

# Overview of 3Q FY3/21

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February 2, 2021



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)

	Dec. 19	Mar. 20	Dec. 20
USD	JPY 109.54	JPY 108.81	JPY 103.50
EUR	JPY 122.53	JPY 119.52	JPY 126.97

## 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
SMBCAC	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

# Income statement

Profit attribute to owners of parent was JPY 433.9 bn, as economic activity has been recovering while credit cost increased YoY due to COVID-19.

	(JPY bn)	1-3Q FY3/21	YoY	FY3/21 target
1	<b>Consolidated gross profit</b>	2,070.4	(3.1)	
2	<b>G&amp;A expenses</b>	1,279.4	(19.9)	
	<b>Overhead ratio</b>	61.8%	(0.9)%	
3	<b>Equity in gains (losses) of affiliates</b>	19.6	(28.0)	
	<b>Progress</b>			
4	<b>Consolidated net business profit</b>	84% 810.6	(11.2)	970
5	<b>Total credit cost</b>	234.8	+138.3	450
6	<b>Gains (losses) on stocks</b>	72.7	(21.1)	
7	<b>Other income (expenses)</b>	(53.7)	(46.3)	
8	<b>Ordinary profit</b>	594.9	(216.9)	550
9	<b>Extraordinary gains (losses)</b>	(7.8)	(27.4)	
10	<b>Income taxes</b>	151.7	(53.3)	
11	<b>Profit attributable to owners of parent</b>	108% 433.9	(176.9)	400
12	<b>ROE</b>	6.1%	(2.8)%	

- **Consolidated gross profit:** remained almost flat due to a) solid performance of Global Market Business unit and the wealth management business, and b) improvement in performance of Wholesale and Global Business Units.
- **G&A expenses:** decreased YoY by controlling operating cost under COVID-19 and executing cost control initiatives.
- **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 57 bn, YoY JPY (17) 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).

Full year target is unchanged because of the uncertainty going forward and that proactive provisions and charges including credit cost are expected.

# (Ref.) Group companies

## SMBC

	(JPY bn)	1-3Q FY3/21	YoY	FY3/21 target
1 <b>Gross banking profit</b>		1,075.4	+8.4	
2 o/w Net interest income		643.7	(8.5)	
3 o/w Gains (losses) on cancellation of investment trusts		21.3	(3.0)	
4 o/w Net fees and commissions		228.2	(7.3)	
5 o/w Net trading income+ Net other operating income		202.2	+24.3	
6 o/w Gains (losses) on bonds		107.4	+18.4	
7 <b>Expenses</b>		605.5	(2.8)	
8 <b>Banking profit</b>		469.9	+11.2	520
9 <b>Total credit cost</b>		140.2	+128.7	290
10 <b>Gains (losses) on stocks</b>		47.5	(48.3)	
11 <b>Extraordinary gains (losses)</b>		(52.0)	+66.4	
12 <b>Net income</b>		227.5	(52.5)	170

## Other major group companies

(left : results of 1-3Q FY3/21 / right : YoY)

(JPY bn)	SMBC Nikko <sup>*1</sup>		SMCC		SMBCCF	
<b>Gross profit</b>	314.3	+49.4	291.1	(26.4)	196.4	(10.2)
<b>Expenses</b>	227.1	+3.3	231.6	(9.2)	79.9	(4.2)
<b>Net business profit</b>	87.2	+46.2	59.9	(17.2)	116.5	(6.0)
<b>Net income</b>	70.4	+38.4	31.4	(12.0)	69.8	+3.6

(Equity method affiliate)

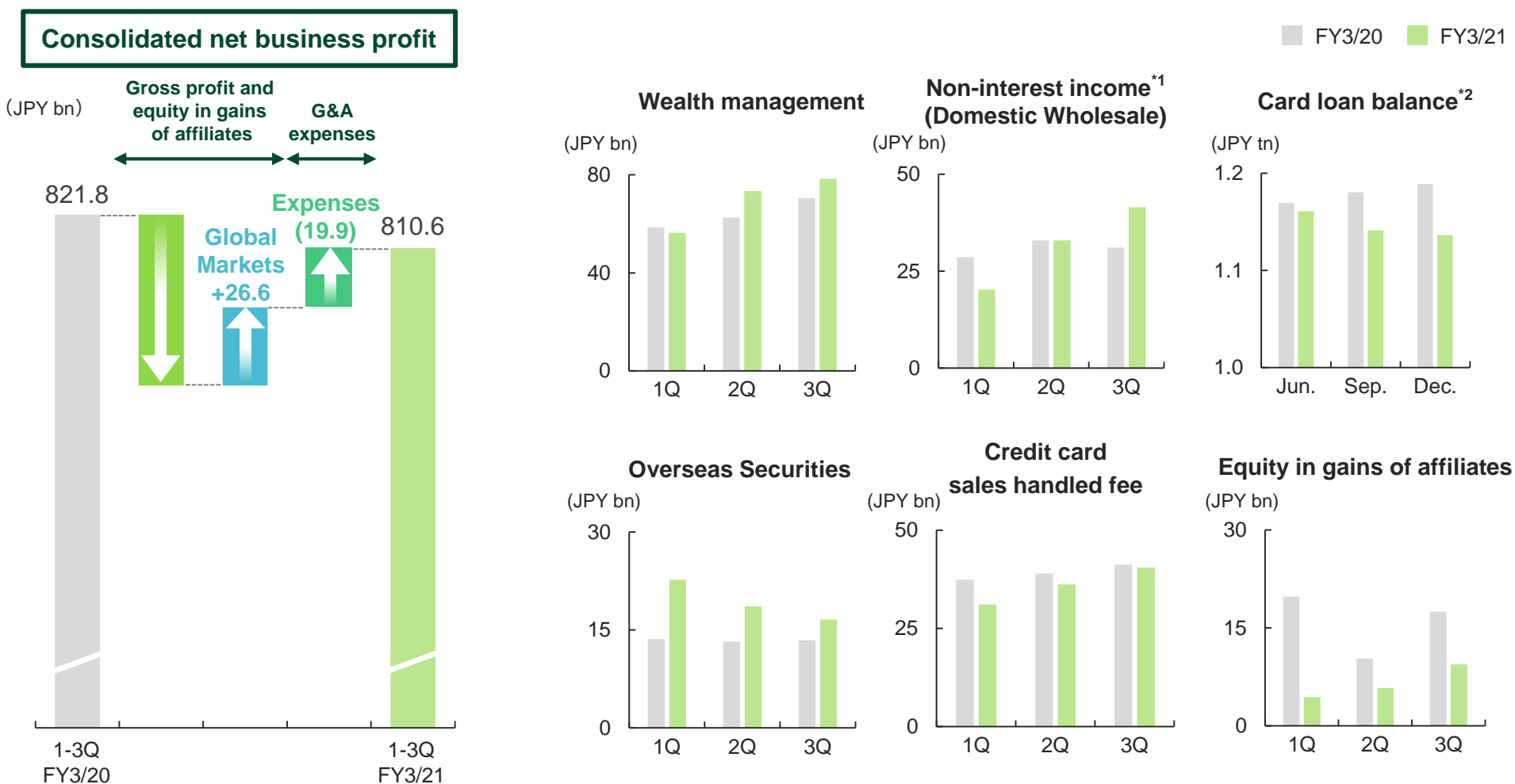
	SMBC Trust		SMDAM 50%		SMFL <sup>*2</sup> 50%	
<b>Gross profit</b>	28.3	(8.0)	24.5	(2.5)	125.4	(11.6)
<b>Expenses</b>	33.1	(3.5)	24.0	(0.1)	61.4	(1.5)
<b>Net business profit</b>	(4.9)	(4.5)	0.5	(2.5)	66.9	(10.0)
<b>Net income</b>	(7.4)	(7.0)	(0.5)	(1.7)	23.7	(27.9)

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

\*2 Managerial accounting basis

# Impact of COVID-19 (1) Consolidated net business profit

Decreased of consolidated net business profit was limited to JPY 11 bn YoY due to the strong performance of Global Markets Business Unit and lower G&A expenses.



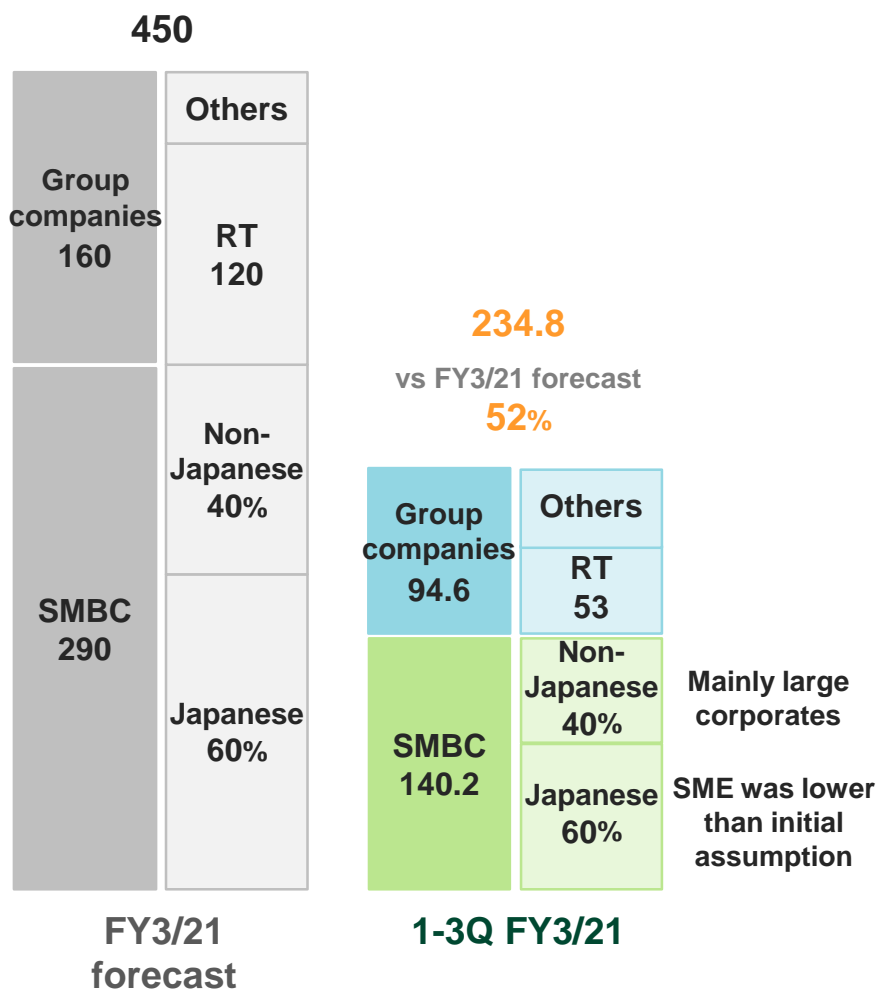
\*1 Syndicated loans, Structured finance, Real estate finance, and Securities business

\*2 SMBCCF

# Impact of COVID-19 (2) Credit cost

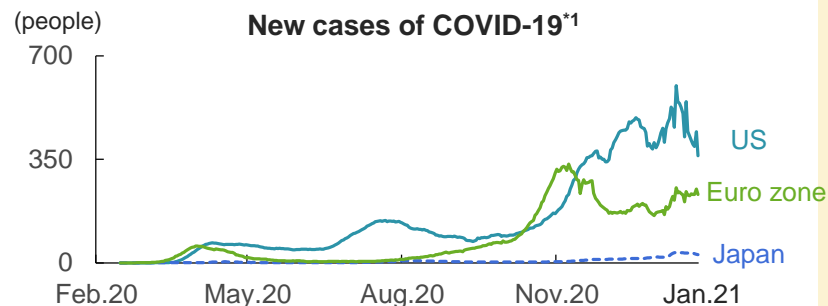
Credit cost continues to be lower than originally forecasted due to worldwide government support and liquidity support from banks.

(JPY bn)

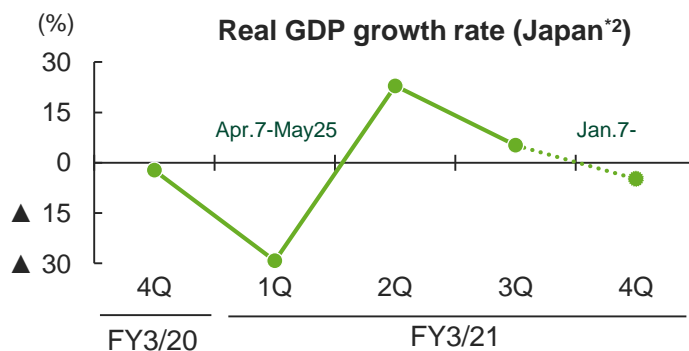


## Risk factors

### Spread of COVID-19



### State of emergency in Japan



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

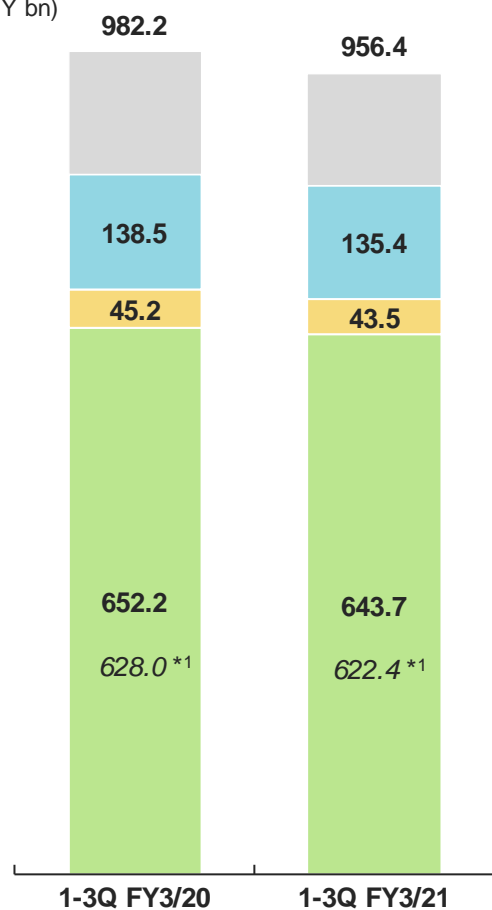
\*2 Made by Japan Research Institute from public data of Cabinet Office

# Consolidated gross profit

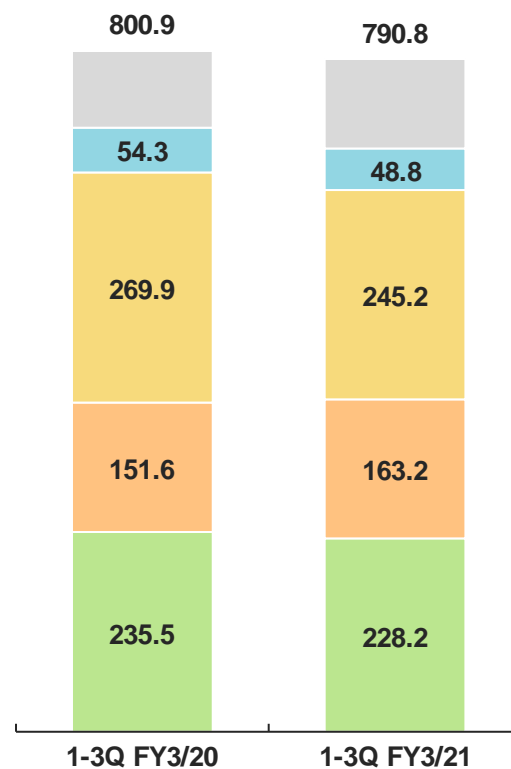
■ SMBC ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ Others

## Net interest income

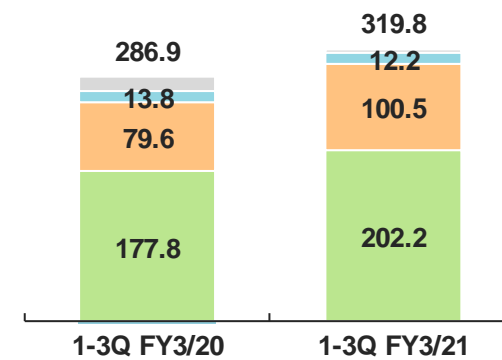
(JPY bn)



## Net fees and commissions



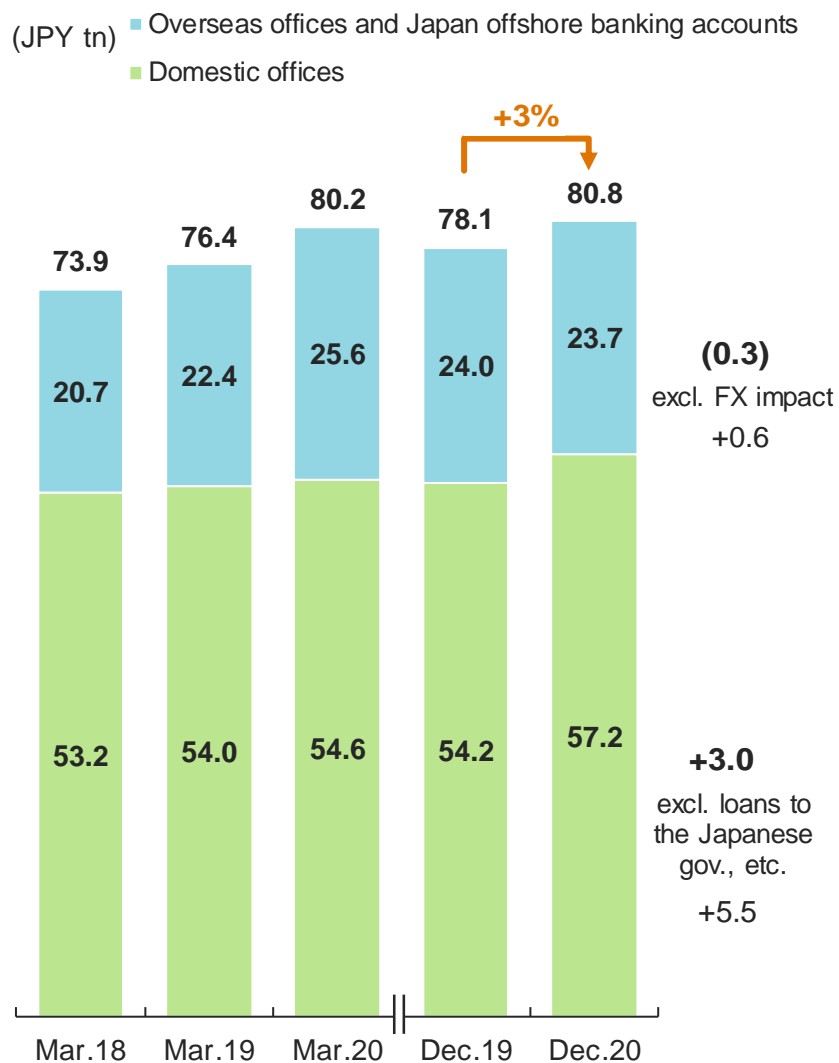
## Net trading income + Net other operating income



\*1 Excluding gains on cancellation of investment trusts

# Loans\*1

## Loan balance



## Domestic loan-to-deposit spread

(%)	1-3Q FY3/21	YoY	1Q	2Q	3Q
Interest earned on loans and bills discounted	0.83	(0.08)	0.84	0.82	0.84
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00
Loan-to-deposit spread	0.83	(0.08)	0.84	0.82	0.84

(Ref.) Excludes loans to the Japanese government, etc.

Interest earned on loans and bills discounted	0.86	(0.07)	0.87	0.85	0.87
Loan-to-deposit spread	0.86	(0.07)	0.87	0.85	0.87

## Average loan balance and spread\*2

	Balance (JPY tn)		Spread (%)	
	1-3Q FY3/21	YoY*4	1-3Q FY3/21	YoY
Domestic loans	56.4	+4.2	0.70	(0.04)
Excluding loans to the Japanese government, etc.	53.6	+4.0	0.73	(0.04)
o/w Large corporations	19.2	+3.4	0.50	(0.03)
Mid-sized corporations & SMEs	18.7	+1.2	0.60	(0.03)
Individuals	12.4	(0.6)	1.43	(0.04)
GBU's interest earning assets*3	339.5 USD bn	+30.7 USD bn	1.15	+0.05

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

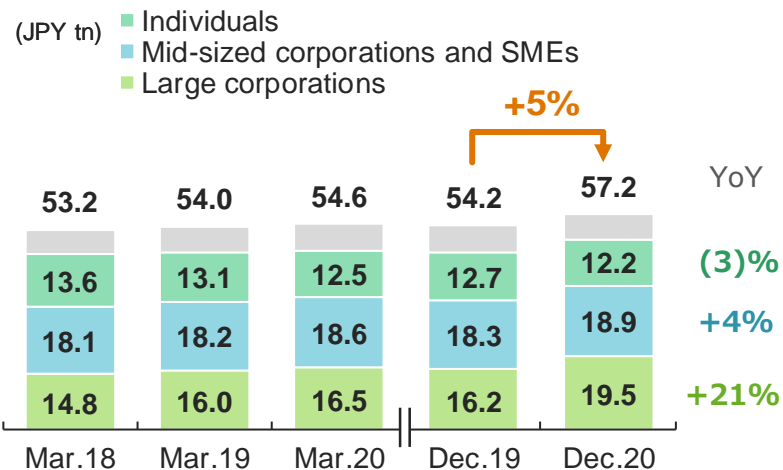
\*3 Sum of SMBC, Major local subsidiaries and SMBC Trust, etc. Sum of loans, trade bills, and securities

\*4 After adjustments for exchange rates, etc.

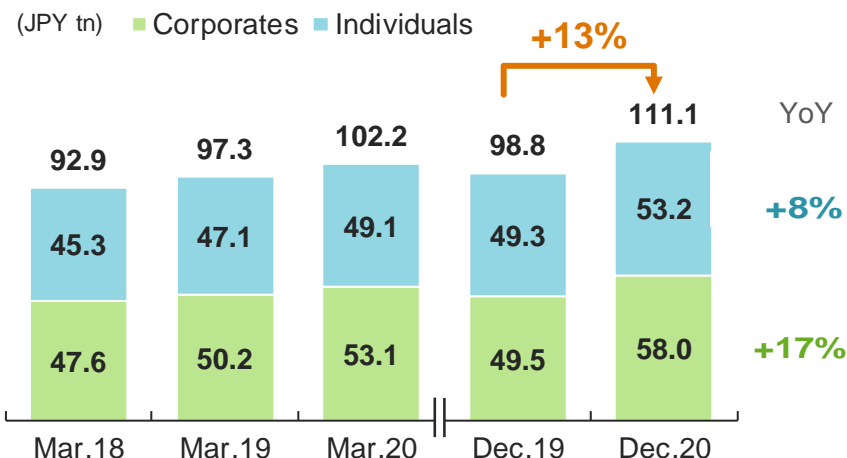


# Domestic loans and deposits\*1

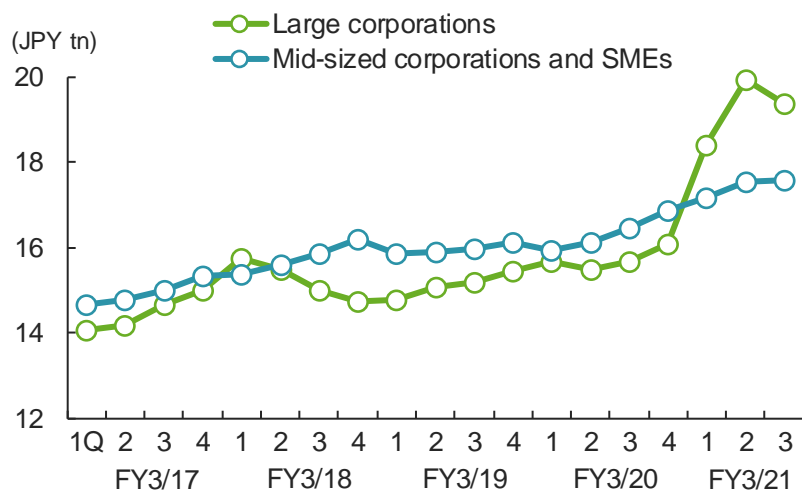
## Loan balance\*2



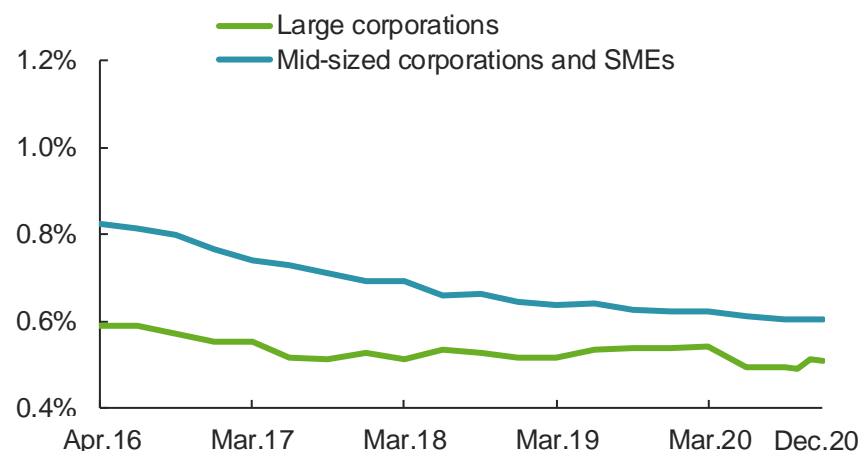
## Deposit balance



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



## Loan spread for corporates\*2,4



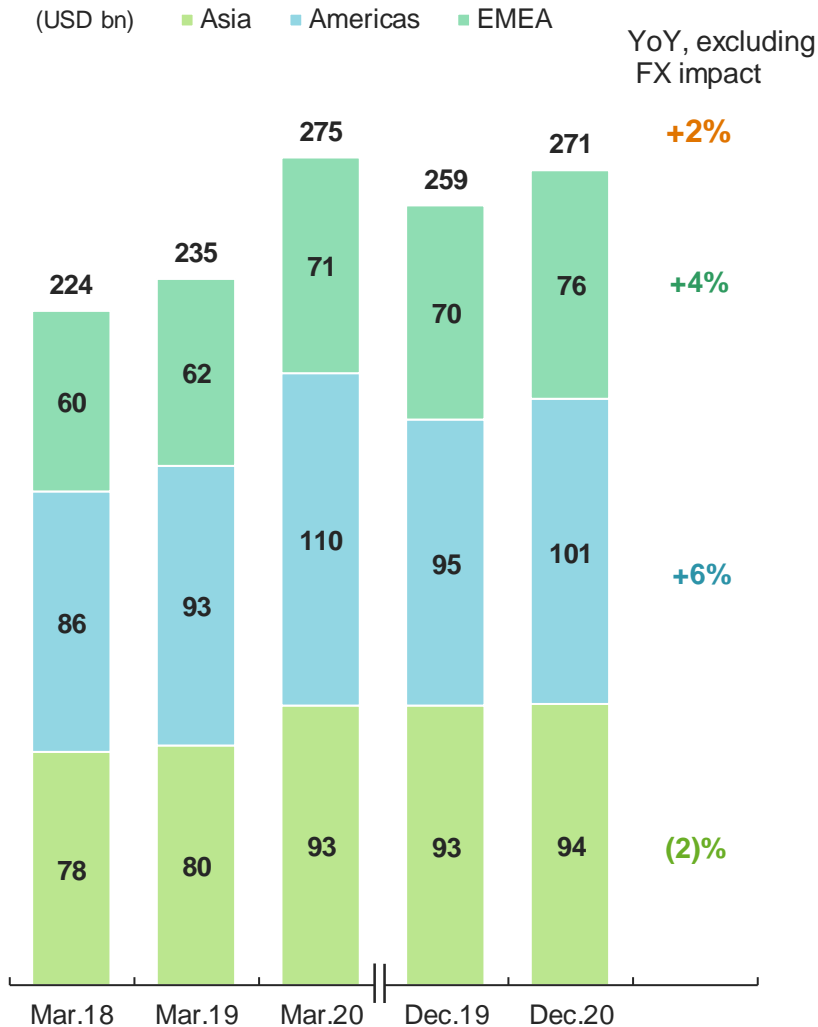
\*1 Non-consolidated \*2 Managerial accounting basis \*3 Quarterly average, excluding loans to the Japanese government.

Figures for SMEs are the outstanding balance of Corporate banking division

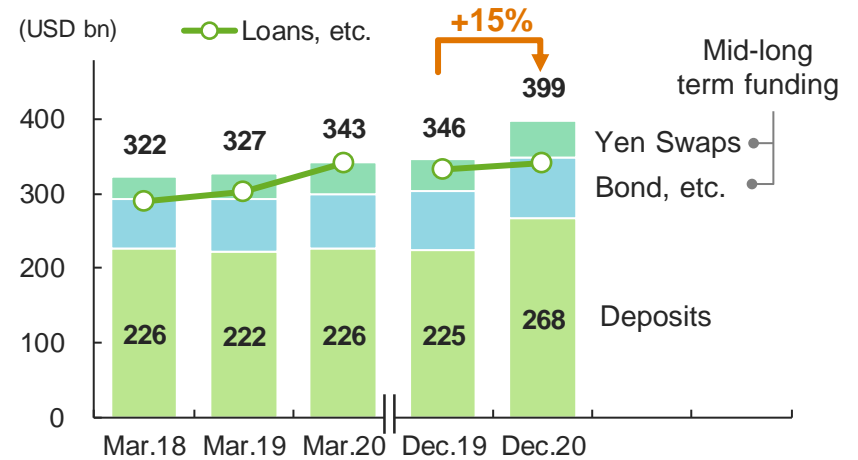
\*4 Loan spread of existing loans, excluding loans to the Japanese government

# Overseas loans and deposits\*1

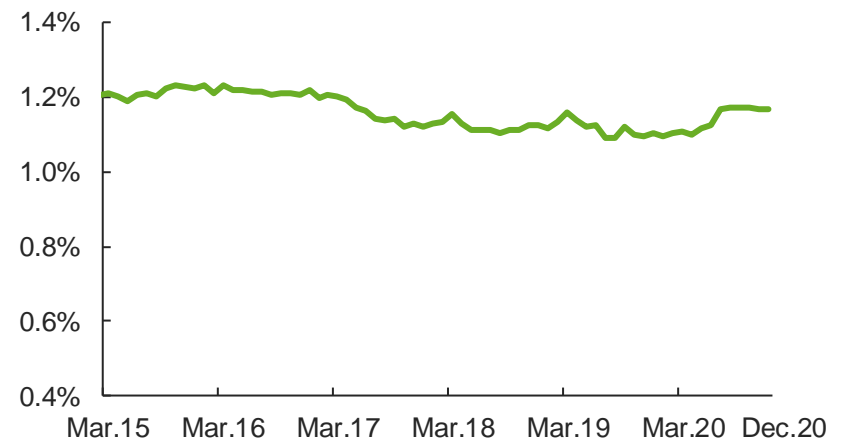
## Loan balance



## Foreign currency balance



## Loan spread\*2



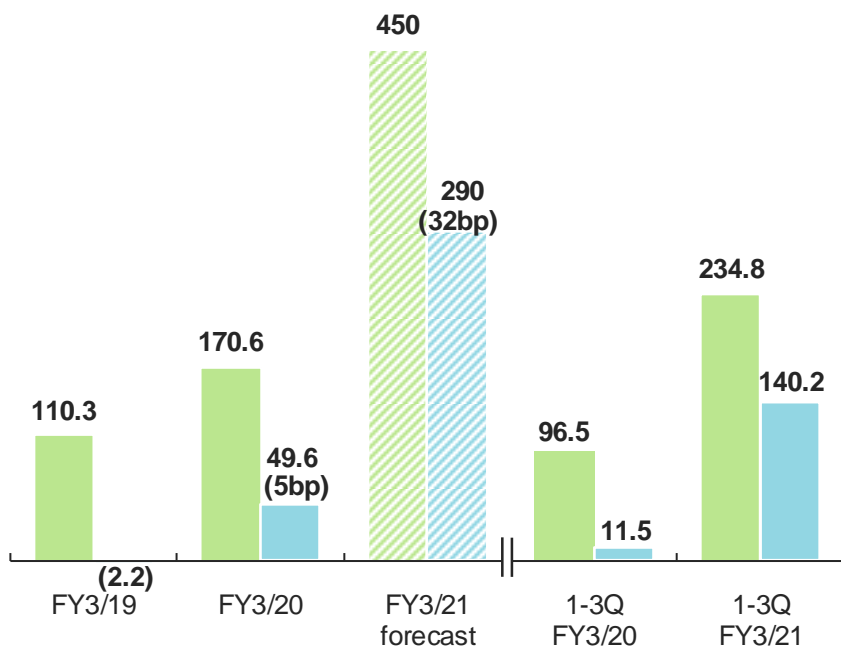
\*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

\*2 Monthly average loan spread of existing loans

# Asset quality

## Credit costs\*1

(JPY bn) Consolidated Non-consolidated

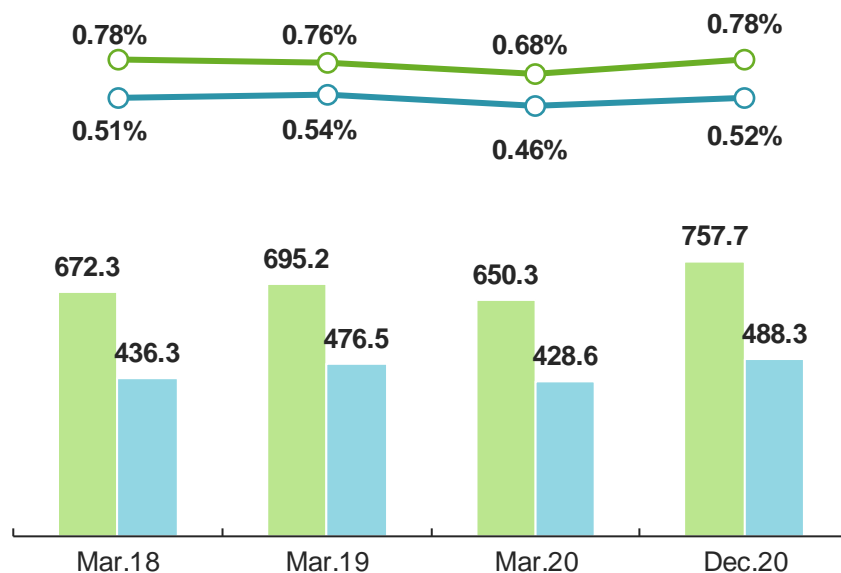


## Major group companies

(JPY bn)	1-3Q FY3/21	YoY
SMBCCF	35	(15)
SMCC	17	(5)

## Non-performing loan balance\*2

(JPY bn) Consolidated Non-consolidated



## Total claims

(JPY tn)

Consolidated	91	96	97
Non-consolidated	89	93	94

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

Non-consolidated	0.8	0.9	1.8
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\*1 Total credit cost ratio = Total credit cost / Total claims

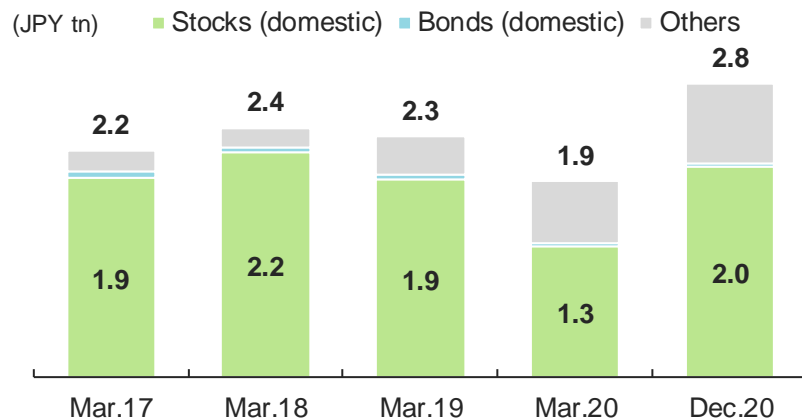
\*2 NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

# Securities (1)

## Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	(JPY bn) Dec.20	vs Mar.20	Dec.20	vs Mar.20
<b>Total</b>	34,022.9	+7,373.6	2,827.5	+935.2
Stocks (domestic)	3,485.4	+748.6	2,038.2	+768.6
Bonds (domestic)	17,154.1	+7,086.7	19.8	(1.7)
o/w JGBs	13,843.1	+6,755.2	(6.6)	+0.5
Others	13,383.4	(461.6)	769.5	+168.2
o/w Foreign bonds	10,910.0	(739.5)	153.8	(101.9)

## Unrealized gains

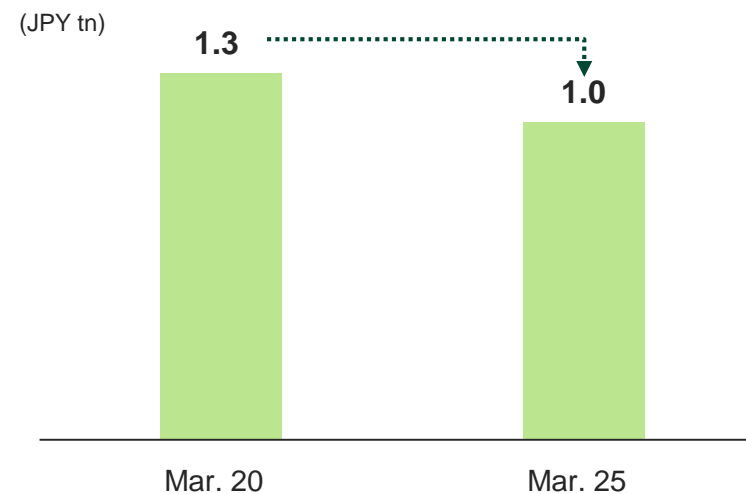


## Strategic shareholdings

<b>Progress as of Dec. 20</b>	Reduction	JPY 45 bn
	Consent of sales from clients	JPY 58 bn
	<b>Total</b>	<b>JPY 103 bn</b>

## Reduction plan

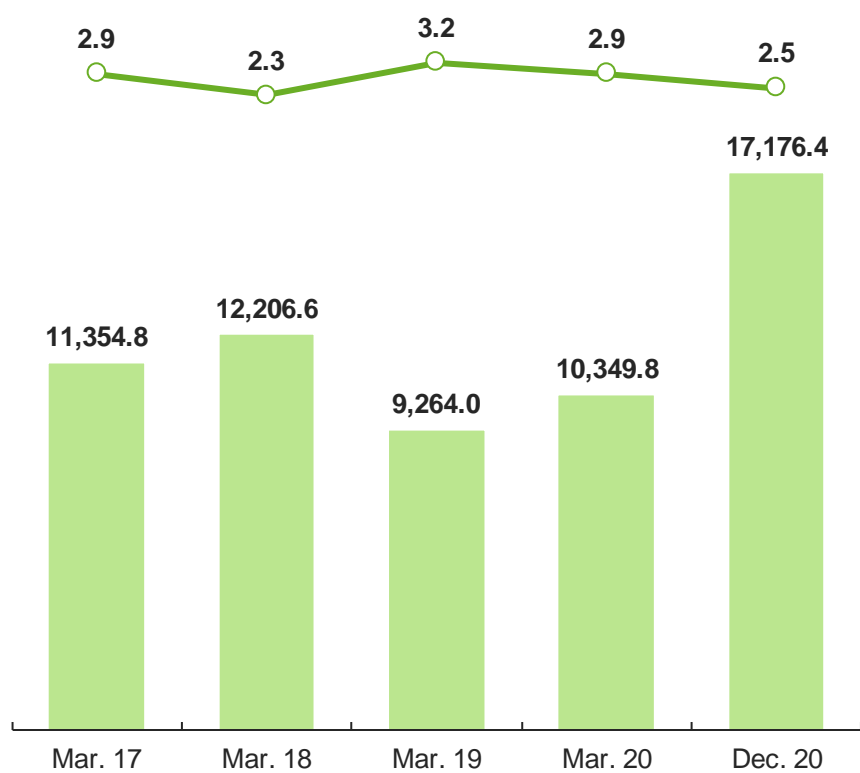
Reduce JPY 300 bn in 5 years (FY3/21-FY3/25)



# Securities (2)

## Yen-denominated bonds (consolidated)

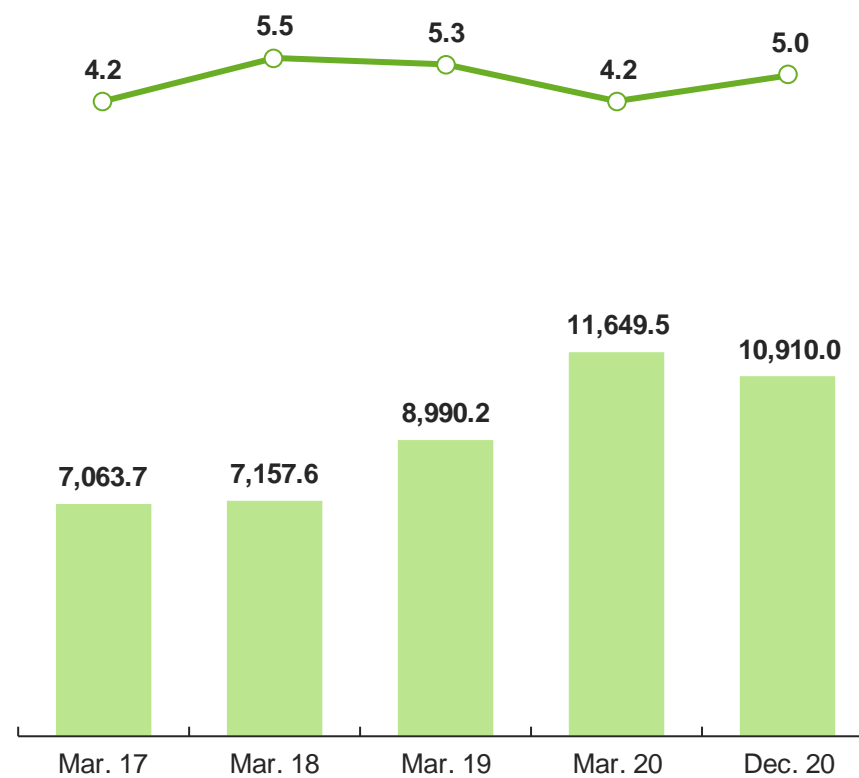
(JPY bn)    ■ B/S amount    ○ Duration (years) \*1



Unrealized gains(losses)	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Dec. 20
		46.5	61.3	21.7	19.8

## Foreign bonds (consolidated)

(JPY bn)    ■ B/S amount    ○ Duration (years) \*1



Unrealized gains(losses)	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Dec. 20
		(159.4)	(28.4)	255.7	153.8

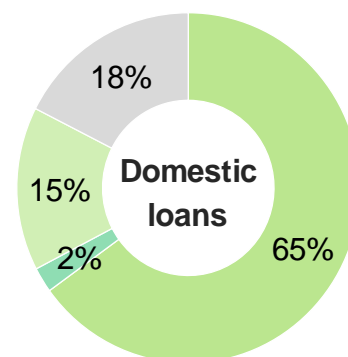
\*1 Non-consolidated. Excluding bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero.

# Balance sheet

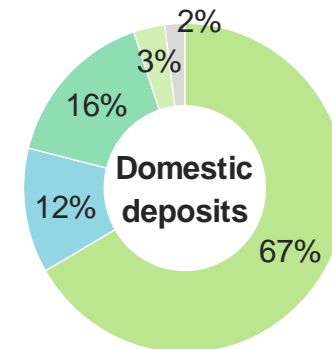
## Consolidated

	(JPY tn)	Dec. 20	vs Mar.20
<b>Total assets</b>		<b>233.0</b>	<b>+13.1</b>
o/w Cash and due from banks		69.3	+7.5
o/w BOJ's current account balance <sup>*1</sup>		56.8	+8.1
o/w Loans		83.9	+1.4
o/w Domestic loans <sup>*1</sup>		57.2	+2.5
o/w Large corporations <sup>*2</sup>		19.5	+3.0
55 Mid-sized corporations & SMEs <sup>*2</sup>		18.9	+0.3
55 Individuals <sup>*2</sup>		12.2	(0.3) <sup>*3</sup>
o/w Securities		34.1	+7.0
o/w Other securities		34.0	+7.4
o/w Stocks		3.5	+0.7
55 JGBs		13.8	+6.8
55 Foreign bonds		10.9	(0.7)
<b>Total liabilities</b>		<b>221.5</b>	<b>+12.4</b>
o/w Deposits		139.7	+12.7
o/w Domestic deposits <sup>*1</sup>		111.1	+9.0
Individuals		53.2	+4.1
Corporates		58.0	+4.9
o/w NCD		10.4	+0.3
<b>Total net assets</b>		<b>11.5</b>	<b>+0.7</b>
<b>Loan to deposit ratio</b>		<b>55.9%</b>	

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

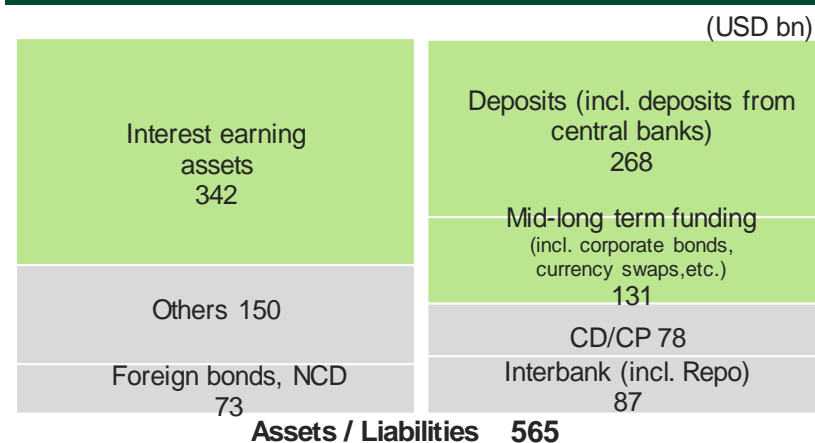


- Spread-based
- Prime-rate-based
- Mortgage, etc.
- Others



- 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 1-3Q FY3/21 of JPY50.9bn \*4 Sum of SMBC and major local subsidiaries

# Results by business unit

		(JPY bn)	FY3/20 <sup>*1</sup>	1-3Q FY3/21	YoY <sup>*2</sup>
<b>Retail</b>	Gross profit		1,175.5	840.3	(32.2)
	Expenses		934.9	673.0	(21.1)
	<i>Overhead ratio</i>		79.5%	80.1%	+0.5%
	<b>Net business profit</b>		242.6	169.1	(10.7)
<b>Wholesale</b>	Gross profit		598.8	446.9	(3.0)
	Expenses		291.6	223.8	(1.0)
	<i>Overhead ratio</i>		48.7%	50.1%	+0.1%
	<b>Net business profit</b>		360.1	263.4	+1.9
<b>Global</b>	Gross profit		665.9	514.4	+23.5
	Expenses		362.8	273.6	+4.1
	<i>Overhead ratio</i>		54.5%	53.2%	(1.7)%
	<b>Net business profit</b>		355.7	259.9	(2.8)
<b>Global Markets</b>	Gross profit		437.4	384.8	+26.6
	Expenses		78.8	61.1	+2.3
	<i>Overhead ratio</i>		18.0%	15.9%	(0.5)%
	<b>Net business profit</b>		391.1	349.3	+24.7

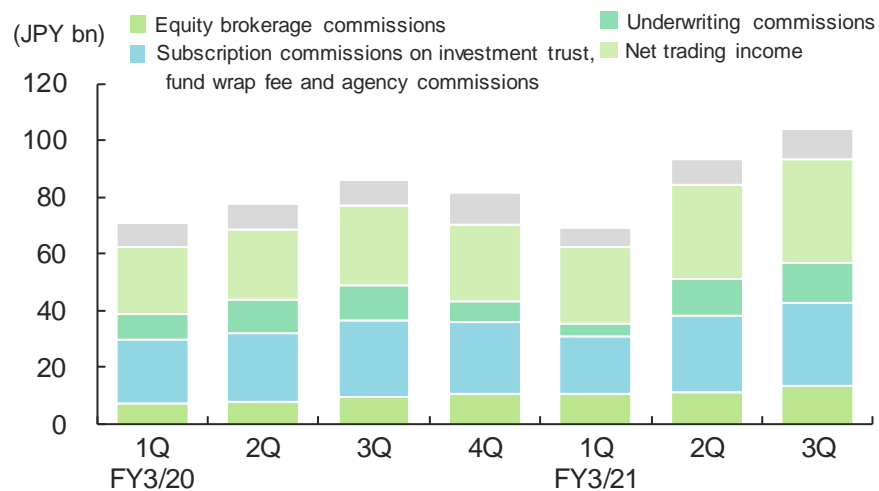
\*1 Calculated based on the management system for FY3/21

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

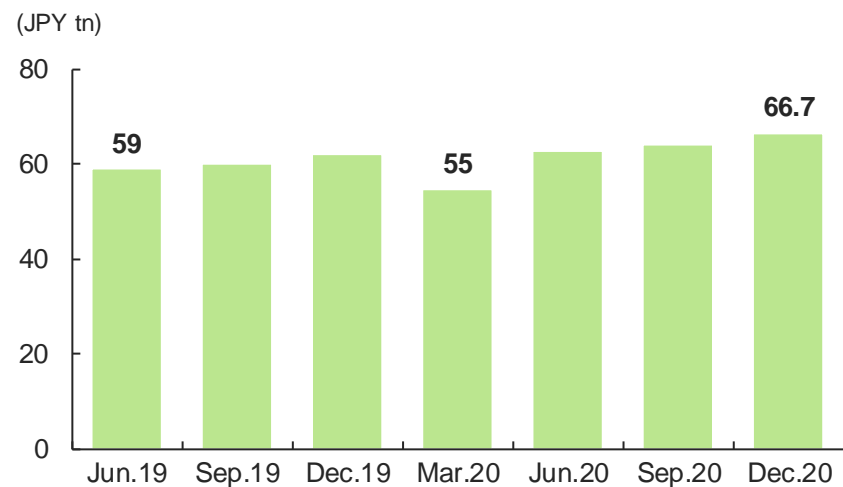
## Financial results

(JPY bn)	FY3/20	1-3Q FY3/21	YoY
Net operating revenue	316.0	267.1	+32.8
SG&A expenses	273.0	202.5	+1.2
Ordinary income	49.8	68.6	+32.0
Net income	39.2	55.5	+27.9

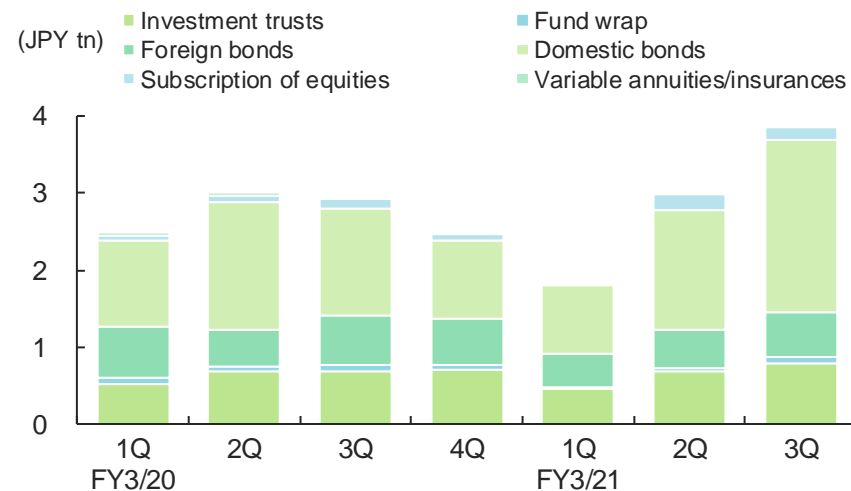
## Net operating revenue



## Client assets



## Product sales

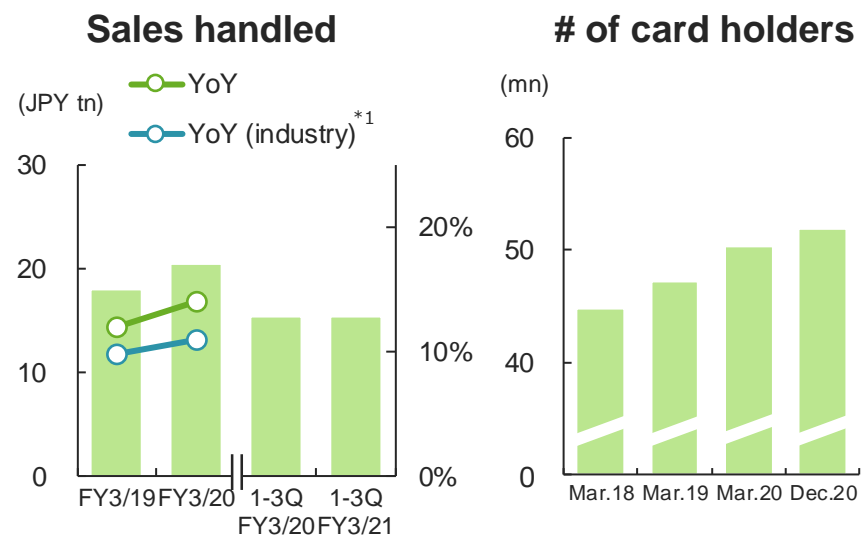




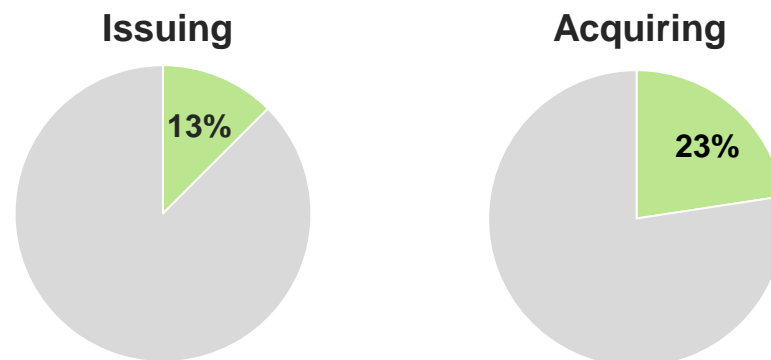
## Financial results

(JPY bn)	FY3/20	1-3Q FY3/21	YoY
<b>Operating revenue</b>	480.8	335.4	(27.2)
o/w Commission fee	153.0	107.5	(9.2)
<b>Finance</b>	109.2	77.1	(4.9)
Sales on credit	35.8	24.7	(2.6)
Receipt agency	46.7	35.8	+0.7
<b>Operating expense</b>	430.3	292.8	(14.4)
o/w Expenses for loan losses	32.3	17.8	(5.1)
Expense for interest repayments	12.0	-	-
<b>Ordinary profit (loss)</b>	50.8	43.3	(12.1)
<b>Net income</b>	38.2	31.4	(12.0)
<b>Finance outstanding</b>	738.3	673.9	

## Key figures



## Market share \*2



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

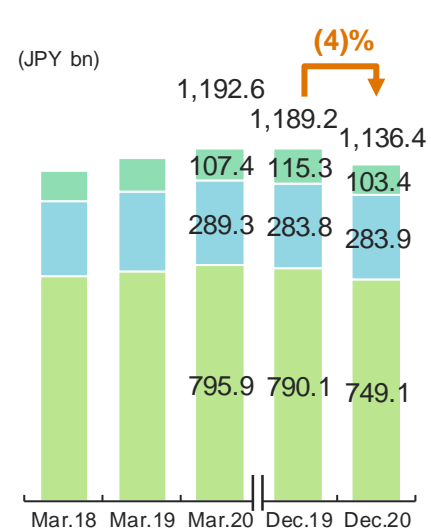
\*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2019 : JPY 63 tn)

## Financial results

(JPY bn)	FY3/20	1-3Q FY3/21	YoY
<b>Operating income</b>	288.5	206.8	(10.3)
o/w Interest revenues	184.9	135.3	(3.8)
Loan guarantee revenues	68.7	46.4	(5.3)
<b>Operating expenses</b>	228.3	125.5	(19.0)
o/w Expenses for loan losses	68.2	37.2	(13.1)
Expense for loan guarantees	15.3	6.1	(1.0)
Expenses for interest repayments	27.0	-	-
<b>Ordinary profit</b>	60.5	82.1	+9.2
<b>Net income</b>	90.1	69.8	+3.6
<b>NPLs</b>	78.3	86.2	
(NPL ratio)	6.57%	7.59%	
<b>Allowance on interest repayments (provision)</b>	106.1	86.7	
	3.2 yrs	3.2 yrs	

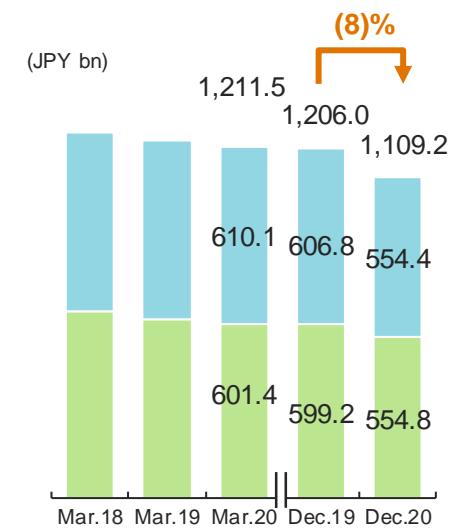
## Consumer loans

■ Promise (overseas) ■ Mobit ■ Promise



## Loan guarantee

■ SMBC ■ Others



## No. of interest refund claims

