

Global Markets Business Unit

Hiroshi Munemasa
 Managing Executive Officer
 Head of Global Markets Business Unit



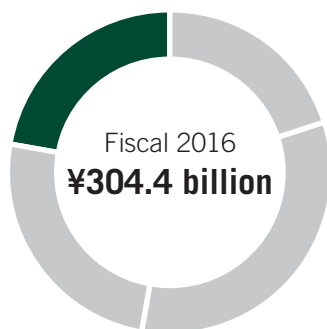
Overview of Business Unit

The Global Markets Business Unit offers solutions through foreign exchange products, derivatives, bonds, stocks, and other marketable financial products and also undertakes asset liability management (ALM) operations, which help comprehensively control balance sheet liquidity risks and interest rate risks.

Strengths

- Ability to provide solutions to customers in a timely manner by amassing global market expertise
- Portfolio management approach that entails proactive monitoring of market changes and quick and appropriate asset rebalancing

Breakdown of Consolidated Net Business Profit



Global Markets Business Unit
21%

Major Operating Companies

Operating Companies	Business Characteristics
SMBC	Market operation bases in Tokyo, New York, Singapore, Hong Kong, and other locations enabling round-the-clock response to market needs through global coordination
SMBC Nikko Securities	Providing stocks, bonds, and other products to wide range of investors through robust domestic customer base, growing scope of operations on a global scale

Medium-Term Management Plan

Business Environment and Challenges

We anticipate the further persistence of opaque, uncertain, and unstable market conditions due to factors such as monetary policies in developed countries, economic trends in emerging countries, and rising global political and geopolitical risks.

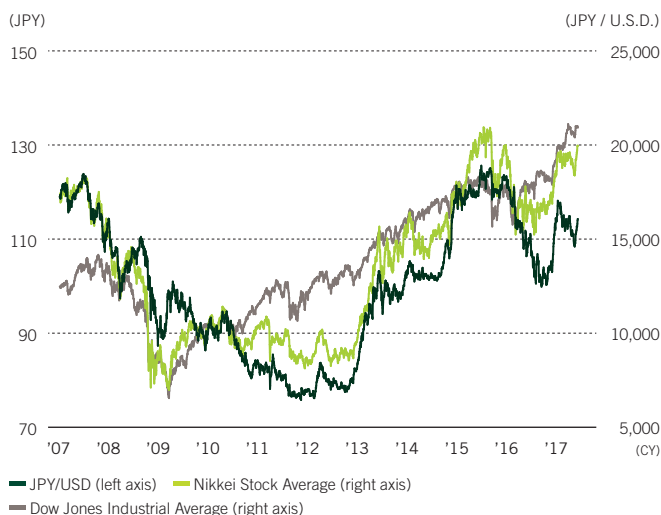
In this environment, there is a need to provide sophisticated solutions to address customers' hedging and asset management needs and also to conduct ALM operations that effectively respond to market changes.

Basic Policies and Directives

We will establish a SMFG brand that demonstrates the ability to respond to unexpected incidents which is backed up by a high level of market sensitivity and is resilient even in the downside phase in the global market-related operations. At the same time, we will achieve profitability and stability through a nimble and dynamic portfolio rebalance based on market conditions.

Furthermore, SMFG companies will share the know-how they have acquired as major market participants by providing solutions to their clients. They will also achieve cost synergies and speed through integration of the common operations within the Group, including product development and compliance with regulations.

USD/JPY, Nikkei Stock Average Index, Dow Jones Industrial Average



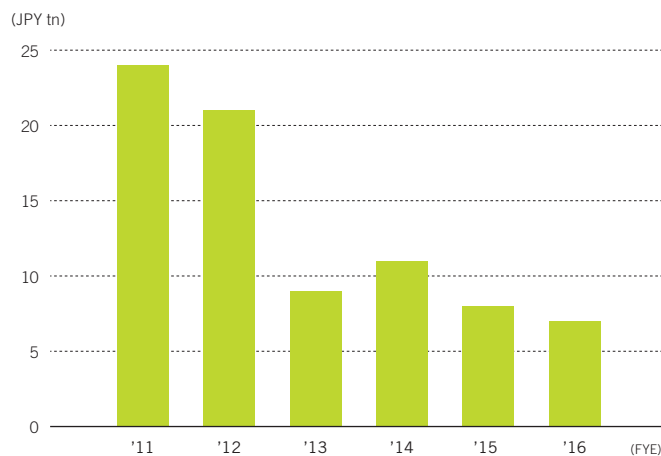
Annual Equity Brokerage Amounts (SMBC Nikko Securities)



Long-Term Government Bond Yields in Japan, the United States, and Germany



Balance of Japanese Government Bonds* (SMBC)



* Japanese government bonds categorized as other securities

Global Markets Business Unit

Priority Strategies

Market Sensitive Nimble Portfolio Management

By conducting various scenario analyses by dealers around the globe, we will strive to find opportunities to optimize our risk-rewards. We will identify signs of market change to take advantage of profit opportunities through proactive monitoring and bold but well-calculated market operations.



SMBC dealing room

Providing Market-Oriented Solutions—S&T Operations

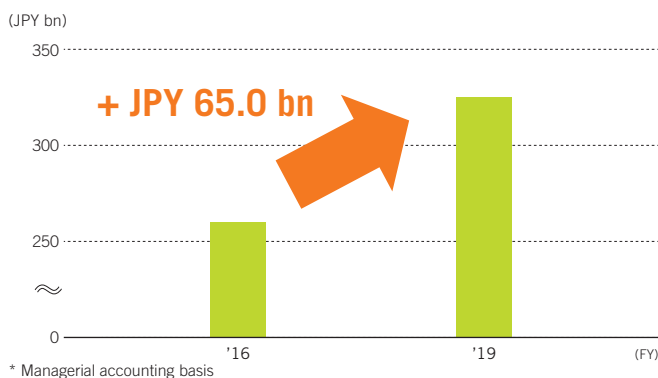
We will provide detailed information on market environments and economic trends to address customers' hedging and asset management needs. In addition, we will expand our product lineup in foreign exchange, derivative, bond, stock, and other products and supply timely solutions to increase customer satisfaction and Group earnings.

Other focuses include improving the convenience of various electronic transactions and actively encouraging use of such transactions to respond to the needs of a wider range of customers.

Strengthening Foreign Currency Funding Capabilities

To support the overseas businesses of SMFG, we will pursue improving stability in foreign currency funding by diversifying funding methods and expanding the scope of investors we target. At the same time, we will appropriately control our balance sheet in response to the international financial regulations.

S&T Profit Target



Strengthening Foreign Currency Funding Capabilities Centered on the Asia-Pacific Region

New Initiatives in Fiscal 2016

Thai baht-denominated senior debt	
Australian dollar-denominated TLAC bonds ^{*1}	
Emerging currency-denominated NCDs ^{*2} (Indonesian rupiah, Malaysian ringgit, etc.)	

*1 TLAC (Total Loss Absorbing Capacity) bonds: Bonds issued by holding company of global systemically important banks (G-SIBs), which covers losses if it defaults.

*2 Negotiable certificates of deposit

Review of Fiscal 2016

The market proved instable in fiscal 2016 in the midst of various important global events, including Brexit, the U.S. presidential election, and the first U.S. Federal Reserve interest rate hike in a year. Nonetheless, we were able to secure steady profits through a nimble portfolio rebalance focused mainly stock index funds.

In S&T operations, we provided solutions and information to customers developing global businesses through domestic-overseas integrated operation and steadily bolstered our lineup of asset management products matched to investor needs.

Currently, more than 19,000 clients are utilizing i-Deal, our electronic foreign exchange execution platform available via the Internet. We are continuously improving the functionality of this platform.

In regard to foreign currency funding, in addition to issuing senior debt including TLAC bonds, we are expanding our range of methods to fund local currencies centered on Asia and Oceania.

Electronic foreign exchange execution platform for corporate clients

i-Deal



System linkage

Foreign overseas remittance and trading transaction service
Global e-Trade service



Topics

Various Seminars for Customers

The Global Markets Business Unit provides customers with information on economic trends and market environments.

In fiscal 2016, we were highly active in holding seminars for customers, and we also conducted other initiatives for supporting the diverse market transactions of domestic and overseas corporations and investors.

Going forward, SMFG will take advantage of its varied channels and expertise to more swiftly supply customers with highly valuable information.



Executive Conference held by SMBC Nikko Securities (Tokyo)



FX Client Event held by SMBC (New York)