

Daiwa Investment Conference Tokyo 2016

Management Strategy

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Sumitomo Mitsui Financial Group, Inc.

March 1, 2016

Agenda

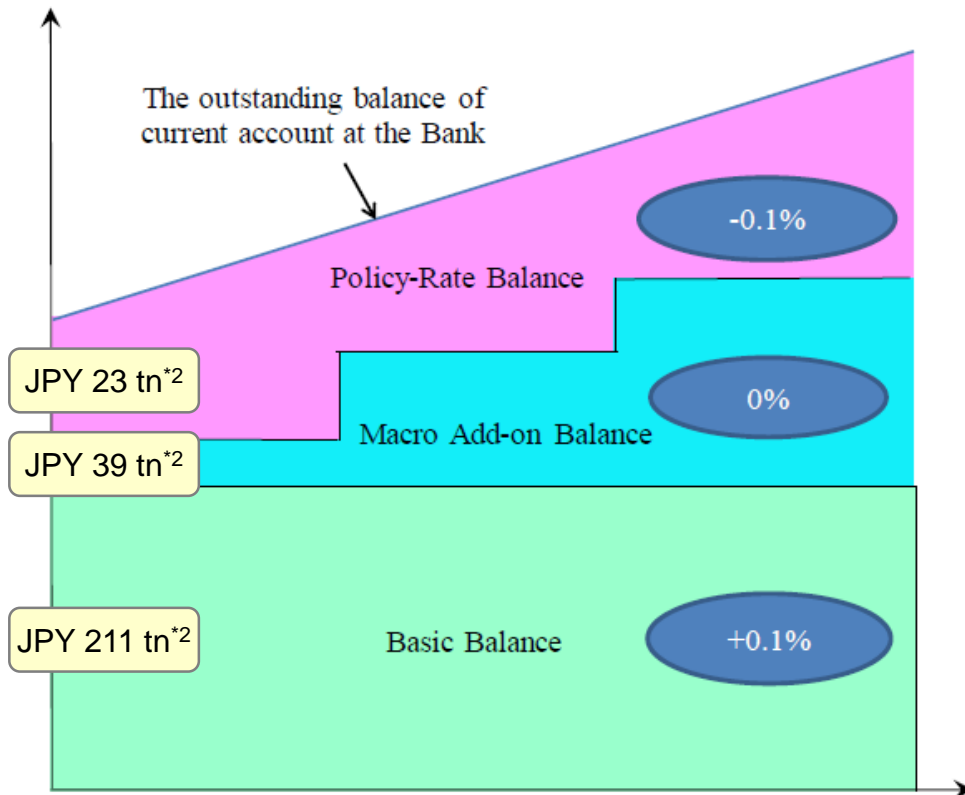
- I** Impact of BOJ's negative interest rate policy
- II** Robust financial results and our initiatives for growth
- III** Sound asset portfolio
- IV** Capital policy / Return to shareholders

I Impact of BOJ's negative interest rate policy

I. Impact of BOJ's negative interest rate policy

Major potential issues caused by BOJ's negative interest rate policy

BOJ's three-tier system^{*1}



Major potential issues to banks

Possibility of negative yield investments triggered by an increase in cash

- Increase in cash
 - Customers' deposits
 - Redemption of JGBs
- Investments into domestic loans, etc.
 - If loan demand is inefficient...*
- Negative yield investments
 - BOJ's current account (Policy-Rate Balance)
 - JGBs with negative yields

Decline of loan interest rates

- Decrease of base rates led by a decline in market rates
- Lower spreads led by tighter competition

Our initiatives

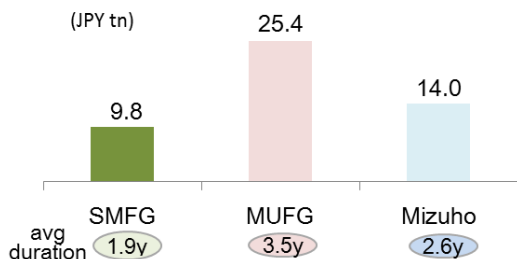
● Actions have already been taken to mitigate any potential negative impact

Manage BOJ's current account balance

- SMBC's average balance: JPY 26.2 tn (1H, FY3/16)
- Large majority is included in "Basic Balance"

Have already reduced JGB holdings and our re-investment risk with negative yields is low

JGB holdings* (as of Dec. 2015)



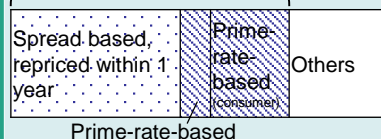
Total assets : JPY 186.7 tn

Cash and due from banks
JPY 43.4 tn

Loans
JPY 74.5tn

SMBC's domestic loans
JPY 49.0 tn

Approx. 75% is floating rate based



Securities
JPY 28.0 tn

JGB
JPY 14.3 tn

Other assets
JPY 40.7 tn

SMBC's domestic deposits

JPY 77.3 tn

Retail customers: 41.9 tn
(YoY:+1.1 tn)

Corporates: 35.3 tn
(YoY:+1.9 tn)

Deposits,
Negotiable
certificates
of deposits (NCD)
JPY 117.6 tn

Other liabilities
JPY 58.4 tn

Total net assets
JPY 10.6 tn

Total stockholders'equity
JPY 7.3 tn

Control inflow of funds

- Lowered interest rates
 - Time deposits: Feb. 8th
 - Ordinary deposits: Feb. 16th
0.02% → 0.001%
- Raised interest rates of foreign deposits
- Promote shifts from savings to investments

Loan to deposit ratio

63.4%

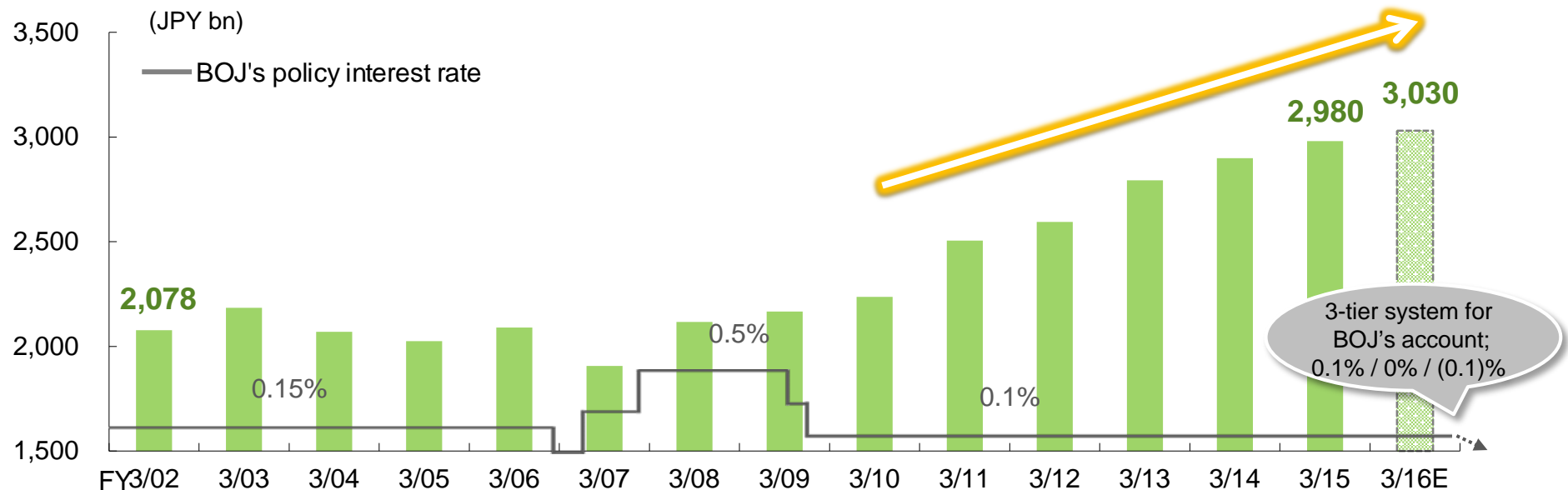
(Balance sheet as of Sep.30, 2015)

I. Impact of BOJ's negative interest rate policy

Diversified revenue sources

- SMBC's domestic loan/deposit related revenue is now only 18% of SMFG's consolidated gross profit, as we have diversified revenue sources amid the low interest rate environment

SMFG's consolidated Gross profit



Breakdown of contribution

	FY3/03		FY3/15	1H, FY3/16
SMBC's domestic loan / deposit related revenue	35%		19%	18%
International business	5%		16%	17%
Group companies	18%		41%	42%

Domestic income analysis and impact to our profit

● Immediate impact to our profit is limited

SMBC non-consolidated (JPY bn)	FY3/2015		1H, FY3/2016	
	Average balance	Average interest rate	Average balance	Average interest rate
Interest-earning assets (*)	70,642	1.31%	72,148	1.30%
of which:				
Loans and bills discounted	45,298	1.31%	45,342	1.22%
Securities (JGBs, corporate bonds and equities)	20,186	1.43%	20,488	1.61%
Receivables under securities borrowing transactions	457	0.20%	1,490	0.12%
Deposits with banks	8	0.01%	9	0.01%
Interest-bearing liabilities	87,717	0.07%	94,044	0.06%
of which:				
Deposits	70,404	0.03%	72,985	0.03%
Negotiable certificates of deposit	6,487	0.08%	7,282	0.07%
Call money	1,399	0.04%	1,783	0.05%
Payables under securities lending transactions	1,767	0.05%	3,383	0.05%
Borrowed money	4,947	0.21%	6,223	0.24%
Short-term bonds	25	0.07%	22	0.07%
Bonds	1,825	1.08%	1,562	1.10%

Rough calculation of impact to our earnings

- Assumptions
- Market rate: (10) bp
- Tax rate: 30%

After tax basis

**2 months impact
(Impact to FY3/16)**

approx. **JPY (3.5) bn**

12 months impact

approx. **JPY (21) bn**

(*) After deducting non-interest earning deposits (mainly deposits to the BOJ): FY3/15 JPY 20,983 bn; 1H, FY3/16 JPY 26,157 bn

II Robust financial results and our initiatives for growth

1. Financial results for 3Q, FY3/2016
2. Bank-securities / Group-wide collaboration
3. Consumer finance business
4. FinTech / Supporting startups in Japan
5. International business

II. Robust financial results and our initiatives for growth

1. Financial results for 3Q, FY3/2016 (cumulative)

Income statement

	(JPY bn)	Apr. -Dec. 2015 results	YOY change	FY3/16 targets
SMFG consolidated	Consolidated gross profit	USD 18.4 bn ^{*1} 2,218.6	(11.7)	3,030
	Variance ^{*2}	1,067.6	+68.1	
	General and administrative expenses	(1,285.7)	(60.9)	
	Equity in gains (losses) of affiliates	(44.8)	(45.1)	
	Consolidated net business profit	888.2	(117.7)	
	Total credit cost	(45.6)	(91.9)	(120)
	Ordinary profit	USD 7.5 bn ^{*1} 900.2	(206.7)	1,220
	Variance ^{*2}	336.1	(3.2)	470
	Profit attributable to owners of parent	USD 5.2 bn ^{*1} 626.2	(56.0)	760
	Variance ^{*2}	167.4	+15.5	240
SMBC non-consolidated	Gross banking profit	USD 9.5 bn ^{*1} 1,150.9	(79.8)	1,580
	Expenses ^{*3}	(601.7)	(12.9)	(820)
	Banking profit ^{*4}	USD 4.6 bn ^{*1} 549.2	(92.7)	760
	Total credit cost	33.2	(68.7)	0
	Gains (losses) on stocks	10.9	(48.8)	
	Other non-recurring gains (losses)	(29.2)	+6.7	
	Ordinary profit	USD 4.7 bn ^{*1} 564.1	(203.5)	750
	Net income	USD 3.8 bn ^{*1} 458.8	(71.6)	520

Profit contribution of subsidiaries

	(JPY bn)	Apr. -Dec. 2015	YOY change
SMBC Consumer Finance		43	+1
SMBC Nikko Securities		36	(9)
Sumitomo Mitsui Finance and Leasing		22	(1)
Cedyna		22	(1)
Sumitomo Mitsui Card		14	+1
SMBC Friend Securities		3	(3)

Per share information (SMFG consolidated)

	Apr.-Dec. 2015 result	YOY change	FY3/2016 target
Profit attributable to owners of parent	JPY 458.04	JPY (40.93)	JPY 555.87

	Dec. 31, 2015	Change from Mar. 31, 2015
Net assets	JPY 6,795.63	+JPY 196.76

Credit ratings (SMBC)

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

● Fitch upgraded SMFG / SMBC's rating from A- to A (Nov. 2015)

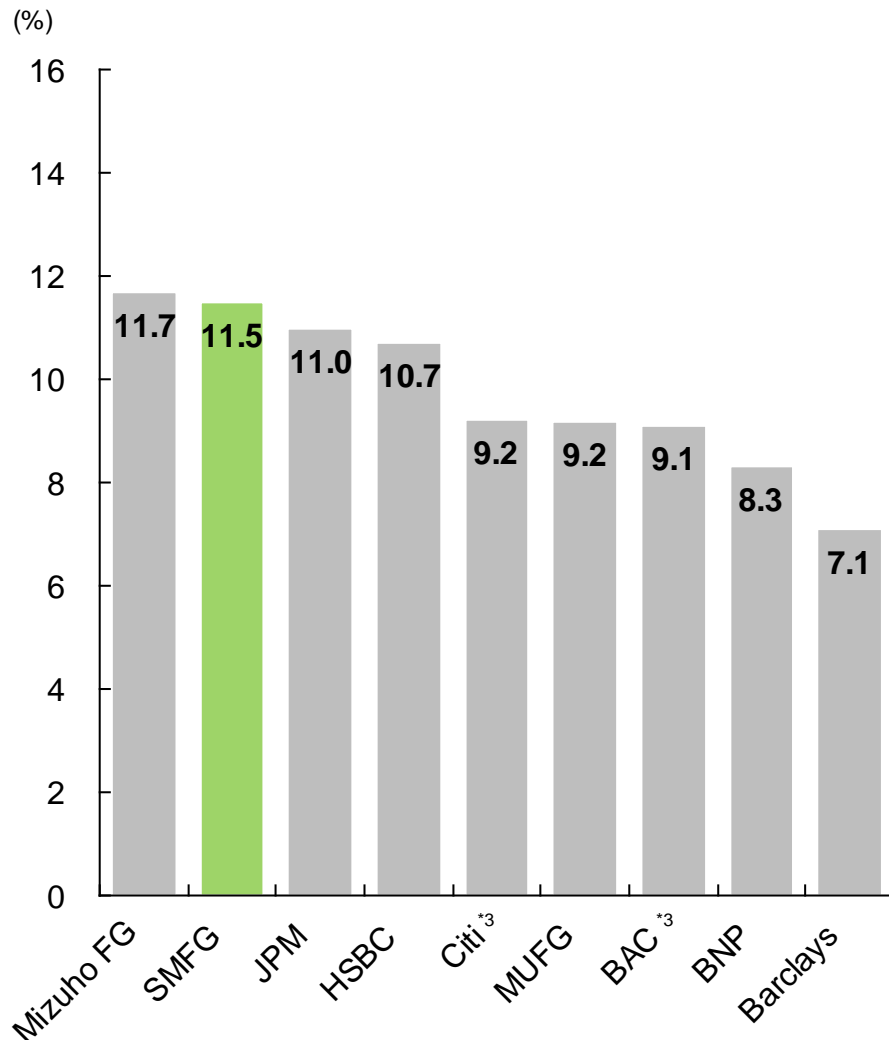
^{*1} Shown in USD at period-end exchange rate of USD 1 = JPY 120.53 ^{*2} SMFG consolidated figures minus SMBC non-consolidated figures

^{*3} Excludes non-recurring losses ^{*4} Before provision for general reserve for possible loan losses

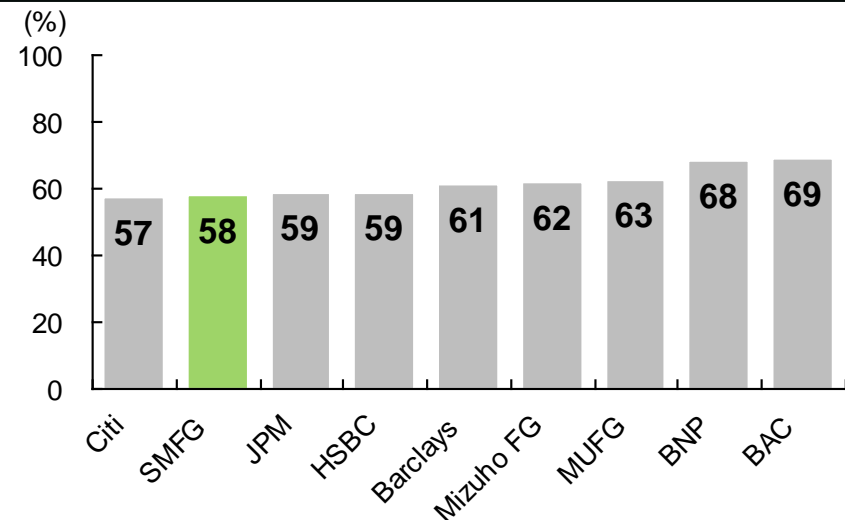
II. Robust financial results and our initiatives for growth

■ Ref: Peer comparison: High profitability and efficiency

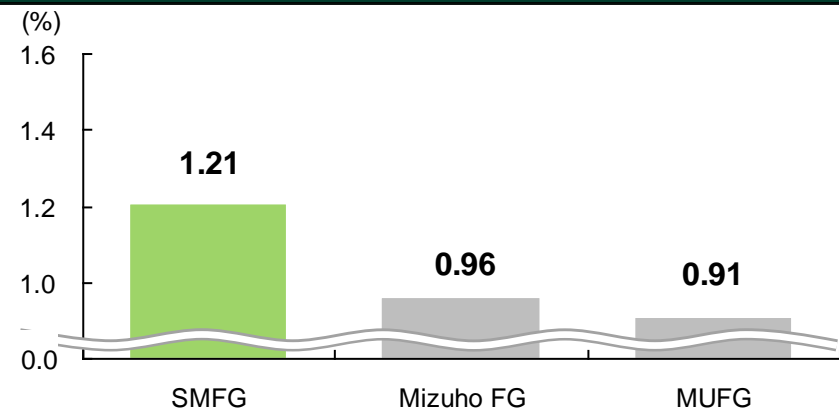
ROE^{*1, 2}



Overhead ratio comparison^{*1, 4}



Domestic loan-to-deposit spread^{*1, 5}



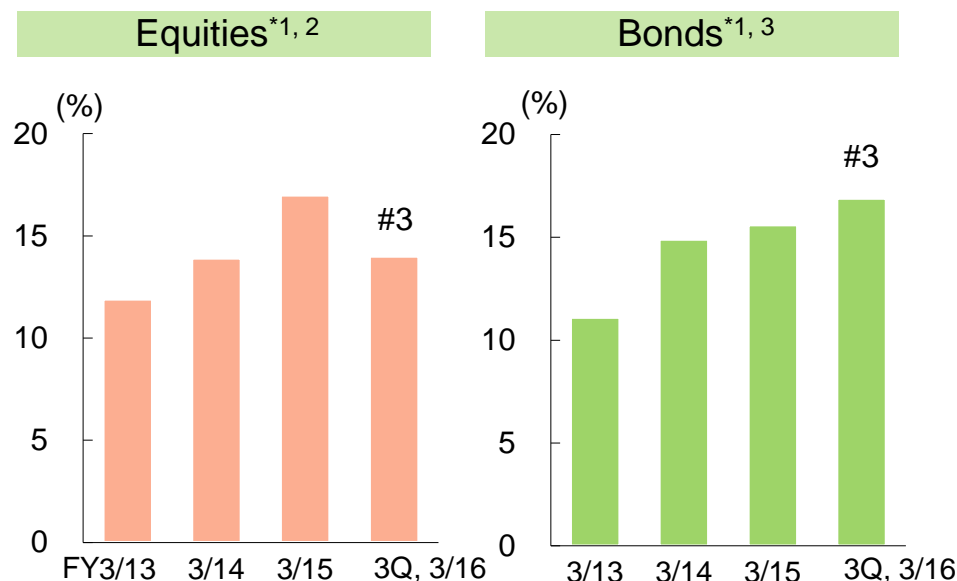
	SMFG	Mizuho FG	MUFG
Proportion of loans to individuals & SMEs	67.9%	59.4%	55.2%

^{*1} Based on each company's disclosure ^{*2} 3Q, FY3/16 results for SMFG and MUFG, 1H, FY3/16 results for Mizuho FG, Jan.-Sep. 2015 results for HSBC and Barclays, and Jan.-Dec. results for others ^{*3} ROTCE: Return on tangible common equity ^{*4} Consolidated basis. G&A expenses divided by top-line profit (net of insurance claims). 3Q, FY3/16 results for SMFG, MUFG and Mizuho FG, Jan.-Sep. 2015 results for HSBC and Barclays, and Jan.-Dec. results for others. ^{*5} 1H, FY3/16 results. 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. Bank-securities / Group-wide collaboration

- We will take advantage of our extensive client base, by leveraging our capabilities on a group-wide basis
 - provide capital markets related services for large corporates;
 - support growth initiatives such as IPOs for mid-sized corporates;
 - provide investment services and wealth management for SMEs and individuals

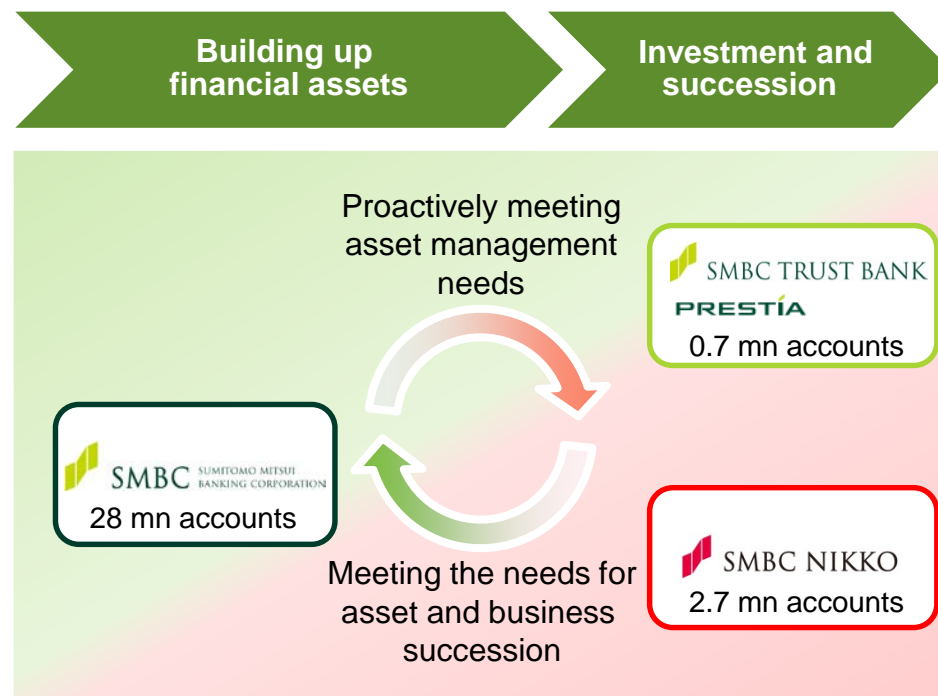
SMBC Nikko's market share



IPO league table

- Ranked #2 in IPO deals*4 (executed 20 deals as Lead Manager)

Bank-securities retail integration

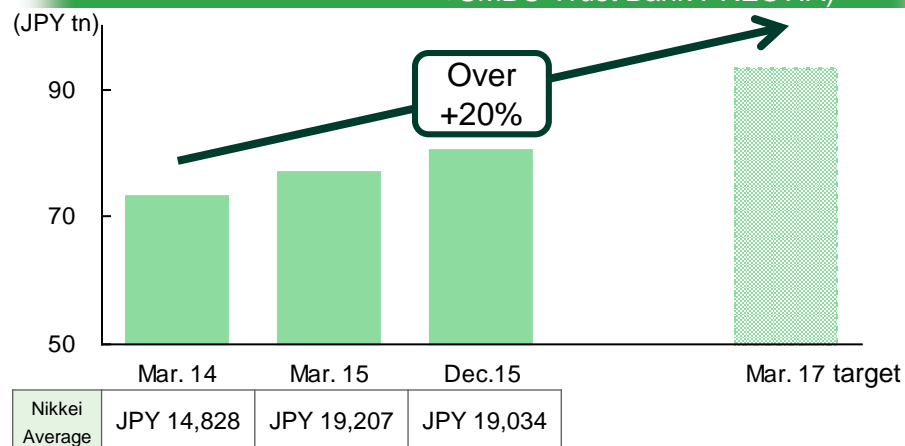


II. Robust financial results and our initiatives for growth

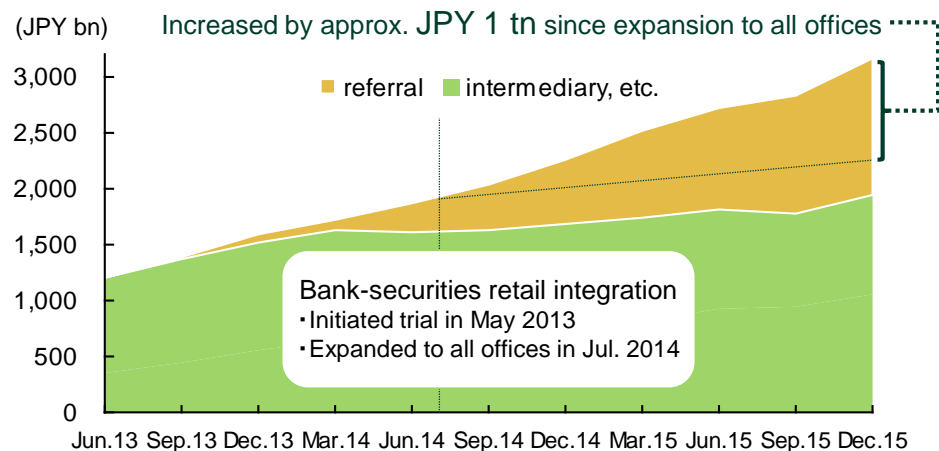
Ref: Financial results of SMBC Nikko Securities

Bank-securities collaboration (retail customers)

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



AuM through bank-securities collaboration*1 (SMBC Nikko Securities)

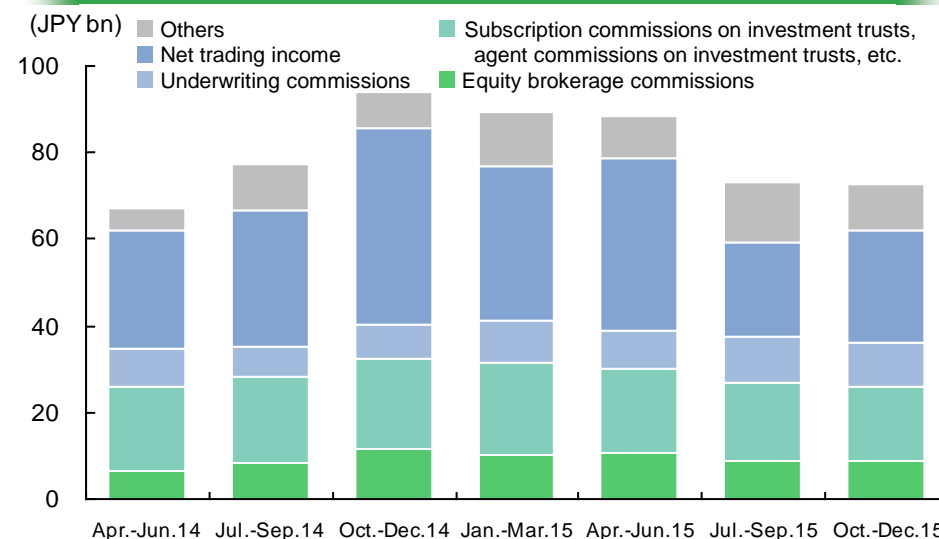


SMBC Nikko Securities

Financial results (consolidated)

(JPY bn)	FY3/15	Apr.-Dec 2015	YOY change
Net operating revenue	329.2	235.2	(4.3)
SG&A expenses	(235.2)	(184.2)	(12.9)
Ordinary income*2	96.2	54.0	(15.7)
Profit attributable to owners of parent*2	64.7	40.1	(5.9)

Net operating revenue



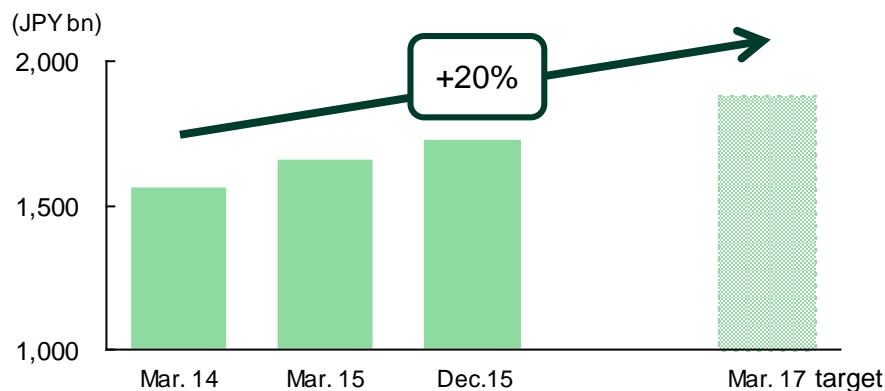
*1 Assets under management at SMBC Nikko via referral or financial instruments intermediary services from SMBC to SMBC Nikko. Includes assets transferred from SMBC Friend Securities to SMBC Nikko in Jan. 2011 upon integrating SMBC Friend's collaborative business with SMBC into SMBC Nikko and assets at the Private Banking division of SMBC Nikko *2 Includes profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG) etc.

II. Robust financial results and our initiatives for growth

3. Consumer finance business

Balance of unsecured card loans

(SMBC + SMBC Consumer Finance)



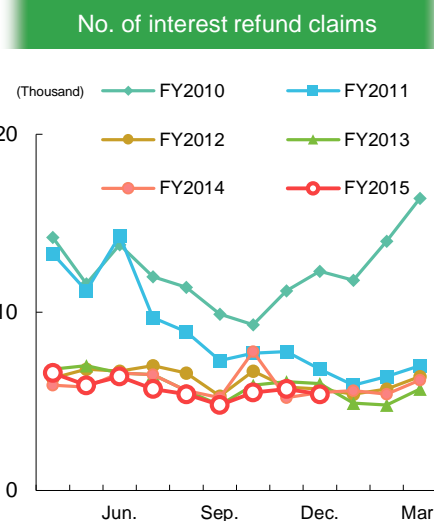
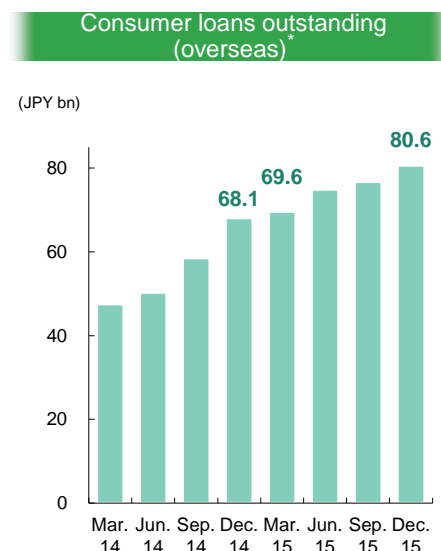
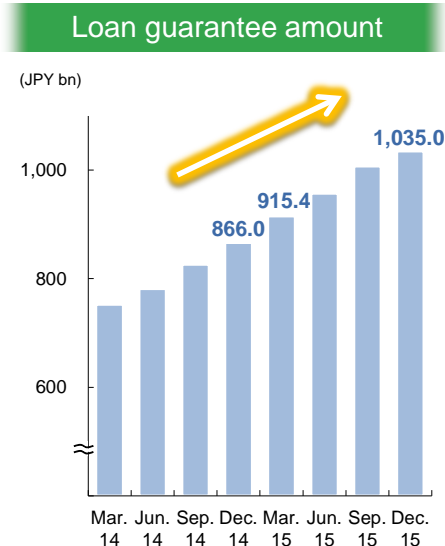
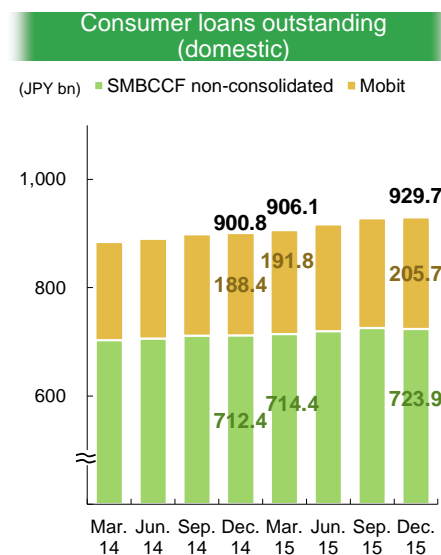
Financial results : SMBC Consumer Finance (consolidated)

(JPY bn)	FY3/15	Apr.-Dec. 2015	YOY change
Operating income	228.3	183.5	+13.0
Expenses for loan losses within Expenses	(47.9)	(42.6)	(4.0)
Losses on interest repayments within Expenses	(44.8)	-	-
Ordinary profit	16.6	45.8	(0.4)
Profit attributable to owners of parent	11.2	42.6	+1.2

Consumer loans outstanding	980.3	1,014.0	No. of companies with guarantee agreements: 189 (as of Dec. 2015)
Allowance on interest repayments	127.6	78.0	
Loan guarantee	915.4	1,035.0	
of which: for regional banks, etc.	372.4	447.9	

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

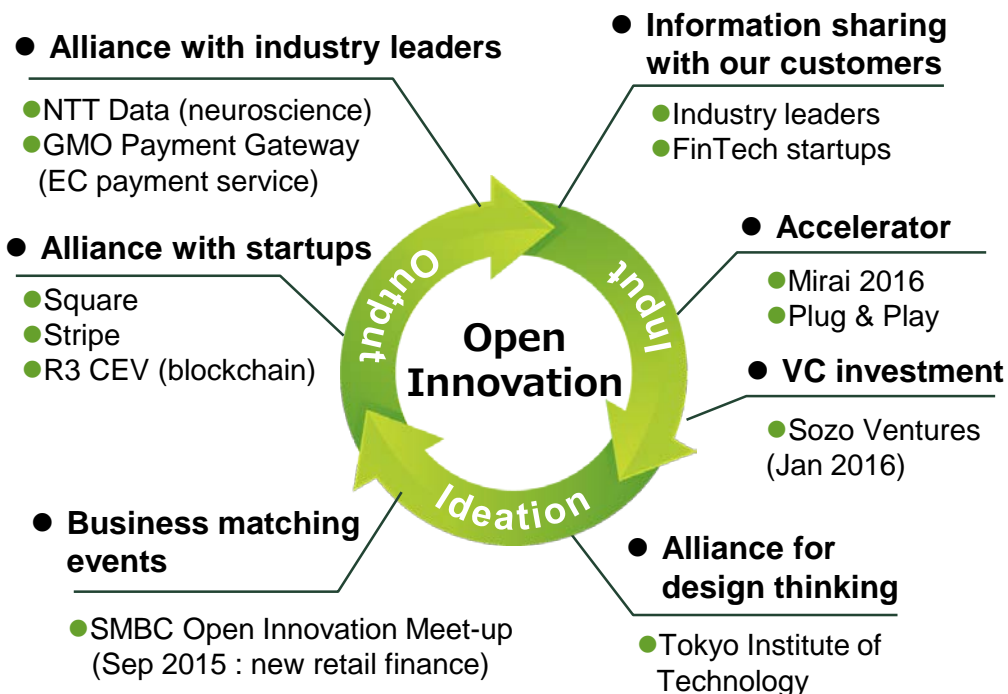
SMBC Consumer Finance: loans / loan guarantee / overseas businesses



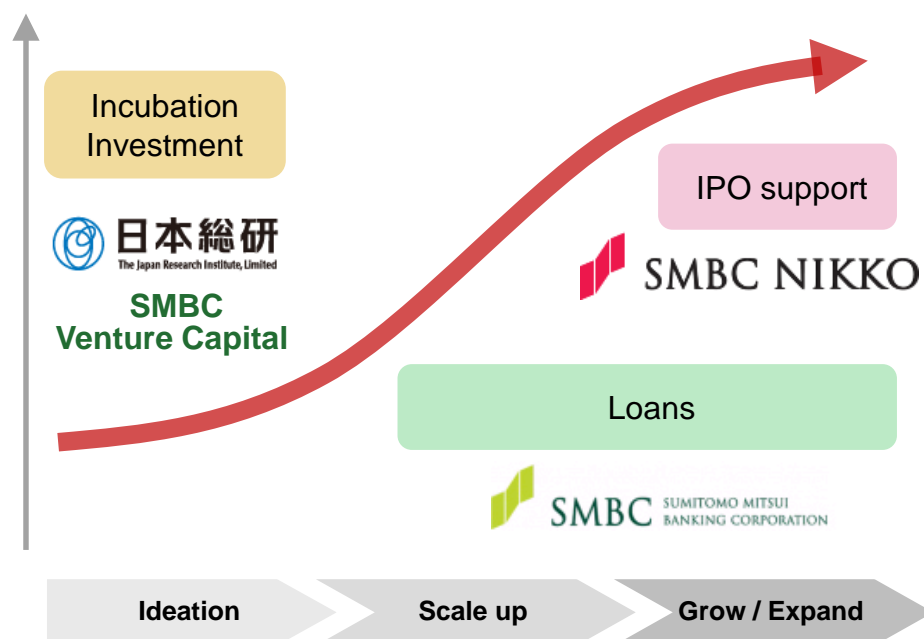
II. Robust financial results and our initiatives for growth

4. FinTech / Supporting startups in Japan

FinTech



Supporting the growth of startups



Improving customer experience & usability

- New mobile app (coming soon)

(Current)



(New)

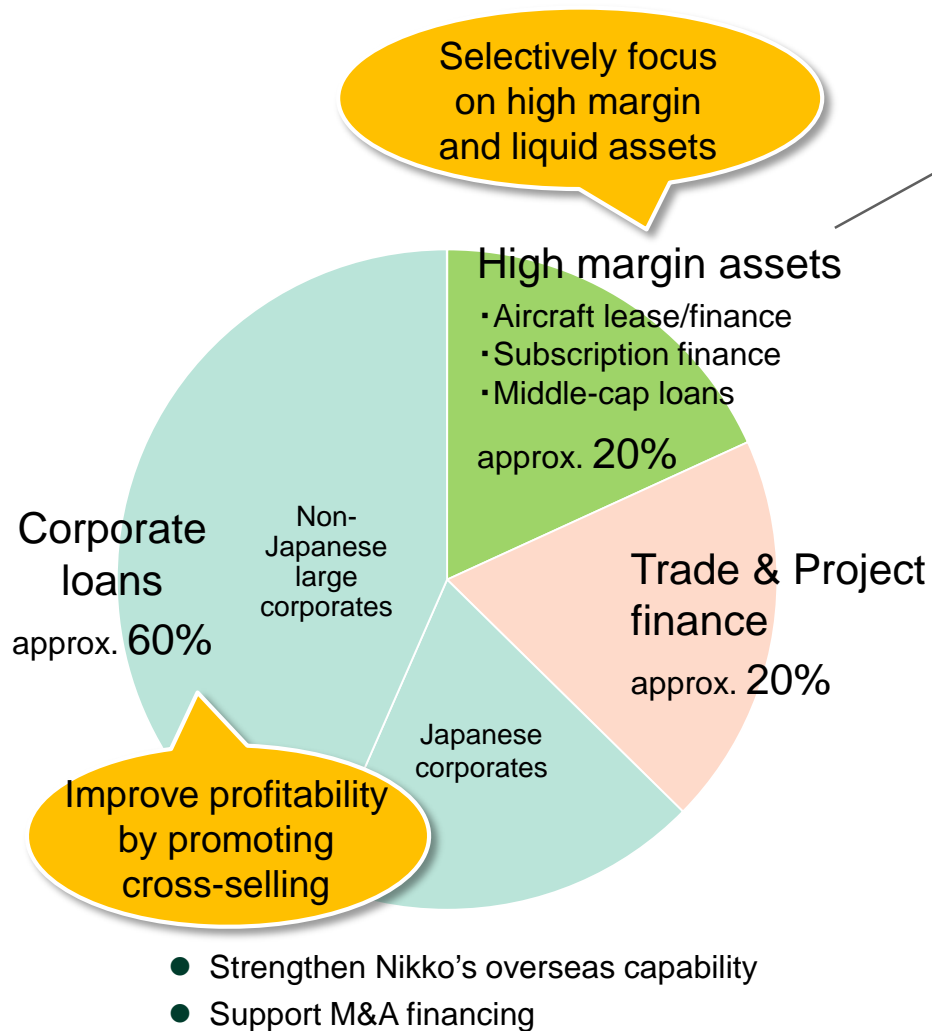


“Incubation & Innovation Initiative”

- A cross-industrial consortium to support commercialization of advanced technologies and ideas (established Feb. 2016)
 - Consortium members include NEC and Toyota
- Hosted “Mirai 2016” (accelerator program) with themes including, healthcare, Fin-Tech, AI, IoT/IoE, and Cool Japan

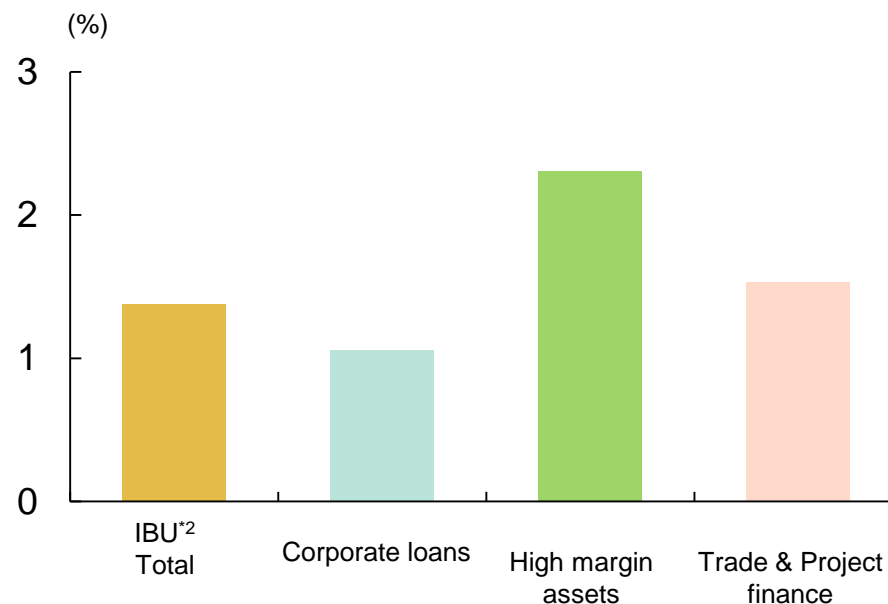
5. International business

Overseas loan portfolio



- Acquired European loan portfolio from GE of USD 2.2 bn (Sep. 2015)
- Origination & Distribution

Average overseas loan spreads*1



*1 Excludes up-front fees *2 IBU: International Banking Unit

5. International business: Asia

“Gateway to Asia”

- ✓ Support Japanese companies expand their business in Asia
- ✓ Establish a strong business with local Asian companies
- ✓ Become a gateway for US/European companies into Asia

Asia: 74 offices (as of Sep.2015)

- ★: 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. 2014

Established **Gateway to Japan Desk** (Feb. 2015)

Received approval to open **Dalian Br.** (Jul. 2015)

The Bank of East Asia (Hong Kong) becomes an equity-method affiliate of SMBC (Mar. 2015) (17.4% shares)

Opened **Manila Br.** (Sep. 2015)

Opened **Yangon Br.** (Apr. 2015)

ACLEDA Bank (Cambodia) becomes an equity-method affiliate of SMBC (Sep. 2015) (18.25% shares)

Agreed to acquire shares of **OTO/SOF*** (Indonesian automotive finance companies) (Oct. 2015) (35.1% shares)

Multi Franchise Strategy

- ✓ Full Bank
 - ✓ Localization
 - ✓ Commitment
- Establish the second & third SMBC in Asia

II. Robust financial results and our initiatives for growth

Ref: Domestic loan balance and spreads

Loan balance by domestic Marketing units^{*1}

(SMBC non-consolidated)

(JPY tn, at period-end)	Sep. 2015	Change from ^{*4} Sep. 2014	Change from ^{*4} Mar. 2015
Large corporations ^{*2}	14.1	+0.5	+0.5
Mid-sized corporations & SMEs ^{*3}	16.3	+0.0	(0.8)
Individuals	14.2	(0.2) ^{*5}	(0.1) ^{*5}

Domestic loan-to-deposit spread

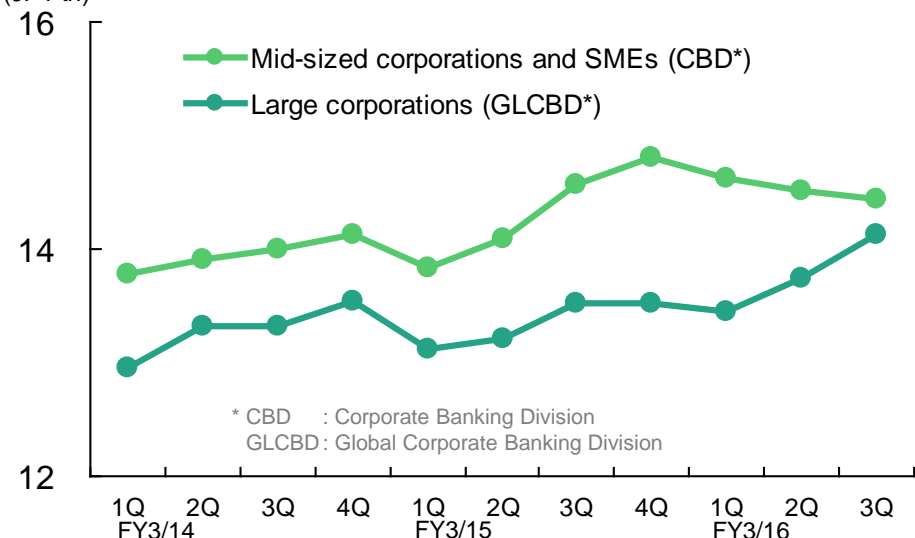
(SMBC non-consolidated)

(%)	Apr.-Dec. 2015	Apr. -Jun.	Jul. -Sep.	Oct. -Dec.
Interest earned on loans and bills discounted	1.24	1.24	1.24	1.23
Interest paid on deposits, etc.	0.03	0.03	0.03	0.03
Loan-to-deposit spread	1.21	1.21	1.21	1.20

Loan balance of Wholesale Banking Unit^{*1, 6, 7}

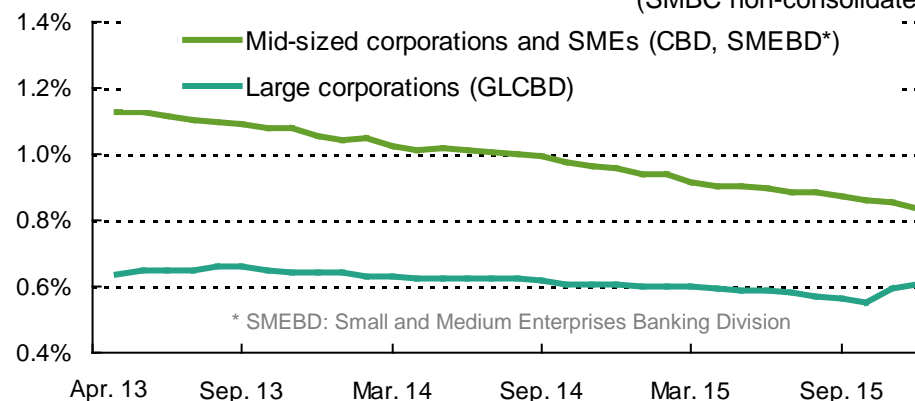
(SMBC non-consolidated)

(JPY tn)



Domestic corporate loan spread^{*1, 6, 8}

(SMBC non-consolidated)



^{*1} Managerial accounting basis. ^{*2} Global Corporate Banking Division

^{*3} Sum of Corporate Banking Division and Small and Medium Enterprises Banking Division ^{*4} After adjustments for interest rates and exchange rates, etc.

^{*5} After adding back the portion of housing loans securitized in 2H, FY3/15 of approx. JPY 90 bn and 1H, FY3/16, of approx. JPY 90 bn

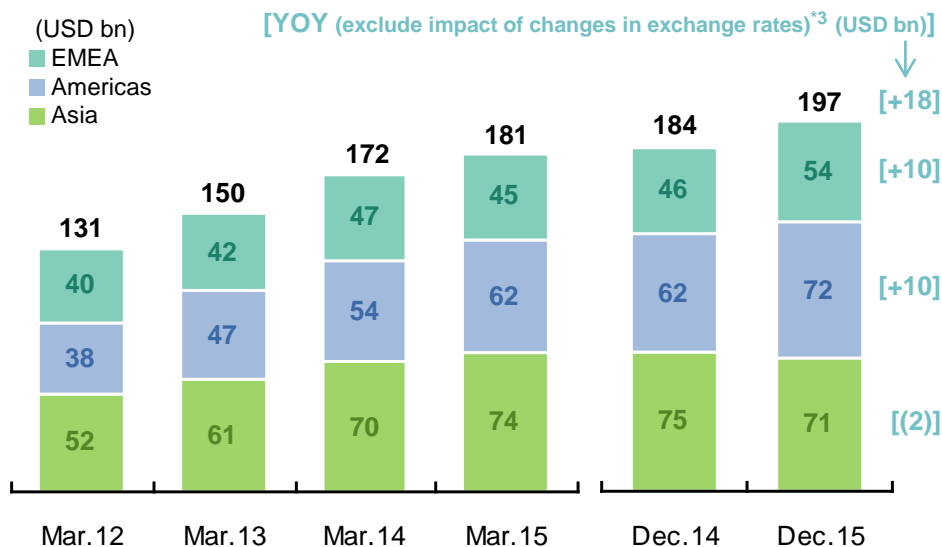
^{*6} We revised managerial accounting rules since Apr. 2014, following revision of domestic business structure.

^{*7} Quarterly average ^{*8} Monthly average loan spread of existing loans

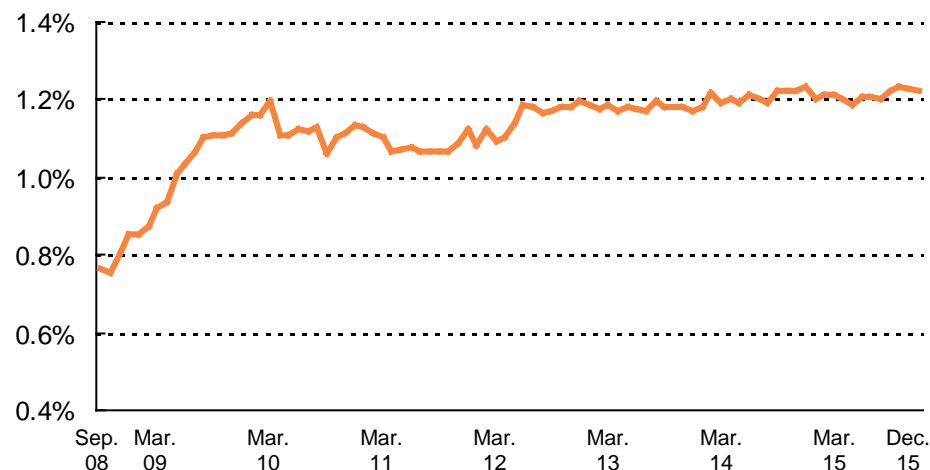
II. Robust financial results and our initiatives for growth

Ref: International loan balance, funding and spreads

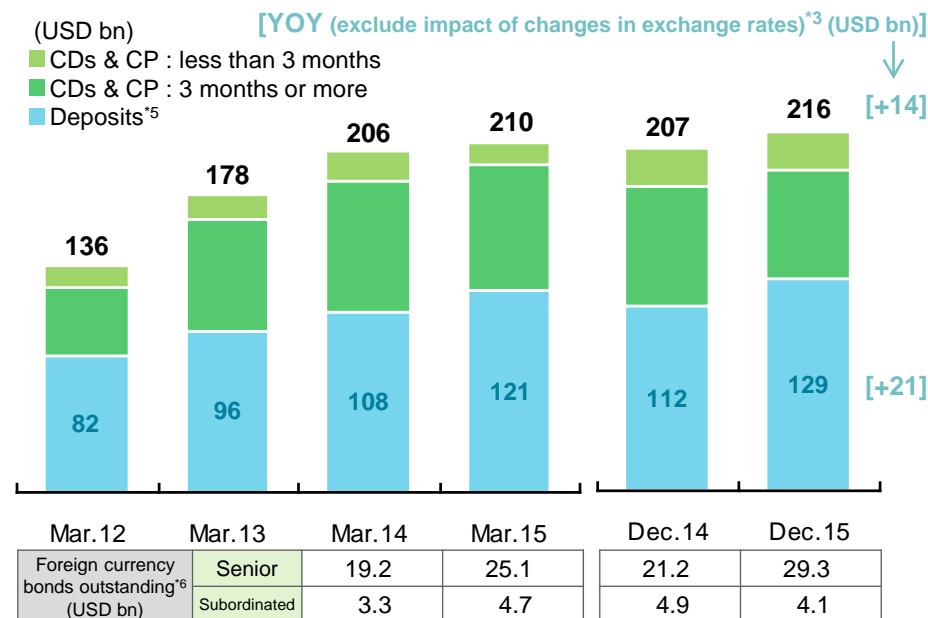
Overseas loan balance*1, 2



Overseas loan spread*1, 4

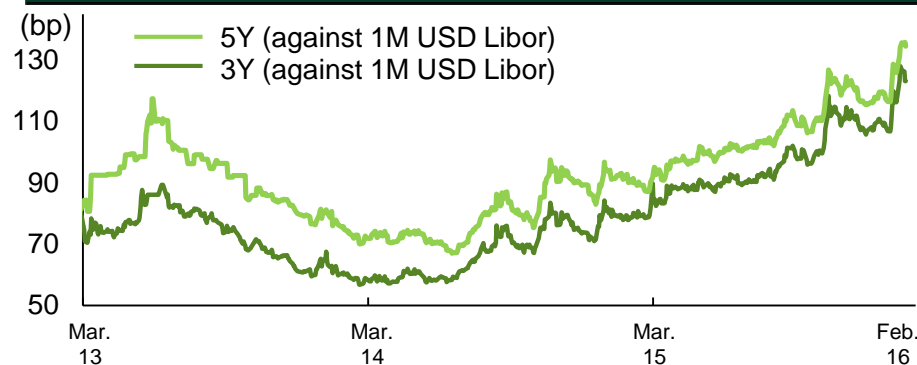


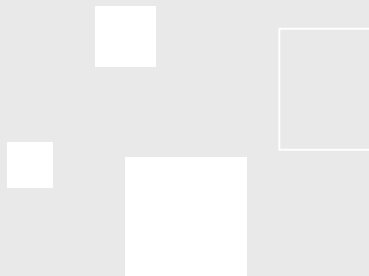
Overseas deposit balance*1, 2



● Issued senior bonds to overseas investors in Jan. 2016: USD 1.25 bn

Ref: Currency swap rate (JPY to USD)

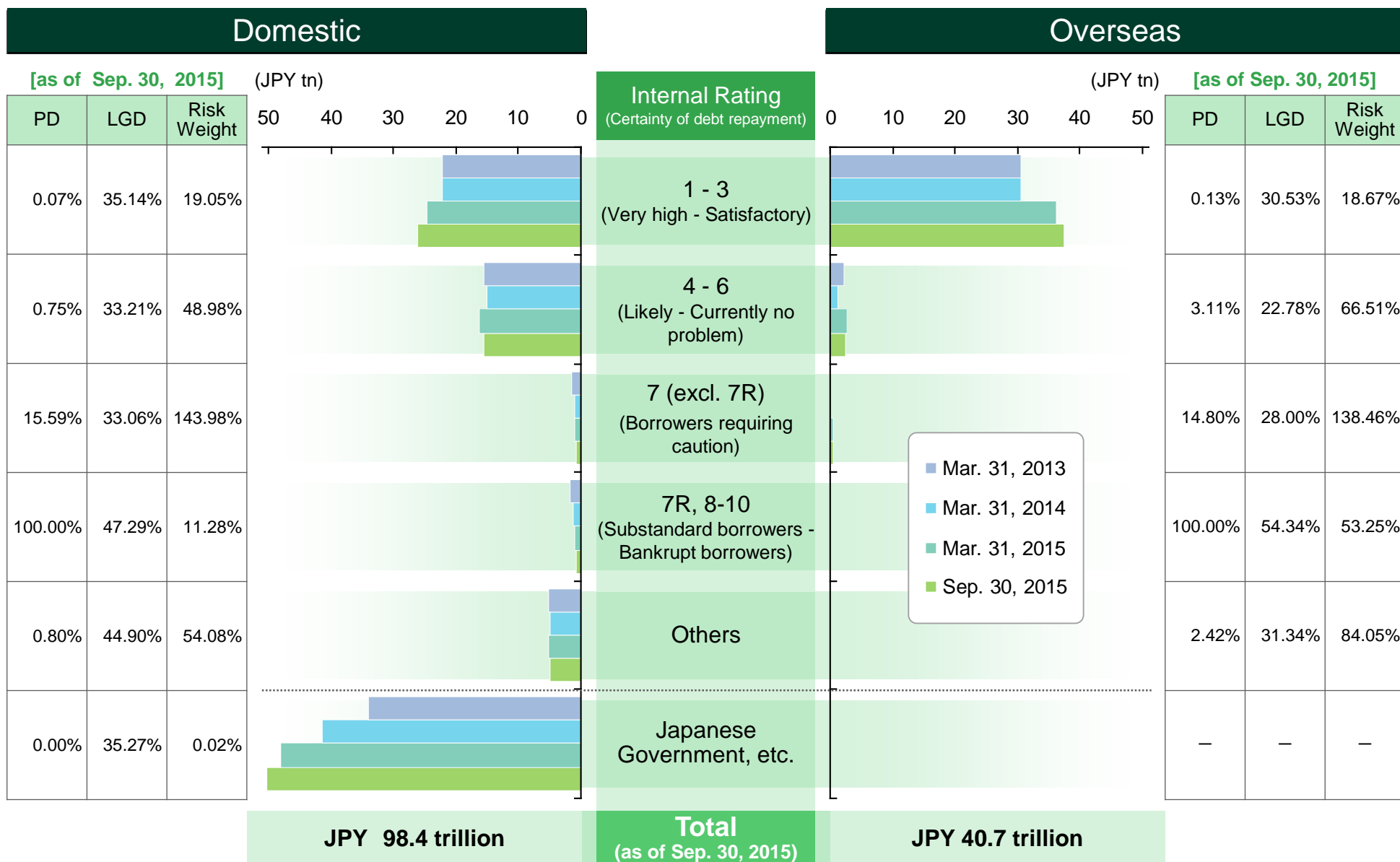




Sound asset portfolio

III. Sound asset portfolio

Corporate, sovereign and bank exposures



III. Sound asset portfolio

Exposure to oil and gas / other resources related industries / China / Russia

Exposure to oil and gas / other resources related industries (SMFG consolidated)^{*1, 2}

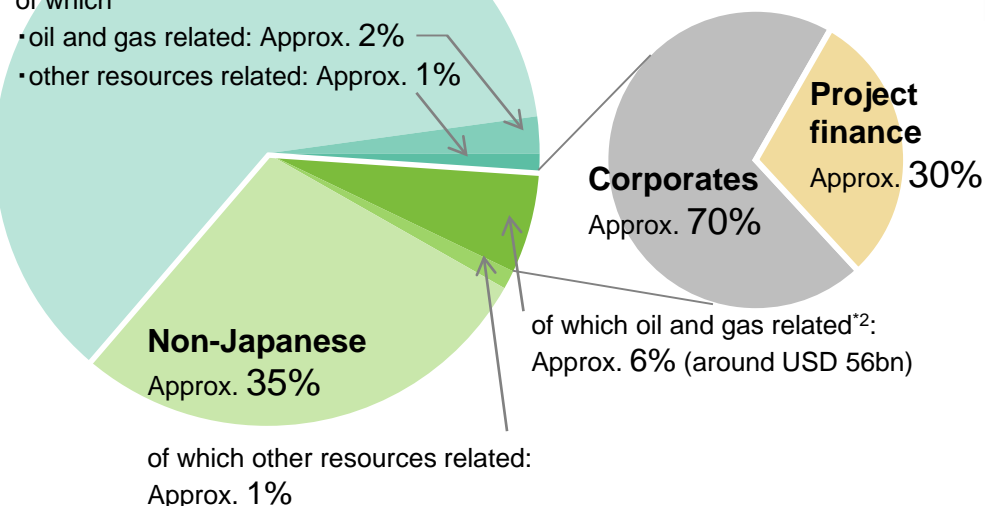
Domestic (corporates, individuals, government, etc.), and Overseas Japanese corporates

Approx. 65%

of which

• oil and gas related: Approx. 2%

• other resources related: Approx. 1%



● Non-Japanese oil and gas related exposure

- Around 90% is classified as “1-3” in our internal rating
- Total exposure to E&P (Exploration & Production) related corporates/projects including oil majors that is vulnerable to the fall of oil prices is less than USD 30 bn

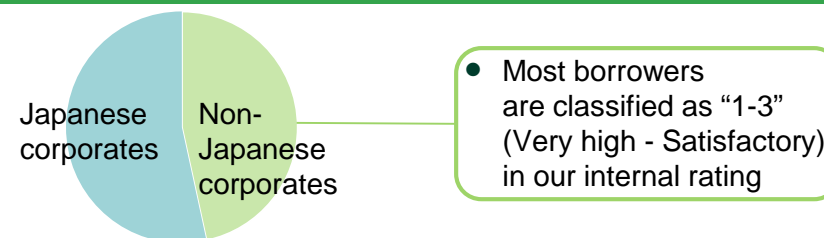
Loan balance in China^{*3}

Loan balance (based on borrowers' domicile)^{*4}

(JPY tn)

Mar. 15	Sep. 15	Change from Mar. 31, 2015
1.20	1.05	(0.15)

Composition by borrowers (based on booking office)



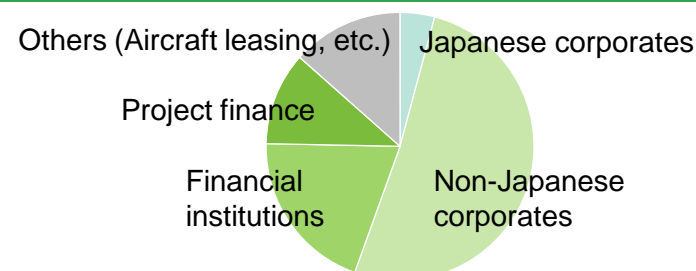
Exposure to Russia

(USD bn)

Mar. 15	Dec. 15	Change from Mar. 31, 2015
5.1	4.6	(0.5)

Less than 1% of SMFG's total exposure

Breakdown of exposure to Russia



^{*1} Loans, commitment lines, guarantees, investments, etc.

^{*2} Amount of non-Japanese oil and gas / other resources related exposures are as of Dec. 31, 2015. Others including SMFG's total exposures are as of Sep. 30, 2015

^{*3} Sum of SMBC, SMBC Europe and SMBC (China)

^{*4} In round numbers. Exchange rate as of Sep. 30, 2015

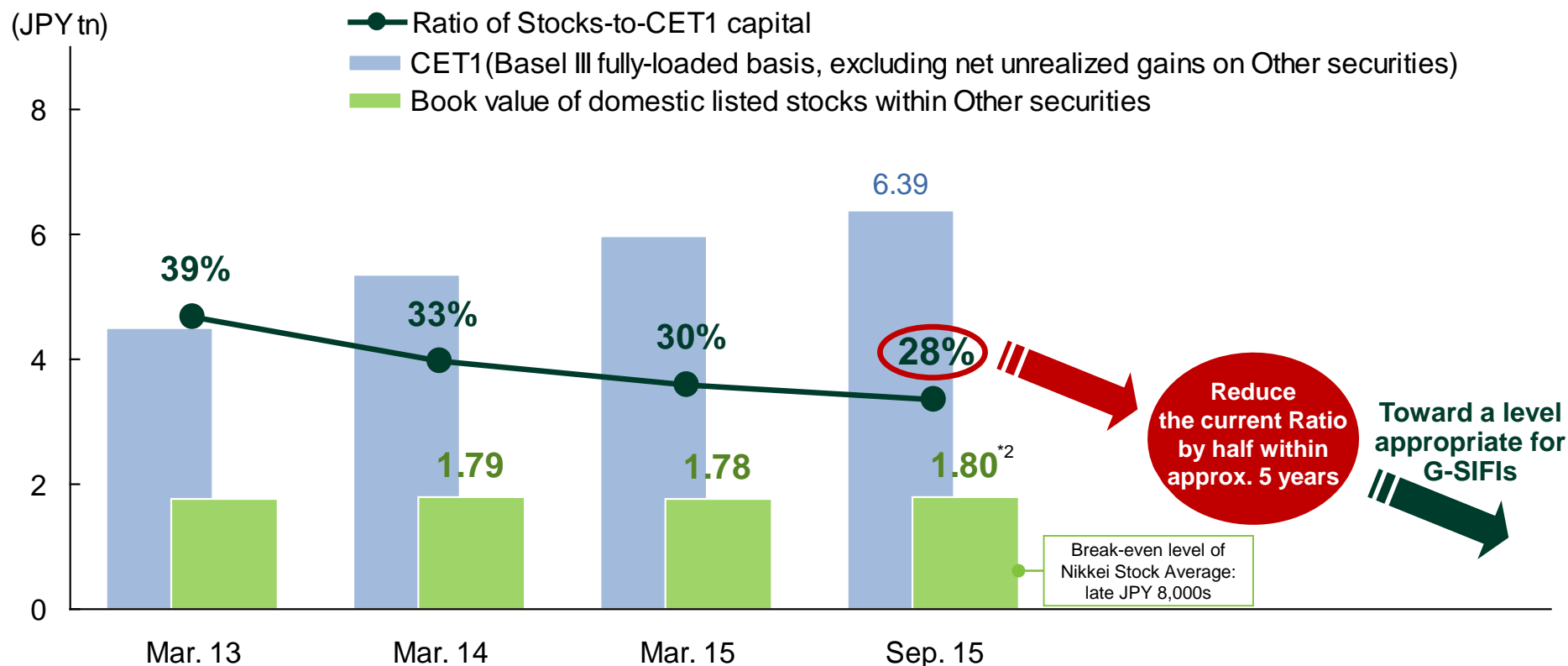
III. Sound asset portfolio

■ Reduction of strategic shareholdings

- We will continuously mitigate the risk from stock price fluctuations in order to have a more stable and robust financial base
- Toward achieving an appropriate level of the Ratio of Stocks-to-CET1 capital(*) as one of the G-SIFIs, we aim to have the assurance of reducing the current Ratio by half within approximately 5 years

(*) SMFG consolidated basis Book value*1 of domestic listed stocks / Common Equity Tier 1 capital (CET1)
(Basel III fully-loaded basis, excluding net unrealized gains on Other securities)

Transition of strategic shareholdings outstanding (SMFG consolidated basis)



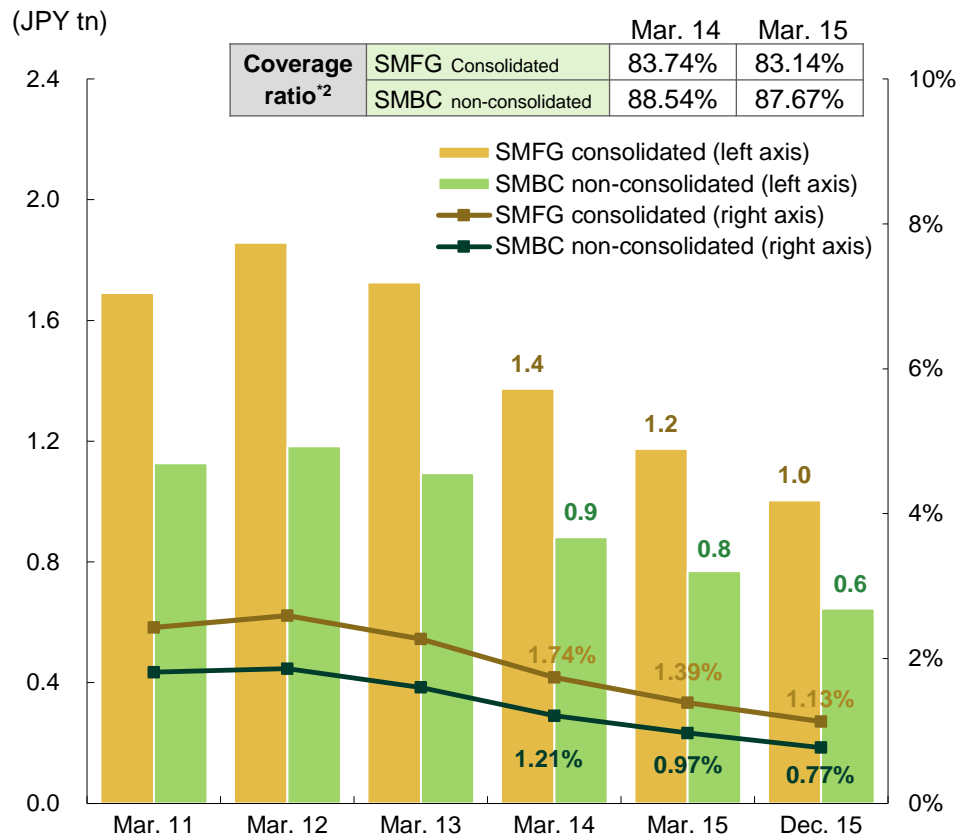
*1 Same meaning as acquisition cost

*2 Book value would have decreased compared to Mar 2015 excluding the effects of terminating hedge transactions

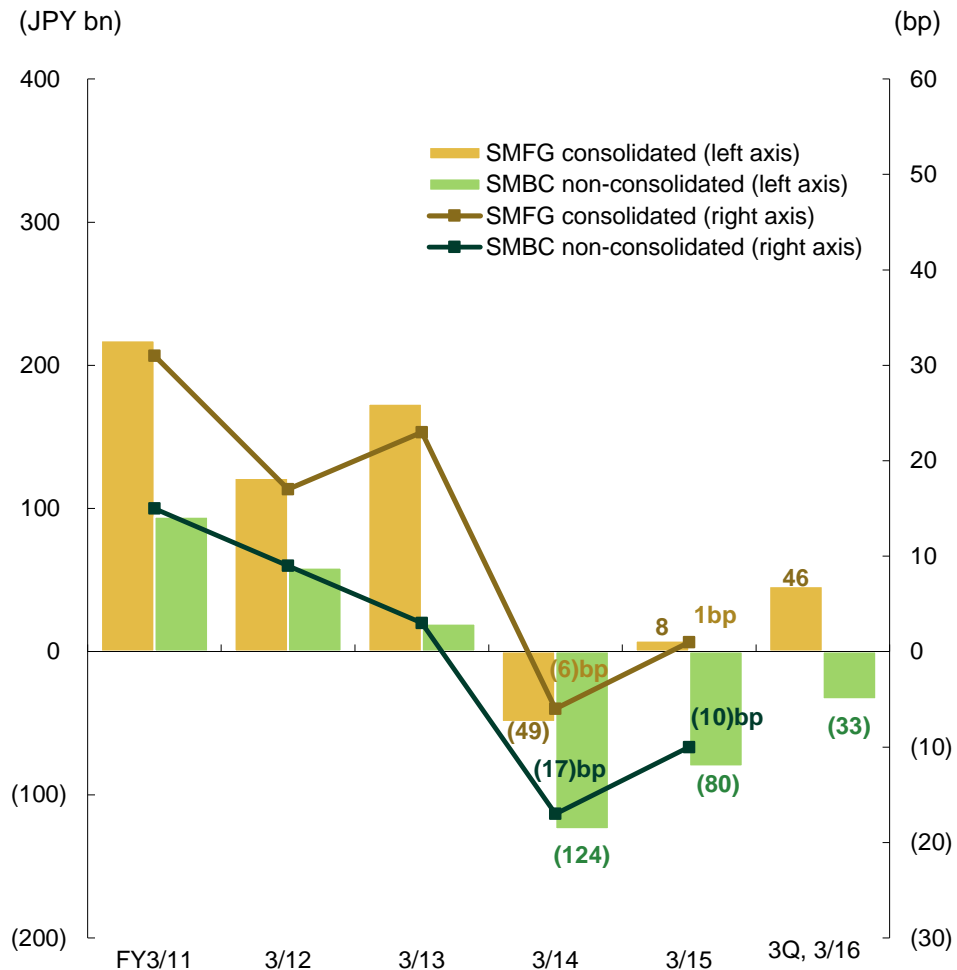
III. Sound asset portfolio

Ref: NPLs and Total credit cost

NPLs and NPL ratio*1



Total credit cost and Total credit cost ratio*4



SMFG consolidated

	(JPY tn)				
Total claims	72	76	79	85	88

SMBC non-consolidated

Claims on borrowers requiring caution*3	2.8	1.9	1.6	1.6	1.5
Total claims	64	68	73	79	81

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

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

*3 Excludes claims to Substandard borrowers

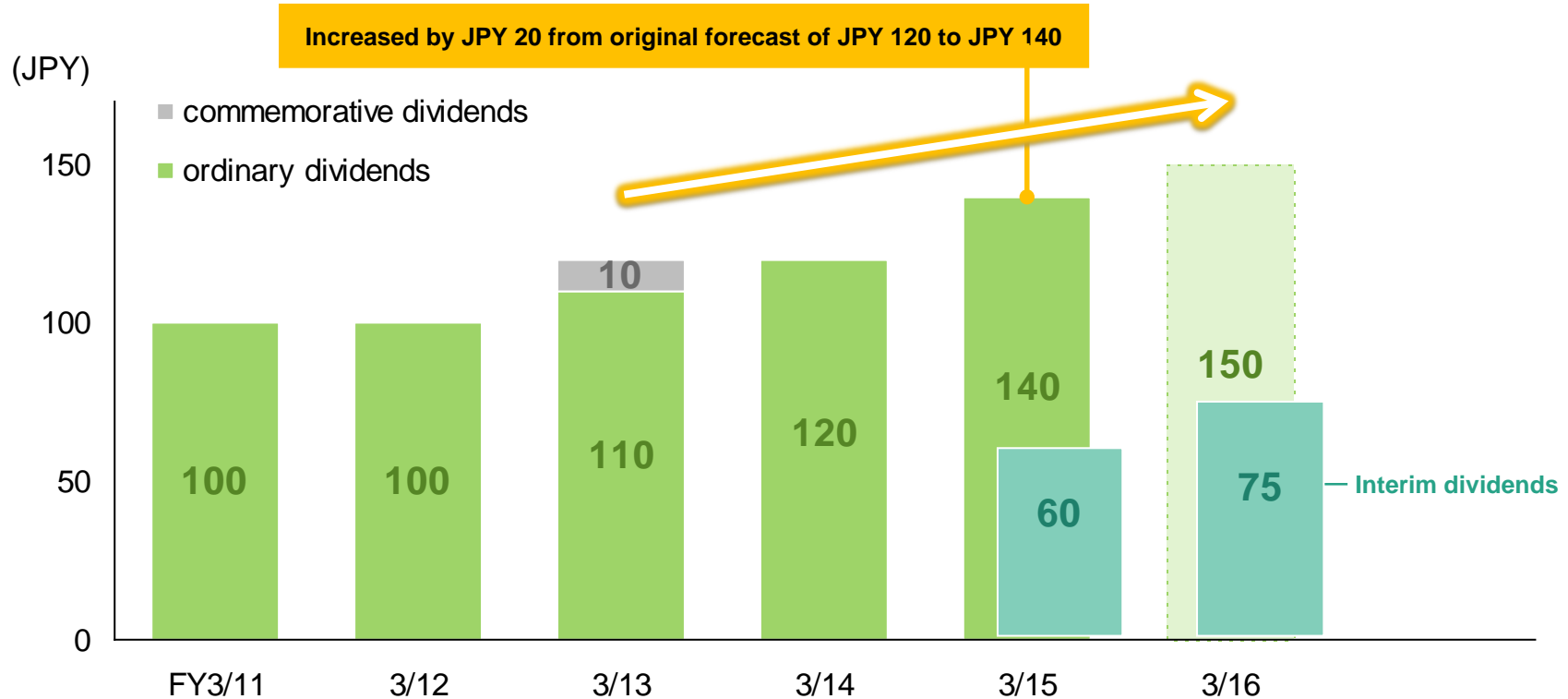
*4 Total credit cost ratio = Total credit cost / Total claims

IV Capital policy / Return to shareholders

Return to shareholders

- Raise dividend per share in a stable manner

Dividend per share^{*1}



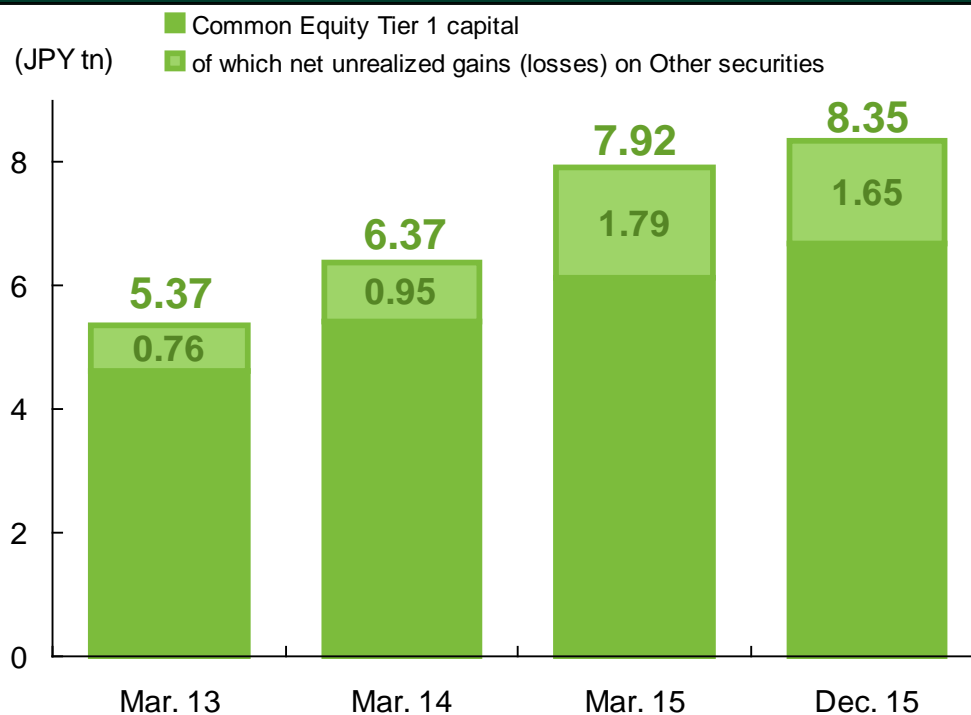
ROE ^{*2}	9.9%	10.4%	14.8%	13.8%	11.2%	Secure around 10%
Payout ratio ^{*3}	30.0%	26.8%	21.3%	20.3%	26.2%	27.8%

^{*1} Common stock only ^{*2} On a stockholders' equity basis ^{*3} Consolidated payout ratio

Capital position

- Maintain financial soundness and address the global financial regulatory requirements

Trend of Common Equity Tier 1 capital and Common Equity Tier 1 capital ratio (fully-loaded*, pro forma)



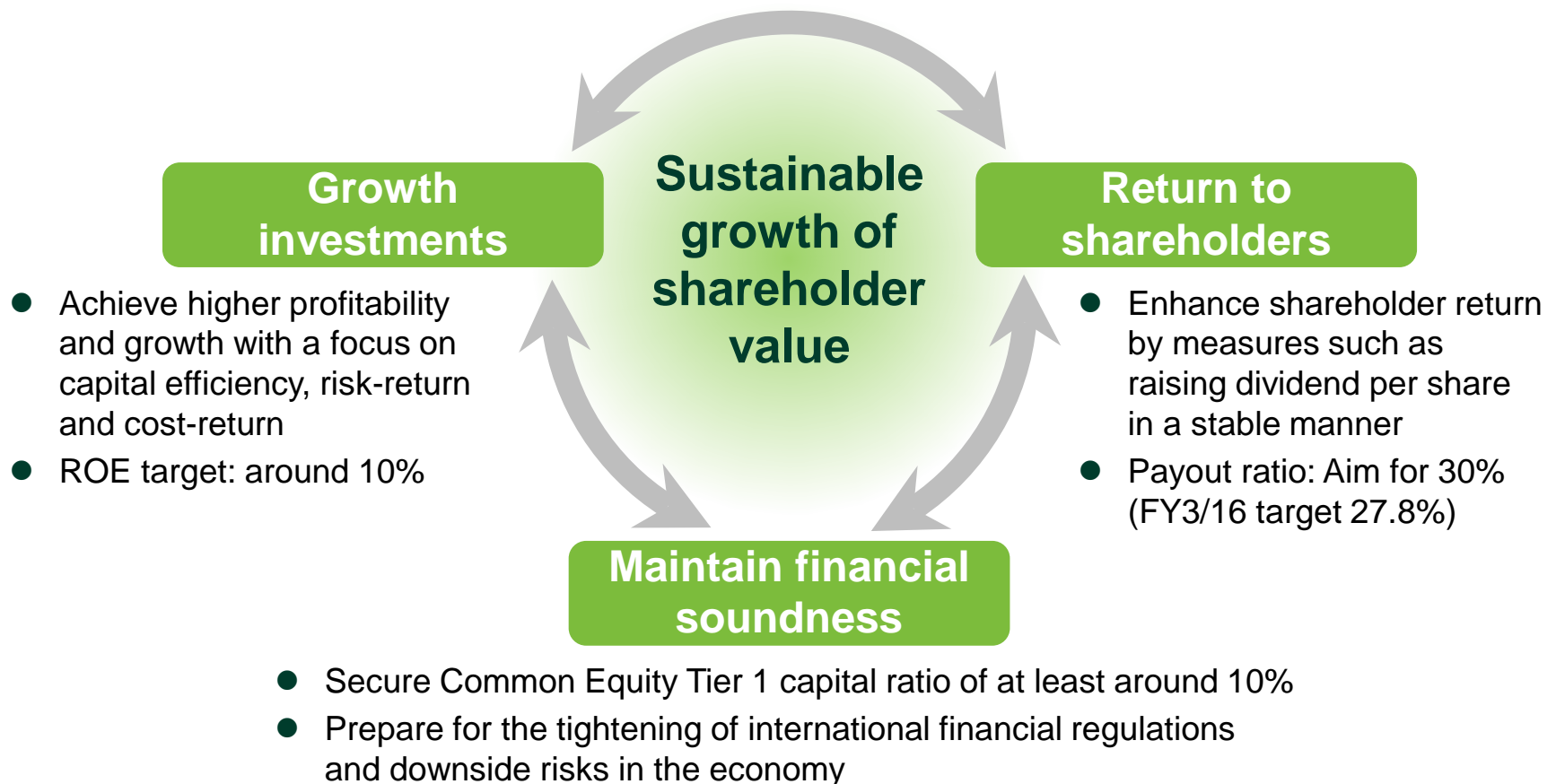
Risk-weighted assets	JPY 62.1 tn	JPY 61.3 tn	JPY 65.9 tn	JPY 68.0 tn
CET 1 capital ratio [excluding net unrealized gains]	8.6%	10.3% [8.7%]	12.0% [9.0%]	12.2% [9.6%]

- Paying attention to discussions on revisions to the Standardized Approaches (credit risk, operational risk) and Capital floors based on standardized approaches

Secure
around **10%**

■ Basic capital policy

- **Our commitment** : Raise dividend per share in a stable manner
Aim for payout ratio of 30% (FY3/16 target: 27.8%)
- **Issues to be assessed:** Direction, clarification and implementation schedule of global financial regulations

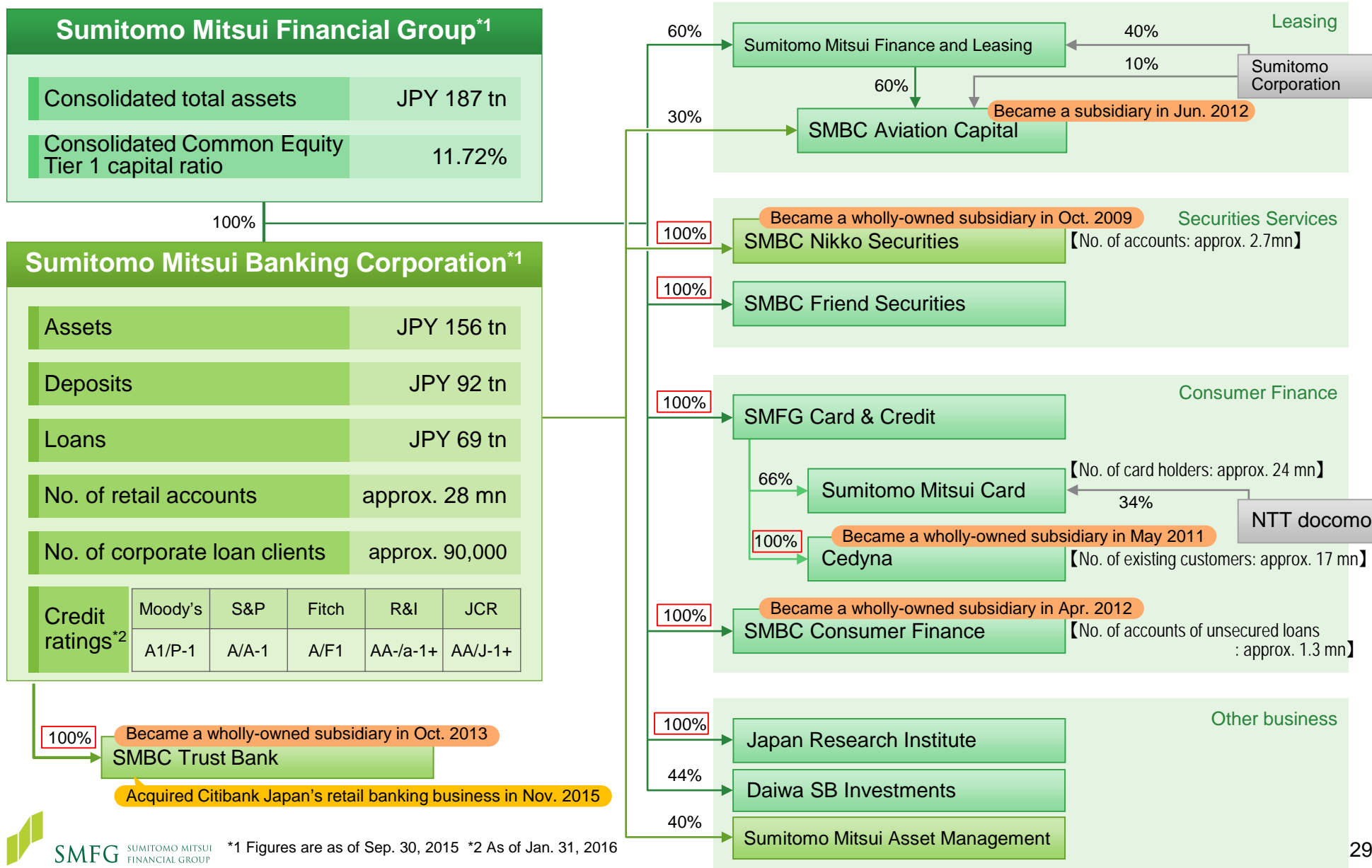


■ Closing messages

- I Immediate impact of BOJ's negative interest rate policy to us is limited**
- II Solid financial performance;
healthy asset portfolio**
- III Proven track record
of increasing dividend per share**

Appendix

Group structure



Vision for the next decade and three-year management goals

Vision for the next decade

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

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

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

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

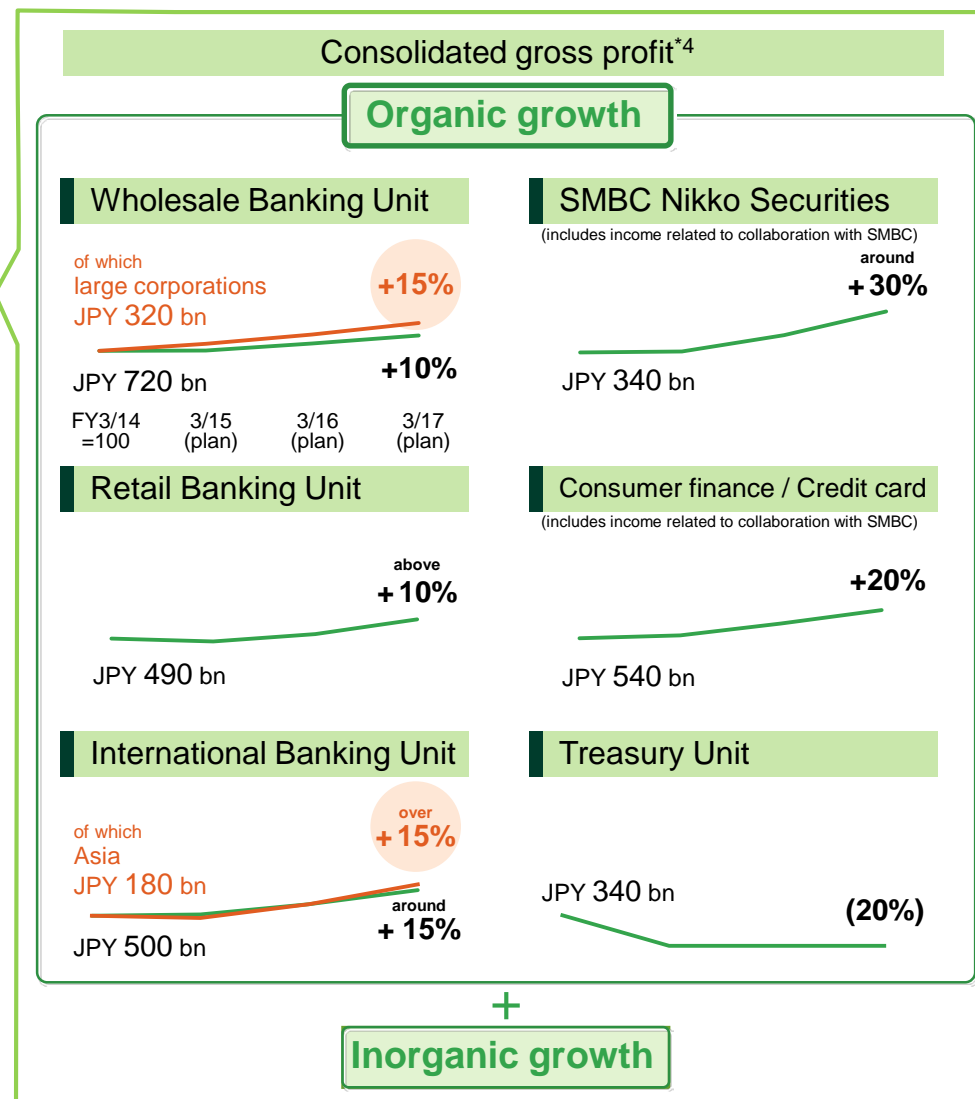
Three-year management goals

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

Progress on financial targets

Progress on financial targets

		FY3/15	Apr.- Dec. 2015	FY3/17 targets
Growth	Growth rate of Consolidated gross profit	+2.8%	+2.1%*1	around +15%*2
Profit-ability	Consolidated ROE	11.2%	11.5%*1	around 10%
	Consolidated net income RORA	1.1%	1.2%*1	around 1%
	Consolidated overhead ratio	55.7%	57.9%	in the mid 50%
Sound-ness	Common Equity Tier 1 capital ratio*3	12.0%	12.2%	around 10%



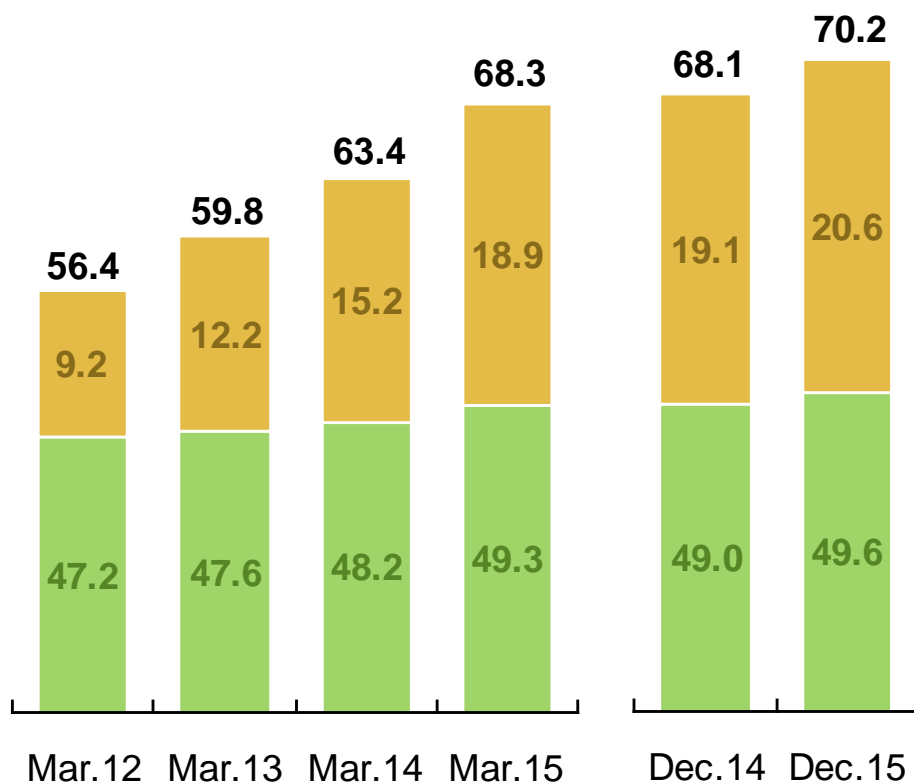
Loan balance and spread

Loan balance

(JPY tn)

(SMBC non-consolidated)

- Overseas offices and offshore banking accounts
- Domestic offices (excluding offshore banking account)



Average loan balance and spread^{*1}

(JPY tn, %)	Balance	
	1H, FY3/16	YOY change ^{*7}
Domestic loans ^{*2}	48.3	+1.1
of which Large corporations ^{*3}	13.6	+0.4
Mid-sized corporations & SMEs ^{*4}	16.4	+0.7
Individuals	14.3	(0.4)
IBU's interest earning assets ^{*5, 6} (USD bn, %)	220.9	+8.4

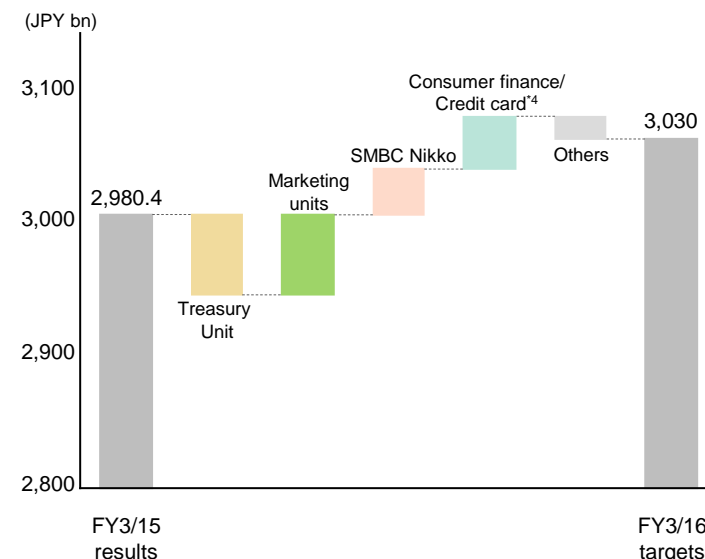
(JPY tn, %)	Spread	
	1H, FY3/16	YOY change ^{*7}
Domestic loans ^{*2}	0.89	(0.06)
of which Large corporations ^{*3}	0.58	(0.04)
Mid-sized corporations & SMEs ^{*4}	0.83	(0.11)
Individuals	1.45	(0.00)
IBU's interest earning assets ^{*5, 6} (USD bn, %)	1.21	+0.02

Earnings targets for FY3/2016

(JPY bn)		FY3/15 results	1H, FY3/16 results	FY3/16 targets	YOY change
SMFG consolidated	Consolidated gross profit	USD 24.9 bn ^{*1} 2,980.4	1,512.7	USD 25.3 bn ^{*1} 3,030	+49.6
	Ordinary profit	USD 11.0 bn ^{*1} 1,321.2	631.8	USD 10.2 bn ^{*1} 1,220	(101.2)
	Variance with SMBC non-consolidated	365.2	216.8	470	+104.8
	Profit attributable to owners of parent	USD 6.3 bn ^{*1} 753.6	388.1	USD 6.3 bn ^{*1} 760	+6.4
	Variance with SMBC non-consolidated	110.6	102.9	240	+129.4

SMBC non-consolidated	Gross banking profit	USD 13.6 bn ^{*1} 1,634.3	803.0	USD 13.2 bn ^{*1} 1,580	(54.3)
	Expenses ^{*2}	(791.2)	(398.8)	(820)	(28.8)
	Banking profit ^{*3}	USD 7.0 bn ^{*1} 843.1	404.2	USD 6.3 bn ^{*1} 760	(83.1)
	Total credit cost	80.1	27.6	0	(80.1)
	Gains (losses) on stocks	52.6	1.1		
	Ordinary profit	USD 8.0 bn ^{*1} 956.0	415.0	USD 6.3 bn ^{*1} 750	(206.0)
	Net income	USD 5.4 bn ^{*1} 643.0	285.3	USD 4.3 bn ^{*1} 520	(123.0)

Breakdown of changes in Consolidated gross profit (revised in Nov. 2015)



Assumption of earnings targets^{*5}

		FY3/16
3M TIBOR		0.17%
Federal funds target rate		0.75%
Exchange rate	JPY/USD	120.00
	JPY/EUR	135.00

^{*1} Converted into USD at period-end exchange rate of USD 1 = JPY 119.92 ^{*2} Excludes non-recurring losses

^{*3} Before provision for general reserve for possible loan losses ^{*4} Sum of Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance

^{*5} Nominal GDP growth rate: FY3/2015 result was +1.6%; FY3/2016 forecast estimated by Japan Research Institute was +2.1% as of May 2015 and +2.2% as of Nov. 2015; Nikkei Stock Average: JPY19,206.99 as of Mar. 31, 2015 and JPY17,388.15 as of Sep. 30, 2015

■ Breakdown of SMFG's consolidated gross profit

(JPY bn)		FY3/15		1H, FY3/16	
		1H, FY3/15			YOY change
SMFG's consolidated gross profit*		1,450.1	2,980.4	1,512.7	+62.6
Net interest income of which:		763.6	1,505.2	782.7	+19.1
	SMBC	586.9	1,121.4	571.9	(15.0)
	SMBC Consumer Finance	73.0	149.0	78.0	+4.0
Trust fees		1.4	2.9	1.4	(0.0)
Net fees and commissions		461.5	996.7	492.9	+31.5
of which:					
	SMBC	157.1	350.0	163.9	+6.8
	Sumitomo Mitsui Card	87.0	178.0	93.0	+6.0
	SMBC Nikko Securities	77.0	173.0	92.0	+14.0
	Cedyna	58.0	116.0	58.0	(0.0)
Net trading income + Net other operating income		223.6	475.7	235.7	+12.1
of which:					
	SMBC	82.8	161.0	66.3	(16.4)
	SMBC Nikko Securities	68.0	156.0	70.0	+3.0
	Sumitomo Mitsui Finance and Leasing	54.0	115.0	63.0	+8.0

* In round numbers excl. SMBC

Net fees and commissions

(JPY bn)	FY3/15	1H, FY3/16	YOY change
SMFG consolidated*1	996.7	492.9	+31.5
of which: SMBC	350.0	163.9	+6.8
Sumitomo Mitsui Card	178.0	93.0	+6.0
SMBC Nikko Securities	173.0	92.0	+14.0
Cedyna	116.0	58.0	(0.0)
SMBC Consumer Finance	49.0	28.0	+4.0
SMBC Friend Securities	31.0	14.0	(3.0)

Reference: Gross banking profit of SMBC's Marketing units

(JPY bn)	FY3/15	1H, FY3/16	YOY Change*2
Loan syndication	42.0	17.3	(0.5)
Structured finance	22.1	8.4	+1.0
Asset finance*3	15.3	7.4	+1.5
Sales of derivatives products	25.0	10.1	+1.8
Income related to domestic corporate business	104.4	43.2	+3.8
Investment trusts	36.7	15.3	(2.7)
Pension-type insurance	12.7	4.9	(1.6)
Single premium type permanent life insurance	8.4	10.6	+6.4
Level premium insurance	7.4	3.2	(0.1)
Income related to domestic consumer business	65.2	34.0	+2.0
of which:			
Money remittance, electronic banking	92.2	46.3	+0.4
Foreign exchange	51.9	26.3	+0.9
Domestic Non-interest income	313.3	139.4	+3.0
of which:			
IBU's loan related income*4	65.5	35.5	+1.1
IBU's Non-interest income*4	117.5	66.3	+1.0
Non-interest income	430.8	205.7	+4.0
of which:			
Income on domestic loans	426.5	210.3	(8.7)
Income on domestic yen deposits	120.9	49.8	+1.1
IBU's interest related income*4	227.8	114.4	+11.7
Interest income	856.7	415.5	+1.4
Gross banking profit of SMBC's Marketing units*5	1,287.5	621.2	+5.4

*1 In round numbers excl. SMBC *2 After adjustments of interest rates and exchange rates, etc. *3 Profit from real estate finance, securitization of monetary claims, etc.

*4 IBU: International Banking Unit *5 Managerial accounting basis

■ SMFG's performance by business unit*1

(JPY bn)				1H, FY3/15	FY3/15	1H, FY3/16	YOY change*2	Gross profit performance vs. targets
	Wholesale Banking Unit	Gross profit		332.8	729.0	343.4	+9.3	↑
		Expenses		(140.8)	(300.6)	(147.6)	(8.9)	
		Net business profit		192.0	428.4	195.8	+0.4	
	Retail Banking Unit	Gross profit		223.3	478.4	235.6	+12.5	↑
		Expenses		(178.0)	(373.4)	(188.2)	(8.7)	
		Net business profit		45.3	105.0	47.4	+3.8	
	International Banking Unit	Gross profit		282.7	593.1	325.4	+28.5	↑
		Expenses		(106.1)	(226.2)	(124.9)	(14.6)	
		Net business profit		176.6	366.9	200.5	+13.9	
	of which Marketing units	Gross profit		838.8	1,800.5	904.4	+50.3	↑
		Expenses		(424.9)	(900.2)	(460.7)	(32.2)	
		Net business profit		413.9	900.3	443.7	+18.1	
	of which Treasury Unit	Gross profit		221.2	374.8	239.0	+13.9	↑
		Expenses		(14.9)	(30.7)	(19.4)	(1.6)	
		Net business profit		206.3	344.1	219.6	+12.3	
	of which Sumitomo Mitsui Finance and Leasing	of which Gross profit		65.5	137.0	71.6	+6.1	↑
		of which Expenses		(27.4)	(57.9)	(30.7)	(3.3)	
		Net business profit		39.1	80.5	41.7	+2.6	
	of which SMBC Nikko Securities	Gross profit		153.0	350.0	176.6	+20.8	↓
		Expenses		(115.3)	(249.5)	(132.2)	(15.1)	
		Net business profit		37.7	100.5	44.4	+5.7	
	of which Consumer finance / Credit card*3	Gross profit		283.8	576.1	298.4	+14.6	↔
		Expenses		(180.4)	(363.8)	(189.4)	(9.0)	
		Net business profit		103.4	212.3	109.0	+5.6	
	Total (SMFG consolidated)	Gross profit		1,450.1	2,980.4	1,512.7	+62.6	↑
		Expenses		(804.3)	(1,659.3)	(852.2)	(48.0)	
		Ref: Gross profit - Expenses		645.8	1,321.1	660.5	+14.6	
		Equity in gains (losses) of affiliates		0.1	(10.6)	(43.4)	(43.4)	
		Net business profit*4		645.9	1,310.5	617.1	(28.8)	

*1 Managerial accounting basis. *2 After adjustments for changes in interest rates and exchange rates, etc.

*3 Sum of Sumitomo Mitsui Card, Cedyne, and SMBC Consumer Finance

*4 Consolidated net business profit = Consolidated gross profit - General and administrative expenses + Equity in gains (losses) of affiliates

■ SMBC's performance by business unit*1

(JPY bn)				1H, FY3/15	FY3/15	1H, FY3/16	YOY change*2
	Wholesale Banking Unit	Gross banking profit		262.5	555.4	257.6	(4.9)
		Expenses		(102.0)	(206.8)	(101.9)	(1.4)
		Banking profit		160.5	348.6	155.7	(6.3)
	Retail Banking Unit	Gross banking profit		185.8	386.8	182.9	(2.4)
		Expenses		(169.7)	(350.1)	(174.4)	(3.2)
		Banking profit		16.1	36.7	8.5	(5.6)
	International Banking Unit	Gross banking profit		166.7	345.3	180.7	+12.7
		Expenses		(50.2)	(106.6)	(60.9)	(6.9)
		Banking profit		116.5	238.7	119.8	+5.8
	Marketing units	Gross banking profit		615.0	1,287.5	621.2	+5.4
		Expenses		(321.9)	(663.5)	(337.2)	(11.5)
		Banking profit		293.1	624.0	284.0	(6.1)
Treasury Unit		Gross banking profit		211.0	354.0	222.5	+11.5
		Expenses		(12.7)	(25.9)	(14.6)	(0.9)
		Banking profit		198.3	328.1	207.9	+10.6
Headquarters		Gross banking profit		1.8	(7.2)	(40.7)	(41.7)
		Expenses		(52.3)	(101.8)	(47.0)	+0.5
		Banking profit		(50.5)	(109.0)	(87.7)	(41.2)
Total (SMBC non-consolidated)		Gross banking profit		827.8	1,634.3	803.0	(24.8)
		Expenses		(386.9)	(791.2)	(398.8)	(11.9)
		Banking profit		440.9	843.1	404.2	(36.7)

*1 SMBC non-consolidated. Managerial accounting basis *2 After adjustments for interest rates and exchange rates, etc.

Treasury Unit

- Secure profit through flexible portfolio management that adapts to the changing market environment

Gross banking profit of SMBC's Treasury Unit

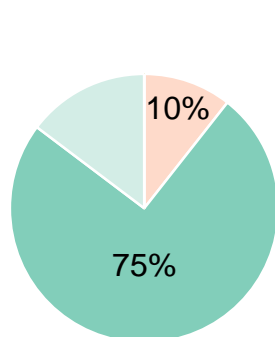
(JPY bn)	FY3/11	FY3/12	FY3/13	FY3/14	1H, FY3/15	FY3/15	1H, FY3/16
Gross banking profit of SMBC's Treasury Unit	330.7	319.3	295.3	325.5	211.0	354.0	222.5

Diversification of earning sources: composition of Gross profit

- Trading (FX, derivatives, etc.)
- Equities
- Income gains (interest income, etc.)
- Alternative investments
- Capital gains (bonds, etc.)

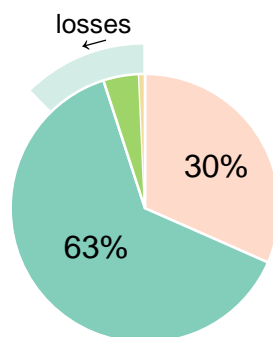
FY3/02

Gross profit: JPY 507.7 bn



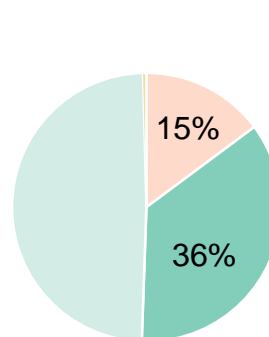
FY3/05

Gross profit: JPY 222.8 bn



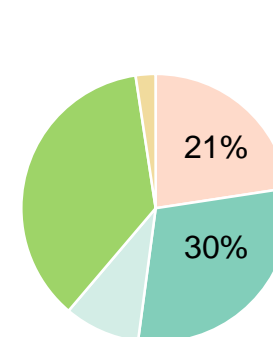
FY3/12

Gross profit: JPY 319.3 bn



FY3/15

Gross profit: JPY 354.0 bn



Gains (losses) on bonds

SMBC non-consolidated

Gains (losses) on bonds

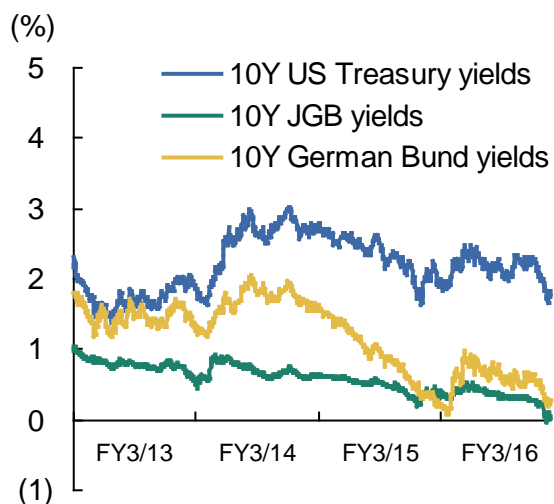
(JPY bn)	FY3/15	1H, FY3/16	YOY Change
Gains (losses) on bonds	47.9	20.5	(8.3)
Domestic operations	3.3	(0.5)	(3.0)
International operations	44.6	21.1	(5.3)

Gross banking profit of SMBC's Treasury Unit

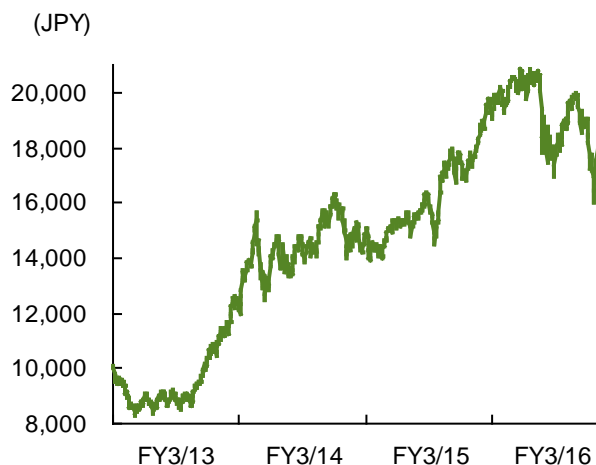
(JPY bn)	FY3/15	1H, FY3/16	YOY change
Gross banking profit of SMBC's Treasury Unit	354.0	222.5	+11.5

Interest rate, stock price and exchange rate

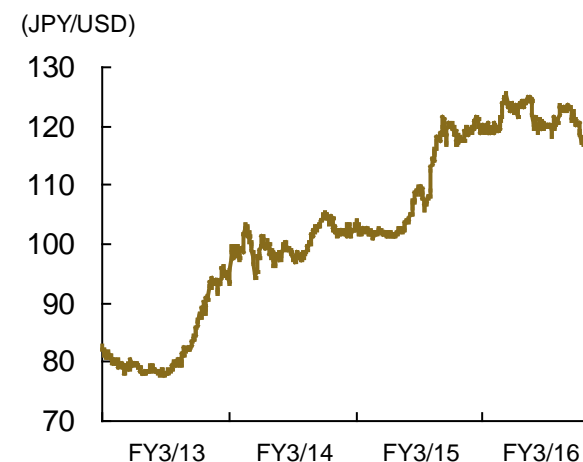
Interest rate of JGB, US Treasury and Bund



Nikkei Stock Average



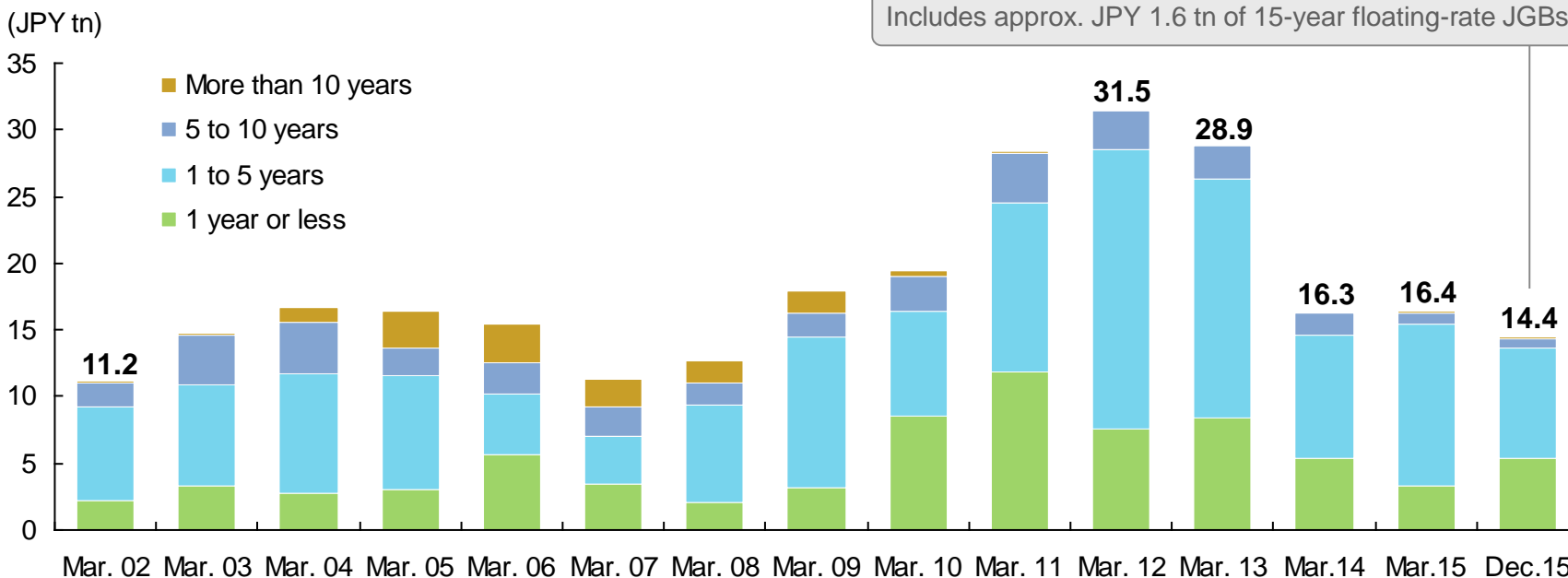
Exchange rate JPY / USD



Yen bond portfolio

SMBC 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)



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	1.9
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	54.7

^{*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

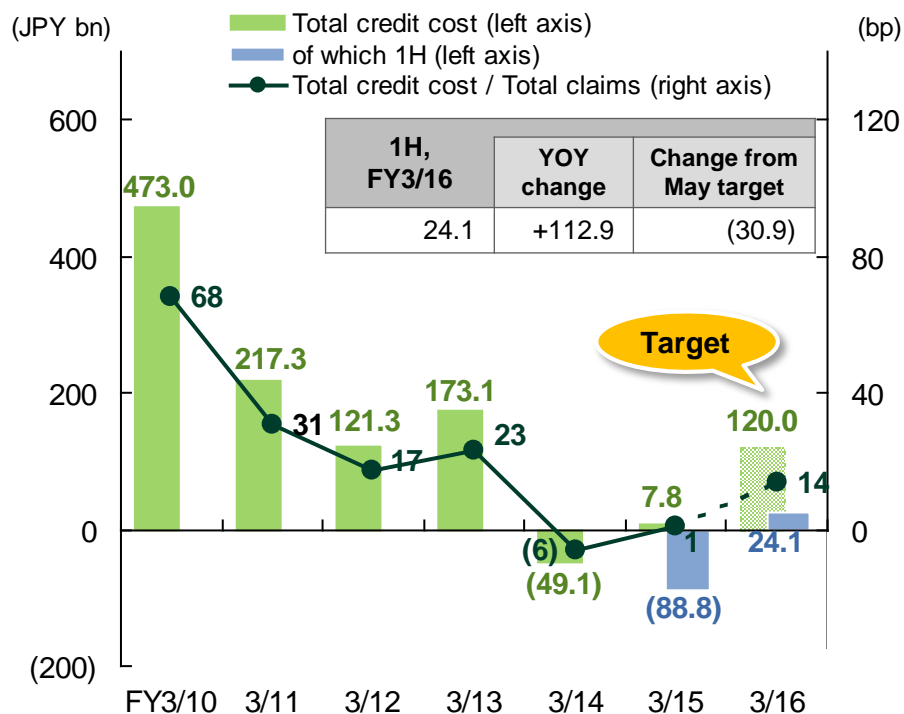
Bond portfolio

		Mar. 2013		Mar. 2014		Mar. 2015		Dec. 2015	
		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)									
SMFG consolidated	Yen-denominated bonds	30.4	0.17	17.4	0.10	17.1	0.07	15.4	0.07
	of which JGB	27.0	0.12	14.2	0.05	14.3	0.03	12.6	0.03
	Held-to-maturity	5.5	0.06	4.3	0.03	3.3	0.02	2.5	0.01
	Others	21.5	0.06	9.9	0.02	11.0	0.01	10.1	0.02
	Foreign bonds (Other securities)			4.3	(0.03)	5.6	0.03	5.3	(0.04)

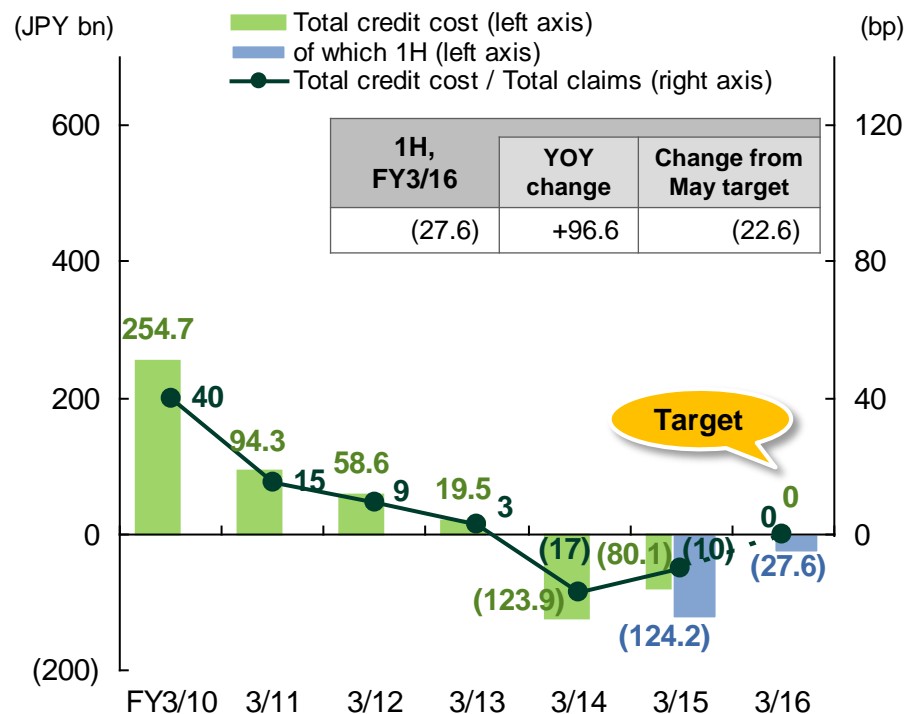
SMBC non-consolidated	Yen-denominated bonds	28.9	0.16	16.3	0.09	16.4	0.07	14.4	0.07
	of which JGB	26.2	0.11	13.8	0.05	14.0	0.03	12.1	0.03
	Held-to-maturity	5.5	0.06	4.3	0.03	3.3	0.02	2.3	0.01
	Others	20.7	0.06	9.5	0.02	10.7	0.01	9.8	0.02
	Foreign bonds (Other securities)			3.2	(0.02)	4.2	0.03	3.8	(0.04)

Credit costs

SMFG consolidated



SMBC non-consolidated



Variance between SMFG consolidated and SMBC non-consolidated*

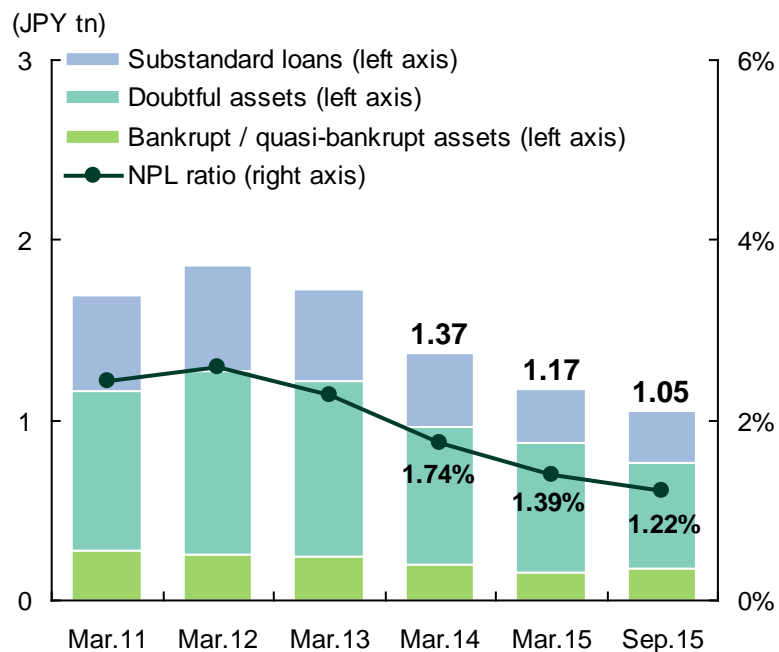
	(JPY bn)	1H, FY3/16	YOY change
Variance with SMBC non-consolidated		51.7	+16.3
SMBC Consumer Finance		35.0	+6.0
Cedyna		6.0	+1.0
Sumitomo Mitsui Card		6.0	+1.0
Sumitomo Mitsui Finance and Leasing		(1.0)	+5.0

* In round numbers

Non-performing loan balance and ratio

SMFG consolidated

	Mar. 15	Sep. 15
Coverage ratio	83.14%	81.52%

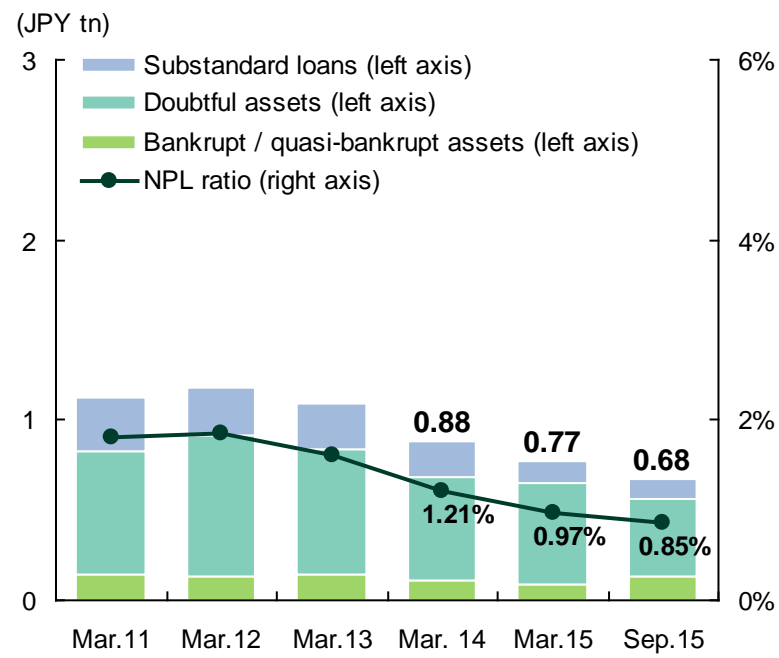


(JPY tn)

Total claims	70	72	76	79	85	86
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SMBC non-consolidated

	Mar. 15	Sep. 15
Coverage ratio	87.67%	87.24%



(JPY tn)

Claims on borrowers requiring caution*	3.1	2.8	1.9	1.6	1.6	1.5
Total claims	62	64	68	73	79	79

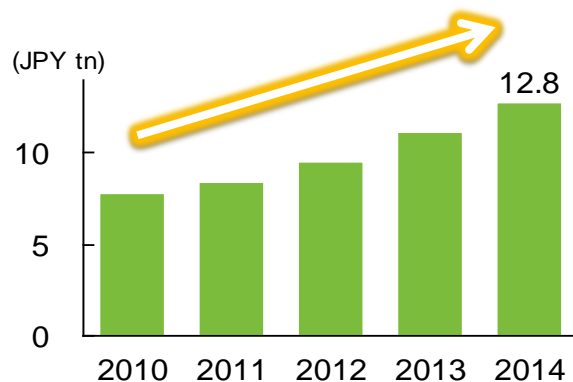
* Excludes claims to Substandard borrowers

Business alliances of payment services

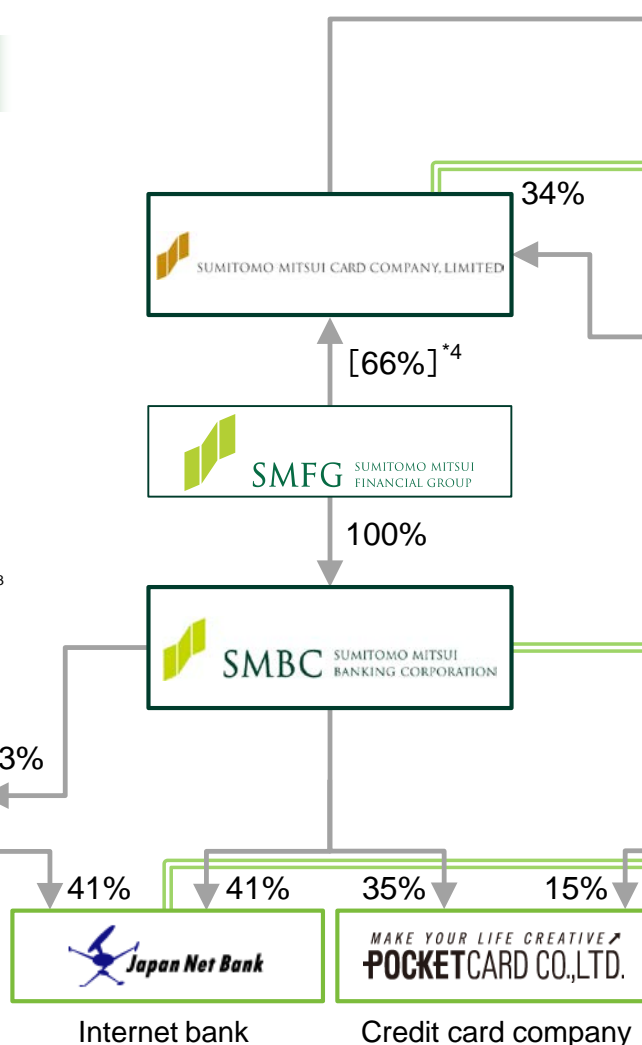
→ Capital/business alliances, investments
 ≡ Business alliances

Consolidated subsidiaries
 Equity method affiliates

Market size of domestic B to C e-commerce^{*1}



EC operators / Payment service providers		Mkt share of transaction volume ^{*2, 3}
1	Rakuten	15.7%
2	SoftBank Payment Service	14.1%
3	GMO Payment Gateway	12.0%
4	Yahoo Japan	9.3%
5	Amazon Japan	7.5%



Smartphone payment service providers *Silicon Valley, U.S.*

Square

Multi-foreign currency online settlement providers *Silicon Valley, U.S.*

Stripe

Mobile operators

Mkt share of # of subscribers^{*5}

1	NTT DOCOMO	42.2%
2	SoftBank group	29.0%
3	KDDI group	28.6%

Global accelerator *Silicon Valley, U.S.*

Plug and Play

Convenience stores

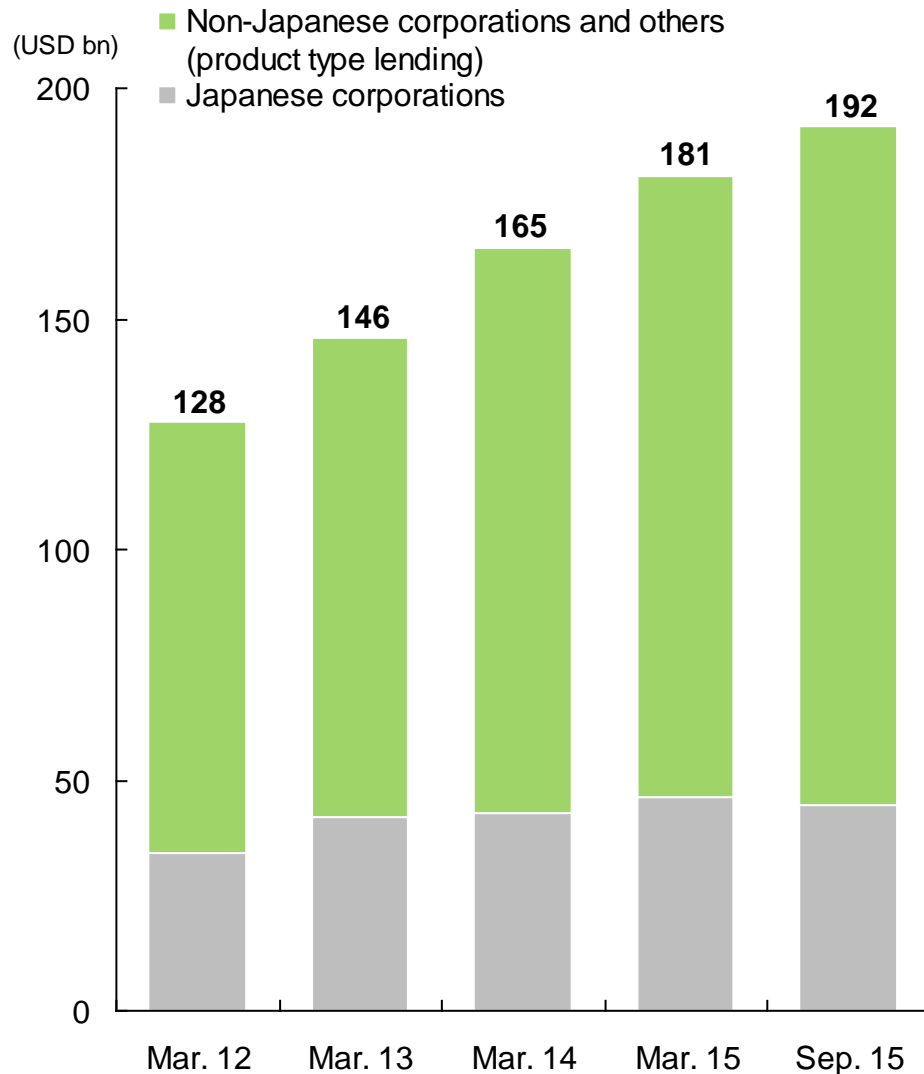
Mkt share of all store sales^{*6}

1	Seven-Eleven Japan	39.4%
2	Family Mart	19.7%
3	Lawson	19.3%

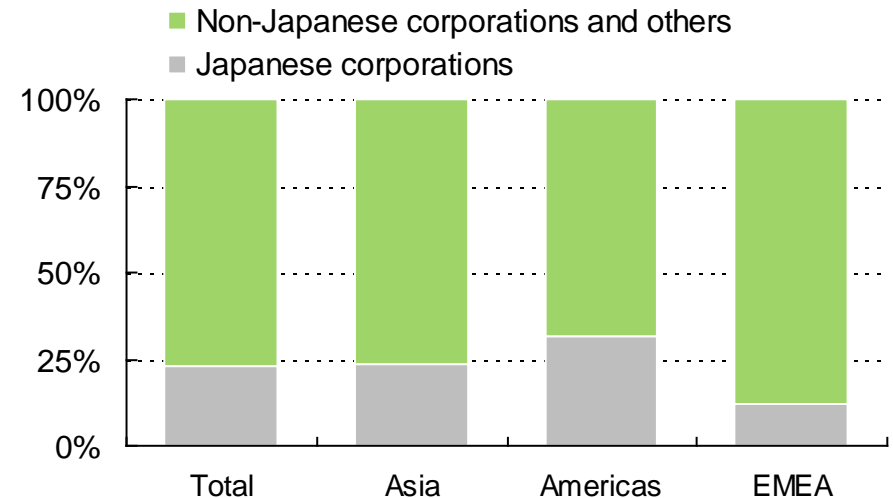
Overseas loan balance classified by borrower type

(Geographic classification based on booking office)

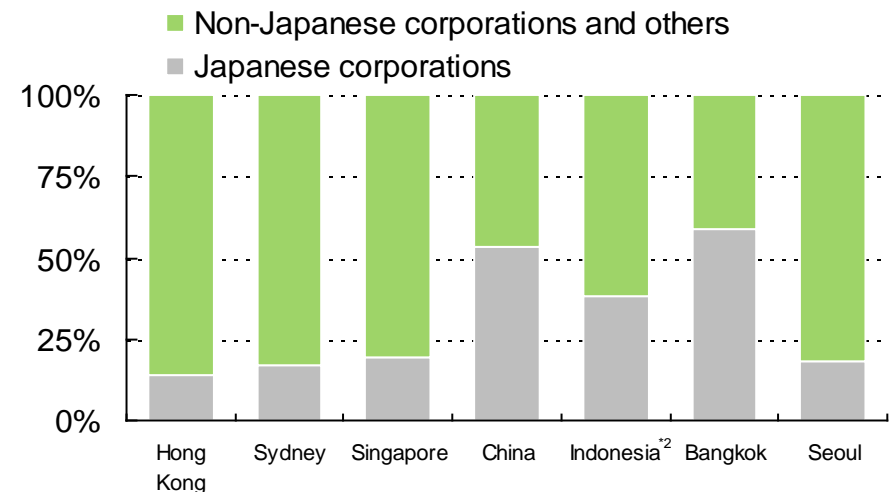
Total*¹



By region (Sep. 2015)*¹



Major marketing channels in Asia (Sep. 2015)*¹



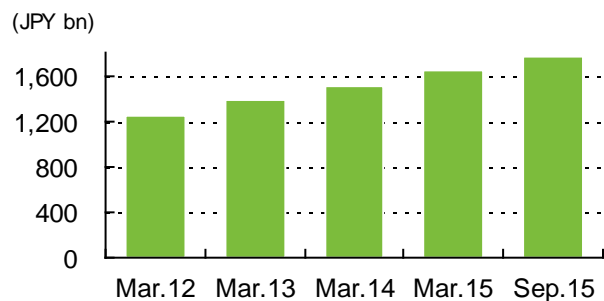
*¹ Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China). Includes trade bills after Mar. 2015

*² Sum of SMBC and SMBC Indonesia

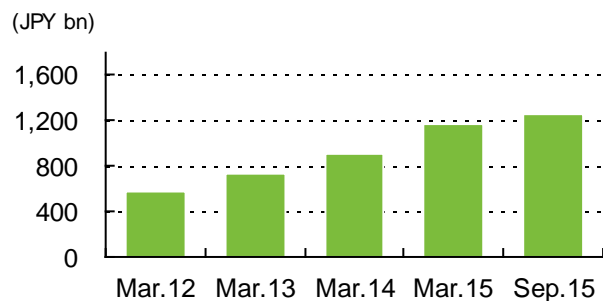
Loan balance in Asian countries/areas

(Geographic classification based on borrowers' domicile)*

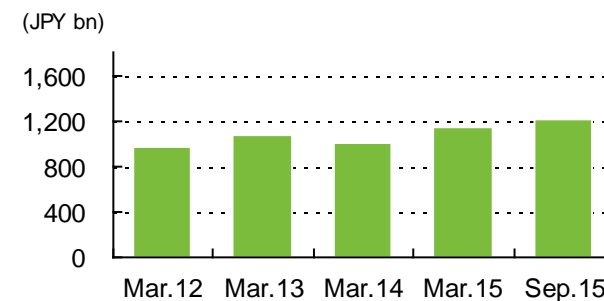
Hong Kong



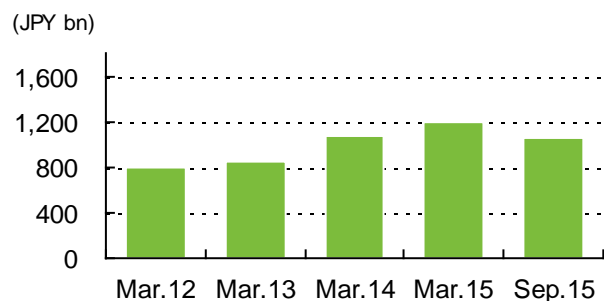
Australia



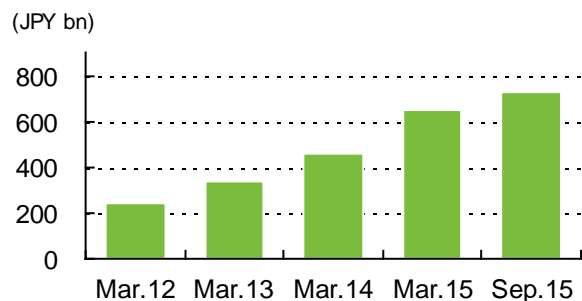
Singapore



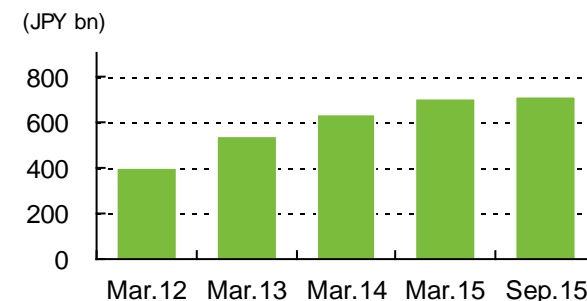
China



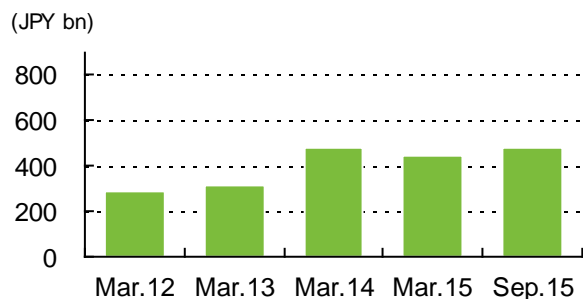
Indonesia



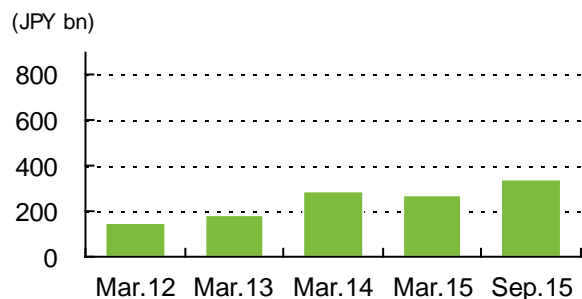
Thailand



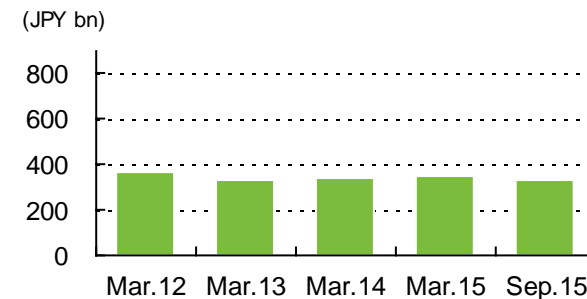
India



Taiwan



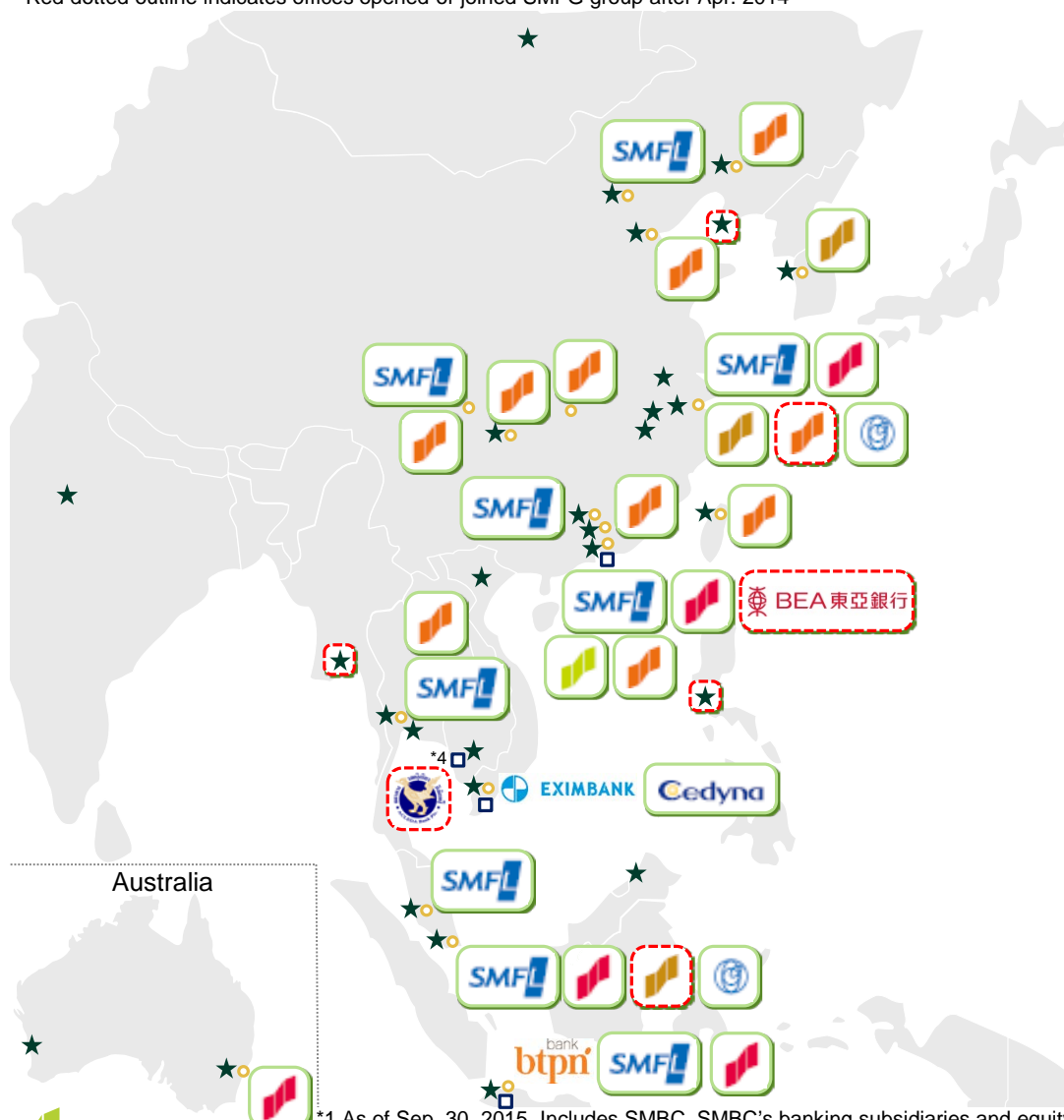
Korea



* Managerial accounting basis. Sum of SMBC, SMBC Europe, SMBC (China) and SMBC Indonesia
Loan balances are translated into JPY from each country's local currency at the exchange rate of Sep. 30, 2015

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. 2014



SMBC SUMITOMO MITSUI BANKING CORPORATION	Banking	< Asia and Oceania > 14 countries/areas, 39 offices* ¹
Sumitomo Mitsui Finance and Leasing	Leasing	<ul style="list-style-type: none"> Beijing Shanghai Chengdu Guangzhou Hong Kong Bangkok Kuala Lumpur Singapore Jakarta
SMBC NIKKO	Securities	<ul style="list-style-type: none"> Hong Kong Sydney Singapore Jakarta
	M&A advisory	<ul style="list-style-type: none"> Shanghai Hong Kong Singapore Jakarta
SMBC FRIEND SECURITIES	Market research	<ul style="list-style-type: none"> Hong Kong
SUMITOMO MITSUI CARD COMPANY, LIMITED	Prepaid card services	<ul style="list-style-type: none"> Seoul*²
	Consulting	<ul style="list-style-type: none"> Shanghai
	Market research	<ul style="list-style-type: none"> Singapore
Cedyna	Auto loans	<ul style="list-style-type: none"> Ho Chi Minh*³
SMBC CONSUMER FINANCE	Consumer finance	<ul style="list-style-type: none"> Hong Kong Shenzhen Shenyang Tianjin Chongqing Chengdu Wuhan Shanghai Bangkok
	Loan management and collection	<ul style="list-style-type: none"> Taipei
The Japan Research Institute, Limited	Consulting	<ul style="list-style-type: none"> Shanghai
	System integration	<ul style="list-style-type: none"> Shanghai Singapore

*¹ As of Sep. 30, 2015. 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

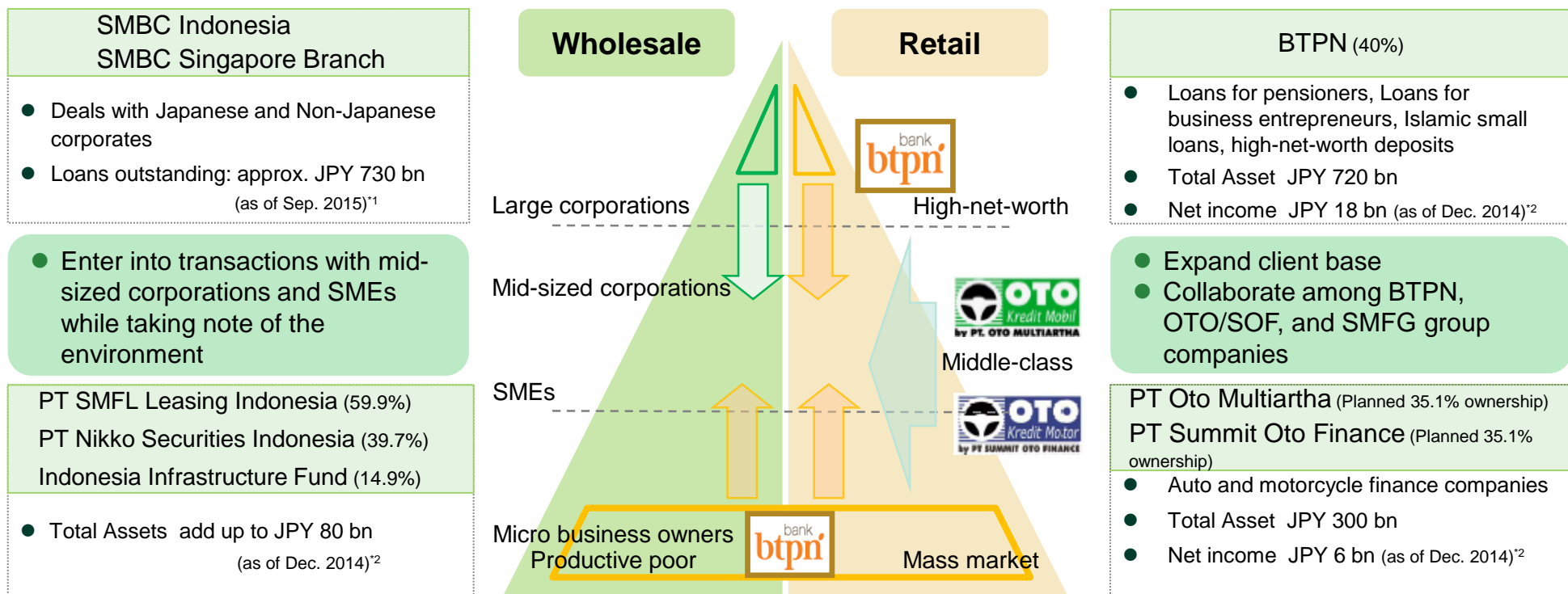
*⁴ SMBC made ACLEDA Bank an equity method affiliate in Sep. 2015

Business in Indonesia

- Further promote building a base to provide a full-banking service in Indonesia through organically coupling our franchise entities

- Set-up an Advisory Board
- Promote CSR activities

()SMFG's percentage ownership in parentheses



Outlook of Macro-economic Environment

- Although an economic slowdown and continued market instability are expected for the moment, we anticipate a full economic recovery led by public investments
 - Large growth potential due to further expansion of the middle class
- GDP Growth Rate^{*3}: Year 2015, 4.7% → Year 2019, 6.0% Working Age Population^{*4}: Year 2015, 173 million → Year 2060, 215 million
- Percentage of Bank Account holders^{*5} (Year 2014): 36%

BTPN (Bank Tabungan Pensiunan Nasional)

- Showing steady results and expanding business operations stably, despite stagnant stock prices due to the slowdown of the Indonesian economy
- We aim to make BTPN a core bank of SMFG's business in Indonesia in the medium- to long-term

Financial results

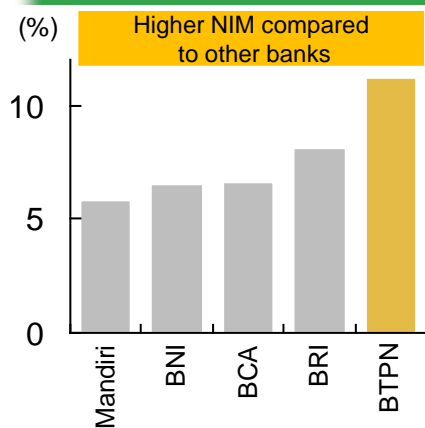
(IDR bn)	2013	2014	Jan.-Sep. 2015
Gross banking profit	7,449	7,780	6,233
Expenses	(3,980)	(4,501)	(3,709)
Net income	2,131	1,853	1,375
ROE	26.2%	18.4%	14.5%

Loan	46,105	51,994	56,938
Customer deposit	52,196	53,335	59,103
Total asset	69,665	75,015	80,113

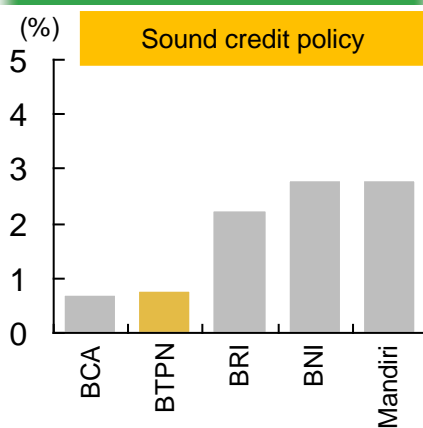
Expense for investment into new business

YOY +11%

Net Interest Margin*



NPL ratio*



* Based on each company's disclosure (Sep. 2015 results)

Collaboration after SMBC's investment, impact on SMFG's 3Q, FY3/16 financial results

Strengthening collaboration

- Equity method affiliate with SMBC's 40% ownership
 - Total investment amount approx. USD 1.5 bn, approx. 6,500 IDR per stock (Total of May 2013 and Mar. 2014)
- Governance support via appointment of 2 SMBC representatives as members of BTPN Board of Commissioners
- Further expansion of customer base by sharing SMBC retail banking expertise (high-net-worth deposit business, marketing, credit management, etc.)
- Started mobile banking in 2015 called "BTPN WOW!" targeting mass market clientele; SMBC envisions expanding this type of business in other parts of Asia in the future
- Support for funding
 - Post SMBC's investment, Fitch Ratings raised BTPN's Indonesian domestic rating by 3 notches
 - SMBC extended loans collaborating with IFC

Impact on SMFG's 3Q, FY3/16 financial results

- BTPN's stock price is highly volatile due to illiquidity
- Stock price at end of Dec. 2015: 2,400 IDR
- Incurring an impairment loss in accordance to accounting standards due to BTPN stock price falling considerably compared to our acquisition cost despite strong operating results
- SMFG and SMBC's financial targets for FY3/16, which were revised in Nov. 2015 already incorporates the impairment loss

■ Products that we have strengths overseas

Asset finance

Aircraft-related business

- Formed a group for marketing and solution-providing for domestic and overseas aircraft investors and aircraft leasing, centered around SMBC Aviation Capital

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

(USD mil)	1H, FY3/16	FY3/15
Total revenue*2	492	948
Net income	104	175
Aircraft asset	10,250	10,140
Net asset	1,550	1,460

Aircraft leasing companies	Country	# owned/managed
1 GECAS	USA	1,567
2 AerCap	Netherlands	1,256
3 SMBC AC	Ireland	395
4 CIT Aerospace	USA	326
5 BBAM	USA	297

Initiatives in middle market business

- High spread and well-diversified portfolio
- Carefully select profitable transactions, while strengthening credit control
- Compose around 2% of our overseas loan balance

U.S. middle market loan portfolio

- Sponsor finance for mid-sized corporations through agent banks / sponsor funds
- # of borrowers: approx. 100; loan balance: USD 1.4 bn; average loan balance: USD 15 mn per borrower; loan spread: 480bp; credit costs: 50bp (as of Mar. 2015)

Acquisition of European LBO loan portfolio from GE

- Loans for acquisition finance, extended to approx. 100 mid-sized companies domiciled in European countries
- Face value: USD 2.2 bn, average loan balance: USD 15-25 mn per borrower; loan spread: 400 bps, default rate over the past year was less than 1% due to high expertise

Project Finance

- Received “Global bank of the year” award by IJ Global League tables (Jan.-Dec. 2015)*3

	Global	Asia*4
Project Finance	# 4	# 5

*1 As of Dec. 31, 2015 (Source: Ascend “Airline Business”) *2 Leasing revenue + gains (losses) on sales of aircraft etc.

*3 Source: Thomson Reuters (Mandated Arrangers) *4 Asia Pacific

Capital and risk-weighted assets (SMFG consolidated)

Capital ratio (transitional basis)

	(JPY bn)	Mar. 31, 2015	Dec. 31, 2015
Common Equity Tier 1 capital (CET1)		7,476.5	7,972.8
of which:			
Total stockholders' equity related to common stock		6,909.0	7,433.9
Accumulated other comprehensive income ^{*1}		801.5	742.9
Regulatory adjustments related to CET1 ^{*1}		(460.4)	(441.0)
Tier 1 capital		8,528.6	9,322.2
of which:			
Additional Tier 1 capital instruments		-	300.0
Eligible Tier 1 capital instruments (grandfathered) ^{*3}		1,124.3	1,125.2
Regulatory adjustments ^{*1, 2}		(348.2)	(330.0)
Tier 2 capital		2,437.3	2,614.9
of which:			
Tier 2 capital instruments		375.0	658.5
Eligible Tier 2 capital instruments (grandfathered) ^{*3}		1,424.0	1,316.8
Unrealized gains on other securities after 55% discount and land revaluation excess after 55% discount ^{*2}		699.4	646.5
Regulatory adjustments ^{*1, 2}		(165.2)	(127.1)
Total capital		10,965.9	11,937.0
Risk-weighted assets		66,136.8	68,144.7
Common Equity Tier 1 capital ratio		11.30%	11.69%
Tier 1 capital ratio		12.89%	13.67%
Total capital ratio		16.58%	17.51%

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

	(JPY bn)	Mar. 31, 2015	Dec. 31, 2015
Variance with CET1 on a transitional basis ^{*5}		441.2	381.2
of which:			
Accumulated other comprehensive income		1,202.3	1,114.4
of which:			
Net unrealized gains on other securities		1,074.6	992.0
of which:			
Minority interests (subject to be phased-out)		(70.5)	(71.7)
Regulatory adjustments related to CET1		(690.6)	(661.5)
Common Equity Tier 1 capital		7,917.7	8,354.0
Risk-weighted assets		65,925.9	68,049.6
Common Equity Tier 1 capital ratio		12.0%	12.2%
Ref: Common Equity Tier 1 capital ratio (excluding net unrealized gains)		9.0%	9.6%

Preferred securities which become callable in FY3/16

Issuer / Series	Issue date	Amount outstanding	Dividend rate ^{*6}	First call date ^{*7}	Step-up	
SMFG Preferred Capital JPY 2 Limited						
Series C	Dec. 2008	JPY 140 bn	4.87%	Jan. 2016	None	Called Jan. 2016
Series D	Jan. 2009	JPY 2 bn	4.80%	Jan. 2016	None	

Leverage ratio

(transitional basis, preliminary)

	(JPY bn)	Dec. 31, 2015
Tier 1 capital		9,322.2
Leverage exposure		197,094.7
Leverage ratio		4.72%

LCR

(transitional basis)

Average Oct. – Dec. 2015
112.9%

■ Major capital requirement regulations forecasted to increase RWA

- We use AIRB*¹ approach for credit risk and AMA*¹ for operational risk; RWA increase is likely upon the revision of each approach

Revisions to the Standardised Approach for credit risk

- 2nd consultation published in Dec. 2015
- Planned publication of final rule during 2016

Revisions to the Standardised Approach for operational risk

- Wait for 2nd consultation
- Planned publication of final rule during 2016
- Planned proposal to end AMA*¹ by BCBS*²

Review of the CVA risk framework

- Planned publication of final rule during the first half of 2016

IRRBB
(Interest-rate risk in the banking book)

- Planned publication of final rule during 2016

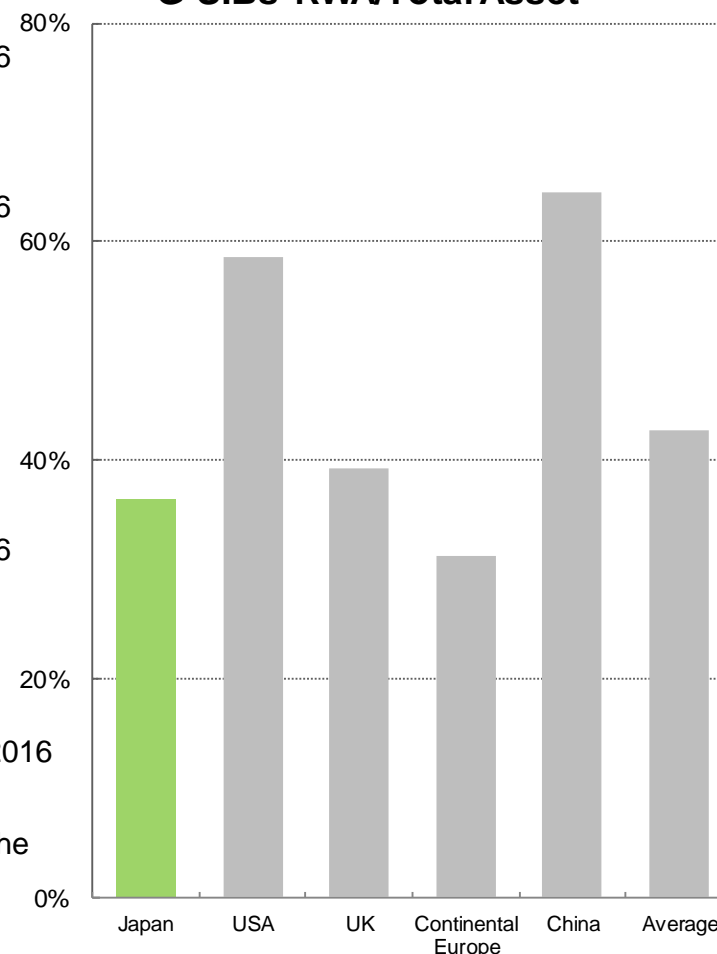
Revisions to the internal models

- Wait for publication of proposal regarding the internal model
- Planned publication of final rule by end of 2016

Capital floors

- To be discussed according to revisions to the Standardised Approaches and the internal models

G-SIBs' RWA/Total Asset*³



Meeting international financial regulations

	Regulations	Contents of regulation	Effective	Current status	Action taken & impact on SMFG
G-SIFI regulation and supervision	G-SIB surcharge	Required for additional loss absorption capacity above the Basel III minimum	2016	Finalised at FSB / Domestic regulation under consultation	⊙ Requirement for SMFG to be 8% on a fully-loaded basis. Achieved 8% CET 1 ratio by the end of Mar. 2013
	Adequacy of loss-absorbing capacity (TLAC)	Required to hold loss absorbing capacity, which consists of eligible liabilities and regulatory capital, on both a going concern and gone concern basis	2019	Finalised at FSB in Nov. 2015	○ Currently have no issues in meeting requirements. Taking actions needed
	Recovery and Resolution Plan	SMFG Group Recovery Plan	Implemented	Submitted	○ Work in accordance with due dates, including those of overseas operations
		ISDA Protocol: Stays on early termination rights following the start of resolution proceedings of derivatives counterparty	Implemented	Adhered	○ Adhered at each of the relevant major entities
Prudential regulation Basel III	Capital requirement	Required to raise the level and quality of capital and enhance risk coverage under Basel III	2013	Under phased implementation	⊙ Achieved our target of 8% CET 1 ratio by Mar. 2013, one year ahead of schedule
		Fundamental review of trading book (Strengthened capital standards for market risk)	2019	Finalised at BCBS in Jan.2016	○ Currently have no issues in meeting requirements although paying attention to national finish
		Revisions to the Standardised Approaches	TBD	Consultation for operational/credit risk commenced in Oct.2014/Dec.2015	△ To be finalized by the end of 2016. Paying attention to discussions
		Revisions to the internal models	TBD	Under discussion	△ A consultative document will be published by the end of 2015. Paying attention to discussions
		Capital floors	TBD	Consultation commenced in Dec. 2014	△ Details and implementation schedule of regulation remain unclear. Paying attention to discussions
		Review of the Credit Valuation Adjustment (CVA) risk framework	TBD	Consultation commenced in Jul. 2015	△ Implementation schedule remains unclear. Paying attention to discussions
		Interest-rate risk in the banking book	TBD	Consultation commenced in Jun. 2015	△ Under discussion whether (i) uniformly applied Pillar 1 measure for calculating capital charge, or (ii) review of the current framework (Pillar 2). Paying attention to discussions
	Leverage ratio requirement	Non-risk-based measure based on “on-and off-accounting balance sheet items” against Tier 1 capital. Minimum requirement: 3% (on a trial basis)	2018	Domestic regulation for disclosure finalised in Mar. 2015	○ Currently have no issues in meeting requirements although paying attention to national finish. Minimum requirement of 3% subject to reexamination internationally
	Minimum standards for liquidity (LCR/NSFR)	LCR: Required to have sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. >=100% needed	2015	Under phased implementation	○ In good position due to domestic deposit base. Intend to further strengthen foreign currency ALM
		NSFR: Required to maintain a sustainable maturity structure of assets and liabilities >=100% needed	2018	Finalised at BCBS in Oct. 2014	○ Currently have no issues in meeting requirements although paying attention to national finish
	Large exposure regulation	Tightening of exposure limit to a single borrower (25% of Tier 1) and expansion of scope of applicable exposure type, etc.	Jan. 2019	Partly implemented in Dec. 2014	○ Limited impact from early adoption of derivatives, etc. Paying attention to remaining issues including treatment of interbank exposures
Financial market / Financial system reform	OTC derivatives markets reforms	<ul style="list-style-type: none">Centralizing of OTC derivatives clearingMargin requirement for non-centrally cleared derivatives	Dec. 2012 Sep. 2016	Scope of application being expanded Implementation date postponed in Mar. 2015	△ Taking actions needed although impact will be smaller compared to investment banks
	Regulation of shadow banking system	Strengthen the oversight and regulation of the shadow banking system such as MMFs, repos and securitizations	TBD	Discussion underway on five specific areas	○ FSB’s final rule to apply haircut floors on repo transactions excluded JGBs as applicable collateral (Oct. 2014)
	Limitation on banking activities / Ring fencing regulation	Requirements for foreign banking organizations (FBO Rule)	Jul. 2016	Final regulation published	○ Business related to regulation is limited. Taking actions needed
		Ring-fenced banks prohibited from providing certain services and required to be isolated from the rest of the financial group in UK and EU	TBD	UK: Enacted in Dec. 2013, EU: Proposal published in Jan. 2014	⊙ SMBC will be out of scope, but still paying close attention to the discussion

⊙ Able to meet requirements easily ○ Able to meet requirements △ Impact unclear

Ongoing major regulatory discussions

Regulations			Contents	Schedule	Finalised 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 	<ul style="list-style-type: none"> Under consultation (comment period will be closed in Mar. 2016) Comprehensive data collection and analysis will be made through the QIS in early 2016 	Unfinished	Unfinished
		Review of the CVA risk framework	<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 	<ul style="list-style-type: none"> Under consultation (comment period closed in Oct. 2015) Targeted to be finalized in mid-2016 	Unfinished	Unfinished
	Market risk	IRRBB (Interest-rate risk in the banking book)	<ul style="list-style-type: none"> Under discussion whether (i) uniformly applied Pillar 1 measure for calculating capital charge, or (ii) review of the current framework (Pillar 2). 	<ul style="list-style-type: none"> Under consultation (comment period closed in Sep. 2015) Targeted to be finalized through 2016 	Unfinished	Unfinished
	Operational risk	Revisions to the Standardised Approach	<ul style="list-style-type: none"> Seeks to address the weaknesses identified in the existing approach by (i) refining the operational risk proxy indicator by replacing Gross Income (GI) with a superior indicator, and (ii) improving calibration of the regulatory coefficients based on the results of the quantitative analysis 	<ul style="list-style-type: none"> Under consultation (comment period closed in Jan. 2015) Waiting for the revised consultative document published. Removing the use of the Advanced Measurement Approach(AMA) will also be consulted 	Unfinished	Unfinished
	Overall	Revisions to the internal models	<ul style="list-style-type: none"> Seeks to review possible modifications to the IRB framework including constraints on model parameter estimates 	<ul style="list-style-type: none"> Waiting for the consultative document published 	Unfinished	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 the Basel II/III standardised approaches for credit, market and operational risks 	<ul style="list-style-type: none"> Under consultation (comment period closed in Mar. 2015) To be discussed according to the revisions to the standardised approaches and the internal models 	Unfinished	Unfinished
Leverage ratio requirement	Leverage ratio	Leverage ratio	<ul style="list-style-type: none"> Continue to test a minimum requirement of 3% to be introduced in 2018 (from Jan. 2013 to Jan. 2017) Public disclosure requirement started on Jan. 2015 	<ul style="list-style-type: none"> Appropriate level of leverage ratio to be finalized by 2017 at the latest Scheduled to be implemented in 2018 Domestic regulations on calculation and disclosure implemented 	Finished in part	Finished in part
G-SIFI regulation	TLAC (total loss-absorbing capacity)	TLAC (total loss-absorbing capacity)	<ul style="list-style-type: none"> Minimum requirement of (i) 16% of RWA (19.5% including capital buffer as for SMFG) and 6% of the Basel III Tier 1 leverage ratio denominator as from 2019, (ii) 18% of RWA (21.5% including capital buffer as for SMFG) and 6.75% of the Basel III Tier 1 leverage ratio denominator as from 2022 Should be issued and maintained by resolution entities An access to credible ex-ante commitments to recapitalise a G-SIB in resolution may count toward a firm's TLAC as 2.5% RWA as from 2019 and 3.5% as from 2022 	<ul style="list-style-type: none"> Finalized in Nov. 2015 	Finished	Unfinished

Revision to the Standardised Approach for credit risk / Capital floors

Revision to the Standardised Approach for credit risk*

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

Capital floors

Current framework

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

(The simplified framework for Japanese banks shown below)

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

compare

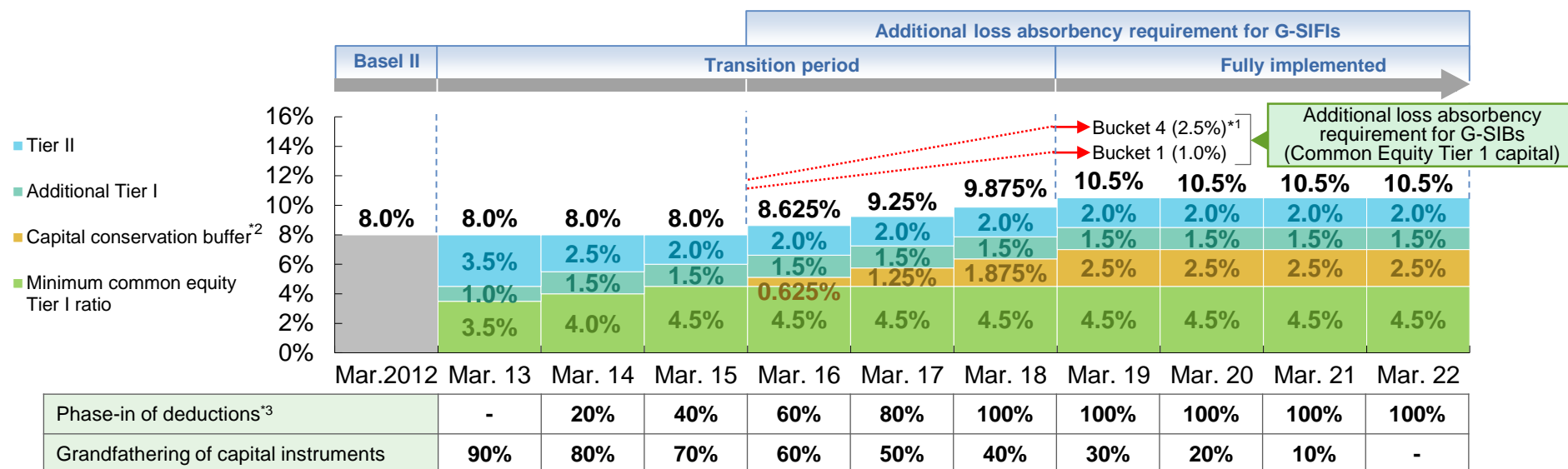
(ii) 80% of RWA based on the most recent approach before migration to the IRB approach and/or AMA
(e.g. (i) AIRB/(ii) FIRB,
(i) FIRB/(ii) Basel)

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

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

Application of Basel III

- Capital requirements and liquidity coverage ratio have been phased-in in line with international agreements
- Domestic regulations on leverage ratio, net stable funding ratio and capital buffers including capital conservation buffer and countercyclical buffer, are being finalized according to their adoption schedule
 - No additional requirements anticipated on top of minimum Basel requirement in Japan
 - Able to pass Basel requirement easily according to provisional calculation based on current draft rules



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

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

^{*1} With an empty bucket of 3.5% to discourage further systeminess

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

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

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

Public sector support and point of non-viability in Japan

Framework		Systemic risk	Subject entities	Conditions	Point of non-viability	No. of cases
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 and not having negative net worth	No	32
	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	1
	Item 2 measures <i>Financial assistance exceeding payout cost</i>			Suspension of payment of deposits or having negative net worth ^{*1}	Yes ^{*3}	-
	Item 3 measures <i>Nationalization</i>			Suspension of payment of deposits and having negative net worth ^{*1}		1
Newly established framework	Article 126-2 of DIA Specified Item 1 measures <i>Liquidity support</i> <i>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}	-

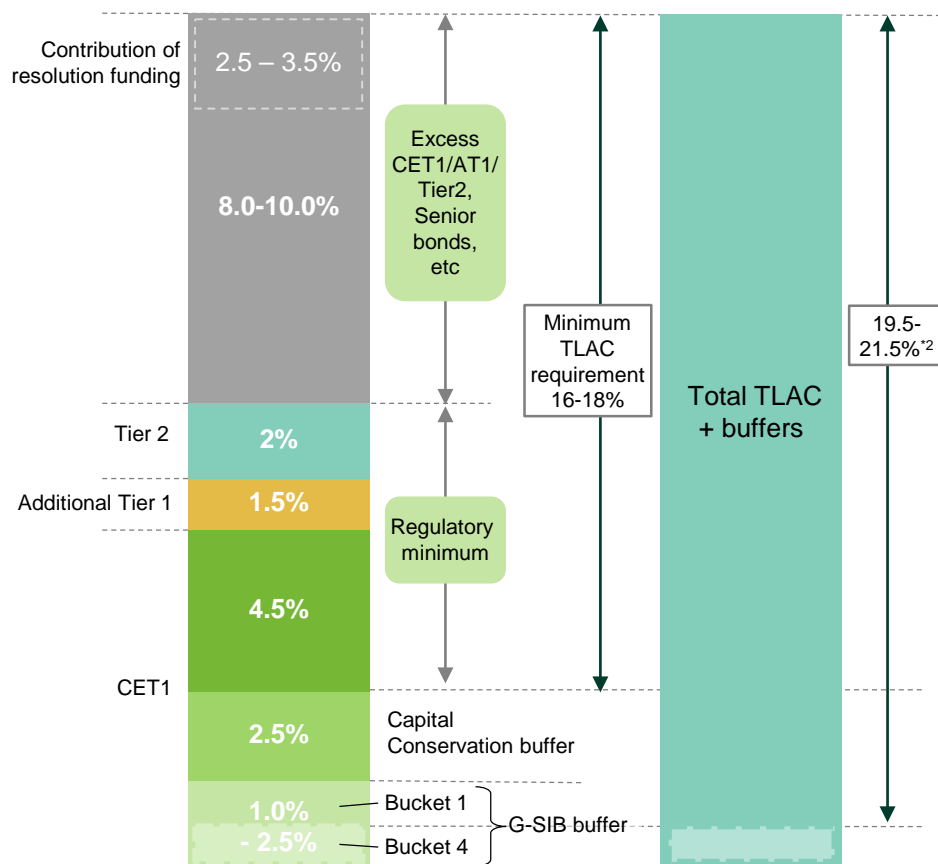
^{*1} Including the likelihood of a suspension of payment of deposits

^{*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

TLAC requirements for G-SIBs*1

Illustrative TLAC requirement



Highlights of TLAC requirement

Minimum external TLAC requirements

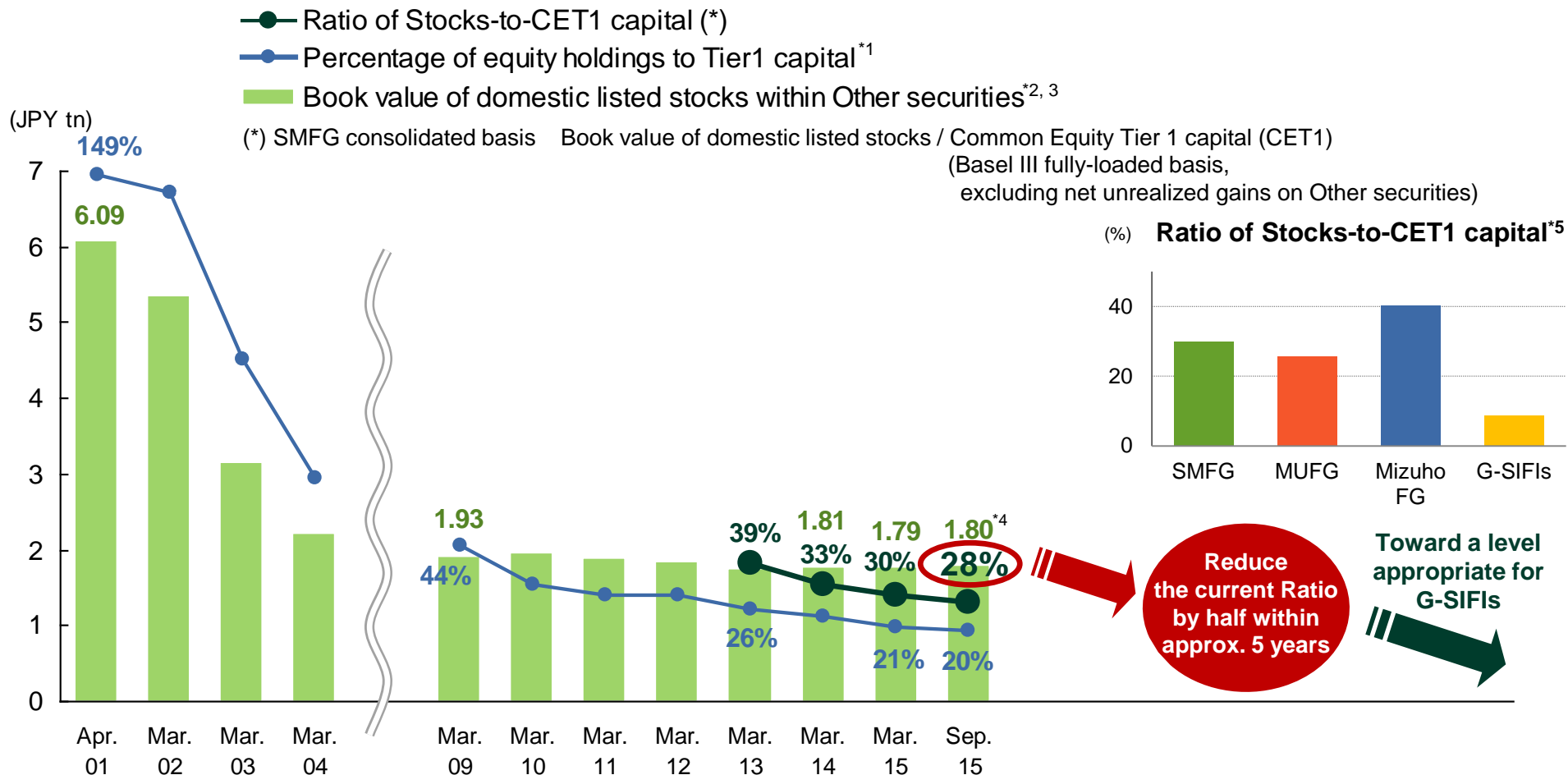
	Jan. 2019 - Dec. 2021	After Jan. 2022
Risk weighted assets (RWA) basis	16%	18%
[Incl. buffers]	[19.5%]	[21.5%]
Leverage ratio denominator basis	6%	6.75%

Instruments eligible for external TLAC

- Items that satisfy regulatory capital requirements, with certain exceptions such as non-controlling interests included in AT1/T2 after Jan. 2022
- Certain unsecured liabilities that are subordinated to excluded liabilities such as insured deposits (senior notes issued by a holding company which does not have any excluded liabilities on its balance sheet, etc.)
- An access to credible ex-ante commitments to recapitalize a G-SIB in resolution may count towards a firm's TLAC as 2.5% of RWA by Dec. 2021 and 3.5% of RWA after Jan. 2022. Japanese deposit insurance system is reported as such*3

■ Reduction of strategic shareholdings

Transition of strategic shareholdings outstanding (SMFG consolidated basis)



*1 Ratio against SMFG consolidated Tier 1 Capital (ratio against SMBC consolidated Tier 1 Capital until end of Mar. 2002. Ratio against Basel III fully-loaded SMFG consolidated Tier 1 capital from end of Mar. 2013) *2 SMBC consolidated basis until Mar. 2002 *3 Same meaning as acquisition cost

*4 Diminishes after deducting increase in book value from the termination of hedge transactions

*5 For 3 Japanese banks, ratio of book value of domestic listed stocks to CET1 excluding net unrealized gains on other securities, as of end of Mar. 2015. CET1 is based on our estimation of Basel III fully-loaded basis, pro forma. For G-SIFs, an average of 21 banks' ratio of AFS equity (MTM)-to-CET1 capital (transitional basis) as of the end of Dec. 2014. 21 banks are determined as excluding 3 Japanese banks and 6 banks with insufficient data on equity holdings (BNP, GS, ABC, BPCE, ACA, ICBC) out of 30 G-SIFs

Governance regarding strategic shareholdings

Basic policy regarding strategic shareholdings

(“Corporate governance report” announced on July 2015)

- In principle, SMFG does not hold the shares of other listed companies. This is in order to help maintain our standards as a globally operating financial institution and respond proactively to global regulation
- We determine “the rationale to hold” with comprehensive consideration based on the profitability, the objectives to hold, and other relevant factors for the medium to long term

- Continuously implement reduction of strategic shareholdings in order to achieve an appropriate level as one of the G-SIFIs
- Examine annually the rationale for holding strategic shares of our main strategic share counterparties at the Board of Director’s meeting
 - ✓ Have constructive dialogue with counterparties that lack profitability in order to improve overall profitability. If there is no rationale to hold the shares such as when there is no prospect for improvement in profitability, we will sell the shares
 - ✓ Begin dialogue to reduce strategic shareholdings even with counterparties that have the rationale to hold strategic shares, in order to mitigate the risk from stock price fluctuations

Deliberating the rationale for holding strategic shares

- Completed examining the rationale to hold major strategic shareholdings at the Board of Director’s meeting
- Profitability is verified by two measures: RARORA and RAROA

➤ **RARORA** (Risk Adjusted Return on Risk-weighted Asset)

Profit after excluding expense, credit cost, shareholding cost / Credit RWA + Stock book-value RWA

※ Taking into account the impact of RWA due to tightening of regulation

➤ **RAROA** (Risk Adjusted Return on Asset)

Profit after excluding expense, credit cost, shareholding cost / Total credit exposure + Total equity investments outstanding

- Profitability is also measured against risk-weighted capital (**RAROC**), but currently used as a referential measure because it lacks stability to use as an operational indicator since risk-weighted capital may increase or decrease from volatility of stock price

Corporate governance

No. of directors and corporate auditors (SMFG)

	FY3/15	
Directors	13	13
o/w outside	3	5
Corporate Auditors	6	6
o/w outside	3	3

June
2015

More than one-third of SMFG's directors
are outside directors

Shareholders' Meeting

Corporate Auditors/
Board of
Corporate Auditors

Board of Directors

Nominating
Committee

Compensation
Committee
(*)

Auditing
Committee
(*)

Risk
Committee

(*) Chairman: Outside Director

Outside directors and corporate auditors (SMFG)

Directors	● Mr. Yoshinori Yokoyama (Project Professor at The University of Tokyo)
	● Mr. Kuniaki Nomura (Attorney at Law)
	● Mr. Arthur M. Mitchell (Attorney at Law admitted in New York) New
	● Mr. Masaharu Kohno (Previous Ambassador of Japan to the Republic of Italy) New
	● Ms. Eiko Sakurai (Chairman and CEO of Dow Corning Toray, Ltd.) New
Corporate Auditors	● Mr. Ikuo Uno (Executive advisor to the Board of Nippon Life Insurance Company)
	● Mr. Satoshi Itoh (Certified Public Accountant)
	● Mr. Rokuro Tsuruta (Attorney at Law)

Newly appointed outside directors



Mr. Arthur M. Mitchell
(Attorney at Law
admitted in New York)



Mr. Masaharu Kohno
(Previous Ambassador
of Japan to the
Republic of Italy)



Ms. Eiko Sakurai
(Chairman and CEO
of Dow Corning Toray, Ltd.)

■ CSR (Corporate Social Responsibility)

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

Environment

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

- Exhibit our “Eco-products”
- Proactive in “SMFG Clean-up” (clean-up activities at rivers and seashores)
- Issued green bond



Exhibition of our “Eco-products”

Next Generation

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

- Establish “Rising Square”
- Implement CSR activities in Indonesia and Myanmar



“Rising Square” (SMBC East Tower)

Community

- Support the restoration efforts for the Great East Japan Earthquake
- Contribute to community-based activities in many areas led by executive and employee volunteers
- Help those who are suffering from cognitive impairment etc.

- Volunteer efforts for disaster-stricken areas
- Nurture individuals who are “cognitive impairment supporters”
- Contribute to community at home and abroad



Visit to Miyagi Prefecture’s temporary housing facility (supporting restoration)

Credit ratings of G-SIBs (Moody's)*

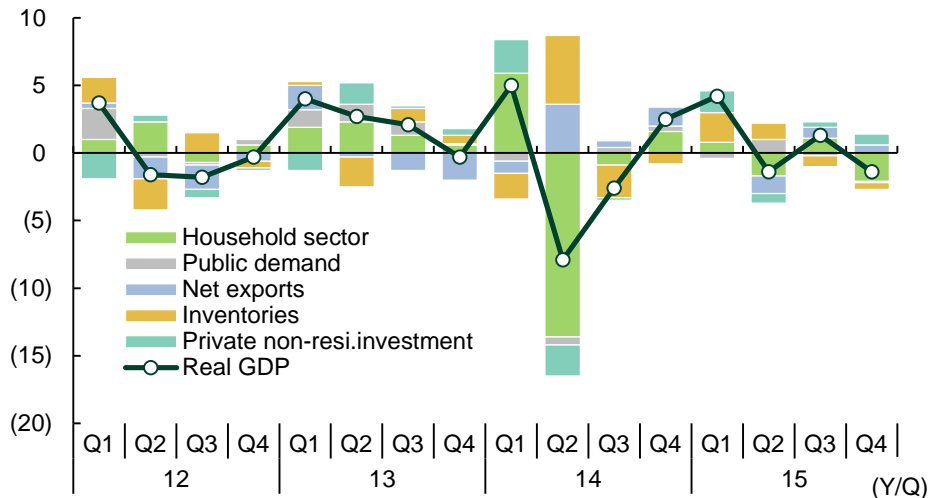
	Apr. 2001		Jul. 2007		Jan. 2016	
Aaa			<div><div>• Bank of America</div><div>• Bank of New York Mellon</div><div>• Citibank</div><div>• JPMorgan Chase Bank</div></div>	<div><div>• Royal Bank of Scotland</div><div>• UBS</div><div>• Wells Fargo Bank</div></div>		
Aa1	<div><div>• Bank of America</div><div>• Crédit Agricole</div></div>	<div><div>• Wells Fargo Bank</div><div>• UBS</div></div>	<div><div>• Banco Santander</div><div>• Barclays Bank</div><div>• BNP Paribas</div><div>• Crédit Agricole</div><div>• Credit Suisse</div><div>• Deutsche Bank</div></div>	<div><div>• HSBC Bank</div><div>• ING Bank</div><div>• Nordea Bank</div><div>• Société Générale</div><div>• State Street Bank & Trust</div></div>		
Aa2	<div><div>• Bank of New York Mellon</div><div>• Barclays Bank</div><div>• Citibank</div><div>• HSBC Bank</div></div>	<div><div>• ING Bank</div><div>• JPMorgan Chase Bank</div><div>• Royal Bank of Scotland</div><div>• State Street Bank & Trust</div></div>	<div><div>SMBC</div><div>• BPCE(Banque Populaire)</div><div>• BTMU</div></div>	<div><div>• Mizuho Bank</div><div>• UniCredit</div></div>	<div><div>• Bank of New York Mellon</div><div>• HSBC Bank</div></div>	<div><div>• Standard Chartered</div><div>• Wells Fargo Bank</div></div>
Aa3	<div><div>• Banco Santander</div><div>• BNP Paribas</div><div>• BPCE(Banque Populaire)</div></div>	<div><div>• Deutsche Bank</div><div>• Société Générale</div><div>• UniCredit</div></div>	<div><div>• Goldman Sachs Bank</div></div>	<div><div>• Morgan Stanley Bank</div></div>	<div><div>• JPMorgan Chase Bank</div></div>	<div><div>• Nordea Bank</div></div>
A1	<div><div>• Credit Suisse</div></div>		<div><div>• Agricultural Bank of China</div><div>• Bank of China</div></div>	<div><div>• ICBC</div></div>	<div><div>SMBC</div><div>• Agricultural Bank of China</div><div>• Bank of America</div><div>• Bank of China</div><div>• BNP Paribas</div><div>• BTMU</div><div>• China Construction Bank</div><div>• Citibank</div></div>	<div><div>• Goldman Sachs Bank</div><div>• ICBC</div><div>• ING Bank</div><div>• Mizuho Bank</div><div>• Morgan Stanley Bank</div><div>• State Street Bank & Trust</div><div>• UBS</div></div>
A2	<div><div>• BTMU</div></div>	<div><div>• Standard Chartered</div></div>	<div><div>• China Construction Bank</div></div>	<div><div>• Standard Chartered</div></div>	<div><div>• Barclays Bank</div><div>• BPCE(Banque Populaire)</div><div>• Crédit Agricole</div></div>	<div><div>• Credit Suisse</div><div>• Société Générale</div></div>
A3	<div><div>SMBC</div></div>	<div><div>• Mizuho Bank</div></div>			<div><div>• Banco Santander</div></div>	<div><div>• Royal Bank of Scotland</div></div>
Baa1	<div><div>• Agricultural Bank of China</div><div>• Bank of China</div></div>	<div><div>• China Construction Bank</div><div>• ICBC</div></div>			<div><div>• Deutsche Bank</div></div>	<div><div>• UniCredit</div></div>

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

Current Japanese economy

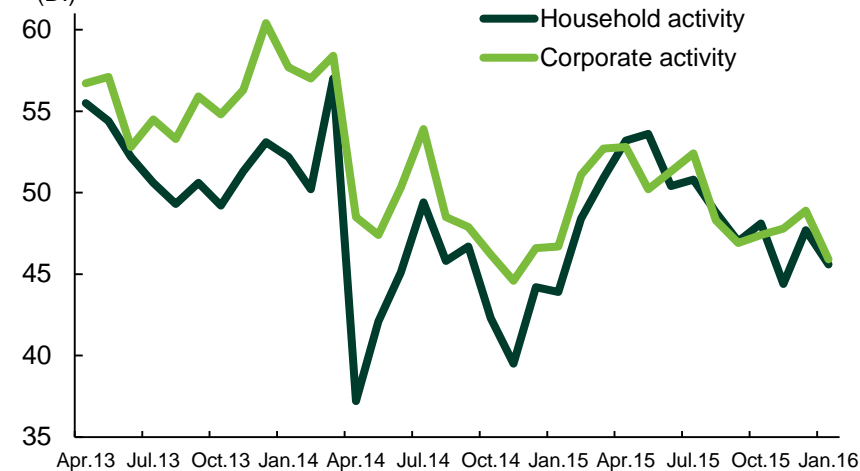
Real GDP growth rate (annualized QOQ change)*1

(Contribution, %)



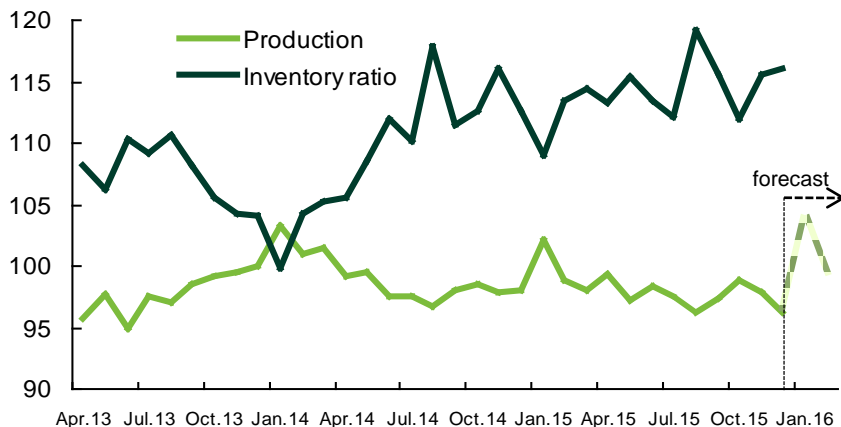
Economy watchers survey*2

(DI)

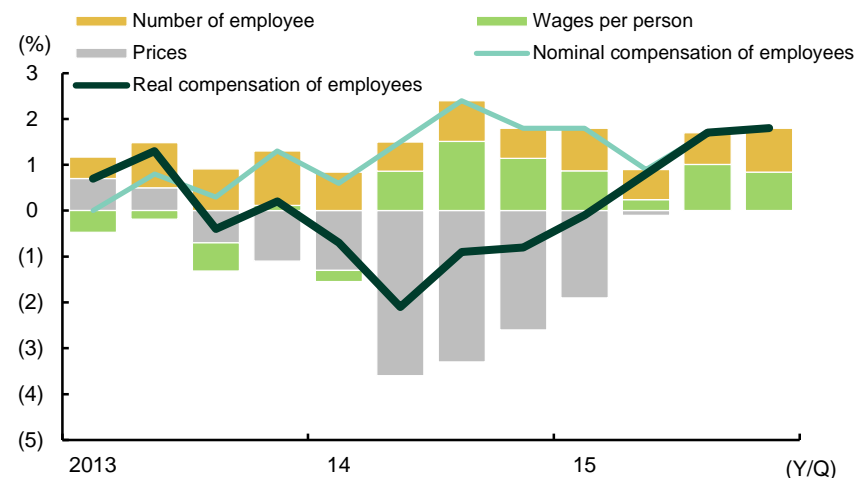


Indices of industrial production*3

(2010 = 100)



Real compensation of employees*4



*1 Source: Cabinet Office. Seasonally adjusted series. Household sector
Inventories = Change in private and public inventory, Public demand :

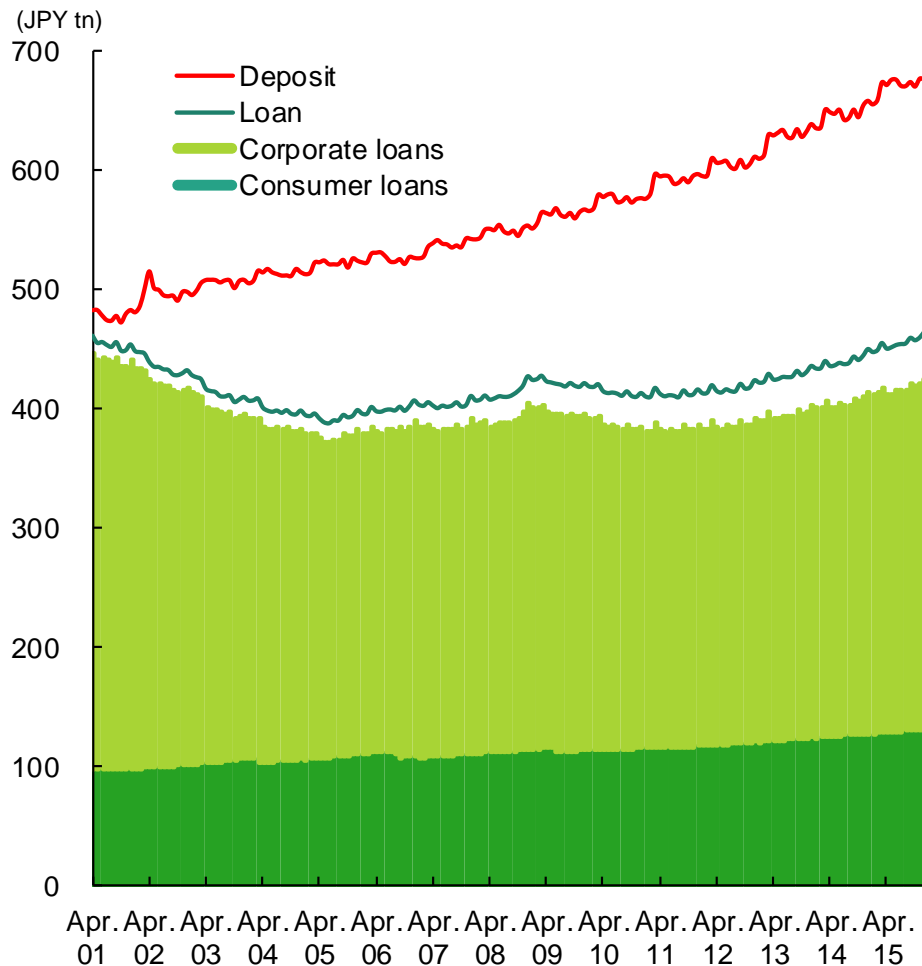
*2 Source: Cabinet Office. Diffusion index for current economic condition...

*3 Source: Ministry of Economy, Trade and Industry. Seasonally adjusted indices. In Jan. and Feb. 2016, based on the indices of production forecast

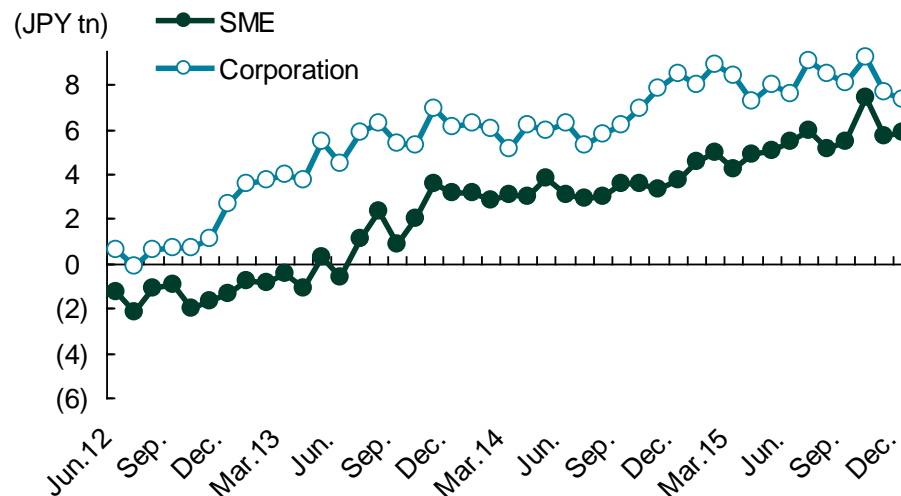
*4 Source: Cabinet Office and Ministry of Internal Affairs and Communications

Trends of loan and deposit balance in Japan*1

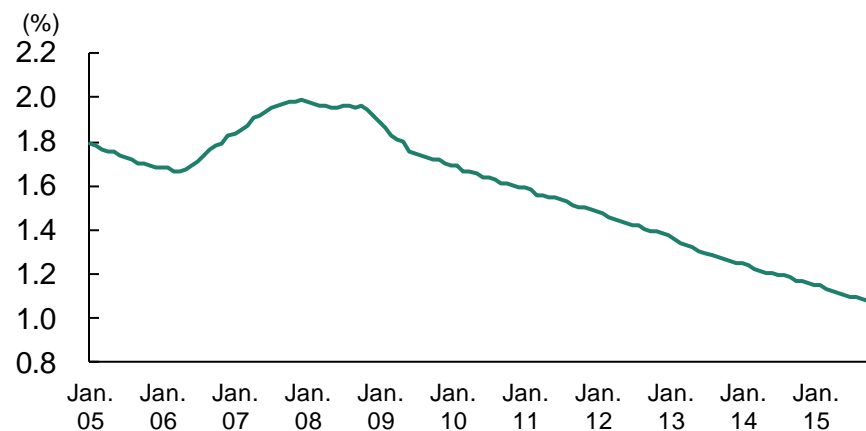
Loan and deposit balance of domestic banks



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



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”, “estimate”, “expect”, “intend”, “may”, “plan”, “probability”, “risk”, “project”, “should”, “seek”, “target” 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; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; exposure to new risks as we expand the scope of our business; and incurrence of significant credit-related costs. 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 earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and results of operations, and investors’ decisions.