

Overview of 1H FY3/2022

November 12, 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)

	Sep.20	Mar.21	Sep.21
USD	JPY 105.78	JPY 110.71	JPY 111.95
EUR	JPY 124.18	JPY 129.75	JPY 129.90

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

Highlights

Bottom-line profit

Initial target: JPY 600 bn

JPY 670 bn

Dividends

Increased by +10 (YOY +20)

JPY 210 / share

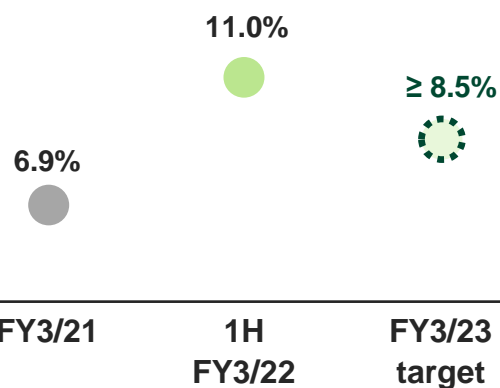
Share buybacks

Resolved up to

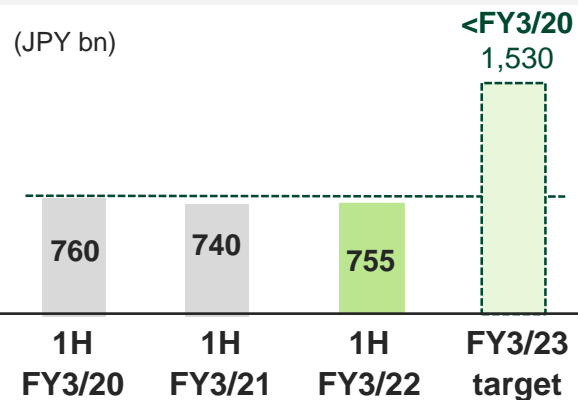
JPY 100 bn

Financial Targets of the Medium-Term Management Plan

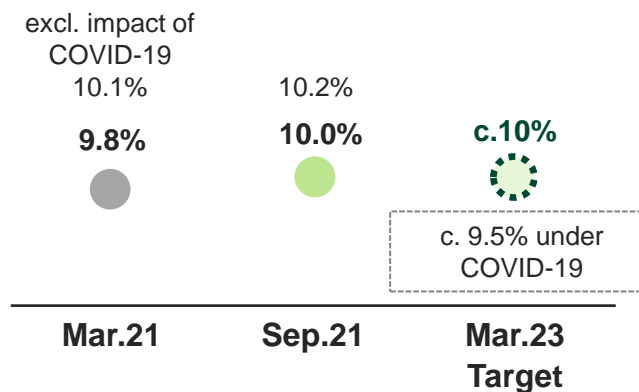
ROCET1



Base expenses^{*1}



CET1 ratio^{*2}



*1 G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost and others.
Exchange at 1USD=JPY105 *2 Post-Basel III reforms basis, excludes OCI

Income statement

Progress rate of 1H: Consolidated net business profit 52%, Profit attributable to owners of parent 76%
 Raised full-year target of Profit attributable to owners of parent to JPY 670 bn.

	(JPY bn)	1H FY3/22	YoY	FY3/22 target
1 Consolidated gross profit		1,431.3	+53.9	
2 G&A expenses		875.9	+39.5	
Overhead ratio		61.2%	+0.5%	
3 Equity in gains (losses) of affiliates	Progress	30.7	+20.5	
4 Consolidated net business profit	52%	586.1	+34.9	1,120
5 Total credit cost		26.7	(173.5)	300
6 Gains (losses) on stocks		81.2	+44.9	New 200
7 Other income (expenses)		(10.6)	+30.4	
8 Ordinary profit		630.0	+283.7	880
9 Extraordinary gains (losses)		(3.3)	+1.1	New 980
10 Income taxes		167.4	+96.0	
11 Profit attributable to owners of parent	76%	456.1	+185.9	600
12 ROE		9.4%	+3.7%	New 670

Consolidated gross profit: increased YoY due to steady progress of RT, WS, and GB Business Units, despite lower gains on sales of bonds in GM Business Unit.

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

Equity in gains of affiliates: increased YoY mainly due to business recovery in SMFL (incl. SMBCAC) and affiliates in Asia.

Total credit cost: sharply decreased YoY due to the reversal of credit cost mainly from large borrowers at SMBC.

Gains on stocks: increased YoY due to gains on sales of stocks related to the reorganization of Kansai Mirai FG and higher gains on ETF sales.
 Gains on sales of strategic shareholdings: JPY 36 bn (YoY JPY 1 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)	1H FY3/22	YoY
1 Gross banking profit		746.6	(2.0)
2 o/w Net interest income		488.6	+53.0
3 o/w Gains (losses) on cancellation of investment trusts		31.0	+19.4
4 Domestic		298.7	+27.1
5 Overseas		189.9	+25.9
6 o/w Net fees and commissions		166.9	+22.7
7 Domestic		85.9	+17.5
8 Overseas		81.0	+5.2
9 o/w Net trading income+ Net other operating income		90.1	(77.8)
10 o/w Gains (losses) on bonds		27.8	(77.3)
11 Expenses		418.3	+20.4
12 Banking profit		328.3	(22.4)
13 Total credit cost		(24.9)	(153.5)
14 Gains (losses) on stocks		57.6	+23.4
15 Extraordinary gains (losses)		5.0	+70.4
16 Net income		286.2	+141.8

Other major group companies

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

(JPY bn)	SMBC Nikko ^{*1}		SMCC		SMBCCF	
Gross profit	205.7	+6.8	197.7	+9.3	127.6	(3.7)
Expenses	156.6	+8.4	164.2	+11.6	58.3	+6.2
Net business profit	49.1	(1.6)	33.3	(2.7)	69.3	(9.9)
Net income	36.2	(4.0)	14.8	(4.1)	32.1	(11.7)

(Equity method affiliate)

	SMBC Trust		SMDAM ^{*2} 50%		SMFL ^{*2} 50%	
Gross profit	21.9	+3.7	19.0	+3.1	108.3	+28.0
Expenses	21.9	(0.3)	14.8	(1.2)	49.7	+8.4
Net business profit	0.0	+4.0	4.2	+4.3	63.0	+21.8
Net income	(0.2)	+5.8	2.7	+3.3	35.9	+23.2

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

*2 Managerial accounting basis

FY3/2022 target

Revised full-year target mainly due to decrease of credit costs.

Consolidated

	1H FY3/22		FY3/22	
	Initial target	Results	Initial target	New target
(JPY bn)				
Consolidated net business profit	550	586.1	1,120	1,120
Total credit cost	160	26.7	300	200
Ordinary profit	430	630.0	880	980
Profit attributable to owners of parent	300	456.1	600	670

Non-consolidated

	1H FY3/22		FY3/22	
	Initial target	Results	Initial target	New target
(JPY bn)				
Banking profit	290	328.3	615	675 ^{*1}
Total credit cost	100	(24.9)	170	80
Ordinary profit	240	415.8	530	660 ^{*2}
Net income	170	286.2	370	460

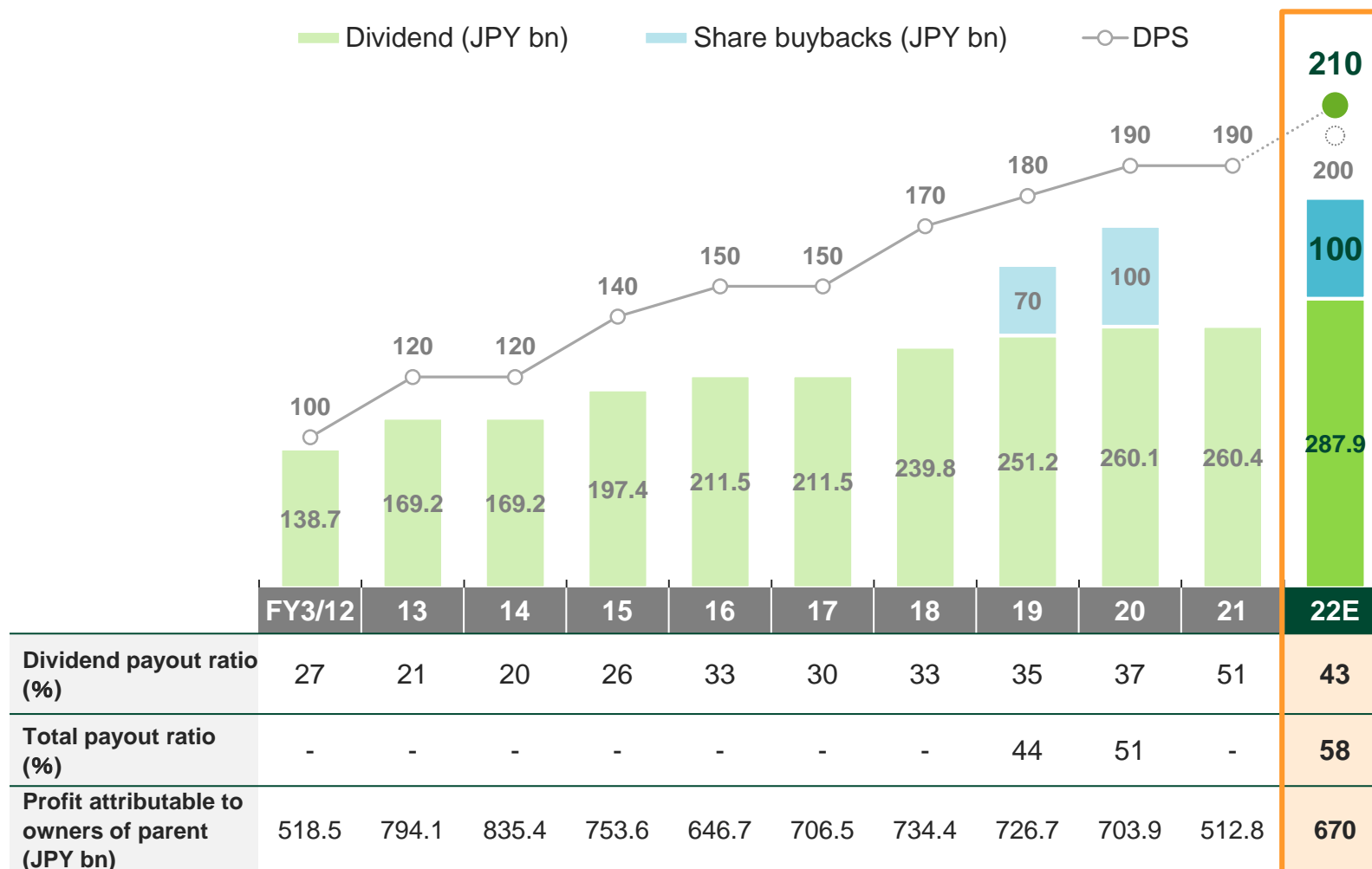
*1 Raised the target mainly due to the dividends from group company planned in 2H. (Eliminated in consolidated figures)

*2 Recorded impairment on investment in the Bank of East Asia in 2Q. (Eliminated in consolidated figures)

Shareholder returns

Dividends: FY3/22 JPY210 (+JPY 20 YoY, +JPY 10 each for interim and year-end)

Share buyback: resolved up to JPY 100 bn (all of the repurchased shares will be cancelled.)



DPS target

- YoY : **+20**
- vs initial : **+10**

Share buyback

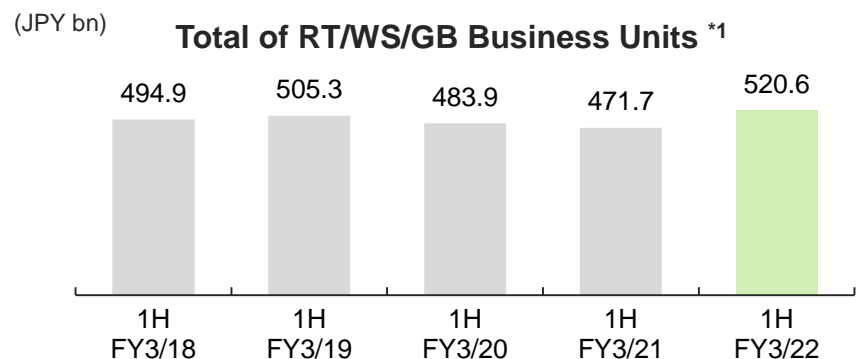
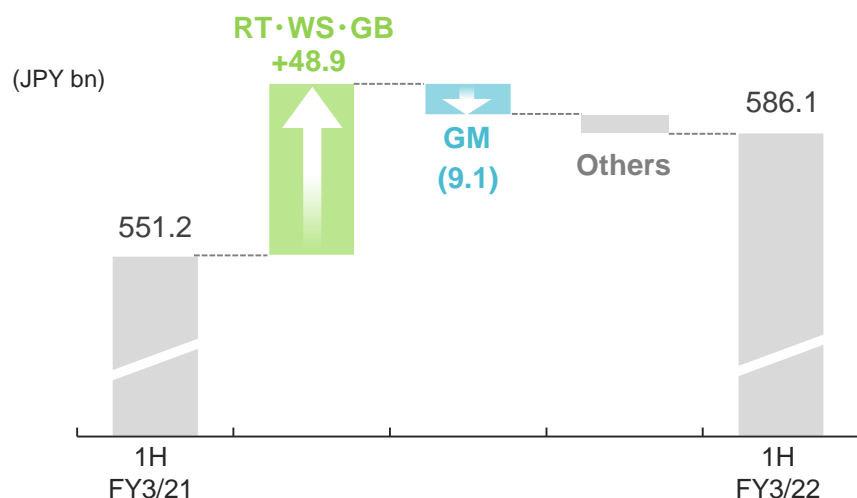
Dividend payout ratio (%)	27	21	20	26	33	30	33	35	37	51	43
Total payout ratio (%)	-	-	-	-	-	-	-	44	51	-	58
Profit attributable to owners of parent (JPY bn)	518.5	794.1	835.4	753.6	646.7	706.5	734.4	726.7	703.9	512.8	670

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

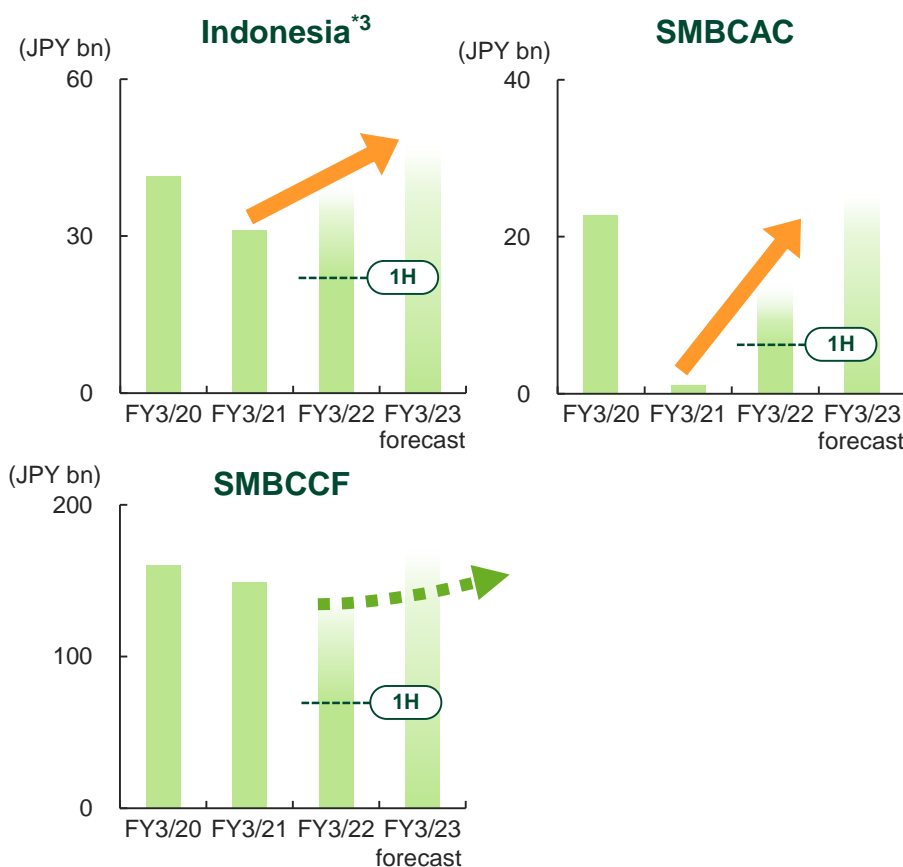
Increased due to business recovery in the RT, WS, and GB Business Units.

Businesses in Indonesia and aircraft leasing are expected to recover to the pre-COVID level in FY3/23.

Consolidated net business profit



Businesses impacted by COVID-19*2

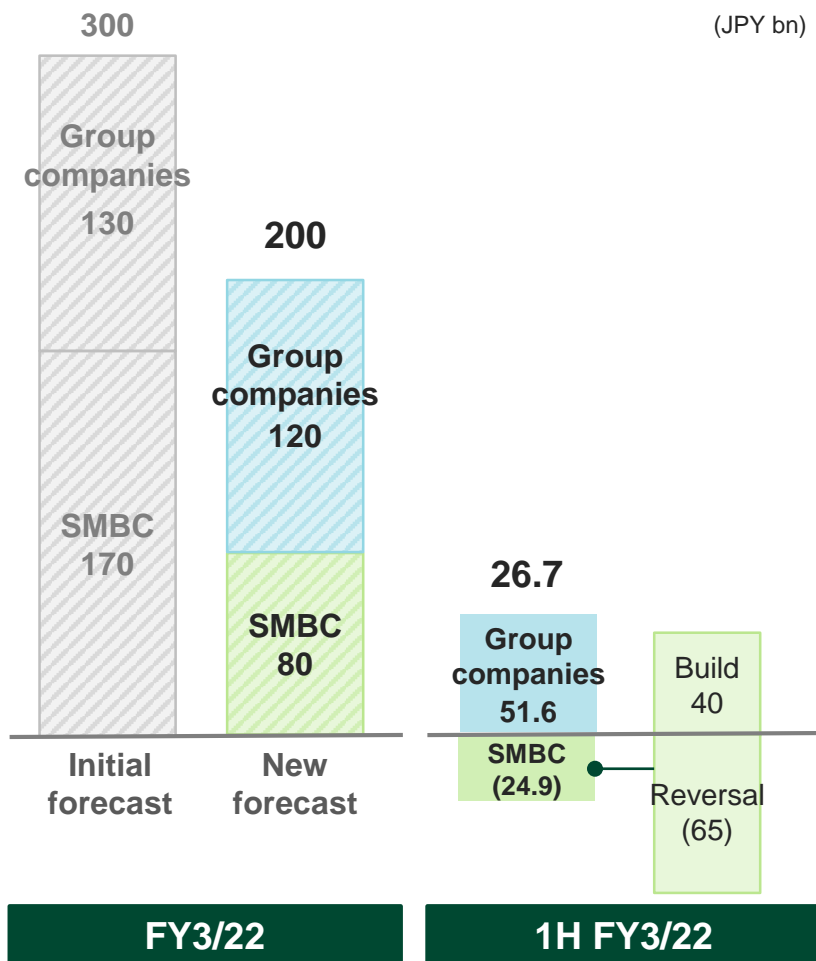


*1 Reflecting the change in the management accounting system in FY3/22

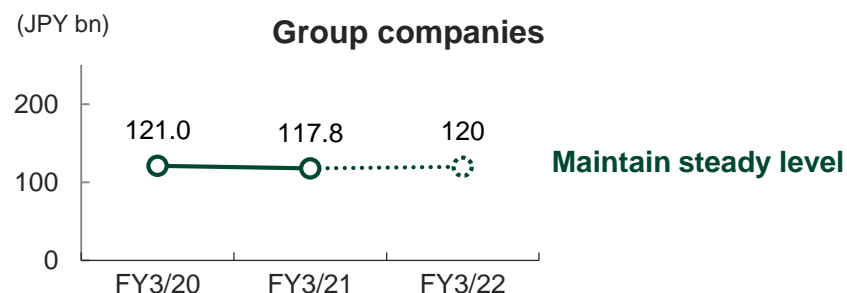
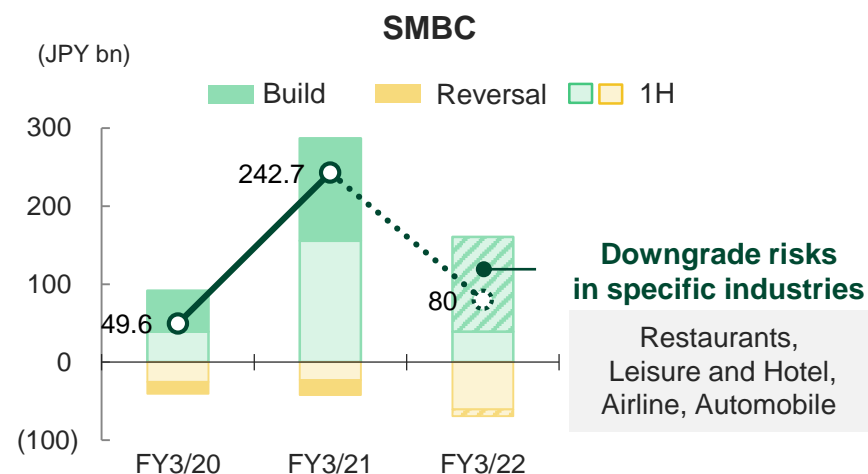
*2 Contribution to consolidated net business profit *3 Total of Bank BTPN, Oto Multiartha and Summit Oto Finance

Impact of COVID-19 impact (2) Credit cost

Full-year forecast was revised to JPY 200 bn. Credit cost in 1H decreased sharply due to the reversals, but there are some downgrade risks in specific industries in 2H.



Breakdown of credit costs



(Ref.) Impact of COVID-19 Summary

	FY3/22				(Ref.) FY3/21			
	COVID-19 impact *1		Result		COVID-19 impact*1		Result	
	1H		1H	New target	1H		1H	
(JPY bn)	A	B	C	D	E	F	G	H
Consolidated net business profit	(30)	(70)	586.1	1,120	(60)	(100)	551.2	1,084.0
Total credit cost	(65)	-	26.7	200	+ 100	+ 170	200.2	360.5
Profit attributable to owners of parent	+ 25	(50)	456.1	670	(110)	(190)	270.1	512.8

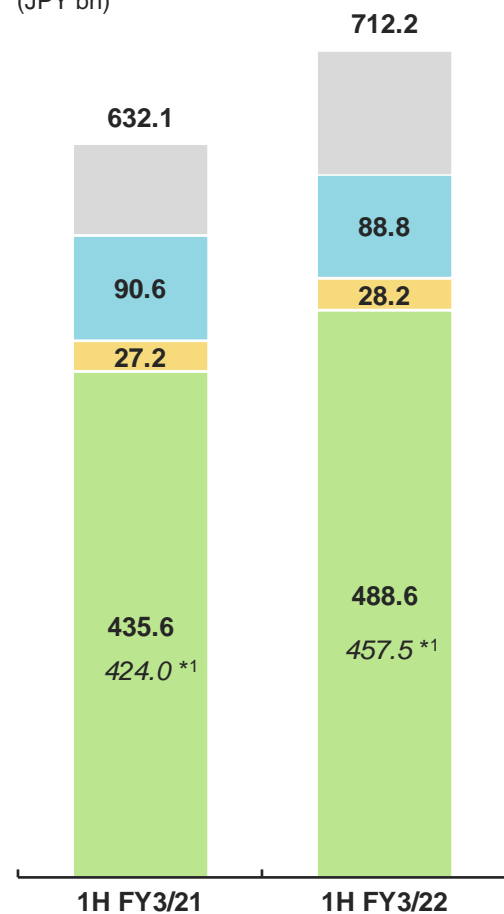
*1 In round numbers

Consolidated gross profit

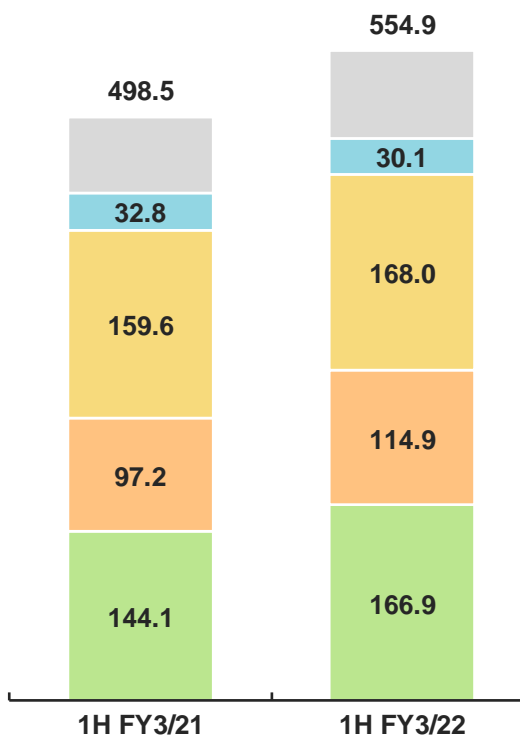
■ SMBC ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ Others

Net interest income

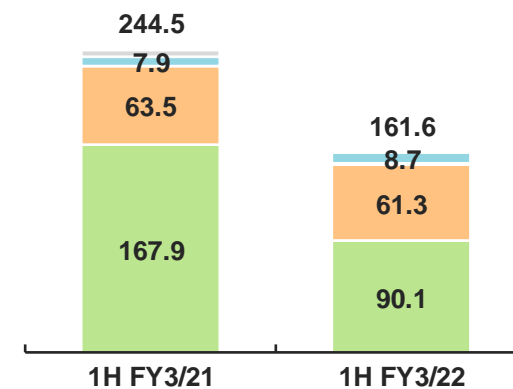
(JPY bn)



Net fees and commissions



Net trading income + Net other operating income

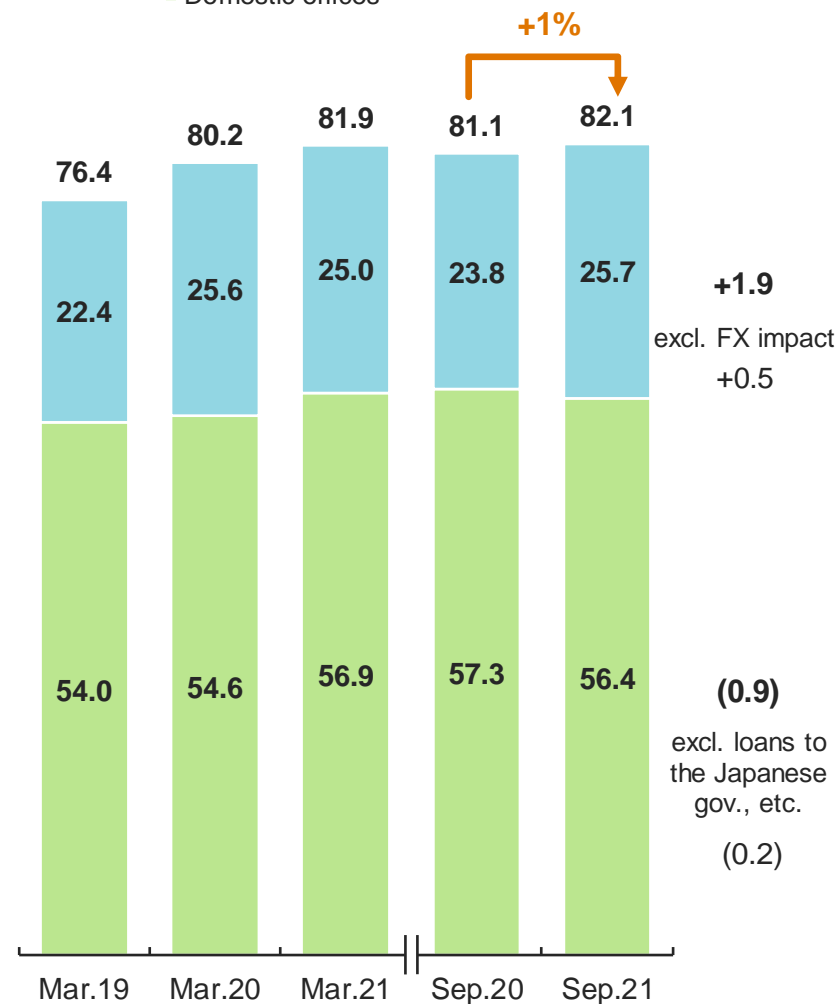


*1 Excluding gains on cancellation of investment trusts

Loans*1

Loan balance

(JPY tn) ■ Overseas offices and Japan offshore banking accounts
■ Domestic offices



Domestic loan-to-deposit spread

	1H FY3/22	YoY	1Q	2Q
(%) Interest earned on loans and bills discounted	0.85	+0.02	0.85	0.85
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00
Loan-to-deposit spread	0.85	+0.02	0.85	0.85

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

	1H FY3/22	YoY	1H	2H
Interest earned on loans and bills discounted	0.86	+0.00	0.86	0.86
Loan-to-deposit spread	0.86	+0.00	0.86	0.86

Average loan balance and spread*2

	Balance (JPY tn)		Spread (%)	
	1H FY3/22	YoY*4	1H FY3/22	YoY
Domestic loans	55.2	(1.4)	0.72	+0.02
Excluding loans to the Japanese government, etc.	52.8	(0.8)	0.74	+0.01
o/w Large corporations	18.7	(0.3)	0.53	+0.03
Mid-sized corporations & SMEs	19.0	+0.2	0.61	+0.00
Individuals	12.1	(0.4)	1.38	(0.05)
GBU's interest earning assets*3	332.2 USD bn	(13.7) USD bn	1.17	+0.03

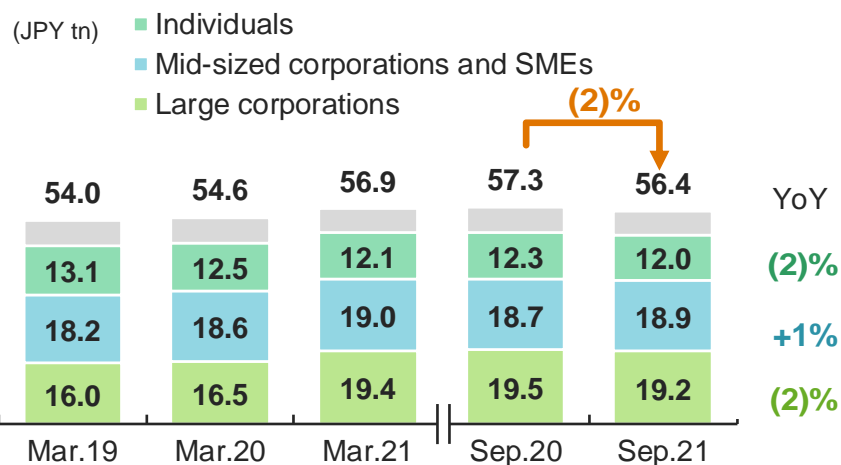
*1 Non-consolidated *2 Managerial accounting basis

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

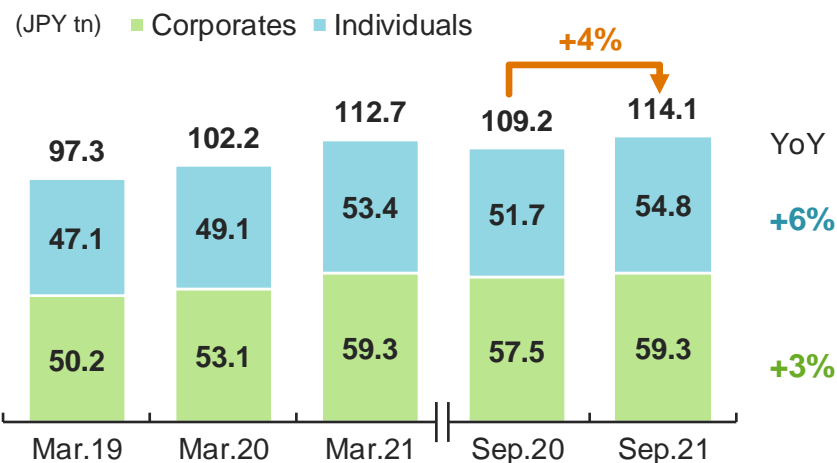
*4 After adjustments for exchange rates, etc.

Domestic loans and deposits*1

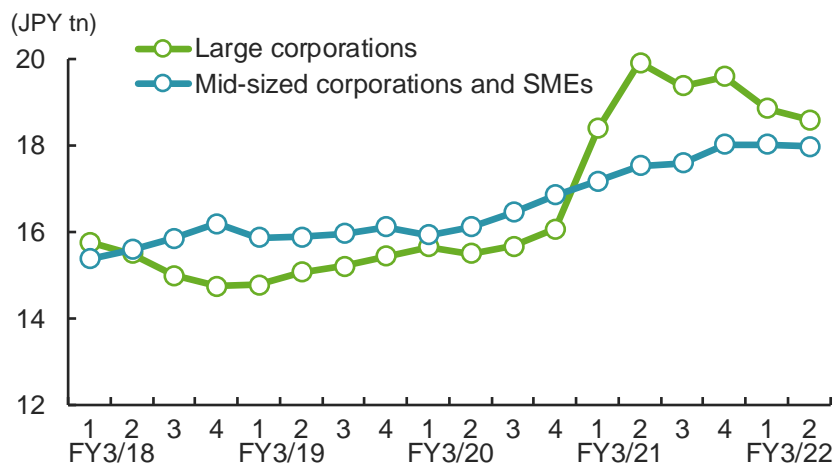
Loan balance*2



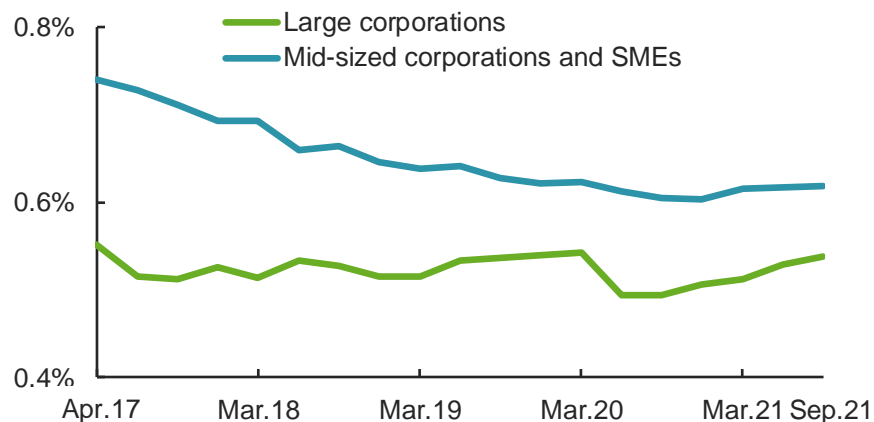
Deposit balance



Loan average balance for corporates*2,3



Loan spread for corporates*2,4



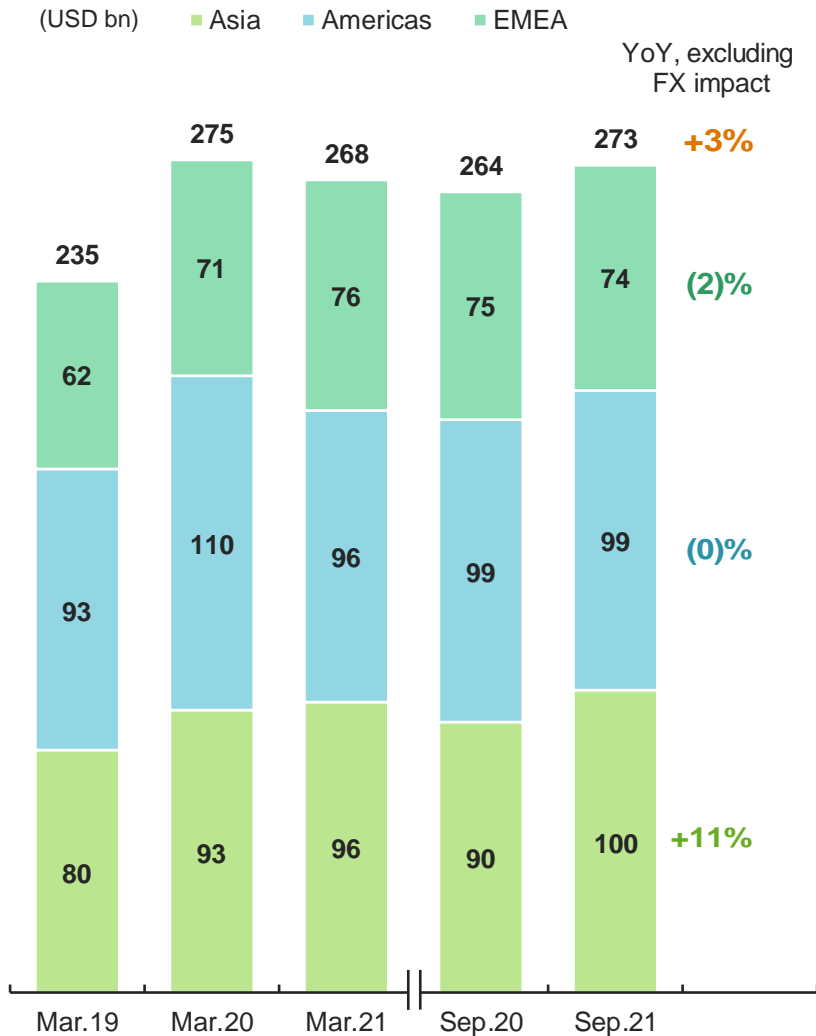
*1 Non-consolidated *2 Managerial accounting basis *3 Quarterly average, excluding loans to the Japanese government.

Figures for SMEs are the outstanding balance of Corporate banking division

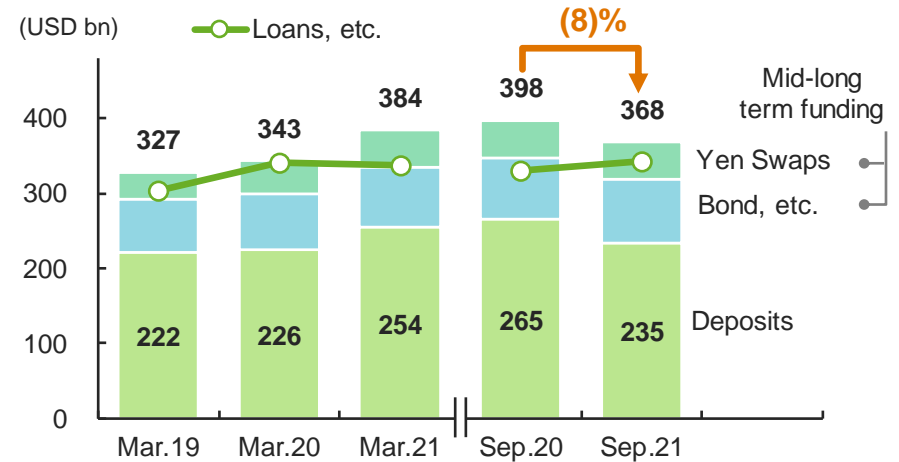
*4 Loan spread of existing loans, excluding loans to the Japanese government

Overseas loans and deposits*1

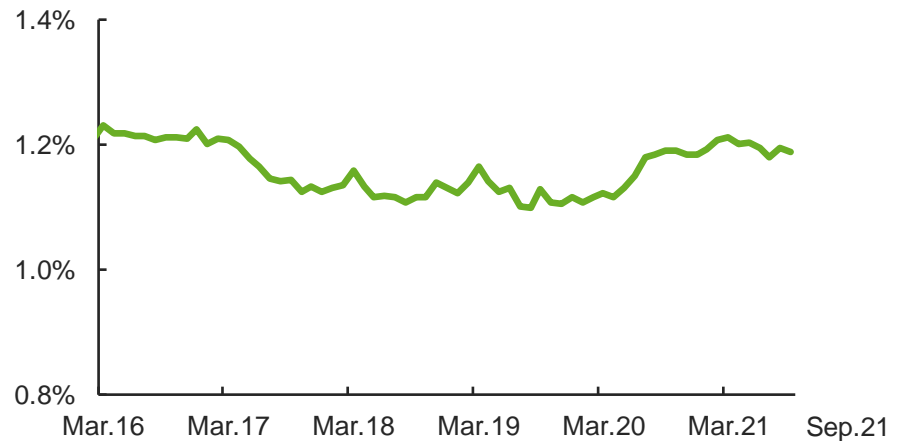
Loan balance



Foreign currency balance



Loan spread*2

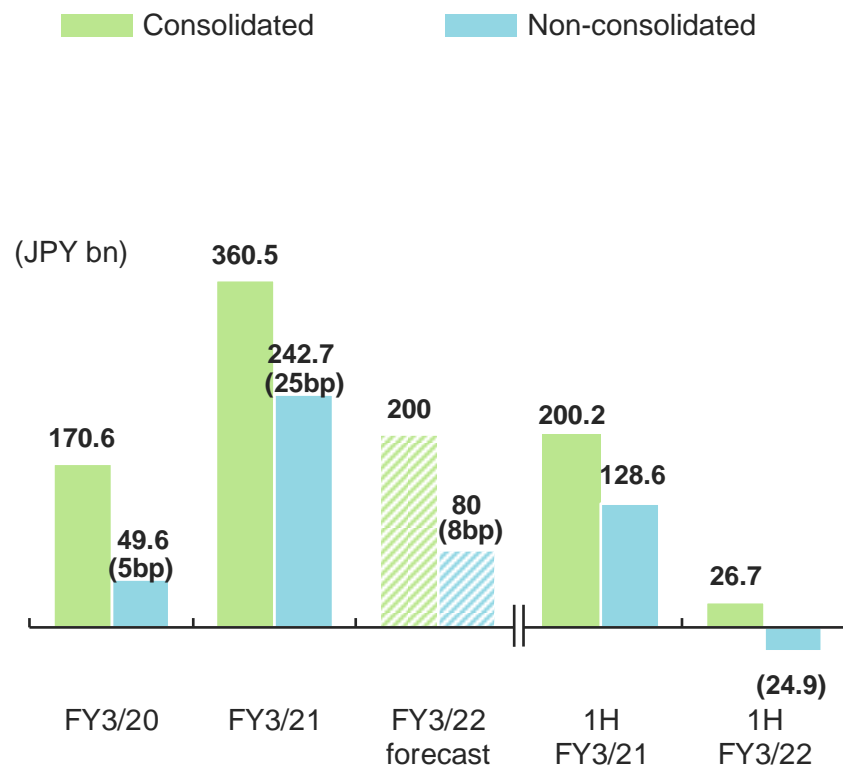


*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

*2 Monthly average loan spread of existing loans

Asset quality

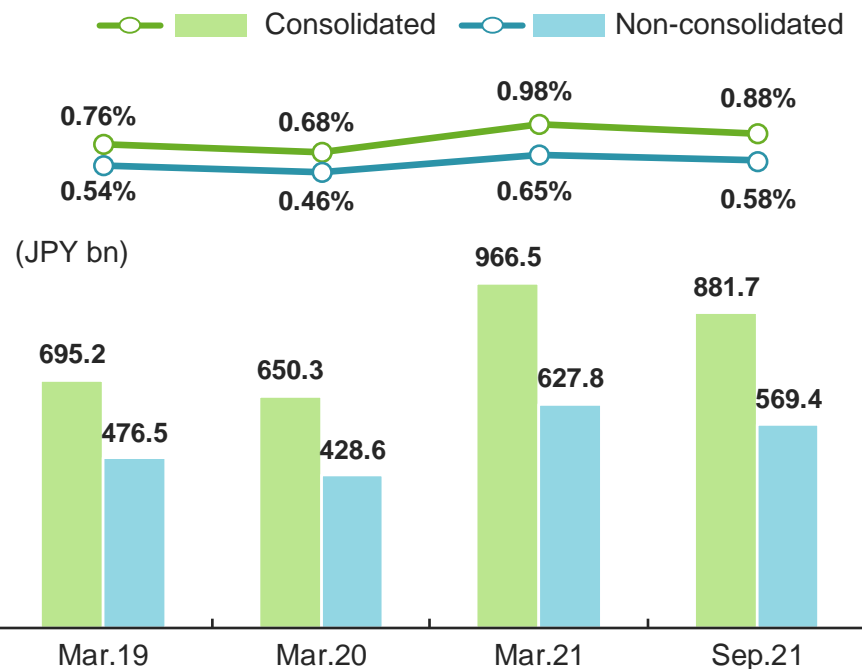
Credit costs*1



Major group companies

(JPY bn)	1H FY3/22	YoY
SMBCCF	30	+3
SMCC	11	(0)
Overseas subsidiaries	10	(13)

Non-performing loan balance*2



Total claims

	(JPY tn)		
Consolidated	96	99	100
Non-consolidated	93	96	97

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

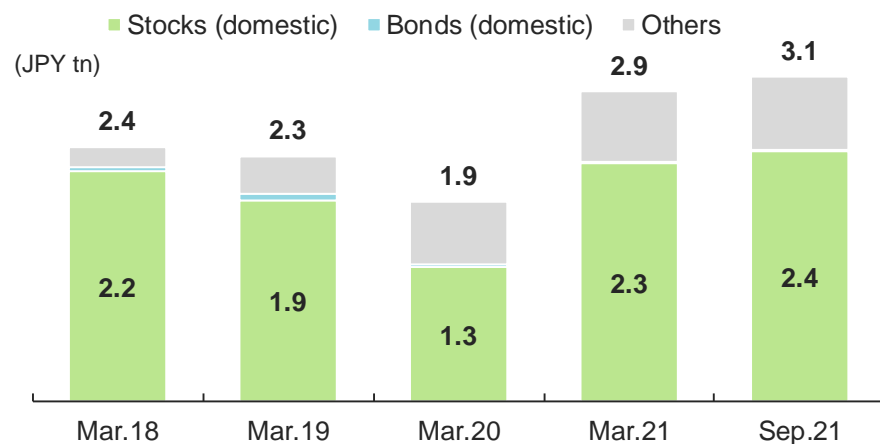
*2 NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

Securities (1)

Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	(JPY bn) Sep.21	vs Mar.21	Sep.21	vs Mar.21
Total	36,089.6	(321.6)	3,072.2	+140.4
Stocks (domestic)	3,769.8	+76.5	2,364.5	+108.8
Bonds (domestic)	17,042.1	(613.1)	11.7	+3.7
o/w JGBs	13,446.0	(847.6)	(11.8)	+2.3
Others	15,277.7	+215.0	696.1	+27.9
o/w Foreign bonds	12,169.2	+59.1	(19.1)	(20.4)

Unrealized gains

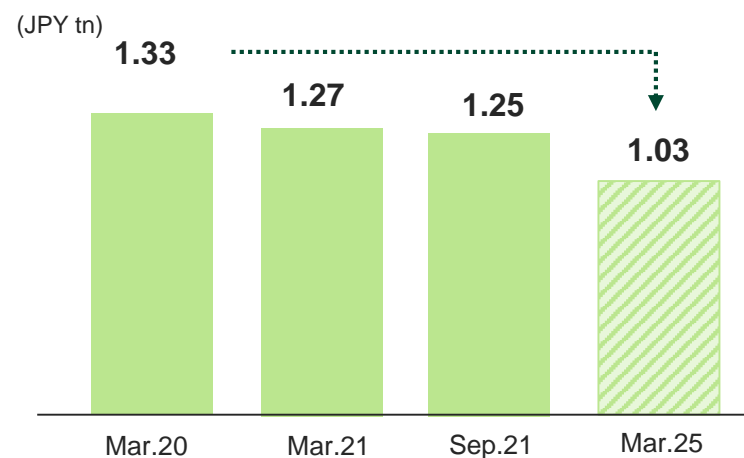


Strategic shareholdings

Progress as of Sep.21	FY3/21	JPY 55 bn
	1H FY3/22	JPY 21 bn
	Total Reduction	JPY 76 bn
	Consent of sales from clients outstanding	JPY 48 bn
	Reduction + Consent	JPY 124 bn

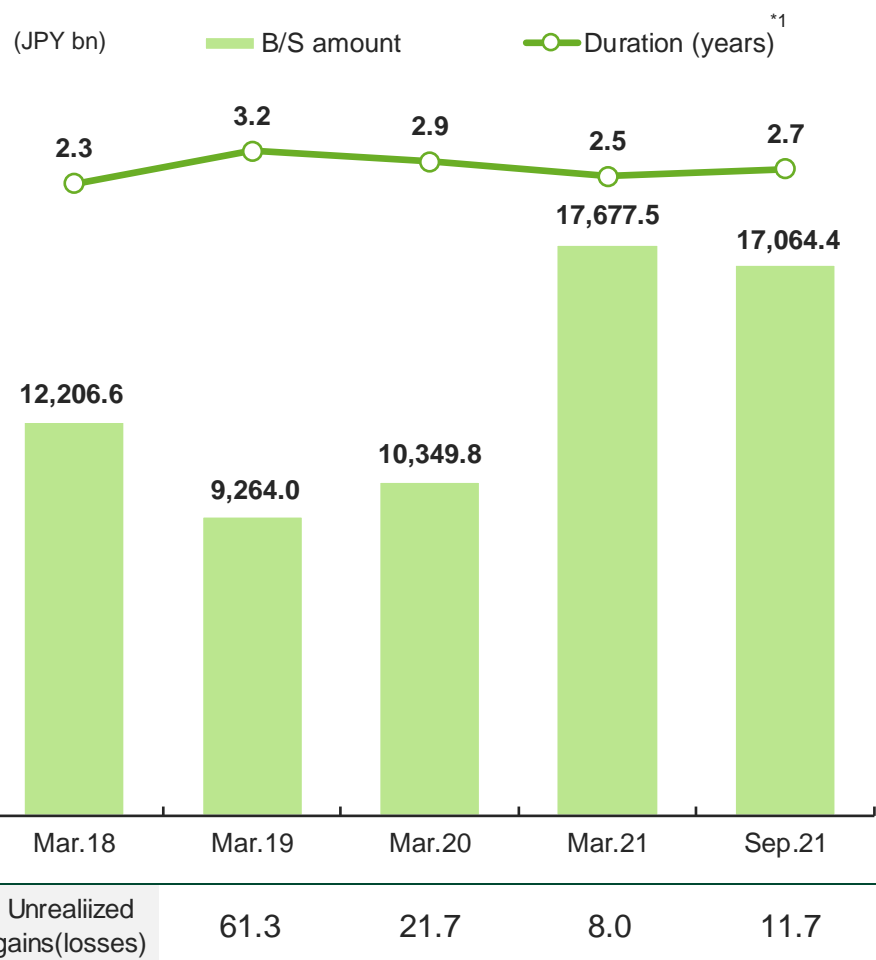
Reduction plan

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

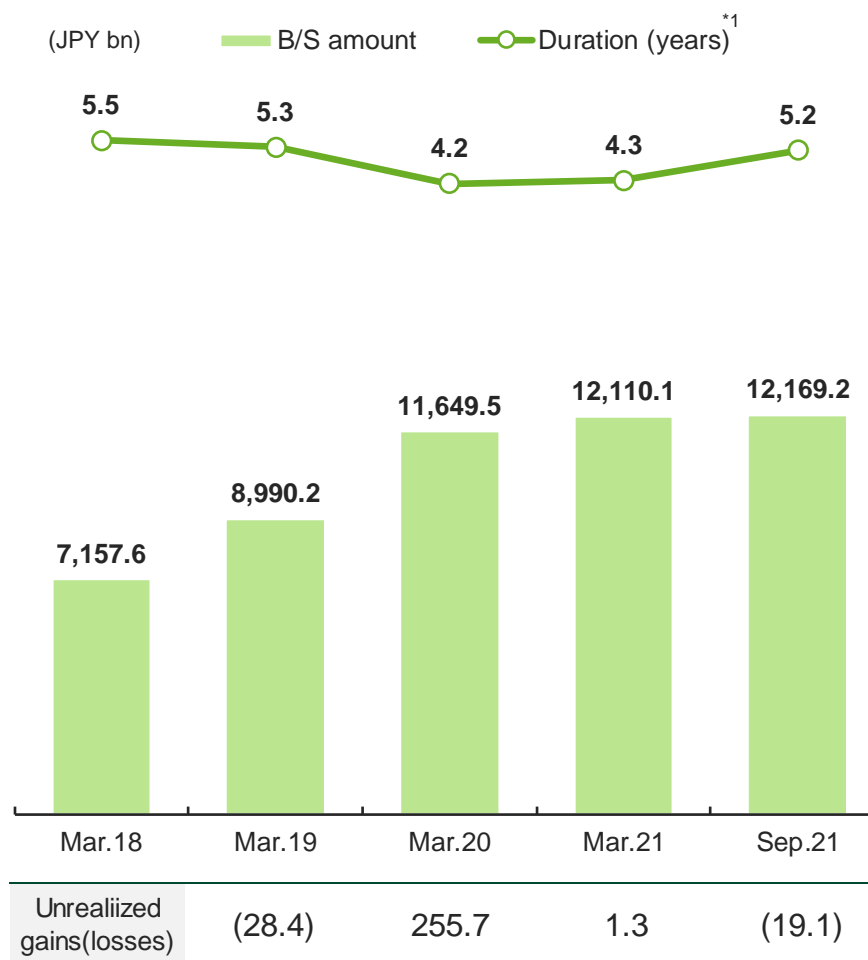


Securities (2)

Yen-denominated bonds (consolidated)



Foreign bonds (consolidated)



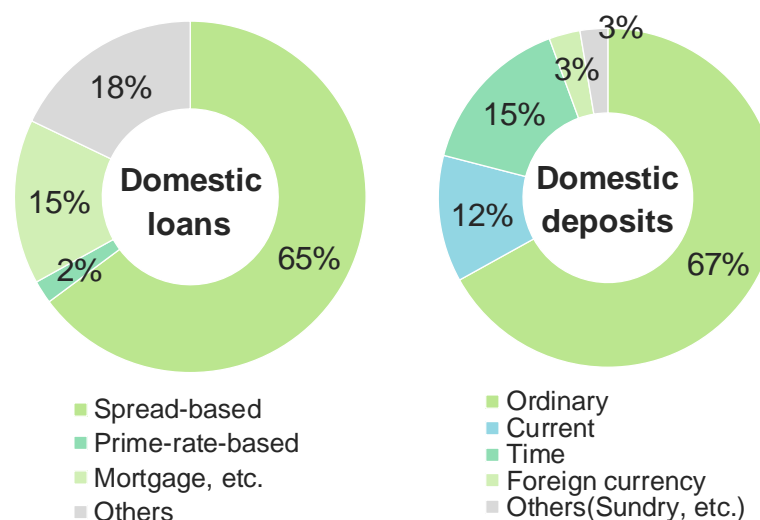
*1 Non-consolidated. Excluding bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero.

Balance sheet

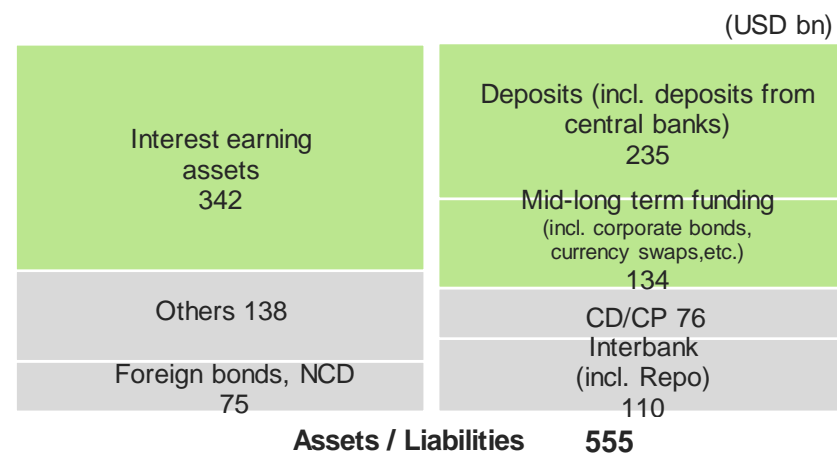
Consolidated

	(JPY tn)	Sep.21	vs Mar.21
Total assets		241.3	(1.2)
o/w Cash and due from banks		70.9	(1.6)
o/w BOJ's current account balance ^{*1}		56.8	(3.0)
o/w Loans		85.0	(0.1)
o/w Domestic loans ^{*1}		56.4	(0.5)
o/w Large corporations ^{*2}		19.2	(0.2)
o/w Mid-sized corporations & SMEs ^{*2}		18.9	(0.1)
o/w Individuals ^{*2}		12.0	(0.2)
o/w Securities		36.3	(0.3)
o/w Other securities		36.1	(0.3)
o/w Stocks		3.8	+0.1
o/w JGBs		13.4	(0.8)
o/w Foreign bonds		12.2	+0.1
Total liabilities		229.0	(1.7)
o/w Deposits		141.3	(0.7)
o/w Domestic deposits ^{*1}		114.1	+1.4
Individuals		54.8	+1.3
Corporates		59.3	+0.1
o/w NCD		12.0	(0.6)
Total net assets		12.4	+0.5
Loan to deposit ratio		55.5%	

Composition of loans and deposits^{*1,2}



Non-JPY B/S^{*2,4}



*1 Non-consolidated *2 Managerial accounting basis *3 After adding back the portion of housing loans securitized in 1H FY3/22 of JPY53.3bn *4 Sum of SMBC and major local subsidiaries

Capital / RWA

	Sep. 21	Requirement*1
Capital ratio		
Total capital ratio	18.28%	11.5%
CET1 ratio (Basel III fully-loaded basis)	15.92%	8%
excl. OCI	12.7%	-
CET1 ratio (Post-Basel III reforms)	11.7%	8%
excl. OCI	10.0%	-
External TLAC ratio		
RWA basis	25.67%	16%
Leverage exposure basis	10.03%	6%
Leverage ratio	5.79%	3%
LCR (Average 2Q FY3/22)	144.7%	100%

	(JPY bn)	Mar. 21	Sep. 21
Total capital		12,289.3	12,563.1
Tier1 capital		11,199.3	11,577.4
o/w CET1 capital		10,562.8	10,938.9
Tier2 capital		1,090.0	985.7
External TLAC		19,373.3	20,052.9
Risk-weighted assets		66,008.0	68,689.4
Leverage exposure		198,170.8	199,852.5

*1 Excluding countercyclical buffer

Results by business unit

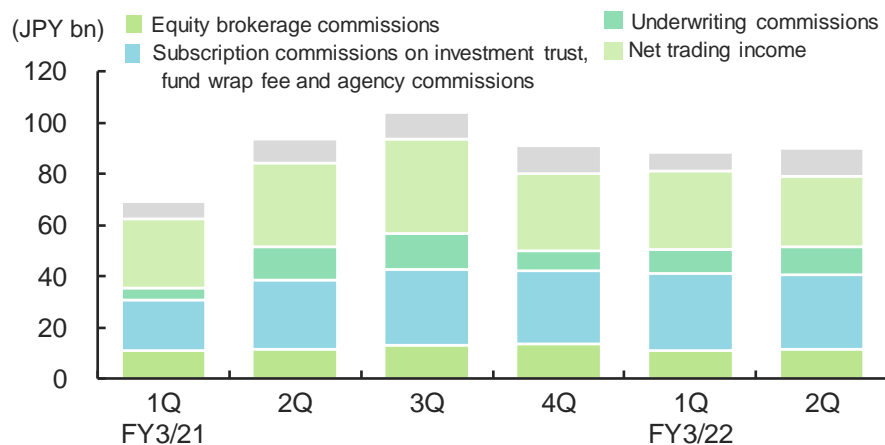
		(JPY bn)	FY3/21	1H FY3/22	YoY*1
Retail	Gross profit		1,127.4	568.1	+20.9
	Expenses		910.4	464.9	+20.4
	<i>Overhead Ratio</i>		80.8%	81.8%	+0.6%
	Net business profit		219.2	104.0	+0.1
Wholesale	Gross profit		634.9	329.5	+34.5
	Expenses		299.9	148.9	+4.4
	<i>Overhead Ratio</i>		47.2%	45.2%	(3.8)%
	Net business profit		388.5	210.9	+36.0
Global	Gross profit		723.7	394.5	+23.0
	Expenses		383.3	213.9	+24.3
	<i>Overhead Ratio</i>		53.0%	54.2%	+3.2%
	Net business profit		366.7	205.7	+12.8
Global Markets	Gross profit		460.7	250.9	(7.5)
	Expenses		82.9	43.0	+2.1
	<i>Overhead Ratio</i>		18.0%	17.1%	+1.3%
	Net business profit		413.5	225.5	(9.1)

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

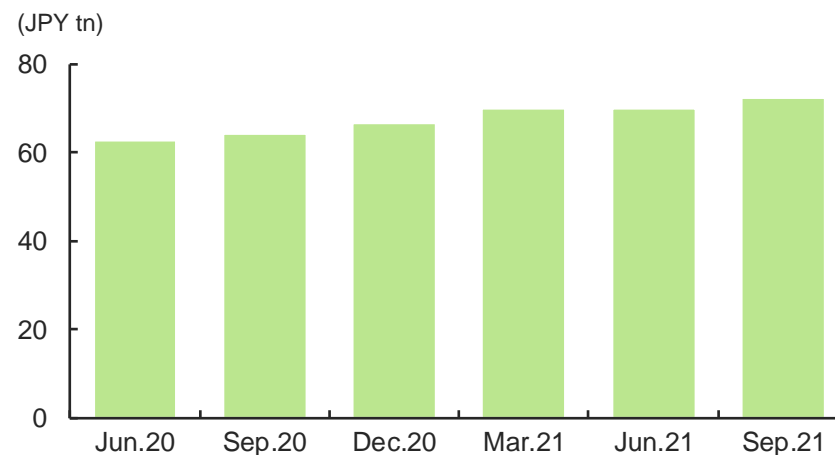
Financial results

(JPY bn)	FY3/21	1H FY3/22	YoY
Net operating revenue	357.9	178.3	+15.4
SG&A expenses	273.4	138.2	+7.7
Ordinary income	90.7	43.8	+7.9
Net income	71.7	32.6	+4.3

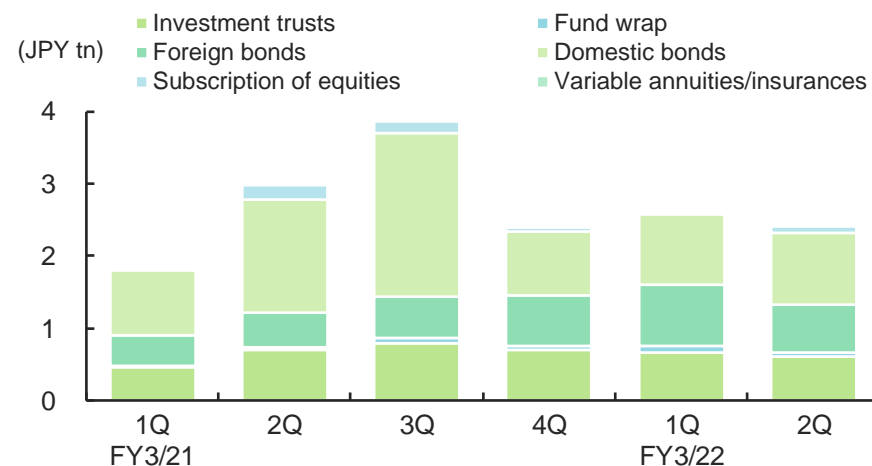
Net operating revenue



Client assets



Product sales

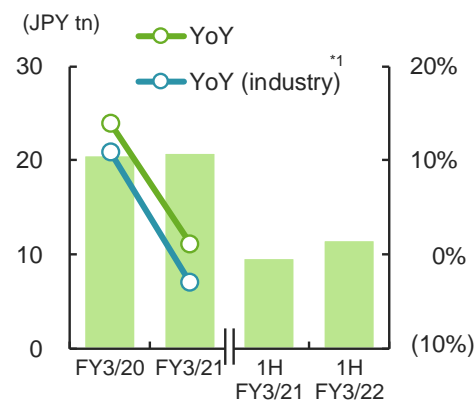


Financial results

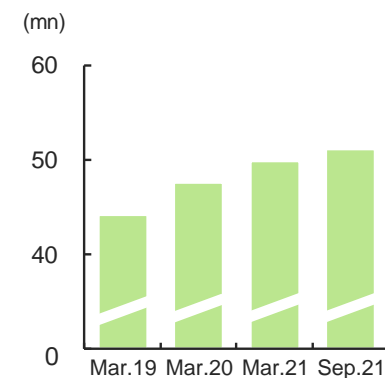
(JPY bn)	FY3/21	1H FY3/22	YoY
Operating revenue	447.5	227.0	+10.2
o/w Commission fee	143.7	77.1	+10.0
Finance	101.5	49.0	(3.1)
Sales on credit	32.3	15.1	(1.5)
Receipt agency	48.1	25.0	+1.3
Operating expense	413.0	206.9	+14.8
o/w Expenses for loan losses	22.7	11.6	+0.0
Expense for interest repayments	14.4	-	-
Ordinary profit (loss)	35.3	23.2	(2.1)
Net income	35.8	14.8	(4.1)
Finance outstanding	667.5	662.4	

Key figures

Sales handled

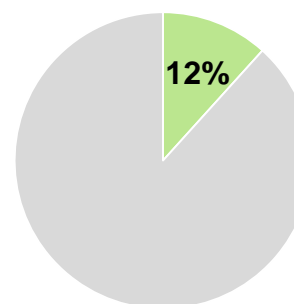


of card holders

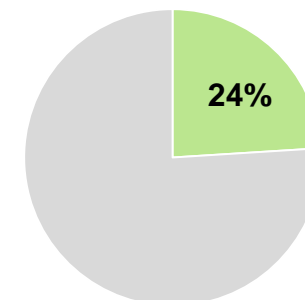


Market share^{*2}

Issuing



Acquiring



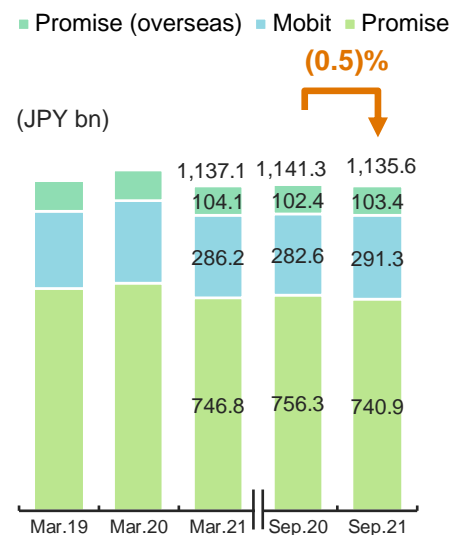
*1 The Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

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

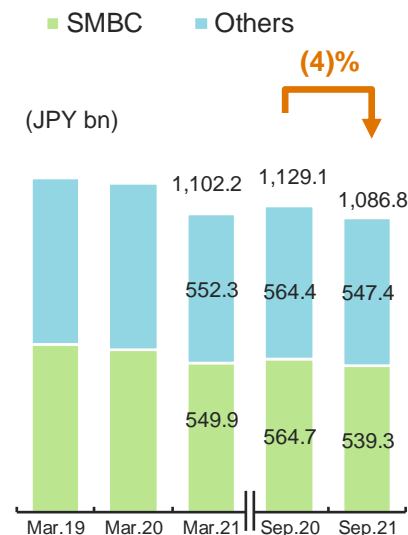
Financial results

(JPY bn)	FY3/21	1H FY3/22	YoY
Operating income	273.5	134.9	(3.4)
o/w Interest revenues	178.8	88.7	(1.8)
Loan guarantee revenues	61.1	28.6	(2.7)
Operating expenses	200.8	95.5	+9.1
o/w Expenses for loan losses	53.3	33.0	+2.3
Expense for loan guarantees	9.9	2.8	+0.8
Expenses for interest repayments	24.0	-	-
Ordinary profit	73.5	39.5	(12.9)
Net income	54.1	32.1	(11.7)
NPLs	85.2	91.8	
(NPL ratio)	7.49%	8.08%	
Allowance on interest repayments (provision)	100.8	87.2	
	3.4 yrs	3.2 yrs	

Consumer loans



Loan guarantee



No. of interest refund claims

