

Fixed Income Investor Presentation

November 2020

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: the COVID-19 pandemic and collateral events; 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 condition and our operating results, and investors’ decisions.

Exchange rates (TTM)

| | Sep. 19 | Mar. 20 | Sep. 20 |
|-----|------------|------------|------------|
| USD | JPY 107.93 | JPY 108.81 | JPY 105.78 |
| EUR | JPY 118.01 | JPY 119.52 | JPY 124.18 |

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 |
| SMBC AC | SMBC Aviation Capital |
| Major local subsidiaries | SMBC Europe, SMBC Bank EU, SMBC (China) |
| Consolidated | SMFG consolidated |
| Non-consolidated | SMBC non-consolidated |
| Expenses (non-consolidated) | Expenses excluding non-recurring losses |
| Net business profit | Profit before provision for general reserve for possible loan losses |
| Retail Business Unit | Domestic retail business |
| Wholesale Business Unit | Domestic wholesale business |
| Global Business Unit | International business |
| Global Markets Business Unit | Market / Treasury related businesses |
| OCI | Net unrealized gains on other securities |

Agenda

Impact of COVID-19

- Summary
 - Credit cost
 - Credit
 - Aircraft leasing
-

Results

- Key credit messages
 - Financial results
 - Balance sheet and loan balance
 - Loans
 - Asset quality
-

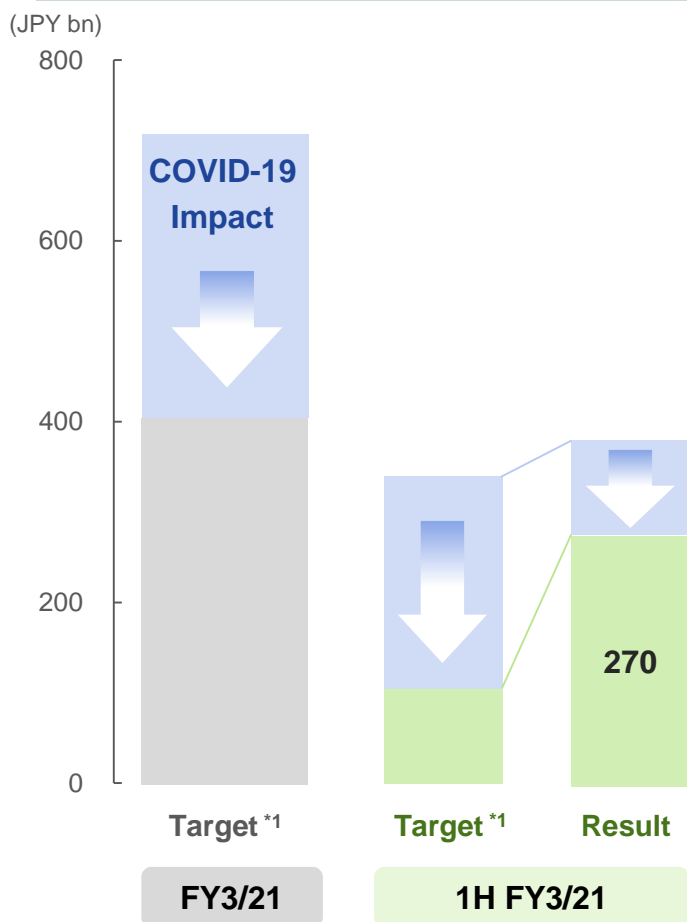
Funding & Capital

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

Impact of COVID-19 (1) Summary

While impact of COVID-19 in 1H was smaller than our original forecast, the full-year forecast remains unchanged because of the continuing uncertain environment, including the resurgence of COVID-19.

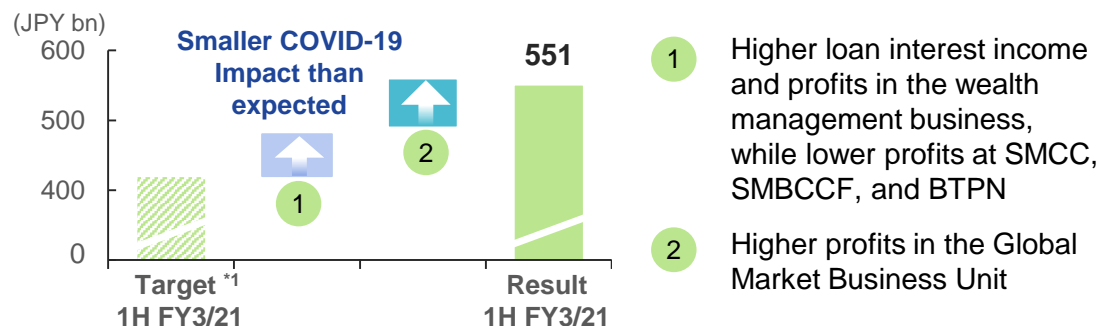
Profit attributable to owners of parent



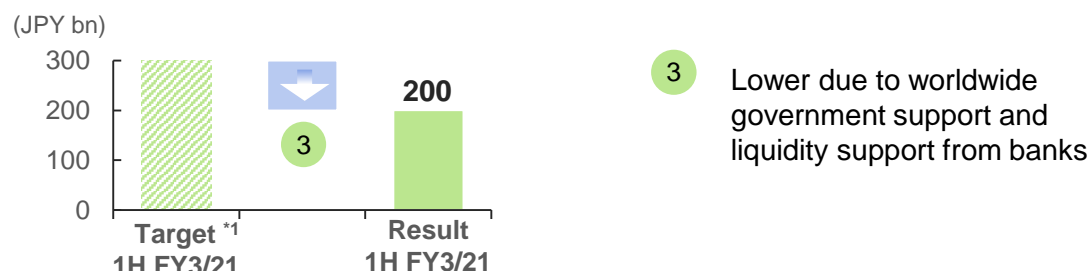
*1 Announced in May 2020

*2 Under COVID-19

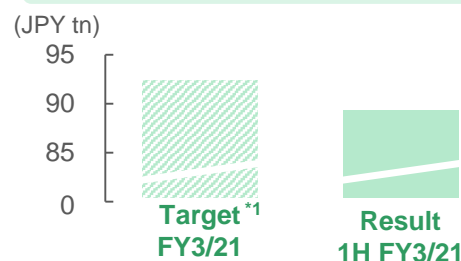
Consolidated net business profit



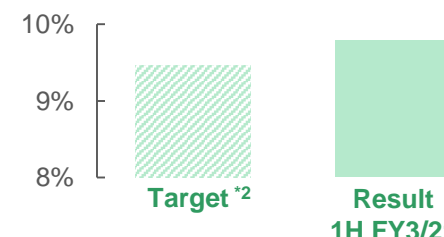
Credit Cost



RWA



CET1 Ratio

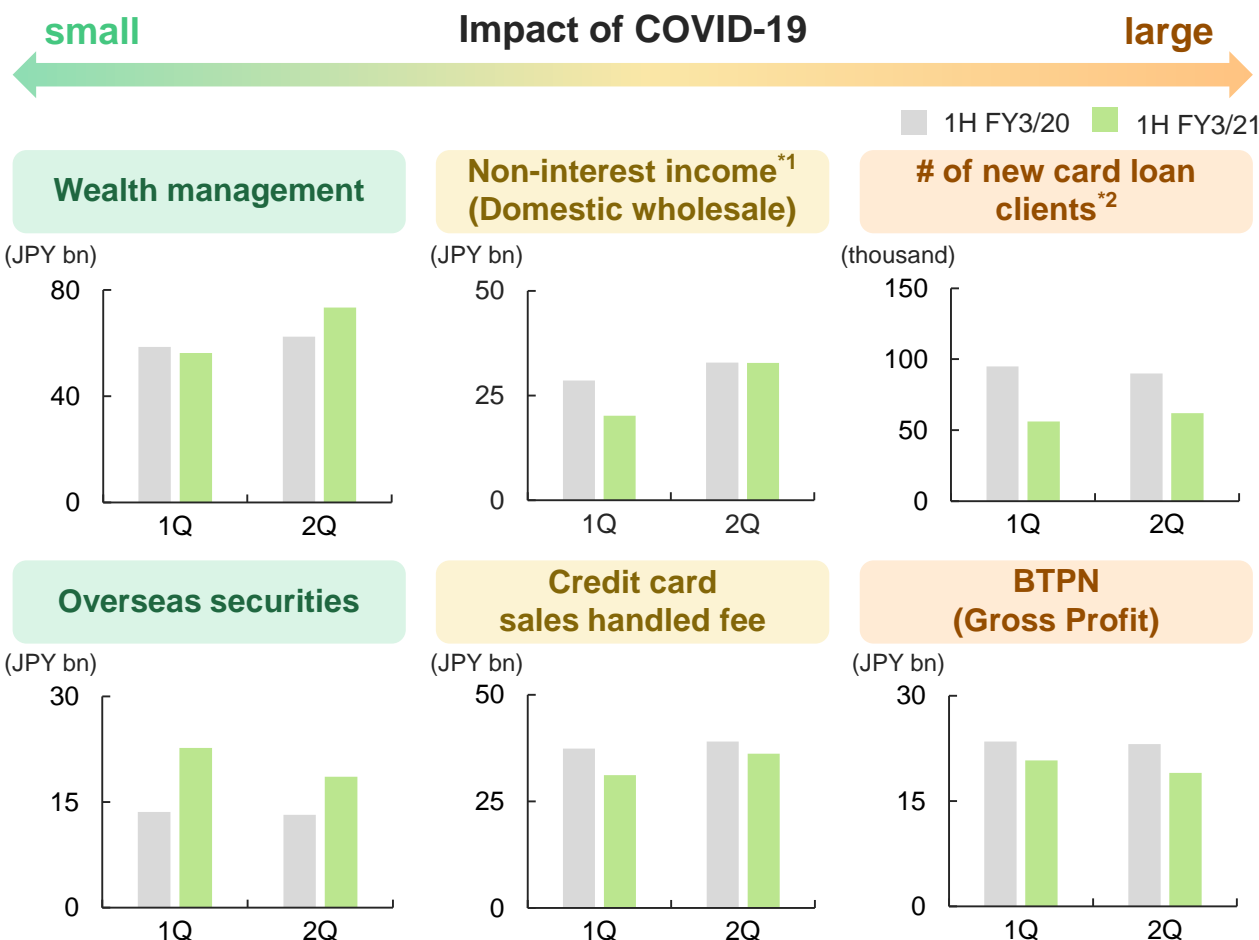
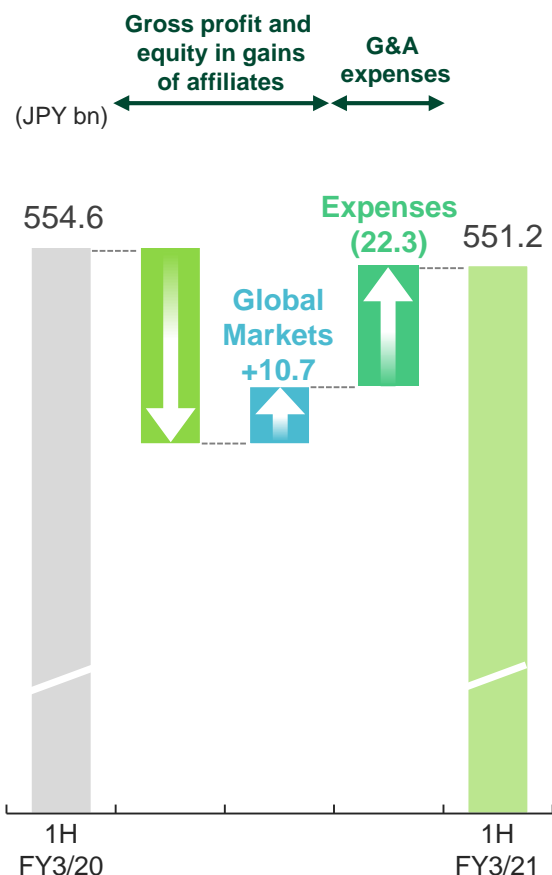


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(Ref.) Impact of COVID-19 in consolidated net business profit

Consolidated net business profit in 1H was almost the same level as last year due to the strong performance of the Global Market Business Unit and lower G&A expenses.

Consolidated net business profit



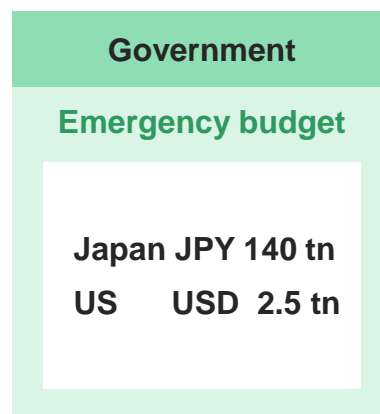
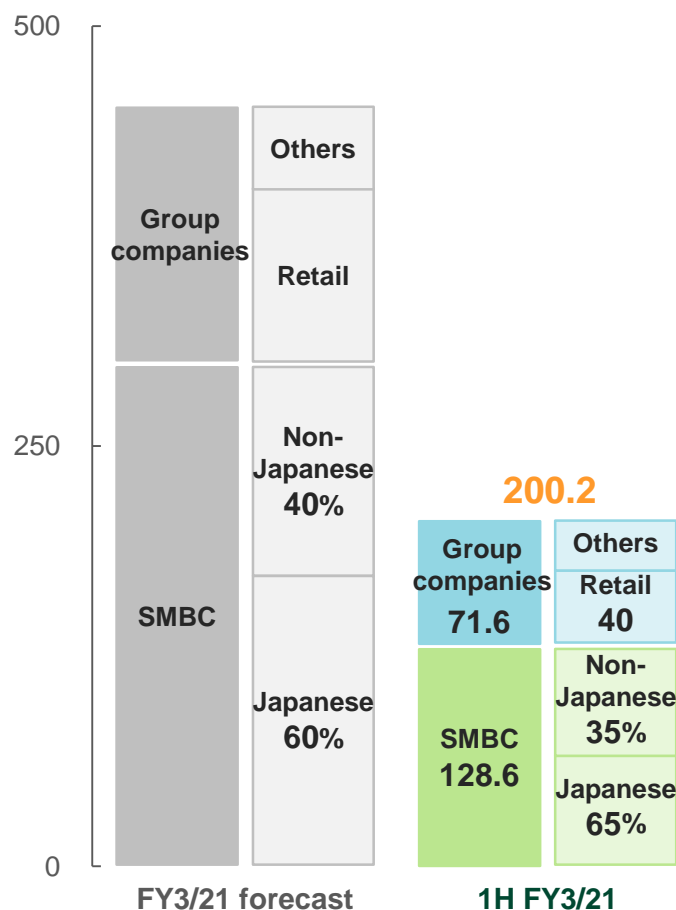
*1 Syndicated loans, Structured finances, Real estate finances, and Securities business

*2 SMBCCF

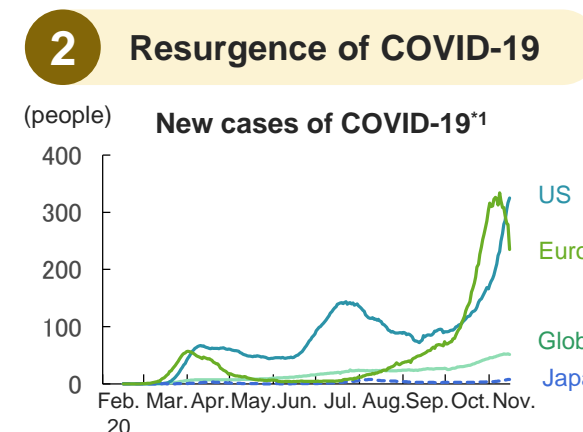
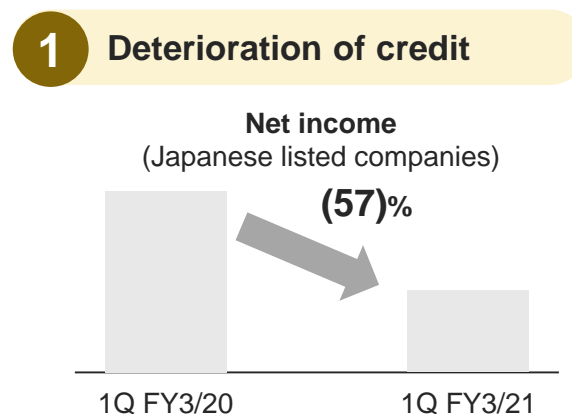
Impact of COVID-19 (2) Credit cost

While credit cost in 1H was lower than our original forecast due to worldwide government support and liquidity support from banks, the full-year forecast remains unchanged because of risk factors including the deterioration of credit in 2H and the resurgence of COVID-19.

(JPY bn)



Risk factors



*1 Source: Policy Research Institute, Ministry of Finance, Japan, Annual Survey of Corporate Enterprises

*2 Made by Japan Research Institute using data from Bloomberg (per week / 100 thousand of population)

(Ref.) Breakdown of credit cost at SMBC

| | Japanese | Non-Japanese |
|---|--|------------------------------|
| Credit Cost JPY 128.6 bn (1H FY3/21) | 65% | 35% |
| Ratio of specific sectors | Over 80% <ul style="list-style-type: none">● Automobile● Leisure and hotel● Airline● Restaurants● Oil & Gas | Over 80% |
| Size of company | Lower than expected from mid-sized and SMEs | Mainly from large corporates |

Details of non-Japanese

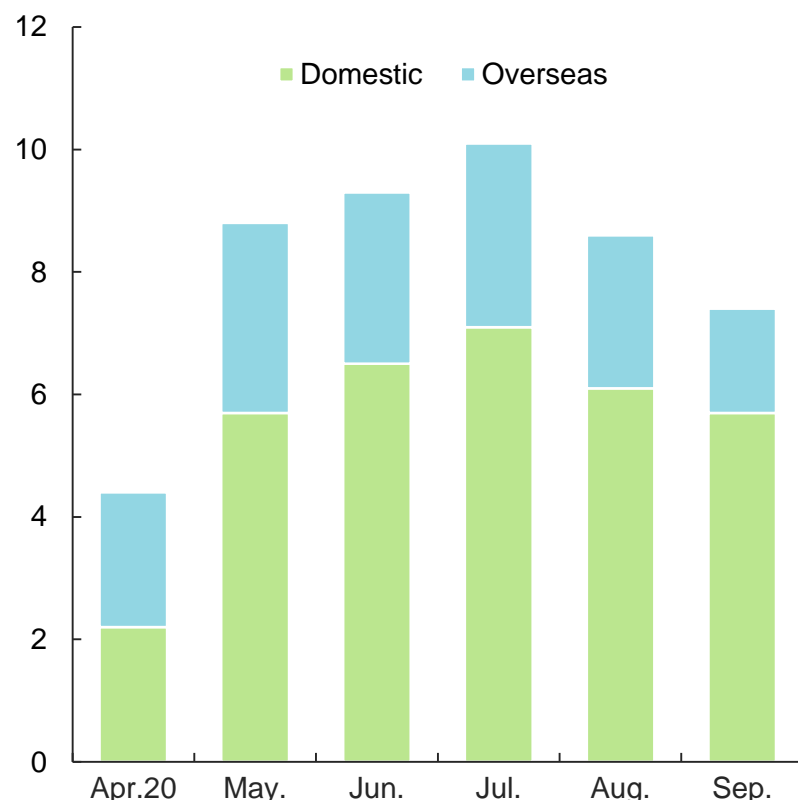
| (JPY tn) | Outstanding | Remarks |
|---|-------------------|--|
| Leisure and hotel | 0.6 | ● Credit cost came from mainly leisure companies |
| Airline | 0.9 | ● Exposure mainly to top-tier airlines with aircraft collateral |
| Restaurants | 0.1 | ● Credit cost came mainly from LBO (see "LBO in US and Europe" in below) |
| Oil & Gas | 6.5 | <ul style="list-style-type: none"> ● Have avoided upstream and service ● Higher oil price than initial assumption |
| LBO in US and Europe (USD bn) | 8.0 | <ul style="list-style-type: none"> ● Control outstanding balance by closely monitoring at market conditions ● Select sectors / add covenants |
| CLO (USD bn) | Investment 1.2 | <ul style="list-style-type: none"> ● Credit ratings; all AAA ● Continue to control outstanding balance |

Impact of COVID-19 (3) Credit

COVID-19 related credit increased by proactively supporting our clients until July when clients started making repayments. Healthy portfolio is maintained both domestically and overseas.

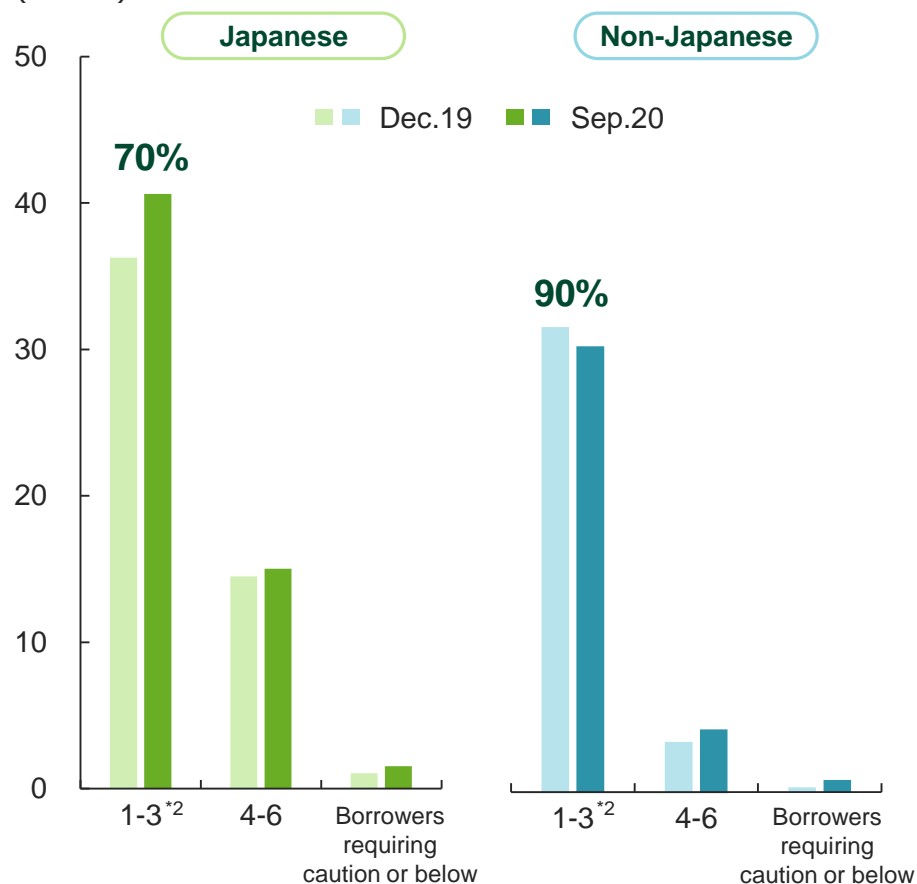
COVID-19 related credit*1

(JPY tn)



Credit exposure by internal ratings

(JPY tn)



*1 Sum of SMBC and Major local subsidiaries

*2 Possibility of default is estimated for internal classification purposes to be 0.1% and below in Japanese, and 0.8% and below in non-Japanese

Impact of COVID-19 (4) Aircraft leasing

Credit and asset impairment charges increased due to the pronounced and prolonged impact of COVID-19. Work on initiatives to reduce risk and pursue sustainable growth in the mid to long term.

Business condition

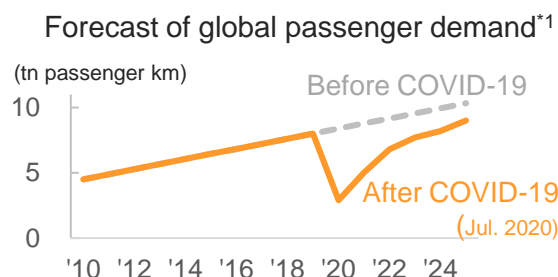
Lower passenger demand

Demand forecast
Dec. 20

YoY **▲66%**

Recovery to
before COVID-19

in 2024



Bankruptcy of airlines

Mainly in developing countries that lack government support

Early retirement of aircraft

Mainly wide body and aged aircraft.
No aircraft returned to SMBCAC so far.

SMBCAC

(USD mm)

| | 1H FY3/20 | 1H FY3/21 | FY3/20 |
|-----------------------------------|-----------|-----------|--------|
| Lease income | 565 | 571 | 1,135 |
| Credit / Asset impairment charges | 5 | 125 | 32 |
| Net income | 189 | 19 | 334 |

Response to COVID-19

Strong business model to overcome down cycle

| | |
|--------------------|--|
| Aircraft portfolio | <div><div>Wide Body (A350·B787)</div><div>B737 MAX</div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><di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Accelerate initiatives to reduce risk and increase profit

| | | |
|------------------------|--|--------------------|
| Aircraft manufacturers | Postpone delivery of aircrafts on order Boeing 68 etc. | Risk volume |
| Airlines | Negotiate continuous use of aircrafts | Impairment charges |
| Healthy airlines | Profitable sales & lease back Double ROA vs before COVID-19 | Profit |

Agenda

Impact of COVID-19

- Summary
 - Credit cost
 - Credit
 - Aircraft leasing
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Results


- Key credit messages
 - Financial results
 - Balance sheet and loan balance
 - Loans
 - Asset quality
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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 FY3/21)

| | | |
|---|---|---|
| Strong and diversified earnings capability | USD 6.5 bn SMFG's profit attributable to owners of parent*1 (FY3/20) | Breakdown of consolidated net business profit by business unit  |
| Sound loan portfolio | 0.78% SMFG NPL ratio | 0.54% SMBC NPL ratio (non-consolidated) |
| Robust liquidity | 57.0% Loan to deposit ratio | 136.0% LCR (average Jul.–Sep. 20) |
| Sound capital position | 16.02% CET1 ratio (Fully-loaded basis) | 19.28% Total capital ratio |
| High credit ratings | A1 / A1 SMBC/SMFG Moody's rating | A / A- SMBC/SMFG S&P rating (As of Oct 31, 2020) |

*1 Converted into USD at period-end exchange rate

1H FY3/2021 financial results

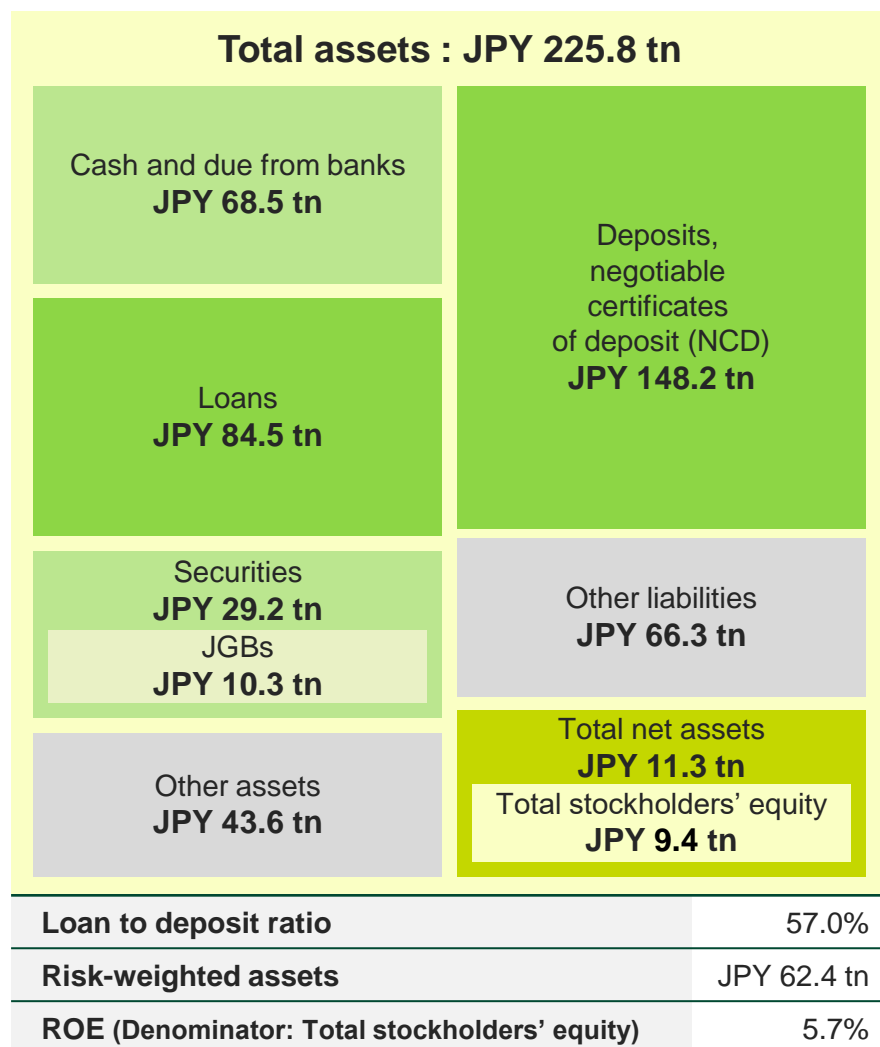
| | (JPY bn) | FY3/20 | 1H FY3/21 | YoY |
|--|----------|---------|--------------|---------|
| 1 Consolidated gross profit | | 2,768.6 | 1,377.4 | (5.8) |
| 2 G&A expenses | | 1,739.6 | 836.4 | (22.3) |
| Overhead ratio | | 62.8% | 60.7% | (1.4)% |
| 3 Equity in gains (losses) of affiliates | | 56.1 | 10.2 | (19.9) |
| 4 Consolidated net business profit | | 1,085.0 | 551.2 | (3.4) |
| 5 Total credit cost | | 170.6 | 200.2 | +135.8 |
| 6 Gains (losses) on stocks | | 80.5 | 36.3 | (34.0) |
| 7 Other income (expenses) | | (62.8) | (41.0) | (38.9) |
| 8 Ordinary profit | | 932.1 | 346.3 | (212.1) |
| 9 Extraordinary gains (losses) | | (43.4) | (4.4) | (25.0) |
| 10 Income taxes | | 167.7 | 71.4 | (64.3) |
| 11 Profit attributable to owners of parent | | 703.9 | 270.1 | (161.8) |
| 12 ROE | | 7.6% | 5.7% | (3.7)% |

- **Consolidated gross profit:** decreased YoY only slightly even under COVID-19, due to a) higher gains on sales of bonds in Global Market Business unit and b) recovery of Retail, Wholesale, and Global Business Units in 2Q.
- **G&A expenses:** decreased YoY by controlling operating cost under COVID-19 and executing key initiatives to reduce base expenses.
- **Equity in gains of affiliates:** decreased YoY mainly due to lower profits at SMBCAC and affiliates in Asia.
- **Total credit cost:** increased YoY due to COVID-19 both in the domestic and overseas businesses.
- **Gains on stocks:** decreased YoY due to lower gains on sales of strategic shareholdings (JPY 35 bn, YoY JPY (24) bn).
- **Other income:** decreased YoY mainly due to the loss from forward dealings which aim to control risk of stocks.
- **Extraordinary gains:** decreased YoY mainly due to the absence of the gains on step acquisitions on the reorganization of the group asset management companies recorded in FY3/20 (YoY JPY (22) bn).

Balance sheet and loan balance

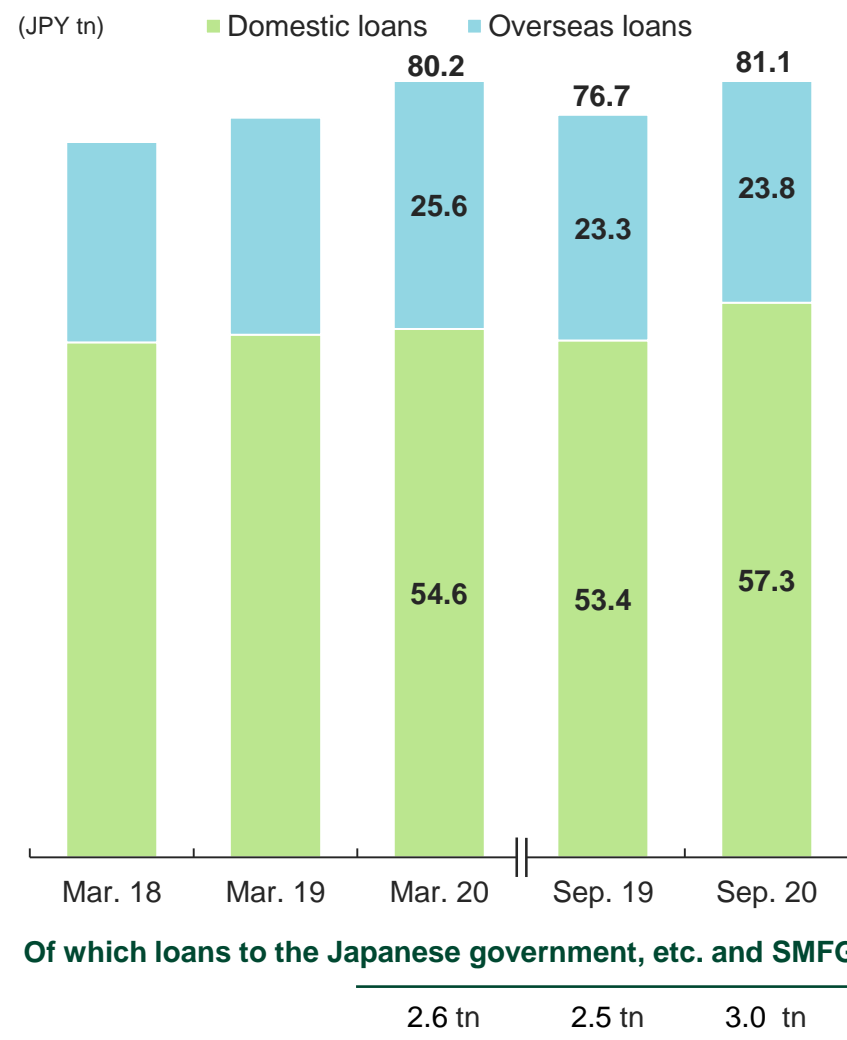
Balance sheet (as of Sep. 20)

(Consolidated)



Loan balance

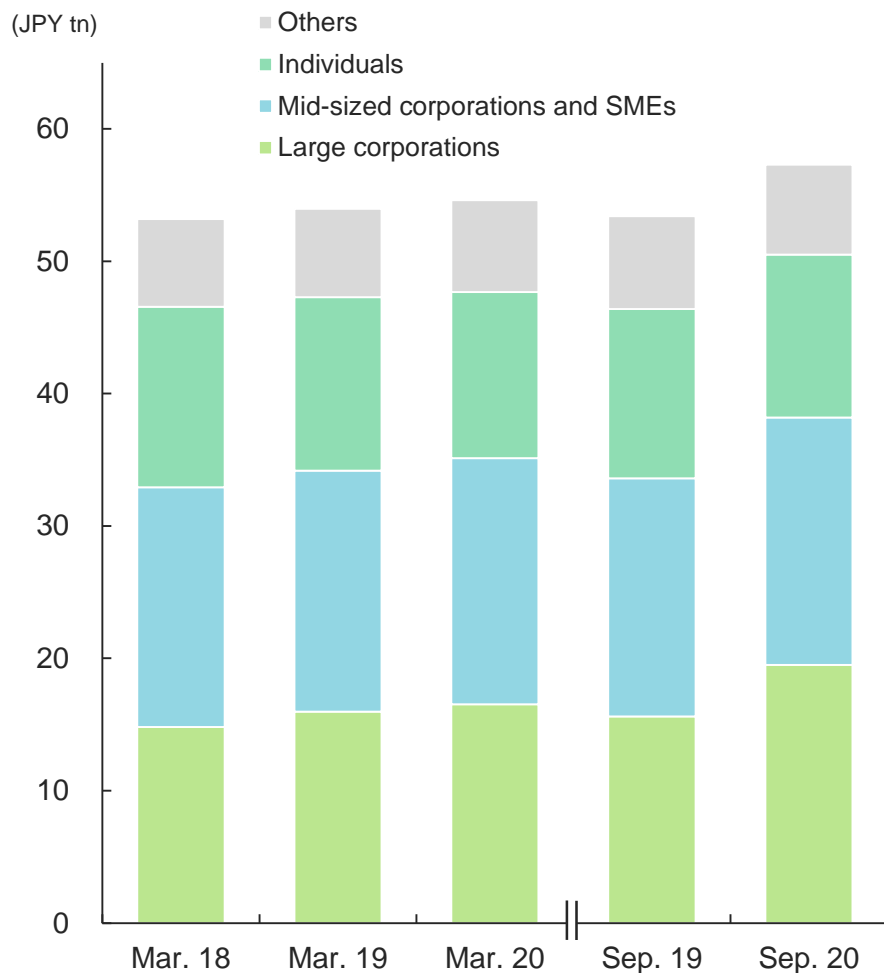
(Non-consolidated)



Domestic loans*1

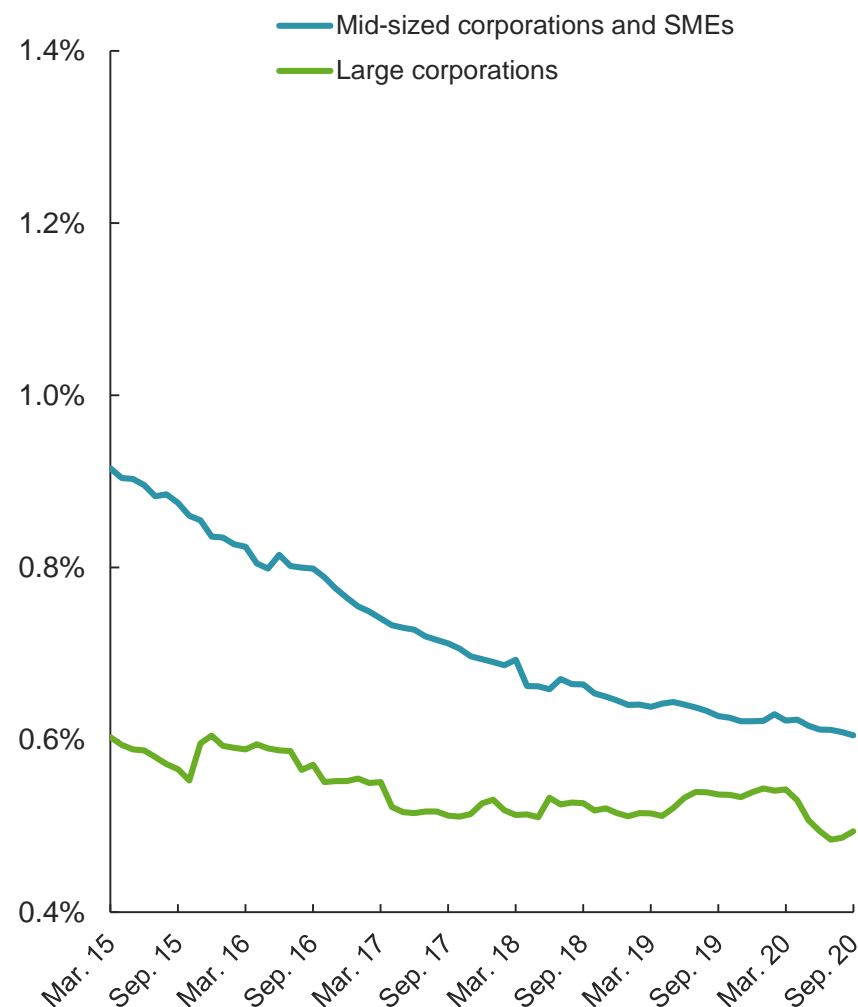
Balance

(Non-consolidated)



Spread*2

(Non-consolidated)

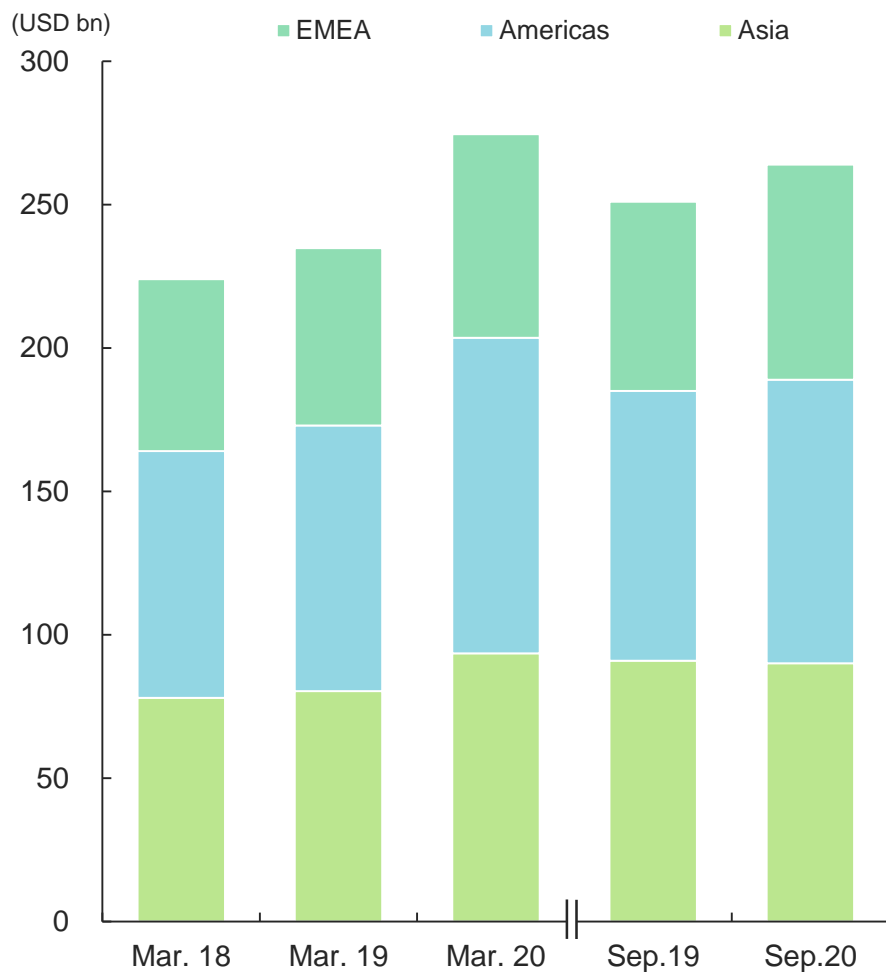


*1 Managerial accounting basis

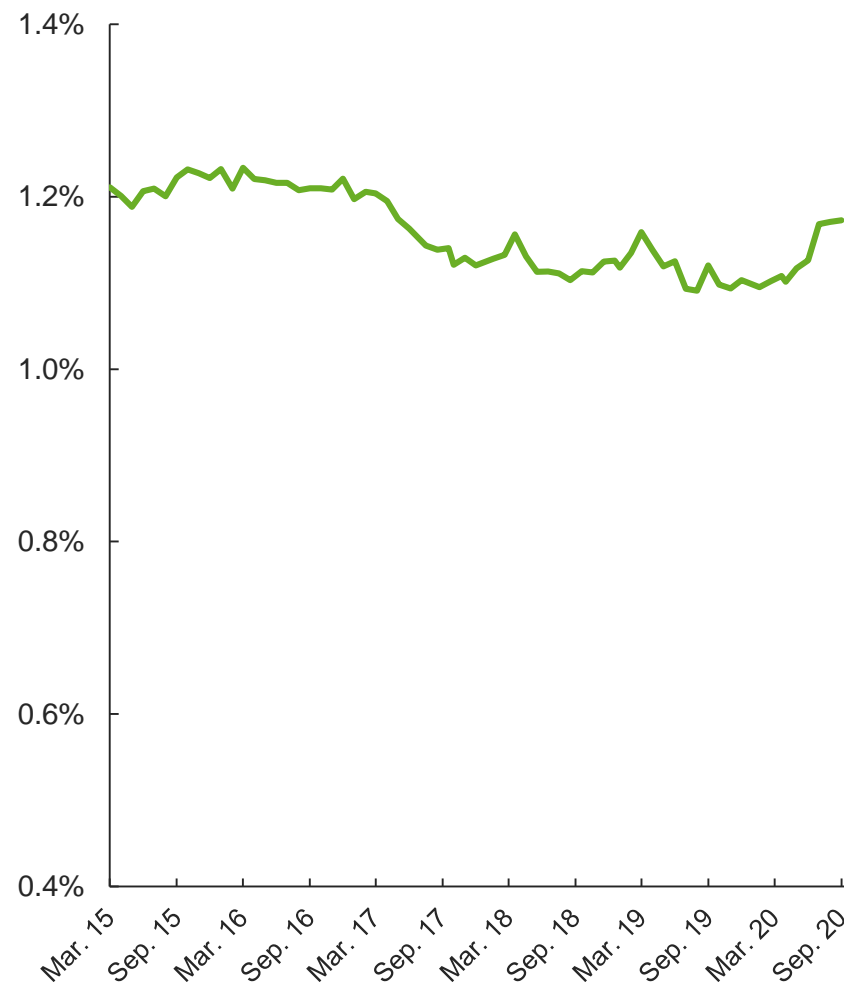
*2 Monthly average loan spread of existing loans, excludes loans to the Japanese government

Overseas loans*1

Balance



Spread*2

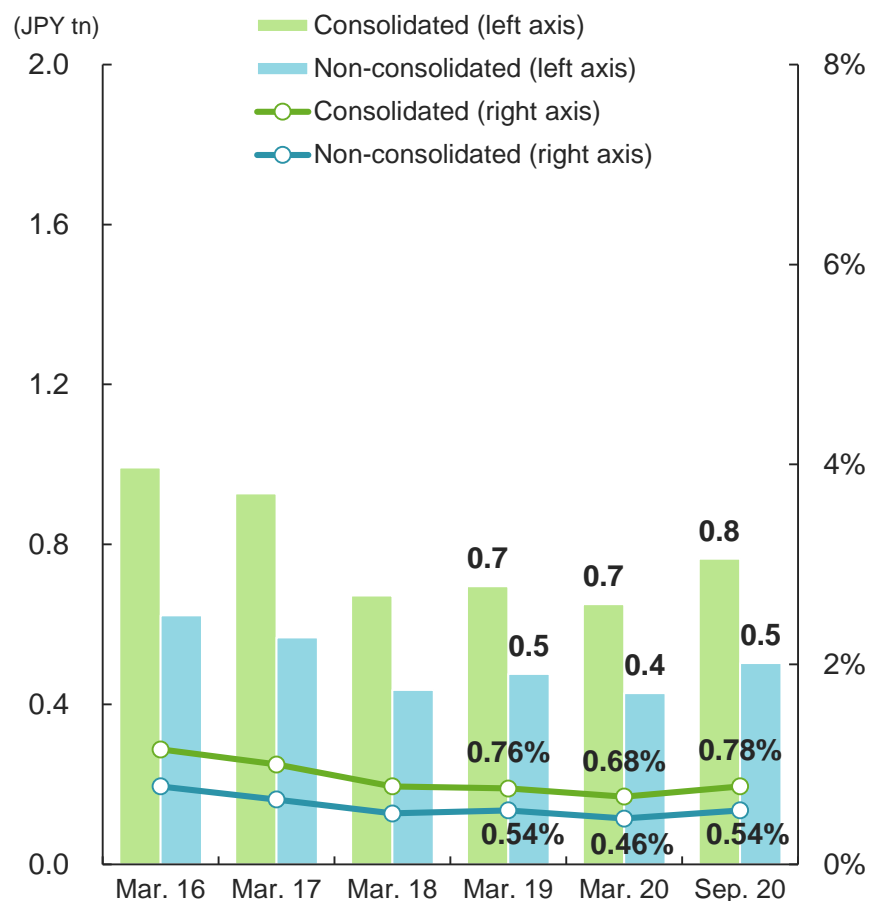


*1 Includes trade bills. Managerial accounting basis, translated into USD at respective period-end exchange rates.
Sum of SMBC and Major local subsidiaries

*2 Managerial accounting basis. Monthly average loan spread of existing loans

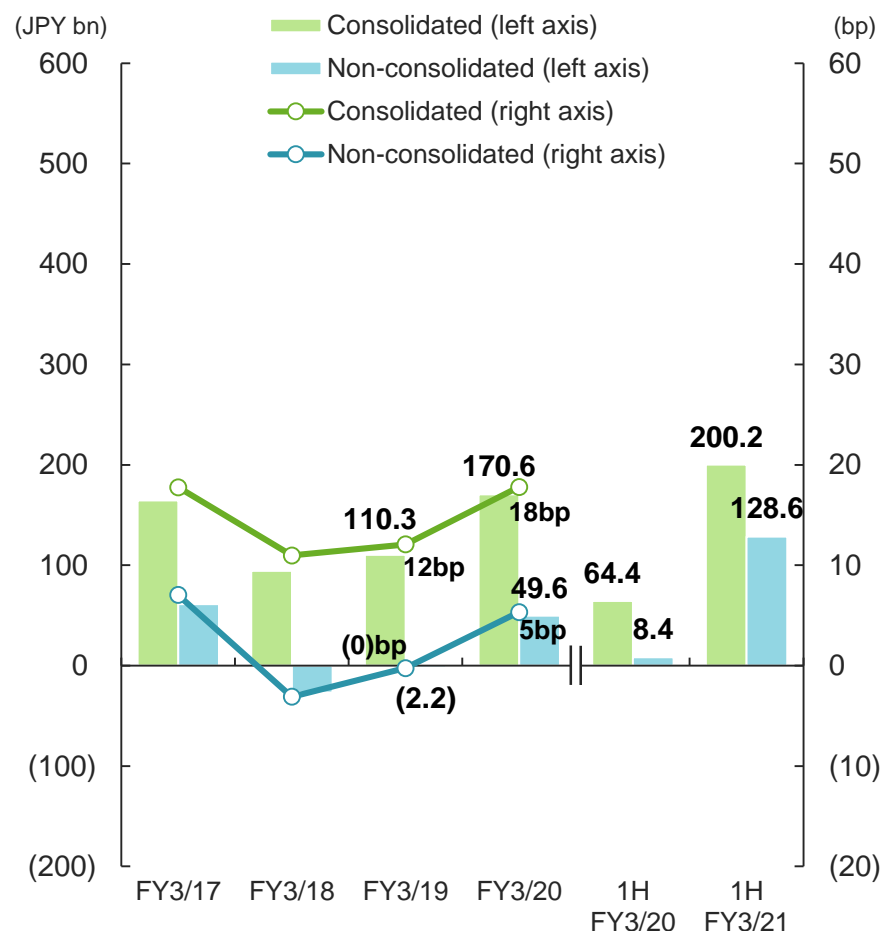
Asset quality – solid loan portfolio

NPLs and NPL ratio*1



| | | | |
|------------------|------------------|--------|--------|
| Coverage ratio*3 | Consolidated | 71.74% | 73.40% |
| | Non-consolidated | 87.00% | 87.79% |

Total credit cost and total credit cost ratio*2



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

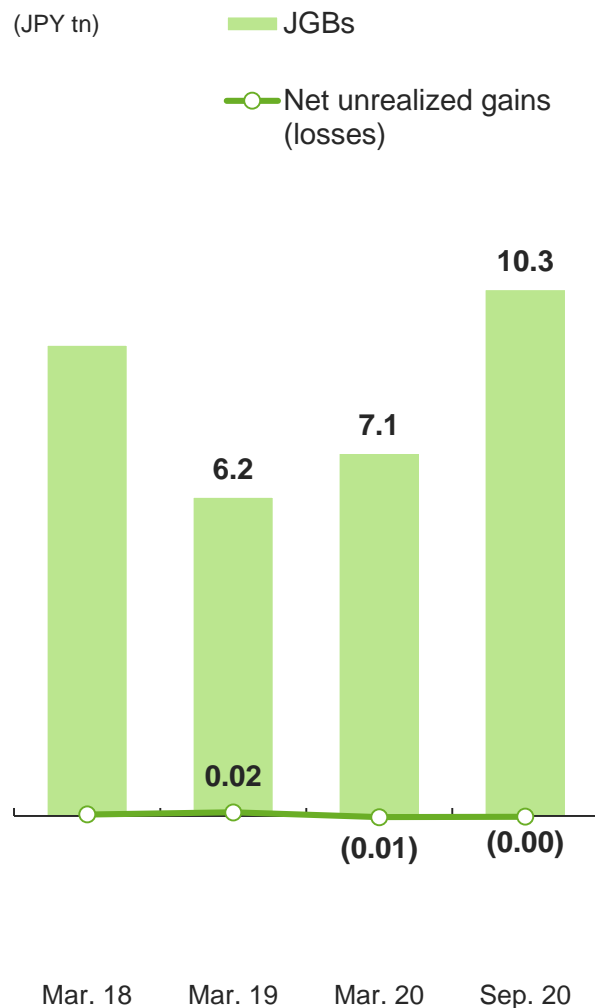
*2 Total credit cost ratio = Total credit cost / Total claims

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

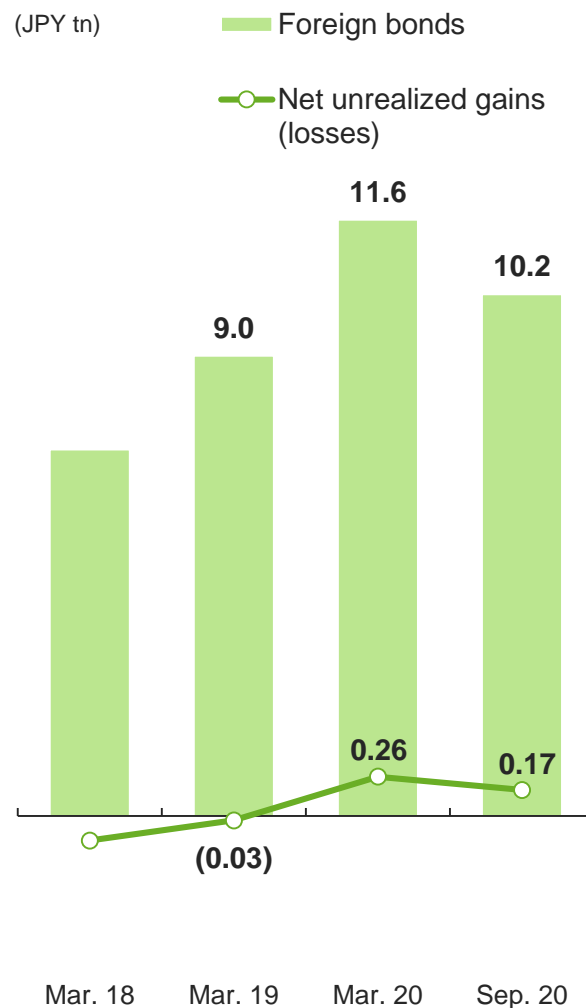
Asset quality – securities portfolio*1

(Consolidated)

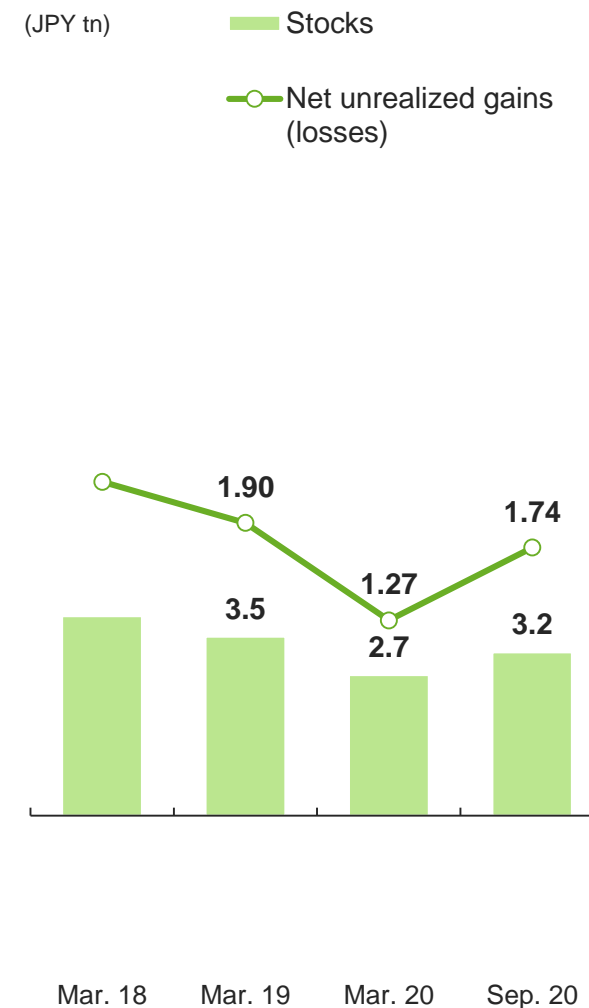
JGBs



Foreign bonds



Stocks



*1 Securities classified as other securities. Includes negotiable certificates of deposit classified as “Cash and due from banks,” and beneficiary claims on loan trust classified as “Monetary claims bought,” in addition to “Securities” stated in the consolidated balance sheets

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Funding & Capital

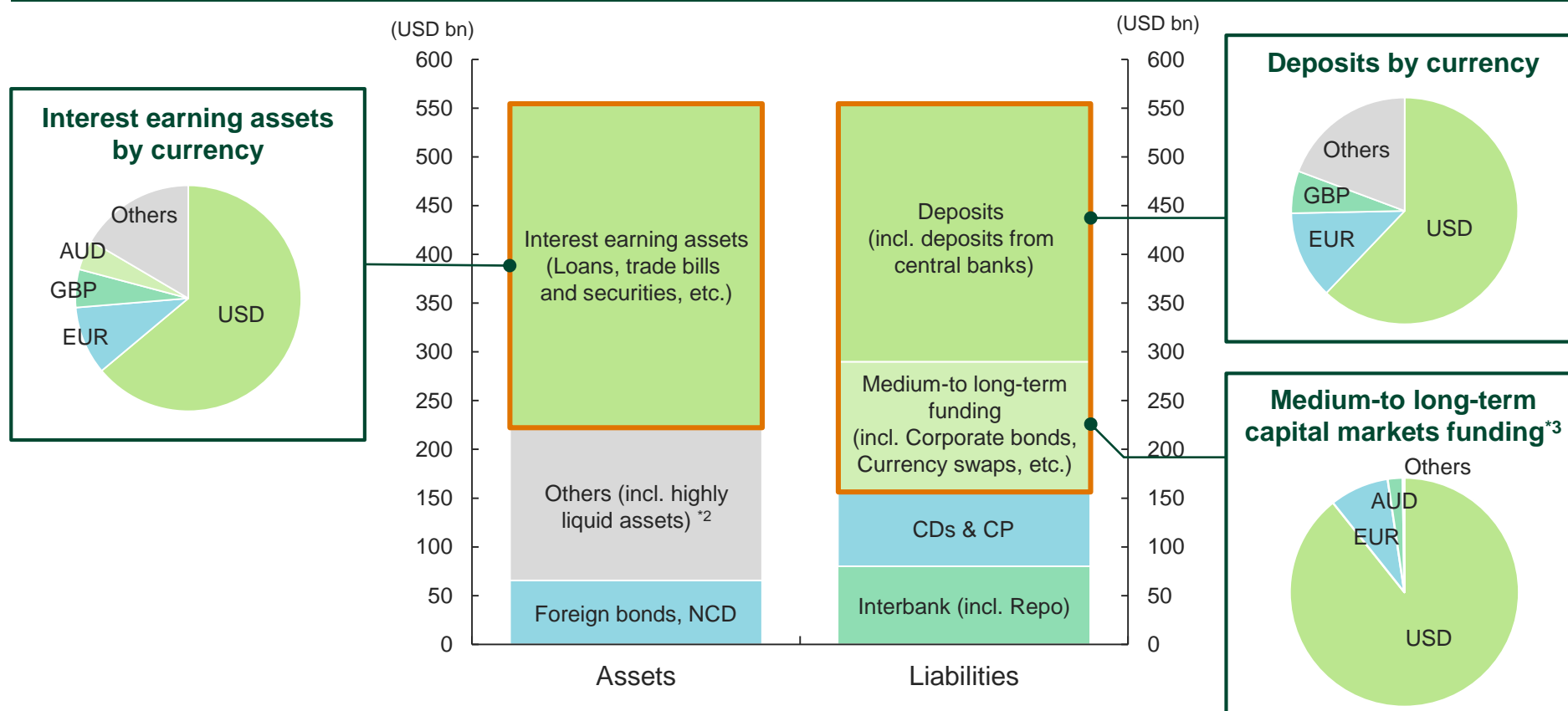
- Foreign currency assets and funding
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Foreign currency assets and funding

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 80% of interest earning assets.

Non-JPY balance sheet items*¹ (as of Sep. 20)



*¹ Managerial accounting basis. Sum of SMBC and Major local subsidiaries *² Deposit placed with central banks, etc.

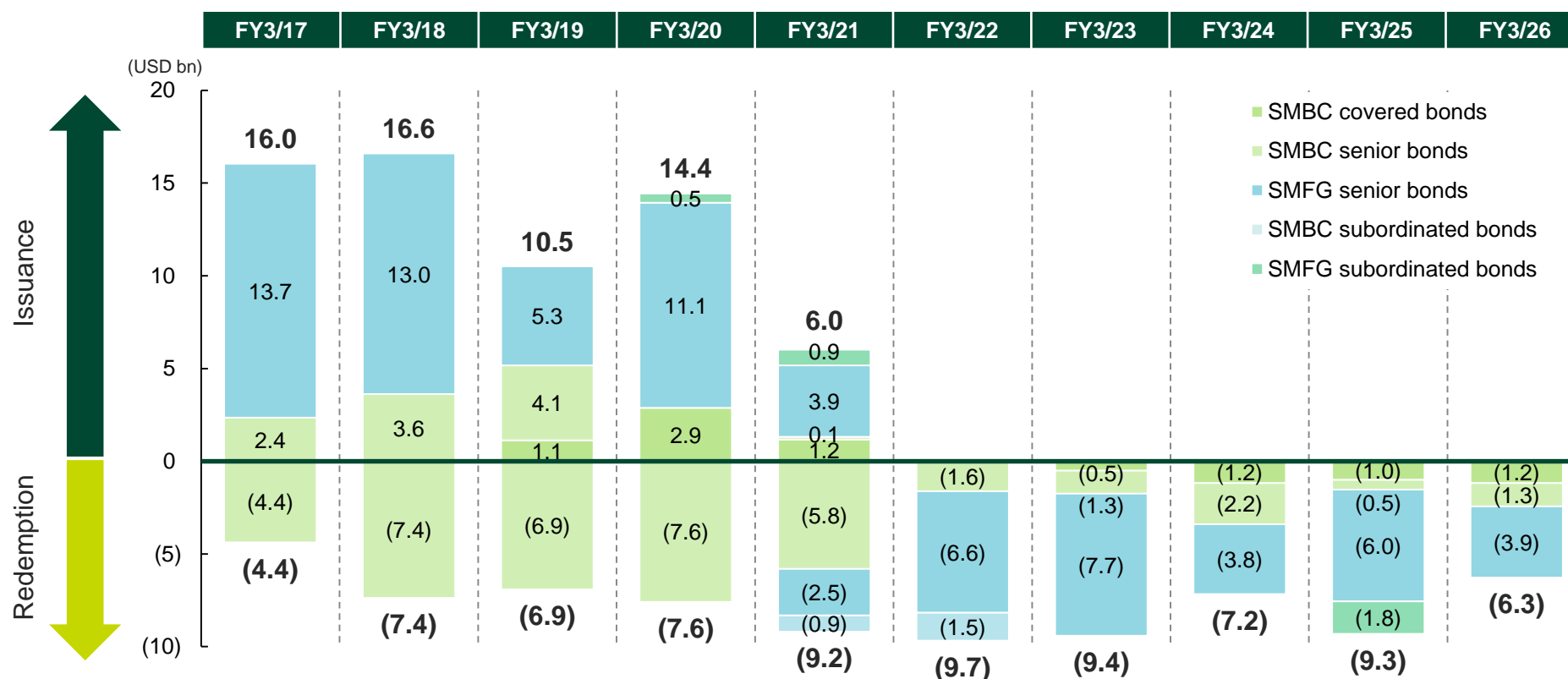
*³ Excludes JPY funding, certificate of deposits and transferable deposits. Among all bonds priced by Sep. 20, only includes issuance with original maturity of two years or more and tap its issue as of Sep. 20. Translated into USD at the exchange rates as of Sep. 20.

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 Sep. 20, only includes issuance with original maturity of two years or more and its tap issue as of Sep. 20. Translated into USD at the exchange rate as of the end of each period for FY3/17-FY3/20, and as of Sep. 20 for FY3/21-FY3/26

TLAC requirements

Japanese TLAC standards, which are applied to Japanese G-SIBs, started in Mar.19.
The TLAC ratio as of Sep. 20 meets the required level.

TLAC and capital buffer requirements

| | 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. 20 |
|---|----------|---------------|
| External TLAC (before deduction of capital buffers) | A | 18,868.2 |
| Risk-weighted assets (RWA) | B | 62,379.2 |
| TLAC ratio (RWA basis) (A/B) | C | 30.24% |
| Capital buffers (including CCyB) | D | (3.52%) |
| Ref: TLAC ratio of RWA (after deduction basis) (C-D) | E | 26.72% |
| Leverage exposure (LE) | F | 183,938.7 |
| TLAC ratio (LE basis) (A/F) | G | 10.25% |

* 1 Excludes countercyclical buffer (CCyB) for RWA requirements. As for the G-SIB buffer, SMFG was allocated to bucket 1 according to the latest list published by the FSB

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, 2020)

Moody's

| | SMFG | Mizuho ^{*1} | MUFG | BAC | Citi | JPM | Barclays | HSBC | DB ^{*2} | BNP ^{*2} | CS | UBS ^{*3} |
|------|------|----------------------|------|-----|------|-----|----------|------|------------------|-------------------|----|-------------------|
| Aa2 | | | | ● | | ● | | | | | | |
| Aa3 | 0 | 0 | 0 | 3 | ● | 3 | | | | ● | | ● |
| A1 | ● | ● | ● | 3 | 3 | 3 | ● | 1 | | | ● | 3 |
| A2 | | | | ● | 3 | ● | | 1 | | 4 | | 3 |
| A3 | | | | | ● | | 4 | | ● | | 4 | ● |
| Baa1 | | | | | | | ● | | 3 | ● | | |
| Baa2 | | | | | | | | | | | ● | |
| Baa3 | | | | | | | | | ● | | | |
| Ba1 | | | | | | | | | | | | |
| Ba2 | | | | | | | | | | | | |

S&P

| | SMFG | Mizuho | MUFG ^{*1} | BAC | Citi | JPM | Barclays | HSBC | DB ^{*2} | BNP ^{*2} | CS | UBS ^{*3} |
|------|------|--------|--------------------|-----|------|-----|----------|------|------------------|-------------------|----|-------------------|
| AA- | | | | ● | ● | ● | | ● | | ● | ● | ● |
| A+ | | | | 2 | 3 | 2 | ● | 2 | | 2 | 3 | 2 |
| A | 1 | 1 | 1 | 2 | 3 | 2 | 3 | 2 | | 2 | 3 | 2 |
| A- | 1 | 1 | 1 | 2 | 3 | 2 | 3 | 2 | | 2 | 3 | 2 |
| BBB+ | | | | | ● | | ● | | ● | | ● | |
| BBB | | | | | | | ● | | 2 | | | |
| BBB- | | | | | | | | | ● | | | |
| BB+ | | | | | | | | | | | | |

*1 The ratings for Mizuho Moody's Tier 2 and MUFG S&P Tier 2 are assumed from the stand-alone and rating methodology.

*2 For DB and BNP, OpCo senior notes and TLAC eligible senior notes mean preferred senior notes and Non-preferred senior notes, respectively

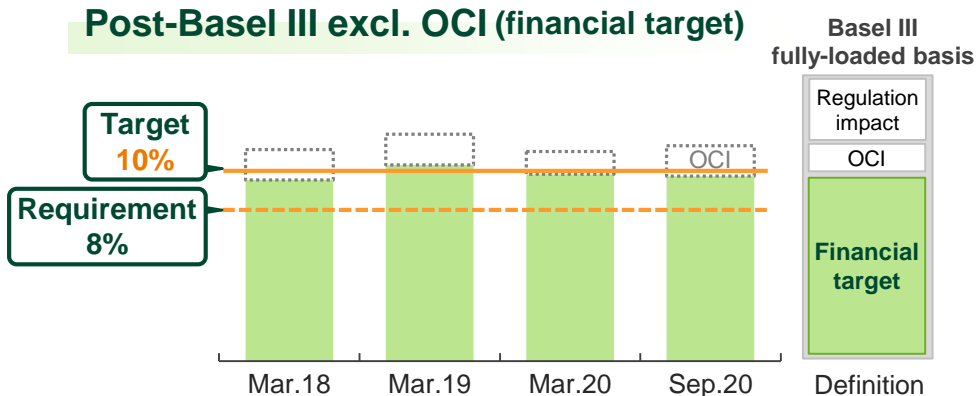
*3 Backed senior unsecured rating of UBS Group Funding (Switzerland) guaranteed by UBS Group AG for TLAC eligible senior notes

Capital strategy

Continue to manage CET1 ratio at c.9.5% while we prioritize supporting customers impacted by COVID-19. CET1 ratio on Basel III fully-loaded basis was 16.0%. Secure buckets of 1.5% AT1 and 2.0% Tier 2 capital in the medium to long term.

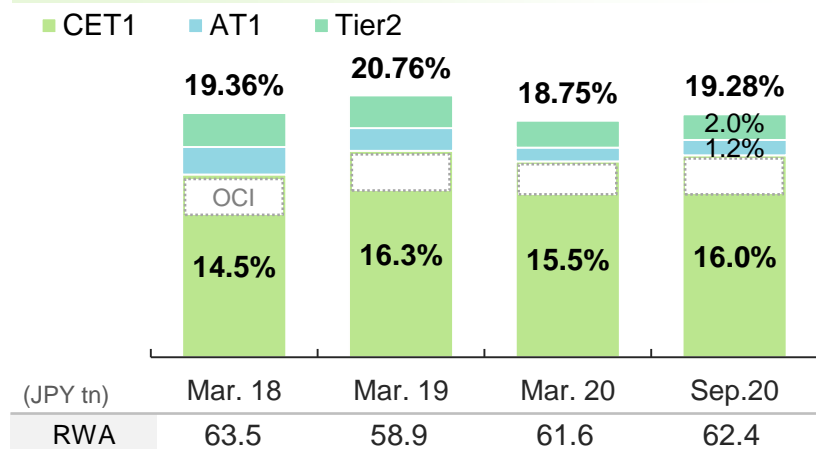
CET1 ratio

Post-Basel III excl. OCI (financial target)

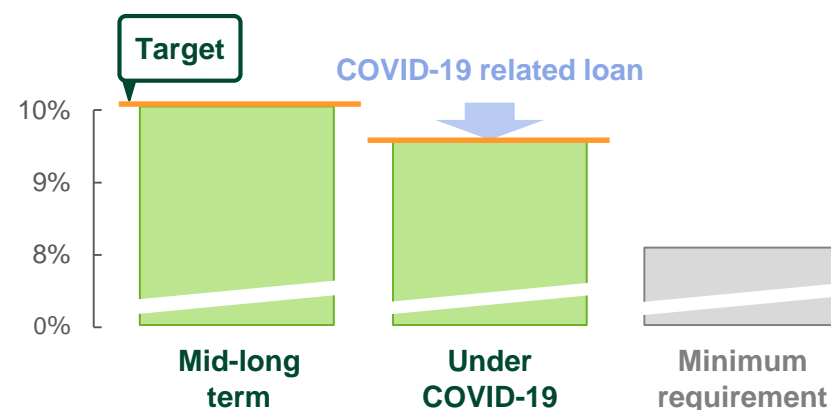


Capital ratio

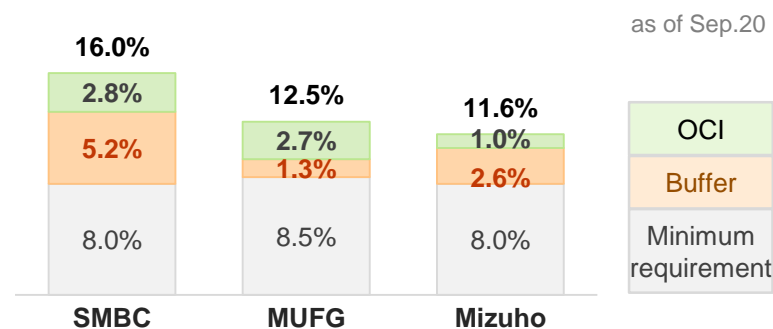
Basel III fully-loaded basis



Capital Management (post-Basel III exc. OCI)



Peer comparison : CET1 ratio (Basel III fully-loaded basis)



Subordinated bonds

Investment highlights

High credit quality

- Strong capital : High CET1 ratio
- Strong liquidity : Low loan to deposit ratio
- Strong credit : Low NPL ratio

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

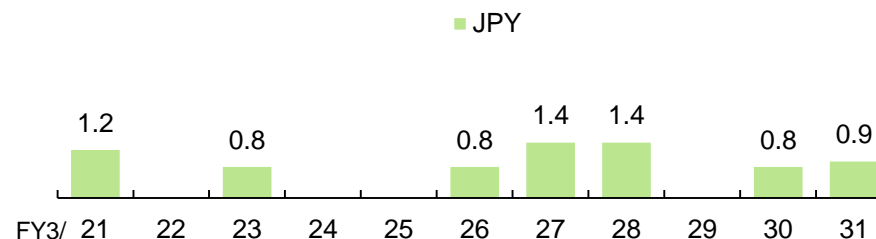
Recent issuances and maturity profile

Recent issuances (AT1/Tier 2)

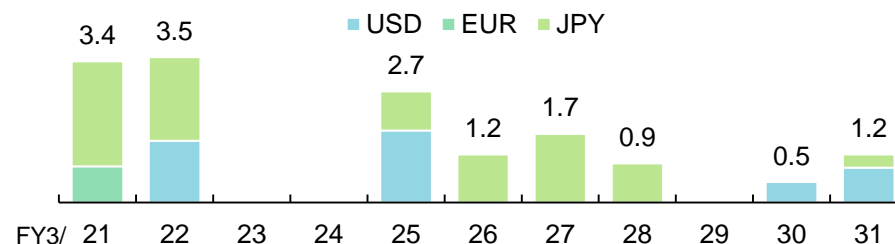
| Security type | Issue date | Amount | Tenor | Coupon |
|---------------|---------------|------------|----------|----------------------|
| AT1 | Sep. 9, 2020 | JPY 100 bn | PerpNC10 | 1.109% ^{*1} |
| Tier 2 (USD) | Sep. 23, 2020 | USD 850 mn | 10y | 2.142% |

Maturity profile by debt class^{*2}

• AT1 (USD bn)



• Tier 2 (USD bn)

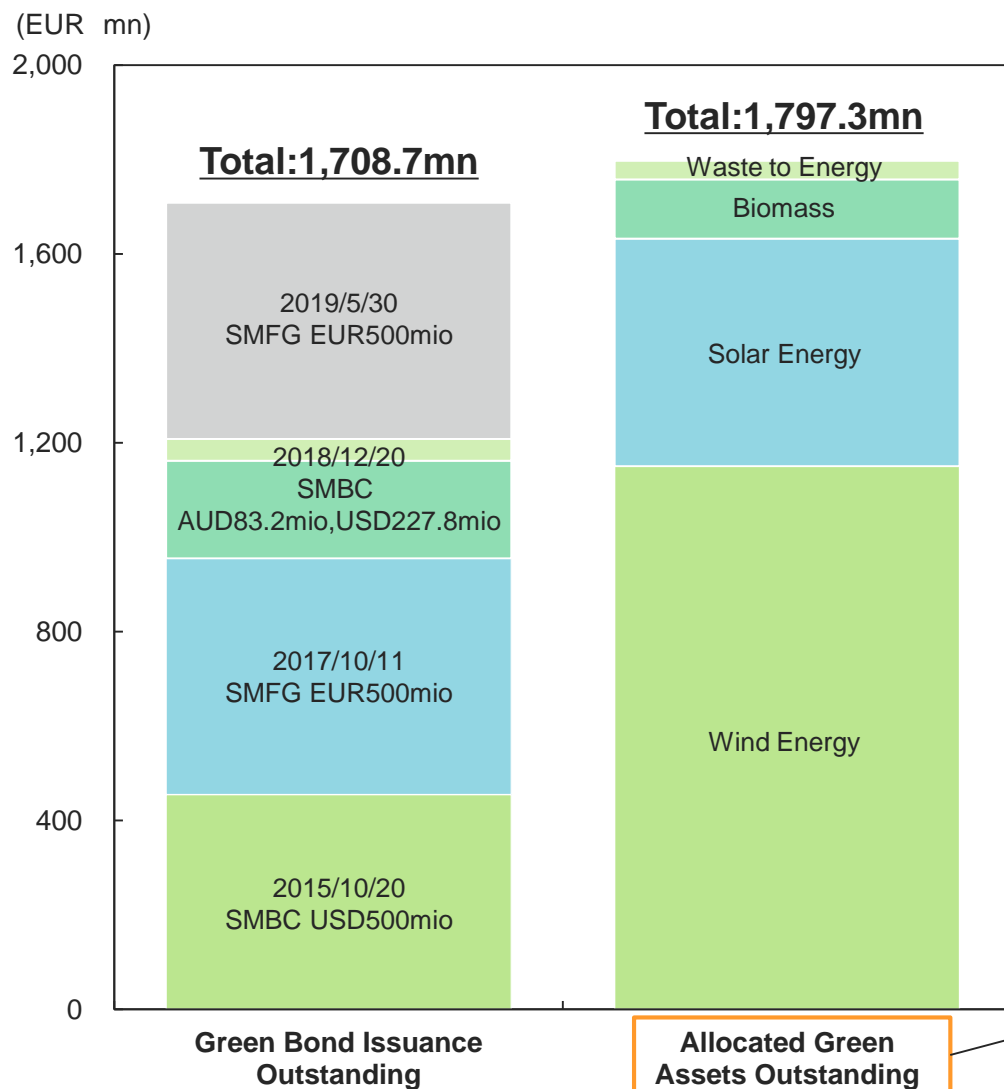


^{*1} Reset at 5y JGB+105bp every 5 years after the first call date

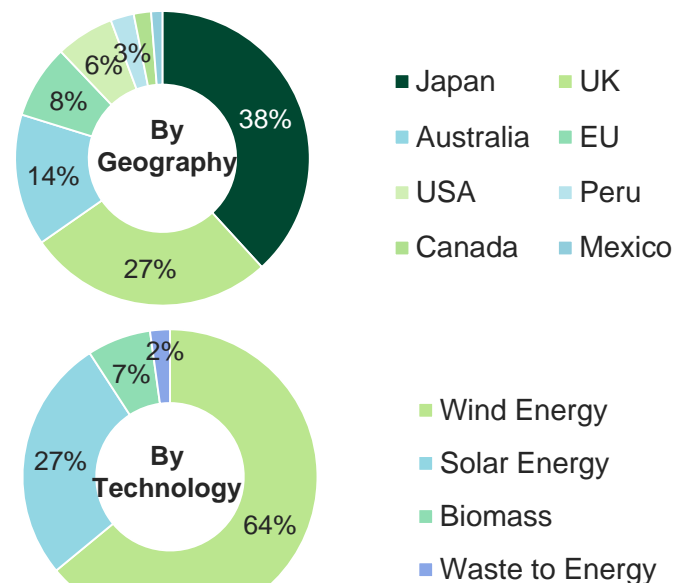
^{*2} AT1 Capital and Tier 2 Capital include previously issued Basel 2-eligible bonds. The sum of SMFG and SMBC, each on a non-consolidated basis. All redemptions were, or are expected at maturity other than for callable bonds, which were, or are expected to be redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Include all bonds priced by Sep. 20. Translated at the exchange rate as of Sep. 20

Overview of Green Bond Issuance and Allocated Green Assets

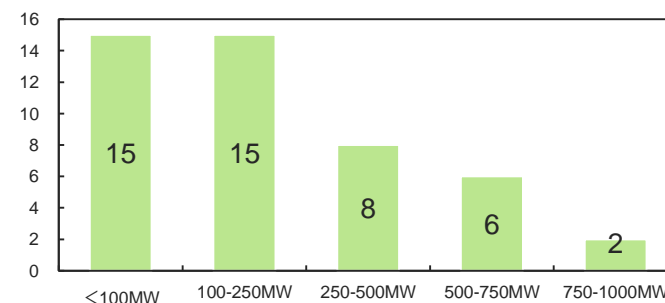
Balance of Green Bond Issuance and Allocated Green Assets*1 (as of Mar. 20)



Overview of Allocated Green Assets





Facility Capacity (Number of Projects)



*1 Translated into EUR at the exchange rates as of Mar. 20

Green Bond Impact Reporting

Impact Reporting (as of Mar. 20)

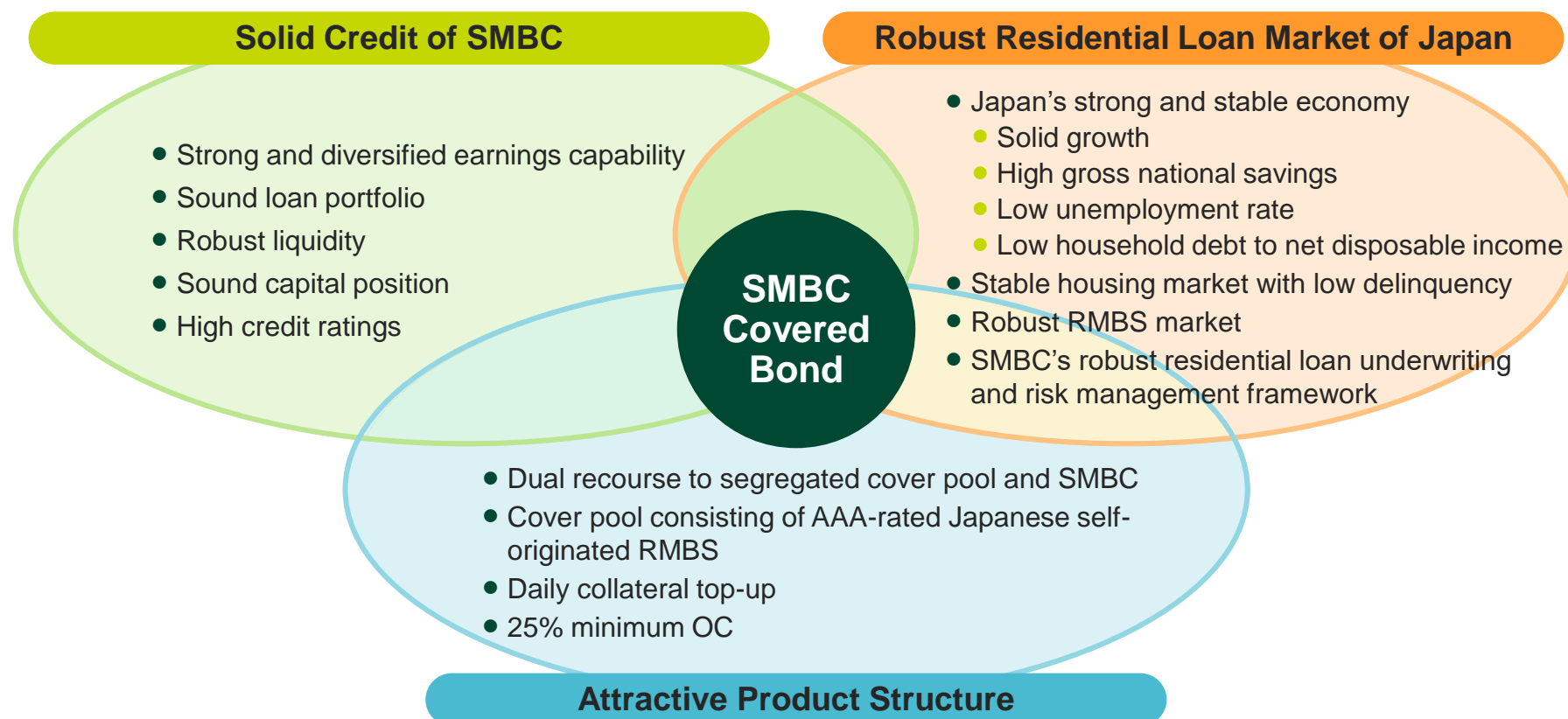
| Category | Sub Category | Country | Number of Projects | Capacity (MW) | Estimated CO ₂ emissions reduction (t-CO ₂ /Year) | |
|--|-----------------|---|--------------------|---------------|---|--------------------------------|
| | | | | | | o/w SMBC Group financed |
|  Renewable Energy | Wind energy | Australia, Belgium, Canada, France, Germany, Japan, Netherland, Peru, UK, USA | 26 | 9,487.00 MW | 10,629,199.55 t-CO ₂ | 1,802,730.69 t-CO ₂ |
| | Solar energy | Australia, France, Japan, Mexico, USA | 16 | 1,685.68 MW | 1,515,403.10 t-CO ₂ | 300,897.46 t-CO ₂ |
| | Biomass | Japan, UK | 4 | 349.95 MW | 1,817,413.89 t-CO ₂ | 443,932.00 t-CO ₂ |
|  Pollution Prevention & Control | Waste to Energy | Australia | 1 | 36.00 MW | 138,712.99 t-CO ₂ | 31,022.71 t-CO ₂ |
| Total | | | | | 14,100,792.52 t-CO ₂ | 2,578,582.86 t-CO ₂ |
| SMFG/SMBC Green Bond Outstanding (as of Mar. 20)* ¹ | | | | | | EUR 1,708.7mn |
| CO ₂ Avoidance per EUR1mn | | | | | | 1,509.09 t-CO ₂ |

*1 Translated into EUR at the exchange rates as of Mar. 20

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 investors and enable SMBC to gain access to broader capital markets and to further diversify its investor base.

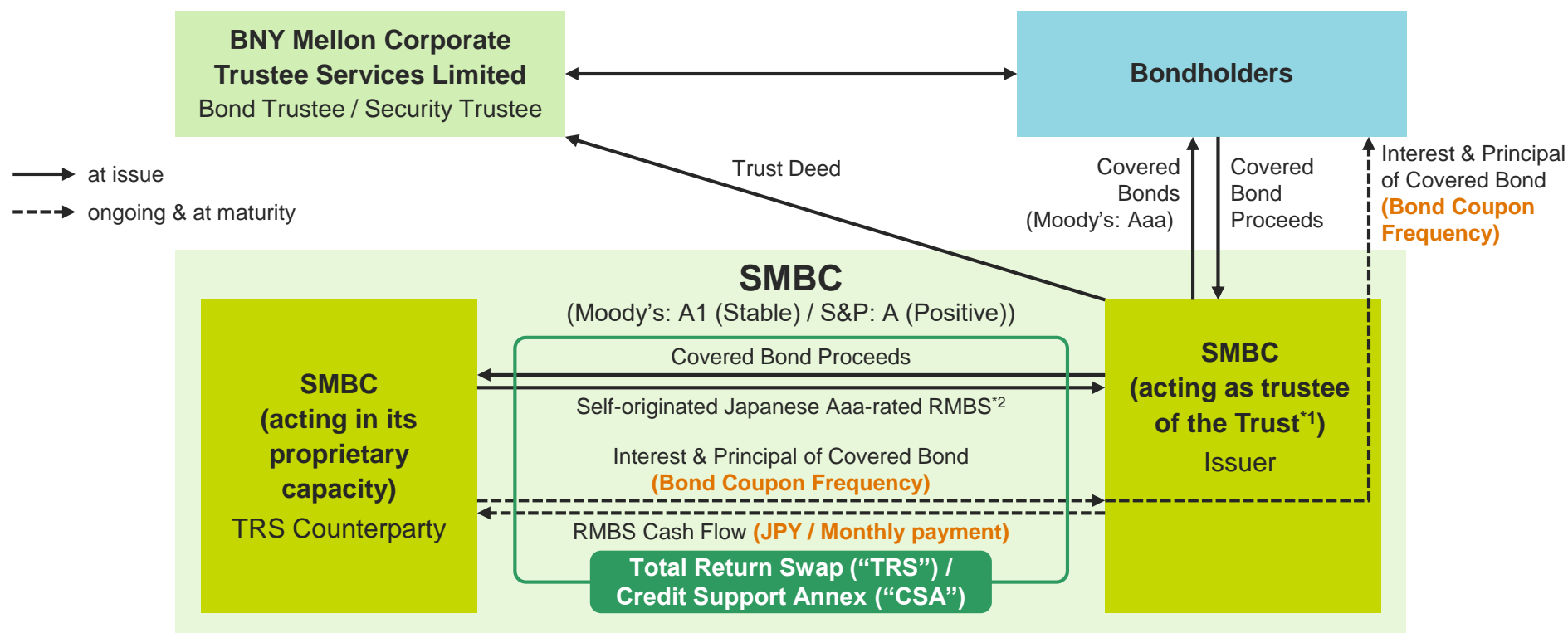


SMBC Covered Bond Programme

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 of Japan.

Cover pool assets remain on the balance sheet of SMBC acting in its own capacity.



^{*1} SMBC, licensed by Japanese FSA as financial institutions which engage in trust business, acting as trustee on behalf of a specified money trust (*tokutei kinsen shintaku*)
No. 0010-377600-0001 (the "Trust")

^{*2} Cover pool assets may include senior tranches Aa-rated RMBS where higher haircut ratio of 20% is applied, JGB and cash



Appendix

SMFG / SMBC overview

| (FY3/20) | | SMFG (Consolidated) ^{*1} Global banking group originated in Japan | SMBC (Non-consolidated) ^{*1} Core operating entity within SMFG franchise |
|---|------------------------|--|---|
| Market Capitalization (TSE:8316, NYSE:SMFG) | | JPY 4.3 tn / USD 41.5 bn (As of Nov. 27, 2020) | unlisted (wholly-owned by SMFG) |
| B/S | Assets | JPY 220 tn / USD 2,021 bn | JPY 194 tn / USD 1,783 bn |
| | Loans | JPY 83 tn / USD 758 bn | JPY 80 tn / USD 737 bn |
| | Deposits ^{*2} | JPY 127 tn / USD 1,168 bn | JPY 119 tn / USD 1,103 bn |
| | Loans/Deposits | 65.0% | 66.8% |
| P/L | Gross Profit | JPY 2,769 bn / USD 25.4 bn Consolidated gross profit | JPY 1,412 bn / USD 13.0 bn Gross banking profit |
| | Net Income | JPY 704 bn / USD 6.5 bn Profit attributable to owners of parent | JPY 317 bn / USD 2.9 bn Net income |
| CET1 ratio | | 15.55% | - |
| NPL ratio | | 0.68% | 0.46% |
| Ratings (Moody's / S&P) | | A1 / A- (As of Oct 31, 2020) | A1 / A (As of Oct. 31, 2020) |
| Business Franchise | | <ul style="list-style-type: none"> ● Holds top-tier companies in banking, leasing, securities services, consumer finance, and other businesses ● 140 overseas offices^{*3} (As of Sep. 30, 2020) | <ul style="list-style-type: none"> ● 448 domestic branches ● 27 million retail accounts (As of Sep. 31, 2020) |

^{*1} Converted into USD at March 2020 fiscal year-end exchange rate
Market capitalization converted to USD at the November 27, 2020 exchange rate

^{*2} Excludes negotiable certificates of deposits

^{*3} Excludes offices planned to be closed

Group structure*1

Sumitomo Mitsui Financial Group

Consolidated total assets JPY 226 tn

| Credit ratings | Moody's | S&P | Fitch | R&I | JCR |
|----------------|---------|------|-------|------|-------|
| | A1/P-1 | A-/- | A/F1 | A+/- | AA-/- |

Consolidated subsidiary Equity-method affiliate

Banking

Sumitomo Mitsui Banking Corporation

| Moody's | S&P | Fitch |
|---------|-----|-------|
| A1 | A | A |

SMBC Trust Bank

(92%)

PT Bank BTPN Tbk

Leasing

(50%)

Sumitomo Mitsui Finance and Leasing

(SMBC 32%, SMFL 68%)

SMBC Aviation Capital

Securities

SMBC Nikko Securities

Consumer Finance

Sumitomo Mitsui Card

SMBC Consumer Finance

Others

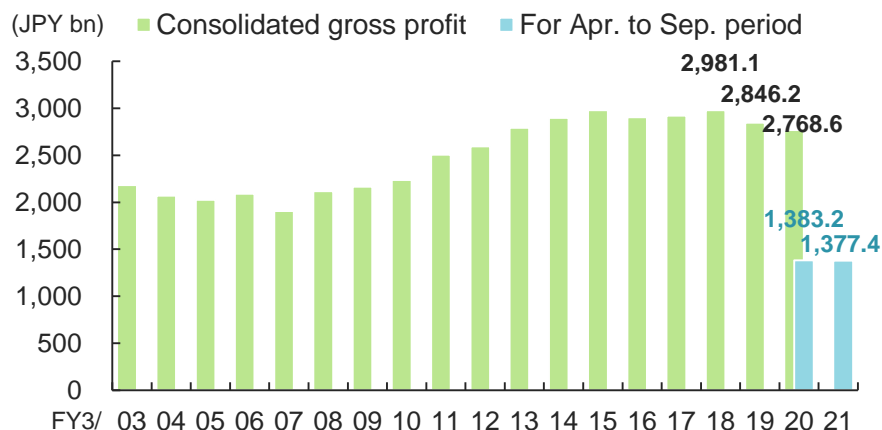
(50.1%)

Japan Research Institute

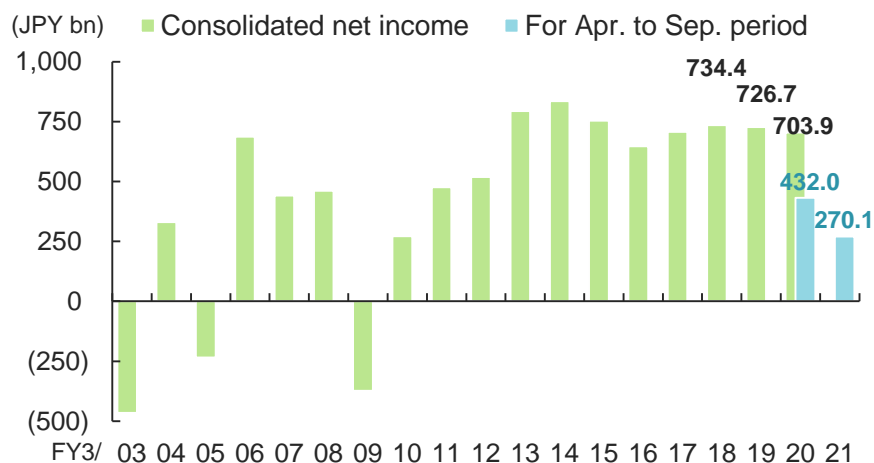
Sumitomo Mitsui DS Asset Management

Trend of major income components – Consolidated

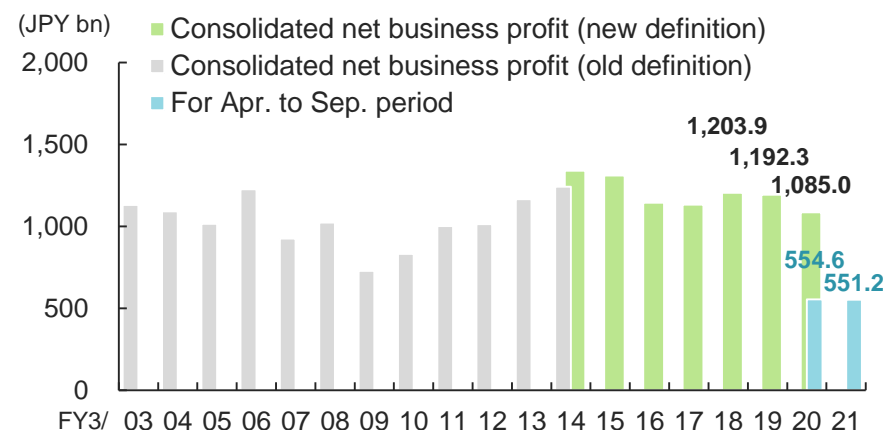
Consolidated gross profit



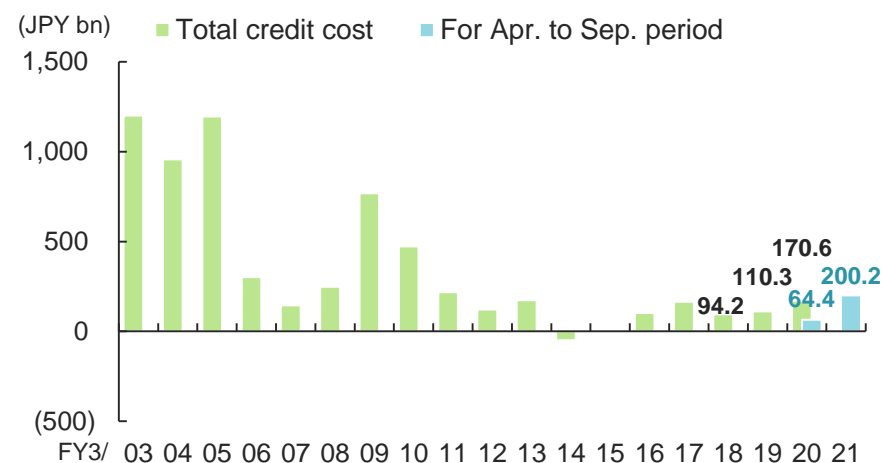
Net income / Profit attributable to owners of parent



Consolidated net business profit*1



Total credit cost

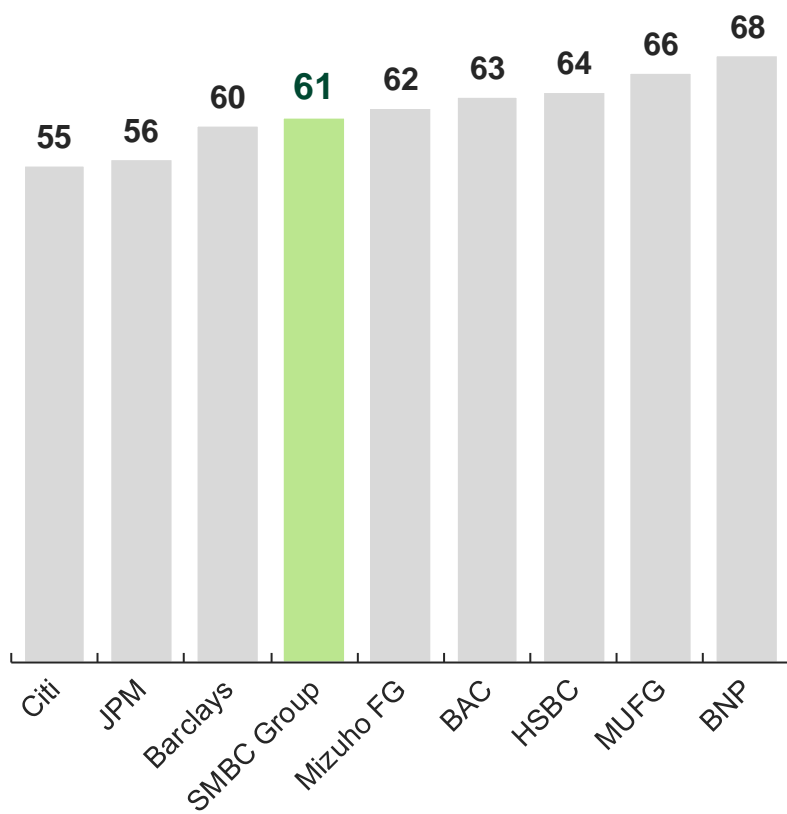


*1 We have changed the definition of "Consolidated net business profit" from the FY 3/15. The figure for FY 3/14 has been adjusted retrospectively

Peer comparison

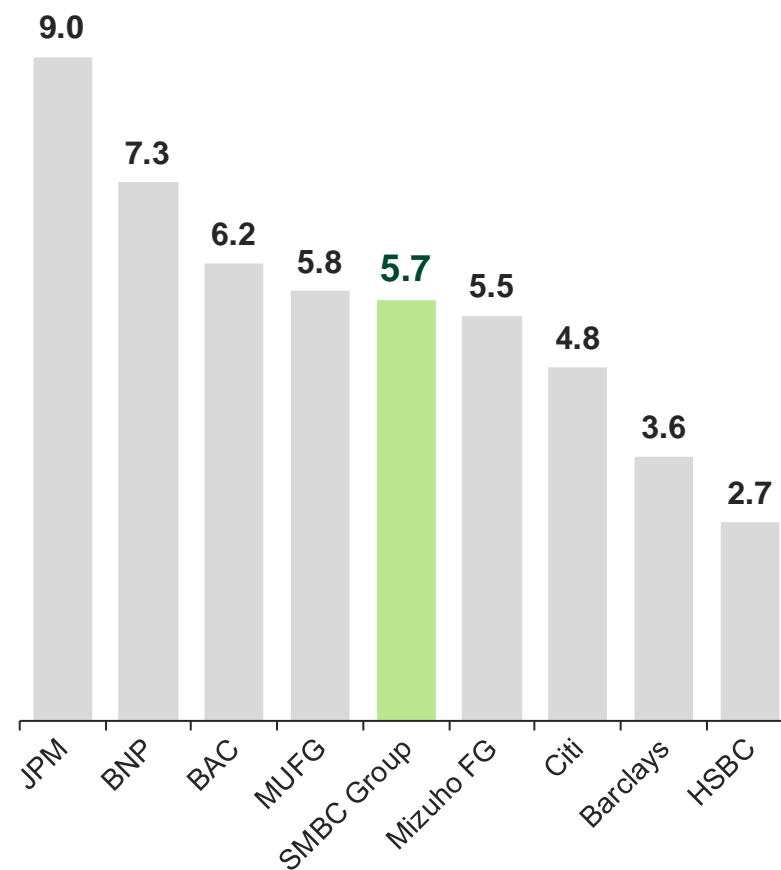
OHR*1

(%)



ROE*1

(%)

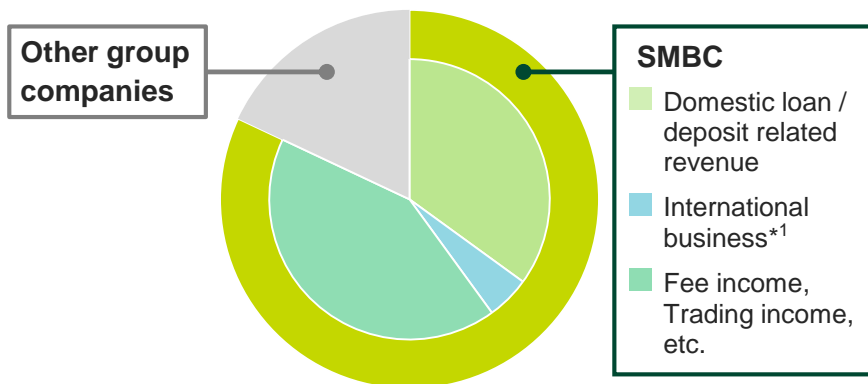


*1 Based on each company's disclosure. 1H FY3/21 results for SMBC Group, MUFG, Mizuho and Jan-Sep.20 results for others

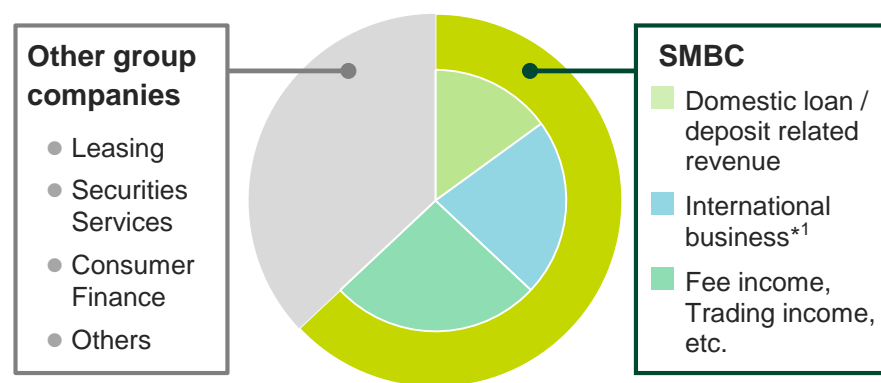
Diversified revenue sources

Breakdown of consolidated gross profit

FY3/03

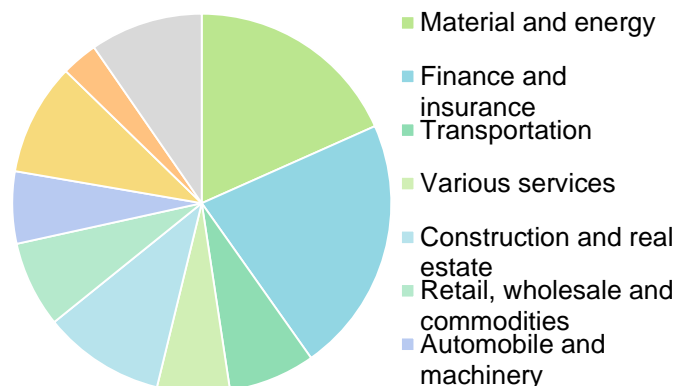


1H FY3/20

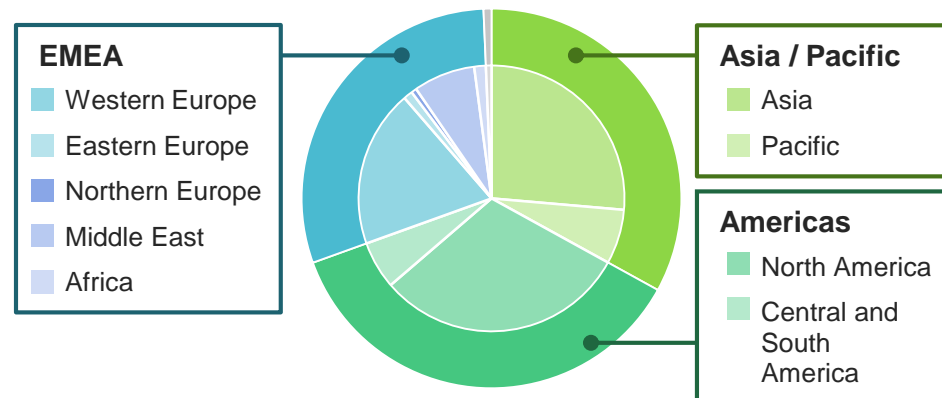


Breakdown of overseas loan balance (Sep. 20)

By industry



By domicile



*1 Includes major overseas banking subsidiaries

Performance of SMBC and group companies

SMBC

| | (JPY bn) | 1H FY3/21 | YoY |
|--|----------|--------------|--------|
| 1 Gross banking profit | | 748.6 | +12.8 |
| 2 o/w Net interest income | | 435.6 | (5.6) |
| 3 o/w Gains (losses) on cancellation of investment trusts | | 11.6 | +1.6 |
| 4 Domestic | | 271.6 | (5.8) |
| 5 Overseas | | 164.0 | +0.2 |
| 6 o/w Net fees and commissions | | 144.2 | (6.5) |
| 7 Domestic | | 68.4 | (12.3) |
| 8 Overseas | | 75.8 | +5.8 |
| 9 o/w Net trading income+ Net other operating income | | 167.9 | +24.9 |
| 10 o/w Gains (losses) on bonds | | 105.0 | +19.2 |
| 11 Expenses | | 397.9 | (4.9) |
| 12 Banking profit | | 350.7 | +17.7 |
| 13 Total credit cost | | 128.6 | +120.2 |
| 14 Gains (losses) on stocks | | 34.3 | (38.8) |
| 15 Extraordinary gains (losses) | | (65.4) | +40.2 |
| 16 Net income | | 144.4 | (49.6) |

Other major group companies

| (left : results of 1H FY3/21 / right : YoY) | | | | | | |
|---|--------------------------|-------|-------|--------|--------|-------|
| (JPY bn) | SMBC Nikko ^{*1} | | SMCC | | SMBCCF | |
| Gross profit | 197.2 | +27.8 | 188.4 | (20.6) | 131.3 | (5.7) |
| Expenses | 146.8 | (0.7) | 152.6 | (5.2) | 52.1 | (3.8) |
| Net business profit | 50.3 | +28.5 | 36.0 | (15.4) | 79.2 | (1.8) |
| Net income | 39.8 | +20.8 | 18.9 | (12.7) | 43.8 | +3.4 |

| | (Equity method affiliate) | | | | | | |
|---------------------|---------------------------|-------|-------|-------|-----|--------------------|--------|
| | SMBC Trust | | SMDAM | | 50% | SMFL ^{*2} | 50% |
| Gross profit | 18.2 | (6.9) | 15.9 | (2.1) | | 80.3 | (10.6) |
| Expenses | 22.1 | (2.2) | 16.0 | +0.1 | | 41.3 | (0.7) |
| Net business profit | (3.9) | (4.7) | (0.0) | (2.2) | | 41.2 | (10.2) |
| Net income | (6.0) | (6.7) | (0.6) | (1.6) | | 12.7 | (21.4) |

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

*2 Managerial accounting basis

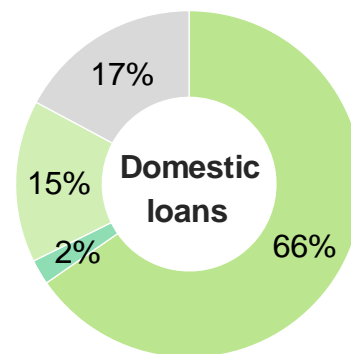
Balance sheet

Consolidated

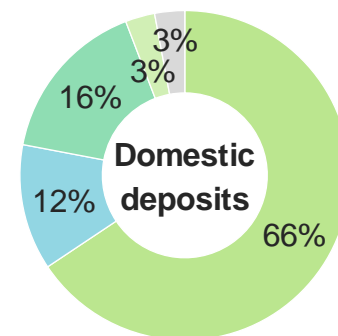
| | (JPY tn) | Sep. 20 | vs Mar. 20 |
|---|----------|--------------|-------------|
| Total assets | | 225.8 | +5.9 |
| o/w Cash and due from banks | | 68.5 | +6.7 |
| o/w BOJ's current account balance ^{*1} | | 56.6 | +7.9 |
| o/w Loans | | 84.5 | +2.0 |
| o/w Domestic loans ^{*1} | | 57.3 | +2.7 |
| o/w Large corporations ^{*2} | | 19.5 | +3.0 |
| うち Mid-sized corporations & SMEs ^{*2} | | 18.7 | +0.1 |
| うち Individuals ^{*2} | | 12.3 | (0.2) |
| o/w Securities | | 29.2 | +2.1 |
| o/w Other securities | | 29.1 | +2.4 |
| o/w Stocks | | 3.2 | +0.4 |
| うち JGBs | | 10.3 | +3.2 |
| うち Foreign bonds | | 10.2 | (1.5) |
| Total liabilities | | 214.5 | +5.4 |
| o/w Deposits | | 137.9 | +10.9 |
| o/w Domestic deposits ^{*1} | | 109.2 | +7.0 |
| Individuals | | 51.7 | +2.6 |
| Corporates | | 57.5 | +4.4 |
| o/w NCD | | 10.2 | +0.1 |
| Total net assets | | 11.3 | +0.5 |
| Loan to deposit ratio | | 57.0% | |

^{*3}

Composition of loans and deposits^{*2}

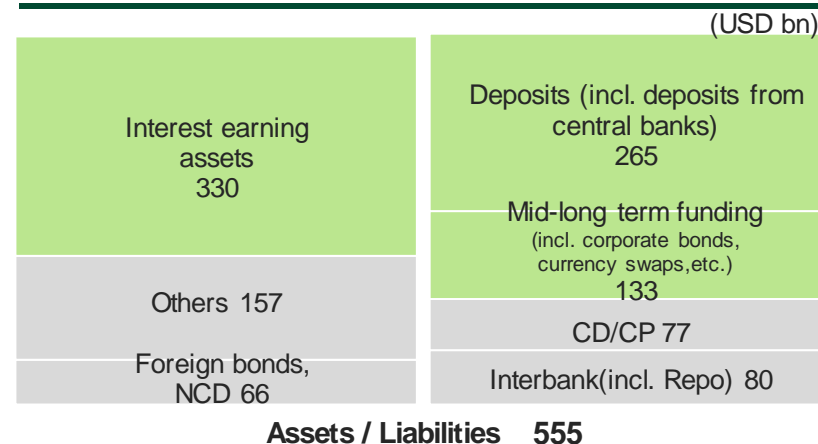


- Spread-based
- Prime-rate-based
- Mortgage, etc.
- Others



- Ordinary
- Current
- Time
- Foreign currency
- Others(Sundry, etc.)

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



^{*1} Non-consolidated ^{*2} Managerial accounting basis ^{*3} After adding back the portion of housing loans securitized in 1H FY3/21 of JPY50.9bn ^{*4} Sum of SMBC and major local subsidiaries

Capital / RWA

| | Sep. 20 | Requirement*1 |
|---|---------------|---------------|
| Capital ratio | | |
| Total capital ratio | 19.28% | 11.5% |
| CET1 ratio (Basel III fully-loaded basis) | 16.02% | 8% |
| excl. OCI | 13.2% | - |
| CET1 ratio (Post-Basel III reforms) | 11.3% | 8% |
| excl. OCI | 9.7% | - |
| External TLAC ratio | | |
| RWA basis | 26.72% | 16% |
| Leverage exposure basis | 10.25% | 6% |
| Leverage ratio | 5.85% | 3% |
| LCR (Average 2Q FY3/21) | 136.0% | 100% |

| | (JPY bn) | Mar. 20 | Sep. 20 |
|-----------------------------|----------|------------------|------------------|
| Total capital | | 11,552.0 | 12,028.0 |
| Tier1 capital | | 10,249.9 | 10,763.8 |
| o/w CET1 capital | | 9,581.3 | 9,994.2 |
| Tier2 capital | | 1,302.1 | 1,264.2 |
| External TLAC | | 18,162.0 | 18,868.2 |
| Risk-weighted assets | | 61,599.1 | 62,379.2 |
| Leverage exposure | | 237,488.7 | 183,938.7 |

*1 Excludes countercyclical buffer

Financial highlights – IFRS*1

Income statement data

| (JPY bn) | FY3/19 | FY3/20 |
|-------------------------------|---------|---------|
| Net interest income | 1,268.9 | 1,316.3 |
| Net Fee and commission income | 923.4 | 943.3 |
| Net Trading income | 320.3 | 134.1 |
| Other operating income | 654.2 | 310.2 |
| Total operating income | 3,166.9 | 2,703.9 |
| Net operating income | 3,047.2 | 2,443.9 |
| Profit before tax | 831.9 | 282.8 |
| Net profit | 647.6 | 231.0 |

Statement of financial position data

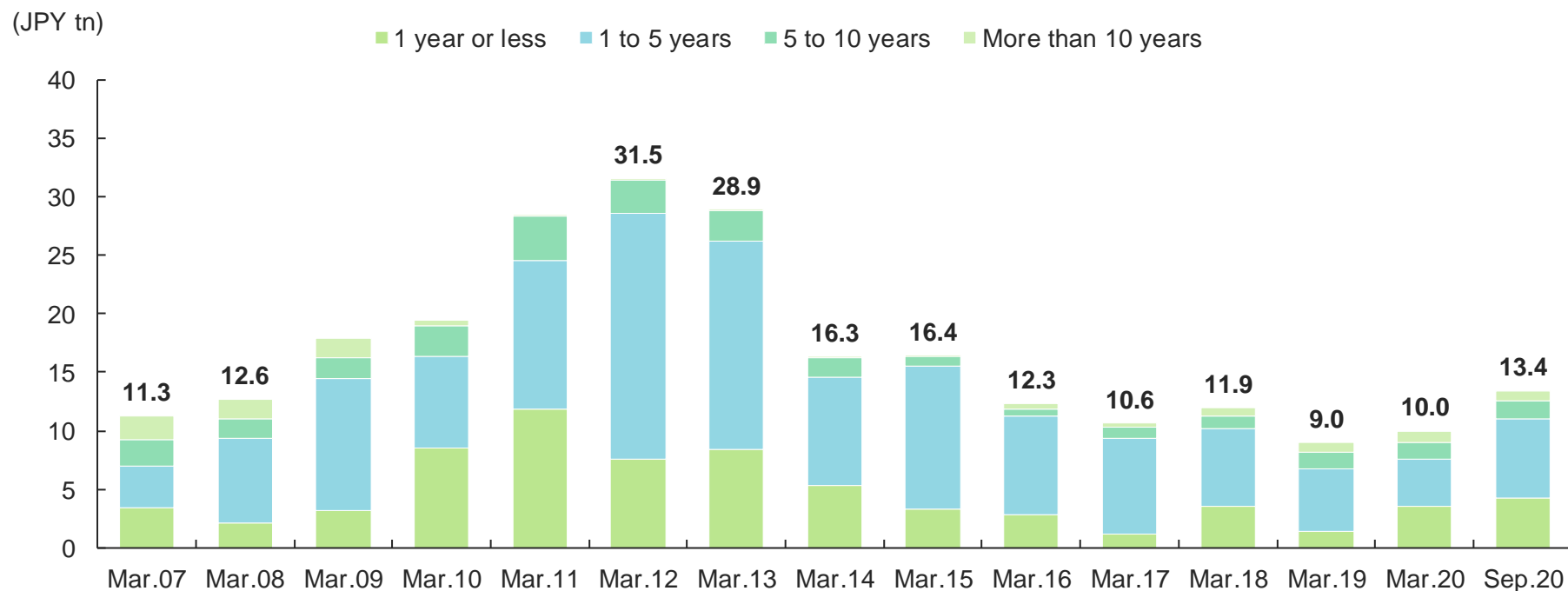
| (JPY bn) | FY3/19 | FY3/20 |
|--------------|-----------|-----------|
| Total assets | 195,503.6 | 212,158.5 |
| Loans | 90,682.9 | 94,671.8 |
| Deposits | 134,404.7 | 138,431.4 |
| Total equity | 11,773.4 | 10,934.9 |

Reconciliation with Japanese GAAP

| | (At and for FY3/20, JPY bn) | Total equity | Net profit |
|--|--|--------------|------------|
| IFRS | | 10,934.9 | 231.0 |
| Differences arising from different accounting for: | Scope of consolidation | 143.7 | 3.3 |
| | Derivative financial instruments | 496.5 | 163.3 |
| | Investment securities | (321.5) | 115.3 |
| | Loans and advances | 404.3 | 116.0 |
| | Investments in associates and joint ventures | 142.0 | 190.8 |
| | Property, plant and equipment | 20.6 | 30.5 |
| | Lease accounting | 1.8 | (0.4) |
| | Defined benefit plans | 60.1 | 32.6 |
| | Deferred tax assets | (68.2) | 13.3 |
| | Foreign currency translation | - | (11.9) |
| | Classification of equity and liability | (689.1) | (11.9) |
| | Others | (111.2) | (20.9) |
| | Tax effect of the above | (229.0) | (129.2) |
| Japanese GAAP | | 10,784.9 | 721.0 |

Yen bond portfolio

Non-consolidated (Total balance of Other securities with maturities and bonds classified as held-to-maturity – total of JGBs, local gov. bonds and corporate bonds)



of which JGBs
(JPY tn)

13.8 14.0 9.8 8.0 9.3 6.3 7.1 10.3

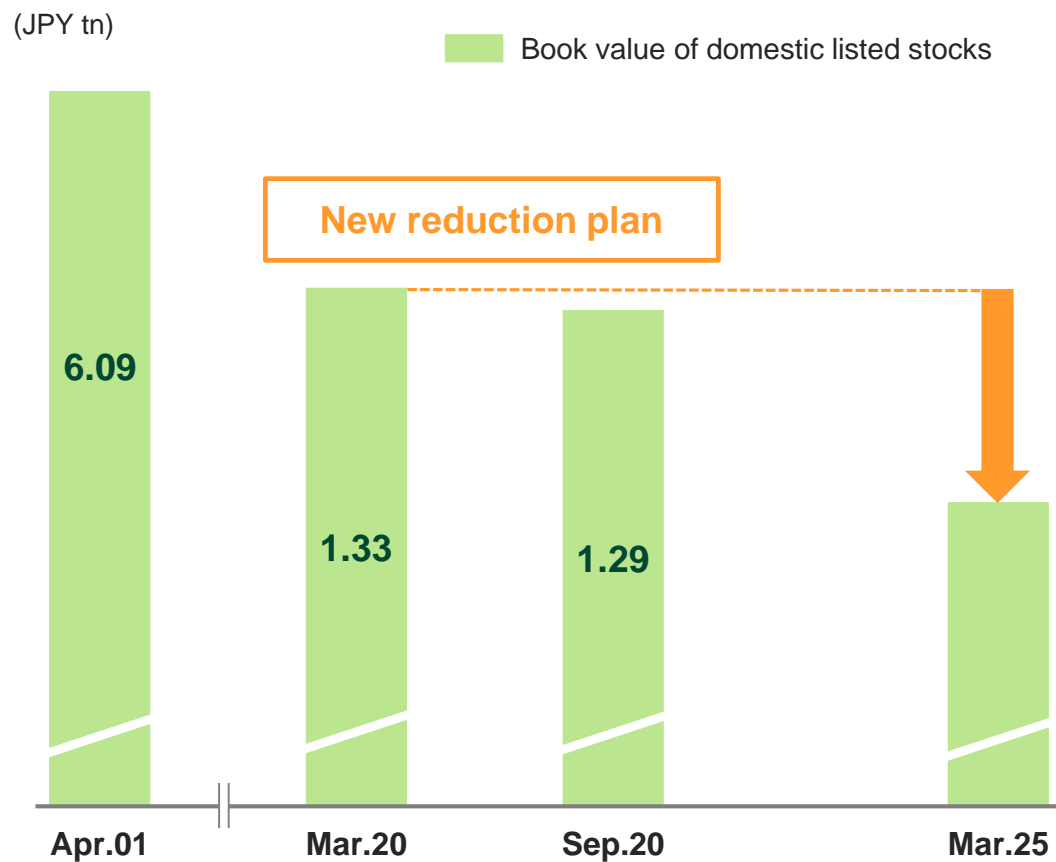
| Average duration (years)*1 | 1.7 | 2.4 | 1.8 | 1.1 | 1.4 | 1.9 | 1.8 | 1.1 | 1.8 | 2.8 | 2.9 | 2.3 | 3.2 | 2.9 | 2.6 |
|--------------------------------------|---------|---------|-------|-------|------|-------|------|------|------|-------|------|------|------|------|------|
| Unrealized gains (losses) (JPY bn)*2 | (151.4) | (129.5) | (1.2) | 116.1 | 71.9 | 104.4 | 95.3 | 60.0 | 45.9 | 103.8 | 57.5 | 44.2 | 60.5 | 21.4 | 23.5 |

*1 Excluding bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds. Duration of 15-year floating rate JGBs is regarded as zero. Duration at Mar. 02 is for JGB portfolio only

*2 15-year floating-rate JGBs have been evaluated at their reasonably estimated price from Mar. 09

Strategic shareholdings

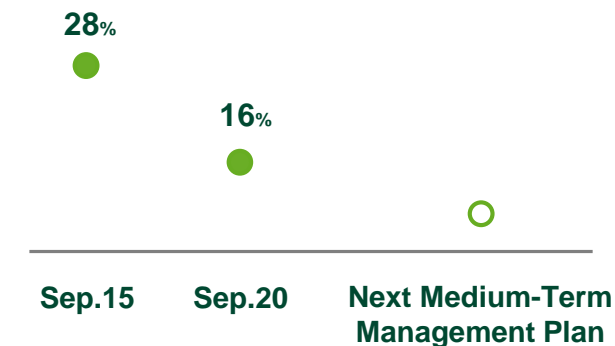
New plan to reduce JPY 300 bn in the next 5 years. Reduced JPY 31 bn in 1H.



Reduction

| | |
|---|------------|
| Previous reduction plan (Sep.15 - Sep. 20) | JPY 510 bn |
| New reduction plan (Mar.20 -) | |
| Reduction | JPY 31 bn |
| Consent of sales | JPY 45 bn |
| Total | JPY 76 bn |

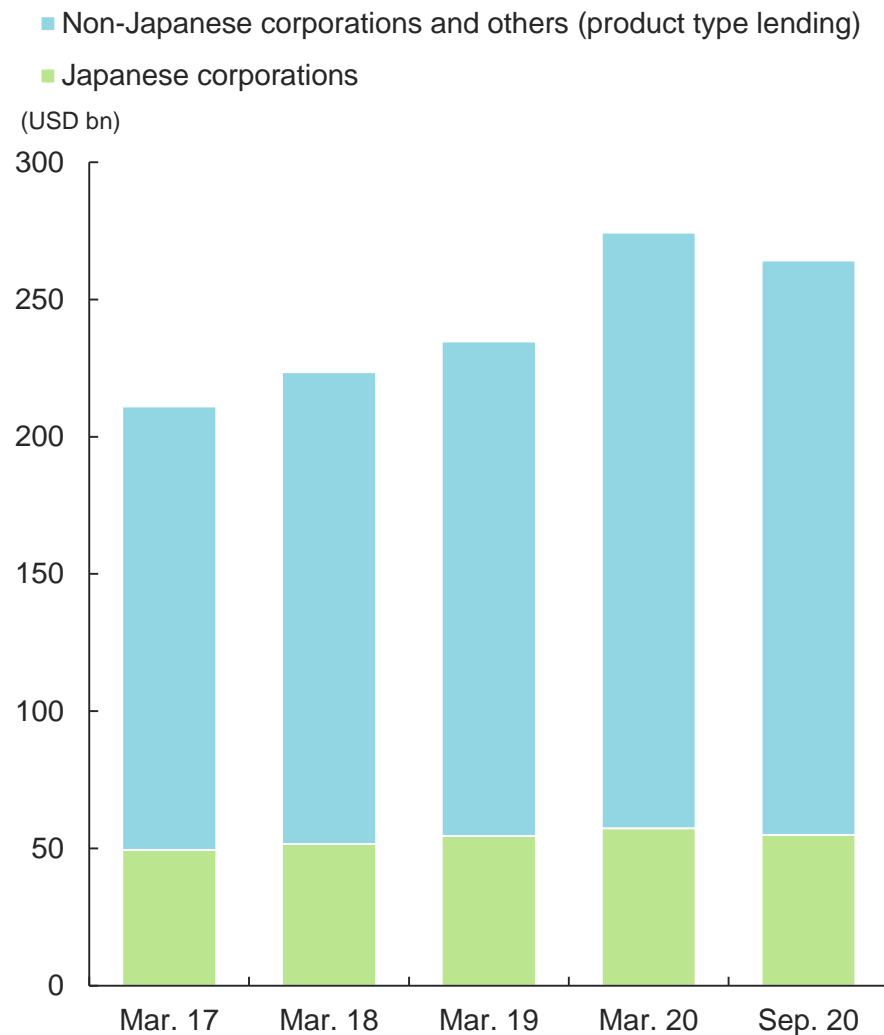
Ratio of stocks to CET1 ^{*1}



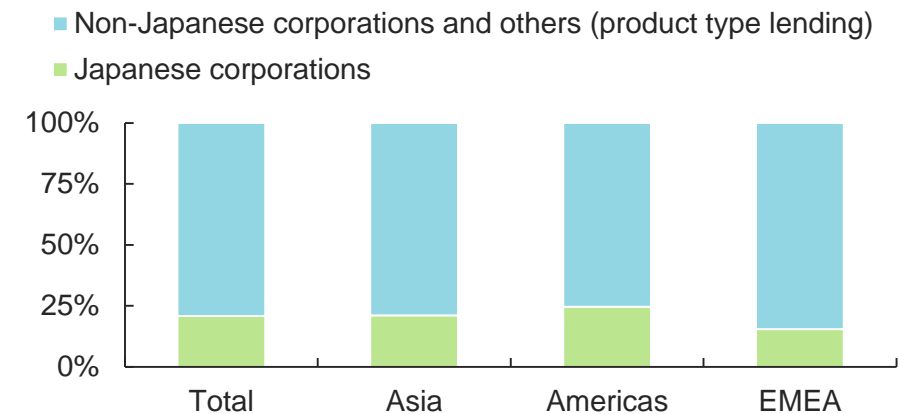
*1 Basel III fully-loaded basis, excl. OCI

Overseas loan balance classified by borrower type*1

Total



By region (Sep. 20)



Major marketing channels in Asia (Sep. 20)*2

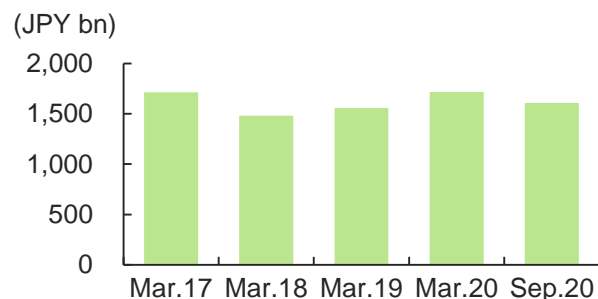


*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

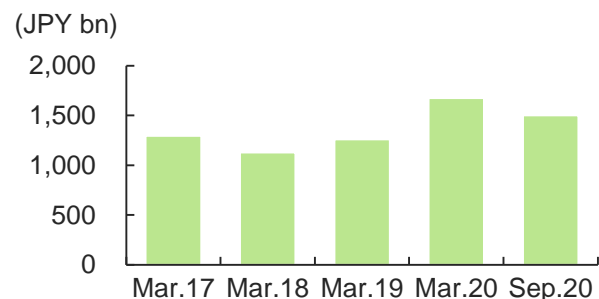
*2 Excludes BTPN in Indonesia

Loan balance in Asian countries/areas*1

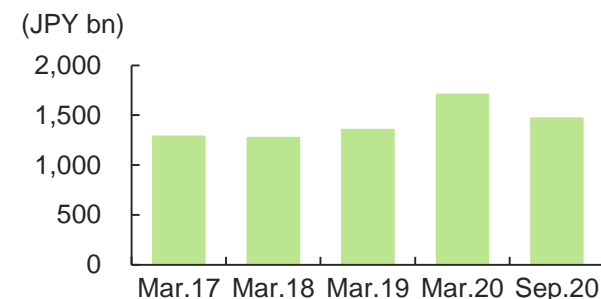
Hong Kong



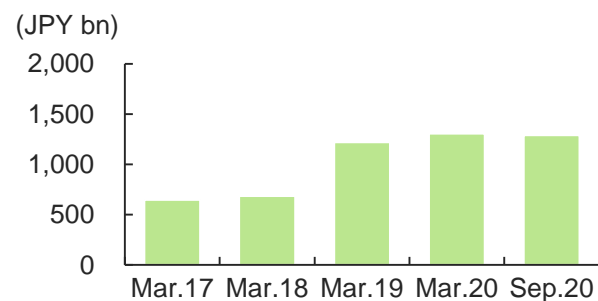
Singapore



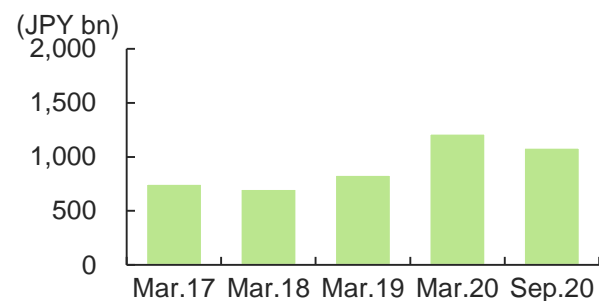
Australia



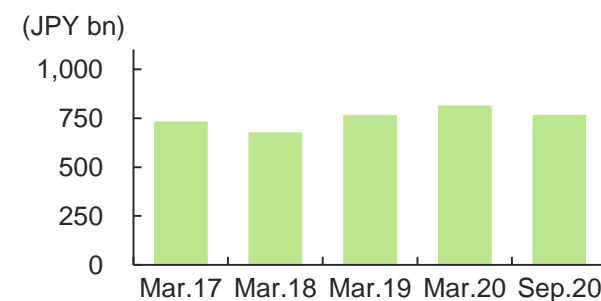
Indonesia



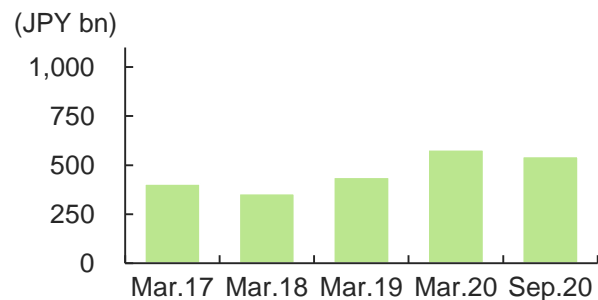
China



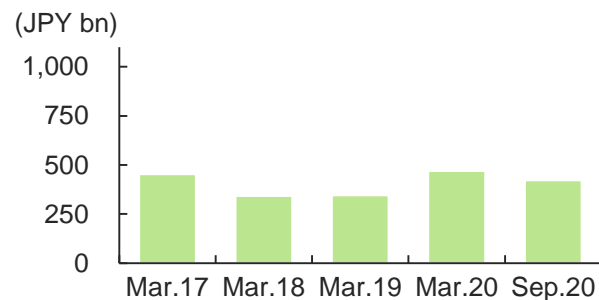
Thailand



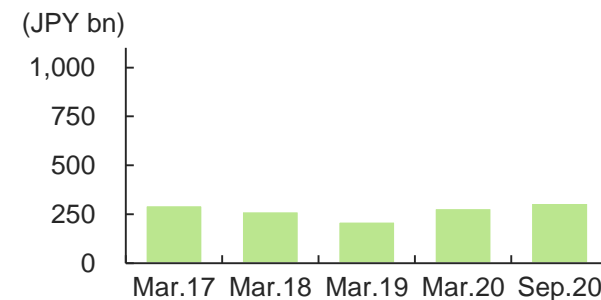
India



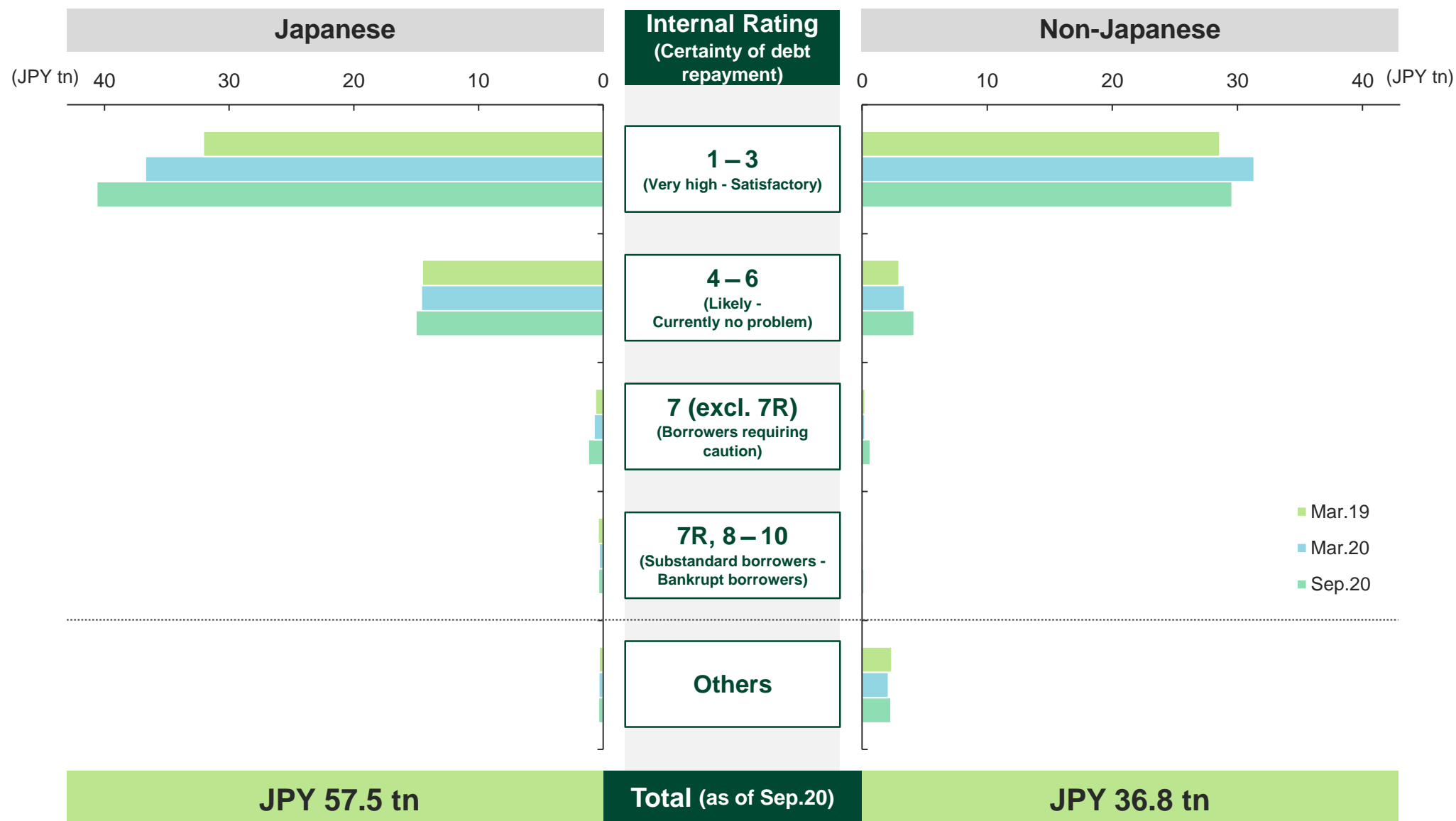
Taiwan



Korea



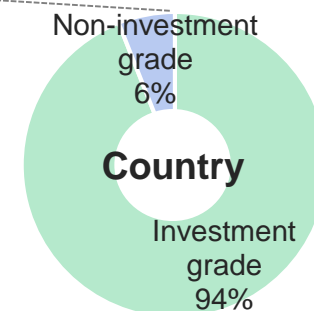
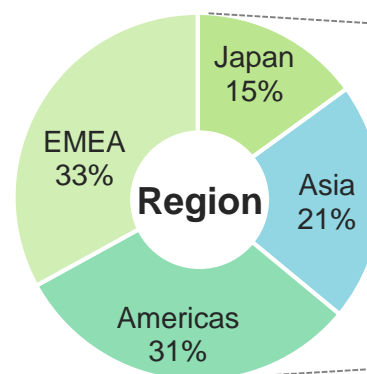
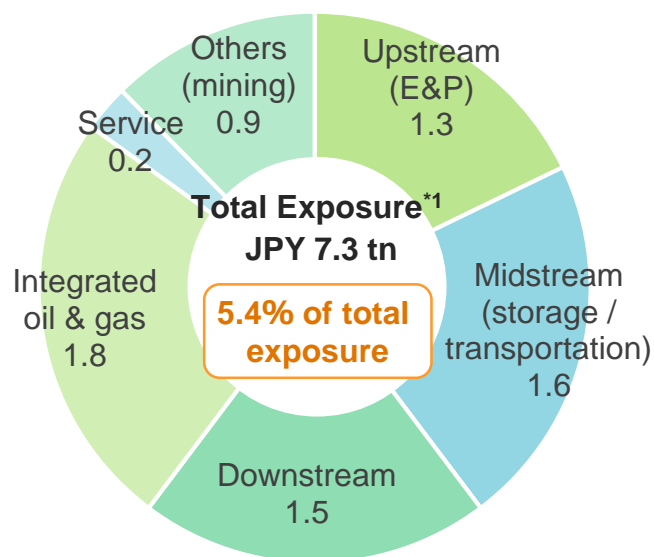
Japanese and non-Japanese corporate exposures*1



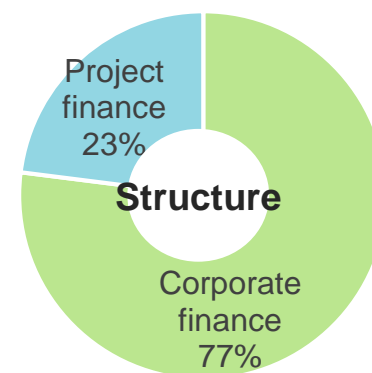
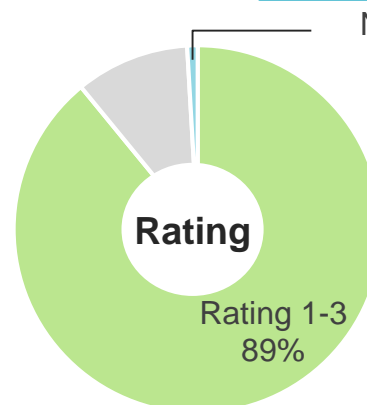
*1 Managerial accounting basis. Exposure includes loans, acceptances and guarantees, foreign exchanges, private placement, suspense payments, undrawn commitments, and derivatives, etc. Excluding the exposure to SMFG consolidated subsidiaries, retail customers in Japan, Japanese government, etc., and specialized lending

Natural resources

5.4% of total exposure. Taking cautious approach to non-Japanese upstream and service transactions.



Coverage Ratio
73%



| Non-Japanese | Mar. 16 | | Sep. 20 | |
|----------------|---------|---|---------|--|
| | | | | |
| Upstream (E&P) | 24% | ➡ | 16% | |
| Service | 7% | ➡ | 4% | |

(ratio to non-Japanese exposure to natural resources)

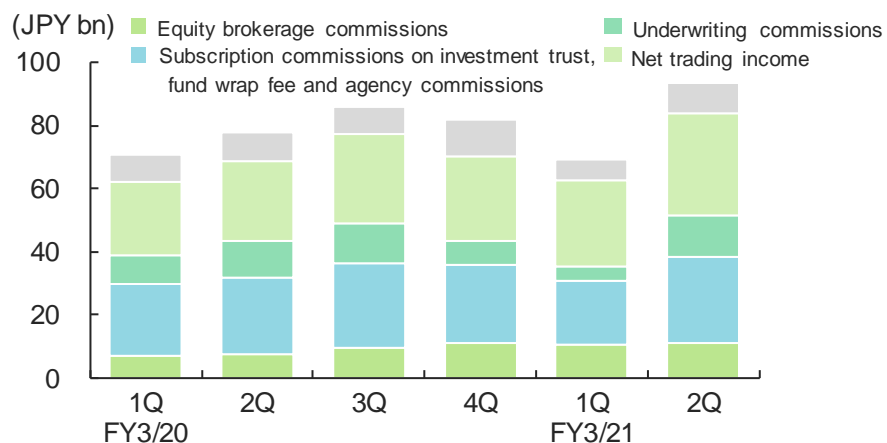
As of Sep.20

*1 Amount of net exposure, excluding exposure backed by collateral that is not affected by natural resource prices

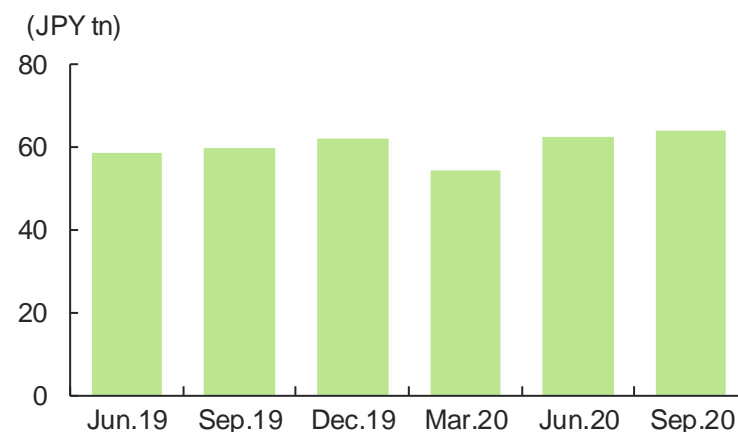
Financial results

| (JPY bn) | FY3/20 | 1H FY3/21 | YoY |
|------------------------------|--------|--------------|-------|
| Net operating revenue | 316.0 | 162.8 | +14.4 |
| SG&A expenses | 273.0 | 130.5 | (1.2) |
| Ordinary income | 49.8 | 35.9 | +16.5 |
| Net income | 39.2 | 28.2 | +11.8 |

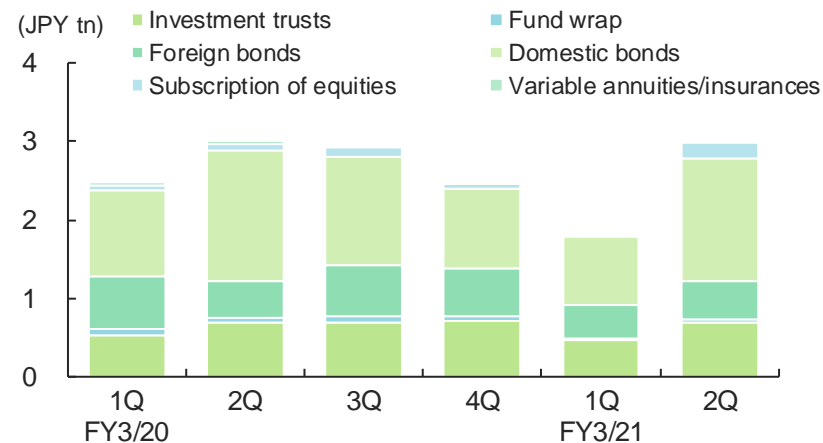
Net operating revenue



Client assets



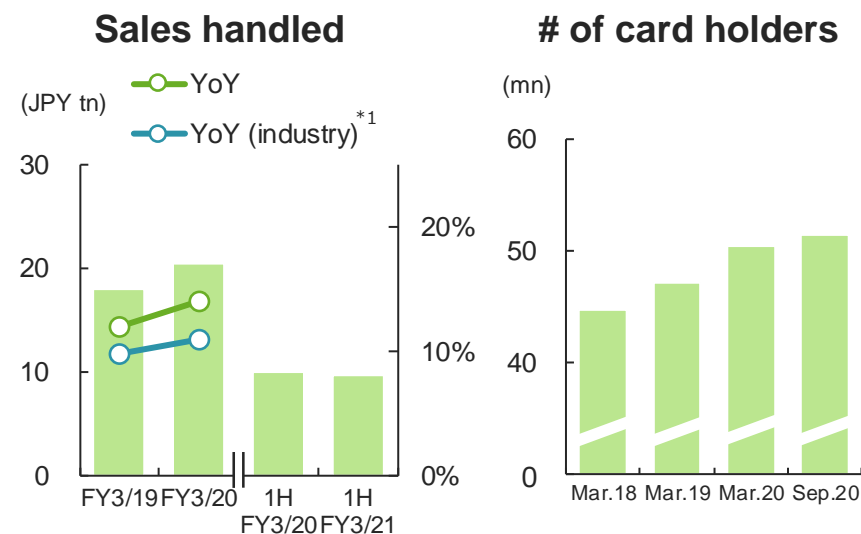
Product sales



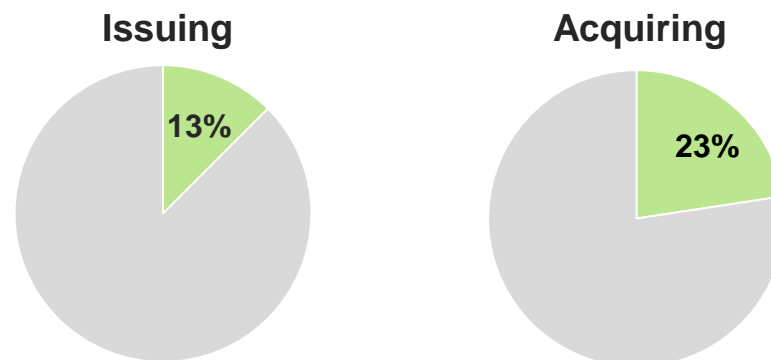
Financial results

| (JPY bn) | FY3/20 | 1H FY3/21 | YoY |
|---------------------------------|--------|--------------|--------|
| Operating revenue | 480.8 | 216.8 | (22.2) |
| o/w Commission fee | 153.0 | 67.1 | (8.8) |
| Finance | 109.2 | 52.1 | (2.3) |
| Sales on credit | 35.8 | 16.6 | (1.9) |
| Receipt agency | 46.7 | 23.7 | +0.3 |
| Operating expense | 430.3 | 192.1 | (10.5) |
| o/w Expenses for loan losses | 32.3 | 11.6 | (4.3) |
| Expense for interest repayments | 12.0 | - | - |
| Ordinary profit (loss) | 50.8 | 25.3 | (11.3) |
| Net income | 38.2 | 18.9 | (12.7) |
| Finance outstanding | 738.3 | 679.4 | |

Key figures



Market share *2



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

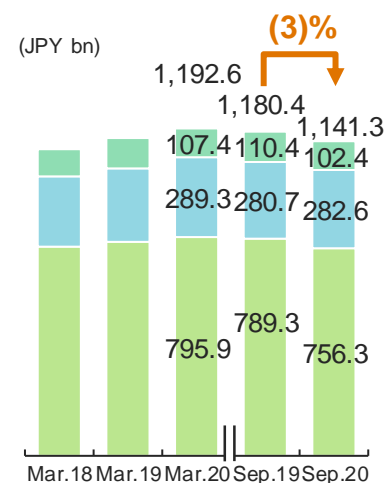
*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2019 : JPY 63 tn)

Financial results

| (JPY bn) | FY3/20 | 1H FY3/21 | YoY |
|---|---------|--------------|--------|
| Operating income | 288.5 | 138.2 | (5.7) |
| o/w Interest revenues | 184.9 | 90.5 | (1.4) |
| Loan guarantee revenues | 68.7 | 31.3 | (3.2) |
| Operating expenses | 228.3 | 86.4 | (10.3) |
| o/w Expenses for loan losses | 68.2 | 30.7 | (7.1) |
| Expense for loan guarantees | 15.3 | 2.0 | +1.0 |
| Expenses for interest repayments | 27.0 | - | - |
| Ordinary profit | 60.5 | 52.5 | +5.0 |
| Net income | 90.1 | 43.8 | +3.4 |
| NPLs | 78.3 | 85.5 | |
| (NPL ratio) | 6.57% | 7.49% | |
| Allowance on interest repayments (provision) | 106.1 | 95.3 | |
| | 3.2 yrs | 4.4 yrs | |

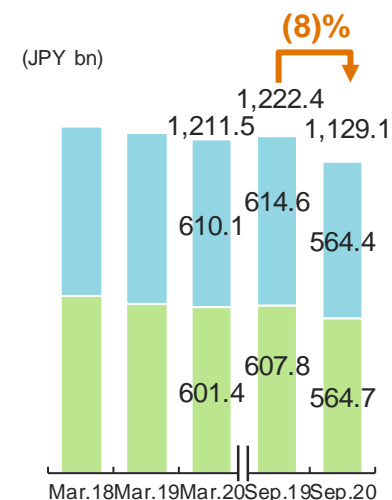
Consumer loans

■ Promise (overseas) ■ Mobit ■ Promise

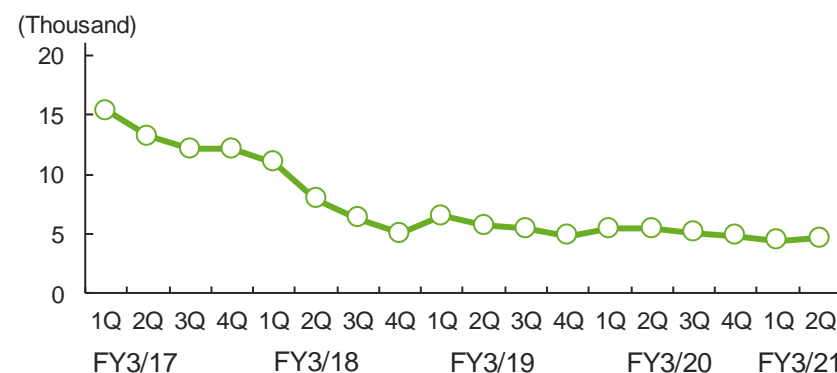


Loan guarantee

■ SMBC ■ Others



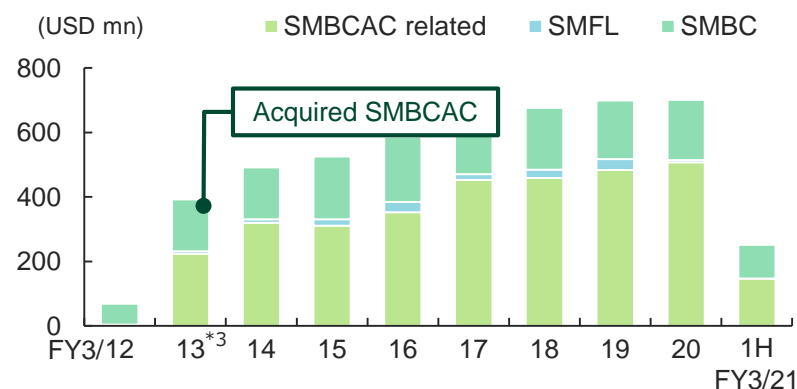
No. of interest refund claims



Financial results

| (USD mn) | FY3/20 | 1H FY3/21 | YOY |
|--|--------|--------------|---------|
| Total revenue | 1,283 | 577 | (62) |
| Lease revenue | 1,135 | 571 | +6 |
| Credit / Asset impairment charges | 32 | 125 | +121 |
| Net income | 334 | 19 | (170) |
| Aircraft asset*1 | 13,142 | 14,431 | +1,511 |
| Net asset | 3,047 | 3,069 | (46) |
| ROE | 10.8% | 1.2% | (10.9)% |

Aircraft business of SMBC Group



of owned and managed aircraft*2

| | Company | Country | # |
|---|---------------|----------------|------------|
| 1 | GECAS | USA | 1,100 |
| 2 | AerCap | Ireland | 1,013 |
| 3 | Avolon | Ireland | 553 |
| 4 | BBAM | USA | 519 |
| 5 | SMBCAC | Ireland | 415 |

Average age of aircraft

4.3 years (as of Sep.20)

*1 Include Aircraft pre-delivery payments *2 As of Sep. 20 (Source: CIRIUM Portfolio Tracker:Q3 2020)

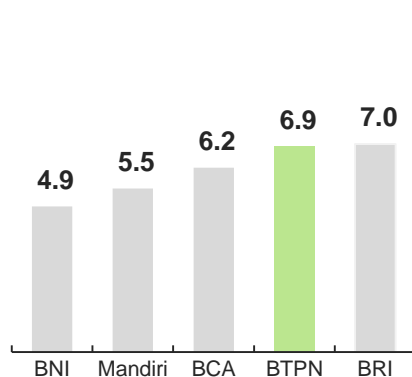
*3 SMBCAC related includes revenue after the acquisition in June

Financial results*1

| (JPY bn) | 2017 | 2018 | 2019 | Jan.-Sep. 2020 |
|----------------------|-------|-------|---------|----------------|
| Gross banking profit | 82.9 | 77.5 | 99.6 | 65.6 |
| Operating expenses | 57.4 | 44.7 | 56.3 | 36.0 |
| Net profits | 10.1 | 14.0 | 20.3 | 11.0 |
| ROE | 8.2% | 11.6% | 9.9% | 7.3% |
| Loans | 542.4 | 517.8 | 1,119.9 | 1,056.6 |
| Deposits | 563.7 | 538.4 | 686.8 | 715.7 |
| Total assets | 788.8 | 770.2 | 1,434.9 | 1,327.0 |

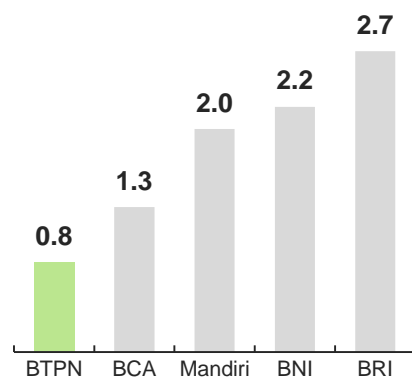
Net interest margin*2

(%)

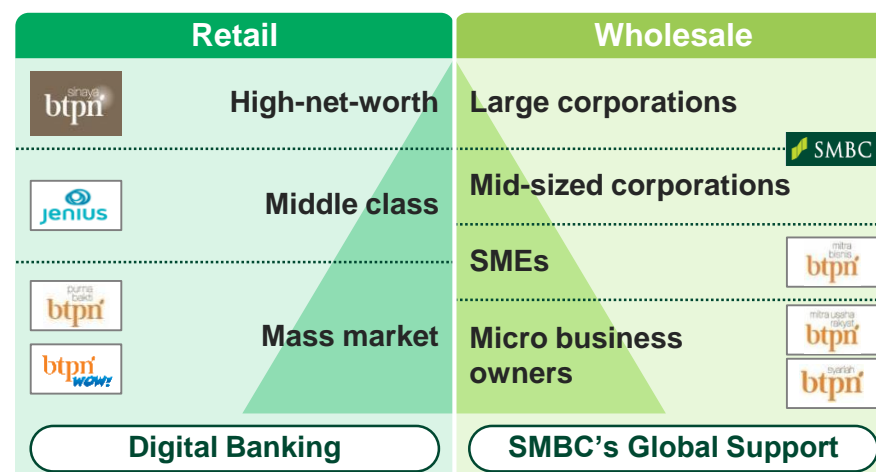


NPL ratio*2

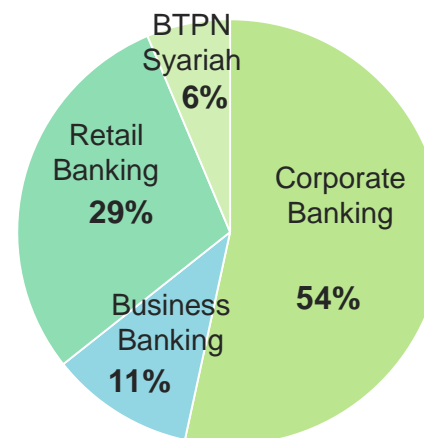
(%)



Customer



Loan breakdown*3



*1 TTM as of Dec. 17: IDR 1 = 0.0083, Dec. 18: IDR 1 = 0.0076, Dec. 19: IDR 1 = 0.0079, Sep. 20: IDR 1 = 0.0071

*2 Based on each company's disclosure (Dec. 19 results) *3 As of Dec. 19

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, 2020)

Moody's

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

S&P

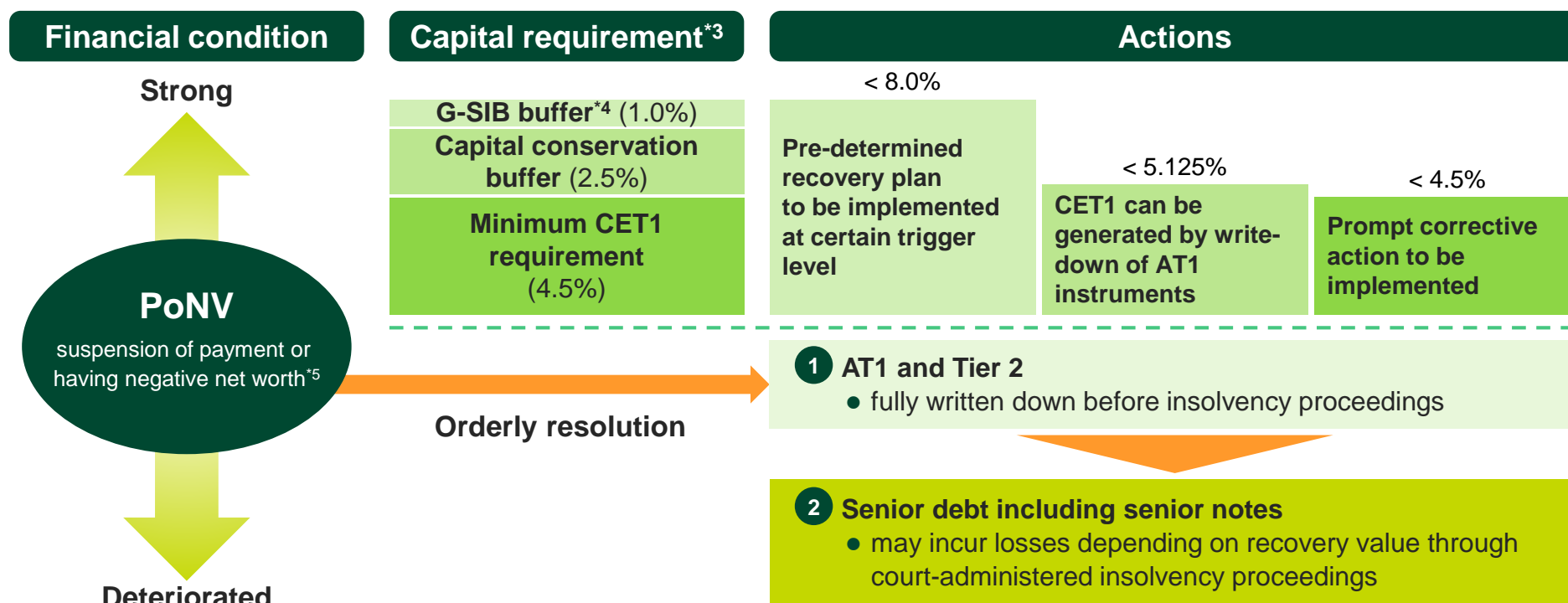
| | SMFG | BMO | BNS | RBC | TD | ANZ | CBA | NAB | Westpac |
|------|------|-----|-----|-----|----|-----|-----|-----|---------|
| AA- | | | | | | | | | |
| A+ | | | | | | | | | |
| A | | | | | | | | | |
| A- | | | | | | | | | |
| BBB+ | | | | | | | | | |
| BBB | | | | | | | | | |
| BBB- | | | | | | | | | |
| 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 latest list published by the FSB *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.

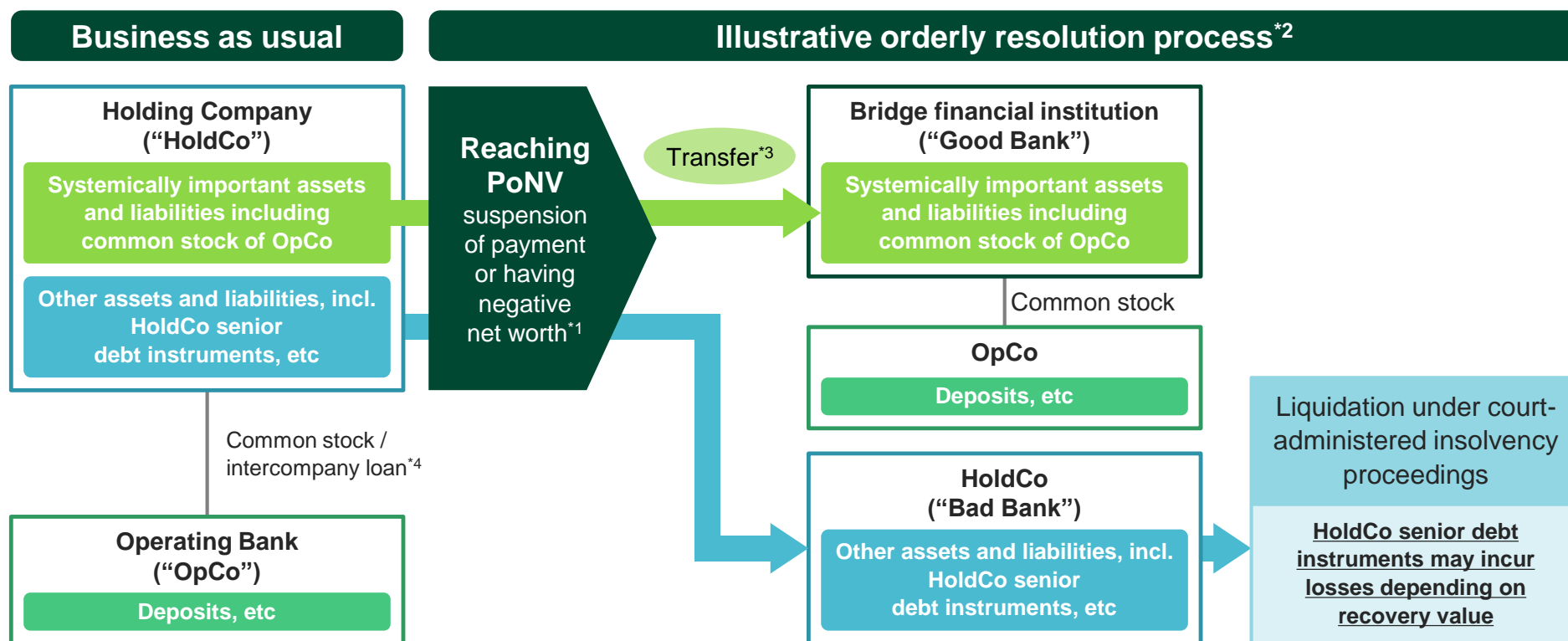
| PoNV | Framework | Subject entities |
|---|--|---|
| Prior to | Liquidity support and capital injection Specified Item 1 Measures set forth in the DIA | Financial institutions Including banks and bank holding companies (BHCs) <i>Introduced in Mar. 14</i> |
| | Capital injection Act on Special Measures 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 | 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}

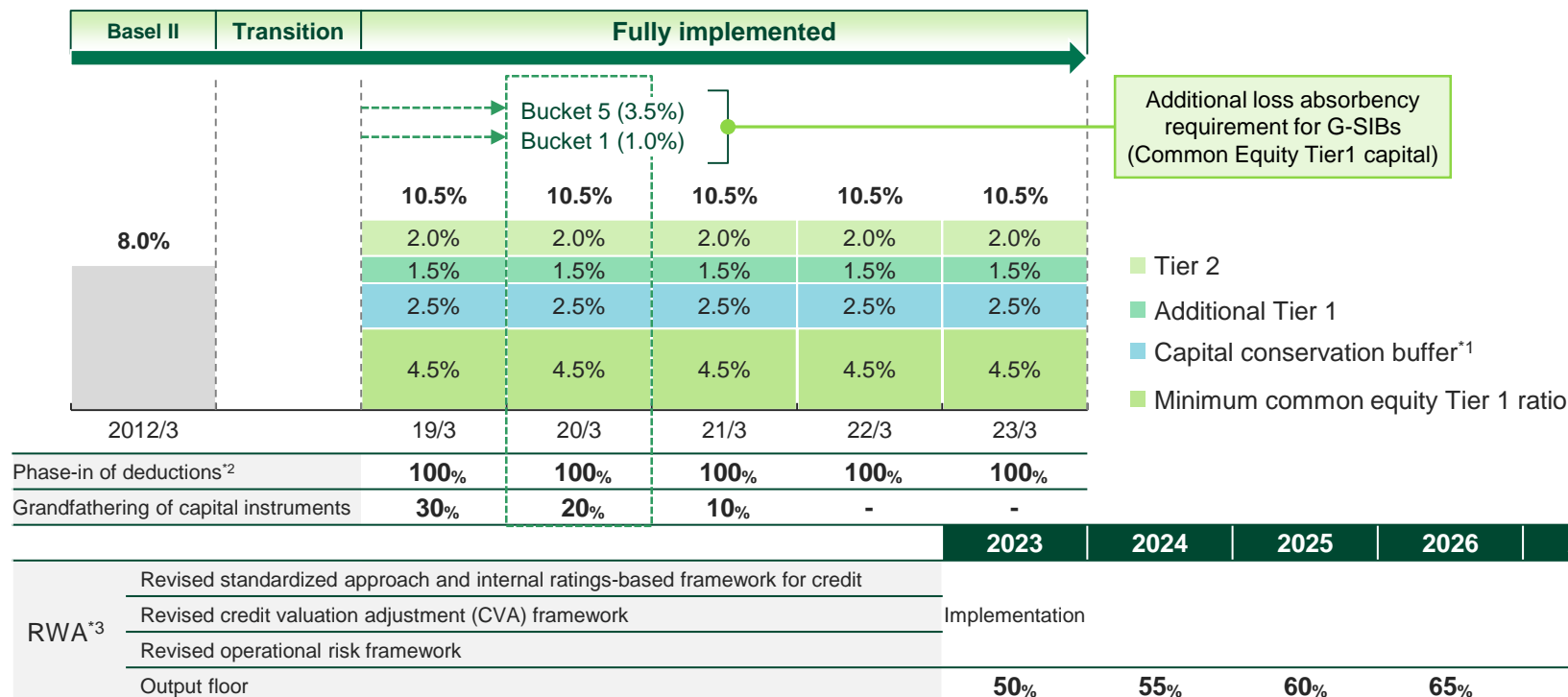
Senior notes may incur losses depending on recovery value through court-administered insolvency proceedings.



^{*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



Leverage ratio and liquidity rules

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|----------------|------|------|------|------|
| Leverage ratio | Implementation | | | | |
| Revised Leverage ratio*3, 4 | Implementation | | | | |
| LCR | 100% | | | | |
| NSFR *5 | | | | | |

*1 Countercyclical buffer (CCyB) omitted

*2 Intangible fixed assets, deferred tax assets and investment of unconsolidated financial institutions, etc.

*3 GHOS, the higher committee of the Basel announced that it will postpone the implementation of unimplemented Basel III standards in Mar. 20 (2022 to 2023) *4 Revised exposure definition and G-SIB buffer

*5 Not implemented in Japan, taking into account the status of other countries.

Major regulatory updates related to COVID-19

1-year deferral of Basel III implementation

Postponement of the implementation date for the Basel III standards was declared by GHOS to respond to the immediate financial stability priorities on the global banking system.

| Revision Standard | Original implementation date | Revised implementation date |
|---|--|--|
| Leverage ratio framework and G-SIB buffer | January 2022 | January 2023 |
| Standardized approach for credit risk | | |
| IRB approach for credit risk | | |
| Operational risk framework | | |
| CVA framework | | |
| Market risk framework | | |
| Output floor | January 2022 transitional arrangements to January 2027 | January 2023 transitional arrangements to January 2028 |
| Pillar 3 disclosure framework | January 2022 | January 2023 |

Temporary relief on leverage ratio calculation in Japan

Draft amendments to the regulatory notices of leverage ratio requirements was proposed by Japanese FSA, in accordance with the Bank of Japan's extended monetary policy easing.

- Exclusion of the deposits at BOJ from the leverage ratio calculation
- Maintaining the current minimum requirement of 3% until Mar. 2021

Core policy of the new Medium-Term Management Plan

Mid-long term Vision

A trusted global solution provider committed to the growth of our customers and advancement of society

Future directions **1** Data oriented **2** Building platforms **3** Solution provider

Core Policy

Business
strategy

Transformation

Transform existing businesses

Growth

Seek new growth opportunities

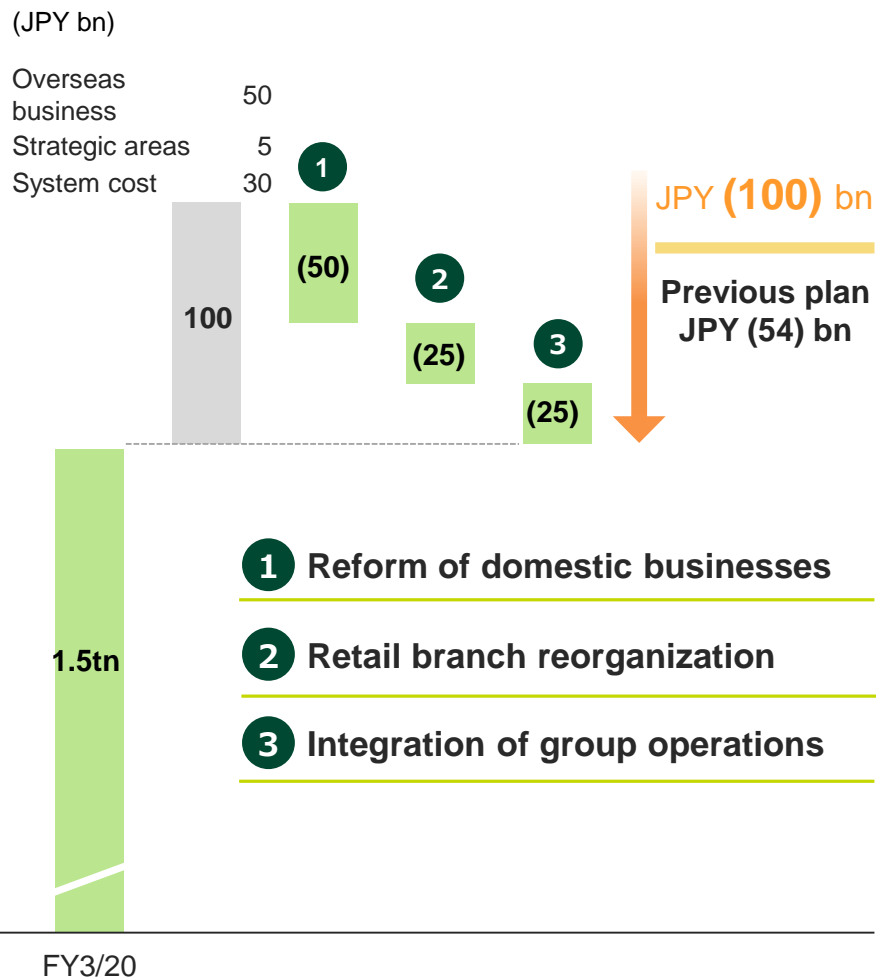
Management
base

Quality

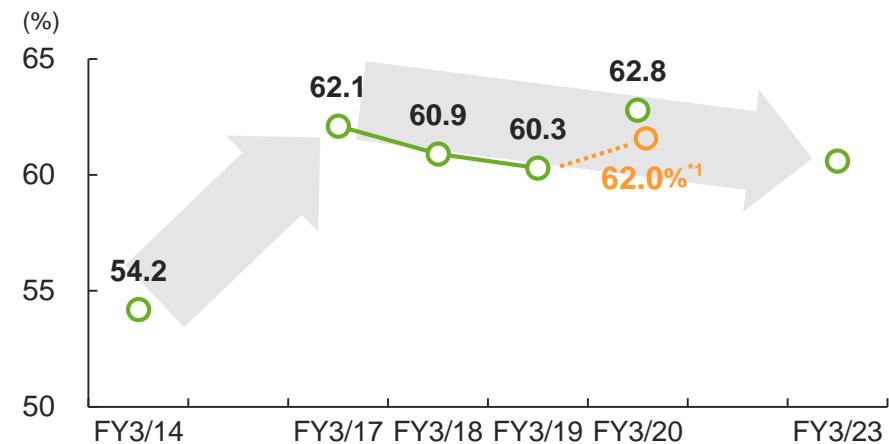
Elevate quality in all aspects

Roadmap to 2022 ~ Cost ~

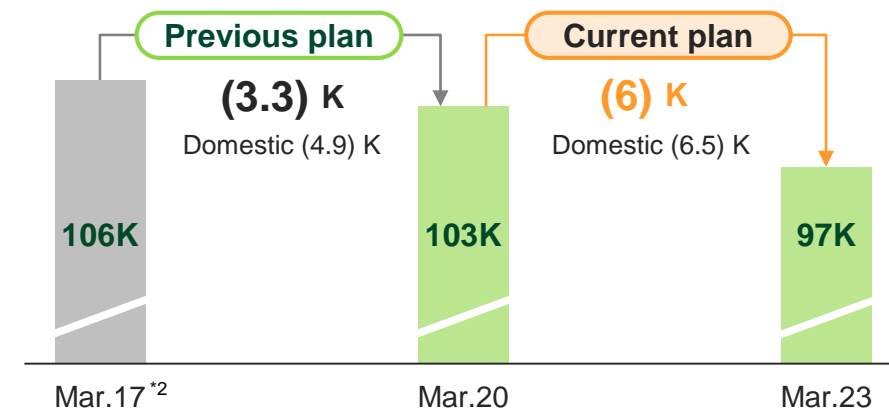
Control of base expenses



OHR



Headcount



Roadmap to 2022 ~ Cost ~

Key initiatives of cost reduction

1 Reform of domestic businesses

JPY 50 bn

Reform of retail business

Optimize resource allocation of wealth management business
Digitalize mortgage loan procedures

Reallocate workforce of domestic wholesale business

Reduce headcounts of headquarters
(30)%

2 Retail branch reorganization

JPY 25 bn



3 Integration of group operations

JPY 25 bn

Relocate SMCC and SMBCCF to integrate operations

PMI of asset management business

Consolidate data centers / base systems of group companies

Seven key strategies

Transformation

Transform existing businesses

Growth

Seek new growth opportunities

1

Pursue sustainable growth of wealth management business

2

Improve productivity and strengthen solutions in the domestic wholesale business

3

Enhance overseas CIB business to improve asset / capital efficiency

4

Hold the number one position in payment business

5

Enhance asset-light business on a global basis

6

Expand franchise in Asia and strengthen digital banking

7

Develop digital solutions for corporate clients

Acceleration of sustainability management

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

Establish sustainability management

Oct.18

Corporate Sustainability Committee

- **Chairman** Group CEO
- **Members** CEO of group companies

Apr.20

Group Mission

Customers Shareholders
Employees Add Society



Statement on Sustainability

SMBC Group "GREEN x GLOBE 2030"

"Create the future of the earth and humanity with our customers"

Planning

KPIs

SDGs

Materiality

Environment

- ▶ Green Finance
- ▶ Green Bonds Issuance



Next Generation

Community

- ▶ Finance education
- ▶ Retail deposits in Asia



Human Resources

Governance

- ▶ Female managers
- ▶ Childcare leave



Engagement with stakeholders

Customers

Shareholders

Employees

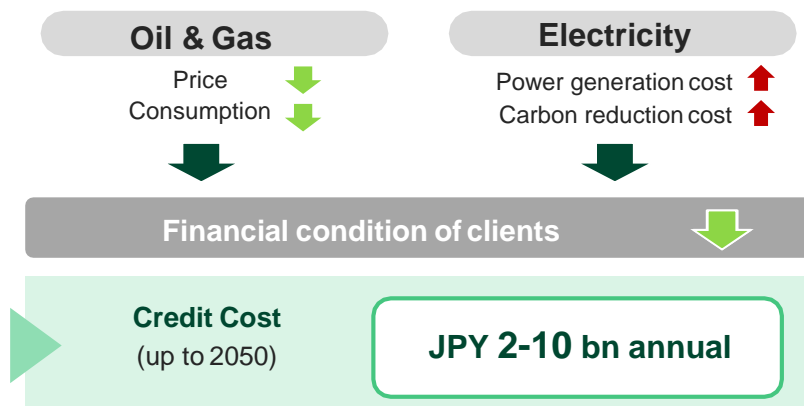
Society

SMBC Group's approach to ESG risk

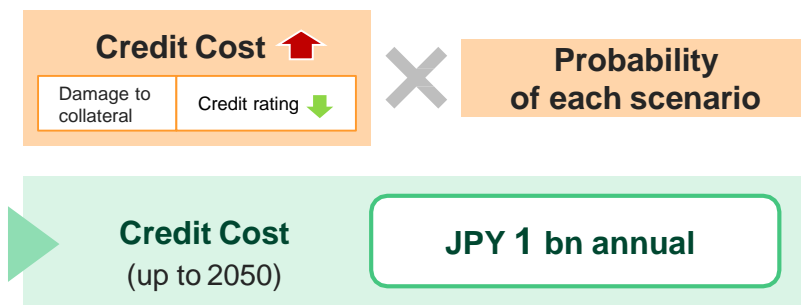
The credit policy of SMBC Group states that SMBC Group will cease to provide financial support to borrowers engaged in businesses contrary to public responsibility, or which may have a significant negative impact on the global environment.

Climate Change Impact (TCFD) First to disclose as G-SIFs

Transition risk to a low-carbon society

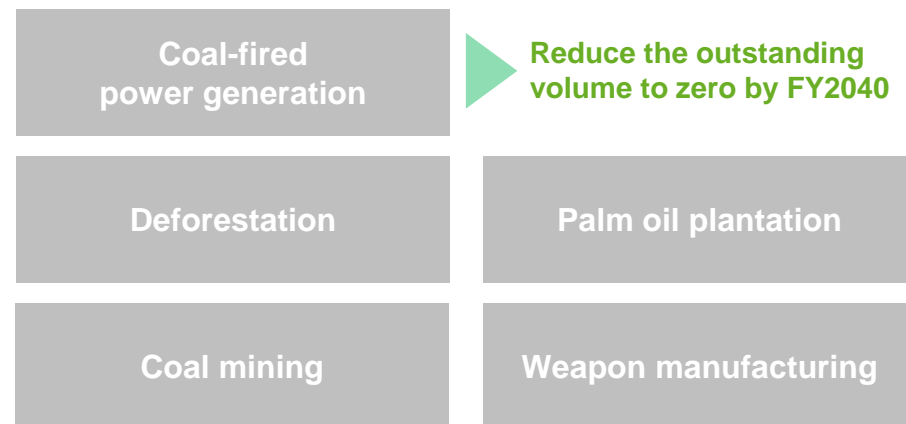


Physical risk of water disasters

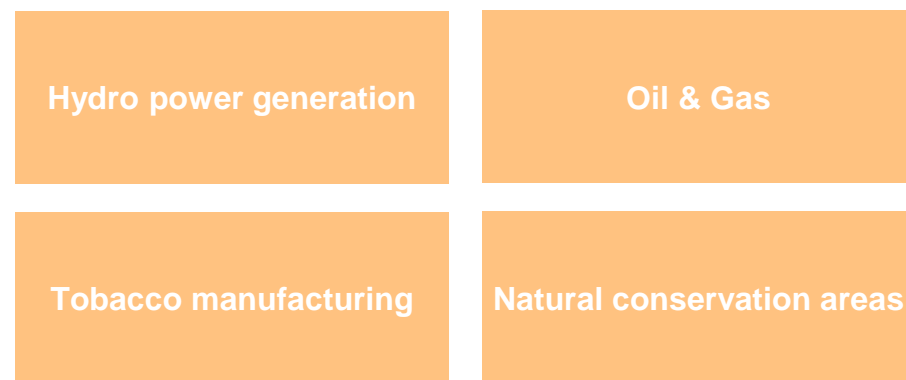


Sector Policy

Until March 2020



New Sector Policies added in April 2020



Rationale for Issuing Green Bonds

SMBC Group's motivation toward green bond issuance

Strong Track Record in Green Finance

SMBC Group's significant growth in Renewable Energy Finance

SMBC Group Green Bonds

Development of Green Bond Market

Green bonds have been utilized
for sustainability commitment

Attract New Investors

Attract new investors and thereby
diversify investor base

What will be achieved by green bond issuance

**Promotion of SMBC Group's
Sustainability Commitment**

**Transformation to
more resilient business model**

Key Aspects of SMBC Group's Green Bond Framework Based on Green Bond Principles



1. Use of Proceeds

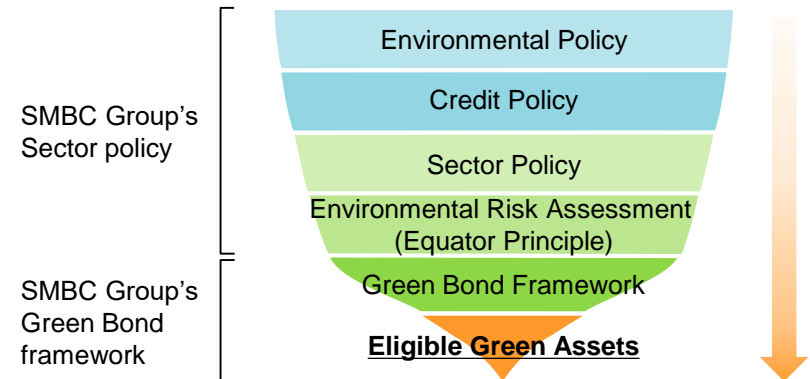
• Project Categories

| Project Categories | | Allocated Ratio |
|-------------------------------------|--|-----------------|
| 1. Renewable Energy | | 98% |
| 2. Energy Efficiency | | 0% |
| 3. Green Buildings | | 0% |
| 4. Clean Transportation | | 0% |
| 5. Pollution Prevention and Control | | 2% |

- Look Back Period : 24 months
- Category B or C under the Equator Principle

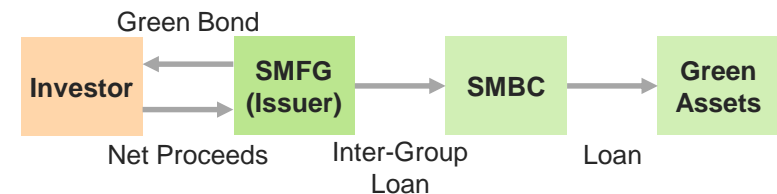


2. Evaluation and Selection



3. Management of Proceeds

- Pending allocation of proceeds : short-term financial instruments.
- Fully allocated the net proceeds, as of Mar. 20



4. Reporting

• Annually updated

- ✓ **Allocation Proceeds**
Project Category, Amount, Country, Agreement Date
- ✓ **Impact Reporting**
CO₂ Emissions Reduction (inc. o/w SMBC Financed base)
- ✓ **External Review**
Report from Sustainalytics
- All of information is
 - ✓ Updated within one year from issue date
 - ✓ Available on our Website



Use of Proceeds Statement for each Issuance 1/4

2015/10/20 SMBC Green Bond USD500mn

Net Proceeds from Note Issuance

- Sumitomo Mitsui Banking Corporation USD500,000,000 2.45% Senior Notes due 2020

USD 500mn

Use of Proceeds as of Mar. 2020

| Category | Sub-Category | Loan Agreement Date | Currency | Country | Loan balance (EUR mn) ^{*1} | CO ₂ Emissions Reduction (t-CO ₂) | |
|--------------------------------------|--------------|---------------------|----------|------------|-------------------------------------|--|---|
| | | | | | | | (o/w SMBC Group Financed) |
| Renewable Energy | Wind Energy | 2014/5 | EUR | Netherland | 21 | 1,142,143 | 42,994 |
| Renewable Energy | Wind Energy | 2014/10 | CAD | Canada | 30 | 44,781 | 4,613 |
| Renewable Energy | Wind Energy | 2014/4 | USD | USA | 46 | 215,619 | 65,966 |
| Renewable Energy | Wind Energy | 2019/11 | AUD | Australia | 20 | 200,655 | 54,235 |
| Renewable Energy | Wind Energy | 2017/7 | EUR | France | 20 | 22,722 | 7,725 |
| Renewable Energy | Wind Energy | 2017/11 | EUR | France | 34 | 23,322 | 5,674 |
| Renewable Energy | Wind Energy | 2017/8 | GBP | UK | 23 | 509,796 | 69,419 |
| Renewable Energy | Wind Energy | 2016/5 | GBP | UK | 39 | 416,500 | 59,525 |
| Renewable Energy | Wind Energy | 2018/8 | GBP | UK | 40 | 754,110 | 52,043 |
| Renewable Energy | Solar Energy | 2014/9 | JPY | Japan | 64 | 155,478 | 16,573 |
| Renewable Energy | Solar Energy | 2014/3 | JPY | Japan | 33 | 58,373 | 9,594 |
| Renewable Energy | Solar Energy | 2015/9 | JPY | Japan | 47 | 25,131 | 13,549 |
| Renewable Energy | Solar Energy | 2019/7 | JPY | Japan | 15 | 28,573 | 9,275 |
| Renewable Energy | Biomass | 2014/10 | GBP | UK | 24 | 68,192 | 7,131 |
| Total | | | | | 457 | 3,665,394 | 418,317 |
| Net Proceeds from Note Issuance | | | | | | | USD 500mn (EUR 455.21mio equiv.) ^{*1} |
| CO ₂ avoidance per EUR1mn | | | | | | | 919.38 t-CO ₂ |

*1 Translated into EUR at the exchange rates as of Mar. 20

Use of Proceeds Statement for each Issuance 2/4

2017/10/11 SMFG Green Bond EUR500mn

Net Proceeds from Note Issuance

- Sumitomo Mitsui Financial Group EUR500,000,000 0.934% Senior Notes due 2024

EUR 500mn

Use of Proceeds as of Mar. 2020

| Category | Sub-Category | Loan Agreement Date | Currency | Country | Loan balance (EUR mn) ^{*1} | CO ₂ Emissions Reduction (t-CO ₂) | |
|--|--------------|---------------------|----------|-----------|-------------------------------------|--|---------------------------|
| | | | | | | | (o/w SMBC Group Financed) |
| Renewable Energy | Wind Energy | 2018/12 | GBP | UK | 90 | 596,330 | 51,217 |
| Renewable Energy | Wind Energy | 2017/2 | EUR | Germany | 14 | 447,217 | 45,318 |
| Renewable Energy | Wind Energy | 2019/7 | GBP | UK | 74 | 545,169 | 23,186 |
| Renewable Energy | Wind Energy | 2018/6 | EUR | Germany | 108 | 659,486 | 55,011 |
| Renewable Energy | Wind Energy | 2017/5 | EUR | Belgium | 24 | 125,311 | 16,550 |
| Renewable Energy | Wind Energy | 2017/12 | EUR | Belgium | 9 | 85,238 | 22,082 |
| Renewable Energy | Solar Energy | 2017/3 | EUR | France | 24 | 3,625 | 797 |
| Renewable Energy | Solar Energy | 2016/8 | USD | USA | 32 | 246,153 | 48,506 |
| Renewable Energy | Solar Energy | 2016/12 | USD | USA | 26 | 434,439 | 40,240 |
| Renewable Energy | Solar Energy | 2016/11 | AUD | Australia | 20 | 283,790 | 56,756 |
| Renewable Energy | Solar Energy | 2016/9 | JPY | Japan | 89 | 30,936 | 23,867 |
| Renewable Energy | Solar Energy | 2015/12 | JPY | Japan | 28 | 15,964 | 8,921 |
| Total | | | | | 536 | 3,473,658 | 392,451 |
| Net Proceeds from Note Issuance | | | | | | EUR 500mn | |
| CO₂ avoidance per EUR1mn | | | | | | 784.90 t-CO ₂ | |

*1 Translated into EUR at the exchange rates as of Mar. 20

Use of Proceeds Statement for each Issuance 3/4

2018/12/20 SMBC Green Bond USD227.8mn/AUD83.2mn

Net Proceeds from Note Issuance

- Sumitomo Mitsui Banking Corporation USD227,800,000 3.370% Senior Notes due 2023 USD 227.8mn
- Sumitomo Mitsui Banking Corporation AUD83,200,000 2.900% Senior Notes due 2023 AUD 83.2mn

Use of Proceeds as of Mar. 2020

| Category | Sub-Category | Loan Agreement Date | Currency | Country | Loan balance (EUR mn) ^{*1} | CO ₂ Emissions Reduction (t-CO ₂) | |
|--|--------------|---------------------|----------|-----------|-------------------------------------|---|---------|
| | | | | | | (o/w SMBC Group Financed) | |
| Renewable Energy | Wind Energy | 2018/3 | JPY | Japan | 41 | 111,209 | 15,712 |
| Renewable Energy | Wind Energy | 2018/4 | USD | USA | 49 | 48,120 | 10,618 |
| Renewable Energy | Wind Energy | 2017/1 | AUD | Australia | 24 | 310,855 | 61,728 |
| Renewable Energy | Wind Energy | 2018/5 | EUR | Belgium | 36 | 100,744 | 12,860 |
| Renewable Energy | Solar Energy | 2018/3 | JPY | Japan | 6 | 23,879 | 15,552 |
| Renewable Energy | Solar Energy | 2018/6 | JPY | Japan | 31 | 31,468 | 8,446 |
| Renewable Energy | Solar Energy | 2017/3 | JPY | Japan | 21 | 9,155 | 6,685 |
| Renewable Energy | Solar Energy | 2017/4 | JPY | Japan | 11 | 8,194 | 3,687 |
| Renewable Energy | Biomass | 2018/3 | JPY | Japan | 41 | 298,370 | 113,870 |
| Total | | | | | 260 | 941,993 | 249,158 |
| Net Proceeds from Note Issuance | | | | | | USD 227.8mn AUD 83.2mn (EUR 253.48mio equiv.)* ¹ | |
| CO₂ avoidance per EUR1mn | | | | | | 982.95 t-CO ₂ | |

*1 Translated into EUR at the exchange rates as of Mar. 20

Use of Proceeds Statement for each Issuance 4/4

2019/05/30 SMFG Green Bond EUR500mn

Net Proceeds from Note Issuance

- Sumitomo Mitsui Financial Group EUR500,000,000 0.465% Senior Notes due 2024

EUR 500mn

Use of Proceeds as of Mar. 2020

| Category | Sub-Category | Loan Agreement Date | Currency | Country | Loan balance (EUR mn) ^{*1} | CO ₂ Emissions Reduction (t-CO ₂) | |
|--|-----------------|---------------------|----------|-----------|-------------------------------------|--|----------------------------|
| | | | | | | | (o/w SMBC Group Financed) |
| Renewable Energy | Wind Energy | 2018/12 | GBP | UK | 61 | 384,647 | 18,496 |
| Renewable Energy | Wind Energy | 2018/11 | GBP | UK | 94 | 835,945 | 417,972 |
| Renewable Energy | Wind Energy | 2017/8 | AUD | Australia | 45 | 707,624 | 80,442 |
| Renewable Energy | Wind Energy | 2018/6 | AUD | Australia | 30 | 356,155 | 89,039 |
| Renewable Energy | Wind Energy | 2018/12 | CAD | Canada | 66 | 205,687 | 44,257 |
| Renewable Energy | Wind Energy | 2017/8 | USD | Peru | 60 | 408,000 | 66,005 |
| Renewable Energy | Wind Energy | 2018/8 | JPY | Japan | 52 | 1,371,816 | 410,042 |
| Pollution Prevention & Control | Waste to Energy | 2018/10 | AUD | Australia | 39 | 138,713 | 31,023 |
| Renewable Energy | Solar Energy | 2018/3 | USD | Mexico | 21 | 141,809 | 31,837 |
| Renewable Energy | Solar Energy | 2018/6 | JPY | Japan | 15 | 18,437 | 6,611 |
| Renewable Energy | Biomass | 2018/6 | JPY | Japan | 46 | 310,852 | 92,538 |
| Renewable Energy | Biomass | 2018/9 | JPY | Japan | 14 | 1,140,000 | 230,393 |
| Total | | | | | 544 | 6,019,685 | 1,518,657 |
| Net Proceeds from Note Issuance | | | | | | | EUR 500mn |
| CO₂ avoidance per EUR1mn | | | | | | | 3,037.31 t-CO ₂ |

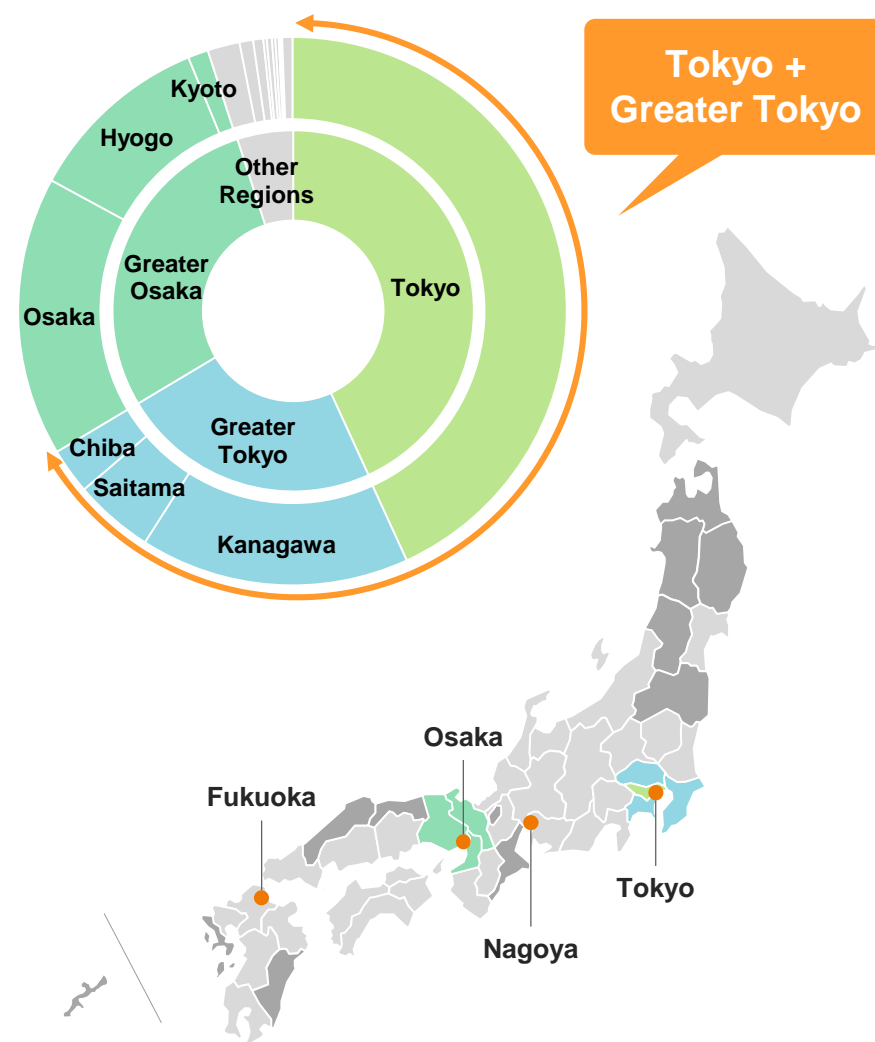
*1 Translated into EUR at the exchange rates as of Mar. 20

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 | JPY 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



*1 Pool data as of Aug. 20

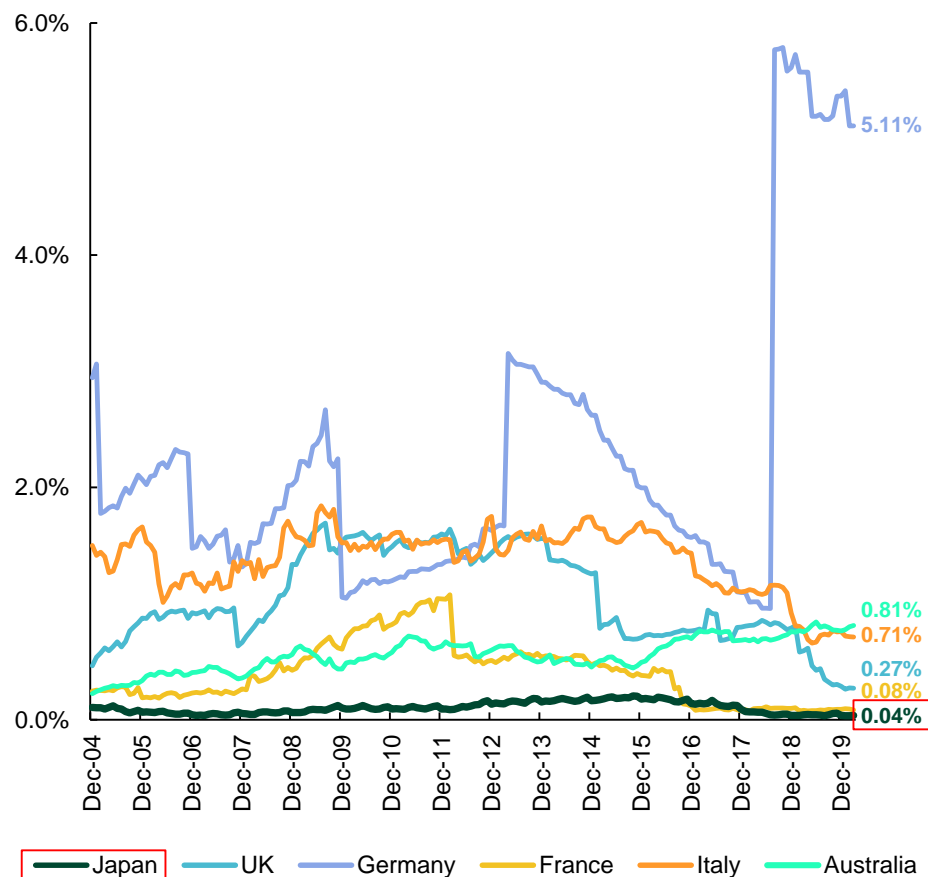
*2 By loan balance

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.

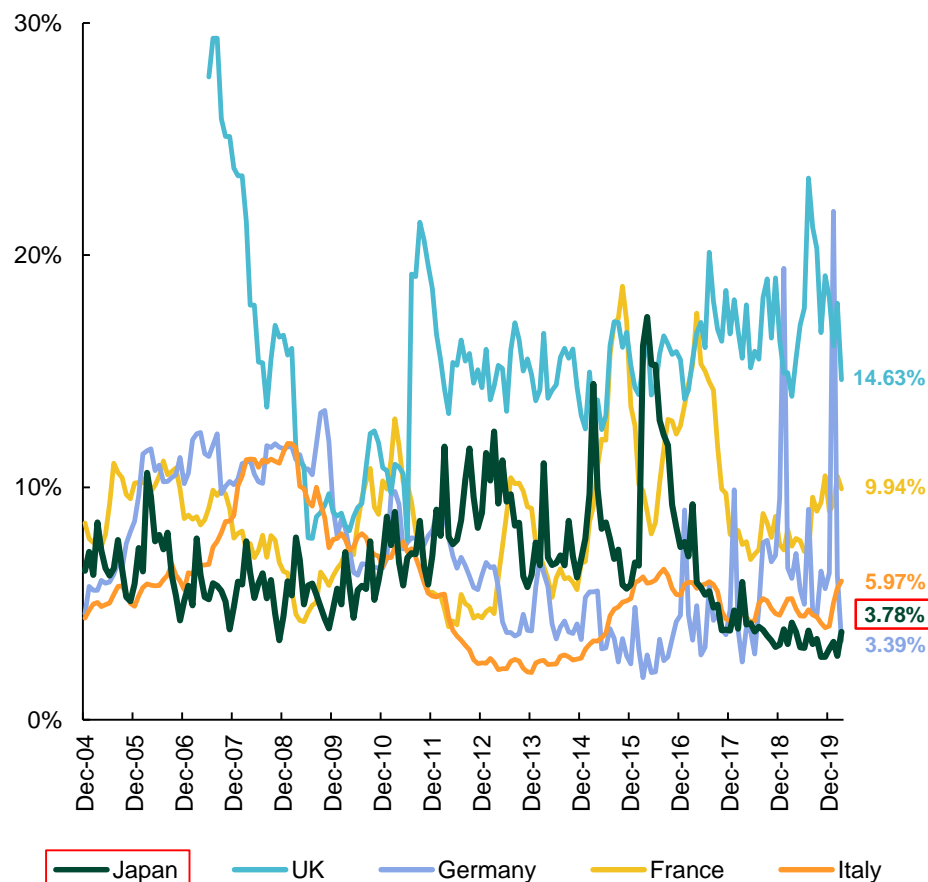
Current Prepayment rate of Japanese RMBS market is low compared to other developed countries.

RMBS 90+ Days Delinquency



Source: Moody's

Prepayment Rate



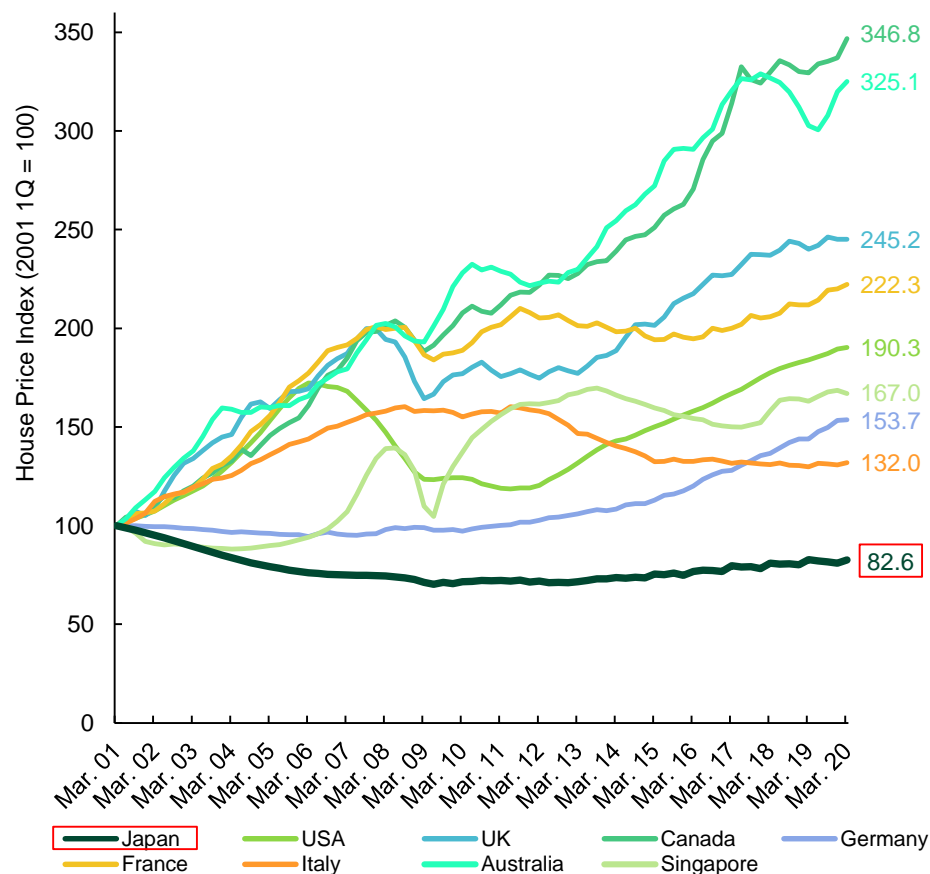
Note: UK data between December 2004 and May 2007 is not available
Source: Moody's

Housing market developments

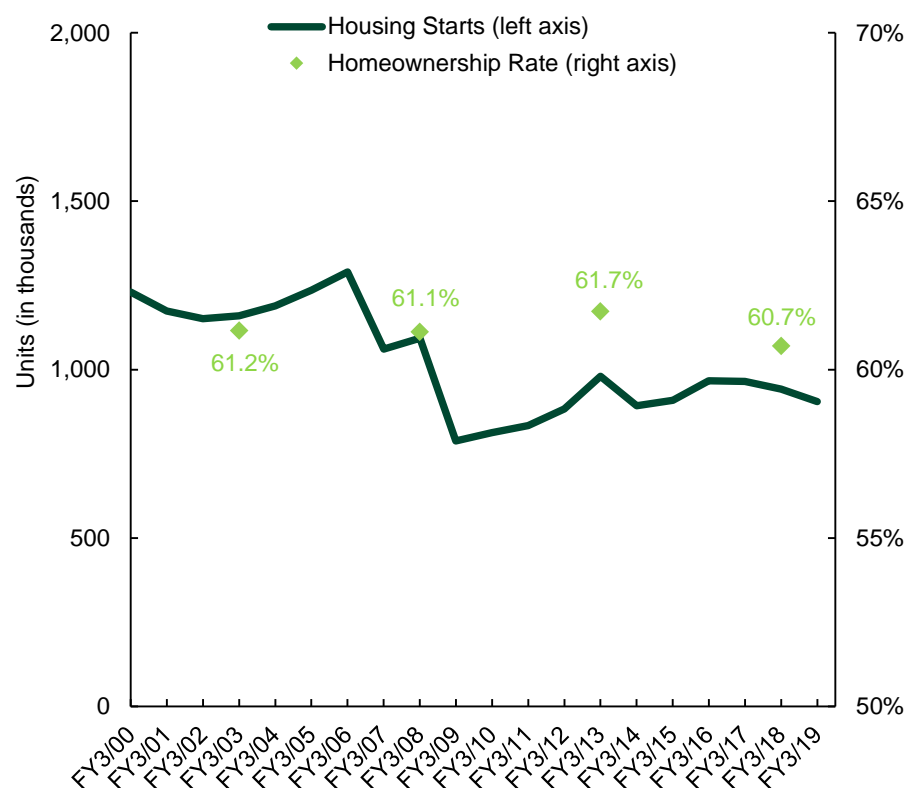
Japanese house prices have been stable with limited impact of the global financial crisis compared to other developed countries, and are now in an upward trend.

Housing starts is recovering gradually since the financial crisis and homeownership rate has been stable at approx. 60%.

House Prices



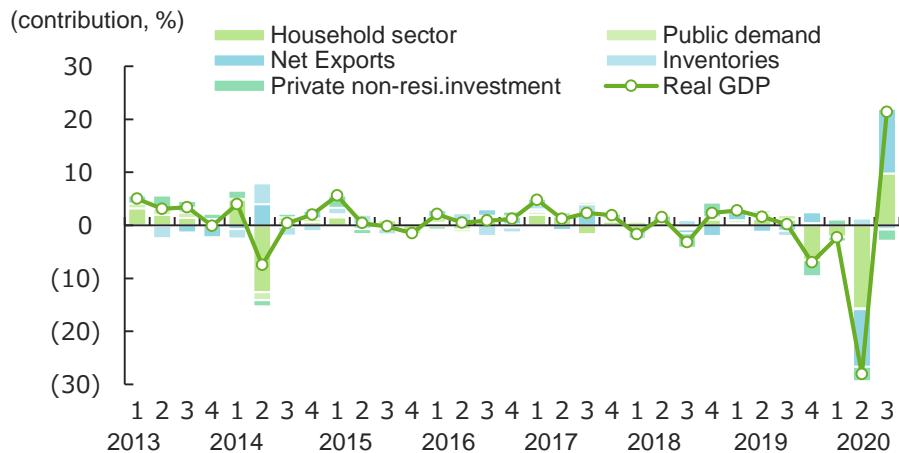
Housing Starts / Homeownership Rate



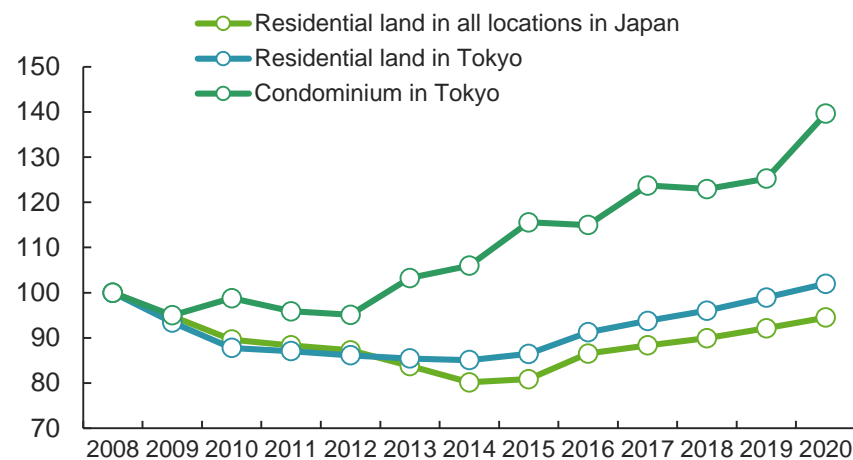
Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistics Bureau, Ministry of Internal Affairs and Communications

Japanese economy

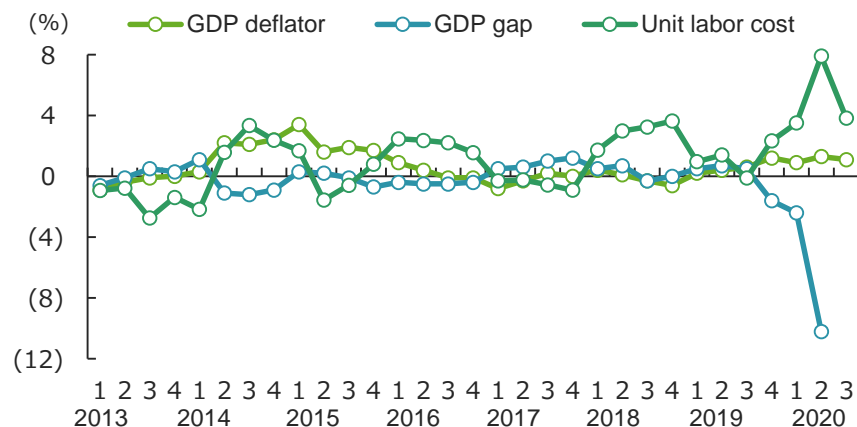
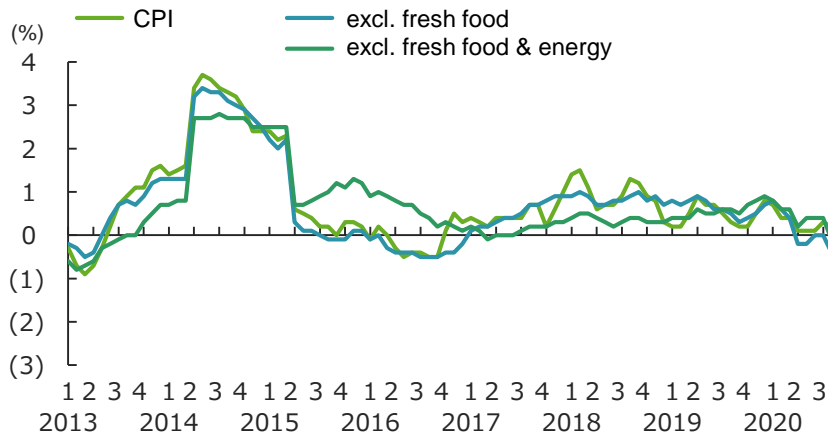
Real GDP growth rate (annualized QOQ change)*1



Residential land and condominiums*²



Indicators to measure progress out of deflation^{*3}



*1 Cabinet Office. Seasonally adjusted series. Household sector = Private consumption + Private residential investment, Inventories = Change in private and public inventory, Public demand = Government consumption + Public investment

*2 Ministry of Land, Infrastructure, Transport and Tourism. Real Estate Economic Institute Co., Ltd. Condominium in Tokyo is the first half of the year.

*3 Statistics Bureau, Cabinet Office and Ministry of Internal Affairs and Communications

Japan's fiscal policy responses to COVID-19

Fiscal year 2020 first supplementary budget plan

| Phase | Initiatives | Program Size (JPY tn) | General Expenditures (JPY tn) | Measures |
|-----------------|--|-----------------------|-------------------------------|--|
| Emergency Phase | Contain pandemic Expand medical care delivery capacity Develop anti-COVID-19 drugs | 2.5 | 1.8 | <ul style="list-style-type: none"> Supply masks, disinfectants, etc. Expand testing/medical care capacity Accelerate drug/vaccine development |
| | Preserve jobs and businesses | 88.9 | 19.5 | <ul style="list-style-type: none"> Subsidize credit and extend tax due dates for businesses (including large ones) Distribute cash to SMEs/sole proprietors Distribute cash to households experiencing reduced income |
| Recovery Phase | Revive economic activity through collaboration between public and private | 8.5 | 1.8 | <ul style="list-style-type: none"> Assist tourism, transport & restaurant industries Revitalize regional economies (e.g., aid for farming, forestry, fisheries) |
| | Build resilient economic structure | 15.7 | 0.9 | <ul style="list-style-type: none"> Reconfigure supply chains (repatriate offshored production) Promote digitalization & remote connectivity |
| | Prepare for the future | 1.5 | 1.5 | <ul style="list-style-type: none"> Establish COVID-19 pandemic response reserve fund |
| Total | | 117.1 | 25.6 | |

Japan's fiscal policy responses to COVID-19 (Cont'd)

Fiscal year 2020 second supplementary budget plan

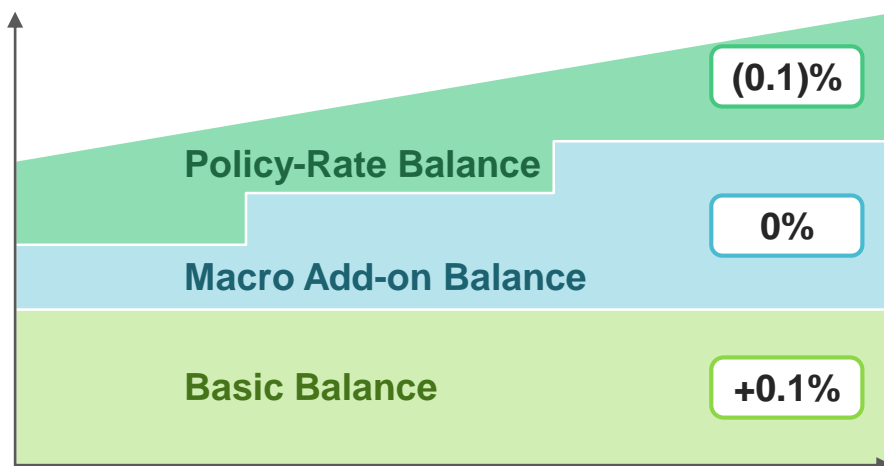
| Initiatives | General Expenditures (JPY tn) | Measures |
|---|----------------------------------|---|
| Enhancing the employment adjustment subsidy | 0.5 | <ul style="list-style-type: none"> • Increase the daily upper limit for the employment adjustment subsidies and expanding the subsidy rate |
| Enhancing financial support | 11.6 | <ul style="list-style-type: none"> • Loan to SMEs • Loan to major corporations • Providing capitals |
| Establishing a rent support grant for SMEs | 2.0 | <ul style="list-style-type: none"> • Housing support to SMEs/sole proprietors |
| Supporting medical treatment providers | 3.0 | <ul style="list-style-type: none"> • Emergency Comprehensive Support Grant For Novel Coronavirus Disease • Distribution of medical masks to medical institutions • Development of medicine and vaccines |
| Other supports | 4.7 | <ol style="list-style-type: none"> 1. Expanding of "Special Allocation for Revitalization to Cope with COVID-19" 2. Additional payments to low-income single parent households 3. Enhancing the Subsidy Program for Sustaining Businesses 4. Others |
| Contingency funds for the COVID-19 | 10.0 | |
| Total | 31.8 | |

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 |
| Apr. 2020 | Enhancement of monetary easing |

Three-tier system in current accounts at BOJ



Recent announcements

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

Apr. 2020

- **Enhancement of monetary easing**
 - Increase in purchase of CP and corporate bonds
 - Strengthening of the Special Funds-Supplying Operations to Facilitate Financing
 - Further active purchase of JGBs and T-Bills
- **Yield curve control**
 - Purchase a necessary amount of JGBs without setting an upper limit so that 10-year JGB yield will remain at around zero percent.

BOJ's monetary policy responses to COVID-19

BOJ's initiative to support the Japanese economy

- **Measures to facilitate corporate financing**

- Temporary increase in purchase of CP and corporate bonds
- Introduction of special funds-supplying operation by facilitating banks to extend loans to companies affected by COVID-19

- **FX liquidity support to banks**

- Enhance the provision of liquidity via the standing USD liquidity swap line arrangements, in coordination with 6 major central banks

- **Stabilizing financial markets**

- Further active purchases of ETFs & J-REIT as well as JGBs & T-Bills

| Initiatives | Notes |
|-------------------------------------|---|
| CP/Corporate Bond Purchase | JPY 20tn holding limit and up to 5yr maturity until Mar. 2021 (increase from JPY 5.4tn and up to 3yr maturity) |
| Special funds-supplying operations* | New operation launched in March 2020. BOJ provides loans at the interest rate of 0% with maturity up to one year. In accordance with the outstanding amounts of loans provided through this operation, BOJ will apply a positive interest rate of 0.1% to the average amount of current account balances of financial institutions. Twice as much as the amount outstanding of the loans will be included in the Macro Add-on Balances (the current account balances applied to 0% interest rates) of those institutions. |
| USD Funds-Supplying Operations | At OIS + 25bps (cut by 25bps) and for both 1-week maturity and 84 days maturity operations (previously only 1-week maturity operations) |
| ETF/J-REIT purchase | Increase of the purchase amounts at annual paces of up to about JPY 12tn and about JPY 180bn, respectively for the time being. (In principle, about JPY 6tn and JPY 90bn) |
| JGBs & T-Bills purchase | Purchasing a necessary amounts of JGBs without setting an upper limit for 10-year JGB yields to remain at around zero percent. (Previously purchase at an annual pace of holding amounts increase up to about JPY 80tn) |