

# SMBC GROUP ANNUAL REPORT

# 2022

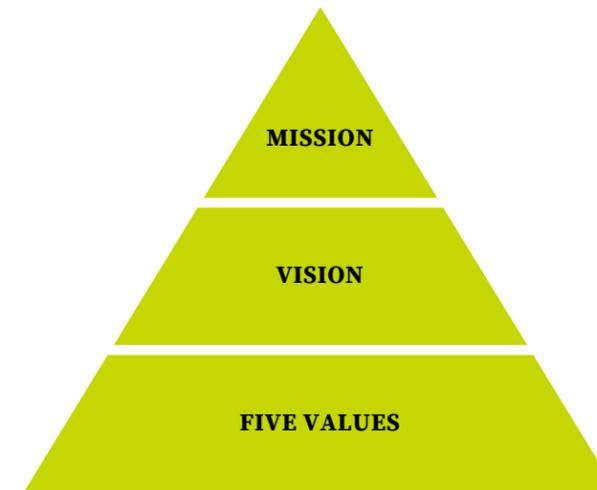
YEAR ENDED MARCH 31, 2022

# MISSION & VISION & FIVE VALUES

“Our Group Mission,” which serves as the foundation for all of our corporate activities, portrays our mission toward stakeholders.

“Vision” is our medium- to long-term aim for the Group.

“Five Values” represent the core values we share with all SMBC Group employees.



## MISSION

We grow and prosper together with our customers, by providing services of greater value to them.  
We aim to maximize our shareholders' value through the continuous growth of our business.  
We create a work environment that encourages and rewards diligent and highly-motivated employees.  
We contribute to a sustainable society by addressing environmental and social issues.

## VISION

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

## FIVE VALUES

### *Integrity*

As a professional, always act with sincerity and a high ethical standard.

### *Customer First*

Always look at it from the customer's point of view, and provide value based on their individual needs.

### *Proactive & Innovative*

Embrace new ideas and perspectives, don't be deterred by failure.

### *Speed & Quality*

Differentiate ourselves through the speed and quality of our decision-making and service delivery.

### *Team "SMBC Group"*

Respect and leverage the knowledge and diverse talent of our global organization, as a team.



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Executives of SMBC Nikko Securities Inc (SMBC Nikko Securities) were recently arrested and indicted on charges of violating the Financial Instruments and Exchange Act. SMBC Nikko Securities was also indicted on the same charges. On behalf of SMBC Group, I extend my deepest apologies to our customers and all other impacted parties for causing great concern and inconvenience.

We take these developments very seriously and will fully devote our resources to restoring the trust of customers and other stakeholders by supporting SMBC Nikko Securities in developing and implementing preventive measures that reflect the findings of investigations undertaken by the investigation committee established by SMBC Nikko Securities.

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**Jun Ohta**

Director President and Group CEO

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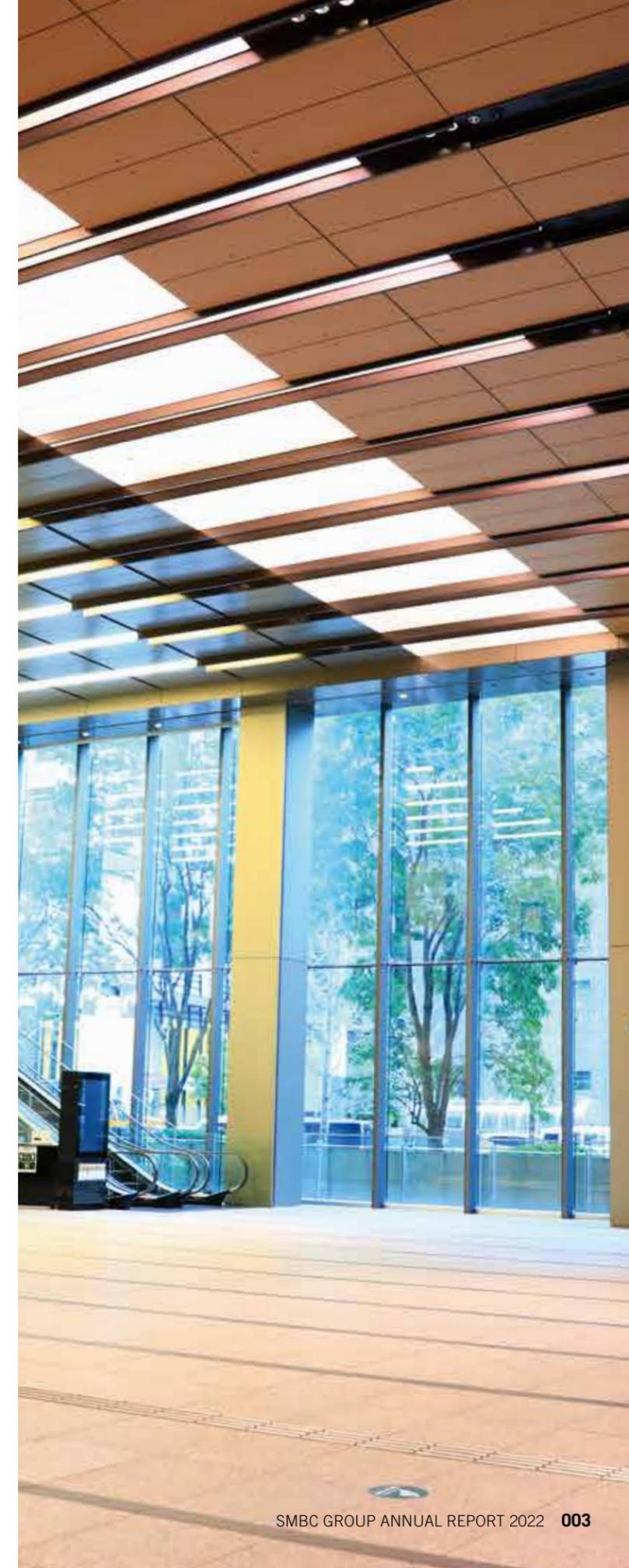
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# History of SMBC Group

The roots of SMBC Group trace back more than four hundred years.

Drawing from the business spirit inherited from the pioneers at Mitsui and Sumitomo, SMBC Group has adapted to the changing needs of the times and shifted its businesses while enhancing the quality of its corporate infrastructure through sustainability initiatives.

## 2001–

### Birth and Growth of Comprehensive Financial Group

- 2001**  
Sumitomo Mitsui Banking Corporation formed
- 2002**  
Sumitomo Mitsui Financial Group established
- 2004**  
SMBC Consumer Finance became an equity-method affiliate
- 2009**  
SMBC Nikko Securities became a subsidiary

### ESG

- 2002** **E**  
Endorsement of United Nations Environment Programme Finance Initiative
- 2005** **G**  
Establishment of voluntary Audit Committee
- 2007** **E S G**  
Signing of United Nations Global Compact
- 2010** **G**  
Listed on New York Stock Exchange

## 2012–

### Expansion of the Scope of Operations and Target Markets

- 2012**  
SMBC Aviation Capital became a subsidiary
- 2012**  
SMBC Consumer Finance became a subsidiary
- 2013**  
SMBC Trust Bank became a subsidiary
- 2013**  
Bank BTPN became an equity-method affiliate
- 2015**  
The Bank of East Asia became an equity-method affiliate
- 2016**  
Sumitomo Mitsui Asset Management became a subsidiary

### ESG

- 2015** **E**  
First issuance of green bond
- 2015** **G**  
Establishment of SMFG Corporate Governance Guideline
- 2016** **S**  
Endorsement of Women's Empowerment Principles

## 2017–

### Pursuit of Sustainable Growth through Utilization of Group Strength and Structural Reforms

- 2018**  
**Group business reorganization**
  - THE MINATO BANK and Kansai Urban Banking Corporation deconsolidated
  - Sumitomo Mitsui Finance and Leasing deconsolidated and converted into an equity-method affiliate
- 2019**  
Sumitomo Mitsui DS Asset Management established through merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments
- 2019**  
Bank BTPN became a subsidiary

### ESG

- 2017** **S**  
Release of Statement on Human Rights
- 2017** **S**  
Release of Diversity and Inclusion Statement
- 2017** **E**  
Endorsement of recommendations of Task Force on Climate-related Financial Disclosures
- 2017** **G**  
Transition to Company with Three Committees  
Introduction of group-wide business units and CxO system
- 2018** **E S**  
Announcement of sector-specific financing policies
- 2019** **E S G**  
Signing of Principles for Responsible Banking

## 2020–

### Creating economic and social value by achieving growth with quality and sustainability

- 2021**  
**Investment for growth in Asia in 2021**
  - Fullerton India became a consolidated subsidiary
  - FE Credit became an equity method affiliate
  - Investment in RCBC
- Strengthening the foundations of business**
  - Investment in Jefferies
  - Investment in ARA Asset Management
- 2022**  
Investment in SBI Holdings

### ESG

- 2020** **E S G**  
Revision of Our Mission  
Establishment of SMBC Group Statement on Sustainability
- 2021** **E S G**  
Appointment of Group CSuO and establishment of Sustainability Committee
- 2021** **E**  
Commitment to achieving net zero emissions across investment and loan portfolio by 2050
- 2021** **E**  
Participation in NZBA, TSVCM and PCAF
- 2022** **E**  
Participation in the TNFD Forum
- 2022** **E S**  
Establishment of SMBC Group Environmental and Social Framework

# SMBC Group's Value Creation Process

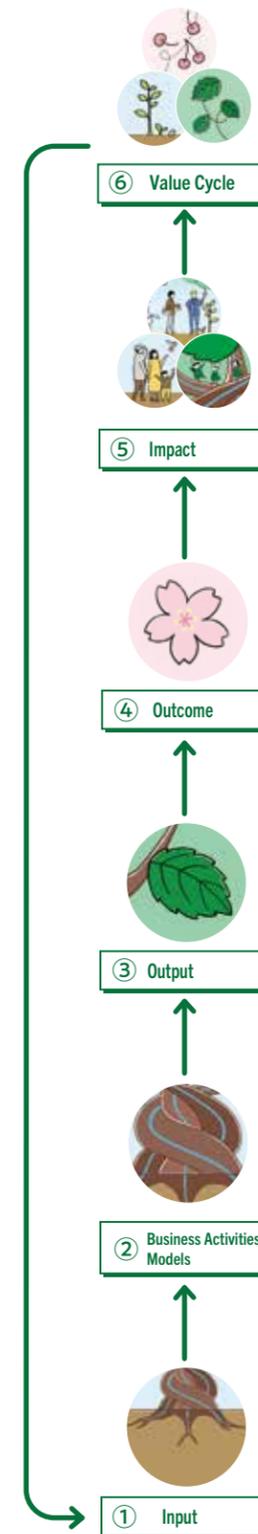
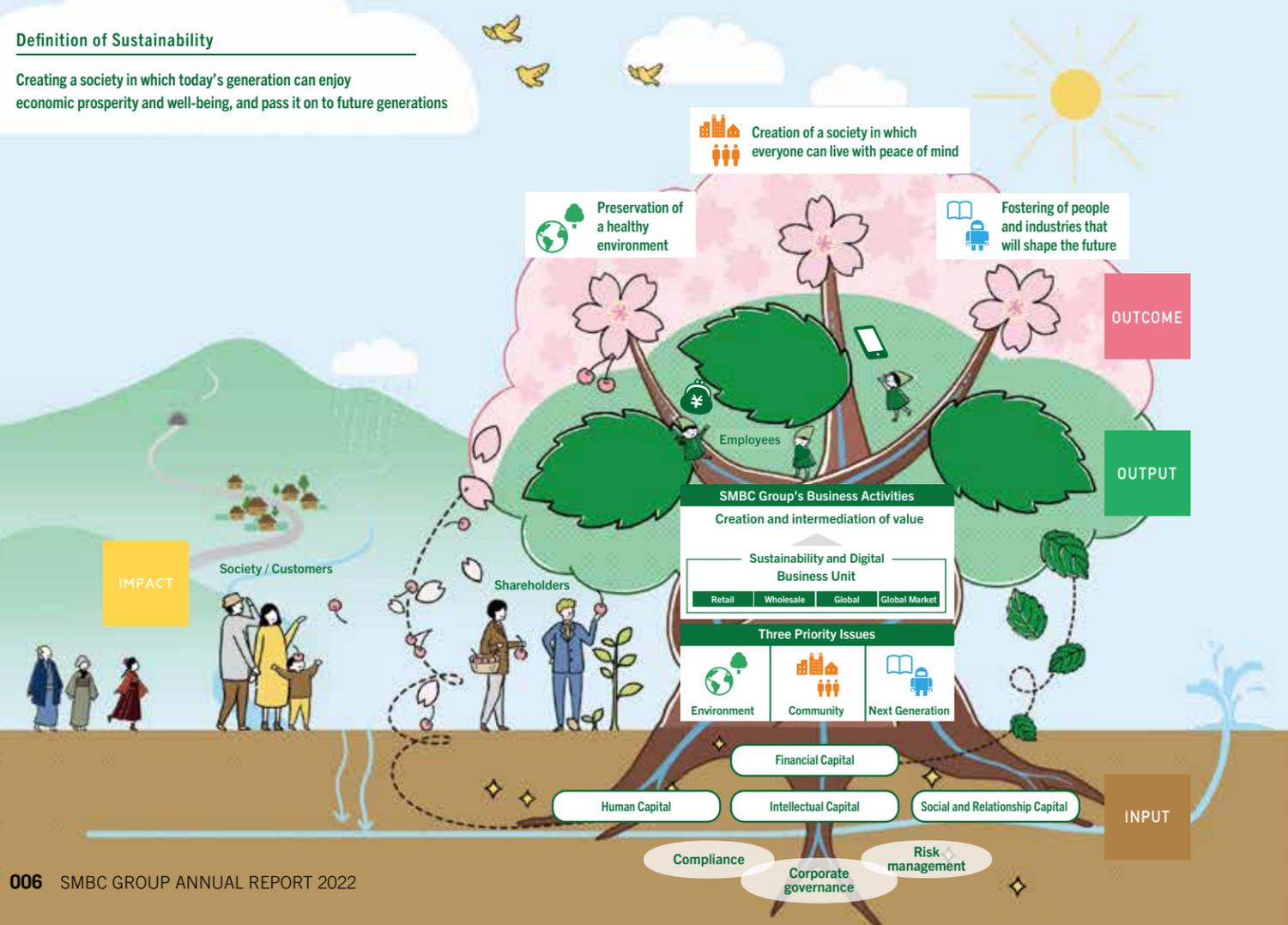
SMBC Group defines sustainability as "creating a society in which today's generation can enjoy economic prosperity and well-being, and pass it on to future generations."

SMBC Group has identified "Environment," "Community" and "Next Generation" as priority issues (Materiality).

In carrying out our Medium-Term Management Plan and achieving our KPIs in line with these priority issues, SMBC Group will generate social and economic value, and give back to all our stakeholders.

## Definition of Sustainability

Creating a society in which today's generation can enjoy economic prosperity and well-being, and pass it on to future generations



Value is returned to stakeholders by growing SMBC Group's corporate value.

It also further enhances intangible assets that are a source of this value, creating a virtuous cycle.

- Dialog with stakeholders (PO42)
- Investment for growth (PO25)
- Capital policy (PO28)

Our businesses not only produce economic value, but also work to bring about the society SMBC Group seeks to create, and influence the way our customers and other stakeholders think and act.

### Creating economic value

#### FY2022 Financial Targets

ROCET1	CET1 ratio
≥ 8.5%	c. 10%
Base expenses	Bottom-line profit
< 2019 results	¥730 billion
	PO22

### Creating social value

#### Preservation of a healthy environment

- Meeting the target of 1.5°C scenario and achieving a carbon-neutral society
- Reducing the risk of natural disasters

#### Creation of a society in which everyone can live with peace of mind

- Providing financial infrastructure that can be accessed with peace of mind
- Bringing about a prosperous society through credit creation
- Fostering of people and industries that will shape the future
- Driving technology and innovation (PO72)

Four Business Units draw up and put in place business strategies for each customer segment consistent with these three priority issues: "Environment," "Community" and "Next Generation."

Sustainability & Digital is integrated into our business

activities as an issue to be addressed cross-functionally by all Business Units.

### Implementation of the Medium-Term Management Plan



We conduct our business activities by drawing on SMBC Group's intangible assets, including its brand and customer base cultivated over the course of the company's more than 400-year history, together with its robust financial capital.

- Robust financials (P118)
- Group history (PO04)
- Human Resources (PO84)
- IT (P116)

## MESSAGE FROM GROUP CEO

# BUILDING AN ERA OF FULFILLED GROWTH

Jun Ohta

Director President and Group CEO



## The World in 2050

**W**hen I was born in 1958, Japan had entered a period of high economic growth. The construction of Tokyo Tower had just been completed and consumer electronics were quickly becoming a regular part of Japanese family life. In 1964, Tokyo hosted the Summer Olympic Games and the Tokaido Shinkansen opened. I still vividly remember the excitement and energy that

was present in what seemed like all corners of the country. Japan's economy continued to grow at a brisk pace after I entered the workforce and in the late 1980s the economy entered a phase that would later be referred to as "Japan's bubble economy." The economy continued to expand until 1991, and so the first 30 years of my life coincided with a period of economic growth and prosperity.



However, the bubble economy eventually collapsed, leading to a plunge in the values of stocks, real estate, and a wide array of other assets. Financial institutions were faced with not only a sudden slowdown in the macroeconomy but also with plummeting collateral valuations. For many years we struggled with the disposal of the resulting non-performing loans. Japan's economy could not shake off sluggish growth and deflation; this led to the "Lost Decade" becoming the "Lost Two Decades" which eventually became the "Lost Three Decades." The 30 years of the midway stage of my life coincided with a period of stagnation in Japan.

The question now is: "What sort of era will the next 30 years be?" I expect peoples' values and lifestyles to undergo discontinuous change based on digitalization, climate change, and a range of other keywords. If we look at our current environment, we can see that long-term trends are undergoing a paradigm shift: from deflation to inflation, from consistently low-interest rates to rising interest rates, and from globalization to deglobalization. Trends that had continued over the past few decades are reversing, causing disruption in the process. We are entering a complex, unpredictable era. If we adopt an

optimistic perspective, we can say that we are entering an era that is not an extension of the past. Japan's economy, even though it has languished over the past 30 years, could break free of traditional restraints and unlock a new future.

I want to make the next 30 years an era of "fulfilled growth." Going forward, the metrics used to measure corporate value will change. Pursuing economic value will no longer be sufficient to enhance corporate value. A corporation's contributions to generating social value will become ever more important in increasing corporate value. Corporations that generate social value are those which contribute to the fulfilled growth of the global community. On the other hand, corporations that are unable to create social value will eventually be viewed as no longer having the right to pursue economic value.

2050, approximately 30 years from now, is also the target year set by the global community to achieve carbon neutrality and a decarbonized society. As you can see, 2050 is a major milestone for humankind, and I will share with you what SMBC Group will do to contribute to the global community's fulfilled growth.



***I strongly believe that we will be able to reach even higher goals by pursuing quantitative growth that is accompanied by heightened quality in the next Medium-Term Management Plan.***

### Quantitative Growth Accompanied by Heightened Quality

The current Medium-Term Management Plan was launched in the spring of 2020, just as the COVID-19 pandemic was causing havoc and disruption all over the world. In my FY2020 Group CEO Message, I stressed that SMBC Group would overcome the impact of the unexpected pandemic and worked to drive our Group to greater heights through the evolution of our business model. However, we are now experiencing another major unforeseen event: Russia's invasion of Ukraine.

However, even in this discontinuous paradigm shift, there is no change to the path we must follow. Our Vision, "A trusted global solution provider committed to the growth of our customers and advancement of society," was designed to illustrate SMBC Group's path to sustained growth. Not only must we further develop our capabilities in the financial sector, we must also enhance our ability to provide high-quality solutions in non-financial areas on a global basis. Going forward, it is essential that we further enhance our focus on realizing our Vision.

In order to realize our Vision, we will pursue quantitative growth that is accompanied by heightened quality. When an organization ceases to pursue growth, it stagnates and morale falls. I want to make SMBC Group a lively, high-energy organization that enables junior level employees to pursue challenges in a variety of sectors with a sense of purpose and excitement. This positive energy will help drive SMBC Group's future growth over the next 30 years. Keeping firmly in mind that the nature of the risks we face will change, we will review our portfolio with the goal of enhancing both asset and capital efficiencies, and establish robust financial foundations by carrying out thorough, consistent cost control measures. At the same time, we will allocate the necessary management resources in a disciplined manner to business areas that contain sufficient growth potential. In addition, we will enhance our management foundations by strengthening our governance frameworks so that SMBC Group can realize sustained growth in an uncertain environment.

In FY2021, the second year of the current Medium-Term Management Plan, we managed to exceed our annual target and the prior year's results for both net business profit and bottom-line profit. We produced these solid results regardless of the fact that we faced unforeseen negative factors arising from the Russia-Ukraine conflict: impairment losses in our aircraft leasing business and increased credit costs. I believe this demonstrates that the path we are following is the right one. In addition, we have succeeded in laying the foundations of our sustained future growth through inorganic deals in the Asia retail and overseas securities businesses.

In FY2022, the final year of the current Medium-Term Management Plan, we will bring the Plan to a strong finish while laying the foundations for the next Medium-Term Management Plan. In terms of the bottom-line profit, we have set a target of ¥730 billion, a figure above our original target. However, I strongly believe that we will be able to reach even higher goals by pursuing quantitative growth that is accompanied by heightened quality in the next Medium-Term Management Plan.

## MESSAGE FROM GROUP CEO

## Three Themes

In order to realize sustained growth, we must expand the range and enhance the sophistication and quality of our solutions. We are engaging in various initiatives based on the three themes that were established under the current Medium-Term Management Plan: “Data Orientated,” “Building Platforms,” and “Solutions Provider.” I would now like to take this opportunity to share a few distinct examples with you.

**Expand our Asia Franchise**

When I visit the developing economies of Asia, I am met with energy and vibrancy. Scenes that remind me of Japan when I was a child. I believe a country’s financial sector is closely correlated with its GDP, and for some time now I have wanted to realize ‘J-curve’ growth

in our revenue by establishing a second and third SMBC Group in Asia’s developing economies so that we can share in the benefits of their rapid growth.

In FY2021, as part of our Multi-Franchise Strategy, in addition to our existing investments in Indonesia, we acquired stakes in local financial institutions in India, Vietnam, and the Philippines with the aim of establishing the foundations of our sustained growth. Going forward, we will focus on post-merger integration (PMI) and developing these investments into strong, robust pillars that can support our future growth.

While we are already servicing large corporations in those countries, establishing a presence in the retail sector and becoming a full-line financial services provider will allow us to best capture the countries’ growth given the

expected vigorous expansion in personal consumption. We will offer a diverse product and service lineup that reflects the needs of each economy’s growth stage, starting with motorcycle loans, then branching out into automobile and mortgage loans, and finally offering multi-purpose loans and credit cards.

In April 2022, with the goal of maximizing the impact of our investments we established the Asia Business Development Division to strengthen PMI, governance, and other facets of our management framework in regard to our investee companies. The division is also expected to support our organic growth and help optimize our collaborations and synergies with investee companies. We will continue efforts to replicate our growth trajectory in Japan in Asia’s developing

See page **028** for details.

*Our Inorganic Strategy to Realize Sustainable Growth*

economies by expanding the scope of our business and becoming a comprehensive financial group in those local markets.

**Enhance our Overseas Securities Business**

Our overseas securities business is an area in which we are lagging behind our competitors. Our competitors managed to generate significant revenue from vibrant bond markets during COVID-19 while we were unable to capture sufficient opportunities.

Our partnership with Jefferies is of great importance as it will allow us to grow in the U.S. market by strengthening our business portfolio. We commenced collaborations in Sub Investment-Grade, global M&A, and the healthcare sector, combining Jefferies’ deep knowledge of capital

markets with SMBC Group’s client base and financing functions. These collaborations are already producing results. For example, we have been able to close deals with clients with which SMBC Group had not been able to develop a business relationship. We will further accelerate the growth of our overseas securities business and expanding our collaborations with Jefferies will be an important part of this effort.

**Embedded Solutions**

With the digitalization of society gaining even more speed, it is no longer sufficient for us to leverage the extraordinary volume of financial data we possess and our robust client base to develop and provide financial platforms. We must also focus on developing and providing embedded financial

solutions, which are financial solutions that can be embedded in the platforms of non-financial partner corporations.

For example, we provide payment, financing, and other financial services to social media chat, e-commerce, and flea market applications that individual customers view on a daily basis via their smartphones. Our services are also embedded in the platforms of MaaS businesses and the cashless payment tools used by retail stores.

As we operate behind the scenes when providing financial services through such platforms, users usually do not realize the role we are playing. However, by allowing the financial platforms of non-financial firms to provide customers with safe and secure services, we are contributing to the spread of cashless payments.

See page **064** for details.

*Opening up the Future of Finance through Digital*

***I have wanted to realize ‘J-curve’ growth in our revenue by establishing a second and third SMBC Group in Asia’s developing economies so that we can share in the benefits of their rapid growth.***

## Realize Sustainability in a Sustainable Manner

Although Japan was full of energy and vibrancy during its period of high economic postwar growth, I clearly remember that the nights were very dark and quiet. The other day, an article written by the famous Japanese screenwriter Mr. Soh Kuramoto was published for which the title can be roughly translated as “Old Man, Turn Off the Lights and Return to Blissful Poverty” (BUNGEISHUNJU June). It was a public critique by Mr. Kuramoto of what he viewed as a tendency of old people in Japan to excessively focus on how the economy is performing. This he felt was in strict contrast to the concern shown by young people around the world regarding climate change. The mindset in which we pass the world on to the next generation in the same or better condition as when we inherited it is the fundamental concept behind sustainability, and it is an essential factor in the pursuit of happiness.

In order to pass our green earth on to future generations, we at SMBC Group are strengthening our efforts to tackle climate change. In May 2021, we established the Roadmap Addressing Climate Change, a long-term action plan to realize a carbon neutral society. In the roadmap, SMBC Group committed to reducing the GHG emissions of our group companies to net zero by 2030, and in August of the same year we committed to realizing a carbon neutral loan/

investment portfolio by 2050. In May 2022, we established a medium-term financed emissions reduction target for the power sector.

However, there is no simple, straightforward method of realizing carbon neutrality. A sudden withdrawal of credit facilities will not only disrupt the stable supply of power, but it could very well negatively impact the development of new decarbonization technologies. Merely reducing our loan portfolio in certain sectors does not address the heart of the issue. Together with our customers, we must carefully determine a realistic decarbonization route and pace up to 2050 while paying close attention to each country’s circumstances. As a proud member of the financial community, SMBC Group will do our best to contribute to the decarbonization of society by supporting customers’ efforts to transition to a carbon neutral business model and develop new technologies.

Having said this, climate change is one of the various paradigm shifts the world is facing, and also represents a major opportunity. We have set a KPI to execute sustainable financing equivalent to ¥30 trillion between FY2020 to FY2029. We have successfully captured increasing demand for such products, and in FY2021 we executed ¥5.4 trillion of sustainable financing. Going

forward, we will continue to support customers’ decarbonization efforts while increasing SMBC Group’s corporate value by providing a wide range of sustainability-related solutions that include financing, bond underwriting, leasing, and advisory services.

Our corporate color is green. As part of efforts to cement our position as a green financial institution that is firmly committed to contributing to the realization of a sustainable society, in April 2022 we consolidated the various sustainability-related functions located throughout SMBC Group to form the Sustainability Division. The Sustainability Division is staffed by more than 100 employees and is responsible for the full line of sustainability operations at SMBC Group, from strategic planning to providing customers with sustainability-related solutions. We will continue with efforts to contribute to the realization of a sustainable society by addressing issues such as climate change, human rights, biodiversity conservation, and economic growth. Through such initiatives we will realize sustainability in a sustainable manner.

See page **072** for details.

*Creating Value through Sustainability Initiatives*

## Employees Pursuing Challenges Becomes the Strength of SMBC Group

Our people are the basis of SMBC Group’s competitiveness, and they are the most valuable management resource that a financial group can possess. Since becoming Group CEO, under the slogan “Break the mold,” I have endeavored to develop a corporate culture that encourages employees to pursue their aspirations and ambitions without being bound by preconceptions. I also believe that a willingness and desire to change at an organizational level has developed over the past three years.

More than 10 corporations have been established by giving shape to the ideas of junior and mid-tier staff through my CEO production project. In fact, some corporations are already generating profit. I have informed these strong-spirited CEOs that I support them in pursuing an IPO, and that I want them to engage in further challenges without being

constrained by the boundaries of SMBC Group. I believe that the future success of the financial sector depends on each and every one of our employees having big ambitions and thinking outside the box when pursuing those ambitions. The pursuit of those ambitions will also serve as a new source of power to drive SMBC Group forward into the future.

I am also working to realize a truly diverse and inclusive workplace by breaking through the differences of nationality, gender, culture, and mindset. I was seconded to Singapore in 2002, and my department was made up of about 50 staff, of whom only four were Japanese. The rest were locally hired employees of more than 10 different nationalities. The team was truly diverse in terms of culture and mindset. At first, I struggled to build consensus in such a diverse team. However, I soon experienced firsthand that combining various ways of thinking

leads to the creation of new ideas, which in turn leads to results that exceed expectations. Under the strong commitment of the senior management team, the promotion of diversity and inclusion at SMBC Group will be accelerated. The empowerment of women is an area of particular focus. We have set targets for female managers (20% of all managers) and female executive officers (25 people) to be reached by FY2025. Furthermore, SMBC Group overseas and domestic offices celebrate International Women’s Day as part of efforts to develop a more inclusive, diverse culture.

In addition, we will strengthen our investments in human capital. For example, the total payment increase rate for SMBC employees, which reflects salary increases, promotions and bonuses, will be approximately 4%. In order to create a more comfortable working environment, we will allocate more resources to online training programs, the professional development of senior management and specialist staff, career path development, reskilling, and our healthcare framework. Through such efforts, we will create a virtuous cycle, in which personnel will be empowered to create new social value.

See page **084** for details.

*Human Resource Strategies Supporting Value Creation*



## The Sustained Growth of Shareholder Value

Realizing the sustained growth of a corporation's value and passing on that value to its shareholders is a CEO's responsibility. While SMBC Group's progressive dividend policy will remain our principal approach to enhancing shareholder returns, we will also execute share buybacks in a flexible manner. In FY2022, we set a bottom line target of ¥730 billion, a target which exceeds the initial target set under the Medium-Term Management Plan, and we increased our dividend forecast by ¥10 to ¥220, achieving our goal of a 40% dividend payout ratio. This means that during the three years covered by the current Medium-Term Management Plan, SMBC Group has increased its dividend payment by ¥30 per share and total dividend amount by ¥90 billion. We will place a buying order in the ¥100 billion share buyback program established in November 2021 once that is deemed to be appropriate. At the same time, we will carefully consider the macroenvironment to determine the plausibility of establishing a new share buyback

program. SMBC Group's capital remains at sufficient levels, even after taking into consideration our inorganic investments, and will be applied in a balanced manner to fund investments for growth and shareholder returns.

While we have enhanced shareholder returns, our PBR (Price to Book Ratio) remains mired at approximately 0.4. We consistently underperformed our competitors in this metric during FY2021, and this is an issue that I take very seriously. The key reason for our lagging share price is that we have not been able to convince investors of our vision of sustained growth. An increasing number of people are adopting a pessimistic view of the financial sector in Japan given the country's accelerating decline in birth rate and population, stagnating economy, and ongoing negative interest rate policy. However, I have no doubt that the expansion of our Asia franchise and the enhancement of our overseas securities business, both themes which I discussed earlier, will form the foundations of SMBC Group's sustained growth. We will increase

ROE from both the numerator and denominator by ensuring that our growth strategy produces the desired financial results and applying firm discipline to improve capital efficiency.

In addition to increasing shareholder value from a financial perspective, we will leverage our non-financial assets to increase SMBC Group's corporate value over the medium to long term. First, in order to consistently increase the value of personnel, data, and other assets that are not shown on our balance sheet, we will accelerate investments in digitalization and human capital. Then, we will engage with all our stakeholders after maximizing disclosure of ESG and other non-financial information, in order to minimize information asymmetry. We will strive to realize the sustained growth of SMBC Group's corporate value by providing greater information transparency, so that investors are able to forecast SMBC Group's performance with greater confidence, and by decreasing the cost of shareholder's equity.

***SMBC Group will contribute to the world's fulfilled growth as we realize quantitative growth that is accompanied by heightened quality.***



## Take Care of the Matters at Hand and Wait for an Opportunity to Present Itself

I would like to conclude this year's message by sharing with you the thoughts of Liu Bei, a famous historic figure during the Three Kingdoms Period of China. He stressed the importance of carefully taking care of matters that you can actually control and patiently waiting for an opportunity to present itself. When I was rereading my favorite book the other day, I felt this applied to SMBC Group's situation right now.

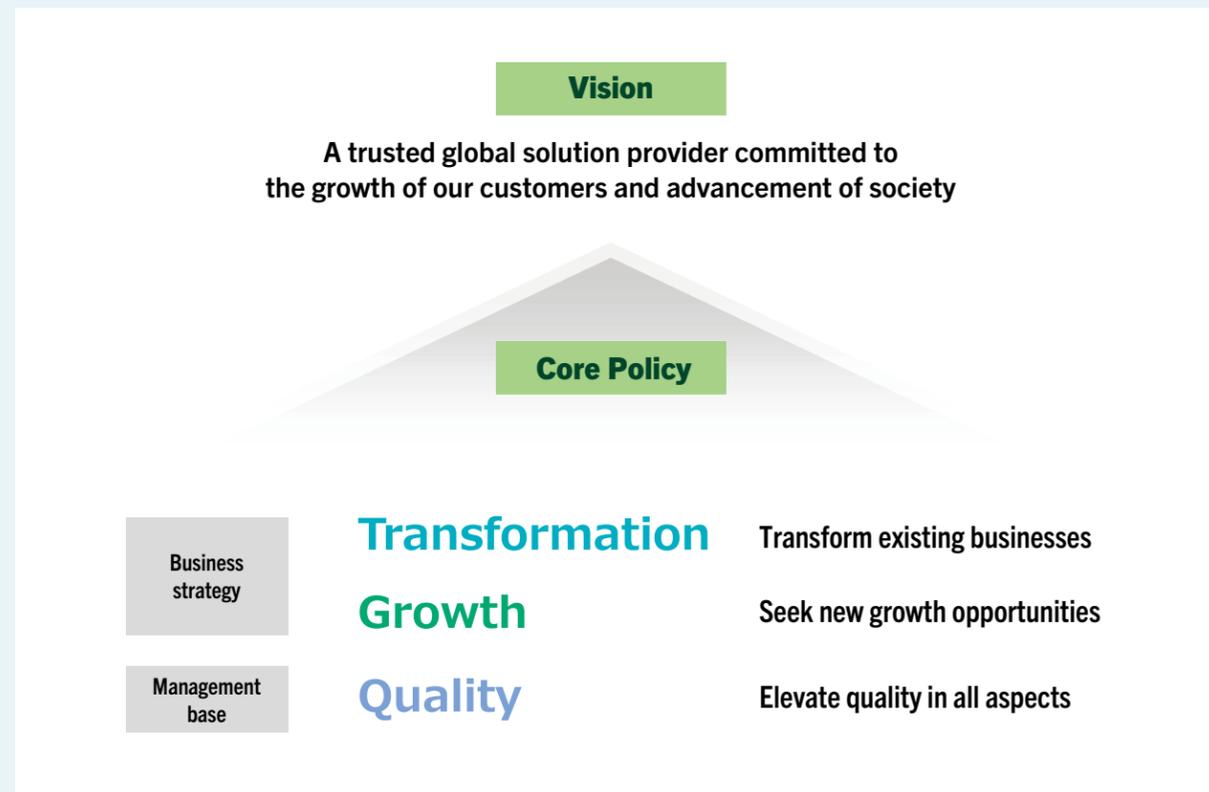
Although we are seeing a gradual recovery from the COVID-19 pandemic, the global

macroenvironment remains highly volatile due to Russia's invasion of Ukraine and a number of other factors. Furthermore, we are also facing climate change, digitalization, and other irreversible paradigm shifts. In terms of internal matters, it is imperative for SMBC Group to regain any loss of customer trust or confidence that may have resulted from the recent incident in our Group as quickly as possible. In such an environment, we will enhance our governance and other internal control frameworks while at the same time

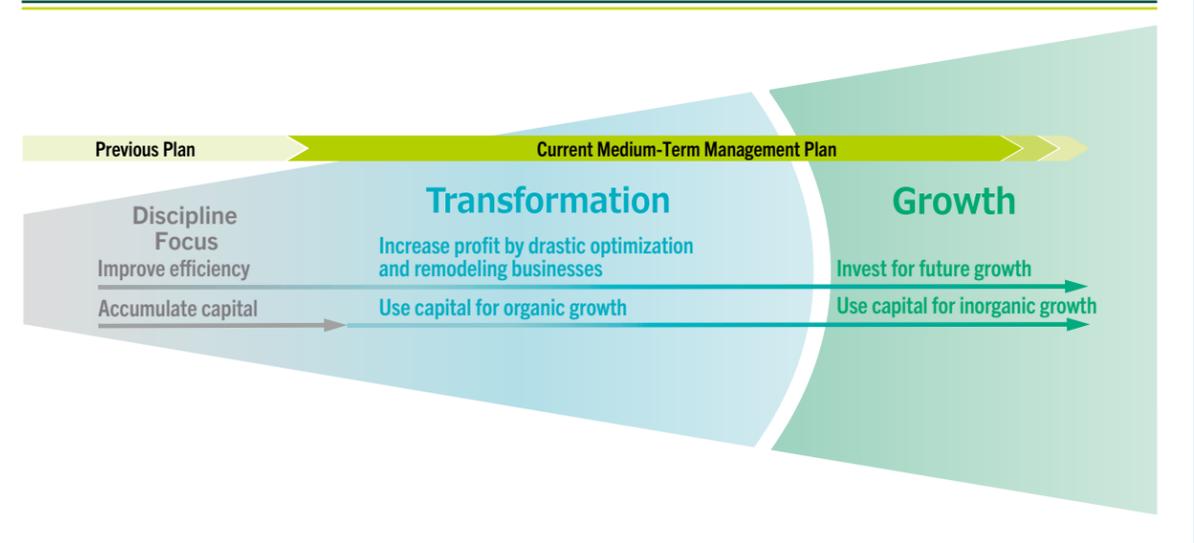
building an even stronger business portfolio by improving capital, asset, and expense efficiencies.

SMBC Group will contribute to the world's fulfilled growth as we realize quantitative growth that is accompanied by heightened quality by patiently gathering our strength and consistently capturing new business opportunities. I would like to ask for the continued support and understanding of all our stakeholders as I stand at the forefront of SMBC Group's more than 110,000 employees in our efforts to realize this vision.

# Core Policy of the Medium-Term Management Plan (FY2020-FY2022)



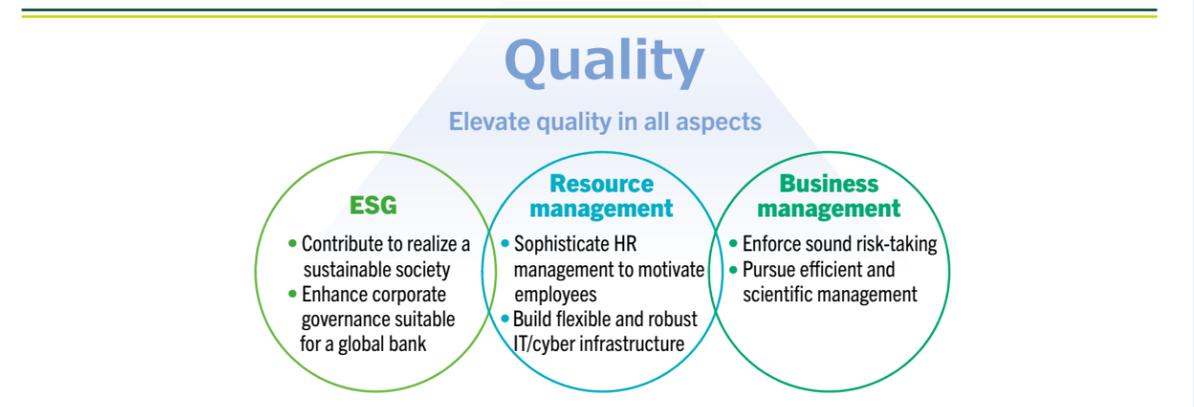
## Business Strategies – Transformation & Growth –



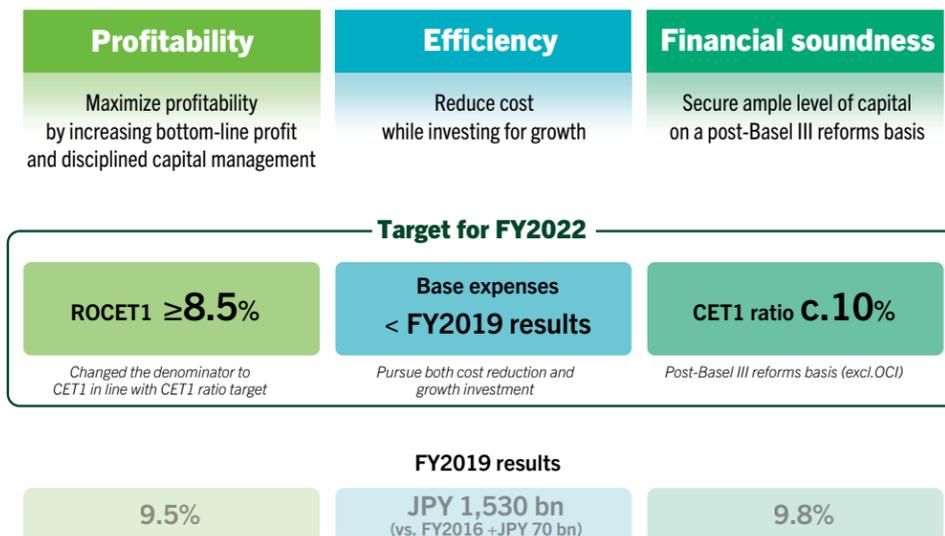
## Seven Key Strategies



## Management Base – Quality –

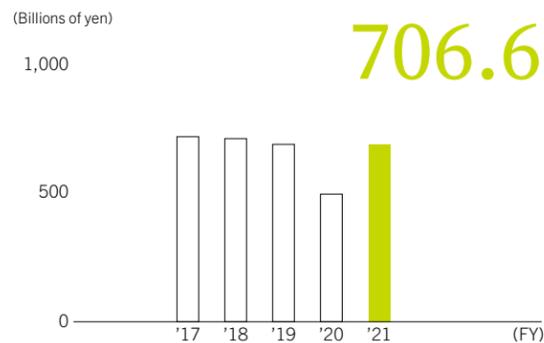


## Financial Targets



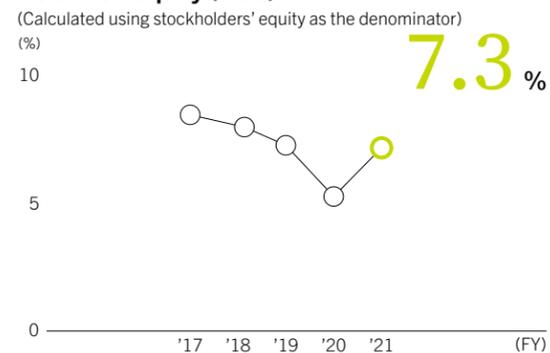
## Financial Highlights

### Profit Attributable to Owners of Parent



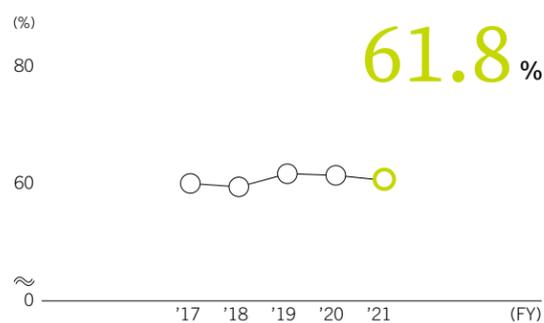
Despite a certain degree of negative impact from the conflict in Russia and Ukraine, consolidated gross profit increased due to strong growth in the Retail, Wholesale, and Global Business Units and increased gains from sales of strategic shareholdings.

### Return on Equity (ROE)



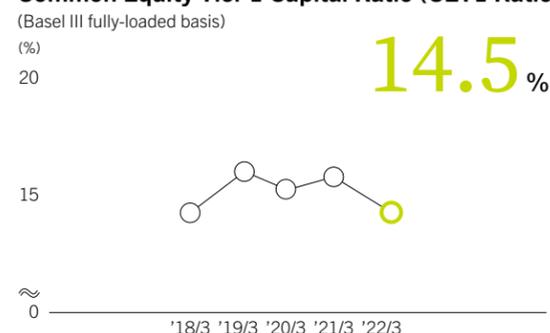
An increase in consolidated net business profit, decrease in total credit cost and increased gains on stocks led to a significant year-on-year improvement in profit attributable to owners of parent.

### Overhead Ratio (OHR)



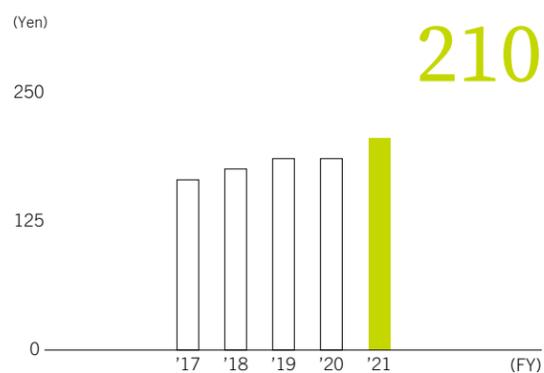
Business expenses decreased year-on-year mainly because of successful group-wide cost control initiatives, despite recovery of spending after the COVID-19 pandemic and depreciation of the yen.

### Common Equity Tier 1 Capital Ratio (CET1 Ratio)



While CET1 ratio decreased from the previous fiscal year due to the promotion of inorganic strategies and a decrease in unrealized gains on other securities, we continue to maintain a level higher than required.

### Dividend per Share of Common Stock



To enhance shareholder returns as we presented in the Medium-Term Management Plan, we increased the FY2022 dividend forecast by ¥10 to ¥200 per share.

### Credit ratings (As of June 30, 2022)

	Holding company		SMBC	
	Long-term	Short-term	Long-term	Short-term
Moody's	A1	P-1	A1	P-1
S&P	A-	—	A	A-1
Fitch	A	F1	A	F1
R&I	A+	—	AA-	a-1+
JCR	AA-	—	AA	J-1+

## ESG Highlights

### Sustainability Key Performance Indicators

#### Environment

Amount of Green Finance		Green Bond Issuance	
Target	FY2021 Result	Target	FY2021 Result
¥20 trillion <small>(From FY2020 to FY2029)</small>	¥7.5 trillion	one issuance or more/year	one issuance



#### Community

##### Retail Deposits in Asia

Target	FY2021 Result
×3 <small>of Dec. 2019 (By Dec. 2022)</small>	×2.5



#### Next Generation

##### Financial Literacy Education

Target	FY2021 Result
1.5 million <small>(from FY2020 to FY2029)</small>	298 thousand



#### Human Resources

Female Managers		Childcare Leave (Male)*	
Target	FY2021 Result	Target	FY2021 Result
20% <small>(By FY2025)</small>	17.0%	100%	100% <small>* Figure is for SMBC.</small>



## MESSAGE FROM GROUP CFO

## We will deliver steady growth by bringing the Medium-Term Management Plan to a strong conclusion while increasing corporate value by further improving capital efficiency and proactively disclosing information

On February 24, 2022, Russia invaded Ukraine. At that time, very few people had imagined that Russia would launch a full-scale invasion of Ukraine. There was approximately one month left in our fiscal year, and my attention had already started to turn towards FY2022. Suddenly, I was faced with a slew of unforeseen issues that had to be addressed by the end of March. I instructed

my team to take the necessary financial measures after carefully considering the scope of the arising issues while disclosing the status of our Russia business in a proactive, timely manner as part of our efforts to reduce the market's concern. SMBC Group was the first Japanese financial group to disclose details of its Russia exposure, an act for which we received positive feedback from investors and



Toru Nakashima  
Group CFO & CSO  
Director Senior Managing Executive Officer

analysts. I also carefully considered if our initiatives in their existing state were appropriate given the increased uncertainty in our business environment, for example, rising global inflation and interest rates.

Although March was a very hectic month, when I look back over the entire FY2021 it was a year in which I was able to confirm that our business was steadily recovering from the enormous impact of COVID-19 and that we had returned to our originally planned trajectory of growth. As Group CFO, I have also paid close attention to whether the management resources allocated under the Medium-Term Management Plan were producing the anticipated results. As Group CSO, I have carefully reviewed the initiatives established under the seven key strategies based on our core policies of "Transformation and Growth" while reviewing and revising our digital and green initiatives, and those related to other accelerating trends, to ensure they

are being carried out at an appropriate pace. In addition, we have laid foundations for our future growth by making several investments for inorganic growth.

As a result, in our financial results for FY2021 we were able to generate strong growth in bottom-line profit while putting aside sufficient capital buffers as a precautionary measure. Unfortunately, the performance of our stock price throughout the year was by no means satisfactory. While the uncertain business environment will continue in FY2022, not only will we achieve the final financial targets established under the Medium-Term Management Plan, we will also plant the seeds of further growth with the next Medium-Term Management Plan in mind and enhance our capital efficiency, which includes accelerating the reduction of our strategic shareholdings so that we can improve our PBR.

## Progress of the Medium-Term Management Plan

### (1) Overview of FY2021 Results and Targets for FY2022

Although increased credit costs and impairment losses stemming from our aircraft leasing business due to the Russia-Ukraine conflict had a negative impact of approximately ¥100 billion on profit attributable to owners of parent for FY2021, we were still able to generate a final figure of ¥706.6 billion. This number not only exceeds our FY2020 result by ¥193.8 billion, it also exceeds the revised target we announced when releasing our financial results for the first half of FY2021. The key factors behind this were strong growth in consolidated net business profit thanks to the recovery of business activities from the disruptions of COVID-19, and the steady execution of initiatives established under the Medium-Term Management Plan by our Business Units, in addition to a major increase in gains on stocks due to the sale of strategic shareholdings.

For FY2022 we have set targets of ¥1,235 billion for consolidated net business profit and ¥730 billion for profit attributable to owners of parent. These numbers are in line with our promise made at the time of the Medium-Term Management Plan's release to increase consolidated net

business profit by ¥100 billion and increase bottom-line profit by a minimum of 10% during the next three years, excluding one-time factors. Increasing net consolidated business profit by more than ¥80 billion on a year-on-year basis in this uncertain business environment is a very challenging target, but by no means an impossible one given the steady recovery of economic activities from COVID-19 and the steady progress of the Medium-Term Management Plan's initiatives. In terms of credit cost, loan loss provisions, including forward-looking ones, in relation to our Russia exposure are at this time deemed sufficient. As Group CFO I will strive to achieve our goal of ¥730 billion for profit attributable to owners of parent for FY2022 to bring our Medium-Term Management Plan to a strong conclusion.

	Results FY2021	YoY	Target FY2022
(JPY bn)			
Consolidated net business profit	1,152.9	+68.9	1,235
Total credit cost	274.4	(86.1)	210
Ordinary profit	1,040.6	+329.6	1,060
Profit attributable to owners of parent	706.6	+193.8	730

MESSAGE FROM GROUP CFO

**Financial Impact of the Russia-Ukraine Conflict**

In FY2021, increased credit costs and impairment losses stemming from our aircraft leasing business due to the Russia-Ukraine conflict had a negative impact of approximately ¥100 billion on our bottom-line profit.

For our aircraft leasing business, we booked impairment losses equivalent to approximately half the book value of the leased aircraft, resulting in a negative impact on consolidated net business profit of ¥47 billion. We are processing insurance claims in order to minimize the impact of the said impairment losses on our financials.

In terms of credit cost, we booked costs of ¥75 billion (equivalent to more than 30% of our exposure to Russian borrowers). This figure includes a buffer in case of further deteriorations in the creditworthiness of impacted customers.

In FY2022, we will pay careful attention to developments in the conflict and take necessary actions in a timely manner considering the volatility of the situation; upside scenarios resulting from a de-escalation in the conflict, and further downside scenarios are both possible.

We are producing solid results for our three financial metrics established in the Medium-Term Management Plan to measure profitability, efficiency, and financial soundness. We will continue to focus on business efficiency when conducting business operations.

**(2) Seven Key Strategies**

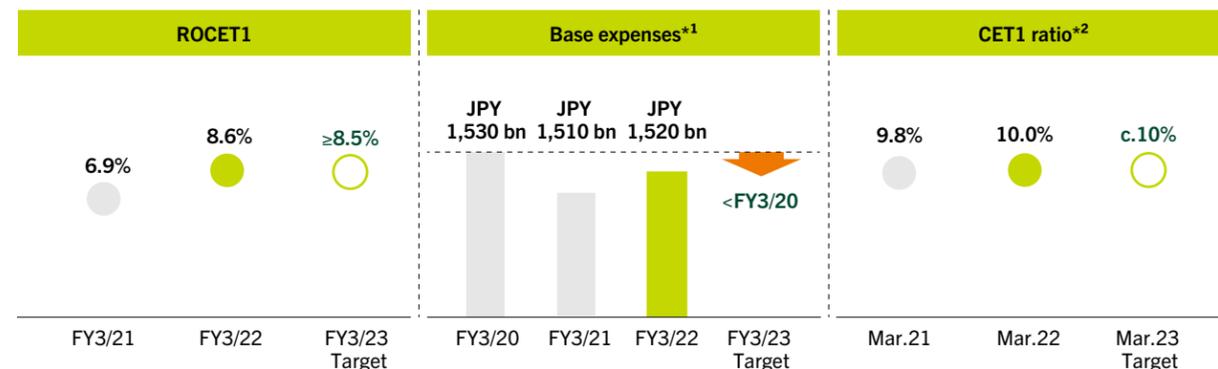
In addition to the prolonged impact of COVID-19, we are experiencing a number of other scenarios, such as the Russia-Ukraine conflict and rising global inflation, that we did not foresee when planning the current Medium-Term Management Plan. However, these events, rather than requiring fundamental changes to our Plan, have in fact accelerated anticipated trends. We must bring our various initiatives to an early conclusion so that we do not fall behind.

In FY2021, we focused on addressing new customer needs that were arising in a post-COVID-19 world while implementing initiatives to address issues that had become visible in the changing business environment.

For example, in our wealth management business SMBC Group companies worked closely together to strengthen our product design capabilities, approach to customers, and online sales. In our payment business, we captured the growth of the cashless payment market by focusing on expanding the customer base of “stera,” our cashless payment platform, and issuing next-generation credit cards. In addition, in our domestic wholesale business there was increased demand for solutions to address issues in business restructuring, real estate business, and other needs which became apparent due to COVID-19, while in our overseas business we introduced products offering high margins in order to enhance capital and asset efficiencies.

We are also carrying out initiatives aimed at realizing medium- to long-term growth by concluding investments and partnerships in our Asia retail business, overseas

**Financial Targets**



\*1 G&A expenses excluding cost related to investment for future growth, revenue linked variable cost and others  
Fixed Exchange rate at USD1=JPY105  
\*2 Post Basel III reforms basis, excludes net unrealized gains on other securities

securities business, and other traditional areas of focus. We will first focus on bringing each investment’s PMI to a successful conclusion, and expect these investments to contribute to SMBC Group’s revenue stream during the next Medium-Term Management Plan.

By steadily carrying out such initiatives we will ensure that we will reach the various final year targets of the Medium-Term Management Plan while laying the foundations for our next three years of growth.

**(3) Cost Control**

We initially committed to reducing base expenses by ¥100 billion during the current Medium-Term Management Plan by executing three key initiatives: “Reform of domestic businesses,” “Retail branch reorganization,” and “Integration of Group operations.”

Our various cost control initiatives progressed smoothly with a reduction in base expenses of ¥86 billion being realized over the FY2020-FY2021 period. We realized a reduction of workload operations equivalent to that of

3,900 full-time staff due to digitalization and an increased focus on operational efficiency, and we completed the transition of selected domestic banking offices to branches that focus exclusively on individual customers one year ahead of schedule. COVID-19 accelerating the digital shift had a material impact on the above efforts. We have now upwardly revised our base expense reduction target to between ¥130 billion and ¥140 billion.

At the same time, by procuring funds via additional cost reductions and strategically investing those funds in digitalization and overseas businesses, I want to not only streamline our business model, but also create a positive environment of growth by ensuring that initiatives aimed at generating topline growth are allocated the necessary resources. Investments in IT are absolutely essential when considering future enhancements in efficiency and potential revenue growth that can be generated. We will invest in developing new businesses and enhancing our resilience by allocating funds secured by minimizing the maintenance costs of existing systems and increasing FY2022’s investment fund by ¥30 billion.

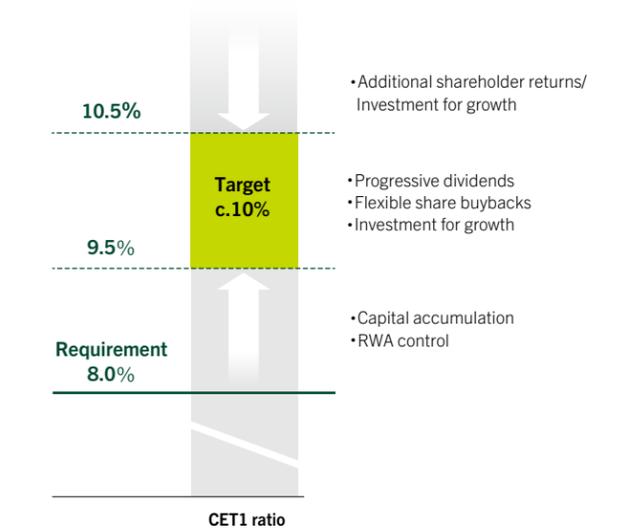
**Capital Policy**

**(1) Basic Capital Policy**

Our basic capital policy is to secure financial soundness and take a balanced approach to enhancing shareholder returns and investing for growth. Our CET1 ratio target, a metric we use to measure financial soundness, has been set at approximately 10%. Please note that this figure is calculated taking into account the full implementation of Basel III reforms and excludes unrealized gains on securities. Achieving a 10% CET1 ratio would provide us with a buffer of 2%, a level that allowed us to maintain the required 8% ratio under a variety of stress scenarios.

Up until the end of FY2021, we placed the utmost priority on supporting the liquidity needs of our customers in and outside of Japan who had been adversely affected by COVID-19, leading us to set our CET1 ratio in the range of 9.5% (±0.5%), a 0.5% decrease due to COVID-19 associated credit. Given that as of the end of March 2022 our CET1 ratio had recovered to 10.0%, in FY2022 we will return to our original mindset of managing our capital at a CET1 ratio of approximately 10%.

**CET1 Ratio Target**



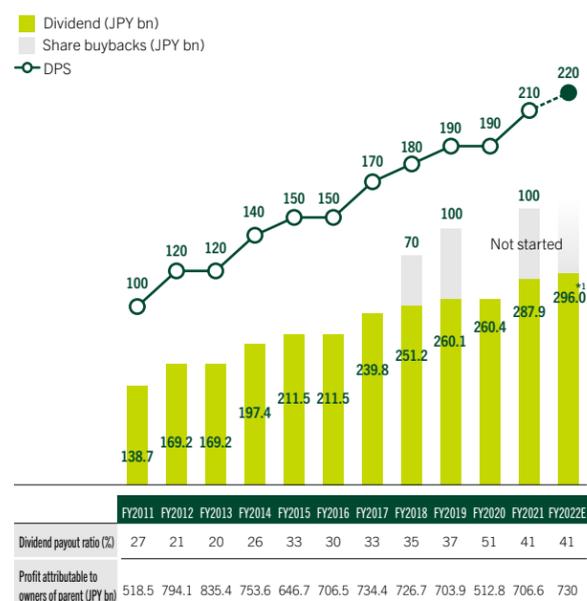
MESSAGE FROM GROUP CFO

(2) Enhancing Shareholder Returns

Dividends are our principal approach to shareholder returns, and we will continue to pursue a progressive dividend policy, meaning that we will at least maintain, if not increase, dividend payments. Furthermore, in FY2022, the final year of our current Medium-Term Management Plan, we aim to achieve a dividend payout ratio of 40%. To keep this promise we increased our FY2022 dividend forecast by ¥10 to ¥220, resulting in a dividend payout ratio of 41%. Although our dividend payout ratio for FY2020 exceeded 40% due to a decrease in bottom-line profit caused by COVID-19, in the final year of our current Medium-Term Management Plan I am delighted to reach our promised dividend payout ratio along with the expected profit levels.

On the other hand, we announced a ¥100 billion share buyback in November 2021. However, the buyback has yet to be executed given uncertainties arising from the SMBC Nikko Securities case. We will promptly execute the buyback as soon as we determine that share buybacks are appropriate. Furthermore, we refrained from committing to new share buybacks in FY2022 due to the Russia-Ukraine conflict, rising inflation, changes in countries' monetary policies, and other uncertainties in the global economy's outlook. We will continue paying close attention to developments in FY2022 to determine if a new share buyback is appropriate.

Shareholder Returns



\*1 After executing share buyback announced in Nov.21

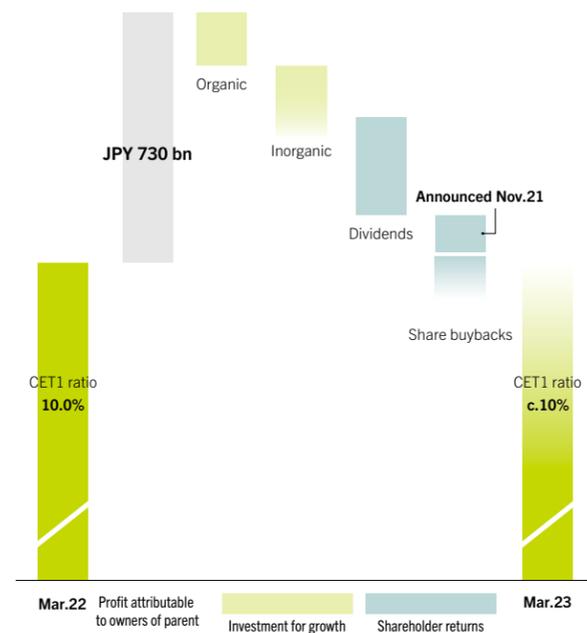
(3) Investment for Growth

"Growth" is a core policy of the current Medium-Term Management Plan. This core policy represents our commitment to pursue quantitative growth that is accompanied by heightened quality from both organic and inorganic perspectives, by ensuring adequate funds are allocated to growth areas.

FY2021 happened to see a number of inorganic transactions come to a close. During the year we made public announcements in quick succession regarding investments and partnerships with Fullerton India in India, FE Credit in Vietnam, RCBC in the Philippines, and Jefferies in the United States. However, I would like to stress the fact that we decided to proceed with these deals only after carefully considering whether they would lead to sustained growth based on our investment criteria: "Fits with our strategy," "ROCE1 ≥ 8.5% after synergies," and "Risk is manageable." The focus of our investments continues to be "Investments with high capital/asset efficiencies" and "Investments that contribute to the creation of a business platform to realize medium- to long-term growth."

In Asia, as part of our Multi-Franchise Strategy we acquired stakes in local financial institutions in India, Vietnam, and the Philippines, in addition to our existing investments in Indonesia, with the aim of establishing a 2nd and 3rd SMBC Group in the region. These investments are the foundations of our future growth in these countries.

Capital Allocation



Our overseas securities business is unfortunately a business in which we have lagged behind our competitors. As a possible solution, we concluded a strategic capital and business partnership with Jefferies, a major full-line US securities firm. We commenced collaborations in Sub-IG, global M&A, and healthcare sector. We have already closed a number of deals as a result of these collaborations.

In FY2022, we announced the acquisition of Goshawk Management (Ireland) by SMBC Aviation Capital. Through the acquisition we expanded our fleet to approximately 1,000 aircraft and gained access to a new client base. We also announced a capital and business alliance with SBI Holdings for digital financial services for individuals.

Given the quick succession of these inorganic deals, many investors questioned whether SMBC Group was devoting an excessive volume of resources to investment for growth. Given that timing plays a key role in determining whether to proceed with such investments, there will be cases, such as the one we have just experienced, in which multiple deals are executed within a short period of time. Having said this, there will also be periods in which no inorganic investments are made. We will strive to realize sustained growth by nimbly pursuing opportunities in the short-term and striking a balance with share buybacks in the medium- to long-term.

Communicating with Our Stakeholders

It is during times like this, when our business environment is plagued by uncertainty and subject to sudden and material change, that it is vital we disclose information regarding areas of stakeholders' interest in a timely, proactive, and easy to understand manner. SMBC Group executed multiple inorganic deals in rapid succession in FY2021. It is very important that we clearly explain our medium- to long-term plans and continue to provide timely updates on the status of those plans so that our stakeholders understand our overall strategy and goals. While working to improve ROCE1 and ROE by further improving capital efficiency, we will enhance shareholder value by reducing capital costs by minimizing financial and non-financial information asymmetry through the enhancement of our information disclosure efforts.

In FY2021, for the third consecutive year SMBC Group received the top award in the banking category of the annual Award for Excellence in Corporate Disclosure presented by the Securities Analysts Association of Japan. I take great pride in the recognition we have received, and we will face the various opinions of our stakeholders with

(4) Reducing Strategic Shareholdings

In FY2020, we established a goal to reduce our strategic shareholdings by ¥300 billion over a five year period. Over the past two years, we have succeeded in reducing our strategic shareholdings by ¥122 billion. FY2021 saw a considerable acceleration in our negotiations with customers regarding the reduction of strategic shareholdings with the Tokyo Stock Exchange's reorganization of its existing market structure and the increasing penetration of Japan's Corporate Governance Code acting as strong tailwinds. In addition, we are on pace to reduce our strategic shareholdings by ¥181 billion by the end of March 2022 as we are holding unsold shares valued at ¥58 billion for which we have already obtained the customers' consent to sell.

The reduction of strategic shareholdings is also a very important facet of our capital policy, as it reduces stock price fluctuation risk. We will do our best to reduce strategic shareholdings while ensuring that we continue to engage in close communications with customers as we strive to achieve our target ahead of schedule.

sincerity and humility so that we can further refine our efforts.

Engaging in constructive discussions with investors and analysts is one of my key responsibilities as Group CFO. Such discussions provide us with valuable opportunities to learn, and to recognize matters that had previously escaped our attention. In FY2021, we held theme-specific meetings in response to heightened interest in SMBC Group's efforts in areas such as investment for growth, shareholder returns, and sustainability. We also received valuable feedback through our regular meetings and IR events.

I will share such feedback with our Board of Directors and senior management team, and will respond directly at IR events or communicate the feedback to the relevant business units so that they are able to reflect the feedback in their initiatives. Through such efforts I believe that we can further enhance communications with stakeholders, and I want to use the enhanced communications to help increase SMBC Group's corporate value and realize our sustained growth.

Special Contents

**Our Inorganic Strategy to Realize Sustainable Growth**

**Inorganic Strategy Overview**

SMBC Group has positioned its inorganic strategy as one of its key strategies to accelerate further growth of the Group's businesses, as well as the creation of new businesses for the next generation. We have been working to increase corporate value and strengthen the services offered to our customers through investments and acquisitions. Going forward, we are aiming to make more strategic and effective use of investments and acquisitions to achieve sustainable growth even in the VUCA era characterized by changing global economic trends and customer needs, responses to climate change and an intensifying competitive environment. The Business Development Department was established in 2020 with the aim of enhancing M&A process and executing consistent strategy through the accumulation of highly specialized knowledge, and consolidating the functions required for advancing an inorganic strategy that were previously scattered across SMBC Group.

**Investment Targets**

When considering investments, we look at two main targets: "investments for creating future platform" and "investments with high asset and capital efficiency that is expected to promptly contribute to profits." In FY2021, we have executed projects that will contribute to building a business platform for medium- to long-term growth, including our retail business in Asia and our securities business in the United States. In May 2022, SMBC Aviation Capital announced the acquisition of Goshawk Management (Ireland) which applies to our second investment target.

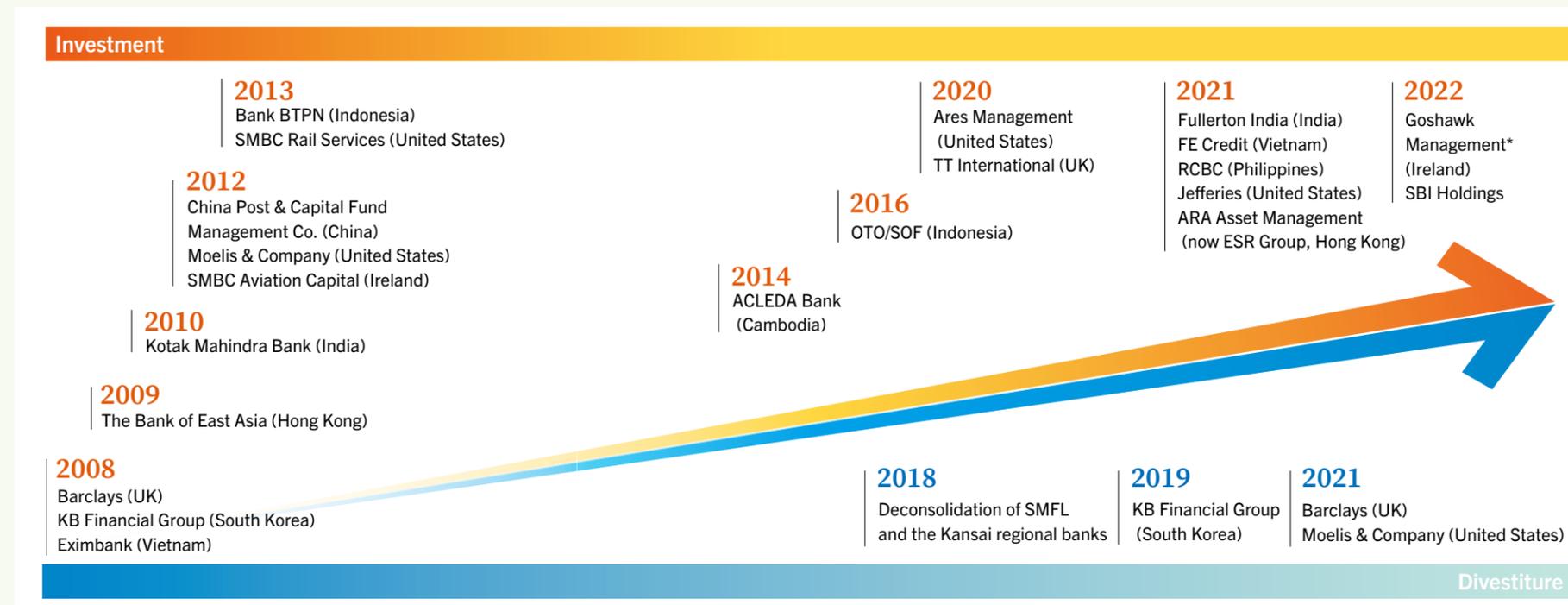
Risk is manageable. We strive to take a disciplined approach to identify and scrutinize investment opportunities following thorough discussions with outside directors and the CxO department.

**Post-investment Initiatives**

The success or failure of inorganic strategy is determined by how quickly plans drawn up at the time of investment can be put in place once the investment is made. While making maximal use of strengths and unique characteristics of the investee, we work to further enhance corporate value through synergies with SMBC Group.

**Investment Criteria and Disciplines**

Under the Group's basic capital policy of balancing the allocation of capital between shareholder returns and investment for growth premised on ensuring financial soundness, we have established three criteria for investment: (1) Fits with our strategy, (2) ROCET1 ≥ 8.5%, and (3)



\* Expected

## Expansion of Our Multi-franchise Strategy in Asia



Since 2013, under the slogan “Asia-centric,” SMBC Group has strengthened its Asia business as a key strategy. Through entry into full banking operations, including retail banking, and business rooted in local economies, we have been pursuing multi-franchise strategy to create a second and third SMBC Group.

In Indonesia, one of the main target countries of this strategy, we invested in Bank BTPN, a local commercial bank, in 2013, and in 2019, we made it a consolidated subsidiary and merged with PT Bank Sumitomo Mitsui Indonesia to transform it into a full-line commercial bank. With Bank BTPN at its core, it provides a wide range of one-stop financial services, from services to retail customers to SMEs and large enterprises.

Subsequent business development efforts in the Asia region following Indonesia are India, Vietnam and the Philippines, countries which are expected to have a high potential for economic growth, and which are targets for the Group’s multi-franchise strategy. In these countries, in addition to existing transactions with large corporations, we have made investments in local financial institutions that can serve as a foundation for SME and retail-oriented business in the past fiscal year. Together with the trusted local investees, SMBC Group aims to contribute to the regional economy through the expansion of its business platform in each of the markets in Asia.

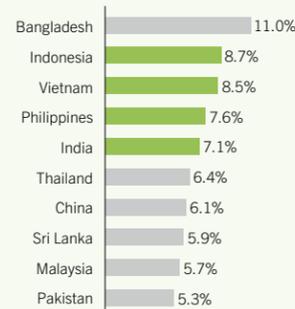
### Working-age population supporting economic growth

Projected population between 15 and 65 years old (2030)



### High economic growth

Projected average annual growth in GDP per capita (2021-30)



In India, we acquired a 74.9% equity stake in Fullerton India, a major local non-bank with a customer base composed of mainly SMEs, business owners, and middle class individuals, and made it a consolidated subsidiary in November 2021.

With approximately 10,000 non-banks competing in India, the market for SME and retail-oriented business is at a high level in terms of size, profitability, and growth potential. In this market, Fullerton India is one of the top-ranked firms in terms of scale of assets, maintaining a network of more than 650 offices throughout the country.

It provides services tailored to each four segments; urban, rural, digital, and housing finance. It has strength in customer acquisition, especially in rural areas.

Going forward, we intend to increase corporate value through the creation of synergies, such as increasing loan balances by leveraging SMBC Group’s customer base, strengthening its fund-raising capabilities, sharing insights and improving operational efficiency, as well as further strengthening SMBC Group’s Indian business and pursuing growth of its profits.



## Message

from CEO

### A Long-Term Growth Story Together with SMBC Group

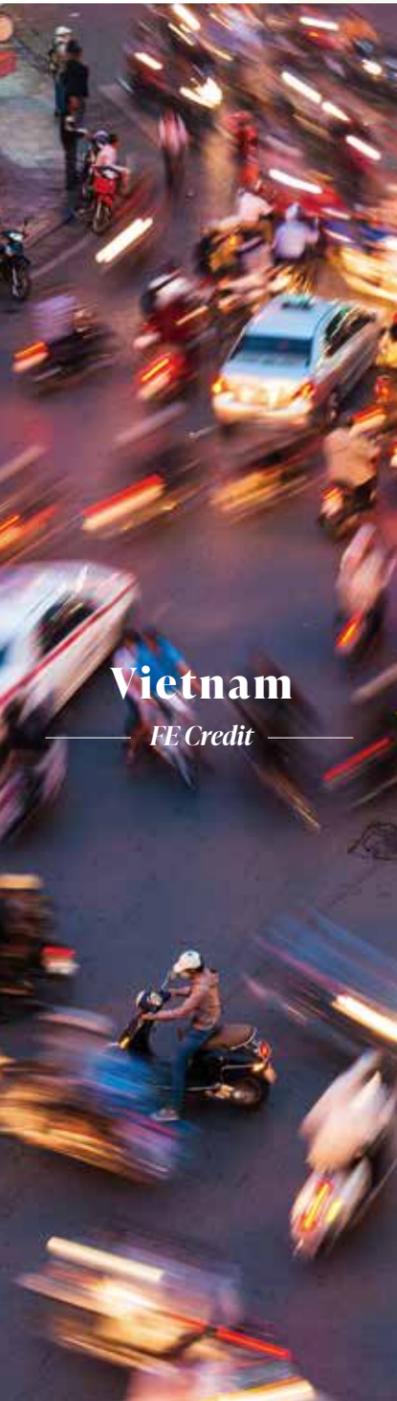
I strongly believe that successful businesses are built on a foundation of strong vision and values. Fullerton India’s vision and values, over the years, have been strikingly similar to that of SMBC Group.

Over the last 16 years, our India franchise has grown to serve customers in the underserved towns and villages, displaying highest levels of integrity, committed to excellence and agility.

SMBC Group’s investment is timely and opportune, as the Indian economy and our business has made a strong recovery from the pandemic. We have a great opportunity to partner in India’s long-term growth story in consumer and MSME lending, leveraging off SMBC Group’s global banking expertise. We are committed to growing our franchise stronger and deeper, serving mass-market and MSME customers in our Urban, Rural, Digital and Home Finance businesses.



Shantanu Mitra, CEO of Fullerton India



**Vietnam**  
FE Credit

In Vietnam, SMBC Consumer Finance acquired a 49.0% equity stake in FE Credit in October 2021, making it an equity method affiliate.

FE Credit is the largest consumer finance company in the industry, with a network of more than 20,000 locations in Vietnam, offering unsecured loans and credit cards. With a market share of approximately 50%, the company has an overwhelming customer base and is a well-recognized brand in Vietnam.

UBank, launched in 2020, is a mobile application that allows one-stop financial transactions on a smartphone. The company has also demonstrated its strength in the digital field by acquiring a broad customer base by meeting the need to avoid in-person interactions due to the COVID-19 pandemic. FE Credit is further accelerating the expansion of its business areas through customer referrals from its service partners and through cross-selling.

Going forward, through partnership with FE Credit, we are examining the provision of a variety of financial services, including sales finance, in cooperation with Japanese corporate clients who are expanding into Vietnam or who are planning to do so.

SMBC Consumer Finance and FE Credit, top players in consumer finance in Japan and Vietnam respectively, will furthermore share and utilize each other's insight to further strengthen their businesses.



**Message**

from CEO

**Working with SMBC Group  
to Innovate Financial Markets through Digitalization**

Vietnam is a promising market in which personal financial services are expected to expand on the back of a growing working population and an expanding middle class with a strong willingness to spend.

We use digital technology to provide safe, low cost and universal financial services, with a focus on personal and retail markets. Through collaboration with SMBC Group, we will continue to offer innovative solutions to Japanese customers operating in Vietnam, and as a market leader, we will also focus on financial education to achieve sustainable business growth and to contribute to society.



Kalidas Ghose, CEO of FE Credit



**Philippines**  
RCBC

In the Philippines, we acquired 4.9% equity stake in a major local bank RCBC in June 2021, starting a new partnership.

RCBC is a local commercial bank established in 1960, and as of 2021, ranks 6th in terms of scale of assets among private banks in the country. The bank also actively transacts with Japanese companies, and has the largest Japan Desk of any local bank, creating an environment conducive to collaboration.

In recent years, it has received strong evaluations from external evaluators for its proactive initiatives in advanced fields such as digital banking services for customers without bank accounts and digitalization of branches in its retail business, and issuance of ESG bonds and the Philippines' first "green deposits" in its wholesale business.



**Message**

from CEO

**Enhancing Financial Services  
through Partnership with SMBC Group**

We welcome SMBC Group as our new shareholder at a pivotal moment in our bank's history. These are extraordinary times, and we are happy to have SMBC Group as a partner in providing financial services to key customer segments—Top corporations, Japanese corporations, SMEs, and the mass affluent retail market.

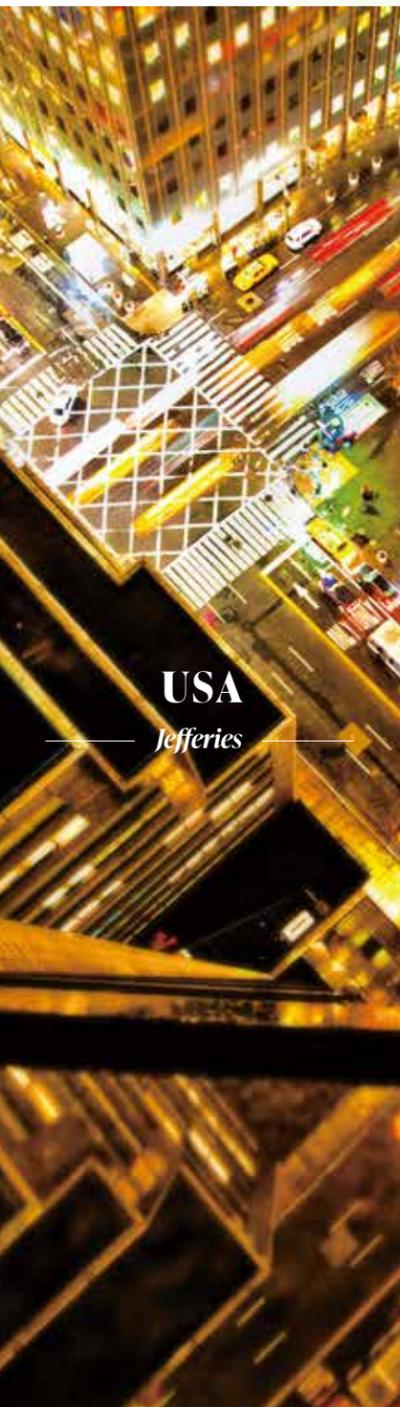
The partnership with SMBC Group will accelerate RCBC's plans to provide the best customer experience in retail banking, consumer finance and digital banking. Collaboration efforts between our two banks have already started with value creation expected in the coming year, using new and innovative business models.

Equally important to us is the shared commitment to contributing to the future generations with our joint focus on sustainable finance.



Eugene S. Acevedo, CEO of RCBC

## Accelerating the Strengthening of Our Overseas Securities Business



The Medium-Term Management Plan sets out “Enhance overseas CIB business to improve asset/capital efficiency” as a key strategy. One of our top priorities has been to strengthen our overseas securities business, with a focus on initiatives to strengthen our business organically.

Against this backdrop, in July 2021 SMBC Group entered a strategic capital and business alliance with Jefferies, the largest independent securities firm in the United States, and is working to strengthen its securities and investment banking business in the world’s largest capital market, the United States.

Jefferies is one of the leading securities firms in the United States, offering a wide range of services from securities and investment banking services to wealth management and asset management. In particular, the firm has a strong track record in cross-border M&A, equity underwriting in the United States and Europe, and leveraged loans in the United States, as well as a global trading franchise and a diversified alternative asset management platform.

Combining Jefferies’ advanced solutions and advisory capabilities in the capital markets with SMBC Group’s long-standing customer network and financing capabilities, we have entered into partnership in three areas to meet the sophisticated financial needs of both company’s customers in a timely manner.

The first area of partnership is business for sub-investment grade (Sub-IG) companies in the U.S. By leveraging Jefferies’ strength in its Sub-IG corporate client base, we will

expand transactions with customers that SMBC Group could not access on its own through joint underwriting of leveraged loans and collaboration in ECM and DCM deals.

The second is cross-border M&A business. We aim to provide higher value-added solutions by combining Jefferies’ global investment banking services with SMBC Group’s customer base and knowledge of the Japanese market.

The third is “business for the U.S. healthcare sector.” We aim to capture investment banking deals which we could not in the past by combining Jefferies’ strength in industry-leading coverage with SMBC Group’s customer base and balance sheet.

We have already built up a track record of joint underwriting leveraged loans in business for Sub-IG companies, and are steadily advancing our collaboration in cross-border M&A and healthcare.

Going forward, we will continue to expand our collaboration in areas where we can leverage our respective strengths, and provide financial services that contribute to the growth of our customers’ global businesses as a global solutions provider.

## Expansion of Aircraft Leasing Business



SMBC Group has positioned the aircraft leasing business, with its high asset and capital efficiency, as a growth area against the backdrop of increasing global air passenger traffic. In 2012, we acquired our aircraft leasing business from The Royal Bank of Scotland, a major U.K. financial institution, and established SMBC Aviation Capital under the umbrella of Sumitomo Mitsui Finance and Leasing.

Through the subsequent integration of the Sumitomo Mitsui Finance and Leasing and Sumitomo Corporation joint venture in the aircraft leasing business and the Sumitomo Corporation aircraft leasing subsidiary, we have leveraged the strengths of SMBC Group and Sumitomo Corporation Group to establish ourselves as a market leader in the market.

In May 2022, we reached an agreement with the existing shareholders of Goshawk Management (Ireland), an aircraft leasing company headquartered in Ireland, for the company’s acquisition. In so doing, SMBC Aviation

Capital will establish an operating structure of 1,000 aircraft, including aircraft on order, and is expected to leapfrog to the second largest player in the industry.

With the worst of the COVID-19 pandemic now having passed, both demand for domestic flights in Europe and the U.S. and demand for international flights are on the road to recovery. In the long term, passenger demand is expected to continue to grow as a result of growing disposable incomes associated with GDP growth in countries around the world.

Through this transaction, we will provide a wider range of airline companies and domestic and international aircraft investors with more investment opportunities than ever by taking advantage of aircraft leasing and economies of scale to achieve sustainable growth of the aircraft leasing business and to improve asset and capital efficiency.

## Strengthening the Asset Management Business

The asset management business is at the core of one of the seven key strategies in our Medium-Term Management Plan, “Enhance asset-light business on a global basis.”

Against a backdrop of rising asset-building awareness among individual investors and the difficulties faced by institutional investors in managing their assets, investors’ investment needs are increasing every year.

In Japan, two of the Group’s asset management companies were merged in 2019 to form Sumitomo Mitsui DS Asset Management Company. By bringing together the management insights of the previous companies and consolidating the Group’s management functions, we are building a system that can accommodate customer needs in a timely manner. In 2021, SMFL MIRAI Partners, a subsidiary of Sumitomo Mitsui Finance and Leasing, made Kenedix, a real estate asset management company, its subsidiary.

As a foothold for overseas expansion, in 2020 we made TT International, an asset management company in the U.K. with an established reputation for managing emerging market equities, a consolidated subsidiary. In addition, with the aim of acquiring knowledge of alternative asset management, a rapidly growing market, we invested in Ares Management Corporation, a top global player in private debt management in 2020, and ARA Asset Management (now ESR Group), a leading player in real estate asset management in Asia in 2021, to expand the investment management and product capabilities of the group as a business partner.

Through collaboration between Sumitomo Mitsui DS Asset Management Company and investees, we will provide optimized, professional investment management solutions, in tune with our customers’ ever-changing investment needs.



Round-Table Discussion with Outside Directors

## Reaching a New Stage as a Financial Conglomerate Through Investment for Growth

**Nakashima** Mr. Arthur M. Mitchel, Outside Director of Sumitomo Mitsui Financial Group, Ms. Eriko Sakurai, Outside Director of Sumitomo Mitsui Financial Group, and Mr. Isao Teshirogi, Outside Director of Sumitomo Mitsui Banking Corporation, have joined us today to discuss the vision that SMBC Group should be pursuing, with the focus being on the investment for growth we executed in FY2021. Thank you all for taking part in today's round-table discussion.

**Teshirogi** A year has passed since I was appointed as an outside director of Sumitomo Mitsui Banking Corporation. My impression during this time is that SMBC Group aggressively pursued investment opportunities to realize future growth. I was impressed that everyone was very familiar with the various processes, for example explaining the benefits, etc. of the M&A transaction to outside directors at Board of Director meetings.

**Nakashima** In FY2021, our investments exceeded ¥400 billion. This is only the second time in SMBC Group's history that such an amount has been used to fund acquisitions

in a single fiscal year. The first time was when we acquired SMBC Nikko Securities. If we look back at SMBC Group's M&A history, when Sumitomo Mitsui Banking Corporation was established in 2001 we announced our vision of becoming a financial conglomerate. Sumitomo Mitsui Financial Group was established the following year, and we engaged in M&A targeting domestic credit card companies, securities companies, and trust banks with the aim of expanding our businesses. It was never a case of only strengthening our core banking capabilities. We also proactively pursued overseas M&A opportunities and most recently, we acquired equity stakes in Fullerton India, FE Credit in Vietnam, and RCBC in the Philippines. We also entered into a strategic alliance with a U.S. firm Jefferies. As a result, while SMBC Group's overseas business at first only generated approximately 5% of the Group's total profit, our overseas business now generates approximately 30% of SMBC Group's total profit. The share of profit generated by SMBC Group's non-banking business has also risen from 20% to 40%. Could all of you kindly share how you evaluate SMBC Group's current business portfolio?

## Round-Table Discussion with Outside Directors

**Mitchel** SMBC Group is making steady progress towards transforming itself into a financial conglomerate. I believe the profit contributions of SMBC Group's overseas business and non-banking businesses will undergo further growth. SMBC Group has the potential to not only play an important role in the Japanese economy, but also the global economy. As such, I look forward to seeing SMBC Group expand its global presence. I believe that the strategic alliance with Jefferies is a very good investment, as it will provide SMBC Group with a valuable foothold to further grow its overseas business. Having said this, I would like discussions to take place regarding how SMBC Group as a whole will strengthen its finance capabilities.

**Sakurai** I have been especially vocal in voicing my opinions regarding SMBC Group's overseas M&A strategy since I was told the reason for the offer to be an Outside Director was to help strengthen SMBC Group's global strategy. Mr. Nakashima, who at that time was the General Manager of the Corporate Planning Department, may recall that I meticulously confirmed the logic behind SMBC Group's acquisition of Bank BTPN by adopting the tone of "Why Indonesia?," "Why BTPN?," etc. I wanted to confirm

***It is wonderful that SMBC Group has been able to expand its business portfolio in such a consistent manner.***



**Arthur M. Mitchel**

Outside Director,  
Sumitomo Mitsui  
Financial Group

the acquisition's consistency with SMBC Group's overall strategy. In other words, I wanted to confirm that executing the acquisition had not become the end goal. About five years ago, I asked Mr. Nakashima what sort of blueprints were being prepared for SMBC Group's global strategy. I believe SMBC Group's past M&A transactions are all consistent with the strategy that Mr. Nakashima kindly explained to me at that time. It is wonderful that SMBC Group has been able to expand its business portfolio in such a consistent manner.

**Teshirogi** When I look at SMBC Group's actions over the past few years, I can see that it is trying to proactively plant the seeds of its next stage of growth by capturing opportunities arising from growth in Asia. However, there is no guarantee

that all of SMBC Group's investments will be successful. Knowing when to step back is as important as knowing when to push forward. SMBC Group has proved its competence in this area through the past sale of its shares in Kansai regional banks and other arrangements. I look forward to seeing SMBC Group continue pursuing disciplined growth investments based on a clear set of investment criteria.

**Mitchel** I agree. Taking a disciplined approach is very important. However, given that the interests of numerous stakeholders often become intertwined with each other in an M&A transaction, the reality is that complying with set investment criteria is not an easy task. In the past, SMBC Group decided not to pursue an acquisition opportunity involving another financial institution. I feel that Japanese corporations often overpay in M&A transactions but, looking back, I feel that by walking away from that acquisition opportunity, SMBC Group was able to avoid such a situation. I believe that this case illustrates SMBC Group's ability to apply discipline to its M&A activities.

**Nakashima** Of course, we have also experienced certain challenges. For example, two years after making our initial investment in Bank BTPN we had to book impairment losses. From the lessons learned from this experience, we focused on strengthening M&A governance. For example, we engaged in a comprehensive review of our due diligence process. We also made improvements from an organizational perspective, such as establishing the Business Development Department two years ago. The Department acts as SMBC Group's M&A execution team. While there is still much room for improvement, the progress we have made would not have been possible without the input of our Outside Directors. I am very grateful for your advice.

**Sakurai** I believe that SMBC Group has developed a good management system. Regular reviews of past investments for growth are conducted at Board of Director meetings, allowing us to discuss methods to improve those investments. If I were to suggest going forward, it would be the execution of initiatives to further enhance the synergies generated

by SMBC Group's M&A activities. This holds the key to SMBC Group realizing further global growth.

**Teshirogi** When carrying out its inorganic strategy, SMBC Group must clearly explain its overall strategy to investees while ensuring they understand the type of culture SMBC Group values. No sense of unity or synergy will be born without first completing this step. How strongly and clearly SMBC Group's vision is communicated to investees is a key factor in determining the success of M&A transactions.

**Nakashima** With the ongoing relaxation of COVID-19 related travel restrictions, I will coordinate with our Group CEO to engage in face-to-face meetings with the overseas companies in which we have acquired stakes, to further deepen communication and mutual understanding.

**Sakurai** PMI is an essential part of maximizing the benefits that arise from merging with or acquiring a corporation. The long-term success of the M&A transaction will greatly vary depending on how well PMI is

carried out during the first few years following the transaction. In this regard, I believe that SMBC Group's PMI capabilities have undergone significant improvement with the establishment of the Business Development Department and the increasing number of staff who are well versed in the conditions of the investees' home country, especially in Asia.

**Mitchel** In order to successfully expand its business portfolio, SMBC Group must hire staff with the appropriate skill sets. When entering a new business or territory via M&A, SMBC Group should carefully consider what type of personnel it requires before deciding on its M&A target.

**Nakashima** I completely agree. For example, if we were to expand our presence in the U.S. investment banking sector, we would need to hire outside personnel. However, given SMBC Group's current global position and scale of operations, hiring top tier personnel in this sector would be challenging. As such, our strategic partnership with Jefferies holds great significance, given the large number of Jefferies' personnel who possess the necessary skill sets.

**Teshirogi** Since the topic of global reputation has been brought up, I would like to make a suggestion. During Board of Director meetings, SMBC Group's businesses would often be compared to those of other Japanese megabanks. Is this comparison still relevant? Shouldn't SMBC Group be comparing itself to global corporations? By adopting this



**Eriko Sakurai**

Outside Director,  
Sumitomo Mitsui  
Financial Group

***Given the uncertainty and the speed at which the world is changing, I believe that a company risks being completely left behind if it cuts back on investing for growth.***

approach, I believe that the mindsets of SMBC Group employees will start to change from being domestically oriented to globally oriented, and that external entities will also start to view SMBC Group as being a global financial firm.

**Sakurai** Selecting companies for comparison with SMBC Group will be important. The same topic was raised by another outside director of another company where I used to serve as an Outside Director. External entities now compare that company with global corporations, rather than other Japanese corporations.

**Nakashima** In the past, Japanese megabanks pursued similar strategies. As such, comparisons with each other had value. However, this

is no longer the case. As the two of you have both pointed out, we need to change. Thank you for raising this point.

**Teshirogi** SMBC Group is currently implementing its Asia strategy, focusing on Indonesia, India, Vietnam, and the Philippines. However, I believe that our attention should also be directed to other developing economies. Discussions should take place regarding which new country SMBC Group should enter based on the country's economic growth, expected return on investment, and the contributions that SMBC Group can make to the country's development and growth. SMBC Group's Outside Directors come from a variety of backgrounds, and I believe it is possible to obtain a diverse range

of views and opinions. As such, I would like SMBC Group to develop new markets, even though a degree of risk may be involved, by engaging in robust discussions in Board of Director meetings. In addition, I believe that further discussions are required regarding SMBC Group's strategies in developed countries. We should discuss and determine which sectors can be classified as growth sectors and how we can capture their growth.

**Sakurai** I serve as the head of the Sustainability Committee, and I feel that the role the financial sector must play in sustainability is changing. However, since no clear solution has been reached, I would like the Sustainability Committee to engage in such discussions. It is also important that we do not solely focus on the growth opportunities; we must also pay close attention to the risks involved. Given Russia's recent invasion of Ukraine, the ability to accurately determine geopolitical risk is becoming very important.

**Nakashima** We must be careful when analyzing geopolitical risk, as there is a material difference in the impact on SMBC Group's business based on particular country or territory in question. For example, we could forecast with a degree of certainty the impact of Russia's invasion of Ukraine on SMBC Group's business, which was fairly limited compared to our total profit.

**Sakurai** I hear that U.S. corporations are engaging in very detailed scenario planning for countries and regions that could have a significant impact

on their operations in the case of conflicts or etc. I am aware that SMBC Group has commenced such efforts, but I would like such scenario planning to be carried out with a greater sense of speed and urgency.

**Mitchel** I serve as an outside director at another firm, and they are also engaging in such discussions. In addition, as part of their long-term growth strategy they forecast the status of the market ten years from now, then back-cast to determine what sort of products and personnel are required. While it is easy for manufacturers to engage in such discussions, this is not the case for the financial sector. However, it is still necessary to think about the future shape of the financial sector.

**Nakashima** We are also engaging in such discussions, and they encompass a variety of scenarios. However, as Mr. Mitchel has stated, it is a challenge. Finance is a business that sustains the economy, so trying to predict the state of the financial sector ten years from now is very similar to trying to predict the state of the world ten years from now. However, just because this is the case does not mean that we do not have to try. Now, this slightly changes the perspective of our current discussion, but investment for growth is purely a method of applying our capital, and our capital policy is to balance the allocation of excess capital between investment for growth and shareholder returns. In my discussions with investors, I have repeatedly been told that SMBC Group's capital should be used to finance share buybacks, given that



**Toru Nakashima**

Group CFO & Group CSO,  
Sumitomo Mitsui  
Financial Group

our PBR is less than 0.5, rather than applied to investment for growth. What are your opinions regarding this matter? As this is the last topic for today's round-table discussion, please share with us your frank and honest opinions.

**Teshirogi** Given the uncertainty and the speed at which the world is changing, I believe that a company risks being completely left behind if it cuts back on investing for growth. However, the company must engage in discussions with its various stakeholders. SMBC Group must conduct even closer discussions with its shareholders and investors before proceeding with further investment, and carefully explain that each investment for growth it pursues is crucial to become a financial institution with a global presence.

**Mitchel** I agree. I believe that, as Group CFO, Mr. Nakashima needs to adopt the perspective of SMBC Group's shareholders and investors when speaking at Board of Director meetings and Management Committee meetings. Based on this approach, selected investments for growth will be investments for which

investors' understanding and support can be obtained.

**Sakurai** I have faced similar questions in my discussions with investors. As Mr. Mitchel commented, my response is that the investment opportunities were selected after careful discussions based on investors' perspectives. I don't support investments that would only improve the share price, rather than contributing to future growth. As such, I hope to see SMBC Group steadily carry out the growth initiatives that it has decided upon.

**Nakashima** Please continue to provide me with your frank opinions as I will use your suggestions to enhance the quality of our dialogue with shareholders and investors while incorporating them into our global strategy. Thank you for sharing your valuable opinions with us today.



**Isao Teshirogi**

Outside Director,  
Sumitomo Mitsui  
Banking Corporation

# Communication with Stakeholders

## Our Approach

SMBC Group strives to contribute to the sustainable development of society. To this end, we work diligently to provide greater value to our various stakeholders: “Customers,” “Shareholders and the market,” “Employees” and “The environment and society.”

## Stakeholders of SMBC Group



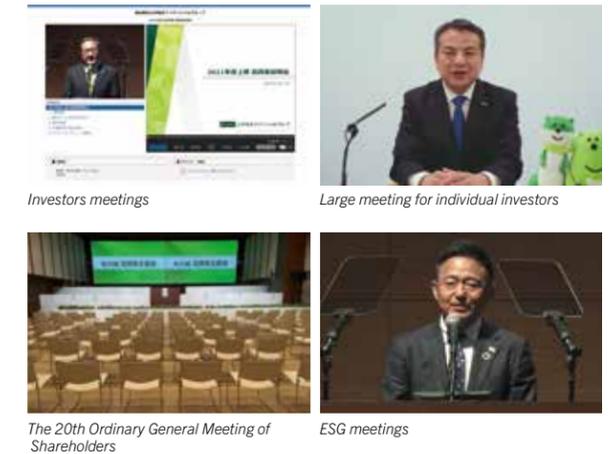
Stakeholder Type	Example Communication Activities
Customers	In-branch questionnaires, Customer satisfaction surveys, Call centers
Shareholders and the market	General meeting of shareholders, Investors meetings, One on one meetings
Employees	Opinion exchange meetings with top management, Employee surveys
The environment and society	Support for initiatives in Japan and overseas, dialogs with NGOs and NPOs, Volunteer activities of employees



## Engagement with Shareholders and the Market

SMBC Group recognizes that appropriate disclosure of corporate and management information must form the foundation of our efforts to realize one of the statements posted in “Our Mission”: “We aim to maximize our shareholders’ value through the continuous growth of our business.” For this reason, we are taking steps to facilitate accurate understanding of our management strategies and financial position through investor meetings after announcements of financial results, conferences, one-on-one meetings, large meetings for individual investors, and other activities. These efforts have been highly evaluated, resulting in the Company winning the 2021 Award for Excellence in Corporate Disclosure (ranked No. 1 in the banking industry) from the Securities Analysts Association of Japan for the third year in a row.

Even throughout the COVID-19 pandemic, we have endeavored to prevent declines in the quality of disclosure while taking steps to ensure safety. As one effort for this purpose, we have held briefings and individual meetings dual face-to-face and remote formats according to investors’ wishes.



## Activities in FY2021

General meeting of shareholders	Participants: 789*
IR meetings for institutional investors and analysts	14 meetings
One-on-one meetings with institutional investors and analysts	315 meetings
Conferences held by securities companies	5 conferences
Large meetings for individual investors	2 meetings

\* Including 563 viewers of simultaneous Internet broadcast

## Engagement with Employees

Various initiatives are being implemented to foster mutual understanding between employees and management.

For example, Group CEO luncheon was held 8 times in FY2021, in which employees from various Group companies participated. A lively exchange of ideas took place during the luncheon, with various new ideas being produced as employees talked about their dreams and goals.

We have continued to facilitate direct communication between management and frontline employees through venues such as town hall meetings and award ceremonies for internal contests.

In addition, the internal social media network, “Midori no Hiroba” (generally known as “Midoriba”) is being used enthusiastically, with even management actively commenting on employees’ posts.



## Engagement with the Environment and Society

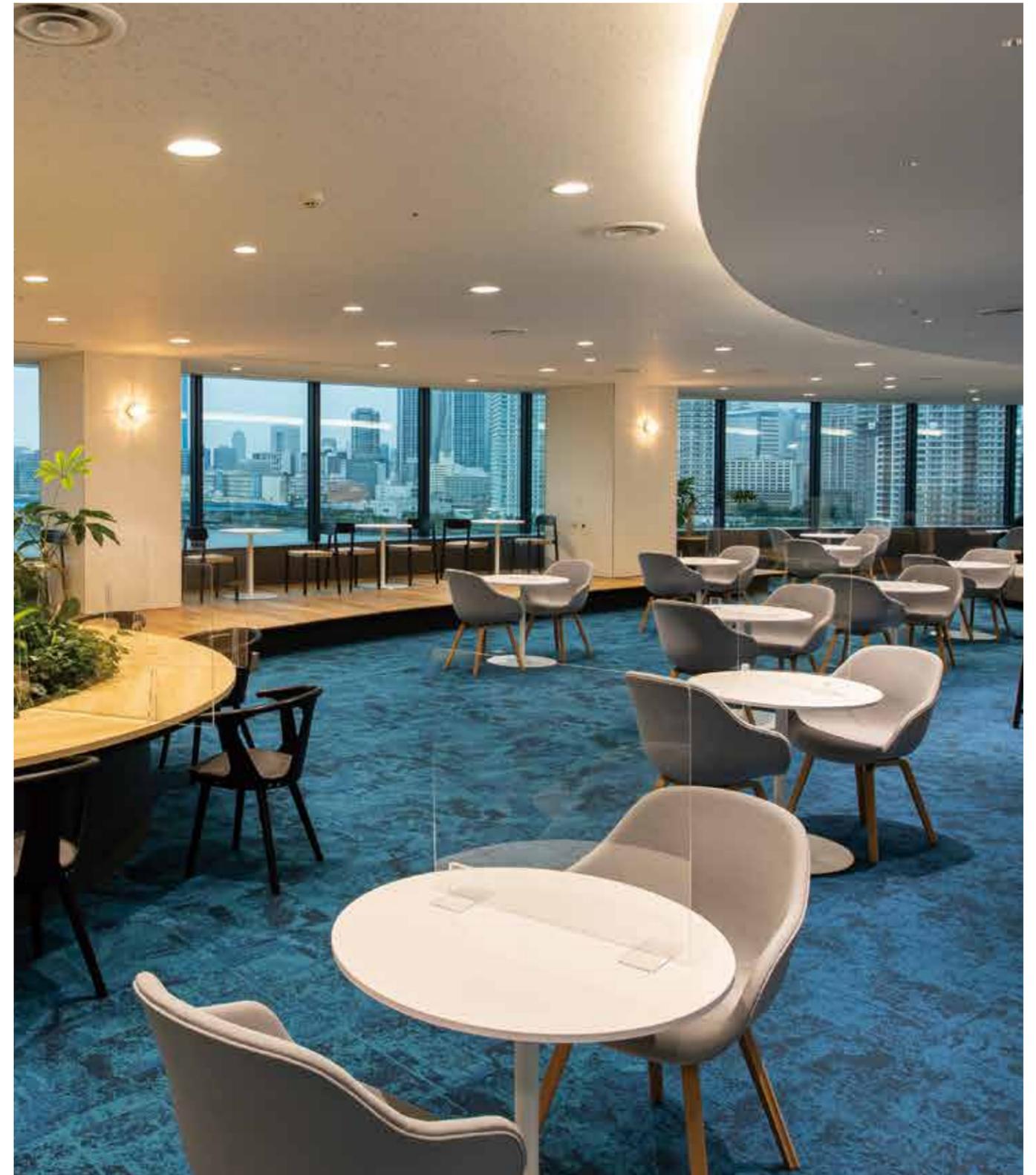
SMBC Group participates in a range of initiatives in Japan and overseas, in order to “contribute to a sustainable society by addressing environmental and social issues.” For example, to resolve climate change issues, we participate and share our opinions in the working groups of global rule-making initiatives.

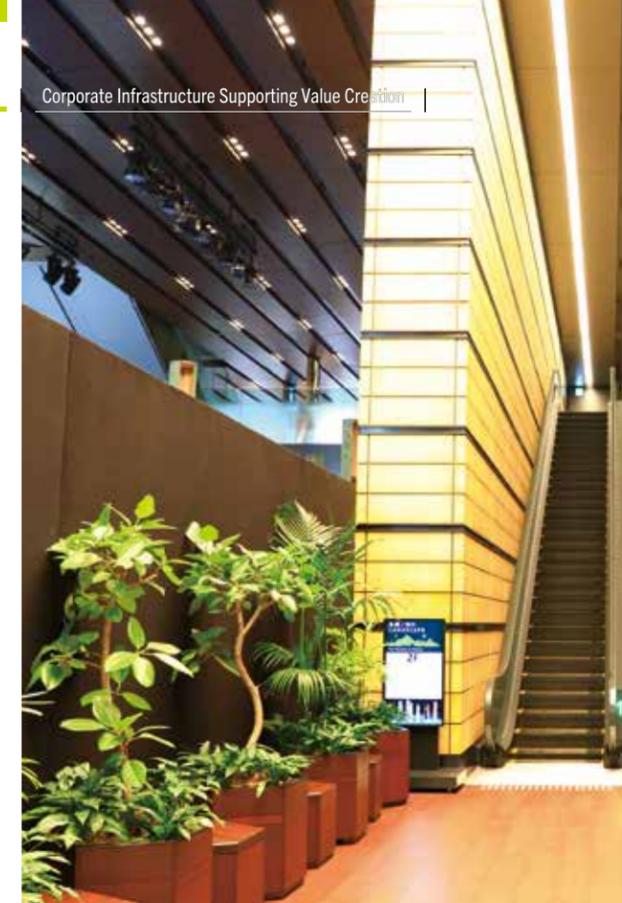
We also place an emphasis on dialogue with society by proactively disclosing our policies and initiatives to achieve sustainability.

# BUSINESS STRATEGIES for CREATING VALUE

## Business Strategies for Creating Value

- 046 Group Structure
- 048 Retail Business Unit
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- 056 Global Business Unit
- 060 Global Markets Business Unit
- 064 Opening up the future of finance through digital
- 072 Creating Value through Sustainability Initiatives
- 084 Human Resource Strategies Supporting Value Creation





Net Business Profit by Business Unit in FY2021



## Group Structure

SMBC Group is a global financial group that develops operations in a wide range of fields, including banking, leasing, securities, credit cards, and consumer finance.

Under the holding company, Sumitomo Mitsui Financial Group, we have established four business units that draft and implement Group strategies based on customer segments. For head office functions, we have clarified the managers responsible for specific areas of group-wide management and planning under the CxO system. In addition, we are taking steps to share management resources and optimize the allocation of resources.

### Group-Wide Business Units and CxO System

		Banking		Leasing		Securities		Credit Cards and Consumer Finance		Other Business	
		Sumitomo Mitsui Banking Corporation	SMBC Trust Bank	Sumitomo Mitsui Finance and Leasing		SMBC Nikko Securities	Sumitomo Mitsui Card Company	SMBC Consumer Finance	Japan Research Institute	Sumitomo Mitsui DS Asset Management	
Business Units	Retail	●	●			●	●	●			
	Wholesale	●	●	●		●	●				
	Global	●	●	●		●	●	●			
	Global Markets	●				●					
Head Office (CxO System)		<b>CFO</b> Chief Financial Officer	<b>CSO</b> Chief Strategy Officer	<b>CRO</b> Chief Risk Officer	<b>CCO</b> Chief Compliance Officer	<b>CHRO</b> Chief Human Resources Officer	<b>CIO</b> Chief Information Officer	<b>CDIO</b> Chief Digital Innovation Officer	<b>CSuO</b> Chief Sustainability Officer	<b>CAE</b> Chief Audit Executive	

# Retail Business Unit

The top-class companies in the banking, securities, credit card, and consumer finance industries that comprise the Retail Business Unit are addressing the financial needs of all individual customers through services capitalizing on the Group's comprehensive strength, striving to develop the most trusted and No. 1 Japanese retail finance business.

## Takashi Yamashita

Senior Managing Executive Officer  
Head of Retail Business Unit



## Contribution to Consolidated Net Business Profit (FY2021)

¥ 214.9 billion



	FY2021	YoY*1
Gross profit (JPY bn)	1,146.9	+16.1
Expenses (JPY bn)	935.5	+21.4
Base expenses (JPY bn)	738.5	(1.9)
<b>Net business profit (JPY bn)</b>	<b>214.9</b>	(4.6)
<b>ROCET1*2</b>	<b>9.5%</b>	(0.3)%
<b>RwA (JPY tn)</b>	<b>12.7</b>	+0.2

\*1 Figures are after adjustments for interest rate and exchange rate impacts.

\*2 Figures exclude provision for losses on interest repayments, etc.

The Retail Business Unit possesses the No.1 business foundation in Japan in its principal business areas, including wealth management, payment service, and consumer finance, backed by high-quality consulting capabilities and advanced payment and finance products and services.

In FY2021, as in the previous year, the COVID-19 pandemic continued to affect all businesses, but personal consumption and in particular service consumption recovered and the payments business grew beyond its pre-pandemic level. In the consumer finance business, consumer loan balance declined for the second consecutive year, but this situation is now reversing.

Customer mindsets and behavior have also undergone dramatic changes during the pandemic, including expanding use of cashless payments and digital technology, and growing preparation and inheritance-related needs accompanying the arrival of the 100-Year Life era. Against this backdrop, SMBC Group has been swift to implement measures to address changing customer needs, including consultation through digital and remote channels, introduction of SMBC Elder Program and the shift to 24/7 operation of SMBC Direct service.

In FY2022, the final year of the Medium-Term Management Plan, the Retail Business Unit will advance the main measures set out, namely to accelerate the expansion of the Group's customer base and earnings, as well as business structure reforms.

In the wealth management business, we will facilitate the growth of the domestic economy by supplying funds to the market while supporting healthy individual asset building to help address people's post-retirement concerns. At the same time, we will look to capitalize on the business opportunities presented by the overarching shift from saving to asset formation and investment. As for the payment service business, we provide services that are highly convenient for users and business operators alike in response to the increasingly rapid trend toward cashless payments. We are also strengthening our response to point-of-sale financing needs for consumer purchases, which are expected to continue to grow together with the Japanese cashless market.

SMBC is striving to supply high-value-added services, including non-financial services, that go beyond the scope of traditional financial institutions to support the smooth transfer of assets to the next generation.

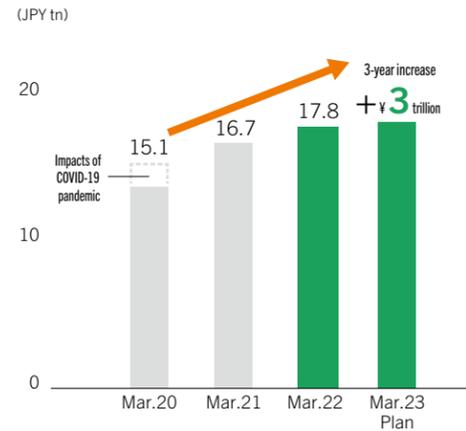
PRIORITY STRATEGY

1

**Sustainable Growth in Wealth Management Business**

In order to meet the diverse needs of our clients, including needs for high-level wealth management, inheritance and succession and business loans, we are providing “total consulting,” which goes beyond the frame of entities to draw on the strengths of the Group as a whole. We are expanding our product and service lineup, as well as our client base, for business owners and other high-net-worth individuals by enhancing coordination between the planning and front-office functions of our banks and securities companies. We are also meeting our customers’ inheritance needs by managing assets on a group-basis and promoting transactions with next generation customers. To meet the diversifying needs and demands of our customers in the 100-Year Life era, we are offering “SMBC Elder Program,” which includes not only financial services but also non-financial services such as health, security and meaningful lifestyles through a dedicated concierge. Going forward, we will continue to expand our services to support customers as they live longer.

**Balance of Fee-Based AUM**



PRIORITY STRATEGY

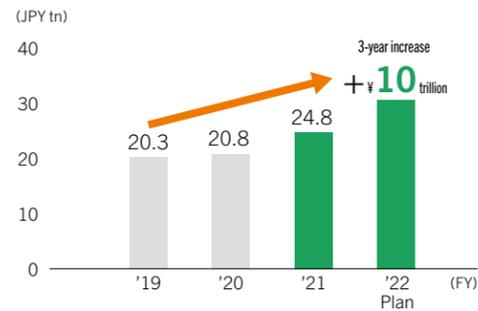
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**Pursuit of No. 1 Position in Payment Service Business**

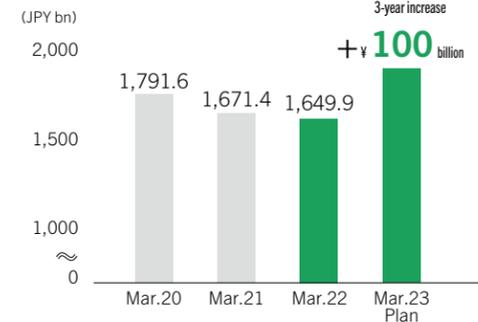
In the payments field, the COVID-19 pandemic has triggered the acceleration of the trend toward cashless payments and digitalization. SMBC Group will respond to this trend by delivering even more convenient services. For users, we are promoting high-security numberless cards and group-wide point services in order to accelerate improved convenience and growth of our customer base. For business operators, we seek to expand our market share as well as the scope of our business by promoting our next-generation payments platform “stera” and low-priced content subscription services.

As for consumer finance businesses, we aim to meet the financing needs of even greater number of customers by utilizing Group expertise to bolster product lineups.

**Sales Handled**



**Consumer Loan Balance**



PRIORITY STRATEGY

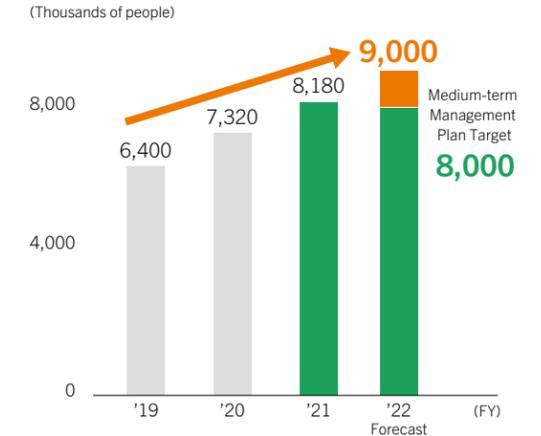
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**Reinforcement of Consulting Businesses through Branch Reorganizations**

SMBC is pursuing “fast and customer-friendly service,” tailored to the changing needs and behaviors of its customers by increasing the number of procedures that can be completed digitally or remotely, and improving video chat functions. It is also strengthening its ability to respond to requests in-store through the use of in-store appointments, including, for example, providing high value-added consulting services tailored to customer needs after administrative procedures have been completed.

Through the development of joint branches shared by SMBC, SMBC Nikko Securities, and SMBC Trust Bank, we will provide one-stop service and achieve both greater convenience for customers and more efficient branch operations.

**Number of “SMBC Direct” Users\***



\* Number of customers who have logged in to SMBC Direct at least once every six months

**Sustainability Initiatives**

In April 2022, we established “SMBC Family Works” in order to ease customers’ concerns about their future as we enter the 100-Year Life era.

Through applications, we will provide a platform for visualizing risk from the perspectives of “money,” “health” and “lifestyle,” support for monitoring family members, so that users can communicate with their family to consider specific preparations for the future.

In order to bring about a sustainable society, we select companies to invest in based on their ESG initiatives, and provide investment products that are focused on companies that aim to contribute to society. Going forward, we will continue to expand our range of investment products in order to respond to customers’ growing awareness of sustainability initiatives.

In terms of environmental initiatives, we are promoting the reduction of greenhouse gas emissions by offering special interest rates on personal loans for environmentally friendly housing, and accelerating transition to paperless operation through digital transformation.



# Wholesale Business Unit

The Wholesale Business Unit contributes to the development of the Japanese economy by providing financial solutions that respond to the diverse needs of domestic companies in relation to financing, investment management, payments, M&A advisory, leasing and real estate brokerage services through a Group-wide effort.

## Masahiko Oshima

Deputy President and Executive Officer  
Co-Head of Wholesale Business Unit

## Muneo Kanamaru

Senior Managing Executive Officer  
Co-Head of Wholesale Business Unit



## Contribution to Consolidated Net Business Profit (FY2021)

¥469.7 billion



	FY2021	YoY*1
Gross profit (JPY bn)	707.5	+50.5
Expenses (JPY bn)	303.6	+5.1
Base expenses (JPY bn)	296.6	+5.7
<b>Net business profit (JPY bn)</b>	<b>469.7</b>	<b>+58.4</b>
<b>ROCET1*2</b>	<b>10.4%</b>	<b>+3.7%</b>
<b>RwA (JPY tn)</b>	<b>31.1</b>	<b>+0.1</b>

\*1 Figures are after adjustments for interest rate and exchange rate impacts.

\*2 Figures exclude medium- to long-term foreign currency funding costs.

Amid a persistently challenging operating environment, including Japan's negative interest rate policy, increasing competition, as well as the prolonged COVID-19 pandemic, the Wholesale Business Unit has strived to increase asset efficiency by mustering the collective strength of SMBC Group to deliver sophisticated solutions and carry out operations with an extensive focus on profitability.

In FY2021, we came together as a united group to address the management issues and needs facing customers who are under pressure to transform their businesses amid great changes to social structures and environments. Our approach entailed supplying an array of solutions for business reorganization, real estate business, cashless and payment services and decarbonization. By proposing ideas in step with the times, we have been able to create a number of opportune businesses, and the Wholesale Business Unit's net business profit have increased significantly as a result.

In FY2022, the final year of the Medium-Term Management Plan, we expect to see further acceleration towards achieving a decarbonized society, the trend toward digitalization and cashless payments, and review of our business portfolio triggered by the conflict between Russia and Ukraine. SMBC is working to create new businesses together with our customers by promoting approaches with greater sector knowledge to address our customers' increasingly complex and sophisticated management issues.

In addition, we are further increasing the allocation of management resources to growth fields to create and hone an "edge" for the Group. Going forward, we will further bolster our keen ability to make proposals, our speed, and pioneering spirit, to provide high-value-added solutions that contribute to sustainable growth of SMBC Group and its customers, and to the development of the Japanese economy.

PRIORITY STRATEGY

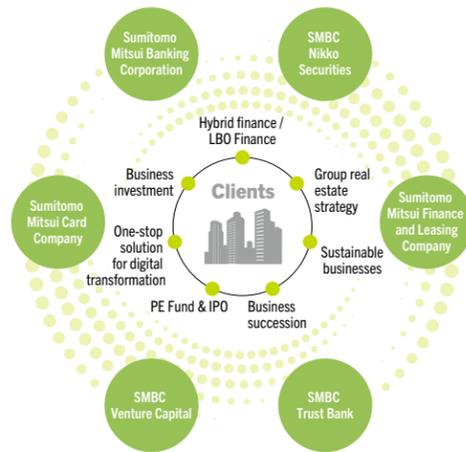
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**Creating and Honing a Group Edge**

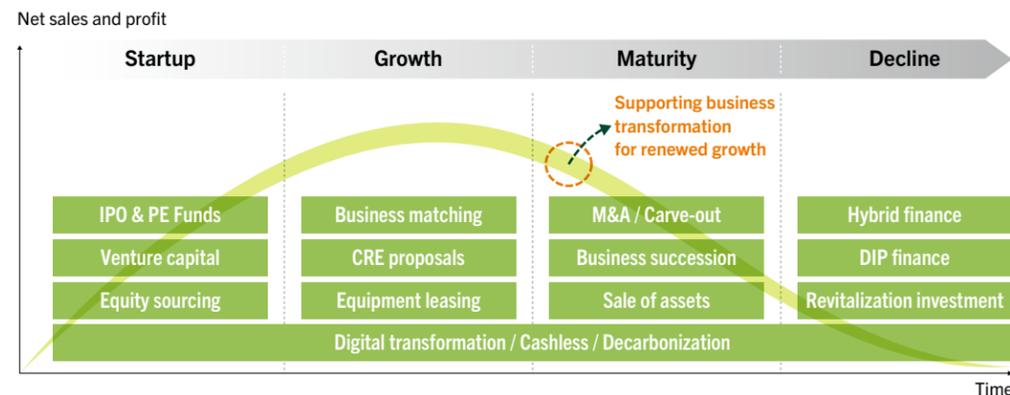
The disruption to supply chains caused by the prolonged COVID-19 pandemic and the conflict between Russia and Ukraine have further increased the business reorganization, financial improvement and corporate revitalization needs of our customers. The Specialized Finance Department, newly established in April 2021, will play a central role in strengthening our ability to provide solutions on a Group-basis to respond to these needs, such as hybrid finance and corporate revitalization investment. Meanwhile, we will allocate management resources to real estate businesses while bolstering coordination between Group companies to strengthen our ability as a Group to propose solutions and support our customers' CRE strategies. Further allocation of management resources to these growth fields will allow us to construct a business structure able to provide top-tier solutions.

Following the revision to the Banking Act in 2021, SMBC Capital Partners will enter the business of majority investment in industrial companies as a new business. In the medium- to long-term, we are forecasting a bottom line of ¥15 billion, and are accelerating our efforts to achieve the next stage of growth, including leading the restructuring of both growing and established

companies, and taking on the challenge of fostering industries. Continued pursuit of these new challenges will create and hone our edge as a group.



**Solutions for Each Companies' Life Stage**



PRIORITY STRATEGY

2

**Corporate Digital Solutions**

Customers' digital innovation and digital transformation needs continue to grow, not only among large companies as it has been up to now, but also among mid-sized companies and SMEs. When considering specific initiatives, however, many customers are unsure of where to begin. The Group Solution Promotion Department has therefore been established to help provide one-stop services for the Group companies' digital solutions. Through tailor-made solution proposals, expanding the PlariTown corporate digital platform services, promoting cashless payments and developing business matching services through Biz-Create, we aim to support the digitalization of mid-sized companies and SMEs and to create new business opportunities.

**Number of Registered Companies**



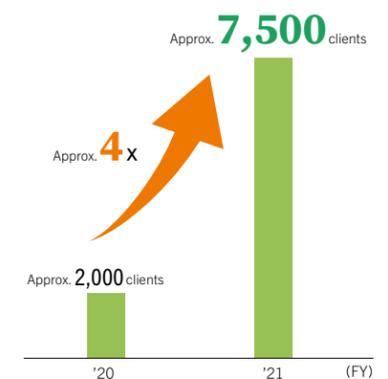
**Sustainability Initiatives**

The Sustainable Business Promotion Department, established in April 2020, is working to support customers' sustainability and SDGs initiatives, and to co-create businesses with a view to develop a sustainable society. The rapid expansion of interest and initiatives involving the SDGs and decarbonization among customers has led to an almost four-fold increase in the number of engagements with customers compared to the previous year, and we have further provided approximately ¥1.5 trillion in sustainability-related financing in Japan.

In April 2022, the Sustainable Solutions Department was newly established to bring together sustainability-related functions and knowledge at the group level, strengthen our ability to respond to environmental and social issues, and to promote engagement with customers to support their decarbonization initiatives.

We are aiming to become a global solutions provider that meets our customer's various sustainability-related needs by developing and promoting various types of sustainable finance, by providing services such as "Sustana" cloud service for calculating and visualizing greenhouse gas emissions, and by supporting customers in solving their sustainability-related management issues.

**Number of Engagements**



# Global Business Unit

The Global Business Unit supports the global business operations of domestic and overseas customers by leveraging SMBC Group's extensive global network and products and services in which we possess strengths.

## Tetsuro Imaeda

Senior Managing Corporate Executive Officer  
Co-Head of Global Business Unit

## Akihiro Fukutome

Senior Managing Corporate Executive Officer  
Co-Head of Global Business Unit



## Contribution to Consolidated Net Business Profit (FY2021)

¥431.2 billion



	FY2021	YoY*1
Gross profit (JPY bn)	872.0	+72.4
Expenses (JPY bn)	461.3	+42.8
Base expenses (JPY bn)	440.7	+35.8
<b>Net business profit (JPY bn)</b>	<b>431.2</b>	+22.8
<b>ROCET1*2</b>	<b>6.9%</b>	+1.0%
<b>RwA (JPY tn)</b>	<b>40.9</b>	+2.8

\*1 Figures are after adjustments for interest rate and exchange rate impacts.

\*2 Figures exclude medium- to long-term foreign currency funding costs.

**F**Y2021 presented an extremely challenging business environment, with the Russian invasion of Ukraine at the end of February adding to ongoing effects from the COVID-19 pandemic, but the group as a whole was able to make steady progress with the main initiatives of the Medium-Term Management Plan. Specifically, in order to strengthen our overseas securities business, we entered into a capital and business alliance with Jefferies Financial Group, a general brokerage firm in the U.S., and, with a view to expanding our Asian financial franchise, we have made a number of acquisitions and partnerships that will form a pillar of future growth, including investments in non-banks in India and Vietnam and in a commercial bank in the Philippines. We are also focusing on enhancing governance, while in the Americas, we are strengthening the functions of the bank holding company's board of directors. In terms of performance, continued increases in revenue and profitability since FY2020 were achieved through successful initiatives involving products benefitting from inflows into the fund.

We will continue to focus on the priority measures in FY2022, the final year of the Medium-Term Management Plan. In the CIB Business, which combines banking and securities operations, we are strengthening our sector approach and deepening collaboration with Jefferies. In the Asian financial franchise, we are accelerating our growth strategy by focusing on post-merger integrations through the newly established "Asia Business Development Division." We are also taking on the challenge of digitalization in an expanded range of regions and fields.

Through these efforts, we will drive the sustainable growth of SMBC Group. At the same time, we are also establishing a framework to support this growth, i.e., strengthening group governance and building corporate infrastructure in anticipation of complex environmental changes including climate change and the circumstances in various countries.

PRIORITY STRATEGY

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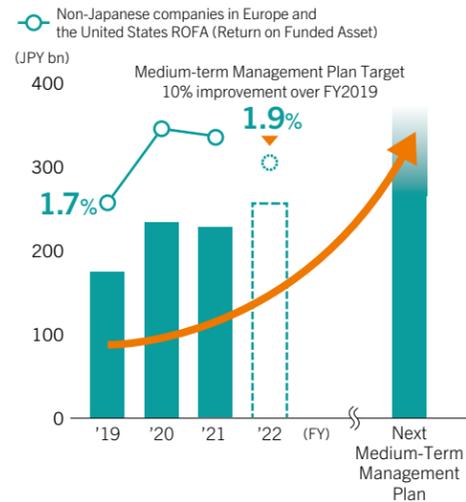
Enhancement of CIB Business

We are enhancing the CIB Business, in a unique manner, by taking a sector approach and leveraging our global network to capture deals. We will provide high value-added financial services that respond to customers' challenges, such as financial strategy and product proposals, and will seek to expand cross-selling. Product lineups will be expanded in businesses with funds seeing brisk inflows.

Collaboration with Jefferies has already resulted in the execution of a number of LBO deals, and we look forward to further expanding the scope of our collaboration. We have also strengthened our bond sales and trading operations in the U.S. by increasing headcount and capital in order to develop our investor-oriented business.

Through these efforts, we aim to create an even more profitable and efficient business model.

Gross Profit in Corporate Investment Banking Business\*1



\*1 Figures are on a managerial accounting basis (non-Japanese companies in Europe and the United States, fund-related services, etc.).

PRIORITY STRATEGY

3

Further Enhancement of Management Foundations

To support business expansion, we are prioritizing resource allocation to strengthening governance, risk management, and compliance systems.

In the U.S., bank holding company is enhancing its board of directors' functions by, for example, ensuring a majority makeup of outside directors. A CxO system was also introduced to create a structure for unified and appropriate management of the business in the U.S., which encompasses a variety of business areas.

In Germany, our bank and securities companies will merge to become a universal bank. The company will work as one to strengthen regulatory compliance and governance.

Continuing to strengthen the management foundations of SMBC Group is essential to the global expansion of our business and to achieving sustainable growth.



PRIORITY STRATEGY

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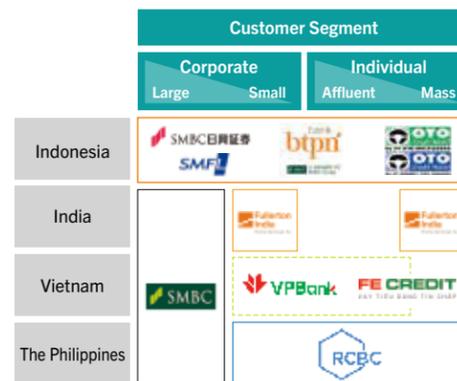
Initiatives in Growth Areas

We are developing our financial franchise in Asia through investments. The newly established Asia Business Development Division will implement smooth post-merger integration, including establishing governance structures, in the companies in which we invest, and accelerate our growth strategy.

In asset management, we are working together with our business partners Ares Management Corporation in the U.S. and ESR Group in Hong Kong to further expand our fields of business as a group, with a particular focus on Asia.

Bank BTPN has added functions to its mobile banking service "Jenius" to improve its convenience, including credit card, mutual fund, and insurance sales functions, and has launched digital services for small and medium-sized enterprise customers. We are working to increase the added-value of our services through digital measures not only in Indonesia but also in various other regions and businesses.

Expansion of Financial Franchise in Asia



Sustainability Initiatives

Dedicated sustainability teams in each region are working together at the global level to strengthen the ability of SMBC Group as a whole to make proposals and to provide solutions.

In October 2021, the Group originated an approximately US\$1.25 billion sustainability-linked loan to a major LNG provider in the U.S. The terms of the loan will vary according to efforts to visualize and reduce greenhouse gas emissions throughout the customer's entire supply chain. Going forward, we will be providing services to support our customers' energy transition efforts. We are also working to expand our product lineup, including green deposits. We have been successful in these efforts, and in FY2021 we attained a high presence in green loans in particular, and ranked first in the global league table.

We are also striving to provide a wide range of financial services accessible to all customers. In Indonesia, we are providing loans to low-income women through BTPN Syariah, while in India, Fullerton India is providing microfinance in rural areas.

Global League Table (Green Loan Amounts)

	Financial institution	Share
1	SMBC	8.6%
2	Standard Chartered Bank	7.9%
3	Credit Agricole	6.1%

Source: Dealogic Ltd. (FY2021)

# Global Markets Business Unit

The Global Markets Business Unit offers solutions through foreign exchange, derivatives, bonds, stocks, and other marketable financial products and also undertakes asset liability management (“ALM”) operations that comprehensively control balance sheet liquidity risks and interest rate risks.

## Masamichi Koike

Senior Managing Executive Officer  
Head of Global Markets Business Unit



## Contribution to Consolidated Net Business Profit (FY2021)

¥ **338.1** billion

23%

	FY2021	YoY*1
Gross profit (JPY bn)	390.6	(71.2)
Expenses (JPY bn)	92.3	+5.2
Base expenses (JPY bn)	89.4	+5.5
<b>Net business profit (JPY bn)</b>	<b>338.1</b>	(72.3)
<b>ROCET1*2</b>	<b>15.5%</b>	(3.4)%
<b>RwA (JPY tn)</b>	<b>5.8</b>	(0.5)

\*1 Figures are after adjustments for interest rate and exchange rate impacts.

\*2 Figures include internal risk capital related to IRRBB (Interest-Rate Risk in the Banking Book).

The Global Markets Business Unit is, as market risk professionals, committed to enhancing risk-taking skills for our investment portfolio while continuously supplying customers with high level of value. To support these efforts, we are focused on analyzing the various phenomena that occur throughout the world based on the Three “I” s of Insight, Imagination, and Intelligence in order to forecast the market trends that will emerge in the future or, in other words, to discern the underlying essence of world affairs.

In FY2021, supply has been unable to keep up with recovering demand in countries emerging from the COVID-19 pandemic, resulting in higher-than-expected inflation worldwide. Central banks in many developed economies have shifted their policies towards curbing inflation, producing a sharp rise in interest rates and a destabilization of financial markets. Amidst these circumstances, we have ensured profitability through flexible rebalancing, in combination with controlling risk in both equities and bonds. At the same time, we maintained stable foreign currency funding to meet the funding needs of customers. Meanwhile, in sales & trading, we sought to develop a full understanding of customer needs so that we could address these needs by providing optimal solutions.

The current market environment features a variety of surfacing risk factors, including geopolitical risks, and mounting uncertainty about the future. In addition, customer needs continue to become more diverse, as indicated by the advancement of the digitalization trend and growing interest in social issues. FY2022 will be the final year of the Medium-Term Management Plan, and we will continue to read current and future market trends to create solutions that customers choose. Accordingly, the Global Markets Business Unit will continue to dedicate ourselves to facing the markets sincerely, with an even greater commitment to contributing to the growth of customers and of SMBC Group.

PRIORITY STRATEGY

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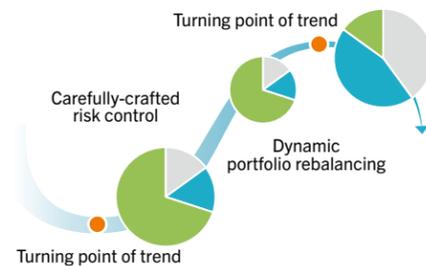
**Flexible Portfolio Management in Response to Market Changes**

The strength of the Global Markets Business Unit lies in its ability to dynamically adjust its portfolio to maximize earnings by accurately capturing market trends through proactive observation of market fluctuations.

By making use of the Three “I” s, each employee collects and analyzes information with regard to various phenomena and thoroughly discusses these phenomena with others. Then, they make positions in accordance with the scenarios formulated through this work, after which they review the results and validity of these positions. The consistent application of this iterative process is the only way we can hone our ability to read the markets.

While we focus on risk control in a time of major shifts in the market environment, we continue to take on the challenge of enhancing our portfolio management by expanding data-driven investment methods and augmenting our analytical functions in anticipation of future investment opportunities.

**Overview of Portfolio Rebalancing**



PRIORITY STRATEGY

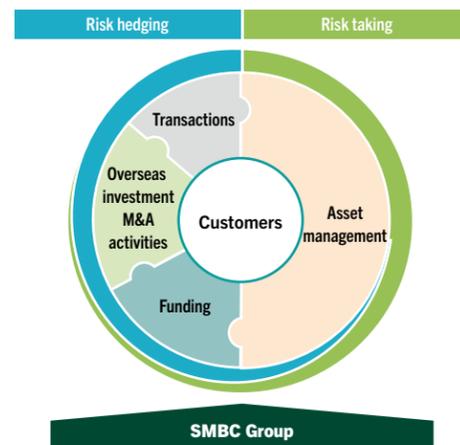
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**Enhancement of Capability to Provide Solutions through Marketable Financial Products**

The Global Markets Business Unit is accelerating the development of the functions needed to respond to the risk-hedging needs associated with customers’ businesses and balance sheets and the risk-taking needs related to customers’ asset management and investment activities.

Specifically, in order to meet our customers’ increasingly complex and sophisticated needs, we are strengthening our ability to provide tailor-made proposals specific to each customer’s situation, expanding our product lineup, and promoting global sales partnerships. We are also advancing the development of system infrastructure and risk management framework as part of these efforts.

We are also expanding our electronic platform globally while enhancing its risk control functions, in order to provide convenient foreign exchange services to our customers.



PRIORITY STRATEGY

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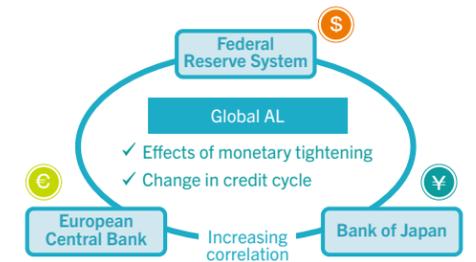
**Development of Robust Foreign Currency Funding Base**

The Global Markets Business Unit is taking steps for foreign currency funding to balance between ensuring stability and pursuing cost efficiency so that it can continue to support customers’ businesses through lending. For this purpose, we make funding strategies by taking into account the structure of SMBC Group’s balance sheet and the market condition, along with seeking to expand our investor base and diversify funding methods.

Initiatives toward these ends have included, in addition to regular foreign currency denominated straight bonds, issuing covered bonds and utilizing cross-currency repo transactions.\*

Normalization of monetary policy is underway in the U.S. and other nations, and the financing environment, hitherto based on abundant liquidity, is changing. We are proactively responding to these changes by promoting balance sheet control from a long-term perspective through our global ALM management.

\*Cross-currency repo transactions are forms of foreign currency funding backed by Japanese government bonds, etc.



- Effective management for cash flows and collaterals
- Responsive strategy for medium- to long-term funding

**Sustainability Initiatives**

The Global Markets Business Unit regularly issues green bonds from which procured funds are only used for eco-friendly projects, such as renewable energy projects.

In October 2015, we became the first Japanese private financial institution to issue U.S. dollar-denominated green bonds. In the years that followed, we proceeded to expand the scope of investors served with our green bonds, becoming the first private company in Japan to issue green bonds for individual investors in December 2018 and then issuing green bonds through a public offering in the U.S. in January 2021. To date, we have floated six green bond issues in Japan and overseas, procuring a total of approximately US\$3 billion. In these issues, we carefully explained our sustainability initiatives to investors to foster mutual understanding.

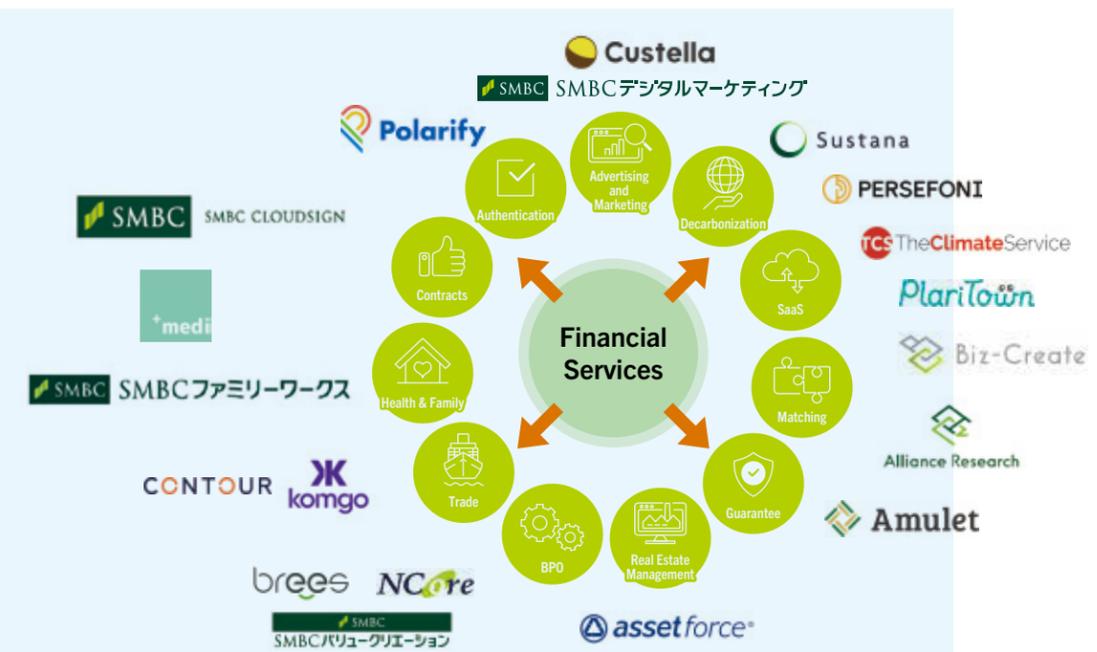
SMBC Group possesses a strong track record in project finance for domestic and overseas solar and wind power generation projects and other renewable energy projects. Going forward, we will seek to make greater contributions to market growth and to environmental preservation as Japan’s leading issuer of green bonds.



# OPENING UP THE FUTURE OF FINANCE THROUGH DIGITAL

**Katsunori Tanizaki**

Senior Managing Executive Officer and  
Group Chief Digital Innovation Officer



## Leveraging Digital to Provide New Solutions

In recent years, the advance of digitalization, coupled with the COVID-19 pandemic, has led to the transformation of society and the economy.

SMBC Group's medium to long-term vision is to become "A trusted global solution provider committed to the growth of our customers and advancement of society," and we have been developing and improving various services to respond to customers' needs.

In all areas of its business, SMBC Group is creating added value through new services and the evolution of existing services by incorporating technologies, sometimes together with partner companies, with the aim of improving convenience for its customers.

As a result, the Group is not confining itself to finance in the digital space, it is also expanding into non-finance business areas, as we transform into a comprehensive solutions provider through the creation of a number of digital subsidiaries and new digital services.

Going forward, we will continue to leverage the trust held in SMBC Group and its customer base to develop new business areas, taking advantage of opportunities presented by structural changes in society and deregulation brought about by the spread of digital, while promoting a shift in mindsets within the company and the creation of a framework that facilitates innovation.

### Growth and Future Outlook for SMBC Group's Digital Business



SMBC Group's digital business has experienced substantial growth, driven by a tailwind from the rapid digitization of society spurred by the COVID-19 pandemic, and some of its services are becoming social platforms.

SMBC CLOUDSIGN, an electronic contract service established as a joint venture with Bengo4.com in 2019, has seen approximately 120 times growth in the number of contracts exchanged in March 2022 compared to the same month two years ago. The fact that this system is used by SMBC Group, a financial institution with high security standards, has led to customer trust in the service, which has entered widespread use among companies, regional financial institutions and local public bodies.

Established in 2017, Polarify, which offers eKYC (online identity verification) and biometric authentication services, has seen a steady increase in the number of customers since its establishment, as it has met the needs of corporate customers seeking to acquire customers online against the backdrop of the spread of smartphones and other factors. Polarify's eKYC service has now grown to reach more than 10 million authentications each year.

In less than two years since its launch in August 2020, the number of members of "PlariTown" corporate SaaS platform has increased to approximately 9,000 companies, and is supporting corporate customers in resolving a wide range of management issues. In addition, the number of installations of Sumitomo Mitsui Card Company's next-generation payments platform "stera" has grown to more than 100,000 units in the space of approximately 20 months following its release in July 2020. As a further development, in May 2022 we released "assetforce for stera," combining "stera" with "assetforce," a smartphone-based asset management service provided by Sumitomo Mitsui Finance and Leasing, to support the digital transformation of store management, including the warehousing of goods and inventory management. As these initiatives show, SMBC Group continues to expand its digital service offerings through the creation of new services and collaboration between Group companies.

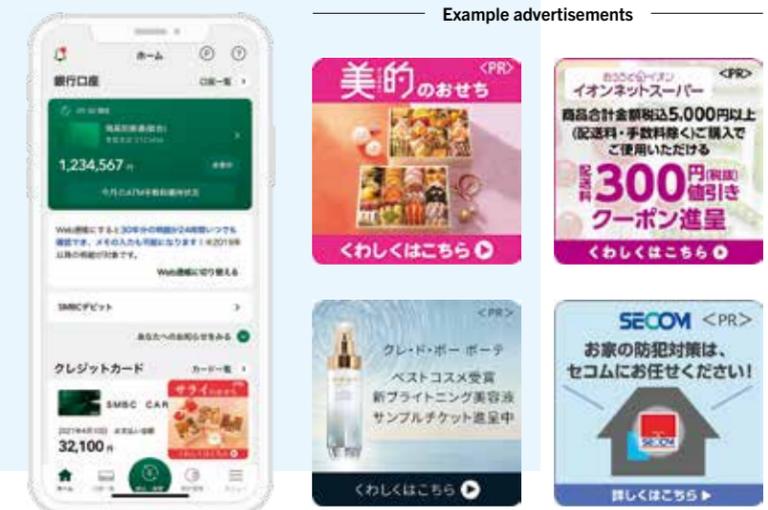
### Using Financial Data to Create New Value

We are also actively engaged in non-financial businesses that utilize data. In July 2021, SMBC Digital Marketing was established as a joint venture with Dentsu Group to launch an advertising and marketing business leveraging the financial data held by SMBC Group.

The company's advertising and marketing business is able to estimate the attributes of individual customers, their willingness to spend, life events etc., based on data associated with the 28 million IDs held by SMBC. Analysis of this data can deliver advertising tailored to customer needs. In supporting sales growth for corporate customers and providing individual customers with the opportunity to encounter valuable products, this will provide new value not found in conventional financial institution services.

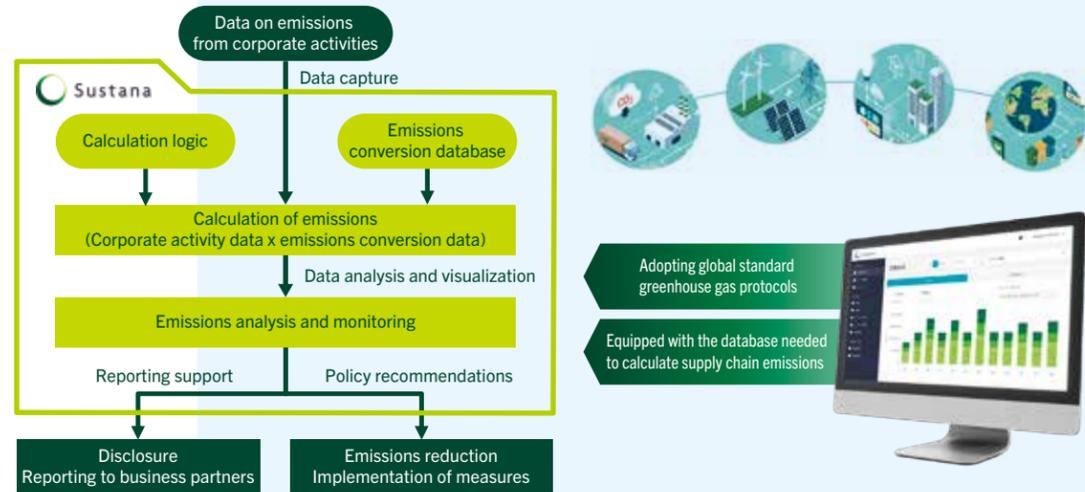
The service has begun with banner advertising displayed within the Sumitomo Mitsui Banking Corporation application, and we have received advertising orders from customers such as cosmetics companies, publishing companies, retailers and security companies, and have achieved positive results both in terms of the number of impressions and click-through rate. We will continue to improve our services as we make further achievements.

As an advertising and marketing service provided by a financial institution, this business attaches utmost importance to the safety and security of our customers. For this reason, personal information is strictly managed, and we conduct regular monitoring with the involvement of outside experts such as lawyers.



**Sustana (Sustainability + Analyze)**

**A Cloud service to support the calculation and reduction of greenhouse gas emissions**



Adopting global standard greenhouse gas protocols  
Equipped with the database needed to calculate supply chain emissions

**Leveraging Digital to Solve Social Issues**

Another example of non-financial business expansion through digital is the Group's provision of solutions to help companies implement decarbonization management. Society has grown increasingly aware of climate change in recent years, and it is essential that our corporate customers work towards achieving a decarbonized society. To do so, they must collect and analyze a great deal of data in order to visualize greenhouse gas emissions and plan measures to reduce those emissions.

SMBC Group plans to provide digital support from the collection and visualization of needed data to information disclosure and matching with companies that possess the technologies underpinning measures to reduce emissions. Specifically, in May 2022, we developed and released in-house "Sustana," a tool for calculating greenhouse gas emissions using digital technology. SMBC Group has also begun offering the Climanomics® platform in partnership with IBM Japan, and The Climate Service. It is a cloud service for quantifying the financial impact of natural disasters and other events caused by climate change and supporting responses to the TCFD recommendations and other disclosures.

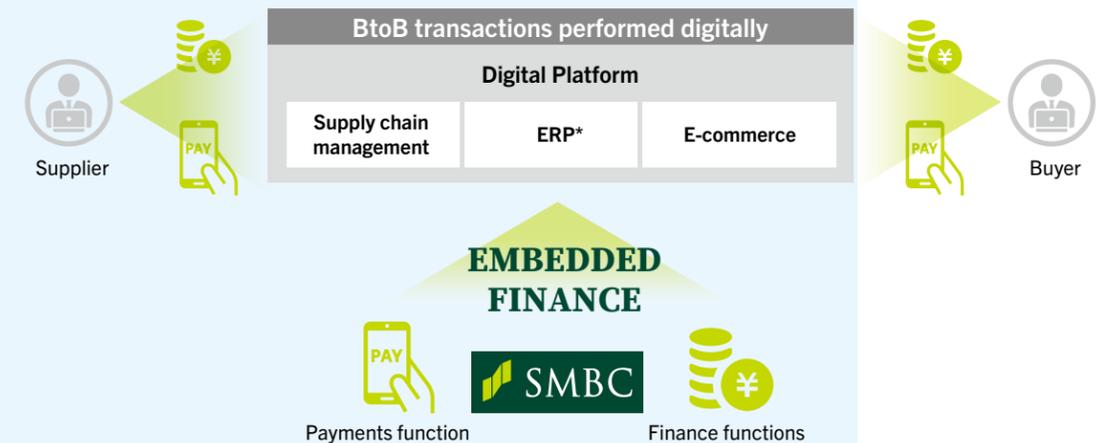
These businesses are new enterprises created from a focus on the affinity between digital and decarbonization initiatives, requiring the collection and analysis of large volumes of data to formulate measures. We plan to provide additional related services in the future. We will contribute to solving social issues such as climate change utilizing digital technology.

**Responding to the Ongoing Shift to Digital in BtoB Transactions**

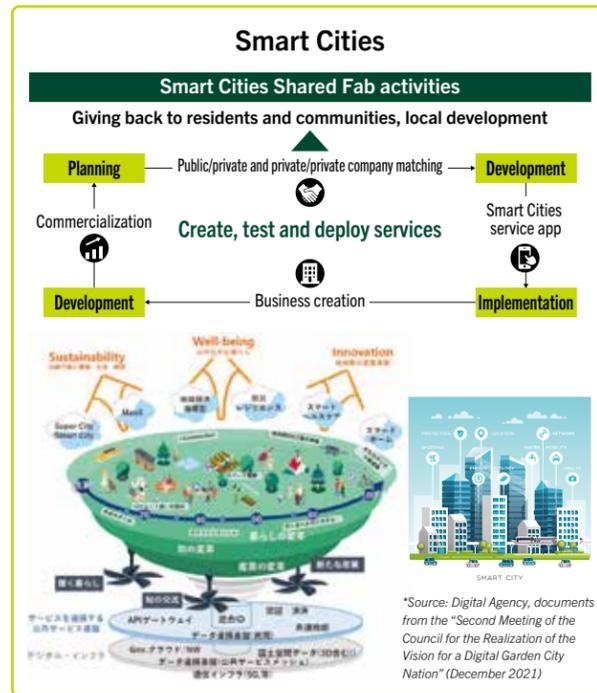
The presence of platforms digitizing transactions between suppliers and buyers has been growing rapidly in recent years, especially overseas. Financial institutions are increasingly moving towards so-called "embedded finance," which provides flexible payments and financing to a wide range of companies along distribution channels through partnerships with platforms providing digital services.

SMBC Group is also actively collaborating with leading platformers to develop and advance services in a way that provides seamless financial solutions for business-to-business transactions. For example, in March 2022, we released a digital scheme for supply chain financing in the APAC region to address suppliers' early-stage capitalization needs. Traditionally, it took several business days from the receipt of a supplier's request to the execution of financing due to the many paper-based interactions required, but by leveraging digital, high-volume transactions can now be completed in a matter of minutes. Beginning from this, we will continue to connect with various platforms, and will also consider digitalization of services for order and supply processes and for day-to-day management of receivables and payables. We are contributing to the advancement of our customers' supply chain management not just through banking transactions, but also by supporting the digital transformation of their entire supply chains to connect the flows of goods, money and data in real time.

The emergence of digital platforms in BtoB transactions has been limited in Japan compared to overseas, but the digitalization of BtoB transactions is making headway, prompted by revisions to the Law on Book and Record Keeping through Electronic Methods and the abolition of promissory notes. We intend to respond flexibly to these changes within Japan.



\* Enterprise Resources Planning



We have started to offer digital services catering to life events to enrich people's lives through digital technology.

In order to safely and securely store personal data, promote its use, and enrich the lives of individuals, we have been working on the creation of an information bank handling medical data through a proof-of-concept experiment with Osaka University Hospital in 2019, and by making Plus medi corp a consolidated subsidiary in 2020.

We have released the "SMBC Digital Safety Box," which digitally records and stores information and instructions on assets, medical and nursing care, as well as funeral arrangements to be communicated to pre-registered individuals in the event of unexpected circumstances.

In May 2022, with a view to achieving well-being and a sustainable society, NEC Corporation and SMBC Group together established the "Smart Cities Shared Fab" to accelerate efforts to implement smart cities, i.e., the digital transformation of society as a whole. The consortium aims to overcome hurdles in planning, developing, and implementing services and the lack of a system that enables sustainable operation, which constitute challenges to the spread of smart cities, and to go beyond proof-of-concept to achieve social implementation. We are also expanding our life solutions service initiative to include smart cities, and are working to enrich the lives of urban residents.



We are not only creating new digital businesses, we are also working to change the mindset within the Group and create a framework that facilitates innovation.

At our hubs in Silicon Valley in the U.S. and Shibuya in Tokyo, we are working to create new innovations by deepening exchanges with external groups including startups and venture capitalists.

The Group has also established a support system to help bring ideas to fruition by drawing on resources such as CDIO meetings which make investment decisions for new digital businesses. At the same time, we are working to create an environment that makes it easier for employees to come up with ideas, and to materialize and commercialize those ideas through "Midoriba," the Group's internal social networking site and "D X-Link," an owned media for sharing information on SMBC Group's philosophy and digital-related initiatives, and "Digital University" a digital training program.

New intrapreneurial ventures to drive non-financial digital solutions established under the "Producing New CEOs" initiative have selected young employees as their presidents, and are now actively allocating personnel. A young female employee has been appointed president of SMBC Family Works, a newly established digital family support service established in April 2022. Financial institutions must change to keep pace with the rapidly changing society. By instilling this kind of structure and culture, SMBC Group will continue to innovate tirelessly and grow together with its customers and society.

**Innovation Hub**

- Strengthen ties with local startups through the Silicon Valley Lab and Singapore site
- Collation with domestic businesses through hoops link tokyo

Silicon Valley Digital Innovation Laboratory | hoops link tokyo

**CDIO Meeting**

- Supporting the commercialization of various ideas through rapid decision-making

Decision-making  
Business ideas  
CDIO Meeting  
Support for materializing ideas

Creating new businesses

**Internal Social Media**

- Staff with experience in new businesses act as mentors to support the commercialization of ideas
- Stimulate accidental innovation, which is unlikely to occur in remote environments

Midoriba

**Owned Media**

- Communicate SMBC Group's philosophy and digital initiatives both within the Group and externally

D X-link

**Producing New CEOs**

- Actively supporting internal startups and selecting young employees to serve as CEOs

**Digital University**

- A digital training program offered to all employees to learn the skills required in a digital society

DIGITAL UNIVERSITY

# Creating Value through Sustainability Initiatives

SMBC Group positions sustainability at the core of its management and is implementing business strategies that focus on three priority issues: Environment, Community, and Next Generation.

We are contributing to bringing about a sustainable society while working to maximize social and economic value through our business activities.

## SMBC Group Statement on Sustainability

*Throughout its 400-year history, SMBC Group has continuously upheld its commitment to sustainability. We hereby declare that we will drive forward our efforts to make sustainability a reality.*

### Corporate Infrastructure

Financial Capital	Intellectual Capital
Human Capital	Social and Relationship Capital

### DNA

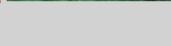
Mitsui and Sumitomo have been practicing sustainability for more than 400 years



Uki-e Suruga-cho gofukuya zu (Mitsui Bunko Collection)



Besshi Copper Mine in 1881 (Sumitomo Historical Archives Collection)



Current Besshi Copper Mine (Sumitomo Forestry Co., Ltd. Collection)

### Priority Issues (Materiality)

Priority issues are set based on our corporate infrastructure, social responsibility and our predecessors' will towards sustainability

#### Environment

P 076



#### Community

P 080



#### Next Generation

P 081



### Business Strategy

Retail	Wholesale
Global	Global Markets



### SMBC Group GREEN×GLOBE 2030

Plans and specific measures based on the "SMBC Group Statement on Sustainability."

P 075

### Value SMBC Group Creates

Contribute to a sustainable society by addressing environmental and social issues.

Preservation of a healthy environment as the foundation of the society we aim to achieve

Creation of a society in which everyone can live with peace of mind

Fostering people and industries that will pass on a better society to the next generation

## Creating Value through Sustainability Initiatives

### Governance Structure to Realize Sustainability

SMBC Group has established the Sustainability Committee and the Corporate Sustainability Committee at the supervisory and executive levels, respectively, to achieve ongoing enhancement of sustainability management.

Under the oversight of the Group CSuO, the Sustainability Division, responsible for the planning and promotion of both corporate and business aspects, was established in April 2022 to consolidate functions and knowledge at the group level.



### SMBC Group GREEN×GLOBE 2030

Based on the “SMBC Group Statement on Sustainability,” the following basic concept and three pillars of the plan define specific measures to be taken by 2030, including the execution of finance that contributes to the realization of sustainability and the provision of financial literacy education.

borderless world. The two terms are connected by “×” to show the plan’s expansion through multiplication rather than mere addition.

Through the steady implementation and monitoring of the plans and measures set out in “SMBC Group GREEN×GLOBE 2030,” we will strive to bring about the society we aspire as we enhance our internal and external sustainability efforts.

“GREEN” represents our corporate color and the environment while “GLOBE” represents the earth and a

### Basic Concept

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



## Message from Group CSuO

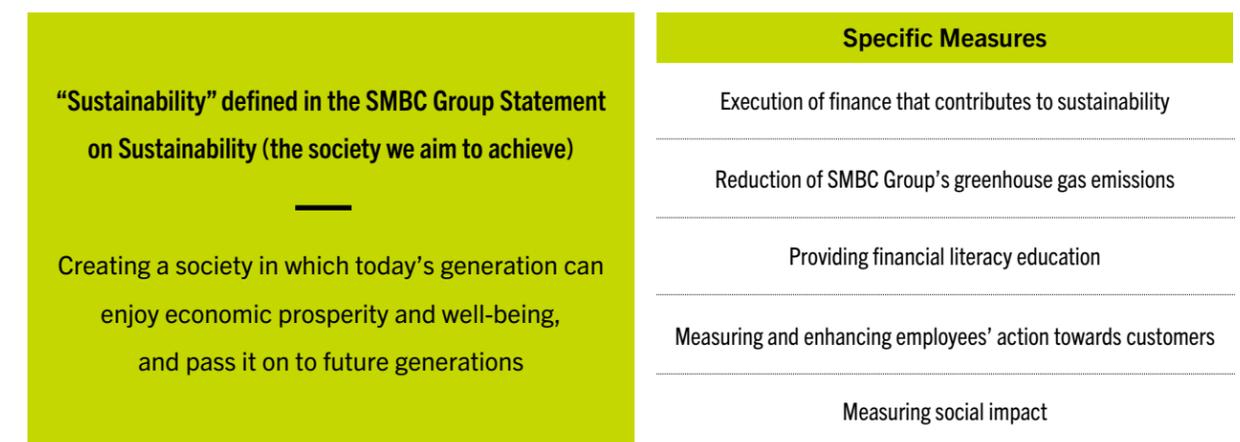


**Fumihiko Ito**  
Group CSuO

Achieving sustainability of course requires the protection of our irreplaceable environment and the creation of a society in which everyone can live with peace of mind, but a sustainable economy responsible for the circulation of capital and resources is also necessary. I believe that as a company, sustainability management is the act of balancing the resolution of social issues and creating and returning economic value, that is, to make the environment, society and economy all sustainable. As the Group CSuO, my responsibility lies here.

SMBC Group has identified “Environment,” “Community,” and “Next Generation” as its priority issues (materiality) in the execution of sustainability management, and is striving to resolve social issues through its business activities. For the “Environment,” we are committed to achieving net zero emissions across our entire loan/investment portfolio by 2050, and the Group as a whole is striving to support our customers’ efforts in the transition to a decarbonized society. We are also being proactive in the stabilization of natural capital, represented by forestry and water resources, and to conserve biodiversity.

Mitsui and Sumitomo’s predecessors have practiced sustainability for more than 400 years through their businesses. As the Group CSuO, I will further accelerate SMBC Group’s sustainability initiatives to pass on a sustainable society to the next generation.



## Creating Value through Sustainability Initiatives

### Environment

The global environment is an asset shared by all of humanity, regardless of region or age, and a healthy environment is an essential prerequisite to the realization of a sustainable society. SMBC Group is taking climate change and various other environmental issues seriously. By taking part in resolving such issues through our core business activities, we are stressing the importance of passing on a healthy planet to future generations.

For example, accelerating the transition to a decarbonized society in Japan and around the world, requires the further promotion of renewable energy, ensuring stable energy supplies, and next generation technological innovation.

Given this backdrop, SMBC Group is making group-wide efforts in conducting environmental business, including project finance for renewable energy, underwriting green bonds, trusts and leases for solar power generation facilities, and TCFD compliance consulting.

Under the title “SMBC Group GREEN Innovator,” we are also focusing on developing and providing advanced services, including non-financial services, by consolidating expertise and information on sustainability from across the group as well as collaborating with other industries.

By providing these groupwide solutions, we will comprehensively support our customers’ environmental initiatives and develop environmental businesses offering both economic and social value.



Preservation of a healthy environment as the foundation of the society we aim to achieve

#### Project Finance for Green Hydrogen

In September 2021, in French Guiana, SMBC became the first bank in the world to provide project finance for a renewable energy development project utilizing green hydrogen.

Green hydrogen is hydrogen produced without carbon dioxide emissions during the process of its manufacture, such as by using solar power. SMBC is the only commercial bank outside of France to participate in this project.

#### Digital Tool to Support Financial Impact Analysis and Disclosure Consistent with the TCFD Recommendations

In May 2022, SMBC released the Climonomics® platform, a digital tool to help customers comply with the TCFD recommendations.

This cloud service supports the formation of climate change strategy and disclosure by quantifying the financial impact of risks and opportunities associated with climate change.

SMBC is providing this service through a three-way collaboration with The Climate Service in the United States and IBM Japan.



### Efforts Addressing Climate Change

SMBC Group is supporting customers’ efforts to realize, and transition to, a decarbonized society, in order to reduce greenhouse gas emissions in line with the targets set by the Paris Agreement.

Against this backdrop, SMBC Group has committed to achieving net zero greenhouse gas emissions by 2030, as well as net zero greenhouse gas emissions for its entire loan/investment portfolio by 2050.

In order to achieve this commitment, we are reinforcing our efforts to address climate change through the “Roadmap

Addressing Climate Change,” a long-term action plan targeting carbon neutrality by 2050, and “Action Plan STEP 1,” a package of specific measures to be undertaken and executed during the current Medium-Term Management Plan period.

While strengthening our activities based on the Roadmap Addressing Climate Change, we will accelerate efforts to achieve a decarbonized and sustainable society by engaging carefully with our customers and other stakeholders and create a shared understanding regarding climate change issues.



#### Roadmap Addressing Climate Change



	Measures	Progress
1	Enhance governance/business management framework	Establishment of the Sustainability Committee on the supervisory side and the Group Chief Sustainability Officer (CSuO) position on the executive side
2	Achieve net zero greenhouse gas emissions for the entire loan/investment portfolio by 2050 (Measuring and setting reductions targets for Scope 3 emissions)	Published greenhouse gas emission reduction target for the power sector, and greenhouse gas emission calculation results for the energy sector (oil and gas, coal)
3	Achieve net zero emissions in SMBC Group’s operation by 2030	All four of the headquarter buildings (Head Office, East Tower, Osaka Head Office, Kobe Head Office) have switched to renewable energy
4	Execute ¥30 trillion of finance that contributes to sustainability from FY2020 to FY2029 (including ¥20 trillion of green finance)	Cumulative total by FY2021: ¥8.2 trillion (including ¥7.5 trillion in green finance)
5	Enhance risk management (expansion of scenario analysis, revision of policies for specific businesses and sectors, etc.)	Expanding the scope of analysis of physical and transition risks Strengthening polices on coal-fired power generation, palm oil plantation development, deforestation, and coal mining

\* Addresses both project finance and corporate finance tied to facilities.  
Does not include projects that contribute to the realization of, and transition to, a decarbonized society

## Creating Value through Sustainability Initiatives

### Environment

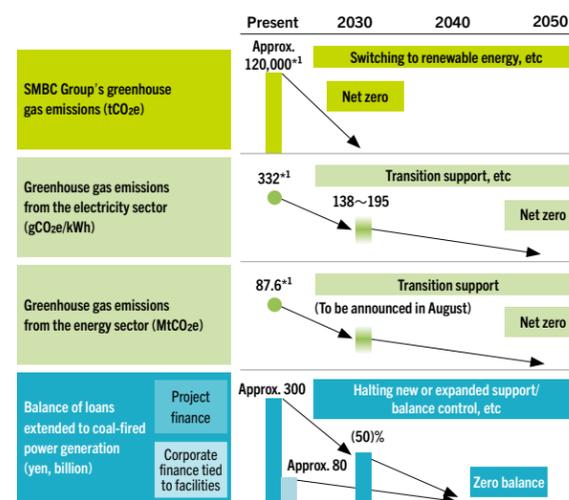
#### Initiatives to reduce greenhouse gas emissions

In order to reduce its own greenhouse gas emissions (Scopes 1 and 2), SMBC Group is shifting its electricity usage to renewable sources, and since April 2022, four of its headquarter buildings (Head Office, East Tower, Osaka Head Office, Kobe Head Office) have all switched to renewable energy. In addition, SMBC Kawasaki Mega Solar Place, the first mega solar generation facility for a megabank, is to be built on vacant land owned by the Group. From April 2023 onward, SMBC Group plans to switch to renewable energy sources for electricity used in all of its own buildings in Japan and in the headquarter buildings of all major Group companies in Japan. Going forward, we will further accelerate our initiatives at the Group and Global level.

As a financial institution that supports the business of our customers and prospers together with them, one of our important missions is to support our customers' efforts to decarbonize their businesses, which is a major challenge to achieving sustainability. As part of our effort to reduce greenhouse gas emissions in our loan and investment portfolio, in May 2022, we announced a target to reduce carbon intensity of the power sector to 138-195g CO<sub>2</sub>e/kWh by 2030. We will publish greenhouse gas emission reduction targets for the energy sector (oil and gas, coal), in

the TCFD Report to be issued in August 2022. In addition, we expanded the scope of the existing zero balance target of loans extended to coal-fired power plants by 2040, to include corporate finance tied to facilities.

SMBC Group is a member of the Net-Zero Banking Alliance (NZBA), an international banking initiative aiming to achieve net zero emissions, and the Net Zero Asset Managers Initiative (NZAMI), a net zero initiative for asset managers, and is involved in global discussions and the creation of various types of guidance to realize a decarbonized society. We believe that our role as a responsible financial institution is to carefully draw and support a path towards a decarbonized society together with our customers, and SMBC Group will earnestly support our customers' transitions while setting ambitious goals to achieve net zero emissions by 2050.



\*1 As of June 2022

#### Exposure of Carbon-Related Assets\*2

	FY2020		FY2021	
	Ratio	Balance*3	Ratio	Balance*3
Energy (oil and gas, etc.)	4.1%	¥3.5 trillion	4.4%	¥3.8 trillion
Utilities (electricity)	2.4%	¥2.1 trillion	2.2%	¥1.9 trillion
<b>Total</b>	<b>6.5%</b>	<b>¥5.6 trillion</b>	<b>6.5%*4</b>	<b>¥5.7 trillion</b>

\*2 Data of carbon-related assets after the definition expansion in the TCFD Recommendations will be published in our TCFD Report to be released in August.

\*3 Balance of outstanding loans to carbon-related assets divided by the total balance of outstanding loans (excluding loans for renewable energy)

\*4 Balance of outstanding credit to carbon-related assets represents 4.5% of total assets (total assets on the balance sheet plus off-balance sheet assets) at SMBC (including consolidated subsidiaries)

#### Climate Change Risk Management

##### Enhanced Scenario Analysis

In order to understand and manage the financial risks associated with climate change, we conduct scenario analyses of physical and transition risks.

For physical risks, we estimate additional credit-related costs arising from SMBC's lending to corporate customers by calculating the expected depth and the probability of flooding under each climate change scenario for water-related disasters, which account for the majority of natural disasters resulting from climate change.

Global impact analysis is made possible through an AI technology owned by a startup in the United States as well as collaboration with a research institution in Japan.

For transition risks, we estimate additional credit-related costs arising from lending to sectors that are expected to be highly impacted by the transition to a decarbonized society, using the most recent scenario in which the rise in temperatures is estimated to be 1.5°C.

Through sophistication of analysis methods and expansion of target sectors, SMBC Group will more accurately deduce financial impacts associated with climate change, and use this information to enhance company-wide risk management.

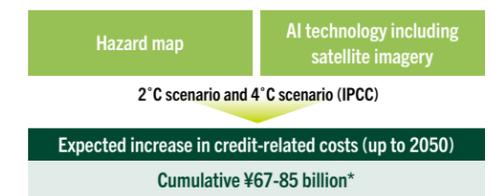
##### Risk Management in Investment and Lending

We have established a framework for due diligence for the appropriate management of environmental and social impact through our business. Specifically, we are managing credit with the potential impact through environmental and social risk assessments based on the "Equator Principles." We are also using non-financial information, such as our customers' greenhouse gas emissions and ESG risk responses, to enhance our understanding of the environmental and social risks accompanying credit.

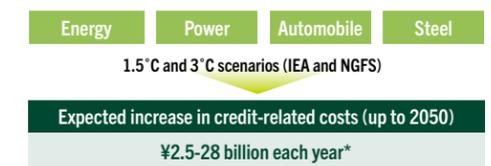
Individual policies have also been established for specific businesses and sectors with a particularly high likelihood of significant environmental and social impact, such as coal-fired power generation and coal mining operations, which are being introduced in line with the business of our Group companies.

We have published the SMBC Group Environmental and Social Framework under which to unify these due diligence systems as well as our approach to environmental and social issues.

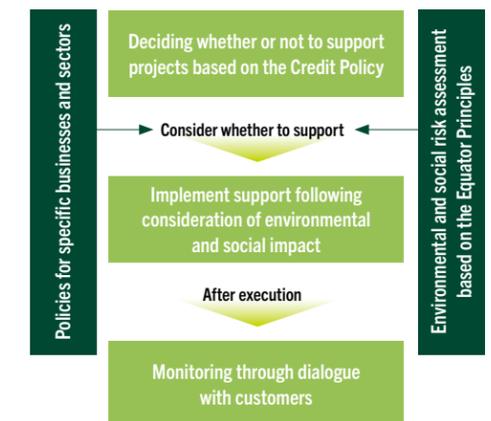
##### Physical risks



##### Transition risks



\* Calculated as of June 2022



## Creating Value through Sustainability Initiatives

### Community

SMBC Group believes that people need communities in which they can be involved in their daily lives and their economic activities, through which they can support one another, and in which they can act with peace of mind. Through our businesses, SMBC Group continues to contribute to communities and society and to fulfill our social responsibility as a financial institution that acts within communities.

The advancement of digital platforms facilitating smooth financial transactions for both personal and corporate customers, for example, is essential to the development of both the economy and SMBC Group.

To this end, SMBC Group is working to enhance the value of the services we offer to customers with initiatives including the update of the bank's application to offer significantly improved convenience for users, and providing cashless terminals with the latest functions.

We moreover believe that our wealth management business, which supports our customers to lead prosperous lives, our elder services which respond to the era of the 100-Year Life and our corporate business which supports our customers' growth and continuity, will contribute directly to building sustainable communities.

We will continue to enhance our corporate value while fulfilling our responsibilities to the society as a financial institution by enhancing our existing financial solutions and persisting in taking on the challenge of creating diverse businesses serving a new society.



Creation of a society in which everyone can live with peace of mind

### GREEN×GLOBE Partners

In July 2020, we established the "GREEN × GLOBE Partners", a community for solving environmental and social issues. Its goal is to "spread awareness and opportunities for the resolution of environmental and social issues" by bringing companies and individuals together to solve issues they could not solve on their own. As of the end of June 2022, 543 companies and organizations have joined this community.

Specific activities include distributing articles on environmental and social issues, holding workshops, and planning events and projects. In FY2021, we worked to support the revival of traditional industries through the "Thinking about the Future of Banshu-ori" project and the creation of new projects through food and agriculture-related workshops.



### Next Generation

Passing on a sustainable society to future generations demands the development of human resources and industries equipped with the necessary knowledge and skills. SMBC Group is working to foster the next generation to bring about a sustainable society.

For example, Group companies including SMBC, SMBC Venture Capital and SMBC Nikko Securities are working together to support growth companies through financing to promote innovation leading to the realization of social and economic growth for the next generation. In response to the Japanese government's Science, Technology and Innovation Policy, we are supporting the development of local human resources and industries by running the "mirai cross" acceleration program to support technologies originating from universities and research institutes, and by holding events to promote technological innovation that fit the characteristics of companies and regions.

We are also placing an emphasis on fostering the next generation in our social contribution activities, including financial literacy education. Through its businesses, SMBC Group will further promote initiatives and contributions supporting the fostering of human resources and industries that will shape a better society.



Fostering the people and industries that will pass on a better society to the next generation



### Financial Literacy Education

SMBC Group provides a variety of financial literacy education activities for people of all ages, leveraging the insight and expertise of its Group companies to realize a society in which everyone has a good understanding of money and can live with peace of mind.

In FY2021, we provided more than 1,800 financial literacy seminars with more than 160,000 participants. In addition to online seminars, we have newly expanded our online learning videos to make studying easy and fun.

With the lowering of the age of majority in April 2022, it has become possible to enter into various financial contracts from the age of 18. The ministerial curriculum guidelines for senior high schools have also been revised as financial literacy education grows increasingly important. SMBC Group will develop learning materials for use by all our Group companies, providing contents that tap into current trends such as key points for long-term investment, etc.



- Provided financial literacy education to a total of approximately 298,000 people since FY2020
- Carried out a social impact assessment of financial literacy education, and published this on our website

## Creating Value through Sustainability Initiatives

### Initiatives to Address Social Issues

#### Initiatives to Conserve Natural Capital and Biodiversity

The stability of natural capital is supported by biodiversity: damage to it will result in the loss of natural resources such as plants and animals, air, water and soil, and will ultimately have a significant impact on human life.

SMBC Group strives to understand the potential risks in our assets related to natural capital and their impact on business activities throughout the supply chain.

In January 2022, we joined the TNFD Forum, a stakeholder organization of the Taskforce on Nature-related Financial Disclosures (TNFD), which was founded to establish a framework for corporate risk management and disclosure involving natural capital. We are actively involved in the discussions to create such guidance.

In our business, in light of the impact on natural capital and biodiversity, we are prohibiting the provision of credit to large-scale development and construction projects recognized as having a significant negative impact on Ramsar wetlands and UNESCO World Natural Heritage sites.

We are also requiring palm oil plantation development and large-scale farm development projects to comply with NDPE (No Deforestation, No Peat, No Exploitation). When considering financing for other large-scale projects, we conduct environmental and social risk assessments in accordance with the Equator Principles paying close attention to their impact on primeval forests and ecosystems, mitigation measures, whether or not they include development on peatland, and whether considerations are made for workers and local residents, etc.

“GREEN×GLOBE Partners” and the Japan Research Institute also provide information on TNFD, as well as biodiversity conservation consulting services, and are accelerating their efforts in the belief that this is an important theme for realizing sustainability.

#### Respect for Human Rights

Companies have responsibility to protect and respect all human rights, and to consider the impact of their business activities, including their supply chain, on the human rights of their customers, their employees and other stakeholders.

Through its Human Rights Awareness Promotion Committee, SMBC Group is promoting human rights awareness among all employees. SMBC Group has further issued the “Statement on Human Rights,” publicized to all stakeholders, in line with the United Nations’ *Guiding Principles on Business and Human Rights*, in order to address respect for human rights as expressed in the United Nations’ *Universal Declaration of Human Rights*, the International Labour Organization’s *Declaration on Fundamental Principles and Rights at Work* and the *OECD Guidelines for Multinational Enterprises*, etc.

In addition, in April 2022, we established the Sustainable Procurement Policy.

We are committed to respecting human rights throughout all our business activities based on due diligence and remedial measures, with the aim of eliminating all forms of exploitative labor practices, including modern slavery, forced labor, human trafficking, and child labor, from our own operations and supply chains.

### Social Contribution Activities

SMBC Group defines social contribution as “voluntarily contributing to the resolution of social issues by making use of our managerial resources expecting nothing in return,” and is undertaking various activities as a good corporate citizen working for and with the society.

We believe that diligent and highly-motivated employees’ efforts to contribute to the society will lead to their personal growth, and actively support them in these efforts.

#### SMBC Group Rising Fund

We operate the SMBC Group Rising Fund, which is financed through voluntary donations from the salaries of company officers and employees at our Group companies.

The Volunteer Fund, which has been implemented by SMBC since 1998, was expanded to this group fund in April 2021, and we are working to manage the fund at the group level and to create an even greater positive impact.

In FY2021, we made a public appeal for projects working to resolve social issues facing next generation, and have donated a total of ¥15 million to various organizations working to provide financial support to families living in poverty and employment support to young people, etc.

In addition to donations made by officers and employees, SMFG as a company also provides a portion of the donations.

#### Pro Bono Work

With the aim of further promoting contributions to solve social issues, SMBC Nikko Securities has introduced a “pro bono\* work” system, a rare example among Japanese financial institutions, in which a portion of its employees’ working time is devoted to pro bono work.

Through this project, employees who wish to participate work in teams to strengthen infrastructure and support the activities of NPOs and other non-profit organizations, with the goal of expanding and accelerating activities aimed at solving social issues.

A total of 124 officers and employees have worked to support eight organizations since the program’s inception in March 2020.

\* Volunteer activities in which professionals use the skills and experience they have gained through their work to provide support oriented toward business aspects, which are often lacking at NPOs and other non-profit organizations.

#### Support for Grants by the Sumitomo Foundation

We are supporting and promoting the activities of the Sumitomo Foundation through various collaborative initiatives, including donations to the Foundation and the dispatch of officers and employees.

Based on the Sumitomo Group’s business philosophy of “Benefit self and benefit others, private and public interests are one and the same,” the Foundation aims to contribute to the creation of an affluent society with an international perspective, and provides grants for basic scientific research, environmental research and Japan-related research in Asian countries, as well as for the conservation and restoration of cultural properties in Japan and abroad.



**PRO BONO**  
SMBC NIKKO



An example of restoration of cultural properties:  
Seated statue of Yakushi Nyorai at Hogyoji Temple



# Human Resource Strategies Supporting Value Creation

A financial group's most important resource is its people. The origin of SMBC Group can be traced back to the opening of Mitsui and Sumitomo, which has put an emphasis on "people" for more than 400 years. Since then, the confluence of new individuality and cultures stemmed from business integration and acquisitions has fostered a culture of respect for individuality and diversity. Today, more than 110,000 employees in 40 countries and regions around the world work under the Five Values, the Group's set of shared values.

Inheriting the business philosophy of our founders, which is being said in the form "Mitsui is People" and "People are our most important asset," SMBC Group is proactively investing in human capital to enable our diligent and highly motivated employees to fully demonstrate their capabilities, which lead to sustainable value creation for the Group. As part of this, we also focus on personal development, with the entire Group investing ¥4 billion annually in personal development.

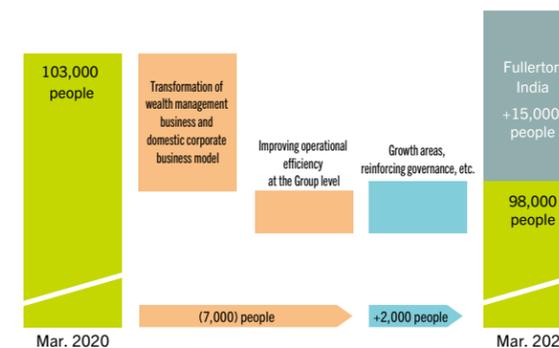
SMBC Group's human resource strategy is based on three pillars: agile allocation of personnel based on management strategy, a framework that ensures deploying the right people in the right place, and the creation of an atmosphere that brings out the best in employees.



## 1 Strategic Workforce Planning

Agile allocation of personnel based on management strategy

Based on the seven key strategies, we are transforming our business models in the Retail Business Unit and Wholesale Business Unit and reviewing the allocation of human resources as part of streamlining functions across all Group companies. We are also actively allocating resources to new business areas, such as digital solutions and our franchise in Asia.



## 2 Seamless Platform

A framework that ensures deploying right people in the right place

We offer a wide range of development opportunities to our employees, regardless of the timing, location, and/or profile of the person hired. In addition to offering in-house Group development programs, we also conduct mid-career recruitment, particularly in specialized areas, and aim to acquire talents to support the Group's development.

### Development of Enterprise-wide Leaders

Successor candidates are identified for key positions within Group management and assigned for advanced training. As of March 2022, we have approximately seven times the number of successor candidates for key positions.

In addition, approximately 20 employees are being transferred to Group companies each year under the "Enterprise-wide Leaders Exchange Program" to deepen their understanding of various businesses, organizations, and cultures. In order to further develop candidates'

### Number of participants in various training programs

	FY2020	FY2021
<b>Overall</b>	136	255
<b>Target layer</b>	Executive Officer	36
	Management	135
	Mid-level	84

capability, we provide development programs for employees at each seniority level, including mid-level employees, managers and executives.

### Recruitment and Development of People with Special Expertise

We are focusing on recruiting highly skilled talents in specific business areas and students with a strong inclination towards a particular specialism by diversifying our mid-career recruitment approach, such as referral recruiting and direct recruiting, and introducing course-specific recruiting for new graduates.

For example, SMBC has introduced an "expert/specialist framework" to recognize and provide benefits to employees who possess and demonstrate high levels of expertise. SMBC Nikko Securities has established the NIB (Nikko Investment Banking) Course and the Market Course, which are specialized positions in the wholesale field, and is using them to recruit specialized talent.

### Mid-career recruitment-related KPIs

	FY2020	FY2021	Target for FY2025
<b>Number recruited (%)</b>	246 (17.6%)	255 (19.0%)	Above the FY2020 level
<b>Ratio of management positions*</b>	14.5%	15.6%	Above the level as of March 2021

\* As of the end of the fiscal year

### Number of talents certified under expert frameworks

	Mar. 2021	Mar. 2022
<b>Overall</b>	881	1,230
<b>Of which, number of talents in digital field</b>	303	343

### Career Development Support

We have introduced various frameworks and mechanisms to support employees' career development and career changes.

For example, we have introduced the SMBC Group eCampus, a comprehensive learning management system, where employees, whether at the office or at home, can access the programs that best suit them from more than 550 contents. Group company initiatives include SMBC's "Career Design Study Support Program," which subsidizes a portion of tuition expenses for graduate school or for acquiring various qualifications, and which provided approximately ¥580,000 in support to each approved student in FY2021. SMBC Nikko Securities is trialing an in-company side job program, which allows employees to engage in other departments' jobs while performing their main duties.

## Human Resource Strategies Supporting Value Creation

### Number of participants applied for various career development support program

		FY2020	FY2021
SMBC Group	eCampus (Learning Management System)	71,704	76,658
Sumitomo Mitsui Banking Corporation	Career Design Trainee System*1	85	134
	Career Design Leave System*2	56	66

\*1 A system for employees looking to change careers, allowing them to try out the work they would be doing after changing their positions

\*2 A system allowing for leave of absence for reasons including a spouse's relocation for work, to attend graduate school, and others.

### Promoting Diversity and Inclusion

SMBC Group is promoting "Diversity and Inclusion" as the core to our growth strategy, and communicates this fact to both internal and external stakeholders. To promote diversity and inclusion initiatives through a concerted group-wide effort, SMBC Group has established the Diversity and Inclusion Department and holds regular discussions at meetings of the Board of Directors and the Management Committee. Furthermore, we arrange meetings of the Diversity and Inclusion Committee where CEOs of Group companies serve as members and encourage the top management to commit to the promotion of diversity and inclusion and to act based on this commitment. In addition, we are providing manager training program to disseminate the importance of management, role expectations, unconscious bias and above all, diversity and inclusion.

### KPIs concerning gender and internationality

		Jun. 21	Jun. 22	Target for FY2025
Number of officers	Females	16	22	25
	Foreign nationals	17	15	25

		Mar. 21	Mar. 22	Target for FY2025
Ratio of management positions	Females	15.8%	17.0%	20.0%
	Foreign nationals*3	87%	91%	Maintaining the level as of March 2021

\*3 Ratio of locally hired employees in management positions at overseas offices

### Message from CEO

<https://www.smfg.co.jp/english/sustainability/materiality/diversity/top-message/>

### • Gender Diversity

We have set a target of 30% for hiring female employees, and are striving to recruit female employees to lead the next generation whilst focusing on a variety of measures geared towards early training and development. The Group is also supporting female employees' career development through leadership training and building awareness among supervisors. For LGBT+ support, we have established a benefit system accessible to same-sex partners, and have set up a consultation service.

### • Global Diversity

Seeking to utilize human resources on a global basis, SMBC Group has established the Global Talent Management Council as a framework for increasing transparency of promotion of locally hired employees.

In addition, we offer various development programs for fostering leadership capabilities and networking opportunities in a multi-cultural environment, including a leadership program for management-level employees delivered in partnership with The Wharton School of the University of Pennsylvania in the U.S., INSEAD in France, and Group training programs for employees from offices around the globe. Another area of focus is personnel exchanges, promoted through programs such as the Global Japan Program, under which employees from overseas offices are assigned to departments in Japan for up to one year. Approximately 1,800 employees have participated in these global training programs to date.

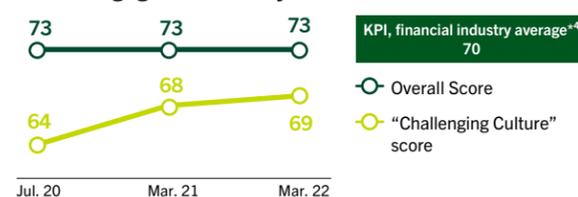
## 3 Employee Engagement

Creating an atmosphere that brings out the best in employees

We are committed to creating an environment where each and every employee is both physically and mentally healthy, and can put on their best performance.

We are using the engagement survey tool "Wevox" to visualize the state of employee engagement and as a tool for performing PDCA cycles. In addition to organizational improvement activities led not by the Human Resources Department but instead by the organization concerned, we have introduced 1-on-1 meetings held approximately once a month to build trust between managers and their employees and to promote growth for both parties.

### SMBC engagement survey Wevox score



\*4 Survey by Atrac Inc. as of June 2022

### Cultural Permeation

We are expanding our open recruitment system which allows employees to apply for jobs and posts of their choosing, to support employees to take on new challenges.

### Trends in applications through the open application system

	FY2019	FY2020	FY2021
Number of applications	1,142	1,171	1,595
Success rate	24%	31%	32%

SMBC has adopted three basic concepts: "Fair" (a fair human resource system), "Challenge" (a human resource system that encourages employees to take on new challenges), and "Chance" (a human resource system that provides employees with opportunities to demonstrate the fullest extent of their abilities). In January 2020, SMBC integrated job categories and bands, reviewed its frameworks for employee treatment and evaluation, and revised its human resources system for senior talent. This has resulted, for example, in an approximately three times increase in number of branch managers in their 30s compared to before the system's introduction, with 66 such employees as of April 2022.

We hold that a sense of psychological safety that encourages employees to tackle challenges on a self-driven basis is imperative to improving employee engagement. With the aim of creating an environment where every employee can take on new challenges without being bound by precedent or received wisdom, we have introduced a "Dress Code-Free" policy allowing employees to choose their own attire fitting for their purpose. We have also introduced "Midoriba", a company internal social platform at SMBC and The Japan Research Institute as a platform for individual employees to learn about colleagues and other business fields, to connect with likeminded colleagues and share ideas and opinions with each other, and this is now being progressively rolled out to Group companies. More than 20,000 employees are now using the service, encouraging internal communications, and in December 2021, a new business originated from the Group internal social network was launched.

### Actual interactions on the Group internal social network



### Health and Productivity Management

Each Group company has issued a "Statement on Health Management," and under the leadership of the Chief Health Officer, the companies, their health insurance associations and the health care center are working together to create an environment in which employees can work in good health.

More than 1,800 employees have now participated in health seminars on topics including sleep and smoking cessation. Other activities include walking events and providing training and expanding systems for women-specific health issues.

SMBC has set a goal of achieving a smoking rate of 12% or less from FY2020, and has introduced a dedicated smoking cessation program.

For the second consecutive year, approximately 80% of participants in the smoking cessation campaign carried out since FY2020 have successfully quit smoking.

In recognition of these initiatives, the Group has been certified as one of the "White 500" outstanding large enterprises in health and productivity management for 2022 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

### Work-style Reform

As the lifestyles and values of individual employees become increasingly diverse, SMBC Group is developing infrastructure enabling employees to work flexibly without being constrained to a particular location or set hours.

Specifically, in order to support employee self-actualization, we are conducting campaigns to encourage employees to use their leave allowances and leave the office early; while Group companies such as SMBC Nikko Securities and Sumitomo Mitsui Card Company have introduced systems to support side job / concurrent positions and a four-day workweek. In addition, to prevent overwork, we have implemented a system to ensure sufficient intervals between shifts as well as consultations with occupational physicians, and to ensure labor management takes employee health into consideration.

In order that employees can work efficiently regardless of location, together with establishing a dedicated department to improve productivity and promoting operational efficiency through RPA and paperless operations, SMBC is pursuing an optimal mix between remote and office work by creating a manual indicating tasks suitable for remote working on a per-department and per-role basis.

### A framework for implementing flexible working styles

- Remote working (Home, satellite office)
- Flextime system
- Staggered working hours
- A system encouraging early office leave
- Systems for childcare related leave, leave of absence, and training
- Childcare leave system for male employees
- Systems for nursing related leave, leave of absence and training



# CORPORATE INFRASTRUCTURE SUPPORTING VALUE CREATION

## Corporate Infrastructure Supporting Value Creation

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# Corporate Governance

## Our Approach

We position “Our Mission” as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities.

We are working toward effective corporate governance as we consider the strengthening and enhancement of corporate governance to be one of our top priorities in realizing “Our Mission.”

## Initiatives for Improving Corporate Governance

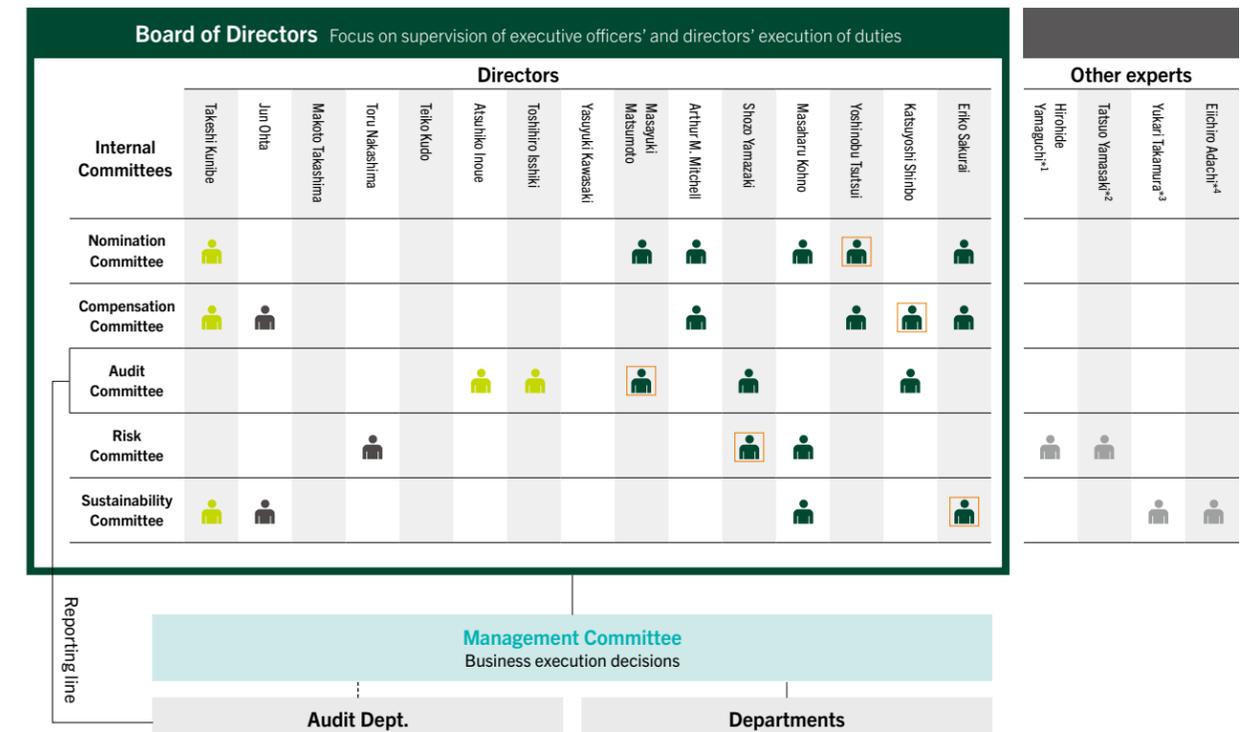
- 2002**
  - Establishment of Sumitomo Mitsui Financial Group
  - Voluntary establishment of Nominating Committee, Compensation Committee, and Risk Committee as internal committees of the Board of Directors
- 2005**
  - Voluntary establishment of Audit Committee as internal committee of the Board of Directors
- 2006**
  - Formulation of “Basic Policy on Internal Control Systems” through internal control resolution made based on “Our Mission” and “Code of Conduct” in order to establish frameworks for ensuring appropriate operations
- 2010**
  - Listing of shares on the New York Stock Exchange in order to improve transparency of financial reporting, increase convenience for investors, and diversify fund procurement methods
- 2015**
  - Establishment of the “SMFG Corporate Governance Guideline”
  - Increase in the number of outside directors to five and in the number of outside corporate auditors to three
- 2016**
  - Strengthening of Group governance by appointing the chairman of SMBC Nikko Securities as a director of Sumitomo Mitsui Financial Group along with the president of SMBC
  - Commencement of evaluations of the effectiveness of the Board of Directors
- 2017**
  - Transition to a Company with Three Committees; increase in the number of outside directors to seven; establishment of voluntary Risk Committee together with legally mandated Nominating Committee, Compensation Committee, and Audit Committee; and appointment of outside directors as chairmen of three legally mandated committees
  - Institution of new Group governance system through introduction of group-wide Business Units and CxO system
- 2019**
  - Transition to the Company with Audit and Supervisory Committee structure by core subsidiaries SMBC and SMBC Nikko Securities
  - Decrease in the number of directors from 17 to 15 and increase in the ratio of outside directors to 47%
- 2020**
  - Appointment of an outside director as the chairman of the Risk Committee
- 2021**
  - Appointment of Group CSuO
  - Establishment of voluntary Sustainability Committee (Chaired by an outside director)

## Sumitomo Mitsui Financial Group’s Corporate Governance System

SMFG Group employs the Company with Three Committees structure. This structure was adopted in order to establish a corporate governance system that is globally recognized and is aligned with international banking regulations and supervision requirements and to achieve enhanced oversight of the exercise of duties by the Board of Directors and expedite this exercise of duties. In addition, core subsidiaries SMBC and SMBC Nikko Securities employ the Company with Audit and Supervisory Committee system described in the Companies Act.

Through the implementation of effective corporate governance systems, we aim to prevent corporate misconduct while also achieving ongoing growth and medium- to long-term improvements in corporate value. We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working toward the strengthening and enhancement of corporate governance in order to realize higher levels of effectiveness.

## Corporate Governance System



<sup>\*1</sup> Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan  
<sup>\*2</sup> Specially appointed professor of International University of Health and Welfare  
<sup>\*3</sup> Professor at the University of Tokyo Institute for Future Initiatives  
<sup>\*4</sup> Senior Counselor of The Japan Research Institute, Limited.

# Corporate Governance

## Board of Directors

### Role of the Board of Directors

The Board of Directors of the Company is primarily responsible for making decisions on the matters that are within its legally mandated scope of authority, such as basic management policies, as well as for overseeing the exercise of duties of executive officers and directors. Authority for execution decisions other than those legally required to be made by the Board of Directors will, in principle, be delegated to executive officers. The purpose for this delegation is to enhance the oversight function of the Board of Directors and to expedite the exercise of duties.

The Board of Directors works toward the realization of "Our Mission" and the long-term growth of corporate value and the common interests of the shareholders. Any action that may impede those objectives will be addressed with impartial decisions and response measures.

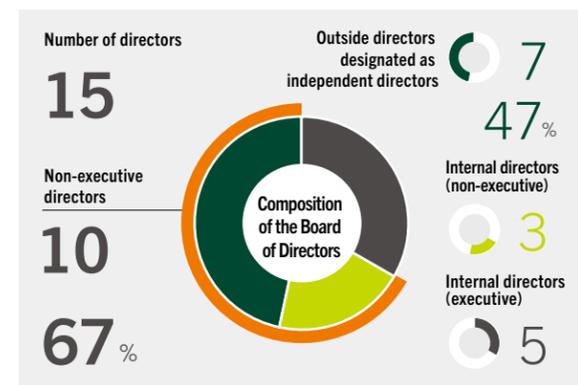
Furthermore, the Board of Directors is responsible for establishing an environment that supports appropriate risk taking by executive officers. It will develop a system for ensuring the appropriateness of SMBC Group's business operations pursuant to the Companies Act and other relevant legislation in order to maintain sound management. Another responsibility of the Board of Directors is to exercise highly effective oversight of executive officers from an independent and objective standpoint. Accordingly, the Board of Directors endeavors to appropriately evaluate company performance and reflect these evaluations in its assessment of executive officers.

### Composition of the Board of Directors

The Board of Directors is comprised of directors with various backgrounds and diverse expertise, experience, gender and nationality.

As of June 29, 2022, the Board of Directors was comprised of 15 directors, which the Company believes to be the appropriate number of directors for the Board to perform its functions most efficiently and effectively. Ten of the 15 directors did not have business execution responsibilities at the Company or its subsidiaries, with seven of these 10 directors being outside directors. The chairman of Sumitomo Mitsui Financial Group, who does not have business execution responsibilities, serves as the chairman of the Board of Directors. This membership ensures an objective stance toward supervising the exercise of duties by executive officers and directors.

Outside directors serve as chairmen and members of the Company's legally mandated and voluntarily established committees. When necessary, outside directors will request reports on compliance, risk management, or other matters from the relevant divisions in order to promote appropriate coordination and supervision.



Examples of matters discussed by the Board of Directors	
• Sustainability Initiatives (Establishment of the Sustainability Committee etc.)	• IT Infrastructure / Cybersecurity / Providing stable payment infrastructure
• COVID-19 prevention measures	• Capital policy
• Digital transformation initiatives	• Handling of strategic shareholdings
• Inorganic strategy	• Corporate governance structure
• Human resources policies	• Geopolitical risks (Russia, Ukraine, etc.)
• Progress of the Medium-Term Management Plan and business plans	

### Processes for selecting and dismissing directors and executive officers

We expect our directors and executive officers to embody the values expressed in our management philosophy at a high level, to possess a wealth of practical experience and high levels of ability and insight, and to contribute to the further development of SMBC Group. In selecting directors, the Nominating Committee spends ample time deliberating whether a candidate can meet these expectations. Where it is difficult for a director or executive officer to perform their duties effectively, the Group will consider their dismissal.

For details, please see References 4 and 5 in the "SMFG Corporate Governance Guidelines."  
[https://www.smfg.co.jp/english/aboutus/pdf/cg\\_guideline\\_e.pdf](https://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf)

### Succession planning for top management

One of the matters discussed by the Nominating Committee that directly relates to our Mission and management strategy is succession plans for the Company president (Group CEO) and the presidents of the core subsidiaries SMBC and SMBC Nikko Securities. To train and develop our future top management, we take our time systematically forming a candidate pool through tough work assignments and third-party assessment and coaching. From within this large pool of candidates, the best candidates with the qualities required to lead a global financial group, such as broad vision and communication abilities, are selected for top management.

#### Top management selection process



### Skills Matrix of Directors

	Appointed	Corporate management	Finance	Global	Legal and risk management	Law/Financial accounting	IT/DX	Sustainability
Takeshi Kunibe	2007	☑	☑	☑	☑	☑	☑	☑
Jun Ohta	2014	☑	☑	☑	☑	☑	☑	☑
Makoto Takashima	2017	☑	☑	☑	☑	☑	☑	☑
Toru Nakashima	2019		☑		☑	☑	☑	☑
Teiko Kudo	2021		☑	☑	☑			☑
Atsuhiko Inoue	2019		☑		☑			
Toshihiro Isshiki	2021		☑		☑			
Yasuyuki Kawasaki	2021	☑	☑	☑				
Masayuki Matsumoto	2017	☑			☑			
Arthur M. Mitchell	2015	☑	☑	☑	☑			
Shozo Yamazaki	2017				☑	☑		
Masaharu Kohno	2015			☑	☑			☑
Yoshinobu Tsutsui	2017	☑	☑					
Katsuyoshi Shinbo	2017				☑			
Eriko Sakurai	2015	☑		☑				☑

Note: The items listed in "Skills Matrix of Directors" are areas particularly expected of the relevant directors and do not represent all of the knowledge and experience possessed by the directors.

## Corporate Governance

### Support Systems for Outside Directors

The Company recognizes that outside directors require an in-depth understanding of the Group's business operations and business activities. Accordingly, we continually endeavor to supply outside directors with the information and insight on business activities that are necessary to supervise management while also providing the opportunities needed to fulfill their roles.

Initiatives to support directors in FY2021 included those indicated to the right.

- Participation in meetings of general managers of core Group companies and other executive team meetings, tours of bases of Group companies, and discussions with presidents of Group companies for facilitating a greater understanding of business operations and business activities
- Informal meetings between outside directors and relevant departments on topics including "Digital Transformation" and "International regulations relating to sustainability"
- Explanatory forums on Board of Directors' meeting agenda items prior to Board meetings to assist in understanding of items
- Study sessions for outside directors led by external lecturers on topics such as the Banking Act (Regulations on Scope of Business), governance, and cybersecurity
- Timely and effective provision of information such as details on the proceedings of internal meetings to outside directors
- External director-only meetings

### Outside Director and Corporate Auditor Independence Standards

In order for an outside director or outside corporate auditor ("Outside Director or Corporate Auditor") of the Company to be classified as independent, they must not fall under, or have recently fallen under, any of the following categories:

<b>1</b>	<b>Major Business Partner</b>	<ul style="list-style-type: none"> <li>• An entity that has the Company or SMBC as a major business partner or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> <li>• An entity that is a major business partner of the Company or SMBC or an executive director, officer, or other person engaged in the execution of business of such an entity.</li> </ul>
<b>2</b>	<b>Specialist</b>	<ul style="list-style-type: none"> <li>• A legal expert, accounting expert, or consultant who has received money or other property from the Company or SMBC averaging more than JPY 10 million per year over the last three years, in addition to any compensation received as a director or corporate auditor.</li> <li>• A member of a Juridical Person, etc. or other organization that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property from the Company or SMBC.</li> </ul>
<b>3</b>	<b>Donations</b>	<ul style="list-style-type: none"> <li>• A person who has received—or an executive director, officer, or other person engaged in the execution of business of an entity which has received—on average over the last three years, donations or other payments from the Company or SMBC in excess of the greater of JPY 10 million per year and 2% of the recipient's annual revenue.</li> </ul>
<b>4</b>	<b>Major Shareholder</b>	<ul style="list-style-type: none"> <li>• A major shareholder of the Company or an executive director, officer, or other person engaged in the execution of business of a major shareholder (including anyone who has been a major shareholder, or an executive director, officer, or other person engaged in the execution of business of a major shareholder, within the last three years).</li> </ul>
<b>5</b>	<b>Close Relative</b>	<ul style="list-style-type: none"> <li>• A close relative of any person (excluding non-material personnel) who falls under any of the following:               <ol style="list-style-type: none"> <li>(1) A person who falls under any of 1 through 4 above; or</li> <li>(2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof.</li> </ol> </li> </ul>

 Please see Reference 6 of the "SMFG Corporate Governance Guideline" for more information.  
[https://www.smfg.co.jp/english/aboutus/pdf/cg\\_guideline\\_e.pdf](https://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf)

### Internal Committees

	Main role	Number of meetings in FY2021 (average attendance)	Activities in FY2021
<b>Nomination Committee</b>	The Nomination Committee is responsible for preparing proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders. This committee also deliberates on matters regarding personnel decisions pertaining to officers of the Company and major subsidiaries and the selection of successors to the presidents of the Company, SMBC, and SMBC Nikko Securities.	6 meetings (100%)	<ul style="list-style-type: none"> <li>• Deliberated on the appointment of suitable directors and executive officers to support the management foundations of the Company and its subsidiaries, as well as succession plans for top management.</li> <li>• Defined a new skills matrix based on a redefinition of the skills of our directors (the knowledge and experience we specifically expect).</li> </ul>
<b>Compensation Committee</b>	The Compensation Committee is responsible for deciding policies for determining the compensation of directors and executive officers of the Company as well as compensation amounts of individual directors and executive officers of the Company based on those policies. In addition, this committee deliberates on the policies for determining the compensation of the executive officers of major subsidiaries and the compensation amounts of individual executive officers of the Company.	6 meetings (97%)	<ul style="list-style-type: none"> <li>• Through a series of Compensation Committee meetings and informal sessions, reviewed the evaluation method for annual performance-linked incentive and decided to incorporate a quantitative ESG evaluation for executive bonuses starting from FY2022.</li> <li>• Discussed revisions to the executive compensation system for major subsidiaries from the perspective of further enhancing the competitiveness of SMBC Group.</li> </ul>
<b>Audit Committee</b>	The Audit Committee is responsible for auditing the execution of duties by executive officers and directors of the Company, preparing audit reports, and determining the content of proposals for election, dismissal, or non-reelection of the accounting auditor to be submitted to the general meeting of shareholders. Committee members appointed by this Committee are to perform audits of the operations and assets of the Company and its subsidiaries.	15 meetings (100%)	<ul style="list-style-type: none"> <li>• In accordance with the audit policy and audit plan, audited the execution of duties by directors and executive officers by attending key meetings, interviewing with directors and executive officers, receiving reports from internal departments and visiting offices in Japan.</li> <li>• Provided summaries of the results of its deliberations to the Board of Directors, and issued recommendations and opinions to executive officers, etc. where necessary.</li> </ul>
<b>Risk Committee</b>	Chaired by an outside director, the Risk Committee is responsible for deliberation on matters relating to environmental and risk awareness, the operation of the Risk Appetite Framework, and the implementation of risk management systems as well as other important matters pertaining to risk management and reporting to the Board of Directors on these matters.	4 meetings (100%)	<ul style="list-style-type: none"> <li>• Discussed potential scenarios and their impact on the Group in response to events including the escalation of the Russia-Ukraine conflict, the COVID-19 pandemic and rising interest rates in the US, deliberated on initiatives to address climate change risk and model risks.</li> <li>• Discussed risk appetite based on Top Risks and stress tests for the development of business plans.</li> </ul>
<b>Sustainability Committee</b>	The Sustainability Committee is responsible for deliberating on the progress of sustainability initiatives, including climate change initiatives, domestic and overseas sustainability trends, and other important matters related to sustainability. It regularly reports to, and advises, the Board or Directors.	2 meetings (100%)	<ul style="list-style-type: none"> <li>• In light of our commitment to net zero emissions by 2050, discussed the need to join the "Net-Zero Banking Alliance" and participate in global rule-making.</li> <li>• Shared recognition of the importance of careful engagement with customers to reduce greenhouse gas emissions and deliberated on the development of an internal framework to achieve this.</li> </ul>

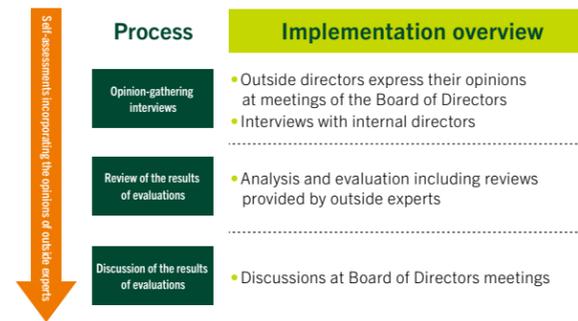
## Corporate Governance

### Evaluation of the Board of Directors' Effectiveness

The "SMFG Corporate Governance Guideline" contains provisions on evaluating the effectiveness of the Board of Directors. In accordance with these provisions, annual analyses and evaluations are conducted by the Board of Directors to determine whether or not it is executing its duties in line with the guideline, and the results of these analyses and evaluations are disclosed.

In FY2021, the evaluation focused on the three areas described below, which are areas for which provisions exist in Japan's Corporate Governance Code and the "SMFG Corporate Governance Guideline." All seven outside directors were asked for their opinions regarding these areas at meetings of the Board of Directors held in April 2022, and interviews of internal directors were conducted thereafter. The primary subject of interviews with internal directors was their expectations of outside directors. Discussions based on the findings took place at Board of Directors' meetings in June, after which analyses and evaluations were

carried out to determine whether or not the Board of Directors was executing its duties in line with the "SMFG Corporate Governance Guideline." Moreover, reviews by external specialists with expertise from developed nations are received at each stage of the evaluation process.



### Overview of Results of Evaluation of the Board of Directors' Effectiveness

In FY2021, based on the actions that have been taken to respond to the findings of the FY2020 Effectiveness Evaluation, the Board of Directors assessed the Group to be sufficiently effective, or more effective than before, as a result of efforts to increase the sophistication and effectiveness of deliberations at Board of Directors meetings. Based on the results of the latest Effectiveness Evaluation, together with the diverse opinions of the directors and the recommendations of external experts gathered through a series of processes, we are working to further improve effectiveness by promoting mutual understanding between outside directors and internal officers and employees, and by discussing and resolving fundamental issues to enhance our corporate value.

	FY2021 Evaluation	FY2022 Priority Issues
<b>Role of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Steps are taken to invigorate discussions by drawing on the highly specialized expertise of the outside directors. These discussions were geared toward medium- to long-term improvements in corporate value based on the interests of various stakeholders while incorporating important matters related to business strategies to contribute to the fulfillment of "Our Mission."</li> <li>In FY2020, the deliberations of various Board of Directors internal committees formed an effective foundation for substantive discussions held by the Board on various topics, including sustainability, which is now widely demanded by both society and investors.</li> <li>Based on the executive-side discussions of the Management Committee, matters related to business plans and other basic management policies as well as the status of business execution were presented and reported on several occasions. As a result, effective deliberations on these matters were able to take place and oversight functions were exercised properly.</li> </ul>	<p>The Board of Directors will go further in fulfilling its role through mutual understanding between outside directors and internal executives and employees, achieved through expanding discussions of the "Next Medium-Term Management Plan," which addresses the future of SMBC Group, as well as close supervision as the holding company of SMBC Nikko Securities in light of the arrest and indictment of its former executives and employees on the suspicion of violating the Financial Instruments and Exchange Act, as well as the company's corporate indictment.</p>
<b>Proceedings of the Board of Directors and Support Systems for Outside Directors</b>	<ul style="list-style-type: none"> <li>The number and content of agenda items as well as the amount of time dedicated to discussion of agenda items were more or less at the appropriate level.</li> <li>Appropriate agenda management by the chairperson has facilitated the continuation of brisk discussions.</li> <li>The Board of Directors continues to make flexible management decisions amid the changing operating environment. Members of the Board of Directors are provided with the information necessary for exercising their oversight function in a timely and appropriate manner.</li> <li>The Company continued to provide systems for effectively supporting the Board of Directors in making management decisions through venues such as study sessions for outside directors and forums for discussions between outside directors and internal directors, executive officers, and accounting auditors, etc. Steps were taken to contribute to livelier discussions at meetings of the Board of Directors, including meetings for the exchange of opinions between outside directors and internal executives, as well as meetings exclusively for outside directors, in order to promote mutual understanding and deeper understanding of operations.</li> </ul>	<p>Going forward, as an initiative to further use outside directors' knowledge and to encourage open discussion, information will be provided, and meetings arranged, to deepen understanding of the main Group companies' operations..</p>
<b>Composition of the Board of Directors</b>	<ul style="list-style-type: none"> <li>As of March 31, 2022, the Board of Directors consisted of 15 directors, seven of whom were outside directors. Accordingly, outside directors represented over 40% of all directors. It was once again acknowledged that the outside directors represented a diverse range of expertise, genders, and nationalities and that the Board of Directors features an atmosphere conducive to outside directors voicing opinions regarding management.</li> </ul>	<p>The Nominating Committee shall continue to examine and review the ideal composition of the Board of Directors in light of its role.</p>

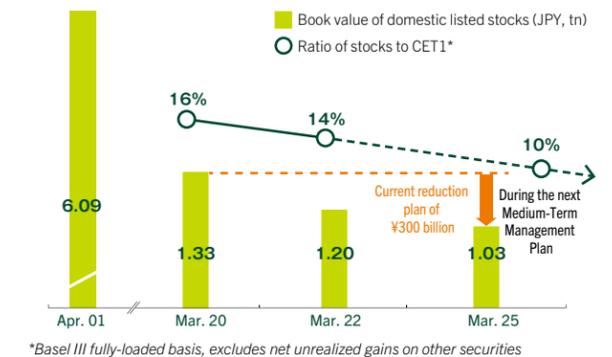
### Strategic Shareholdings

#### Policy Regarding Strategic Shareholdings

- As part of our proactive handling of standards of conduct and international regulations required of global financial institutions, we do not, in principle, possess any strategic shareholdings except where it is deemed reasonable to do so in order to maintain the financial soundness of the Group.
- Cases where there is recognized rationale for strategic holdings are those where, from a medium- to long-term perspective, there is verified profitability based on a proper understanding of the risks and costs of the holding, and the returns from that holding, and where it is judged that the holding will increase the Group's corporate value, taking into consideration the overall aims of the holding, including maintaining and strengthening business relationships, capital and business alliances and rehabilitation support.
- The rationale for strategic shareholdings is reviewed periodically. Holdings that are deemed to be rational are retained, while those judged to lack rationale will be sold with consideration for various factors such as the impact on the market and the issuer's financial strategy.

#### Planned Reductions in Strategic Shareholdings

We are continuously working to reduce the risk of stock price volatility from the perspective of ensuring a financial base that can fulfill its function as a financial intermediary even amidst environmental stresses that may cause dramatic declines in stock prices. The plan is to reduce the book value of strategic shareholdings by ¥300 billion over the five-year period, from March 2020 to March 2025. We have already reduced ¥122 billion by March 2022.



### Indictment of Former Executives and Employees of SMBC Nikko Securities, and of the Company Itself

Former executives and employees of SMBC Nikko Securities have been arrested and indicted on suspicion of having violating Article 159 Paragraph 3 of the Financial Instruments and Exchange Act (illegal stabilization transactions), and SMBC Nikko Securities has also been indicted. We take very seriously that, despite our position as a securities company, we have caused a situation that has undermined market confidence.

The investigation report received from the investigation committee established by SMBC Nikko Securities evaluates the legal and compliance problems on trading on our account of the target shares related to the block offers handled, as inappropriate and unfair practices or actions that required careful consideration and response from the

perspectives of (1) fair price information, (2) restrictions on the use of non-publicly known information that may affect investment decisions, and (3) prohibition of conflicts of interest by securities companies. Based on the results of this investigation, we are providing SMBC Nikko Securities with support in developing and implementing measures to prevent reoccurrence of such incidents, and will conduct serious examination of the issues regarding management control of SMBC Nikko Securities.

For details, please see the SMBC Nikko Securities press release. [https://www.smbcnikko.co.jp/en/news/2022/pdf/220624\\_01e.pdf](https://www.smbcnikko.co.jp/en/news/2022/pdf/220624_01e.pdf)

# Corporate Governance

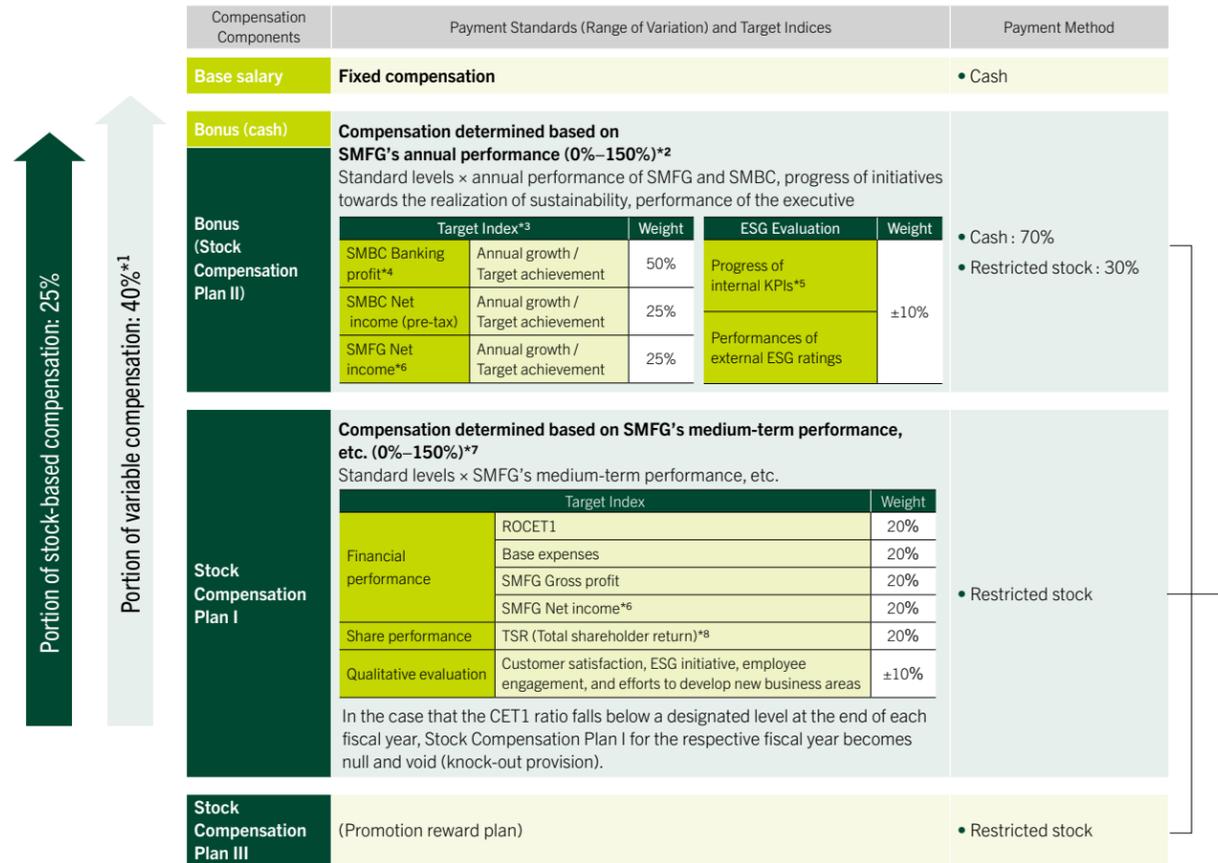
## Compensation Program

To facilitate the fulfillment of Our Mission and the realization of Our Vision, SMBC Group’s medium- to long-term vision, we developed a compensation program for Directors, Corporate Executive Officers and Executive Officers (the “Executives”) and introduced Stock Compensation Plans as a part of Executives’ compensation programs, for the purpose of:

- 1 Providing appropriately functioning incentives for Executives, strengthening linkage with our short-, medium-, and long-term performance, and
- 2 Further aligning the interests of Executives with those of shareholders, by increasing the weight of stock compensation and enhancing the shareholding of our Executives.

### Executive Compensation System

■ Cash compensation ■ Stock compensation ■ Variable compensation



\*1 Capped at a maximum of 100% of total base salary  
 \*2 Compensation amounts for each fiscal year determined by the Compensation Committee  
 \*3 Where circumstances are recognized as not being fully reflected in the performance indicators, compensation may be adjusted within a range of ±5% upon deliberation by the Compensation Committee to ensure appropriate compensation for the operating environment  
 \*4 Adding collaboration incentives between each company in the Group and Sumitomo Mitsui Banking Corporation to the banking profit of Sumitomo Mitsui Banking Corporation  
 \*5 Performances of annual progress of internal KPIs in the “SMBC Group GREEN×GLOBE 2030”  
 \*6 The Company’s consolidated profit attributable to owners of parent  
 \*7 The Compensation Committee shall determine the compensation amount following the completion of the Medium-Term Management Plan  
 \*8 The Compensation Committee calculates target achievement by comparative evaluation of the TSR during the Medium-Term Management Plan period.

■ Foster a prudent risk culture expected of a financial institution  
 Applicable to malus and claw-back provisions

### Executive Compensation Structure

In principle, executive compensation consists of base salary, bonuses and stock compensation. The performance-linked portion, which fluctuate with the business environment and performance, accounts for approximately 40% of total compensation.

### Annual Performance-Linked Incentive

Both the Bonus (Cash) and Stock-Compensation Plan II are paid as annual performance-linked incentive. Three performance indicators are used: “SMFG Net Income” which is management’s end performance, and “SMBC Banking profit” and “SMBC Net Income (pre-tax),” which indicate the profitability of SMFG’s major subsidiaries. These create a strong link between performance and executive compensation, ensuring that compensation functions as an appropriate incentive for performance.

Target Index	Weight	Performance	Performance evaluation coefficient
SMBC Banking profit	Annual growth / Target achievement	50%	113%
SMBC Net income (pre-tax)	Annual growth / Target achievement	25%	
SMFG Net income	Annual growth / Target achievement	25%	

### Medium-Term Performance-Linked Compensation

Stock Compensation I is paid as medium-term performance-linked compensation. In order to improve accountability incentives for our medium- and long-term performance and to increase shareholder value, medium-term performance-linked compensation is calculated based on the target indices of ROCET1 and base expenses together with qualitative evaluations including “customer satisfaction” and “initiatives in new business fields.”

Compensation programs and levels are determined by the Compensation Committee based on third-party surveys of manager compensation, economic and social trends, and the operating environment.

### ESG Evaluation

We are incorporating the “ESG evaluation” indicator to executive compensation with the aim of further increasing our executives’ commitment to contributing to the realization of a sustainable society and achieving “SMBC Group GREEN×GLOBE 2030.” We have been including “ESG initiatives” into the qualitative evaluations for medium-term performance-linked compensation in order to reflect the degree to which long-term sustainability-related targets, including those for climate change, are being achieved. In addition to this, from FY2022, the Compensation Committee will judge performances of annual progress of internal KPIs in the “SMBC Group GREEN×GLOBE 2030”, such as the reduction of greenhouse gas emissions, and performances of external ESG ratings. These performances will be reflected in annual performance-linked incentive by a maximum of 10%, plus or minus.

### Ensuring Robust Business Operations

We have also introduced provisions for malus (forfeiture) of restricted stock and the claw-back of vested stock allocated under the Stock Compensation Plans in the event of incidents occurring such as material revisions to financial statements or material damage to the reputation of the Group. We are working to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution.

## Corporate Governance

### SMBC Group Global Advisors

SMBC Group Global Advisors (“Global Advisors”) act in an advisory capacity to the SMBC Group Management Committee by attending SMBC Group Global Advisory Meetings, which we hold on a regular basis.

SMBC Group has appointed Global Advisors to provide advice to it on global business and on political and economic issues in the Americas, EMEA, and Asia. At SMBC Group Global Advisory Meetings, advisors inform the Management Committee of trends and developments in the financial sector and the political and economic environments of respective regions. Global Advisors also provide regular insight with respect to political and economic issues related to the formulation of strategies and key risks faced by SMBC Group.



**Andrew N. Liveris**

2017–2018 Executive Chairman, DowDuPont Inc.  
2006–2017 Chairman and CEO, The Dow Chemical Company



**Cesar V. Purisima**

2010–2016 Secretary of Finance of the Republic of the Philippines  
2004–2005 Secretary of Trade and Industry of the Republic of the Philippines



**Joseph Yam**

2017– Present A member of the Executive Council, Hong Kong SAR  
1993–2009 Chief Executive of the Hong Kong Monetary Authority

### SMBC Group Technology Advisors

SMBC Group Technology Advisory Committee meets regularly to facilitate the enhancement of the Company’s IT-related initiatives. This committee is an advisory body in which chief technology officer-class information system representatives from domestic and overseas companies participate. Meetings of this committee are held regularly to discuss predetermined themes for the purpose of gathering suggestions and advice regarding the outlook for IT-related trends and directives for SMBC Group. In 2021, committee meetings were conducted with experts sharing information not found in sources such as newspapers on themes such as XR (a generic term for VR and AR), and “Braintech” (applied neuroscience), in which a range of opinions were exchanged.



**Motoo Nishihara**

Executive Vice President, CTO (Chief Technology Officer) and Member of the Board Global Innovation Unit  
NEC Corporation



**Hirotaka Hara**

Corporate Executive Officer  
EVP, Head of Fujitsu Research  
Fujitsu Limited



**Norihiro Suzuki**

Vice President & Executive Officer, CTO  
General Manager of the Research & Development Group



**Norishige Morimoto**

Chief Technology Officer and Vice President  
IBM Research & Development – Japan  
IBM Japan, Ltd.



**Kenzaburo Tamaru**

Microsoft Japan Company, Ltd.  
Director, National Technology Officer

## Corporate Governance

### Sumitomo Mitsui Financial Group Directors

(As of June 29, 2022)



Chairman of the Board  
Chairman of the Board of SMBC

#### Takeshi Kunibe

1976 Joined Sumitomo Bank  
2003 Executive Officer of Sumitomo Mitsui Banking Corporation ("SMBC")  
2006 Managing Executive Officer of SMBC  
2007 Managing Executive Officer of the Company  
2009 Director and Senior Managing Executive Officer of SMBC  
2011 President and Chief Executive Officer of SMBC  
2017 President of the Company  
Resigned as Director of SMBC  
Director President of the Company  
2019 Chairman of the Board of the Company (to present)  
2021 Chairman of the Board of SMBC (to present)



Director  
President (Representative Corporate Executive Officer)  
Group CEO

#### Jun Ohta

1982 Joined Sumitomo Bank  
2009 Executive Officer of SMBC  
2012 Managing Executive Officer of SMBC  
2013 Managing Executive Officer of the Company  
2014 Senior Managing Executive Officer of the Company  
2015 Senior Managing Executive Officer of SMBC  
2017 Director and Deputy President of the Company  
Resigned as Director of SMBC  
Director Deputy President and Corporate Executive Officer of the Company  
2018 Director and Deputy President of SMBC  
2019 Director President of the Company (to present)  
Resigned as Director of SMBC



Director  
President of SMBC

#### Makoto Takashima

1982 Joined Sumitomo Bank  
2009 Executive Officer of SMBC  
2012 Managing Executive Officer of SMBC  
2014 Senior Managing Executive Officer of SMBC  
2016 Director and Senior Managing Executive Officer of SMBC  
2017 President of SMBC (to present)  
Director of the Company (to present)



Director Senior Managing Corporate Executive Officer  
Group CFO, Group CSO

#### Toru Nakashima

1986 Joined Sumitomo Bank  
2014 Executive Officer of SMBC  
2016 Managing Executive Officer of SMBC  
2017 Managing Executive Officer of the Company  
2019 Director and Managing Executive Officer of SMBC  
Senior Managing Corporate Executive Officer of the Company  
Director and Senior Managing Executive Officer of SMBC  
Director Senior Managing Corporate Executive Officer of the Company (to present)  
2022 Resigned as Director of SMBC



Director Senior Managing Corporate Executive Officer  
Group CRO  
Director and Senior Managing Executive Officer of SMBC

#### Teiko Kudo

1987 Joined Sumitomo Bank  
2014 Executive Officer of SMBC  
2017 Managing Executive Officer of SMBC  
2020 Senior Managing Executive Officer of the Company  
Senior Managing Executive Officer of SMBC  
2021 Director and Senior Managing Executive Officer of SMBC (to present)  
Senior Managing Corporate Executive Officer of the Company  
Director Senior Managing Corporate Executive Officer of the Company (to present)



Director  
Director of SMBC

#### Atsuhiko Inoue

1981 Joined Sumitomo Bank  
2008 Executive Officer of SMBC  
2011 Managing Executive Officer of SMBC  
2014 Senior Managing Executive Officer of the Company  
Director and Senior Managing Executive Officer of SMBC  
2015 Resigned as Director of the Company  
Senior Managing Executive Officer of SMBC  
2019 Director of the Company (to present)  
Director of SMBC (to present)



Director

#### Toshihiro Isshiki

1985 Joined Sumitomo Bank  
2013 Executive Officer of SMBC  
2015 Managing Executive Officer of SMBC  
2017 Managing Executive Officer of the Company  
2019 Senior Managing Executive Officer of the Company  
Senior Managing Executive Officer of SMBC  
2021 Retired as Senior Managing Executive Officer of SMBC  
Director of the Company (to present)



Director  
Chairman of the Board (Representative Director) of SMBC Nikko

#### Yasuyuki Kawasaki

1982 Joined Sumitomo Bank  
2009 Executive Officer of SMBC  
2012 Managing Executive Officer of SMBC  
2013 Managing Executive Officer of the Company  
2014 Senior Managing Executive Officer of the Company  
Senior Managing Executive Officer of SMBC  
2015 Director and Senior Managing Executive Officer of SMBC  
2017 Deputy President of the Company  
Director and Deputy President of SMBC  
Deputy President and Corporate Executive Officer of the Company  
2018 Deputy Chairman of the Company  
Deputy Chairman of SMBC  
2020 Retired as Deputy Chairman of the Company  
Retired as Deputy Chairman of SMBC  
Representative Director and Deputy President  
Executive Officer of SMBC Nikko Securities Inc. ("SMBC Nikko")  
2021 Chairman of the Board (Representative Director) of SMBC Nikko (to present)  
Director of the Company (to present)

## Corporate Governance

### Sumitomo Mitsui Financial Group Directors

(As of June 29, 2022)



Director  
Special Advisor of Central  
Japan Railway Company

#### Masayuki Matsumoto

1967 Joined the Japanese National Railways  
1987 Joined Central Japan Railway  
Company  
2004 President and Representative Director  
of Central Japan Railway Company  
2010 Vice Chairman and Representative  
Director of Central Japan Railway  
Company  
2011 Resigned as Director of Central Japan  
Railway Company  
President of Japan Broadcasting  
Corporation  
2014 Retired from Japan Broadcasting  
Corporation  
Special Advisor of Central Japan  
Railway Company (to present)  
2015 Director of SMBC  
2017 Director of the Company (to present)  
Retired as Director of SMBC



Director  
Attorney at law, admitted in New  
York, the U.S.A. and Foreign  
Attorney in Japan

#### Arthur M. Mitchell

1976 Registered as an attorney at law,  
admitted in New York, the U.S.A. (to  
present)  
2003 General Counsel of the Asian  
Development Bank  
2007 Joined White & Case LLP  
2008 Registered as Foreign Attorney in  
Japan (to present)  
Registered Foreign Attorney in Japan  
at White & Case LLP (to present)  
2015 Director of the Company (to present)



Director  
Certified public accountant

#### Shozo Yamazaki

1970 Joined Tohmatsu Awoki & Co.  
(currently Deloitte Touche Tohmatsu  
LLC)  
1974 Registered as a certified public  
accountant (to present)  
1991 Representative Partner of Tohmatsu  
& Co. (currently Deloitte Touche  
Tohmatsu LLC)  
2010 Retired from Deloitte Touche Tohmatsu  
LLC  
Chairman and President of The  
Japanese Institute of Certified Public  
Accountants  
2013 Advisor of The Japanese Institute  
of Certified Public Accountants (to  
present)  
2014 Professor of Tohoku University  
Accounting School  
2017 Director of the Company (to present)



Director  
Former diplomat

#### Masaharu Kohno

1973 Joined Ministry of Foreign Affairs of  
Japan  
2005 Director-General of Foreign Policy  
Bureau in Ministry of Foreign Affairs of  
Japan  
2007 Deputy Minister for Foreign Affairs  
(in charge of economy) of Ministry of  
Foreign Affairs of Japan  
2009 Ambassador of Japan to Russia,  
Armenia, Turkmenistan and Belarus  
2011 Ambassador of Japan to Italy,  
San Marino and Malta  
2014 Retired from office  
2015 Director of the Company (to present)



Director  
Chairman of Nippon Life Insurance  
Company

#### Yoshinobu Tsutsui

1977 Joined Nippon Life Insurance Company  
2004 Director of Nippon Life Insurance  
Company  
2007 Director and Executive Officer of  
Nippon Life Insurance Company  
Director and Managing Executive  
Officer of Nippon Life Insurance  
Company  
2009 Director and Senior Managing Executive  
Officer of Nippon Life Insurance  
Company  
2010 Representative Director and Senior  
Managing Executive Officer of Nippon  
Life Insurance Company  
2011 President of Nippon Life Insurance  
Company  
2017 Director of the Company (to present)  
2018 Chairman of Nippon Life Insurance  
Company (to present)



Director  
Attorney at law

#### Katsuyoshi Shinbo

1984 Registered as an attorney at law (to  
present)  
1999 Attorney at law at Shinbo Law Office  
(to present)  
2015 Corporate Auditor of SMBC  
2017 Director of the Company (to present)  
Resigned as Corporate Auditor of  
SMBC



Director  
President and Representative  
Director of Dow Chemical Japan  
Limited

#### Eriko Sakurai

1987 Joined Dow Corning Corporation  
2008 Director of Dow Corning Toray Co., Ltd.  
2009 Chairman and CEO of Dow Corning  
Toray Co., Ltd.  
2011 Regional President -Japan/Korea of  
Dow Corning Corporation  
2015 President and Representative Director  
of Dow Corning Holding Japan Co., Ltd.  
Director of the Company (to present)  
2018 Executor, Dow Switzerland Holding  
GmbH, which is a Representative  
Partner of Dow Silicones Holding Japan  
G.K. (to present)  
Chairman and CEO of Dow Toray Co.,  
Ltd. (to present)  
2020 President and Representative Director  
of Dow Chemical Japan Limited (to  
present)

Note: Mr. Matsumoto, Mr. Mitchell, Mr. Yamazaki, Mr. Kohno, Mr. Tsutsui, Mr. Shinbo and Ms. Sakurai satisfy the requirements for an "outside director" under the Companies Act.



Please see page 157 for information on SMBC's Board of Directors, Directors, Members of the Audit and Supervisory Committee and Executive Officers.

# Risk Management

## Our Approach

Strengthening of compliance and risk management is positioned as a key issue in SMBC Group's Principles of Action on Compliance and Risk. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

## Risk Culture

In order for SMBC Group to realize and maintain a sustainable growth in corporate value as a "Top Tier Global Financial Group," each one of our colleagues should think and judge on their own if their actions meet the expectations and requirements of customers, markets, and other stakeholders, not just if they are compliant

with laws and regulations. SMBC Group has established "Principles of Action on Compliance and Risk" in order for every colleague to hold onto as a "keystone" of their daily business. The principles include "Business based on the Risk Appetite Framework" and "We will conduct business operations with risk ownership of the risks, such as credit risk, market risk, liquidity risk, operational risk, and conduct risk, that arise in our own business." Concrete measures include internal surveys for monitoring the compliance awareness and risk sensitivity of our colleagues as well as internal training for fostering a sound risk culture.

## Risk Appetite Framework

SMBC Group has introduced a Risk Appetite Framework for controlling group-wide risks that clarifies the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits (risk appetite).

The Risk Appetite Framework is one of two pivots of our business management alongside business strategies. It functions as a management framework for sharing information on the operating environment and risks facing SMBC Group among management and for facilitating appropriate risk taking based thereon.

## Risk Appetite Framework Positioning



## Risk Appetite Composition

Categories			
Soundness	Profitability	Liquidity	Credit
Market	Operational	Conduct <sup>*1</sup>	
Established for each category			
Risk Appetite Statement		Risk Appetite Measures	
A qualitative explanation of our approach to risk taking and risk management for various risk categories		Quantitative Risk Appetite Measures that function as benchmarks for risks that we are considering taking and for risk/return	

<sup>\*1</sup> Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interest, and SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.

Individual risk appetites have been established by strategies for each business unit as necessary based on the overall risk appetite of SMBC Group. Risk appetites are decided during the process of formulating business strategies and management policies. These risk appetites are set based on Top Risks that threaten to significantly impact management and on risk analyses (stress testing) that illustrate the impact if a risk should materialize.

In addition, risk register and Key Risk Events (KRE) are utilized as part of a system for assessing the risks present in new and existing business activities and for verifying the adequacy of Top Risks, risk appetites, and business strategies.

The outlooks for the operating environment and risks and the risk appetite situation are monitored throughout the course of the fiscal year. Risk Appetite Measures and business strategies are revised as necessary. For example, overall risk capital<sup>\*2</sup> has been selected as an indicator for risk appetite, which displays the soundness of SMBC Group. Overall risk capital is the aggregate of the risk capital amounts for each risk category. Management standards

have been set for the upper limit for overall risk capital based on group-wide management constitution. Overall risk capital levels are thus monitored throughout the course of each fiscal year to clearly indicate risk-taking capacity and promote the sound taking of risks.

In addition, specific risk appetite indicators have been set for credit risk, market risk, liquidity risk, and other risk categories to facilitate appropriate management based on a quantitative understanding of risk appetite.

<sup>\*2</sup> The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations.

## Top Risks

SMBC Group identifies risks that threaten to significantly impact management as Top Risks.

The selection of Top Risks involves comprehensive screening of risk factors, evaluation of each risk scenario's possibility of occurrence and potential impact on management, and discussion by the Risk Management Committee and the Management Committee. Top Risks are utilized to enhance risk management by being incorporated into discussions of the Risk Appetite Framework and the formulation of business strategies and into the creation of risk scenarios for stress testing.

A global economic slowdown	Disasters such as large-scale earthquakes, storms, and floods
Highly volatile commodity price and financial / foreign exchange markets	Lack of preparedness against cyber attacks and financial crimes
Sudden deterioration of the foreign currency funding conditions	Changes in industrial structure due to technological innovation
Japanese economic stagnation	Inadequate responses to climate change risk and environmental issues
Japanese fiscal instability	Inadequate responses to human rights issues
The U.S. - China struggle for supremacy	Improper labor management
Growing tensions around Russia-Ukraine conflict	Misconduct such as an employee's inappropriate behavior
Unstable situations in the Middle East and Asia	Inadequate improvement in the operational resilience system
Political turmoil and social instability	Inadequate preparedness for heightened regulatory and supervisory scrutiny
Outbreak of serious infectious disease	Difficulty in securing human resources

Note: The above is only a portion of the risks recognized by SMBC Group. It is possible that the materialization of risks other than those listed above could have a significant impact on our management.

 Please see page 131 for Top Risks.

# Risk Management

## Stress Testing

At SMBC Group, we use stress testing to analyze and comprehend the impact on SMBC Group's businesses of changes in economic or market conditions, in order to plan and execute forward-looking business strategies.

In our stress testing, we prepare multiple risk scenarios including macroeconomic variables such as GDP, stock prices, interest rates, and foreign exchange rates based on the aforementioned Top Risks, discussions with experts and related departments.

When developing business strategies, we set out scenarios assuming stressed business environments such as serious economic recessions and market disruption for the sake of assessing risk-taking capabilities at SMBC Group and verifying whether adequate soundness can be maintained under stress.

During a fiscal year, we will undertake agile stress testing to assess the potential impact on our business and to take the appropriate response in case a serious risk event occurs. For example, stress tests have been conducted with regard to the worsening Russia-Ukraine conflict and the acceleration of monetary tightening by the FRB to verify the soundness of SMBC Group's capital and confirm the appropriate actions to be taken.

In addition, we conduct detailed stress testing for individual risks such as credit risk, market risk, and liquidity risk, so as to decide and review risk-taking strategies.

We are also conducting scenario analyses on physical and transition risks related to climate change.

 Please see page 079 for more information on our climate change risk analysis.

## Risk Register

A risk register is formulated by each business unit for the purpose of realizing more sophisticated risk governance and enhancing business units' risk ownership. In formulating these registers, business units communicate with risk management departments to identify the risks present in

their business, and these risks are reflected in business strategies after they have been evaluated and the adequacy of measures for controlling them has been verified.

## Key Risk Events

Key Risk Events (KRE), external events that indicate the increased threat of risks, have been identified to ascertain the symptoms of the potential risks. KRE are utilized to analyze and assess how likely similar cases will occur in SMBC Group and what effects such similar cases will have on SMBC Group, and to enhance our risk management system.

## Risk Management Systems

Based on the recognition of the importance of risk management, top management is actively involved in the risk management process, and systems are in place for verifying and monitoring the effectiveness and appropriateness of this process. Specifically, the group-wide basic policies for risk management and the Risk Appetites for the entire SMBC Group are determined by the Management Committee and authorized by the Board of Directors. After that, the status of risk management based on these policies and risk appetites is reported to the Board of Directors by the Group CRO four times per year.

If the outlooks for the operating environment and risks change drastically from the assumption in the beginning of the fiscal year, we will review the Risk Appetite for the entire group in a timely and appropriate manner with approval by the Board of Directors.

Also, we have defined three lines of defense and clarified related roles and responsibilities of relevant divisions. With these provisions in place, risk management systems have been established based on the characteristics of particular businesses, and measures are being put in place to strengthen and improve the effectiveness of these systems in accordance with these basic policies for risk management.

Furthermore, SMBC Group is strengthening group-wide risk management systems through the Group CRO Committee and the Global CRO Committee.

## SMBC Group's Risk Management System



## Definition of SMBC Group's Three Lines of Defense

The Basel Committee on Banking Supervision's "Corporate governance principles for banks" recommends "three lines of defense" as a framework for risk management and governance. Based on this framework, we have clarified the roles and responsibilities of each unit, as shown in the table on the right, and we are taking steps to achieve more effective and stronger risk management and compliance frameworks.

Principal Organizations	Roles and Responsibilities
<b>First Line</b> Business Units	<p>The Business Units shall be risk owners concerning their operations and shall be responsible for the following in accordance with the basic principles provided by Second Line.</p> <ul style="list-style-type: none"> <li>• Identification and evaluation of risks encountered in the business activities</li> <li>• Implementation of measures for minimizing and controlling risks</li> <li>• Monitoring of risks and reporting within First Line and to Second Line</li> <li>• Creation and fostering of a sound risk culture</li> </ul>
<b>Second Line</b> Risk Management and Compliance Departments	<p>The Risk Management and Compliance Departments shall assume the following functions and responsibilities in order to manage the risk management and compliance systems.</p> <ul style="list-style-type: none"> <li>• Drafting and development of basic principles and frameworks concerning risk management and compliance</li> <li>• Oversight, monitoring, and development of training programs for First Line</li> </ul>
<b>Third Line</b> Audit Department	<p>Independent from First Line and Second Line, the Audit Department shall assess and verify the effectiveness and appropriateness of risk management and compliance systems managed and operated by First Line and Second Line, and report these results to the Audit Committee and the Management Committee. The Department shall provide recommendations regarding identified issues / problems.</p>

## Column

## Response to the Russia-Ukraine Conflict

**A**midst concerns of a serious impact on the global economy resulting from Russia's sudden invasion of Ukraine in February 2022, SMBC Group continues to monitor various risks, including credit, market and liquidity risks, and carries out stress tests according to scenarios developed based on the information of possible future circumstances gathered from a range of sources, in order to quantitatively assess capital and liquidity adequacy.

We are also reinforcing our security against the risk of cyber threats which have become a mounting concern as the situation grows more tense, by gathering information and analysis. Based on the results of these assessments and analyses, we will continue to discuss the situation at Management Committee and Risk Committee meetings and take proper action in response.

# Compliance

## Our Approach

Management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities as a global financial group. We are therefore working to entrench such practices into our operations as we aim to become a truly outstanding global group.

## Compliance Management

SMBC Group seeks to maintain a compliance system that provides appropriate instructions, guidance, and monitoring for compliance to ensure sound and proper business operations on a group-wide and global basis. Measures have been put in place to prevent misconduct and quickly detect inappropriate activities that have occurred to implement corrective measures.

SMBC Group has established the Compliance Committee, which is chaired by the Group CCO responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMBC Group's various work processes from the perspective of compliance.

SMBC Group has established a framework to provide specific action plans for each group company to implement compliance and promote the development of compliance

systems, and for the unified management of overseas compliance frameworks. When we receive consultations and/or reports on compliance-related matters from group companies and overseas offices, we provide suggestions and guidance as necessary to ensure complete compliance at the Group and Global levels. With regard to the indictment of former executives and employees of SMBC Nikko and of the company itself, the Holding Company will resolutely support the development and implementation of measures to prevent reoccurrence of such an incident. This includes strengthening the compliance system in response to the investigation report received from the investigation committee established by SMBC Nikko Securities.

## Compliance Systems at SMBC Group



## Initiatives for Supporting Healthy Risk Taking and Appropriate Risk Management

In order for companies to coexist with society and develop sustainable growth, it is crucial to take an appropriate amount of risks and to maintain appropriate risk management, including compliance. In particular, financial institutions should emphasize compliance and risk management, considering its

public mission and the heaviness of the social responsibility.

Based on this recognition, management positions the strengthening of compliance and risk management as a key issue in enabling SMBC Group to fulfill its public mission and social responsibilities. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

Specifically, SMBC Group has defined the Principles of Action on Compliance and Risk to serve as guidelines for executives and employees in practicing compliance and risk management. Continuous reviews are carried out to improve compliance with these guidelines and to ensure their effectiveness.

## Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Economic Sanctions

SMBC Group recognizes the importance of preventing money laundering and terrorist financing (ML/TF), and of compliance with regulations concerning state economic sanctions and therefore, undertakes every effort to prevent ourselves and employees, from engaging in, and/or providing assistance to, the commission of ML/TF, and to comply with regulations concerning economic sanctions imposed on states.

SMBC Group strictly complies with AML/CFT and economic sanctions regulations by establishing a Group Policy and by implementing effective internal control systems in each of the Group companies to ensure that our operations are sound and appropriate.

The Group Policy and systems are implemented in accordance with the requirements of the relevant international organizations (e.g. the United Nations, the Financial Action Task Force Recommendations) and the laws/regulations of relevant countries including Japan in which the SMBC Group has operations (e.g. U.S. "Office of Foreign Assets Control Regulations").

In April 2019, SMBC entered into a written agreement with the Federal Reserve Bank of New York (the "Reserve Bank") to improve its New York Branch's program for compliance with the Bank Secrecy Act ("BSA") and related U.S. anti-money laundering ("AML") laws and regulations, which was found to be inadequate by the Reserve Bank.

Furthermore, SMBC is working to improve compliance on a global basis while taking other necessary actions based on the written agreement with the Reserve Bank.

## Response to Anti-Social Forces

SMBC Group has established a basic policy stipulating that all Group companies must unite in establishing and maintaining

a system that ensures that the Group does not have any connection with anti-social forces or related individuals.

Specifically, the Group strives to ensure that no business transactions are made with anti-social forces or individuals. Contractual documents or terms and conditions state the exclusion of anti-social forces from any business relationship. In the event that it is discovered subsequent to the commencement of a deal or trading relationship that the opposite party belongs to or is affiliated with an antisocial force, we undertake appropriate remedial action by contacting outside professionals specializing in such matters.

## Basic Policy for Anti-Social Forces

1. Completely sever any connections or relations from antisocial forces.
2. Repudiate any unjustifiable claims, and do not engage in any "backroom" deals. Further, promptly take legal action as necessary.
3. Appropriately respond as an organization to any anti-social forces by cooperating with outside professionals.

## Customer Information Management

SMBC Group has established Group policies that set forth guidelines for the entire Group regarding proper protection and use of customer information. All Group companies adhere to these policies in developing frameworks for managing customer information.

Group companies establish and disclose privacy policies for their measures regarding the proper protection and use of customer information and customer numbers. Appropriate frameworks are established based on these policies.

## Anti-Bribery and Corruption

The SMFG Group Policies for Anti-Bribery Compliance and Ethics have been established to prevent business entertainment and the provision or receipt of anything of value that violate laws, regulations or social practices and customs. Group companies have developed frameworks to prevent bribery and corruption based on these policies. The Compliance Department conducts annual bribery and corruption risk assessments of the offices of the major Group companies to identify transaction and counterparty-related risks, and to assess the effectiveness of controls. Risk assessment results are reported to the Compliance Committee, and following consultation with the companies and offices in question, appropriate risk mitigations are put in place in Group company offices identified as being at high risk.

# Customer-Oriented Initiatives

## Our Approach

SMBC Group companies are united in their efforts for customer experience (CX) and quality improvement in line with “Our Mission,” which states “We grow and prosper together with our customers, by providing services of greater value to them.”

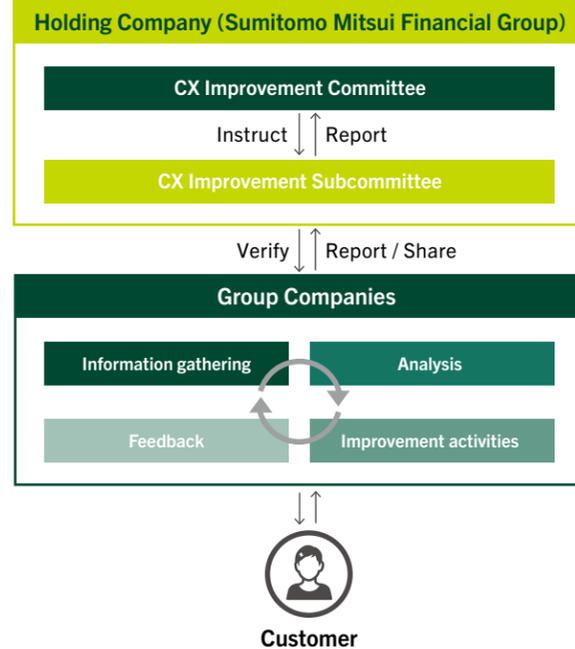
## CX Improvement System

We have established the CX Improvement Subcommittee as well as the CX Improvement Committee, through which we are advancing initiatives, reinforcing management systems, and promoting Group coordination related to customer-oriented business conduct. Outside experts are invited to serve as advisors at meetings of the CX Improvement Subcommittee, where information is exchanged on how to fully entrench a customer-oriented mindset.

Meanwhile, the CX Improvement Committee, which shares members with the Group Management Committee, deliberates on concrete measures based on reports from the CX Improvement Subcommittee.

The appropriateness and efficacy of customer-oriented business conduct is reviewed and assessed by

## Incorporation of Customer Feedback into Management



**Declaration of Compliance with ISO 10002**  
 SMBC, SMBC Nikko Securities, and SMBC Consumer Finance have declared their intent to comply with the ISO 10002 (JIS Q 10002) international standard with regard to their processes for incorporating customer feedback into management.

the Audit Department, the results of which are reported regularly to the Audit Committee, a subcommittee of the Board of Directors, and to the Group Management Committee. Customer feedback, including complaints, is also regularly reported to the Audit Committee.

## Initiatives to Improve Product and Service Quality

In order to provide customer-oriented products and services, SMBC Group always confirms that adequate assessments and responses to possible risks are taken during the planning and development stages, and that there is customer demand.

We also carry out periodic quality reviews of existing services, and the CX Improvement Subcommittee, composed of external experts and relevant heads of department, reviews and discusses the efforts of each Group company to improve the quality of our products and services.

## Customer-Oriented Business Initiative

Based on the Principles for Customer-Oriented Business Conduct (a guideline on fiduciary duties) released by the Financial Services Agency, SMBC Group\* formulated its Basic Policy for Customer-Oriented Business Conduct and the Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit.

### Basic Policy for Customer-Oriented Business Conduct (Excerpt)

#### ■ SMBC Group's Customer-Oriented Business Conduct

As one part of “Our Mission,” it is stated that “We grow and prosper together with our customers, by providing services of greater value to them.” Based on the spirit of this mission, we have defined our Five Values, a list of five key words that includes “Customer First” (always think based on a customer-oriented perspective and provide value based on the individual needs of customers), shared by all the executives and employees of SMBC Group.

#### ■ Initiatives for Promoting Customer-Oriented Business Conduct

SMBC Group will implement the following initiatives to entrench the principles of customer-oriented business conduct into its activities.

1. Provision of Products and Services Suited to the Customer
2. Easy-to-Understand Explanation of Important Information
3. Clarification of Fees
4. Management of Conflicts of Interest
5. Frameworks for Properly Motivating Employees

SMBC Group aims to facilitate the shift from savings to asset holding seen in Japan through such initiatives. Furthermore, we will periodically disclose information on initiatives by SMBC Group based on this policy with the aim of facilitating understanding regarding these initiatives among customers. In addition, the status of initiatives and their results will be verified so that initiatives can be revised as necessary to improve upon operating practices. Information regarding these verifications and revisions will be disclosed.

\* Group companies applicable under this policy: Sumitomo Mitsui Banking Corporation; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; Sumitomo Mitsui DS Asset Management Company, Limited

For information on the Basic Policy for Customer-Oriented Business Conduct, please see pages 148-149.

## Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit

Based on Sumitomo Mitsui Financial Group’s Basic Policy for Customer-Oriented Business Conduct, the Retail Business Unit shall adhere to the following conduct policies in offering service as a retail company that is responsible for providing wealth management and asset building services for individual customers. In accordance with these policies, the Retail Business Unit shall implement a plan–do–check–act (PDCA) cycle that entails disclosing specific indicators, confirming and analyzing its status in relation to these indicators, and utilizing this information in the future to improve business practices.

### ■ Conduct Policies

#### 1. Customer-Oriented Wealth Management Proposals Based on Medium- to Long-Term Diversified Investment

With a focus on accurately addressing customers’ wealth management needs related to protecting or building assets, we will provide customer-oriented wealth management proposals based on medium- to long-term diversified investment. Through this approach, we strive to deliver customer-oriented financial products.

#### 2. Lineup of Customer-Oriented Products

We shall constantly revise our product lineup, utilizing third-party evaluations of the products of Group companies and other products as necessary, in order to enhance our lineup so that we can accurately address customers’ needs related to protecting or building assets. At the same time, we will increase the amount of information provided to customers and take steps to ensure that this information is easy to understand.

#### 3. Customer-Oriented After-Sales Services

We will provide fine-tuned after-sales services to help customers continue to hold our wealth management products with peace of mind over the long term.

#### 4. Customer-Oriented Performance Evaluation Systems

We shall develop performance evaluation systems that encourage employees to engage in effective customer-oriented sales activities.

#### 5. Improvement of Consulting Capabilities

We shall continuously improve our consulting capabilities to ensure we are always capable of proposing the best possible solution for customers’ wide-ranging needs.

## Customer-Oriented Initiatives

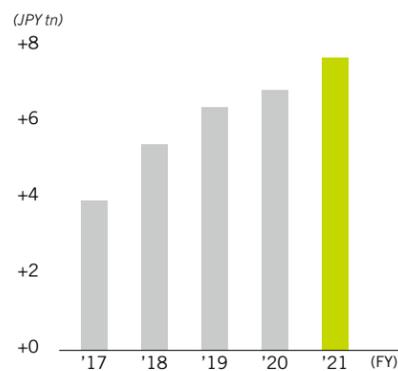
### Disclosed Indicators

- 1 Increase in balance of investment assets
- 2 Balance of investment trusts and fund wraps
- 3 Number of customers using wealth management products
- 4 Ratio sales by wealth management product
- 5 Average investment trust holding period
- 6 Fund wrap sales and cancellation amounts
- 7 Amount of fixed-term foreign currency deposits
- 8 Number of investment trust and automatic foreign currency deposit accounts
- 9 Amount of investment trusts and automatic foreign currency deposits
- 10 Tsumitate Nisa account numbers, balances, and ratio of new users
- 11 By product sales amounts of lump-sum insurance products
- 12 Ratio of sales of investment trust products of Group companies
- 13 Sales amounts of investment trusts (including fund wraps)  
(Breakdown of monthly allocation type and others)
- 14 Breakdown of losses and gains by customers using investment trusts and fund wraps
- 15 Costs and returns of investment trusts with top-ranking balance amounts
- 16 Risks and returns of investment trusts with top-ranking balance amounts
- 17 Foreign currency-denominated insurance investment ratings by customer
- 18 Foreign currency-denominated insurance costs and return by brand
- 19 Acquisition status of FP qualifications

### Performance with Regard to Disclosed Indicators Increase in Balance of Investment Assets (Indicator 1)

In FY2021, the total balance of investment assets for SMBC, SMBC Nikko Securities, and SMBC Trust Bank continued to grow due in part to the continuation of customer-oriented initiatives focused on medium- to long-term diversified investment.

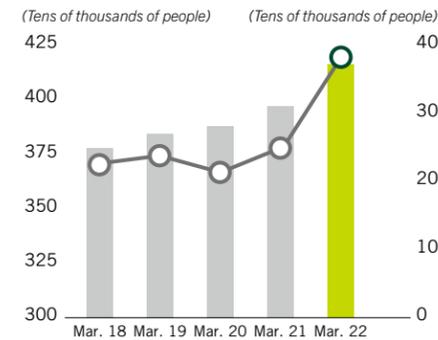
■ Increase in balance of investment assets (since Apr. 2013)



Note: Figures represent the combined total for the Retail Banking Unit of SMBC and the Retail (Private) of SMBC Nikko Securities.

### Number of Customers Using Wealth Management Products (Indicator 3)

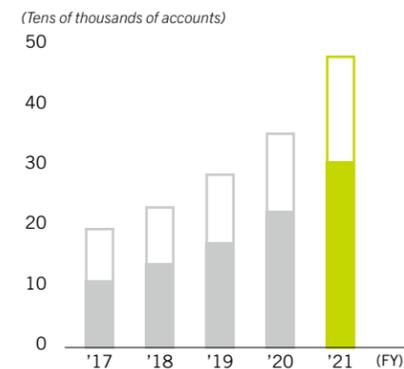
We continue to increase the number of customers using wealth management products by working to accurately address customers' needs related to protecting or building assets.



### Number of Investment Trust and Automatic Foreign Currency Deposit Accounts (Indicator 8)

To respond to the needs of customers seeking to begin acquiring assets, we have been aggressively proposing investment trust products that allow for small-sum investments as well as time-dispersed investments in automatic foreign currency deposits. As a result, there has been steady growth in the number of investment trust and automatic foreign currency deposit accounts.

□ Number of investment trust and automatic foreign currency deposit accounts  
■ Number of such customers who are under 50



## Internal Audit

### Our Approach

As a part of SMBC Group's internal control framework, the audit department (the Department) verifies the effectiveness of the internal control of each business unit, risk management and compliance departments, and other departments from an independent standpoint and pursues the quality of internal audits in order to contribute to development and the highest trust across the entire SMBC Group.

### Purpose and Mission of Internal Audit

The purpose of internal audit at SMBC Group is the objective provision of assurance\*1 and consulting in accordance with the policies and plans approved by the Board of Directors but independent of management, business unit and the departments responsible for risk management and compliance, in order to add value to SMBC Group and improve its operations.

The mission of internal audit at SMBC Group is to preserve and grow the value of SMBC Group by providing risk-based and objective assurance, advice and insight.

\*1 Reviewing the adequacy and effectiveness of each process relating to governance, risk management and control processes, and providing assurance and recommendations for improvement based on the results.

### Overview of the Group's Internal Audit Framework

The Department has been established under the Audit Committee and is independent from each Business Unit, risk management and compliance departments, and other departments. Internal audits within our Group companies are structured broadly in line with SMFG. Group CAE oversees group-wide internal audit activities.

The Department verifies the appropriateness and the effectiveness of internal control which aims to assure the appropriateness of Group operations and the soundness of assets by conducting internal audits on each department and Group entity as well as conducting on continuous monitoring of Group companies' internal auditing and

other activities. The activities are based on the "Group Internal Audit Charter" and the "Basic Audit Policy and Plan" formulated by the Audit Committee and the Board of Directors.

Major audit findings and relevant information are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Whilst the Department strives to strengthen cooperation to conduct proper audit practices through regular information exchange with external auditors. As teleworking spreads amid the COVID-19 pandemic, audit activities are performed via new means to ensure the effectiveness in audits.

### Internal Audit Framework



\*2 The Audit Committee holds the right to consent regarding personal affairs of the Group CAE.

### Enhancement and Effectiveness of Internal Audit

The Department has adopted auditing methods in accordance with the Institute of Internal Auditors (IIA) standards, conducts risk-based audits, and expands the same approach to Group companies. To implement effective and efficient internal audits, the Department conducts monitoring by attending important meetings and by obtaining internal management documents of SMFG and Group companies.

In addition, the Department strives to enhance group-wide internal auditors' expertise by gathering up-to-date internal audit practices, providing the practices to Group companies, holding training programs, and encouraging auditors to obtain internal auditors' international certification.

Furthermore, the Department enhances its quality assurance on a group-wide basis by both fully satisfying the IIA standards and referring to G-SIFIs leading practices.

# IT Governance

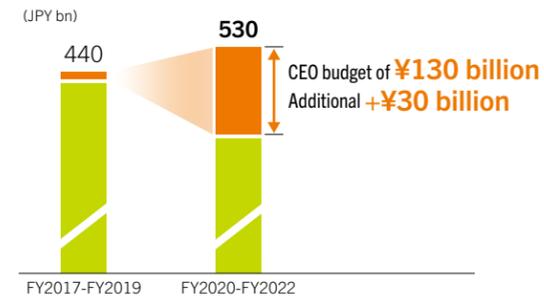
## Our Approach

Currently, the operating environment for IT businesses is trending toward hybrid solutions, a maturing domestic market, growing overseas markets, the expansion of opportunities to utilize digital technologies, the reinforcement of security measures, the need for digital innovation/ digital transformations, and the importance of existing/BAU IT fields and IT system ownership and use. In this environment, we will advance IT strategies with a focus on supporting both management and business while also practicing effective IT governance.

## IT Investment Strategies

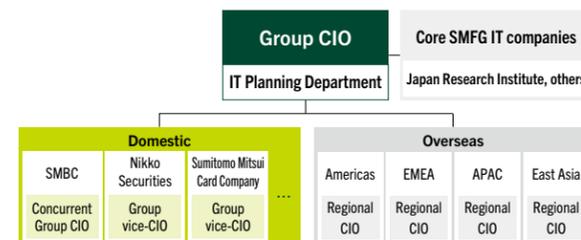
With the aim of fueling further growth of SMBC Group and to accelerate its digital strategy in Japan and overseas, we have increased the CEO budget by an additional ¥30 billion, bringing its total value to ¥130 billion. The CEO budget can be used to make flexible investments in fields in which Group CEO anticipates future growth. Total IT investment under the current Medium-Term Management Plan is ¥530 billion. Effective control of investments in existing IT areas is making it possible to allocate resources with an emphasis on strategic investments, such as promoting digitalization, reinforcing management foundations, building greater resilience and implementing business strategies.

## Increased IT Investments for Future Growth



## Group and Global IT Governance

We have a group IT governance structure in place to ensure that our IT systems comply with regulations that differ from business to business and from region to region, and to promote speedy strategies optimized for the group. Under the Group CIO, we have established vice-CIOs at SMBC Nikko



Securities and Sumitomo Mitsui Card Company, major Group companies in Japan, and regional CIOs in the Americas, EMEA, APAC, and East Asia, to operate effectively on both a group and global basis.

## Digital Subsidiary Governance

SMBC Group has long promoted digital transformation, and has established a number of digital subsidiaries under the banner of “Producing New CEOs,” with some services, such as eKYC of Polarify, now handling more than 10 million transactions annually. We are strengthening governance so that we can ensure the quality expected of SMBC Group without sacrificing the convenience of our digital services, while at the same time creating value through linkages with existing services.

## Development of Human Resources for Supporting Sustainable Growth in a Digital Society

Accelerating digitalization at SMBC Group and contributing to customers and society require all employees, not just those in divisions dedicated to IT, to possess a digital-oriented mindset and basic IT knowledge. We have established the Digital University as an internal training institution for promoting training in IT and digitalization across SMBC Group. The Digital University provides training for all employees on digital IT literacy and on practical digital skills.

Much of its content is unique to SMBC Group, and includes curriculums utilizing know-how obtained from real system implementation projects as well as use cases for the latest technologies, making it possible to learn internal and external knowledge efficiently and systematically.

## Cybersecurity

To address the risk of cyber threats that could seriously impact critical infrastructure and services, SMBC Group has greatly strengthened cybersecurity measures by defining such cyber risks as one of its Top Risks and establishing a Declaration of Cyber Security Management.

Seeking to facilitate management-led measures for fortifying response frameworks, the general manager of the System Security Planning Department has been appointed as the Chief Information Security Officer (CISO), positioned under the Group CIO and the Group Chief Risk Officer (CRO), and steps have been taken to clarify the roles and responsibilities of the CISO in promoting strategies to counter the risk of cyber threats. Furthermore, we have established a computer security incident response team (CSIRT) and a security operation center (SOC) to ensure

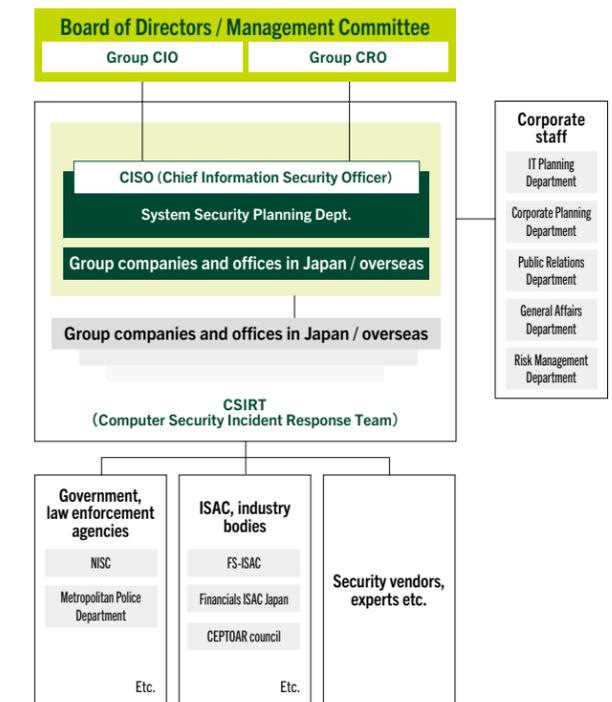
preparedness against evolving cyber threats, and analyses are performed on information regarding threats and observed incidents. The results of these analyses, along with information on the status of security measures are discussed regularly at meetings of the Board of Directors and the Management Committee.

The CSIRT is centered on the System Security Planning Department, which is exclusively responsible for cybersecurity. To ensure preparedness for cyber incidents, the CSIRT actively gathers information on attackers’ methods and vulnerabilities from both within the Group and externally, and where necessary shares this information with national government agencies as well as with external institutions such as FS-ISAC\* in the U.S. and ISAC\* in Japan.

In order to prepare against the ever-growing risk of cyber threats, the SOC, which is centered on The Japan Research Institute, is working to strengthen its security monitoring systems by integrating the monitoring systems of Group companies, developing 24/7 global monitoring systems, and partnering with regional SOCs in Europe, the U.S. and Asia.

\*Financial Services Information Sharing and Analysis Center

## SMBC Group’s Cybersecurity Governance System



## Financial Review

### Principal Financial Data

#### Consolidated Performance Summary

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021
Consolidated gross profit	2,792.9	2,898.2	2,980.4	2,904.0	2,920.7	2,981.1	2,846.2	2,768.6	2,806.2	<b>2,945.5</b>
Net interest income	1,392.6	1,484.2	1,505.2	1,422.9	1,358.6	1,390.2	1,331.4	1,306.9	1,335.2	<b>1,528.0</b>
Net fees and commissions + Trust fees	910.0	987.1	999.6	1,007.5	1,017.1	1,070.5	1,064.6	1,088.1	1,098.9	<b>1,205.5</b>
Net trading income + Net other operating income	490.2	427.0	475.7	473.5	545.0	520.3	450.2	373.6	372.1	<b>212.0</b>
General and administrative expenses	1,496.3	1,569.9	1,659.3	1,724.8	1,812.4	1,816.2	1,715.1	1,739.6	1,747.1	<b>1,821.1</b>
Overhead ratio	53.6%	54.2%	55.7%	59.4%	62.1%	60.9%	60.3%	62.8%	62.3%	<b>61.8%</b>
Equity in gains (losses) of affiliates	5.3	10.2	(10.6)	(36.2)	24.6	39.0	61.1	56.1	25.0	<b>28.5</b>
Consolidated net business profit	-	1,338.5	1,310.5	1,142.9	1,132.9	1,203.8	1,192.3	1,085.0	1,084.0	<b>1,152.9</b>
(Reference) Consolidated net business profit (old definition)	1,166.2	1,242.4	-	-	-	-	-	-	-	-
Total credit cost (gains)	173.1	(49.1)	7.8	102.8	164.4	94.2	110.3	170.6	360.5	<b>274.4</b>
Gains (losses) on stock	(21.0)	89.2	66.7	69.0	55.0	118.9	116.3	80.5	92.6	<b>209.1</b>
Other income (expenses)	(34.1)	(44.5)	(48.2)	(123.9)	(17.6)	(64.5)	(63.1)	(62.8)	(105.0)	<b>(46.9)</b>
Ordinary profit	1,073.7	1,432.3	1,321.2	985.3	1,005.9	1,164.1	1,135.3	932.1	711.0	<b>1,040.6</b>
Extraordinary gains (losses)	(9.7)	(9.6)	(11.8)	(5.1)	(26.6)	(55.3)	(11.7)	(43.4)	(38.8)	<b>(111.0)</b>
Income taxes	146.0	458.8	441.4	225.0	171.0	270.5	331.4	167.7	156.3	<b>214.5</b>
Profit attributable to non-controlling interests	124.0	128.5	114.4	108.4	101.8	104.0	65.5	17.1	3.1	<b>8.4</b>
Profit attributable to owners of parent	794.1	835.4	753.6	646.7	706.5	734.4	726.7	703.9	512.8	<b>706.6</b>

(Billions of yen)

#### Consolidated Balance Sheet Summary

Total assets	148,696.8	161,534.4	183,442.6	186,585.8	197,791.6	199,049.1	203,659.1	219,863.5	242,584.3	<b>257,704.6</b>
Loans and bills discounted	65,632.1	68,227.7	73,068.2	75,066.1	80,237.3	72,945.9	77,979.2	82,517.6	85,132.7	<b>90,834.1</b>
Securities	41,306.7	27,152.8	29,633.7	25,264.4	24,631.8	25,712.7	24,338.0	27,128.8	36,549.0	<b>38,538.7</b>
Total liabilities	140,253.6	152,529.4	172,746.3	176,138.2	186,557.3	187,436.2	192,207.5	209,078.6	230,685.3	<b>245,507.3</b>
Deposits	89,081.8	94,331.9	101,047.9	110,668.8	117,830.2	116,477.5	122,325.0	127,042.2	142,026.2	<b>148,585.5</b>
Negotiable certificates of deposit	11,755.7	13,713.5	13,825.9	14,250.4	11,880.9	11,220.3	11,165.5	10,180.4	12,570.6	<b>13,069.8</b>
Total net assets	8,443.2	9,005.0	10,696.3	10,447.7	11,234.3	11,612.9	11,451.6	10,784.9	11,899.0	<b>12,197.3</b>
Shareholders' equity	5,680.6	6,401.2	7,018.4	7,454.3	8,119.1	8,637.0	9,054.4	9,354.3	9,513.4	<b>9,938.6</b>
Retained earnings	2,811.5	3,480.1	4,098.4	4,534.5	5,036.8	5,552.6	5,992.2	6,336.3	6,492.6	<b>6,916.5</b>
Accumulated other comprehensive income	664.6	878.0	2,003.9	1,459.5	1,612.5	1,753.4	1,713.9	1,365.7	2,313.1	<b>2,159.6</b>
Non-controlling interests	2,096.8	1,724.0	1,671.7	1,531.0	1,499.3	1,219.6	678.5	62.9	70.8	<b>97.6</b>

#### Financial Indicators

Total capital ratio (BIS guidelines)	14.71%	15.51%	16.58%	17.02%	16.93%	19.36%	20.76%	18.75%	18.61%	<b>16.56%</b>
Tier 1 capital ratio (BIS guidelines)	10.93%	12.19%	12.89%	13.68%	14.07%	16.69%	18.19%	16.63%	16.96%	<b>15.46%</b>
Common equity Tier 1 capital ratio (BIS guidelines)	9.38%	10.63%	11.30%	11.81%	12.17%	14.50%	16.37%	15.55%	16.00%	<b>14.45%</b>
Dividend per share (Yen)	120	120	140	150	150	170	180	190	190	<b>210</b>
Dividend payout ratio	21.3%	20.3%	26.2%	32.7%	29.9%	32.7%	34.6%	37.0%	50.8%	<b>40.7%</b>
ROE (on a stockholders' equity basis)	14.8%	13.8%	11.2%	8.9%	9.1%	8.8%	8.2%	7.6%	5.4%	<b>7.3%</b>

#### Market Data (As of the end of each fiscal year)

Nikkei Stock Average (Yen)	12,398	14,828	19,207	16,759	18,909	21,454	21,206	18,917	29,179	<b>27,821</b>
Foreign exchange rate (USD/JPY)	94.01	102.88	120.15	112.62	112.19	106.25	111.00	108.81	110.71	<b>122.41</b>

\* SMFG changed accounting treatment for installment sales transactions in FY2020; figures for FY2019 have been restated to reflect this change.

## Financial Review

### Consolidated Performance Summary

Consolidated gross profit increased by ¥139.3 billion year-on-year to ¥2,945.5 billion, as profit growth in the Retail Business Unit, the Wholesale Business Unit, and the Global Business Unit, driven by the recovery in economic activities and effects of various measures, which outweighed a decline in profit in the Global Markets Business Unit due to reduced gains on the sale of bonds.

General and administrative expenses increased due to increase in expenses, which had been declining in FY2020 due to the spread of COVID-19, and increase in variable costs resulting from acquisition of new customers by Sumitomo Mitsui Card Company, Limited. Equity in gains of affiliates increased mainly due to the recovery in the performance of investee companies in Asia despite impairment losses on aircraft leased to Russia by SMBC Aviation Capital. As a result, consolidated net business profit increased by ¥68.9 billion from the previous fiscal year to ¥1,152.9 billion.

Total credit cost decreased by ¥86.1 billion year-on-year to ¥274.4 billion. The reserve for possible loan losses related to the COVID-19 which a large amount was recognized in FY2020 decreased in FY2021 while the provisions for possible loan losses for Russia-related credits, including forward-looking provisions, was recognized in FY2021.

In addition to the factors above, ordinary profit increased by ¥329.6 billion year-on-year to ¥1,040.6 billion, due to factors including increased gains on sales of strategic shareholdings.

Profit attributable to owners of parent increased by ¥193.8 billion year-on-year to reach ¥706.6 billion, including impairment losses on fixed assets such as branches and software at SMBC and SMBC Trust Bank as well.

	(Billions of yen)	
	FY2021	Increase (Decrease)
Consolidated gross profit	2,945.5	+139.3
General and administrative expenses	1,821.1	+74.0
Equity in gains (losses) of affiliates	28.5	+3.5
Consolidated net business profit	1,152.9	+68.9
Total credit cost	274.4	(86.1)
Ordinary profit	1,040.6	+329.6
Profit attributable to owners of parent	706.6	+193.8

#### Performance of Major Group Companies

(Left: FY2021 performance; Right: Year-on-year comparison)

	SMBC		SMBC Trust	
Gross profit	1,579.2	+97.5	48.5	+8.3
Expenses	857.2	+40.7	44.1	+0.2
Net business profit	721.9	+56.8	4.4	+8.1
Net income	546.3	+208.3	(15.9)	(7.4)
	SMBC Nikko*1		SMCC	
Gross profit	387.1	(42.6)	406.0	+20.4
Expenses	318.2	+4.7	339.9	+22.6
Net business profit	68.9	(47.3)	65.9	(2.8)
Net income	51.4	(40.7)	19.8	(16.0)
	SMBCCF		SMDAM	
Gross profit	254.9	(4.8)	39.2	+5.1
Expenses	116.4	+5.8	30.2	(2.1)
Net business profit	138.5	(10.6)	9.1	+7.3
Net income	58.8*2	+4.7	5.4	+33.4
	SMFL*3		50%	
Gross profit	233.4	+56.7		
Expenses	103.2	+17.5		
Net business profit	138.2	+43.0		
Net income	35.4	+1.7		

Ratio of Ownership by SMFG

\*1 Figures are on a managerial accounting basis including profit from overseas equity method affiliates of SMBC Nikko Securities Inc. (consolidated subsidiaries of SMFG).

\*2 Excludes internal transactions

\*3 Figures are on a managerial accounting basis.

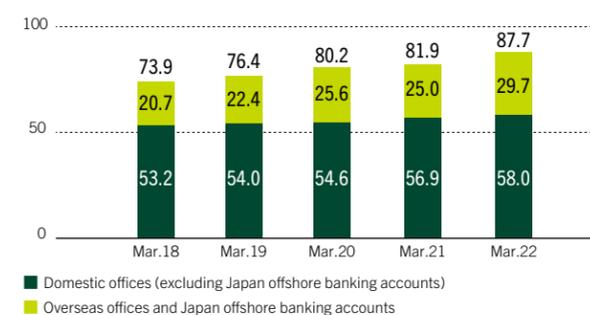
### Consolidated Balance Sheet Summary

#### Loans and Bills Discounted (SMBC non-consolidated)

The balances of loans and bills discounted increased by ¥5.8 trillion year-on-year to ¥87.7 trillion.

This was mainly the result of robust demand for finance from medium sized and small-to-medium-sized enterprises in Japan and a recovery in finance overseas, mainly in the U.S. and Europe.

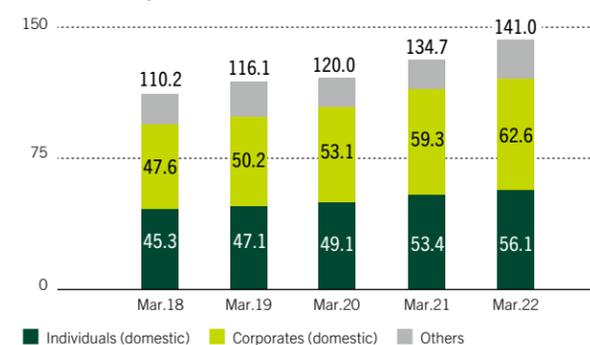
#### Balance of Loans (Trillions of yen)



#### Deposits (SMBC non-consolidated)

Deposits increased by ¥6.3 trillion year-on-year to ¥141.0 trillion. This increase was mainly due to increases in both individual and corporate deposits in Japan.

#### Balance of Deposits (Trillions of yen)



#### Domestic Loan-to-Deposit Spread (SMBC non-consolidated)

The domestic loan-to-deposit spread, calculated by subtracting the value of deposits from the value of loans, remained unchanged from the previous year at 0.84%.

	FY2021					FY2020
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.85	0.85	0.83	0.83	0.84	0.84
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.85	0.85	0.83	0.83	0.84	0.84

#### Securities

Other securities increased by ¥1,703.7 billion year-on-year to ¥38,114.9 billion due to an increase in the amount of Japanese government bonds held by SMBC to use as collateral. Net unrealized gains on other securities decreased by ¥654.6 billion year-on-year to ¥2,277.2 billion, mainly due to lower unrealized gains on Japanese stocks resulting from a decline in prices on Japanese stock markets, as well as a deterioration in unrealized profit and loss on foreign bonds due to higher interest rates overseas.

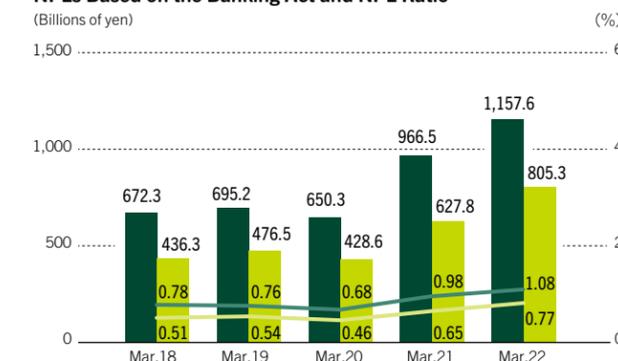
#### Unrealized Gains (Losses) on Other Securities (Billions of yen)

	Balance		Net unrealized gains (losses)	
	March 31, 2022	YoY	March 31, 2022	YoY
Stocks	3,403.4	(289.9)	2,033.7	(222.0)
Bonds	19,560.3	+1,905.1	(50.1)	(58.1)
Others	15,151.2	+88.5	293.6	(374.5)
Total	38,114.9	+1,703.7	2,277.2	(654.6)

#### NPLs Based on the Banking Act and Financial Reconstruction Act

The balance of NPLs based on the Banking Act and the Financial Reconstruction Act increased by ¥191.1 billion year-on-year to ¥1,157.6 billion due to a deterioration of the credit ratings of some large obligors. The NPL ratio remains at a low level, despite increasing by 0.10% to 1.08%.

#### NPLs Based on the Banking Act and NPL Ratio



Balance: ■ Consolidated ■ SMBC non-consolidated  
Ratio: ■ Consolidated ■ SMBC non-consolidated

## Financial Review

### Capital

#### Capital

Common equity Tier 1 capital decreased by ¥104.4 billion from the end of the previous fiscal year to ¥10,458.4 billion, primarily due to a decrease in net unrealized gains attributable to a fall in stock market prices. As a result, Tier 1 capital decreased by ¥13.1 billion to ¥11,186.2 billion, while total capital decreased by ¥305.5 billion to ¥11,983.8 billion.

#### Risk-Weighted Assets

Risk-weighted assets increased by ¥6,342.1 billion from the end of the previous fiscal year to ¥72,350.1 billion, mainly due to an increase in loans in Japan and overseas.

#### Capital Ratio

As a result of the above, the Common Equity Tier 1 ratio, which represents the most important form of core capital, stood at 14.45%, while the total capital ratio was 16.56%. Both levels remain adequate.

#### Leverage Ratio

The leverage ratio fell to 5.17% due to a decrease in Tier 1 capital and an increase in on-balance assets, mainly due to increased lending in Japan and overseas.

#### External TLAC Ratio

SMBC Group seeks to increase external TLAC capital by procuring external TLAC bonds primarily from overseas corporate bond markets. The external TLAC ratio was 24.98% on a risk-weighted asset basis and 9.54% on a total exposure basis, exceeding the mandated levels on both items.

#### Total Capital Ratio (BIS Guidelines) (Billions of yen)

	March 31, 2022 (A)	March 31, 2021 (B)	YoY (A-B)
Common equity Tier 1 capital	10,458.4	10,562.8	(104.4)
Additional Tier 1 capital	727.8	636.5	+91.3
Tier 1 capital	11,186.2	11,199.3	(13.1)
Tier 2 capital	797.5	1,090.0	(292.5)
Total capital	11,983.8	12,289.3	(305.5)
Risk-weighted assets	72,350.1	66,008.0	+6,342.1
Common equity Tier 1 capital ratio	14.45%	16.00%	(1.55)%
Tier 1 ratio	15.46%	16.96%	(1.50)%
Total capital ratio	16.56%	18.61%	(2.05)%

#### Leverage Ratio

	2022 (A)	2021 (B)	YoY (A-B)
Leverage ratio	5.17%	5.65%	(0.48)%

#### External TLAC Ratio

	2022 (A)	2021 (B)	YoY (A-B)
Risk-weighted asset basis	24.98%	25.82%	(0.84)%
Total exposure basis	9.54%	9.77%	(0.23)%

#### Total Exposure

	2022 (A)	2021 (B)	YoY (A-B)
Total exposure*	216,080.4	198,170.8	+17,909.6

\* Excludes deposits with the Bank of Japan

## ESG Information

### Accreditation



Garnered solid reputation for our investor engagement and other IR activities  
**The Securities Analysts Association of Japan**



Acquired Top Gold Rating in PRIDE index evaluation for LGBT-related initiatives  
**work with Pride**



Selected five times as company exercising superior health and productivity management  
**METI**



Recognized as a company that stands on the forefront of sustainable growth by heightening productivity through workstyle reforms  
**Nikkei**



Nominated 6 times as a brand encouraging women's success in the workplace  
**METI**  
Tokyo Stock Exchange



Recognized as a financial institution actively engaged in ESG finance  
**Ministry of the Environment**



Recognition for environmental financial products, services and initiatives  
**Research Institute for Environmental Finance (RIEF)**

### Support for Initiatives in Japan and Overseas

As a global corporate citizen of the global society, SMBC Group is fully aware of the social impact of financial institutions, and it supports the following initiatives in Japan and overseas (the action guidelines for the corporate activities and principles).































### ESG Indices on Which Sumitomo Mitsui Financial Group Is Listed

SMBC Group has been included in the following major global ESG indices (as of June 30, 2022).

GPIF Selected Indices











# Appendix I

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### Editorial Policy

SMBC GROUP ANNUAL REPORT 2022 is designed to convey financial and non-financial information about the overall picture, business strategy, and corporate infrastructure of SMBC Group. It has been compiled with reference to the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) in December 2013. The appendix in the back of this report contains more detailed information on the Group. Additional information on Sustainability activities can be found on the Company's corporate website.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

### Scope of Report

#### Period covered:

FY2021 (April 2021 to March 2022)

Some subsequent information is also included.

#### Organizations covered:

Sumitomo Mitsui Financial Group and its subsidiaries and affiliates

#### Published:

August 2022



**"SMBC" has been designated as the corporate group's master brand. All Group companies use the SMBC logo and promote the SMBC brand in order to enhance the brand power of the entire SMBC Group.**

### Rising Mark

The Rising Mark is the upward curving strip seen beside the letters "SMBC." This mark indicates our desire for the Group to grow together with our customers, shareholders, and society by providing high-value-added, cutting-edge, and revolutionary services.

### Corporate Colors

The fresh green color (color of young grass) of the Rising Mark symbolizes youthfulness, intellect, and gentleness while the trad green (deep, dark green) background presents tradition, reliability, and stability.

The companies of Sumitomo Mitsui Financial Group primarily conduct commercial banking through the following financial services: leasing, securities, consumer finance, system development data processing, and asset management.

#### Business Mission

- We grow and prosper together with our customers, by providing services of greater value to them.
- We aim to maximize our shareholders' value through the continuous growth of our business.
- We create a work environment that encourages and rewards diligent and highly motivated employees.
- We contribute to a sustainable society by addressing environmental and social issues.

**Company Name:** Sumitomo Mitsui Financial Group, Inc.

#### Business Description:

1. Management of banking subsidiaries and other companies that can be treated as subsidiaries under the stipulations of Japan's Banking Act as well as the performance of ancillary functions
2. Functions that can be performed by bank holding companies under the stipulations of Japan's Banking Act

**Establishment:** December 2, 2002

**Head Office:** 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

**Chairman of the Board:** Takeshi Kunibe

**President:** Jun Ohta

**Capital:** ¥2,341.8 billion

#### Stock Exchange Listings:

Tokyo Stock Exchange (First Section)  
Nagoya Stock Exchange (First Section)

Notes:

1. American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.
2. Transferred to Tokyo Stock Exchange (Prime Market) and Nagoya Stock Exchange (Prime Market) on April 4, 2022.

#### Credit Ratings (as of June 30, 2022)

	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A-	—
Fitch Ratings	A	F1
R&I	A+	—
JCR	AA-	—

#### Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Ordinary income.....	¥ 4,111.1	¥ 3,902.3	¥ 4,591.8	¥ 4,804.4
Ordinary profit.....	1,040.6	711.0	932.0	1,135.3
Profit attributable to owners of parent.....	706.6	512.8	703.8	726.6
At Year-End:				
Net assets.....	¥12,197.3	¥ 11,899.0	¥ 10,784.9	¥ 11,451.6
Total assets.....	257,704.6	242,584.3	219,863.5	203,659.1

Note: All amounts shown are rounded down to the nearest 100 million.



Sumitomo Mitsui Banking Corporation ("SMBC") was established in April 2001 through the merger of the two leading banks of The Sakura Bank, Limited and The Sumitomo Bank, Limited. Sumitomo Mitsui Financial Group, Inc. was established in December 2002 as a bank holding company through a share transfer, and SMBC became a wholly owned subsidiary of Sumitomo Mitsui Financial Group. In March 2003, SMBC merged with The Wakashio Bank, Ltd.

SMBC's competitive advantages include its solid and extensive client base, the expeditious implementation of strategies, and also the service providing capability of its predominant Group companies. Under the management of Sumitomo Mitsui Financial Group, SMBC will unite with other SMBC Group companies in an effort to provide highly sophisticated and comprehensive financial services to clients.

**Company Name:** Sumitomo Mitsui Banking Corporation

**Business Profile:** Commercial banking

**Establishment:** June 6, 1996

**Head Office:** 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

**President and CEO:** Makoto Takashima

(Concurrent Director at Sumitomo Mitsui Financial Group)

**Number of Employees:** 27,851

#### Number of branches and other business locations:

In Japan:	1,770*
Branches:	522
(Including 47 specialized deposit account branches)	
Sub-branches:	406
Banking agencies:	1
Automated service centers:	841
Overseas:	48
Branches:	19
Sub-branches:	25
Representative offices:	4

\* The number of domestic branches excludes ATMs located at retail convenience stores. The number of overseas branches excludes branches that are closing and locally incorporated companies overseas.

#### Credit Ratings (as of June 30, 2022)

	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A	A-1
Fitch Ratings	A	F1
R&I	AA-	a-1+
JCR	AA	J-1+

#### Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Ordinary income.....	¥ 2,990.4	¥ 2,786.6	¥ 3,469.0	¥ 3,369.8
Ordinary profit.....	867.8	534.7	770.4	894.5
Net income.....	568.2	406.0	517.7	617.4
At Year-End:				
Net assets.....	¥ 9,219.8	¥ 9,256.3	¥ 8,368.3	¥ 8,986.7
Total assets.....	242,105.9	228,066.5	206,089.6	190,690.2

Note: All amounts shown are rounded down to the nearest 100 million.



Formerly Societe Generale Private Banking, SMBC Trust Bank Ltd. joined SMBC Group in October 2013. The retail banking operations of Citibank Japan Ltd. were integrated under the new PRESTIA brand in November 2015, and this company has since been providing a wide range of financial solutions.

SMBC Trust Bank is carrying out full-fledged initiatives, including developing joint branches with SMBC and SMBC Nikko Securities, to deliver comprehensive SMBC Group financial services on a one-stop basis.

As a trust bank with strengths in the fields of trusts, foreign currency, and real estate, we provide finely tuned support with tailor-made products and solutions for customer asset management, administration, and asset succession needs for the upcoming era of 100-year life.

**Company Name:** SMBC Trust Bank Ltd.

**Business Profile:** Commercial banking and Trust Banking

**Establishment:** February 25, 1986

**Head Office:** 1-3-2, Marunouchi, Chiyoda-ku, Tokyo

**President and CEO:** Ryuji Nishizaki

(assumed office June 30, 2022)

**Number of Employees:** 1,667

**Number of branches:** In Japan: 27

#### Financial Information (Years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Ordinary income.....	¥ 56.5	¥ 47.9	¥ 61.0	¥ 61.9
Ordinary profit (loss).....	46	(7.5)	1.0	(2.4)
Net income (loss).....	(15.9)	(8.5)	(32.7)	(3.7)
At Year-End:				
Total assets.....	¥3,687.1	¥3,494.7	¥3,423.3	¥3,273.6

Note: All amounts shown are rounded down to the nearest 100 million.



Sumitomo Mitsui Finance and Leasing ("SMFL") is a leading Japanese leasing company. Boasting a history spanning over half a century in the leasing business, SMFL provides high-value-added financial services that capitalize on the expertise cultivated over this history as well as the collective strength of SMBC Group.

Under the Medium-Term Management Plan, which enters its final year in FY2022, we are striving to achieve a variety of strategies and measures, including providing solutions that contribute to our customers' decarbonization, SDGs and sustainability initiatives, strengthening our aircraft leasing business, expanding our renewable energy and real estate businesses, and using digital innovation to develop new businesses and improve operational efficiency.

SMFL contributes to the sustainable development of its clients and of society by providing services that exceed the boundaries of finance and preemptively address social changes.

**Company Name:** Sumitomo Mitsui Finance and Leasing Company, Limited

**Business Profile:** Leasing

**Establishment:** February 4, 1963

**Head Office:**

**Tokyo Head Office:** 3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

**Osaka Head Office:** 3-10-19, Minami-Semba, Chuo-ku, Osaka

**President and CEO:** Masaki Tachibana

**Number of Employees:** 3,719

#### Credit Ratings (as of June 30, 2022)

	Long-term	Short-term
Standard & Poor's	A-	—
R&I	AA-	a-1+
JCR	AA	J-1+

#### Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Leasing transaction volume.....	¥2,939.2	¥2,433.5	¥2,489.2	¥2,412.2
Operating revenue.....	1,818.5	1,438.2	1,513.7	1,502.3
Operating profit.....	116.2	41.3	89.4	90.9
Ordinary profit.....	119.4	45.0	90.3	87.5
Profit attributable to owners of parent.....	35.3	33.6	61.2	80.0
At Year-End:				
Total assets.....	¥7,795.9	¥7,041.9	¥6,378.7	¥5,812.6

Notes:

1. All amounts shown are rounded down to the nearest 100 million.
2. Consolidated subsidiaries include SMBC Aviation Capital Limited.



Ever since our foundation in 1918 as Kawashimaya Shoten, SMBC Nikko Securities Inc. has over the past 100 years been supported by many clients and we have grown together with our clients.

Since October 2009, when we joined Sumitomo Mitsui Financial Group, we have been redoubling our efforts to further improve our ability to assist our clients, both individual and corporate clients, and to enhance our capabilities as an integrated securities company.

Our vision remains to grow with our clients and be their trusted advisor. "Share the Future" is our brand slogan and, as a firm of financial professionals, we will strive to act in the best interests of our clients by leveraging our track record of managing diverse risks and delivering innovative financial services.

**Company Name:** SMBC Nikko Securities Inc.  
**Business Profile:** Securities  
**Establishment:** June 15, 2009  
**Head Office:** 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo  
**President and CEO:** Yuichiro Kondo  
**Number of Employees:** 9,262

**Credit Ratings** (as of June 30, 2022)

	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A	A-1
R&I	AA-	a-1+
JCR	AA	-

**Financial Information** (Years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Operating revenue.....	¥ 333.1	¥ 354.7	¥ 378.0	¥ 344.6
Operating income.....	56.6	79.5	39.0	38.6
Ordinary profit.....	59.6	81.9	42.6	42.1
Net income.....	44.2	71.0	32.1	28.0
At Year-End:				
Total assets.....	¥13,979.8	¥13,213.1	¥12,090.9	¥10,753.1

Notes:  
 1. All amounts shown are rounded down to the nearest 100 million.  
 2. Due to a change in the method of presentation of financial income beginning from FY2021, operating revenues adjusted values are presented for prior periods.



(Japanese only)

Since its founding in 1967, Sumitomo Mitsui Card Company, Limited, has continued to drive the development of Japan's credit card industry as a pioneer in the issuance of the Visa Card in Japan and as a comprehensive payment service provider driving the advance of cashless payments.

In April 2021, the headquarters functions of Sumitomo Mitsui Card Company and SMBC Finance Service were consolidated into the SMBC Toyosu Building. This seamless environment will lead to increased coordination between the two companies and thereby enable them to provide even higher-quality services as the core of SMBC Group's cashless payment strategies.

Capitalizing on the transaction base, expertise, credibility, and other strengths it has accumulated as an industry leader, Sumitomo Mitsui Card Company aims to evolve beyond the provision of products and services, to grow into a digital and innovation company that is chosen by clients and which supports these clients in their various activities through the integration of its credit card, installment and transaction business.

**Company Name:** Sumitomo Mitsui Card Company, Limited  
**Business Profile:** Credit card  
**Establishment:** December 26, 1967  
**Head Office:**  
**Tokyo Head Office:** 2-2-31, Toyosu, Koto-ku, Tokyo  
**Osaka Head Office:** 4-5-15, Imabashi, Chuo-ku, Osaka  
**President and CEO:** Yukihiko Onishi  
**Number of Employees:** 2,627

**Credit Rating** (as of June 30, 2022)

	Long-term	Short-term
R&I	AA-	a-1+

**Financial Information** (Years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Revenue from credit card operations.....	¥24,715.0	¥20,751.5	¥20,548.5	¥18,019.7
Operating revenue.....	470.5	447.5	480.8	465.5
Operating profit.....	31.0	34.5	50.5	62.4
Ordinary profit.....	34.1	35.3	50.8	62.7
Net income (loss).....	19.8	35.8	38.2	(46.7)
At Year-End:				
Total assets				
Sumitomo Mitsui Card Company.....	¥ 2,852.2	¥ 2,524.5	¥ 2,257.2	¥ 1,933.3
SMBC Finance Service.....	¥ 2,382.6	¥ 2,372.1	¥ 2,052.2	¥ 2,128.7
Number of cardholders (in tens of thousands).....	523.9	4,986	4,754	4,420

Notes:  
 1. All amounts shown are rounded down to the nearest 100 million.  
 2. To reflect the integrated management of Sumitomo Mitsui Card Company and SMBC Finance Service, the above figures for operating revenue, operating profit, ordinary profit, and net income (loss) use internal management figures arrived at through the simple addition of the consolidated figures for both companies. (Consolidated figures for Sumitomo Mitsui Card Company do not include consolidated figures for SMBC Finance Service.)  
 3. From FY2019, revenue from credit card operations includes e-money transactions.  
 4. Number of cardholders includes the number of debit cardholders.



(Japanese only)

SMBC Finance Service Co., Ltd., was formed in April 2009 through the merger of OMC Card, Inc., Central Finance Co., Ltd., and QUOQ Inc. Originally named Cedyna Financial Corporation, this company assumed its current name in July 2020.

In April 2021, the headquarters functions of SMBC Finance Service and Sumitomo Mitsui Card Company were consolidated into the SMBC Toyosu Building. This proximity is expected to lend itself to increased coordination between the two companies and to thereby enable them to provide even higher-quality services as the core of SMBC Group's cashless payment strategies.

Together with Sumitomo Mitsui Card Company, SMBC Finance Service aims to grow into a digital and innovation company that is chosen by clients and which supports these clients in their various activities.

**Company Name:** SMBC Finance Service Co., Ltd.  
**Business Profile:** Credit card, Installment and Transaction business  
**Establishment:** September 11, 1950  
**Head Office:**  
**Head Office:** 3-23-20, Marunouchi, Naka-ku, Nagoya  
**Tokyo Head Office:** 2-2-31, Toyosu, Koto-ku, Tokyo  
**President and CEO:** Naoki Ono  
**Number of Employees:** 3,092

Note: To reflect the integrated management of SMBC Finance Service and Sumitomo Mitsui Card Company, financial information for both companies is displayed in the latter's section on the previous page.



Since its establishment in 1962, with the original goal of striving to become the leading provider of innovative financial services for individual consumers, Promise Co., Ltd., currently known as SMBC Consumer Finance Co., Ltd., has been offering consumer financial services to promptly meet the diverse funding needs of our customers while keeping pace with changing lifestyle patterns by developing safe, convenient personal loan products and building the infrastructure for dealing with customer inquiries and loan applications.

As an expert in the consumer finance business, SMBC Consumer Finance aspires to be the most trusted global consumer finance company by providing consistent and sincere services to our customers.

**Company Name:** SMBC Consumer Finance Co., Ltd.  
**Business Profile:** Consumer lending  
**Establishment:** March 20, 1962  
**Head Office:** 2-2-31, Toyosu, Koto-ku, Tokyo  
**President and CEO:** Ryohei Kaneko  
**Number of Employees:** 2,217

**Credit Rating** (as of June 30, 2022)

	Long-term	Short-term
R&I	AA-	-

**Financial Information** (Years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Operating revenue.....	¥ 179.3	¥187.1	¥ 199.8	¥196.4
Operating profit.....	41.2	46.7	41.4	23.6
Ordinary profit.....	42.0	48.0	42.9	32.0
Net income.....	38.8	38.8	78.6	35.9
At Year-End:				
Total assets.....	¥1,279.3	¥953.5	¥1,011.3	¥959.9

Note: All amounts shown are rounded down to the nearest 100 million.



The Japan Research Institute, Limited ("JRI") is a comprehensive information services company with think-tank, consulting and IT solutions functions.

Under the fundamental philosophy of "creating new value for the client," JRI offers concrete proposals for identifying and resolving issues together with support for enacting those solutions.

JRI conducts a wide range of activities, including research and analysis of domestic and foreign economies and sharing policy proposals, supporting the creation of new businesses, consulting on management strategies and administrative reforms, planning and developing IT-based strategic data systems, as well as providing outsourcing services.

**Company Name:** The Japan Research Institute, Limited

**Business Profile:** Economic research, management consulting, system development and data processing

**Establishment:** November 1, 2002

**Head Office:**

**Tokyo Head Office:** 2-18-1, Higashi-Gotanda, Shinagawa-ku, Tokyo

**Osaka Head Office:** 2-2-4, Tosabori, Nishi-ku, Osaka

**President and CEO:** Katsunori Tanizaki

**Number of Employees:** 2,810

**Financial Information** (Years ended March 31)

	Billions of yen			
	2022	2021	2020	2019
For the Year:				
Operating revenue.....	¥214.3	¥147.4	¥143.2	¥138.4
Operating profit.....	4.5	1.9	2.9	3.6
Ordinary profit.....	5.0	2.3	2.8	3.4
Net income.....	3.6	2.4	0.9	2.6
At Year-End:				
Total assets.....	¥116.8	¥105.6	¥100.8	¥104.9

Note: All amounts shown are rounded down to the nearest 100 million.



Sumitomo Mitsui DS Asset Management Company, Limited is an asset management company that strengths in active investment and has an industry-leading investment research platform, and a global network.

Sumitomo Mitsui DS Asset Management Company provides high-quality asset management services that meet specific needs of its diverse client base that ranges from Japanese and non-Japanese institutional (pension funds, financial institutions, etc.) to individual investors. The company's vision is to become the best asset management firm for better Quality of Life of its clients and all the other stakeholders.

**Company Name:** Sumitomo Mitsui DS Asset Management Company, Limited

**Business Profile:** Investment management (discretionary/advisory) and investment trust fund management

**Establishment:** July 15, 1985

**Head Office:** 1-17-1 Toranomon, Minato-ku, Tokyo

**President and CEO:** Takashi Saruta

**Number of Employees:** 847

**Financial Information** (Years ended March 31)

	Billions of yen				
	2022	2021	2020	2019	2018
For the Year:					
Operating revenue.....	¥ 77.3	¥ 61.6	¥ 65.5	¥46.9	¥28.7
Operating profit.....	5.8	0.1	1.5	6.0	4.4
Ordinary profit.....	7.0	0.4	2.2	6.0	4.5
Net income (loss).....	4.1	(28.9)	0.6	4.1	2.9
At Year-End:					
Total assets.....	¥113.8	¥106.4	¥133.6	¥48.9	¥38.6

Note: All amounts shown are rounded down to the nearest 100 million.

**Risk Management Categories**

SMBC Group defines the following risk management categories and conducts management of these risks accordingly.

Group companies manage risk in accordance with the characteristics of their particular businesses. These risk categories are continuously reviewed and new ones may be added in response to changes in the operating environment.

Risk Category		Department in Charge
Credit risk	Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.	Credit & Investment Planning Department
Market risk	Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, stock prices, or other market prices will change the market value of financial products, leading to a loss.	Corporate Risk Management Department
Liquidity risk	Liquidity risk is defined as uncertainty around the ability of the firm to meet debt obligations without incurring unacceptably large losses. Examples of such risk include the possible inability to meet current and future cash flow / collateral needs, both expected and unexpected. In such cases, the firm may be required to raise funds at less-than-favorable rates or be unable to raise sufficient funds for settlement.	Corporate Risk Management Department
Operational risk	Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events (see page 141 for information on risk categories and the departments in charge).	Corporate Risk Management Department
Conduct risk	Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interest, and the SMBC Group's stakeholders through acts that violate laws and regulations or social norms.	Corporate Risk Management Department Compliance Department
Model risk	Model risk is the risk of potential adverse consequences or financial loss resulting from misinformed decision making based on inaccurate model outputs or using the model inappropriately.	Corporate Risk Management Department
Reputational risk	Reputational risk refers to the risk of not meeting the expectations for high ethics, integrity, etc. by the stakeholders (that is, customers, shareholders, market, society, environment, employees, etc.) due to the business of the SMBC Group and the behavior of employees and other related parties, as well as of leading to impairment of the Enterprise Value and decline in trust.	General Affairs Department Public Relations Department

**Top Risks**

Top Risks, risks that threaten to significantly impact management, recognized by SMBC Group are listed in the table below (see page 107 for information on methods of utilizing Top Risks).

Top Risks	Example Scenarios
A global economic slowdown	• A global economic slowdown due to acceleration of global inflation and "Zero-COVID" policy in China
Highly volatile commodity price and financial / foreign exchange markets	• Highly volatile markets and capital outflows from emerging economies as a result of accelerated monetary tightening in the major economies
Sudden deterioration of the foreign currency funding conditions	• Sudden deterioration of the foreign currency funding condition due to market disruption
Japanese economic stagnation	• Declining global competitiveness and economic stagnation as a result of reactive Japanese economic policy and shrinking labor force
Japanese fiscal instability	• Accelerating across the board selling in Japan due to the rising burden of Japan's government debt
The U.S. - China struggle for supremacy	• Deterioration of business environment as a result of growing concerns over human rights and economic security
Growing intensification of Russia-Ukraine conflict	• A surge in natural resource and food prices and supply chain disruption as a result of economic sanctions imposed on Russia by Europe and the United States
Unstable situations in the Middle East and Asia	• A natural resource price hike as a result of instability in the Middle East as the United States becomes less involved in the region
Political turmoil and social instability	• Deepening social divisions surrounding midterm elections in the United States, regional instability surrounding the Northern Ireland issue
Outbreak of serious infectious disease	• A global economic slowdown due to the spread of COVID-19 and the strengthening of preventative measures following the emergency of strong variants.
Disasters such as large-scale earthquakes, storms, and floods	• Damage to life and property due to large earthquakes and volcanic eruptions, and increased extreme weather and natural disasters
Lack of preparedness against cyber attacks and financial crimes	• Diversification of state-level methods of attack, increase in cyber-attacks against critical infrastructure
Changes in industrial structure due to technological innovation	• The impact of rapid digitalization of financial services on our competitiveness
Inadequate responses to climate change risk and environmental issues	• Reputational damage and leaving assets stranded due to inadequate responses to environmental issues (Emissions reductions, preservation of ecosystems)
Inadequate responses to human rights issues	• Reputational damage due to inadequate response to issues such as forced labor and racial discrimination
Improper labor management	• Reputational damage due to inadequate responses to gender issues and work-style reform
Misconduct such as an employee's inappropriate behavior	• Administrative disposition or reputational damage due to inadequate actions or serious breaches of regulations by employees
Inadequate improvement in the operational resilience system	• Significant negative impact on customers and reputational damage due to data breaches and system failures
Inadequate preparedness for heightened regulatory and supervisory scrutiny	• Administrative disposition and reputational damage due to inadequate AML/CFT controls
Difficulty in securing human resources	• Restriction on business operations and decreased competitiveness due to a lack of headcount and specialized human resources

Note: The above is only a portion of the risks recognized by SMBC Group. It is possible that the materialization of risks other than those listed above could have a significant impact on our management.

## Stress Testing

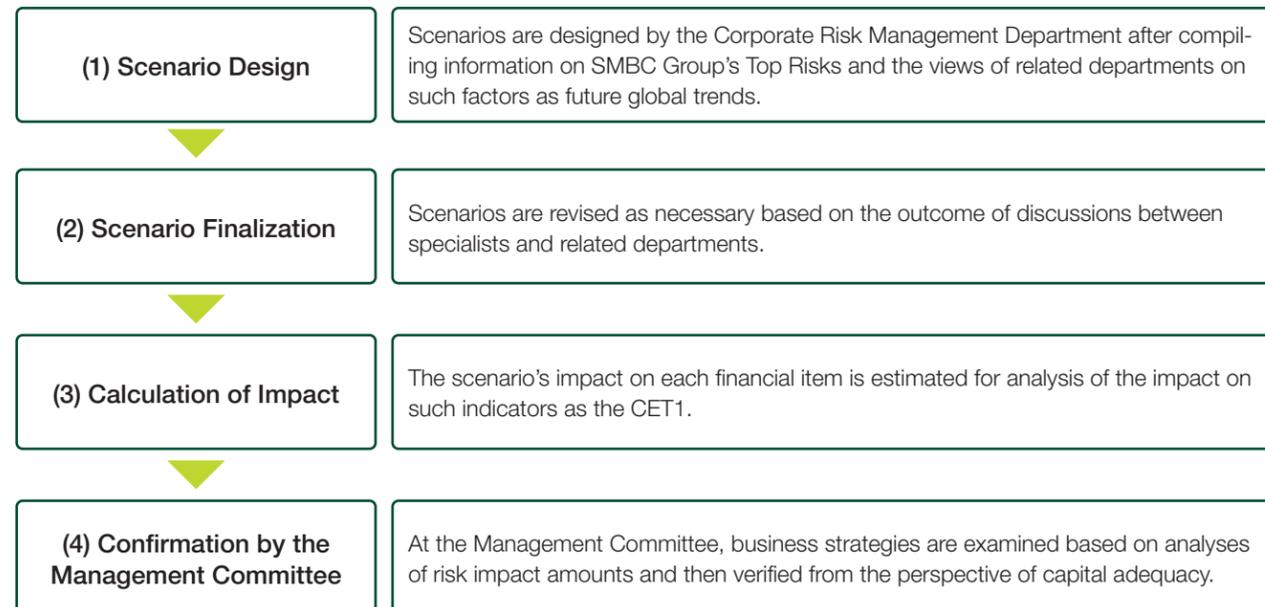
SMBC Group conducts stress testing for each category of risks as well as stress testing used to verify the overall soundness of comprehensive risk management practices. The level of soundness used for verifications is determined based on risk appetite combined with consideration for the severity of the scenario anticipated.

When evaluating group-wide soundness, evaluations are made using the consolidated balance sheets and consolidated statements of income, which include data from affiliates, with the goal of identifying major risks to our business and asset portfolio. Specifically, scenarios are selected based on the aforementioned severity level as well as background conditions that cover all areas in which we may face risks (e.g. an outlook encompassing the entire world). We also employ methodology for ensuring scenarios can be accurately reflected and for incorporating business and portfolio characteristics.

Commonly used statistical methods are utilized in developing such methodologies. However, as it is necessary to estimate outliers, we may choose the methodology that best recreates outliers rather than the methodology that offers the highest statistical accuracy. When projecting scenarios for which there are no prior examples, human judgment may be given greater weight than the results of estimates.

In this manner, stress testing processes often require a variety of expertise. When selecting the background conditions for scenarios, expertise regarding macroeconomic conditions and geopolitical risks is required. When selecting methodologies, insight into the statistical and other mathematical analysis techniques is crucial. When calculating impacts on SMBC Group as a whole, insight into SMBC Group and the businesses of its customers must be used. Stress testing processes will thus be based on discussions and opinions of directors, members of upper management, specialists, and representatives from relevant organizations and records will be created of these discussions and opinions in order to ensure objectivity, transparency, and reproducibility. In this way, measures for practicing proper governance of stress testing will be applied.

### Stress Testing Process



## Risk-Weighted Assets

Risk-weighted assets subject to the Basel Capital Accord totaled ¥72,350 billion as of March 31, 2022, up ¥6,342 billion from March 31, 2021. The main factors behind the increase in risk-weighted assets was an increase in our corporate credit exposure.

### Risk-Weighted Assets as of March 31, 2022

	(Trillions of yen)		
	March 31, 2021	March 31, 2022	Increase (decrease)
Credit risk	58.6	63.2	+4.5
Market risk	2.6	3.0	+0.3
Operational risk	4.1	4.3	+0.2
Floor adjustments*	0.5	1.7	+1.1
Total	66.0	72.3	+6.3

\*Adjustments for difference between Advanced Internal Ratings-Based (AIRB) approach and Foundation Internal Ratings-Based (FIRB) approach

### Risk Assets of Individual Business Units

		(Trillions of yen)	
SMBC Group	Credit risk	63.2	
	Market risk	3.0	
	Operational risk	4.3	
	Floor adjustments	1.7	
	Retail Business Unit	10.5	
	Wholesale Business Unit	20.8	
	Global Business Unit	27.3	
	Global Markets Business Unit	5.0	

## Credit Risk

### 1. Basic Approach to Credit Risk Management

#### (1) Characteristics of Credit Risk

Credit risk is characterized by the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.

#### (2) Fundamental Principles for Credit Risk Management

All Group companies follow the fundamental principles established by SMBC Group to assess and manage credit risk on a group-wide basis and further raise the level of accuracy and comprehensiveness of group-wide credit risk management. Each Group company must comprehensively manage credit risk according to the nature of its business, and assess and manage credit risk of individual loans and credit portfolios quantitatively and using consistent standards.

Credit risk is the most significant risk to which SMBC Group is exposed. Without effective credit risk management, the impact of the corresponding losses on operations can be overwhelming.

The purposes of credit risk management is to keep credit risk exposure to a permissible level relative to capital, to maintain the soundness of group-wide assets, and to ensure returns commensurate with risk. Doing so leads to a loan portfolio that achieves high returns on capital and assets.

### (3) Credit Policy

SMBC Group's credit policy comprises clearly stated universal and basic operating concepts, policies, and standards for credit operations, in accordance with our business mission and rules of conduct. SMBC Group is promoting the understanding of and strict adherence to its Group credit policy among all its managers and employees. By fostering a culture of appropriate levels of risk-taking and providing high-value-added financial services, SMBC Group aims to enhance shareholder value and play a key contributory role in the community.

### 2. Credit Risk Management System

At SMBC Group, the Group CRO formulates credit risk management policies each year based on the group-wide basic policies for risk management. Meanwhile, the Credit & Investment Planning Department is responsible for the comprehensive management of credit risk. This department drafts and administers credit risk regulations, including the Group credit policies, manages non-performing loans (NPLs), and performs other aspects of credit portfolio management. We have also established the Credit Risk Committee to serve as a body for deliberating on matters related to group-wide credit portfolios.

At SMBC, the core bank of SMBC Group, the Credit & Investment Planning Department within the Risk Management Unit furnishes the credit risk management system and is thus responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines, and credit application guidelines, and also manages NPLs and performs other aspects of credit portfolio management.

The department also cooperates with the Corporate Risk Management Department in quantifying credit risk (risk capital and risk-weighted assets) and controls the bank's entire credit risk. Further, the Credit Portfolio Management Department within the Credit & Investment Planning Department has been strengthening its active portfolio management function for stable credit portfolios mainly through credit derivatives and the sales of loans.

The credit department in charge, in cooperation with branches, conducts credit risk assessments and manages credit portfolios within each credit department's jurisdiction. The credit approval authority is determined based on the credit amount and internal grades, while credit departments focus on the analysis and management of customers and transactions with relatively high credit risk. The Credit Administration Department is responsible for handling NPLs of borrowers classified as potentially bankrupt or lower, and draws up plans for their workouts, including write-offs. It works to

efficiently reduce the amount of NPLs through Group company SMBC Servicer Co., Ltd., which engages in related services, and by such means as the sell-off of claims. Through industrial and sector-specific surveys and studies of individual companies, the Corporate Research Department works to form an accurate idea of the circumstances of borrower companies and quickly identify those with potentially troubled credit positions as well as promising growth companies.

The Compliance Unit has in place a system of coordinating to establish systems for providing explanations to customers and develop information management practices for the purpose of customer protection and to prevent transactions with antisocial forces, among other tasks.

The Internal Audit Unit, operating independently of the business units, audits asset quality, the accuracy of gradings and self-assessment, and the state of credit risk management, and reports the results directly to the Audit and Supervisory Committee and the Management Committee.

SMBC has established the Credit Risk Committee as a consultative body to round out its oversight system for undertaking flexible and efficient control of credit risks, and ensuring the overall soundness of the bank's loan operations.

### 3. Credit Risk Management Methods

#### (1) Credit Risk Assessment and Quantification

At SMBC Group, to effectively manage the risk involved in individual loans as well as the credit portfolio as a whole, we first acknowledge that every loan entails credit risks, assess the credit risk posed by each borrower and loan using an internal rating system, and quantify that risk for control purposes.

##### (a) Internal Rating System

There is an internal rating system for each asset control category established according to portfolio characteristics. For example, credits to corporates are assigned an "obligor grade," which indicates the borrower's creditworthiness, and/or "facility grade," which indicates the collectibility of assets taking into account transaction conditions, such as guarantee/collateral, credit period, and tenor. An obligor grade is determined by first assigning a financial grade using a financial strength grading model and data obtained from the obligor's financial statements. The financial grade is then adjusted taking into account the actual state of the obligor's balance sheet and qualitative factors to derive the obligor grade. In the event that the borrower is domiciled overseas, internal ratings for credit are made after taking into consideration country rank, which represents an assessment of the credit quality of each country, based on its political and economic situation as well as its current account balance and external debt. The borrower categories used in self-assessment are consistent with the obligor grade categories.

Obligor grades and facility grades are reviewed once a year, and whenever necessary, such as when there are changes in the credit situation. There are also grading systems for loans to individuals and project finance and other structured finance tailored according to the risk characteristics of these types of assets.

The Credit & Investment Planning Department centrally manages the internal rating systems and properly designs, operates, supervises, and validates the grading models. It validates the grading models and systems of main assets following the procedures manual (including those for statistical validation) once a year to ensure their effectiveness and suitability and submits reports with this regard. SMBC, the core bank of SMBC Group, employs a total of 21 grading models for corporate, specialized lending, and retail applications. For details on internal rating methods, please refer to Appendix II.

##### (b) Quantification of Credit Risk

Credit risk quantification refers to the process of estimating the degree of credit risk of a portfolio or individual loan taking into account not just the obligor's Probability of Default (PD) but also the concentration of risk in a specific customer or industry and the loss impact of fluctuations in the value of collateral, such as real estate and securities.

Specifically, first, the PD by grade, Loss Given Default (LGD), credit quality correlation among obligors, and other parameter values are estimated using historical data of obligors and facilities stored in a database to calculate the credit risk. Then, based on these parameters, we run a simulation of simultaneous default using the Monte Carlo method to calculate our maximum loss exposure to the estimated amount of the maximum losses that may be incurred. Based on these quantitative results, we allocate risk capital.

Risk quantification is also executed for purposes such as to determine the portfolio's risk concentration, or to simulate economic movements (stress tests), and the results are used for making optimal decisions across the whole range of business operations, including formulating business plans and providing a standard against which individual credit applications are assessed. For details on internal rating methods, please refer to Appendix II.

#### (2) Framework for Managing Individual Loans

SMBC Group strives to maintain a sound portfolio through appropriate credit assessments and monitoring conducted over credit periods. The following framework is used for managing individual loans at SMBC, the core bank of SMBC Group.

##### (a) Credit Assessment

At SMBC, credit assessment of corporate loans involves a variety of financial analyses, including cash flow, to predict an enterprise's capability of loan repayment and its growth prospects. These quantitative measures, when combined with qualitative analyses of industrial trends, the enterprise's R&D capabilities, the competitiveness of its products or services, and its management caliber, result in a comprehensive credit assessment. The loan application is analyzed in terms of the intended utilization of the funds and the repayment schedule. Thus, SMBC is able to arrive at an accurate and fair credit decision based on an objective examination of all relevant factors.

Increasing the understandability to customers of loan conditions and approval standards for specific borrowing purposes and loan categories is a part of SMBC's ongoing review of lending practices, which includes the revision of loan contract forms with the chief aim of clarifying lending conditions utilizing financial covenants.

To respond proactively and promptly to customers' funding needs—particularly those of SMEs—we employ a standardized credit risk assessment process for SMEs that uses a credit-scoring model. With this process, we are building a regime for efficiently marketing our Business Select Loan and other SME loans.

In the field of housing loans for individuals, we employ a credit assessment model based on credit data amassed and analyzed by SMBC over many years. This model enables our loan officers to efficiently make rational decisions on housing loan applications and to reply to the customers without delay. It also facilitates the effective management of credit risk as well as the flexible setting of interest rates.

We also provide loans to individuals who rent out properties such as apartments. The loan applications are subjected to a precise credit risk assessment process utilizing a risk assessment model that factors in the projected revenue from the rental business. We also provide advice to such customers on how to revise their business plans.

#### SMBC's Domestic Obligor Grading System

Obligor Grade	Definition	Borrower Category	Financial Reconstruction Act Based Disclosure Category
1	Very high certainty of debt repayment	Normal Borrowers	Normal Assets
2	High certainty of debt repayment		
3	Satisfactory certainty of debt repayment		
4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation		
5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of any changes in economic trends or business environment		
6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment		
7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems (Borrowers Requiring Caution identified as Substandard Borrowers)	Borrowers Requiring Caution Substandard Borrowers	Substandard Loans
8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers	Doubtful Assets
9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets
10	Legally or formally bankrupt	Bankrupt Borrowers	

**(b) Credit Monitoring System**

At SMBC, in addition to analyzing loans at the application stage, the Credit Monitoring System is utilized to maintain an understanding of the circumstances surrounding the obligor in order to reassess obligor grades and review self-assessment and credit policies so that problems can be detected at an early stage and quick and effective action can be taken. The system includes periodic monitoring carried out each time an obligor enterprise discloses financial results as well as continuous monitoring performed each time credit conditions change, as indicated in the diagram below.

**(3) Framework for Credit Portfolio Management**

In addition to managing individual loans, SMBC Group applies the following basic policies to the management of the entire credit portfolio to maintain and improve its soundness and profitability over the medium to long term. Information on the status of credit portfolio management is reported to the Management Committee and the Board of Directors and regular monitoring is performed through the Risk Appetite Framework (RAF).

**(a) Appropriate Risk Control within Capital**

To take risks within the acceptable level of capital, we set upper limits for overall risk capital based on the risk appetite and portfolio plan of each business unit and monitor credit risk capital as a breakdown of overall risk capital.

**(b) Controlling Concentration Risk**

As the equity capital of SMBC Group may be materially impaired in the event that the credit concentration risk becomes apparent, we implement measures to manage credit toward industrial sectors with excessive risk concentration and introduce large exposure limit lines and conduct intensive loan review for obligors with large exposure.

To manage country risk, we also have credit limit guidelines based on each country's creditworthiness.

**(c) Researching Borrowers More Rigorously and Balancing Risk and Returns**

Against a backdrop of drastic change in the business environment, we rigorously research borrower companies' actual conditions. It runs credit operations on the basic principle of earning returns that are commensurate with the credit risk involved, and makes every effort to reduce credit and capital costs as well as general and administrative expenses.

**(d) Preventing and Reducing Non-Performing Loans**

On NPLs and potential NPLs, we carry out regular loan reviews to clarify handling policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

**(e) Actively Managing Portfolios**

We make active use of credit derivatives, loan asset sales, and other instruments to proactively and flexibly manage its portfolios to stabilize credit risk.

**(4) Self-Assessment, Write-Offs and Provisions, Non-Performing Loans Disclosure**

**(a) Self-Assessment**

Self-assessment is a preparatory task for ensuring SMBC Group's asset quality and calculating the appropriate level of write-offs and provisions. Each asset is assessed individually for its security and collectibility. Depending on the borrower's current situation, the borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Virtually Bankrupt Borrowers, and Bankrupt Borrowers. Based on the borrower's category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account such factors as collateral and guarantees.

Self-assessment is the latter stage of the obligor grading process for determining the borrower's ability to fulfill debt obligations, and the obligor grade criteria are consistent with the categories used in self-assessment. As part of our efforts to bolster risk management throughout SMBC Group, consolidated subsidiaries carry out self-assessment in substantially the same manner.

**Borrower Categories, Defined**

Normal Borrowers	Borrowers with good earnings performances and no significant financial problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Virtually Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

**Asset Classifications, Defined**

Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of uncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

**(b) Write-Offs and Provisions**

In cases in which claims have been determined to be uncollectible or deemed to be uncollectible, write-offs signify the recognition of losses on the account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan loss provision on a contra-asset account in the amount deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision for the reserve for possible loan losses.

The write-off and provision standards and procedures for each self-assessment borrower category at SMBC, the core bank of SMBC Group, are shown below. As part of our overall measures to strengthen credit risk management throughout SMBC Group, all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and provisions.

SMBC's Standards for Write-Offs and Provisions		
Self-Assessment Borrower Categories	Standards for Write-Offs and Provisions	
Normal Borrowers	The expected loss amount for the next 12 months is calculated for each grade based on the grade's historical bankruptcy rate, and the total amount is recorded as "provision for the general reserve for possible loan losses."	
Borrowers Requiring Caution	These assets are divided into groups according to the level of default risk. Amounts are recorded as provisions for the general reserve in proportion to the expected losses based on the historical bankruptcy rate of each group. The groups are "claims on Substandard Borrowers" and "claims on other Borrowers Requiring Caution." The latter group is further subdivided according to the borrower's financial position, credit situation, and other factors. Further, when cash flows can be estimated reasonably accurately, the discounted cash flow (DCF) method is applied mainly to large claims for calculating the provision amount.	
Potentially Bankrupt Borrowers	A provision for the specific reserve for possible loan losses is made for the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means. Further, when cash flows can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount.	
Virtually Bankrupt / Bankrupt Borrowers	Classification III asset and Classification IV asset amounts for each borrower are calculated, and the full amount of Classification IV assets (deemed to be uncollectible or of no value) is written off in principle and provision for the specific reserve is made for the full amount of Classification III assets. Further, when cash flows from future reconstruction can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount.	
Notes	General Reserve	Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims
	Specific Reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

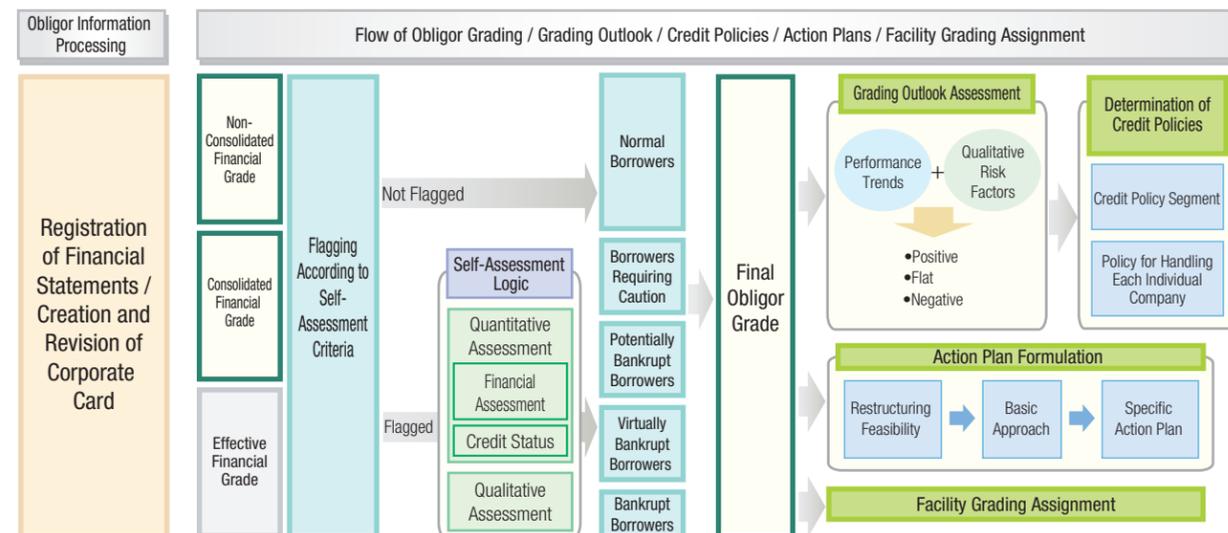
**Discounted Cash Flow Method**

SMBC uses the discounted cash flow (DCF) method to calculate the provision amounts for large claims on Substandard Borrowers or below when the cash flow from repayment of principal and interest received can be estimated reasonably accurately. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow discounted by the initial contractual interest rate or the effective interest rate at the time of origination. One of the major advantages of the DCF method over conventional methods of calculating the provision amount is that it enables effective evaluation of each individual borrower. However, as the provision amount depends on the future cash flow estimated on the basis of the borrower's business reconstruction plan and the DCF formula input values, such as the discount rate and the probability of the borrower going into bankruptcy, SMBC makes every effort to utilize up-to-date and correct data to realize the most accurate estimates possible.

**Forward-Looking Provisions**

SMBC records general reserves in amounts deemed necessary through comprehensive judgments to prepare for future losses in accordance with forecasts for specific portfolios with a high likelihood of occurrence and that cannot be reflected in past performance or in the borrower categories of specific companies based on recent operating environment and risk trends.

**SMBC's Credit Monitoring System**



### (c) Non-Performing Loans Disclosure

Non-Performing Loans are loans and other claims of which recovery of either principal or interest appears doubtful. In disclosing non-performing loans, the disclosure category is determined by the borrower categories assigned during self-assessment, and are disclosed as Non-Performing Loans based on the Banking Act and the Reconstruction Act.

## 4. Risk Management of Marketable Credit Transactions

Financial products, such as investments in funds, securitized products, and credit derivatives, that bear indirect risk arising from underlying assets such as bonds and loan obligations are considered to be exposed to both credit risk from the underlying assets as well as "market risk" and "liquidity risk" that arise from their trading as financial products. This is referred to as marketable credit risk.

For these types of products, we manage credit risk by analyzing and assessing the characteristics of the underlying assets, but, for the sake of complete risk management, we also apply the methods for management of market and liquidity risks.

In addition, we have established guidelines based on the characteristics of these types of risks and appropriately manage the risk of losses.

## Market and Liquidity Risks

### 1. Basic Approach to Market and Liquidity Risk Management

#### (1) Definitions of Market and Liquidity Risks

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, stock prices, or other market prices will change the market value of financial products, leading to a loss.

Liquidity risk is defined as the uncertainty around the ability of the firm to meet debt obligations without incurring unacceptably large losses. Examples of such risk include the possible inability to meet current and future cash flow/collateral needs, both expected and unexpected. In such cases, the firm may be required to raise funds at less than favorable rates or be unable to raise sufficient funds for settlement.

#### (2) Fundamental Principles for Market and Liquidity Risk Management

SMBC Group is working to further enhance the effectiveness of its quantitative management of market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; and clearly separating front-office, middle-office, and back-office operations to establish a highly efficient system of mutual checks and balances.

## 2. Market and Liquidity Risk Management System

In accordance with the group-wide basic policies for risk management decided upon by the Management Committee, SMBC Group determines important matters relating to the management of market and liquidity risks, such as basic policies and risk limits, in order to manage these risks. The ALM Committee meets four times a year, in principle, to report on the state of market and liquidity risk management and to discuss ALM operation policies. The Corporate Risk Management Department, which is independent of the business units that directly handle market transactions, manages market and liquidity risks in an integrated manner. This department not only monitors the current risk situations but also reports regularly to the Management Committee and the Board of Directors. Furthermore, the ALM Committee at SMBC, the core bank of SMBC Group, meets on a monthly basis to examine reports on the state of observance of limits on market and liquidity risks and to discuss ALM operation policies.

Verification of the effectiveness of this risk management system is conducted through regular internal audits implemented by the independent Audit Department.

## 3. Market and Liquidity Risk Management Methods

### (1) Market Risk Management

SMBC Group manages market risk by controlling amounts of value at risk (VaR), losses, and risk capital based on consideration for the Group's shareholders' equity and other principal indicators of the Group's financial position and management resources and for business policies pertaining to market transactions.

Market risk can be divided into various factors: foreign exchange rates, interest rates, equity prices, and option risks. SMBC Group manages each of these risk categories by employing VaR as well as supplemental indicators suitable for managing the risk of each risk factor, such as the BPV.

Trading activities are market operations that gain profits by taking advantage of fluctuations of market prices in the short term or price differences among markets. We assess and manage the market risk of trading activities on a daily basis by utilizing VaR and other tools. Banking activities are market operations which gain profits by controlling interest rates and term period for assets (loans, bonds, etc.) and liabilities (deposits, etc.). In the same way as in the case of trading activities, we assess and manage the market risk of banking activities on a daily basis, utilizing VaR and other tools.

The risk of interest rate fluctuation differs substantially by how to recognize the dates for the maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and how to estimate the time of cancellation prior to maturity of time deposits and consumer loans. At SMBC, the maturity of demand deposits that are expected to be left with the bank for a prolonged period is regarded to be up to 5 years (2.5 years on average). The cancellation prior to the maturity of time deposits and consumer loans is estimated based on historical data.

#### (a) Market Risks

##### a. Trading activities

Trading activities are market operations that gain profits by taking advantage of fluctuations of market prices in the short term or price differences among markets. At SMBC Group, we assess and manage the market risk of trading activities on a daily basis by utilizing VaR and other tools.

The following table shows the VaR results of the Group's trading activities during fiscal 2021. VaR fluctuated greatly during this fiscal year due to changes in the investment positions of our trading operations.

##### b. Banking activities

Banking activities are market operations which gain profits by controlling interest rates and term period for assets (loans, bonds, etc.) and liabilities (deposits, etc.). At SMBC Group, in the same way as in the case of trading activities, we assess and manage the market risk of banking activities on a daily basis, utilizing VaR and other tools.

The following table shows the VaR results of the Group's banking activities during fiscal 2021.

## ■ VaR for Trading Activities

(Billions of yen)

	Fiscal 2021					March 31, 2021
	March 31, 2022	September 30, 2021	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	25.9	23.4	31.1	20.6	25.5	20.7
Interest rates	59.0	16.5	59.9	13.8	25.0	14.6
Foreign exchange	42.7	11.0	42.7	8.6	17.2	8.8
Equities, commodities, etc.	12.4	12.2	18.0	8.5	12.7	8.6
SMBC (consolidated)	10.2	8.0	13.0	6.1	9.0	6.2
SMBC (non-consolidated)	2.9	2.8	4.7	2.1	2.8	2.4

Note: VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)].

## ■ VaR for Banking Activities

(Billions of yen)

	Fiscal 2021					March 31, 2021
	March 31, 2022	September 30, 2021	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	62.6	62.9	64.3	52.0	59.1	55.0
Interest rates	59.4	53.1	60.8	44.1	52.4	50.8
Equities, etc.	17.1	24.3	26.0	15.2	21.3	17.4
SMBC (consolidated)	61.9	62.2	63.5	51.5	58.4	54.5
SMBC (non-consolidated)	53.1	54.2	55.5	43.6	50.4	46.4

Notes: 1. VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)].  
2. The above category of "Equities, etc." does not include strategic shareholdings.

**(b) Market Risk Volume Calculation Model**

SMBC Group uses internal models to measure VaR and stressed VaR. For information on the consolidated subsidiaries that employ these internal models, please refer to the section on market risk.

**a. Presuppositions and limits of model**

In the Group's internal VaR and stressed VaR models, various market fluctuation scenarios are drawn up on the basis of past data, and the historical simulation method is used to run profit-and-loss movement simulations that enable us to forecast probable maximum losses. The appropriateness of the internal model is later verified through back-testing.

However, as this method cannot take into account major market fluctuations that have not actually occurred historically, we supplement this method with the use of stress testing.

This internal model employed by SMBC Group undergoes regular auditing by an independent auditing firm to ensure that it operates appropriately.

**b. Validity verification process**

**i Outline of validity verification**

SMBC Group uses back-testing as a method for verification of the validity of the internal model. VaR figures calculated by the internal model are compared with actual portfolio profit-and-loss figures on a given day to confirm the appropriateness of VaR calculation and the adequacy of risk capital management.

**ii Back-testing results**

Information on back-testing of trading in fiscal 2021 can be found on page 310.

**c. Substitute indicators**

SMBC Group employs, as substitute indicators, the VaR wherein presumptions for the model (observation periods, etc.), change.

**d. Changes in model from fiscal 2020**

There have been no changes in the model from fiscal 2020.

**(c) Stress Testing**

The market occasionally undergoes extreme fluctuations that exceed projections. To manage market risk, therefore, it is important to run simulations of unforeseen situations that may occur in financial markets (stress testing). SMBC Group conducts stress tests regularly, assuming various scenarios, and has measures in place for irregular events.

**(d) Management of Strategic Shareholdings**

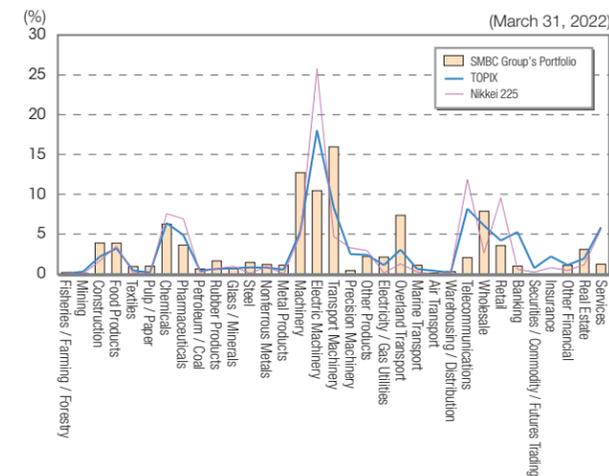
SMBC Group establishes risk allowance limits for total risk capital to control stock price fluctuation risk appropriately. Risk capital associated with strategic shareholdings is monitored as a component of total risk capital. More specifically, VaR (1 year holding period) computed from profit-and-loss simulations based on historical market fluctuation data and aggregated fluctuation in market price from the beginning of the fiscal year are subject to the risk capital management and monitored on a daily basis.

SMBC Group conducts ongoing measures for mitigating stock price fluctuation risks with the aim of securing the financial base necessary to sufficiently exercise intermediary functions, even under high-stress environments that create substantial declines in stock prices.

Specifically, we have been reducing balances of strategic shareholdings\* based on the reduction plan over five years from March 31, 2020, that was announced in May 2020, with the goal of reducing book value of strategic shareholdings by ¥300.0 billion.

\* Refers to book value of Group holdings of stocks listed in Japan

**■ Composition, by Industry, of Listed Equity Portfolio**



**(2) Liquidity Risk Management**

At SMBC Group, liquidity risk is regarded as one of the major risks. The Group's liquidity risk management is based on a framework consisting of setting Risk Appetite Measures and establishing contingency plans.

The Risk Appetite Measures are measures for selecting the types and levels of risk that we are willing to take on or tolerate. As the level of liquidity risk is evaluated based on cash flow and balance sheet conditions, Risk Appetite Measures have been set for both of these areas. These measures include Liquidity Coverage Ratio and Net Stable Funding Ratio, a liquidity regulation; periods set for which it will be possible to maintain funding levels even under stress due to deposit outflow or other factors; and the ratio that stable funding covers loans.

The tolerated levels of risk are set based on account funding status, cash management planning, economic environments, and other factors, and measures are monitored on a daily or monthly basis in order to limit reliance on short-term funding and appropriately manage liquidity.

As a framework to complement the Risk Appetite Measures, upper limits are set in place on both a Group company basis and an individual branch basis with regard to funding gaps, which is defined as a maturity mismatch between the source of funds and use of funds.

Furthermore, contingency plans are established in preparation for emergency situations. These plans contain information on chains of command and lines of reporting as well as detailed action plans depending on the existing situation (i.e., normal, concerned, or critical). Meanwhile, SMBC carries out quantitative management of alert indications based on early warning indicators established to assist the bank in promptly and systematically detecting liquidity risks.

**Operational Risk**

**1. Basic Approach to Operational Risk Management**

**(1) Definition of Operational Risk**

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, and systems or from external events. Specifically, the risk—which, in addition to processing risk and system risk, covers legal risk, human resources risk, and tangible asset risk, and third party risk—consists of the following seven event types that may lead to the risk of loss defined in the Basel Capital Accord: (1) internal fraud, (2) external fraud, (3) employment practices and workplace safety, (4) clients, products, and business practices, (5) damage to physical assets, (6) business disruption and system failures, and (7) execution, delivery, and process management.

**(2) Fundamental Principles for Operational Risk Management**

We have set forth the policies on Operational Risk Management to define the basic rules to be observed in the conduct of operational risk management across the entire Group. Under these policies, we have been working to enhance the operational risk management framework across the whole Group by establishing an effective system for identifying, assessing, controlling, and monitoring material operational risks as well as a system for addressing risks that have materialized and implementing emergency response measures. Based on the framework of the Basel Capital Accord, we have been continuously pursuing sophisticated quantification of operational risks and advanced group-wide management.

**2. Operational Risk Management System**

Based on the group-wide basic policies for risk management established by Sumitomo Mitsui Financial Group, Group companies have developed an operational risk management system.

At Sumitomo Mitsui Financial Group, the Management Committee makes decisions on basic policies for operational risk management, and these decisions are authorized by the Board of Directors. In addition, the Corporate Risk Management Department oversees the overall management of operational risks and works together with departments responsible for the subcategories such as processing risks and system risks to establish a system for comprehensively managing operational risks.

As a brief overview, this system operates by collecting and analyzing internal loss data and Key Risk Indicators (KRI) from Group companies. In addition, the system entails comprehensively specifying scenarios involving operational risks based on the operational procedures of companies that have adopted the Advanced Measurement Approach (AMA) on a regular basis and estimating the loss amount and frequency of the occurrence of such losses based on each scenario. Risk severities are quantified for each scenario. For those scenarios having high severities, risk

Risk Category	Definition	Department in Charge
Operational risk	The risk of loss arising from inadequate or failed internal processes, people, and systems or from external events.	Corporate Risk Management Department
Processing risk	The risk of losses arising from negligent processing by directors and employees, and from accidents or misconducts.	Operations Planning Department
System risk	The risk arising from nonconformity to the business strategies, inappropriate technologies applied, changes to the development plan and delay in development when building an information system, and the risk of loss incurred due to the breakdown including those caused by cyber attack, malfunction, deficiency, or unauthorized use (unauthorized alteration, destruction, duplication, and leakage of the information).	System Planning Department
Legal risk	The risk of compensation of damages arising from insufficient legal consideration or breach of contract, or a surcharge, a forfeit or an administrative fine for infringing the laws and regulations.	Compliance Department
Human resources risk	The risk of loss arising from inappropriate labor practices, poor working environments, discriminatory conduct, an outflow or loss of human resources, or deterioration in employee morale.	Human Resources Department
Tangible asset risk	The risk of loss arising from damage to tangible assets or deterioration in the operational environment caused by disasters or inadequate asset maintenance.	Administrative Services Department
Third party risk	The risk of loss arising from damage due to negative incidents caused by third parties who have business relationship with SMBC Group.	Corporate Risk Management Department

mitigation plans will be developed and the implementation status of such risk mitigation plans will be monitored by the Corporate Risk Management Department. Furthermore, operational risks are quantified and quantitatively managed by utilizing the collected internal loss data and scenarios.

Regular reports are issued to the Group CRO on internal loss data, KRI, scenario risk severity information, and the status of risk mitigation to ensure the effectiveness of risk management measures. Moreover, our independent Internal Audit Department conducts periodic internal audits to verify that the Group's operational risk management system is functioning properly.

### 3. Operational Risk Management Methodology

As previously defined, operational risks cover a wide range of cases, including the risks of losses due to errors in operation, system failures, and natural disasters. Also, operational risk events can occur virtually anywhere and everywhere. Thus, it is essential to check whether material operational risks have been overlooked, monitor the overall status of risks, and manage and control them. To this end, it is necessary to be able to quantify risks using a measurement methodology that can be applied to all types of operational risks and to comprehensively and comparatively capture the status of and changes in potential operational risks in business processes. Also, from the viewpoint of internal control, the measurement methodology used to create risk mitigation measures must be such that the implementation of the measures quantitatively reduces operational risks.

At the end of March 2008, SMBC Group adopted the AMA set forth by the Basel Capital Accord for calculating the operational risk equivalent amount. The approach has been utilized for the management of operational risks since then.

Specifically, a model to which internal loss data and scenario analysis results are input has been introduced to calculate the operational risk equivalent amount and risk asset amounts. In addition, steps are taken to ensure the objectivity, accuracy, and comprehensiveness of scenario evaluations by utilizing external loss data and Business Environment and Internal Control Factors in verification processes.

The quantification model produces the distribution of loss frequency and loss severity based on the internal loss data and scenario analysis results, and it also produces the loss distribution based on the said distribution of loss frequency (distribution of losses in a year) and the distribution of loss severity (distribution of loss amount per case) by making various combinations of frequencies and amounts of losses according to the Monte Carlo simulation method. In addition, the model calculates the maximum amount of loss expected, due to operational risks, based on the assumption of one-sided confidence interval of 99.9% and the holding period of one year. Regarding losses on repayment of excess interest of certain subsidiaries engaged in consumer finance operations, expected losses are deducted from the maximum amount of operational risk loss when calculating the operational risk equivalent amount.

Operational risk equivalent amount in respect of the tangible asset damages arising from earthquakes is measured using the probability data of earthquake occurrence in each part of Japan and the distribution of loss amount from those earthquake occurrences.

The measurement units are Sumitomo Mitsui Financial Group consolidated basis, SMBC consolidated basis, and SMBC non-consolidated basis. The operational risk equivalent amount based on the AMA is calculated as the simple aggregate of the amount of the seven event types set forth by the Basel Capital Accord and of tangible asset damages arising from earthquakes. However, in the case of Sumitomo Mitsui Financial Group consolidated basis, the risk

of losses on repayment of excess interest is added on. The measurement accuracy is ensured through a framework of regularly conducted verifications of the quantification models pre- and post-measurement.

Meanwhile, the operational risk equivalent amounts of other Group companies that do not apply the AMA are calculated according to the Basic Indicator Approach (BIA), and the operational risk equivalent amounts for Sumitomo Mitsui Financial Group consolidated basis and SMBC consolidated basis are calculated by consolidating such amounts calculated based on the BIA with the operational risk equivalent amount calculated based on the AMA.

### 4. Processing Risk Management

Processing risk is the risk of losses arising from negligent processing by directors and employees, and from accidents or misconducts.

SMBC Group has clarified the divisions responsible for the oversight functions for processing risk management, and we are working to raise the level of sophistication of our management of processing risk across the whole Group on a risk basis by establishing systems for managing the processing risks faced by Group companies, ensuring in-office inspection, minimizing losses in the event of processing risk materialization by drafting exhaustive contingency plans, and carrying out thorough quantification of the risk under management as basic principles.

Basic policies for processing risk management are decided by the Management Committee and then approved by the Board of Directors. The status of processing risk management is reported to the Management Committee and the Board of Directors regularly and when necessary. These and other steps are taken to ensure that we can provide customers with high-quality services.

Based on the group-wide basic policies for risk management, Group companies promote appropriate operating practices by establishing operating rules and regulations, systematizing transaction processing, receiving guidance from business divisions, and inspecting conditions related to transaction processing.

Cyber attacks are becoming increasingly serious, and cyber attack methods are rapidly growing more sophisticated and diverse. Accordingly, the threat of cyber risks to financial institutions is becoming more significant. In response to the growing threat of cyber risks, SMBC Group continues to enhance its response measures, going beyond basic security measures for addressing vulnerabilities to utilize third-party assessments to objectively evaluate its response systems and to enhance its response measures. In addition, we are complementing our prior program of cyber attack response drills and internal awareness-raising activities by expanding the range of practical-application drills anticipating multiple simultaneous attacks and workshops in order to improve security awareness and knowledge among all Group employees.

Furthermore, as SMBC Group's scope expands to include areas other than finance, we take steps to identify risks from new perspectives and to implement management systems that match the extent of risks in a given area of business. SMBC Group is strengthening its risk management, beginning with high risk areas, to assist in strengthening the risk management structure at companies requiring sophisticated risk management, regardless of their size, as well as business partners and other areas of the supply chain.

In addition, we actively and openly incorporate various technological progress to improve convenience for customers. We also strengthen our risk management structure on an ongoing basis in response to environmental changes, to deal with projected risks arising from promoting digitalization in a wide range of fields, such as the creation of new businesses and boosting productivity and efficiency. As SMBC Group adopts artificial intelligence, cloud, robotic process automation, application programming interface, and other technologies, manuals have been prepared with regards to items requiring compliance at the time of implementation and items for periodic monitoring as part of efforts to reinforce group-wide IT governance.

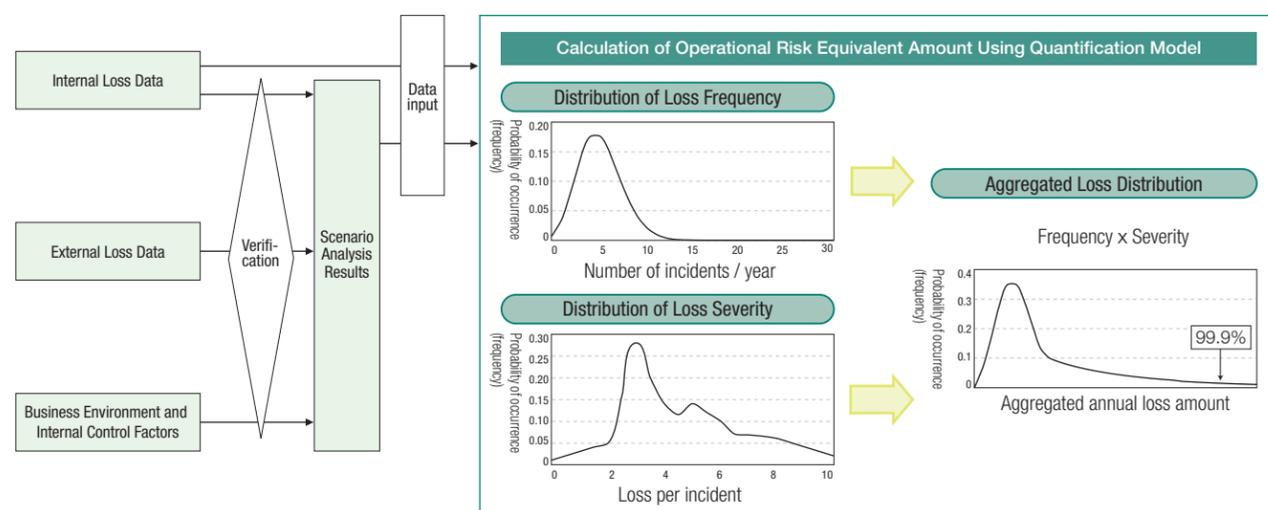
SMBC operates its risk management system by conducting risk assessments based on the Security Guidelines published by the Center for Financial Industry Information Systems (FISC) and by enhancing safety measures based on the results of these assessments. System failures at banks have the potential to heavily impact society. In addition, system risks are diversifying due to advances in IT and the expansion of business fields. Recognizing these facts, we have numerous measures in place for system failure prevention, including maintenance to ensure stable and uninterrupted operation, duplication of various systems and infrastructure, and a disaster-prevention system consisting of data centers in eastern and western Japan. In addition, we are preparing for unforeseeable circumstances through the creation of contingency plans and the implementation of system failure drills. To maintain the confidentiality of customer data and prevent leaks of information, sensitive information is encrypted, unauthorized external access is blocked, and all other possible measures are taken to secure data.

### 5. System Risk Management

System risk is the risk arising from nonconformity to the business strategies, inappropriate technologies applied, changes to the development plan and delay in development when building an information system, and the risk of loss incurred due to system breakdown including those caused by cyber attack, malfunction, deficiency or unauthorized use (unauthorized alteration, destruction, duplication and leakage of information).

SMBC Group has set the following as basic principles: recognizing information systems as an essential part of management strategy taking into account advances in IT, minimizing system risk by updating policies and procedures, including a security policy and establishing contingency plans to minimize losses if a system risk materializes. A risk management system has thus been put in place to ensure adequate risk management.

#### Basic Framework of Operational Risk Measurement



## Conduct Risk

### 1. Basic Approach to Conduct Risk Management

#### (1) Definition of Conduct Risk

Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interests, and the SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.

#### (2) Fundamental Principles of Conduct Risk Management

SMBC Group's fundamental stance is that its business is not to negatively affect customers, market integrity, effective competition, public interests, and stakeholders. Efforts are being made to improve group-wide conduct risk management. Focuses of these efforts include preemptively identifying phenomena with the potential to cause significant deterioration in the trust of the Group and preventing the materialization of serious management risks by being keenly responsive to environmental changes.

### 2. Conduct Risk Management System

Based on the group-wide basic policies for risk management, SMBC Group has developed a conduct risk management system. The Management Committee makes decisions on basic policies for conduct risk management, and these decisions are authorized by the Board of Directors. In addition, the Corporate Risk Management Department and the Compliance Department oversee the overall management of conduct risks and promote basic conduct risk management policies, frameworks, and measures. In addition, these bodies report on circumstances pertaining to conduct risk management to the Audit Committee and Risk Committee and discuss these circumstances to ensure the effectiveness of conduct risk management. Furthermore, the Internal Audit Unit verifies and evaluates the conduct risk management system.

### 3. Conduct Risk Management Methodology

SMBC Group mitigates and controls conduct risk by having business units identify and assess the major risks present in their business and establish measures for controlling these risks using the risk register framework. Meanwhile, risk management departments verify the appropriateness of the risks identified and assessed by business units and their control measures based on the KRE and KRI. Through this process of verification, these departments maintain close communication with business units with regard to matters such as the need to add risks or revisit assessments while checking and monitoring activities in order to improve the effectiveness of conduct risk management efforts.

## Model Risk

### 1. Basic Approach to Model Risk Management

#### (1) Definition of Model Risk

Model risk is "the risk of potential adverse consequences or financial loss resulting from misinformed decision making based on inaccurate model outputs or using the model inappropriately."

#### (2) Fundamental Principles of Model Risk Management

SMBC Group is working to improve model risk management across the Group by adhering to basic principles such as performing management based on a risk-based approach, evaluating model risk and carrying out quantitative management.

### 2. Model Risk Management System

SMBC Group has established a system for managing model risk based on the group-wide basic policies for risk management. The Management Committee makes decisions on basic policies for model risk management, and these decisions are authorized by the Board of Directors.

In addition, the Corporate Risk Management Department centrally oversees model risk management and is responsible for drafting model risk management plans, as well as their operation, promotion and support. The Internal Audit Department carries out regular audits of the efficacy of the model risk management system.

### 3. Model Risk Management Methodology

SMBC Group strives to reduce model risk by implementing appropriate controls for each process pertaining to model development and use in preparation for the emergence of model risk resulting from a financial and economic environment beyond that anticipated when developing the model, as well as the inappropriate use of models by employees. For example, we carry out regular validations during the development of models as well as their use, and periodic validation throughout model lifecycle to prevent their obsolescence or deterioration of their accuracy. In addition, we also strive to strengthen risk management according to model importance by assessing the risks present in each model.

## Reputational Risk

### 1. Basic Approach to Reputational Risk Management

#### (1) Definition of Reputational Risk

Reputational risk refers to the risk of not meeting the expectations for high ethics, integrity, etc. by the stakeholders (that is, customers, shareholders, market, society, environment, employees, etc.) due to the business of the SMBC Group and the behavior of employees and other related parties, as well as of leading to impairment of the Enterprise Value and decline in trust.

#### (2) Fundamental Principles of Reputational Risk Management

SMBC Group has set forth the rules on Reputational Risk Management to define the basic rules to be observed in the conduct of its reputational risk management. Under these rules, SMBC Group has been working to enhance the reputational risk management framework across the whole Group by clarifying a management structure as well as management system, methodologies, and rules.

### 2. Reputational Risk Management System

Based on the group-wide basic policies for risk management, SMBC Group has developed a reputational risk management system.

In addition, General Affairs Department and Public Relations Department control the reputational risk management in a centralized manner and formulate and operate the plan for reputational risk management, promote and provide support for the related

matters as well as summarize and analyze information related to reputational risk.

The matter leading to the reputational risk is discussed in the reputational risk management committee to consider various measures to minimize the risk, as necessary.

### 3. Reputational Risk Management Methodology

SMBC Group minimizes the losses by adequately gathering information about the situations where reputational risk could materialize as well as taking proper measures against such situations.

General Affairs Department and Public Relations Department strive to control and reduce the risk by gathering information about the situations where reputational risk could materialize and taking proper measures against the reputational risk matters identified.

## Glossary

### ALM

Abbreviation for Asset Liability Management  
Method for comprehensive management of assets and liabilities, with appropriate controls on market risk (interest rates, exchange rates, etc.) and liquidity risk.

### Advanced Measurement Approach (AMA)

Based on the operational risk measurement methods used in the internal management of financial institutions, this is a method for obtaining the operational risk equivalent amount by calculating the maximum amount of operational risk loss expected over a period of one year, with a one-sided confidence interval of 99.9%.

### Back-testing

A formal statistical framework that consists of verifying that actual losses are in line with projected losses. This involves systematically comparing the history of VaR forecasts with their associated portfolio returns.

### Basic Indicator Approach (BIA)

A calculation approach in which an average value for the most recent three years derived by multiplying gross profit for the financial institution as a whole by certain level (15%) is deemed to be the operational risk equivalent amount.

### BPV

Abbreviation for Basis Point Value  
Potential change in present value of financial product corresponding to 0.01-percentage-point increase in interest rates.

### Credit cost

Average losses expected to occur during the coming year.

### Historical simulation method

Method of simulating future fluctuations without the use of random numbers, by using historical data for risk factors.

### LGD

Abbreviation for Loss Given Default  
Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default.

### Monte Carlo simulation method

General term used for a simulation method which uses random numbers.

### Operational risk equivalent amount

Operational risk capital requirements under the Basel Capital Accord.

### PD

Abbreviation for Probability of Default  
Probability of becoming default by obligor during one year.

### Present value

A future amount of money that has been discounted to reflect its current value taking into account the interest rate and the extent of credit risk.

### Risk appetite

The types and levels of risk that we are willing to take on or tolerate to drive earnings growth.

### Risk capital

The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations. It differs from the minimum regulatory capital requirements, and it is being used in the risk management framework voluntarily developed by financial institutions for the purpose of internal management.

### Risk factor

In the case of market risk, this would be factors such as the share price or interest rate; in the case of credit risk, this would be factors such as the economic environment.

### Risk-weighted assets

The denominator used in the calculation of the capital ratio designed to maintain prudential standards for banks.

### VaR

Abbreviation for Value at Risk  
The maximum loss that can be expected to occur with a certain degree of probability when holding a financial asset portfolio for a given amount of time.

## Internal Reporting Systems and Hotline for Inappropriate Accounting and Auditing Activities

SMBC Group Alarm Line is intended to promote self-correction through early detection and rectification of actions that may violate laws and regulations. All Group employees can use this internal means of reporting from inside and outside their company. In addition, SMBC and other Group companies have established internal reporting systems for their employees.

Sumitomo Mitsui Financial Group Accounting and Auditing Hotline is aimed at strengthening the Group's self-correction function by encouraging early detection and rectification of improper actions relating to accounting, accounting internal controls, and auditing at the Company and its consolidated subsidiaries. The hotline can be used from inside or outside the Group to report accounting and auditing irregularities.

## SMFG Accounting and Auditing Hotline/Designated Dispute Resolution Agencies

SMFG Accounting and Auditing Hotline
Reports may be submitted by regular mail or e-mail to the following addresses.
Mailing address: SMFG Accounting and Auditing Hotline Iwata Godo Attorneys and Counselors at Law 15th floor, Marunouchi Building 2-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-6315 E-mail address: smfghotline@iwatagodo.com
<ul style="list-style-type: none"> <li>The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at the Company or its consolidated subsidiaries.</li> <li>Anonymous reports are also accepted; however, if possible, providing personal information such as your name and contact information would be appreciated and helpful.</li> <li>Please provide as much detail as possible for such inappropriate activities. An investigation may not be feasible if adequate information is not provided.</li> <li>Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.</li> </ul>

Designated Dispute Resolution Agencies
For the handling of any complaints received from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act, and the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions and the specified non-profit organization of "Financial Instruments Mediation Assistance Center," one of the "Designated Dispute Resolution Agencies" under the Financial Instruments and Exchange Act.
<p>Japanese Bankers Association:</p> <p>Contact information: Consultation office, Japanese Bankers Association</p> <p>Telephone numbers: (Japan) 0570-017109 or 03-5252-3772</p> <p>Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm</p>
<p>Trust Companies Association of Japan:</p> <p>Contact information: Consultation office, Trust Companies Association of Japan</p> <p>Telephone numbers: (Japan) 0120-817335 or 03-6206-3988</p> <p>Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:15 pm</p>
<p>Financial Instruments Mediation Assistance Center</p> <p>Contact information: Financial Instruments Mediation Assistance Center</p> <p>Telephone number: (Japan) 0120-64-5005</p> <p>Fax: (Japan) 03-3669-9833</p> <p>Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm</p>

# Basic Policy for Customer-Oriented Business Conduct

SMBC Group<sup>\*1</sup> has formulated the Basic Policy for Customer-Oriented Business Conduct for its domestic asset management and asset formulation businesses, based on which they are promoting customer-oriented business conduct.

This policy informs our basic stance of emphasizing the dispersing of investments over the medium to long term through which we seek to support customers in stable asset formulation. Also based on this policy, Sumitomo Mitsui Financial Group and its Group companies aim to contribute to the development of capital markets that provide companies with the funds they need to grow and to economic growth through their asset management and asset formulation businesses.

## 1. SMBC Group's Customer-Oriented Business Conduct

As one part of "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." Based on the spirit of this mission, we have defined our Five Values, a list of five key words that includes "Customer First" (always think based on a customer-oriented perspective and provide value based on the individual needs of customers), shared by all the executives and employees of SMBC Group. SMBC Group continues to push forward with various initiatives to actualize these values.

Sumitomo Mitsui Financial Group is fully aware of the severity of the government penalties imposed on SMBC in April 2006 in

relation to its sales practices for interest rate swaps. We are thus committed to preventing the recurrence of such malpractice. Accordingly, we have adopted a customer-oriented perspective in pursuing sustainability throughout our management, internal control, and compliance systems. Through these and other efforts, we have endeavored to regain trust from customers and from society as a whole.

Furthermore, the Customer Experience (CX) Improvement Subcommittee has been set up to incorporate customer input into management. The opinions of external experts<sup>\*2</sup> are utilized in meetings of this committee as discussions on and verification of initiatives at Group companies are carried out to promote the exercise of a customer-oriented perspective on a group-wide basis. In addition, the CX Improvement Committee, which comprises officers sitting on the Group Management Committee, holds regular discussions on customer-oriented business conduct.

We are convinced that the ongoing quest to provide quality products and services based on customer needs and desires will contribute to economic growth and subsequently growth for SMBC Group. Everyone at SMBC Group will carry out their duties in an earnest and just manner while exercising a high degree of specialized knowledge and good business ethics. SMBC Group will never let up in its efforts to ensure that it always thinks and acts based on a customer-oriented perspective in the truest sense as it strives to generate the greatest profits for its customers.

## 2. Initiatives for Promoting Customer-Oriented Business Conduct

Sumitomo Mitsui Financial Group will implement the following initiatives to entrench the principles of customer-oriented business conduct into its activities.

### (1) Provision of Products and Services Suited to the Customer

When drawing up and underwriting financial products, we will act with an accurate understanding of customer needs, determining the ideal target customer group based on the risks and complexity of the products, in order to properly develop and select products.

We will also help customers to find the ideal products and services. Our first step in this process will be to learn about our customers, inquiring into their needs and goals. We will next look at their level of knowledge, investment experience, and asset portfolios so that we can propose the best possible products and services for them.

If we think that a product may not be ideally suited to a customer's needs based on its characteristics or risks, we will discuss this matter with the customer as necessary and refrain from proposing such products when doing so is inappropriate.

### (2) Easy-to-Understand Explanation of Important Information

The amount of information provided to customers on the characteristics, risks, and fees of the products we handle as well as on the economic climate and market trends will be enhanced to help customers make informed decisions. Furthermore, we will strive to explain this information in an easy-to-understand manner.

### (3) Clarification of Fees

Sumitomo Mitsui Financial Group receives fees from customers for the products and services it provides out of consideration for the need to develop and improve the quality of products and services and to supply various types of information as well as for processing- and infrastructure-related expenses. We will seek to provide thorough explanations of these fees that are as easy to understand as possible.

### (4) Management of Conflicts of Interest

Performing duties in an earnest and just manner based on a customer-oriented perspective entails managing any potential conflicts of interest to ensure that our operations are truly customer oriented.

Based on the Management Policy Concerning Conflicts of Interest in Sumitomo Mitsui Financial Group, we have defined the types of conflicts of interest requiring management as well as the types of transactions that tend to present conflicts of interest and procedures for identifying these transactions, methods and systems for managing conflicts of interest, and the scope of Group companies at which conflicts of interest should be managed. In this manner, we take steps to ensure that conflicts of interest are properly managed and therefore do not impede the interests of customers.

### (5) Frameworks for Properly Motivating Employees

Always thinking and acting based on a customer-oriented perspective in the truest sense requires our employees to be properly motivated so that they can remain dedicated and effective in their work. Sumitomo Mitsui Financial Group thus develops its performance evaluation systems from a long-term perspective with the aim of encouraging customer-oriented sales activities. At the same time, we are expanding our range of training programs for promoting earnest and just work practices and higher levels of business ethics.

SMBC Group aims to facilitate the shift from savings to asset holding seen in Japan through such initiatives.

Furthermore, we will periodically disclose information on initiatives by SMBC Group based on this policy with the aim of facilitating understanding regarding these initiatives among customers. In addition, the status of initiatives and their results will be verified so that initiatives can be revised as necessary to improve upon operating practices. Information regarding these verifications and revisions will be disclosed.

<sup>\*1</sup> Sumitomo Mitsui Financial Group and its subsidiaries and affiliates are referred to collectively as "SMBC Group." The following SMBC Group companies are subject to this policy: SMBC; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; Sumitomo Mitsui DS Asset Management Company, Limited

<sup>\*2</sup> External experts\* are invited to meetings of the CX Improvement Subcommittee to provide advice and suggestions with the aim of incorporating a wide range of perspectives into management that includes and goes beyond input and requests from customers.

\* External experts (in alphabetical order)

Name	Position
Professor Hideki Kanda	Emeritus Professor, University of Tokyo, and Professor, Gakushuin University Law School
Kumiko Bando	President, Japan Legal Support Center
Taku Umezawa	Former Commissioner of the Consumer Affairs Agency and Executive Director of the Japanese Red Cross Society

### Five Values



# Support for Mid-Sized Corporations and SMEs, Vitalization of Local Regions in Japan

## Services for Corporations

Through the Area Corporate Office, SMBC provides services to mid-sized corporations and SME clients. The Area Corporate Office has in place a system for providing specialized services utilizing the networks of SMBC Group companies to address customers' funding needs, wide-ranging financial needs, and management issues. We are also supporting customers' business continuity through funding assistance via means such as setting up a special fund specifically for mid-sized corporations and SME clients that continue to be impacted by factors including the COVID-19 pandemic, the Ukraine crisis and higher oil prices.

Going forward, we will continue to fulfill our social responsibility as a financial institution by providing support based on the customer's standpoint.

## Collaboration with Local Credit Guarantee Corporations

SMBC offers Business Select Loans, a loan service that offers unsecured and unguaranteed financing, and also provides jointly guaranteed loans and support for using prefectural financing systems in Japan through collaboration with local credit guarantee corporations, enabling it to meet the funding needs of customers that continue to be impacted by factors including the COVID-19 pandemic, the Ukraine crisis and higher oil prices.

Credit Guarantee Corporation	Name
Credit Guarantee Corporation of Tokyo	SMBC Strengthen Management Base Guarantee (SDGs, electronic contracts)
Credit Guarantee Corporation of Kanagawa	Kanagawa Asset 200
Credit Guarantee Corporation of Osaka	CS Next Guarantee
Credit Guarantee Corporation of Hyogo-Ken	HIYAKU

## Support for Improved Management, Business Turnaround, and Business Transformation

Along with its efforts to fulfill its financial intermediary function smoothly, SMBC seeks to provide solutions to management issues, putting itself in the position of the client to devise optimum proposals based on the nature of the issues and the client's stage in life. Examples include offering a full range of loan products designed to meet funding needs and address management issues. We also provide solutions in such areas as business matching, overseas business development, and business succession.

In addition, based on the "Guidelines for Business Revitalization, etc. of Small- and Medium-sized Enterprises" released in March 2022, we are coordinating with external experts<sup>1</sup> and external organizations<sup>2</sup> as appropriate to support customers to improve and revitalize their businesses. This includes, for example, support to formulate business improvement plans and advice on cost reduction and asset sales.

We are also proposing solutions and providing implementation support to our customers who have been affected by natural disasters, COVID-19, the situation in Ukraine as well as rising oil prices to help them rebuild their lives and businesses.

<sup>1</sup> SMBC Consulting, certified tax accountants, certified public accountants, etc.

<sup>2</sup> Council supporting revitalization of SMEs, Regional Economy Vitalization Corporation of Japan, etc.

## Involvement in Regional Revitalization

It is becoming more important for regions to exercise their overall capabilities. There are thus high expectations for contributions that financial institutions can make by leveraging their wide-reaching information networks.

In September 2020, SMBC Group set up hoops link kobe in the SMBC Kobe head office building. This innovation center is operated together with KIP Hyogo, an entrepreneur-support organization based in Hyogo Prefecture.

We followed this up with the opening of the adjacent UNOPS Global Innovation Center Japan, an international organization aimed at contributing to the accomplishment of the United Nations Sustainable Development Goals through collaboration with domestic and international start-ups and global companies, in November 2020. This organization is utilized by many seeking to promote open innovation and industry-academia collaboration within the region.

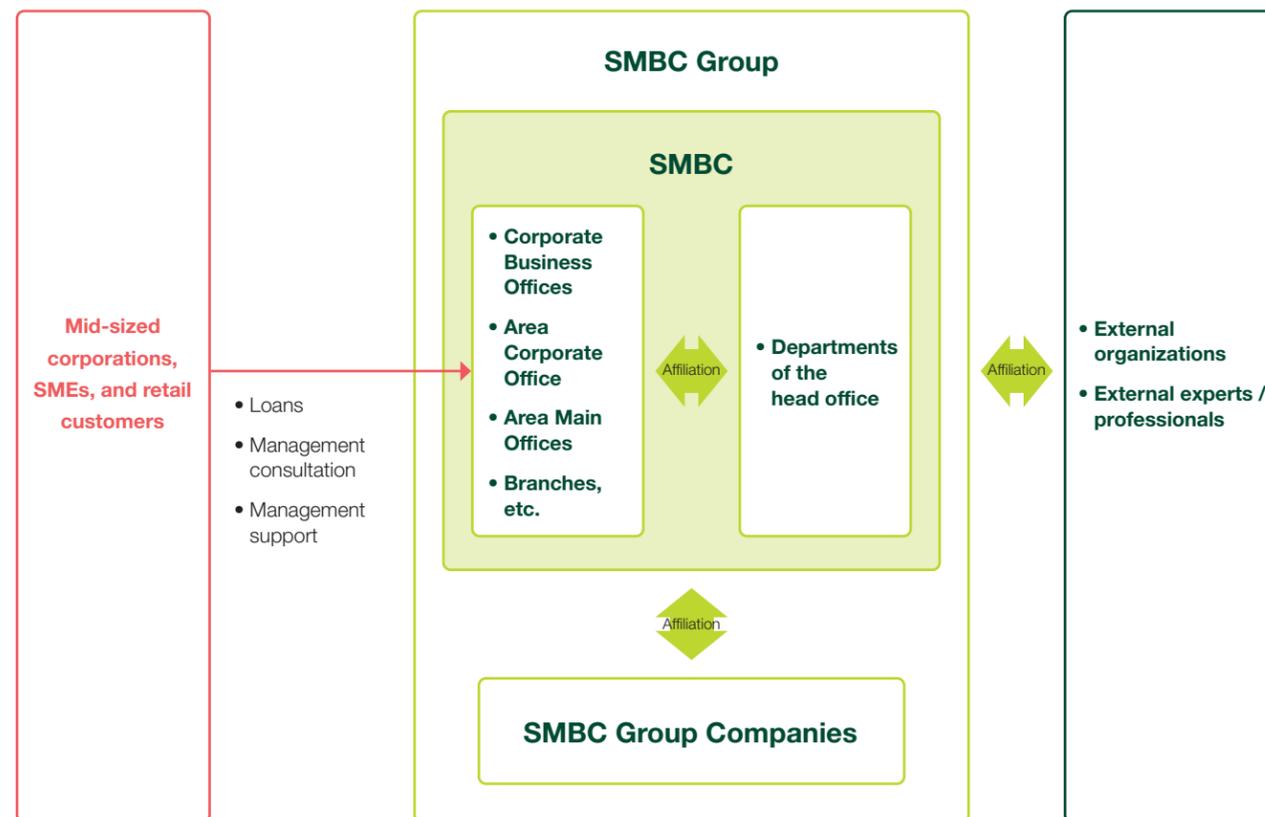
Furthermore, the Kansai Growth Strategy Department was established in April 2021, to create new businesses in order to contribute to the ongoing growth of the Kansai region by utilizing SMBC Group's information and network in preparation for Expo 2025 Osaka, Kansai, Japan.

At the same time, we will continue to work with local government entities and regional financial institutions across Japan, drawing on SMBC Group's network to contribute to local economies through regional revitalization.



Closing ceremony of the SDGs FutureCity Yokohama project

## Support System for Mid-Sized Corporations and SMEs



## Measures for Finance Facilitation

SMBC's "Basic Policy for Finance Facilitation" underlies efforts to be diligent and thorough in the provision of funding and consultation.

### "Basic Policy for Finance Facilitation"

1. Conduct appropriate review of applications submitted for a new loan or requests to modify loan conditions
2. Provide appropriate management consultation and guidance for clients and appropriate support for management improvements
3. Strive to improve the ability to assess the value of a client's business appropriately
4. Provide appropriate and thorough explanations to clients in consultations and applications for new loans or modification of loan conditions
5. Respond appropriately and adequately to client inquiries regarding new loan and modification consultations and applications and to consulting requests or complaints
6. Liaise closely with other financial institutions involved in applications for modifying loan conditions, applications for support through public and third-party institutions, or other applications
7. Respond appropriately in respect of personal guarantees in accordance with the "Guidelines for Personal Guarantee Provided by Business Owners"

#### ◆ SMBC

March 31	2020	2021	2022
Number of employees <sup>1</sup>	26,457	26,229	25,658
Male	12,021	11,879	11,535
Percentage of total	45.44%	45.29%	44.96%
Female	14,436	14,350	14,123
Percentage of total	54.56%	54.71%	55.04%
Average age	37 yrs 9 mos.	38 yrs 4 mos.	38 yrs 11 mos.
Male	40 yrs 3 mos.	40 yrs 6 mos.	40 yrs 10 mos.
Female	35 yrs 8 mos.	36 yrs 6 mos.	37 yrs 4 mos.
Average years of service	13 yrs 11 mos.	14 yrs 5 mos.	15 yrs 1 mos.
Male	16 yrs 0 mos.	16 yrs 3 mos.	16 yrs 7 mos.
Female	12 yrs 1 mos.	13 yrs 0 mos.	13 yrs 10 mos.
Number of women in managerial positions <sup>2</sup>	824	837	819
Ratio of employees with disabilities (% of total)	2.65%	2.70%	2.83%

<sup>1</sup> The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and locally hired employees at overseas branches.

<sup>2</sup> As of March 1 of respective years

April 1	2020	2021	2022
Number of new hires	622	542	472
Number of newly employed female graduates	201	197	285
Ratio of newly employed females to total new employees	32.3%	36.3%	39.6%

Fiscal	2019	2020	2021
Number of employees taking parental leave	2,948	3,205	3,315
<Men taking such leave>	<838>	<978>	<935>
Number of career hires	25	49	45

#### ◆ SMBC Trust Bank

March 31	2020	2021	2022
Number of employees <sup>1</sup>	2,084	2,072	1,807
Male	987	993	881
Percentage of total	47.36%	47.92%	48.75%
Female	1,097	1,079	926
Percentage of total	52.64%	52.08%	51.25%
Average age	44 yrs 3 mos.	43 yrs 9 mos.	44 yrs 4 mos.
Male	46 yrs 3 mos.	44 yrs 8 mos.	44 yrs 8 mos.
Female	42 yrs 5 mos.	43 yrs 2 mos.	45 yrs 1 mos.
Average years of service	9 yrs 0 mos.	9 yrs 9 mos.	10 yrs 10 mos.
Male	7 yrs 9 mos.	8 yrs 8 mos.	12 yrs 3 mos.
Female	10 yrs 1 mos.	11 yrs 0 mos.	9 yrs 5 mos.
Number of women in managerial positions	84	76	65
Ratio of employees with disabilities (% of total) <sup>2</sup>	2.31%	2.42%	2.37%

<sup>1</sup> The number of full-time employees, including employees seconded to other companies and organizations. The number excludes employees seconded from other companies and organizations, directors, employees on short-term contracts, part-time employees, and employees of temporary employment agencies.

<sup>2</sup> The legally mandated number of employees with disabilities had been hired as of March 31, 2022.

<sup>3</sup> Revised retroactively for periods prior to the change in definition.

April 1	2020	2021	2022
Number of new hires	52	24	14
Number of newly employed female graduates	16	8	6
Ratio of newly employed females to total new employees	30.8%	33.3%	42.9%

\* Revised retroactively for periods prior to the change in definition.

Fiscal	2019	2020	2021
Number of employees taking parental leave	117	123	91
<Men taking such leave>	<25>	<36>	<27>
Number of career hires	25	22	14

\* Revised retroactively for periods prior to the change in definition.

#### ◆ Sumitomo Mitsui Finance and Leasing

March 31	2020	2021	2022
Number of employees <sup>1</sup>	2,448	2,460	2,427
Male	1,590	1,596	1,551
Percentage of total	64.95%	64.88%	63.91%
Female	858	864	876
Percentage of total	35.05%	35.12%	36.09%
Average age	42 yrs 2 mos.	42 yrs 5 mos.	42 yrs 7 mos.
Male	43 yrs 8 mos.	43 yrs 11 mos.	44 yrs 0 mos.
Female	39 yrs 2 mos.	39 yrs 8 mos.	40 yrs 1 mos.
Average years of service	15 yrs 0 mos.	15 yrs 2 mos.	15 yrs 4 mos.
Male	16 yrs 3 mos.	16 yrs 5 mos.	16 yrs 6 mos.
Female	12 yrs 6 mos.	13 yrs 0 mos.	13 yrs 4 mos.
Number of women in managerial positions <sup>2</sup>	38	38	38
Ratio of employees with disabilities (% of total)	1.80%	2.30%	2.41%

<sup>1</sup> The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: employees seconded from other companies and organizations, executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and full-time employees of affiliates (including overseas subsidiaries).

<sup>2</sup> As of March 1 of respective years

April 1	2020	2021	2022
Number of new hires	81	62	71
Number of newly employed female graduates	33	26	30
Ratio of newly employed females to total new employees	40.7%	41.9%	42.3%

Fiscal	2019	2020	2021
Number of employees taking parental leave	48	44	134
<Men taking such leave>	<9>	<21>	<103>
Number of career hires	18	15	21

#### ◆ SMBC Nikko Securities

March 31	2020	2021	2022
Number of employees <sup>1</sup>	10,187	9,794	9,623
Male	6,330	6,049	5,926
Percentage of total	62.14%	61.76%	61.58%
Female	3,857	3,745	3,697
Percentage of total	37.86%	38.24%	38.42%
Average age	41 yrs 4 mos.	41 yrs 5 mos.	41 yrs 6 mos.
Male	42 yrs 5 mos.	42 yrs 4 mos.	42 yrs 5 mos.
Female	39 yrs 7 mos.	39 yrs 8 mos.	40 yrs 0 mos.
Average years of service <sup>2</sup>	13 yrs 3 mos.	13 yrs 7 mos.	14 yrs 2 mos.
Male	13 yrs 4 mos.	13 yrs 7 mos.	14 yrs 1 mos.
Female	13 yrs 2 mos.	13 yrs 7 mos.	14 yrs 2 mos.
Number of women in managerial positions	178	184	207
Ratio of employees with disabilities (% of total) <sup>3</sup>	2.49%	2.61%	2.68%

<sup>1</sup> Excluding employees seconded to other companies, executive officers, part-time employees, dispatched employees, locally hired employees (LH) at overseas branches

<sup>2</sup> The average years of service of applicable employees. Years of service for employees joined through the merger with SMBC Friend Securities are counted from the date of the merger.

<sup>3</sup> As of March 31 of respective years

April 1	2020	2021	2022
Number of new hires	341	229	219
Number of newly employed female graduates	118	83	74
Ratio of newly employed females to total new employees	34.6%	36.2%	33.8%

Fiscal	2019	2020	2021
Number of employees taking parental leave	446	439	580
<Men taking such leave>	<101>	<86>	<445>
Number of career hires	56	72	79

<sup>4</sup> Revision of the short-term childcare leave system and creation of a new special leave for childcare in FY2021.

#### ◆ Sumitomo Mitsui Card

March 31	2020	2021	2022
Number of employees <sup>1</sup>	5,785	6,084	5,976
Male	2,979	3,111	3,034
Percentage of total	51.50%	51.13%	50.77%
Female	2,806	2,973	2,942
Percentage of total	48.50%	48.87%	49.23%
Average age	41 yrs 11 mos.	42 yrs 2 mos.	42 yrs 7 mos.
Male	44 yrs 0 mos.	44 yrs 4 mos.	44 yrs 5 mos.
Female	39 yrs 8 mos.	40 yrs 0 mos.	40 yrs 8 mos.
Average years of service	17 yrs 4 mos.	17 yrs 3 mos.	17 yrs 6 mos.
Male	19 yrs 3 mos.	18 yrs 11 mos.	19 yrs 1 mos.
Female	15 yrs 5 mos.	15 yrs 7 mos.	15 yrs 11 mos.
Number of women in managerial positions	117	131	85
Ratio of employees with disabilities (% of total) <sup>2</sup>	2.45%	2.50%	2.50%

<sup>1</sup> The number of full-time employees. This excludes directors, consultants, advisors, employees seconded from external companies and organizations, contract and temporary employees, part-time and specialist contract employees, as well as affiliated company employees.

<sup>2</sup> Computed based on single month of March.

Note: Includes figures for SMBC Finance Service (a wholly-owned subsidiary of SMBC Card Company).

April 1	2020	2021	2022
Number of new hires	131	115	109
Number of newly employed female graduates	68	47	51
Ratio of newly employed females to total new employees	51.9%	40.9%	46.8%

Note: Includes figures for SMBC Finance Service (a wholly-owned subsidiary of SMBC Card Company).

Fiscal	2019	2020	2021
Number of employees taking parental leave	353	366	408
<Men taking such leave>	<71>	<57>	<73>
Number of career hires	48	30	29

<sup>3</sup> Includes childcare leave (paid and leave-of-absence systems).

Note: Includes figures for SMBC Finance Service (a wholly-owned subsidiary of SMBC Card Company).

#### ◆ SMBC Consumer Finance

March 31	2020	2021	2022
Number of employees <sup>1</sup>	2,475	2,551	2,592
Male	1,454	1,466	1,474
Percentage of total	58.75%	57.47%	56.87%
Female	1,021	1,085	1,118
Percentage of total	41.25%	42.53%	43.13%
Average age	41 yrs 8 mos.	41 yrs 11 mos.	42 yrs 4 mos.
Male	43 yrs 1 mos.	43 yrs 5 mos.	43 yrs 9 mos.
Female	39 yrs 7 mos.	39 yrs 10 mos.	40 yrs 6 mos.
Average years of service	16 yrs 1 mos.	16 yrs 2 mos.	16 yrs 7 mos.
Male	18 yrs 1 mos.	18 yrs 4 mos.	18 yrs 7 mos.
Female	13 yrs 2 mos.	13 yrs 6 mos.	13 yrs 11 mos.
Number of women in managerial positions	126	137	147
Ratio of employees with disabilities (% of total) <sup>2</sup>	3.00%	2.75%	2.75%

<sup>1</sup> The number of full-time employees on a non-consolidated basis, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: employees seconded from other companies, locally hired employees at overseas branches, executive officers, contract employees, part-time employees, and employees of temporary employment agencies.

<sup>2</sup> As of March 31 of respective years

April 1	2020	2021	2022
Number of new hires	57	46	49
Number of newly employed female graduates	37	24	32
Ratio of newly employed females to total new employees	64.9%	52.2%	65.3%

Fiscal	2019	2020	2021
Number of employees taking parental leave	85	83	73
<Men taking such leave>	<7>	<11>	<9>
Number of career hires	0	1	0

#### ◆ Japan Research Institute

March 31	2020	2021	2022
Number of employees <sup>1</sup>	2,510	2,571	2,640
Male	1,841	1,893	1,931
Percentage of total	73.35%	73.63%	73.14%
Female	669	678	709
Percentage of total	26.65%	26.37%	26.86%
Average age	41 yrs 1 mos.	41 yrs 1 mos.	41 yrs 0 mos.
Male	41 yrs 8 mos.	41 yrs 8 mos.	41 yrs 6 mos.
Female	39 yrs 3 mos.	39 yrs 7 mos.	39 yrs 6 mos.
Average years of service	12 yrs 10 mos.	13 yrs 1 mos.	13 yrs 1 mos.
Male	13 yrs 3 mos.	13 yrs 5 mos.	13 yrs 5 mos.
Female	11 yrs 8 mos.	12 yrs 3 mos.	12 yrs 3 mos.
Ratio of employees with disabilities (% of total) <sup>2</sup>	2.23%	2.26%	2.31%

<sup>1</sup> The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, consultants, advisors, employees on short-term contracts, part-time employees, employees of temporary employment agencies, locally hired employees at overseas branches, and full-time employees of affiliates.

<sup>2</sup> As of March 31 of respective years

April 1	2020	2021	2022
Number of new hires	119	127	143
Number of newly employed female graduates	35	39	52
Ratio of newly employed females to total new employees	29.4%	30.7%	36.4%

Fiscal	2019	2020	2021
Number of employees taking parental leave	84	79	88
<Men taking such leave>	<35>	<26>	<36>
Number of career hires <sup>3</sup>	60	52	51

<sup>3</sup> Excluding employees of temporary employment agencies converted to direct employees and former bank employees transferred to the company

#### ◆ Sumitomo Mitsui DS Asset Management

March 31	2020	2021	2022
Number of employees <sup>1</sup>	845	824	770
Male	614	596	542
Percentage of total	72.66%	72.33%	70.39%
Female	231	228	228
Percentage of total	27.34%	27.67%	29.61%
Average age	45 yrs 11 mos.	46 yrs 5 mos.	46 yrs 0 mos.
Male	47 yrs 5 mos.	47 yrs 11 mos.	47 yrs 7 mos.
Female	42 yrs 0 mos.	42 yrs 3 mos.	42 yrs 2 mos.
Average years of service	15 yrs 3 mos.	15 yrs 6 mos.	15 yrs 6 mos.
Male	16 yrs 6 mos.	16 yrs 10 mos.	17 yrs 1 mos.
Female	11 yrs 8 mos.	12 yrs 0 mos.	11 yrs 9 mos.
Number of women in managerial positions	11	9	10

<sup>1</sup> The number of full-time employees. This excludes directors, dispatched employees, and locally hired employees at overseas branches.

April 1	2020	2021	2022
Number of new hires	12	8	12
Number of newly employed female graduates	6	4	6
Ratio of newly employed females to total new employees	50.0%	50.0%	50.0%

Fiscal	2019	2020	2021
Number of employees taking parental leave	19	25	40
<Men taking such leave>	<8>	<14>	<13>
Number of career hires	2	5	16

Note: In April 2019, Sumitomo Mitsui DS Asset Management Company, Limited, was formed through the merger of Sumitomo Mitsui Asset Management Company, Limited, and Daiwa SB Investments Ltd.

# Main Work-Life Balance Support System

	Parental leave	Leave for taking care of sick children	Shorter working hours	Restrictions on overtime	Exemption from late-night work	Other principal systems
SMBC	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children) Applicable for caring for sick children as well as for school events and other reasons	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> <li>Short-term childcare leave</li> <li>Work relocations</li> <li>Primary Work Location Registration system</li> <li>Work Location of Choice system</li> <li>Childcare subsidies</li> <li>Leave for nursing care</li> <li>Shorter working hours allowed for nursing care</li> <li>Nursing care leave system (by the hour)</li> <li>Career design leave system</li> <li>System for rehiring former employees</li> <li>Special leave for childbirth</li> <li>Carryover leave (infertility treatment)</li> <li>Half-day leave</li> <li>Teleworking system</li> <li>Staggered working hours</li> <li>Dual-Career Support system for side work</li> </ul>
SMBC Trust Bank	1 year or maximum of 18 months in case of inability to place in daycare center Up to 26 months if other conditions are met	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis	Employees can work shortened hours equivalent to working a minimum of 6 hours per day until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> <li>Flextime system</li> <li>Flexibility in the work place</li> <li>Paternity leave (3 days)</li> <li>Leave for nursing care</li> <li>Shorter working hours allowed for nursing care</li> <li>Family care time off (by the hour)</li> <li>Family support leave</li> <li>Short-term childcare leave</li> <li>Annual leave in hour increments</li> </ul>
Sumitomo Mitsui Finance and Leasing	1 year or maximum of 2 years in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes until March 31 of the 3rd grade Shortened working hour flextime system available allowing for 6.5- and 7-hour workdays	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> <li>Work relocations</li> <li>Short-term childcare leave</li> <li>Leave for nursing care</li> <li>Shorter working hours allowed for nursing care</li> <li>Nursing care leave system</li> <li>Half-day leave</li> <li>Staggered working hours</li> <li>Flextime system</li> <li>Shortened working hour flextime system</li> <li>Teleworking system</li> <li>Life support leave system</li> <li>System for rehiring former employees</li> <li>Career support leave system</li> </ul>
SMBC Nikko Securities	Until 3 years of age	Until March 31 of the 6th grade (5 days per annum per child; 10 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis	Employees may reduce daily working hours in increments of 30 minutes up to 2.5 hours until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> <li>Short-term childcare leave</li> <li>Discounted rates for daycare center</li> <li>Special leave for childbirth</li> <li>Nursing care leave</li> <li>Special days off for nursing care (by the hour)</li> <li>Shorter working hours allowed for nursing care</li> <li>Short-term leave for nursing care</li> <li>Staggered working hours (working in shifts)</li> <li>Rehiring former employees</li> <li>Childcare subsidies</li> <li>Teleworking system</li> <li>Half-day paid leave</li> <li>Hourly paid leave</li> <li>Amortized Holiday Reserving Policy</li> <li>Side business</li> <li>Long-Term Self Development Leave Policy a.k.a. "Challenge Leave"</li> <li>Three-day and four-day workweeks</li> <li>Corporate-led nursery school</li> <li>Baby-sitter discount system</li> <li>Memorial leave system</li> <li>Volunteering leave system</li> <li>Reverse leave system</li> <li>Pro bono work</li> </ul>
Sumitomo Mitsui Card	18 months or maximum of 2 years in case of inability to place in daycare center (SMBC Finance Service: available up to the age of three)	Until March 31 of the 6th grade (40 hours per annum per child; 80 hours for two or more children)	Employees can choose to reduce daily working hours by 30, 60, 90, 120, or 150 minutes or reduce the number of days worked a week until March 31 of child's 3rd-grade year	Until March 31 of the 3rd grade (SMBC Finance Service: available until starting elementary school)	Until March 31 of the 3rd grade (SMBC Finance Service: available until starting elementary school)	<ul style="list-style-type: none"> <li>Work relocations</li> <li>Staggered working hours</li> <li>Half-day paid leave</li> <li>Special leave for childbirth</li> <li>Childcare subsidies</li> <li>Nursing care leave system (by the hour)</li> <li>Shorter working hours for nursing care</li> <li>Rehiring former employees</li> <li>Teleworking system</li> <li>Flextime system (The below applies only to Sumitomo Mitsui Card Company)</li> <li>Health-purpose or anniversary leave (The below applies only to SMBC Finance Service Co., Ltd.)</li> <li>Maternity leave</li> <li>Maternity work system</li> </ul>
SMBC Consumer Finance	18 months or maximum of 2 years in case of inability to place in daycare center	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees can choose to work 5, 5.5, 6, 6.5, or 7 hours a day until March 31 of 6th grade	Until the entry into junior high school	Until the entry into junior high school	<ul style="list-style-type: none"> <li>Area-limited employment system</li> <li>Rehiring retirees</li> <li>A grace period for job rotation</li> <li>Leave for nursing care</li> <li>Shorter working hours allowed for nursing care</li> <li>Paid leave by the hour</li> <li>Half-day paid leave</li> <li>Leave for supporting return-to-work after childcare leave</li> <li>Childcare leave (2 days)</li> <li>School-visiting day (2 days a year)</li> <li>Rehiring of former employees who quit for childcare or care-giving reasons</li> <li>Paternity leave (3 days)</li> <li>Rollover of unused paid vacation</li> <li>Nursing care leave (by the hour)</li> <li>Adjustment of work start and end times</li> <li>Career design leave system</li> </ul>
Japan Research Institute	18 months or maximum of 2 years in case of inability to place in daycare center	Until March 31 of the 6th grade (5 days per annum per child; no upper limit)	Employees can choose to work 4, 5, 6 or 7 hours per day until March 31 of the 3rd grade (this system can be combined with flextime)	Until the entry into elementary school	For employees who are pregnant or have given birth within previous 12 months	<ul style="list-style-type: none"> <li>Childcare subsidies</li> <li>Flexibility in the work place</li> <li>Flextime system</li> <li>Nursing care leave</li> <li>Shorter working hours (for nursing care, etc.)</li> <li>Time off and shorter working hours</li> <li>Days off for nursing care (by the hour)</li> <li>Childcare leave (2 days)</li> <li>School-visiting day (2 days a year)</li> <li>Rehiring of former employees who quit for childcare or care-giving reasons</li> <li>Paternity leave (3 days)</li> <li>Rollover of unused paid vacation</li> <li>Nursing care leave (by the hour)</li> <li>Adjustment of work start and end times</li> <li>Career design leave system</li> </ul>
Sumitomo Mitsui DS Asset Management	1 year or maximum of 36 months in case of inability to place in daycare center	Until the entry of child into elementary school (5 days per annum per child; 10 days for two or more children)	Until March 31 of the 6th grade (Employees can choose to work 5, 6, 6.5, or 7 hours a day)	Until March 31 of the 6th grade	Until March 31 of the 3rd grade	<ul style="list-style-type: none"> <li>Leave for childbirth by spouse</li> <li>Nursing care leave system (by the hour)</li> <li>Annual leave in half-day increments</li> <li>Teleworking system</li> <li>Leave for nursing care</li> <li>Shorter working hours allowed for nursing care</li> <li>Lifestyle enriching leave</li> <li>Paid leave for initial 15 days of childcare</li> <li>Annual leave in hour increments</li> <li>Flextime system</li> <li>Daycare subsidies</li> <li>Celebratory gifts for birth of 3rd child</li> <li>Leave for accompanying spouse undergoing job relocation</li> <li>Job return system</li> </ul>

# Corporate Data

## Sumitomo Mitsui Financial Group, Inc.

### Directors and Executive Officers (as of June 30, 2022)

#### DIRECTORS AND CORPORATE EXECUTIVE OFFICERS

##### Chairman of the Board

**Takeshi Kunibe**

Director President  
(Representative Executive Officer)

**Jun Ohta**  
Group CEO

##### Director

**Makoto Takashima**

Director Senior Managing Executive Officers

**Toru Nakashima**  
Group CFO and Group CSO  
Public Relations Dept., Corporate Planning Dept.,  
Business Development Dept., Corporate Sustainability Dept.,  
Financial Accounting Dept., Digital Strategy Dept.

**Toiko Kudo**  
Group CRCO  
Corporate Risk Management Dept., Risk Management Dept.,  
Americas Division, Credit & Investment Planning Dept.

##### Directors

**Atsuhiko Inoue**

**Toshihiro Isshiki**

**Yasuyuki Kawasaki**

**Masayuki Matsumoto** (1)

**Arthur M. Mitchell** (1)

**Shozo Yamazaki** (1)

**Masaharu Kohno** (1)

**Yoshinobu Tsutsui** (1)

**Katsuyoshi Shinbo** (1)

**Eriko Sakurai** (1)

Deputy President and Executive Officers

(Representative Executive Officers)

**Masahiko Oshima**

Co-Head of Wholesale Business Unit

**Toshikazu Yaku**

Group CHRO

General Affairs Dept., Human Resources Dept.,  
Quality Management Dept., Administrative Services Dept.

Senior Managing Executive Officers

**Katsunori Tanizaki**

Group CDIO

Digital Solution Division

Digital Strategy Dept.

**Tetsuro Imaeda**

Co-Head of Global Business Unit

(Head office departments (Global Business Unit),  
Asia Pacific Division, East Asia Division)

**Masamichi Koike**

Head of Global Markets Business Unit

**Akihiro Fukutome**

Co-Head of Global Business Unit

(Americas Division, Europe, Middle East and Africa Division)

**Muneo Kanamaru**

Co-Head of Wholesale Business Unit

(Head office departments (Wholesale Business Unit))

**Takashi Yamashita**

Head of Retail Business Unit

**Jun Uchikawa**

Group CIO

IT Planning Dept., System Security Planning Dept.,  
Data Management Dept., Operations Planning Dept.

**Yoshihiro Hyakutome**

Group CCO

Compliance Dept.

**Takeshi Mikami**

Group CAE

Audit Dept.

(1) Mr. Matsumoto, Mr. Mitchell, Mr. Yamazaki, Mr. Kohno, Mr. Tsutsui,  
Mr. Shinbo and Ms. Sakurai satisfy the requirements for an  
"outside director" under the Companies Act.

#### EXECUTIVE OFFICERS

##### Senior Managing Executive Officers

**Toru Sawada**

Credit & Investment Planning Dept.

**Nobuyuki Kawabata**

Global Business Unit

Business Development Dept.

**Kotaro Hagiwara**

Public Relations Dept., Corporate Planning Dept.,  
Business Development Dept., Corporate Sustainability Dept.,  
Finance Accounting Dept., Digital Strategy Dept.

Managing Executive Officers

**Naoya Ishida**

Wholesale Business Unit

**Takaki Ono**

Transaction Business Planning Dept.

**Takeshi Omoto**

Group Deputy CIO

**Eiichi Sekiguchi**

Wholesale Business Unit

**Kenichi Hida**

Deputy Head of Retail Business Unit

Head of Wealth Management Division

**Shinya Inose**

Group Deputy CCO

**Hiroshi Irie**

Head of East Asia Division

**Hideki Sakamoto**

Deputy Head of Wholesale Business Unit

**Keiichiro Nakamura**

Head of Europe, Middle East and Africa Division

**Yuichi Nishimura**

Co-Head of Asia Pacific Division

**Fumihiko Ito**

Group CSUO

Public Relations Dept., Corporate Planning Dept., Business Development  
Dept., Corporate Sustainability Dept., Financial Accounting Dept.

Sustainability Division

Head of Sustainability Division

**Hirofumi Otsuka**

Head of Americas Division

**Takashi Kobayashi**

General Affairs Dept., Human Resources Dept.,  
Quality Management Dept., Administrative Services Dept.

**Seiichi Inaba**

Group Deputy CHRO

**Tatsuya Suzuki**

Deputy Head of Wholesale Business Unit

**Tetsuya Shindo**

Retail Business Unit

**Katsuyuki Tokuda**

Deputy Head of Retail Business Unit

Head of Payments & Consumer Finance Division

**Shinsuke Ushijima**

Group Deputy CFO and Group Deputy CSO

**Tomohiro Ohisa**

Wholesale Business Unit

**Yoshiyuki Gono**

Corporate Risk Management Dept., Risk Management Dept.,  
Americas Division

**Kenji Hirao**

Deputy Head of Wholesale Business Unit

**Fumito Yoshioka**

Wholesale Business Unit

**Takafumi Tsuji**

Wholesale Business Unit (Specialized Finance Dept.)

**Toshihiko Umetani**

Deputy Head of Global Business Unit

**Takahiro Yazawa**

Deputy Head of Global Business Unit

**Masashi Sakamoto**

Deputy Head of Retail Business Unit

Head of Private Wealth Division

**Shinichiro Watanabe**

Global Business Unit

**Yuichiro Nagayama**

Wholesale Business Unit

**Akio Isowa**

Head of Digital Solution Division

**Katsufumi Uchida**

Head of Asia Business Development Division

**Nobuo Ozawa**

Deputy Head of Wholesale Business Unit

**Takashi Kakiuchi**

Deputy Head of East Asia Division

**Natsuhiro Samejima**

Deputy Head of Americas Division

**Yukihiko Mabuchi**

Wholesale Business Unit (Planning Dept., Wholesale Business Unit)

**Carl Adams**

Deputy Head of Americas Division

**Richard A. Eisenberg**

Deputy Head of Americas Division

**Rajeev Veeravalli Kannan**

Co-Head of Asia Pacific Division

Executive Officers

**Nobuaki Nakamura**

Global Markets Business Unit

**Hideyuki Omokawa**

Group Deputy CSO

**Koji Matsumoto**

Global Business Unit

**Tatsuya Okumura**

General Manager, Administrative Services Dept.

**Hideki Takamatsu**

General Manager, IT Planning Dept.

**Akio Uemura**

Deputy Head of Asia Business Development Division and General Manager,  
Planning Dept., Retail Banking Unit

**Kenji Kawabata**

General Manager, Credit & Investment Planning Dept.

**Hideo Kawafune**

Deputy Head of Europe, Middle East and Africa Division

**Akihiro Kawara**

General Manager, Planning Dept., Global Markets Business Unit

**Yukiko Yoritaka**

Group Deputy CHRO

**Katsuya Fujita**

General Manager, Planning Dept., Global Markets Business Unit

**Daiji Nakata**

General Manager, Planning Dept., Wealth Management Division

**Tomonari Inoue**

General Manager, Planning Dept., Wholesale Business Unit

**Takahiko Hirashima**

Deputy Group CCO

**Shinsuke Yoshioka**

Deputy Group CIO and Deputy Group CDIO

**Kazuyuki Anchi**

General Manager, Corporate Planning Dept.

**Kazuya Ikeda**

General Manager, Strategic Planning Dept., Global Business Unit

**Takeshi Kimoto**

General Manager, Asia Growing Markets Dept.

**Naoki Shiraiishi**

General Manager, Digital Strategy Dept.

**Honami Matsugasaki**

General Manager, Learning and Development Institute,  
Human Resources Dept.

**Haruyuki Yoshikawa**

General Manager, General Affairs Dept.

**Kim P. Olson**

Regional CRO (Americas)

Co-General Manager, Risk Management Dept., Americas Division

**Susumu Masuda**

Global Markets Business Unit

**Akira Yamamoto**

Group Deputy CRO

**Naoki Kanbayashi**

Group Deputy CAE

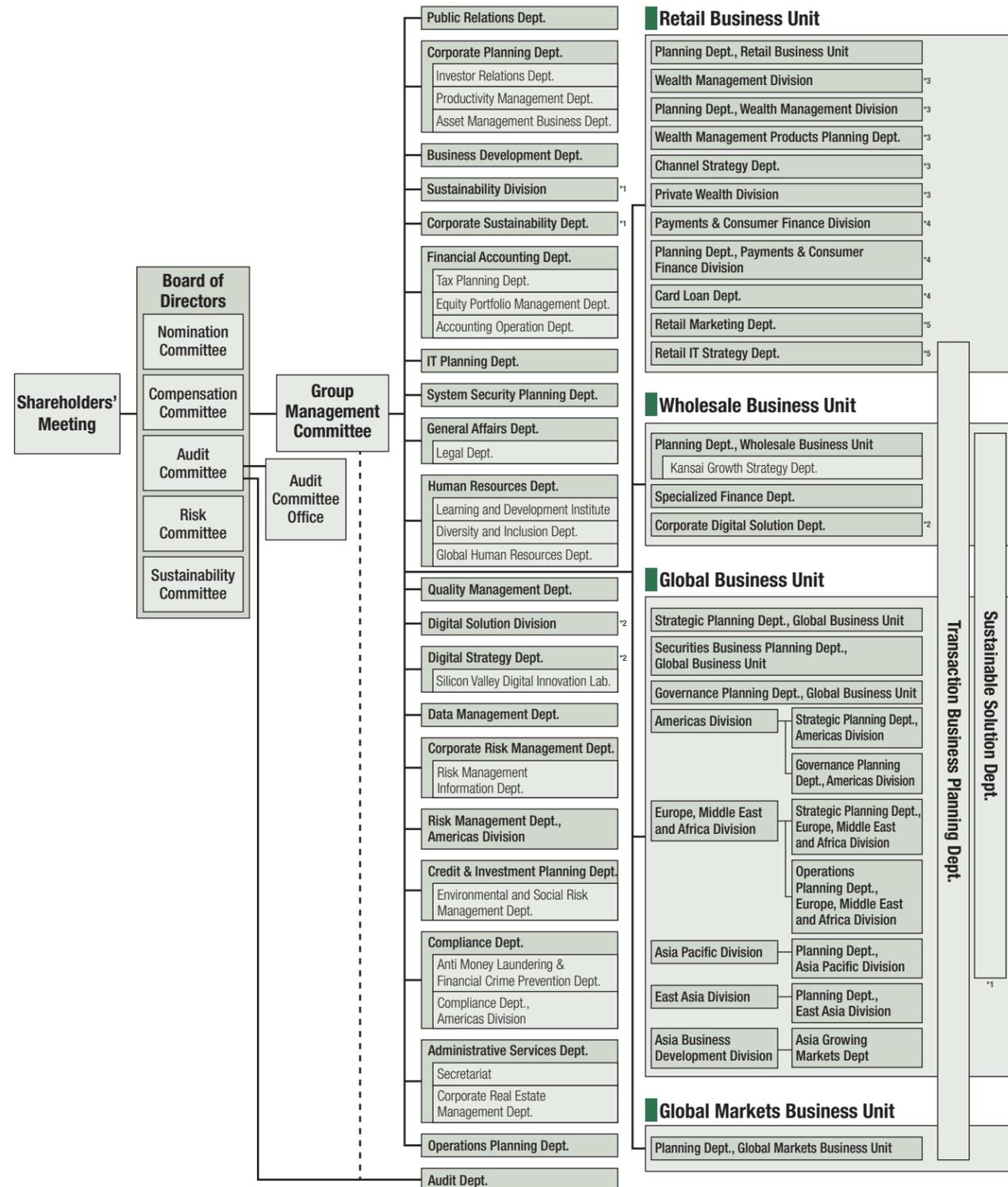
General Manager, Audit Dept.

**Hitoshi Miyake**

Global Business Unit

**Toshihiko Kato**

Sumitomo Mitsui Financial Group Organization (as of June 30, 2022)



\*1 Belongs to Sustainability Division.  
 \*2 Belongs to Digital Solution Division.  
 \*3 Belongs to Wealth Management Business Division.  
 \*4 Belongs to Payments & Consumer Finance Division.  
 \*5 Belongs to Wealth Management Division and Payments & Consumer Finance Division.

Sumitomo Mitsui Banking Corporation

Board of Directors, Directors, Members of the Audit and Supervisory Committee and Executive Officers (as of June 30, 2022)

BOARD OF DIRECTORS

*Chairman of the Board*

**Takeshi Kunibe**

*President and Chief Executive Officer (Representative Director)*

**Makoto Takashima\***

*Deputy Chairman of the Board*

**Keiji Kakumoto**

Located at Osaka

*Director and Deputy Presidents (Representative Directors)*

**Masahiko Oshima\***

Co-Head of Wholesale Banking Unit  
 Head of Global Corporate Banking Division

**Toshikazu Yaku\***

General Affairs Dept., Human Resources Dept.,  
 Human Resources Development Dept.,  
 Quality Management Dept., Administrative Services Dept.

*Director and Senior Managing Executive Officers*

**Teiko Kudo\***

Corporate Risk Management Dept., Risk Management Depts., Americas Division, Europe, Middle East and Africa Division, Asia Pacific Division and East Asia Division, Credit & Investment Planning Dept., Credit Depts., Americas Division, Europe, Middle East and Africa Division and Asia Pacific Division, Global Credit Dept.

**Jun Uchikawa\***

IT Planning Dept., System Security Planning Dept.,  
 Data Management Dept., Operations Planning Dept.,  
 Inter-Market Settlement Dept.

**Kotaro Hagiwara\***

Public Relations Dept., Corporate Planning Dept.,  
 Business Development Dept., Corporate Sustainability Dept.,  
 Financial Accounting Dept.  
 Digital Strategy Dept.

**Yoshihiro Hyakutome\***

Compliance Dept.

*Directors*

**Paul Yonamine<sup>(1)</sup>**

**Isao Teshirogi<sup>(1)</sup>**

\* These Directors are appointed as Executive Officers also.

<sup>(1)</sup> Mr. Yonamine and Mr. Teshirogi satisfy the requirements for an "outside director" under the Companies Act.

DIRECTORS, MEMBERS OF THE AUDIT AND SUPERVISORY COMMITTEE

**Shuji Yabe**

**Takayuki Inoue**

**Hiroshi Takahashi<sup>(2)</sup>**

**Sonosuke Kadonaga<sup>(2)</sup>**

**Michiko Kuboyama<sup>(2)</sup>**

**Daiken Tsunoda<sup>(2)</sup>**

**Atsuhiko Inoue**

<sup>(2)</sup> Mr. Takahashi, Mr. Kadonaga, Ms. Kuboyama and Mr. Tsunoda satisfy the requirements for an "outside director" under the Companies Act.

## EXECUTIVE OFFICERS

### Senior Managing Executive Officers

#### **Katsunori Tanizaki**

Digital Solution Division  
Digital Strategy Dept.

#### **Toru Sawada**

Credit & Investment Planning Dept.  
Deputy Head of Wholesale Banking Unit  
(Corporate Credit Dept., Credit Administration Dept., Trust Services Dept.)  
Corporate Research Dept.

#### **Tetsuro Imaeda**

Co-Head of Global Banking Unit (Head office departments (Global Banking Unit), The Asia Pacific Division, East Asia Division)

#### **Masamichi Koike**

Head of Treasury Unit

#### **Akihiro Fukutome**

Co-Head of Global Banking Unit  
(The Americas Division, Europe, Middle East and Africa Division)

#### **Tomofumi Saeki**

Deputy Head of Wholesale Banking Unit (in charge of West Japan)

#### **Muneo Kanamaru**

Co-Head of Wholesale Banking Unit (Head office departments (Wholesale Banking Unit))  
Corporate Advisory Division

#### **Takashi Yamashita**

Head of Retail Banking Unit

#### **Nobuyuki Kawabata**

Deputy Head of Global Banking Unit  
Business Development Dept.

### Managing Executive Officers

#### **Takaki Ono**

Private Advisory Division, Transaction Business Division

#### **Hiroshi Irie**

Head of East Asia Division and  
Chairman of Sumitomo Mitsui Banking Corporation (China) Limited

#### **Hiroyuki Kamimoto**

Head of Corporate Advisory Division and Deputy Head of Financial Solutions Division

#### **Keiichiro Nakamura**

Head of Europe, Middle East and Africa Division and CEO of SMBC Bank International plc

#### **Yuichi Nishimura**

Co-Head of The Asia Pacific Division

#### **Fumihiko Ito**

Public Relations Dept., Corporate Planning Dept., Business Development Dept., Corporate Sustainability Dept., Financial Accounting Dept.  
Sustainability Division  
Head of Sustainability Division

#### **Katsufumi Uchida**

Head of Asia Business Development Division and Deputy Head of The Asia Pacific Division

#### **Hirofumi Otsuka**

Head of The Americas Division and President of SMBC Americas Holdings, Inc.

#### **Takashi Kobayashi**

General Affairs Dept., Human Resources Dept., Human Resources Development Dept., Quality Management Dept., Administrative Services Dept.

#### **Rajeev Veeravalli Kannan**

Co-Head of The Asia Pacific Division

#### **Shinji Ono**

Deputy Head of Global Corporate Banking Division  
Tokyo Corporate Banking Division  
(Tokyo Corporate Banking Depts. III and X)

#### **Tomohiro Ohisa**

Deputy Head of Wholesale Banking Unit

#### **Yoshiyuki Gono**

Corporate Risk Management Dept., Risk Management Depts., Americas Division, Europe, Middle East and Africa Division, Asia Pacific Division and East Asia Division

#### **Takanori Kato**

Deputy Head of Global Corporate Banking Division  
Tokyo Corporate Banking Division  
(Tokyo Corporate Banking Depts. IV and VI)

#### **Yoshiyuki Ogata**

Deputy Head of Global Corporate Banking Division  
Osaka Corporate Banking Division  
(Osaka Corporate Banking Depts. I, II and III)

#### **Takafumi Tsuji**

Head of Financial Solutions Division  
Specialized Finance Dept.

#### **Hiroyuki Fukuda**

Deputy Head of Global Corporate Banking Division  
Tokyo Corporate Banking Division  
(Tokyo Corporate Banking Depts. I, V and VII)

#### **Akio Isowa**

Head of Digital Solution Division

#### **Nobuo Ozawa**

Deputy Head of Wholesale Banking Unit  
Head of Corporate Banking Division

#### **Takashi Kakiuchi**

President of Sumitomo Mitsui Banking Corporation (China) Limited and Deputy Head of East Asia Division

#### **Natsuhiko Samejima**

Deputy Head of The Americas Division

#### **Yasuhiro Shirai**

Deputy Head of Global Corporate Banking Division  
Tokyo Corporate Banking Division  
(Tokyo Corporate Banking Depts. II, VIII and IX)

#### **Hideki Niiyama**

Deputy Head of Global Corporate Banking Division  
Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.)  
Head of Nagoya Middle Market Banking Division

#### **Yukihiro Mabuchi**

General Manager, Planning Dept., Wholesale Banking Unit

#### **Carl Adams**

Deputy Head of The Americas Division

#### **Stanislas Roger**

Deputy Head of Europe, Middle East and Africa Division

#### **Richard A. Eisenberg**

Deputy Head of The Americas Division and Co-General Manager, Corporate and Investment Banking Coverage Dept., Americas Division

### Executive Officers

#### **Antony Yates**

President of SMBC Nikko Capital Markets Limited

#### **Alan Krouk**

Deputy Head of Global Banking Unit

#### **James Fenner**

Deputy Head of Europe, Middle East and Africa Division

#### **Akihiro Ueda**

Deputy Head of Retail Banking Unit

#### **Katsuya Fujita**

General Manager, Planning Dept., Treasury Unit

#### **Hitoshi Miyake**

Deputy Head of Global Banking Unit  
Deputy Head of Financial Solutions Division

#### **Kazuhiro Fukuda**

General Manager, Hong Kong Branch

#### **Yuichi Hirano**

Head of Kobe Middle Market Banking Division

#### **Tetsuro Yoshino**

Internal Audit Dept., Credit Review Dept.

#### **Hideomi Shigematsu**

Deputy Head of The Asia Pacific Division and General Manager, Japanese and Korean Corporate Banking Dept., Asia Pacific Division

#### **Tatsuya Okumura**

General Manager, Administrative Services Dept.

#### **Hideki Takamatsu**

General Manager, IT Planning Dept.

#### **Hideki Tahara**

Deputy Head of Corporate Advisory Division

#### **Daisuke Nakamura**

Head of Higashinohon Daiichi Middle Market Banking Division

#### **Akio Uemura**

Deputy Head of Asia Business Development Division

#### **Kenji Kawabata**

General Manager, Credit & Investment Planning Dept.

#### **Hideo Kawafune**

Deputy Head of Europe, Middle East and Africa Division

#### **Akihiro Kawara**

SMBC Capital Markets, Inc.

#### **Toshihiro Michioka**

Head of Kyoto Hokuriku Middle Market Banking Division

#### **Eiichi Takasaki**

Deputy Head of Wholesale Banking Unit (Credit Dept., Wholesale Banking Unit), Deputy Head of Retail Banking Unit (Retail Credit Dept.)

#### **Daiji Nakata**

Deputy Head of Retail Banking Unit

#### **Tomomi Izawa**

Head of Higashinohon Daisan Middle Market Banking Division

#### **Tomonari Inoue**

General Manager, Planning Dept., Wholesale Banking Unit and Global Corporate Banking Dept., Planning Dept., Wholesale Banking Unit

#### **Ichiro Okawara**

General Manager, Corporate Credit Dept.

#### **Seiichi Katsuyama**

Deputy Head of Corporate Advisory Division

#### **Toshihiko Kato**

General Manager, Planning Dept., Retail Banking Unit

#### **Mikiko Hyodo**

Deputy Head of Retail Banking Unit

#### **Kazuyuki Anchi**

General Manager, Corporate Planning Dept.

#### **Kazuya Ikeda**

General Manager, Strategic Planning Dept., Global Banking Unit

#### **Takeshi Kimoto**

General Manager, Asia Growing Markets Dept.

#### **Katsuyuki Kubo**

General Manager, Structured Finance Dept.

#### **Naoki Shiraishi**

General Manager, Digital Strategy Dept.

#### **Arihiro Nagata**

General Manager, Planning Dept., Treasury Unit and Global Investment Dept.

#### **Honami Matsugasaki**

General Manager, Learning and Development Institute, Human Resources Dept.

#### **Haruyuki Yoshikawa**

General Manager, General Affairs Dept.

#### **Hitoshi Ryoji**

General Manager, Strategic Corporate Banking Dept.

#### **Kim P. Olson**

Co-General Manager, Risk Management Dept., Americas Division

#### **Paul Derek Gibbon**

General Manager, Loan Capital Markets Dept., Europe, Middle East and Africa Division

#### **Yasunori Takahashi**

Credit Depts., Americas Division, Europe, Middle East and Africa Division and Asia Pacific Division, Global Credit Dept.

#### **Akira Masuda**

Deputy Head of Financial Solutions Division

#### **Hideo Uchida**

General Manager, Corporate Banking Dept., Asia Pacific Division

#### **Makiko Kaji**

General Manager, Global Markets Marketing Dept.

#### **Kyoji Tanaka**

General Manager, Gaien Area Main Office

#### **Ko Aoki**

General Manager, Credit Dept., Wholesale Banking Unit

#### **Takakazu Ishimura**

General Manager, Tokyo Corporate Banking Dept. I

#### **Hirokazu Sakamoto**

Head of Higashinohon Daini Middle Market Banking Division

#### **Yoshihiro Takami**

Co-General Manager, International & Structured Finance Dept., Europe, Middle East and Africa Division

#### **Nobuyuki Takiguchi**

General Manager, Strategic Planning Dept., Europe, Middle East and Africa Division and Co-General Manager, Operations Planning Dept., Europe, Middle East and Africa Division

#### **Hiroshi Maeda**

General Manager, Quality Management Dept.

#### **Hidetaka Matsuda**

General Manager, Nagoya Corporate Banking Dept.

#### **Hajime Yokohata**

General Manager, Osaka Corporate Banking Dept. I

#### **Masaru Ishibashi**

General Manager, Trading Dept.

#### **Hiroshi Ibaraki**

General Manager, Governance Planning Dept., Global Banking Unit

#### **Hiroshi Kawamura**

General Manager, Tokyo Corporate Banking Dept. V

#### **Tamaki Shibuya**

Head of Transaction Business Division

#### **Deborah A. Freer**

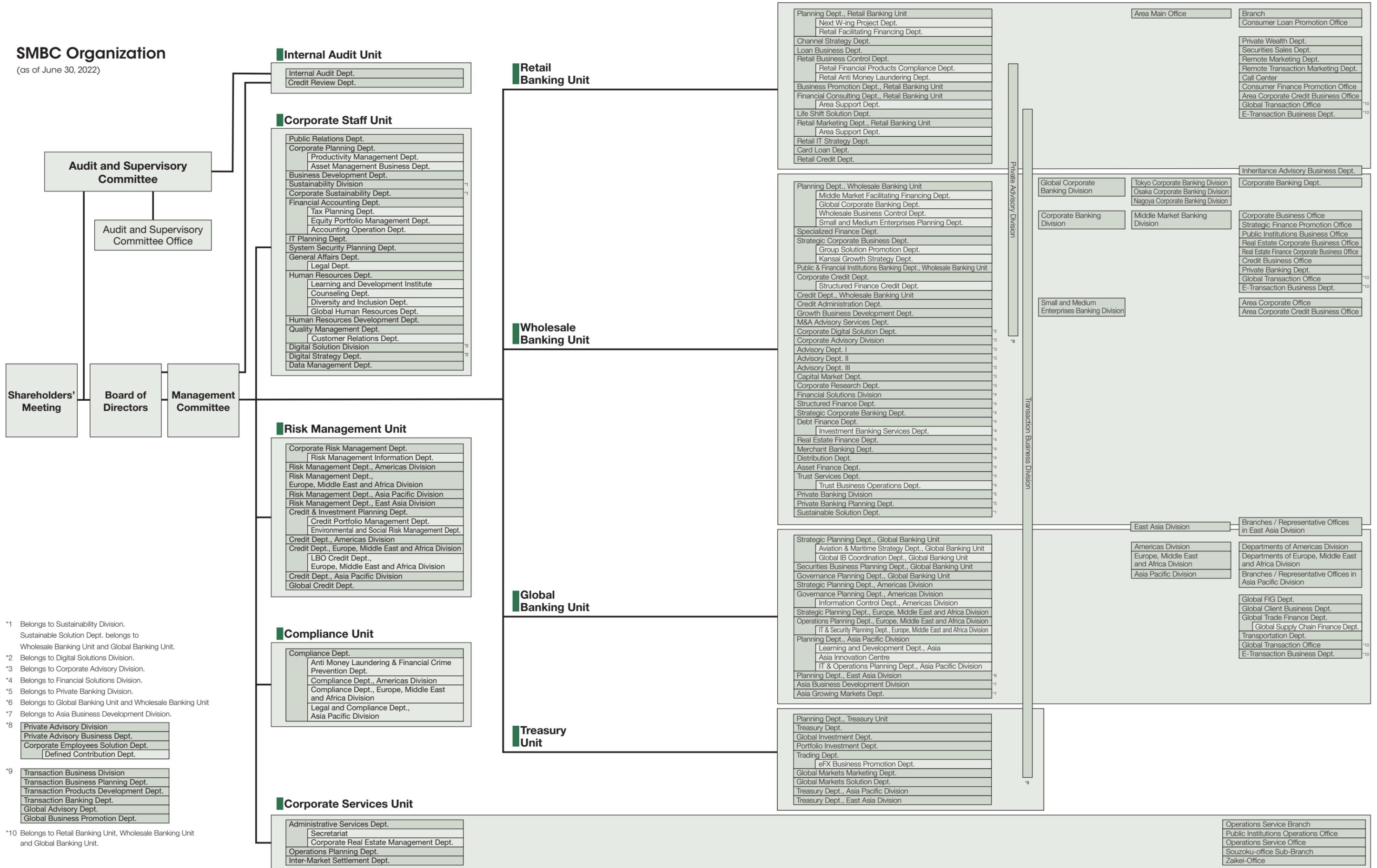
General Manager, Strategic Planning Dept., Americas Division and Governance Planning Dept., Americas Division

#### **Yunson Du**

President of SMBC Capital Markets, Inc.

# SMBC Organization

(as of June 30, 2022)



<sup>1)</sup> Belongs to Sustainability Division.  
Sustainable Solution Dept. belongs to Wholesale Banking Unit and Global Banking Unit.

<sup>2)</sup> Belongs to Digital Solutions Division.

<sup>3)</sup> Belongs to Corporate Advisory Division.

<sup>4)</sup> Belongs to Financial Solutions Division.

<sup>5)</sup> Belongs to Private Banking Division.

<sup>6)</sup> Belongs to Global Banking Unit and Wholesale Banking Unit

<sup>7)</sup> Belongs to Asia Business Development Division.

<sup>8)</sup> Private Advisory Division  
Private Advisory Business Dept.  
Corporate Employees Solution Dept.  
Defined Contribution Dept.

<sup>9)</sup> Transaction Business Division  
Transaction Business Planning Dept.  
Transaction Products Development Dept.  
Transaction Banking Dept.  
Global Advisory Dept.  
Global Business Promotion Dept.

<sup>10)</sup> Belongs to Retail Banking Unit, Wholesale Banking Unit and Global Banking Unit.

## Principal Subsidiaries and Affiliates (as of March 31, 2022)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc. Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

### Principal Domestic Subsidiaries

Note: Figures in parentheses ( ) in the voting rights columns indicate voting rights held indirectly via subsidiaries and affiliates.

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
Sumitomo Mitsui Banking Corporation	1,770,996	100	—	Jun. 6, 1996	Commercial banking
SMBC Trust Bank Ltd.	87,550	0 (100)	100	Feb. 25, 1986	Trust service and commercial banking
SMBC Nikko Securities Inc.	10,000	100	—	Jun. 15, 2009	Securities
Sumitomo Mitsui Card Company, Limited	34,000	100	—	Dec. 26, 1967	Credit card services
SMBC Finance Service Co., Ltd.	82,843	0 (100)	—	Sep. 11, 1950	Credit card, installment businesses, and transaction businesses
SMBC Consumer Finance Co., Ltd.	140,737	100	—	Mar. 20, 1962	Consumer loans
The Japan Research Institute, Limited	10,000	100	—	Nov. 1, 2002	System engineering, data processing, management consulting, and economic research
Sumitomo Mitsui DS Asset Management Company, Limited	2,000	50.12	—	Dec. 1, 2002	Investment management
SMBC Guarantee Co., Ltd.	187,720	0 (100)	—	Jul. 14, 1976	Credit guarantee
SMBC Mobit Co., Ltd.	20,000	0 (100)	—	May 17, 2000	Consumer lending
JAIS, Limited	450	0 (100)	—	Oct. 16, 1990	System engineering and data processing
Alternative Investment Capital Limited	400	0 (60)	60	Jul. 15, 2002	Investment management and advisory services
NCORE Co., Ltd.	10	0 (50.99)	50.99	Apr. 1, 2004	Data processing service and e-trading consulting
plus medi corp.	100	92.93	—	Dec. 15, 2016	Information services
SMBC VALUE CREATION CO., LTD.	495	0 (100)	100	Feb. 20, 2019	Data processing service and e-trading consulting
SMBC GMO PAYMENT, Inc.	490	0 (60)	10	Nov. 2, 2015	Settlement agent
SMBC Venture Capital Co., Ltd.	500	100 (100)	100 (100)	Sep. 22, 2005	Venture capital
SMBC Consulting Co., Ltd.	1,100	0 (100)	50 (1.63)	May 1, 1981	Management consulting and seminar organizer
Japan Pension Navigator Co., Ltd.	1,600	0 (69.71)	69.71	Sep. 21, 2000	Defined contribution plan administrator
SMBC Loan Business Planning Co., Ltd.	100,010	0 (100)	100	Apr. 1, 2004	Management support services
SMBC ReSolutions Inc.	10	100	—	Apr. 1, 2020	Real estate management
Plari Town, Inc.	350	100	—	May 26, 2020	Platform management and operation
SMBC Servicer Co., Ltd.	1,000	0 (100)	100	Mar. 11, 1999	Servicer
SMBC Electronic Monetary Claims Recording Co., Ltd.	500	0 (100)	100	Apr. 16, 2009	Electronic monetary claims recording
SMBC Staff Service Co., Ltd.	90	0 (100)	100	Jul. 15, 1982	Fee-based headhunting services and contracting of human resources-related procedures
SMBC Learning Support Co., Ltd.	10	0 (100)	100	May 27, 1998	Training services
SMBC PERSONNEL SUPPORT CO., LTD.	10	0 (100)	100	Apr. 15, 2002	HR related clerical services
SMBC OPERATION SERVICE CO., LTD.	30	0 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	0 (100)	100	Mar. 15, 1990	Contract preparation of deposit survey responses
SMBC Real Estate Appraisal Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Collateral real estate survey and appraisal
SMBC REIT Management Co., Ltd.	250	0 (80)	80	Mar. 10, 2020	Asset management
SMBC Capital Partners Co., Ltd.	100	0 (100)	100	Feb. 10, 2020	Investments
Polarify, Inc.	100	74.11	—	May 1, 2017	Biometric authentication services (Polarify biometric authentication services) and e-KYC service (Polarify e-KYC)
SMBC CLOUDSIGN, Inc.	50	51	—	Oct. 1, 2019	Cloud-based electronic contract services
SMBC Digital Marketing, Ltd.	100	66	—	Jul. 8, 2021	Advertising and marketing
SMBC HUMAN CAREER Co., Ltd.	150	0 (100)	100	Mar. 1, 1987	Job introduction and staffing

### Principal Overseas Subsidiaries

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
SMBC Bank International plc	U.K.	US\$3,200 million	0 (100)	100	Mar. 3, 2003	Commercial banking
Sumitomo Mitsui Banking Corporation (China) Limited	China	CNY10.0 billion	0 (100)	100	Apr. 27, 2009	Commercial banking
PT Bank BTPN Tbk	Indonesia	Rp163.0 billion	0 (93.49)	93.49	Feb. 5, 1958	Commercial banking
SMBC Americas Holdings, Inc.	U.S.A.	US\$2,591	0 (100)	100	Aug. 8, 1990	Management of the US BHC and US BHC subsidiaries
Manufacturers Bank	U.S.A.	US\$230.786 million	0 (100)	0 (100)	Jun. 26, 1962	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$1,559.699 million	0 (100)	100	Oct. 6, 1958	Commercial banking
JSC Sumitomo Mitsui Rus Bank	Russia	RUB6.4 billion	0 (100)	99 (1)	May 8, 2009	Commercial banking
SMBC Bank EU AG	Germany	€5,100 million	0 (100)	100	Nov. 23, 2017	Commercial banking
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Malaysia	MYR2,452 million	0 (100)	100	Dec. 22, 2010	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$4,350	0 (100)	0 (100)	Nov. 9, 1990	Leasing, investments, deferred payment services
SMBC Rail Services LLC	U.S.A.	0	0 (100)	0 (100)	May 11, 2011	Leasing, money lending, selling used lease property and maintenance, and other related business
SMBC Nikko Securities America, Inc.	U.S.A.	US\$655	0 (100)	0 (80)	Aug. 8, 1990	Securities, investments
SMBC Nikko Capital Markets Limited	U.K.	US\$1,138 million	0 (100)	84.84	Mar. 13, 1990	Derivatives and investments, securities services
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	0 (100)	Dec. 4, 1986	Derivatives and investments, leasing, securities business
SMBC Cayman LC Limited*	Cayman Islands	US\$0	0 (100)	100	Feb. 7, 2003	Credit guarantee, bond investment
TT International Asset Management Ltd	U.K.	£11 million	0 (100)	—	Feb. 28, 2020	Investment management
SMBC Asset Management Services (UK) Limited	U.K.	£159 million	100	—	Oct. 16, 2019	Stock holding
SMBC DIP Limited	Cayman Islands	US\$8 million	0 (100)	100	Mar. 16, 2005	Loans, buying / selling of monetary claims
SFVI Limited	British Virgin Islands	US\$9,600	0 (100)	100	Jul. 30, 1997	Investments
SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.	Mexico	MXN1,460 million	0 (100)	100	Sep. 18, 2014	Money lending business, derivatives business and services related to leasing
SMBC International Finance N.V.	Curaçao	US\$200,000	0 (100)	100	Jun. 25, 1990	Finance
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$18 million	0 (100)	100	Sep. 19, 1989	Finance
Sakura Finance Asia Limited	Hong Kong	US\$65.5 million	0 (100)	100	Oct. 17, 1977	Investments
SMBC Derivative Products Limited	U.K.	US\$200 million	0 (100)	0 (100)	Apr. 18, 1995	Derivatives and investments
SMBC Advisory Services Saudi Arabia LLC	Saudi Arabia	SAR18,000,000	0 (100)	100	Dec. 29, 2017	Consulting
Fullerton India Credit Company Limited	India	22,467 million rupees	74.9 (0)	—	Aug. 30, 1994	Money lending business

\* SMBC Cayman LC Limited, like other subsidiaries of SMBC, is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC, as the direct or indirect holder of the equity in such subsidiary.

## International Directory (as of June 30, 2022)

### Principal Affiliates

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
PayPay Bank Corporation	37,250	0 (46.57)	46.57	Sep. 19, 2000	Commercial banking
PT Oto Multiartha	Rp928,707 million	0 (35.10)	35.10	Mar. 28, 1994	Automotive financing
PT Summit Oto Finance	Rp2,442,060 million	0 (35.10)	35.10	Sep. 20, 1990	Motorcycle financing
Vietnam Export Import Commercial Joint Stock Bank	VND12,355,229 million	0 (15.07)	15.07	May 24, 1989	Commercial banking
ACLEDA Bank Plc.	US\$433 million	0 (18.06)	18.06	Dec. 1, 2003	Commercial banking
The Bank of East Asia, Limited	HKD41,645 million	0 (19.65)	19.65	Nov. 14, 1918	Commercial banking
Sumitomo Mitsui Finance and Leasing Company, Limited	15,000	50	—	Feb. 4, 1963	Leasing
Sumitomo Mitsui Auto Service Company, Limited	13,636	26.2 (59.6)	—	Feb. 21, 1981	Leasing
SMBC Aviation Capital Limited	US\$887 million	0 (100)	32	Aug. 14, 1997	Leasing
SBI NEOMOBILE SECURITIES CO., LTD.	100	20	—	Oct. 30, 2018	Securities services
Osaka Digital Exchange Co.,Ltd.	2,000	20	—	Apr. 1, 2021	Proprietary Trading System (PTS) Management (Preparatory Company)
VPBank SMBC Finance Company Limited	VND10,928,000 million	0 (49)	—	Oct. 28, 2021	Consumer finance business
POCKET CARD CO., LTD.	14,374	0 (20)	20	May 25, 1982	Credit card services
JSOL CORPORATION	5,000	0 (50)	—	Jul. 3, 2006	System engineering and data processing
Sakura Information Systems Co., Ltd.	600	0 (49)	49	Nov. 29, 1972	System engineering and data processing
SAKURA KCS Corporation	2,054	0 (47.45)	28.52 (1.25)	Mar. 29, 1969	System engineering and data processing
brees corporation	100	0 (49)	49	Dec. 5, 2014	Information processing services
China Post & Capital Fund Management Co., Ltd.	CNY304 million	0 (23.67)	23.67	Apr. 24, 2012	Investment management
Daiwa Securities SMBC Principal Investments Co., Ltd.	100	0 (40)	40	Feb. 1, 2010	Investments, fund management
Spring Infrastructure Capital Co., Ltd.	250	0 (24.50)	24.50	Jul. 31, 2018	Investments
BrainCell, Inc.	300	49	—	Jun. 1, 2018	Marketing

\* Name changed to PayPay Bank Corporation on April 5, 2021

### Asia and Oceania

#### SMBC Branches and Representative Offices

##### Hong Kong Branch

7th, 8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong  
Special Administrative Region, The People's Republic of China  
Tel: 852-2206-2000

##### Hong Kong Branch Kowloon Office

19F, The Metropolis Tower, 10 Metropolis Drive, Hunghom, Kowloon, Hong Kong  
Tel: 852-(2206) 2000

##### Taipei Branch

3F, Walsin Lihwa Xinyi Building, No. 1 Songzhi Road, Xinyi District, Taipei 11047, Taiwan  
Tel: 886 (2) 2720-8100

##### Seoul Branch

12F, Mirae Asset CENTER1 Bldg. West Tower, 26, Eulji-ro 5-gil, Jung-gu Seoul, 04539, The Republic of Korea  
Tel: 82 (2) 6364-7000

##### Singapore Branch

3 Temasek Avenue #06-01, Centennial Tower, Singapore 039190, Republic of Singapore  
Tel: 65-6882-0001

##### Sydney Branch

Level 35, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia  
Tel: 61 (2) 9376-1800

##### Perth Branch

Level 19, Exchange Tower, 2 The Esplanade, Perth, Western Australia 6000, Australia  
Tel: 61 (8) 9492-4900

##### New Delhi Branch

12&13th Floor, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi 110001, India  
Tel: 91 (11) 4768-9111

##### Mumbai Branch

Unit No. 601, 6th Floor, Platina Building, Plot No. C-59, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India  
Tel: 91 (22) 6229-5000

##### Chennai Branch

10th Floor, Chaitanya Imperial Tower, Plot No.610, 610A, 612, D. No.1/104-BB, Block A, Annasalai, Teynampet, Chennai, 600018, Tamil Nadu, India  
Tel: 91- (44) 6144-9999

##### Bangkok Branch

8th-10th Floor, Q.House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand  
Tel: 66 (2) 353-8000

##### Chonburi Branch

12th Floor Harbor Mall, 12B01, 12C01 4/222 Moo 10 Sukhumvit Road, Tungsukha, Sriracha Chonburi 20230, Thailand  
Tel: 66-(2) 353-8000

##### Ho Chi Minh City Branch

15th Floor, Times Square Building, 22-36 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam  
Tel: 84 (28) 3520-2525

##### Hanoi Branch

Unit 1201, 12th Floor, Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi, Vietnam  
Tel: 84 (24) 3946-1100

##### Manila Branch

21st Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, The Philippines 1226  
Tel: 63 (2) 8807100

##### Yangon Branch

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##### Yangon Branch Thilawa Front Office

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##### Labuan Branch Kuala Lumpur Office

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##### Ulaanbaatar Representative Office

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##### Phnom Penh Representative Office

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#### SMBC Principal Subsidiaries/Affiliates SMFG Network

##### Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)

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#### Houston Representative Office

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### SMBC Principal Subsidiaries/ Affiliates SMFG Network

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#### SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.

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#### Brussels Branch

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#### Istanbul Representative Office

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#### Cairo Representative Office

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#### SMBC Bank EU AG

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#### SMBC Bank EU AG Milan Branch

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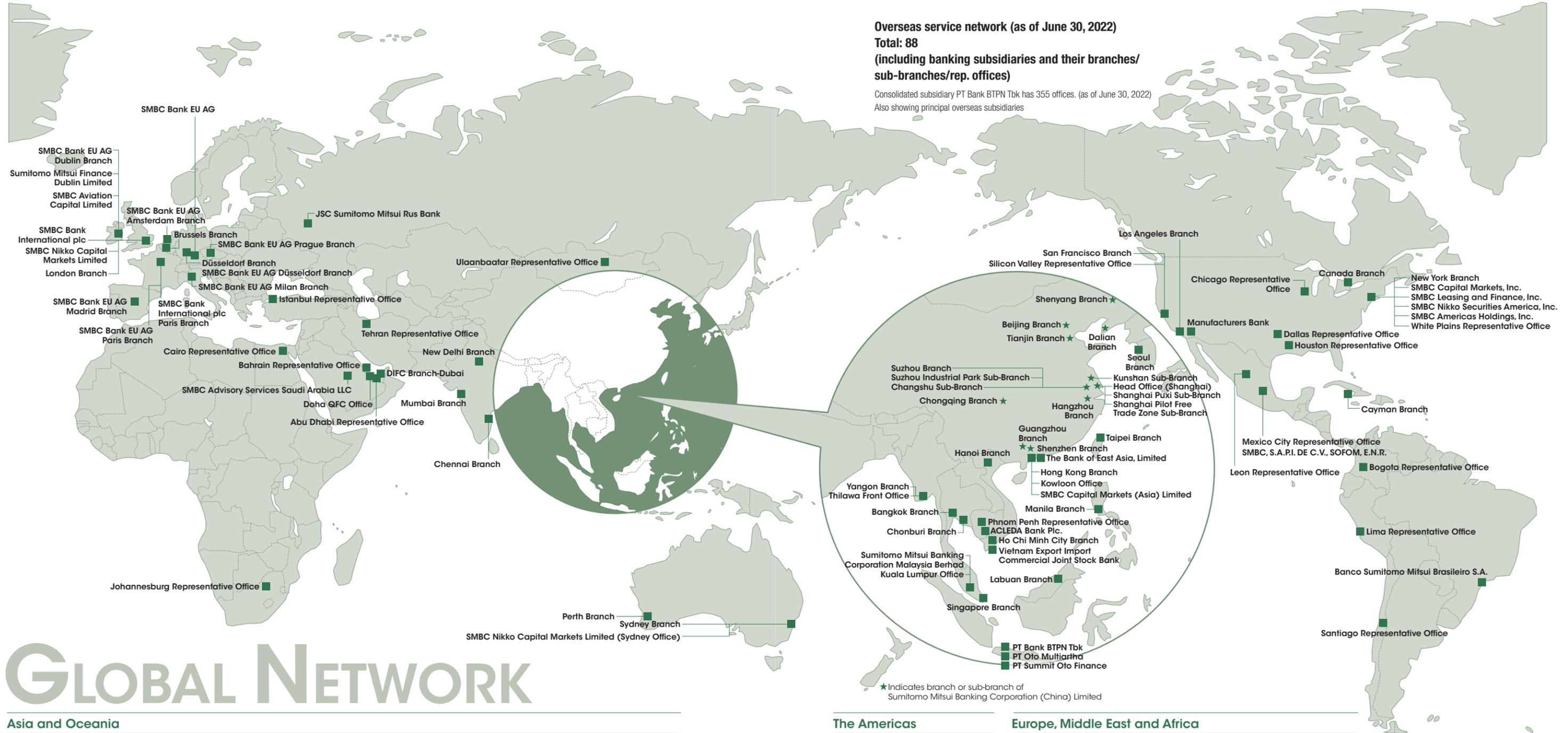
**Overseas service network (as of June 30, 2022)**

**Total: 88**

**(including banking subsidiaries and their branches/  
sub-branches/rep. offices)**

Consolidated subsidiary PT Bank BTPN Tbk has 355 offices. (as of June 30, 2022)

Also showing principal overseas subsidiaries



# GLOBAL NETWORK

## Asia and Oceania

- Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)
- Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Dalian Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
- PT Bank BTPN Tbk
- Sumitomo Mitsui Banking Corporation Malaysia Berhad
- Hong Kong Branch
- Hong Kong Branch Kowloon Office
- Taipei Branch
- Seoul Branch
- Singapore Branch
- Sydney Branch
- Perth Branch
- New Delhi Branch
- Mumbai Branch
- Chennai Branch
- Bangkok Branch
- Chonburi Branch
- Ho Chi Minh City Branch
- Hanoi Branch
- Manila Branch
- Yangon Branch
- Yangon Branch Thilawa Front Office
- Labuan Branch
- Labuan Branch Kuala Lumpur Office
- Ulaanbaatar Representative Office
- Phnom Penh Representative Office
- SMBC Capital Markets (Asia) Limited
- SMBC Nikko Capital Markets Limited (Sydney Office)
- The Bank of East Asia, Limited
- Vietnam Export Import Commercial Joint Stock Bank
- PT Oto Multiartha
- PT Summit Oto Finance
- ACLEDA Bank Plc.

## The Americas

- New York Branch
- San Francisco Branch
- Los Angeles Branch
- Canada Branch
- Cayman Branch
- Chicago Representative Office
- Dallas Representative Office
- Houston Representative Office
- Silicon Valley Representative Office
- White Plains Representative Office
- Mexico City Representative Office
- Leon Representative Office
- Santiago Representative Office
- Bogota Representative Office
- Lima Representative Office
- Manufacturers Bank
- Banco Sumitomo Mitsui Brasileiro S.A.
- SMBC Capital Markets, Inc.
- SMBC Nikko Securities America, Inc.
- SMBC Leasing and Finance, Inc.
- SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.
- SMBC Americas Holdings, Inc.

## Europe, Middle East and Africa

- SMBC Bank International plc
- SMBC Bank International plc Paris Branch
- SMBC Bank EU AG Amsterdam Branch
- SMBC Bank EU AG Dublin Branch
- SMBC Bank EU AG Düsseldorf Branch
- SMBC Bank EU AG Paris Branch
- SMBC Bank EU AG Prague Branch
- SMBC Bank EU AG Madrid Branch
- SMBC Bank EU AG Milan Branch
- Brussels Branch
- DIFC Branch-Dubai
- Abu Dhabi Representative Office
- Istanbul Representative Office
- Doha QFC Office
- Bahrain Representative Office
- Johannesburg Representative Office
- Cairo Representative Office
- Tehran Representative Office
- JSC Sumitomo Mitsui Rus Bank
- SMBC Nikko Capital Markets Limited
- Sumitomo Mitsui Finance Dublin Limited
- SMBC Aviation Capital Limited
- SMBC Advisory Services Saudi Arabia LLC

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## Financial Highlights

Financial Data (Excerpt from Securities Report) of Sumitomo Mitsui Financial Group can be found on our website.  
URL: [https://www.smfg.co.jp/english/investor/library/annual/cy2022annu\\_eng\\_smfg.html](https://www.smfg.co.jp/english/investor/library/annual/cy2022annu_eng_smfg.html)

### Sumitomo Mitsui Financial Group (Consolidated)

Year ended March 31	Millions of yen				
	2022	2021	2020	2019	2018
<b>For the Year:</b>					
Ordinary income.....	¥ 4,111,127	¥ 3,902,307	¥ 4,591,873	¥ 4,804,428	¥ 4,777,018
Ordinary profit.....	1,040,621	711,018	932,064	1,135,300	1,164,113
Profit attributable to owners of parent.....	706,631	512,812	703,883	726,681	734,368
Comprehensive income.....	561,887	1,465,014	372,971	795,191	984,133
<b>At Year-End:</b>					
Total net assets.....	¥ 12,197,331	¥ 11,899,046	¥ 10,784,903	¥ 11,451,611	¥ 11,612,892
Total assets.....	257,704,625	242,584,308	219,863,518	203,659,146	199,049,128
Total capital ratio (BIS guidelines).....	16.56%	18.61%	18.75%	20.76%	19.36%
Tier 1 capital ratio (BIS guidelines).....	15.46%	16.96%	16.63%	18.19%	16.69%
Common equity Tier 1 capital ratio (BIS guidelines).....	14.45%	16.00%	15.55%	16.37%	14.50%
Number of employees.....	101,023	86,781	86,443	86,659	72,978

Notes: 1. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.  
2. Sumitomo Mitsui Financial Group, Inc. has changed the recognition of installment-sales-related income and installment-sales-related expenses from fiscal year ended March 31, 2021, and the change in accounting policies is applied retroactively for and before the year ended March 31, 2020. As a result of comparing before and after the retroactive application, ordinary income decreased by ¥987,154 million for fiscal year ended March 31, 2018, ¥930,884 million for fiscal year ended March 31, 2019, and ¥722,440 million for fiscal year ended March 31, 2020.

## Basel III Information

### Capital Ratio and Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Regarding the calculation of the capital ratio and leverage ratio of Sumitomo Mitsui Financial Group, an external audit was performed by KPMG AZSA LLC pursuant to the Technical Practical Guidelines 4465 "Practical Guidelines on Agreed-Upon Procedures for the Capital Ratio and Leverage Ratio Calculation Framework." The aforementioned external audit was not meant to provide a statement of opinions or conclusions on the capital ratio and leverage ratio themselves, or our internal control framework for calculating these ratios, but to present us a report on the results of the procedure performed within the scope agreed upon between the external auditor and us. It constitutes neither part of the audit of consolidated financial statements nor part of the audit of our internal control over financial reporting. "Consolidated Capital Ratio and Leverage Ratio Information" was prepared principally based on the Notification, and the terms and details in the section may differ from those in other sections of this report.

#### ■ Scope of Consolidation

##### 1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 181  
Please refer to "Principal Subsidiaries and Affiliates" on page 162 for their names and business outline.
- Scope of consolidated subsidiaries for calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.

##### 2. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among us and its group companies.

##### 3. Names of companies among subsidiaries of bank-holding companies (other financial institutions), with the Basel Capital Accord required amount, and total shortfall amount

Not applicable.

#### ■ Capital Ratio Information (Consolidated)

The consolidated capital ratio is calculated using the method stipulated in "Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, Etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Act" (Notification No. 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as "the Notification"). In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as "International Standard" in the Notification), we have adopted the Advanced Internal Ratings-Based (AIRB) approach for calculating credit risk-weighted asset amounts and the Advanced Measurement Approach (AMA) for calculating the operational risk equivalent amount.

## ■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	(Millions of yen, except percentages)		
		a As of March 31, 2022	b As of March 31, 2021	c Reference to Template CC2
<b>Common Equity Tier 1 capital: instruments and reserves (1)</b>				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	9,794,672	9,383,176	
1a	of which: capital and capital surplus	3,035,543	3,034,480	
2	of which: retained earnings	6,916,468	6,492,586	
1c	of which: treasury stock (-)	13,402	13,698	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	143,936	130,190	
	of which: other than the above	-	-	
1b	Stock acquisition rights to common shares	1,475	1,791	
3	Accumulated other comprehensive income and other disclosed reserves	2,159,606	2,313,051	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	1,231	1,145	
6	Common Equity Tier 1 capital: instruments and reserves (A)	11,956,985	11,699,164	
<b>Common Equity Tier 1 capital: regulatory adjustments (2)</b>				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	849,602	604,347	
8	of which: goodwill (including those equivalent)	438,657	183,861	
9	of which: other intangibles other than goodwill and mortgage servicing rights	410,945	420,485	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	11,334	3,314	
11	Net deferred gains or losses on hedges	(79,373)	18,771	
12	Shortfall of eligible provisions to expected losses	-	19,703	
13	Securitisation gain on sale	56,744	58,866	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	23,109	11,413	
15	Net defined benefit asset	432,092	392,500	
16	Investments in own shares (excluding those reported in the Net assets section)	4,317	6,137	
17	Reciprocal cross-holdings in common equity	-	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	200,779	21,337	
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	
19	of which: significant investments in the common stock of financials	-	-	
20	of which: mortgage servicing rights	-	-	
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
22	Amount exceeding the 15% threshold on specified items	-	-	
23	of which: significant investments in the common stock of financials	-	-	
24	of which: mortgage servicing rights	-	-	
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	1,498,608	1,136,392	
<b>Common Equity Tier 1 capital (CET1)</b>				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	10,458,377	10,562,772	

(Millions of yen, except percentages)

Basel III Template No.	Items	(Millions of yen, except percentages)		
		a As of March 31, 2022	b As of March 31, 2021	c Reference to Template CC2
<b>Additional Tier 1 capital: instruments (3)</b>				
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-
	31b	Stock acquisition rights to Additional Tier 1 instruments	-	-
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	733,998	648,878
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	22,104	13,836	
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	-	-	
33	of which: instruments issued by bank holding companies and their special purpose vehicles	-	-	
35	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	-	-	
36	Additional Tier 1 capital: instruments (D)	756,102	662,714	
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own Additional Tier 1 instruments	-	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	2,729	660	
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	25,525	25,525	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	
43	Additional Tier 1 capital: regulatory adjustments (E)	28,255	26,186	
<b>Additional Tier 1 capital (AT1)</b>				
44	Additional Tier 1 capital ((D)-(E)) (F)	727,847	636,528	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>				
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	11,186,225	11,199,300	
<b>Tier 2 capital: instruments and provisions (4)</b>				
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	
	Stock acquisition rights to Tier 2 instruments	-	-	
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	753,571	861,798	
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-	
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group T2)	4,722	2,403	
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	-	203,428	
47	of which: instruments issued by bank holding companies and their special purpose vehicles	-	-	
49	of which: instruments issued by subsidiaries (excluding bank holding companies' special purpose vehicles)	-	203,428	
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	108,729	60,139	
50a	of which: general reserve for possible loan losses	69,589	60,139	
50b	of which: eligible provisions	39,139	-	
51	Tier 2 capital: instruments and provisions (H)	867,023	1,127,769	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2022	As of March 31, 2021	Reference to Template CC2
<b>Tier 2 capital: regulatory adjustments (5)</b>				
52	Investments in own Tier 2 instruments	0	0	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	32,765	4,585	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions	—	—	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	36,723	33,213	
57	Tier 2 capital: regulatory adjustments (I)	69,488	37,798	
<b>Tier 2 capital (T2)</b>				
58	Tier 2 capital (T2) ((H)-(I)) (J)	797,534	1,089,970	
<b>Total capital (TC = T1 + T2)</b>				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	11,983,759	12,289,271	
<b>Risk weighted assets (6)</b>				
60	Total risk-weighted assets (RWA) (L)	72,350,071	66,008,023	
<b>Capital ratios (consolidated) and buffers (7)</b>				
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	14.45%	16.00%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	15.46%	16.96%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	16.56%	18.61%	
64	CET1 specific buffer requirement	3.53%	3.52%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.03%	0.02%	
67	of which: G-SIB/D-SIB additional requirement	1.00%	1.00%	
68	CET1 available after meeting the minimum capital requirements	8.56%	10.61%	
<b>Regulatory adjustments (8)</b>				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	1,065,915	1,058,411	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	1,044,534	937,624	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	130,489	4,688	
<b>Provisions included in Tier 2 capital: instruments and provisions (9)</b>				
76	Provisions (general reserve for possible loan losses)	71,960	79,268	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	69,589	60,139	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	39,139	—	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	321,224	299,809	
<b>Capital instruments subject to transitional arrangements (10)</b>				
82	Current cap on AT1 instruments subject to transitional arrangements	—	162,585	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	—	—	
84	Current cap on T2 instruments subject to transitional arrangements	—	203,428	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	—	56,412	

(Millions of yen)

Items	As of March 31, 2022	As of March 31, 2021
Required capital ((L) × 8%)	5,788,005	5,280,641

## ■ Overview of RWA (OV1)

(Millions of yen)

Basel III Template No.	OV1: Overview of RWA	a	b	c	d
		RWA		Minimum capital requirements	
		As of March 31, 2022	As of March 31, 2021	As of March 31, 2022	As of March 31, 2021
1	Credit risk (CR) (excluding counterparty credit risk)	47,216,303	44,181,371	3,970,735	3,717,776
2	Of which: Standardised Approach (SA)	3,234,291	2,797,587	258,743	223,806
3	Of which: internal ratings-based (IRB) approach	40,298,246	38,180,552	3,417,291	3,237,710
	Of which: significant investments in commercial entities	—	—	—	—
	Of which: lease residual value	42,158	45,567	3,372	3,645
	Other assets	3,641,606	3,157,664	291,328	252,613
4	Counterparty credit risk (CCR)	5,086,633	4,822,842	414,124	392,354
5	Of which: standardised approach for counterparty credit risk (SA-CCR)	—	—	—	—
6	Of which: current exposure method (CEM)	1,535,455	1,338,017	128,947	112,463
	Of which: Expected Positive Exposure (EPE)	—	—	—	—
	Of which: Credit Valuation Adjustment (CVA)	2,567,540	2,549,322	205,403	203,945
	Of which: Central Counterparty (CCP)	144,150	119,017	11,532	9,521
	Others	839,486	816,484	68,241	66,423
7	Equity positions in banking book under market-based approach	960,416	1,084,489	81,443	91,964
8	Equity investments in funds – look-through approach	2,209,787	1,877,396	176,783	150,191
9	Equity investments in funds – mandate-based approach	—	—	—	—
	Equity investments in funds – simple approach (subject to 250% risk weight)	44,598	81,959	3,637	6,769
	Equity investments in funds – simple approach (subject to 400% risk weight)	413,050	356,365	34,836	29,955
10	Equity investments in funds – fall-back approach	189,538	88,989	15,163	7,119
11	Settlement risk	113	8	9	0
12	Securitisation exposures in banking book	1,409,040	1,250,740	112,723	100,059
13	Of which: securitisation IRB approach (SEC-IRBA) or internal assessment approach (IAA)	1,216,667	1,037,083	97,333	82,966
14	Of which: securitisation external ratings-based approach (SEC-ERBA)	168,987	196,459	13,519	15,716
15	Of which: securitisation standardised approach (SEC-SA)	5,741	—	459	—
	Of which: Risk weight (RW) 1250% is applied	17,644	17,198	1,411	1,375
16	Market risk	3,052,578	2,666,596	244,206	213,327
17	Of which: standardised approach (SA)	1,081,295	1,059,405	86,503	84,752
18	Of which: internal model approaches (IMA)	1,971,282	1,607,190	157,702	128,575
19	Operational risk	4,356,154	4,104,922	348,492	328,393
20	Of which: Basic Indicator Approach	970,096	897,054	77,607	71,764
21	Of which: Standardised Approach	—	—	—	—
22	Of which: Advanced Measurement Approach	3,386,058	3,207,868	270,884	256,629
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	2,937,560	2,355,212	248,567	199,683
	RWA subject to transitional arrangements	—	—	—	—
24	Floor adjustment	1,716,046	538,051	137,283	43,044
25	Total (after applying scaling factors)	72,350,071	66,008,023	5,788,005	5,280,641

## ■ Credit Quality of Assets

### 1. Overview of Criteria for Accounting Provisions and Write-Offs

#### (1) Policies and Methods of Provisions and Write-Offs

For "Policies and Methods of Provisions and Write-Offs," please refer to pages 134 to 138 (Risk Management - 3. Credit Risk Management Methods - (1) Credit Risk Assessment and Quantification, (4) Self-Assessment, Write-Offs and Provisions, Non-Performing Loans Disclosure).

#### (2) Extent of the Number of Delinquency Days of "Past Due Loans of Three Months or More" that are Allowed Not to Classify Their Loan Category as "Doubtful Assets" or Below (or Not to Judge as Loans to Parties Classified as Potentially Bankrupt Borrowers or Below) and Reasons Thereof

At SMBC, as a core bank of SMBC Group, the delinquency period of past due loans of three months or more that are allowed not to classify loans as doubtful assets or below (or not to judge as loans to parties classified as potentially bankrupt borrowers or below) is generally less than six months, and they are loans to parties that are expected to improve business conditions. If there are any past due loans of six months or more, they shall be in principle classified as loans to potentially bankrupt borrowers or below.

#### (3) Definition of Loans Whose Loan Terms and Conditions were Restructured

At SMBC, as a core bank of SMBC Group, loans whose loan terms and conditions were restructured are defined as loans with interest rate reduction, deferred payment of interest, deferred repayment of principal amount, abandonment of loans, or other arrangements that are advantageous for the obligors, for the purpose of business rehabilitation or support for the obligors. Obligors with loans whose loan terms and conditions were restructured may not be classified as doubtful assets or below depending on the outlook for business conditions, financial statements and loan terms and conditions. If the borrower category deteriorates due to restructuring of loan terms and conditions, provisions will increase.

#### (4) Key Differences in Parameters of Credit Risks Used to Calculate Provisions and Capital Ratio, Respectively

SMBC, as a core bank of SMBC Group, uses Probability of Default and loan-loss ratio as parameters for calculation of provisions.

Probability of Default is calculated based on the actual performance in the past of the deterioration rate for one year from each borrower category to potentially bankrupt borrowers or below (regarding the deterioration rate to potentially bankrupt borrowers, the deterioration transition rates equivalent to three accumulated years from potentially bankrupt borrowers to virtually bankrupt borrowers or below are included). For the PD used to calculate the capital ratio, deterioration to substandard borrowers or below is defined as default, and assuming a long-term average value of the default rate, conservative estimation for some portfolios is conducted, which is the major difference from the Probability of Default used to calculate provisions.

Loan-loss ratio is calculated using the loan-loss amount including direct write-offs and indirect write-offs incurred during the year for each borrower category to the amount of initial existing exposure by borrower category.

For details of parameters used to calculate the capital ratio, please refer to pages 186 to 187 "3. Overview of Internal Rating System (2) Parameter Estimation and Its Validation System."

### 2. Credit Quality of Assets (CR1)

(Millions of yen)

CR1: Credit quality of assets		As of March 31, 2022				As of March 31, 2021			
Item No.		a	b	c	d	a	b	c	d
		Gross carrying values of:		Allowances	Net values (a+b-c)	Gross carrying values of:		Allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures			Defaulted exposures	Non-defaulted exposures		
<b>On-balance sheet assets</b>									
1	Loans	1,128,501	89,119,744	811,223	89,437,022	944,792	83,679,983	648,712	83,976,063
2	Securities (of which: debt securities)	7,203	30,539,190	—	30,546,393	5,479	29,020,789	—	29,026,269
3	Other on-balance sheet assets (of which: debt-based assets)	17,575	82,092,045	35,072	82,074,547	16,848	79,315,725	34,214	79,298,358
4	Subtotal (1+2+3)	1,153,280	201,750,979	846,296	202,057,963	967,121	192,016,498	682,927	192,300,692
<b>Off-balance sheet assets</b>									
5	Acceptances and guarantees, etc.	22,930	12,599,237	62,782	12,559,385	12,337	10,762,857	61,703	10,713,491
6	Commitments, etc.	17,381	28,562,640	73,920	28,506,101	17,508	26,507,378	76,735	26,448,151
7	Subtotal (5+6)	40,311	41,161,878	136,702	41,065,487	29,845	37,270,236	138,438	37,161,643
<b>Total</b>									
8	Total (4+7)	1,193,592	242,912,857	982,998	243,123,450	996,966	229,286,734	821,365	229,462,335

### 3. Changes in stock of defaulted loans and securities (of which: debt securities) (CR2)

(Millions of yen)

CR2: Changes in stock of defaulted loans and securities (of which: debt securities)			
Item No.		Amount	
1	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2021	967,121	
2			
3	Changes in loans and securities (of which: debt securities) by factors during the current interim period	Amounts defaulted	472,807
4		Amounts returned to non-defaulted status	81,536
5		Amounts written off	139,874
		Other changes	(65,237)
6	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2022 (1+2-3-4+5)	1,153,280	

Note: The major factor for other changes is due to decreases in stock by collection and sale of receivables that were placed in defaulted status at the end of the previous fiscal year.

(Millions of yen)

CR2: Changes in stock of defaulted loans and securities (of which: debt securities)			
Item No.		Amount	
1	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2020	674,747	
2			
3	Changes in loans and securities (of which: debt securities) by factors during the current interim period	Amounts defaulted	452,120
4		Amounts returned to non-defaulted status	30,130
5		Amounts written off	133,425
		Other changes	3,809
6	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2021 (1+2-3-4+5)	967,121	

Note: The major factors for other changes are due to decreases in stock by collection and sale of receivables that were placed in defaulted status at the end of the previous fiscal year, and the increase in the right to reimbursement that had occurred since the end of the previous fiscal year.

### 4. Term-End Balance of Exposures by Category and Their Breakdown by Major Type of Assets

#### (1) Exposure Balance by Type of Assets, Geographic Region and Industry

(Millions of yen)

Category	As of March 31, 2022				As of March 31, 2021			
	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total
Domestic operations (excluding offshore banking accounts)	131,238,735	24,335,658	8,581,732	164,156,126	132,130,058	23,209,501	8,138,180	163,477,741
Manufacturing	11,389,309	168,802	2,084,962	13,643,074	11,366,981	201,036	2,297,789	13,865,807
Agriculture, forestry, fishery and mining	402,771	3,276	2,833	408,881	428,456	4,763	4,514	437,734
Construction	1,102,453	34,918	140,264	1,277,636	1,209,291	42,245	149,964	1,401,501
Transport, information, communications and utilities	7,161,426	247,477	472,431	7,881,335	6,943,550	212,562	527,807	7,683,920
Wholesale and retail	6,280,039	154,234	402,540	6,836,814	6,572,860	182,917	389,397	7,145,175
Financial and insurance	66,595,377	1,574,982	307,134	68,477,494	67,961,075	1,729,352	285,384	69,975,812
Real estate, goods rental and leasing	13,778,672	1,195,797	101,684	15,076,154	11,083,497	1,165,479	116,214	12,365,191
Services	4,878,199	283,175	98,923	5,260,298	5,045,274	301,343	88,134	5,434,752
Local municipal corporations	1,569,565	110,854	1,537	1,681,957	1,791,614	42,222	1,604	1,835,440
Other industries	18,080,919	20,562,140	4,969,420	43,612,480	19,727,456	19,327,577	4,277,370	43,332,404
Overseas operations and offshore banking accounts	67,505,444	6,219,476	2,239,462	75,964,383	55,695,599	5,816,767	1,761,303	63,273,670
Sovereigns	14,102,811	4,133,539	5,708	18,242,059	10,510,442	3,587,611	5,467	14,103,521
Financial institutions	7,242,864	1,104,151	444,797	8,791,814	6,673,662	1,378,171	396,449	8,448,283
C&I companies	37,961,552	683,279	—	38,644,831	31,769,533	686,424	—	32,455,958
Others	8,198,215	298,506	1,788,956	10,285,678	6,741,960	164,559	1,359,387	8,265,907
<b>Total</b>	<b>198,744,179</b>	<b>30,555,135</b>	<b>10,821,195</b>	<b>240,120,510</b>	<b>187,825,657</b>	<b>29,026,269</b>	<b>9,899,484</b>	<b>226,751,411</b>

Notes: 1. The above amounts are exposures after Credit Risk Mitigation (CRM).

2. The above amounts do not include "securitisation exposures" and "credit RWA under Article 145 of the Notification."

3. "Domestic operations" comprises the operations of us, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

## (2) Exposure Balance by Type of Assets and Residual Term

(Millions of yen)

Category	As of March 31, 2022				As of March 31, 2021			
	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total
To 1 year	52,956,794	10,379,103	24,942	63,360,840	46,495,858	8,285,354	22,685	54,803,898
More than 1 year to 3 years	23,302,223	6,169,758	—	29,471,981	20,682,004	7,523,192	—	28,205,196
More than 3 years to 5 years	19,573,478	3,621,204	—	23,194,683	17,327,714	3,855,075	—	21,182,789
More than 5 years to 7 years	8,281,524	3,282,357	—	11,563,881	7,461,460	2,926,460	—	10,387,920
More than 7 years	23,081,915	7,102,711	—	30,184,627	23,593,743	6,436,185	—	30,029,929
No fixed maturity	71,548,243	—	10,796,252	82,344,495	72,264,877	—	9,876,799	82,141,676
Total	198,744,179	30,555,135	10,821,195	240,120,510	187,825,657	29,026,269	9,899,484	226,751,411

- Notes: 1. The above amounts are exposures after CRM.  
2. The above amounts do not include "securitisation exposures" and "credit RWA under Article 145 of the Notification."  
3. "No fixed maturity" includes exposures not classified by residual term.

5. Amounts of Reserves and Write-offs Corresponding to the Term-End Balance of Obligors' Exposures Related to Loans Prescribed in the Provisions of Article 4, Paragraph 2 (Bankrupt and Quasi-Bankrupt Assets), Paragraph 3 (Doubtful Assets) or Paragraph 4 (Substandard Loans) of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions, as well as Breakdown by Each of the Following Categories

## (1) By Geographic Region

(Billions of yen)

	Fiscal 2021			Fiscal 2020		
	Term-end balance	Term-end Reserves	Write-offs for the year	Term-end balance	Term-end Reserves	Write-offs for the year
Domestic operations (excluding offshore banking accounts)	997.9	368.3	67.6	841.5	253.3	81.7
Overseas operations and offshore banking accounts	904.5	207.3	23.6	452.7	157.1	26.8
Asia	620.0	121.8	34.1	145.4	58.2	15.9
North America	91.8	21.0	(0.4)	102.4	27.8	1.8
Other regions	192.7	64.6	(10.1)	204.9	71.1	9.1
Total	1,902.3	575.6	91.2	1,294.2	410.3	108.4

## (2) By Industry

(Billions of yen)

	Fiscal 2021			Fiscal 2020		
	Term-end balance	Term-end Reserves	Write-offs for the year	Term-end balance	Term-end Reserves	Write-offs for the year
Domestic operations (excluding offshore banking accounts)	997.9	368.3	67.6	841.5	253.3	81.7
Manufacturing	298.5	184.7	(2.0)	77.5	30.7	3.4
Agriculture, forestry, fishery and mining	3.8	0.8	(1.0)	9.9	6.8	0.0
Construction	8.6	2.1	0.1	9.9	2.2	0.3
Transport, information, communications and utilities	46.8	15.9	0.3	34.1	15.9	0.5
Wholesale and retail	90.4	36.9	2.0	90.2	37.2	0.9
Financial and insurance	7.9	0.7	0.0	6.7	1.0	0.0
Real estate, goods rental and leasing	50.4	7.4	(0.4)	50.4	6.4	(4.0)
Services	120.1	36.9	(0.4)	155.0	47.4	5.9
Other industries	371.4	82.8	69.0	407.9	105.7	74.7
Overseas operations and offshore banking accounts	904.5	207.3	23.6	452.7	157.1	26.8
Financial institutions	17.0	15.4	15.3	15.6	4.6	0.0
C&I companies	676.7	159.8	(4.6)	326.3	127.2	10.9
Others	210.8	32.2	12.9	110.8	25.2	15.9
Total	1,902.3	575.6	91.2	1,294.2	410.3	108.4

- Notes: 1. Term-end Reserves include partial direct write-offs (direct reduction).  
2. "Domestic operations" comprises the operations of SMBC Group (excluding overseas branches) and domestic consolidated subsidiaries. "Overseas operations" comprises the operations of SMBC Group's overseas branches and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

## 6. Term-End Balance of Exposures by Past Due Periods

(Billions of yen)

Fiscal 2021				
Less than 1 month	1 month or more to less than 2 months	2 months or more to less than 3 months	3 months or more	Total
455.9	62.1	38.2	99.9	656.2

- Notes: 1. Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions and doubtful assets prescribed in Paragraph 3 of the said Article are excluded.  
2. Items that are not accompanied by deterioration of business conditions/cash flows are excluded.

(Billions of yen)

Fiscal 2020				
Less than 1 month	1 month or more to less than 2 months	2 months or more to less than 3 months	3 months or more	Total
149.0	34.2	28.8	106.1	318.2

- Notes: 1. Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions and doubtful assets prescribed in Paragraph 3 of the said Article are excluded.  
2. Items that are not accompanied by deterioration of business conditions/cash flows are excluded.

7. Term-End Balance of Exposures of Obligors Whose Loan Conditions were Restructured for Business Rehabilitation or Support; of Which Amounts of Increased Reserves for Such Exposures and Other Amounts due to the Restructuring of the Loan Conditions

(Billions of yen)

Fiscal 2021			Fiscal 2020		
Term-end balance	Of which: amounts of increased Reserves for such exposures due to the restructuring of the loan conditions	Of which: other amounts	Term-end balance	Of which: amounts of increased Reserves for such exposures due to the restructuring of the loan conditions	Of which: other amounts
494.4	494.4	0.0	418.9	418.9	0.0

- Note: Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions, doubtful assets prescribed in Paragraph 3 of the said Article, and loans past due three months or more prescribed in Paragraph 4 of the said Article are excluded.

## Internal Ratings-Based (IRB) Approach

### 1. Background on Determining the Scope of Application of Internal Ratings-Based (IRB) Approach

When the criteria of materiality defined by us according to business characteristics and business conditions, etc. are met, in principle, the IRB approach is adopted by the unit of our asset class or by the unit of the affiliated group companies. In addition, for the asset class or group companies that meet the quantitative criteria specified by the authorities, the IRB approach is in principle adopted regardless of whether the criteria of materiality are met.

For adopting the IRB approach, the Advanced Internal Ratings-Based (AIRB) approach is in principle adopted. However, for group companies which were judged unnecessary or inappropriate to adopt the AIRB approach in light of the scale, business contents, etc., the Foundation Internal Ratings-Based (FIRB) approach is adopted.

### 2. Scope

We and the following consolidated subsidiaries have adopted the Advanced Internal Ratings-Based (AIRB) approach for exposures as of March 31, 2009.

#### (1) Domestic Operations

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited and SMBC Guarantee Co., Ltd., and SMBC Trust Bank Ltd.

#### (2) Overseas Operations

SMBC Bank International plc, Sumitomo Mitsui Banking Corporation (China) Limited, Banco Sumitomo Mitsui Brasileiro S.A., JSC Sumitomo Mitsui Rus Bank, Sumitomo Mitsui Banking Corporation Malaysia Berhad, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited SMBC Capital Markets (Asia) Limited, SMBC Bank EU AG and PT Bank BTPN Tbk.

SMBC Finance Service Co., Ltd. has adopted the Foundation Internal Ratings-Based (FIRB) approach.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the AIRB approach have also adopted the AIRB approach. Further, the AIRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardised approach.

### 3. Overview of Internal Rating System

#### (1) Rating Procedures

##### (A) Corporate Exposures

- “Corporate, sovereign and bank exposures” includes credits to domestic and overseas commercial/industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans are, in principle, included in “retail exposures.” However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor’s financial statements. The financial grade is then adjusted taking into account the actual state of the obligor’s balance sheet and qualitative factors to derive the obligor grade (for details, please refer to “Credit Risk Assessment and Quantification” on pages 134 to 135). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown in the table following page due to differences in actual default rate levels and portfolios’ grade distribution. Different Probability of Default (PD) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company’s credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, “local municipal corporations”), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purposes and business loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as “substandard loans,” “doubtful assets” or “bankrupt and quasi-bankrupt assets” occurring to the obligor).
- Loss Given Defaults (LGDs) and exposure at default (EAD) used in the calculation of credit risk-weighted assets are estimated based on historical loss experience of credits in default, taking into account the possibility of estimation errors.

Obligor Grade	Definition	Borrower Category
J1	Very high certainty of debt repayment	Normal Borrowers
J2	High certainty of debt repayment	
J3	Satisfactory certainty of debt repayment	
J4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation	Borrowers Requiring Caution
J5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of any changes in economic trends or business environment	
J6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment	Substandard Borrowers
J7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	
J7R	Borrowers Requiring Caution identified as Substandard Borrowers	Potentially Bankrupt Borrowers
J8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Virtually Bankrupt Borrowers
J9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	
J10	Legally or formally bankrupt	Bankrupt Borrowers

Obligor Grade	Definition	Borrower Category
G1	Very high certainty or high certainty of debt repayment	Normal Borrowers
G2	Satisfactory certainty of debt repayment	
G3	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation	
G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	Borrowers Requiring Caution
G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of any changes in economic trends or business environment	
G6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment	Substandard Borrowers
G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	
G7R	Borrowers Requiring Caution identified as Substandard Borrowers	Potentially Bankrupt Borrowers
G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Virtually Bankrupt Borrowers
G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	
G10	Legally or formally bankrupt	Bankrupt Borrowers

- “Specialized lending” is sub-classified into “project finance,” “object finance,” “commodity finance,” “income-producing real estate” (IPRE) and “high-volatility commercial real estate” (HVCRE) in accordance with the Notification. Project finance is financing of a single project, such as a power plant or transportation infrastructure, and cash flows generated by the project are the primary source of repayment. Object finance includes aircraft finance and ship finance, and IPRE and HVCRE include real estate finance (a primary example is non-recourse real estate finance). There were no commodity finance exposures as of March 31, 2021.
- Each SL product is classified as either a facility assigned a PD grade and LGD grade or a facility assigned a grade based primarily on the expected loss ratio, both using grading models and qualitative assessment. The former has the same grading structure as that of corporate, and the latter has ten grade levels as with obligor grades but the definition of each grade differs from that of the obligor grade which is focused on PD.

For the credit risk-weighted asset amount for the SL category, the former facility is calculated in a manner similar to corporate exposures, while the latter facility is calculated by mapping the expected loss-based facility grades to the five categories (hereinafter the “slotting criteria”) of the Notification because it does not satisfy the requirements for PD application specified in the Notification.

**(B) Retail Exposures**

- “Residential mortgage exposures” includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of default risk determined using loan contract information, a borrower category under self-assessment in accordance with an exclusive grading model, and recovery risk at the time of default determined using Loan To Value (LTV) calculated based on the assessment value of collateral real estate. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

- “Qualifying revolving retail exposures” includes card loans and credit card balances.
- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

- “Other retail exposures” includes business loans such as apartment construction loans and consumer loans such as My Car Loan.
- Business loans and consumer loans are rated as follows.

a. Business loans are allocated to a portfolio segment with similar risk characteristics in terms of default risk determined using loan contract information, a borrower category under self-assessment in accordance with an exclusive grading model, and recovery risk determined based on LTV for business loans.

PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of “Residential Mortgage Exposures.” Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

**(C) Equity Exposures**

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 135) and their grades are revised if necessary (credit risk-weighted asset amount is set to 1.5 times when they are not monitored individually). In the case there is no credit transaction with the issuer or it is difficult to obtain financial information, internal grades are assigned using ratings of external rating agencies if it is a qualifying investment.

In the case it is difficult to obtain financial information and it is not a qualifying investment, the simple risk weight method under the market-based approach is applied.

**(2) Parameter Estimation and Its Validation System****A. PD**

This is defined as the probability that obligors could default over one year. PD is estimated as the expected value in the long term regardless of the business cycle using the default rate for each fiscal year based on the historical data for five consecutive fiscal years or more. In principle, the default rate for each fiscal year is measured by the initial number of target obligors as the denominator and the number of defaults occurred during the fiscal year as the numerator.

For assets and ratings applicable to LDP (LDP: Low Default Portfolio), conservative PD is estimated by creating virtual rating transition data based on Monte Carlo simulation and by using the floor value proposed under Basel Capital Accord.

For most portfolios, the actual default rates are lower than PD estimate values applied for the respective periods, because the long-term average value including the recession period is estimated, and also because the possibility of estimation errors is taken into account.

Validation consists of two systems: “backtesting” to retrospectively compare and validate the parameter estimated value and the actual value for the respective applicable period, and “pretesting” to validate before applying the parameter for the purpose of complementing the “backtesting.” The overview for each is as follows.

**(a) Backtesting**

This is to compare the estimated value with the actual value at least once a year, and to validate that the degree of divergence is within the statistically assumed range.

In case of hitting the predetermined excess criteria as a result of validation, reviews shall be taken including revising the estimation method or rating system.

**(b) Pretesting**

This is to compare and validate the estimated value to be applied and the historical value. In the case of hitting the predetermined excess criteria, the estimated value shall be conservatively corrected.

The purpose is to prevent underestimation by making adjustments, if necessary.

**B. LGD**

This is defined as the ratio of loss amounts after default to the amount of receivable at the time of default. LGD is estimated as a long-term average value calculated based on historical data over seven consecutive fiscal years (for retail, five fiscal years) or more. However, in the case where a high positive correlation with the default rate is observed, LGD shall be in principle the value taking into account the possibility that the loss rate of the recession period will exceed the long-term average value, and it is estimated mainly by one of the following methods.

- By taking into account the influence of the recession period on the interest rate to customers constituting the discount rate for calculating the economic loss to be used for estimation
- By taking into account the influence of the recession period by modeling the relationship between the loss ratio and economic and financial indicators, etc.

For the purpose of estimating LGD using economic loss based on requirement of Basel Capital Accord, discount rate is estimated using recovery cost. The averaged period from the time of default to the termination of recovery is used as discount period.

As for validation, backtesting and pretesting are conducted as in A. PD.

**C. EAD**

This is defined as the amount of exposure at the time of default. EAD is estimated as a long-term average value calculated based on the historical data over seven consecutive fiscal years (for retail, five fiscal years) or more. For estimation, the possibility that the default balance may exceed the latest balance is assumed and taken into account, and EAD is estimated by one of the following methods.

- By estimating the conversion factor that is the ratio of actually drawn amount to the amount associated with undrawn commitments one year before the time of default
- By estimating the conversion factor that is the ratio of the average outstandings of the default borrowers to the average outstandings of the non-default borrowers of the whole limit-type credit subject to the estimation
- By estimating an increased amount by comparing the initial outstandings with ones at the time of default and taking the average for each segment

As for validation, backtesting and pretesting are conducted as in A. PD.

**4. Percentage of EAD by Asset Class by Type of Approach for Calculating Credit RWA to Total EAD**

	As of March 31, 2022	As of March 31, 2021
IRB approach	95.38 %	95.47 %
Corporate exposures (Advanced Internal Ratings-Based (AIRB) approach)	83.97 %	83.96 %
Corporate exposures (Foundation Internal Ratings-Based (FIRB) approach)	0.26 %	0.26 %
Retail exposures	5.99 %	6.40 %
Equity exposures	2.10 %	2.20 %
Purchased receivables (AIRB approach)	1.13 %	0.92 %
Purchased receivables (FIRB approach)	0.00 %	0.00 %
Other assets, etc.	1.89 %	1.69 %
SA	4.61 %	4.52 %
Total	100.00 %	100.00 %

## 5. CR Exposures by Portfolio and PD (CR6)

(Millions of yen, %, the number of data in thousands, years)

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2022											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF (Credit Conversion Factor) and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Sovereign exposures (AIRB approach)													
1	0.00 to <0.15	96,723,291	159,205	73.09	99,695,142	0.00	0.5	34.03	3.8	189,191	0.18	226	
2	0.15 to <0.25	572,528	112,751	45.96	624,423	0.15	0.2	33.25	2.0	160,338	25.67	325	
3	0.25 to <0.50	32,158	1,498	100.00	27,257	0.39	0.0	32.73	1.3	9,740	35.73	35	
4	0.50 to <0.75	244	-	-	244	0.50	0.0	35.00	1.1	102	42.07	0	
5	0.75 to <2.50	329,222	85,201	80.75	266,601	1.77	0.0	33.74	3.9	255,890	95.98	1,612	
6	2.50 to <10.00	53,405	7,024	62.15	22,243	4.12	0.0	33.76	1.2	22,049	99.13	307	
7	10.00 to <100.00	728	16,525	45.97	7,748	13.36	0.0	35.00	2.4	12,816	165.39	362	
8	100.00 (Default)	8	-	-	8	100.00	0.0	33.58	1.0	3	38.88	2	
9	Subtotal	97,711,588	382,206	65.53	100,643,669	0.00	0.8	34.02	3.8	650,132	0.64	2,873	5,442
Sovereign exposures (FIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Bank exposures (AIRB approach)													
1	0.00 to <0.15	4,414,736	1,159,053	84.04	5,756,408	0.04	0.6	30.89	2.1	838,538	14.56	709	
2	0.15 to <0.25	685,316	175,015	53.23	759,618	0.15	0.2	31.77	1.3	189,734	24.97	384	
3	0.25 to <0.50	175,179	23,351	41.31	168,197	0.35	0.0	33.78	2.1	90,522	53.81	206	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	759,694	174,284	45.31	720,484	1.43	0.3	34.66	0.8	500,210	69.42	3,580	
6	2.50 to <10.00	32,919	4,919	70.80	33,686	4.09	0.0	18.88	1.7	20,796	61.73	260	
7	10.00 to <100.00	2,676	-	-	1,566	13.36	0.0	34.99	0.0	2,614	166.90	73	
8	100.00 (Default)	248	-	-	248	100.00	0.0	79.82	1.0	32	13.13	198	
9	Subtotal	6,070,770	1,536,624	75.45	7,440,210	0.21	1.3	31.36	1.9	1,642,450	22.07	5,412	9,887
Bank exposures (FIRB approach)													
1	0.00 to <0.15	70,541	-	-	70,541	0.03	0.0	45.00	5.0	25,004	35.44	9	
2	0.15 to <0.25	54	-	-	54	0.16	0.0	45.00	5.0	44	81.01	0	
3	0.25 to <0.50	190	-	-	190	0.26	0.0	45.00	5.0	191	100.37	0	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	5,217	-	-	5,217	2.15	0.1	45.00	5.0	9,386	179.90	50	
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	76,004	-	-	76,004	0.17	0.2	45.00	5.0	34,626	45.55	60	136
Corporate exposures (AIRB approach)													
1	0.00 to <0.15	30,298,457	15,121,634	53.95	42,995,830	0.06	6.9	34.76	2.4	7,810,994	18.16	9,073	
2	0.15 to <0.25	14,584,399	11,445,232	53.98	19,823,294	0.16	6.1	30.29	2.2	5,339,500	26.93	9,637	
3	0.25 to <0.50	5,643,341	3,286,811	51.55	6,426,017	0.31	2.9	28.77	2.3	2,320,875	36.11	5,887	
4	0.50 to <0.75	933,388	116,695	54.80	978,304	0.50	1.0	31.45	2.4	502,087	51.32	1,539	
5	0.75 to <2.50	5,918,358	2,979,153	52.12	5,282,925	1.38	3.5	29.11	2.8	3,767,199	71.30	21,518	
6	2.50 to <10.00	1,331,901	603,415	48.44	1,093,599	6.09	0.8	25.56	2.8	1,030,711	94.24	17,521	
7	10.00 to <100.00	816,187	357,971	52.39	936,751	15.66	0.3	24.29	2.9	1,138,221	121.50	36,755	
8	100.00 (Default)	700,074	50,699	100.00	678,490	100.00	0.3	47.03	2.3	166,659	24.56	319,123	
9	Subtotal	60,226,109	33,961,614	53.52	78,215,214	1.33	22.1	32.56	2.4	22,076,249	28.22	421,055	473,640

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2022											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Corporate exposures (FIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	22	-	-	22	100.00	0.0	45.00	5.0	-	0.00	9	
9	Subtotal	22	-	-	22	100.00	0.0	45.00	5.0	-	0.00	9	2
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
1	0.00 to <0.15	774,513	20,737	49.92	786,506	0.07	1.2	25.03	2.6	106,554	13.54	155	
2	0.15 to <0.25	1,295,368	186,331	57.38	1,264,867	0.16	4.9	28.99	3.4	323,828	25.60	588	
3	0.25 to <0.50	1,160,836	75,405	50.17	1,036,508	0.30	5.6	28.33	3.7	369,071	35.60	915	
4	0.50 to <0.75	595,140	7,801	50.14	539,328	0.51	3.6	25.47	3.4	207,863	38.54	719	
5	0.75 to <2.50	2,278,120	222,310	57.38	1,692,140	1.57	28.2	26.95	3.5	943,436	55.75	7,183	
6	2.50 to <10.00	354,651	130,505	55.26	184,540	8.33	1.3	21.46	2.6	130,195	70.55	3,188	
7	10.00 to <100.00	155,218	1,019	59.27	95,875	24.23	2.5	34.77	2.2	151,018	157.51	8,096	
8	100.00 (Default)	237,281	6,040	100.00	177,427	100.00	3.2	44.38	1.8	24,940	14.05	78,757	
9	Subtotal	6,851,130	650,152	56.19	5,777,195	4.34	51.0	27.74	3.3	2,256,908	39.06	99,605	103,699
Mid-sized corporations and SMEs exposures (FIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Specialized lending (SL)													
1	0.00 to <0.15	2,694,097	120,291	46.32	2,709,030	0.04	-	22.08	3.6	317,937	11.73	284	
2	0.15 to <0.25	2,442,460	662,790	55.09	2,716,398	0.16	-	22.48	4.0	694,468	25.56	982	
3	0.25 to <0.50	2,043,120	868,846	53.04	1,957,947	0.35	-	25.60	3.8	792,835	40.49	1,793	
4	0.50 to <0.75	67,931	-	-	67,931	0.50	-	23.15	2.6	26,099	38.42	78	
5	0.75 to <2.50	1,558,543	406,602	59.24	1,503,812	1.13	-	22.75	3.5	808,198	53.74	3,915	
6	2.50 to <10.00	294,445	68,369	66.22	248,053	4.09	-	40.79	3.6	355,239	143.21	4,139	
7	10.00 to <100.00	316,005	119,402	49.37	290,221	14.80	-	35.81	3.8	538,747	185.63	15,149	
8	100.00 (Default)	89,265	12,490	100.00	50,493	100.00	-	52.12	3.6	19,631	38.88	26,317	
9	Subtotal	9,505,870	2,258,793	54.87	9,543,888	1.39	-	24.09	3.7	3,553,158	37.22	52,660	70,974
Equity exposures													
1	0.00 to <0.15	3,670,673	-	-	3,670,673	0.04	1.2	90.00	5.0	3,759,112	102.40	-	
2	0.15 to <0.25	437,422	-										

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2022											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (corporates) (the amount equivalent to default risks) (AIRB approach)													
1	0.00 to <0.15	1,162,248	81,482	97.96	1,218,624	0.06	6.9	35.24	1.1	162,365	13.32		337
2	0.15 to <0.25	802,642	56,412	96.72	849,143	0.16	5.8	29.94	1.0	153,318	18.05		415
3	0.25 to <0.50	210,561	45,512	100.00	252,850	0.35	5.2	36.09	1.0	85,239	33.71		317
4	0.50 to <0.75	19,818	64,832	100.00	84,403	0.55	8.4	55.01	1.0	56,673	67.14		258
5	0.75 to <2.50	159,954	107,686	97.30	263,925	1.65	17.5	40.61	1.1	201,466	76.33	1,656	
6	2.50 to <10.00	1,456	4,700	100.00	6,134	5.54	0.8	54.17	1.0	9,523	155.25		175
7	10.00 to <100.00	84	1,421	100.00	1,505	58.11	0.2	58.60	1.0	2,406	159.89		507
8	100.00 (Default)	4,549	346	100.00	4,837	100.00	0.1	72.22	1.2	635	13.13	3,493	
9	Subtotal	2,361,314	362,395	98.23	2,681,423	0.51	45.3	34.92	1.1	671,629	25.04	7,163	6,957
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	875,005	3,349	45.48	876,528	0.06	0.1	32.25	1.1	106,349	12.13		199
2	0.15 to <0.25	460,898	8,412	45.48	464,724	0.16	0.0	31.26	1.0	86,608	18.63		232
3	0.25 to <0.50	316,960	-	-	316,960	0.27	0.0	29.65	1.0	91,128	28.75		254
4	0.50 to <0.75	14,030	-	-	14,030	0.50	0.0	35.00	1.0	6,997	49.87		24
5	0.75 to <2.50	48,262	-	-	48,262	1.56	0.0	27.66	1.2	25,103	52.01		198
6	2.50 to <10.00	1,013	-	-	1,013	8.38	0.0	34.32	1.0	1,260	124.43		29
7	10.00 to <100.00	6,478	-	-	6,478	13.36	0.0	25.00	1.0	7,087	109.40		216
8	100.00 (Default)	23,581	-	-	23,581	100.00	0.0	40.59	1.0	3,096	13.13	9,573	
9	Subtotal	1,746,230	11,762	45.48	1,751,579	1.57	0.2	31.50	1.0	327,632	18.70	10,728	2,190
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	-	60	100.00	60	0.07	0.0	45.00	1.0	9	15.02		0
2	0.15 to <0.25	-	251	100.00	251	0.20	0.0	45.00	1.0	68	27.39		0
3	0.25 to <0.50	-	514	100.00	514	0.33	0.0	45.00	1.0	187	36.37		0
4	0.50 to <0.75	-	1,862	100.00	1,862	0.57	0.0	45.00	1.0	887	47.63		4
5	0.75 to <2.50	-	987	100.00	987	0.99	0.0	45.00	1.0	578	58.62		4
6	2.50 to <10.00	-	37	100.00	37	2.82	0.0	45.00	1.0	40	107.58		0
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-		-
8	100.00 (Default)	102	-	-	100	100.00	0.0	45.00	1.0	-	0.00	45	
9	Subtotal	102	3,714	100.00	3,815	3.26	0.0	45.00	1.0	1,771	46.43	56	20
Purchased receivables (corporates) (the amount equivalent to dilution risks) (FIRB approach)													
1	0.00 to <0.15	100	-	-	100	0.11	0.0	45.00	1.0	20	19.97		0
2	0.15 to <0.25	0	-	-	0	0.20	0.0	45.00	1.0	0	30.02		0
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-		-
4	0.50 to <0.75	1	-	-	1	0.52	0.0	45.00	1.0	0	53.46		0
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-		-
6	2.50 to <10.00	0	-	-	0	2.82	0.0	45.00	1.0	0	107.58		0
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-		-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-		-
9	Subtotal	102	-	-	102	0.11	0.0	45.00	1.0	21	20.51		0
Purchased receivables (retail) (the amount equivalent to default risks)													
1	0.00 to <0.15	3,620	-	-	3,620	0.08	0.0	60.00	-	469	12.96		1
2	0.15 to <0.25	1,232	-	-	1,232	0.20	0.0	60.00	-	299	24.30		1
3	0.25 to <0.50	1,819	-	-	1,819	0.32	0.1	44.28	-	452	24.88		2
4	0.50 to <0.75	443	-	-	443	0.57	0.0	59.65	-	205	46.30		1
5	0.75 to <2.50	37	20	100.00	58	1.09	0.0	57.95	-	35	60.76		0
6	2.50 to <10.00	9	-	-	9	2.82	0.0	60.00	-	7	82.92		0
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-		-
8	100.00 (Default)	1	-	-	1	100.00	0.0	79.82	-	0	13.13		0
9	Subtotal	7,165	20	100.00	7,185	0.22	0.1	55.98	-	1,470	20.46		8

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2022											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (retail) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	75,285	261,676	6.31	336,961	0.08	4,581.6	68.41		12,153	3.60	197	
2	0.15 to <0.25	336,510	444,126	15.89	780,637	0.18	5,042.8	70.68		56,009	7.17	1,038	
3	0.25 to <0.50	553,081	298,003	9.40	851,085	0.37	3,894.5	69.91		106,140	12.47	2,253	
4	0.50 to <0.75	2,801	6,833	6.45	9,635	0.61	136.6	67.46		1,696	17.60	39	
5	0.75 to <2.50	539,903	48,894	13.69	588,798	1.67	586.6	76.84		253,312	43.02	7,591	
6	2.50 to <10.00	662,949	132,829	5.46	795,779	3.97	1,447.9	74.71		609,275	76.56	23,522	
7	10.00 to <100.00	30,955	3,994	8.10	34,950	49.58	70.7	71.81		61,328	175.47	12,488	
8	100.00 (Default)	71,663	6,756	100.00	78,420	100.00	191.6	75.48		83,326	106.25	59,192	
9	Subtotal	2,273,152	1,203,115	34.60	3,476,268	4.09	15,952.6	72.35		1,183,241	34.03	106,323	107,328
Residential mortgage exposures													
1	0.00 to <0.15	-	-	-	37,966	0.06	4.4	39.04		10,238	26.96	9	
2	0.15 to <0.25	-	-	-	2,358	0.16	0.2	63.10		949	40.27	2	
3	0.25 to <0.50	7,253,693	5,644	100.00	7,259,383	0.31	437.5	24.81		999,967	13.77	5,602	
4	0.50 to <0.75	841,055	1,048	100.00	842,120	0.57	49.9	26.38		192,193	22.82	1,288	
5	0.75 to <2.50	805,915	1,842	100.00	770,247	0.94	62.4	32.35		307,940	39.97	2,462	
6	2.50 to <10.00	-	-	-	-	-	-	-		-	-	-	
7	10.00 to <100.00	22,106	687	100.00	19,916	22.42	2.0	27.63		29,856	149.90	1,215	
8	100.00 (Default)	78,828	59	100.00	78,888	100.00	6.1	21.18		14,644	18.56	16,708	
9	Subtotal	9,001,599	9,282	100.00	9,010,882	1.31	562.7	25.64		1,555,790	17.26	27,289	25,439
Other retail exposures													
1	0.00 to <0.15	1	2	100.00	4	0.08	0.0	67.46		0	14.19	0	
2	0.15 to <0.25	106,436	11	100.00	106,448	0.16	2.6	34.52		12,765	11.99	58	
3	0.25 to <0.50	289,482	159	100.00	289,641	0.36	8.8	35.47		61,244	21.14	377	
4	0.50 to <0.75	126,554	350,326	100.00	476,881	0.66	336.5	54.38		216,913	45.48	1,715	
5	0.75 to <2.50	682,910	133,694	88.26	816,605	1.35	1,677.8	53.59		499,113	61.12	6,032	
6	2.50 to <10.00	18,674	142,131	100.00	160,806	2.82	129.2	46.66		103,117	64.12	2,105	
7	10.00 to <100.00	11,425	4,352	95.42	15,778	23.13	35.7	55.25		19,097	121.03	2,004	
8	100.00 (Default)	42,977	657	67.32	43,634	100.00	93.9	56.48		91,116	208.81	24,647	
9	Subtotal	1,278,463	631,337	100.00	1,909,800	3.52	2,284.7	49.47		1,003,369	52.53	36,941	29,101
Total (all portfolios)		201,373,972	41										

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2021											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF (Credit Conversion Factor) and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
<b>Sovereign exposures (AIRB approach)</b>													
1	0.00 to <0.15	93,268,361	150,791	72.45	95,957,412	0.00	0.5	34.43	3.9	258,124	0.26	257	
2	0.15 to <0.25	446,355	21,531	45.45	451,045	0.17	0.1	33.94	1.9	124,596	27.62	262	
3	0.25 to <0.50	22,174	35	58.91	16,760	0.39	0.0	34.44	1.3	6,201	36.99	22	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
5	0.75 to <2.50	134,636	14,986	38.90	71,659	1.12	0.0	29.15	2.2	41,293	57.62	243	
6	2.50 to <10.00	36,546	11,468	76.49	8,269	3.81	0.0	33.14	1.2	7,323	88.55	101	
7	10.00 to <100.00	18,838	17,530	50.18	17,025	13.66	0.0	35.00	2.2	30,324	178.10	814	
8	100.00 (Default)	8	-	-	8	100.00	0.0	34.08	1.0	4	53.00	2	
9	Subtotal	93,926,921	216,343	65.85	96,522,182	0.00	0.7	34.43	3.9	467,868	0.48	1,706	2,920
<b>Sovereign exposures (FIRB approach)</b>													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
<b>Bank exposures (AIRB approach)</b>													
1	0.00 to <0.15	5,002,208	1,133,305	84.79	6,240,006	0.03	0.6	31.76	2.2	924,113	14.80	744	
2	0.15 to <0.25	833,583	154,198	65.47	898,778	0.17	0.2	31.33	1.0	212,040	23.59	479	
3	0.25 to <0.50	69,332	32,385	47.21	82,408	0.33	0.0	31.10	1.2	30,743	37.30	87	
4	0.50 to <0.75	2,120	-	-	2,120	0.50	0.0	1.98	1.0	63	3.00	0	
5	0.75 to <2.50	606,762	139,349	36.82	558,579	1.29	0.6	34.99	0.7	370,549	66.33	2,533	
6	2.50 to <10.00	35,883	11,989	35.52	38,778	3.69	0.0	22.05	1.8	24,880	64.16	315	
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
8	100.00 (Default)	407	-	-	407	100.00	0.0	80.22	1.0	54	13.38	327	
9	Subtotal	6,550,298	1,471,229	76.99	7,821,079	0.16	1.6	31.88	2.0	1,562,446	19.97	4,488	7,126
<b>Bank exposures (FIRB approach)</b>													
1	0.00 to <0.15	68,457	-	-	68,457	0.03	0.0	45.00	5.0	24,208	35.36	9	
2	0.15 to <0.25	92	-	-	92	0.17	0.0	45.00	5.0	77	83.29	0	
3	0.25 to <0.50	173	-	-	173	0.26	0.0	45.00	5.0	174	100.37	0	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
5	0.75 to <2.50	27,889	-	-	27,889	2.38	0.1	45.00	5.0	47,674	170.94	299	
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
9	Subtotal	96,613	-	-	96,613	0.71	0.2	45.00	5.0	72,134	74.66	309	600
<b>Corporate exposures (AIRB approach)</b>													
1	0.00 to <0.15	28,717,710	14,884,680	52.55	40,816,263	0.05	6.8	35.24	2.4	7,210,073	17.66	8,113	
2	0.15 to <0.25	13,090,442	9,678,533	52.42	17,314,682	0.17	5.9	30.74	2.3	4,922,084	28.42	9,075	
3	0.25 to <0.50	4,981,891	2,451,453	51.51	5,632,759	0.31	3.1	28.74	2.2	1,947,120	34.56	5,072	
4	0.50 to <0.75	974,084	95,069	49.09	1,000,374	0.50	1.2	30.19	2.6	499,334	49.91	1,511	
5	0.75 to <2.50	5,796,372	2,759,749	51.53	5,063,495	1.37	3.8	28.29	2.8	3,439,508	67.92	19,715	
6	2.50 to <10.00	1,277,748	498,237	53.60	1,127,717	6.49	0.8	27.26	2.7	1,152,739	102.21	20,711	
7	10.00 to <100.00	847,335	223,040	54.09	903,116	18.29	0.3	29.38	3.2	1,410,474	156.17	55,901	
8	100.00 (Default)	509,335	39,814	100.00	487,015	100.00	0.3	48.02	2.3	180,354	37.03	233,871	
9	Subtotal	56,194,920	30,630,578	52.42	72,345,424	1.20	22.6	32.99	2.4	20,761,689	28.69	353,973	348,168

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2021											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
<b>Corporate exposures (FIRB approach)</b>													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
8	100.00 (Default)	20	-	-	20	100.00	0.0	45.00	5.0	-	0.00	9	
9	Subtotal	20	-	-	20	100.00	0.0	45.00	5.0	-	0.00	9	1
<b>Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)</b>													
1	0.00 to <0.15	728,039	86,667	72.55	793,130	0.07	1.2	25.33	2.7	113,332	14.28	154	
2	0.15 to <0.25	1,273,519	84,455	62.11	1,262,908	0.16	4.9	28.90	3.4	327,703	25.94	609	
3	0.25 to <0.50	1,231,816	49,066	50.16	1,139,199	0.29	6.4	30.08	3.8	427,466	37.52	1,038	
4	0.50 to <0.75	638,272	21,012	66.88	574,904	0.51	4.2	27.66	3.3	235,037	40.88	830	
5	0.75 to <2.50	2,416,025	186,112	60.06	1,783,969	1.65	31.6	29.49	3.5	1,092,710	61.25	8,670	
6	2.50 to <10.00	453,117	199,108	48.36	180,245	8.39	1.4	22.02	2.6	130,416	72.35	3,140	
7	10.00 to <100.00	160,332	1,814	61.58	98,537	27.56	2.7	38.14	2.2	172,427	174.98	10,355	
8	100.00 (Default)	225,890	488	100.00	166,773	100.00	3.3	44.35	1.9	23,450	14.06	73,967	
9	Subtotal	7,127,015	628,725	57.84	5,999,668	4.12	56.0	29.08	3.3	2,522,543	42.04	98,766	106,987
<b>Mid-sized corporations and SMEs exposures (FIRB approach)</b>													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
<b>Specialized lending (SL)</b>													
1	0.00 to <0.15	2,130,687	124,311	45.48	2,134,877	0.04	0.3	21.54	3.6	240,271	11.25	208	
2	0.15 to <0.25	1,994,922	592,329	55.01	2,229,294	0.17	0.4	22.71	4.0	596,870	26.77	861	
3	0.25 to <0.50	1,715,575	836,440	50.69	1,567,125	0.35	0.3	24.10	4.0	612,190	39.06	1,277	
4	0.50 to <0.75	102,482	-	-	102,482	0.50	0.0	28.70	3.3	51,575	50.32	147	
5	0.75 to <2.50	1,371,360	351,892	58.63	1,302,402	1.25	0.2	26.04	3.7	875,598	67.22	4,691	
6	2.50 to <10.00	254,560	61,879	72.89	209,667	3.69	0.0	45.05	3.8	332,215	158.44	3,485	
7	10.00 to <100.00	126,542	1,541	45.48	79,542	16.16	0.0	30.66	3.9	130,436	163.98	3,933	
8	100.00 (Default)	69,699	5,613	100.00	58,889	100.00	0.0	50.32	4.0	31,211	53.00	29,633	
9	Subtotal	7,765,831	1,974,007	53.90	7,684,282	1.38	1.4	24.22	3.8	2,870,369	37.35	44,238	48,871
<b>Equity exposures</b>													
1	0.00 to <0.15	3,947,664	-	-	3,947,664	0.04	1.2	90.00	5.0	4,023,500	101.92	-	
2	0.15 to <0.25	333											

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2021											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (corporates) (the amount equivalent to default risks) (AIRB approach)													
1	0.00 to <0.15	996,889	73,310	99.23	1,057,665	0.06	6.6	35.82	1.1	132,099	12.48	276	
2	0.15 to <0.25	459,080	84,510	79.05	521,580	0.17	5.8	32.47	1.0	108,225	20.74	299	
3	0.25 to <0.50	176,851	43,243	99.78	217,450	0.32	5.3	36.12	1.0	73,098	33.61	255	
4	0.50 to <0.75	14,606	58,589	100.00	72,993	0.57	8.3	59.92	1.0	54,608	74.81	254	
5	0.75 to <2.50	95,732	92,125	99.06	186,099	1.45	16.9	46.39	1.0	154,387	82.95	1,242	
6	2.50 to <10.00	7,636	4,100	100.00	11,588	4.76	0.8	41.09	1.0	13,553	116.96	240	
7	10.00 to <100.00	2,242	1,123	100.00	3,349	27.98	0.2	45.14	1.0	5,651	168.70	504	
8	100.00 (Default)	5,122	165	100.00	5,218	100.00	0.1	66.44	1.0	698	13.38	3,467	
9	Subtotal	1,758,161	357,167	94.61	2,075,944	0.58	44.5	36.93	1.1	542,322	26.12	6,541	5,265
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	608,244	2,069	45.48	609,185	0.06	0.0	33.25	1.0	69,998	11.49	140	
2	0.15 to <0.25	371,251	—	—	371,251	0.16	0.0	31.39	1.1	73,901	19.90	198	
3	0.25 to <0.50	218,544	—	—	218,544	0.26	0.0	29.92	1.0	59,943	27.42	173	
4	0.50 to <0.75	11,569	—	—	11,569	0.50	0.0	35.00	1.0	6,004	51.90	20	
5	0.75 to <2.50	45,106	31,600	45.48	59,477	0.83	0.0	29.70	1.1	27,055	45.48	147	
6	2.50 to <10.00	6,439	—	—	6,439	7.24	0.0	30.85	1.1	6,953	107.97	153	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	801	—	—	801	100.00	0.0	46.13	1.0	107	13.38	369	
9	Subtotal	1,261,957	33,669	45.48	1,277,270	0.26	0.2	31.99	1.0	243,964	19.10	1,203	1,427
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	—	180	100.00	180	0.09	0.0	45.00	1.0	31	17.66	0	
2	0.15 to <0.25	—	342	100.00	342	0.21	0.0	45.00	1.0	95	27.91	0	
3	0.25 to <0.50	—	935	100.00	935	0.35	0.0	45.00	1.0	346	37.00	1	
4	0.50 to <0.75	—	2,212	100.00	2,212	0.59	0.0	45.00	1.0	1,091	49.33	5	
5	0.75 to <2.50	—	947	100.00	947	1.04	0.0	45.00	1.0	560	59.18	4	
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	109	—	—	109	100.00	0.0	45.00	1.0	—	0.00	48	
9	Subtotal	109	4,618	100.00	4,725	2.84	0.0	45.00	1.0	2,125	44.98	60	21
Purchased receivables (corporates) (the amount equivalent to dilution risks) (FIRB approach)													
1	0.00 to <0.15	100	—	—	100	0.11	0.0	45.00	1.0	20	19.97	0	
2	0.15 to <0.25	2	—	—	2	0.21	0.0	45.00	1.0	0	30.99	0	
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	
4	0.50 to <0.75	5	—	—	5	0.64	0.0	45.00	1.0	3	59.36	0	
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	
6	2.50 to <10.00	0	—	—	0	2.93	0.0	45.00	1.0	0	108.97	0	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	
9	Subtotal	109	—	—	109	0.14	0.0	45.00	1.0	24	22.31	0	0
Purchased receivables (retail) (the amount equivalent to default risks)													
1	0.00 to <0.15	3,959	—	—	3,959	0.08	0.0	65.00	—	577	14.59	2	
2	0.15 to <0.25	1,751	—	—	1,751	0.21	0.0	65.00	—	476	27.20	2	
3	0.25 to <0.50	2,253	—	—	2,253	0.32	0.2	44.72	—	579	25.71	3	
4	0.50 to <0.75	719	—	—	719	0.59	0.0	64.61	—	366	50.94	2	
5	0.75 to <2.50	48	20	100.00	68	1.07	0.0	62.84	—	45	65.83	0	
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	
8	100.00 (Default)	4	—	—	4	100.00	0.0	80.22	—	0	13.38	3	
9	Subtotal	8,736	20	100.00	8,757	0.27	0.2	59.74	—	2,046	23.36	14	19

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2021											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (retail) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	71,013	256,817	6.34	327,830	0.11	4,397.8	70.10	—	15,024	4.58	253	
2	0.15 to <0.25	298,701	435,336	16.82	734,038	0.19	4,772.7	71.64	—	54,528	7.42	1,016	
3	0.25 to <0.50	486,187	324,929	10.92	811,117	0.41	3,914.9	70.47	—	110,019	13.56	2,376	
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	
5	0.75 to <2.50	464,026	51,523	12.75	515,550	1.59	657.4	76.87	—	214,822	41.66	6,321	
6	2.50 to <10.00	741,706	143,600	6.48	885,306	4.33	1,479.0	76.71	—	737,649	83.32	29,284	
7	10.00 to <100.00	28,234	3,544	9.15	31,779	47.84	61.0	73.04	—	54,691	172.09	11,134	
8	100.00 (Default)	81,405	8,911	100.00	90,317	100.00	165.7	76.02	—	88,497	97.98	68,662	
9	Subtotal	2,171,276	1,224,664	36.06	3,395,940	4.63	15,448.7	73.46	—	1,275,232	37.55	119,049	119,546
Residential mortgage exposures													
1	0.00 to <0.15	—	—	—	44,851	0.05	5.1	38.18	—	11,108	24.76	8	
2	0.15 to <0.25	—	—	—	1,626	0.17	0.1	68.76	—	665	40.91	1	
3	0.25 to <0.50	7,212,404	7,069	100.00	7,220,374	0.30	443.8	24.91	—	975,827	13.51	5,417	
4	0.50 to <0.75	876,490	1,230	100.00	877,739	0.57	51.3	26.52	—	201,380	22.94	1,350	
5	0.75 to <2.50	882,164	2,199	100.00	840,275	0.95	67.0	32.41	—	338,671	40.30	2,718	
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	
7	10.00 to <100.00	25,900	970	100.00	23,562	23.42	2.3	27.70	—	35,561	150.92	1,504	
8	100.00 (Default)	93,433	53	100.00	93,487	100.00	7.0	23.93	—	19,928	21.31	22,373	
9	Subtotal	9,090,393	11,523	100.00	9,101,917	1.47	576.9	25.83	—	1,583,143	17.39	33,376	27,255
Other retail exposures													
1	0.00 to <0.15	1	3	100.00	5	0.11	0.0	69.31	—	0	18.43	0	
2	0.15 to <0.25	105,360	11	100.00	105,371	0.16	2.6	34.80	—	12,741	12.09	58	
3	0.25 to <0.50	308,406	214	100.00	308,620	0.37	9.3	35.63	—	66,362	21.50	412	
4	0.50 to <0.75	49,368	789	100.00	50,158	0.67	14.1	43.66	—	18,591	37.06	149	
5	0.75 to <2.50	835,722	495,234	96.23	1,330,957	1.30	2,238.1	53.25	—	774,807	58.21	9,452	
6	2.50 to <10.00	23,014	142,759	100.00	165,774	2.90	133.7	49.65	—	113,586	68.51	2,358	
7	10.00 to <100.00	11,860	4,353	100.00	16,214	23.45	34.9	54.27	—	19,282	118.91	2,056	
8	100.00 (Default)	47,246	735	100.00	47,981	100.00	93.1	56.21	—	9			

## 6. Effect on Credit RWA of Credit Derivatives Used as CRM Techniques (CR7)

(Millions of yen)

CR7: IRB – Effect on credit RWA of credit derivatives used as CRM techniques		As of March 31, 2022		As of March 31, 2021	
Item No.	Portfolio	a	b	a	b
		Pre-credit derivatives credit RWA	Actual credit RWA	Pre-credit derivatives credit RWA	Actual credit RWA
1	Sovereign exposures - FIRB	—	—	—	—
2	Sovereign exposures - AIRB	560,055	560,055	365,913	365,913
3	Bank exposures - FIRB	34,626	34,626	72,134	72,134
4	Bank exposures - AIRB	1,581,450	1,581,450	1,526,416	1,526,416
5	Corporate exposures (excluding SL) - FIRB	—	—	—	—
6	Corporate exposures (excluding SL) - AIRB	24,371,426	24,371,130	23,306,205	23,305,349
7	SL - FIRB	624,336	624,336	565,295	565,295
8	SL - AIRB	3,658,093	3,658,093	2,979,896	2,979,896
9	Retail - QRRE	1,183,241	1,183,241	1,275,232	1,275,232
10	Retail - Residential mortgage exposures	1,555,790	1,555,790	1,583,143	1,583,143
11	Retail - Other retail exposures	1,003,369	1,003,369	1,097,368	1,097,368
12	Equity - FIRB	—	—	—	—
13	Equity - AIRB	5,684,044	5,684,044	5,703,807	5,703,807
14	Purchased receivables - FIRB	1,792	1,792	2,150	2,150
15	Purchased receivables - AIRB	1,000,732	1,000,732	788,332	788,332
16	Total	41,258,959	41,258,663	39,265,897	39,265,042

## 7. RWA flow statements of credit risk exposures under IRB approach (CR8)

(One hundred billions of yen)

CR8: RWA flow statements of credit risk exposures under IRB approach			
Item No.		RWA amounts	
1	RWA as of March 31, 2021	392	
2	Breakdown of variations in the credit risk-weighted assets	Asset size	14
3		Asset quality	(8)
4		Model updates	—
5		Methodology and policy	—
6		Acquisitions and disposals	—
7		Foreign exchange movements	13
8		Other	—
9	RWA as of March 31, 2022	412	

(One hundred billions of yen)

CR8: RWA flow statements of credit risk exposures under IRB approach			
Item No.		RWA amounts	
1	RWA as of March 31, 2020	356	
2	Breakdown of variations in the credit risk-weighted assets	Asset size	25
3		Asset quality	4
4		Model updates	—
5		Methodology and policy	—
6		Acquisitions and disposals	—
7		Foreign exchange movements	5
8		Other	—
9	RWA as of March 31, 2021	392	

## 8. Backtesting of Probability of Default (PD) per Portfolio (CR9)

(% , the number of data)

CR9: IRB - Backtesting of PD per portfolio													
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Number of defaulted obligors in the year	Of which: number of new defaulted obligors in the year	Average historical annual default rate (5 years)
		S&P	Moody's	Fitch	R&I	JCR			As of March 31, 2021	As of March 31, 2020			
Corporates	0.00 to < 0.05	AAA-A+	Aaa-A1	AAA-A+	AAA-AA-	AAA-AA-	0.00%	0.02%	451	451	0	0	0.02%
	0.05 to < 0.10	A-A-	A2-A3	A-A-	A+-BBB-	A+-BBB-	0.06%	0.06%	6,025	6,025	3	0	0.03%
	0.10 to < 0.50	BBB+BB	Baa1-Ba2	BBB+BB	to BB+	to BB+	0.19%	0.22%	13,487	13,487	20	0	0.11%
	0.50 to < 2.50	BB--B	Ba3-B2	BB--B	to BB+	to BB+	1.18%	1.65%	31,574	31,571	145	3	0.31%
	2.50 to < 100.00	to B-	to B3	to B-	to BB+	to BB+	11.72%	18.40%	3,681	3,679	740	2	9.09%
Qualifying revolving retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						0.08%	0.08%	3,946,672	3,763,619	4,038	1,332	0.08%
	0.10 to < 0.50						0.27%	0.27%	9,175,057	8,993,002	12,920	1,749	0.17%
	0.50 to < 2.50						1.30%	1.20%	795,569	916,332	10,728	2,263	0.48%
	2.50 to < 100.00						5.95%	6.44%	1,603,826	1,637,221	78,146	1,969	4.74%
Residential mortgage	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.29%	0.29%	636,976	648,798	1,157	4	0.11%
	0.50 to < 2.50						0.77%	0.81%	150,845	158,599	885	0	0.38%
	2.50 to < 100.00						24.14%	25.29%	2,269	2,310	289	0	9.69%
Other retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.33%	0.34%	13,966	15,283	61	0	0.18%
	0.50 to < 2.50						1.33%	1.24%	2,435,754	2,437,573	10,365	2,113	0.48%
	2.50 to < 100.00						4.89%	7.87%	186,336	186,310	8,641	299	3.60%

- Notes: 1. IRB model presented in this table covers all models used within the scope of regulatory consolidation.  
2. Applicable portfolios of each IRB model take into account the portfolio classification under Basel Capital Accord. "Corporates" include "Sovereign," "Banks," "Specialized lending," "Equity (PD/LGD approach)" and "Purchased receivables (corporates)," and "Residential mortgage" and "Other retail" include "Purchased receivables (retail)." Therefore, the same classifications are used in this table.  
3. A maximum of ten categories of obligor rating in the internal rating system are consolidated into five categories as PD categories.  
4. For the external ratings associated with, external ratings equivalent to the PD of non-Japanese companies mainly are listed in the columns of S&P, Moody's, and Fitch, and external ratings equivalent to the PD of Japanese companies mainly are listed in the columns of R&I and JCR.  
5. The number of obligors of "Qualifying revolving retail," "Residential mortgage" and "Other retail" states the number of receivables.  
6. The proportion of credit risk-weighted assets subject to the IRB approach is that "Corporates" accounts for 88.19 percent, "Qualifying revolving retail" accounts for 3.34 percent, "Residential mortgage" accounts for 4.11 percent, and "Other retail" accounts for 2.88 percent.

## 9. SL (Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.) (CR10)

(Millions of yen, except percentages)

As of March 31, 2022											
a	b	c	d	e	f	g	h	i	j	k	l
SL (slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	Less than 2.5 years	2,353	3,412	50%	3,924	—	—	—	3,924	1,962	—
	Equal to or more than 2.5 years	25,991	3,399	70%	22,932	4,628	—	—	27,561	19,292	110
Good	Less than 2.5 years	5,456	—	70%	5,456	—	—	—	5,456	3,819	21
	Equal to or more than 2.5 years	105,885	16,657	90%	113,717	—	—	—	113,717	102,345	909
Satisfactory		5,298	30,911	115%	36,194	—	—	—	36,194	41,624	1,013
Weak		4,931	10,279	250%	9,657	—	—	—	9,657	24,144	772
Default		3,537	—	—	3,537	—	—	—	3,537	—	1,768
Total		153,455	64,660	—	195,420	4,628	—	—	200,049	193,188	4,596
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)		Credit RWA amount	Expected losses			
Strong	Less than 2.5 years	1,590	2,355	70%	2,672		1,870	10			
	Equal to or more than 2.5 years	16,119	12,349	95%	21,795		20,706	87			
Good	Less than 2.5 years	116,035	31,522	95%	132,113		125,507	528			
	Equal to or more than 2.5 years	114,778	23,079	120%	125,884		151,061	503			
Satisfactory		72,547	22,430	140%	88,451		123,832	2,476			
Weak		—	—	250%	—		—	—			
Default		—	—	—	—		—	—			
Total		321,071	91,736	—	370,918		422,979	3,606			
Equity exposures (market-based approach, etc.)											
Equity exposures subject to market-based approach											
Categories	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)		Credit RWA amount	Expected losses				
Simple risk weight method –listed shares	86,685	—	300%	86,685		260,055	—				
Simple risk weight method –unlisted shares	67,923	21,249	400%	77,692		310,768	—				
Internal models approach	509,387	122,618	61%	632,005		389,592	—				
Total	663,996	143,867	—	796,383		960,416	—				
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight pursuant to the provisions of Article 166, Paragraph 1 of the Notification No. 19 issued by the Japan Financial Service Agency in 2006	—	—	100%	—		—	—				

(Millions of yen, except percentages)

As of March 31, 2021											
a	b	c	d	e	f	g	h	i	j	k	l
SL (slotting criteria approach)											
Other than high-volatility commercial real estate (HVCRE)											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	Less than 2.5 years	9,576	32,937	50%	39,911	—	—	—	39,911	19,955	—
	Equal to or more than 2.5 years	8,124	8,962	70%	6,762	5,437	—	—	12,200	8,540	48
Good	Less than 2.5 years	1,994	3,300	70%	3,495	—	—	—	3,495	2,446	13
	Equal to or more than 2.5 years	74,915	16,862	90%	82,584	—	—	—	82,584	74,326	660
Satisfactory		8,156	—	115%	8,156	—	—	—	8,156	9,380	228
Weak		2,080	146	250%	2,146	—	—	—	2,146	5,367	171
Default		3,177	—	—	3,177	0	—	—	3,177	—	1,588
Total		108,025	62,208	—	146,235	5,437	—	—	151,672	120,016	2,712
HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)		Credit RWA amount	Expected losses			
Strong	Less than 2.5 years	3,079	3,960	70%	4,880		3,416	19			
	Equal to or more than 2.5 years	4,878	1,927	95%	5,755		5,467	23			
Good	Less than 2.5 years	56,153	18,154	95%	64,410		61,189	257			
	Equal to or more than 2.5 years	121,421	26,743	120%	135,028		162,033	540			
Satisfactory		131,855	25,821	140%	147,022		205,831	4,116			
Weak		—	—	250%	—		—	—			
Default		—	—	—	—		—	—			
Total		317,387	76,607	—	357,096		437,938	4,956			
Equity exposures (market-based approach, etc.)											
Equity exposures subject to market-based approach											
Categories	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)		Credit RWA amount	Expected losses				
Simple risk weight method –listed shares	49,159	—	300%	49,159		147,478	—				
Simple risk weight method –unlisted shares	66,877	11,161	400%	71,953		287,813	—				
Internal models approach	423,327	131,001	117%	554,328		649,197	—				
Total	539,364	142,163	—	675,441		1,084,489	—				
Equity exposures subject to 100% risk weight											
Equity exposures subject to 100% risk weight pursuant to the provisions of Article 166, Paragraph 1 of the Notification No. 19 issued by the Japan Financial Service Agency in 2006	—	—	100%	—		—	—				

### 10. Credit Risk-Weighted Assets under Article 145 of the Notification

Exposures under Article 145 of the Notification include investments to funds. In the case of such exposures, in principle, each underlying asset of the fund is assigned an obligor grade to calculate the asset's credit risk-weighted asset amount and the amounts are totaled to derive the credit risk-weighted asset amount of the fund. When it is difficult to calculate the credit risk-weighted asset amount of individual underlying assets, the weighted average of the risk weight of individual underlying assets is calculated, where risk weight of 250%/400% is applied if the result of such calculation proved to be 250%/400% or less, while 1,250% is applied otherwise.

(Millions of yen)

Calculation method	As of March 31, 2022	As of March 31, 2021
Look-through approach	1,337,001	1,696,974
Mandate-based approach	—	—
Simple approach (subject to 250% risk weight)	17,839	32,783
Simple approach (subject to 400% risk weight)	103,262	89,091
Fall-back approach	15,163	7,119

### Standardised Approach

#### 1. Scope

The following consolidated subsidiaries have adopted the standardised approach for exposures as of March 31, 2021 (i.e. consolidated subsidiaries not listed in the "Internal Ratings-Based (IRB) Approach: 1. Scope" on page ●●●).

(1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the AIRB Approach  
SMBC Consumer Finance Co., Ltd. and SMBC Nikko Securities Inc.

(2) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the FIRB Approach  
Currently, there are no subsidiaries applicable.

(3) Other Consolidated Subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardised approach on a permanent basis.

#### 2. Credit Risk-Weighted Asset Calculation Methodology

A 100% risk weight is applied to claims on corporates in accordance with Article 45 of the Notification, and risk weights corresponding to country risk scores published by the Organization for Economic Co-operation and Development (OECD) are applied to claims on sovereigns and financial institutions.

#### 3. CR Exposure and Credit Risk Mitigation (CRM) Effects (CR4)

(Millions of yen, except percentages)

CR4: SA – CR exposure and CRM effects		As of March 31, 2022					
Item No.	Asset classes	a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM On-balance sheet amount	Off-balance sheet amount	Exposures post-CCF and post-CRM On-balance sheet amount	Off-balance sheet amount	Credit RWA amount	RWA density
1	Cash	27,088	—	27,088	—	0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	2,753,076	—	2,753,076	—	0	0.00%
3	Foreign central governments and foreign central banks	2,018,063	—	2,018,063	—	2,789	0.13%
4	Bank for International Settlements, etc.	9	—	9	—	0	0.00%
5	Local governments of Japan	54,550	—	54,550	—	0	0.00%
6	Foreign non-central government public sector entities (PSEs)	4,112	—	4,112	—	822	20.00%
7	Multilateral development banks (MDBs)	1,381	—	1,381	—	0	0.00%
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government-affiliated agencies of Japan	92,682	—	92,682	—	9,268	10.00%
10	The three local public corporations	—	—	—	—	—	—
11	Banks entities and financial instruments business operators engaged in Type I Financial Instruments Business	1,429,248	—	1,429,248	—	336,063	23.51%
12	Corporates	764,321	285,007	762,644	89,546	874,057	102.56%
13	SMEs and retail	1,726,816	927,241	1,726,816	619,562	1,759,784	75.00%
14	Residential mortgage loans	189,189	—	189,189	—	66,216	35.00%
15	Real estate acquisition activities	—	—	5	—	5	100.00%
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	129,396	226	129,167	226	185,186	143.11%
17	Past due loans (three months or more) (residential mortgage loans)	97	—	97	—	97	100.00%
18	Bills in the course of collection	—	—	—	—	—	—
19	Guaranteed by credit guarantee associations, etc.	—	—	—	—	—	—
20	Guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	9,190,035	1,212,475	9,188,135	709,335	3,234,291	32.67%

(Millions of yen, except percentages)

CR4: SA – CR exposure and CRM effects		As of March 31, 2021					
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	31,032	—	31,032	—	0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	2,771,041	—	2,771,041	—	0	0.00%
3	Foreign central governments and foreign central banks	1,875,106	—	1,875,106	—	2,161	0.11%
4	Bank for International Settlements, etc.	9	—	9	—	0	0.00%
5	Local governments of Japan	1,604	—	1,604	—	0	0.00%
6	Foreign non-central government public sector entities (PSEs)	4,274	—	4,274	—	854	20.00%
7	Multilateral development banks (MDBs)	1,375	—	1,375	—	0	0.00%
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government- affiliated agencies of Japan	78,631	—	78,631	—	7,863	10.00%
10	The three local public corporations	—	—	—	—	—	—
11	Banks entities and financial instruments business operators engaged in Type I Financial Instruments Business	1,422,775	—	1,422,775	—	298,511	20.98%
12	Corporates	678,456	262,402	678,451	85,517	774,828	101.42%
13	SMEs and retail	1,347,524	926,509	1,347,524	627,596	1,481,341	75.00%
14	Residential mortgage loans	164,457	—	164,457	—	57,560	35.00%
15	Real estate acquisition activities	—	—	—	—	—	—
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	124,230	377	124,095	377	174,384	140.09%
17	Past due loans (three months or more) (residential mortgage loans)	87	—	87	—	81	93.24%
18	Bills in the course of collection	—	—	—	—	—	—
19	Guaranteed by credit guarantee associations, etc.	—	—	—	—	—	—
20	Guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	8,500,607	1,189,289	8,500,467	713,492	2,797,587	30.36%

## 4. CR Exposures by Asset Classes and Risk Weights (CR5)

(Millions of yen)

CR5: SA – CR exposures by asset classes and risk weights		As of March 31, 2022										
Item No.	Asset classes	CR exposure amounts (post-CCF and CRM)										
		a	b	c	d	e	f	g	h	i	j	k
	Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total
1	Cash	27,088	—	—	—	—	—	—	—	—	—	27,088
2	Government of Japan and BOJ	2,753,076	—	—	—	—	—	—	—	—	—	2,753,076
3	Foreign central governments and foreign central banks	2,012,483	—	—	—	5,579	—	—	—	—	—	2,018,063
4	Bank for International Settlements, etc.	9	—	—	—	—	—	—	—	—	—	9
5	Local governments of Japan	54,550	—	—	—	—	—	—	—	—	—	54,550
6	Foreign non-central government PSEs	—	—	4,112	—	—	—	—	—	—	—	4,112
7	MDBs	1,381	—	—	—	—	—	—	—	—	—	1,381
8	JFM	—	—	—	—	—	—	—	—	—	—	—
9	Government- affiliated agencies of Japan	—	92,682	—	—	—	—	—	—	—	—	92,682
10	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—
11	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	—	—	1,332,961	—	53,631	—	42,655	—	—	—	1,429,248
12	Corporates	2,073	—	3,953	—	—	—	846,164	—	—	—	852,191
13	SMEs and retail	—	—	—	—	—	2,346,378	—	—	—	—	2,346,378
14	Residential mortgage loans	—	—	—	189,189	—	—	—	—	—	—	189,189
15	Real estate acquisition activities	—	—	—	—	—	—	5	—	—	—	5
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	32	—	—	—	8,716	—	277	120,366	—	—	129,393
17	Past due loans (three months or more) (residential mortgage loans)	—	—	—	—	—	—	97	—	—	—	97
18	Bills in the course of collection	—	—	—	—	—	—	—	—	—	—	—
19	Guaranteed by credit guarantee associations, etc.	—	—	—	—	—	—	—	—	—	—	—
20	Guaranteed by REVIC of Japan, etc.	—	—	—	—	—	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—	—	—	—	—	—
22	Total	4,850,697	92,682	1,341,026	189,189	67,927	2,346,378	889,200	120,366	—	—	9,897,470

(Millions of yen)

CR5: SA – CR exposures by asset classes and risk weights		As of March 31, 2021										
Item No.	Asset classes	CR exposure amounts (post-CCF and CRM)										
		a	b	c	d	e	f	g	h	i	j	k
	Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total
1	Cash	31,032	–	–	–	–	–	–	–	–	–	31,032
2	Government of Japan and BOJ	2,771,041	–	–	–	–	–	–	–	–	–	2,771,041
3	Foreign central governments and foreign central banks	1,870,784	–	–	–	4,322	–	–	–	–	–	1,875,106
4	Bank for International Settlements, etc.	9	–	–	–	–	–	–	–	–	–	9
5	Local governments of Japan	1,604	–	–	–	–	–	–	–	–	–	1,604
6	Foreign non-central government PSEs	–	–	4,274	–	–	–	–	–	–	–	4,274
7	MDBs	1,375	–	–	–	–	–	–	–	–	–	1,375
8	JFM	–	–	–	–	–	–	–	–	–	–	–
9	Government- affiliated agencies of Japan	–	78,631	–	–	–	–	–	–	–	–	78,631
10	The three local public corporations	–	–	–	–	–	–	–	–	–	–	–
11	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	–	–	1,379,937	–	40,627	–	2,210	–	–	–	1,422,775
12	Corporates	5,670	–	4,641	–	–	–	753,656	–	–	–	763,969
13	SMEs and retail	–	–	–	–	–	1,975,121	–	–	–	–	1,975,121
14	Residential mortgage loans	–	–	–	164,457	–	–	–	–	–	–	164,457
15	Real estate acquisition activities	–	–	–	–	–	–	–	–	–	–	–
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	52	–	–	–	6,476	–	11,538	106,405	–	–	124,473
17	Past due loans (three months or more) (residential mortgage loans)	–	–	–	–	11	–	75	–	–	–	87
18	Bills in the course of collection	–	–	–	–	–	–	–	–	–	–	–
19	Guaranteed by credit guarantee associations, etc.	–	–	–	–	–	–	–	–	–	–	–
20	Guaranteed by REVIC of Japan, etc.	–	–	–	–	–	–	–	–	–	–	–
21	Investments, etc. (excluding significant investments)	–	–	–	–	–	–	–	–	–	–	–
22	Total	4,681,570	78,631	1,388,853	164,457	51,437	1,975,121	767,481	106,405	–	–	9,213,959

Note: As the sum of the respective risk weight of the original obligor and the original obligee are applied for the risk weight for loan participation transactions by a bank adopting the SA, the credit RWA amount calculated by summing up the exposure amount multiplied by the corresponding risk weights in the above table does not match with the credit RWA amount shown in column e of CR4 (SA-CR exposure and CRM effects).

## ■ Credit Risk Mitigation (CRM) Techniques

### 1. Overview of Risk Characteristics, Risk Management Policy, Risk Management Procedures and Risk Management System

In calculating credit risk-weighted asset amounts, we take into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives. The methods and scope of these adjustments and methods of management are as follows.

#### (1) Scope and Management

##### A. Collateral (Eligible Financial or Real Estate Collateral)

SMBC designates deposits and securities as eligible financial collateral, and land and buildings as eligible real estate collateral.

Real estate collateral is evaluated by taking into account its fair value, appraisal value, and current condition, as well as our lien position. Real estate collateral must maintain sufficient collateral value in the event security rights must be exercised due to delinquency. However, during the period from acquiring the rights to exercising the rights, the property may deteriorate or suffer damage from earthquakes or other natural disasters, or there may be changes in the lien position due to, for example, attachment or establishment of liens by a third party. Therefore, the regular monitoring of collateral is implemented according to the type of property and the type of security interest.

##### B. Guarantees and Credit Derivatives

Guarantors are sovereigns, municipal corporations, credit guarantee corporations and other public entities, financial institutions, and C&I companies. Counterparties to credit derivative transactions are mostly domestic and overseas banks and securities companies.

Credit risk-weighted asset amounts are calculated taking into account credit risk mitigation of guarantees and credit derivatives acquired from entities with sufficient ability to provide protection such as sovereigns, municipal corporations and other public sector entities of comparable credit quality, and financial institutions and C&I companies with sufficient credit ratings.

#### (2) Concentration of Credit Risk and Market Risk under Credit Risk Mitigation Techniques

There is a framework in place for controlling concentration of risk in obligors with large exposures which includes large exposure limit lines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to pages 133 to 138). Further, exposures to these obligors are monitored on a group basis, taking into account risk concentration in their parent companies in cases that exposures to the obligors are guaranteed by the parent companies for risk mitigation.

In addition, when marketable financial products (for example, credit derivatives) are used as credit risk mitigants, market risk generated by these products is controlled by setting upper limits.

As credit risk mitigation techniques, eligible real estate collateral and guarantees have shown a certain effect.

### 2. Credit Risk Mitigation Techniques (CR3)

(Millions of yen)

CR3: CRM techniques		As of March 31, 2022				
Item No.		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	60,030,223	29,406,799	13,027,563	10,461,219	17,845
2	Securities (of which: Debt securities)	30,046,627	499,766	163,865	21,749	–
3	Other on-balance sheet assets (of which: debt-based assets)	81,729,726	344,821	6,750	295,726	–
4	Total (1+2+3)	171,806,576	30,251,386	13,198,178	10,778,695	17,845
5	Of which: defaulted	912,770	240,510	93,617	43,855	–

(Millions of yen)

CR3: CRM techniques		As of March 31, 2021				
Item No.		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	55,523,541	28,452,522	13,099,004	9,557,207	10,481
2	Securities (of which: Debt securities)	28,365,424	660,845	208,401	30,207	—
3	Other on-balance sheet assets (of which: debt-based assets)	78,972,198	326,160	6,340	291,239	—
4	Total (1+2+3)	162,861,164	29,439,528	13,313,746	9,878,654	10,481
5	Of which: defaulted	733,147	233,973	111,908	11,578	—

## Counterparty Credit Risk

### 1. Overview of Risk Characteristics

Counterparty credit risk is actualized when counterparties become default in a condition where derivative transactions, etc. have a positive value, and risks fluctuate according to the credit quality of counterparties and related market indicators.

### 2. Risk Management Policy and Procedures

#### (1) Risk Management Policy

For counterparty credit risks, credit limits are set according to the frameworks of credit management in each SMBC Group company. For transactions with CCP, credit risks are managed after validating the financial base and the default management process, etc.

#### (2) Policy on Collateral Security and Impact of Deterioration of Our Credit Quality

Collateralized derivative is a CRM technique in which collateral is delivered or received regularly in accordance with replacement cost.

The Group conducts collateralized derivative transactions as necessary, thereby reducing credit risk. In the event our credit quality deteriorates, however, the counterparty may demand additional collateral, but its impact is deemed to be insignificant.

#### (3) Netting

Netting is another CRM technique, and “close-out netting” is the main type of netting. In close-out netting, when a default event, such as bankruptcy, occurs to the counterparty, all claims against, and obligations to, the counterparty, regardless of maturity and currency, are netted out to create a single claim or obligation. Close-out netting is applied to foreign exchange and swap transactions covered under a master agreement with a net-out clause or other means of securing legal effectiveness, and the effect of CRM is taken into account only for such claims and obligations.

### 3. Amount of Counter Party Credit Risk (CCR) Exposure by Approach (CCR1)

(Millions of yen)

CCR1: Amount of CCR exposure by approach		As of March 31, 2022					
Item No.		a	b	c	d	e	f
		Replacement cost	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR	—	—	—	1.4	—	—
	CEM	2,971,841	3,002,516	—	—	5,974,358	1,535,455
2	Expected exposure method (IMM)	—	—	—	—	—	—
3	Simple approach for CRM	—	—	—	—	—	—
4	Comprehensive approach for CRM	—	—	—	—	6,735,277	839,486
5	Exposure fluctuation estimation model	—	—	—	—	—	—
6	Total	—	—	—	—	—	2,374,942

(Millions of yen)

CCR1: Amount of CCR exposure by approach		As of March 31, 2021					
Item No.		a	b	c	d	e	f
		Replacement cost	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR	—	—	—	1.4	—	—
	CEM	2,000,998	2,518,276	—	—	4,519,274	1,338,017
2	Expected exposure method (IMM)	—	—	—	—	—	—
3	Simple approach for CRM	—	—	—	—	—	—
4	Comprehensive approach for CRM	—	—	—	—	5,917,735	816,484
5	Exposure fluctuation estimation model	—	—	—	—	—	—
6	Total	—	—	—	—	—	2,154,502

## 4. CVA Capital Charge (CCR2)

(Millions of yen)

CCR2: CVA risk capital charge		As of March 31, 2022		As of March 31, 2021	
		a	b	a	b
Item No.		EAD post-CRM	RWA (Amount calculated by dividing CVA capital charge by 8%)	EAD post-CRM	RWA (Amount calculated by dividing CVA capital charge by 8%)
1	Total portfolios subject to the advanced CVA capital charge	—	—	—	—
2	(i) VaR component (including the 3×multiplier)	—	—	—	—
3	(ii) Stressed VaR component (including the 3×multiplier)	—	—	—	—
4	Total portfolios subject to the standardised CVA capital charge	5,439,583	2,567,540	4,048,992	2,549,322
5	Total subject to the CVA capital charge	5,439,583	2,567,540	4,048,992	2,549,322

## 5. CCR Exposures by Regulatory Portfolio and Risk Weights (CCR3)

(Millions of yen)

CCR3: CCR exposures by regulatory portfolio and risk weights		As of March 31, 2022								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Others	Total
1	Government of Japan and BOJ	34,480	—	—	—	—	—	—	—	34,480
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	1,104	—	—	—	—	—	—	—	1,104
5	Foreign non-central government PSEs	—	—	—	—	—	—	—	—	—
6	MDBs	—	—	—	—	—	—	—	—	—
7	JFM	—	—	—	—	—	—	—	—	—
8	Government- affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	—	—	827,290	322	—	—	—	—	827,613
11	Corporates	—	—	—	—	—	567,905	—	—	567,905
12	SMEs and retail	—	—	—	—	79,383	—	—	—	79,383
13	Other than the above	—	—	—	—	—	83,122	—	—	83,122
14	Total	35,584	—	827,290	322	79,383	651,027	—	—	1,593,609

(Millions of yen)

CCR3: CCR exposures by regulatory portfolio and risk weights		As of March 31, 2021								
		a	b	c	d	e	f	g	h	i
Item No.	Regulatory portfolio	Credit equivalent amounts (post-CRM)								
		0%	10%	20%	50%	75%	100%	150%	Others	Total
1	Government of Japan and BOJ	62,340	—	—	—	—	—	—	—	62,340
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	1,351	—	—	—	—	—	—	—	1,351
5	Foreign non-central government PSEs	—	—	—	—	—	—	—	—	—
6	MDBs	—	—	—	—	—	—	—	—	—
7	JFM	—	—	—	—	—	—	—	—	—
8	Government- affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	—	—	775,572	—	—	371	—	—	775,944
11	Corporates	—	—	—	—	—	494,158	—	—	494,158
12	SMEs and retail	—	—	—	—	78,226	—	—	—	78,226
13	Other than the above	—	—	—	—	—	86,322	—	—	86,322
14	Total	63,692	—	775,572	—	78,226	580,852	—	—	1,498,343

## 6. IRB Approach – CCR Exposures by Portfolio and PD Scale (CCR4)

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2022						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Sovereign exposures (AIRB approach)								
1	0.00 to <0.15	327,300	0.00	0.4	10.14	1.3	618	0.18
2	0.15 to <0.25	62,469	0.15	0.0	33.13	0.3	8,360	13.38
3	0.25 to <0.50	1,339	0.26	0.0	1.07	4.7	30	2.24
4	0.50 to <0.75	3	0.50	0.0	35.00	1.0	1	40.57
5	0.75 to <2.50	11,306	2.27	0.0	1.02	1.0	316	2.80
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	402,420	0.09	0.5	13.42	1.1	9,327	2.31
Sovereign exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Bank exposures (AIRB approach)								
1	0.00 to <0.15	6,342,965	0.04	23.5	17.65	1.1	430,467	6.78
2	0.15 to <0.25	820,555	0.15	3.3	18.53	1.4	163,213	19.89
3	0.25 to <0.50	935	0.31	0.1	35.26	1.8	378	40.42
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	45,988	1.67	0.2	5.33	0.2	5,620	12.22
6	2.50 to <10.00	0	4.09	0.0	35.00	1.0	0	114.94
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	7,210,443	0.06	27.3	17.68	1.2	599,679	8.31
Bank exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2022						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Corporate exposures (AIRB approach)								
1	0.00 to <0.15	1,805,759	0.05	50.9	22.14	1.6	185,308	10.26
2	0.15 to <0.25	886,930	0.15	22.8	31.10	3.3	310,565	35.01
3	0.25 to <0.50	107,310	0.35	8.2	34.66	3.1	62,943	58.65
4	0.50 to <0.75	4,852	0.50	1.6	32.42	3.2	2,819	58.10
5	0.75 to <2.50	163,236	1.09	4.3	33.86	1.9	113,684	69.64
6	2.50 to <10.00	10,679	5.21	0.5	33.18	2.0	12,413	116.23
7	10.00 to <100.00	2,877	20.10	0.1	33.98	2.0	4,974	172.88
8	100.00 (Default)	2,143	100.00	0.0	38.89	1.6	556	25.96
9	Subtotal	2,983,789	0.26	88.8	25.97	2.2	693,265	23.23
Corporate exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Mid-sized corporations and SMEs exposures (AIRB approach)								
1	0.00 to <0.15	55,759	0.08	1.9	12.35	0.3	2,779	4.98
2	0.15 to <0.25	6,542	0.16	3.9	34.79	3.5	2,191	33.49
3	0.25 to <0.50	4,158	0.26	1.8	34.85	3.7	1,795	43.16
4	0.50 to <0.75	3,890	0.50	1.6	33.87	3.8	2,285	58.74
5	0.75 to <2.50	6,187	1.37	3.3	34.98	4.0	4,747	76.72
6	2.50 to <10.00	521	8.90	0.1	33.94	4.1	680	130.46
7	10.00 to <100.00	13	24.89	0.0	35.00	2.3	20	158.51
8	100.00 (Default)	189	100.00	0.0	64.70	4.6	24	13.13
9	Subtotal	77,261	0.53	13.0	18.63	1.2	14,525	18.80
Mid-sized corporations and SMEs exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2022						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of counterparties	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
<b>SL</b>								
1	0.00 to <0.15	70,018	0.04	0.2	17.83	4.6	10,311	14.72
2	0.15 to <0.25	192,568	0.15	0.5	21.84	4.7	54,132	28.11
3	0.25 to <0.50	101,573	0.35	1.9	20.99	4.7	38,062	37.47
4	0.50 to <0.75	197	0.50	0.0	35.00	1.4	87	44.36
5	0.75 to <2.50	56,622	1.14	0.2	24.47	4.7	38,379	67.78
6	2.50 to <10.00	13,712	4.09	0.1	47.74	4.7	24,639	179.69
7	10.00 to <100.00	7,055	14.31	0.0	42.75	4.7	16,206	229.72
8	100.00 (Default)	361	100.00	0.0	40.62	4.8	140	38.88
9	Subtotal	442,110	0.74	3.1	22.50	4.7	181,960	41.15
<b>Equity exposures</b>								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
<b>Other retail exposures</b>								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
<b>Total (sum of portfolios)</b>		<b>11,116,026</b>	<b>0.14</b>	<b>132.9</b>	<b>19.95</b>	<b>1.6</b>	<b>1,498,757</b>	<b>13.48</b>

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2021						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
<b>Sovereign exposures (AIRB approach)</b>								
1	0.00 to <0.15	256,208	0.00	0.5	12.72	1.6	659	0.25
2	0.15 to <0.25	132,717	0.16	0.0	34.83	0.0	23,971	18.06
3	0.25 to <0.50	0	0.26	0.0	35.00	1.0	0	27.63
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	247	0.81	0.0	28.22	1.6	114	46.32
6	2.50 to <10.00	122	3.69	0.0	35.00	1.0	112	91.73
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	389,296	0.05	0.6	20.27	1.1	24,858	6.38
<b>Sovereign exposures (FIRB approach)</b>								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
<b>Bank exposures (AIRB approach)</b>								
1	0.00 to <0.15	4,445,260	0.03	16.3	15.76	1.2	289,217	6.50
2	0.15 to <0.25	1,108,808	0.16	4.0	20.24	1.1	218,044	19.66
3	0.25 to <0.50	274	0.40	0.0	36.08	1.0	135	49.39
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	45,365	0.86	0.2	5.59	0.0	5,033	11.09
6	2.50 to <10.00	81	3.69	0.0	35.00	1.0	90	111.24
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	5,599,790	0.07	20.7	16.57	1.2	512,521	9.15
<b>Bank exposures (FIRB approach)</b>								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2021						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Corporate exposures (AIRB approach)								
1	0.00 to <0.15	1,383,507	0.04	46.2	24.72	1.8	160,855	11.62
2	0.15 to <0.25	691,993	0.16	24.4	30.04	3.1	235,911	34.09
3	0.25 to <0.50	110,958	0.31	7.7	33.81	3.4	56,092	50.55
4	0.50 to <0.75	6,784	0.50	2.6	33.15	3.1	3,971	58.54
5	0.75 to <2.50	96,025	1.18	3.8	34.32	2.6	76,092	79.24
6	2.50 to <10.00	13,179	5.52	0.5	33.04	2.5	15,104	114.60
7	10.00 to <100.00	3,538	15.05	0.1	32.21	2.4	5,482	154.93
8	100.00 (Default)	2,455	100.00	0.0	35.53	1.7	1,214	49.46
9	Subtotal	2,308,443	0.30	85.5	27.25	2.3	554,725	24.03
Corporate exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Mid-sized corporations and SMEs exposures (AIRB approach)								
1	0.00 to <0.15	5,600	0.08	3.1	32.76	2.3	1,018	18.19
2	0.15 to <0.25	8,212	0.16	3.3	35.00	3.2	2,693	32.79
3	0.25 to <0.50	5,309	0.26	2.4	35.00	3.8	2,314	43.59
4	0.50 to <0.75	4,873	0.50	2.1	34.10	3.3	2,849	58.47
5	0.75 to <2.50	9,620	1.26	3.8	35.53	3.8	7,312	76.00
6	2.50 to <10.00	557	9.58	0.1	33.98	4.2	716	128.43
7	10.00 to <100.00	34	27.52	0.0	35.00	4.6	70	203.17
8	100.00 (Default)	261	100.00	0.0	61.07	4.7	35	13.38
9	Subtotal	34,470	1.46	15.2	34.84	3.4	17,011	49.35
Mid-sized corporations and SMEs exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2021						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of counterparties	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
SL								
1	0.00 to <0.15	102,061	0.04	0.2	18.56	4.7	16,040	15.71
2	0.15 to <0.25	268,332	0.16	0.6	23.14	4.7	83,945	31.28
3	0.25 to <0.50	125,445	0.35	1.3	23.15	4.6	51,660	41.18
4	0.50 to <0.75	294	0.50	0.0	35.00	2.4	157	53.41
5	0.75 to <2.50	90,688	1.07	0.3	26.83	4.7	65,695	72.44
6	2.50 to <10.00	16,063	3.69	0.0	46.53	4.8	27,549	171.49
7	10.00 to <100.00	2,899	18.08	0.0	32.47	4.8	5,234	180.53
8	100.00 (Default)	880	100.00	0.0	52.23	4.0	466	53.00
9	Subtotal	606,665	0.64	2.6	23.64	4.7	250,749	41.33
Equity exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Other retail exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Total (sum of portfolios)		8,938,666	0.17	124.8	20.04	1.7	1,359,865	15.21

## 7. Composition of Collateral for CCR Exposure (CCR5)

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2022											
		a		b		c		d		e		f	
		Collateral used in derivative transactions						Collateral used in securities financing transactions (SFTs)					
		Fair value of collateral received			Fair value of posted collateral			Fair value of collateral received			Fair value of posted collateral		
Item No.	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	
1	Cash (domestic currency)	11,720	58,864	—	615,276	8,937,625	9,712,771						
2	Cash (other currencies)	41	262,432	—	480,909	5,591,725	1,998,023						
3	Domestic sovereign debt	1,130	179,495	—	1,707	6,088,798	9,647,647						
4	Other sovereign debt	1,163	72,162	—	—	2,232,531	5,031,358						
5	Government agency debt	158	—	—	—	891,860	25,207						
6	Corporate bonds	5,284	—	—	—	94,588	210,256						
7	Equity securities	4,687	—	—	—	3,038,195	1,743,593						
8	Other collateral	—	—	—	—	5,148	—						
9	Total	24,187	572,954	—	1,097,893	26,880,472	28,368,859						

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2021											
		a		b		c		d		e		f	
		Collateral used in derivative transactions						Collateral used in securities financing transactions (SFTs)					
		Fair value of collateral received			Fair value of posted collateral			Fair value of collateral received			Fair value of posted collateral		
Item No.	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	
1	Cash (domestic currency)	16,854	87,298	—	358,701	9,042,051	8,645,485						
2	Cash (other currencies)	215	257,121	—	349,974	5,202,826	2,647,483						
3	Domestic sovereign debt	823	59,606	—	1,485	5,651,684	9,717,411						
4	Other sovereign debt	2,881	25,455	—	—	2,533,717	4,777,376						
5	Government agency debt	158	—	—	—	886,555	17,785						
6	Corporate bonds	5,754	—	—	—	34,768	116,907						
7	Equity securities	8,338	—	—	—	2,362,824	1,521,407						
8	Other collateral	—	—	—	—	4,007	—						
9	Total	35,025	429,482	—	710,160	25,718,437	27,443,857						

## 8. Credit Derivative Transaction Exposures (CCR6)

(Millions of yen)

CCR6: Credit derivative transaction exposures		As of March 31, 2022		As of March 31, 2021	
		a	b	a	b
Item No.		Protection bought	Protection sold	Protection bought	Protection sold
Notionals					
1	Single-name credit default swaps	465,905	601,039	453,769	531,395
2	Index credit default swaps	910,056	625,379	821,478	621,974
3	Total return swaps	—	—	—	—
4	Credit options	85,687	—	105,174	—
5	Other credit derivatives	—	—	—	—
6	Total notionals	1,461,648	1,226,418	1,380,422	1,153,370
Fair values					
7	Positive fair value (asset)	11,197	164,206	3,813	152,902
8	Negative fair value (liability)	246,617	14,229	332,159	6,488

## 9. RWA flow statements of CCR exposures under the Expected exposure method (IMM) (CCR7)

Not applicable.

## 10. Exposures to Central Counterparties (CCR8)

(Millions of yen)

CCR8: Exposures to central counterparties (CCP)		As of March 31, 2022		As of March 31, 2021	
		a	b	a	b
Item No.		EAD to CCP (post-CRM)	RWA	EAD to CCP (post-CRM)	RWA
1	Exposures to qualifying central counterparties (QCCPs) (total)		129,483		111,390
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,908,794	58,301	2,188,649	43,774
3	(i) OTC derivatives	2,433,329	48,666	1,718,412	34,368
4	(ii) Exchange-traded derivatives	432,718	8,779	452,403	9,048
5	(iii) SFTs	42,746	854	17,832	356
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	—	—	—	—
8	Non-segregated initial margin	265,354	5,307	286,248	5,725
9	Pre-funded default fund contributions	189,627	65,875	186,017	61,890
10	Unfunded default fund contributions	—	—	—	—
11	Exposures to non-QCCPs (total)		14,666		7,627
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	20,187	14,666	9,696	7,626
13	(i) OTC derivatives	6,906	6,906	5,059	5,059
14	(ii) Exchange-traded derivatives	13,280	7,759	4,637	2,567
15	(iii) SFTs	—	—	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
17	Segregated initial margin	—	—	—	—
18	Non-segregated initial margin	0	0	0	0
19	Pre-funded default fund contributions	—	—	—	—
20	Unfunded default fund contributions	—	—	—	—

## ■ Securitisation Transactions

### 1. Overview of Risk Characteristics

Securitisation exposures have, in addition to credit risk and market risk, the following intrinsic risks, which are properly managed based on the nature of each risk.

#### (1) Dilution Risk

Means the risk of a decrease in purchased receivables due to cancellation or termination of the original contract for the purchased receivables, or netting of debts between the original obligor and the original obligee.

#### (2) Servicer Risk

##### A. Commingling Risk

Means the risk of uncollectible funds, which should be collected from the underlying assets, due to the bankruptcy of the servicer before the delivery of the funds collected from the obligor of the receivables.

##### B. Performance Risk

Means the risk of difficulty in maintenance and collection due to the servicer's failure to properly and accurately perform its clerical duties and procedures.

#### (3) Liquidity Risk

Means the risk that cash flows related to the underlying assets may be insufficient for paying the principal and interest of the securitisation exposure due to a timing mismatch between the securitisation conduit's receipt of the cash flows related to the underlying assets and payment of the securitisation exposure of the principal and interest, etc.

#### (4) Fraud Risk

Means the risk of a decrease in or complete loss of the receivables subject to collection due to a fraud, prejudicial or other malicious act by a customer or a third-party obligor.

### 2. Overview of Risk Management Policy and Procedures

Definition of securitisation exposure has been clarified in order to properly identify, measure, evaluate and report risks, and a risk management department, independent of business units, has been established to centrally manage risks from recognizing securitisation exposures to measuring, evaluating and reporting risks.

Securitisation transactions are subject to the following policies.

- Undertake those which allow separate assessment of underlying short-term assets by making credit decisions on individual underlying assets.
- Undertake those which cover short-term receivables, etc., by creating a framework mainly to estimate the default rate of the underlying assets based on the historical loan-loss ratio and ensure that they have sufficient subordination.
- Undertake others such as those requiring special management by implementing additional management, such as an analysis of the market environment. Particularly, with respect to securitisation transactions backed by retail loans whose creditworthiness is relatively inferior, such as subprime loans in the U.S., the Group deals only with transactions that are sufficiently structured by taking into account not only the above policies, but others such as the underlying asset selection criteria of the originator and the average life.

The Group shall basically not conduct resecuritisation transactions.

Its policy is to conduct securitisation transactions by verifying effectiveness in mitigating credit risk through the use of the asset transfer type or synthetic type securitisation transactions covering domestic and foreign exposures and using them as underlying exposures if securitisation transactions are used as an approach for credit risk mitigation.

The Group takes one of the following positions for securitisation transactions.

- Originator (a direct or indirect originator of underlying assets or a sponsor of an ABCP conduit or a similar program that acquires exposures from third-party entities)
- Investor
- Others (for example, provider of swap for preventing a mismatch between the dividend on trust beneficiary rights and cash flows generated by underlying assets on which the rights are issued)

### 3. Name of Securitisation Conduit and Whether or Not It Possesses Securitisation Exposure Related to Securitisation Transactions, as well as Names of Subsidiaries and Affiliated Companies of us Which Hold Securitisation Exposures Related to Securitisation Transactions Conducted by us and we Engage in the Management of the Company or Provides Advice

In order to undertake securitisation transactions related to third-party assets, the Group mainly uses a special purpose company (SPC) as a securitisation conduit.

- Manhattan Asset Funding Company LLC
- Chelsea Capital Corporation
- Forest Corporation
- Spur Funding Corporation
- Deccan Funding GK
- Taeguk Funding Designated Activity Company
- Feathertop Funding Limited

Excluding consolidated subsidiaries, subsidiaries or affiliated companies holding securitisation exposures related to the security transactions conducted by the Holding Company Group are as follows:

- PayPay Bank Corporation

### 4. Name of Securitisation Conduit that Provides Non-Contractual Credit Enhancement, etc. and Impacts on Capital by Such Non-Contractual Credit Enhancement, etc. for Each Securitisation Conduit

Not applicable.

### 5. Accounting Policy on Securitisation Transactions

The recognition of the generation and extinguishment of financial assets and financial liabilities associated with securitisation transactions and the valuation and accounting treatment thereof are mainly governed by the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

### 6. Names of Qualifying External Ratings Agencies

In order to calculate the amount of credit risk weighted asset for securitisation exposure with the external ratings-based approach or the standardised approach, or to calculate the amount of market risk associated with specific risk, the risk weights are determined by mapping the ratings of qualifying rating agencies to the risk weights stipulated in the Notification. The qualifying rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings Ltd. (Fitch).

When more than one rating is available for an exposure, the second smallest risk weight is used, in accordance with the Notification.

### 7. Securitisation Exposures in the Banking Book (SEC1)

(Millions of yen)

SEC1: Securitisation exposures in the banking book		As of March 31, 2022								
		a			b			c		
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
Item No.	Type of underlying asset	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
1	Retail (total) - of which	453,676	—	453,676	686,473	—	686,473	1,217,831	—	1,217,831
2	Residential mortgage	453,676	—	453,676	—	—	—	388,042	—	388,042
3	Credit card	—	—	—	3,060	—	3,060	295,418	—	295,418
4	Other retail exposures	—	—	—	683,413	—	683,413	534,370	—	534,370
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	190,216	5	190,222	731,519	—	731,519	1,829,165	—	1,829,165
7	Loans to corporates	190,216	5	190,222	2,562	—	2,562	1,558,955	—	1,558,955
8	Commercial mortgage	—	—	—	—	—	—	1,411	—	1,411
9	Lease and receivables	—	—	—	723,956	—	723,956	161,106	—	161,106
10	Other wholesale	—	—	—	5,000	—	5,000	107,691	—	107,691
11	Re-securitisation	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC1: Securitisation exposures in the banking book		As of March 31, 2021								
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
		1	Retail (total) - of which	454,827	—	454,827	668,338	—	668,338	1,073,067
2	Residential mortgage	454,827	—	454,827	—	—	—	304,346	—	304,346
3	Credit card	—	—	—	6,195	—	6,195	350,459	—	350,459
4	Other retail exposures	—	—	—	662,143	—	662,143	418,260	—	418,260
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	116,141	6	116,147	678,730	—	678,730	1,275,442	188,732	1,464,175
7	Loans to corporates	116,141	6	116,147	53,642	—	53,642	1,068,923	—	1,068,923
8	Commercial mortgage	—	—	—	—	—	—	1,375	—	1,375
9	Lease and receivables	—	—	—	611,784	—	611,784	115,246	—	115,246
10	Other wholesale	—	—	—	13,303	—	13,303	89,896	188,732	278,629
11	Re-securitisation	—	—	—	—	—	—	—	—	—

## 8. Securitisation Exposures in the Trading Book (SEC2)

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2022								
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
		1	Retail (total) - of which	—	—	—	—	—	—	12,056
2	Residential mortgage	—	—	—	—	—	—	—	—	—
3	Credit card	—	—	—	—	—	—	587	—	587
4	Other retail exposures	—	—	—	—	—	—	11,468	—	11,468
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	19,739	—	19,739
7	Loans to corporates	—	—	—	—	—	—	6,227	—	6,227
8	Commercial mortgage	—	—	—	—	—	—	13,448	—	13,448
9	Lease and receivables	—	—	—	—	—	—	64	—	64
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2021								
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
		1	Retail (total) - of which	—	—	—	—	—	—	14,249
2	Residential mortgage	—	—	—	—	—	—	3,721	—	3,721
3	Credit card	—	—	—	—	—	—	—	—	—
4	Other retail exposures	—	—	—	—	—	—	10,527	—	10,527
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	7,176	—	7,176
7	Loans to corporates	—	—	—	—	—	—	2,442	—	2,442
8	Commercial mortgage	—	—	—	—	—	—	1,276	—	1,276
9	Lease and receivables	—	—	—	—	—	—	3,457	—	3,457
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

9. Securitisation Exposures in the Banking Book and Associated Regulatory Capital Requirements  
(Bank Acting as Originator or as Sponsor) (SEC3)

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated capital regulatory requirements (bank acting as originator or sponsor) (1/2)		As of March 31, 2022																	
Item No.		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior										
										Exposure values (by RW bands)									
										1	≤20% RW	1,161,851	1,161,851	1,161,851	452,931	708,920	—	—	—
2	>20% to 50% RW	435,492	435,492	435,492	364,062	71,429	—	—	—										
3	>50% to 100% RW	255,873	255,873	255,873	227,124	28,748	—	—	—										
4	>100% to <1250% RW	208,282	208,282	208,282	96,031	112,250	—	—	—										
5	1250% RW	391	385	385	—	385	—	—	—										
Exposure values (by regulatory approach)																			
6	SEC-IRBA or IAA	1,893,846	1,893,840	1,893,840	1,063,912	829,928	—	—	—										
7	SEC-ERBA	156,339	156,339	156,339	64,531	91,807	—	—	—										
8	SEC-SA	11,706	11,706	11,706	11,706	—	—	—	—										
9	1250% RW	—	—	—	—	—	—	—	—										
Credit RWA amounts (by regulatory approach)																			
10	SEC-IRBA or IAA	833,257	833,184	833,184	438,883	394,300	—	—	—										
11	SEC-ERBA	41,163	41,163	41,163	14,217	26,945	—	—	—										
12	SEC-SA	5,741	5,741	5,741	5,741	—	—	—	—										
13	1250% RW	—	—	—	—	—	—	—	—										
Capital charge after cap (by regulatory approach)																			
14	SEC-IRBA or IAA	66,660	66,654	66,654	35,110	31,544	—	—	—										
15	SEC-ERBA	3,293	3,293	3,293	1,137	2,155	—	—	—										
16	SEC-SA	459	459	459	459	—	—	—	—										
17	1250% RW	—	—	—	—	—	—	—	—										

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements (bank acting as originator or sponsor) (2/2)		As of March 31, 2022								
		i	j	k	l	m	n	o		
Item No.		Synthetic securitisation (subtotal)		Retail underlying		Wholesale		Re-securitisation	Senior	Non-senior
		Securitisation								
Exposure values (by RW bands)										
1	≤20% RW	—	—	—	—	—	—	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—	—	—
5	1250% RW	5	5	—	—	5	—	—	—	—
Exposure values (by regulatory approach)										
6	SEC-IRBA or IAA	5	5	—	—	5	—	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)										
10	SEC-IRBA or IAA	73	73	—	—	73	—	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)										
14	SEC-IRBA or IAA	5	5	—	—	5	—	—	—	—
15	SEC-ERBA	—	—	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated capital regulatory requirements (bank acting as originator or sponsor) (1/2)		As of March 31, 2021									
		a	b	c	d	e	f	g	h		
Item No.		Total	Traditional securitisation (subtotal)	Securitisation		Retail underlying		Wholesale	Re-securitisation	Senior	Non-senior
				Securitisation							
Exposure values (by RW bands)											
1	≤20% RW	1,084,648	1,084,648	1,084,648	501,697	582,951	—	—	—	—	—
2	>20% to 50% RW	412,913	412,913	412,913	353,846	59,067	—	—	—	—	—
3	>50% to 100% RW	262,353	262,353	262,353	192,067	70,286	—	—	—	—	—
4	>100% to <1250% RW	157,720	157,720	157,720	75,555	82,165	—	—	—	—	—
5	1250% RW	407	400	400	—	400	—	—	—	—	—
Exposure values (by regulatory approach)											
6	SEC-IRBA or IAA	1,750,187	1,750,180	1,750,180	1,010,664	739,516	—	—	—	—	—
7	SEC-ERBA	167,856	167,856	167,856	112,501	55,355	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)											
10	SEC-IRBA or IAA	737,253	737,166	737,166	409,937	327,228	—	—	—	—	—
11	SEC-ERBA	38,746	38,746	38,746	22,500	16,246	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)											
14	SEC-IRBA or IAA	58,980	58,973	58,973	32,795	26,178	—	—	—	—	—
15	SEC-ERBA	3,099	3,099	3,099	1,800	1,299	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements (bank acting as originator or sponsor) (2/2)		As of March 31, 2021						
		i	j	k	l	m	n	o
		Synthetic securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
Exposure values (by RW bands)								
1	≤20% RW	—	—	—	—	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	6	6	—	6	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	6	6	—	6	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	86	86	—	86	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)								
14	SEC-IRBA or IAA	6	6	—	6	—	—	—
15	SEC-ERBA	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—

#### 10. Securitisation Exposures in the Banking Book Associated Capital Requirements (Bank Acting as Investor) (SEC4)

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (1/2)		As of March 31, 2022							
		a	b	c	d	e	f	g	h
		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
Exposure values (by RW bands)									
1	≤20% RW	2,920,953	2,920,953	2,920,953	1,130,337	1,790,616	—	—	—
2	>20% to 50% RW	84,735	84,735	84,735	78,370	6,364	—	—	—
3	>50% to 100% RW	24,202	24,202	24,202	6,684	17,518	—	—	—
4	>100% to <1250% RW	15,693	15,693	15,693	2,438	13,254	—	—	—
5	1250% RW	1,411	1,411	1,411	—	1,411	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	2,497,149	2,497,149	2,497,149	847,892	1,649,256	—	—	—
7	SEC-ERBA	548,435	548,435	548,435	369,938	178,497	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	1,411	1,411	1,411	—	1,411	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	383,409	383,409	383,409	131,865	251,544	—	—	—
11	SEC-ERBA	127,824	127,824	127,824	72,896	54,928	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	17,644	17,644	17,644	—	17,644	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA or IAA	30,672	30,672	30,672	10,549	20,123	—	—	—
15	SEC-ERBA	10,225	10,225	10,225	5,831	4,394	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—
17	1250% RW	1,411	1,411	1,411	—	1,411	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2022									
		i	j	k	l	m	n	o			
Item No.		Synthetic securitisation (subtotal)		Securitisation		Re-securitisation		Senior		Non-senior	
				Retail underlying	Wholesale						
Exposure values (by RW bands)											
1	≤20% RW	-	-	-	-	-	-	-	-	-	-
2	>20% to 50% RW	-	-	-	-	-	-	-	-	-	-
3	>50% to 100% RW	-	-	-	-	-	-	-	-	-	-
4	>100% to <1250% RW	-	-	-	-	-	-	-	-	-	-
5	1250% RW	-	-	-	-	-	-	-	-	-	-
Exposure values (by regulatory approach)											
6	SEC-IRBA or IAA	-	-	-	-	-	-	-	-	-	-
7	SEC-ERBA	-	-	-	-	-	-	-	-	-	-
8	SEC-SA	-	-	-	-	-	-	-	-	-	-
9	1250% RW	-	-	-	-	-	-	-	-	-	-
Credit RWA amounts (by regulatory approach)											
10	SEC-IRBA or IAA	-	-	-	-	-	-	-	-	-	-
11	SEC-ERBA	-	-	-	-	-	-	-	-	-	-
12	SEC-SA	-	-	-	-	-	-	-	-	-	-
13	1250% RW	-	-	-	-	-	-	-	-	-	-
Capital charge after cap (by regulatory approach)											
14	SEC-IRBA or IAA	-	-	-	-	-	-	-	-	-	-
15	SEC-ERBA	-	-	-	-	-	-	-	-	-	-
16	SEC-SA	-	-	-	-	-	-	-	-	-	-
17	1250% RW	-	-	-	-	-	-	-	-	-	-

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (1/2)		As of March 31, 2021								
		a	b	c	d	e	f	g	h	
Item No.		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying		Wholesale	Re-securitisation	Senior	Non-senior
Exposure values (by RW bands)										
1	≤20% RW	2,411,477	2,222,744	2,222,744	1,010,821	1,211,923	-	-	-	-
2	>20% to 50% RW	51,886	51,886	51,886	51,886	-	-	-	-	-
3	>50% to 100% RW	59,043	59,043	59,043	5,754	53,288	-	-	-	-
4	>100% to <1250% RW	13,459	13,459	13,459	4,605	8,854	-	-	-	-
5	1250% RW	1,375	1,375	1,375	-	1,375	-	-	-	-
Exposure values (by regulatory approach)										
6	SEC-IRBA or IAA	1,902,528	1,713,796	1,713,796	618,197	1,095,598	-	-	-	-
7	SEC-ERBA	633,337	633,337	633,337	454,870	178,467	-	-	-	-
8	SEC-SA	-	-	-	-	-	-	-	-	-
9	1250% RW	1,375	1,375	1,375	-	1,375	-	-	-	-
Credit RWA amounts (by regulatory approach)										
10	SEC-IRBA or IAA	299,830	281,456	281,456	109,849	171,606	-	-	-	-
11	SEC-ERBA	157,712	157,712	157,712	91,909	65,803	-	-	-	-
12	SEC-SA	-	-	-	-	-	-	-	-	-
13	1250% RW	17,198	17,198	17,198	-	17,198	-	-	-	-
Capital charge after cap (by regulatory approach)										
14	SEC-IRBA or IAA	23,986	22,516	22,516	8,787	13,728	-	-	-	-
15	SEC-ERBA	12,616	12,616	12,616	7,352	5,264	-	-	-	-
16	SEC-SA	-	-	-	-	-	-	-	-	-
17	1250% RW	1,375	1,375	1,375	-	1,375	-	-	-	-

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2021						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
		Exposure values (by RW bands)						
1	≤20% RW	188,732	188,732	—	188,732	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	—	—	—	—	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	188,732	188,732	—	188,732	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	18,373	18,373	—	18,373	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)								
14	SEC-IRBA or IAA	1,469	1,469	—	1,469	—	—	—
15	SEC-ERBA	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—

## Equity Exposures

### 1. Overview of Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics.

For securities held as “available-for-sale securities,” the upper limits are also set in terms of price fluctuation risk and default risk.

In addition, regarding stocks of subsidiaries, assets and liabilities of subsidiaries are categorized into corresponding risk categories and risk-managed on a consolidated basis, in light of the upper limits set for each risk.

As for stocks of affiliates, risks related to gains and losses from investments are managed with the upper limits.

The limits are established within the maximum amount of overall risk capital, taking into account the financial and business situations of SMBC Group.

### 2. Valuation of Securities and Other Significant Accounting Policies

Stocks of non-consolidated subsidiaries and affiliates not accounted for by the equity method are carried at amortized cost using the moving-average method. Available-for-sale securities are carried at their market prices (cost of securities sold is calculated using primarily the moving-average method), and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities and net of income taxes are reported as a component of “net assets.”

## Market Risk

### 1. Scope

The following approaches are used to calculate market risk equivalent amounts.

#### (1) Internal Models Method

General market risk of SMBC, SMBC Bank International plc, SMBC Bank EU AG, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited

#### (2) Standardized Measurement Method

- Specific risk
- General market risk of consolidated subsidiaries other than SMBC, SMBC Bank International plc, SMBC Bank EU AG, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited
- A portion of general market risk of SMBC

### 2. Market Risk under standardised approach (MR1)

(Millions of yen)

Item No.		As of March 31, 2022		As of March 31, 2021	
		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)	
1	Interest rate risk (general and specific)	630,810		458,241	
2	Equity risk (general and specific)	199,056		290,936	
3	Foreign exchange risk	124,600		72,054	
4	Commodity risk	429		192	
	Options				
5	Simplified approach	—		—	
6	Delta-plus method	108,768		185,810	
7	Scenario approach	—		—	
8	Specific risk related to securitisation exposures	17,628		52,170	
9	Total	1,081,295		1,059,405	

### 3. RWA flow statements of market risk exposures under an IMA (MR2)

(Billions of yen)

Item No.		As of March 31, 2022					
		a VaR	b Stressed VaR	c IRC	d CRM	e Other	f Total RWA
1a	RWA as of March 31, 2021	390	1,216	—	—	—	1,607
1b	Ratio of 1a / 1c	3.0	2.7	—	—	—	2.8
1c	RWA at end of March 31, 2021	130	434	—	—	—	564
2	Movement in risk levels	71	(14)	—	—	—	57
3	Model updates/changes	—	—	—	—	—	—
4	Methodology and policy	—	—	—	—	—	—
5	Acquisitions and disposals	—	—	—	—	—	—
6	Foreign exchange movements	20	182	—	—	—	202
7	Other	(11)	—	—	—	—	(11)
8a	RWA at end of March 31, 2022	210	602	—	—	—	813
8b	Ratio of 8c / 8a	2.5	2.3	—	—	—	2.4
8c	RWA as of March 31, 2022	542	1,429	—	—	—	1,971

(Billions of yen)

Item No.		As of March 31, 2021					
		a VaR	b Stressed VaR	c IRC	d CRM	e Other	f Total RWA
1a	RWA as of March 31, 2020	488	1,195	—	—	—	1,684
1b	Ratio of 1a / 1c	2.3	3.1	—	—	—	2.8
1c	RWA at end of March 31, 2020	204	384	—	—	—	589
2	Movement in risk levels	(43)	26	—	—	—	(16)
3	Model updates/changes	—	—	—	—	—	—
4	Methodology and policy	—	—	—	—	—	—
5	Acquisitions and disposals	—	—	—	—	—	—
6	Foreign exchange movements	2	24	—	—	—	26
7	Other	(33)	—	—	—	—	(33)
8a	RWA at end of March 31, 2021	130	434	—	—	—	564
8b	Ratio of 8c / 8a	3.0	2.7	—	—	—	2.8
8c	RWA as of March 31, 2021	390	1,216	—	—	—	1,607

### 4. IMA values for trading portfolios (MR3)

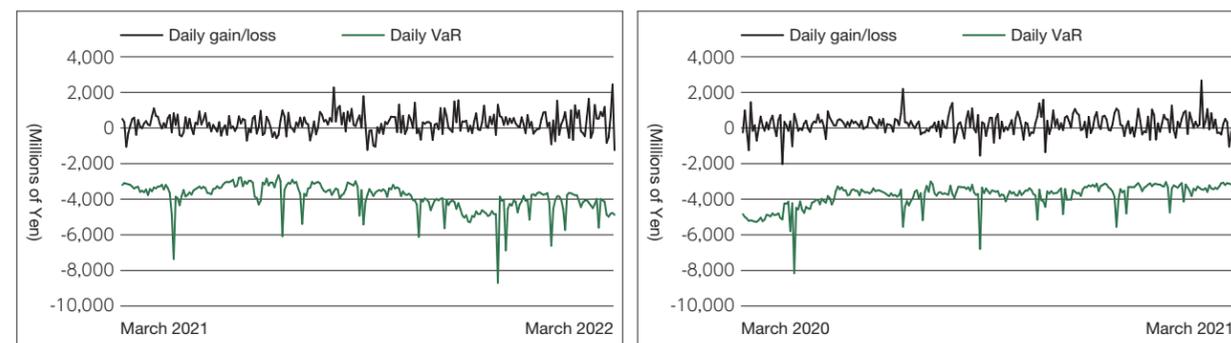
(Millions of yen)

Item No.		Fiscal 2021		Fiscal 2020	
	VaR (holding period of 10 business days, one-sided confidence level of 99%)				
1	Maximum value	17,841		16,686	
2	Average value	12,256		11,590	
3	Minimum value	8,392		9,237	
4	Period end	16,849		10,406	
	Stressed VaR (holding period of 10 business days, one-sided confidence level of 99%)				
5	Maximum value	59,603		39,801	
6	Average value	39,090		30,000	
7	Minimum value	20,654		23,261	
8	Period end	39,505		34,774	
	Incremental risk value (one-sided confidence level of 99.9%)				
9	Maximum value	—		—	
10	Average value	—		—	
11	Minimum value	—		—	
12	Period end	—		—	
	Comprehensive risk value (one-sided confidence level of 99.9%)				
13	Maximum value	—		—	
14	Average value	—		—	
15	Minimum value	—		—	
16	Period end	—		—	
17	Floor (modified standardized measurement method)	—		—	

Note: The VaR and the stressed VaR are calculated using the historical simulation method. Specifically, they are calculated on a daily basis, assuming a one-sided confidence level of 99.0% and a one-day holding period, based on profit and loss simulation on a scenario-specific basis generated from historical data (the full valuation method, in principle), and they are adjusted to a 10-day holding period using the square root of time method. Under this method, the VaR and the stressed VaR use observation periods of four years immediately preceding, and 12 months including the stress period, respectively.

#### 5. Backtesting results by the internal models approach (MR4)

The status of backtesting of trading for Fiscal 2021 and 2020 is as follows. “Daily gain/loss” represents the actual gain/loss incurred, and “Daily VaR” represents the daily VaR calculated using the risk measurement model with a one-day holding period. In the past 250 business days, the number of times loss exceeded VaR was 0, and the VaR model (one-sided confidence level of 99.0%) is considered to have sufficient accuracy.



#### Interest Rate Risk in the Banking Book

##### 1. Overview of Risk Management Policy and Procedures

Interest rate risk in the banking book is the risk to the present value of a bank's assets and liabilities and/or the future earnings (interest income) from the rate-sensitive instruments when interest rates change. SMBC Group recognizes interest rate risk as a significant risk and manages it in an integrated manner, together with other market risks (equity position risk, etc.) (For details, please refer to pages 138 to 139).

Interest rate risk management is conducted using basis point value (BPV) as a measure of the risk, which denotes the change of present value given a basis point rise in the interest rate. Appropriate limits on BPVs are set for each significant subsidiary including SMBC according to its capital and business plan, and BPVs are monitored daily for risk management. BPVs are managed not only by changing the balance and term structures of assets and liabilities, but also by using hedging instruments such as interest rate swaps and futures.

##### 2. Calculation Method of Interest Rate Risk

Interest rate risk in the banking book is measured based on the future cash flows of the bank's assets and liabilities. Especially, the method of recognizing the maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and the method of estimating the time of cancellation prior to maturity of time deposits and mortgage loans affect the risk significantly. Key assumptions for measuring interest rate risk of such instruments are as follows.

###### Method of recognizing the maturity of demand deposits

The amount of the bank's core deposits is identified as the amount of demand deposits expected to be left with the bank after 5 years (with 50% of the lowest balance during the past 5 years as the upper limit). The maturity of the core deposits is regarded to be 5 years as the maximum term (2.5 years on average). The maturity of the bank's demand deposits is regarded to be 5 years as the maximum term (0.7 year on average).

###### Method of estimating the time of cancellation prior to maturity of time deposits and mortgage loans

Cash flows of mortgage loans tend to be different from the initial scheduled ones, as customers may exercise their prepayment options to redeem early in a bonus month or as time passes. Similarly, time deposits may be canceled prior to maturity. For such instruments, interest rate risk is managed by using statistical models to estimate cash flows for each instrument, considering the seasonality, elapsed years, interest rate levels at the effective time, etc. These models are validated and reviewed regularly.

### 3. Interest Rate Risk

Table IRRBB1 shows changes in economic value of equity ( $\Delta$ EVE) and net interest income ( $\Delta$ NII) in the banking book, simulated based on a set of prescribed interest rate shock scenarios.

As stipulated under the Pillar 2 of Basel Framework (Supervisory Review Process), in order to identify banks that may have taken too large interest rate risk, the Japan FSA applies “materiality test” as comparing the bank’s  $\Delta$ EVE with 15% of its Tier 1 capital, under a set of prescribed interest rate shock scenarios. The measurement result of SMBC Group’s  $\Delta$ EVE shows that the economic value of equity declines when interest rates rise and the maximum change amount is under the prescribed parallel shock up scenario. SMBC Groups’  $\Delta$ EVE is 4.0% of our Tier 1 capital, not larger than 15%.

As for  $\Delta$ NII, net interest income declines under the prescribed parallel shock down scenario and increases under the parallel shock up scenario. Due to the assumption of zero floor on the interest rate of customer’s deposits in JPY, which limits reduction of the funding cost when interest rate down, the change amount is larger under the parallel shock down scenario.

The measurement scope, the definition of each figure and the calculation assumption are as follows.

#### Scope

The consolidated subsidiary banks of SMBC

- $\Delta$ EVE is calculated by simple aggregation of the decrease in economic value for all currencies.
- $\Delta$ NII is calculated by simple aggregation of the change amount of interest income for each currency (JPY and USD) which covers 5% or more of the total amount of interest rate-sensitive assets and liabilities.

#### Definition of Each Figure and Calculation Assumption

- $\Delta$ EVE  
Decrease in economic value (EVE, Economic Value on Equity) against interest rate shock (excluding the credit spread).
- $\Delta$ NII  
Decrease in 1 year interest income (NII, Net Interest Income) under each the interest rate shock. It is calculated under the constant balance sheet, which means that the balance sheet does not change through a year. In each simulation, we do not allow negative interest rate for domestic yen deposits and loans in any scenario.

(Millions of yen)

IRRBB1: Interest rate risk									
Item No.		a		b		c		d	
		$\Delta$ EVE				$\Delta$ NII			
		As of March 31, 2022		As of March 31, 2021		As of March 31, 2022		As of March 31, 2021	
1	Parallel up	446,108	908,983	(339,392)	(305,420)				
2	Parallel down	3,324	0	546,591	495,300				
3	Steeper	256,565	279,058						
4	Flattener	133,193	136,981						
5	Short rate up	201,194	339,633						
6	Short rate down	50,896	5,267						
7	Maximum	446,108	908,983	546,591	495,300				
		e				f			
		As of March 31, 2022				As of March 31, 2021			
8	Tier 1 capital	11,186,225				11,199,300			

Note: Interest rate shocks of deposits with central banks is considered to be the same with the standardized interest rate shocks when calculating  $\Delta$ NII.

### Operational Risk

#### 1. Operational Risk Equivalent Amount Calculation Methodology

Sumitomo Mitsui Financial Group adopted the Advanced Measurement Approach (AMA) for exposures as of March 31, 2008. The following consolidated subsidiaries have also adopted the AMA, and the remaining consolidated subsidiaries have adopted the Basic Indicator Approach (BIA).

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, The Japan Research Institute, Limited, SMBC Finance Service Co., Ltd., SMBC Guarantee Co., Ltd., SMBC Operation Service Co., Ltd., SMBC Green Service Co., Ltd., SMBC Bank International plc, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Nikko Securities Inc., and SMBC Consumer Finance Co., Ltd.

#### 2. Outline of the AMA

For the “Outline of the AMA,” please refer to pages 141 to 143.

#### 3. Usage of Insurance to Mitigate Risk

Sumitomo Mitsui Financial Group had not taken measures to mitigate operational risk through insurance coverage for exposures.

## ■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Items	a		b	c
	Consolidated balance sheet as in published financial statements			
	As of March 31, 2022	As of March 31, 2021		
			Reference to Template CC1	Reference to appended table
(Assets)				
Cash and due from banks	74,792,123	72,568,875		
Call loans and bills bought	1,965,134	2,553,463		
Receivables under resale agreements	6,035,507	5,565,119		
Receivables under securities borrowing transactions	5,649,632	5,827,448		
Monetary claims bought	5,370,377	4,665,244		
Trading assets	7,351,878	6,609,195		7-a
Money held in trust	310	309		
Securities	38,538,724	36,549,043		3-b,7-b
Loans and bills discounted	90,834,056	85,132,738		7-c
Foreign exchanges	2,812,104	2,173,189		
Lease receivables and investment assets	228,608	236,392		
Other assets	10,175,873	8,590,785		7-d
Tangible fixed assets	1,457,254	1,458,991		
Intangible fixed assets	898,817	738,759		3-a
Net defined benefit asset	623,045	565,534		4
Deferred tax assets	66,720	29,840		5-a
Customers' liabilities for acceptances and guarantees	11,722,239	9,978,396		
Reserve for possible loan losses	(817,784)	(659,017)		
<b>Total assets</b>	<b>257,704,625</b>	<b>242,584,308</b>		
(Liabilities)				
Deposits	148,585,460	142,026,156		
Negotiable certificates of deposit	13,069,796	12,570,617		
Call money and bills sold	1,129,999	1,368,515		
Payables under repurchase agreements	19,359,965	15,921,103		
Payables under securities lending transactions	1,580,580	2,421,353		
Commercial paper	1,866,366	1,686,404		
Trading liabilities	6,377,968	5,357,649		7-e
Borrowed money	18,877,990	17,679,690		9-a
Foreign exchanges	1,216,893	1,113,037		
Short-term bonds	442,000	585,000		
Bonds	9,808,107	9,043,031		9-b
Due to trust account	2,443,873	2,321,223		
Other liabilities	8,415,621	7,741,638		7-f
Reserve for employee bonuses	89,894	89,522		
Reserve for executive bonuses	4,064	4,408		
Net defined benefit liability	40,864	35,334		
Reserve for executive retirement benefits	1,087	1,081		
Reserve for point service program	25,000	24,655		
Reserve for reimbursement of deposits	5,767	9,982		
Reserve for losses on interest repayment	135,084	140,758		
Reserves under the special laws	3,902	3,902		
Deferred tax liabilities	275,570	532,193		5-b
Deferred tax liabilities for land revaluation	29,193	29,603		5-c
Acceptances and guarantees	11,722,239	9,978,396		
<b>Total liabilities</b>	<b>245,507,293</b>	<b>230,685,262</b>		
(Net assets)				
Capital stock	2,341,878	2,341,274		1-a
Capital surplus	693,664	693,205		1-b
Retained earnings	6,916,468	6,492,586		1-c
Treasury stock	(13,402)	(13,698)		1-d
<b>Total stockholders' equity</b>	<b>9,938,608</b>	<b>9,513,367</b>		
Net unrealized gains or losses on other securities	1,632,080	2,094,605		
Net deferred gains or losses on hedges	(80,061)	14,723		6
Land revaluation excess	36,320	36,251		
Foreign currency translation adjustments	450,143	40,390		
Accumulated remeasurements of defined benefit plans	121,123	127,080		
<b>Total accumulated other comprehensive income</b>	<b>2,159,606</b>	<b>2,313,051</b>	(a)	
Stock acquisition rights	1,475	1,791		2,8-a
Non-controlling interests	97,641	70,836		8-b
<b>Total net assets</b>	<b>12,197,331</b>	<b>11,899,046</b>		
<b>Total liabilities and net assets</b>	<b>257,704,625</b>	<b>242,584,308</b>		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

## 1. Stockholders' equity

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Capital stock	2,341,878	2,341,274		1-a
Capital surplus	693,664	693,205		1-b
Retained earnings	6,916,468	6,492,586		1-c
Treasury stock	(13,402)	(13,698)		1-d
<b>Total stockholders' equity</b>	<b>9,938,608</b>	<b>9,513,367</b>		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	9,938,608	9,513,367	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,035,543	3,034,480		1a
of which: retained earnings	6,916,468	6,492,586		2
of which: treasury stock (-)	13,402	13,698		1c
of which: other than the above	-	-		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

## 2. Stock acquisition rights

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Stock acquisition rights	1,475	1,791		2
of which: Stock acquisition rights issued by bank holding company	1,475	1,791		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Stock acquisition rights to common shares	1,475	1,791		1b
Stock acquisition rights to Additional Tier 1 instruments	-	-		31b
Stock acquisition rights to Tier 2 instruments	-	-		46

## 3. Intangible fixed assets

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Intangible fixed assets	898,817	738,759		3-a
Securities	38,538,724	36,549,043		3-b
of which: goodwill attributable to equity-method investees	122,801	41,793		
Income taxes related to above	172,017	176,205		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Goodwill (including those equivalent)	438,657	183,861		8
Other intangibles other than goodwill and mortgage servicing rights	410,945	420,485	Software and other	9
Mortgage servicing rights	-	-		
Amount exceeding the 10% threshold on specified items	-	-		20
Amount exceeding the 15% threshold on specified items	-	-		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	-		74

## 4. Net defined benefit asset

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Net defined benefit asset	623,045	565,534	
Income taxes related to above	190,952	173,033	

Ref. No.
4

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Net defined benefit asset	432,092	392,500	

Basel III Template No.
15

## 5. Deferred tax assets

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Deferred tax assets	66,720	29,840	
Deferred tax liabilities	275,570	532,193	
Deferred tax liabilities for land revaluation	29,193	29,603	

Ref. No.
5-a
5-b
5-c

Tax effects on intangible fixed assets	172,017	176,205
Tax effects on net defined benefit asset	190,952	173,033

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	11,334	3,314	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Deferred tax assets arising from temporary differences (net of related tax liability)	130,489	4,688	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	130,489	4,688	

Basel III Template No.
10
21
25
75

## 6. Deferred gains or losses on derivatives under hedge accounting

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Net deferred gains or losses on hedges	(80,061)	14,723	

Ref. No.
6

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Net deferred gains or losses on hedges	(79,373)	18,771	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"

Basel III Template No.
11

## 7. Items associated with investments in the capital of financial institutions

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Trading assets	7,351,878	6,609,195	Including trading account securities and derivatives for trading assets
Securities	38,538,724	36,549,043	
Loans and bills discounted	90,834,056	85,132,738	Including subordinated loans
Other assets	10,175,873	8,590,785	Including derivatives
Trading liabilities	6,377,968	5,357,649	Including trading account securities sold and derivatives for trading liabilities
Other liabilities	8,415,621	7,741,638	Including derivatives

Ref. No.
7-a
7-b
7-c
7-d
7-e
7-f

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Investments in own capital instruments	4,317	6,137	
Common Equity Tier 1 capital	4,317	6,137	
Additional Tier 1 capital	—	—	
Tier 2 capital	0	0	
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—	
Common Equity Tier 1 capital	—	—	
Additional Tier 1 capital	—	—	
Tier 2 capital and other TLAC liabilities	—	—	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	1,302,189	1,084,994	
Common Equity Tier 1 capital	200,779	21,337	
Additional Tier 1 capital	2,729	660	
Tier 2 capital and other TLAC liabilities	32,765	4,585	
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	1,065,915	1,058,411	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	1,106,783	996,363	
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Additional Tier 1 capital	25,525	25,525	
Tier 2 capital and other TLAC liabilities	36,723	33,213	
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	1,044,534	937,624	

Basel III Template No.
16
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72
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73

## 8. Non-controlling interests

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Stock acquisition rights	1,475	1,791	
Non-controlling interests	97,641	70,836	

Ref. No.
8-a
8-b

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Amount allowed in group CET1	1,231	1,145	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Amount allowed in group AT1	22,104	13,836	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Amount allowed in group T2	4,722	2,403	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)

Basel III Template No.
5
30-31ab-32
34-35
46
48-49

## 9. Other capital instruments

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Borrowed money	18,877,990	17,679,690		9-a
Bonds	9,808,107	9,043,031		9-b
Total	28,686,097	26,722,722		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	733,998	648,878		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	753,571	861,798		46

## ■ Linkages between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements

### Differences between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements and Explanations of the Factors

#### I. Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Consolidated Financial Statement Categories with Regulatory Risk Categories (LI1)

(Millions of yen)

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories	As of March 31, 2022						
	a	b	c	d	e	f	g
	Carrying values as reported in published Consolidated financial statement	Carrying values under scope of regulatory consolidation	CR (excluding amounts relevant to d and e)	CCR	Securitisation (excluding amounts relevant to f) (Note 2)	Market risk (Note 3)	Items not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash and due from banks	74,792,123	74,792,123	74,792,123	—	—	—	—
Call loans and bills bought	1,965,134	1,965,134	1,965,134	—	—	—	—
Receivables under resale agreements	6,035,507	6,035,507	—	6,035,507	—	—	—
Receivables under securities borrowing transactions	5,649,632	5,649,632	—	5,649,632	—	—	—
Monetary claims bought	5,370,377	5,370,377	3,242,722	—	2,127,655	—	—
Trading assets (Note 1)	7,351,878	7,351,878	—	3,629,942	—	7,351,878	87,129
Money held in trust	310	310	310	—	—	—	—
Securities	38,538,724	38,538,724	37,364,857	—	1,025,539	—	148,327
Loans and bills discounted	90,834,056	90,834,056	89,682,349	—	1,114,983	—	36,723
Foreign exchanges	2,812,104	2,812,104	2,812,104	—	—	—	—
Lease receivables and investment assets	228,608	228,608	228,608	—	—	—	—
Other assets	10,175,873	10,175,873	5,093,699	4,054,583	28	—	1,027,561
Tangible fixed assets	1,457,254	1,457,254	1,457,254	—	—	—	—
Intangible fixed assets	898,817	898,817	172,017	—	—	—	726,800
Net defined benefit asset	623,045	623,045	190,952	—	—	—	432,092
Deferred tax assets	66,720	66,720	12,724	—	—	—	53,996
Customers' liabilities for acceptances and guarantees	11,722,239	11,722,239	11,721,852	—	387	—	—
Reserve for possible loan losses	(817,784)	(817,784)	(817,784)	—	—	—	—
<b>Total assets</b>	<b>257,704,625</b>	<b>257,704,625</b>	<b>227,918,926</b>	<b>19,369,666</b>	<b>4,268,595</b>	<b>7,351,878</b>	<b>2,512,631</b>
<b>Liabilities</b>							
Deposits	148,585,460	148,585,460	2,690	—	—	—	148,582,769
Negotiable certificates of deposit	13,069,796	13,069,796	—	—	—	—	13,069,796
Call money and bills sold	1,129,999	1,129,999	—	—	—	—	1,129,999
Payables under repurchase agreements	19,359,965	19,359,965	—	12,318,326	—	—	7,041,639
Payables under securities lending transactions	1,580,580	1,580,580	—	1,528,379	—	—	52,200
Commercial paper	1,866,366	1,866,366	—	—	—	—	1,866,366
Trading liabilities	6,377,968	6,377,968	—	3,200,262	—	6,377,968	183,179
Borrowed money	18,877,990	18,877,990	—	—	—	—	18,877,990
Foreign exchanges	1,216,893	1,216,893	—	—	—	—	1,216,893
Short-term bonds	442,000	442,000	—	—	—	—	442,000
Bonds	9,808,107	9,808,107	—	—	—	—	9,808,107
Due to trust account	2,443,873	2,443,873	—	—	—	—	2,443,873
Other liabilities	8,415,621	8,415,621	—	2,585,681	165	—	5,829,773
Reserve for employee bonuses	89,894	89,894	—	—	—	—	89,894
Reserve for executive bonuses	4,064	4,064	—	—	—	—	4,064
Net defined benefit liability	40,864	40,864	—	—	—	—	40,864
Reserve for executive retirement benefits	1,087	1,087	—	—	—	—	1,087
Reserve for point service program	25,000	25,000	—	—	—	—	25,000
Reserve for reimbursement of deposits	5,767	5,767	—	—	—	—	5,767
Reserve for losses on interest repayment	135,084	135,084	—	—	—	—	135,084
Reserve under the special laws	3,902	3,902	—	—	—	—	3,902
Deferred tax liabilities	275,570	275,570	—	—	—	—	275,570
Deferred tax liabilities for land revaluation	29,193	29,193	—	—	—	—	29,193
Acceptances and guarantees	11,722,239	11,722,239	—	—	—	—	11,722,239
<b>Total liabilities</b>	<b>245,507,293</b>	<b>245,507,293</b>	<b>2,690</b>	<b>19,632,649</b>	<b>165</b>	<b>6,377,968</b>	<b>222,877,260</b>

(Millions of yen)

L11: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories	As of March 31, 2021						
	a	b	c	d	e	f	g
	Carrying values as reported in published Consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items:				
CR (excluding amounts relevant to d and e)			CCR	Securitisation (excluding amounts relevant to f) (Note 2)	Market risk (Note 3)		
<b>Assets</b>							
Cash and due from banks	72,568,875	72,568,875	72,568,875	—	—	—	—
Call loans and bills bought	2,553,463	2,553,463	2,553,463	—	—	—	—
Receivables under resale agreements	5,565,119	5,565,119	—	5,565,119	—	—	—
Receivables under securities borrowing transactions	5,827,448	5,827,448	—	5,827,448	—	—	—
Monetary claims bought	4,665,244	4,665,244	2,658,539	—	2,006,704	—	—
Trading assets (Note 1)	6,609,195	6,609,195	—	3,493,814	—	6,609,195	30,211
Money held in trust	309	309	309	—	—	—	—
Securities	36,549,043	36,549,043	35,605,063	—	876,660	—	67,319
Loans and bills discounted	85,132,738	85,132,738	84,381,054	—	718,470	—	33,213
Foreign exchanges	2,173,189	2,173,189	2,173,189	—	—	—	—
Lease receivables and investment assets	236,392	236,392	236,392	—	—	—	—
Other assets	8,590,785	8,590,785	4,212,861	3,278,025	5,565	—	1,094,332
Tangible fixed assets	1,458,991	1,458,991	1,458,991	—	—	—	—
Intangible fixed assets	738,759	738,759	176,205	—	—	—	562,553
Net defined benefit asset	565,534	565,534	173,033	—	—	—	392,500
Deferred tax assets	29,840	29,840	7,948	—	—	—	21,892
Customers' liabilities for acceptances and guarantees	9,978,396	9,978,396	9,789,365	—	189,030	—	—
Reserve for possible loan losses	(659,017)	(659,017)	(659,017)	—	—	—	—
<b>Total assets</b>	<b>242,584,308</b>	<b>242,584,308</b>	<b>215,336,276</b>	<b>18,164,407</b>	<b>3,796,431</b>	<b>6,609,195</b>	<b>2,202,023</b>
<b>Liabilities</b>							
Deposits	142,026,156	142,026,156	3,082	—	—	—	142,023,073
Negotiable certificates of deposit	12,570,617	12,570,617	—	—	—	—	12,570,617
Call money and bills sold	1,368,515	1,368,515	—	—	—	—	1,368,515
Payables under repurchase agreements	15,921,103	15,921,103	—	12,010,868	—	—	3,910,234
Payables under securities lending transactions	2,421,353	2,421,353	—	1,598,163	—	—	823,190
Commercial paper	1,686,404	1,686,404	—	—	—	—	1,686,404
Trading liabilities	5,357,649	5,357,649	—	3,281,080	—	5,357,649	85,885
Borrowed money	17,679,690	17,679,690	—	—	—	—	17,679,690
Foreign exchanges	1,113,037	1,113,037	—	—	—	—	1,113,037
Short-term bonds	585,000	585,000	—	—	—	—	585,000
Bonds	9,043,031	9,043,031	—	—	—	—	9,043,031
Due to trust account	2,321,223	2,321,223	—	—	—	—	2,321,223
Other liabilities	7,741,638	7,741,638	—	1,800,109	955	—	5,940,572
Reserve for employee bonuses	89,522	89,522	—	—	—	—	89,522
Reserve for executive bonuses	4,408	4,408	—	—	—	—	4,408
Net defined benefit liability	35,334	35,334	—	—	—	—	35,334
Reserve for executive retirement benefits	1,081	1,081	—	—	—	—	1,081
Reserve for point service program	24,655	24,655	—	—	—	—	24,655
Reserve for reimbursement of deposits	9,982	9,982	—	—	—	—	9,982
Reserve for losses on interest repayment	140,758	140,758	—	—	—	—	140,758
Reserve under the special laws	3,902	3,902	—	—	—	—	3,902
Deferred tax liabilities	532,193	532,193	—	—	—	—	532,193
Deferred tax liabilities for land revaluation	29,603	29,603	—	—	—	—	29,603
Acceptances and guarantees	9,978,396	9,978,396	—	—	—	—	9,978,396
<b>Total liabilities</b>	<b>230,685,262</b>	<b>230,685,262</b>	<b>3,082</b>	<b>18,690,222</b>	<b>955</b>	<b>5,357,649</b>	<b>210,000,317</b>

Notes: 1. Transactions in the trading book including derivative transactions extend over multiple risk categories, since they are subject to both market risks and counterparty credit risks.

2. Account titles including monetary claims boughts are subject to securitisation products if they have a characteristic of securitisation products, otherwise they are subject to CR, therefore, they extend over multiple risk categories.

3. Foreign exchange risk and commodities risk in the banking book are not included in column f "Market risk," since it is difficult to link them with account titles.

## 2. Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements (L12)

(Millions of yen)

L12: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements amounts	As of March 31, 2022					
	a	b	c	d	e	
	Total	Items subject to:				
CR (excluding amounts relevant to c and d)		CCR	Securitisation (excluding amounts relevant to e)	Market risk		
1	Asset carrying value amount under scope of regulatory consolidation	255,191,993	227,918,926	19,369,666	4,268,595	7,351,878
2	Liabilities carrying value amount under scope of regulatory consolidation	22,630,033	2,690	19,632,649	165	6,377,968
3	Total net amount under regulatory scope of consolidation	232,561,960	227,916,236	(262,983)	4,268,429	973,909
4	Off-balance sheet amounts	18,645,139	12,227,177 (Note 1)	5,587,886	830,075	—
5	Differences due to consideration of provisions and write-offs	922,221	922,221 (Note 2)	—	—	—
6	Differences due to derivative transactions	7,944,895	—	7,600,880 (Note 3)	10,384	—
7	Differences due to SFTs	3,143,353	—	3,143,353	—	—
8	Other differences	533,179	508,716	24,462	—	—
9	Regulatory exposure amounts	263,750,748	241,574,351	16,093,599	5,108,888	973,909

(Millions of yen)

L12: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements amounts	As of March 31, 2021					
	a	b	c	d	e	
	Total	Items subject to:				
CR (excluding amounts relevant to c and d)		CCR	Securitisation (excluding amounts relevant to e)	Market risk		
1	Asset carrying value amount under scope of regulatory consolidation	240,382,285	215,336,276	18,164,407	3,796,431	6,609,195
2	Liabilities carrying value amount under scope of regulatory consolidation	20,684,944	3,082	18,690,222	955	5,357,649
3	Total net amount under regulatory scope of consolidation	219,697,340	215,333,193	(525,814)	3,795,475	1,251,545
4	Off-balance sheet amounts	18,476,123	11,628,977 (Note 1)	6,197,703	649,442	—
5	Differences due to consideration of provisions and write-offs	778,700	778,700 (Note 2)	—	—	—
6	Differences due to derivative transactions	5,840,315	—	5,672,887 (Note 3)	10,368	—
7	Differences due to SFTs	1,745,970	—	1,745,970	—	—
8	Other differences	836,309	819,434	16,875	—	—
9	Regulatory exposure amounts	247,374,760	228,560,305	13,107,622	4,455,286	1,251,545

Notes: 1. This mainly comprises exposures due to commitment lines.

2. This mainly comprises assets subject to the IRB approach added with specific reserve and partial direct write-offs.

3. This mainly comprises the aggregation of the addition of derivative liabilities and regulatory add-on amounts, and the deduction of regulatory netting effect.

## Countercyclical buffer requirement by country or region

### Countercyclical buffer requirement by country or region

(Millions of yen, except percentages)

CCyB1: Countercyclical buffer (CCyB) requirement by country or region				
As of March 31, 2022				
	a	b	c	d
Geographical breakdown	Applicable CCyB ratio in effect	RWAs used in the computation of CCyB ratio	Bank-specific CCyB ratio	CCyB amount
Hong Kong	1.00%	1,608,333		
Luxembourg	0.50%	343,523		
Subtotal		1,951,856		
Total		55,344,904	0.03%	17,800

(Millions of yen, except percentages)

CCyB1: Countercyclical buffer (CCyB) requirement by country or region				
As of March 31, 2021				
	a	b	c	d
Geographical breakdown	Applicable CCyB ratio in effect	RWAs used in the computation of CCyB ratio	Bank-specific CCyB ratio	CCyB amount
Hong Kong	1.00%	1,250,053		
Luxembourg	0.50%	271,593		
Subtotal		1,521,646		
Total		51,798,134	0.02%	13,858

Note: While credit risk-weighted asset shall be calculated on an ultimate risk basis where feasible, some assets including funds and other assets or portion of assets subject to standardized approach, are calculated on an obligor basis or on a country of undertaking basis.

## Indicators for assessing Global Systemically Important Banks (G-SIBs)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

### Indicators for assessing Global Systemically Important Banks (G-SIBs)

(Millions of yen)

GSIB1: G-SIB indicators				
Basel III Template No.			As of March 31, 2022	As of March 31, 2021
1	Cross-jurisdictional activity	Cross-jurisdictional claims	73,516,381	61,121,865
2		Cross-jurisdictional liabilities	67,596,129	43,735,669
3	Size	Total exposures	278,082,730	261,628,332
4	Mutual relevance	Intra-financial system assets	42,247,617	37,084,619
5		Intra-financial system liabilities	22,611,775	21,420,138
6		Securities outstanding	30,555,904	29,390,832
7	Substitutability/ financial institution infrastructure	Assets under custody	14,481,827	12,031,686
8		Annual total amount of payments settled through settlement systems	4,344,694,781	4,233,462,531
9		Annual total amount of underwritten transactions in debt and equity markets	11,135,703	11,773,041
10		Total amount of trading volume	125,298,442	
11	Complexity	Total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions	1,085,323,445	903,061,478
12		Level 3 assets	495,618	507,291
13		Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts	12,004,699	12,514,926

Note: Terms in this form shall, unless otherwise prescribed separately, be used in accordance with the terminology used in the Notification as well as the Bank Holding Company Equity Capital Adequacy Notification.

- a. Basel III Template No. (hereinafter referred to as "Item No." in this form) 3 "Total exposures" shall state the total amount of the following.
- (1) The amount of on-balance sheet assets (total assets reported in the non-consolidated balance sheet or the consolidated balance sheet, less the amount of customers' liabilities for acceptance and guarantees, less the amounts reported with respect to (2) and (3) reported in the non-consolidated balance sheet or the consolidated balance sheet)
  - (2) The amount of derivative transactions, etc. (referring to forward contract, swap, option, and other derivatives and long settlement transactions; hereinafter the same in (2) and (4)) (the amount of exposure calculated in respect of derivative transactions, etc. (the amount of replacement cost calculated by using current exposure method or the standardized approach for counterparty credit risk (SA-CCR) (which shall be zero if such amount turned out to be a negative value), added by the add-on amount, as well as the notional amount of the credit derivative that provides protection), added by the consideration of the margin deposited in cash in connection with derivative transactions, etc.)
  - (3) The amount of SFTs (amount of cash receivables in SFTs added by the amount of exposure at the counterparty of transaction calculated for each unit of SFTs (which shall be zero if such amount turned out to be a negative value))
  - (4) The amount of off-balance sheet transactions (excluding derivative transactions, etc., and SFTs) (the amount of credit risk exposure at the counterparty of transaction, added by the amount of exposure arising from the underlying asset, as well as the amount of securitisation exposure)
- b. Item No.4 "Mutual relevance - Intra-financial system assets" shall state the total amount of the following balances concerning the credit granted to financial institutions, etc. (including financial instruments business operators prescribed under Article 2, Paragraph 9 of the Financial Instruments and Exchange Act, insurance companies, central counterparty, pension funds and other business operators of the similar kind; hereinafter the same in b. and c.).
- (1) Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions
  - (2) Holdings of securities issued by other financial institutions (referring to secured bonds, general unsecured bonds, subordinated bonds, short-term bonds, negotiable certificates of deposit and stock; hereinafter the same in Item No. 6)
  - (3) Net positive current exposure of SFTs with other financial institutions (which can take into account the effect of legally binding netting contracts, but cannot have a negative value)
  - (4) The add-on amount calculated based on the amount measured at fair value and by using the current exposure method or SA-CCR as adopted for the derivative instruments transactions and long settlement transactions with other financial institutions, without involving financial instruments markets as defined under Article 2, Paragraph 14 of the Financial

Instruments and Exchange Act, and foreign financial instruments markets as defined under Article 2, Paragraph 8, Item 3(b) of the same Act (which can take into account the effect of legally valid bilateral netting contracts, but cannot have a negative value; hereinafter collectively referred to as “financial instruments markets, etc.” in Item No. 11 and c.)

- c. Item No. 5 “Mutual relevance - Intra-financial system liabilities” shall state the total amount of the following balances.
- (1) Deposits due to, and loans obtained from other financial institutions (including undrawn committed lines)
  - (2) Net negative current exposure of SFTs with other financial institutions (which can take into account the effect of legally valid bilateral netting contracts, but cannot exceed zero)
  - (3) The add-on amount calculated based on the amount measured at fair value and by using the current exposure method or SA-CCR as adopted for the derivative instruments transactions and long settlement transactions with other financial institutions, without involving financial instruments markets, etc. (which can take into account the effect of legally valid bilateral netting contracts, but cannot exceed zero)
- d. Item No. 8 “Substitutability/financial infrastructure – the annual total amount of payments through settlement systems” shall state the annual total amount of payments settled through the BOJ-NET, the Japanese Banks’ Payment Clearing Network and other similar settlement systems but excluding intra-group payments in the most recently ended fiscal year.
- e. Item No.9 “Substitutability/financial infrastructure – the annual total amount of underwritten transactions in debt and equity markets” shall state the annual total amount of transactions underwritten in debt and equity markets in the most recently ended fiscal year (referring to securities underwriting as prescribed in Article 2, Paragraph 8, Item 6 of the Financial Instruments and Exchange Act).
- f. Financial institutions mentioned in Item No.11 “Complexity – total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions” refer to financial institutions, etc. as defined in b. above.
- g. Item No.13 “Complexity – Held-for-trading (HFT) securities and available-for-sale (AFS) securities” shall state the total amount of balances of Held-for-trading (HFT) securities and available-for-sale (AFS) securities (excluding HFT and AFS securities that are considered to have high liquidity).
- h. The figures for Items No. 3 through No. 6, and for Items No. 11 and No. 12 shall include the amounts of exposure from insurance subsidiaries (if a bank has companies set forth in Article 16-2, Paragraph 1, Item 5, Item 5-2 or Item 9 of the Banking Act (Act No. 59 of 1981) as its subsidiaries, insurance subsidiaries refer to the said subsidiaries, and if a bank holding company has companies set forth in Article 52-23, Paragraph 1, Item 4, Item 4-2 or Item 8 of the same Act as its subsidiaries, insurance subsidiaries refer to the said subsidiaries).
- i. In each item in this form, if there is no specific applicable amount in the submitting financial institution, the item in question shall not be deleted but just be marked with [ - ].
- j. In this form, all amounts shall be stated in the designated unit herein, and any fraction less than such unit shall be rounded down.
- k. This form shall be prepared only by a bank subject to the uniform international standards (excluding the bank that is a consolidated subsidiary of a bank as well as the bank that is a consolidated subsidiary not of a bank but of a banking holding company, and consolidated subsidiary of a regulated foreign entity), or a holding company subject to the uniform international standards that states in Item No. 3 an equivalent to an amount in excess of 200 billion euros at the exchange rate as at the end of its most recently ended fiscal year, or that is designated by the Commissioner of the Financial Services Agency of Japan as an equivalent to a bank or a holding company subject to the uniform international standards.

## ■ Composition of Leverage Ratio

(In million yen, %)

Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Items	As of March 31, 2022	As of March 31, 2021
<b>On-balance sheet exposures (1)</b>				
1		On-balance sheet exposures before deducting adjustment items	166,341,091	152,849,023
1a	1	Total assets reported in the consolidated balance sheet	197,228,681	180,700,101
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	30,887,589	27,851,078
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	1,526,382	1,073,527
3		Total on-balance sheet exposures (a)	164,814,709	151,775,496
<b>Exposures related to derivative transactions (2)</b>				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.	3,527,325	2,652,012
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Add-on amount associated with derivatives transactions, etc.	5,084,780	4,033,004
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	1,111,871	833,230
6		The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		
		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	457,683	145,293
8		The amount of client-cleared trade exposures for which a bank or bank holding company acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives	1,226,418	1,153,370
10		The amount of deductions from effective notional amount of written credit derivatives (-)	1,099,912	970,631
11	4	Total exposures related to derivative transactions (b)	9,392,799	7,555,693
<b>Exposures related to repo transactions (3)</b>				
12		The amount of assets related to repo transactions, etc.	11,685,139	11,392,567
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	1,137,324	1,008,468
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	12,822,464	12,401,035
<b>Exposures related to off-balance sheet transactions (4)</b>				
17		Notional amount of off-balance sheet transactions	75,178,234	69,657,013
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	46,127,804	43,218,454
19	6	Total exposures related to off-balance sheet transactions (d)	29,050,429	26,438,558
<b>Leverage ratio on a consolidated basis (5)</b>				
20		The amount of capital (Tier 1 capital) (e)	11,186,225	11,199,300
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	216,080,403	198,170,783
22		Leverage ratio on a consolidated basis ((e)/(f))	5.17%	5.65%
<b>Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) (6)</b>				
		Total exposures (f)	216,080,403	198,170,783
		The amount of deposits with the Bank of Japan	60,475,944	61,884,206
		Total exposures (including deposits with the Bank of Japan) (f')	276,556,348	260,054,990
		Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) ((e)/(f'))	4.04%	4.30%

## TLAC information

### TLAC1: TLAC composition for G-SIBs (at resolution group level)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Millions of yen, except percentages)

Basel III Template No.	Items		As of March 31, 2022	As of March 31, 2021
<b>Preferred resolution strategy (1)</b>				
The SPE (Single Point of Entry) resolution strategy is considered to be the preferred resolution strategy for Sumitomo Mitsui Financial Group, Inc. (SMFG) and its subsidiaries. More concretely, at the time of a stress, following the relevant authority's determination that one or more of the material sub-groups, i.e. Sumitomo Mitsui Banking Corporation and SMBC Nikko Securities Inc., have reached the point of non-viability, losses incurred to them would be passed to SMFG, the ultimate holding company. While this could lead to a resolution of SMFG, the material sub-groups are expected to continue their business as usual under the Specified Bridge Financial Institution, etc. incorporated by the Deposit Insurance Corporation of Japan (DICJ) to which SMFG transfers its business.				
<b>Regulatory capital elements of TLAC and adjustments (2)</b>				
1	Common Equity Tier 1 capital (CET1)	(A)	10,458,377	10,562,772
2	Additional Tier 1 capital (AT1) before TLAC adjustments	(B)	727,847	636,528
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	(C)	—	—
4	Other adjustments	(D)	22,104	—
5	AT1 instruments eligible under the TLAC framework ((B) - (C) - (D))	(E)	705,743	636,528
6	Tier 2 capital (T2) before TLAC adjustments	(F)	797,534	1,089,970
7	Amortised portion of T2 instruments where remaining maturity > 1 year	(G)	(242,608)	(179,401)
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(H)	—	—
9	Other adjustments	(I)	4,722	52,811
10	T2 instruments eligible under the TLAC framework ((F) - (G) - (H) - (I))	(J)	1,035,421	1,216,561
11	TLAC arising from regulatory capital ((A) + (E) + (J))	(K)	12,199,542	12,415,862
<b>Non-regulatory capital elements of TLAC (3)</b>				
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	(L)	5,896,263	5,307,262
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements			
14	Of which: amount eligible as TLAC after application of the caps			
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022			
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	(M)	2,532,252	1,650,200
17	TLAC arising from non-regulatory capital instruments before adjustments ((L) + (M))	(N)	8,428,515	6,957,463
<b>Non-regulatory capital elements of TLAC: adjustments (4)</b>				
18	TLAC before deductions ((K) + (N))	(O)	20,628,057	19,373,325
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	(P)	—	—
20	Deduction of investments in own other TLAC liabilities	(Q)	—	—
21	Other adjustment to TLAC	(R)	—	—
22	TLAC after deductions ((O) - (P) - (Q) - (R))	(S)	20,628,057	19,373,325
<b>Risk-weighted assets and leverage exposure measure for TLAC purposes (5)</b>				
23	Total risk-weighted assets (RWA)	(T)	72,350,071	66,008,023
24	Total exposures	(U)	216,080,403	198,170,783
<b>TLAC ratios and buffers (6)</b>				
25	TLAC before deduction of CET1 specific buffer requirement (as a percentage of RWA) ((S) / (T))		28.51%	29.34%
25a	TLAC (as a percentage of RWA)		24.98%	25.82%
26	TLAC (as a percentage of total exposures) ((S) / (U))		9.54%	9.77%
27	CET1 available after meeting the minimum capital requirements		8.56%	10.61%
28	CET1 specific buffer requirement		3.53%	3.52%
29	of which: capital conservation buffer requirement		2.50%	2.50%
30	of which: countercyclical buffer requirement		0.03%	0.02%
31	of which: G-SIB/D-SIB additional requirement		1.00%	1.00%
<b>TLAC (as a percentage of total exposures) (including deposits with the Bank of Japan) (7)</b>				
	Total exposures	(U)	216,080,403	198,170,783
	The amount of deposits with the Bank of Japan		60,475,944	61,884,206
	Total exposures (including deposits with the Bank of Japan)	(U')	276,556,348	260,054,990
	TLAC (as a percentage of total exposures) (including deposits with the Bank of Japan) ((S)/(U'))		7.45%	7.44%

### TLAC2: - Material subgroup entity - creditor ranking at legal entity level

Sumitomo Mitsui Banking Corporation

(Millions of yen)

Basel III Template No.	Items	As of March 31, 2022								Sum of 1 to 4
		Creditor ranking								
		1 (most junior)		2		3		4 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Additional Tier 1 instruments		Tier 2 instruments *		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	3,545,551	—	1,235,000	—	996,519	—	6,834,878	—	12,611,948
4	Subset of row 3 that are excluded liabilities (B)	—	—	—	—	—	—	—	—	—
5	Total capital and liabilities less excluded liabilities ((A)-(B))	3,545,551	—	1,235,000	—	996,519	—	6,834,878	—	12,611,948
6	Subset of row 5 that are eligible as TLAC	3,545,551	—	1,235,000	—	996,519	—	5,898,275	—	11,675,346
7	1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	530,502	—	530,502
8	2 years ≤ residual maturity < 5 years	—	—	—	—	574,217	—	2,758,104	—	3,332,322
9	5 years ≤ residual maturity < 10 years	—	—	—	—	318,253	—	2,084,896	—	2,403,149
10	10 years ≤ residual maturity (excluding perpetual securities)	—	—	—	—	104,048	—	524,771	—	628,820
11	Perpetual securities	3,545,551	—	1,235,000	—	—	—	—	—	4,780,551

SMBC Nikko Securities Inc.

(Millions of yen)

Basel III Template No.	Items	As of March 31, 2022						Sum of 1 to 3
		Creditor ranking						
		1 (most junior)		2		3 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Subordinated debts		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	467,714	—	—	—	—	—	467,714
4	Subset of row 3 that are excluded liabilities (B)	—	—	—	—	—	—	—
5	Total capital and liabilities less excluded liabilities ((A)-(B))	467,714	—	—	—	—	—	467,714
6	Subset of row 5 that are eligible as TLAC	467,714	—	—	—	—	—	467,714
7	1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	—
8	2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	—
9	5 years ≤ residual maturity < 10 years	—	—	—	—	—	—	—
10	10 years ≤ residual maturity (excluding perpetual securities)	—	—	—	—	—	—	—
11	Perpetual securities	467,714	—	—	—	—	—	467,714

Sumitomo Mitsui Banking Corporation

(Millions of yen)

		As of March 31, 2021								Sum of 1 to 4
		Creditor ranking								
Basel III Template No.	Items	1 (most junior)		2		3		4 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Additional Tier 1 instruments		Tier 2 instruments *		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	3,545,551	–	1,155,000	–	990,201	534,065	6,049,980	–	12,274,797
4	Subset of row 3 that are excluded liabilities (B)	–	–	–	–	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities ((A)-(B))	3,545,551	–	1,155,000	–	990,201	534,065	6,049,980	–	12,274,797
6	Subset of row 5 that are eligible as TLAC	3,545,551	–	1,155,000	–	990,201	273,000	5,308,487	–	11,272,239
7	1 year ≤ residual maturity < 2 years	–	–	–	–	–	48,000	852,490	–	900,490
8	2 years ≤ residual maturity < 5 years	–	–	–	–	437,742	70,000	1,744,677	–	2,252,420
9	5 years ≤ residual maturity < 10 years	–	–	–	–	552,458	135,000	2,418,766	–	3,106,224
10	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	–	–	–	292,553	–	292,553
11	Perpetual securities	3,545,551	–	1,155,000	–	–	20,000	–	–	4,720,551

\* Including eligible Tier 2 capital instruments subject to transitional arrangements

SMBC Nikko Securities Inc.

(Millions of yen)

		As of March 31, 2021						Sum of 1 to 3
		Creditor ranking						
Basel III Template No.	Items	1 (most junior)		2		3 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Subordinated debts		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	467,714	–	–	–	–	–	467,714
4	Subset of row 3 that are excluded liabilities (B)	–	–	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities ((A)-(B))	467,714	–	–	–	–	–	467,714
6	Subset of row 5 that are eligible as TLAC	467,714	–	–	–	–	–	467,714
7	1 year ≤ residual maturity < 2 years	–	–	–	–	–	–	–
8	2 years ≤ residual maturity < 5 years	–	–	–	–	–	–	–
9	5 years ≤ residual maturity < 10 years	–	–	–	–	–	–	–
10	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	–	–	–	–
11	Perpetual securities	467,714	–	–	–	–	–	467,714

## ■ TLAC3: Creditor ranking of external TLAC, etc.

Sumitomo Mitsui Financial Group, Inc.

(Millions of yen)

		As of March 31, 2022					Sum of 1 to 4
		Creditor ranking					
Basel III Template No.	Items	1 (most junior)	2	3	4 (most senior)		
1	Description of creditor ranking	Common share capital	Additional Tier 1 instruments	Tier 2 instruments	Unsecured senior bonds *1		
2	Total capital and liabilities net of credit risk mitigation (A)	3,905,233	735,000	996,519	6,889,809	12,526,562	
3	Subset of row 2 that are excluded liabilities *2 (B)	–	–	–	50,392	50,392	
4	Total capital and liabilities less excluded liabilities ((A)-(B))	3,905,233	735,000	996,519	6,839,417	12,476,169	
5	Subset of row 4 that are eligible as TLAC	3,905,233	735,000	996,519	5,902,814	11,539,567	
6	1 year ≤ residual maturity < 2 years	–	–	–	530,502	530,502	
7	2 years ≤ residual maturity < 5 years	–	–	574,217	2,759,616	3,333,833	
8	5 years ≤ residual maturity < 10 years	–	–	318,253	2,084,896	2,403,149	
9	10 years ≤ residual maturity (excluding perpetual securities)	–	–	104,048	527,799	631,848	
10	Perpetual securities	3,905,233	735,000	–	–	4,640,233	

\*1 Excluding those owed to group companies

\*2 Conservatively estimated in light of quantitative materiality

Sumitomo Mitsui Financial Group, Inc.

(Millions of yen)

		As of March 31, 2021					Sum of 1 to 4
		Creditor ranking					
Basel III Template No.	Items	1 (most junior)	2	3	4 (most senior)		
1	Description of creditor ranking	Common share capital	Additional Tier 1 instruments	Tier 2 instruments	Unsecured senior bonds *1		
2	Total capital and liabilities net of credit risk mitigation (A)	3,904,025	655,000	990,201	6,100,508	11,649,735	
3	Subset of row 2 that are excluded liabilities *2 (B)	–	–	–	48,045	48,045	
4	Total capital and liabilities less excluded liabilities ((A)-(B))	3,904,025	655,000	990,201	6,052,462	11,601,689	
5	Subset of row 4 that are eligible as TLAC	3,904,025	655,000	990,201	5,310,969	10,860,196	
6	1 year ≤ residual maturity < 2 years	–	–	–	852,490	852,490	
7	2 years ≤ residual maturity < 5 years	–	–	437,742	1,746,453	2,184,195	
8	5 years ≤ residual maturity < 10 years	–	–	552,458	2,418,766	2,971,224	
9	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	293,259	293,259	
10	Perpetual securities	3,904,025	655,000	–	–	4,559,025	

\*1 Excluding those owed to group companies

\*2 Conservatively estimated in light of quantitative materiality

## Liquidity Coverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, Sumitomo Mitsui Financial Group calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank Holding Company as a Benchmark for Judging the Soundness of Management of Itself and its Subsidiaries, etc., Based on the Provision of Article 52-25 of the Banking Act, and Which Are Also the Criteria to be Referred to for Judging the Soundness of Management in Banks” (Notification No. 62 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

### ■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

#### 1. Intra-period Changes in Consolidated LCR

As described on the following page, the LCR has remained stable since the introduction of the liquidity ratio regulation on March 31, 2015.

#### 2. Assessment of Consolidated LCR

The Liquidity Ratio Notification stipulates the minimum requirement of the LCR at 100%. The LCR of Sumitomo Mitsui Financial Group (consolidated) exceeds the minimum requirements of the LCR, having no cause for concern. In terms of the future LCR forecasts, Sumitomo Mitsui Financial Group does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

#### 3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% or more of Sumitomo Mitsui Financial Group’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

#### 4. Other Information Concerning Consolidated LCR

Sumitomo Mitsui Financial Group has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 28 of the Liquidity Ratio Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 37 of the Liquidity Ratio Notification. Meanwhile, Sumitomo Mitsui Financial Group records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 59 of the Liquidity Ratio Notification.

### ■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item	Current Quarter (From 2022/1/1 To 2022/3/31)		Prior Quarter (From 2021/10/1 To 2021/12/31)		
<b>High-Quality Liquid Assets (1)</b>					
1	Total high-quality liquid assets (HQLA)	75,868,085	76,742,629		
<b>Cash Outflows (2)</b>					
2	Cash outflows related to unsecured retail funding	58,984,986	4,596,333	58,212,318	4,540,952
3	of which, Stable deposits	18,635,582	560,780	18,329,361	552,051
4	of which, Less stable deposits	40,349,404	4,035,552	39,882,956	3,988,900
5	Cash outflows related to unsecured wholesale funding	82,452,228	41,795,233	79,609,143	39,610,583
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	76,505,931	35,848,935	74,476,547	34,477,987
8	of which, Debt securities	5,946,297	5,946,297	5,132,595	5,132,595
9	Cash outflows related to secured funding, etc.	—	479,981	—	550,586
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	30,149,473	9,940,100	29,201,360	9,578,052
11	of which, Cash outflows related to derivative transactions, etc.	1,571,209	1,571,209	1,596,100	1,596,100
12	of which, Cash outflows related to funding programs	313,805	313,805	278,458	278,458
13	of which, Cash outflows related to credit and liquidity facilities	28,264,458	8,055,086	27,326,801	7,703,493
14	Cash outflows related to contractual funding obligations, etc.	10,683,416	7,759,521	10,380,360	7,497,646
15	Cash outflows related to contingencies	78,584,828	1,685,844	78,341,578	1,615,153
16	Total cash outflows	—	66,257,014	—	63,392,975
<b>Cash Inflows (3)</b>					
17	Cash inflows related to secured lending, etc.	7,425,157	1,039,271	6,430,277	1,027,433
18	Cash inflows related to collection of loans, etc.	14,279,210	9,657,060	10,799,062	6,902,610
19	Other cash inflows	3,641,898	2,044,897	4,138,451	1,959,932
20	Total cash inflows	25,346,266	12,741,229	21,367,791	9,889,977
<b>Consolidated Liquidity Coverage Ratio (4)</b>					
21	Total HQLA allowed to be included in the calculation	—	75,868,085	—	76,742,629
22	Net cash outflows	—	53,515,785	—	53,502,998
23	Consolidated liquidity coverage ratio (LCR)	—	141.7%	—	143.4%
24	The number of data used to calculate the average value	—	59	—	63

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group’s website. ([https://www.smfg.co.jp/english/investor/financial/basel\\_3.html](https://www.smfg.co.jp/english/investor/financial/basel_3.html))

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data, such as attribute information of customers and data on consolidated subsidiaries, is updated on the monthly or quarterly basis.

### ■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item	Current Quarter (From 2022/1/1 To 2022/3/31)	Prior Quarter (From 2021/10/1 To 2021/12/31)	
1	Cash and due from banks	69,831,673	69,372,474
2	Securities	6,036,412	7,370,155
3	of which, government bonds, etc.	2,606,914	4,051,565
4	of which, municipal bonds, etc.	372,041	349,218
5	of which, other bonds	897,415	800,076
6	of which, stocks	2,160,040	2,169,294
7	Total high-quality liquid assets (HQLA)	75,868,085	76,742,629

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

## Net Stable Funding Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Since September 30, 2021, the “Net Stable Funding Ratio” (hereinafter referred to as “NSFR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, Sumitomo Mitsui Financial Group calculates its consolidated NSFR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank Holding Company as a Benchmark for Judging the Soundness of Management of Itself and its Subsidiaries, etc., Based on the Provision of Article 52-25 of the Banking Act, and Which Are Also the Criteria to be Referred to for Judging the Soundness of Management in Banks” (Notification No. 62 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

### Disclosure of Qualitative Information about Net Stable Funding Ratio

#### 1. Intra-period Changes in Consolidated NSFR

As described on the following page, the NSFR has remained stable since the introduction of the liquidity ratio regulation on September 30, 2021.

#### 2. Special Provisions Pertaining to Interdependent Assets and Liabilities

Sumitomo Mitsui Financial Group has not applied the “special provisions pertaining to interdependent assets and liabilities” prescribed in Article 99 of the Liquidity Ratio Notification to its NSFR.

#### 3. Other Information Concerning Consolidated NSFR

The Liquidity Ratio Notification stipulates the minimum requirement of the NSFR at 100%. The NSFR of Sumitomo Mitsui Financial Group (consolidated) exceeds the minimum requirements of the NSFR, having no cause for concern. In terms of the future NSFR forecasts, Sumitomo Mitsui Financial Group does not expect significant deviations from the disclosed ratios. In addition, the actual NSFR does not differ significantly from the initial forecast.

### Disclosure of Quantitative Information about Net Stable Funding Ratio (Consolidated)

(In million yen, %)

Item		Current Quarter (From 2022/1/1 To 2022/3/31)					Prior Quarter (From 2021/10/1 To 2021/12/31)				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items (1)											
1	Capital; of which:	12,127,748	0	85,000	1,609,971	13,822,720	12,257,208	0	85,000	1,632,989	13,975,197
2	Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (excluding the proportion of Tier 2 instruments with residual maturity of less than one year) before the application of capital deductions	12,127,748	0	85,000	1,367,363	13,580,111	12,257,208	0	85,000	1,425,773	13,767,981
3	Other capital instruments that are not included in the above category	0	0	0	242,608	242,608	0	0	0	207,215	207,215
4	Funding from retail and small business customers; of which:	59,457,858	0	0	35,516	54,494,767	59,482,778	0	0	33,125	54,535,853
5	Stable deposits	18,943,568	0	0	0	17,996,390	19,364,539	0	0	0	18,396,312
6	Less stable deposits	40,514,289	0	0	35,516	36,498,377	40,118,239	0	0	33,125	36,139,541
7	Wholesale funding; of which:	65,216,355	65,270,243	5,772,536	18,071,262	54,403,049	62,449,436	64,221,641	4,035,379	18,763,732	53,077,061
8	Operational deposits	—	—	—	—	—	—	—	—	—	—
9	Other wholesale funding	65,216,355	65,270,243	5,772,536	18,071,262	54,403,049	62,449,436	64,221,641	4,035,379	18,763,732	53,077,061
10	Liabilities with matching interdependent assets	—	—	—	—	—	—	—	—	—	—
11	Other liabilities; of which:	559,495	10,156,474	0	216,994	69,583	562,629	11,837,848	0	225,204	64,498
12	Derivative liabilities	—	—	—	0	—	—	—	—	0	—
13	All other liabilities and equity not included in the above categories	559,495	10,156,474	0	216,994	69,583	562,629	11,837,848	0	225,204	64,498
14	Total available stable funding					122,790,120					121,652,611
Required stable funding (RSF) items (2)											
15	HQLA					2,275,942					2,502,077
16	Deposits held at financial institutions for operational purposes	372,422	17,623	0	0	195,023	258,026	19,960	0	0	138,993
17	Loans, repo transactions-related assets, securities and other similar assets; of which:	1,476,555	34,886,104	9,696,766	68,065,279	75,090,251	1,624,413	37,660,165	8,699,171	64,977,107	72,511,251
18	Loans to- and repo transactions with- financial institutions (secured by level 1 HQLA)	0	7,549,006	81,820	7,119	55,077	0	7,466,327	77,241	30,124	83,082
19	Loans to- and repo transactions with- financial institutions (not included in item 18)	149,331	5,815,185	2,731,290	10,753,544	13,099,011	299,566	8,095,092	2,208,043	9,761,528	12,228,112
20	Loans and repo transactions-related assets (not included in item 18, 19 and 22); of which:	946,694	20,219,070	6,263,180	43,106,871	49,825,767	947,538	20,707,136	5,651,231	40,820,538	47,846,994
21	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	773	2,379,630	492,502	1,499,214	1,926,246	206	2,246,614	369,503	1,677,500	2,019,103
22	Residential mortgages; of which:	0	295,941	293,173	10,617,873	8,010,554	0	296,278	295,526	10,657,998	8,044,009
23	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	0	158,555	158,098	6,545,977	4,413,212	0	158,639	158,378	6,555,958	4,419,881
24	Securities that are not in default and do not qualify as HQLA and other similar assets	380,530	1,006,899	327,301	3,579,870	4,099,840	377,307	1,095,330	467,127	3,706,916	4,309,053
25	Assets with matching interdependent liabilities	—	—	—	—	—	—	—	—	—	—
26	Other assets; of which:	3,669,439	1,587,172	149,091	14,266,632	18,424,398	3,308,337	1,593,725	93,679	14,139,487	18,134,301
27	Physical traded commodities, including gold	0	—	—	—	0	0	—	—	—	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs (including those that are not recorded on consolidated balance sheet)	—	—	—	737,012	626,460	—	—	—	662,423	563,060
29	Derivative assets	—	—	—	857,551	857,551	—	—	—	1,037,878	1,037,878
30	Derivative liabilities (before deduction of variation margin posted)	—	—	—	172,367	172,367	—	—	—	97,146	97,146
31	All other assets not included in the above categories	3,669,439	1,587,172	149,091	12,499,701	16,768,019	3,308,337	1,593,725	93,679	12,342,038	16,436,216
32	Off-balance sheet items	—	—	—	111,772,213	2,237,651	—	—	—	105,865,711	2,143,085
33	Total required stable funding					98,223,267					95,429,710
34	Consolidated net stable funding ratio (NSFR)					125.0%					127.4%

## Financial Highlights

Financial Data (Excerpt from Securities Report) of Sumitomo Mitsui Banking Corporation can be found on our website.

URL: [https://www.smfg.co.jp/english/investor/library/annual/cy2022annu\\_eng\\_smfg.html](https://www.smfg.co.jp/english/investor/library/annual/cy2022annu_eng_smfg.html)

### Sumitomo Mitsui Banking Corporation

#### ■ Consolidated

Year ended March 31	Millions of yen				
	2022	2021	2020	2019	2018
For the Year:					
Ordinary income.....	¥ 2,990,450	¥ 2,786,647	¥ 3,469,068	¥ 3,369,898	¥ 3,117,087
Ordinary profit .....	867,849	534,722	770,491	894,501	932,733
Profit attributable to owners of parent .....	568,244	406,093	517,750	617,493	627,582
Comprehensive income .....	327,943	1,238,547	222,122	548,236	782,502
At Year-End:					
Total net assets .....	¥ 9,219,858	¥ 9,256,369	¥ 8,368,349	¥ 8,986,749	¥ 9,090,403
Total assets .....	242,105,934	228,066,567	206,089,633	190,690,293	182,727,495
Total capital ratio (BIS guidelines).....	15.78%	17.72%	18.06%	20.32%	21.14%
Tier 1 capital ratio (BIS guidelines).....	14.53%	15.89%	15.80%	17.57%	18.22%
Common equity Tier 1 capital ratio (BIS guidelines).....	12.67%	13.98%	13.70%	15.17%	15.29%
Number of employees.....	58,041	58,127	57,961	58,527	40,058

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.

#### ■ Non-consolidated

Year ended March 31	Millions of yen				
	2022	2021	2020	2019	2018
For the Year:					
Ordinary income.....	¥ 2,477,287	¥ 2,283,356	¥ 2,851,162	¥ 2,805,840	¥ 2,540,450
Trust fees.....	2,254	2,076	2,110	2,250	2,038
Gross banking profit (A) .....	1,579,178	1,481,662	1,412,007	1,395,586	1,427,924
Expenses (excluding nonrecurring losses) (B) .....	857,233	816,488	808,052	811,533	810,752
Overhead ratio (B) / (A).....	54.3%	55.1%	57.2%	58.2%	56.8%
Banking profit					
(before provision for general reserve for possible loan losses).....	721,944	665,173	603,955	584,053	617,171
Core banking profit .....	764,309	585,189	529,752	581,176	/
Core banking profit (excluding gains or losses on cancellation of investment trusts).....	722,805	551,401	505,785	535,229	/
Banking profit.....	715,731	502,679	586,741	584,053	617,171
Ordinary profit .....	745,950	436,062	483,944	649,647	755,266
Net income.....	546,294	338,036	317,381	477,367	577,028
At Year-End:					
Total net assets.....	¥ 7,546,483	¥ 8,065,866	¥ 7,496,219	¥ 7,962,185	¥ 7,921,268
Total assets.....	227,964,729	215,846,732	193,963,791	179,348,654	170,923,146
Deposits .....	141,015,245	134,685,582	119,973,324	116,091,103	110,243,226
Loans and bills discounted .....	87,671,294	81,937,725	80,187,382	76,401,807	73,896,163
Securities .....	38,238,579	36,487,225	27,058,633	24,336,638	25,916,718
Trust assets and liabilities.....	4,622,304	4,484,901	4,261,245	3,842,641	4,756,748
Loans and bills discounted.....	751,760	671,654	662,844	477,094	398,772
Securities in trust account (excluding electronically recorded transferable rights on securities in trust account) .....	889,179	922,114	1,164,251	1,330,384	2,358,665
Electronically recorded transferable rights on securities in trust account .....	—	—	—	—	—
Capital stock .....	1,770,996	1,770,996	1,770,996	1,770,996	1,770,996
Number of shares issued (in thousands)					
Common stock.....	106,248	106,248	106,248	106,248	106,248
Preferred stock.....	70	70	70	70	70
Dividend payout ratio .....	70.61%	77.79%	167.61%	73.09%	55.22%
Total capital ratio (BIS guidelines).....	14.77%	16.96%	17.61%	20.28%	21.11%
Tier 1 capital ratio (BIS guidelines).....	13.49%	15.08%	15.23%	17.37%	18.11%
Common equity Tier 1 capital ratio (BIS guidelines).....	11.53%	13.09%	13.01%	14.85%	15.07%
Number of employees.....	27,851	28,104	27,957	28,482	29,192

Notes: 1. Core banking profit = Banking profit (before provision for general reserve for possible loan losses) – Gains (losses) on bonds

2. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who do not concurrently serve as Directors.

## Basel III Information

### Capital Ratio and Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

#### ■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2022	As of March 31, 2021	Reference to Template CC2
<b>Common Equity Tier 1 capital: instruments and reserves (1)</b>				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,351,294	7,168,980	
1a	of which: capital and capital surplus	3,527,198	3,527,294	
2	of which: retained earnings	3,867,551	3,676,110	
1c	of which: treasury stock (-)	—	—	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	43,455	34,424	
	of which: other than the above	—	—	
1b	Stock acquisition rights to common shares	—	—	
3	Accumulated other comprehensive income and other disclosed reserves	1,695,697	1,951,141	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	1,231	1,145	
6	Common Equity Tier 1 capital: instruments and reserves	(A) 9,048,223	9,121,267	
<b>Common Equity Tier 1 capital: regulatory adjustments (2)</b>				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	228,199	252,668	
8	of which: goodwill (including those equivalent)	6,003	7,837	
9	of which: other intangibles other than goodwill and mortgage servicing rights	222,195	244,830	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,452	3,314	
11	Net deferred gains or losses on hedges	(73,356)	32,799	
12	Shortfall of eligible provisions to expected losses	—	—	
13	Securitisation gain on sale	56,744	58,866	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	22,099	10,915	
15	Net defined benefit asset	427,347	387,997	
16	Investments in own shares (excluding those reported in the Net assets section)	—	—	
17	Reciprocal cross-holdings in common equity	—	—	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	
19+20+21	Amount exceeding the 10% threshold on specified items	—	—	
19	of which: significant investments in the common stock of financials	—	—	
20	of which: mortgage servicing rights	—	—	
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	
22	Amount exceeding the 15% threshold on specified items	—	—	
23	of which: significant investments in the common stock of financials	—	—	
24	of which: mortgage servicing rights	—	—	
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—	—	
28	Common Equity Tier 1 capital: regulatory adjustments	(B) 665,487	746,562	
<b>Common Equity Tier 1 capital (CET1)</b>				
29	Common Equity Tier 1 capital (CET1) ((A)-(B))	(C) 8,382,735	8,374,704	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31,2022	As of March 31,2021	Reference to Template CC2	
<b>Additional Tier 1 capital: instruments (3)</b>					
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	
	31b	Stock acquisition rights to Additional Tier 1 instruments	—	—	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,235,000	1,155,000	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	20,588	13,804		
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	—	—		
33	of which: instruments issued by banks and their special purpose vehicles	—	—		
35	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—	—		
36	Additional Tier 1 capital: instruments (D)	1,255,588	1,168,804		
<b>Additional Tier 1 capital: regulatory adjustments</b>					
37	Investments in own Additional Tier 1 instruments	—	—		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—		
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	25,525	25,525		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,525	25,525		
<b>Additional Tier 1 capital (AT1)</b>					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,230,062	1,143,278		
<b>Tier 1 capital (T1 = CET1 + AT1)</b>					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	9,612,798	9,517,983		
<b>Tier 2 capital: instruments and provisions (4)</b>					
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—		
	Stock acquisition rights to Tier 2 instruments	—	—		
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	753,772	863,542		
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—		
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group T2)	4,365	2,395		
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	—	203,452		
47	of which: instruments issued by banks and their special purpose vehicles	—	203,452		
49	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—	—		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	102,903	58,190		
50a	of which: general reserve for possible loan losses	11,647	16,602		
50b	of which: eligible provisions	91,255	41,587		
51	Tier 2 capital: instruments and provisions (H)	861,041	1,127,580		

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31,2022	As of March 31,2021	Reference to Template CC2
<b>Tier 2 capital: regulatory adjustments (5)</b>				
52	Investments in own Tier 2 instruments	—	—	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	36,723	33,213	
57	Tier 2 capital: regulatory adjustments (I)	36,723	33,213	
<b>Tier 2 capital (T2)</b>				
58	Tier 2 capital (T2) ((H)-(I)) (J)	824,318	1,094,367	
<b>Total capital (TC = T1 + T2)</b>				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	10,437,117	10,612,351	
<b>Risk weighted assets (6)</b>				
60	Total risk-weighted assets (RWA) (L)	66,120,492	59,871,204	
<b>Capital ratios (consolidated) (7)</b>				
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	12.67%	13.98%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.53%	15.89%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.78%	17.72%	
<b>Regulatory adjustments (8)</b>				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	623,375	427,937	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	534,426	513,849	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	27,386	3,945	
<b>Provisions included in Tier 2 capital: instruments and provisions (9)</b>				
76	Provisions (general reserve for possible loan losses)	11,647	16,602	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	23,965	22,691	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	91,255	41,587	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	292,945	274,069	
<b>Capital instruments subject to transitional arrangements (10)</b>				
82	Current cap on AT1 instruments subject to transitional arrangements	—	123,785	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	—	—	
84	Current cap on T2 instruments subject to transitional arrangements	—	203,452	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	—	56,412	

(Millions of yen)

Items	As of March 31,2022	As of March 31,2021
Required capital ((L) × 8%)	5,289,639	4,789,696

## ■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation and Subsidiaries

Items	a		b	c		
	Consolidated balance sheet as in published financial statements				Reference to Template CC1	Reference to appended table
	As of March 31, 2022	As of March 31, 2021				
(Assets)						
Cash and due from banks	72,742,334	70,430,539				
Call loans and bills bought	3,265,134	3,253,463				
Receivables under resale agreements	3,856,984	4,827,826				
Receivables under securities borrowing transactions	1,874,221	1,602,444				
Monetary claims bought	5,363,980	4,657,587				
Trading assets	3,780,424	3,408,323		6-a		
Money held in trust	0	0				
Securities	37,465,859	35,493,879		2-b,6-b		
Loans and bills discounted	92,472,845	86,594,613		6-c		
Foreign exchanges	2,799,157	2,164,234				
Lease receivables and investment assets	228,608	236,392				
Other assets	6,312,402	5,063,312		6-d		
Tangible fixed assets	1,297,011	1,305,648				
Intangible fixed assets	314,145	346,534		2-a		
Net defined benefit asset	616,206	559,043		3		
Deferred tax assets	52,543	30,870		4-a		
Customers' liabilities for acceptances and guarantees	10,342,818	8,618,012				
Reserve for possible loan losses	(678,743)	(526,161)				
<b>Total assets</b>	<b>242,105,934</b>	<b>228,066,567</b>				
(Liabilities)						
Deposits	149,249,696	142,486,668				
Negotiable certificates of deposit	13,460,296	12,760,617				
Call money and bills sold	704,999	536,515				
Payables under repurchase agreements	16,350,836	13,720,196				
Payables under securities lending transactions	305,779	551,377				
Commercial paper	1,856,909	1,686,404				
Trading liabilities	2,788,884	2,837,664		6-e		
Borrowed money	26,887,509	25,061,421		8-a		
Foreign exchanges	1,265,002	1,154,507				
Bonds	812,303	1,115,496		8-b		
Due to trust account	2,443,873	2,321,223				
Other liabilities	5,980,727	5,249,597		6-f		
Reserve for employee bonuses	44,526	42,033				
Reserve for executive bonuses	1,497	1,481				
Net defined benefit liability	10,985	5,406				
Reserve for executive retirement benefits	580	635				
Reserve for point service program	870	603				
Reserve for reimbursement of deposits	5,767	9,982				
Deferred tax liabilities	343,017	620,747		4-b		
Deferred tax liabilities for land revaluation	29,193	29,603		4-c		
Acceptances and guarantees	10,342,818	8,618,012				
<b>Total liabilities</b>	<b>232,886,075</b>	<b>218,810,197</b>				
(Net assets)						
Capital stock	1,770,996	1,770,996		1-a		
Capital surplus	1,966,205	1,966,300		1-b		
Retained earnings	3,867,551	3,676,110		1-c		
Treasury stock	(210,003)	(210,003)		1-d		
<b>Total stockholders' equity</b>	<b>7,394,750</b>	<b>7,203,404</b>				
Net unrealized gains or losses on other securities	1,253,370	1,748,263				
Net deferred gains or losses on hedges	(74,044)	28,751		5		
Land revaluation excess	36,320	36,251				
Foreign currency translation adjustments	361,502	12,494				
Accumulated remeasurements of defined benefit plans	118,548	125,380				
<b>Total accumulated other comprehensive income</b>	<b>1,695,697</b>	<b>1,951,141</b>	(a)			
Non-controlling interests	129,411	101,823		7-b		
<b>Total net assets</b>	<b>9,219,858</b>	<b>9,256,369</b>				
<b>Total liabilities and net assets</b>	<b>242,105,934</b>	<b>228,066,567</b>				

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	1,966,205	1,966,300	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,867,551	3,676,110		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
<b>Total stockholders' equity</b>	<b>7,394,750</b>	<b>7,203,404</b>		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,394,750	7,203,404	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,527,198	3,527,294		1a
of which: retained earnings	3,867,551	3,676,110		2
of which: treasury stock (-)	-	-		1c
of which: other than the above	-	-		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Intangible fixed assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Intangible fixed assets	314,145	346,534		2-a
Securities	37,465,859	35,493,879		2-b
of which: goodwill attributable to equity-method investees	6,003	7,837		

Income taxes related to above

91,950

101,703

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Goodwill (including those equivalent)	6,003	7,837		8
Other intangibles other than goodwill and mortgage servicing rights	222,195	244,830	Software and other	9
Mortgage servicing rights	-	-		
Amount exceeding the 10% threshold on specified items	-	-		20
Amount exceeding the 15% threshold on specified items	-	-		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	-		74

3. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Net defined benefit asset	616,206	559,043		3
Income taxes related to above	188,858	171,046		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Net defined benefit asset	427,347	387,997	

Basel III Template No.
15

## 4. Deferred tax assets

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Deferred tax assets	52,543	30,870	
Deferred tax liabilities	343,017	620,747	
Deferred tax liabilities for land revaluation	29,193	29,603	

Ref. No.
4-a
4-b
4-c

Tax effects on intangible fixed assets	91,950	101,703	
Tax effects on net defined benefit asset	188,858	171,046	

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,452	3,314	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Deferred tax assets arising from temporary differences (net of related tax liability)	27,386	3,945	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	27,386	3,945	

Basel III Template No.
10
21
25
75

## 5. Deferred gains or losses on derivatives under hedge accounting

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Net deferred gains or losses on hedges	(74,044)	28,751	

Ref. No.
5

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Net deferred gains or losses on hedges	(73,356)	32,799	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"

Basel III Template No.
11

## 6. Items associated with investments in the capital of financial institutions

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Trading assets	3,780,424	3,408,323	Including trading account securities and derivatives for trading assets
Securities	37,465,859	35,493,879	
Loans and bills discounted	92,472,845	86,594,613	Including subordinated loans
Other assets	6,312,402	5,063,312	Including derivatives
Trading liabilities	2,788,884	2,837,664	Including trading account securities sold and derivatives for trading liabilities
Other liabilities	5,980,727	5,249,597	Including derivatives

Ref. No.
6-a
6-b
6-c
6-d
6-e
6-f

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Investments in own capital instruments	—	—	
Common Equity Tier 1 capital	—	—	
Additional Tier 1 capital	—	—	
Tier 2 capital	—	—	
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—	
Common Equity Tier 1 capital	—	—	
Additional Tier 1 capital	—	—	
Tier 2 capital and other TLAC liabilities	—	—	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	623,375	427,937	
Common Equity Tier 1 capital	—	—	
Additional Tier 1 capital	—	—	
Tier 2 capital and other TLAC liabilities	—	—	
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	623,375	427,937	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	596,675	572,588	
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Additional Tier 1 capital	25,525	25,525	
Tier 2 capital and other TLAC liabilities	36,723	33,213	
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	534,426	513,849	

Basel III Template No.
16
37
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73

## 7. Non-controlling interests

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks
Non-controlling interests	129,411	101,823	

Ref. No.
7-b

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks
Amount allowed in group CET1	1,231	1,145	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Amount allowed in group AT1	20,588	13,804	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)
Amount allowed in group T2	4,365	2,395	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)

Basel III Template No.
5
30-31ab-32
34-35
46
48-49

## 8. Other capital instruments

## (1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Borrowed money	26,887,509	25,061,421		8-a
Bonds	812,303	1,115,496		8-b
<b>Total</b>	<b>27,699,812</b>	<b>26,176,918</b>		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,235,000	1,155,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	753,772	863,542		46

## ■ Composition of Leverage Ratio

(In million yen, %)

Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Items	As of March 31, 2022	As of March 31, 2021
<b>On-balance sheet exposures (1)</b>				
1		On-balance sheet exposures before deducting adjustment items	159,674,384	146,275,757
1a	1	Total assets reported in the consolidated balance sheet	182,384,803	167,101,401
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	—	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)	22,710,418	20,825,643
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	685,525	669,506
3		Total on-balance sheet exposures (a)	158,988,858	145,606,251
<b>Exposures related to derivative transactions (2)</b>				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	3,052,855	2,241,750
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	3,989,441	3,181,268
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	975,368	700,216
6		The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	—
		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	465,971	145,293
8		The amount of client-cleared trade exposures for which a bank acting as clearing member is not obliged to make any indemnification (-)	—	—
9		Adjusted effective notional amount of written credit derivatives	44,354	98,982
10		The amount of deductions from effective notional amount of written credit derivatives (-)	—	—
11	4	Total exposures related to derivative transactions (b)	7,596,048	6,076,922
<b>Exposures related to repo transactions (3)</b>				
12		The amount of assets related to repo transactions, etc.	5,731,206	6,430,271
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	251,370	311,247
15		The exposures for agent repo transaction	—	—
16	5	Total exposures related to repo transactions, etc. (c)	5,982,576	6,741,519
<b>Exposures related to off-balance sheet transactions (4)</b>				
17		Notional amount of off-balance sheet transactions	69,458,000	63,839,002
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	42,604,277	39,602,954
19	6	Total exposures related to off-balance sheet transactions (d)	26,853,722	24,236,047
<b>Leverage ratio on a consolidated basis (5)</b>				
20		The amount of capital (Tier 1 capital) (e)	9,612,798	9,517,983
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	199,421,206	182,660,741
22		Leverage ratio on a consolidated basis ((e)/(f))	4.82%	5.21%
<b>Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) (6)</b>				
		Total exposures (f)	199,421,206	182,660,741
		The amount of deposits with the Bank of Japan	59,721,131	60,965,165
		Total exposures (including deposits with the Bank of Japan) (f')	259,142,337	243,625,906
		Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) ((e)/(f'))	3.70%	3.90%

## Liquidity Coverage Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

### ■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

#### 1. Intra-period Changes in Consolidated LCR

As described on the following page, the LCR has remained stable since the introduction of the liquidity ratio regulation on March 31, 2015.

#### 2. Assessment of Consolidated LCR

The Liquidity Ratio Notification stipulates the minimum requirement of the LCR at 100%. The LCR of SMBC (consolidated) exceeds the minimum requirements of the LCR, having no cause for concern. In terms of the future LCR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

#### 3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% or more of SMBC’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

#### 4. Other Information Concerning Consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the Liquidity Ratio Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the Liquidity Ratio Notification. Meanwhile, SMBC records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the Liquidity Ratio Notification.

### ■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item	Current Quarter (From 2022/1/1 To 2022/3/31)	Prior Quarter (From 2021/10/1 To 2021/12/31)
<b>High-Quality Liquid Assets (1)</b>		
1 Total high-quality liquid assets (HQLA)	74,459,548	75,405,664
<b>Cash Outflows (2)</b>		
2 Cash outflows related to unsecured retail funding	58,985,062	4,596,337
3 of which, Stable deposits	18,635,637	560,782
4 of which, Less stable deposits	40,349,424	4,035,554
5 Cash outflows related to unsecured wholesale funding	82,444,560	41,786,803
6 of which, Qualifying operational deposits	–	–
7 of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	76,634,212	35,976,455
8 of which, Debt securities	5,810,347	5,810,347
9 Cash outflows related to secured funding, etc.	–	233,725
10 Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	29,836,255	9,548,868
11 of which, Cash outflows related to derivative transactions, etc.	1,127,967	1,127,967
12 of which, Cash outflows related to funding programs	313,805	313,805
13 of which, Cash outflows related to credit and liquidity facilities	28,394,483	8,107,095
14 Cash outflows related to contractual funding obligations, etc.	7,649,186	5,398,020
15 Cash outflows related to contingencies	74,017,085	1,556,439
16 Total cash outflows	63,120,194	60,584,212
<b>Cash Inflows (3)</b>		
17 Cash inflows related to secured lending, etc.	2,317,435	100,304
18 Cash inflows related to collection of loans, etc.	14,922,330	10,590,434
19 Other cash inflows	2,538,172	1,259,271
20 Total cash inflows	19,777,938	11,950,011
<b>Consolidated Liquidity Coverage Ratio (4)</b>		
21 Total HQLA allowed to be included in the calculation	74,459,548	75,405,664
22 Net cash outflows	51,170,183	52,020,330
23 Consolidated liquidity coverage ratio (LCR)	145.5%	144.9%
24 The number of data used to calculate the average value	59	63

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group’s website. ([https://www.smfg.co.jp/english/investor/financial/basel\\_3.html](https://www.smfg.co.jp/english/investor/financial/basel_3.html))

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data, such as attribute information of customers and data on consolidated subsidiaries, is updated on the monthly or quarterly basis.

### ■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item	Current Quarter (From 2022/1/1 To 2022/3/31)	Prior Quarter (From 2021/10/1 To 2021/12/31)
1 Cash and due from banks	69,172,031	68,679,230
2 Securities	5,287,517	6,726,434
3 of which, government bonds, etc.	2,596,993	4,042,905
4 of which, municipal bonds, etc.	342,021	309,737
5 of which, other bonds	883,098	792,442
6 of which, stocks	1,465,403	1,581,348
7 Total high-quality liquid assets (HQLA)	74,459,548	75,405,664

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

## Net Stable Funding Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Since September 30, 2021, the “Net Stable Funding Ratio” (hereinafter referred to as “NSFR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its consolidated NSFR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

### ■ Disclosure of Qualitative Information about Net Stable Funding Ratio

#### 1. Intra-period Changes in Consolidated NSFR

As described on the following page, the NSFR has remained stable since the introduction of the liquidity ratio regulation on September 30, 2021.

#### 2. Special Provisions Pertaining to Interdependent Assets and Liabilities

SMBC has not applied the “special provisions pertaining to interdependent assets and liabilities” prescribed in Article 101 of the Liquidity Ratio Notification to its NSFR.

#### 3. Other Information Concerning Consolidated NSFR

The Liquidity Ratio Notification stipulates the minimum requirement of the NSFR at 100%. The NSFR of SMBC (consolidated) exceeds the minimum requirements of the NSFR, having no cause for concern. In terms of the future NSFR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual NSFR does not differ significantly from the initial forecast.

### ■ Disclosure of Quantitative Information about Net Stable Funding Ratio (Consolidated)

(In million yen, %)

Item		Current Quarter (From 2022/1/1 To 2022/3/31)					Prior Quarter (From 2021/10/1 To 2021/12/31)				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items (1)											
1	Capital; of which:	9,116,633	0	85,000	2,205,967	11,407,601	9,320,918	0	85,000	2,146,686	11,552,605
2	Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (excluding the proportion of Tier 2 instruments with residual maturity of less than one year) before the application of capital deductions	9,116,633	0	85,000	1,963,220	11,164,854	9,320,918	0	85,000	1,939,350	11,345,268
3	Other capital instruments that are not included in the above category	0	0	0	242,746	242,746	0	0	0	207,336	207,336
4	Funding from retail and small business customers; of which:	59,463,019	0	0	35,516	54,499,442	59,485,735	0	0	33,125	54,538,364
5	Stable deposits	18,944,174	0	0	0	17,996,965	19,361,529	0	0	0	18,393,452
6	Less stable deposits	40,518,844	0	0	35,516	36,502,476	40,124,205	0	0	33,125	36,144,911
7	Wholesale funding; of which:	65,965,447	59,879,765	5,674,398	17,959,663	54,254,791	63,229,400	59,261,887	3,920,493	18,653,567	52,917,618
8	Operational deposits	—	—	—	—	—	—	—	—	—	—
9	Other wholesale funding	65,965,447	59,879,765	5,674,398	17,959,663	54,254,791	63,229,400	59,261,887	3,920,493	18,653,567	52,917,618
10	Liabilities with matching interdependent assets	—	—	—	—	—	—	—	—	—	—
11	Other liabilities; of which:	632,434	3,921,668	0	84,218	103,225	662,174	4,829,096	0	95,187	99,095
12	Derivative liabilities	—	—	—	—	—	—	—	—	—	—
13	All other liabilities and equity not included in the above categories	632,434	3,921,668	0	84,218	103,225	662,174	4,829,096	0	95,187	99,095
14	Total available stable funding					120,265,060					119,107,682
Required stable funding (RSF) items (2)											
15	HQLA					2,060,911					2,167,849
16	Deposits held at financial institutions for operational purposes	372,422	17,623	0	0	195,023	258,026	19,960	0	0	138,993
17	Loans, repo transactions-related assets, securities and other similar assets; of which:	1,476,954	32,963,898	11,748,073	65,080,395	73,700,113	1,624,451	37,436,599	9,481,482	62,342,812	70,910,316
18	Loans to- and repo transactions with- financial institutions (secured by level 1 HQLA)	0	4,061,392	81,820	27,975	107,839	0	4,399,408	77,241	38,103	90,882
19	Loans to- and repo transactions with- financial institutions (not included in item 18)	149,413	7,391,846	4,796,232	9,292,473	12,906,992	299,604	10,948,752	3,002,387	8,604,801	11,896,644
20	Loans and repo transactions-related assets (not included in item 18, 19 and 22); of which:	946,694	20,015,179	6,250,727	41,885,355	48,758,787	947,538	20,660,924	5,643,102	39,602,811	46,785,057
21	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	773	2,194,936	492,502	1,499,214	1,913,380	206	2,222,614	369,503	1,677,500	2,007,406
22	Residential mortgages; of which:	0	295,941	293,173	10,617,873	8,010,554	0	296,278	295,526	10,657,998	8,044,009
23	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	0	158,555	158,098	6,545,977	4,413,212	0	158,639	158,378	6,555,958	4,419,881
24	Securities that are not in default and do not qualify as HQLA and other similar assets	380,846	1,199,538	326,119	3,256,718	3,915,938	377,307	1,131,235	463,223	3,439,097	4,093,720
25	Assets with matching interdependent liabilities	—	—	—	—	—	—	—	—	—	—
26	Other assets; of which:	3,681,469	859,733	149,091	7,445,416	11,637,638	3,337,601	853,721	93,679	7,242,953	11,287,452
27	Physical traded commodities, including gold	0				0	0				0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs (including those that are not recorded on consolidated balance sheet)				573,230	487,245				526,284	447,342
29	Derivative assets				581,260	581,260				809,603	809,603
30	Derivative liabilities (before deduction of variation margin posted)				163,594	163,594				89,658	89,658
31	All other assets not included in the above categories	3,681,469	859,733	149,091	6,127,330	10,405,536	3,337,601	853,721	93,679	5,817,406	9,940,848
32	Off-balance sheet items				105,907,716	2,083,185				101,366,590	2,018,357
33	Total required stable funding					89,676,871					86,522,969
34	Consolidated net stable funding ratio (NSFR)					134.1%					137.6%

## Capital Ratio and Leverage Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

### ■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31,2022	As of March 31,2021	Reference to Template CC2
<b>Common Equity Tier 1 capital: instruments and reserves (1)</b>				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,371,952	6,211,517	
1a	of which: capital and capital surplus	3,335,548	3,335,548	
2	of which: retained earnings	3,079,860	2,910,394	
1c	of which: treasury stock (-)	-	-	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	43,455	34,424	
	of which: other than the above	-	-	
1b	Stock acquisition rights to common shares	-	-	
3	Valuation and translation adjustment and other disclosed reserves	1,131,074	1,819,924	(a)
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,503,027	8,031,442	
<b>Common Equity Tier 1 capital: regulatory adjustments (2)</b>				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	173,276	179,363	
8	of which: goodwill	-	-	
9	of which: other intangibles other than goodwill and mortgage servicing rights	173,276	179,363	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	
11	Net deferred gains or losses on hedges	(182,290)	79,132	
12	Shortfall of eligible provisions to expected losses	-	-	
13	Securitisation gain on sale	56,744	58,866	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	16,670	8,512	
15	Prepaid pension cost	297,060	254,138	
16	Investments in own shares (excluding those reported in the Net assets section)	-	-	
17	Reciprocal cross-holdings in common equity	-	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-	
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	
19	of which: significant investments in the common stock of financials	-	-	
20	of which: mortgage servicing rights	-	-	
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
22	Amount exceeding the 15% threshold on specified items	-	-	
23	of which: significant investments in the common stock of financials	-	-	
24	of which: mortgage servicing rights	-	-	
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	361,462	580,012	
<b>Common Equity Tier 1 capital (CET1)</b>				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,141,565	7,451,429	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31,2022	As of March 31,2021	Reference to Template CC2	
<b>Additional Tier 1 capital: instruments (3)</b>					
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	
	31b	Stock acquisition rights to Additional Tier 1 instruments	-	-	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,235,000	1,155,000	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-	
33+35	Eligible Tier 1 capital instruments subject to transitional arrangements included in Additional Tier 1 capital: instruments	-	-		
36	Additional Tier 1 capital: instruments (D)	1,235,000	1,155,000		
<b>Additional Tier 1 capital: regulatory adjustments</b>					
37	Investments in own Additional Tier 1 instruments	-	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-		
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	25,525	25,525		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-		
43	Additional Tier 1 capital: regulatory adjustments (E)	25,525	25,525		
<b>Additional Tier 1 capital (AT1)</b>					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,209,474	1,129,474		
<b>Tier 1 capital (T1 = CET1 + AT1)</b>					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	8,351,039	8,580,903		
<b>Tier 2 capital: instruments and provisions (4)</b>					
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-		
	Stock acquisition rights to Tier 2 instruments	-	-		
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	753,772	863,542		
		Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-	
47+49	Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	-	201,724		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	75,445	38,518		
50a	of which: general reserve for possible loan losses	-	-		
50b	of which: eligible provisions	75,445	38,518		
51	Tier 2 capital: instruments and provisions (H)	829,217	1,103,784		

(Millions of yen, except percentages)

Basel III Template No.	Items			
		a	b	c
		As of March 31, 2022	As of March 31, 2021	Reference to Template CC2
<b>Tier 2 capital: regulatory adjustments (5)</b>				
52	Investments in own Tier 2 instruments	—	—	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	36,723	33,213	
57	Tier 2 capital: regulatory adjustments (I)	36,723	33,213	
<b>Tier 2 capital (T2)</b>				
58	Tier 2 capital (T2) ((H)-(I)) (J)	792,494	1,070,571	
<b>Total capital (TC = T1 + T2)</b>				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	9,143,534	9,651,475	
<b>Risk weighted assets (6)</b>				
60	Total risk-weighted assets (RWA) (L)	61,895,306	56,883,463	
<b>Capital ratios (7)</b>				
61	Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	11.53%	13.09%	
62	Tier 1 risk-weighted capital ratio ((G)/(L))	13.49%	15.08%	
63	Total risk-weighted capital ratio ((K)/(L))	14.77%	16.96%	
<b>Regulatory adjustments (8)</b>				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	591,649	420,240	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	297,088	476,700	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	—	—	
<b>Provisions included in Tier 2 capital: instruments and provisions (9)</b>				
76	Provisions (general reserve for possible loan losses)	—	—	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	2,638	2,389	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	75,445	38,518	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	293,978	279,988	
<b>Capital instruments subject to transitional arrangements (10)</b>				
82	Current cap on AT1 instruments subject to transitional arrangements	—	123,735	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	—	—	
84	Current cap on T2 instruments subject to transitional arrangements	—	201,724	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	—	58,140	

(Millions of yen)

Items	As of March 31, 2022	As of March 31, 2021
Required capital ((L) × 8%)	4,951,624	4,550,677

## ■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation

(Millions of yen)

Items	a		b	c		
	Balance sheet as in published financial statements				Reference to Template CC1	Reference to appended table
	As of March 31, 2022	As of March 31, 2021				
(Assets)						
Cash and due from banks	70,840,809	68,872,236				
Call loans	2,234,818	2,483,453				
Receivables under resale agreements	1,645,410	2,564,708				
Receivables under securities borrowing transactions	1,863,080	1,587,813				
Monetary claims bought	2,290,607	1,765,424				
Trading assets	2,025,767	2,448,415		6-a		
Securities	38,238,579	36,487,225		6-b		
Loans and bills discounted	87,671,294	81,937,725		6-c		
Foreign exchanges	2,721,735	2,048,571				
Other assets	5,291,974	4,291,338		6-d		
Tangible fixed assets	766,477	780,803				
Intangible fixed assets	249,750	258,523		2		
Prepaid pension cost	428,164	366,298		3		
Customers' liabilities for acceptances and guarantees	12,285,466	10,526,389				
Reserve for possible loan losses	(589,208)	(456,405)				
Reserve for possible losses on investments	—	(115,791)				
Total assets	227,964,729	215,846,732				
(Liabilities)						
Deposits	141,015,245	134,685,582				
Negotiable certificates of deposit	13,108,797	12,703,900				
Call money	680,893	671,522				
Payables under repurchase agreements	14,626,237	11,879,494				
Payables under securities lending transactions	305,779	551,377				
Commercial paper	1,229,180	978,109				
Trading liabilities	1,558,679	2,348,232		6-e		
Borrowed money	26,700,215	24,825,882		7-a		
Foreign exchanges	1,339,163	1,193,427				
Bonds	720,847	1,084,913		7-b		
Due to trust account	2,321,699	2,218,601				
Other liabilities	4,255,764	3,571,515		6-f		
Reserve for employee bonuses	12,584	13,345				
Reserve for executive bonuses	1,150	1,154				
Reserve for point service program	870	603				
Reserve for reimbursement of deposits	4,974	9,245				
Deferred tax liabilities	221,503	487,964		4-a		
Deferred tax liabilities for land revaluation	29,193	29,603		4-b		
Acceptances and guarantees	12,285,466	10,526,389				
Total liabilities	220,418,246	207,780,865				
(Net assets)						
Capital stock	1,770,996	1,770,996		1-a		
Capital surplus	1,774,554	1,774,554		1-b		
Retained earnings	3,079,860	2,910,394		1-c		
Treasury stock	(210,003)	(210,003)		1-d		
Total stockholders' equity	6,415,408	6,245,942				
Net unrealized gains or losses on other securities	1,288,414	1,719,291				
Net deferred gains or losses on hedges	(182,902)	75,141		5		
Land revaluation excess	25,563	25,492				
Total valuation and translation adjustments	1,131,074	1,819,924	(a)			
Total net assets	7,546,483	8,065,866				
Total liabilities and net assets	227,964,729	215,846,732				

Note: The regulatory balance sheet is the same as the accounting balance sheet.

(Appended Table)

## 1. Stockholders' equity

## (1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	1,774,554	1,774,554	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,079,860	2,910,394		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
<b>Total stockholders' equity</b>	<b>6,415,408</b>	<b>6,245,942</b>		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,415,408	6,245,942	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,335,548	3,335,548		1a
of which: retained earnings	3,079,860	2,910,394		2
of which: treasury stock (-)	-	-		1c
of which: other than the above	-	-		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

## 2. Intangible fixed assets

## (1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Intangible fixed assets	249,750	258,523		2

Income taxes related to above

76,473

79,159

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Goodwill	-	-		8
Other intangibles other than goodwill and mortgage servicing rights	173,276	179,363	Software and other	9
Mortgage servicing rights	-	-		
Amount exceeding the 10% threshold on specified items	-	-		20
Amount exceeding the 15% threshold on specified items	-	-		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	-		74

## 3. Prepaid pension cost

## (1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Prepaid pension cost	428,164	366,298		3

Income taxes related to above

131,104

112,160

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Prepaid pension cost	297,060	254,138		15

## 4. Deferred tax assets

## (1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Deferred tax liabilities	221,503	487,964		4-a
Deferred tax liabilities for land revaluation	29,193	29,603		4-b

Tax effects on intangible fixed assets

76,473

79,159

Tax effects on prepaid pension cost

131,104

112,160

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	-	-		21
Amount exceeding the 15% threshold on specified items	-	-		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	-	-		75

## 5. Deferred gains or losses on derivatives under hedge accounting

## (1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Net deferred gains or losses on hedges	(182,902)	75,141		5

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(182,290)	79,132	Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments"	11

## 6. Items associated with investments in the capital of financial institutions

## (1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Trading assets	2,025,767	2,448,415	Including trading account securities and derivatives for trading assets	6-a
Securities	38,238,579	36,487,225		6-b
Loans and bills discounted	87,671,294	81,937,725	Including subordinated loans	6-c
Other assets	5,291,974	4,291,338	Including derivatives	6-d
Trading liabilities	1,558,679	2,348,232	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	4,255,764	3,571,515	Including derivatives	6-f

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Investments in own capital instruments	—	—		
Common Equity Tier 1 capital	—	—		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	—	—		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—		
Common Equity Tier 1 capital	—	—		17
Additional Tier 1 capital	—	—		38
Tier 2 capital and other TLAC liabilities	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	591,649	420,240		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital and other TLAC liabilities	—	—		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	591,649	420,240		72
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	359,337	535,439		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	25,525	25,525		40
Tier 2 capital and other TLAC liabilities	36,723	33,213		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	297,088	476,700		73

## 7. Other capital instruments

## (1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2022	As of March 31, 2021	Remarks	Ref. No.
Borrowed money	26,700,215	24,825,882		7-a
Bonds	720,847	1,084,913		7-b
Total	27,421,062	25,910,796		

## (2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2022	As of March 31, 2021	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,235,000	1,155,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	753,772	863,542		46

## ■ Composition of Leverage Ratio

(In million yen, %)

Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Items	As of March 31, 2022	As of March 31, 2021
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	148,005,600	136,364,396
1a	1	Total assets reported in the balance sheet	169,370,816	156,015,409
1b	3	The amount of assets that are deducted from the total assets reported in the balance sheet (except adjustment items) (-)	21,365,216	19,651,012
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	495,863	459,027
3		Total on-balance sheet exposures (a)	147,509,736	135,905,368
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	1,823,389	1,723,723
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	2,623,161	2,293,265
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	1,075,654	722,699
6		The amount of receivables arising from providing collateral, provided where deducted from the balance sheet pursuant to the operative accounting framework	—	—
		The amount of receivables arising from providing cash margin, provided where deducted from the balance sheet pursuant to the operative accounting framework	—	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)	688,742	384,726
8		The amount of client-cleared trade exposures for which a bank acting as clearing member is not obliged to make any indemnification (-)	—	—
9		Adjusted effective notional amount of written credit derivatives	—	—
10		The amount of deductions from effective notional amount of written credit derivatives (-)	—	—
11	4	Total exposures related to derivative transactions (b)	4,833,463	4,354,962
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	3,508,491	4,152,522
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	209,839	281,497
15		The exposures for agent repo transaction	—	—
16	5	Total exposures related to repo transactions, etc. (c)	3,718,330	4,434,019
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	81,550,515	60,674,787
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	52,501,700	35,548,380
19	6	Total exposures related to off-balance sheet transactions (d)	29,048,815	25,126,406
Leverage ratio (5)				
20		The amount of capital (Tier 1 capital) (e)	8,351,039	8,580,903
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	185,110,346	169,820,757
22		Leverage ratio ((e)/(f))	4.51%	5.05%
Leverage ratio (including deposits with the Bank of Japan) (6)				
		Total exposures (f)	185,110,346	169,820,757
		The amount of deposits with the Bank of Japan	58,593,913	59,831,323
		Total exposures (including deposits with the Bank of Japan) (f')	243,704,259	229,652,080
		Leverage ratio (including deposits with the Bank of Japan) ((e)/(f'))	3.42%	3.73%

## Liquidity Coverage Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its non-consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

### ■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

#### 1. Intra-period Changes in Non-consolidated LCR

As described on the following page, the LCR has remained stable since the introduction of the liquidity ratio regulation on March 31, 2015.

#### 2. Assessment of Non-consolidated LCR

The Liquidity Ratio Notification stipulates the minimum requirement of the LCR at 100%. The LCR of SMBC exceeds the minimum requirements of the LCR, having no cause for concern. In terms of the future LCR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

#### 3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% or more of SMBC’s total liabilities), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

#### 4. Other Information Concerning Non-consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the Liquidity Ratio Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the Liquidity Ratio Notification. Meanwhile, SMBC records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the Liquidity Ratio Notification.

### ■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)

(In million yen, %, the number of data)

Item	Current Quarter (From 2022/1/1 To 2022/3/31)	Prior Quarter (From 2021/10/1 To 2021/12/31)
<b>High-Quality Liquid Assets (1)</b>		
1 Total high-quality liquid assets (HQLA)	68,088,748	68,855,171
<b>Cash Outflows (2)</b>		
2 Cash outflows related to unsecured retail funding	55,956,145	4,326,272
3 of which, Stable deposits	18,142,202	544,266
4 of which, Less stable deposits	37,813,942	3,782,006
5 Cash outflows related to unsecured wholesale funding	78,820,308	40,233,733
6 of which, Qualifying operational deposits	—	—
7 of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	73,086,922	34,500,347
8 of which, Debt securities	5,733,385	5,733,385
9 Cash outflows related to secured funding, etc.	—	235,907
10 Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	27,062,312	8,516,868
11 of which, Cash outflows related to derivative transactions, etc.	396,832	396,832
12 of which, Cash outflows related to funding programs	313,805	313,805
13 of which, Cash outflows related to credit and liquidity facilities	26,351,674	7,806,230
14 Cash outflows related to contractual funding obligations, etc.	7,867,773	4,225,417
15 Cash outflows related to contingencies	74,099,572	1,470,137
16 Total cash outflows	59,008,337	56,206,471
<b>Cash Inflows (3)</b>		
17 Cash inflows related to secured lending, etc.	931,536	84,294
18 Cash inflows related to collection of loans, etc.	15,508,966	11,485,178
19 Other cash inflows	1,878,247	953,360
20 Total cash inflows	18,318,750	12,522,833
<b>Non-Consolidated Liquidity Coverage Ratio (4)</b>		
21 Total HQLA allowed to be included in the calculation	68,088,748	68,855,171
22 Net cash outflows	46,485,504	47,099,050
23 Non-consolidated liquidity coverage ratio (LCR)	146.4%	146.1%
24 The number of data used to calculate the average value	59	63

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group’s website. ([https://www.smfg.co.jp/english/investor/financial/basel\\_3.html](https://www.smfg.co.jp/english/investor/financial/basel_3.html))

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data such as attribute information of customers, is updated on the monthly or quarterly basis.

### ■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item	Current Quarter (From 2022/1/1 To 2022/3/31)	Prior Quarter (From 2021/10/1 To 2021/12/31)
1 Cash and due from banks	63,841,865	62,904,204
2 Securities	4,246,882	5,950,967
3 of which, government bonds, etc.	2,055,127	3,654,448
4 of which, municipal bonds, etc.	303,877	292,076
5 of which, other bonds	422,473	423,093
6 of which, stocks	1,465,403	1,581,348
7 Total high-quality liquid assets (HQLA)	68,088,748	68,855,171

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

## Net Stable Funding Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Since September 30, 2021, the “Net Stable Funding Ratio” (hereinafter referred to as “NSFR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its non-consolidated NSFR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

### ■ Disclosure of Qualitative Information about Net Stable Funding Ratio

#### 1. Intra-period Changes in Non-consolidated NSFR

As described on the following page, the NSFR has remained stable since the introduction of the liquidity ratio regulation on September 30, 2021.

#### 2. Special Provisions Pertaining to Interdependent Assets and Liabilities

SMBC has not applied the “special provisions pertaining to interdependent assets and liabilities” prescribed in Article 101 of the Liquidity Ratio Notification to its NSFR.

#### 3. Other Information Concerning Non-consolidated NSFR

The Liquidity Ratio Notification stipulates the minimum requirement of the NSFR at 100%. The NSFR of SMBC (non-consolidated) exceeds the minimum requirements of the NSFR, having no cause for concern. In terms of the future NSFR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual NSFR does not differ significantly from the initial forecast.

### ■ Disclosure of Quantitative Information about Net Stable Funding Ratio (Non-consolidated)

(In million yen, %)

Item		Current Quarter (From 2022/1/1 To 2022/3/31)					Prior Quarter (From 2021/10/1 To 2021/12/31)				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items (1)											
1	Capital; of which:	7,546,483	0	85,000	2,178,509	9,809,992	7,880,570	0	85,000	2,123,606	10,089,177
2	Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (excluding the proportion of Tier 2 instruments with residual maturity of less than one year) before the application of capital deductions	7,546,483	0	85,000	1,935,762	9,567,245	7,880,570	0	85,000	1,916,269	9,881,840
3	Other capital instruments that are not included in the above category	0	0	0	242,746	242,746	0	0	0	207,336	207,336
4	Funding from retail and small business customers; of which:	56,164,588	0	0	35,531	51,502,754	56,298,979	0	0	33,140	51,643,128
5	Stable deposits	18,381,874	0	0	0	17,462,780	18,818,134	0	0	0	17,877,227
6	Less stable deposits	37,782,713	0	0	35,531	34,039,974	37,480,845	0	0	33,140	33,765,901
7	Wholesale funding; of which:	64,732,797	54,902,382	5,581,195	17,954,023	52,134,199	61,647,496	54,172,483	3,801,317	18,631,211	50,715,588
8	Operational deposits	—	—	—	—	—	—	—	—	—	—
9	Other wholesale funding	64,732,797	54,902,382	5,581,195	17,954,023	52,134,199	61,647,496	54,172,483	3,801,317	18,631,211	50,715,588
10	Liabilities with matching interdependent assets	—	—	—	—	—	—	—	—	—	—
11	Other liabilities; of which:	572,272	1,768,272	1,112	0	556	689,711	2,437,468	0	0	0
12	Derivative liabilities	—	—	—	—	—	—	—	—	—	—
13	All other liabilities and equity not included in the above categories	572,272	1,768,272	1,112	0	556	689,711	2,437,468	0	0	0
14	Total available stable funding					113,447,502					112,447,894
Required stable funding (RSF) items (2)											
15	HQLA					2,042,195					2,147,791
16	Deposits held at financial institutions for operational purposes	293,497	0	0	0	146,748	293,441	0	0	0	146,720
17	Loans, repo transactions-related assets, securities and other similar assets; of which:	1,925,501	29,885,346	10,969,848	62,117,509	69,927,452	1,955,177	34,428,639	8,650,626	59,445,160	67,314,637
18	Loans to- and repo transactions with- financial institutions (secured by level 1 HQLA)	0	1,997,368	81,820	0	40,910	0	2,567,132	77,241	7	38,628
19	Loans to- and repo transactions with- financial institutions (not included in item 18)	627,496	9,011,600	4,804,316	10,027,336	13,897,063	644,276	12,248,040	2,978,119	9,585,322	13,057,033
20	Loans and repo transactions-related assets (not included in item 18, 19 and 22); of which:	917,158	17,375,246	5,482,441	38,467,526	44,249,998	933,592	18,192,400	4,912,411	36,124,012	42,396,259
21	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	773	1,743,894	297,935	1,125,078	1,345,183	206	1,844,643	261,671	1,183,636	1,441,288
22	Residential mortgages; of which:	0	295,775	293,003	10,429,051	7,887,652	0	296,273	295,503	10,475,316	7,925,252
23	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	0	158,542	158,081	6,357,155	4,290,463	0	158,633	158,354	6,373,276	4,301,124
24	Securities that are not in default and do not qualify as HQLA and other similar assets	380,846	1,205,355	308,265	3,193,594	3,851,826	377,307	1,124,793	387,349	3,260,501	3,897,463
25	Assets with matching interdependent liabilities	—	—	—	—	—	—	—	—	—	—
26	Other assets; of which:	8,601,136	607,353	134,698	3,085,960	11,661,565	7,966,365	869,127	88,775	2,914,245	11,697,165
27	Physical traded commodities, including gold	0	—	—	—	0	0	—	—	—	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs (including those that are not recorded on consolidated balance sheet)	—	—	—	407,234	346,149	—	—	—	440,973	374,827
29	Derivative assets	—	—	—	362,428	362,428	—	—	—	519,815	519,815
30	Derivative liabilities (before deduction of variation margin posted)	—	—	—	99,635	99,635	—	—	—	57,733	57,733
31	All other assets not included in the above categories	8,601,136	607,353	134,698	2,216,661	10,853,351	7,966,365	869,127	88,775	1,895,721	10,744,787
32	Off-balance sheet items	—	—	—	103,942,483	2,005,997	—	—	—	99,794,804	1,956,139
33	Total required stable funding					85,783,959					83,262,453
34	Non-Consolidated net stable funding ratio (NSFR)					132.2%					135.0%

## Glossary

### ABL

Abbreviation for Asset Based Lending of having movable assets as collateral such as accounts receivable and/or inventory.

### Advanced Measurement Approach (AMA)

Based on the operational risk measurement methods used in the internal management of financial institutions, this is a method for obtaining the operational risk equivalent amount by calculating the maximum amount of operational risk loss expected over a period of one year, with a one-sided confidence interval of 99.9%.

### Basic Indicator Approach (BIA)

A calculation approach in which an average value for the most recent three years derived by multiplying gross profit for the financial institution as a whole by certain level (15%) is deemed to be the operational risk equivalent amount.

### Calculation of credit risk-weighted assets under Article 145 of the Notification

Method used for calculating the credit risk-weighted assets for the fund exposure, etc. There is a method of making the total credit risk-weighted asset of individual underlying asset of funds, etc. as the relevant exposure of the credit risk-weighted asset; or a method of applying the risk weight determined based on the formation of underlying assets to the relevant exposure.

### Capital adequacy ratio notification (“the Notification”)

Administrative action or written ordinance by which the Financial Services Agency officially informs Japanese banks of regulations regarding capital adequacy ratio.

### CCF

Abbreviation for Credit Conversion Factor  
Ratio required for converting off-balance sheet items such as guarantees or derivatives into on-balance sheet credit exposure equivalents.

### CCP-related exposure

Exposure to a central counterparty (CCP) that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the future performance of open contracts.

### CDS

Abbreviation for Credit Default Swap  
Derivative transactions which transfer the credit risk.

### Credit Risk Mitigation (CRM) Techniques

Method of reducing credit risk by guarantees, collateral and purchase of credit derivatives, etc.

### Credit risk-weighted assets

Total assets (lending exposures, including credit equivalent amount of off-balance sheet transactions, etc.) which is reevaluated according to the level of credit risk.

### Current exposure method

One of the methods for calculating the credit exposure equivalents of derivative transactions, etc. Method of calculating the equivalents by adding the amount (multiplying the notional amount by certain rate, and equivalent to the future exposure fluctuation amount) to the mark-to-market replacement cost calculated by evaluating the market price of the transaction.

### CVA (credit value adjustment) amount

Capital charges for market-price fluctuation of derivatives transaction due to deteriorated creditworthiness of a counterparty.

### EL

Abbreviation for Expected Loss  
Average loss expected to occur over the coming one year.

### Full revaluation approach

An approach for PL simulation by repricing the financial instruments under each scenario.

### High-quality liquid assets (HQLA)

Liquid assets that can be converted easily and immediately into cash to meet liquidity needs in a specified stress scenario for the subsequent 30 calendar days.

### Historical simulation method

A method of simulating future fluctuations without the use of random numbers, by using historical data for risk factors.

### Internal models approach

Methods of measuring market risk equivalent amount as the value at risk (VaR) calculated with models determined by each bank.

### Internal models method

One of the methods of market-based approach using the VaR model to calculate the loss for shares held by the bank applying the Internal Ratings-Based Approach, and dividing such loss amount by 8% to obtain the credit risk-weighted asset of the equity exposure.

### The Internal Ratings-Based (IRB) Approach

A method of calculating the risk asset by applying PD (Probability of Default) estimated internally by financial institution which conducts sophisticated risk management. There are two methods to calculate exposures to corporate client, etc.: the Advanced Internal Ratings-Based (AIRB) Approach and the Foundation Internal Ratings-Based (FIRB) Approach. The former uses self-estimated LGD and EAD values, while the latter uses LGD and EAD values designated by the authorities.

### Liquidity Ratio Notification

Administrative action and written ordinance for official notification to the general public of regulations concerning the LCR and NSFR of financial institutions in Japan which are decided by the Japanese Financial Services Agency based on the Basel Agreement.

### LGD

Abbreviation for Loss Given Default  
Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default.

### Market-based approach

Method of calculating the risk assets of equity exposures, etc., by using the simple risk weight method or internal model method.

### Market risk equivalent amount

Pursuant to the Basel Capital Accord, the required capital amount imposed on the market-related risk calculated for the four risk categories of mainly the trading book: interest rates, stocks, foreign exchange and commodities.

### Net cash outflows

Net cash flows calculated as total expected cash outflows minus total expected cash inflows in a specified stress scenario for the subsequent 30 calendar days.

### Object finance

For providing credit for purchasing ships or aircrafts, the only source of repayments for the financing should be profits generated from the said tangible assets; and the said tangible assets serve as collaterals, and having an appreciable extent of control over the said tangible assets and profits generated from the said tangible assets.

### Operational risk equivalent amount

Operational risk capital requirements under the Basel Capital Accord.

### Originator

The term “originator” is used in the case that we are directly or indirectly involved in the formation of underlying assets for securitisation transactions when we have the securitisation exposure; or the cases of providing the back-up line for ABCP issued by the securitisation conduit for the purpose of obtaining exposure from the third party, or providing ABL to the securitisation conduit (as sponsor).

### PD

Abbreviation for Probability of Default  
Probability of becoming default by obligor during one year.

### Phased rollout

Under the Basel Capital Accord, it is a transition made by certain group companies planning to apply the Internal Ratings-Based Approach after the implementation of such methods on consolidated-basis.

### Project finance

Out of credit provided for specified businesses such as electric power plants and transportation infrastructure, the only source of repayments is profits generated from the said businesses, and the collateral is tangible assets of the said businesses, and having an appreciable extent of control over the said tangible assets and profits generated from the said tangible assets.

### Qualifying Revolving Retail Exposures (QRRE)

Exposure which may fluctuate up to the upper limit set forth by an agreement according to the individual's voluntary decision, such as card loan and credit card, etc., and the upper limit of the exposure without any collateral is 10 million yen or less.

### Resecuritisation transaction

Out of securitisation transactions, it is a transaction with securitisation exposure for part of or entire underlying assets. However, in the case that all of underlying assets is the single securitisation exposure and the transaction's risk characteristics are substantively unchanged prior to or after the securitisation, the transaction is excluded from the resecuritisation transactions.

### Risk capital

The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations. It differs from the minimum regulatory capital requirements, and it is being used in the risk management framework voluntarily developed by financial institutions for the purpose of internal management.

### Risk weight

Indicator which indicates the extent of credit risk determined by the types of assets (claims) owned. Risk weight becomes higher for assets with high risk of default.

### Square-root-of-time rule

A method of converting the maximum loss estimated as value at risk (VaR) for a specific holding period into the maximum loss for a shorter or longer time period using statistical assumption.

### Securitisation transaction

It is a transaction which stratifies the credit risk for the underlying assets into more than two exposures of senior/subordinated structure and has the quality of transferring part of or entire exposure to the third party.

### Servicer risk

The risk of becoming unable to claim for the collectives, in cases of which bankruptcy of the supplier/servicer occurs prior to collecting receivables, in securitisation and purchased claims transactions.

### Simple risk weight method

One of market-based approaches for calculating the risk-weighted asset amount for the equity exposure, etc. by multiplying the listed shares and unlisted shares with the risk weights of 300% and 400%, respectively.

### Slotting criteria

For risk-weighted asset calculation under the Internal Ratings-Based (IRB) Approach, it is a method of mapping the credit rating to the risk-weight in 5 levels set forth by the Financial Services Agency for Specialised Lending.

### Specialized Lending (SL)

General term used for project finance, object finance, commodity finance and lending for commercial real estate.

### The Standardised Approach (SA)

Method of calculating risk-weighted assets by multiplying credit equivalent amounts by the risk-weight designated by the authorities for each obligor classification (corporates, financial institution, sovereign, retail, etc.).

### Standardised method

Method of calculating market risk using formula determined by the Financial Services Agency.

### Underlying assets

General term used for assets which serve as the source of payments for principal and interest for securitisation exposures, etc.

### VaR

Abbreviation for Value at Risk  
The maximum loss that can be expected to occur with a certain degree of probability when holding a financial asset portfolio for a given amount of time.

# Compensation

Sumitomo Mitsui Financial Group

## ■ Compensation Framework of Sumitomo Mitsui Financial Group and Its Group Companies

### 1. Scope of Officers, Employees and Others

The scope of officers, employees and others whose compensation is subject to disclosure under the revised Cabinet Office on Disclosure of Corporate Affairs, etc. and other ordinances are as described below.

#### (1) Scope of Officers

Officers subject to compensation disclosure are directors and executive officers of Sumitomo Mitsui Financial Group during the fiscal year under review (excluding outside directors).

#### (2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of Sumitomo Mitsui Financial Group and officers and employees of its major consolidated subsidiaries who are highly compensated and have a material influence on the business management or the assets of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries.

##### a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of Sumitomo Mitsui Financial Group with total assets accounting for more than 2% of the total consolidated assets of Sumitomo Mitsui Financial Group and has a material influence on the management of Sumitomo Mitsui Financial Group and its group companies. Specifically, they are Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., SMBC Guarantee Co., Ltd., Limited and overseas subsidiaries such as SMBC Bank International plc, and Sumitomo Mitsui Banking Corporation (China) Limited.

##### b) Scope of highly compensated persons

A highly compensated person is an individual whose compensation paid by Sumitomo Mitsui Financial Group or its major subsidiaries is equal to or more than the base amount. The base amount of Sumitomo Mitsui Financial Group is set at ¥60 million which is based on the average amount of compensation paid to the officers of Sumitomo Mitsui Financial Group and SMBC (excluding officers appointed or retired during the fiscal year in question) over the last three fiscal years (hereinafter "executive compensation amount") and is applied to all group companies. This is because many of the officers of Sumitomo Mitsui Financial Group also serve as officers of SMBC, and their executive compensation amount is determined according to their contribution to the group as a whole. With respect to lump-sum retirement payment for officers serving in Japan, the executive compensation amount for the fiscal year in question is "(his/her executive compensation amount – lump-sum retirement payment) + (lump-sum retirement payment/years of service)" and the executive compensation amount calculated using this formula is compared to the base amount.

##### c) Material influence on the business management or assets of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries

A person has a material influence on the business management or assets of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries if his/her regular transactions or regular matters managed by him/her have a substantial impact on the business management of Sumitomo Mitsui Financial Group and its group companies, or losses incurred through such actions have a significant impact on the financial situation of Sumitomo Mitsui Financial Group and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries, both domestic and overseas.

## 2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters

### (1) Establishment and Maintenance of the Compensation Committee

Sumitomo Mitsui Financial Group, as a Company with a Nomination Committee, has established a Compensation Committee to resolve the "policy to determine individual remuneration for directors and executive officers," "executive compensation programme and relevant regulations," and "individual remuneration for Sumitomo Mitsui Financial Group's directors and corporate executive officers." The Compensation Committee is a body independent from the influence of business units, chaired by an outside director, with the majority of its members being also outside directors, and tasked to determine and deliberate matters related to executive compensation of Sumitomo Mitsui Financial Group and its group companies. In addition, Sumitomo Mitsui Financial Group Compensation Committee reviews and discusses executive compensation programmes/practices of group companies of Sumitomo Mitsui Financial Group and the individual remuneration for Sumitomo Mitsui Financial Group's other executive officers. Furthermore, group companies of Sumitomo Mitsui Financial Group respect the details of the deliberations at the Compensation Committee of Sumitomo Mitsui Financial Group and determine the compensation for directors and corporate auditors within the maximum total amount of compensation approved at an ordinary general meeting of shareholders.

### (2) For Employees and Others

The amount and type of compensation paid to the employees of Sumitomo Mitsui Financial Group and SMBC and the officers and employees of major consolidated subsidiaries are determined and paid according to the compensation policies established by the boards of directors of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries. Compensation systems based on the compensation policies are designed and documented by the HR departments of respective companies, independent from the influence of business units. The compensation policies of major consolidated subsidiaries are regularly reported to the HR department of Sumitomo Mitsui Financial Group for review. The amount and type of compensation for overseas officers and employees is determined and paid under the compensation system established by the relevant office or subsidiary in accordance with local laws, regulations and employment practices.

### (3) Total Amount of Compensation Paid to Compensation Committee Members and Number of Compensation Committee Meetings Held

	Number of Meetings Held (April 1, 2021 to March 31, 2022)
Compensation Committee (Sumitomo Mitsui Financial Group).....	6
Compensation Committee (SMBC Nikko Securities Inc.).....	2

Note: The total amount of compensation is not provided because the portion of the compensation paid to a committee member for services rendered as a committee member cannot be calculated as the amount of compensation paid is based on the committee member's position in the company.

## ■ Assessment of Design and Operation of Compensation Structure

### Compensation Policies for Officers, Employees and Others

#### (1) For Officers

Sumitomo Mitsui Financial Group hereby establishes the Executive Compensation Policy (the "Policy") in order to provide guiding principles for its Compensation Committee to determine individual remuneration for its directors and executive officers (the "Executives").

The Policy's aim is that executive compensation pursuant to it shall provide the appropriate incentives for the Executives to pursue our Mission while materializing our medium-/long-term vision.

##### <Basic Concept>

Executive compensation at SMBC Group shall be determined based on the following concept.

- I. SMBC Group's executive compensation aims at providing appropriate incentives toward the realization of our mission and our vision.
- II. SMBC Group's executive compensation shall reflect the changing business environment and the short-, medium-and long-term performance of the group, and shall account for the contribution to shareholder value, customer satisfaction, and realisation of sustainable society.
- III. Individual remuneration shall reflect the assigned roles and responsibilities as well as the performance of the respective Executive.
- IV. SMBC Group shall research and review market practices, including the use of third-party surveys, in order to provide its Executives with a competitive remuneration package.
- V. SMBC Group's executive compensation shall discourage excessive risk-taking and foster a prudent risk culture expected of a financial institution.
- VI. Both external and internal regulations/guidelines on executive compensation shall be observed and respected.
- VII. SMBC Group shall establish appropriate governance and controls of the compensation process, and shall regularly review to update its executive compensation practices according to changing market practices and/or business environment.

##### <Compensation Programme>

- I. SMBC Group's executive compensation programme (the "Programme") shall have three components: base salary, cash bonus, and stock compensation. However, compensation for outside directors and Audit Committee members shall comprise base salary alone, in consideration of the nature of their role of management supervision.
- II. In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the group, the Programme targets the variable compensation component of total remuneration at 40%, if paid at standard levels. Corresponding with performance of SMBC Group and the degree of contribution to realization of a sustainable society, the variable component could range from 0% to 150% of the standard levels, which shall be determined by corporate titles of the Executives.
- III. In order to enhance shareholding of the Executives and align their interests with shareholders, the Programme targets its stock-based compensation components at 25% of total remuneration, if paid at standard levels.
- IV. The above target levels shall be appropriately set in accordance with the roles, responsibilities, etc. of each Executive.
- V. Base salary shall be periodically paid in cash and shall be, in principle, determined by the corporate titles of each Executive, reflecting the roles, responsibilities, etc.
- VI. Annual incentives shall be determined based on the performance of previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the degree of contribution to realization of a sustainable society, as well as on the performance of each Executive reviewed both from short-term and medium-/long-term perspectives. 70% of the determined amount shall be, in principle, paid as a cash bonus and the remaining 30% shall be paid under Stock Compensation Plan II (annual performance share plan).
  - a. Weight by each target index is as follows:

Target index		Weight
SMBC Banking profit*1	Annual growth/Target achievement	50%
SMBC Net income (Pre-Tax)*2	Annual growth/Target achievement	25%
SMFG Net income*3	Annual growth/Target achievement	25%

\*1 Adding cooperated profit and loss recorded by SMBC Group companies, etc. in a managerial accounting basis to business profit at Sumitomo Mitsui Banking Corporation.

\*2 Income before income taxes at Sumitomo Mitsui Banking Corporation.

\*3 The Group's profit attributable to owners of parent.

\*4 If the Compensation Committee recognizes any element other than the above mentioned target indexes which should be taken into consideration, the Compensation Committee will, if appropriate, judge the circumstances comprehensively and may adjust the compensation to be paid to the employee by a maximum of 5%, plus or minus.

- b. The degree of contribution to realization of a sustainable society shall be reflected as an adjustment to the score determined in a., by a maximum of 10%, plus or minus, based on the single-year achievement of KPI's and results of major ESG ratings.
- VII. Stock compensation plans consist of three types, which are, Stock Compensation Plan I (the "Plan I"), under which the remuneration of the Executives shall be determined based on SMBC Group's medium-term performance, etc., Stock Compensation (the "Plan II"), determined based on SMBC Group's single year performance, etc. and Stock Compensation Plan III (the "Plan III"), determined based on corporate titles, etc.
  - a. Under the stock compensation plans, the Executives shall receive remuneration via shares of Sumitomo Mitsui Financial Group common stock. The transfer of such stock shall be restricted for appropriately defined periods.
  - b. Remuneration under Plan I shall be determined based on SMBC Group's performance against the Medium-term Management Plan, performance of Sumitomo Mitsui Financial Group shares, and the results of customer satisfaction surveys, etc. after the term of SMBC Group's Medium-term Management Plan ends. 80% of the target index is determined based on Financial performance (Medium-term Management Plan target), and 20% is determined based on Share performance of SMFG. Weight by each target index is as follows:

Target index *1, 2		Weight
Financial performance	ROCET1*3	20%
	Base expense*4	20%
	SMFG Gross profit*5	20%
	SMFG Net income	20%
Share performance	TSR (Total shareholder return)	20%

\*1 (Qualitative evaluation) The Compensation Committee determines the score of maximum 10% plus or minus such figure taking into account comprehensively four items, which are "Customer satisfaction," "ESG initiative," "Employee engagement," and "Efforts to develop new business areas."

\*2 (Knock-out provision) In case "CET1 ratio (Post-Basel III reforms basis, excludes net unrealized gains or losses on other securities)" falls below a designated level at the end of each fiscal year, Stock compensation Plan I for the respective fiscal year becomes null and void.

\*3 Post-Basel III reforms basis, excludes net unrealized gains or losses on other securities.

\*4 Sales expenses excluding "revenue linked cost," "prior investment cost" and others

\*5 The Group's consolidated gross profit

c. Remunerations under Plan II shall be determined based on the performance of the previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the contribution to a sustainable society, as well as on the performance of each Executive reviewed both from a short-term and medium-/long-term perspectives. Remuneration paid by restricted shares, they shall effectively act as deferred compensation.

d. Remuneration under Plan III shall be determined based on corporate titles, roles, and responsibilities, etc.

VIII. In the event of material amendments to the financial statements or material reputational damages caused by the Executives, remunerations under the Plans could be reduced or fully forfeited.

IX. Notwithstanding the above, if the Compensation Committee determines that it is not appropriate to apply the above matters due to the role of an Executive in each Group company or other reasonable circumstances, or if the Compensation Committee determines that it is not appropriate to apply the above matters to an Executive domiciled outside Japan, compensation shall be designed on an individual basis and determined not only in accordance with the above Core Principles, but also with consideration to local regulations, guidelines, and other local market practices, whilst ensuring the compensation should not incentivize for excessive risk-taking.

<Governance and Control of the Compensation Processes>

Sumitomo Mitsui Financial Group, as a Company with a Nomination Committee, establishes a "Compensation Committee" to resolve the following:

- The Policy, executive compensation programme including the aforementioned compensation programme and regulations concerning the Policy
  - Individual remunerations for Sumitomo Mitsui Financial Group's directors and corporate executive officers
- In addition to the above, the Compensation Committee shall review and discuss the below:
- The individual remuneration for Sumitomo Mitsui Financial Group's corporate officers and other officers.
  - Executive compensation programmes/practices of group companies of Sumitomo Mitsui Financial Group.

## (2) For Employees and Others

In order to link the business philosophy and strategy of the company to the roles and responsibilities of employees and others, Sumitomo Mitsui Financial Group and its major consolidated subsidiaries determine the domestic compensation taking into account their job responsibilities, business performance and other factors. Compensation for employees and others are determined by the HR departments of respective SMBC Group companies by comprehensively taking into account the surrounding business environment, performance trends, pay history and other factors. Compensation policies for overseas employees are determined following the aforementioned compensation policy for employees and others in Japan as well as in accordance with local laws, regulations and employment practices.

## ■ Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance

### 1. Sumitomo Mitsui Financial Group and SMBC

In determining the compensation for the officers of Sumitomo Mitsui Financial Group, the details of individual compensation for directors and executive officers are determined by the mandatory Compensation Committee, where the majority of the committee members are the outside directors. The compensation for the officers of SMBC are determined within the scope approved at a shareholders' meeting with the President, delegated by the Board of Directors, determining the details of compensation for each individual, reflecting the assigned roles and responsibilities as well as achievements at SMBC, in light of the deliberations of the SMFG Compensation Committee.

In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the group, the Programme targets the variable compensation component of total remuneration at 40%, if paid at standard levels. The Programme shall have three components: base salary, cash bonus, and stock compensation. Cash bonus shall be determined and paid each fiscal year based on the Group's performance in the previous year, as well as on the performance of the respective Executive reviewed both from short-term and medium-/long-term perspectives. Stock compensation is determined and paid based on the progress of targets during the period of the Medium-term Management plan, performance of Sumitomo Mitsui Financial Group shares, and the results of customer satisfaction surveys, etc. Sumitomo Mitsui Financial Group and SMBC allot restricted stocks via the Plans to Executives to effectively defer part of executive compensation.

Stock Compensation Plan I involves removal of the restriction on transfer, after the expiry of Sumitomo Mitsui Financial Group's Medium-term Management Plan. In the event that the finalized amount of compensation falls short of the initially allocated amount, Sumitomo Mitsui Financial Group will retrieve all or part of the allotted shares at nil cost in the case the final amount falls below the initial amount.

Stock Compensation Plan II involves step-by-step removal of the restriction on transfer, one third in each year over the three years following the payment.

Stock Compensation Plan III involves removal of the restriction on transfer, either 30 years after payment or at the time of retirement from the position of officer.

In addition, Sumitomo Mitsui Financial Group and SMBC introduced the malus (forfeiture) of restricted stock and the clawback of vested stock allocated to the Executives under the Plans in order to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution. Provisions on malus and clawbacks are included in the Allotment Agreement and they shall be exercised in the event of material amendments to the financial statements or material reputational damage caused by the Executives after thorough review at the Compensation Committee.

In addition, in determining the compensation for employees, their job responsibilities and business performance are taken into account. For variable compensation, in order to avoid an excessive result-oriented approach, it is determined after comprehensive evaluation based on not only short-term performance results but also qualitative evaluation. Compensation is individually designed with consideration to local regulations, guidelines, and other market practices, whilst ensuring the compensation should not incentivize for excessive risk-taking.

### 2. Other Major Consolidated Subsidiaries

The compensation for officers and employees of other major subsidiaries of Sumitomo Mitsui Financial Group are determined by comprehensively taking into account the assessment of the subsidiaries' medium- and long-term earnings, and in the case of an overseas subsidiary, local laws, regulations and employment practices, and a compensation structure that could affect the risk management of SMBC Group has not been adopted. While terms of employment presented at the time of recruitment may include the minimum amount of compensation within a reasonable scope under local practice, the compensation structure is designed to avoid an excessive result-oriented approach. In addition, expenses for employee retention are recorded for employees of certain major consolidated subsidiaries.

## ■ Type, Total Amount Paid, and Payment Method of Compensation for Officers, Employees and Others of Sumitomo Mitsui Financial Group and Its Group Companies

Compensation, etc. allocated to the applicable fiscal year

(Headcount, millions of yen)

Item No.		(a)	(b)
		Officers	Employees and others
1	Number of applicable officers, employees and others	21	280
2	Total fixed compensation (3+5+7)	1,207	12,506
3	of which: cash compensation	1,125	11,730
4	of which in 3: deferred amount	—	—
5	of which: amount of stock compensation or stock-linked compensation	64	374
6	of which in 5: deferred amount	64	374
7	of which: other compensation	17	401
8	of which in 7: deferred amount	—	—
9	Number of applicable officers, employees and others	18	279
10	Total variable compensation (11+13+15)	764	9,784
11	of which: cash compensation	370	8,328
12	of which in 11: deferred amount	—	1,510
13	of which: amount of stock compensation or stock-linked compensation	393	1,456
14	of which in 13: deferred amount	393	995
15	of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—
17	Number of applicable officers, employees and others	—	202
18	Amount of retirement allowance	—	935
19	of which: deferred amount	—	71
20	Number of applicable officers, employees and others	—	77
21	Amount of other compensation	—	130
22	of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)	1,971	23,357

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

Special compensation, etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	14	561	1	39	2	93

## ■ Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,458	1,074	—	—	176
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	2,922	648	—	—	913
	Amount of stock compensation or stock-linked compensation	3,691	3,392	—	—	363
	Amount of other compensation	—	—	—	—	—
Total amount		8,072	5,115	—	—	1,453

# Compensation

Sumitomo Mitsui Banking Corporation (SMBC) and Its Group Companies

## ■ Compensation Framework of SMBC Group

### 1. Scope of Officers and Employees

The scope of officers, employees and others whose compensation is subject to disclosure under the revised Cabinet Office on Disclosure of Corporate Affairs, etc. and other ordinances are as described below.

#### (1) Scope of Officers

Officers subject to compensation disclosure are directors and corporate auditors of SMBC during the fiscal year under review.

#### (2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of SMBC and officers and employees of its major consolidated subsidiaries who are highly compensated and have a material influence on the business management or the assets of SMBC and its major consolidated subsidiaries.

##### a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of SMBC with total assets accounting for more than 2% of the total consolidated assets of SMBC and has a material influence on the management of SMBC and its group companies. Specifically, they are SMBC Guarantee Co., Ltd. and overseas subsidiaries such as SMBC Bank International plc and Sumitomo Mitsui Banking Corporation (China) Limited.

##### b) Scope of highly compensated persons

A highly compensated person is an individual whose compensation paid by SMBC or its major subsidiaries is equal to or more than the base amount. The base amount of SMBC is set at ¥60 million which is based on the average amount of compensation paid to the officers of Sumitomo Mitsui Financial Group and SMBC (excluding officers appointed or retired during the fiscal year in question) over the last three fiscal years (hereinafter “executive compensation amount”) and is applied to all group companies. This is because many of the officers of Sumitomo Mitsui Financial Group also serve as officers of SMBC, and their executive compensation amount is determined according to their contribution to the group as a whole. With respect to lump-sum retirement payment for officers serving in Japan, the executive compensation amount for the fiscal year in question is “(his/her executive compensation amount – lump-sum retirement payment) + (lump-sum retirement payment/years of service)” and the executive compensation amount calculated using this formula is compared to the base amount.

##### c) Material influence on the business management or assets of SMBC and its major consolidated subsidiaries

A person has a material influence on the business management or assets of SMBC and its major consolidated subsidiaries if his/her regular transactions or regular matters managed by him/her have a substantial impact on the business management of SMBC and its group companies, or losses incurred through such actions have a significant impact on the financial situation of SMBC and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of SMBC and its major consolidated subsidiaries, both domestic and overseas.

## 2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters

### (1) Determination of compensation for officers

Compensation for SMBC's Directors (excluding members of the Audit and Supervisory Committee) is determined within the limit approved at a shareholders' meeting with the President, delegated by the Board of Directors, determining the amount of compensation for each individual, reflecting the assigned roles and responsibilities as well as achievements at SMBC, in light of the deliberations of the SMFG Compensation Committee.

The details of the above determination are reported to SMBC's Audit and Supervisory Committee.

Individual compensation for Directors who are members of the Audit and Supervisory Committee is determined within the scope approved at a shareholders' meeting, through discussion by Directors who are members of the Audit and Supervisory Committee.

### (2) Determination of compensation for employees

Compensation for employees is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters (2) For Employees and Others” on page 284).

## ■ Assessment of Design and Operation of Compensation Structure

### Compensation Policy

#### Compensation Policies for Officers, Employees and Others

##### (1) For Officers

Sumitomo Mitsui Banking Corporation hereby establishes the Executive Compensation Policy (the “Policy”) in order to provide guiding principles for its Compensation Committee to determine individual remuneration for its directors and executive officers (the “Executives”).

The Policy's aim is that executive compensation pursuant to it shall provide the appropriate incentives for the Executives to pursue our Group Mission while materializing our medium-/long-term vision.

##### <Basic Concept>

Executive compensation at SMBC shall be determined based on the following concept.

- I. SMBC Group's executive compensation aims at providing appropriate incentives toward the realization of our mission and our vision.
- II. SMBC Group's executive compensation shall reflect the changing business environment and the short-, medium- and long-term performance of the group, and shall account for the contribution to shareholder value, customer satisfaction, and realization of sustainable society.
- III. Individual remuneration shall reflect the assigned roles and responsibilities as well as the performance of the respective Executive.
- IV. SMBC Group shall research and review market practices, including the use of third-party surveys, in order to provide its Executives with a competitive remuneration package.
- V. SMBC Group's executive compensation shall discourage excessive risk-taking and foster a prudent risk culture expected of a financial institution.
- VI. Both external and internal regulations/guidelines on executive compensation shall be observed and respected.
- VII. SMBC Group shall establish appropriate governance and controls of the compensation process, and shall regularly review to update its executive compensation practices according to changing market practices and/or business environment.

##### <Compensation Programme>

- I. SMBC Group's executive compensation programme (the “Programme”) shall have three components: base salary, cash bonus, and stock compensation. However, compensation for outside directors and Audit Committee members shall comprise base salary alone, in consideration of the nature of their role of management supervision.
- II. In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the group, the Programme targets the variable compensation component of total remuneration at 40%, if paid at standard levels. Corresponding with performance of SMBC Group and the degree of contribution to realization of a sustainable society, the variable component could range from 0% to 150% of the standard levels, which shall be determined by corporate titles of the Executives.
- III. In order to enhance shareholding of the Executives and align their interests with shareholders of Sumitomo Mitsui Financial Group (“SMFG”), the parent, the Programme targets its stock-based compensation components of SMFG stocks at 25% of total remuneration, if paid at standard levels.
- IV. The above target levels shall be appropriately set in accordance with the roles, responsibilities, etc. of each Executive.
- V. Base salary shall be periodically paid in cash and shall be, in principle, determined by the corporate titles of each Executive, reflecting the roles, responsibilities, etc.
- VI. Annual incentives shall be determined based on the performance of previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the degree of contribution to realization of a sustainable society, as well as on the performance of each Executive reviewed both from short-term and medium-/long-term perspectives. 70% of the determined amount shall be, in principle, paid as a cash bonus and the remaining 30% shall be paid under Stock Compensation Plan II (annual performance share plan).

a. Weight by each target index is as follows:

Target index		Weight
SMBC Banking profit*1	Annual growth/Target achievement	50%
SMBC Net income (Pre-Tax)*2	Annual growth/Target achievement	25%
SMFG Net income*3	Annual growth/Target achievement	25%

\*1 Adding cooperated profit and loss recorded by SMBC Group companies, etc. in a managerial accounting basis to business profit at and Sumitomo Mitsui Banking Corporation.

\*2 Income before income taxes at Sumitomo Mitsui Banking Corporation.

\*3 The Group's profit attributable to owners of parent.

\*If the SMFG Compensation Committee recognizes any element other than the above mentioned target indexes which should be taken into consideration, the SMFG Compensation Committee will, if appropriate, judge the circumstances comprehensively and may adjust the compensation to be paid to the employee by a maximum of 5%, plus or minus.

- b. The degree of contribution to realization of a sustainable society shall be reflected as an adjustment to the score determined in a., by a maximum of 10%, plus or minus, based on the single-year achievement of KPI's and results of major ESG ratings.

- VII. Stock compensation plans consist of three types, which are, Stock Compensation Plan I (the "Plan I"), under which the remuneration of the Executives shall be determined based on SMBC Group's medium-term performance, etc., Stock Compensation (the "Plan II"), determined based on SMBC Group's single year performance, etc. and Stock Compensation Plan III (the "Plan III"), determined based on corporate titles, etc.
- a. Under the stock compensation plans, the Executives shall receive remuneration via shares of Sumitomo Mitsui Financial Group common stock. The transfer of such stock shall be restricted for appropriately defined periods.
- b. Remuneration under Plan I shall be determined based on SMBC Group's performance against the Medium-term Management Plan, performance of SMFG shares, and the results of customer satisfaction surveys, etc. after the term of SMBC Group's Medium-term Management Plan ends. 80% of the target index is determined based on Financial performance (Medium-term Management Plan target), and 20% is determined based on Share performance of SMFG.
- Weight by each target index is as follows:

Target index *1,2		Weight
Financial performance	ROCE1 *3	20%
	Base expense*4	20%
	SMFG Gross profit*5	20%
	SMFG Net income	20%
Share performance	TSR (Total shareholder return)	20%

\*1 (Qualitative evaluation) The Compensation Committee determines the score of maximum 10% plus or minus such figure taking into account comprehensively four items, which are "Customer satisfaction," "ESG initiative," "Employee engagement," and "Efforts to develop new business areas."

\*2 (Knock-out provision) In case "CET1 ratio (Post-Basel III reforms basis, excludes net unrealized gains or losses on other securities)" falls below a designated level at the end of each fiscal year, Stock compensation Plan I for the respective fiscal year becomes null and void.

\*3 Post-Basel III reforms basis, excludes net unrealized gains or losses on other securities.

\*4 Sales expenses excluding "revenue linked cost," "prior investment cost" and others

\*5 The Group's consolidated gross profit

- c. Remunerations under Plan II shall be determined based on the performance of the previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the contribution to a sustainable society, as well as on the performance of each Executive reviewed both from a short-term and medium-/long-term perspectives. Remuneration paid by restricted shares, they shall effectively act as deferred compensation.

- d. Remuneration under Plan III shall be determined based on corporate titles, roles, and responsibilities, etc.

- VIII. In the event of material amendments to the financial statements or material reputational damages caused by the Executives, remunerations under the Plans could be reduced or fully forfeited.

- IX. Notwithstanding the above, if the SMFG Compensation Committee determines that it is not appropriate to apply the above matters due to the role of an Executive in each Group company or other reasonable circumstances, or if the SMFG Compensation Committee determines that it is not appropriate to apply the above matters to an Executive domiciled outside Japan, compensation shall be designed on an individual basis and determined not only in accordance with the above Core Principles, but also with consideration to local regulations, guidelines, and other local market practices, whilst ensuring the compensation should not incentivize for excessive risk-taking.

#### <Governance and Control of the Compensation Processes>

- I. This Policy is determined at SMBC's Board of Directors in light of the "Executive Compensation Policy" determined by SMFG Compensation Committee.
- II. Compensation for SMBC's Directors (excluding members of the Audit and Supervisory Committee) is determined within the limit approved at a shareholders' meeting with the President, delegated by the Board of Directors, determining the amount of compensation for each individual, reflecting the assigned roles and responsibilities as well as achievements at SMBC, in light of the deliberations of the SMFG Compensation Committee.
- III. The details of the determination in II above are reported to SMBC Audit and Supervisory Committee.
- IV. The specific amount, payment period, and method of compensation for SMBC's executive officers is determined by the President, reflecting the assigned roles and responsibilities as well as achievements at SMBC.
- V. Individual compensation for Directors who are members of the Audit and Supervisory Committee is determined within the limit approved at a shareholders' meeting, through discussion by Directors who are members of the Audit and Supervisory Committee.

#### ■ Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance

Consistency between compensation structure and risk management and link between compensation and performance is stated in "Compensation" of Sumitomo Mitsui Financial Group (please refer to "Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance" on page 286).

#### ■ Type, Total Amount Paid, and Payment Method of Compensation for Officers, Employees and Others of SMBC and Its Group Companies

##### 1. Compensation Allocated in the Applicable Fiscal Year (SMBC consolidated)

Item No.		(Headcount, millions of yen)		
		(a) Officers	(b) Employees and others	
1	Fixed compensation	Number of applicable officers, employees and others	14	271
2		Total fixed compensation (3+5+7)	822	12,169
3		of which: cash compensation	783	11,343
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	15	424
6		of which in 5: deferred amount	15	424
7		of which: other compensation	24	401
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	11	270
10		Total variable compensation (11+13+15)	470	9,313
11		of which: cash compensation	216	7,787
12		of which in 11: deferred amount	—	1,457
13		of which: amount of stock compensation or stock-linked compensation	254	1,525
14		of which in 13: deferred amount	254	1,064
15		of which: amount of other compensation	—	—
16		of which in 15: deferred amount	—	—
17	Retirement allowance	Number of applicable officers, employees and others	1	199
18		Amount of retirement allowance	3	852
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	77
21		Amount of other compensation	—	130
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,297	22,465

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

##### 2. Special Compensation, Etc.

	(Headcount, millions of yen)					
	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	14	561	1	39	2	93

## 1. Compensation Allocated in the Applicable Fiscal Year (SMBC non-consolidated)

(Headcount, millions of yen)

Item No.			(a)	(b)
			Officers	Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	14	271
2		Total fixed compensation (3+5+7)	822	12,169
3		of which: cash compensation	783	11,343
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	15	424
6		of which in 5: deferred amount	15	424
7		of which: other compensation	24	401
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	11	270
10		Total variable compensation (11+13+15)	470	9,313
11		of which: cash compensation	216	7,787
12		of which in 11: deferred amount	—	1,457
13		of which: amount of stock compensation or stock-linked compensation	254	1,525
14		of which in 13: deferred amount	254	1,064
15	of which: amount of other compensation	—	—	
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	1	199
18		Amount of retirement allowance	3	852
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	77
21		Amount of other compensation	—	130
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,297	22,465

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

## 2. Special Compensation, Etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	14	561	1	39	2	93

## ■ Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

## Amount of Deferred Compensation, Etc. (SMBC consolidated)

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	956	694	—	—	164
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	2,685	648	—	—	913
	Amount of stock compensation or stock-linked compensation	4,027	3,638	—	—	309
	Amount of other compensation	—	—	—	—	—
Total amount		7,670	4,981	—	—	1,387

## Amount of Deferred Compensation, Etc. (SMBC non-consolidated)

Deferred compensation, etc.

(Millions of yen)

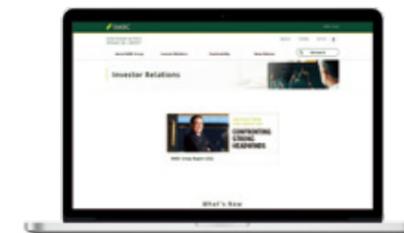
		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	956	694	—	—	164
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	2,685	648	—	—	913
	Amount of stock compensation or stock-linked compensation	4,027	3,638	—	—	309
	Amount of other compensation	—	—	—	—	—
Total amount		7,670	4,981	—	—	1,387



**SMBC Group Home Page**

<https://www.smgf.co.jp/> (Japanese)

<https://www.smgf.co.jp/english/> (English)



**IR Information**

<https://www.smgf.co.jp/investor/> (Japanese)

<https://www.smgf.co.jp/english/investor/> (English)



**Sustainability Information**

<https://www.smgf.co.jp/sustainability/> (Japanese)

<https://www.smgf.co.jp/english/sustainability/> (English)

