

# Overview of 1H FY3/21

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November 13, 2020



SUMITOMO MITSUI  
FINANCIAL GROUP

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

## Exchange rates (TTM)

	Sep. 19	Mar. 20	Sep. 20
USD	JPY 107.93	JPY 108.81	JPY 105.78
EUR	JPY 118.01	JPY 119.52	JPY 124.18

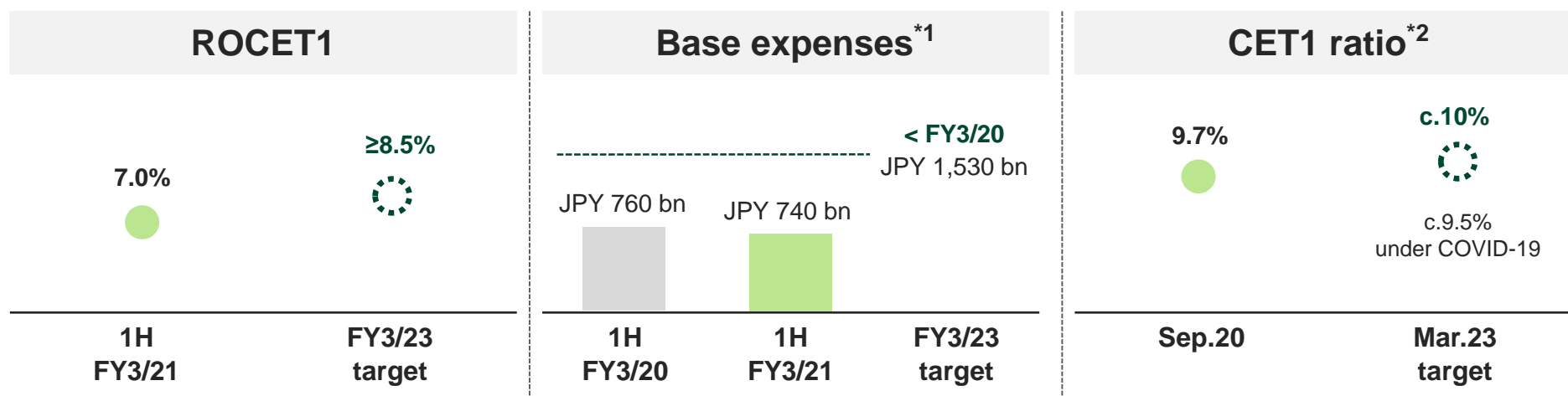
## Definitions

SMFG	Sumitomo Mitsui Financial Group, Inc.
SMBC	Sumitomo Mitsui Banking Corporation
SMBC Trust	SMBC Trust Bank
SMFL	Sumitomo Mitsui Finance and Leasing
SMBC Nikko	SMBC Nikko Securities
SMCC	Sumitomo Mitsui Card Company
SMBCCF	SMBC Consumer Finance
SMDAM	Sumitomo Mitsui DS Asset Management
SMBC AC	SMBC Aviation Capital
Major local subsidiaries	SMBC Bank International, SMBC Bank EU, SMBC (China)
Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excluding non-recurring losses
Net business profit	Before provision for general reserve for possible loan losses
Retail Business Unit	Domestic retail business
Wholesale Business Unit	Domestic wholesale business
Global Business Unit	International business
Global Markets Business Unit	Market / Treasury related businesses
OCI	Net unrealized gains on other securities

# Highlights

	Net business profit	Profit attributable to owners of parent	Dividends
1H FY3/21 results	JPY <b>551.2</b> bn (Progress 57%)	JPY <b>270.1</b> bn (Progress 68%)	Interim JPY <b>95</b> / share
FY3/21 target	JPY <b>970</b> bn	JPY <b>400</b> bn	JPY <b>190</b> / share

## Progress of the Medium-Term Management Plan



\*1 G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost and others

\*2 Post-Basel III reforms basis, excludes OCI

# Income statement

Progress rate of 1H results towards FY3/21 full-year target :

Consolidated net business profit 57%, Profit attributable to owners of parent 68%

	(JPY bn)	1H FY3/21	YoY	FY3/21 target
1	<b>Consolidated gross profit</b>	1,377.4	(5.8)	
2	<b>G&amp;A expenses</b>	836.4	(22.3)	
	<b>Overhead ratio</b>	60.7%	(1.4)%	
3	<b>Equity in gains (losses) of affiliates</b>	10.2	(19.9)	
	<b>Progress</b>			
4	<b>Consolidated net business profit</b>	57% 551.2	(3.4)	970
5	<b>Total credit cost</b>	200.2	+135.8	450
6	<b>Gains (losses) on stocks</b>	36.3	(34.0)	
7	<b>Other income (expenses)</b>	(41.0)	(38.9)	
8	<b>Ordinary profit</b>	346.3	(212.1)	550
9	<b>Extraordinary gains (losses)</b>	(4.4)	(25.0)	
10	<b>Income taxes</b>	71.4	(64.3)	
11	<b>Profit attributable to owners of parent</b>	68% 270.1	(161.8)	400
12	<b>ROE</b>	5.7%	(3.7)%	

- **Consolidated gross profit:** decreased YoY only slightly even under COVID-19, due to a) higher gains on sales of bonds in Global Market Business unit and b) recovery of Retail, Wholesale, and Global Business Units in 2Q.
- **G&A expenses:** decreased YoY by controlling operating cost under COVID-19 and executing key initiatives to reduce base expenses.
- **Equity in gains of affiliates:** decreased YoY mainly due to lower profits at SMBCAC and affiliates in Asia.
- **Total credit cost:** increased YoY due to COVID-19 both in the domestic and overseas businesses.
- **Gains on stocks:** decreased YoY due to lower gains on sales of strategic shareholdings (JPY 35 bn, YoY JPY (24) bn).
- **Other income:** decreased YoY mainly due to the loss from forward dealings which aim to control risk of stocks.
- **Extraordinary gains:** decreased YoY mainly due to the absence of the gains on step acquisitions on the reorganization of the group asset management companies recorded in FY3/20 (YoY JPY (22) bn).

# (Ref.) Group companies

## SMBC

	(JPY bn)	1H FY3/21	YoY	FY3/21 target
1 <b>Gross banking profit</b>		748.6	+12.8	
2 o/w Net interest income		435.6	(5.6)	
3 o/w Gains (losses) on cancellation of investment trusts		11.6	+1.6	
4 Domestic		271.6	(5.8)	
5 Overseas		164.0	+0.2	
6 o/w Net fees and commissions		144.2	(6.5)	
7 Domestic		68.4	(12.3)	
8 Overseas		75.8	+5.8	
9 o/w Net trading income+ Net other operating income		167.9	+24.9	
10 o/w Gains (losses) on bonds		105.0	+19.2	
11 <b>Expenses</b>		397.9	(4.9)	
12 <b>Banking profit</b>		350.7	+17.7	520
13 <b>Total credit cost</b>		128.6	+120.2	290
14 <b>Gains (losses) on stocks</b>		34.3	(38.8)	
15 <b>Extraordinary gains (losses)</b>		(65.4)	+40.2	
16 <b>Net income</b>		144.4	(49.6)	170

## Other major group companies

(left : results of 1H FY3/21 / right : YoY)

	(JPY bn)	SMBC Nikko <sup>*1</sup>	SMCC	SMBCCF
<b>Gross profit</b>	197.2	+27.8	188.4 (20.6)	131.3 (5.7)
<b>Expenses</b>	146.8	(0.7)	152.6 (5.2)	52.1 (3.8)
<b>Net business profit</b>	50.3	+28.5	36.0 (15.4)	79.2 (1.8)
<b>Net income</b>	39.8	+20.8	18.9 (12.7)	43.8 +3.4

(Equity method affiliate)

	SMBC Trust	SMDAM 50%	SMFL <sup>*2</sup> 50%
<b>Gross profit</b>	18.2 (6.9)	15.9 (2.1)	80.3 (10.6)
<b>Expenses</b>	22.1 (2.2)	16.0 +0.1	41.3 (0.7)
<b>Net business profit</b>	(3.9) (4.7)	(0.0) (2.2)	41.2 (10.2)
<b>Net income</b>	(6.0) (6.7)	(0.6) (1.6)	12.7 (21.4)

\*1 Including profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG)

\*2 Managerial accounting basis

# Impact of COVID-19 (1) Summary

While impact of COVID-19 in 1H FY3/21 was smaller than our original forecast, the full-year forecast remains unchanged because of the continuing uncertain environment including the resurgence of COVID-19.

	FY3/21 target		Impact of COVID-19			1H FY3/21				
	As of Feb. 20 A	Announced in May 20 B	Forecast		Result	Target announced in May 20 F	vs. forecast Impact of COVID-19		Others H	Result I
			FY3/21 C	1H FY3/21 D	1H FY3/21 E		G			
(JPY bn)										
Consolidated net business profit	1,140	970	(170)	(120)	(60)	420	1 +60	2 +70		551.2
Credit cost	190	450	+260	+200	+100	300	3 (100)	-		200.2
Profit attributed to owners of parent	710	400	(310)	(230)	(110)	100	+120	+50		270.1
RWA (JPY tn)	87	92	Cumulative +5		Cumulative +3					
CET1 ratio Δ of CET 1 ratio	10%	9.5%	9.5% (0.5%)		9.7% (0.3%)					
Overhead ratio	FY3/20 62.8%	1H FY3/21 60.7%	Lower operating cost under COVID-19							

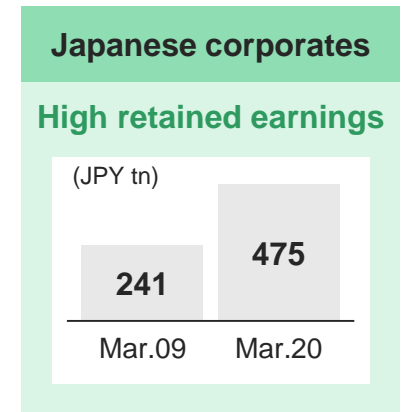
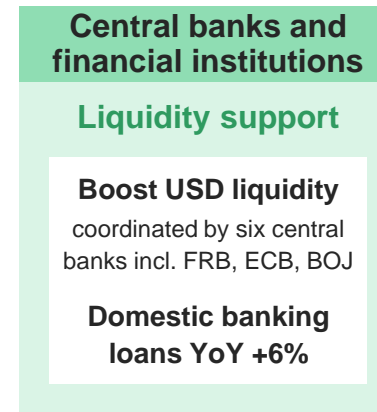
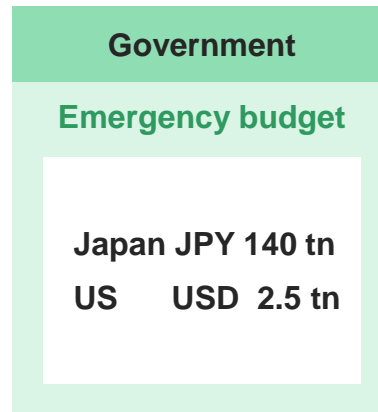
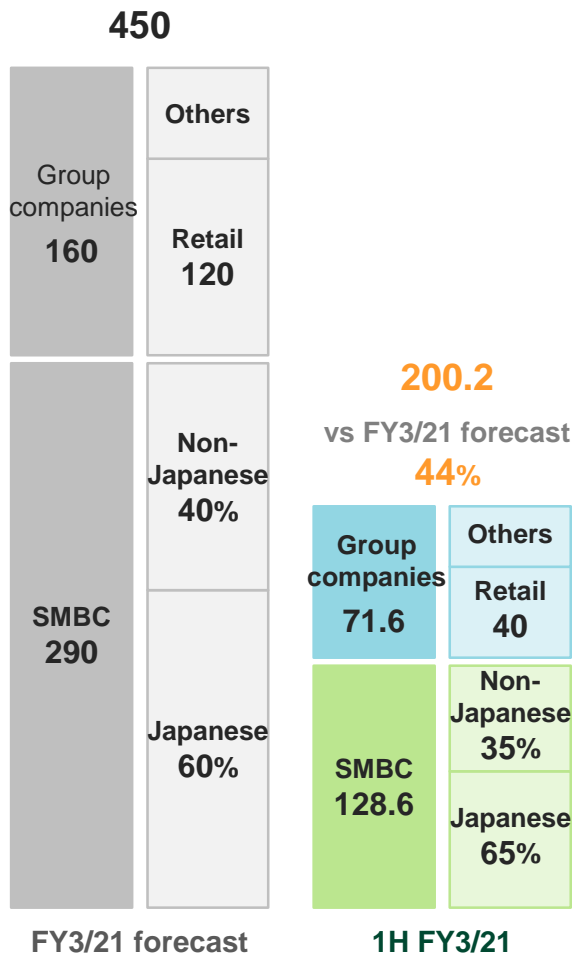
Impact of COVID-19 is shown in round numbers

- 1 Higher loan interest income and profits in the wealth management business, while lower profits at SMCC, SMBCCF, and BTPN
- 2 Higher profits in the Global Market Business Unit
- 3 Lower due to worldwide government support and liquidity support from banks

# Impact of COVID-19 (2) Credit cost

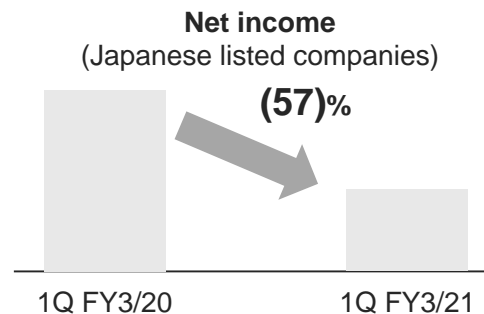
While credit cost in 1H FY3/21 was lower than our original forecast due to worldwide government support and liquidity support from banks, the full-year forecast remains unchanged because of risk factors including the deterioration of credit in the second half and the resurgence of COVID-19.

(JPY bn)

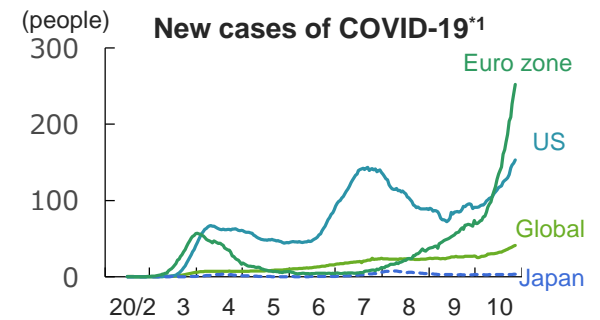


## Risk factors

### 1 Deterioration of credit



### 2 Resurgence of COVID-19



\*1 Made by Japan Research Institute using data from Bloomberg (per week / 100 thousand of population)

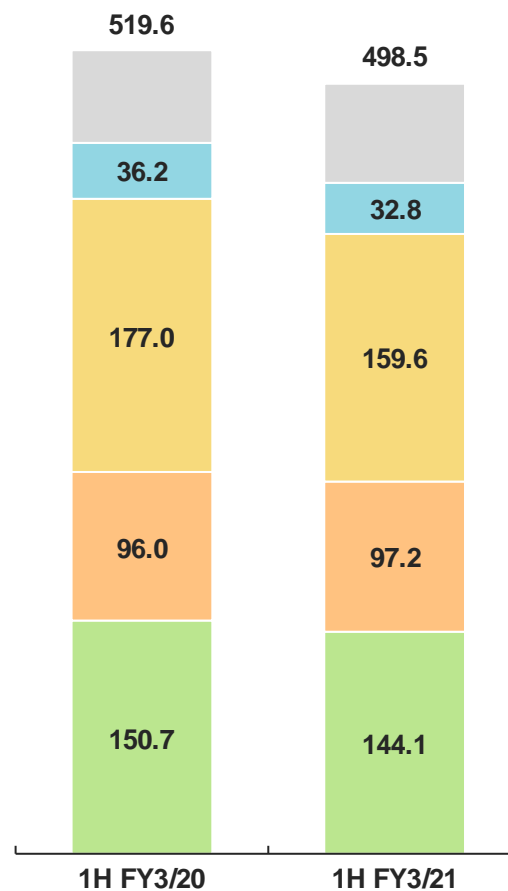
# Consolidated gross profit

■ SMBC ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ Others

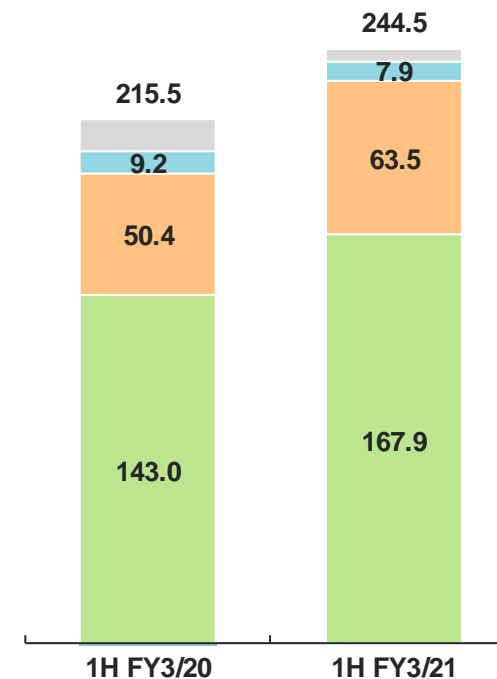
## Net interest income



## Net fees and commissions



## Net trading income + Net other operating income

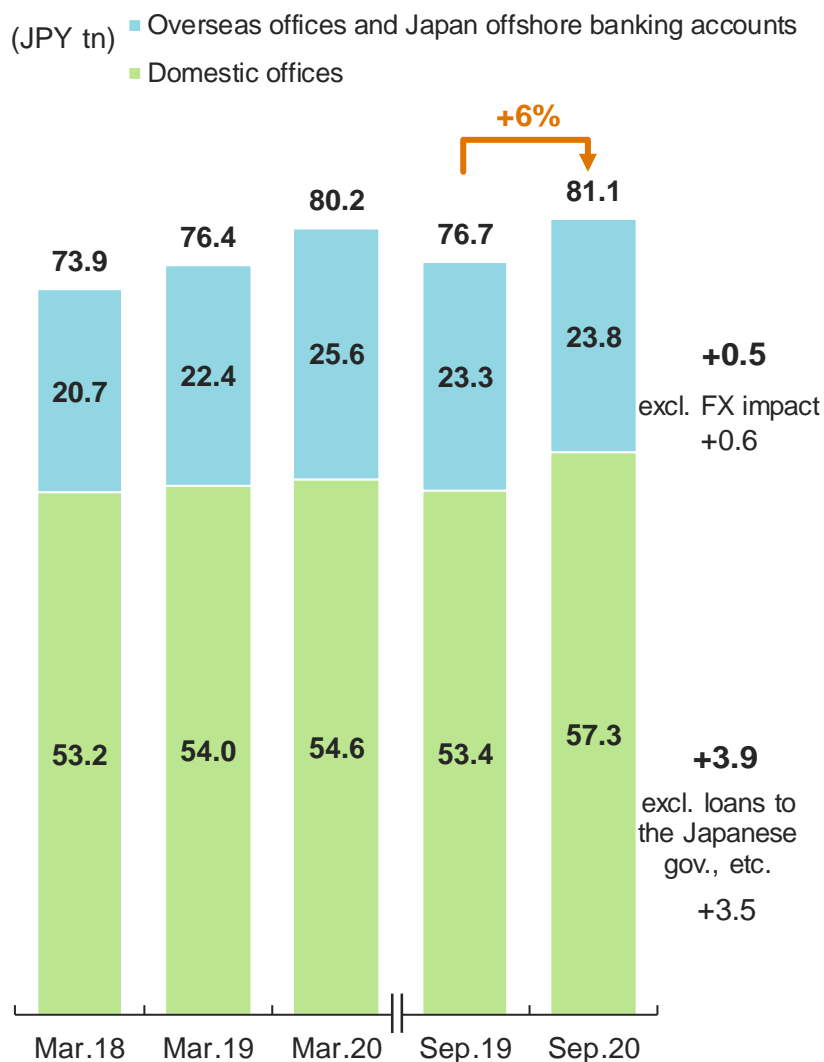


\*1 Excluding gains on cancellation of investment trusts



# Loans\*1

## Loan balance



## Domestic loan-to-deposit spread

	1H FY3/21	YoY	1Q	2Q
(%)				
Interest earned on loans and bills discounted	0.83	(0.08)	0.84	0.82
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00
Loan-to-deposit spread	0.83	(0.08)	0.84	0.82
(Ref.) Excludes loans to the Japanese government, etc.				
Interest earned on loans and bills discounted	0.86	(0.08)	0.87	0.85
Loan-to-deposit spread	0.86	(0.08)	0.87	0.85

## Average loan balance and spread\*2

	Balance (JPY tn)		Spread (%)	
	1H FY3/21	YoY*4	1H FY3/21	YoY
Domestic loans	56.6	+4.4	0.70	(0.04)
Excluding loans to the Japanese government, etc.	53.6	+4.1	0.73	(0.04)
o/w Large corporations	19.2	+3.4	0.50	(0.03)
Mid-sized corporations & SMEs	18.6	+1.2	0.60	(0.03)
Individuals	12.4	(0.6)	1.44	(0.03)
GBU's interest earning assets*3	341.9 USD bn	+39.4 USD bn	1.15	+0.04

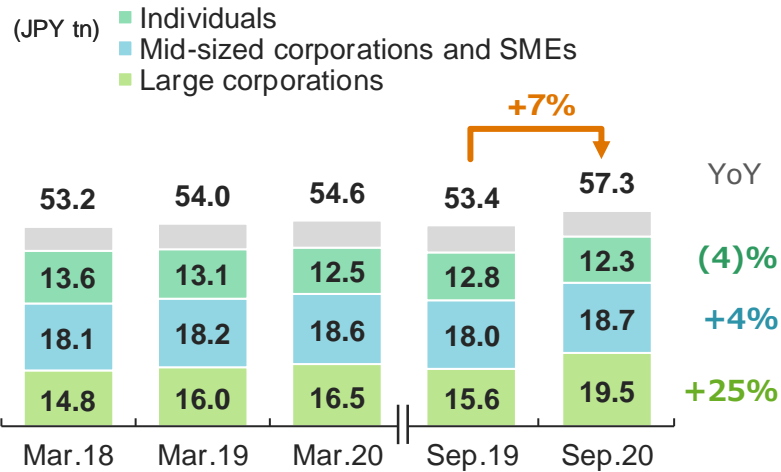
\*1 Non-consolidated \*2 Managerial accounting basis

\*3 Sum of SMBC, Major local subsidiaries and SMBC Trust, etc. Sum of loans, trade bills, and securities

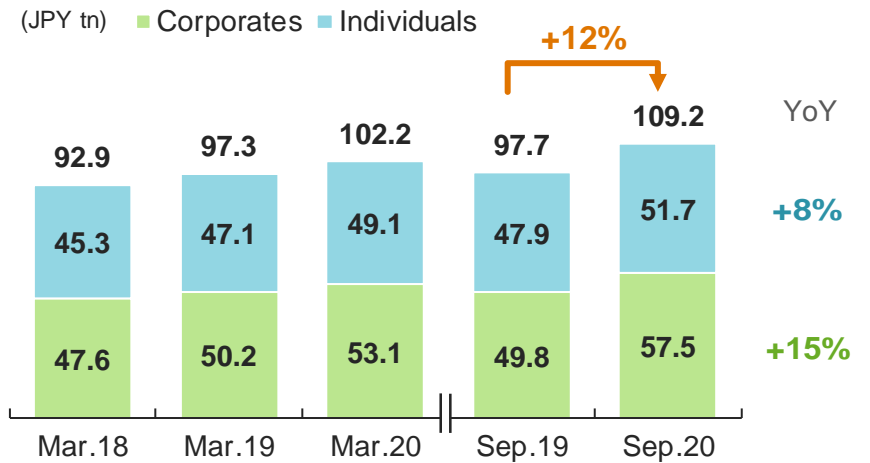
\*4 After adjustments for exchange rates, etc.

# Domestic loans and deposits\*1

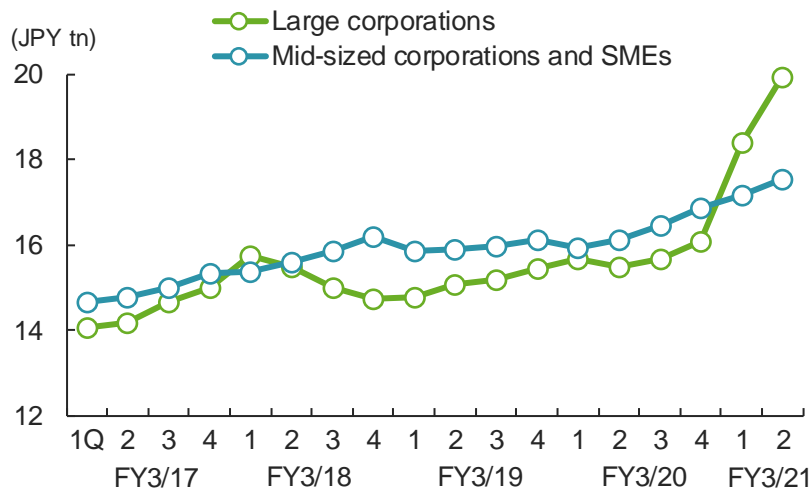
## Loan balance\*2



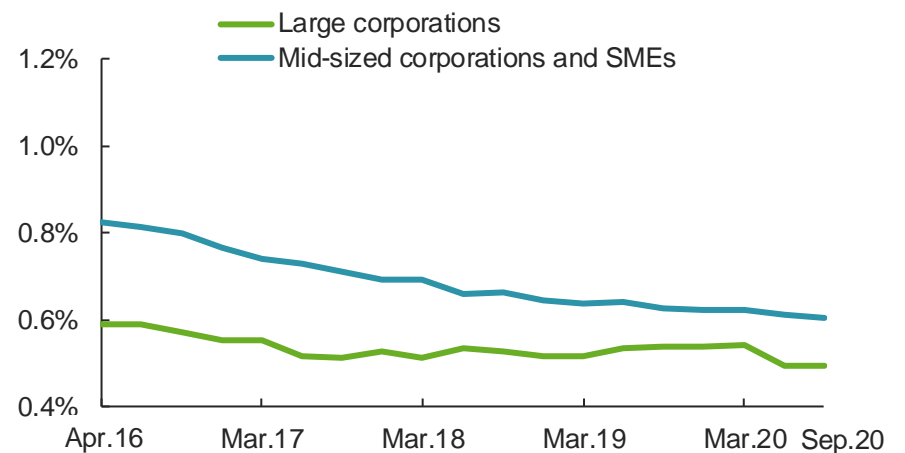
## Deposit balance



## Loan average balance for corporates\*2,3



## Loan spread for corporates\*2,4



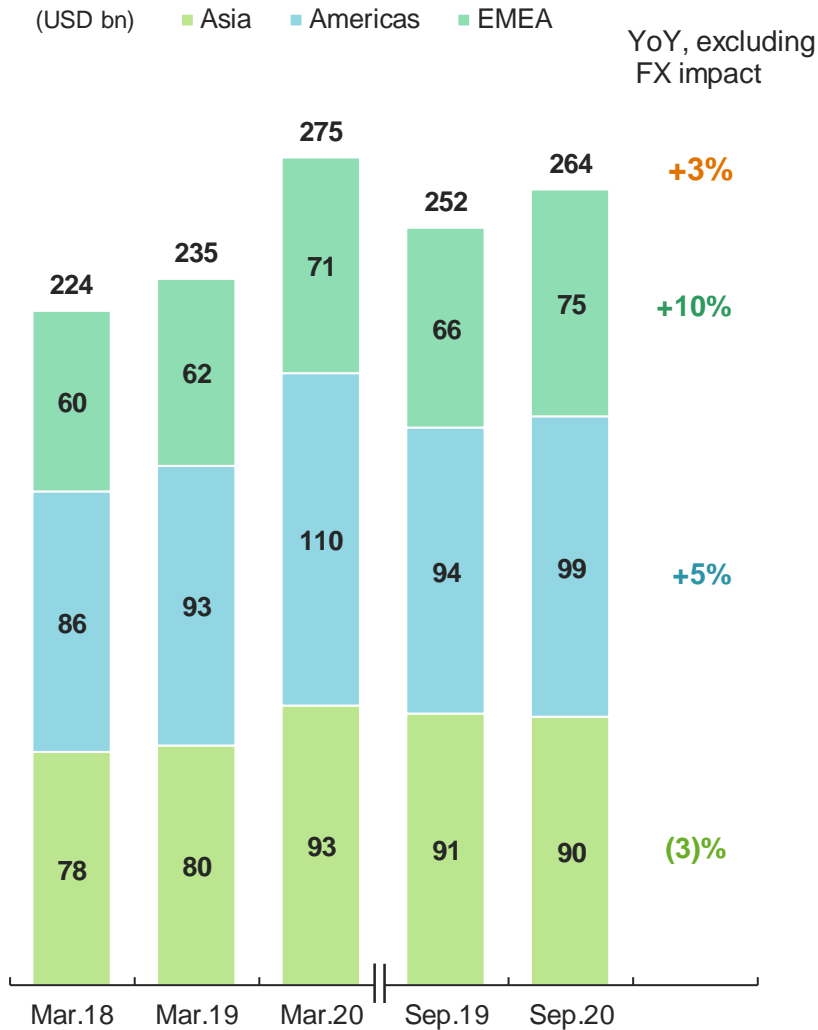
\*1 Non-consolidated \*2 Managerial accounting basis \*3 Quarterly average, excluding loans to the Japanese government.

Figures for SMEs are the outstanding balance of Corporate banking division

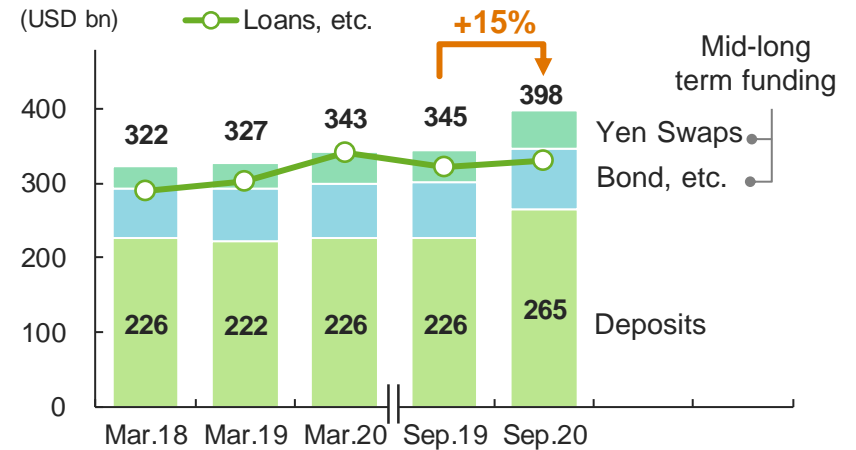
\*4 Loan spread of existing loans, excluding loans to the Japanese government

# Overseas loans and deposits\*1

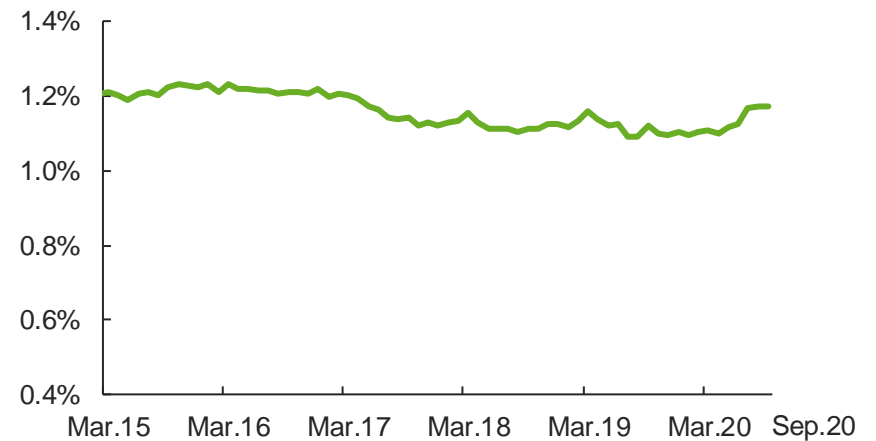
## Loan balance



## Foreign currency balance



## Loan spread\*2



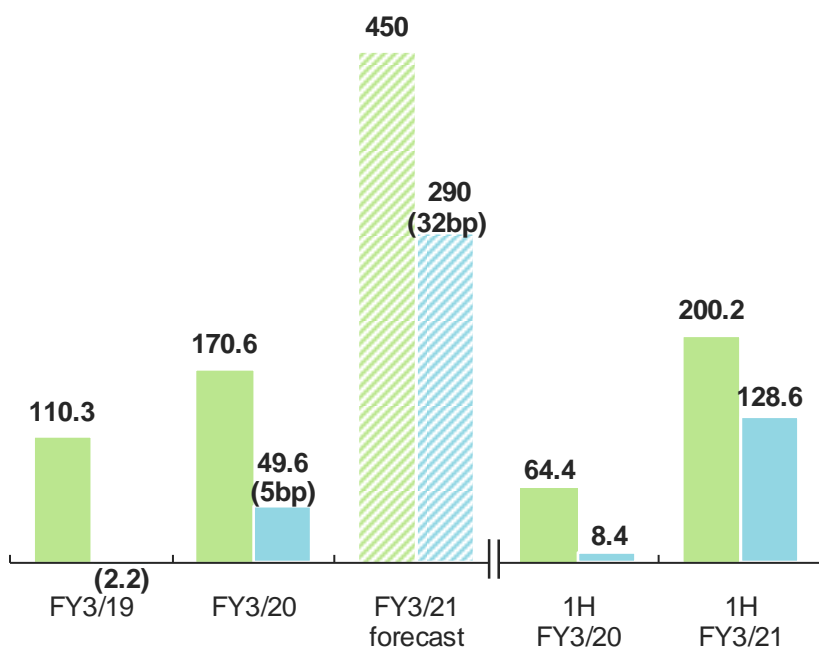
\*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

\*2 Monthly average loan spread of existing loans

# Asset quality

## Credit costs\*1

(JPY bn) Consolidated Non-consolidated

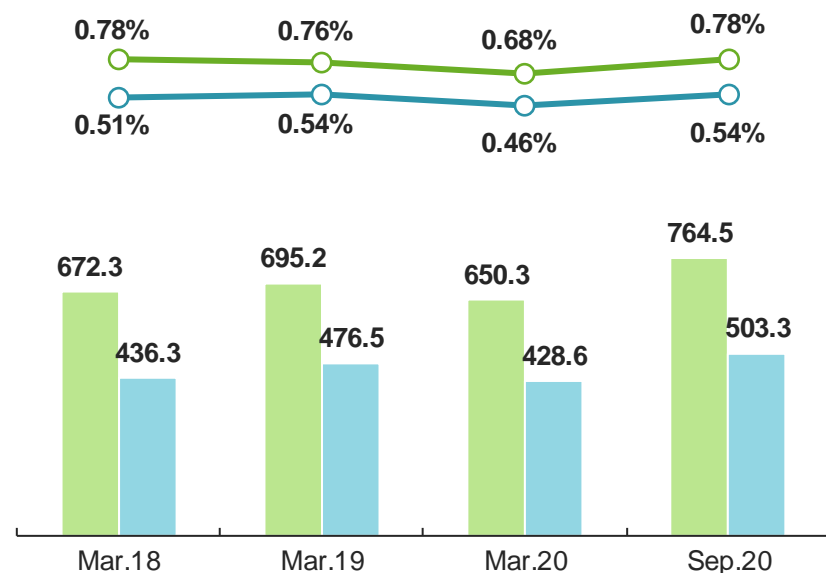


## Major group companies

(JPY bn)	1H FY3/21	YoY
SMBCCF	27	(7)
SMCC	11	(4)

## Non-performing loan balance\*2

(JPY bn) Consolidated Non-consolidated



## Total claims

(JPY tn)

Consolidated	91	96	98
Non-consolidated	89	93	94

## Claims on borrowers requiring caution (excluding claims to substandard borrowers)

Non-consolidated	0.8	0.9	1.7
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\*1 Total credit cost ratio = Total credit cost / Total claims

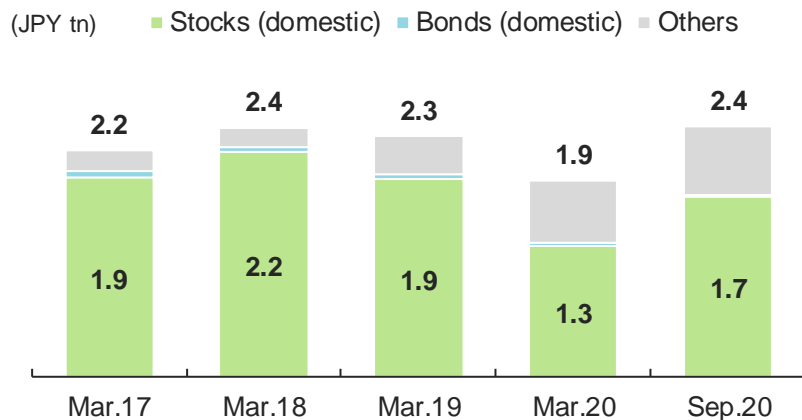
\*2 NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

# Securities (1)

## Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	(JPY bn) Sep.20	vs Mar.20	Sep.20	vs Mar.20
<b>Total</b>	29,063.3	+2,414.1	2,425.4	+533.1
Stocks (domestic)	3,182.2	+445.4	1,742.0	+472.4
Bonds (domestic)	13,447.9	+3,380.5	23.6	+2.1
o/w JGBs	10,289.3	+3,201.4	(4.7)	+2.4
Others	12,433.2	(1,411.8)	659.8	+58.6
o/w Foreign bonds	10,191.9	(1,457.7)	169.4	(86.3)

## Unrealized gains

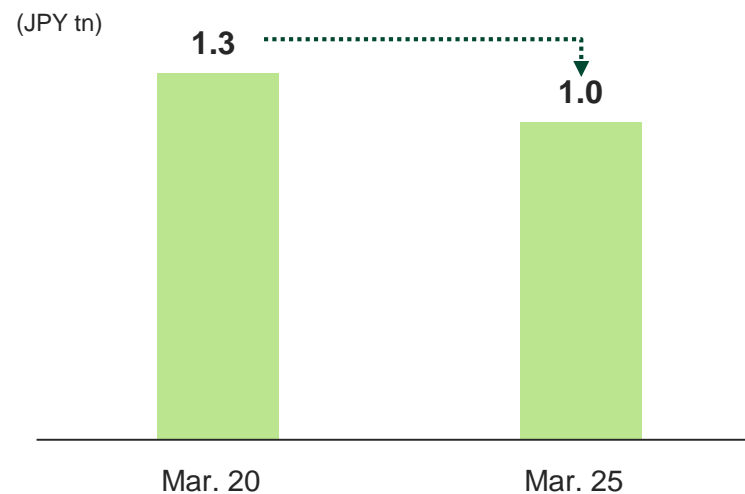


## Strategic shareholdings

<b>Progress as of Sep.20</b>	Reduction	JPY 31 bn
	Consent of sales from clients	JPY 45 bn
	<b>Total</b>	<b>JPY 76 bn</b>

## Reduction plan

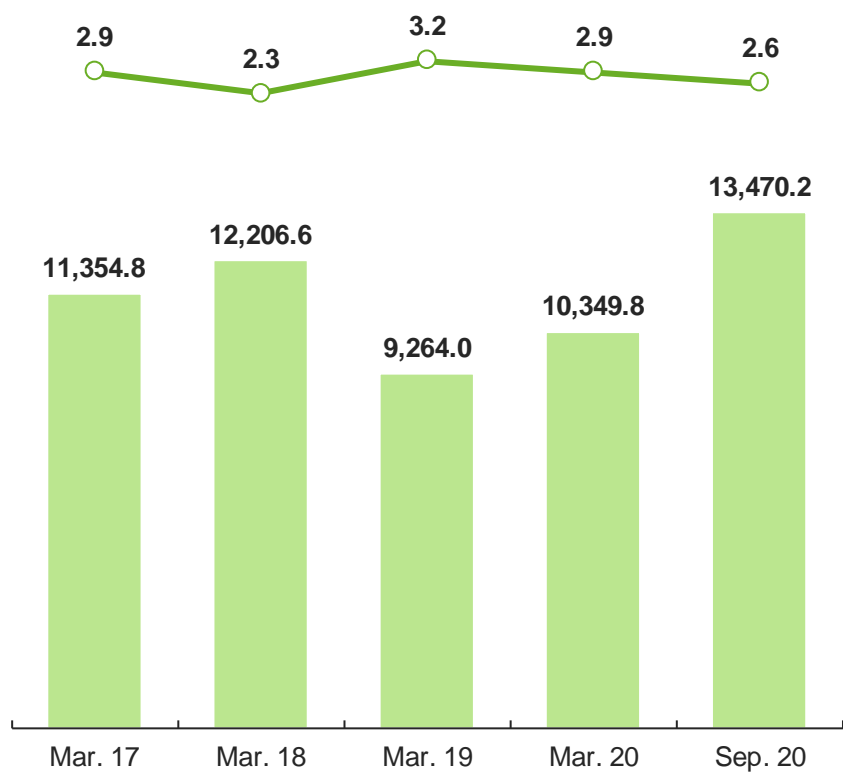
**Reduce JPY 300 bn in 5 years (FY3/21-FY3/25)**



# Securities (2)

## Yen-denominated bonds (consolidated)

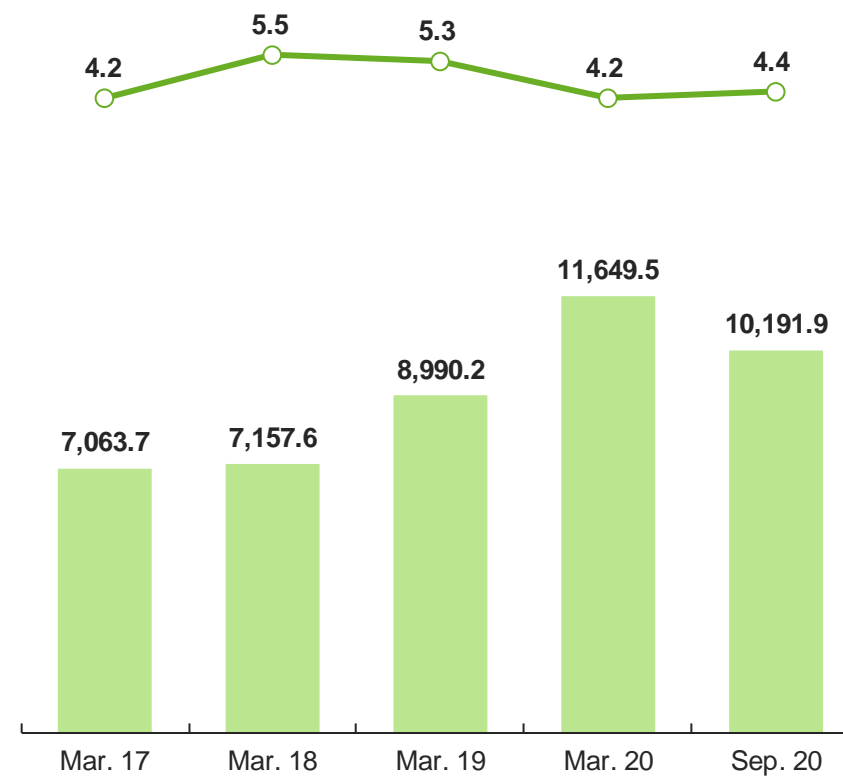
(JPY bn)    B/S amount    Duration (years) <sup>\*1</sup>



Unrealized gains(losses)	46.5	61.3	21.7	23.6
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## Foreign bonds (consolidated)

(JPY bn)    B/S amount    Duration (years) <sup>\*1</sup>



Unrealized gains(losses)	(159.4)	(28.4)	255.7	169.4
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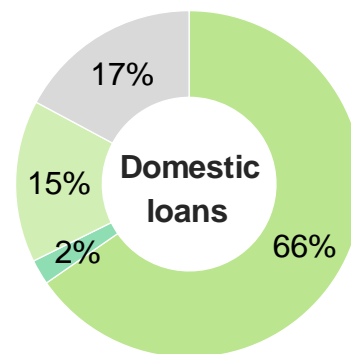
\*1 Non-consolidated. Excluding bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero.

# Balance sheet

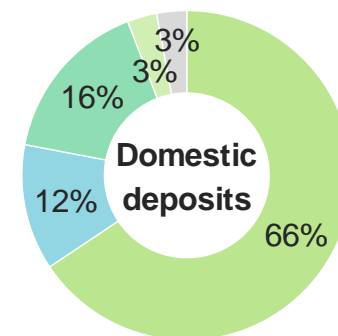
## Consolidated

	(JPY tn)	Sep. 20	vs Mar.20
<b>Total assets</b>		<b>225.8</b>	<b>+5.9</b>
o/w Cash and due from banks		68.5	+6.7
o/w BOJ's current account balance <sup>*1</sup>		56.6	+7.9
o/w Loans		84.5	+2.0
o/w Domestic loans <sup>*1</sup>		57.3	+2.7
o/w Large corporations <sup>*2</sup>		19.5	+3.0
o/w Mid-sized corporations & SMEs <sup>*2</sup>		18.7	+0.1
o/w Individuals <sup>*2</sup>		12.3	(0.2) <sup>*3</sup>
o/w Securities		29.2	+2.1
o/w Other securities		29.1	+2.4
o/w Stocks		3.2	+0.4
o/w JGBs		10.3	+3.2
o/w Foreign bonds		10.2	(1.5)
<b>Total liabilities</b>		<b>214.5</b>	<b>+5.4</b>
o/w Deposits		137.9	+10.9
o/w Domestic deposits <sup>*1</sup>		109.2	+7.0
Individuals		51.7	+2.6
Corporates		57.5	+4.4
o/w NCD		10.2	+0.1
<b>Total net assets</b>		<b>11.3</b>	<b>+0.5</b>
<b>Loan to deposit ratio</b>		<b>57.0%</b>	

## Composition of loans and deposits<sup>\*2</sup>

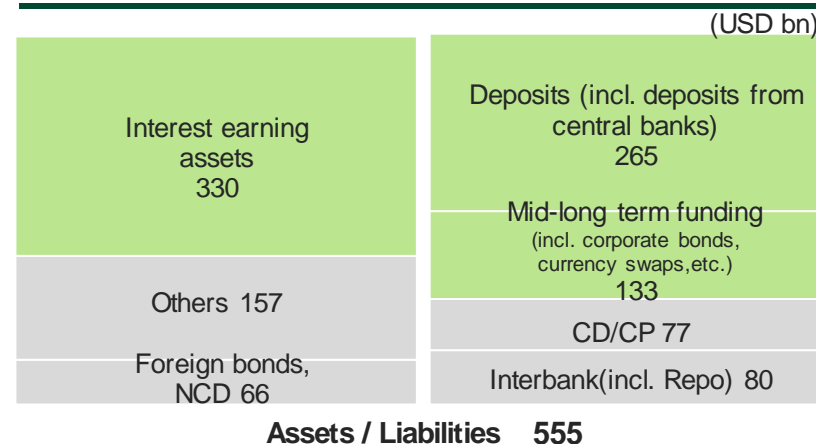


- Spread-based
- Prime-rate-based
- Mortgage, etc.
- Others



- Ordinary
- Current
- Time
- Foreign currency
- Others(Sundry, etc.)

## Non-JPY B/S<sup>\*2,4</sup>



\*1 Non-consolidated \*2 Managerial accounting basis \*3 After adding back the portion of housing loans securitized in 1H FY3/21 of JPY50.9bn \*4 Sum of SMBC and major local subsidiaries

# Capital / RWA

	Sep. 20	Requirement*1
<b>Capital ratio</b>		
Total capital ratio	<b>19.28%</b>	11.5%
CET1 ratio (Basel III fully-loaded basis)	<b>16.02%</b>	8%
excl. OCI	<b>13.2%</b>	-
CET1 ratio (Post-Basel III reforms)	<b>11.3%</b>	8%
excl. OCI	<b>9.7%</b>	-
<b>External TLAC ratio</b>		
RWA basis	<b>26.72%</b>	16%
Leverage exposure basis	<b>10.25%</b>	6%
<b>Leverage ratio</b>	<b>5.85%</b>	3%
<b>LCR (Average 2Q FY3/21)</b>	<b>136.0%</b>	100%

	(JPY bn)	Mar. 20	Sep. 20
<b>Total capital</b>		<b>11,552.0</b>	<b>12,028.0</b>
Tier1 capital		10,249.9	10,763.8
o/w CET1 capital		9,581.3	9,994.2
Tier2 capital		1,302.1	1,264.2
<b>External TLAC</b>		<b>18,162.0</b>	<b>18,868.2</b>
<b>Risk-weighted assets</b>		<b>61,599.1</b>	<b>62,379.2</b>
<b>Leverage exposure</b>		<b>237,488.7</b>	<b>183,938.7</b>

\*1 Excludes countercyclical buffer



# Results by business unit

		(JPY bn)	FY3/20 <sup>*1</sup>	1H FY3/21	YoY <sup>*2</sup>
<b>Retail</b>	Gross profit		1,175.5	548.7	(23.4)
	Expenses		934.9	443.3	(15.8)
	<i>Overhead ratio</i>		79.5%	80.8%	+0.5%
	<b>Net business profit</b>		242.6	106.6	(7.3)
<b>Wholesale</b>	Gross profit		598.8	282.5	(14.5)
	Expenses		291.6	146.6	(2.8)
	<i>Overhead ratio</i>		48.7%	51.9%	+1.6%
	<b>Net business profit</b>		360.1	160.4	(9.0)
<b>Global</b>	Gross profit		665.9	343.4	+19.8
	Expenses		362.8	177.7	(0.8)
	<i>Overhead ratio</i>		54.5%	51.7%	(3.4)%
	<b>Net business profit</b>		355.7	174.6	+4.1
<b>Global Markets</b>	Gross profit		437.4	257.9	+10.7
	Expenses		78.8	40.2	+0.9
	<i>Overhead ratio</i>		18.0%	15.6%	(0.3)%
	<b>Net business profit</b>		391.1	234.8	+11.6

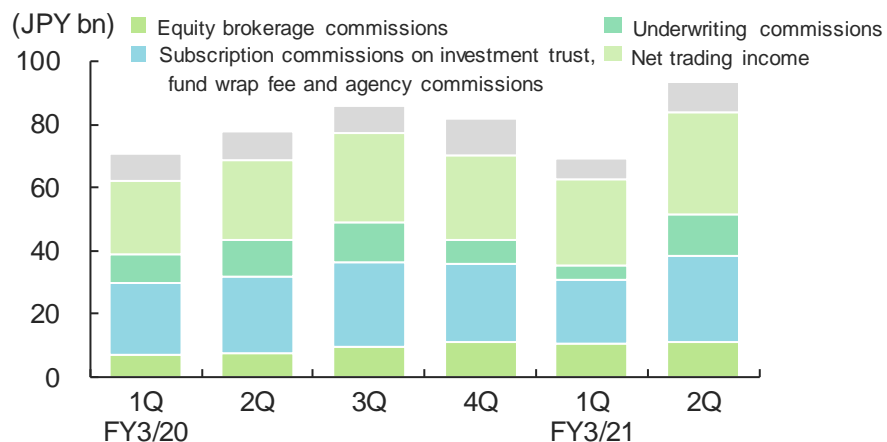
\*1 Calculated based on the management system for FY3/21

\*2 After adjustments of the changes of interest rates and exchange rates

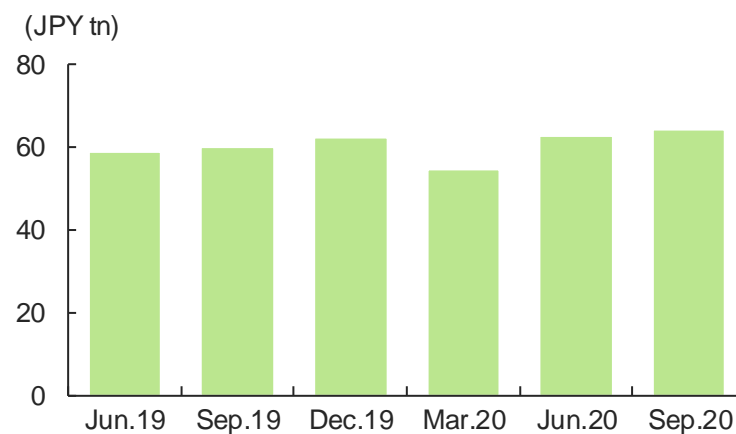
## Financial results

(JPY bn)	FY3/20	1H FY3/21	YoY
<b>Net operating revenue</b>	316.0	162.8	+14.4
<b>SG&amp;A expenses</b>	273.0	130.5	(1.2)
<b>Ordinary income</b>	49.8	35.9	+16.5
<b>Net income</b>	39.2	28.2	+11.8

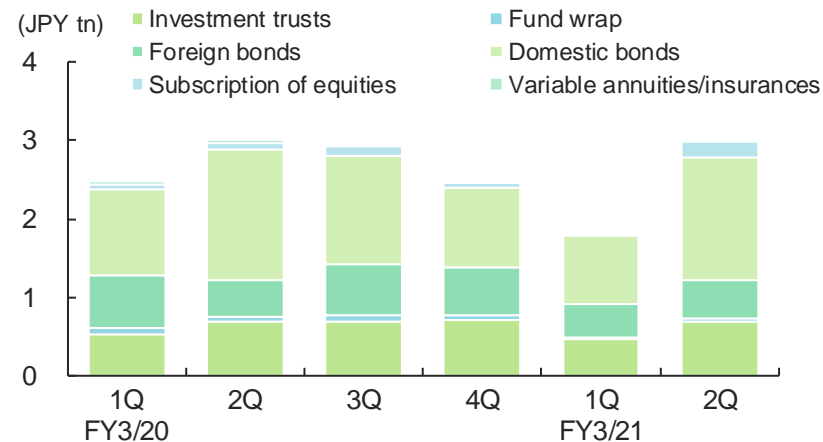
## Net operating revenue



## Client assets



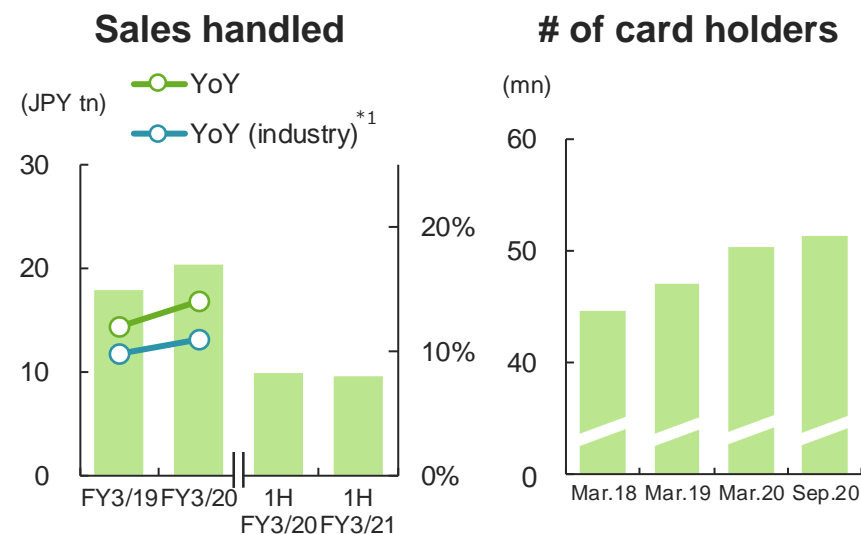
## Product sales



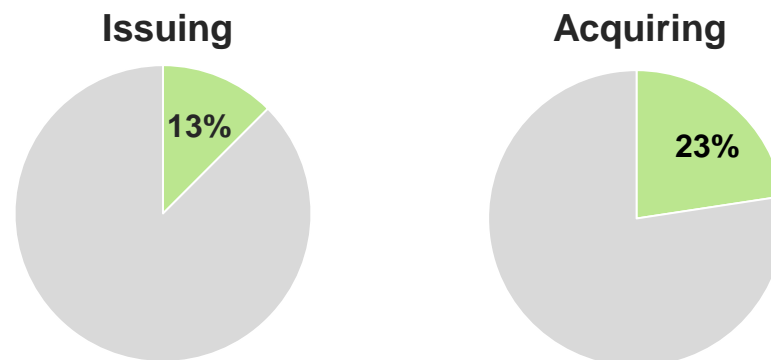
## Financial results

(JPY bn)	FY3/20	1H FY3/21	YoY
<b>Operating revenue</b>	480.8	216.8	(22.2)
o/w Commission fee	153.0	67.1	(8.8)
<b>Finance</b>	109.2	52.1	(2.3)
Sales on credit	35.8	16.6	(1.9)
Receipt agency	46.7	23.7	+0.3
<b>Operating expense</b>	430.3	192.1	(10.5)
o/w Expenses for loan losses	32.3	11.6	(4.3)
Expense for interest repayments	12.0	-	-
<b>Ordinary profit (loss)</b>	50.8	25.3	(11.3)
<b>Net income</b>	38.2	18.9	(12.7)
<b>Finance outstanding</b>	738.3	679.4	

## Key figures



## Market share\*2



\*1 The Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

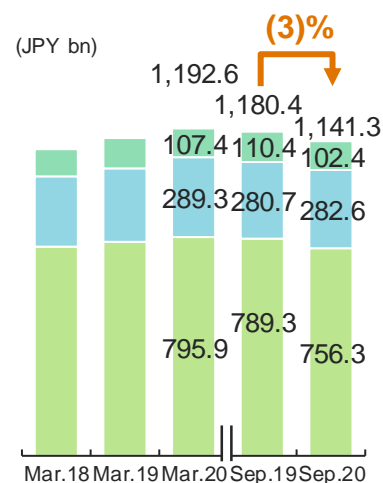
\*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2019 : JPY 63 tn)

## Financial results

(JPY bn)	FY3/20	1H FY3/21	YoY
<b>Operating income</b>	288.5	138.2	(5.7)
o/w Interest revenues	184.9	90.5	(1.4)
Loan guarantee revenues	68.7	31.3	(3.2)
<b>Operating expenses</b>	228.3	86.4	(10.3)
o/w Expenses for loan losses	68.2	30.7	(7.1)
Expense for loan guarantees	15.3	2.0	+1.0
Expenses for interest repayments	27.0	-	-
<b>Ordinary profit</b>	60.5	52.5	+5.0
<b>Net income</b>	90.1	43.8	+3.4
<b>NPLs</b>	78.3	85.5	
(NPL ratio)	6.57%	7.49%	
<b>Allowance on interest repayments (provision)</b>	106.1	95.3	
	3.2 yrs	4.4 yrs	

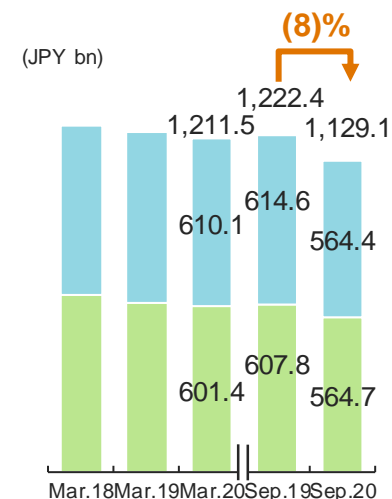
## Consumer loans

■ Promise (overseas) ■ Mobit ■ Promise



## Loan guarantee

■ SMBC ■ Others



## No. of interest refund claims

