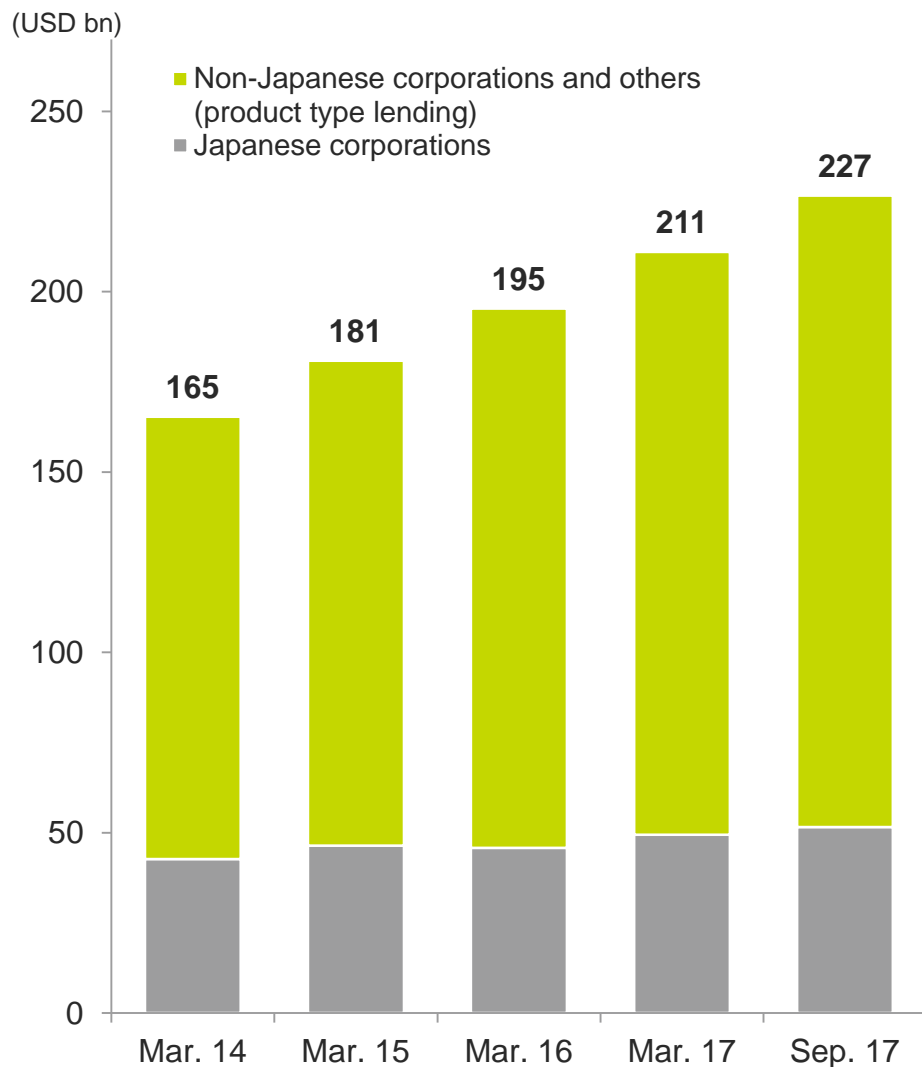
No. of interest refund claims



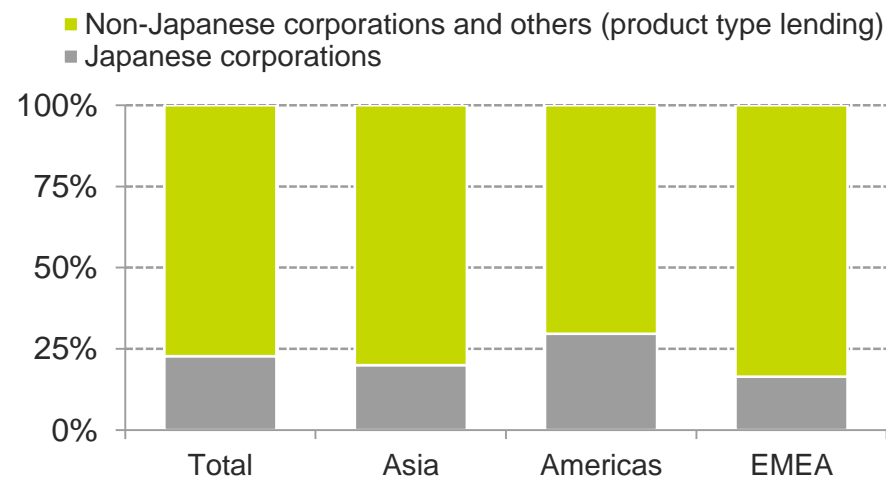
* Converted into Japanese yen at respective period-end exchange rates

Overseas loan balance classified by borrower type*1

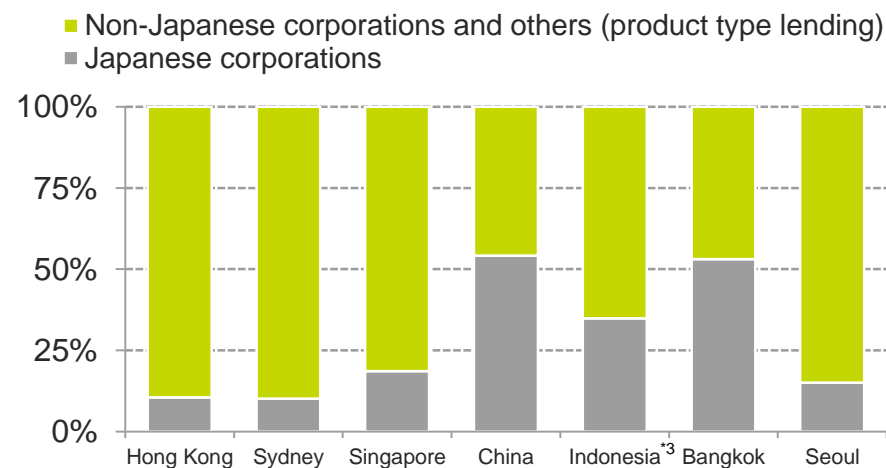
Total*2



By region (Sep. 2017)*2



Major marketing channels in Asia (Sep. 2017)*2

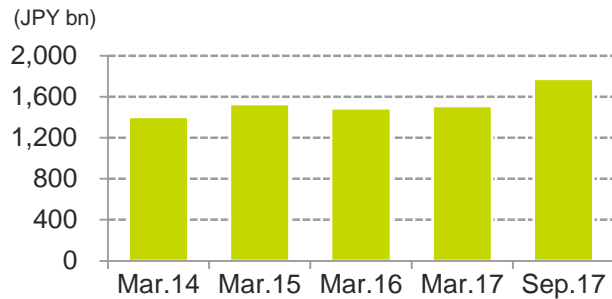


*1 Geographic classification based on booking office *2 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015

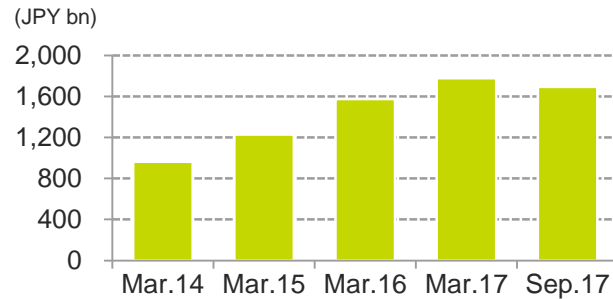
*3 Sum of SMBC and SMBC Indonesia

Loan balance in Asian countries/areas *1, 2

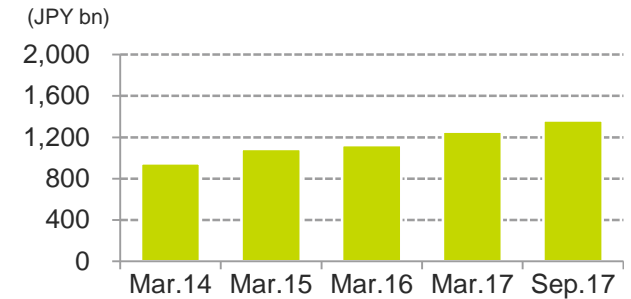
Hong Kong



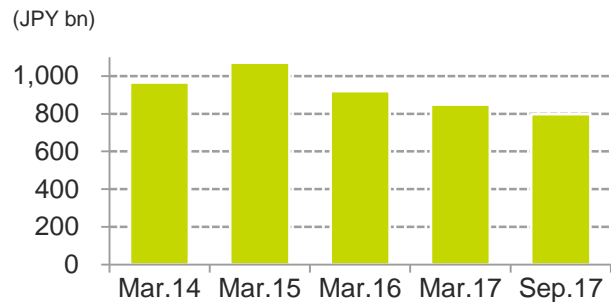
Australia



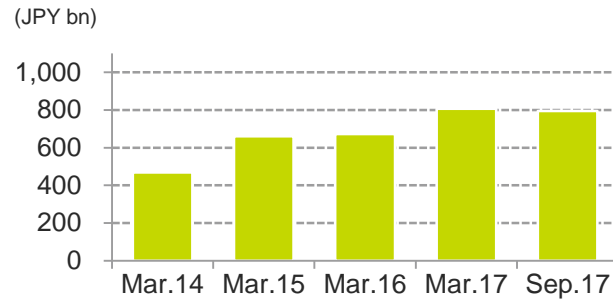
Singapore



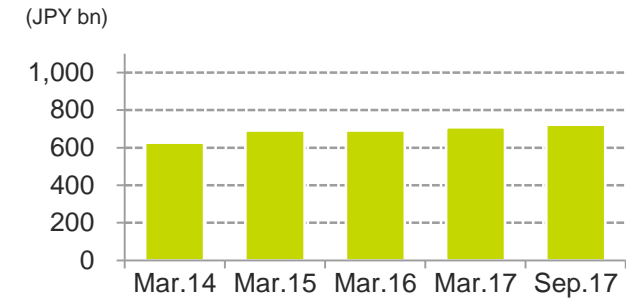
China



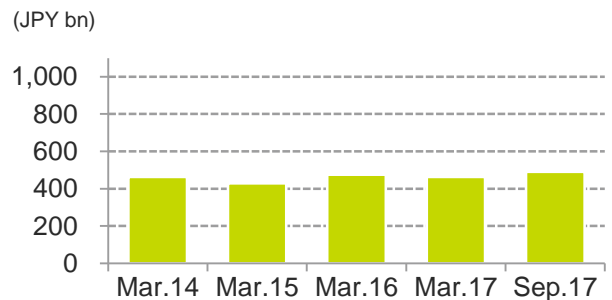
Indonesia



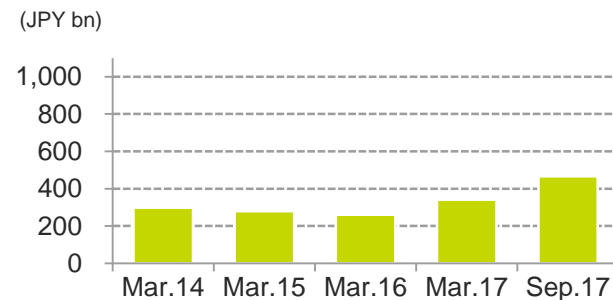
Thailand



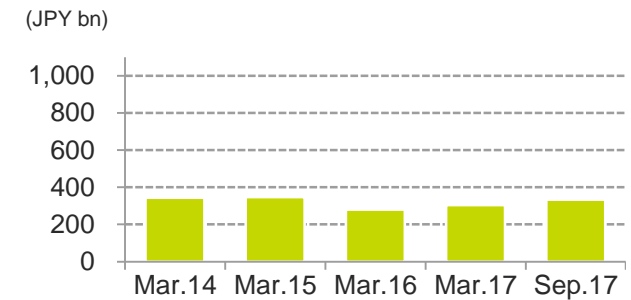
India



Taiwan



Korea



*1 Geographic classification based on borrowers' domicile

*2 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, 2017

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. 2016



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 42 offices ^{*1}	
Sumitomo Mitsui Finance and Leasing	Leasing	<ul style="list-style-type: none"> • Beijing • Shanghai • Chengdu • Guangzhou • Hong Kong 	<ul style="list-style-type: none"> • Bangkok • Kuala Lumpur • Singapore • Jakarta
SMBC NIKKO	Securities	<ul style="list-style-type: none"> • Hong Kong • Sydney 	<ul style="list-style-type: none"> • Singapore • Jakarta
	M&A advisory	<ul style="list-style-type: none"> • Shanghai • Hong Kong 	<ul style="list-style-type: none"> • Singapore • Jakarta
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	• Seoul ^{*2}	
	Consulting	• Shanghai	
	Market research	• Singapore	
Cedyne	Auto loans	• Ho Chi Minh ^{*3}	
SMBC CONSUMER FINANCE	Consumer finance	<ul style="list-style-type: none"> • Hong Kong • Shenzhen • Shenyang • Tianjin • Chongqing 	<ul style="list-style-type: none"> • Chengdu • Wuhan • Shanghai • Bangkok
	Loan management and collection	• Taipei	
The Japan Research Institute, Limited	Consulting	• Shanghai	
	System integration	<ul style="list-style-type: none"> • Shanghai • Singapore 	
Sumitomo Mitsui Asset Management	Asset management	<ul style="list-style-type: none"> • Shanghai • Hong Kong 	<ul style="list-style-type: none"> • Singapore

*1 As of Sep. 30, 2017. 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

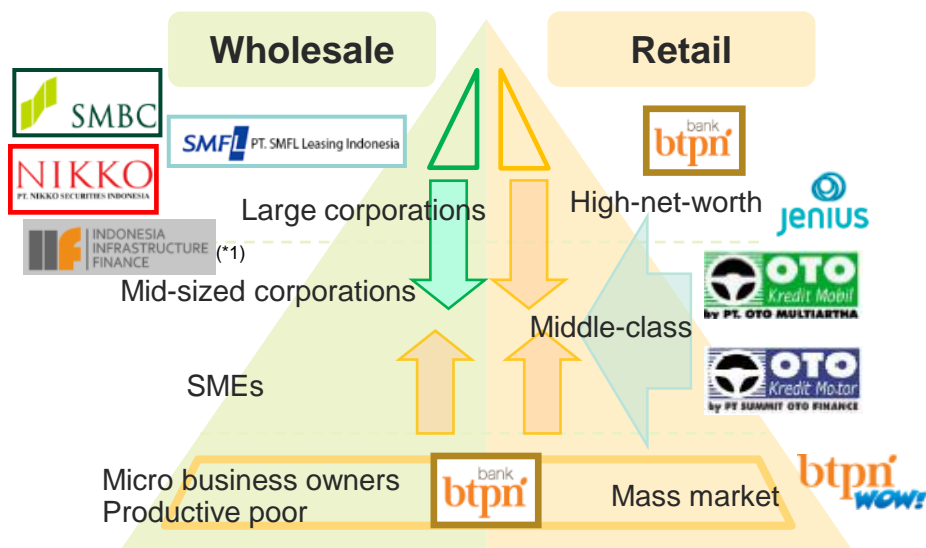
*3 Expanded auto loan business through alliance with Vietnam Eximbank since May 2013 *4 SMBC made OTO/SOF equity method affiliates in Mar. 2016

Indonesia strategy (Multi-Franchise strategy)

- We will accelerate pursuing synergies among the Group companies in Indonesia
- Asia Retail Innovation Department was newly established in Singapore in Apr. 2017 to expand the digital banking business in Asia
- Started considering for the merger between BTPN and SMBC Indonesia

Expanding business to provide full-banking service

- Bank Tabungan Pensiunan Nasional (BTPN)
 - Branchless banking service (Wow!) has successfully acquired about 5 million customers as of Dec. 2017
 - In August 2016, BTPN launched smartphone-based digital banking service (Jenius) and acquired about 457K customers as of Dec. 2017
 - Announced that BTPN and SMBC Indonesia are to start assessment and preparation for the merger in January 2018
- OTO/SOF (Automotive Finance Companies)
 - Appointed a director (OTO) and a commissioner (OTO/SOF) from SMBC



*1 Indonesia Infrastructure Finance

*2 TTM as of Dec. 2015: IDR 1 = JPY 0.0088, Dec. 2016 : IDR 1 = JPY 0.0087, Dec. 2017: IDR 1= JPY 0.0083

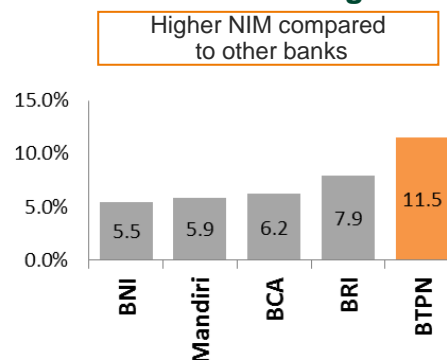
*3 Based on each company's disclosure (Sep. 2017 results)

Financial results of BTPN*2

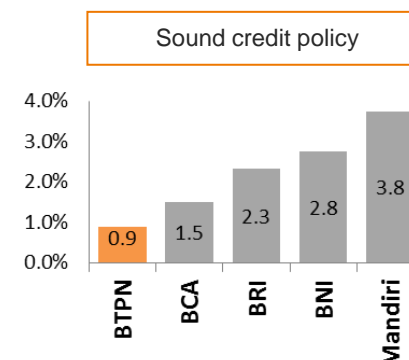
(IDR billion)	2015	2016	2017	YOY
Gross banking profit	8,401	9,464	9,991	+5.6%
Operating expenses	(5,156)	(5,984)	(6,934)	+15.9%
Net profits	1,702	1,752	1,221	(30.3)%*
ROE	13.3%	11.7%	7.5%	(4.2)%
Gross loans	58,587	63,168	65,352	+3.5%
Customer deposits	60,273	66,202	67,918	+2.6%
Total assets	81,040	91,371	95,490	+4.5%

(*) Net profits from existing business (excluding the investment for digital banking and restructuring costs) increased 10% year-on-year

Net Interest Margin*3



NPL ratio*3



Products that we have strengths overseas

Aircraft-related business

- Providing solutions to domestic and overseas aircraft investors and offering aircraft leasing on a Group basis led by SMBC Aviation Capital

SMBC Aviation Capital results / Number of owned and managed aircraft*1

(USD mn)	1-3Q FY3/18	FY3/17
Total revenue*2	833	1,086
Net income	239	298
Aircraft asset	10,777	10,963
Net asset	2,207	1,967

Aircraft leasing companies	Country	# owned/managed
1 GECAS	USA	1,324
2 AerCap	Ireland	1,076
3 Avolon	Ireland	585
4 SMBC AC	Ireland	450
5 Nordic Aviation Capital	Denmark	416

*1 As of Jan. 2018 (Source: Ascend "Airline Business")

*2 Leasing revenue + gains (losses) on sales of aircraft etc. Excludes redelivery adjustment

*3 As of Dec. 31, 2017

Railcar leasing

SMBC Rail Services

(a wholly-owned consolidated subsidiary in the U.S.)

- U.S. based mid-sized railcar leasing company, leased assets: USD 4.4 bn (as of Dec. 31, 2017)
- Number of cars owned and managed: approx. 57 thousand railcars (as of Dec. 31, 2017)
- Our strengths
 - Well-diversified portfolio management
 - Young age of railcars
 - Well-diversified client base by industry

American Railcar Leasing (ARL)

- SMBC Rail Services fully acquired all equity interests of ARL, the 6th largest railcar leasing company in the U.S.
- Purchasing price of the entity was lower than the appraisal value of the railcars conducted by a third party. Therefore, impact to SMFG CET1 capital ratio is minimal

Subscription finance, Americas / EMEA middle market business*3

- Extending loans to funds based on commitments from investors
 - Balance of claims : approx. USD 25 bn
 - Spread: around 150 bp
- Sponsor finance for mid-sized corporations, LBO loans
 - Accounts for around 2% of our overseas loan balance. Carefully select profitable transactions
 - Spread: around 350bp - 450bp

Corporate, sovereign and bank exposures

Domestic

Overseas

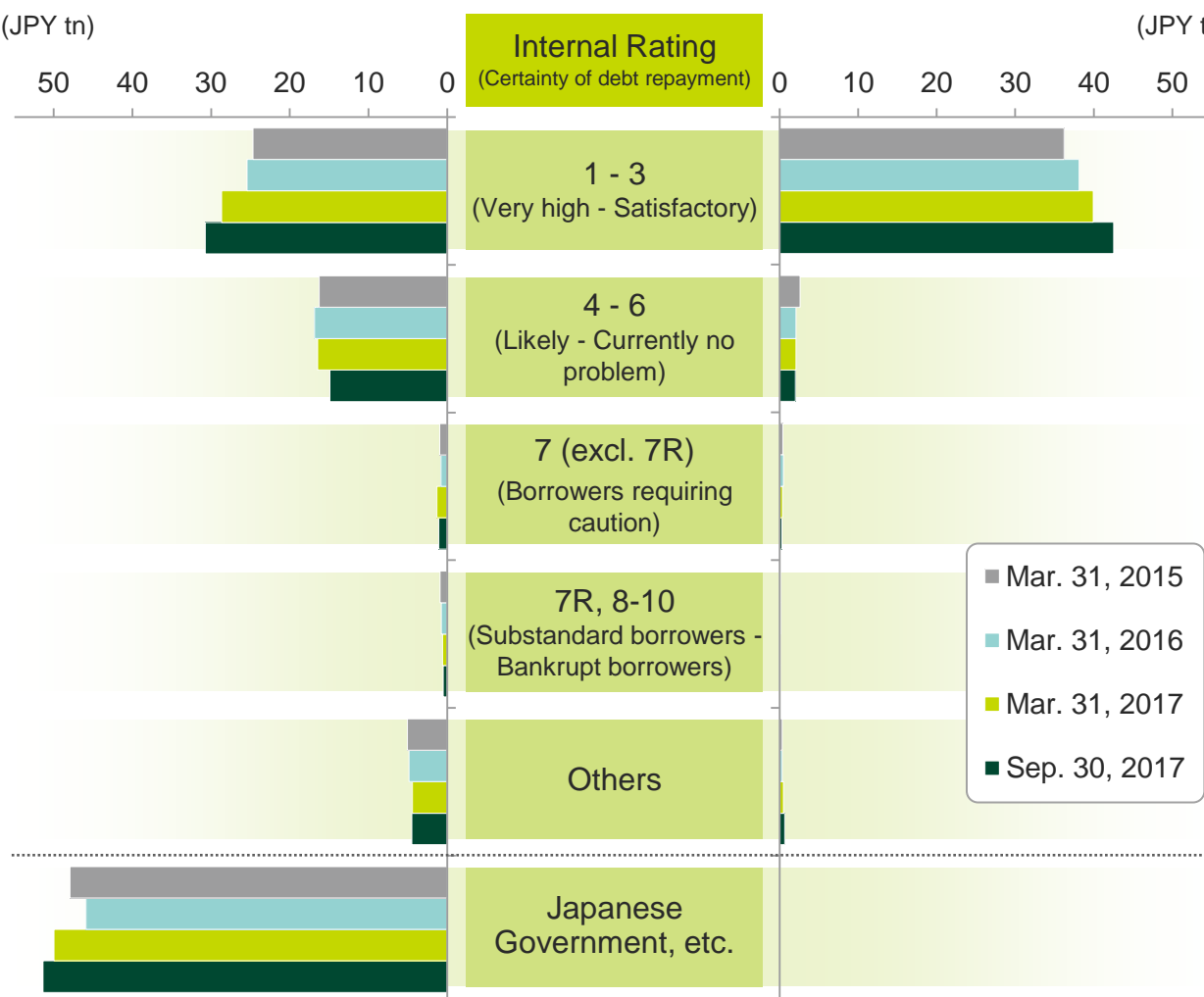
[as of Sep. 30, 2017]

(JPY tn)

(JPY tn)

[as of Sep. 30, 2017]

PD*1	LGD*2	Risk Weight
0.06%	35.16%	18.31%
0.76%	34.20%	51.87%
14.23%	38.77%	172.18%
100.00%	47.37%	12.41%
0.82%	43.92%	56.88%
0.00%	35.30%	0.01%



PD*1	LGD*2	Risk Weight
0.12%	28.36%	15.93%
2.78%	24.11%	68.87%
17.16%	24.80%	126.69%
100.00%	62.66%	52.63%
1.00%	25.90%	25.16%
—	—	—

JPY 103.1 trillion

Total
(as of Sep. 30, 2017)

JPY 45.6 trillion

(Consolidated)

*1 Probability of Default. Probability of becoming default by obligor during one year

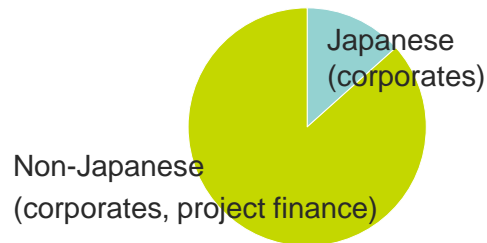
*2 Loss Given Default. Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default

Loan and exposure to the UK / China / Russia

Loan balance in the UK*1, 2, 3

(JPY tn)

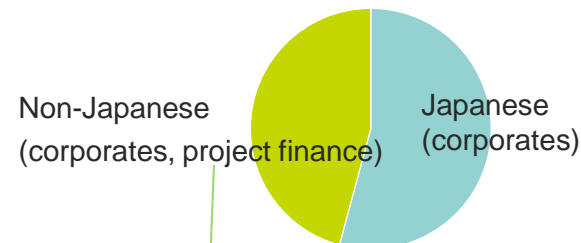
Mar. 17	Sep. 17
1.4	1.6



Loan balance in China*1, 2, 3, 5

(JPY tn)

Mar. 17	Sep. 17
0.8	0.8



- Most borrowers are classified as “1-3”^{*6} in our internal rating

Our operation in EMEA

• Offices in the UK and EU^{*4}

- SMBC
 - Brussels, Dusseldorf, Frankfurt
- SMBC Europe (London, Dublin, Amsterdam, Paris, Prague, Milan, Madrid)
- SMBC Nikko : London, Luxemburg
- SMFL : Dublin, Frankfurt

Brexit

Preparing to establish a bank subsidiary and a security subsidiary in Frankfurt, Germany subject to regulatory approval

• Booking of loans

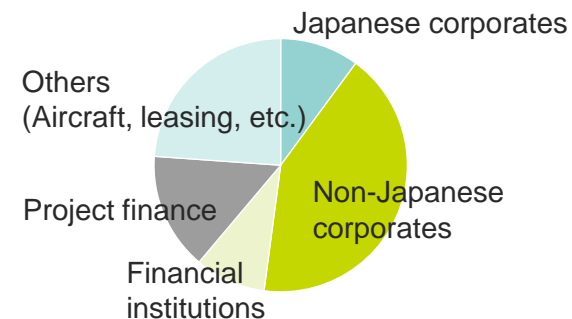
- Loan balance in EMEA regions: Approx. JPY 6.5 tn
 - of which around 20% is booked at SMBC Europe London

Exposure to Russia^{*7, 8}

(USD bn)

Mar. 17	Sep. 17
3.2	2.9

0.3% of SMFG's total exposure of approx. USD 1tn



*1 Sum of SMBC, SMBC Europe and SMBC (China) *2 Geographic classification based on borrowers' domicile

*3 Loan balance are converted into JPY from each country's local currency at the exchange rate of Sep.30, 2017

*4 Major group subsidiaries *5 Based on borrowers' domicile for loan balance, booking office for classification of borrowers

*6 Certainty of debt repayment is in the range of Very high - Satisfactory *7 Loans, commitment lines, guarantees, investments, etc. *8 SMFG consolidated

Exposure to resource-related sectors *1

		(JPY tn)	Mar. 16	Ratio to total exposure	Mar. 17	Ratio to total exposure	Dec. 17	Ratio to total exposure
		Integrated Oil & Gas*2	1.5	1.3%	1.3	1.1%	1.5	1.2%
		Services (Drilling, field services)	0.5	0.4%	0.4	0.4%	0.4	0.3%
		Upstream (E&P*3)	1.7	1.4%	1.5	1.2%	1.6	1.2%
		Midstream (Storage/Transportation)	1.4	1.2%	1.4	1.1%	1.4	1.1%
		Downstream (Refining)	0.7	0.6%	0.9	0.7%	1.0	0.8%
		Oil and gas	5.8	5.0%	5.5	4.4%	5.8	4.6%
		Other resources (Mining)	1.1	1.0%	0.9	0.8%	0.9	0.7%
		Non-Japanese*4 (Resource-related sectors)	6.9	6.0%	6.4	5.2%	6.8	5.4%
		o/w Upstream	0.2	0.2%	0.2	0.2%	0.2	0.1%
		Oil and gas	1.6	1.4%	1.3	1.1%	1.3	1.0%
		Other resources (Mining)	0.2	0.2%	0.2	0.2%	0.2	0.2%
		Japanese (Resource-related sectors)	1.8	1.6%	1.5	1.2%	1.5	1.2%
		Resource-related sectors	8.8	7.6%	7.9	6.4%	8.3	6.6%
		Oil and gas	7.4	6.4%	6.8	5.5%	7.1	5.7%
		Other resources (Mining)	1.3	1.1%	1.1	0.9%	1.2	0.9%
		Non-Japanese*4	38	32.9%	41	33.5%	44	35.0%
		Japanese	77	67.1%	82	66.5%	82	65.0%
		SMFG total exposure	115	100.0%	123	100.0%	126	100.0%

- “Oil and gas” does not include petrochemical; Japanese “Other resources (Mining)” does not include general trading companies
- Non-Japanese (resource-related sectors) : Corporate finance approx. 70%; Project finance approx. 30%
- Japanese (resource-related sectors) : Corporate finance 100%. No NPLs
- Exposure to resource-related sectors excluding project finance which are unaffected by resource prices is JPY 7.1 tn; Exposure at default (EAD) to the sectors is JPY 6.2 tn as of Dec. 2017

*1 Loans, commitment lines, guarantees, investments, etc. *2 Majors, state-owned companies, etc. *3 Exploration & Production

*4 Exchange rates using TTM as of Mar. 2016: USD 1 = JPY 112.62, Mar. 2017: USD 1 = JPY 112.19 and Dec. 2017: USD 1 = JPY 113.00

Breakdown of exposure to Non-Japanese oil & gas/other resources

(USD bn)	[1] Exposure		[2] Drawn amount		[3] NPLs ^{1,2}	[4] Ratio to drawn amount [3]/[2]	[5] Reserve for possible loan losses	[6] Collateral, guarantees, etc.	[7] Coverage ratio ((5)+[6])/[3]
		Percentage of "1-3"		Percentage of "1-3"					
Asia	17.2	85%	14.0	85%	-	-	-	-	-
Americas	20.9	83%	7.4	79%	0.277	3.7%	0.041	0.231	98%
EMEA	22.0	86%	10.5	78%	0.384	3.7%	0.107	0.206	82%
Total	60.1	85%	31.9	81%	0.661	2.1%	0.147	0.437	88%
Oil and gas	51.8	84%	28.0	82%	0.456	1.6%	0.106	0.293	88%
Integrated Oil & Gas (Majors, state-owned companies, etc.)	13.4	98%	7.3	98%	-	-	-	-	-
Services (Drilling, field services)	3.5	41%	1.8	30%	0.267	14.7%	0.093	0.142	88%
Upstream (E&P)	13.8	79%	8.6	77%	0.183	2.1%	0.014	0.145	87%
Midstream (Storage/Transportation)	12.5	87%	5.1	87%	0.007	0.1%	-	0.007	100%
Downstream (Refining)	8.6	85%	5.3	82%	-	-	-	-	-
Other resources (Mining)	8.3	87%	3.9	75%	0.205	5.3%	0.041	0.144	90%

- Oil and gas : Corporate finance approx. 70%; Project finance approx. 30%
- Other resources (Mining) : Corporate finance approx. 85%; Project finance approx. 15%

*1 NPLs based on the Financial Reconstruction Act, excluding Normal assets

*2 The balance of Claims on borrowers requiring caution are USD 0.2 bn in Asia, USD 1.2 bn in Americas, and USD 0.5 bn in EMEA. They are mainly included in Oil and gas

Digitalization

- Proactively introduce new technologies and promote digitalization

Enhancing
the customer convenience



Cashless payments



Smartphone
applications

Generating
new businesses



Platform



B2B

Improving
productivity and efficiency



RPA



Workstyle reform
(public cloud)

Upgrading
management
infrastructure



MIS



Cyber security



Smartphones



SNS



Biometric
authentication



AI



API



IoT



Big data



Blockchain

ESG – Accreditation and support for initiatives

SRI Indices on which SMFG is listed

ESG Indices selected by GPIF (Broad index)



**FTSE Blossom
Japan**

MSCI



2017 Constituent
MSCI Japan ESG
Select Leaders Index



FTSE4Good



Member of SNAM
Sustainability Index
2017

Support for initiatives in Japan and Overseas

United Nations Global Compact



UNEP Finance Initiative



UNEP Finance Initiative
Innovative financing for sustainability

CDP



Equator Principles




















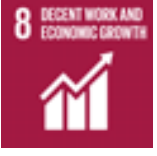




“Principles for Financial Action
toward a Sustainable Society
(Principles for Financial Action
for the 21st Century)”



ESG – SDGs

- Contributing to realize Sustainable Development Goals (SDGs) through promotion of activities focusing on “Environment”, “Next Generation” and “Community”

Priority Issues (Materiality)		Relevant SDGs				Initiatives				
ESG	Environment								<ul style="list-style-type: none"> ➢ Supporting renewable energy ➢ Following the Equator Principles ➢ Green bonds and environmental assessment loans 	
	Next Generation								<ul style="list-style-type: none"> ➢ Financial education in Japan and overseas ➢ Supporting human resources cultivation ➢ Supporting international students 	
	Community									<ul style="list-style-type: none"> ➢ Diversity & Inclusion (female participation, LGBT, foreign officers) ➢ Working styles reform
	Management base									<ul style="list-style-type: none"> ➢ Enhancing governance ➢ Compliance

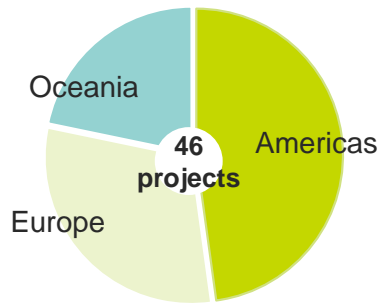
focused targets

Promote environmental businesses

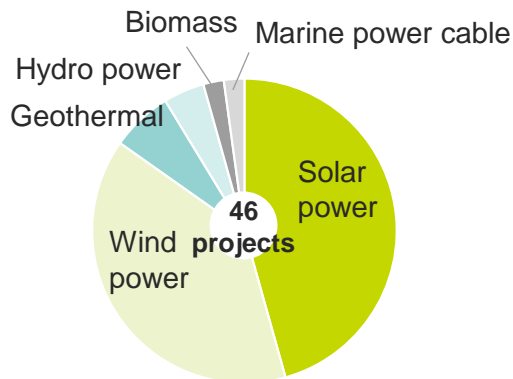
Issued Euro denominated green bond
(EUR 500mn in Oct.2017)

Project finance for renewable energy related projects
(FY3/2017)

Regional breakdown



Sector breakdown



* SMBC, SMFL, SMBC Nikko, SMCC, Cedyne, SMBCCF, The Japan Research Institute, Limited

Manage environmental risks

Working with the Equator Principles

- Started implementation of the internal rules in June 2006.
Revision in line with the update to Equator Principles

Task Force on Climate-related Financial Disclosures (TCFD)

- Set up a working group to respond to the final report
“Recommendations of the Task Force on Climate-related Financial Disclosures” (TCFD established by Financial Stability Board)

Reduce environmental impact

Obtain new third-party verification of environmental data

- Reduction in CO₂ emission of major 10 group companies have been verified by a third-party

Environmental management system

- 7 major Group companies* obtained ISO14001 certification



Support growth industries

Supporting Commercialization to support Japan's Growth Strategy

- "Incubation & Innovation Initiative" (Cross-industry consortium)



Cultivate human resources in emerging countries

Promotion of CSR activities in Indonesia

- MOU with local financial conglomerate Djarum Group

Promotion of CSR activities in Myanmar

- Teacher training program



Supporting human cultivation in Myanmar

Improve financial literacy

#of participants at financial and economic education programs organized by SMFG companies:

Approx. 130,000*
(SMFG, FY3/17)

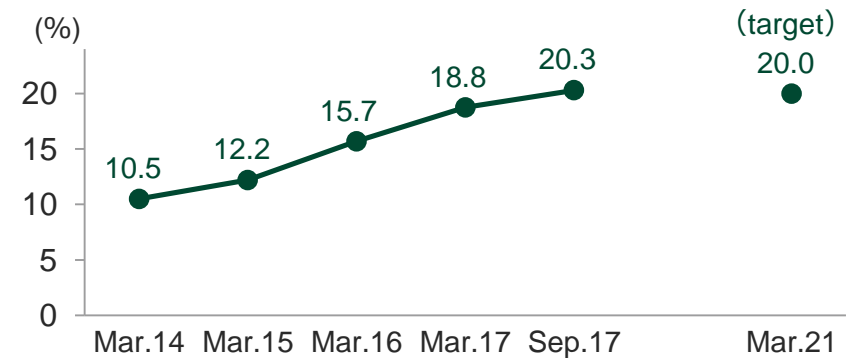
*cumulative number



Bank work experience program for elementary school students

Diversity & Inclusion

Achieved the target of female managers ratio earlier than planned (SMBC)



Promoted globalization

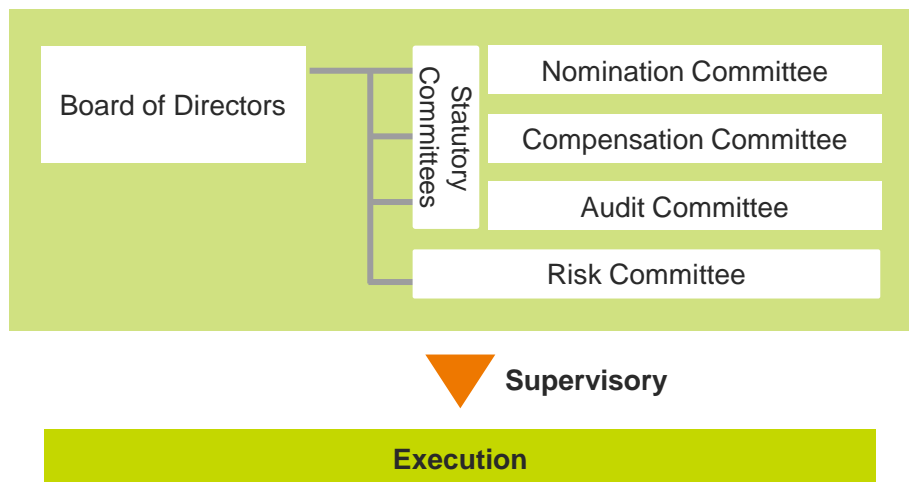
- Ratio of GM positions with locally hired employees: 33% (SMBC, Sep.2017)

Promoted initiatives for enterprise-driven child-care services (SMBC)

Received Top Gold Rating on PRIDE Index evaluation for LGBT-related initiatives(SMBC)

Transformed into a Company with Three Committees

June 2017



Objectives

- Establish a “G-SIFIs Standard” governance framework
- Strengthen the supervisory function of the Board of Directors
- Expedite execution of operations

Increased the number of outside directors

June 2017

Outside directors

- Increased the number of outside directors from five to seven (ratio against the total number of directors increased from 36% to 41%)
- Arranged a small meeting of outside director for investors

Internal Committees

- Internal committees consist of a majority of outside directors*¹

◎ : Chairman, ○ : Member

Committee (inside : outside)		Nomina tion (1:5)	Compen sation (2:4)	Audit (2:3)	Risk (1:4)
Masayuki Matsumoto	Outside director	○		◎	
Arthur M. Mitchell	Outside director	○	○		
Shozo Yamazaki	Outside director			○	○
Masaharu Kohno	Outside director	○			○
Yoshinobu Tsutsui	Outside director	◎	○		
Katsuyoshi Shinbo	Outside director		◎	○	
Eriko Sakurai	Outside director	○	○		
Koichi Miyata	Chairman of the Board	○	○		
Takeshi Kunibe	Director President		○		
Jun Ohta	Director Deputy President and Executive Officer				◎
Toshiyuki Teramoto	Director			○	
Toru Mikami	Director			○	
Hirohide Yamaguchi* ²	Outside expert				○
Nobuyuki Kinoshita* ³	Outside expert				○

*¹ Chairman of Nomination, Compensation and Auditing committees are also outside directors

*² Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan

*³ Senior Advisor, Aflac Japan

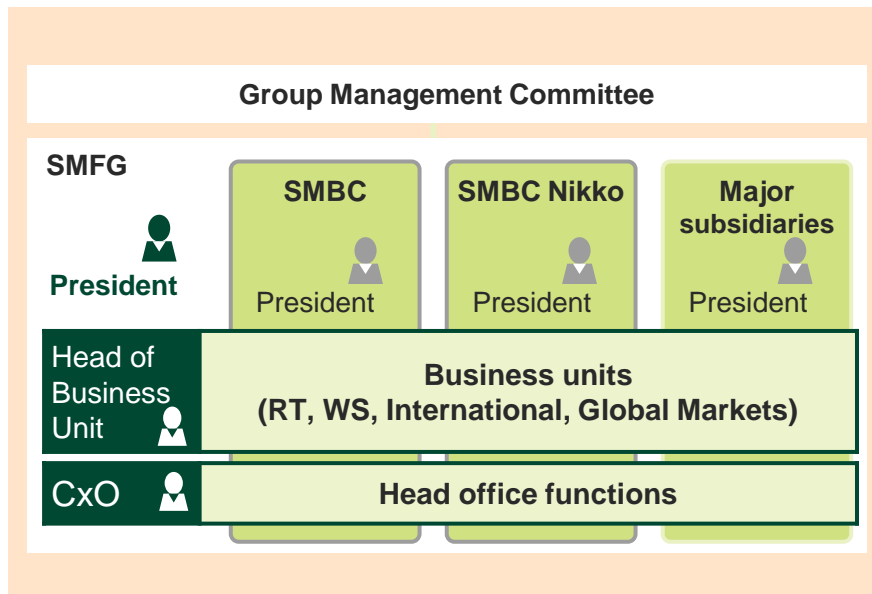
ESG – Governance (2)

- Introduced Group-wide business units and CxO system to maximize business potential for the Group on a global basis in April 2017
- Revised the executive pay system that has a stronger link to financial results in order to ensure the management is well aligned with the shareholder perspective

New Group-wide operational structure

April
2017

Introduction of Group-wide business units and CxO system



Objectives

- Strengthen ability to support clients
- Optimize overall resource usage
- Sophisticate planning and management functions

Review of the executive pay system

July
2017

Introduction of New Stock Compensation Plans for Executives utilizing restricted stock

- Introduced compensation that is linked to financial targets of the medium-term management plan and to our stock performance
- Raise the ratio of stock-based compensation
- Strengthen risk management through the introduction of a system for (a) partial deferral of bonuses and (b) reducing or returning compensation (Malus and Clawback)

Capital and risk-weighted assets, consolidated

Capital ratio (transitional basis)

(JPY bn)	Mar. 31, 2017	Dec. 31, 2017
Common Equity Tier 1 capital (CET1)	8,608.5	9,516.4
of which:		
Total stockholders' equity related to common stock	8,013.3	8,551.0
Accumulated other comprehensive income ^{*1}	1,290.0	1,606.5
Regulatory adjustments related to CET1 ^{*1}	(898.1)	(853.2)
Tier 1 capital	9,946.2	11,002.4
of which:		
Additional Tier 1 capital instruments	449.9	598.8
Eligible Tier 1 capital instruments (grandfathered) ^{*3}	812.9	812.9
Regulatory adjustments ^{*1,2}	(172.9)	(165.9)
Tier 2 capital	2,027.5	1,992.2
of which:		
Tier 2 capital instruments	898.9	901.4
Eligible Tier 2 capital instruments (grandfathered) ^{*3}	873.1	777.3
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount ^{*2}	197.4	250.3
Regulatory adjustments ^{*1,2}	(70.6)	(67.4)
Total capital	11,973.7	12,994.6
Risk-weighted assets	70,683.5	71,336.8
Common Equity Tier 1 capital ratio	12.17%	13.34%
Tier 1 capital ratio	14.07%	15.42%
Total capital ratio	16.93%	18.21%

Common Equity Tier 1 capital ratio (fully-loaded^{*4})

(JPY bn)	Mar. 31, 2017	Dec. 31, 2017
Variance with CET1 on a transitional basis ^{*5}	70.2	157.2
of which:		
Accumulated other comprehensive income	322.5	401.6
of which:		
Net unrealized gains on other securities	308.5	389.3
of which:		
Non-controlling interests (subject to be phased-out)	(27.8)	(31.1)
Regulatory adjustments related to CET1	(224.5)	(213.3)
Common Equity Tier 1 capital	8,678.7	9,673.6
Risk-weighted assets	70,644.7	71,297.2
Common Equity Tier 1 capital ratio	12.2%	13.5%
Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains)	10.0%	10.8%

Preferred securities which become callable in FY3/18

	Issue date	Amount outstanding	Dividend rate ^{*6}	First call date ^{*7}	Type
SMFG Preferred Capital JPY 1 Limited	Feb. 2008	JPY 135.0 bn	3.52%	Jan. 2018	Non Step-up

Leverage ratio (transitional basis)

(JPY bn)	Dec. 31, 2017
Tier1 Capital	11,002.4
Leverage exposure	221,655.9
Leverage ratio	4.96%

LCR (transitional basis)

Average Oct. – Dec. 2017
127.6%

*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
*1 80% of the original amounts are included *2 80% phase-out is reflected in the figures *3 Cap is 50% *4 Based on the Mar. 31, 2019 definition
*5 Each figure represents 20% of the original amounts that are not included due to phase-in or included due to phase-out in the calculation of CET1 on a transitional basis
*6 Until the first call date. Floating rate thereafter *7 Callable at any dividend payment date on and after the first call date, subject to prior confirmation of the FSA

TLAC requirements

TLAC and capital buffer requirements for SMFG

Minimum external TLAC requirements

	2019 - 2021	After 2022
Minimum external TLAC requirements (RWA basis)	16%	18%
Plus capital buffers*1	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%
Plus leverage ratio buffer*1	n.a.	7.25%

- Based on current calculations, we expect that the TLAC requirements based on RWA, post-Basel III reforms basis, 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

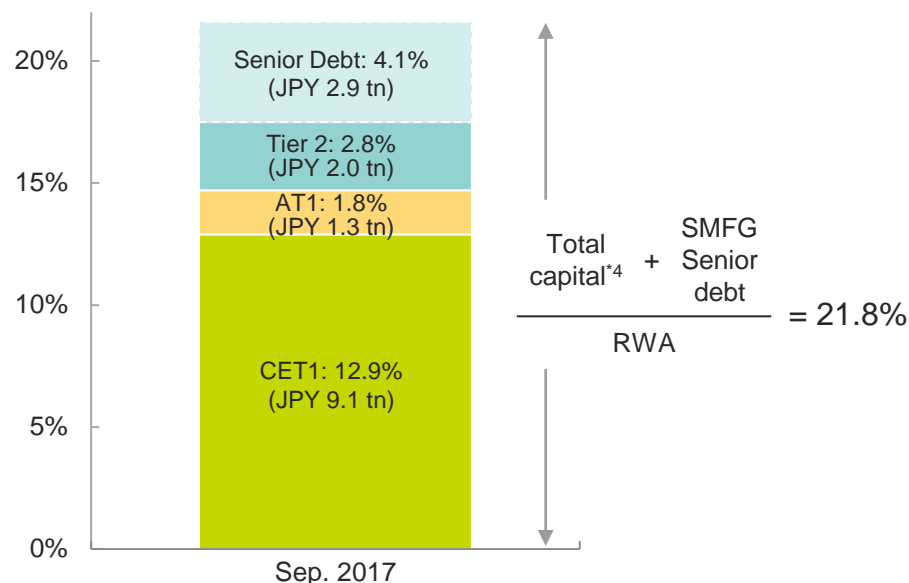
Meeting TLAC requirement

Issuance amount of SMFG senior unsecured debt*2

(JPY tn)	FY3/2016	FY3/2017	1H, FY3/2018
Issuance amount through the period	0.5	1.6	0.8
Amount outstanding at period end	0.5	2.1	2.9

Total capital plus SMFG senior debt to RWA*3

(Consolidated)



*1 Excludes countercyclical buffer. As for the G-SIB buffer, SMFG was allocated to bucket 1 (1.0%) according to the list published by the FSB in Nov. 2017

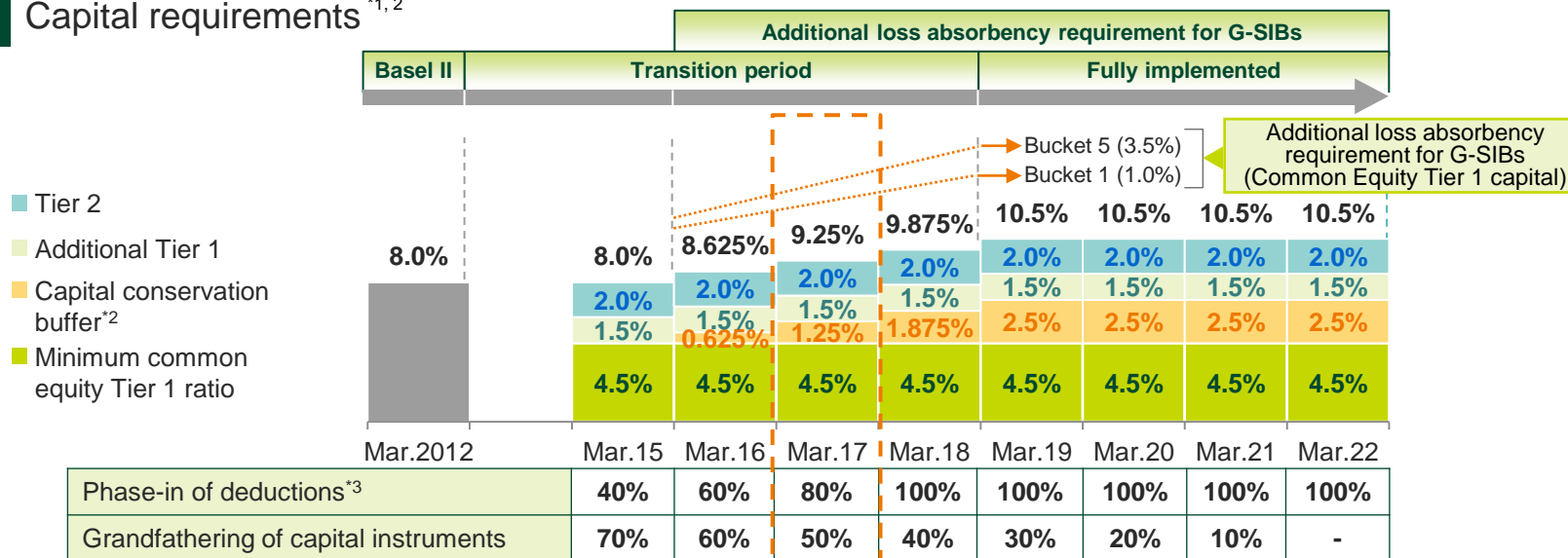
*2 Converted at the exchange rate as of Mar. 31, 2016 (FY3/2016), as of Mar. 31, 2017 (FY3/2017) and as of Sep.30,2017 (1H, FY3/2018)

*3 This figure is not the same as TLAC ratio

*4 Transitional basis. We expect the calculation for TLAC ratio, when the TLAC requirements in Japan are finalized, will differ from the one for total capital ratio. For example, some items in total capital will not be included in TLAC capital and vice versa

Application of Basel III

Capital requirements ^{*1,2}



	2022	2023	2024	2025	2026	2027
Revisions to the standardised and internal ratings-based approaches to credit risk	2022: Introduce					
Risk weight for listed equity holdings (higher of AIRB and the following table)	100%	130%	160%	190%	220%	250%
Revised CVA and market risk frameworks	2022: Introduce					
Revised operational risk framework	2022: Introduce					
Output floor (Increase in RWA subject to 25% cap until 2026)	50%	55%	60%	65%	70%	72.5%

Leverage ratio and liquidity rules ^{*1}

Leverage ratio	2015: Start disclosure (minimum: 3%)		2018: Migration to Pillar 1			2022: Introduce revised exposure definition and G-SIB buffer		
Liquidity coverage ratio (LCR)	2015 60%	2016 70%	2017 80%	2018 90%	2019 100%			
Net stable funding ratio (NSFR)	2018: Introduce minimum standard							

*1 Schedule based on final documents by BCBS, and domestic regulations

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

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

Progress of major regulatory discussions

Regulations		Outline		Finalized at FSB or BCBS	Domestic regulation
Capital requirement	Credit Risk	Revisions to the Standardised Approach	<ul style="list-style-type: none"> 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 	Finished	Unfinished
		CVA risk framework	<ul style="list-style-type: none"> 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 	Finished	Unfinished
	Market Risk	IRRBB (Interest-rate risk in the banking book)	<ul style="list-style-type: none"> 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 	Finished	Unfinished
	Operational Risk	Revisions to the Standardised Measurement Approach	<ul style="list-style-type: none"> Use of the Business Indicator (BI), a proxy of size of business, and the loss data for risk weighted assets calculation Termination of the Advanced Measurement Approaches (AMA) 	Finished	Unfinished
	Overall	Constraints on the use of internal model approaches	<ul style="list-style-type: none"> Constraints on the use of the internal ratings based approach to credit risk; (i) applying the standardised approach to exposures to equities, (ii) applying the F-IRB approach for exposures to financial institutions, large corporates and medium sized corporates, or (iii) applying or raising floors to PDs/LGDs and revising the estimation methods 	Finished	Unfinished
		Capital floors based on standardised approaches	<ul style="list-style-type: none"> Replacement of the Basel I-based transitional capital floor with a permanent floor based on standardised approaches The output floor to be phased-in at 50% in 2022 with full implementation in 2027 at 72.5% 	Finished	Unfinished
Leverage ratio requirement	Leverage ratio	<ul style="list-style-type: none"> A minimum requirement of 3% introduced in 2018 The leverage ratio buffer for G-SIBs set at 50% of a G-SIB's higher-loss absorbency risk-weighted requirements Revisions to the exposure definitions including credit conversion factors for off-balance sheet items 	Finished	Finished in part	
G-SIFI regulation	TLAC (total loss-absorbing capacity)	<ul style="list-style-type: none"> Minimum requirement of (i) 16% of RWA and 6% of the Basel III Tier 1 leverage ratio denominator as from 2019, (ii) 18% of RWA and 6.75% of the Basel III Tier 1 leverage ratio denominator as from 2022 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 Should be issued and maintained by resolution entities 	Finished	Unfinished	
Sovereign exposures	Regulatory treatment of sovereign exposures	<ul style="list-style-type: none"> Basel Committee has completed its review of the regulatory treatment of sovereign exposures and decided not to proceed the consultation process 	Finished (Unchanged)	-	

Public sector support and point of non-viability in Japan

	Framework	Systemic risk	Subject entities	Conditions	Point of non-viability	
Existing framework	Act on Special Measures for Strengthening Financial Functions <i>Capital injection</i>	Not Required	Banks (Capital injection may be made through BHC)	No suspension of payment of deposits*1 and not having negative net worth	No	
	Article 102 of Deposit Insurance Act (DIA)	Required (Credit system in Japan or in a certain region)	Banks only	Item 1 measures <i>Capital injection</i>	Undercapitalized	No
				Item 2 measures <i>Financial assistance exceeding payout cost</i>	Suspension of payment of deposits or having negative net worth	Yes*3
				Item 3 measures <i>Nationalization</i>	Suspension of payment of deposits and having negative net worth	
Newly established framework	Article 126-2 of DIA	Required (Financial system such as financial market in Japan)	Financial institutions including banks and BHCs	Specified Item 1 measures <i>Liquidity support</i> <i>Capital injection</i>	Not having negative net worth	No
				Specified Item 2 measures <i>Supervision or control and</i> <i>Financial assistance for orderly resolution</i>	Suspension of payment or having negative net worth*2	Yes*3

*1 Including the likelihood of a suspension of payment of deposits

*2 Including the likelihood of a suspension of payment or negative net worth

*3 Specified in Q&A published by FSA on March 6, 2014

Credit ratings of G-SIBs (Operating banks, by Moody's)*

	Apr. 2001	Jul. 2007	Jan. 2018
Aaa		<ul style="list-style-type: none"> Bank of America Bank of New York Mellon Citibank JPMorgan Chase Bank 	<ul style="list-style-type: none"> 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
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 	<ul style="list-style-type: none"> SMBC BPCE(Banque Populaire) BTMU
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 Morgan Stanley Bank
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"> ICBC SMBC Bank of China Barclays Bank BTMU China Construction Bank Citibank Crédit Agricole Credit Suisse Goldman Sachs Bank ICBC Mizuho Bank Morgan Stanley Bank Royal Bank of Canada Standard Chartered UBS
A2	<ul style="list-style-type: none"> BTMU 	<ul style="list-style-type: none"> Standard Chartered 	<ul style="list-style-type: none"> China Construction Bank Standard Chartered
A3	<ul style="list-style-type: none"> SMBC 	<ul style="list-style-type: none"> Mizuho Bank 	<ul style="list-style-type: none"> Agricultural Bank of China Royal Bank of Scotland Banco Santander
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

* Long-term issuer ratings (if not available, long-term deposit ratings) of operating banks

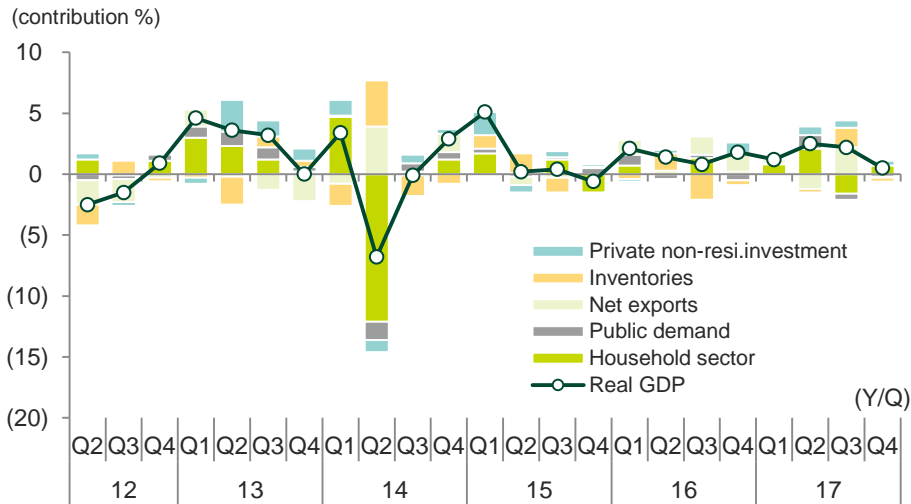
Credit ratings of G-SIBs (Holding companies, by Moody's / S&P)*

Jan. 2018					
	Moody's		S&P		
Aaa					AAA
Aa1					AA+
Aa2					AA
Aa3					AA-
A1	<ul style="list-style-type: none"> SMFG Bank of New York Mellon Mizuho 	<ul style="list-style-type: none"> MUFG State Street 			A+
A2	<ul style="list-style-type: none"> HSBC Standard Chartered 	<ul style="list-style-type: none"> Wells Fargo 	<ul style="list-style-type: none"> Bank of New York Mellon HSBC 	<ul style="list-style-type: none"> State Street Wells Fargo 	A
A3	<ul style="list-style-type: none"> Bank of America Goldman Sachs 	<ul style="list-style-type: none"> JPMorgan Morgan Stanley 	<ul style="list-style-type: none"> SMFG Bank of America ING JPMorgan 	<ul style="list-style-type: none"> Mizuho MUFG UBS 	A-
Baa1	<ul style="list-style-type: none"> Citigroup ING 	<ul style="list-style-type: none"> UBS 	<ul style="list-style-type: none"> Citigroup Credit Suisse Goldman Sachs 	<ul style="list-style-type: none"> Morgan Stanley Standard Chartered 	BBB+
Baa2	<ul style="list-style-type: none"> Barclays 	<ul style="list-style-type: none"> Credit Suisse 	<ul style="list-style-type: none"> Barclays 		BBB
Baa3	<ul style="list-style-type: none"> RBS 		<ul style="list-style-type: none"> RBS 		BBB-
Ba1					BB+

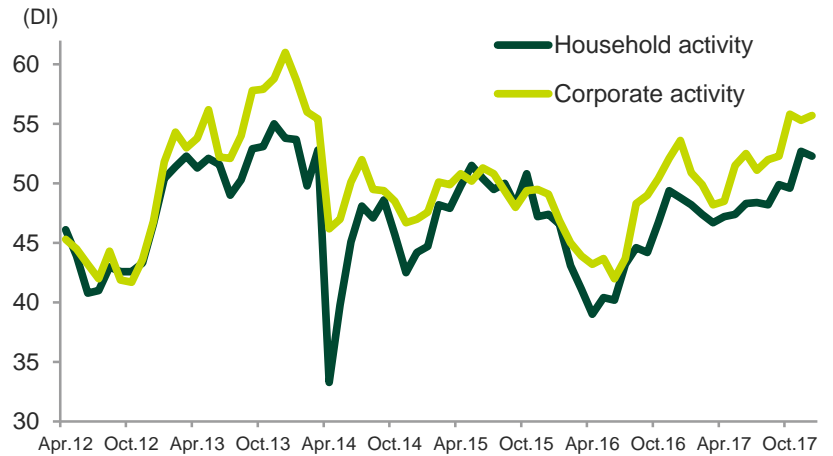
* Long-term issuer ratings (if not available, Senior unsecured ratings for Moody's) of holding companies

Current Japanese economy

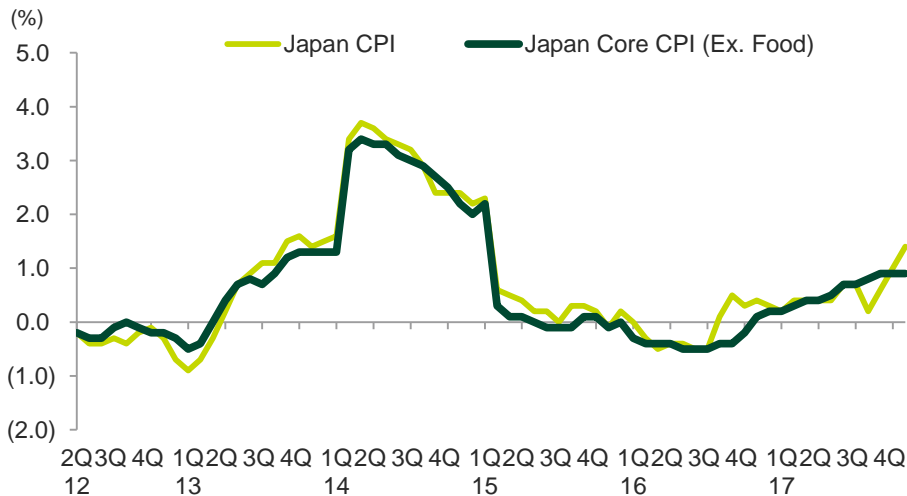
Real GDP growth rate*1 (annualized QOQ change)



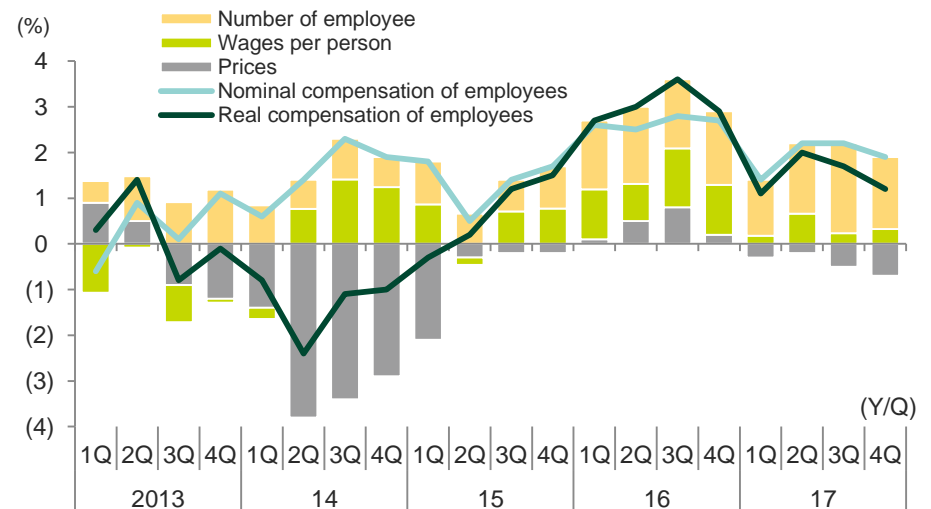
Economy watchers survey*2



Consumer price index*3 (YOY change)



Real compensation of employees*4



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

*2 Source: Cabinet Office. Diffusion index for current economic conditions *3 Source: Statistics Bureau. Core CPI: All items, less fresh foods

*4 Source: Cabinet Office and Ministry of Internal Affairs and Communications