

Fixed Income Investor Presentation

May 2018

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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Definitions

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

Results

- Key credit messages
- FY3/2018 financial results
- Balance sheet and loan balance
- Loans
- Asset quality

Funding & TLAC

- Foreign currency funding
- Foreign currency assets and funding
- Issuance and redemptions (senior unsecured)
- Issuance summary
- TLAC requirements
- Credit ratings of selected G-SIBs
- Capital

Key credit messages

(Consolidated, unless otherwise indicated, FY3/2018)			
Strong and diversified earnings capability	JPY 734 bn SMFG's profit attributable to owners of parent		
		Breakdown of consolidated net business profit by business unit	
Sound loan portfolio	0.78% SMFG NPL ratio	0.51% SMBC NPL ratio (non-consolidated)	
		(average Jan. – Mar. 2018)	
Robust liquidity	57.1% Loan to deposit ratio	127.7% LCR	
		(average Jan. – Mar. 2018)	
Sound capital position	14.50% CET1 ratio (Fully-loaded basis)	19.36% Total capital ratio	
		(As of Apr. 27, 2018)	
High credit ratings	A1 / A1 SMBC/SMFG Moody's rating	A / A- SMBC/SMFG S&P rating	
		(As of Apr. 27, 2018)	
FY3/2019 issuance plan* / Capital strategy	Senior Bonds (SMFG/SMBC) around \$ 17 bn	Tier 2 (SMFG) aim to maintain a bucket of 2.0%	AT1 (SMFG) aim to maintain a bucket of 1.5%

* The FY3/2019 issuance plan is guidance only; it is a point in time assessment and is subject to change

FY3/2018 financial results

Income statement

	(JPY bn)	FY3/17	FY3/18	YoY
SMFG (Consolidated)	Consolidated gross profit	2,920.7	2,981.1 <small>USD^{*1} 28.1bn</small>	+60.3
	General and administrative expenses <Overhead ratio>	1,812.4 62.1%	1,816.2 60.9%	+3.8 (1.2)%
	Equity in gains (losses) of affiliates	24.6	39.0	+14.4
	Consolidated net business profit ^{*2}	1,132.9	1,203.8 <small>USD^{*1} 11.3bn</small>	+71.0
	Total credit cost	164.4	94.2	(70.2)
	Gains (losses) on stocks	55.0	118.9	+63.9
	Other income (expenses)	(17.6)	(64.5)	(46.8)
	Ordinary profit	1,005.9	1,164.1 <small>USD^{*1} 11.0bn</small>	+158.3
	Extraordinary gains (losses)	(26.6)	(55.3)	(28.7)
	Income taxes	171.0	270.5	+99.6
SMBC (Non-consolidated)	Profit attributable to owners of parent	706.5	734.4 <small>USD^{*1} 6.9bn</small>	+27.8
	ROE	9.1%	8.8%	(0.3)%
	Gross banking profit	1,663.7	1,427.9 <small>USD^{*1} 13.4bn</small>	(235.7)
	Expenses ^{*4}	816.9	810.8	(6.2)
	Banking profit ^{*2}	846.7	617.2 <small>USD^{*1} 5.8bn</small>	(229.5)
	Total credit cost	61.1	(26.7)	(87.8)
	Gains (losses) on stocks	115.1	127.7	+12.6
	Ordinary profit	864.0	755.3 <small>USD^{*1} 7.1bn</small>	(108.8)
	Net income	681.8	577.0 <small>USD^{*1} 5.4bn</small>	(104.7)

YoY changes of FY3/2018 financial results

Profit attributable to owners of parent increased by JPY 27.8 bn mainly due to the steady performance of the Retail and International Business Units, and the large reversal of credit cost

Consolidated gross profit increased mainly due to the strong performance of investment product sales in the Retail Business Unit and continuous growth of the credit card and overseas businesses

General and administrative expenses remained almost flat as a result of the group-wide cost control initiatives while expenses increased along with the top-line growth of SMBC Nikko and SMCC

Equity in gains of affiliates increased because The Bank of East Asia recorded gains on sale of its subsidiary

Total credit cost decreased mainly because of the reversal of credit cost from large borrowers at SMBC

Gains on stocks increased mainly because of gains on sales of strategic shareholdings (approx. JPY 100 bn)

Other income (expenses) decreased mainly due to the provisions for losses on interest repayments at SMBCCF and Cedyne (approx. JPY (50) bn)

Extraordinary gains (losses) decreased due to the cost from branch reorganization (approx. JPY (25) bn)

Income taxes increased due to the loss of tax benefits recorded in FY3/17 by implementing the consolidated corporate-tax system (approx. JPY (100) bn)

Impact from the loss of dividends^{*3}
JPY (200) bn

Contribution of subsidiaries to Profit attributable to owners of parent

Figures in <> of YoY excludes the impact of tax benefits recorded in FY3/17 by implementing the consolidated corporate-tax system

	(JPY bn)	FY3/18	YoY	(JPY bn)	FY3/18	YoY
SMBC Nikko ^{*5}	62	+17		SMAM	4	+2
SMFL	33	+3		Cedyne	2	(20)
						<(14)>
SMBCCF	25	(87)		SMBC Trust	(6)	(2)
		<(38)>				<+11>
SMCC	19	+3		BEA ^{*6}	26	+16

*1 Converted into USD at period-end exchange rate *2 Before provision for general reserve for possible loan losses

*3 Dividends of JPY 200 bn from SMBC Nikko was recorded in FY3/17 associated with making SMBC Nikko a direct subsidiary of SMFG *4 Excludes non-recurring losses

*5 Excludes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) *6 The Bank of East Asia

Balance sheet and loan balance

Balance sheet (as of Mar. 31, 2018)

(Consolidated)

Total assets : JPY 199.0 tn

Cash and due from banks
JPY 53.7 tn

Loans
JPY 72.9 tn

Securities
JPY 25.7 tn

JGB
JPY 9.2 tn

Other assets
JPY 46.7 tn

Deposits,
negotiable
certificates
of deposits (NCD)
JPY 127.7 tn

Other liabilities
JPY 59.7 tn

Total net assets
JPY 11.6 tn

Total stockholders' equity
JPY 8.6 tn

Loan to deposit ratio	57.1%
Risk-weighted assets	JPY 63.5 tn
ROE (Denominator: Total stockholders' equity)	8.8%

Loan balance

(Non-consolidated)

(JPY tn)



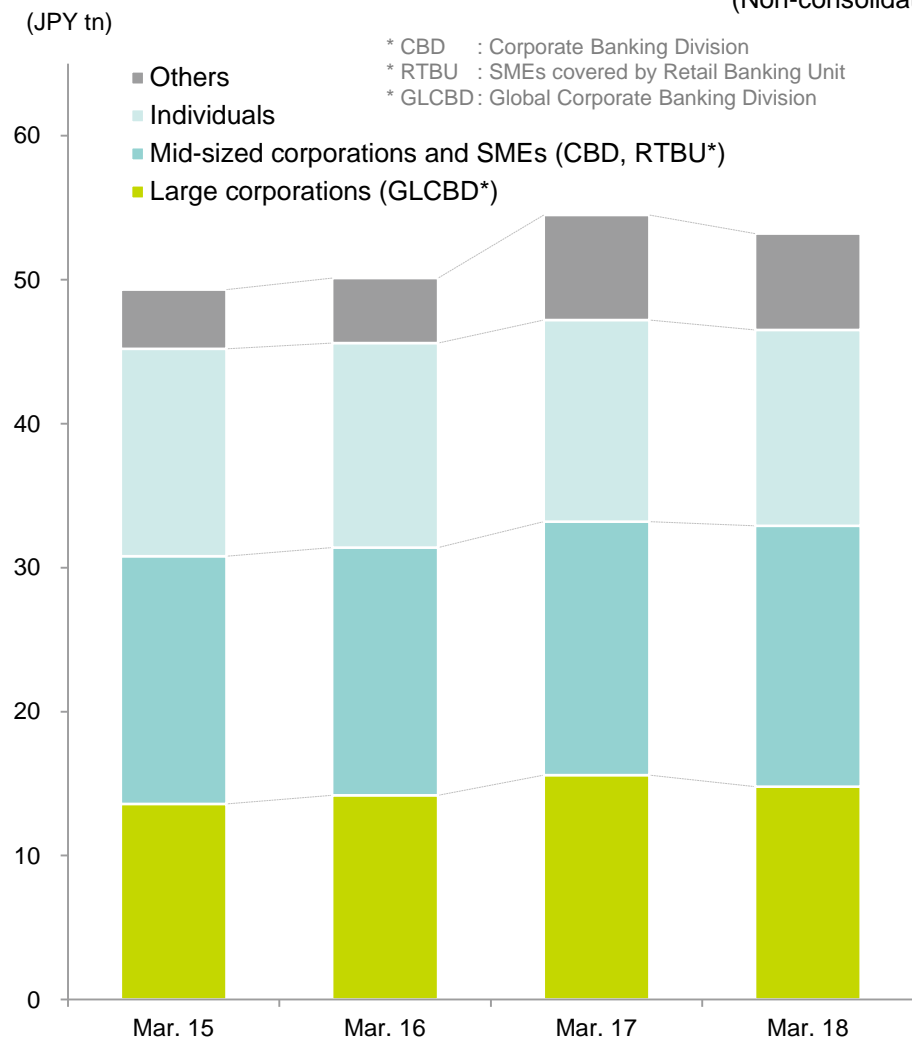
*1 Of which loans to the Japanese government, etc. and SMFG: Mar. 16: JPY 1.3 tn; Mar. 17: JPY 3.5 tn; Mar. 18: JPY 2.8 tn



Domestic loans

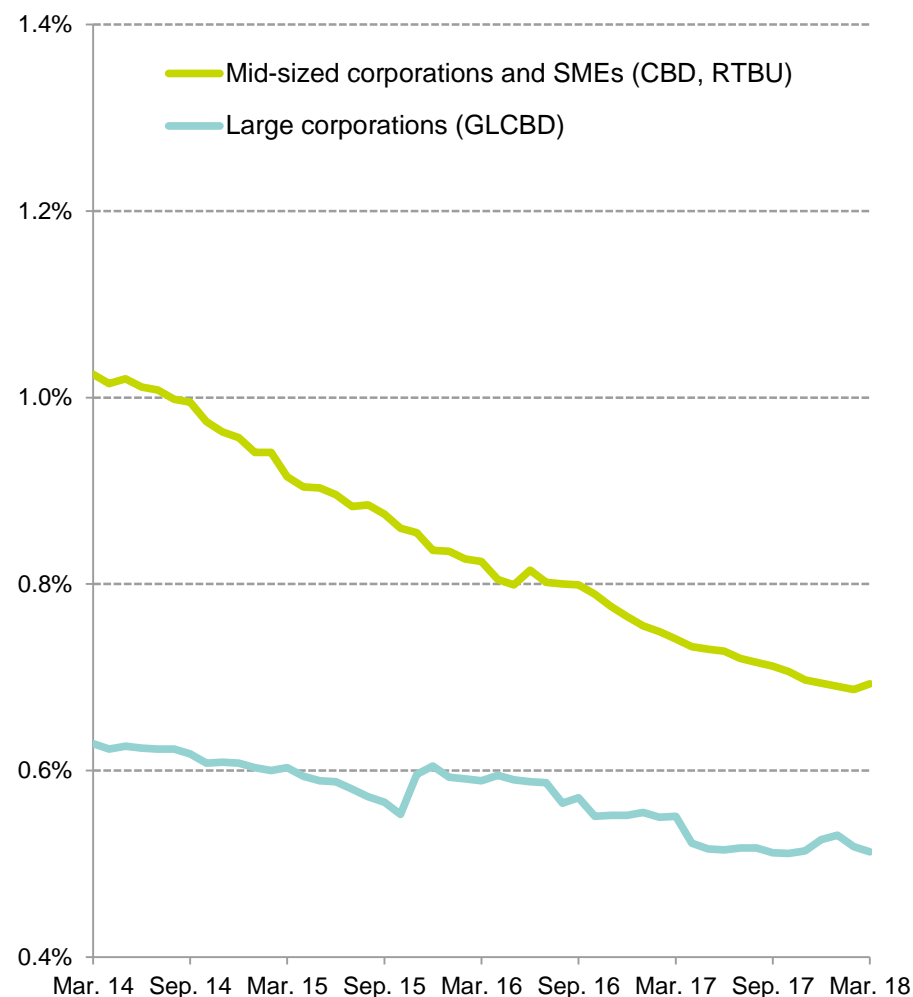
Balance^{*1}

(Non-consolidated)



Spread^{*1, 2}

(Non-consolidated)



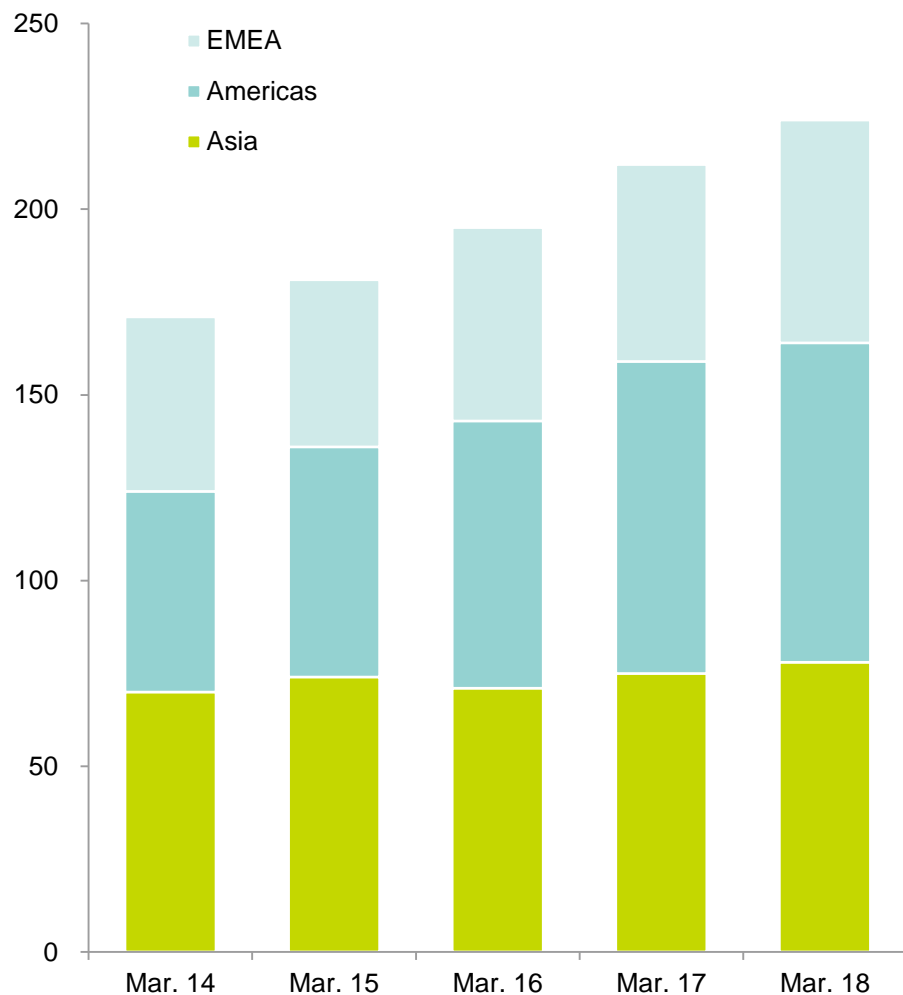
*1 Managerial accounting basis

*2 Monthly average loan spread of existing loans

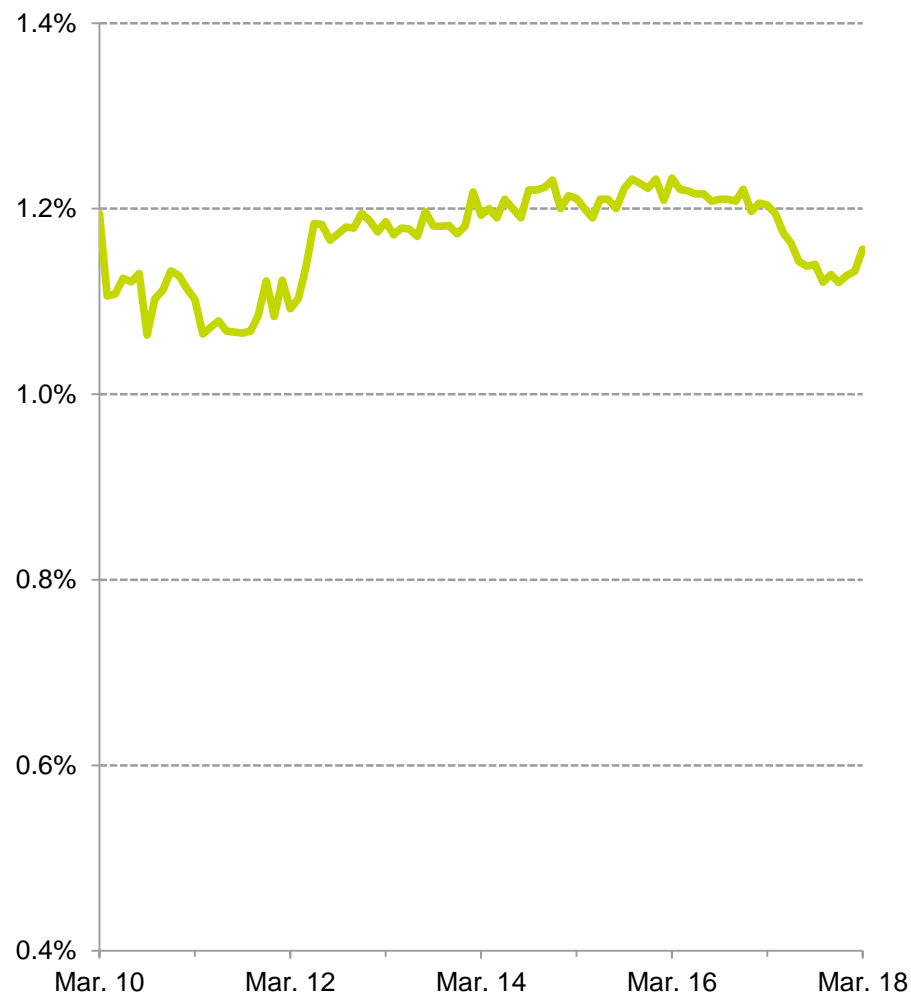
Overseas loans

Balance^{*1,2}

(USD bn)



Spread^{*3}



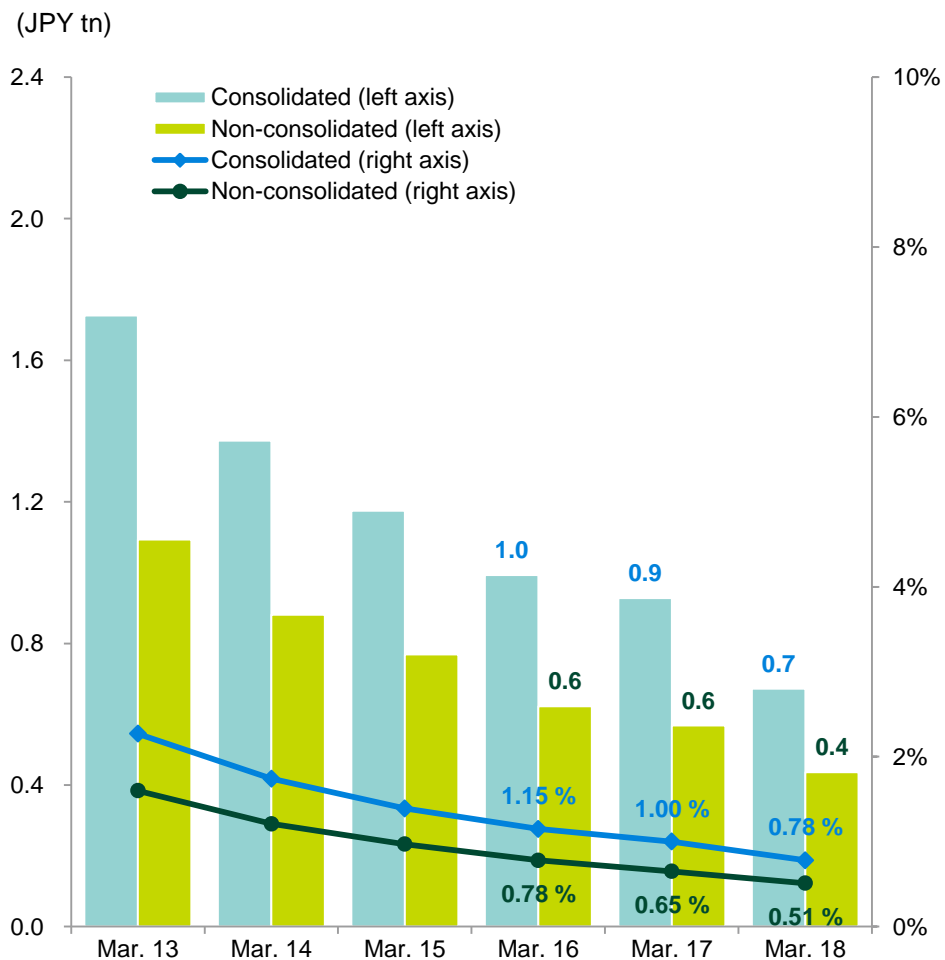
*1 Includes trade bills. Managerial accounting basis, translated into USD at respective period-end exchange rates. Sum of SMBC, SMBC Europe and SMBC (China)

*2 Balance since Mar. 2017 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 Managerial accounting basis. Average loan spread of existing loans on a monthly basis. Sum of SMBC, SMBC Europe and SMBC (China)

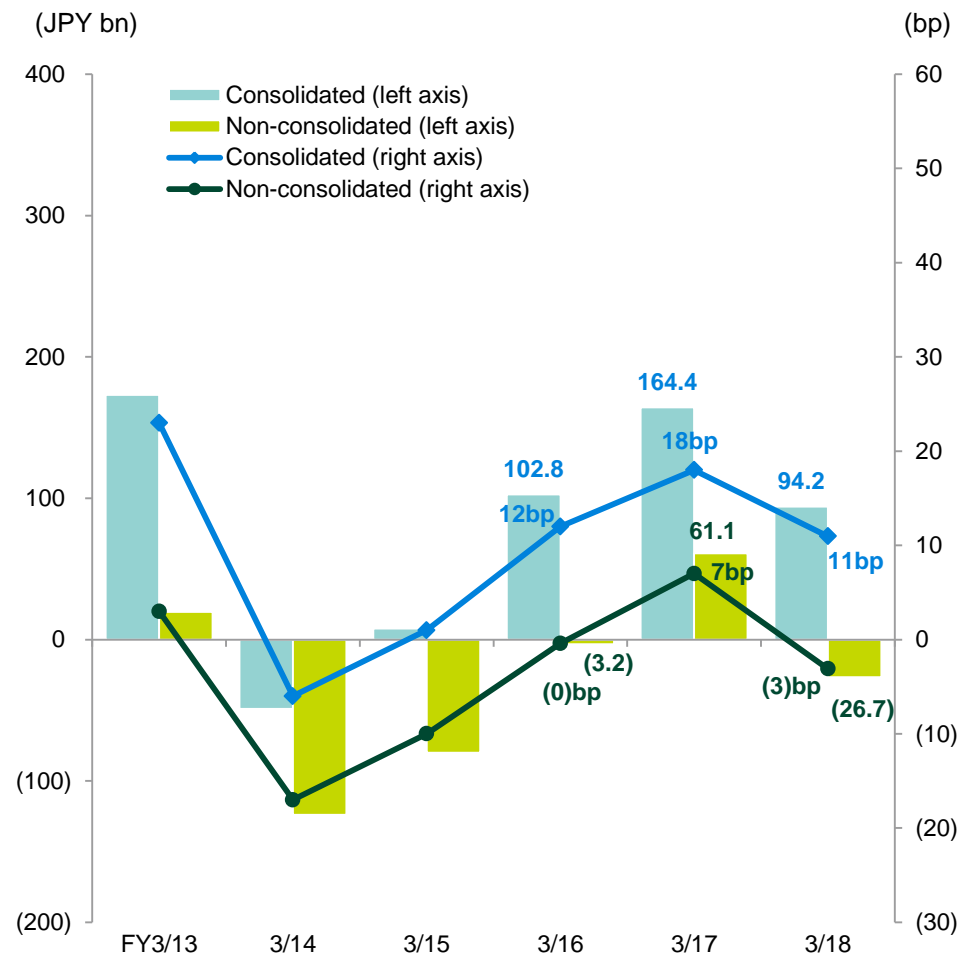
Asset quality – solid loan portfolio

NPLs and NPL ratio*1



Coverage ratio ³	Consolidated	77.68%	75.23%
	Non-consolidated	85.46%	89.11%

Total credit cost and total credit cost ratio*2



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

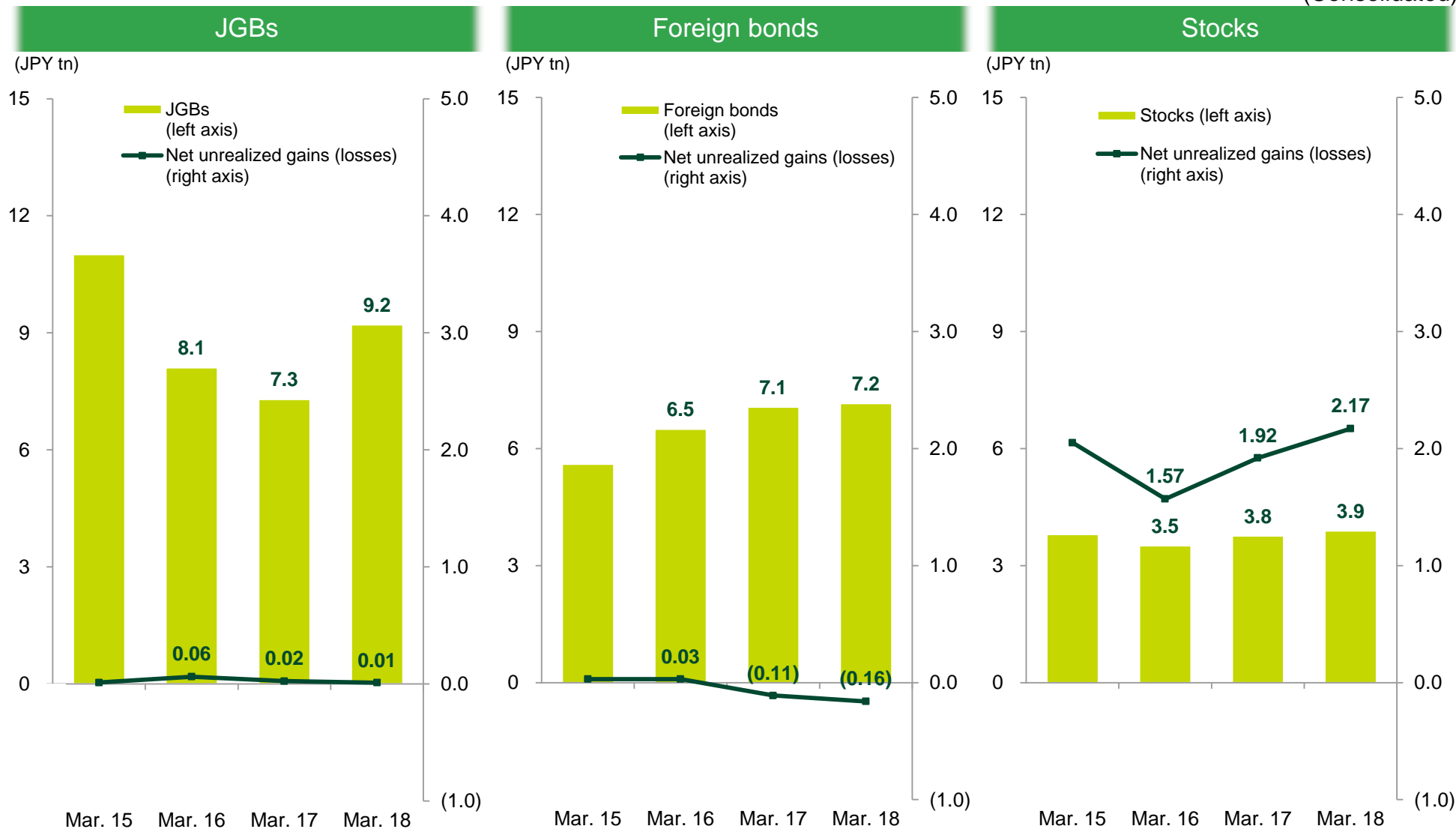
*2 Total credit cost ratio = Total credit cost / Total claims

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

Asset quality – securities portfolio

Securities classified as other securities*

(Consolidated)



* Includes negotiable certificates of deposit classified as "Cash and due from banks," and beneficiary claims on loan trust classified as "Monetary claims bought," in addition to "Securities" stated in the consolidated balance sheets.

Results

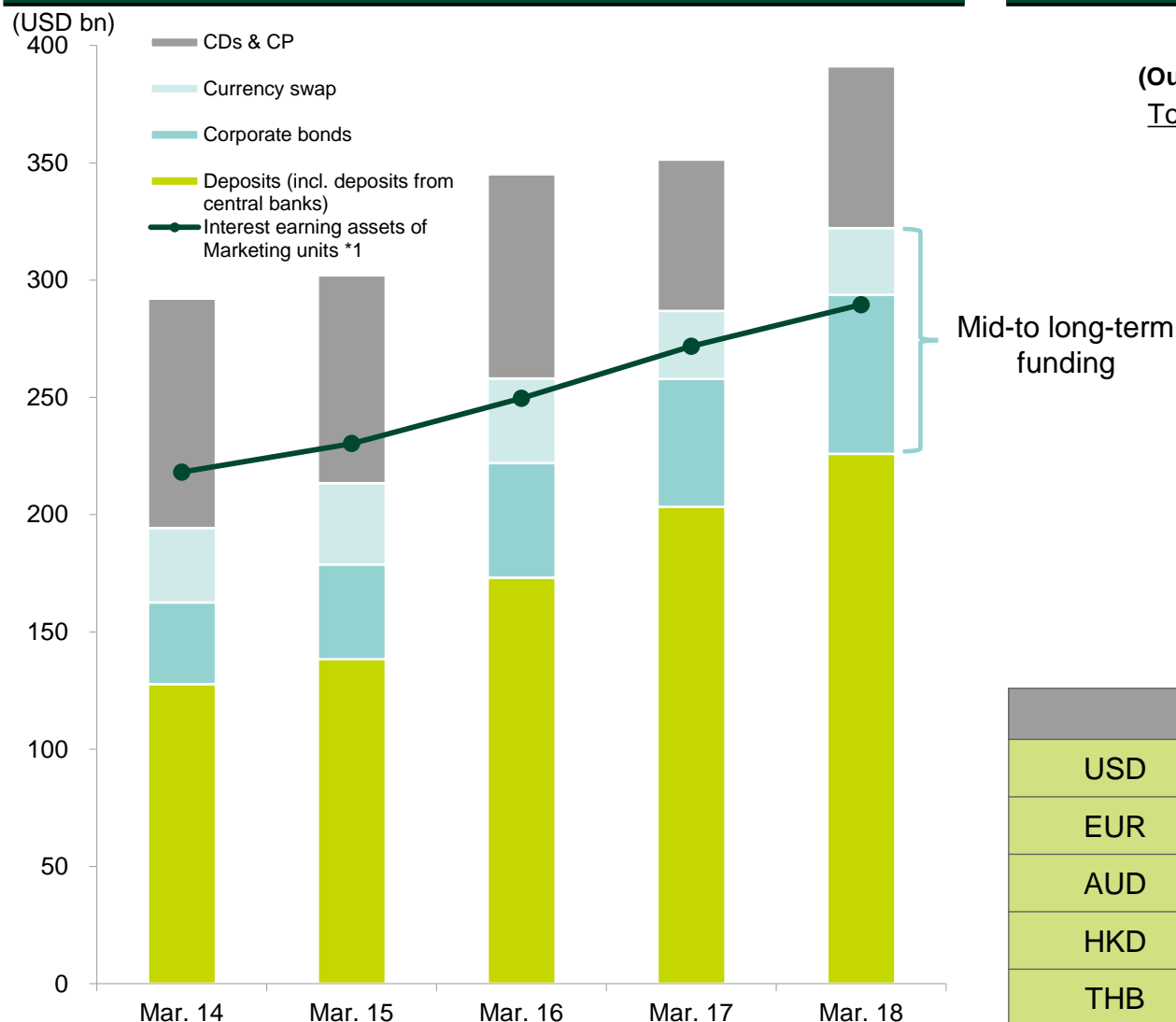
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Funding & TLAC

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Foreign currency funding

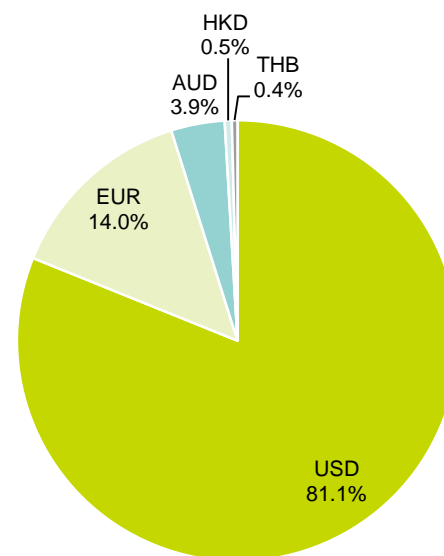
Foreign currency funding & interest earning assets balance*1



SMFG / SMBC long-term capital markets funding*2

(Outstanding amount)

Total: USD 58.4 bn



Outstanding amount		
USD	47.4 bn	--
EUR	6.7 bn	= USD 8.2 bn
AUD	3.0 bn	= USD 2.3 bn
HKD	2.4 bn	= USD 0.3 bn
THB	7.5 bn	= USD 0.2 bn

*1 Sum of loans, trade bills, and securities of Marketing units (Wholesale Banking Unit, Retail Banking Unit and International Banking Unit of SMBC). Sum of SMBC, SMBC, Europe and SMBC (China)

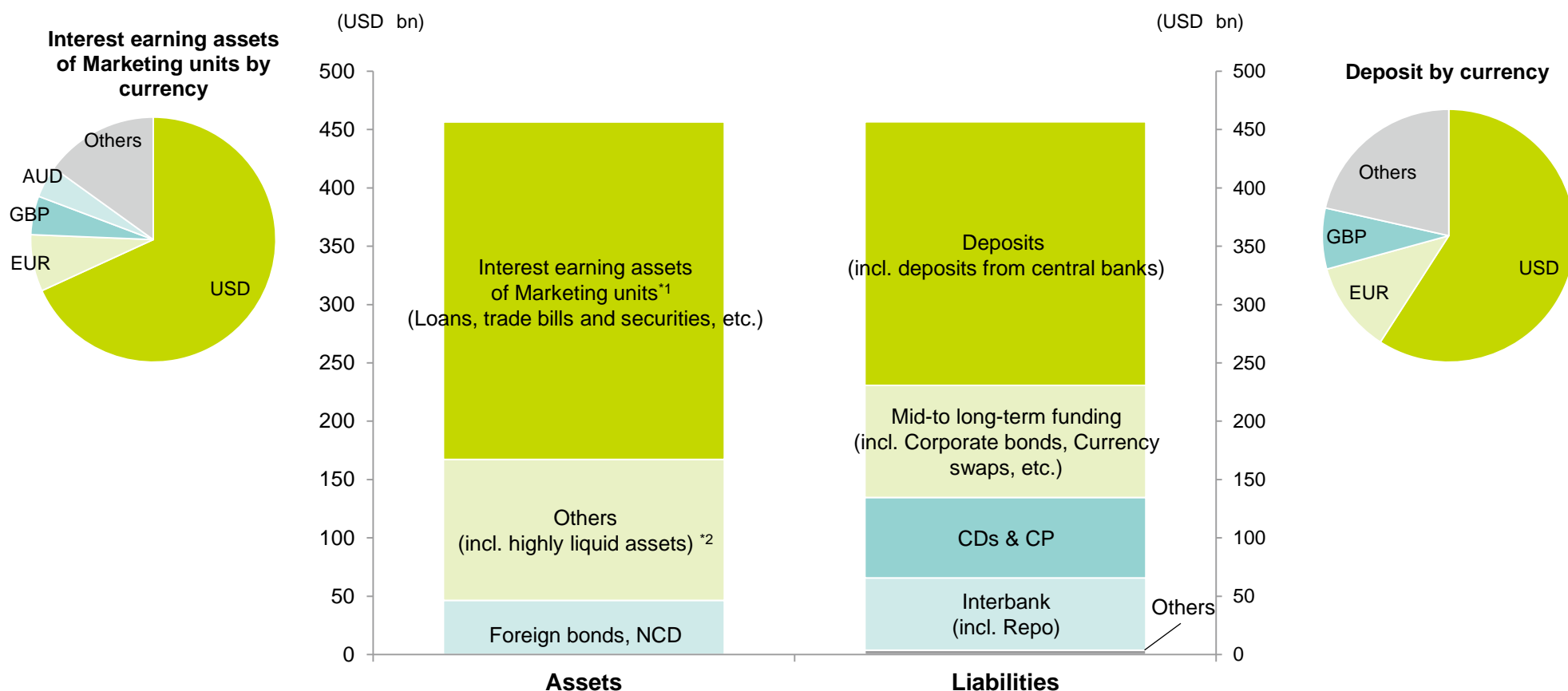
*2 Excludes JPY funding, certificate of deposits and transferable deposits. Among all bonds priced by Mar. 31, 2018, only includes issuance with original maturity of two years or more as of Mar. 31, 2018.
Translated into USD at the exchange rates as of Mar. 31, 2018

Foreign currency assets and funding

Non-JPY interest earning assets of Marketing units*1 are fully funded by non-JPY customer deposit and mid- to long-term funding (corporate bonds, currency swaps, etc.)

➤ **Customer deposit covers approximately 80%**

Non-JPY balance sheet items (as of Mar. 31, 2018)



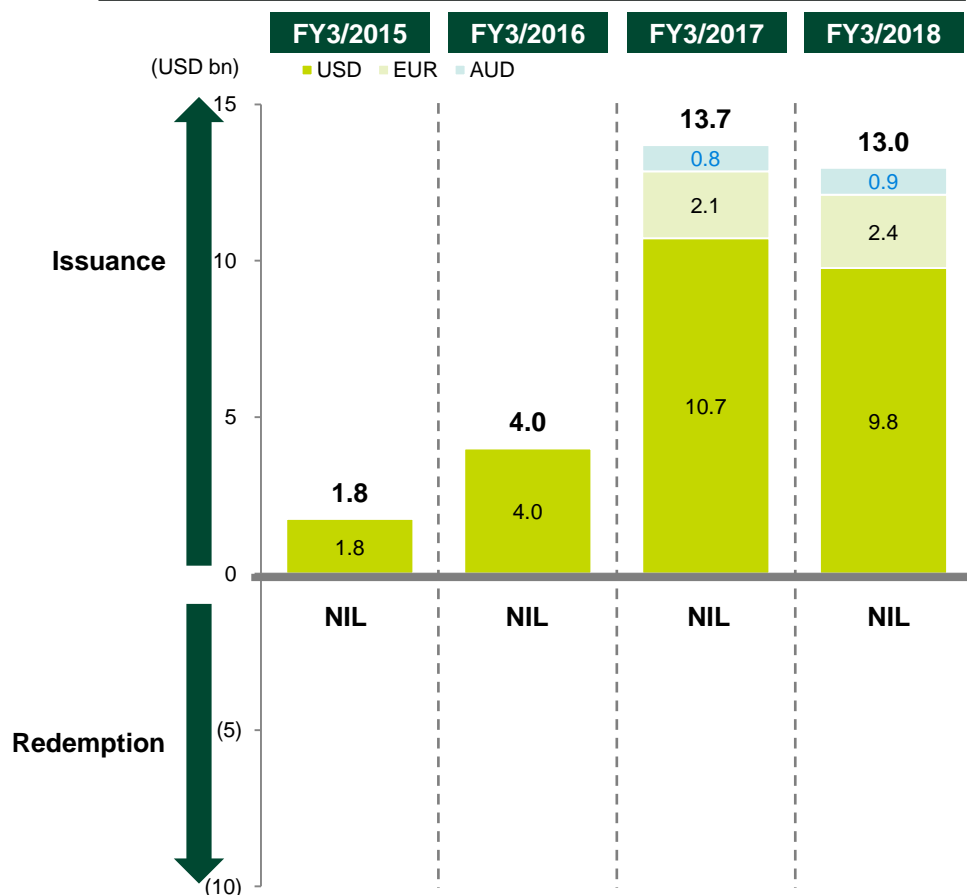
*1 Sum of loans, trade bills, and securities of Marketing units (Wholesale Banking Unit, Retail Banking Unit and International Banking Unit of SMBC). Sum of SMBC + SMBC Europe + SMBC (China)

*2 Deposit placed with central banks, etc.

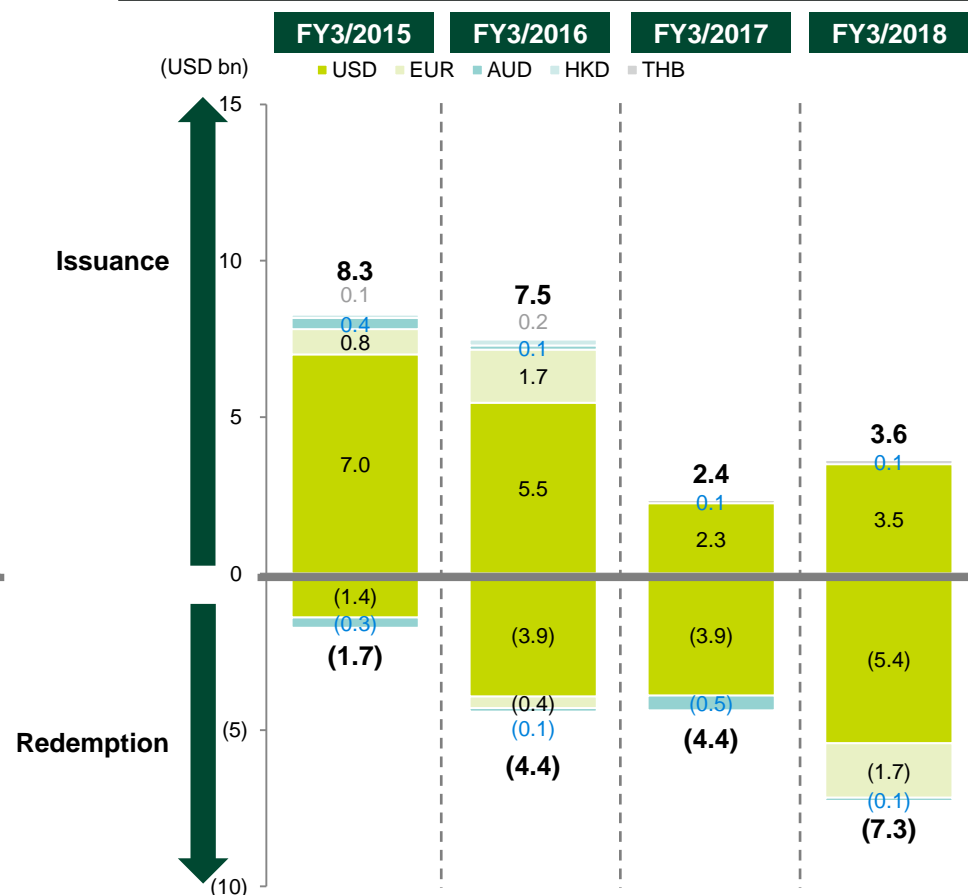
Issuance and redemptions (senior unsecured)

SMFG is the issuing entity for TLAC senior bonds with longer maturities (i.e., 5 years or longer)
 SMBC issues shorter term senior bonds based on its funding needs (i.e., 2-3 years)
 FY3/2019 senior bonds funding plan is around US\$17bn

SMFG issuance and redemptions



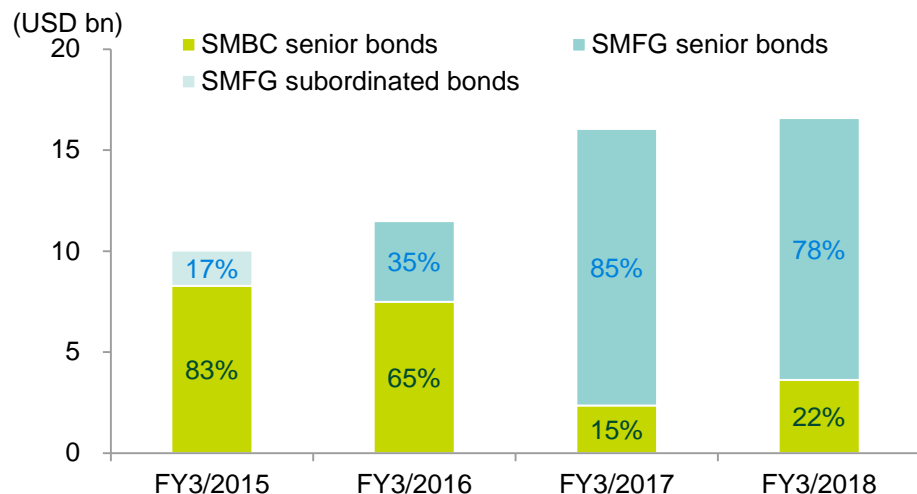
SMBC issuance and redemptions



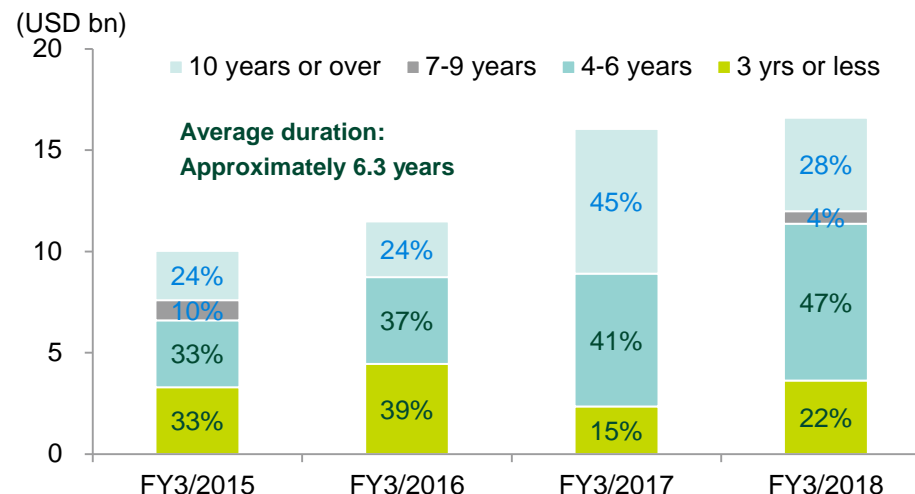
* Excludes JPY funding, certificate of deposits and transferable deposits. All redemptions were at maturity other than for callable bonds, which were redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Among all bonds priced by Mar. 31, 2018, only includes issuance with original maturity of two years or more as of Mar. 31, 2018. Translated at the exchange rate as of Mar. 31, 2015 (FY3/2015), as of Mar. 31, 2016 (FY3/2016), as of Mar. 31, 2017 (FY3/2017), and as of Mar. 31, 2018 (FY3/2018)

Issuance summary

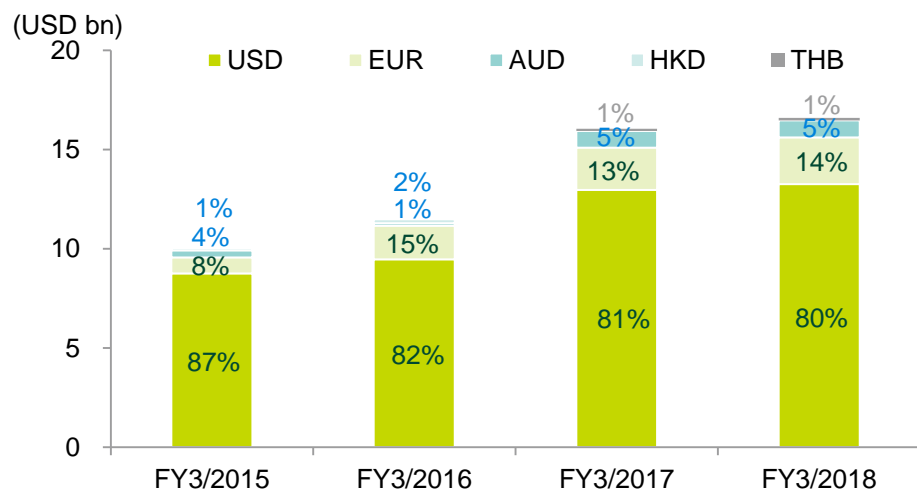
By entity/security type*



By term*



By currency*



Recent deals (Senior unsecured)

- SMFG/USD
 - Jan. 17, 2018 / USD2.75bn / 5y FIX at 3.102%, 5y FRN at 3ML+74bp, 10y FIX at 3.544%
- SMBC/USD
 - Apr. 24, 2018 / USD750mn / 2y FRN at 3ML+40bp / Re-open
 - Jan. 17, 2018 / USD2.0bn / 2y FIX at 2.514%, 2y FRN at 3ML+35bp
- SMFG/EUR
 - Oct. 11, 2017 / EUR500mn / 7y FIX at 0.934% / Green Bonds
 - Jun. 14, 2017 / EUR1.25bn / 5y FRN at 3ME+45bp, 10y FIX at 1.413%
- SMFG/Others
 - Sep. 7, 2017 / SMFG / AUD750mn / 5.5y FIX at 3.604%, 5.5y FRN at BBSW+120bp
 - Feb. 9, 2018 / SMFG / USD265mn / 30NC10 Per 5y FIX at 4.2% / Formosa

* Excludes JPY funding, certificate of deposits and transferable deposits. Among all bonds priced by Mar. 31, 2018, only includes issuance with original maturity of two years or more as of Mar. 31, 2018. Translated at the exchange rate as of Mar. 31, 2015 (FY3/2015), as of Mar. 31, 2016 (FY3/2016), as of Mar. 31, 2017 (FY3/2017), and as of Mar. 31, 2018 (FY3/2018)

TLAC requirements*1

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%

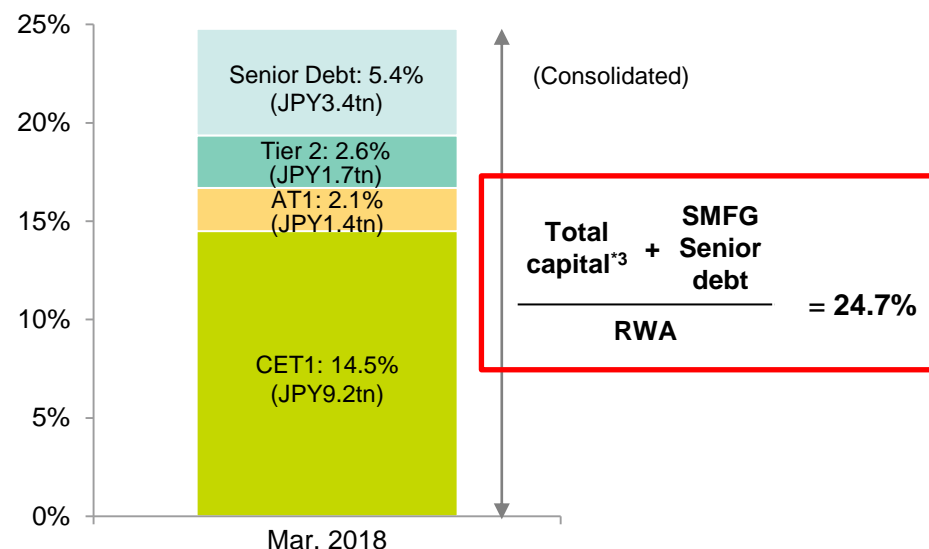
- Based on current calculations, we expect that the TLAC requirements based on RWA, post-Basel III reforms basis, will be more constraining than requirements based on the leverage ratio denominator

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

Total capital plus SMFG senior debt to RWA*2



Issuance amount of SMFG senior unsecured bonds

(JPY tn/USD bn)	FY3/2017	1H, FY3/2018	FY3/2018
Issuance amount through the period *4	¥1.5 / \$13.7	¥0.7 / \$6.5	¥1.4 / \$13.0

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

*2 This figure is only a simple calculation shown therein and doesn't indicate the actual TLAC ratio on any implementation date

*3 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

*4 Translated at the exchange rate as of Mar. 31, 2017, as of Sep. 30, 2017 and as of Mar. 31, 2018

Credit ratings of selected G-SIBs

OpCo senior notes / Excluded liabilities*1

TLAC eligible senior notes*2

Notch Difference

(As of Apr. 27, 2018)

Moody's

	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB*3	BNP	CS	UBS*4
Aa2												
Aa3												
A1	0	0	0	3	3	3	2	2	4	4	3	3
A2												
A3												
Baa1												
Baa2												
Baa3												

S&P

	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB*3	BNP	CS	UBS
AA												
AA-												
A+												
A	1	1	1	2	3	2	3	2	1	2	2	2
A-												
BBB+												
BBB												
BBB-												

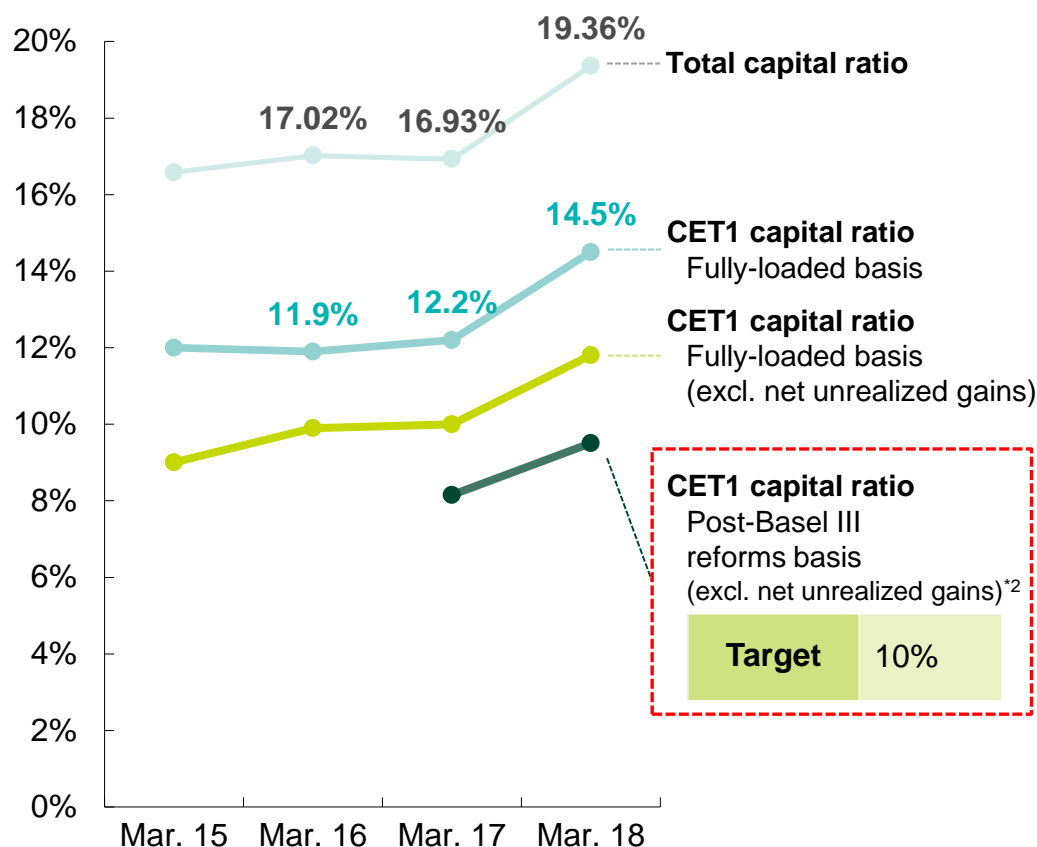
*1 Ratings of OpCo senior unsecured notes except DB

*2 TLAC eligible senior unsecured note ratings except BNP

*3 Long-term deposit rating for Moody's and Issuer Credit Rating for S&P for OpCo senior notes / Excluded liabilities

*4 BACKED senior unsecured rating of UBS Group Funding Jersey guaranteed by UBS Group AG for TLAC eligible senior notes

Capital ratios*1



Risk-weighted assets (RWAs)	JPY 65.9 tn	JPY 70.6 tn	JPY 63.5 tn
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Capital strategy

Tier 2 capital	JPY 1.7 tn (2.6%) (as of Mar. 18)	<ul style="list-style-type: none">● Aim to maintain 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
AT 1 capital	JPY 1.4 tn (2.1%) (as of Mar. 18)	
CET 1 capital	<ul style="list-style-type: none">● CET 1 capital ratio target (Post-Basel III reforms basis): 10%● CET 1 capital ratio improvement through reorganization of group operations<ul style="list-style-type: none">● Turned Kansai Urban Banking Corporation and THE MINATO BANK to equity method affiliates● Turning SMFL to an equity method affiliate*3	

Recent deals (Subordinated)

- SMFG/Tier 2 capital/JPY
 - Mar. 16, 2018 / JPY100bn / 10yFIX at 0.585% / Retail
- SMFG/Tier 2 capital/USD
 - Apr. 2, 2014 / USD1.75bn / 10y FIX at 4.436%
- SMFG/AT1 capital/JPY
 - Dec. 19, 2017 / JPY150bn / PerpNC10 first 10yrs at 1.29%, thereafter 6M \varnothing L+104bp

*1 Transitional basis unless otherwise indicated

*2 Calculated with RWA inflated by 25% compared to the current Basel III fully-loaded basis due to the final impact of Basel III reforms. CET1: excludes net unrealized gains on other securities. RWA: excludes RWA associated with gains on stocks

*3 Subject to regulatory approval and other conditions

Appendix

SMFG / SMBC overview*1

		SMFG (Consolidated)	SMBC (Non-consolidated)
(FY3/2018)		✓ Global banking group originated in Japan	✓ Core operating entity within SMFG franchise
Market Capitalization (TSE:8316, NYSE:SMFG)		JPY 6.4 tn / USD 58.9 bn (As of Apr. 27, 2018)	unlisted (wholly-owned by SMFG)
B/S	Assets	JPY 199 tn / USD 1,873 bn	JPY 171 tn / USD 1,609 bn
	Loans	JPY 73 tn / USD 687 bn	JPY 74 tn / USD 695 bn
	Deposits*2	JPY 116 tn / USD 1,096 bn	JPY 110 tn / USD 1,038 bn
	Loans/Deposits	57.1%	60.8%
P/L	Gross Profit	JPY 2,981 bn / USD 28.1 bn <i>Consolidated gross profit</i>	JPY 1,428 bn / USD 13.4 bn <i>Gross banking profit</i>
	Net Income	JPY 734 bn / USD 6.9 bn <i>Profit attributable to owners of parent</i>	JPY 577 bn / USD 5.4 bn <i>Net income</i>
CET1 ratio		14.5%	—
NPL ratio		0.78%	0.51%
Ratings (Moody's / S&P)		A1 / A- (As of Apr. 27, 2018)	A1 / A (As of Apr. 27, 2018)
Business Franchise		✓ Holds top-tier companies in banking, leasing, securities services, consumer finance, and other business ✓ 129 overseas offices in 40 countries and regions*3	✓ 441 domestic branches ✓ 27 million retail accounts ✓ 80,000 corporate loan clients

*1 Exchange rate for as of Mar. 30, 2018 is USD 1.00 = JPY 106.25 and as of Apr. 27, 2018 is USD 1.00 = JPY 109.26

*2 Excludes negotiable certificates of deposits *3 Excludes offices planned to be closed,

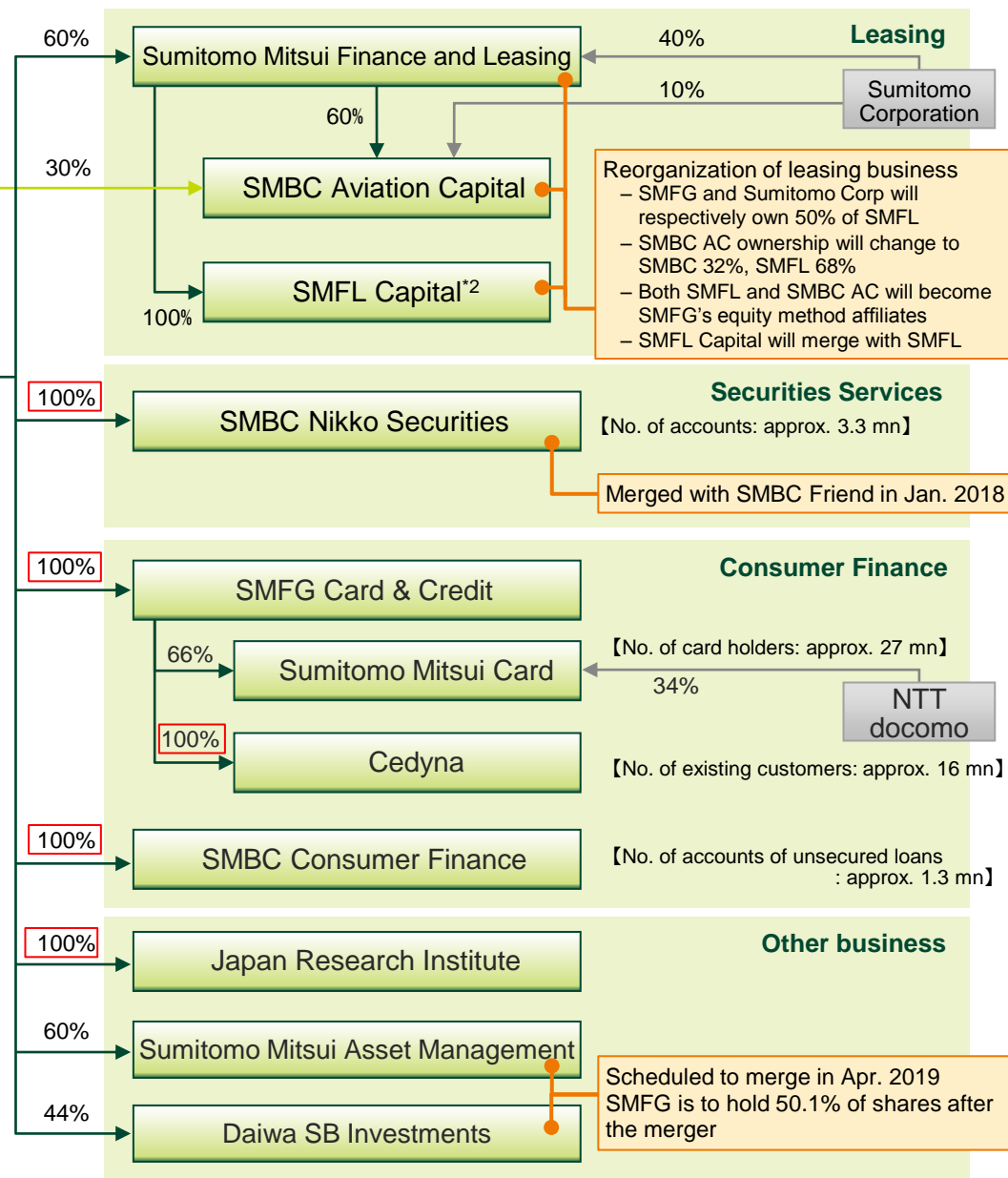
Group structure^{*1}

Sumitomo Mitsui Financial Group						
Consolidated total assets		JPY 199 tn				
Consolidated CET1 ratio		14.50 %				
Credit ratings	Moody's	S&P	Fitch	R&I	JCR	
	A1/P-1	A-/-	A/F1	A+/-	AA-/-	

Sumitomo Mitsui Banking Corporation						
Assets		JPY 171 tn				
Deposits		JPY 110 tn				
Loans		JPY 74 tn				
No. of retail accounts		approx. 27 mn				
No. of corporate loan clients		approx. 80,000				
Credit ratings	Moody's	S&P	Fitch	R&I	JCR	
	A1/P-1	A/A-1	A/F1	AA-/a-1+	AA/J-1+	



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



^{*1} As of Mar. 31, 2018 for figures

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

SMBC Group Next Stage

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

Core Policy

1

Discipline

Disciplined business management

- Transformation of business/asset portfolio and quality of earnings base
- Improve productivity and efficiency

2

Focus

Focus on our strengths to generate growth

- Focus on Seven Core Business Areas

3

Integration

Integration across the Group and globally to achieve sustainable growth

- Management that maximizes business potential
- Digitalization
- ESG

■ **Medium-Term Management Plan - Transformation of business/asset portfolio** ■ **and quality of earnings base – Shift to SMFG’s competitive advantage and growing businesses**

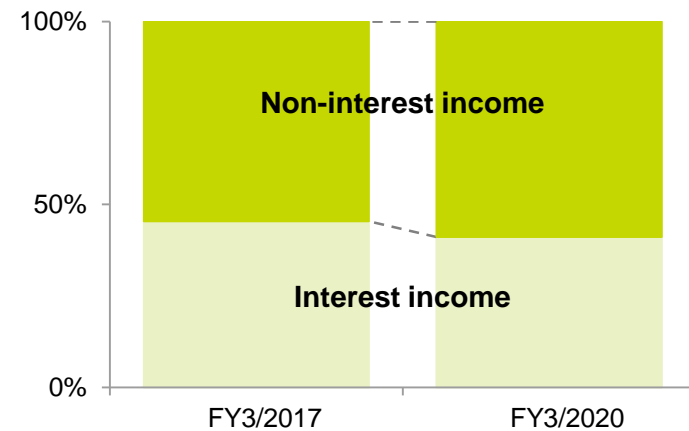
- Prioritize business fields when allocating resources to enhance capital efficiency
- Maintain our competitive advantage in the domestic retail and wholesale businesses and generate stable earnings

Business portfolio transformation

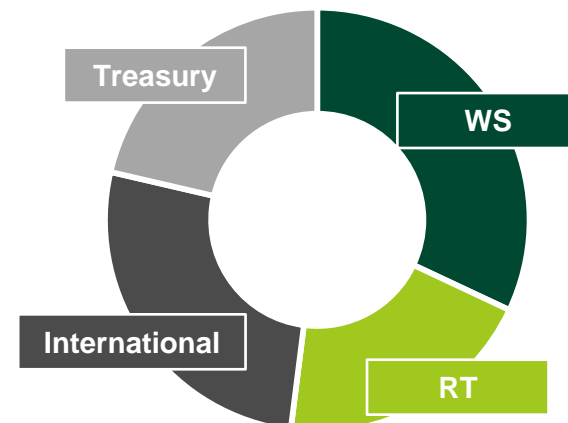
SMFG’s competitive advantage



Interest/non-interest income ratio (consolidated gross profit)

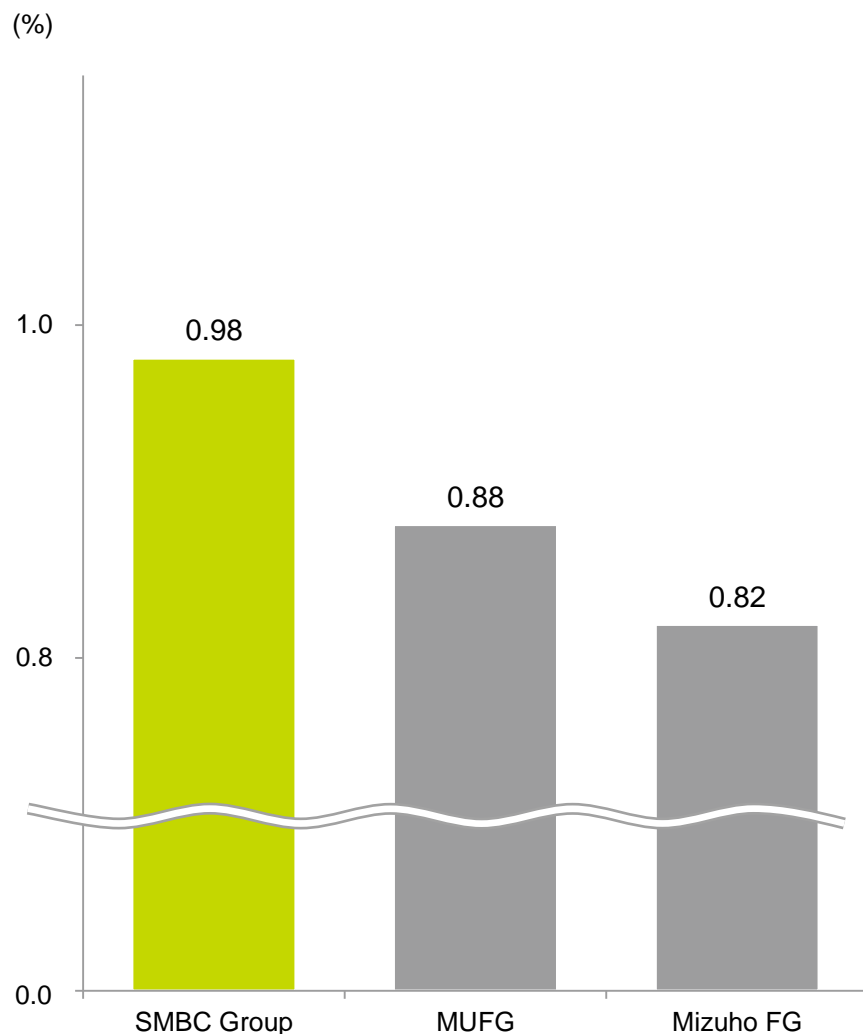


Breakdown of consolidated net business profit by business unit

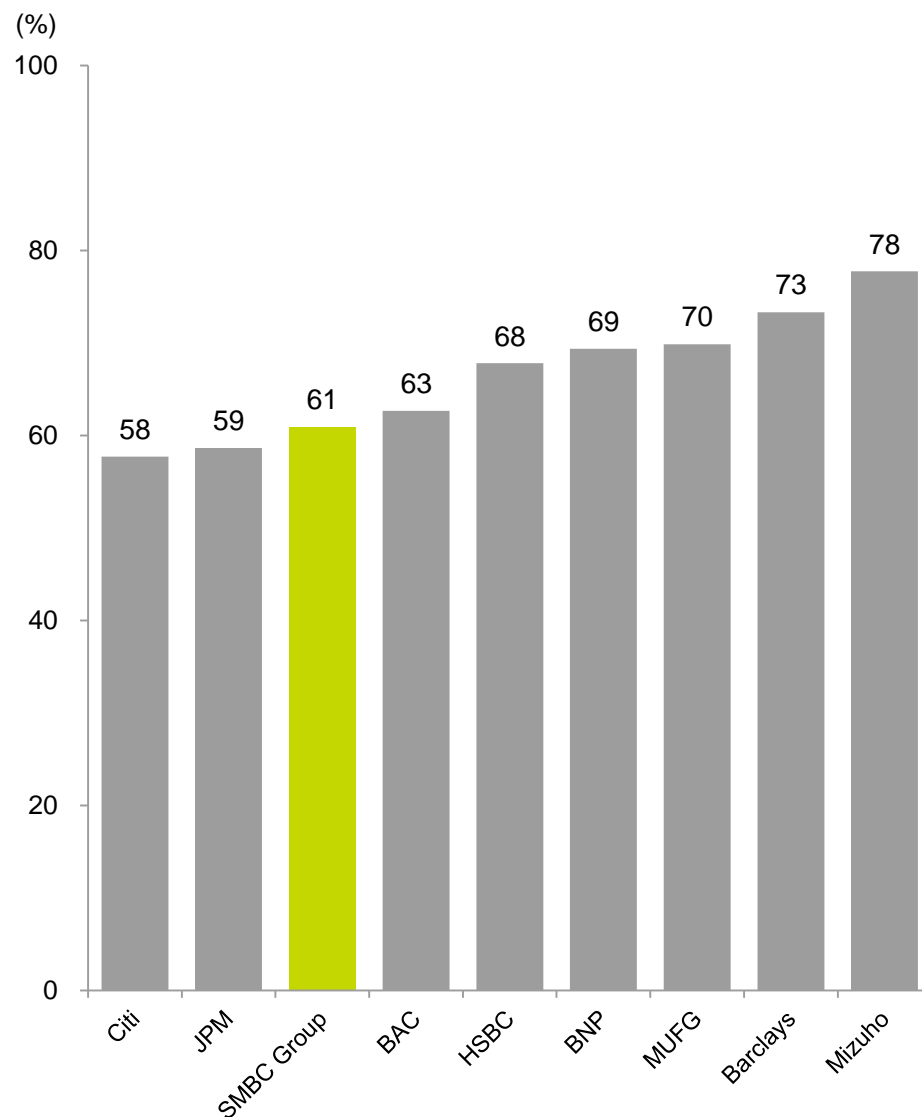


Sources of profitability

Domestic loan-to-deposit spread*¹



Overhead ratio*²



*¹ Based on each company's FY3/18 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

*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). FY3/18 results for SMFG, MUFG and Mizuho FG, FY12/17 results for the others

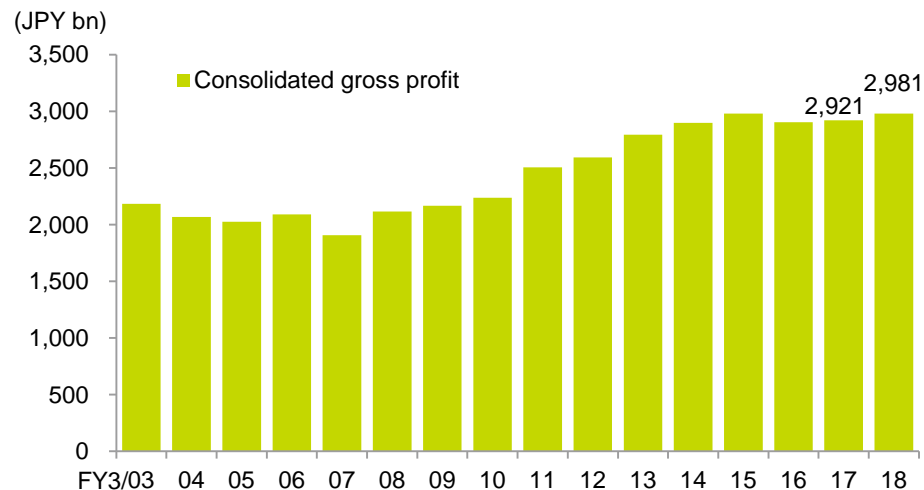
Trend of bottom line profits

Net income / Profit attributable to owners of parent (Consolidated)

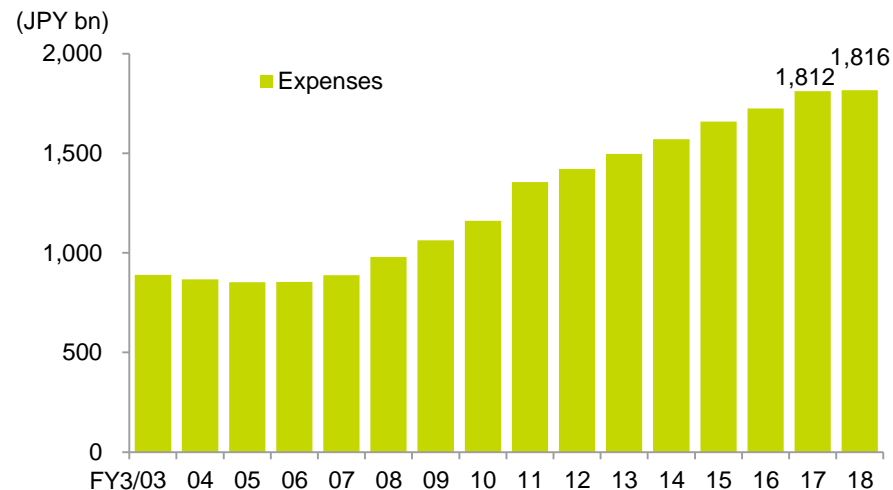


Trend of major income components – Consolidated

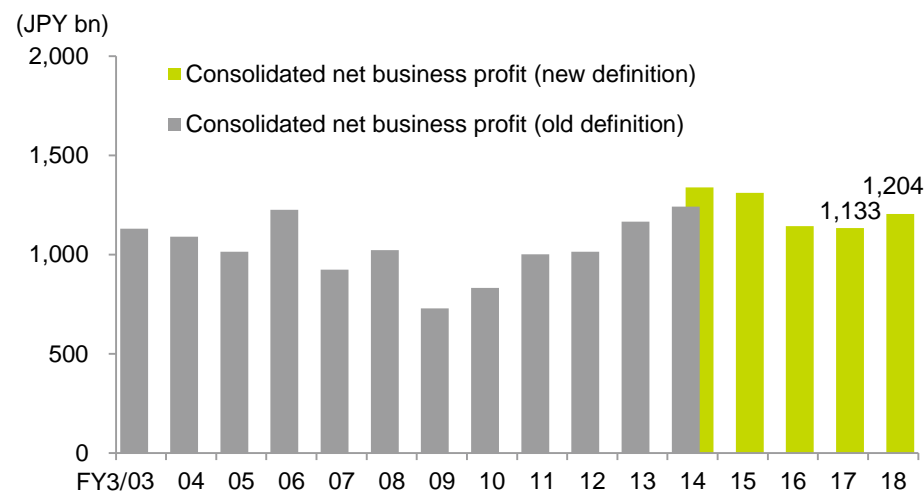
Consolidated gross profit



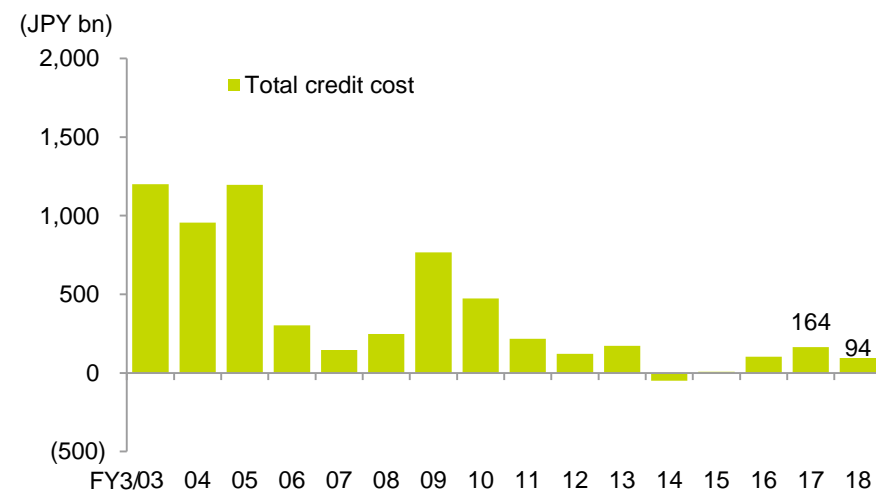
General and administrative expenses



Consolidated net business profit*



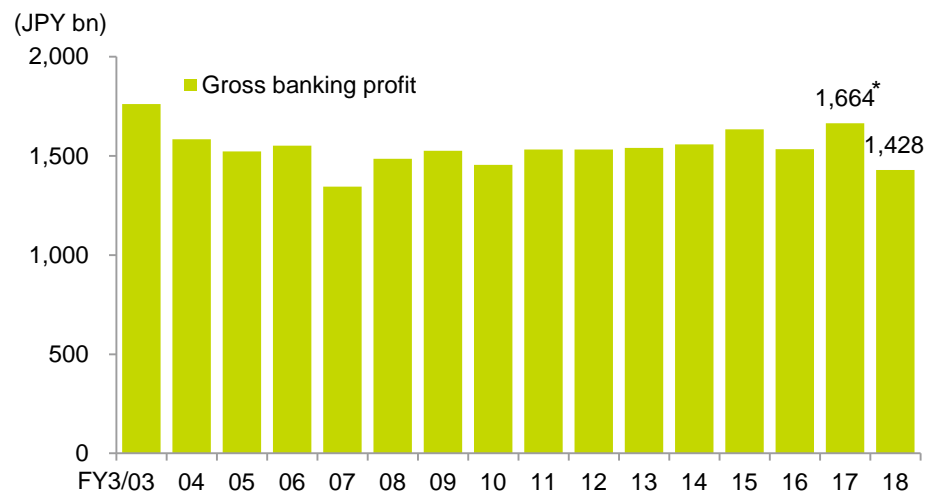
Total credit cost



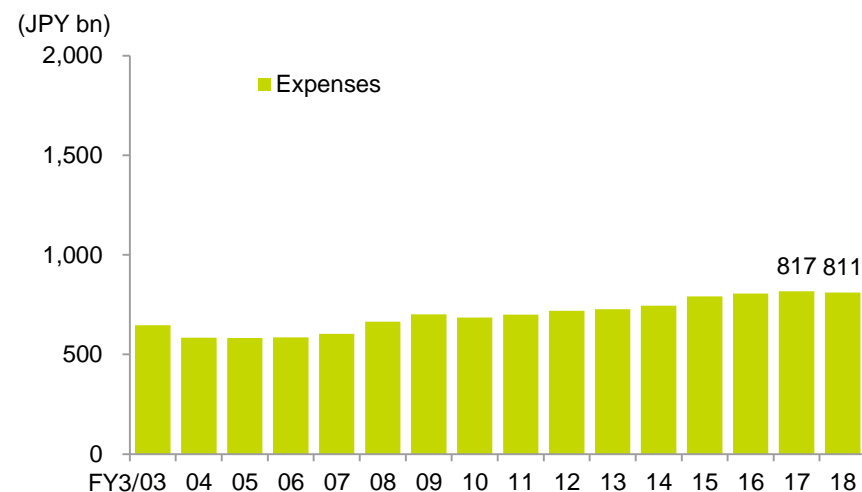
* We have changed the definition of "Consolidated net business profit" from the fiscal year ended March 31, 2015. The figure for the fiscal year ended March 31, 2014 has been adjusted retrospectively

Trend of major income components – Non-consolidated

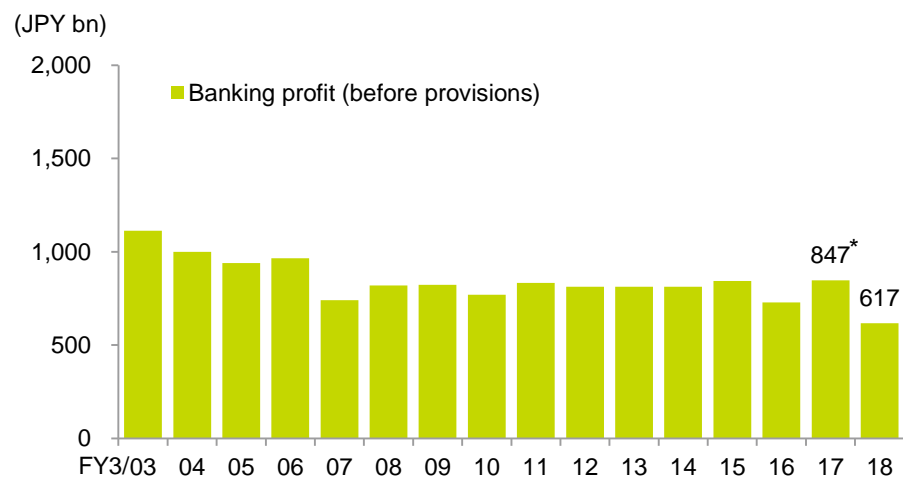
Gross banking profit



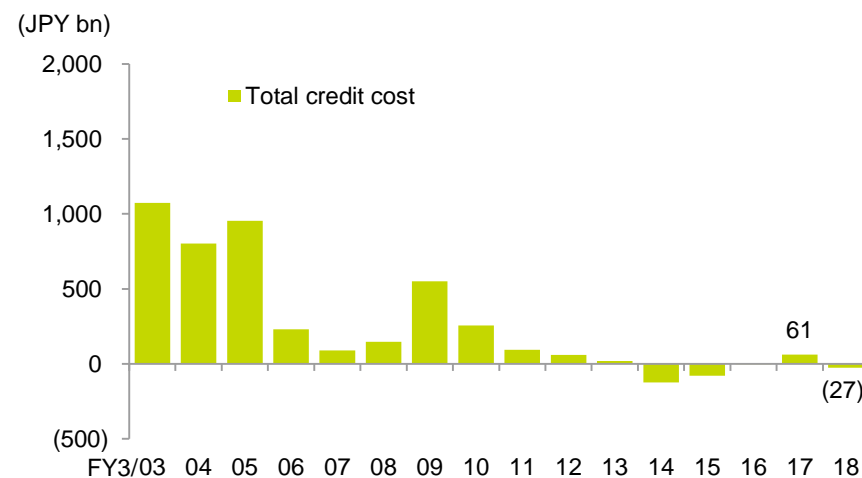
Expenses



Banking profit (before provisions)



Total credit cost



* Includes JPY 200 bn of dividends from SMBC Nikko associated with making SMBC Nikko a direct subsidiary of SMFG

Capital and risk-weighted assets – Consolidated

Capital ratio (transitional basis)

(JPY bn)			Mar. 31, 2017	Mar. 31, 2018 Preliminary
	CET1		8,608.5	9,217.4
	of which:	Total stockholders' equity related to common stock	8,013.3	8,510.1
		Accumulated other comprehensive income ^{*1}	1,290.0	1,753.4
		Regulatory adjustments related to CET1 ^{*1}	(898.1)	(1,049.3)
Tier 1 capital			9,946.2	10,610.2
of which:	AT1 capital instruments		449.9	599.8
	Eligible Tier 1 capital instruments (grandfathered) ^{*3}		812.9	650.3
	Regulatory adjustments ^{*1, *2}		(172.9)	(81.6)
Tier 2 capital			2,027.5	1,693.9
of which:	Tier 2 capital instruments		898.9	993.4
	Eligible Tier 2 capital instruments (grandfathered) ^{*3}		873.1	625.4
	Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount ^{*2}		197.4	-
	Regulatory adjustments ^{*1, *2}		(70.6)	(50.0)
Total capital			11,973.7	12,304.1
Risk-weighted assets			70,683.5	63,540.3
CET1 ratio			12.17%	14.50%
Tier 1 ratio			14.07%	16.69%
Total capital ratio			16.93%	19.36%

Leverage ratio (transitional basis)

(JPY bn)	Mar. 31, 2017	Mar. 31, 2018 Preliminary
Leverage ratio	4.74%	5.01%
Leverage exposure	209,669.6	211,718.1

LCR

Average Jan. – Mar. 2018
127.7%

*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

*1~3 Percentages indicate the treatment as of Mar. 2017 / Mar. 2018

*1 80% / 100% of the original amounts are included *2 80% / 100% phase-out is reflected in the figures *3 Cap is 50% / 40%

Financial highlights – IFRS*

Income statement data

	(JPY bn)	FY3/2016	FY3/2017
Net interest income		1,441.5	1,397.9
Net Fee and commission income		900.3	884.8
Net Trading income		462.7	184.0
Other operating income		883.8	881.2
Total operating income		3,688.2	3,347.9
Net operating income		3,539.9	3,134.9
Profit before tax		1,325.7	880.4
Net profit		952.8	740.6

Statement of financial position data

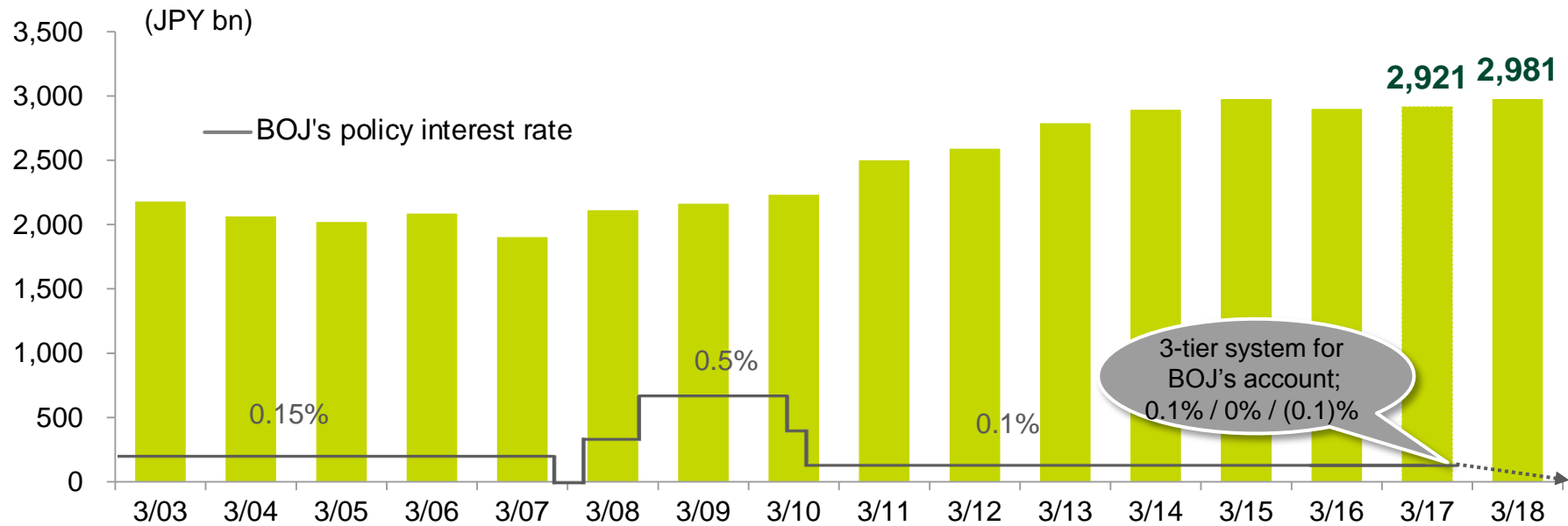
	(JPY bn)	FY3/2017
Total assets		191,151.0
Loans		95,273.8
Deposits		130,295.3
Total equity		11,887.3

Reconciliation with Japanese GAAP *

	(At and for FY3/2017, JPY bn)	Total equity	Net profit
IFRS		11,887.3	740.6
Differences arising from different accounting for:	Scope of consolidation	124.8	12.0
	Derivative financial instruments	118.3	110.9
	Investment securities	(221.5)	8.8
	Loans and advances	22.8	0.7
	Investments in associates and joint ventures	(68.6)	15.9
	Property, plant and equipment	(10.5)	(1.3)
	Lease accounting	3.1	3.7
	Defined benefit plans	53.6	(22.9)
	Deferred tax assets	(46.4)	(7.5)
	Foreign currency translation	-	(3.6)
	Classification of equity and liability	(452.8)	(8.4)
	Others	(156.0)	(16.9)
	Tax effect of the above	(19.9)	(23.7)
Japanese GAAP		11,234.3	808.4

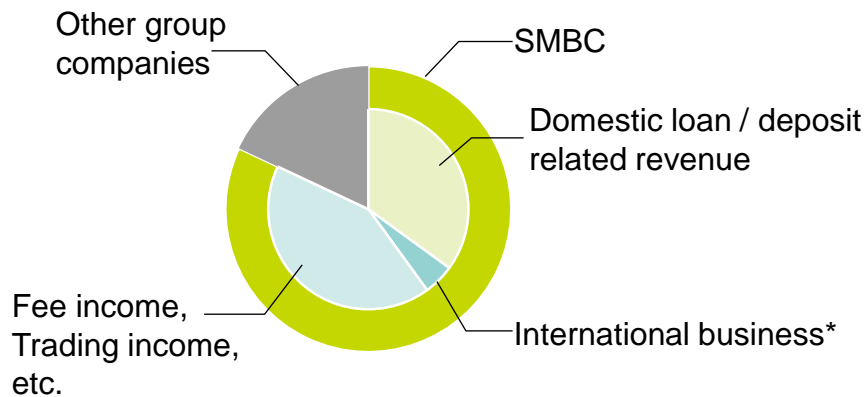
Diversified revenue sources

SMFG's consolidated Gross profit

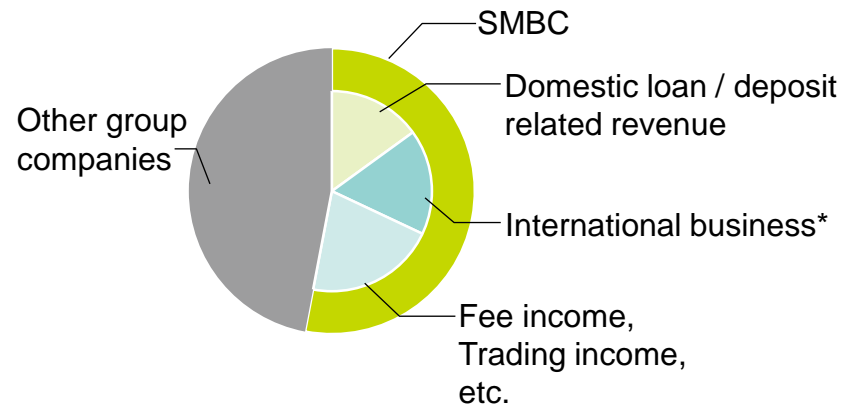


Illustrative breakdown of contribution

FY3/03



FY3/18



* Includes major overseas banking subsidiaries

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

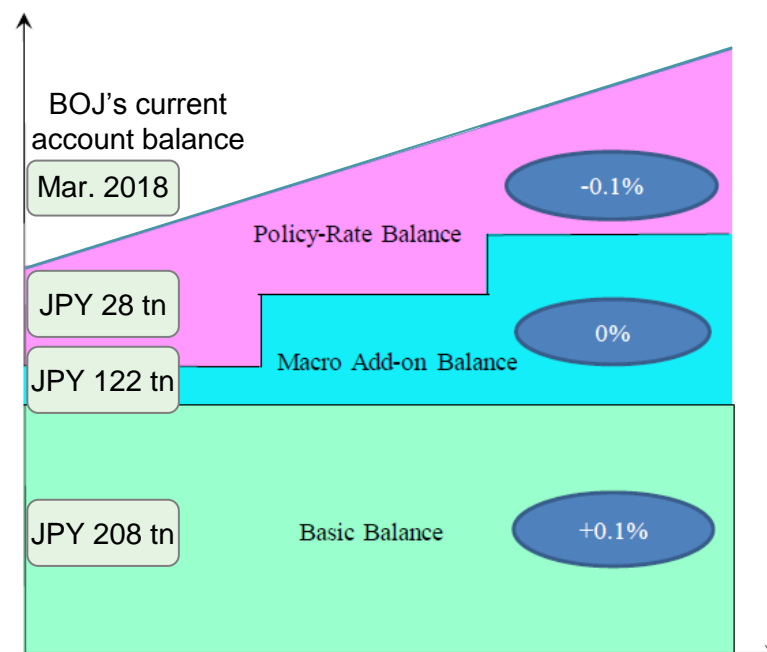
- Foreign deposits; raised interest rates, launched marketing campaigns
- Increase sales of wrap accounts and low risk and low return investment products

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 (Mar. 2018)” on Apr. 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)

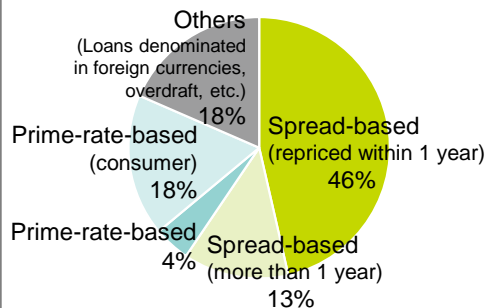
Balance Sheet

Non-consolidated

- BOJ's current account balance
Mar. 2018 JPY 41.5 tn

Non-consolidated

- Domestic loans outstanding
JPY 53.2 tn



- By domestic Marketing units^{*1}

(JPY tn, at period-end)	Mar. 18	Change from Mar. 17
Large corporations	14.8	(0.8)
Mid-sized corporations & SMEs	18.1	+0.5
Individuals	13.6	(0.2) ^{*2}

Consolidated

(Other securities)

- o/w Stocks JPY 3.9 tn
- o/w JGBs JPY 9.2 tn
- o/w Foreign bonds JPY 7.2 tn

Consolidated B/S (Mar. 2018) <vs. Mar. 2017>

(JPY tn)

Cash and
due from banks
53.7 <+6.9>

Loans
72.9 <(7.3)>

Domestic 53.2 <(1.3)>
Overseas^{*1,3} 23.8 <+0.1>

Securities
25.7 <+1.1>

Other assets
46.7 <+0.6>

Total assets 199.0 <+1.3>

Deposits
(includes NCD)
127.7 <(2.0)>

Domestic^{*4} 98.8 <+4.1>
Overseas^{*1,3,5} 28.4 <+1.0>

Other liabilities
59.7 <+2.9>

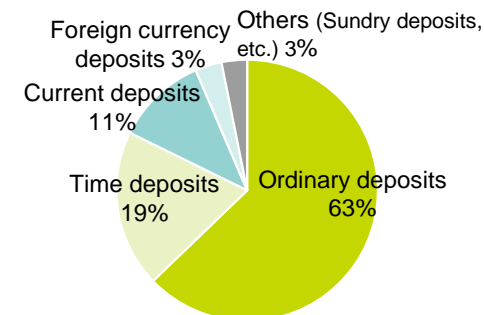
Total net assets
11.6 <+0.4>

Loan to deposit ratio

57.1 %

Non-consolidated

- Domestic deposits outstanding
JPY 92.9 tn



- By type of depositor

(JPY tn)	Mar. 16	Mar. 17	Mar. 18
Total	82.1	87.7	92.9
Individuals	42.3	43.6	45.3
Corporates	39.8	44.1	47.6

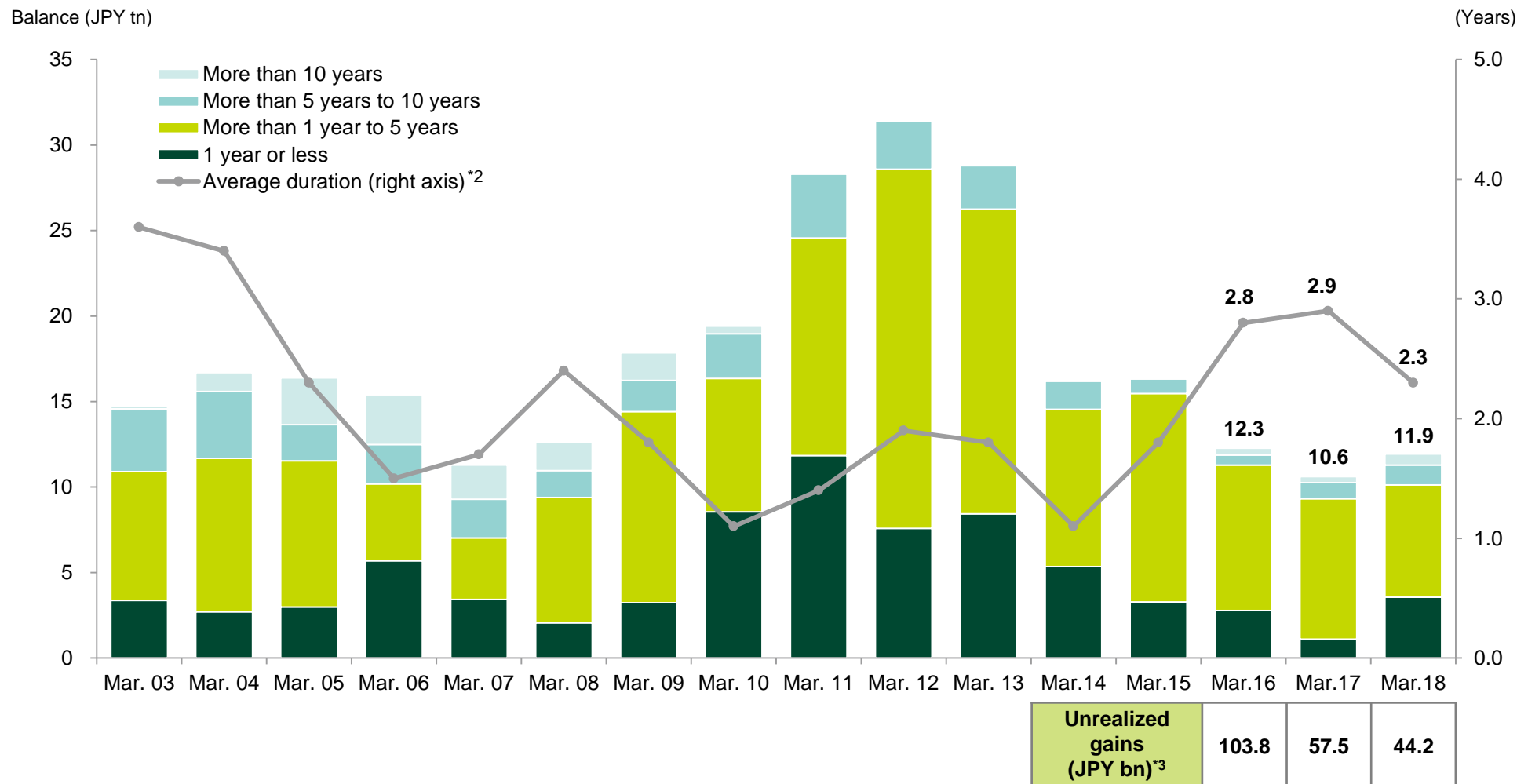
^{*1} Managerial accounting basis ^{*2} After adding back the portion of housing loans securitized in FY3/18 of approx. JPY 220 bn

^{*3} Sum of SMBC, SMBCE and SMBC (China) ^{*4} Including NCD ^{*5} Including CDs and CP

^{*6} Sum of loans, trade bills, and securities of Marketing units ^{*7} Includes deposits placed with central banks, etc

Yen bond portfolio *1

(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

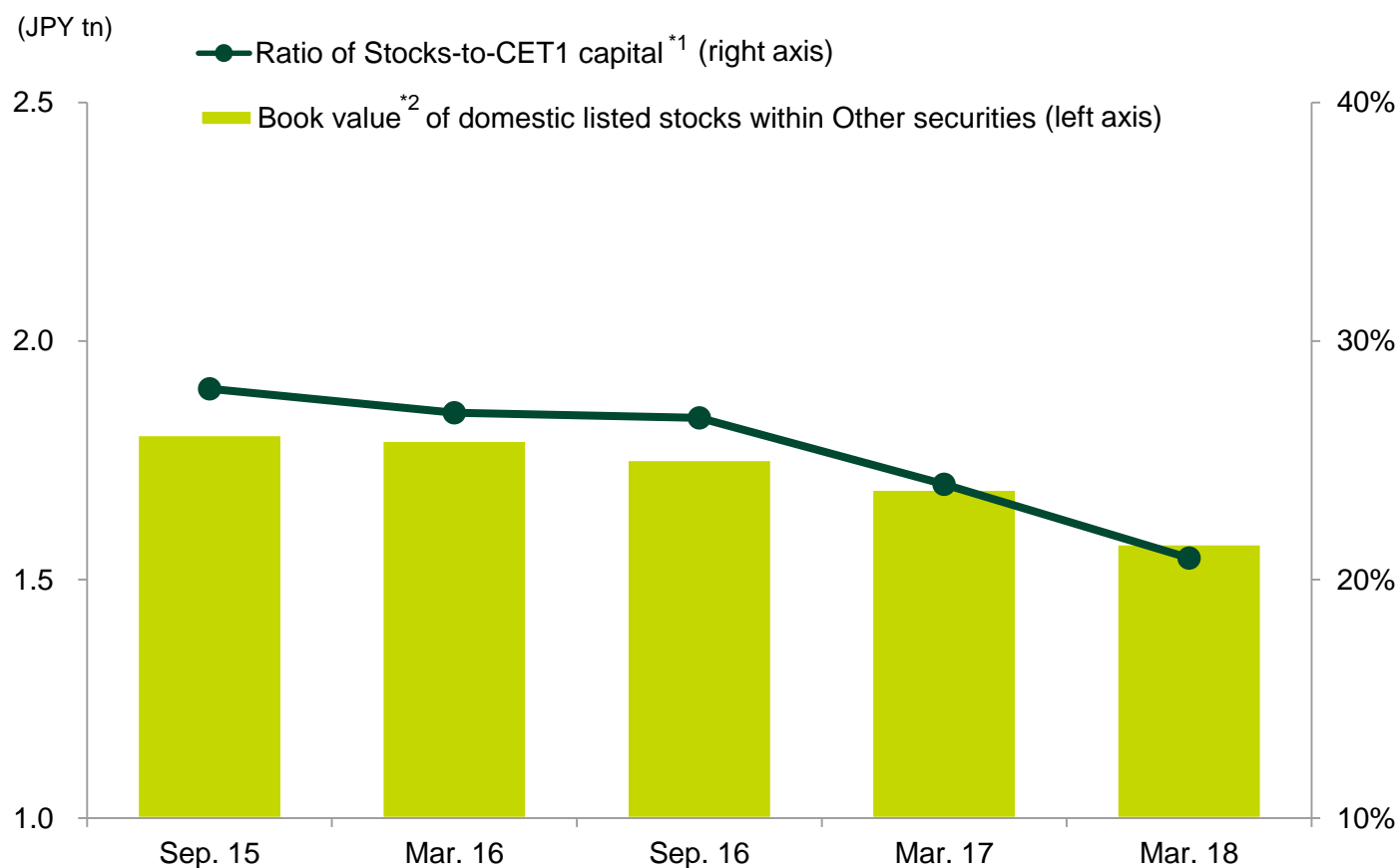
*2 Excludes bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero.

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

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 (Consolidated basis)

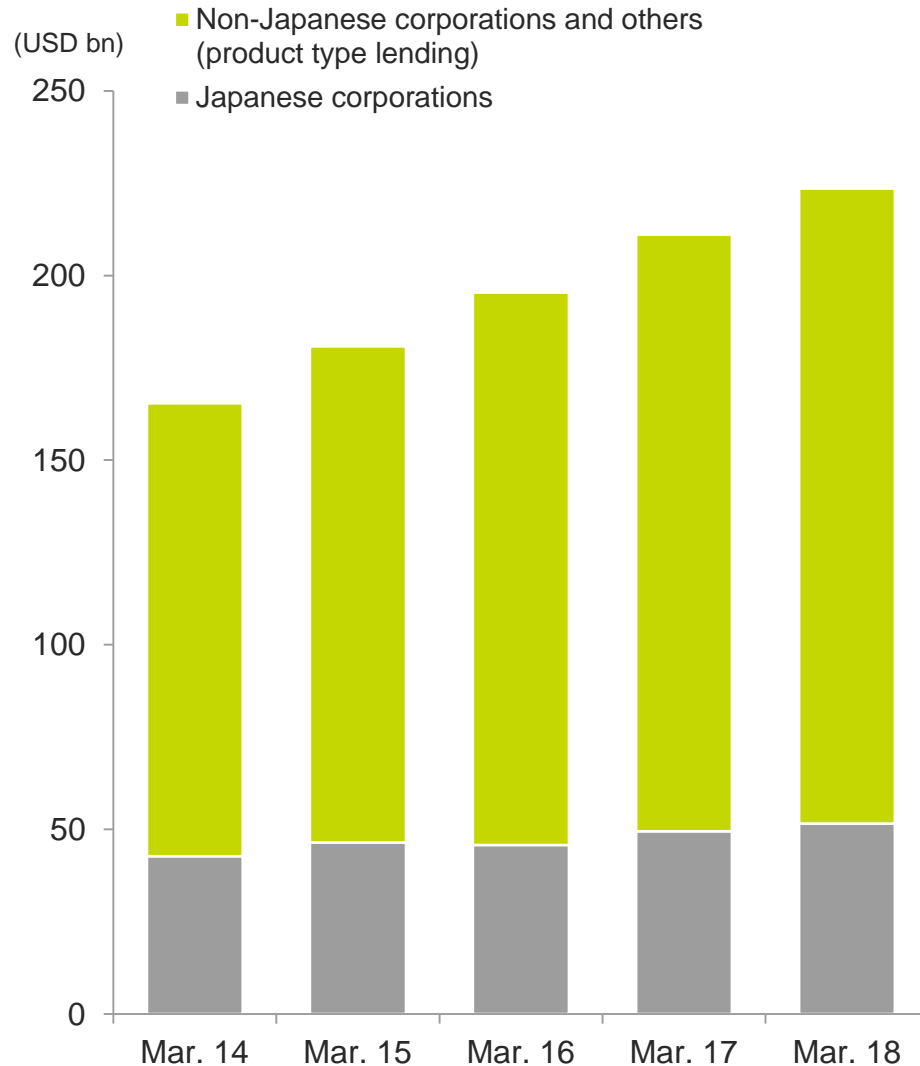


^{*1} Book value of domestic listed stocks / CET1 (Basel III fully-loaded basis, excluding net unrealized gains on Other securities)

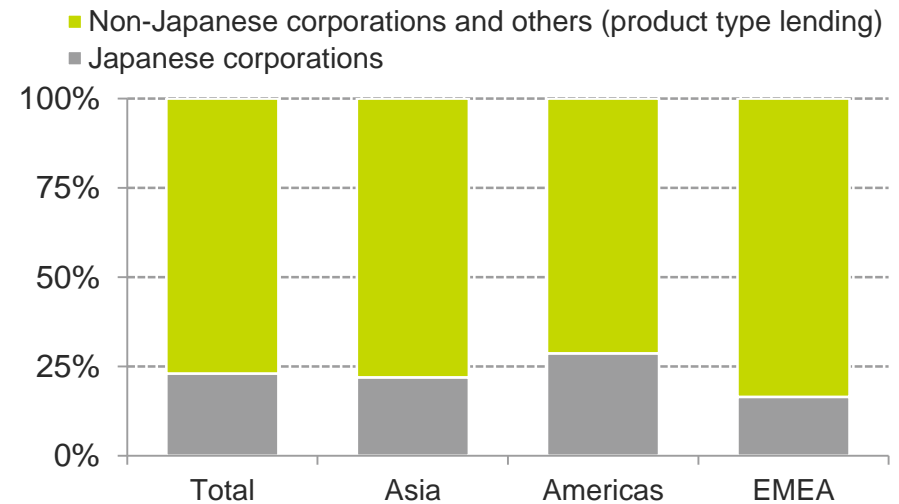
^{*2} Same meaning as acquisition cost

Overseas loan balance classified by borrower type*1

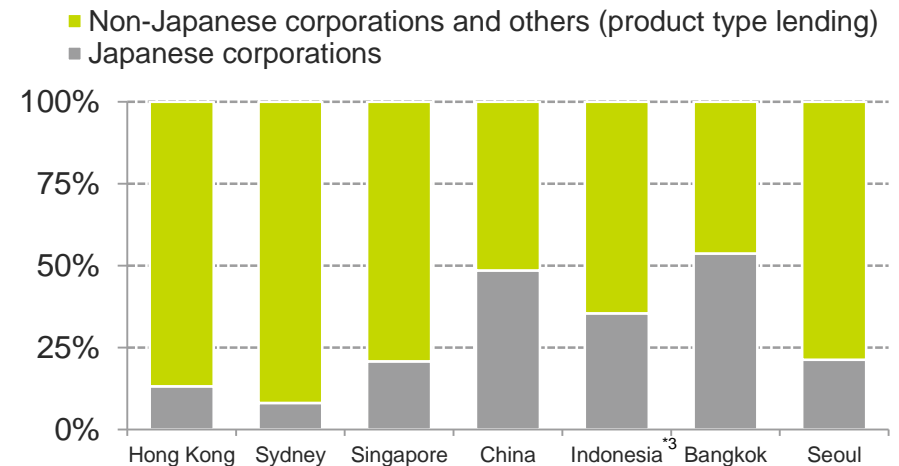
Total*2



By region (Mar. 2018)*2



Major marketing channels in Asia (Mar. 2018)*2



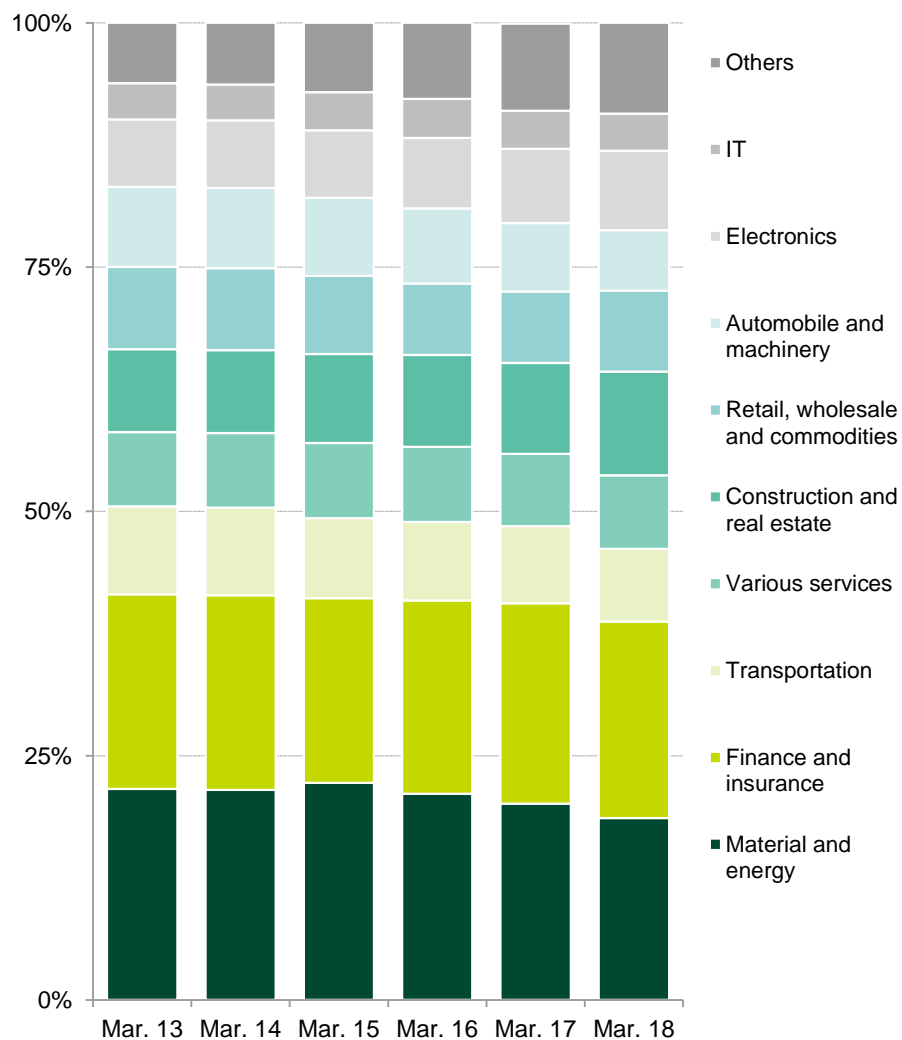
*1 Geographic classification based on booking office *2 Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China), except for Indonesia. Includes trade bills after Mar. 2015

*3 Sum of SMBC and SMBC Indonesia

Overseas loan balance classified by industry and domicile

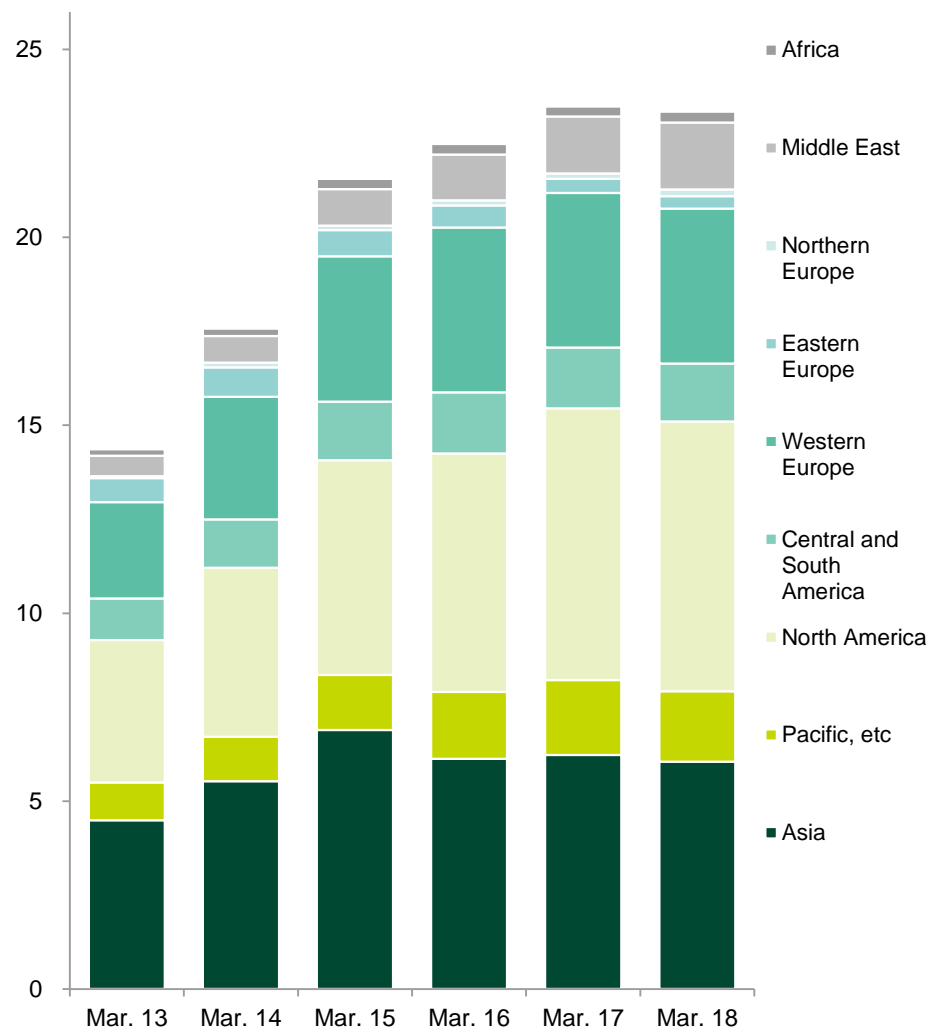
(Geographic classification based on domicile of borrowers)*

By industry



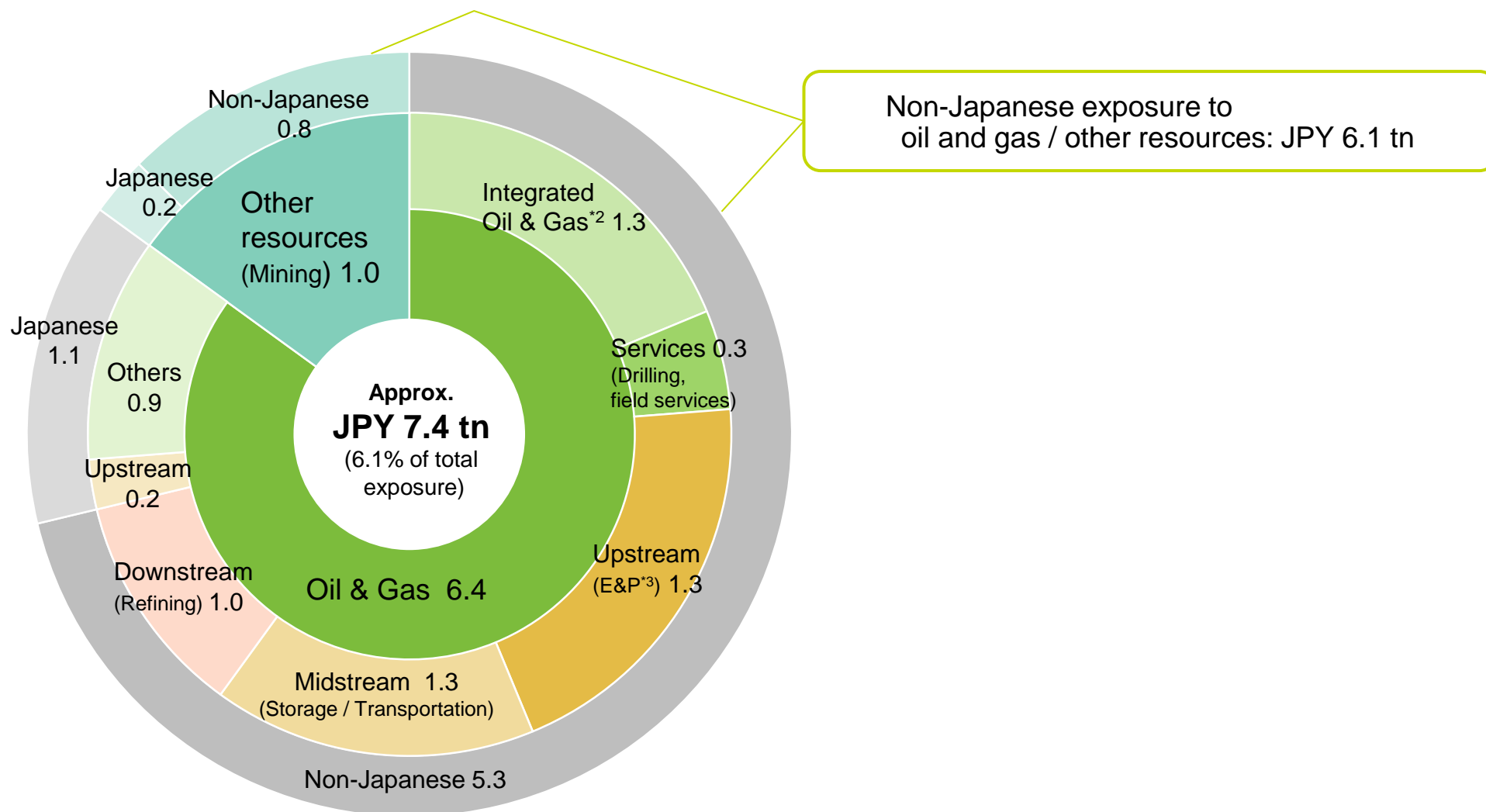
By domicile

(JPY tn)



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

Exposure to resources related sectors*¹ (as of Mar. 31, 2018)

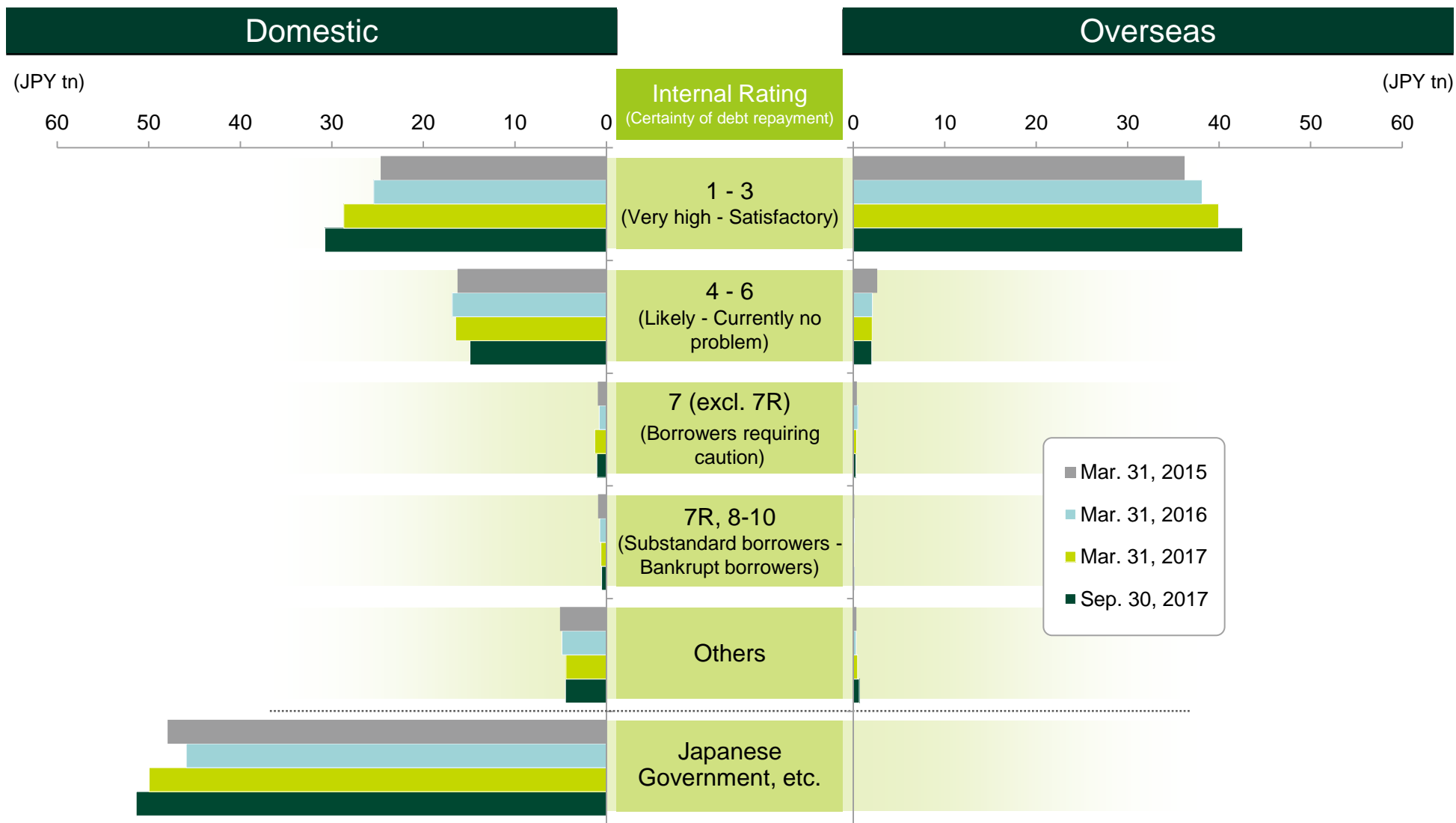


*¹ Loans, commitment lines, guarantees, investments, etc. Sum of SMBC, SMBC Europe and SMBC (China)

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

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

Corporate, sovereign and bank exposures*

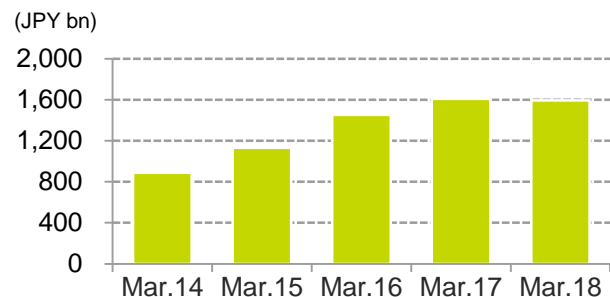


(Consolidated)

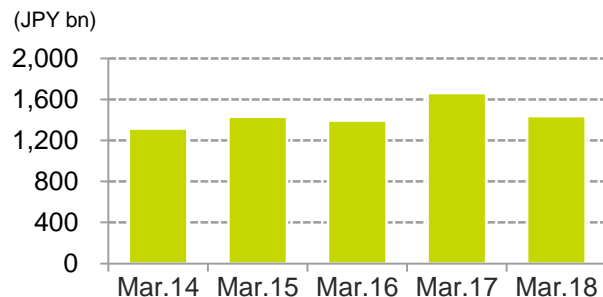
* Exposures include credit to domestic and overseas commercial / industrial companies, individuals for business purposes, sovereigns, public sector entities, and financial institutions.

Loan balance in Asian countries/areas ^{*1}

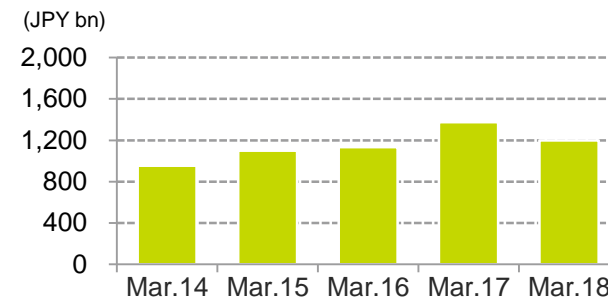
Australia



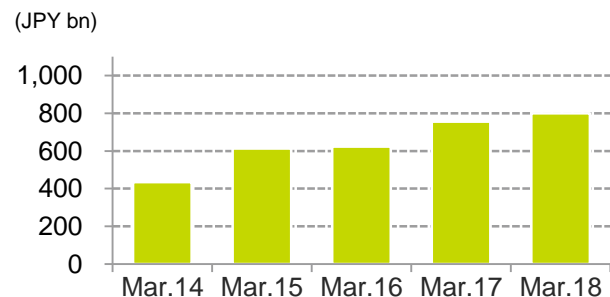
Hong Kong



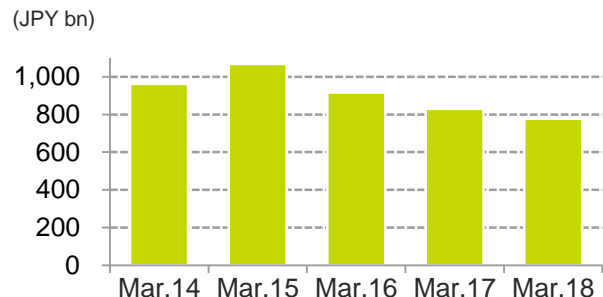
Singapore



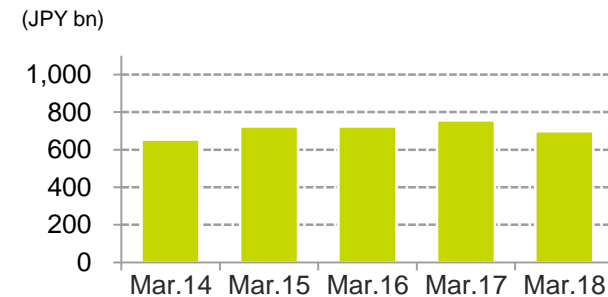
Indonesia



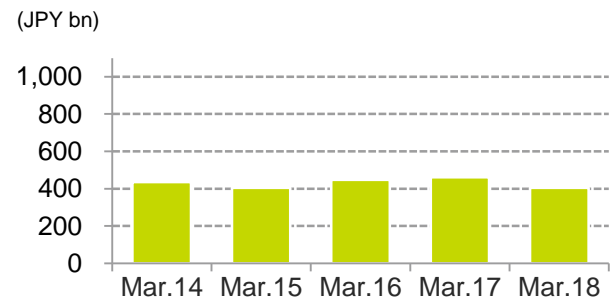
China



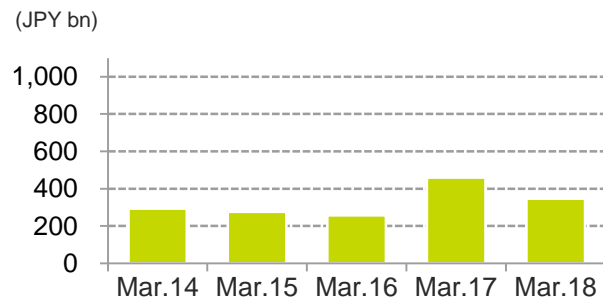
Thailand



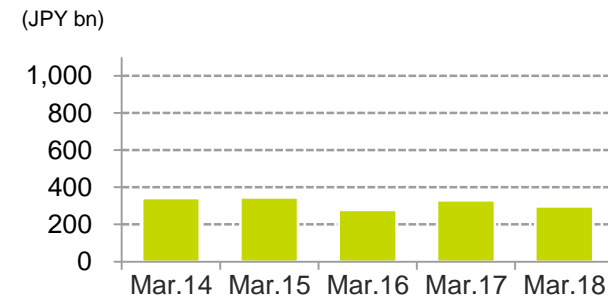
India



Taiwan



Korea

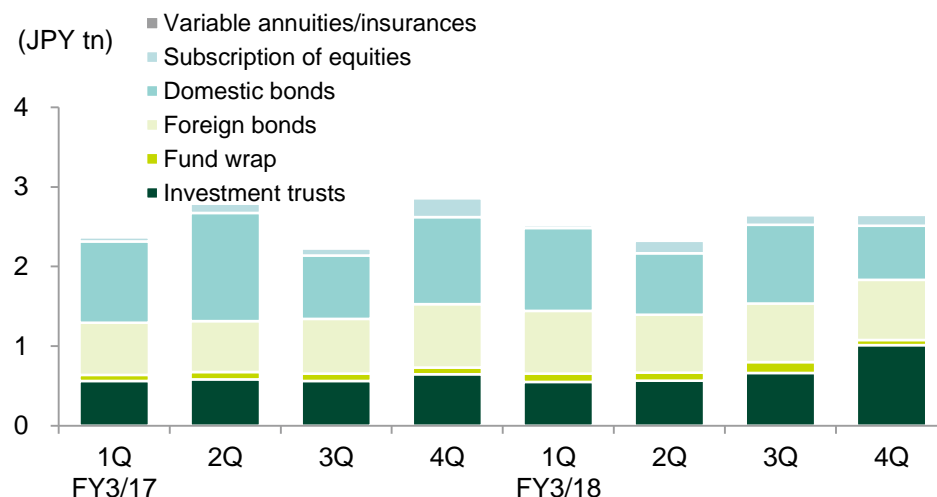


^{*1} Managerial accounting basis. Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Indonesia. Loan balances are translated into JPY at the exchange rate of Mar. 2018

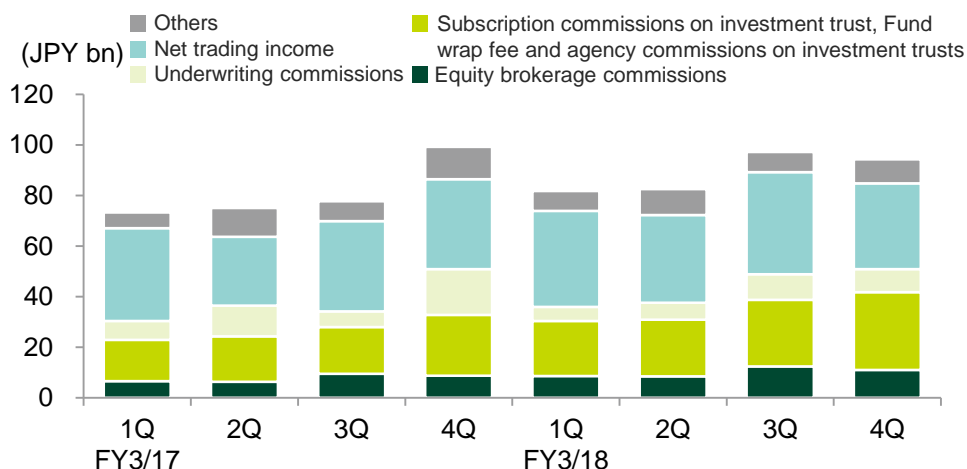
Financial results (consolidated)

(JPY bn)	FY3/17	FY3/18	YoY
Net operating revenue	326.7	357.3	+30.6
SG&A expenses	250.9	267.6	+16.7
Ordinary income	80.0	94.9	+14.9
Profit attributable to owners of parent^{*1}	46.9	63.7	+16.8

Product sales^{*2}



Net operating revenue^{*2}



League table (Apr. 2017 - Mar. 2018)^{*3}

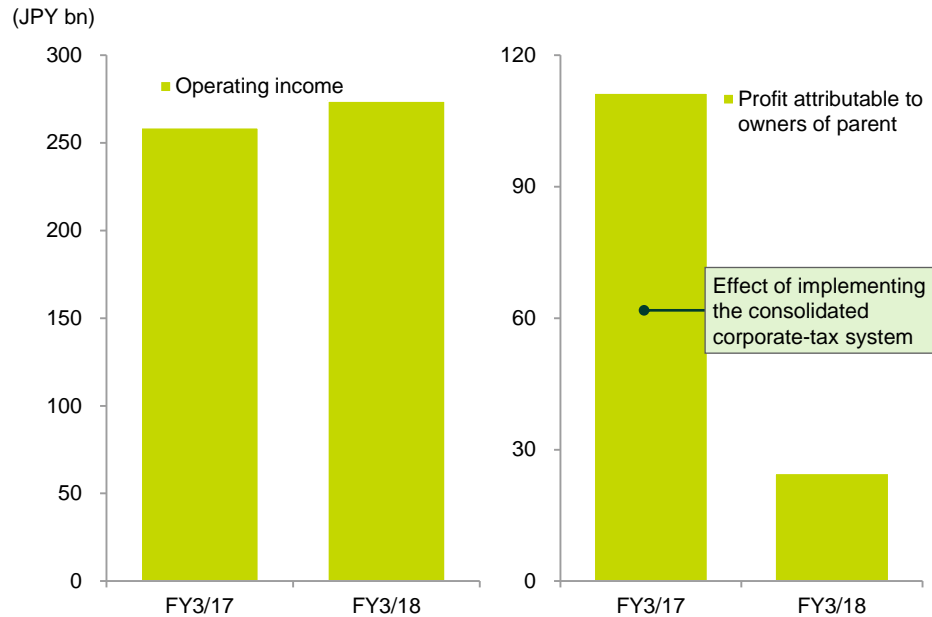
		Rank	Mkt share
SMBC Nikko	Global equity & equity-related (book runner, underwriting amount)^{*4}	#5	11.4%
	JPY denominated bonds (lead manager, underwriting amount)^{*5}	#4	17.2%
	Japanese corporate bonds (lead manager, underwriting amount)	#4	17.0%
SMBC Group	IPO (lead manager, No. of deals)^{*6,7}	#3	19.0%
	Financial advisor (M&A, No. of deals)^{*7}	#1	6.4%
	Financial advisor (M&A, deal volume)^{*7}	#7	9.1%

^{*1} Recorded loss of JPY 12.0 bn as extraordinary loss in 2H, FY3/17 on restructuring and liquidation of business alliance with Barclays

^{*2} 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. Includes sale of fund wrap from FY3/18 ^{*3} Source: SMBC Nikko, based on data from Thomson Reuters

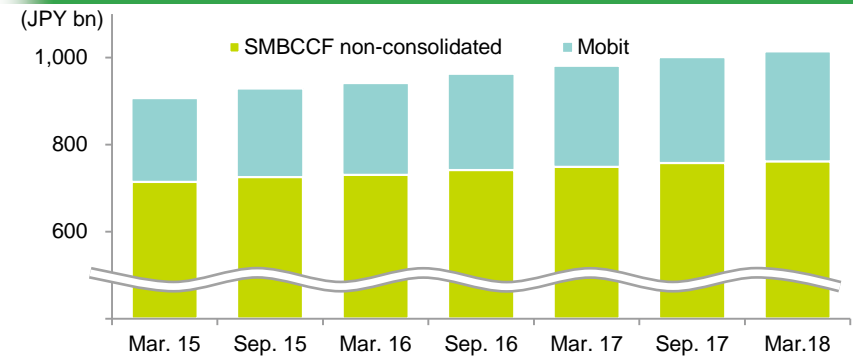
^{*4} Japanese corporate related only. Includes overseas offices ^{*5} Consisting of corporate bonds, FILP agency bonds, municipality bonds for proportional shares as lead manager, and samurai bonds ^{*6} Excludes REIT IPO. Includes overseas offices ^{*7} Japanese corporate related only

Consolidated operating income and Profit attributable to owners of parent

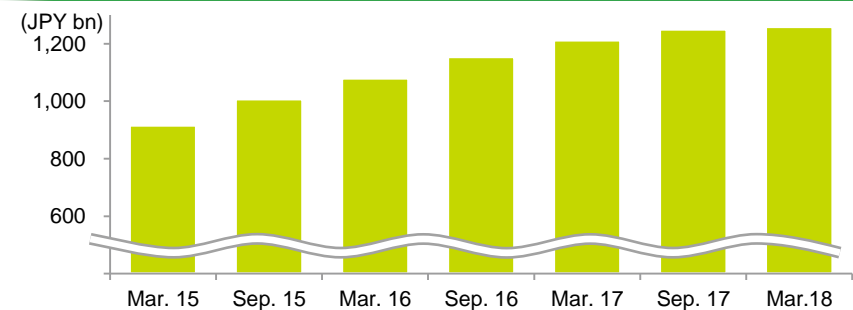


Financing / loan guarantee business

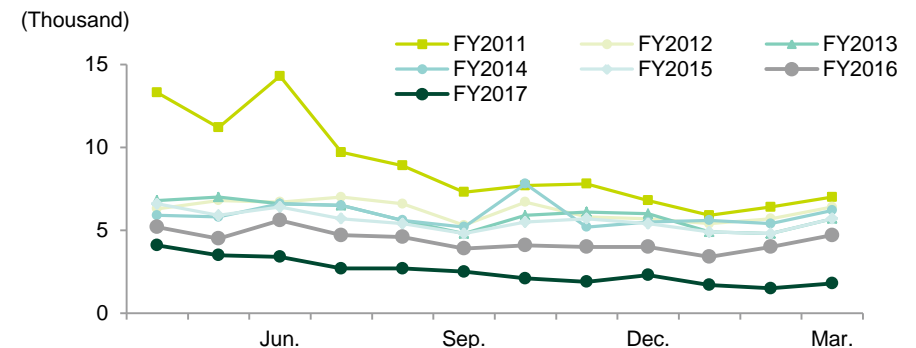
Consumer loans outstanding (domestic)



Loan guarantee amount

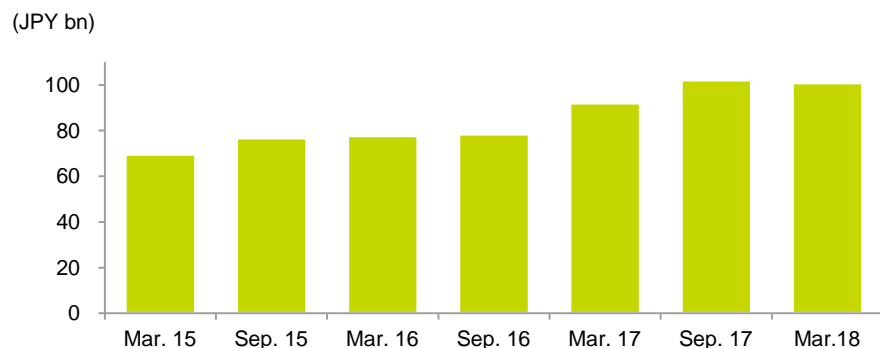


No. of interest refund claims



Overseas business

Consumer loans outstanding (overseas)*



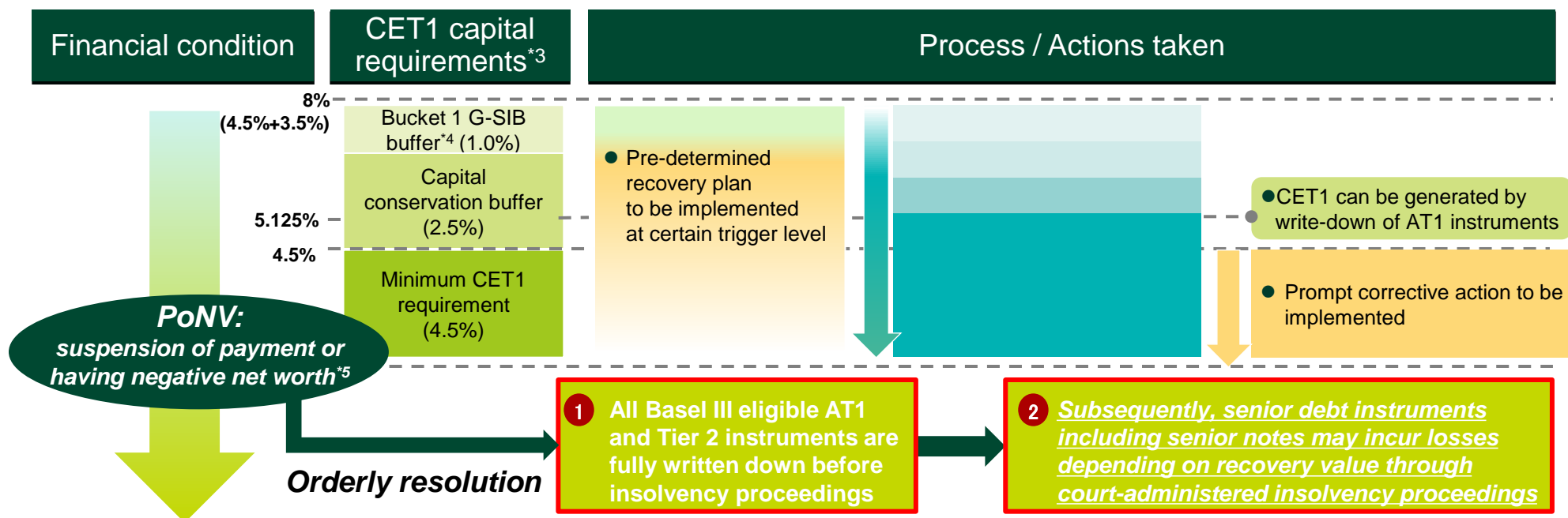
* Aggregate of overseas subsidiaries. Translated into JPY at respective period-end exchange rates

Safeguards before incurring losses at PoNV - 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. SMFG will also be required to meet various capital requirements, a breach of which will result in certain corrective measures

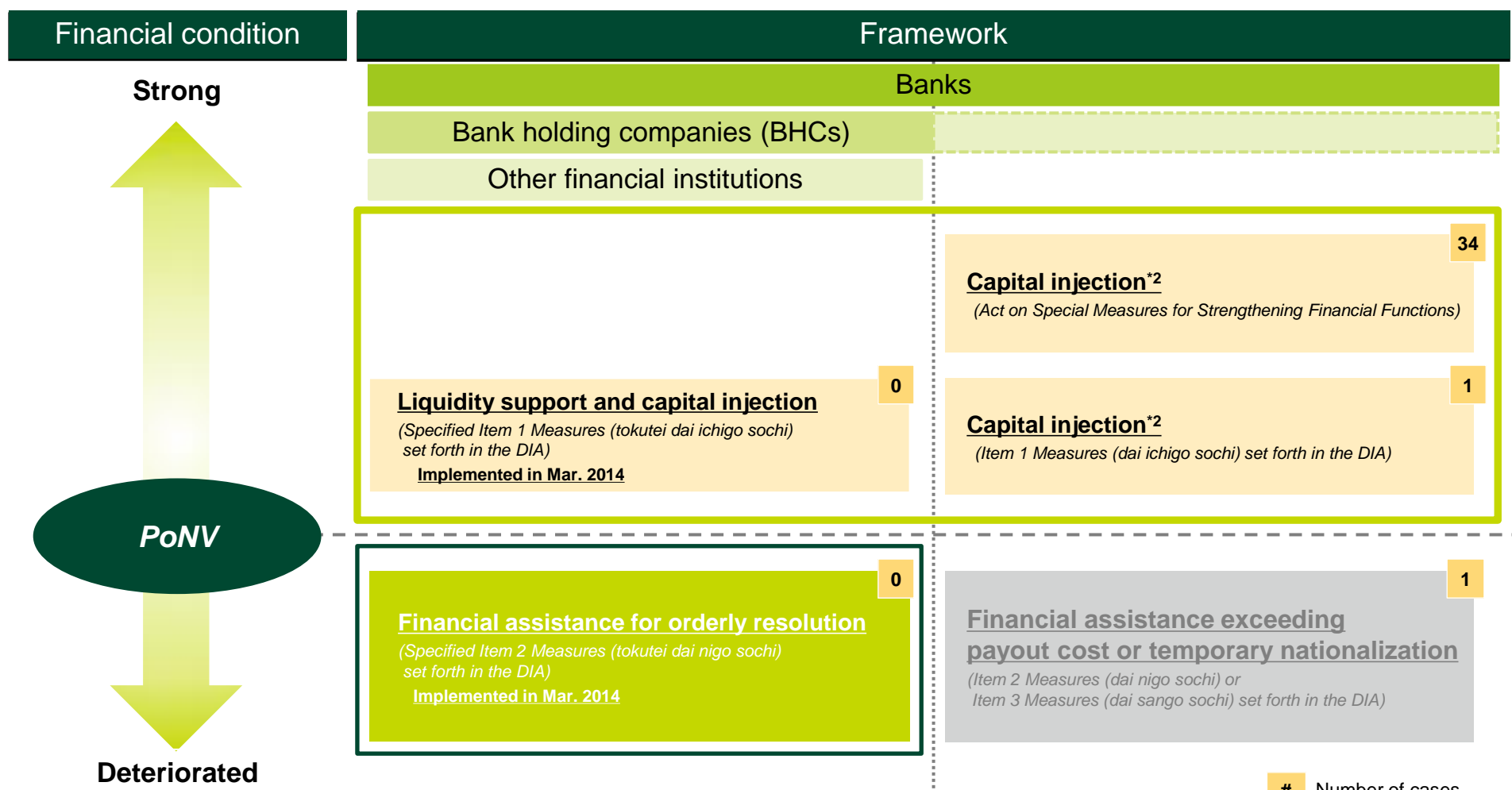


^{*1} Based on a possible model of Japanese G-SIB's resolution under the SPE resolution strategy as set out in "The FSA's Approach to Introduce the TLAC Framework" published in Apr. 2016 and revised in Apr. 2018 ("the FSA's Approach") ^{*2} Except for the amounts that have become due and payable prior 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. 2017 ^{*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



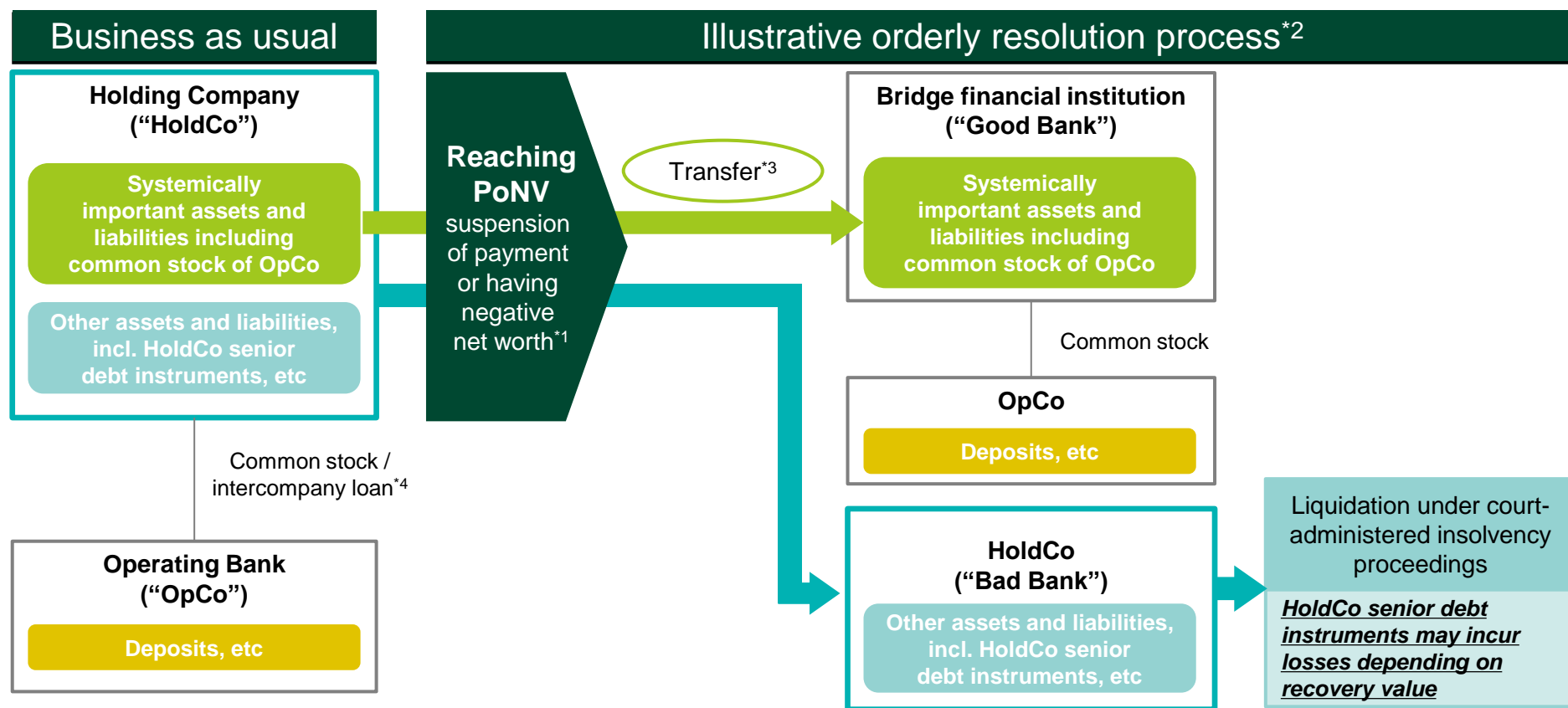
*1 There is no assurance that any such measures would be applied in any given case

*2 Capital injection may be made through BHCs

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^{*2}

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>)	-	229.3 (16 cases)
			Total 674.8 (34 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 point of non-viability in Japan

Framework		Systemic risk	Subject entities	Conditions	Point of non-viability
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)	Item 1 measures <i>Capital injection</i>	Required (Credit system in Japan or in a certain region)	Banks only	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	
Introduced in Mar. 2014 Article 126-2 of DIA	Specified Item 1 measures <i>Liquidity support Capital injection</i>	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 <i>Supervision or control and 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

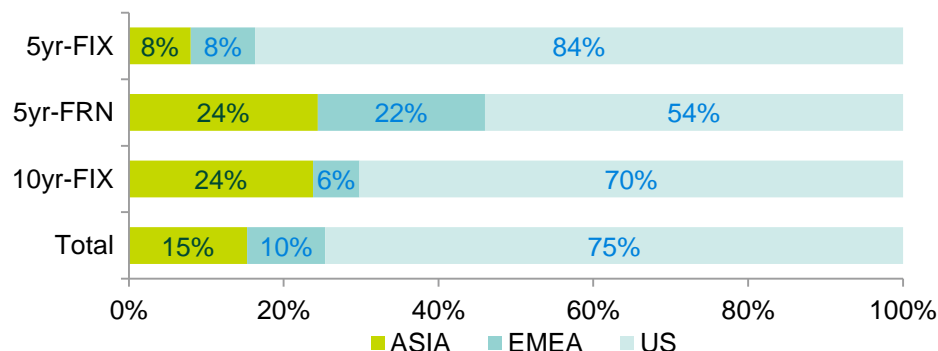
*3 Specified in Q&A published by FSA on March 6, 2014

SMFG USD denominated senior notes

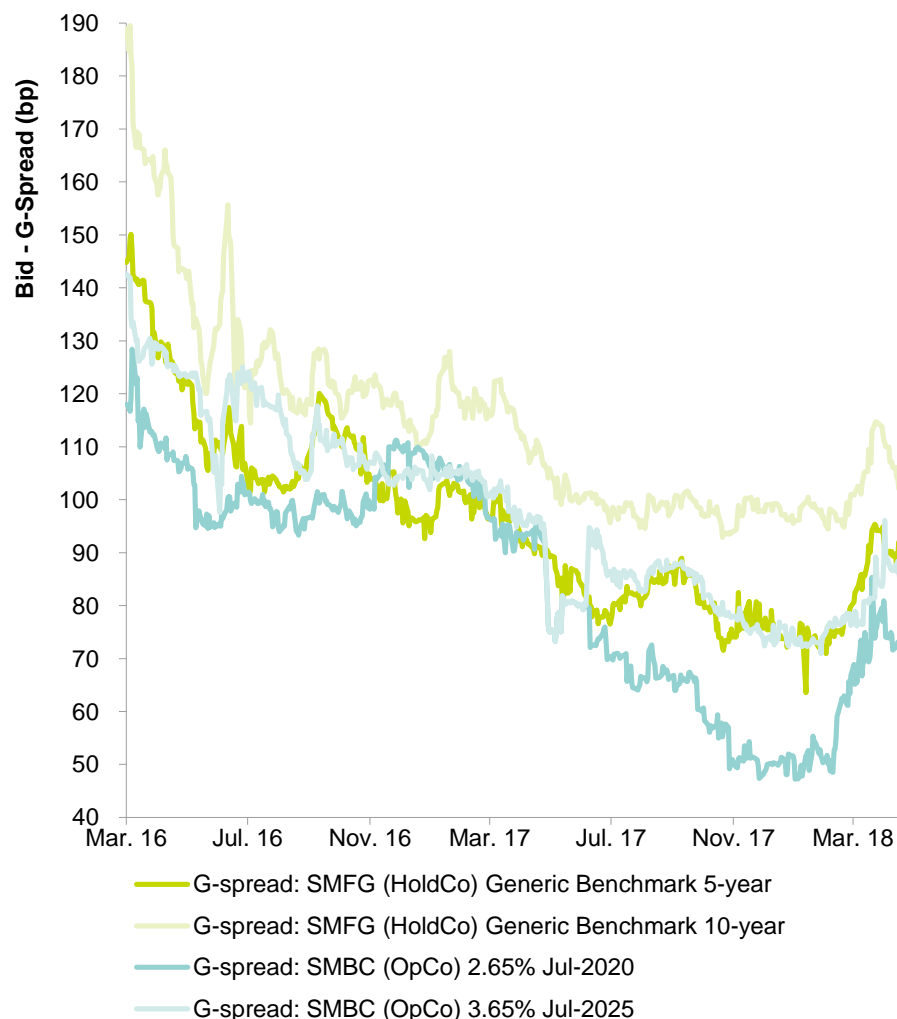
Transaction summary

	5-year Senior Fixed Rate Notes	5-year Senior Floating Rate Notes	10-year Senior Fixed Rate Notes
Issuer	SMFG		
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	\$750mn
Coupon	3.102%	US\$3m Libor + 74bp	3.544%
Spread	UST+78bp	US\$3m Libor + 74bp	UST+100bp
Ratings	A1 (Moody's) / A- (S&P)		
Listing	Luxembourg Stock Exchange's Euro MTF Market		
Pricing Date	Jan. 9, 2018		
Format	SEC Registered		

Geographical breakdown of allocation



Secondary performance^{*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 Apr. 27, 2018

ESG: Environment, Society

- Started to investigate and analyze climate-related impact according to TCFD.
Plan to disclose loan policy for coal-fired power plant
- As one of the initiatives to promote diversity, achieved the target of female managers ratio earlier than planned

Environment

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” (by Financial Stability Board)
- Analyze and quantify data of climate-related impact according to TCFD and plan to disclose its progress as required
- Plan to revise and disclose the loan policy for coal-fired power plant at SMBC

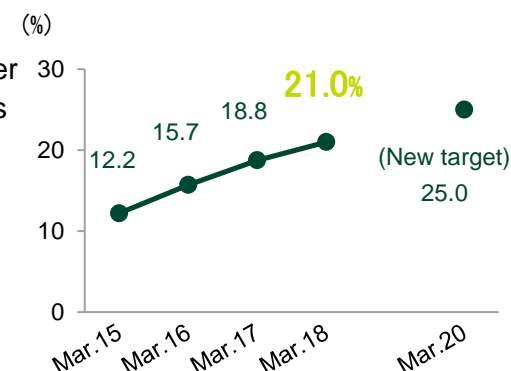
Issued Euro-denominated green bond (Oct. 2017, EUR 500 mn)

- Outline**
- First Euro-denominated green bond (TLAC bond) issued by SMFG*1
 - First project along the Green Bond Guidelines, 2017*2
 - Obtained a second opinion from Sustainalytic
- Objective**
- Support to achieve the Sustainable Development Goals (SDGs)
 - Enhance environmental businesses
 - Meet investor’s needs

Society

Diversity & Inclusion

- SMBC achieved the former target of female managers ratio, “20% by Mar. 21” earlier than planned
- New target of “25% by Mar. 20” is set



- SMBC received Top Gold Rating on PRIDE index evaluation for LGBT-related initiatives
- Amended employment regulation regarding same-sex partnership



Included in ESG indices selected by GPIF

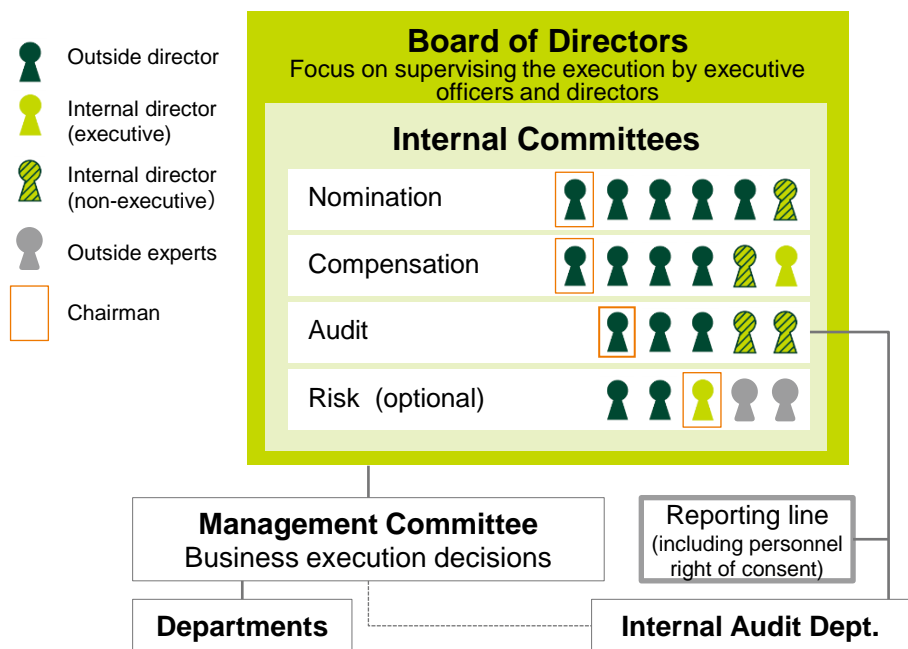


2017 Constituent
MSCI Japan ESG
Select Leaders Index

*1 SMBC issued green bond in 2015 *2 “Green Bond Guidelines, 2017” (established by the Ministry of the Environment in March 2017)

- Enhance governance framework by transforming into a Company with Three Committees
- Seven outside directors with various knowledge and experience have been appointed

Governance framework



Transformed into a Company with Three Committees (Jun. 2017)

- Establish standard G-SIFI governance framework
- Strengthen the supervisory function of the Board of Directors
- Expedite execution of operations

Board of Directors, outside directors

Composition and operation of the Board of Directors

Internal Director (executive)
7 directors

Internal Director (non-executive)
3 directors



Outside Director
7 directors

Expertise

Management	3
Finance/accounting	1
Law	2
Diplomacy	1




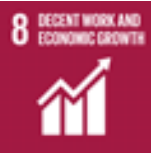






FY	FY3/17	FY3/18
# of meetings	14	10
# of agenda items	144	82

Outside director exclusive meetings

- Held to exchange information and share their perception from an independent and objective standpoint. Feedback of the discussion is given to management
- Held twice in FY3/18

ESG: SDGs

- Selected the goals to focus on through our business to realize the Sustainable Development Goals (SDGs)

Goals to focus	E	S		G
	Environment	Next Generation	Community	Governance
	 	  	 	  
Retail	<ul style="list-style-type: none"> ➢ Cashless, transactions without bankbook ➢ Electronic contract by tablets 	<ul style="list-style-type: none"> ➢ Improve financial literacy ➢ ESG investment trusts 		
Wholesale	<ul style="list-style-type: none"> ➢ Assessment loan (ESG/SDGs Assessment loan, etc.) 	<ul style="list-style-type: none"> ➢ Support growing companies, taking initiatives to realize smart mobility 	<ul style="list-style-type: none"> ➢ Assessment loan (SMBC Workstyle Reform loan, etc.) 	
International	<ul style="list-style-type: none"> ➢ Establish loan policy and support businesses regarding environmental/ social risk ➢ Renewable energy projects 	<ul style="list-style-type: none"> ➢ Take initiatives toward financial inclusion (retail business in Asia, etc.) 	<ul style="list-style-type: none"> ➢ Multi franchise strategy in Asia 	
Global markets	<ul style="list-style-type: none"> ➢ Promote eco-business and reduce environmental burden through issuing green bonds 	<ul style="list-style-type: none"> ➢ Improve convenience of financial market through promotion of digitalization 	<ul style="list-style-type: none"> ➢ Provide solutions to form a healthy and active financial / capital market 	

SMFG / SMBC's Green Bond Initiative

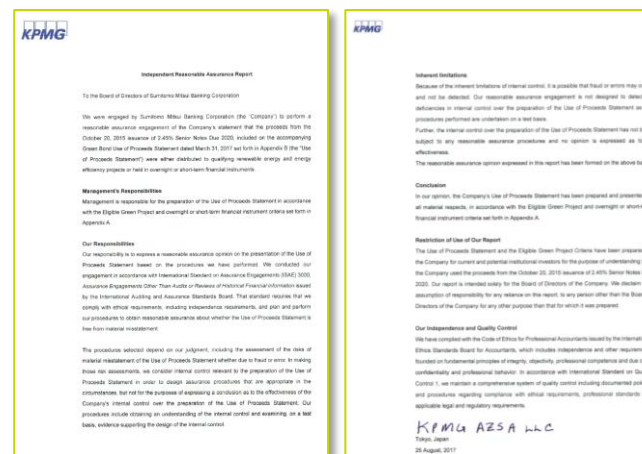
- SMBC took a market leadership role as the first megabank in Japan to issue a green bond in October 2015 (“SMBC GB”), to meet increased demand from investors for responsible investments
- SMFG's green bond issued in October 2017 (“SMFG GB”) is the first bond by a Japanese issuer that is aligned with the four pillars of “The Green Bond Guidelines” by the Ministry of the Environment Japan and “The Green Bond Principles” by the International Capital Market Association

Overview of SMFG / SMBC's green bond Issuance

	SMBC GB	SMFG GB
Issuer	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Financial Group
Currency	US\$	EUR
Issue Amount	US\$ 500mm	EUR 500mm
Pricing date	Oct. 14, 2015	Oct. 4, 2017
Issue date	Oct. 20, 2015	Oct. 11, 2017
Maturity	5 years	7 years
Coupon	2.45%	0.934%
Independent Review	KPMG AZSA LLC ^{*1}	Sustainalytics ^{*2}

SMBC GB Annual Reporting

KPMG Attestation Letter



Green Impact Report^{*3}

Green Impact 2017

The table below shows the estimated annual Green Impact of each project funded by the proceeds of the SMBC Green Bond. The Green Impact of each renewable energy project is shown in terms of CO₂ emissions reduction.

as of MAR.31 2017

Area	Category	Capacity	Estimated Annual Green Impact
Renewable Energy	Wind	1,426MW	2,322,782 t-CO ₂
	Biomass	433,953 t/pa	82,521 t-CO ₂
	Solar	50 MW	8,256 t-CO ₂
	Total CO ₂ reduction		2,413,560 t-CO ₂

Note1: Estimated Annual Green Impact is calculated by the Japan Research Institute, using SMBC inputs and data from the International Energy Agency (IEA) and the Agency for Natural Resources and Energy.

Note2: The calculations do not account for the percentages of project financing (share of financing) attributable to SMBC as a proportion of total project cost.

^{*1} The attestation letter by KPMG as of Mar. 31 2017 can be found at http://www.smbc.co.jp/aboutus/responsibility/environment/green_bond/green_bond_e.html

^{*2} The second opinion by Sustainalytics can be found at http://www.sustainalytics.com/wp-content/uploads/2017/09/SMFG_Green-Bond-Framework-and-Opinion_final.pdf

^{*3} Estimated figures as of Mar 31 2017. See here for further details: http://www.smbc.co.jp/aboutus/responsibility/environment/green_bond/green_impact_2017_e.html

Key aspects of SMFG's Green Bond based on Green Bond Principle 2017

1. Use of proceeds

- The net proceeds will be allocated to Eligible Green Projects
 - (a) Renewable energy
 - (b) Energy efficiency
 - (c) Green buildings
 - (d) Clean transportation
 - (e) Pollution prevention & control
- Project category
- Look back period: [24] month
 - Category based on equator principles: Category B or C



2. Project evaluation and selection

- SMFG's CSR dept. and corporate treasury dept. establishes the eligible project criteria
- SMBC's environmental analysis dept. assesses social and environmental risk and categorizes projects into category A to C based on the equator principles
- SMBC's structured finance dept. evaluates credit of projects and selects the projects which meet the eligible project criteria with the support by JRI, and the corporate treasury dept. determines the Eligible Green Projects to invest in

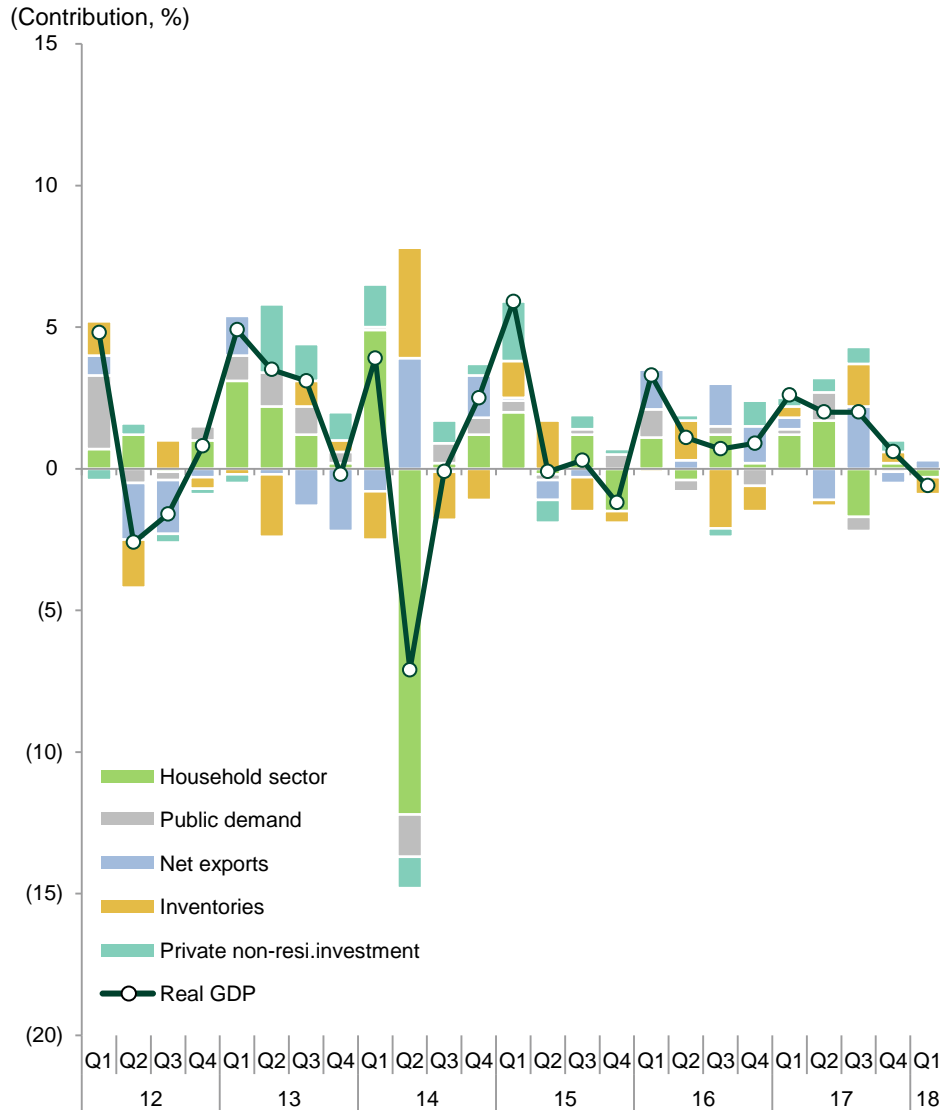
3. Management of proceeds

- SMFG will keep a list of all the Eligible Green Project loans and manage the balance for each Green Bond Project
- Pending proceeds will be invested in overnight or other short-term financial instruments
- Payment of the principal and interest on the Green Bonds will be made from the general funds of SMFG and will not be directly linked to the performance of any Eligible Green Project

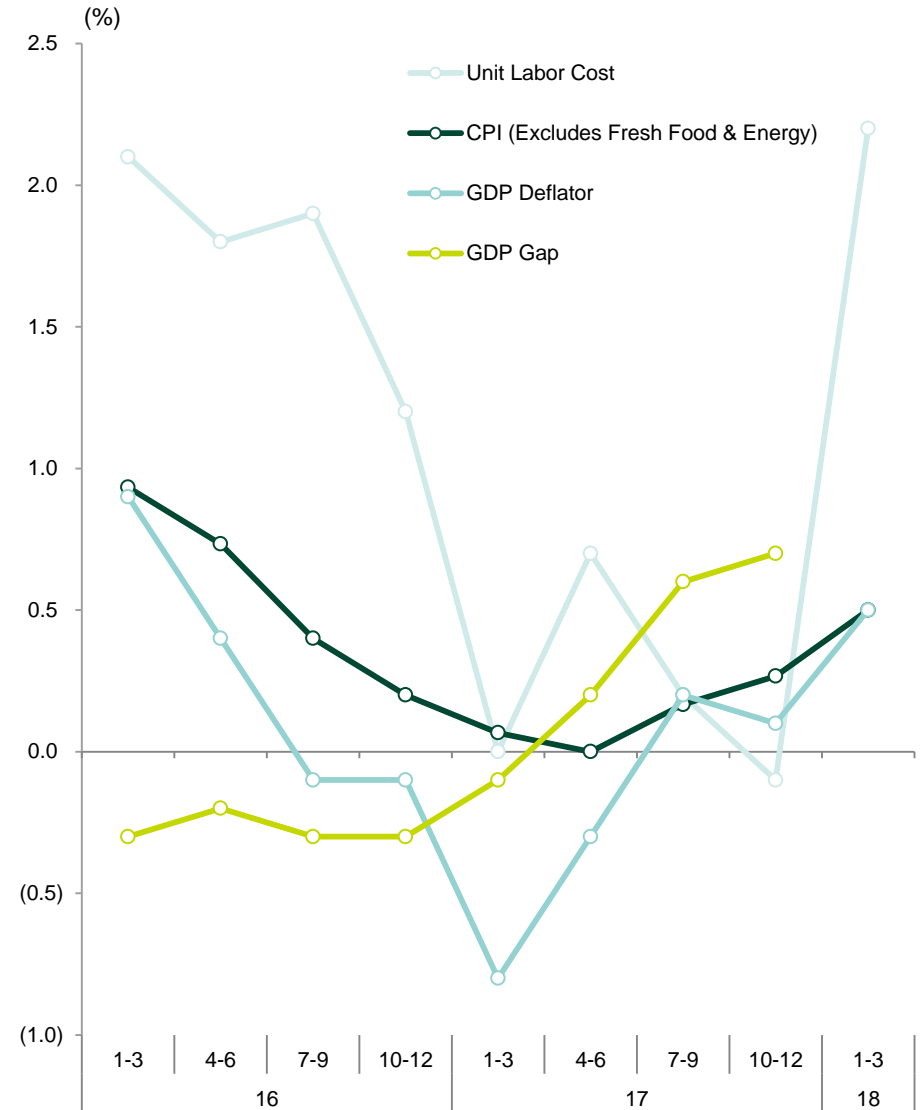
4. Reporting

- SMFG will update information on the allocation of the net proceeds to the Eligible Green Projects
 - Project category, current funded amounts, initial funding dates and contractual maturity dates, and
 - Assertions made by SMFG's management on the allocation, accompanied by a report from **Sustainalytics** 
- SMFG will also report an estimate of the expected tons of CO₂ emission equivalent avoided through Renewable Energy Projects, in conjunction with support from **JRI** 

Real GDP growth rate (annualized QOQ change)*1



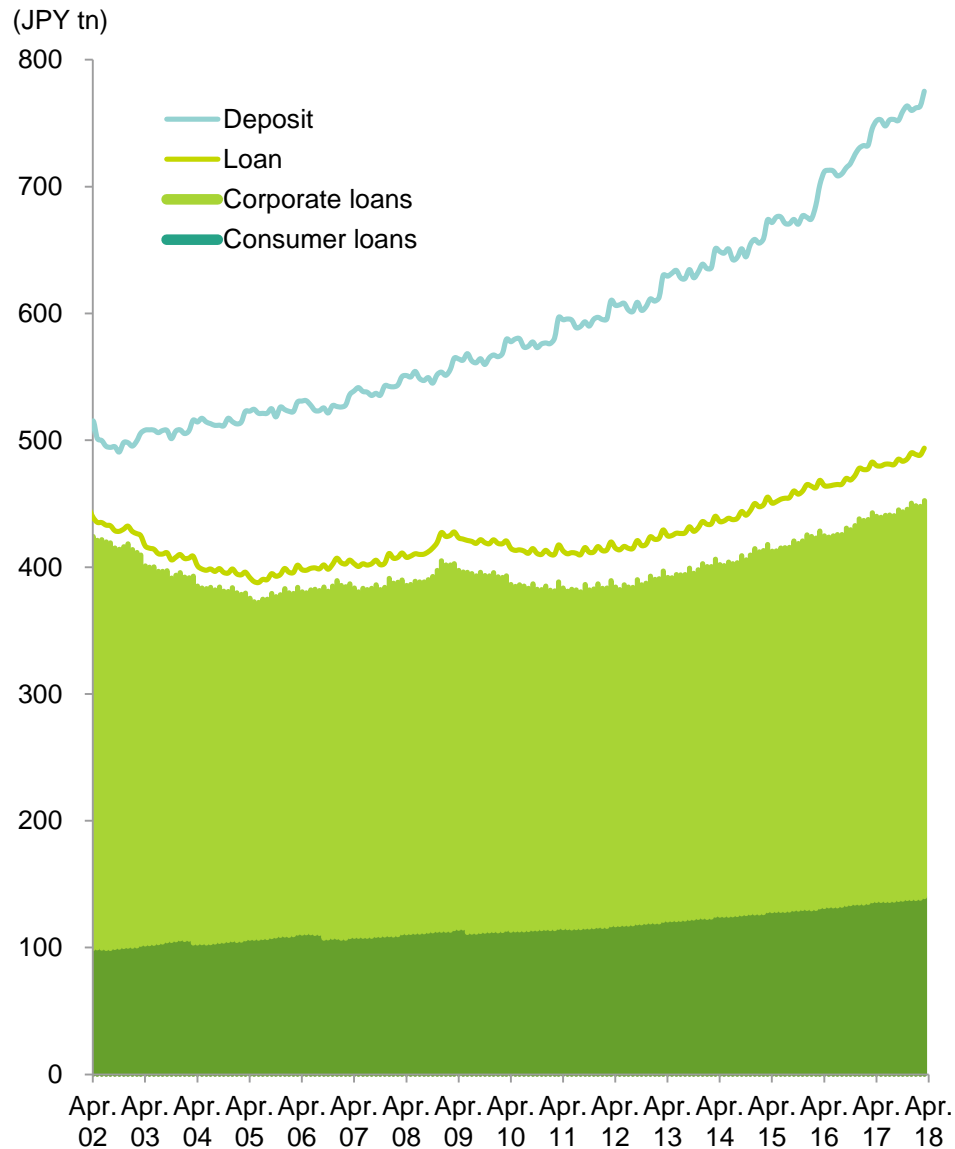
Four indicators to measure progress out of deflation



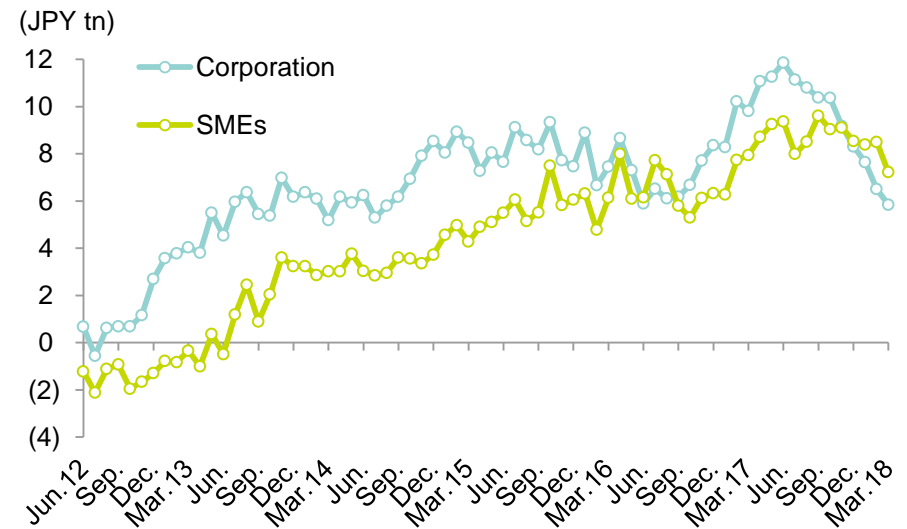
*1 Source: Cabinet Office. Seasonally adjusted series. Household sector = Private consumption + Private residential investment, Inventories = Change in private and public inventory, Public demand = Government consumption + Public investment

Trends of loan and deposit balance in Japan*1

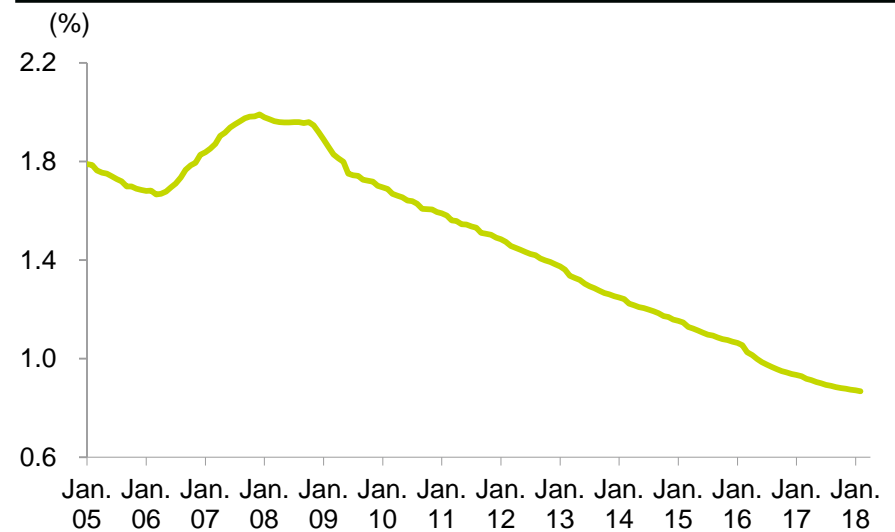
Loan and deposit balance of domestic banks



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. 2016, JPY tn)^{*1}

Closing assets		10,497	Closing liabilities plus net worth		10,497
Households		2,889	Households		315
Financial assets		1,824	Non-financial corporations		1,749
Non-financial assets		1,065	Stocks		800
Land		703	Financial corporations		3,764
Non-financial corporations		2,251	Stocks		127
Financial assets		1,117	General government		1,285
Non-financial assets		1,134	Closing liabilities		7,146
Land		289	Net worth		3,351
Financial corporations		3,925	Households		2,574
General government		1,302	Non-financial corporations		501
Financial assets		604	Financial corporations		161
Financial assets		7,495	General government		18
Non-financial assets		3,002			

*1 Source: Cabinet Office

*2 Source: IMF Stat. The figures shown in the graph are from 2009 to 2016

*3 Source: Ministry of Finance Japan. As of Dec. 31, 2016

Net international investment position ^{*2}

