

Fixed Income Investor Presentation

November 2019

Sumitomo Mitsui Financial Group, Inc.

Unless otherwise indicated, the financial figures for SMFG and SMBC included in this presentation are prepared in accordance with generally accepted accounting principles in Japan, or Japanese GAAP



SUMITOMO MITSUI
FINANCIAL GROUP

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; incurrence of significant credit-related costs; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; and exposure to new risks as we expand the scope of our business. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

Please refer to our most recent disclosure documents such as our annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors’ decisions.

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 + Cedyne
SMBCCF	SMBC Consumer Finance
SMAM	Sumitomo Mitsui Asset Management
SMDAM	Sumitomo Mitsui DS Asset Management
SMBC AC	SMBC Aviation Capital
Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excludes non-recurring losses
Net business profit	Before provision for general reserve for possible loan losses

Retail Business Unit	Domestic retail and SME businesses SMBC, SMBC Trust, SMBC Nikko, SMCC, SMBCCF
Wholesale Business Unit	Domestic large/mid-size corporation business SMBC, SMBC Trust, SMFL, SMBC Nikko
International Business Unit	International business SMBC, SMBC Trust, SMFL, SMBC Nikko
Global Markets Business Unit	Market / Treasury related businesses SMBC, SMBC Nikko
Large corporations	Global Corporate Banking Division
Mid-sized corporations & SMEs	Corporate Banking Division and SMEs covered by Retail Banking Unit

Exchange rates (TTM)

	Sep.18	Mar.19	Sep.19
USD	JPY 113.58	JPY 111.00	JPY 107.93
EUR	JPY 132.15	JPY 124.55	JPY 118.01

■ Agenda

Results

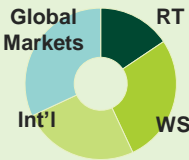
- Key credit messages
- Financial results
- Balance sheet and loan balance
- Loans
- Asset quality
- Reduction of strategic shareholdings

Funding & Capital

- Foreign currency assets and funding
- Foreign currency issuance and redemptions
- TLAC requirements
- Credit ratings of selected G-SIBs
- Capital strategy

■ Key credit messages

(Consolidated, unless otherwise indicated, 1H FY3/20)

Strong and diversified earnings capability	USD 6.5 bn SMFG's profit attributable to owners of parent*1 (FY3/19)	Breakdown of consolidated net business profit by business unit 
Sound loan portfolio	0.76% SMFG NPL ratio	0.53% SMBC NPL ratio (non-consolidated)
Robust liquidity	58.7% Loan to deposit ratio	125.9% LCR (average Jul. – Sep. 20)
Sound capital position	16.18% CET1 ratio (Fully-loaded basis)	20.05% Total capital ratio
High credit ratings	A1 / A1 SMBC/SMFG Moody's rating	A / A- SMBC/SMFG S&P rating (As of Oct. 31, 2019)

Financial results

	(JPY bn)	FY3/19	1H FY3/20	YoY
1 Consolidated gross profit		2,846.2	1,383.2	(76.8)
2 G&A expenses		1,715.1	858.7	+6.2
Overhead ratio		60.3%	62.1%	+3.7%
3 Equity in gains (losses) of affiliates		61.1	30.1	(2.9)
4 Consolidated net business profit		1,192.3	554.6	(85.8)
5 Total credit cost		110.3	64.4	+59.4
6 Gains (losses) on stocks		116.3	70.3	+18.4
7 Ordinary profit		1,135.3	558.4	(121.8)
8 Extraordinary gains (losses)		(11.7)	20.6	+25.7
9 Income taxes		331.4	135.7	(25.8)
10 Profit attributable to owners of parent		726.7	432.0	(40.7)
11 ROE		8.2%	9.4%	(1.3)%

YoY changes

- **Consolidated gross profit** : decreased YoY due to yen appreciation and the sluggish performance in the wealth management business while the Global Markets Business Unit showed strong performance recording gains on sales of bonds with the decline of overseas interest rates.
- **G&A expenses** : increased YoY due to continued overseas expenditures and the increase of revenue-linked variable cost in the credit card business.
- **Equity in gains of affiliates** : decreased YoY due to provisions for loan losses at The Bank of East Asia (JPY (8) bn).
- **Total credit cost** : increased YoY mainly due to the absence of reversals from large borrowers recorded last year.
- **Gains on stocks** : gains on sales of strategic shareholdings increased (JPY 58 bn, YoY JPY +14 bn).
- **Extraordinary gains** : recorded gains on step acquisitions on the merger of SMAM and Daiwa SB Investments (JPY 22 bn).

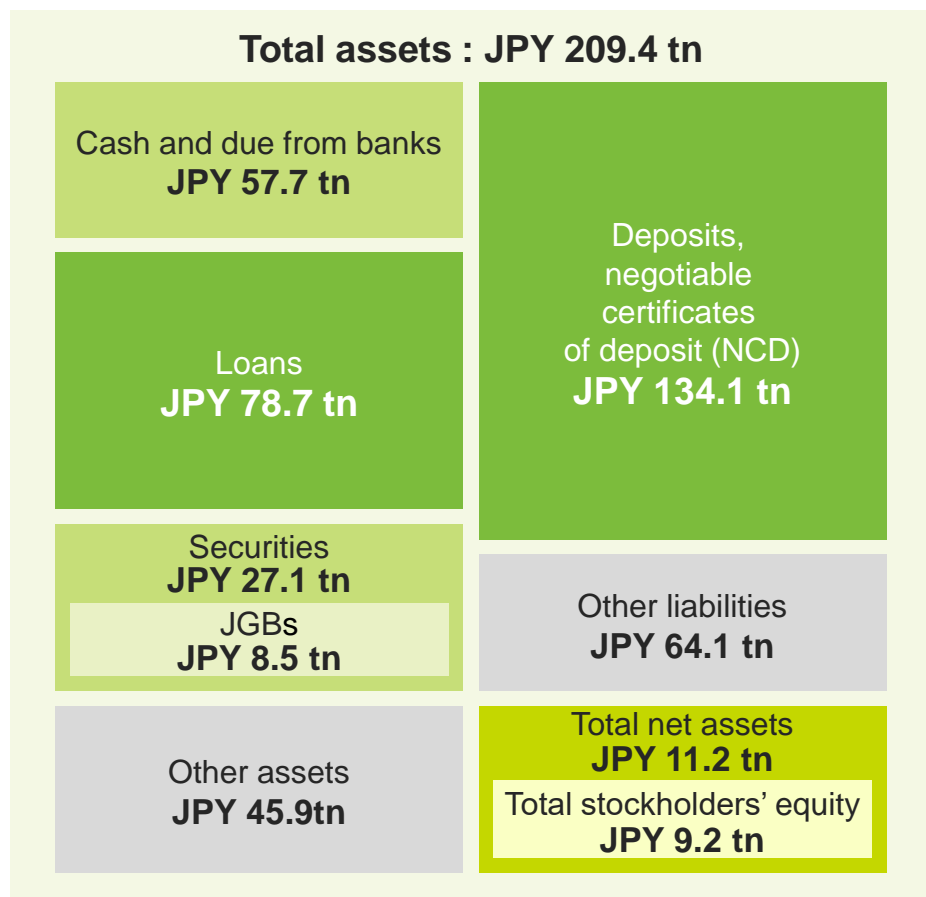
Impact of group reorganization*1

		(JPY bn)
Consolidated gross profit	(46)	Consolidated net business profit (35)
G&A expenses	(12)	Profit attributable to owners of parent +22
Equity in gains (losses) of affiliates	(1)	

Balance sheet and loan balance

Balance sheet (as of Sep. 19)

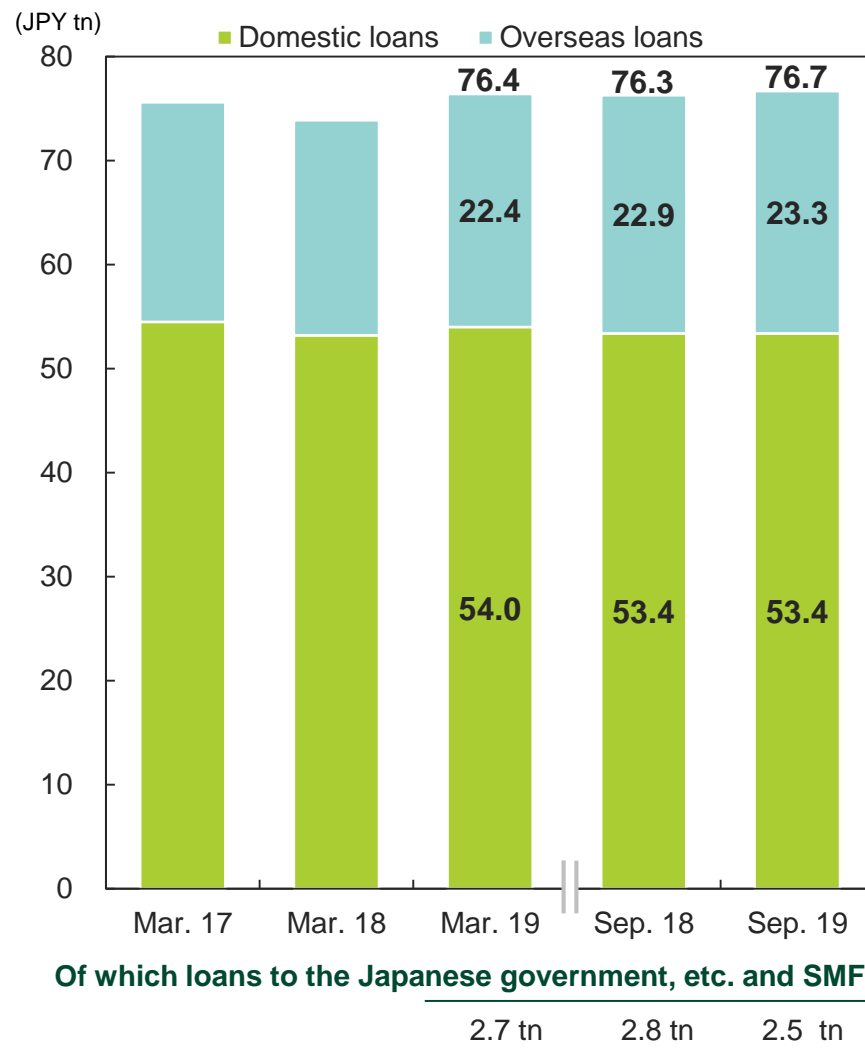
(Consolidated)



Loan to deposit ratio	58.7%
Risk-weighted assets	JPY 60.0 tn
ROE (Denominator: Total stockholders' equity)	9.4%

Loan balance

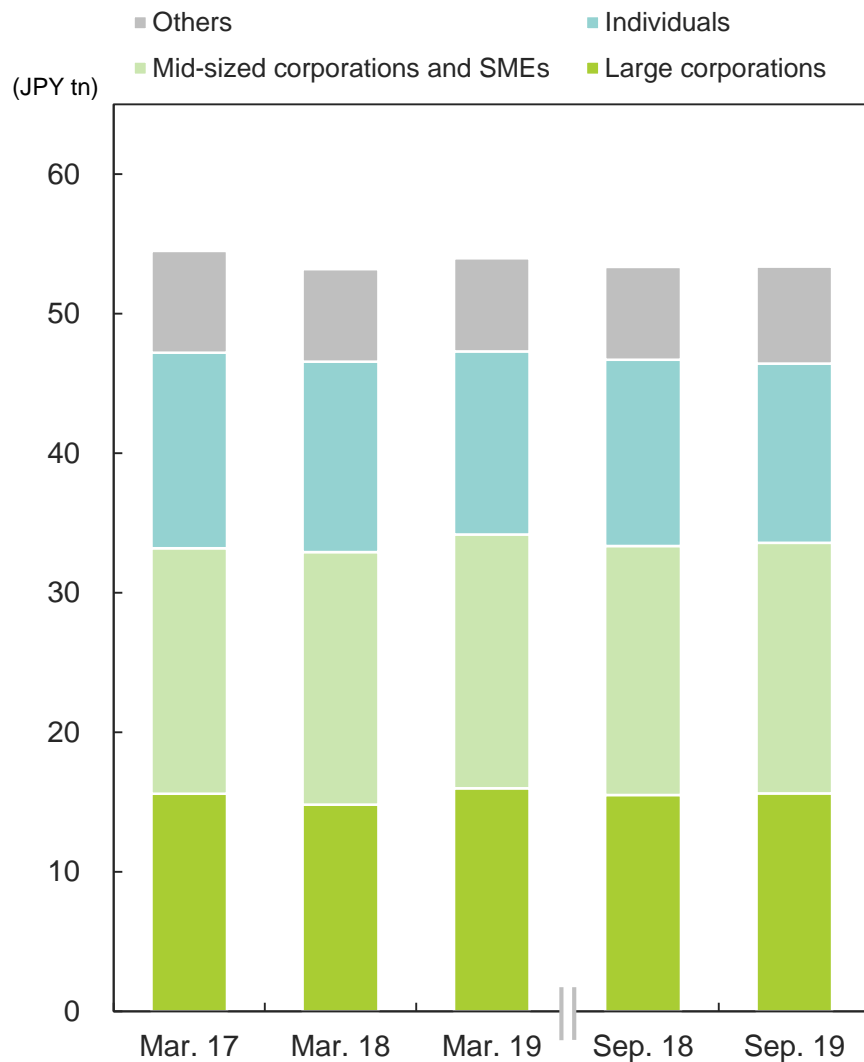
(Non-consolidated)



Domestic loans

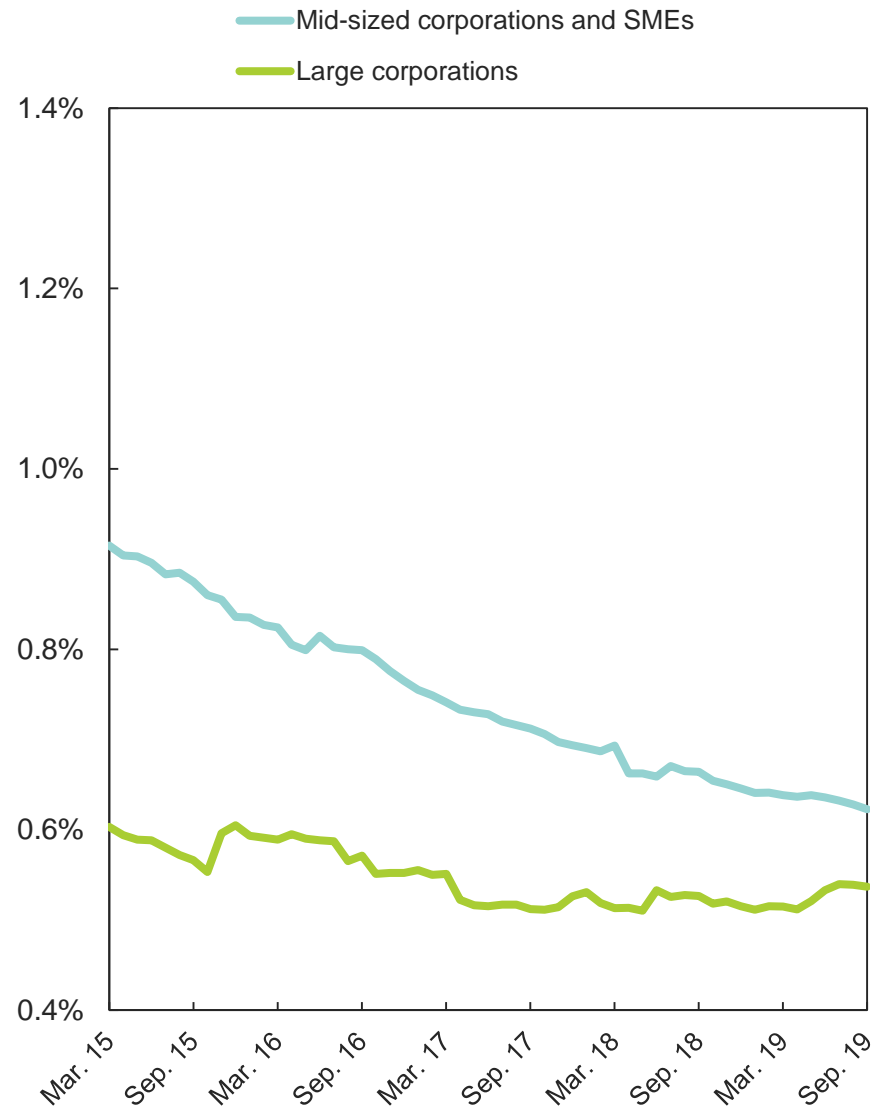
Balance*1

(Non-consolidated)



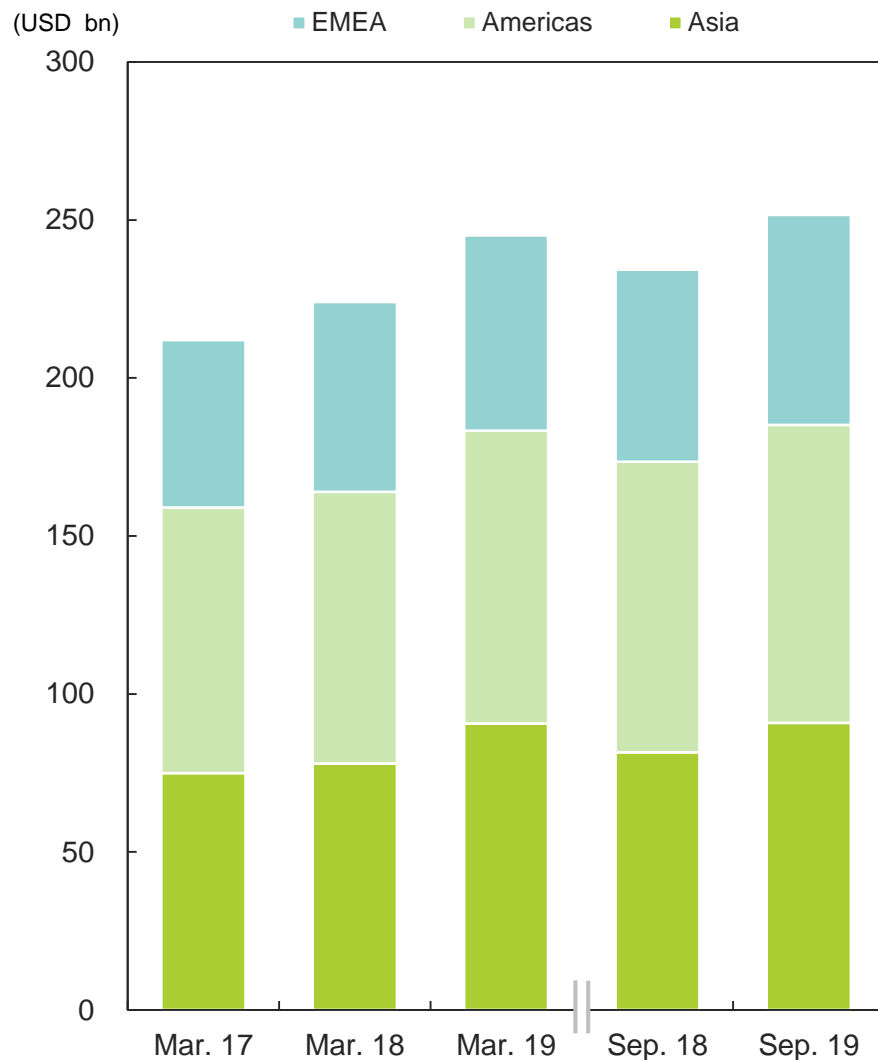
Spread*1, 2

(Non-consolidated)

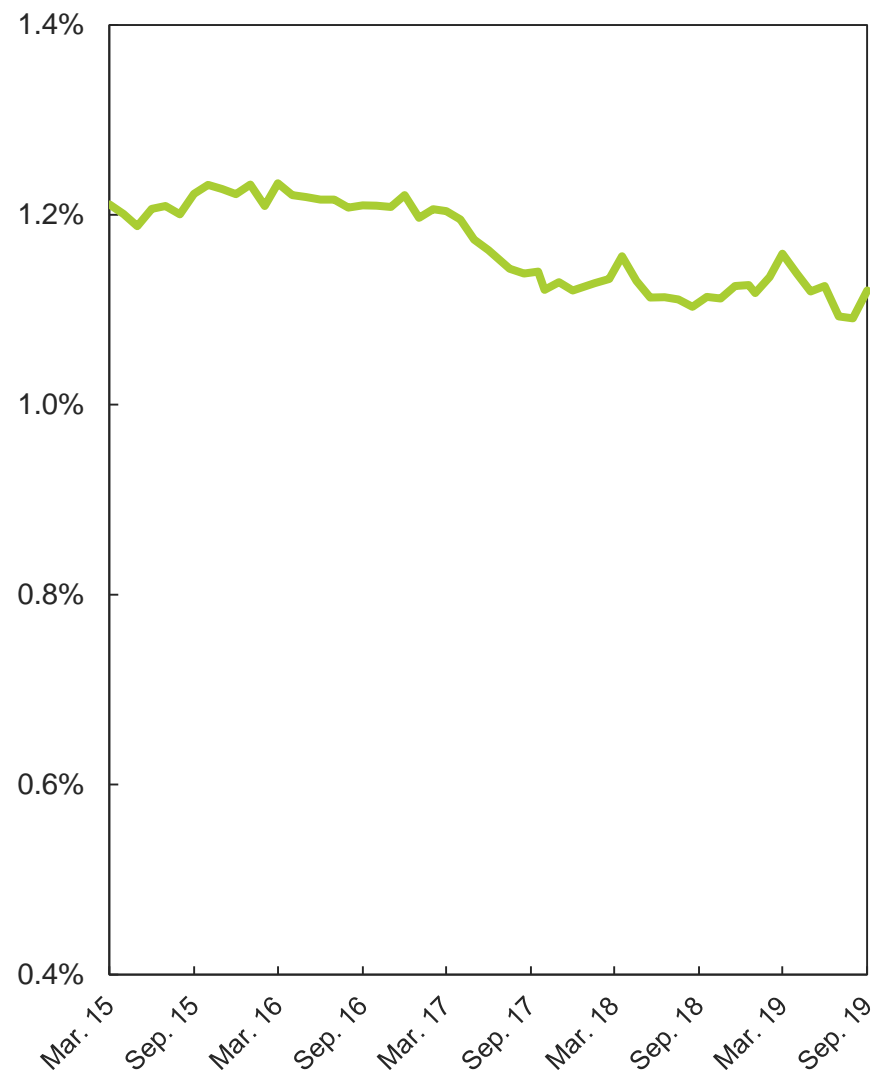


Overseas loans^{*1}

Balance

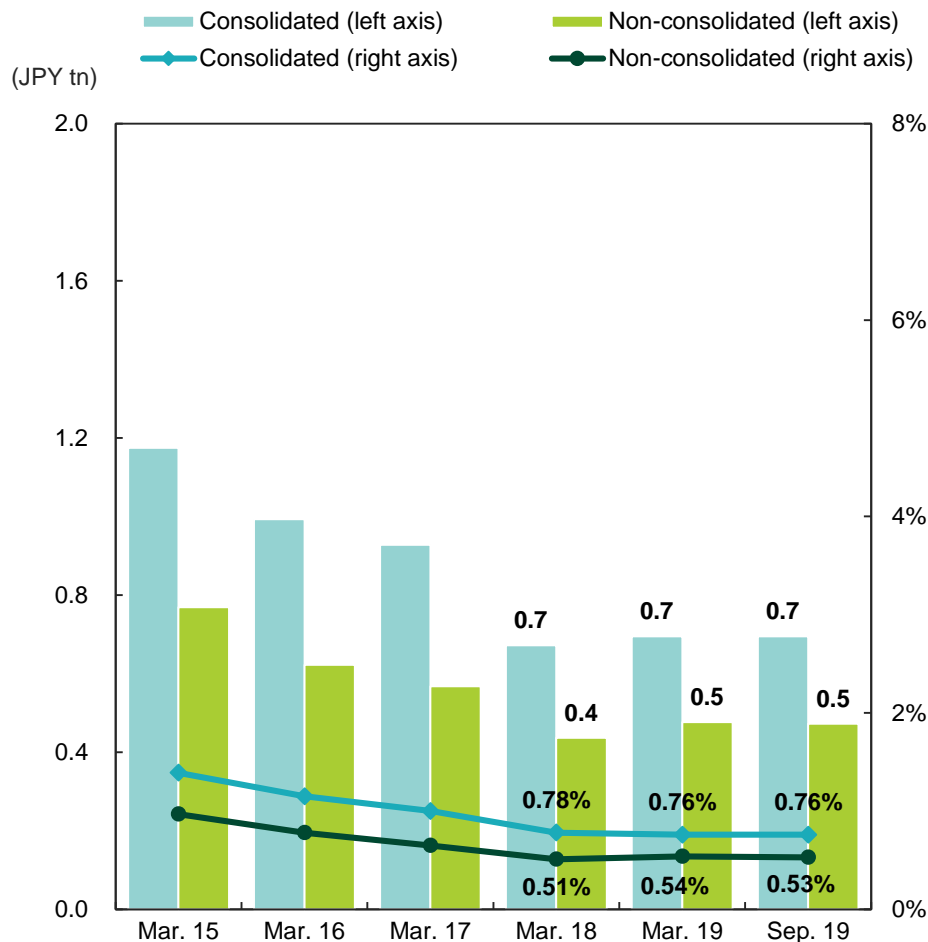


Spread^{*2}



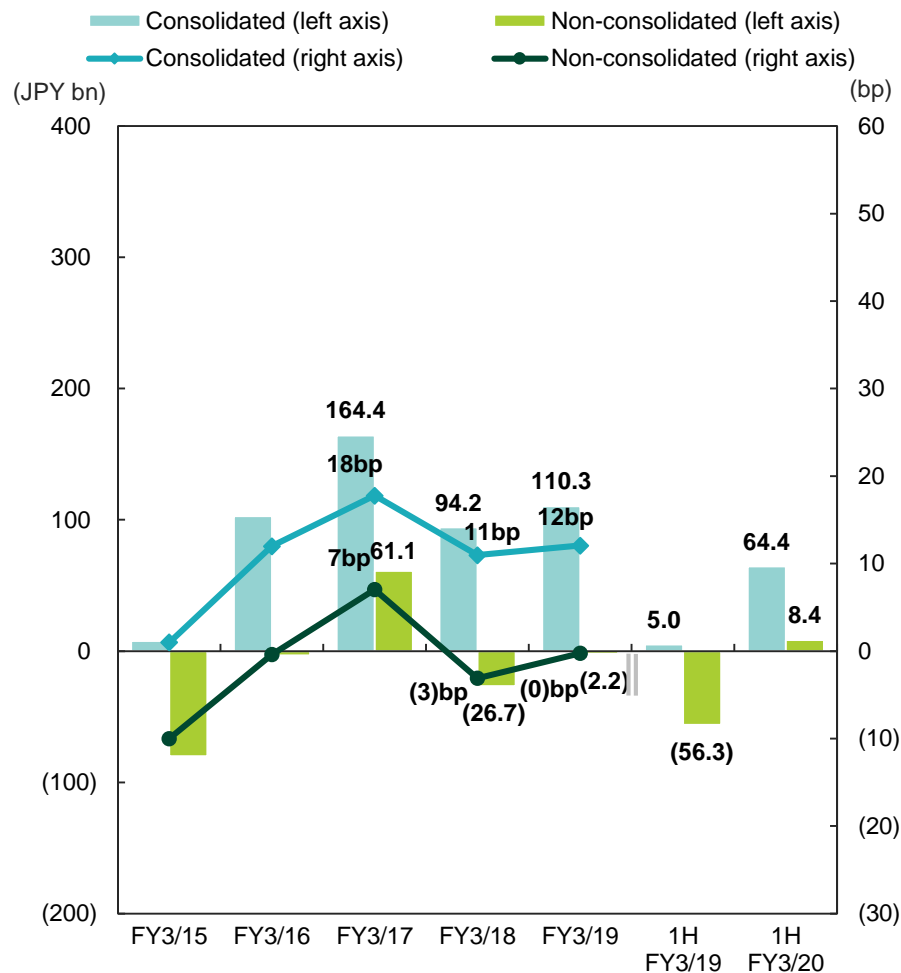
Asset quality – solid loan portfolio

NPLs and NPL ratio*1



Coverage ratio*3	Consolidated	74.73%	73.36%
	Non-consolidated	87.86%	87.05%

Total credit cost and total credit cost ratio*2



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

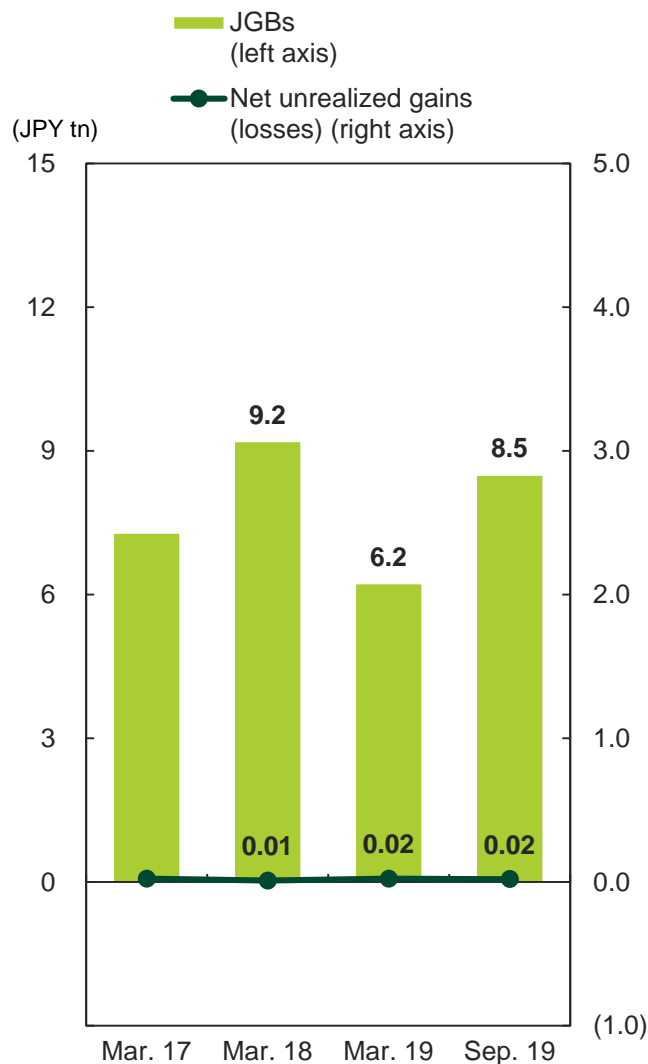
*2 Total credit cost ratio = Total credit cost / Total claims

*3 Ratio of the collateral, guarantees and specific and general reserves to total NPLs

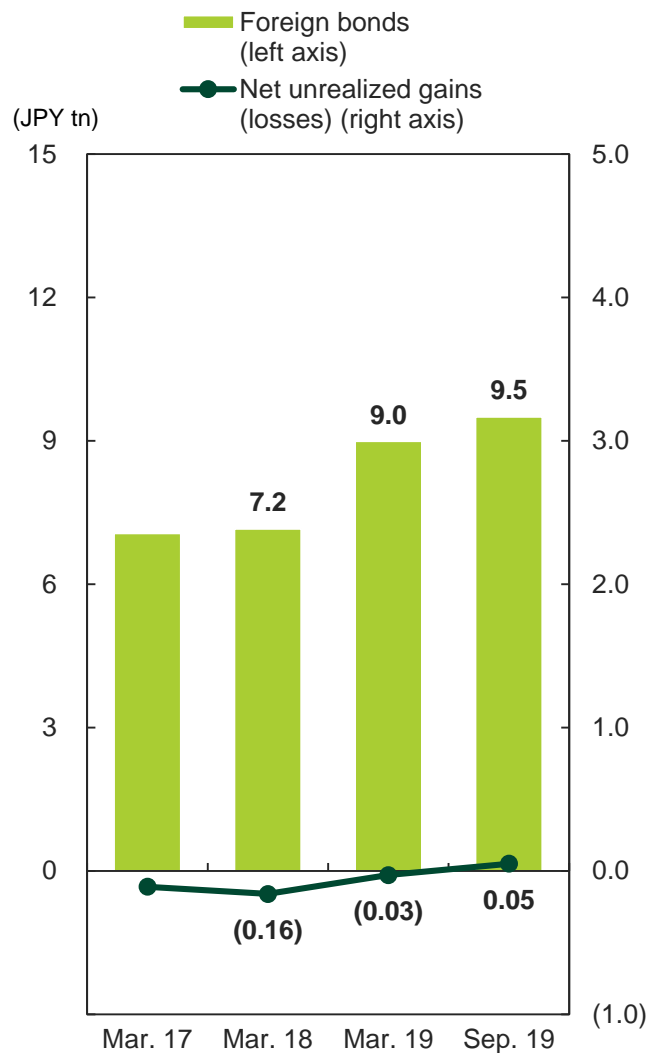
Asset quality – securities portfolio*1

(Consolidated)

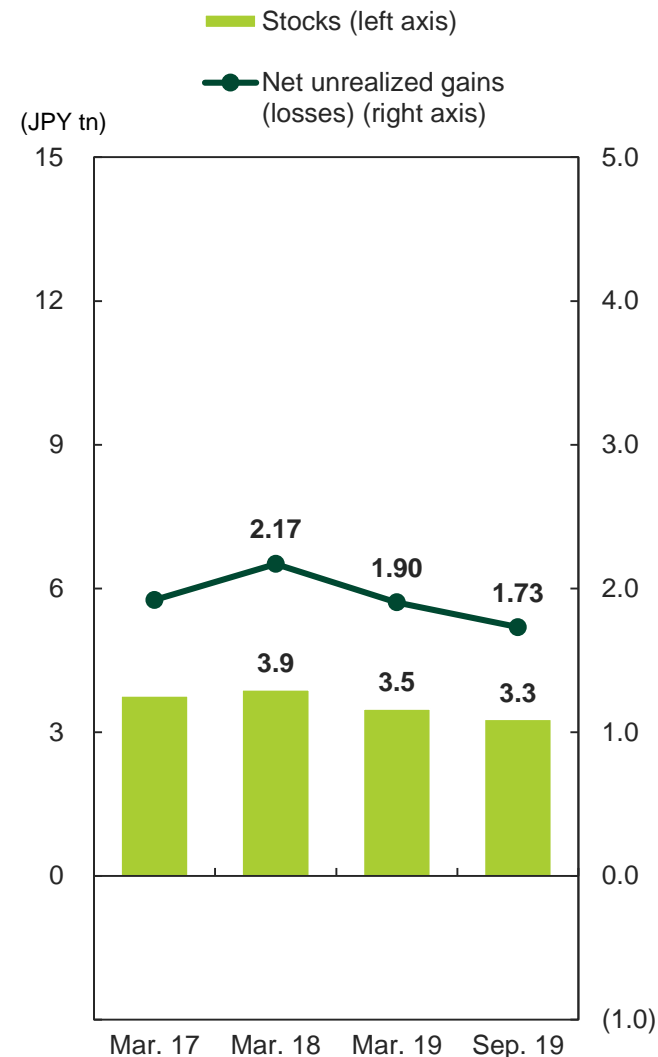
JGBs



Foreign bonds



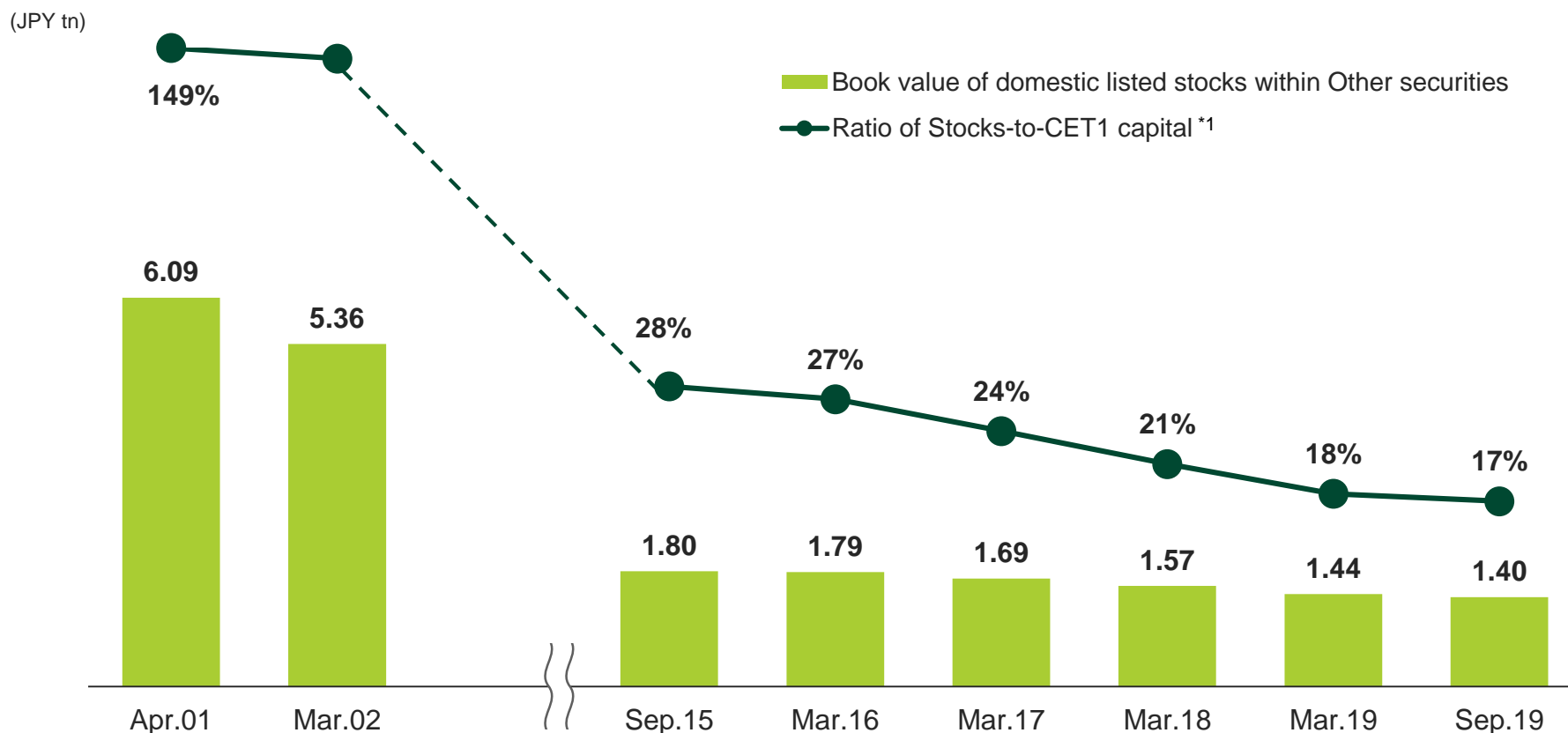
Stocks



■ Reduction of strategic shareholdings

- SMFG aims to continuously mitigate the risk from stock price fluctuations in order to have a more stable and robust financial base

■ Strategic shareholdings outstanding (Consolidated)



■ Agenda

Results

- Key credit messages
- Financial results
- Balance sheet and loan balance
- Loans
- Asset quality
- Reduction of strategic shareholdings

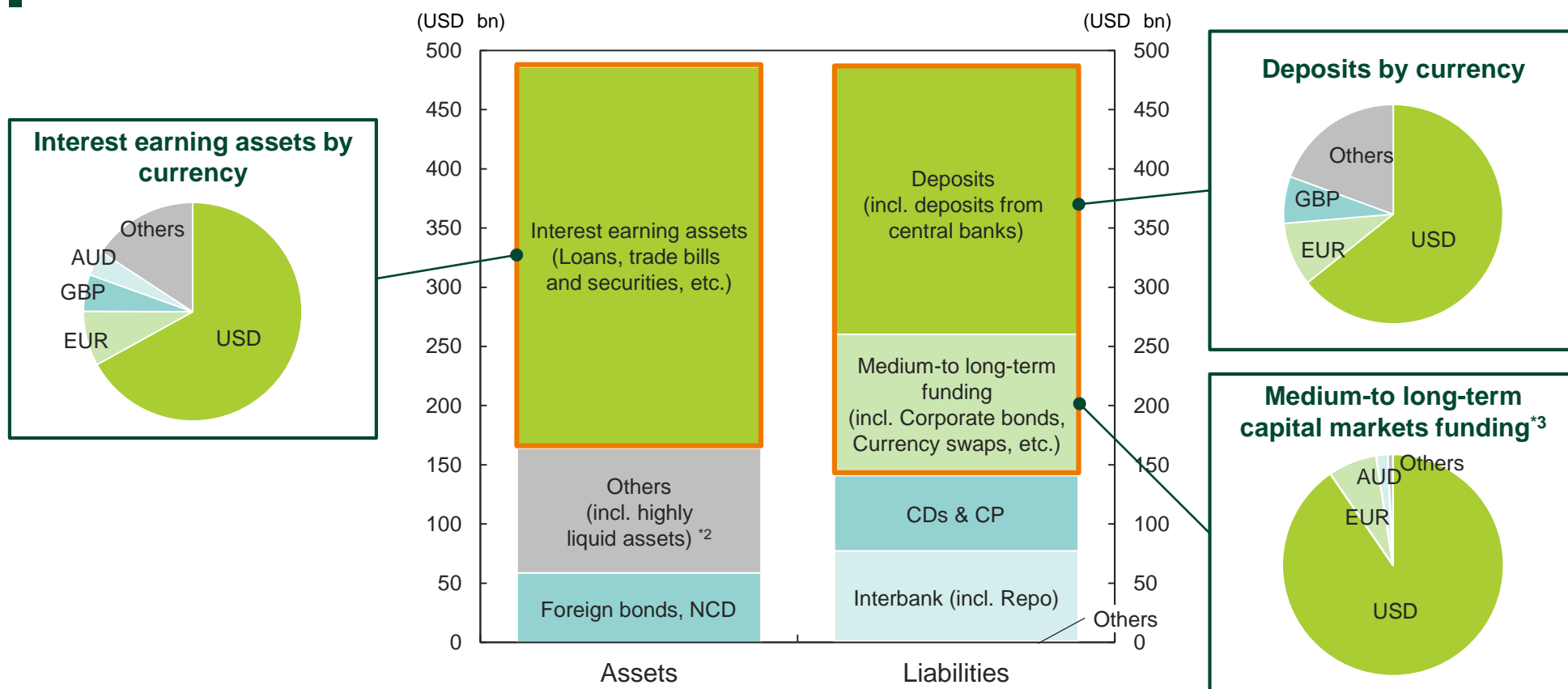
Funding & Capital

- Foreign currency assets and funding
- Foreign currency issuance and redemptions
- TLAC requirements
- Credit ratings of selected G-SIBs
- Capital strategy

Foreign currency assets and funding

- Non-JPY interest earning assets are fully funded by non-JPY customer deposits and medium- to long-term funding (corporate bonds, currency swaps, etc.)
- Customer deposits cover approximately 70% of interest earning assets

Non-JPY balance sheet items*¹ (as of Sep. 19)



*¹ Managerial accounting basis. Sum of SMBC, SMBC Europe and SMBC (China)

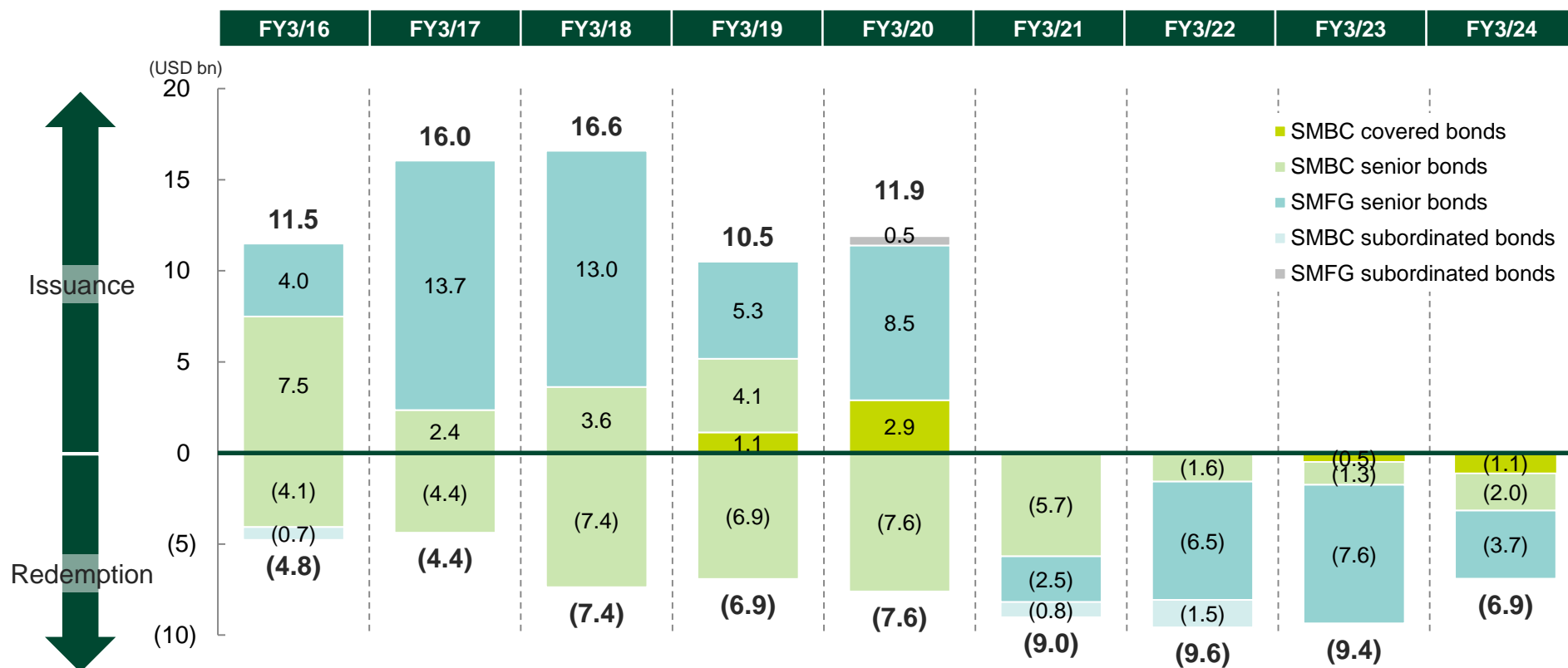
*² Deposit placed with central banks, etc.

*³ Excludes JPY funding, certificate of deposits and transferable deposits. Among all bonds priced by Sep. 19, only includes issuance with original maturity of two years or more and tap its issue as of Sep. 19. Translated into USD at the exchange rates as of Sep. 19

Foreign currency issuances and redemptions

- SMFG is the issuing entity for TLAC senior and Tier 2 subordinated bonds
- SMBC issues covered bonds and shorter term senior bonds based on its funding needs

Non-JPY issuances and redemptions^{*1}



^{*1} The sum of SMFG and SMBC, each on a non-consolidated basis. Excludes JPY funding, certificate of deposits and transferable deposits. All redemptions were, or are expected, at maturity other than for callable bonds, which were, or are expected to be, redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Among all bonds priced by Oct. 19, only includes issuance with original maturity of two years or more and its tap issue as of Oct. 19. Translated into USD at the exchange rate as of the end of each period

■ TLAC requirements

- Japanese TLAC standards, which are applied to Japanese G-SIBs, started in Mar.19
- The TLAC ratio as of Sep.19 meets the required level

■ TLAC and capital buffer requirements for SMFG

	2019 - 2021	After 2022
Minimum external TLAC requirements (RWA basis)	16%	18%
+) capital buffers ^{*1}	+3.5%	+3.5%
Effective required level of minimum external TLAC (RWA basis)	19.5%	21.5%
Minimum external TLAC requirements (LE basis)	6%	6.75%

■ TLAC ratio (transitional basis)

	(JPY bn)	Sep. 19
External TLAC (before deduction of capital buffers)	A	18,471.9
Risk-weighted assets (RWA)	B	60,001.9
TLAC ratio of RWA	(A/B) C	30.78%
Capital buffers (including CCyB)	D	(3.61%)
Ref: TLAC ratio of RWA (after deduction basis)	(C-D) E	27.17%
Leverage exposure (LE)	F	226,345.9
TLAC ratio of LE	(A/F) G	8.16%

Credit ratings of selected G-SIBs

OpCo senior unsecured notes / Excluded liabilities TLAC eligible senior unsecured notes Basel III Tier 2 notes

Notch Difference (between OpCo senior and TLAC senior notes)

(As of Oct. 31, 2019)

Moody's

	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB ^{*1}	BNP ^{*1}	CS	UBS ^{*2}
Aa2				●		●						
Aa3				●	●	●		●		●		●
A1	●●	●●	●●	●	●	●		●		●	●	●
A2				●	●	●	●	●		●		●
A3					●				●		●	●
Baa1							●			●		
Baa2									●		●	
Baa3							●		●			
Ba1												
Ba2												

S&P

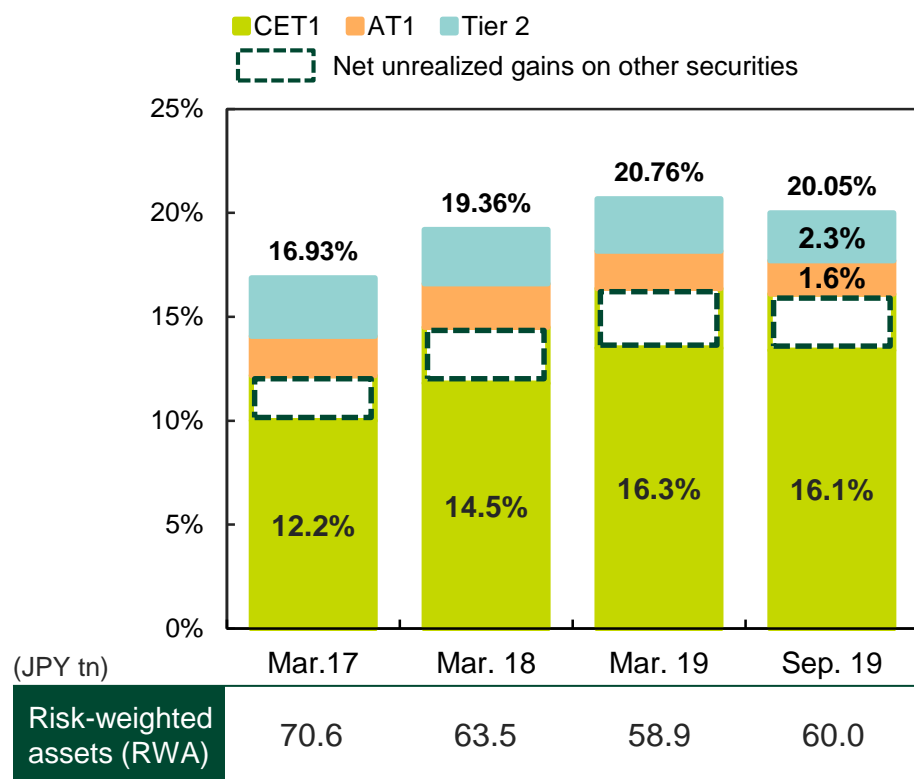
	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB ^{*1}	BNP ^{*1}	CS	UBS ^{*2}
AA-								●				
A+				●	●	●		●		●	●	●
A	●	●	●	●	●	●	●	●		●	●	●
A-	●	●	●	●	●	●	●			●	●	●
BBB+					●		●		●		●	
BBB							●		●			
BBB-									●			
BB+												

Capital strategy

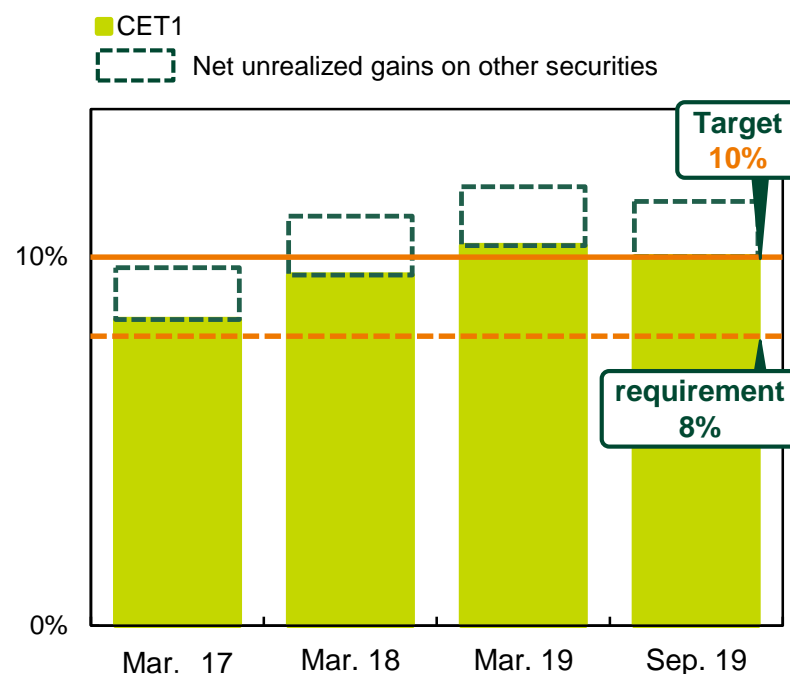
- We currently exceed the minimum requirement of 9.5% Tier 1 capital ratio and 11.5% total capital ratio
- We aim to maintain buckets of 1.5% AT1 and 2.0% Tier 2 capital through regular refinancing
- SMFG is the group's primary issuing entity

Capital Ratios

• Basel III fully-loaded basis*1



• Post-Basel III reforms basis*2



Subordinated bonds

Investment highlights

High credit quality

- Strong capital position with high level of CET1 ratio
- Strong liquidity position with low level of loan to deposit ratio
- Successfully maintained NPL ratio at lower level

High credit rating

- High credit rating of senior and subordinated bonds (Tier 2) due in part to the support framework

Scarcity value

- Offers investment diversification opportunities to investors

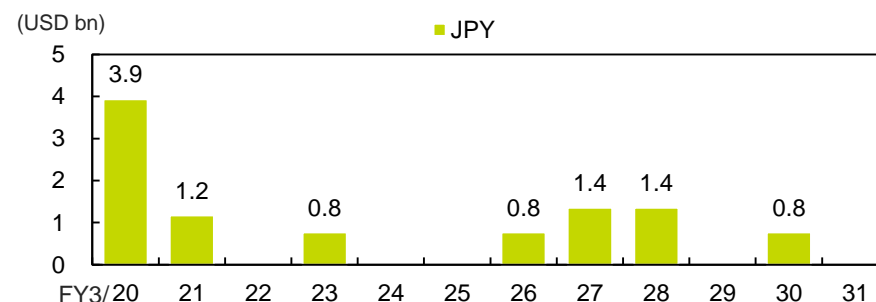
Recent issuances and maturity profile

Recent issuances (AT1/Tier 2)

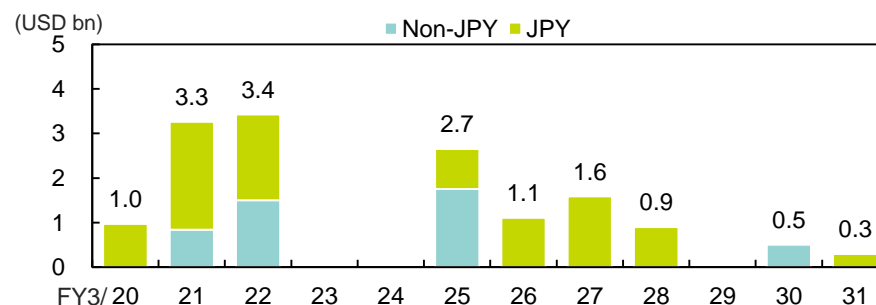
Security type	Issue date	Amount	Tenor	Coupon
Tier 2 (retail)	Mar. 16, 2018	JPY 100 bn	10y	0.585%
Tier 2 (USD)	Sep. 17, 2019	USD 500 mn	10y	3.202%
AT1	Jun. 21, 2019	JPY 85 bn	PerpNC10	1.07% ^{*1}

Maturity profile by debt class^{*2}

AT1

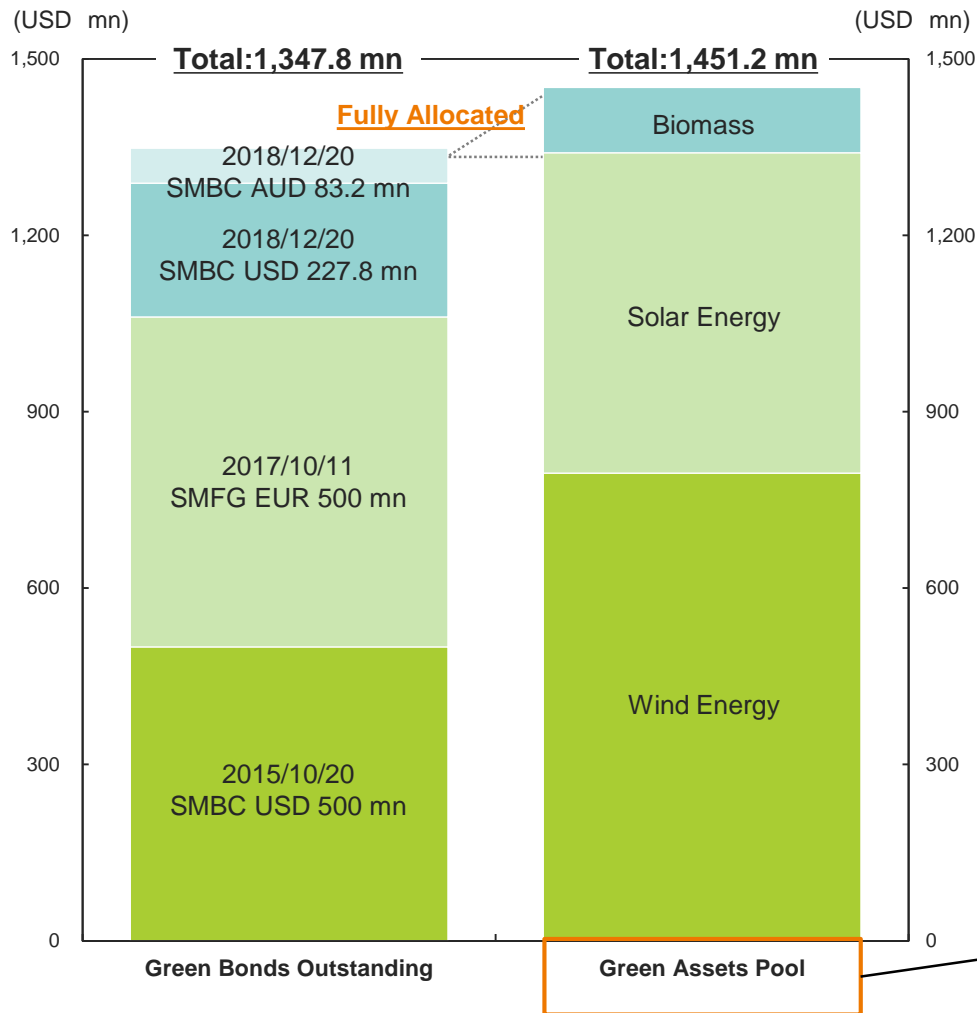


Tier 2

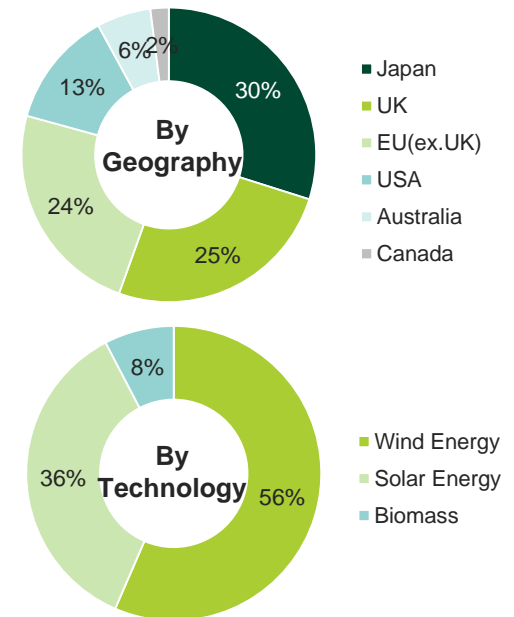


■ Overview of green bond issuances and green assets pool

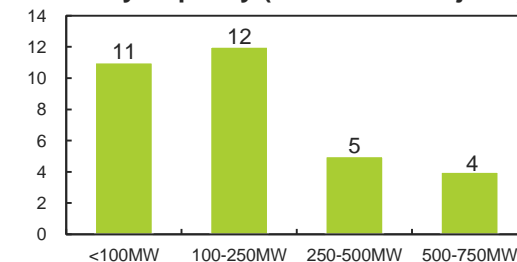
Balance of outstanding green bond and green assets pool*1 (as of Mar. 19)



■ Overview of Green Assets Pool



Facility Capacity (Number of Projects)



Green Bonds impact reporting

Impact reporting (as of Mar. 19)

Category	Sub Category	Country	Number of Projects	Capacity (MW)	Estimated CO ₂ emissions reduction (tCO ₂)	
						o/w SMBC Group financed
Renewable Energy	Wind energy	France, UK, Germany The Netherlands Belgium Canada, USA Australia	18	5,210MW	6,001,357 t-CO ₂	673,186 t-CO ₂
	Solar energy	Japan, France USA, Australia	13	1,467MW	1,355,652 t-CO ₂	258,249 t-CO ₂
	Biomass	UK, Japan	3	-	388,782 t-CO ₂	129,015 t-CO ₂
Total					7,745,792 t-CO ₂	1,060,451 t-CO ₂

SMFG/SMBC Green Bonds Outstanding (as of Mar. 19)*¹

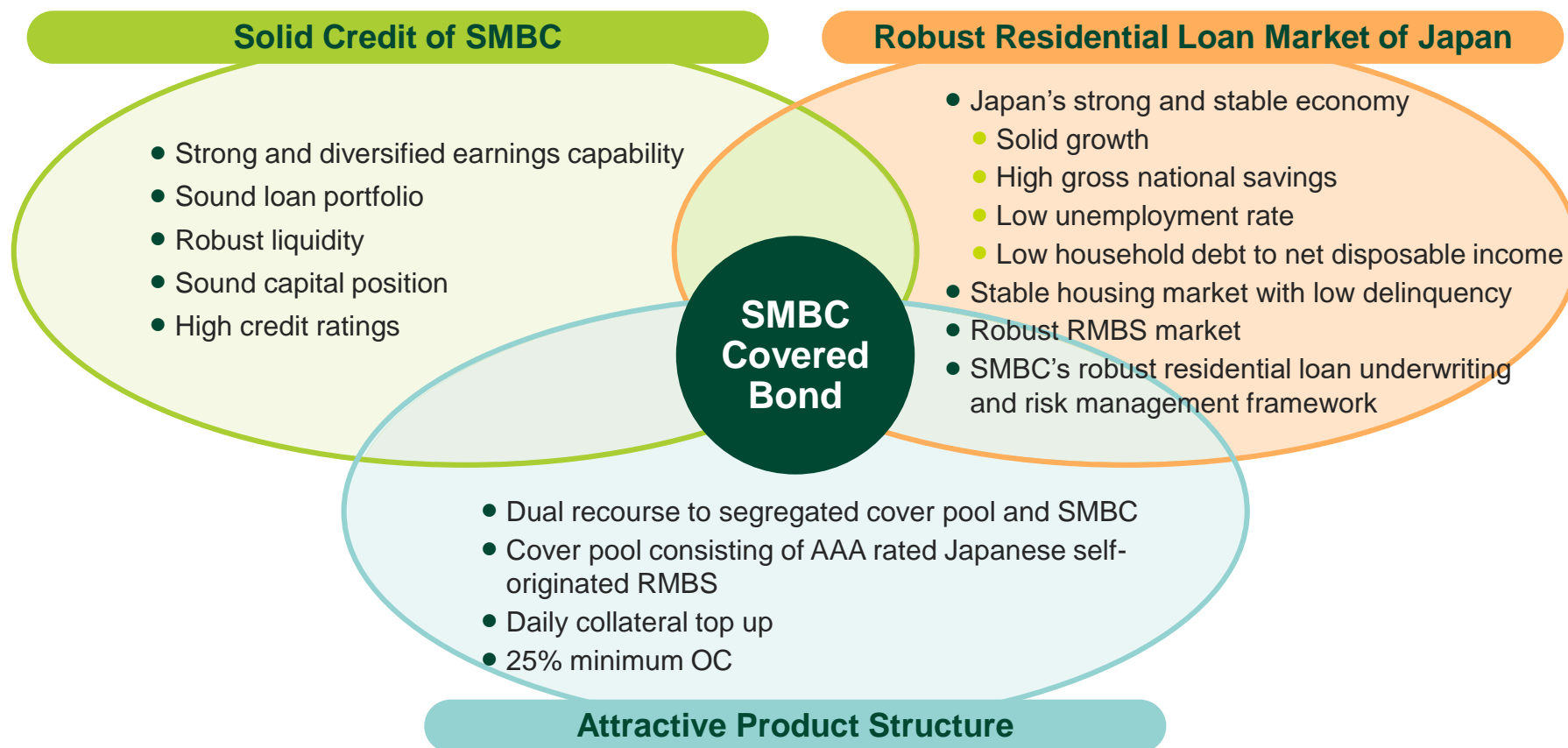
USD 1,347.8 mn

CO₂ Avoidance per USD 1 mn

786.8 t-CO₂

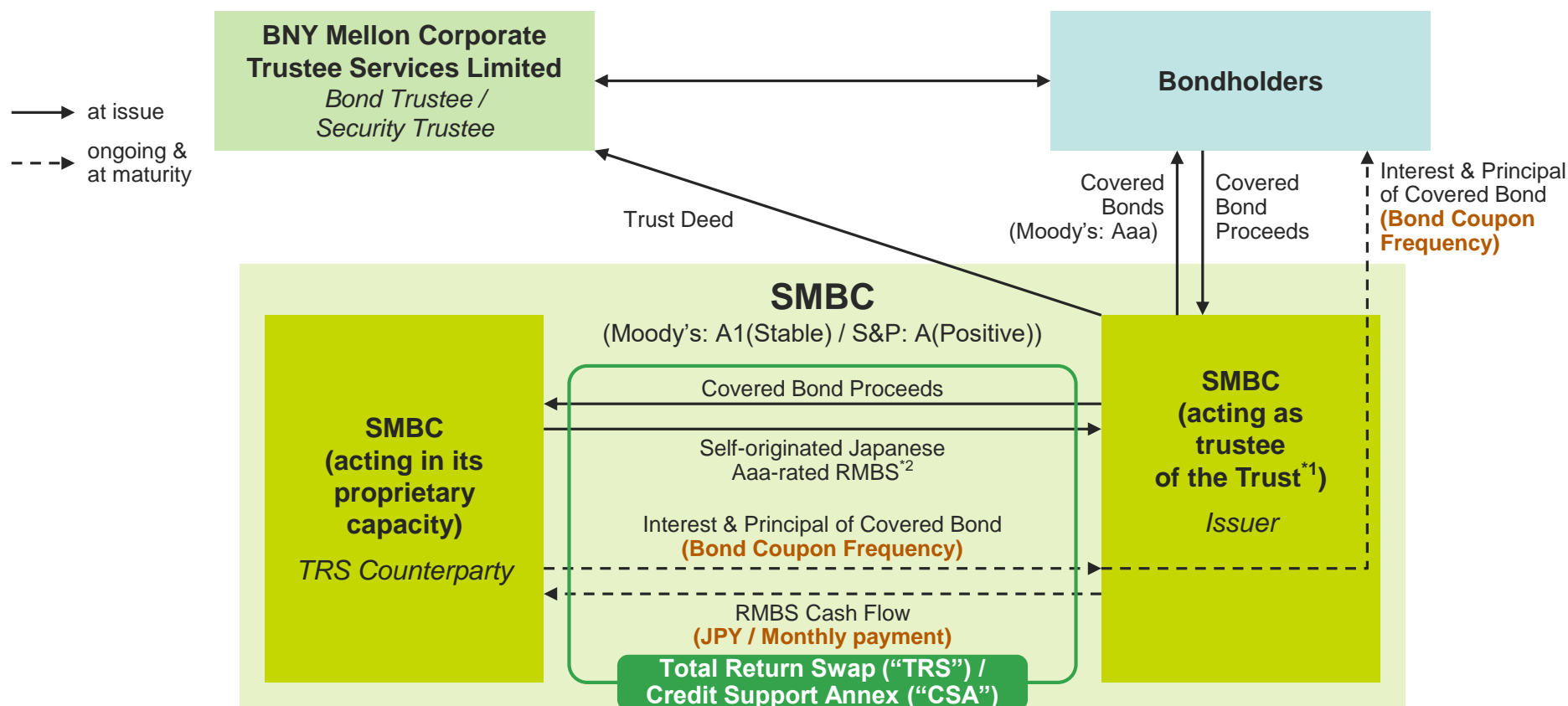
■ SMBC covered bond: Investment highlights

- The SMBC Covered Bond Programme offers an opportunity to gain exposure to one of the highest quality asset classes in Japan with a top notch rating
- Historically, Japanese banks have not been active in the secured market due to absence of dedicated covered bond legislation. Our contractual framework will satisfy key covered bond requirements for the investors and enable SMBC to gain access to broader capital markets and to further diversify its investor base



■ SMBC covered bond: Programme

- Under the Trust Act of Japan Bondholders have dual recourse to SMBC's assets and the segregated cover pool assets
- To protect Bondholders, the Programme puts Self-originated Japanese RMBS as collateral under the TRS. Segregation of assets is ensured in the case of SMBC's insolvency because enforceability of the TRS is protected under the Netting Act in Japan
- Cover pool assets remain on the balance sheet of SMBC acting in its proprietary capacity

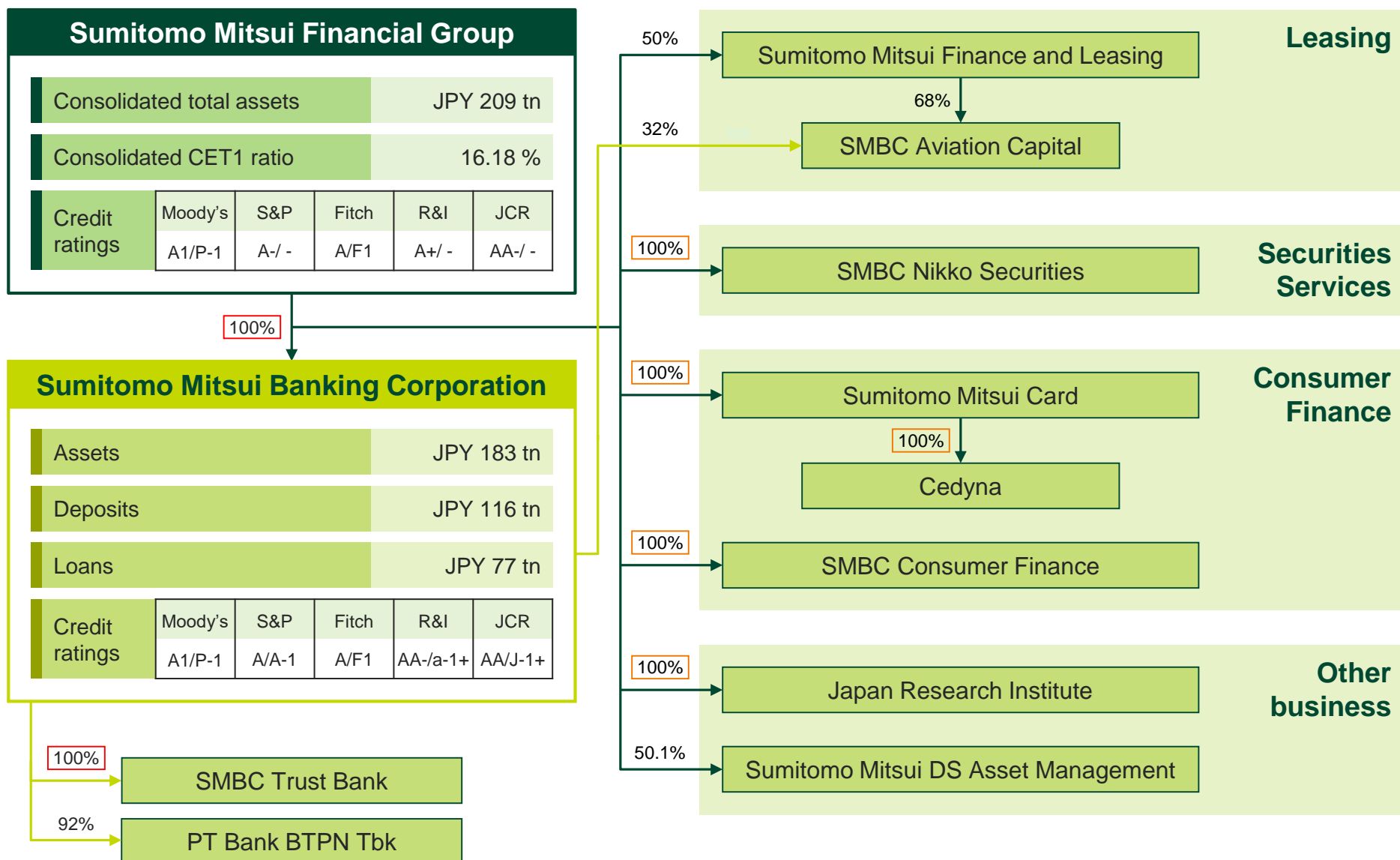


Appendix

SMFG / SMBC overview

		SMFG (Consolidated) ^{*1}	SMBC (Non-consolidated) ^{*1}
(FY3/19)		Global banking group originated in Japan	Core operating entity within SMFG franchise
Market Capitalization (TSE:8316, NYSE:SMFG)		JPY 5.1 tn / USD 47.0 bn (As of Sep. 30, 2019)	unlisted (wholly-owned by SMFG)
B/S	Assets	JPY 204 tn / USD 1,835 bn	JPY 179 tn / USD 1,616 bn
	Loans	JPY 78 tn / USD 703 bn	JPY 76 tn / USD 688 bn
	Deposits ^{*2}	JPY 122 tn / USD 1,102 bn	JPY 116 tn / USD 1,046 bn
	Loans/Deposits	58.4%	59.8%
P/L	Gross Profit	JPY 2,846 bn / USD 25.6 bn <i>Consolidated gross profit</i>	JPY 1,396 bn / USD 12.6 bn <i>Gross banking profit</i>
	Net Income	JPY 727 bn / USD 6.5 bn <i>Profit attributable to owners of parent</i>	JPY 477 bn / USD 4.3 bn <i>Net income</i>
CET1 ratio		16.37%	—
NPL ratio		0.76%	0.54%
Ratings (Moody's / S&P)		A1 / A- (As of Oct. 31, 2019)	A1 / A (As of Oct. 31, 2019)
Business Franchise		<ul style="list-style-type: none"> ● Holds top-tier companies in banking, leasing, securities services, consumer finance, and other businesses ● 138 overseas offices^{*3} (As of Sep. 30, 2019) 	<ul style="list-style-type: none"> ● 444 domestic branches ● 27 million retail accounts (As of Sep. 30, 2019)

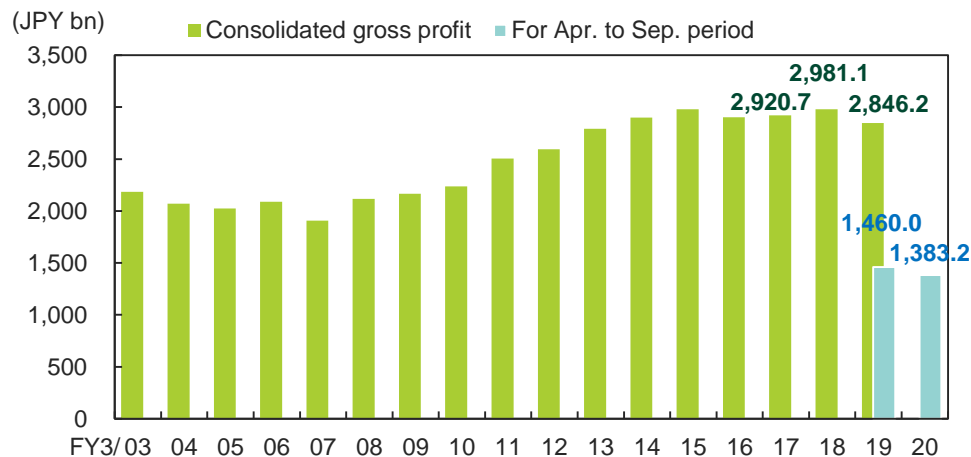
Group structure*1



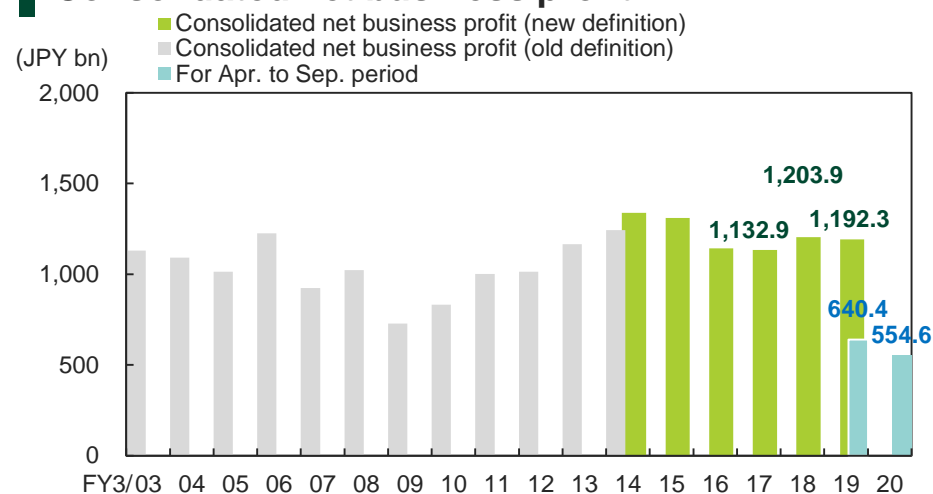
*1 As of Sep. 30, 2019 for figures, Oct. 31, 2019 for ratings and investment ratios

Trend of major income components – Consolidated

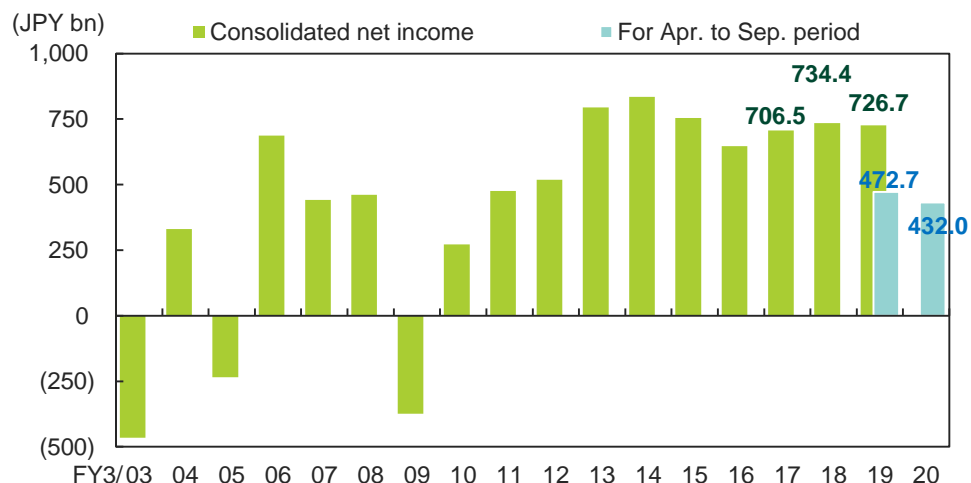
Consolidated gross profit



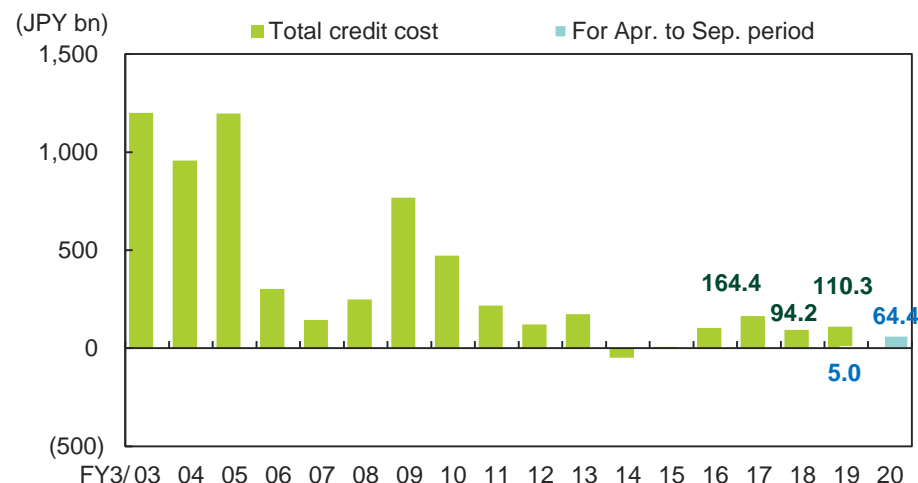
Consolidated net business profit*1



Net income / Profit attributable to owners of parent



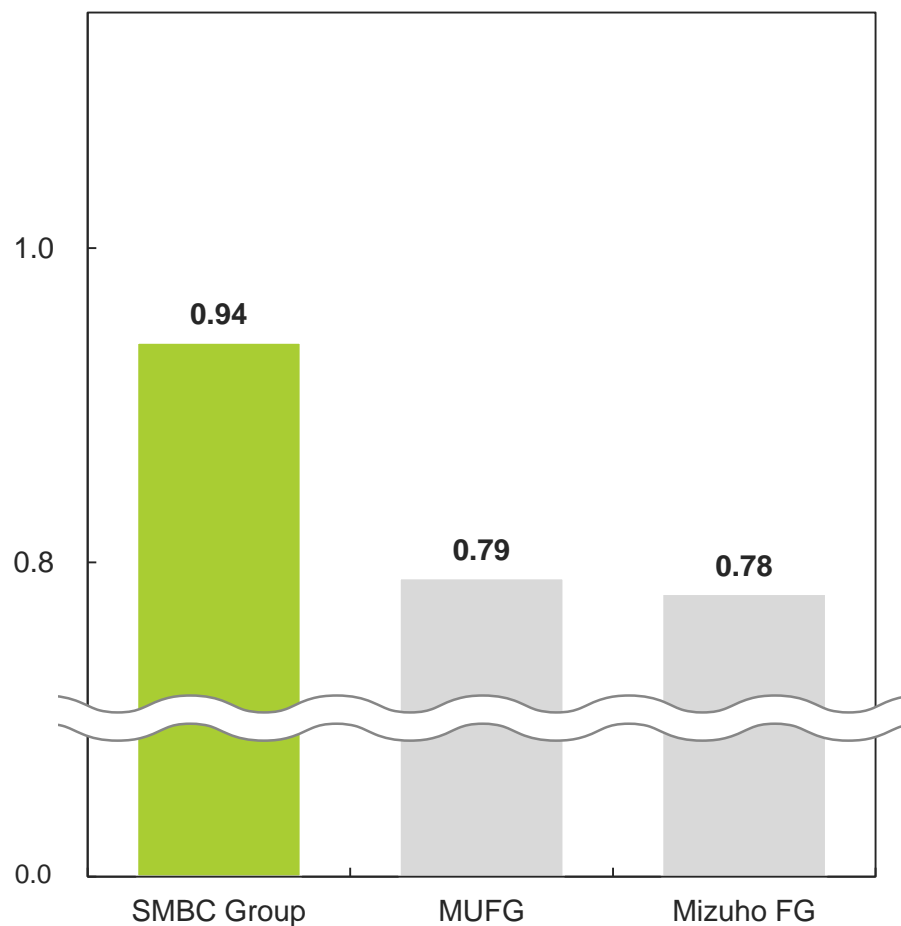
Total credit cost



Sources of profitability

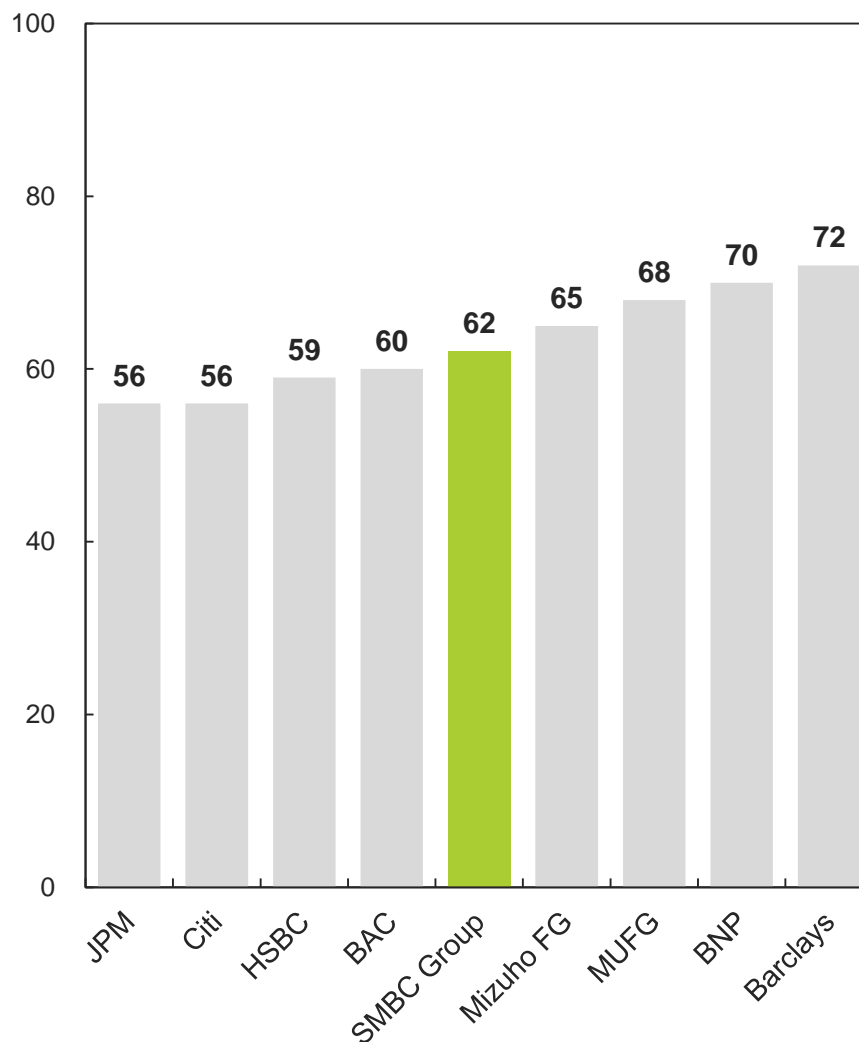
Domestic loan-to-deposit spread*1

(%)



Overhead ratio*2

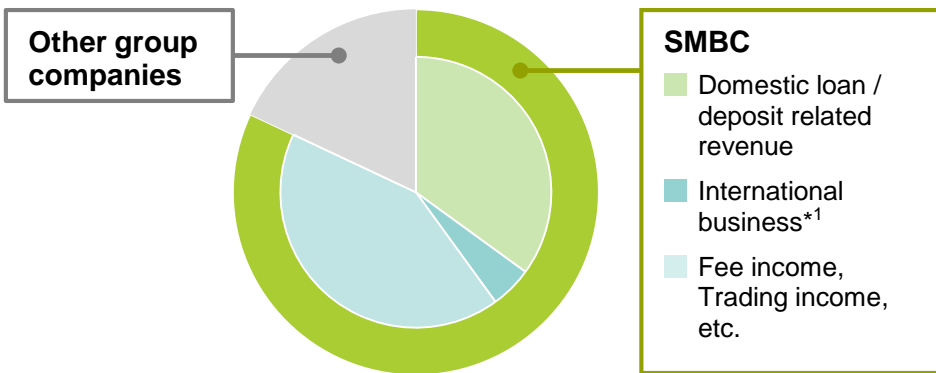
(%)



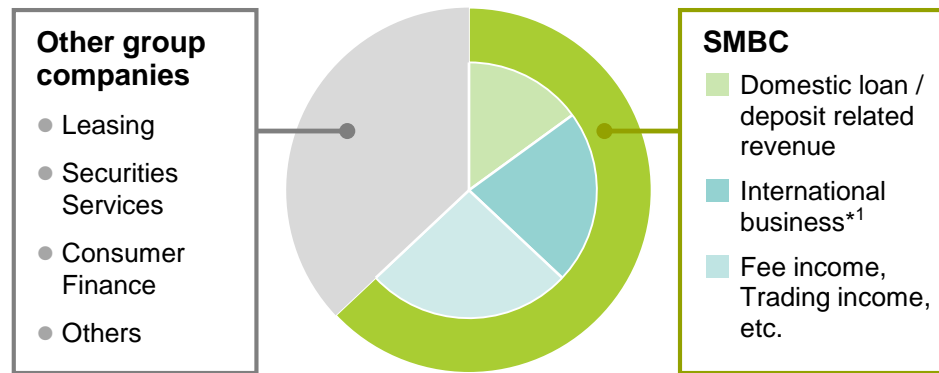
Diversified revenue sources

Breakdown of consolidated gross profit

FY3/03

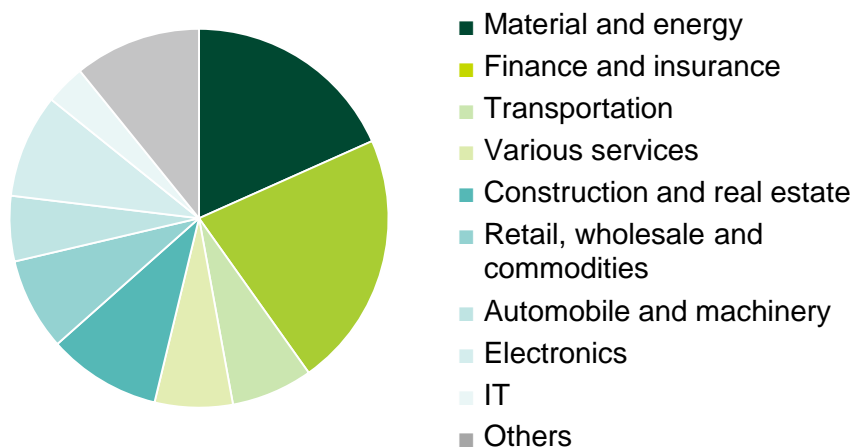


1H FY3/20

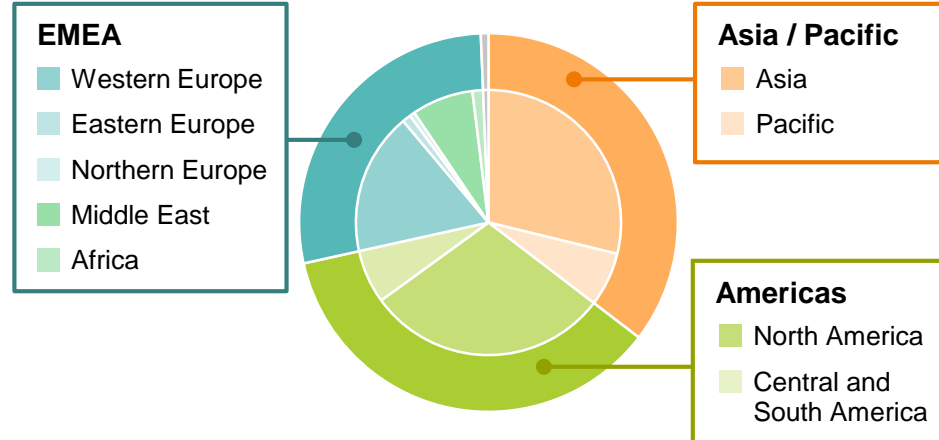


Breakdown of overseas loan balance (Sep. 19)

By industry



By domicile

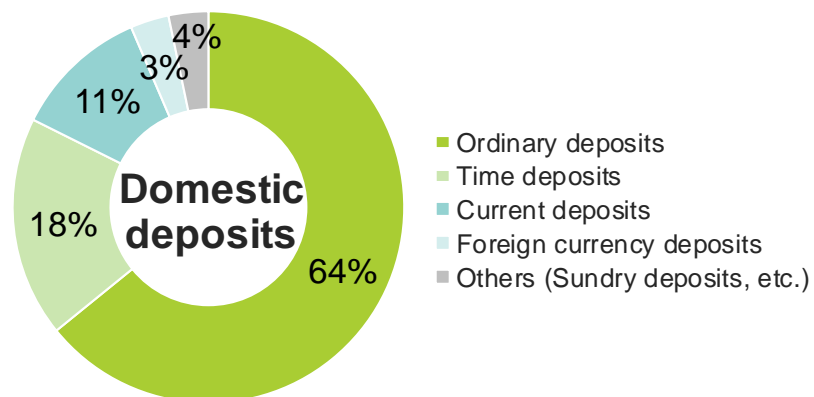
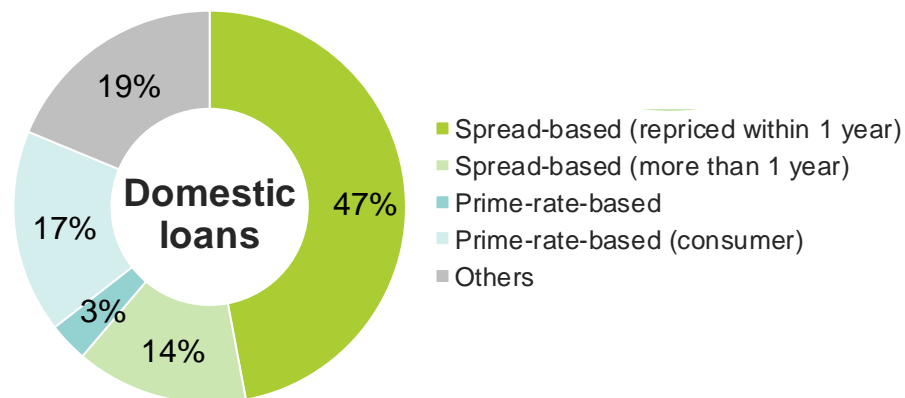


Balance sheet

Consolidated B/S

	(JPY tn)	Sep.19	vs Mar.19
Total assets		209.4	+5.8
o/w Cash and due from banks		57.7	+0.3
o/w BOJ's current account balance ^{*1}		46.6	(0.6)
o/w Loans		78.7	+0.7
o/w Domestic loans ^{*1}		53.4	(0.6)
o/w Large corporations ^{*2}		15.6	(0.4)
Mid-sized corporations & SMEs ^{*2}		18.0	(0.1)
Individuals ^{*2}		12.8	(0.3) ^{*3}
o/w Securities		27.1	+2.7
o/w Other securities		26.6	+2.8
o/w Stocks		3.3	(0.2)
JGBs		8.5	+2.3
Foreign bonds		9.5	+0.5
Total liabilities		198.2	+6.0
o/w Deposits		122.6	+0.2
o/w Domestic deposits ^{*1}		97.7	+0.5
Individuals		47.9	+0.8
Corporates		49.8	(0.3)
o/w NCD		11.5	+0.3
Total net assets		11.2	(0.2)
Loan to deposit ratio		58.7%	

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



Capital and risk-weighted assets – Consolidated

Capital ratio		(JPY bn)	Mar.19	Sep.19
Post-Basel III reforms basis ^{*1}				
CET1 ratio	10.0%	CET1	9,654.5	9,709.7
Regulatory basis		o/w Total stockholders' equity related to common stock	8,921.9	9,083.5
CET1 ratio	16.18%	Accumulated other comprehensive income	1,713.9	1,675.5
excluding Net unrealized gains on other securities	13.4%	Regulatory adjustments related to CET1	(985.9)	(1,053.4)
Total capital ratio	20.05%	Tier 1 capital	10,727.2	10,641.2
External TLAC ratio		o/w Additional Tier 1 capital instruments	599.0	685.0
RWA basis ^{*2}	27.17%	Eligible Tier 1 capital instruments (grandfathered) ^{*3}	436.5	263.5
Leverage exposure basis	8.16%	Regulatory adjustments	(25.5)	(25.5)
Leverage ratio		Tier 2 capital	1,513.3	1,390.8
LCR (Average 2Q FY3/20)		o/w Tier 2 capital instruments	997.7	993.4
		Eligible Tier 2 capital instruments (grandfathered) ^{*3}	488.1	416.3
		Regulatory adjustments	(50.0)	(82.4)
		Total capital	12,240.5	12,031.9
		Risk-weighted assets	58,942.8	60,001.9
		Leverage exposure	219,538.8	226,345.9
		External TLAC	17,983.4	18,471.9

^{*1} CET1 ratio that (a) is estimated based on the requirement expected to be applicable from Mar.27, including the impact of RWA inflation and (b) is calculated with CET1 excluding net unrealized gains on other securities and RWA excluding RWA associated with net unrealized gains on stocks

^{*2} Excludes capital buffer 2.5%, G-SIB buffer 1.0% and Counter-cyclical buffer 0.10%

^{*3} Cap is 30%, subject to transitional arrangements

Financial highlights – IFRS*1

Income statement data

	(JPY bn)	FY3/17	FY3/18
Net interest income		1,397.9	1,410.1
Net Fee and commission income		884.8	952.5
Net Trading income		184.0	270.5
Other operating income		881.2	1179.2
Total operating income		3,347.9	3,812.3
Net operating income		3,134.9	3,675.5
Profit before tax		880.4	1,119.0
Net profit		740.6	889.6

Statement of financial position data

	(JPY bn)	FY3/17	FY3/18
Total assets		191,151.0	192,175.6
Loans		95,273.8	85,129.1
Deposits		130,295.3	128,461.5
Total equity		11,887.3	12,495.8

Reconciliation with Japanese GAAP

	(At and for FY3/18, JPY bn)	Total equity	Net profit
IFRS		12,495.8	889.6
Differences arising from different accounting for:	Scope of consolidation	129.0	16.0
	Derivative financial instruments	104.9	20.7
	Investment securities	(355.7)	(68.8)
	Loans and advances	61.2	33.5
	Investments in associates and joint ventures	(61.8)	1.6
	Property, plant and equipment	(11.4)	(1.0)
	Lease accounting	3.5	0.5
	Defined benefit plans	65.1	13.2
	Deferred tax assets	(84.6)	(35.1)
	Foreign currency translation	-	(12.7)
	Classification of equity and liability	(603.5)	(14.1)
	Others	(128.8)	15.4
	Tax effect of the above	(0.8)	(6.1)
Japanese GAAP		11,612.9	838.3

Performance of SMBC and group companies

SMBC

	(JPY bn)	1H FY3/20	YoY	vs May target
1 Gross banking profit		735.8	+31.3	
2 o/w Net interest income		441.2	(44.6)	
3 o/w Gains (losses) on cancellation of investment trusts		10.0	(30.5)	
4 Domestic		277.4	(54.8)	
5 Overseas		163.8	+10.2	
6 o/w Net fees and commissions		150.7	(6.4)	
7 Domestic		80.7	(4.0)	
8 Overseas		70.0	(2.4)	
9 o/w Net trading income+ Net other operating income		143.0	+82.4	
10 o/w Gains (losses) on bonds		85.9	+87.6	
11 Expenses		402.8	+0.3	
12 Banking profit		333.0	+31.1	+58.0
13 Total credit cost		8.4	+64.7	(26.6)
14 Gains (losses) on stocks		73.0	+23.7	
15 Extraordinary gains (losses)		(105.5)	(106.2)	
16 Net income		194.0	(106.9)	+4.0

Provision of investment loss
for The Bank of East Asia:
JPY (100) bn *1

Other major group companies

(left : 1H FY3/20 / right : YoY)

(JPY bn)	SMCC		SMBC Nikko ^{*2}		SMBCCF	
Gross profit	209.0	+17.7	150.5	(25.3)	137.0	+3.3
Expenses	157.8	+9.9	131.1	(9.5)	56.0	+0.9
Net business profit	51.4	+7.9	19.5	(15.8)	81.0	+2.4
Net income	31.5	+9.7	15.0	(10.8)	40.4	+11.0

(Equity method affiliate)

	SMBC Trust		SMDAM ^{*3} 50%		SMFL ^{*4} 50%	
Gross profit	25.2	+0.7	18.0	+4.8	90.9	(4.7)
Expenses	24.4	(2.7)	15.8	+7.1	42.0	(2.5)
Net business profit	0.8	+3.4	2.2	(2.4)	51.4	(0.5)
Net income	0.7	+4.4	1.0	(2.0)	34.2	+2.8

SMBC Group Next Stage

To achieve sustainable growth by combining the Group's strengths with more focused business management

Core Policy

1

Discipline

Disciplined business management

- Transformation of business/asset portfolio and quality of earnings base
- Improve productivity and efficiency

2

Focus

Focus on our strengths to generate growth

- Focus on Seven Core Business Areas

3

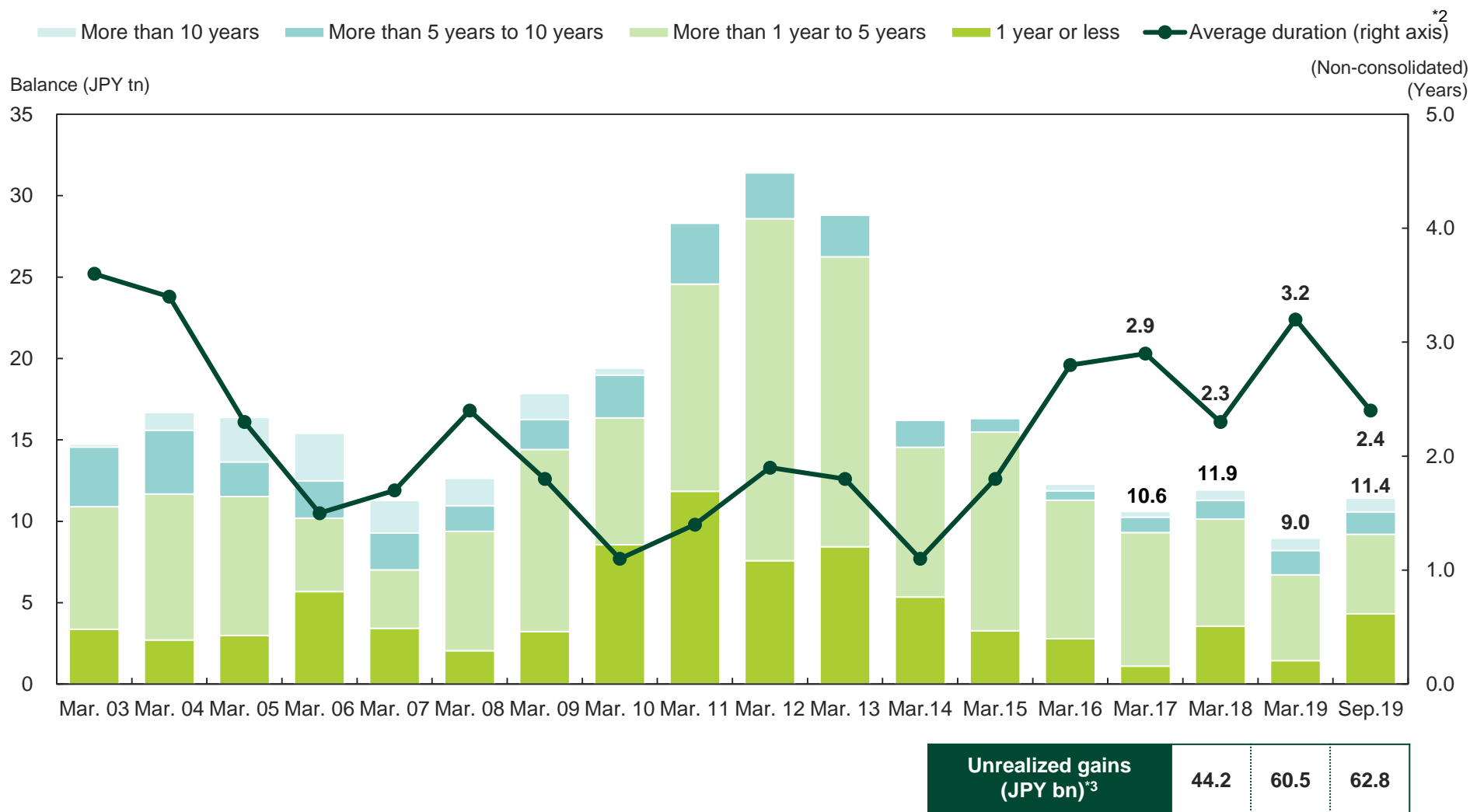
Integration

Integration across the Group and globally to achieve sustainable growth

- Management that maximizes business potential
- Digitalization
- ESG

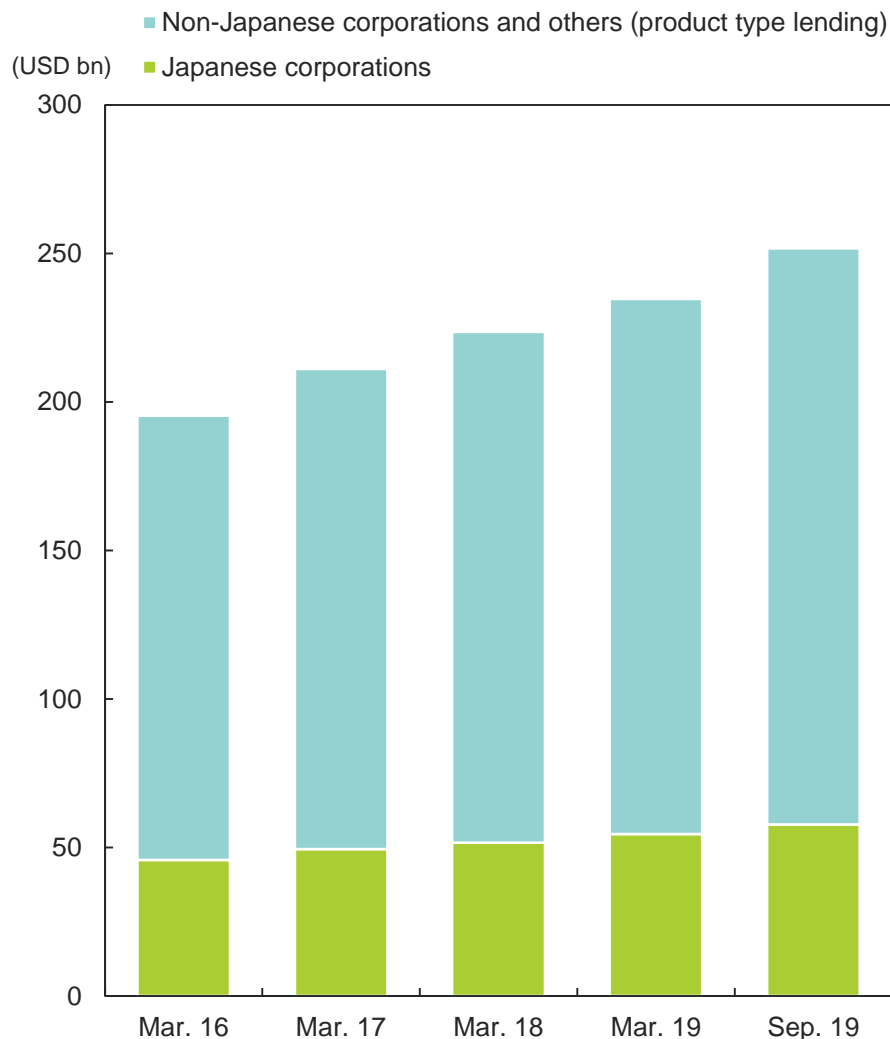
Bond portfolio

Yen bond portfolio*1

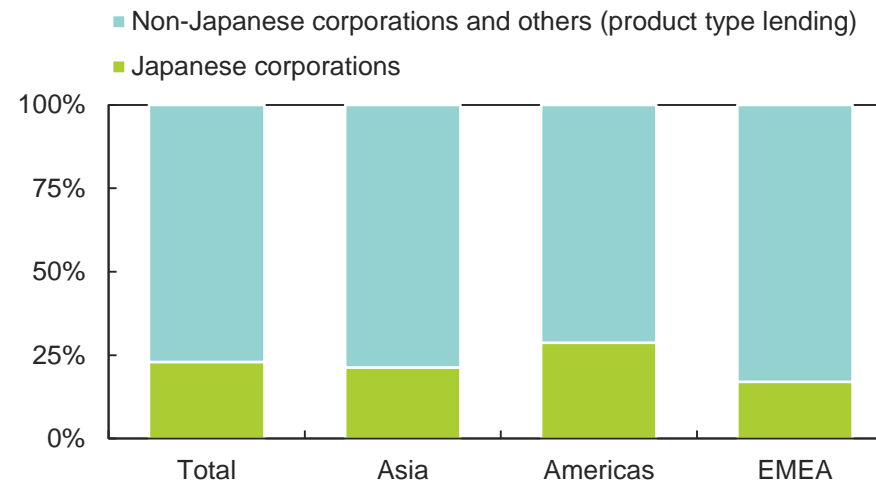


Overseas loan balance classified by borrower type*1

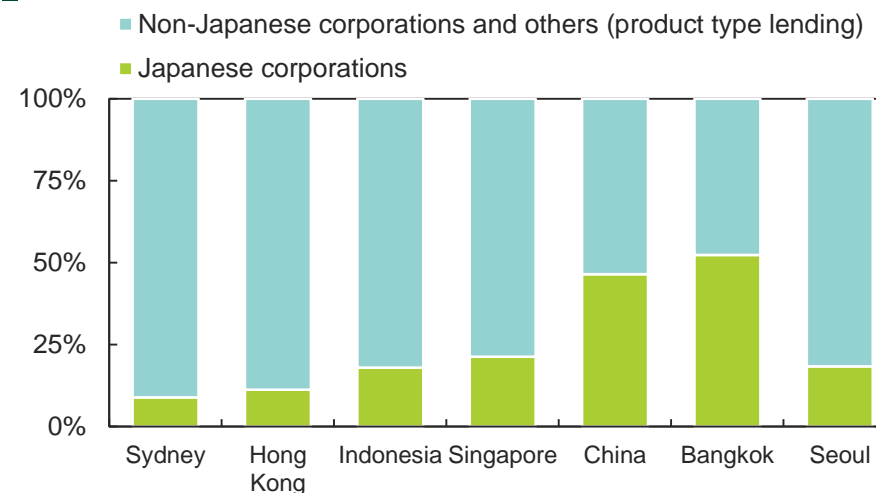
Total



By region (Sep. 19)

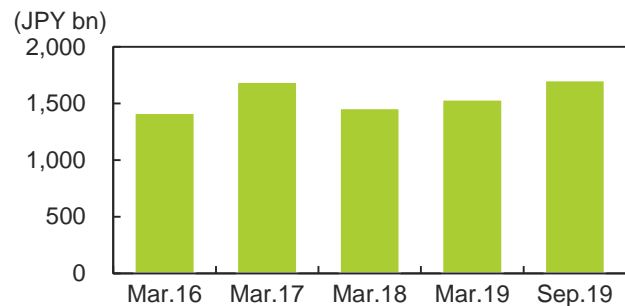


Major marketing channels in Asia (Sep. 19)

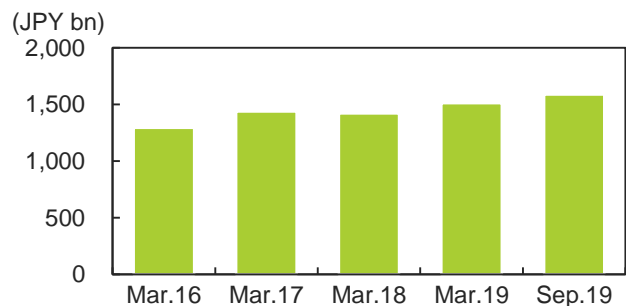


Loan balance in Asian countries/areas*1

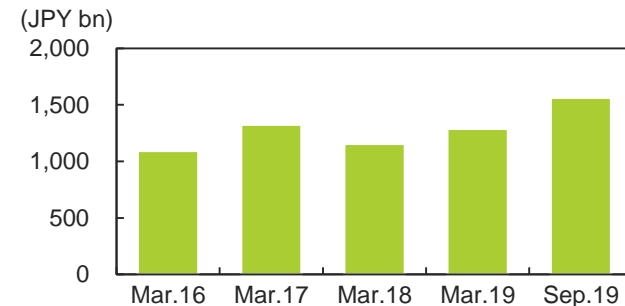
Hong Kong



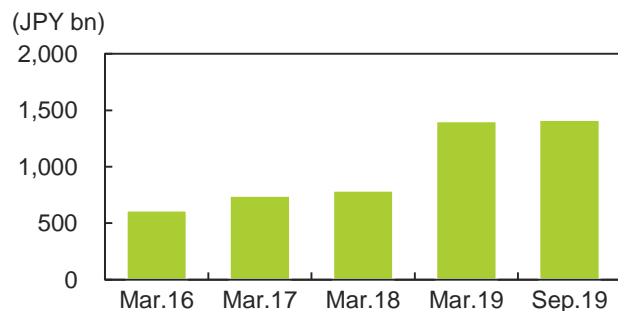
Australia



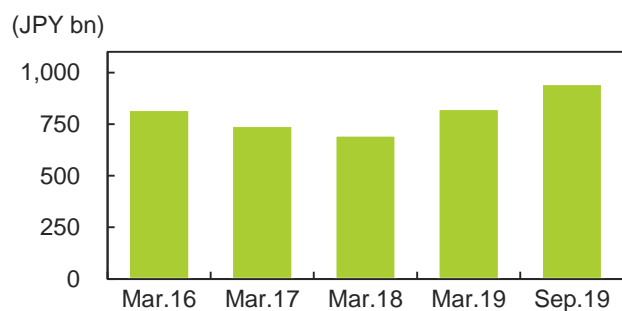
Singapore



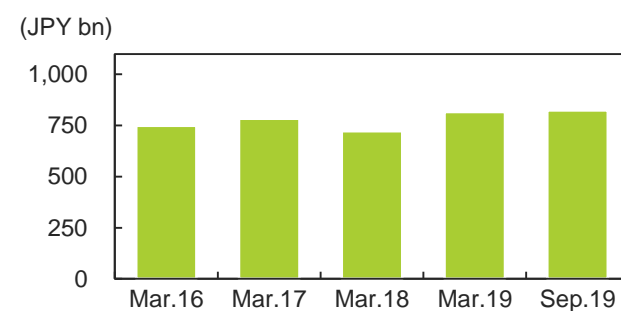
Indonesia



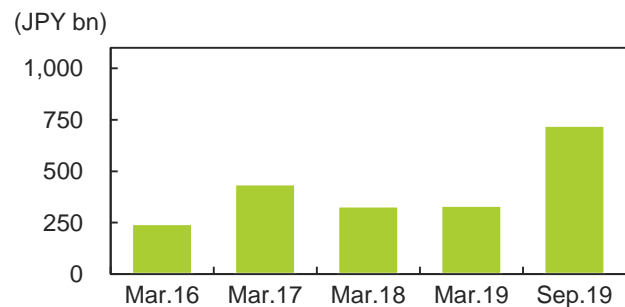
China



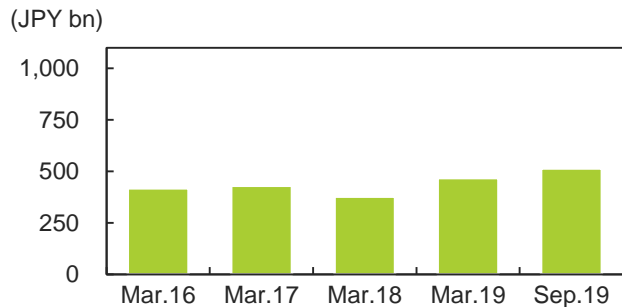
Thailand



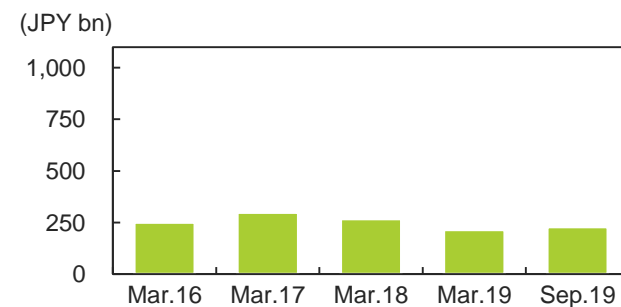
Taiwan



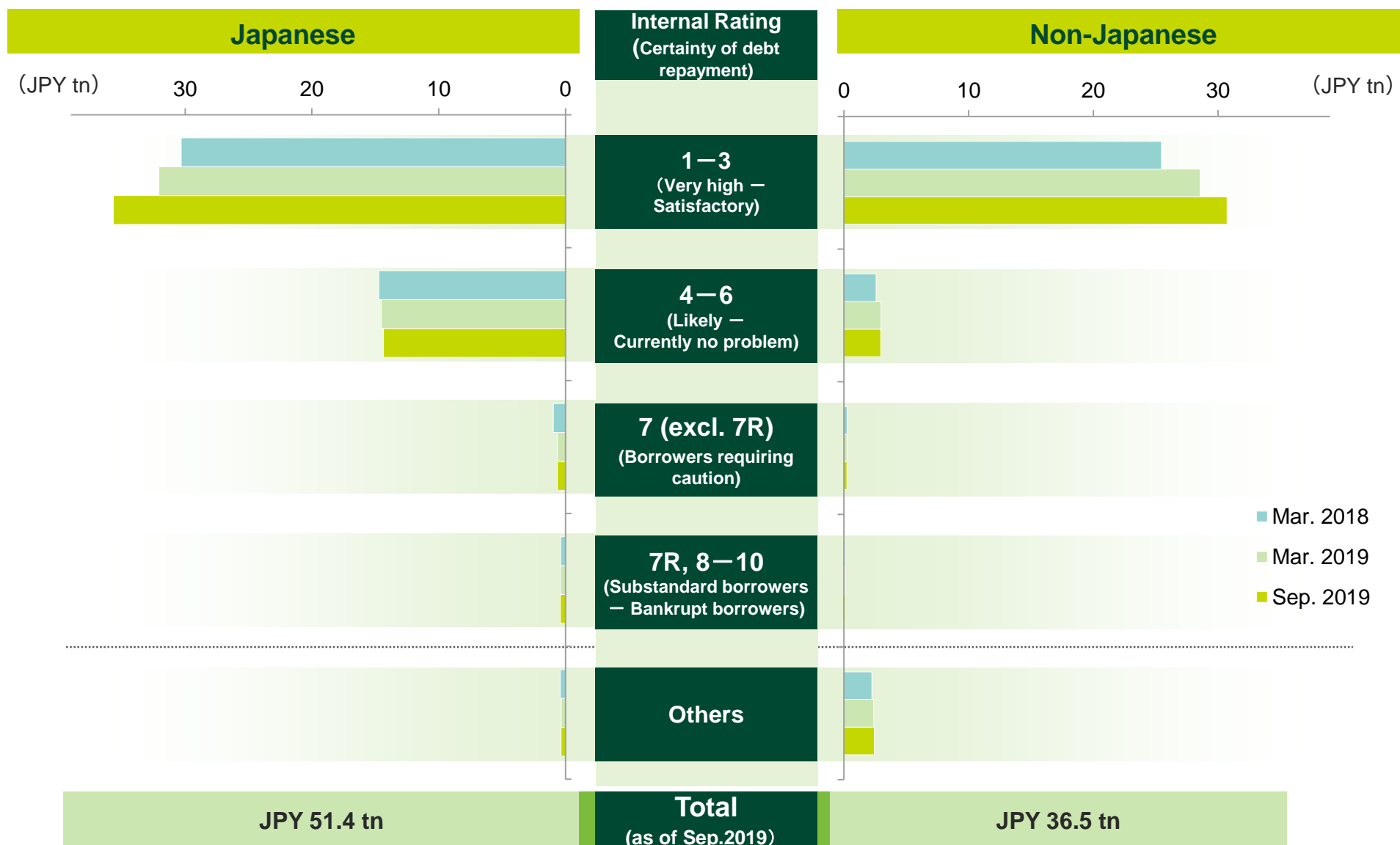
India



Korea



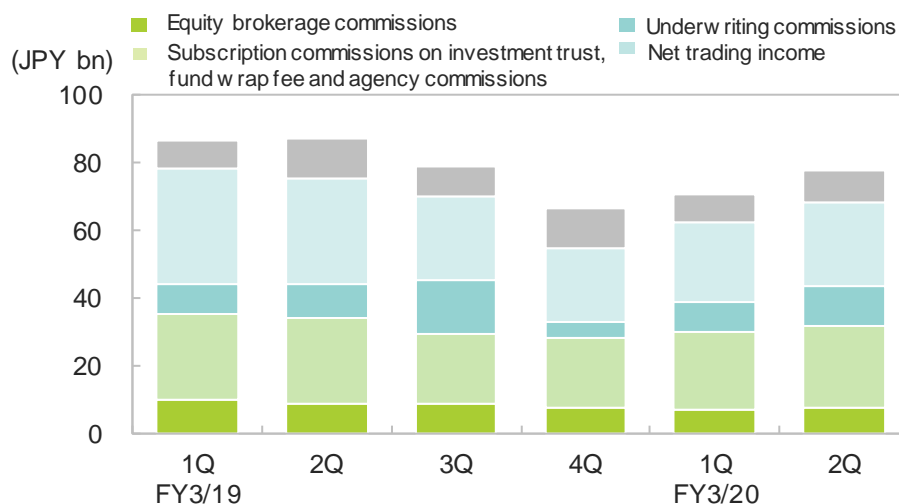
Japanese and non-Japanese corporate exposures*1



Financial results

(JPY bn)	FY3/19	1H FY3/20	YoY
Net operating revenue	319.2	148.4	(25.1)
SG&A expenses	276.5	131.7	(9.1)
Ordinary income	48.4	19.4	(16.8)
Net income	33.3	16.4	(11.5)

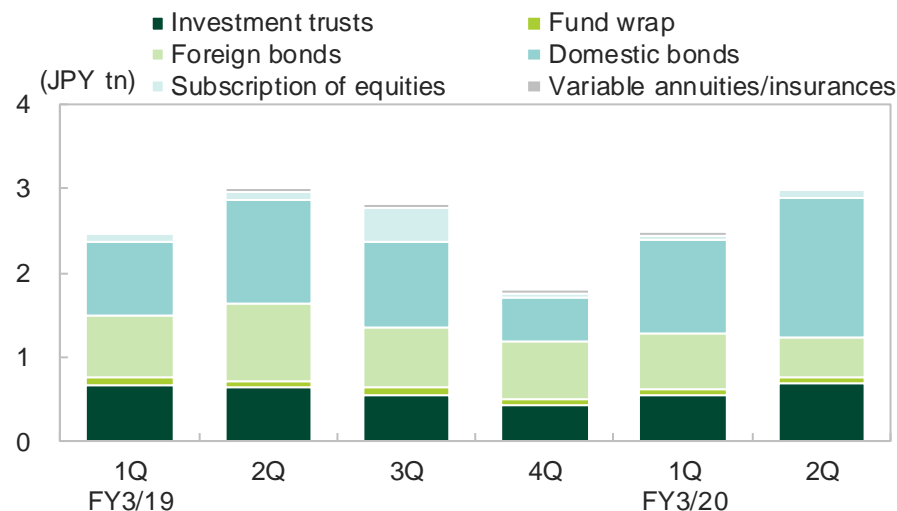
Net operating revenue



League tables (Apr-Sep.2019)*1

		Rank	Mkt share
SMBC Nikko	Global equity & equity-related (book runner, underwriting amount)*2	#4	15.4%
	JPY denominated bonds (lead manager, underwriting amount)*3	#2	19.3%
	Japanese corporate bonds (lead manager, underwriting amount)	#2	19.0%
	IPO (lead manager, No. of deals)*4	#1	17.2%
SMBC Group	Financial advisor (M&A, No. of deals)*5	#1	4.0%
	Financial advisor (M&A, transaction volume)*5	#4	17.9%

Product sales

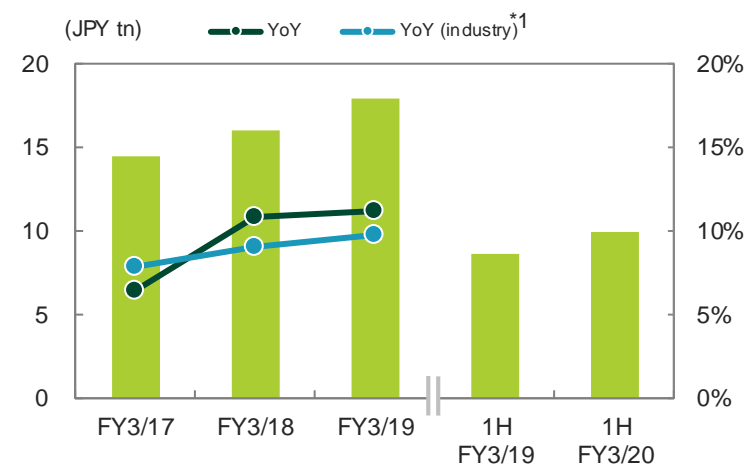


Financial results

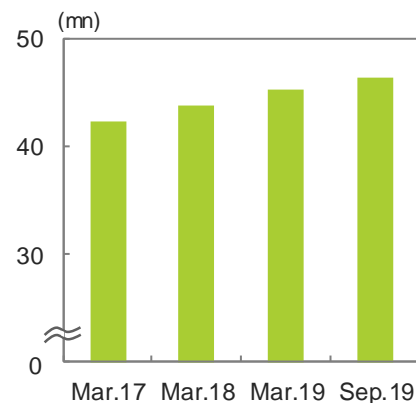
(JPY bn)	FY3/19	1H FY3/20	YoY
Operating revenue	465.5	239.0	+19.6
o/w Commission fee	145.2	75.9	+5.5
Finance	108.5	54.4	+0.1
Sales on credit	36.8	18.5	(0.3)
Receipt agency	45.4	23.3	+0.6
Operating expense	403.0	202.6	+11.5
o/w Expenses for loan losses	33.1	15.9	(0.7)
Expense for interest repayments	10.9	-	-
Ordinary profit (loss)	62.7	36.6	+8.3
Net income	(46.7)	31.5	+9.6
Finance outstanding	730.2	740.1	

Key figures

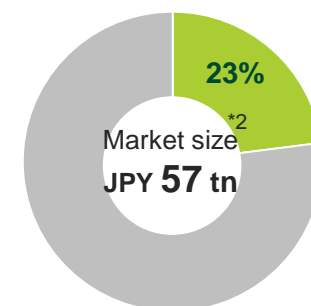
Sales handled



of card holders



Market share of the acquiring business



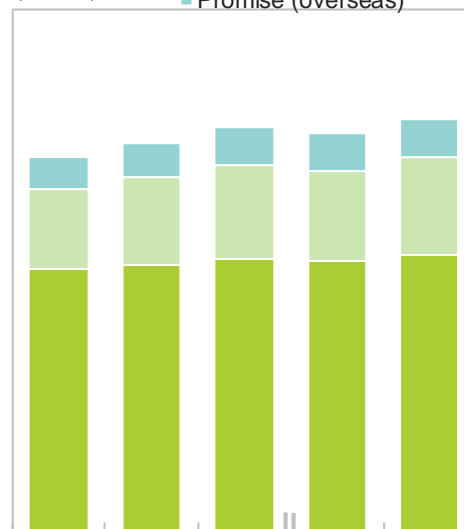
Financial results

(JPY bn)	FY3/19	1H FY3/20	YoY
Operating income	281.8	144.0	+3.8
o/w Interest revenues	177.4	91.9	+4.0
Loan guarantee revenues	69.2	34.5	(0.3)
Operating expenses	236.0	96.7	(7.6)
o/w Expenses for loan losses	57.5	37.8	+0.6
Expense for loan guarantees	28.0	1.0	(9.3)
Expenses for interest repayments	36.0	-	-
Ordinary profit	46.3	47.4	+11.4
Net income	45.1	40.4	+11.0
NPLs (NPL ratio)	71.3 6.16%	76.0 6.44%	
Allowance on interest repayments (provision)	112.1 3.4 yrs	95.8 2.9 yrs	

Consumer loans

(JPY bn)

■ Promise
■ Mobit
■ Promise (overseas)

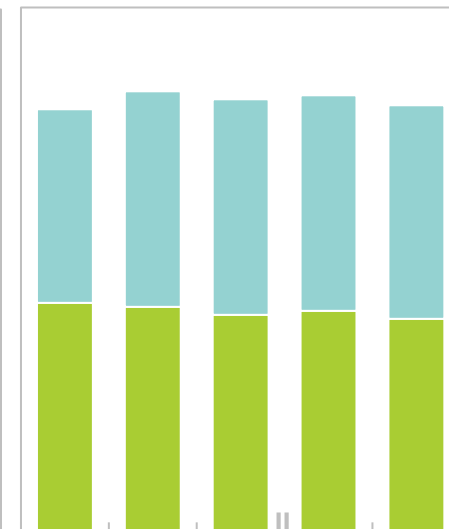


Mar.17 Mar.18 Mar.19 Sep.18 Sep.19

Loan guarantee

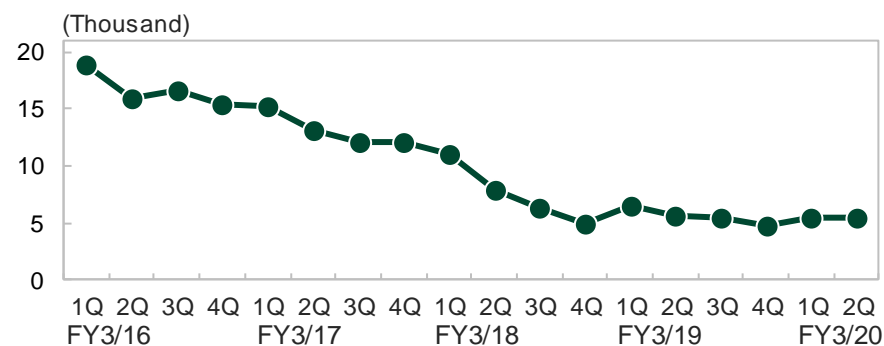
(JPY bn)

■ SMBC
■ Others



Mar.17 Mar.18 Mar.19 Sep.18 Sep.19

No. of interest refund claims



Financial results

	(USD mn)	FY3/19	1H FY3/20
Total revenue		1,188	639
Lease revenue		1,100	565
Net income		316	189
Aircraft asset ^{*1}		12,379	12,920
Net asset		3,117	3,115
ROE		11.7%	12.1%

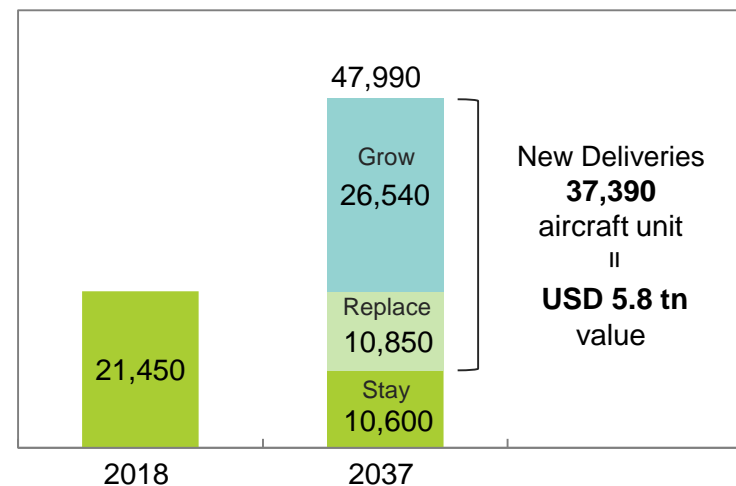
of owned and managed aircraft^{*2}

	Company	Country	#
1	GECAS	USA	1,232
2	AerCap	Ireland	1,059
3	Avolon	Ireland	569
4	BBAM	USA	498
5	SMBC AC	Ireland	421

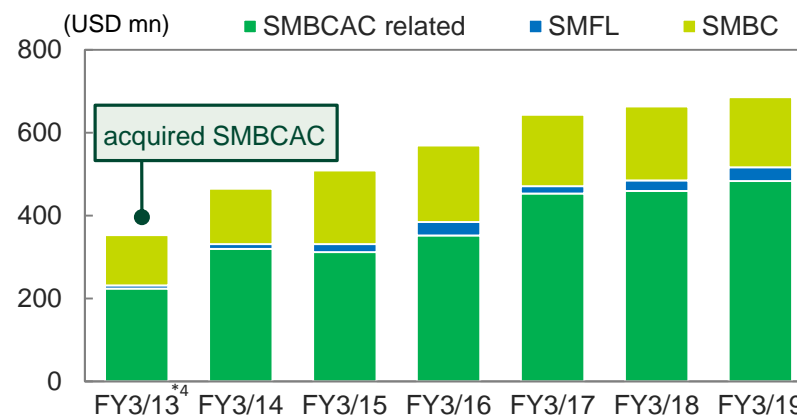
Average age of aircrafts

4.2 (as of Sep.19)

Aircraft Demand Forecast^{*3}



Aircraft business of SMBC Group



Credit ratings of Aussie and Canadian banks

OpCo senior unsecured notes / Excluded liabilities TLAC eligible senior unsecured notes Basel III Tier 2 notes

Notch Difference (between TLAC senior and Tier 2 notes)

(As of Oct. 31, 2019)

Moody's

	SMFG	BMO	BNS	RBC	TD	ANZ	CBA	NAB	Westpac
Aa1									
Aa2									
Aa3									
A1									
A2									
A3									
Baa1									
Baa2									
Baa3									

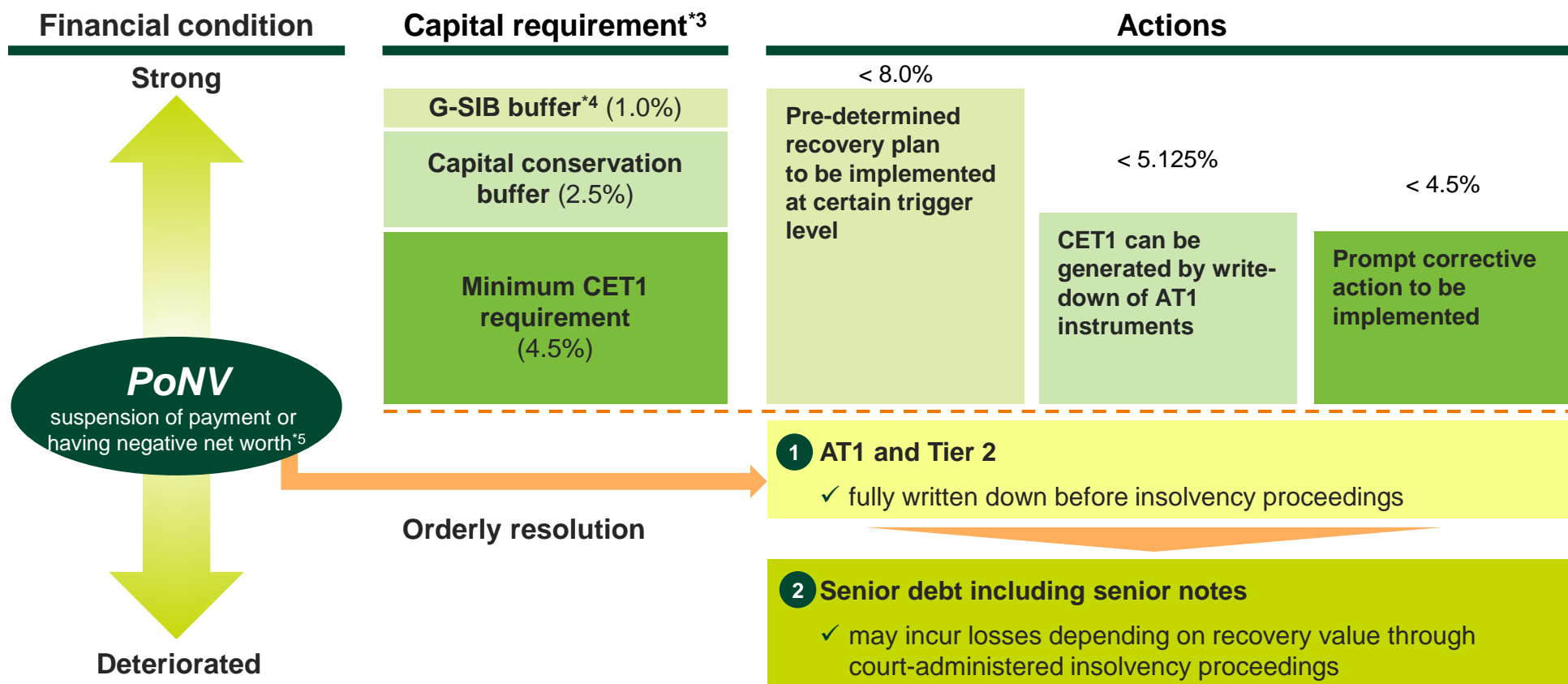
S&P

	SMFG	BMO	BNS	RBC	TD	ANZ	CBA	NAB	Westpac
AA-									
A+									
A									
A-									
BBB+									
BBB									
BBB-									
BB+									

Safeguards before incurring losses at PoNV

- capital requirement-based corrective measures

- Senior notes may incur losses during orderly resolution which is expected to be commenced subsequent to PoNV^{*1}
- All Basel III eligible AT1 and Tier 2 instruments will be fully^{*2} written down upon PoNV pursuant to their terms before senior notes incur losses and AT1 / Tier 2 investors will not be able to claim written down amounts in the liquidation proceedings



^{*1} Based on a possible model of Japanese G-SIB's resolution under the SPE resolution strategy as set out in "The FSA's Approach to Introduce the TLAC Framework" published in Apr. 16 and revised in Apr. 18 ("the FSA's Approach") and the TLAC related regulatory documents published by FSA in Mar. 19 ("the Japanese TLAC standards") ^{*2} Except for the amounts that have become due and payable prior to the occurrence of PoNV ^{*3} Excludes countercyclical buffer ^{*4} As for G-SIB buffer, SMFG was allocated to bucket 1 (1.0%) according to the list published by the FSB in Nov. 18 ^{*5} PoNV will be deemed to have reached when the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the DIA, confirms (nintei) that "specified Item 2 measures (tokutei dai nigo sochi)", which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the DIA, as then in effect, need to be applied to a financial institution under circumstances where its liabilities exceed or are likely to exceed assets, or it has suspended or is likely to suspend payment of obligations

Safeguards before incurring losses at PoNV

- safeguards to prevent systemic disruption

- The Japanese government has historically had multiple precedents of prompt corrective action and pre-emptive capital injection^{*1}
- The Mar. 14 amendments to the Deposit Insurance Act (DIA) expanded the scope of institutions eligible for the safeguards to include financial holding companies and other financial institutions

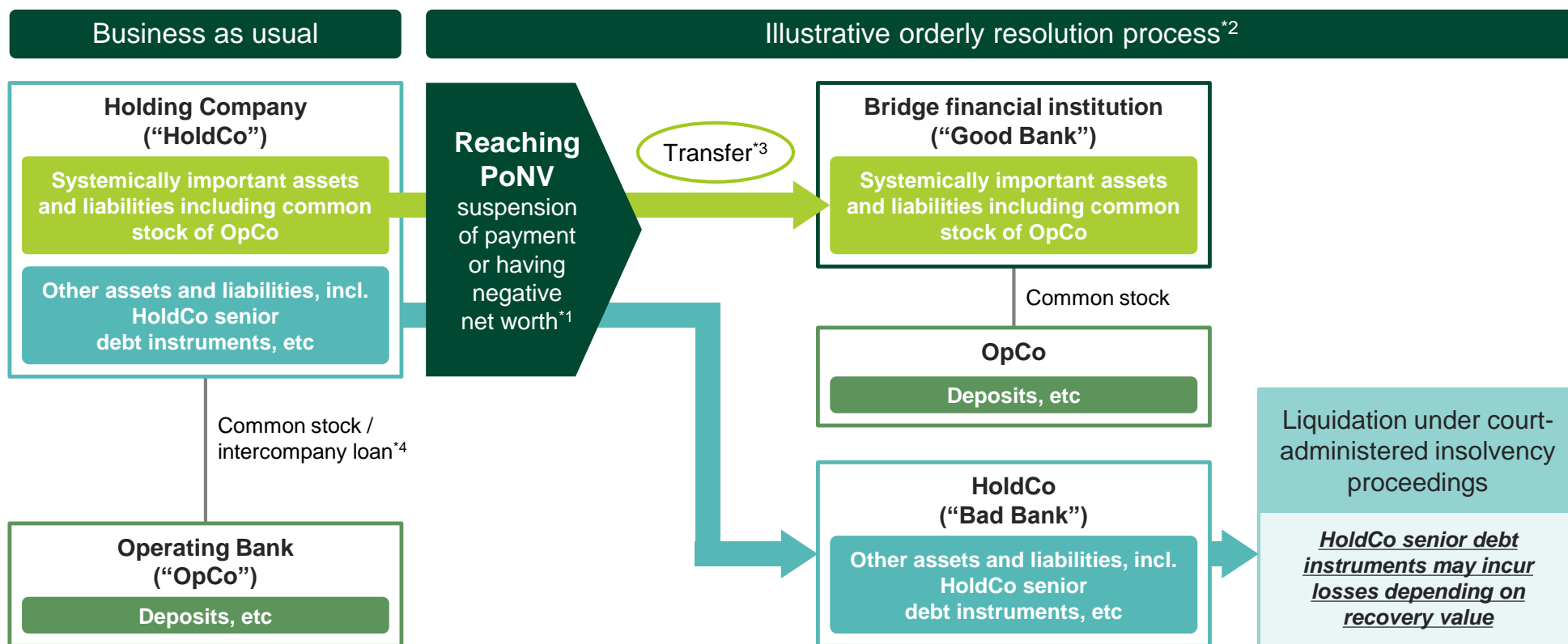
PoNV	Framework	Subject entities
Prior to	Liquidity support and capital injection Specified Item 1 Measures set forth in the DIA	Financial institutions Including banks and bank holding companies (BHCs) <i>Introduced in Mar. 14</i>
	Capital injection Act on Special Measures for Strengthening Financial Functions	Banks and BHCs ^{*2}
	Capital injection Item 1 Measures set forth in the DIA	Banks and BHCs ^{*2}
PoNV suspension of payment or having negative net worth ^{*3}	Financial assistance for orderly resolution Specified Item 2 Measures set forth in the DIA	Financial institutions Including banks and BHCs <i>Introduced in Mar. 14</i>
	Financial assistance exceeding payout cost or Temporary nationalization Item 2 Measures or Item 3 Measures set forth in the DIA	Banks
Posterior to		

^{*1} There is no assurance that any such measures would be applied in any given case ^{*2} Capital injection may be made through BHCs

^{*3} PoNV will be deemed to have reached when the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the DIA, confirms (nintei) that "specified Item 2 measures (tokutei dai nigo sochi)", which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the DIA, as then in effect, need to be applied to a financial institution under circumstances where its liabilities exceed or are likely to exceed assets, or it has suspended or is likely to suspend payment of obligations

Orderly resolution regime in Japan

- An orderly resolution is expected to be commenced subsequent to PoNV^{*1} after SMFG absorbs losses incurred by its material subsidiaries^{*2}
- Senior notes may incur losses depending on recovery value through court-administered insolvency proceedings



^{*1} PoNV will be deemed to have been reached when the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the DIA, confirms (nintei) that "specified Item 2 measures (tokutei dai nigo sochi)," which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the DIA, as then in effect, need to be applied to a financial institution under circumstances where its liabilities exceed or are likely to exceed its assets, or it has suspended or is likely to suspend payment of its obligations

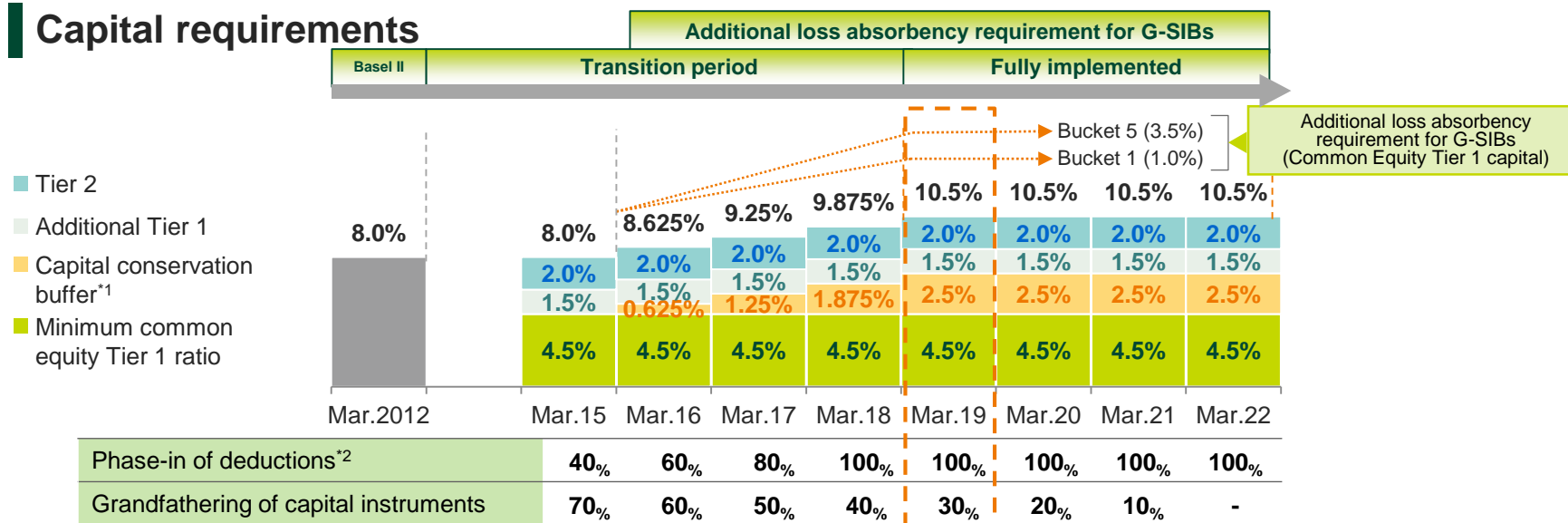
^{*2} Based on a possible model of Japanese G-SIB's resolution under the SPE resolution process, as stated in the FSA's Approach

^{*3} Transfer of business, assets and/or liabilities under special supervision by or under special control of the Deposit Insurance Company of Japan

^{*4} According to the FSA's Approach and the Japanese TLAC standards, domestic material subsidiaries including OpCo could be subject to internal TLAC requirements depending on its size and risk of exposures. Losses incurred at the material subsidiaries would be absorbed by the HoldCo through internal TLAC with a business improvement order being given by FSA in order to implement the orderly resolution

Application of Basel III

Capital requirements



		2022	2023	2024	2025	2026	2027
RWA*3	Revised standardized approach and internal ratings-based framework for credit risk	Implementation					
	Revised credit valuation adjustment (CVA) and market risk framework						
	Revised operational risk framework						
	Output floor	50%	55%	60%	65%	70%	72.5%

Leverage ratio and liquidity rules

	2015	2016	2017	2018	2019	2020	2021	2022
Leverage ratio	Disclosure				Implementation			
Revised leverage ratio ^{*3, 4}								Implementation
Liquidity coverage ratio (LCR)	60%	70%	80%	90%	100%			
Net stable funding ratio (NSFR) ^{*3}					Implementation			

*1 Countercyclical buffer (CCyB) omitted in the chart above; if applied, phased-in in the same manner as the Capital conservation buffer

*2 Including amounts exceeding limit for deferred tax assets, mortgage servicing rights and investment in capital instruments of unconsolidated financial institutions

*3 Scheduled based on final documents by BCBS (implementation in Japan TBD) *4 Revised exposure definition and G-SIB buffer

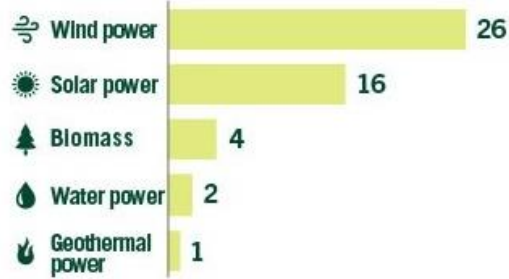
ESG initiatives

FY3/18	Shifted to a Company with Three Committees, introduced Group-wide business units and CxO system	G
	Established Basic Policy for Customer-Oriented Business Conduct	G
	Announced to support TCFD	E
	Published the Declaration of Cyber Security Management	G
	Established Diversity and Inclusion Committee	S
	Formulated Statement on Human Rights	S
FY3/19	Established lending policies for specific sectors (SMBC) - Coal-fired power plants, Palm oil plantation developments, Deforestation	E S
	Appointed Global Advisors	G
	Established the Corporate Sustainability Committee	E S G
	Endorsed the Principles for Responsible Banking	E S G
FY3/20	May First global financial institution to disclose the qualitative impact of climate-related risks in response to recommendations by TCFD	E
	Applied the lending policy for specific sectors on a group basis	E S
	Jun Reduced the number of the board of directors from 17 to 15. % of outside directors was raised to 47%	E S G
	Sep Signed the Principles for Responsible Banking	G
	Oct Published the declaration of proper use of personal data	G

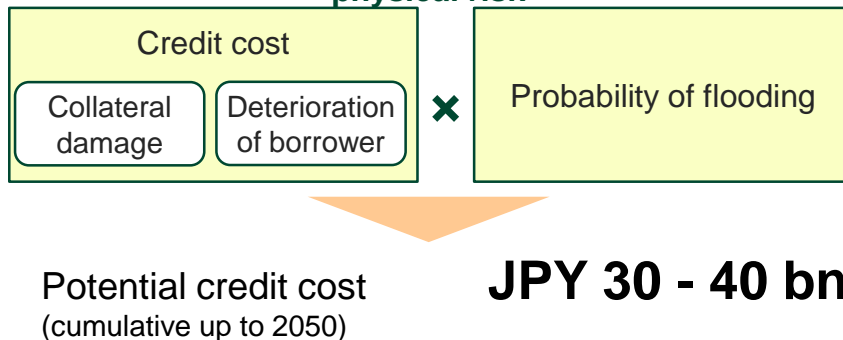
■ ESG initiatives

Environment

Project finance for renewable energy (FY3/19)



Initiatives toward TCFD -physical risk-

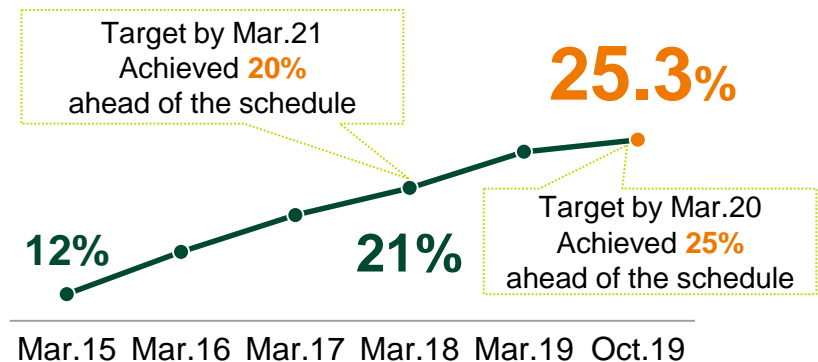


Social

Support SMEs in introducing cashless payment



Diversity (% of female managers)



Governance

Governance framework

■ Outside director
 ■ Internal director (executive)
 ■ Internal director (non-executive)
 ■ Outside experts
 Chairman

Board of Directors (supervisory)

Internal Committees

Nomination	■	■	■	■	■	■	■
Compensation	■	■	■	■	■	■	■
Audit	■	■	■	■	■	■	■
Risk (optional)	■	■	■	■	■	■	■

Management Committee
Business execution decisions

Departments

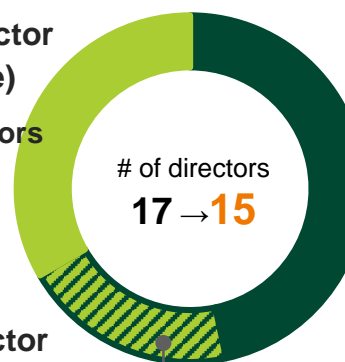
Internal Audit Dept.

Reporting line
(including personnel
right of consent)

Board of directors

Internal director
(executive)
7 → 5 directors

Outside director
7 directors



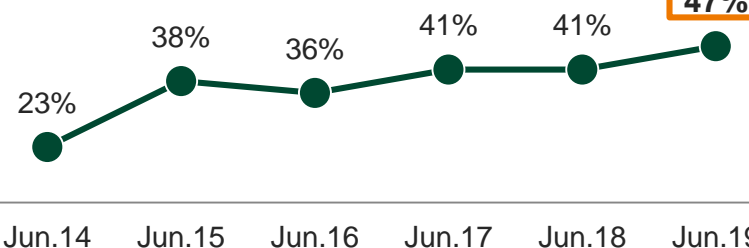
Expertise

Management	3
Finance/Accounting	1
Law	2
Diplomacy	1

Internal director
(non-executive)
3 directors

Non-executive directors: 67%

% of outside directors



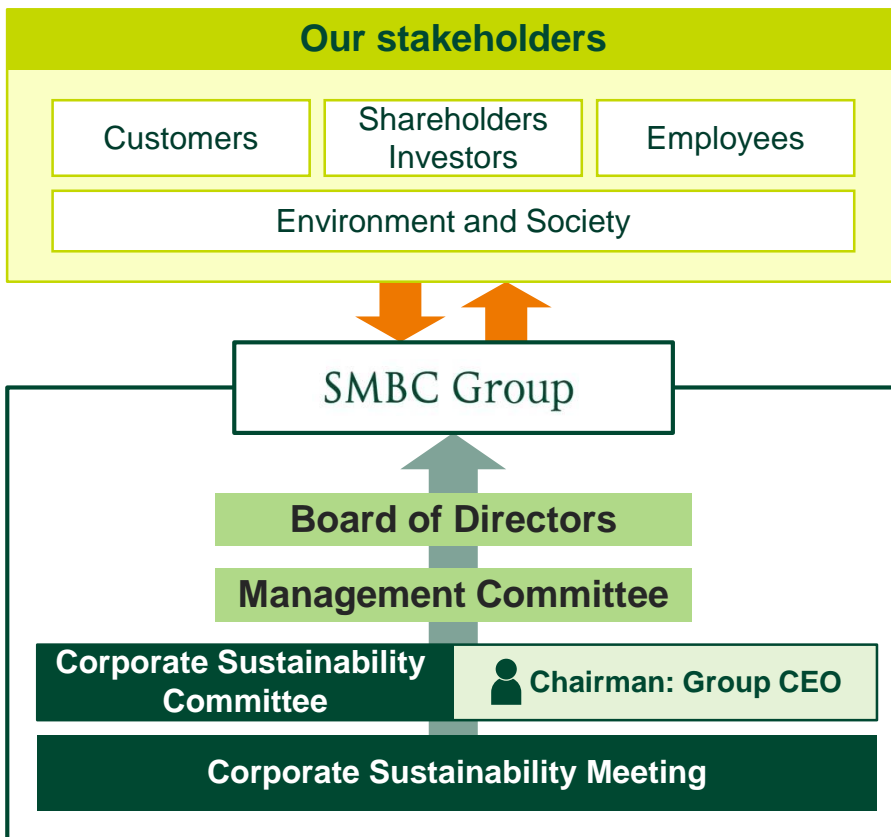
Board of corporate auditors

Company with three committees

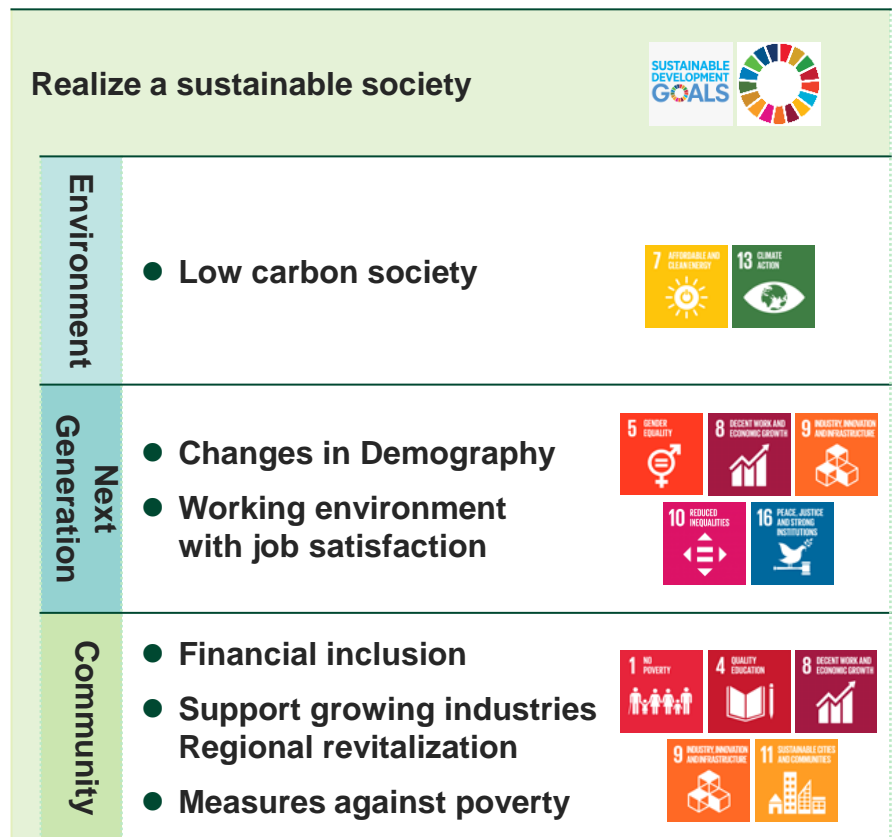
Sustainability Management

- Promote initiatives to resolve social issues and achieve the SDGs under direct leadership from the Group CEO.

Sustainability management



SDGs initiatives through our core businesses



■ Response to Recommendations by TCFD

- Conducted analysis and calculated the impact of climate-related risks. The impact is approx. JPY 1 bn of credit costs on an annual basis.
- Strengthening the environmental / social risk management systems when financing coal-fired power plants and coal mining.

Initiatives toward TCFD*1 Recommendations

Released in April 2019

Governance	<ul style="list-style-type: none"> ● Enactment of the "Group Environmental Policy" ● Establishment of the "Corporate Sustainability Committee" chaired by the Group CEO to reflect climate change responses in management strategies
Strategy	<ul style="list-style-type: none"> ● Conducted scenario analysis of climate change in physical risks <ul style="list-style-type: none"> ● Targeting SMBC's domestic corporate customers, we estimated credit costs in the event of a water disaster to be approximately JPY 30 to 40 bn between 2019 and 2050 based on the scenarios of RCP*2 2.6 (2 ° C scenario) and RCP 8.5 (4 ° C scenario) ● Analysis of the future impact of stranded assets is under discussion ● Financing renewable energy projects and issuing green bonds
Risk Management	<ul style="list-style-type: none"> ● Implementation of environmental and social risk assessments based on the Equator Principles ● Manage finance for coal-fired power plants and coal mining <ul style="list-style-type: none"> ● Introduce business specific policies for coal-fired power plants in SMBC Group companies ● SMBC expanded the scope of its environmental and social risk assessments to include loans for coal mining
Metrics and Targets	<ul style="list-style-type: none"> ● Disclosure of greenhouse gas emissions

Awards and initiatives

Selected ESG indices



External awards



Endorsed initiatives



■ Why does SMBC Group issue a Green Bond?

- SMBC Group issues a Green Bond to meet investors' demand towards sustainability

Deepening SMBC Group's ESG commitment

SMBC Group's mission is "We grow and prosper together with our customers, by providing services of greater value to them"

By issuing a Green Bond, SMBC Group contributes to:

- ✓ The rise of more attention to the role of the financial sector towards the Sustainable Development Goals
- ✓ Especially the fulfillment of Goals 3, 7, 9, 11, 12, 13, 14, and 15



Leading the green finance market

SMBC Group has been the leading financial group in the green finance market

By issuing a Green Bond, SMBC Group contributes to:

- ✓ Promotion of global renewable energy finance market
- ✓ Broadening of the green market to meet the needs of investors
- ✓ Promotion of environmental business development with its broad resources

Meeting SMBC Group's stakeholder needs

SMBC Group sees strong demands from stakeholders and the market towards sustainability

By issuing a Green Bond, SMBC Group is able to:

- ✓ Broaden and diversify investor base
- ✓ Deepen communication / dialogue with investors
- ✓ Contribute to mitigating climate-related risks and increasing new investment opportunities for investors

Key aspects of SMBC Group's Green Bond based on Green Bond Principles 2018

1 Use of proceeds

- The net proceeds will be allocated to Eligible Green Projects

Category	SDG's Target	
Renewable Energy	7. Affordable and clean Energy	
Energy Efficiency	7. Affordable and clean Energy	
Green Buildings	9. Industry, innovation and infrastructure	
Clean Transportation	11. Sustainable cities and Communities	
Pollution Prevention and Control	3. Ensure healthy lives and promote well-being for all at all ages	

- Look back period: 24 months
- Projects categorized as either Category B or C under the Equator Principles


3 Management of proceeds

- Maintain the list of all the Eligible Green Project loans and manage the balance for each Eligible Green Project
- Pending allocation proceeds will be invested in overnight or other short-term financial instruments
- Payment of the principal and interest on the notes will be made from SMBC's general funds and will not be directly linked to the performance of any Eligible Green Project

2 Project evaluation and selection

- SMFG's Corporate Treasury Dept. and SMBC's Planning Dept., Treasury Unit worked together with SMFG's Corporate Sustainability Dept. to establish the criteria for Eligible Green Projects
- SMBC's Structured Finance Dept. selects the project pool which meets the criteria
- SMFG's Corporate Treasury Dept. and SMBC's Planning Dept., Treasury Unit decide the eligible projects and allocate net proceeds of the Green Bond to them
- JRI supports the election of criteria for Eligible Green Projects and the selection process as an advisor

4 Reporting

- Annually update information on the allocation of the net proceeds to the Eligible Green Projects
 - Project category, current funded amounts, initial funding dates and contractual maturity dates, and
 - Assertions made by SMBC Group's management on the allocation, accompanied by a report from **Sustainalytics** 
- Annually report an estimate of the expected tons of CO₂ emissions equivalent avoided through Renewable Energy Projects, in conjunction with support from **JRI**

■ Use of proceeds statement for each issuance 1/3

2015/10/20 SMBC Green Bond USD 500 mn

Net Proceeds from Note Issuance

Sumitomo Mitsui Banking Corporation USD 500,000,000 2.45% Senior Notes due 2020

USD 500 mn

Use of Proceeds as of Mar. 2019

Category	Sub-Category	Loan Agreement Date	Currency	Country	Loan balance (USD mn) ^{*1}	CO ₂ Emissions Reduction (t-CO ₂)	
							(o/w SMBC Group Financed)
Renewable Energy	Biomass	2014/10	GBP	UK	30	68,192	7,131
Renewable Energy	Biomass	2014/8	GBP	UK	65	9,645	3,215
Renewable Energy	Wind Energy	2014/5	EUR	Netherland	25	1,212,710	45,651
Renewable Energy	Wind Energy	2014/10	CAD	Canada	37	46,989	4,840
Renewable Energy	Wind Energy	2014/4	USD	USA	56	213,427	65,295
Renewable Energy	Wind Energy	2014/11	AUD	Australia	27	204,976	55,403
Renewable Energy	Wind Energy	2017/7	EUR	France	27	17,124	5,822
Renewable Energy	Wind Energy	2017/11	EUR	France	44	17,576	4,633
Renewable Energy	Wind Energy	2017/8	GBP	UK	26	578,462	123,148
Renewable Energy	Wind Energy	2016/5	GBP	UK	52	401,383	25,569
Renewable Energy	Solar Energy	2014/9	JPY	Japan	80	154,408	16,459
Renewable Energy	Solar Energy	2014/3	JPY	Japan	37	60,833	9,999
				Total	507	2,985,724	367,164
Net Proceeds from Note Issuance						USD 500 mn	
CO ₂ avoidance per USD 1 mn						734.3 t-CO ₂	

■ Use of proceeds statement for each issuance 2/3

2017/10/11 SMFG Green Bond EUR 500 mn

Net Proceeds from Note Issuance

Sumitomo Mitsui Financial Group EUR 500,000,000 0.934% Senior Notes due 2024

EUR 500 mn

Use of Proceeds as of Mar. 2019

Category	Sub-Category	Loan Agreement Date	Currency	Country	Loan balance (USD mn) ^{*1}	CO ₂ Emissions Reduction (t-CO ₂)	
							(o/w SMBC Group Financed)
Renewable Energy	Wind Energy	2016/12	GBP	UK	129	676,652	58,115
Renewable Energy	Wind Energy	2017/2	EUR	Germany	20	479,391	48,578
Renewable Energy	Wind Energy	2016/5	GBP	UK	68	611,961	51,387
Renewable Energy	Wind Energy	2016/8	EUR	Germany	93	707,085	36,552
Renewable Energy	Wind Energy	2017/5	EUR	Belgium	29	126,785	16,745
Renewable Energy	Wind Energy	2017/12	EUR	Belgium	11	86,240	22,342
Renewable Energy	Solar Energy	2017/3	EUR	France	29	2,732	601
Renewable Energy	Solar Energy	2016/8	USD	USA	43	253,169	49,888
Renewable Energy	Solar Energy	2016/12	USD	USA	31	446,822	40,284
Renewable Energy	Solar Energy	2016/11	AUD	Australia	27	289,902	57,978
Renewable Energy	Solar Energy	2016/9	JPY	Japan	110	32,239	24,872
Renewable Energy	Solar Energy	2015/12	JPY	Japan	32	16,637	9,298
				Total	621	3,729,617	416,640

Net Proceeds from Note Issuance

EUR 500 mn
(USD 561 mn equiv.)^{*1}

CO₂ avoidance per USD 1 mn

742.6 t-CO₂

■ Use of proceeds statement for each issuance 3/3

2018/12/20 SMBC Green Bond USD 227.8 mn/AUD 83.2 mn

Net Proceeds from Note Issuance

Sumitomo Mitsui Banking Corporation USD 227,800,000 3.370% Senior Notes due 2023
Sumitomo Mitsui Banking Corporation AUD 83,200,000 2.900% Senior Notes due 2023

USD 227.8 mn
AUD 83.2 mn

Use of Proceeds as of Mar. 2019

Category	Sub-Category	Loan Agreement Date	Currency	Country	Loan balance (USD mn) ^{*1}	CO ₂ Emissions Reduction (t-CO ₂)	
							(o/w SMBC Group Financed)
Renewable Energy	Wind Energy	2018/3	JPY	Japan	24	115,896	16,374
Renewable Energy	Wind Energy	2018/4	USD	USA	54	52,121	11,500
Renewable Energy	Wind Energy	2017/1	AUD	Australia	32	319,144	63,829
Renewable Energy	Wind Energy	2018/5	EUR	Belgium	66	133,435	17,403
Renewable Energy	Solar Energy	2018/3	JPY	Japan	40	24,885	16,208
Renewable Energy	Solar Energy	2018/6	JPY	Japan	35	32,794	8,802
Renewable Energy	Solar Energy	2017/3	JPY	Japan	24	9,540	7,617
Renewable Energy	Solar Energy	2017/4	JPY	Japan	12	8,540	3,842
Renewable Energy	Solar Energy	2017/12	JPY	Japan	19	23,151	12,401
Renewable Energy	Biomass	2018/3	JPY	Japan	17	310,945	118,669
				Total	323	1,030,451	276,646

Net Proceeds from Note Issuance

USD 227.8 mn
AUD 83.2 mn
(USD 287 mn equiv.)^{*1}

CO₂ avoidance per USD 1 mn

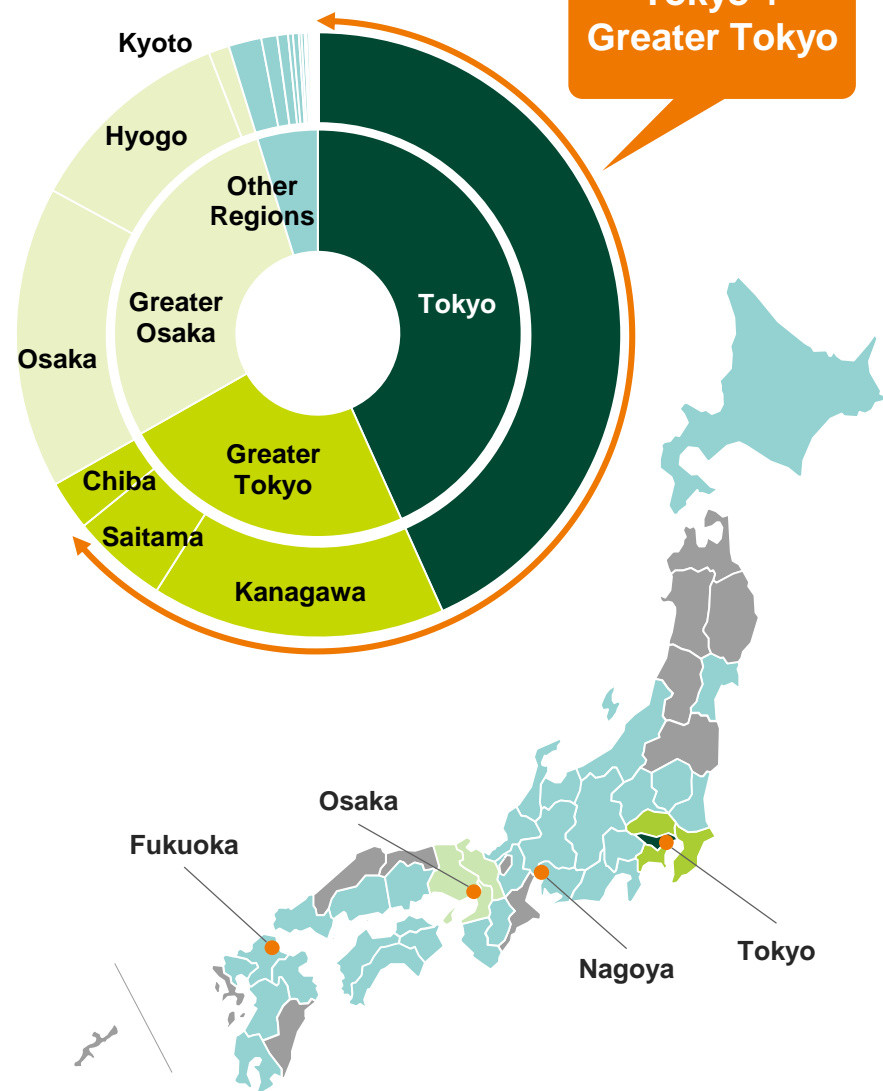
963.9 t-CO₂

SMBC covered bond: Cover pool summary

RMBS Summary Terms*1

Collateral	Self originated residential loans
Originator / Servicer	SMBC
Asset Trustee	Sumitomo Mitsui Trust Bank
Revolving	Static pool
Format	Domestic trust beneficiary interest
Liquidity	Cash reserve
Interest Payments	Monthly / Fixed coupon
Principal Payments	Monthly / Pass through
Hedging Arrangements	None
Master Trust	Standalone structure
Clean-up Call	10%
Back-up Servicer	Not appointed at closing
Credit Enhancement	Overcollateralisation Senior / subordinate tranching Excess spread
Maximum principal balance	¥ 200million
Loan Term	Up to 35 years
Loan Guarantee	Guaranteed by SMBC Guarantee Co., Ltd.
Senior Tranche Rating	Moody's:Aaa(sf)

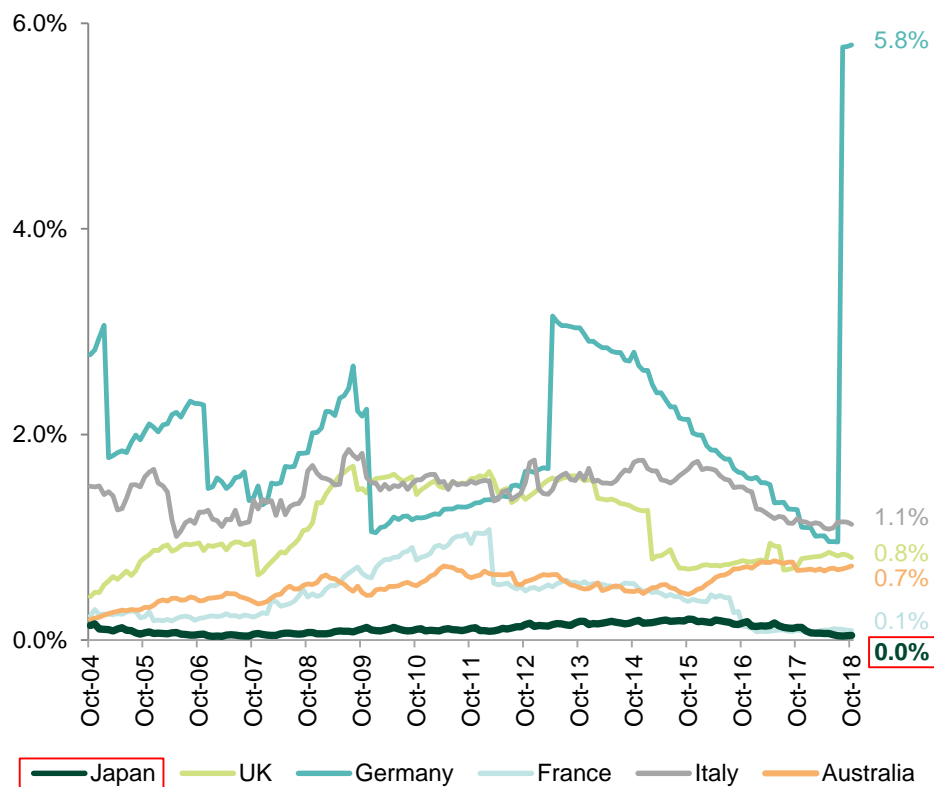
Domestic Region*1*2



RMBS market: Historical trend of delinquency and prepayment rate

- Delinquency rate in the Japanese RMBS market has been low supported by the strong job market and stringent underwriting practices
- Current Prepayment rate of Japanese RMBS market is low compared to other developed countries

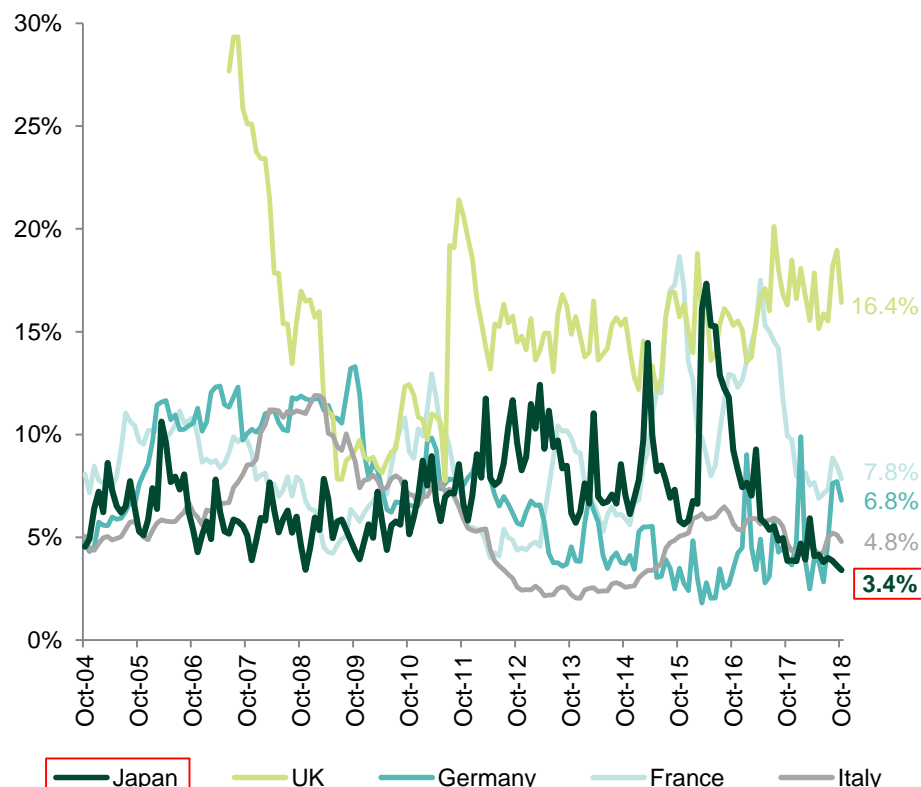
RMBS 90+ days delinquency*¹



Note: Japanese data is calculated based on the formula of "61+ days delinquency ratio (per month) – 61-90 days delinquency ratio (adjusted to per month)", and 61-90 days delinquency ratio (adjusted to per month) is calculated based on the formula of "61-90 days delinquency ratio (per annual) / 12"

Source: Moody's

Prepayment rate*²



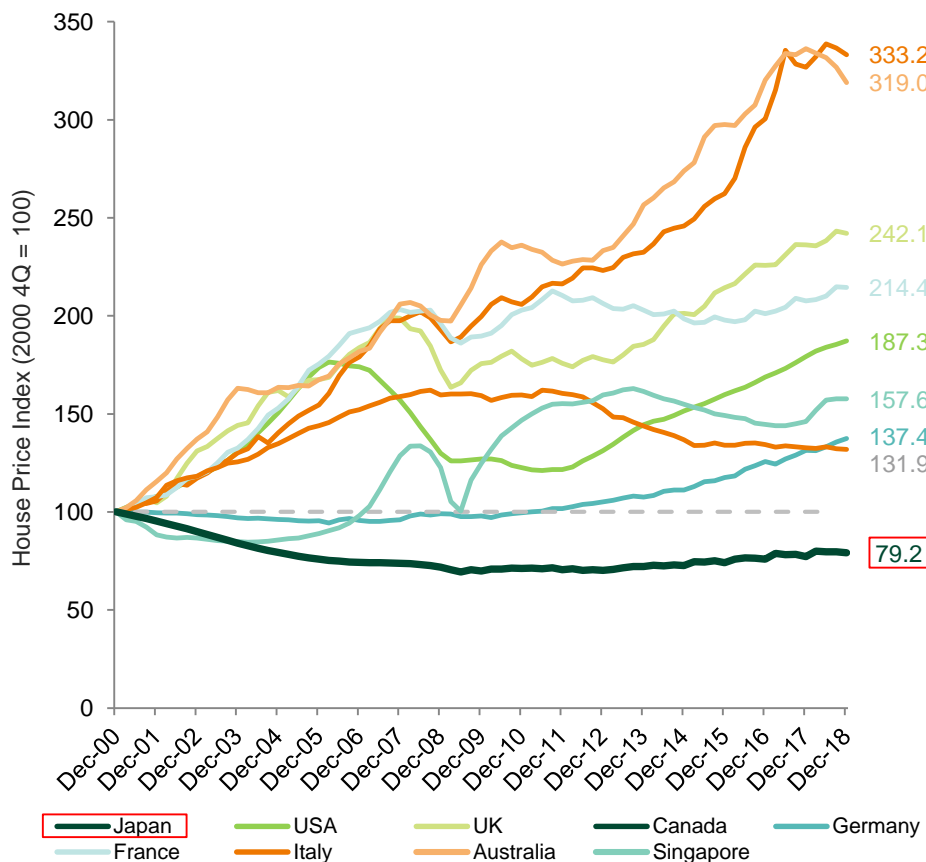
Note: UK data between October 2004 and May 2007 is not available

Source: Moody's

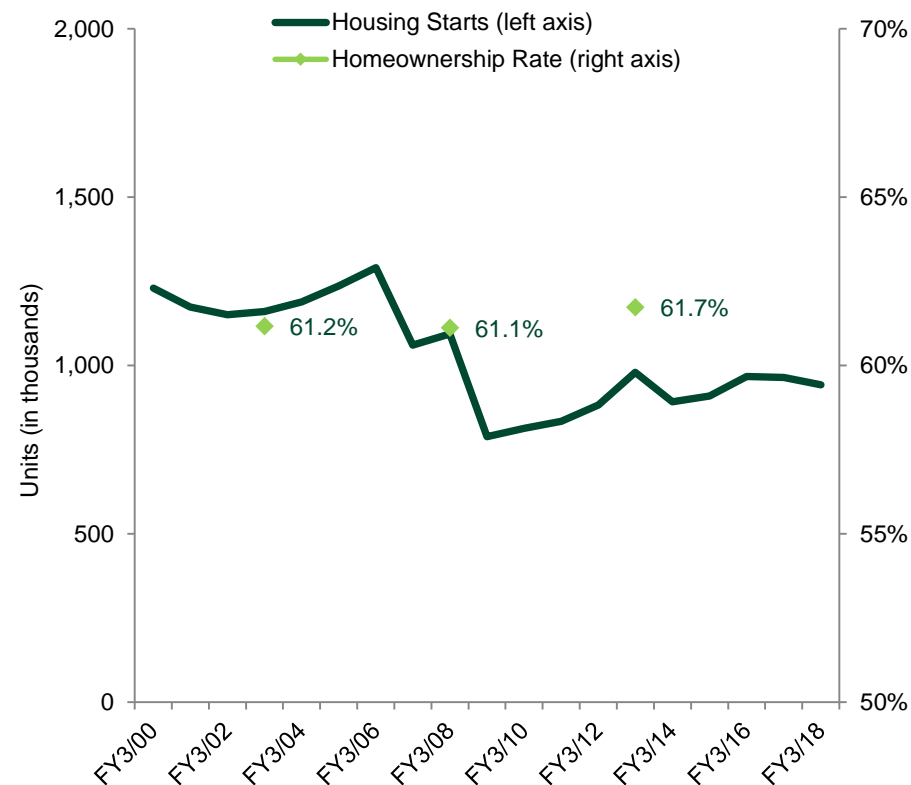
Housing market developments

- Japanese house prices have been stable with limited impact of the global financial crisis compared to other developed countries, and are now in an upward trend
- Housing starts is recovering gradually since the financial crisis and homeownership rate has been stable at approx. 60%

House prices



Housing starts / Homeownership rate

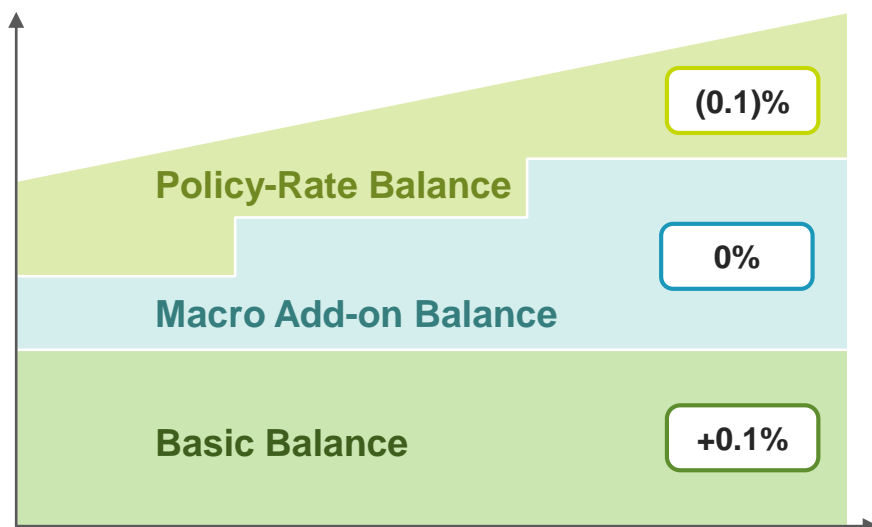


BOJ's monetary policy

Timeline

Apr. 2013	Introduction of the Quantitative and Qualitative Monetary Easing (QQE)
Jan. 2016	Introduction of Negative Interest Rate Policy
Sep. 2016	Introduction of QQE with yield curve control
Jul. 2018	Introduction of forward guidance for policy rates
Apr. 2019	Clarification of forward guidance for policy rates
Oct. 2019	Update of forward guidance for policy rates

Three-tier system in current accounts at BOJ



Recent announcements

Jul. 2018

- **Introduction of forward guidance for policy rates**
 - Maintain the current level of low interest rates for an extended period of time, taking into account uncertainties regarding economic activity and prices including the effects of the consumption tax hike scheduled in Oct. 2019
- **Flexible operation of yield curve control**
- **Flexible operation of asset purchases**
- **Reduce the Policy-Rate Balance**
 - about JPY 10 tn on average to about JPY 5 tn

Apr. 2019

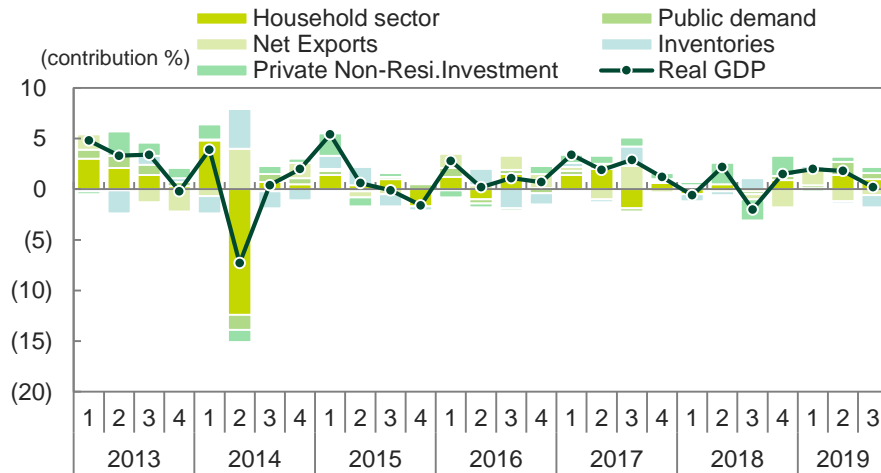
- **Clarification of forward guidance for policy rates**
 - Maintain the current extremely low levels of short- and long-term interest rates for an extended period of time, at least through around spring 2020
- **Implementation of measures contributing to the continuation of powerful monetary easing**
 - Expand eligible collateral for BOJ's provision of credit

Oct. 2019

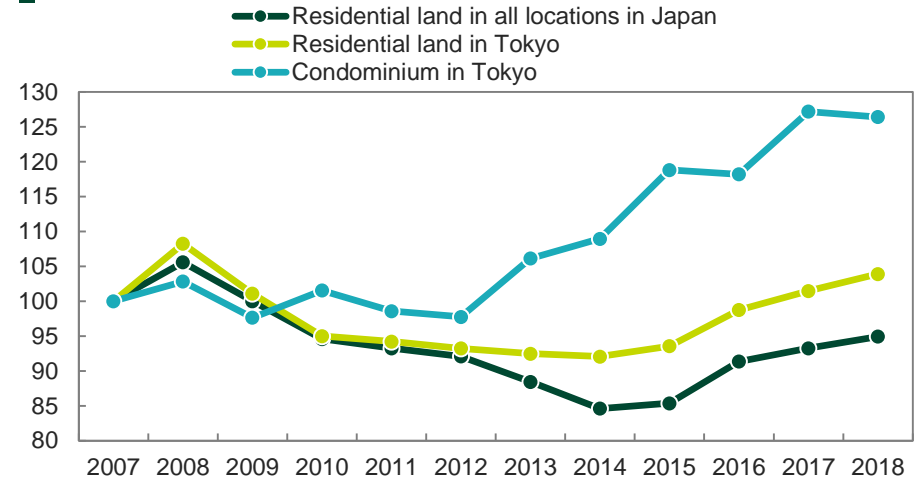
- **Update of forward guidance for policy rates**
 - Expect short- and long-term interest rates to remain at their present or lower levels as long as it is necessary to pay close attention to the possibility that the momentum toward achieving the price stability target will be lost

Japanese economy

Real GDP growth rate (annualized QOQ change)*1



Price index for residential land and condominiums*2



Indicators to measure progress out of deflation*3

