

# Overview of 1Q FY3/2022

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July 30, 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)

	Jun. 20	Mar. 21	Jun. 21
USD	JPY 107.71	JPY 110.71	JPY 110.61
EUR	JPY 121.02	JPY 129.75	JPY 131.63

## 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 (RT)	Domestic retail business
Wholesale Business Unit (WS)	Domestic wholesale business
Global Business Unit (GB)	International business
Global Markets Business Unit (GM)	Market / Treasury related businesses
OCI	Net unrealized gains on other securities

# Income statement

Progress rate of 1Q results toward FY3/22 full-year target:

Consolidated net business profit 24%, Profit attributable to owners of parent 34%

	(JPY bn)	1Q FY3/22	YoY	FY3/22 target
1 Consolidated gross profit		691.8	+13.9	
2 G&A expenses		438.0	+17.1	
Overhead ratio		63.3%	+1.2%	
3 Equity in gains (losses) of affiliates		13.3	+8.9	
	<b>Progress</b>			
4 Consolidated net business profit	24%	267.1	+5.7	1,120
5 Total credit cost		10.3	(104.5)	300
6 Gains (losses) on stocks		40.4	+41.1	
7 Other income (expenses)		(9.9)	+17.8	
8 Ordinary profit		287.2	+169.1	880
9 Extraordinary gains (losses)		(2.4)	(1.1)	
10 Income taxes		80.0	+49.2	
11 Profit attributable to owners of parent	34%	203.2	+117.1	600
12 ROE		8.5%	+4.8%	

**Consolidated gross profit:** increased YoY due to recovery of RT, WS and GB business units, despite of lower gains on sales of bonds in GM business unit.

**G&A expenses:** increased YoY mainly due to business recovery from COVID-19 and higher marketing cost of SMCC, which is successfully increasing new customers.

**Equity in gains of affiliates:** increased YoY mainly due to business recovery of affiliates in Asia.

**Total credit cost:** sharply decreased YoY due to smaller impact of COVID-19.

**Gains on stocks:** increased YoY due to gains on sales of stocks related to the reorganization of Kansai Mirai FG and higher gains on ETFs sales.  
Gains on sales of strategic shareholdings: JPY 3 bn (YoY (2) bn)

**Other income:** increased YoY due to the absence of the loss from forward dealings recorded in FY3/21, which aim to mitigate risk of stock prices.

# (Ref.) Group companies

## SMBC

	(JPY bn)	1Q FY3/22	YoY	FY3/22 target
1 <b>Gross banking profit</b>		348.8	(22.6)	
2 o/w Net interest income		235.9	+26.3	
3 o/w Gains (losses) on cancellation of investment trusts		18.6	+10.6	
6 o/w Net fees and commissions		81.0	+10.9	
9 o/w Net trading income+ Net other operating income		31.3	(59.8)	
10 o/w Gains (losses) on bonds		10.2	(53.5)	
11 <b>Expenses</b>		207.8	+4.0	
12 <b>Banking profit</b>		141.0	(26.6)	615
13 <b>Total credit cost</b>		(14.0)	(86.2)	170
14 <b>Gains (losses) on stocks</b>		38.8	+40.3	
15 <b>Extraordinary gains (losses)</b>		(19.5)	(0.1)	
16 <b>Net income</b>		116.5	+63.3	370

Provision of investment loss for  
the Bank of East Asia: JPY (17)bn\*1

## Other major group companies

(left : results of 1Q FY3/22 / right : YoY)

	(JPY bn)	SMBC Nikko <sup>*2</sup>	SMCC	SMBCCF
<b>Gross profit</b>		101.2 +12.4	99.8 +9.2	63.8 (2.7)
<b>Expenses</b>		77.5 +6.8	82.8 +5.1	29.5 +4.1
<b>Net business profit</b>		23.7 +5.6	17.1 +4.1	34.3 (6.8)
<b>Net income</b>		18.6 +3.7	8.2 +3.0	15.5 (5.6)

(Equity method affiliate)

	SMBC Trust	SMDAM 50%	SMFL <sup>*3</sup> 50%
<b>Gross profit</b>	10.0 +1.1	9.3 +1.7	50.1 +9.4
<b>Expenses</b>	11.0 (0.2)	7.4 (0.8)	24.6 +3.4
<b>Net business profit</b>	(1.0) +1.4	2.0 +2.5	27.1 +6.2
<b>Net income</b>	(0.8) +1.7	1.4 +2.0	14.2 +8.2

\*1 Eliminated in consolidated figures

\*2 Including profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG)

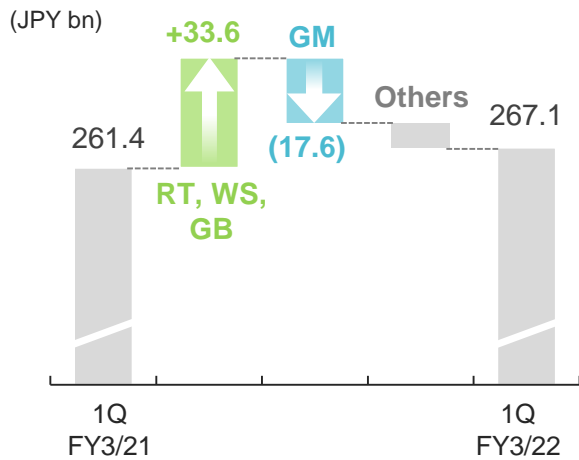
\*3 Managerial accounting basis

# Impact of COVID-19

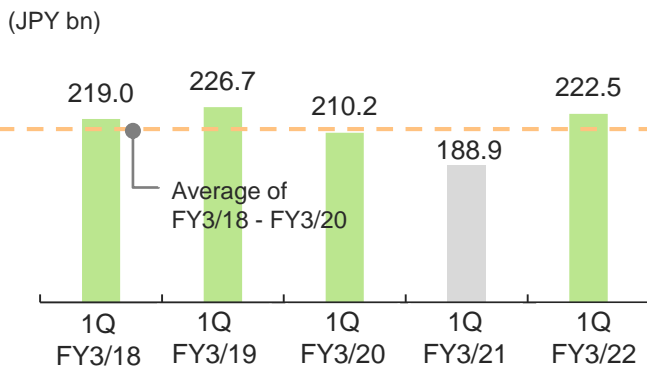
Consolidated net business profit increased YoY due to recovery of RT, WS, and GB business units.

Wealth management business maintains steady growth and equity in gains of affiliates has been recovering.

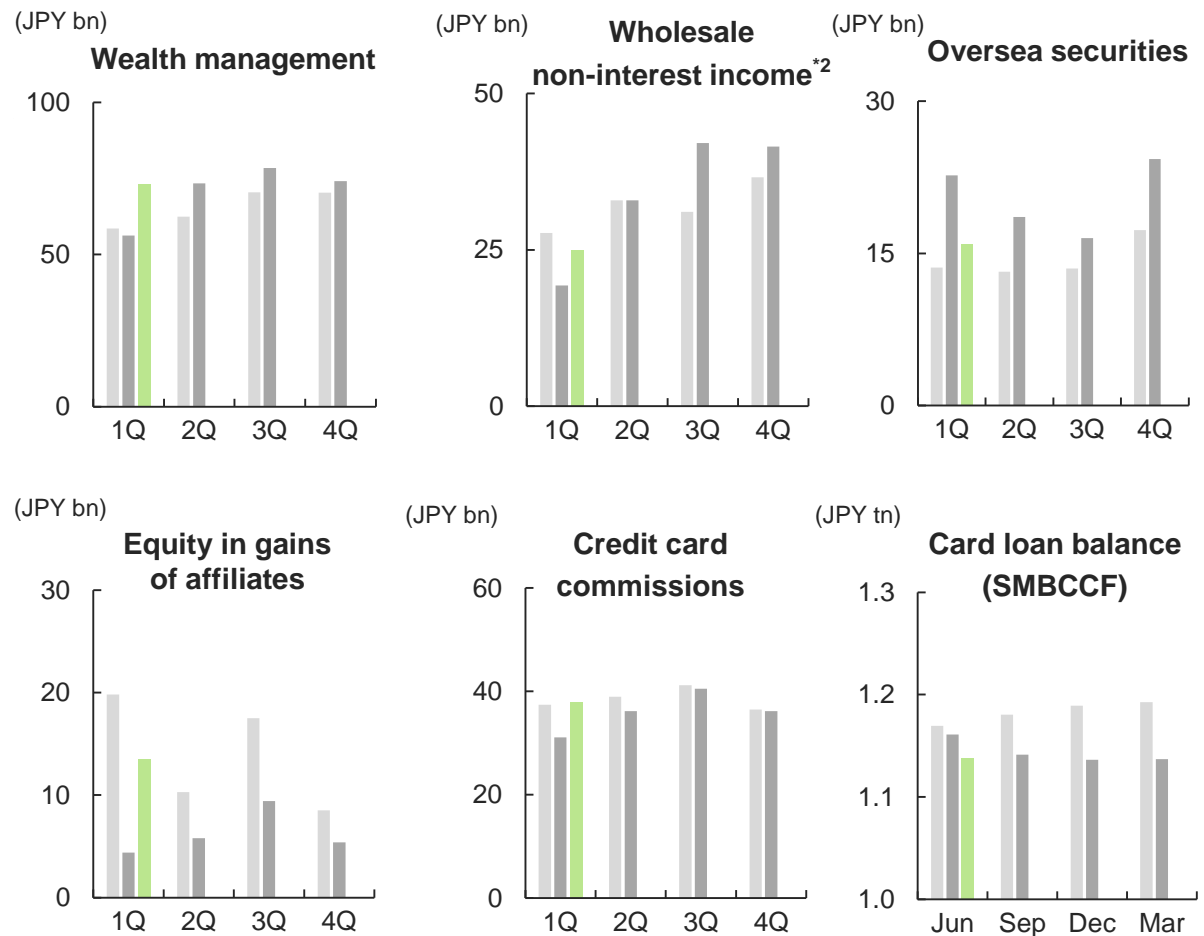
## Consolidated net business profit



## Sum of RT, WS, GB business units\*1



## Business line breakdown



\*1 Reflecting the change in the management accounting system in FY3/22

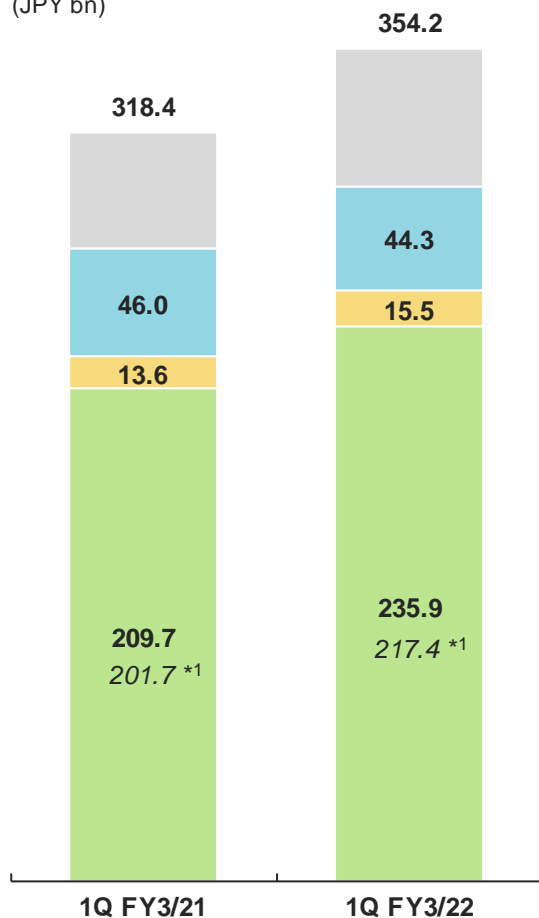
\*2 Syndicated loans, structured finance, real estate finance and securities business

# Consolidated gross profit

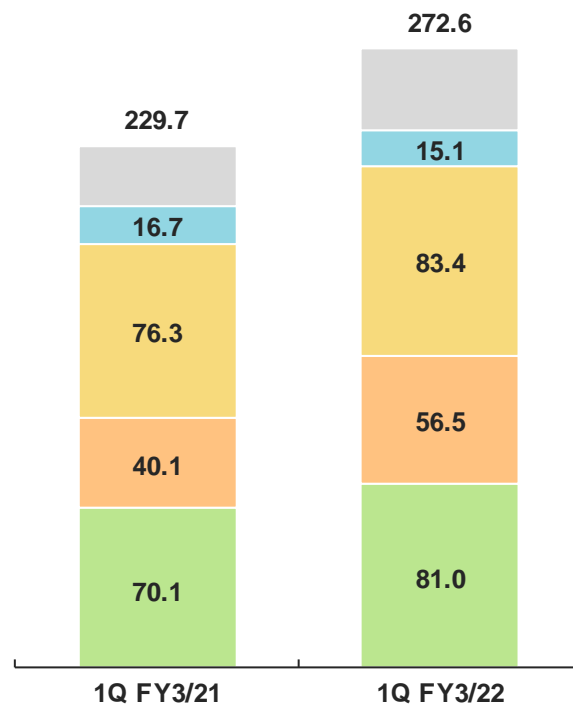
■ SMBC ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ Others

## Net interest income

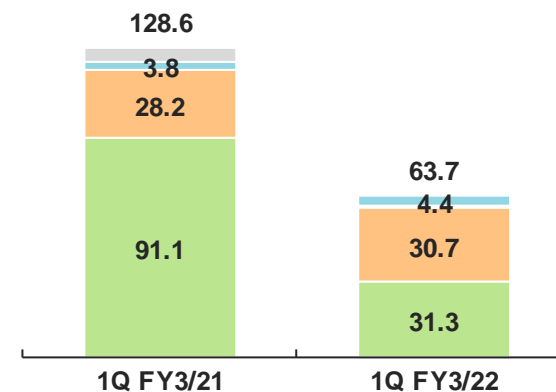
(JPY bn)



## Net fees and commissions



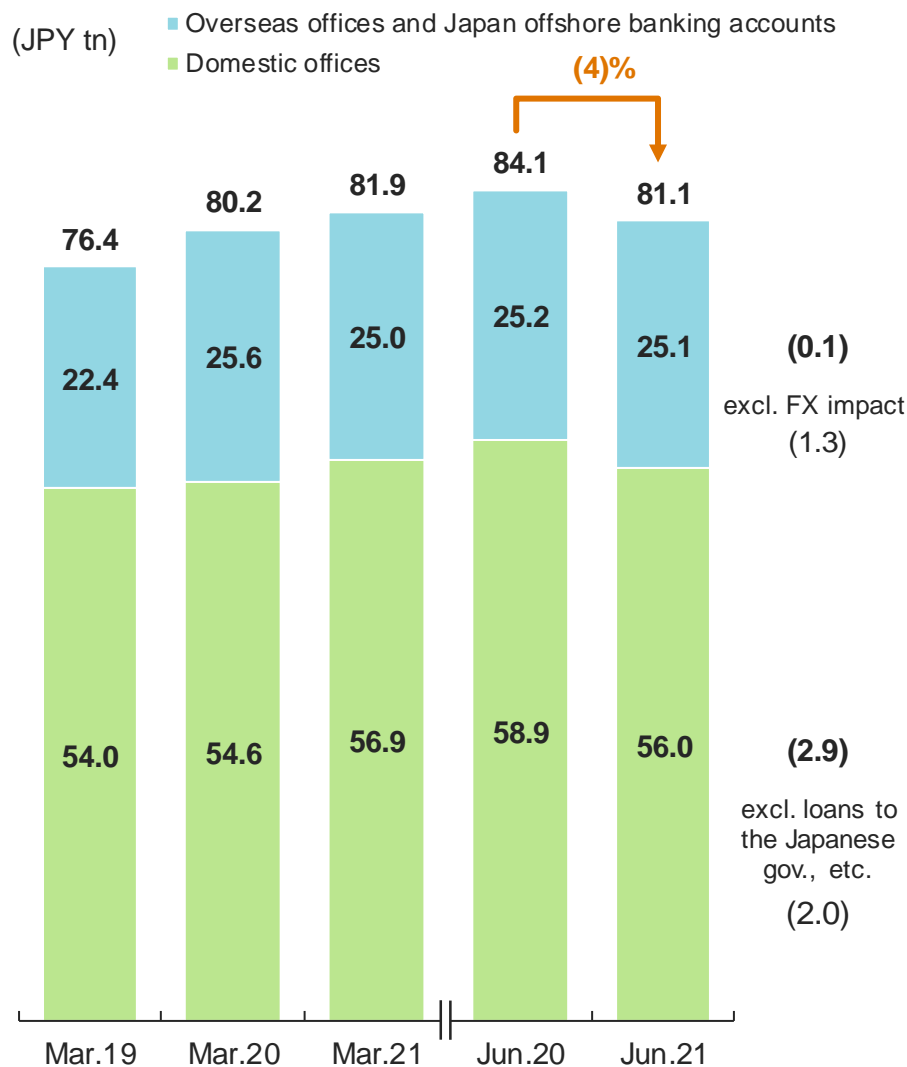
## Net trading income + Net other operating income



\*1 Excluding gains on cancellation of investment trusts

# Loans\*1

## Loan balance



## Domestic loan-to-deposit spread

	FY3/22		FY3/21			
	1Q	YoY	1Q	2Q	3Q	4Q
Interest earned on loans and bills discounted (%)	0.85	+0.01	0.84	0.82	0.84	0.84
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.85	+0.01	0.84	0.82	0.84	0.84

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

Interest earned on loans and bills discounted	0.86	(0.01)	0.87	0.85	0.87	0.86
Loan-to-deposit spread	0.86	(0.01)	0.87	0.85	0.87	0.86

## Average loan balance and spread\*2

	Balance (JPY tn)		Spread (%)	
	1Q FY3/22	YoY*4	1Q FY3/22	YoY
Domestic loans	55.4	(0.3)	0.71	+0.00
Excluding loans to the Japanese government, etc.	53.1	+0.1	0.73	(0.00)
o/w Large corporations	18.9	+0.6	0.53	+0.02
Mid-sized corporations & SMEs	19.0	+0.4	0.61	(0.00)
Individuals	12.1	(0.4)	1.39	(0.06)
GBU's interest earning assets*3	331.3	(24.1)	1.18	+0.06
	USD bn	USD bn		

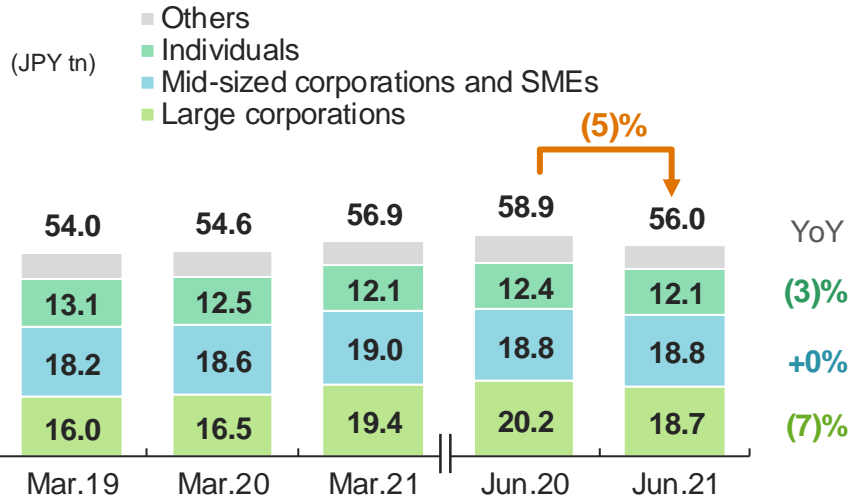
\*1 Non-consolidated \*2 Managerial accounting basis

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

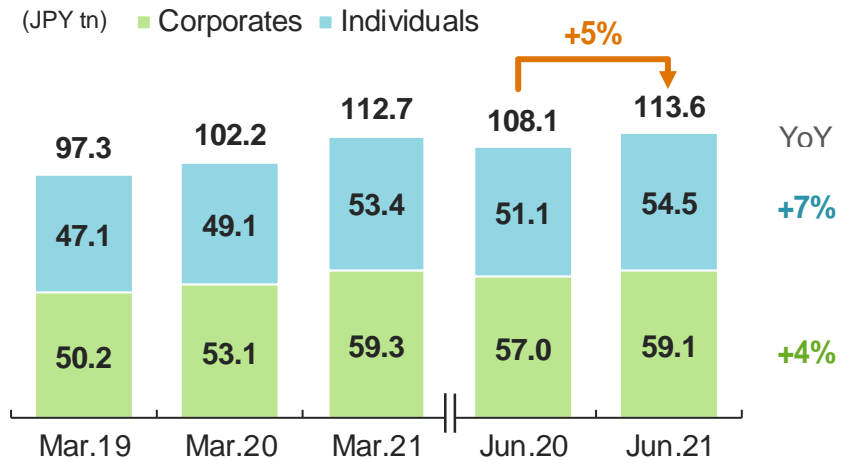
\*4 After adjustments for exchange rates, etc.

# Domestic loans and deposits\*1

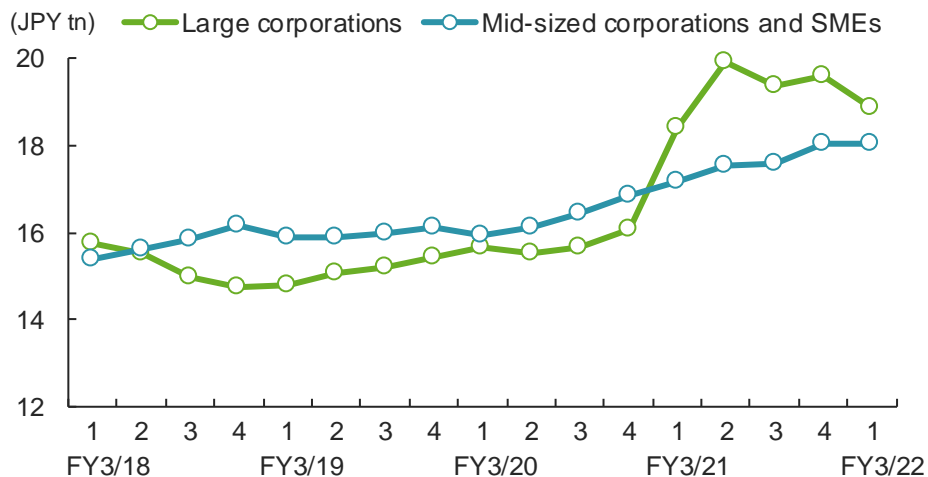
## Loan balance\*2



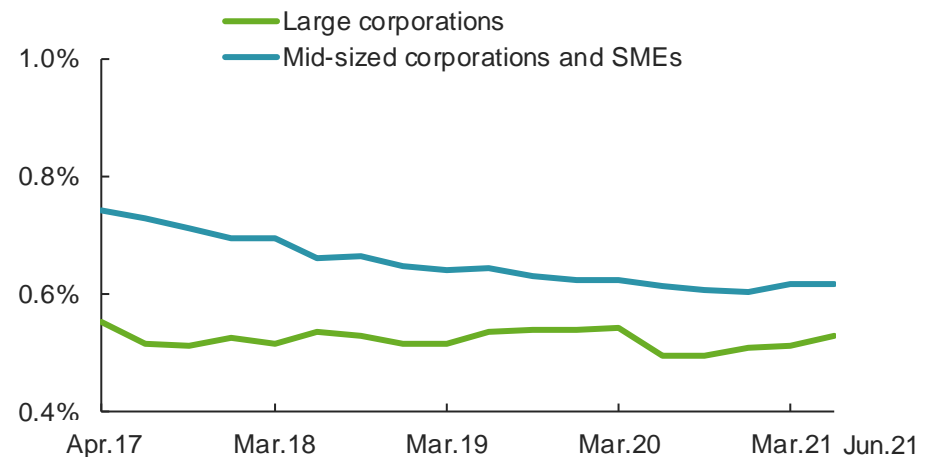
## Deposit balance



## 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.

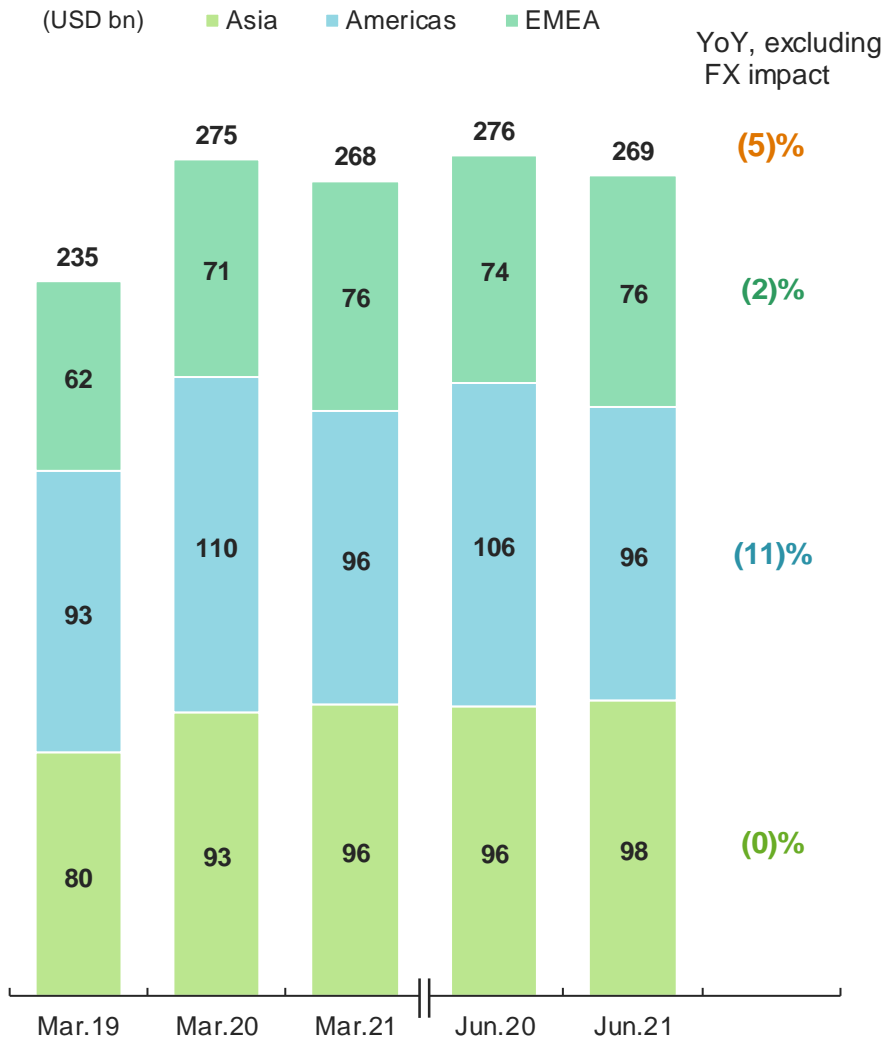
Figures for SMEs are the outstanding balance of Corporate banking division

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

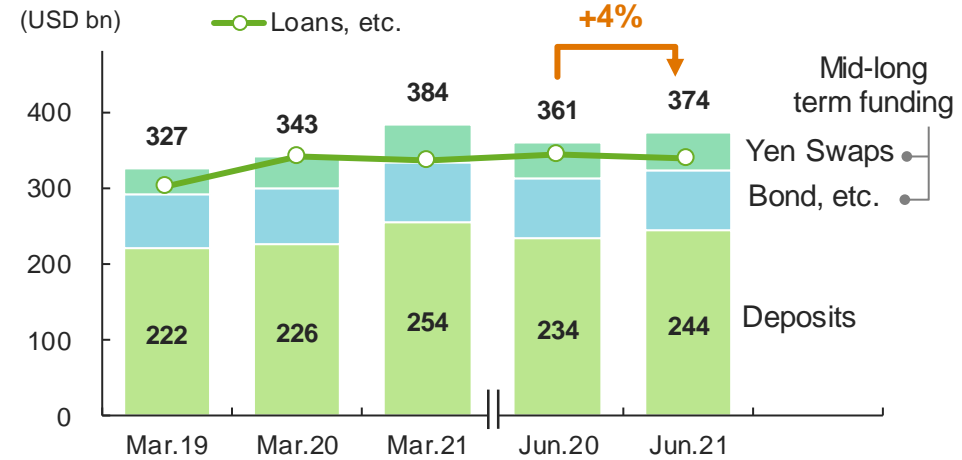


# Overseas loans and deposits\*1

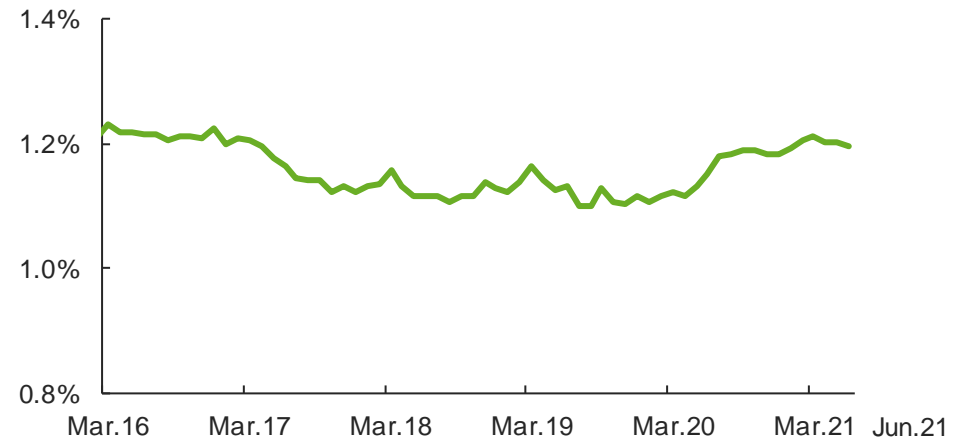
## Loan balance



## Foreign currency balance



## Loan spread\*2

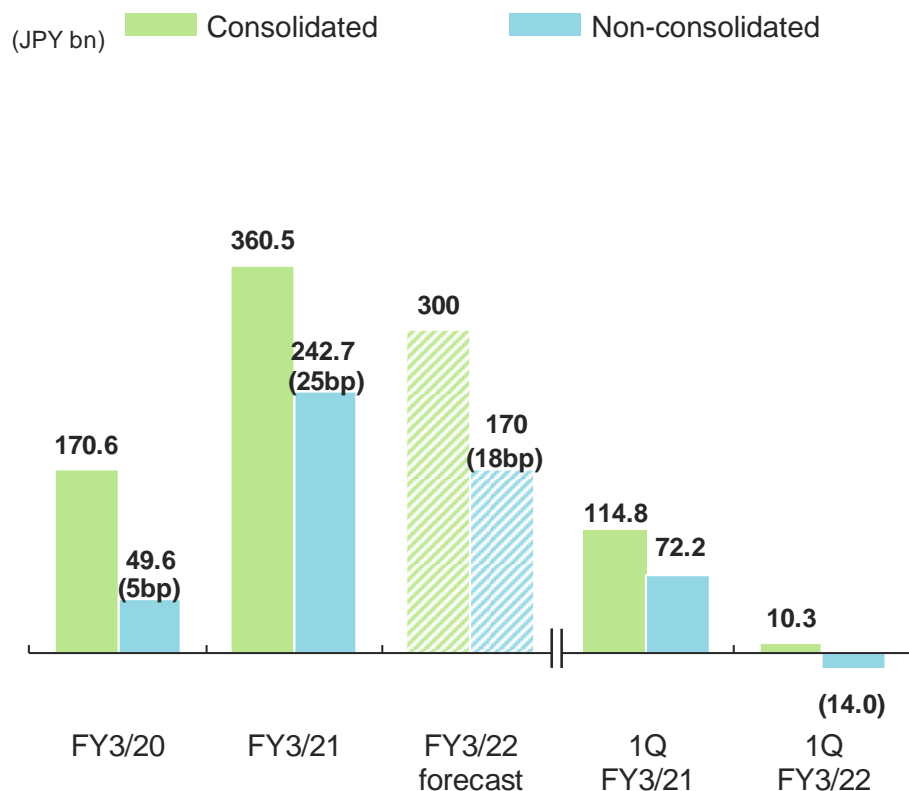


\*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

\*2 Monthly average loan spread of existing loans

# Asset quality

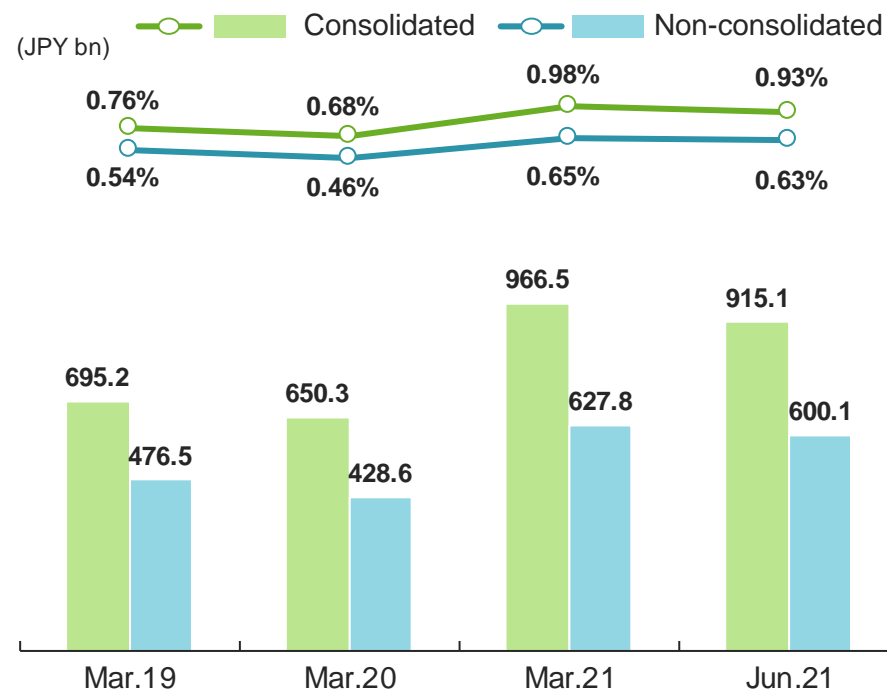
## Credit costs\*1



## Major group companies

(JPY bn)	1Q FY3/22	YoY
SMBCCF	16	(0)
SMCC	5	(1)
Overseas subsidiaries	5	(13)

## Non-performing loan balance\*2



## Total claims

	(JPY tn)		
Consolidated	96	99	99
Non-consolidated	93	96	95

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

Non-consolidated	0.9	1.9	2.0
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\*1 Total credit cost ratio = Total credit cost / Total claims

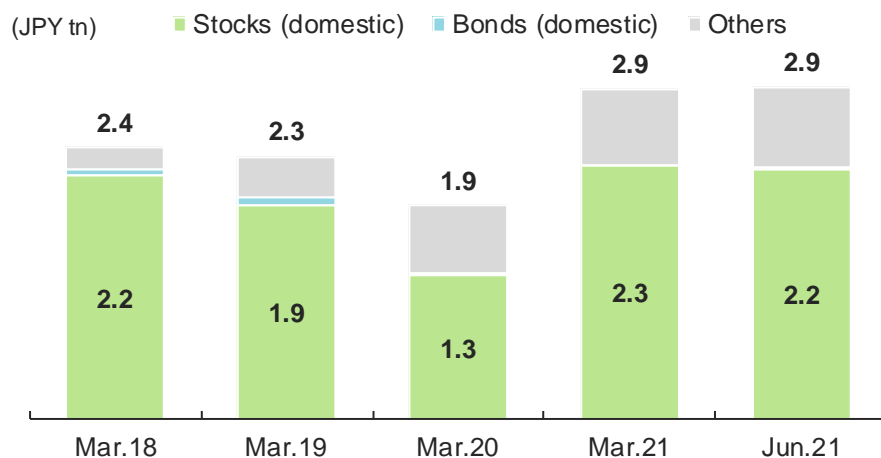
\*2 NPL ratio = NPLs based on the Financial Reconstruction Act (excludes normal assets) / Total claims

# Securities (1)

## Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	(JPY bn)	Jun.21   vs Mar.21	Jun.21	vs Mar.21
<b>Total</b>	35,779.4	(631.8)	2,949.5	+17.7
Stocks (domestic)	3,618.5	(74.8)	2,216.1	(39.5)
Bonds (domestic)	17,416.0	(239.2)	17.6	+9.6
o/w JGBs	13,908.5	(385.1)	(8.5)	+5.6
Others	14,744.9	(317.8)	715.8	+47.7
o/w Foreign bonds	11,676.1	(434.0)	16.9	+15.5

## Unrealized gains

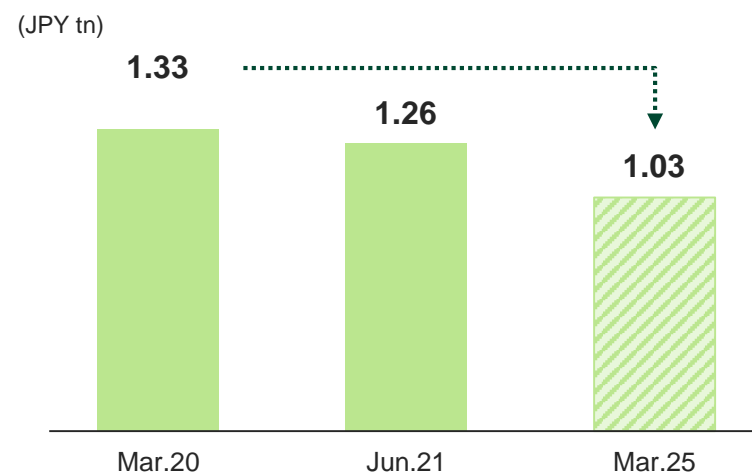


## Strategic shareholdings

<b>Progress as of Jun.21</b>	FY3/21	JPY 55 bn
	1Q FY3/22	JPY 12 bn
	<b>Total reduction</b>	<b>JPY 67 bn</b>
	Consent of sales from clients outstanding	JPY 49 bn
	<b>Reduction + Consent</b>	<b>JPY 116 bn</b>

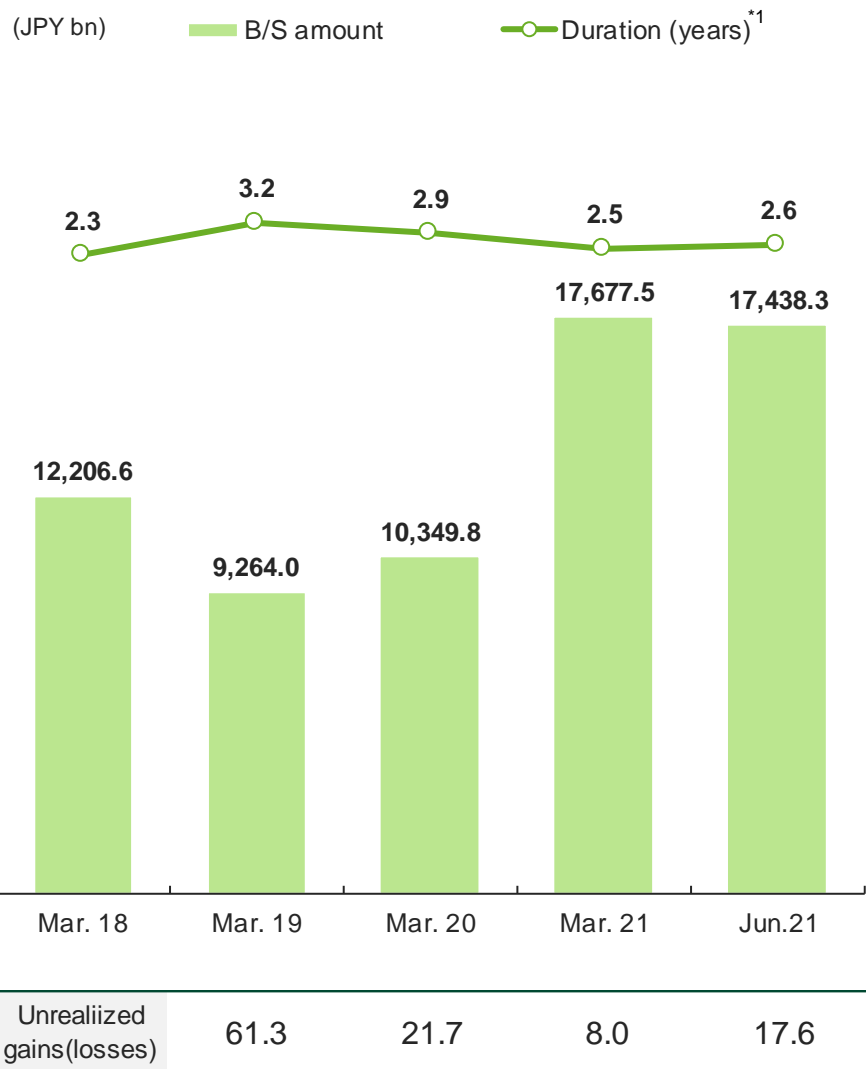
## Reduction plan

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

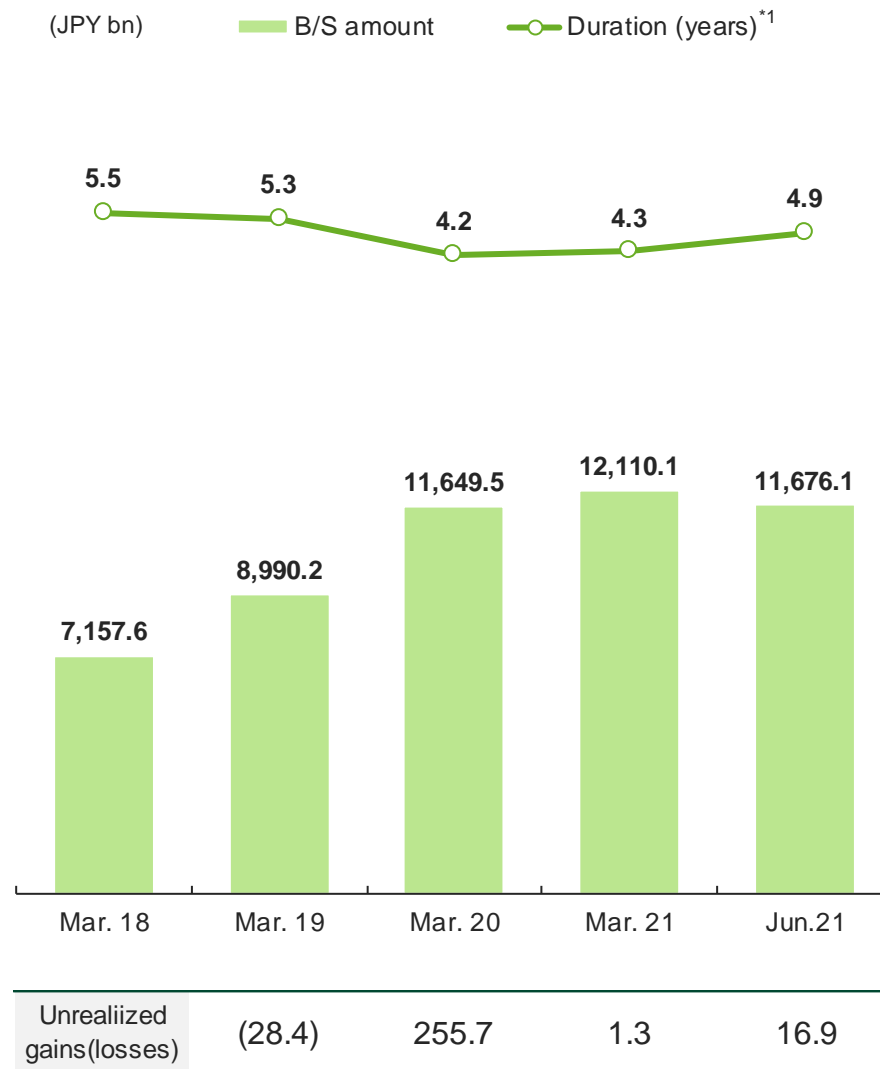


# Securities (2)

## Yen-denominated bonds (consolidated)



## Foreign bonds (consolidated)



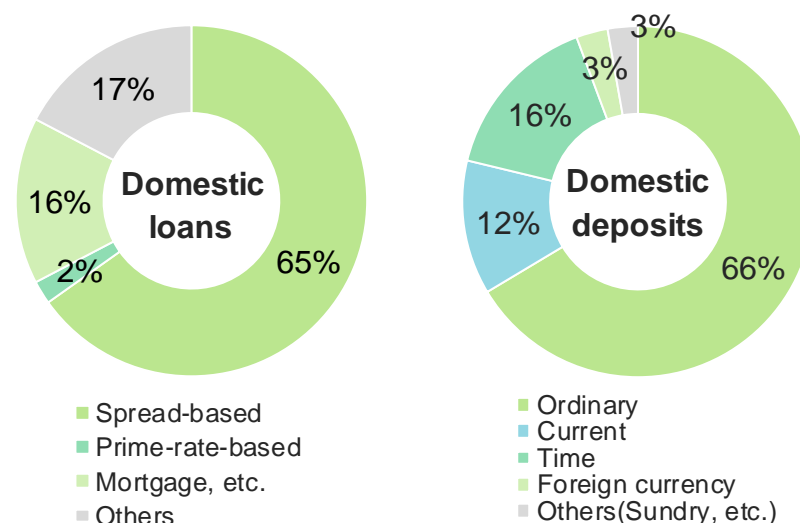
\*1 Non-consolidated. Excluding bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero.

# Balance sheet

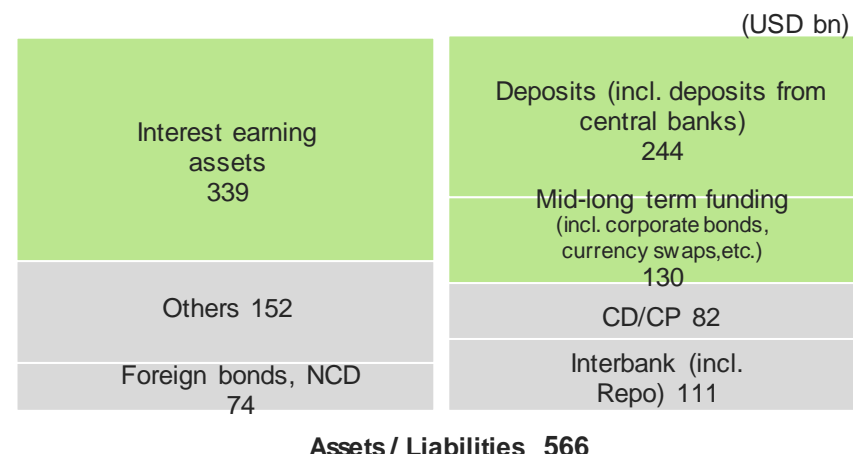
## Consolidated

	(JPY tn)	Jun.21	vs Mar.21
<b>Total assets</b>		<b>240.1</b>	<b>(2.5)</b>
o/w Cash and due from banks		72.7	+0.1
o/w BOJ's current account balance <sup>*1</sup>		58.4	(1.4)
o/w Loans		84.2	(0.9)
o/w Domestic loans <sup>*1</sup>		56.0	(0.9)
o/w Large corporations <sup>*2</sup>		18.7	(0.7)
o/w Mid-sized corporations & SMEs <sup>*2</sup>		18.8	(0.2)
o/w Individuals <sup>*2</sup>		12.1	(0.1)
o/w Securities		35.9	(0.6)
o/w Other securities		35.8	(0.6)
o/w Stocks		3.6	(0.1)
o/w JGBs		13.9	(0.4)
o/w Foreign bonds		11.7	(0.4)
<b>Total liabilities</b>		<b>228.1</b>	<b>(2.6)</b>
o/w Deposits		141.7	(0.3)
o/w Domestic deposits <sup>*1</sup>		113.6	+0.9
o/w Individuals		54.5	+1.1
o/w Corporates		59.1	(0.2)
o/w NCD		12.4	(0.2)
<b>Total net assets</b>		<b>12.0</b>	<b>+0.1</b>
<b>Loan to deposit ratio</b>		<b>54.7%</b>	

## Composition of loans and deposits<sup>\*1,2</sup>



## 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. No origination in 1Q FY3/22 \*4 Sum of SMBC and major local subsidiaries

# Results by business unit

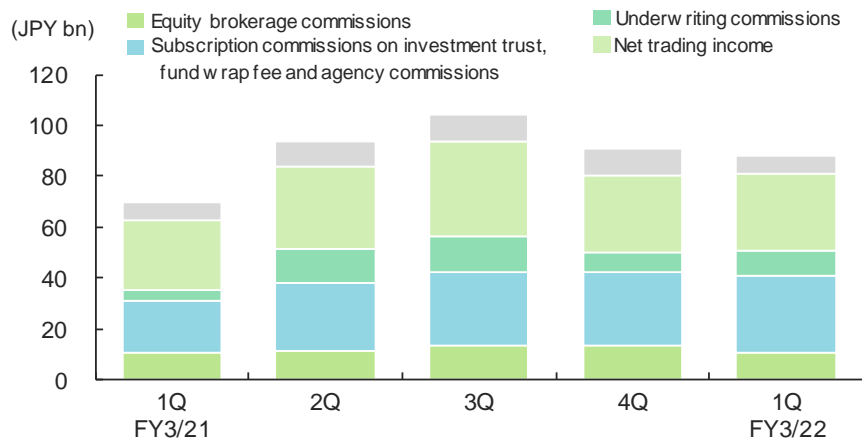
		FY3/21	1Q FY3/22	YoY*1
	(JPY bn)			
<b>Retail</b>	Gross profit	1,127.4	279.4	+19.4
	Expenses	910.4	233.3	+10.7
	<i>Overhead Ratio</i>	80.8%	83.5%	(2.1)%
	<b>Net business profit</b>	219.2	46.4	+8.4
<b>Wholesale</b>	Gross profit	634.9	148.2	+20.8
	Expenses	299.9	74.6	+3.8
	<i>Overhead Ratio</i>	47.2%	50.3%	(5.2)%
	<b>Net business profit</b>	388.5	85.8	+21.3
<b>Global</b>	Gross profit	723.7	187.9	+10.3
	Expenses	383.3	106.3	+12.3
	<i>Overhead Ratio</i>	53.0%	56.6%	+3.6%
	<b>Net business profit</b>	366.7	93.3	+3.9
<b>Global Markets</b>	Gross profit	460.7	132.9	(14.9)
	Expenses	82.9	21.4	+1.4
	<i>Overhead Ratio</i>	18.0%	16.1%	+2.6%
	<b>Net business profit</b>	413.5	119.8	(17.6)

\*1 After adjustments of the changes of interest rates and exchange rates

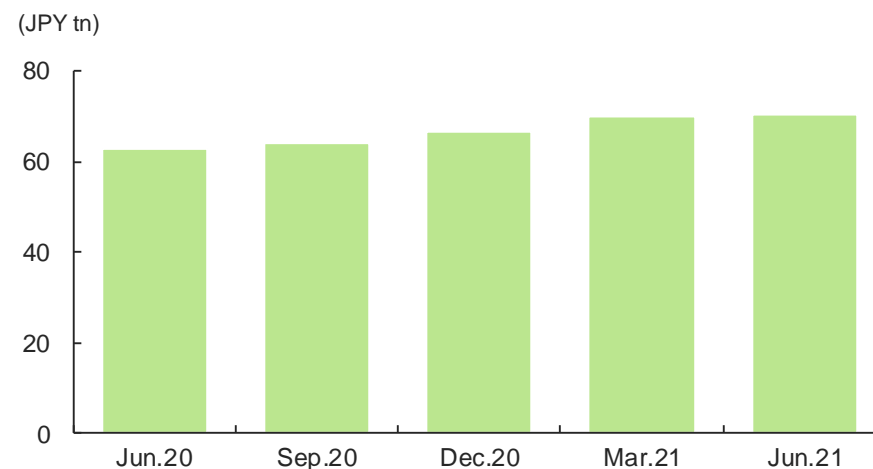
## Financial results

(JPY bn)	FY3/21	1Q FY3/22	YoY
<b>Net operating revenue</b>	357.9	88.2	+18.8
<b>SG&amp;A expenses</b>	273.4	68.9	+6.5
<b>Ordinary income</b>	90.7	20.8	+13.3
<b>Net income</b>	71.7	14.6	+8.2

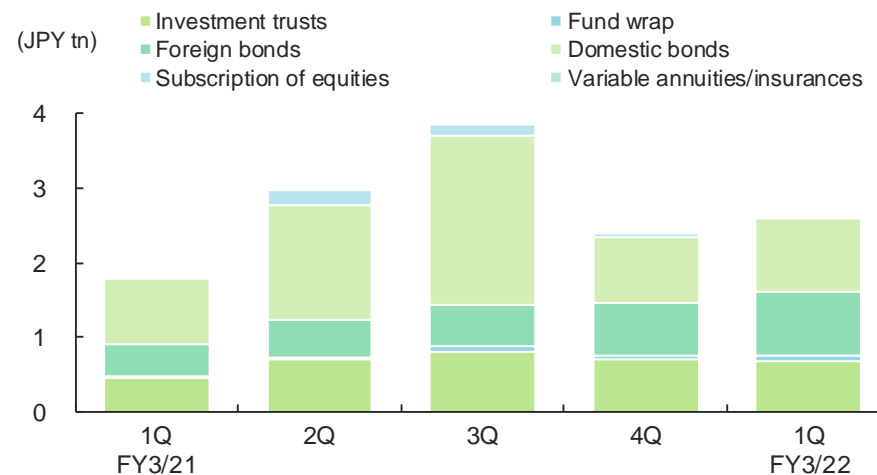
## Net operating revenue



## Client assets



## Product sales

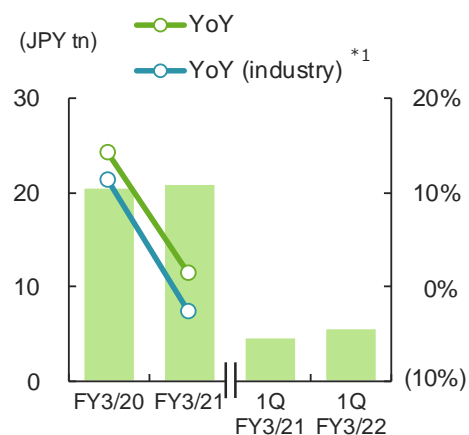


## Financial results

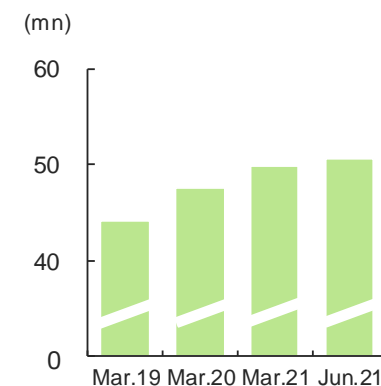
(JPY bn)	FY3/21	1Q FY3/22	YoY
<b>Operating revenue</b>	447.5	113.3	+8.8
o/w Commission fee	143.7	37.9	+7.1
Finance	101.5	24.5	(2.2)
Sales on credit	32.3	7.6	(0.6)
Receipt agency	48.1	12.6	+0.9
<b>Operating expense</b>	413.0	103.7	+6.6
o/w Expenses for loan losses	22.7	5.1	(0.9)
Expense for interest repayments	14.4	-	-
<b>Ordinary profit (loss)</b>	35.3	12.7	+5.2
<b>Net income</b>	35.8	8.2	+3.0
<b>Finance outstanding</b>	667.5	666.9	

## Key figures

### Sales handled

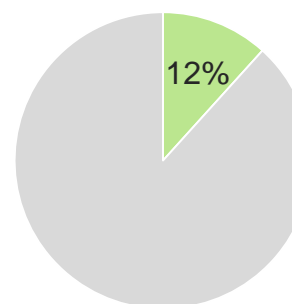


### # of card holders

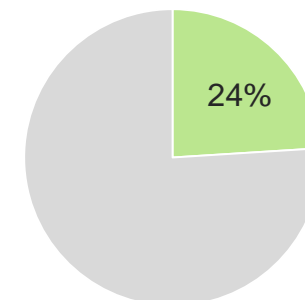


### Market share\*2

#### Issuing



#### Acquiring



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

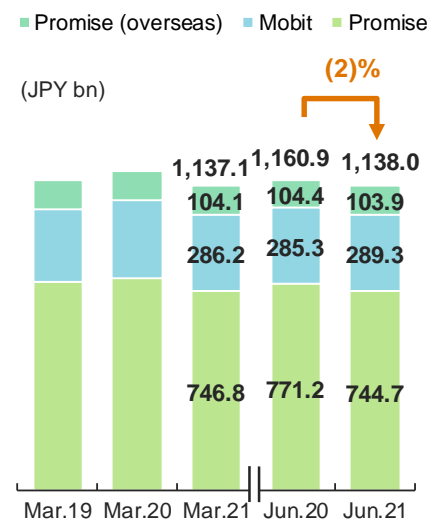
\*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2020 : JPY 62 tn)



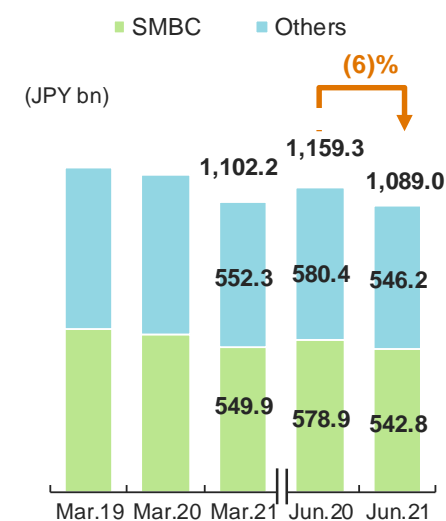
## Financial results

(JPY bn)	FY3/21	1Q FY3/22	YoY
<b>Operating income</b>	273.5	67.4	(2.5)
o/w Interest revenues	178.8	44.2	(1.8)
Loan guarantee revenues	61.1	14.3	(1.6)
<b>Operating expenses</b>	200.8	49.2	+3.9
o/w Expenses for loan losses	53.3	17.9	(0.2)
Expense for loan guarantees	9.9	1.1	+0.1
Expenses for interest repayments	24.0	-	-
<b>Ordinary profit</b>	73.5	18.3	(6.4)
<b>Net income</b>	54.1	15.5	(5.6)
<b>NPLs</b>	85.2	89.0	
(NPL ratio)	7.49%	7.82%	
<b>Allowance on interest repayments (provision)</b>	100.8	93.5	
	3.4 yrs	3.5 yrs	

## Consumer loans



## Loan guarantee



## No. of interest refund claims

