



SUMITOMO MITSUI
FINANCIAL GROUP

SMBC Group IR Day

August 31, 2020



Agenda

■ Opening	Group CEO	Jun Ohta
■ P3 Retail	Senior Managing Executive Officer	Naoki Tamura
■ P9 Wholesale	Senior Managing Executive Officer	Kimio Matsuura
■ P15 Global Business	Deputy President and Executive Officer	Masahiko Oshima
■ P23 Global Markets	Senior Managing Executive Officer	Masamichi Koike
■ P28 CFO Session	Group CFO	Toru Nakashima

Retail

Naoki Tamura,
Senior Managing Executive Officer



Overview of Medium-Term Management Plan

Key strategies

Environment

Growth opportunities in the sluggish domestic economy

- Savings to asset building
- 100-Year life
- Digital / cashless

Continuation of severe business environment

- Thin margin
- NIRP / capital surplus
- Severe competition

Allocating resources
to growth market

Strength

Outstanding group strength

- Mega bank × Top-tier securities company
- Leading payment business

<Cost reduction>
Business process reform

New business
w/digital and IT

No.1 sustainable retail banking franchise
in Japan

Financial target

Net business
profit

FY3/23

JPY **305** bn

vs. FY3/20

+ JPY **35** bn

ROCET1

FY3/23

12%

RWA

In 3 years

+ JPY **0.4** tn

Previous plan

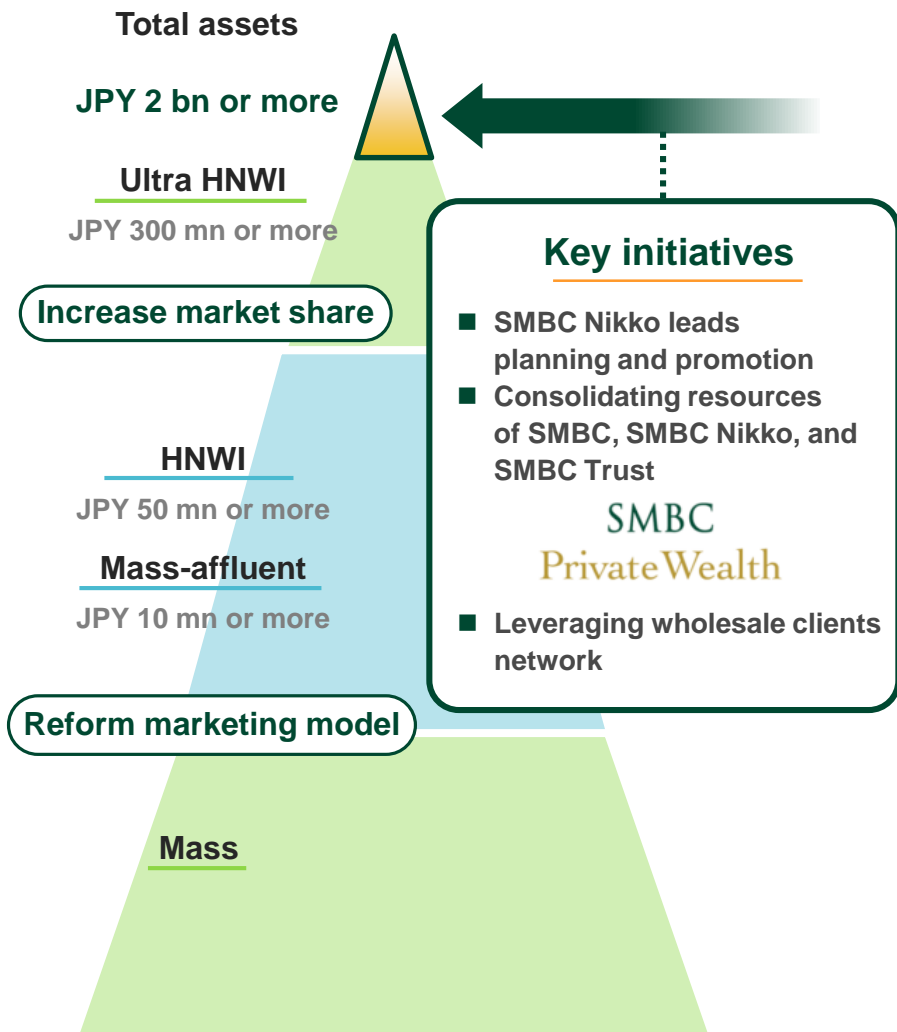
JPY **(0.3)** tn

KPI

	FY3/23	In 3 years
Balance of fee-based AUM	JPY 18 tn	+ JPY 4 tn
Credit card sales handled	JPY 31 tn	+ JPY 10 tn
Balance of card loans	JPY 1.9 tn	+ JPY 0.1 tn
# of digital channels users	8.0 mn	+1.6 mn
Utilization rate	45%	+8%
Cost reduction from retail branch reorganization	+JPY 2.5 bn	-

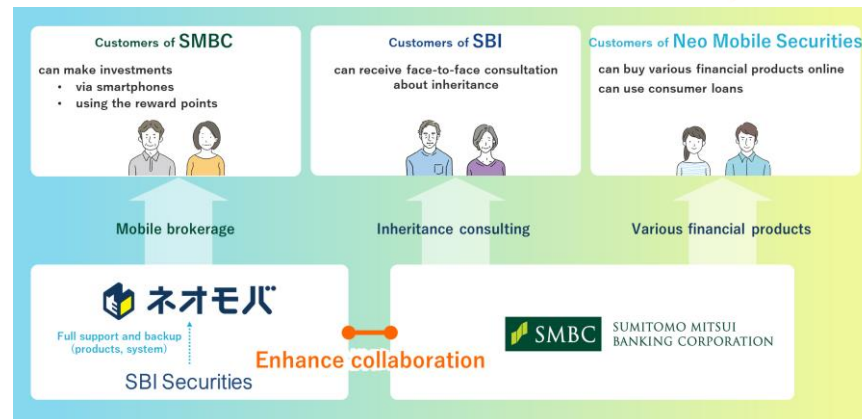
Sustainable growth of wealth management business Focus

Enhance capability for HNWI business



Acquiring new customers

COVID-19
Digital and remote needs



“100-year life” business

COVID-19
Inheritance needs

SMBC money plan

Feb. 20



Online inheritance services

Jun. 20



Reverse mortgage

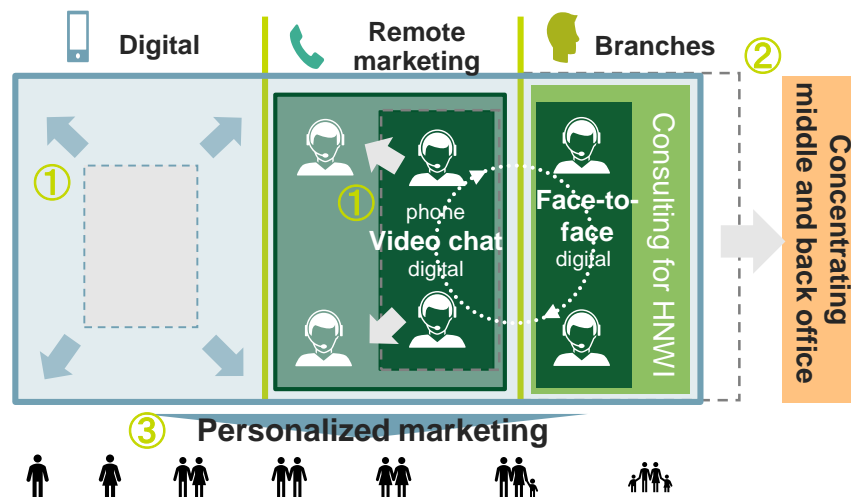
Jun. 20



Sustainable growth of wealth management business Transformation

Reform marketing model

1. Enhance digital and remote channels
2. Focus on consulting for HNWI at branches
3. Realize Online Merges with Offline (OMO)



Accelerate OMO

Changes due to COVID-19

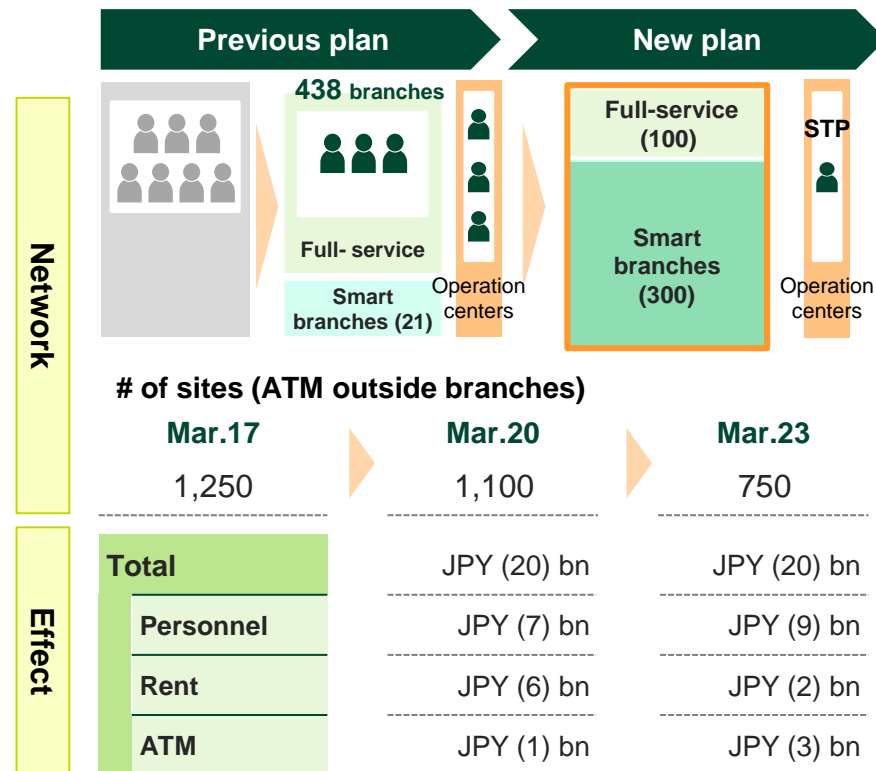
Increase in needs for /acceptability of remote services

Rise in face-to-face value/cost

- Remote tools
- Upgrading apps
- Reservation services



Review channel network (SMBC)



Suspended due to COVID-19, but resumed now

Joint branches

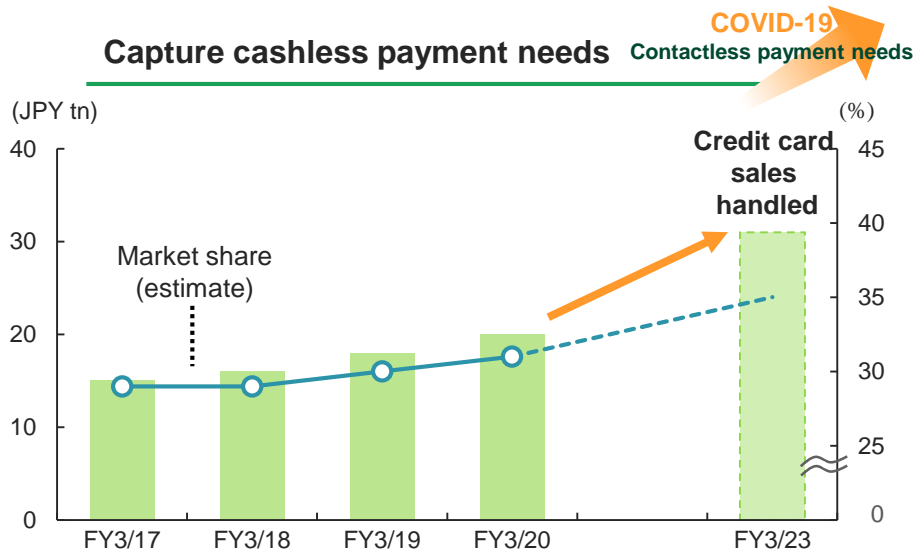
Executing according to plan

Reduction of ATMs

Implementing ahead of the initial plan

Hold the number one position in payment business

Accelerate cashless payment strategies



New payment experience through alliance

Business operators

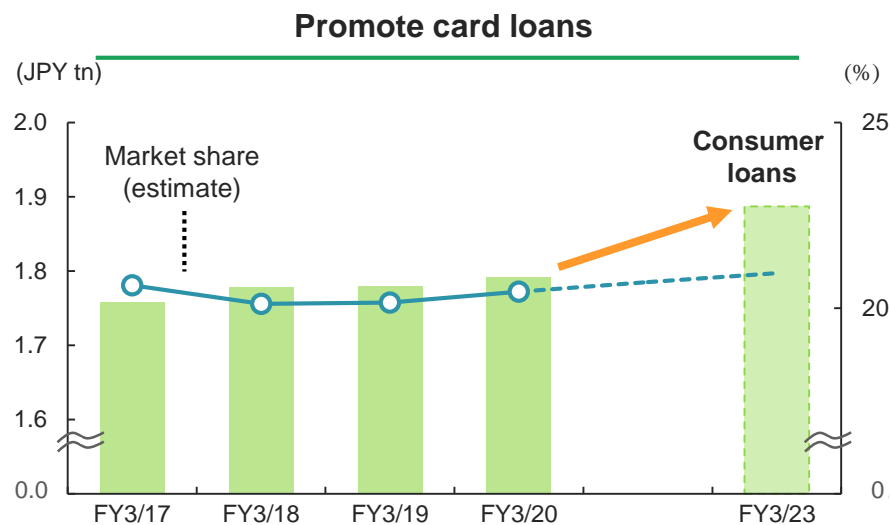


End-users

- New product
 - Platinum preferred
- Alliance with digital companies



Enhance consumer finance business



Promote digitalization

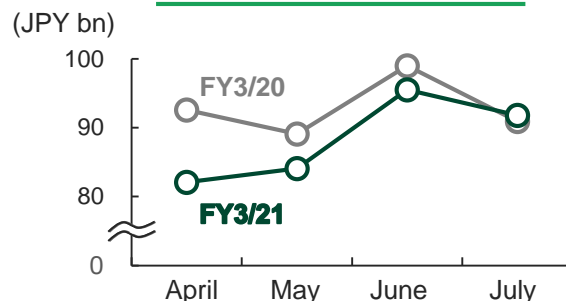


	FY3/17	FY3/20
■ Online application rate	70%	80%
■ App utilization rate	20%	60%

Impact of COVID-19

Impact on our business

Consolidated Gross Profit



Accelerating digitalization

of online opening accounts
YoY **2.4 times**

of digital banking users
YoY **1.2 times**

Wealth management	14.5 (5.9)	17.3 (1.3)	24.5 +4.9	24.4 +2.9
Payment	27.7 (3.1)	29.1 (2.4)	34.4 (7.5)	29.7 (1.6)
Consumer finance	25.2 (0.3)	25.5 (0.4)	24.5 (1.2)	24.6 (1.4)

Above: FY3/21 results Below: YOY changes

Various initiatives



Future response to COVID-19

1. Digital and remote services

Accelerate Online Merges with Offline

2. "Inheritance" and "security and safety"

Introduce products in the "100-year life" era

3. Cashless payment

Accelerate payment business

Wholesale

**Kimio Matsuura,
Senior Managing Executive Officer**



Overview of Medium- Term Management Plan

Key strategies

Our goal

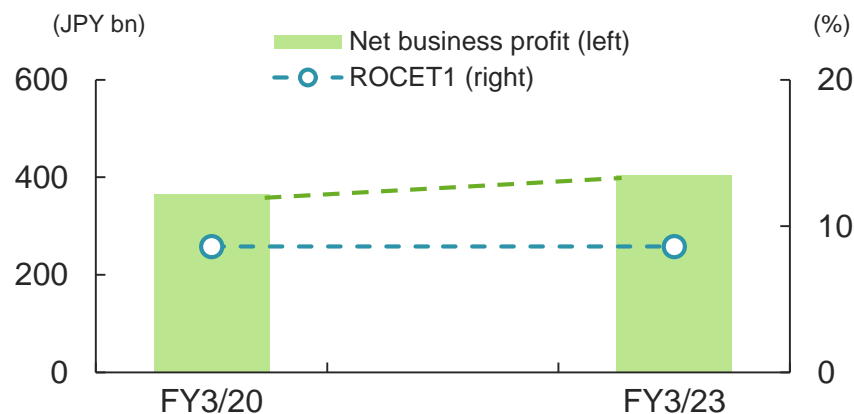
A solution provider solving clients' management issues and sustainably growing with clients

Transformation & Growth

Create new business
by proactively capturing
social trends

Enhance competitive edges
in growing areas

Net business profit/ROCET1



Financial target

Net business profit

FY3/23
JPY **405** bn

Vs. FY3/20
+ JPY **45** bn

ROCET1

FY3/23
9%

RWA

In 3 years
+JPY **1.1** tn

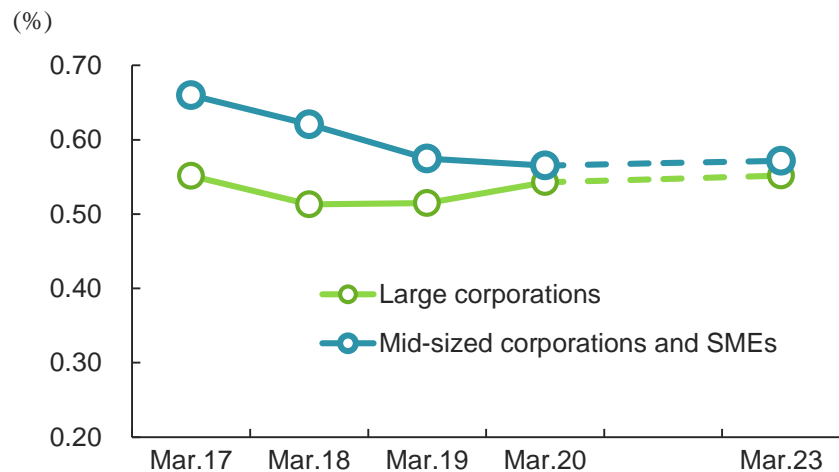
Previous plan
JPY **(0.6)** tn

KPI

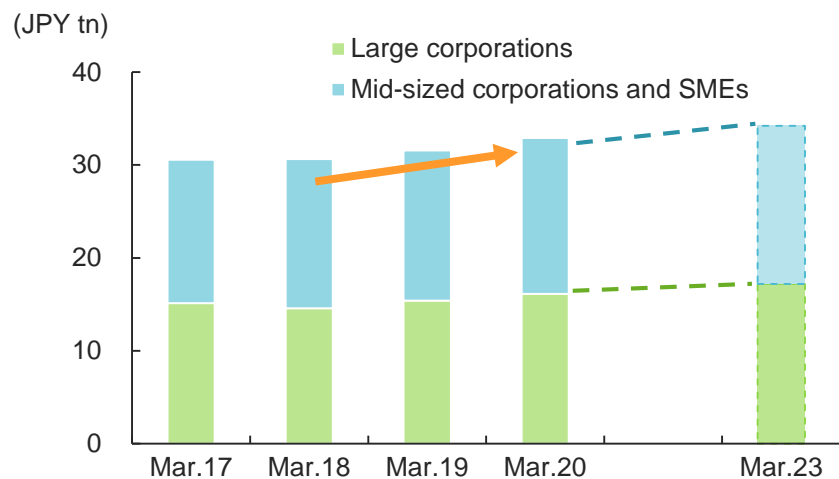
	FY3/23	In 3 years
Base profit	—	+4.8%
Finance and investment in strategic areas	JPY 1.7 tn	JPY 4.4 tn
# of corporate clients providing digital solutions	10,000	+7,000
# of transaction digital solution related	13,000	+11,500
Sustainable finance	—	JPY 1.4 tn
League table (# of Japanese M&A deals over JPY 10 bn)	#2	↑ #2

Transformation of loan spread and profit structure

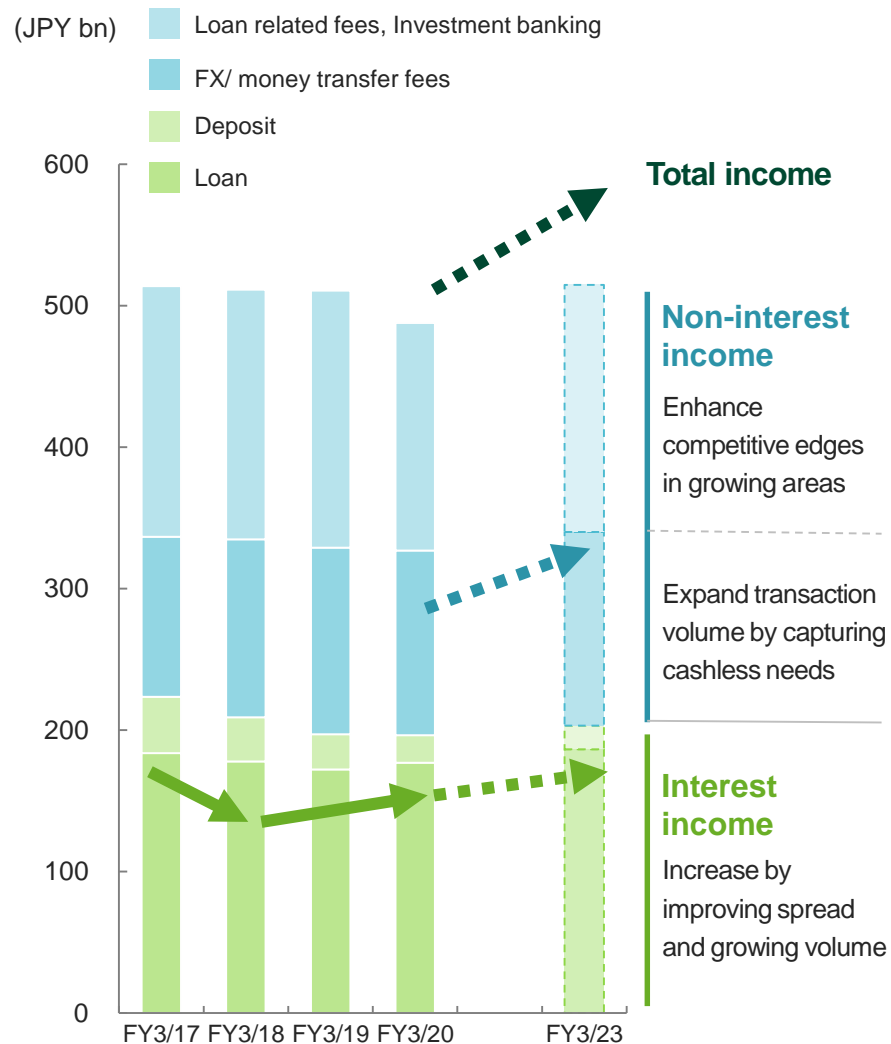
Loan spread



Loan balance



Transformation of the profit structure



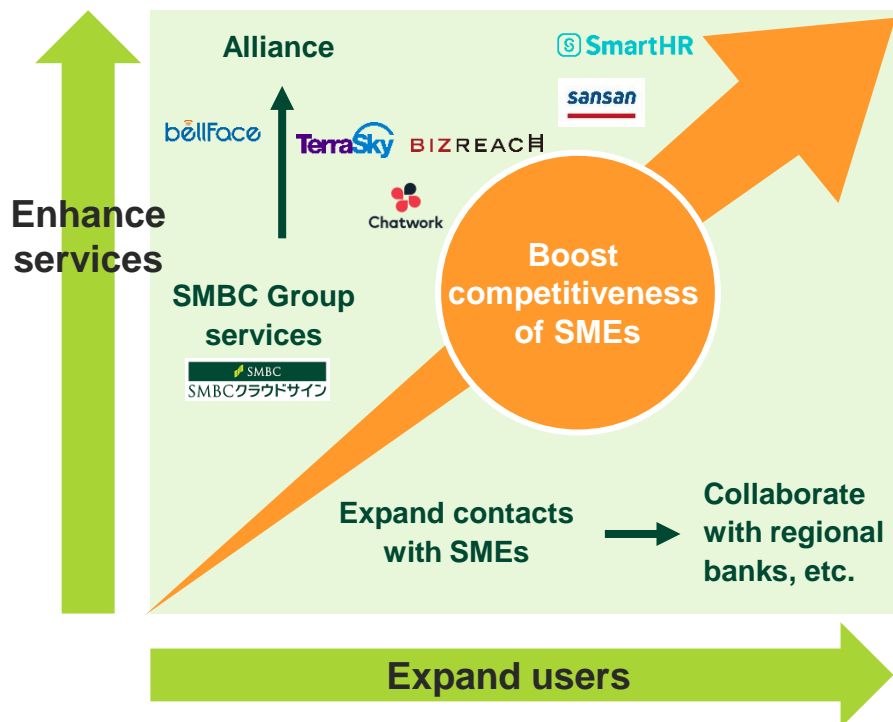
Create new business opportunities in anticipation of social trends

Challenges in digital business

Digital platform

PlariTown

Supporting digitalization of SMEs to boost their competitiveness



Co-creation platform

TOYOTA Wallet

Provide a base for a mobility society by enhancing convenience of daily payments



Payment

Cashless

LAND DATA BANK

Provide financial services to construction industry by using data



Credit

Payment

Cover distribution channels from large corporations to SMEs

Expand to other industries

Wholesale

Manufacturing

Food

Real estate

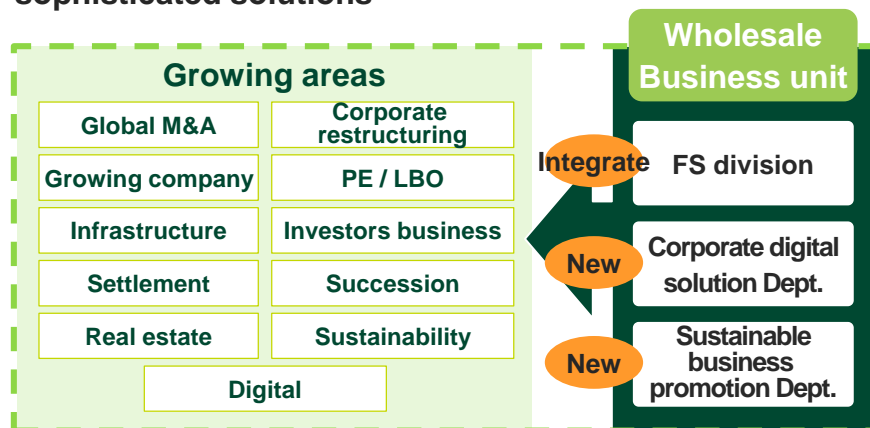
Transportation

• • •

Provide total solutions on a group basis

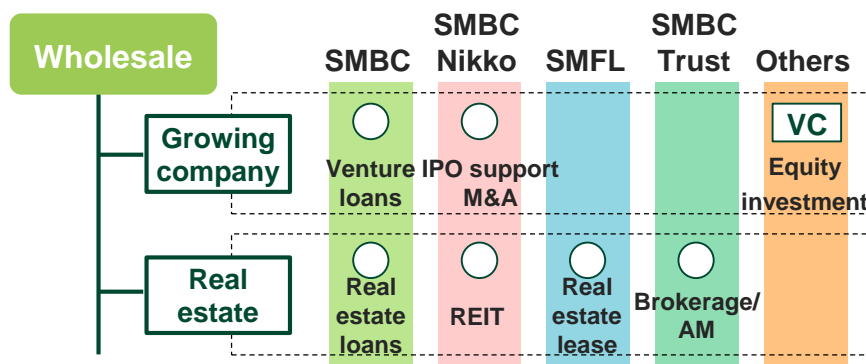
Framework

Integrate front and solution teams to provide more sophisticated solutions



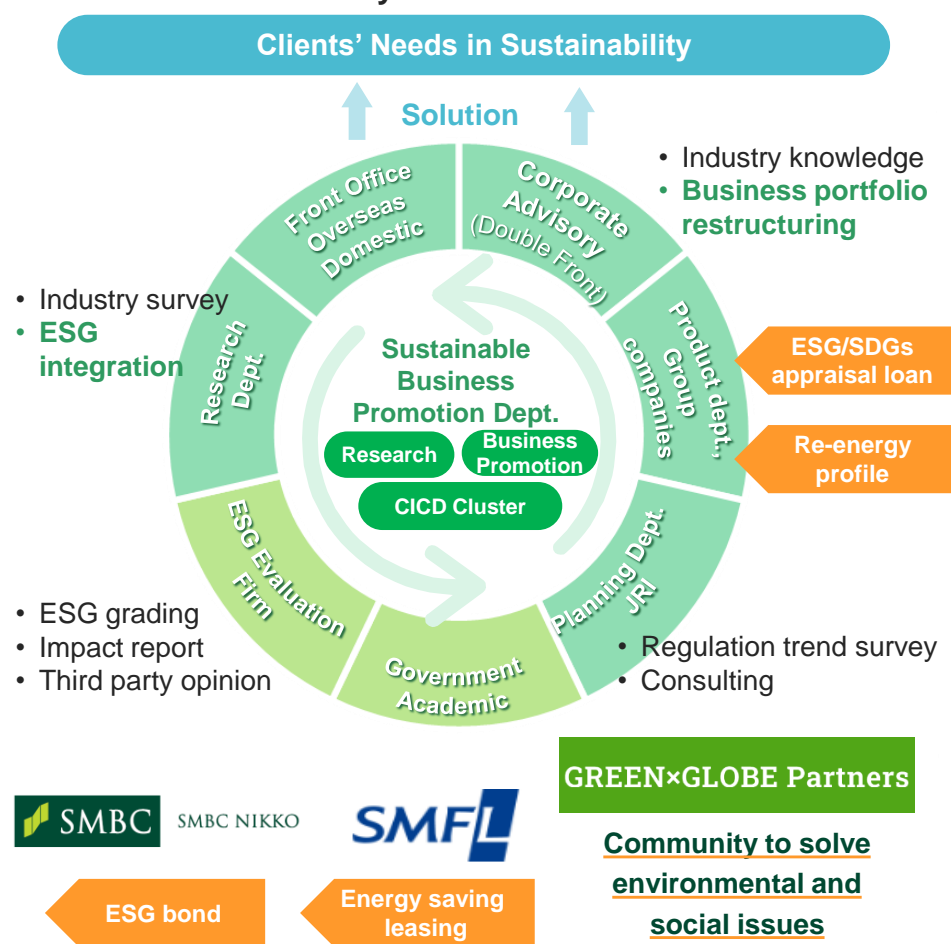
Upgrade operations

Maximize profits by formulating strategies to collaborate with each "business line"



Sustainable business

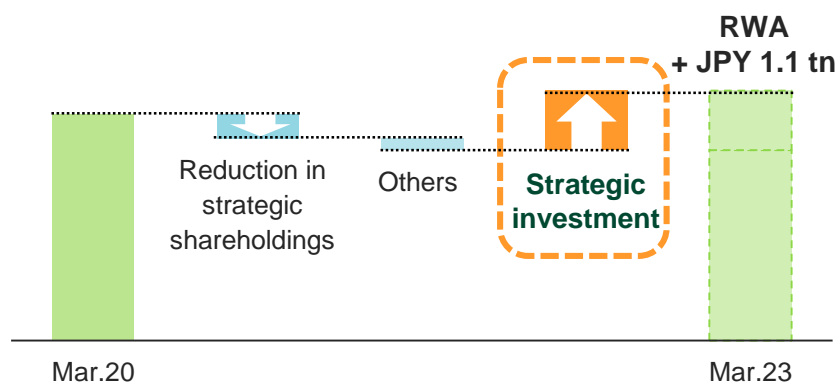
Provide sophisticated solutions for clients' management issues of sustainability



Sharpen competitive edges in growing areas

Risk-taking in growing area

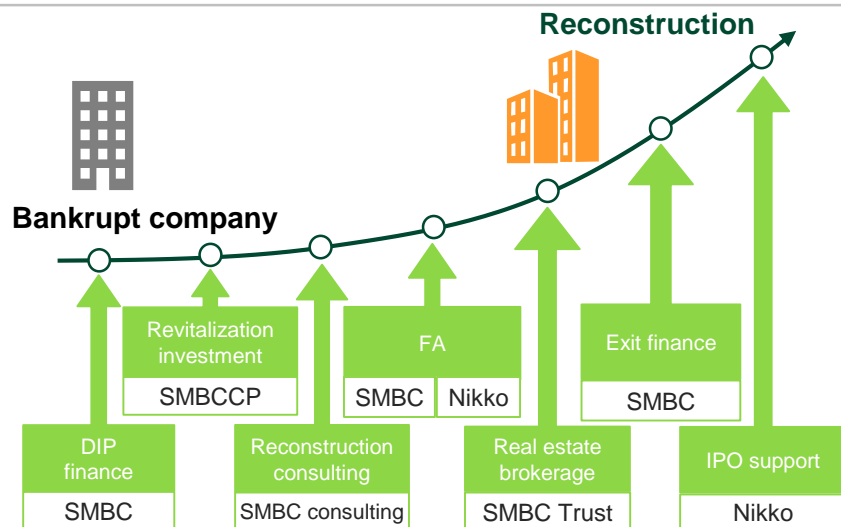
Allocate resources in strategic areas to realize mid-long term sustainable growth



Strategic areas

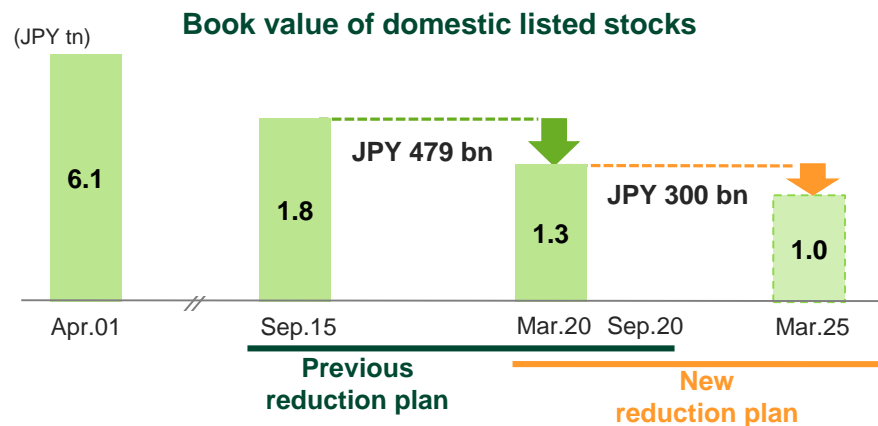
Corporate Restructuring	Gross profit* ¹ +JPY 50 bn
Global M&A Finance	Infrastructure
PE fund LBO	Investors business
Growing company	Real estate

Corporate restructuring



Strategic shareholdings

Completed the previous reduction plan and formulated a new plan to reduce additional JPY 300 bn in 5 years

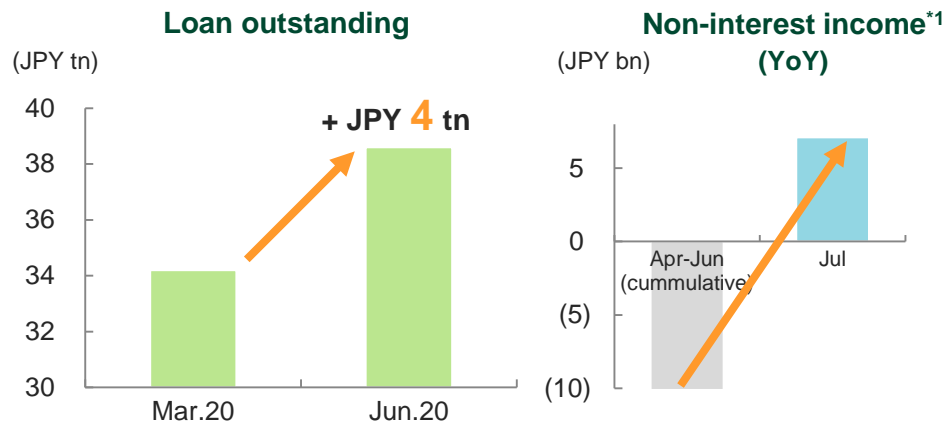


*1 The three-year period in the Medium-Term Management Plan

Impact of COVID-19

Impact on our business

Focus on supporting clients to continue their business through loans and services



	FY3/20	1Q FY3/21	FY3/21 Forecast
Credit cost	150	350	1,800

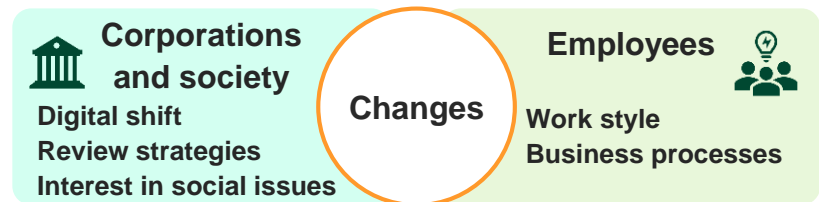
Prevent degradation

- Formulate a credit policy for each large client
- Utilize expertise of a specialized department

Restructuring / Capital fund

- Establish a task force to focus on restructuring business

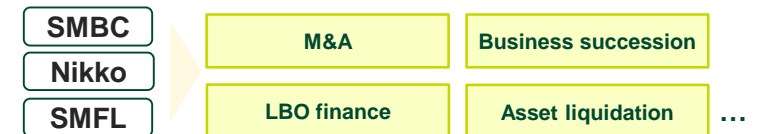
Future response to COVID-19



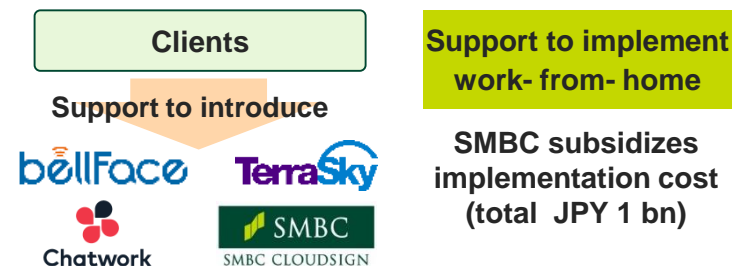
Accelerate medium-term management strategy



Enhance restructuring solutions



Contribute to society by supporting digitalization



Reform marketing style





Global

**Masahiko Oshima,
Deputy President and
Executive Officer**

Overview of Medium- Term Management Plan

Key strategies

Goal

A global solution provider focused on financial services

Core policy



Key measures



Financial targets

Net business profit

FY3/23

JPY **430** bn

Vs. FY3/20

+JPY **70** bn

ROCET1

FY3/23

9%

RWA

In 3 years

+JPY **2.5** tn

(Actual + JPY **3.2** tn)

Previous plan

+ JPY **5.8** tn

KPI

		FY3/23	In 3 years
CIB Business	Asset efficiency*1 of non-Japanese clients in the U.S. and Europe	1.9%	+10%
	US IG bonds underwriting share	3.0% (#10)	+1.3%
Asia-centric	Profit from MF strategy*3 targeting countries	JPY 116 bn	+15%
	Deposit balance of digital banking in Asia	JPY158 bn	x3.0
	Overseas transaction banking*2	JPY 68 bn	+15%

*1 Asset efficiency=gross profit /(asset + commitment line)

*2 After adjustments of the changes of interest rates

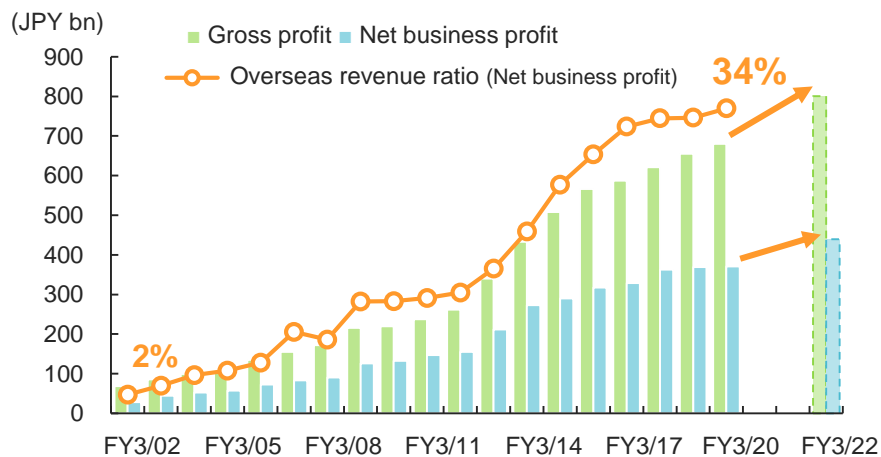
*3 Multi Franchise strategy

Initiatives for sustainable growth

- Expected as a growth driver
- Less relying on B/S expansion

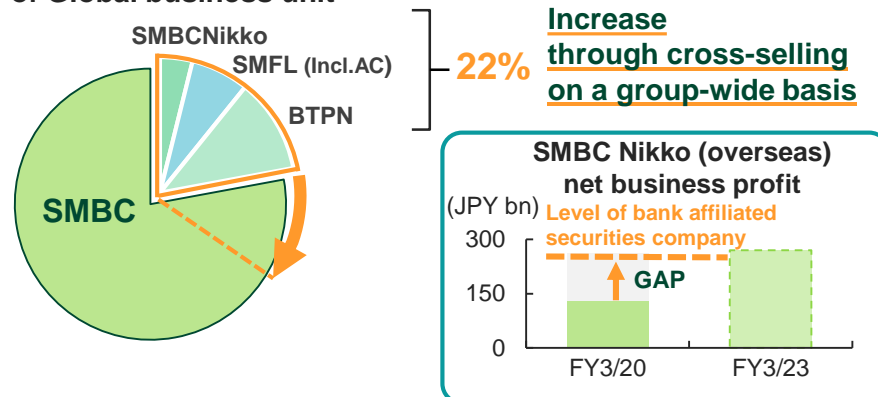
- Maximize group strengths
- Increase asset efficiency

Results of Global business unit *1

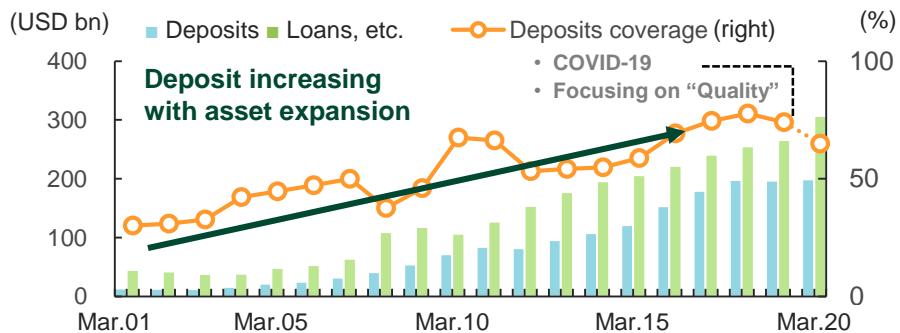


Maximize group strengths

Net business profit of Global business unit*2

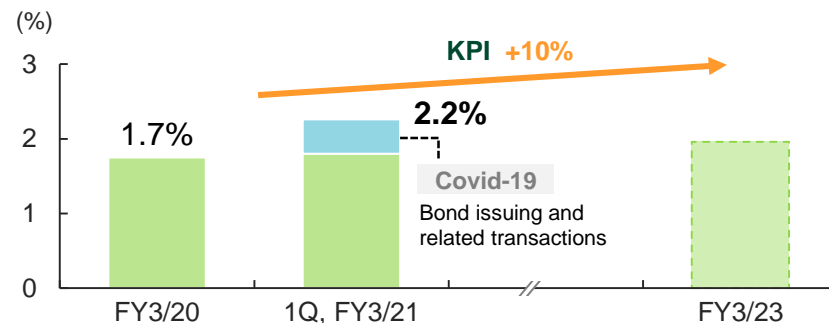


Foreign currency funding



Pursue efficiency

Asset efficiency of non-Japanese clients in the U.S. and Europe



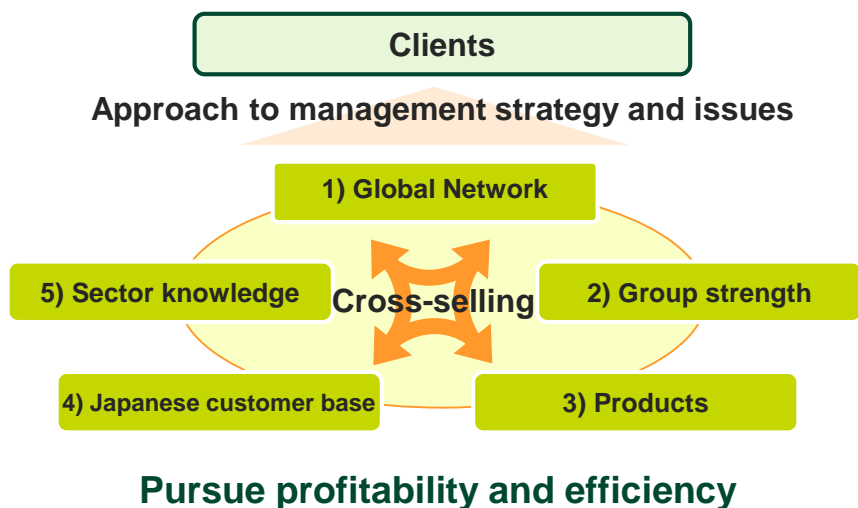
* 1 Sum of SMBC and overseas subsidiaries until FY3/17 and on a consolidated basis after that.

* 2 Managerial accounting basis as of Mar. 20

Build CIB business based on group strengths

- Increase cross-selling by leveraging group strengths
- Enhance overseas securities business and products

Our goal of overseas CIB business



e.g. Cross-border M&A finance for a Japanese company

- Proposed one-stop solutions through collaboration of SMBC and SMBC Nikko
- Mandated as financial advisor

2) 4) 5)

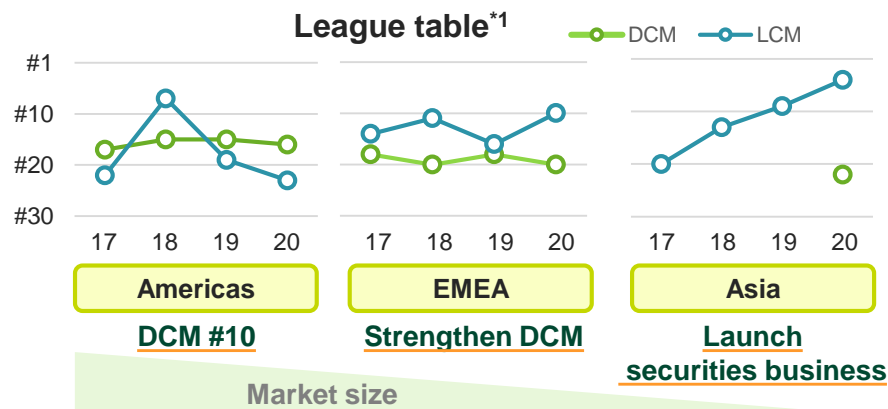
e.g. Project finance and green bond arrangement

- Arranged project finance and green bonds for solar photovoltaic systems in Peru

1) 2) 3)

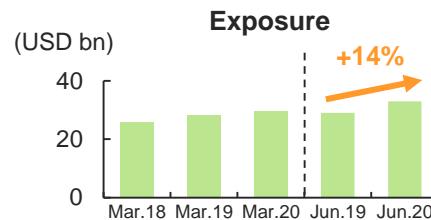
Strengths

Enhance overseas securities business

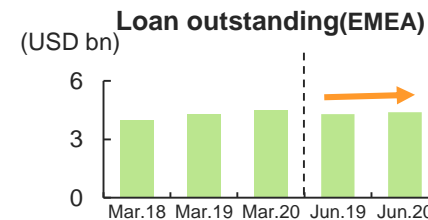


Nimble product management

Subscription finance Proactive



LBO finance Defensive



- Meet the needs for global investment
- Cross-selling and O&D

- Selective operation in FY3/21
- Sell assets

Expand investors business and establish competitive edge in Asia

Expand investors business

Expand business areas from investors' viewpoint

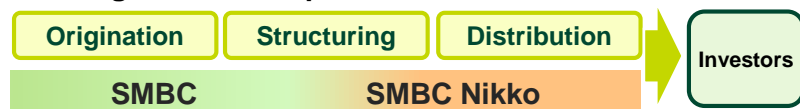
Environment

- Low interest environment is further expanding
➡ needs alternative investments
- Not overly depending on B/S expansion

Deal structure to meet investors' needs

(1) O&D system

- Strengthen one-stop services for investors



(2) Products

- Enhance existing products and increase lineup
(e.g. non-flow products)

Growth image

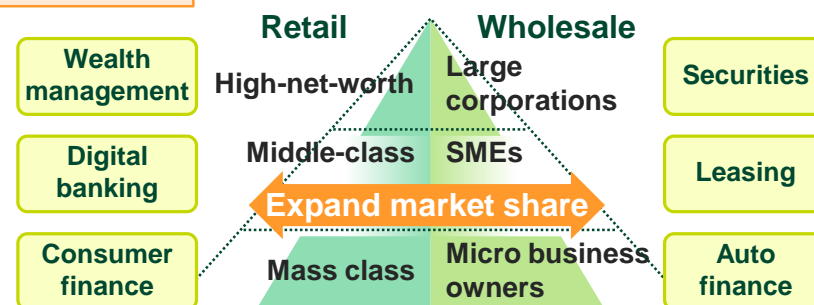
O&D/Asset sales
x **1.5**

of non-flow deals
x **2.5**

Establish competitive edge in Asia

Expand business base centering BTPN

Indonesia

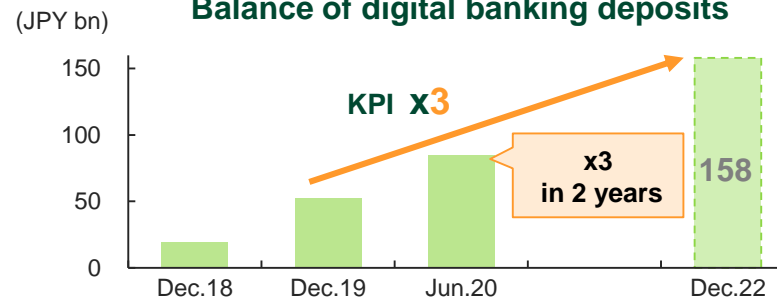


Expand franchise to neighbor countries



BTPN: Accelerate digitalization

Balance of digital banking deposits

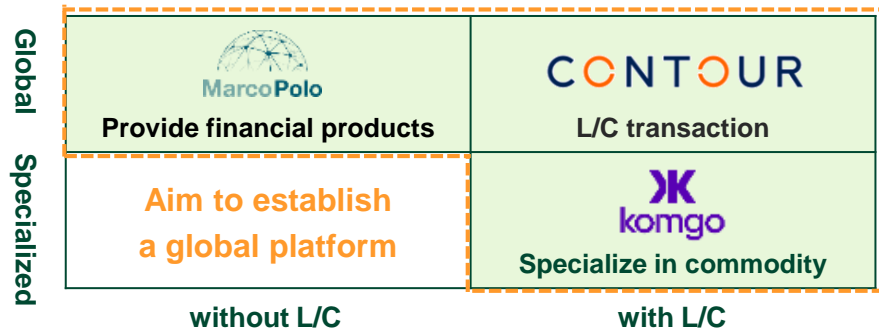


Grow new businesses and strengthen management base

Cultivate new businesses

Digital -blockchain platform for trading-

Projects SMBC participated

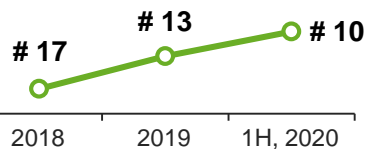


Sustainability

League table*1

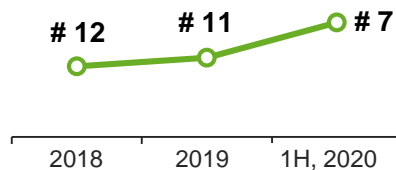
Sustainability-linked loan

		(USD mn)
1	BNP Paribas	2,491
2	Santander	2,084
3	BBVA	1,607
10	SMFG	1,211
13	Mizuho	1,145
16	MUFG	917



Green loan

		(USD mn)
1	BNP Paribas	554
2	CaixaBank	378
3	NatWest Markets	315
7	SMFG	187
17	MUFG	98



Enhance management base

Establish management base in line with a global bank

Market changes

Geopolitical risks

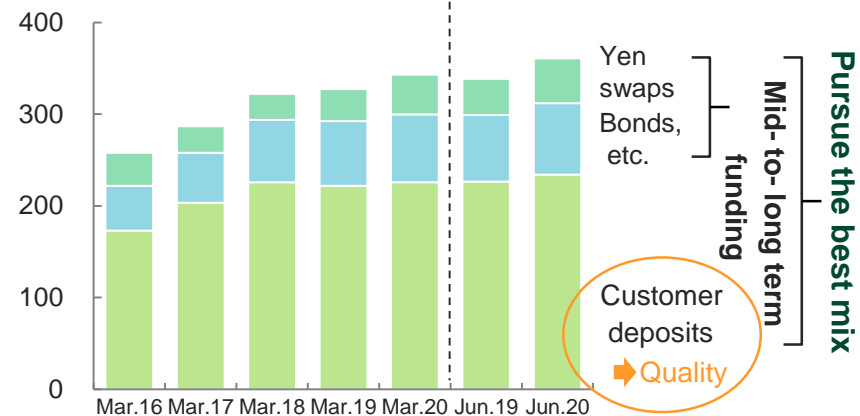
Regulations

Proactive response



Stable foreign currency funding

(USD bn)

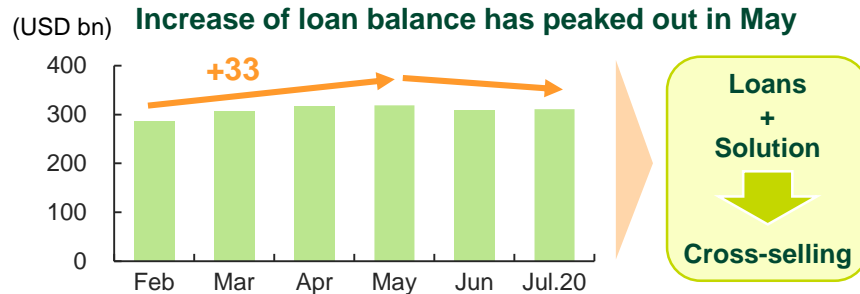


*1 Source: Dealogic, EMEA (Jan.-Jun.20)

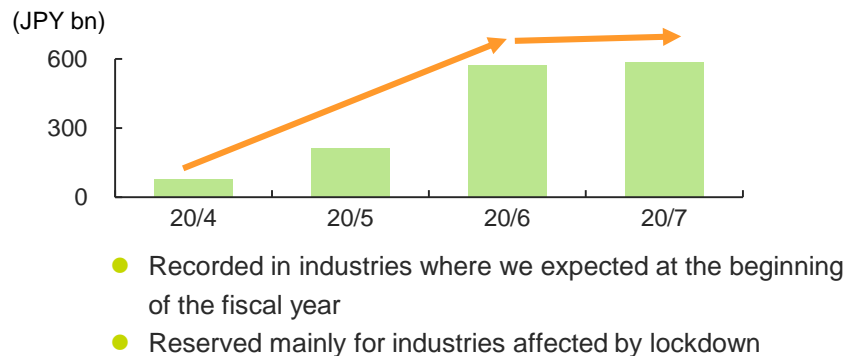
Impact of COVID-19

Impact on our business

Liquidity support to customers



Credit cost increased



Proactive response to credit deterioration

A project team for bad loans

- Stress testing to proactively identify credit deterioration
- Planning and negotiations
- Take actions incl. selling loans

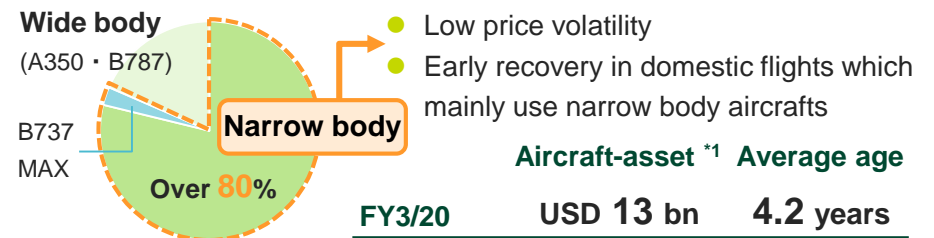
*1 Includes pre-delivery payment

*2 For each five executives

Aircraft business

Leasing (SMBCAC)

Crisis-resistant asset composition



Experienced management team

Experience in the industry
about 30 years

Top class

- Credit analysis
- Workout

Strong liquidity

A- rating by S&P (#1 in industry)
USD 5 bn of credit availability

Sales & leaseback, etc.
with good clients

Finance

Credit focus

- Focus on healthy airlines while not providing loans to leasing companies
- Avoid residual value risk by operating on a full payout basis



Global Markets

**Masamichi Koike,
Senior Managing Executive Officer**

Overview of Medium-Term Management Plan

Key strategies

Result of previous plan

<u>Portfolio management</u>	▶ FY3/17-FY3/20 +JPY 74.5 bn*1
<u>Sales & Trading</u>	▶ FY3/17-FY3/20 +JPY 37.6 bn
<u>Foreign currency funding</u>	▶ Maintain stability and efficiency

Key initiatives

Our goal

Provide high-value-added services to clients and SMBC Group as a market risk professional

Portfolio management

Dynamic and flexible portfolio management

Sales & Trading

Become a solution provider for clients' market exposure

Foreign currency funding

Strong B/S management integrating JPY and foreign currencies ALM operations

Financial target

Net business profit

FY3/23

JPY **365** bn

Vs. FY3/20
JPY(30)bn

ROCET1

FY3/23

17 %

RWA

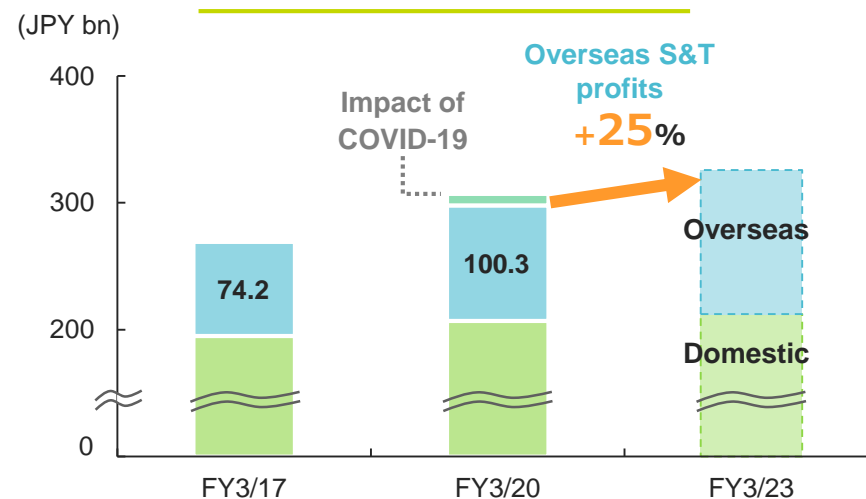
In 3 years

+JPY **1.7** tn

Previous plan
JPY (1.5) tn

KPI

Sales & Trading profits

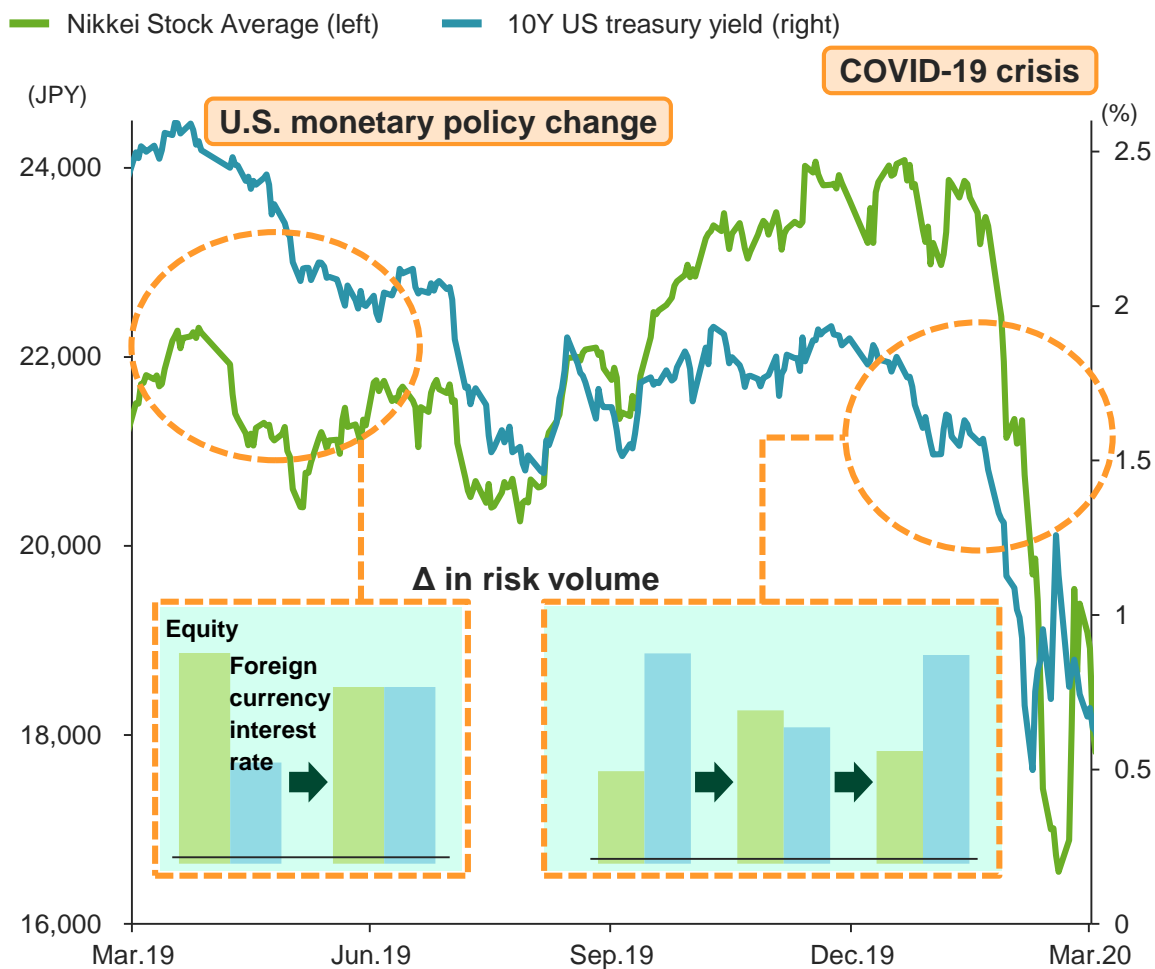


*1 Net business profit of Global Markets unit

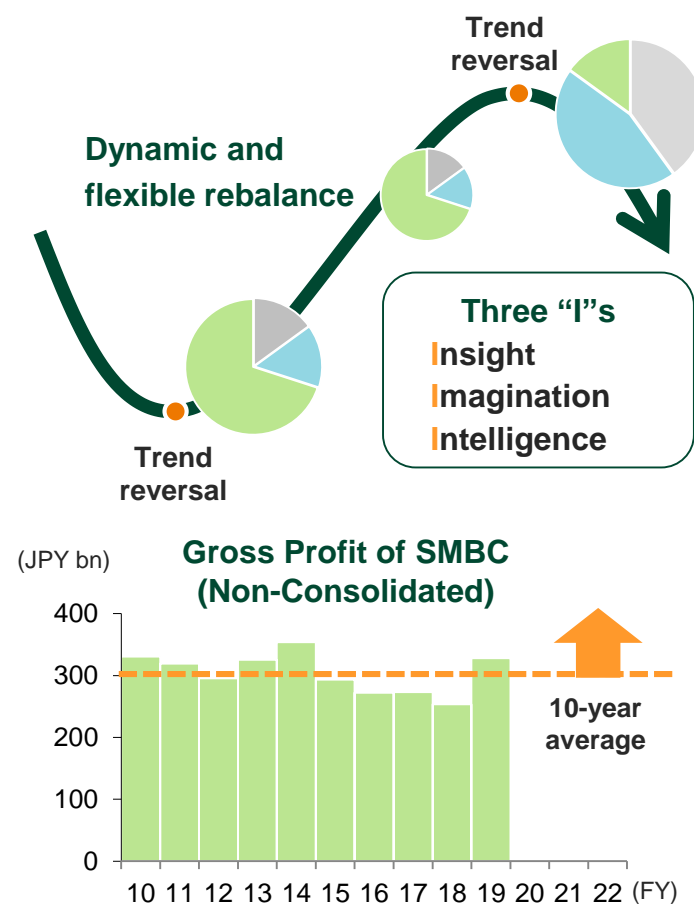
Portfolio management

Dynamic and flexible portfolio management

FY3/20 Results (Δ in risk volume*1)

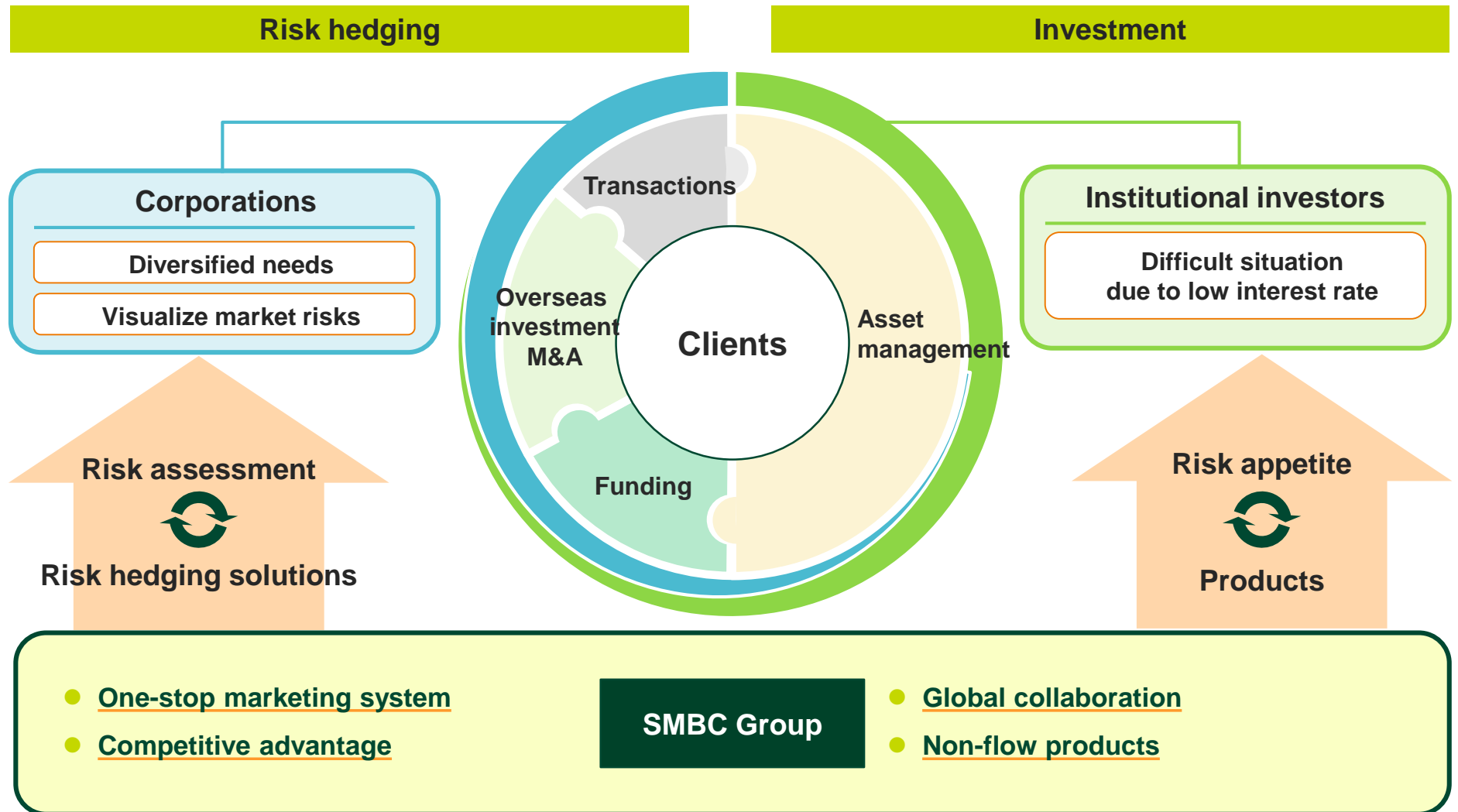


Portfolio management



Sales & Trading

Become a solution provider for clients' market exposure



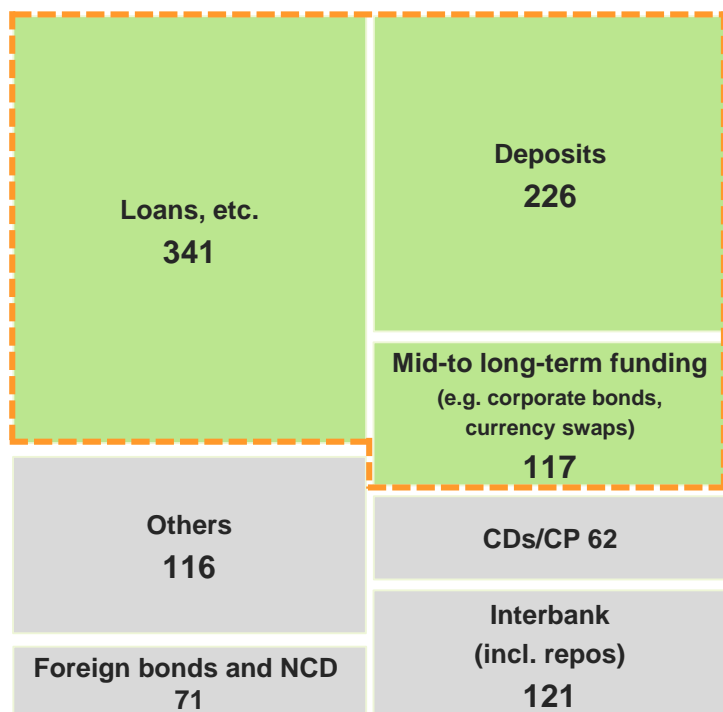
Foreign currency funding

Strong B/S management integrating JPY and foreign currencies ALM operations

Build a robust funding base

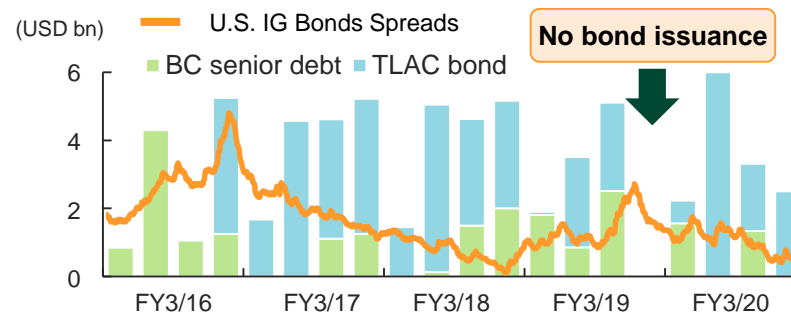
- Fully cover loans with customer deposit and mid- to long-term funding
- Expand funding methods (e.g. covered bonds, green bonds)

(USD bn) Assets/ Liabilities 528 Mar. 20



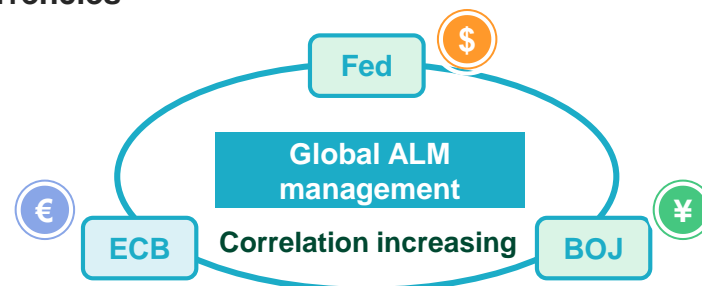
Reduce funding costs

Corporate bond issuance



Enhance Global ALM management system

- Merged ALM departments of JPY and foreign currencies



- Financial system in crisis
 - Cash flow and collateral management
 - Mid- to long- term funding strategy
- Boost of funding needs**
Change in credit cycle
Exit from monetary easing



CFO session

Toru Nakashima,
Group CFO

Impact of COVID-19 (1) Business environment

- Outlook for GDP growth rate was revised downward, while stock and oil prices were higher than our initial assumptions at the beginning of FY3/21.

Business environment

	Initial assumptions	As of July 20
2020 GDP growth rate outlook*1	Global	
	(2.7)%	(4.0)%
	In Japan (FY)	
	(3.2)%	(4.6)%
Nikkei stock average	JPY19,500	around JPY22,500
Oil prices	USD30	around USD40

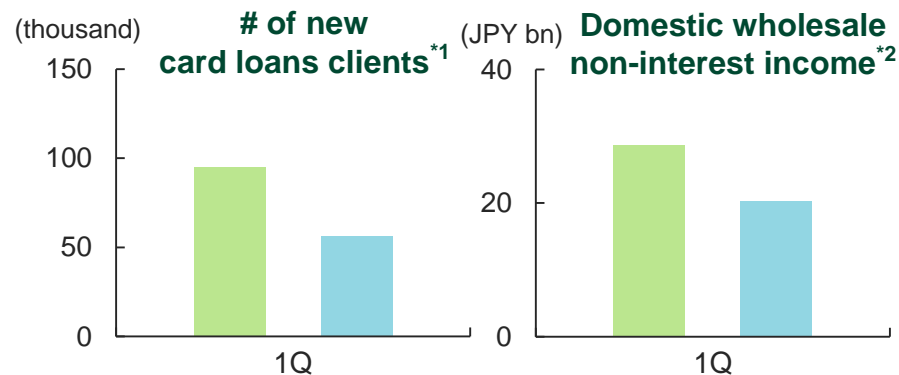
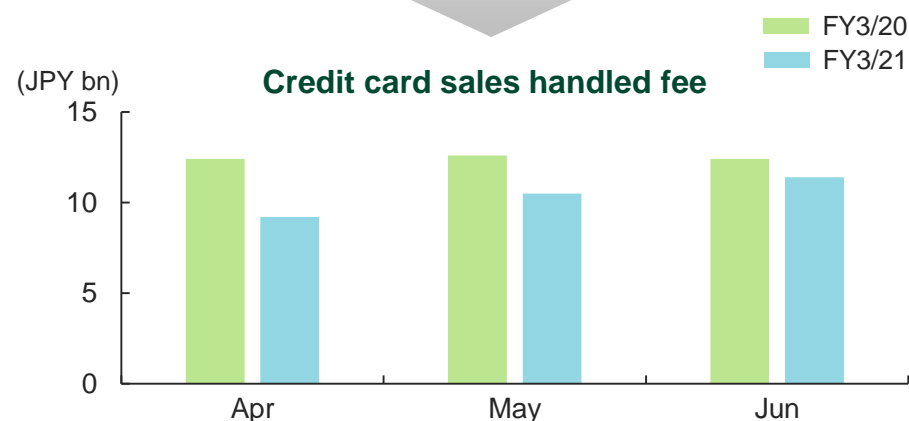
Progress vs FY3/21 target

(JPY bn)	1Q FY3/21	FY3/21 Target	Progress
Consolidated net business profit	261.4	970	27%
Total credit cost	114.8	450	26%
Profit attributable to owners of parent	86.1	400	22%

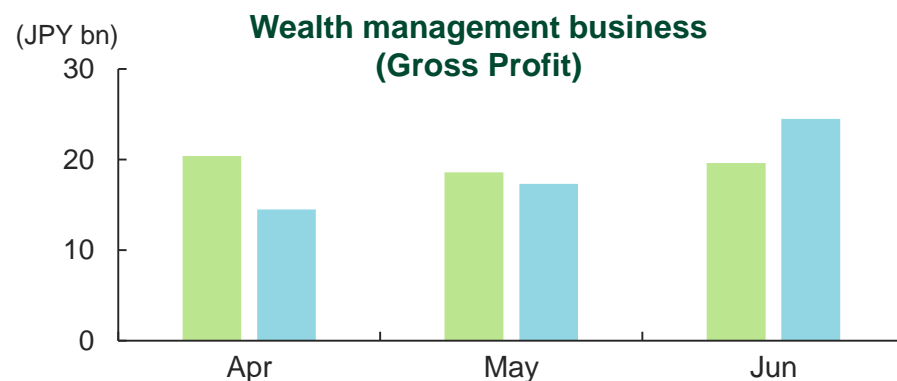
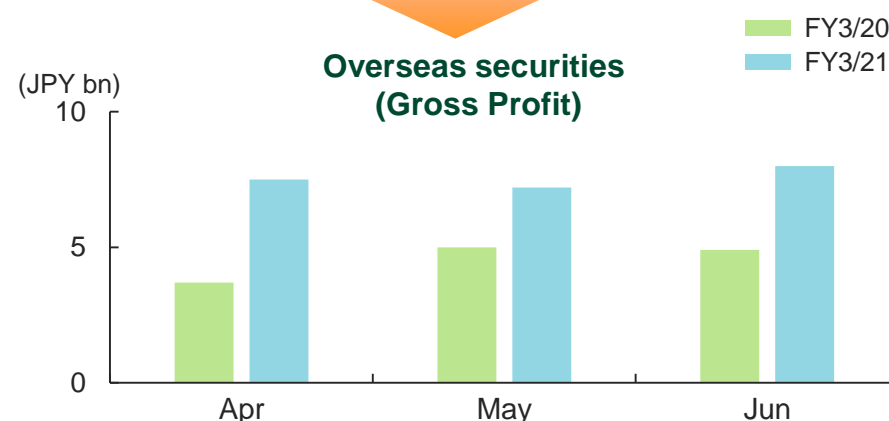
Impact of COVID-19 (2) Our business

- Overseas securities performed well and wealth management business is recovering, while credit card sales handled fee, new card loans clients, and wholesale non-interest income decreased YoY

Sluggish consumer and corporate activities



Active bond issuance
Solid performance in stock market



*1 SMBCCF

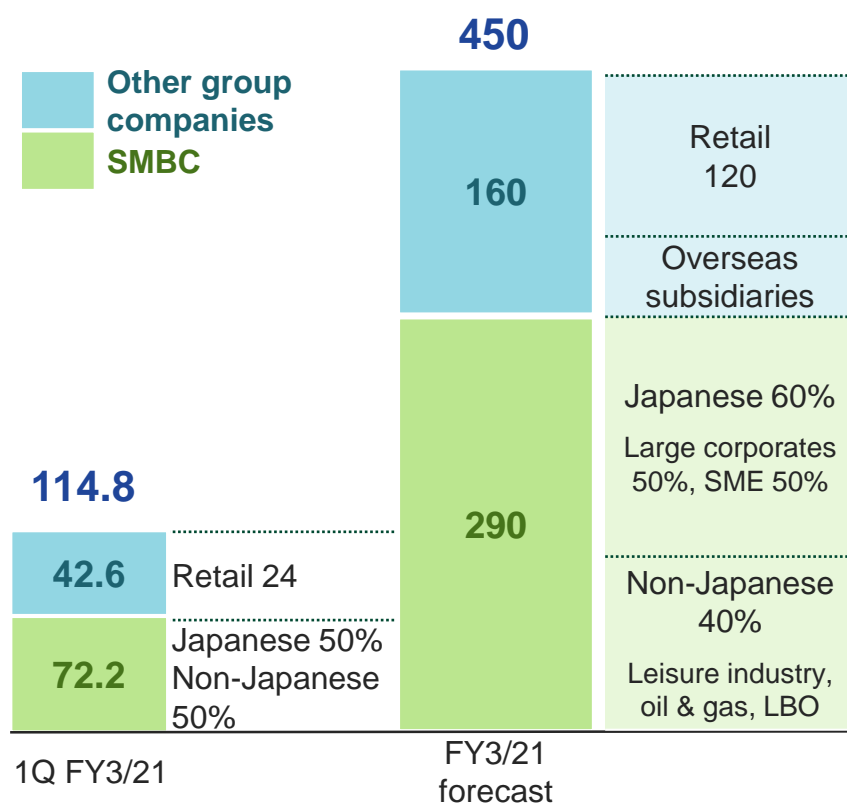
*2 Syndicated loans, Structured finances, Real estate finances, and Securities business

Impact of COVID-19 (3) Credit cost and RWA

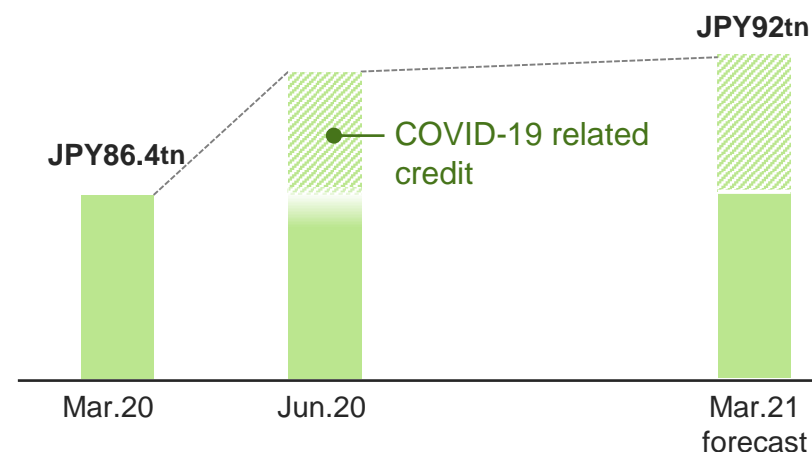
- Credit cost in 1Q was about 1/4 of the annual forecast.
Most part of COVID-19 related credit expected at the beginning of FY3/21 were extended in 1Q.

Credit cost

(JPY bn)k



RWA*1



This presentation contains forward-looking statements based on the views, judgments and current expectations of the management of the Group and Group companies with respect to the financial position and Operating and financial review of the Group. In many cases, these statements may include, but are not limited to, words such as "anticipate," "expect," "intend," "plan," "potential." These statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those contained or deemed to be contained in these materials. Risks and uncertainties that could affect the actual results are as follows. Economic and Financial Environment worsened in Japan and overseas, risks associated with stockholdings, bad debt outstanding and total credit cost increase, risks arising from the failure of the Group's business strategies, risks arising from the failure of joint ventures, alliances, equity investments and acquisitions, and business combinations, and risks arising from the failure of the Group's business expansion overseas. In light of these risks and uncertainties, the Company should not place undue reliance on forward-looking statements as of the date of this presentation. We undertake no obligation to update or revise any forward-looking statements. For matters that may have a significant impact on the financial condition and Operating and financial review of the Group and investors' investment decisions, please refer to the most recent Japanese disclosures such as Securities reports, U.S. disclosures such as Form 20-F filed with the U.S. Securities and Exchange Commission, and various disclosures published by the Group.

Exchange rates (TTM)

	Mar. 19	Jun. 19	Mar. 20	Jun. 20
USD	JPY 111.00	JPY 107.75	JPY 108.81	JPY 107.71
EUR	124.55 yen	JPY 122.48	JPY 119.52	JPY 121.02

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
Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excluding non-recurring losses
Net business profit	Before provisions to general reserve for possible loan losses
Profit attributable to owners of parent	Profit attributable to owners of parent
Medium-term management plan financial targets	<ul style="list-style-type: none"> FY3/23 target and the change in the FY3/21-FY3/23 are based on FY3/21 managerial accounting basis After adjustments of the changes of interest rates, exchange rates and other factors