



Investor Meeting 1H FY3/2022

November 17, 2021



SUMITOMO MITSUI
FINANCIAL GROUP

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Hello everyone. This is Jun Ohta, CEO of SMBC Group.
Thank you very much for your interest in us and ongoing support.

First of all, I express my sincere apology for your grave concerns and inconvenience that SMBC Nikko and its employees are under investigation by the Securities and Exchange Surveillance Commission (SESC) as reported.

I cannot comment the detail as the investigation is undergoing, but we will fully cooperate with the SESC.

When the outcome becomes clear, we will take necessary actions.

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	105.78	110.71	111.95
EUR	124.18	129.75	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

Agenda

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I. Financial Results

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.

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This is a brief summary of the 1H results.

Consolidated net business profit increased YoY as the negative impact of COVID-19 decreased and our initiatives of Medium-Term Management plan steadily progressed. Progress rate to the full-year target was 52%, which is in line with our initial plan.

Credit cost decreased YoY and was far below our initial forecast due to the reversal, while we had some new credit reserves.

As a result, profit attributable to owners of parent was approximately JPY 450 bn, with 76% of the progress rate.

We have changed our full-year target based on the 1H results;
 Profit attributable to owners of parent was increased by JPY 70 bn to JPY 670 bn, as a result of credit cost which was decreased by JPY 100 bn to JPY 200 bn.

(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 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

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FY3/2022 target

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

Consolidated

(JPY bn)	1H FY3/22		FY3/22	
	Initial target	Results	Initial target	New target
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

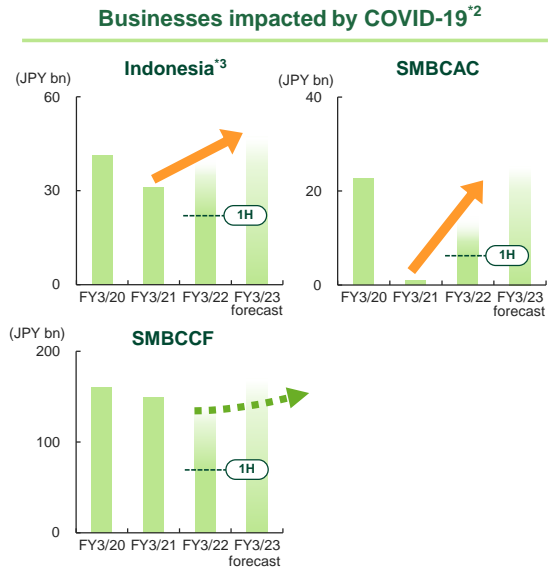
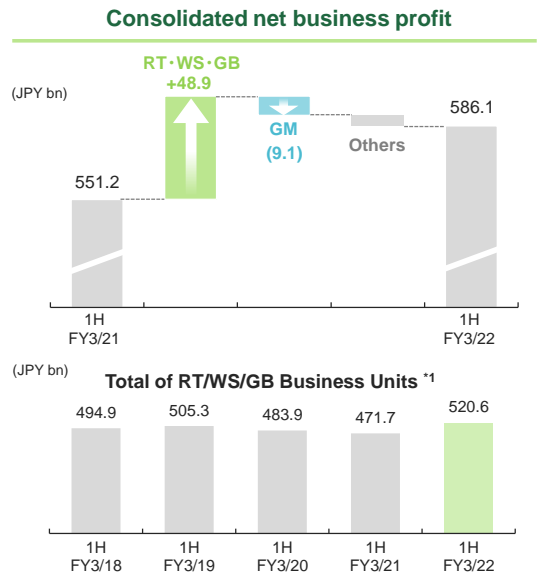
Non-consolidated

(JPY bn)	1H FY3/22		FY3/22	
	Initial target	Results	Initial target	New target
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)

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.



*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

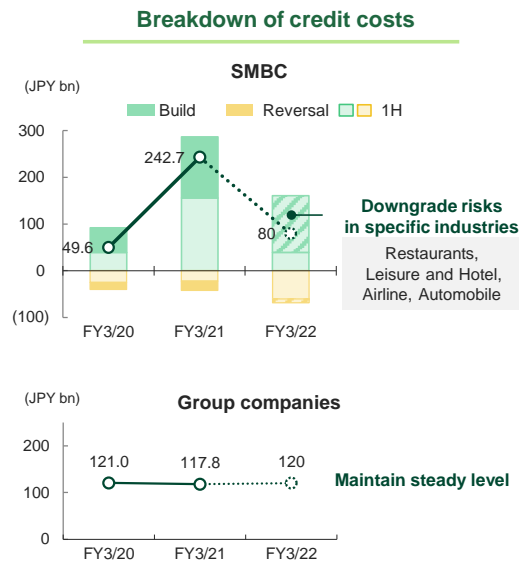
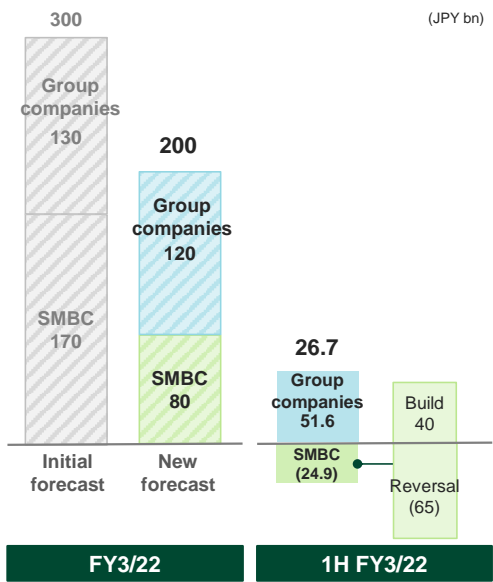
Consolidated net business profit increased YoY, as Wholesale, Retail, and Global Business Units recovered from COVID-19 and the initiatives of Medium-Term Management Plan steadily progressed.

The total profit of the three Business Units shows recovery exceeding the pre-COVID level.

Looking at the results by business line, businesses in Indonesia and the aircraft leasing business show recovery and are expected to return to the pre-COVID level by FY3/2023, while consumer finance business will take more time until its loan balance recovers.

Impact of COVID-19 (2) Credit cost

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



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We decreased our forecast of full-year credit cost by JPY 100 bn to JPY 200 bn.

You might think that this is still too conservative as the 1H results was JPY 26.7 bn. However, if you break down the result, JPY 100 bn of reserve was newly built in 1H of FY3/2022, which was the same level before COVID-19. The overall credit cost was way below the forecast because we had JPY 70 bn of reversals.

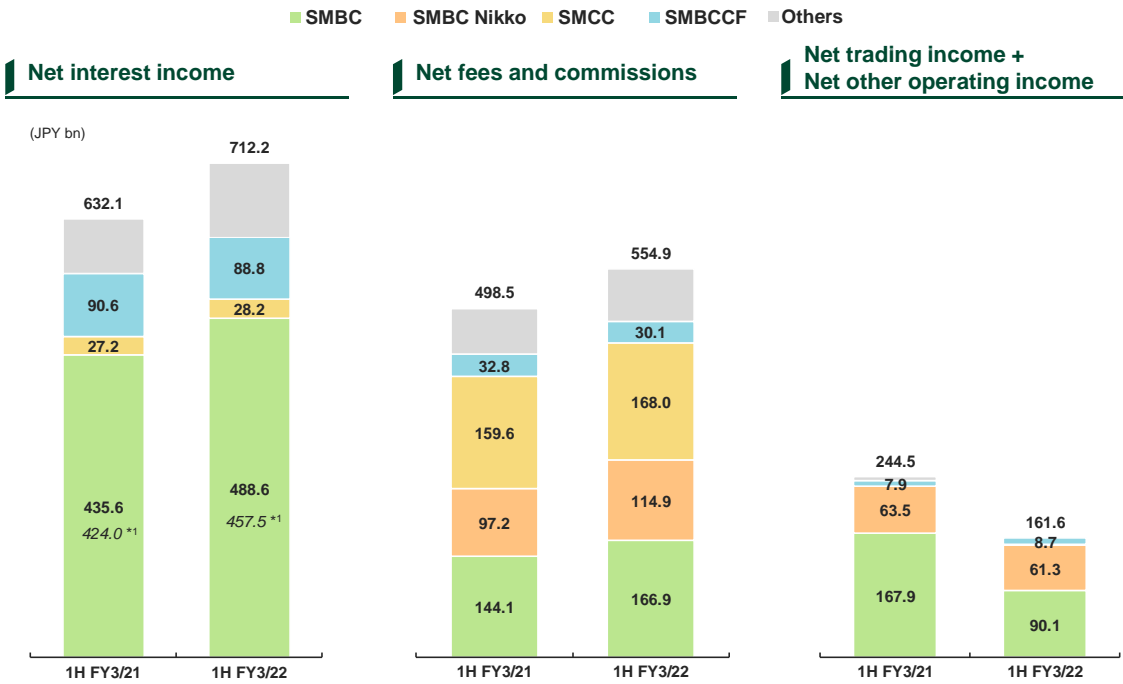
We expect around JPY 100 bn of reserve build in 2H as usual. In addition, we incorporate JPY 70 bn, as there are concerns that asset quality in some large borrowers may deteriorate.

Since large reversals as we had in 1H cannot be expected, we forecast JPY 170 bn in 2H and JPY 200 bn for the full-year.

(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	
	A	B	C	D	E	F	G	H
(JPY bn)								
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

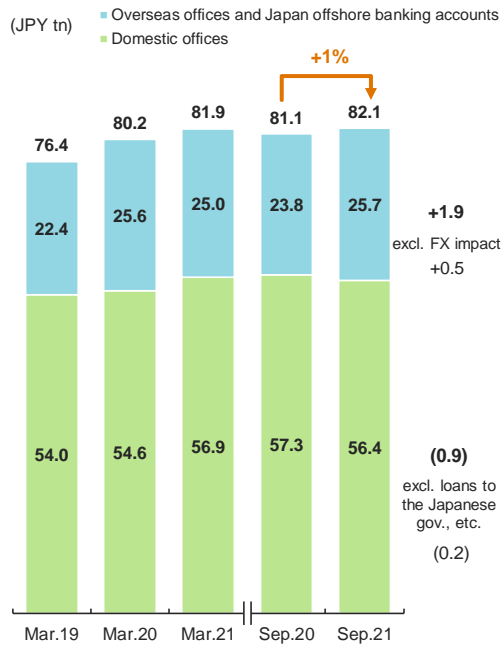
Consolidated gross profit



*1 Excluding gains on cancellation of investment trusts

Loans*1

Loan balance



*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 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.				
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

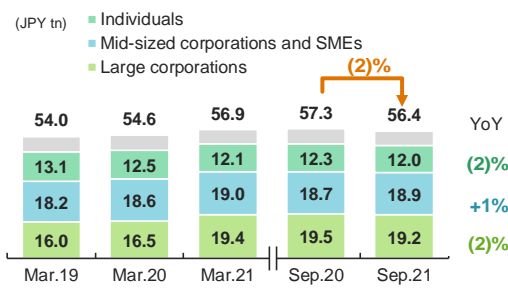
Average loan balance and spread*2

	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
o/w Mid-sized corporations & SMEs	19.0	+0.2	0.61	+0.00
o/w Individuals	12.1	(0.4)	1.38	(0.05)
GBU's interest earning assets*3	332.2	(13.7)	1.17	+0.03
	USD bn	USD bn		

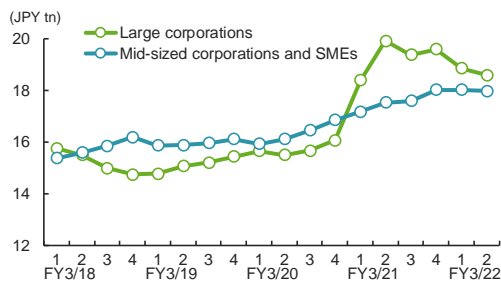
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Domestic loans and deposits*1

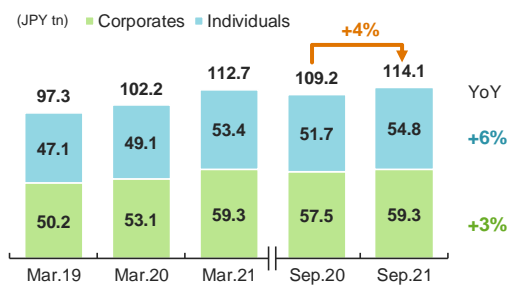
Loan balance*2



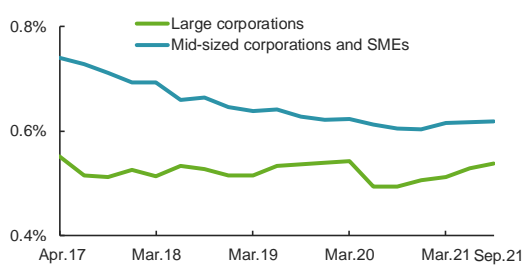
Loan average balance for corporates*2,3



Deposit balance



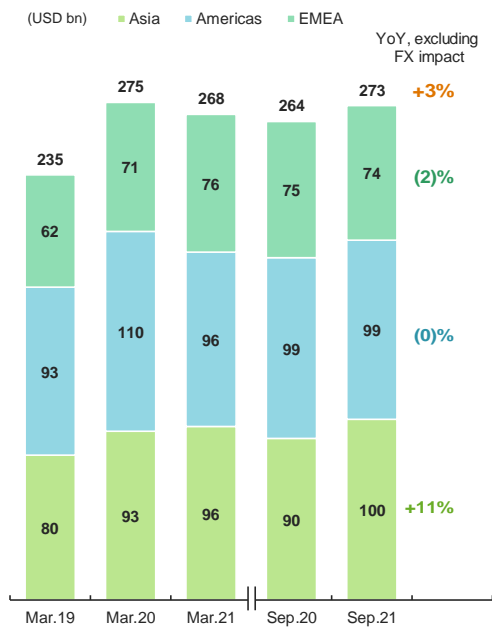
Loan spread for corporates*2,4



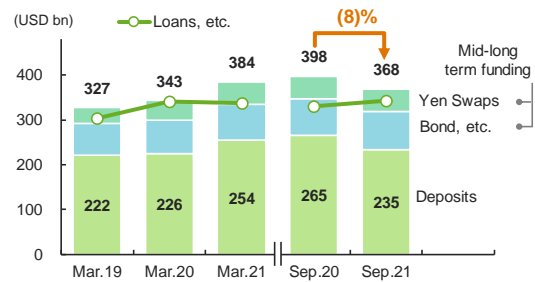
*1 Non-consolidated *2 Managerial accounting basis *3 Quarterly average, excluding loans to the Japanese government.
Figures for SMEs are the outstanding balance of Corporate banking division
*4 Loan spread of existing loans, excluding loans to the Japanese government

Overseas loans and deposits*1

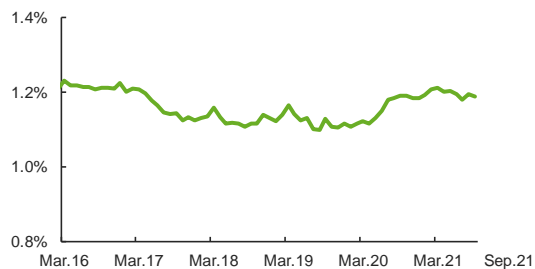
Loan balance



Foreign currency balance



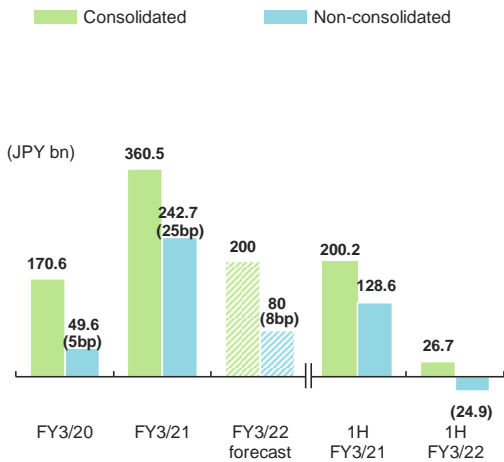
Loan spread*2



*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries
*2 Monthly average loan spread of existing loans

Asset quality

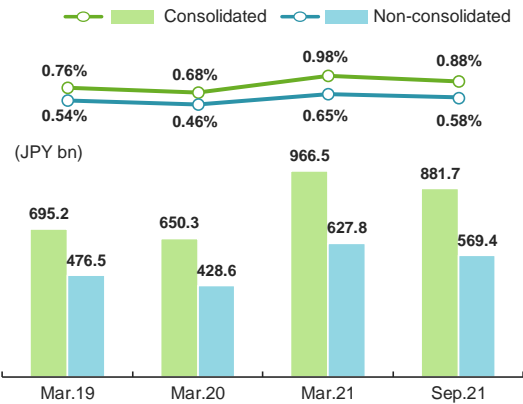
Credit costs^{*1}



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

	96	99	100
Consolidated			
Non-consolidated	93	96	97

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

	0.9	1.9	2.0
Non-consolidated			

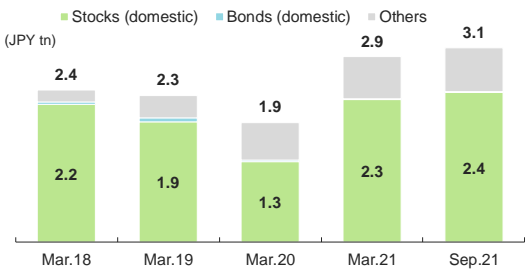
^{*1} Total credit cost ratio = Total credit cost / Total claims
^{*2} NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

Securities (1)

Breakdown of other securities (consolidated)

(JPY bn)	B/S amount		Unrealized gains (losses)	
	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)

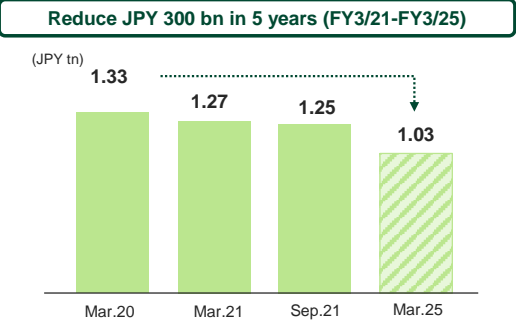
Unrealized gains



Strategic shareholdings

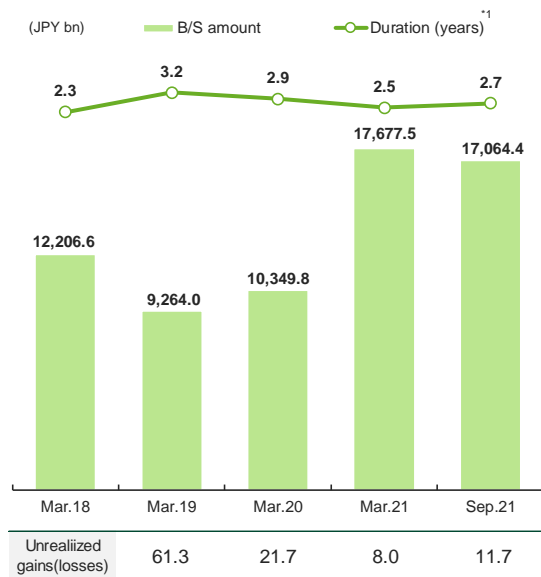
Progress as of Sep.21	FY3/21	JPY 55 bn
	1H FY3/22	JPY 21 bn
	Total Reduction	JPY 76 bn
	Consent of sales from clients outstanding	JPY 48 bn
	Reduction + Consent	JPY 124 bn

Reduction plan

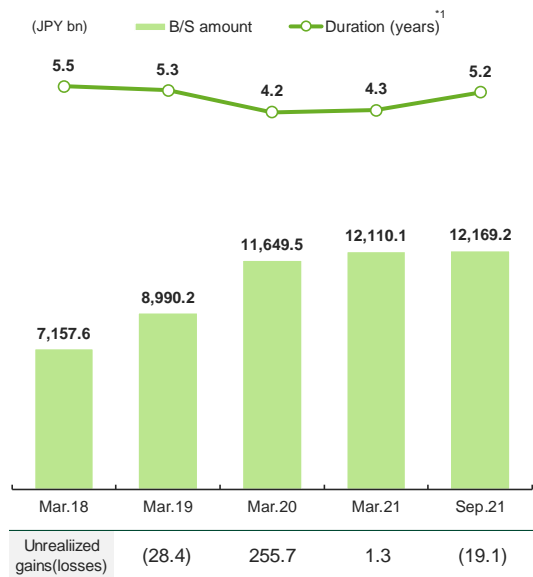


Securities (2)

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.

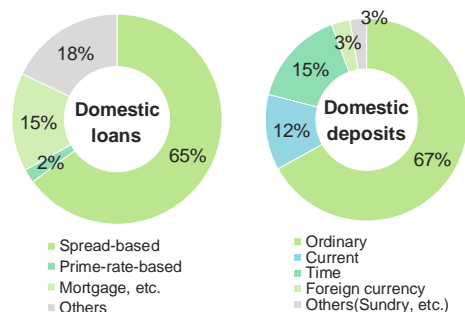
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Balance sheet

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
o/w Individuals		54.8	+1.3
o/w 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}

(USD bn)	
Interest earning assets	342
Others	138
Foreign bonds, NCD	75
Assets / Liabilities	555
Deposits (incl. deposits from central banks)	235
Mid-long term funding (incl. corporate bonds, currency swaps, etc.)	134
CD/CP	76
Interbank	110
(incl. Repo)	110

^{*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

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	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 (1)

	ROCE1*1,2			Net Business Profit (JPY bn)*2			RWA (JPY tn)*2		
	1H FY3/22	YoY	FY3/23 Target*3	1H YF3/22	YoY	FY3/23 Target*3	1H FY3/22	YoY	FY3/21-23*3
Retail	8.3%	(0.7)%	12%	104.0	+0.1	305.0	12.5	+0.2	+0.4
Wholesale	9.7%	+5.1%	9%	210.9	+36.0	405.0	30.4	(0.1)	+1.1
Global	10.2%	+3.6%	9%	205.7	+12.8	430.0	36.1	+1.1	+2.5
Global markets	21.8%	(0.3)%	17%	225.5	(9.1)	365.0	6.1	+0.7	+1.7

*1 Excluding impact from the provision for losses on interest repayments for Retail
Excluding the impact from the medium- to long-term foreign currency funding costs for Wholesale and Global
Including impact from the interest-rate risk associated to the banking account for Global Markets
*2 Results and YoY are managerial accounting basis of FY3/22.
After adjustments of the changes of interest rates and exchange rates *3 Managerial accounting basis of FY3/21

Results by business unit (2)

Retail

(JPY bn)	1H FY3/22	YoY ^{*1}
Gross profit	568.1	+20.9
Income on loans and deposits ^{*2}	58.6	(2.7)
Wealth management business	148.2	+19.0
Payment business	195.0	+7.3
Consumer finance business	144.1	(3.9)
Expenses	464.9	+20.4
Base expenses	367.5	+1.2
Net business profit	104.0	+0.1
ROCET1 ^{*3}	8.3%	(0.7)
RWA (JPY tn)	12.5	+0.2

Wholesale

(JPY bn)	1H FY3/22	YoY ^{*1}
Gross profit	329.5	+34.5
Income on loans and deposits	106.9	+2.9
FX and money transfer fees	62.3	+6.0
SMBC Loan syndication	19.0	(1.3)
Structured finance	6.8	+2.4
Real estate finance	7.5	+4.3
Securities business	28.6	+4.5
Expenses	148.9	+4.4
Base expenses	144.9	+3.1
Net business profit	210.9	+36.0
ROCET1 ^{*4}	9.7%	+5.1%
RWA (JPY tn)	30.4	(0.1)

*1 After adjustments of the changes of interest rates and exchange rates *2 Excluding consumer finance

*3 Excluding impact from the provision for losses on interest repayments, etc.

*4 Excluding med-long-term funding costs

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Results by business unit (3)

Global

(JPY bn)	1H FY3/22	YoY ^{*1}
Gross profit	394.5	+23.0
Income on loans and deposits	161.8	+15.0
Loan related fees	72.6	+7.0
Securities business	34.9	(8.2)
Expenses	213.9	+24.3
Base expenses	206.5	+21.6
Net business profit	205.7	+12.8
ROCE ^{*2}	10.2%	+3.6%
RWA (JPY tn)	36.1	+1.1

Global markets

(JPY bn)	1H FY3/22	YoY ^{*1}
Gross profit	250.9	(7.5)
SMBC's Treasury Unit	191.8	(2.2)
Expenses	43.0	+2.1
Base expenses	41.9	+2.1
Net business profit	225.5	(9.1)
ROCE ^{*3}	21.8%	(0.3)%
RWA (JPY tn)	6.1	+0.7

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

*2 Excluding impact from med-long term funding costs

*3 Including impact from the interest-rate risk associated to the banking account

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II. Aim for growth with quality

Here, I would like to tell my thoughts on our growth strategy.

After I explained our investment in FE Credit in Vietnam at the last meeting in May, we have announced multiple investments such as RCBC in the Philippines, Fullerton in India and Jefferies in the U.S.

While these investments were announced in a short period of time, we have thoroughly examined these opportunities for about two years before the decision.

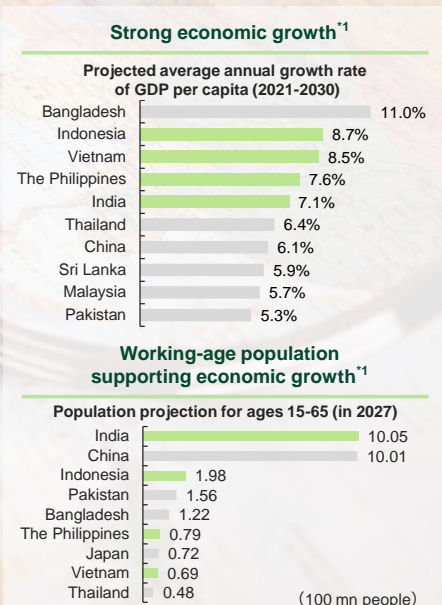
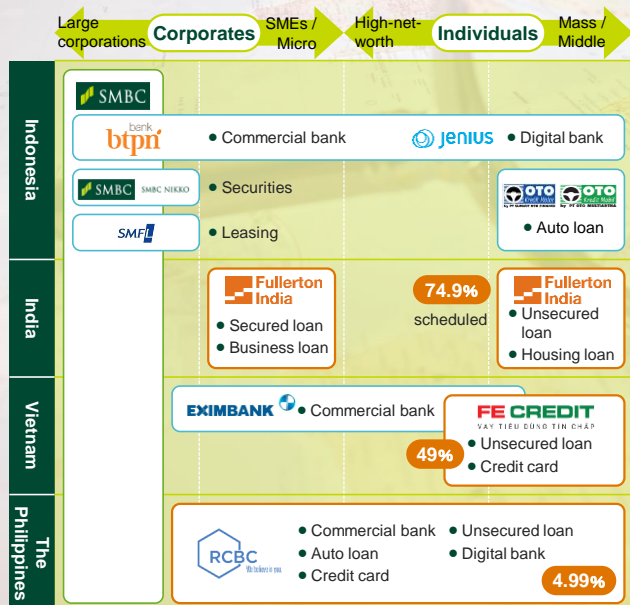
However, I may have given the impression that we are putting more emphasis on investment for growth than enhancing shareholder returns, as we announced multiple investments in such a short period.

I have been expressing that we will pursue investment opportunities in the retail business in Asia and the overseas securities business, as these were essential for SMBC Group to grow in the future. However, we have received opinions from some of investors that our explanations were not sufficient.

Therefore, I would like to explain the background of the investments and the overall picture of our growth strategy including future ambitions.

Create a second and third SMBC Group

Executing the multi-franchise strategy to build a platform and capture growth in each country.
Announced investments in target countries with high growth potential.



^{*1} Source: BMI Research, Fiin Research, S&P Global Market Intelligence

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I would like to begin with our multi-franchise strategy in Asia.

I have been saying that banking is GDP business and that we should build a platform and create a business that firmly commits to the local market in order to enjoy the fruits of growth in emerging Asian markets.

We have been pursuing opportunities from all perspectives not only in Indonesia, but also in India, Vietnam, and the Philippines, as target countries of investments where high economic growth is expected.

Under the multi-franchise strategy of “creating a second and third SMBC Group in Asia“, our continuous efforts to search for the seeds of future platforms finally bore fruit. There are three keywords that I have been saying to promote this strategy.

First is “Full-line businesses“. SMBC branches traditionally have been engaged in businesses with large corporations, but I think it essential to enter the retail business to capture the fruits of a country's economic growth.

In Indonesia, we have already started building the second SMBC Group by integrating BTPN with our local subsidiary and utilizing the group strengths including auto finance, leasing, and securities.

We will consider initiatives in the other three markets, too.

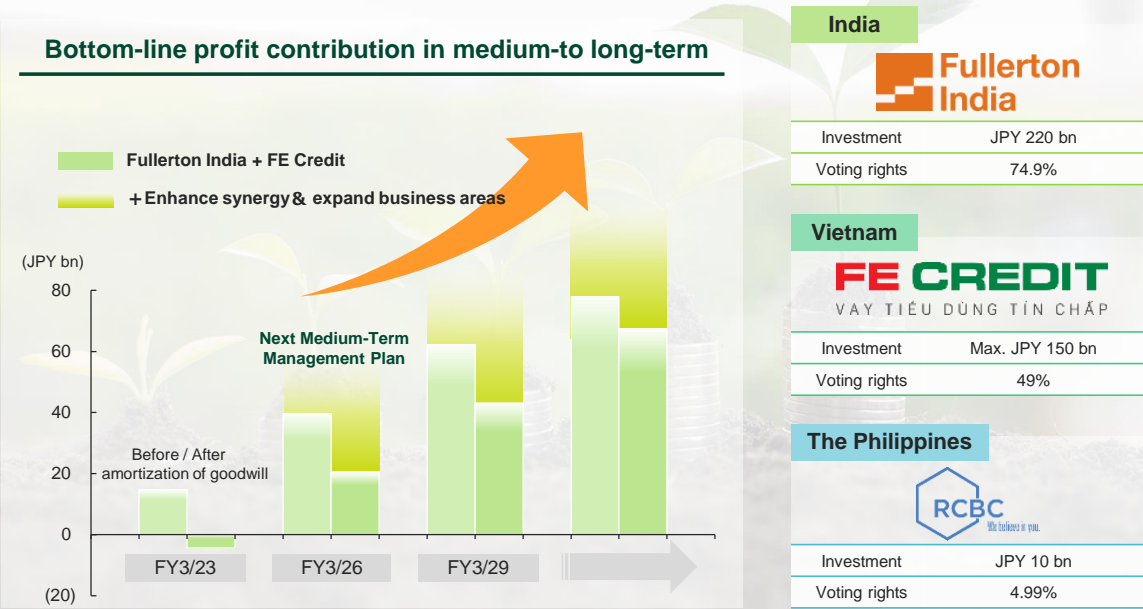
Second is “Localization“. We do not push Japanese way but learn and firmly commit to local markets.

We have been discussing various topics regarding future developments with our local business partners including their management team. I am really looking forward to the future.

In order to nurture Asia business as our mother market following Japan, we will firmly focus on post merger integration as well.

Capture growth in Asia

Draw J-curve growth in bottom-line profit by enhancing synergies and expanding business areas.



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The third keyword is “Commitment.”
I have been committing to this multi-franchise strategy as a ten- to twenty-year strategy to nurture Asian countries as a second mother market.
Here we show the image of bottom-line profit contribution from investments in India and Vietnam.

In addition to the linear growth of Fullerton India and FE Credit based on their current business model, we will create synergies and expand business areas to achieve the first keyword “Full-line businesses”.
Although we have certain goodwill amortization as these businesses have high growth potential, we will nurture the seeds of businesses in a long-term and pursue J-curve growth for bottom-line profit even after amortization.

We have completed the share purchase of FE Credit in October, and will receive necessary approval soon for Fullerton India as well.
We will focus on post merger integration and pursue synergies as soon as possible.
With regard to the 4.9% investment in RCBC, I think of this as an entry ticket for the Philippine market and will consider future developments.

Enhance overseas CIB business -Alliance with Jefferies-

Collaborate with Jefferies to improve our presence in the highly growing U.S. securities market.
Started collaborations in the three areas of Sub-IG, cross-border M&A, and healthcare.

1

Sub-Investment Grade

Expand businesses with Sub-IG clients through joint underwriting of LBOs and collaboration in IB deals

Finance income + IB business income

2

Cross-border M&A

Provide proposals for Japanese clients utilizing Jefferies' global knowledge and network

Joint FA in Japanese cross-border large M&A

3

Healthcare

Leverage Jefferies' industry-leading coverage as well as SMBC's customer base and balance sheet

M&A advisory and ECM in large-scale deals

League table^{*1} Jefferies

Global M&A			
Rank	Investment Bank	Fee Market Share	Δ since FY 2016
1	Goldman Sachs	11.5%	
2	JPMorgan	9.5%	
3	Morgan Stanley	7.4%	
4	BofA Securities	5.4%	
5	Citi	3.9%	
6	Jefferies	3.8%	↑ from 13
7	Barclays	3.4%	
8	Credit Suisse	3.2%	

U.S. Sponsor Backed LBO Financings			
Rank	Investment Bank	Fee Market Share	# of transactions
1	Credit Suisse	8.1%	100
2	BofA Securities	6.9%	81
3	Jefferies	6.6%	79
4	JPMorgan	6.3%	43
5	Barclays	6.1%	85
6	Antares Capital	5.6%	66
7	Deutsche Bank	5.0%	71
8	Goldman Sachs	4.7%	60

^{*1} Jan-Sep 2021 (Source: Jefferies disclosure material)

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Next, I would like to explain our strategic alliance with Jefferies to strengthen our overseas securities business.

Unfortunately, I must admit that our overseas securities business is holding subordinate position to our peers. Especially last year, we were not able to take advantage of the favorable market conditions as much as our competitors did and the gap with them became larger.

The key action to overcome this situation is the alliance with Jefferies.

I had a chance to meet with President Friedman two years ago. Our enthusiastic discussion on potential business opportunities from the combination of the two companies triggered this alliance.

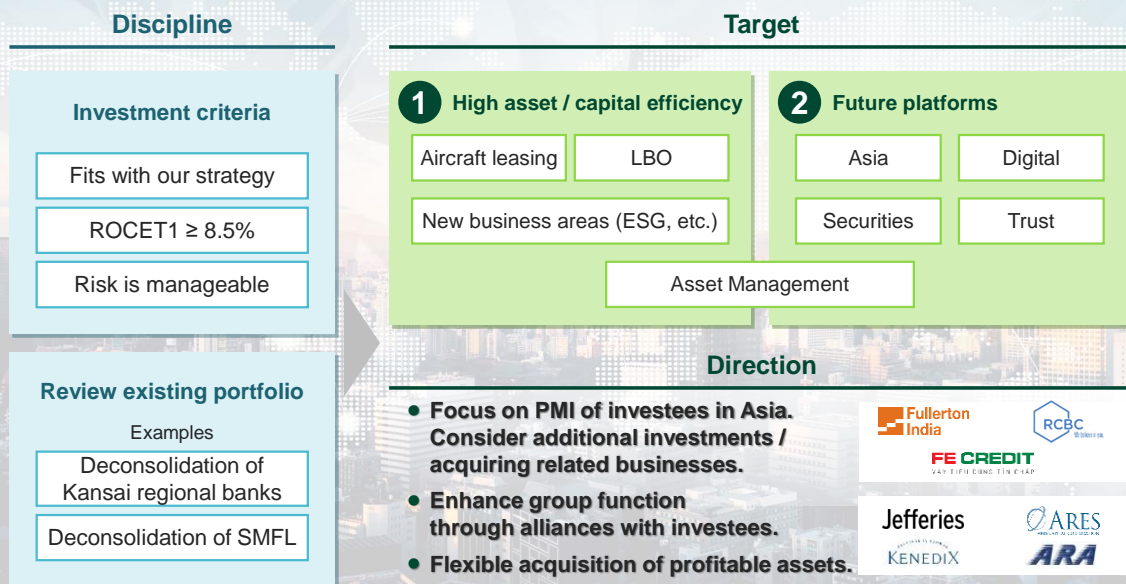
Although it took time, our partner is very positive towards the alliance and I am proud that we were able to reach a very good agreement.

As shown on the slide, we have begun collaboration in three areas where we can maximize each other's strengths: Sub-IG, cross-border M&A, and healthcare. We made a good start with some early wins in the Sub-IG business.

We will continue to expand our collaboration in areas where we can build a win-win relationship while realizing the benefits of the alliance by steadily building up a track record in each area.

Aim for growth with quality

Focus on Post-merger Integration (PMI) and enhancing alliances with investees, while pursuing high-quality growth opportunities with discipline.



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So far, I have explained the investment projects announced in 1H. Here I would like to touch on the overall picture of our inorganic strategy.

As shown on the left-hand side, there is no change in our criteria when considering new investments. We will also continue to review our existing portfolio in order to improve asset and capital efficiency.

We have not changed the two investment targets of “businesses that can be expected to promptly contribute to improve our asset and capital efficiency” and “businesses that contribute to building future platforms” either.

For the time being, we will focus on post merger integration and generating synergies in Asia, and enhance our group functions in asset management business and overseas security business through alliances with investees.

We would also like to consider new investments including additional purchase of existing investees if there are good targets that meet the criteria.

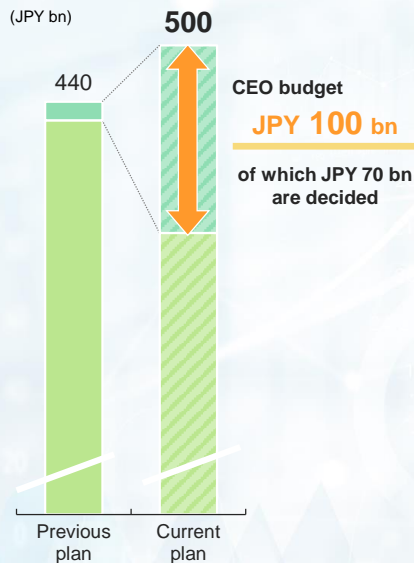
I believe that we can continue to pursue quantitative growth with quality.

Pursuing growth will motive employees to follow their dreams and passion, and I think this would in turn result in our further growth.

I would like to generate this good cycle, in order to sustainably grow our bottom-line profit and return it to shareholders.

IT investment for future growth

IT investment and the use of CEO budget in the Medium-Term Management Plan



Enhance management base

JPY 50 bn

- Group accounting system
- Improve productivity

Digital / New business

JPY 30 bn

- Digital solutions for corporates
- Visualize GHG emissions

PlariTown
Amulet

Biz-Create

Sustana

Business strategy

JPY 20 bn

- Retail branch reorganization
- Remote marketing tool

SMBC The PERSONAL



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So far, I have explained about inorganic growth.

Of course, we will also strongly pursue organic growth and will allocate necessary resources to IT investments.

Under the current Medium-Term Management Plan, we have secured JPY 100 bn as the CEO budget to invest flexibly in businesses that are expected to grow in the future, while the cost of ordinary system management was decreased compared to the previous plan.


JPY 70 bn of investments have been decided to date and more projects are also under consideration.

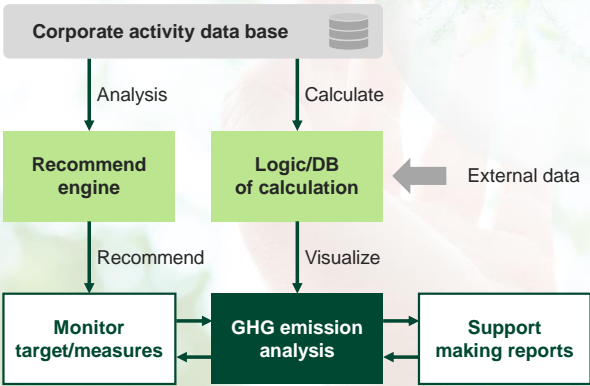
Examples shown in this slide are expected to contribute to future business expansion and operational efficiency, and I am very looking forward to it.

Among these, GHG emission visualization tool is a very interesting approach that combines digital and green. I will tell a little more in the next slide.

Cloud service of visualizing GHG emissions

Sustainability + Analyze =





Image



* Announcement will be made soon

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To realize net-zero management, every company needs to start compiling and analyzing data to acknowledge the GHG emissions of the company itself and supply-chain. They also need to set a concrete reduction target and initiatives to realize it, and this is an area where many challenges lie.

“Sustana” has many functions to support calculating GHG emissions and promote reduction plan.

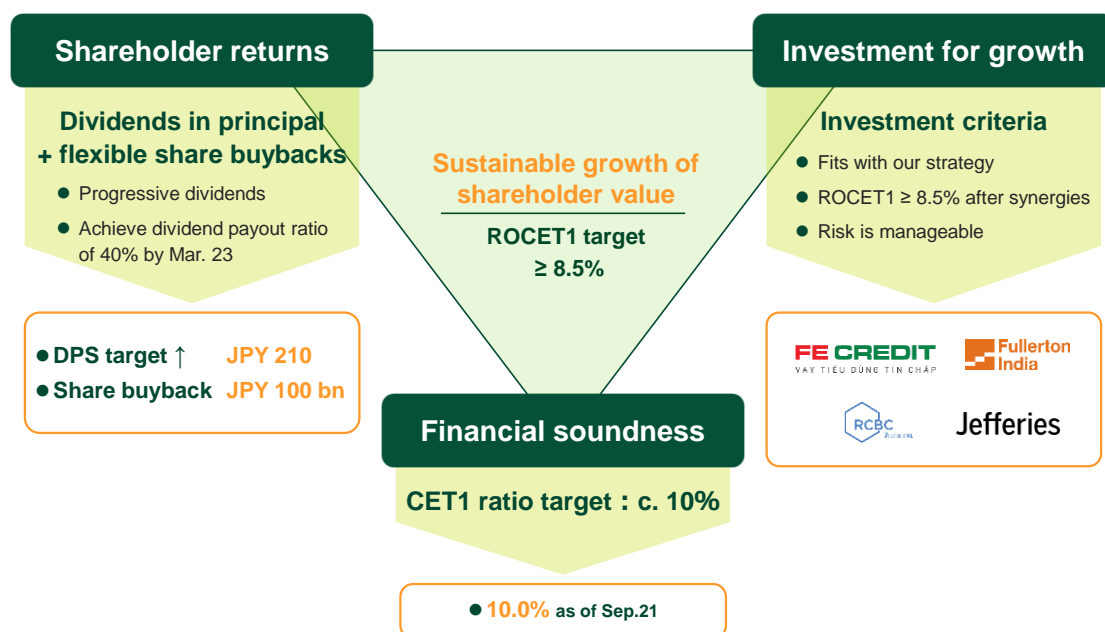
By utilizing Sustana as a starting-point to offer finance and other solutions to our clients, we aim to contribute to realizing net-zero society



III. Capital Policy

So far, I have talked about investment for growth.
Next, I will explain the capital policy which is the basis for this.

Basic Capital Policy



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Our basic capital policy remains unchanged; we will achieve a healthy balance among securing financial soundness, enhancing shareholder returns, and investing for growth.

For investing for growth, we have allocated JPY 430 bn to inorganic transactions as explained so far.

For shareholder returns, we have decided to increase dividends per share to JPY 210 and to conduct share buyback up to JPY 100 bn, in order to achieve our progressive dividends policy and flexible share buyback.

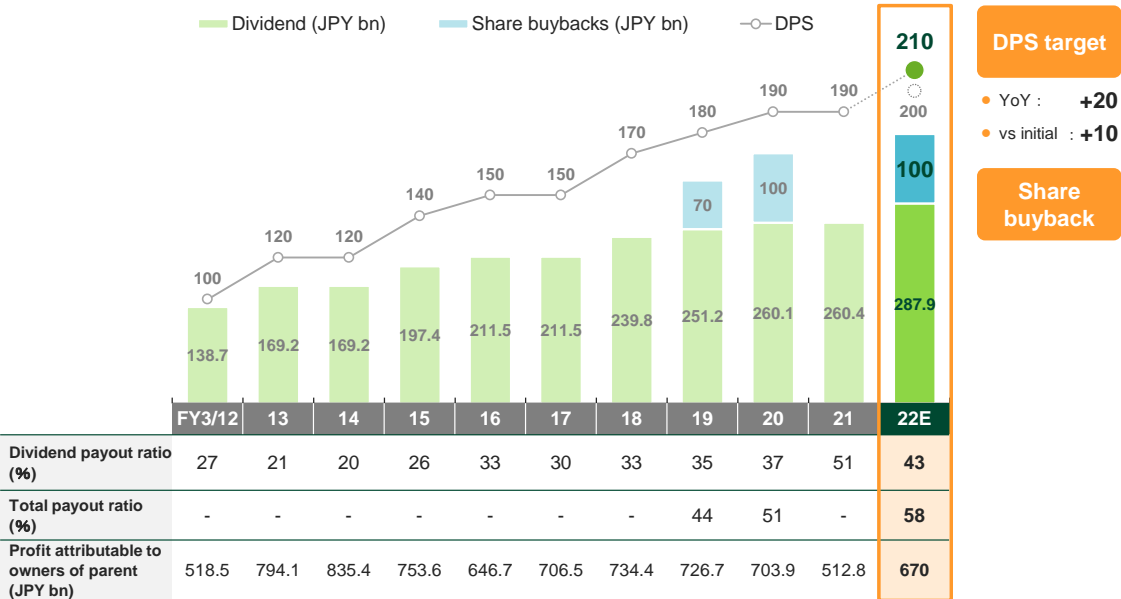
You may think that we are allocating much more on investment for growth despite we say “healthy balance”.

However, investment for growth depends on time constraints and sometimes concentrates in a short term. On the other hand, there are times when there are no opportunity for growth investment. That is why we state flexible share buybacks.

We will pursue appropriate capital allocation, flexibly in the short-term while striking a right balance in the medium- to long-term.

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.)



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This slide shows the trend of shareholder returns and our latest announcement.

We decided to raise DPS target to JPY 210, by JPY 10 from initial one and by JPY 20 YoY. This was because we raised our bottom-line target and have confidence that our earning is steadily recovering and growing.

I promised to achieve dividend payout ratio of 40% in FY3/2023, with bottom-line profit of over JPY 700 bn on a core earnings basis. We have raised our DPS target to show a stable path for this goal. I have certain confidence to achieving the bottom-line target this fiscal year as the negative impact of COVID-19 is declining.

For share buyback, we resolved the repurchase of our shares up to JPY 100 bn as we continued considering and monitoring the situation of COVID-19, the actions of our peers in Europe and the U.S., and our status of capital.

I am not satisfied with our current stock price. We will further consider share buyback flexibly, while pursuing growth with quality as I explained.

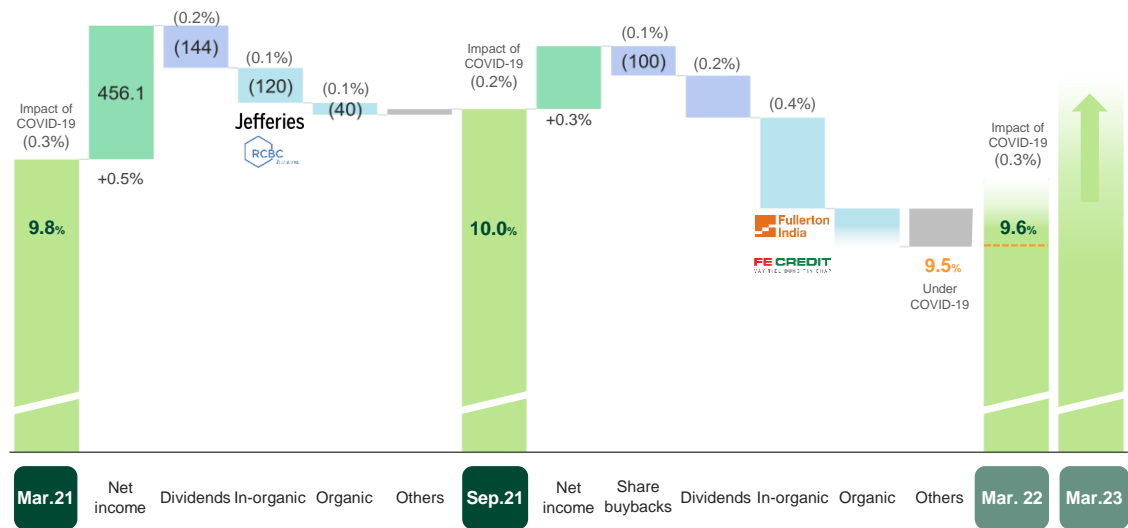
We are currently pending the buying order, as SMBC Nikko and its employees are under investigation by the Securities and Exchange Surveillance Commission. That is the reason why the repurchase period is scheduled for one year, which is longer than the period for our past share buybacks.

Of course, we could have announced share buyback after we are ready to make buying orders. However, I chose to announce at this moment in order to convey my strong will to enhance shareholder returns as I commit.

The repurchase period we set this time will not affect our decision making process on the timing of future share buybacks.

Capital Allocation

Maintain financial soundness after investment for growth and shareholder returns. CET1 ratio is expected to be within the current target range as of Mar.22 and to recover to the initial target level as of Mar.23.



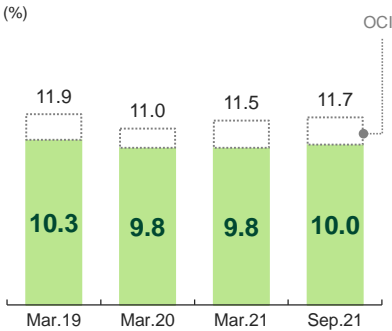
This slide shows our capital allocation.

After investment for growth and shareholder returns I explained so far, we expect to achieve CET1 ratio of 9.6% as of March 2022, which is within the current target range.

If we exclude the negative impact of COVID-19 of around 0.3%, the CET1 ratio of March 2022 would be 9.9%. It is estimated to come back to the original target level of c.10% by FY3/2023 as the impact of COVID-19 becomes smaller.

(Ref.) CET1 Ratio

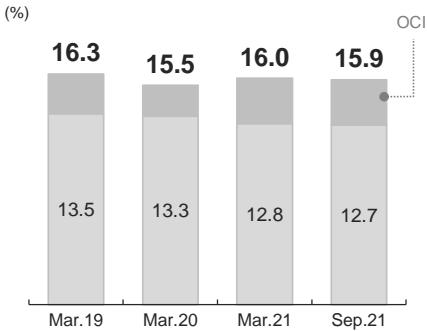
Post-Basel III excl. OCI (financial target)



(JPY tn)

RWA	76.8	83.5	86.4	87.4
CET1 Capital	8.0	8.2	8.5	8.7

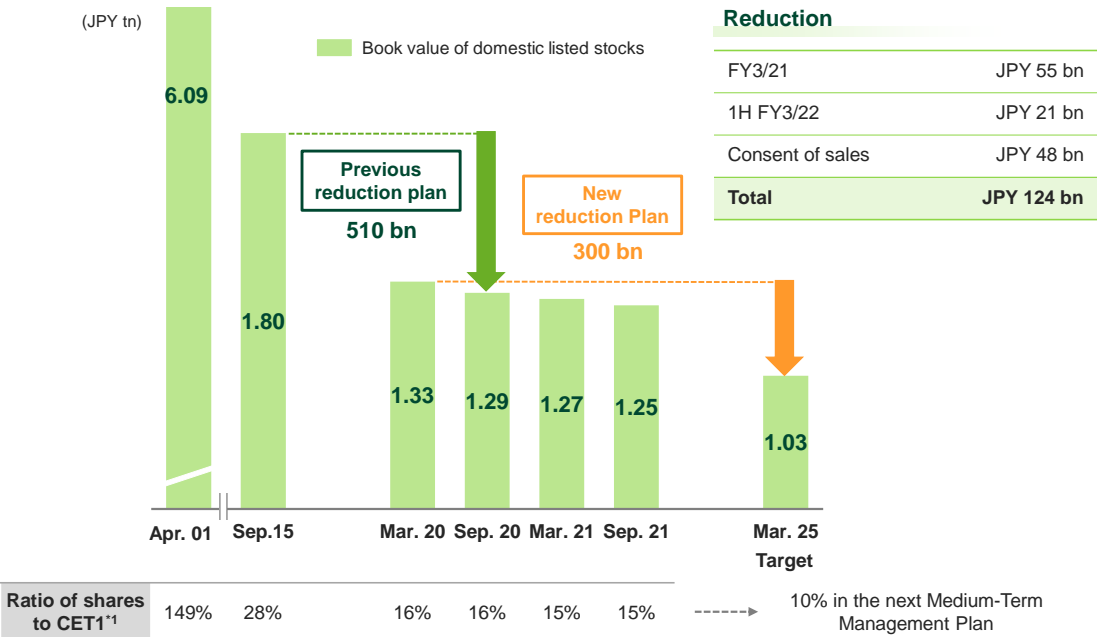
Basel III fully-loaded basis



(JPY tn)

58.9	61.6	66.0	68.7
9.7	9.6	10.6	10.9

Strategic shareholdings



*1 Basel III fully-loaded basis, excl. OCI. Tier 1 (SMBC consolidated) for Apr. 2001.

Reduction of strategic stockholdings is progressing generally in line. The amount of reduction including consent of sales is JPY 124 bn in total, while we plan to reduce JPY 300 bn in five years from April 2020.

In addition to achieving our plan, we will make every effort to pursue the upside as the environment is now experiencing a tailwind for accelerating reductions, such as the reorganization of Tokyo Stock Exchange and the penetration of the corporate governance code.



IV. Progress of Medium-Term Management Plan

Here, I will explain the progress of the Medium-Term Management Plan and future initiatives.

Medium-Term Management Plan (FY3/21-FY3/23)

Core Policy

Transformation

Transform existing businesses

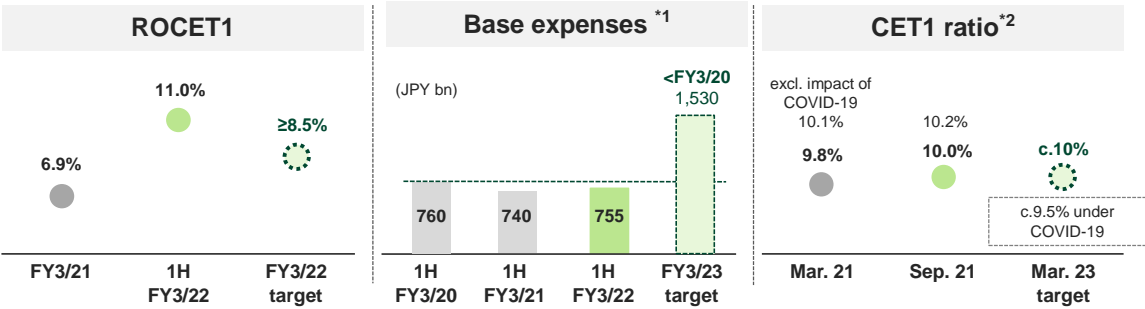
Growth

Seek new growth opportunities

Quality

Elevate quality in all aspects

Financial targets



^{*1} G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost and others.
Exchanged at USD1=JPY105 ^{*2} Post-Basel III reforms basis, excludes OCI

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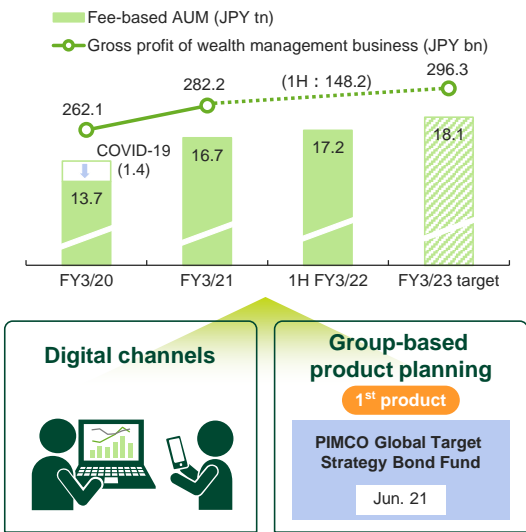
First, the three financial targets are steadily progressing.

Base expense increased YoY due to the recovery of economic activities from COVID-19, but it still maintained a lower level than the target.

Wealth management business

Group-based approach and acquisition of new customers resulted in steady profit growth.

Expand profit by group collaboration



Acquire new customers

Affluent customers

Regional private banker	Approach to business owners on a group-basis
New Securities Sales Dept.	Acquire customers of SMBC by RM from SMBC Nikko

Young generation / beginner investors

SBI Securities × SMBC SUMITOMO MITSUI CARD

Installment investment with credit cards

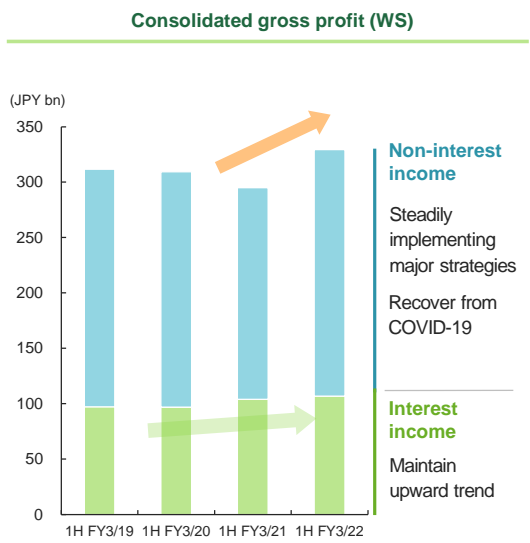
Save V points	Start from JPY 100	Tsumitate NISA
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Wealth management business is steadily growing by continuously enhancing digital sales and group-wide product planning, in addition to a favorable market environment. We are also strengthening our approach to new customer bases.

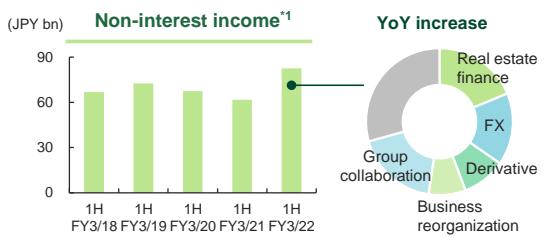
Domestic wholesale business

Interest income maintains its upward trend.
Non-interest income also increased mainly due to the strong performance of businesses with SMEs.

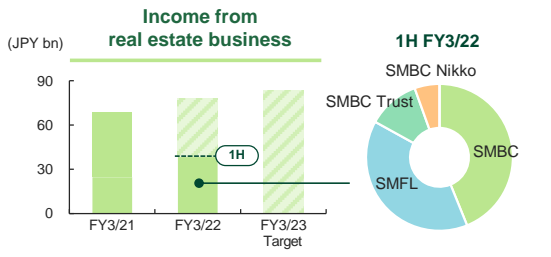
Trend of profit structure



Business with SMEs



Group-based approach to real estate business



*1 Corporate Banking Division

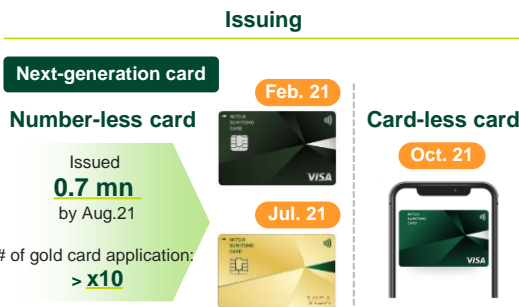
Domestic corporate business is showing good progress and consolidated gross profit for the first half is exceeding its pre-COVID level.

Especially, businesses with SMEs are increasing. Opportunities to provide solutions that capture changes in the environment have expanded as the financial events of clients increased (e.g. real estate-related business reorganization.)

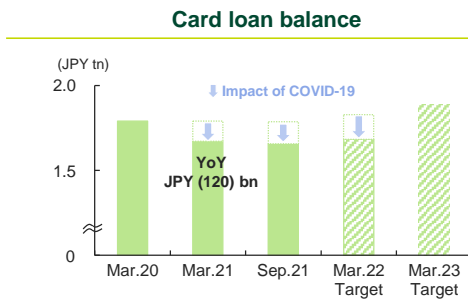
We will strengthen our group-wide approach in real estate business to steadily increase profits.

Payment business

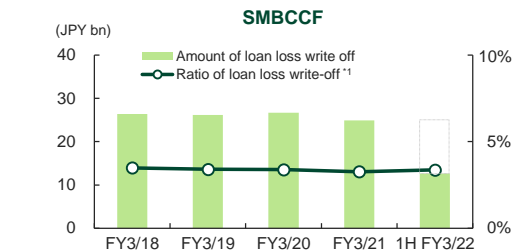
New services of credit card business



Consumer finance takes time to recover



No significant change in asset quality



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In the credit card business, shopping volume of daily consumption in e-commerce and supermarkets is increasing, while traditional use of credit cards such as travel, leisure, department store, etc. is still struggling.

Shopping volume is currently recovering to its pre-COVID level by the increase in daily consumption offsetting the decrease in traditional usage.

We continue to enhance acquiring business by “stera” payment platform.

In the issuing business, “number-less card” launched in February is making good progress and the number of issuance increased largely.

We will further capture the growth of cashless market from both acquiring and issuing sides.

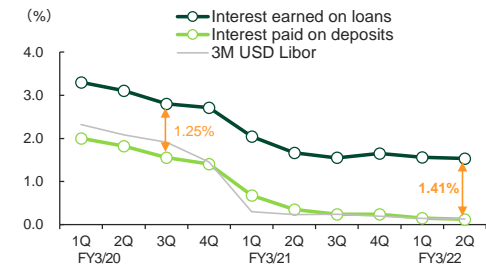
In the consumer finance business, the card loan balance decreased by JPY 120 bn in FY3/2021 because of sluggish consumption and repayment using the special cash handout by the government. Therefore, we expect it will take time to recover to its pre-COVID level.

Now that the state of emergency has been lifted and the reopening of the economy is expected to accelerate, we aim to recover the balance as soon as possible by capturing the recovery of individual consumption.

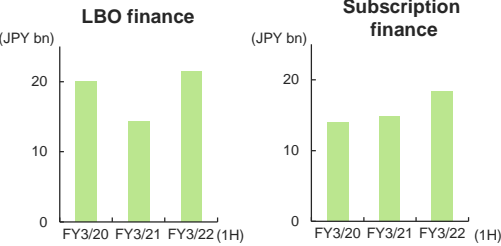
Asset and capital efficiency

Improve profitability

Overseas loan-to-deposit spread



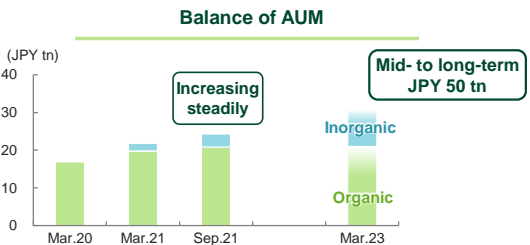
High-profit products (overseas)



*1 Boxes with shades are invested after 2020
*2 To be acquired 100% by ESR Cayman Limited. SMBC will hold 4.6% after transaction
*3 Shareholding ratio of SMFL

Enhance asset light business

Asset management business^{*1}



	U.S.	Europe	Asia	Japan
Stocks		TT International 100%	China Post & Capital Fund Management	SMDAM
Bonds	ESG AIM 15.6%	15.6%	23.7%	50.1%
Alternative	ARES Management 5.9%	ARA Asset Management ^{*2} 10%		Alternative Investment Capital 60% Kenedix 70% ^{*3}

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Improving asset and capital efficiency is also one of our important initiatives.

We have been working to reduce high-interest deposits under the steady funding environment and enhance high-profit products such as LBO finance and subscription finance to improve profitability.

We also focus on businesses which do not rely on expanding balance sheet. In the asset management business, AUM is increasing including overseas investees such as ARES Management and ARA Asset Management.

Cost Control

Steady progress of initiatives toward the reduction target of JPY 100 bn and additional.

Key initiatives	Target	Results	Status of initiatives
Reform of domestic business	(50) bn	(31) bn	<ul style="list-style-type: none">Reduced workload of 2.3K people<ul style="list-style-type: none">a) reform retail businessb) reallocate workforce of wholesale businessc) improve efficiency of headquarters
Retail branch reorganization	(25) bn	(11) bn	<ul style="list-style-type: none">Shift to smart branch: 94, 250 will be completed in FY3/22Cashless branches: 60
Integration of group operations	(25) bn	(13) bn	<ul style="list-style-type: none">Integrate functions of SMCC and SMBCFSReview overseas expenses
(10)bn - (20)bn		(55) bn	

This slide shows our cost control.

In May, I explained that we added another JPY 10 to 20 bn cost reduction on top of the original target of JPY 100 bn due to the acceleration of the digital shift. As you can see here, we are right on track.

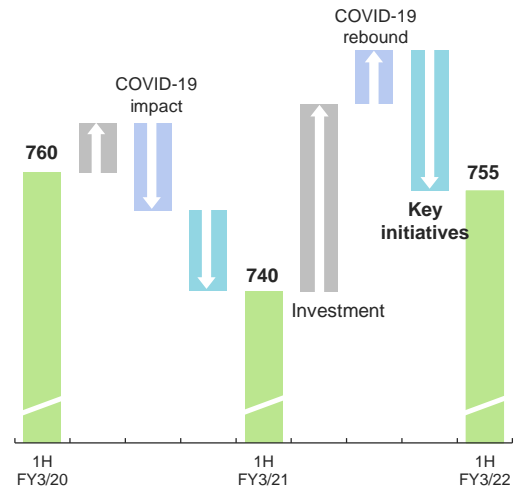
The high cost efficiency is one of our strengths that we must stick to. To maintain and improve this strength, we will continue to make every effort to cost control on a group-basis and pursue more upsides.

(Ref.) Base expenses and headcount

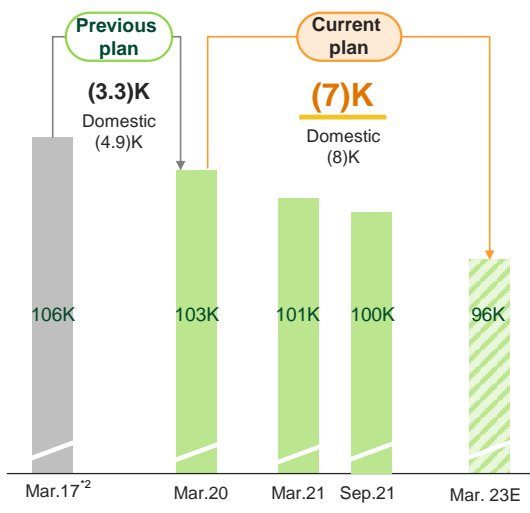
Base expenses increased YoY due to smaller impact of COVID-19 but decreased from 1H FY3/20. Amount of investment came back on track by recovering from COVID-19.

Base expenses*1

(JPY bn)



Headcount



*1 G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost and others. Exchanged at USD1=JPY105. *2 Added the impact of group reorganization retrospectively

Digital platform

UI/UX transformation



For individuals

- Available 24/365 **1st mega bank**
- Increase transactions which can be completed on website

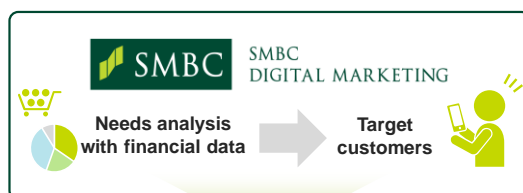


For corporates

- All corporate accounts can use SMBC online banking system
- Web passbook



Advertising business



Example

SHISEIDO



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Under COVID-19, the digital transaction increased dramatically in both retail and wholesale businesses. Therefore, I think the usability of digital channels will be a competitive edge.

Under the slogan “Become a financial group most chosen by customers through the power of design”, we have hired in-house designers to offer digital channels with high quality user interface and user experience which enable customers to use without frustration.

We are also focusing on the development of new businesses using apps.

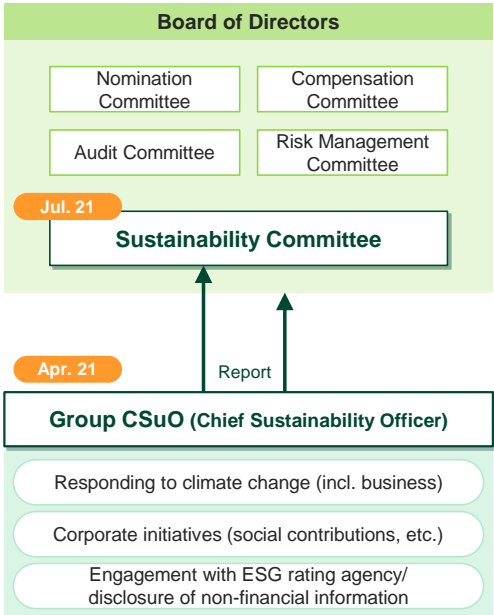
In advertising business, we distribute ads on SMBC apps which fit customer needs, utilizing financial data held by SMBC Group.



V. Initiatives for Sustainability

This last section explains our initiatives for sustainability.

Sophisticate sustainability management



First Sustainability Committee

- Shared values and awareness of problems
- Plan to discuss specific issues at future committees, e.g. climate change, human rights

Chairman



Director
Eriko Sakurai



Director
Masaharu Kohno



UTokyo Prof.
Yukari Takamura



Chairman
Takeshi Kunibe



Director
Jun Ohta



JRI
Senior Counselor
Eiichiro Adachi

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To sophisticate our sustainability management system, we appointed the Group CSuO on the executive side.

On the supervision side, we established the Sustainability Committee as an internal committee of the Board of Directors.

The first Sustainability Committee was held in October. Each member including myself shared his/her values and awareness of problems, and had lively discussions. We plan to continue further discussions on specific topics like climate change and human rights at future committees.

Structure of the Board

Internal Directors
(executive)
5 directors

Internal Directors
(non-executive)
3 directors



2 women



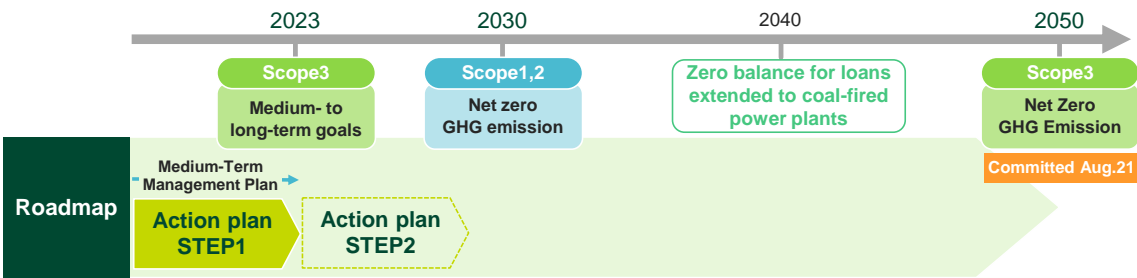
1 foreign national



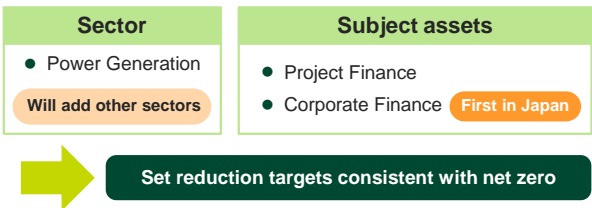
		Knowledge and experience we expect in particular				
		Management	Finance	Global	Legal	Accounting
Masayuki Matsumoto						
Arthur M. Mitchell						
Shozo Yamazaki						
Masaharu Kohno						
Yoshinobu Tsutsui						
Katsuyoshi Shinbo						
Eriko Sakurai						

Initiatives against climate change

Committed to achieve net zero GHG emissions of Scope3*1 by 2050.
Accelerate climate change actions through participation in global initiatives.



Calculate Scope3 GHG emissions



Participate in global initiatives



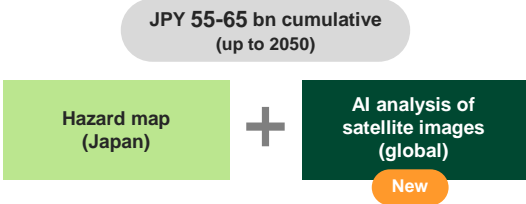
*1 Investment and loan portfolio

In May, we established the “Roadmap Addressing Climate Change” in order to contribute to realizing a carbon-neutral society.
In August, we committed to achieve net zero GHG emission of Scope3 by 2050, which is the entire loan and investment portfolio.
We plan to set medium-to long-term GHG reduction target in the current Medium-Term Management Plan.
As a first step, we disclosed the amount of GHG emissions from the power generation sector in our TCFD Report, as the first Japanese bank which included corporate finance in the calculation.
In October, we joined three global initiatives including Net Zero Banking Alliance.

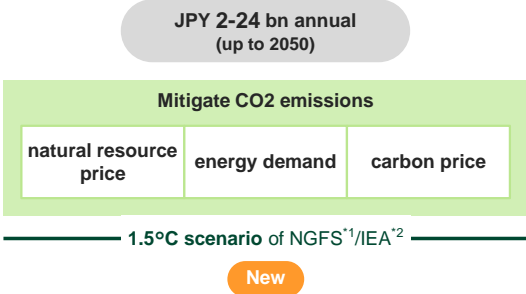
Manage climate change risks

Sophisticate scenario analysis

Physical risks



Transition risks



Stricter Sector and Business Policies

Coal-fired power generation	Oil and Gas	Hydroelectric power generation
Coal mining	Tobacco manufacturing	Nature conservation areas
Palm oil plantation development	Deforestation	Weapon manufacturing

Revised FY3/22

Coal-fired power generation
Support for newly planned coal-fired power plants and the expansion of existing plants are not provided.
<Understanding of the business/sector>
<ul style="list-style-type: none">• SMBC Group expects our customers to establish and publicly announce long-term strategies aimed at realizing a carbon neutral business model and other initiatives to address climate change.• Moreover, SMBC Group will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.
Palm oil plantation development and deforestation
Added a passage requesting customers to comply with NDPE
(No Deforestation, No Peat, No Exploitation)

*1 Network for Greening the Financial System *2 International Energy Agency

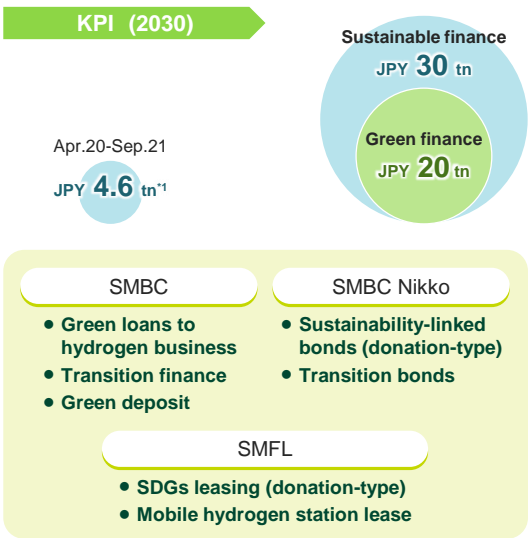
To manage our climate change risks, we have enhanced our scenario analysis method of both physical and transition risks and disclosed the results in our TCFD Report.

We utilize the results not only for strengthening our risk management, but also for engaging with clients to support their smooth transition to a carbon-neutral society.

Solutions to climate change

Support clients' climate change initiatives as well as promote new businesses with digital solutions.

Provide solutions on a group-wide basis



*1 Excluding sustainability finance in FY3/21

Digital solutions

Support TCFD disclosure

- Analyze climate change risks
- Visualize financial impacts



Visualize GHG emissions



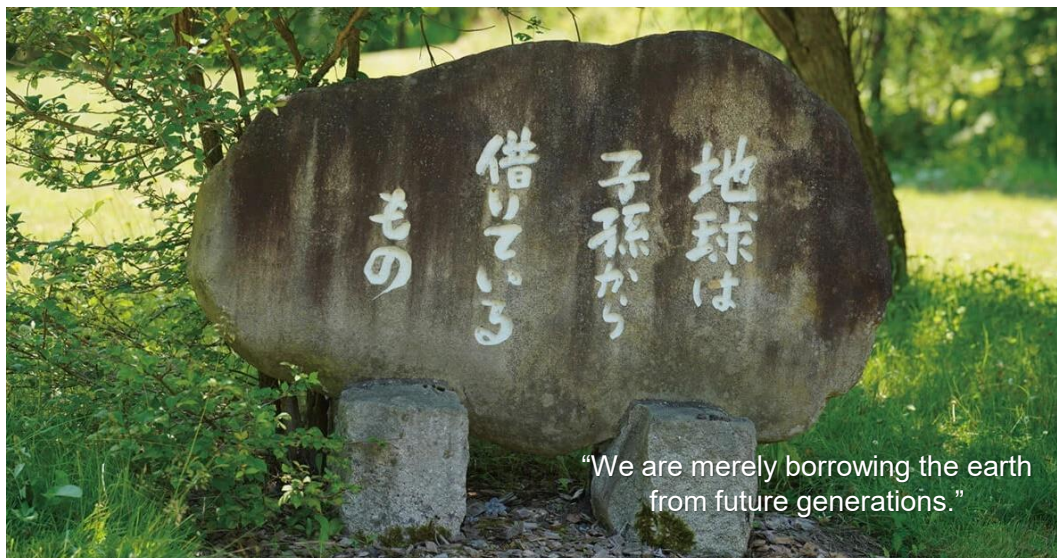
We emphasize engagement with clients to encourage an orderly transition towards net zero.

As a solution provider, we will grasp their issues and support their climate change initiatives.

As shown on the right-hand side, we are also working to provide new digital solutions like Sustana, which introduced earlier.

Achieving sustainability

Create a society in which today's generation can enjoy economic prosperity and well-being, and pass it on to future generations.



A monument placed on "The Trails of the Earth" at Furano Field in Hokkaido, founded by Mr. Soh Kuramoto (screenwriter)

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Finally, let me convey my thoughts on sustainability.

SMBC Group has extended support to Furano Field since its foundation, founded by a screenwriter Mr. Soh Kuramoto. There lies a 460 meter "The Trails of the Earth" which represents the earth's 4.6-billion-year history. In that trail, only a mere 2 centimeters represent human history. Following the industrial revolution, a period which saw the start of global warming, is a mere 0.02 millimeters. The earth's environment, which took a long time to build, is now about to be destroyed in such a short term.

This monument which says "we are merely borrowing the earth from future generation" is placed right at the end of the trail.

It is our duty to give back the earth to future generations just as it was. It is a matter of course to give back things we borrowed. If they got dirty, you must clean them. I believe there is no special technique or method to realize sustainability. It is simply doing what is normal.

However, at the same time, it is true that it is getting harder to do the normal thing. That is why we must play a major role as a global financial institution by taking advantage of our connections with customers in various industries and regions around the world.

We would like to proactively participate in giving back this beautiful earth to future generations just as beautiful as it is.

This concludes my presentation.

I sincerely ask for your continued support and understanding. Thank you.