

SMBC Group IR Day

June 23, 2021

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Agenda

■ Opening	Group CEO	Jun Ohta
■ P3 Retail	Senior Managing Executive Officer	Takashi Yamashita
■ P12 Wholesale	Senior Managing Executive Officer	Muneo Kanamaru
■ P20 Global Business	Senior Managing Executive Officer	Ryuji Nishisaki
■ P26 Global Markets	Senior Managing Executive Officer	Masamichi Koike

Retail

Takashi Yamashita,
Senior Managing Executive Officer

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Progress of Medium-Term Management Plan

Financial Target

Net business profit	ROCET1	RWA
FY3/23 JPY 305 bn	FY3/23 12%	In 3 years + JPY 0.4 tn
Vs. FY3/20 + JPY 35 bn		Previous plan JPY (0.3) tn

KPI

	FY3/21	YoY	FY3/23
Balance of fee-based AUM	JPY 16.7 tn	+ JPY 3.1 tn	JPY 18 tn
Credit card sales handled	JPY 20.8 tn	+ JPY 0.4 tn	JPY 31 tn
Balance of card loans	JPY 1.7 tn	JPY (0.1) tn	JPY 1.9 tn
# of digital channel users	7.3 mn	-	8 mn
Utilization rate	42%	-	45%
Cost reduction from retail branch reorganization	JPY (7) bn	-	JPY (25) bn

FY3/21 result

(JPY bn)	FY3/21	YoY
Gross profit	1,127.4	(48.7)
Expenses	910.4	(24.1)
(Overhead ratio)	80.8%	+1.3%
Net business profit	219.2	(24.4)
ROCET1	9.4%	+1.6%
RWA (JPY tn)	12.3	+0.1

Key initiatives

Wealth management	<ul style="list-style-type: none"> ■ Increase sales by capturing market growth ■ Reform business model to enhance HNWI approach
Payment	<ul style="list-style-type: none"> ■ Expand business with new products / services (e.g. numberless credit card)
Consumer finance	<ul style="list-style-type: none"> ■ Continue new initiatives including digital investment
New business	<ul style="list-style-type: none"> ■ Launched SMBC Elder Program (Apr.21)

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Financial targets of the Medium-Term Management Plan remain unchanged, although there are still negative impacts from COVID-19.

We are aiming to achieve net business profit of JPY 305 bn and ROCET1 of 12%.

Last fiscal year, gross profit declined by nearly JPY 50 bn due to the negative impact of COVID-19 in payment and consumer finance business.

In terms of expenses, we reduced base expenses through the utilization of remote/digital technology, etc., as well as the natural decrease of revenue-linked expenses.

Credit cost also decreased significantly in the consumer finance business because 1) domestic consumption declined sharply, 2) credit loss remained smaller than expected due to high liquidity of individuals.

Consequently, we were able to increase our bottom-line profit YoY. Furthermore, as RWA remained flat, ROCET1 has improved to 9.4%.

From here on, I would like to explain how we intend to generate stable earnings going forward.

Roadmap to 2022

Outline

Business environment

Severe market environment

● NIRP / capital surplus ● thin margin ● severe competition

Growth opportunities in low-growth domestic market

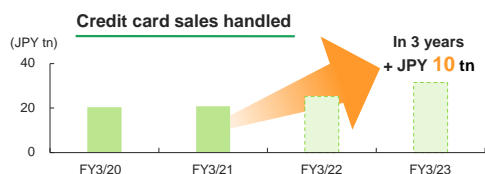
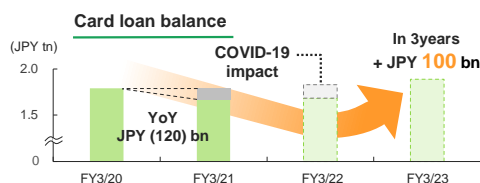
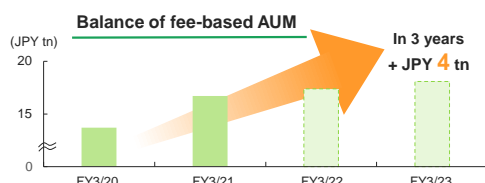
● Savings to asset building ● 100-Year life era ● Digital & cashless

Growth beyond market average

Group base cost reduction

Competitive products / services
Enhance digitalization

KPI



Cost reduction of
retail branch reorganization

FY3/23
JPY (25) bn

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We assume that severe business environment will continue, such as the negative interest rate policy, thinner margins on fees, and intensifying competition resulting from the entry of IT companies.

Retail business is one of the few precious growing markets in Japan, where we could see the trend from savings to asset-building/wealth management, the expansion of needs in the 100-Year life era, and the advancement of digital/cashless services.

Our goal is that we will hold the number one position by making the most of our strong group companies : a) realizing growth beyond the market, b) pursuing a strong organization by reforming the group cost-structure, and c) enhancing digitalization and promoting products and services of the customers' benefit.

On the other hand, fine tuning is required in some areas to achieve the target of the Medium-Term Management Plan, given the impact of COVID-19.

In the wealth management business, which performed strongly in FY3/21, we aim to exceed the target of the Medium-Term Management Plan.

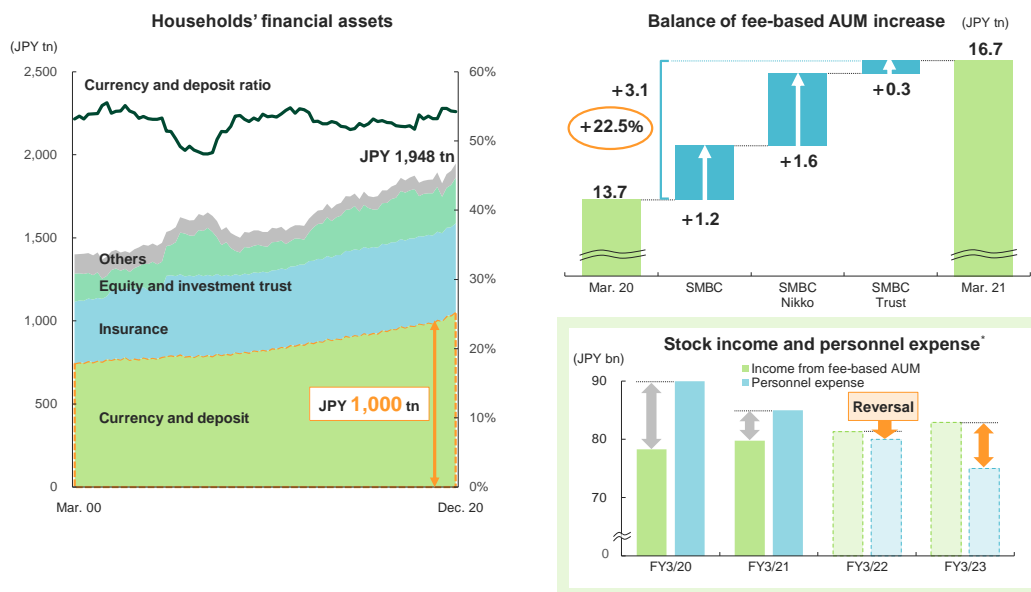
As to the credit card business, we were able to maintain our credit card sales handled even under COVID-19 by capturing the trend of the growing e-commerce market and the daily use of cashless payment. We aim to catch up with the Medium-Term Management Plan by capturing the recovery in consumption.

I assume it will take time until the balance of consumer finance recovers to its pre-COVID-19 level even if the consumption recovers, as it declined significantly in FY3/21.

We will aim to achieve our ROCET1 target by controlling credit cost and RWA, while offsetting the disadvantage of consumer finance business with wealth management business, retail branch reorganization, and other cost control initiatives.

Sustainable growth of wealth management business

Conversion to fee-based business on a group basis



* FY3/21 managerial accounting basis for stock income.

Personnel expense is calculated based on the number of employees dedicated to wealth management business.

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I will briefly explain the initiatives for each business line.

First is the wealth management business.

As shown in the graph on the left, there are JPY 1,000 tn of currency and deposit among households' financial assets and I think this is a huge opportunity loss in our domestic financial market.

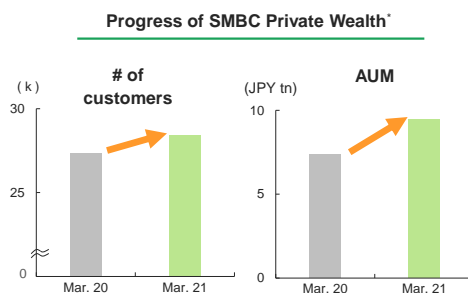
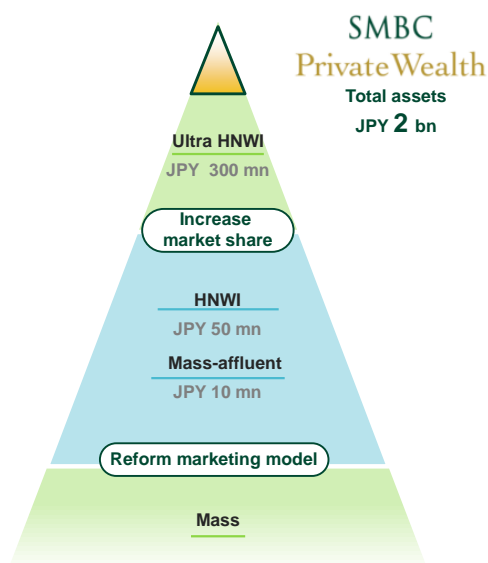
We should support customers' healthy asset building by acting as an intermediary for the domestic economy and revitalizing financial assets.

As shown in the top right, we increased our fee-based AUM on a group basis in FY3/21 by expanding customer base of SMBC and providing sophisticated solutions of wealth management and foreign currency through SMBC Nikko and SMBC Trust.

Though there is some volatility depending on the market, we will pursue sustainable growth of wealth management business by offsetting the personnel expenses with income from fee-based AUM, which we've been steadily accumulating.

Sustainable growth of wealth management business

■ SMBC Nikko leads business planning and promotion on a group-basis



■ Collaboration among group companies

- Strengthen group product strategy by integrating product planning function of SMBC Nikko and SMBC
 - Established Wealth Management Products Planning Dept. Released the first investment trust product in Jun.21
- Expand SMBC's customer base by SMBC Nikko's expertise
 - Established Securities Sales Dept. in SMBC where SMBC Nikko staffs are also allocated

* Based on the results of each group company. AUM is based on market value..

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The key of our strategy is “group-based.”

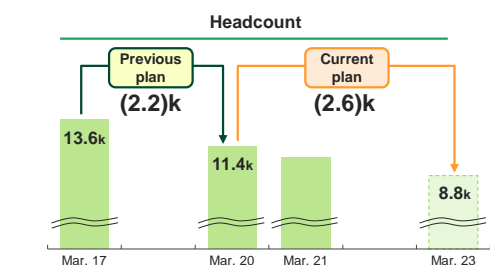
In SMBC Private Wealth, we are strengthening our planning and marketing function, as well as expanding transactions mainly for corporate owners.

SMBC Nikko and SMBC released “PIMCO Global Targeted Strategy Debt Securities Fund”, the first investment trust as a group-basis.

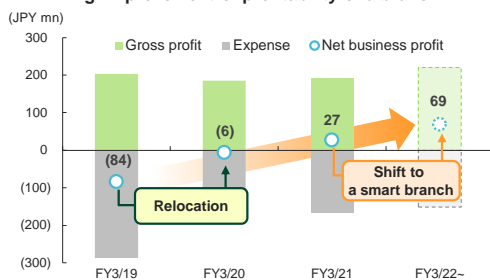
We have also begun initiatives such as transferring the core workforce of SMBC Nikko to SMBC in order to form a group-based marketing system that leverages SMBC Nikko's strengths and to take in deposit-only customers.

Retail branch reorganization

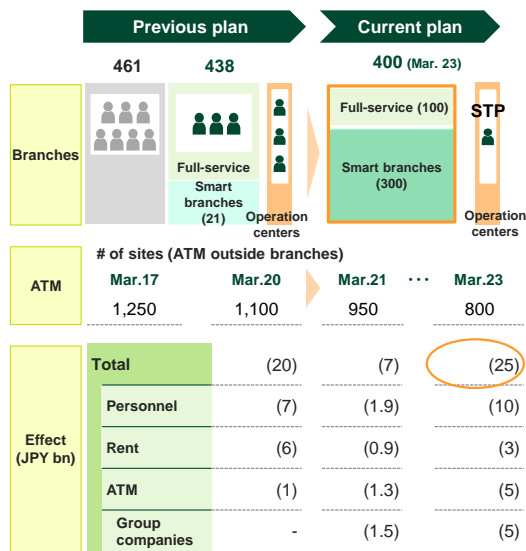
Effect of branch reorganization



E.g. Improvement of profitability of a branch



Progress of cost control initiatives



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We have been working on retail branch reorganization ahead of other banks by reforming our operations while maintaining and improving customers' convenience. Through this initiative, we will reduce 2.6K people of headcount through natural attrition during this Medium-Term Management Plan, which exceeds the previous Medium-Term Management Plan and accounts for about 40% of the group's headcount reduction plan of 7K people.

On top of that, we are trying to increase gross profit in order to improve the profitability of each branch by enhancing consulting services. The bottom left is an example of an actual branch, which we were able to improve profitability. Relocating and converting the branch into a smart branch realized reduction in rent and personnel, as well as increase in the number of consulting services by 1.5 times. Since last year, branch managers oversee their branches using a package of indicators (e.g. profitability) named "Retail Business Viewpoint". We will also seek to expand our contact points with new customers when other banks close their branches.

We will realize cost reduction of JPY 25 bn through the above initiatives which exceed the result of the previous Medium-Term Management Plan.

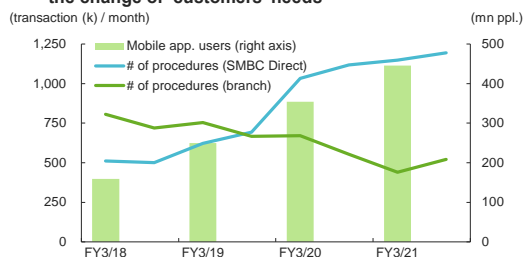
We have been recording deficit in the ATM business because the cost exceeds the income while the number of users decreases.

However, we can expect the cost will be equal to the income in the near future through JPY 10 bn of cost reduction initiatives : reducing the number of ATMs outside branches by co-operating with MUFG and revising the ATM fees at convenience stores.

Enhance digital transformation (DX)

Digital shift of branch operation

- Enhance digital channel in accordance with the change of customers' needs



Improve customers' convenience

- Reservation service**
available for all branches
from Jul. 20 (1st in Japan)
60k users / month
- SMBC Direct / app chat function**
interactive communication with the customers
- Upgrade mobile app of SMBC**
information of SMCC and SMBC Nikko are available



Enhance consulting function

- Consulting in branches increased even under state of emergency

	FY3/20	FY3/21	Growth rate*
Sales amount	JPY 790 bn	JPY 850 bn	110% (130%)
# of installment investment product	22k	33k	150% (180%)

Upgrade digital tools



Money plan simulation

"Good tool since I could consider money plan with events that could occur in the future"

50s

"Resolved my worries about money by confirming I have sufficient money for 5-10 years."

70s

* Growth rates in brackets are excluding Apr.20–Jun.20 (state of emergency period)

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In the retail business, we need to promote digitalization from both offense and defense sides.

As we have increased the number of transactions that could be executed through SMBC Direct and smartphone apps, our operations have steadily shifted from in-branches to digital channels.

In addition, since we started reservation service last year, customers now don't have to wait at branches.

On the other hand, branch staffs can spend more time for consulting with customers rather than for paperwork.

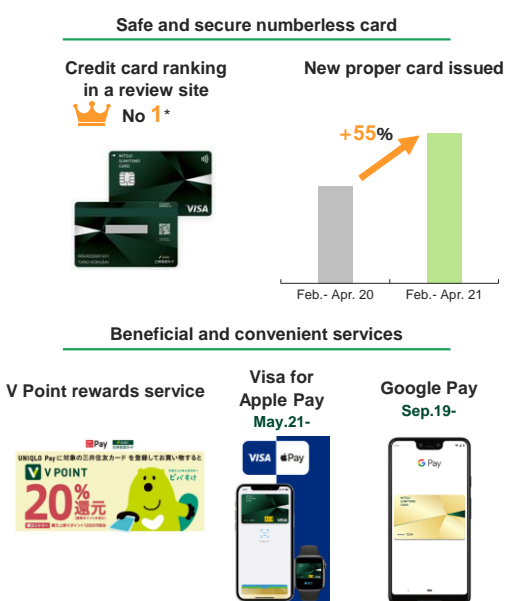
Consequently, we have improved profitability of our branches.

Hold the number one position in payment business – Payment

Acquiring business



Issuing business



* As of June 18, 2021

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The shift to cashless payments has not paced down even though domestic consumption declined due to the COVID-19 pandemic. Credit card continues to lead the market.

Not only the number of e-commerce transactions has increased due to the decrease in face-to-face transactions under the state of emergency, but the indirect usage of credit card in everyday situation is increasing : using a credit card to charge Apple Pay.

We are steadily expanding our market share of credit card business by capturing the growth of e-commerce and providing customers with the most up-to-date products and services.

For merchants, we will continue to lead the market by taking advantage of the No.1 position in the domestic acquiring business with our next-generation payment platform “stera.”

This platform has been highly evaluated by our member stores and we are steadily expanding the network.

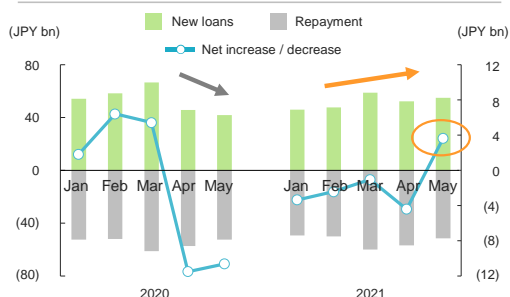
To expand our businesses to small and medium-sized merchants, we introduced “stera pack”, with the lowest price level in the industry.

On the end-user side, we have been increasing the issuance of proper credit cards by accurately grasping the touchless needs under the COVID-19 crisis. Our safe and secure numberless card achieved #1 in the monthly issuance.

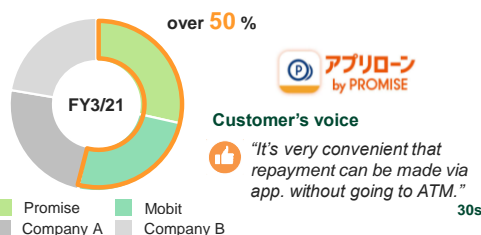
We will further accelerate our payment business on a group basis and steadily capture market growth through providing benefits of “V Point” and convenience of touchless payment methods.

Hold the number one position in payment business – Consumer Finance

A sign of loan balance turn over



Share of new applications



*1 Each percentage is round number.
 *2 Automatic Contract Machine.

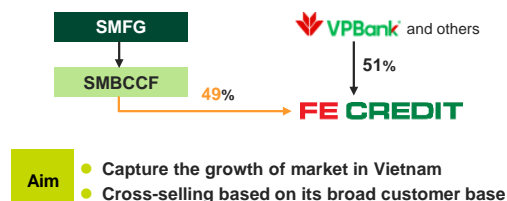
Accelerate digitalization**

SMBCCF	FY3/17	FY3/21
Application ratio via Web	70%	90%
App usage ratio	20%	70%
20s / 30s share	60%	70%

SMBC Enhance DX of SMBC card loan

	Application	Contract	Borrowing	Repayment
As is	ACM ² / Web	ACM / Mail	Card	Card
To be	Completed via Web			

Investment in FE Credit



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The balance of consumer finance, where we hold the No.1 share, decreased by JPY 120 bn on a group-basis under the COVID-19 crisis.

However, as we were able to maintain/improve the share of new applications, the balance has turned to increase since May in line with the rebound in individual consumption.

We will strengthen our competitiveness and capture the recovery of individual consumption by enhancing digitalization not only in SMBCCF and SMBC Mobit but also in SMBC : making an application/contract process online and improving UI/UX of apps.

On top of that, we will capture the growth of overseas markets by collaborating with the local leading company and integrating expertise of each group company.

Wholesale

Muneo Kanamaru,
Senior Managing Executive Officer

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Progress of Medium-Term Management Plan

Financial Target

Net business profit	ROCET1	RWA
FY3/23	FY3/23	In 3 years
JPY 405 bn	9%	+ JPY 1.1 tn
Vs. FY3/20		Previous plan
+ JPY 45 bn		JPY (0.6) tn

KPI

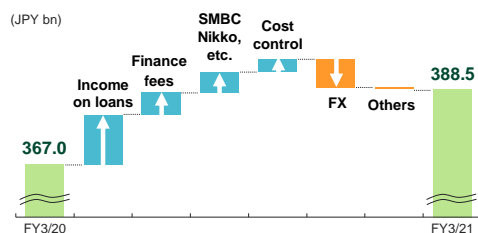
	FY3/21	YoY	FY3/23
Base profit	+5.4%	—	In 3 years +3.8%
Finance and investment in strategic areas ^{*1}	JPY 1.3 tn	+ JPY 0.1 tn	Cumulative JPY 4.4 tn
# of clients providing digital solutions	9.7k	+6.6k	10k
# of digital solution related transaction	9.5k	+8.8k	13k
Sustainable finance	JPY 0.9 tn	—	Cumulative JPY 1.4 tn
League table (# of Japanese M&A deals) ^{*2}	#2	↑ #2	#2

^{*1} LBO・PF・NRL・REIT・DIP
^{*2} > JPY 10 bn

FY3/21 result

(JPY bn)	FY3/21	YoY
Gross profit	634.9	+ 14.8
Expenses	299.9	(3.7)
(Overhead ratio)	47.2%	(1.7)%
Net business profit	388.5	+ 21.5
ROCET1	5.6%	(4.6)%
RWA (JPY tn)	33.4	+ 2.6

Net business profit (YoY)



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As shown on the top left, we aim for net business profit at JPY 450 bn and ROCET1 at 9% during the Medium-Term Management Plan.

We focused on financing our clients to support their businesses in FY3/21 under the unprecedented situation of the COVID-19 pandemic.

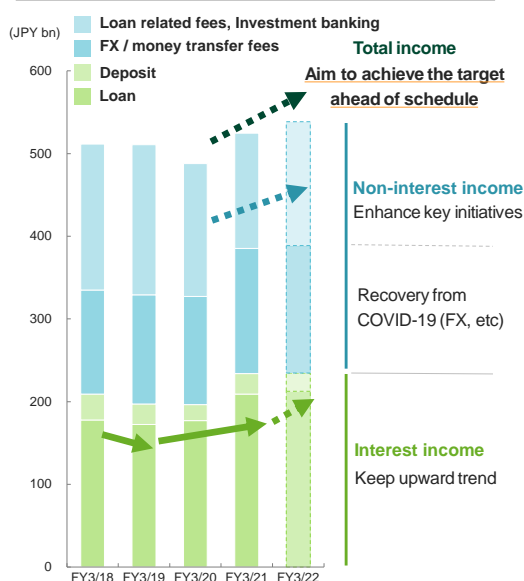
We also concerted effort to provide solutions for a variety of management issues of clients who face structural changes. As a result, our income on loans and finance fees increased. Consequently, though the FX income decreased due to stagnation in economic activity, the net business profit increased YoY by JPY 21.5 bn to JPY 388.5 bn.

I believe that we were off to a good start of our Medium-Term Management Plan because all of the group companies including SMBC and SMBC Nikko achieved their target of the first year.

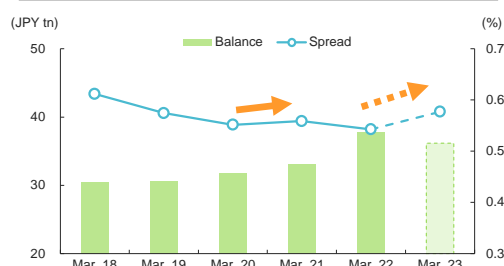
Unfortunately, ROCET1 declined to 5.6% due to increase of credit cost.

Profit plan / Loan balance

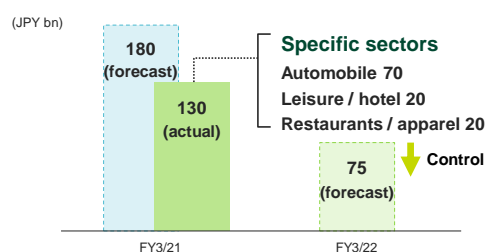
Breakdown of profit (SMBC)*



Loans



Credit cost control



* Business unit's client related gross profit of wholesale

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Interest income bottomed out in FY3/20 and continued to increase it in FY3/21 by focusing on profitability of new loans and increasing loan balance to support our clients under the COVID-19 pandemic. I believe that we will be able to maintain the upward trend in FY3/22 as the momentum continues.

We will also aim to increase non-interest income by steadily implementing major strategies. We will try to achieve the top-line profit in FY3/22 as the same level as the last year of the Medium-Term Management Plan.

After having bottomed out in FY3/20, loan spread declined again due to the increase of short-term loans with low spread under the COVID-19 pandemic. The spread is expected to improve not only by repayment of short-term loans and bridge finances to large corporates but by increase of loans to growth areas such as cross boarder M&A and LBO finances to large corporates.

I would like to maintain the balance and the upward trend of interest income by accumulating loans to positive demands and to growth areas.

Due to our careful response to large borrowers and the strong support of the government, the credit cost of FY3/21 was well below the original forecast. Our forecast of this fiscal year, JPY 75 bn, was determined under the assumption that uncertain environment would continue along with the delay of vaccination in Japan. We do not see any significant credit cost at this moment, and I think that credit cost could be lower than the forecast if the vaccination accelerates and economic activities recover.

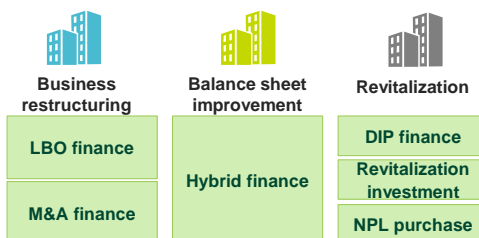
Anyway, we will focus on supporting our clients to increase corporate value and prevent deterioration by monitoring each corporate closely, collaborating with government-affiliated financial institutions, and utilizing our revitalization-specialized team.

Key initiatives / solutions for complicated financial needs

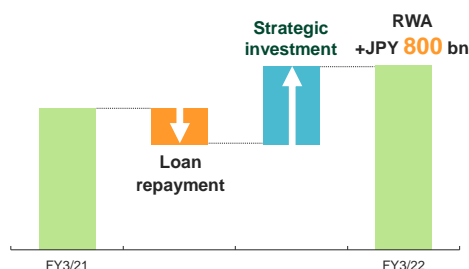
Outline



Solutions for complicated financial needs



RWA plan



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I will explain the key initiatives that we will focus on in this fiscal year.

“Transformation & Growth” is a core policy of the Medium-Term Management Plan. With this keyword, we have been enhancing our businesses in growth areas and establishing a system to create new businesses.

There are so many management issues that our clients face: response to the COVID-19 pandemic, business reorganization, sustainability, digital transformation, and business succession. We added five key initiatives to ones of the Medium-Term Management Plan in order to accurately grasp these opportunities and realize further growth.

By doing so, we will aim to increase our gross profit by over JPY 40 bn in FY3/22.

One of the key initiatives is providing solutions for complicated financial needs. Clients’ needs for business reorganization, recapitalization, and revitalization are increasing as the COVID-19 impact continues to prolong.

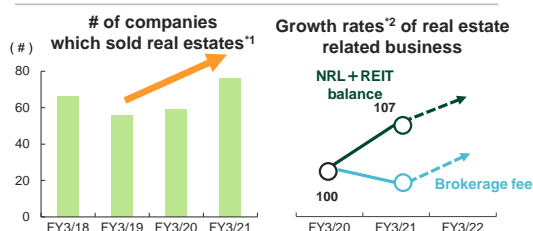
We will provide solutions based on clients’ needs by a) enhancing our capability in large LBOs and global M&As and b) controlling risks at “Specialized Finance Department”, which was established to handle hybrid finance and DIP finance, etc.

We plan a net increase of RWA by JPY 800 bn in FY3/22 including surplus generated by the repayment of COVID-19 related loans.

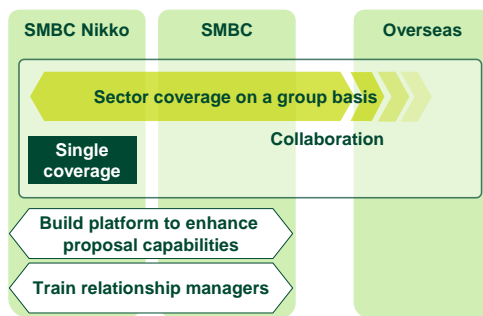
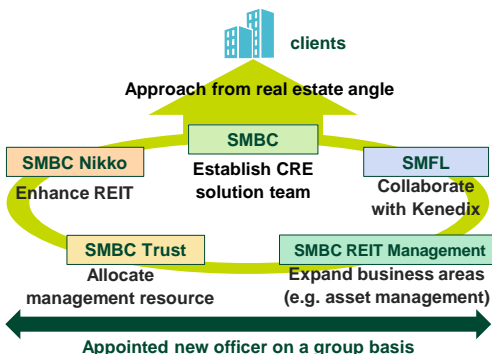
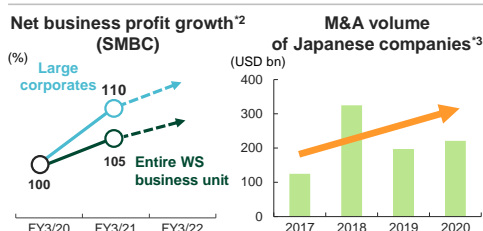
We will allocate RWA in order to pursue growth considering profitability and asset-efficiency.

Group real estate strategy / global large corporates strategy

Group real estate strategy



Global large corporates strategy



^{*1} Tokyo Shoko Research FY20 "Tokyo Stock Exchange 1st / 2nd section real estate sales"

^{*2} The result of FY3/20 = 100.

^{*3} Refinitiv (volume is based on ranking date, excluding share buybacks and real estate purchase)

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This slide shows our group real estate strategy.

The market of real estate is active now. I believe that the real estate business has potential for growth mainly in leasing business and brokerage business with listed companies.

SMBC will take advantage of a broad client base to identify clients' needs from the CRE perspective and we will provide solutions on a group-basis. We will also strengthen and expand the functions of each group company, particularly in the brokerage business and the asset management business.

It is essential to further grow businesses with large corporates in order to achieve the target of the business unit.

On the top-right, the trend of the M&A volume of Japanese companies is shown as an example. We should capture M&A transactions that are becoming larger and more global.

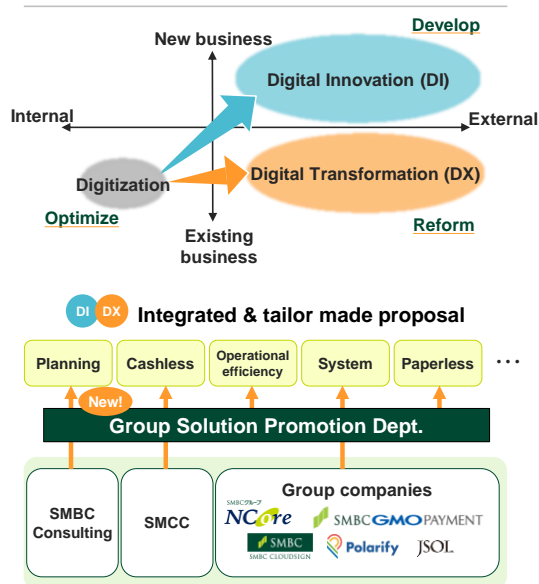
I'm getting more confident in this business because we arranged a large cross boarder M&A from bridge finance to bond take-out as a lead arranger in FY3/21.

We have established a single-coverage system in SMBC Nikko and a framework that allows us to approach by sector on a group- and global-basis in order to respond proactively to the growing needs of large corporates.

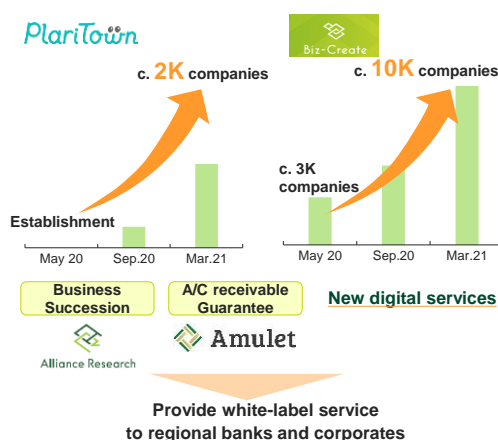
At the same time, we will develop infrastructure and tools to enhance our capability, as well as train relationship managers that have various knowledge to support large corporates.

Digital solutions for corporate clients

Response to DX / DI needs



Digital platform for corporates



Cashless service for corporate clients

COVID-19 increased needs for touchless payment and optimization



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This slide explains our initiatives for creating new businesses to achieve sustainable growth.

First is digital solutions for corporate clients.

Demands for digital innovation (DI) and digital transformation (DX) are increasing especially among large corporate customers not only to increase operational efficiency but also to develop new businesses/reform existing businesses.

To respond to such demands, we established “Group Solution Promotion Department” that integrated human resources of digital-related group companies.

We will support clients’ DI/DX initiatives by offering one-stop and integrated proposal by leveraging variety of services of DX subsidiaries including cashless payment.

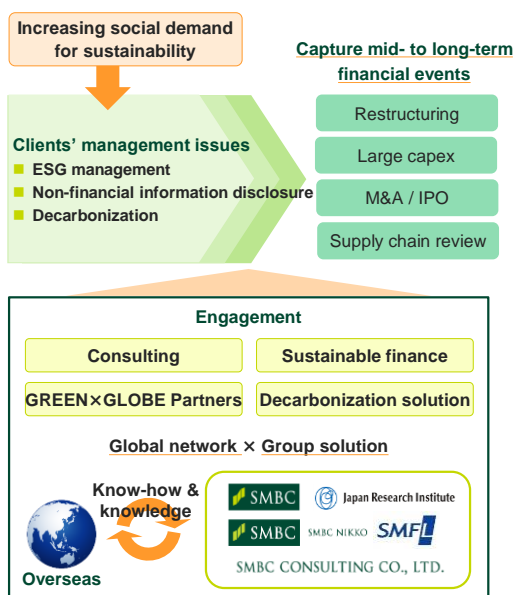
Now let me explain our digital platform business.

Our platform for corporates “PlariTown” is increasing its users rapidly. We will further expand the scope of our service that will contribute to future earnings by releasing new services, selling the platform to regional financial institutions, and collaborating with non-financial companies.

As demand for the cashless service for corporates is growing due to COVID-19, SMCC will take the lead to strengthen our competitiveness by providing a variety of unique services.

Promotion of sustainability business

Our vision



*1 Deposited money is used as loans for "eligible green projects" such as renewable energy. Obtain periodic review by third party about operational status.

*2 The issuer makes a donation if targets are not achieved. *3 As of Jun. 11, 2021

Sustainable finance

1 Green

- Green finance
- Green deposit^{*1} **1st in Japan**

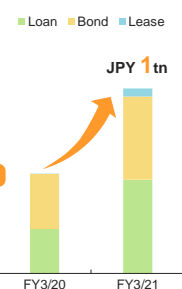
2 Transition

- Financial support for carbon neutral transition
- Sustainability linked bond (donation type)^{*2} **1st in the world**

3 Impact

- PIF principle assessment loan
- AIM (ESG bonds) established Japanese subsidiary (Jun. 21)

Our domestic green finance volume



GREENxGLOBE Partners

of partner companies

47 Sep.20 → 146 Jun.21^{*3}

Pursue a hydrogen society

Hydrogen Council



中部圏水素利用協議会

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Sustainability, such as initiatives addressing decarbonization, is now one of major national issues, and it could be a game changer that will greatly alter the future of clients' businesses.

The group think tanks and departments specialized in sustainability business have begun collecting knowledge and expertise utilizing global network and have also begun engaging with customers by each concern.

There was an IPO case in FY3/21, where we were highly evaluated by investors in promoting a growth story from the ESG perspective.

We aim to be the first call bank in this field by linking sustainability to major finance events of clients such as capital investment, business reorganization, and IPOs.

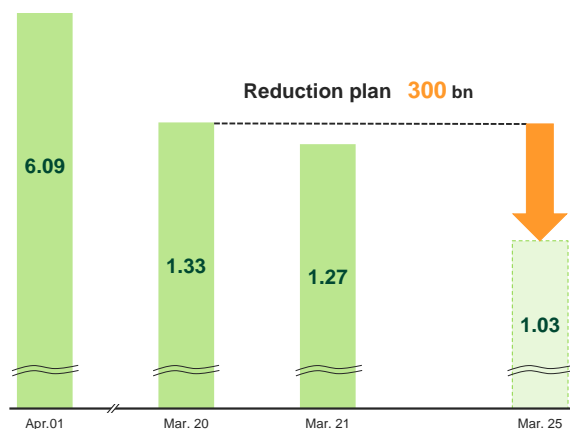
Some of the solutions we provide are shown on the right-hand side.

We will provide solutions for sustainability issues from both financial and non-financial perspectives, including green deposit (the first in Japan) and green finance (JPY 1 tn in FY3/21).

Strategic shareholdings

Plan to reduce JPY 300 bn in 5 years by March 2025. Reduced JPY 55 bn in FY3/21.

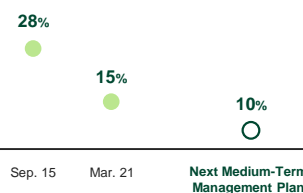
(JPY tn) Book value of domestic listed stocks



Reduction

Previous reduction plan (Sep.15- Sep.20)	JPY 510 bn
Current reduction plan (Mar.20 -)	
Reduction	JPY 55 bn
Consent of sales	JPY 54 bn
Total	JPY 109 bn

Ratio of stocks to CET1*



* Basel III fully-loaded basis, excl. OCI

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We plan to reduce JPY 300 bn of strategic shareholdings in five years starting from April 2020. Our result was in line with the plan in FY3/21 even under the COVID-19 pandemic.

We will achieve the target by taking advantage of trends including the reorganization of the Tokyo Stock Exchange and having continuous engagement with our clients.

Global

Ryuji Nishisaki,
Senior Managing Executive Officer

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Progress of Medium-Term Management Plan

Financial target

Net business profit	ROCET1	RWA
FY 3/23	FY 3/23	In 3 years
JPY 430 bn	9%	+JPY 2.5 tn
Vs. FY3/20 + JPY 70 bn		Previous plan + JPY 5.8 tn

KPI

		FY3/21	YoY	FY3/23
CIB Business	Asset efficiency ^{*1} of Non-Japanese clients in the U.S. and Europe	2.2%	+0.5%	1.8%
	US IG bonds underwriting shares	2.1%	+0.4%	3.0% (#10)
Asia-centric (JPY bn)	Profit from MF ^{*2} strategy targeting countries	97.3	(3.7)	116
	Deposit balance of digital banking in Asia	104.9	+52.5	158
	Overseas transaction banking ^{*3}	66.2	+7.1	68

^{*1} Asset efficiency = gross profit / (asset + commitment line), managerial accounting basis as of Mar.20.

^{*2} Multi-Franchise ^{*3} After adjustments of the changes of interest rates

FY3/21 result

(JPY bn)	FY3/21	YoY
Gross profit	723.7	+ 42.9
Expense	383.3	+ 12.4
(Overhead ratio)	53.0%	(1.5)%
Net business profit	366.7	+ 3.9
ROCET1	6.2%	(1.3)%
RWA (JPY tn)	35.6	(0.1)

Progress of key initiatives

CIB Business	Started sector coverage on a global basis
	Increased IG Bond share by leveraging funding support
Asia-centric	Increased capital of SMBC Nikko (US) to build bond S&T platform
	Expand franchises in Asia
Sustainability	(Vietnam) Investment in FE Credit
	(Singapore) Investment in ARA Asset Management
Digital	Green finance: #2 in Global league table (FY3/21)
	Build trade finance platform
	Executed first transaction using "Marco Polo"

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The financial targets of the Medium-Term Management Plan have not changed, while the impact of COVID-19 remains. We will aim to achieve the targets by finetuning our initiatives based on changing environment.

We have made a good progress in KPIs, except for the profit from Multi-Franchise Strategy targeting countries.

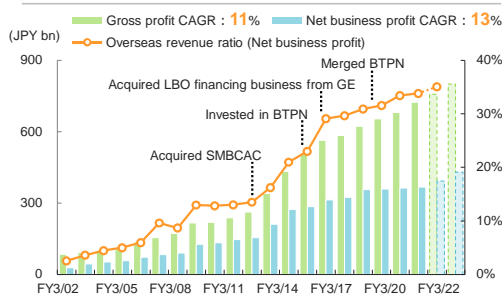
Both gross profit and net business profit increased in FY3/21, by offsetting the negative impact of COVID-19 with increased profit from CIB business. Overhead ratio also improved YoY.

We were also able to achieve steady progress in our focus areas, such as CIB business, Asia-centric, sustainability, and digital.

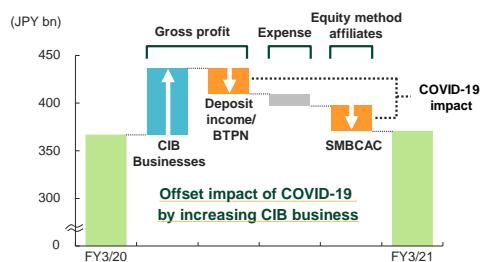
Overall, we were able to promote the initiatives of the Medium-Term Management Plan in FY3/21 by responding to changing environment in spite of significant impact of COVID-19.

Pursue further growth and efficient business management

Long-term results



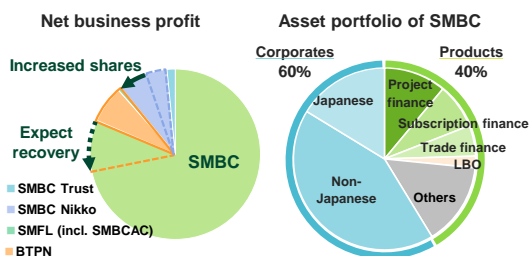
Net Business profit



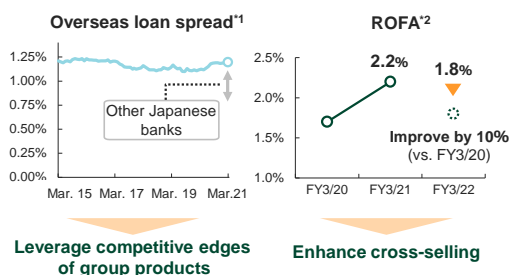
*1 Monthly average loan spread of existing loans

*2 Return on Funded Asset of non-Japanese clients in the U.S. and Europe

Business portfolio with group strengths



Efficient business operation



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Both gross profit and net business profit of the Global business unit have been increasing since the establishment of SMBC in 2001. As a growth driver of the group, we have been pursuing to increase top-line profit and improve efficiency.

The net business profit increased in FY3/21 due to the growth of the CIB business including large-scale cross-border M&A deals and DCM business to support liquidity of clients, while BTPN and SMBCAC were damaged significantly and deposit-related income declined. I expect these businesses will recover going forward as the negative impact of COVID-19 decreases.

You can see the breakdown of the contribution by each entity to the net business profit of the Global business unit. SMBC Nikko increased its contribution from 4% to 10% in FY3/21 by enhancing the CIB business. BTPN and SMBCAC are supposed to recover their contribution in FY3/22. I believe that we have been steadily enhancing our strength as the group.

We have been allocating more assets in products which we have strengths, e.g. project finance, trade finance, and subscription finance, by analyzing risks properly. This portfolio structure ensures a high level of profitability.

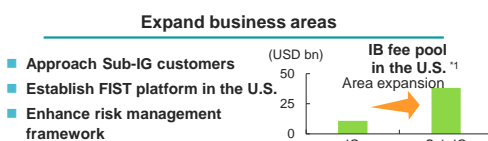
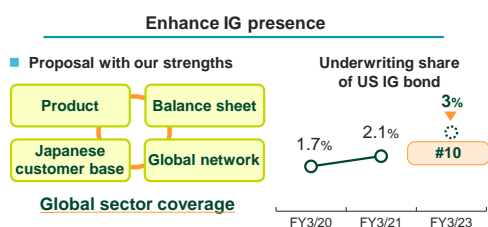
We were also able to improve our overseas loan spread by flexibly allocating assets under the COVID-19 pandemic, based on business condition and loan demand in each region.

Return on Funded Asset, a KPI for the asset efficiency of non-Japanese clients in the U.S. and EMEA, improved YoY by 0.5% through enhancing cross-selling mainly in the CIB business.

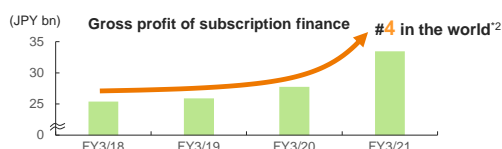
We will continue to enhance our strengths in profitability and efficiency.

Enhance CIB business

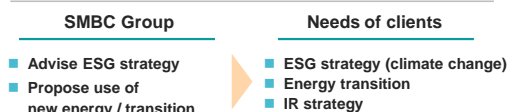
Overseas securities business



Expansion of fund business



Sustainability business



e.g. Sustainability linked loan

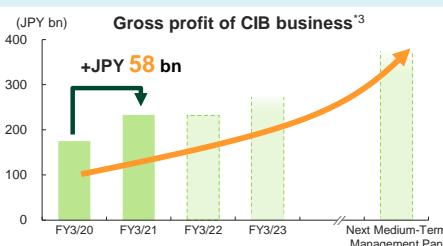
1) Japanese manufacturer in the U.S. USD 1.1 bn

- Mandated as solo arranger. First ESG loan to an overseas subsidiary of a Japanese company

2) French REIT company EUR 3 bn

- Mandated for our ESG expertise

Aim top tier by leveraging our strength



^{*1} CY20/Dealogic ^{*2} SMFG's estimate (based on transaction volume)

^{*3} Managerial accounting basis (profit from non-Japanese fund clients in the U.S. and Europe)

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We are aiming to grow our CIB business, mainly overseas securities business in the U.S.

For IG clients, we will improve our presence by strengthening sector coverage on a global basis and utilizing the group's strengths. Our target is 3% of market share and #10 in the league table of the U.S. IG bond market.

We will also expand our DCM business with Sub-IG clients, which has a high growth potential for us, selectively from the segments where we have expertise. For FIST, we will aim to establish a full-line platform. As a first step, we increased the capital of SMBC Nikko Securities America in order to expand our balance sheet.

These initiatives are essential to be a top-tier player in the CIB business considering the size of fee pool they have. We will allocate sufficient resources to improve our risk management including middle-back operations.

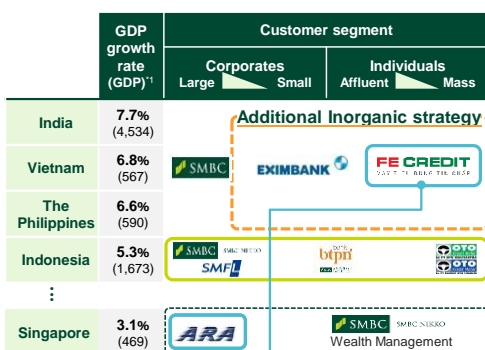
Business opportunities in fund business are expanding, as capital inflow increases due to liquidity support from central banks. We will allocate assets flexibly and selectively in products where we have strengths (e.g. subscription finance) to capture upside.

As global awareness to climate change increases, regulatory compliance and business model revision have become more important management issues for our clients. We hired ESG experts in each region to enhance our capability to advise ESG strategy or propose use of/transition to new energy.

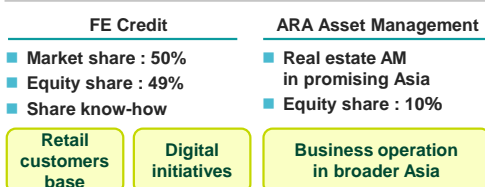
Gross profit of the CIB business increased in FY3/21 because we were able to improve our underwriting share of IG bond by capturing bank-securities collaboration deals and M&A opportunities under favorable bond market in the U.S. We will aim for a top-tier in major markets.

Expand franchise in Asia and capture the growth

Establish a platform for mid-to-long term growth



Strategic investment

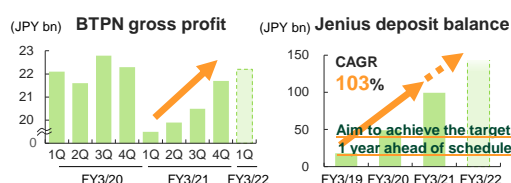


¹ IMF : GDP growth rate: 2021-2026 average / GDP: 2026 estimate (USD bn)

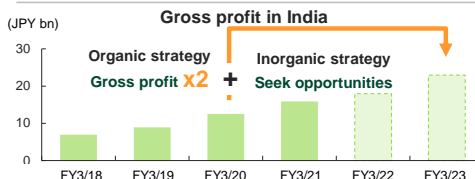
² 2016: various public data, 2021: SMBC's estimate

High-net-worth individuals' net investment assets = Held assets – house, car and debts

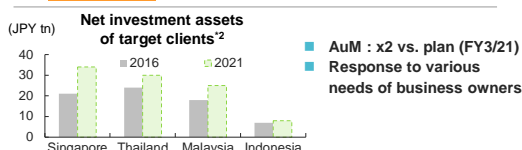
Indonesia: recover from COVID-19



India: capture growth of the huge market



Singapore: enter into the wealth management business



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To expand our franchise in Asia, we are focusing on the countries with strong growth potential: India, Vietnam, the Philippines, and Indonesia. We aim to capture a mid- to long-term growth in each country by developing a full-line business platform from retail to wholesale in both organic and inorganic ways.

Vietnam FE Credit, which we recently announced to invest, is the leading player with approximately 50% of market share, with an extensive retail client base and advanced digital initiatives. We will create the synergy through mutual support between SMBCCF and FE Credit.

ARA is a real estate asset management firm operating in Singapore, Hong Kong, and mainland China, which we invested in May to capture market growth in the mid- to long-term. They have strengths in growing areas including logistics and data centers, as well as traditional asset classes such as office and retail.

In Indonesia, though suffered from negative impact of COVID-19 in FY3/21, BTPN's business is expected to recover to its pre-COVID-19 level as economy reopens. Jenius, its digital banking service is highly evaluated for its usability and has been growing faster than expected due to increasing touchless payment needs under the COVID-19 pandemic. We aim to further expand our business by leveraging our initiatives for digitalization.

We aim to double our gross profit in India organically. Progress of FY3/21 exceeded the original plan, because we increased assets in the sectors where the negative impact of COVID-19 was small, including IT, infrastructure, and healthcare. We will pursue inorganic opportunities as well to further capture growth of the country, with closely paying attention to the situation of COVID-19.

In September 2020, we launched wealth management business in Asia for local business owners and are responding to the diverse needs of clients. We made a good progress so far by increasing AUM much more than we originally planned.

Aircraft leasing / Enhance management base for sustainable growth

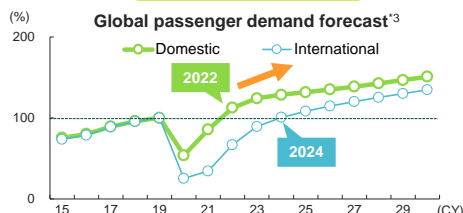
SMBCAC

● Crisis-resistant aircraft portfolio

Narrow body: Over 80%^{*1}

Average age: 4.1 years

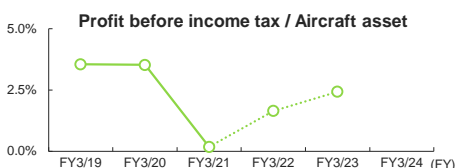
Fuel efficient new type:
c. 60%^{*1,2}



● Improve asset efficiency by leveraging strong liquidity

S&P rating: A-
(No.1 in industry)

Undrawn commitment lines:
USD 4.5 bn



^{*1} Aircraft asset ^{*2} Neo/MAX/A350/B787 ^{*3} IATA / Tourism Economics

Global governance and risk management

Geopolitical risks

New businesses

Market changes

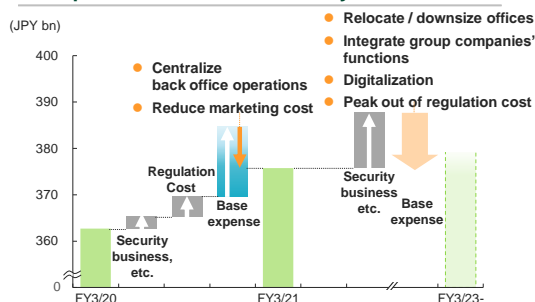
Climate change

Regulations

Proactive response with preferential resource allocation

- Global collaboration (sharing best practice, culture)
- Group CxO centered structure

Improvement of cost efficiency



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Although severe business environment continues, SMBCAC has maintained strengths in its young, narrow-body, and technology-focused aircraft portfolio.

I believe SMBCAC is better-positioned than peers due to its robust portfolio to capitalize on the market, where the domestic flights recovers first.

On top of that, we have been increasing high-profitable assets in order to reinforce our presence in the market after COVID-19; we have been flexibly conducting sale and leaseback transactions with airlines with needs for liquidity and nimbly placing an order for new aircrafts based on good relationship with manufacturers, by taking advantage of funding support from SMBC Group.

Enhancing management base is one of the most important issues for sustainable growth and we are allocating resources in this area with high priority. This is because global governance and risk management are essential to support challenges for new business areas, considering changing environment, e.g. geopolitical risks, market fluctuations, climate change, and regulations.

We will strengthen governance of each region under the leadership of the Group CxOs and cooperate across the regions to share good practices and to enhance the culture of compliance-first.

We will also continue to focus on cost-efficiency. While regulation cost and cost in strategic business areas are increasing, we are reducing base expense by centralization of back office operations and relocation of offices. We aim to control the total cost by additional cost reduction through office reduction under “new normal”, integration of group companies’ functions, and digitalization, on top of the peak out of regulation cost.

Global Markets

Masamichi Koike,
Senior Managing Executive Officer

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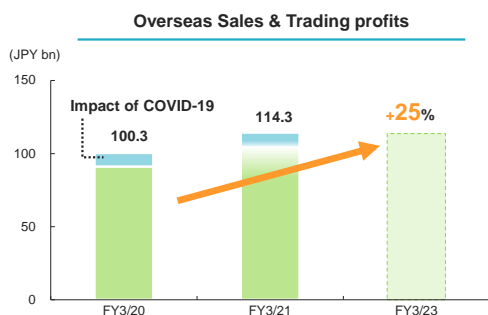


Progress of Medium-Term Management Plan

Financial target

Net business profit	ROCET1	RWA
FY3/23	FY3/23	In 3 years
JPY 365 bn	17 %	+JPY 1.7 tn
Vs. FY3/20		Previous plan
JPY (30) bn		JPY (1.5) tn

KPI



FY3/21 result

(JPY bn)	FY3/21	YoY
Gross profit	460.7	+ 22.1
Expenses	82.9	+ 3.3
(Overhead ratio)	18.0%	(0.2)%
Net business profit	413.5	+ 22.0
ROCET1	20.4%	+0.2%
RWA (JPY tn)	5.4	+ 0.3

Key initiatives

Portfolio management

- Accumulate profits by flexible rebalance

Sales & Trading

- Capture clients' needs of risk hedge
- Enhance overseas S&T capabilities

Foreign currency funding

- Strengthen global collaboration by merging ALM departments worldwide
- Secure stable B/S management even under stressed market condition

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The target of net business profit for FY3/22, the final year of the Medium-Term Management Plan is JPY 365 bn, which is JPY 30 bn lower than FY3/20, as the market is expected to remain highly complicated amid the ongoing low interest rate environment.

However, net business profit in FY3/21 was JPY 413.5 bn, which is JPY 22.1 bn higher than FY3/20. This is largely attributable to our nimble portfolio management. Another reason for our strong performance was SMBC Nikko recorded the highest profit since our acquisition due to the S&T business, including equity trading and DCM businesses overseas.

As mentioned in the IR Day last year, I believe that growth potential for our S&T business lies in the overseas market. Therefore, as one of our KPIs, we are aiming to increase overseas S&T profits by 25% over the three-year period.

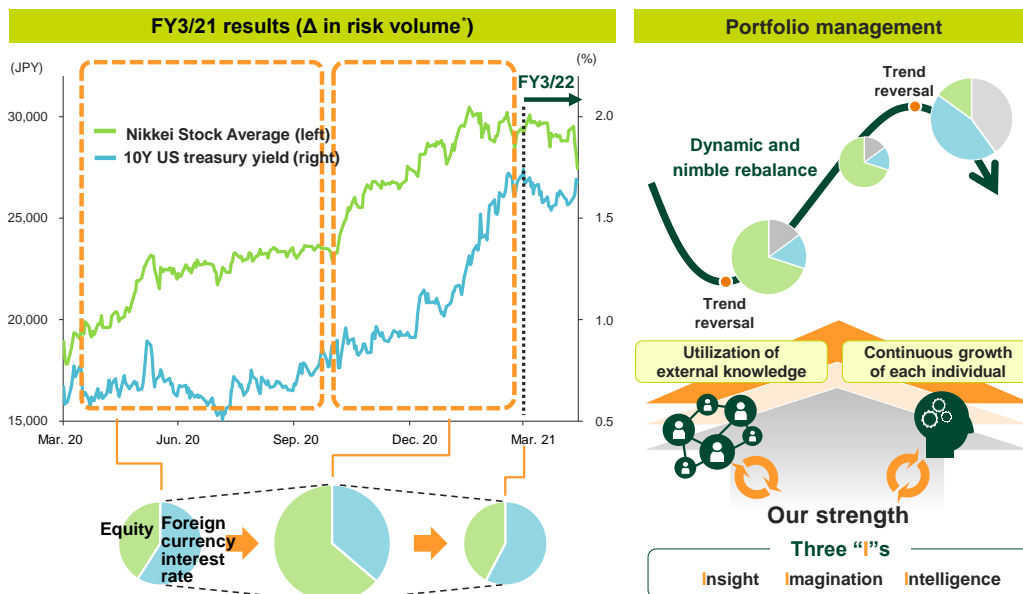
Due in part to the COVID-19 pandemic, profit from S&T business increased in FY3/21. However, there is still a gap with competitors in capabilities and that is why I believe we can further enhance our profit from the overseas S&T business.

We will further strengthen both portfolio management and S&T business without content with the results in FY3/21.

From the next slide, I would like to explain about three key missions of Global Markets business unit: portfolio management, S&T business, and ALM including foreign currency funding.

Portfolio management

Dynamic and nimble portfolio management with “Trading strength”



* Managerial basis

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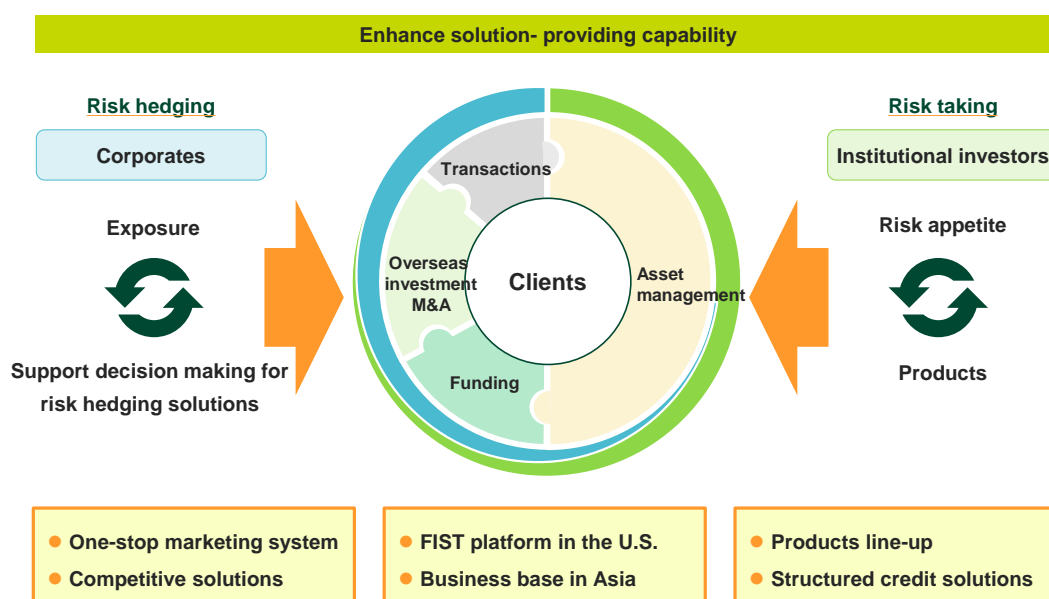
Last fiscal year can be divided into two phases: 1) while the interest rates were globally at a very low level due to unprecedented financial supports from governments and central banks amid the COVID-19 pandemic and 2) while the future economic recovery was taken in advance of the presidential election in the U.S. During the former phase, as believed further decline of interest rate would be limited, we maintained the risk volume of foreign currency interest rate at the same level as FY3/20 to accumulate carry income instead of pursuing capital gain. Though the stock prices bottomed out due to government support in each country, we kept a certain risk volume of equity because economic outlook was still uncertain. In the latter phase, we increased the risk volume of equity just before the presidential election in the U.S. I expected economy would recover regardless of the election’s result due to fiscal and financial support from governments and progress of vaccine development. On the other hand, we controlled the risk volume of foreign currency interest rate, as economic recovery increased inflationary expectations.

We have a strength in global macroeconomic approach with dynamic and nimble portfolio rebalance, which can be conducted by accurately capturing trend reversal of market. To do so, it is essential to read the market based on economic fundamentals, fiscal policies, and various political trends. Each of us, with three “I”s, should gather and analyze information, and discuss various events that occur every day. I believe that repeating a cycle of making a market position and reviewing its result will realize the growth of both each individual and the organization. A strong organization cannot be formed overnight. I believe we will be able to generate profits under any market condition by continuing to inherit our DNA.

To forecast the market going forward, outcome of this ongoing magnificent experiment of the Fed really matters. It is very important for us to estimate when the Fed would normalize its financial and fiscal measures.

Sales & Trading

■ Become a solution provider



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In the S&T business, we aim to become a solution provider for clients by leveraging our market expertise. Our clients' needs are varied according to their industries, regions, and stages of business development. We can divide these needs into two categories; one is "risk-hedging needs" of corporate clients to reduce various market risks and the other is "risk-taking needs" of investors.

In the former cases, some clients may not clearly recognize their needs for risk-hedging, for example when a headquarter does not manage financing in each office. In this case, we visualize money flow of their business and show them how much FX and interest rate risks they have.

In making these risks visible, we are trying to create competitive advantages by analyzing and utilizing a variety of data. In addition, we established "one-stop sales system" in which each sales member can provide a variety of products.

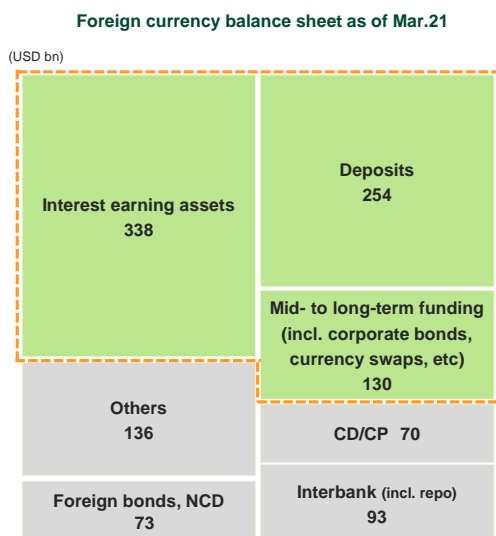
We closed several risk-hedging transactions in FY3/21 for clients who suffered from COVID-19. We will continue to strengthen our edges and provide solutions for our clients.

Regarding the risk-taking needs, I believe that we can provide tailored products in an appropriate and timely manner by enhancing global collaboration where SMBC Nikko plays a central role. In particular, we will build a global S&T platform with the expansion of FIST in the U.S. and our business base in Asia.

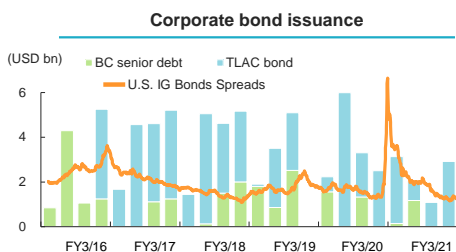
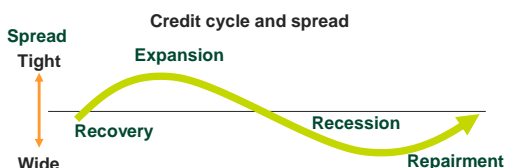
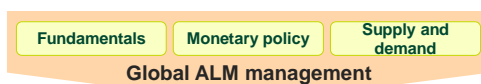
Foreign currency funding

Pursue a long-term balance between stability and cost efficiency

Robust funding base



Strategic funding



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Finally, as to foreign currency funding, it is very important to strike a right balance between stability and cost efficiency in order to sustainably provide loans to clients.

Our policy is to cover loans with deposits from clients and mid- to long-term funding. We are diversifying our funding sources and expanding investors base to maintain our funding. This stable funding allows us to firmly support our clients' businesses even under severe environment like the COVID-19 pandemic.

On the other hand, the current funding situation is highly accommodative due to substantial liquidity support from central banks. We must be prepared for changes in fiscal policies and financial environment.

Same as the portfolio management, foreign currency funding also needs to be managed strategically in response to the market conditions.

It is important to consider where we are in the credit cycle, when we will move to the next phase, and how demand-supply balance is. These factors are essential to decide whether we should forgo issuing bonds or increase the amount of bonds. We will aim to manage our balance sheet more stably and efficiently by forecasting the future from a long-term view point.

In the current Medium-Term Management Plan, our vision is to provide high-value-added services to clients and SMBC Group, as a market risk professional. I believe we are getting closer to this vision so far, however, the market environment is changing rapidly and needs of our clients are becoming more diverse. We will continue to grow together with our clients by reading the market and providing solutions that meet their needs.

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," "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. 20	Mar. 21
USD	JPY 108.81	JPY 110.71
EUR	JPY 119.52	JPY 129.75

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

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