

Financial Review

Principal Financial Data

Consolidated Performance Summary

(Billions of yen)

Year ended March 31	2016	2017	2018	2019	2020
Consolidated gross profit	2,904.0	2,920.7	2,981.1	2,846.2	2,768.6
Net interest income	1,422.9	1,358.6	1,390.2	1,331.4	1,276.6
Net fees and commissions + Trust fees	1,007.5	1,017.1	1,070.5	1,064.6	1,088.1
Net trading income + Net other operating income	473.5	545.0	520.3	450.2	403.9
General and administrative expenses	1,724.8	1,812.4	1,816.2	1,715.1	1,739.6
Overhead ratio	59.4%	62.1%	60.9%	60.3%	62.8%
Equity in gains (losses) of affiliates	(36.2)	24.6	39.0	61.1	56.1
Consolidated net business profit	1,142.9	1,132.9	1,203.8	1,192.3	1,085.0
Total credit cost (gains)	102.8	164.4	94.2	110.3	170.6
SMBC non-consolidated	(3.2)	61.1	(26.7)	(2.2)	49.6
Gains (losses) on stocks	69.0	55.0	118.9	116.3	80.5
Other income (expenses)	(123.9)	(17.6)	(64.5)	(63.1)	(62.8)
Ordinary profit	985.3	1,005.9	1,164.1	1,135.3	932.1
Extraordinary gains (losses)	(5.1)	(26.6)	(55.3)	(11.7)	(43.4)
Income taxes	225.0	171.0	270.5	331.4	167.7
Profit attributable to non-controlling interests	108.4	101.8	104.0	65.5	17.1
Profit attributable to owners of parent	646.7	706.5	734.4	726.7	703.9

Consolidated Balance Sheet Summary

March 31

Total assets	186,585.8	197,791.6	199,049.1	203,659.1	219,863.5
Loans and bills discounted	75,066.1	80,237.3	72,945.9	77,979.2	82,517.6
Securities	25,264.4	24,631.8	25,712.7	24,338.0	27,128.8
Total liabilities	176,138.2	186,557.3	187,436.2	192,207.5	209,078.6
Deposits	110,668.8	117,830.2	116,477.5	122,325.0	127,042.2
Negotiable certificates of deposit	14,250.4	11,880.9	11,220.3	11,165.5	10,180.4
Total net assets	10,447.7	11,234.3	11,612.9	11,451.6	10,784.9
Stockholders' equity	7,454.3	8,119.1	8,637.0	9,054.4	9,354.3
Retained earnings	4,534.5	5,036.8	5,552.6	5,992.2	6,336.3
Accumulated other comprehensive income	1,459.5	1,612.5	1,753.4	1,713.9	1,365.7
Non-controlling interests	1,531.0	1,499.3	1,219.6	678.5	62.9

Financial Indicators

March 31

Total capital ratio (BIS guidelines)	17.02%	16.93%	19.36%	20.76%	18.75%
Tier 1 capital ratio (BIS guidelines)	13.68%	14.07%	16.69%	18.19%	16.63%
Common equity Tier 1 capital ratio (BIS guidelines)	11.81%	12.17%	14.50%	16.37%	15.55%
Dividend per share (Yen)	150	150	170	180	190
Dividend payout ratio	32.7%	29.9%	32.7%	34.6%	37.0%
ROE (on a stockholders' equity basis)	8.9%	9.1%	8.8%	8.2%	7.6%

Market Data (As of the end of each fiscal year)

Nikkei Stock Average (Yen)	16,759	18,909	21,454	21,206	18,917
Foreign exchange rate (USD/JPY)	112.62	112.19	106.25	111.00	108.81

Consolidated Performance Summary

Consolidated Net Business Profit

Consolidated gross profit decreased by ¥77.6 billion year-on-year to ¥2,768.6 billion. This decrease was primarily results of the impacts of group reorganizations and the COVID-19 pandemic, which outweighed the increase in gains on sales of bonds with the decline of overseas interest rates.

General and administrative expenses increased by ¥24.6 billion year-on-year to ¥1,739.6 billion, following the continued overseas expenditure.

As a result, consolidated net business profit decreased by ¥107.2 billion year-on-year to ¥1,085.0 billion. Excluding the impacts of reorganizations and the COVID-19 pandemic, it reached the same level as FY2018.

Profit Attributable to Owners of Parent

Total credit cost increased by ¥60.4 billion year-on-year to ¥170.6 billion, due to the absence of gains on reversal of reserves for large obligors recorded in FY2018 and the record of reserve for possible loan losses arising from the COVID-19 pandemic.

As a result, ordinary profit decreased by ¥203.2 billion year-on-year to ¥932.1 billion.

In addition, profit attributable to owners of parent decreased by ¥22.8 billion year-on-year to ¥703.9 billion, because impairment losses on goodwill of SMBC Trust Bank Ltd.'s business, PRESTIA, were recognized, whereas the absence of tax costs at Sumitomo Mitsui Card Company, Limited, which joined in the consolidated corporate-tax system recorded last year, but exceeded the disclosed target of ¥700.0 billion.

Financial Impacts of Group Reorganization*

(Approximations, billions of yen)

Consolidated gross profit	(70.0)	Consolidated net business profit	(61.0)
General and administrative expenses	(16.0)	Non-controlling interests	(7.0)
Equity in gains (losses) of affiliates	(7.0)	Profit attributable to owners of parent	+31.0

* The combined impact of the deconsolidation of Kansai Urban Banking Corporation, THE MINATO BANK, LTD. and Sumitomo Mitsui Finance and Leasing Company, Limited, which are current equity method affiliates; the consolidation of PT Bank Tabungan Pensiunan Nasional Tbk; the conversion of Sumitomo Mitsui Card Company, Limited into a wholly owned subsidiary; the merger of two asset management companies; and the deconsolidation of SMM Auto Finance, Inc.

Impacts from the COVID-19 Pandemic

(Approximations, billions of yen)

Consolidated net business profit	(50.0)
Total credit cost	+40.0
Gains (losses) on stocks	(23.0)
Extraordinary gains (losses)	(40.0)
Profit attributable to owners of parent	(110.0)

Performance of Major Group Companies

(Left: FY2019 performance; Right: Year-on-year comparison)

(Billions of yen)

	SMBC		SMBC Trust	
	FY2019	Change	FY2019	Change
Gross profit	1,412.0	+16.4	49.5	(0.3)
Expenses	808.1	(3.5)	48.6	(3.2)
Net business profit	604.0	+19.9	0.9	+2.8
Net income	317.4	(160.0)*1	(32.8)	(29.0)

	SMBC Nikko*2		SMCC	
	FY2019	Change	FY2019	Change
Gross profit	320.1	(3.0)	420.0	+11.8
Expenses	271.8	(4.3)	328.1	+22.8
Net business profit	48.3	+1.2	92.4	(11.0)
Net income	35.2	+4.1	38.2	+84.9**3

	SMBCCF		SMDAM*5	
	FY2019	Change	FY2019	Change
Gross profit	274.4	+5.9	35.1	+9.3
Expenses	113.9	+3.0	32.0	+14.1
Net business profit	160.5	+2.9	3.1	(4.7)
Net income	90.1	+45.1**4	0.9	(4.3)

	SMFL*6		50%	
	FY2019	Change	FY2019	Change
Gross profit	183.0	(2.5)		
Expenses	84.7	(3.6)		
Net business profit	101.1	+1.9		
Net income	61.2	(18.8)		

Ratio of Ownership by SMFG

*1 Attributable to recording of provision for investment loss for The Bank of East Asia, Limited (approx. ¥120.0 billion)

*2 Excludes profit from overseas equity method affiliates of SMBC Nikko Securities Inc. (consolidated subsidiaries of SMFG)

*3 Due to the absence of tax costs by becoming a wholly owned subsidiary recorded last year

*4 Attributable to an increase in tax effect accounting

*5 Year-on-year comparison excludes FY2018 profit of Daiwa SB Investments Ltd.

*6 Figures are on a managerial accounting basis

Financial Review

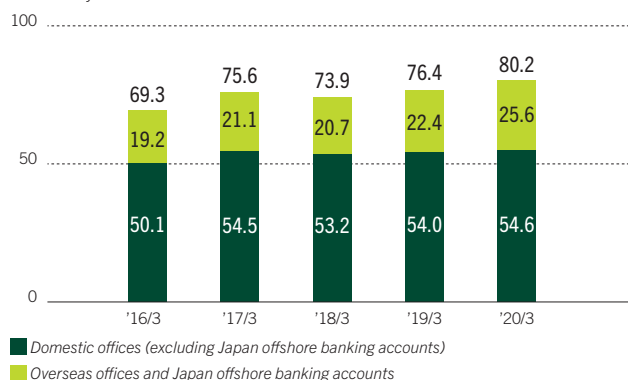
Consolidated Balance Sheet Summary

Loans and Bills Discounted (SMBC non-consolidated)

Loans and bills discounted increased by ¥3,785.6 billion year-on-year to ¥80,187.4 billion due to an increase in overseas loans.

Balance of Loan

(Trillions of yen)

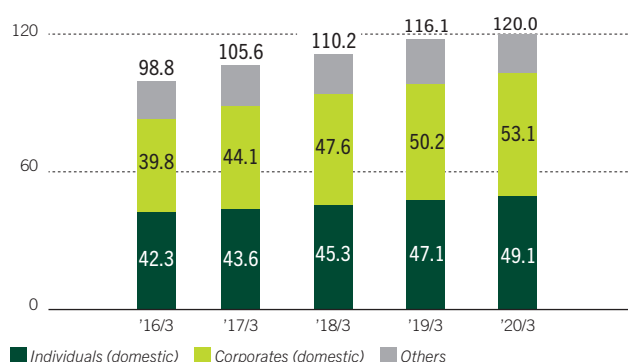


Deposits (SMBC non-consolidated)

Deposits increased by ¥3,882.2 billion year-on-year to ¥119,973.3 billion. This increase was mainly due to increases in both individual and corporate deposits in Japan.

Balance of Deposit

(Trillions of yen)



Domestic Loan-to-Deposit Spread (SMBC non-consolidated)

In FY2019, domestic loan-to-deposit spread decreased by 0.03% year-on-year to 0.91% primarily as a result of a decline of loan spreads. After the second quarter, the decrease in domestic loan-to-deposit spread has been limited to 0.01%, and this downward trend appears to be bottoming out.

Domestic Loan-to-Deposit Spread

(%)

	FY2019				FY2018	
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.92	0.90	0.90	0.89	0.91	0.94
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.92	0.90	0.90	0.89	0.91	0.94

Securities

Other securities increased by ¥2,848.7 billion year-on-year to ¥26,649.2 billion due to an increase in the amount of foreign bonds held by SMBC. Net unrealized gains on other securities decreased by ¥429.0 billion year-on-year to ¥1,892.3 billion mainly because of lower stock prices.

Unrealized Gains (Losses) on Other Securities

(Billions of yen)

	Balance		Net unrealized gains (losses)	
	March 31, 2020	YoY	March 31, 2020	YoY
Stocks	2,736.8	(749.8)	1,269.6	(633.4)
Bonds	10,067.4	+1,083.7	21.5	(38.8)
Others	13,845.0	+2,514.8	601.2	+243.2
Total	26,649.2	+2,848.7	1,892.3	(429.0)

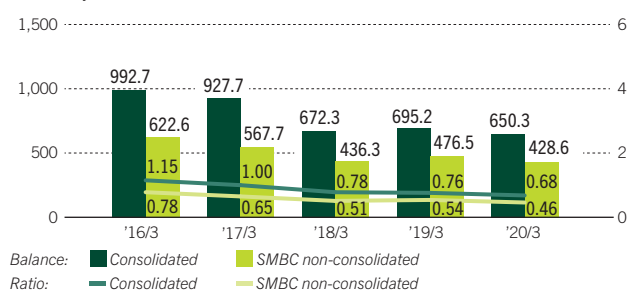
NPLs Based on the Financial Reconstruction Act

The balance of NPLs based on the Financial Reconstruction Act decreased by ¥44.9 billion year-on-year to ¥650.3 billion, and the NPL ratio declined by 0.08% to 0.68%, remaining at a low level.

Balance of NPLs Based on the Financial Reconstruction Act and NPL Ratio

(Billions of yen)

(%)



Capital

Capital

Common equity Tier 1 capital decreased by ¥73.3 billion year-on-year due to a decrease in net unrealized gains on other securities.

Risk-Weighted Assets

Risk-weighted assets increased by ¥2,656.3 billion year-on-year, due to an increase in overseas loans.

Capital Ratio

The common equity Tier 1 capital ratio was 15.55% and the total capital ratio was 18.75%. In addition, the external TLAC ratio reached its required level on both the risk-weighted asset basis and the leverage exposure basis.

Total Capital Ratio (BIS guidelines)

	<i>(Billions of yen)</i>		
	2019 (A)	2018 (B)	Increase (decrease) (A-B)
Common equity Tier 1 capital	9,581.3	9,654.5	(73.3)
Additional Tier 1 capital	668.6	1,072.7	(404.1)
Tier 1 capital	10,249.9	10,727.2	(477.3)
Tier 2 capital	1,302.1	1,513.3	(211.2)
Total capital	11,552.0	12,240.5	(688.5)
Risk-weighted assets	61,599.1	58,942.8	+2,656.3
Common equity Tier 1 capital ratio	15.55%	16.37%	(0.82)%
Tier 1 ratio	16.63%	18.19%	(1.56)%
Total capital ratio	18.75%	20.76%	(2.01)%

Leverage Ratio

Leverage ratio	4.31%	4.88%	(0.57)%
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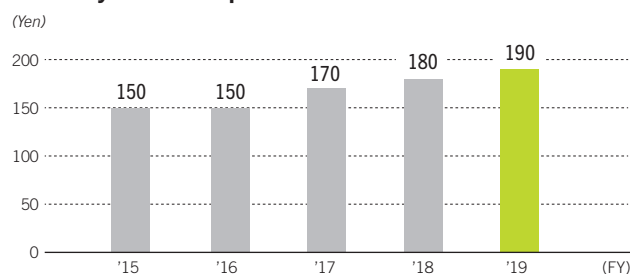
External TLAC Ratio

Risk-weighted asset basis	25.96%	26.90%	(0.94)%
Leverage exposure basis	7.64%	8.19%	(0.55)%

Shareholder Returns

The Company increased the dividend per common share for FY2019 to ¥190, which is ¥10 higher year-on-year and than the original forecast. This increase was mainly due to exceeding the disclosed target for Profit attributable to owners of parent of ¥700.0 billion for FY2019 and taking steps towards achieving a payout ratio of 40% under the new Medium-Term Management Plan.

Ordinary Dividend per Share of Common Stock



Dividend Payout Ratio

32.7%	29.9%	32.7%	34.6%	37.0%
(Reference)				51.2%
Total payout ratio				