

# Fixed Income Investor Presentation

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June 2022

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)

	The end of Mar. 21	The end of Mar. 22
USD	JPY 110.71	JPY 122.41
EUR	JPY 129.75	JPY 136.81

## 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

# Agenda

## Results


- Key credit messages
- Financial results
- Financial impact from Russia
- 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, FY3/22)

<b>Strong and diversified earnings capability</b>	<b>USD 5.8 bn</b> SMFG's profit attributable to owners of parent* <sup>1</sup>	Breakdown of consolidated net business profit by business unit 
<b>Sound loan portfolio</b>	<b>1.08%</b> SMFG NPL ratio	<b>0.77%</b> SMBC NPL ratio (non-consolidated)
<b>Robust liquidity</b>	<b>56.2%</b> Loan to deposit ratio	(average Jan. – Mar. 22) <b>141.7%</b> LCR
<b>Sound capital position</b>	<b>14.45%</b> CET1 ratio (Fully-loaded basis)	<b>16.56%</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, 2022)

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

# FY3/2022 financial results

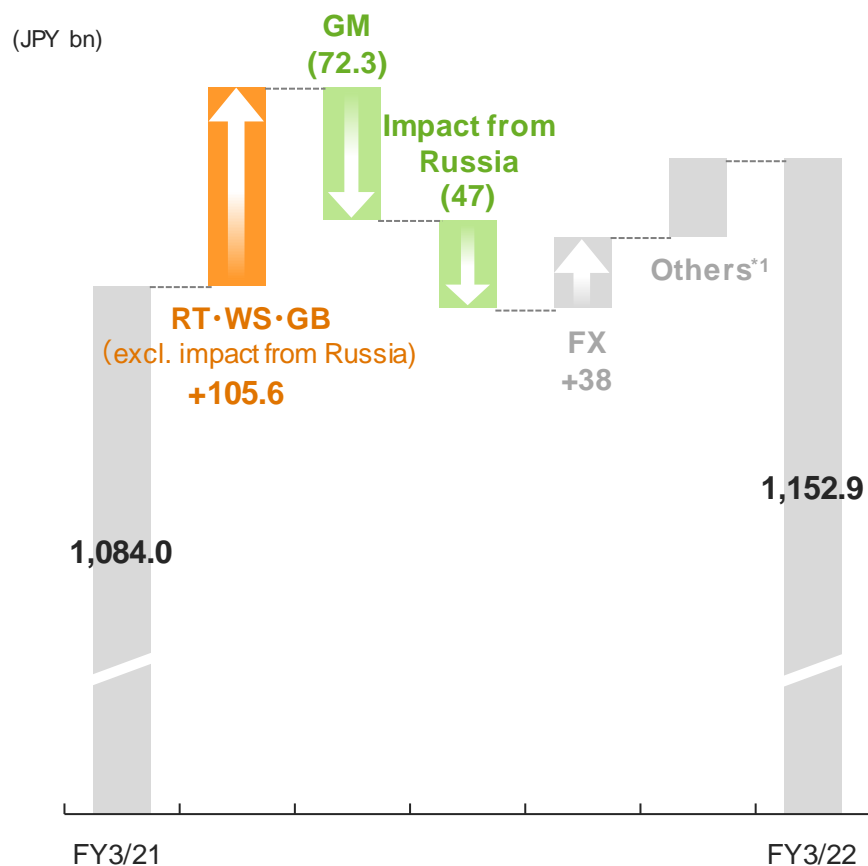
	(JPY bn)	FY3/22	YoY	vs. Target
1 Consolidated gross profit		2,945.5	+139.3	
2 G&A expenses		1,821.1	+74.0	
Overhead ratio		61.8%	(0.5)%	
3 Equity in gains (losses) of affiliates		28.5	+3.5	
4 Consolidated net business profit		1,152.9	+68.9	+32.9
5 Total credit cost		274.4	(86.1)	+74.4
6 Gains (losses) on stocks		209.1	+116.5	
7 Other income (expenses)		(46.9)	+58.1	
8 Ordinary profit		1,040.6	+329.6	+60.6
9 Extraordinary gains (losses)		(111.0)	(72.3)	
10 Income taxes		214.5	+58.2	
11 Profit attributable to owners of parent		706.6	+193.8	+36.6
12 ROE		7.3%	+1.9%	

- **Consolidated gross profit:** increased YoY due to strong performance of RT, WS and GB Business Units, despite lower gains on sales of bonds in GM Business Unit.  
Impact of SMBC Nikko case : approx. JPY (10) bn.
- **G&A expenses:** increased YoY due mainly to business recovery from COVID-19, as well as higher variable marketing costs of SMCC, which successfully increased its number of new customers.
- **Equity in gains of affiliates:** increased YoY due mainly to business recovery in affiliates in Asia.  
Impairment of aircraft at SMBCAC: JPY 47 bn
- **Total credit cost:** JPY 75 bn of reserve for exposure to Russia including forward-looking provisions.
- **Gains on stocks:** increased YoY due to higher gains on sales of strategic shareholdings (JPY 162 bn, YoY JPY 97 bn)
- **Other income:** increased YoY due to the absence of loss from forward dealings recorded in FY3/21.  
Allowance on interest repayment : JPY 32 bn, YoY JPY (7) bn
- **Extraordinary losses:** recorded impairment of branches and software at SMBC and SMBC Trust, as well as freight cars at SMBC Rail Services.

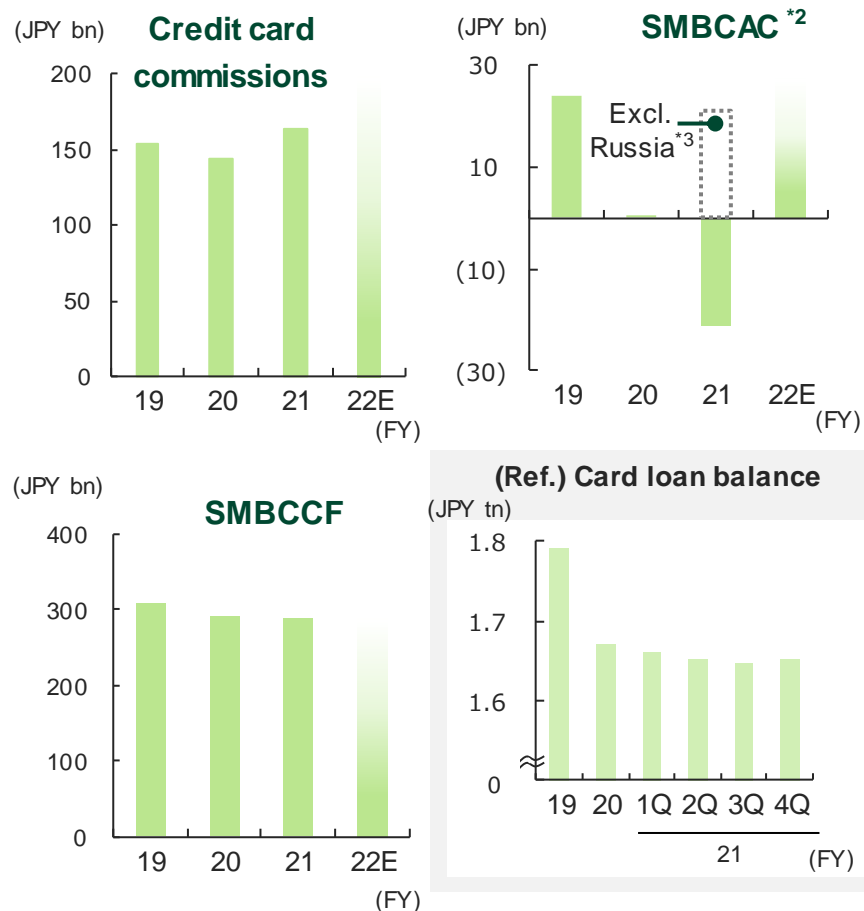
# Consolidated net business profit

Strong profits in WS and GB offset impact from Russia and the profit decline in GM.  
COVID-19 impact remains in consumer finance, but the decrease in card loan balance is bottoming out.

## Breakdown of YoY



## COVID-19 impact



\*1 Incl. recovery from COVID-19

\*2 After considering ownership ratio

\*3 Excluding the impairment of aircraft leased to Russian airlines

# Financial impact from Russia

FY3/22: Total negative impact was approx. JPY 100 bn, incl. forward-looking reserves and impairments.  
FY3/23: Potentially volatile depending on the situation in Russia.

## FY3/22

**Net operating profit** JPY (47) bn

- Impairment of aircraft (leased to Russian airlines)

52% of NBV of aircraft  
(after net guarantee deposits, etc.) JPY (82) bn

→ After considering tax and ownership ratio (66%) JPY (47) bn

**Credit cost** JPY 75 bn

- Approx. 30% of exposure to Russian borrowers

o/w forward-looking provisions JPY 40 bn

**Bottom-line profit** JPY (100) bn

## FY3/23

- Absorb losses with forward-looking reserves and impairment implemented in FY3/22
- Upside and downside volatility remains

### Upside

- ✓ Reversal from forward-looking provisions and no further downgrades from exposure in Russia
- ✓ Early receipt of the insurance in SMBCAC

### Downside

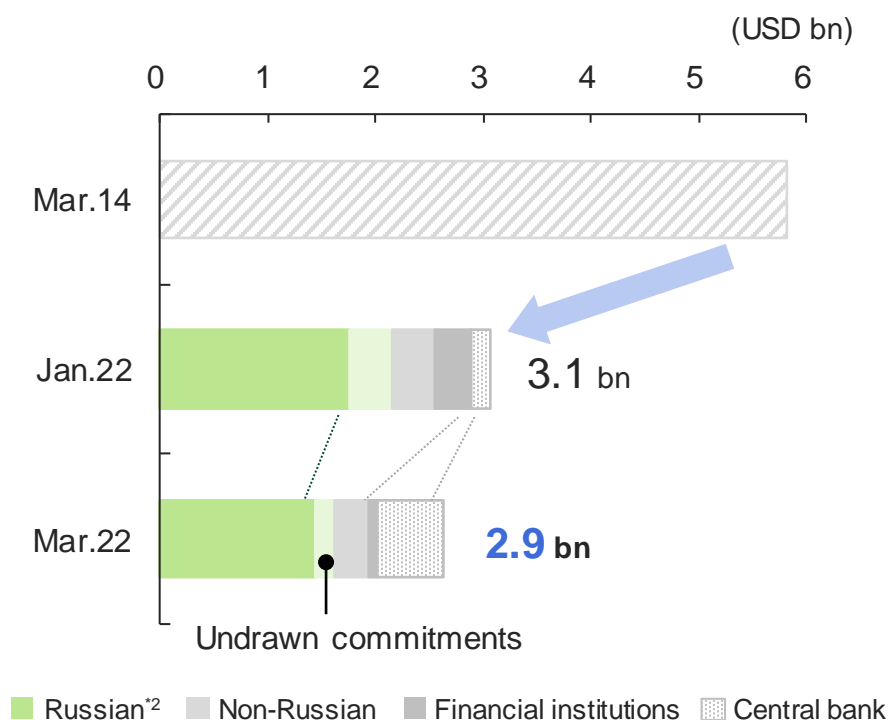
- ✓ Additional impairment for aircraft (max. USD 460 mn\*1)
- ✓ Additional credit cost
- ✓ Expropriation of Russian local subsidiary

\*1 After considering tax and ownership ratio

# SMBC Group's update on Russia

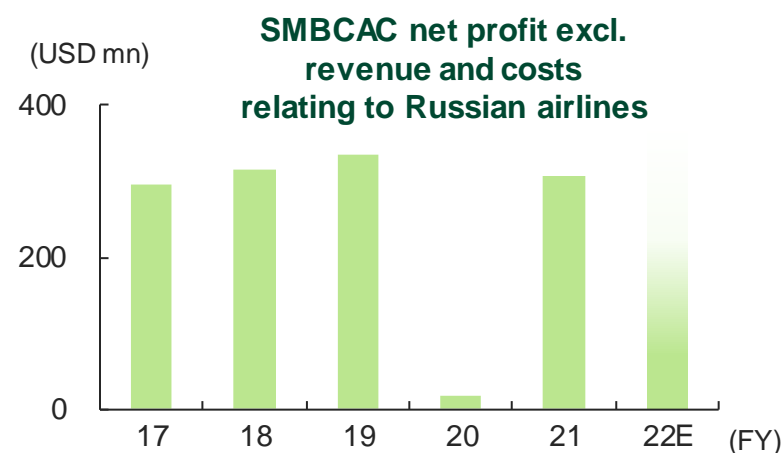
## Exposure to Russia (incl. exposure of the Russian subsidiary)\*1

- Decreased by USD 200 mn from Jan.22
- Deposits in the Russian central bank increased due to repayment of Ruble loans



## Aircraft leasing

- NBV of aircraft in Russia: USD 0.8 bn, approx. 6% of all aircraft (after impairment on Mar. 22)
- Notice issued to all Russian airline customers terminating the leasing, and requiring the grounding, of all aircraft (Collected 1 out of 35 aircraft)
- All aircraft are insured - timing and amount of recovery remain to be confirmed
- Performance has been recovering excl. Russian impact



\*1 Managerial accounting basis. Loans, commitment lines, guarantee investments, etc. of consolidated subsidiaries and major equity-method affiliates calculated based on ultimate risk countries.

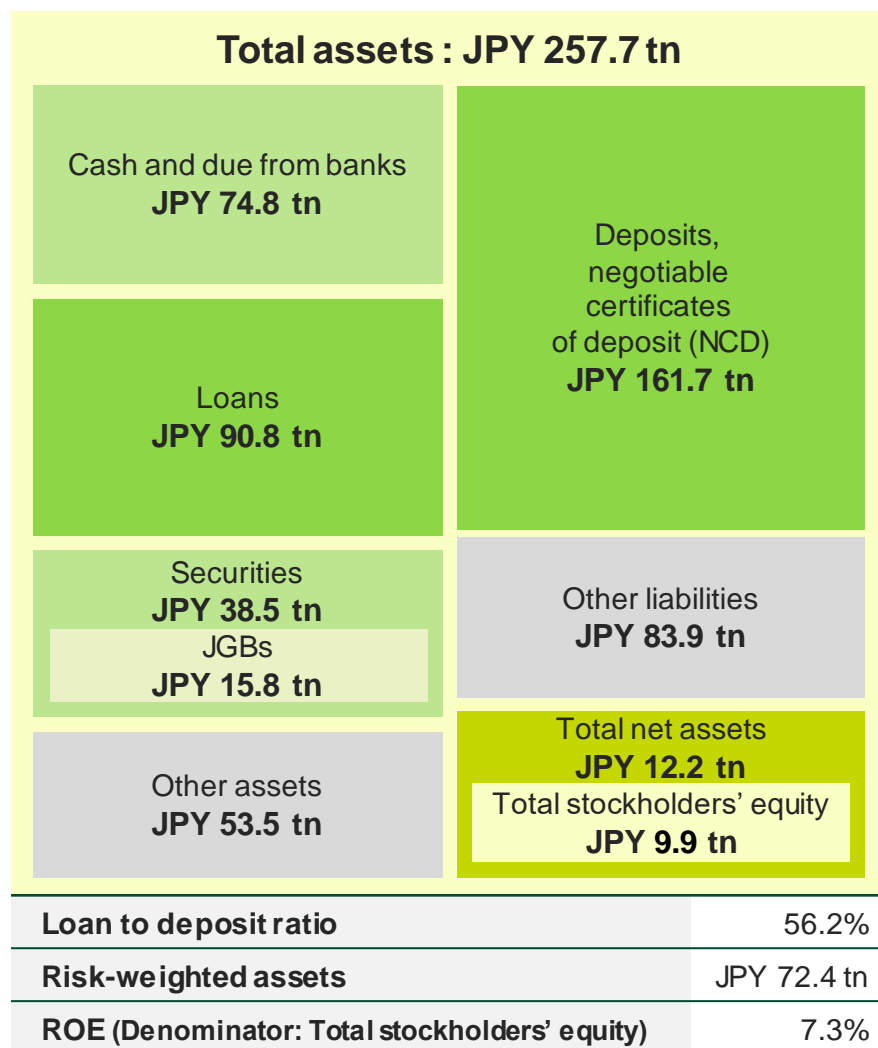
\*2 Including project finance and ship finance.



# Balance sheet and loan balance

## Balance sheet (as of Mar. 22)

(Consolidated)

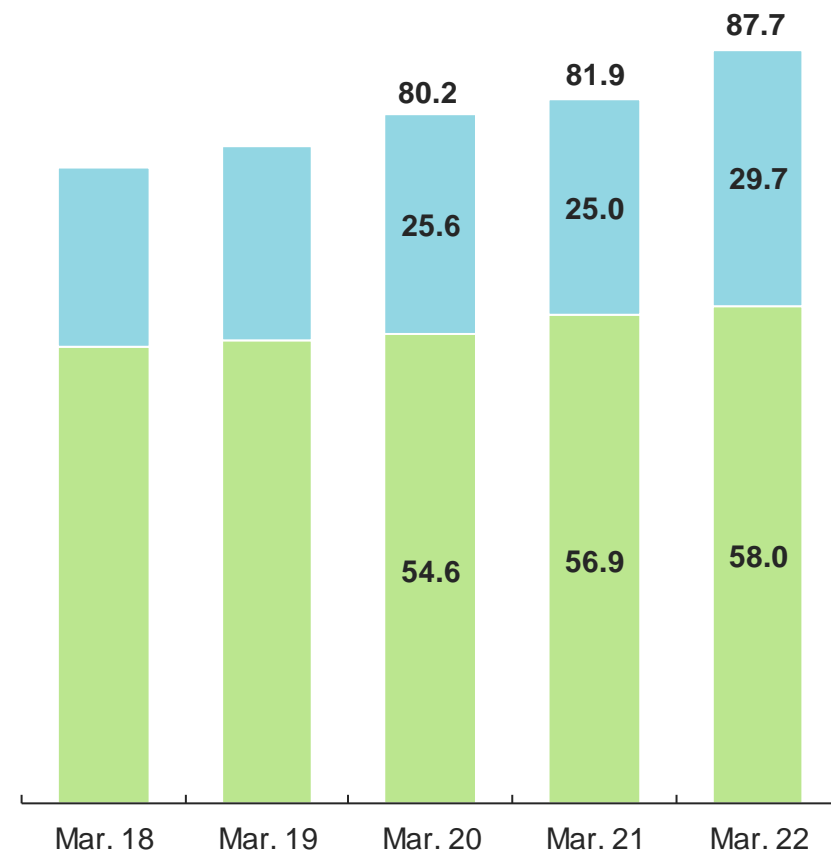


## Loan balance

(Non-consolidated)

(JPY tn)

■ Domestic loans ■ Overseas loans



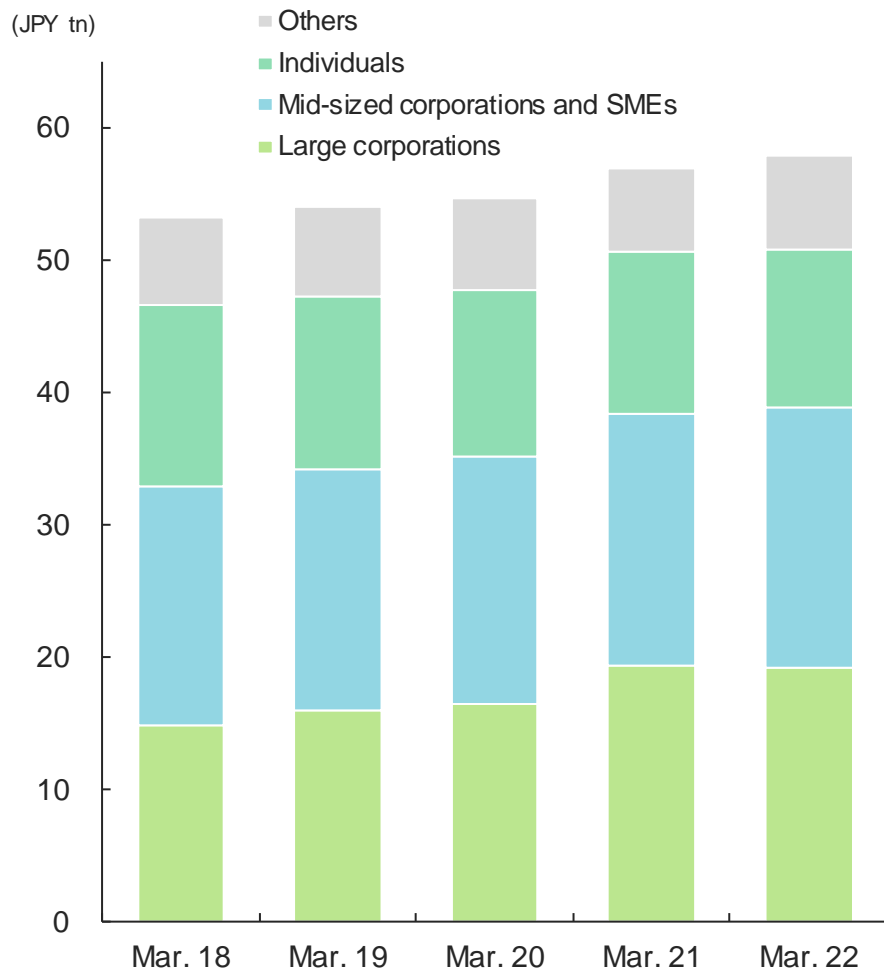
Of which loans to the Japanese government, etc. and SMFG

2.6 tn      2.6 tn      2.4 tn

# Domestic loans\*1

## Balance

(Non-consolidated)



## Spread\*2

(Non-consolidated)

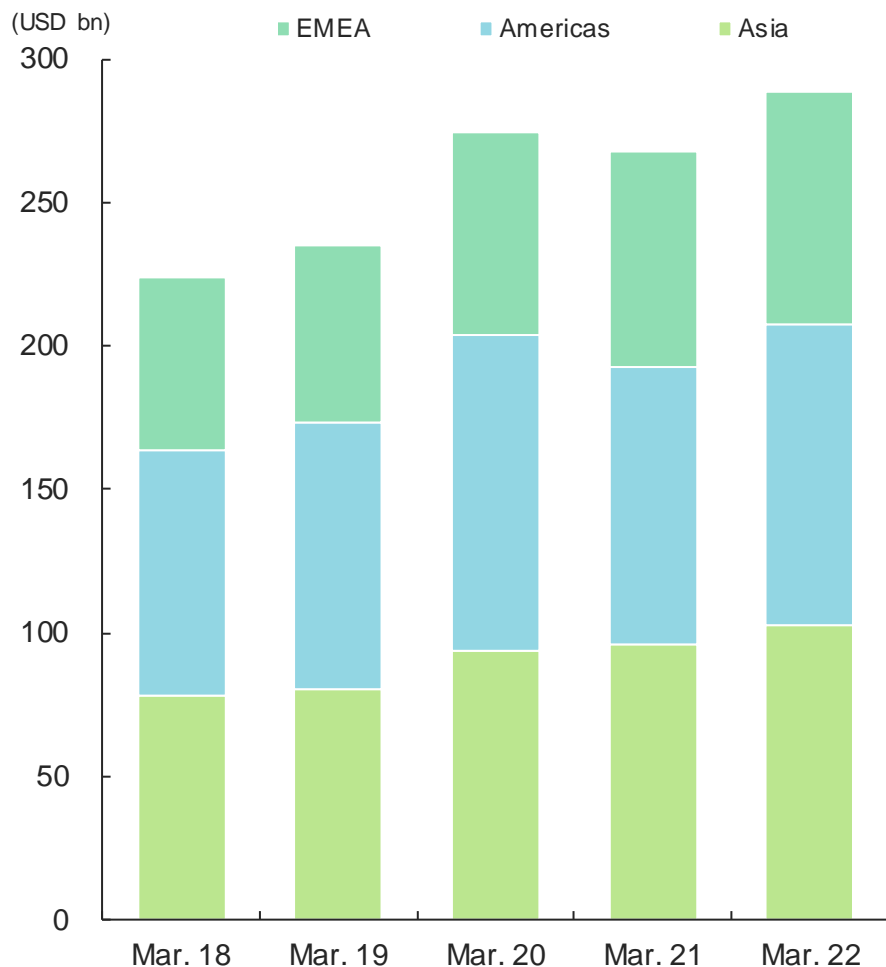


\*1 Managerial accounting basis

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

# Overseas loans\*1

## Balance



## Spread\*2

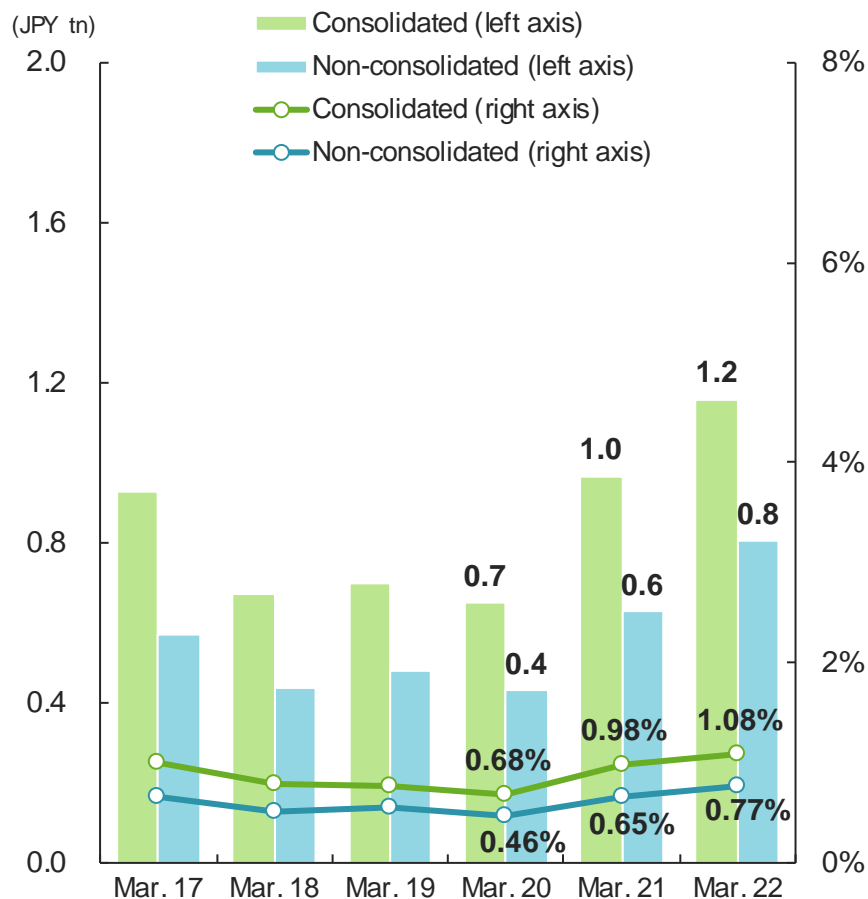


\*1 Includes trade bills. Managerial accounting basis, translated into USD at respective period-end exchange rates.  
Sum of SMBC and Major local subsidiaries

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

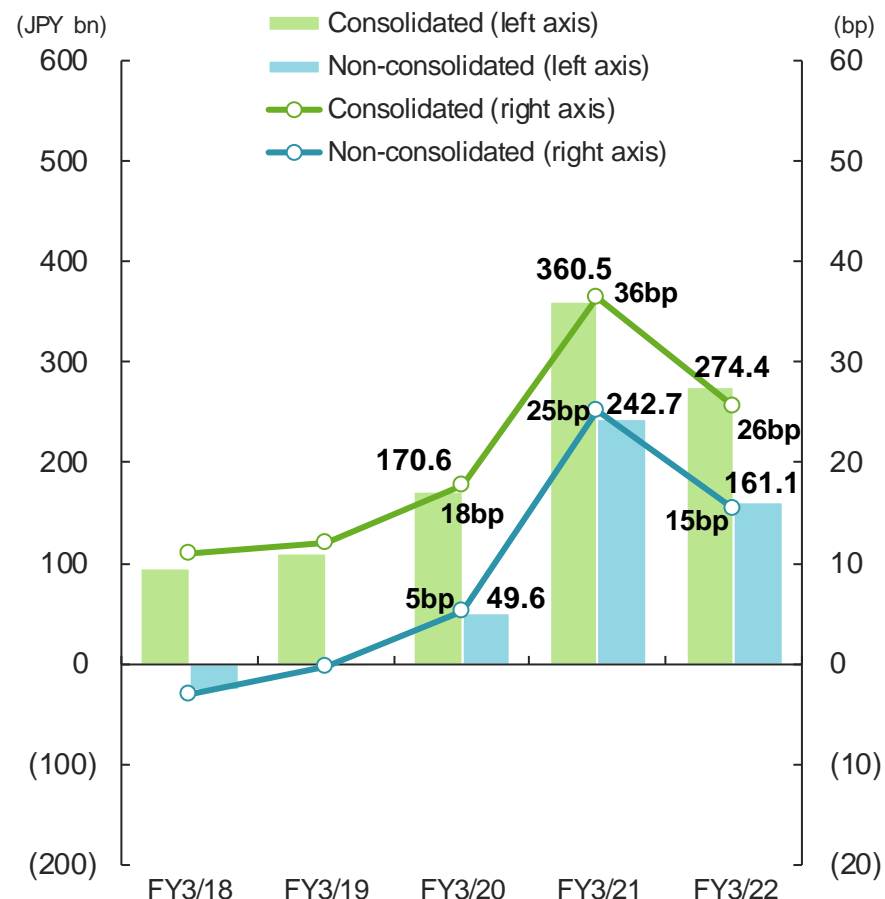
# Asset quality – solid loan portfolio

## NPLs and NPL ratio\*1



Coverage ratio*3	Consolidated	66.26%	66.98%
	Non-consolidated	81.71%	79.64%

## 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

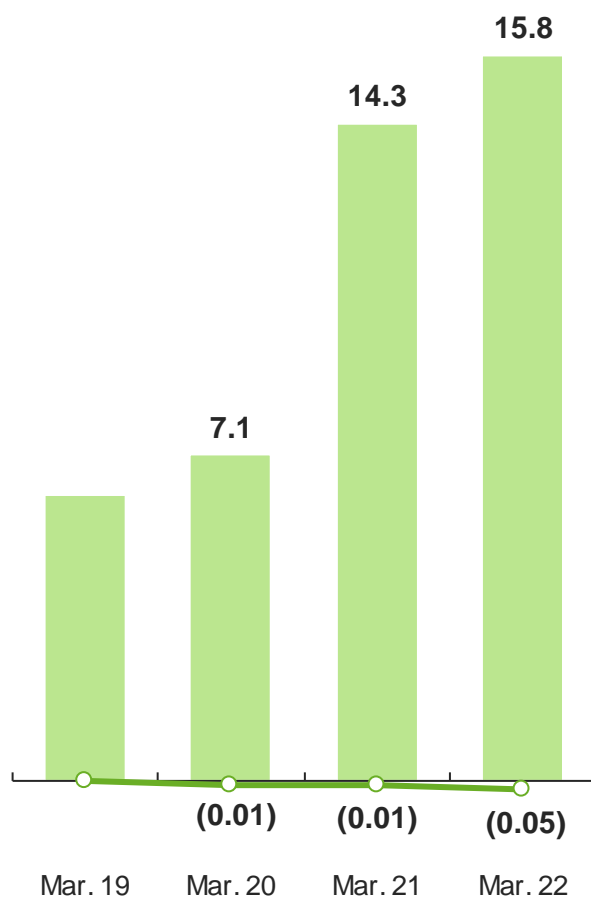
\*3 Ratio of the collateral, guarantees and specific and general reserves to total NPLs

# Asset quality – securities portfolio\*1

(Non-consolidated)

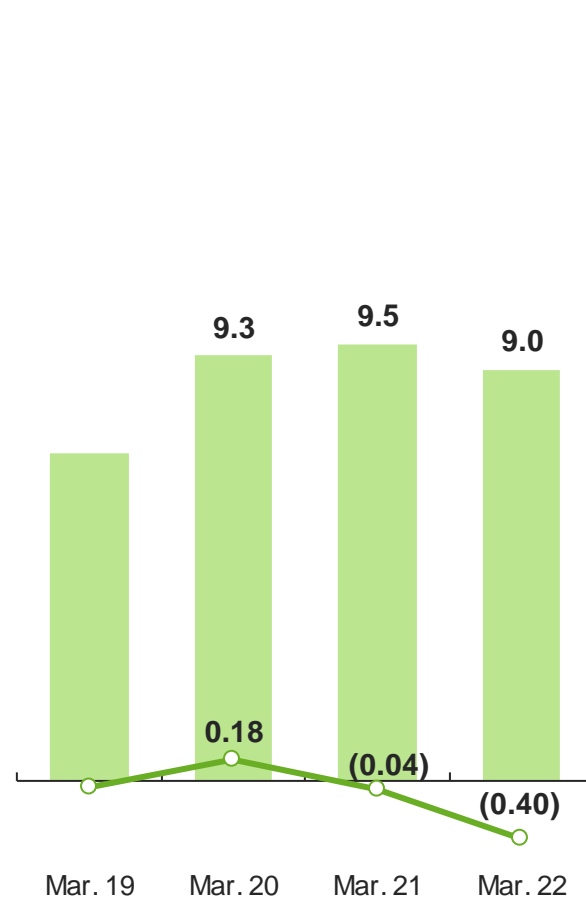
## JGBs

(JPY tn) JGBs  
Net unrealized gains (losses)



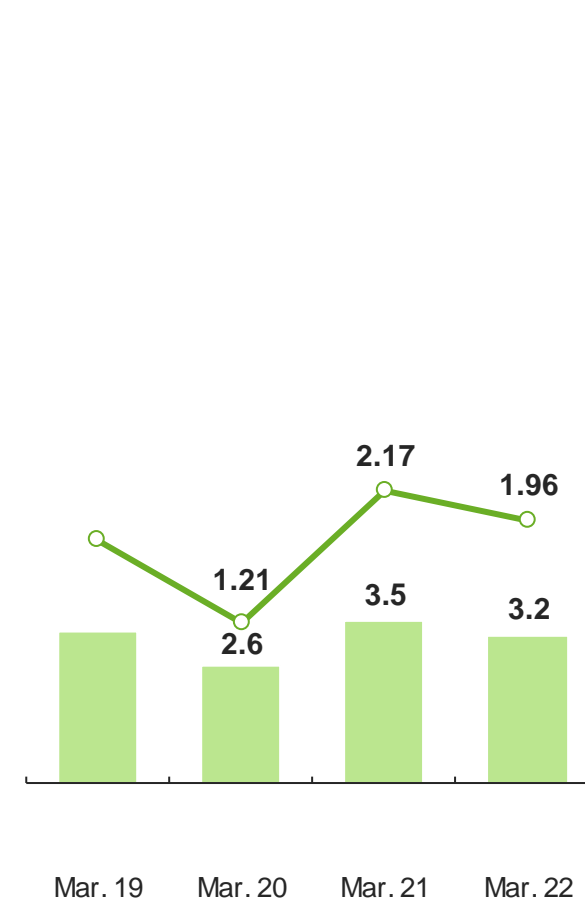
## Foreign bonds

(JPY tn) Foreign bonds  
Net unrealized gains (losses)



## Stocks

(JPY tn) Stocks  
Net unrealized gains (losses)



\*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 Non-consolidated balance sheets

# Agenda

## Results

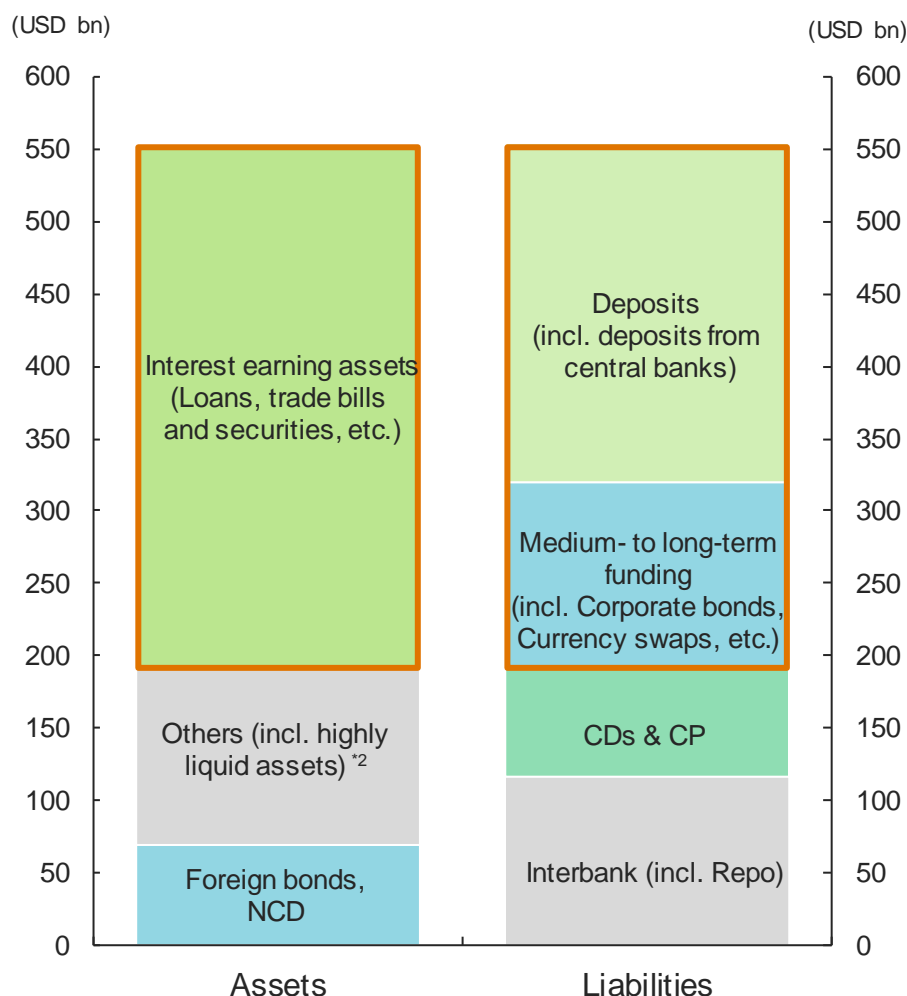
- Key credit messages
  - Financial results
  - Financial impact from Russia
  - Balance sheet and loan balance
  - Loans
  - Asset quality
- 

## Funding & Capital

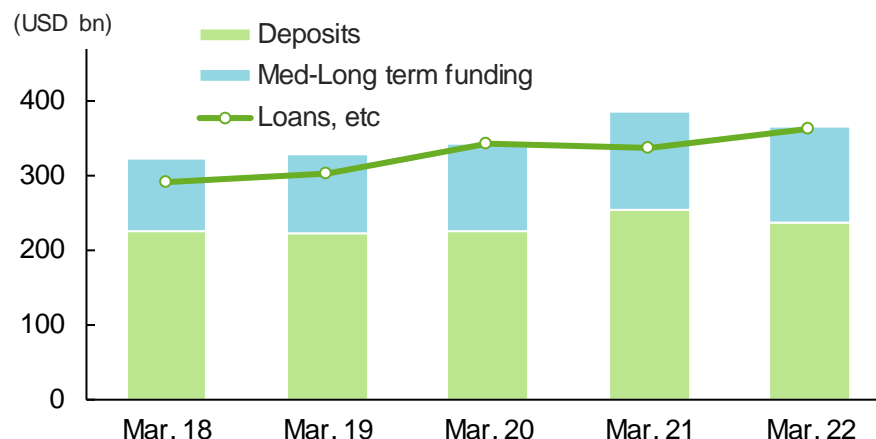
- Foreign currency assets and funding
- Foreign currency issuance and redemptions
- TLAC
- Capital strategy
- Credit ratings of selected G-SIBs

# Foreign currency assets and funding

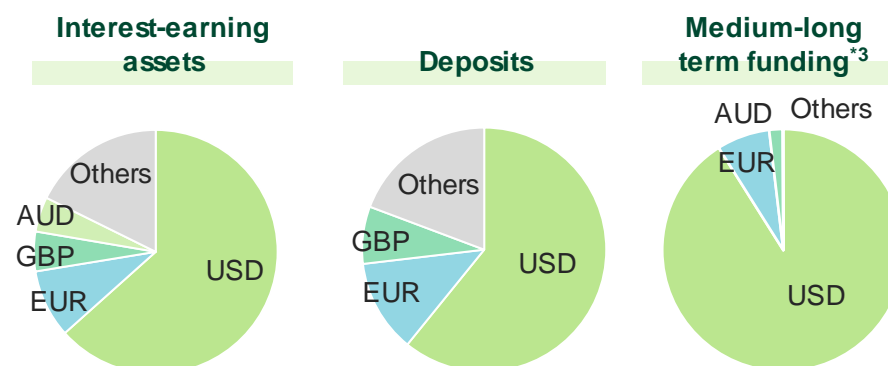
## Non-JPY Balance Sheet Overview <sup>\*1</sup> (as of Mar. 22)



## Non-JPY Balance Sheet Development



## Currency Breakdown

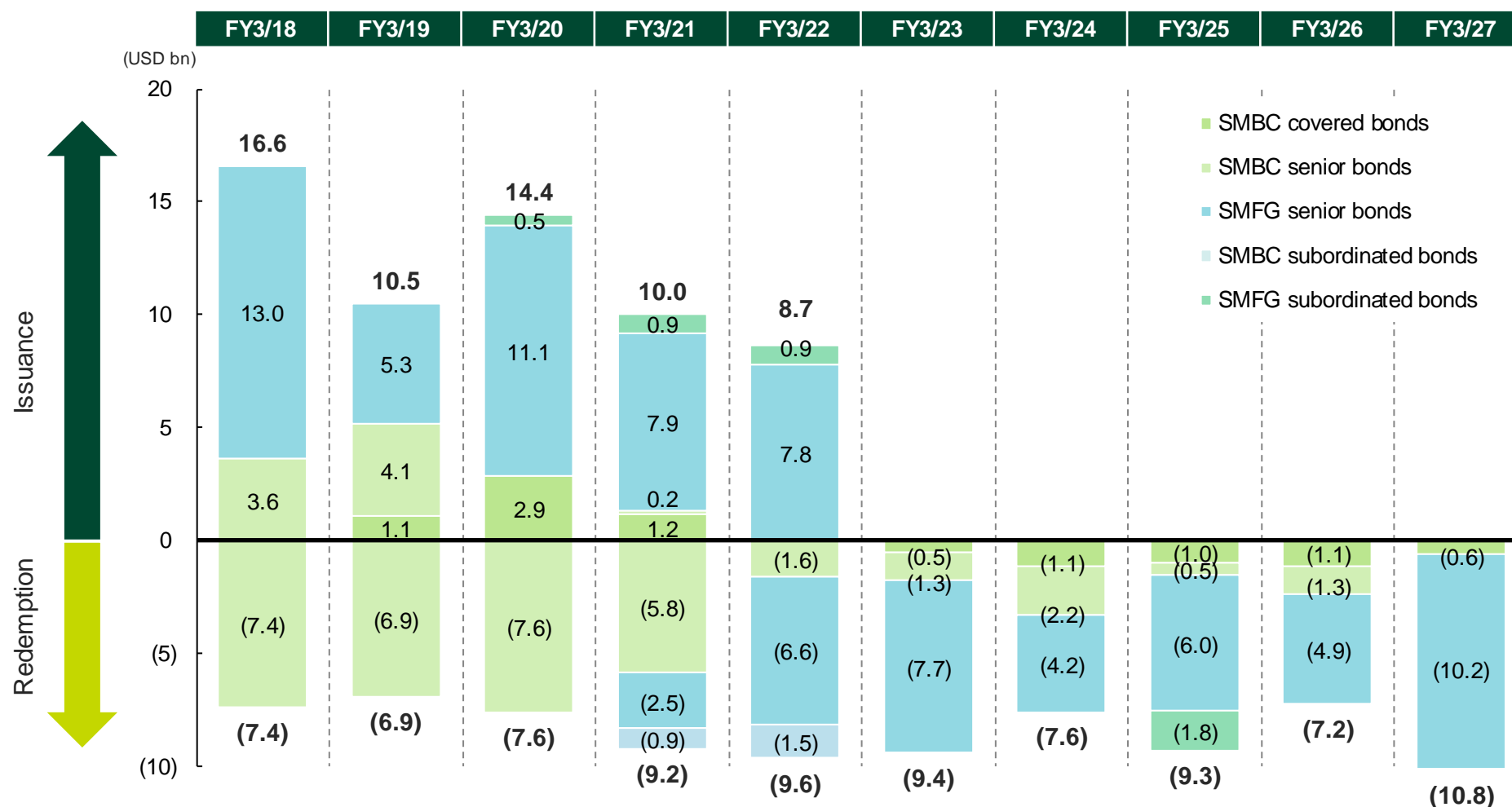


<sup>\*1</sup> Managerial accounting basis. Sum of SMBC and major local subsidiaries <sup>\*2</sup> Deposits placed with central banks, etc.

<sup>\*3</sup> Excludes JPY funding, certificate of deposits and transferable deposits. Among all bonds priced by Mar. 22, only includes issuance with original maturity of two years or more and its tap issue as of Mar. 22. Translated into USD at the exchange rates as of the end of Mar. 22.

# Foreign currency issuances and redemptions

## Non-JPY issuances and redemptions\*1



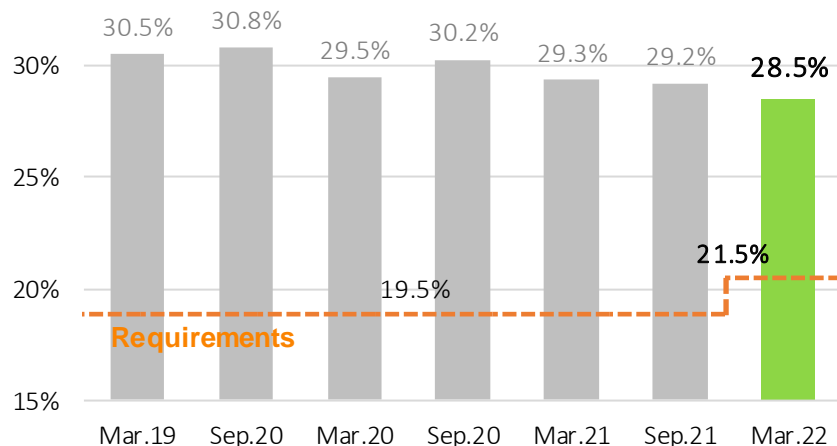
\*1 The sum of SMFG and SMBC, each on a non-consolidated basis. Excludes JPY funding, certificate of deposits and transferable deposits. All redemptions were, or are expected, at maturity other than for callable bonds, which were, or are expected to be, redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Among all bonds priced by Mar. 22, only includes issuance with original maturity of two years or more and its tap issue as of Mar. 22. Translated into USD at the exchange rate as of the end of each period for FY3/18-FY3/22, and as of Mar. 22 for FY3/23-FY3/27



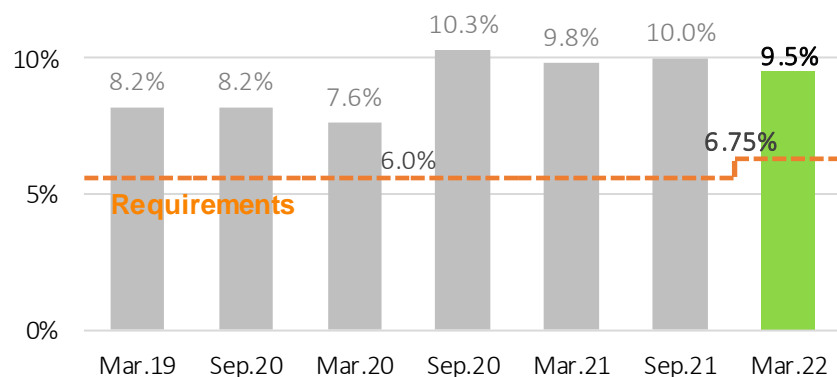
# TLAC ratio and requirements

## TLAC ratio

### Risk-weighted assets basis



### Leverage exposure basis



## TLAC ratio (transitional basis)

	(JPY bn)	Mar. 2022
External TLAC	A	20,628.1
Risk-weighted assets (RWA)	B	72,350.1
<b>TLAC ratio (RWA basis)</b>	(A/B) C	<b>28.51%</b>
Capital buffers (including CCyB)	D	(3.53%)
Ref: TLAC ratio of RWA	(C-D) E	24.98%
Leverage exposure (LE)	F	216,080.4 <sup>*1</sup>
<b>TLAC ratio (LE basis)</b>	(A/F) G	<b>9.54%</b>

## Requirements

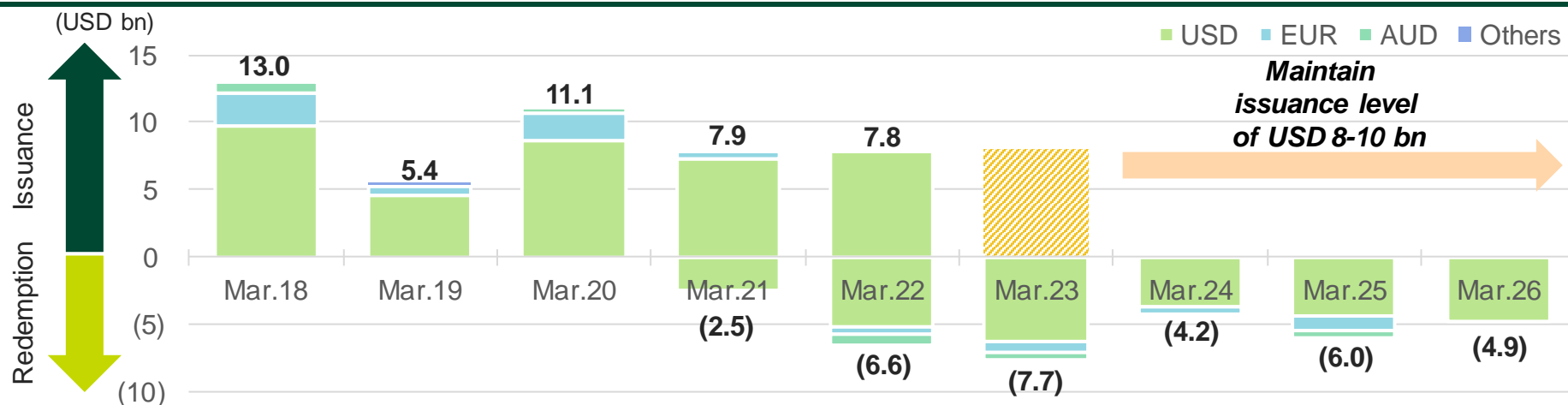
	After 2022
Minimum external TLAC (RWA basis)	18%
+) capital buffers <sup>*2</sup>	+3.5%
<b>Effective level of minimum external TLAC (RWA basis)</b>	<b>21.5%</b>
<b>Minimum external TLAC (LE basis)</b>	<b>6.75%</b>

\*1 LE excludes deposits with the Bank of Japan under the FSA's temporary relief on leverage ratio calculation from Jun. 20 until Mar. 24

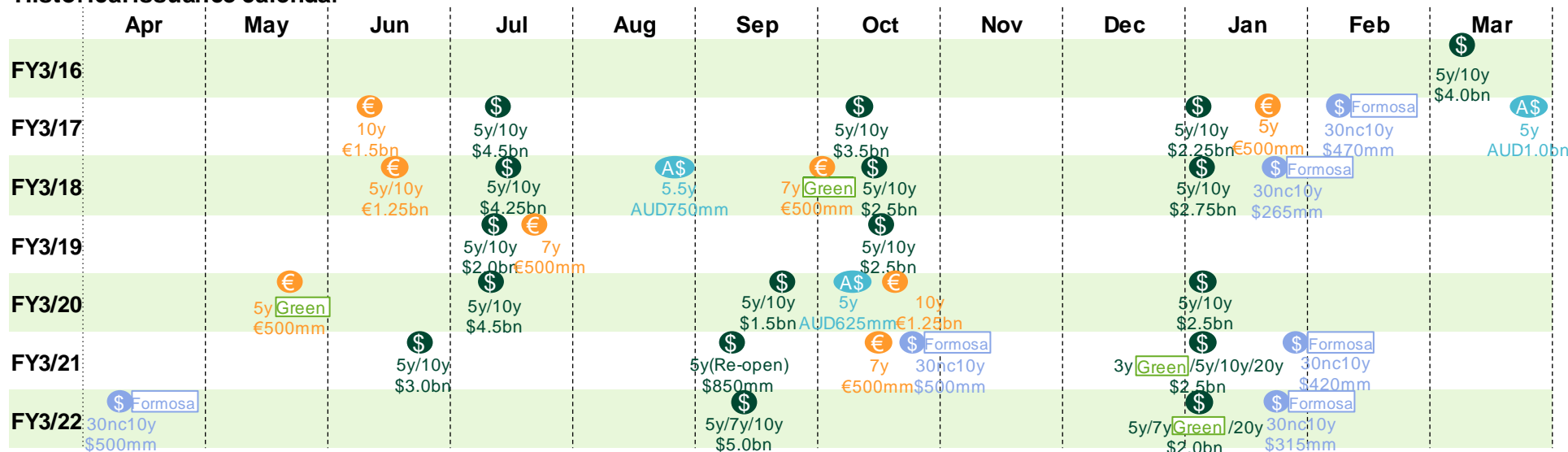
\*2 Excludes countercyclical buffer (CCyB) for RWA requirements. As for the G-SIB buffer, SMFG was allocated to bucket 1 according to the latest list published by the FSB

# TLAC Issuance Results and Strategy

## TLAC issuances and redemptions\*1



## Historical issuance calendar\*2

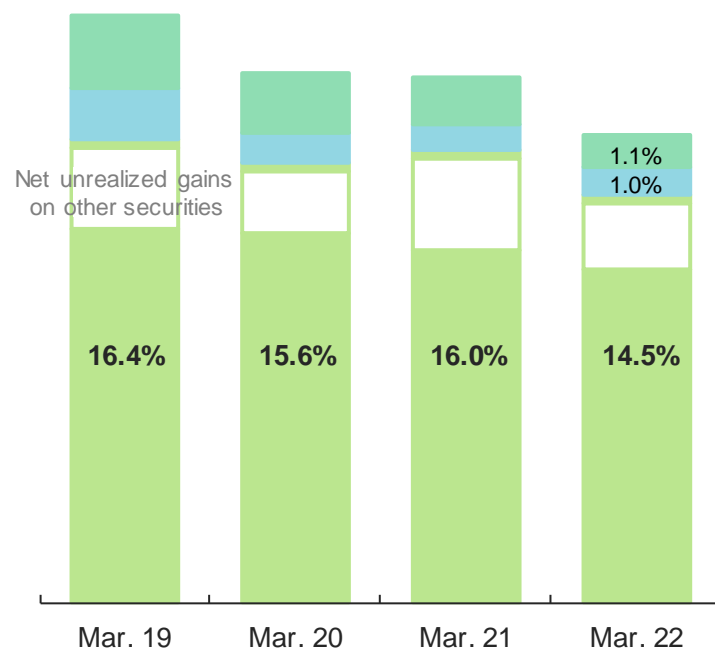


\*1 The sum of SMFG Senior Bonds issuances and redemptions. All redemptions were, or are expected, at maturity other than for callable bonds, which were, or are expected to be, redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Among all bonds priced by Mar. 22, only includes issuance with original maturity of two years or more and its tap issue as of Mar. 22. Translated into USD at the exchange rate as of the end of each period for FY3/18-FY3/22, and as of Mar. 22 for FY3/23-FY3/26 \*2 Based on pricing date.

# Capital

## Basel III fully-loaded basis

- Tier2
- AT1
- Net unrealized gains on other securities
- CET1

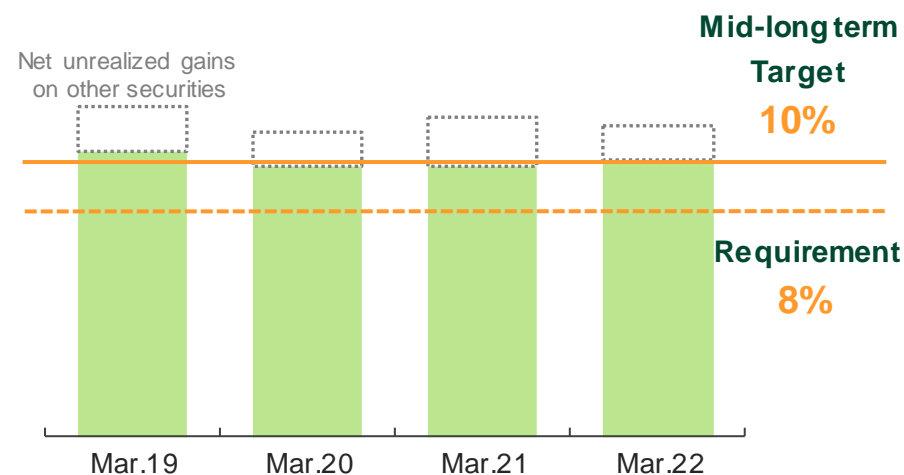


(JPY tn)

RWA	58.9	61.6	66.0	72.4
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## Post-Basel III (financial target)

- Net unrealized gains on other securities
- CET1



# 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

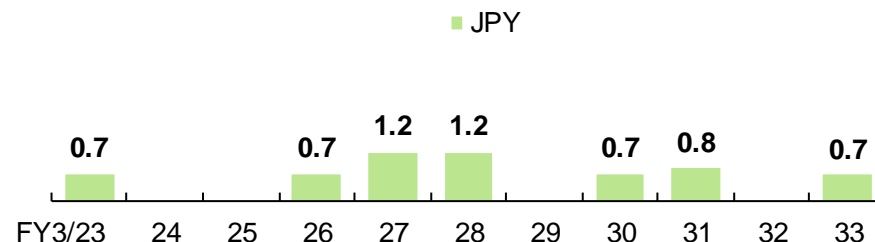
## Recent issuances and maturity profile

### Recent issuances (AT1/Tier 2)

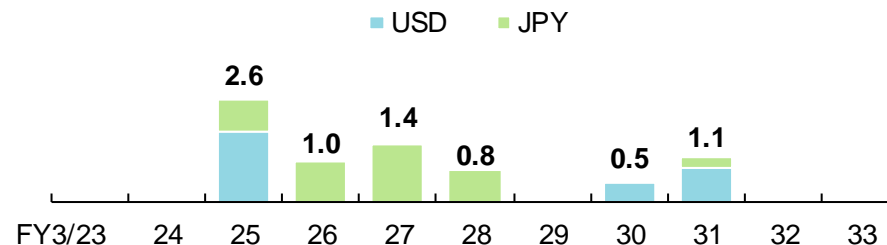
Security type	Issue date	Amount	Tenor	Coupon
AT1	Jan. 27, 2022	JPY 80 bn	PerpNC10	0.840% <sup>*1</sup>
Tier 2 (USD)	Sep. 17, 2021	USD 850 mn	20y	2.930%

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

#### • AT1 (USD bn)



#### • Tier 2 (USD bn)



<sup>\*1</sup> Reset at 5y JGB+70bp 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. 22. Translated at the exchange rate as of Mar. 22

# 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, 2022)

## 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												
A2					3			2		4	3	3
A3							4		3			
Baa1												
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+									3			
BBB												
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

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# SMFG / SMBC overview

(FY3/22)		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>5.4</b> tn / USD <b>42.3</b> bn (As of May. 25, 2022)	unlisted (wholly-owned by SMFG)
<b>B/S</b>	Assets	JPY <b>258</b> tn / USD <b>2,105</b> bn	JPY <b>228</b> tn / USD <b>1,862</b> bn
	Loans	JPY <b>91</b> tn / USD <b>742</b> bn	JPY <b>88</b> tn / USD <b>716</b> bn
	Deposits <sup>*2</sup>	JPY <b>149</b> tn / USD <b>1,214</b> bn	JPY <b>141</b> tn / USD <b>1,152</b> bn
	Loans/Deposits	<b>56.2%</b>	<b>56.9%</b>
<b>P/L</b>	Gross Profit	JPY <b>2,946</b> bn / USD <b>24.1</b> bn Consolidated gross profit	JPY <b>1,579</b> bn / USD <b>12.9</b> bn Gross banking profit
	Net Income	JPY <b>707</b> bn / USD <b>5.8</b> bn Profit attributable to owners of parent	JPY <b>546</b> bn / USD <b>4.5</b> bn Net income
<b>CET1 ratio</b>		<b>14.45%</b>	-
<b>NPL ratio</b>		<b>1.08%</b>	<b>0.77%</b>
<b>Ratings</b> (Moody's / S&P)		<b>A1 / A-</b> (As of Apr 30, 2022)	<b>A1 / A</b> (As of Apr 30, 2022)
<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>153 overseas offices</b><sup>*3</sup> (As of Mar. 31, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>454 domestic branches</b></li> <li>● <b>27 million retail accounts</b></li> </ul> (As of Mar. 31, 2022)

\*1 Converted into USD at March 2022 fiscal year-end exchange rate  
Market capitalization converted to USD at the May. 25, 2022 exchange rate

\*2 Excludes negotiable certificates of deposits

\*3 Excludes offices planned to be closed

# Group structure<sup>\*1</sup>

## Sumitomo Mitsui Financial Group

Consolidated total assets JPY 258 tn

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

### Consumer Finance

Sumitomo Mitsui Card

SMBC Consumer Finance

(74.9%)

Fullerton India

### Leasing

(50%)

Sumitomo Mitsui Finance and Leasing

(SMBC 32%, SMFL 68%)

SMBC Aviation Capital

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

### Securities

SMBC Nikko Securities

### Others

(50.1%)

Japan Research Institute

Sumitomo Mitsui DS Asset Management

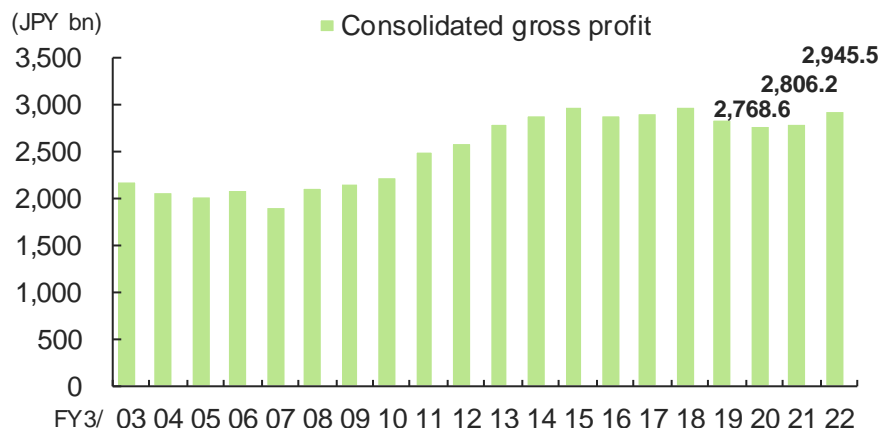
<sup>\*1</sup> As of the end of Mar. 22

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

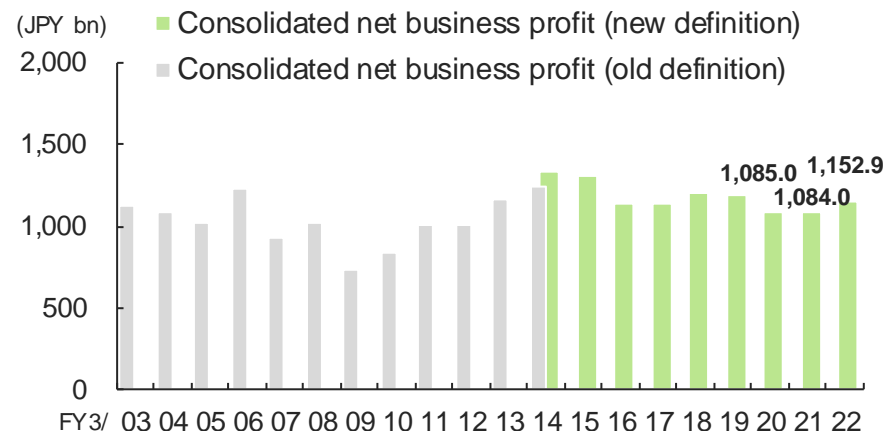


# Trend of major income components – Consolidated

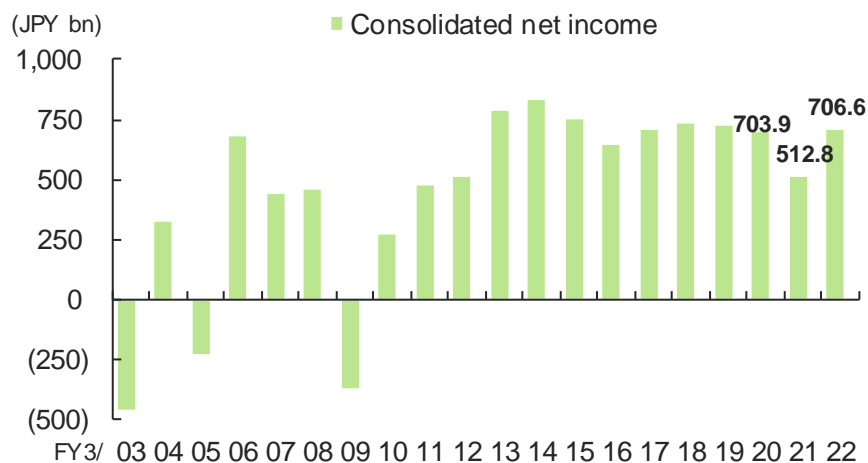
## Consolidated gross profit



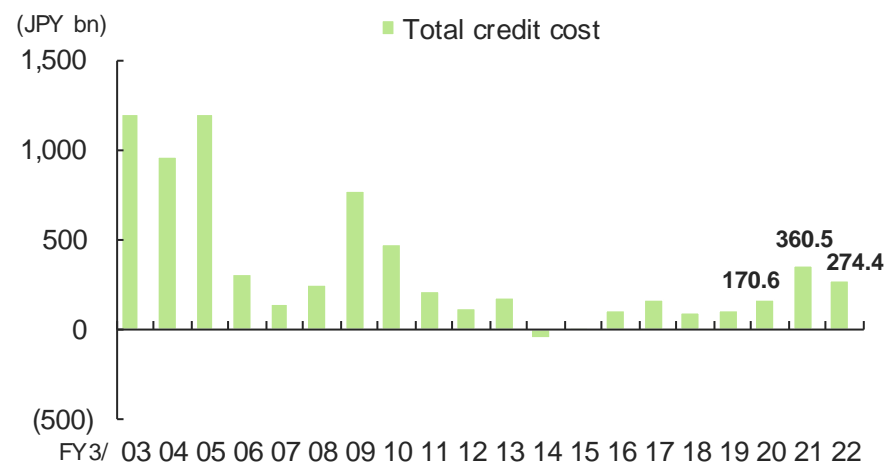
## Consolidated net business profit\*1



## Net income / Profit attributable to owners of parent



## Total credit cost

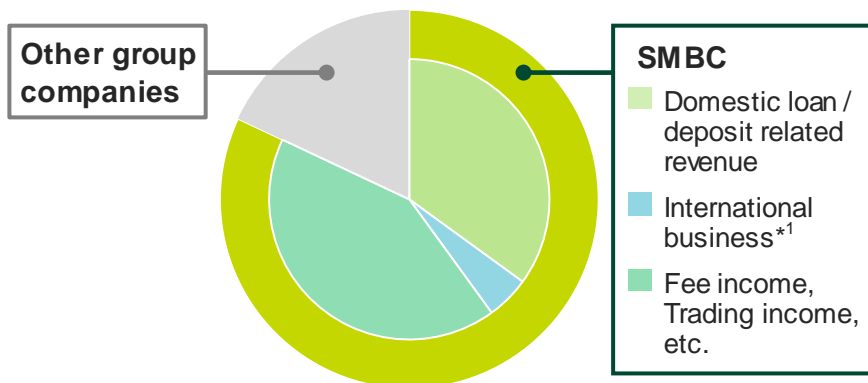


\*1 We have changed the definition of "Consolidated net business profit" from the FY3/15. The figure for FY3/14 has been adjusted retrospectively

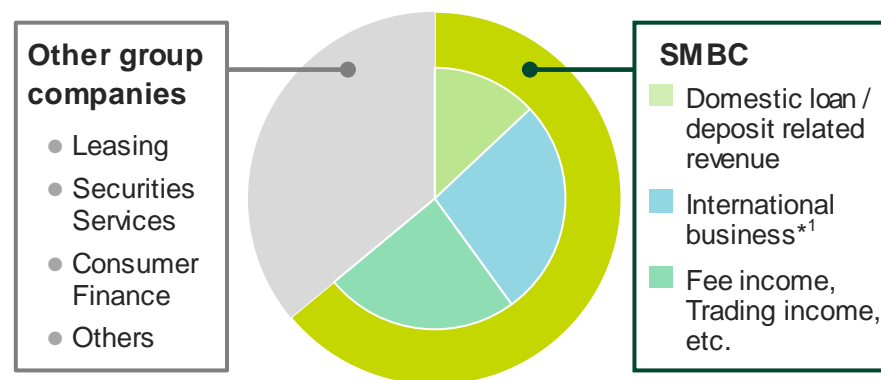
# Diversified revenue sources

## Breakdown of consolidated gross profit

FY3/03

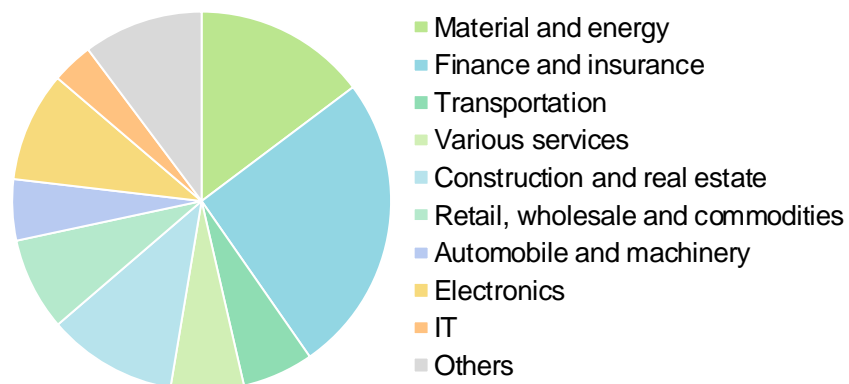


FY3/22

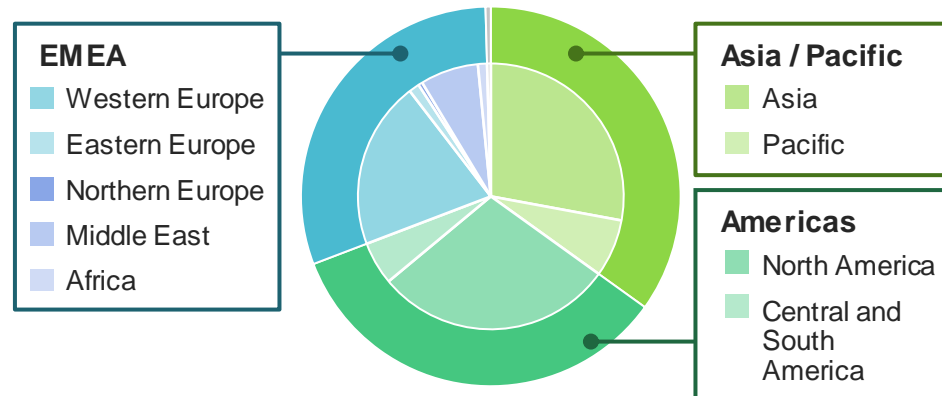


## Breakdown of overseas loan balance (Mar. 22)

### By industry



### By domicile



\*1 Includes major overseas banking subsidiaries

# Performance of SMBC and group companies

## SMBC

	(JPY bn)	FY3/22	YoY	vs. Target
1 <b>Gross banking profit</b>		1,579.2	+97.5	
2 o/w Net interest income		1,091.1	+154.7	
3 o/w Gains (losses) on cancellation of investment trusts		41.5	+7.7	
4 Domestic		638.8	+55.3	
5 Overseas		452.3	+99.4	
6 o/w Net fees and commissions		398.5	+67.8	
7 Domestic		198.2	+22.0	
8 Overseas		200.3	+45.7	
9 o/w Net trading income+ Net other operating income		87.4	(125.1)	
10 o/w Gains (losses) on bonds		(42.4)	(122.3)	
11 <b>Expenses</b>		857.2	+40.7	
12 <b>Banking profit</b>		721.9	+56.8	+46.9
13 <b>Total credit cost</b>		161.1	(81.6)	+81.1
14 <b>Gains (losses) on stocks</b>		157.3	+93.7	
15 <b>Extraordinary gains (losses)</b>		27.9	+77.8	
16 <b>Net income</b>		546.3	+208.3	+86.3

## Other major group companies

(left : results of FY3/22 / right : YoY)						
(JPY bn)	SMCC		SMBC Nikko <sup>*1</sup>		SMBCCF	
<b>Gross profit</b>	406.0	+20.4	387.1	(42.6)	254.9	(4.8)
<b>Expenses</b>	339.9	+22.6	318.2	+4.7	116.4	+5.8
<b>Net business profit</b>	65.9	(2.8)	68.9	(47.3)	138.5	(10.6)
<b>Net income</b>	19.8	(16.0)	51.4	(40.7)	58.8 <sup>*2</sup>	+4.7

(Equity method affiliate)						
	SMBC Trust		SMDAM		SMFL <sup>*3</sup>	
		50.1%		50%		
<b>Gross profit</b>	48.5	+8.3	39.2	+5.1	233.4	+56.7
<b>Expenses</b>	44.1	+0.2	30.2	(2.1)	103.2	+17.5
<b>Net business profit</b>	4.4	+8.1	9.1	+7.3	138.2	+43.0
<b>Net income</b>	(15.9)	(7.4)	5.4	+33.4	35.4	+1.7

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

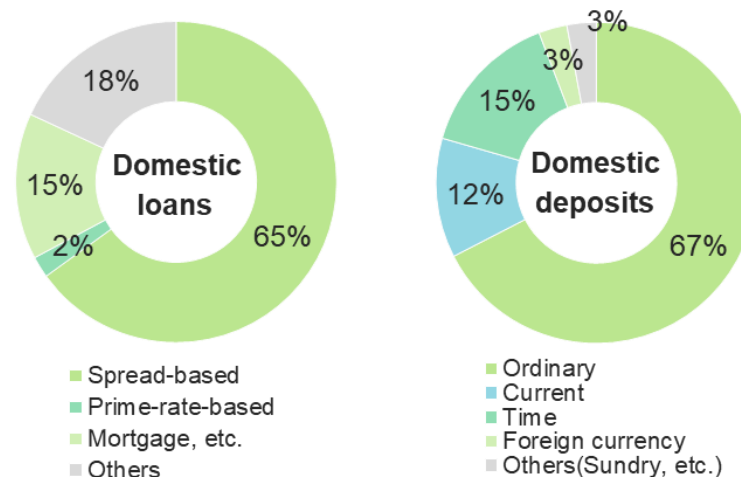
\*2 Deduct internal transactions \*3 Managerial accounting basis

# Balance sheet

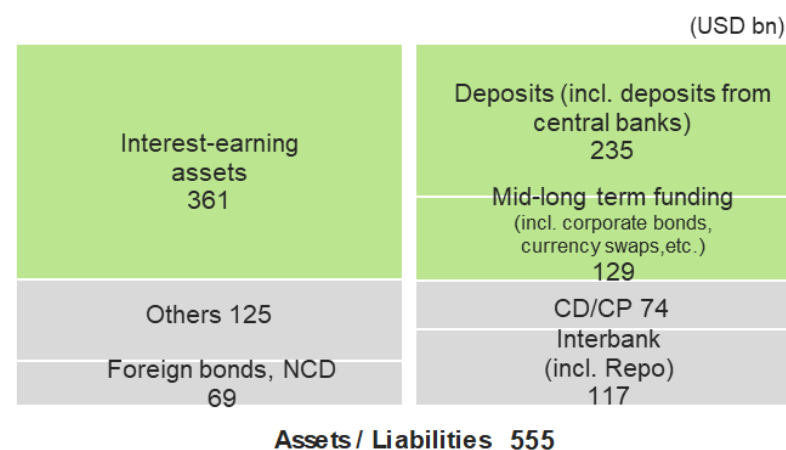
## Consolidated

	(JPY tn)	Mar. 22	vs. Mar. 21
<b>Total assets</b>		<b>257.7</b>	<b>+15.1</b>
o/w Cash and due from banks		74.8	+2.2
o/w BOJ's current account balance <sup>*1</sup>		58.6	(1.2)
o/w Loans		90.8	+5.7
o/w Domestic loans <sup>*1</sup>		58.0	+1.1
o/w Large corporations <sup>*2</sup>		19.2	(0.2)
うち Mid-sized corporations & SMEs <sup>*2</sup>		19.6	+0.5
うち Individuals <sup>*2</sup>		11.9	(0.2) <sup>*3</sup>
o/w Securities		38.5	+2.0
o/w Other securities		38.1	+1.7
o/w Stocks		3.4	(0.3)
うち JGBs		15.8	+1.5
うち Foreign bonds		12.1	(0.1)
<b>Total liabilities</b>		<b>245.5</b>	<b>+14.8</b>
o/w Deposits		148.6	+6.6
o/w Domestic deposits <sup>*1</sup>		118.7	+6.0
Individuals		56.1	+2.7
Corporates		62.6	+3.3
o/w NCD		13.1	+0.5
<b>Total net assets</b>		<b>12.2</b>	<b>+0.3</b>
<b>Loan to deposit ratio</b>		<b>56.2%</b>	

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



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



<sup>\*1</sup> Non-consolidated <sup>\*2</sup> Managerial accounting basis <sup>\*3</sup> After adding back the portion of housing loans securitized in FY3/22 of JPY 124.0 bn <sup>\*4</sup> Sum of SMBC and major local subsidiaries

# Capital / RWA

	Mar. 22	Requirement <sup>*1</sup>
<b>Capital ratio</b>		
Total capital ratio	<b>16.56%</b>	11.5%
CET1 ratio (Basel III fully-loaded basis)	<b>14.45%</b>	8%
excl. net unrealized gains on other securities	<b>12.1%</b>	-
CET1 ratio (Post-Basel III reforms)	<b>11.2%</b>	8%
excl. net unrealized gains on other securities	<b>10.0%</b>	-
<b>External TLAC ratio</b>		
RWA basis	<b>24.98%</b>	18.0%
Leverage exposure basis	<b>9.54%</b>	6.75%
<b>Leverage ratio</b>	<b>5.17%</b>	3%
<b>LCR (Average 4Q FY3/22)</b>	<b>141.7%</b>	100%

(JPY bn)	Mar. 21	Mar. 22
<b>Total capital</b>	<b>12,289.3</b>	<b>11,983.8</b>
Tier1 capital	11,199.3	11,186.2
o/w CET1 capital	10,562.8	10,458.4
Tier2 capital	1,090.0	797.5
<b>External TLAC</b>	<b>19,373.3</b>	<b>20,628.1</b>
<b>Risk-weighted assets</b>	<b>66,008.0</b>	<b>72,350.1</b>
<b>Leverage exposure</b>	<b>198,170.8</b>	<b>216,080.4</b>

\*1 Excluding countercyclical buffer

# Financial highlights – IFRS\*1

## Income statement data

(JPY bn)	FY3/20	FY3/21
Net interest income	1,316.3	1,383.1
Net Fee and commission income	943.3	972.7
Net Trading income	134.1	237.7
Other operating income	310.2	572.1
Total operating income	2,703.9	3,165.6
Net operating income	2,443.9	2,883.1
Profit before tax	282.8	956.5
Net profit	231.0	705.1

## Statement of financial position data

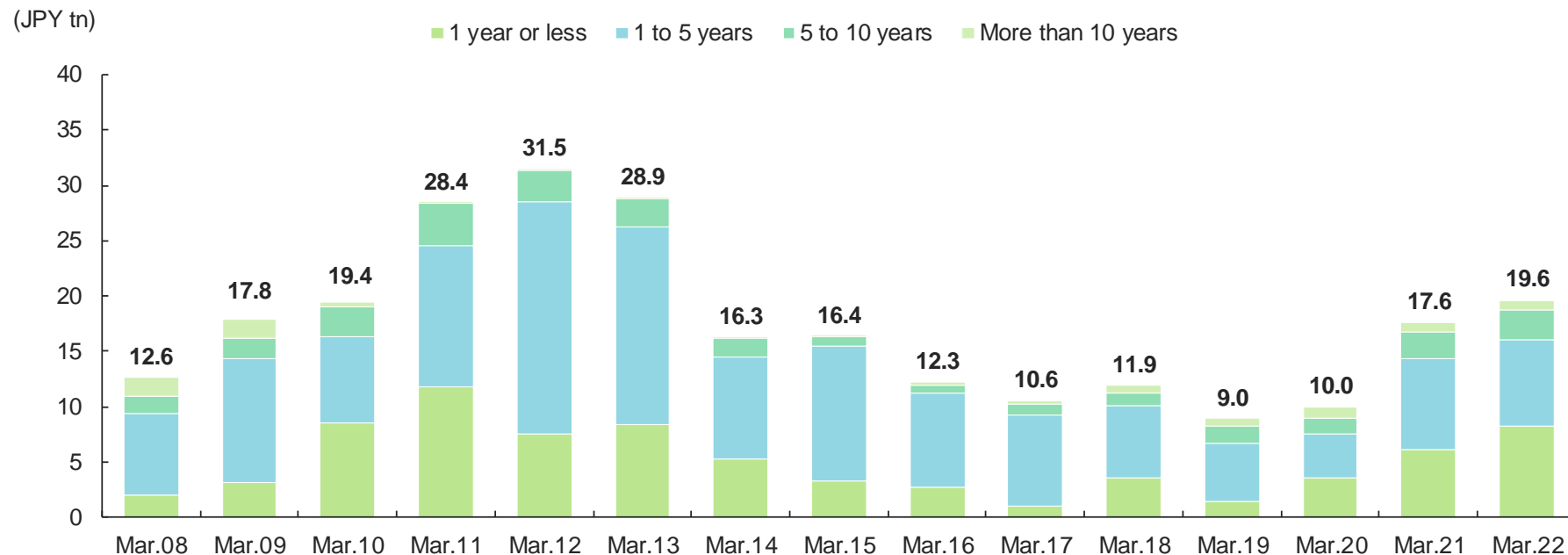
(JPY bn)	FY3/20	FY3/21
Total assets	212,158.5	235,025.0
Loans	94,671.8	97,714.9
Deposits	138,431.4	155,493.7
Total equity	10,934.9	12,276.2

## Reconciliation with Japanese GAAP

(At and for FY3/21, JPY bn)	Total equity	Net profit
IFRS	12,276.2	705.1
Differences arising from different accounting for:	Scope of consolidation	144.1 (5.7)
	Derivative financial instruments	235.0 (94.8)
	Investment securities	(342.9) (113.3)
	Loans and advances	337.9 (60.9)
	Investments in associates and joint ventures	95.5 (3.4)
	Property, plant and equipment	22.2 2.5
	Lease accounting	0.8 (1.0)
	Defined benefit plans	46.0 0.0
	Deferred tax assets	(36.7) 15.5
	Foreign currency translation	- 20.2
	Classification of equity and liability	(658.4) (12.5)
	Others	(95.8) (15.4)
	Tax effect of the above	(124.7) 79.6
Japanese GAAP	11,899.1	515.9

# 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 15.8

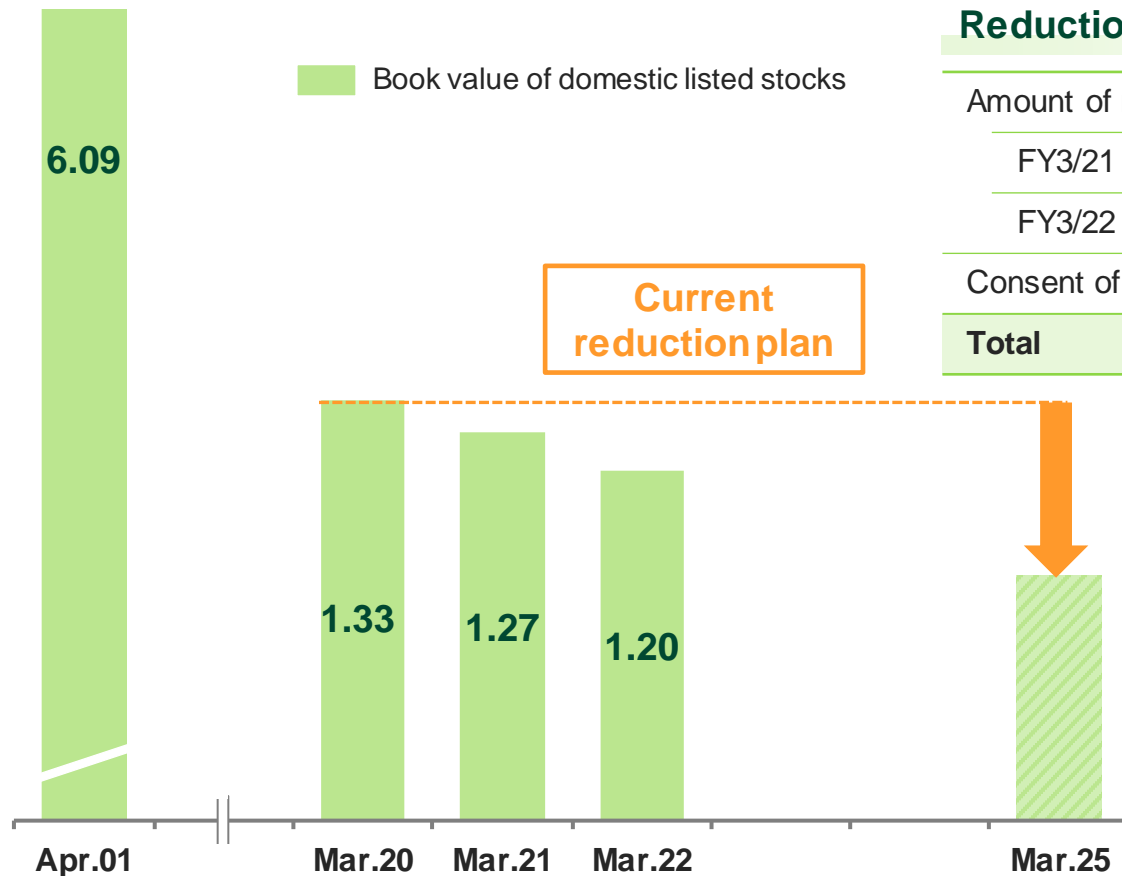
Average duration (years) <sup>*1</sup>	2.4	1.8	1.1	1.4	1.9	1.8	1.1	1.8	2.8	2.9	2.3	3.2	2.9	2.5	2.8
Unrealized gains (losses) (JPY bn) <sup>*2</sup>	(129.5)	(1.2)	116.1	71.9	104.4	95.3	60.0	45.9	103.8	57.5	44.2	60.5	21.4	7.9	(49.4)

\*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

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

# Strategic shareholdings

(JPY tn)



Current  
reduction plan

## Reduction

Amount of reduction	JPY 122 bn
FY3/21	JPY 55 bn
FY3/22	JPY 67 bn
Consent of sales	JPY 58 bn
<b>Total</b>	<b>JPY 181 bn</b>

Ratio of shares  
to CET1<sup>\*1</sup>

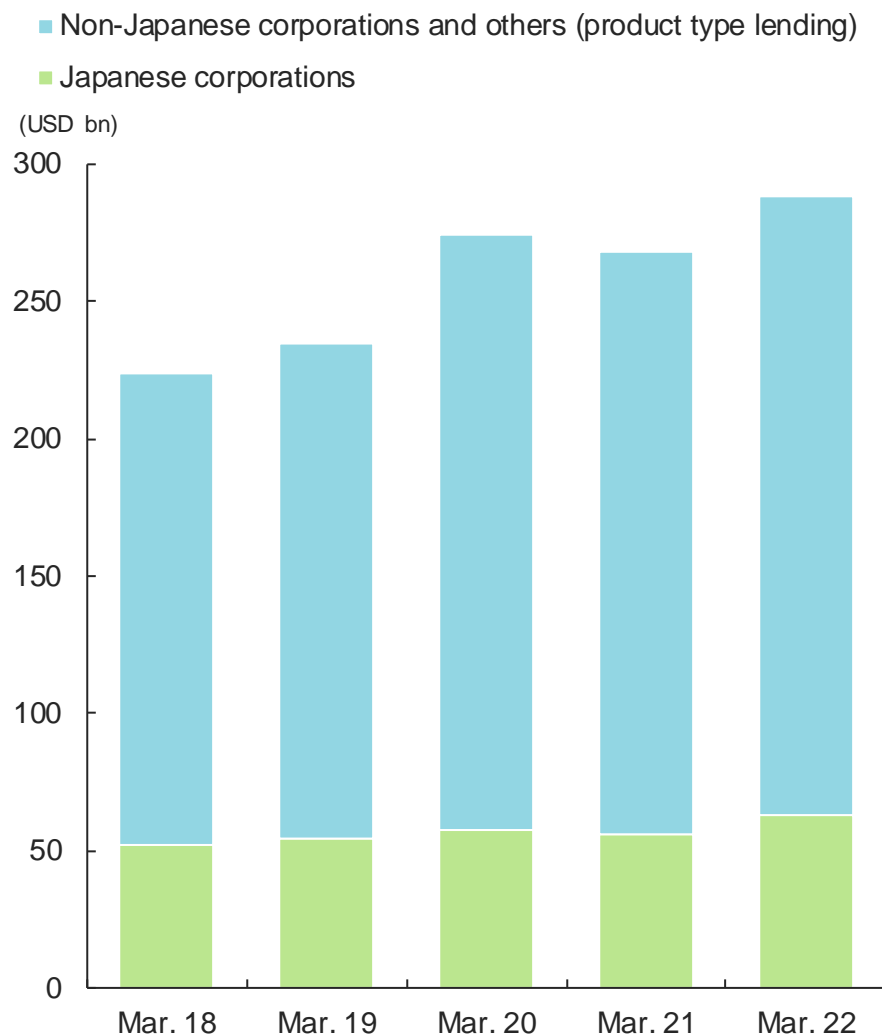
149%	16%	15%	14%
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\*1 Basel III fully-loaded basis, excl. net unrealized gains on other securities

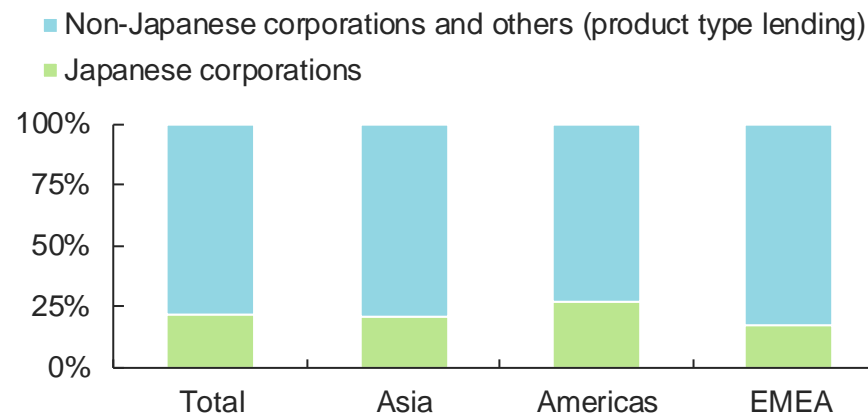


# Overseas loan balance classified by borrower type\*1

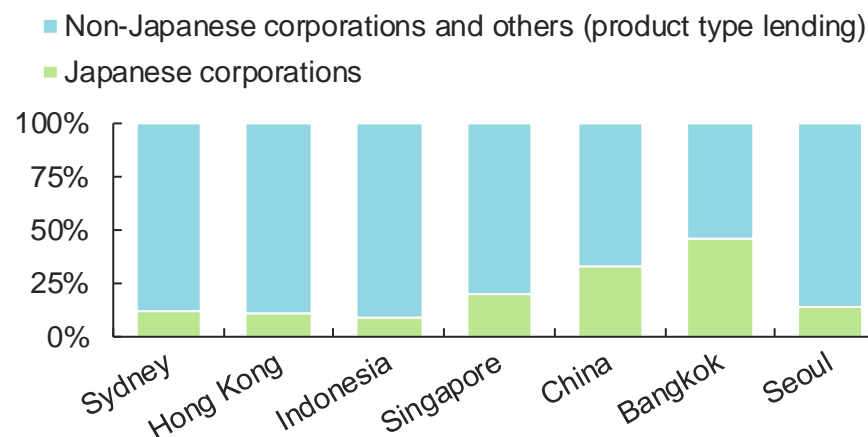
## Total



## By region (Mar. 22)



## Major marketing channels in Asia (Mar. 22)\*2

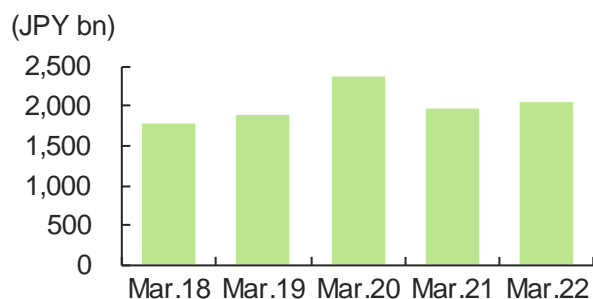


\*1 Managerial accounting basis. Sum of SMBC and major local subsidiaries

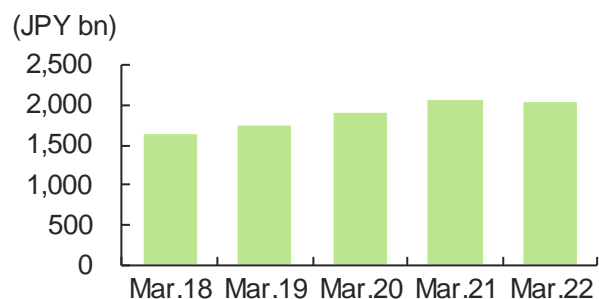
\*2 Excludes BTPN in Indonesia

# Loan balance in Asian countries/areas\*1

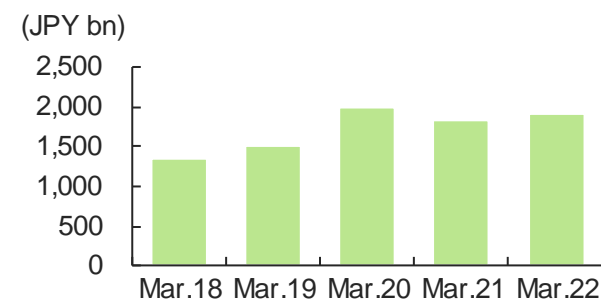
## Australia



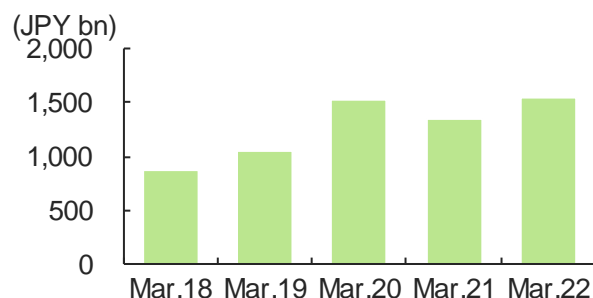
## Hong Kong



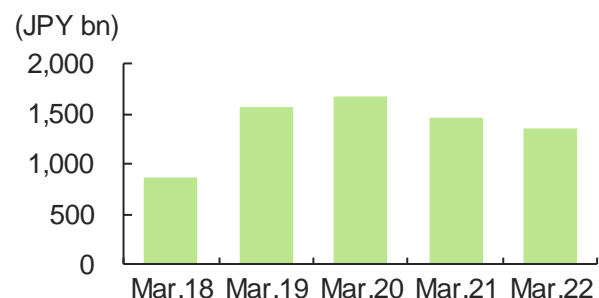
## Singapore



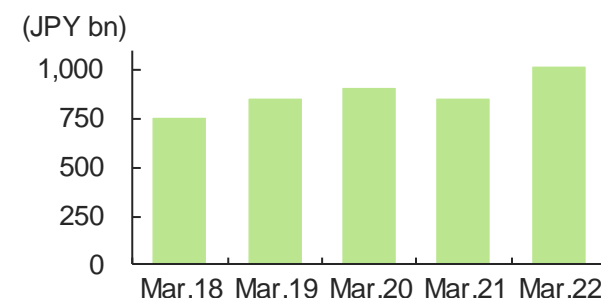
## China



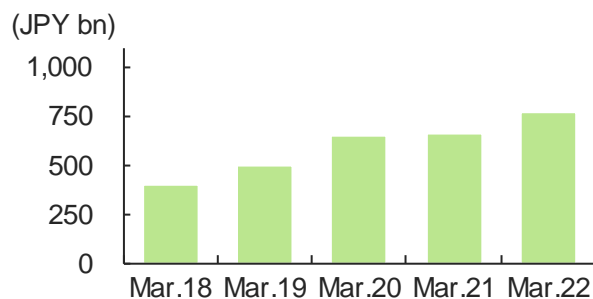
## Indonesia



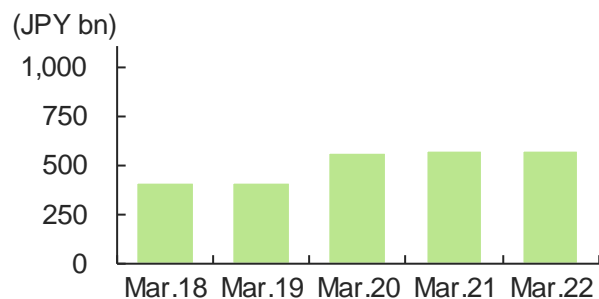
## Thailand



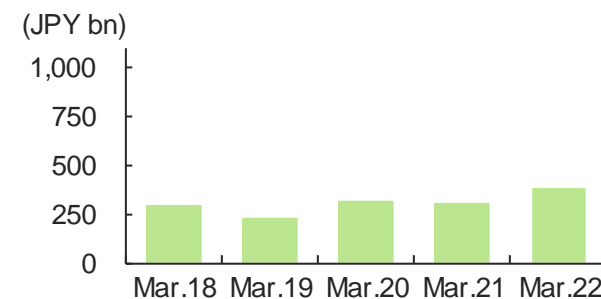
## India



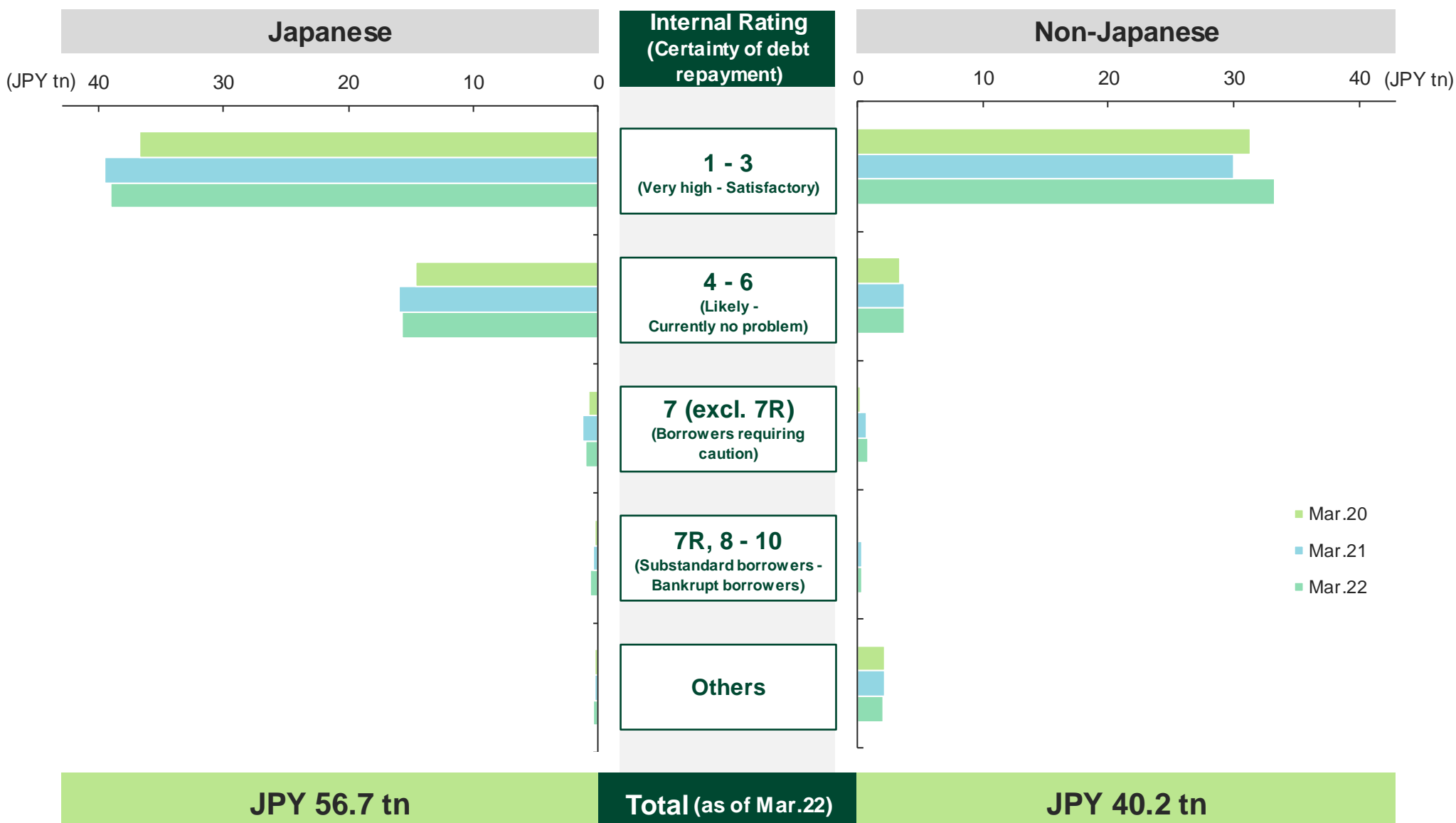
## Taiwan



## Korea



# Japanese and non-Japanese corporate exposures\*1



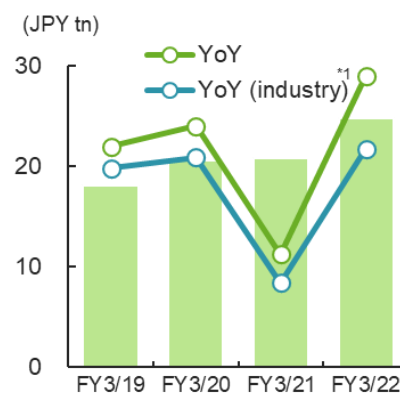
\*1 Managerial accounting basis. Exposure includes loans, acceptances and guarantees, foreign exchanges, private placement, suspense payments, undrawn commitments, and derivatives, etc. Excluding the exposure to SMFG consolidated subsidiaries, retail customers in Japan, Japanese government, etc., and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

## Financial results

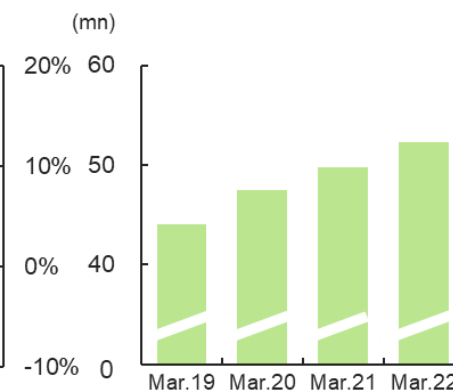
(JPY bn)	FY3/21	FY3/22	YoY
<b>Operating revenue</b>	447.5	470.5	+23.1
o/w Commission fee	143.7	164.0	+20.3
Finance	101.5	98.2	(3.3)
Sales on credit	32.3	29.5	(2.9)
Receipt agency	48.1	50.1	+2.0
<b>Operating expense</b>	413.0	439.5	+26.5
o/w Expenses for loan losses	22.7	25.6	+2.9
Expense for interest repayments	14.4	10.0	(4.4)
<b>Ordinary profit (loss)</b>	35.3	34.1	(1.1)
<b>Net income</b>	35.8	19.8	(16.0)
<b>Finance outstanding</b>	667.5	677.9	

## Key figures

### Sales handled

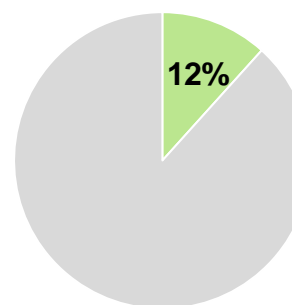


### # of card holders

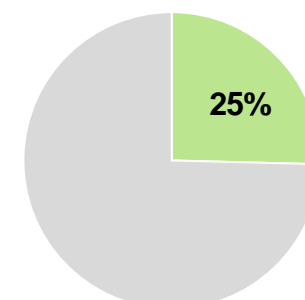


## Market share<sup>\*2</sup>

### Issuing



### Acquiring



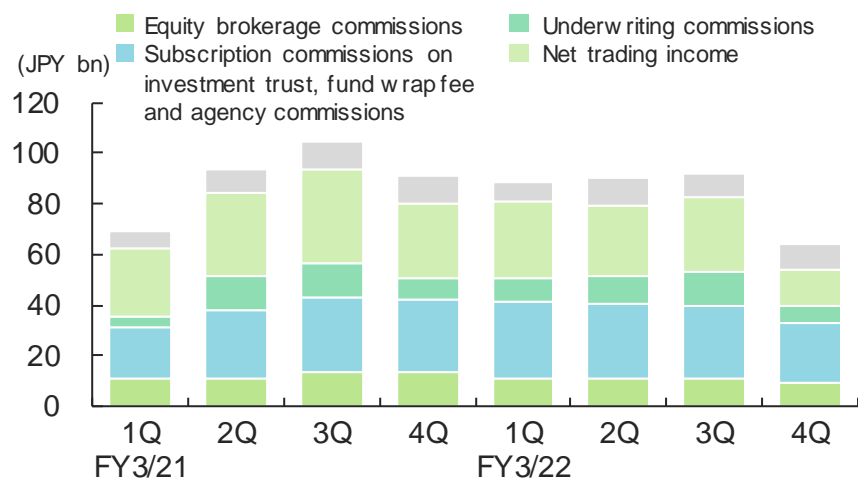
\*1 The Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

\*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2021 : JPY 68 tn)

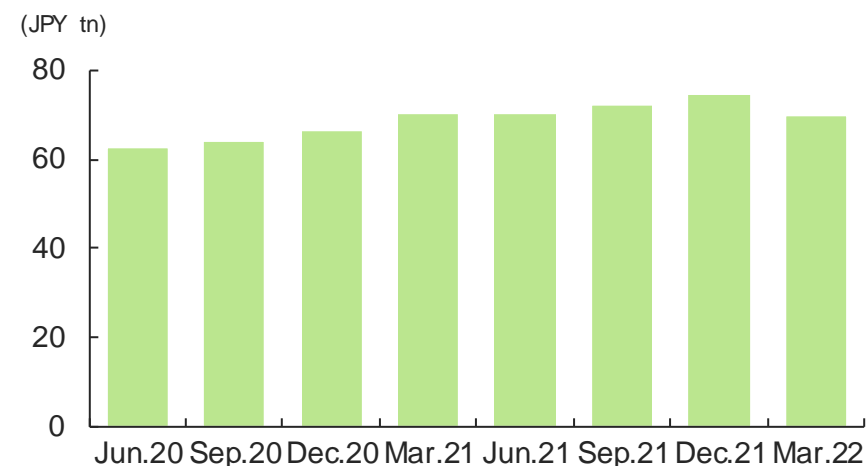
## Financial results

(JPY bn)	FY3/21	FY3/22	YoY
Net operating revenue	357.9	334.2	(23.7)
SG&A expenses	273.4	275.4	+2.0
Ordinary income	90.7	65.3	(25.4)
Net income	71.7	49.7	(22.0)

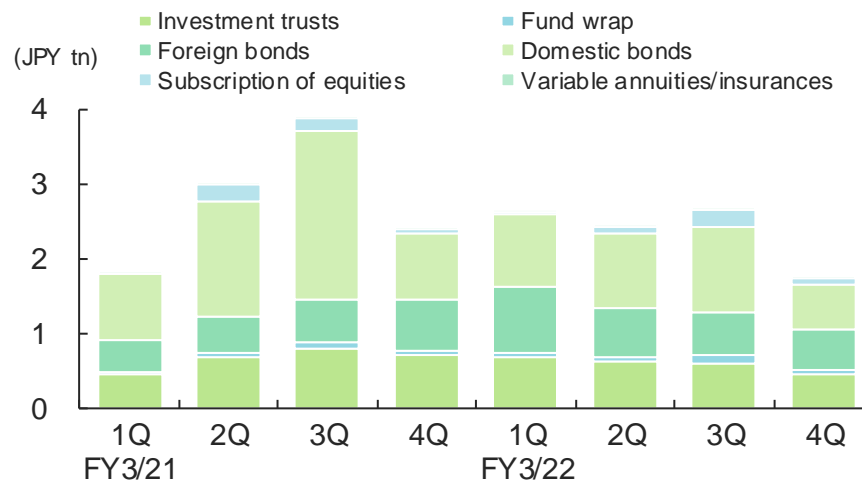
## Net operating revenue



## Client assets



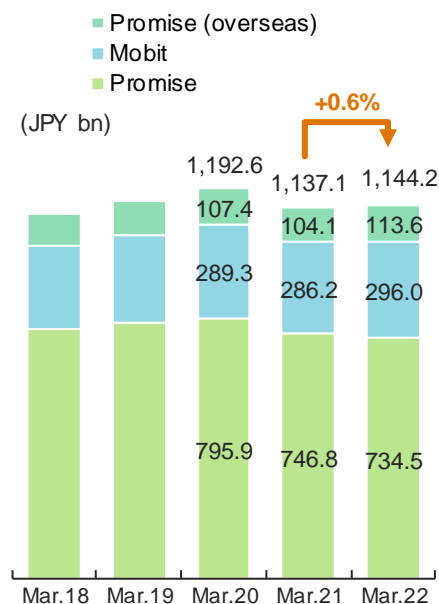
## Product sales



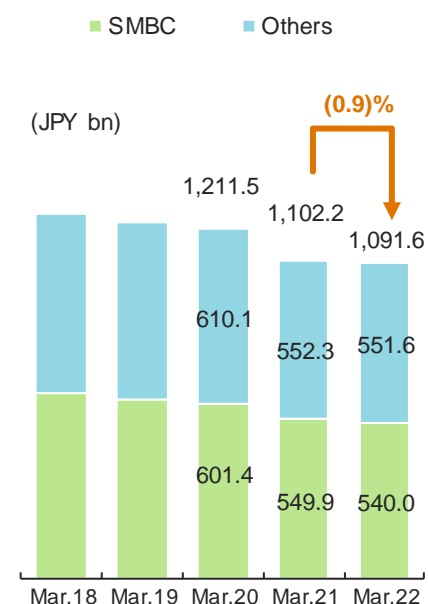
## Financial results

(JPY bn)	FY3/21	FY3/22	YoY
<b>Operating income</b>	273.5	268.9	(4.6)
o/w Interest revenues	178.8	176.7	(2.1)
Loan guarantee revenues	61.1	57.1	(4.0)
<b>Operating expenses</b>	200.8	200.5	(0.3)
o/w Expenses for loan losses	53.3	48.7	(4.6)
Expense for loan guarantees	9.9	10.8	+0.9
Expenses for interest repayments	24.0	22.0	(2.0)
<b>Ordinary profit</b>	73.5	68.6	(4.9)
<b>Net income</b>	54.1	85.2	+31.1
<b>NPLs</b>	85.2	96.1	
(NPL ratio)	7.49%	8.40%	
<b>Allowance on interest repayments (provision)</b>	100.8	95.9	
	3.4 yrs	3.5 yrs	

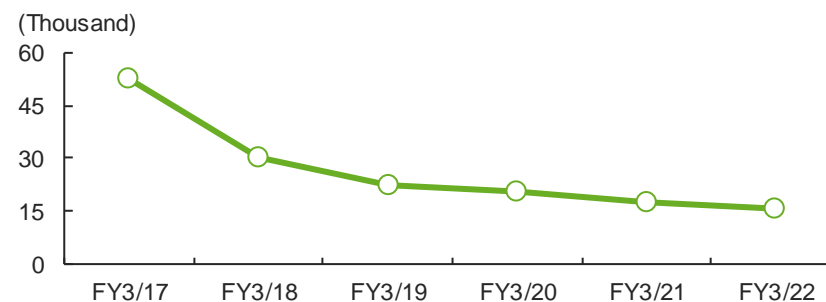
## Consumer loans



## Loan guarantee



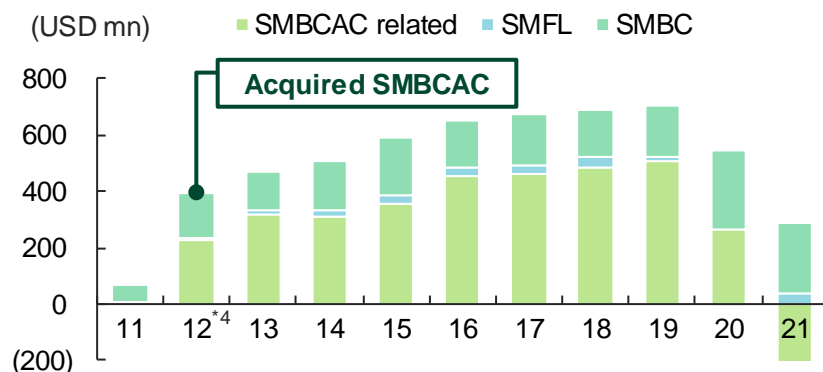
## No. of interest refund claims



## Financial results

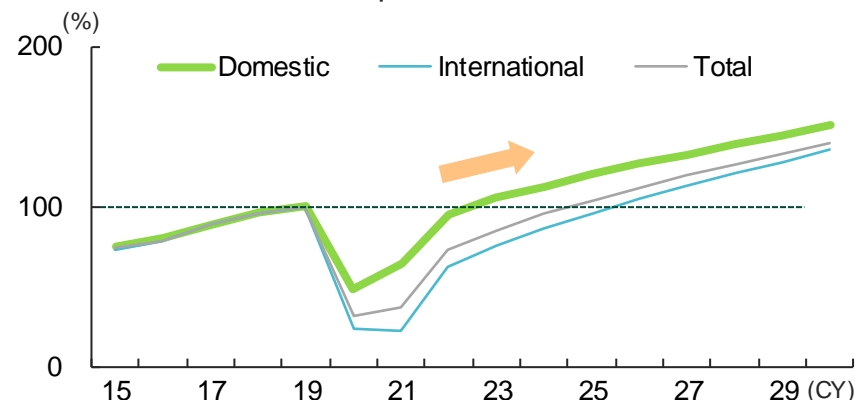
(USD mn)	FY3/21	FY3/22	YOY
Total revenue	1,214	1,479	+265
o/w Lease revenue	1,119	1,366	+247
Credit / Asset impairment charges <sup>*1</sup>	334	907	(573)
Net income	17	(283)	(300)
Aircraft asset <sup>*2</sup>	15,340	16,210	+870
Net asset	3,305	3,322	+17
ROE	0.5%	(8.5)%	(9.0)%

## Aircraft business of SMBC Group



## Global passenger demand forecast<sup>\*3</sup>

- Domestic demand is expected to recover in 2023



## Our Strengths

Aircraft portfolio	Wide body (A350・B787)	Avg. age <b>4.2 years</b>
	Narrow body Over 80%	Fuel efficient <sup>*5</sup> Approx. 60%
Liquidity	Fitch rating <b>A-</b> No.1 in Industry	Undrawn commitment lines <b>USD 3.1 bn</b>

<sup>\*1</sup> Gross before netting guarantee deposits etc.

<sup>\*2</sup> Include Aircraft pre-delivery payments <sup>\*3</sup> IATA / Tourism Economics. Represents changes from CY19

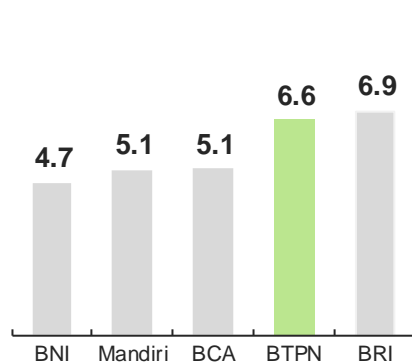
<sup>\*4</sup> SMBCAC related includes revenue after the acquisition in June <sup>\*5</sup> Neo/MAX/A350/B787

## Financial results\*1

(JPY bn)	2019	2020	2021	Jan-Mar. 2022
Gross banking profit	99.6	91.1	106.2	28.2
Operating expenses	56.3	50.9	56.6	14.8
Net profits	20.3	12.9	21.6	6.4
ROE	9.9%	6.1%	8.6%	9.2%
Loans	1,119.9	1,008.0	1,098.4	1,210.1
Deposits	686.8	745.8	886.0	907.2
Total assets	1,434.9	1,355.4	1,554.5	1,635.4

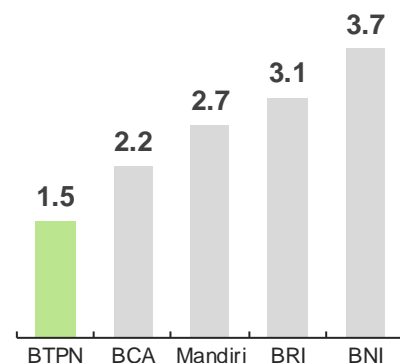
## Net interest margin\*2

(%)

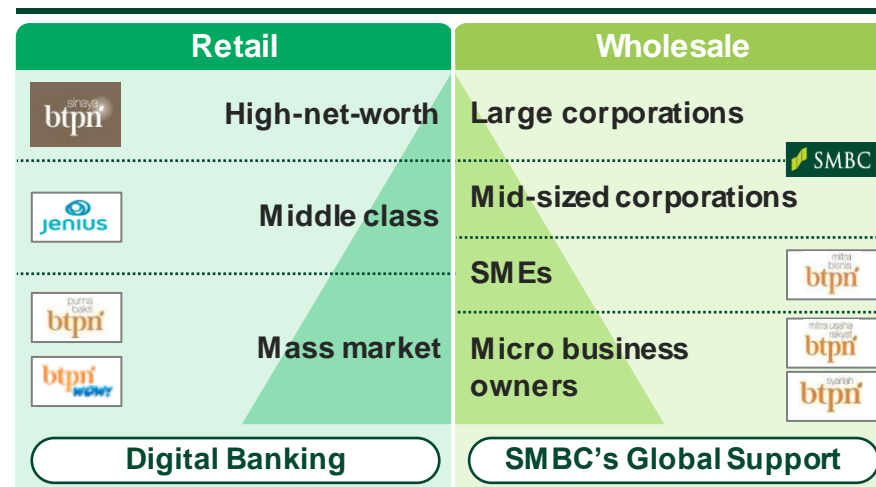


## NPL ratio\*2

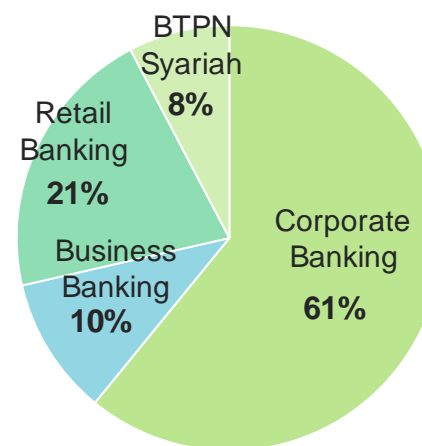
(%)



## Customer



## Loan breakdown\*3



\*1 TTM as of Dec. 19: IDR 1 = JPY 0.0079, Dec. 20: IDR 1 = JPY 0.0074, Dec. 21: IDR 1 = JPY 0.0081, Mar. 22: IDR 1 = JPY 0.0085

\*2 Based on each company's disclosure (Dec. 21 results) \*3 As of Dec. 21



# 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, 2022)

## Moody's

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

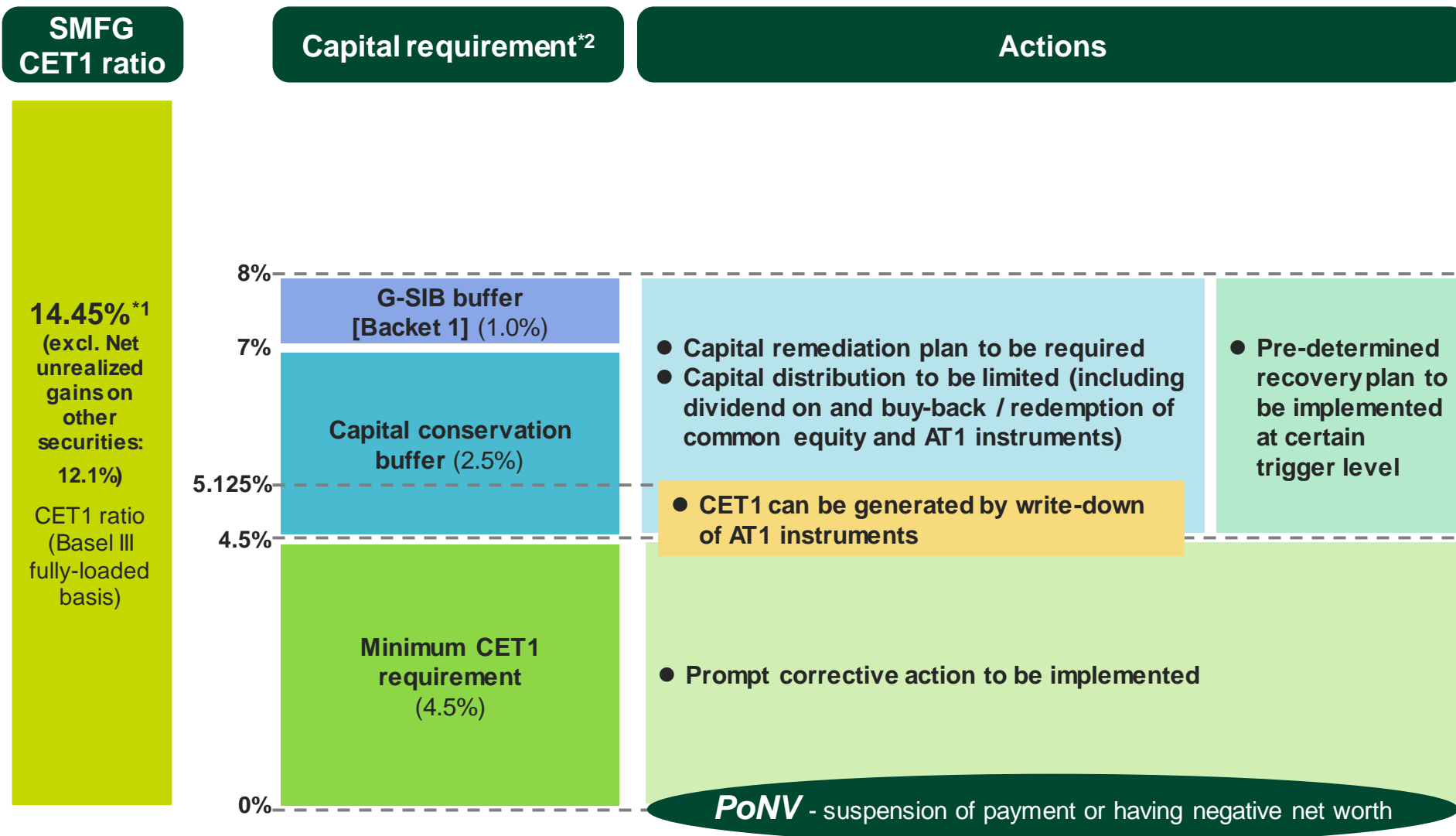
## S&P

	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

We will be required to meet various capital requirements before reaching a point of non-viability (“PoNV”)



\*1 As of the end of Mar. 22

\*2 Excluding countercyclical buffer

# Safeguards before incurring losses at PoNV

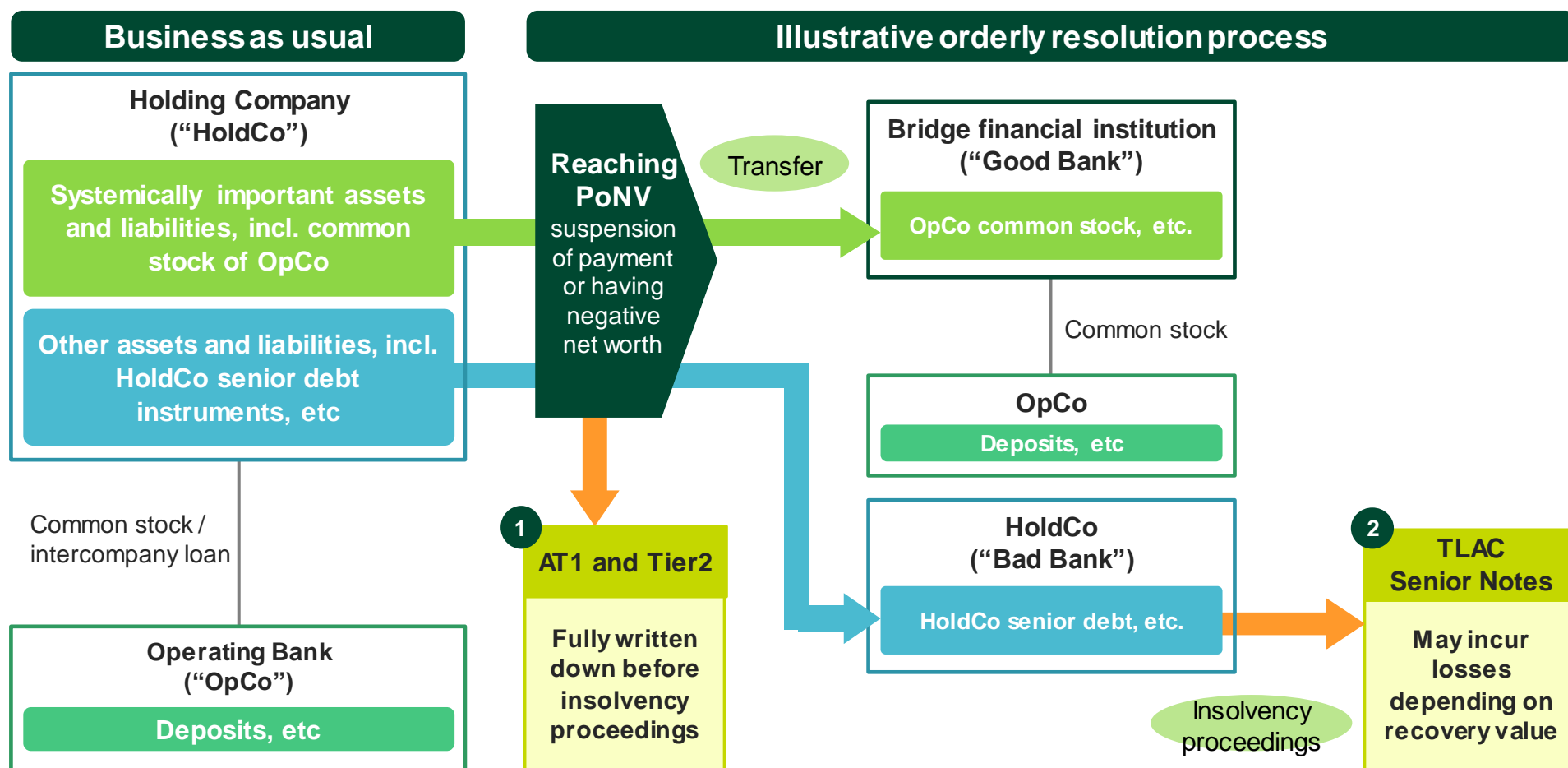
## - safeguards to prevent systemic disruption

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

# Orderly resolution regime in Japan

An orderly resolution is expected to be commenced subsequent to PoNV after SMFG absorbs losses incurred by its material subsidiaries.

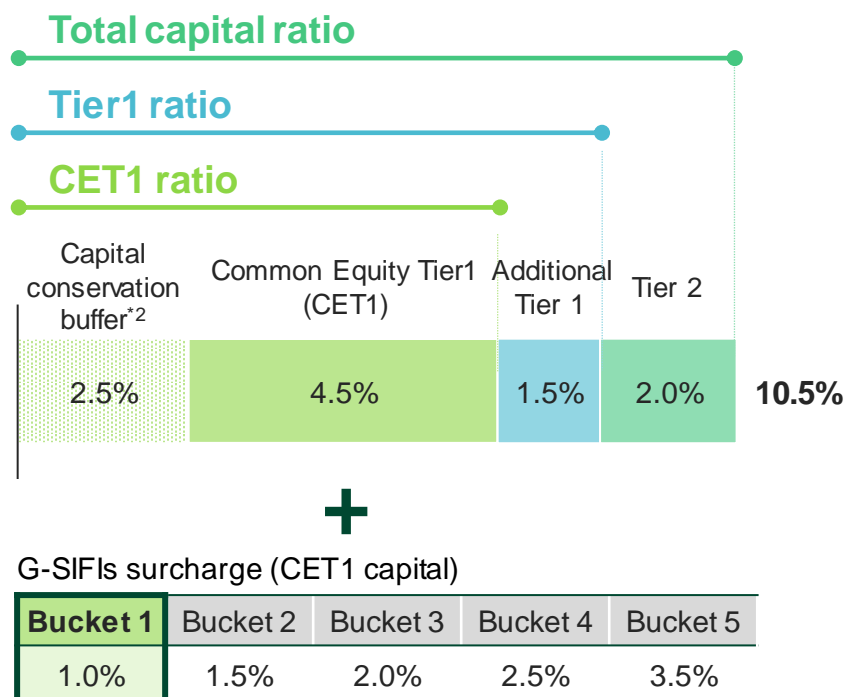
- 1 All Basel III eligible AT1 and Tier 2 instruments will be fully written down upon PoNV pursuant to their terms.
- 2 Senior notes may incur losses depending on recovery value through court-administered insolvency proceedings.



# Application of Basel III (capital ratio)\*1

		Mar.24	Mar.25	Mar.26	Mar.27	Mar.28	Mar.29
RWA	Revised standardized approach and internal ratings-based framework for credit	Implement					
	Revised credit valuation adjustment (CVA) framework						
	Revised operational risk framework						
	Output floor	50%	55%	60%	65%	70%	72.5%

## Capital requirements

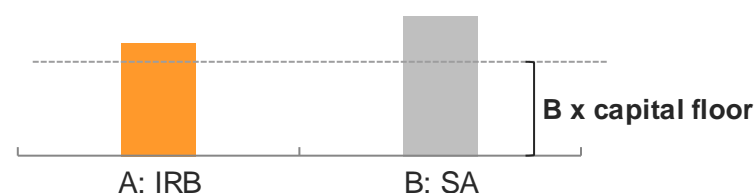


## Implementation of output floor

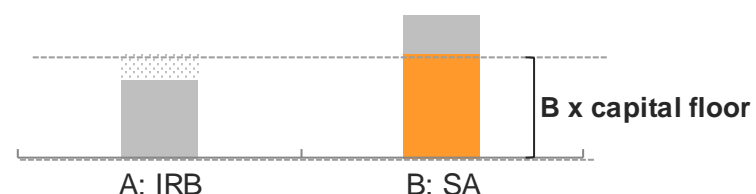
A: RWA based on internal ratings-based approach (IRB)

B: RWA based on standardized approach (SA)

$A > B \times \text{capital floor} \rightarrow \text{RWA} = A$



$A \leq B \times \text{capital floor} \rightarrow \text{RWA} = B \times \text{capital floor}$



\*1 Japanese FSA announced that it will postpone the implementation of unimplemented Basel III standards until Mar. 24

\*2 Countercyclical buffer (CCyB) omitted

# 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. 2024
- 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

# Cost control

Cost reduction initiatives are making good progress and expected to exceed the initial target<sup>\*1</sup> by JPY 30-40 bn due to acceleration of digital shift.

Target	Status of key initiatives		Results <sup>*2</sup>
(50) bn	Reform of domestic business	<ul style="list-style-type: none"> <li>Reduced workload of 3.3K people</li> <li>- Digitalize payment businesses</li> <li>- Reallocate workforce of domestic wholesale and wealth management businesses</li> <li>- Improve efficiency of headquarters</li> </ul>	(48) bn
(25) bn	Retail branch reorganization	<ul style="list-style-type: none"> <li>Completed shift to smart branches ahead of schedule</li> <li>Operate in small headcount by digitalizing operations and eliminating cash</li> </ul>	(18) bn
(25) bn	Integration of group operations	<ul style="list-style-type: none"> <li>Review overseas expenses</li> <li>Integrate functions of SMCC and SMBCFS</li> <li>Share systems and review assets</li> </ul>	(20) bn
Total			
<div> <div>JPY 100 bn</div> <div>+</div> <div> JPY 30-40 bn + Additional 20 bn in best case </div> <div>➔</div> <div> Reallocate resources to digital and overseas businesses </div> <div> (86) bn </div> </div>			

<sup>\*1</sup> Cumulative cost reduction target for the three-year period covered by the current medium-term management plan

<sup>\*2</sup> Cumulative result of FY20 and FY21

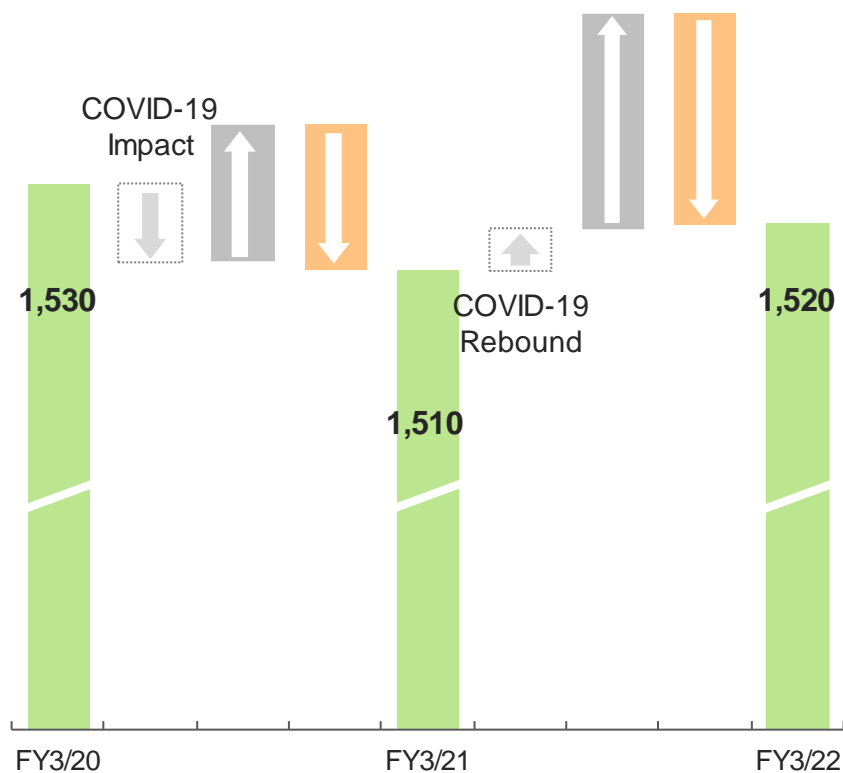


# Base expenses and headcount

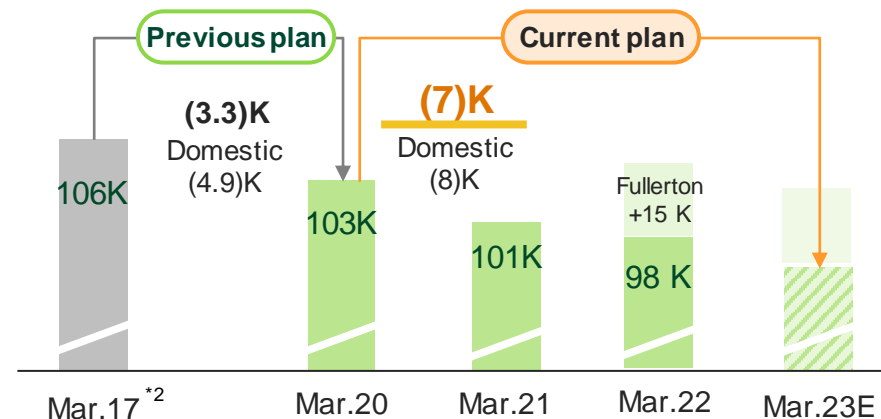
## Base expenses\*1

(JPY bn)

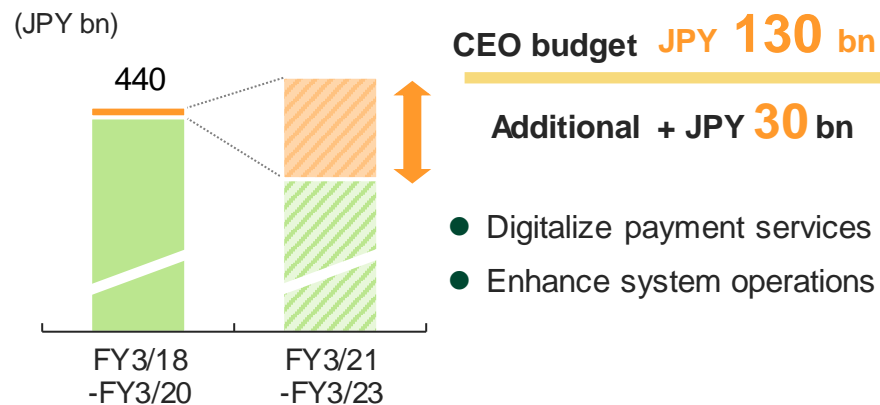
- **Key cost control initiatives**
- **Resource allocation**  
(e.g. overseas business, strategic investment, system expenses)



## Headcount



## IT investment



\*1 G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost and others.  
Exchanged at USD1=JPY105 (projected rate in medium-term management plan)

\*2 Added the impact of group reorganization retrospectively

# 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

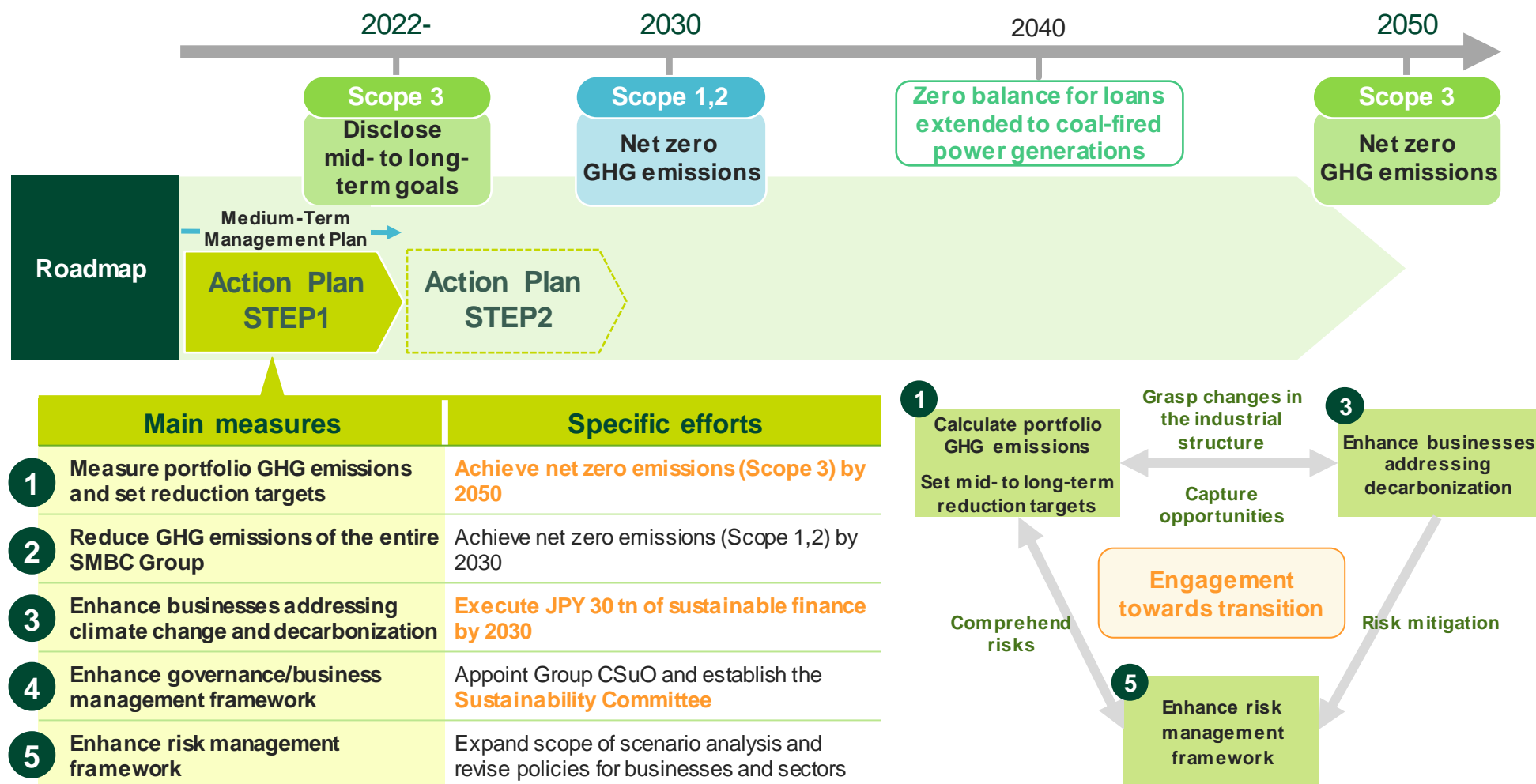
Expand franchise in Asia and strengthen digital banking

7

Develop digital solutions for corporate clients

# Roadmap Addressing Climate Change

We have established a long-term action plan “Roadmap Addressing Climate Change” in order to realize a carbon neutral society by 2050. Setting short- to medium-term measures as “Action Plans”, we are addressing climate change issues as the entire group



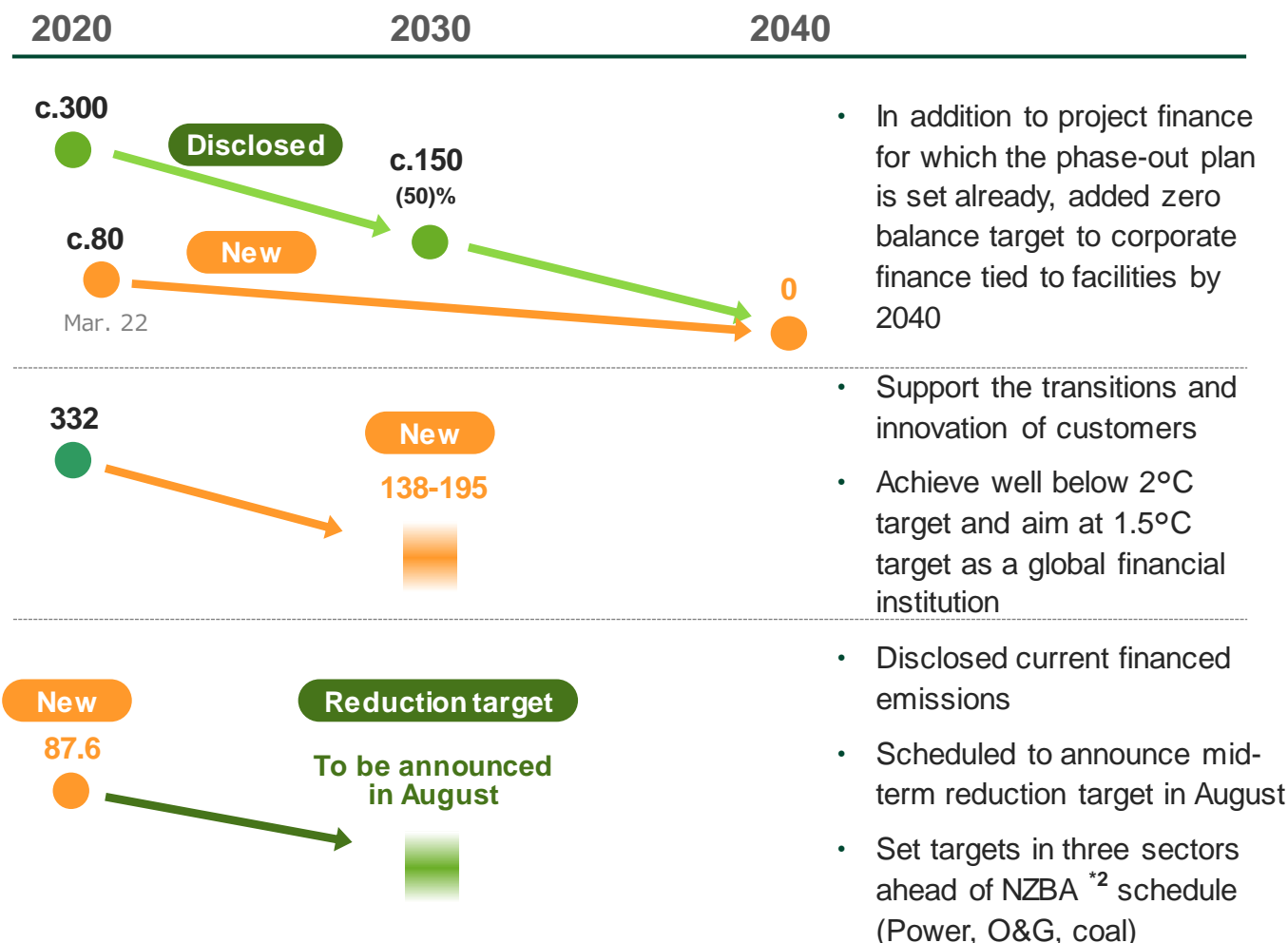
# New disclosures and targets

We expanded the phase-out plan for coal-fired power generations, set mid-term (2030) financed emissions reduction target for the power sector, and disclosed financed emissions for the energy sector. Mid-term financed emissions reduction target for the energy sector (O&G and coal) will be disclosed in the TCFD report scheduled to be published in August

Balance of loans for coal-fired power generation (JPY bn)	Project Finance
	Corporate Finance (tied to facilities)

Financed emissions Power Sector*1 (gCO2e/kWh)
---

Financed emissions Energy Sector (oil and gas, coal)*1 (MtCO2e)
---



\*1 Calculated financed emissions in this document are the results as of May 2022. Figures are subject to revision due to change of calculation methodology, and etc.

\*2 Net-Zero Banking Alliance

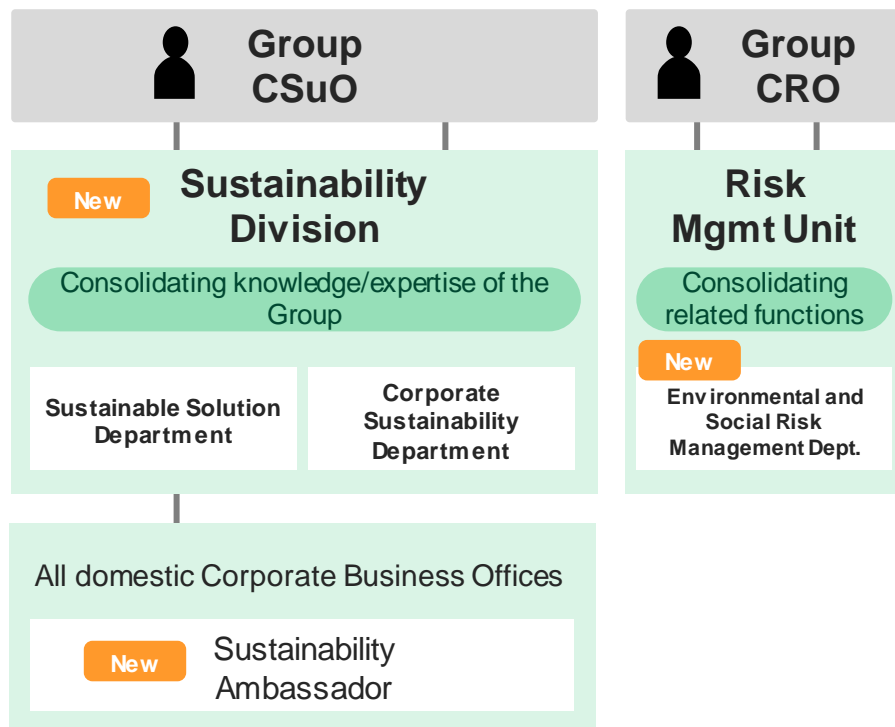
# Efforts this year

This year, we implemented a large-scale organizational reform, increasing the number of employees and revising the executive compensation system

## Organizational reforms

Revised  
April 2022

- Established the “Sustainability Division” and the “Environmental and Social Risk Management Department” to strengthen organizational capabilities for sustainability adding more human resources



## Quantitative ESG evaluation for compensation

- Introduced quantitative ESG evaluation in addition to the existing qualitative evaluation to further strengthen management commitment to sustainability

Base salary	Fixed compensation
<b>Bonus</b> ●Cash ●Stock <b>Compensation Plan II</b>	<b>Annual performance-linked (0-150%)</b> <div>           Standard level × <div>Annual performance (New ESG evaluation)</div>           Individual's performance, etc.         </div> <div> <b>Quantitative</b> Achievement of in-house targets            ●Sustainable finance            ●Reduction of Scope1/2 GHG emissions <span>±10%</span>  <b>Qualitative</b> Evaluation of major ESG rating agencies         </div>
	<b>Mid-term performance-linked (0-150%)</b> <div>           Standard level × <div>Mid-term performance, etc.</div> <div>Financial performance Share performance</div> <div>Qualitative evaluation</div>           Including “ESG initiatives”         </div>
<b>Stock Compensation Plan I</b>	
<b>Stock Compensation Plan III</b>	Promotion reward plan

# Other major updates (since April 2022)

We are accelerating groupwide efforts to achieve carbon neutrality by enhancing resources, reducing in-house GHG emissions, advancing scenario analyses and expanding solutions

Items	Contents
Organizational Structure	<ul style="list-style-type: none"> <li>Established the “Sustainability Division” and the “Environmental and Social Risk Management Dept.” to strengthen organizational capabilities for sustainability with more human resources</li> </ul>
Executive Compensation	<ul style="list-style-type: none"> <li>Introduced quantitative ESG evaluation in addition to the existing qualitative evaluation to further strengthen management’s commitment to sustainability</li> </ul>
Rules and Policies	<ul style="list-style-type: none"> <li>Formulating the “SMBC Group Environmental and Social Framework”</li> <li>Establishing the “Social Contribution Policy” and the “Sustainable Procurement Policy”</li> </ul>
Scope 1 and 2 Reductions	<ul style="list-style-type: none"> <li>Four HQ buildings fully implementing renewable energy to achieve net zero Scope 1 and 2 emissions by 2030</li> <li>Launched the “SMBC Kawasaki Mega Solar Place” project - the first 1MW class solar power generation facility owned by a Japanese major bank</li> </ul>
Enhanced Scenario Analyses	<ul style="list-style-type: none"> <li>Conducted scenario analyses of transition risks in iron &amp; steel and automotive sectors, in addition to energy and power sector (first Japanese bank to include the iron &amp; steel sector)</li> </ul>
Sustainability Investment Fund	<ul style="list-style-type: none"> <li>Set a JPY 20 billion “Sustainability Investment Fund” to create new solutions, etc.</li> <li>Participated in “Carbonplace”, a payment platform for carbon credit transactions, as the first sustainability investment project</li> </ul>
SMDAM joined NZAMI	<ul style="list-style-type: none"> <li>SMDAM joined NZAMI<sup>*1</sup>, a global initiative of asset managers, to achieve net zero GHG emissions from the investment portfolio by 2050</li> </ul>

\*1 Net Zero Asset Managers initiative

# Sophistication of sustainability management system

Regarding climate change issues as one of our significant management issues, we are continuously improving our sustainability management system under the leadership of the Group CEO.

## Advancement of management system

October  
2018

### Established “Corporate Sustainability Committee”

- Chairman - Group CEO
- Members - Head of each group companies

April 2020

### Revised management philosophy and established “Statement on Sustainability”

#### SMBC Group GREEN x GLOBE 2030

“Create the future of the earth and humanity with our customers”

April 2021

### Appointed Group CSuO

July 2021

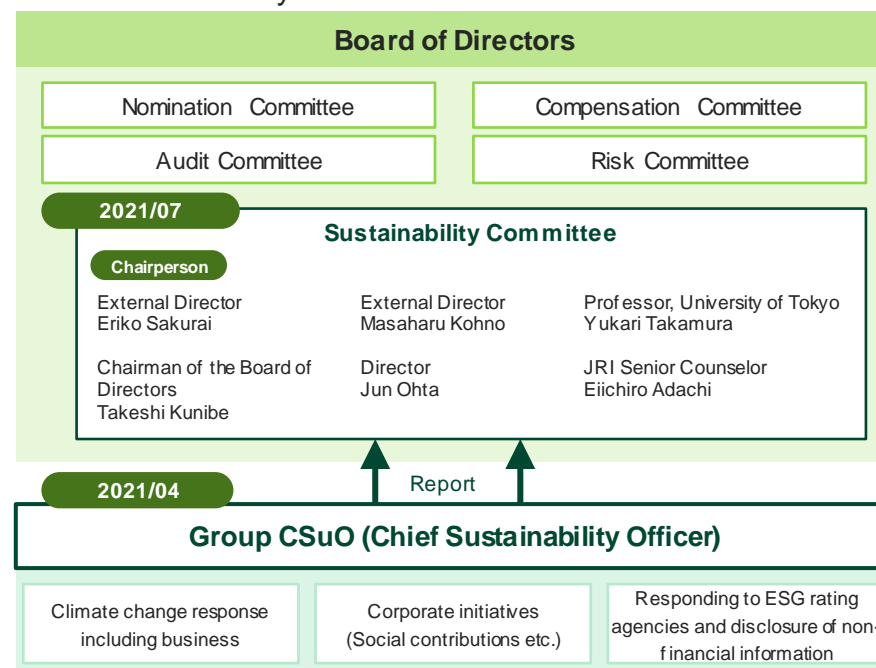
### Established “Sustainability Committee”

- Established “Sustainability Division” and “Environmental and Social Risk Management Department”
- Introduced quantitative ESG evaluation to executive compensation
- Formulated “SMBC Group Environmental and Social Framework”

April 2022

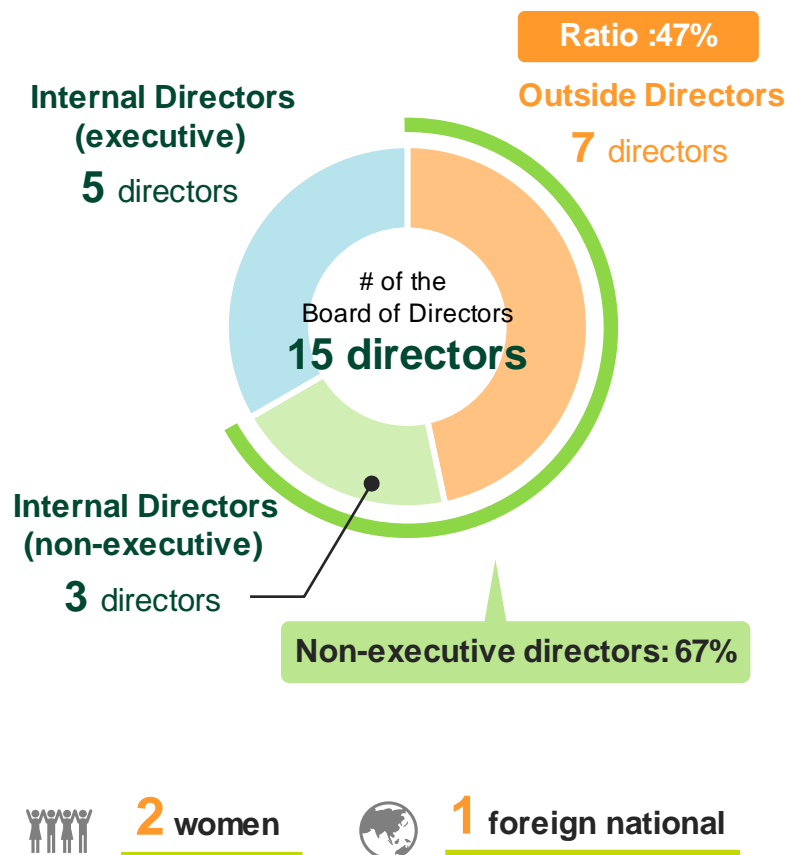
## Group CSuO/Sustainability Committee

- In addition to the Group CSuO position, the Sustainability Committee was established last year ahead of competitors, to enhance sustainability management from both execution and supervision perspectives
- The Sustainability Committee was held twice in FY2021





# Structure of the Board



	Knowledge and experience we expect in particular						
	Management	Finance	Global	Legal/risk management	Accounting	IT/DX	Sustainability
T. Kunibe							
J. Ohta							
M. Takashima							
T. Nakashima							
T. Kudo							
A. Inoue							
T. Isshiki							
Y. Kawasaki							
M. Matsumoto							
A. M. Mitchell							
S. Yamazaki							
M. Kohno							
Y. Tsutsui							
K. Shinbo							
E. Sakurai							



# 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

### 1. Renewable Energy 2. Energy Efficiency 3. Green Buildings



### 4. Clean Transportation



### 5. Pollution Prevention & Control



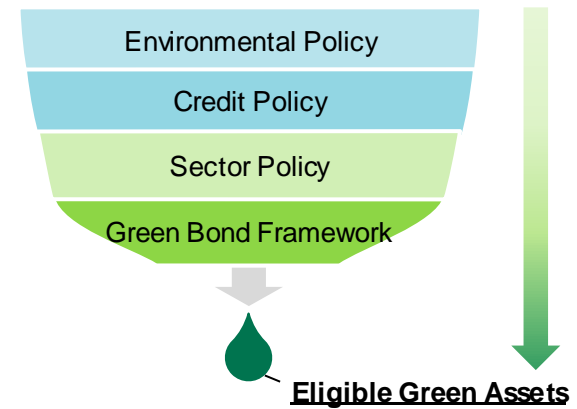
- Look Back Period : 24 months
- More than 90% of the funds are allocated to Renewable Energy



## 2. Evaluation and Selection

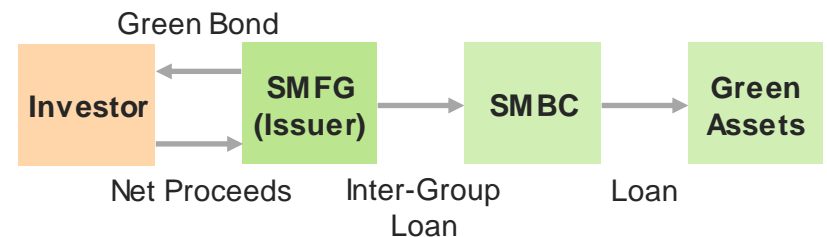
SMBC Group's  
Sector policy

SMBC Group's  
Green Bond  
framework



## 3. Management of Proceeds

- Pending allocation of proceeds : short-term financial instruments.



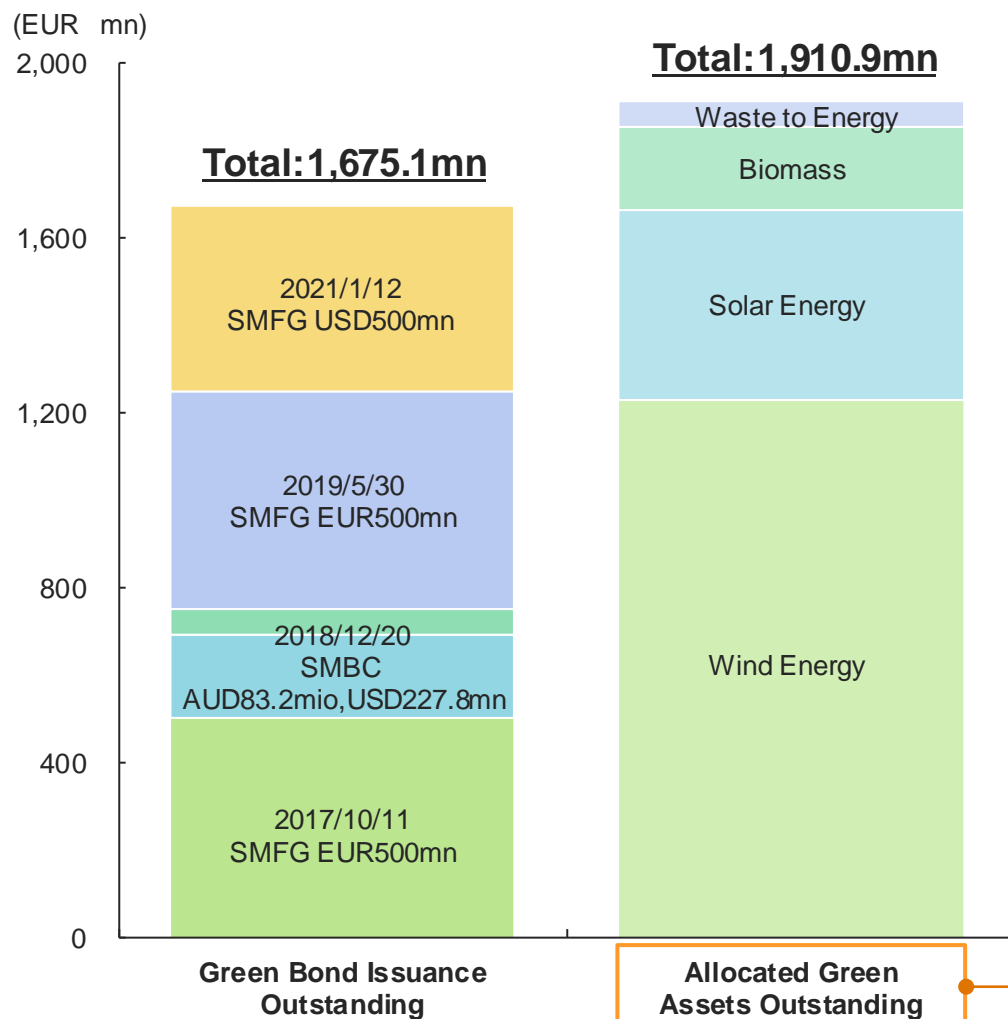
## 4. Reporting

- **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

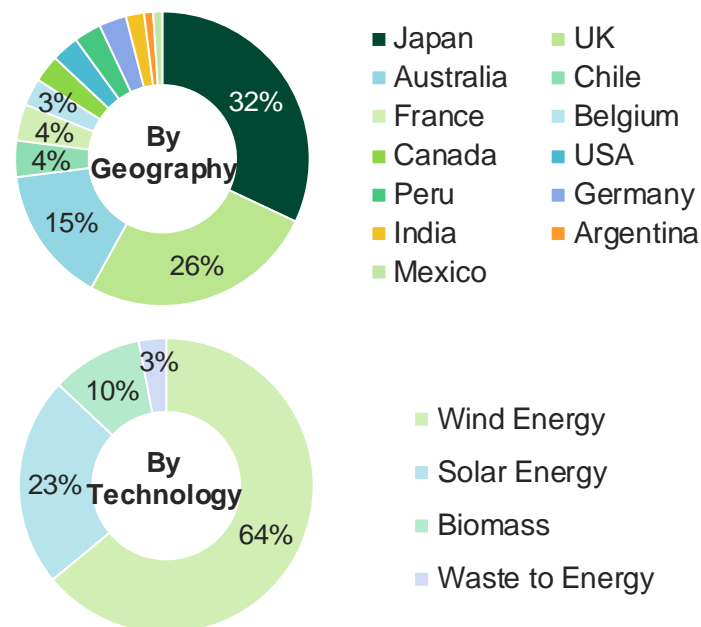


# Overview of Green Bond Issuance and Allocated Green Assets

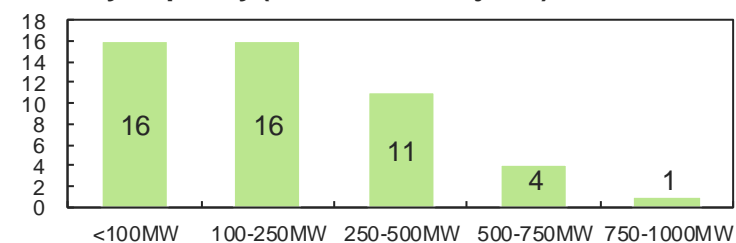
## Balance of Green Bond Issuance and Allocated Green Assets\*<sup>1</sup> (as of Mar. 21)



### Overview of Allocated Green Assets



### Facility Capacity (Number of Projects)





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

In addition to the above, SMFG issued USD500mn of Green Bond in Jan. 22. We are preparing for annual reporting and all the updates will be available on our Website.

# 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 Issuances

- 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 Issuances</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>

\*1 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

<b>Net Proceeds from Note Issuance</b>	USD 500mn (EUR 426.6mn equiv.) <sup>*1</sup>
<b>CO<sub>2</sub> avoidance per EUR1mn</b>	1,209.33 t-CO <sub>2</sub>

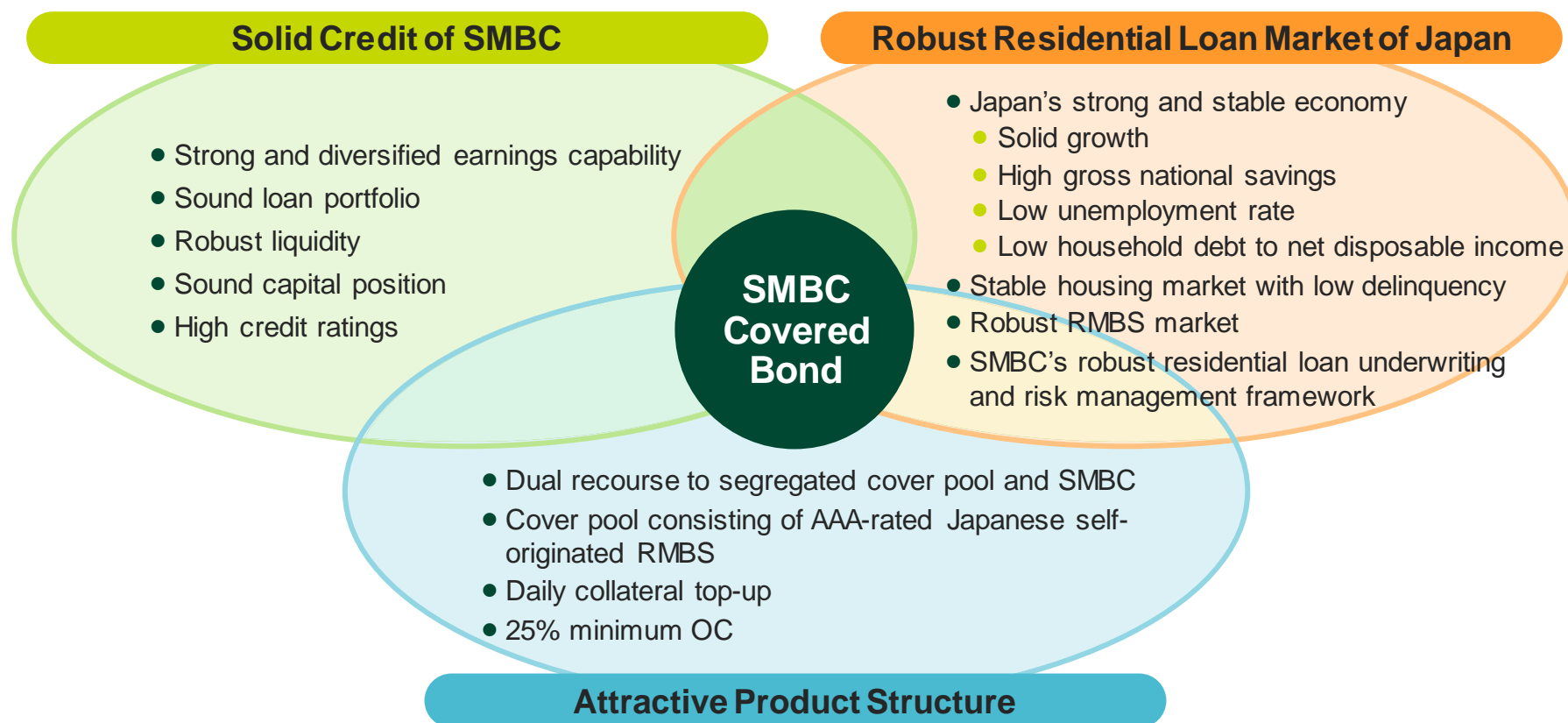
\*1 Translated into EUR at the exchange rates as of Mar. 21



# 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.

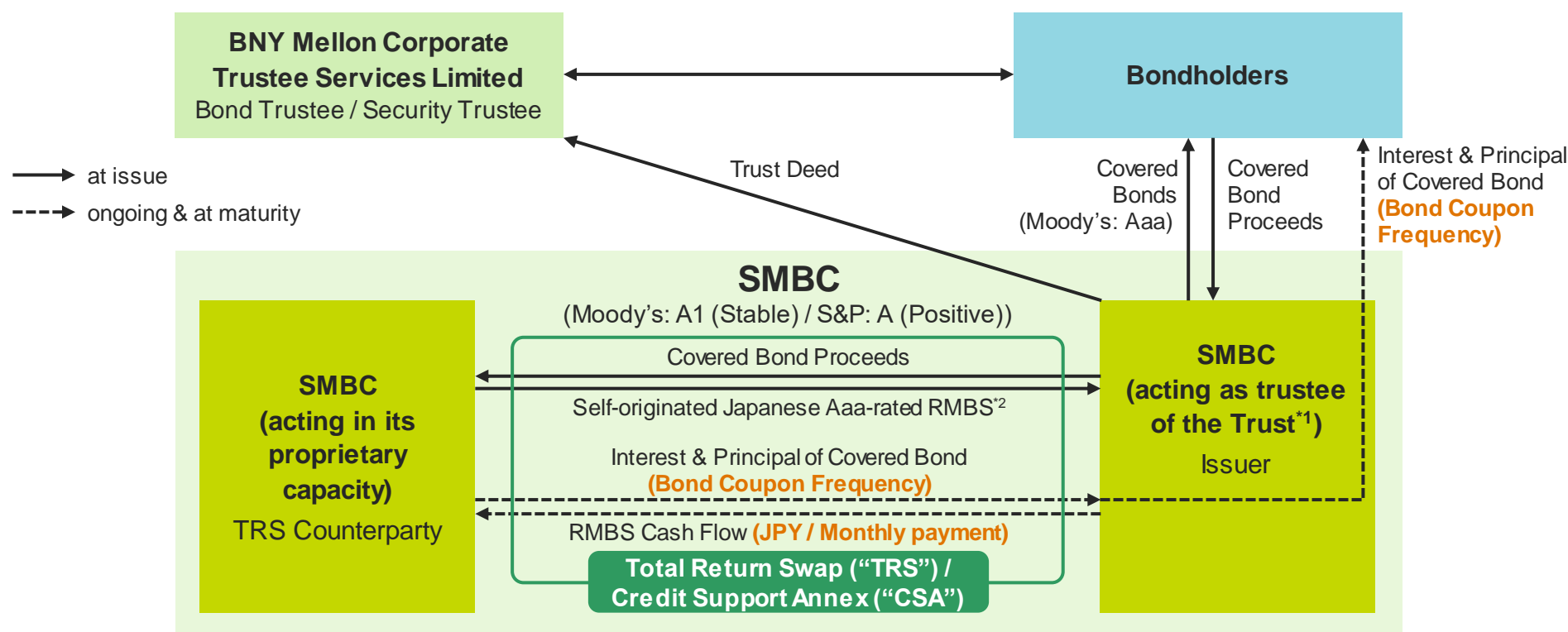


# SMBC Covered Bond Programme

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")

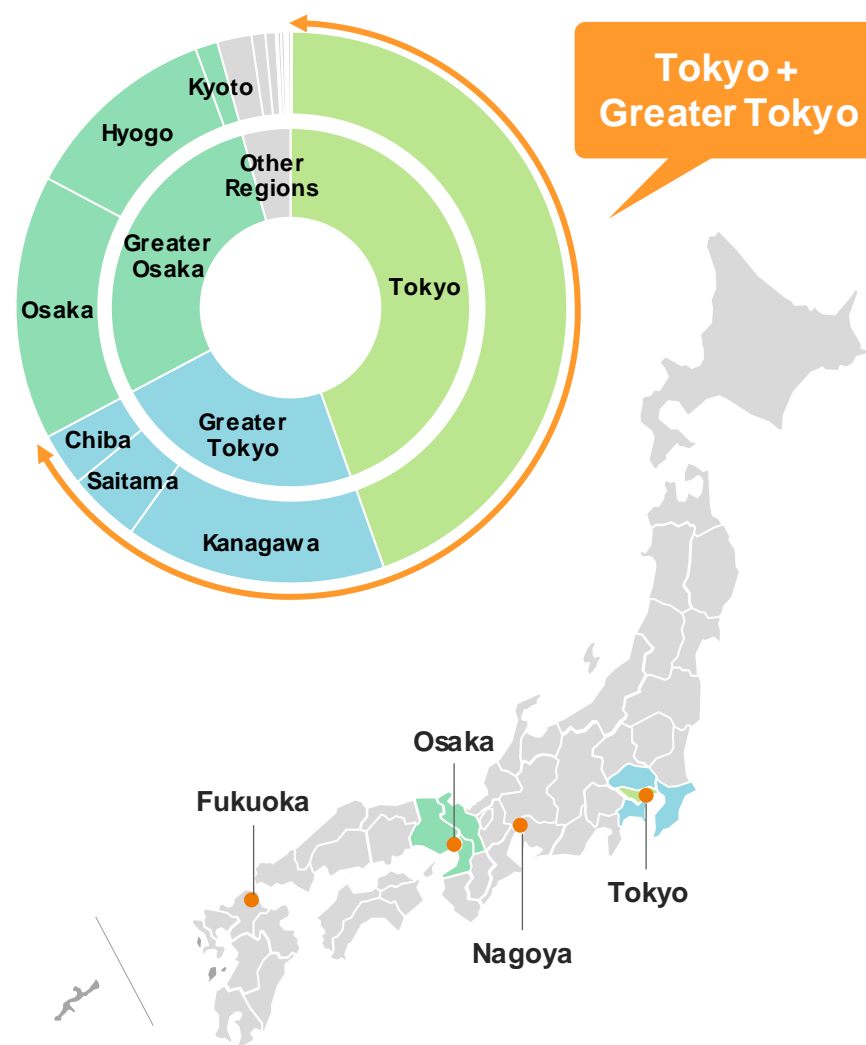
\*2 Cover pool assets may include senior tranches Aa-rated RMBS where higher haircut ratio of 20% is applied, JGB and cash

# 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. 22

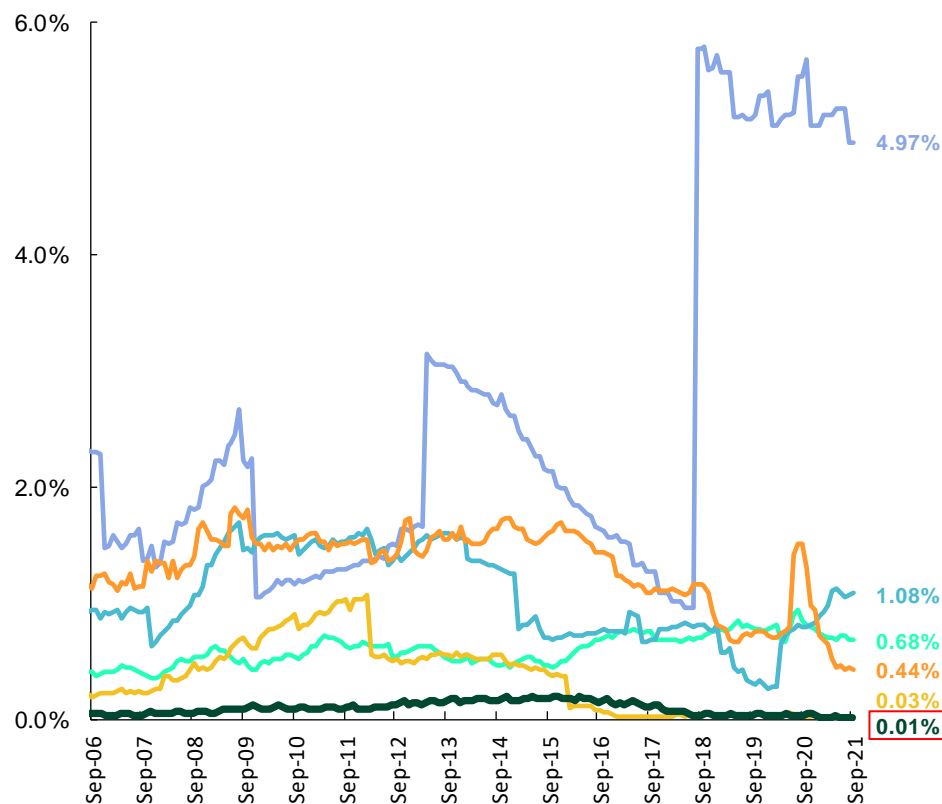
\*2 By loan balance

# 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.

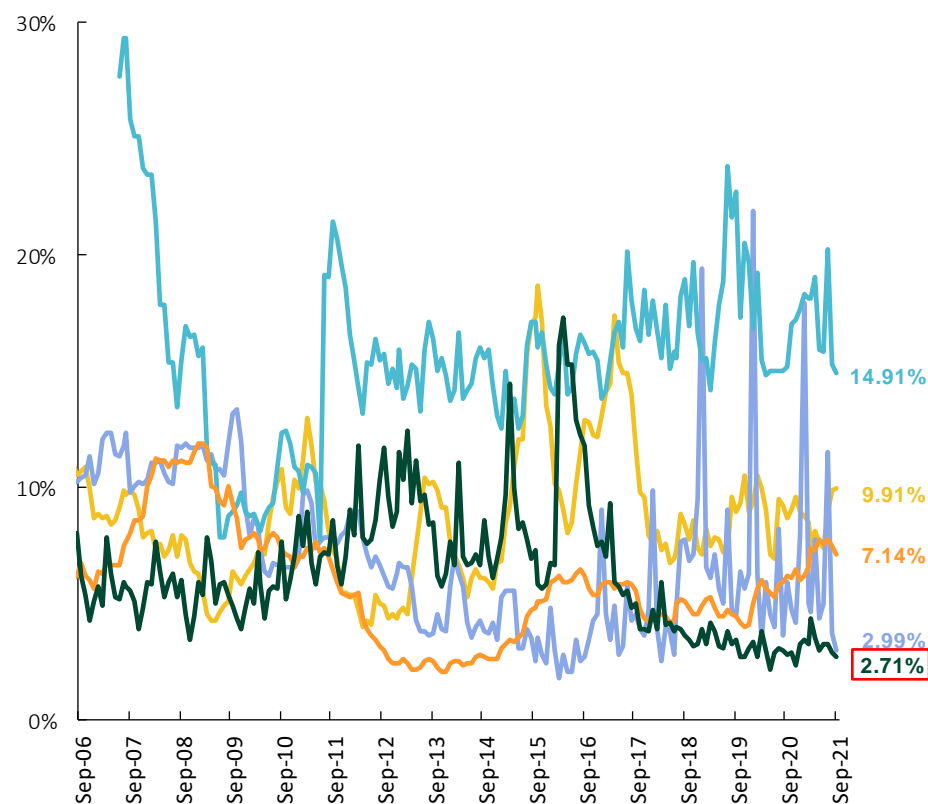
## RMBS 90+ Days Delinquency



Japan UK Germany France Italy Australia

Source: Moody's

## Prepayment Rate



Japan UK Germany France Italy

Note: UK data between Sep 2006 and May 2007 is not available

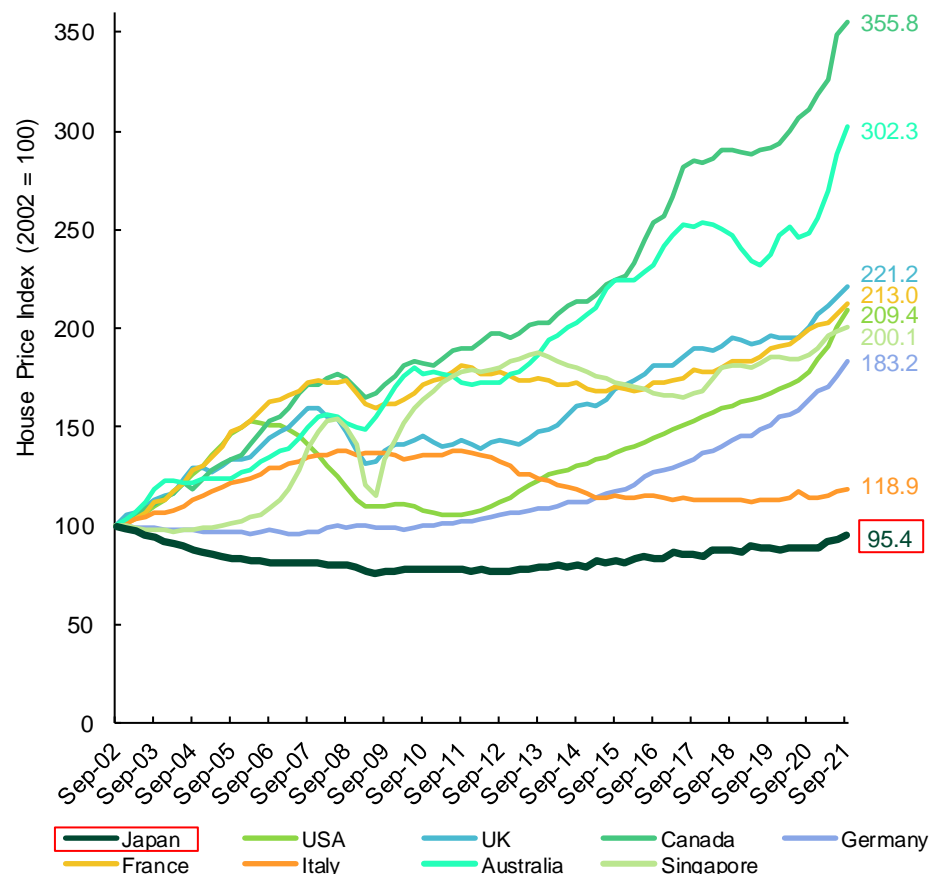
Source: Moody's

# Housing market developments

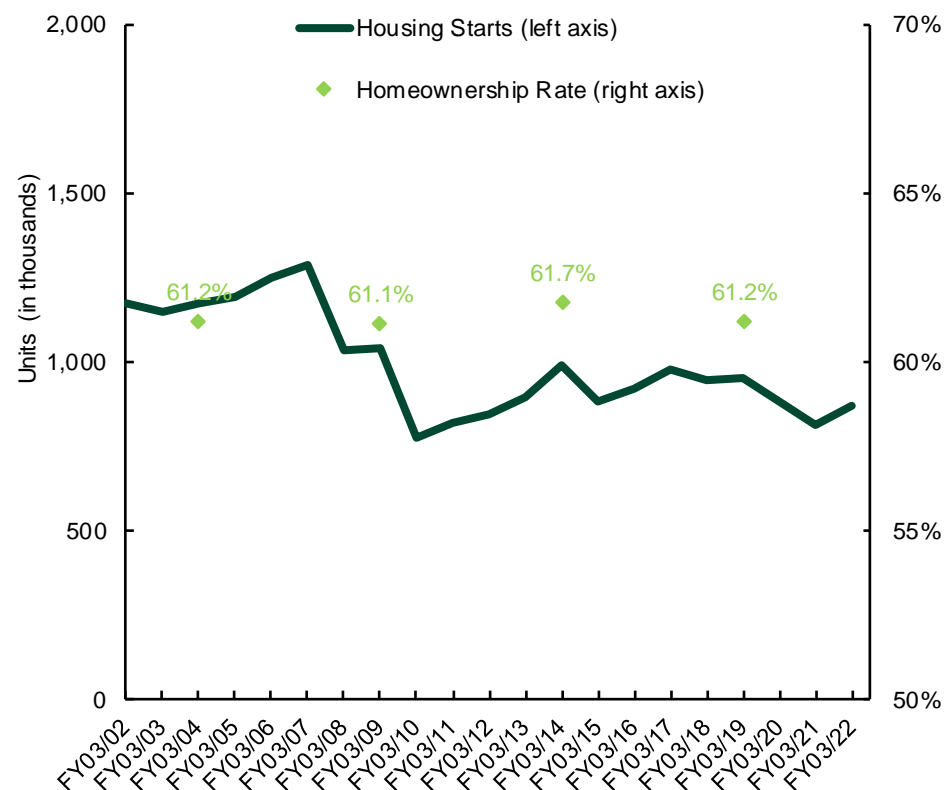
Japanese house prices have been stable with limited impact of the global financial crisis compared to other developed countries, and are now in an upward trend.

Negative impact of COVID-19 on housing starts is smaller than during the financial crisis and homeownership rate has been stable at approx. 60%.

## House Prices



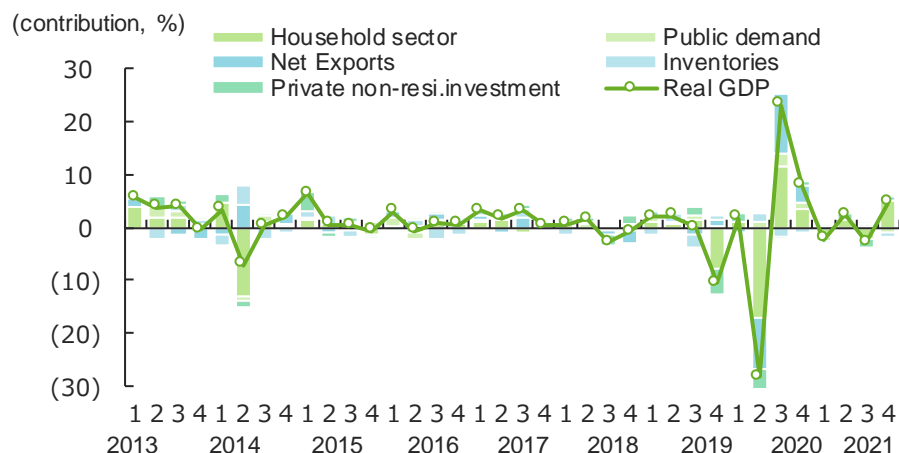
## Housing Starts / Homeownership Rate



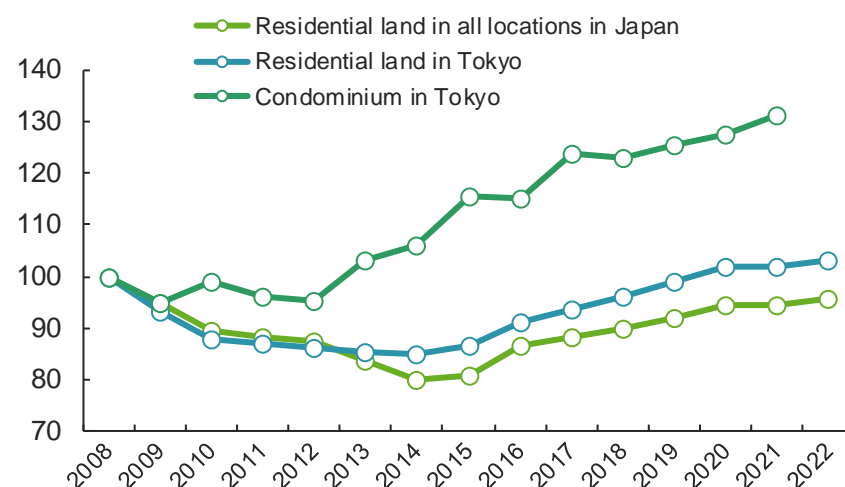
Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistics Bureau, Ministry of Internal Affairs and Communications

# Japanese economy

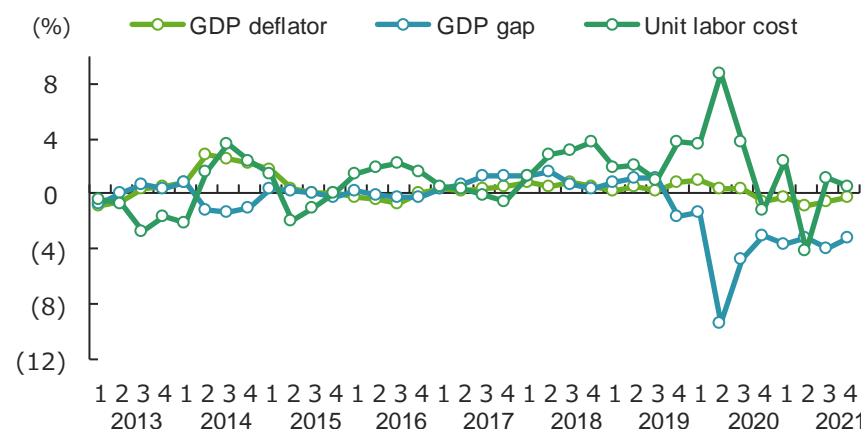
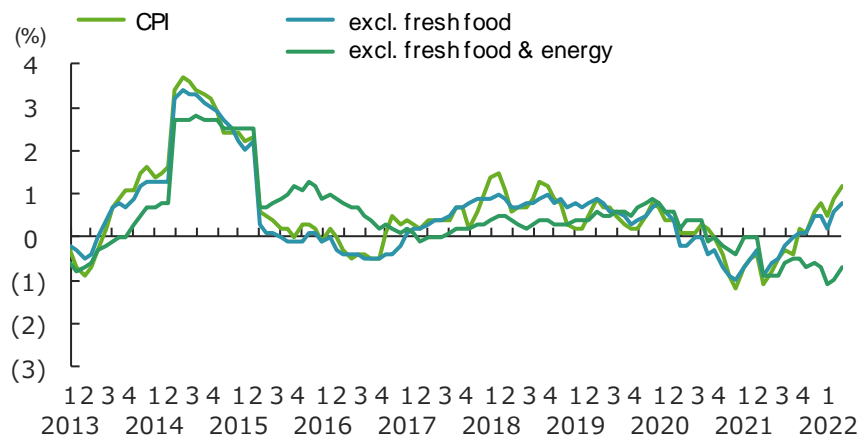
## Real GDP growth rate (annualized QoQ change)<sup>\*1</sup>



## Property price of residential land and condominiums<sup>\*2</sup>



## Indicators to measure progress out of deflation<sup>\*3</sup>



<sup>\*1</sup> 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

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

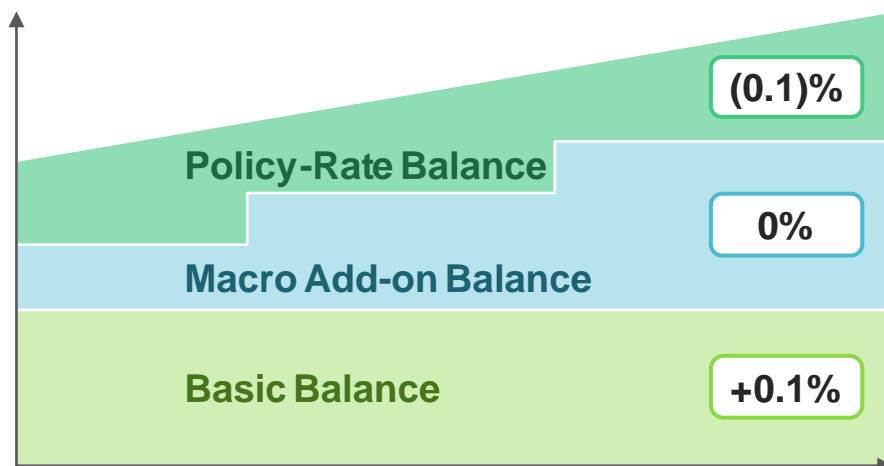
<sup>\*3</sup> Statistics Bureau, Cabinet Office and Ministry of Internal Affairs and Communications

# BOJ's monetary policy

## Timeline

<b>Apr. 2013</b>	Introduction of the Quantitative and Qualitative Monetary Easing (QQE)
<b>Jan. 2016</b>	Introduction of Negative Interest Rate Policy
<b>Sep. 2016</b>	Introduction of QQE with yield curve control
<b>Jul. 2018</b>	Introduction of forward guidance for policy rates
<b>Apr. 2019</b>	Clarification of forward guidance for policy rates
<b>Oct. 2019</b>	Update of forward guidance for policy rates
<b>Apr. 2020</b>	Enhancement of monetary easing
<b>Mar. 2021</b>	Further Effective and Sustainable Monetary Easing
<b>Sep. 2021</b>	Introduction of Climate Response Financing Operations
<b>Apr. 2022</b>	Clarification of consecutive fixed-rate purchase operations

## Three-tier system in current accounts at BOJ



## Recent announcements

### 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

### Sep. 2021

#### • Climate Response Financing Operations

- To provide funds to financial institutions within the amount outstanding of their investment or loans that contribute to Japan's actions to address climate change, with a view to supporting private sector efforts on climate change.
- Interest rate on its program at 0% with the duration of loan being 1 year (can be rolled over).

### Apr. 2022

#### • Clarification of consecutive fixed-rate purchase operations

- Clarified at the April meeting that the BOJ will offer to purchase 10-year JGBs at 0.25 percent every business day through fixed-rate purchase operations, unless it is highly likely that no bids will be submitted.



# 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 ⇒ Ended in March 2022
- 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	The Bank has purchased CP and corporate bonds with an upper limit on the amount outstanding of about 20 trillion yen in total until the end of March 2022. From April 2022 onward, it purchases these assets at about the same pace as it did before the COVID-19 pandemic, so that their amounts outstanding will gradually return to pre-pandemic levels, namely, about 2 trillion yen for CP and about 3 trillion yen for corporate bonds.
Special funds-supplying operations ("SFSO") <sup>*1</sup>	New scheme introduced in Mar. 2021 where BOJ set applied interest rate/incentive for categories as follows; 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>(Including Climate Response Financing Operations)</b> .
USD Funds-Supplying Operations	At OIS + 25bps (cut by 25bps) and for 1-week maturity operations <b>(84 days maturity operation was discontinued as of July 1<sup>st</sup> 2021)</b>
ETF/J-REIT purchase	Increase in purchase amounts at annual pace 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	Against the backdrop of rising 10-year interest rates, fixed-rate purchase operations will be offered every business day except when no bids are clearly expected after May 2, 2022, and purchases will be made so that the yield on the highest yielding of the three current 10-year JGB issues will be 0.25%. The amount of purchases is unlimited.

\*1 Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19)  
Source: Bank of Japan