

# Fixed Income Investor Presentation

---

May 2021

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)

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

## Definitions

SMFG	Sumitomo Mitsui Financial Group, Inc.
SMBC	Sumitomo Mitsui Banking Corporation
SMBC Trust	SMBC Trust Bank
SMFL	Sumitomo Mitsui Finance and Leasing
SMBC Nikko	SMBC Nikko Securities
SMCC	Sumitomo Mitsui Card Company
SMBCCF	SMBC Consumer Finance
SMDAM	Sumitomo Mitsui DS Asset Management
SMBCAC	SMBC Aviation Capital
Major local subsidiaries	SMBC Bank International, 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 (RT)	Domestic retail business
Wholesale Business Unit (WS)	Domestic wholesale business
Global Business Unit (GB)	International business
Global Markets Business Unit (GM)	Market / Treasury related businesses
OCI	Net unrealized gains on other securities

# Agenda

## Impact of COVID-19

- Summary
  - Business line breakdown
  - Credit cost
  - Aircraft leasing
- 

## Results

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

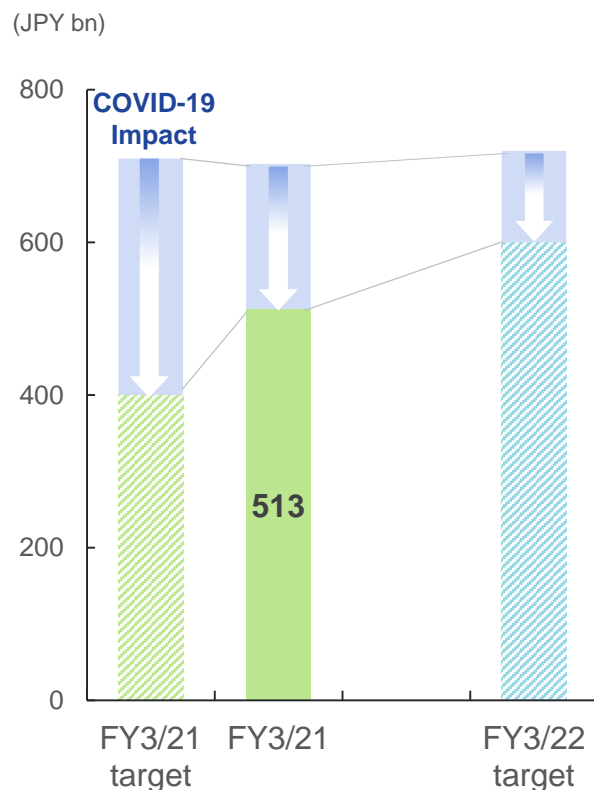
## Funding & Capital

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

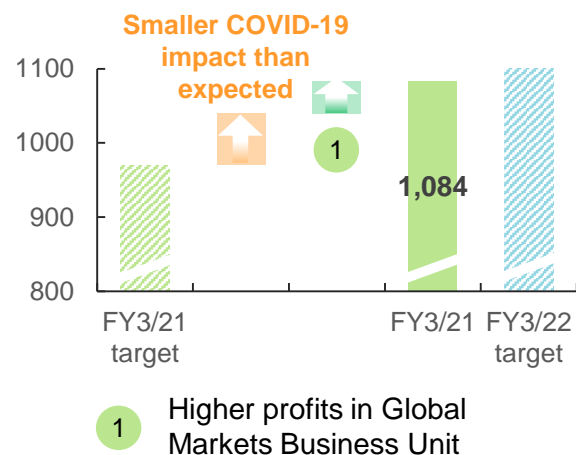
# Impact of COVID-19 (1) Summary

Negative impact of COVID-19 was smaller than our original forecast in FY3/21.  
It is expected to be smaller YoY in FY3/22, while the uncertain environment continues.

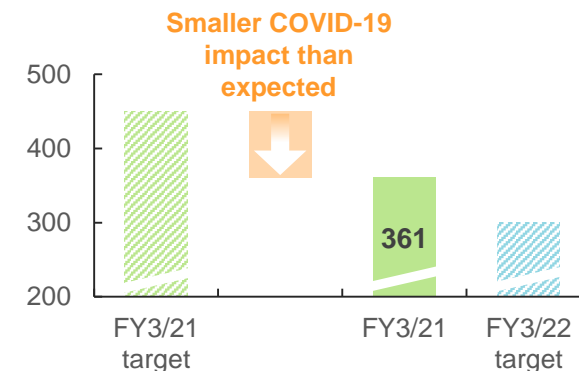
## Profit attributable to owners of parent



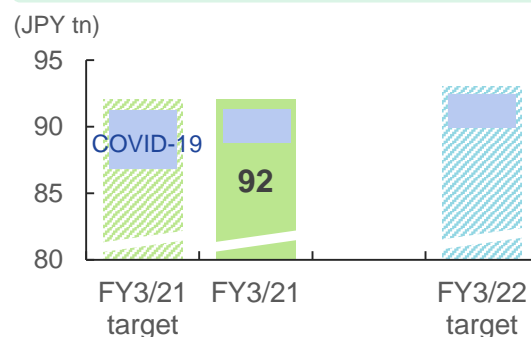
## Consolidated net business profit



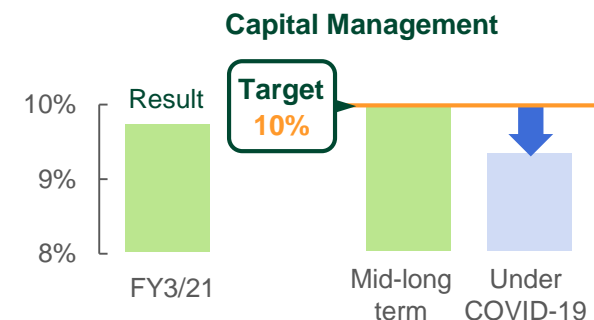
## Credit cost



## RWA



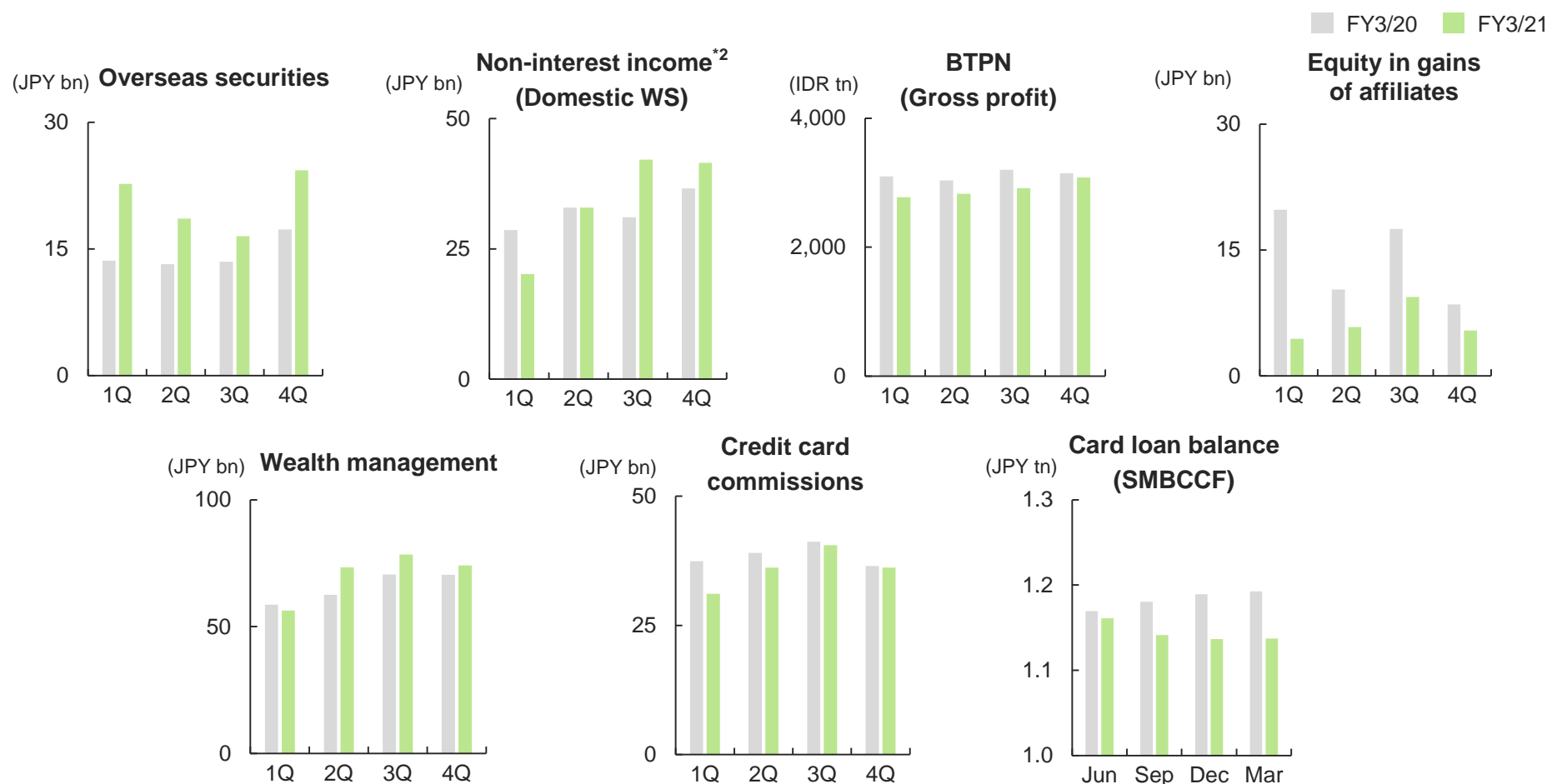
## CET1 ratio (post-Basel III exc. OCI)



# Impact of COVID-19 (2) Business line breakdown

Many of our businesses have been recovering since 2H of FY3/21.

Monthly average net business profit <sup>\*1</sup> in RT/WS/GB increased from JPY 73 bn in 1H to JPY 87 bn in 2H.



Positive

Impact of COVID-19

Negative

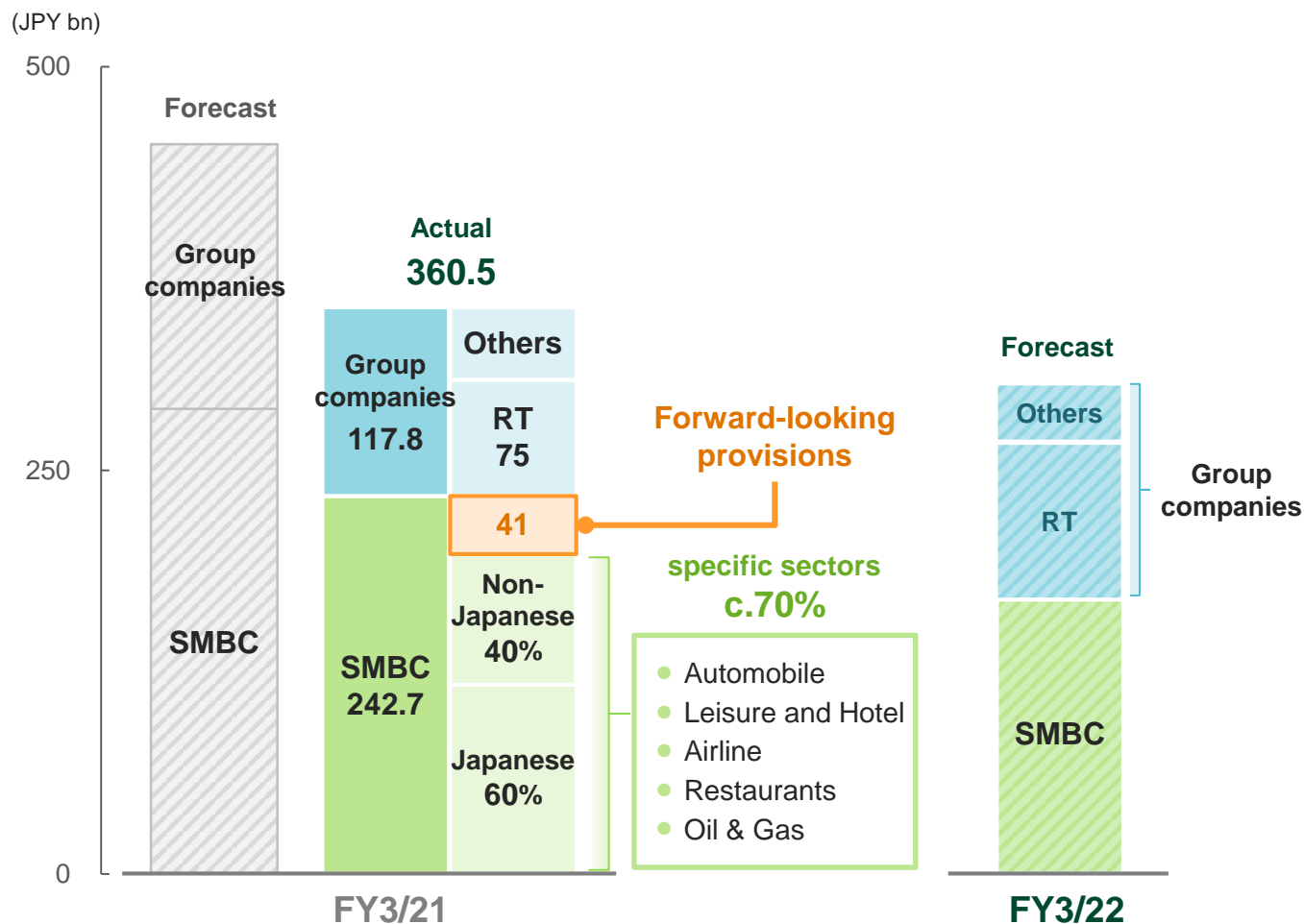
<sup>\*1</sup> Calculated with the FX rates assumption in medium-term management plan (USD 1=JPY 105)

<sup>\*2</sup> Syndicated loans, structured finance, real estate finance and securities business

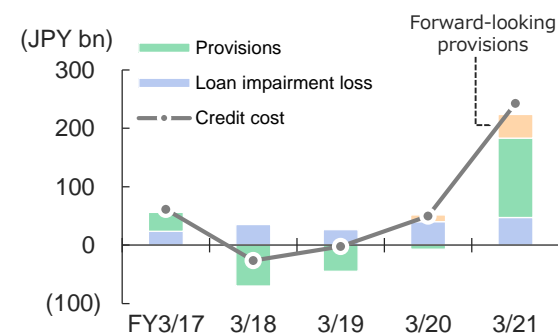
# Impact of COVID-19 (3) Credit cost

70% of credit cost came from specific sectors in FY3/21.

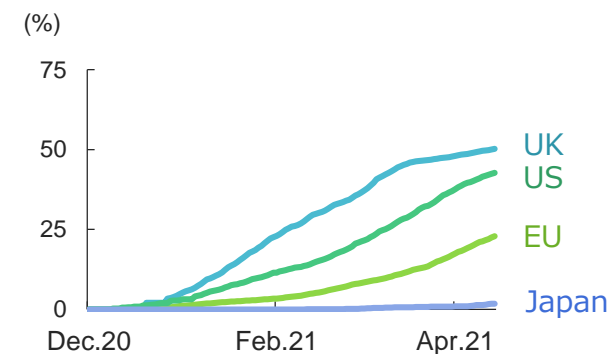
Made forward-looking provisions by identifying sectors that are expected to be highly impacted by COVID-19.



## Breakdown of credit cost (SMBC)



## COVID-19 vaccination rate\*1



# Impact of COVID-19 (4) Aircraft leasing

Focus on sustainable growth as demand for domestic flights recovers.

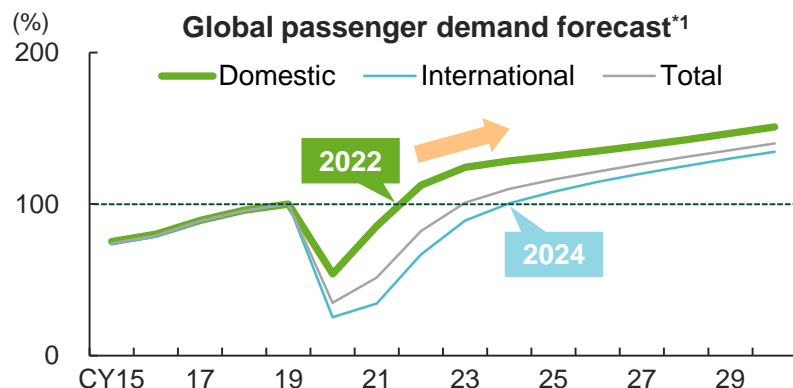
## Financial results

Maintained positive net income despite COVID-19

### SMBCAC

(USD mn)	FY3/20	FY3/21	YoY
Lease income	1,135	1,119	(16)
Credit / Asset impairment charges	32	334	+302
Net income	334	17	(317)

Domestic demand is expected to recover by 2022



## Initiatives

### Aircraft Portfolio

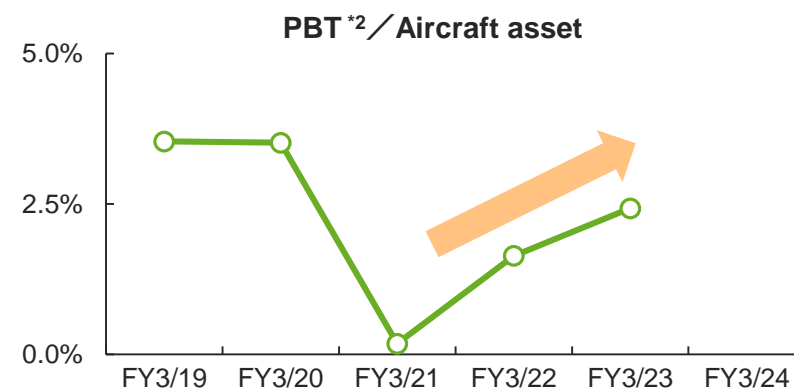


### Liquidity

S&P rating **A-**  
No.1 in industry

Undrawn commitment lines  
**USD 4.5 bn**

Improve asset efficiency by focusing on profitability



# 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
- Capital strategy
- Credit ratings of selected G-SIBs

# Key credit messages

(Consolidated, unless otherwise indicated, FY3/21)

<b>Strong and diversified earnings capability</b>	<b>USD 4.6 bn</b> SMFG's profit attributable to owners of parent*1 (FY3/21)	Breakdown of consolidated net business profit by business unit 
<b>Sound loan portfolio</b>	<b>0.98%</b> SMFG NPL ratio	<b>0.65%</b> SMBC NPL ratio (non-consolidated)
<b>Robust liquidity</b>	<b>55.1%</b> Loan to deposit ratio	<b>140.1%</b> LCR (average Jan. –Mar. 21)
<b>Sound capital position</b>	<b>16.00%</b> CET1 ratio (Fully-loaded basis)	<b>18.61%</b> Total capital ratio
<b>High credit ratings</b>	<b>A1 / A1</b> SMBC/SMFG Moody's rating	<b>A / A-</b> SMBC/SMFG S&P rating (As of Apr. 30, 2021)

\*1 Converted into USD at period-end exchange rate

# FY3/2021 financial results

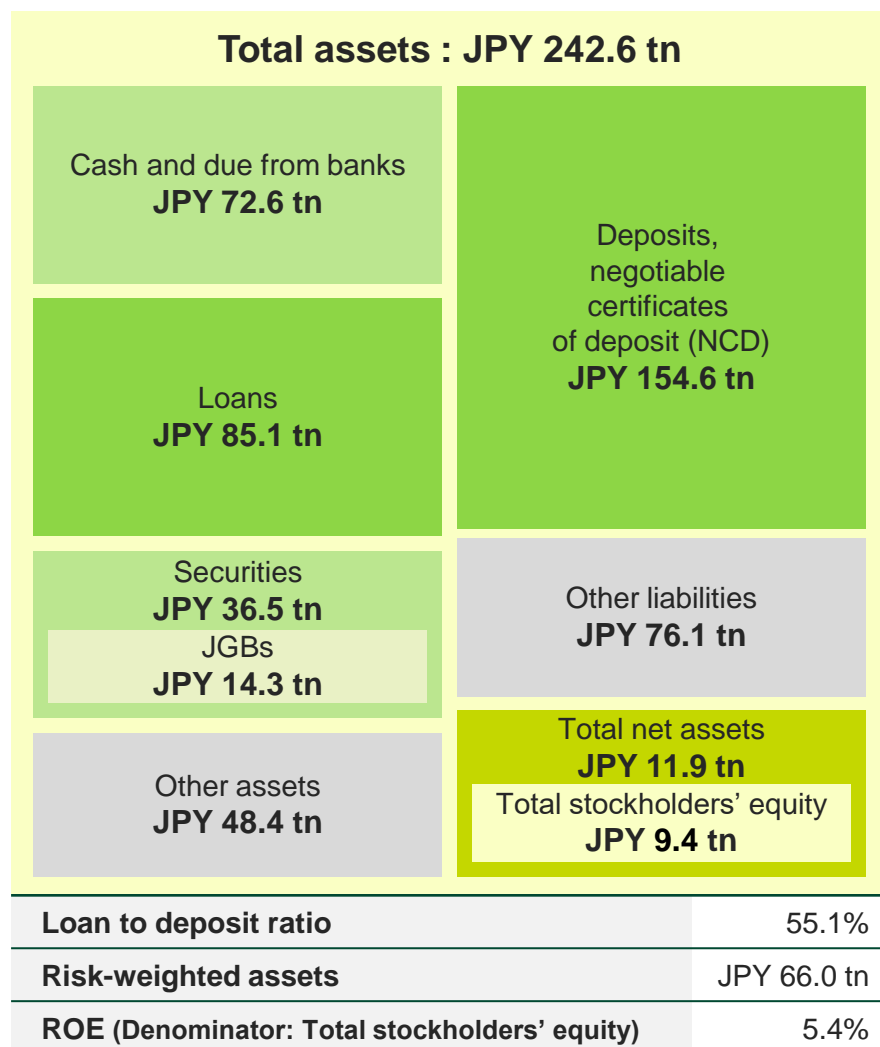
	(JPY bn)	FY3/21	YoY	vs. Target
1 Consolidated gross profit		2,806.2	+37.6	
2 G&A expenses		1,747.1	+7.5	
Overhead ratio		62.3%	(0.5)%	
3 Equity in gains (losses) of affiliates		25.0	(31.1)	
4 Consolidated net business profit		1,084.0	(1.0)	+114.0
5 Total credit cost		360.5	+189.9	(89.5)
6 Gains (losses) on stocks		92.6	+12.1	
7 Other income (expenses)		(105.0)	(42.2)	
8 Ordinary profit		711.0	(221.0)	+161.0
9 Extraordinary gains (losses)		(38.8)	+4.6	
10 Income taxes		156.3	(11.3)	
11 Profit attributable to owners of parent		512.8	(191.1)	+112.8
12 ROE		5.4%	(2.2)%	

- **Consolidated gross profit:** increased YoY due to the strong performance of the wealth management business and overseas securities business, as well as the nimble portfolio management in Global Market Business unit. On the other hand, the credit card and consumer finance businesses were sluggish due to low domestic consumption.
- **G&A expenses:** increased YoY mainly in the overseas business, while operating cost was reduced because of COVID-19 and by executing cost control initiatives.
- **Equity in gains of affiliates:** decreased YoY mainly due to lower profits in SMBCAC and affiliates in Asia.
- **Total credit cost:** increased YoY due to COVID-19 both in the domestic and overseas businesses including making forward-looking provisions for possible losses.
- **Gains on stocks:** increased YoY due to higher gains on ETFs sales and lower losses on stock devaluations, despite lower gains on sales of strategic shareholdings (JPY 65 bn, YoY JPY (36) bn.)
- **Other income:** decreased YoY due to the loss from forward dealings which aim to mitigate risk of stock prices.
- **Extraordinary gains:** recorded goodwill impairment at SMDAM (JPY (31) bn).

# Balance sheet and loan balance

## Balance sheet (as of Mar. 21)

(Consolidated)

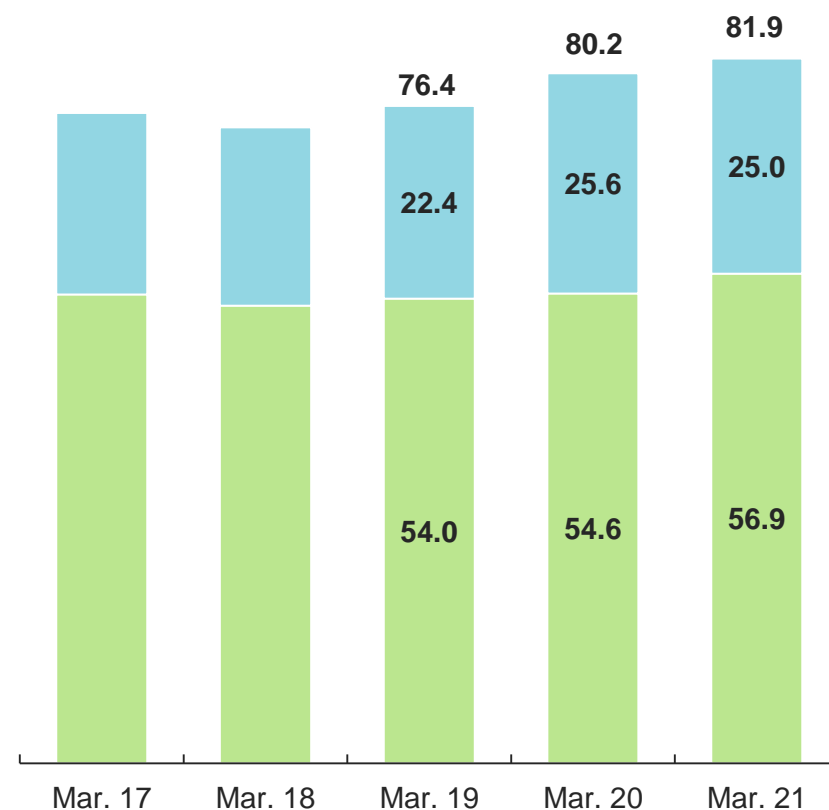


## Loan balance

(Non-consolidated)

(JPY tn)

■ Domestic loans ■ Overseas loans



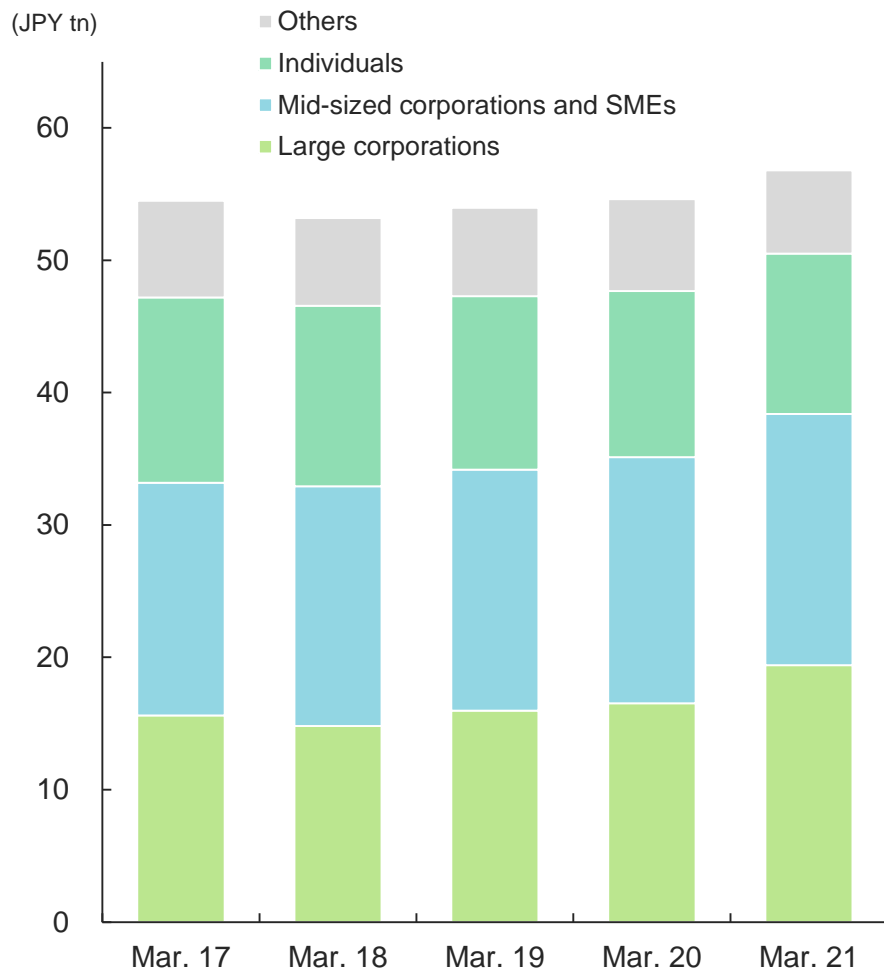
Of which loans to the Japanese government, etc. and SMFG

2.7 tn      2.6 tn      2.6 tn

# Domestic loans\*1

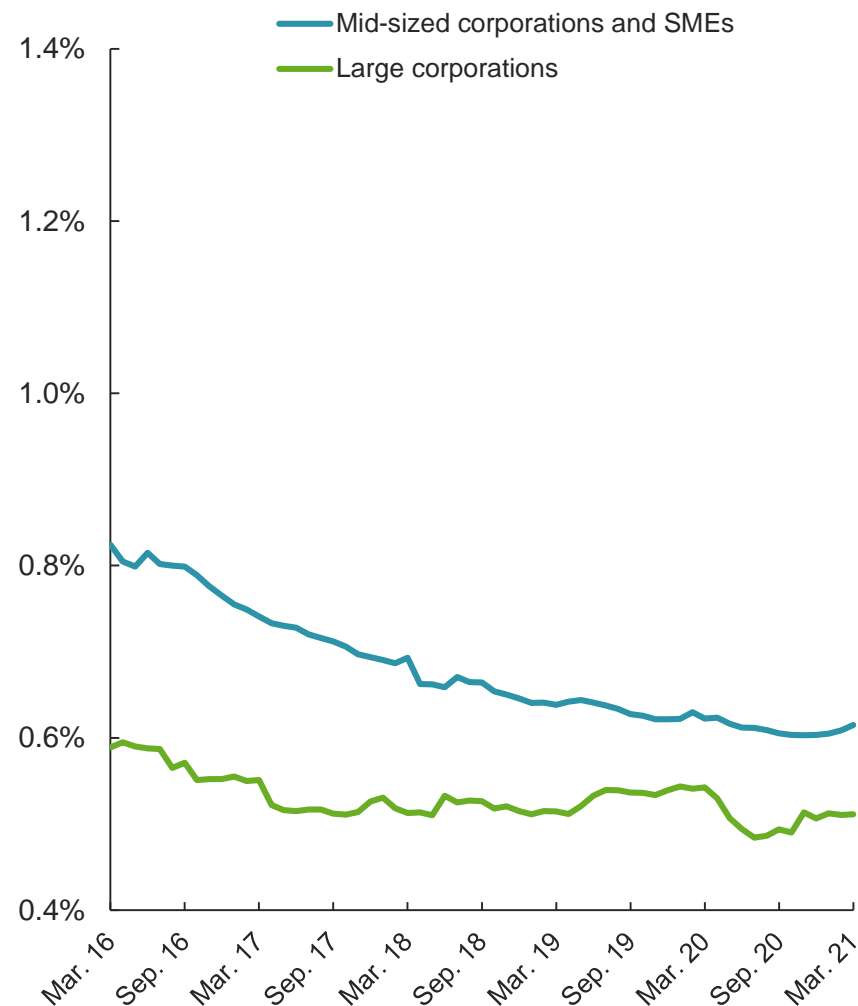
## Balance

(Non-consolidated)



## Spread\*2

(Non-consolidated)

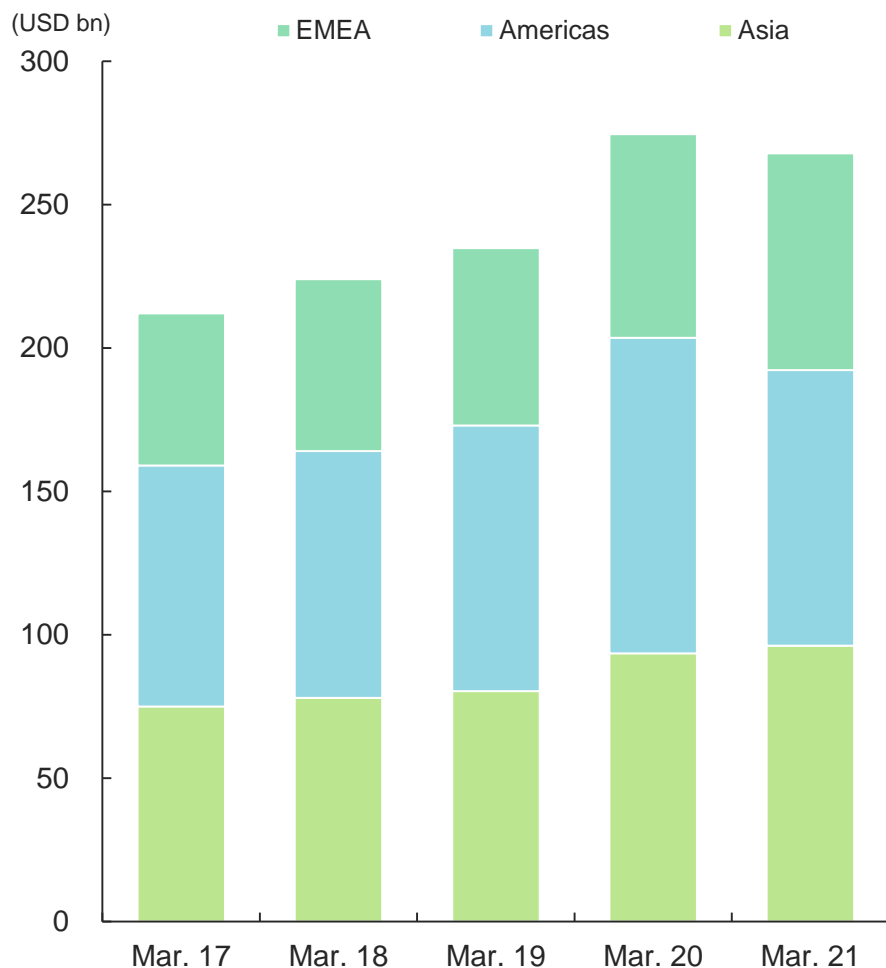


\*1 Managerial accounting basis

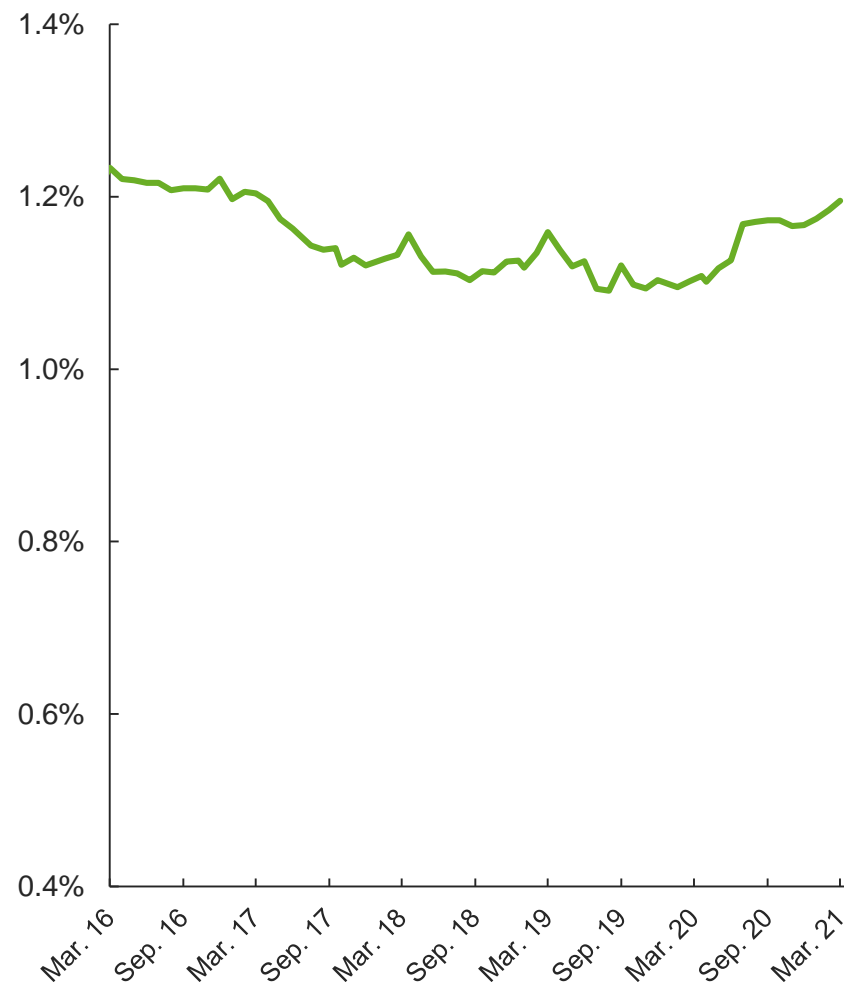
\*2 Monthly average loan spread of existing loans, excludes loans to the Japanese government

# Overseas loans\*1

## Balance



## Spread\*2

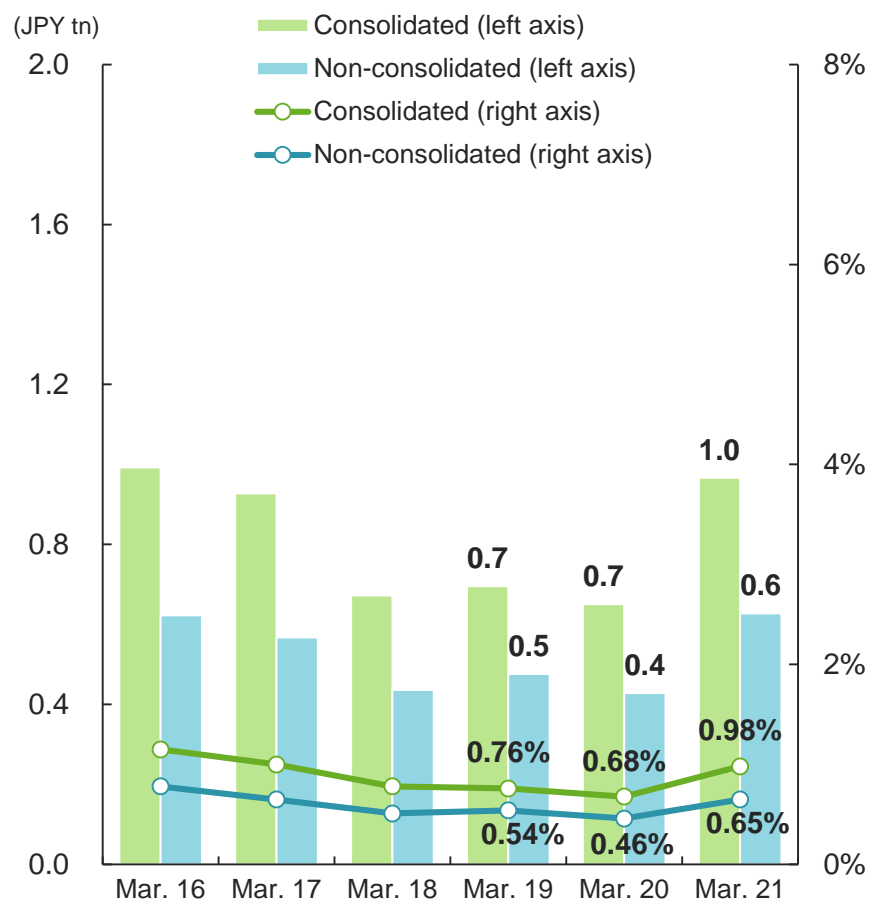


\*1 Includes trade bills. Managerial accounting basis, translated into USD at respective period-end exchange rates.  
Sum of SMBC and Major local subsidiaries

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

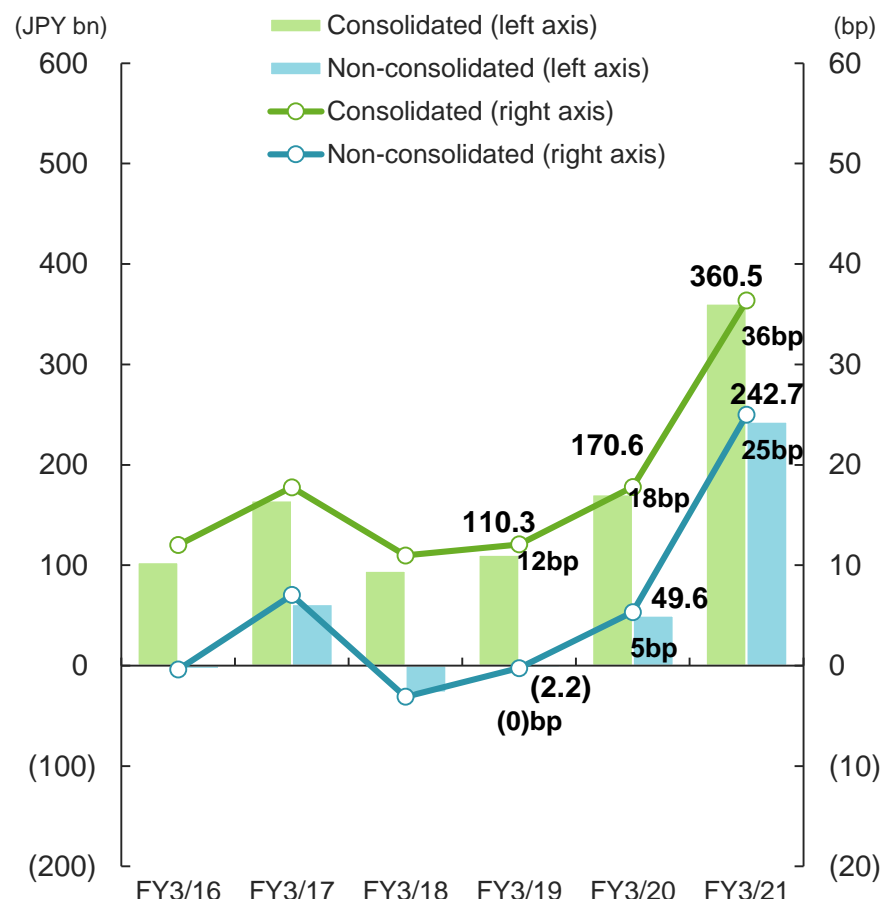
# Asset quality – solid loan portfolio

## NPLs and NPL ratio\*1



Coverage ratio*3	Consolidated	71.74%	66.26%
	Non-consolidated	87.00%	81.71%

## Total credit cost and total credit cost ratio\*2



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

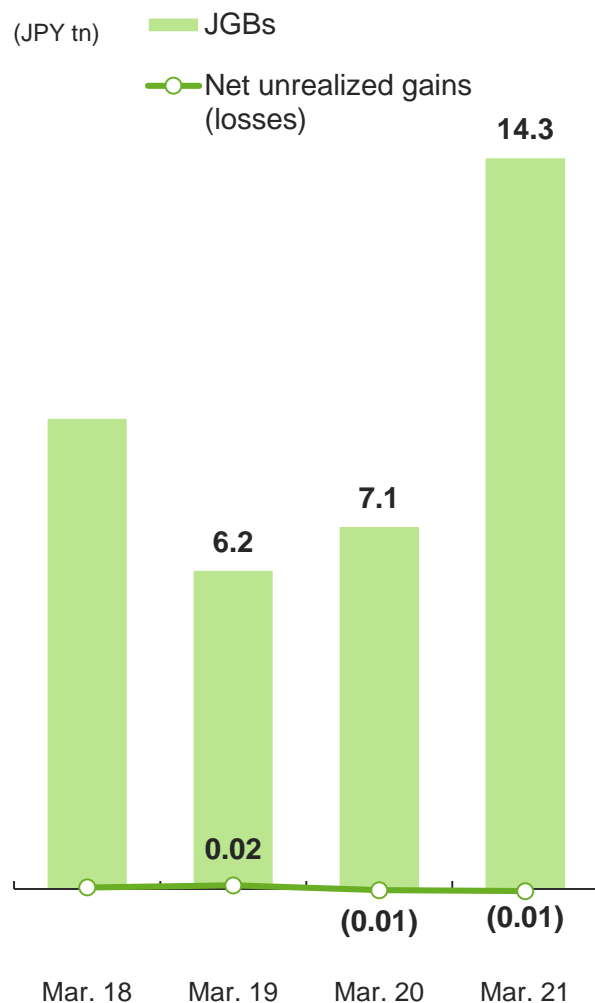
\*2 Total credit cost ratio = Total credit cost / Total claims

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

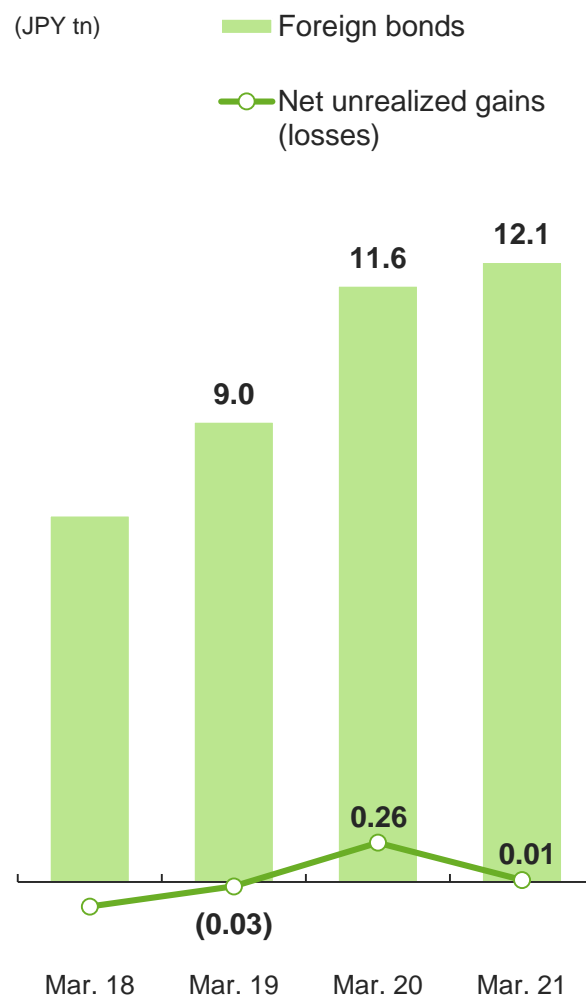
# Asset quality – securities portfolio\*1

(Consolidated)

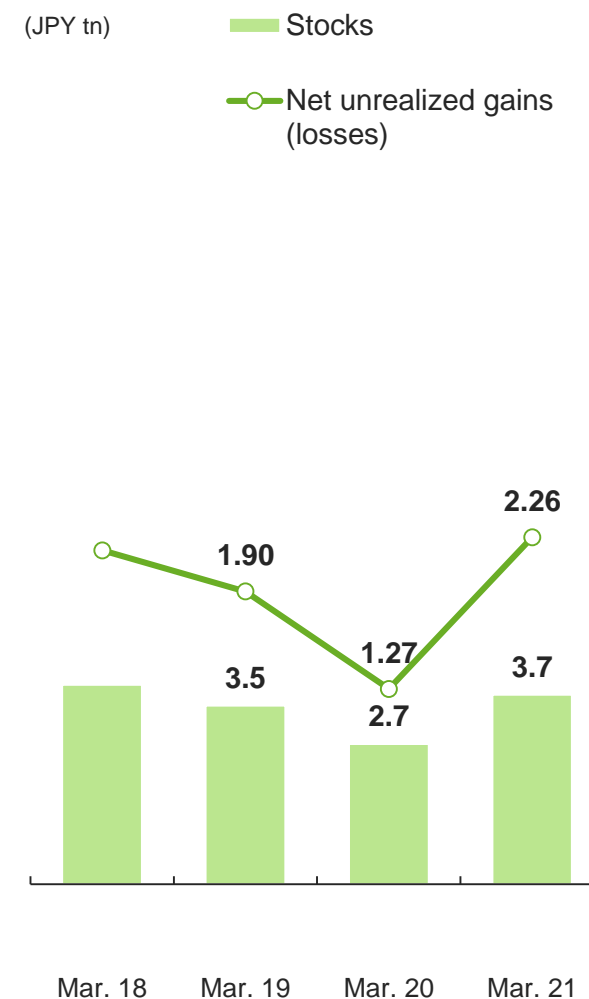
## JGBs



## 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

# Agenda

## Impact of COVID-19

- Summary
  - Credit cost
  - Credit
  - Aircraft leasing
- 

## Results

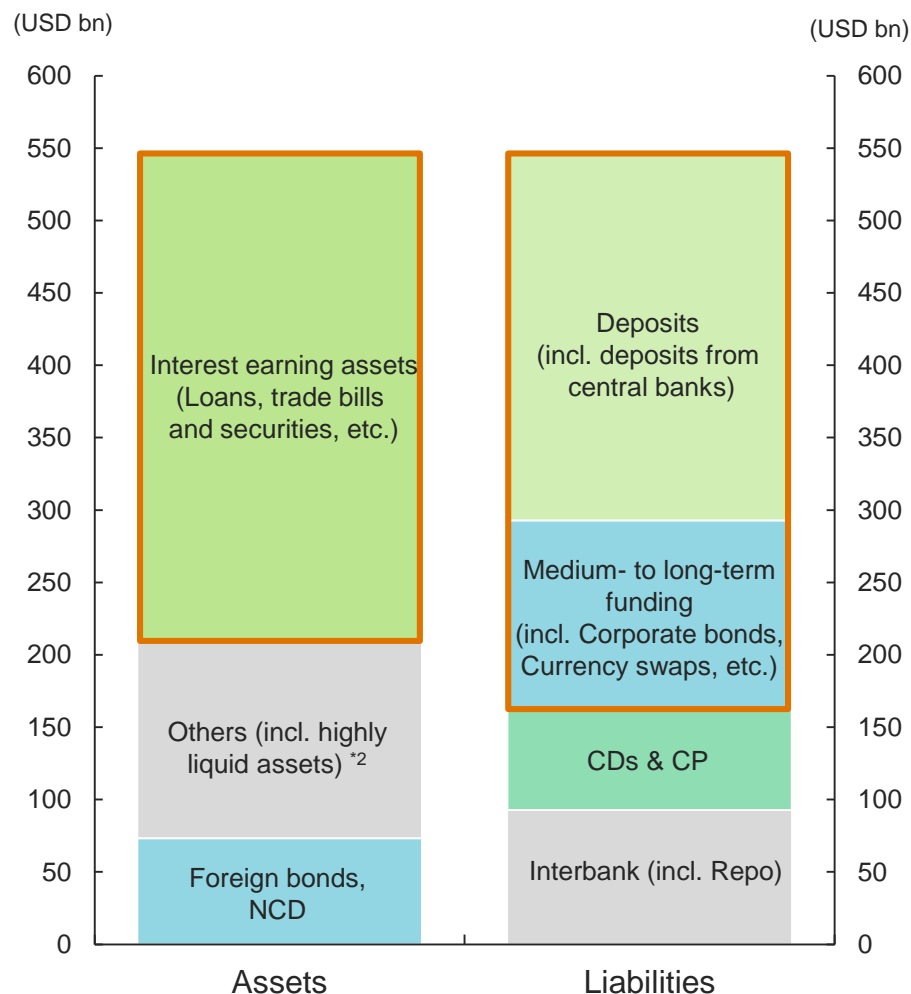
- Key credit messages
  - Financial results
  - Balance sheet and loan balance
  - Loans
  - Asset quality
- 

## Funding & Capital

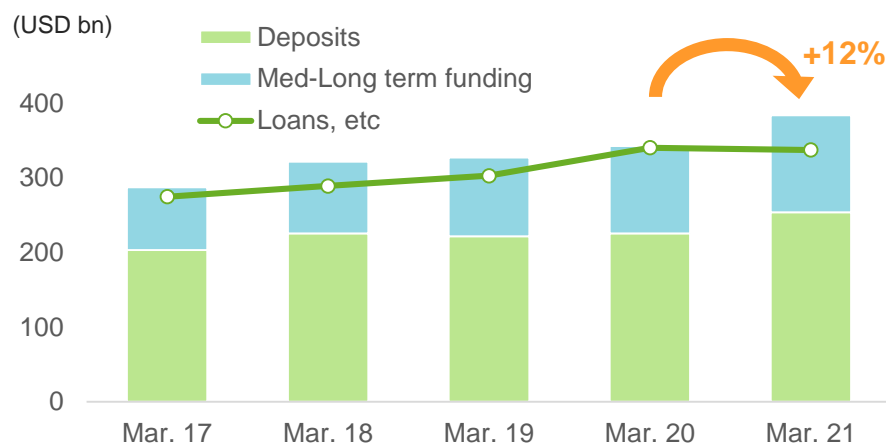
- Foreign currency assets and funding
- Foreign currency issuance and redemptions
- TLAC
- Capital strategy
- Credit ratings of selected G-SIBs

# Foreign currency assets and funding

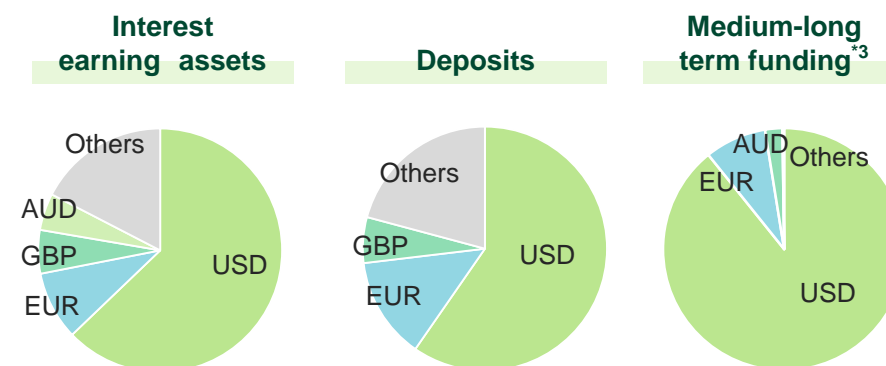
## Non-JPY Balance Sheet Overview <sup>\*1</sup> (as of Mar. 21)



## Non-JPY Balance Sheet Development



## Currency Breakdown

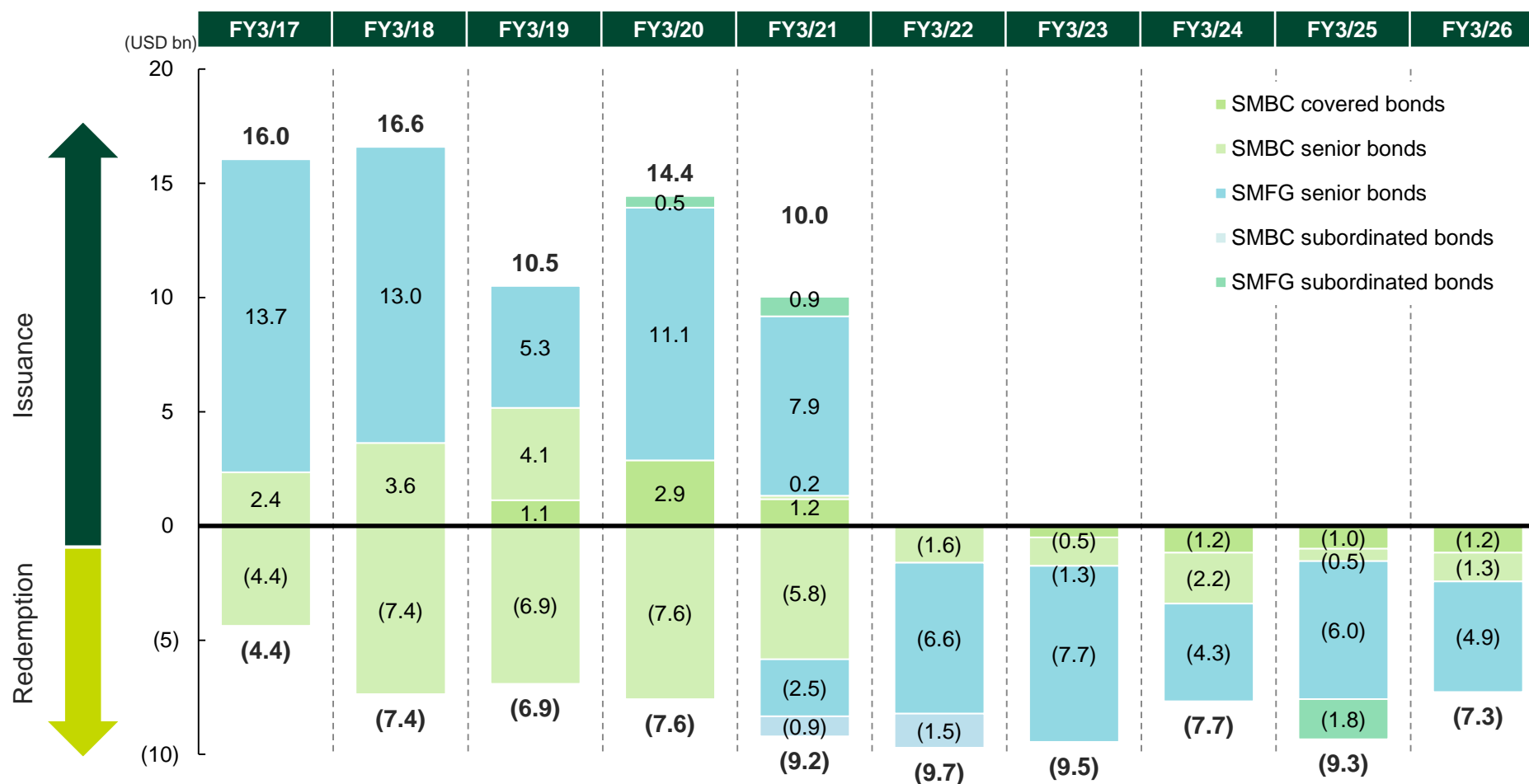


<sup>\*1</sup> Managerial accounting basis. Sum of SMBC and Major local subsidiaries <sup>\*2</sup> Deposit placed with central banks, etc.

<sup>\*3</sup> Excludes JPY funding, certificate of deposits and transferable deposits. Among all bonds priced by Mar. 21, only includes issuance with original maturity of two years or more and tap its issue as of Mar. 21. Translated into USD at the exchange rates as of Mar. 21.

# Foreign currency issuances and redemptions

## 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 Mar. 21, only includes issuance with original maturity of two years or more and its tap issue as of Mar. 21. Translated into USD at the exchange rate as of the end of each period for FY3/17-FY3/21, and as of Mar. 21 for FY3/22-FY3/26

# TLAC requirements

## TLAC and capital buffer requirements

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

## TLAC ratio (transitional basis)

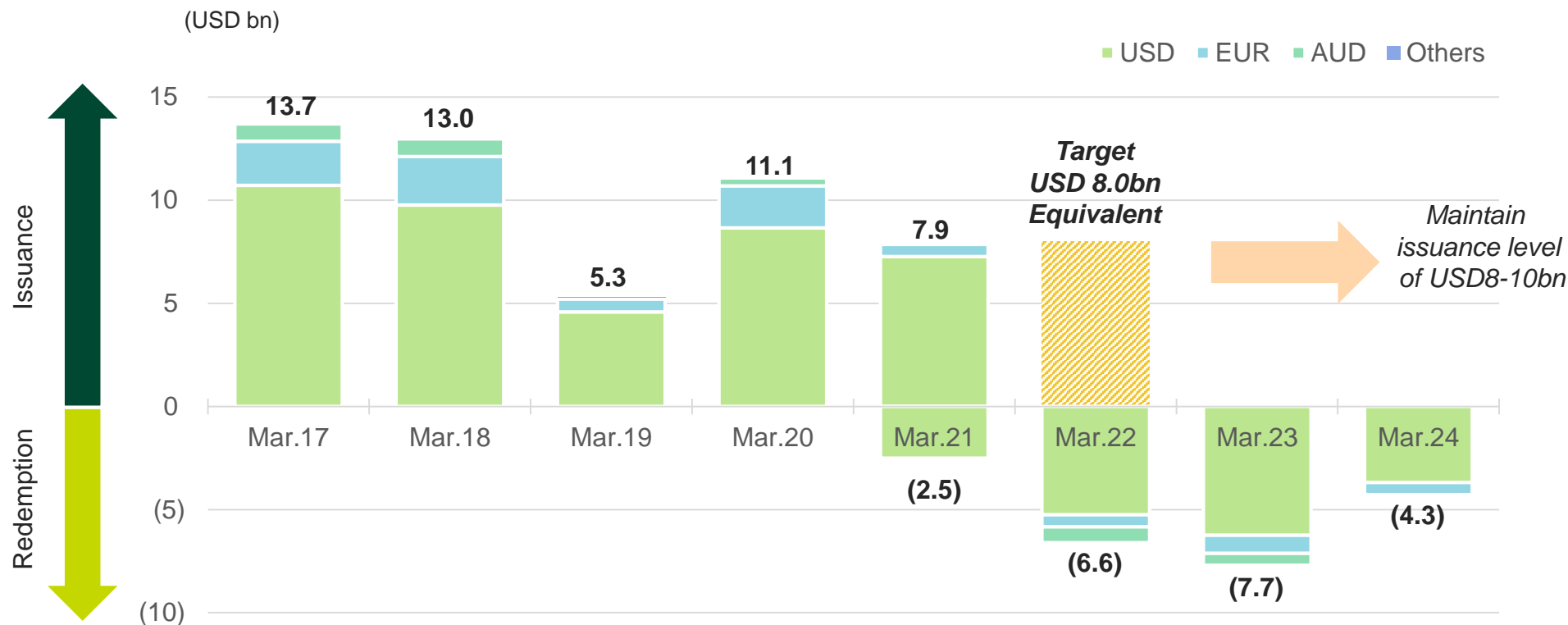
	(JPY bn)	Mar 21
External TLAC (before deduction of capital buffers)	A	19,373.3
Risk-weighted assets (RWA)	B	66,008.0
<b>TLAC ratio (RWA basis)</b> (A/B)	C	<b>29.34%</b>
Capital buffers (including CCyB)	D	(3.52%)
Ref: TLAC ratio of RWA (after deduction basis) (C-D)	E	25.82%
Leverage exposure (LE)	F	198,170.8 <sup>*2</sup>
<b>TLAC ratio (LE basis)</b> (A/F)	G	<b>9.77%</b>

\* 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

\*2 LE excludes deposits with the Bank of Japan under the FSA's temporary relief on leverage ratio calculation until Mar 22

# TLAC Issuance Results and Strategy

## TLAC issuances and redemptions\*1



## TLAC Ratio (RWA) \*2

Requirement	-	-	19.5%	19.5%	19.5%	21.5%	21.5%	21.5%
SMFG	19.8%	24.7%	30.5%	29.5%	29.3%	-	-	-

\*1 The sum of SMFG Senior Bonds issuances and redemptions. 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 Mar. 21, only includes issuance with original maturity of two years or more and its tap issue as of Mar. 21. Translated into USD at the exchange rate as of the end of each period for FY3/17-FY3/21, and as of Mar. 21 for FY3/22-FY3/26

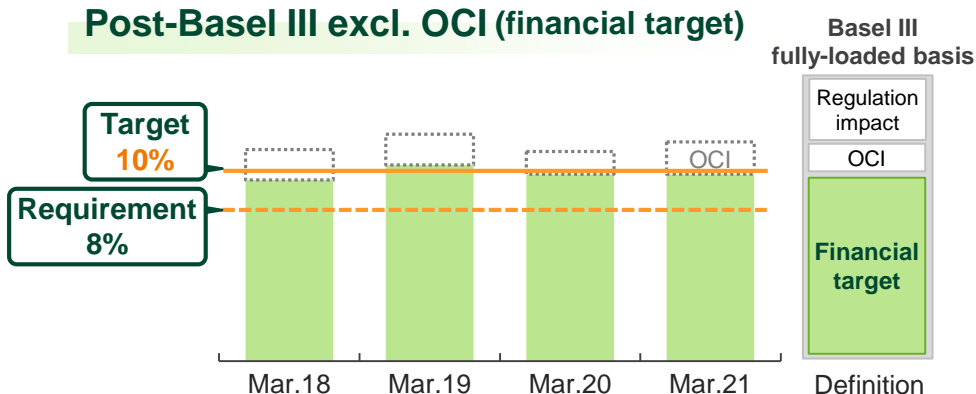
\*2 including capital buffers (other than CCyB)

# 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.

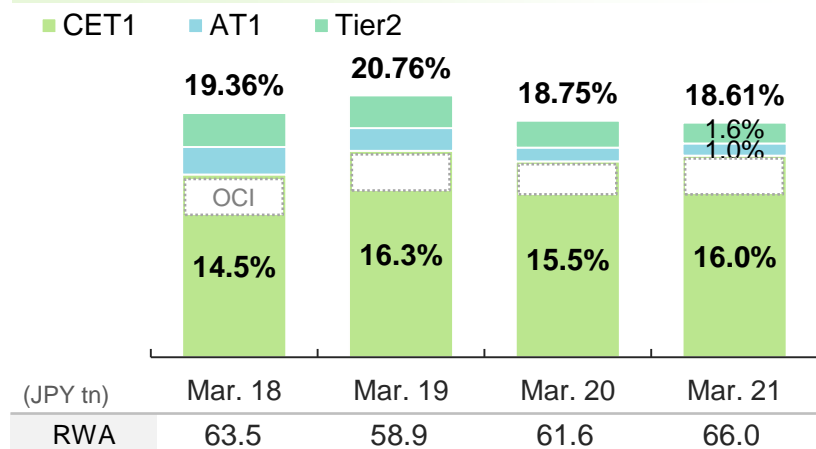
## CET1 ratio

### Post-Basel III excl. OCI (financial target)

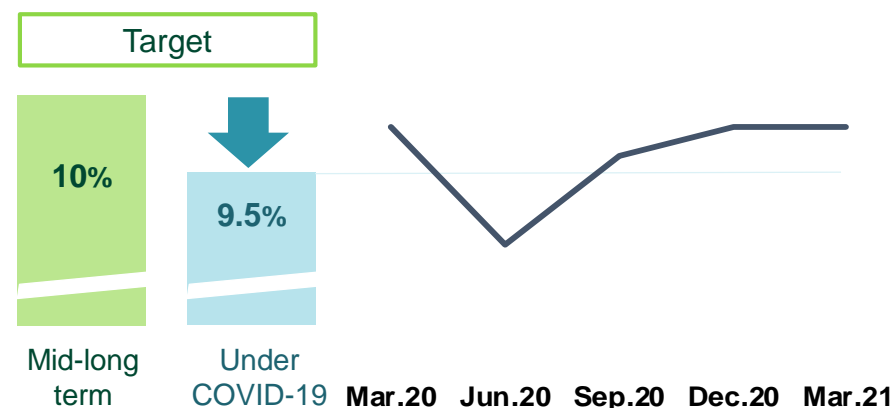


## Capital ratio

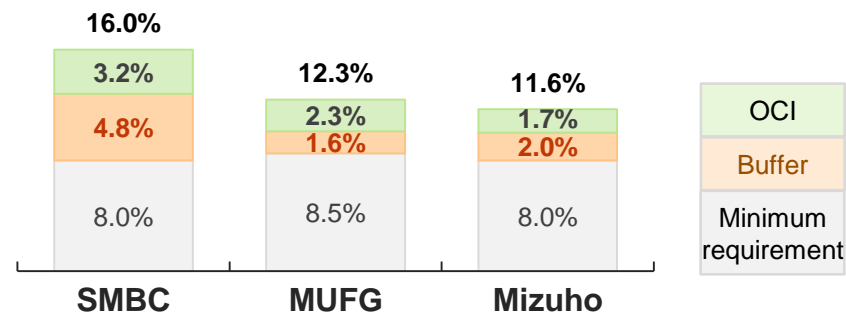
### Basel III fully-loaded basis



## Capital Management under COVID-19



## 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

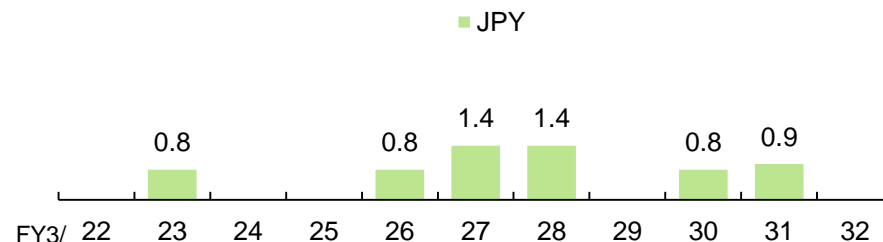
## Recent issuances and maturity profile

### Recent issuances (AT1/Tier 2)

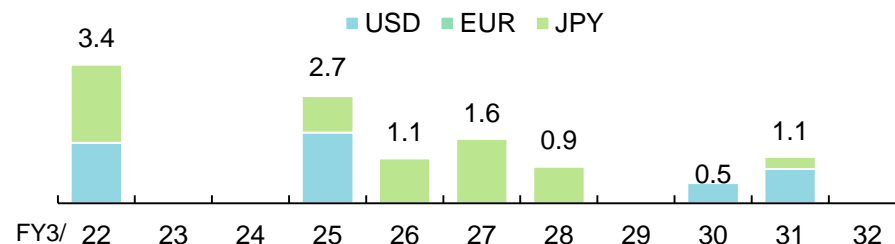
Security type	Issue date	Amount	Tenor	Coupon
AT1	Sep. 9, 2020	JPY 100 bn	PerpNC10	1.109% <sup>*1</sup>
Tier 2 (USD)	Sep. 23, 2020	USD 850 mn	10y	2.142%

### Maturity profile by debt class<sup>\*2</sup>

#### • AT1 (USD bn)



#### • Tier 2 (USD bn)



<sup>\*1</sup> Reset at 5y JGB+105bp every 5 years after the first call date

<sup>\*2</sup> 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 Mar. 21. Translated at the exchange rate as of Mar. 21

# 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 Apr. 30, 2021)

## Moody's

	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB <sup>*1</sup>	BNP <sup>*1</sup>	CS	UBS <sup>*2</sup>
Aa2												
Aa3	0	0	0	3	3	3						
A1								1				
A2					3					4	4	3
A3							4					
Baa1									3			
Baa2												
Baa3												
Ba1												
Ba2												

## S&P

	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB <sup>*1</sup>	BNP <sup>*1</sup>	CS	UBS <sup>*2</sup>
AA-												
A+												
A	1	1	1	2	3	2		2		2	3	2
A-							3					
BBB+												
BBB									2			
BBB-												
BB+												

\*1 For DB and BNP, OpCo senior notes and TLAC eligible senior notes mean preferred senior notes and Non-preferred senior notes, respectively

\*2 Backed senior unsecured rating of UBS Group Funding (Switzerland) guaranteed by UBS Group AG for TLAC eligible senior notes



# Appendix

---

# SMFG / SMBC overview

(FY3/21)		SMFG (Consolidated) <sup>*1</sup> Global banking group originated in Japan	SMBC (Non-consolidated) <sup>*1</sup> Core operating entity within SMFG franchise
<b>Market Capitalization</b> (TSE:8316, NYSE:SMFG)		JPY <b>5.2</b> tn / USD <b>47.7</b> bn (As of Apr. 30, 2021)	unlisted (wholly-owned by SMFG)
<b>B/S</b>	Assets	JPY <b>243</b> tn / USD <b>2,191</b> bn	JPY <b>216</b> tn / USD <b>1,950</b> bn
	Loans	JPY <b>85</b> tn / USD <b>769</b> bn	JPY <b>82</b> tn / USD <b>740</b> bn
	Deposits <sup>*2</sup>	JPY <b>142</b> tn / USD <b>1,283</b> bn	JPY <b>135</b> tn / USD <b>1,217</b> bn
	Loans/Deposits	<b>55.1%</b>	<b>60.8%</b>
<b>P/L</b>	Gross Profit	JPY <b>2,806</b> bn / USD <b>25.3</b> bn Consolidated gross profit	JPY <b>1,482</b> bn / USD <b>13.4</b> bn Gross banking profit
	Net Income	JPY <b>513</b> bn / USD <b>4.6</b> bn Profit attributable to owners of parent	JPY <b>338</b> bn / USD <b>3.1</b> bn Net income
<b>CET1 ratio</b>		<b>16.00%</b>	-
<b>NPL ratio</b>		<b>0.98%</b>	<b>0.65%</b>
<b>Ratings</b> (Moody's / S&P)		<b>A1 / A-</b> (As of Apr 30, 2021)	<b>A1 / A</b> (As of Apr 30, 2021)
<b>Business Franchise</b>		<ul style="list-style-type: none"> <li>● <b>Holds top-tier companies</b> in banking, leasing, securities services, consumer finance, and other businesses</li> <li>● <b>148 overseas offices</b><sup>*3</sup> (As of Mar. 31, 2021)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>452 domestic branches</b></li> <li>● <b>28 million retail accounts</b> (As of Mar. 31, 2021)</li> </ul>

\*1 Converted into USD at March 2021 fiscal year-end exchange rate  
Market capitalization converted to USD at the April 30, 2021 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 243 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

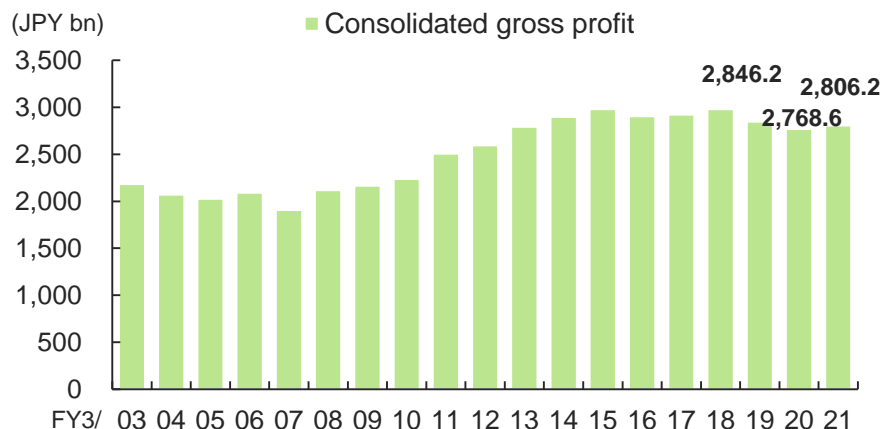
#### Sumitomo Mitsui DS Asset Management

\*1 As of Mar. 21

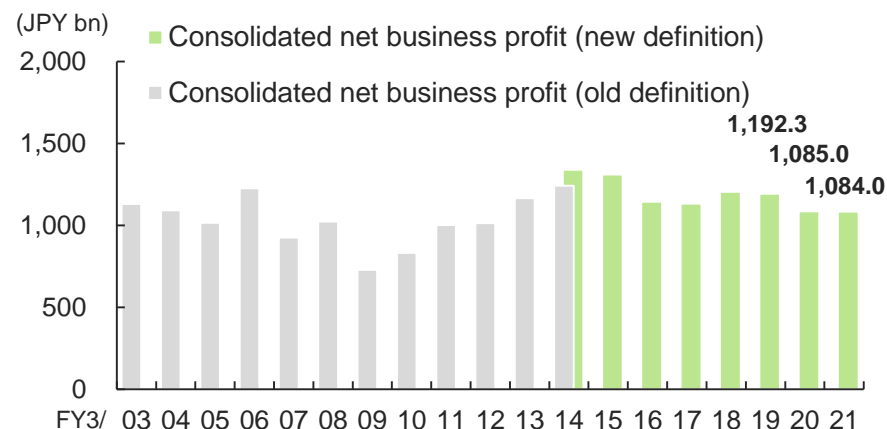
Unless otherwise stated, each consolidated subsidiary is a wholly owned subsidiary of Sumitomo Mitsui Financial Group

# Trend of major income components – Consolidated

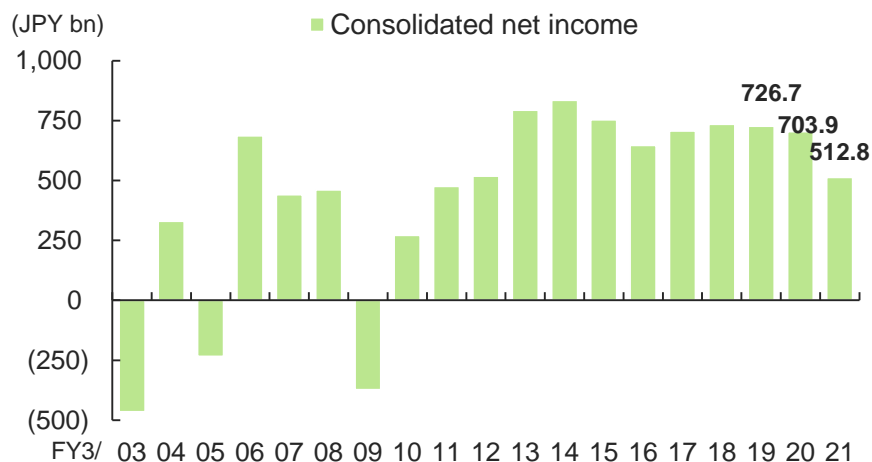
## Consolidated gross profit



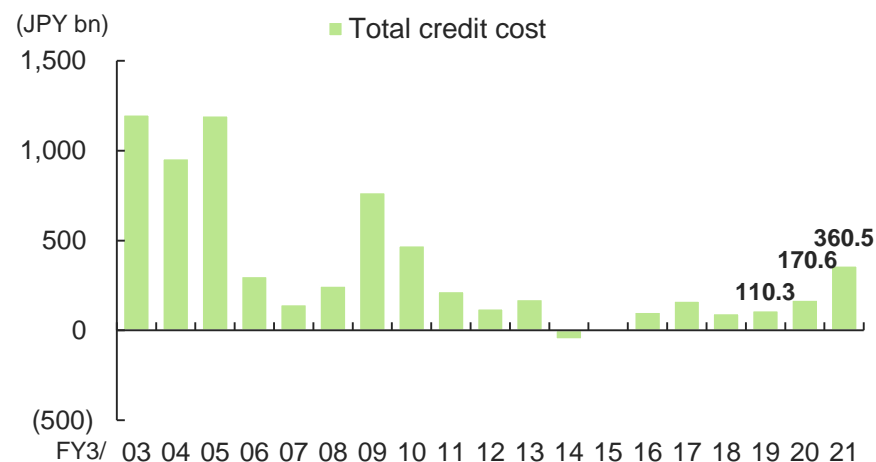
## Consolidated net business profit\*1



## Net income / Profit attributable to owners of parent



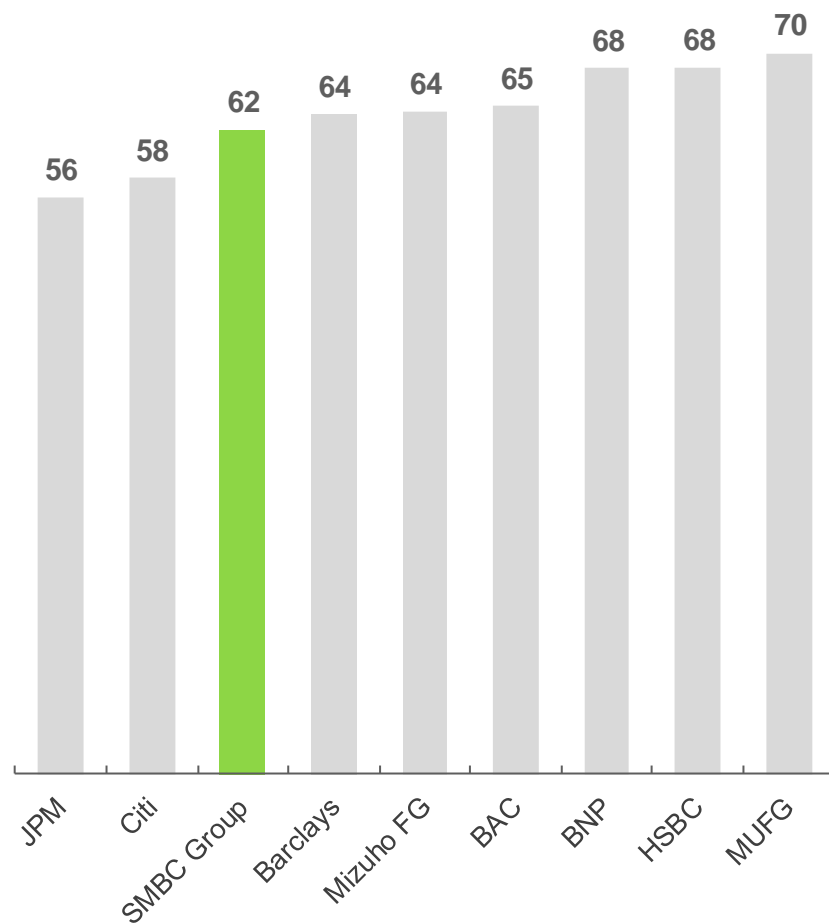
## Total credit cost



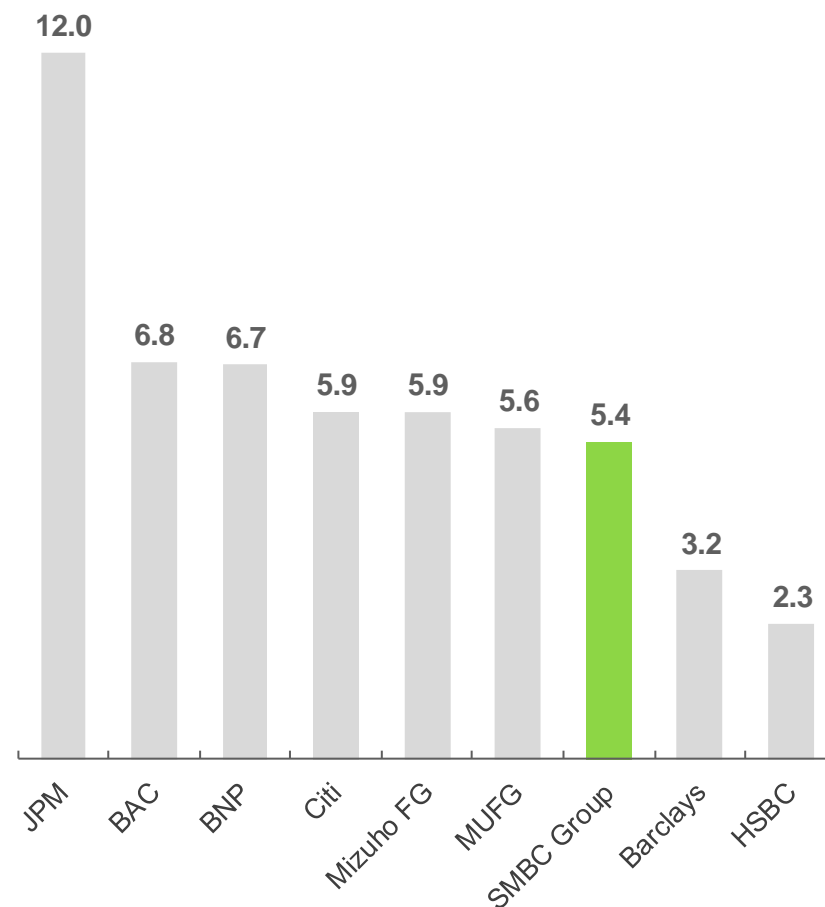
\*1 We have changed the definition of "Consolidated net business profit" from the FY 3/15. The figure for FY 3/14 has been adjusted retrospectively

# Peer comparison

## OHR\*1



## ROE\*1

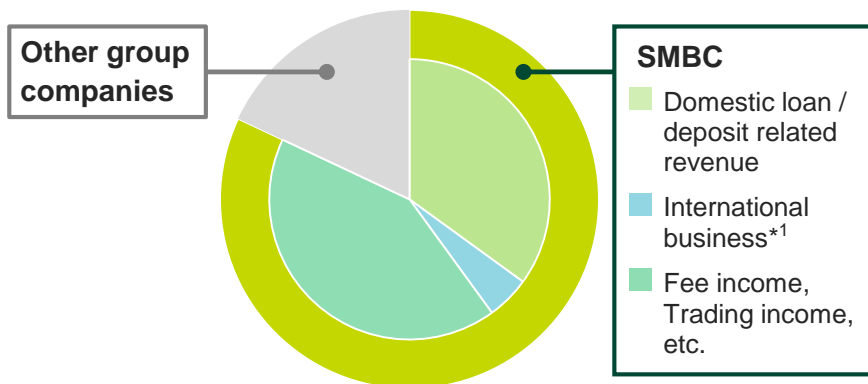


\*1 Based on each company's disclosure. FY3/21 results for SMBC Group, MUFG, Mizuho and Jan-Dec.20 results for others

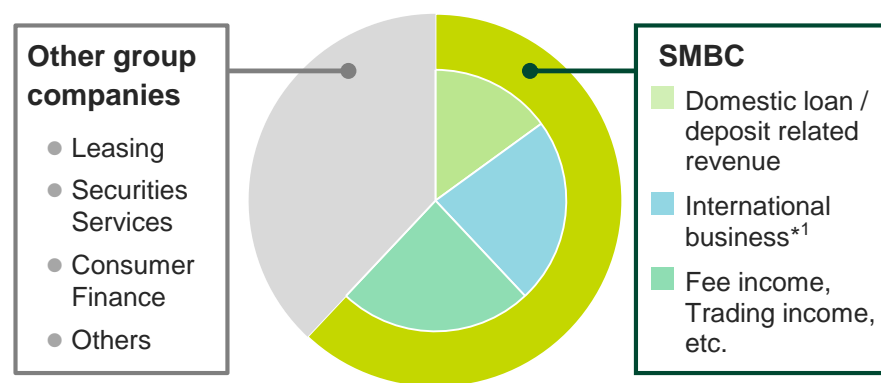
# Diversified revenue sources

## Breakdown of consolidated gross profit

FY3/03

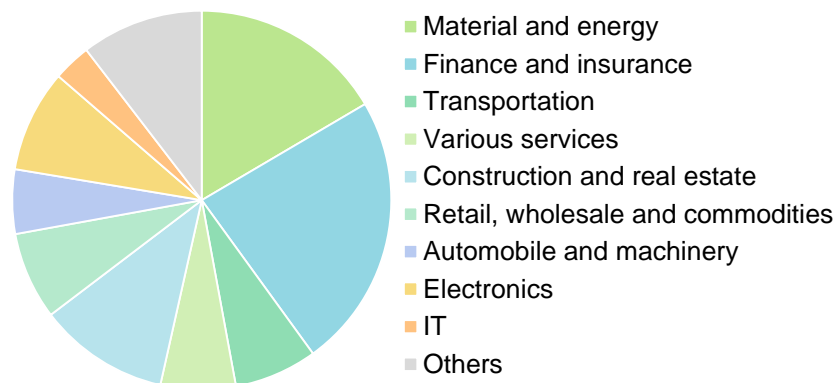


FY3/21

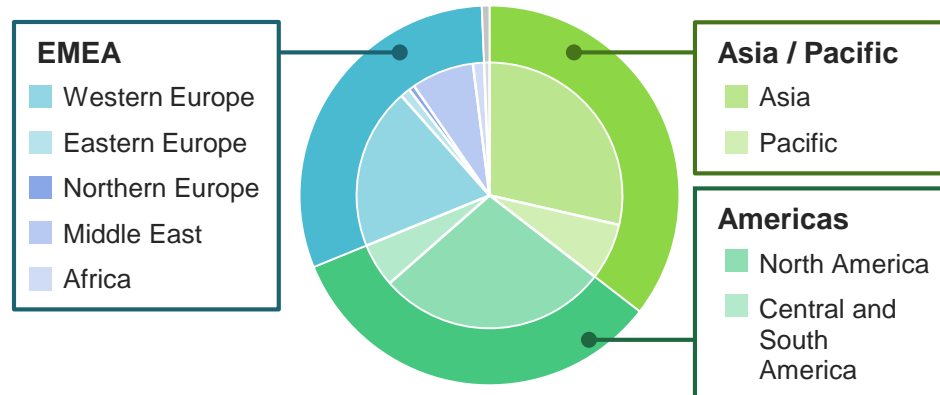


## Breakdown of overseas loan balance (Mar. 21)

### By industry



### By domicile



\*1 Includes major overseas banking subsidiaries

# Performance of SMBC and group companies

## SMBC

	(JPY bn)	FY3/21	YoY	vs. Target
1 <b>Gross banking profit</b>		1,481.7	+69.7	
2 o/w Net interest income		936.4	+58.3	
3 o/w Gains (losses) on cancellation of investment trusts		33.8	+9.8	
4 Domestic		583.5	+21.8	
5 Overseas		352.9	+36.4	
6 o/w Net fees and commissions		330.7	+7.4	
7 Domestic		176.2	(6.2)	
8 Overseas		154.6	+13.6	
9 o/w Net trading income+ Net other operating income		212.5	+4.0	
10 o/w Gains (losses) on bonds		80.0	+5.8	
11 <b>Expenses</b>		816.5	+8.4	
12 <b>Banking profit</b>		665.2	+61.2	+145.2
13 <b>Total credit cost</b>		242.7	+193.1	(47.3)
14 <b>Gains (losses) on stocks</b>		63.5	+11.7	
15 <b>Extraordinary gains (losses)</b>		(49.9)	+72.3	
16 <b>Net income</b>		338.0	+20.7	+168.0

## Other major group companies

(left : results of FY3/21 / right : YoY)

	(JPY bn)	SMBC Nikko <sup>*1</sup>	SMCC	SMBCCF
<b>Gross profit</b>		424.5 +63.6	385.6 (34.5)	259.7 (14.7)
<b>Expenses</b>		307.8 +2.7	317.3 (10.8)	110.6 (3.3)
<b>Net business profit</b>		116.7 +60.9	68.7 (23.6)	149.1 (11.4)
<b>Net income</b>		92.6 +48.0	35.8 (2.4)	54.1 (36.0) <sup>*2</sup>

(Equity method affiliate)

	SMBC Trust	SMDAM	50%	SMFL <sup>*5</sup>	50%
<b>Gross profit</b>	40.2 (9.2)	34.1 (1.0)		176.8 +3.4	
<b>Expenses</b>	43.9 (4.6)	32.3 +0.3		85.7 +1.0	
<b>Net business profit</b>	(3.7) (4.6)	1.8 (1.3)		95.2 +3.7	
<b>Net income</b>	(8.5) +24.2 <sup>*3</sup>	(28.0) (29.0) <sup>*4</sup>		33.6 (27.6)	

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

\*2 The absence of increased tax effect recorded last year \*3 The absence of goodwill impairment loss recorded last year

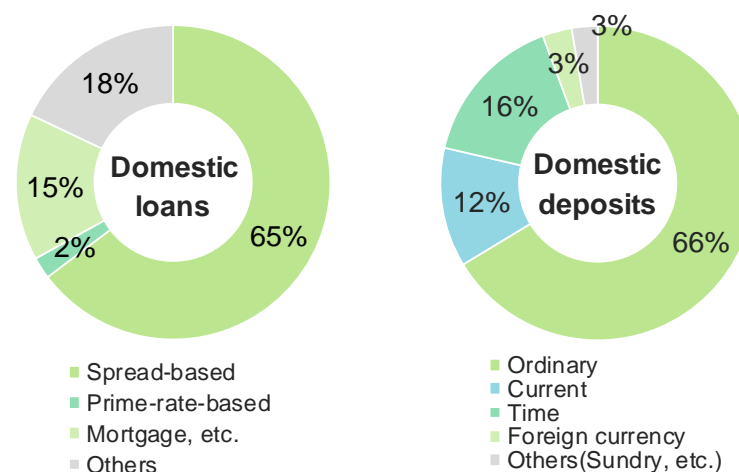
\*4 Goodwill impairment loss \*5 Managerial accounting basis

# Balance sheet

## Consolidated

	(JPY tn)	Mar. 21	vs Mar.20
<b>Total assets</b>		<b>242.6</b>	<b>+22.7</b>
o/w Cash and due from banks		72.6	+10.8
o/w BOJ's current account balance <sup>*1</sup>		59.8	+11.1
o/w Loans		85.1	+2.6
o/w Domestic loans <sup>*1</sup>		56.9	+2.3
o/w Large corporations <sup>*2</sup>		19.4	+2.9
55 Mid-sized corporations & SMEs <sup>*2</sup>		19.0	+0.4
55 Individuals <sup>*2</sup>		12.1	(0.3) <sup>*3</sup>
o/w Securities		36.5	+9.4
o/w Other securities		36.4	+9.8
o/w Stocks		3.7	+1.0
55 JGBs		14.3	+7.2
55 Foreign bonds		12.1	+0.5
<b>Total liabilities</b>		<b>230.7</b>	<b>+21.6</b>
o/w Deposits		142.0	+15.0
o/w Domestic deposits <sup>*1</sup>		112.7	+10.5
Individuals		53.4	+4.4
Corporates		59.3	+6.1
o/w NCD		12.6	+2.4
<b>Total net assets</b>		<b>11.9</b>	<b>+1.1</b>
<b>Loan to deposit ratio</b>		<b>55.1%</b>	

## Composition of loans and deposits<sup>\*1,2</sup>



## Non-JPY B/S<sup>\*2,4</sup>

(USD bn)	
Interest earning assets 338	Deposits (incl. deposits from central banks) 254
Others 136	Mid-long term funding (incl. corporate bonds, currency swaps, etc.) 130
Foreign bonds, NCD 73	CD/CP 70
	Interbank (incl. Repo) 93
<b>Assets / Liabilities 547</b>	

<sup>\*1</sup> Non-consolidated <sup>\*2</sup> Managerial accounting basis <sup>\*3</sup> After adding back the portion of housing loans securitized in FY3/21 of JPY101.7bn <sup>\*4</sup> Sum of SMBC and major local subsidiaries

# Capital / RWA

	Mar. 21	Requirement <sup>*1</sup>
<b>Capital ratio</b>		
Total capital ratio	<b>18.61%</b>	11.5%
CET1 ratio (Basel III fully-loaded basis)	<b>16.00%</b>	8%
excl. OCI	<b>12.8%</b>	-
CET1 ratio (Post-Basel III reforms)	<b>11.5%</b>	8%
excl. OCI	<b>9.8%</b>	-
<b>External TLAC ratio</b>		
RWA basis	<b>25.82%</b>	16%
Leverage exposure basis	<b>9.77%</b>	6%
<b>Leverage ratio</b>	<b>5.65%</b>	3%
<b>LCR (Average 4Q FY3/21)</b>	<b>140.1%</b>	100%

	(JPY bn)	Mar. 20	Mar. 21
<b>Total capital</b>		<b>11,552.0</b>	<b>12,289.3</b>
Tier1 capital		10,249.9	11,199.3
o/w CET1 capital		9,581.3	10,562.8
Tier2 capital		1,302.1	1,090.0
<b>External TLAC</b>		<b>18,162.0</b>	<b>19,373.3</b>
<b>Risk-weighted assets</b>		<b>61,599.1</b>	<b>66,008.0</b>
<b>Leverage exposure</b>		<b>237,488.7</b>	<b>198,170.8<sup>*2</sup></b>

\*1 Excluding countercyclical buffer

\*2 Excluding deposits with the Bank of Japan under the FSA's temporary relief on leverage ratio calculation until Mar. 22

# 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

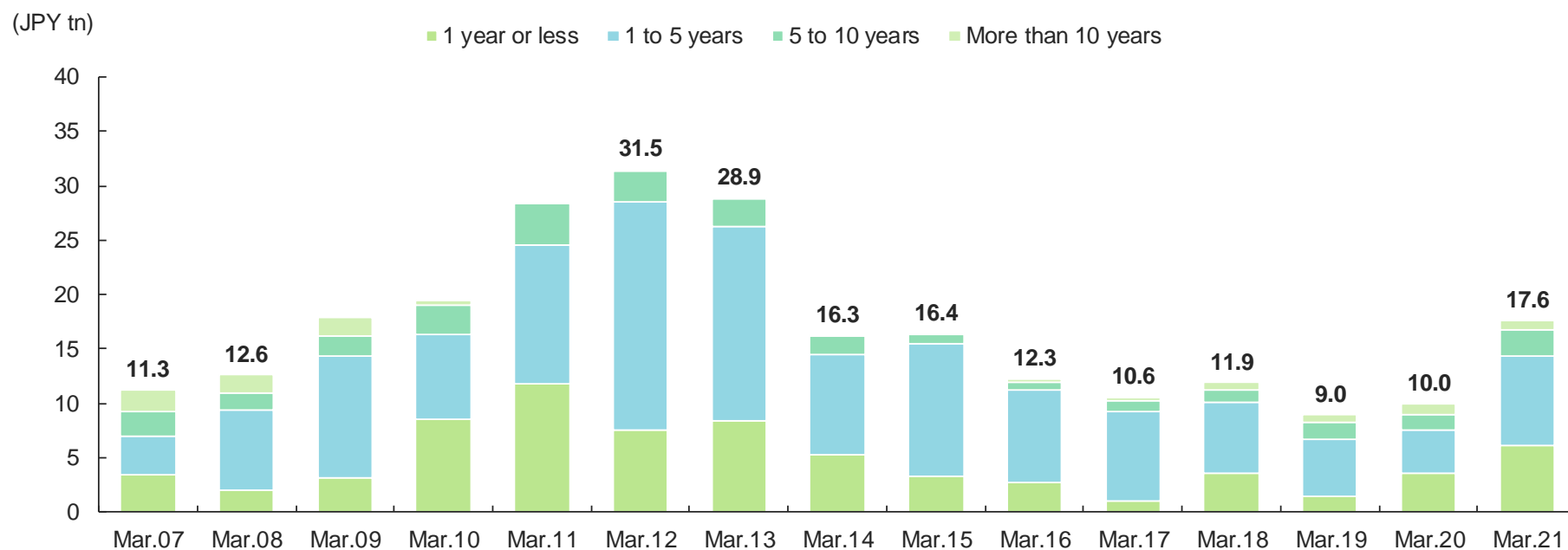
(JPY bn)	FY3/19	FY3/20
Total assets	195,503.6	212,158.5
Loans	90,682.9	94,671.8
Deposits	134,404.7	138,431.4
Total equity	11,773.4	10,934.9

## 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
	Derivative financial instruments	496.5
	Investment securities	(321.5)
	Loans and advances	404.3
	Investments in associates and joint ventures	142.0
	Property, plant and equipment	20.6
	Lease accounting	1.8
	Defined benefit plans	60.1
	Deferred tax assets	(68.2)
	Foreign currency translation	-
	Classification of equity and liability	(689.1)
	Others	(111.2)
	Tax effect of the above	(229.0)
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 14.3

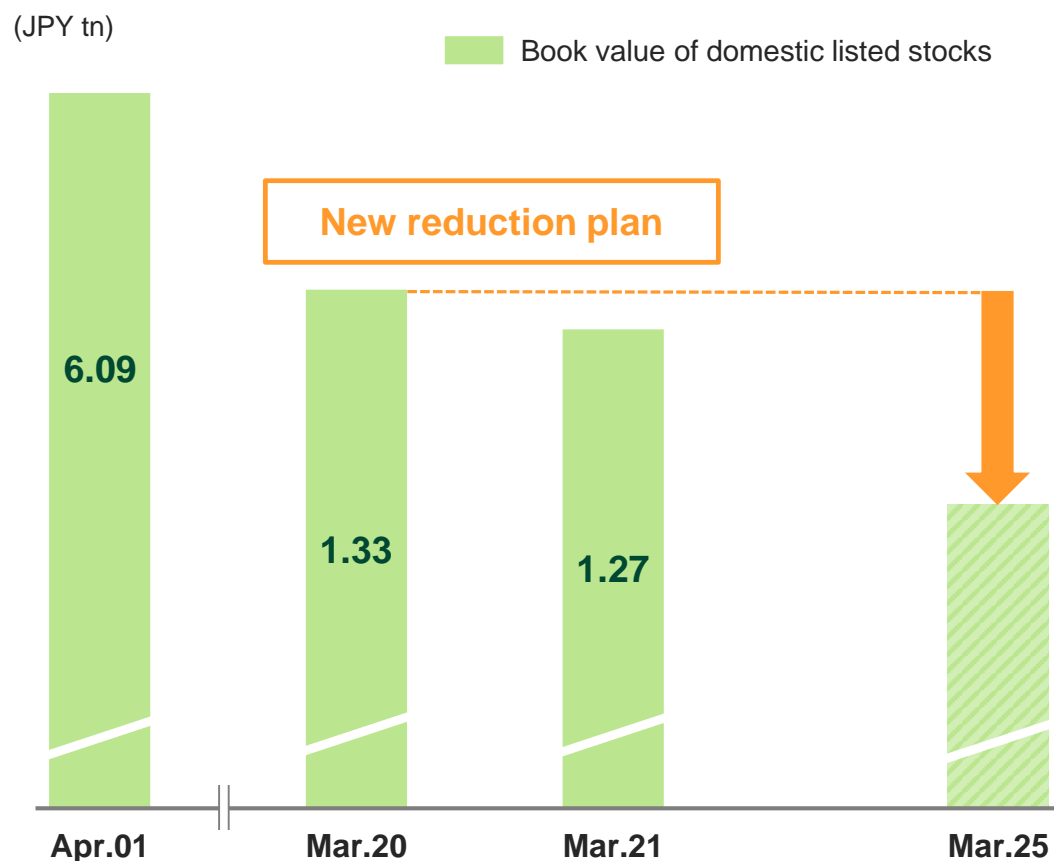
Average duration (years) <sup>*1</sup>	1.7	2.4	1.8	1.1	1.4	1.9	1.8	1.1	1.8	2.8	2.9	2.3	3.2	2.9	2.5
Unrealized gains (losses) (JPY bn) <sup>*2</sup>	(151.4)	(129.5)	(1.2)	116.1	71.9	104.4	95.3	60.0	45.9	103.8	57.5	44.2	60.5	21.4	7.9

\*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

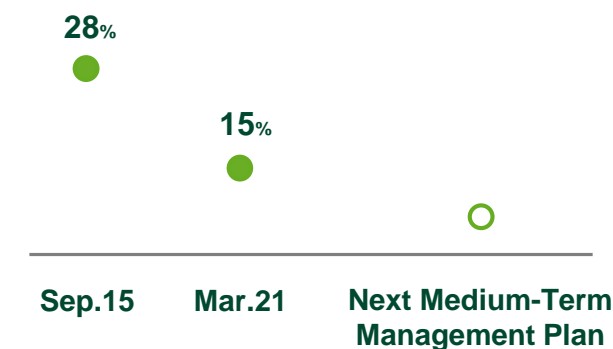
Plan to reduce JPY 300 bn in 5 years by March 2025. Reduced JPY 55 bn in FY3/21.



## Reduction

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

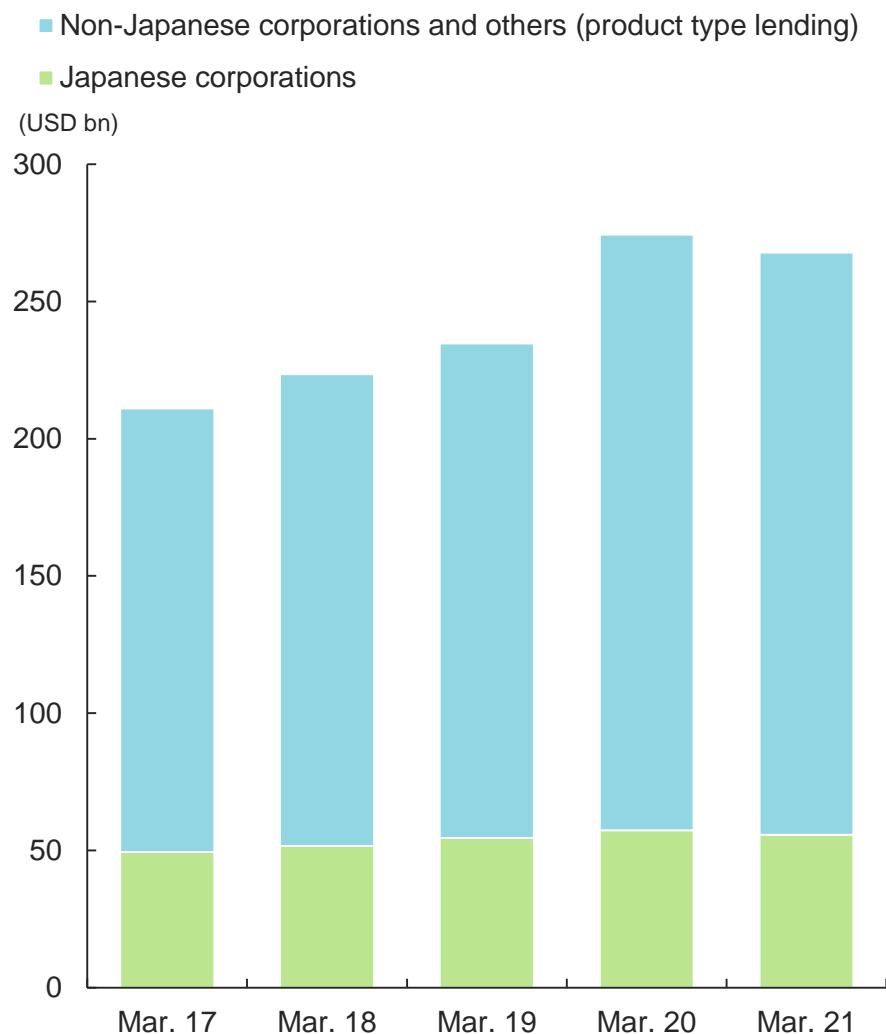
## Ratio of stocks to CET1 <sup>\*1</sup>



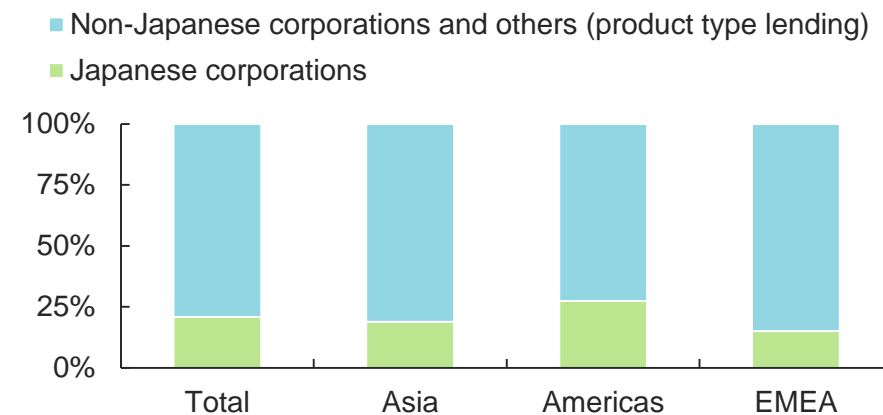
\*1 Basel III fully-loaded basis, excl. OCI

# Overseas loan balance classified by borrower type\*1

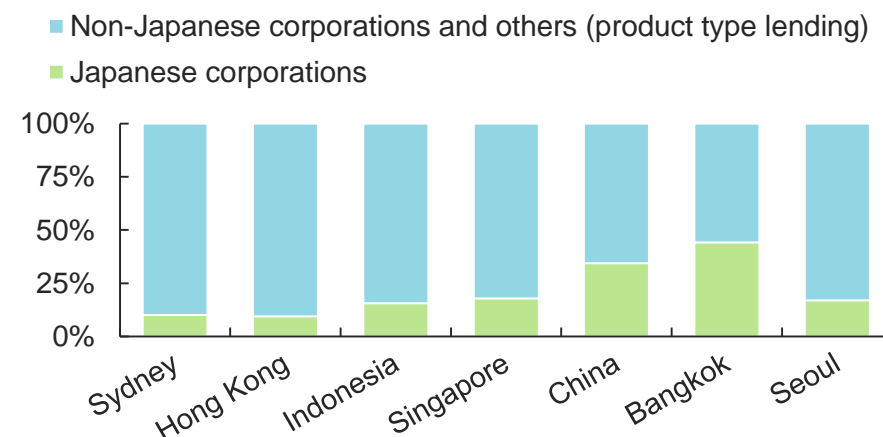
## Total



## By region (Mar. 21)



## Major marketing channels in Asia (Mar. 21)\*2

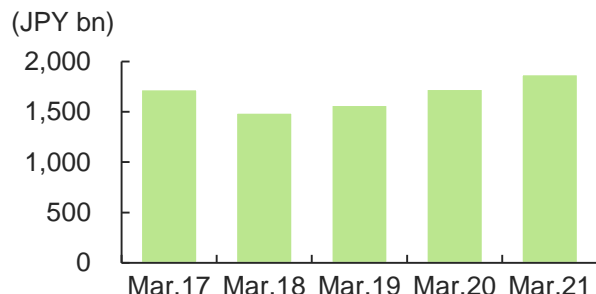


\*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

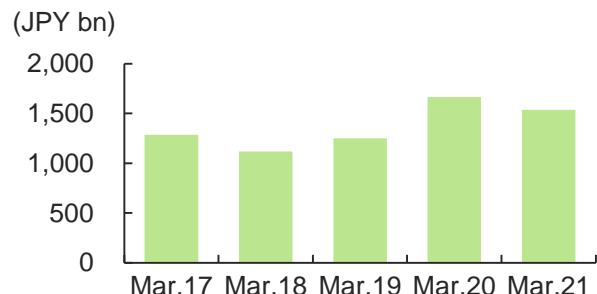
\*2 Excludes BTPN in Indonesia

# Loan balance in Asian countries/areas\*1

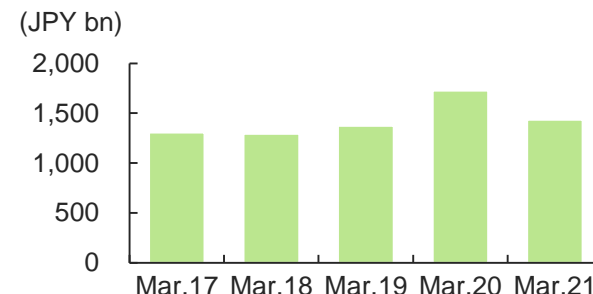
## Hong Kong



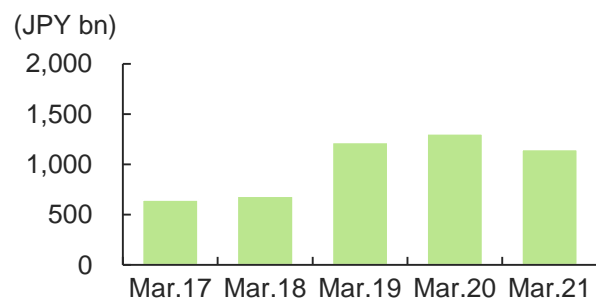
## Singapore



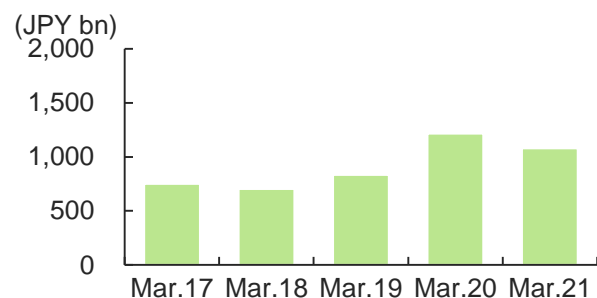
## Australia



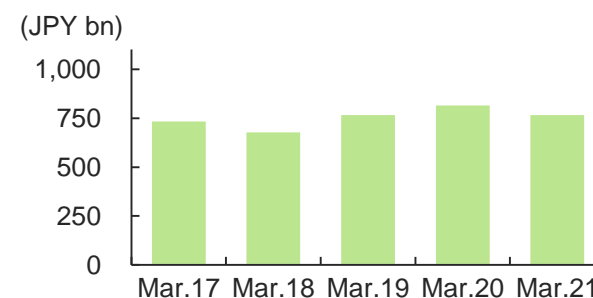
## Indonesia



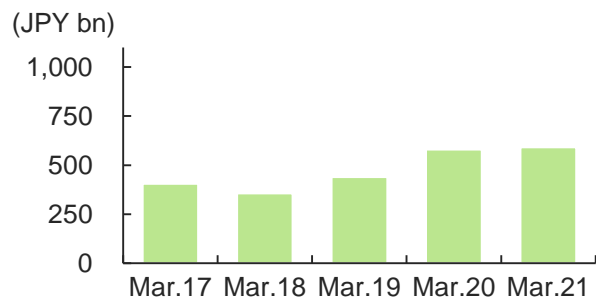
## China



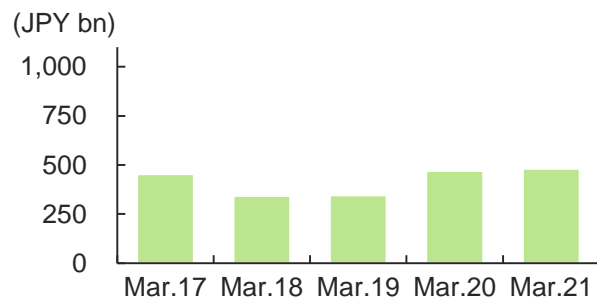
## Thailand



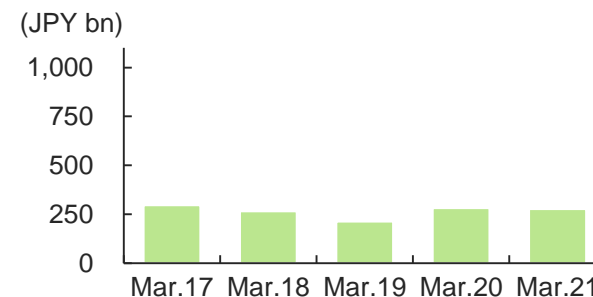
## India



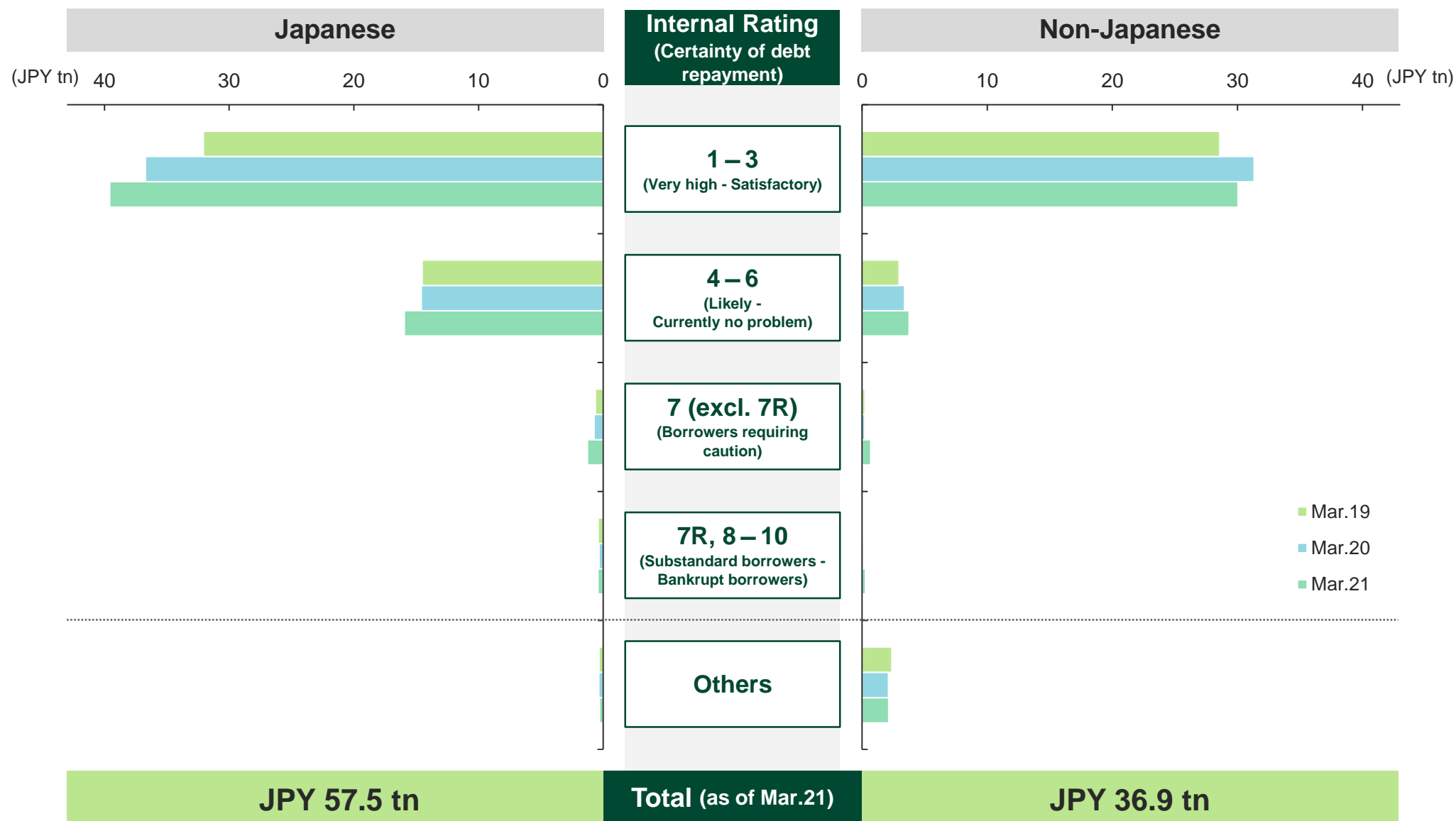
## Taiwan



## Korea



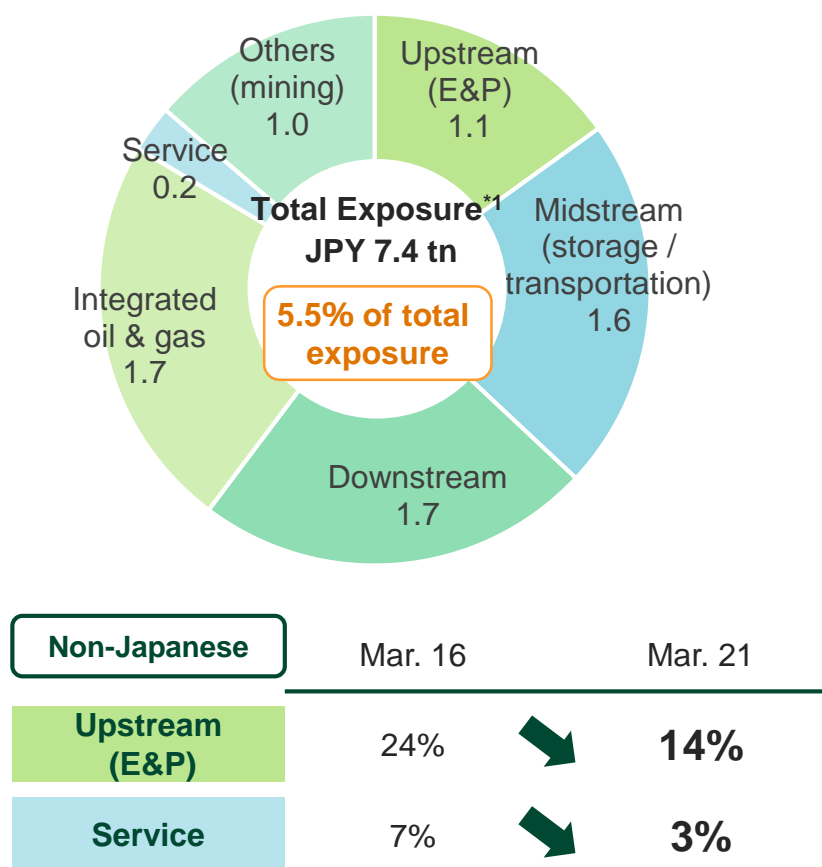
# Japanese and non-Japanese corporate exposures\*1



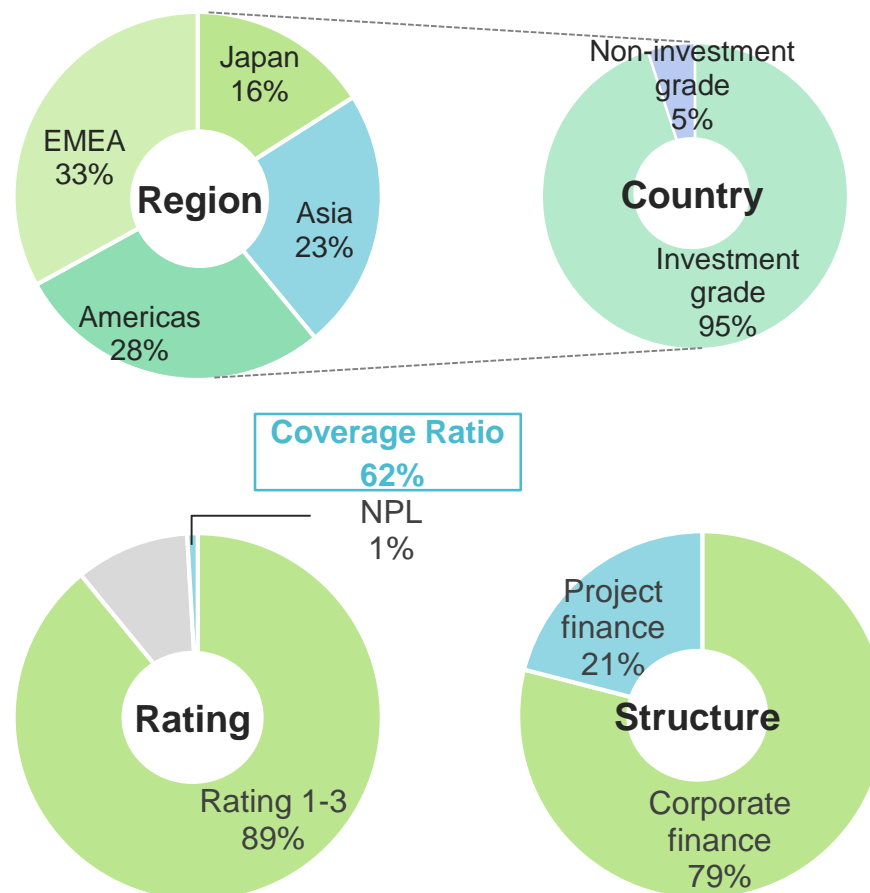
\*1 Managerial accounting basis. Exposure includes loans, acceptances and guarantees, foreign exchanges, private placement, suspense payments, undrawn commitments, and derivatives, etc. Excluding the exposure to SMFG consolidated subsidiaries, retail customers in Japan, Japanese government, etc., and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

# Natural resources

Been taken cautious approach to non-Japanese upstream and service transactions.



(ration to non-Japanese exposure to natural resources)



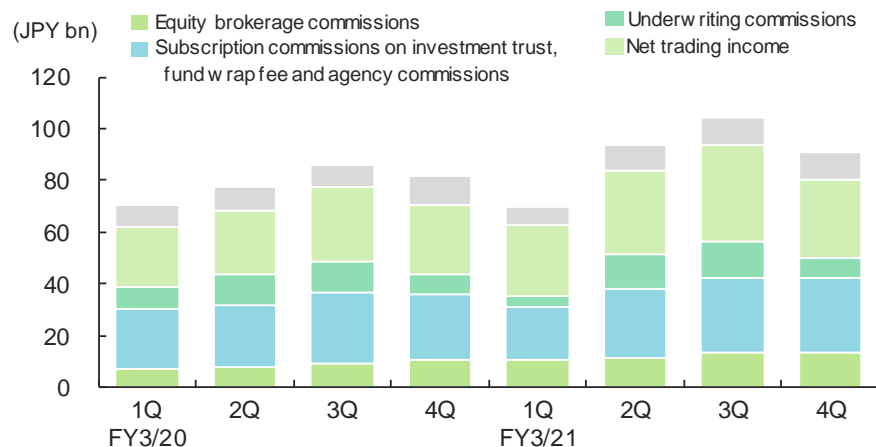
As of Mar.21

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

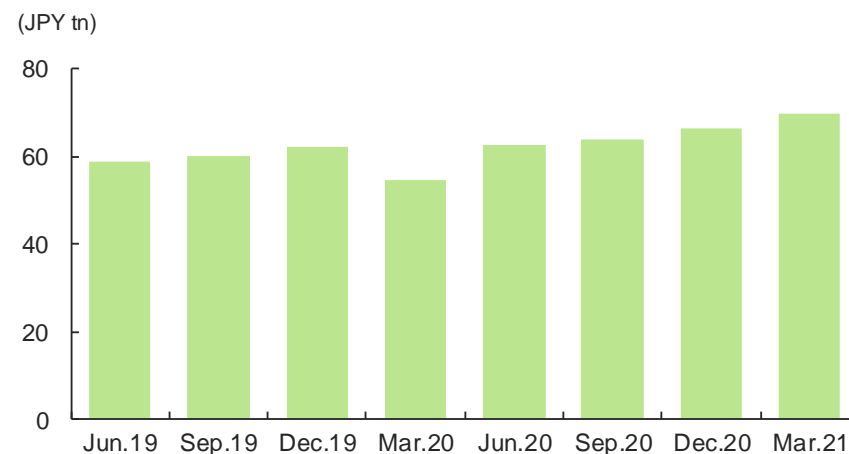
## Financial results

(JPY bn)	FY3/20	FY3/21	YoY
<b>Net operating revenue</b>	316.0	357.9	+41.9
<b>SG&amp;A expenses</b>	273.0	273.4	+0.4
<b>Ordinary income</b>	49.8	90.7	+40.9
<b>Net income</b>	39.2	71.7	+32.5

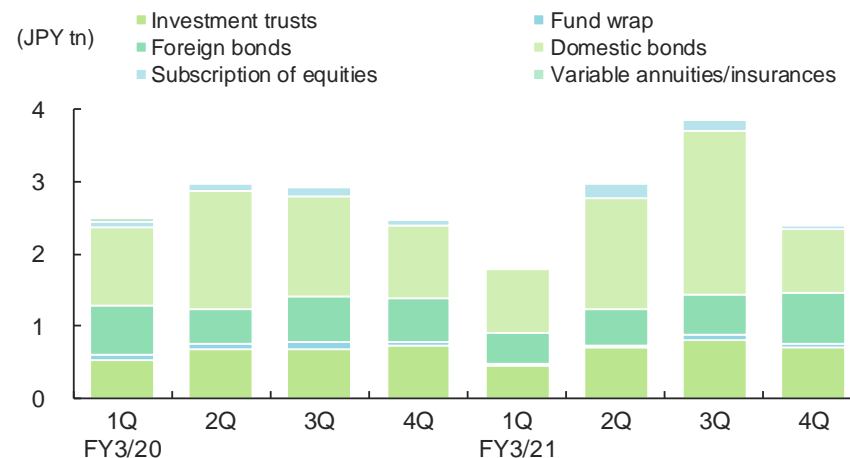
## Net operating revenue



## Client assets



## Product sales

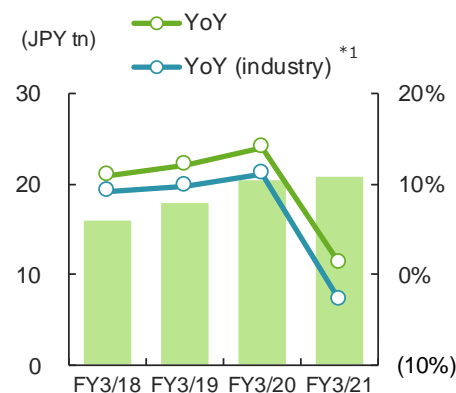


## Financial results

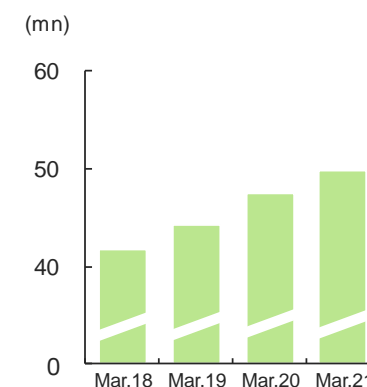
(JPY bn)	FY3/20	FY3/21	YoY
<b>Operating revenue</b>	480.8	447.5	(33.3)
o/w Commission fee	153.0	143.7	(9.3)
Finance	109.2	101.5	(7.8)
Sales on credit	35.8	32.3	(3.5)
Receipt agency	46.7	48.1	+1.4
<b>Operating expense</b>	430.3	413.0	(17.3)
o/w Expenses for loan losses	32.3	22.7	(9.6)
Expense for interest repayments	12.0	14.4	+2.4
<b>Ordinary profit (loss)</b>	50.8	35.3	(15.5)
<b>Net income</b>	38.2	35.8	(2.4)
<b>Finance outstanding</b>	738.3	667.5	

## Key figures

### Sales handled

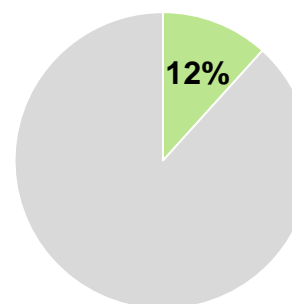


### # of card holders

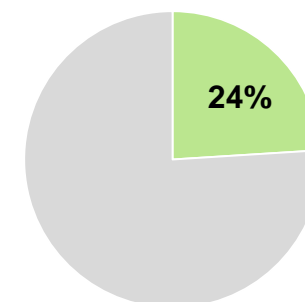


### Market share \*2

#### Issuing



#### Acquiring



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

\*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2020 : JPY 62 tn)

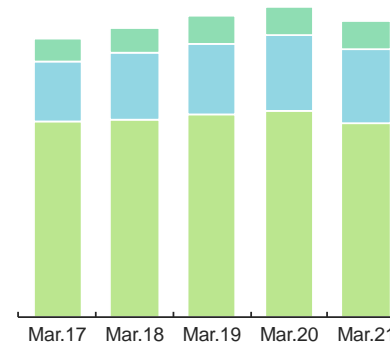
## Financial results

(JPY bn)	FY3/20	FY3/21	YoY
<b>Operating income</b>	288.5	273.5	(15.0)
o/w Interest revenues	184.9	178.8	(6.1)
Loan guarantee revenues	68.7	61.1	(7.5)
<b>Operating expenses</b>	228.3	200.8	(27.5)
o/w Expenses for loan losses	68.2	53.3	(14.9)
Expense for loan guarantees	15.3	9.9	(5.4)
Expenses for interest repayments	27.0	24.0	(3.0)
<b>Ordinary profit</b>	60.5	73.5	+13.0
<b>Net income</b>	90.1	54.1	(36.0)
<b>NPLs</b>	78.3	85.2	
(NPL ratio)	6.57%	7.49%	
<b>Allowance on interest repayments (provision)</b>	106.1	100.8	
	3.2 yrs	3.4 yrs	

## Consumer loans

■ Promise (overseas) ■ Mobit ■ Promise

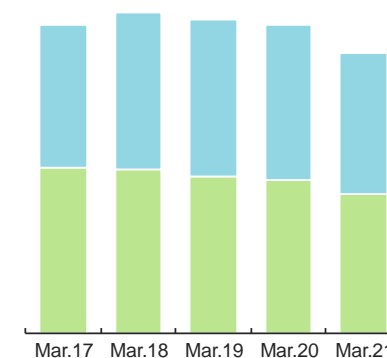
(JPY bn)



## Loan guarantee

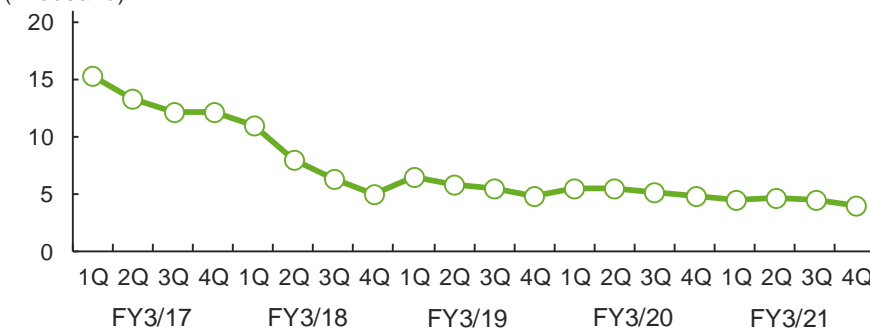
■ SMBC ■ Others

(JPY bn)



## No. of interest refund claims

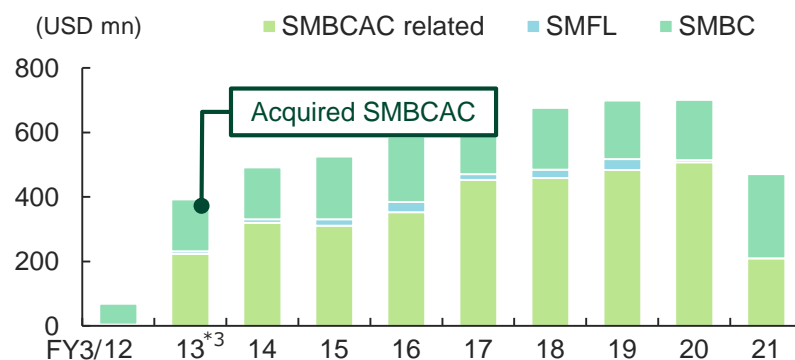
(Thousand)



## Financial results

(USD mn)	FY3/20	FY3/21	YOY
<b>Total revenue</b>	1,283	1,214	(69)
<b>Lease revenue</b>	1,135	1,119	(16)
<b>Credit / Asset impairment charges</b>	32	334	+302
<b>Net income</b>	334	17	(317)
<b>Aircraft asset<sup>*1</sup></b>	13,142	15,340	+2,198
<b>Net asset</b>	3,047	3,305	+258
<b>ROE</b>	10.8%	1.2%	(10.3)%

## Aircraft business of SMBC Group



## # of owned and managed aircraft<sup>\*2</sup>

	Company	Country	#
1	GECAS	USA	1,037
2	AerCap	Ireland	1,014
3	Avolon	Ireland	580
4	BBAM	USA	517
5	<b>SMBCAC</b>	<b>Ireland</b>	<b>501</b>

## Average age of aircraft

**4.1 years (as of Mar.21)**

<sup>\*1</sup> Include Aircraft pre-delivery payments <sup>\*2</sup> As of Mar. 21 (Source: CIRIUM Portfolio Tracker:Q1 2021)

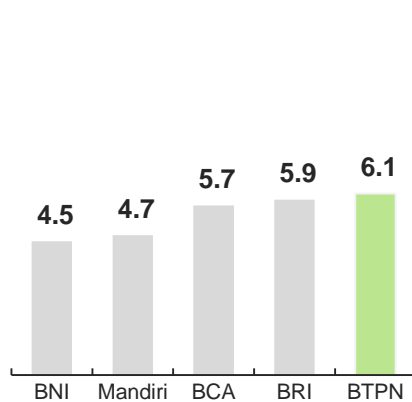
<sup>\*3</sup> SMBCAC related includes revenue after the acquisition in June

## Financial results\*1

(JPY bn)	2018	2019	2020	Jan-Mar. 2021
Gross banking profit	77.5	99.6	91.1	24.7
Operating expenses	44.7	56.3	50.9	12.9
Net profits	14.0	20.3	12.9	7.4
ROE	11.6%	9.9%	6.1%	12.9%
Loans	517.8	1,119.9	1,008.0	1,008.4
Deposits	538.4	686.8	745.8	751.8
Total assets	770.2	1,434.9	1,355.4	1,327.9

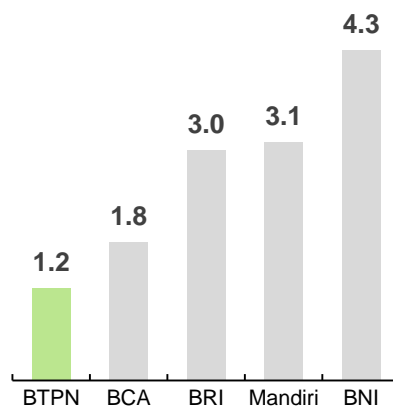
## Net interest margin\*2

(%)

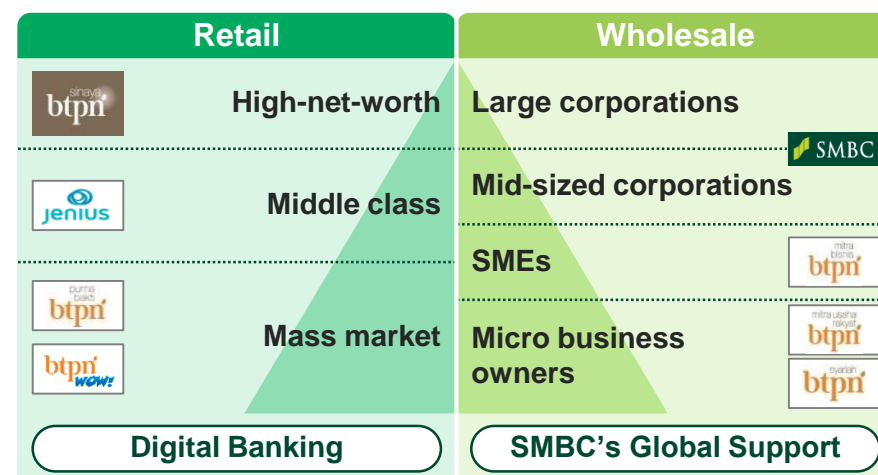


## NPL ratio\*2

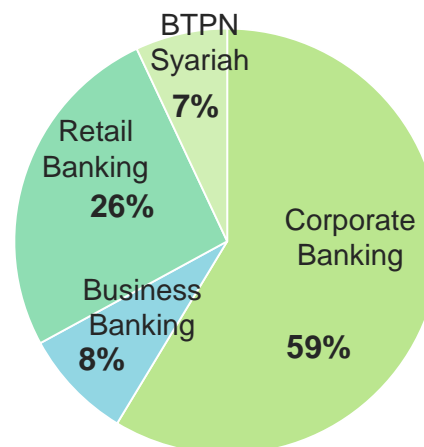
(%)



## Customer



## Loan breakdown\*3



\*1 TTM as of Dec. 18: IDR 1 = 0.0076, Dec. 19: IDR 1 = 0.0079, Dec. 20: IDR 1 = 0.0074, Mar. 21: IDR 1 = 0.0076

\*2 Based on each company's disclosure (Dec. 20 results) \*3 As of Dec. 20

# 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 Apr. 30, 2021)

## Moody's

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

## S&P

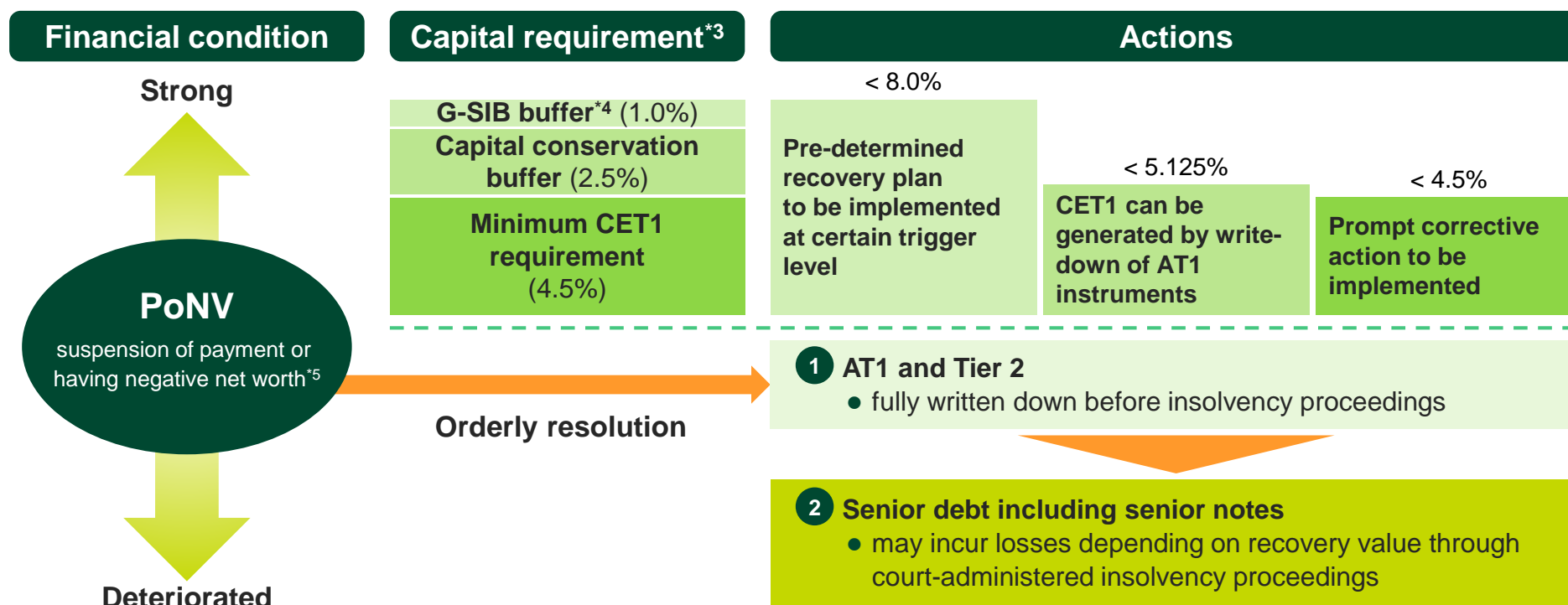
	SMFG	BMO	BNS	RBC	TD	ANZ	CBA	NAB	Westpac
AA-									
A+									
A									
A-									
BBB+									
BBB									
BBB-									
BB+									

# 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.\*<sup>1</sup>

All Basel III eligible AT1 and Tier 2 instruments will be fully\*<sup>2</sup> 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.



\*<sup>1</sup> 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") \*<sup>2</sup> Except for the amounts that have become due and payable prior to the occurrence of PoNV \*<sup>3</sup> Excludes countercyclical buffer \*<sup>4</sup> As for G-SIB buffer, SMFG was allocated to bucket 1 (1.0%) according to the latest list published by the FSB \*<sup>5</sup> 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.<sup>\*1</sup>

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.

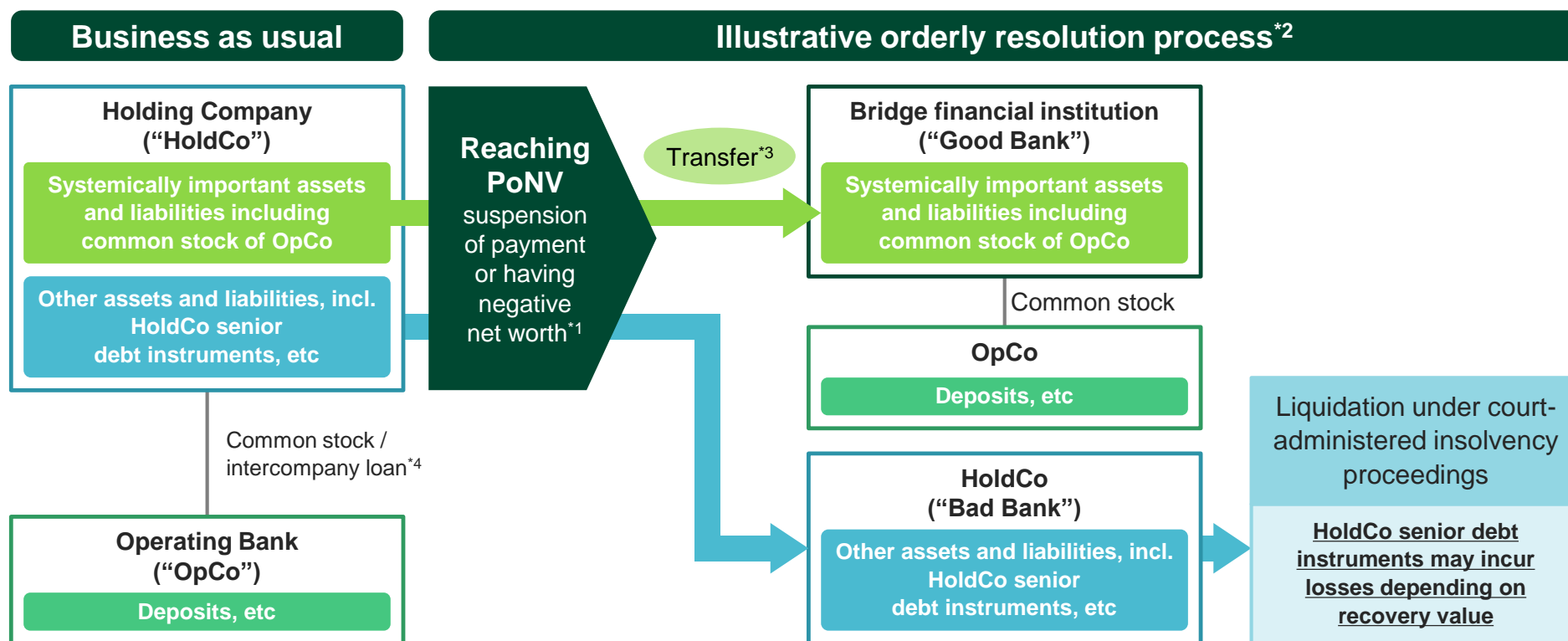
PoNV	Framework	Subject entities
Prior to	<b>Liquidity support and capital injection</b> Specified Item 1 Measures set forth in the DIA	Financial institutions Including banks and bank holding companies (BHCs) <i>Introduced in Mar. 14</i>
	<b>Capital injection</b> Act on Special Measures for Strengthening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

\*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<sup>\*1</sup> after SMFG absorbs losses incurred by its material subsidiaries.<sup>\*2</sup>

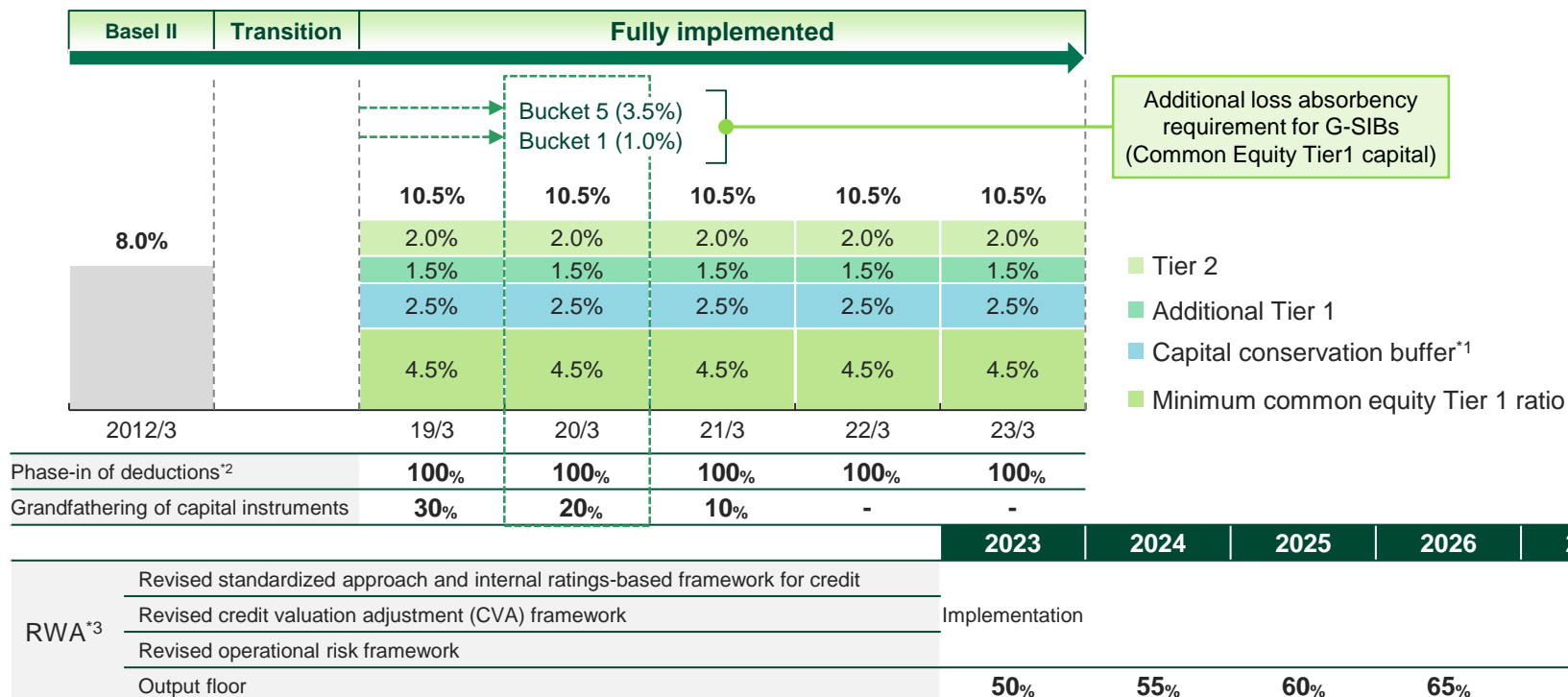
Senior notes may incur losses depending on recovery value through court-administered insolvency proceedings.



<sup>\*1</sup> 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 <sup>\*2</sup> Based on a possible model of Japanese G-SIB's resolution under the SPE resolution process, as stated in the FSA's Approach <sup>\*3</sup> Transfer of business, assets and/or liabilities under special supervision by or under special control of the Deposit Insurance Company of Japan <sup>\*4</sup> 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 <sup>*3, 4</sup>	Implementation				
LCR	100%				
NSFR	Implementation				

\*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

# 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

The temporarily relieved leverage ratio requirements have been applied by Japanese FSA, in accordance with the Bank of Japan's extended monetary policy easing.

- Exclusion of the deposits at BOJ from the denominator of the leverage ratio calculation until Mar. 2022
- Maintaining the current minimum requirement of 3%

# 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

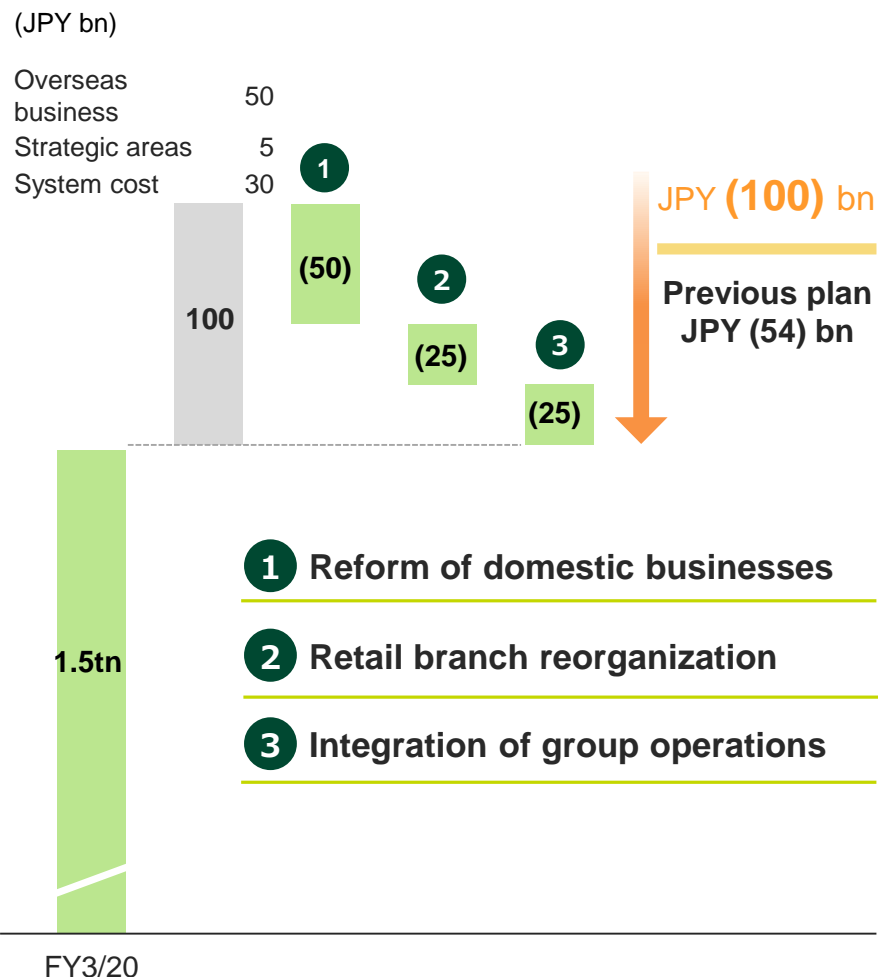
Management  
base

**Quality**

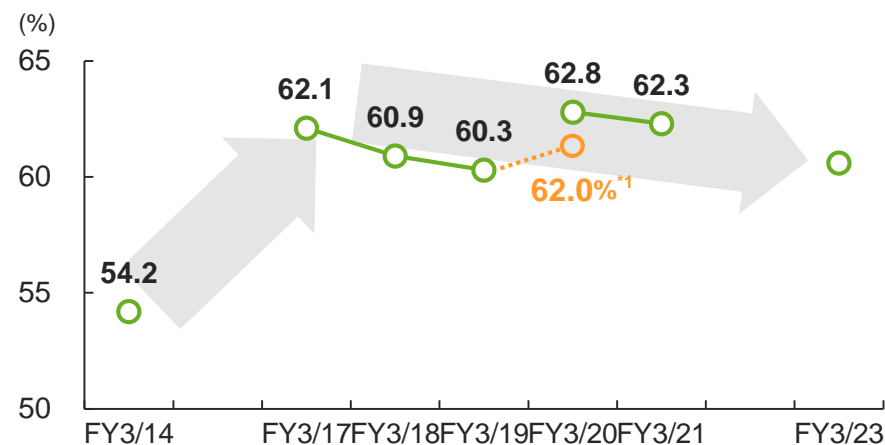
Elevate quality in all aspects

# Roadmap to 2022 ~ Cost ~

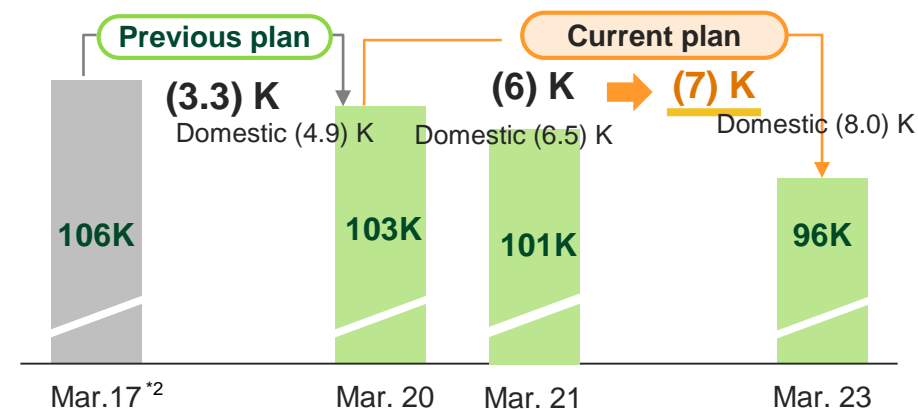
## Control of base expenses



## OHR



## Headcount



# Roadmap to 2022 ~ Cost ~

## Key initiatives of cost reduction

### 1 Reform of domestic businesses

Cost

JPY (50) bn

Workload

(5.0) K people

#### 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

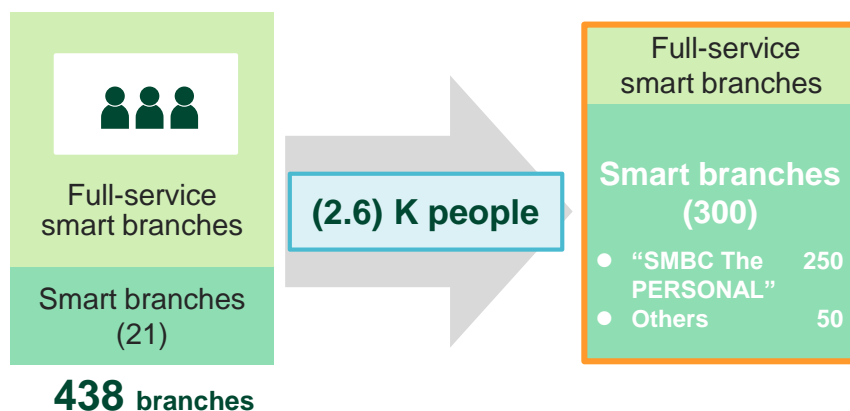
JPY (25) bn

Relocate SMCC and SMBCCF to integrate operations

PMI of asset management business

Consolidate data centers / base systems of group companies

(1.9) K people



# 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**

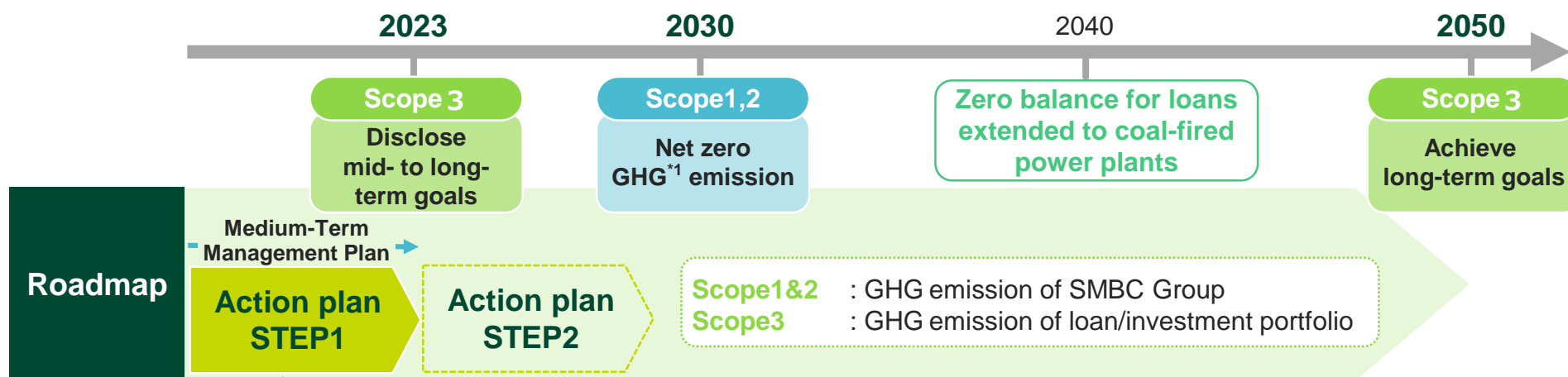
**Expand franchise in Asia and strengthen digital banking**

**7**

**Develop digital solutions for corporate clients**

# Accelerate efforts against climate change

Established “Roadmap Addressing Climate Change” and revised the policy regarding coal-fired power generation.



Measures		Initiatives
1) Strategy	Establish mid- to long-term target for Scope3 emissions	Assess the GHG emissions generated by its loan/investment portfolio and set mid-/long-term targets
2) Strategy	Accelerate initiatives to reduce Scope1&2 emissions	Achieve <b>net zero</b> at SMBC Group operations by 2030
3) Strategy	Enhance businesses addressing climate change and decarbonization	Execute <b>JPY 30 tn</b> of sustainable finance by 2030
4) Governance	Enhance governance/business management framework	Appoint <b>Group CSuO (Chief Sustainability Officer)</b>
5) Risk management	Enhance risk management framework	Enhance climate change scenario analyses
Metrics and targets	Setting and managing KPI and targets	—

## Policy regarding coal-fired power generation<sup>\*2</sup>

**Revision** Support for newly planned coal-fired power plants and the expansion of existing plants are **NOT** provided

\*1 Greenhouse Gas

\*2 This policy applies to SMBC, SMBC Trust Bank Ltd, SMBC Finance and Leasing Ltd, SMBC Nikko Securities Inc

# Governance

## Enhance sustainability management



## Improve the diversity of the Board

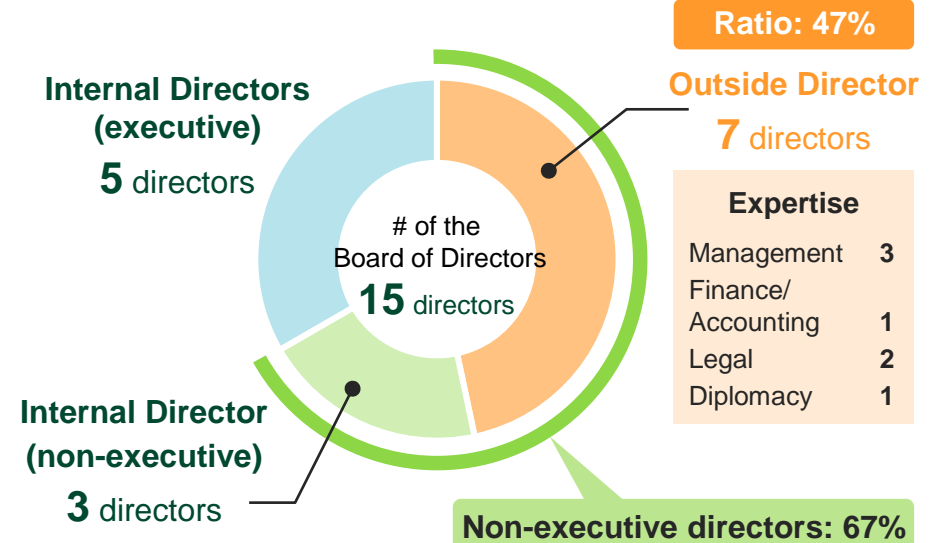


**2 women**



**1 foreign national**

**Joined 30% Club Japan in Apr. 21**



# Acceleration of sustainability management

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

## Establishment of sustainability management

Oct. 18

### Establishment of Corporate Sustainability Committee

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

Apr. 20

### Amendment of Group Mission Declaration of Statement on Sustainability

**SMBC Group "GREEN x GLOBE 2030"**

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

Apr. 21

### Appointment of Group CSuO

Under consideration

### Establishment of Sustainability Committee

## Planning

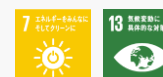
## KPIs

## SDGs

### Materiality

### Environment

- ▶ Green finance
- ▶ Green bond issuance



### Community

### Next Generation

- ▶ Retail deposits in Asia
- ▶ Finance education



### Human Resources

### Governance

- ▶ Female managers
- ▶ Childcare leave



## Engagement with stakeholders

Customers

Shareholders

Employees

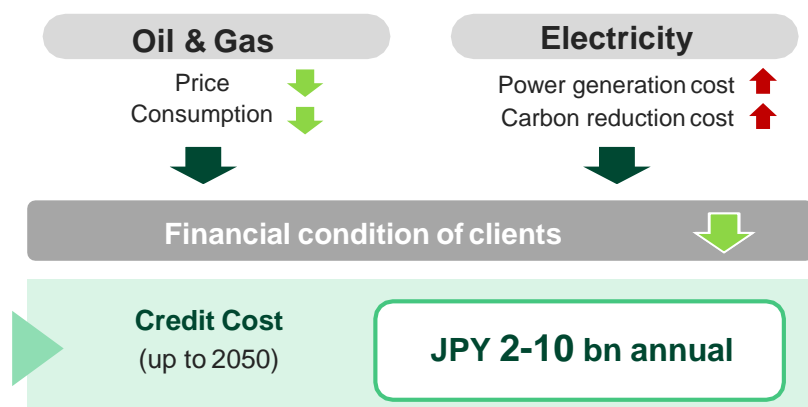
Society

# SMBC Group's approach to ESG risk

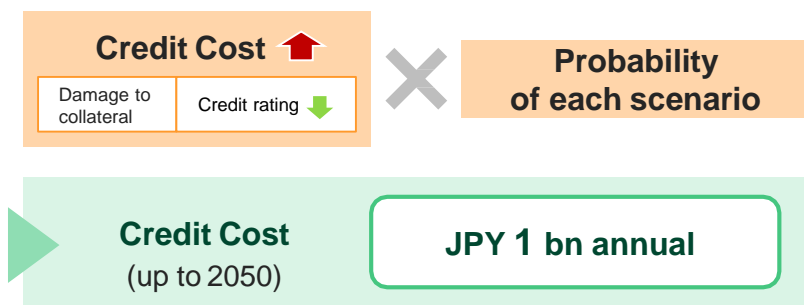
The credit policy of SMBC Group states that SMBC Group<sup>\*1</sup> will not provide financial support to borrowers which it believes are engaged in businesses contrary to public responsibility, or which may have a significant negative impact on the global environment.

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

### Transition risk to a low-carbon society



### Physical risk of water disasters



## Sector Policy

As of June 2021

Coal-fired power generation

Support for newly planned coal-fired power plants and the expansion of existing plants are **NOT** provided

Deforestation

Palm oil plantation

Coal mining

Weapon manufacturing

New Sector Policies added in April 2020

Hydro power generation

Oil & Gas

Tobacco manufacturing

Natural conservation areas

<sup>\*1</sup> This policy applies to SMBC, SMBC Trust Bank Ltd, SMBC Finance and Leasing Ltd, SMBC Nikko Securities Inc

# 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

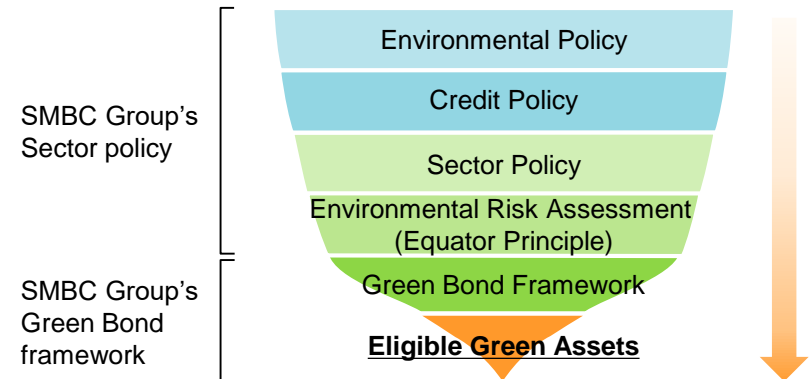
### • Project Categories

Project Categories		Allocated Ratio
1. Renewable Energy		97%
2. Energy Efficiency		0%
3. Green Buildings		0%
4. Clean Transportation		0%
5. Pollution Prevention and Control		3%

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

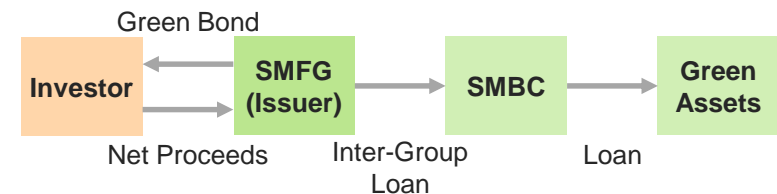


## 2. Evaluation and Selection



## 3. Management of Proceeds

- Pending allocation of proceeds : short-term financial instruments.
- Fully allocated the net proceeds, as of Mar. 21



## 4. Reporting

### • Annually updated

#### ✓ Allocation Proceeds

Project Category, Amount, Country, Agreement Date

#### ✓ Impact Reporting

CO<sub>2</sub> Emissions Reduction (inc. o/w SMBC Financed base)

#### ✓ External Review

Report from Sustainalytics

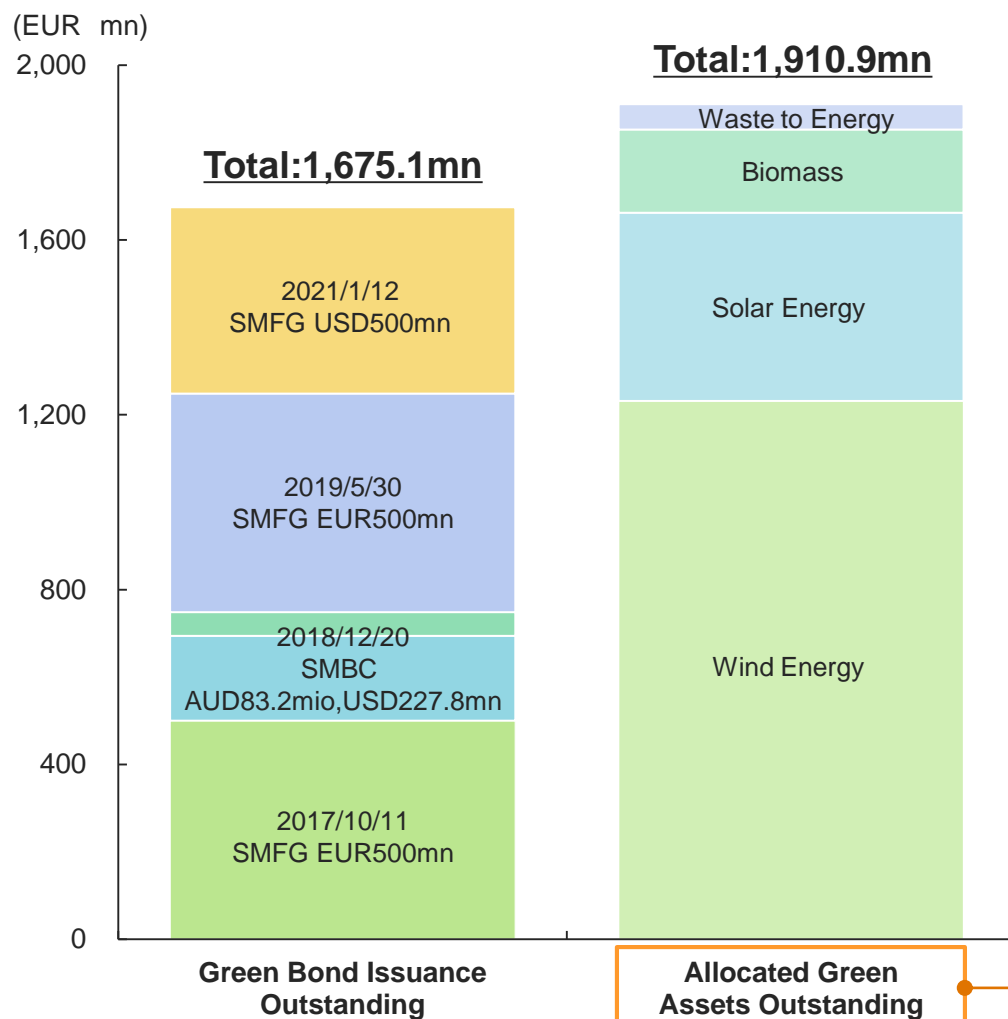
### • All of information is

- ✓ Updated within one year from issue date
- ✓ Available on our Website

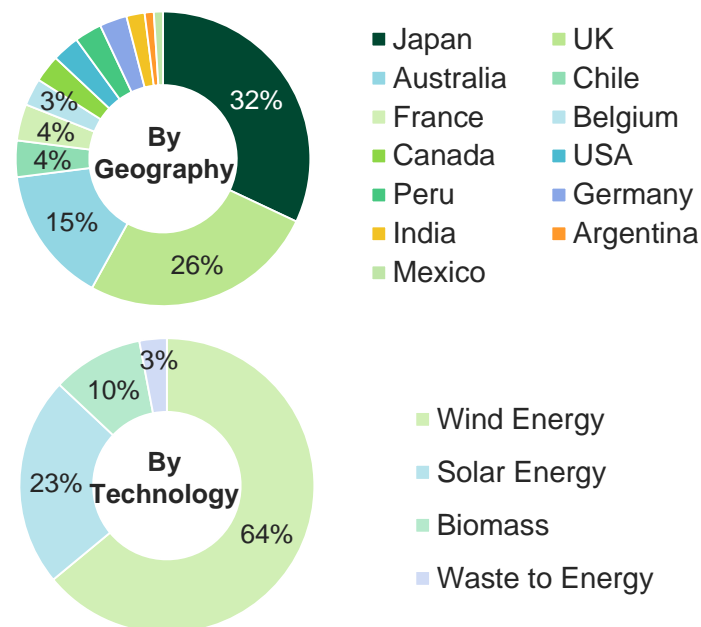


# Overview of Green Bond Issuance and Allocated Green Assets

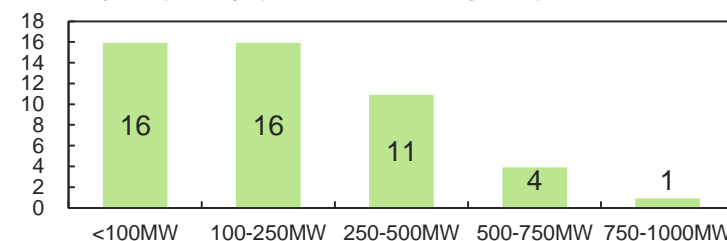
## Balance of Green Bond Issuance and Allocated Green Assets\*1 (as of Mar. 21)



### Overview of Allocated Green Assets





### Facility Capacity (Number of Projects)



\*1 Translated into EUR at the exchange rates as of Mar. 21

# Green Bond Impact Reporting

## Impact Reporting (as of Mar. 21)

Category	Sub Category	Country	Number of Projects	Capacity (MW)	Estimated CO <sub>2</sub> emissions reduction (t-CO <sub>2</sub> /Year)	
						o/w SMBC Group financed
 Renewable Energy	Wind energy	Argentina, Australia, Belgium, Canada, Chile, France, Germany, Japan, Peru, UK	27	8,429.15 MW	9,248,043.51 t-CO <sub>2</sub>	1,792,903.59 t-CO <sub>2</sub>
	Solar energy	Australia, France, India, Japan, Mexico, USA	16	1,753.64 MW	1,791,986.80 t-CO <sub>2</sub>	396,831.16 t-CO <sub>2</sub>
	Biomass	Japan, UK	4	424.90 MW	1,969,653.27 t-CO <sub>2</sub>	454,523.79 t-CO <sub>2</sub>
 Pollution Prevention & Control	Waste to Energy	Australia	1	36.00 MW	147,478.56 t-CO <sub>2</sub>	32,985.11 t-CO <sub>2</sub>
Total					13,157,171.14 t-CO <sub>2</sub>	2,677,243.66 t-CO <sub>2</sub>
SMFG/SMBC Green Bond Outstanding (as of Mar. 21)* <sup>1</sup>						EUR 1,675.1mn
CO <sub>2</sub> Avoidance per EUR1mn						1,598.29 t-CO <sub>2</sub>

\*1 Translated into EUR at the exchange rates as of Mar. 21

# Use of Proceeds Statement for each Issuance 1/4

## 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. 2021

Category	Sub-Category	Loan Agreement Date	Currency	Country	Loan balance (EUR mn) <sup>*1</sup>	CO <sub>2</sub> Emissions Reduction (t-CO <sub>2</sub> )	
						(o/w SMBC Group Financed)	
Renewable Energy	Wind Energy	2018/12	GBP	UK	88	532,108	45,701
Renewable Energy	Wind Energy	2017/2	EUR	Germany	9	403,135	40,851
Renewable Energy	Wind Energy	2019/7	GBP	UK	76	519,746	22,105
Renewable Energy	Wind Energy	2018/6	EUR	Germany	46	364,710	30,422
Renewable Energy	Wind Energy	2017/5	EUR	Belgium	23	128,542	16,977
Renewable Energy	Wind Energy	2017/12	EUR	Belgium	8	93,472	24,216
Renewable Energy	Wind Energy	2017/7	EUR	France	17	21,128	7,183
Renewable Energy	Wind Energy	2017/11	EUR	France	30	18,211	4,431
Renewable Energy	Wind Energy	2018/12	GBP	UK	36	411,038	58,745
Renewable Energy	Solar Energy	2017/3	EUR	France	21	2,689	592
Renewable Energy	Solar Energy	2016/8	USD	USA	14	243,814	48,045
Renewable Energy	Solar Energy	2016/12	USD	USA	22	409,512	37,931
Renewable Energy	Solar Energy	2016/11	AUD	Australia	15	301,742	60,346
Renewable Energy	Solar Energy	2016/9	JPY	Japan	77	27,862	21,495
Renewable Energy	Solar Energy	2015/12	JPY	Japan	24	14,374	8,033
Renewable Energy	Solar Energy	2019/7	JPY	Japan	21	25,727	8,351
<b>Total</b>					528	3,517,814	435,423
<b>Net Proceeds from Note Issuance</b>							EUR 500mn
<b>CO<sub>2</sub> avoidance per EUR1mn</b>							870.85 t-CO <sub>2</sub>

\*1 Translated into EUR at the exchange rates as of Mar. 21

# Use of Proceeds Statement for each Issuance 2/4

## 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. 2021

Category	Sub-Category	Loan Agreement Date	Currency	Country	Loan balance (EUR mn) <sup>*1</sup>	CO <sub>2</sub> Emissions Reduction (t-CO <sub>2</sub> )	
							(o/w SMBC Group Financed)
Renewable Energy	Wind Energy	2018/3	JPY	Japan	39	263,994	37,298
Renewable Energy	Wind Energy	2017/1	AUD	Australia	27	344,290	68,367
Renewable Energy	Wind Energy	2018/5	EUR	Belgium	34	101,380	12,941
Renewable Energy	Wind Energy	2018/6	USD	Argentina	15	37,192	15,619
Renewable Energy	Wind Energy	2018/6	USD	Argentina	10	66,830	28,066
Renewable Energy	Solar Energy	2018/3	JPY	Japan	41	20,744	13,511
Renewable Energy	Solar Energy	2018/6	JPY	Japan	26	29,307	7,866
Renewable Energy	Solar Energy	2017/3	JPY	Japan	17	8,046	5,875
Renewable Energy	Solar Energy	2017/4	JPY	Japan	9	7,378	3,320
Renewable Energy	Solar Energy	2017/5	USD	USA	21	76,767	15,353
Renewable Energy	Biomass	2018/3	JPY	Japan	54	268,647	102,527
<b>Total</b>					293	1,224,576	310,743
<b>Net Proceeds from Note Issuance</b>							USD 227.8mn AUD 83.2mn (EUR 248.44mn equiv.) <sup>*1</sup>
<b>CO<sub>2</sub> avoidance per EUR1mn</b>							1,250.78 t-CO <sub>2</sub>

<sup>\*1</sup> Translated into EUR at the exchange rates as of Mar. 21

# Use of Proceeds Statement for each Issuance 3/4

## 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. 2021

Category	Sub-Category	Loan Agreement Date	Currency	Country	Loan balance (EUR mn) <sup>*1</sup>	CO <sub>2</sub> Emissions Reduction (t-CO <sub>2</sub> )	
							(o/w SMBC Group Financed)
Renewable Energy	Wind Energy	2018/12	GBP	UK	27	380,302	18,287
Renewable Energy	Wind Energy	2018/11	GBP	UK	99	777,941	388,970
Renewable Energy	Wind Energy	2017/8	AUD	Australia	51	752,386	85,531
Renewable Energy	Wind Energy	2018/6	AUD	Australia	32	378,684	94,671
Renewable Energy	Wind Energy	2018/12	CAD	Canada	64	205,687	44,257
Renewable Energy	Wind Energy	2017/8	USD	Peru	57	184,058	29,776
Renewable Energy	Wind Energy	2018/8	JPY	Japan	86	1,235,160	369,195
Pollution Prevention & Control	Waste to Energy	2018/10	AUD	Australia	58	147,488	32,985
Renewable Energy	Solar Energy	2018/3	USD	Mexico	19	141,809	31,837
Renewable Energy	Solar Energy	2018/6	JPY	Japan	25	16,601	5,953
Renewable Energy	Biomass	2018/6	JPY	Japan	84	279,886	83,320
Renewable Energy	Biomass	2018/9	JPY	Japan	30	1,140,000	230,393
<b>Total</b>					633	5,640,000	1,415,177
<b>Net Proceeds from Note Issuance</b>							EUR 500mn
<b>CO<sub>2</sub> avoidance per EUR1mn</b>							2,830.35 t-CO <sub>2</sub>

\*1 Translated into EUR at the exchange rates as of Mar. 21

# Use of Proceeds Statement for each Issuance 4/4

## 2021/01/12 SMFG Green Bond USD500mn

### Net Proceeds from Note Issuance

- Sumitomo Mitsui Financial Group USD500,000,000 0.508% Senior Notes due 2024

USD 500mn

### Use of Proceeds as of Mar. 2021

Category	Sub-Category	Loan Agreement Date	Currency	Country	Loan balance (EUR mn) <sup>*1</sup>	CO <sub>2</sub> Emissions Reduction (t-CO <sub>2</sub> )	
							(o/w SMBC Group Financed)
Renewable Energy	Wind Energy	2019/11	USD	Chile	69	198,578	25,611
Renewable Energy	Wind Energy	2019/3	GBP	UK	90	192,500	43,313
Renewable Energy	Wind Energy	2019/8	GBP	UK	82	336,528	66,933
Renewable Energy	Wind Energy	2019/8	AUD	Australia	46	590,525	90,687
Renewable Energy	Wind Energy	2020/7	AUD	Australia	48	630,025	108,751
Renewable Energy	Wind Energy	2020/2	JPY	Japan	23	79,890	13,999
Renewable Energy	Solar Energy	2019/4	EUR	India	45	433,878	115,589
Renewable Energy	Solar Energy	2020/2	JPY	Japan	31	31,737	12,734
Renewable Energy	Biomass	2020/3	JPY	Japan	23	281,120	38,284
<b>Total</b>					457	2,774,781	515,901

**Net Proceeds from Note Issuance**

USD 500mn  
(EUR 426.6mn equiv.)<sup>\*1</sup>

**CO<sub>2</sub> avoidance per EUR1mn**

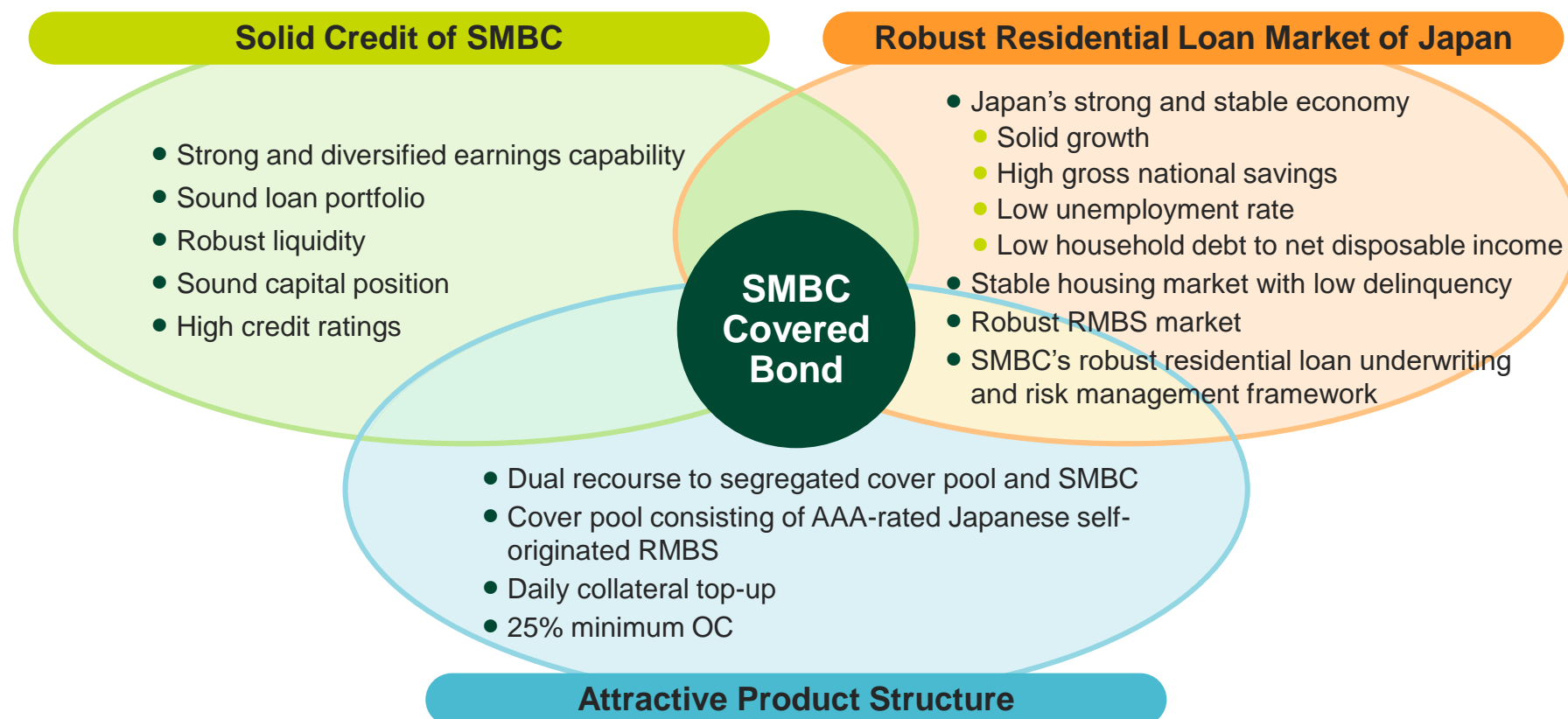
1,209.33 t-CO<sub>2</sub>

<sup>\*1</sup> Translated into EUR at the exchange rates as of Mar. 21

# 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.

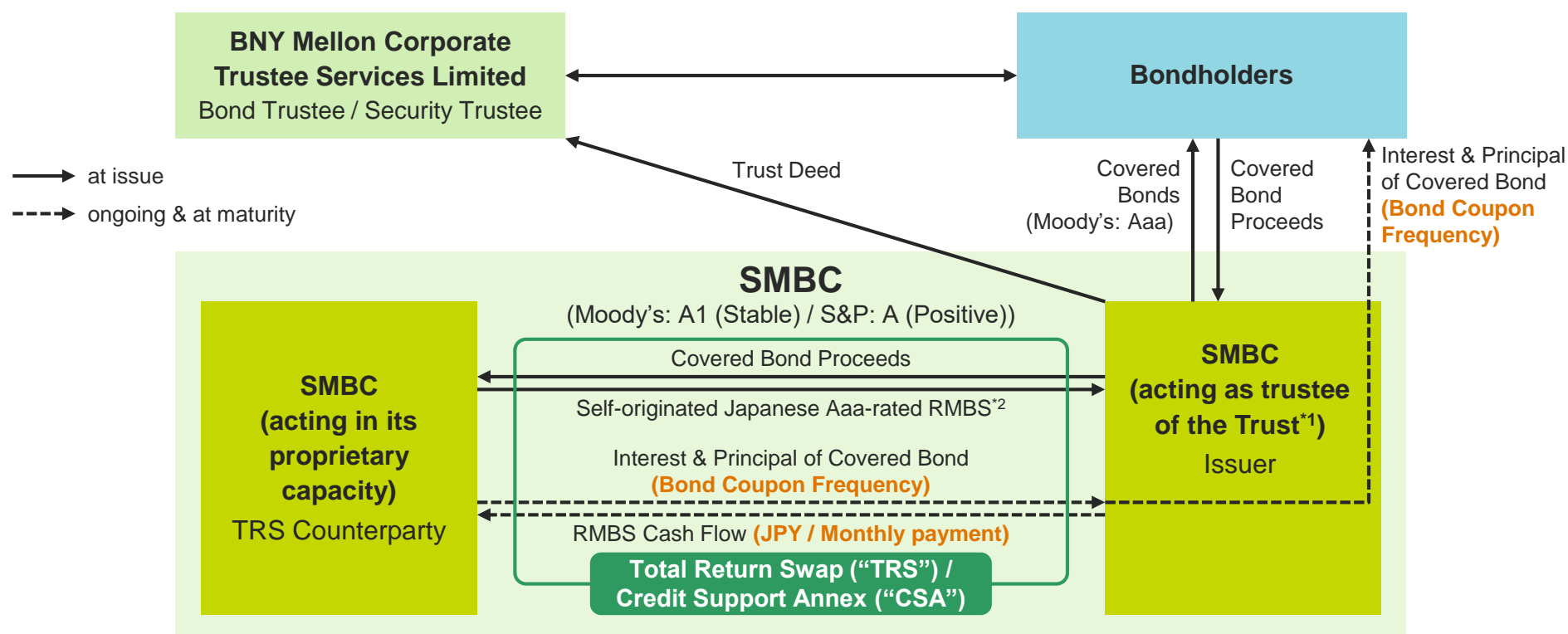


# SMBC Covered Bond Programme

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")

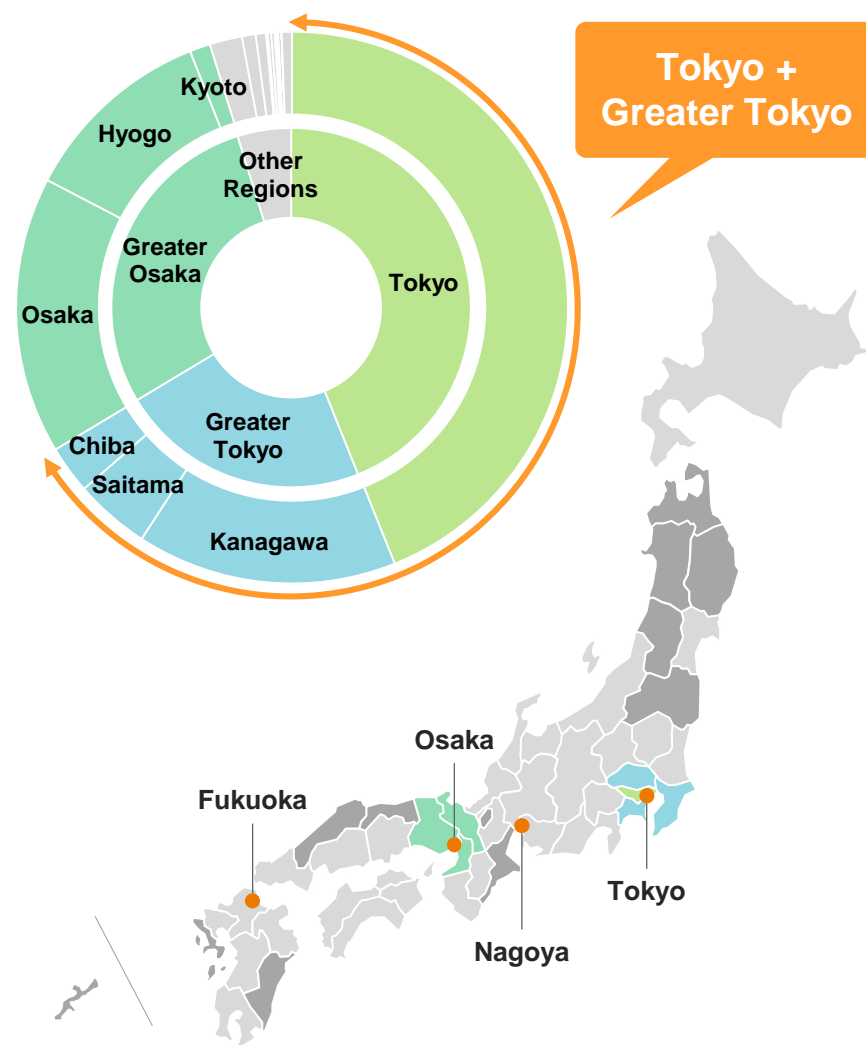
\*2 Cover pool assets may include senior tranches Aa-rated RMBS where higher haircut ratio of 20% is applied, JGB and cash

# SMBC covered bond: Cover pool summary

## RMBS Summary Terms\*1

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

## Domestic Region\*1\*2



\*1 Pool data as of Feb. 21

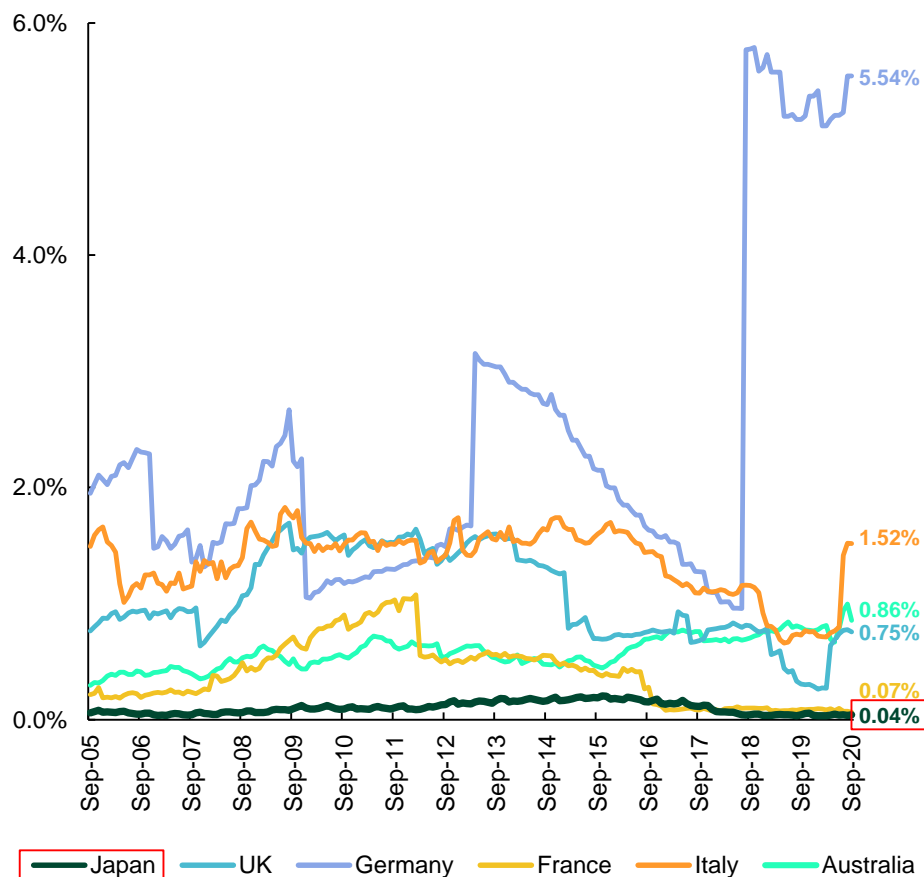
\*2 By loan balance

# 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.

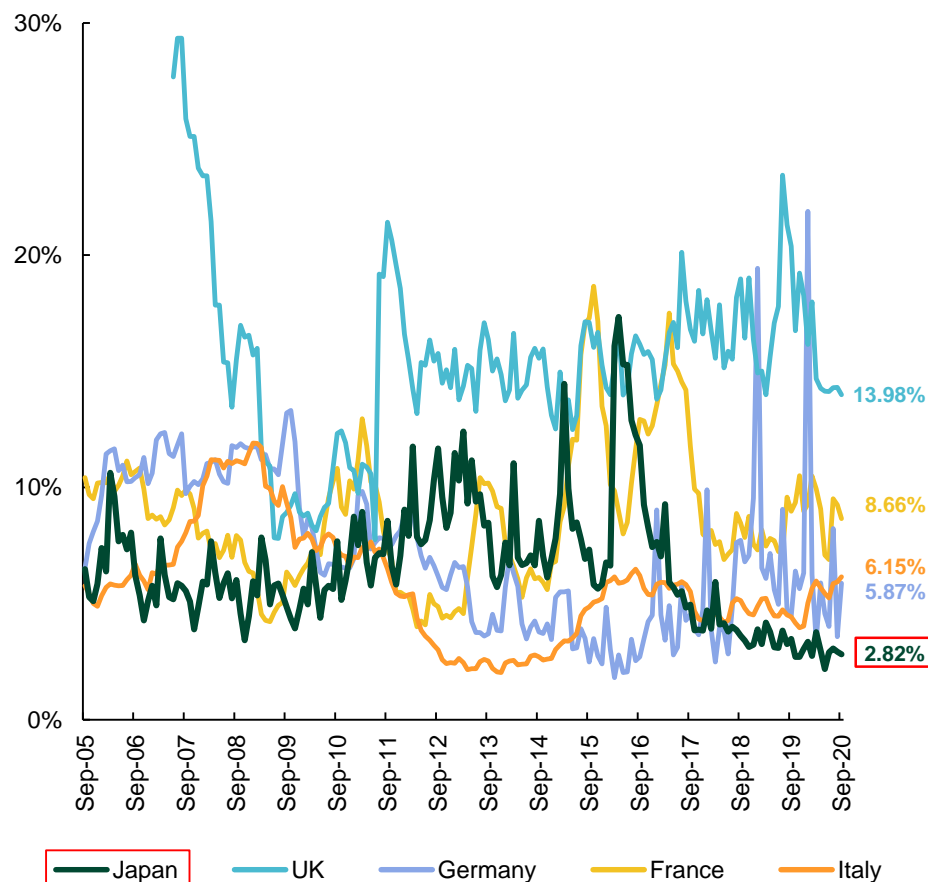
Current Prepayment rate of Japanese RMBS market is low compared to other developed countries.

## RMBS 90+ Days Delinquency



Source: Moody's

## Prepayment Rate



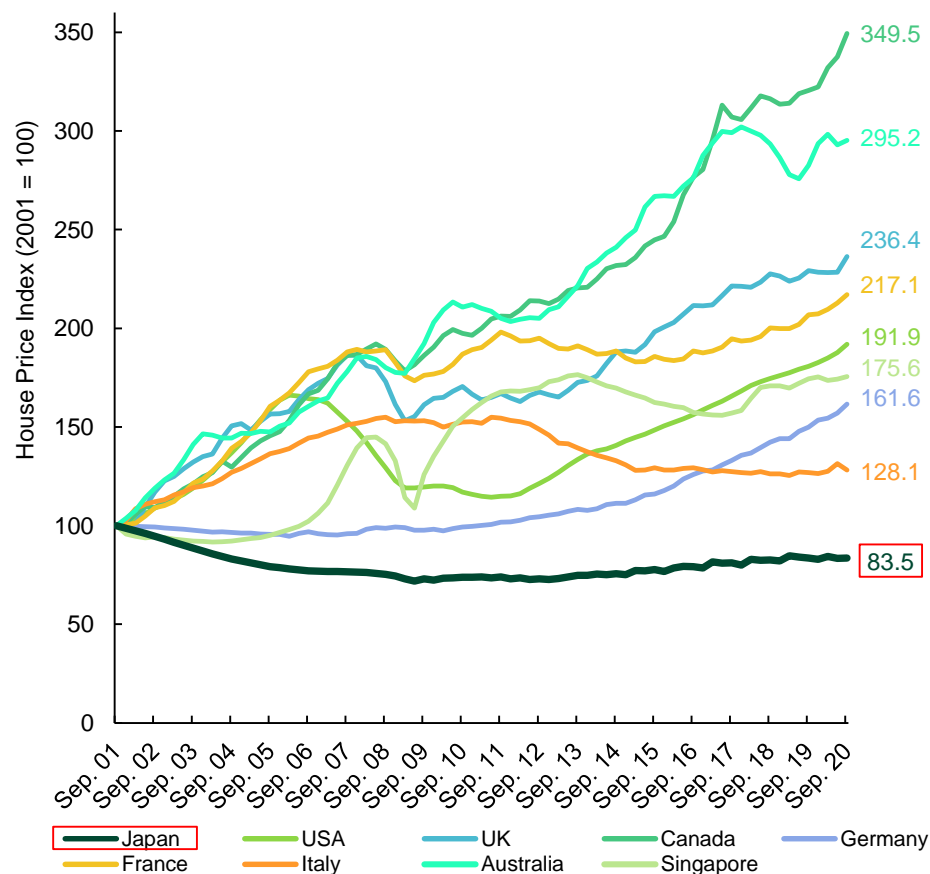
Note: UK data between December 2004 and May 2007 is not available  
Source: Moody's

# Housing market developments

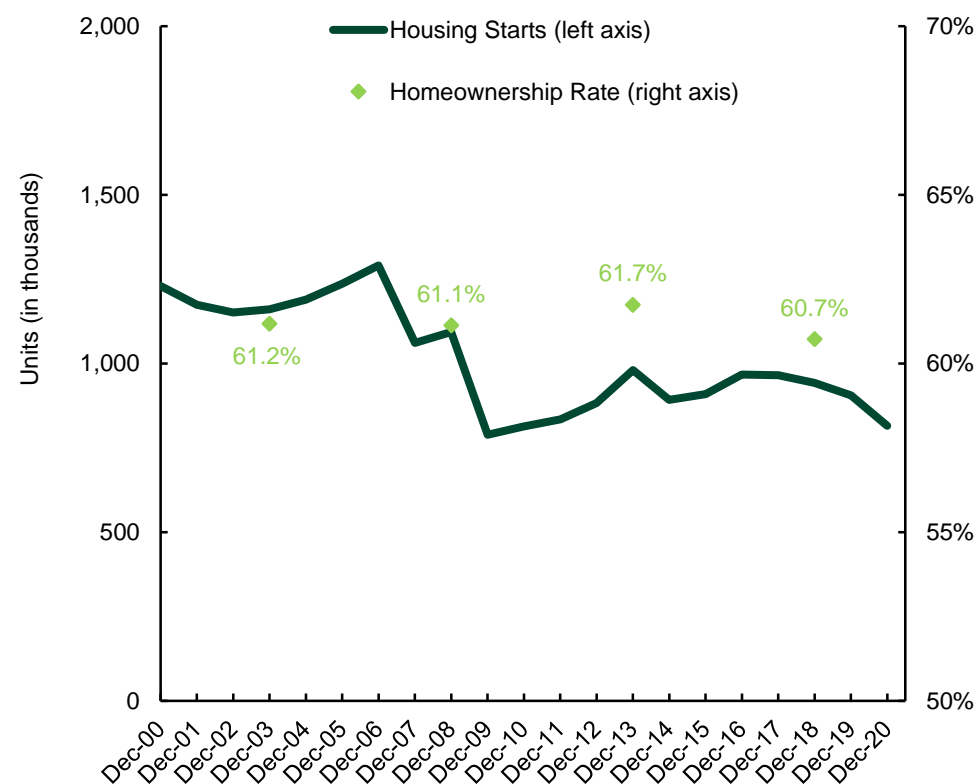
Japanese house prices have been stable with limited impact of the global financial crisis compared to other developed countries, and are now in an upward trend.

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

## House Prices



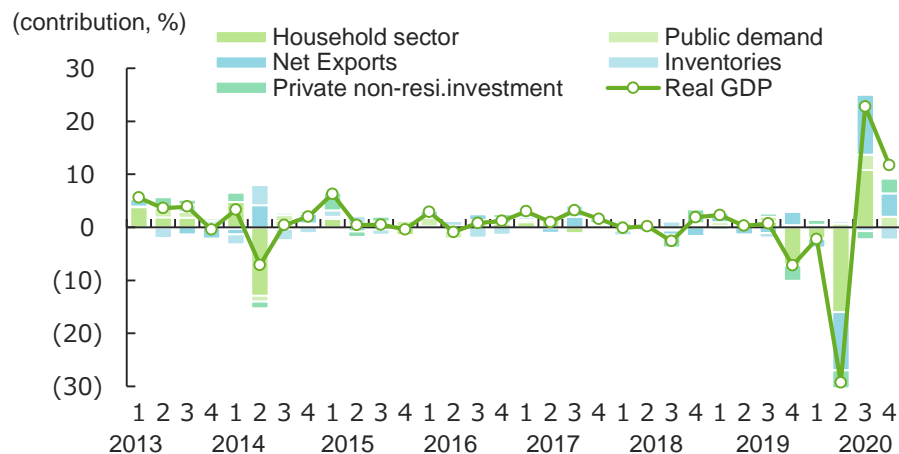
## Housing Starts / Homeownership Rate



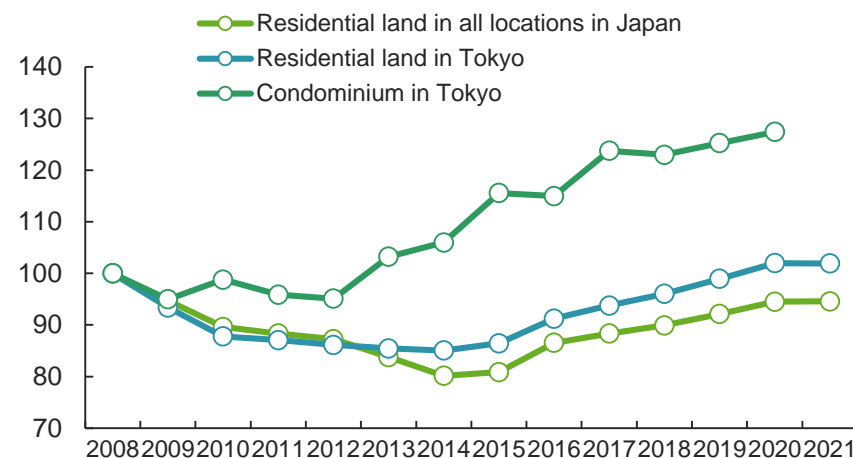
Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistics Bureau, Ministry of Internal Affairs and Communications

# Japanese economy

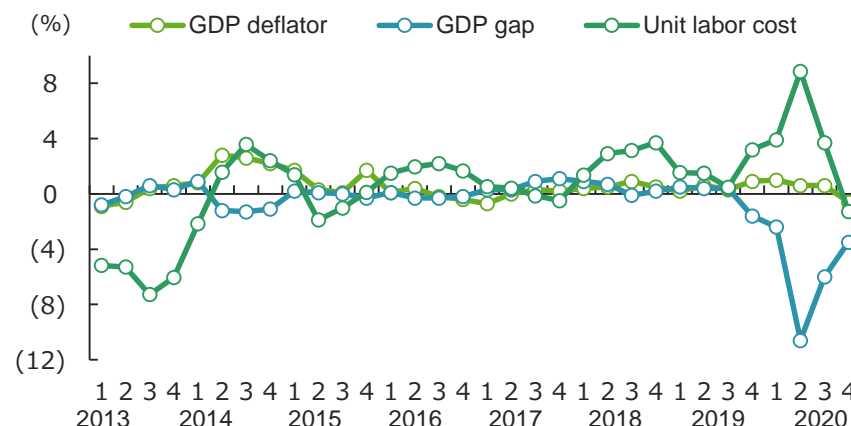
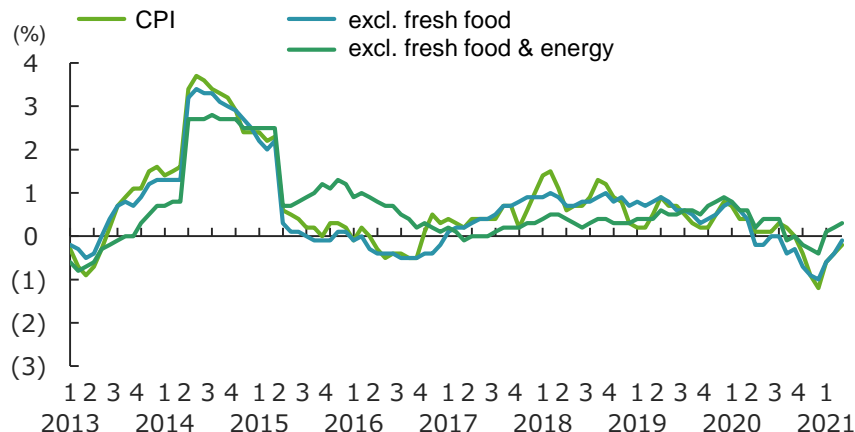
## Real GDP growth rate (annualized QOQ change)\*1



## 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"> <li>Supply masks, disinfectants, etc.</li> <li>Expand testing/medical care capacity</li> <li>Accelerate drug/vaccine development</li> </ul>
	Preserve jobs and businesses	88.9	19.5	<ul style="list-style-type: none"> <li>Subsidize credit and extend tax due dates for businesses (including large ones)</li> <li>Distribute cash to SMEs/sole proprietors</li> <li>Distribute cash to households experiencing reduced income</li> </ul>
Recovery Phase	Revive economic activity through collaboration between public and private	8.5	1.8	<ul style="list-style-type: none"> <li>Assist tourism, transport &amp; restaurant industries</li> <li>Revitalize regional economies (e.g., aid for farming, forestry, fisheries)</li> </ul>
	Build resilient economic structure	15.7	0.9	<ul style="list-style-type: none"> <li>Reconfigure supply chains (repatriate offshored production)</li> <li>Promote digitalization &amp; remote connectivity</li> </ul>
	Prepare for the future	1.5	1.5	<ul style="list-style-type: none"> <li>Establish COVID-19 pandemic response reserve fund</li> </ul>
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"> <li>• Increase the daily upper limit for the employment adjustment subsidies and expanding the subsidy rate</li> </ul>
Enhancing financial support	11.6	<ul style="list-style-type: none"> <li>• Loan to SMEs</li> <li>• Loan to major corporations</li> <li>• Providing capitals</li> </ul>
Establishing a rent support grant for SMEs	2.0	<ul style="list-style-type: none"> <li>• Housing support to SMEs/sole proprietors</li> </ul>
Supporting medical treatment providers	3.0	<ul style="list-style-type: none"> <li>• Emergency Comprehensive Support Grant For Novel Coronavirus Disease</li> <li>• Distribution of medical masks to medical institutions</li> <li>• Development of medicine and vaccines</li> </ul>
Other supports	4.7	<ol style="list-style-type: none"> <li>1. Expanding of "Special Allocation for Revitalization to Cope with COVID-19"</li> <li>2. Additional payments to low-income single parent households</li> <li>3. Enhancing the Subsidy Program for Sustaining Businesses</li> <li>4. Others</li> </ol>
Contingency funds for the COVID-19	10.0	
Total	31.8	

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

## Fiscal year 2020 third supplementary budget plan

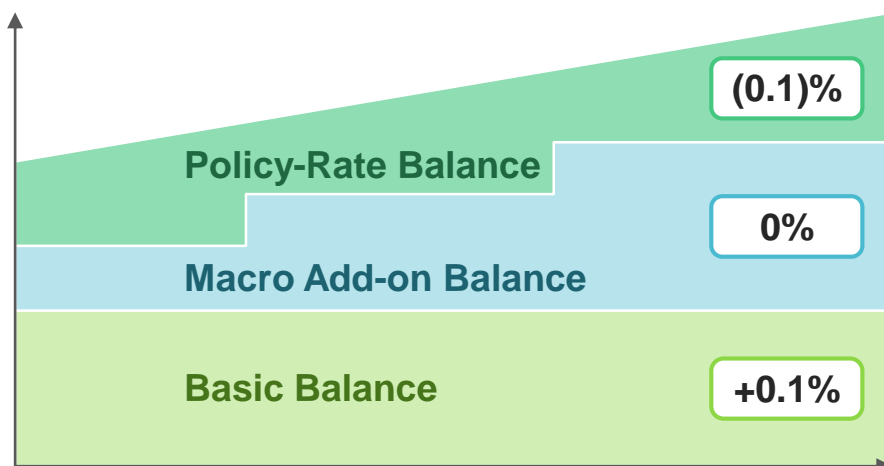
Initiatives	Measures	General Expenditures (JPY tn)
Containment measures for the COVID-19	Securing the medical treatment system & Supporting medical institutions	1.6
	Enhancing the testing system & Developing vaccine distribution system	0.8
	Containment measures based on data and technology	1.7
	International cooperation for containing the COVID-19	0.1
Promoting structural change & positive economic cycles for Post-Corona era	Realizing digitalization and green society	2.8
	Enhancing productivity through structural changes and innovation	2.4
	Realizing positive economic cycles in regions & employment led by private demand	6.5
Securing safety and relief with respect to disaster management	Promoting national resilience with respect to disaster management	2.1
	Recovery from aftermaths of natural disasters	0.6
	Securing people's safety and relief	0.4
Total		19.2

# 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
Mar. 2021	Further Effective and Sustainable Monetary Easing

## Three-tier system in current accounts at BOJ



## Recent announcements

### 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.

### Mar. 2021

- **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.
  - Yield fluctuations range of +/-0.25% from the target
- **Guidelines for asset purchases**
  - Maintain annual paces of increase for ETFs and J-REITs
  - Extend purchase of CP and corporate bonds till Sep. 2021

# BOJ's initial 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 with most recent update
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) <b>=&gt; Extended till Sep. 2021</b>
Special funds-supplying operations ("SFSO")*	<b>(Updated) New scheme introduced in Mar. 2021 where BOJ set applied interest rate/incentive for categories as following; 0.2% for Category I, 0.1% for Category II and 0% for Category III. Category I is loans through SFSO by financial institutions themselves, Category II is loans through SFSO including private debt pledged as collateral and Category III is loans through Loan Support Program.</b>
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) <b>=&gt; 84 days maturity operation will be discontinued as of July 1<sup>st</sup> 2021</b>
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) <b>=&gt; Maintaining the same annual pace increase</b>
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) <b>=&gt; Added yield fluctuation range of +/-0.25% from the target</b>