

## Financial Review

### Principal Financial Data

#### Consolidated Performance Summary

	FY2011	FY2012	FY2013	FY2014
Consolidated gross profit	2,594.5	2,792.9	2,898.2	2,980.4
Net interest income	1,341.4	1,392.6	1,484.2	1,505.2
Net fees and commissions + Trust fees	825.4	910.0	987.1	999.6
Net trading income + Net other operating income	427.8	490.2	427.0	475.7
General and administrative expenses	1,421.4	1,496.3	1,569.9	1,659.3
Overhead ratio	54.8%	53.6%	54.2%	55.7%
Equity in gains (losses) of affiliates	(31.1)	5.3	10.2	(10.6)
Consolidated net business profit	-	-	1,338.5	1,310.5
(Reference) Consolidated net business profit (old definition)	1,013.9	1,166.2	1,242.4	-
Total credit cost (gains)	121.3	173.1	(49.1)	7.8
Gains (losses) on stock	(27.9)	(21.0)	89.2	66.7
Other income (expenses)	(57.3)	(34.1)	(44.5)	(48.2)
Ordinary profit	935.6	1,073.7	1,432.3	1,321.2
Extraordinary gains (losses)	17.4	(9.7)	(9.6)	(11.8)
Income taxes	311.3	146.0	458.8	441.4
Profit attributable to non-controlling interests	123.1	124.0	128.5	114.4
Profit attributable to owners of parent	518.5	794.1	835.4	753.6

#### Consolidated Balance Sheet Summary

Total assets	143,040.7	148,696.8	161,534.4	183,442.6
Loans and bills discounted	62,720.6	65,632.1	68,227.7	73,068.2
Securities	42,530.0	41,306.7	27,152.8	29,633.7
Total liabilities	135,785.7	140,253.6	152,529.4	172,746.3
Deposits	84,128.6	89,081.8	94,331.9	101,047.9
Negotiable certificates of deposit	8,593.6	11,755.7	13,713.5	13,825.9
Total net assets	7,255.0	8,443.2	9,005.0	10,696.3
Shareholders' equity	5,014.3	5,680.6	6,401.2	7,018.4
Retained earnings	2,152.7	2,811.5	3,480.1	4,098.4
Accumulated other comprehensive income	196.1	664.6	878.0	2,003.9
Non-controlling interests	2,043.9	2,096.8	1,724.0	1,671.7

#### Financial Indicators

Total capital ratio (BIS guidelines)*1	16.93%	14.71%	15.51%	16.58%
Tier 1 capital ratio (BIS guidelines)*1	12.28%	10.93%	12.19%	12.89%
Common equity Tier 1 capital ratio (BIS guidelines)	-	9.38%	10.63%	11.30%
Dividend per share (Yen)	100	120	120	140
Dividend payout ratio	26.8%	21.3%	20.3%	26.2%
ROE (on a stockholders' equity basis)	10.4%	14.8%	13.8%	11.2%

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

Nikkei Stock Average (Yen)	10,084	12,398	14,828	19,207
Foreign exchange rate (USD/JPY)	82.13	94.01	102.88	120.15

\*1 The figure for FY2011 is based on Basel II

\*2 SMFG changed accounting treatment for installment sales transactions in FY2020; figures for FY2019 have been restated to reflect this change.

(Billions of yen)					
FY2015	FY2016	FY2017	FY2018	FY2019*2	FY2020
2,904.0	2,920.7	2,981.1	2,846.2	2,768.6	<b>2,806.2</b>
1,422.9	1,358.6	1,390.2	1,331.4	1,306.9	<b>1,335.2</b>
1,007.5	1,017.1	1,070.5	1,064.6	1,088.1	<b>1,098.9</b>
473.5	545.0	520.3	450.2	373.6	<b>372.1</b>
1,724.8	1,812.4	1,816.2	1,715.1	1,739.6	<b>1,747.1</b>
59.4%	62.1%	60.9%	60.3%	62.8%	<b>62.3%</b>
(36.2)	24.6	39.0	61.1	56.1	<b>25.0</b>
1,142.9	1,132.9	1,203.8	1,192.3	1,085.0	<b>1,084.0</b>
-	-	-	-	-	-
102.8	164.4	94.2	110.3	170.6	<b>360.5</b>
69.0	55.0	118.9	116.3	80.5	<b>92.6</b>
(123.9)	(17.6)	(64.5)	(63.1)	(62.8)	<b>(105.0)</b>
985.3	1,005.9	1,164.1	1,135.3	932.1	<b>711.0</b>
(5.1)	(26.6)	(55.3)	(11.7)	(43.4)	<b>(38.8)</b>
225.0	171.0	270.5	331.4	167.7	<b>156.3</b>
108.4	101.8	104.0	65.5	17.1	<b>3.1</b>
646.7	706.5	734.4	726.7	703.9	<b>512.8</b>
186,585.8	197,791.6	199,049.1	203,659.1	219,863.5	<b>242,584.3</b>
75,066.1	80,237.3	72,945.9	77,979.2	82,517.6	<b>85,132.7</b>
25,264.4	24,631.8	25,712.7	24,338.0	27,128.8	<b>36,549.0</b>
176,138.2	186,557.3	187,436.2	192,207.5	209,078.6	<b>230,685.3</b>
110,668.8	117,830.2	116,477.5	122,325.0	127,042.2	<b>142,026.2</b>
14,250.4	11,880.9	11,220.3	11,165.5	10,180.4	<b>12,570.6</b>
10,447.7	11,234.3	11,612.9	11,451.6	10,784.9	<b>11,899.0</b>
7,454.3	8,119.1	8,637.0	9,054.4	9,354.3	<b>9,513.4</b>
4,534.5	5,036.8	5,552.6	5,992.2	6,336.3	<b>6,492.6</b>
1,459.5	1,612.5	1,753.4	1,713.9	1,365.7	<b>2,313.1</b>
1,531.0	1,499.3	1,219.6	678.5	62.9	<b>70.8</b>
17.02%	16.93%	19.36%	20.76%	18.75%	<b>18.61%</b>
13.68%	14.07%	16.69%	18.19%	16.63%	<b>16.96%</b>
11.81%	12.17%	14.50%	16.37%	15.55%	<b>16.00%</b>
150	150	170	180	190	<b>190</b>
32.7%	29.9%	32.7%	34.6%	37.0%	<b>50.8%</b>
8.9%	9.1%	8.8%	8.2%	7.6%	<b>5.4%</b>
16,759	18,909	21,454	21,206	18,917	<b>29,179</b>
112.62	112.19	106.25	111.00	108.81	<b>110.71</b>

## Financial Review

### Consolidated Performance Summary

Consolidated gross profit increased by ¥37.6 billion year-on-year to ¥2,806.2 billion. This increase was primarily the result of the strong performance in the wealth management and overseas securities businesses as well as the success of nimble portfolio management in the Global Markets Business Unit, which outweighed a decline in profit due to the COVID-19 pandemic.

Conversely, consolidated net business profit was approximately at the same level as in FY2019, ¥1,084.0 billion due to a decrease in equity in gains of affiliates largely attributable to increased credit costs at SMBC Aviation Capital Limited and Asian investees.

Total credit cost increased by ¥189.9 billion year-on-year to ¥360.5 billion due to precautionary provisions recorded in order to prepare for possible future losses as well as higher costs incurred mainly from companies that were susceptible to the impacts of the COVID-19 pandemic.

Profit attributable to owners of parent decreased by ¥191.1 billion year-on-year to ¥512.8 billion because of impairment losses on goodwill in Sumitomo Mitsui DS Asset Management Company, Limited, and the recording of losses on forward dealings aimed at mitigating risks of stock price.

	(Billions of yen)	
	FY2020	Increase (Decrease)
Consolidated gross profit	2,806.2	+37.6
General and administrative expenses	1,747.1	+7.5
Equity in gains (losses) of affiliates	25.0	(31.1)
Consolidated net business profit	1,084.0	(1.0)
Total credit cost	360.5	+189.9
Ordinary profit	711.0	(221.0)
Profit attributable to owners of parent	512.8	(191.1)

### Performance of Major Group Companies

(Left: FY2020 performance; Right: Year-on-year comparison)

(Billions of yen)

	SMBC		SMBC Trust	
	Gross profit	1,481.7	+69.7	40.2
Expenses	816.5	+8.4	43.9	(4.6)
Net business profit	665.2	+61.2	(3.7)	(4.6)
Net income	338.0	+20.7	(8.5)	+24.2 <sup>*1</sup>
	SMBC Nikko <sup>*2</sup>		SMCC	
	Gross profit	424.5	+63.6	385.6
Expenses	307.8	+2.7	317.3	(10.8)
Net business profit	116.7	+60.9	68.7	(23.6)
Net income	92.6	+48.0	35.8	(2.4)
	SMBCCF		SMDAM	
	Gross profit	259.7	(14.7)	34.1
Expenses	110.6	(3.3)	32.3	+0.3
Net business profit	149.1	(11.4)	1.8	(1.3)
Net income	54.1	(36.0) <sup>*3</sup>	(28.0)	(29.0) <sup>*4</sup>
	SMFL <sup>*5</sup>		50%	
	Gross profit	176.8	+3.4	
Expenses	85.7	+1.0		
Net business profit	95.2	+3.7		
Net income	33.6	(27.6)		

#### Ratio of Ownership by SMFG

<sup>\*1</sup> Due to absence of impairment of goodwill recorded in FY2019

<sup>\*2</sup> Figures are on a managerial accounting basis including profit from overseas equity method affiliates of SMBC Nikko Securities Inc. (consolidated subsidiaries of SMFG).

<sup>\*3</sup> Due to absence of increased tax effect recorded in FY2019

<sup>\*4</sup> Due to recording of impairment of goodwill

<sup>\*5</sup> Figures are on a managerial accounting basis.

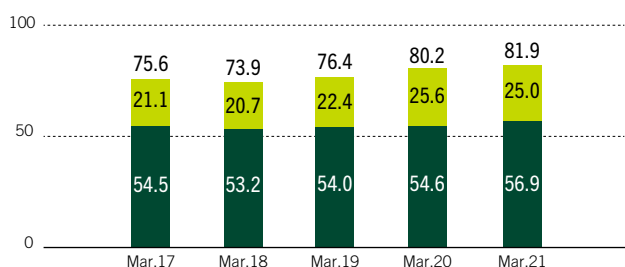
## Consolidated Balance Sheet Summary

### Loans and Bills Discounted (SMBC non-consolidated)

Loans and bills discounted increased by ¥1.7 trillion year-on-year to ¥81.9 trillion due to an increase in domestic loans following the smooth supply of funds in response to higher funding demand among customers amid the COVID-19 pandemic.

#### Balance of Loans

(Trillions of yen)



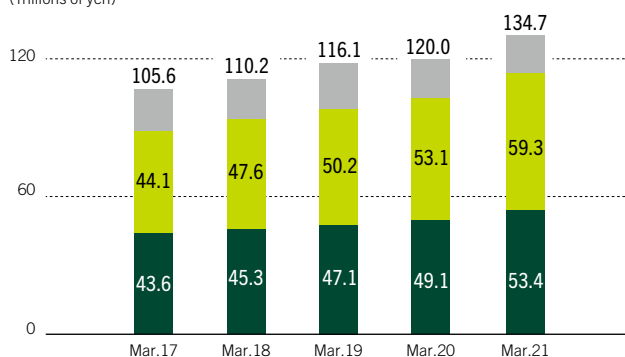
■ Domestic offices (excluding Japan offshore banking accounts)  
 ■ Overseas offices and Japan offshore banking accounts

### Deposits (SMBC non-consolidated)

Deposits increased by ¥14.7 trillion year-on-year to ¥134.7 trillion. This increase was mainly due to increases in both individual and corporate deposits in Japan.

#### Balance of Deposits

(Trillions of yen)



■ Individuals (domestic) ■ Corporates (domestic) ■ Others

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

In FY2020, domestic loan-to-deposit spread decreased by 0.07 percentage point year-on-year to 0.84% following an increase in short-term loans with lower interest as a result of the COVID-19 pandemic.

### Domestic Loan-to-Deposit Spread

(%)

	FY2020				FY2019	
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.84	0.82	0.84	0.84	0.84	0.91
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.84	0.82	0.84	0.84	0.84	0.91

### Securities

Other securities increased by ¥9,762.0 billion year-on-year to ¥36,411.2 billion due to an increase in the amount of Japanese government bonds held by SMBC to use as collateral. Net unrealized gains on other securities increased by ¥1,039.5 billion year-on-year to ¥2,931.8 billion mainly because of higher stock prices.

### Unrealized Gains (Losses) on Other Securities

(Billions of yen)

	Balance		Net unrealized gains (losses)	
	March 31, 2021	YoY	March 31, 2021	YoY
Stocks	3,693.3	+956.5	2,255.6	+986.1
Bonds	17,655.2	+7,587.8	8.0	(13.5)
Others	15,062.7	+1,217.7	668.2	+66.9
Total	36,411.2	+9,762.0	2,931.8	+1,039.5

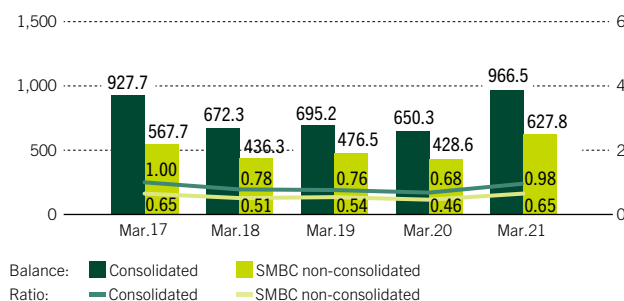
### NPLs Based on the Financial Reconstruction Act

The balance of NPLs based on the Financial Reconstruction Act increased by ¥316.2 billion year-on-year to ¥966.5 billion due to deterioration of the credit ratings of obligors as a result of the COVID-19 pandemic, and the NPL ratio remained at a low level, despite increasing by 0.30 percentage point to 0.98%.

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

(Billions of yen)

(%)



Balance: ■ Consolidated ■ SMBC non-consolidated  
 Ratio: — Consolidated — SMBC non-consolidated

## Financial Review

### Capital

#### Capital

Common equity Tier 1 capital, the most important form of core capital, increased by ¥981.5 billion year-on-year to ¥10,562.8 billion primarily due to the accumulation of earnings and an increase in net unrealized gains on other securities attributable to higher stock prices. As a result, Tier 1 capital rose by ¥949.4 billion year-on-year to ¥11,199.3 billion and total capital increased by ¥737.3 billion to ¥12,289.3 billion.

#### Risk-Weighted Assets

Risk-weighted assets increased by ¥4,408.9 billion year-on-year to ¥66,008.0 billion due to an increase in domestic loans attributable to the COVID-19 pandemic.

#### Capital Ratio

Due to the above, the common equity Tier 1 capital ratio was 16.00% and the total capital ratio was 18.61%. Both ratios exceeded the mandated level, indicating that we have maintained a sufficient level of capital.

#### Leverage Ratio

The leverage ratio rose 1.34 percentage points year-on-year to 5.65% because of the increase in the Tier 1 capital ratio as well as the exclusion of deposit with the Bank of Japan from the total exposure due to a partial revision to the Financial Services Agency notification regarding the leverage ratio.

#### External TLAC Ratio

In addition to total capital, SMBC Group seeks to increase external TLAC capital by procuring external TLAC bonds primarily from overseas corporate bond markets. The external TLAC ratio was 25.82% on a risk-weighted asset basis and 9.77% on a total exposure basis, exceeding the mandated levels on both items.

### Total Capital Ratio (BIS Guidelines)

(Billions of yen)

	March 31, 2021 (A)	March 31, 2020 (B)	YoY (A-B)
Common equity Tier 1 capital	10,562.8	9,581.3	+981.5
Additional Tier 1 capital	636.5	668.6	(32.1)
Tier 1 capital	11,199.3	10,249.9	+949.4
Tier 2 capital	1,090.0	1,302.1	(212.1)
Total capital	12,289.3	11,552.0	+737.3
Risk-weighted assets	66,008.0	61,599.1	+4,408.9
Common equity Tier 1 capital ratio	16.00%	15.55%	+0.45%
Tier 1 ratio	16.96%	16.63%	+0.33%
Total capital ratio	18.61%	18.75%	(0.14)%

### Leverage Ratio

Leverage ratio	5.65%	4.31%	+1.34%
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### External TLAC Ratio

Risk-weighted asset basis	25.82%	25.96%	(0.14)%
Total exposure basis	9.77%	7.64%	+2.13%

### Total Exposure

Total exposure*	198,170.8	237,488.7	(39,317.9)
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\* Excludes deposit with the Bank of Japan on March 31, 2021