

## Financial Review

### Principal Financial Data

#### Consolidated Performance Summary

	FY2012	FY2013	FY2014	FY2015
Consolidated gross profit	2,792.9	2,898.2	2,980.4	2,904.0
Net interest income	1,392.6	1,484.2	1,505.2	1,422.9
Net fees and commissions + Trust fees	910.0	987.1	999.6	1,007.5
Net trading income + Net other operating income	490.2	427.0	475.7	473.5
General and administrative expenses	1,496.3	1,569.9	1,659.3	1,724.8
Overhead ratio	53.6%	54.2%	55.7%	59.4%
Equity in gains (losses) of affiliates	5.3	10.2	(10.6)	(36.2)
Consolidated net business profit	-	1,338.5	1,310.5	1,142.9
(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
Gains (losses) on stock	(21.0)	89.2	66.7	69.0
Other income (expenses)	(34.1)	(44.5)	(48.2)	(123.9)
Ordinary profit	1,073.7	1,432.3	1,321.2	985.3
Extraordinary gains (losses)	(9.7)	(9.6)	(11.8)	(5.1)
Income taxes	146.0	458.8	441.4	225.0
Profit attributable to non-controlling interests	124.0	128.5	114.4	108.4
Profit attributable to owners of parent	794.1	835.4	753.6	646.7

#### Consolidated Balance Sheet Summary

Total assets	148,696.8	161,534.4	183,442.6	186,585.8
Loans and bills discounted	65,632.1	68,227.7	73,068.2	75,066.1
Securities	41,306.7	27,152.8	29,633.7	25,264.4
Total liabilities	140,253.6	152,529.4	172,746.3	176,138.2
Deposits	89,081.8	94,331.9	101,047.9	110,668.8
Negotiable certificates of deposit	11,755.7	13,713.5	13,825.9	14,250.4
Total net assets	8,443.2	9,005.0	10,696.3	10,447.7
Shareholders' equity	5,680.6	6,401.2	7,018.4	7,454.3
Retained earnings	2,811.5	3,480.1	4,098.4	4,534.5
Accumulated other comprehensive income	664.6	878.0	2,003.9	1,459.5
Non-controlling interests	2,096.8	1,724.0	1,671.7	1,531.0

#### Financial Indicators

Total capital ratio (BIS guidelines)	14.71%	15.51%	16.58%	17.02%
Tier 1 capital ratio (BIS guidelines)	10.93%	12.19%	12.89%	13.68%
Common equity Tier 1 capital ratio (BIS guidelines)	9.38%	10.63%	11.30%	11.81%
Dividend per share (Yen)	120	120	140	150
Dividend payout ratio	21.3%	20.3%	26.2%	32.7%
ROE (on a stockholders' equity basis)	14.8%	13.8%	11.2%	8.9%

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

Nikkei Stock Average (Yen)	12,398	14,828	19,207	16,759
Foreign exchange rate (USD/JPY)	94.01	102.88	120.15	112.62

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

(Billions of yen)

FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021
2,920.7	2,981.1	2,846.2	2,768.6	2,806.2	<b>2,945.5</b>
1,358.6	1,390.2	1,331.4	1,306.9	1,335.2	<b>1,528.0</b>
1,017.1	1,070.5	1,064.6	1,088.1	1,098.9	<b>1,205.5</b>
545.0	520.3	450.2	373.6	372.1	<b>212.0</b>
1,812.4	1,816.2	1,715.1	1,739.6	1,747.1	<b>1,821.1</b>
62.1%	60.9%	60.3%	62.8%	62.3%	<b>61.8%</b>
24.6	39.0	61.1	56.1	25.0	<b>28.5</b>
1,132.9	1,203.8	1,192.3	1,085.0	1,084.0	<b>1,152.9</b>
-	-	-	-	-	-
164.4	94.2	110.3	170.6	360.5	<b>274.4</b>
55.0	118.9	116.3	80.5	92.6	<b>209.1</b>
(17.6)	(64.5)	(63.1)	(62.8)	(105.0)	<b>(46.9)</b>
1,005.9	1,164.1	1,135.3	932.1	711.0	<b>1,040.6</b>
(26.6)	(55.3)	(11.7)	(43.4)	(38.8)	<b>(111.0)</b>
171.0	270.5	331.4	167.7	156.3	<b>214.5</b>
101.8	104.0	65.5	17.1	3.1	<b>8.4</b>
706.5	734.4	726.7	703.9	512.8	<b>706.6</b>
197,791.6	199,049.1	203,659.1	219,863.5	242,584.3	<b>257,704.6</b>
80,237.3	72,945.9	77,979.2	82,517.6	85,132.7	<b>90,834.1</b>
24,631.8	25,712.7	24,338.0	27,128.8	36,549.0	<b>38,538.7</b>
186,557.3	187,436.2	192,207.5	209,078.6	230,685.3	<b>245,507.3</b>
117,830.2	116,477.5	122,325.0	127,042.2	142,026.2	<b>148,585.5</b>
11,880.9	11,220.3	11,165.5	10,180.4	12,570.6	<b>13,069.8</b>
11,234.3	11,612.9	11,451.6	10,784.9	11,899.0	<b>12,197.3</b>
8,119.1	8,637.0	9,054.4	9,354.3	9,513.4	<b>9,938.6</b>
5,036.8	5,552.6	5,992.2	6,336.3	6,492.6	<b>6,916.5</b>
1,612.5	1,753.4	1,713.9	1,365.7	2,313.1	<b>2,159.6</b>
1,499.3	1,219.6	678.5	62.9	70.8	<b>97.6</b>
16.93%	19.36%	20.76%	18.75%	18.61%	<b>16.56%</b>
14.07%	16.69%	18.19%	16.63%	16.96%	<b>15.46%</b>
12.17%	14.50%	16.37%	15.55%	16.00%	<b>14.45%</b>
150	170	180	190	190	<b>210</b>
29.9%	32.7%	34.6%	37.0%	50.8%	<b>40.7%</b>
9.1%	8.8%	8.2%	7.6%	5.4%	<b>7.3%</b>
18,909	21,454	21,206	18,917	29,179	<b>27,821</b>
112.19	106.25	111.00	108.81	110.71	<b>122.41</b>

## 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)

(Billions of yen)

	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			
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.

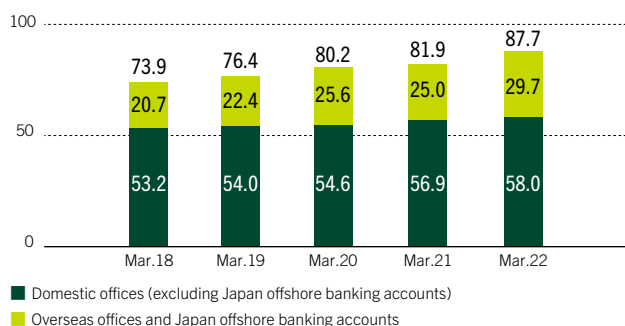
## Consolidated Balance Sheet Summary

### 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.

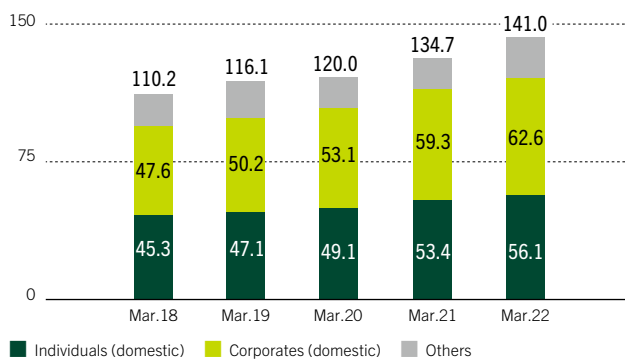
#### Balance of Loans (Trillions of yen)



### 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%.

#### Domestic Loan-to-Deposit Spread (%)

	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.

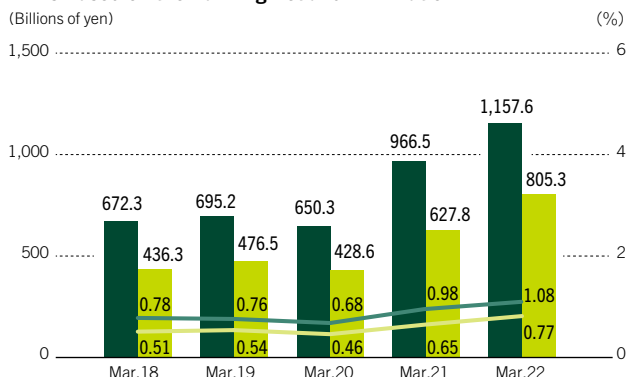
#### Unrealized Gains (Losses) on Other Securities (Billions of yen)

	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

Leverage ratio	5.17%	5.65%	(0.48)%
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#### External TLAC Ratio

Risk-weighted asset basis	24.98%	25.82%	(0.84)%
Total exposure basis	9.54%	9.77%	(0.23)%

#### Total Exposure

Total exposure*	216,080.4	198,170.8	+17,909.6
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\* Excludes deposits with the Bank of Japan