

Financial Review

Operating Results

Income Summary (SMFG consolidated)

Year ended March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
Consolidated gross profit	2,980.4	2,904.0	▲ 76.4
General and administrative expenses	▲ 1,659.3	▲ 1,724.8	▲ 65.5
Equity in gains (losses) of affiliates	▲ 10.6	▲ 36.2	▲ 25.6
Consolidated net business profit	1,310.5	1,142.9	▲ 167.5
Total credit cost	▲ 7.8	▲ 102.8	▲ 95.0
Gains (losses) on stocks	66.7	69.0	+2.3
Others	▲ 48.2	▲ 123.9	▲ 75.7
Ordinary profit	1,321.2	985.3	▲ 335.9
Profit attributable to owners of parent	753.6	646.7	▲ 106.9

(Reference) Income Summary (SMBC non-consolidated)

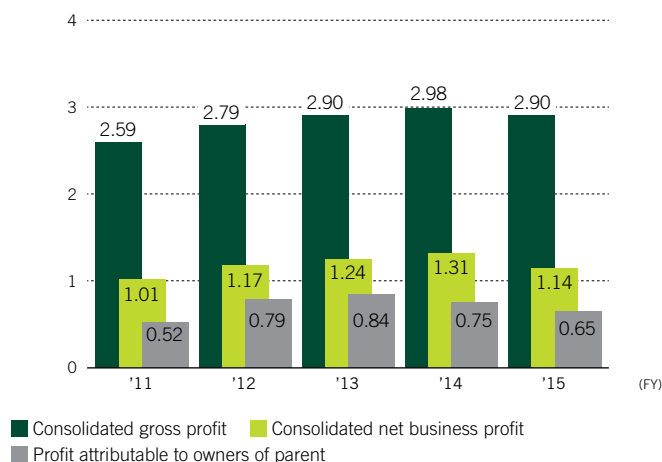
Year ended March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
Gross banking profit	1,634.3	1,534.3	▲ 100.0
Expenses ^{*1}	▲ 791.2	▲ 805.5	▲ 14.3
Banking profit ^{*2}	843.1	728.8	▲ 114.3
Credit cost	80.1	3.2	▲ 76.9
Gains (losses) on stocks	52.6	35.3	▲ 17.3
Others	▲ 19.8	▲ 19.4	+0.4
Ordinary profit	956.0	747.9	▲ 208.1
Net income	643.0	609.2	▲ 33.8

*1 Excluding non-recurring losses

*2 Before provision for general reserve for possible loan losses

► Consolidated gross profit / Consolidated net business profit / Profit attributable to owners of parent (SMFG Consolidated)

(Trillions of yen)



Consolidated net business profit

Despite an increase in revenue from credit card operations at Sumitomo Mitsui Card Company, consolidated gross profit decreased by ¥76.4 billion year-on-year to ¥2,904.0 billion. The primary reasons for the decrease were the fall in net interest income at SMBC due to decreases in interest on loans and discounts, interest and dividends on securities, and an increase in interest on deposits. Sluggish growth in sales of foreign bonds and investment trusts at SMBC Nikko Securities was also a critical factor behind the said decrease.

General and administrative expenses increased by ¥65.5 billion year-on-year to ¥1,724.8 billion mainly due to ongoing investments by SMBC and other subsidiaries to enhance top-line growth. Equity in gains (losses) of affiliates decreased by ¥25.6 billion year-on-year to loss of ¥36.2 billion primarily due to a goodwill impairment loss of investments in PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) resulting from a decline in its share price, offsetting contribution of earnings of The Bank of East Asia, which had become an equity method affiliate in March 2015.

As a result, consolidated net business profit decreased by ¥167.5 billion year-on-year to ¥1,142.9 billion.

Credit cost

Total credit cost increased by ¥95.0 billion year-on-year to ¥102.8 billion. This increase was mainly due to a decrease in gains on reversal of reserve for possible loan losses recognized and for other reasons by SMBC.

Gains (losses) on stocks

Gains (losses) on stocks increased by ¥2.3 billion year-on-year to ¥69.0 billion.

Ordinary profit

Ordinary profit decreased by ¥335.9 billion year-on-year to ¥985.3 billion. This decrease was mainly due to the provisions for losses on interest repayments and for other reasons.

Profit attributable to owners of parent

Profit attributable to owners of parent decreased by ¥106.9 billion year-on-year to ¥646.7 billion, after adjustments of ordinary profit for extraordinary gains and losses and income taxes.

Financial Position

Consolidated Balance Sheet (SMFG consolidated) (Billions of yen)

March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
Assets	183,442.6	186,585.8	+3,143.3
Loans and bills discounted	73,068.2	75,066.1	+1,997.8
Securities	29,633.7	25,264.4	▲ 4,369.2
Liabilities	172,746.3	176,138.2	+3,391.9
Deposits	101,047.9	110,668.8	+9,620.9
Negotiable certificates of deposit	13,825.9	14,250.4	+424.5
Net assets	10,696.3	10,447.7	▲ 248.6

NPLs based on the Financial Reconstruction Act (SMFG consolidated) (Billions of yen)

March 31	2015 (A)	2016 (B)	Increase (decrease) (B) – (A)
NPLs based on the Financial Reconstruction Act (A)	1,174.8	992.7	▲ 182.0
Normal assets	83,475.6	85,579.4	+2,103.8
Total (B)	84,650.3	86,572.2	+1,921.8
NPL ratio (A/B)	1.39%	1.15%	▲ 0.24%

Unrealized Gains (Losses) on Other Securities (SMFG consolidated) (Billions of yen)

March 31	2015	2016	Increase (decrease)
	Consolidated balance sheet amount	Consolidated balance sheet amount	Net unrealized gains (losses) (B) – (A)
Stocks	4,066.0	3,511.9	▲ 481.3
Bonds	13,699.6	10,893.1	+59.2
Others	8,497.9	8,728.5	▲ 275.3
Total	26,263.4	23,133.4	▲ 697.5

Note: The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks" and "Deposits with banks" and beneficiary claims on loan trusts in "Monetary claims bought," etc.

Loans and bills discounted

Loans and bills discounted increased by ¥1,997.8 billion year-on-year to ¥75,066.1 billion. This increase was mainly due to increases in domestic corporate loans and overseas loans, primarily in the Americas, by SMBC.

Deposits

Deposits increased by ¥9,620.9 billion year-on-year to ¥110,668.8 billion. This increase was mainly due to increases in both individual and corporate deposits in Japan and to an increase in overseas deposits resulting from business expansion overseas. Negotiable certificates of deposit increased by ¥424.5 billion year-on-year to ¥14,250.4 billion.

NPLs based on the Financial Reconstruction Act

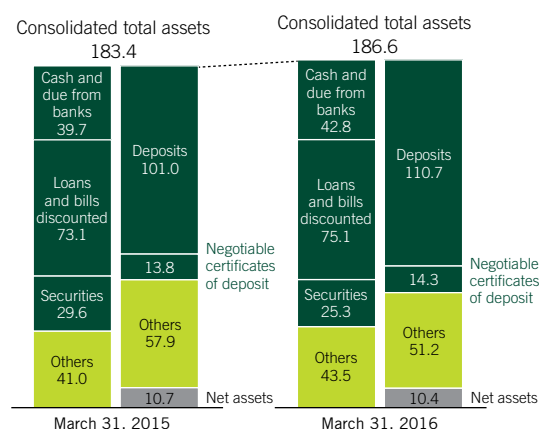
NPLs based on the Financial Reconstruction Act decreased by ¥182.0 billion year-on-year to ¥992.7 billion. As a result, NPL ratio decreased by 0.24 percentage points year-on-year to 1.15%.

Securities

Securities decreased by ¥4,369.2 billion year-on-year to ¥25,264.4 billion. Net unrealized gains on other securities decreased by ¥697.5 billion year-on-year to ¥1,907.5 billion.

Consolidated Balance Sheet (SMFG consolidated)

(Trillions of yen)



Financial Review

Capital

Consolidated capital ratio (international standard) (SMFG consolidated)

March 31	2015 (A)	2016 (B)	(Billions of yen) Increase (decrease) (B) – (A)
Common equity Tier 1 capital	7,476.5	7,796.5	+320.0
Additional Tier 1 capital	1,052.1	1,235.2	+183.1
Tier 1 capital	8,528.6	9,031.7	+503.1
Tier 2 capital	2,437.3	2,204.3	▲ 233.0
Total capital	10,965.9	11,235.9	+270.0
Risk weighted assets	66,136.8	66,011.6	▲ 125.2
Common equity Tier 1 capital ratio	11.30%	11.81%	+0.51%
Tier 1 capital ratio	12.89%	13.68%	+0.79%
Total capital ratio	16.58%	17.02%	+0.44%

Basel III fully-loaded basis (Based on the definition as of March 31, 2019)

Common equity Tier 1 capital	7,917.7	7,901.0	▲ 167
Common equity Tier 1 capital ratio	12.0%	11.9%	▲ 0.1%
(Excludes net unrealized gains (losses) on other securities)	9.0%	9.9%	+0.9%

Capital

Common equity Tier 1 capital increased by ¥320.0 billion year-on-year to ¥7,796.5 billion, and total capital increased by ¥270.0 billion year-on-year to ¥11,235.9 billion, due to an increase in profit attributable to owners of parent.

Risk weighted assets

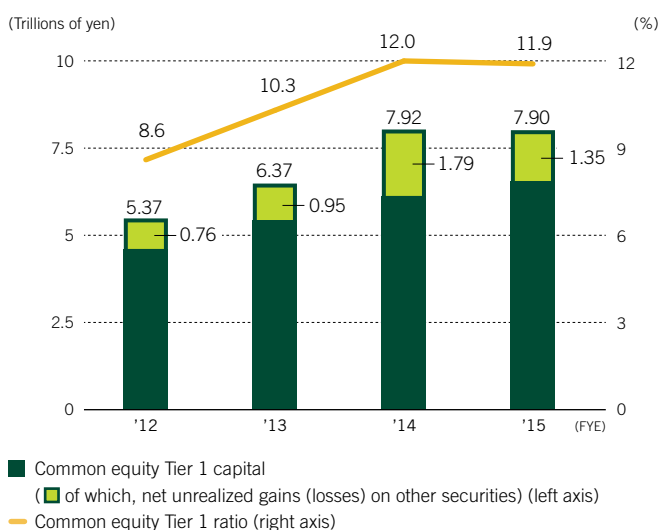
Risk weighted assets decreased by ¥125.2 billion year-on-year to ¥66,011.6 billion. The decrease was mainly due to an influence of yen appreciation, despite assets investments in the Americas and Europe by the International Banking Unit.

Capital ratio

The common equity Tier 1 ratio increased by 0.51 percentage points year-on-year to 11.81%, and the total capital ratio increased by 0.44 percentage points year-on-year to 17.02%.

Calculated on a Basel III fully-loaded basis (based on the definition as of March 31, 2019), the common equity Tier 1 ratio decreased by 0.1 percentage points year-on-year to 11.9%

Common equity Tier 1 ratio (Fully-loaded basis, SMFG consolidated)

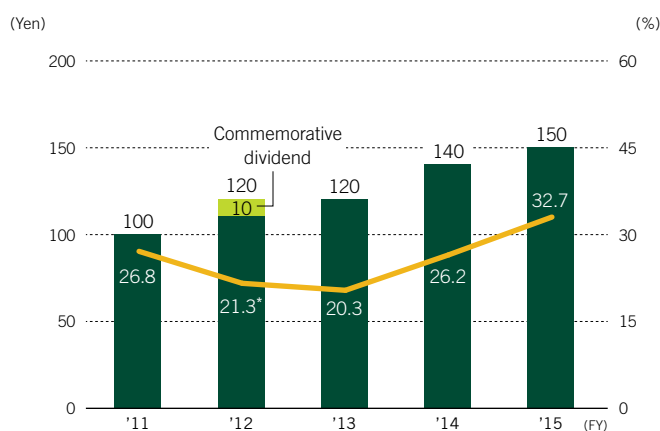


Dividend

Our basic policy is to achieve a sustainable increase in shareholder value and raise dividend per share in a stable manner by realizing higher profitability and growth through growth investments with the focus on efficiency of our capital, while enhancing retained earnings to maintain financial soundness.

In line with this policy, SMFG decides the ordinary dividend per share on common stock was ¥150 in fiscal 2015, a year-on-year increase of ¥10.

► Ordinary dividend per share



■ Dividend per share (left axis) — Dividend payout ratio (right axis)

* Dividend payout ratio including commemorative dividend (¥10 per share)