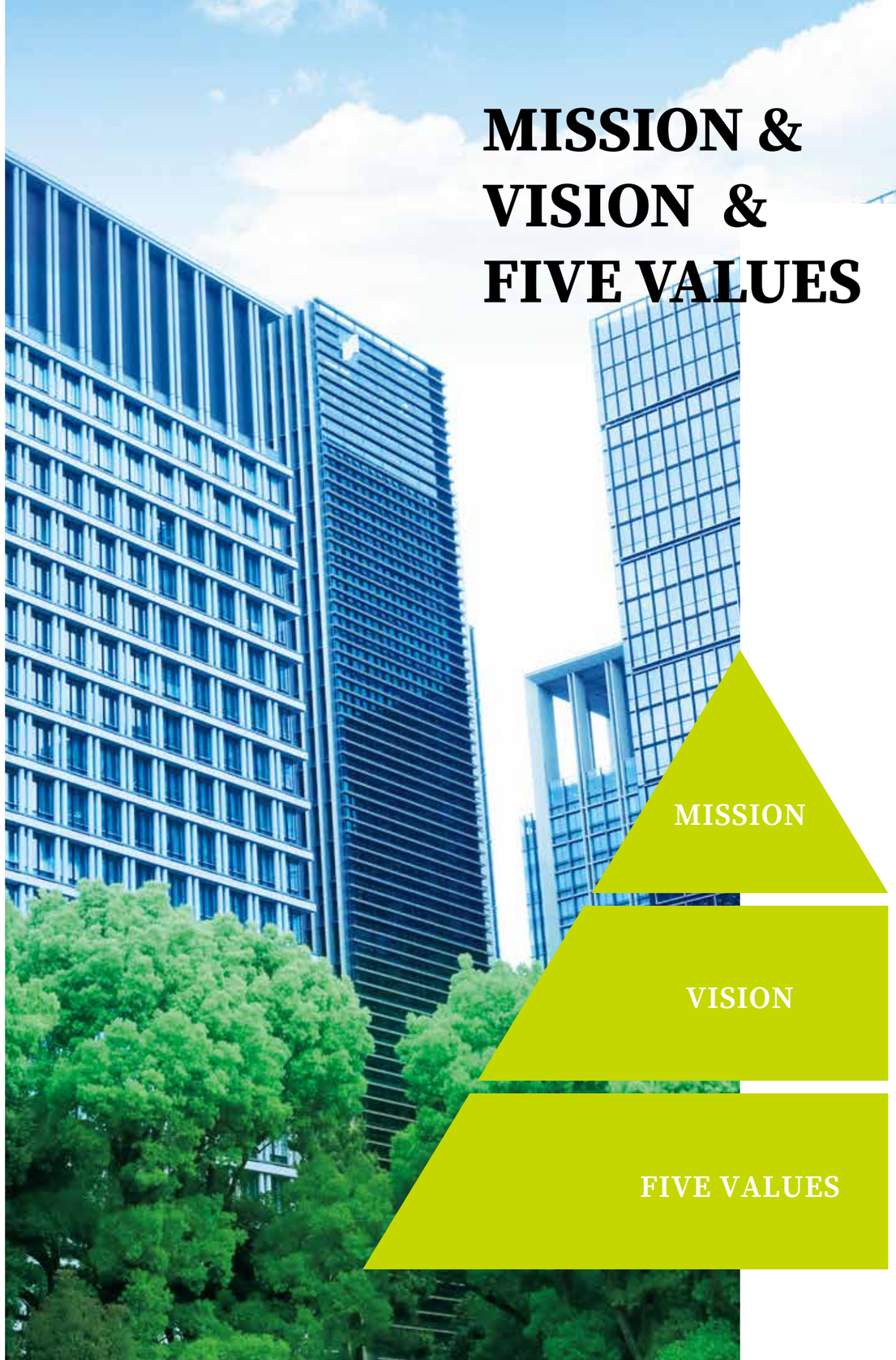
SMBC GROUP ANNUAL REPORT 2021

YEAR ENDED MARCH 31, 2021

SUMITOMO MITSUI FINANCIAL GROUP

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.

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.

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

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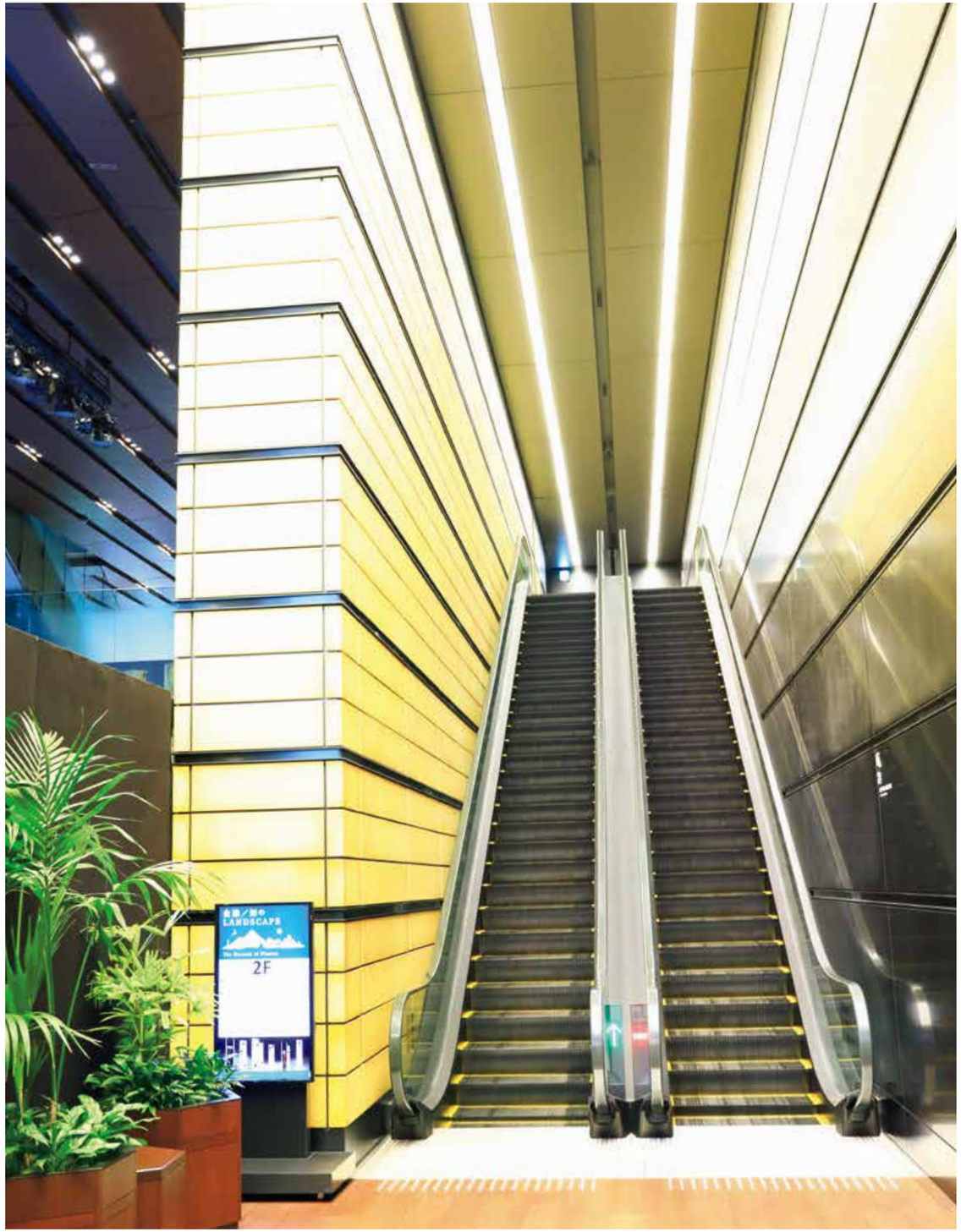
INTEGRITY	As a professional, always act with sincerity and a high ethical standard.
CUSTOMER FIRST	Always look at it from the customer's point of view, and provide value based on their individual needs.
PROACTIVE & INNOVATIVE	Embrace new ideas and perspectives, don't be deterred by failure.
SPEED & QUALITY	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.



Editorial Policy

SMBC GROUP ANNUAL REPORT 2021 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:

FY2020 (April 2020 to March 2021)

Some subsequent information is also included.

Organizations covered:

Sumitomo Mitsui Financial Group and its subsidiaries and affiliates

Published:

August 2021

"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.

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History of SMBC Group

Throughout the course of its history, SMBC Group has adapted to the changing needs of the times and shifted its businesses while enhancing the quality of its corporate infrastructure through environmental, social, and governance (ESG) initiatives.

1590–

Source of Management Enduring for Four Centuries

1590
Riemon Soga (brother-in-law of Masatomo Sumitomo) started copper refining business

1673
Takatoshi Mitsui opened Mitsui Echigoya Kimono Dealer

1876
Mitsui Bank established

1895
Sumitomo Bank established

ESG

Predecessor of Sumitomo E S

Around 1600
Development of cutting-edge copper refining techniques

1894
Tree planting at deforested copper mine site

1998 E
Establishment of environmental policies

Predecessor of Mitsui S

1673
Innovation of business practices (clothing sales)

1683
Important developer of financial infrastructure (money exchanging)

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 Audit Committee (optional)

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

We Support
WOMEN'S EMPOWERMENT PRINCIPLES
EQUALITY MEANS BUSINESS
UN WOMEN
UNITED NATIONS GLOBAL COMPACT
www.weprinciples.org

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 E S G
Revision of Our Mission
Establishment of SMBC Group Statement on Sustainability

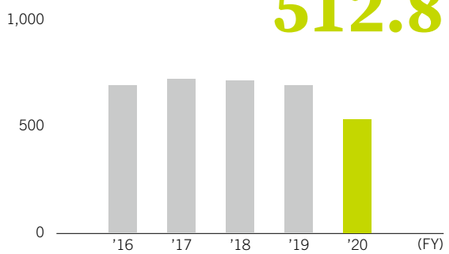
2021 E S G
Appointment of Group CSuO and establishment of Sustainability Committee

Financial Highlights

Profit attributable to Owners of Parent

(Billions of yen)

512.8

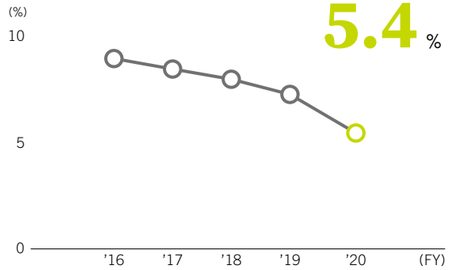


Consolidated net business profit remained at the same level as FY2019 since the COVID-19 pandemic had both positive and negative effects. However, profit attributable to owners of parent decreased year on year due an increase in total credit cost.

Return on Equity (ROE)

(Calculated using stockholders' equity as the denominator)

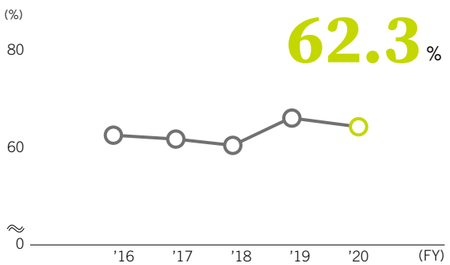
5.4%



ROE was at a lower level as profit attributable to owners of parent decreased due to the increase in total credit cost as a result of the COVID-19 pandemic.

Overhead Ratio (OHR)

62.3%

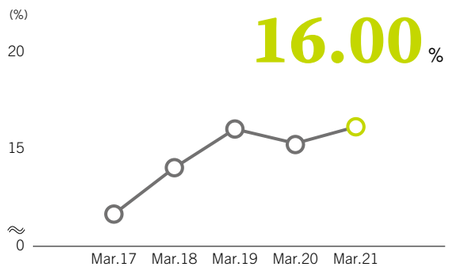


While allocating resources to overseas operations, OHR showed a year-on-year improvement as business expenses decreased due to the COVID-19 pandemic and group-wide cost reduction efforts.

Common Equity Tier 1 Capital Ratio (CET1 Ratio)

(Basel III fully-loaded basis)

16.00%

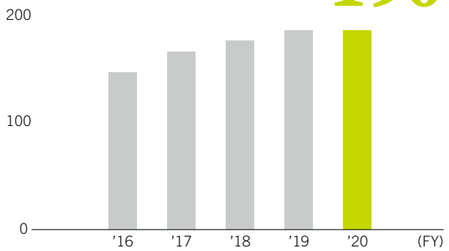


While risk-weighted assets increased from providing financial support to customers, we maintained our CET1 ratio higher than the required level due to the growth in net unrealized gains on other securities as stock prices increased.

Dividend per Share of Common Stock

(Yen)

190



To enhance shareholder returns as we presented in the Medium-Term Management Plan, we increased the FY2021 dividend forecast by ¥10 to ¥200 per share.

Credit ratings (As of June 30, 2021)

	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

Target	FY2020 Result
¥20 trillion (From FY2020 to FY2029)	¥2.7 trillion

Green Bond Issuance

Target	FY2020 Result
One issuance or more/year	One issuance

Community

Retail Deposits in Asia

Target	FY2020 Result
x3 of FY2019 (By FY2022)	x2

Next Generation

Finance Education

Target	FY2020 Result
1.5 million (from FY2020 to FY2029)	132 thousand

Human Resources

Female Managers

Target	FY2020 Result
20% (By FY2025)	15.8%

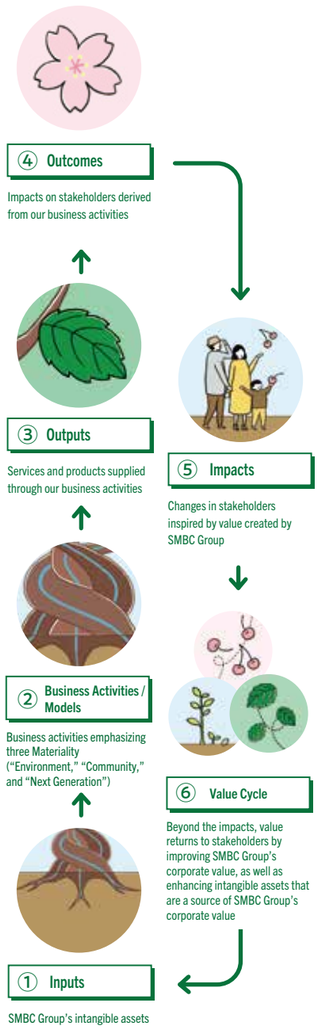
Childcare Leave (Male)*

Target	FY2020 Result
100%	100%

* Figure is for SMBC.

SMBC Group's Value Creation Process

SMBC Group's Value Creation Cycle



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

Climate Change
Demographic Changes
Geopolitical Risks
Changes in Consumer Behavior

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

Preservation of a healthy environment

Fostering of people and industries that will shape the future

Outcomes

Cash settlements
Wealth management
Financial inclusion

Renewable energy projects
Green bond underwriting

New business development
Digital transformations
Financial literacy education

Outputs

Employees

Impacts

Society / Customers

Shareholders

SMBC Group's Business Activities

Creation and intermediation of value

Business Units	Five Values
Retail Wholesale Global Global Markets	Integrity Customer First Proactive & Innovative Speed & Quality Team "SMBC Group"

Three Priority Issues

Environment | Community | Next Generation

Financial Capital

Human Capital
- On-the-ground capabilities (diverse and highly specialized human resources)

Intellectual Capital
- History and brand
- Speed
- Spirit of innovation

Social and Relationship Capital
- Domestic and international network
- Group strength
- Solid customer base

Inputs

Compliance
Risk management
Corporate governance

Sustainability management is the practice of continuously enriching the soil (an intangible asset) that we have inherited from the past and which is the origin of our corporate value.

MESSAGE FROM THE GROUP CEO

CONFRONTING STRONG HEADWINDS

Jun Ohta
Director President and Group CEO

In a Calm Sea, Everyone Is a Pilot.

Japan's financial sector, our mother market, faces a challenging environment with accelerating population decline and aging, a domestic economy that continues to suffer from years of anemic growth, a negative interest rate environment, and the COVID-19 pandemic. Furthermore, we are witnessing the increasing presence of new competitors in the financial sector and the increased unbundling and re-bundling of financial and non-financial services and products. Given this trend, while the need for financial functions such as deposits, loans, and settlements may remain, there is no guarantee that customers will select traditional players such as SMBC Group to provide them with those functions.

However, by no means does this challenging business environment cause me to feel any pessimism. Rather, I have every confidence that SMBC Group will continue to grow as a global financial institution in a sustainable manner.

What we must not forget is that regardless of the business environment, there will also be opportunities for growth. In recent years, we saw a rapid acceleration in the pace of technological innovation and changing customer needs, for example the shift to cashless payments in the BtoC sector and the global move toward electronic vehicles in the automobile sector followed by advancements toward the commercialization of self-driving vehicles. At the base of such changes lie irreversible megatrends with some examples being enhanced convenience due to the digital shift and increased expectations of society toward ESG. This being the case, I expect these trends to accelerate even further going forward. In such an operating environment, traditional industry status and sales networks will not always function as an advantage. In fact, they could hinder innovation due to concerns regarding legacy and sunk costs. However, I believe it is possible to realize sustainable growth in a market such as Japan where growth in the size of the overall pie is not expected if we can create alternative demand and other new needs while also building the necessary platforms to address those needs.

Furthermore, advances in technology have provided humanity with new ways of facing and fighting threats. For example, in terms of COVID-19, scientists from around the world worked to identify the underlying virus and released the results of the genome sequence analysis online in January 2020, a time when the virus was still limited to parts of China. Effective vaccines were not only developed less than one year from this breakthrough, the large-scale production of those vaccines was realized. Furthermore, we were able to resume business activities at a level similar to that before the global health crisis through the use of web conferencing and other digital tools as we combated the spread of the virus by curbing our activities while we waited for the rollout of vaccines. Humanity was essentially powerless in its efforts to combat past pandemics such as the Spanish Flu and SARS. Past efforts were limited to quarantining infected individuals and placing restrictions on the movement of people, after which there was no real effective means that could be implemented other than to wait for the pandemic to run its course. As you can see humanity has made great progress in its ability to combat pandemics and other threats. The COVID-19 pandemic continues to have a tremendous impact on the lives of people all over the world, and I sincerely wish nothing more than to see this pandemic brought to an end at the earliest possible date, but I am also encouraged to see humanity pooling its wisdom and using innovation to minimize economic disruption while controlling the spread of the virus.

"In a calm sea, everyone is a pilot." This is the English equivalent of the saying "*Shippu ni Keiso wo Shiru*" from the *Book of the Later Han* in China which illustrates that people and organizations that remain like a *Keiso* (wind resistant blade of grass) stand out in the face of *Shippu* (strong headwinds). SMBC Group is facing a number of headwinds, and our true strength as a financial institution is being challenged. Having said this, I have no doubt that we will overcome these headwinds and realize sustainable growth through tireless innovation and by finding new opportunities for growth. I will share the reasons for my confidence in a later part of my message.

Commencing Our Journey in a Storm

We kicked-off our current Medium-Term Management Plan last spring during Japan's first state of emergency. At that time, we were not able to predict with any level of certainty how serious the impact of this unknown pandemic would be. As such, we had to launch the Medium-Term Management Plan in a volatile and highly uncertain business environment with all SMBC Group employees having to display ingenuity on a daily basis to carry-out their responsibilities.

First, as part of the financial infrastructure on which retail and wholesale customers rely to support their daily business and nonbusiness needs, we placed the highest priority on providing undisrupted financial services. For example, SMBC continued operating all of its branches and ATMs while implementing extensive safety precautions. Furthermore, the bank also enhanced online services to allow customers to perform transactions without having to visit a branch. SMBC Group also strived to fulfill its social responsibilities as a global financial institution by committing at its peak a total of ¥10 trillion to support domestic and overseas customers to overcome the impact of the COVID-19 pandemic.

In terms of business results, although I considered our progress in the first half of FY2020 as insufficient due to a slowdown in business activities and in the execution of our various initiatives, in the second half of the year we were able to accelerate initiatives targeting our seven key strategies by leveraging online tools and enhancing marketing-related efforts in terms of both quality and quantity. While our consumer finance, aircraft leasing, and Asia business suffered from a slowdown in the global economy and decreased consumption due to the COVID-19 pandemic, we managed to generate consolidated net business profit which was close to the FY2019 figure thanks to the strong performance of our wealth management and overseas securities businesses. In addition, our final credit cost was lower than initially anticipated due to government support and liquidity support from banks, and our bottom line, while not at a level that reflects our true capabilities, exceeded initial expectations by a substantial amount.

Although the COVID-19 pandemic continues to reap havoc around the world, vaccinations are steadily progressing, and customers and SMBC Group are using digital technology to adapt our corporate activities to the current business environment. We also now possess a much clearer picture of the impact the global health crisis is having on our financial results. While we will continue to see volatility in the business environment, I believe immediate uncertainties have cleared. Now, not only can we clearly see the path we must follow in the short-term, we can also see an end to the disruptions caused by the COVID-19 pandemic.

While we will continue to see volatility in the business environment, I believe immediate uncertainties have cleared.

MESSAGE FROM THE GROUP CEO

I have no doubt that we will overcome these headwinds and realize sustainable growth through tireless innovation and by finding new opportunities for growth.

No Change to the Path We Must Follow

The path we must follow is none other than the path laid out in the current Medium-Term Management Plan that was established as the first step toward the realization of our Vision: "A trusted global solution provider committed to the growth of our customers and the advancement of society." The COVID-19 pandemic was an unexpected factor that was not reflected in the original planning of the Medium-Term Management Plan, but certain trends we witnessed during FY2020 such as the acceleration of cashless payments, increased momentum of ESG, and the deepening of geopolitical risks are trends that we had identified prior to the COVID-19 pandemic. What the global health crisis changed is the momentum and the applicable timelines of those trends. As such, there is no need to change the overall direction of the Medium-Term Management Plan, and we will continue to proceed with its execution with the utmost confidence.

Of course, we will finetune our strategies in a flexible and precise manner based on the issues and strategies requiring acceleration which became clearer due to our experiences during the COVID-19 pandemic.

For example, if we look at our overseas securities business, we can see that although SMBC Nikko Securities' gross profit for FY2020 was the highest since it joined SMBC Group, our competitors with more extensive and established overseas securities business operations were able to generate much larger profits. The reason is that financial markets boomed before we could strengthen our overseas securities business framework to the extent targeted in the Medium-Term Management Plan. For cashless payments, the base of user clients and participating stores expanded due to the growing popularity of online shopping and touchless payment. We will further accelerate the strategies we established in the Medium-Term Management Plan targeting such business areas as we expect them to continue growing in the medium- to long-term.

On the other hand, our consumer finance, aircraft leasing, and Asia business were forced to operate under a challenging environment in FY2020. However, there is no change to those businesses' medium- to long-term growth potential, and they retain their competitive and strategic importance in our overall business strategy. In FY2021 we will turn to the offensive and proactively expand our activities in those markets in light of the expected normalization of domestic consumption and the global economy.

While we expect for FY2022, the final year of the Medium-Term Management Plan, to be impacted to a certain degree by the COVID-19 pandemic I am confident that we can overcome the negative impact by accelerating the above strategies and focusing very closely on opportunities to reduce costs. We will continue our efforts to realize sustainable growth and there is no change to our goal of generating bottom-line profit of more than ¥700 billion in the final year of the Medium-Term Management Plan.

One Step Ahead of Customers' Needs

I have repeatedly stressed the need to adhere to three key themes if we are to realize sustainable growth. These themes are the result of repeated deliberations aimed at identifying the role SMBC Group can play, the strengths we can leverage, and whether we can form partnerships with players from outside the financial sector to address issues in a future when the needs of customers and society will undergo a substantial change from the present day.

The first theme is data oriented.

Information and data are very valuable assets that are not represented on a company's balance sheet, and businesses around the world, not only those in the financial sector, are striving to monetize these assets.

The second theme is to build platforms.

In Japan, we provide services to 43 million individual customers and SMBC extends loans to 80 thousand companies. By leveraging this robust customer base, SMBC Group can become a platformer that uses its financial capabilities as foundations to provide a variety of services.

The third theme is to become a solutions provider.

We can add value which truly enhances our customers business only if we look beyond immediate services such as loans and payments. We must identify the reasons for customers engaging in those services and provide comprehensive, top-tier solutions by proactively collaborating with companies from outside the financial sector if required.

These three themes are not independent of each other, rather, they are closely intertwined. While all the initiatives established under the Medium-Term Management Plan reflect these themes, I will take this opportunity to share with you three examples.

Advertising Business

A tremendous amount of payment and credit data is accumulated in our banking, securities, and consumer finance businesses. In other words, you could say that we are one large platform with finance at its base. We are currently contemplating a number of new businesses which will allow us to leverage this data, and in July 2021 we established SMBC Digital Marketing, Ltd., a company that operates an advertising and marketing services business utilizing financial big data. We will strive to create new value by developing a business that uses our platform to analyze customers' needs and then transmit information and advertisements that are believed to reflect those needs. Of course, any concerns regarding the protection of personal data and the implementation of necessary security protocols will be addressed first.

Elder Business

The SMBC Elder Program is a business we launched as a result of thinking outside the traditional boundaries of the finance sector in response to the ongoing diversification of customers' needs in Japan's super-aging society. The concerns of senior citizens are not limited to securing sufficient funds to cover living expenses following their retirement. Their concerns encompass a diverse range of matters such as inheritance, health and nursing care, housework, security, and their relationship with family members. In order to offer a one-stop solution to such issues, we will develop a financial service focused platform that also provides services that SMBC Group does not offer, such as housekeeping and security, by proactively collaborating with players from outside the financial sector.

MESSAGE FROM THE GROUP CEO

We made no change to the Multi-franchise strategy as we continued to search for seeds that had the potential to blossom into future platforms.

Expanding Our Franchise in Asia

Under our Multi-franchise strategy, we are devising and implementing initiatives based upon a time span of ten or twenty years in order to build a second and third SMBC Group in Asia's developing economies. We made three commitments when formulating our Multi-franchise strategy, which are: "We will become a full-line financial services provider in the target market," "The franchise will have a strong home-market focus with its foundations firmly embedded in the local economy," and "We will not retreat even when faced with changes in the business environment." As such, even after COVID-19 spread throughout Asia, we made no change to the Multi-franchise strategy as we continued to search for seeds that had the potential to blossom into future platforms.

Such efforts allowed us to secure the opportunity to acquire a 49% stake in FE Credit, a leading Vietnamese consumer finance company. FE Credit has a robust retail business network and a highly competitive business model, allowing us to obtain a 50% market share of Vietnam's fast growing consumer market sector. FE Credit has also maintained a high level of profitability with an ROE of more than 20% and is expected to continue experiencing robust growth in its assets and profits. Furthermore, we entered into a capital partnership with Rizal Commercial Banking Corporation, a mid-tier commercial bank in the Philippines, while also obtaining a substantial retail finance platform in India, which is expected to become the most populous country in the world in the near future, through our acquisition of Fullerton India, a top tier nonbank that possesses a retail and SME business network throughout the country, as part of efforts to establish SMBC Group franchises in each of those countries.

Our businesses in these countries have traditionally involved the approaching of large local and Japanese firms through SMBC branches. The above deals allow SMBC Group to expand into the mid-tier corporate, SME, and fast-growing retail sectors, and combined with our earlier acquisition of BTPN in Indonesia move us one step closer to achieving our goal of establishing full-banking capabilities in Asia's developing economies.

We will continue to pursue high quality inorganic opportunities in a disciplined manner as part of efforts to realize sustainable growth while also enhancing shareholder returns, a topic I will address later.

See page **051** for details.
Initiatives in Growth Fields in Asia and Other Markets

Passing On a Green Earth to Future Generations

There is a 460 meter "The Trails of the Earth" at Furano Field which represents the earth's 4.6-billion-year history. Furano Field is led by the screenwriter Mr. Soh Kuramoto, and SMBC Group has extended our support since its establishment. How long do you think Homo sapiens' 200 thousand year history is in the "The Trails of the Earth"?

A mere two centimeters. When we read history books it feels that the birth of humanity took place a very, very long time ago, but the reality is, from the earth's perspective, the history of the human race is about the same length as your fingertip. The 200 years following the Industrial Revolution, a period which saw the start of global warming, is a mere 0.02 millimeters. "The Trails of the Earth" continues into the future and at its end lies a stone monument with the words: "We are merely borrowing the earth from future generations." I believe that Furano Field is trying to convey a very important message through "The Trails of the Earth." There is no special technique or method to realize sustainability. Rather, there is an obvious solution, we must create a society in which the current generation can achieve happiness and enjoy the benefits of economic growth while also ensuring that we pass on the earth to future generations in a green, vibrant state. We must also accept that humanity, in return for enjoying the benefits of advancements in civilization, rapidly advanced global warming in a time frame that is only 0.02 millimeters of the earth's total history.

In order to pass on a green earth to future generations, SMBC Group established a long-term road map to enhance our climate change-related efforts. First, SMBC Group will achieve net zero greenhouse gas emissions by 2030. We will also execute ¥30 trillion of sustainable finance by 2030 to support customers' climate change-related initiatives and their transition to a green business model. Furthermore, we will commence efforts to identify the greenhouse gas emissions of our loan and investment portfolio while engaging in discussions with customers regarding the decarbonization of their business models as the first step to realizing a carbon-neutral supply chain by 2050. However, the expectations of society continue to grow even as we engage in such efforts, and I believe that climate change has the potential to become a game changer not only for the financial sector but for a wide range of business sectors. We will further enhance our efforts while continuing to update our decarbonization-related procedures and action plans in a flexible manner.

In order to successfully enhance our climate change-related initiatives, I would like to stress that we must also turn our attention to the short-term and conduct calm and objective analyses of the current status of business sectors and customers, after

See page **084** for details.
Initiatives to Realize Sustainability

which we would determine the best possible course of action that can be executed in the immediate future. The consistent execution of such actions must be balanced with the pursuit of long-term goals. Given our global relationships with customers from a variety of business sectors, and our role as a supplier of finance, the lifeblood of the modern economy, we must take great care in how we address the issue of climate change. If we abruptly turn to and proceed down the wrong path, not only could we disrupt the steady supply of energy, we may also impede customers' efforts to develop technologies that could support the decarbonization of their business models and society. Together with our customers, we will strive to realize the decarbonization of society while engaging in careful discussions with all stakeholders, paying close attention to the impact our efforts will have on businesses and to trends in energy transition and innovation.

Discussion with Mr. Soh Kuramoto, the founder of Furano Field

A financial group's most important resource is its people, and the workplace is an important stage where employees can grow and pursue their aspirations.

A Work Environment Where Employees Can Realize Their Dreams

A financial group's most important resource is its people, and the workplace is an important stage where employees can grow and pursue their aspirations. An important responsibility of a CEO is to prepare a stage that is large enough for employees to truly challenge themselves and to write a script that allows them to demonstrate their unique potential, so that all employees can put on their best performance.

In recent years, we have seen a material change in employees' mindsets, especially in our younger employees, with a growing number of employees placing greater importance on how their company contributes to society. All our employees possess various ideas and have the backbone to pursue new challenges. Ever since assuming leadership of SMBC Group, I have urged employees to "Break the Mold," and I have supported employees attempting to pursue new challenges without being bound by precedent or fixed ideas. I have assigned management resources to employees who have stepped forward and established new companies for them to lead, even in cases when the employee was of a junior or mid-level rank. So far, 10 companies have been established through my "Producing CEO" initiative. The purpose of this initiative is to raise employees' motivation by instilling a "I can succeed if I try" mentality, and I look forward to seeing the new companies grow to a stage where they can contribute to SMBC Group's profitability or to the enhancement of customer services.

I will accelerate the following two initiatives so that this flow of innovation will become even stronger, diverse, and sustained.

The first is Midoriba, our internal SNS which we launched last year. More than 20 thousand employees at SMBC have joined the service with 6 thousand of those employees being active users who regularly post a variety of ideas and information. Promising business ideas receive helpful advice and constructive comments regardless of age or departments. Online communities in which employees support their colleagues in pursuing challenges are naturally developing. A number of new business ideas have already been identified as having the potential for commercialization. We plan on introducing Midoriba to other SMBC Group companies in the future.

The second is diversity and inclusion. Innovation that opens the door to the future is the result of employees with a diverse range of characteristics such as gender, age, and nationality coming together to combine their uniqueness and varied views while freely collaborating with players from outside their business sector. SMBC Group is comprised of companies that possess distinct characteristics, and its businesses are run by more than 100 thousand employees coming from diverse backgrounds spread across 40 countries and areas. We must not relax our efforts to further accelerate our diversity-related initiatives given that customers' needs and businesses are becoming increasingly diverse and global. We will strive to realize true diversity and inclusion through the diversification of our senior management team, the empowerment of female employees, and by supporting the balancing of professional responsibilities with life events.

The COVID-19 pandemic has not changed our policy of focusing on the enhancement of SMBC Group's corporate value on an ongoing basis and distributing profits to our shareholders.

Maximizing Shareholder Value from Both Financial and Non-Financial Perspectives

The COVID-19 pandemic has not changed our policy of focusing on the enhancement of SMBC Group's corporate value on an ongoing basis and distributing profits to our shareholders. A progressive dividend policy remains our principal approach to shareholder returns, and our goal is to realize a dividend payout ratio of 40% during the course of the Medium-Term Management Plan. In FY2020 we maintained our dividend payment at ¥190 although we saw a substantial decrease in our bottom line. As a result, our dividend payout ratio rose to 51% but by no means do we view this as having reached our goal. Our goal is to realize a dividend payout ratio of 40% while achieving our target profit attributable to owners of parent of over ¥700 billion. As a first step toward realizing this goal we increased our dividend forecast for FY2021 to ¥200.

We will also pursue opportunities to execute share buybacks as part of our efforts to enhance shareholder returns. We decided not to announce share buybacks when we released our financial results of FY2020 in May given the re-extension of Japan's state of emergency and other uncertainties in the business environment resulting from the COVID-19 pandemic. However, we will pursue opportunities for share buybacks in FY2021 while continuing to pay careful attention to the ongoing impact of the COVID-19 pandemic and movements in overseas markets given our discounted share price and the fact that we expect to be able to maintain our capital levels at sufficient levels even after factoring in investments in inorganic growth opportunities.

Furthermore, in order to increase SMBC Group's corporate value over the medium- to long-term, in addition to improving ROE and other quantitative financial metrics, it is vital that we also enhance the non-financial value of SMBC Group such as data, personnel, and ESG which are not reflected on our balance sheet. We will enhance our human capital, intellectual capital, and social capital by accelerating sustainability-related initiatives and the creation of a work environment that allows employees to pursue their hopes and dreams. We will maximize the disclosure of both financial and non-financial information and engage with all of our shareholders in an appropriate manner to minimize information asymmetry and decrease the cost of shareholder's equity so that we may realize the sustained growth of SMBC Group's corporate value.

No Such Thing as Coincidence

"Have the heavens granted me this mission by coincidence? No, this is surely not the case." This is an approximate English translation of an excerpt from literature compiled during the Song dynasty in China and illustrates the importance of carrying out one's duties, regardless of the circumstances. Roughly 40 years have passed since I joined the banking sector, and I have experienced firsthand many challenges such as the collapse of Japan's bubble economy, Japan's big bang financial reforms, the Lehman Crisis, and the current COVID-19 pandemic. However, I never forgot the importance of carrying out my responsibilities regardless of changes in the environment or the challenges I had to face.

The same can be said of companies. Bill Gates's quote, "Banking is necessary, banks are not" addresses the fundamental issue of whether "banks" as a business format are essential to society or whether finance as a "function" is essential. I view this is having its roots in the same concept as the pessimistic theory which argues that modern society does not require banks. However, since the answer is clearly the latter choice, we must continue to be the provider of essential functions without being bound by our past track record or the fact that we are a bank. In order to accomplish the mission we have been granted by the heavens, we must identify growth opportunities and tirelessly innovate so that we can contribute to customers and society through our financial functions.

Going forward, our world will change at an even faster rate, and our future will hold both numerous opportunities and challenges. SMBC Group will strive to realize further growth by driving our roots even deeper and wider as we press onward. I would like to ask for the continued support and understanding of all our stakeholders as I will stand at the forefront of our efforts to overcome the strong headwinds, and SMBC Group will put forth a united effort to overcome the challenging environment.

I will stand at the forefront of our efforts to overcome the strong headwinds, and SMBC Group will put forth a united effort to overcome the challenging environment.

MESSAGE FROM THE GROUP CFO

Supporting our customers, society, and the economy recover from the COVID-19 pandemic while allocating our capital in a manner that balances investment for growth and shareholder returns

Toru Nakashima
Group CFO
Director Senior Managing Executive Officer

FY2020 was a year in which the world was compelled to address the various social issues that arose due to the COVID-19 pandemic, the resulting changes in peoples' mindsets and behavior, and fluctuations in financial markets. We at SMBC Group placed the highest priority on supporting customers, from both financial and non-financial perspectives, while at the same time taking the necessary steps to safeguard the wellbeing of our employees. Given this backdrop, as the Group CFO and Group CSO I paid close attention to the progress we were making in the implementation of the various initiatives established under the Medium-Term Management Plan which commenced in April 2020. In other words, I was attempting to determine whether the results we initially anticipated could be produced by the seven key strategies that were established under the core policies of "Transformation and Growth," the cost control-related initiatives that were meant to expand our competitive edge in cost efficiency, and the leveraging of our strong capital base to pursue inorganic growth opportunities by measuring our progress according to the pace expected under the very challenging business environment brought about by the COVID-19 pandemic. The impact the COVID-19 pandemic had on our businesses became clear following our FY2020 financial results. While it was difficult to determine the impact that the Medium-Term Management Plan's initiatives were having in terms of actual figures given the negative impact of the COVID-19 pandemic, FY2020 was a year in which we were able to strengthen the profitability of our businesses, the underlying goal of many of our efforts. It is very encouraging to see that SMBC Group was able to carry out its initiatives in a consistent manner, regardless of the challenging business environment, and produce concrete results. Accelerating this trend and proactively transforming the various changes brought about by the COVID-19 pandemic into business opportunities will allow us to not only further enhance our earning capabilities in a more robust manner in FY2021; it will also position us to accomplish the goals we have set out under the Medium-Term Management Plan in FY2022, the final year of the plan.

Current Business Environment

(1) Overview of FY2020 Financial Results

Although we calculated that the COVID-19 pandemic reduced consolidated net business profit by ¥100 billion, we were still able to generate consolidated net business profit of ¥1.84 trillion, a result similar to that of FY2019. As we had anticipated at the start of the fiscal year, business sectors which we consider our strengths, namely credit cards, consumer finance, and aircraft leasing suffered due to the COVID-19 pandemic. However, in addition to the strong performance of our wealth management business and our overseas securities business due to heightened bond issuance needs, we also benefited from a fall in expenses which we had not initially foreseen. As such, the actual impact of the COVID-19 pandemic on consolidated net business profit was substantially lower than the originally forecasted amount of ¥170 billion.

While credit cost increased in both domestic and overseas markets, thanks to the government support and liquidity support from banks, SMBC Group's credit cost was ¥360.5 billion, approximately ¥90 billion lower than originally anticipated.

As a result, we were able to achieve profit attributable to owners of parent of ¥512.8 billion although we proactively took steps to address future risks, for example, recording provision for losses on interest repayments of our consumer finance business. Once again, the COVID-19 pandemic's actual negative impact of ¥190 billion was substantially lower than the initially anticipated amount of ¥310 billion.

(JPY bn)

	FY2019	FY2020			FY2021	
	Actual	Impact of COVID-19*		Actual	Impact of COVID-19*	Forecast
		Original forecast	Actual			
Consolidated net business profit	1,085.0	(170)	(100)	1,084.0	(70)	1,120
Total credit cost	170.6	+260	+170	360.5	+100	300
Profit attributable to owners of parent	703.9	(310)	(190)	512.8	(120)	600

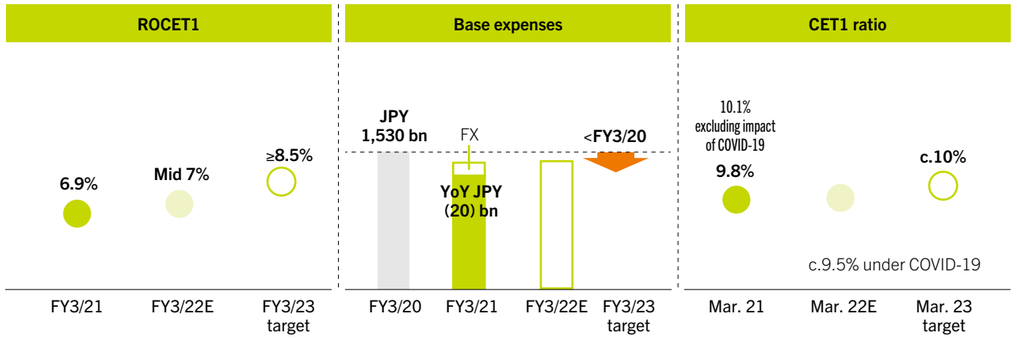
* Impact of COVID-19 figures are rough estimates.

(2) Progress of the Medium-Term Management Plan

SMBC Group focuses on business efficiency when conducting our business operations, and we selected profitability, efficiency, and financial soundness as three financial targets of the current Medium-Term Management Plan. In FY2020, although we had established a target of 8.5% for ROCET1, a metric we use to measure profitability, we were only able to achieve a ROCET1 of 6.9% due to a substantial decrease in profit attributable to owners of parent. On the other hand, we were able to decrease base expenses*1, a metric we use to measure efficiency, by ¥20 billion on a year-on-year basis due to cost reduction measures and restrictions placed upon our business activities due to the COVID-19 pandemic. Our CET1 ratio*2, a metric we use to measure financial soundness, for FY2020 was 9.8%, a figure which falls within the 9.5% (± 0.5%) range we established in response to the impact of the COVID-19 pandemic.

*1 G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost, and others.
*2 Post Basel III reforms basis, excludes OCI

Financial Targets



In regards of initiatives, we focused on those related to the seven key strategies and cost control. Our profit attributable to owners of parent for FY2020 was ¥700 billion if we exclude the negative impact of the COVID-19 pandemic which has been calculated at ¥190 billion. This figure is very close to the target we originally set for the first year of the Medium-Term Management Plan and illustrates that we have been able to enhance the profitability of our businesses by successfully implementing the plan's various initiatives

For example, in our wealth management business, we strengthened our business with high net-worth individuals by integrating the related capabilities of SMBC Nikko Securities, SMBC Trust Bank, and Sumitomo Mitsui Banking Corporation. We were also able to grow our payment business at an exponential rate due to the global health crisis accelerating the trend toward cashless payments. Furthermore, we enhanced our Sales & Trading and asset management businesses as part of efforts to increase capital efficiency while we strengthened our Asia franchise as we strive to capture the region's growth. As you can see, in the first year of the current Medium-Term Management Plan we made a solid first step toward achieving the various goals and targets that have been established under the plan.

Of course, there have also been instances when issues which we must address became even more evident due to changes in the business environment resulting from the COVID-19 pandemic and other factors. Specifically speaking, while we strive to strengthen and expand our overseas CIB business in order to grow non-interest income the gap in this business sector with our competitors increased in spite of favorable overseas bond markets.

We will make the necessary adjustments to our initiatives to reflect such changes so that we can achieve our target of increasing consolidated net business profit by ¥100 billion in the final year of the Medium-Term Management Plan.

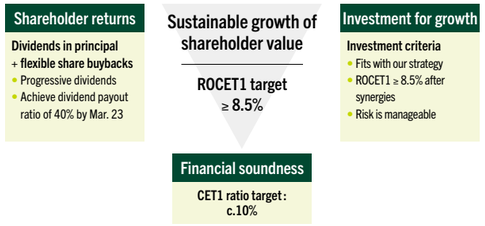
(3) Cost Control

Our high cost-efficiency is an advantage we have over our competitors. In order to further enhance this advantage, we committed to reducing base expenses by ¥100 billion during the Medium-Term Management Plan by following three key initiatives: "Reform of domestic businesses," "Retail branch reorganization," and "Integration of Group operations."

While we witnessed delays in certain initiatives in FY2020 due to the COVID-19 pandemic, there were also positive developments, for example the accelerated digital shift and an unexpected fall in expenses resulting from the various constraints placed upon our business activities. Furthermore, our efforts to enhance operational efficiency lowered headcount requirements. As such, we were able to decrease base expenses by ¥35 billion. We aim to decrease base expenses by an additional ¥10 billion to ¥20 billion, on top of our original target of ¥100 billion by further accelerating digitalization and transforming our various business models.

In addition, we will reduce costs and enhance operational efficiency by using the CEO Budget for IT-Related Investments to introduce an integrated accounting system for SMBC Group so that we can consolidate/standardize the accounting operations of SMBC Group companies over the medium-term. We will maintain a strong commitment to reaching our various targets, including the ones which were newly added, as the entire SMBC Group engages in cost control efforts.

Capital Policy

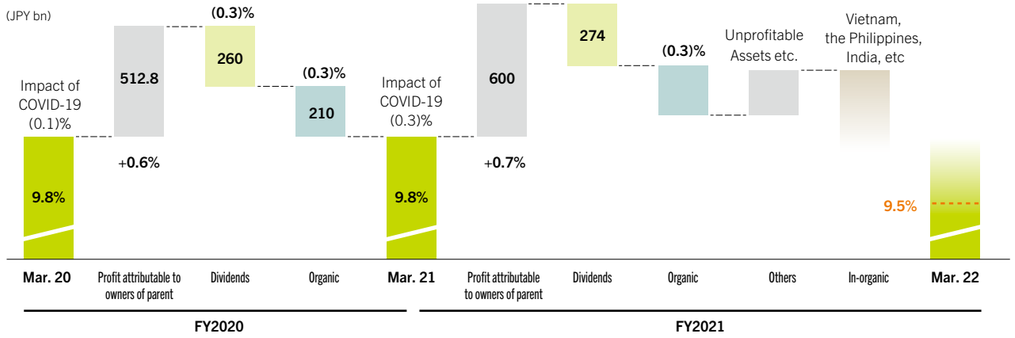


(1) Management of Capital under the COVID-19 Pandemic

We have set our target CET1 ratio at c.10%. The CET1 ratio is calculated taking into account the full implementation of Basel III reforms and excludes unrealized gains on securities. However, as we have placed the highest priority on supporting the liquidity needs of customers in and outside of Japan who have been adversely affected by the COVID-19 pandemic, for the foreseeable future we will manage our CET1 ratio within the range of 9.5%. (± 0.5%). While our total balance of COVID-19 associated credit peaked at ¥10 trillion in July 2020, a recovery in bond markets allowed obligors, especially overseas obligors, to proceed with repayments. As such, by the end of FY2020 risk weighted assets fell back within the range established at the start of the fiscal year, and we were able to achieve a CET1 ratio of 9.8% for FY2020, a figure which includes a 0.3% decrease due to COVID-19 associated credit. This result is on the high side of our range and substantially exceeds the required level of 8% per current regulations.

I believe we have succeeded in maintaining our financial soundness during the COVID-19 pandemic while at the same time securing sufficient funds for shareholder returns and investment for growth, two topics which I will address shortly. Having said this, we will continue to pay careful attention to the impact of the COVID-19 pandemic and gradually move our CET1 ratio target back to the original target of c.10%.

Capital Allocation of FY2020 and FY2021

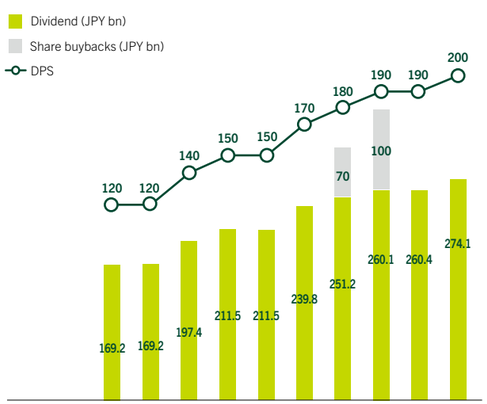


(2) Enhancing Shareholder Returns

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 Medium-Term Management Plan, we aim to achieve a dividend payout ratio of 40%. In FY2020, due to a decrease in profit attributable to owners of parent resulting from the COVID-19 pandemic, our dividend payout ratio increased to 51%. Please be assured that we will by no means view this as having reached our target dividend payout ratio of 40%. I would like to clarify that our goal is to realize a dividend payout ratio of 40% in FY2022 while at the same time reaching our target profit attributable to owners of parent of ¥700 billion. As a step toward this goal, we increased our dividend payout for FY2021 by ¥10 to ¥200.

On the other hand, we decided not to announce share buybacks when we released our FY2020 financial results in May given the ongoing uncertainties in the business environment due to the COVID-19 pandemic which included, but were not limited to, delays in domestic vaccinations leading to the spread of mutant strains and the repeated extension of Japan's state of emergency. I was well aware of investor expectations at that time in regard to share buybacks given movements in our share price, and if we were to only look at our capital level, I believe that committing to share buybacks in May was possible. We will continue to pay close attention to the impact of the COVID-19 pandemic and the recovery of Japan's economy as we consider the execution of flexible share buybacks during the remainder of the fiscal year.

Shareholder returns



	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021E
Dividend payout ratio (%)	21	20	26	33	30	33	35	37	51	46
Total payout ratio (%)	-	-	-	-	-	-	44	51	-	-

(3) Investment for Growth

"Growth" is a core policy of the current Medium-Term Management Plan, and we will pursue SMBC Group's sustainable growth by ensuring that adequate funds are allocated to growth areas from both organic and inorganic perspectives.

In terms of inorganic growth, while maintaining financial soundness, we will select potential M&A opportunities in strict accordance with our three investment criteria: "Fits with our strategy," "ROCET1 ≥ 8.5%," and "Risk is manageable." Of course, opportunities must also contribute to SMBC Group's sustainable growth.

We are seeing attractive M&A opportunities that fall under one or more of our seven key strategies due to the COVID-19 pandemic giving rise to a global trend of industrial reorganization and the reconsideration by companies of the current state of their businesses. Our pursuit of inorganic growth opportunities will be flexible in the short-term while in the medium- to long-term we will strike a balance with share buybacks.

The focus of our investments will be: "assets that promptly raise our ROCET1" and "investments for the future." The former refers to areas in which SMBC Group possesses global strengths, with some past examples being investments in aircraft leasing and middle market LBO financing assets. The latter refers to investments in Asia, securities businesses, asset management, and digital businesses.

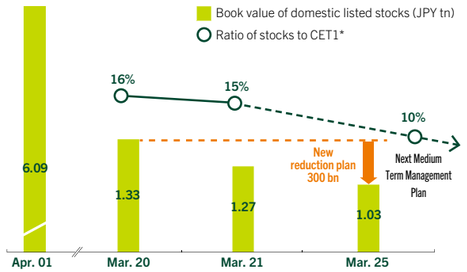
In terms of asset management, we pursued the realization of one of the Medium-Term Management Plan's seven key strategies "Enhance asset-light business on a global basis" by partnering with domestic and overseas asset management companies that adhere to distinct operational strategies. Some examples are our capital and business alliance with Affirmative Investment Management Partners Limited, a UK firm that specializes in impact bond investments, and our acquisition of a majority stake in Alternative Investment Capital Limited, a specialist PE fund investor. Sumitomo Mitsui Finance and Leasing also strengthened its real estate business through subsidiarization of the real estate asset management firm Kenedix.

In Asia, we continued implementing our Multi-franchise strategy as we strive to establish a second and third SMBC Group. Up to this point our efforts have focused on Indonesia. In 2021, we announced investments in VPBank Finance Company Limited, a major player in Vietnam's consumer finance market; in Rizal Commercial Banking Corporation, a commercial bank in the Philippines; and in Fullerton India Credit Company Limited, a nonbank in India. By combining our new presence in the retail and SME business sector with our existing business with large corporates that we conduct through SMBC branches and existing investee companies, we moved one step closer to establishing a full-banking business platform as we strive to expand our Asia franchise as stated in our Medium-Term Management Plan.

(4) Reducing Strategic Shareholdings

After exceeding our target of reducing strategic shareholdings by ¥500 billion over a five-year period which was announced in September 2015, we announced a new plan to further reduce strategic shareholdings by ¥300 billion over a five-year period starting FY2020. In FY2020, the first year of the plan, we reduced our strategic shareholdings by ¥55 billion. Furthermore, given that we are holding unsold shares valued at ¥54 billion for which we have already obtained customers' consent to sell, as of the end of March 2021 we have sold or have obtained consent to sell ¥109 billion worth of our strategic shareholdings.

The reduction of strategic shareholdings is also a very important facet of our capital policy as it not only reduces stock price fluctuation risk, it also has a material impact on controlling the increase in mandatory capital requirements resulting from full Basel III reform implementation. We also expect an increasing number of customers to reduce their strategic shareholdings given the increasingly vocal positions adopted by proxy advisory firms, the Tokyo Stock Exchange's planned realignment of its trading markets, and the revision to Japan's Corporate Governance Code. Given this backdrop, we will do our best to further reduce our strategic shareholdings while ensuring that we continue to engage in close communications with customers.



* Basel III fully loaded basis, excludes OCI

Communicating with Our Stakeholders

In order to obtain our stakeholders' understanding of SMBC Group's strategies and overall status, we must disclose information in a timely and proactive manner given ongoing changes in the business environment and diversification of our operations. In FY2020, a different approach to communication was required given the impact of the COVID-19 pandemic. Regardless of such a backdrop, I believe that conducting multiple small meetings and conferences online with both domestic and overseas investors allowed us to realize the timely and necessary disclosure of information at a level which exceeded that of previous years.

Such discussions provided us with important opportunities to learn and recognize matters that had previously escaped our attention. Given investors' heightened interest in ESG and the SDGs, SMBC Group for the first time held an investors meeting that addressed our ESG-related efforts. We also understand the strong expectations in regard to shareholder returns, and we will reflect the feedback we received in the determination of future dividend and capital policies.

In a repeat performance of FY2019, SMBC Group was selected for the top award in the banking category of the 2020 Award for Excellence in Corporate Disclosure presented by the Securities Analysis Association of Japan. Furthermore, for the first time SMBC Group was selected for the top award in the individual investor category. I take great pride in the recognition we have received, and we will continue with our above efforts going forward.

Engaging in constructive discussions with investors and analysts is one of my key responsibilities as Group CFO. We at SMBC Group will continue to proactively disclose information that is useful for our shareholders and investors while pursuing sustainable growth and increasing our corporate value by engaging in interactive dialogue.

Round-Table Discussion with Outside Directors

The Role Financial Institutions Should Play in Supporting the Resolution of Climate Change

Group CSuO Fumihiko Ito asked Masaharu Kohno and Eriko Sakurai, both outside directors of Sumitomo Mitsui Financial Group, for their thoughts regarding SMBC Group's sustainability initiatives.

Ito Thank you for taking part in today's round-table discussion. Given the rapid pace in which global awareness regarding climate change is increasing, I would like to first ask you about the roles you see SMBC Group and other global financial institutions playing in supporting the transition to a carbon-neutral society. Ms. Sakurai, would you be kind enough to kick things off?

Sakurai For many years I have been involved in the development of environmentally friendly products in my career at a global manufacturing firm, but lately my sense that financial institutions will play a critical role in the resolution of climate change has grown even stronger. The framework financial institutions apply when determining the recipient of a loan or investment can act as a guide for customers as they transform their business models as part of efforts to realize a carbon-neutral society. As such, I believe that one of the roles financial institutions should play is to establish frameworks that pay sufficient consideration to sustainability. Furthermore, the realization of a carbon-neutral society is an objective that can be accomplished only if all members of a supply chain strive to accomplish it. Even if a single firm were to accomplish its sustainability goals, sustainability in the true sense would not have been accomplished if the actions of the said firm resulted in the sustainability efforts of other companies in the supply chain facing an additional burden. From a neutral standpoint financial institutions can demonstrate a common vision that overcomes the boundaries separating individual corporations and impacts the activities of an entire supply chain. As you can see, the role financial institutions play in fighting climate change will only become more important.

Kohno I agree with Ms. Sakurai in that the global community is paying close attention to the logic financial institutions are adopting in determining the types of loans and investments that are made available to customers operating in differing business sectors, and I believe that this is actually the role required of financial institutions. If we look back at global trends in sustainability, we can see that approximately 15 years ago as the concept of ESG was becoming more mainstream the issue of climate change became a major discussion topic in the international community. This in turn led to the emergence of the SDGs which expanded on the existing concept of ESG. I believe that today's global movement toward the realization of a carbon-neutral society is the result of such trends impacting multiple aspects of society and our lives. My career gave me the opportunity to participate in international society as a diplomat, and international institutions, industrialized democracies, and international NGOs played a leading role in building the movement of fighting global warming we have seen in the past 20 years. However, the involvement of the private sector is essential for this trend to produce the desired results. In efforts to address global issues such as climate change financial institutions, given they are a key source of loans and investments, are faced with a larger role and heavier responsibility than other players in the private sector.

Masaharu Kohno

Outside Director,
Sumitomo Mitsui Financial Group

Ito I believe that financial institutions will play an important role in pushing forward ESG in society by no longer limiting the criteria for determining a loan or investment to cash flow and other financial elements and by accurately reflecting customers' ESG initiatives and other non-financial elements in their considerations. SMBC Group will continue to discuss how we can best measure non-financial elements and reflect them in our decision-making process. Next, could you please share with us how you view the Roadmap Addressing Climate Change and Action Plan that SMBC Group announced in May 2020?

Sakurai I felt SMBC Group's strong intent to clarify its goals and communicate its future plan of action. Although specific details must still be determined, I was very impressed with the fact SMBC Group adopted a long-term perspective in the roadmap and action plan. Another item I thought stood out was that SMBC Group did not attempt a simultaneous launch of its initiatives. Rather SMBC adopted a framework in which SMBC Group first selected a number of high impact initiatives to commence work on after which they would leverage the experience they had obtained to move on to the next stage of the roadmap. This is a highly effective method and reflects SMBC Group's intent to improve its sustainability initiatives over the course of their actual execution. I also agree with SMBC Group announcing that it would engage with customers so that it can work with those customers to realize a carbon-neutral society. More and more employees want to work at companies that have a large, positive impact on society, and customers also increasingly desire to build relationships with those companies. Involving these stakeholders in its sustainability efforts is a wonderful approach and reflects SMBC Group's character.

Kohno I agree that it was very important for SMBC Group to reveal the Roadmap Addressing Climate Change and Action Plan at its current stage to both internal and external parties. On the other hand, specific details are still yet to be determined. This is a matter which the entire SMBC Group must work together to address, and the Group CSuO is responsible for driving forward SMBC Group's sustainability efforts. The duties of the Group CSuO differ from

Round-Table Discussion with Outside Directors

those of traditional banking roles but there is no doubt of the position's importance. I will continue to support efforts to deepen discussions and further improve SMBC Group's sustainability initiatives.

Ito In my role as Group CSuO I will ensure to engage in quality internal communication with SMBC Group employees, which is something I believe ties in with both of your views. The first step is for me to proactively create opportunities to communicate sustainability-related information to our employees and work together to resolve the various issues that we face. The third point of today's discussion is that in order to successfully carry out our initiatives aimed at reducing greenhouse gas emissions, it is necessary to reduce greenhouse gas emissions generated by our customers (Scope 3). As such, I expect to face situations that require careful navigation. From the perspective of an outside director, do you have any advice on how we can smoothly engage with such customers?

Sakurai In the process of working with customers to implement sustainability initiatives, there will be times when customers' business models will need to undergo substantial change. So, I believe that at times difficult discussions will need to take place. At the companies where I play a key leadership role, we engage in repeated discussions with customers in order to compare and adjust our respective visions while making sure that we keep in mind the timeframe of customers' efforts

Eriko Sakurai

Outside Director,
Sumitomo Mitsui Financial Group

to complete their transformation. I have experienced firsthand the importance of engaging in consistent communications like what I just mentioned, and I believe this also applies to financial institutions. In order to transform a business from a sustainability perspective, it is necessary to engage in discussions that employ a long-term, future-oriented perspective in a more persistent manner. When engaging in such discussions both parties must view the transformation in question as increasing their value and leading to the realization of long-term growth. By utilizing this mindset, it is possible to develop a relationship in which both parties, at the end of the day, are happy that they worked with each other to carry out the sustainability initiative in question.

Ito In order for this to be possible, all employees of SMBC Group must share a common mindset such as the ones you shared with us, and I will make sure to spread this message through internal communication.

Sakurai Until about 10 or so years ago sustainability was viewed as "Nice to have" and only certain members of a company's management team would be involved. Now, the attitude is "Sustainability is business" and sustainability is viewed more and more as a matter that needs to be addressed by the entire firm. As such, it is necessary for each SMBC Group employee to view sustainability as being part of their responsibilities, and not solely of the Group CSuO.

Kohno First, all members of SMBC Group's management team must be able to engage in head-on discussions regarding climate change and other sustainability-related issues. It is vital for the individuals responsible for leading SMBC Group to be able to express their views regarding these issues in their own words. This in turn will help spread the common mindset regarding sustainability that the two of you talked about earlier.
Second, each and every SMBC Group's employee must properly convey the Group's awareness of issues to customers as a member of SMBC Group. We directors engaged in repeated discussions regarding customer-oriented business conduct, and I believe that new added value can be created if common issues are shared with customers and both parties arrive at a mutual understanding. You can say that this is customer-oriented business conduct in its truest sense.
Third, SMBC Group must be an organization that can present and implement a new lifestyle. The entire SMBC Group must share a sense of crisis that if it cannot act with speed and urgency, it will be left behind with no opportunity to catch-up in the future. At the same time, SMBC Group must realize that it is already standing at the entrance of this new phase.

Ito To bring today's discussion to a close, can you please share with us the roles you see yourselves playing as outside directors in SMBC Group's efforts to enhance its non-financial value and corporate sustainability capabilities?

Sakurai In a way this is an extension of what we have already discussed. SMBC Group must realize the substantial impact it has on international society and play a leadership role in the pursuit of sustainability. As I mentioned at the start of today's discussion, SMBC Group's ability to connect various industries allows it to develop sustainability friendly frameworks and other initiatives whose impact transcends industrial boundaries. I believe that such endeavors will allow SMBC Group to access new customer segments and contribute to the enhancement of the Group's corporate value. The role I am expected to play as an outside director is to support such efforts while at the same time ensuring they receive adequate supervision. Referring to my previous comments, "Sustainability is business" and I do not expect my role in regard to SMBC Group's sustainability initiatives to differ from the role I play in the Group's business strategies.

Kohno I believe my responsibility is to provide advice and views from a global perspective given my background as a diplomat. In April 2021, the Biden Administration held a virtual world leaders' summit on climate change. What surprised me was that the Secretary of Defense participated in the sessions. In other words, the U.S. views climate change as being directly connected to national security. We need to pay close attention to these new global trends.
Next, although addressing the issue of climate change is a future-oriented initiative, we should not cut it off from past actions. Let's take a developing country that had built coal-fired power plants using overseas loans and investments. The financial institutions that had provided those loans and investments would not be fulfilling their responsibility if they just stopped providing support to those plants due to the global move toward the realization of a carbon-neutral society. SMBC Group needs to tirelessly think about how it can continue to support clients, albeit in a different manner, as many customers have not yet made a concrete description in terms of how they would adapt to the new phase.
Finally, Europe has consistently led climate change efforts over the past 10 or so years. SMBC Group must consistently pay close attention to Europe so that it is able to accurately grasp the state of world affairs which is changing daily. Climate change is a global issue that affects the entire human race, so we need to make sure that our attention is turned to the world as we engage in discussions.

Ito Thank you very much for sharing your valuable opinions with us today. I look forward to receiving your continued advice which reflects a variety of standpoints.

Fumihiko Ito

Group CSuO,
Sumitomo Mitsui Financial Group

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

Vision

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

Core Policy

Business strategy	Transformation	Transform existing businesses
	Growth	Seek new growth opportunities
Management base	Quality	Elevate quality in all aspects

Financial Targets

Profitability	Efficiency	Financial soundness
Maximize profitability by increasing bottom-line profit and disciplined capital management	Reduce cost while investing for growth	Secure ample level of capital on a post-Basel III reforms basis

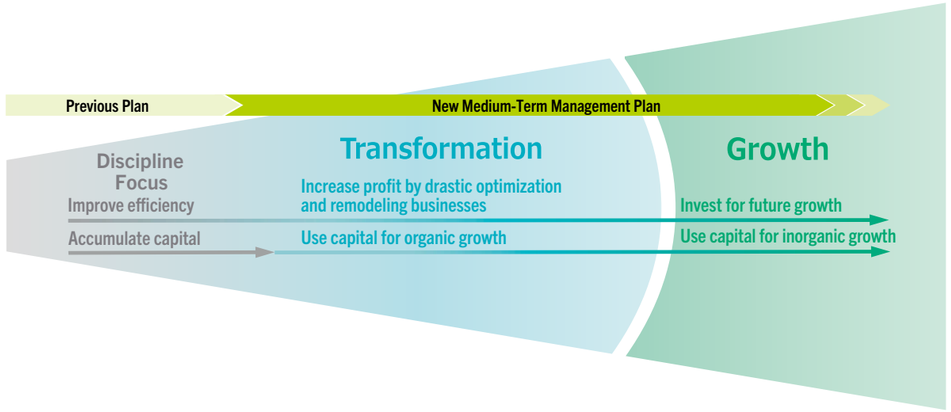
Target for FY2022

ROCET1 ≥8.5%	Base expenses < FY2019 results	CET1 ratio c.10%
Changed the denominator to CET1 in line with CET1 ratio target	*Pursue both cost reduction and growth investment*	*Post-Basel III reforms basis (excl.OCI)*

FY2019 results

9.5%	JPY 1,530 bn (vs. FY2016 +JPY 70 bn)	9.8%

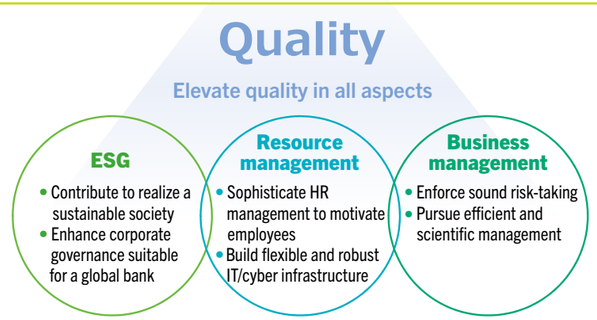
Business Strategies – Transformation & Growth –



Seven Key Strategies

1. Pursue sustainable growth of wealth management business
2. Improve productivity and strengthen solutions in the domestic wholesale business
3. Enhance overseas CIB business to improve asset / capital efficiency
4. Hold the number one position in payment business
5. Enhance asset-light business on a global basis
6. Expand franchise and strengthen digital banking in Asia
7. Develop digital solutions for corporate clients

Management Base – Quality –



Response to COVID-19

Considering the significant impact on people's lives and the economy caused by COVID-19, SMBC Group strives to ensure the health and safety of our customers and employees. Furthermore, SMBC Group will support our customers through financial services and is committed to contributing to the medical industry and society as a whole.

Customers

Support Customers Through Financial Services

SMBC Group, as a financial institution which is a part of the social infrastructure, will fulfill its responsibility by continuing to provide services such as financing and payment. To this end, with extensive safety precautions in place, SMBC is continuing the operation of all branches and ATMs while also enhancing its online services to allow customers to perform transactions without having to visit a branch. We are responding to customer needs by performing sales activities in a non-face-to-face manner through online venues.

We are also supporting the urgent financial needs of customers by offering loan programs with special interest rates and customer reliefs such as relaxing conditions of existing loans.

SMBC Group anticipates that changes to social and economic structures will be unavoidable in the new normal that will emerge after the COVID-19 pandemic has subsided. Accordingly, we aim to support customers in the post-COVID-19 world through discussions and information provision regarding the business issues brought to light by the pandemic.

Employees

Prevention of the Spread of Infection and Initiatives for Continuous Business Operation

In order to continue providing our services as a social infrastructure while preventing the spread of infection, ensuring the health of our employees as well as their families, and safety and security of our customers, we are implementing various initiatives all over the world.

To prevent the spread through droplet infection, we have installed acrylic boards at our branches. Our call centers and operational offices has been making efforts to keep conducting business operation by separating staffs into two or more teams. In addition, we will continue to limit the number of employees required to work in the office. We are also giving consideration to the health of our employees and their families through measures such as encouraging our employees who need to take care of their children to work at home via telework or to obtain special leave, and also established a health consultation counter. COVID-19 vaccinations are provided to employees in order to protect their health and help ensure business continuity by reaching a state of herd immunity.

https://www.smfg.co.jp/english/covid_19/

SMBC Group has established a page on its website detailing its response to COVID-19. Please refer to this page for more information.

Community and Society

Contributing to the Community and Society

SMBC Group donated a total of ¥1.5 billion to fund measures for combating COVID-19, and we engaged in other support activities together with customers.

Supporting Medical Research and Activities

SMBC Group donated ¥500 million to the Center for iPS Cell Research and Application, Kyoto University (CiRA), to support research on the behavior and characteristics of COVID-19 and other newly discovered viruses, in order to help develop effective means of treating these viruses. Other efforts for combating the COVID-19 pandemic have included donations, such as a donation totaling ¥100 million to the free-of-charge AI-powered COVID-19 diagnosis support project and the AI development project for predicting which cases will escalate, both of which are being conducted by M3, Inc. These donations are not limited to Japan as SMBC Group also donated €1.0 million to the Coalition for Epidemic Preparedness Innovations to support vaccine development on a global scale.

Meanwhile, steps are being taken to support the healthcare professionals fighting COVID-19 on the front lines, despite a lack of medical supplies. To aid these brave individuals, SMBC has donated to healthcare institutions the protective gear and medical-use masks that had been stockpiled for emergency situations. These are just some of our various efforts for addressing the issues caused by the COVID-19 pandemic.

Enhancing Medical Care and Education in Emerging Countries

Furthermore, we have established the "SMBC Together with You Fund" to support people and companies in Asia and other regions and made a US$1.7 million donation through this fund. SMBC Group is also providing support by supplying daily necessity items, pharmaceuticals, healthcare services, and education through collaboration with 17 partners in nine countries. In addition, a donation of INR85 million (approximately ¥130 million) was made to healthcare institutions in India, where the impacts of the COVID-19 pandemic have been particularly severe.

Support for Malaysia

Supporting the Promotion of Cultural Activities and the Arts

The spread of this disease has various effects on cultural and artistic activities that are indispensable to a prosperous society. As part of our support to the promotion of culture and arts, SMBC Group donated ¥100 million to the "Association of Japanese Symphony Orchestras" to support 37 orchestral organizations across Japan. SMBC Group will work with these organizations to promote projects to comfort and encourage people through music.

BUSINESS STRATEGIES for CREATING VALUE

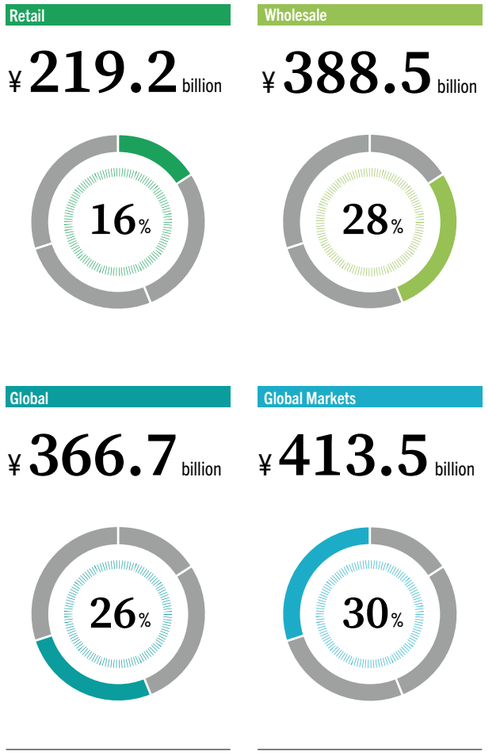
038 Group Structure
040 Retail Business Unit
044 Wholesale Business Unit
048 Global Business Unit
052 Global Markets Business Unit
056 Special Features:
SMBC Group's Digital Strategies Transcending Finance

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.

Net Business Profit by Business Unit in FY2020



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)							
CFO Chief Financial Officer	CSO Chief Strategy Officer	CRO Chief Risk Officer	CCO Chief Compliance Officer	CHRO Chief Human Resources Officer	CIO Chief Information Officer	CDIO Chief Digital Innovation Officer	CSuO Chief Sustainability Officer	CAE 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.

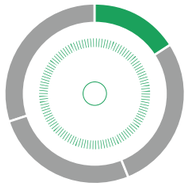
The Retail Business Unit possesses the No.1 business foundation in Japan in its principal business areas, including wealth management, payment service, and consumer finance businesses, backed by high-quality, face-to-face consulting capabilities and advanced payment and finance products and services.

Customer behavior is undergoing substantial change amid various megatrends affecting financial services for individuals. These trends include the normalization of cashless payments and the move toward performing all banking processes digitally witnessed amid the COVID-19 pandemic as well as the rise in concerns for health seen among senior citizens and for asset building seen among younger generations in light of the upcoming era in which people consistently live to 100. Against that backdrop, SMBC Group was swift in implementing measures to address changing customer needs in FY2020. Specific measures included focusing on digital and remote operations and introducing reservation systems at all branches.

In FY2021, the Retail Business Unit will advance the measures put forth by the Medium-Term Management Plan, namely allocating resources to growth markets, reviewing business processes to reform cost structures, and exploring new businesses utilizing digital and IT technologies, and we are committed to maximizing the success of these measures. At the same time, we will ramp up group-wide cost structure reforms in pursuit of sustainable growth.

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. A unique function of banks, which are charged with protecting customers' precious assets, is to ensure the smooth transfer of wealth between generations. Recognizing the responsibility this entails, SMBC strives to supply high-value-added services that go beyond the scope of traditional financial institutions to address the diversifying concerns of senior citizens.

Contribution to Consolidated Net Business Profit (FY2020)



¥219.2 billion 16%

	FY2020	YoY*1
Gross profit (JPY bn)	1,127.4	(48.7)
Expenses (JPY bn)	910.4	(24.1)
Base expenses (JPY bn)	736.8	(15.0)
Net business profit (JPY bn)	219.2	(24.4)
ROCET1*2	9.4%	+1.6%
RwA (JPY tn)	12.3	+0.1

*1 Figures are after adjustments for interest rate and exchange rate impacts.
*2 Figures exclude provision for losses on interest repayments, etc.

Senior Managing Executive Officer
Head of Retail Business Unit

Takashi Yamashita

PRIORITY STRATEGY

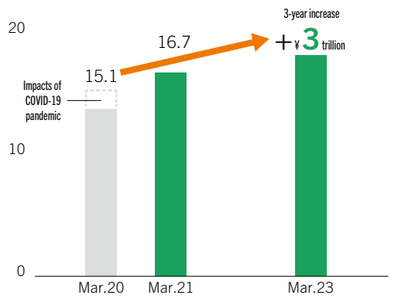
1

Sustainable Growth in Wealth Management Business

SMBC Group is accelerating sustainable growth through a concerted group-wide effort. We are focused on consolidating assets from other companies and banks on a group-wide basis by practicing a clear division of duties between SMBC, SMBC Nikko Securities, and SMBC Trust Bank in accordance with customer needs and by strengthening systems for intra-Group coordination. For affluent business owners and other individuals, we are enhancing the lineup of products and services offered under the SMBC Private Wealth brand. We are also approaching such customers through a coordinated effort that takes advantage of the strengths of Group companies, thereby aiming to achieve sustainable growth through reliable earnings. Furthermore, we are introducing products that accommodate wide-ranging inheritance needs to bolster our group-wide response capabilities and thus grow transactions among the next-generation of customers.

Balance of Fee-Based AUM

(JPY tn)



PRIORITY STRATEGY

2

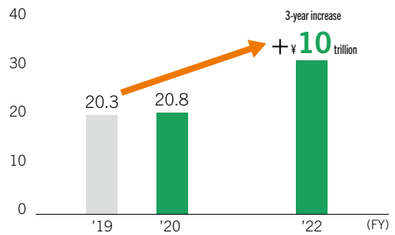
Pursuit of No. 1 Position in Payment Service Business

The COVID-19 pandemic 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 will continue to enhance our products and services in order to improve convenience and grow our customer base. For business operators, we seek to expand our market share as well as the scope of our business by introducing affordable subscription models for cashless payment terminals and content while also increasing the viability of our products through collaboration with external partners.

As for consumer finance businesses, we aim to provide highly convenient services by improving the user interface and experience of our apps based on rising digitalization needs and by utilizing Group expertise to bolster product lineups.

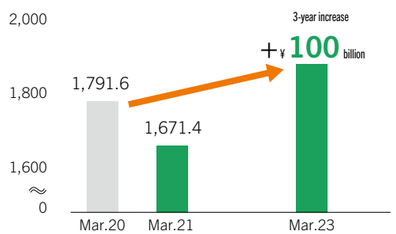
Sales Handled

(JPY tn)



Consumer Loan Balance

(JPY bn)



PRIORITY STRATEGY

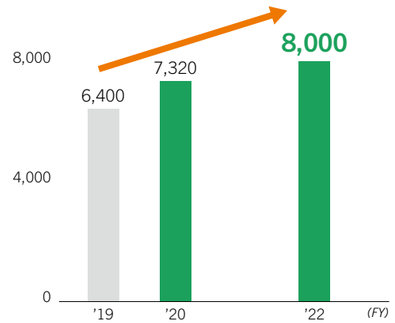
3

Reinforcement of Consulting Businesses through Branch Reorganizations

SMBC is overhauling its SMBC app and other digital infrastructure to expand the range of processes that can be performed entirely online digitally and remotely and to enhance video chat functions. We thereby aim to improve convenience for customers while heightening operational efficiency. At the same time, we will continue efforts to boost the competitiveness of our physical branch network, seeking to raise customer satisfaction by using branches as venues for supplying local customers with the type of consulting services only possible at manned branches. Group companies, meanwhile, are coordinating to develop joint branches to supply a full lineup of services on a one-stop basis in order to improve customer convenience while also increasing the efficiency of branch operations.

Number of "SMBC Direct" Users*

(Thousands of people)



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

Sustainability Initiatives

The SMBC Elder Program was launched in April 2021 to support customers as they live longer and to accommodate the diversifying lifestyles among individuals in rapidly aging Japan. Capitalizing on the transactional relationships we have built with individual and corporate customers thus far and the trust earned from these customers, we will provide financial services as well as non-financial services that support health, security, and meaningful lifestyles to help build a society offering peace of mind for all.

We also look to support the realization of a sustainable society. To this end, we offer wealth management products that select investees based on their environmental, social, and governance (ESG) initiatives as well as products focused on companies committed to contributing to society. As we move forward, we will continue to expand our range of products to address a diverse range of customer needs.

SMBC Group is also improving the convenience of its internet banking services and encouraging customers to switch to online passbooks in order to cut back on the amount of paper used for such passbooks.

SMBC Group will continue to work toward sustainability through the services it provides to customers going forward.

Pamphlet for promoting the switch to online passbooks

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, M&A advisory, and leases through a united Group effort.

Faced with Japan's negative interest rate policy and a continuously challenging operating environment, the Wholesale Business Unit mustered the collective strength of SMBC Group to deliver sophisticated solutions and carry out operations with an extensive focus on profitability. It was thereby able to maintain high levels of asset efficiency.

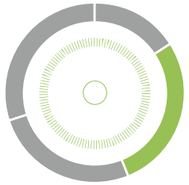
In FY2020, our focus was supporting the business continuity of customers and providing smooth funding support in response to the COVID-19 pandemic. At the same time, we addressed, as a united group, the rapid changes in customers' management issues and needs seen amid the transformation of social structures. Our approach entailed supplying an array of solutions for business reorganization alongside the solutions of its cashless and payment service businesses and real estate businesses. We were thereby able to bring a number of proposals and projects to fruition. As a result, all Group companies in the Wholesale Business Unit achieved their net business profit targets while the unit as a whole posted consolidated net business profit of ¥388.5 billion, an increase of ¥21.5 billion year on year.

In FY2021, the second year of the Medium-Term Management Plan, the Wholesale Business Unit will bolster coordination among domestic and overseas bases and Group companies to exercise the strength of our group-based comprehensive solutions to the greatest extent possible. At the same time, we will increase the degree to which management resources are allocated to growth fields. Social structures and trends are changing rapidly as the COVID-19 pandemic accelerates digitalization and cashless payment trends and the move to transition to a carbon-neutral society advances. Such changes are causing customers' management issues to become more complex and sophisticated. Fully committed to addressing these issues, SMBC is ramping up efforts to create new businesses together with customers. Going forward, we will further bolster our strengths, including our keen ability to make proposals, speed, and pioneering spirit, to provide high-value-added solutions through coordination between front-office service and headquarter divisions and thereby contribute to the growth of customers and of the Japanese economy.

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

Senior Managing Executive Officer
Co-Head of Wholesale Business Unit
Muneo Kanamaru

Contribution to Consolidated Net Business Profit (FY2020)



¥388.5 billion 28%

	FY2020	YoY*1
Gross profit (JPY bn)	634.9	+14.8
Expenses (JPY bn)	299.9	(3.7)
Base expenses (JPY bn)	292.3	(4.4)
Net business profit (JPY bn)	388.5	+21.5
ROCET1*2	5.6%	(4.6)%
RwA (JPY tn)	33.4	+2.6

*1 Figures are after adjustments for interest rate and exchange rate impacts.
*2 Figures exclude medium- to long-term foreign currency funding costs.

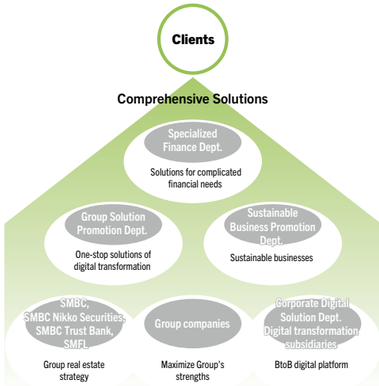
PRIORITY STRATEGY

1

Group-Based Comprehensive Solutions

Social structures and trends are changing rapidly due to the COVID-19 pandemic and the move to transition to a carbon-neutral society, and thus we are bolstering our ability to respond to the massive changes seen in customers' management issues and in social issues. As part of this process, we will unite our front-office and solution providing departments to provide comprehensive solutions while proactively allocating management resources to expanding business areas so that we can grow together with customers.

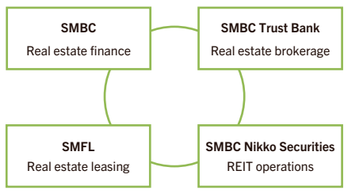
In addition, we are enhancing our sector approach through coordination between domestic and overseas bases and Group companies to cater to the needs of large corporations active on the global stage. To this end, we are developing systems for delivering swift and high-quality proposals in response to increasingly complex and sophisticated management issues pertaining to such matters as business portfolio revision and global M&A activities. We also seek to address the business reorganization, finance improvement, and corporate revitalization needs of customers that are becoming increasingly common amid the COVID-19 pandemic. In catering to these needs, we will supply hybrid finance, corporate revitalization investment, and other solutions based on customers' circumstances and needs. Promoted on a group-wide basis, these solutions will be offered through the Specialized Finance Department, which was established in April 2021. Meanwhile, we will allocate management resources to real estate businesses while bolstering coordination among Group companies to enhance efforts to propose solutions to customers utilizing real estate through a group-wide approach.



Solutions for Complicated Financial Needs

Business restructuring	Balance sheet improvement	Revitalization
LBO	Hybrid finance	DIP finance
M&A finance		Revitalization investment
		NPL purchase

SMBC Group Real Estate Businesses



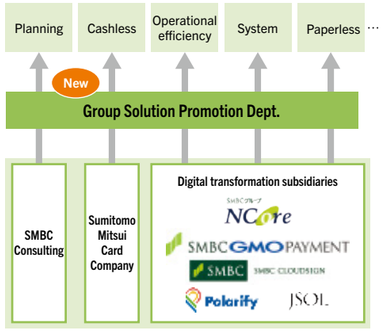
PRIORITY STRATEGY

2

Corporate Digital Solutions

SMBC Group's efforts to utilize digital technologies go beyond the conventional aims of improving operational efficiency; we are increasingly looking to develop new businesses and transform existing businesses to address digital innovation and digital transformation needs. For the purpose of addressing the diversifying needs of customers, the Group Solution Promotion Department was established to help provide one-stop services of the Group companies' digital solutions. Through this new department, we will propose solutions tailor-made to the complex digital needs of customers.

Meanwhile, PlariTown, the corporate digital solution platform launched in FY2020 will be a central component in our efforts to supply various financial and non-financial solutions together with external partners. This is the approach through which we will work to support the digitalization of mid-sized corporations and SMEs and to create new business opportunities.



For more information on PlariTown, please refer to page 066.

Sustainability Initiatives

In addition to its prior renewable energy project finance initiatives, the Wholesale Business Unit is promoting engagement with customers through the Sustainable Business Promotion Department, which was established in April 2020 as part of its focus on co-creating businesses to facilitate sustainability-related business reorganizations and the development of sustainable social foundations.

We used around ¥1 trillion to conduct such sustainability-related financing in Japan during FY2020. In addition, we established the GREEN×GLOBE Partners community to work toward resolutions to environmental and social issues together with customers. Moreover, we began offering green deposits in April 2021. Money in these deposits is only lent to eligible green projects related to the environment, particularly renewable energy, in order to provide opportunities for customers to utilize their assets for ESG purposes.

Going forward, the Wholesale Business Unit will continue to contribute to the realization of a sustainable society by supporting customers in resolving sustainability-related management issues, such as those pertaining to the fight against climate change and the transition to a carbon-neutral society.

GREEN×GLOBE Partners

環境・社会課題解決の「意識」と「機会」を流通させる

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.

In FY2020, the COVID-19 pandemic became normalized throughout society. Despite the difficult operating environment seen centered on operations in Indonesia and aircraft businesses, the Global Business Unit achieved growth in consolidated net business profit through a concerted Group effort to meet customers' funding needs and to flexibly implement the measures prescribed by the Medium-Term Management Plan in response to the changing operating environment. Thus, we feel that the unit achieved a high degree of success in the first year of the plan.

In FY2021, the second year of the Medium-Term Management Plan, we will maintain a consistent course with regard to implementing our priority measures. At the same time, we will seek to advance our business activities with an appropriately balanced focus on growth fields, such as sustainability and digital technologies, to accelerate our evolution to a global solution provider proficient at addressing customers' management issues.

One specific area of focus will be bolstering overseas securities, a business where there is substantial room to grow from the perspectives of business lines and customer base expansion, in order to accelerate initiatives in our corporate investment banking business, which merges our banking business with our securities business. We thereby aim to enhance our ability to propose solutions in response to the various corporate events of customers. Meanwhile, we will work to develop foundations for medium- to long-term growth in Asia by advancing inorganic growth strategies in Vietnam, the Philippines, and India. The goal of these strategies will be to establish a franchise capable of providing a broad assortment of services to customers ranging from individuals to large corporations.

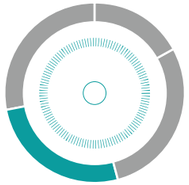
The Global Business Unit also recognizes that customers are ramping up climate change and other ESG initiatives. We are responding by augmenting our advisory functions for sustainability fields and boosting our capacity to provide solutions for issues faced in ESG strategies. At the same time, we are strategically developing digital businesses to address the rise in needs related to non-contact interactions seen amid the COVID-19 pandemic. Meanwhile, in the trade finance field, an area of strength for SMBC Group, we aim to develop digital platforms a step ahead of the competition to provide new settlement and finance methods.

Through these initiatives, we will advance a concerted Group effort to achieve sustainable growth in high-growth-potential overseas markets.

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

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

Contribution to Consolidated Net Business Profit (FY2020)



¥366.7 billion 26%

	FY2020	YoY*1
Gross profit (JPY bn)	723.7	+42.9
Expenses (JPY bn)	383.3	+12.4
Base expenses (JPY bn)	372.1	+6.5
Net business profit (JPY bn)	366.7	+3.9
ROCET1*2	6.2%	(1.3)%
RwA (JPY tn)	35.6	(0.1)

*1 Figures are after adjustments for interest rate and exchange rate impacts.
*2 Figures exclude medium- to long-term foreign currency funding costs.

PRIORITY STRATEGY

1

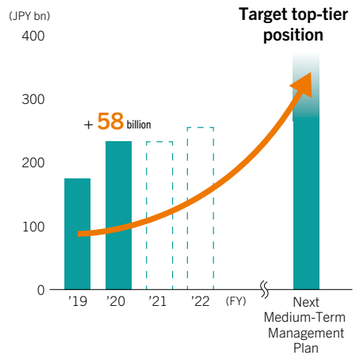
Reinforcement of CIB Business

The Global Business Unit is accelerating initiatives in its corporate & investment banking business, which merges its banking business with its securities business.

Banks and securities are becoming increasingly linked on a global basis, and thus there has been a rise in opportunities to provide advisory services pertaining to cross-border M&A activities by Japanese and non-Japanese companies. By enhancing coordination in global sectors, we will leverage the strengths of our product capabilities and global network to better propose solutions in response to customers' business portfolio reconstruction and other management issues.

Furthermore, we are enhancing our overseas securities services, which have significant potential for growth, to strengthen core functions for making our corporate investment banking business more sophisticated. Particular areas of focus include developing bond sales and trading businesses and selectively expanding customer base in the United States to develop a stronger market presence.

Gross Profit in Corporate Investment Banking Business in Europe and the United States*1



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

PRIORITY STRATEGY

2

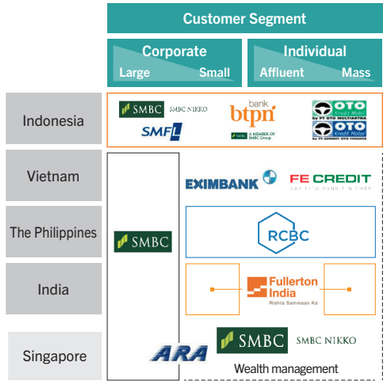
Initiatives in Growth Fields in Asia and Other Markets

In pursuit of medium- to long-term growth in Asia, the Global Business Unit is developing a financial franchise that supplies services to customers ranging from individuals to large corporations.

Our operations in Indonesia were impacted by the COVID-19 pandemic in FY2020. Regardless, there has been no change to our policy of developing growth foundations centered on Bank BTPN, and we are advancing our business in this country through means such as enhancing digital banking and approaching the middle-income demographic. In FY2021, we announced investments in non-banking companies in Vietnam and India and in a commercial banking company in the Philippines. Going forward, we will expand our platforms for operations targeting SMEs and for retail businesses.

Other initiatives included efforts to expand into new business areas such as asset management through investment in ARA Asset Management of Singapore, an increase in our stake in Ares Management Corporation in the United States, and other means.

Expansion of Financial Franchise in Asia



Sustainability Initiatives

In response to the ever-changing circumstances surrounding climate change and other sustainability issues, the Global Business Unit is augmenting its solution providing capabilities to better address customers' management issues.

In FY2020, we accelerated our green finance initiative in Europe, the United States, and other overseas markets, thereby climbing to the No. 2 position in global league tables with regard to green loan amounts. At the same time, we took steps to enhance our proposal capabilities as a global solution provider. Specific areas targeted included advisory services pertaining to customers' ESG strategies and disclosure as well as peripheral advisory services related to financing arrangement and asset portfolio reconstruction to incorporate decarbonization and energy transactions. As one such initiative, in February 2021 we provided a loan to the U.S. subsidiary of a Japanese company in the US$1,100 million financing bracket that receives preferential interest rates based on ESG ratings, a first for a Japanese bank. Looking ahead, we will accelerate our initiatives by taking part in various cutting-edge projects.

Moreover, through Bank BTPN, we began providing BTPN Wow!, a service that allows customers without bank accounts with Bank BTPN to perform banking transactions through messaging services. In addition, its subsidiary, Bank BTPN Syariah Tbk PT provides financing that conforms to the requirements of the Islamic faith primarily to low-income women. In these ways, we are working to provide financial services that can be used by a wide range of people.

Global League Table
(Green Loan Amounts*2)

	Financial institution	Share
1	Credit Agricole	10.0%
2	SMBC	7.8%
3	BNP Paribas	7.4%

*2 Source: Dealogic Ltd. (FY2020)

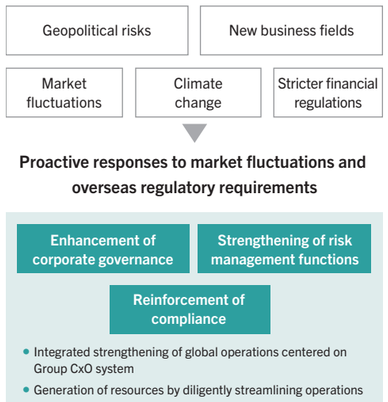
PRIORITY STRATEGY

3

Establishing Business Foundations That Meet the Needs of a Global Financial Group

In response to market environment changes, rising geopolitical risks, and the implementation of stricter financial regulations, the Global Business Unit continues to prioritize the allocation of resources to areas such as corporate governance, risk management systems, and compliance. Efforts to support SMBC Group's overseas businesses and achieve sustainable growth as a global financial group will require us to predict various risks and develop proactive management foundations on a group-wide basis to address these risks.

Furthermore, we will continue to diligently streamline our operations by utilizing digitalization, revising business promotion frameworks, and consolidating administrative functions so that we may secure resources that can be allocated to priority fields while increasing investments in new businesses.



Global Markets Business Unit

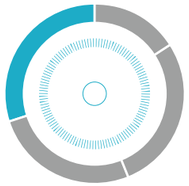
The Global Markets Business Unit offers solutions through foreign exchange, derivatives, bonds, stocks, and other marketable financial products and also undertakes asset liability management ("ALM") operations that comprehensively control balance sheet liquidity risks and interest rate risks.

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 levels 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, discern the underlying essence of world affairs.

In FY2020, the COVID-19 pandemic had a massive impact on the flow of people and goods and on the market environment itself. In our portfolio management efforts, we assessed that market participants would be looking to transition from a phase of crisis response to a phase of preemptively acting in anticipation of future economic recovery. We responded by flexibly rebalancing our holdings of equities and bonds and thereby succeeded in generating a profit. At the same time, we maintained stable foreign currency funding to meet the funding needs of customers. In sales and trading, meanwhile, we sought to develop a full understanding of customer needs so that we could address these needs by providing the optimal solutions.

Currently, governments and central banks around the world are continuously providing economic support to an unprecedented degree, making the outlook pertaining to asset prices and inflation increasingly uncertain. In addition, customer needs are constantly growing more diverse, as indicated by the advancement of the digitalization trend and the growing interest in social issues. In FY2021, the second year of the Medium-Term Management Plan, we will need to keep demonstrating our true value by reading the market trends emerging to create solutions that customers choose. Accordingly, the Global Markets Business Unit will continue to dedicate ourselves to face the markets sincerely with an even greater commitment to contributing to the growth of customers and of SMBC Group.

Contribution to Consolidated Net Business Profit (FY2020)



¥413.5 billion 30 %

	FY2020	YoY*1
Gross profit (JPY bn)	460.7	+22.1
Expenses (JPY bn)	82.9	+3.3
Base expenses (JPY bn)	79.6	+1.9
Net business profit (JPY bn)	413.5	+22.0
ROCET1*2	20.4%	+0.2%
RwA (JPY tn)	5.4	+0.3

*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).

Senior Managing Executive Officer
Head of Global Markets Business Unit

Masamichi Koike

PRIORITY STRATEGY

1

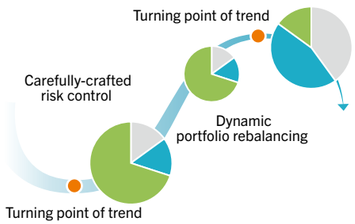
Flexible Portfolio Management in Response to Market Changes

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 unit 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.

The Medium-Term Management Plan calls on us to enhance our portfolio management by branching out from managing assets mainly in developed countries to exploring new revenue sources through means such as dealing in a more diverse range of investment products and employing investment methods that take advantage of alternative data.

Overview of Portfolio Rebalancing

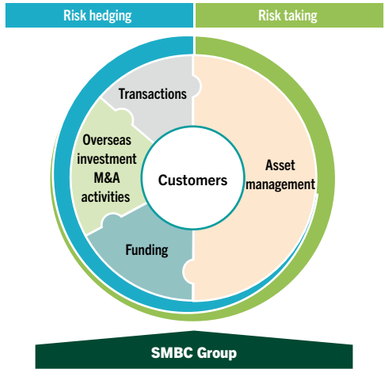


PRIORITY STRATEGY

2

Enhancement of Solutions Provided through Marketable Financial Products

The Global Markets Business Unit is expanding its product lineup and enhancing coordination between domestic and overseas product sales teams in order 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. By visualizing what kind of market risks customers are facing, we continue to deliver solutions tailor-made to the circumstances of each customer. We are also developing and strengthening systems on a global basis for supplying various products based on customer needs. Furthermore, we are addressing the rise in electronic transactions by enhancing foreign exchange platforms to provide higher levels of convenience to customers.



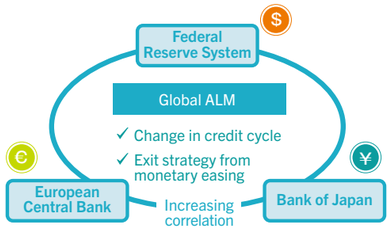
PRIORITY STRATEGY

3

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 seek to expand our investor base and diversify funding methods. Initiatives toward these ends have included issuing foreign currency denominated covered bonds along with regular straight bonds and utilizing cross-currency repo transactions.* In addition, we make funding strategies by taking into account the structure of SMBC Group's balance sheet and the market environments. Furthermore, we have integrated our ALM departments that were in charge of JPY and foreign currency to create a system for proactively responding to changes in various aspects of the global financial market, including financial regulations. This integration was conducted to facilitate effective balance sheet control from a long-term perspective.

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



- Effective management for cash flows and collaterals
- Medium- to long-term funding strategy based on market environments

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 United States in January 2021. To date, we have floated five green bond issues in Japan and overseas, procuring a total of approximately US$2.5 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.

Special Features

SMBC Group's Digital Strategies Transcending Finance

057 Development of a Next-Generation Core Banking System to Support the Digital Era

060 Creation of the Financial Group Most Chosen by Customers through the Power of Design

064 Digital Solutions for Corporate Clients Breaking the Mold of a Financial Group

Special Feature 1

Senior Managing Executive Officer
Group CIO
Shoji Masuda

Development of a Next-Generation Core Banking System to Support the Digital Era

SMBC has begun the development of a next-generation core banking system for the purpose of supporting the digitalization of the improvement of customer service and work processes. In this feature, we look at the background for our efforts to develop a system that builds upon our reputation for reliability and efficiency while also offering the flexibility and speed necessary for responding to future changes.

Pursuit of Banking Services Available Anywhere and at Any Time

One goal of the development of a next-generation core banking system is to provide non-stop online services that can be used at any time of day. As transactions become increasingly diverse and global, demand is rising among customers for online services that can be accessed around the clock. Under existing systems, however, online services have to be halted on Sunday nights to undergo maintenance. The next-generation core banking system currently under development will make it possible to conduct online bank transfers and to perform withdrawals or deposits at convenience store ATMs at any time of day. Moreover, this system will offer an expanded range of features, including services for immediate global transactions, such as overseas money transfers, and extended processing windows to increase customer convenience.

Construction of Forward-Looking Foundations

An important element of redeveloping our systems is to further build upon our reputation for reliability and efficiency while also ensuring that the new system offers the flexibility and speed necessary for responding to future changes.

SMBC has always been swift to update its banking systems. In 1994, then Sumitomo Bank undertook a complete overhaul of its banking systems a step ahead of the rest of the industry. This overhaul entailed the installation of a cutting-edge system for performing large-scale batch processing of account transfer transactions on an individual transaction basis (online batch processing). Furthermore, we were able to integrate our systems at low cost during the 2002 merger, which combined large-scale banks to create Japan's first megabank, by incorporating systems into the banking systems of the former Sumitomo Bank. Later, in 2009 we developed the frameworks necessary for operating all banking programs through open systems. This transformation gave us the option of adopting lower system costs while making it easier to incorporate the latest technologies. The current project for developing a next-generation core banking system uses the approach of expanding systems based on our online systems.

Evolution of SMBC's Banking System

	1994	2002	2009	2016	2021-2025 ▶
	4th online development	System integration	Verification of completely open system	Function revision / BCP enhancement	Next–generation banking platform
Characteristics	Online batch processing, compartmentalization, etc.	Integration of banking systems of Sumitomo Bank and Sakura Bank	Completion of verification, partial commercial operation	Mutual backup systems for east and west Japan operations	Open platforms / mainframes; optimal mix architecture
Investment	¥60 billion	¥60 billion	¥5 billion	¥30 billion	¥50 billion
Development	20 thousand man-months	20 thousand man-months	3 thousand man-months	5 thousand man-months	20 thousand man-months

Low-Cost Development through the Utilization of Existing Systems

In renovating our systems, we examined the possibility of completely overhauling systems in ways that included rebuilding existing online systems from scratch. However, a survey of our existing systems produced favorable scores with regard to indicators of program complexity and volume, and there were no aspects of systems that had become inaccessible black boxes. It was therefore judged that there was no need for a complete overhaul of our systems, leading us to take the option of renovating systems while using the existing systems as a base. This approach is projected to allow us to limit system renovation costs to ¥50 billion, as opposed to the hundreds of billions estimated to be necessary for a complete overhaul.

The next-generation core banking system will include an open platform for the utilization of advanced technologies. Through this platform, a ledger mirror database will be compiled by copying the entirety of the general ledger in real time. This methodology will allow for the swift, low-cost development of new functions and products without placing additional burden on the mainframe that monitors the ledger while also making it possible to analyze the ledger in its entirety in real time. In the past, SMBC used an event-based marketing approach through which products were proposed based on customers' transaction histories. Going forward, however, we will use the new system to adopt a one-to-one marketing approach through which we propose the ideal product for each individual customer based on swift analysis of more dynamic customer data. We are also eying the development of new businesses as a platform holder. To this end, we are implementing a banking application programming interface (API) for realizing substantial improvements in the connectivity of internal and external systems while accelerating flexible coordination with various partner companies.

At the same time, we will partner with NEC Corporation to outfit the banking system for managing ledgers with a next-generation NEC mainframe to further build upon the reputation for reliability and efficiency we have cultivated thus far.

Optimal Mix of Open Platforms and Mainframes

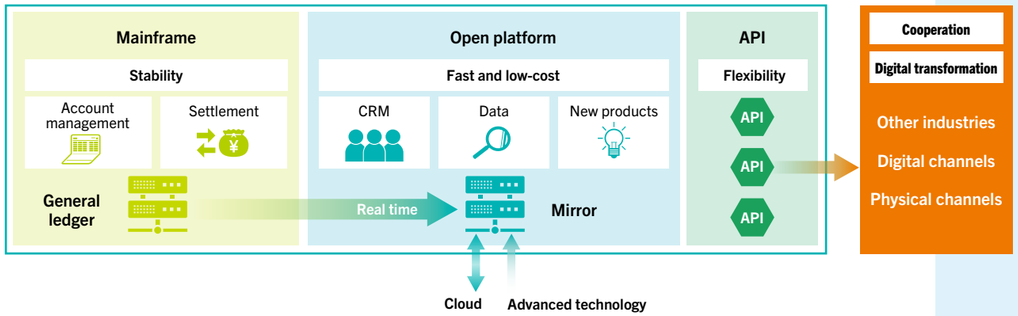
To create a system featuring an optimal mix of open platforms and mainframes, which could be said to be an amalgamation of past system development initiatives, we are utilizing technologies developed in preparation for the transition from our existing systems. Few of the world's financial institutions employ this type of system, and we will have a huge lead on other megabanks in terms of services and functions after the completion of our new system. Going forward, SMBC Group will continue its quest to create unprecedented value in order to accommodate the advancement of the digitalization trend.

Characteristics of Next-Generation Core Banking System

Improvement of Service Value	Creation of New Businesses	Reinforcement of Management Foundations	Sustainable Development
Non-stop online service*	Acceleration of co-creation with national / municipal governments and other industries	CRM system on a group basis	Proactive incorporation of advanced technologies
Immediate, 24-hour global settlement	Provision of new user experiences through inter-Group coordination	Real-time analysis of all banking data	Cultivation of human resources versed in both open platforms and mainframes

** Excluding days for implementing disaster response drills and other special measures*

Transition to a stable and flexible architecture that can respond quickly to environmental changes



Special Feature 2

Creation of the Financial Group Most Chosen by Customers through the Power of Design

In-House Designers' Efforts to Design Experiences

Customers are at the heart of SMBC Group's digitalization efforts. Through digitalization, we aim to deliver services with the same level of hospitality and dedication as on-site transactions and to provide new experiences that can only be realized through digital technologies. In this feature, we introduce the efforts of the in-house designers who are designing such new experiences to break the mold of their traditional roles and to create new digital services that are unique to SMBC Group.

Design Team

SMBC Group's design team is a group of professionals who passionately believe that design can transform traditional banking culture.

This team has put forth a four-part mission statement (shown on the next page) that guides its members in their uncompromising pursuit of higher-quality services for customers as they seek to strike a balance between business viability and design.

Designer Mission Statement

Strong Presence

A company's presence is reflective of an ability to accomplish goals and influence others.
We believe that design has the power to create positive value for banks as well as for the rest of society, and we will therefore continue our efforts to develop a stronger presence through design.

Core of Design Management

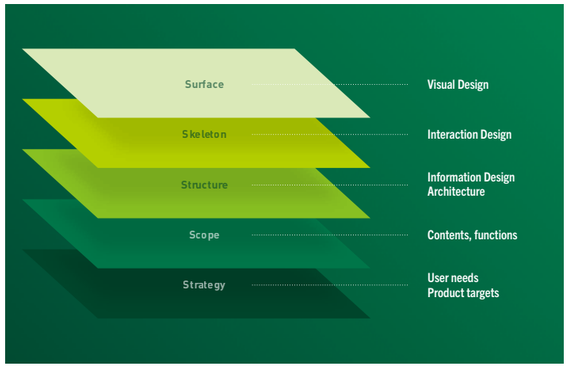
The role of design management is to improve corporate competitiveness through enhanced brand image and increased capacity for innovation.
As an organization that is core to design management, we must remain, in our daily efforts, aware that design, right down to the most minute details of our craft, is directly linked to corporate competitiveness.

First-Rate Personnel, First-Rate Quality

It is a given that customers will be supplied with the desired quality, based on the differences that can only be seen through a professional's eye, at the ideal time.
Our first-rate personnel seek to provide new standards for first-rate quality that overwrite customer expectations.

Self-Sculpted Environment for Excellence

Designers give form to ideas with no tangible form and therefore must be ready, at times, to create the necessary tools for this task.
It is unsightly to complain about lacking the necessary environment; if the environment is lacking, we will sculpt it ourselves.



Role and Domain of In-House Designers

In-house designers are expected to understand SMBC Group's culture and values and to call upon their robust experience and masterful techniques to design services.

Hiroshi Kanazawa

Hiroshi Kanazawa completed a graduate textile design program at Musashino Art University in 2008. After graduating from this program, he went on to act as a modeling artist and a web designer while also working as a fine arts professor before joining a web design company in 2011. At this company, Kanazawa was responsible for developing websites for major companies and on-site online banking services. He became the first designer at SMBC in 2016 and is currently providing his services as a specialist in the Human-Centered Design approach of Human-Centered Design Organization (HCD-Net).

Naoki Kaneko

After graduating from university, Naoki Kaneko joined a recruitment firm in 2004, where he was responsible for corporate marketing. He then started his own company together with a colleague in 2006. His role in this company centered around e-commerce website operation and website and smartphone app planning and production. He moved on in 2013, taking up a website planning, production, and operation position at the marketing arm of a major advertising firm before joining SMBC in 2017. He is also a specialist in the Human-Centered Design approach of HCD-Net.

Yuko Hori

Yuko Hori joined SMBC in 2017 and took up a position designing banking applications, webpages, and banking system user interface and experience. Participating in projects from the upstream design phase, which includes usability tests, user interface specification design, and visual design, she has been involved in proposing and producing concrete design and visual concepts. She is also a specialist in the Human-Centered Design approach of HCD-Net.

Efforts of In-House Designers 1

Redesigning of the SMBC App

Creation of an App That is Easy to Use for Digital Novices and Experts Alike

SMBC views its app as providing an exclusive branch, or approximately 9 million branches* in all, for every customer who downloads the app. This app was redesigned in March 2019. In redesigning the app, in-house designers carefully crafted everything from the function menu, control feel, and coloring to create digital branches that offer the same ease of everyday use and reliable service in times of need that SMBC is known for.

** Approximate number of app downloads as of June 30, 2021*

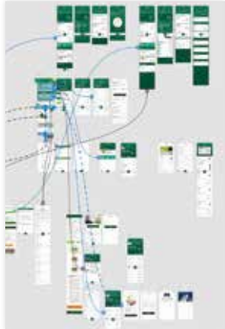
Introduction of Human-Centered Design Approach

Survey / Hypotheses ↔ Plan ↔ Prototype ↔ Verification / Learning

Customer journey map

Site flow design

Prototype production



User tests (online / in-depth interviews)

Target / Persona decision

User interface design

In-depth interviews and in-house usability tests

Column

Review of the March 2019 App Redesign

In redesigning our app, we adopted a Human-Centered Design approach that entailed developing the interface based on observations of the natural behavior of people and of user-friendliness.

Through this process and through repeated user tests, we verified every aspect of the app, ranging from button locations and colors to how the screen reacts to taps. At the time, we were among the first in the industry to identify customer demand for a way to track the history of transactions with other, non-SMBC financial institutions in an integrated manner. This recognition prompted us to link data and functions with the Sumitomo Mitsui Card app as well as with the Moneytree personal finance management app. Other companies have since followed suit. The inclusion of additional functions increases convenience while also creating the risk of making an app too complicated to use. For this reason, the utmost attention was paid to ensuring use was intuitive.

A year-on-year increase of 80% was seen in new downloads in the three-month period after the launch of the redesigned app, and we were even presented with an award for this app in the 2019 GOOD DESIGN AWARD program. Going forward, SMBC Group will ramp up its design initiatives to further the evolution of this app.

Efforts of In-House Designers 2

SMBC Website Redesign

SMBC's website serves as the digital entryway for the Company. On March 22, 2021, a redesigned version of this website was launched. The redesign was based on the concept of providing courteous customer service that is on par with our face-to-face service. In the redesign process, in-house designers fundamentally reinvented the user interface and then went on to install new experiences, such as a questionnaire function that allows us to solicit information on the desires of customers.

Efforts of In-House Designers 3

SMBC Tablets

Digital technologies are transforming how we communicate with customers even in face-to-face settings. Seeking to make our time with customers more meaningful, members of our sales staff teamed up with in-house designers to reinvent our sales-use tablets through a process of ongoing discussion and user tests. The reinvented tablets feature several new functions, such as favorite registries and "My Folder" functions that contribute to smooth sales proposals.

Efforts of In-House Designers 4

Design System

SMBC Group is committed to providing its customers with consistent service, even as its range of customer contact points expands to include venues such as its website, internet banking, apps, and SMBC tablets. To facilitate service consistency, we have prepared a design system as a shared development tool through an effort centered on in-house designers. This design system will be used as the basis for the services that we supply going forward.

Other Design Team Efforts

Official note Account
In-house designers operate our official note account that provides information on design-related activities.

Designer Website
SMBC Group has created a website that displays designer profiles and introduces the projects of these designers. Also, we have ramped up the recruitment of mid-career designers.

Special Feature 3

Digital Solutions for Corporate Clients Breaking the Mold of a Financial Group

SMBC Group has defined the development of digital solutions for corporate clients as one of the key strategies of its Medium-Term Management Plan. This strategy is aimed at resolving the management issues of corporate clients and at creating new business value.

The forerunners of our digital strategies are SMBC CLOUDSIGN, Inc., and Plari Town, Inc. SMBC Group is encouraging in-house entrepreneurial ventures by supporting the ambitious and unprecedented undertakings of employees through a CEO production project. Both SMBC CLOUDSIGN and Plari Town, Inc., are led by CEOs in their 30s who have been appointed through this project.

In this feature, we look at the new endeavors of these two companies that break the mold of a financial group.

SMBC Group is keen to support the growth of SMEs by helping them address their operational streamlining issues with digital tools.

Ryo Namiki

President & CEO
Plari Town, Inc.

Ryo Namiki joined SMBC in 2008. After holding positions in corporate marketing, the Wholesale Banking Unit, and the Corporate Digital Solution Department, he became president & CEO of Plari Town, Inc., in May 2020.

Through partnerships between large and venture companies, we aim to provide new solutions that go beyond the traditional domain of banks.

Hideki Mishima

President & CEO
SMBC CLOUDSIGN, Inc.

Hideki Mishima entered SMBC as a mid-career hire in 2018. He was initially assigned responsibility for overseeing our digital innovation center, "hoops link tokyo," and for developing new businesses. He became president & CEO of SMBC CLOUDSIGN in October 2019.

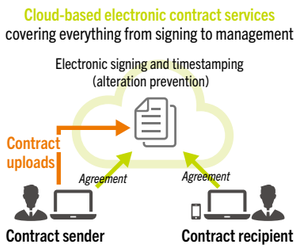
New Standard for Contracts

SMBC CLOUDSIGN

SMBC CLOUDSIGN was established in October 2019 as a joint venture between Bengo4.com, Inc., and SMBC Group to provide electronic contract services. Based on its business vision of transforming Japanese legacy cultures and business processes centered on contracts, this company supplies cloud-based electronic contract services that allow all aspects of contract conclusion, ranging from signing to storage, to be performed online. SMBC CLOUDSIGN's services allow users to upload contracts for which negotiations have been completed to a cloud server, after which the counterparty can confirm and approve the contract online, resulting in its conclusion. This process expedites contract conclusion while reducing costs and making it easier to search for contract details.

The COVID-19 pandemic is spurring a shift away from traditional paper-based contract procedures, and cloud-based electronic contract services are gathering attention amid this transformation in traditional paper-based contract procedures.

Framework of SMBC CLOUDSIGN's Services



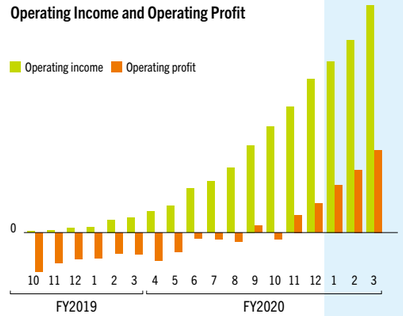
Source of Competitiveness for Winning Out in the Electronic Contract Market

The electronic contract market is currently home to fierce competition stimulated by the increasing entry of new players. SMBC CLOUDSIGN is able to exhibit competitiveness in this market by capitalizing on its large market share and the reliability associated with the SMBC brand. The combined market shares of SMBC CLOUDSIGN and Bengo4.com make for the top share of the domestic electronic contract market. Furthermore, SMBC CLOUDSIGN can utilize SMBC Group's base of corporate clients in its sales activities. This advantage makes it easier for SMBC CLOUDSIGN to approach large companies and those with long histories than it would be for a standard venture company. In this manner, the business of SMBC CLOUDSIGN will be advanced while coordinating with SMBC Group through means such as calling upon the Group's marketing resources to conduct demand surveys of companies.

New Value Born Out of Partnerships between Large and Venture Companies

SMBC Group aims to become a global solution provider, and the accomplishment of that will require branching out from finance to resolve customer issues in their entirety. In this endeavor, partnerships between large and venture companies will be an important theme for creating new businesses based on ideas from employees. Through these partnerships, we aim to provide new solutions that go beyond the traditional domain of banks. SMBC CLOUDSIGN achieved profitability on a full-year basis in FY2020, a mere year and a half after its inception, with profit that erased the aggregate losses recorded thus far. One contributor to the company was the rise in attempts to move away from traditional paper-based procedures in response to the COVID-19 pandemic. SMBC CLOUDSIGN will continue building its track record in the pursuit of greater contributions to group-wide performance going forward as its management makes daily efforts to be an ongoing source of stimulation for employees as a successful case study for the CEO production project.

Operating Income and Operating Profit



Support for the Digitalization of Mid-Sized Companies and SMEs

Plari Town, Inc.

Plari Town, Inc., was established in May 2020. At the same time, this company launched its PlariTown corporate digital platform for supporting the digitalization efforts of mid-tier companies and small–medium enterprises (SMEs) in Japan. The full-fledged provision of services through this platform was commenced in December 2020.

PlariTown coordinates with not just SMBC Group services but also the business apps and services of partner service providers to provide individualized information and digital services matched to customer needs. These services exceed the boundaries of finance to contribute to increased competitiveness by addressing customer issues related to operational streamlining and other aspects of management.

PlariTown Service Examples

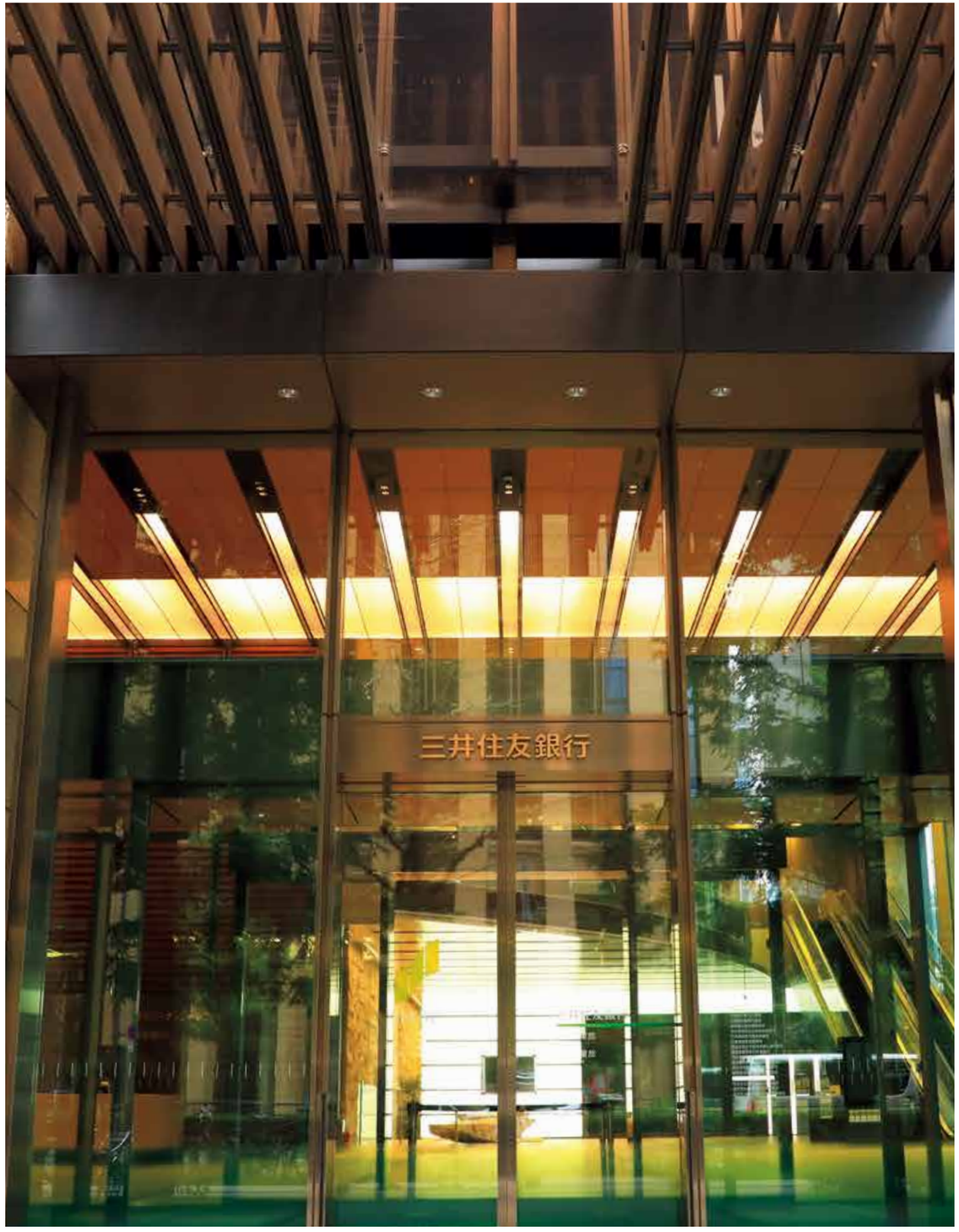
Comprehensive Supply of Digital Services Necessary for Daily Operation

When Plari Town President & CEO Ryo Namiki was working in corporate marketing at SMBC, he often fielded questions from customers about management issues related to operational streamlining. There was a limit to the extent to which the services offered by a bank could be used to address such customer issues. The desire to help resolve these issues was what led to the creation of Plari Town, Inc.

A major characteristic of the Plari Town digital platform of this company is how it spreads beyond the boundaries of financial services to offer various services for supporting daily operations, including accounting, marketing, human resource management, legal affairs, and planning services, on a one-stop basis. As the digitalization trend advances, SMBC Group is keen, as a global solution provider, to support the growth of SMEs by helping them address their operational streamlining issues with digital tools.

Development of a High-Value-Added Digital Platform

A major advantage at the time of the establishment of Plari Town, Inc., was the ability to assemble a team of human resources from both inside and outside of SMBC Group. From SMBC Group, individuals with highly specialized knowledge pertaining to legal affairs, taxation, IT, and other subjects were called. Meanwhile, project members were recruited from among like-minded individuals at various outside partner companies. Having an environment conducive to such a project is a valuable asset to SMBC Group. The thinking and speed of outside partners also helped inform various steps of the process. Such outside perspectives are something to be incorporated into SMBC Group going forward. Plari Town, Inc., will continue to coordinate with various internal and external organizations to heighten value and develop a digital platform for the entire Group.



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 Nomination 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 • Voluntary establishment of the Sustainability Committee

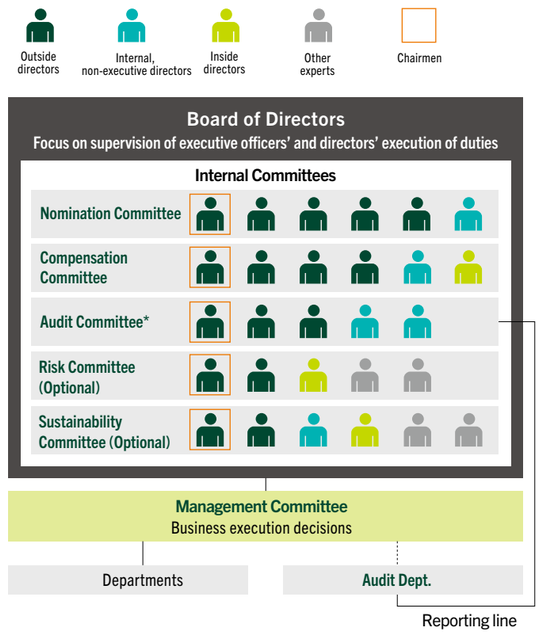
Sumitomo Mitsui Financial Group's Corporate Governance System

In addition to fulfilling our responsibilities to stakeholders, which we consider to be "Our Mission," SMBC Group has set forth a Vision for our medium- to long-term goals and Five Values as the core values to be shared by all executives and employees, and will seek to make the Vision and Five Values known as guiding principles for the group by all its directors and employees. Also, the "SMFG Corporate Governance Guideline," a guideline for corporate governance, has been formulated and disclosed. We are promoting awareness and understanding regarding these guidelines among all SMBC Group officers and employees.

SMBC 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 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 scandals and other forms of 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



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

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.

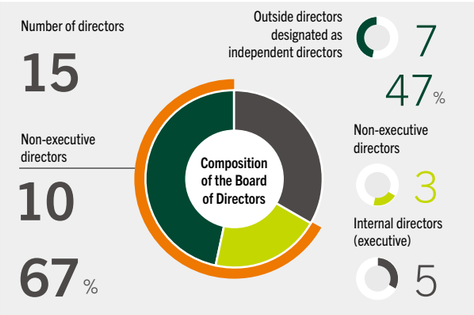
Furthermore, the Board of Directors is responsible for establishing an environment that supports appropriate risk taking by executive officers. It will develop a system for ensuring the appropriateness of SMBC Group's business operations pursuant to the Companies Act and other relevant legislation in 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 and experience.

As of June 29, 2021, the Board of Directors was comprised of 15 directors. 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, served 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.



List of the Expertise of Outside Directors (Skills Matrix)

	Appointed	Expected knowledge and experience in particular				
		Corporate management	Finance	Global	Law	Financial accounting
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 "Expected knowledge and experience in particular" are areas particularly expected of the relevant directors and do not represent all of the knowledge and experience possessed by the directors.

Internal Committees

Nomination Committee

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 president of the Company, outside directors, and president of SMBC. The Nomination Committee comprises one internal director and five outside directors. In order to ensure transparency in deliberations on officer personnel decisions, an outside director has been appointed to serve as the chairman of this committee.

Compensation Committee

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. The Compensation Committee is comprised of two internal directors and four outside directors. In order to ensure transparency in deliberations on officer compensation, an outside director has been appointed to serve as the chairman of this committee.

Audit Committee

The Audit Committee is responsible for the auditing of the execution of duties by the executive officers and directors of the Company, preparation of audit reports, and determination of 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 are appointed by this committee to perform audits of the operations and assets of the Company and its subsidiaries. The Audit Committee is comprised of two internal directors and three outside directors. An outside director has been appointed to serve as the chairman of this committee in order to guarantee the objectivity of audits and independence from business execution. In principle, at least one member of this committee is to possess specialized expertise in finance.

Risk Committee

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. The Risk Committee is comprised of one internal director, two outside directors, and two outside experts.

Composition of Internal Committees and Meeting Attendance (FY2020)

●: Chairman ●: Member

		Nomination Committee (1 inside director, 5 outside directors)		Compensation Committee (2 inside directors, 4 outside directors)		Audit Committee (2 inside directors, 3 outside directors)		Risk Committee (1 inside director, 2 outside directors, and 2 outside experts)	
Masayuki Matsumoto	Outside director	●	Attendance at 4/4 meetings			●	Attendance at 15/15 meetings		
Arthur M. Mitchell	Outside director	●	Attendance at 4/4 meetings	●	Attendance at 6/6 meetings				
Shozo Yamazaki	Outside director					●	Attendance at 15/15 meetings	●	Attendance at 4/4 meetings
Masaharu Kohno	Outside director	●	Attendance at 4/4 meetings					●	Attendance at 4/4 meetings
Yoshinobu Tsutsui	Outside director	●	Attendance at 4/4 meetings	●	Attendance at 6/6 meetings				
Katsuyoshi Shinbo	Outside director			●	Attendance at 6/6 meetings	●	Attendance at 15/15 meetings		
Eriko Sakurai	Outside director	●	Attendance at 4/4 meetings	●	Attendance at 6/6 meetings				
Takeshi Kunibe	Chairman of the Board	●	Attendance at 4/4 meetings	●	Attendance at 6/6 meetings				
Jun Ohta	Director President			●	Attendance at 6/6 meetings				
Toru Nakashima	Director Senior managing corporate executive officer							●	Attendance at 4/4 meetings
Atsuhiko Inoue	Director					●	Attendance at 15/15 meetings		
Toru Mikami	Director					●	Attendance at 15/15 meetings		
Hirohide Yamaguchi*1	Outside expert							●	Attendance at 4/4 meetings
Tatsuo Yamasaki*2	Outside expert							●	Attendance at 4/4 meetings

*1 Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan
*2 Specially appointed professor of International University of Health and Welfare

Sustainability Committee

The Sustainability Committee was established to deliberate with and advise the Board of Directors on the progress of sustainability initiatives, domestic and overseas sustainability trends, and other matters related to sustainability. This committee is comprised of two internal directors, two outside directors, and two internal and external experts. In addition, the chairman of the Sustainability Committee is an outside director.

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 endeavor to continually 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 FY2020 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 exchanges of opinion with internal officers by area of responsibility
- 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 U.S.–China conflict and cybersecurity
- Distribution of PCs to outside directors for use in timely and effective provision of information such as details on the proceedings of internal 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:

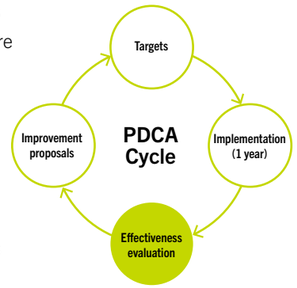
1 Major Business Partner	• An entity that has the Company or SMBC as a major business partner or an executive director, officer, or other person engaged in the execution of business of such an entity. • An entity that is a major business partner of the Company or SMBC or an executive director, officer, or other person engaged in the execution of business of such an entity.
2 Specialist	• 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. • 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.
3 Donations	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.
4 Major Shareholder	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).
5 Close Relative	A close relative of any person (excluding non-material personnel) who falls under any of the following: (1) A person who falls under any of 1 through 4 above; or (2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof.

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

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 FY2020, 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 and May 2021, 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

1. Role of the Board of Directors

- Steps are taken to invigorate discussions based 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." In FY2020, the Board of Directors took part in discussions that carefully incorporated the input of outside directors on inorganic growth strategies and on important themes defined out of consideration for operating environment changes to be seen during and after the COVID-19 pandemic.
- 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.
- It is important for the Board of Directors to fulfill its role based on mutual understanding among inside and outside directors facilitated through discussions about sustainability and other matters prioritized by society and investors.

2. Proceedings of the Board of Directors and Support Systems for Outside Directors

- 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. Amid the COVID-19 pandemic, web conference tools were utilized, among other measures, for facilitating the continuation of brisk discussions.
- 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.
- 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 the accounting auditor. Steps were taken to contribute to livelier discussions at meetings of the Board of Directors, including the arrangement of small discussion forums for fostering mutual understanding between outside directors and internal officers.
- It is desirable for the Company to resume the arrangement of meetings comprised of only outside directors, which were canceled in FY2020 in light of the COVID-19 pandemic, to better utilize the insight of outside directors and contribute to more frank discussions.

3. Composition of the Board of Directors

- As of March 31, 2021, 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.

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.

Executives Compensation System

Cash compensation ■ Stock compensation ■ Variable compensation

Portion of stock-based compensation: 25%

Portion of variable compensation: 40%*1

Compensation Components	Payment Standards (Range of Variation) and Target Indices	Payment Method
Base salary	**Fixed compensation**	・Cash
Bonus (cash)	**Compensation determined based on SMFG's annual performance (0%–150%)*2** Standard levels × annual performance of SMFG and SMBC as well as on the performance of the executive	・Cash : 70% ・Restricted stock : 30%
Bonus (Stock Compensation Plan II)		
Stock Compensation Plan I	**Compensation determined based on SMFG's medium-term performance, etc. (0%–150%)*3** Standard levels × SMFG's medium-term performance, etc.	・Restricted stock
Stock Compensation Plan III	**(Promotion reward plan)**	・Restricted stock

Bonus (Stock Compensation Plan II) — Target Index:

Target Index		Weight
SMBC Banking profit*4	Annual growth / Target achievement	50%
SMBC Net income (pre-tax)	Annual growth / Target achievement	25%
SMFG Net income*5	Annual growth / Target achievement	25%

Stock Compensation Plan I — Target Index:

Target Index		Weight
Financial performance	ROCET1	20%
	Base expenses	20%
	SMFG Gross profit	20%
	SMFG Net income*5	20%
Share performance	TSR (Total shareholder return)	20%
Qualitative evaluation	Customer satisfaction, ESG initiative, employee engagement, and efforts to develop new business areas	±10%

In the case that the CET1 ratio 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 (knock-out provision).

■ Providing more appropriate incentives for executives
■ Further aligning the interests of executives with those of shareholders

■ **Foster a prudent risk culture expected of a financial institution**

Applicable to malus and claw-back provisions

*1 Variable compensation capped at a maximum of 100% of total base salary
*2 Compensation amounts for each fiscal year determined by the Compensation Committee
*3 Compensation amounts determined by the Compensation Committee at the conclusion of the Medium-Term Management Plan
*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 The Company's consolidated profit attributable to owners of parent

The Company's executive compensation program is comprised of three components: base salary, cash bonuses, and stock compensation. Annual performance-linked compensation is determined using profit attributable to owners of parent, the indicator of management's end performance. Medium-term performance-linked compensation is calculated based on the target indices of ROCET1 and base expenses as well as qualitative evaluations predicated on customer satisfaction and ESG initiatives, in order to hold executives accountable and provide incentive for improving medium- to long-term performance and shareholder value and contributing to the realization of a sustainable society.

Compensation programs and levels are determined by the Compensation Committee, which is comprised of a majority of outside directors, based on third-party surveys of manager compensation, economic and social trends, and the operating environment.

We have also introduced provisions for malus (forfeiture) of restricted stock and the claw-back of vested stock allocated to the Executives under the Stock Compensation Plans. These provisions may be applied based on the judgment of the Compensation Committee regardless of the amount of time that has passed since share allocation in order to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution.

Executive Management Systems

Management Committee

The Management Committee is set up under the Board of Directors to serve as the top decision-making body. The Management Committee is chaired by the President of Sumitomo Mitsui Financial Group with other members including executive officers and other officers designated by the President. The President of Sumitomo Mitsui Financial Group considers important matters relating to the execution of business in accordance with the basic policies set by the Board of Directors and based on discussions held by the committee members.

Group-Wide Business Units and CxO System

The Company employs group-wide business units and the CxO system. The group-wide business unit structure entailed the creation of the Retail Business Unit, the Wholesale Business Unit, the Global Business Unit, and the Global Markets Business Unit. The goal of this structure is to heighten our ability to address the various needs of customers on a group-wide basis by enabling the business units to formulate and implement business strategies based on their respective customer segments. The CxO system entails the appointment of 10 Group chief officers in charge of specific areas in addition to the Group CEO (President of Sumitomo Mitsui Financial Group). This system is meant to improve Group management capabilities centered on the holding company. The heads of business units as well as the chief officer positions will, in principle, be filled by executive officers of the Company, with the one exception being the Group CSuO. Individuals appointed to these positions are expected to exercise their duties as the person responsible for overseeing their business unit or head office division and report on the execution of their duties to the Board of Directors.

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.

Dr. Andreas Dombret

2010–2018 A member of the Executive Board, Deutsche Bundesbank
2005–2009 Vice Chairman Europe, Bank of America

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

Sir David Wright

2003–2017 Vice Chairman, Barclays
1996–1999 British Ambassador to Japan

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

The 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 2020, committee meetings were conducted using remote meeting tools in light of the COVID-19 pandemic. With experts from various companies and numerous internal officers from the Management Committee in attendance, opinions were shared on themes such as cybersecurity and artificial intelligence.

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
General Manager of the Corporate Venturing Office
Hitachi, Ltd.

Norishige Morimoto

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

Akira Sakakibara

Chief Technology Officer
Microsoft Japan Co., Ltd.
President
Microsoft Development Co., Ltd.

Sumitomo Mitsui Financial Group Directors

(As of June 29, 2021)

Chairman of the Board

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
Director 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)

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
Senior Managing Executive Officer of SMBC
Director of the Company
2015 Director and 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
Director and Senior Managing Executive Officer of SMBC

Toru Nakashima

1986 Joined Sumitomo Bank
2014 Executive Officer of SMBC
2015 General Manager of Corporate Planning Department of the Company
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 (to present)
Director Senior Managing Corporate Executive Officer of the Company (to present)

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
Director of the Company
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 Co-General Manager of General Affairs Department of the Company
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)

Sumitomo Mitsui Financial Group Directors

(As of June 29, 2021)

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
Ambassador of Japan to Russia, Armenia, Turkmenistan and Belarus
2011 Ambassador of Japan to Italy
Ambassador of Japan to Italy, Albania, 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 153 for information on SMBC's Board of Directors, Directors, Members of the Audit and Supervisory Committee and Executive Officers.

INITIATIVES TO REALIZE SUSTAINABILITY

Our Approach

To realize a sustainable society,
we are pursuing our business activities and initiatives focusing on "Environment," "Community" and "Next Generation," based on the "SMBC Group Statement on Sustainability" as our basic principle.

SMBC Group seeks to maximize its positive impact on all stakeholders while enacting its value creation process to realize the society we aim to achieve.

PAST

Predecessor of Mitsui

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

Predecessor of Sumitomo

Left: Besshi Copper Mine in 1881 (Sumitomo Historical Archives Collection)
Right: Current Besshi Copper Mine (Sumitomo Forestry Co., Ltd. Collection)

PRESENT

Priority Issues (Materiality)

Environment — An irreplaceable asset shared between generations, and the foundation of the society we aim to achieve

Community — A social safety net that fills the gap between the public sector and the private sector, based on "trust" and "mutual assistance" created by connections among people

Next Generation — Intelligent people who create a better society and pass it on to future generations

SMBC Group GREEN×GLOBE 2030

1. Sustainability initiatives that are directed toward our customers/society
2. Internal initiatives that contribute to sustainability management
3. Enhance engagement with investors

Please refer to page 087 for information on progress with regard to KPIs.

Society We Aim to Achieve

- Preservation of a healthy environment
- Creation of a society in which everyone can live with peace of mind
- Fostering of people and industries that will shape the future

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

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.

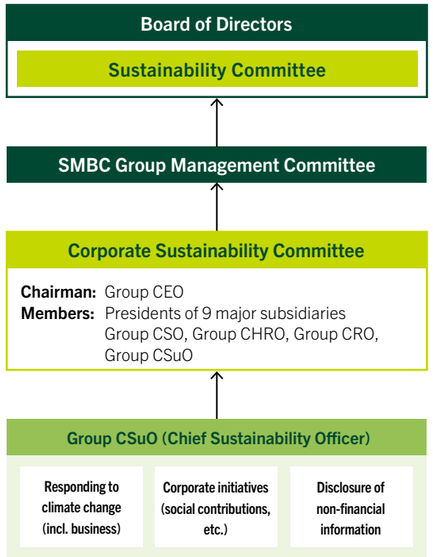
Initiatives To Realize Sustainability

SMBC Group's Sustainability Management System

In April 2021, SMBC Group established the new position of Group CSuO. Under its guidance, the Corporate Sustainability Department plans and formulates group-wide sustainability measures, while the Sustainability Business Promotion Department functions as a hub for providing solutions on a global, group-wide basis.

The Corporate Sustainability Committee, which is chaired by the Group CEO, discusses matters pertaining to the spread of sustainability management throughout the Group as well as measures necessary for promoting sustainability. Moreover, we newly established the Sustainability Committee as an internal committee of the Board of Directors in July 2021. The Group CSuO and the Group CRO will periodically report to the Sustainability Committee and the Risk Committee. We are continuously enhancing our corporate governance and management frameworks.

Furthermore, SMBC Group has incorporated quantitative indicators related to environmental, social, and governance (ESG) initiatives into executive compensation schemes to accelerate sustainability management.



Message

from

Group CSuO

Preserving rich nature, eradicating poverty, and eliminating discrimination and prejudice—these are all goals that companies around the world are expected to work toward in their pursuit of sustainability. Instead, companies have generally prioritized short-term financial gains, resulting in the world we currently call home being plagued by various environmental and social issues: climate change and growing economic disparity, to name a few.

Meanwhile, SMBC Group has defined three materiality issues for practicing sustainability management: the "Environment," "Community," and "Next Generation." In particular, we emphasize the "Environment" as an irreplaceable asset shared between generations and the foundation of social sustainability. However, SMBC Group cannot protect the environment and realize a sustainable society on its own. We are therefore striving to fulfill our social mission as a globally active financial institution by engaging and acting with our customers and various other stakeholders in a joint effort to build a sustainable society and to hand it down to the next generation.

As the Group CSuO, I am committed to accelerating SMBC Group's sustainability initiatives from various angles going forward.

Fumihiko Ito
Group CSuO

SMBC Group GREEN×GLOBE 2030

In April 2020, SMBC Group established "SMBC Group GREEN×GLOBE 2030," a ten-year plan that extends to 2030, based on the "SMBC Group Statement on Sustainability."

"GREEN" represents SMBC Group's corporate color and the environment, while "GLOBE" represents the Earth and a borderless world. The two terms are connected by an "×" to show the plan's potential being measured in terms of multiplication rather than mere addition.

Moreover, in our aim to enhance our efforts addressing climate change, we upwardly revised our green finance and greenhouse gas (GHG) emissions reduction targets in May 2021.

Basic Concept

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

10-Year KPIs	FY2020 Results
Upward revision Amount of green finance and finance that contributes to realizing sustainability between FY2020 to FY2029 ¥ 30 trillion (of which ¥20 trillion is green finance)	¥ 2.7 *trillion* in Japan and overseas (green finance)
Participants in the financial educational program between FY2020 to FY2029 1.5 million	132 *thousand participants*
Measure social impact of social contribution activities	**Measured the social impact of PROMISE Financial and Economic Educational Seminars and disclosed the results**
Measure awareness and engagement levels concerning ESG/SDGs among front office personnel and customers	Number of front office personnel stating that they have taken ESG- and SDGs-related actions toward customers +10 %
Upward revision **Achieve net zero greenhouse gas emissions** in SMBC Group's group-wide operations by 2030	Greenhouse gas emissions (preliminary figure) Approx. 129 *thousand t-CO_2* (7.5% reduction from FY2019)

Environment

Environmental Initiatives

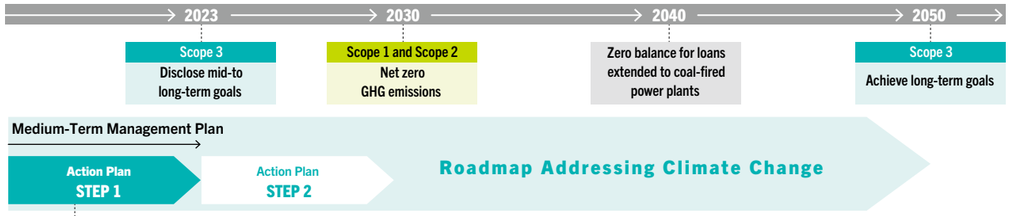
The global environment is an important asset that is shared by all of humanity, regardless of region or age, and a healthy environment is prerequisite to the realization of a sustainable society. SMBC Group is earnestly engaging with climate change and various other environmental issues. By helping resolve such issues through our business, we aim to ensure that we can pass on a healthy environment to future generations.

Efforts Addressing Climate Change

In order to reinforce our efforts addressing climate change, SMBC Group clarified its position on the issue and revealed its "Roadmap Addressing Climate Change" and "Action Plan STEP 1" in May 2021. The Roadmap Addressing Climate Change is a long-term action plan to contribute to a carbon-neutral society by 2050. Action Plan STEP 1 is a package of initiatives to be undertaken and executed during the current Medium-Term Management Plan. Major components of this action plan include the measurement of GHG emissions of SMBC Group's loan/investment portfolio and the establishment of medium- to long-term targets to reduce such emissions toward 2030 and 2050. In addition, we have redefined our prior green finance target to finance contributing to sustainability while raising the target amount to ¥30 trillion in total.

SMBC Group endorses the government's policy and strives to achieve greenhouse gas emissions reductions in line with the goals of the Paris Agreement. Moreover, we will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.

For more information on the Roadmap Addressing Climate Change, please refer to Sumitomo Mitsui Financial Group's corporate website.
https://www.smfg.co.jp/news_e/e110168_01.html



Measures	Initiatives
❶ **Strategy** Establish mid-to long-term targets for Scope 3 emissions*1	Assess GHG emissions generated by our loan/investment portfolio and set mid-/long-term targets
❷ **Strategy** Accelerate initiatives to reduce Scope 1 and Scope 2 emissions*2	Achieve net zero GHG emissions in SMBC Group operations by 2030
❸ **Strategy** Enhance businesses addressing climate change and decarbonization	Execute ¥30 trillion of sustainable finance by 2030 (see page 092 for details)
❹ **Governance** Enhance governance/business management framework	Appoint the Group CSuO (see page 086 for details)
❺ **Risk management** Enhance the risk management framework	Enhance climate change scenario analyses
Metrics and targets Set and manage KPIs and targets	—

*1 Emissions from other corporations associated with a company's business activities (emissions from corporations receiving loans/investments in the case of a financial institution)
*2 Direct emissions from a company and indirect emissions associated with electricity consumption, etc.

Major Initiatives of Action Plan STEP 1

Measurement of GHGs Generated by Loan/Investment Portfolio and Establishment of Medium- to Long-Term Targets

To guide its long-term efforts addressing climate change leading up to 2050, SMBC Group will assess GHG emissions from its loan/investment portfolio (Scope 3) and set medium- to long-term targets. We will also need to enhance our engagement with customers in order to contribute to the realization of a decarbonized society together. We will first focus on business sectors with high GHG emissions (oil and gas, power), and then move on to other business sectors.

Acceleration of Initiatives to Reduce Group-Wide GHG Emissions

SMBC Group was pursuing a target to reduce SMBC's CO_2 emissions volumes by 30% from FY2018 levels by FY2029. However, we revised this target to further accelerate our initiatives. The new target is to achieve net zero GHG (Scope 1 and Scope 2) emissions in our group-wide operations by 2030. This goal will mainly be pursued by accelerating measures such as sourcing electricity from renewable energy.

Target: SMBC Group's GHG emissions

Net 0 (by 2030)

Reinforcement of the Risk Management Framework

Since FY2019, SMBC Group has been performing climate change scenario analyses based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In the past, we analyzed the financial impacts of transitional risks in the energy and electricity sectors based on scenarios presuming global warming of 2℃ and 4℃ above pre-industrial levels. Going forward, we will perform estimates and analyses based on a wider scope (including transportation and other sectors) and on the scenario presuming global warming of 1.5℃ above pre-industrial levels.

In addition, we plan to develop monitoring systems for brownfield and greenfield assets while examining how best to classify and subdivide these assets based on domestic and overseas trends and at the requests of various authorities.

Environment

Response to Climate Change Based on the TCFD Recommendations

SMBC Group announced its support for the TCFD recommendations in December 2017, and is performing climate change scenario analyses based thereon. In addition, we are working together with customers to address the issues caused by climate change in order to realize a decarbonized society. Going forward, we will enhance the disclosure of information through our TCFD reports (next report scheduled to be published in September 2021).

For more information on initiatives regarding the recommendations of the TCFD, please refer to Sumitomo Mitsui Financial Group's corporate website.
https://www.smfg.co.jp/english/sustainability/materiality/environment/climate/

Governance

Policies for promoting sustainability management and combating climate change are reflected in business strategies based on discussions by the Corporate Sustainability Committee, which is chaired by the Group CEO, and by the Management Committee. Regular reports regarding the implementation of these policies are made to the Board of Directors, while the Risk Committee, established within the Board of Directors, reports on climate change-related risks. In addition, in FY2021, we newly appointed a Group CSuO and established the Sustainability Committee, which oversees and provides advice regarding group-wide sustainability initiatives. We will continue to enhance our corporate governance and management frameworks going forward.

Strategy

SMBC Group has defined three materiality issues regarding its efforts to contribute to the resolution of social issues– "Environment," "Community," and "Next Generation." We are providing finance that contributes to the goals of the Paris Agreement while also analyzing climate change risks to improve our climate change resilience.

Climate-Related Risks

SMBC Group identifies the financial impacts of climate change by anticipating changes in the external and business environment due to the emergence of climate change-related issues and by identifying risk events based on various transmission channels. In addition, we calculate a portion of our loan portfolio comprising carbon-related assets based on the TCFD recommendations.

Exposure of Carbon-Related Assets (FY2020)

	Exposure	Balance
Energy (Oil and gas, etc.)	4.1%	¥3.5 trillion
Utilities (Electricity)	2.4%	¥2.1 trillion
Total	6.5%	¥5.6 trillion

Notes:
1. Exposure calculated by dividing balance of outstanding loans to carbon-related assets by total balance of outstanding loans
2. Balance of outstanding credit to carbon-related assets represents 4.4% of total assets (total assets on the balance sheet plus off-balance sheet assets) at SMBC (including consolidated subsidiaries)

Scenario Analyses (SMBC)

We have begun to conduct scenario analyses on physical risks related to water damage and transitional risks of the energy and electricity sectors pertaining to SMBC. Going forward, we will perform estimates and analyses based on a wider scope (including transportation and other sectors) and on the scenario presuming global warming of 1.5℃ above pre-industrial levels.

	Physical risks		Transitional risks	
Risk events	Water-related disasters		Changes in government policy and supply–demand balance	
Scenario used	RCP2.6 (2℃ scenario)	RCP8.5 (4℃ scenario)	IEA/Sustainable Development Scenario (2℃ scenario)	IEA/Stated Policies Scenario
Target of analysis	Corporate customers		Energy and electricity sectors in carbon-related assets defined by the TCFD	
Region	Global			
Analysis period	Up to 2050			
Risk indicators	Credit costs that are expected to increase			
Analysis results	¥55 to ¥65 billion in total		¥2 to ¥10 billion per fiscal year	

Climate-Related Opportunities

The transition toward a decarbonized society is expected to stimulate growth in the needs of climate change-related businesses as well as financing needs pertaining to these businesses. SMBC Group has set up a dedicated organization (Sustainable Business Promotion Department) to address customers' sustainability-related issues and is reinforcing its global function on this front. Moreover, we conducted a total of ¥2.7 trillion of green finance in FY2020, and we continue to support the transition to a decarbonized society through the provision of our solutions.

Risk Management

SMBC Group has positioned climate change among its Top Risks and is conducting stress test impact analyses with regard to this risk. Moreover, policies have been set for financing certain businesses and sectors, and we are expanding the scope of environmental and social risk analyses.

Please refer to page 100 for information on risk management initiatives.

Metrics and Targets

Metrics	Targets	FY2020
Finance that contributes to realizing sustainability	Total of ¥30 trillion from FY2020 to FY2029 (of which ¥20 trillion is green finance)	¥2.7 trillion in green finance
GHG emissions from SMBC Group's operations*1	Net zero emissions by FY2030	129 thousand t-CO_2 in greenhouse gas emissions
Coal-fired power generation loans*2	50% of the FY2020 level by FY2030; zero balance by FY2040	Outstanding balance of ¥300 billion

**1 Scope 1 and Scope 2*
**2 Project finance loans (excludes projects contributing to the transition to a decarbonized society)*

Environment

Promotion of Sustainable Businesses

SMBC Group is committed to the resolution of environmental and social issues through its business. We are increasing green financing initiatives, which focus particularly on environmental fields. Our prior goal of conducting green finance amounting to ¥10 trillion by FY2030 has been replaced by a more ambitious target of conducting a total of ¥30 trillion of green finance and finance that contributes to the realization of sustainability (of which ¥20 trillion is green finance).

SMBC Group is ramping up support for customers contributing to the realization of a decarbonized society in various areas, including the 14 core fields in the Green Growth Strategy defined by the Japanese government in conjunction with its goal of achieving carbon neutrality by 2050. Specifically, all Group companies are providing support that capitalizes on the characteristics of their business—SMBC through financing and deposits, SMBC Nikko Securities through underwriting of ESG bonds, SMBC Trust Bank through contracting related to equipment and sites, Sumitomo Mitsui Finance and Leasing through equipment leasing and The Japan Research Institute, through consulting.

In addition, we are engaged in initiatives pertaining to the social implementation of hydrogen systems, which are anticipated to play a central role in realizing a decarbonized society, as well as to the creation of cutting-edge businesses in the field of agriculture. We are also emphasizing engagement with customers in providing solutions as a comprehensive financial group to support the resolution of customers' sustainability issues.

Target: Amount of Finance Contributing to Realizing Sustainability
between FY2020 to FY2029

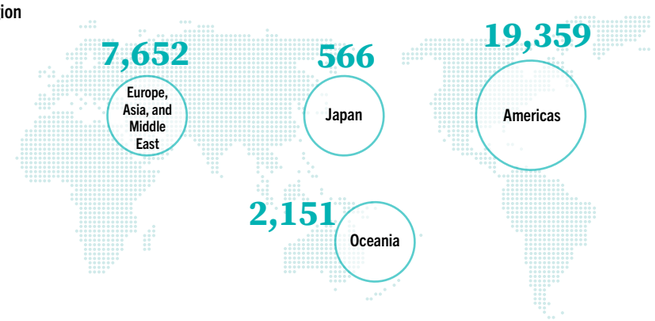
¥ **30** trillion

of which green finance is

¥ **20** trillion

Contributed to Emissions Reductions Equivalent to 29,728 thousand t-CO_2 through Renewable Energy Projects in FY2020 *(17,643 thousand t-CO_2 in FY2019)*

Breakdown by Region
(Thousand t-CO_2)



ESG-Minded Financing

SMBC Group has disclosed policies for businesses and sectors with a high risk of significantly impacting the environment or society. Major subsidiaries (SMBC, SMBC Trust Bank, Sumitomo Mitsui Finance and Leasing, and SMBC Nikko Securities) are introducing these policies according to their business.

Going forward, we will continue to engage with customers and various other stakeholders while constantly considering the need to revise our financing policies as necessitated by the operating environment.

Target: Coal-Fired Power Generation Loans
50% of the FY2020 level by FY2030

Outstanding balance of ¥ **0** by FY2040

Businesses and Sectors for Which Policies Have Been Disclosed

- Coal-fired power generation
- Hydroelectric generation
- Oil and gas
- Coal mining
- Tobacco manufacturing
- Natural conservation areas
- Palm oil plantation development
- Deforestation
- Manufacturing of cluster bombs and other weapons of destruction

For more information on our management of environmental risks, please refer to the Sumitomo Mitsui Financial Group's corporate website.
https://www.smfg.co.jp/english/sustainability/materiality/environment/risk/

Column

Revision of Policy Regarding Coal-Fired Power Generation

Stricter policy for coal-fired power generation instituted in June 2021

Policy

Support for newly planned coal-fired power plants and the expansion of existing plants is not provided.

Understanding of the Business/Sector

SMBC Group expects our customers to establish and publicly announce long-term strategies aimed at realizing a carbon-neutral business model and other initiatives to address climate change. Moreover, SMBC Group will support the activities of our clients contributing to the transition toward and realization of a decarbonized society.

Social

Community

As people live and the economy advances, communities to form connections between proponents in these areas and thereby encourage mutual support and enable each other to act in peace of mind are needed. SMBC Group continues to contribute to communities and society and to fulfill our social responsibility as an entity that acts as a member of these communities.

GREEN×GLOBE Partners

GREEN×GLOBE Partners is a community for facilitating cross-organizational action to address environmental and social issues that cannot be resolved by a single person or company. Based on the goal of spreading awareness and opportunities for the resolution of environmental and social issues, 163 companies and organizations*1 have joined the community since its establishment in July 2020.

Activities of this community include monthly events, distribution of exclusive articles on environmental and social issues and workshops for formulating ideas to address such issues and drive the creation of new businesses.

*1 As of June 30, 2021

GREEN×GLOBE Partners event

For more information on GREEN×GLOBE Partners, please refer to the Sumitomo Mitsui Financial Group's corporate website (Japanese only).
https://ggpartners.jp/

SMBC Elder Program

The SMBC Elder Program was established to provide financial and non-financial services that help to bring health, security, and meaning to the lives of senior citizens, and addresses diversified needs and lifestyles in Japan's rapidly aging society. This program is administered by dedicated concierges with a breadth of knowledge acquired through the gerontology certification program*2 and other venues. These concierges field consultations from customers and help address their concerns by proposing services and offering other forms of support.

Going forward, SMBC Group will continue to enhance its range of services in response to the needs of customers and society in order to help build a society that offers peace of mind for all and support the upcoming era of 100-year lives.

*2 Program designed to facilitate learning of the various issues faced in an aging society, including healthcare, nursing care, social security, and other matters pertaining to the mental and physical well-being of senior citizens

SMBC Elder Program Pamphlet

Next Generation

Ensuring the sustainability of our society and economy amid the changing social environment will require the cultivation of human resources who can support society with the necessary knowledge and technologies. SMBC Group is promoting sustainability by fostering the next-generation human resources and industries that will shape the society of the future together with us.

Financial Literacy Education

Capitalizing on the insight and expertise of Group companies, SMBC Group is providing financial literacy education.

In FY2020, we introduced online seminars as a new learning style for financial literacy educational activities in light of the COVID-19 pandemic. We offered various programs based on the requests of the applying schools, and financial literacy education was provided to approximately 132 thousand people through face-to-face lessons in FY2020, including. 60 thousand people via online seminars.

By providing financial literacy education to a wide range of age groups, from children to adults, SMBC Group will help to build a society in which people can live with peace of mind by acquiring accurate knowledge pertaining to finances.

Target: Financial Literacy Educational Program Participants
between FY2020 to FY2029

1.5 million

Online seminar

Programs to Create and Support New Businesses

To support next-generation businesses, SMBC Group is advancing the "Mirai" program. Through this program, we solicit business plans from those aspiring to commercialize a certain new idea or technology. A wide range of opportunities is provided to individuals whose plans pass the judging process, including business development support from advisors, networking assistance, financial aid, and support for developing collaborative businesses with sponsors.

We are also developing open innovation centers to facilitate new business creation. In September 2017, we established "hoops link tokyo," which was followed by "hoops link kobe," opened in September 2020. Through coordination between these two centers, we are arranging a variety of events, including pitch events, meetups, and seminars for encouraging entrepreneurship.

By forging connections with various companies and investors, SMBC Group is helping customers grow and innovate while also contributing to the development of next-generation industries.

"Mirai" program

hoops link kobe

Customer-Oriented Initiatives

Our Approach

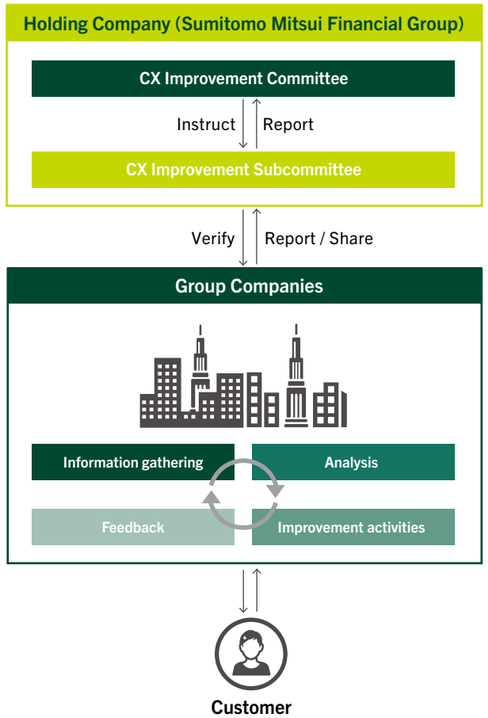
SMBC Group companies are united in their efforts for customer experience (CX) and quality improvement in line with "Our Mission," which states "We grow and prosper together with our customers, by providing services of greater value to them."

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.

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.

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 143-144.

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

Based on the 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

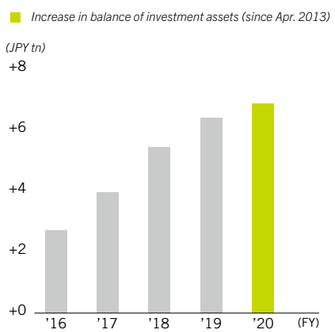
Disclosed Indicators

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 Acquisition status of FP qualifications

Performance with Regard to Disclosed Indicators

Increase in Balance of Investment Assets (Indicator 1)

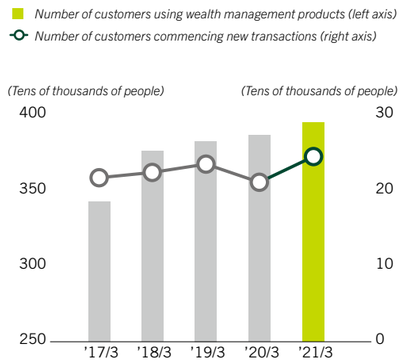
In FY2020, the total balance of investment assets for SMBC, SMBC Nikko Securities, and SMBC Trust Bank continued to grow due in part to the continuation of customer-oriented initiatives focused on medium- to long-term diversified investment.



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

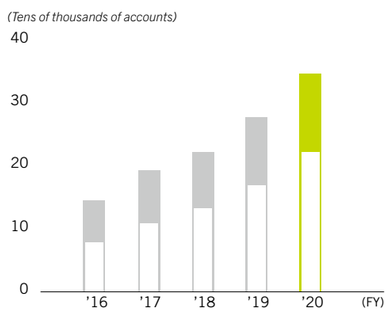
Number of customers using wealth management products (Indicator 3)

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, steady growth has been achieved in the number of investment trust and automatic foreign currency deposit accounts.



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.

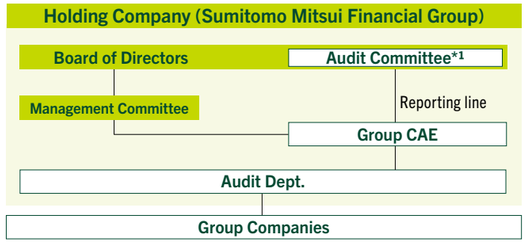
Overview of the Group's Internal Audit Framework

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. The 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 frequent information exchange with external auditors. As teleworking spreads amid the COVID-19 pandemic, audit activities are performed via online conferences and other means to ensure the effectiveness in audits.

Internal Audit Framework



**1 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,*2 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 seeks 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 practices.

**2 The Institute of Internal Auditors, Inc. (IIA), was founded in 1941 in the United States as an organization dedicated to raise the level of specialization and the status of professionalism of internal auditing staff. Its main activity is to study the theory and practice of internal audit and to provide an internationally recognized qualification (Certified Internal Auditor (CIA)).*

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

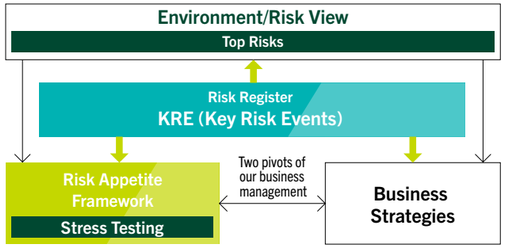
In order for SMBC Group to realize and maintain a sustainable growth in corporate value as a "Top Tier Global Financial Group," each one of our colleagues should think and judge on their own if their actions meet the expectations and requirements of customers, markets, and other stakeholders, not just 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*1	

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

**1 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*2 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.

**2 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.

Top Risks	Volatile financial and economic environment
	Intensified political, ideological and religious conflicts
	Decline in Japan's social vitality
	Disasters such as large-scale earthquakes, and storms and floods
	Pandemics
	Increasing external threats (cyber attacks, financial crimes, etc.)
	Increased awareness regarding environmental issues (climate change, etc.)
	More emphasis on solving social issues (human rights issues, etc.)
	Growing needs for more sophisticated governance system
	Materialization of risks impeding implementation of strategies (lack of human resources, etc.)

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 127 for Top Risks.

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

Risk Management

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 stress testing on a flexible basis 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 intensifying struggle for supremacy between the U.S. and China, and the prolonged impacts of the COVID-19 pandemic, 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 in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As part of our efforts in this regard, we have included climate-related risk* in our Top Risks, and scenario analyses on physical and transition risks have been conducted to estimate the potential credit-related expenses.

** Natural disasters resulting from extreme weather (physical risks) and carbon-related stranded assets due to the transition to a carbon-neutral society (transition risks) and so forth.*

Please see page 088 for information on our approach to climate change.

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 the effectiveness and appropriateness of this process. Specifically, the group-wide basic policies for risk management are determined by the Management Committee before being authorized by the Board of Directors, and regular reports are issued to the Board of Directors by the Group CRO with regard to the status of risk management based on these policies.

Three lines of defense have been defined, and we have 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.

Column

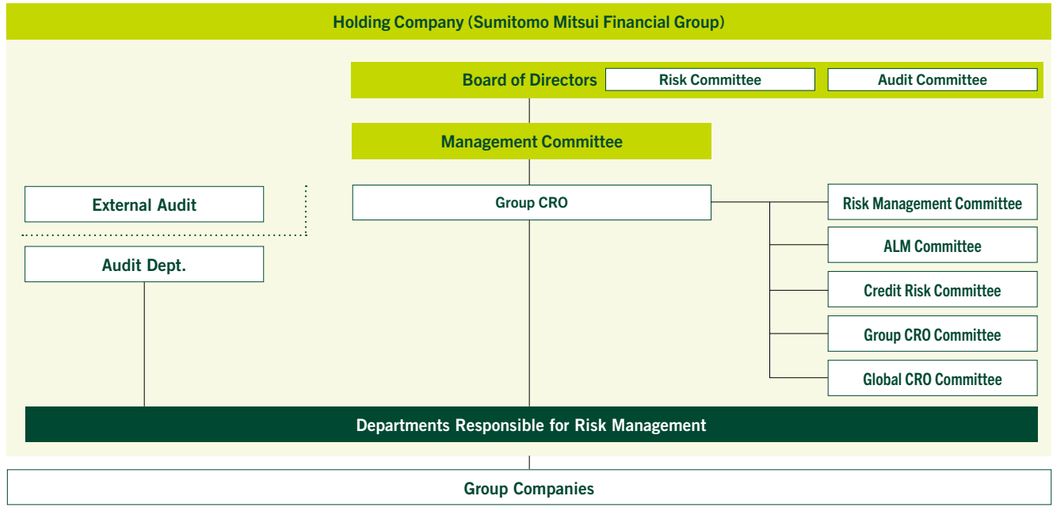
Response to the COVID-19 Pandemic

The rapid changes seen around the world in FY2020 in the circumstances surrounding the COVID-19 pandemic made for a consistently opaque global economic outlook. In response to this uncertainty, SMBC Group strove to respond to customer funding demands to the greatest extent possible while using stress tests and up-to-date information to quantitatively assess the adequacy of capital and liquidity whenever deemed necessary.

Furthermore, we reinforced information security and practiced exhaustive information management to combat the cyber attack and financial crime risks arising in response to changes in lifestyles and workstyles.

These verification processes and risk countermeasures will continue to be implemented based on discussion by the Management Committee and the Risk Committee going forward.

SMBC Group's Risk Management System



Definition of SMBC Group's Three Lines of Defense

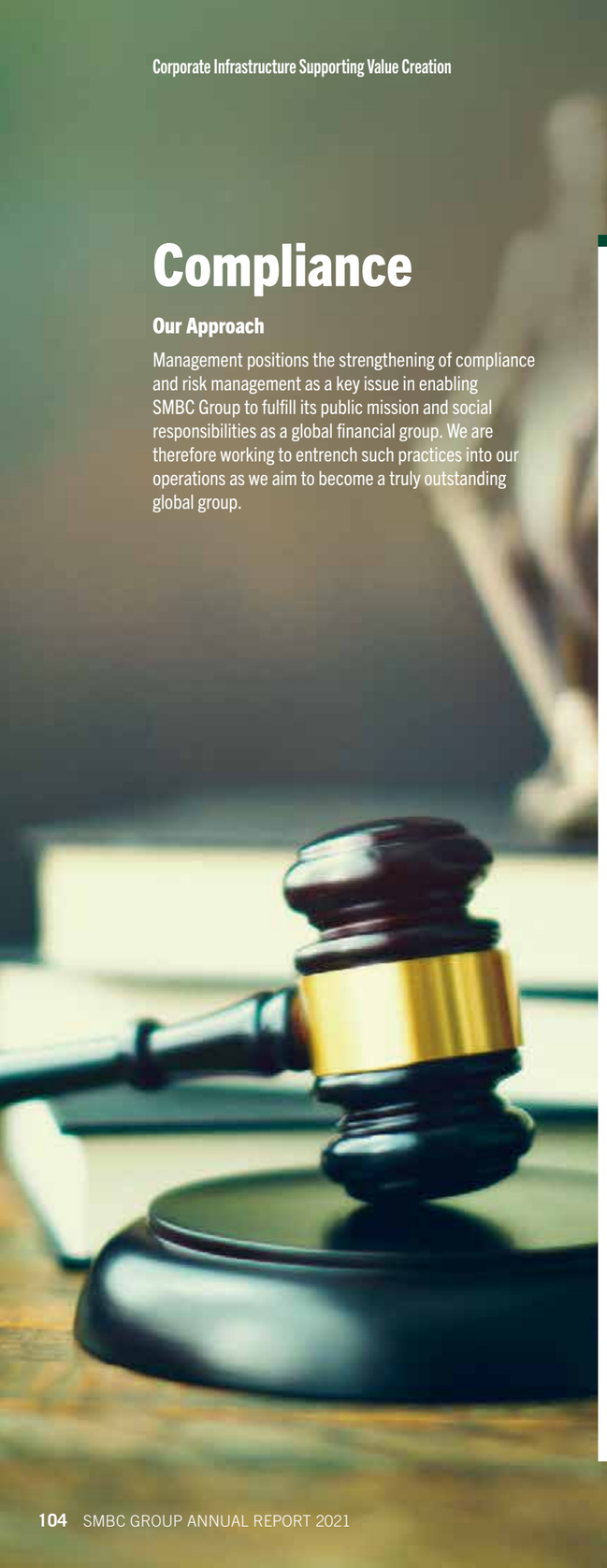
The Basel Committee on Banking Supervision's "Corporate governance principles for banks" recommends "three lines of defense" as a framework for risk management and governance. Based on this framework, we have clarified the roles and responsibilities of each unit as indicated below and we are taking steps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

	Principal Organizations	Roles and Responsibilities
First Line	**Business Units**	**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.** • Identification and evaluation of risks encountered in the business activities • Implementation of measures for minimizing and controlling risks • Monitoring of risks and reporting within First Line and to Second Line • Creation and fostering of a sound risk culture
Second Line	**Risk Management and Compliance Departments**	**The Risk Management and Compliance Departments shall assume the following functions and responsibilities in order to manage the risk management and compliance systems.** • Drafting and development of basic principles and frameworks concerning risk management and compliance • Oversight, monitoring, and development of training programs for First Line
Third Line	**Audit Department**	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.

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.

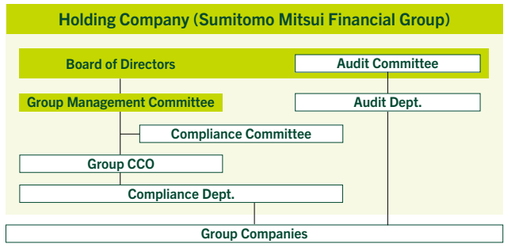
SMBC Group has established the Compliance Committee, which is chaired by the Group CCO responsible for overseeing matters related to compliance. This committee comprehensively examines and discusses SMBC Group's various work processes from the perspective of compliance.

In addition, SMBC Group formulated the Group Compliance Program to provide a concrete action plan for practicing compliance from the perspective of group-based management. Group companies develop their own compliance programs based on the Group program and take necessary steps to effectively install compliance frameworks.

The Company receives consultations and reports on compliance-related matters from Group companies, providing suggestions and guidance as necessary to ensure compliance throughout the Group.

From the perspective of global-based management, compliance departments for major overseas offices have been reorganized within the Compliance Unit, which facilitated to develop an integrated group-based compliance management framework for overseas offices.

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) and Countering the Financing of Terrorism (CFT)

SMBC Group recognizes the importance of preventing money laundering and terrorist financing (ML/TF), and therefore, undertakes every effort to prevent ourselves and employees, from engaging in, and/or assistance to, the commission of ML/TF.

SMBC Group strictly complies with AML/CFT regulations by establishing a Group policy and 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 and the Financial Action Task Force Recommendations) and the laws/regulations of relevant countries including Japan in which the 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.

Human Resources Strategy

Our Approach

One overarching social trend is the change in relationship between companies and employees and there are more alterations and diversifications in employees' attitudes toward work.

SMBC Group has approximately 100,000 employees around the world. We aim to improve both employee motivation and corporate productivity in order to effectively implement the Group's management strategies. We envisage to be a bank with the best talent pool by fostering talent capable of continuous growth and encouraging employees to tackle ambitious challenges.

Human Resource Medium-Term Management Plan

To establish a robust platform to realize SMBC Group's medium- to long-term vision, we have established the Human Resource Medium-Term Management Plan, with the following three pillars.

(1) Resource Management
Strategic Allotment of Human Resources across Group Companies and Divisions

(2) Seamless Platform
Realization of True Diversity and Inclusion

(3) Employee Engagement
Measures to Enable All Employees to Fully Exercise Their Potential

(1) Resource Management

SMBC Group promotes business transformation and the streamlining of its business processes through business model reforms, branch reorganizations, and group-wide integration of operations. At the same time, we will be more proactive in reallocating human resources on a group-wide basis to strategic fields and areas as designated in the seven key strategies of the new Medium-Term Management Plan.

As a result, we aim to enable natural attrition of the domestic workforce by 7,000 people over the new Medium-Term Management Plan period, an increase from the reduction of 3,300 people achieved in the previous Medium-Term Management Plan.

(2) Seamless Platform

Strategic utilization of human resources on an inter-Group company basis, cross-divisional manner requires the elimination of obstacles that may impede the ability of diverse employees to excel in their positions. By establishing the necessary systems and frameworks and reforming the mindsets of employees and other parties through education, SMBC Group will realize true diversity and inclusion.

❶ Construction of Platforms for Supporting Business Strategies

SMBC Group is moving forward with the construction of platforms to support the flexible and effective reinforcement and streamlining of businesses.

In the Retail Business Unit, we have established the Wealth Management Division and the Payments & Consumer Finance Division. In conjunction with this move, human resource systems and recruitment strategies are being revised with a focus on cross-entity fluidity of human resources.

Meanwhile, we are developing human resources with specialized skills in the Wholesale Business Unit and providing career paths for these individuals in order to heighten our ability to accommodate customer needs.

❷ Flexible Group-Wide Recruitment Strategies

SMBC Group is enhancing Intra-Group coordination in new graduates recruitment through holding joint recruitment events and reconsidering recruitment strategies on a group-wide basis. In the recruitment of mid-career hires, we have raised the number of such hires to account for approximately 20% of all hires with the aim of greatly increasing related recruitment numbers. In order to acquire diverse talent including candidates for management positions, we are employing a multi-channel approach such as recruitment through referrals and alumni networks. At the same time, we are developing workplace environments to encourage active contributions of mid-career hires.

❸ Diversification of Management and Human Resources

• Global Diversity

Seeking to utilize human resources on a global basis, SMBC Group has compiled a database for integrated management of information on overseas employees and established the Global Talent Management Council as a framework for increasing the transparency of promotions of overseas employees to senior management positions.

In addition, we offer various development programs for fostering leadership capabilities 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 United States and group training programs for employees from offices around the globe. We also conduct the Global Japan Program, under which employees from overseas offices are assigned to departments in Japan for up to one year. Approximately 1,700 employees have participated in these programs to date.

• Gender Diversity

SMBC Group has set targets for the ratio of female managers and the number of female executive officers. We are devoting efforts to fostering female management candidates and creating a pool of female managers by increasing the hiring of women, specifically aiming to have women account for 30% of all hires, and enhancing educational programs through leadership training and programs for reforming the gender awareness of supervisors. To ensure appointments and promotions are determined based on individuals' skills and competencies, unconscious bias training has been made compulsory for management and members of the Human Resources Department.

Furthermore, SMBC Group joined 30% Club Japan, an organization striving to increase female representation in corporate decision-making, in April 2021 as part of its efforts to empower female employees and diversify decision makers.

Targets for FY2025

Ratio of female managers	Number of female executive officers
20%	20
as of March 31, 2021: 15.8%	*as of June 30, 2021: 16*

Meanwhile, in support of the LGBT community and other sexual minorities, the Company has expanded its employee welfare and benefit to include same-sex partners and set up helpdesks to support members of sexual minorities. We are also offering employee education and supporting the development of networks of sexual minority allies through aid and donations for external events.

• Age Diversity

Following the extension of the retirement age at SMBC Group, we have been taking steps to provide elderly employees with positions that let them exercise their skills at Group companies and implementing group-wide efforts to support the contributions of these employees. For example, recurrent training and post-appointment support is provided, with a focus on both skills and mindsets, for individuals being reassigned across company lines, and a second career support system has been put in place.

④ Energization of Diverse Employees

• Health and Productivity Management

Group companies have formulated a "Statement on Health Management" and are developing environments in which all employees can remain healthy and feel empowered through joint efforts by companies, health insurance unions, and health support staff under the leadership of the Chief Health Officer.

For example, we offer health seminars and exercise awareness campaigns and are also bolstering systems and providing training regarding the unique health issues faced by women. In addition, we provide financial assistance for employees looking to take part in programs for quitting smoking, and approximately 80% of the participants in our FY2020 quit smoking campaign successfully gave up smoking.

Mental healthcare measures include training programs based on group analyses and stress checks for all employees, mental health helpdesks, and support for returning to work. We also monitor working hours and implement systems to ensure sufficient intervals between shifts to prevent excessive or concentrated working hours.

• Work-Life Balance Support

As employees' values diversify, SMBC Group is fostering workplace environments designed to help all employees deliver their maximum performance, regardless of life stage or physical or mental characteristics. For example, we are expanding leave systems, providing training, and encouraging male employees to take childcare leave. In addition, we have set up a helpdesk to answer questions regarding nursing care.

Moreover, we strive to ensure that all employees feel motivated and ambitious in their work. To this end, we have adopted systems that allow for flexibility in working hours and work locations, such as flextime, staggered working hours, and telework systems. We also seek to improve productivity through heightened operational efficiency by promoting paperless operations and utilizing robotic process automation tools.

Diversity Initiatives

SMBC Group is promoting "Diversity and Inclusion" as a growth strategy itself. The Group has formulated its "Diversity and Inclusion Statement" to communicate this fact to internal and external stakeholders.

Text of Diversity and Inclusion Statement

https://www.smfg.co.jp/english/sustainability/materiality/diversity/statement/

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 and encourage members of top management to commit to the promotion of diversity and inclusion and to act based on this commitment.

Message on Diversity and Inclusion from the Group CEO

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

(3) Employee Engagement

1. Talent Development Strategy: Environment Self-Driven Career Development

SMBC Group fosters a sense of solidarity between employees through group-wide training sessions and cross-Group job rotations while also cultivating human resources who are able to view the Group from an overarching perspective as well as candidates for future Group management positions.

As a result of these efforts, SMBC has received an innovation award in the Good Career Company Award program of the Ministry of Health, Labour and Welfare. This award was presented in recognition of SMBC's robust lineup of career support systems as well as its business-oriented models for self-driven career development.

Looking ahead, we intend to bolster our range of career development support systems to offer programs for learning about digital technologies along with other reeducation and awareness reform programs to ensure that we can respond quickly to operating environment changes and accordingly swiftly implement management strategies.

• SMBC's Human Resource Development Policies

In its Medium-Term Management Plan, SMBC puts forth its Human Resources Vision. Guided by this vision, we are transitioning from Human Resources Department-driven development models to more business-oriented, self-driven development models to better support the ambitions of all employees. Also, we are increasing the transparency of human resource evaluations to cultivate an atmosphere in which employees are evaluated based on their contributions.

• Acceleration of Experiential Learning Cycle Based on On-the-Job Training

For junior employees, SMBC Group provides frameworks through which new employees receive guidance from more experienced employees ("anchor" system) and is introducing development systems for fostering rigorous self-understanding, gaining insight on basic actions and basic knowledge, and cultivating an appropriately competitive mindset.

In addition, the wevox engagement survey system is utilized on an individual-workplace basis and one-on-one feedback meetings are held at all banks as part of our efforts to accelerate an experimental learning cycle based on on-the-job training.

At the same time, we have developed an off-the-job support system for managers and mid-level employees that includes multifaceted evaluations and formal management training.

• Self-Disciplined Career Support

The annual SMBC Job Forum, an opportunity to learn about divisions and work at other SMBC Group companies, and the twice-annual voluntary application programs for training, jobs, and posts are provided as frameworks for self-driven career development. The FY2020 voluntary application program saw a 50% year-on-year increase in the number of applicants, to 429, and a 35.4% increase in the number of applications selected, which reached 152. This turnout shows that the number of employees seeking to shape their own careers is rising.

For employees seeking to develop their careers in a manner that exceeds the normal frameworks of position and rank, we have prepared a trial position and rank reassignment program that allows these employees to experience the actual work and workplace environment of their desired position. To date, nearly 100 employees have taken advantage of this program. To address the needs of employees with ambitions to pursue self-driven learning, SMBC Group provides a system that allows employees to take leave to attend graduate schools through dispatches to domestic and overseas graduate schools and other external educational institutions (used by 60 individuals to date) as well as a system that offers financial support for paying tuition fees for employees taking part in educational programs while continuing to work normally.

In addition to these career support systems, SMBC has introduced an expert/specialist framework that allows highly specialized employees with more than five years of experience in their field of expertise to receive career assurance and compensation based on their skill level. This system was introduced in response to the need for robust experience and sophisticated technical skills given job task diversification as well as a rise in the number of employees seeking to advance in specialized fields (used by 375 employees in 30 certified fields to date).

2. Corporate Culture

A sense of psychological safety that encourages employees to tackle challenges on a self-driven basis is imperative to improving employee engagement. For this reason, we have a free dress code, enabling employees to wear what they please to work, and encourage employees to refer to each other without titles. In addition, we have introduced an internal social networking service as a digital tool for strengthening connections between people and organizations.

Furthermore, the wevox engagement survey system is being introduced on a group-wide and global basis to develop a corporate culture that facilitates self-driven improvements by organizations. In the March 2021 survey of Group employees, 73% of our employees expressed that they felt pride in working for SMBC Group.

Column

Midoriba: Internal Social Networking Service

An internal social networking service known as Midori no Hiroba (meaning green plaza), or Midoriba for short, was introduced at SMBC in October 2020 (application at Group companies planned). This system is designed to encourage mutual communication between management-, organization-to-employee and employee-to-employee that is not limited by organizational boundaries and to promote employee innovation. Specifically, employees are able to learn about colleagues and other business fields, connect with likeminded colleagues, and share ideas and opinions with each other through this system. Thus, the system will support the establishment of a proper mindset for career development and encouraging the employee-initiated establishment of internal communities. We aim to develop a framework in which employees can create new business opportunities or transform existing businesses by freely sharing ideas and receiving mentoring or sponsorship from specialized departments or management. This system is already used by more than 20,000 employees, with thousands of interactions, including knowledge sharing and idea consultations, taking place each month.

みどりの広場

IT Strategy

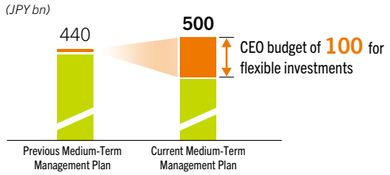
Our Approach

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

IT Investment Strategies

Under the new Medium-Term Management Plan, the budget for IT investments was increased to ¥500 billion, a rise from the ¥440 billion budget under the previous Medium-Term Management Plan, with the aim of fueling future growth for SMBC Group. By effectively controlling investments in existing IT areas via efficient management, we will secure a significantly larger budget for strategic investments. Specifically, we have secured a CEO budget of ¥100 billion to be used for flexible investments in areas in which the Group CEO expects growth in the future. With this budget, SMBC Group will promote digitalization, reinforce management foundations, and implement business strategies.

Increased IT Investments for Future Growth



Digitalization

Efforts to transform business models and create new value are being accelerated through the Digital Solution Division, which was established to accommodate digital transformations, as well as the Digital Strategy Department and the Corporate Digital Solution Department set up within the Digital Solution Division. SMBC Group has received high evaluations from external entities with regard to its efforts to create new services, including non-financial services, leading the Company to receive numerous awards.

Accreditation

Presenting Organizations	Certification / Award	Reason for Selection
Ministry of Economy, Trade and Industry	DX認定 Digital Transformation Certification	Compliance with Digital Governance Code*
Ministry of Economy, Trade and Industry Tokyo Stock Exchange	Noteworthy DX Companies 2020 Noteworthy DX Companies 2021	Digital transformation initiatives
Japan Institute of Information Technology	IT Award	Application of digital technologies to solve call center staff allocation optimization issues
	IT Encouragement Award	SMBC at HOME Project allowing for transactions to be conducted online
	IT Encouragement Award	System integration and digital transformation at SMFL Capital (formerly GE Capital) through Sumitomo Mitsui Finance and Leasing

** Code detailing the measures to be undertaken by management to improve corporate value amid the digital transformation trend*

Reformation and Reconstruction of Core Infrastructure Supporting Future Businesses

SMBC Group is developing core infrastructure with an eye toward the next decade based on the three perspectives of flexibility, sustainability, and efficiency with the aim of adapting to the medium- to long-term changes in the business environment and in customer needs. Based on this policy, accounting systems are being reformed to create the framework for our efforts.

Please refer to page 057 for information on the next-generation core banking system.

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. At SMBC Group, the Digital University has been established within core IT Group company The Japan Research Institute, as an internal training institution for promoting IT adoption and digitalization. The Digital University provides training for all employees on digital IT literacy and on IT adoption measures applicable to actual work.

We are also devoted to fostering human resources with specialized skills. For this purpose, we offer a unique menu of training programs including training based on the operations of specific Group companies, curricula employing the expertise gained from project case studies, and cutting-edge technology workshops.

Cybersecurity

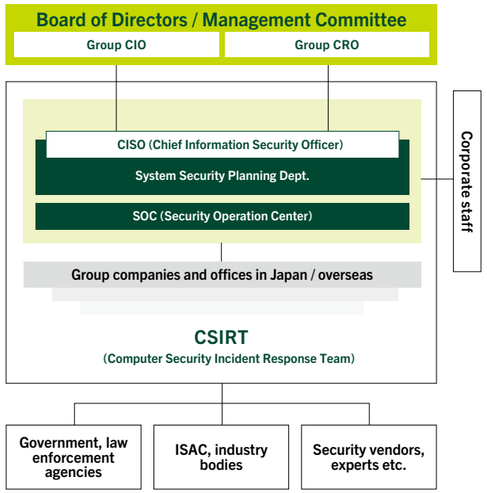
In recent years, cyber attacks have been rapidly becoming ever-more serious and sophisticated. In order to respond to the risks of such attacks, SMBC Group has strengthened cybersecurity measures by defining cyber risks as one of its Top Risks and establishing a Declaration of Cyber Security Management.

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) and 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. Furthermore, we have established a computer security incident response team (CSIRT) and a security operation center (SOC), and analyses are performed on information regarding threats and observed cases collected from inside and outside of the Group. The results of these analyses, along with information on the status of security measures currently being implemented, are discussed regularly at meetings of the Board of Directors and the Management Committee to drive ongoing improvements to our cybersecurity measures.

The CSIRT is centered on the System Security Planning Department, which possesses dedicated cybersecurity functions. To ensure preparedness for cyber incidents, the CSIRT coordinates with national government agencies as well as with external institutions to share information on pertinent topics such as cyber attack methods and vulnerabilities.

The SOC, which is centered on The Japan Research Institute, is dedicated to continuously fortifying cybersecurity monitoring systems to mitigate the ever-rising threat of cyber attacks. Measures taken by the SOC include the integration of the monitoring systems of Group companies and the development of global systems for conducting monitoring on a 24-hours-a-day, 365-days-a-year basis.

SMBC Group's Cybersecurity Governance System

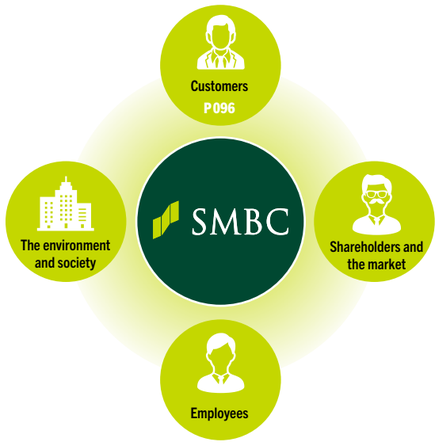


Communication with Stakeholders

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, Volunteer activities of employees

Engagement with the Environment and Society

In addition to the contribution to society through our business operations, SMBC Group will contribute to realize a flourishing society in the future by pursuing diverse social contribution activities in order to fulfill responsibilities as a "good corporate citizen."

For example, our employees have taken part in local clean-up activities nationwide. In addition, employees support NPOs through pro bono activities to contribute to the resolution of social issues.

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 2019 and 2020 Award for Excellence in Corporate Disclosure (ranked No. 1 in the banking industry) from the Securities Analysts Association of Japan.

Investor meeting video presentation

Large meeting for individual investors

The 19th Ordinary General Meeting of Shareholders

Small meeting led by the Group CFO

Activities in FY2020

General meeting of shareholders	Participants: 546*
IR meetings for institutional investors and analysts	11 meetings
One-on-one meetings with institutional investors and analysts	301 meetings
Conferences held by securities companies	4 conferences
Large meetings for individual investors	2 meetings

** Including 440 viewers of simultaneous Internet broadcast*

Even faced with the COVID-19 pandemic, we endeavored to prevent declines in the quality of disclosure while taking steps to ensure safety. As one effort for this purpose, we held briefings and individual meetings in non-face-to-face formats.

Engagement with Employees

Management implements various initiatives to engage with employees and foster mutual understanding.

For example, a Group CEO luncheon was held in FY2020 in which junior employees from various Group companies participated. A lively exchange of ideas took place during the luncheon, with various new ideas being produced as junior employees talked about their dreams and goals.

Even amid the COVID-19 pandemic, we continued to facilitate direct communication between management and frontline employees through venues such as town hall meetings and award ceremonies for internal contests.

Group CEO luncheon

Award ceremony by the President & CEO (SMBC Nikko Securities)

Principal Financial Data

Consolidated Performance Summary

(Billions of yen)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*2	FY2020
Consolidated gross profit	2,594.5	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**
Net interest income	1,341.4	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**
Net fees and commissions + Trust fees	825.4	910.0	987.1	999.6	1,007.5	1,017.1	1,070.5	1,064.6	1,088.1	**1,098.9**
Net trading income + Net other operating income	427.8	490.2	427.0	475.7	473.5	545.0	520.3	450.2	373.6	**372.1**
General and administrative expenses	1,421.4	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**
Overhead ratio	54.8%	53.6%	54.2%	55.7%	59.4%	62.1%	60.9%	60.3%	62.8%	**62.3%**
Equity in gains (losses) of affiliates	(31.1)	5.3	10.2	(10.6)	(36.2)	24.6	39.0	61.1	56.1	**25.0**
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**
(Reference) Consolidated net business profit (old definition)	1,013.9	1,166.2	1,242.4	-	-	-	-	-	-	-
Total credit cost (gains)	121.3	173.1	(49.1)	7.8	102.8	164.4	94.2	110.3	170.6	**360.5**
Gains (losses) on stock	(27.9)	(21.0)	89.2	66.7	69.0	55.0	118.9	116.3	80.5	**92.6**
Other income (expenses)	(57.3)	(34.1)	(44.5)	(48.2)	(123.9)	(17.6)	(64.5)	(63.1)	(62.8)	**(105.0)**
Ordinary profit	935.6	1,073.7	1,432.3	1,321.2	985.3	1,005.9	1,164.1	1,135.3	932.1	**711.0**
Extraordinary gains (losses)	17.4	(9.7)	(9.6)	(11.8)	(5.1)	(26.6)	(55.3)	(11.7)	(43.4)	**(38.8)**
Income taxes	311.3	146.0	458.8	441.4	225.0	171.0	270.5	331.4	167.7	**156.3**
Profit attributable to non-controlling interests	123.1	124.0	128.5	114.4	108.4	101.8	104.0	65.5	17.1	**3.1**
Profit attributable to owners of parent	518.5	794.1	835.4	753.6	646.7	706.5	734.4	726.7	703.9	**512.8**

Consolidated Balance Sheet Summary

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*2	FY2020
Total assets	143,040.7	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**
Loans and bills discounted	62,720.6	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**
Securities	42,530.0	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**
Total liabilities	135,785.7	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**
Deposits	84,128.6	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**
Negotiable certificates of deposit	8,593.6	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**
Total net assets	7,255.0	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**
Shareholders' equity	5,014.3	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**
Retained earnings	2,152.7	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**
Accumulated other comprehensive income	196.1	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**
Non-controlling interests	2,043.9	2,096.8	1,724.0	1,671.7	1,531.0	1,499.3	1,219.6	678.5	62.9	**70.8**

Financial Indicators

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*2	FY2020
Total capital ratio (BIS guidelines)*1	16.93%	14.71%	15.51%	16.58%	17.02%	16.93%	19.36%	20.76%	18.75%	**18.61%**
Tier 1 capital ratio (BIS guidelines)*1	12.28%	10.93%	12.19%	12.89%	13.68%	14.07%	16.69%	18.19%	16.63%	**16.96%**
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%**
Dividend per share (Yen)	100	120	120	140	150	150	170	180	190	**190**
Dividend payout ratio	26.8%	21.3%	20.3%	26.2%	32.7%	29.9%	32.7%	34.6%	37.0%	**50.8%**
ROE (on a stockholders' equity basis)	10.4%	14.8%	13.8%	11.2%	8.9%	9.1%	8.8%	8.2%	7.6%	**5.4%**

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

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*2	FY2020
Nikkei Stock Average (Yen)	10,084	12,398	14,828	19,207	16,759	18,909	21,454	21,206	18,917	**29,179**
Foreign exchange rate (USD/JPY)	82.13	94.01	102.88	120.15	112.62	112.19	106.25	111.00	108.81	**110.71**

**1 The figure for FY2011 is based on Basel II*

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

Consolidated Performance Summary

Consolidated gross profit increased by ¥37.6 billion year-on-year to ¥2,806.2 billion. This increase was primarily the result of the strong performance in the wealth management and overseas securities businesses as well as the success of nimble portfolio management in the Global Markets Business Unit, which outweighed a decline in profit due to the COVID-19 pandemic.

Conversely, consolidated net business profit was approximately at the same level as in FY2019, ¥1,084.0 billion due to a decrease in equity in gains of affiliates largely attributable to increased credit costs at SMBC Aviation Capital Limited and Asian investees.

Total credit cost increased by ¥189.9 billion year-on-year to ¥360.5 billion due to precautionary provisions recorded in order to prepare for possible future losses as well as higher costs incurred mainly from companies that were susceptible to the impacts of the COVID-19 pandemic.

Profit attributable to owners of parent decreased by ¥191.1 billion year-on-year to ¥512.8 billion because of impairment losses on goodwill in Sumitomo Mitsui DS Asset Management Company, Limited, and the recording of losses on forward dealings aimed at mitigating risks of stock price.

(Billions of yen)

	FY2020	Increase (Decrease)
Consolidated gross profit	2,806.2	+37.6
General and administrative expenses	1,747.1	+7.5
Equity in gains (losses) of affiliates	25.0	(31.1)
Consolidated net business profit	1,084.0	(1.0)
Total credit cost	360.5	+189.9
Ordinary profit	711.0	(221.0)
Profit attributable to owners of parent	512.8	(191.1)

Performance of Major Group Companies

(Left: FY2020 performance; Right: Year-on-year comparison)

(Billions of yen)

	SMBC		SMBC Trust	
Gross profit	1,481.7	+69.7	40.2	(9.2)
Expenses	816.5	+8.4	43.9	(4.6)
Net business profit	665.2	+61.2	(3.7)	(4.6)
Net income	338.0	+20.7	(8.5)	+24.2*1

	SMBC Nikko*2		SMCC	
Gross profit	424.5	+63.6	385.6	(34.5)
Expenses	307.8	+2.7	317.3	(10.8)
Net business profit	116.7	+60.9	68.7	(23.6)
Net income	92.6	+48.0	35.8	(2.4)

	SMBCCF		SMDAM 50%	
Gross profit	259.7	(14.7)	34.1	(1.0)
Expenses	110.6	(3.3)	32.3	+0.3
Net business profit	149.1	(11.4)	1.8	(1.3)
Net income	54.1	(36.0)*3	(28.0)	(29.0)*4

	SMFL*5 50%
Gross profit	176.8	+3.4
Expenses	85.7	+1.0
Net business profit	95.2	+3.7
Net income	33.6	(27.6)

Ratio of Ownership by SMFG

*1 Due to absence of impairment of goodwill recorded in FY2019
*2 Figures are on a managerial accounting basis including profit from overseas equity method affiliates of SMBC Nikko Securities Inc. (consolidated subsidiaries of SMFG).
*3 Due to absence of increased tax effect recorded in FY2019
*4 Due to recording of impairment of goodwill
*5 Figures are on a managerial accounting basis.

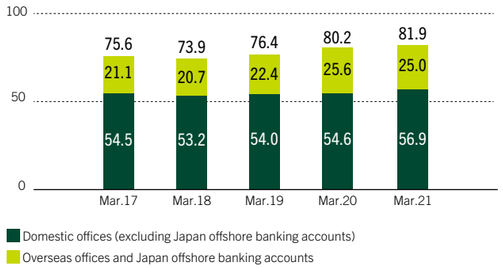
Consolidated Balance Sheet Summary

Loans and Bills Discounted (SMBC non-consolidated)

Loans and bills discounted increased by ¥1.7 trillion year-on-year to ¥81.9 trillion due to an increase in domestic loans following the smooth supply of funds in response to higher funding demand among customers amid the COVID-19 pandemic.

Balance of Loans

(Trillions of yen)

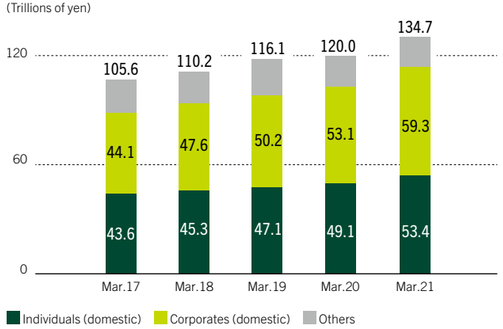


Deposits (SMBC non-consolidated)

Deposits increased by ¥14.7 trillion year-on-year to ¥134.7 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)

In FY2020, domestic loan-to-deposit spread decreased by 0.07 percentage point year-on-year to 0.84% following an increase in short-term loans with lower interest as a result of the COVID-19 pandemic.

Domestic Loan-to-Deposit Spread

(%)

	FY2020					FY2019
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.84	0.82	0.84	0.84	**0.84**	0.91
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	**0.00**	0.00
Loan-to-deposit spread	0.84	0.82	0.84	0.84	**0.84**	0.91

Securities

Other securities increased by ¥9,762.0 billion year-on-year to ¥36,411.2 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 increased by ¥1,039.5 billion year-on-year to ¥2,931.8 billion mainly because of higher stock prices.

Unrealized Gains (Losses) on Other Securities

(Billions of yen)

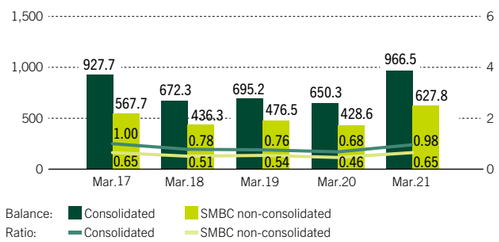
	Balance		Net unrealized gains (losses)	
	March 31, 2021	YoY	March 31, 2021	YoY
Stocks	**3,693.3**	+956.5	**2,255.6**	+986.1
Bonds	**17,655.2**	+7,587.8	**8.0**	(13.5)
Others	**15,062.7**	+1,217.7	**668.2**	+66.9
Total	**36,411.2**	+9,762.0	**2,931.8**	+1,039.5

NPLs Based on the Financial Reconstruction Act

The balance of NPLs based on the Financial Reconstruction Act increased by ¥316.2 billion year-on-year to ¥966.5 billion due to deterioration of the credit ratings of obligors as a result of the COVID-19 pandemic, and the NPL ratio remained at a low level, despite increasing by 0.30 percentage point to 0.98%.

Balance of NPLs Based on the Financial Reconstruction Act and NPL Ratio

(Billions of yen) (%)



Capital

Capital

Common equity Tier 1 capital, the most important form of core capital, increased by ¥981.5 billion year-on-year to ¥10,562.8 billion primarily due to the accumulation of earnings and an increase in net unrealized gains on other securities attributable to higher stock prices. As a result, Tier 1 capital rose by ¥949.4 billion year-on-year to ¥11,199.3 billion and total capital increased by ¥737.3 billion to ¥12,289.3 billion.

Risk-Weighted Assets

Risk-weighted assets increased by ¥4,408.9 billion year-on-year to ¥66,008.0 billion due to an increase in domestic loans attributable to the COVID-19 pandemic.

Capital Ratio

Due to the above, the common equity Tier 1 capital ratio was 16.00% and the total capital ratio was 18.61%. Both ratios exceeded the mandated level, indicating that we have maintained a sufficient level of capital.

Leverage Ratio

The leverage ratio rose 1.34 percentage points year-on-year to 5.65% because of the increase in the Tier 1 capital ratio as well as the exclusion of deposit with the Bank of Japan from the total exposure due to a partial revision to the Financial Services Agency notification regarding the leverage ratio.

External TLAC Ratio

In addition to total capital, SMBC Group seeks to increase external TLAC capital by procuring external TLAC bonds primarily from overseas corporate bond markets. The external TLAC ratio was 25.82% on a risk-weighted asset basis and 9.77% on a total exposure basis, exceeding the mandated levels on both items.

Total Capital Ratio (BIS Guidelines)

(Billions of yen)

	March 31, 2021 (A)	March 31, 2020 (B)	YoY (A–B)
Common equity Tier 1 capital	**10,562.8**	9,581.3	+981.5
Additional Tier 1 capital	**636.5**	668.6	(32.1)
Tier 1 capital	**11,199.3**	10,249.9	+949.4
Tier 2 capital	**1,090.0**	1,302.1	(212.1)
Total capital	**12,289.3**	11,552.0	+737.3
Risk-weighted assets	**66,008.0**	61,599.1	+4,408.9
Common equity Tier 1 capital ratio	**16.00%**	15.55%	+0.45%
Tier 1 ratio	**16.96%**	16.63%	+0.33%
Total capital ratio	**18.61%**	18.75%	(0.14)%

Leverage Ratio

Leverage ratio	**5.65%**	4.31%	+1.34%

External TLAC Ratio

Risk-weighted asset basis	**25.82%**	25.96%	(0.14)%
Total exposure basis	**9.77%**	7.64%	+2.13%

Total Exposure

Total exposure*	**198,170.8**	237,488.7	(39,317.9)

** Excludes deposit with the Bank of Japan on March 31, 2021*

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

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, 2021).

SMBC Group's Support of the Olympic and Paralympic Games Tokyo 2020

Support for the Cultivation of Next-Generation Athletes

Since the start of its sponsorship of the Olympic and Paralympic Games Tokyo 2020 in 2015, SMBC Group has continued to support the cultivation of next-generation athletes through the Olympic and Paralympic Games.

As one facet of these efforts, we used a portion of the proceeds from the Olympic Concert 2020 Premium Sound Series of concerts arranged by the Japanese Olympic Committee, which SMBC helped conduct, to make donations to seven organizations fostering future athletes in the areas where concerts were held.

The donations were used to pay for participation in competitions and training camps, equipment and supplies, and instructors as well as to purchase items for helping prevent the spread of COVID-19.

SMBC Group will continue to support the cultivation of next-generation athletes even after the Tokyo 2020 Olympic and Paralympic Games.

Contributions to Paralympic Sports in Preparation for the Tokyo 2020 Paralympic Games

As of July 2021, SMBC Group employed 20 para-athletes. Previous initiatives by these athletes have included taking part in sports workshops for children and joining panels in employee training sessions to promote greater recognition of Paralympic sports both inside and outside the Group and to help foster a more inclusive society.

These activities continued even after the April 2020 announcement that the Tokyo 2020 Paralympic Games would be delayed. Since this announcement, the athletes have participated in an online event arranged by Yokohama City, and we have continued to engage in various other Paralympic support activities through coordination with municipalities and other para-athletes.

SMBC Group will continue to contribute to the spread of Paralympic sports through the Tokyo 2020 Paralympic Games and through its efforts thereafter.

Sumitomo Mitsui Financial Group is the Gold Partner (Banking Category) of the Olympic and Paralympic Games Tokyo 2020.

Appendix I

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Group Companies (as of March 31, 2021)

SUMITOMO MITSUI FINANCIAL GROUP

www.smfg.co.jp/english/

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: ¥2,341.2 billion
Stock Exchange Listings:
Tokyo Stock Exchange (First Section)
Nagoya Stock Exchange (First Section)
Note: American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.

Credit Ratings (as of June 30, 2021)

	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			
	2021	2020	2019	2018
For the Year:				
Ordinary income	¥ 3,902.3	¥ 4,591.8	¥ 4,804.4	¥ 4,777.0
Ordinary profit	711.0	932.0	1,135.3	1,164.1
Profit attributable to owners of parent	512.8	703.8	726.6	734.3
At Year-End:				
Net assets	¥ 11,899.0	¥ 10,784.9	¥ 11,451.6	¥ 11,612.8
Total assets	242,584.3	219,863.5	203,659.1	199,049.1

SUMITOMO MITSUI BANKING CORPORATION

www.smbc.co.jp/global/index.html

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: 28,104
Number of branches and other business locations:

In Japan:	1,908*
Branches:	520
(Including 47 specialized deposit account branches)	
Sub-branches:	439
Banking agencies:	1
Automated service centers:	948
Overseas:	47
Branches:	19
Sub-branches:	25
Representative offices:	3

* 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, 2021)

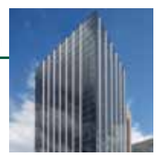
	Long-term	Short-term
Moody's	A1	P–1
Standard & Poor's	A	A–1
Fitch Ratings	A	F1
R&I	AA–	a–1+
JCR	AA	J–1+

Financial Information
(Consolidated basis, years ended March 31)

	Billions of yen			
	2021	2020	2019	2018
For the Year:				
Ordinary income	¥ 2,786.6	¥ 3,469.0	¥ 3,369.8	¥ 3,117.0
Ordinary profit	534.7	770.4	894.5	932.7
Net income	406.0	517.7	617.4	627.5
At Year-End:				
Net assets	¥ 9,256.3	¥ 8,368.3	¥ 8,986.7	¥ 9,090.4
Total assets	228,066.5	206,089.6	190,690.2	182,727.4

SMBC TRUST BANK

www.smbctb.co.jp/en



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 "foreign currency," "real estate," and "trusts," 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: 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo
President and CEO: Kozo Ogino
Number of Employees: 1,983
Number of branches: In Japan: 46 (Including Internet Branch, and Sub-Branches, and Foreign Exchange Counters)

Financial Information (Years ended March 31)

	Billions of yen			
	2021	2020	2019	2018
For the Year:				
Ordinary income	¥ 47.9	¥ 61.0	¥ 61.9	¥ 50.6
Ordinary profit (loss)	(7.5)	1.0	(2.4)	(7.1)
Net income (loss)	(8.5)	(32.7)	(3.7)	(5.7)
At Year-End:				
Total assets	¥3,494.7	¥3,423.3	¥3,273.6	¥3,064.4

Sumitomo Mitsui Finance and Leasing

www.smfl.co.jp/english/

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.

In the Medium-Term Management Plan launched in April 2020, SMFL has defined the priority fields of transportation, green energy, real estate, and the 3Rs (reduce, reuse, and recycle). Based on these priority fields, SMFL is entering into new business fields, such as helicopter leasing; green energy generation; energy services; real estate development, rental, and asset management; and equipment and plant decommissioning subcontracting, in addition to strengthening its operations in these fields.

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: 3,631

Credit Ratings (as of June 30, 2021)

	Long-term	Short-term
Standard & Poor's	A–	—
R&I	A+	a–1
JCR	AA	J–1+

Financial Information
(Consolidated basis, years ended March 31)

	Billions of yen			
	2021	2020	2019	2018
For the Year:				
Leasing transaction volume	¥2,433.5	¥2,489.2	¥2,412.2	¥2,185.0
Operating revenue	1,438.2	1,513.7	1,502.3	1,622.8
Operating profit	41.3	89.4	90.9	96.4
Ordinary profit	45.0	90.3	87.5	97.6
Profit attributable to owners of parent	33.6	61.2	80.0	54.5
At Year-End:				
Total assets	¥7,041.9	¥6,378.7	¥5,812.6	¥5,660.6

SMBC NIKKO

www.smbcnikko.co.jp/en

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: 9,538

Credit Ratings (as of June 30, 2021)

	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			
	2021	2020	2019	2018
For the Year:				
Operating revenue	¥ 424.4	¥ 378.0	¥ 344.6	¥ 376.0
Operating income	79.5	39.0	38.6	84.8
Ordinary profit	81.9	42.6	42.1	87.4
Net income	71.0	32.1	28.0	57.7
At Year-End:				
Total assets	¥13,213.1	¥12,090.9	¥10,753.1	¥10,541.4

SMBC SUMITOMO MITSUI CARD

www.smbc-card.com

(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 at the forefront of the cashless payment trend.

In April 2021, the headquarters functions of Sumitomo Mitsui Card Company and SMBC Finance Service 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.

Capitalizing on the transaction base, expertise, credibility, and other strengths it has accumulated as an industry leader, Sumitomo Mitsui Card Company aims 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
(Japanese headquarters relocated on April 1, 2021)
Osaka Head Office: 4-5-15, Imabashi, Chuo-ku, Osaka
President and CEO: Yukihiko Onishi
Number of Employees: 2,601

Credit Rating (as of June 30, 2021)

	Long-term	Short-term
R&I	AA–	a–1+

Financial Information (Years ended March 31)

	Billions of yen			
	2021	2020	2019	2018
For the Year:				
Revenue from credit card operations	¥20,751.5	¥20,548.5	¥18,019.7	¥16,097.3
Operating revenue	447.5	480.8	465.5	436.2
Operating profit	34.5	50.5	62.4	54.6
Ordinary profit	35.3	50.8	62.7	54.4
Net income (loss)	35.8	38.2	(46.7)	30.7
At Year-End:				
Total assets				
Sumitomo Mitsui Card Company	¥ 2,524.5	¥ 2,257.2	¥ 1,933.3	¥ 1,698.2
SMBC Finance Service	¥ 2,372.1	¥ 2,052.2	¥ 2,128.7	¥ 2,115.0
Number of cardholders (in tens of thousands)	4,986	4,754	4,420	4,176

Notes:
1. 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.)
2. From FY2019, revenue from credit card operations includes e-money transactions.
3. Number of cardholders includes the number of debit cardholders.

SMBC SMBC FINANCE SERVICE

www.smbc-fs.co.jp/

(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
(Japanese headquarters relocated on April 1, 2021)
President and CEO: Naoki Ono
Number of Employees: 3,320

Notes:
1. 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.
2. Cedyna and SMBC Finance Service Co., Ltd., were merged on July 1, 2020.

SMBC SMBC CONSUMER FINANCE

www.smbc-cf.com/english/

Cooperation:
SHOCHIKU Co., Ltd.,
Kabuki-za Co., Ltd.

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: 4-12-15, Ginza, Chuo-ku, Tokyo
President and CEO: Ryohei Kaneko
Number of Employees: 2,265

Credit Rating (as of June 30, 2021)

	Long-term	Short-term
R&I	A+	—

Financial Information (Years ended March 31)

	Billions of yen			
	2021	2020	2019	2018
For the Year:				
Operating revenue	¥187.1	¥ 199.8	¥196.4	¥192.2
Operating profit	46.7	41.4	23.6	15.4
Ordinary profit	48.0	42.9	32.0	15.7
Net income	38.8	78.6	35.9	8.9
At Year-End:				
Total assets	¥953.5	¥1,011.3	¥959.9	¥939.3

Japan Research Institute

www.jri.co.jp/english/

The Japan Research Institute, Limited ("JRI") is a comprehensive information services company with IT solutions, consulting, and think-tank functions.

Under the fundamental philosophy of "creating new value for the client," JRI offers concrete proposals for identifying and resolving issues with a company along with support for enacting those proposals.

In addition to providing IT-based strategic data systems planning and development and outsourcing services, JRI offers consultation in areas such as management strategy and admin reforms. It also engages in activities ranging from economic research and analysis on Japan and other countries and policy recommendation to business incubation.

Company Name: The Japan Research Institute, Limited
Business Profile: System development, data processing, management consulting and economic research
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: 2,768

Financial Information (Years ended March 31)

	Billions of yen			
	2021	2020	2019	2018
For the Year:				
Operating revenue	¥147.4	¥143.2	¥138.4	¥136.5
Operating profit	1.9	2.9	3.6	2.8
Ordinary profit	2.3	2.8	3.4	2.5
Net income	2.4	0.9	2.6	1.7
At Year-End:				
Total assets	¥105.6	¥100.8	¥104.9	¥103.4

Sumitomo Mitsui DS Asset Management

www.smd-am.co.jp/english/

Formed from the merger of Sumitomo Mitsui Asset Management Company, Limited, and Daiwa SB Investments Ltd. in April 2019, Sumitomo Mitsui DS Asset Management Company, Limited is one of Japan's top-tier asset managers.

Leveraging its industry-leading research platform and global network, Sumitomo Mitsui DS Asset Management Company provides high-quality asset management services that meet specific needs of its diverse client base composed of Japanese and non-Japanese institutional (pension funds, financial institutions, etc.) and individual investors. The company's vision is to become the best asset management firm for better Quality of Life of our 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: 933

Financial Information (Years ended March 31)

	Billions of yen					
	2021	2020	2019		2018	
			Sumitomo Mitsui Asset Management	Daiwa SB Investments	Sumitomo Mitsui Asset Management	Daiwa SB Investments
For the Year:						
Operating revenue	¥ 61.6	¥ 65.5	¥46.9	¥28.7	¥46.5	¥31.5
Operating profit	0.1	1.5	6.0	4.4	7.3	6.8
Ordinary profit	0.4	2.2	6.0	4.5	7.4	6.8
Net income (loss)	(28.9)	0.6	4.1	2.9	4.9	4.7
At Year-End:						
Total assets	¥106.4	¥133.6	¥48.9	¥38.6	¥53.8	¥39.3

Risk Management

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 123 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

Top Risks

Top Risks, risks that threaten to significantly impact management, recognized by SMBC Group are listed in the table below (see page 101 for information on methods of utilizing Top Risks).

Top Risks	
Volatile financial and economic environment	• Increasing in asset price fluctuation risk due to concerns about tapering in the United States
Intensified political, ideological and religious conflicts	• Economic and financial market disruption due to intensifying struggle for supermacy between the United States and China
Decline in Japan's social vitality	• Downward pressure on interest income as negative interest rates become even lower due to sluggish Japanese economy
Disasters such as large-scale earthquakes, and storms and floods	• Widespread damage to people or property and dislocate in Japanese economy
Pandemics	• Severe economic stagnation due to the impact of the COVID-19 pandemic
Increasing external threats (cyber attacks, financial crimes, etc.)	• Impacts on business continuity due to major system failures
Increased awareness regarding environmental issues (climate change, etc.)	• Deterioration of our company's reputation due to inadequate responses to increasing societal, regulatory and political focuses
More emphasis on solving social issues	• Deterioration of our company's reputation due to inadequate responses to human rights issues
Growing needs for more sophisticated governance system	• Administrative actions and deterioration of our' company's reputation due to misconduct
Materialization of risks impeding implementation of strategies (lack of human resources, etc.)	• Decline in competitiveness of our company due to having difficulty in securing 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

(1) Scenario Design	Scenarios are designed by the Corporate Risk Management Department after compiling information on SMBC Group's Top Risks and the views of related departments on such factors as future global trends.
(2) Scenario Finalization	Scenarios are revised as necessary based on the outcome of discussions between specialists and related departments.
(3) Calculation of Impact	The scenario's impact on each financial item is estimated for analysis of the impact on such indicators as the CET1.
(4) Confirmation by the Management Committee	At the Management Committee, business strategies are examined based on analyses of risk impact amounts and then verified from the perspective of capital adequacy.

Risk-Weighted Assets

Risk-weighted assets subject to the Basel Capital Accord totaled ¥66,008 billion as of March 31, 2021, up ¥4,409 billion from March 31, 2020. 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, 2021

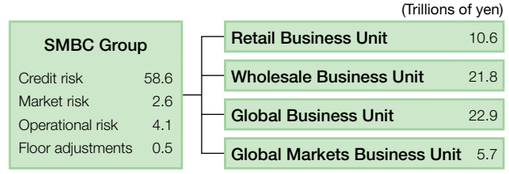
(Trillions of yen)

	March 31, 2020	March 31, 2021	Increase (decrease)
Credit risk	55.1	58.6	+3.5
Market risk	2.5	2.6	+0.1
Operational risk	3.9	4.1	+0.1
Floor adjustments*	–	0.5	+0.5
Total	61.5	66.0	+4.4

*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)



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.

■**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	
	(Borrowers Requiring Caution identified as Substandard Borrowers)	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	

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 22 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.

(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

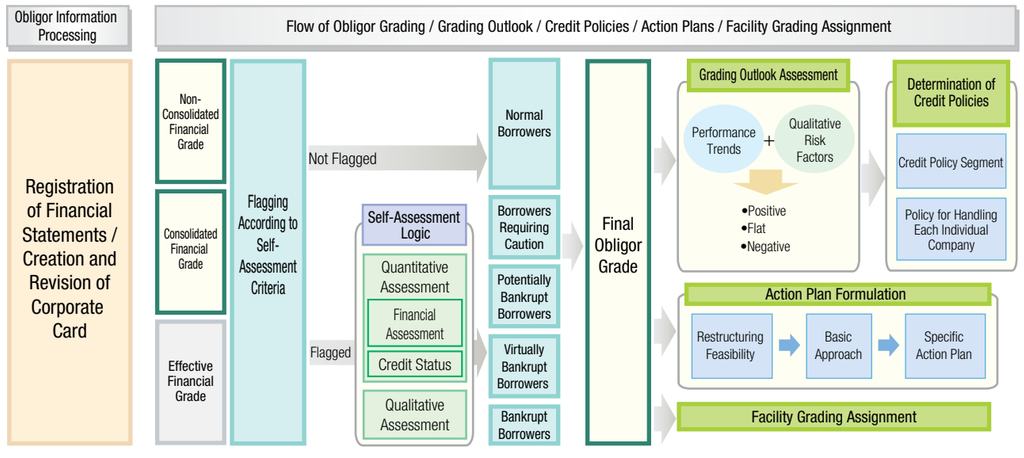
We make active use of credit derivatives, loan asset sales, and other instruments to proactively and flexibly manage its portfolios to stabilize credit risk.

(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.

■SMBC's Credit Monitoring System



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.

(c) Non-Performing Loans Disclosure

Non-Performing Loans are loans and other claims of which recovery of either principal or interest appears doubtful and are disclosed in accordance with the Banking Act (in which they are referred to as "risk-monitored loans") and the Financial Reconstruction Act (in which they are referred to as "Non-Performing Loans"). Non-Performing Loans are classified based on the borrower categories assigned during self-assessment. For detailed information on results of self-assessments, asset write-offs and provisions, and disclosure of Non-Performing Loans at March 31, 2021, please refer to page 353.

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 the VaR method 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.

Please note that, 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 five 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 2020. VaR fluctuated greatly during this fiscal year due to changes in the nature and 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 2020.

■VaR for Trading Activities

(Billions of yen)

	Fiscal 2020					March 31, 2020
	March 31, 2021	September 30, 2020	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	20.7	18.1	24.4	15.6	19.5	16.2
Interest rates	14.6	12.8	15.1	11.7	13.2	12.6
Foreign exchange	8.8	8.2	9.9	6.6	8.4	9.5
Equities, commodities, etc.	8.6	7.0	12.7	4.4	7.9	5.0
SMBC (consolidated)	6.2	7.0	8.1	5.5	6.5	6.4
SMBC (non-consolidated)	2.4	3.1	4.4	2.3	3.0	3.5

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 2020					March 31, 2020
	March 31, 2021	September 30, 2020	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	55.0	47.8	59.0	46.2	52.3	50.5
Interest rates	50.8	45.2	56.1	43.9	49.9	46.2
Equities, etc.	17.4	8.3	27.7	7.5	15.3	15.4
SMBC (consolidated)	54.5	47.2	58.5	45.5	51.7	49.6
SMBC (non-consolidated)	46.4	39.7	50.5	37.5	43.9	41.7

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 back-testing 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 compute an appropriate VaR level and confirm the adequacy of risk capital management.

ii Back-testing results

Information on back-testing of trading in fiscal 2020 can be found on page 315.

c. Indicators substitute for the back-testing method

SMBC Group employs, as a method substitute for the back-testing method, the VaR wherein presumptions for the model, such as observation periods, change.

d. Changes in model from fiscal 2019

There have been no changes in the model from fiscal 2019.

(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

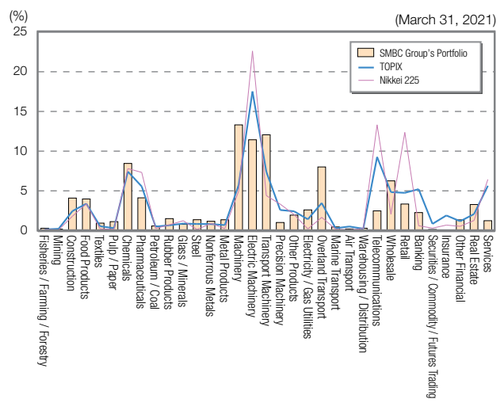
SMBC Group establishes risk allowance limits for total risk capital to control stock price fluctuation risk appropriately. Risk capital associated with strategic shareholdings is monitored as a component of total risk capital. More specifically, VaR (1 year holding period) computed from profit-and-loss 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, 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, reputational 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 Security 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
Reputational risk	The risk of loss arising from deterioration in reputation as a consequence of the spread of rumors or media reports of the actual risk events.	General Affairs Department, Public Relations 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.

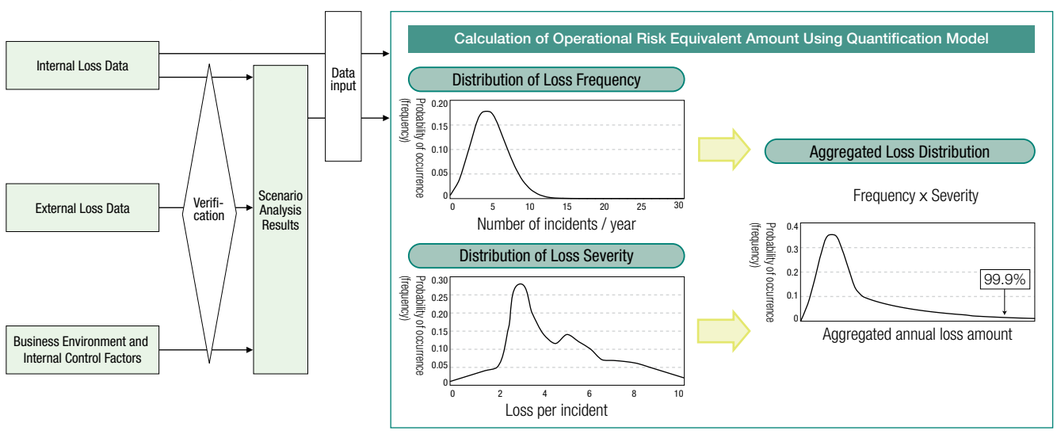
The quantification model produces the distribution of loss frequency and loss severity based on the internal loss data and scenario analysis results, and it also produces the loss distribution based on the said distribution of loss frequency (distribution of losses in a year) and the distribution of 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.

■Basic Framework of Operational Risk Measurement



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.

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.

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 ramping up its risk management support efforts, 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.

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.

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
Anything which may become a factor for risk. In the case of market risk, it would be the share price or interest rate; in the case of credit risk, it would be the default rate or 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

- The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at the Company or its consolidated subsidiaries.
- Anonymous reports are also accepted; however, if possible, providing personal information such as your name and contact information would be appreciated and helpful.
- Please provide as much detail as possible for such inappropriate activities. An investigation may not be feasible if adequate information is not provided.
- Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.

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.

Japanese Bankers Association:
Contact information: Consultation office, Japanese Bankers Association
Telephone numbers: (Japan) 0570-017109 or 03-5252-3772
Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm

Trust Companies Association of Japan:
Contact information: Consultation office, Trust Companies Association of Japan
Telephone numbers: (Japan) 0120-817335 or 03-6206-3988
Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:15 pm

Financial Instruments Mediation Assistance Center
Contact information: Financial Instruments Mediation Assistance Center
Telephone number: (Japan) 0120-64-5005
Fax: (Japan) 03-3669-9833
Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm

Basic Policy for Customer-Oriented Business Conduct

SMBC Group[1] 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

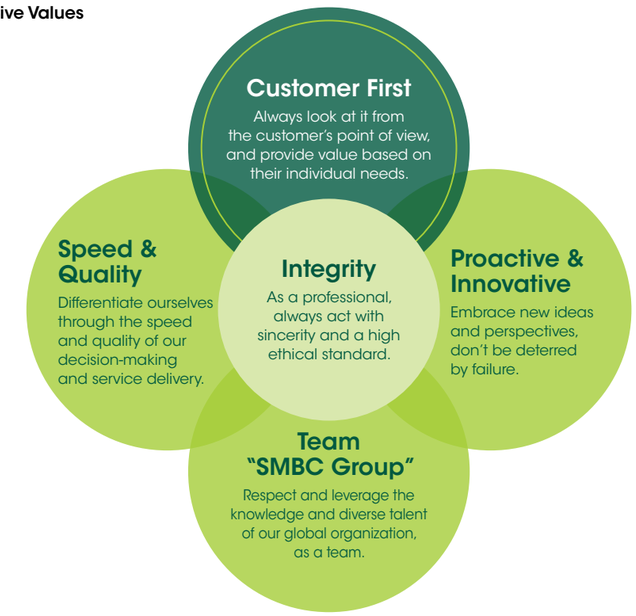
As one part of "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." Based on the spirit of this mission, we have defined our Five Values, a list of five key words that includes "Customer First" (always think based on a customer-oriented 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[2] 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.

■ Five Values



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.

*1 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

2 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	Partner, Nagashima Ohno & Tsunematsu

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 the COVID-19 pandemic.

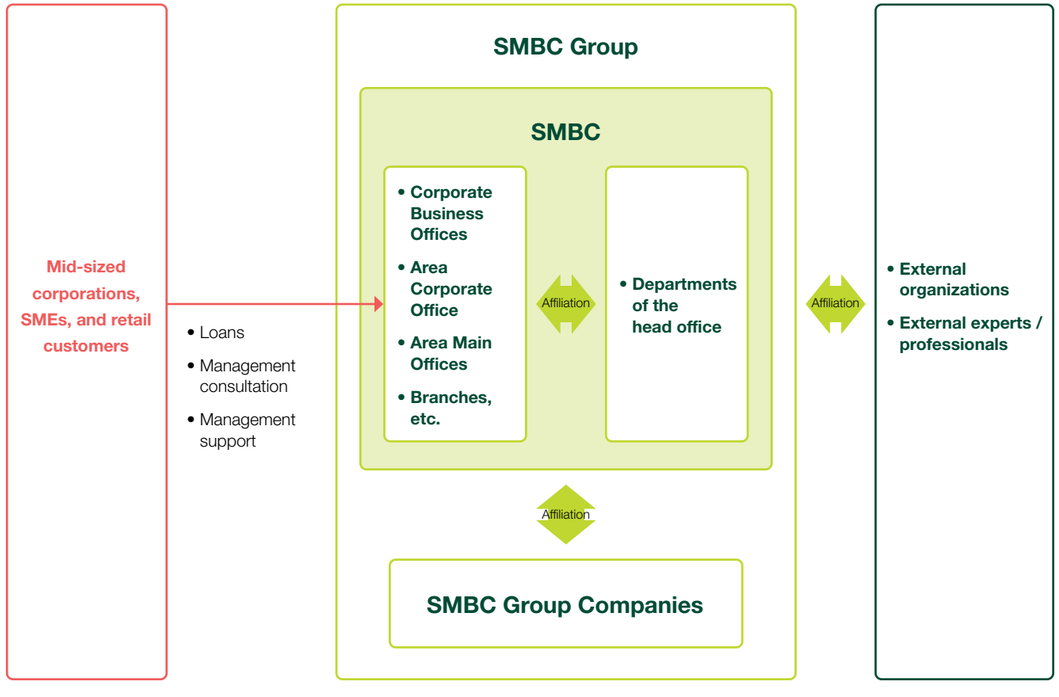
Going forward, we will continue to fulfill our social responsibility as a financial institution by providing support based on the customer's standpoint.

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 the COVID-19 pandemic.

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 System for Mid-Sized Corporations and SMEs



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.

Our assistance in business operating improvements and regeneration involves links with external experts / professionals*1 and external organizations*2 to provide support in drawing up plans for improvement and advice in such areas as cost cutting and asset sales.

For clients that have suffered damage in natural disasters or have been impacted by the COVID-19 pandemic, we propose optimal solutions and support the implementation of rebuilding lives and business.

*1 SMBC Consulting, certified tax accountants, certified public accountants, etc.
*2 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.

hoops link kobe

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"

Employees

◆ SMBC

March 31	2019	2020	2021
Number of employees*1	27,154	26,457	26,229
Male	12,471	12,021	11,879
Percentage of total	45.93%	45.44%	45.29%
Female	14,683	14,436	14,350
Percentage of total	54.07%	54.56%	54.71%
Average age	37 yrs 5 mos.	37 yrs 9 mos.	38 yrs 4 mos.
Male	40 yrs 4 mos.	40 yrs 3 mos.	40 yrs 6 mos.
Female	34 yrs 10 mos.	35 yrs 8 mos.	36 yrs 6 mos.
Average years of service	13 yrs 6 mos.	13 yrs 11 mos.	14 yrs 5 mos.
Male	15 yrs 11 mos.	16 yrs 0 mos.	16 yrs 3 mos.
Female	11 yrs 4 mos.	12 yrs 1 mos.	13 yrs 0 mos.
Number of women in managerial positions*2	804	824	837
Ratio of employees with disabilities (% of total)	2.47%	2.65%	2.70%

*1 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.
*2 As of March 1 of respective years

April 1	2019	2020	2021
Number of new hires	667	622	542
Number of newly employed female graduates	269	201	197
Ratio of newly employed females to total new employees	40.3%	32.3%	36.3%

Fiscal	2018	2019	2020
Number of employees taking parental leave	2,370	2,948	3,205
<Men taking such leave>	<316>	<838>	<978>
Number of career hires	16	25	49

◆ SMBC Trust Bank

March 31	2019	2020	2021
Number of employees*1	1,985	2,084	2,072
Male	948	987	993
Percentage of total	47.76%	47.36%	47.92%
Female	1,037	1,097	1,079
Percentage of total	52.24%	52.64%	52.08%
Average age	44 yrs 7 mos.	44 yrs 3 mos.	43 yrs 9 mos.
Male	46 yrs 11 mos.	46 yrs 3 mos.	44 yrs 8 mos.
Female	41 yrs 4 mos.	42 yrs 5 mos.	43 yrs 2 mos.
Average years of service	7 yrs 3 mos.	9 yrs 0 mos.	9 yrs 9 mos.
Male	6 yrs 3 mos.	7 yrs 9 mos.	8 yrs 8 mos.
Female	8 yrs 2 mos.	10 yrs 1 mos.	11yrs 0 mos.
Number of women in managerial positions	95	84	76
Ratio of employees with disabilities (% of total)*2	2.51%	2.31%	2.42%

*1 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.
*2 The legally mandated number of employees with disabilities had been hired as of March 31, 2021.

April 1	2019	2020	2021
Number of new hires	44	52	24
Number of newly employed female graduates	18	16	8
Ratio of newly employed females to total new employees	40.9%	30.8%	33.3%

Fiscal	2018	2019	2020
Number of employees taking parental leave	95	117	123
<Men taking such leave>	<33>	<25>	<36>
Number of career hires	28	25	22

◆ Sumitomo Mitsui Finance and Leasing

March 31	2019	2020	2021
Number of employees*1	2,434	2,448	2,460
Male	1,581	1,590	1,596
Percentage of total	64.95%	64.95%	64.88%
Female	853	858	864
Percentage of total	35.05%	35.05%	35.12%
Average age	40 yrs 7 mos.	42 yrs 2 mos.	42 yrs 5 mos.
Male	42 yrs 8 mos.	43 yrs 8 mos.	43 yrs 11 mos.
Female	37 yrs 2 mos.	39 yrs 2 mos.	39 yrs 8 mos.
Average years of service	15 yrs 0 mos.	15 yrs 0 mos.	15 yrs 2 mos.
Male	16 yrs 11 mos.	16 yrs 3 mos.	16 yrs 5 mos.
Female	11 yrs 10 mos.	12 yrs 6 mos.	13 yrs 0 mos.
Number of women in managerial positions*2	36	38	38
Ratio of employees with disabilities (% of total)	2.05%	1.80%	2.30%

*1 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).
*2 As of March 1 of respective years

April 1	2019	2020	2021
Number of new hires	76	81	62
Number of newly employed female graduates	43	33	26
Ratio of newly employed females to total new employees	56.6%	40.7%	41.9%

Fiscal	2018	2019	2020
Number of employees taking parental leave	44	48	44
<Men taking such leave>	<17>	<9>	<21>
Number of career hires	16	18	15

◆ SMBC Nikko Securities

March 31	2019	2020	2021
Number of employees*1	10,394	10,187	9,794
Male	6,411	6,330	6,049
Percentage of total	61.68%	62.14%	61.76%
Female	3,983	3,857	3,745
Percentage of total	38.32%	37.86%	38.24%
Average age	40 yrs 7 mos.	41 yrs 4 mos.	41 yrs 5 mos.
Male	41 yrs 9 mos.	42 yrs 5 mos.	42 yrs 4 mos.
Female	38 yrs 8 mos.	39 yrs 7 mos.	41 yrs 10 mos.
Average years of service*2	12 yrs 6 mos.	13 yrs 3 mos.	13 yrs 7 mos.
Male	12 yrs 8 mos.	13 yrs 4 mos.	13 yrs 7 mos.
Female	12 yrs 3 mos.	13 yrs 2 mos.	13 yrs 7 mos.
Number of women in managerial positions	171	178	184
Ratio of employees with disabilities (% of total)*3	2.38%	2.49%	2.61%

*1 Excluding employees seconded to other companies, executive officers, part-time employees, dispatched employees, locally hired employees (LH) at overseas branches
*2 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.
*3 As of March 31 of respective years

April 1	2019	2020	2021
Number of new hires	325	341	229
Number of newly employed female graduates	114	118	83
Ratio of newly employed females to total new employees	35.1%	34.6%	36.2%

Fiscal	2018	2019	2020
Number of employees taking parental leave	409	446	439
<Men taking such leave>	<64>	<101>	<86>
Number of career hires	59	56	72

Note: The merger with SMBC Friend Securities was conducted in January 2018.

◆ Sumitomo Mitsui Card

March 31	2019	2020	2021
Number of employees*1	2,495	2,533	2,584
Male	1,141	1,159	1,183
Percentage of total	45.73%	45.76%	45.78%
Female	1,354	1,374	1,401
Percentage of total	54.27%	54.24%	54.22%
Average age	39 yrs 6 mos.	39 yrs 11 mos.	40 yrs 3 mos.
Male	41 yrs 5 mos.	41 yrs 9 mos.	41 yrs 9 mos.
Female	37 yrs 10 mos.	38 yrs 4 mos.	38 yrs 10 mos.
Average years of service	15 yrs 0 mos.	15 yrs 3 mos.	15 yrs 6 mos.
Male	16 yrs 2 mos.	16 yrs 3 mos.	16 yrs 4 mos.
Female	14 yrs 0 mos.	14 yrs 5 mos.	14 yrs 10 mos.
Number of women in managerial positions	17	23	29
Ratio of employees with disabilities (% of total)*2	2.45%	2.68%	2.67%

*1 The number of full-time employees. This excludes directors, consultants, advisors, part-time employees, specialist contract employees, and affiliated company employees (including employees seconded from other companies and organizations).
*2 Computed based on single month of March

April 1	2019	2020	2021
Number of new hires	54	78	81
Number of newly employed female graduates	28	36	34
Ratio of newly employed females to total new employees	51.9%	46.2%	42.0%

Fiscal	2018	2019	2020
Number of employees taking parental leave	202	218	203
<Men taking such leave>	<33>	<36>	<28>
Number of career hires	16	48	30

◆ SMBC Finance Service

March 31	2019	2020	2021
Number of employees*1	3,349	3,252	3,500
Male	1,897	1,820	1,928
Percentage of total	56.64%	55.97%	55.09%
Female	1,452	1,432	1,572
Percentage of total	43.36%	44.03%	44.91%
Average age	43 yrs 0 mos.	43 yrs 5 mos.	43 yrs 7 mos.
Male	45 yrs 2 mos.	45 yrs 6 mos.	45 yrs 9 mos.
Female	40 yrs 2 mos.	40 yrs 11 mos.	40 yrs 11 mos.
Average years of service	18 yrs 6 mos.	19 yrs 0 mos.	18 yrs 6 mos.
Male	20 yrs 9 mos.	21 yrs 1 mos.	20 yrs 5 mos.
Female	15 yrs 7 mos.	16 yrs 3 mos.	16 yrs 2 mos.
Number of women in managerial positions	88	94	102
Ratio of employees with disabilities (% of total)*2	2.32%	2.32%	2.40%

*1 Excluding employees seconded from other companies, employees on short-term contracts and part-time employees
*2 As of March 1 of respective years
Note: Figures for March 31, 2019 and 2020, are for the former Cedyna Financial Corporation.

April 1	2019	2020	2021
Number of new hires	51	53	34
Number of newly employed female graduates	25	32	13
Ratio of newly employed females to total new employees	49.0%	60.4%	38.2%

Note: Figures for April 2019 and 2020 are for the former Cedyna Financial Corporation.

Fiscal	2018	2019	2020
Number of employees taking parental leave*3	180	135	163
<Men taking such leave>	<32>	<35>	<29>
Number of career hires	0	0	0

*3 Including employees on short-term childcare leave.
Notes:
1. Cedyna Financial Corporation was merged with SMBC Finance Service Co., Ltd., in July 2020 and the surviving company was renamed SMBC Finance Service Co., Ltd.
2. Figures for FY2018 and FY2019 are for the former Cedyna Financial Corporation.

◆ SMBC Consumer Finance

March 31	2019	2020	2021
Number of employees*1	2,263	2,475	2,551
Male	1,425	1,454	1,466
Percentage of total	62.97%	58.75%	57.47%
Female	838	1,021	1,085
Percentage of total	37.03%	41.25%	42.53%
Average age	41 yrs 2 mos.	41 yrs 8 mos.	41 yrs 11 mos.
Male	42 yrs 8 mos.	43 yrs 1 mos.	43 yrs 5 mos.
Female	38 yrs 8 mos.	39 yrs 7 mos.	39 yrs 10 mos.
Average years of service	16 yrs 4 mos.	16 yrs 1 mos.	16 yrs 2 mos.
Male	18 yrs 1 mos.	18 yrs 1 mos.	18 yrs 4 mos.
Female	13 yrs 6 mos.	13 yrs 2 mos.	13 yrs 6 mos.
Number of women in managerial positions	118	126	137
Ratio of employees with disabilities (% of total)*2	2.43%	3.00%	2.75%

*1 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.
*2 As of March 31 of respective years

April 1	2019	2020	2021
Number of new hires	48	57	46
Number of newly employed female graduates	24	37	24
Ratio of newly employed females to total new employees	50.0%	64.9%	52.2%

Fiscal	2018	2019	2020
Number of employees taking parental leave	58	85	83
<Men taking such leave>	<3>	<7>	<11>
Number of career hires	1	0	1

◆ Japan Research Institute

March 31	2019	2020	2021
Number of employees*1	2,427	2,510	2,571
Male	1,773	1,841	1,893
Percentage of total	73.05%	73.35%	73.63%
Female	654	669	678
Percentage of total	26.95%	26.65%	26.37%
Average age	40 yrs 9 mos.	41 yrs 1 mos.	41 yrs 1 mos.
Male	41 yrs 6 mos.	41 yrs 8 mos.	41 yrs 8 mos.
Female	38 yrs 10 mos.	39 yrs 3 mos.	39 yrs 7 mos.
Average years of service	12 yrs 8 mos.	12 yrs 10 mos.	13 yrs 1 mos.
Male	13 yrs 1 mos.	13 yrs 3 mos.	13 yrs 5 mos.
Female	11 yrs 10 mos.	11 yrs 8 mos.	12 yrs 3 mos.
Ratio of employees with disabilities (% of total)*2	2.27%	2.23%	2.26%

*1 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.
*2 As of March 31 of respective years

April 1	2019	2020	2021
Number of new hires	110	119	127
Number of newly employed female graduates	30	35	39
Ratio of newly employed females to total new employees	27.3%	29.4%	30.7%

Fiscal	2018	2019	2020
Number of employees taking parental leave	75	84	79
<Men taking such leave>	<30>	<35>	<26>
Number of career hires*3	46	60	52

*3 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	2019	2020	2021
Number of employees*1	552	845	824
Male	386	614	596
Percentage of total	69.93%	72.66%	72.33%
Female	166	231	228
Percentage of total	30.07%	27.34%	27.67%
Average age	44 yrs 7 mos.	45 yrs 11 mos.	46 yrs 5 mos.
Male	46 yrs 3 mos.	47 yrs 5 mos.	47 yrs 11 mos.
Female	40 yrs 6 mos.	42 yrs 0 mos.	42 yrs 3 mos.
Average years of service	9 yrs 3 mos.	15 yrs 3 mos.	15 yrs 6 mos.
Male	9 yrs 9 mos.	16 yrs 6 mos.	16 yrs 10 mos.
Female	8 yrs 2 mos.	11 yrs 8 mos.	12 yrs 0 mos.
Number of women in managerial positions	9	11	9

*1 The number of full-time employees. This excludes directors, dispatched employees, and locally hired employees at overseas branches.
Note: Figures for March 31, 2019, include those for the former Sumitomo Mitsui Asset Management Company, Limited.

April 1	2019	2020	2021
Number of new hires	15	12	8
Number of newly employed female graduates	6	6	4
Ratio of newly employed females to total new employees	40.0%	50.0%	50.0%

Note: Figures for April 2019 include those for the former Sumitomo Mitsui Asset Management Company, Limited.

Fiscal	2018	2019	2020
Number of employees taking parental leave	10	19	25
<Men taking such leave>	<0>	<8>	<14>
Number of career hires	15	2	5

Note 1: Figures for fiscal 2018 include those for the former Sumitomo Mitsui Asset Management Company, Limited.
2: 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	• Short-term childcare leave • Work relocations • Primary Work Location Registration system • Work Location of Choice system • Childcare subsidies • Leave for nursing care • Shorter working hours allowed for nursing care • Nursing care leave system (by the hour)	• Career design leave system • System for rehiring former employees • Special leave for childbirth • Carryover leave (infertility treatment) • Half-day leave • Teleworking system • Staggered working hours • Dual-Career Support system for side work
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	• Flextime system • Flexibility in the work place • Paternity leave (3 days) • Leave for nursing care • Shorter working hours allowed for nursing care	• Family care time off (by the hour) • Family support leave • Short-term childcare leave • Annual leave in hour increments
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	• Work relocations • System for rehiring former employees • Short-term childcare leave • Leave for nursing care • Shorter working hours allowed for nursing care • Nursing care leave system (by the hour)	• Half-day leave • Staggered working hours • Flextime system • Shortened working hour flextime system • Teleworking system • Life support leave system
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	• Short-term childcare leave • Discounted rates for daycare center • Special leave for childbirth • Nursing care leave • Special days off for nursing care (by the hour) • Shorter working hours allowed for nursing care • Short-term leave for nursing care • Staggered working hours (working in shifts)	• Rehiring former employees • Childcare subsidies • Teleworking system • Half-day paid leave • Hourly paid leave • Amortized Holiday Reserving Policy • Side business • Long-Term Self Development Leave Policy a.k.a. "Challenge Leave" • Three-day and four-day workweeks
Sumitomo Mitsui Card	18 months or maximum of 2 years in case of inability to place in daycare center	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	Until March 31 of the 3rd grade	• Work relocations • Staggered working hours • Half-day paid leave • Special leave for childbirth • Childcare subsidies • Nursing care leave system (by the hour)	• Shorter working hours for nursing care • Rehiring former employees • Teleworking system • Flextime system • Health-purpose or anniversary leave
SMBC Finance Service	Until 3 years of age	Until completion 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 the entry into elementary school	Until the entry into elementary school	• Work relocations • Staggered working hours • Half-day paid leave • Special leave for childbirth • Maternity leave • Maternity work system • Childcare subsidies • Carryover leave (infertility treatment) • Short-term childcare leave	• Leave for nursing care • Shorter working hours allowed for nursing care • Nursing care and sick child care leave system • System for rehiring former employees • Teleworking system • Flextime system
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	• Area-limited employment system • Rehiring retirees • A grace period for job rotation • Leave for nursing care • Shorter working hours allowed for nursing care • Paid leave by the hour • Half-day paid leave • Leave for supporting return-to-work after childcare leave	• Childcare leave (2 days) • School-visiting day (2 days a year) • Rehiring of former employees who quit for childcare or care-giving reasons • Paternity leave (3 days) • Rollover of unused paid vacation • Nursing care leave (by the hour) • Adjustment of work start and end times
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	• Childcare subsidies • Teleworking system • Flextime system • Nursing care leave • Shorter working hours (for nursing care, etc.) • Time off and shorter working hours • Days off for nursing care (by the hour)	• Special leave for childbirth • Paid leave for initial 15 days of childcare • Half-day leave • Leave system for receiving treatment while working • Career design leave system
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	• Leave for childbirth by spouse • Nursing care leave system (by the hour) • Annual leave in half-day increments • Teleworking system • Leave for nursing care • Shorter working hours allowed for nursing care • Lifestyle enriching leave	• Paid leave for initial 15 days of childcare • Annual leave in hour increments • Flextime system • Daycare subsidies • Celebratory gifts for birth of 3rd child • Leave for accompanying spouse undergoing job relocation • Job return system

Note: Cedyna Financial Corporation and SMBC Finance Service Co., Ltd., were merged on July 1, 2020.

Corporate Data

Sumitomo Mitsui Financial Group, Inc.

■ Directors and Executive Officers (as of June 30, 2021)

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., Financial Accounting Dept., Digital Strategy Dept.

Teiko Kudo
Group CRO
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
Group CCO
Compliance Dept.

Fumiharu Kozuka
Group CAE
Audit Dept.

Masamichi Koike
Head of Global Markets Business Unit

Shoji Masuda
Group CIO
IT Planning Dept., System Security Planning Dept., Data Management Dept., Operations Planning Dept.

Ryuji Nishisaki
Co-Head of Global Business Unit
(Head office departments (Global Business Unit), Asia Pacific Division, East Asia Division)

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

(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.

DEPUTY CHAIRMEN

Manabu Narita
Gotaro Michihiro

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Iwao Kawaharada
Transaction Business Planning Dept.

Toru Sawada
Credit & Investment Planning Dept.

Managing Executive Officers

CHOW Ying Hoong
Co-Head of Asia Pacific Division

Naoya Ishida
Wholesale Business Unit

Nobuyuki Kawabata
Global Business Unit
Business Development Dept.

Kazuhiro Notsu
Group Deputy CSO

Hitoshi Minami
Deputy Head of Global Business Unit

Takaki Ono
Deputy Head of Wholesale Business Unit

Yoshihiro Hyakutome
Head of Americas Division

Toshihiro Sato
Deputy Head of Global Markets Business Unit

Takeshi Omoto
Group Deputy CIO

Hironari Shoji
Wholesale Business Unit

Eiichi Sekiguchi
Wholesale Business Unit

Kenichi Hida
Deputy Head of Retail Business Unit
Head of Wealth Management Division

Airo Shibuya
Head of Digital Solution Division

Shinya Inose
Group Deputy CCO

Hiroshi Irie
Head of East Asia Division

Yoshiaki Kageyama
Co-Head of Asia Pacific Division

Nobu Sakamoto
Deputy Head of Retail Business Unit
Head of Private Wealth Division

Hideki Sakamoto
Deputy Head of Wholesale Business Unit

Keiichiro Nakamura
Head of Europe, Middle East and Africa Division

Yuichi Nishimura
Deputy Head of Americas Division

Fumihiko Ito
Group CSuO
Public Relations Dept., Corporate Planning Dept., Business Development Dept., Financial Accounting Dept.
Wholesale Business Unit (Sustainable Business Promotion Dept., Planning Dept., Wholesale Business Unit)

Hirofumi Otsuka
General Manager, Planning Dept., Global Business Unit

Takashi Kobayashi
General Manager, Human Resources Dept.

Shunshi Kira
Group Deputy CFO

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 CDIO and Group Deputy CSuO

Jun Uchikawa
IT Planning Dept., System Security Planning Dept., Data Management Dept., Operations Planning Dept.

Tomohiro Ohisa
Wholesale Business Unit

Shuji Yoshioka
Global Business Unit, Wholesale Business Unit

Fumito Yoshioka
Wholesale Business Unit

Takafumi Tsuji
Wholesale Business Unit (Specialized Finance Dept.)

Executive Officers

Nobuaki Nakamura
Global Markets Business Unit

Yoshiyuki Gono
General Manager, Corporate Risk Management Dept.

Hideyuki Omokawa
Group Deputy CSO

Natsuhiro Samejima
General Manager, Planning Dept., Americas Division

Yukihiro Mabuchi
Wholesale Business Unit (Planning Dept., Wholesale Business Unit)

Teruya Sugino
Group Deputy CRO

Koji Matsumoto
Global Business Unit

Tetsuro Yoshino
Group Deputy CAE
General Manager, Audit Dept.

Terumasa Takahashi
General Manager, Planning Dept., Retail Business Unit

Tatsuya Okumura
General Manager, Administrative Services Dept.

Hideki Takamatsu
General Manager, IT Planning Dept.

Hideki Tahara
General Manager, Public Relations Dept.

Akio Uemura
General Manager, Planning Dept., Retail Business Unit

Kenji Kawabata
General Manager, Credit & Investment Planning Dept.

Hideo Kawafune
General Manager, Strategic Planning Dept., Europe, Middle East and Africa Division

Akihiro Kawara
General Manager, Planning Dept., Global Markets Business Unit

Carl Adams
Deputy Head of Americas Division

Yukiko Yoritaka
Group Deputy CHRO

Katsuya Fujita
General Manager, Planning Dept., Global Markets Business Unit

Eiichi Takasaki
General Manager, Specialized Finance Dept.

Daiji Nakata
General Manager, Planning Dept., Wealth Management Division

Tomonari Inoue
General Manager, Planning Dept., Wholesale Business Unit

Shinsuke Yoshioka
Deputy Group CIO

Kazuyuki Anchi
General Manager, Corporate Planning Dept.

Kazuya Ikeda
General Manager, Planning Dept., Asia Pacific Division

Takeshi Kimoto
General Manager, Asia Growing Markets Dept.

Naoki Shiraishi
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

Richard A. Eisenberg
Deputy Head of Americas Division

[REFERENCE]

Group CxO/Head of Business Units

(as of June 30, 2021)

Group CxO

Group CEO
Jun Ohta

Group CFO and Group CSO
Toru Nakashima

Group CRO
Teiko Kudo

Group CCO
Tetsuro Imaeda

Group CHRO
Toshikazu Yaku

Group CIO
Shoji Masuda

Group CDIO
Katsunori Tanizaki

Group CSuO
Fumihiko Ito

Group CAE
Fumiharu Kozuka

Head of Business Units

Head of Retail Business Unit
Takashi Yamashita

Co-Head of Wholesale Business Unit
Masahiko Oshima

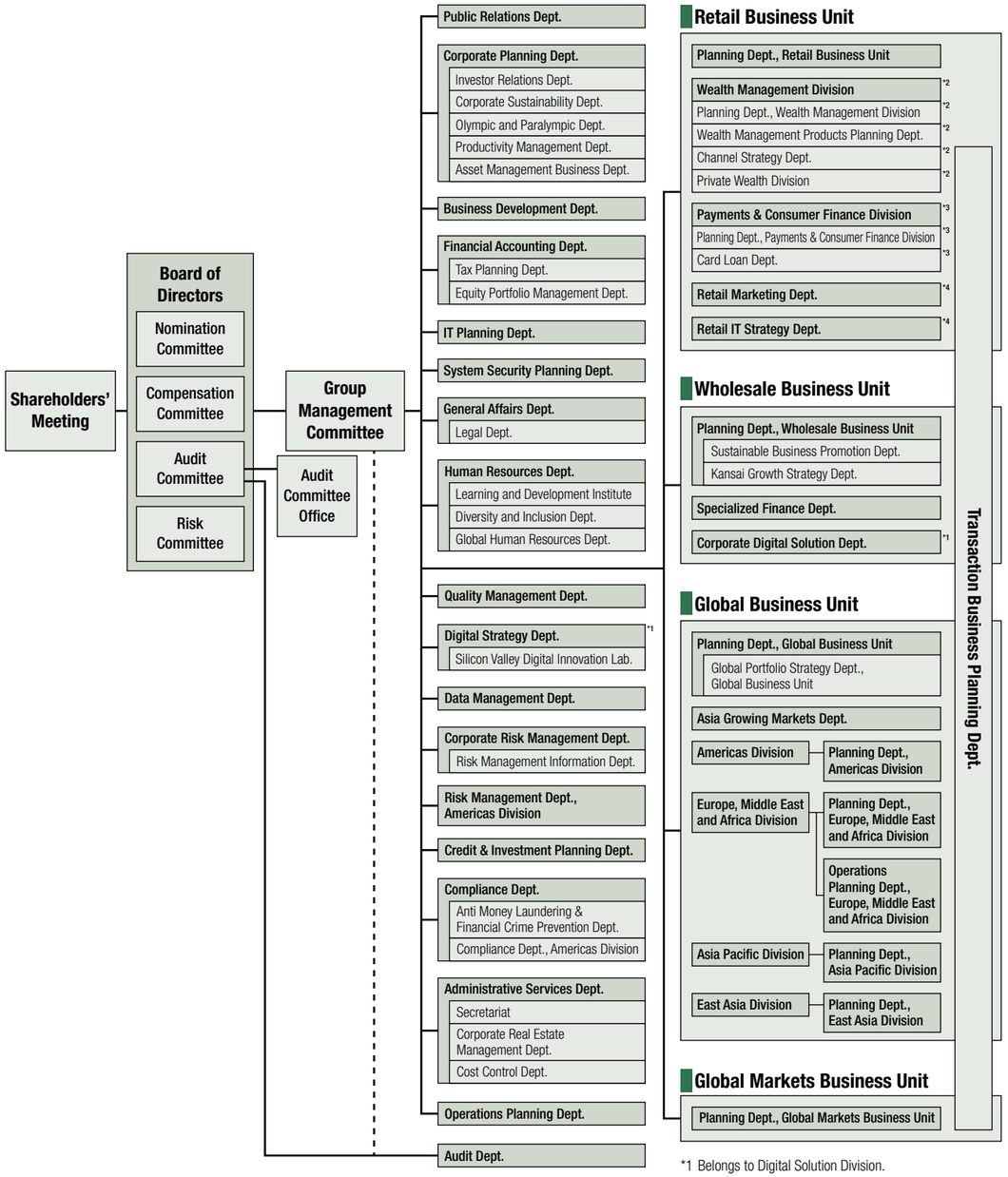
Co-Head of Wholesale Business Unit
Muneo Kanamaru

Co-Head of Global Business Unit
Ryuji Nishisaki

Co-Head of Global Business Unit
Akihiro Fukutome

Head of Global Markets Business Unit
Masamichi Koike

Sumitomo Mitsui Financial Group Organization (as of June 30, 2021)



*1 Belongs to Digital Solution Division.
*2 Belongs to Wealth Management Business Division.
*3 Belongs to Payments & Consumer Finance Division.
*4 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, 2021)

BOARD OF DIRECTORS

Chairman of the Board

Koichi Miyata

President and Chief Executive Officer (Representative Director)

Makoto Takashima*

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.

Keiji Kakumoto*
Located at Osaka

Director and Senior Managing Executive Officers

Toru Nakashima*
Public Relations Dept., Corporate Planning Dept.,
Business Development Dept., Financial Accounting Dept.,
Digital Strategy Dept.

Tetsuro Imaeda*
Compliance Dept.

Shoji Masuda*
IT Planning Dept., System Security Planning Dept.,
Data Management Dept., Operations Planning Dept.,
Inter-Market Settlement Dept.

Teiko Kudo*
Corporate Risk Management Dept., Risk Management Depts.,
Americas Division, Europe, Middle East and Africa Division and Asia,
Credit & Investment Planning Dept., Credit Depts.,
Americas Division, Europe, Middle East and Africa Division and Asia Pacific
Division, Global Credit Dept.

Directors

Paul Yonamine (1)
Isao Teshirogi (1)

* These Directors are appointed as Executive Officers also.

(1) Mr. Yonamine and Mr. Teshirogi satisfy the requirements for an "outside director" under the Companies Act.

DIRECTORS, MEMBERS OF THE AUDIT AND SUPERVISORY COMMITTEE

Toshiaki Nakai
Shuji Yabe
Hiroshi Takahashi (2)
Sonosuke Kadonaga (2)
Masaaki Oka (2)
Michiko Kuboyama (2)
Atsuhiko Inoue

(2) Mr. Takahashi, Mr. Kadonaga, Mr. Oka and Ms. Kuboyama satisfy the requirements for an "outside director" under the Companies Act.

DEPUTY CHAIRMEN

Manabu Narita
Gotaro Michihiro

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Katsunori Tanizaki
Digital Solution Division
Digital Strategy Dept.

Ryuji Nishisaki
Co-Head of Global Banking Unit
(Head office departments (Global Banking Unit), The Asia Pacific Division, East Asia Division)

Iwao Kawaharada
Private Advisory Division, Transaction Business Division

Toru Sawada
Credit & Investment Planning Dept.
Deputy Head of Wholesale Banking Unit
(Corporate Credit Dept., Credit Administration Dept., Trust Services Dept.)
Corporate Research Dept.

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

Managing Executive Officers

Nobuyuki Kawabata
Deputy Head of Global Banking Unit
Business Development Dept.

CHOW Ying Hoong
Co-Head of The Asia Pacific Division

Takaki Ono
Deputy Head of Wholesale Banking Unit
Head of Corporate Banking Division

Kotaro Hagiwara
Deputy Head of Global Corporate Banking Division
Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.)
Head of Nagoya Middle Market Banking Division

Yoshihiro Hyakutome
Head of The Americas Division and President of SMBC Americas Holdings, Inc.

Akira Ueda
Deputy Head of Global Corporate Banking Division
Tokyo Corporate Banking Division
(Tokyo Corporate Banking Depts. II, VIII and IX)

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

Takeshi Mikami
Internal Audit Dept., Credit Review Dept.

Masatsugu Kojima
Deputy Head of Wholesale Banking Unit

Airo Shibuya
Head of Digital Solution Division

Ryoichi Tanaka
Deputy Head of Corporate Advisory Division

Yoshiaki Kageyama
Co-Head of The Asia Pacific Division

Keiichiro Nakamura
Head of Europe, Middle East and Africa Division and CEO of SMBC Bank International plc

Yuichi Nishimura
Deputy Head of The Americas Division

Fumihiko Ito
Public Relations Dept., Corporate Planning Dept.,
Business Development Dept., Financial Accounting Dept.
Deputy Head of Wholesale Banking Unit (Sustainable Business Promotion Dept., Planning Dept., Wholesale Banking Unit)

Katsufumi Uchida
Deputy Head of Europe, Middle East and Africa Division and Deputy Head of Financial Solutions Division

Hirofumi Otsuka
General Manager, Planning Dept., Global Banking Unit

Takashi Kobayashi
General Manager, Human Resources Dept.

Rajeev Veeravalli Kannan
Deputy Head of The Asia Pacific Division and General Manager, Corporate Banking Dept., Asia Pacific Division

Takayuki Inoue
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.

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

Shuji Yoshioka
Deputy Head of Global Banking Unit, Deputy Head of Wholesale Banking Unit

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)

Executive Officers

Stanislas Roger
Deputy Head of Europe, Middle East and Africa Division

Antony Yates
President of SMBC Nikko Capital Markets Limited

Nobuaki Nakamura
General Manager, Planning Dept., Treasury Unit

Alan Krouk
Deputy Head of Global Banking Unit

Hiroyuki Kaneko
Deputy Head of Retail Banking Unit

Yoshiyuki Gono
General Manager, Corporate Risk Management Dept.

Akihiro Yasuda
Head of Higashinihon Daisan Middle Market Banking Division

James Fenner
General Manager, Specialised Products Dept., Europe, Middle East and Africa Division

Noriyuki Watanabe
Deputy Head of Wholesale Banking Unit (Credit Dept., Wholesale Banking Unit), Deputy Head of Retail Banking Unit (Retail Credit Dept.)

Akio Isowa
Head of Transaction Business Division

Akihiro Ueda
Deputy Head of Retail Banking Unit

Nobuo Ozawa
Deputy Head of Corporate Advisory Division

Katsuya Fujita
General Manager, Global Markets Solution Dept.

Hitoshi Miyake
General Manager, Sydney Branch

Natsuhiro Samejima
General Manager, Planning Dept., Americas Division

Hideki Niiyama
Head of Higashinihon Daigo Middle Market Banking Division

Kazuhiro Fukuda
General Manager, Hong Kong Branch

Yukihiro Mabuchi
General Manager, Planning Dept., Wholesale Banking Unit

Richard John Miles
General Manager, Corporate Banking Dept. -II, Europe, Middle East and Africa Division

Yuichi Hirano
Head of Kobe Middle Market Banking Division

Takashi Kakiuchi
President of Sumitomo Mitsui Banking Corporation (China) Limited

Hideomi Shigematsu
Country Head of Thailand and General Manager, Bangkok Branch

Terumasa Takahashi
Deputy Head of Retail Banking Unit

Tatsuya Okumura
General Manager, Administrative Services Dept.

Yasuhiro Shirai
General Manager, Osaka Corporate Banking Dept. I

Hideki Takamatsu
General Manager, IT Planning Dept.

Hideki Tahara
General Manager, Public Relations Dept.

Daisuke Nakamura
Head of Higashinihon Daiichi Middle Market Banking Division

Akio Uemura
General Manager, Planning Dept., Retail Banking Unit

Kenji Kawabata
General Manager, Credit & Investment Planning Dept.

Hideo Kawafune
General Manager, Strategic Planning Dept., Europe, Middle East and Africa Division

Akihiro Kawara
SMBC Capital Markets, Inc.

Carl Adams
Deputy Head of The Americas Division

Toshihiro Michioka
Head of Kyoto Hokuriku Middle Market Banking Division

Eiichi Takasaki
General Manager, Specialized Finance Dept.

Daiji Nakata
Deputy Head of Retail Banking Unit

Tomomi Izawa
General Manager, Marunouchi Corporate Business Office

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
General Manager, Akasaka Corporate Business Office

Toshihiko Kato
SMBC Nikko Securities Inc.

Mikiko Hyodo
Deputy Head of Retail Banking Unit

Kazuyuki Anchi
General Manager, Corporate Planning Dept.

Kazuya Ikeda
General Manager, Planning Dept., Asia Pacific Division

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, 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
Co-General Manager, Loan Capital Markets Dept., 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

SMBC Organization

(as of June 30, 2021)

- Shareholders' Meeting
- Board of Directors
  - Audit and Supervisory Committee
    - Audit and Supervisory Committee Office
  - Management Committee

Internal Audit Unit

- Internal Audit Dept.
- Credit Review Dept.

Corporate Staff Unit

- Public Relations Dept.
- Corporate Planning Dept.
  - Corporate Sustainability Dept.
  - Olympic and Paralympic Dept.
  - Productivity Management Dept.
  - Asset Management Business Dept.
- Business Development Dept.
- Financial Accounting Dept.
  - Tax Planning Dept.
  - Equity Portfolio Management Dept.
- IT Planning Dept.
- System Security Planning Dept.
- General Affairs Dept.
  - Legal Dept.
- Human Resources Dept.
  - Learning and Development Institute
  - Counseling Dept.
  - Diversity and Inclusion Dept.
  - Global Human Resources Dept.
- Human Resources Development Dept.
- Quality Management Dept.
  - Customer Relations Dept.
- Digital Solution Division *4
- Digital Strategy Dept. *4
- Data Management Dept.

Compliance Unit

- Compliance Dept.
  - Anti Money Laundering & Financial Crime Prevention Department
  - Compliance Dept., Americas Division
  - Compliance Dept., Europe, Middle East and Africa Division
  - Legal and Compliance Dept., Asia Pacific Division

Risk Management Unit

- Corporate Risk Management Dept.
  - Risk Management Information Dept.
- Risk Management Dept., Americas Division
- Risk Management Dept., Europe, Middle East and Africa Division
- Risk Management Dept., Asia
- Credit & Investment Planning Dept.
  - Credit Portfolio Management Dept.
- Credit Dept., Americas Division
  - Financial Products Credit Dept., Americas Division
- Credit Dept., Europe, Middle East and Africa Division
  - Asset Finance Credit Dept.
  - LBO Credit Dept., Europe, Middle East and Africa Division
- Credit Dept., Asia Pacific Division
- Global Credit Dept.
  - Environmental and Social Risk Analysis Dept.

Corporate Services Unit

- Administrative Services Dept.
  - Secretariat
  - Corporate Real Estate Management Dept.
- Operations Planning Dept.
- Inter-Market Settlement Dept.
- Public Institutions Operations Office
- Operations Service Branch
- Zaikei-office Sub-Branch
- Souzoku-office Sub-Branch
- Operations Service Office

Retail Banking Unit

- Planning Dept., Retail Banking Unit
  - Next W-ing Project Dept.
  - Retail Facilitating Financing Dept.
- Channel Strategy Dept.
- Loan Business Dept.
- Retail Business Control Dept.
  - Retail Financial Products Compliance Dept.
  - Retail Anti Money Laundering Dept.
- Business Promotion Dept., Retail Banking Unit
- Financial Consulting Dept., Retail Banking Unit
  - Area Support Dept.
- Life Shift Solution Dept.
- Retail Marketing Dept., Retail Banking Unit
  - Area Support Dept.
- Retail IT Strategy Dept.
- Card Loan Dept.
- Retail Credit Dept.

- Area Main Office
  - Branch
  - Private Banking Dept. *7
  - Area Private Banking Dept. *7
  - Securities Sales Dept.
  - Consumer Loan Promotion Office
  - Remote Marketing Dept.
  - Remote Transaction Marketing Dept.
  - Call Center
  - Consumer Finance Promotion Office
  - Global Transaction Office *6
  - E-Transaction Business Dept. *6
  - Area Credit Business Office

Wholesale Banking Unit

- Planning Dept., Wholesale Banking Unit
  - Middle Market Facilitating Financing Dept.
  - Global Corporate Banking Dept.
  - Wholesale Business Control Dept.
  - Sustainable Business Promotion Dept.
  - Small and Medium Enterprises Planning Dept.
- Specialized Finance Dept.
- Strategic Corporate Business Dept.
  - Group Solution Promotion Dept.
  - Kansai Growth Strategy Dept.
- Public & Financial Institutions Banking Dept., Wholesale Banking Unit
- Corporate Credit Dept.
  - Structured Finance Credit Dept.
- Credit Dept., Wholesale Banking Unit
- Credit Administration Dept.
- Growth Business Development Dept.
- M&A Advisory Services Dept.
- Corporate Digital Solution Dept. *4

*1 *5 *2 *3

- Small and Medium Enterprises Banking Division
  - Area Corporate Office
  - Area Corporate Credit Business Office
- Corporate Banking Division
  - Middle Market Banking Division
    - Corporate Business Office
    - Strategic Finance Promotion Office
    - Credit Business Office
    - Real Estate Corporate Business Office
    - Real Estate Finance Corporate Business Office
    - Public Institutions Business Office
    - Global Transaction Office *6
    - E-Transaction Business Dept. *6
    - Private Banking Dept. *7
    - Area Private Banking Dept. *7
  - Corporate Banking Dept.
- Global Corporate Banking Division
  - Tokyo Corporate Banking Division
  - Osaka Corporate Banking Division
  - Nagoya Corporate Banking Division

Global Banking Unit

- Planning Dept., East Asia Division
  - East Asia Division
    - Branches / Representative Offices in East Asia
- Planning Dept., Global Banking Unit
  - Global IT & Business Administration Planning Dept.
  - Aviation & Maritime Strategy Dept.
  - Global Portfolio Strategy Dept.
  - Global IB Coordination Dept., Global Banking Unit
- Planning Dept., Americas Division
  - Information Control Dept., Americas Division
- Planning Dept., Europe, Middle East and Africa Division
- Operations Planning Dept., Europe, Middle East and Africa Division
  - IT & Security Planning Dept., Europe, Middle East and Africa Division
- Planning Dept., Asia Pacific Division
  - Learning and Development Dept., Asia
  - Asia Innovation Centre
- Corporate Solutions Dept., Asia
- Asia Growing Markets Dept.

- Americas Division
  - Global FIG Dept.
  - Global Client Business Dept.
  - Global Trade Finance Dept.
    - Global Supply Chain Finance Dept.
  - Transportation Dept.
  - Departments of Americas Division
- Europe, Middle East and Africa Division
  - Departments of Europe, Middle East and Africa Division
- Asia Pacific Division
  - Branches / Representative Offices in Asia Pacific Division
  - Global Transaction Office *6
  - E-Transaction Business Dept. *6

Treasury Unit

- Planning Dept., Treasury Unit
- Treasury Dept.
- Global Investment Dept.
- Portfolio Investment Dept.
- Trading Dept.
- Global Markets Marketing Dept.
- Global Markets Solution Dept.
  - eFX Business Promotion Dept.
- Treasury Dept., Asia Pacific Division
- Treasury Dept., East Asia Division

*1
- Corporate Advisory Division
- Advisory Dept. I
- Advisory Dept. II
- Advisory Dept. III
- Capital Market Dept.
- Corporate Research Dept.

*2
- Private Advisory Division
- Private Advisory Business Dept.
- Inheritance Advisory Business Dept.
- Corporate Employees Solution Dept.
  - Defined Contribution Dept.

*3
- Transaction Business Division
- Transaction Business Planning Dept.
- Transaction Products Development Dept.
- Transaction Banking Dept.
- Global Advisory Dept.
- Global Business Promotion Dept.

*5
- Financial Solutions Division
- Structured Finance Dept.
- Strategic Corporate Banking Dept.
- Debt Finance Dept.
  - Investment Banking Services Dept.
- Real Estate Finance Dept.
- Merchant Banking Dept.
- Distribution Dept.
- Asset Finance Dept.
- Trust Services Dept.
  - Trust Business Operations Dept.

*4 Belongs to Digital Solution Division.
*6 Belongs to Retail Banking Unit, Wholesale Banking Unit, and Global Banking Unit.
*7 Belongs to both Retail Banking Unit and Wholesale Banking Unit.

Principal Subsidiaries and Affiliates (as of March 31, 2021)

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)	0 (99.99)	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 (51)	51	Nov. 2, 2015	Settlement agent
SMBC Venture Capital Co., Ltd.	500	0 (40)	0 (40)	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	77.10	—	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 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 (93.52)	93.52	Feb. 5, 1958	Commercial banking
SMBC Americas Holdings, Inc.	U.S.A.	US$2,100	0 (100)	100	Aug. 8, 1990	Management of the US BHC and US BHC subsidiaries
Manufacturers Bank	U.S.A.	US$80.786 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	€1,100 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$388	0 (100)	0 (80)	Aug. 8, 1990	Securities, investments
SMBC Nikko Capital Markets Limited	U.K.	US$1,139 million	0 (100)	85	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
SMBC Cayman LC Limited*	Cayman Islands	US$500	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.	£152 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, services related to leasing and used lease properties
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 Capital Partners LLC	U.S.A.	US$10,000	0 (100)	0 (100)	Dec. 18, 2003	Holding and trading securities
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

* 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.

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
The Japan Net Bank, Limited*	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	VND12,526,947 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	HKD41,557 million	0 (19.70)	19.70	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	26.8 (58.5)	—	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
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

International Directory (as of June 30, 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
Level #5 Strand Square, No.53 Strand Road, Pabedan Township, Yangon, Myanmar
Tel: 95 (1) 2307380

Yangon Branch Thilawa Front Office
Room No. 103, Administration Building, Corner of Thilawa Development Road and Dagon - Thilawa Road, Thilawa SEZ, Thanlyin Township, Yangon, Myanmar
Tel: 95 (1) 2309100

Labuan Branch
Level 12 (B&C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, Federal Territory, Malaysia
Tel: 60 (87) 410955

Labuan Branch Kuala Lumpur Office
Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60 (3) 2176-1700

Ulaanbaatar Representative Office
Unit 1011, 10F, Central Tower, 2 Chinggis Square, 8th Khoroo, Sukhbaatar District, Ulaanbaatar, 14200, Mongolia
Tel: 976-7011-8950

Phnom Penh Representative Office
Exchange Square (7th Floor) Unit 701, No.19 and 20, Street 106, Sangkat Wat Phnom, Village 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
Tel: 855 (23) 964-080

SMBC Principal Subsidiaries/ Affiliates SMFG Network

Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)
11F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 3860-9000

Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
12F, International Finance Place, No.8 Huaxia Road, Tianhe District, Guangzhou 510623, The People's Republic of China
Tel: 86 (20) 3819-1888

Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
5F, Offices At Kerry Centre, 385 Yan An Road, Xia Cheng District, Hangzhou, Zhejiang Province, The People's Republic of China
Tel: 86 (571) 2889-1111

Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch
Unit1&15-18, 20/F, Tower 1, Chongqing IFS, No.1 Qingyun Road, Jiangbei District, Chongqing, The People's Republic of China
Tel: 86 (23) 8812-5300

Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch
23/F, Tower Two, Kerry Plaza, 1 Zhongxinsi Road, Futian District, Shenzhen 518048, The People's Republic of China
Tel: 86 (755) 2383-0980

Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
1606, 1 Building, Forum 66, No.1 Qingnian Street, Shenhe District, Shenyang, Liaoning Province, The People's Republic of China
Tel: 86 (24) 3128-7000

Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
12F, SND International Commerce Tower, No.28 Shishan Road, Suzhou New District, Suzhou, Jiangsu 215011, The People's Republic of China
Tel: 86 (512) 6606-6500

Sumitomo Mitsui Banking Corporation (China) Limited Dalian Branch
Senmao Building 4F-A, 147 Zhongshan Road, Xigang District, Dalian, The People's Republic of China
Tel: 86 (411) 3905-8500

Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
12F, The Exchange Tower 2, 189 Nanjing Road, Heping District, Tianjin 300051, The People's Republic of China
Tel: 86 (22) 2330-6677

Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
Unit1601,16F, North Tower, Beijing Kerry Centre, No.1, Guang Hua Road, Chao Yang District, Beijing 100020, The People's Republic of China
Tel: 86 (10) 5920-4500

Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
Room 2001-2005, Taiwan Business Association International Plaza, No. 399 Qianjin East Road, Kunshan, Jiangsu 215300, The People's Republic of China
Tel: 86 (512) 3687-0588

Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
Room 15T21, 15F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 2067-0200

Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch
1, 12, 13, 12F, Maxdo Center, 8 Xingyi Road, Changning District, Shanghai, The People's Republic of China
Tel: 86 (21) 2219-8000

Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch
8F, Science Innovation Building (Kechuang Building) No.33 Dongnan Road, Changshu New & Hi-tech Industrial Development Zone of Jiangsu Changshu 215500, The People's Republic of China
Tel: 86 (512) 5235-5553

Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
16F, International Building, No.2, Suzhou Avenue West, Suzhou Industrial Park, Jiangsu 215021, The People's Republic of China
Tel: 86 (512) 6288-5018

PT Bank BTPN Tbk
Menara BTPN, 29th Floor, CBD Mega Kuningan, Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950, Indonesia
Tel: 62 (21) 300-26200

PT Bank BTPN Syariah Tbk
Menara BTPN, 12th Floor, CBD Mega Kuningan Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950, Indonesia
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Sumitomo Mitsui Banking Corporation Malaysia Berhad
Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
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SMBC Capital Markets (Asia) Limited
7th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852-2532-8500

SMBC Nikko Securities (Hong Kong) Limited (Sydney Office)
Level 35, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia
Tel: 61 (2) 9376-1895

The Bank of East Asia, Limited
10 Des Voeux Road, Central, Hong Kong
Tel: 852-3608-3608

Vietnam Export Import Commercial Joint Stock Bank
8th Floor, Vincom Center Building, 72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Tel: 84 (28) 3821-0056

PT Oto Multiartha
Summitmas II, 18th floor, Jl. Jend. Sudirman Kav. 61-62, Jakarta 12190, Indonesia
Tel: 62 (21) 522-6410

PT Summit Oto Finance
Summitmas II, 8th floor, Jl. Jend. Sudirman Kav. 61-62, Jakarta 12190, Indonesia
Tel: 62 (21) 252-2788

ACLEDA Bank Plc.
#61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
Tel: 855 (23) 998-777

The Japan Research Institute (Shanghai) Solution Co., Ltd.
Unit 17T40, 17F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120 The People's Republic of China
Tel: 86 (21) 6841-2788

Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.
152 Beach Road, #05-06/08 Gateway East, Singapore 189721
Tel: 65-6224-2955

Sumitomo Mitsui Finance and Leasing (Hong Kong) Ltd.
Unit 4206-8, 42/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Tel: 852-2523-4155

SMFL Leasing (Thailand) Co., Ltd.
30th Floor, Q. House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Tel: 66-2-677-7400

Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.
Unit 2302, TaiKoo Hui Tower 1, 385 Tianhe Road, Tianhe District, Guangzhou, China
Tel: 86-20-8755-0021

Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.
10th Floor, Pingan Riverfront Financial Center, 757 Mengzi Road, Huangpu District, Shanghai, China
Tel: 86-21-5396-5522

Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd.
Room 723, 7/F, No. 6 Ji Long Rd, China (Shanghai) Pilot Free Trade Zone, Shanghai 200131, China
Tel: 86-21-5065-6052

Sumitomo Mitsui Finance and Leasing (China) Co., Ltd. Beijing Branch
Unit 3001-3007, 30F, North Tower, Beijing Kerry Centre, 1 Guanghua Road, Chaoyang District, Beijing, China
Tel: 86-10-8529-7887

Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd. Chengdu Branch
Room 2002, YanLord Landmark, No.1, Section 2, Renmin South Road, Chengdu, China
Tel: 86-28-8691-7181

SMFL Leasing (Malaysia) Sdn. Bhd.
Suite 16D, Level 16, Vista Tower, The Intermark No. 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60-3-2710-0170

PT. SMFL Leasing Indonesia
Menara BTPN, 31st Floor, Jl. Dr. Ide Anak Agung Gde Agung, Kav. 5.5 - 5.6, Mega Kuningan, Jakarta Selatan 12950, Indonesia
Tel: 62-21-8062-8710

Sumitomo Mitsui Auto Leasing & Service (Thailand) Co., Ltd.
161 Nantawan Building, 17th Floor, Rajdamri Road, Lumpinee, Pathumwan, Bangkok 10330, Thailand
Tel: 66-2252-9511

Summit Auto Lease Australia Pty Ltd.
Unit 7, 38-46 South Street Rydalmere, NSW 2116 Australia
Tel: 61 (2) 9638-7833

SMAS Auto Leasing India Private Limited
Office No. 406, 4th Floor, Worldmark-2, Asset area No.8, Aerocity Hospitality District, New Delhi-110037, India
Tel: 91 (11) 4828-8300

PROMISE (HONG KONG) CO., LTD.
14th Floor, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852 (3199) 1000

Liang Jing Co., Ltd.
8FI, No.6, Sec 3, Min Chuan E. Rd., Taipei, Taiwan 10477, R.O.C.
Tel: 886 (2) 2515-1598

PROMISE (THAILAND) CO., LTD.
12th, 15th, 22nd Floor, Capital Tower, All Seasons Place, 87/1 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand
Tel: 66 (2) 655-8574

PROMISE (SHENZHEN) CO., LTD.
1001, 10/F, Tower A, Kingkey 100 Building, No. 5016 Shennan East Road, Luohu District, Shenzhen 518000, The People's Republic of China
Tel: 86 (755) 2396-6200

PROMISE (SHENYANG) CO., LTD.
5F, No.1 Yuebin Street, Shenhe District, Shenyang, Liaoning Province 110013, The People's Republic of China
Tel: 86 (24) 2250-6200

Promise Consulting Service (Shenzhen) Co., Ltd.
1003, 10/F, Tower A, Kingkey 100 Building, No. 5016 Shennan East Road, Luohu District, Shenzhen 518000, The People's Republic of China
Tel: 86 (755) 3698-5100

PROMISE (TIANJIN) CO., LTD.
Room H-I-K 17th Floor, TEDA Building No. 256, Jie-Fang Nan Road, Hexi District, Tianjin 300042, The People's Republic of China
Tel: 86 (22) 5877-8700

PROMISE (CHONGQING) CO., LTD.
38F, Xinhua International Mansion, No.27, Minquan Road, Yuzhong District, Chongqing, 400010, The People's Republic of China
Tel: 86 (23) 6037-5200

PROMISE (CHENGDU) CO., LTD.
Level 18, Minyoun Financial Plaza, No.35 Zidong Section Dongda Street, Jinjiang District, Chengdu, 610061, The People's Republic of China
Tel: 86 (28) 6528-5000

PROMISE (WUHAN) CO., LTD.
14F, Block A, Pingan International Financial Building, 216 Gongzheng Road, Wuchang, Wuhan, Hubei, 430000, The People's Republic of China
Tel: 86 (27) 8711-6300

PROMISE (SHANGHAI) CO., LTD.
Room 03-10, Floor 14, China Insurance Building No.166, East Lujiazui Road, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 2066-6262

PROMISE ASSET MANAGEMENT (TAIWAN) CO., LTD.
8F No.6, Sec 3, Min Chuan E. Rd., Taipei, Taiwan 10477, R.O.C.
Tel: 886 (2) 2515-6369

SMCC Consulting (Shanghai) Co., Ltd.
Room 5135, 51F Raffles City Centre, 268 Xi Zang Middle Road, Huang Pu District, Shanghai 200001, The People's Republic of China
Tel: 86 (21) 2312-7632

Sumitomo Mitsui DS Asset Management Company, Limited Shanghai Representative Office
Suite1002, 10F, CITIC Square, 1168 Nanjing Road West, Shanghai 200041, The People's Republic of China
Tel: 86 (21) 5292-5960

Sumitomo Mitsui DS Asset Management (Hong Kong) Limited
6/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Tel: 852-2521-8883

Sumitomo Mitsui DS Asset Management (Singapore) Pte. Ltd.
7 Straits View, #16-04 Marina One East Tower, Singapore 018936
Tel: 65-6297-6811

The Americas

SMBC Branches and Representative Offices

New York Branch
277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-4000

Canada Branch
Toronto Dominion Centre,
222 Bay Street, Suite 1400, P.O. Box 172,
Toronto, Ontario M5K 1H6, Canada
Tel: 1 (416) 368-4766

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25 Main Street, George Town,
P.O. BOX 694, Grand Cayman,
Cayman Islands

Los Angeles Branch
601 South Figueroa Street,
Suite 1800, Los Angeles,
CA 90017, U.S.A.
Tel: 1 (213) 452-7800

San Francisco Branch
555 California Street, Suite 3350,
San Francisco, CA 94104, U.S.A.
Tel: 1 (415) 616-3000

Chicago Representative Office
300 S. Riverside Plaza, Suite 1970,
Chicago, IL 60606, U.S.A.
Tel: 1 (312) 796-3668

Dallas Representative Office
14241 Dallas Parkway, Suite 660,
Dallas,TX 75254, U.S.A.
Tel: 1 (972) 942-7000

Houston Representative Office
Two Allen Center, 1200 Smith Street,
Suite 1140, Houston, TX 77002, U.S.A.
Tel: 1 (713) 277-3500

Silicon Valley Representative Office
101 Jefferson Drive, Menlo Park,
CA 94025, U.S.A.
Tel: 1 (650) 460-1669

White Plains Representative Office
1 North Lexington Avenue, 6F, 9F, 10F,
White Plains, NY,10601, U.S.A.
Tel: 1 (212) 224-7240

Mexico City Representative Office
Torre Virreyes-Pedregal 24, Piso 5, Int
502-A, Col. Molino del Rey,
Ciudad de Mexico, Mexico, 11040
Tel: 52 (55) 2623-0200

Leon Representative Office
Plaza de la Paz #102. int.901
Puerto Interior, Silao, Guanajuato,
CP36275, Mexico
Tel: 52 (472) 500-0177

Bogota Representative Office
Carrera 11 #79-52, Oficina 1002,
Bogotá DC, Colombia
Tel: 57 (1) 619-7200

Lima Representative Office
Avenida Canaval y Moreyra 380,
Oficina 702, San Isidro, Lima 27, Peru
Tel: 51 (1) 200-3600

Santiago Representative Office
Isidora Goyenechea 3000,
Suite 2102, Las Condes,
Santiago, Chile
Tel: 56 (2) 2896-8440

SMBC Principal Subsidiaries/ Affiliates SMFG Network

Manufacturers Bank
515 South Figueroa Street,
Los Angeles, CA 90071, U.S.A.
Tel: 1 (213) 489-6200

Banco Sumitomo Mitsui Brasileiro S.A.
Avenida Paulista, 37-11 e 12 andar
Sao Paulo-SP-CEP 01311-902, Brazil
Tel: 55 (11) 3178-8000

SMBC Capital Markets, Inc.
277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5100

SMBC Leasing and Finance, Inc.
277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5200

SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.
Torre Virreyes-Pedregal 24, Piso 5, Int
502-A, Col. Molino del Rey,
Ciudad de Mexico, Mexico, 11040
Tel: 52 (55) 2623-1373

SMBC Nikko Securities America, Inc.
277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5300

JRI America, Inc.
277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-4200

Sumitomo Mitsui Finance and Leasing Company, Limited New York Branch
666 Third Avenue,
New York, NY 10017, U.S.A.
Tel: 1 (212) 224-5201

Sumitomo Mitsui DS Asset Management (New York) Inc.
300 Park Avenue, 16th Floor,
New York, NY 10022, U.S.A.
Tel: 1 (212) 418-3030

SMBC Americas Holdings, Inc.
251 Little Falls Drive, Wilmington,
New Castle, DE 19808, U.S.A.
Tel: 1 (212) 224-4000

Europe, Middle East and Africa

SMBC Branches and Representative Offices

London Branch
99 Queen Victoria Street,
London EC4V 4EH, U.K.
Tel: 44 (20) 7786-1000

Düsseldorf Branch
Prinzenallee 7, 40549 Düsseldorf,
Germany
Tel: 49 (211) 36190

Brussels Branch
Neo Building, Rue Montoyer 51, Box 6,
1000 Brussels, Belgium
Tel: 32 (2) 551-5000

DIFC Branch-Dubai
Building One, 5th Floor, Gate
Precinct, Dubai International
Financial Centre, PO Box 506559
Dubai, United Arab Emirates
Tel: 971 (4) 428-8000

Abu Dhabi Representative Office
Office No.801, Makeen Tower,
Al Zahiyah, Abu Dhabi,
United Arab Emirates
Tel: 971 (2) 495-4000

Istanbul Representative Office
Metrocity Is Merkezi, Kirgulu Sokak No:4
Kat:7/A D Blok, Esentepe Mahallesi, Sisli
34394, Istanbul, Republic of Turkey
Tel: 90 (212) 371-5900

Doha QFC Office
Office 1901, 19th Floor,
Qatar Financial Centre Tower,
Diplomatic Area-West bay, Doha,
Qatar, P.O.Box 23769
Tel: 974-(4036)-6701

Bahrain Representative Office
No.406 & 407 (Entrance 3,
4th Floor) Manama Centre,
Government Road, Manama,
State of Bahrain
Tel: 973-17223211

Johannesburg Representative Office
Building Four, First Floor,
Commerce Square,
39 Rivonia Road, Sandhurst,
Sandton 2196, South Africa
Tel: 27 (11) 219-5300

Cairo Representative Office
23rd Floor, Nile City Towers,
North Tower, 2005C, Cornish El Nile,
Ramlet Boulak, Cairo, Egypt
Tel: 20 (2) 2461-9566

Tehran Representative Office
First Floor, No. 17,
Haghani Expressway (north side),
Between Modarres & Africa,
Tehran 1518858117, Iran
Tel: 98 (21) 8888-4301/4302

SMBC Principal Subsidiaries/ Affiliates SMFG Network

SMBC Bank International plc
99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44 (20) 7786-1000

SMBC Bank International plc Paris Branch
1/3/5 rue Paul Cézanne, 75008,
Paris, France
Tel: 33 (1) 44 (90) 48-00

SMBC Bank EU AG
Main Tower, Neue Mainzer Str. 52-58,
60311 Frankfurt am Main, Germany
Tel: 49 (69) 222298200

SMBC Bank EU AG Amsterdam Branch
World Trade Center Amsterdam,
Tower H, Level 15 Zuidplein 130,
1077XV, Amsterdam, The Netherlands
Tel: 31 (20) 718-3888

SMBC Bank EU AG Dublin Branch
IFSC House, IFSC, Dublin 1, Ireland
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SMBC Bank EU AG Düsseldorf Branch
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Germany
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SMBC Bank EU AG Paris Branch
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Tel: 33- (1) 44- (90) 48-00

SMBC Bank EU AG Prague Branch
International Business Centre, Pobrezni
3 186 00 Prague 8, Czech Republic
Tel: 420 (295) 565-800

SMBC Bank EU AG Madrid Branch
Calle Pedro Teixeira 8, Edificio Iberia
Mart I, planta 4a., 28020 Madrid, Spain
Tel: 34 (91) 312-7300

SMBC Bank EU AG Milan Branch
Via della Spiga 30/ Via Senato 25,
20121 Milan, Italy
Tel: 39 (02) 7636-1700

JSC Sumitomo Mitsui Rus Bank
Presnenskaya naberezhnaya,
house 10, block C, Moscow, 123112
Russian Federation
Tel: 7 (495) 287-8200

SMBC Nikko Capital Markets Limited
One New Change, London
EC4M 9AF, U.K.
Tel: 44 (20) 3527-7000

SMBC Nikko capital Markets Limited ADGM Branch
2445, 24th Floor, Al Sila Tower,
Abu Dhabi Global Market Square,
Al Maryah Island, Abu Dhabi,
United Arab Emirates

SMBC Derivative Products Limited
One New Change, London
EC4M 9AF, U.K.
Tel: 44 (20) 3527-7000

Sumitomo Mitsui Finance Dublin Limited
La Touche House, I.F.S.C.,
Custom House Docks, Dublin 1,
Ireland
Tel: 353 (1) 670-0066

JRI Europe, Limited
99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44-(0)20-7507-6400

Sumitomo Mitsui DS Asset Management (UK) Limited
5 King William Street, London
EC4N 7DA, United Kingdom
Tel: 44 (0) 20-7507-6400

SMBC Aviation Capital Limited
IFSC House, IFSC, Dublin 1, Ireland
Tel: 353 (1) 859-9000

SMBC Advisory Services Saudi Arabia LLC
7th Floor Al Faisaliah Tower,
P.O.Box 3333, Riyadh 12212,
Kingdom of Saudi Arabia
Tel: 966-11-417-5701

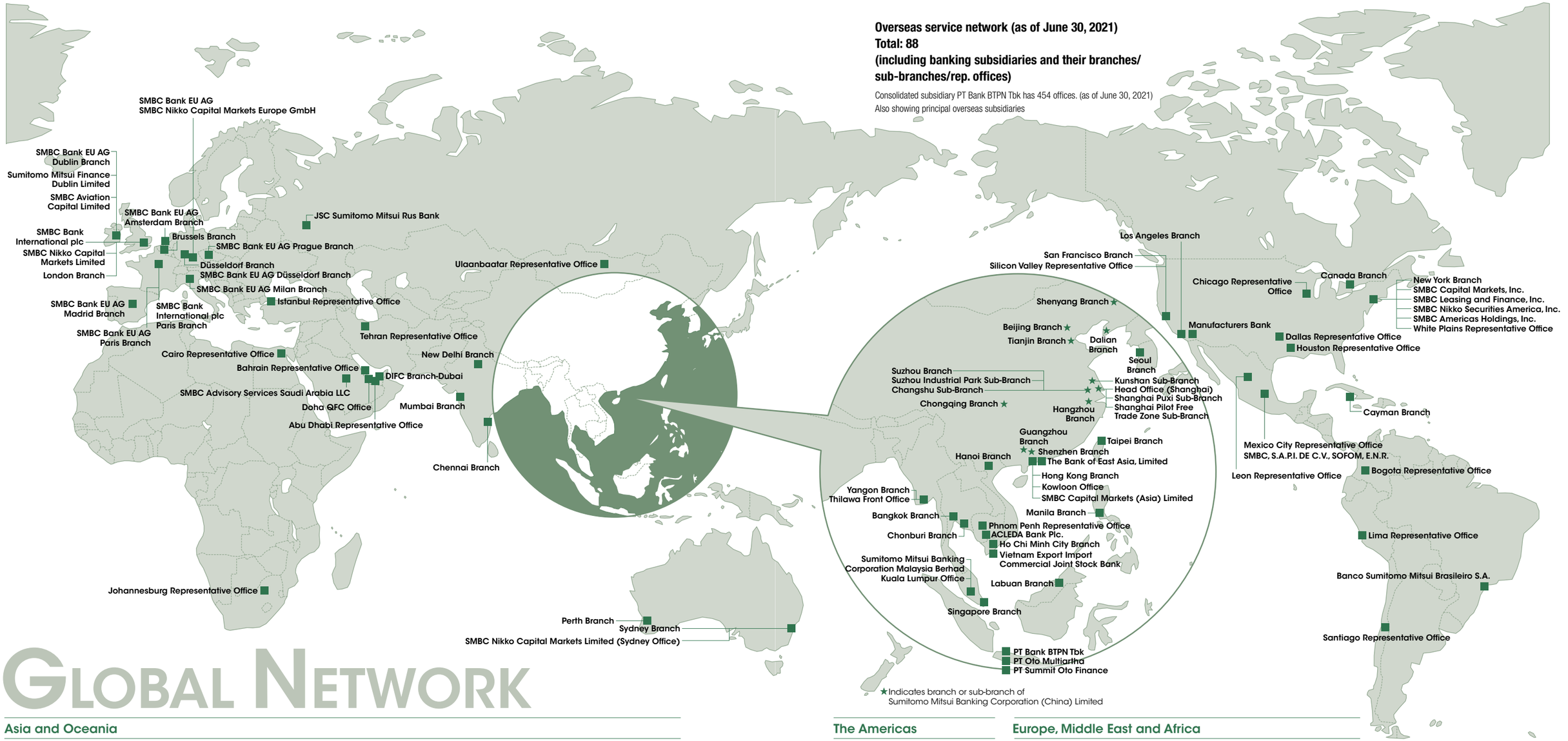
SMBC Nikko Capital Markets Europe GmbH
Neue Mainzer Str. 52-58, 60311
Frankfurt am Main, Germany
Tel: 49 (69) 2222-9-8500

SMBC Nikko capital Markets Europe GmbH Paris Branch
1/3/5 rue Paul Cézanne - 75008,
Paris, France
Tel: 33 (0) 1 44 (90) 49-00

Global Network

Overseas service network (as of June 30, 2021)
Total: 88
(including banking subsidiaries and their branches/ sub-branches/rep. offices)

Consolidated subsidiary PT Bank BTPN Tbk has 454 offices. (as of June 30, 2021)
Also showing principal overseas subsidiaries



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
- 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
- London Branch
- Düsseldorf 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
- SMBC Nikko Capital Markets Europe GmbH
- Sumitomo Mitsui Finance Dublin Limited
- SMBC Aviation Capital Limited
- SMBC Advisory Services Saudi Arabia LLC

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Financial Highlights

Sumitomo Mitsui Financial Group (Consolidated)

Year ended March 31	Millions of yen				
	2021	2020	2019	2018	2017
For the Year:					
Ordinary income	¥ 3,902,307	¥ 4,591,873	¥ 4,804,428	¥ 4,777,018	¥ 4,300,496
Ordinary profit	711,018	932,064	1,135,300	1,164,113	1,005,855
Profit attributable to owners of parent	512,812	703,883	726,681	734,368	706,519
Comprehensive income	1,465,014	372,971	795,191	984,133	966,057
At Year-End:					
Total net assets	¥ 11,899,046	¥ 10,784,903	¥ 11,451,611	¥ 11,612,892	¥ 11,234,286
Total assets	242,584,308	219,863,518	203,659,146	199,049,128	197,791,611
Total capital ratio (BIS guidelines)	18.61%	18.75%	20.76%	19.36%	16.93%
Tier 1 capital ratio (BIS guidelines)	16.96%	16.63%	18.19%	16.69%	14.07%
Common equity Tier 1 capital ratio (BIS guidelines)	16.00%	15.55%	16.37%	14.50%	12.17%
Number of employees	86,781	86,443	86,659	72,978	77,205

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 ¥832,749 million for fiscal year ended March 31, 2017, ¥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.

Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31	Millions of yen				Millions of U.S. dollars
	2020		2021		2021
Assets:					
Cash and due from banks	*8	¥ 61,768,573	*8	¥ 72,568,875	$ 655,486
Call loans and bills bought		896,739		2,553,463	23,064
Receivables under resale agreements		8,753,816		5,565,119	50,268
Receivables under securities borrowing transactions		5,005,103		5,827,448	52,637
Monetary claims bought		4,559,429		4,665,244	42,139
Trading assets	*8	7,361,253	*2, *8	6,609,195	59,698
Money held in trust		353		309	3
Securities	*1, *8, *16	27,128,751	*1, *2, *8, *16	36,549,043	330,133
Loans and bills discounted	*3, *4, *5, *6, *7, *8, *9	82,517,609	*3, *4, *5, *6, *7, *8, *9	85,132,738	768,971
Foreign exchanges	*7	2,063,284	*7	2,173,189	19,630
Lease receivables and investment assets		219,733		236,392	2,135
Other assets	*8	8,298,393	*8	8,590,785	77,597
Tangible fixed assets	*10, *11, *12	1,450,323	*10, *11, *12	1,458,991	13,178
Assets for rent		506,755		465,147	4,201
Buildings		341,505		370,531	3,347
Land		423,346		457,920	4,136
Lease assets		28,933		23,589	213
Construction in progress		46,138		17,394	157
Other tangible fixed assets		103,645		124,408	1,124
Intangible fixed assets		753,579		738,759	6,673
Software		440,407		475,360	4,294
Goodwill		194,289		147,508	1,332
Lease assets		986		769	7
Other intangible fixed assets		117,896		115,120	1,040
Net defined benefit asset		230,573		565,534	5,108
Deferred tax assets		26,314		29,840	270
Customers' liabilities for acceptances and guarantees		9,308,882		9,978,396	90,131
Reserve for possible loan losses		(479,197)		(659,017)	(5,953)
Total assets		¥219,863,518		¥242,584,308	$2,191,169

(Continued)

March 31		Millions of yen 2020		Millions of yen 2021	Millions of U.S. dollars 2021
Liabilities and net assets:					
Liabilities:					
Deposits	*8	¥127,042,217	*8	¥142,026,156	$1,282,867
Negotiable certificates of deposit		10,180,435		12,570,617	113,545
Call money and bills sold		3,740,539		1,368,515	12,361
Payables under repurchase agreements	*8	13,237,913	*8	15,921,103	143,809
Payables under securities lending transactions	*8	2,385,607	*8	2,421,353	21,871
Commercial paper		1,409,249		1,686,404	15,233
Trading liabilities		6,084,528		5,357,649	48,394
Borrowed money	*8, *13	15,210,894	*8, *13	17,679,690	159,694
Foreign exchanges		1,461,308		1,113,037	10,054
Short-term bonds		379,000		585,000	5,284
Bonds	*14	9,235,639	*14	9,043,031	81,682
Due to trust account	*8, *15	1,811,355	*8, *15	2,321,223	20,967
Other liabilities		7,011,967		7,741,638	69,927
Reserve for employee bonuses		73,868		89,522	809
Reserve for executive bonuses		3,362		4,408	40
Net defined benefit liability		35,777		35,334	319
Reserve for executive retirement benefits		1,270		1,081	10
Reserve for point service program		26,576		24,655	223
Reserve for reimbursement of deposits		4,687		9,982	90
Reserve for losses on interest repayment		142,890		140,758	1,271
Reserves under the special laws		3,145		3,902	35
Deferred tax liabilities		257,384		532,193	4,807
Deferred tax liabilities for land revaluation	*10	30,111	*10	29,603	267
Acceptances and guarantees	*8	9,308,882	*8	9,978,396	90,131
Total liabilities		209,078,615		230,685,262	2,083,689
Net assets:					
Capital stock		2,339,964		2,341,274	21,148
Capital surplus		692,003		693,205	6,261
Retained earnings		6,336,311		6,492,586	58,645
Treasury stock		(13,983)		(13,698)	(124)
Total stockholders' equity		9,354,296		9,513,367	85,931
Net unrealized gains (losses) on other securities		1,371,407		2,094,605	18,920
Net deferred gains (losses) on hedges		82,257		14,723	133
Land revaluation excess	*10	36,878	*10	36,251	327
Foreign currency translation adjustments		(32,839)		40,390	365
Accumulated remeasurements of defined benefit plans		(92,030)		127,080	1,148
Total accumulated other comprehensive income		1,365,673		2,313,051	20,893
Stock acquisition rights		2,064		1,791	16
Non-controlling interests		62,869		70,836	640
Total net assets		10,784,903		11,899,046	107,479
Total liabilities and net assets		¥219,863,518		¥242,584,308	$2,191,169

Consolidated Statements of Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31		Millions of yen 2020		Millions of yen 2021	Millions of U.S. dollars 2021
Ordinary income		¥4,591,873		¥3,902,307	$35,248
Interest income		2,486,699		1,853,039	16,738
Interest on loans and discounts		1,693,016		1,367,726	12,354
Interest and dividends on securities		346,822		283,786	2,563
Interest on call loans and bills bought		15,890		11,896	107
Interest on receivables under resale agreements		31,449		10,056	91
Interest on receivables under securities borrowing transactions		21,247		4,407	40
Interest on deposits with banks		80,924		17,891	162
Interest on lease transactions		7,307		6,540	59
Interest on deferred payment		30,335		24,712	223
Other interest income		259,705		126,021	1,138
Trust fees		4,701		4,895	44
Fees and commissions		1,287,538		1,298,373	11,728
Trading income		262,826		199,647	1,803
Other operating income		297,290		365,761	3,304
Lease-related income		39,123		32,155	290
Other		258,166		333,606	3,013
Other income		252,816		180,589	1,631
Recoveries of written-off claims		12,414		12,850	116
Other	*1	240,401	*1	167,739	1,515
Ordinary expenses		3,659,809		3,191,288	28,826
Interest expenses		1,179,770		517,822	4,677
Interest on deposits		441,477		152,094	1,374
Interest on negotiable certificates of deposit		131,849		35,876	324
Interest on call money and bills sold		10,284		1,786	16
Interest on payables under repurchase agreements		131,320		7,097	64
Interest on payables under securities lending transactions		1,111		203	2
Interest on commercial paper		31,525		6,029	54
Interest on borrowed money		57,632		37,667	340
Interest on short-term bonds		29		63	1
Interest on bonds		220,874		204,509	1,847
Other interest expenses		153,666		72,492	655
Fees and commissions payments		204,188		204,352	1,846
Other operating expenses		186,511		193,354	1,746
Lease-related expenses		26,514		23,419	212
Other		159,997		169,935	1,535
General and administrative expenses	*2	1,739,603	*2	1,747,144	15,781
Other expenses		349,734		528,613	4,775
Provision for reserve for possible loan losses		70,571		233,875	2,113
Other	*3	279,163	*3	294,737	2,662
Ordinary profit		932,064		711,018	6,422

(Continued)

Year ended March 31		Millions of yen 2020		Millions of yen 2021	Millions of U.S. dollars 2021
Extraordinary gains		¥ 23,896		¥ 9,440	$ 85
Gains on disposal of fixed assets		1,855		9,035	82
Other extraordinary gains	*4	22,040	*4	404	4
Extraordinary losses		67,314		48,222	436
Losses on disposal of fixed assets		1,910		4,939	45
Losses on impairment of fixed assets	*5	65,106	*5	42,525	384
Provision for reserve for eventual future operating losses from financial instruments transactions		297		757	7
Income before income taxes		888,646		672,237	6,072
Income taxes-current		213,526		225,523	2,037
Income taxes-deferred		(45,842)		(69,177)	(625)
Income taxes		167,684		156,346	1,412
Profit		720,962		515,890	4,660
Profit attributable to non-controlling interests		17,078		3,077	28
Profit attributable to owners of parent		¥703,883		¥512,812	$4,632

Consolidated Statements of Comprehensive Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31		Millions of yen 2020		Millions of yen 2021	Millions of U.S. dollars 2021
Profit		¥ 720,962		¥ 515,890	$ 4,660
Other comprehensive income (losses)	*1	(347,990)	*1	949,124	8,573
Net unrealized gains (losses) on other securities		(314,792)		718,428	6,489
Net deferred gains (losses) on hedges		166,177		(82,494)	(745)
Land revaluation excess		(39)		—	—
Foreign currency translation adjustments		(74,052)		80,177	724
Remeasurements of defined benefit plans		(84,420)		217,424	1,964
Share of other comprehensive income of affiliates		(40,864)		15,587	141
Total comprehensive income		372,971		1,465,014	13,233
Comprehensive income attributable to owners of parent		355,302		1,460,228	13,190
Comprehensive income attributable to non-controlling interests		17,669		4,785	43

Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

	Millions of yen				
	Stockholders' equity				
Year ended March 31, 2020	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥2,339,443	¥ 739,047	¥5,992,247	¥ (16,302)	¥9,054,436
Changes in the fiscal year					
Issuance of new stock	521	521			1,043
Cash dividends			(255,834)		(255,834)
Profit attributable to owners of parent			703,883		703,883
Purchase of treasury stock				(100,088)	(100,088)
Disposal of treasury stock		(250)		733	483
Cancellation of treasury stock		(101,673)		101,673	—
Changes in shareholders' interest due to transaction with non-controlling interests		(47,565)			(47,565)
Decrease due to decrease in subsidiaries			(945)		(945)
Decrease due to decrease in affiliates accounted for by the equity method			(679)		(679)
Reversal of land revaluation excess			(435)		(435)
Transfer from retained earnings to capital surplus		101,923	(101,923)		—
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	521	(47,044)	344,064	2,318	299,860
Balance at the end of the fiscal year	¥2,339,964	¥ 692,003	¥6,336,311	¥ (13,983)	¥9,354,296

	Millions of yen					
	Accumulated other comprehensive income					
Year ended March 31, 2020	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	¥1,688,852	¥ (54,650)	¥36,547	¥ 50,379	¥ (7,244)	¥1,713,884
Changes in the fiscal year						
Issuance of new stock						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Cancellation of treasury stock						
Changes in shareholders' interest due to transaction with non-controlling interests						
Decrease due to decrease in subsidiaries						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess						
Transfer from retained earnings to capital surplus						
Net changes in items other than stockholders' equity in the fiscal year	(317,445)	136,907	331	(83,219)	(84,785)	(348,211)
Net changes in the fiscal year	(317,445)	136,907	331	(83,219)	(84,785)	(348,211)
Balance at the end of the fiscal year	¥1,371,407	¥ 82,257	¥36,878	¥(32,839)	¥(92,030)	¥1,365,673

	Millions of yen		
Year ended March 31, 2020	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	¥ 4,750	¥ 678,540	¥11,451,611
Changes in the fiscal year			
Issuance of new stock			1,043
Cash dividends			(255,834)
Profit attributable to owners of parent			703,883
Purchase of treasury stock			(100,088)
Disposal of treasury stock			483
Cancellation of treasury stock			—
Changes in shareholders' interest due to transaction with non-controlling interests			(47,565)
Decrease due to decrease in subsidiaries			(945)
Decrease due to decrease in affiliates accounted for by the equity method			(679)
Reversal of land revaluation excess			(435)
Transfer from retained earnings to capital surplus			—
Net changes in items other than stockholders' equity in the fiscal year	(2,685)	(615,671)	(966,568)
Net changes in the fiscal year	(2,685)	(615,671)	(666,708)
Balance at the end of the fiscal year	¥ 2,064	¥ 62,869	¥10,784,903

(Continued)

	Millions of yen				
	Stockholders' equity				
Year ended March 31, 2021	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥2,339,964	¥692,003	¥6,336,311	¥(13,983)	¥9,354,296
Cumulative effects of changes in accounting policies			(41,849)		(41,849)
Restated balance	2,339,964	692,003	6,294,462	(13,983)	9,312,447
Changes in the fiscal year					
Issuance of new stock	1,309	1,308			2,618
Cash dividends			(267,143)		(267,143)
Profit attributable to owners of parent			512,812		512,812
Purchase of treasury stock				(61)	(61)
Disposal of treasury stock		(65)		347	281
Changes in shareholders' interest due to transaction with non-controlling interests		(106)			(106)
Decrease due to decrease in affiliates accounted for by the equity method			(48,054)		(48,054)
Reversal of land revaluation excess			574		574
Transfer from retained earnings to capital surplus		65	(65)		—
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	1,309	1,202	198,123	285	200,920
Balance at the end of the fiscal year	¥2,341,274	¥693,205	¥6,492,586	¥(13,698)	¥9,513,367

	Millions of yen					
	Accumulated other comprehensive income					
Year ended March 31, 2021	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	¥1,371,407	¥ 82,257	¥36,878	¥(32,839)	¥ (92,030)	¥1,365,673
Cumulative effects of changes in accounting policies						
Restated balance	1,371,407	82,257	36,878	(32,839)	(92,030)	1,365,673
Changes in the fiscal year						
Issuance of new stock						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Changes in shareholders' interest due to transaction with non-controlling interests						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess						
Transfer from retained earnings to capital surplus						
Net changes in items other than stockholders' equity in the fiscal year	723,198	(67,533)	(627)	73,229	219,110	947,377
Net changes in the fiscal year	723,198	(67,533)	(627)	73,229	219,110	947,377
Balance at the end of the fiscal year	¥2,094,605	¥ 14,723	¥36,251	¥ 40,390	¥127,080	¥2,313,051

	Millions of yen		
Year ended March 31, 2021	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	¥2,064	¥62,869	¥10,784,903
Cumulative effects of changes in accounting policies			(41,849)
Restated balance	2,064	62,869	10,743,054
Changes in the fiscal year			
Issuance of new stock			2,618
Cash dividends			(267,143)
Profit attributable to owners of parent			512,812
Purchase of treasury stock			(61)
Disposal of treasury stock			281
Changes in shareholders' interest due to transaction with non-controlling interests			(106)
Decrease due to decrease in affiliates accounted for by the equity method			(48,054)
Reversal of land revaluation excess			574
Transfer from retained earnings to capital surplus			—
Net changes in items other than stockholders' equity in the fiscal year	(272)	7,967	955,071
Net changes in the fiscal year	(272)	7,967	1,155,992
Balance at the end of the fiscal year	¥1,791	¥70,836	¥11,899,046

(Continued)

	Millions of U.S. dollars				
	Stockholders' equity				
Year ended March 31, 2021	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	$21,136	$6,251	$57,233	$(126)	$84,494
Cumulative effects of changes in accounting policies			(378)		(378)
Restated balance	21,136	6,251	56,855	(126)	84,116
Changes in the fiscal year					
Issuance of new stock	12	12			24
Cash dividends			(2,413)		(2,413)
Profit attributable to owners of parent			4,632		4,632
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(1)		3	3
Changes in shareholders' interest due to transaction with non-controlling interests		(1)			(1)
Decrease due to decrease in affiliates accounted for by the equity method			(434)		(434)
Reversal of land revaluation excess			5		5
Transfer from retained earnings to capital surplus		1	(1)		—
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	12	11	1,790	3	1,815
Balance at the end of the fiscal year	$21,148	$6,261	$58,645	$(124)	$85,931

	Millions of U.S. dollars					
	Accumulated other comprehensive income					
Year ended March 31, 2021	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	$12,387	$ 743	$333	$(297)	$ (831)	$12,336
Cumulative effects of changes in accounting policies						
Restated balance	12,387	743	333	(297)	(831)	12,336
Changes in the fiscal year						
Issuance of new stock						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Changes in shareholders' interest due to transaction with non-controlling interests						
Decrease due to decrease in affiliates accounted for by the equity method						
Reversal of land revaluation excess						
Transfer from retained earnings to capital surplus						
Net changes in items other than stockholders' equity in the fiscal year	6,532	(610)	(6)	661	1,979	8,557
Net changes in the fiscal year	6,532	(610)	(6)	661	1,979	8,557
Balance at the end of the fiscal year	$18,920	$ 133	$327	$ 365	$1,148	$20,893

	Millions of U.S. dollars		
Year ended March 31, 2021	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	$19	$568	$ 97,416
Cumulative effects of changes in accounting policies			(378)
Restated balance	19	568	97,038
Changes in the fiscal year			
Issuance of new stock			24
Cash dividends			(2,413)
Profit attributable to owners of parent			4,632
Purchase of treasury stock			(1)
Disposal of treasury stock			3
Changes in shareholders' interest due to transaction with non-controlling interests			(1)
Decrease due to decrease in affiliates accounted for by the equity method			(434)
Reversal of land revaluation excess			5
Transfer from retained earnings to capital surplus			—
Net changes in items other than stockholders' equity in the fiscal year	(2)	72	8,627
Net changes in the fiscal year	(2)	72	10,442
Balance at the end of the fiscal year	$16	$640	$107,479

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

	Millions of yen		Millions of U.S. dollars
Year ended March 31	2020	2021	2021
Cash flows from operating activities:			
Income before income taxes	¥ 888,646	¥ 672,237	$ 6,072
Depreciation	209,198	207,815	1,877
Losses on impairment of fixed assets	65,106	42,525	384
Amortization of goodwill	17,533	19,365	175
Net (gains) losses on step acquisitions	(22,040)	(404)	(4)
Equity in net (gains) losses of affiliates	(56,051)	(24,972)	(226)
Net change in reserve for possible loan losses	13,411	177,227	1,601
Net change in reserve for employee bonuses	3,103	15,158	137
Net change in reserve for executive bonuses	201	1,061	10
Net change in net defined benefit asset and liability	101,532	(335,174)	(3,028)
Net change in reserve for executive retirement benefits	(84)	(235)	(2)
Net change in reserve for point service program	2,627	(1,920)	(17)
Net change in reserve for reimbursement of deposits	(3,249)	5,294	48
Net change in reserve for losses on interest repayment	(4,703)	(2,132)	(19)
Interest income	(2,486,699)	(1,853,039)	(16,738)
Interest expenses	1,179,770	517,822	4,677
Net (gains) losses on securities	(143,877)	(174,302)	(1,574)
Net (gains) losses from money held in trust	(0)	(0)	(0)
Net exchange (gains) losses	118,815	(398,722)	(3,602)
Net (gains) losses from disposal of fixed assets	54	(4,096)	(37)
Net change in trading assets	(1,859,195)	578,416	5,225
Net change in trading liabilities	1,930,360	(223,323)	(2,017)
Net change in loans and bills discounted	(4,839,243)	(2,316,636)	(20,925)
Net change in deposits	5,064,595	14,626,281	132,113
Net change in negotiable certificates of deposit	(982,400)	2,388,038	21,570
Net change in borrowed money (excluding subordinated borrowings)	4,844,384	2,454,998	22,175
Net change in deposits with banks	(1,455,747)	(10,577)	(96)
Net change in call loans and bills bought and others	(812,970)	1,377,379	12,441
Net change in receivables under securities borrowing transactions	(907,630)	(822,344)	(7,428)
Net change in call money and bills sold and others	4,256,015	364,533	3,293
Net change in commercial paper	(882,878)	307,253	2,775
Net change in payables under securities lending transactions	572,787	35,745	323
Net change in foreign exchanges (assets)	(346,503)	(110,014)	(994)
Net change in foreign exchanges (liabilities)	296,890	(353,210)	(3,190)
Net change in lease receivables and investment assets	17,309	(3,878)	(35)
Net change in short-term bonds (liabilities)	294,500	206,000	1,861
Issuance and redemption of bonds (excluding subordinated bonds)	152,729	(97,531)	(881)
Net change in due to trust account	458,581	509,868	4,605
Interest received	2,501,815	1,909,880	17,251
Interest paid	(1,201,792)	(559,951)	(5,058)
Other, net	386,091	(189,032)	(1,707)
Subtotal	7,370,996	18,935,404	171,036
Income taxes paid	(283,536)	(139,452)	(1,260)
Net cash provided by (used in) operating activities	7,087,460	18,795,951	169,776

(Continued)

Year ended March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Cash flows from investing activities:			
Purchases of securities	¥(35,544,708)	¥(41,807,504)	$(377,631)
Proceeds from sale of securities	23,204,983	17,221,557	155,556
Proceeds from redemption of securities	9,550,000	17,208,608	155,439
Purchases of money held in trust	(284)	(0)	(0)
Proceeds from sale of money held in trust	321	44	0
Purchases of tangible fixed assets	(103,052)	(145,946)	(1,318)
Proceeds from sale of tangible fixed assets	19,206	26,434	239
Purchases of intangible fixed assets	(147,784)	(178,765)	(1,615)
Purchase of stocks of subsidiaries resulting in change in scope of consolidation	(17,365)	(4,305)	(39)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation	27,021	—	—
Net cash provided by (used in) investing activities	(3,011,660)	(7,679,878)	(69,369)
Cash flows from financing activities:			
Repayment of subordinated borrowings	(8,000)	—	—
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	139,405	194,103	1,753
Redemption of subordinated bonds and bonds with stock acquisition rights	(113,000)	(488,640)	(4,414)
Dividends paid	(255,771)	(267,119)	(2,413)
Proceeds from issuance of common stock to non-controlling stockholders	—	100	1
Repayments to non-controlling stockholders	(436,500)	—	—
Dividends paid to non-controlling stockholders	(16,922)	(1,244)	(11)
Purchases of treasury stock	(100,088)	(61)	(1)
Proceeds from disposal of treasury stock	483	281	3
Purchase of stocks of subsidiaries not resulting in change in scope of consolidation	(234,159)	0	0
Net cash provided by (used in) financing activities	(1,024,554)	(562,580)	(5,082)
Effect of exchange rate changes on cash and cash equivalents	(74,480)	159,912	1,444
Net change in cash and cash equivalents	2,976,764	10,713,405	96,770
Cash and cash equivalents at the beginning of the fiscal year	53,120,963	56,097,807	506,709
Net change in cash and cash equivalents resulting from merger of consolidated subsidiaries	79	—	—
Cash and cash equivalents at the end of the fiscal year	*1 ¥ 56,097,807	*1 ¥ 66,811,212	$ 603,479

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Basis of presentation)

Sumitomo Mitsui Financial Group, Inc. ("the Company") was established on December 2, 2002 as a holding company for the SMBC Group ("the Group") through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of Sumitomo Mitsui Banking Corporation ("SMBC") in exchange for the Company's newly issued securities. The Company is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Companies Act of Japan. Upon formation of the Company and completion of the statutory share transfer, SMBC became a direct wholly owned subsidiary of the Company.

The Company has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

The accounts of overseas subsidiaries and affiliated companies, are, in principle, integrated with those of the Company's accounting policies for purposes of consolidation unless they apply different accounting principles and standards as required under U.S. GAAP or IFRS, in which case a certain limited number of items are adjusted based on their materiality.

These consolidated financial statements are translated from the consolidated financial statements contained in the annual securities report filed under the Financial Instrument and Exchange Act of Japan ("FIEA based financial statements") except for the addition of the non-consolidated financial statements and US dollar figures.

Amounts less than 1 million yen have been rounded down. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2021 which was ¥110.71 to US$1. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

As of and for the years ended March 31, 2020 and 2021

(Significant accounting policies for preparing consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

The number of consolidated subsidiaries at March 31, 2021 is 177.

Principal companies: Sumitomo Mitsui Banking Corporation ("SMBC")
SMBC Trust Bank Ltd
SMBC Nikko Securities Inc. ("SMBC Nikko")
Sumitomo Mitsui Card Company, Limited ("SMCC")
SMBC Finance Service Co., Ltd.
SMBC Consumer Finance Co., Ltd.
The Japan Research Institute, Limited
Sumitomo Mitsui DS Asset Management Company, Limited ("SMDAM")
SMBC Bank International plc
Sumitomo Mitsui Banking Corporation (China) Limited
PT Bank BTPN Tbk
SMBC Americas Holdings, Inc.
SMBC Guarantee Co., Ltd.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2021 are as follows:

Alternative Investment Capital Limited and 12 other companies were newly included in the scope of consolidation as a result of acquisition of shares and for other reasons.

SMBC Finance Service Co., Ltd. was excluded from the scope of consolidation following its merger with the Company's consolidated subsidiary Cedyna Financial Corporation. 9 other companies were also excluded from the scope of consolidation, as they ceased to be subsidiaries due to liquidation and for other reasons.

Cedyna Financial Corporation changed its name to SMBC Finance Service Co., Ltd., and Sumitomo Mitsui Banking Corporation Europe Limited changed its name to SMBC Bank International plc.

(2) Unconsolidated subsidiaries

Principal company: SBCS Co., Ltd.

7 of the unconsolidated subsidiaries are investment partnerships, and neither their assets nor profit/loss are substantially attributable to subsidiaries, and thus are excluded from the scope of consolidation pursuant to Article 5, Paragraph 1, Item 2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

Other unconsolidated subsidiaries are excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are immaterial, as such, they do not hinder a rational judgment of the financial position and results of operations of the Company and its consolidated subsidiaries when excluded from the scope of consolidation.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method

The number of unconsolidated subsidiaries accounted for by the equity method at March 31, 2021 is 5.

Principal company: SBCS Co., Ltd.

(2) Equity method affiliates

The number of affiliates accounted for by the equity method at March 31, 2021 is 93.

Principal companies: Sumitomo Mitsui Finance and Leasing Company, Limited
Sumitomo Mitsui Auto Service Company, Limited

Changes in the equity method affiliates in the fiscal year ended March 31, 2021 are as follows:

24 companies became equity method affiliates due to new establishment and for other reasons.

Kansai Mirai Financial Group, Inc. ("KMFG") and 26 other companies have been excluded from the scope of equity method affiliates as they ceased to be affiliates due to sale of KMFG's stocks which SMBC had contributed to employee retirement benefit trusts.

(3) Unconsolidated subsidiaries that are not accounted for by the equity method

7 unconsolidated subsidiaries that are not accounted for by the equity method are investment partnerships, and neither their assets nor profit/loss are substantially attributable to subsidiaries, and thus are excluded from the scope of equity method pursuant to Article 10, Paragraph 1, Item 2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(4) Affiliates that are not accounted for by the equity method

Principal company: Park Square Capital / SMBC Loan Programme S. à r. l.

Affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are immaterial, and as such, they do not hinder a rational judgment of the Company's financial position and results of operations when excluded from the scope of equity method.

3. The balance sheet dates of consolidated subsidiaries

(1) The balance sheet dates of the consolidated subsidiaries at March 31, 2021 are as follows:

October 31	2
November 30	1
December 31	90
March 31	84

(2) The subsidiaries with balance sheets dated October 31 are consolidated using the financial statements as of January 31 and a subsidiary with balance sheets dated November 30 as well as certain subsidiaries with balance sheets dated December 31 are consolidated using the financial statements as of March 31. Other subsidiaries are consolidated using the financial statements as of their respective balance sheet dates.

Appropriate adjustments were made to material transactions during the periods between their respective balance sheet dates and the consolidated closing date.

4. Accounting policies

(1) Standards for recognition and measurement of trading assets/liabilities and trading income/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheets on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading income" and "Trading losses" on the consolidated statements of income.

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

"Trading income" and "Trading losses" include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, the year-on-year changes in gains or losses of the derivatives calculated by assuming they were settled at the end of the fiscal year ended March 31, 2020 and 2021.

In terms of the evaluation of specific market risks and credit risks for derivative transactions, those fair values are calculated by group basis of the financial assets and liabilities based on net asset or liability after offsetting.

(2) Standards for recognition and measurement of securities

1) Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (based on straight-line method) using the moving-average method. Investments in affiliates that are not accounted for by the equity method are carried at cost using the moving-average method. Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "other securities" (available-for-sale securities). Other securities are carried at their fair values (cost of securities sold is calculated using primarily the moving-average method). Stocks with no market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets" except for the amount reflected on the gains or losses by applying fair value hedge accounting.

2) Securities included in money held in trust are carried in the same method as in (1) and (2), 1) above.

(3) Standards for recognition and measurement of derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

In terms of the evaluation of specific market risks and credit risks for derivative transactions, those fair values are calculated by group basis of the financial assets and liabilities based on net asset or liability after offsetting.

(4) Depreciation

1) Tangible fixed assets (excluding assets for rent and lease assets)

Buildings owned by the Company and SMBC, which is a consolidated subsidiary of the Company, are depreciated using the straight-line method. Others are depreciated using the declining-balance method. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years
Others: 2 to 20 years

Other consolidated subsidiaries depreciate tangible fixed assets primarily using the straight-line method over the estimated useful lives of the respective assets.

2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by the Company and its consolidated domestic subsidiaries is depreciated over its estimated useful life (5 to 10 years).

3) Assets for rent

Assets for rent are depreciated using the straight-line method, assuming that lease terms are, in principle, their depreciation period and the salvage is estimated disposal value when the lease period expires.

4) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in "Tangible fixed assets," are depreciated using the straight-line method, assuming that lease terms are their expected lifetime and salvage values are zero.

(5) Reserve for possible loan losses

The reserve for possible loan losses of major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("Bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("Effectively bankrupt borrowers"), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy ("Potentially bankrupt borrowers"), a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

SMBC, which is a consolidated subsidiary of the Company, applies Discounted Cash Flows ("DCF") method for claims of large borrowers exceeding a certain amount, of which borrowers categories are bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and whole or part of loans are classified as "Past due loans (3 months or more)" or "Restructured loans" requiring close monitoring, and whose cash flows from collection of principals and interest can be rationally estimated. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value.

For other claims, they are recorded by estimating the amount of expected loss in the next one year or three years. The estimated amount of expected loss is calculated by using average ratio of loan-loss ratio or probability of bankruptcies for certain periods in the past based on actual loan losses or bankruptcies in the past one year or three years, and by making necessary adjustments including future estimations.

In addition, in light of the latest economic situation and risk factors, for potential losses for specific portfolios that are based on the future prospects with high probability, but cannot be reflected in actual loan losses in the past and in any individual borrower's classification, a reserve is provided in the amount deemed necessary based on an overall assessment.

For claims originated in specific overseas countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment.

The reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off for the fiscal years ended March 31, 2020 and 2021 were ¥142,834 million and ¥163,185 million, respectively.

(6) Reserve for employee bonuses

The reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.

(7) Reserve for executive bonuses

The reserve for executive bonuses is provided for payment of bonuses to executives, in the amount of estimated bonuses, which are attributable to the fiscal year.

(8) Reserve for executive retirement benefits

The reserve for executive retirement benefits is provided for payment of retirement benefits to executives, in the amount deemed accrued at the fiscal year-end based on our internal regulations.

(9) Reserve for point service program

The reserve for point service program is provided for the potential future redemption of points awarded to customers under the "SMBC Point Pack," credit card points programs, and other customer points award programs. The amount is calculated by converting the outstanding points into a monetary amount, and rationally estimating and recognizing the amount that will be redeemed in the future.

(10) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursements.

(11) Reserve for losses on interest repayment

The reserve for losses on interest repayment is provided for the possible losses on future claims of repayment of interest based on historical interest repayment results.

(12) Reserve under the special laws

The reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities related transactions or derivative transactions, pursuant to Article 46-5 of the Financial Instruments and Exchange Act.

(13) Employee retirement benefits

In calculating the projected benefit obligation, mainly the benefit formula basis is used to attribute the expected benefit attributable to the respective fiscal year.

Unrecognized prior service cost is amortized on a straight-line basis, primarily over 9 years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized on a straight-line basis, primarily over 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(14) Translation of foreign currency assets and liabilities

Assets and liabilities of the Company and SMBC, which is a consolidated subsidiary of the Company, denominated in foreign currencies and accounts of SMBC overseas branches are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.

(15) Lease transactions

1) Recognition of income on finance leases

Interest income is allocated to each period.

2) Recognition of income on operating leases

Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.

(16) Hedge accounting

1) Hedging against interest rate changes

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC, which is a consolidated subsidiary of the Company, applies deferred hedge accounting.

SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 24, October 8, 2020) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.

As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.

As for the individual hedges, SMBC also assesses the effectiveness of such individual hedges.

2) Hedging against currency fluctuations

SMBC, which is a consolidated subsidiary of the Company, applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Committee Practical Guidelines No. 25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.

3) Hedging against share price fluctuations

SMBC, which is a consolidated subsidiary of the Company, applies fair value hedge accounting to individual hedges offsetting the price fluctuation of the shares that are classified under other securities, and accordingly evaluates the effectiveness of such individual hedges.

4) Transactions between consolidated subsidiaries

As for derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the non-arbitrary and strict criteria for external transactions stipulated in JICPA Industry Committee Practical Guidelines No. 24 and No. 25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain other consolidated subsidiaries apply the deferred hedge accounting, fair value hedge accounting or the special treatment for interest rate swaps.

(17) Amortization of goodwill
Goodwill is amortized using the straight-line method over a period in which its benefit is expected to be realized, not to exceed 20 years. Immaterial goodwill is charged or credited to income directly when incurred.

(18) Scope of "Cash and cash equivalents" on consolidated statements of cash flows
For the purpose of presenting the consolidated statements of cash flows, "Cash and cash equivalents" are cash on hand, non-interest earning deposits with banks and deposits with the Bank of Japan.

(19) Consumption taxes
National and local consumption taxes of the Company and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

(20) Adoption of the consolidated corporate-tax system
The Company and certain consolidated domestic subsidiaries apply the consolidated corporate-tax system.

(Significant Accounting Estimates)

1. Reserve for possible loan losses

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Year ended March 31, 2021	Millions of yen
Reserve for possible loan losses	¥659,017

(2) Information on details of the significant accounting estimates for the identified item
Based on the assessment of all claims including loans and bills discounted conducted in accordance with the self-assessment procedures, and borrower category determined depending on their credit risk status, the following amounts are recorded as a reserve for possible loan losses.
- The estimated amount of expected loss calculated for each borrower category based on the average value of historical loan-loss ratio or probability of default over a certain past period is recorded as a reserve for loan losses
- As for claims classified as substandard or lower level classifications whose cash flows from collection of principals and interest can rationally be estimated, the Discounted Cash Flows ("DCF") method is applied for ones with large borrowers of those claims and the amount calculated by the DCF method is recorded as a reserve for loan losses
- As for expected loss based on the future prospects with high probability, but cannot be reflected in historical loan-losses and in any individual borrower category, the amount deemed necessary based on an overall assessment is recorded as a reserve for loan losses

Reserve for possible loan losses recorded by the method above involves the following uncertainties in the process of estimation, hence requiring high-level managerial judgment.
- Consideration for qualitative factors including forward-looking information in determining borrower category
- Reasonable estimation of future individual cash flows in the DCF method
- Determination of a method for estimating expected loss based on future prospect in consideration of the latest economic environment and risk factors, and of the targeted portfolio

These may be affected by changes in economic environment, which have a potentially significant impact on the amount of reserve for possible loan losses for the next fiscal year.

(Note) For the estimation of the reserve for possible loan losses specifically related to COVID-19, refer to (Additional Information).

2. Impairment loss for fixed assets

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Year ended March 31, 2021	Millions of yen
Tangible fixed assets	¥1,458,991
Intangible fixed assets	738,759
Losses on impairment of fixed assets	42,525

(2) Information on details of the significant accounting estimates for the identified item
Fixed assets that have an indication of impairment are tested for recognition of impairment loss, and if recognition is required, their book values are reduced to the recoverable amount and the reduced amount is recorded as impairment loss. Recoverable amount is either net realizable value, which is deducting expected disposal cost from fair value of the fixed asset, or value in use which is the present value of cash flows expected to derive from the continuous use and disposal of the fixed asset after use.

Future cash flows and the growth rate used for testing the recognition of impairment loss as well as for calculating value in use are determined based on the factors including the estimation or judgment by management and the market growth rate, etc. Discount rate used for calculating value in use is determined based on the market interest rate and other market conditions, and these may be affected by changes in economic and financial environment. Therefore, if modification is required, it may have a potentially significant impact on the amount of impairment loss for fixed assets for the next fiscal year.

3. Fair value of financial instruments

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021
This is stated in (Notes to financial instruments).

(2) Information on details of the significant accounting estimates for the identified item
This is stated in (Notes to financial instruments).

4. Reserve for losses on interest repayment

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Year ended March 31, 2021	Millions of yen
Reserve for losses on interest repayment	¥140,758

(2) Information on details of the significant accounting estimates for the identified item
Reserve for losses on interest repayment is recorded based on estimated amount of claim of repayment in preparing for future claims of interest repayment from the customers whose loans are offered at interest rates in excess of the ceiling prescribed under the Interest Rate Restriction Act.

Estimated amount of claim for such repayment is calculated based on certain assumptions using the historical data regarding the number and amount of claims from customers. The trend in future claims of repayment from customers has a potentially significant impact on the amount of reserve for losses on interest repayment for the next fiscal year.

5. Retirement benefits expenses and retirement benefit obligations

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Year ended March 31, 2021	Millions of yen
Net defined benefit asset	¥565,534
Net defined benefit liability	35,334
Retirement benefit expenses included in general and administrative expenses	18,237

(2) Information on details of the significant accounting estimates for the identified item
Retirement benefit expenses and retirement benefit obligations for the defined benefit plans for employees are recorded based on various assumptions including discount rate, employee turnover and future salary increase rate.

Discount rate is determined based on Japanese government bond yields, while the indicators such as employee turnover and future salary increase rate are determined based on historical data as well as the latest information on future outlook. Determining these key factors and metrics requires high-level managerial judgment, and if modifications are required, it may have significant impact on the amounts of retirement benefit expenses and retirement benefit obligations for the next fiscal year.

6. Deferred tax assets

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Year ended March 31, 2021	Millions of yen
Deferred tax assets	¥ 29,840
Deferred tax liabilities	532,193

(2) Information on details of the significant accounting estimates for the identified item
The amount of tax associated with temporary differences is recorded as deferred tax assets or deferred tax liabilities excluding the amount of tax that is not expected to be collected or paid in the future accounting periods. Deferred tax assets and deferred tax liabilities of the same taxable entity are offset and presented on a net basis.

While the recoverability of deferred tax assets is determined by reasonably estimating the scheduling of temporary differences and taxable income, in the event of changes to the scheduling of temporary differences, taxable income which is lower than initial estimation, or tax reform such as reduction of corporate income tax rate, there is a potentially significant impact on the amount of deferred tax assets for the next fiscal year.

(Changes in Accounting Policies)

1. Accounting Standard etc. for Fair Value Measurement (Changes in accounting policies due to application of new or revised accounting standards)

The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) from the beginning of the fiscal year ended March 31, 2021.

Due to this application, the measurement of the fair value of stocks with market price (including foreign stocks, hereinafter the same) in other securities is changed from the fair value method based on their average prices during the final month of the fiscal year to the fair value method based on their fiscal year-end market prices. Derivative transactions are carried at fair value reflecting one's own credit risks and counterparty's credit risks etc.

As for stocks with market price, in accordance with transitional treatment stipulated in Item 19 of "Accounting Standards for Fair Value Measurement" and Item 44-2 of "Accounting Standard for Financial Instruments," (ASBJ Statement No.10, July 4, 2019) the Company has applied new accounting policies since the beginning of the fiscal year ended March 31, 2021. As for fair value of derivative transactions, in accordance with transitional treatment stipulated in Item 20 of "Accounting Standards for Fair Value Measurement," the cumulative effects are adjusted to "Retained earnings" of the beginning of the fiscal year ended March 31, 2021, in the case that the new accounting policy is retroactively applied prior to the beginning of the fiscal year ended March 31, 2021.

As a result, "Trading assets" decreased by ¥66,010 million, "Other assets" decreased by ¥29,768 million, "Deferred tax assets" increased by ¥2,306 million, "Trading liabilities" decreased by ¥21,557 million, "Other liabilities" decreased by ¥14,495 million, "Deferred tax liabilities" decreased by ¥15,570 million, "Retained earnings" decreased by ¥41,849 million, and "Net assets per share" decreased by ¥30.56 at the beginning of the fiscal year ended March 31, 2021.

2. Changes in recognition of installment-sales-related income and installment-sales-related expenses (Changes in accounting policies due to justifiable reasons other than above 1)

As for recognition of installment-sales-related income and installment-sales-related expenses, Sumitomo Mitsui Finance and Leasing Company, Limited (hereinafter, "SMFL"), which conducts leasing business, had been applying a method for which installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full period of the installment sales in accordance with "Implementation Guidance on Accounting Standards for Leasing Transactions" (ASBJ Guidance No.16, March 25, 2011). However, from the beginning of the fiscal year ended March 31, 2021, the net amount, which is calculated by deducting installment-sales-related expenses from installment-sales-related income, is recorded as "Interest on deferred payment."

This change is made to properly reflect the fund transaction under the financial type installment-sales transactions on the consolidated financial statements due to SMFL becoming an equity method affiliate and other reasons.

These changes in accounting policies are applied retroactively, and therefore the consolidated financial statements for the fiscal year ended March 31, 2020 reflect the retroactive application. As a result, comparing before and after the retroactive application, "Ordinary income", "Ordinary expenses", and "Other operating expenses" decreased by ¥722,440 million respectively, "Interest income" increased by ¥30,335 million, and "Other operating income" decreased by ¥752,775 million, and there are no effects on "Ordinary profit", "Income before income taxes", "Profit" and "Profit attributable to owners of parent" for the fiscal year ended March 31, 2020. There is also no cumulative effect on "Net assets" at the beginning of the fiscal year ended March 31, 2020.

(Unapplied Accounting Standards and Others)

"Revised Accounting Standard for Revenue Recognition" (ASBJ Statement No.29) etc. (issued March 30, 2018, revised March 31, 2020)

(1) Outline
The accounting standard etc. provide comprehensive principles for revenue recognition by taking into account of international trends. The principles of revenue recognition in the standard etc. are to recognize revenue by depicting the transfer of promised goods or services to customers in an amount of the consideration expected to be earned in exchange for those goods or services.

(2) Date of Application
The Company will apply the standard etc. from the beginning of the fiscal year commencing on April 1, 2021.

(3) Effects of Application of the Accounting Standard etc.
The effects of the application of these accounting standard etc. are currently being assessed.

(Changes in Presentation Method)

The Company has adopted the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the consolidated financial statements as at the end of the fiscal year ended March 31, 2021, and notes related to significant accounting estimates are included in the consolidated financial statements.

However, in accordance with transitional treatment stipulated in the proviso of Paragraph 11 of the accounting standard, no information is disclosed for the fiscal year ended March 31, 2020.

(Additional information)

(1) The estimates of reserve for possible loan losses related to the impact of the spread of the novel coronavirus disease (COVID-19)

Considering the continuing uncertainty of the spread of COVID-19, estimation of the reserve for possible loan losses associated with COVID-19 is reflected on the consolidated financial statements in the following method.

For potential losses related to individual borrowers due to deterioration in business performance and funding, a reserve for possible loan losses is provided by reviewing, as necessary, borrower category based on the most recent available information.

In addition, for potential losses which cannot be reflected in any of individual borrower category, a reserve for possible loan losses is recorded at an amount deemed necessary based on an overall assessment. The assessment is conducted by specifying the portfolio significantly affected by COVID-19 and estimating the impact of the changes in economic trend and market condition due to the voluntary restraint on the economic activities caused by COVID-19, after consideration of the effect of the government's financial support on bankruptcy trends.

(2) Transition from the consolidated corporate-tax system to the group tax sharing system

Companies are required to shift from the consolidated corporate-tax system to the group tax sharing system from the fiscal year beginning on or after April 1, 2022, in accordance with the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8, 2020) enacted on March 31, 2020. However, the Company and certain consolidated domestic subsidiaries currently adopting the consolidated corporate-tax system applied the accounting treatment based on the provisions of the Income Tax Act before the revision for the fiscal year ended March 31, 2021, in accordance with the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issue Task Force No. 39, March 31, 2020).

(Notes to consolidated balance sheets)

***1 Stocks and investments in unconsolidated subsidiaries and affiliates**

Stocks and investments in unconsolidated subsidiaries and affiliates at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Stocks	¥943,980	¥960,834
Investments	661	847

Stocks of jointly controlled entities were as follows:

	Millions of yen	
March 31	2020	2021
Stocks of jointly controlled entities	¥322,598	¥394,160

***2 Unsecured loaned securities for which borrowers have the right to sell or pledge**

The amount of unsecured loaned securities for which borrowers have the right to sell or pledge at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Japanese government bonds in "Securities"	¥—	¥50,045
Trading securities in "Trading assets"	—	2,190

As for the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral with rights to sell or pledge without restrictions, those securities pledged, those securities lent and those securities held without being disposed at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Securities pledged	¥11,030,067	¥8,061,819
Securities lent	171,224	394,493
Securities held without being disposed	2,546,017	4,090,071

*3 Bankrupt loans and non-accrual loans

Bankrupt loans and non-accrual loans at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Bankrupt loans	¥ 13,978	¥ 69,452
Non-accrual loans	378,173	422,551

"Bankrupt loans" are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

"Non-accrual loans" are loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

*4 Past due loans (3 months or more)

Past due loans (3 months or more) at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Past due loans (3 months or more)	¥14,400	¥16,784

"Past due loans (3 months or more)" are loans on which the principal or interest payment is past due for 3 months or more, excluding "Bankrupt loans" and "Non-accrual loans."

*5 Restructured loans

Restructured loans at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Restructured loans	¥221,288	¥430,080

"Restructured loans" are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers' recovery from financial difficulties, excluding "Bankrupt loans," "Non-accrual loans" and "Past due loans (3 months or more)."

*6 Risk-monitored loans

The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Risk-monitored loans	¥627,840	¥938,868

The amounts of loans presented in Notes *3 to *6 above are the amounts before deduction of reserve for possible loan losses.

*7 Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24. SMBC and its banking subsidiaries have rights to sell or pledge without restrictions bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought, etc. The total face value at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Bills discounted	¥850,324	¥1,142,755

*8 Assets pledged as collateral

Assets pledged as collateral at March 31, 2020 and 2021 consisted of the following:

March 31, 2020	Millions of yen
Assets pledged as collateral:	
Cash and due from banks	¥ 78,112
Trading assets	834,864
Securities	10,502,767
Loans and bills discounted	10,679,243
Liabilities corresponding to assets pledged as collateral:	
Deposits	21,908
Payables under repurchase agreements	6,670,132
Payables under securities lending transactions	2,334,251
Borrowed money	10,587,419
Due to trust account	432,135
Acceptances and guarantees	103,886

March 31, 2021	Millions of yen
Assets pledged as collateral:	
Cash and due from banks	¥ 15,483
Trading assets	713,410
Securities	14,933,325
Loans and bills discounted	10,152,979
Liabilities corresponding to assets pledged as collateral:	
Deposits	13,972
Payables under repurchase agreements	7,516,287
Payables under securities lending transactions	1,060,066
Borrowed money	14,950,162
Due to trust account	588,785
Acceptance and guarantees	105,700

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, and substitution for margins of futures transactions and certain other purposes at March 31, 2020 and 2021:

March 31, 2020	Millions of yen
Cash and due from banks	¥ 12,543
Trading assets	1,179,599
Securities	3,570,617
Loans and bills discounted	10,350

March 31, 2021	Millions of yen
Cash and due from banks	¥ 21
Trading assets	1,245,065
Securities	5,786,331
Loans and bills discounted	9,664

Other assets include collateral money deposited for financial instruments, surety deposits, margin of futures markets and other margins. The amounts for such assets were as follows:

March 31, 2020	Millions of yen
Collateral money deposited for financial instruments	¥2,240,739
Surety deposits	87,976
Margins of futures markets	101,838
Other margins	46,569

March 31, 2021	Millions of yen
Collateral money deposited for financial instruments	¥2,111,770
Surety deposits	86,727
Margins of futures markets	118,372
Other margins	98,958

*9 Commitment line contracts on overdrafts and loans

Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amounts of unused commitments at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
The amounts of unused commitments	¥61,881,806	¥71,255,100
The amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time	44,330,598	49,932,323

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when such need arises and securing claims after the contracts are made.

***10 Land revaluation excess**

SMBC, a consolidated subsidiary of the Company, revalued their own land for business activities in accordance with "Act on Revaluation of Land" (the "Act") (Act No. 34, effective March 31, 1998) and "Act for Partial Revision of Act on Revaluation of Land" (Act No. 19, effective March 31, 2001). The income taxes corresponding to the net unrealized gains are reported in "Liabilities" as "Deferred tax liabilities for land revaluation excess," and the Company's share of the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."

Date of the revaluation

March 31, 1998 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Act)

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119 effective March 31, 1998).

***11 Accumulated depreciation on tangible fixed assets**

Accumulated depreciation on tangible fixed assets at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Accumulated depreciation	¥783,544	¥834,990

***12 Deferred gain on tangible fixed assets deductible for tax purposes**

Deferred gain on tangible fixed assets deductible for tax purposes at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Deferred gain on tangible fixed assets deductible for tax purposes	¥62,099	¥55,626
[The consolidated fiscal year concerned]	[—]	[—]

***13 Subordinated borrowings**

The balance of subordinated borrowings included in "Borrowed money" at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Subordinated borrowings	¥249,000	¥249,000

***14 Subordinated bonds**

The balance of subordinated bonds included in "Bonds" at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Subordinated bonds	¥2,216,743	¥1,922,165

***15 Borrowings from trust account in relation to covered bonds issued by trust account**

The amount of borrowings from trust account in relation to covered bonds issued by trust account included in "Due to trust account" at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
The amount of borrowings from trust account in relation to covered bonds issued by trust account	¥432,135	¥588,785

***16 Guaranteed amount to privately-placed bonds**

The amount guaranteed by SMBC and its banking subsidiaries to privately-placed bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) in "Securities" at March 31, 2020 and 2021 were as follows:

	Millions of yen	
March 31	2020	2021
Guaranteed amount to privately-placed bonds	¥1,603,941	¥1,431,071

(Notes to consolidated statements of income)

***1 Other income**

"Other" in "Other income" for the fiscal years ended March 31, 2020 and 2021 included the following:

Year ended March 31, 2020	Millions of yen	Year ended March 31, 2021	Millions of yen
Gains on sales of stocks and others	¥154,735	Gains on sales of stocks and others	¥124,730

***2 General and administrative expenses**

"General and administrative expenses" for the fiscal years ended March 31, 2020 and 2021 included the following:

Year ended March 31, 2020	Millions of yen	Year ended March 31, 2021	Millions of yen
Salaries and related expenses	¥618,071	Salaries and related expenses	¥646,959
Depreciation expense	180,765	Depreciation expense	182,240
Research and development costs	77	Research and development costs	60

***3 Other expenses**

"Other expenses" for the fiscal years ended March 31, 2020 and 2021 included the following:

Year ended March 31, 2020	Millions of yen	Year ended March 31, 2021	Millions of yen
Write-off of loans	¥105,307	Write-off of loans	¥117,415
Write-off of stocks and others	45,374	Expenses related to equity derivatives	45,968
		Write-off of stocks and others	24,073
		Losses on sale of delinquent loans	20,762

***4 Other extraordinary gains**

"Other extraordinary gains" for the fiscal year ended March 31, 2020 and 2021 including the following gains:

Year ended March 31, 2020	Millions of yen	Year ended March 31, 2021	Millions of yen
Gains on step acquisitions	¥22,040	Gains on step acquisitions	¥404

*5 **Losses on impairment of fixed assets**

The differences between the recoverable amounts and the book value of the following asset is recognized as "Losses on impairment of fixed assets," and included in "Extraordinary losses" for the fiscal year ended March 31, 2020 and 2021.

Year ended March 31, 2020			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (21 items)	Land and buildings, etc.	¥ 2,180
	Idle assets (87 items)		6,221
Kinki area	Branches (7 items)	Land and buildings, etc.	769
	Idle assets (57 items)		1,105
Other area in Japan	Branches (5 items)	Land and buildings, etc.	456
	Idle assets (20 items)		609
Americas	Lease assets for freight cars	Assets for rent	13,805
—	—	Goodwill and other intangible fixed assets	39,958

Year ended March 31, 2021			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches (6 items)	Land and buildings, etc.	¥ 873
	Idle assets (164 items)		7,786
Kinki area	Branches (1 item)	Land and buildings, etc.	16
	Idle assets (56 items)		2,415
Other	Branches (6 items)	Land and buildings, etc.	128
	Idle assets (20 items)		390
—	—	Goodwill	30,914

As for land and buildings, etc., at SMBC, a consolidated subsidiary of the Company, a branch, which continuously manages and determines its income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss of fixed assets. Assets such as corporate headquarters facilities, training facilities, data and system centers, and health and recreational facilities which do not produce cash flows that can be attributed to individual assets are treated as corporate assets. As for idle assets, impairment loss is measured individually. At other consolidated subsidiaries, a branch or other group is the smallest asset grouping unit as well.

The carrying amounts of idle assets at SMBC are reduced to their recoverable amounts, and the decreased amounts are included in "Extraordinary losses" as "Losses on impairment of fixed assets," if there are indicators that the invested amounts may not be recoverable.

The recoverable amount is calculated using net realizable value which is basically determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

Assets for rent are grouped by type of freight cars. For the fiscal year ended March 31, 2020, the carrying amounts of some of the freight cars were reduced to their recoverable amounts, and the decreased amounts were included in "Extraordinary losses" as "Losses on impairment of fixed assets," as the invested amounts were considered not to be recoverable. The recoverable amount is measured by value in use, which is calculated by discounting future cash flows by 6%.

For goodwill and other intangible fixed assets, a consolidated subsidiary is the main unit of asset group. For the fiscal year ended March 31, 2020, SMBC Trust Bank Ltd. reviewed its future cash flows in view of the current market environment. As a result, all of the unamortized balance of goodwill and other intangible fixed assets at the end of the fiscal year ended March 31, 2020 were included in "Extraordinary losses" as "Losses on impairment of intangible fixed assets," as the carrying amounts of the aforementioned assets associated with its PRESTIA business were considered not to be recoverable. The recoverable amount is measured by value in use, which is calculated by discounting future cash flows by 6%. For the fiscal year ended March 31, 2021, Sumitomo Mitsui DS Asset Management Company, Limited reviewed its future cash flows because it underperformed its full-year targets despite upward trend in its performance from the second half. This review found that the carrying amount of goodwill may not be recoverable, and as a result, ¥30.9 billion of unamortized balance of goodwill at the end of the fiscal year ended March 31, 2021 was recorded as "Losses on impairment of fixed assets" under "Extraordinary losses." The recoverable amount is measured by value in use, which is calculated by discounting future cash flows by 9%.

(Notes to consolidated statements of comprehensive income)

*1 **Reclassification adjustment and tax effect of other comprehensive income**

	Millions of yen	
Year ended March 31	2020	2021
Net unrealized gains (losses) on other securities:		
Amount arising during the fiscal year	¥(203,676)	¥1,230,652
Reclassification adjustments	(211,281)	(217,948)
Before adjustments to tax effect	(414,958)	1,012,704
Tax effect	100,166	(294,275)
Net unrealized gains (losses) on other securities	(314,792)	718,428
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	128,887	(159,221)
Reclassification adjustments	110,070	40,448
Before adjustments to tax effect	238,957	(118,772)
Tax effect	(72,779)	36,277
Net deferred gains (losses) on hedges	166,177	(82,494)
Land revaluation excess:		
Amount arising during the fiscal year	—	—
Reclassification adjustments	—	—
Before adjustments to tax effect	—	—
Tax effect	(39)	—
Land revaluation excess	(39)	—
Foreign currency translation adjustments:		
Amount arising during the fiscal year	(74,067)	82,669
Reclassification adjustments	15	(2,492)
Before adjustments to tax effect	(74,052)	80,177
Tax effect	—	—
Foreign currency translation adjustments	(74,052)	80,177
Remeasurements of defined benefit plans:		
Amount arising during the fiscal year	(125,218)	307,353
Reclassification adjustments	5,429	5,758
Before adjustments to tax effect	(119,789)	313,111
Tax effect	35,369	(95,686)
Remeasurements of defined benefit plans	(84,420)	217,424
Share of other comprehensive income of affiliates:		
Amount arising during the fiscal year	(42,843)	16,387
Reclassification adjustments	1,979	(799)
Before adjustments to tax effect	(40,864)	15,587
Tax effect	—	—
Share of other comprehensive income of affiliates	(40,864)	15,587
Total other comprehensive income	¥(347,990)	¥ 949,124

(Notes to consolidated statements of changes in net assets)

Fiscal year ended March 31, 2020

1. Type and number of shares issued and treasury stock

Year ended March 31, 2020	Number of shares: At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	Notes
Shares issued					
Common stock	1,399,401,420	272,536	26,502,400	1,373,171,556	1,2
Total	1,399,401,420	272,536	26,502,400	1,373,171,556	
Treasury stock					
Common stock	3,800,918	26,525,707	26,681,582	3,645,043	3,4
Total	3,800,918	26,525,707	26,681,582	3,645,043	

Notes: 1. The increase of 272,536 shares in the total number of shares issued was due to issuance of new stocks as stock-based compensation.
2. The decrease of 26,502,400 shares in the total number of shares issued was due to cancellation of treasury stock.
3. The increase of 26,525,707 shares in the number of treasury common stock comprises the increase of 23,307 shares due to purchase of fractional shares, and the increase of 26,502,400 shares due to purchase of treasury stock.
4. The decrease of 26,681,582 shares in the number of treasury common stock comprises the decrease of 179,182 shares due to sales of fractional shares as well as exercise of stock option, and the decrease of 26,502,400 shares due to cancellation of treasury stock.

2. Information on stock acquisition rights

Year ended March 31, 2020	Details of stock acquisition rights	Type of shares	Number of shares: At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	Millions of yen: At the end of the fiscal year	Notes
The Company	Stock acquisition rights as stock options	—	—	—	—	—	¥2,064	
Total							¥2,064	

3. Information on dividends

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount: Cash dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2019	Common stock	¥132,582	¥95	March 31, 2019	June 28, 2019
Meeting of the Board of Directors held on November 12, 2019	Common stock	123,252	90	September 30, 2019	December 3, 2019

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount: Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2020	Common stock	¥136,952	Retained earnings	¥100	March 31, 2020	June 29, 2020

Fiscal year ended March 31, 2021

1. Type and number of shares issued and treasury stock

Year ended March 31, 2021	Number of shares: At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	Notes
Shares issued					
Common stock	1,373,171,556	868,505	—	1,374,040,061	1
Total	1,373,171,556	868,505	—	1,374,040,061	
Treasury stock					
Common stock	3,645,043	57,918	90,659	3,612,302	2,3
Total	3,645,043	57,918	90,659	3,612,302	

Notes: 1. The increase of 868,505 shares in the total number of shares issued was due to issuance of new stocks as stock-based compensation.
2. The increase of 57,918 shares in the number of treasury common stock comprises the increase due to purchases of fractional shares and acquisition of restricted stocks without compensation under the Stock Compensation Plans.
3. The decrease of 90,659 shares in the number of treasury common stock comprises the decrease due to sales of fractional shares as well as exercise of stock options.

2. Information on stock acquisition rights

Year ended March 31, 2021	Details of stock acquisition rights	Type of shares	Number of shares: At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	Millions of yen: At the end of the fiscal year	Notes
The Company	Stock acquisition rights as stock options	—	—	—	—	—	¥1,791	
Total							¥1,791	

3. Information on dividends

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount: Cash dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2020	Common stock	¥136,952	¥100	March 31, 2020	June 29, 2020
Meeting of the Board of Directors held on November 13, 2020	Common stock	130,190	95	September 30, 2020	December 3, 2020

(2) Dividends to be paid in the next fiscal year

Date of resolution	Type of shares	Millions of yen, except per share amount: Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2021	Common stock	¥130,190	Retained earnings	¥95	March 31, 2021	June 30, 2021

(Notes to consolidated statements of cash flows)

*1 The reconciliation of balance of "Cash and cash equivalents" at the end of the fiscal year and the amounts of items stated in the consolidated balance sheet

Year ended March 31	Millions of yen: 2020	2021
Cash and due from banks	¥61,768,573	¥72,568,875
Interest earning deposits with banks (excluding the deposit with the Bank of Japan)	(5,670,766)	(5,757,662)
Cash and cash equivalents	¥56,097,807	¥66,811,212

(Notes to lease transactions)

1. Finance leases

(1) Lessee side

1) Lease assets

(a) Tangible fixed assets

Tangible fixed assets mainly consisted of branches and equipment.

(b) Intangible fixed assets

Intangible fixed assets are software.

2) Depreciation method of lease assets

Depreciation method of lease assets is reported in "(Significant accounting policies for preparing consolidated financial statements) 4. Accounting policies (4) Depreciation."

(2) Lessor side

1) Breakdown of lease investment assets

	Millions of yen	
March 31	2020	2021
Lease receivables	¥258,052	¥288,189
Residual value	47,285	46,328
Unearned interest income	(85,604)	(98,125)
Total	¥219,733	¥236,392

2) The scheduled collections of lease payments receivable related to lease investment assets are as follows:

	Millions of yen	
March 31	2020	2021
Within 1 year	¥ 26,938	¥ 29,790
More than 1 year to 2 years	26,318	28,124
More than 2 years to 3 years	23,880	19,846
More than 3 years to 4 years	16,453	15,304
More than 4 years to 5 years	13,612	16,973
More than 5 years	150,848	178,149
Total	¥258,052	¥288,189

2. Operating leases

(1) Lessee side

Future minimum lease payments on operating leases which were not cancelable were as follows:

	Millions of yen	
March 31	2020	2021
Due within 1 year	¥ 42,384	¥ 39,033
Due after 1 year	247,206	223,555
Total	¥289,591	¥262,589

(2) Lessor side

Future minimum lease payments on operating leases which were not cancelable were as follows:

	Millions of yen	
March 31	2020	2021
Due within 1 year	¥ 31,498	¥26,601
Due after 1 year	72,655	58,759
Total	¥104,154	¥85,361

(Notes to financial instruments)

1. Status of financial instruments

(1) Policies on financial instruments

The Group conducts banking and other financial services such as leasing, securities, consumer finance, system development and information processing. Its banking business includes deposit taking, lending, securities trading and investment, remittance and transfer, foreign exchange, bond subscription agent, trust business, and over-the-counter sales of securities investment trusts and insurance products.

These services entail holding of financial assets such as loans and bills discounted, bonds, and stocks. Meanwhile, the Group raises funds through deposit taking, borrowing, bond offering, etc. Furthermore, it undertakes derivative transactions to meet customers' hedging needs to control market risk associated with deposit taking and lending ("ALM purposes"), and to make profit on short-term fluctuations in interest rates, foreign exchange rates, etc. ("trading purposes"). At SMBC, the Company's major consolidated subsidiary, derivative transactions for ALM purposes are undertaken by the Treasury Dept. and the International Treasury Dept. of the Treasury Unit, while derivative transactions for trading purposes are undertaken by the Trading Dept. of the Treasury Unit (derivative transactions for both ALM and trading purposes are undertaken by the Asia and Oceania Treasury Dept. in Asia and Oceania region, and are undertaken by the East Asia Treasury Dept. in East Asia region).

(2) Details of financial instruments and associated risks

1) Financial assets

The main financial assets held by the Group include loans to foreign and domestic companies and domestic individuals, and securities such as bonds (government and corporate bonds) and stocks (foreign and domestic stocks), etc. Bonds such as government bonds are held for both trading and ALM purposes, and certain bonds are held as held-to-maturity securities. Stocks are held mainly for strategic purposes. These assets expose the Group to credit risk, market risk and liquidity risk. Credit risk is the risk of loss arising from nonperformance of obligations by the borrower or issuer due to factors such as deterioration in the borrower's/issuer's financial conditions. Market risk is the risk stemming from fluctuations in interest rates, exchange rates, or share prices. Liquidity risk is the risk arising from difficulty executing transactions in desired quantities at appropriate prices due to low market liquidity. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

2) Financial liabilities

Financial liabilities of the Group include borrowed money and bonds, etc. in addition to deposits. Deposits mainly comprise deposits of domestic and foreign companies and domestic individuals. Borrowed money and bonds include subordinated borrowings and subordinated bonds with special clause specifying that the repayment order of borrowing or bond subordinates to other borrowings or bonds. Also, financial liabilities, like financial assets, expose the Group to not only market risk but also funding liquidity risk: the risk of the Group not being able to raise funds due to market turmoil, deterioration in the Group's creditworthiness or other factors. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

3) Derivative transactions

Derivatives handled by the Group include foreign exchange futures; futures, forwards, swaps and options related to interest rates, currencies, equities, bonds and commodities; and credit and weather derivatives.

Major risks associated with derivatives include market risk, liquidity risk, and credit risk arising from nonperformance of contractual obligations due to deterioration in the counterparty's financial conditions. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

Hedge accounting is applied to derivative transactions executed for ALM purposes, as necessary. Hedging instruments, hedged items, hedging policy and hedging method to assess the effectiveness of the hedge are described in "(Significant accounting policies for preparing consolidated financial statements), 4. Accounting policies, (16) Hedge accounting."

(3) Risk management framework for financial instruments

The fundamental matters on risk management for the entire Group are set forth in "Regulations on Comprehensive Risk Management." The Company's Management Committee establishes the basic risk management policy for the entire Group, based on the regulations, which is then approved by the Board of Directors. Each Group company has a risk management system based on the characteristics of its particular businesses and in accordance with the basic policy. Furthermore, the Group CRO is established to assess risk management across the Group unitarily and implement appropriate risk management. The Company is sharing information on group-wide risk management and strengthening related systems through the Group CRO Committee, which consists of the Group CRO and risk management representatives from strategically important Group companies.

1) Management of credit risk

The Company has established fundamental principles on credit risk management to thoroughly manage the credit risk of the entire Group. Each group company conducts integrated management of credit risk according to its operational characteristics, and the credit risk inherent in the entire portfolio as well as the risk in individual credits are managed quantitatively and continuously.

(a) Credit risk management system

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 Dept. is responsible for the comprehensive management of credit risk. This department drafts and administers credit risk regulations, including the Group's credit policies, and performs credit portfolio management including non-performing loans. The Company has also established the Credit Risk Committee to serve as a body for deliberating on matters related to group-wide credit portfolios.

At SMBC, the Company's major consolidated subsidiary, the Credit & Investment Planning Dept. of the Risk Management Unit is responsible for the comprehensive management of credit risk. This department establishes, revises or abolishes credit policies, the internal rating system, credit authority regulations, credit application regulations, and manages non-performing loans and other aspects of credit portfolio management. The department also controls SMBC's total credit risk by quantifying credit risk (*i.e.* calculating risk capital and risk-weighted assets) in cooperation with the Corporate Risk Management Dept. Moreover, the Credit Portfolio Management Dept. within the Credit & Investment Planning Dept. works to stabilize SMBC's overall credit portfolio through selling credit derivatives and loan claims.

The credit departments of each business unit together with branches conduct credit risk management for loans handled by their units and manage their units' portfolios. Credit approval authority is generally determined based on the credit amounts and internal grades, and the credit departments focus on analysis and management of customers and transactions with relatively high credit risk. The Credit Administration Dept. is mainly responsible for formulating and implementing measures to reduce the exposure of non-performing loans. Through industrial and sector-specific surveys and studies of individual companies, the Corporate Research Dept. works to form an accurate idea of the circumstances of borrower companies and identify those with potentially troubled credit positions at early stage.

Moreover, the Credit Risk Committee, a cross-departmental consultative body, rounds out SMBC's oversight systems for undertaking flexible and efficient control of credit risk and ensuring the overall soundness of SMBC's loan operations.

In addition to these, the Internal Audit Unit, operating independently of the business units, audits asset quality, grading accuracy, self-assessment, and appropriateness of the credit risk management system, and reports the audit results to the Management Committee and the Audit Committee.

(b) Method of credit risk management

The Company properly manages the credit risk inherent in individual loans and the entire portfolio by assessing and quantifying the credit risk of each borrower/loan using the internal rating system. In addition to management of individual loans through credit screening and monitoring, it manages the credit portfolio as described below in order to secure and improve the credit portfolio's soundness and medium-term profitability.

- Appropriate risk-taking within capital

  To keep credit risk exposure to a permissible level relative to capital, the Company sets the upper limit of the permissible risk of overall risk capital, which represents the soundness of the risk appetite index, based on each business unit's risk appetite and portfolio plan, and monitors the credit risk capital as part of permissible risk.
- Controlling concentration of risk

  Because concentration of credit risk in an industry or corporate group has the potential to impair the Company's capital significantly, the Company implements measures to prevent excessive concentration of loan in a single industry and to control large exposure to individual borrowers by setting maximum loan amounts and conducting loan reviews thoroughly. To manage country risk, the Company also has credit limit guidelines based on each country's creditworthiness.
- Greater understanding of actual corporate conditions and balancing returns and risks

  The Company runs credit operations on the basic principle of thoroughly understanding actual corporate conditions and gaining profit commensurate with the level of credit risk entailed, and makes every effort to improve profit at after-cost (credit cost, capital cost and overhead cost) level.
- Reduction and prevention of non-performing loans

  For non-performing loans and potential non-performing loans, the Company carries out loan reviews to clarify credit 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.

  In regard to financial instruments such as investments in certain funds, securitized products and credit derivatives that indirectly retain risks related to assets such as corporate bonds and loan claims (underlying assets), such instruments entail market and liquidity risks in addition to credit risk, since such instruments are traded on the market. Credit risk management for these instruments involving detailed analysis and evaluation of characteristics of underlying assets is performed while market risk is comprehensively managed within the framework for managing market and liquidity risks. Moreover, guidelines have been established based on the characteristics of each type of risk to appropriately manage risks of incurring losses.

  In regard to credit risk of derivative transactions, the potential exposure based on the market price is regularly calculated and properly managed. When the counterparty is a financial institution with which the Company frequently conducts derivative transactions, measures such as a close-out netting provision, which provide offsetting credit exposures between two parties in a single net payment from one party to the other in case of bankruptcy or other default event, are implemented to reduce credit risk.

2) Management of market and liquidity risks

The Company manages 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 for a highly efficient system of mutual checks and balances.

(a) Market and liquidity risk management systems

In accordance with the group-wide basic policies for risk management decided upon by the Management Committee, the Company 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 Dept., which is independent from 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 Audit Committee. Furthermore, the ALM Committee at SMBC, the core bank of the Company, 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.

In addition, the Internal Audit Dept., which is independent of other departments, periodically performs comprehensive internal audits to verify that the risk management framework is properly functioning and reports the audit results to the Management Committee and the Audit Committee.

(b) Market and liquidity risk management methodology

- Market risk management

  The Company manages market risk by setting maximum loss and VaR (value at risk: maximum potential loss that may be incurred to a specific financial instrument for a given probability) within the market risk capital limit, which is set taking into account stockholders' equity and other factors in accordance with the market transaction policies.

  The Company uses the historical simulation method (a method for estimating the maximum loss by running simulations of changes in profit and loss on market fluctuations scenarios based on historical data) to measure VaR. Regarding banking activities (activities for generating profit through management of interest rates, terms, and other aspects such as loans and bonds in assets, deposits in liabilities) and trading activities (activities for generating profit by taking advantage of short-term fluctuations in market values and differences in value among markets), the Company calculates the maximum loss that may occur as a result of market fluctuations in 1 day with a probability of 1% based on 4 years of historical observation. With regard to the holding of shares (such as listed shares) for the purpose of strategic investment, the Company calculates the maximum loss that may occur as a result of market fluctuations in 1 year with a probability of 1% based on 10 years of historical observation.

  Regarding risks associated with foreign exchange rates, interest rates, equity risk, option prices and other market risk factors, the Company manages such risks by setting a maximum limit on the indicator suited for each market risk factor such as BPV (basis point value: denotes the change in value of a financial instrument resulting from a 0.01 percentage-point change in the yield).
- Quantitative information on market risks

  As of March 31, 2021, total VaR of SMBC and its major consolidated subsidiaries was ¥55.0 billion for the banking activities, ¥20.7 billion for the trading activities and ¥1,284.1 billion for the holding of shares (such as listed shares) for the purpose of strategic investment.

  However, it should be noted that these figures are statistical figures that change according to changes in assumptions and calculation methods, and may not cover the risk of future market conditions fluctuating drastically compared to market fluctuations of the past.
- Liquidity risk management

  The Company manages liquidity risk based on the framework of "setting management levels of risk appetite indicators" and "developing contingency plans." Risk appetite indicators are quantitative benchmarks that select the types and indicate the levels of risk that the Company is willing to take on or tolerate. As an example, the Company sets a lower limit on the number of days over which cash flows could be maintained under the stress conditions such as deposit outflow, so as to secure funding sources that do not fall below the benchmark to avoid excessive reliance on short term funding. In addition, the Company develops contingency plans consisting of instructions, reporting lines and action plans in case of emergency.

  Moreover, to manage the liquidity risk of marketable instruments, derivative transactions, etc., the Company has trading limits for each business office classified by currency, instrument, transaction period, etc. As for financial futures, etc., risks are managed by restricting positions to within a certain percentage of open interest in the entire market.

(4) Supplementary explanations about matters concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices and, in cases where market prices are not available, on reasonably calculated prices. These prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

2. Matters concerning fair value of financial instruments and breakdown by input level

The amounts on the consolidated balance sheet and the fair value of financial instruments as well as the difference between them are as follows.

The amounts shown in the following tables do not include stocks with no market price, etc., and investments in partnerships (refer to Note 3).

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted price in an active market for the same asset or liability

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified to the lowest priority level of fair value measurement in which each input belongs.

(1) Financial assets and liabilities at fair value on the consolidated balance sheets

	Millions of yen
March 31, 2020	Consolidated balance sheet amount
Monetary claims bought	¥ 718,948
Trading assets	
Securities classified as trading purposes *1	2,687,362
Money held in trust	353
Securities	
Other securities *1	24,838,288
Total assets	¥28,244,952
Trading liabilities	
Trading securities sold for short sales *1	¥ 1,927,964
Total liabilities	¥ 1,927,964
Derivative transactions *2, 3	
Interest rate derivatives	¥ 826,249
Currency derivatives	(27,773)
Equity derivatives	(301)
Bond derivatives	9,174
Commodity derivatives	2,181
Credit derivative transactions	2,856
Total derivative transactions	¥ 812,386

*1 The amount of investment trusts for which transitional measures are applied in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, hereinafter, "Guidance for Application of Fair Value Measurement") are not included in the table above. The amount of such investment trusts on the consolidated balance sheet includes financial assets of ¥711,938 million and financial liabilities of ¥84,511 million.

*2 The amounts collectively represent the derivative transactions which are recorded on "Trading assets," "Trading liabilities," "Other assets" and "Other liabilities." Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in round brackets.

*3 As for derivative transactions applying hedge accounting, ¥294,816 million is recorded on the consolidated balance sheet.

	Millions of yen			
	Consolidated balance sheet amount			
March 31, 2021	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 276,989	¥454,827	¥ 731,817
Trading assets				
Securities classified as trading purposes *1	2,473,813	591,976	270	3,066,060
Money held in trust	—	309	—	309
Securities				
Other securities *1	25,055,919	8,840,677	52,193	33,948,790
Total assets	¥27,529,732	¥9,709,953	¥507,291	¥37,746,977
Trading liabilities				
Trading securities sold for short sales *1	¥ 1,997,985	¥ 77,072	¥ —	¥ 2,075,058
Total liabilities	¥ 1,997,985	¥ 77,072	¥ —	¥ 2,075,058
Derivative transactions *2, 3				
Interest rate derivatives	¥ 24,638	¥ 416,233	¥ 1,013	¥ 441,886
Currency derivatives	(560)	91,268	4,807	95,514
Equity derivatives	(29,846)	106	21,696	(8,043)
Bond derivatives	484	19	—	503
Commodity derivatives	532	1,486	—	2,019
Credit derivative transactions	—	(6,512)	796	(5,716)
Total derivative transactions	¥ (4,751)	¥ 502,601	¥ 28,314	¥ 526,164

*1 The amount of investment trusts for which transitional measures are applied in accordance with Paragraph 26 of the Guidance for Application of Fair Value Measurement are not included in the table above. The amount of such investment trusts on the consolidated balance sheet includes financial assets of ¥1,200,314 million and financial liabilities of ¥1,510 million.

*2 The amounts collectively represent the derivative transactions which are recorded in "Trading assets," "Trading liabilities," "Other assets" and "Other liabilities." Debts and credits arising from derivative transactions are presented on a net basis, with a net debt presented in round brackets.

*3 As for derivative transactions applying hedge accounting, ¥207,017 million is recorded on the consolidated balance sheet. These are interest rate swap and other derivative transactions designated as hedging instruments for stabilizing cash flows of loans and bills discounted, etc., that are hedged items. The Company has mainly applied deferred hedge accounting for those derivative transactions. For these hedging relationships, the Company has applied "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No.40, September 29, 2020).

(2) Financial assets and liabilities which are not stated at fair value on the consolidated balance sheet

Cash and due from banks, Call loans and bills bought, Receivables under resale agreements, Receivables under securities borrowing transactions, Foreign exchanges, Call money and bills sold, Payable under repurchase agreements, Payable under securities lending transactions, Commercial papers, and Short-term bonds payable are not included in the following tables since they are mostly short-term, and their fair values approximate their carrying amounts.

	Millions of yen		
March 31, 2020	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Monetary claims bought *	¥ 3,837,831	¥ 3,869,321	¥ 31,490
Securities			
Bonds classified as held-to-maturity	282,379	282,519	140
Loans and bills discounted	82,517,609		
Reserve for possible loan losses *	(301,752)		
	82,215,856	84,118,833	1,902,976
Lease receivables and investment assets *	219,548	218,858	(690)
Total assets	¥ 86,555,615	¥ 88,489,532	¥1,933,917
Deposits	¥127,042,217	¥127,049,743	¥ 7,526
Negotiable certificates of deposit	10,180,435	10,187,496	7,060
Borrowed money	15,210,894	15,254,734	43,839
Bonds	9,235,639	9,360,807	125,167
Due to trust account	1,811,355	1,824,319	12,964
Total liabilities	¥163,480,542	¥163,677,101	¥ 196,558

* General reserves and special reserves corresponding to loans are deducted. The reserve for possible loan losses on "Monetary claims bought" and "Lease receivables and investment assets" are deducted directly from consolidated balance sheet amount since they are immaterial.

	Millions of yen					
	Fair value				Consolidated balance sheet amount	Net unrealized gains (losses)
March 31, 2021	Level 1	Level 2	Level 3	Total		
Monetary claims bought *	¥ —	¥ —	¥ 3,971,664	¥ 3,971,664	¥ 3,930,431	¥ 41,233
Securities						
Bonds classified as held-to-maturity	22,239	—	—	22,239	22,300	(60)
Loans and bills discounted					85,132,738	
Reserve for possible loan losses *					(456,861)	
	—	—	86,450,361	86,450,361	84,675,876	1,774,484
Lease receivables and investment assets *	—	—	239,867	239,867	235,723	4,144
Total assets	¥22,239	¥ —	¥90,661,893	¥ 90,684,133	¥ 88,864,331	¥1,819,802
Deposits	¥ —	¥142,023,649	¥ —	¥142,023,649	¥142,026,156	¥ (2,507)
Negotiable certificates of deposit	—	12,579,851	—	12,579,851	12,570,617	9,233
Borrowed money	—	17,773,586	—	17,773,586	17,679,690	93,895
Bonds	—	8,621,373	702,346	9,323,720	9,043,031	280,688
Due to trust account	—	2,335,221	—	2,335,221	2,321,223	13,998
Total liabilities	¥ —	¥183,333,682	¥ 702,346	¥184,036,029	¥183,640,720	¥ 395,308

* General reserves and special reserves corresponding to loans are deducted. The reserve for possible loan losses on "Monetary claims bought" and "Lease receivables and investment assets" are deducted directly from consolidated balance sheet amount since they are immaterial.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

Monetary claims bought

The fair values of subordinated trust beneficiary interests related to securitized housing loans among monetary claims bought are determined by estimating future cash flows using the probability of default, loss given default and prepayment rate, and assessing the value by deducting the value of senior beneficial interests, etc. from the value of underlying housing loans. The fair values of other transactions are, in principle, based on methods similar to the methods applied to Loans and bills discounted.

These transactions are mainly classified into Level 3.

Trading assets

The fair values of bonds and other securities held for trading purposes are, in principle, based on their market prices at the end of the period.

The fair values of such bonds and other securities are mainly classified into Level 1 depending on the level of market activity. When fair value is determined based on either the prices quoted by the financial institutions, or future cash flows discounted using observable inputs such as interests, spreads, and others, they are classified into Level 2.

Money held in trust

The fair values of money held in trust are, in principle, fair values of securities in trust property calculated by the same method as for securities that the Company owns. They are classified into Level 2.

Securities

In principle, the fair values of stocks (including foreign stocks) are based on the market price as of the end of the fiscal year ended March 31, 2021. They are mainly classified into Level 1 depending on the level of market activity. The fair values of securities with market prices other than stocks are based on the market price as of the end of the fiscal year ended March 31, 2021. Japanese Government bonds are classified into Level 1 and other bonds are classified into Level 2.

The fair values of privately-placed bonds with no market prices are based on the present value of estimated future cash flows, taking into account the borrower's probability of default, loss given default, etc. Those present values are discounted by a rate comprising a risk free interest rate with certain adjustment. However, the fair values of bonds, such as privately-placed bonds issued by bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers are based on the bond's book value after the deduction of the expected amount of a loss on the bond computed by using the same method applied to the estimation of a loan loss.

These transactions are classified into Level 2.

Loans and bills discounted, and Lease receivables and investment assets

Of these transactions, considering the characteristics of these transaction, the fair values of overdrafts with no specified repayment dates are their book values as they are considered to approximate their fair values.

For short-term transactions, the fair values are also their book values as they are considered to approximate their fair values.

The fair values of long-term transactions are, in principle, based on the present value of estimated future cash flows taking into account the borrower's probability of default, loss given default, etc. Those present values are discounted by a rate comprising a risk free interest rate with certain adjustment. At certain consolidated subsidiaries of the Company, the fair values are calculated based on the present values of estimated future cash flows, which are computed based on the contractual interest rate. Those present values are discounted by a rate comprising a risk-free rate and a credit risk premium.

Regarding claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the expected recoverable amount from disposal of collateral or guarantees, or the present value of expected future cash flows. Since the claims' consolidated balance sheet amounts minus the expected amount of loan losses approximate their fair values, such amounts are considered to be their fair values.

These transactions are classified into Level 3.

Liabilities

Trading liabilities

The fair values of bonds sold for short sales and other securities for trading purposes are, in principle, based on their market prices at the end of the fiscal year ended March 31, 2021. They are mainly classified into Level 1.

Deposits, Negotiable certificates of deposit, and Due to trust account

Out of these transactions, the fair values of demand deposits and deposits without maturity are their book values. The fair values of transactions with a short-term remaining maturity are also their book values, as their book values are regarded to approximate their fair values. The fair values of transactions with a long-term remaining maturity are, in principle, based on the present value of estimated future cash flows discounted by the interest rate assuming that the same type of deposit is newly accepted until the end of the remaining maturity.

The fair values of borrowings from the trust account related to covered bond issued by the trust account are based on the amount calculated in accordance with the price quoted by industry associations, etc.

These transactions are classified into Level 2.

Borrowed money and Bonds

The fair values of short-term transactions are their book values, as their book values are considered to approximate their fair values. For long-term transactions, their fair values are based on the present value of estimated future cash flows discounted using the refinancing rate applied to the same type of instruments for the remaining maturity.

For transactions with the price quoted by industry associations, etc., fair value is based on the amount calculated by using the published price data, yield data, etc.

These transactions are classified into Level 2.

Derivative transactions

The fair values of listed derivatives are based on their closing prices. The fair values of over-the-counter derivative transactions are based on the present value of the future cash flows, option valuation models, etc., using inputs such as interest rate, foreign exchange rate, stock price, commodity price, etc.

Over-the-counter derivative transactions takes into account the counterparty's and the Company's credit risks, and the liquidity risks of the unsecured lending funds. Listed derivative transactions are mainly classified into Level 1. Over-the-counter derivative transactions are classified into Level 2 if observable inputs are available or impact of unobservable inputs to the fair values is not significant. If impact of unobservable inputs to the fair values is significant, they are classified into Level 3.

(Note 2) Quantitative information about financial assets and liabilities measured and stated on the consolidated balance sheet at fair value and classified in Level 3

1) Quantitative information on significant unobservable inputs

	Valuation technique	Significant unobservable inputs	Range
Monetary claims bought	Discounted cash flow	Probability of default	0.1% — 100.0%
		Loss given default	0.0% — 51.4%
		Prepayment rate	2.0% — 7.5%
Trading assets:			
Securities classified as trading purposes	Option valuation model	Equity volatility	24.6% — 57.6%
Securities:			
Other securities	Discounted cash flow	Probability of default	7.9% — 100.0%
		Loss given default	0.0% — 80.2%
Derivative transactions:			
Interest rate derivatives	Option valuation model	Correlation between interest rates	14.9% — 98.0%
Currency derivatives	Option valuation model	Correlation between interest rates	26.7% — 98.0%
		Correlation between interest rate and foreign exchange rate	13.9% — 47.6%
		Foreign exchange rate volatility	8.9% — 14.8%
Equity derivatives	Option valuation model	Correlation between equities	47.1% — 93.1%
		Correlation between foreign exchange rate and equity	(26.0)% — (2.6)%
		Equity volatility	16.6% — 55.9%
Credit derivatives	Credit default model	Correlation between foreign exchange rate and CDS* spread	15.0% — 90.0%

* Credit Default Swap

2) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in the earnings of the period

	Millions of yen							
	Beginning balance	Earnings of the period*1	Other comprehe-nsive income*2	Net amount of purchase, sale, issuance and settlement	Transfer to Level 3*3	Transfer from Level 3*4	Ending balance	Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period
Monetary claims bought	¥451,033	¥ —	¥ 4,789	¥ (994)	¥ —	¥ —	¥454,827	¥ —
Trading assets	152	3,499	—	(3,383)	1	—	270	184
Securities	33,251	539	(1,515)	(28,217)	48,305	(170)	52,193	(4,585)
Derivative transactions								
Interest rate	4,280	(3,316)	—	50	—	—	1,013	366
Currency	1,721	3,038	—	—	—	47	4,807	3,297
Equity	32,865	(13,462)	—	2,293	—	—	21,696	10,855
Credit derivative	2,240	(1,444)	—	—	—	—	796	(709)
Total	¥525,544	¥(11,145)	¥ 3,274	¥(30,251)	¥48,306	¥ (122)	¥535,605	¥ 9,408

*1 The amounts shown in the table above are included in consolidated statements of income.

*2 The amounts shown in the table above are included in "Net unrealized gains (losses) on other securities" under "Other comprehensive income (losses)."

*3 Transfer from Level 2 to Level 3 due to an increase in the impact on the fair value of unobservable inputs for privately-placed bonds etc. The transfer was made at the beginning of the fiscal year ended March 31, 2021.

*4 Transfer from Level 3 to Level 2 due to a decrease in the impact on the fair value of unobservable inputs for privately-placed bonds etc. The transfer was made at the beginning of the fiscal year ended March 31, 2021.

3) Description of the fair value valuation process

At the Company, the middle division establishes policies and procedures for the calculation of fair value, and the front division develops valuation models in accordance with such policies and procedures. The middle division verifies the reasonableness of the fair value valuation models, the inputs used, and the appropriateness of the classified fair value level of the calculated fair value.

Observable data is utilized as much as possible for the valuation model. If quoted prices obtained from third parties are used, those values are verified by comparison with results recalculated by the Company using the inputs for the valuation.

4) Description of the sensitivity of the fair value to changes in significant unobservable inputs

Probability of default

Probability of default represents the likelihood that the default will occur, and is calculated based on actual defaults in the past. A significant increase (decrease) in the default rate would result in a significant decrease (increase) in a fair value.

Loss given default

Loss given default is the proportion of estimated losses in the event that default occurs to the total balance of bonds or loans and bills discounted, and is calculated based on actual defaults in the past. A significant increase (decrease) in loss given default would result in a significant decrease (increase) in a fair value.

Prepayment rate

Prepayment rate is the proportion of estimated principals assuming that prepayment is made in each period. In general, a significant change in loss given default would result in a significant increase or decrease in a fair value according to the contractual terms and conditions.

Volatility

Volatility is an indicator that represents the estimation of severity of change over a certain period in values of inputs and market values. Volatility is estimated based on actual results in the past, information derived from third parties and other analysis approach. Volatility is mainly used in valuation of derivatives that refer to potential changes of interest rate, foreign exchange rate, stock price, etc. A significant increase (decrease) in volatility would generally result in a significant increase (decrease) in a fair value.

Correlation

Correlation is an indicator of the relation of variables such as interest rate, foreign exchange rate, Credit Default Swap (CDS) spread and stock price. Correlation is estimated based on actual results in the past, and is mainly used in valuation technique of complex derivatives, etc. A significant change in correlation would generally result in a significant increase or decrease in a fair value according to the contractual terms and conditions of the financial instrument.

(Note 3) Consolidated balance sheet amounts of stocks with no market prices, etc. and investments in partnership, etc. are as follows. In accordance with Paragraph 5 of ASBJ Guidance No.19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments," and Paragraph 27 of "Guidance for Application of Fair Value Measurement," these amounts are not included in "Trading assets" and "Securities" stated on the tables disclosed in "Matters concerning fair value of financial instruments and breakdown by input level":

	Millions of yen	
	March 31, 2020	March 31, 2021
Stocks with no market prices, etc.*1, 2	¥174,347	¥187,204
Investments in partnership, etc.*2	242,674	278,072
Total	¥417,022	¥465,276

*1 Unlisted stocks are included in stocks with no market prices, etc.

*2 Unlisted stocks and investments in partnership totaling ¥22,903 million and ¥20,644 million were written-off in the fiscal year ended March 31, 2020 and 2021, respectively.

(Note 4) Redemption schedule of monetary claims and securities with maturities

	Millions of yen			
March 31, 2020	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Monetary claims bought *1	¥ 3,310,435	¥ 735,646	¥ 163,273	¥ 295,468
Securities	6,702,393	7,787,784	3,250,285	4,241,524
Bonds classified as held-to-maturity	260,000	—	22,300	—
Japanese government bonds	260,000	—	—	—
Japanese local government bonds	—	—	22,300	—
Japanese corporate bonds	—	—	—	—
Other	—	—	—	—
Other securities with maturity	6,442,393	7,787,784	3,227,985	4,241,524
Japanese government bonds	3,388,590	2,780,300	450,200	413,700
Japanese local government bonds	2,912	45,000	179,449	12,775
Japanese corporate bonds	316,475	1,123,144	814,564	449,623
Other	2,734,414	3,839,340	1,783,771	3,365,426
Loans and bills discounted *1,2	20,530,820	34,431,806	13,516,514	6,514,499
Lease receivables and investment assets	21,006	58,938	26,716	65,787
Total	¥30,564,654	¥43,014,175	¥16,956,790	¥11,117,280

*1 The amounts shown in the table above do not include amounts for claims, such as claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥292 million, Loans and bills discounted: ¥339,003 million.

*2 Loans and bills discounted without the maturity dates are not included. Such amount is totaled to ¥7,182,191 million at March 31, 2020.

	Millions of yen			
March 31, 2021	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Monetary claims bought *1	¥ 3,315,168	¥ 813,388	¥ 255,255	¥ 221,553
Securities	8,992,297	13,437,597	4,576,528	3,251,964
Bonds classified as held-to-maturity	—	—	22,300	—
Japanese government bonds	—	—	—	—
Japanese local government bonds	—	—	22,300	—
Japanese corporate bonds	—	—	—	—
Other	—	—	—	—
Other securities with maturity	8,992,297	13,437,597	4,554,228	3,251,964
Japanese government bonds	5,899,020	6,642,300	1,406,600	283,900
Japanese local government bonds	7,170	205,548	506,788	12,232
Japanese corporate bonds	273,382	1,222,810	639,373	466,520
Other	2,812,724	5,366,938	2,001,466	2,489,310
Loans and bills discounted *1,2	22,105,264	36,046,216	13,079,391	6,402,231
Lease receivables and investment assets	18,821	57,940	42,590	70,712
Total	¥34,431,552	¥50,355,142	¥17,953,766	¥9,946,460

*1 The amounts shown in the table above do not include amounts for claims, such as claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers for which redemption is unlikely. The amounts for such claims are Monetary claims bought: ¥317 million, Loans and bills discounted: ¥422,940 million.

*2 Loans and bills discounted without the maturity dates are not included. Such amount is totaled to ¥7,073,876 million at March 31, 2021.

(Note 5) Repayment schedule of bonds, borrowed money and other interest-bearing debts

	Millions of yen			
March 31, 2020	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥123,191,393	¥ 3,269,858	¥ 158,359	¥ 422,607
Negotiable certificates of deposit	9,488,288	692,146	—	—
Borrowed money	10,116,503	4,185,181	637,820	271,389
Bonds	1,311,716	3,876,955	3,016,822	1,030,816
Due to trust account	1,379,220	282,735	149,400	—
Total	¥145,487,121	¥12,306,877	¥3,962,402	¥1,724,812

* Demand deposits are included in "Within 1 year." Deposits include current deposits.

	Millions of yen			
March 31, 2021	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits *	¥138,365,168	¥ 3,108,605	¥ 160,363	¥ 392,019
Negotiable certificates of deposit	12,105,583	465,034	—	—
Borrowed money	7,638,210	9,154,938	634,982	251,559
Bonds	1,294,715	3,677,761	2,970,463	1,100,289
Due to trust account	1,732,438	426,597	162,187	—
Total	¥161,136,116	¥16,832,937	¥3,927,997	¥1,743,867

* Demand deposits are included in "Within 1 year." Deposits include current deposits.

(Notes to securities)

The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit classified as "Cash and due from banks," and beneficiary claims on loan trust classified as "Monetary claims bought," in addition to "Securities" stated in the consolidated balance sheets.

1. Securities classified as trading purposes

	Millions of yen	
March 31	2020	2021
Valuation gains (losses) included in the earnings for the fiscal year	¥(27,480)	¥9,501

2. Bonds classified as held-to-maturity

		Millions of yen		
March 31, 2020		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds	¥260,079	¥260,286	¥206
	Japanese local government bonds	2,000	2,001	1
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	262,079	262,287	208
Bonds with unrealized losses:	Japanese government bonds	—	—	—
	Japanese local government bonds	20,300	20,232	(67)
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	20,300	20,232	(67)
Total		¥282,379	¥282,519	¥140

		Millions of yen		
March 31, 2021		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds	¥ —	¥ —	¥ —
	Japanese local government bonds	3,700	3,701	1
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	3,700	3,701	1
Bonds with unrealized losses:	Japanese government bonds	—	—	—
	Japanese local government bonds	18,600	18,538	(61)
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	18,600	18,538	(61)
Total		¥22,300	¥22,239	¥(60)

3. Other securities

		Millions of yen		
March 31, 2020		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks	¥ 2,372,608	¥ 1,038,349	¥1,334,258
	Bonds	5,197,614	5,159,687	37,927
	Japanese government bonds	2,871,225	2,865,395	5,829
	Japanese local government bonds	76,337	75,981	356
	Japanese corporate bonds	2,250,052	2,218,310	31,741
	Other	10,655,671	9,934,324	721,347
	Subtotal	18,225,894	16,132,361	2,093,533
Other securities with unrealized losses:	Stocks	222,431	287,126	(64,694)
	Bonds	4,869,781	4,886,191	(16,410)
	Japanese government bonds	4,216,709	4,229,667	(12,957)
	Japanese local government bonds	164,044	164,575	(530)
	Japanese corporate bonds	489,027	491,949	(2,921)
	Other	2,914,076	3,034,175	(120,098)
	Subtotal	8,006,289	8,207,493	(201,204)
Total		¥26,232,183	¥24,339,854	¥1,892,329

Note: Net unrealized gains (losses) on other securities shown above include losses of ¥26,403 million for the fiscal year ended March 31, 2020 that are recognized in the earnings by applying fair value hedge accounting.

		Millions of yen		
March 31, 2021		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:	Stocks	¥ 3,443,816	¥ 1,161,142	¥2,282,673
	Bonds	6,148,728	6,119,071	29,657
	Japanese government bonds	3,980,113	3,977,980	2,132
	Japanese local government bonds	215,060	214,647	413
	Japanese corporate bonds	1,953,555	1,926,443	27,111
	Other	8,133,879	7,336,137	797,741
	Subtotal	17,726,424	14,616,350	3,110,073
Other securities with unrealized losses:	Stocks	106,431	133,466	(27,035)
	Bonds	11,506,509	11,528,134	(21,624)
	Japanese government bonds	10,313,497	10,329,703	(16,206)
	Japanese local government bonds	517,561	518,629	(1,067)
	Japanese corporate bonds	675,450	679,800	(4,350)
	Other	6,613,717	6,743,300	(129,582)
	Subtotal	18,226,657	18,404,900	(178,243)
Total		¥35,953,082	¥33,021,251	¥2,931,830

Note: Net unrealized gains (losses) on other securities shown above include gains of ¥399 million for the fiscal year ended March 31, 2021 that are recognized in the earnings by applying fair value hedge accounting.

4. Held-to-maturity bonds sold during the fiscal year

Fiscal year ended March 31, 2020

There are no corresponding transactions.

Fiscal year ended March 31, 2021

There are no corresponding transactions.

5. Other securities sold during the fiscal year

	Millions of yen		
Year ended March 31, 2020	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 205,299	¥115,228	¥(11,013)
Bonds	8,380,330	26,478	(4,384)
Japanese government bonds	8,036,803	25,415	(4,349)
Japanese local government bonds	92,994	295	(34)
Japanese corporate bonds	250,532	766	(0)
Other	14,797,180	120,696	(33,219)
Total	¥23,382,810	¥262,403	¥(48,617)

	Millions of yen		
Year ended March 31, 2021	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 139,203	¥ 83,297	¥ (4,992)
Bonds	7,402,988	7,378	(3,812)
Japanese government bonds	7,318,109	6,970	(3,812)
Japanese local government bonds	—	—	—
Japanese corporate bonds	84,879	408	—
Other	9,545,072	164,069	(47,591)
Total	¥17,087,264	¥254,745	¥(56,397)

6. Change of classification of securities

Fiscal year ended March 31, 2020

There are no significant corresponding transactions to be disclosed.

Fiscal year ended March 31, 2021

There are no significant corresponding transactions to be disclosed.

7. Write-down of securities

Bonds classified as held-to-maturity and other securities (excluding other securities whose consolidated balance sheet amounts are not measured at fair value) are considered as impaired if the fair value decreases materially below the acquisition cost and such decline is not considered as recoverable. The fair value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2020 and 2021 were ¥23,000 million and ¥8,480 million, respectively. The rule for determining "material decline" is as follows and is based on the classification of issuers under the rules of self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers:	Fair value is lower than acquisition cost.
Issuers requiring caution:	Fair value is 30% or lower than acquisition cost.
Normal issuers:	Fair value is 50% or lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above 4 categories of issuers.

(Notes to money held in trust)

1. Money held in trust classified as trading purposes

Fiscal year ended March 31, 2020

There are no corresponding transactions.

Fiscal year ended March 31, 2021

There are no corresponding transactions.

2. Money held in trust classified as held-to-maturity

Fiscal year ended March 31, 2020

There are no corresponding transactions.

Fiscal year ended March 31, 2021

There are no corresponding transactions.

3. Other money held in trust

	Millions of yen		
March 31, 2020	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥353	¥353	—

	Millions of yen		
March 31, 2021	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other money held in trust	¥309	¥309	—

(Notes to net unrealized gains (losses) on other securities)

The breakdown of "Net unrealized gains (losses) on other securities" reported on the consolidated balance sheets is as shown below:

March 31, 2020	Millions of yen
Net unrealized gains (losses)	¥1,918,660
Other securities	1,918,660
Other money held in trust	—
(-) Deferred tax liabilities	453,080
Net unrealized gains (losses) on other securities (before following adjustments)	1,465,580
(-) Non-controlling interests	103,969
(+) The Company's interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	9,795
Net unrealized gains (losses) on other securities	¥1,371,407

Notes: 1. Net unrealized losses of ¥26,403 million for the fiscal year ended March 31, 2020 recognized in the fiscal year's earnings by applying fair value hedge accounting are deducted from net unrealized gains on other securities.
2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is extremely difficult to determine.
3. Non-controlling interests include equity acquired from non-controlling stockholders.

March 31, 2021	Millions of yen
Net unrealized gains (losses)	¥2,931,364
Other securities	2,931,364
Other money held in trust	—
(-) Deferred tax liabilities	747,355
Net unrealized gains (losses) on other securities (before following adjustments)	2,184,009
(-) Non-controlling interests	105,206
(+) The Company's interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates	15,802
Net unrealized gains (losses) on other securities	¥2,094,605

Notes: 1. Net unrealized gains of ¥399 million for the fiscal year ended March 31, 2021 recognized in the fiscal year's earnings by applying fair value hedge accounting are deducted from net unrealized gains on other securities.
2. Net unrealized gains (losses) on other securities include foreign currency translation adjustments on foreign currency denominated securities whose fair value is not recognized as consolidated balance sheet amount.
3. Non-controlling interests include equity acquired from non-controlling stockholders.

(Notes to derivative transactions)

1. Derivative transactions to which the hedge accounting method is not applied

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value, valuation gains (losses) and fair value calculation methodologies by type of derivative with respect to derivative transactions to which the hedge accounting method is not applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

	Millions of yen			
	Contract amount			
March 31, 2020	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Interest rate futures:				
Sold	¥ 21,076,337	¥ 4,765,699	¥ (27,290)	¥ (27,290)
Bought	14,737,369	2,199,856	27,550	27,550
Interest rate options:				
Sold	6,750,245	4,521,273	(11,465)	(11,465)
Bought	158,524,331	67,831,291	48,263	48,263
Over-the-counter				
Forward rate agreements:				
Sold	62,823,188	4,805,635	132,247	132,247
Bought	61,810,031	3,914,222	(132,242)	(132,242)
Interest rate swaps:	466,801,624	363,010,583	571,893	571,893
Receivable fixed rate/payable floating rate	204,935,762	162,453,955	9,871,580	9,871,580
Receivable floating rate/payable fixed rate	199,732,233	157,519,483	(9,312,725)	(9,312,725)
Receivable floating rate/payable floating rate	62,049,122	42,972,238	4,408	4,408
Interest rate swaptions:				
Sold	7,216,094	3,744,854	5,054	5,054
Bought	6,612,746	3,503,884	(22,405)	(22,405)
Caps:				
Sold	58,316,271	35,057,852	(27,575)	(27,575)
Bought	13,991,264	9,813,927	689	689
Floors:				
Sold	3,427,268	3,271,036	(34,570)	(34,570)
Bought	2,001,857	1,816,324	21,728	21,728
Other:				
Sold	1,723,114	1,045,482	(2,327)	(2,327)
Bought	6,906,532	4,948,922	74,235	74,235
Total	/	/	¥ 623,785	¥ 623,785

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2021	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Interest rate futures:				
Sold	¥ 17,270,061	¥ 6,611,011	¥ (1,126)	¥ (1,126)
Bought	8,617,990	5,912,395	726	726
Interest rate options:				
Sold	5,924,592	3,182,912	(6,862)	(6,862)
Bought	180,429,787	69,190,643	30,995	30,995
Over-the-counter				
Forward rate agreements:				
Sold	55,761,372	5,980	12,420	12,420
Bought	54,471,354	1,560	(12,423)	(12,423)
Interest rate swaps:	468,245,252	356,060,418	236,177	236,177
Receivable fixed rate/payable floating rate	208,413,122	158,339,724	4,627,453	4,627,453
Receivable floating rate/payable fixed rate	204,100,529	153,091,311	(4,402,436)	(4,402,436)
Receivable floating rate/payable floating rate	55,641,657	44,546,438	(1,218)	(1,218)
Interest rate swaptions:				
Sold	6,757,427	4,764,343	(84,446)	(84,446)
Bought	6,166,275	4,403,008	78,877	78,877
Caps:				
Sold	64,606,743	36,017,193	(41,891)	(41,891)
Bought	13,510,015	11,219,847	11,642	11,642
Floors:				
Sold	4,130,223	3,590,129	(19,012)	(19,012)
Bought	2,257,383	2,034,274	20,450	20,450
Other:				
Sold	1,855,047	1,322,008	(6,649)	(6,649)
Bought	6,082,064	4,112,358	56,462	56,462
Total	/	/	¥ 275,340	¥ 275,340

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

(2) Currency derivatives

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold	¥ 4,500	¥ —	¥ (7)	¥ (7)
Bought	—	—	—	—
Over-the-counter				
Currency swaps	55,227,153	41,204,948	(116,557)	(97,022)
Currency swaptions:				
Sold	229,152	45,273	(429)	(429)
Bought	789,974	577,080	1,766	1,766
Forward foreign exchange	80,636,837	10,126,712	(1,771)	(1,771)
Currency options:				
Sold	3,622,112	1,493,867	(115,008)	(115,008)
Bought	3,258,083	1,206,448	120,743	120,743
Total	/	/	¥(111,265)	¥ (91,729)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

March 31, 2021	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Currency futures:				
Sold	¥ 1,812	¥ —	¥ 93	¥ 93
Bought	6,256	—	0	0
Over-the-counter				
Currency swaps	76,626,201	59,390,711	(78,194)	161,586
Currency swaptions:				
Sold	70,002	70,002	117	117
Bought	520,389	501,768	(493)	(493)
Forward foreign exchange	77,285,120	13,081,964	134,477	134,477
Currency options:				
Sold	2,842,651	1,350,141	(85,577)	(85,577)
Bought	2,507,220	1,123,003	82,620	82,620
Total	/	/	¥ 53,043	¥292,824

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value, option pricing models and other methodologies.

(3) Equity derivatives

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold	¥683,868	¥ 3,250	¥ (7,234)	¥ (7,234)
Bought	470,636	30,247	1,286	1,286
Equity price index options:				
Sold	625,316	253,364	(69,629)	(69,629)
Bought	476,035	197,739	31,351	31,351
Over-the-counter				
Equity options:				
Sold	342,896	52,544	(30,674)	(30,674)
Bought	312,867	38,253	32,382	32,382
Equity index forward contracts:				
Sold	—	—	—	—
Bought	2,614	28	448	448
Equity price index swaps:				
Receivable equity index/payable short-term floating rate	58,774	31,271	(18,606)	(18,606)
Receivable short-term floating rate/payable equity index	268,608	151,227	51,513	51,513
Total	/	/	¥ (9,162)	¥ (9,162)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

March 31, 2021	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Equity price index futures:				
Sold	¥1,080,737	¥ 23,420	¥ (9,528)	¥ (9,528)
Bought	528,050	42,460	13,942	13,942
Equity price index options:				
Sold	589,781	184,932	(69,039)	(69,039)
Bought	360,975	118,530	34,014	34,014
Over-the-counter				
Equity options:				
Sold	50,915	4,266	(5,977)	(5,977)
Bought	107,824	25,680	18,974	18,974
Equity index forward contracts:				
Sold	—	—	—	—
Bought	3,574	—	98	98
Equity price index swaps:				
Receivable equity index/payable short-term floating rate	7,520	1,550	(1,153)	(1,153)
Receivable short-term floating rate/payable equity index	272,916	136,390	12,625	12,625
Total	/	/	¥ (6,043)	¥ (6,043)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.

(4) Bond derivatives

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold	¥1,098,669	¥ —	¥(15,128)	¥(15,128)
Bought	1,137,437	—	16,168	16,168
Bond futures options:				
Sold	3,000	—	2	2
Bought	2,992	—	10	10
Over-the-counter				
Bond forward contract:				
Sold	499	—	0	0
Bought	—	—	—	—
Bond options:				
Sold	298,310	—	(119)	(119)
Bought	371,168	71,357	8,240	8,240
Total	/	/	¥ 9,174	¥ 9,174

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

March 31, 2021	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Bond futures:				
Sold	¥1,340,302	¥ —	¥ 12,083	¥ 12,083
Bought	1,604,432	—	(11,546)	(11,546)
Bond futures options:				
Sold	58,891	—	(44)	(44)
Bought	12,000	—	(7)	(7)
Over-the-counter				
Bond forward contract:				
Sold	103	—	3	3
Bought	—	—	—	—
Bond options:				
Sold	78,088	—	(745)	(745)
Bought	148,258	10,521	760	760
Total	/	/	¥ 503	¥ 503

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Osaka Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using option pricing models.

(5) Commodity derivatives

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold	¥ 3,090	¥ —	¥ 171	¥ 171
Bought	4,044	—	(379)	(379)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	80,464	47,610	18,209	18,209
Receivable floating price/payable fixed price	76,311	44,804	(15,201)	(15,201)
Receivable floating price/payable floating price	1,363	1,347	0	0
Commodity options:				
Sold	3,153	2,199	(529)	(529)
Bought	1,307	532	(89)	(89)
Total	/	/	¥ 2,181	¥ 2,181

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
3. Underlying assets of commodity derivatives are fuels and metals.

March 31, 2021	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Listed				
Commodity futures:				
Sold	¥14,624	¥ —	¥ 405	¥ 405
Bought	16,291	—	127	127
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	39,320	27,601	(3,463)	(3,463)
Receivable floating price/payable fixed price	36,039	25,820	5,466	5,466
Receivable floating price/payable floating price	904	882	(30)	(30)
Commodity options:				
Sold	2,048	1,645	(546)	(546)
Bought	436	63	60	60
Total	/	/	¥ 2,019	¥ 2,019

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the New York Mercantile Exchange or other relevant exchanges. Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
3. Underlying assets of commodity derivatives are fuels and metals.

(6) Credit derivative transactions

March 31, 2020	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold	¥1,010,046	¥ 871,799	¥(10,922)	¥(10,922)
Bought	1,173,724	1,012,367	13,779	13,779
Total	/	/	¥ 2,856	¥ 2,856

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value is calculated using discounted present value and option pricing models.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

March 31, 2021	Millions of yen			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter				
Credit default options:				
Sold	¥1,213,365	¥1,093,942	¥ 21,929	¥ 21,929
Bought	1,561,193	1,414,334	(27,645)	(27,645)
Total	/	/	¥ (5,716)	¥ (5,716)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value is calculated using discounted present value and option pricing models.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

2. Derivative transactions to which the hedge accounting method is applied

The following tables set forth the contract amount or the amount equivalent to the notional amount, fair value and fair value calculation methodologies by type of derivative and hedge accounting method with respect to derivative transactions to which the hedge accounting method is applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

(1) Interest rate derivatives

March 31, 2020

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 435,240	¥ —	¥ 43
	Bought		1,142,505	—	269
	Interest rate swaps:				
	Receivable fixed rate/payable floating rate		36,700,930	28,992,026	697,034
	Receivable floating rate/payable fixed rate		14,785,349	13,677,981	(507,233)
	Interest rate swaptions:				
	Sold		151,789	151,789	26,130
	Bought		—	—	—
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted			
	Receivable floating rate/payable fixed rate		409,908	390,290	(13,781)
Special treatment for interest rate swaps	Interest rate swaps:	Borrowed money			
	Receivable floating rate/payable fixed rate		71,880	55,700	(Note 3)
	Total		/	/	¥ 202,463

Notes: 1. The Company applies deferred hedge accounting stipulated in JICPA Industry Committee Practical Guidelines No. 24.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money that is subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in the (Notes to financial instruments).

March 31, 2021

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Interest futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 7,580,404	¥ 4,439,058	¥ 1,403
	Bought		4,048,886	4,048,886	(498)
	Interest rate swaps:				
	Receivable fixed rate/payable floating rate		31,981,533	25,876,121	298,464
	Receivable floating rate/payable fixed rate		11,869,419	10,877,836	(132,770)
	Interest rate swaptions:				
	Sold		153,886	153,886	11,270
	Bought		—	—	—
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted			
	Receivable floating rate/payable fixed rate		567,041	511,375	(11,324)
Special treatment for interest rate swaps	Interest rate swaps:	Borrowed money			
	Receivable floating rate/payable fixed rate		62,100	51,380	(Note 3)
	Total		/	/	¥ 166,545

Notes: 1. The Company applies deferred hedge accounting stipulated in JICPA Industry Committee Practical Guidelines No. 24.
2. Fair value of transactions listed on exchanges is calculated using the closing price on the Tokyo Financial Exchange or other relevant exchanges. Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money that is subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in the (Notes to financial instruments).

(2) Currency derivatives

March 31, 2020

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps	Foreign currency denominated loans and bills discounted, other securities, deposits, foreign currency exchange, etc.	¥9,966,619	¥5,490,043	¥64,752
	Forward foreign exchange		39,426	—	723
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted, other securities	254,494	208,359	18,015
	Total		/	/	¥83,491

Notes: 1. The Company applies deferred hedge accounting stipulated in JICPA Industry Committee Practical Guidelines No. 25.
2. Fair value is calculated using discounted present value.

March 31, 2021

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Currency swaps	Foreign currency denominated loans and bills discounted, other securities, deposits, foreign currency exchange, etc.	¥10,896,132	¥6,051,444	¥39,920
	Forward foreign exchange		39,074	3,859	334
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted, other securities	219,977	205,644	2,214
	Forward foreign exchange		304	—	1
	Total		/	/	¥42,471

Notes: 1. The Company applies deferred hedge accounting stipulated in JICPA Industry Committee Practical Guidelines No. 25.
2. Fair value is calculated using discounted present value.

(3) Equity derivatives

March 31, 2020

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		Fair value
			Total	Over 1 year	
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities			
	Receivable floating rate/payable equity index		¥41,556	¥41,556	¥8,861
	Total		/	/	¥8,861

Note: Fair value is calculated using discounted present value.

March 31, 2021

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contact amount		Fair value
			Total	Over 1 year	
Deferral hedge method	Equity price index swaps:	Other securities			
	Receivable floating rate/payable equity index		¥21,077	¥ —	¥ 690
Recognition of gain or loss on the hedged items	Equity price index swaps:	Other securities			
	Receivable floating rate/payable equity index		33,674	33,674	(2,689)
	Total		/	/	¥(1,999)

Note: Fair value is calculated using discounted present value.

(Notes to employee retirement benefits)

1. Outline of employee retirement benefits

The Company's consolidated subsidiaries have funded and unfunded contributory defined benefit pension plans and defined-contribution pension plans for benefit payments to their employees.

Funded contributory defined benefit pension plans mainly consist of contributory funded defined benefit pension plans and lump-sum severance indemnity plans which set up employee retirement benefit trusts.

Unfunded contributory defined benefit pension plans are lump-sum severance indemnity plans which do not use such trust scheme.

Some consolidated subsidiaries adopt the simplified method in calculating the projected benefit obligation. Additional benefits may also be granted when employees retire.

2. Contributory defined benefit pension plan

(1) Reconciliation of beginning and ending balances of projected benefit obligation

	Millions of yen	
Year ended March 31	2020	2021
Beginning balance of projected benefit obligation	¥1,123,760	¥1,123,979
Service cost	37,323	32,047
Interest cost on projected benefit obligation	4,098	3,970
Unrecognized net actuarial gain or loss incurred	13,225	10,691
Payments of retirement benefits	(55,337)	(53,586)
Unrecognized prior service cost	—	(23,842)
Net change as a result of business combinations	1,227	46
Other	(318)	4,235
Ending balance of projected benefit obligation	¥1,123,979	¥1,097,541

(2) Reconciliation of beginning and ending balances of plan assets

	Millions of yen	
Year ended March 31	2020	2021
Beginning balance of plan assets	¥1,421,378	¥1,318,775
Expected return on plan assets	42,510	39,287
Unrecognized net actuarial gain or loss incurred	(112,013)	293,981
Contributions by the employer	13,108	11,680
Payments of retirement benefits	(43,656)	(41,932)
Other	(2,551)	5,949
Ending balance of plan assets	¥1,318,775	¥1,627,741

(3) Reconciliation of the projected benefit obligation and plan assets to net defined benefit asset and net defined benefit liability reported on the consolidated balance sheets

	Millions of yen	
March 31	2020	2021
Funded projected benefit obligation	¥(1,096,602)	¥(1,069,315)
Plan assets	1,318,775	1,627,741
	222,172	558,426
Unfunded projected benefit obligation	(27,376)	(28,226)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 194,795	¥ 530,200

	Millions of yen	
March 31	2020	2021
Net defined benefit asset	¥230,573	¥565,534
Net defined benefit liability	(35,777)	(35,334)
Net amount of asset and liability reported on the consolidated balance sheet	¥194,795	¥530,200

(4) Pension expenses

	Millions of yen	
Year ended March 31	2020	2021
Service cost	¥ 37,323	¥ 32,047
Interest cost on projected benefit obligation	4,098	3,970
Expected return on plan assets	(42,510)	(39,287)
Amortization of unrecognized net actuarial gain or loss	5,569	8,107
Amortization of unrecognized prior service cost	(140)	(2,349)
Other (nonrecurring additional retirement allowance paid and other)	7,521	4,659
Pension expenses	¥ 11,861	¥ 7,148

Note: Pension expenses of consolidated subsidiaries which adopt the simplified method are included in "Service cost."

(5) Remeasurements of defined benefit plans

The breakdown of "Remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

	Millions of yen	
Year ended March 31	2020	2021
Prior service cost	¥ 140	¥ (21,493)
Net actuarial gain or loss	119,648	(291,618)
Total	¥119,789	¥(313,111)

(6) Accumulated remeasurements of defined benefit plans

The breakdown of "Accumulated remeasurements of defined benefit plans" (before deducting tax effect) is as shown below:

	Millions of yen	
March 31	2020	2021
Unrecognized prior service cost	¥ (159)	¥ (21,653)
Unrecognized net actuarial gain or loss	128,245	(163,372)
Total	¥128,085	¥(185,025)

(7) Plan assets

1) Major asset classes of plan assets

The proportion of major asset classes to the total plan assets is as follows:

March 31	2020	2021
Stocks	56.3%	57.6%
Bonds	15.1%	14.6%
General account of life insurance	3.0%	2.5%
Other	25.6%	25.3%
Total	100.0%	100.0%

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 35.5% and 37.1% of the total plan assets at March 31, 2020 and 2021, respectively.

2) Method for setting the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and expected allocation of plan assets and the current and expected long-term rates of return on various asset classes of plan assets.

(8) Actuarial assumptions

The principal assumptions used in determining benefit obligation and pension expenses are as follows:

1) Discount rate

Year ended March 31, 2020	Percentages	Year ended March 31, 2021	Percentages
Domestic consolidated subsidiaries	0.3% to 0.8%	Domestic consolidated subsidiaries	0.0% to 0.8%
Overseas consolidated subsidiaries	2.3% to 8.3%	Overseas consolidated subsidiaries	2.0% to 6.5%

2) Long-term expected rate of return on plan assets

Year ended March 31, 2020	Percentages	Year ended March 31, 2021	Percentages
Domestic consolidated subsidiaries	0% to 4.0%	Domestic consolidated subsidiaries	0% to 3.7%
Overseas consolidated subsidiaries	2.3% to 8.3%	Overseas consolidated subsidiaries	2.0% to 6.5%

3. Defined contribution plan

Fiscal year ended March 31, 2020

The amount required to be contributed by the consolidated subsidiaries is ¥11,122 million.

Fiscal year ended March 31, 2021

The amount required to be contributed by the consolidated subsidiaries is ¥11,088 million.

(Notes to stock options)

1. Amount of stock options expenses

Stock options expenses which were accounted for as general and administrative expenses for the fiscal years ended March 31, 2020 and 2021 are as follows:

	Millions of yen	
Year ended March 31	2020	2021
General and administrative expenses	¥7	¥—

2. Amount of profit by non-exercise of stock acquisition rights

Profit by non-exercise of stock acquisition rights which were accounted for as other income for the fiscal years ended March 31, 2020 and 2021 are as follows:

	Millions of yen	
Year ended March 31	2020	2021
Other income	¥1,610	¥—

3. Outline of stock options and changes

The Company

(1) Outline of stock options

Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013
Title and number of grantees	Directors of the Company 8 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 69	Directors of the Company 9 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of the Company 9 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 71	Directors of the Company 9 Corporate auditors of the Company 3 Executive officers of the Company 3 Directors, corporate auditors and executive officers of SMBC 67
Number of stock options*	Common shares 102,600	Common shares 268,200	Common shares 280,500	Common shares 115,700
Grant date	August 13, 2010	August 16, 2011	August 15, 2012	August 14, 2013
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of the Company and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of the Company and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of the Company and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of the Company and SMBC.
Requisite service period	From June 29, 2010 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2011	From June 29, 2011 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2012	From June 28, 2012 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2013	From June 27, 2013 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2014
Exercise period	August 13, 2010 to August 12, 2040	August 16, 2011 to August 15, 2041	August 15, 2012 to August 14, 2042	August 14, 2013 to August 13, 2043

Date of resolution	July 30, 2014	July 31, 2015	July 26, 2016
Title and number of grantees	Directors of the Company 10 Corporate auditors of the Company 3 Executive officers of the Company 2 Directors, corporate auditors and executive officers of SMBC 67	Directors of the Company 8 Corporate auditors of the Company 3 Executive officers of the Company 4 Directors, corporate auditors and executive officers of SMBC 68	Directors of the Company 8 Corporate auditors of the Company 3 Executive officers of the Company 5 Directors, corporate auditors and executive officers of SMBC 73
Number of stock options*	Common shares 121,900	Common shares 132,400	Common shares 201,200
Grant date	August 15, 2014	August 18, 2015	August 15, 2016
Condition for vesting	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of the Company and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of the Company and SMBC.	Stock acquisition right holders may exercise stock acquisition rights from the day when they are relieved of their positions either as a director, corporate auditor or executive officer of the Company and SMBC.
Requisite service period	From June 27, 2014 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2015	From June 26, 2015 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2016	From June 29, 2016 to the closing of the ordinary general meeting of shareholders of the Company for the fiscal year ended March 31, 2017
Exercise period	August 15, 2014 to August 14, 2044	August 18, 2015 to August 17, 2045	August 15, 2016 to August 14, 2046

* Number of stock options is converted and stated as number of shares.

(2) Stock options granted and changes

1) Number of stock options*

	Number of stock options						
Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015	July 26, 2016
Before vested							
Previous fiscal year-end	5,200	6,400	58,300	39,200	42,100	77,700	102,800
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	600	600	1,400	11,800	7,700	14,500	7,100
Outstanding	4,600	5,800	56,900	27,400	34,400	63,200	95,700
After vested							
Previous fiscal year-end	44,700	133,000	129,600	26,900	27,800	13,100	15,700
Vested	600	600	1,400	11,800	7,700	14,500	7,100
Exercised	5,600	13,300	22,800	13,300	9,800	15,900	7,100
Forfeited	—	—	—	—	—	—	—
Exercisable	39,700	120,300	108,200	25,400	25,700	11,700	15,700

* Number of stock options has been converted and stated as number of shares.

2) Price information

	Yen						
Date of resolution	July 28, 2010	July 29, 2011	July 30, 2012	July 29, 2013	July 30, 2014	July 31, 2015	July 26, 2016
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average exercise price	3,049	3,184	3,072	2,708	2,778	2,706	2,702
Fair value at the grant date	2,215	1,872	2,042	4,159	3,661	4,904	2,811

(3) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(Notes to deferred tax assets and liabilities)

1. **Significant components of deferred tax assets and liabilities**

March 31, 2020	Millions of yen
Deferred tax assets:	
Reserve for possible loan losses and write-off of loans	¥ 209,156
Net operating loss carryforwards *	177,351
Securities	146,854
Reserve for losses on interest repayment	43,753
Accumulated remeasurements of defined benefit plans	39,818
Other	164,543
Subtotal	781,478
Valuation allowance for net operating loss carryforwards *	(116,002)
Valuation allowance for total amount of deductible temporary differences etc.	(192,146)
Valuation allowance subtotal	(308,148)
Total deferred tax assets	473,329
Deferred tax liabilities:	
Net unrealized gains on other securities	(445,574)
Net deferred gains (losses) on hedge	(57,250)
Depreciation	(52,125)
Other	(149,449)
Total deferred tax liabilities	(704,399)
Net deferred tax assets (liabilities)	¥ (231,070)

March 31, 2021	Millions of yen
Deferred tax assets:	
Reserve for possible loan losses and write-off of loans	¥ 270,071
Net operating loss carryforwards *	113,089
Securities	142,716
Reserve for losses on interest repayment	43,100
Accumulated remeasurements of defined benefit plans	1,767
Other	166,675
Subtotal	737,421
Valuation allowance for net operating loss carryforwards *	(49,547)
Valuation allowance for total amount of deductible temporary differences etc.	(172,713)
Valuation allowance subtotal	(222,261)
Total deferred tax assets	515,160
Deferred tax liabilities:	
Net unrealized gains on other securities	(742,247)
Net deferred gains (losses) on hedge	(20,876)
Depreciation	(62,442)
Other	(191,948)
Total deferred tax liabilities	(1,017,514)
Net deferred tax assets (liabilities)	¥ (502,353)

* Net operating loss carryforwards and the amount of its deferred tax assets by expiry date.

	Millions of yen				
March 31, 2020	Within 1 year	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Total
Net operating loss carryforwards *	¥ 68,777	¥ 37,998	¥ 20,754	¥49,821	¥ 177,351
Valuation allowance	(58,733)	(37,271)	(18,714)	(1,282)	(116,002)
Deferred tax assets	10,044	727	2,040	48,538	61,349

* Net operating loss carryforwards is multiplied by statutory tax rate.

	Millions of yen				
March 31, 2021	Within 1 year	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Total
Net operating loss carryforwards *	¥15,460	¥ 24,348	¥ 22,467	¥50,813	¥113,089
Valuation allowance	(8,407)	(20,122)	(19,719)	(1,298)	(49,547)
Deferred tax assets	7,052	4,226	2,748	49,515	63,542

* Net operating loss carryforwards is multiplied by statutory tax rate.

2. Significant components of difference between the statutory tax rate used by the Company and the effective income tax rate

March 31, 2020	Percentages
Statutory tax rate	30.62%
Valuation allowance	(8.36)
Equity in gains of affiliates	(1.93)
Dividends exempted for income tax purposes	(1.05)
Difference of the scope of taxable income between corporate income tax and enterprise income tax	(1.00)
Other	0.59
Effective income tax rate	18.87%

March 31, 2021	Percentages
Statutory tax rate	30.62%
Valuation allowance	(12.04)
Retained earnings of subsidiaries	(1.91)
Difference between the Company and overseas consolidated subsidiaries	(1.37)
Equity in gains of affiliates	(1.14)
Expired loss carryforwards	9.28
Other	(0.18)
Effective income tax rate	23.26%

(Notes to asset retirement obligations)

Fiscal year ended March 31, 2020

There is no significant information to be disclosed.

Fiscal year ended March 31, 2021

There is no significant information to be disclosed.

(Notes to real estate for rent)

Fiscal year ended March 31, 2020

There is no significant information to be disclosed.

Fiscal year ended March 31, 2021

There is no significant information to be disclosed.

(Notes to segment and other related information)

[Segment information]

1. Summary of reportable segment

The Group's reportable segment is defined as an operating segment for which discrete financial information is available and reviewed by the Board of Directors and the Company's Management Committee regularly in order to make decisions about resources to be allocated to the segment and assess its performance.

The businesses operated by each business unit are as follows;

Wholesale Business Unit:	Business to deal with domestic medium-to-large-sized and small-to-medium-sized corporate customers
Retail Business Unit:	Business to deal with mainly domestic individual customers
Global Business Unit:	Business to deal with international (including Japanese) corporate customers
Global Markets Business Unit:	Business to deal with financial market
Head office account:	Business other than businesses above

"International Business Unit" was renamed as "Global Business Unit" as of April 1, 2020.

2. Method of calculating profit and loss amount by reportable segment

Accounting methods applied to the reported business segment are the same as those described in "(Significant accounting policies for preparing consolidated financial statements)." In case several business units cooperate for transactions, profit and loss, and expenses related to the transactions are recognized in the business units cooperating for the transactions and those amounts are calculated in accordance with internal managerial accounting policy.

The Company does not assess assets by business segments.

3. Information on profit and loss amount by reportable segment

	Millions of yen					
Year ended March 31, 2020	Wholesale Business Unit	Retail Business Unit	Global Business Unit	Global Markets Business Unit	Head office account and others	Total
Consolidated gross profit	¥ 641,542	¥ 1,257,678	¥ 667,083	¥421,629	¥(219,345)	¥ 2,768,587
Expenses	(284,353)	(1,025,179)	(350,579)	(56,235)	(23,256)	(1,739,603)
Others	52,059	1,974	54,736	33,376	(86,094)	56,051
Consolidated net business profit	¥ 409,247	¥ 234,473	¥ 371,240	¥398,770	¥(328,696)	¥ 1,085,034

Notes: 1. Figures shown in the parenthesis represent the loss.
2. "Others" includes equity in profit and loss of affiliates and cooperated profit and loss based on internal managerial accounting.
3. "Head office account and others" includes profit or loss to be eliminated as inter-segment transactions.
4. Due to the reorganization of SMBC as of April 1, 2020 and the change of the revenue management system at SMBC Nikko, the result of the retroactive application for the fiscal year ended March 31, 2020 is as follows:

	Millions of yen					
Year ended March 31, 2020	Wholesale Business Unit	Retail Business Unit	Global Business Unit	Global Markets Business Unit	Head office account and others	Total
Consolidated gross profit	¥ 620,100	¥1,176,100	¥ 680,800	¥438,600	¥(147,013)	¥ 2,768,587
Expenses	(303,600)	(934,500)	(370,900)	(79,600)	(51,003)	(1,739,603)
Others	50,500	2,000	52,900	32,500	(81,849)	56,051
Consolidated net business profit	¥ 367,000	¥ 243,600	¥ 362,800	¥391,500	¥(279,866)	¥ 1,085,034

	Millions of yen					
Year ended March 31, 2021	Wholesale Business Unit	Retail Business Unit	Global Business Unit	Global Markets Business Unit	Head office account and others	Total
Consolidated gross profit	¥ 634,900	¥1,127,400	¥ 723,700	¥460,700	¥(140,513)	¥ 2,806,187
Expenses	(299,900)	(910,400)	(383,300)	(82,900)	(70,644)	(1,747,144)
Others	53,500	2,200	26,300	35,700	(92,728)	24,972
Consolidated net business profit	¥ 388,500	¥ 219,200	¥ 366,700	¥413,500	¥(303,885)	¥ 1,084,015

Notes: 1. Figures shown in the parenthesis represent the loss.
2. "Others" includes equity in profit and loss of affiliates and cooperated profit and loss based on internal managerial accounting.
3. "Head office account and others" includes profit or loss to be eliminated as inter-segment transactions.

4. Difference between total amount of consolidated net business profit by reportable segment and ordinary profit on consolidated statements of income (adjustment of difference)

Year ended March 31, 2020	Millions of yen
Consolidated net business profit	¥1,085,034
Other ordinary income (excluding equity in gains of affiliates)	196,764
Other ordinary expenses	(349,734)
Ordinary profit on consolidated statements of income	¥ 932,064

Note: Figures shown in the parenthesis represent the loss.

Year ended March 31, 2021	Millions of yen
Consolidated net business profit	¥1,084,015
Other ordinary income (excluding equity in gains of affiliates)	155,617
Other ordinary expenses	(528,613)
Ordinary profit on consolidated statements of income	¥ 711,018

Note: Figures shown in the parenthesis represent the loss.

[Related information]

Fiscal year ended March 31, 2020

1. Information on each service

There is no information to be disclosed since information on each service is similar to the segment information.

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥2,773,593	¥764,766	¥395,209	¥658,303	¥4,591,873

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.
2. Ordinary income from transactions of the Company and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.
3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany and others; Asia and Oceania includes China, Singapore, Indonesia and others except Japan.
4. From the fiscal year ended March 31, 2021, the method of recognition of installment-sales-related income and installment-sales-related expenses is changed. As a result of the retroactive application of the change for the fiscal year ended March 31, 2020, "Japan" and "Total" decreased by ¥722,440 million, respectively.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥881,203	¥511,264	¥26,941	¥30,914	¥1,450,323

3. Information on major customers

There are no major customers individually accounting for 10% or more of ordinary income reported on the consolidated statements of income.

Fiscal year ended March 31, 2021

1. Information on each service

There is no information to be disclosed since information on each service is similar to the segment information.

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥2,548,661	¥538,055	¥292,491	¥523,099	¥3,902,307

Notes: 1. Consolidated ordinary income is presented as a counterpart of sales of companies in other industries.
2. Ordinary income from transactions of the Company and its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries is classified as "Japan." Ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East" and "Asia and Oceania," based on their locations and in consideration of their geographic proximity and other factors.
3. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany and others; Asia and Oceania includes China, Singapore, Indonesia and others except Japan.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥906,663	¥474,507	¥40,821	¥36,997	¥1,458,991

3. Information on major customers

There are no major customers individually accounting for 10% or more of ordinary income reported on the consolidated statements of income.

[Information on impairment loss for fixed assets by reportable segment]

The Company does not allocate impairment loss for fixed assets to the reportable segment.
Impairment loss for the fiscal year ended March 31, 2020 is ¥65,106 million.
Impairment loss for the fiscal year ended March 31, 2021 is ¥42,525 million.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Millions of yen					
Year ended March 31, 2020	Wholesale Business Unit	Retail Business Unit	Global Business Unit	Global Markets Business Unit	Head office account and others	Total
Amortization of goodwill	¥—	¥ 4,019	¥—	¥—	¥ 13,513	¥ 17,533
Unamortized balance	—	46,080	—	—	148,209	194,289

Millions of yen					
Year ended March 31, 2021	Wholesale Business Unit	Retail Business Unit	Global Business Unit	Global Markets Business Unit	Head office account and others	Total
Amortization of goodwill	¥ 633	¥ 4,019	¥—	¥—	¥ 14,711	¥ 19,365
Unamortized balance	5,387	42,060	—	—	100,060	147,508

[Information on gains on negative goodwill by reportable segment]

Fiscal year ended March 31, 2020

There are no corresponding transactions.

Fiscal year ended March 31, 2021

There are no corresponding transactions.

[Information on related parties]

Fiscal year ended March 31, 2020

There is no significant corresponding information to be disclosed.

Fiscal year ended March 31, 2021

There is no significant corresponding information to be disclosed.

(Business Combination)

There are no significant business combinations to be disclosed.

(Per Share Data)

As of and year ended March 31	Yen 2020	2021
Net assets per share	¥7,827.50	¥8,629.73
Earnings per share	511.87	374.26
Earnings per share (diluted)	511.57	374.08

Notes: 1. Earnings per share and earnings per share (diluted) are calculated based on the following.

Year ended March 31	Millions of yen except number of shares 2020	2021
Earnings per share:		
Profit attributable to owners of parent	¥ 703,883	¥ 512,812
Amount not attributable to common stockholders	—	—
Profit attributable to owners of parent attributable to common stock	¥ 703,883	¥ 512,812
Average number of common stock during the fiscal year (in thousand)	1,375,118	1,370,213
Earnings per share (diluted):		
Adjustment for profit attributable to owners of parent	¥ (6)	¥ (0)
Adjustment of dilutive shares issued by consolidated subsidiaries and equity method affiliates	(6)	(0)
Increase in number of common stock (in thousand)	801	658
Stock acquisition rights	801	658
Outline of dilutive shares which were not included in the calculation of "Earnings per share (diluted)" because they do not have dilutive effect:	—	—

2. Net assets per share are calculated based on the following:

March 31	Millions of yen except number of shares 2020	2021
Net assets	¥10,784,903	¥11,899,046
Amounts excluded from Net assets	64,933	72,627
Stock acquisition rights	2,064	1,791
Non-controlling interests	62,869	70,836
Net assets attributable to common stock at the fiscal year-end	¥10,719,969	¥11,826,418
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands)	1,369,526	1,370,427

(Significant Subsequent Events)

There is no significant corresponding information to be disclosed.

[Consolidated Supplementary Financial Schedules]

[Schedule of bonds]

Company	Type of bonds	Date of issuance	Millions of yen: At the beginning of the fiscal year	At the end of the fiscal year	Percentages: Interest rate (Note 1)	Collateral	Date of maturity
The Company	Straight bonds, payable in U.S. dollars (Notes 3 and 4)	Mar. 2016 ~ Feb. 2021	4,098,762 ($37,668,982 thousand) [270,983]	4,703,467 ($42,484,578 thousand) [581,227]	0.508 ~ 4.306	None	Jul. 2021 ~ Feb. 2051
	Straight bonds, payable in Euro (Notes 3 and 4)	Jun. 2016 ~ Oct. 2020	754,586 (€6,313,473 thousand) [—]	883,710 (€6,810,872 thousand) [64,875]	0 ~ 1.716	None	Jan. 2022 ~ Feb. 2033
	Straight bonds, payable in Australian dollars (Notes 3 and 4)	Sep. 2016 ~ Oct. 2019	195,744 (A$2,956,426 thousand) [—]	249,178 (A$2,955,156 thousand) [84,254]	1.2191 ~ 4.13	None	Mar. 2022 ~ Jul. 2028
	Straight bonds, payable in Hong Kong dollars (Note 3)	Apr. 26, 2018	4,212 (HK$300,000 thousand)	4,272 (HK$300,000 thousand)	3.54	None	Apr. 26, 2028
	Subordinated bonds, payable in Yen	Sep. 2014 ~ Sep. 2016	371,891	371,946	0.469 ~ 1.328	None	Sep. 2024 ~ May 2030
	Subordinated bonds, payable in Yen	Jun. 2016 ~ Mar. 2018	352,794	233,754	0.3 ~ 0.585	None	Jun. 2026 ~ Mar. 2028
	Perpetual subordinated bonds, payable in Yen	Jul. 2015 ~ Sep. 2020	684,797	648,878	1.07 ~ 2.88	None	Perpetual
	Subordinated bonds, payable in U.S. dollars (Note 3)	Apr. 2014 ~ Sep. 2020	244,822 ($2,250,000 thousand)	341,689 ($3,086,344 thousand)	2.142 ~ 4.436	None	Apr. 2024 ~ Sep. 2030
SMBC	Straight bonds, payable in U.S. dollars (Notes 3 and 4)	Jan. 2012~ Dec. 2018	761,633 ($6,999,664 thousand) [283,994]	486,088 ($4,390,645 thousand) [61,997]	2.8 ~ 4.13	None	Jun. 2021~ Mar. 2030
	Straight bonds, payable in U.S. dollars (Note 3)	May 28, 2015	71,270 ($655,000 thousand)	72,515 ($655,000 thousand)	4.3	None	May 30, 2045
	Straight bonds, payable in Euro (Notes 3 and 4)	Jul. 2013 ~ Jan. 2015	412,108 (€3,448,026 thousand) [262,944]	162,034 (€1,248,821 thousand) [97,312]	1 ~ 2.75	None	Jan. 2022 ~ Jul. 2023
	Straight bonds, payable in British pounds (Notes 3 and 4)	Sep. 2018	33,338 (£250,005 thousand) [33,337]	—	—	—	—
	Straight bonds, payable in Australian dollars (Notes 3 and 4)	Mar. 2015 ~ Dec. 2018	20,074 (A$303,193 thousand) [11,255]	11,231 (A$133,195 thousand) [—]	2.9 ~ 3.67	None	Jun. 2023 ~ Mar. 2025
	Straight bonds, payable in Hong Kong dollars (Notes 3 and 4)	Mar. 2015 ~ Apr. 2015	33,190 (HK$2,364,000 thousand) [10,459]	23,054 (HK$1,619,000 thousand) [12,303]	2.55 ~ 2.92	None	Mar. 2022 ~ Apr. 2025
	Straight bonds, payable in Thai Baht (Notes 3 and 4)	Nov. 8, 2018	19,980 (THB6,000,000 thousand) [13,320]	7,080 (THB2,000,000 thousand) [7,080]	2.66	None	Nov. 8, 2021
	Straight bonds, payable in Renminbi (Note 3)	Jun. 8, 2020	—	16,860 (CNY1,000,000 thousand)	3.2	None	Jun. 8, 2023
	Subordinated bonds, payable in Yen (Note 4)	Jun. 2011 ~ Dec. 2011	289,899 [150,000]	139,935 [79,940]	1.56 ~ 2.21	None	Jun. 2021 ~ Dec. 2026
	Perpetual subordinated bonds, payable in U.S. dollars (Notes 3 and 4)	Mar. 1, 2012	163,019 ($1,498,199 thousand) [—]	165,962 ($1,499,074 thousand) [165,976]	4.85	None	Mar. 1, 2022
	Subordinated bonds, payable in Euro (Notes 3 and 4)	Nov. 9, 2010	89,517 (€748,976 thousand) [89,565]	—	—	—	—
(*1)	Consolidated subsidiaries, straight bonds, payable in Yen (Notes 2 and 4)	Feb. 2011 ~ Mar. 2021	536,998 [156,953]	444,891 [128,911]	0.0052 ~ 20	None	Apr. 2021 ~ Mar. 2051
(*2)	Consolidated subsidiaries, straight bonds, payable in U.S. dollars (Notes 2,3 and 4)	Apr. 2016 ~ Mar. 2021	43,609 ($400,785 thousand) [6,578]	42,198 ($381,166 thousand) [6,272]	0.01 ~ 3.8	None	Apr. 2021 ~ Nov. 2037
(*3)	Consolidated subsidiaries, straight bonds, payable in Euro (Notes 2 and 3)	Dec. 18, 2018	95 (€800 thousand)	77 (€600 thousand)	0.1	None	Dec.18, 2023
(*4)	Consolidated subsidiaries, straight bonds, payable in Australian dollars (Notes 2,3 and 4)	May 2016~ Dec. 2018	1,290 (A$19,483 thousand) [39]	1,178 (A$13,978 thousand) [548]	0.01 ~ 0.75	None	May 2021~ Dec. 2028

Company	Type of bonds	Date of issuance	Millions of yen: At the beginning of the fiscal year	Millions of yen: At the end of the fiscal year	Percentages: Interest rate (Note 1)	Collateral	Date of maturity
(*5)	Consolidated subsidiaries, straight bonds, payable in Turkish lira (Notes 2,3 and 4)	Jul. 2017~ Dec. 2018	4,080 (TRY246,110 thousand) [863]	2,443 (TRY183,200 thousand) [982]	0.01 ~ 15	None	Apr. 2021~ Oct. 2023
(*6)	Consolidated subsidiaries, straight bonds, payable in Indonesia rupiah (Notes 2,3 and 4)	Nov. 27, 2019	21,066 (IDR3,191,941,480 thousand) [14,531]	7,552 (IDR993,783,810 thousand) [—]	7.55 ~ 7.75	None	Nov. 2022~ Nov. 2024
(*7)	Consolidated subsidiaries, straight bonds, payable in Renminbi (Notes 2,3 and 4)	Jan. 2021	6,855 (CNY447,756 thousand) [6,889]	3,030 (CNY179,752 thousand) [3,034]	0	None	Apr. 21, 2021
(*8)	Consolidated subsidiaries, subordinated bonds, payable in Yen (Note 2)	Dec. 1997~ Feb. 1998	20,000	20,000	4 ~ 4.15	None	Jan. 28, 2028
(*9)	Consolidated subsidiaries, short-term bonds, payable in Yen (Notes 2 and 4)	May 2020 ~ Mar. 2021	379,000 [379,000]	585,000 [585,000]	0 ~ 0.01	None	Apr. 2021 ~ Jan. 2022
Total		—	¥9,614,639	¥9,628,031	—	—	—

Notes: 1. "Interest rate" indicates a nominal interest rate which is applied at respective consolidated balance sheet dates. Therefore, this rate may differ from an actual interest rate.
2. (*1) This represents straight bonds issued in Yen by SMBC Nikko, a domestic consolidated subsidiary.
(*2) This represents straight bonds issued in U.S. dollar by SMBC Nikko, a domestic consolidated subsidiary.
(*3) This represents straight bonds issued in Euro by SMBC Nikko, a domestic consolidated subsidiary.
(*4) This represents straight bonds issued in Australian dollar by SMBC Nikko, a domestic consolidated subsidiary.
(*5) This represents straight bonds issued in Turkish lira by SMBC Nikko, a domestic consolidated subsidiary.
(*6) This represents straight bonds issued in Indonesia rupiah by PT Bank BTPN Tbk, an overseas consolidated subsidiary.
(*7) This represents straight bonds issued in Renminbi by Sumitomo Mitsui Banking Corporation (China) Limited, an overseas consolidated subsidiary.
(*8) This represents subordinate term bonds issued in Yen by SMBC International Finance N.V., an overseas consolidated subsidiary.
(*9) This represents an aggregate of short-term bonds issued in yen by SMBC Nikko and SMCC, domestic consolidated subsidiaries.
3. Figures showed in ( ) in "At the beginning of the fiscal year" and "At the end of the fiscal year" are in foreign currency.
4. Figures showed in [ ] in "At the beginning of the fiscal year" and "At the end of the fiscal year" are the amounts to be redeemed within one year.
5. The redemption schedule over the next 5 years after respective balance sheet dates of the consolidated subsidiaries was as follows:

Millions of yen				
Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
¥1,879,715	¥1,049,667	¥776,615	¥1,040,315	¥811,163

[Schedule of borrowings]

Classification	Millions of yen: At the beginning of the fiscal year	Millions of yen: At the end of the fiscal year	Percentages: Average interest rate	Repayment Term
Borrowed money	¥15,210,894	¥17,679,690	0.15	—
Other borrowings	15,210,894	17,679,690	0.15	Apr. 2021 ~ Perpetual
Lease obligations	29,103	28,835	2.83	Apr. 2021 ~ Jul. 2032

Notes: 1. "Average interest rate" represents the weighted average interest rate based on the interest rates and "At the end of the fiscal year" at respective balance sheet dates of consolidated subsidiaries.
2. The redemption schedule over the next 5 years on Borrowings and Lease obligations after respective balance sheet dates of the consolidated subsidiaries was as follows:

	Millions of yen				
	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
Other borrowings	¥7,638,210	¥1,858,272	¥2,640,346	¥4,521,769	¥134,549
Lease obligations	7,885	6,399	5,722	4,181	2,596

Since the commercial banking business accepts deposits and raises and manages funds through the call loan and commercial paper markets as a normal course of business, the schedule of borrowings shows a breakdown of Borrowed money included in the "Liabilities" and Lease obligations included in "Other liabilities" in the consolidated balance sheet.

Reference: Commercial paper issued for funding purpose as a normal course of business is as follows:

	Millions of yen: At the beginning of the fiscal year	Millions of yen: At the end of the fiscal year	Percentages: Average interest rate	Repayment Term
Commercial paper	¥1,409,249	¥1,686,404	0.12	Apr. 2021 ~ Dec. 2021

[Schedule of asset retirement obligations]

Since the amount of asset retirement obligations accounts for 1% or less than the total of liabilities and net assets, the schedule of asset liability obligation is not disclosed.

[Others]

Quarterly consolidated financial information in the fiscal year ended March 31, 2021 is as follows:

	Millions of yen (except Earnings per share): First quarter consolidated total period	Second quarter consolidated total period	Third quarter consolidated total period	Fiscal year ended March 31, 2021
Ordinary income	¥970,393	¥1,949,441	¥2,894,820	¥3,902,307
Income before income taxes	116,823	341,934	587,071	672,237
Profit attributable to owners of parent	86,095	270,130	433,929	512,812
Earnings per share	62.86	197.18	316.70	374.26

	Yen: First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period
Earnings per share	¥62.86	¥134.29	¥119.52	¥57.56

(Non-consolidated financial statements)

1. Non-consolidated balance sheets

March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Assets:			
Current assets			
Cash and due from banks	¥ 174,641	¥ 221,992	$ 2,005
Prepaid expenses	413	401	4
Accrued income	45,660	45,877	414
Accrued income tax refunds	127,541	4,380	40
Current portion of long-term loans receivables from subsidiaries and affiliates	272,025	741,493	6,698
Other current assets	59,769	88,583	800
Total current assets	680,051	1,102,729	9,961
Fixed assets			
Tangible fixed assets			
Buildings	80	38,262	346
Land	—	31,454	284
Equipment	12	326	3
Construction in progress	29,464	772	7
Total tangible fixed assets	29,557	70,815	640
Intangible fixed assets			
Software	270	474	4
Total intangible fixed assets	270	474	4
Investments and other assets			
Investment securities	645	2,200	20
Investments in subsidiaries and affiliates	6,341,210	6,393,634	57,751
Long-term loans receivable from subsidiaries and affiliates	7,173,150	7,454,394	67,333
Long-term prepaid expenses	104	438	4
Deferred tax assets	476	472	4
Other investments and other assets	3	220	2
Total investments and other assets	13,515,590	13,851,362	125,114
Total fixed assets	13,545,418	13,922,653	125,758
Total assets	¥14,225,470	¥15,025,382	$135,718
Liabilities:			
Current liabilities			
Short-term borrowings	¥ 1,228,030	¥ 1,278,030	$ 11,544
Accounts payable	39,682	17,913	162
Accrued expenses	44,409	45,025	407
Income taxes payable	12	12	0
Business office taxes payable	39	65	1
Reserve for employee bonuses	769	747	7
Reserve for executive bonuses	410	569	5
Current portion of bonds	272,025	730,422	6,598
Current portion of long-term borrowings	—	11,071	100
Other current liabilities	673	1,699	15
Total current liabilities	1,586,051	2,085,555	18,838
Fixed liabilities			
Bonds	6,441,874	6,718,181	60,683
Long-term borrowings	231,275	237,989	2,150
Total fixed liabilities	6,673,150	6,956,170	62,832
Total liabilities	8,259,202	9,041,726	81,670
Net assets:			
Stockholders' equity			
Capital stock	2,339,964	2,341,274	21,148
Capital surplus			
Capital reserve	1,561,442	1,562,751	14,116
Total capital surplus	1,561,442	1,562,751	14,116
Retained earnings			
Other retained earnings			
Voluntary reserve	30,420	30,420	275
Retained earnings brought forward	2,046,360	2,061,118	18,617
Total retained earnings	2,076,780	2,091,538	18,892
Treasury stock	(13,983)	(13,698)	(124)
Total stockholders' equity	5,964,203	5,981,865	54,032
Stock acquisition rights	2,064	1,791	16
Total net assets	5,966,267	5,983,656	54,048
Total liabilities and net assets	¥14,225,470	¥15,025,382	$135,718

2. Non-consolidated statements of income

Year ended March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Operating income:			
Dividends on investments in subsidiaries and affiliates	¥659,428	¥304,866	$2,754
Fees and commissions received from subsidiaries	9,087	7,817	71
Interests on loans receivable from subsidiaries and affiliates	165,319	170,775	1,543
Total operating income	833,835	483,459	4,367
Operating expenses:			
General and administrative expenses	26,146	30,791	278
Interest on bonds	161,535	160,013	1,445
Interest on long-term borrowings	6,843	4,516	41
Total operating expenses	194,525	195,322	1,764
Operating profit	639,310	288,137	2,603
Non-operating income:			
Interest income on deposits	70	17	0
Fees and commissions income	1	0	0
Other non-operating income	130	446	4
Total non-operating income	202	465	4
Non-operating expenses:			
Interest on short-term borrowings	4,312	4,298	39
Fees and commissions payments	120	32	0
Amortization of bond issuance cost	5,816	4,695	42
Other non-operating expenses	—	174	2
Total non-operating expenses	10,249	9,200	83
Ordinary profit	629,263	279,402	2,524
Extraordinary loss:			
Valuation loss on stocks of subsidiaries and affiliates	—	2,943	27
Total extraordinary loss	—	2,943	27
Income before income taxes	629,263	276,458	2,497
Income taxes-current	(6,803)	(5,511)	(50)
Income taxes-deferred	(62)	3	0
Income taxes	(6,865)	(5,508)	(50)
Net income	¥636,128	¥281,966	$2,547

	Yen 2020	Yen 2021	U.S. dollars 2021
Per share data:			
Earnings per share	¥462.60	¥205.78	$1.86
Earnings per share (diluted)	462.33	205.68	1.86

3. Non-consolidated statements of changes in net assets

	Millions of yen						
	Stockholders' equity						
		Capital surplus			Retained earnings		
					Other retained earnings		
Year ended March 31, 2020	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	¥2,339,443	¥1,560,921	¥ —	¥1,560,921	¥30,420	¥1,767,989	¥1,798,409
Changes in the fiscal year:							
Issuance of new stock	521	521		521			
Cash dividends						(255,834)	(255,834)
Net income						636,128	636,128
Purchase of treasury stock							
Disposal of treasury stock			(250)	(250)			
Cancellation of treasury stock			(101,673)	(101,673)			
Transfer from retained earnings to capital surplus			101,923	101,923		(101,923)	(101,923)
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	521	521	—	521	—	278,370	278,370
Balance at the end of the fiscal year	¥2,339,964	¥1,561,442	¥ —	¥1,561,442	¥30,420	¥2,046,360	¥2,076,780

	Millions of yen			
	Stockholders' equity			
Year ended March 31, 2020	Treasury stock	Total	Stock acquisition rights	Total net assets
Balance at the beginning of the fiscal year	¥ (16,302)	¥5,682,471	¥2,539	¥5,685,011
Changes in the fiscal year:				
Issuance of new stock		1,043		1,043
Cash dividends		(255,834)		(255,834)
Net income		636,128		636,128
Purchase of treasury stock	(100,088)	(100,088)		(100,088)
Disposal of treasury stock	733	483		483
Cancellation of treasury stock	101,673	—		—
Transfer from retained earnings to capital surplus		—		—
Net changes in items other than stockholders' equity in the fiscal year			(475)	(475)
Net changes in the fiscal year	2,318	281,732	(475)	281,256
Balance at the end of the fiscal year	¥ (13,983)	¥5,964,203	¥2,064	¥5,966,267

	Millions of yen						
	Stockholders' equity						
		Capital surplus			Retained earnings		
					Other retained earnings		
Year ended March 31, 2021	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	¥2,339,964	¥1,561,442	¥ —	¥1,561,442	¥30,420	¥2,046,360	¥2,076,780
Changes in the fiscal year:							
Issuance of new stock	1,309	1,308		1,308			
Cash dividends						(267,143)	(267,143)
Net income						281,966	281,966
Purchase of treasury stock							
Disposal of treasury stock			(65)	(65)			
Transfer from retained earnings to capital surplus			65	65		(65)	(65)
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	1,309	1,308	—	1,308	—	14,757	14,757
Balance at the end of the fiscal year	¥2,341,274	¥1,562,751	¥ —	¥1,562,751	¥30,420	¥2,061,118	¥2,091,538

	Millions of yen			
	Stockholders' equity			
Year ended March 31, 2021	Treasury stock	Total	Stock acquisition rights	Total net assets
Balance at the beginning of the fiscal year	¥(13,983)	¥5,964,203	¥2,064	¥5,966,267
Changes in the fiscal year:				
Issuance of new stock		2,618		2,618
Cash dividends		(267,143)		(267,143)
Net income		281,966		281,966
Purchase of treasury stock	(61)	(61)		(61)
Disposal of treasury stock	347	281		281
Transfer from retained earnings to capital surplus		—		—
Net changes in items other than stockholders' equity in the fiscal year			(272)	(272)
Net changes in the fiscal year	285	17,661	(272)	17,388
Balance at the end of the fiscal year	¥(13,698)	¥5,981,865	¥1,791	¥5,983,656

	Millions of U. S. dollars						
	Stockholders' equity						
		Capital surplus			Retained earnings		
					Other retained earnings		
Year ended March 31, 2021	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	$21,136	$14,104	$—	$14,104	$275	$18,484	$18,759
Changes in the fiscal year:							
Issuance of new stock	12	12		12			
Cash dividends						(2,413)	(2,413)
Net income						2,547	2,547
Purchase of treasury stock							
Disposal of treasury stock			(1)	(1)			
Transfer from retained earnings to capital surplus			1	1		(1)	(1)
Net changes in items other than stockholders' equity in the fiscal year							
Net changes in the fiscal year	12	12	—	12	—	133	133
Balance at the end of the fiscal year	$21,148	$14,116	$—	$14,116	$275	$18,617	$18,892

	Millions of U. S. dollars			
	Stockholders' equity			
Year ended March 31, 2021	Treasury stock	Total	Stock acquisition rights	Total net assets
Balance at the beginning of the fiscal year	$(126)	$53,872	$19	$53,891
Changes in the fiscal year:				
Issuance of new stock		24		24
Cash dividends		(2,413)		(2,413)
Net income		2,547		2,547
Purchase of treasury stock	(1)	(1)		(1)
Disposal of treasury stock	3	3		3
Transfer from retained earnings to capital surplus		—		—
Net changes in items other than stockholders' equity in the fiscal year			(2)	(2)
Net changes in the fiscal year	3	160	(2)	157
Balance at the end of the fiscal year	$(124)	$54,032	$16	$54,048

Independent Auditor's Report

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Financial Group, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2021 and 2020, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The reasonableness of management's assessment of the reserve for possible loan losses for SMBC's corporate loans	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Sumitomo Mitsui Financial Group, Inc. and its consolidated subsidiaries (collectively referred to as the "Group") as of March 31, 2021, the reserve for possible loan losses (the "Reserve") was ¥456,861 million on loans and bills discounted (the "Loans") of ¥85,132,738 million (or approximately 35.1% of total assets). Included in such balances were mainly corporate loans and the related reserve of Sumitomo Mitsui Banking Corporation ("SMBC"), a commercial banking subsidiary. As discussed in "Notes (Significant accounting policies for preparing consolidated financial statements), 4. Accounting policy, (5) Reserve for	The primary procedures we performed to assess the reasonableness of management's assessment of the Reserve for SMBC's corporate loans included the following: **(1) Internal control testing** We evaluated the design and tested the operating effectiveness of certain of SMBC's internal controls over its process to assess the Reserve for SMBC's corporate loans, which included addressing the impact of COVID-19. In this assessment, we focused on the controls that related to: · approval of the internal rules for accounting for the

possible loan losses" to the consolidated financial statements, SMBC assesses all claims including the Loans in accordance with the internal criteria for self-assessment of asset quality, and classifies borrowers into credit categories through examining individual credit risk profiles. On the basis of each borrower category, reserves and write-offs are recorded based on the historical loan-loss ratios or the probability of default, and a discounted cash flow (DCF) method in accordance with its internal policy for write-offs and provisions. Additionally, considering the recent economic environment and risk factors, a potential loss amount that is deemed to have incurred in specific portfolios, among others, is reflected in the Reserve based on an overall assessment of a probable future outlook for those portfolios that has not been fully captured in the historical data or individual borrower classification.

Further, as discussed in "Notes (Significant accounting estimates)" and "Notes (Additional information)", the assessment of the Reserve for SMBC's corporate loans involved significant estimation uncertainty, and required a high level of management judgment primarily in the following aspects:

- classifying borrowers into appropriate credit categories through performing an obligor-specific qualitative assessment, including the use of forward-looking information;
- determining whether additional provisions for specific portfolios, among others, are deemed necessary, and selecting appropriate methodologies to estimate such provisions based on the future outlook in light of the recent economic environment and risk factors; and
- projecting future cash flow scenarios as an input to the DCF method for borrowers with large claims classified mainly as substandard or lower level classifications.

During the course of the assessment in the current fiscal year, it was required to incorporate, especially, the impact of the spread of COVID-19, which remained uncertain. Included in such an assessment were evaluating any adverse impact on individual borrowers including their liquidity positions, as well as estimating the credit risk implications of changes in the economic environment and market conditions caused by voluntary restraints and other restrictions on social and economic activities, considering the effects of government support programs on the trends of bankruptcy cases and other attributes.

We, therefore, determined that management's assessment of the Reserve for SMBC's corporate loans, specifically, classifying borrowers into credit categories through a qualitative assessment, determining additional provisions for specific portfolios, among others, based on the future outlook in light of the recent economic environment and risk factors, and projecting cash flow scenarios used in the DCF method, was of most significance in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.

Reserve, including the criteria for self-assessment and the policy for write-offs and provisions;

- validation of the obligor grading models;
- classification of individual borrowers into credit categories through a qualitative assessment;
- determination of additional provisions for specific portfolios, among others, based on the future outlook in light of the recent economic environment and risk factors; and
- projection of future cash flow scenarios used in the DCF method.

(2) Evaluation of the appropriateness of the policy for reserve for possible loan losses and the obligor grading models

We evaluated the policy for provisions for compliance with the accounting principles generally accepted in Japan. Additionally, we involved credit risk specialists with industry-specific knowledge and expertise who assisted us in evaluating the obligor grading models, which provided the basis for borrower classification, through analyzing the consistency of obligor grades with external ratings, and also through retrospectively assessing the models' capability to identify potentially defaulting borrowers.

(3) Evaluation of the appropriateness of borrower classification taking into account qualitative factors

For SMBC's corporate borrowers that we selected based on certain criteria, we evaluated the appropriateness of borrower classification taking into account qualitative factors including a prolonged impact of COVID-19 through:

- analyzing the borrowers' current business performance including liquidity positions;
- assessing the reasonableness of the borrowers' business plans as a basis for management's borrower classification, by comparing the plans with the industry outlook and the recent performance, and also by analyzing the impact of stressed scenarios and other factors considered by management;
- analyzing the forecasts of liquidity position incorporating financial support programs by governments and financial institutions in each country and the borrowers' business plans; and
- evaluating the implications on borrower classification from management's credit decisions in response to the situation of individual customers, such as the renewal at maturity or modifications to terms and conditions of the facilities that were originally provided to support customers' liquidity during the COVID-19 pandemic.

(4) Evaluation of additional provisions for specific portfolios based on the future outlook in light of the recent economic environment and risk factors

Given that uncertainty remained over the impact of COVID-19 on the economic environment, we evaluated the reasonableness of additional provisions for specific portfolios, among others, through:

- analyzing the respective industry environment by referencing the relevant indices and other information published by external agencies;
- assessing the appropriateness of the selection of portfolios subject to additional provisions, by analyzing the effects of financial support programs from governments and financial institutions in each country on the trends of bankruptcy cases and other attributes, and also by analyzing the observed trends in recent revisions of internal ratings by portfolios;
- assessing the appropriateness of the method used to estimate additional provisions considering the nature of and risk factors identified in each portfolio; and
- assessing the consistency of assumptions used in estimating additional provisions, especially the assumption about the extent to which changes in economic environment and market conditions caused by voluntary restraints and other restrictions on social and economic activities have an impact on each portfolio with the respective industry environment.

(5) Evaluation of the reasonableness of future cash flow scenarios used in the DCF method

For borrowers that we selected based on certain criteria among those in scope of the DCF method, we evaluated the reasonableness of future cash flow scenarios through:

- analyzing the feasibility of the restructuring plans considering the recent economic environment and the prospect of the impact of COVID-19;

	· analyzing the current progress against the restructuring plans; and · assessing the borrower's ability to repay in light of the schedule and underlying sources of repayments based on the restructuring plans.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the directors and the corporate executive officers' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in basis of presentation in the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Toshihiro Otsuka
Designated Engagement Partner
Certified Public Accountant

Noriaki Habuto
Designated Engagement Partner
Certified Public Accountant

Kazuhide Niki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 28, 2021

Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Millions of yen

	2021				2020			
Year ended March 31	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥ 991,925	¥904,114	¥ (43,000)	¥1,853,039	¥1,152,538	¥1,413,309	¥ (79,149)	¥2,486,699
Interest expenses	96,190	277,813	143,818	517,822	344,555	724,655	110,558	1,179,770
Net interest income	895,734	626,301	(186,819)	1,335,216	807,982	688,654	(189,708)	1,306,928
Trust fees	4,895	—	—	4,895	4,701	—	—	4,701
Fees and commissions	1,046,503	272,662	(20,792)	1,298,373	1,075,452	229,143	(17,057)	1,287,538
Fees and commissions payments	176,739	37,992	(10,380)	204,352	175,449	35,117	(6,379)	204,188
Net fees and commissions	869,763	234,669	(10,412)	1,094,021	900,003	194,025	(10,678)	1,083,350
Trading income	165,033	64,368	(29,754)	199,647	220,851	51,822	(9,846)	262,826
Trading losses	28,597	1,156	(29,754)	—	282	9,564	(9,846)	—
Net trading income	136,435	63,212	—	199,647	220,569	42,257	—	262,826
Other operating income	244,947	122,841	(2,028)	365,761	159,541	139,144	(1,395)	297,290
Other operating expenses	136,762	56,724	(131)	193,354	137,872	49,349	(710)	186,511
Net other operating income	108,185	66,117	(1,896)	172,406	21,668	89,795	(684)	110,779

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Inter-segment transactions are reported in the "Elimination" column.
4. The Company 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 the year ended March 31, 2020. As a result of comparing before and after the retrospective application, as for "Domestic operations" and "Total", "Net interest income" and "Interest income" increased by ¥30,335 million respectively, "Net other operating income," decreased by ¥30,335 million, "Other operating income" decreased by ¥752,775 million, and "Other operating expenses" decreased by ¥772,440 million for the fiscal year ended March 31, 2020.

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Millions of yen

	2021			2020		
Year ended March 31	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥ 94,725,028	¥991,925	1.05%	¥ 85,864,531	¥1,152,538	1.34%
Loans and bills discounted	56,332,915	679,230	1.21	51,570,227	748,287	1.45
Securities	22,580,114	206,972	0.92	18,201,943	251,441	1.38
Call loans and bills bought	483,919	(209)	(0.04)	198,734	144	0.07
Receivables under resale agreements	3,845,133	(3,506)	(0.09)	5,191,204	(2,473)	(0.05)
Receivables under securities borrowing transactions	4,829,462	4,345	0.09	3,965,107	21,175	0.53
Deposits with banks	2,203,681	11,571	0.53	2,142,807	19,985	0.93
Lease receivables and investment assets	—	—	—	—	—	—
Interest-bearing liabilities	¥146,234,790	¥ 96,190	0.07%	¥133,242,885	¥ 344,555	0.26%
Deposits	112,264,616	16,494	0.01	101,322,743	51,772	0.05
Negotiable certificates of deposit	3,630,478	235	0.01	5,259,479	407	0.01
Call money and bills sold	1,115,432	(217)	(0.02)	1,221,029	(288)	(0.02)
Payables under repurchase agreements	7,821,358	2,868	0.04	8,586,289	54,711	0.64
Payables under securities lending transactions	2,261,032	203	0.01	1,835,513	1,111	0.06
Commercial paper	62,175	9	0.02	100,091	11	0.01
Borrowed money	15,321,233	18,115	0.12	10,272,204	35,797	0.35
Short-term bonds	559,724	63	0.01	233,005	29	0.01
Bonds	1,932,279	42,260	2.19	3,140,917	65,860	2.10

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2021, ¥54,556,900 million; 2020, ¥49,066,481 million).
4. The Company 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 the year ended March 31, 2020. As a result of retrospective application, "Interest" of "Interest-earning assets" increased by ¥30,335 million for the fiscal year ended March 31, 2020.

Overseas Operations

	Millions of yen					
	2021			2020		
Year ended March 31	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥52,228,889	¥904,114	1.73%	¥45,569,621	¥1,413,309	3.10%
Loans and bills discounted	30,794,190	689,952	2.24	27,230,587	948,980	3.48
Securities	6,614,666	99,161	1.50	5,737,546	126,658	2.21
Call loans and bills bought	1,867,078	12,106	0.65	1,575,530	15,746	1.00
Receivables under resale agreements	2,998,992	22,992	0.77	2,580,540	57,573	2.23
Receivables under securities borrowing transactions	26,337	62	0.24	24,706	72	0.29
Deposits with banks	5,171,871	15,724	0.30	4,149,235	78,027	1.88
Lease receivables and investment assets	229,548	6,540	2.85	224,582	7,307	3.25
Interest-bearing liabilities	¥42,867,240	¥277,813	0.65%	¥37,840,304	¥ 724,655	1.92%
Deposits	27,186,201	145,071	0.53	22,611,324	407,081	1.80
Negotiable certificates of deposit	6,485,809	35,641	0.55	6,424,927	131,442	2.05
Call money and bills sold	701,190	2,003	0.29	727,834	10,573	1.45
Payables under repurchase agreements	5,370,299	13,659	0.25	5,240,834	100,259	1.91
Payables under securities lending transactions	—	—	—	—	—	—
Commercial paper	1,735,794	6,019	0.35	1,811,251	31,513	1.74
Borrowed money	475,972	16,291	3.42	496,301	19,014	3.83
Short-term bonds	—	—	—	—	—	—
Bonds	62,525	2,633	4.21	83,025	3,367	4.06

Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2021, ¥4,236,022 million; 2020, ¥3,486,210 million).

Total of Domestic and Overseas Operations

	Millions of yen					
	2021			2020		
Year ended March 31	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Interest-earning assets	¥143,956,181	¥1,853,039	1.29%	¥128,509,884	¥2,486,699	1.94%
Loans and bills discounted	87,037,816	1,367,726	1.57	78,649,214	1,693,016	2.15
Securities	29,367,312	283,786	0.97	23,887,779	346,822	1.45
Call loans and bills bought	2,350,997	11,896	0.51	1,774,265	15,890	0.90
Receivables under resale agreements	5,322,097	10,056	0.19	6,501,384	31,449	0.48
Receivables under securities borrowing transactions	4,855,800	4,407	0.09	3,989,813	21,247	0.53
Deposits with banks	5,848,983	17,891	0.31	5,004,709	80,924	1.62
Lease receivables and investment assets	229,548	6,540	2.85	224,582	7,307	3.25
Interest-bearing liabilities	¥193,327,319	¥ 517,822	0.27%	¥174,571,663	¥1,179,770	0.68%
Deposits	137,893,920	152,094	0.11	122,617,614	441,477	0.36
Negotiable certificates of deposit	10,116,287	35,876	0.35	11,684,407	131,849	1.13
Call money and bills sold	1,816,622	1,786	0.10	1,948,864	10,284	0.53
Payables under repurchase agreements	11,669,629	7,097	0.06	12,556,748	131,320	1.05
Payables under securities lending transactions	2,261,032	203	0.01	1,835,513	1,111	0.06
Commercial paper	1,797,969	6,029	0.34	1,911,343	31,525	1.65
Borrowed money	15,950,435	37,667	0.24	10,819,244	57,632	0.53
Short-term bonds	559,724	63	0.01	233,005	29	0.01
Bonds	9,161,066	204,509	2.23	9,395,255	220,874	2.35

Notes: 1. The figures above comprise totals for domestic and overseas operations after inter-segment eliminations.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or quarterly balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2021, ¥58,776,143 million; 2020, ¥52,536,286 million).
4. The Company 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 the year ended March 31, 2020. As a result of retrospective application, the total "Interest" of "Interest-earning assets" increased by ¥30,335 million for the fiscal year ended March 31, 2020.

Fees and Commissions

	Millions of yen							
	2021				2020			
Year ended March 31	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions	¥1,046,503	¥272,662	¥(20,792)	¥1,298,373	¥1,075,452	¥229,143	¥(17,057)	¥1,287,538
Deposits and loans	17,448	151,612	(5,911)	163,149	16,975	131,138	(5,568)	142,545
Remittances and transfers	117,257	22,687	(32)	139,911	119,894	21,612	(30)	141,475
Securities-related business	127,777	49,894	(7,004)	170,668	119,023	41,135	(5,921)	154,238
Agency	8,538	—	—	8,538	9,551	—	—	9,551
Safe deposits	4,156	3	—	4,159	4,347	2	—	4,350
Guarantees	72,980	9,996	(1,283)	81,693	76,386	9,549	(350)	85,585
Credit card business	307,118	10	—	307,128	335,678	0	—	335,678
Investment trusts	151,151	13,248	—	164,399	146,849	3,500	—	150,349
Fees and commissions payments	¥ 176,739	¥ 37,992	¥(10,380)	¥ 204,352	¥ 175,449	¥ 35,117	¥(6,379)	¥ 204,188
Remittances and transfers	32,678	7,140	(114)	39,704	32,905	7,817	(124)	40,598

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Inter-segment transactions are reported in the "Elimination" column.

Trading Income

	Millions of yen							
	2021				2020			
Year ended March 31	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income	¥165,033	¥64,368	¥(29,754)	¥199,647	¥220,851	¥51,822	¥(9,846)	¥262,826
Gains on trading securities	159,842	16,918	—	176,760	64,082	8,418	—	72,501
Gains on securities related to trading transactions	4,461	—	(49)	4,411	9,088	176	—	9,265
Gains on trading-related financial derivatives	633	47,191	(29,704)	18,120	147,599	43,223	(9,846)	180,976
Others	97	258	—	355	80	2	—	83
Trading losses	28,597	1,156	(29,754)	—	282	9,564	(9,846)	—
Losses on trading securities	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions	—	49	(49)	—	—	—	—	—
Losses on trading-related financial derivatives	28,597	1,106	(29,704)	—	282	9,564	(9,846)	—
Others	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Inter-segment transactions are reported in the "Elimination" column.

Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen 2021	2020
Domestic operations:		
Liquid deposits	¥ 90,172,956	¥ 80,041,189
Fixed-term deposits	17,835,963	17,764,493
Others	8,578,531	7,198,446
Subtotal	116,587,451	105,004,129
Negotiable certificates of deposit	5,603,153	4,081,740
Total	¥122,190,604	¥109,085,870
Overseas operations:		
Liquid deposits	¥ 17,295,610	¥ 14,594,963
Fixed-term deposits	7,985,027	7,264,054
Others	158,067	179,069
Subtotal	25,438,705	22,038,088
Negotiable certificates of deposit	6,967,463	6,098,695
Total	¥ 32,406,169	¥ 28,136,783
Grand total	¥154,596,774	¥137,222,653

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
4. Fixed-term deposits represents Time deposits

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

March 31	Millions of yen 2021		2020	
Domestic operations:				
Manufacturing	¥ 8,578,208	15.43%	¥ 7,264,656	13.80%
Agriculture, forestry, fisheries and mining	274,731	0.49	271,216	0.52
Construction	735,840	1.33	753,216	1.43
Transportation, communications and public enterprises	5,401,716	9.72	5,228,310	9.93
Wholesale and retail	5,066,384	9.11	4,393,894	8.34
Finance and insurance	2,683,908	4.83	2,738,583	5.20
Real estate, goods rental and leasing	10,431,427	18.76	9,302,244	17.67
Services	4,868,751	8.76	4,355,912	8.27
Municipalities	546,849	0.98	784,273	1.49
Others	17,004,857	30.59	17,561,120	33.35
Subtotal	¥55,592,677	100.00%	¥52,653,427	100.00%
Overseas operations:				
Public sector	¥ 265,650	0.90%	¥ 276,493	0.93%
Financial institutions	2,535,701	8.58	2,087,889	6.99
Commerce and industry	23,487,203	79.51	23,939,816	80.16
Others	3,251,505	11.01	3,559,982	11.92
Subtotal	¥29,540,060	100.00%	¥29,864,181	100.00%
Total	¥85,132,738	—	¥82,517,609	—

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Japan offshore banking accounts are included in overseas operations' accounts.

Reserve for Possible Loan Losses

March 31	Millions of yen 2021	2020
General reserve	¥499,815	¥336,089
Specific reserve	158,947	143,107
Loan loss reserve for specific overseas countries	254	0
Reserve for possible loan losses	¥659,017	¥479,197
Amount of direct reduction	¥163,185	¥142,834

Risk-Monitored Loans

March 31	Millions of yen 2021	2020
Bankrupt loans	¥ 69,452	¥ 13,978
Non-accrual loans	422,551	378,173
Past due loans (3 months or more)	16,784	14,400
Restructured loans	430,080	221,288
Total	¥938,868	¥627,840
Amount of direct reduction	¥125,304	¥113,254

Notes: **Definition of risk-monitored loan categories**
1. Bankrupt loans: Loans on which accrued interest income is not recognized, and to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or borrowers receiving a disposition to suspend transactions with a clearing house.
2. Non-accrual loans: Loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3. Past due loans (3 months or more): Loans on which the principal or interest is past due for 3 months or more, excluding loans in categories 1. and 2.
4. Restructured loans: Loans to borrowers on which terms and conditions have been amended in favor of the borrowers in order to support the borrowers' recovery from financial difficulties and facilitate collection of loans, excluding loans in categories 1. through 3.

NPLs Based on the Financial Reconstruction Act

March 31	Millions of yen 2021	2020
Bankrupt and quasi-bankrupt assets	¥ 128,112	¥ 87,857
Doubtful assets	392,161	326,883
Substandard loans	446,246	235,539
Total of NPLs	966,520	650,280
Normal assets	98,159,165	95,273,195
Total	¥99,125,686	¥95,923,476
Amount of direct reduction	¥ 163,185	¥ 142,834

Notes: **Definition of problem asset categories**
1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above

Securities

Year-End Balance

March 31	Millions of yen 2021	2020
Domestic operations:		
Japanese government bonds	¥14,293,610	¥ 7,348,013
Japanese local government bonds	754,922	262,681
Japanese corporate bonds	2,567,322	2,666,212
Japanese stocks	3,759,900	2,867,103
Others	8,067,795	7,284,775
Subtotal	¥29,443,552	¥20,428,786
Overseas operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	61,682	72,866
Japanese stocks	—	—
Others	6,606,566	6,265,416
Subtotal	¥ 6,668,248	¥ 6,338,283
Unallocated corporate assets:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	431,541	357,931
Others	5,700	3,749
Subtotal	¥ 437,242	¥ 361,681
Total	¥36,549,043	¥27,128,751

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

March 31	Millions of yen 2021 Domestic operations	2021 Overseas operations	2021 Elimination	2021 Total	2020 Domestic operations	2020 Overseas operations	2020 Elimination	2020 Total
Trading assets	¥5,318,300	¥1,319,254	¥(28,359)	¥6,609,195	¥5,973,291	¥1,519,904	¥(131,942)	¥7,361,253
Trading securities	2,719,782	230,605	—	2,950,387	2,473,626	215,669	—	2,689,295
Derivatives of trading securities	79,470	—	—	79,470	128,871	—	—	128,871
Securities related to trading transactions	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	15,806	184	—	15,990	28,604	19	—	28,624
Trading-related financial derivatives	2,338,248	1,088,464	(28,359)	3,398,352	3,284,185	1,298,633	(131,942)	4,450,876
Other trading assets	164,993	—	—	164,993	58,005	5,581	—	63,586
Trading liabilities	¥4,543,825	¥ 842,183	¥(28,359)	¥5,357,649	¥5,137,487	¥1,078,983	¥(131,942)	¥6,084,528
Trading securities sold for short sales	1,968,638	107,930	—	2,076,568	1,942,959	69,515	—	2,012,475
Derivatives of trading securities	84,634	—	—	84,634	129,596	—	—	129,596
Securities related to trading transactions sold for short sales	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	15,342	148	—	15,490	28,931	9	—	28,941
Trading-related financial derivatives	2,475,209	734,105	(28,359)	3,180,955	3,035,999	1,009,457	(131,942)	3,913,513
Other trading liabilities	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of the Company, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
3. Inter-segment transactions are reported in the "Elimination" column.

Capital (Non-consolidated)

Sumitomo Mitsui Financial Group, Inc.

Changes in Number of Shares Issued and Capital Stock

	Number of shares issued Changes	Number of shares issued Balances	Millions of yen Capital stock Changes	Capital stock Balances	Capital reserve Changes	Capital reserve Balances
July 26, 2017*	387,765	1,414,443,390	847	2,338,743	847	1,560,221
August 3, 2018**	326,330	1,414,769,720	699	2,339,443	699	1,560,921
August 20, 2018***	(15,368,300)	1,399,401,420	—	2,339,443	—	1,560,921
July 29, 2019****	272,536	1,399,673,956	521	2,339,964	521	1,561,442
September 20, 2019*****	(26,502,400)	1,373,171,556	—	2,339,964	—	1,561,442
July 27, 2020******	868,505	1,374,040,061	1,309	2,341,274	1,308	1,562,751

Remarks:
* Allotment to third parties (in-kind contribtions of monetary compensation claims):
Common stock: 387,765 shares
Issue price: ¥4,372
Capitalization: ¥2,186
** Allotment to third parties (in-kind contribtions of monetary compensation claims):
Common stock: 326,330 shares
Issue price: ¥4,287
Capitalization: ¥2,144
*** The decrease of 15,368,300 shares is due to cancellation of treasury stock.
**** Allotment to third parties (in-kind contribtions of monetary compensation claims):
Common stock: 272,536 shares
Issue price: ¥3,828
Capitalization: ¥1,914
***** The decrease of 26,502,400 shares is due to cancellation of treasury stock.
****** Allotment to third parties (in-kind contribtions of monetary compensation claims):
Common stock: 868,505 shares
Issue price: ¥3,015
Capitalization: ¥1,508

Number of Shares Issued

March 31, 2021	Number of shares issued
Common stock	1,374,040,061
Total	1,374,040,061

Stock Exchange Listings

Tokyo Stock Exchange (First Section)
Nagoya Stock Exchange (First Section)
New York Stock Exchange*

* The Company listed its ADRs on the New York Stock Exchange.

Number of Common Shares, Classified by Type of Shareholders

March 31, 2021	Number of shareholders	Number of units	Percentage of total
Japanese government and local government	8	4,790	0.03%
Financial institutions	327	4,242,832	30.92
Securities companies	70	893,515	6.51
Other institutions	7,235	1,241,610	9.05
Foreign institutions	1,152	5,081,540	37.04
Foreign individuals	692	10,897	0.08
Individuals and others	321,573	2,245,515	16.37
Total	331,057	13,720,699	100.00%
Fractional shares (shares)	—	1,970,161	—

Notes: 1. Of 3,612,302 shares in treasury stock, 36,123 units are included in “Individuals and others” and the remaining 2 shares are included in “Fractional shares.”
2. “Other institutions” and “Fractional shares” includes 29 units and 48 shares, held at Japan Securities Depository Center, Incorporated.

Principal Shareholders

March 31, 2021	Number of shares	Percentage of shares outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	121,954,600	8.89%
Custody Bank of Japan, Ltd. (Trust Account)	77,061,400	5.62
Custody Bank of Japan, Ltd. (Trust Account 7)	28,014,500	2.04
NATSCUMCO*	27,337,632	1.99
SSBTC CLIENT OMNIBUS ACCOUNT**	25,919,586	1.89
STATE STREET BANK WEST CLIENT - TREATY 505234***	21,261,727	1.55
Custody Bank of Japan, Ltd. (Trust Account 5)	20,920,300	1.52
Custody Bank of Japan, Ltd. (Trust Account 6)	18,551,800	1.35
Barclays Securities Japan Limited	18,549,300	1.35
JP Morgan Securities Japan Co., Ltd.	16,849,837	1.22
Total	376,420,682	27.46%

* Standing agent: Sumitomo Mitsui Banking Corporation
** Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department
*** Standing agent: Mizuho Bank, Ltd., Settlement Service Department

Notes: 1. Mizuho Securities Co., Ltd. has submitted a Report of Possession of Large Volume regarding its shareholding as of September 25, 2018. It stated that Mizuho Securities Co., Ltd. and two other shareholders held the following common shares in the Company as of September 14, 2018. But, these three are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2021.
The Report of Possession of Large Volume is detailed as follows:
Principal Shareholder: Mizuho Securities Co., Ltd. (and two other joint holders)
Number of shares held: 70,765,251 shares (including joint ownership)
Shareholding ratio: 5.06%

2. Sumitomo Mitsui Trust Bank, Limited has submitted a Change Report of Possession of Large Volume regarding its shareholding as of June 4, 2020. It stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and another shareholder held the following common shares in the Company as of May 29, 2020. But, these two are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2021.
The Change Report of Possession of Large Volume is detailed as follows:
Principal Shareholder: Sumitomo Mitsui Trust Asset Management Co., Ltd. (and another joint holder)
Number of shares held: 75,961,300 shares (including joint ownership)
Shareholding ratio: 5.53%

3. BlackRock Japan Co., Ltd. has submitted a Change Report of Possession of Large Volume regarding its shareholding as of June 19, 2020. It stated that BlackRock Japan Co., Ltd. and seven other shareholders held the following common shares in the Company as of June 15, 2020. But, these eight are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2021.
The Change Report of Possession of Large Volume is detailed as follows:
Principal Shareholder: BlackRock Japan Co., Ltd. (and seven other joint holders)
Number of shares held: 72,639,742 shares (including joint ownership)
Shareholding ratio: 5.29%

4. Nomura Securities Co., Ltd. has submitted a Change Report of Possession of Large Volume regarding its shareholding as of July 22, 2020. It stated that Nomura Securities Co., Ltd. and two other shareholders held the following common shares in the Company as of July 15, 2020. But, these three are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2021.
The Change Report of Possession of Large Volume is detailed as follows:
Principal Shareholder: Nomura Securities Co., Ltd. (and two other joint holders)
Number of shares held: 71,289,221 shares (including joint ownership)
Shareholding ratio: 5.19%

5. Mitsubishi UFJ Financial Group, Inc. has submitted a Report of Possession of Large Volume regarding its shareholding as of April 5, 2021. It stated that Mitsubishi UFJ Trust and Banking Corporation and two other shareholders held the following common shares in the Company as of March 29, 2021. But, these three are not included in the above Principal Shareholders because the Company was unable to confirm the number of shares owned by them at the end of the fiscal year ended March 31, 2021.
The Report of Possession of Large Volume is detailed as follows:
Principal Shareholder: Mitsubishi UFJ Trust and Banking Corporation (and two other joint holders)
Number of shares held: 68,950,200 shares (including joint ownership)
Shareholding ratio: 5.02%

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: 177
     Please refer to "Principal Subsidiaries and Affiliates" on page 158 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	a As of March 31, 2021	b As of March 31, 2020	c Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	9,383,176	9,217,343	
1a	of which: capital and capital surplus	3,034,480	3,031,968	
2	of which: retained earnings	6,492,586	6,336,311	
1c	of which: treasury stock (–)	13,698	13,983	
26	of which: national specific regulatory adjustments (earnings to be distributed) (–)	130,190	136,952	
	of which: other than the above	–	–	
1b	Stock acquisition rights to common shares	1,791	2,064	
3	Accumulated other comprehensive income and other disclosed reserves	2,313,051	1,365,673	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	1,145	1,155	
6	Common Equity Tier 1 capital: instruments and reserves (A)	11,699,164	10,586,236	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	604,347	634,783	
8	of which: goodwill (including those equivalent)	183,861	237,333	
9	of which: other intangibles other than goodwill and mortgage servicing rights	420,485	397,450	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,314	3,390	
11	Net deferred gains or losses on hedges	18,771	84,324	
12	Shortfall of eligible provisions to expected losses	19,703	50,636	
13	Securitisation gain on sale	58,866	62,486	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	11,413	5,582	
15	Net defined benefit asset	392,500	160,200	
16	Investments in own shares (excluding those reported in the Net assets section)	6,137	3,567	
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)	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)	1,136,392	1,004,972	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	10,562,772	9,581,264	

(Millions of yen, except percentages)

Basel III Template No.		Items	a As of March 31, 2021	b As of March 31, 2020	c Reference to Template CC2
Additional Tier 1 capital: instruments (3)					
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	648,878	684,797	
		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)	13,836	9,400	
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)	662,714	694,198	
Additional Tier 1 capital: regulatory adjustments					
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)	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)	26,186	25,525	
Additional Tier 1 capital (AT1)					
44		Additional Tier 1 capital ((D)-(E)) (F)	636,528	668,672	
Tier 1 capital (T1 = CET1 + AT1)					
45		Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	11,199,300	10,249,936	
Tier 2 capital: instruments and provisions (4)					
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	861,798	961,464	
		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)	2,403	1,546	
47+49		Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	203,428	358,491	
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	358,491	
50		Total of general reserve for possible loan losses and eligible provisions included in Tier 2	60,139	63,204	
50a		of which: general reserve for possible loan losses	60,139	63,204	
50b		of which: eligible provisions	–	–	
51		Tier 2 capital: instruments and provisions (H)	1,127,769	1,384,706	

(Millions of yen, except percentages)

Basel III Template No.	Items	a As of March 31, 2021	b As of March 31, 2020	c Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)				
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)	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)	33,213	82,643	
57	Tier 2 capital: regulatory adjustments (I)	37,798	82,643	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,089,970	1,302,063	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	12,289,271	11,552,000	
Risk weighted assets (6)				
60	Total risk-weighted assets (RWA) (L)	66,008,023	61,599,066	
Capital ratios (consolidated) and buffers (7)				
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	16.00%	15.55%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	16.96%	16.63%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	18.61%	18.75%	
64	CET1 specific buffer requirement	3.52%	3.52%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.02%	0.02%	
67	of which: G-SIB/D-SIB additional requirement	1.00%	1.00%	
68	CET1 available after meeting the minimum capital requirements	10.61%	10.63%	
Regulatory adjustments (8)				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	1,058,411	679,784	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	937,624	907,634	
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)	4,688	4,128	
Provisions included in Tier 2 capital: instruments and provisions (9)				
76	Provisions (general reserve for possible loan losses)	79,268	75,065	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	60,139	63,204	
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")	–	–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	299,809	274,040	
Capital instruments subject to transitional arrangements (10)				
82	Current cap on AT1 instruments subject to transitional arrangements	162,585	325,171	
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	406,856	
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, 2021	As of March 31, 2020
Required capital ((L) × 8%)	5,280,641	4,927,925

Overview of RWA (OV1)

(Millions of yen)

OV1: Overview of RWA		a	b	c	d
Basel III Template No.		RWA		Minimum capital requirements	
		As of March 31, 2021	As of March 31, 2020	As of March 31, 2021	As of March 31, 2020
1	Credit risk (CR) (excluding counterparty credit risk)	44,181,371	40,936,349	3,717,776	3,442,320
2	Of which: Standardised Approach (SA)	2,797,587	3,050,149	223,806	244,011
3	Of which: internal ratings-based (IRB) approach	38,180,552	34,877,672	3,237,710	2,957,626
	Of which: significant investments in commercial entities	–	–	–	–
	Of which: lease residual value	45,567	46,881	3,645	3,750
	Other assets	3,157,664	2,961,646	252,613	236,931
4	Counterparty credit risk (CCR)	4,822,842	5,382,967	392,354	437,131
5	Of which: standardised approach for counterparty credit risk (SA-CCR)	–	–	–	–
	Of which: current exposure method (CEM)	1,338,017	1,495,568	112,463	125,330
6	Of which: Expected Positive Exposure (EPE)	–	–	–	–
	Of which: Credit Valuation Adjustment (CVA)	2,549,322	3,067,315	203,945	245,385
	Of which: Central Counterparty (CCP)	119,017	213,245	9,521	17,059
	Others	816,484	606,838	66,423	49,356
7	Equity positions in banking book under market-based approach	1,084,489	789,942	91,964	66,987
8	Equity investments in funds – look-through approach	1,877,396	1,766,889	150,191	141,351
9	Equity investments in funds – mandate-based approach	–	–	–	–
	Equity investments in funds – simple approach (subject to 250% risk weight)	81,959	41,242	6,769	3,310
	Equity investments in funds – simple approach (subject to 400% risk weight)	356,365	375,427	29,955	31,730
10	Equity investments in funds – fall-back approach	88,989	59,012	7,119	4,720
11	Settlement risk	8	10	0	0
12	Securitisation exposures in banking book	1,250,740	1,153,950	100,059	92,316
13	Of which: securitisation IRB approach (SEC-IRBA) or internal assessment approach (IAA)	1,037,083	1,020,034	82,966	81,602
14	Of which: securitisation external ratings-based approach (SEC-ERBA)	196,459	118,792	15,716	9,503
15	Of which: securitisation standardised approach (SEC-SA)	–	–	–	–
	Of which: Risk weight (RW) 1250% is applied	17,198	15,123	1,375	1,209
16	Market risk	2,666,596	2,509,994	213,327	200,799
17	Of which: standardised approach (SA)	1,059,405	825,580	84,752	66,046
18	Of which: internal model approaches (IMA)	1,607,190	1,684,414	128,575	134,753
19	Operational risk	4,104,922	3,924,796	328,393	313,983
20	Of which: Basic Indicator Approach	897,054	839,490	71,764	67,159
21	Of which: Standardised Approach	–	–	–	–
22	Of which: Advanced Measurement Approach	3,207,868	3,085,305	256,629	246,824
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	2,355,212	2,279,392	199,683	193,271
	RWA subject to transitional arrangements	–	–	–	–
24	Floor adjustment	538,051	–	43,044	–
25	Total (after applying scaling factors)	66,008,023	61,599,066	5,280,641	4,927,925

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 130 to 134 (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 269 to 270 "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, 2021				As of March 31, 2020			
		a	b	c	d	a	b	c	d
Item No.		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		
On-balance sheet assets									
1	Loans	944,792	83,679,983	648,712	83,976,063	663,784	81,057,792	448,179	81,273,397
2	Securities (of which: debt securities)	5,479	29,020,789	–	29,026,269	4,949	21,417,801	–	21,422,751
3	Other on-balance sheet assets (of which: debt-based assets)	16,848	79,315,725	34,214	79,298,358	6,012	66,533,162	30,751	66,508,423
4	Subtotal (1+2+3)	967,121	192,016,498	682,927	192,300,692	674,747	169,008,756	478,930	169,204,572
Off-balance sheet assets									
5	Acceptances and guarantees, etc.	12,337	10,762,857	61,703	10,713,491	18,097	9,905,268	64,283	9,859,082
6	Commitments, etc.	17,508	26,507,378	76,735	26,448,151	9,587	21,216,668	65,341	21,160,914
7	Subtotal (5+6)	29,845	37,270,236	138,438	37,161,643	27,685	31,121,937	129,625	31,019,997
Total									
8	Total (4+7)	996,966	229,286,734	821,365	229,462,335	702,432	200,130,693	608,556	200,224,570

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, 2020		674,747
2	Changes in loans and securities (of which: debt securities) by factors during the current interim period	Amounts defaulted	452,120
3		Amounts returned to non-defaulted status	30,130
4		Amounts written off	133,425
5		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.

(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, 2019		689,254
2	Changes in loans and securities (of which: debt securities) by factors during the current interim period	Amounts defaulted	160,092
3		Amounts returned to non-defaulted status	27,420
4		Amounts written off	128,030
5		Other changes	(19,148)
6	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2020 (1+2-3-4+5)		674,747

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.

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, 2021				As of March 31, 2020			
	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)	132,130,058	23,209,501	8,138,180	163,477,741	117,104,673	15,714,695	6,751,935	139,571,303
Manufacturing	11,366,981	201,036	2,297,789	13,865,807	10,305,832	261,335	1,611,649	12,178,818
Agriculture, forestry, fishery and mining	428,456	4,763	4,514	437,734	508,218	10,365	6,571	525,155
Construction	1,209,291	42,245	149,964	1,401,501	1,078,838	46,235	117,601	1,242,675
Transport, information, communications and utilities	6,943,550	212,562	527,807	7,683,920	6,337,831	195,824	451,513	6,985,169
Wholesale and retail	6,572,860	182,917	389,397	7,145,175	5,549,017	208,602	287,865	6,045,486
Financial and insurance	67,961,075	1,729,352	285,384	69,975,812	56,166,851	2,552,894	243,609	58,963,355
Real estate, goods rental and leasing	11,083,497	1,165,479	116,214	12,365,191	9,846,929	1,147,847	89,948	11,084,725
Services	5,045,274	301,343	88,134	5,434,752	4,448,552	366,545	74,114	4,889,212
Local municipal corporations	1,791,614	42,222	1,604	1,835,440	2,290,348	32,320	1,230	2,323,898
Other industries	19,727,456	19,327,577	4,277,370	43,332,404	20,572,251	10,892,725	3,867,830	35,332,807
Overseas operations and offshore banking accounts	55,695,599	5,816,767	1,761,303	63,273,670	52,288,064	5,708,881	1,556,566	59,553,513
Sovereigns	10,510,442	3,587,611	5,467	14,103,521	9,743,269	3,575,176	6,164	13,324,610
Financial institutions	6,673,662	1,378,171	396,449	8,448,283	6,413,387	1,154,322	373,929	7,941,639
C&I companies	31,769,533	686,424	–	32,455,958	29,954,809	832,400	–	30,787,210
Others	6,741,960	164,559	1,359,387	8,265,907	6,176,597	146,981	1,176,472	7,500,051
Total	187,825,657	29,026,269	9,899,484	226,751,411	169,392,737	21,423,577	8,308,502	199,124,817

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, 2021				As of March 31, 2020			
	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	46,495,858	8,285,354	22,685	54,803,898	40,381,530	6,157,045	24,658	46,563,235
More than 1 year to 3 years	20,682,004	7,523,192	–	28,205,196	18,703,429	3,901,032	–	22,604,461
More than 3 years to 5 years	17,327,714	3,855,075	–	21,182,789	17,835,434	2,019,572	–	19,855,006
More than 5 years to 7 years	7,461,460	2,926,460	–	10,387,920	6,691,657	1,241,389	–	7,933,047
More than 7 years	23,593,743	6,436,185	–	30,029,929	23,518,615	8,104,537	–	31,623,153
No fixed maturity	72,264,877	–	9,876,799	82,141,676	62,262,070	–	8,283,843	70,545,913
Total	187,825,657	29,026,269	9,899,484	226,751,411	169,392,737	21,423,577	8,308,502	199,124,817

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 2020			Fiscal 2019		
	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)	841.5	253.3	81.7	713.9	218.0	91.9
Overseas operations and offshore banking accounts	452.7	157.1	26.8	215.9	107.2	27.0
Asia	145.4	58.2	15.9	68.1	41.3	20.3
North America	102.4	27.8	1.8	62.4	17.8	2.5
Other regions	204.9	71.1	9.1	85.4	48.1	4.1
Total	1,294.2	410.3	108.4	929.8	325.3	118.9

(2) By Industry

(Billions of yen)

	Fiscal 2020			Fiscal 2019		
	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)	841.5	253.3	81.7	713.9	218.0	91.9
Manufacturing	77.5	30.7	3.4	57.0	18.9	0.6
Agriculture, forestry, fishery and mining	9.9	6.8	0.0	8.4	6.7	0.0
Construction	9.9	2.2	0.3	12.0	2.5	0.4
Transport, information, communications and utilities	34.1	15.9	0.5	44.0	20.8	0.9
Wholesale and retail	90.2	37.2	0.9	86.1	36.8	1.0
Financial and insurance	6.7	1.0	0.0	5.4	0.2	(0.3)
Real estate, goods rental and leasing	50.4	6.4	(4.0)	48.0	5.6	(0.8)
Services	155.0	47.4	5.9	72.5	21.0	0.5
Other industries	407.9	105.7	74.7	380.5	105.4	89.5
Overseas operations and offshore banking accounts	452.7	157.1	26.8	215.9	107.2	27.0
Financial institutions	15.6	4.6	0.0	1.9	0.2	0.0
C&I companies	326.3	127.2	10.9	127.7	76.0	16.3
Others	110.8	25.2	15.9	86.3	31.0	10.8
Total	1,294.2	410.3	108.4	929.8	325.3	118.9

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 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.

(Billions of yen)

Fiscal 2019				
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
160.4	60.4	37.5	81.0	339.5

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 2020			Fiscal 2019		
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
418.9	418.9	0.0	248.2	248.2	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., 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, PT Bank Sumitomo Mitsui Indonesia, Sumitomo Mitsui Banking Corporation Malaysia Berhad, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited and 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 130 to 131). 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

Domestic Corporate	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	
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	
J7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers Requiring Caution
J7R	Borrowers Requiring Caution identified as Substandard Borrowers	Substandard Borrowers
J8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
J9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers
J10	Legally or formally bankrupt	Bankrupt Borrowers

Obligor Grade

Overseas Corporate	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	
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	
G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	Borrowers Requiring Caution
G7R	Borrowers Requiring Caution identified as Substandard Borrowers	Substandard Borrowers
G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers
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 131) 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.

The actual default rates in the past three periods are lower than PD estimate values applied for the respective periods for the most portfolios, 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, 2021	As of March 31, 2020
IRB approach	95.47 %	94.70 %
Corporate exposures (Advanced Internal Ratings-Based (AIRB) approach)	83.96 %	82.44 %
Corporate exposures (Foundation Internal Ratings-Based (FIRB) approach)	0.26 %	0.24 %
Retail exposures	6.40 %	7.48 %
Equity exposures	2.20 %	1.76 %
Purchased receivables (AIRB approach)	0.92 %	0.94 %
Purchased receivables (FIRB approach)	0.00 %	0.00 %
Other assets, etc.	1.69 %	1.81 %
SA	4.52 %	5.29 %
Total	100.00 %	100.00 %

5. CR Exposures by Portfolio and PD (CR6)

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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	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
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	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
Bank exposures (FIRB approach)													
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
Corporate exposures (AIRB approach)													
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											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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)	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
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
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
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	2,130,687	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
Equity exposures													
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	333,806	–	–	333,806	0.17	0.4	90.00	5.0	435,435	130.44	–	
3	0.25 to <0.50	15,530	–	–	15,530	0.26	0.1	90.00	5.0	26,009	167.47	–	
4	0.50 to <0.75	7,323	–	–	7,323	0.50	0.0	90.00	5.0	15,756	215.15	–	
5	0.75 to <2.50	19,874	–	–	19,874	1.92	0.1	90.00	5.0	66,772	335.96	–	
6	2.50 to <10.00	8,075	–	–	8,075	9.76	0.0	90.00	5.0	44,353	549.22	–	
7	10.00 to <100.00	277	–	–	277	27.52	0.0	90.00	5.0	2,360	850.70	–	
8	100.00 (Default)	455	–	–	455	100.00	0.0	90.00	5.0	5,128	1,125.00	–	
9	Subtotal	4,333,008	–	–	4,333,008	0.09	2.1	90.00	5.0	4,619,317	106.60	–	–

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2021											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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	–	–	107	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											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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		91,996	191.73	26,974	
9	Subtotal	1,380,983	644,101	100.00	2,025,084	3.73	2,526.1	49.15		1,097,368	54.18	41,462	30,873
Total (all portfolios)		191,666,356	37,196,649	56.52	212,692,029	0.76	18,681.8	34.87	–	37,622,597	17.68	705,199	699,086

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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	73,107,376	62,797	85.17	75,440,612	0.00	0.4	34.25	3.9	251,604	0.33	280	
2	0.15 to <0.25	364,083	25,813	46.84	362,167	0.18	0.0	33.11	1.9	101,209	27.94	221	
3	0.25 to <0.50	8,777	24	64.04	8,793	0.26	0.0	29.55	1.3	2,292	26.07	6	
4	0.50 to <0.75	2,315	2	50.00	202	0.52	0.0	25.14	2.7	88	43.83	0	
5	0.75 to <2.50	173,824	9,567	47.77	125,118	1.21	0.0	34.04	2.4	91,402	73.05	508	
6	2.50 to <10.00	88,158	47,907	62.45	51,705	3.98	0.0	34.76	2.9	60,597	117.19	713	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	8	–	–	8	100.00	0.0	34.03	1.2	4	53.50	2	
9	Subtotal	73,744,545	146,113	68.49	75,988,608	0.00	0.6	34.25	3.9	507,199	0.66	1,733	2,197
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	5,651,140	731,858	76.85	6,448,660	0.03	0.6	33.87	3.0	1,242,169	19.26	854	
2	0.15 to <0.25	789,579	217,139	70.74	923,343	0.18	0.2	30.22	1.1	226,102	24.48	507	
3	0.25 to <0.50	124,122	12,663	55.47	120,201	0.26	0.0	30.82	1.2	36,904	30.70	100	
4	0.50 to <0.75	24,809	5,329	33.79	26,610	0.51	0.0	29.74	1.2	10,717	40.27	41	
5	0.75 to <2.50	619,369	102,747	38.55	598,474	1.37	0.6	34.97	0.5	400,084	66.85	2,886	
6	2.50 to <10.00	34,969	4,309	35.93	29,881	3.96	0.0	33.64	0.7	27,172	90.93	398	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	356	–	–	356	100.00	0.0	80.91	1.0	48	13.63	288	
9	Subtotal	7,244,349	1,074,048	71.32	8,147,528	0.17	1.7	33.48	2.5	1,943,199	23.85	5,076	6,066
Bank exposures (FIRB approach)													
1	0.00 to <0.15	3,244	–	–	3,244	0.03	0.0	45.00	5.0	1,144	35.27	0	
2	0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
3	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
4	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
5	0.75 to <2.50	402	–	–	402	2.46	0.0	45.00	5.0	745	185.32	4	
6	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
9	Subtotal	3,646	–	–	3,646	0.29	0.1	45.00	5.0	1,889	51.82	4	17
Corporate exposures (AIRB approach)													
1	0.00 to <0.15	26,480,029	13,468,788	54.73	38,059,248	0.05	7.2	34.71	2.5	6,979,472	18.33	7,836	
2	0.15 to <0.25	13,991,591	7,497,730	54.39	16,791,142	0.17	6.3	29.45	2.4	4,712,138	28.06	8,783	
3	0.25 to <0.50	3,520,031	1,005,418	53.48	3,828,262	0.26	2.8	28.70	2.6	1,297,994	33.90	2,910	
4	0.50 to <0.75	2,072,283	633,162	53.17	2,228,333	0.51	1.5	28.85	2.4	1,024,458	45.97	3,315	
5	0.75 to <2.50	5,502,117	2,209,416	53.77	4,719,039	1.38	4.4	27.19	3.0	3,111,257	65.92	17,700	
6	2.50 to <10.00	981,579	402,421	57.96	739,898	6.27	0.6	27.72	2.8	765,528	103.46	13,670	
7	10.00 to <100.00	236,679	57,965	60.46	231,537	17.02	0.2	25.42	2.5	296,210	127.93	10,092	
8	100.00 (Default)	202,742	17,927	100.00	209,837	100.00	0.2	48.74	2.4	69,976	33.34	102,288	
9	Subtotal	52,987,056	25,292,831	54.55	66,807,297	0.65	23.5	32.25	2.5	18,257,035	27.32	166,599	171,747

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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	10	
9	Subtotal	22	–	–	22	100.00	0.0	45.00	5.0	–	0.00	10	2
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
1	0.00 to <0.15	904,104	79,495	48.18	944,136	0.08	1.2	31.99	3.1	197,069	20.87	258	
2	0.15 to <0.25	1,292,354	105,264	62.35	1,304,229	0.17	5.1	30.47	3.6	373,474	28.63	676	
3	0.25 to <0.50	1,152,104	20,996	64.18	1,121,417	0.30	6.7	31.89	3.8	447,563	39.91	1,111	
4	0.50 to <0.75	737,848	40,185	50.15	677,027	0.53	4.7	28.77	3.4	295,384	43.62	1,045	
5	0.75 to <2.50	2,659,505	152,942	57.68	2,120,242	1.63	34.0	31.84	3.4	1,369,629	64.59	11,033	
6	2.50 to <10.00	351,444	136,821	48.57	169,064	8.36	1.3	22.27	2.7	124,179	73.45	3,010	
7	10.00 to <100.00	139,976	944	47.46	73,800	27.22	3.1	46.87	1.6	153,071	207.41	9,423	
8	100.00 (Default)	223,666	450	100.00	157,477	100.00	3.5	46.01	1.8	23,209	14.73	72,469	
9	Subtotal	7,461,004	537,099	54.58	6,567,394	3.59	60.0	31.54	3.4	2,983,581	45.43	99,029	98,375
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	34	–	–	34	1.22	0.0	45.00	1.0	21	62.80	0	
6	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
9	Subtotal	34	–	–	34	1.22	0.0	45.00	1.0	21	62.80	0	0
Specialized lending (SL)													
1	0.00 to <0.15	1,967,269	113,312	46.83	1,976,616	0.04	0.2	22.50	3.8	240,854	12.18	204	
2	0.15 to <0.25	1,889,210	554,107	54.39	2,031,916	0.17	0.4	23.40	4.2	599,465	29.50	857	
3	0.25 to <0.50	1,035,545	362,381	53.53	967,458	0.26	0.1	31.56	4.1	486,728	50.31	824	
4	0.50 to <0.75	759,378	206,481	56.69	616,840	0.51	0.1	24.61	3.9	286,613	46.46	784	
5	0.75 to <2.50	964,824	246,808	59.61	884,023	1.07	0.2	25.18	3.8	543,236	61.45	2,459	
6	2.50 to <10.00	170,258	37,954	82.24	105,864	3.96	0.0	31.15	4.3	121,276	114.55	1,306	
7	10.00 to <100.00	28,332	2,594	85.15	27,777	13.94	0.0	36.08	3.5	51,257	184.52	1,396	
8	100.00 (Default)	52,406	6,757	100.00	49,604	100.00	0.0	59.44	3.6	26,538	53.50	29,485	
9	Subtotal	6,867,224	1,530,397	55.73	6,660,101	1.16	1.3	25.11	4.0	2,355,971	35.37	37,319	41,098
Equity exposures													
1	0.00 to <0.15	2,901,486	–	–	2,901,486	0.04	1.3	90.00	5.0	2,968,167	102.29	–	
2	0.15 to <0.25	220,234	–	–	220,234	0.17	0.4	90.00	5.0	291,234	132.23	–	
3	0.25 to <0.50	14,685	–	–	14,685	0.26	0.1	90.00	5.0	24,440	166.43	–	
4	0.50 to <0.75	4,211	–	–	4,211	0.51	0.0	90.00	5.0	9,029	214.39	–	
5	0.75 to <2.50	16,123	–	–	16,123	2.17	0.1	90.00	5.0	56,577	350.90	–	
6	2.50 to <10.00	1,962	–	–	1,962	9.88	0.0	90.00	5.0	10,782	549.53	–	
7	10.00 to <100.00	21	–	–	21	27.27	0.0	90.00	5.0	179	836.00	–	
8	100.00 (Default)	674	–	–	674	100.00	0.0	90.00	5.0	7,588	1,124.99	–	
9	Subtotal	3,159,398	–	–	3,159,398	0.09	2.1	90.00	5.0	3,367,999	106.60	–	–

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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	961,910	69,391	100.00	1,021,314	0.06	7.0	36.30	1.1	126,585	12.39	296	
2	0.15 to <0.25	360,408	100,052	71.87	429,775	0.18	5.8	32.66	1.0	91,947	21.39	260	
3	0.25 to <0.50	70,529	78,200	73.31	126,645	0.29	5.3	42.04	1.0	47,379	37.41	162	
4	0.50 to <0.75	35,734	66,823	88.28	94,139	0.57	8.1	50.13	1.0	59,487	63.19	276	
5	0.75 to <2.50	84,464	87,620	97.75	168,937	1.48	16.4	47.10	1.1	142,943	84.61	1,187	
6	2.50 to <10.00	4,638	4,069	100.00	8,706	5.14	0.8	44.77	1.0	11,398	130.92	209	
7	10.00 to <100.00	193	1,424	100.00	1,618	63.51	0.2	61.47	1.0	2,458	151.88	626	
8	100.00 (Default)	2,688	220	100.00	2,896	100.00	0.1	78.66	1.0	394	13.63	2,279	
9	Subtotal	1,520,568	407,803	85.57	1,854,035	0.49	44.0	37.66	1.1	482,595	26.02	5,298	3,825
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	617,365	–	–	617,365	0.06	0.0	33.48	1.0	69,229	11.21	137	
2	0.15 to <0.25	201,714	106,680	46.72	251,556	0.17	0.0	29.97	1.1	48,777	19.39	132	
3	0.25 to <0.50	65,593	–	–	65,593	0.26	0.0	33.40	1.0	18,485	28.18	57	
4	0.50 to <0.75	37,151	–	–	37,151	0.51	0.0	31.81	1.0	17,297	46.56	60	
5	0.75 to <2.50	64,699	–	–	64,699	0.89	0.0	31.36	1.0	31,463	48.63	184	
6	2.50 to <10.00	3,727	–	–	3,727	3.96	0.0	25.02	1.0	2,506	67.24	36	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	1,057	–	–	1,057	100.00	0.0	46.64	1.0	144	13.63	493	
9	Subtotal	991,308	106,680	46.72	1,041,149	0.28	0.2	32.42	1.0	187,903	18.04	1,102	772
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	0	385	100.00	385	0.07	0.0	45.00	1.0	56	14.54	0	
2	0.15 to <0.25	–	234	100.00	234	0.22	0.0	45.00	1.0	67	28.66	0	
3	0.25 to <0.50	–	1,365	100.00	1,365	0.36	0.0	45.00	1.0	516	37.82	2	
4	0.50 to <0.75	–	3,172	100.00	3,172	0.62	0.1	45.00	1.0	1,600	50.46	8	
5	0.75 to <2.50	–	2,198	100.00	2,198	1.14	0.1	45.00	1.0	1,351	61.45	11	
6	2.50 to <10.00	–	28	100.00	28	2.96	0.0	45.00	1.2	24	85.89	0	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	37	–	–	36	100.00	0.0	45.00	1.0	–	0.00	16	
9	Subtotal	37	7,384	100.00	7,420	1.17	0.3	45.00	1.0	3,615	48.72	39	29
Purchased receivables (corporates) (the amount equivalent to dilution risks) (FIRB approach)													
1	0.00 to <0.15	10	–	–	10	0.11	0.0	45.00	1.0	2	21.22	0	
2	0.15 to <0.25	20	–	–	20	0.22	0.0	45.00	1.0	6	31.94	0	
3	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
4	0.50 to <0.75	1	–	–	1	0.58	0.0	45.00	1.0	0	56.66	0	
5	0.75 to <2.50	4	–	–	4	0.92	0.0	45.00	1.0	3	70.61	0	
6	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
9	Subtotal	36	–	–	36	0.29	0.0	45.00	1.0	12	34.73	0	0
Purchased receivables (retail) (the amount equivalent to default risks)													
1	0.00 to <0.15	4,967	–	–	4,967	0.09	0.4	65.00	–	764	15.39	3	
2	0.15 to <0.25	2,033	–	–	2,033	0.22	0.2	65.00	–	570	28.07	2	
3	0.25 to <0.50	2,402	–	–	2,402	0.32	0.4	39.60	–	546	22.72	3	
4	0.50 to <0.75	692	–	–	692	0.60	0.1	64.58	–	357	51.58	2	
5	0.75 to <2.50	58	20	100.00	79	1.09	0.0	63.02	–	52	66.50	0	
6	2.50 to <10.00	57	0	100.00	57	2.96	0.0	65.00	–	51	90.51	1	
7	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
8	100.00 (Default)	0	–	–	0	100.00	0.0	80.91	–	0	13.63	0	
9	Subtotal	10,213	20	100.00	10,234	0.23	1.3	58.99	–	2,343	22.90	14	17

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
Item No.	PD scale	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	17	–	–	17	0.03	0.0	45.00	5.0	4	25.88	0	
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	17	–	–	17	0.03	0.0	45.00	5.0	4	25.88	0	0
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	60,714	248,831	7.92	309,546	0.08	4,222.3	70.64		11,621	3.75	188	
2	0.15 to <0.25	264,550	422,264	19.22	686,815	0.19	4,582.4	71.93		51,375	7.48	958	
3	0.25 to <0.50	289,571	301,796	11.68	591,367	0.39	3,952.4	68.50		75,125	12.70	1,605	
4	0.50 to <0.75	179,072	23,273	7.58	202,345	0.50	302.0	73.98		33,683	16.64	756	
5	0.75 to <2.50	526,965	52,156	15.68	579,121	1.64	609.3	77.29		249,060	43.00	7,390	
6	2.50 to <10.00	810,722	157,905	6.88	968,628	4.47	1,602.6	76.51		822,217	84.88	33,015	
7	10.00 to <100.00	36,656	4,336	9.39	40,993	48.76	78.0	73.22		70,595	172.21	14,628	
8	100.00 (Default)	78,426	7,810	100.00	86,237	100.00	153.4	76.77		83,217	96.49	66,208	
9	Subtotal	2,246,680	1,218,375	35.16	3,465,055	4.73	15,502.8	73.66		1,396,896	40.31	124,751	105,920
Residential mortgage exposures													
1	0.00 to <0.15	–	–	–	54,563	0.05	5.9	39.66		13,312	24.39	11	
2	0.15 to <0.25	–	–	–	2,176	0.17	0.2	72.39		881	40.49	2	
3	0.25 to <0.50	7,265,643	8,671	100.00	7,275,348	0.29	451.6	25.79		995,548	13.68	5,480	
4	0.50 to <0.75	925,652	1,487	100.00	927,140	0.59	53.1	27.55		223,565	24.11	1,507	
5	0.75 to <2.50	974,717	2,654	100.00	923,454	0.97	72.3	33.59		391,466	42.39	3,164	
6	2.50 to <10.00	–	–	–	–	–	–	–		–	–	–	
7	10.00 to <100.00	27,202	1,163	100.00	24,509	23.16	2.4	29.18		39,311	160.39	1,639	
8	100.00 (Default)	85,079	54	100.00	85,134	100.00	6.7	28.18		22,329	26.22	23,995	
9	Subtotal	9,278,297	14,032	100.00	9,292,329	1.36	592.5	26.87		1,686,415	18.14	35,800	25,981
Other retail exposures													
1	0.00 to <0.15	3	3	5.13	7	0.08	0.0	69.84		1	14.69	0	
2	0.15 to <0.25	106,023	11	100.00	106,035	0.17	2.5	35.00		13,447	12.68	63	
3	0.25 to <0.50	331,489	276	100.00	331,766	0.38	9.9	36.03		73,844	22.25	465	
4	0.50 to <0.75	44,133	1,004	100.00	45,138	0.67	2.0	36.40		13,921	30.84	111	
5	0.75 to <2.50	916,516	502,743	96.14	1,419,260	1.36	2,437.7	53.67		842,931	59.39	10,509	
6	2.50 to <10.00	28,280	142,045	100.00	170,326	3.05	138.3	49.52		117,267	68.84	2,539	
7	10.00 to <100.00	13,619	5,303	100.00	18,922	24.87	40.2	54.42		23,011	121.60	2,552	
8	100.00 (Default)	51,065	889	100.00	51,954	100.00	92.9	56.69		94,290	181.48	29,453	
9	Subtotal	1,491,132	652,277	100.00	2,143,410	3.87	2,724.0	49.40		1,178,714	54.99	45,694	27,972
Total (all portfolios)		167,005,575	30,987,064	58.54	185,147,723	0.62	18,955.0	34.59	–	34,355,402	18.55	522,475	484,023

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, 2021		As of March 31, 2020	
		a	b	a	b
Item No.	Portfolio	Pre-credit derivatives credit RWA	Actual credit RWA	Pre-credit derivatives credit RWA	Actual credit RWA
1	Sovereign exposures - FIRB	—	—	—	—
2	Sovereign exposures - AIRB	365,913	365,913	435,987	435,987
3	Bank exposures - FIRB	72,134	72,134	1,889	1,889
4	Bank exposures - AIRB	1,526,416	1,526,416	1,907,175	1,907,175
5	Corporate exposures (excluding SL) - FIRB	—	—	21	21
6	Corporate exposures (excluding SL) - AIRB	23,306,205	23,305,349	21,249,845	21,249,140
7	SL - FIRB	565,295	565,295	531,575	531,575
8	SL- AIRB	2,979,896	2,979,896	2,445,379	2,445,379
9	Retail - QRRE	1,275,232	1,275,232	1,396,896	1,396,896
10	Retail - Residential mortgage exposures	1,583,143	1,583,143	1,686,415	1,686,415
11	Retail - Other retail exposures	1,097,368	1,097,368	1,178,714	1,178,714
12	Equity - FIRB	—	—	—	—
13	Equity - AIRB	5,703,807	5,703,807	4,157,942	4,157,942
14	Purchased receivables - FIRB	2,150	2,150	3,628	3,628
15	Purchased receivables - AIRB	788,332	788,332	672,847	672,847
16	Total	39,265,897	39,265,042	35,668,320	35,667,615

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, 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

(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, 2019		345
2	Breakdown of variations in the credit risk-weighted assets	Asset size	15
3		Asset quality	(1)
4		Model updates	—
5		Methodology and policy	—
6		Acquisitions and disposals	—
7		Foreign exchange movements	(4)
8		Other	—
9	RWA as of March 31, 2020		356

8. Backtesting of Probability of Default (PD) per Portfolio (CR9)

(%, the number of data)

CR9: IRB - Backtesting of PD per portfolio													
a	b	c					d	e	f		g	h	i
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, 2020	As of March 31, 2019			
Corporates	0.00 to < 0.05	AAA~A+	Aaa~A1	AAA~A+	AAA~AA-	AAA~AA-	0.00%	0.02%	412	412	0	0	0.02%
	0.05 to < 0.10	A~A-	A2~A3	A~A-	A+~BBB-	A+~BBB-	0.06%	0.06%	5,801	5,801	2	0	0.04%
	0.10 to < 0.50	BBB+~BB+	Baa1~Ba1	BBB+~BB+	to BB+	to BB+	0.21%	0.23%	13,857	13,856	11	1	0.09%
	0.50 to < 2.50	BB~B	Ba2~B2	BB~B	to BB+	to BB+	1.13%	1.38%	25,570	25,569	97	1	0.26%
	2.50 to < 100.00	to B-	to B3	to B-	to BB+	to BB+	6.05%	6.88%	12,680	12,678	787	2	5.92%
Qualifying revolving retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						0.08%	0.08%	5,218,666	4,962,040	5,581	2,255	0.08%
	0.10 to < 0.50						0.32%	0.33%	5,826,418	5,685,660	11,925	2,633	0.17%
	0.50 to < 2.50						1.09%	0.65%	4,240,039	3,934,748	16,191	1,868	0.34%
	2.50 to < 100.00						6.57%	7.19%	1,670,451	1,645,903	84,159	2,421	4.77%
Residential mortgage	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.29%	0.29%	648,798	662,016	630	—	0.10%
	0.50 to < 2.50						0.80%	0.83%	158,599	165,706	479	0	0.37%
	2.50 to < 100.00						23.89%	25.64%	2,310	2,565	212	0	9.41%
Other retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.34%	0.35%	14,056	16,346	13	—	0.14%
	0.50 to < 2.50						1.37%	1.40%	2,469,904	2,472,081	12,029	2,323	0.50%
	2.50 to < 100.00						5.71%	8.90%	187,175	187,383	8,881	344	3.04%

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 86.31 percent, "Qualifying revolving retail" accounts for 4.01 percent, "Residential mortgage" accounts for 4.79 percent, and "Other retail" accounts for 3.38 percent.

9. SL (Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.) (CR10)

(Millions of yen, except percentages)

CR10: IRB - SL (slotting criteria approach) and equity exposures (market-based approach, etc.)		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	
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%					—	—	

(Millions of yen, except percentages)

CR10: IRB - SL (slotting criteria approach) and equity exposures (market-based approach, etc.)		As of March 31, 2020									
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	12,423	29,415	50%	41,023	—	—	—	41,023	20,511	—
	Equal to or more than 2.5 years	29,086	30,793	70%	40,443	3,029	—	—	43,472	30,431	173
Good	Less than 2.5 years	3,695	—	70%	3,695	—	—	—	3,695	2,586	14
	Equal to or more than 2.5 years	51,217	5,440	90%	53,759	—	—	—	53,759	48,383	430
Satisfactory		3,615	324	115%	3,792	—	—	—	3,792	4,361	106
Weak		—	—	250%	—	—	—	—	—	—	—
Default		3,137	—	—	3,131	6	—	—	3,137	—	1,568
Total		103,175	65,973	—	145,845	3,035	—	—	148,881	106,274	2,293
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	4,348	3,237	70%					5,861	4,102	23
	Equal to or more than 2.5 years	4,248	4,857	95%					6,517	6,191	26
Good	Less than 2.5 years	28,634	34,120	95%					44,809	42,569	179
	Equal to or more than 2.5 years	169,829	31,437	120%					187,353	224,824	749
Satisfactory		92,083	14,357	140%					98,791	138,307	2,766
Weak		—	—	250%					—	—	—
Default		—	—	—					—	—	—
Total		299,142	88,010	—					343,332	415,995	3,744
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	
Simple risk weight method –listed shares		27,836	—	300%					27,836	83,509	
Simple risk weight method –unlisted shares		57,885	11,804	400%					63,400	253,603	
Internal models approach		206,555	52,987	174%					259,543	452,830	
Total		292,277	64,792	—					350,780	789,942	
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, 2021	As of March 31, 2020
Look-through approach	1,696,974	964,706
Mandate-based approach	—	—
Simple approach (subject to 250% risk weight)	32,783	16,497
Simple approach (subject to 400% risk weight)	89,091	93,856
Fall-back approach	7,119	4,720

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, 2021					
		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
Item No.	Asset classes	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%

(Millions of yen, except percentages)

CR4: SA – CR exposure and CRM effects		As of March 31, 2020					
		a	b	c	d	e	f
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
Item No.	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	30,832	—	30,832	—	0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	2,753,060	—	2,753,060	—	0	0.00%
3	Foreign central governments and foreign central banks	2,000,186	—	2,000,186	—	2,629	0.13%
4	Bank for International Settlements, etc.	8	—	8	—	0	0.00%
5	Local governments of Japan	1,230	—	1,230	—	0	0.00%
6	Foreign non-central government public sector entities (PSEs)	5,313	—	5,313	—	1,062	20.00%
7	Multilateral development banks (MDBs)	1,265	—	1,265	—	0	0.00%
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government- affiliated agencies of Japan	44,459	—	44,459	—	4,445	10.00%
10	The three local public corporations	—	—	—	—	—	—
11	Banks entities and financial instruments business operators engaged in Type I Financial Instruments Business	1,227,664	—	1,227,664	—	252,457	20.56%
12	Corporates	885,549	233,441	885,191	101,868	1,002,704	101.58%
13	SMEs and retail	1,393,641	971,198	1,393,641	714,347	1,580,991	75.00%
14	Residential mortgage loans	134,933	—	134,933	—	47,226	35.00%
15	Real estate acquisition activities	—	—	—	—	—	—
16	Past due loans (three months or more),etc. (excluding residential mortgage loans)	111,258	830	111,126	830	157,361	140.55%
17	Past due loans (three months or more) (residential mortgage loans)	59	—	59	—	59	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)	1,209	—	1,209	—	1,209	100.00%
22	Total	8,590,673	1,205,469	8,590,184	817,045	3,050,149	32.42%

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, 2021										
Item No.	Asset classes / Risk weight	a	b	c	d	e	f	g	h	i	j	k
		CR exposure amounts (post-CCF and CRM)										
		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

(Millions of yen)

CR5: SA – CR exposures by asset classes and risk weights		As of March 31, 2020										
Item No.	Asset classes / Risk weight	a	b	c	d	e	f	g	h	i	j	k
		CR exposure amounts (post-CCF and CRM)										
		0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total
1	Cash	30,832	–	–	–	–	–	–	–	–	–	30,832
2	Government of Japan and BOJ	2,753,060	–	–	–	–	–	–	–	–	–	2,753,060
3	Foreign central governments and foreign central banks	1,994,927	–	–	–	5,259	–	–	–	–	–	2,000,186
4	Bank for International Settlements, etc.	8	–	–	–	–	–	–	–	–	–	8
5	Local governments of Japan	1,230	–	–	–	–	–	–	–	–	–	1,230
6	Foreign non-central government PSEs	–	–	5,313	–	–	–	–	–	–	–	5,313
7	MDBs	1,265	–	–	–	–	–	–	–	–	–	1,265
8	JFM	–	–	–	–	–	–	–	–	–	–	–
9	Government- affiliated agencies of Japan	–	44,459	–	–	–	–	–	–	–	–	44,459
10	The three local public corporations	–	–	–	–	–	–	–	–	–	–	–
11	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	–	–	1,208,548	–	16,736	–	2,379	–	–	–	1,227,664
12	Corporates	4,834	–	6,358	–	–	–	975,867	–	–	–	987,060
13	SMEs and retail	–	–	–	–	–	2,107,989	–	–	–	–	2,107,989
14	Residential mortgage loans	–	–	–	134,933	–	–	–	–	–	–	134,933
15	Real estate acquisition activities	–	–	–	–	–	–	–	–	–	–	–
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	–	–	–	–	6,719	–	7,706	97,530	–	–	111,956
17	Past due loans (three months or more) (residential mortgage loans)	–	–	–	–	–	–	59	–	–	–	59
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)	–	–	–	–	–	–	1,209	–	–	–	1,209
22	Total	4,786,159	44,459	1,220,220	134,933	28,715	2,107,989	987,222	97,530	–	–	9,407,230

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 129 to 134). 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, 2021				
		a	b	c	d	e
Item No.		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	—

(Millions of yen)

CR3: CRM techniques		As of March 31, 2020				
		a	b	c	d	e
Item No.		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	53,633,492	27,639,904	12,939,469	9,007,125	24,590
2	Securities (of which: Debt securities)	20,595,740	827,011	239,656	33,890	—
3	Other on-balance sheet assets (of which: debt-based assets)	66,211,425	296,998	4,793	257,250	—
4	Total (1+2+3)	140,440,658	28,763,914	13,183,919	9,298,265	24,590
5	Of which: defaulted	527,485	147,261	79,156	9,453	—

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, 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

(Millions of yen)

CCR1: Amount of CCR exposure by approach		As of March 31, 2020					
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	2,310,569	2,548,104			4,858,674	1,495,568
2	Expected exposure method (IMM)			—	—	—	—
3	Simple approach for CRM					—	—
4	Comprehensive approach for CRM					8,303,441	606,838
5	Exposure fluctuation estimation model					—	—
6	Total						2,102,407

4. CVA Capital Charge (CCR2)

(Millions of yen)

CCR2: CVA risk capital charge		As of March 31, 2021		As of March 31, 2020	
Item No.		a	b	a	b
		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	4,048,992	2,549,322	4,375,111	3,067,315
5	Total subject to the CVA capital charge	4,048,992	2,549,322	4,375,111	3,067,315

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, 2021								
Item No.		a	b	c	d	e	f	g	h	i
		Credit equivalent amounts (post-CRM)								
	Regulatory porfolio / Risk weight	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

(Millions of yen)

CCR3: CCR exposures by regulatory portfolio and risk weights		As of March 31, 2020								
		a	b	c	d	e	f	g	h	i
Item No.		Credit equivalent amounts (post-CRM)								
	Regulatory porfolio / Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total
1	Government of Japan and BOJ	47,709	–	–	–	–	–	–	–	47,709
2	Foreign central governments and foreign central banks	–	–	–	–	–	–	0	–	0
3	Bank for International Settlements, etc.	–	–	–	–	–	–	–	–	–
4	Local governments of Japan	3,087	–	–	–	–	–	–	–	3,087
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	–	–	476,777	517	–	–	–	–	477,295
11	Corporates	–	–	–	–	–	567,305	–	–	567,305
12	SMEs and retail	–	–	–	–	58,587	–	–	–	58,587
13	Other than the above	–	–	–	–	–	42,630	–	–	42,630
14	Total	50,797	–	476,777	517	58,587	609,936	0	–	1,196,616

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, 2021						
		a	b	c	d	e	f	g
Item No.	PD scale	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	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
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	4,445,260	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
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, 2021						
		a	b	c	d	e	f	g
Item No.	PD scale	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						
		a	b	c	d	e	f	g
Item No.	PD scale	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

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2020						
		a	b	c	d	e	f	g
Item No.	PD scale	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	3,766,191	0.00	0.8	2.26	0.2	4,622	0.12
2	0.15 to <0.25	83,118	0.17	0.0	34.46	0.0	15,177	18.26
3	0.25 to <0.50	10	0.26	0.0	35.00	1.0	2	28.13
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	2,621	2.13	0.0	34.56	1.4	2,050	78.21
6	2.50 to <10.00	106	3.96	0.0	34.93	1.0	100	93.90
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	3,852,047	0.00	0.9	2.97	0.2	21,952	0.56
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	4,198,535	0.03	16.4	17.95	1.2	291,980	6.95
2	0.15 to <0.25	1,140,827	0.17	5.2	15.96	1.1	199,153	17.45
3	0.25 to <0.50	548	0.27	0.0	31.45	1.0	139	25.42
4	0.50 to <0.75	27	0.52	0.0	35.00	1.0	14	54.14
5	0.75 to <2.50	43,182	0.91	0.1	6.92	0.1	5,816	13.47
6	2.50 to <10.00	192,366	3.96	0.0	0.18	0.0	1,176	0.61
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	5,575,486	0.20	21.9	16.84	1.1	498,281	8.93
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, 2020						
		a	b	c	d	e	f	g
Item No.	PD scale	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	894,668	0.05	47.9	29.74	2.4	140,730	15.72
2	0.15 to <0.25	624,623	0.17	27.4	31.09	3.2	218,903	35.04
3	0.25 to <0.50	107,002	0.26	8.1	35.19	2.6	49,169	45.95
4	0.50 to <0.75	27,357	0.51	4.3	34.39	2.7	15,810	57.79
5	0.75 to <2.50	67,808	1.49	4.4	33.15	3.0	57,217	84.38
6	2.50 to <10.00	3,036	7.47	0.6	34.35	2.3	3,951	130.13
7	10.00 to <100.00	879	23.45	0.0	34.78	1.2	1,540	175.22
8	100.00 (Default)	1,670	100.00	0.0	36.99	2.9	716	42.92
9	Subtotal	1,727,046	0.29	93.1	30.79	2.8	488,040	28.25
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	7,003	0.08	3.8	33.25	2.9	1,474	21.04
2	0.15 to <0.25	10,873	0.17	7.0	33.56	3.5	3,484	32.04
3	0.25 to <0.50	7,257	0.26	2.9	35.00	3.6	3,054	42.08
4	0.50 to <0.75	6,391	0.51	3.0	34.26	3.8	3,880	60.71
5	0.75 to <2.50	10,469	1.35	6.3	34.92	3.9	7,976	76.19
6	2.50 to <10.00	336	9.88	0.2	35.00	3.1	423	125.85
7	10.00 to <100.00	5	27.27	0.0	35.00	1.0	8	161.01
8	100.00 (Default)	314	100.00	0.1	46.58	4.5	42	13.63
9	Subtotal	42,651	1.32	23.6	34.30	3.6	20,345	47.70
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, 2020						
		a	b	c	d	e	f	g
Item No.	PD scale	EAD post-CRM	Average PD (%)	Number of counterparties	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
SL								
1	0.00 to <0.15	122,515	0.05	0.2	17.82	4.7	19,606	16.00
2	0.15 to <0.25	350,757	0.18	0.4	25.82	4.8	127,049	36.22
3	0.25 to <0.50	108,267	0.26	0.6	23.94	4.8	43,497	40.17
4	0.50 to <0.75	51,454	0.51	0.9	20.38	4.5	22,066	42.88
5	0.75 to <2.50	123,915	1.16	0.2	28.34	4.8	96,927	78.22
6	2.50 to <10.00	6,796	3.96	0.0	39.33	4.8	10,021	147.43
7	10.00 to <100.00	1,825	13.44	0.0	37.70	4.7	3,664	200.75
8	100.00 (Default)	2,734	100.00	0.0	69.53	4.7	1,462	53.50
9	Subtotal	768,266	0.77	2.5	24.62	4.8	324,295	42.21
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)		11,965,498	0.19	142.2	14.95	1.3	1,352,915	11.30

7. Composition of Collateral for CCR Exposure (CCR5)

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2021					
		a	b	c	d	e	f
Item No.		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
		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

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2020					
		a	b	c	d	e	f
Item No.		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
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	27,859	94,109	—	307,476	6,184,166	11,145,743
2	Cash (other currencies)	666	345,002	—	493,507	4,009,606	2,612,553
3	Domestic sovereign debt	860	6,350	—	4,485	8,495,144	6,787,322
4	Other sovereign debt	7,461	—	—	—	2,726,571	3,787,074
5	Government agency debt	9	—	—	—	1,129,593	—
6	Corporate bonds	5,216	—	—	—	80,559	112,253
7	Equity securities	11,446	—	—	—	1,799,917	931,679
8	Other collateral	—	—	—	—	16,921	—
9	Total	53,519	445,462	—	805,469	24,442,481	25,376,627

8. Credit Derivative Transaction Exposures (CCR6)

(Millions of yen)

CCR6: Credit derivative transaction exposures		As of March 31, 2021		As of March 31, 2020	
		a	b	a	b
Item No.		Protection bought	Protection sold	Protection bought	Protection sold
Notionals					
1	Single-name credit default swaps	453,769	531,395	475,205	525,596
2	Index credit default swaps	821,478	621,974	396,299	320,438
3	Total return swaps	—	—	—	—
4	Credit options	105,174	—	62,565	54,405
5	Other credit derivatives	—	—	—	—
6	Total notionals	1,380,422	1,153,370	934,070	900,439
Fair values					
7	Positive fair value (asset)	3,813	152,902	16,305	13,898
8	Negative fair value (liability)	332,159	6,488	139,824	44,430

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, 2021		As of March 31, 2020	
		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)		111,390		203,061
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,188,649	43,774	6,775,421	135,509
3	(i) OTC derivatives	1,718,412	34,368	6,166,396	123,328
4	(ii) Exchange-traded derivatives	452,403	9,048	536,455	10,729
5	(iii) SFTs	17,832	356	72,569	1,451
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	—		—	
8	Non-segregated initial margin	286,248	5,725	303,373	6,068
9	Pre-funded default fund contributions	186,017	61,890	174,687	61,482
10	Unfunded default fund contributions	—	—	—	—
11	Exposures to non-QCCPs (total)		7,627		10,183
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	9,696	7,626	9,527	9,089
13	(i) OTC derivatives	5,059	5,059	7,295	7,295
14	(ii) Exchange-traded derivatives	4,637	2,567	2,232	1,794
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	5,468	1,093
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

Excluding consolidated subsidiaries, subsidiaries or affiliated companies holding securitisation exposures related to the security transactions conducted by the Holding Company Group are as follows:

- The Japan Net Bank, Limited

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, 2021								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		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	—	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	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC1: Securitisation exposures in the banking book		As of March 31, 2020								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		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	451,033	—	451,033	679,152	—	679,152	834,688	—	834,688
2	Residential mortgage	451,033	—	451,033	—	—	—	136,222	—	136,222
3	Credit card	—	—	—	9,626	—	9,626	298,797	—	298,797
4	Other retail exposures	—	—	—	669,526	—	669,526	399,668	—	399,668
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	70,622	8	70,630	799,756	—	799,756	1,093,399	201,724	1,295,123
7	Loans to corporates	70,622	8	70,630	23,185	—	23,185	939,675	—	939,675
8	Commercial mortgage	—	—	—	—	—	—	1,209	—	1,209
9	Lease and receivables	—	—	—	771,071	—	771,071	73,746	16,230	89,976
10	Other wholesale	—	—	—	5,500	—	5,500	78,767	185,493	264,261
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, 2021								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		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	—	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	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2020								
Item No.	Type of underlying asset	a	b	c	d	e	f	g	h	i
		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	—	—	—	—	—	—	10,452	—	10,452
2	Residential mortgage	—	—	—	—	—	—	—	—	—
3	Credit card	—	—	—	—	—	—	—	—	—
4	Other retail exposures	—	—	—	—	—	—	10,452	—	10,452
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	3,632	—	3,632
7	Loans to corporates	—	—	—	—	—	—	—	—	—
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	—	—	—	—	—	—	3,632	—	3,632
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, 2021							
Item No.		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	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						
Item No.		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	—	—	—	—	—	—	—

(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, 2020							
Item No.		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	1,147,761	1,147,761	1,147,761	592,259	555,502	—	—	—
2	>20% to 50% RW	446,464	446,464	446,464	298,427	148,037	—	—	—
3	>50% to 100% RW	216,223	216,223	216,223	115,753	100,470	—	—	—
4	>100% to <1250% RW	189,745	189,745	189,745	123,745	66,000	—	—	—
5	1250% RW	377	368	368	—	368	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	1,868,291	1,868,282	1,868,282	1,030,546	837,736	—	—	—
7	SEC-ERBA	132,281	132,281	132,281	99,638	32,643	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	726,531	726,425	726,425	401,497	324,928	—	—	—
11	SEC-ERBA	29,508	29,508	29,508	19,927	9,580	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA or IAA	58,122	58,114	58,114	32,119	25,994	—	—	—
15	SEC-ERBA	2,360	2,360	2,360	1,594	766	—	—	—
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, 2020						
Item No.		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	8	8	—	8	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	8	8	—	8	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	105	105	—	105	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)								
14	SEC-IRBA or IAA	8	8	—	8	—	—	—
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, 2021							
Item No.		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	2,411,477	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						
Item No.		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	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	—	—	—	—	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (1/2)		As of March 31, 2020							
Item No.		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	1,896,821	1,798,983	1,798,983	733,671	1,065,312	—	—	—
2	>20% to 50% RW	200,079	96,193	96,193	96,193	—	—	—	—
3	>50% to 100% RW	22,376	22,376	22,376	—	22,376	—	—	—
4	>100% to <1250% RW	9,324	9,324	9,324	4,824	4,500	—	—	—
5	1250% RW	1,209	1,209	1,209	—	1,209	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA or IAA	1,789,399	1,587,675	1,587,675	599,916	987,758	—	—	—
7	SEC-ERBA	339,202	339,202	339,202	234,771	104,430	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	1,209	1,209	1,209	—	1,209	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA or IAA	293,503	244,769	244,769	96,054	148,714	—	—	—
11	SEC-ERBA	89,283	89,283	89,283	51,986	37,297	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	15,123	15,123	15,123	—	15,123	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA or IAA	23,480	19,581	19,581	7,684	11,897	—	—	—
15	SEC-ERBA	7,142	7,142	7,142	4,158	2,983	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—
17	1250% RW	1,209	1,209	1,209	—	1,209	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2020						
Item No.		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	97,838	97,838	—	97,838	—	—	—
2	>20% to 50% RW	103,886	103,886	—	103,886	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	—	—	—	—	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	201,724	201,724	—	201,724	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	48,734	48,734	—	48,734	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)								
14	SEC-IRBA or IAA	3,898	3,898	—	3,898	—	—	—
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 with market prices (including foreign stocks) are carried at their average market prices during the final month of the fiscal year. Securities other than these securities are carried at their market prices at the end of the fiscal year under review (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)

MR1: Market risk under standardised approach			
		As of March 31, 2021	As of March 31, 2020
Item No.		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)	458,241	384,544
2	Equity risk (general and specific)	290,936	256,899
3	Foreign exchange risk	72,054	20,788
4	Commodity risk	192	7
	Options		
5	Simplified approach	—	—
6	Delta-plus method	185,810	159,857
7	Scenario approach	—	—
8	Specific risk related to securitisation exposures	52,170	3,483
9	Total	1,059,405	825,580

3. RWA flow statements of market risk exposures under an IMA (MR2)

(Billions of yen)

MR2: RWA flow statements of market risk exposures under an IMA			As of March 31, 2021					
Item No.			a	b	c	d	e	f
			VaR	Stressed VaR	IRC	CRM	Other	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	Breakdown of variations in the market risk-weighted assets	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

(Billions of yen)

MR2: RWA flow statements of market risk exposures under an IMA			As of March 31, 2020					
Item No.			a	b	c	d	e	f
			VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1a	RWA as of March 31, 2019		465	1,105	—	—		1,571
1b	Ratio of 1a / 1c		2.8	3.0	—	—		3.0
1c	RWA at end of March 31, 2019		161	361	—	—		522
2	Breakdown of variations in the market risk-weighted assets	Movement in risk levels	68	53	—	—		121
3		Model updates/ changes	—	—	—	—		—
4		Methodology and policy	—	—	—	—		—
5		Acquisitions and disposals	—	—	—	—		—
6		Foreign exchange movements	(11)	(30)	—	—		(42)
7		Other	(13)	—	—	—		(13)
8a	RWA at end of March 31, 2020		204	384	—	—		589
8b	Ratio of 8c / 8a		2.3	3.1	—	—		2.8
8c	RWA as of March 31, 2020		488	1,195	—	—		1,684

4. IMA values for trading portfolios (MR3)

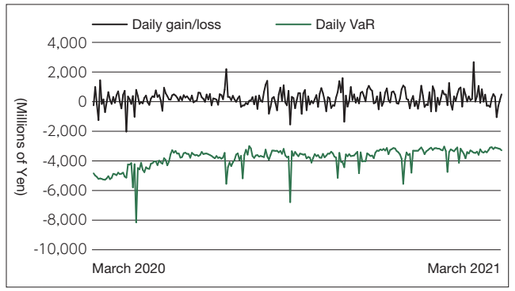
(Millions of yen)

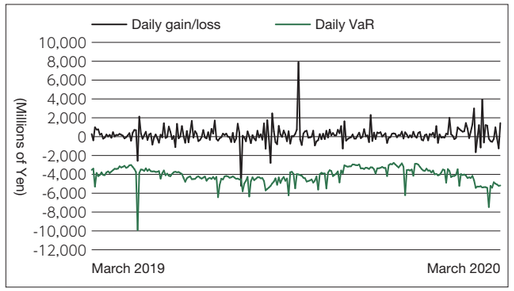
MR3: IMA values for trading portfolios			
		Fiscal 2020	Fiscal 2019
Item No.			
	VaR (holding period of 10 business days, one-sided confidence level of 99%)		
1	Maximum value	16,686	18,358
2	Average value	11,590	12,618
3	Minimum value	9,237	8,806
4	Period end	10,406	16,397
	Stressed VaR (holding period of 10 business days, one-sided confidence level of 99%)		
5	Maximum value	39,801	42,390
6	Average value	30,000	30,302
7	Minimum value	23,261	22,261
8	Period end	34,774	30,736
	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 2020 and 2019 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 134 to 135).

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 dates for 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 (2.5 years on average). The maturity of the bank's demand deposits are recognized with 5 years as the maximum term (the average is 0.7 year).

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, fixed-term 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 (ΔEVE) and net interest income (ΔNII) 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 ΔEVE with 15% of its Tier 1 capital, under a set of prescribed interest rate shock scenarios. The measurement result of SMBC Group's ΔEVE 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' ΔEVE is not larger than 15% of our Tier 1 capital.

As for ΔNII, net interest income declines under the prescribed parallel shock down scenario and increased 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 subsidiaries of SMBC

- ΔEVE is calculated by simple aggregation of the decrease in economic value for all currencies.
- ΔNII is calculated by simple aggregation of the change amount of interest income for each currency in which the total amount of interest rate-sensitive assets and liabilities is 5% or more of the total.

Definition of Each Figure and Calculation Assumption

- ΔEVE
  Decrease in economic value (EVE, Economic Value on Equity) against interest rate shock (excluding the credit spread).
- ΔNII
  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
		⊿EVE		⊿NII	
		As of March 31, 2021	As of March 31, 2020	As of March 31, 2021	As of March 31, 2020
1	Parallel up	908,983	982,050	(305,420)	(242,555)
2	Parallel down	0	0	495,300	414,974
3	Steepener	279,058	284,902		
4	Flattener	136,981	164,009		
5	Short rate up	339,633	329,587		
6	Short rate down	5,267	6,598		
7	Maximum	908,983	982,050	495,300	414,974
		e		f	
		As of March 31, 2021		As of March 31, 2020	
8	Tier 1 capital	11,199,300		10,249,936	

Note: Interest rate shocks of deposits with central banks is considered to be the same with the standardized interest rate shocks when calculating ⊿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 137 to 139.

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

(Millions of yen)

Items	a		b	c
	Consolidated balance sheet as in published financial statements		Reference to Template CC1	Reference to appended table
	As of March 31, 2021	As of March 31, 2020		
(Assets)				
Cash and due from banks	72,568,875	61,768,573		
Call loans and bills bought	2,553,463	896,739		
Receivables under resale agreements	5,565,119	8,753,816		
Receivables under securities borrowing transactions	5,827,448	5,005,103		
Monetary claims bought	4,665,244	4,559,429		
Trading assets	6,609,195	7,361,253		7-a
Money held in trust	309	353		
Securities	36,549,043	27,128,751		3-b,7-b
Loans and bills discounted	85,132,738	82,517,609		7-c
Foreign exchanges	2,173,189	2,063,284		
Lease receivables and investment assets	236,392	219,733		
Other assets	8,590,785	8,298,393		7-d
Tangible fixed assets	1,458,991	1,450,323		
Intangible fixed assets	738,759	753,579		3-a
Net defined benefit asset	565,534	230,573		4
Deferred tax assets	29,840	26,314		5-a
Customers' liabilities for acceptances and guarantees	9,978,396	9,308,882		
Reserve for possible loan losses	(659,017)	(479,197)		
Total assets	242,584,308	219,863,518		
(Liabilities)				
Deposits	142,026,156	127,042,217		
Negotiable certificates of deposit	12,570,617	10,180,435		
Call money and bills sold	1,368,515	3,740,539		
Payables under repurchase agreements	15,921,103	13,237,913		
Payables under securities lending transactions	2,421,353	2,385,607		
Commercial paper	1,686,404	1,409,249		
Trading liabilities	5,357,649	6,084,528		7-e
Borrowed money	17,679,690	15,210,894		9-a
Foreign exchanges	1,113,037	1,461,308		
Short-term bonds	585,000	379,000		
Bonds	9,043,031	9,235,639		9-b
Due to trust account	2,321,223	1,811,355		
Other liabilities	7,741,638	7,011,967		7-f
Reserve for employee bonuses	89,522	73,868		
Reserve for executive bonuses	4,408	3,362		
Net defined benefit liability	35,334	35,777		
Reserve for executive retirement benefits	1,081	1,270		
Reserve for point service program	24,655	26,576		
Reserve for reimbursement of deposits	9,982	4,687		
Reserve for losses on interest repayment	140,758	142,890		
Reserves under the special laws	3,902	3,145		
Deferred tax liabilities	532,193	257,384		5-b
Deferred tax liabilities for land revaluation	29,603	30,111		5-c
Acceptances and guarantees	9,978,396	9,308,882		
Total liabilities	230,685,262	209,078,615		
(Net assets)				
Capital stock	2,341,274	2,339,964		1-a
Capital surplus	693,205	692,003		1-b
Retained earnings	6,492,586	6,336,311		1-c
Treasury stock	(13,698)	(13,983)		1-d
Total stockholders' equity	9,513,367	9,354,296		
Net unrealized gains or losses on other securities	2,094,605	1,371,407		
Net deferred gains or losses on hedges	14,723	82,257		6
Land revaluation excess	36,251	36,878		
Foreign currency translation adjustments	40,390	(32,839)		
Accumulated remeasurements of defined benefit plans	127,080	(92,030)		
Total accumulated other comprehensive income	2,313,051	1,365,673	(a)	
Stock acquisition rights	1,791	2,064		2,8-a
Non-controlling interests	70,836	62,869		8-b
Total net assets	11,899,046	10,784,903		
Total liabilities and net assets	242,584,308	219,863,518		

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, 2021	As of March 31, 2020	Remarks	Ref. No.
Capital stock	2,341,274	2,339,964		1-a
Capital surplus	693,205	692,003		1-b
Retained earnings	6,492,586	6,336,311		1-c
Treasury stock	(13,698)	(13,983)		1-d
Total stockholders' equity	9,513,367	9,354,296		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	9,513,367	9,354,296	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,034,480	3,031,968		1a
of which: retained earnings	6,492,586	6,336,311		2
of which: treasury stock (–)	13,698	13,983		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, 2021	As of March 31, 2020	Remarks	Ref. No.
Stock acquisition rights	1,791	2,064		2
of which: Stock acquisition rights issued by bank holding company	1,791	2,064		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Stock acquisition rights to common shares	1,791	2,064		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, 2021	As of March 31, 2020	Remarks	Ref. No.
Intangible fixed assets	738,759	753,579		3-a
Securities	36,549,043	27,128,751		3-b
of which: goodwill attributable to equity-method investees	41,793	49,139		

Income taxes related to above	176,205	167,935	

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Goodwill (including those equivalent)	183,861	237,333		8
Other intangibles other than goodwill and mortgage servicing rights	420,485	397,450	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, 2021	As of March 31, 2020	Remarks	Ref. No.
Net defined benefit asset	565,534	230,573		4

Income taxes related to above	173,033	70,372	

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Net defined benefit asset	392,500	160,200		15

5. Deferred tax assets

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Deferred tax assets	29,840	26,314		5-a
Deferred tax liabilities	532,193	257,384		5-b
Deferred tax liabilities for land revaluation	29,603	30,111		5-c

Tax effects on intangible fixed assets	176,205	167,935	
Tax effects on net defined benefit asset	173,033	70,372	

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,314	3,390	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	4,688	4,128	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	—	—		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)	4,688	4,128		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, 2021	As of March 31, 2020	Remarks	Ref. No.
Net deferred gains or losses on hedges	14,723	82,257		6

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	18,771	84,324	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	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, 2021	As of March 31, 2020	Remarks	Ref. No.
Trading assets	6,609,195	7,361,253	Including trading account securities and derivatives for trading assets	7-a
Securities	36,549,043	27,128,751		7-b
Loans and bills discounted	85,132,738	82,517,609	Including subordinated loans	7-c
Other assets	8,590,785	8,298,393	Including derivatives	7-d
Trading liabilities	5,357,649	6,084,528	Including trading account securities sold and derivatives for trading liabilities	7-e
Other liabilities	7,741,638	7,011,967	Including derivatives	7-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Investments in own capital instruments	6,137	3,567		
Common Equity Tier 1 capital	6,137	3,567		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	0	0		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 external 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)	1,084,994	679,784		
Common Equity Tier 1 capital	21,337	—		18
Additional Tier 1 capital	660	—		39
Tier 2 capital and other external TLAC liabilities	4,585	—		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	1,058,411	679,784		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)	996,363	1,015,803		
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 external TLAC liabilities	33,213	82,643		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	937,624	907,634		73

8. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Stock acquisition rights	1,791	2,064		8-a
Non-controlling interests	70,836	62,869		8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Amount allowed in group CET1	1,145	1,155	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	5
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)	30-31ab-32
Amount allowed in group AT1	13,836	9,400	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	34-35
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)	46
Amount allowed in group T2	2,403	1,546	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	48-49

9. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Borrowed money	17,679,690	15,210,894		9-a
Bonds	9,043,031	9,235,639		9-b
Total	26,722,722	24,446,534		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	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	648,878	684,797		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	861,798	961,464		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

1. 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, 2021						
	a	b	c	d	e	f	g
			Carrying values of items:				
	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)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets							
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	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)	—	—	—	—
Total assets	242,584,308	242,584,308	215,336,276	18,164,407	3,796,431	6,609,195	2,202,023
Liabilities							
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
Total liabilities	230,685,262	230,685,262	3,082	18,690,222	955	5,357,649	210,000,317

(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, 2020						
	a	b	c	d	e	f	g
			Carrying values of items:				
	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)	Market risk	Items not subject to capital requirements or subject to deduction from capital
Assets							
Cash and due from banks	61,768,573	61,768,573	61,768,573	—	—	—	—
Call loans and bills bought	896,739	896,739	896,739	—	—	—	—
Receivables under resale agreements	8,753,816	8,753,816	—	8,753,816	—	—	—
Receivables under securities borrowing transactions	5,005,103	5,005,103	—	5,005,103	—	—	—
Monetary claims bought	4,559,429	4,559,429	2,416,719	—	2,142,709	—	—
Trading assets	7,361,253	7,361,253	—	4,608,371	—	7,361,253	104,292
Money held in trust	353	353	353	—	—	—	—
Securities	27,128,751	27,128,751	26,527,867	—	526,218	—	74,665
Loans and bills discounted	82,517,609	82,517,609	81,549,423	40,000	845,543	—	82,643
Foreign exchanges	2,063,284	2,063,284	2,063,284	—	—	—	—
Lease receivables and investment assets	219,733	219,733	219,733	—	—	—	—
Other assets	8,298,393	8,298,393	3,938,793	3,338,159	2,005	—	1,019,434
Tangible fixed assets	1,450,323	1,450,323	1,450,323	—	—	—	—
Intangible fixed assets	753,579	753,579	167,935	—	—	—	585,644
Net defined benefit asset	230,573	230,573	70,372	—	—	—	160,200
Deferred tax assets	26,314	26,314	9,150	—	—	—	17,164
Customers' liabilities for acceptances and guarantees	9,308,882	9,308,882	9,122,875	—	186,007	—	—
Reserve for possible loan losses	(479,197)	(479,197)	(479,197)	—	—	—	—
Total assets	219,863,518	219,863,518	189,722,949	21,745,451	3,702,484	7,361,253	2,044,044
Liabilities							
Deposits	127,042,217	127,042,217	3,437	—	—	—	127,038,780
Negotiable certificates of deposit	10,180,435	10,180,435	—	—	—	—	10,180,435
Call money and bills sold	3,740,539	3,740,539	—	—	—	—	3,740,539
Payables under repurchase agreements	13,237,913	13,237,913	—	8,112,816	—	—	5,125,096
Payables under securities lending transactions	2,385,607	2,385,607	—	1,211,329	—	—	1,174,277
Commercial paper	1,409,249	1,409,249	—	—	—	—	1,409,249
Trading liabilities	6,084,528	6,084,528	—	4,072,052	—	6,084,528	94,723
Borrowed money	15,210,894	15,210,894	—	—	—	—	15,210,894
Foreign exchanges	1,461,308	1,461,308	—	—	—	—	1,461,308
Short-term bonds	379,000	379,000	—	—	—	—	379,000
Bonds	9,235,639	9,235,639	—	—	—	—	9,235,639
Due to trust account	1,811,355	1,811,355	—	—	—	—	1,811,355
Other liabilities	7,011,967	7,011,967	—	2,177,365	8,538	—	4,826,063
Reserve for employee bonuses	73,868	73,868	—	—	—	—	73,868
Reserve for executive bonuses	3,362	3,362	—	—	—	—	3,362
Net defined benefit liability	35,777	35,777	—	—	—	—	35,777
Reserve for executive retirement benefits	1,270	1,270	—	—	—	—	1,270
Reserve for point service program	26,576	26,576	—	—	—	—	26,576
Reserve for reimbursement of deposits	4,687	4,687	—	—	—	—	4,687
Reserve for losses on interest repayment	142,890	142,890	—	—	—	—	142,890
Reserve under the special laws	3,145	3,145	—	—	—	—	3,145
Deferred tax liabilities	257,384	257,384	—	—	—	—	257,384
Deferred tax liabilities for land revaluation	30,111	30,111	—	—	—	—	30,111
Acceptances and guarantees	9,308,882	9,308,882	—	—	—	—	9,308,882
Total liabilities	209,078,615	209,078,615	3,437	15,573,564	8,538	6,084,528	191,575,322

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 (LI2)

(Millions of yen)

LI2: 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
			Items subject to:			
Item No.		Total	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

(Millions of yen)

LI2: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements amounts		As of March 31, 2020				
		a	b	c	d	e
			Items subject to:			
Item No.		Total	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	217,819,474	189,722,949	21,745,451	3,702,484	7,361,253
2	Liabilities carrying value amount under scope of regulatory consolidation	17,503,293	3,437	15,573,564	8,538	6,084,528
3	Total net amount under regulatory scope of consolidation	200,316,180	189,719,512	6,171,886	3,693,945	1,276,725
4	Off-balance sheet amounts	15,235,348	9,557,920 (Note 1)	5,260,135	417,293	—
5	Differences due to consideration of provisions and write-offs	572,470	572,470 (Note 2)	—	—	—
6	Differences due to derivative transactions	10,716,035	—	10,454,983 (Note 3)	19,147	—
7	Differences due to SFTs	(1,455,998)	—	(1,445,998)	—	—
8	Other differences	654,840	351,268	(10,412)	—	—
9	Regulatory exposure amounts	226,038,877	200,201,172	20,430,594	4,130,385	1,276,725

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, 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

(Millions of yen, except percentages)

CCyB1: Countercyclical buffer (CCyB) requirement by country or region				
	As of March 31, 2020			
	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%	1,229,477		
France	0.25%	399,293		
Luxembourg	0.25%	302,805		
Subtotal		1,931,575		
Total		48,140,937	0.02%	14,050

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, 2021	As of March 31, 2020
1	Cross-jurisdictional activity	Cross-jurisdictional claims	61,121,865	59,438,067
2		Cross-jurisdictional liabilities	43,735,669	42,419,213
3	Size	Total exposures	261,628,332	238,863,106
4	Mutual relevance	Intra-financial system assets	37,084,619	35,825,017
5		Intra-financial system liabilities	21,420,138	23,122,877
6		Securities outstanding	29,390,832	24,806,153
7	Substitutability/ financial institution infrastructure	Assets under custody	12,031,686	10,935,708
8		Annual total amount of payments settled through settlement systems	4,233,462,531	4,150,572,853
9		Annual total amount of underwritten transactions in debt and equity markets	11,773,041	9,959,297
10	Complexity	Total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions	903,061,478	901,817,377
11		Level 3 assets	507,291	1,029,342
12		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	12,514,926	10,625,227

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 (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 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. 10 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 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.10 "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.12 "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. 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 [-].
i. In this form, all amounts shall be stated in the designated unit herein, and any fraction less than such unit shall be rounded down.
j. 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, 2021	As of March 31, 2020
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	152,849,023	189,089,655
1a	1	Total assets reported in the consolidated balance sheet	180,700,101	219,863,518
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) (-)	27,851,078	30,773,863
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	1,073,527	878,104
3		Total on-balance sheet exposures (a)	151,775,496	188,211,550
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.	2,652,012	6,878,993
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.	4,033,004	4,556,886
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	833,230	923,702
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) (-)	145,293	151,482
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	1,153,370	900,439
10		The amount of deductions from effective notional amount of written credit derivatives (-)	970,631	744,710
11	4	Total exposures related to derivative transactions (b)	7,555,693	12,363,828
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	11,392,567	13,758,920
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	1,008,468	459,828
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	12,401,035	14,218,749
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	69,657,013	61,636,792
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	43,218,454	38,942,263
19	6	Total exposures related to off-balance sheet transactions (d)	26,438,558	22,694,529
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	11,199,300	10,249,936
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	198,170,783	237,488,658
22		Leverage ratio on a consolidated basis ((e)/(f))	5.65%	4.31%
Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) (6)				
		Total exposures (f)	198,170,783	
		The amount of deposits with the Bank of Japan	61,884,206	
		Total exposures (including deposits with the Bank of Japan) (f')	260,054,990	
		Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) ((e)/(f'))	4.30%	

Note: The key drivers of material change observed from March 31, 2020 to March 31, 2021
Leverage ratio as of March 31, 2021 is higher than March 31, 2020 due to a decrease in the total exposures as a result of the exclusion of deposits with the Bank of Japan, based on the amendment of Japanese Financial Services Agency (JFSA) Notification on June 30, 2020, under the provision to Paragraph 4 of Article 5 of the notification of JFSA No. 12, 2019.

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, 2021	As of March 31, 2020
Preferred resolution strategy (1)				
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.				
Regulatory capital elements of TLAC and adjustments (2)				
1	Common Equity Tier 1 capital (CET1)	(A)	10,562,772	9,581,264
2	Additional Tier 1capital (AT1) before TLAC adjustments	(B)	636,528	668,672
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	(C)	—	—
4	Other adjustments	(D)	—	—
5	AT1 instruments eligible under the TLAC framework ((B) - (C) - (D))	(E)	636,528	668,672
6	Tier 2 capital (T2) before TLAC adjustments	(F)	1,089,970	1,302,063
7	Amortised portion of T2 instruments where remaining maturity > 1 year	(G)	(179,401)	(249,452)
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(H)	—	—
9	Other adjustments	(I)	52,811	152,042
10	T2 instruments eligible under the TLAC framework ((F) - (G) - (H) - (I))	(J)	1,216,561	1,399,473
11	TLAC arising from regulatory capital ((A) + (E) + (J))	(K)	12,415,862	11,649,410
Non-regulatory capital elements of TLAC (3)				
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	(L)	5,307,262	4,972,597
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)	1,650,200	1,539,976
17	TLAC arising from non-regulatory capital instruments before adjustments ((L) + (M))	(N)	6,957,463	6,512,574
Non-regulatory capital elements of TLAC: adjustments (4)				
18	TLAC before deductions ((K) + (N))	(O)	19,373,325	18,161,984
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)	19,373,325	18,161,984
Risk-weighted assets and leverage exposure measure for TLAC purposes (5)				
23	Total risk-weighted assets (RWA)	(T)	66,008,023	61,599,066
24	Total exposures	(U)	198,170,783	237,488,658
TLAC ratios and buffers (6)				
25	TLAC before deduction of CET1 specific buffer requirement (as a percentage of RWA) ((S) / (T))		29.34%	29.48%
25a	TLAC (as a percentage of RWA)		25.82%	25.96%
26	TLAC (as a percentage of total exposures) ((S) / (U))		9.77%	7.64%
27	CET1 available after meeting the minimum capital requirements		10.61%	10.63%
28	CET1 specific buffer requirement		3.52%	3.52%
29	of which: capital conservation buffer requirement		2.50%	2.50%
30	of which: countercyclical buffer requirement		0.02%	0.02%
31	of which: G-SIB/D-SIB additional requirement		1.00%	1.00%
TLAC (as a percentage of total exposures) (including deposits with the Bank of Japan) (7)				
	Total exposures	(U)	198,170,783	
	The amount of deposits with the Bank of Japan		61,884,206	
	Total exposures (including deposits with the Bank of Japan)	(U')	260,054,990	
	TLAC (as a percentage of total exposures) (including deposits with the Bank of Japan) ((S)/(U'))		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, 2021								
		Creditor ranking								Sum of 1 to 4
		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)

Basel III Template No.	Items	As of March 31, 2021						
		Creditor ranking						Sum of 1 to 3
		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)

Basel III Template No.	Items	As of March 31, 2020								
		Creditor ranking								Sum of 1 to 4
		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	–	1,185,000	–	1,010,822	770,855	5,249,352	–	11,761,581
4	Subset of row 3 that are excluded liabilities (B)	–	–	–	–	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities (A) - (B)	3,545,551	–	1,185,000	–	1,010,822	770,855	5,249,352	–	11,761,581
6	Subset of row 5 that are eligible as TLAC	3,545,551	–	1,185,000	–	1,010,822	531,215	4,977,327	–	11,249,916
7	1 year ≤ residual maturity < 2 years	–	–	–	–	–	258,215	708,103	–	966,318
8	2 years ≤ residual maturity < 5 years	–	–	–	–	303,417	98,000	1,875,138	–	2,276,555
9	5 years ≤ residual maturity < 10 years	–	–	–	–	664,405	155,000	2,262,344	–	3,081,749
10	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	–	43,000	–	131,741	–	174,741
11	Perpetual securities	3,545,551	–	1,185,000	–	–	20,000	–	–	4,750,551

* Including eligible Tier 2 capital instruments subject to transitional arrangements

SMBC Nikko Securities Inc.

(Millions of yen)

Basel III Template No.	Items	As of March 31, 2020						
		Creditor ranking						Sum of 1 to 3
		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)

Basel III Template No.	Items	As of March 31, 2021				
		Creditor ranking				Sum of 1 to 4
		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

Sumitomo Mitsui Financial Group, Inc.

(Millions of yen)

Basel III Template No.	Items	As of March 31, 2020				
		Creditor ranking				Sum of 1 to 4
		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)	3,901,407	685,000	1,010,822	5,296,468	10,893,698
3	Subset of row 2 that are excluded liabilities *2 (B)	—	—	—	47,116	47,116
4	Total capital and liabilities less excluded liabilities (A) - (B)	3,901,407	685,000	1,010,822	5,249,352	10,846,582
5	Subset of row 4 that are eligible as TLAC	3,901,407	685,000	1,010,822	4,977,327	10,574,557
6	1 year ≤ residual maturity < 2 years	—	—	—	708,103	708,103
7	2 years ≤ residual maturity < 5 years	—	—	303,417	1,875,138	2,178,555
8	5 years ≤ residual maturity < 10 years	—	—	664,405	2,262,344	2,926,749
9	10 years ≤ residual maturity (excluding perpetual securities)	—	—	43,000	131,741	174,741
10	Perpetual securities	3,901,407	685,000	—	—	4,586,407

*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 "LCR 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 LCR 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 LCR 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 LCR 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 LCR Notification.

Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2021/1/1 To 2021/3/31)		Prior Quarter (From 2020/10/1 To 2020/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		73,111,608		73,123,811
Cash Outflows (2)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	55,961,048	4,370,331	54,903,443	4,288,117
3	of which, Stable deposits	17,561,292	529,683	17,222,972	519,388
4	of which, Less stable deposits	38,399,756	3,840,647	37,680,472	3,768,729
5	Cash outflows related to unsecured wholesale funding	78,192,416	38,461,348	75,855,570	36,813,635
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	73,620,375	33,889,307	71,631,635	32,589,701
8	of which, Debt securities	4,572,041	4,572,041	4,223,934	4,223,934
9	Cash outflows related to secured funding, etc.		588,488		536,802
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	29,577,732	9,356,692	28,809,176	9,149,088
11	of which, Cash outflows related to derivative transactions, etc.	1,779,622	1,779,622	1,806,156	1,806,156
12	of which, Cash outflows related to funding programs	373,837	373,837	308,310	308,310
13	of which, Cash outflows related to credit and liquidity facilities	27,424,274	7,203,233	26,694,710	7,034,622
14	Cash outflows related to contractual funding obligations, etc.	10,496,369	7,443,448	10,056,519	7,364,974
15	Cash outflows related to contingencies	78,529,136	1,355,828	77,966,671	1,376,711
16	Total cash outflows		61,576,134		59,529,326
Cash Inflows (3)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	6,105,263	867,693	4,126,247	99,736
18	Cash inflows related to collection of loans, etc.	10,601,607	6,797,517	9,430,487	5,988,025
19	Other cash inflows	3,648,016	1,742,085	3,232,630	1,685,904
20	Total cash inflows	20,354,885	9,407,295	16,789,364	7,773,664
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		73,111,608		73,123,811
22	Net cash outflows		52,168,840		51,755,662
23	Consolidated liquidity coverage ratio (LCR)		140.1%		141.2%
24	The number of data used to calculate the average value		60		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)
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 2021/1/1 To 2021/3/31)	Prior Quarter (From 2020/10/1 To 2020/12/31)
1	Cash and due from banks	66,356,907	65,140,063
2	Securities	6,754,701	7,983,748
3	of which, government bonds, etc.	3,416,509	5,011,864
4	of which, municipal bonds, etc.	231,752	144,588
5	of which, other bonds	1,082,608	953,267
6	of which, stocks	2,023,833	1,874,029
7	Total high-quality liquid assets (HQLA)	73,111,608	73,123,811

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.

Financial Highlights

Sumitomo Mitsui Banking Corporation

Consolidated

Year ended March 31	2021	2020	2019	2018	2017
	Millions of yen				
For the Year:					
Ordinary income	¥ 2,786,647	¥ 3,469,068	¥ 3,369,898	¥ 3,117,087	¥ 3,014,455
Ordinary profit	534,722	770,491	894,501	932,733	829,419
Profit attributable to owners of parent	406,093	517,750	617,493	627,582	543,199
Comprehensive income	1,238,547	222,122	548,236	782,502	687,157
At Year-End:					
Total net assets	¥ 9,256,369	¥ 8,368,349	¥ 8,986,749	¥ 9,090,403	¥ 8,908,192
Total assets	228,066,567	206,089,633	190,690,293	182,727,495	180,946,664
Total capital ratio (BIS guidelines)	17.72%	18.06%	20.32%	21.14%	17.77%
Tier 1 capital ratio (BIS guidelines)	15.89%	15.80%	17.57%	18.22%	14.61%
Common equity Tier 1 capital ratio (BIS guidelines)	13.98%	13.70%	15.17%	15.29%	12.89%
Number of employees	58,127	57,961	58,527	40,058	45,963

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	2021	2020	2019	2018	2017
	Millions of yen				
For the Year:					
Ordinary income	¥ 2,283,356	¥ 2,851,162	¥ 2,805,840	¥ 2,540,450	¥ 2,551,931
Trust fees	2,076	2,110	2,250	2,038	2,111
Gross banking profit (A)	1,481,662	1,412,007	1,395,586	1,427,924	1,663,654
Expenses (excluding nonrecurring losses) (B)	816,488	808,052	811,533	810,752	816,942
Overhead ratio (B) / (A)	55.1%	57.2%	58.2%	56.8%	49.1%
Banking profit	502,679	586,741	584,053	617,171	809,052
Banking profit (before provision for general reserve for possible loan losses)	665,173	603,955	584,053	617,171	846,711
Core banking profit	585,189	529,752	581,176	/	/
Core banking profit (excluding gains or losses on cancellation of investment trusts)	551,401	505,785	535,229	/	/
Ordinary profit	436,062	483,944	649,647	755,266	864,022
Net income	338,036	317,381	477,367	577,028	681,767
At Year-End:					
Total net assets	¥ 8,065,866	¥ 7,496,219	¥ 7,962,185	¥ 7,921,268	¥ 7,417,182
Total assets	215,846,732	193,963,791	179,348,654	170,923,146	162,281,729
Deposits	134,685,582	119,973,324	116,091,103	110,243,226	105,590,771
Loans and bills discounted	81,937,725	80,187,382	76,401,807	73,896,163	75,585,256
Securities	36,487,225	27,058,633	24,336,638	25,916,718	24,342,369
Trust assets and liabilities	4,484,901	4,261,245	3,842,641	4,756,748	6,881,408
Loans and bills discounted	671,654	662,844	477,094	398,772	635,206
Securities in trust account (excluding electronically recorded transferable rights on securities in trust account)	922,114	1,164,251	1,330,384	2,358,665	4,156,409
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	77.79%	167.61%	73.09%	55.22%	32.61%
Total capital ratio (BIS guidelines)	16.96%	17.61%	20.28%	21.11%	18.61%
Tier 1 capital ratio (BIS guidelines)	15.08%	15.23%	17.37%	18.11%	15.05%
Common equity Tier 1 capital ratio (BIS guidelines)	13.09%	13.01%	14.85%	15.07%	13.15%
Number of employees	28,104	27,957	28,482	29,192	29,283

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.

Financial Statements

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	2020	2021	2021
	Millions of yen		Millions of U.S. dollars
Assets:			
Cash and due from banks	¥ 59,991,835	¥ 70,430,539	$ 636,171
Call loans and bills bought	1,246,739	3,253,463	29,387
Receivables under resale agreements	8,243,182	4,827,826	43,608
Receivables under securities borrowing transactions	957,271	1,602,444	14,474
Monetary claims bought	4,550,644	4,657,587	42,070
Trading assets	4,133,816	3,408,323	30,786
Money held in trust	0	0	0
Securities	26,282,649	35,493,879	320,602
Loans and bills discounted	84,280,613	86,594,613	782,175
Foreign exchanges	2,057,887	2,164,234	19,549
Lease receivables and investment assets	219,733	236,392	2,135
Other assets	4,647,291	5,063,312	45,735
Tangible fixed assets	1,341,895	1,305,648	11,793
Assets for rent	506,755	465,147	4,201
Buildings	305,799	293,501	2,651
Land	417,640	420,760	3,801
Lease assets	7,345	1,806	16
Construction in progress	15,192	15,053	136
Other tangible fixed assets	89,163	109,379	988
Intangible fixed assets	320,622	346,534	3,130
Software	272,870	296,265	2,676
Lease assets	2	—	—
Other intangible fixed assets	47,750	50,268	454
Net defined benefit asset	226,273	559,043	5,050
Deferred tax assets	26,147	30,870	279
Customers' liabilities for acceptances and guarantees	7,898,071	8,618,012	77,843
Reserve for possible loan losses	(335,041)	(526,161)	(4,753)
Total assets	¥206,089,633	¥228,066,567	$2,060,036

(Continued)

March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Liabilities and net assets:			
Liabilities:			
Deposits	¥127,623,995	¥142,486,668	$1,287,026
Negotiable certificates of deposit	10,330,435	12,760,617	115,262
Call money and bills sold	2,920,539	536,515	4,846
Payables under repurchase agreements	10,691,772	13,720,196	123,929
Payables under securities lending transactions	829,729	551,377	4,980
Commercial paper	1,409,249	1,686,404	15,233
Trading liabilities	3,459,117	2,837,664	25,632
Borrowed money	21,820,785	25,061,421	226,370
Foreign exchanges	1,492,634	1,154,507	10,428
Bonds	1,942,291	1,115,496	10,076
Due to trust account	1,811,355	2,321,223	20,967
Other liabilities	5,032,050	5,249,597	47,418
Reserve for employee bonuses	36,494	42,033	380
Reserve for executive bonuses	1,236	1,481	13
Net defined benefit liability	4,114	5,406	49
Reserve for executive retirement benefits	617	635	6
Reserve for point service program	388	603	5
Reserve for reimbursement of deposits	4,687	9,982	90
Deferred tax liabilities	381,605	620,747	5,607
Deferred tax liabilities for land revaluation	30,111	29,603	267
Acceptances and guarantees	7,898,071	8,618,012	77,843
Total liabilities	197,721,284	218,810,197	1,976,427
Net assets:			
Capital stock	1,770,996	1,770,996	15,997
Capital surplus	1,966,291	1,966,300	17,761
Retained earnings	3,622,140	3,676,110	33,205
Treasury stock	(210,003)	(210,003)	(1,897)
Total stockholders' equity	7,149,425	7,203,404	65,066
Net unrealized gains (losses) on other securities	1,125,808	1,748,263	15,791
Net deferred gains (losses) on hedges	103,609	28,751	260
Land revaluation excess	36,870	36,251	327
Foreign currency translation adjustments	(48,969)	12,494	113
Accumulated remeasurements of defined benefit plans	(88,577)	125,380	1,133
Total accumulated other comprehensive income	1,128,741	1,951,141	17,624
Non-controlling interests	90,182	101,823	920
Total net assets	8,368,349	9,256,369	83,609
Total liabilities and net assets	¥206,089,633	¥228,066,567	$2,060,036

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

(Consolidated Statements of Income)

Year ended March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Ordinary income	¥3,469,068	¥2,786,647	$25,171
Interest income	2,237,626	1,621,117	14,643
Interest on loans and discounts	1,485,144	1,168,345	10,553
Interest and dividends on securities	340,553	274,694	2,481
Interest on call loans and bills bought	15,865	12,031	109
Interest on receivables under resale agreements	54,336	21,513	194
Interest on receivables under securities borrowing transactions	1,047	450	4
Interest on deposits with banks	79,068	17,010	154
Interest on lease transactions	7,307	6,540	59
Other interest income	254,303	120,531	1,089
Trust fees	4,701	4,895	44
Fees and commissions	614,134	632,005	5,709
Trading income	157,531	71,141	643
Other operating income	258,749	332,118	3,000
Lease-related income	43,409	33,074	299
Installment-related income	2,268	—	—
Other	213,072	299,044	2,701
Other income	196,323	125,367	1,132
Recoveries of written-off claims	1,697	1,288	12
Other	194,626	124,079	1,121
Ordinary expenses	2,698,577	2,251,924	20,341
Interest expenses	1,186,005	529,752	4,785
Interest on deposits	441,411	152,365	1,376
Interest on negotiable certificates of deposit	131,851	35,878	324
Interest on call money and bills sold	10,540	1,800	16
Interest on payables under repurchase agreements	135,924	15,581	141
Interest on payables under securities lending transactions	941	(60)	(1)
Interest on commercial paper	31,525	6,029	54
Interest on borrowed money	215,283	203,137	1,835
Interest on bonds	67,206	44,347	401
Other interest expenses	151,322	70,673	638
Fees and commissions payments	179,925	175,991	1,590
Other operating expenses	90,269	97,188	878
Lease-related expenses	26,514	23,419	212
Other	63,755	73,768	666
General and administrative expenses	1,057,690	1,067,621	9,643
Other expenses	184,685	381,371	3,445
Provision for reserve for possible loan losses	38,437	240,028	2,168
Other	146,248	141,342	1,277
Ordinary profit	770,491	534,722	4,830

(Continued)

(Consolidated Statements of Income)

Year ended March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Extraordinary gains	¥ 1,273	¥ 9,439	$ 85
Gains on disposal of fixed assets	1,273	9,035	82
Other extraordinary gains	—	404	4
Extraordinary losses	61,313	13,772	124
Losses on disposal of fixed assets	1,425	4,324	39
Losses on impairment of fixed assets	59,887	9,448	85
Income before income taxes	710,451	530,389	4,791
Income taxes-current	184,642	183,672	1,659
Income taxes-deferred	(1,778)	(68,020)	(614)
Income taxes	182,864	115,651	1,045
Profit	527,586	414,737	3,746
Profit attributable to non-controlling interests	9,836	8,644	78
Profit attributable to owners of parent	¥517,750	¥406,093	$3,668

(Consolidated Statements of Comprehensive Income)

Year ended March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Profit	¥527,586	¥414,737	$3,746
Other comprehensive income (losses)	(305,464)	823,809	7,441
Net unrealized gains (losses) on other securities	(300,099)	622,340	5,621
Net deferred gains (losses) on hedges	166,083	(82,684)	(747)
Land revaluation excess	(39)	—	—
Foreign currency translation adjustments	(67,110)	69,595	629
Remeasurements of defined benefit plans	(83,402)	213,628	1,930
Share of other comprehensive income of affiliates	(20,896)	929	8
Total comprehensive income	222,122	1,238,547	11,187
Comprehensive income attributable to owners of parent	211,445	1,228,609	11,098
Comprehensive income attributable to non-controlling interests	10,676	9,937	90

Non-consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Assets:			
Cash and due from banks	¥ 57,971,293	¥ 68,872,236	$ 622,096
Call loans	645,967	2,483,453	22,432
Receivables under resale agreements	5,963,377	2,564,708	23,166
Receivables under securities borrowing transactions	943,940	1,587,813	14,342
Monetary claims bought	1,562,083	1,765,424	15,946
Trading assets	3,189,980	2,448,415	22,116
Securities	27,058,633	36,487,225	329,575
Loans and bills discounted	80,187,382	81,937,725	740,111
Foreign exchanges	1,896,157	2,048,571	18,504
Other assets	4,178,263	4,291,338	38,762
Tangible fixed assets	794,957	780,803	7,053
Intangible fixed assets	234,707	258,523	2,335
Prepaid pension cost	344,481	366,298	3,309
Customers' liabilities for acceptances and guarantees	9,399,524	10,526,389	95,081
Reserve for possible loan losses	(279,702)	(456,405)	(4,123)
Reserve for possible losses on investments	(127,256)	(115,791)	(1,046)
Total assets	¥193,963,791	¥215,846,732	$1,949,659
Liabilities and net assets:			
Liabilities:			
Deposits	¥119,973,324	¥134,685,582	$1,216,562
Negotiable certificates of deposit	10,580,261	12,703,900	114,749
Call money	3,068,726	671,522	6,066
Payables under repurchase agreements	8,728,522	11,879,494	107,303
Payables under securities lending transactions	571,095	551,377	4,980
Commercial paper	642,447	978,109	8,835
Trading liabilities	2,959,613	2,348,232	21,211
Borrowed money	21,561,177	24,825,882	224,242
Foreign exchanges	1,519,777	1,193,427	10,780
Bonds	1,894,369	1,084,913	9,800
Due to trust account	1,735,889	2,218,601	20,040
Other liabilities	3,453,008	3,571,515	32,260
Reserve for employee bonuses	13,794	13,345	121
Reserve for executive bonuses	939	1,154	10
Reserve for point service program	388	603	5
Reserve for reimbursement of deposits	3,900	9,245	84
Deferred tax liabilities	330,699	487,964	4,408
Deferred tax liabilities for land revaluation	30,111	29,603	267
Acceptances and guarantees	9,399,524	10,526,389	95,081
Total liabilities	186,467,572	207,780,865	1,876,803
Net assets:			
Capital stock	1,770,996	1,770,996	15,997
Capital surplus	1,774,554	1,774,554	16,029
Retained earnings	2,875,747	2,910,394	26,288
Treasury stock	(210,003)	(210,003)	(1,897)
Total stockholders' equity	6,211,295	6,245,942	56,417
Net unrealized gains (losses) on other securities	1,073,795	1,719,291	15,530
Net deferred gains (losses) on hedges	185,163	75,141	679
Land revaluation excess	25,964	25,492	230
Total valuation and translation adjustments	1,284,923	1,819,924	16,439
Total net assets	7,496,219	8,065,866	72,856
Total liabilities and net assets	¥193,963,791	¥215,846,732	$1,949,659

Non-consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen 2020	Millions of yen 2021	Millions of U.S. dollars 2021
Ordinary income	¥2,851,162	¥2,283,356	$20,625
Interest income	1,900,107	1,369,776	12,373
Interest on loans and discounts	1,254,132	958,835	8,661
Interest and dividends on securities	329,152	291,358	2,632
Trust fees	2,110	2,076	19
Fees and commissions	521,450	532,550	4,810
Trading income	111,655	17,235	156
Other operating income	142,854	248,584	2,245
Other income	172,983	113,133	1,022
Ordinary expenses	2,367,218	1,847,294	16,686
Interest expenses	1,022,015	433,414	3,915
Interest on deposits	347,736	91,518	827
Fees and commissions payments	198,192	201,865	1,823
Trading losses	—	450	4
Other operating expenses	45,962	52,829	477
General and administrative expenses	819,423	828,186	7,481
Other expenses	281,624	330,546	2,986
Ordinary profit	483,944	436,062	3,939
Extraordinary gains	1,224	8,987	81
Extraordinary losses	4,191	9,654	87
Income before income taxes	480,977	435,394	3,933
Income taxes - current	156,282	156,024	1,409
Income taxes - deferred	7,313	(58,666)	(530)
Net income	¥ 317,381	¥ 338,036	$ 3,053

	Yen 2020	Yen 2021	U.S. dollars 2021
Per share data:			
Earnings per share	¥2,987.16	¥3,181.57	$28.74
Earnings per share (diluted)	—	—	—

Income Analysis (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Gross Banking Profit, Classified by Domestic and International Operations

Year ended March 31	Millions of yen 2021 Domestic operations	2021 International operations	2021 Total	2020 Domestic operations	2020 International operations	2020 Total
Interest income	¥619,486	¥759,335	¥1,369,776 [9,044]	¥599,969	¥1,306,302	¥1,900,107 [6,164]
Interest expenses	35,978	406,479	433,414 [9,044]	38,291	989,888	1,022,015 [6,164]
Net interest income	583,507	352,855	936,362	561,678	316,413	878,091
Trust fees	2,022	54	2,076	2,041	68	2,110
Fees and commissions	316,366	216,183	532,550	323,338	198,112	521,450
Fees and commissions payments	140,183	61,682	201,865	140,929	57,263	198,192
Net fees and commissions	176,183	154,500	330,684	182,409	140,848	323,257
Trading income	98	17,137	17,235	1,114	110,540	111,655
Trading losses	450	0	450	—	—	—
Net trading income	(352)	17,136	16,784	1,114	110,540	111,655
Other operating income	13,929	239,547	248,584	44,419	98,434	142,854
Other operating expenses	9,094	48,627	52,829	28,969	16,992	45,962
Net other operating income	4,835	190,919	195,754	15,449	81,442	96,892
Gross banking profit	¥766,195	¥715,466	¥1,481,662	¥762,693	¥ 649,314	¥1,412,007
Gross banking profit rate (%)	0.95%	1.26%	1.11%	1.06%	1.27%	1.19%

Notes:
1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.
2. Figures in brackets [ ] indicate interest payments of interdepartmental lending and borrowing activities between domestic and international operations. Difference between sums of domestic and international operations and some figures in the total column due to indication on a net basis of interest from interest rate swaps and similar instruments, is included in figures in brackets [ ].
3. As net figures are shown for trading income and losses, figures in the total column of trading income and trading losses are less than sums of domestic operations and international operations, respectively (¥0 million for the year ended March 31, 2021).
4. As net figures are shown for financial derivatives, figures in the total column of other operating income and other operating expenses are less than sums of domestic operations and international operations, respectively (¥4,892 million for the year ended March 31, 2021).
5. Gross banking profit rate = Gross banking profit / Average balance of interest-earning assets × 100

Average Balance, Interest and Average Rate of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen 2021 Average balance	2021 Interest	2021 Average rate	2020 Average balance	2020 Interest	2020 Average rate
Interest-earning assets	¥ 79,965,533 [4,002,416]	¥619,486 [9,044]	0.77%	¥ 71,689,376 [4,564,882]	¥599,969 [6,164]	0.83%
Loans and bills discounted	53,771,421	445,701	0.82	49,200,031	440,440	0.89
Securities	17,071,710	126,401	0.74	12,852,752	118,136	0.91
Call loans	755,359	136	0.01	275,937	(97)	(0.03)
Receivables under resale agreements	2,127,009	(1,410)	(0.06)	2,711,351	(1,146)	(0.04)
Receivables under securities borrowing transactions	946,057	214	0.02	807,427	282	0.03
Bills bought	—	—	—	—	—	—
Deposits with banks	6,182	0	0.00	9,298	13	0.14
Interest-bearing liabilities	¥128,446,343	¥ 35,978	0.02%	¥114,916,658	¥ 38,291	0.03%
Deposits	104,819,023	6,606	0.00	94,329,528	6,234	0.00
Negotiable certificates of deposit	4,043,681	236	0.00	5,709,196	408	0.00
Call money	340,024	(173)	(0.05)	231,706	(150)	(0.06)
Payables under repurchase agreements	2,602,601	(2,807)	(0.10)	2,460,296	(2,475)	(0.10)
Payables under securities lending transactions	599	3	0.59	1,243	7	0.56
Borrowed money	14,935,348	27,346	0.18	10,484,063	28,223	0.26
Short-term bonds	—	—	—	—	—	—
Bonds	224,784	3,859	1.71	315,249	5,348	1.69

Notes:
1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2021, ¥52,664,728 million; 2020, ¥46,959,708 million).
2. Figures in brackets [ ] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. Difference between sums of domestic and international operations and some figures in the "Total of Domestic and International Operations" due to indication on a net basis of interest from interest rate swaps and similar instruments, is included in figures in brackets [ ].

International Operations

Millions of yen

Year ended March 31	2021 Average balance	2021 Interest	2021 Average rate	2020 Average balance	2020 Interest	2020 Average rate
Interest-earning assets	¥56,339,456	¥759,335	1.34%	¥51,106,233	¥1,306,302	2.55%
Loans and bills discounted	29,652,963	513,133	1.73	27,255,573	813,691	2.98
Securities	12,745,500	164,956	1.29	11,370,094	211,015	1.85
Call loans	1,282,812	(4,428)	(0.34)	1,128,672	(2,009)	(0.17)
Receivables under resale agreements	635,884	7,959	1.25	709,057	17,683	2.49
Receivables under securities borrowing transactions	71,536	142	0.19	115,111	311	0.27
Deposits with banks	7,493,545	19,448	0.25	6,319,952	89,226	1.41
Interest-bearing liabilities	¥55,004,847	¥406,479	0.73%	¥50,248,864	¥ 989,888	1.96%
	[4,002,416]	[9,044]		[4,564,882]	[6,164]	
Deposits	25,159,099	84,912	0.33	21,386,813	341,501	1.59
Negotiable certificates of deposit	7,078,505	32,627	0.46	6,414,014	130,711	2.03
Call money	827,537	2,090	0.25	947,990	13,464	1.42
Payables under repurchase agreements	5,160,579	7,110	0.13	5,259,016	109,125	2.07
Payables under securities lending transactions	787,869	(75)	(0.00)	603,448	908	0.15
Commercial Paper	1,090,663	1,834	0.16	1,120,502	17,768	1.58
Borrowed money	7,956,663	163,043	2.04	6,236,349	174,118	2.79
Bonds	1,195,866	38,557	3.22	2,161,426	59,555	2.75

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2021, ¥661,847 million; 2020, ¥293,523 million).
2. Figures in brackets [ ] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. Difference between sums of domestic and international operations and some figures in the "Total of Domestic and International Operations" due to indication on a net basis of interest from interest rate swaps and similar instruments, is included in figures in brackets [ ].
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

Total of Domestic and International Operations

Millions of yen

Year ended March 31	2021 Average balance	2021 Interest	2021 Average rate	2020 Average balance	2020 Interest	2020 Average rate
Interest-earning assets	¥132,302,573	¥1,369,776	1.03%	¥118,230,727	¥1,900,107	1.60%
Loans and bills discounted	83,424,385	958,835	1.14	76,455,604	1,254,132	1.64
Securities	29,817,211	291,358	0.97	24,222,846	329,152	1.35
Call loans	2,038,171	(4,292)	(0.21)	1,404,609	(2,106)	(0.14)
Receivables under resale agreements	2,762,894	6,549	0.23	3,420,409	16,536	0.48
Receivables under securities borrowing transactions	1,017,593	357	0.03	922,539	594	0.06
Bills bought	—	—	—	—	—	—
Deposits with banks	7,499,728	19,448	0.25	6,329,250	89,239	1.40
Interest-bearing liabilities	¥179,448,774	¥ 433,414	0.24%	¥160,600,640	¥1,022,015	0.63%
Deposits	129,978,122	91,518	0.07	115,716,342	347,736	0.30
Negotiable certificates of deposit	11,122,186	32,863	0.29	12,123,210	131,120	1.08
Call money	1,167,562	1,916	0.16	1,179,697	13,313	1.12
Payables under repurchase agreements	7,763,181	4,302	0.05	7,719,312	106,649	1.38
Payables under securities lending transactions	788,468	(72)	(0.00)	604,691	915	0.15
Commercial Paper	1,090,663	1,834	0.16	1,120,502	17,768	1.58
Borrowed money	22,892,011	190,390	0.83	16,720,413	202,341	1.21
Short-term bonds	—	—	—	—	—	—
Bonds	1,420,651	42,417	2.98	2,476,676	64,904	2.62

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2021, ¥53,326,575 million; 2020, ¥47,253,231 million).
2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

Breakdown of Interest Income and Interest Expenses

Domestic Operations

Millions of yen

Year ended March 31	2021 Volume-related increase (decrease)	2021 Rate-related increase (decrease)	2021 Net increase (decrease)	2020 Volume-related increase (decrease)	2020 Rate-related increase (decrease)	2020 Net increase (decrease)
Interest income	¥64,114	¥(44,597)	¥19,516	¥17,613	¥(97,749)	¥(80,135)
Loans and bills discounted	37,891	(32,630)	5,260	3,767	(16,976)	(13,209)
Securities	31,237	(22,973)	8,264	1,732	(58,514)	(56,781)
Call loans	(32)	265	233	(75)	(25)	(100)
Receivables under resale agreements	285	(549)	(263)	(75)	379	303
Receivables under securities borrowing transactions	31	(99)	(67)	(187)	69	(117)
Bills bought	—	—	—	—	—	—
Deposits with banks	(3)	(9)	(13)	(2)	0	(1)
Interest expenses	¥ 3,790	¥ (6,103)	¥ (2,312)	¥ 2,355	¥ (6,072)	¥ (3,717)
Deposits	660	(288)	372	258	(1,139)	(880)
Negotiable certificates of deposit	(105)	(66)	(172)	(23)	3	(20)
Call money	(60)	37	(22)	(127)	4	(123)
Payables under repurchase agreements	(153)	(178)	(332)	(1,702)	590	(1,111)
Payables under securities lending transactions	(3)	0	(3)	(22)	6	(15)
Borrowed money	8,150	(9,026)	(876)	5,192	(4,675)	517
Short-term bonds	—	—	—	—	—	—
Bonds	(1,534)	46	(1,488)	(1,945)	188	(1,757)

International Operations

Millions of yen

Year ended March 31	2021 Volume-related increase (decrease)	2021 Rate-related increase (decrease)	2021 Net increase (decrease)	2020 Volume-related increase (decrease)	2020 Rate-related increase (decrease)	2020 Net increase (decrease)
Interest income	¥ 70,532	¥(617,499)	¥(546,966)	¥ 48,135	¥(48,180)	¥ (44)
Loans and bills discounted	41,486	(342,043)	(300,557)	13,874	(45,258)	(31,384)
Securities	17,801	(63,860)	(46,058)	28,716	11,650	40,367
Call loans	(532)	(1,887)	(2,419)	827	654	1,481
Receivables under resale agreements	(1,668)	(8,054)	(9,723)	3,156	(2,365)	791
Receivables under securities borrowing transactions	(99)	(68)	(168)	(21)	(25)	(47)
Deposits with banks	3,045	(72,823)	(69,777)	(1,121)	(18,029)	(19,150)
Interest expenses	¥ 35,146	¥(618,554)	¥(583,408)	¥ 27,915	¥(38,365)	¥(10,450)
Deposits	12,731	(269,321)	(256,589)	(14,130)	(18,556)	(32,687)
Negotiable certificates of deposit	3,062	(101,146)	(98,084)	12,899	(15,527)	(2,628)
Call money	(1,522)	(9,851)	(11,373)	(1,383)	(598)	(1,981)
Payables under repurchase agreements	(2,005)	(100,009)	(102,014)	1,757	(4,193)	(2,436)
Payables under securities lending transactions	(17)	(966)	(983)	480	(483)	(3)
Commercial paper	(460)	(15,472)	(15,933)	(11,842)	(1,848)	(13,691)
Borrowed money	35,251	(46,326)	(11,074)	13,648	(16,100)	(2,452)
Bonds	(26,604)	5,607	(20,997)	(18,687)	197	(18,489)

Total of Domestic and International Operations

Millions of yen

Year ended March 31	2021 Volume-related increase (decrease)	2021 Rate-related increase (decrease)	2021 Net increase (decrease)	2020 Volume-related increase (decrease)	2020 Rate-related increase (decrease)	2020 Net increase (decrease)
Interest income	¥ 145,690	¥(676,020)	¥(530,330)	¥ 35,358	¥(106,082)	¥(70,724)
Loans and bills discounted	80,095	(375,392)	(295,296)	14,526	(59,119)	(44,593)
Securities	54,665	(92,459)	(37,794)	23,965	(40,380)	(16,414)
Call loans	(950)	(1,235)	(2,185)	530	851	1,381
Receivables under resale agreements	(2,735)	(7,252)	(9,987)	1,290	(195)	1,094
Receivables under securities borrowing transactions	33	(269)	(236)	(331)	166	(165)
Bills bought	—	—	—	—	—	—
Deposits with banks	3,035	(72,826)	(69,791)	(1,143)	(18,009)	(19,152)
Interest expenses	¥ 45,522	¥(634,123)	¥(588,600)	¥ 42,622	¥ (47,334)	¥ (4,711)
Deposits	10,041	(266,259)	(256,217)	9,174	(42,742)	(33,567)
Negotiable certificates of deposit	(10,023)	(88,232)	(98,256)	3,250	(5,899)	(2,648)
Call money	(135)	(11,260)	(11,396)	1,119	(3,224)	(2,104)
Payables under repurchase agreements	24	(102,371)	(102,346)	22,756	(26,304)	(3,548)
Payables under securities lending transactions	(16)	(970)	(987)	220	(238)	(18)
Commercial paper	(460)	(15,472)	(15,933)	(11,842)	(1,848)	(13,691)
Borrowed money	51,328	(63,279)	(11,950)	29,256	(31,192)	(1,935)
Short-term bonds	—	—	—	—	—	—
Bonds	(27,674)	5,187	(22,486)	(20,777)	530	(20,246)

Note: Increase (decrease) attributed to both volume-related and rate-related is prorated according to proportion of change in each factor.

Fees and Commissions

Millions of yen

Year ended March 31	2021 Domestic operations	2021 International operations	2021 Total	2020 Domestic operations	2020 International operations	2020 Total
Fees and commissions	¥316,366	¥216,183	¥532,550	¥323,338	¥198,112	¥521,450
Deposits and loans	14,567	130,682	145,250	13,988	111,246	125,235
Remittances and transfers	98,201	39,865	138,067	98,757	40,713	139,471
Securities-related business	3,760	1,174	4,934	6,208	1,236	7,445
Agency	5,236	—	5,236	6,113	—	6,113
Safe deposits	4,156	—	4,156	4,347	—	4,347
Guarantees	11,981	19,370	31,351	13,143	17,809	30,952
Fees and commissions payments	¥140,183	¥ 61,682	¥201,865	¥140,929	¥ 57,263	¥198,192
Remittances and transfers	28,188	10,822	39,011	27,460	11,741	39,202

Trading Income

Millions of yen

Year ended March 31	2021 Domestic operations	2021 International operations	2021 Total	2020 Domestic operations	2020 International operations	2020 Total
Trading income	¥ 98	¥17,137	¥17,235	¥1,114	¥110,540	¥111,655
Gains on trading securities	—	—	—	1,093	—	1,093
Gains on securities related to trading transactions	—	4,557	4,557	—	9,081	9,081
Gains on trading-related financial derivatives	—	12,580	12,580	—	101,458	101,458
Others	98	—	97	21	0	22
Trading losses	¥450	¥ 0	¥ 450	¥ —	¥ —	¥ —
Losses on trading securities	450	—	450	—	—	—
Losses on securities related to trading transactions	—	—	—	—	—	—
Losses on trading-related financial derivatives	—	—	—	—	—	—
Others	—	0	—	—	—	—

Note: Figures represent net income and loss after offsetting income against expenses.

Net Other Operating Income (Expenses)

Millions of yen

Year ended March 31	2021 Domestic operations	2021 International operations	2021 Total	2020 Domestic operations	2020 International operations	2020 Total
Net other operating income (expenses)	¥ 4,835	¥190,919	¥195,754	¥15,449	¥81,442	¥96,892
Gains (losses) on bonds	3,044	76,938	79,983	(2,430)	76,634	74,203
Gains (losses) on derivatives	(4,892)	8,383	3,491	2,535	5,683	8,219
Gains on foreign exchange transactions	—	106,085	106,085	—	538	538

General and Administrative Expenses

Millions of yen

Year ended March 31	2021	2020
Salaries and related expenses	¥293,839	¥284,749
Retirement benefit cost	(8,206)	(5,815)
Welfare expenses	45,961	45,664
Depreciation	102,884	104,452
Rent and lease expenses	55,045	55,662
Building and maintenance expenses	5,900	6,290
Supplies expenses	3,864	3,853
Water, lighting, and heating expenses	4,782	5,073
Traveling expenses	2,273	5,778
Communication expenses	6,222	6,187
Publicity and advertising expenses	13,694	16,053
Taxes, other than income taxes	49,801	50,214
Deposit insurance	32,152	31,578
Others	208,271	198,309
Total	¥816,488	¥808,052

Deposits (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Year-End Balance

Millions of yen

March 31	2021		2020	
Domestic operations:				
Liquid deposits	¥ 89,308,706	78.0%	¥ 79,443,753	77.0%
Fixed-term deposits	17,705,573	15.4	17,624,378	17.0
Others	1,488,731	1.3	1,638,536	1.6
Subtotal	108,503,011	94.7	98,706,668	95.6
Negotiable certificates of deposit	6,012,153	5.3	4,502,740	4.4
Total	¥114,515,164	100.0%	¥103,209,408	100.0%
International operations:				
Liquid deposits	¥ 12,765,996	38.8%	¥ 10,177,761	37.2%
Fixed-term deposits	7,027,551	21.4	6,172,895	22.6
Others	6,389,023	19.4	4,915,999	18.0
Subtotal	26,182,571	79.6	21,266,656	77.8
Negotiable certificates of deposit	6,691,746	20.4	6,077,521	22.2
Total	¥ 32,874,317	100.0%	¥ 27,344,178	100.0%
Grand total	¥147,389,482	—	¥130,553,586	—

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. "Fixed-term deposits" represent time deposits.

Average Balance

Millions of yen

Year ended March 31	2021	2020
Domestic operations:		
Liquid deposits	¥ 86,230,654	¥ 75,693,379
Fixed-term deposits	17,678,271	17,749,920
Others	910,096	886,229
Subtotal	104,819,023	94,329,528
Negotiable certificates of deposit	4,043,681	5,709,196
Total	¥108,862,704	¥100,038,725
International operations:		
Liquid deposits	¥ 12,124,927	¥ 10,133,921
Fixed-term deposits	7,311,490	6,126,164
Others	5,722,681	5,126,728
Subtotal	25,159,099	21,386,813
Negotiable certificates of deposit	7,078,505	6,414,014
Total	¥ 32,237,604	¥ 27,800,827
Grand total	¥141,100,309	¥127,839,552

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. "Fixed-term deposits" represent time deposits.
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Deposits, Classified by Type of Depositor

Millions of yen

March 31	2021		2020	
Individual	¥ 53,411,606	47.4%	¥ 49,052,970	48.0%
Corporate	59,260,656	52.6	53,131,027	52.0
Total	¥112,672,262	100.0%	¥102,183,997	100.0%

Note: The figures above exclude negotiable certificates of deposit and Japan offshore banking accounts.

Balance of Time Deposits, Classified by Maturity

March 31	Millions of yen 2021	2020
Less than three months	¥11,743,241	¥10,687,089
Fixed interest rates	6,197,183	6,216,619
Floating interest rates	—	1,700
Others	5,546,057	4,468,770
Three — six months	4,371,428	4,108,282
Fixed interest rates	3,400,112	3,351,521
Floating interest rates	910	1,800
Others	970,406	754,961
Six months — one year	5,107,273	5,282,833
Fixed interest rates	4,864,990	4,788,235
Floating interest rates	2,905	410
Others	239,377	494,187
One — two years	1,543,894	1,495,344
Fixed interest rates	1,283,577	1,302,646
Floating interest rates	4,639	3,980
Others	255,677	188,717
Two — three years	975,109	1,233,834
Fixed interest rates	957,551	963,279
Floating interest rates	12,625	4,859
Others	4,933	265,695
Three years or more	992,176	989,888
Fixed interest rates	513,679	482,885
Floating interest rates	467,398	506,439
Others	11,098	563
Total	¥24,733,124	¥23,797,273
Fixed interest rates	17,217,095	17,105,189
Floating interest rates	488,477	519,188
Others	7,027,551	6,172,896

Loans (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen 2021	2020
Domestic operations:		
Loans on notes	¥ 208,562	¥ 225,691
Loans on deeds	43,088,613	40,171,297
Overdrafts	9,709,751	10,231,982
Bills discounted	28,304	38,806
Subtotal	¥53,035,232	¥50,667,777
International operations:		
Loans on notes	¥ 1,411,461	¥ 1,428,505
Loans on deeds	27,259,778	27,793,181
Overdrafts	231,252	297,917
Bills discounted	—	—
Subtotal	¥28,902,493	¥29,519,604
Total	¥81,937,725	¥80,187,382

Average Balance

Year ended March 31	Millions of yen 2021	2020
Domestic operations:		
Loans on notes	¥ 233,732	¥ 303,641
Loans on deeds	43,108,069	39,264,897
Overdrafts	10,400,325	9,590,833
Bills discounted	29,294	40,658
Subtotal	¥53,771,421	¥49,200,031
International operations:		
Loans on notes	¥ 1,411,383	¥ 1,462,915
Loans on deeds	28,018,749	25,566,394
Overdrafts	222,831	226,263
Bills discounted	—	—
Subtotal	¥29,652,963	¥27,255,573
Total	¥83,424,385	¥76,455,604

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

March 31	Millions of yen 2021		2020	
Funds for capital investment	¥21,010,394	25.6%	¥20,644,721	25.7%
Funds for working capital	60,927,330	74.4	59,542,661	74.3
Total	¥81,937,725	100.0%	¥80,187,382	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

March 31	Millions of yen 2021	2020
Securities	¥ 2,091,227	¥ 1,819,416
Commercial claims	1,002,367	1,108,314
Commercial goods	—	—
Real estate	7,032,707	6,914,460
Others	2,417,714	1,898,216
Subtotal	12,544,016	11,740,408
Guaranteed	22,462,566	23,257,352
Unsecured	46,931,142	45,189,621
Total	¥81,937,725	¥80,187,382

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen 2021	2020
One year or less	¥16,191,482	¥14,584,910
One — three years	14,930,337	14,155,126
Floating interest rates	10,731,377	9,929,489
Fixed interest rates	4,198,960	4,225,637
Three — five years	13,578,974	13,489,165
Floating interest rates	9,564,478	10,489,184
Fixed interest rates	4,014,496	2,999,981
Five — seven years	6,723,822	6,134,963
Floating interest rates	4,855,075	4,729,480
Fixed interest rates	1,868,746	1,405,482
More than seven years	20,572,103	21,293,316
Floating interest rates	18,455,954	19,221,910
Fixed interest rates	2,116,149	2,071,406
No designated term	9,941,004	10,529,900
Floating interest rates	9,941,004	10,529,900
Fixed interest rates	—	—
Total	¥81,937,725	¥80,187,382

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

March 31	Millions of yen 2021		2020	
Domestic operations:				
Manufacturing	¥ 8,523,121	15.0%	¥ 7,193,086	13.2%
Agriculture, forestry, fisheries and mining	262,451	0.5	257,491	0.5
Construction	735,840	1.3	753,216	1.4
Transportation, communications and public enterprises	5,297,336	9.3	5,128,181	9.4
Wholesale and retail	5,061,401	8.9	4,385,298	8.0
Finance and insurance	6,613,461	11.6	7,130,276	13.1
Real estate	8,026,779	14.1	7,621,115	13.9
Goods rental and leasing	2,302,189	4.0	1,580,709	2.9
Services	4,795,440	8.4	4,279,121	7.8
Municipalities	546,849	1.0	784,273	1.4
Others	14,744,557	25.9	15,500,557	28.4
Subtotal	¥56,909,430	100.0%	¥54,613,328	100.0%
Overseas operations:				
Public sector	¥ 132,216	0.5%	¥ 174,297	0.7%
Financial institutions	1,997,239	8.0	1,929,564	7.5
Commerce and industry	20,938,451	83.7	21,485,675	84.0
Others	1,960,387	7.8	1,984,517	7.8
Subtotal	¥25,028,295	100.0%	¥25,574,054	100.0%
Total	¥81,937,725	—	¥80,187,382	—

Notes: 1. Domestic operations represents the operations of SMBC's domestic branches. Overseas operations represents the operations of SMBC's overseas branches.
2. Japan offshore banking accounts are included in overseas operations' accounts.

Loans to Individuals/Small and Medium-Sized Enterprises

March 31	Millions of yen 2021	2020
Total domestic loans (A)	¥56,909,430	¥54,613,328
Loans to individuals, and small and medium-sized enterprises (B)	33,528,406	33,095,033
(B) / (A)	58.9%	60.6%

Notes: 1. The figures above exclude the outstanding balance of loans at overseas branches and of Japan offshore banking accounts.
2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million or less, 100 employees or fewer; retailers: ¥50 million or less, 50 employees or fewer; and service industry companies: ¥50 million or less, 100 employees or fewer.)

Consumer Loans Outstanding

March 31	Millions of yen 2021	2020
Consumer loans	¥12,002,500	¥12,427,001
Housing loans	11,239,293	11,583,830
Residential purpose	9,081,691	9,267,478
Others	763,207	843,171

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

Year ended March 31, 2021	Millions of yen Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year: Objectives	Decrease during the fiscal year: Others	Balance at end of the fiscal year
General reserve for possible loan losses	¥191,109 [(2,537)]	¥351,065	¥ —	¥191,109*	¥351,065
Specific reserve for possible loan losses	91,865 [(736)]	105,084	31,331	60,533*	105,084
For nonresident loans	31,785 [(736)]	34,389	20,141	11,644*	34,389
Loan loss reserve for specific overseas countries	0	254	—	0*	254
Total	¥282,975 [(3,273)]	¥456,405	¥31,331	¥251,643	¥456,405

* Reversal by reversal method
Note: Figures in brackets [ ] indicate foreign exchange translation adjustments.

Year ended March 31, 2020	Millions of yen Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year: Objectives	Decrease during the fiscal year: Others	Balance at end of the fiscal year
General reserve for possible loan losses	¥168,006 [3,351]	¥188,572	¥ —	¥168,006*	¥188,572
Specific reserve for possible loan losses	102,782 [1,044]	91,128	19,371	83,411*	91,128
For nonresident loans	39,712 [1,044]	31,049	9,599	30,112*	31,049
Loan loss reserve for specific overseas countries	0	0	—	0*	0
Total	¥270,789 [4,395]	¥279,702	¥19,371	¥251,418	¥279,702

* Reversal by reversal method
Note: Figures in brackets [ ] indicate foreign exchange translation adjustments.

Write-Off of Loans

Year ended March 31	Millions of yen 2021	2020
Write-off of loans	¥21,424	¥19,799

Note: Write-off of loans include amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen 2021	2020
Myanmar	¥4,345	—
Argentina	9	¥8
Sri Lanka	7	—
Total	¥4,362	¥8
Ratio of the total amounts to total assets	0.00%	0.00%
Number of countries	3	1

Risk-Monitored Loans

March 31	Millions of yen 2021	2020
Bankrupt loans	¥ 68,769	¥ 12,978
Non-accrual loans	333,421	305,587
Past due loans (3 months or more)	6,460	4,468
Restructured loans	202,301	90,338
Total	¥610,952	¥413,372
Amount of direct reduction	¥ 92,023	¥ 78,064

Notes: **Definition of risk-monitored loan categories**

1. Bankrupt loans: Loans on which accrued interest income is not recognized, and to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or borrowers receiving a disposition to suspend transactions with a clearing house.
2. Non-accrual loans: Loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
3. Past due loans (3 months or more): Loans on which the principal or interest is past due for 3 months or more, excluding loans in categories 1. and 2.
4. Restructured loans: Loans to borrowers on which terms and conditions have been amended in favor of the borrowers in order to support the borrowers' recovery from financial difficulties and facilitate collection of loans, excluding loans in categories 1. through 3.

Non-performing loans (NPLs) based on the Financial Reconstruction Act

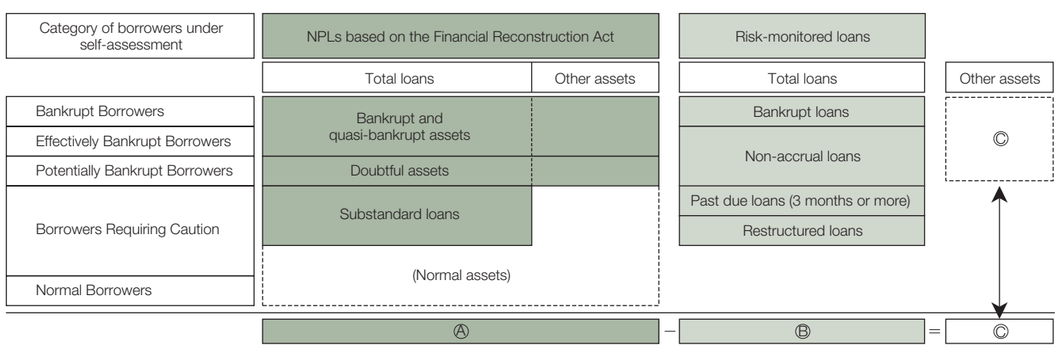
March 31	Millions of yen 2021	2020
Bankrupt and quasi-bankrupt assets	¥ 112,697	¥ 72,976
Doubtful assets	306,336	260,833
Substandard loans	208,761	94,807
Total	627,795	428,617
Normal assets	95,426,746	92,797,390
Grand Total	¥96,054,542	¥93,226,007
Amount of direct reduction	¥ 115,282	¥ 95,410

Notes: **Definition of NPLs categories**

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Act (Act No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Act. Assets in question include private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and suspense payment in "other assets," customers' liabilities for acceptances and guarantees, and securities lent under the loan for consumption or leasing agreements.

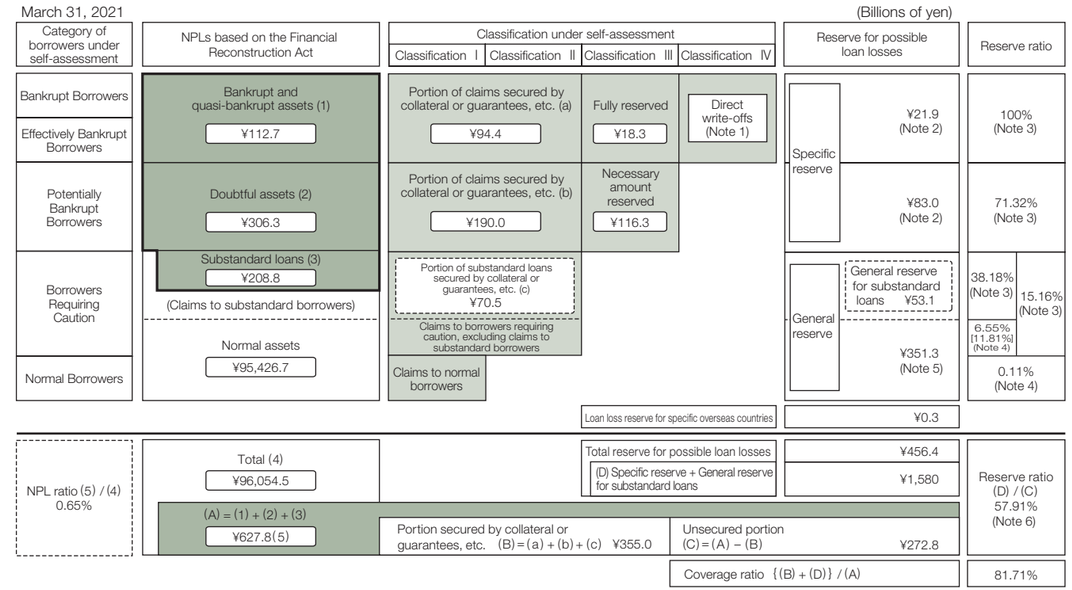
1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above

Non-performing loans (NPLs) based on the Financial Reconstruction Act, and Risk-Monitored Loans



Classification based on Self-Assessment, and the Financial Reconstruction Act, and Write-Offs/Reserves

March 31, 2021 (Billions of yen)



Notes:
1. Includes amount of direct reduction totaling ¥115.3 billion.
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Act. (Bankrupt/Effectively Bankrupt Borrowers: ¥3.6 billion; Potentially Bankrupt Borrowers: ¥2.5 billion)
3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution (including Substandard Borrowers): The proportion of each category's total unsecured claims covered by reserve for possible loan losses.
4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.
5. Includes Specific reserve for Borrowers Requiring Caution totaling ¥0.2 billion.
6. The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.

Results of off-balancing of NPLs

	Billions of yen March 31, 2019 ①	Fiscal 2019 New occurrences	Fiscal 2019 Off-balanced	March 31, 2020 ②	Fiscal 2020 New occurrences	Fiscal 2020 Off-balanced	March 31, 2021 ③
Bankrupt and quasi-bankrupt assets	¥ 75.3	¥ 27.6	¥ (30.0)	¥ 73.0	¥ 66.6	¥ (26.9)	¥112.7
Doubtful assets	337.4	110.0	(186.5)	260.8	186.7	(141.2)	306.3
Total	¥412.7	¥137.6	¥(216.5)	¥333.8	¥253.3	¥(168.0)	¥419.3

	Increase/Decrease ② − ①	Increase/Decrease ③ − ②
Bankrupt and quasi-bankrupt assets	¥ (2.4)	¥39.7
Doubtful assets	(76.5)	45.5
Total	¥(78.9)	¥85.2

Notes:
1. The off-balancing (also known as "final disposal") of NPLs refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.
2. The figures shown in the above table under "new occurrences" and "off-balanced" are simple additions of the figures for the first and second halves of fiscal 2019. Amount of ¥29.8 billion in fiscal 2020, recognized as "new occurrences" in the first half of the term, was included in the amounts off-balanced in the second half.

Securities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Balance of Securities

Year-End Balance

March 31	Millions of yen 2021	2020
Domestic operations:		
Japanese government bonds	¥14,288,609	¥ 7,083,933
Japanese local government bonds	754,922	262,681
Japanese corporate bonds	2,549,958	2,654,105
Japanese stocks	3,972,906	3,057,077
Others	860,099	526,499
Foreign bonds	/	/
Foreign stocks	/	/
Subtotal	¥22,426,496	¥13,584,298
International operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	—	—
Others	14,060,729	13,474,334
Foreign bonds	9,516,268	9,253,087
Foreign stocks	4,544,460	4,221,247
Subtotal	¥14,060,729	¥13,474,334
Total	¥36,487,225	¥27,058,633

Average Balance

Year ended March 31	Millions of yen 2021	2020
Domestic operations:		
Japanese government bonds	¥11,501,379	¥ 7,252,028
Japanese local government bonds	537,735	162,752
Japanese corporate bonds	2,604,731	2,686,829
Japanese stocks	1,870,153	2,007,411
Others	557,709	743,730
Foreign bonds	/	/
Foreign stocks	/	/
Subtotal	¥17,071,710	¥12,852,752
International operations:		
Japanese government bonds	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	—	—
Others	12,745,500	11,370,094
Foreign bonds	8,413,523	7,502,214
Foreign stocks	4,331,976	3,867,879
Subtotal	¥12,745,500	¥11,370,094
Total	¥29,817,211	¥24,222,846

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Securities Held, Classified by Maturity

March 31	Millions of yen 2021	2020
One year or less		
Japanese government bonds	¥ 5,896,802	¥ 3,387,319
Japanese local government bonds	7,169	2,921
Japanese corporate bonds	174,067	160,177
Others	2,128,386	2,210,080
Foreign bonds	2,092,218	2,206,579
Foreign stocks	613	380
One — three years		
Japanese government bonds	5,222,495	2,689,510
Japanese local government bonds	18,370	7,266
Japanese corporate bonds	505,456	547,895
Others	1,993,212	955,459
Foreign bonds	1,983,993	920,199
Foreign stocks	980	481
Three — five years		
Japanese government bonds	1,448,977	101,020
Japanese local government bonds	188,307	37,691
Japanese corporate bonds	876,434	660,686
Others	1,831,145	1,312,431
Foreign bonds	1,808,062	1,240,586
Foreign stocks	9,611	4,851
Five — seven years		
Japanese government bonds	1,079,083	—
Japanese local government bonds	43,068	6,146
Japanese corporate bonds	269,366	529,884
Others	1,174,266	725,098
Foreign bonds	1,152,707	695,251
Foreign stocks	4,985	9,030
Seven — ten years		
Japanese government bonds	339,437	454,732
Japanese local government bonds	485,824	195,889
Japanese corporate bonds	195,023	224,384
Others	717,099	1,109,262
Foreign bonds	517,034	1,061,245
Foreign stocks	6,625	6,216
More than ten years		
Japanese government bonds	301,812	451,350
Japanese local government bonds	12,181	12,765
Japanese corporate bonds	529,608	531,076
Others	2,366,433	3,398,949
Foreign bonds	1,962,251	3,129,224
Foreign stocks	238,047	184,026
No designated term		
Japanese government bonds	—	—
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	3,972,906	3,057,077
Others	4,710,284	4,289,551
Foreign bonds	—	—
Foreign stocks	4,283,598	4,016,259
Total		
Japanese government bonds	¥14,288,609	¥ 7,083,933
Japanese local government bonds	754,922	262,681
Japanese corporate bonds	2,549,958	2,654,105
Japanese stocks	3,972,906	3,057,077
Others	14,920,828	14,000,834
Foreign bonds	9,516,268	9,253,087
Foreign stocks	4,544,460	4,221,247

Ratios (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

	Percentage	
Year ended March 31	2021	2020
Ordinary profit to total assets	0.19%	0.24%
Ordinary profit to stockholders' equity	5.61	6.26
Net income to total assets	0.15	0.16
Net income to stockholders' equity	4.35	4.10

Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Average balance of total assets excluding customers' liabilities for acceptances and guarantees × 100

2. Ordinary profit (net income) to stockholders' equity = (Ordinary profit (net income) – Preferred dividends) / {(Net assets at the beginning of the fiscal year – Number of shares of preferred stock outstanding at the beginning of the fiscal year × Issue price) + (Net assets at the end of the fiscal year – Number of shares of preferred stock outstanding at the end of the fiscal year × Issue price)} divided by 2 × 100

Yield/Interest Rate

	Percentage	
Year ended March 31	2021	2020
Domestic operations:		
Interest-earning assets (A)	0.77%	0.83%
Interest-bearing liabilities (B)	0.49	0.55
(A) – (B)	0.28	0.28
International operations:		
Interest-earning assets (A)	1.34%	2.55%
Interest-bearing liabilities (B)	1.13	2.37
(A) – (B)	0.21	0.18
Total:		
Interest-earning assets (A)	1.03%	1.60%
Interest-bearing liabilities (B)	0.69	1.13
(A) – (B)	0.34	0.47

Loan-Deposit Ratio

	Millions of yen	
March 31	2021	2020
Domestic operations:		
Loans and bills discounted (A)	¥ 53,035,232	¥ 50,667,777
Deposits (B)	114,515,164	103,209,408
Loan-deposit ratio (%)		
(A) / (B)	46.31%	49.09%
Ratio by average balance for the fiscal year	49.39	49.18
International operations:		
Loans and bills discounted (A)	¥ 28,902,493	¥ 29,519,604
Deposits (B)	32,874,317	27,344,178
Loan-deposit ratio (%)		
(A) / (B)	87.91%	107.95%
Ratio by average balance for the fiscal year	91.98	98.03
Total:		
Loans and bills discounted (A)	¥ 81,937,725	¥ 80,187,382
Deposits (B)	147,389,482	130,553,586
Loan-deposit ratio (%)		
(A) / (B)	55.59%	61.42%
Ratio by average balance for the fiscal year	59.12	59.80

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

	Millions of yen	
March 31	2021	2020
Domestic operations:		
Securities (A)	¥ 22,426,496	¥ 13,584,298
Deposits (B)	114,515,164	103,209,408
Securities-deposit ratio (%)		
(A) / (B)	19.58%	13.16%
Ratio by average balance for the fiscal year	15.68	12.84
International operations:		
Securities (A)	¥ 14,060,729	¥ 13,474,334
Deposits (B)	32,874,317	27,344,178
Securities-deposit ratio (%)		
(A) / (B)	42.77%	49.27%
Ratio by average balance for the fiscal year	39.53	40.89
Total:		
Securities (A)	¥ 36,487,225	¥ 27,058,633
Deposits (B)	147,389,482	130,553,586
Securities-deposit ratio (%)		
(A) / (B)	24.75%	20.72%
Ratio by average balance for the fiscal year	21.13	18.94

Note: Deposits include negotiable certificates of deposit.

Capital (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Changes in Number of Shares Issued and Capital Stock

	Number of shares issued		Millions of yen			
			Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
February 16, 2010*	20,016,015	106,318,401	484,037	1,770,996	484,037	1,771,043

Remarks:
* Allotment to third parties:
Common stock: 20,016,015 shares
Issue price: ¥48,365
Capitalization: ¥24,182.5

Number of Shares Issued

March 31, 2021	Number of shares issued
Common stock	106,248,400
Preferred stock (1st series Type 6)	70,001
Total	106,318,401

Note: The shares above are not listed on any stock exchange.

Principal Shareholders

a. Common Stock

March 31, 2021	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	106,248,400	100.00%

b. Preferred Stock (1st series Type 6)

March 31, 2021	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Banking Corporation	70,001	100.00%

Others (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Employees

March 31	2021	2020
Number of employees	28,104	27,957
Average age (years–months)	38-0	37-4
Average length of employment (years–months)	14-7	14-0
Average annual salary (thousands of yen)	¥8,422	¥8,286

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, temporary staff, and executive officers who do not concurrently serve as Directors.
2. "Average annual salary" includes bonus, overtime pay and other fringe benefits.
3. Overseas local staff are excluded from the above calculations other than "Number of employees."

Number of Offices

March 31	2021	2020
Domestic network:		
Main offices and branches	520	515
Subbranches	439	350
Agency	1	1
Overseas network:		
Branches	19	19
Subbranches	25	22
Representative offices	4	4
Total	1,008	911

Notes: 1. "Main offices and branches" includes the International Business Operations Dept. (2021, 2 branches; 2020, 2 branches), specialized deposit account branches (2021, 47 branches; 2020, 47 branches) and ATM administration branches (2021, 18 branches; 2020, 18 branches).
2. "Subbranches" includes Corporate Business Office, etc.

Number of Automated Service Centers

March 31	2021	2020
Automated service centers	50,430	50,141

Domestic Exchange Transactions

Year ended March 31	Millions of yen 2021	2020
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands)	464,915	464,147
Amount	¥ 521,983,666	¥ 573,531,737
Received from various parts of the country:		
Number of accounts (thousands)	324,878	326,166
Amount	¥ 941,915,067	¥ 962,772,521
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands)	1,431	1,638
Amount	¥ 3,466,697	¥ 4,156,697
Received from various parts of the country:		
Number of accounts (thousands)	496	605
Amount	¥ 1,076,825	¥ 1,370,869
Total	¥1,468,442,258	¥1,541,831,826

Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars 2021	2020
Outward exchanges:		
Foreign bills sold	$2,131,298	$1,874,818
Foreign bills bought	1,177,225	1,305,477
Incoming exchanges:		
Foreign bills payable	$1,074,023	$1,074,787
Foreign bills receivable	25,226	40,072
Total	$4,407,774	$4,295,156

Note: The figures above include foreign exchange transactions by overseas branches.

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

March 31	Millions of yen 2021	2020
Securities	¥ 96,063	¥ 88,378
Commercial claims	56,823	47,917
Commercial goods	—	—
Real estate	54,209	54,605
Others	95,278	62,008
Subtotal	¥ 302,375	¥ 252,910
Guaranteed	1,355,425	1,227,196
Unsecured	8,868,588	7,919,417
Total	¥10,526,389	¥9,399,524

Trust Assets and Liabilities (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Statements of Trust Assets and Liabilities

March 31	Millions of yen 2021	2020
Assets:		
Loans and bills discounted	¥ 671,654	¥ 662,844
Loans on deeds	671,654	662,844
Securities	922,114	1,164,251
Japanese government bonds	18,524	29,226
Corporate bonds	881,930	1,092,438
Japanese stocks	—	—
Foreign securities	19,719	42,055
Others	1,940	531
Trust beneficiary right	25,464	25,120
Entrusted securities	15,000	38,000
Monetary claims	511,724	518,415
Monetary claims for housing loans	28,417	20,592
Other monetary claims	483,306	497,822
Other claims	8,527	895
Call loans	—	—
Due from banking account	2,218,508	1,735,784
Cash and due from banks	111,879	115,904
Deposits with banks	111,879	115,904
Others	29	29
Others	29	29
Total assets	¥4,484,901	¥4,261,245
Liabilities:		
Designated money trusts	¥1,640,043	¥1,370,430
Specified money trusts	1,475,463	1,290,980
Money in trusts other than money trusts	335,733	328,022
Securities in trusts	15,000	38,000
Monetary claims trusts	257,553	264,830
Composite trusts	761,108	968,982
Total liabilities	¥4,484,901	¥4,261,245

Notes: 1. Amounts less than 1 million yen have been rounded down.
2. SMBC has no co-operative trusts under any other trust bank's administration as of the year-end.
3. Excludes trusts whose monetary values are difficult to calculate.

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 As of March 31,2021	b As of March 31,2020	c Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,168,980	7,105,013	
1a	of which: capital and capital surplus	3,527,294	3,527,284	
2	of which: retained earnings	3,676,110	3,622,140	
1c	of which: treasury stock (–)	–	–	
26	of which: national specific regulatory adjustments (earnings to be distributed) (–)	34,424	44,411	
	of which: other than the above	–	–	
1b	Stock acquisition rights to common shares	–	–	
3	Accumulated other comprehensive income and other disclosed reserves	1,951,141	1,128,741	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	1,145	5,182	
6	Common Equity Tier 1 capital: instruments and reserves (A)	9,121,267	8,238,937	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	252,668	235,399	
8	of which: goodwill (including those equivalent)	7,837	10,074	
9	of which: other intangibles other than goodwill and mortgage servicing rights	244,830	225,324	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,314	3,331	
11	Net deferred gains or losses on hedges	32,799	105,676	
12	Shortfall of eligible provisions to expected losses	–	–	
13	Securitisation gain on sale	58,866	62,486	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	10,915	5,582	
15	Net defined benefit asset	387,997	157,217	
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)	746,562	569,694	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	8,374,704	7,669,242	

(Millions of yen, except percentages)

Basel III Template No.		Items	a As of March 31,2021	b As of March 31,2020	c Reference to Template CC2
Additional Tier 1 capital: instruments (3)					
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	1,155,000	1,185,000	
		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)	13,804	13,554	
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)	1,168,804	1,198,554	
Additional Tier 1 capital: regulatory adjustments					
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	
Additional Tier 1 capital (AT1)					
44		Additional Tier 1 capital ((D)-(E)) (F)	1,143,278	1,173,028	
Tier 1 capital (T1 = CET1 + AT1)					
45		Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	9,517,983	8,842,271	
Tier 2 capital: instruments and provisions (4)					
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	863,542	961,777	
		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)	2,395	3,471	
47+49		Eligible Tier 2 capital instruments subject to transitional arrangements included in Tier 2: instruments and provisions	203,452	358,595	
47		of which: instruments issued by banks and their special purpose vehicles	203,452	358,595	
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	58,190	23,731	
50a		of which: general reserve for possible loan losses	16,602	8,354	
50b		of which: eligible provisions	41,587	15,377	
51		Tier 2 capital: instruments and provisions (H)	1,127,580	1,347,576	

(Millions of yen, except percentages)

Basel III Template No.	Items	a As of March 31,2021	b As of March 31,2020	c Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)				
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)	33,213	82,643	
57	Tier 2 capital: regulatory adjustments (I)	33,213	82,643	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,094,367	1,264,933	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	10,612,351	10,107,204	
Risk weighted assets (6)				
60	Total risk-weighted assets (RWA) (L)	59,871,204	55,953,809	
Capital ratio (consolidated) (7)				
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	13.98%	13.70%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	15.89%	15.80%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	17.72%	18.06%	
Regulatory adjustments (8)				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	427,937	199,699	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	513,849	561,567	
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)	3,945	126	
Provisions included in Tier 2 capital: instruments and provisions (9)				
76	Provisions (general reserve for possible loan losses)	16,602	8,354	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	22,691	26,349	
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”)	41,587	15,377	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	274,069	252,170	
Capital instruments subject to transitional arrangements (10)				
82	Current cap on AT1 instruments subject to transitional arrangements	123,785	247,571	
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	406,905	
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 31,2021	As of March 31,2020
Required capital ((L) × 8%)	4,789,696	4,476,304

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation and Subsidiaries

(Millions of yen)

Items	a Consolidated balance sheet as in published financial statements As of March 31, 2021	As of March 31, 2020	b Reference to Template CC1	c Reference to appended table
(Assets)				
Cash and due from banks	70,430,539	59,991,835		
Call loans and bills bought	3,253,463	1,246,739		
Receivables under resale agreements	4,827,826	8,243,182		
Receivables under securities borrowing transactions	1,602,444	957,271		
Monetary claims bought	4,657,587	4,550,644		
Trading assets	3,408,323	4,133,816		6-a
Money held in trust	0	0		
Securities	35,493,879	26,282,649		2-b,6-b
Loans and bills discounted	86,594,613	84,280,613		6-c
Foreign exchanges	2,164,234	2,057,887		
Lease receivables and investment assets	236,392	219,733		
Other assets	5,063,312	4,647,291		6-d
Tangible fixed assets	1,305,648	1,341,895		
Intangible fixed assets	346,534	320,622		2-a
Net defined benefit asset	559,043	226,273		3
Deferred tax assets	30,870	26,147		4-a
Customers' liabilities for acceptances and guarantees	8,618,012	7,898,071		
Reserve for possible loan losses	(526,161)	(335,041)		
Total assets	228,066,567	206,089,633		
(Liabilities)				
Deposits	142,486,668	127,623,995		
Negotiable certificates of deposit	12,760,617	10,330,435		
Call money and bills sold	536,515	2,920,539		
Payables under repurchase agreements	13,720,196	10,691,772		
Payables under securities lending transactions	551,377	829,729		
Commercial paper	1,686,404	1,409,249		
Trading liabilities	2,837,664	3,459,117		6-e
Borrowed money	25,061,421	21,820,785		8-a
Foreign exchanges	1,154,507	1,492,634		
Bonds	1,115,496	1,942,291		8-b
Due to trust account	2,321,223	1,811,355		
Other liabilities	5,249,597	5,032,050		6-f
Reserve for employee bonuses	42,033	36,494		
Reserve for executive bonuses	1,481	1,236		
Net defined benefit liability	5,406	4,114		
Reserve for executive retirement benefits	635	617		
Reserve for point service program	603	388		
Reserve for reimbursement of deposits	9,982	4,687		
Deferred tax liabilities	620,747	381,605		4-b
Deferred tax liabilities for land revaluation	29,603	30,111		4-c
Acceptances and guarantees	8,618,012	7,898,071		
Total liabilities	218,810,197	197,721,284		
(Net assets)				
Capital stock	1,770,996	1,770,996		1-a
Capital surplus	1,966,300	1,966,291		1-b
Retained earnings	3,676,110	3,622,140		1-c
Treasury stock	(210,003)	(210,003)		1-d
Total stockholders' equity	7,203,404	7,149,425		
Net unrealized gains or losses on other securities	1,748,263	1,125,808		
Net deferred gains or losses on hedges	28,751	103,609		5
Land revaluation excess	36,251	36,870		
Foreign currency translation adjustments	12,494	(48,969)		
Accumulated remeasurements of defined benefit plans	125,380	(88,577)		
Total accumulated other comprehensive income	1,951,141	1,128,741	(a)	
Non-controlling interests	101,823	90,182		7-b
Total net assets	9,256,369	8,368,349		
Total liabilities and net assets	228,066,567	206,089,633		

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, 2021	As of March 31, 2020	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	1,966,300	1,966,291	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,676,110	3,622,140		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	7,203,404	7,149,425		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,203,404	7,149,425	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,527,294	3,527,284		1a
of which: retained earnings	3,676,110	3,622,140		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, 2021	As of March 31, 2020	Remarks	Ref. No.
Intangible fixed assets	346,534	320,622		2-a
Securities	35,493,879	26,282,649		2-b
of which: goodwill attributable to equity-method investees	7,837	10,074		
Income taxes related to above	101,703	95,298		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Goodwill (including those equivalent)	7,837	10,074		8
Other intangibles other than goodwill and mortgage servicing rights	244,830	225,324	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, 2021	As of March 31, 2020	Remarks	Ref. No.
Net defined benefit asset	559,043	226,273		3
Income taxes related to above	171,046	69,056		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Net defined benefit asset	387,997	157,217		15

4. Deferred tax assets

(1) Consolidated balance sheet (Millions of yen)

Consolidated balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Deferred tax assets	30,870	26,147		4-a
Deferred tax liabilities	620,747	381,605		4-b
Deferred tax liabilities for land revaluation	29,603	30,111		4-c
Tax effects on intangible fixed assets	101,703	95,298		
Tax effects on net defined benefit asset	171,046	69,056		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,314	3,331	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	3,945	126	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	—	—		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)	3,945	126		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, 2021	As of March 31, 2020	Remarks	Ref. No.
Net deferred gains or losses on hedges	28,751	103,609		5

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	32,799	105,676	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	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, 2021	As of March 31, 2020	Remarks	Ref. No.
Trading assets	3,408,323	4,133,816	Including trading account securities and derivatives for trading assets	6-a
Securities	35,493,879	26,282,649		6-b
Loans and bills discounted	86,594,613	84,280,613	Including subordinated loans	6-c
Other assets	5,063,312	4,647,291	Including derivatives	6-d
Trading liabilities	2,837,664	3,459,117	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	5,249,597	5,032,050	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	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)	427,937	199,699		
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)	427,937	199,699		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)	572,588	669,736		
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	33,213	82,643		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	513,849	561,567		73

7. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Non-controlling interests	101,823	90,182		7-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Amount allowed in group CET1	1,145	5,182	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	5
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)	30-31ab-32
Amount allowed in group AT1	13,804	13,554	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	34-35
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)	46
Amount allowed in group T2	2,395	3,471	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	48-49

8. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Borrowed money	25,061,421	21,820,785		8-a
Bonds	1,115,496	1,942,291		8-b
Total	26,176,918	23,763,077		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	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	1,155,000	1,185,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	863,542	961,777		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, 2021	As of March 31, 2020
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	146,275,757	182,339,952
1a	1	Total assets reported in the consolidated balance sheet	167,101,401	206,089,633
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) (-)	20,825,643	23,749,681
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	669,506	421,474
3		Total on-balance sheet exposures (a)	145,606,251	181,918,477
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.	2,241,750	6,246,855
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.	3,181,268	3,661,146
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	700,216	744,315
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) (-)	145,293	151,482
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	98,982	83,014
10		The amount of deductions from effective notional amount of written credit derivatives (-)	—	—
11	4	Total exposures related to derivative transactions (b)	6,076,922	10,583,849
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	6,430,271	9,200,454
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	311,247	401,975
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	6,741,519	9,602,429
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	63,839,002	55,713,902
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	39,602,954	35,281,098
19	6	Total exposures related to off-balance sheet transactions (d)	24,236,047	20,432,803
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	9,517,983	8,842,271
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	182,660,741	222,537,560
22		Leverage ratio on a consolidated basis ((e)/(f))	5.21%	3.97%
Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) (6)				
		Total exposures (f)	182,660,741	
		The amount of deposits with the Bank of Japan	60,965,165	
		Total exposures (including deposits with the Bank of Japan) (f')	243,625,906	
		Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) ((e)/(f'))	3.90%	

Note: The key drivers of material change observed from March 31, 2020 to March 31, 2021
Leverage ratio as of March 31, 2021 is higher than March 31, 2020 due to a decrease in the total exposures as a result of the exclusion of deposits with the Bank of Japan, based on the amendment of Japanese Financial Services Agency (JFSA) Notification on June 30, 2020, under the provision to Paragraph 4 of Article 6 of the notification of JFSA No. 11, 2019.

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 "LCR 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 LCR 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 LCR 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 LCR Notification. Meanwhile, SMBC records "due to trust account," etc. under "cash outflows based on other contracts" prescribed in Article 60 of the LCR Notification.

Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2021/1/1 To 2021/3/31)		Prior Quarter (From 2020/10/1 To 2020/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		71,881,224		71,843,483
Cash Outflows (2)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	55,961,171	4,370,338	54,903,560	4,288,123
3	of which, Stable deposits	17,561,367	529,685	17,223,041	519,390
4	of which, Less stable deposits	38,399,804	3,840,652	37,680,519	3,768,733
5	Cash outflows related to unsecured wholesale funding	77,964,410	38,232,891	75,660,404	36,617,997
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	73,501,733	33,770,215	71,586,919	32,544,512
8	of which, Debt securities	4,462,676	4,462,676	4,073,485	4,073,485
9	Cash outflows related to secured funding, etc.		256,517		285,732
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	29,291,817	9,017,797	28,539,560	8,826,487
11	of which, Cash outflows related to derivative transactions, etc.	1,405,407	1,405,407	1,448,232	1,448,232
12	of which, Cash outflows related to funding programs	373,837	373,837	308,310	308,310
13	of which, Cash outflows related to credit and liquidity facilities	27,512,574	7,238,553	26,783,017	7,069,945
14	Cash outflows related to contractual funding obligations, etc.	7,886,666	5,507,696	7,436,867	5,425,008
15	Cash outflows related to contingencies	73,804,247	1,221,365	73,245,089	1,242,969
16	Total cash outflows		58,606,604		56,686,316
Cash Inflows (3)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	2,164,655	132,747	1,603,636	83,602
18	Cash inflows related to collection of loans, etc.	10,914,856	7,353,748	9,398,126	6,192,718
19	Other cash inflows	2,414,358	966,488	2,065,706	896,275
20	Total cash inflows	15,493,870	8,452,984	13,067,468	7,172,595
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		71,881,224		71,843,483
22	Net cash outflows		50,153,620		49,513,721
23	Consolidated liquidity coverage ratio (LCR)		143.3%		145.0%
24	The number of data used to calculate the average value		60		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)
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 2021/1/1 To 2021/3/31)	Prior Quarter (From 2020/10/1 To 2020/12/31)
1	Cash and due from banks	65,659,234	64,401,534
2	Securities	6,221,990	7,441,949
3	of which, government bonds, etc.	3,408,094	5,000,827
4	of which, municipal bonds, etc.	202,239	85,933
5	of which, other bonds	1,061,497	927,445
6	of which, stocks	1,550,160	1,427,744
7	Total high-quality liquid assets (HQLA)	71,881,224	71,843,483

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.

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 As of March 31,2021	b As of March 31,2020	c Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,211,517	6,166,883	
1a	of which: capital and capital surplus	3,335,548	3,335,548	
2	of which: retained earnings	2,910,394	2,875,747	
1c	of which: treasury stock (–)	–	–	
26	of which: national specific regulatory adjustments (earnings to be distributed) (–)	34,424	44,411	
	of which: other than the above	–	–	
1b	Stock acquisition rights to common shares	–	–	
3	Valuation and translation adjustment and other disclosed reserves	1,819,924	1,284,923	(a)
6	Common Equity Tier 1 capital: instruments and reserves (A)	8,031,442	7,451,807	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	179,363	162,839	
8	of which: goodwill	–	–	
9	of which: other intangibles other than goodwill and mortgage servicing rights	179,363	162,839	
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	79,132	187,152	
12	Shortfall of eligible provisions to expected losses	–	–	
13	Securitisation gain on sale	58,866	62,486	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	8,512	–	
15	Prepaid pension cost	254,138	239,000	
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)	580,012	651,480	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,451,429	6,800,327	

(Millions of yen, except percentages)

Basel III Template No.	Items	a As of March 31,2021	b As of March 31,2020	c Reference to Template CC2
Additional Tier 1 capital: instruments (3)				
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	–	–	
30 – 31b	Stock acquisition rights to Additional Tier 1 instruments	–	–	
30 – 32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,155,000	1,185,000	
30	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)	1,155,000	1,185,000	
Additional Tier 1 capital: regulatory adjustments				
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	
Additional Tier 1 capital (AT1)				
44	Additional Tier 1 capital ((D)-(E)) (F)	1,129,474	1,159,474	
Tier 1 capital (T1 = CET1 + AT1)				
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	8,580,903	7,959,801	
Tier 2 capital: instruments and provisions (4)				
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	–	–	
46	Stock acquisition rights to Tier 2 instruments	–	–	
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	863,542	961,777	
46	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	358,595	
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	38,518	4,472	
50a	of which: general reserve for possible loan losses	–	–	
50b	of which: eligible provisions	38,518	4,472	
51	Tier 2 capital: instruments and provisions (H)	1,103,784	1,324,845	

(Millions of yen, except percentages)

Basel III Template No.	Items	a As of March 31,2021	b As of March 31,2020	c Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)				
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)	33,213	82,643	
57	Tier 2 capital: regulatory adjustments (I)	33,213	82,643	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,070,571	1,242,202	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	9,651,475	9,202,003	
Risk weighted assets (6)				
60	Total risk-weighted assets (RWA) (L)	56,883,463	52,248,875	
Capital ratio (7)				
61	Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	13.09%	13.01%	
62	Tier 1 risk-weighted capital ratio ((G)/(L))	15.08%	15.23%	
63	Total risk-weighted capital ratio ((K)/(L))	16.96%	17.61%	
Regulatory adjustments (8)				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	420,240	198,628	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	476,700	491,896	
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)	–	–	
Provisions included in Tier 2 capital: instruments and provisions (9)				
76	Provisions (general reserve for possible loan losses)	–	–	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	2,389	2,727	
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”)	38,518	4,472	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	279,988	258,012	
Capital instruments subject to transitional arrangements (10)				
82	Current cap on AT1 instruments subject to transitional arrangements	123,735	247,471	
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	403,448	
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 31,2021	As of March 31,2020
Required capital ((L) × 8%)	4,550,677	4,179,910

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation

(Millions of yen)

Items	a Balance sheet as in published financial statements As of March 31, 2021	a As of March 31, 2020	b Reference to Template CC1	c Reference to appended table
(Assets)				
Cash and due from banks	68,872,236	57,971,293		
Call loans	2,483,453	645,967		
Receivables under resale agreements	2,564,708	5,963,377		
Receivables under securities borrowing transactions	1,587,813	943,940		
Monetary claims bought	1,765,424	1,562,083		
Trading assets	2,448,415	3,189,980		6-a
Securities	36,487,225	27,058,633		6-b
Loans and bills discounted	81,937,725	80,187,382		6-c
Foreign exchanges	2,048,571	1,896,157		
Other assets	4,291,338	4,178,263		6-d
Tangible fixed assets	780,803	794,957		
Intangible fixed assets	258,523	234,707		2
Prepaid pension cost	366,298	344,481		3
Customers’ liabilities for acceptances and guarantees	10,526,389	9,399,524		
Reserve for possible loan losses	(456,405)	(279,702)		
Reserve for possible losses on investments	(115,791)	(127,256)		
Total assets	215,846,732	193,963,791		
(Liabilities)				
Deposits	134,685,582	119,973,324		
Negotiable certificates of deposit	12,703,900	10,580,261		
Call money	671,522	3,068,726		
Payables under repurchase agreements	11,879,494	8,728,522		
Payables under securities lending transactions	551,377	571,095		
Commercial paper	978,109	642,447		
Trading liabilities	2,348,232	2,959,613		6-e
Borrowed money	24,825,882	21,561,177		7-a
Foreign exchanges	1,193,427	1,519,777		
Bonds	1,084,913	1,894,369		7-b
Due to trust account	2,218,601	1,735,889		
Other liabilities	3,571,515	3,453,008		6-f
Reserve for employee bonuses	13,345	13,794		
Reserve for executive bonuses	1,154	939		
Reserve for point service program	603	388		
Reserve for reimbursement of deposits	9,245	3,900		
Deferred tax liabilities	487,964	330,699		4-a
Deferred tax liabilities for land revaluation	29,603	30,111		4-b
Acceptances and guarantees	10,526,389	9,399,524		
Total liabilities	207,780,865	186,467,572		
(Net assets)				
Capital stock	1,770,996	1,770,996		1-a
Capital surplus	1,774,554	1,774,554		1-b
Retained earnings	2,910,394	2,875,747		1-c
Treasury stock	(210,003)	(210,003)		1-d
Total stockholders’ equity	6,245,942	6,211,295		
Net unrealized gains or losses on other securities	1,719,291	1,073,795		
Net deferred gains or losses on hedges	75,141	185,163		5
Land revaluation excess	25,492	25,964		
Total valuation and translation adjustments	1,819,924	1,284,923	(a)	
Total net assets	8,065,866	7,496,219		
Total liabilities and net assets	215,846,732	193,963,791		

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, 2021	As of March 31, 2020	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	2,910,394	2,875,747		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,245,942	6,211,295		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,245,942	6,211,295	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	2,910,394	2,875,747		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	—	—		31a

2. Intangible fixed assets

(1) Balance sheet (Millions of yen)

Balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Intangible fixed assets	258,523	234,707		2
Income taxes related to above	79,159	71,867		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Goodwill	—	—		8
Other intangibles other than goodwill and mortgage servicing rights	179,363	162,839	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, 2021	As of March 31, 2020	Remarks	Ref. No.
Prepaid pension cost	366,298	344,481		3
Income taxes related to above	112,160	105,480		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Prepaid pension cost	254,138	239,000		15

4. Deferred tax assets

(1) Balance sheet (Millions of yen)

Balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Deferred tax liabilities	487,964	330,699		4-a
Deferred tax liabilities for land revaluation	29,603	30,111		4-b
Tax effects on intangible fixed assets	79,159	71,867		
Tax effects on prepaid pension cost	112,160	105,480		

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—		10
Deferred tax assets arising from temporary differences (net of related tax liability)	—	—		
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, 2021	As of March 31, 2020	Remarks	Ref. No.
Net deferred gains or losses on hedges	75,141	185,163		5

(2) Composition of capital (Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	79,132	187,152	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, 2021	As of March 31, 2020	Remarks	Ref. No.
Trading assets	2,448,415	3,189,980	Including trading account securities and derivatives for trading assets	6-a
Securities	36,487,225	27,058,633		6-b
Loans and bills discounted	81,937,725	80,187,382	Including subordinated loans	6-c
Other assets	4,291,338	4,178,263	Including derivatives	6-d
Trading liabilities	2,348,232	2,959,613	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	3,571,515	3,453,008	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	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)	420,240	198,628		
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)	420,240	198,628		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)	535,439	600,065		
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	33,213	82,643		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	476,700	491,896		73

7. Other capital instruments

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2021	As of March 31, 2020	Remarks	Ref. No.
Borrowed money	24,825,882	21,561,177		7-a
Bonds	1,084,913	1,894,369		7-b
Total	25,910,796	23,455,546		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2021	As of March 31, 2020	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	1,155,000	1,185,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	863,542	961,777		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, 2021	As of March 31, 2020
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	136,364,396	171,987,707
1a	1	Total assets reported in the balance sheet	156,015,409	193,963,791
1b	3	The amount of assets that are deducted from the total assets reported in the balance sheet (except adjustment items) (-)	19,651,012	21,976,084
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)	459,027	427,366
3		Total on-balance sheet exposures (a)	135,905,368	171,560,340
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.	1,723,723	3,412,019
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.	2,293,265	2,201,998
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.	722,699	497,394
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) (-)	384,726	225,519
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)	4,354,962	5,885,893
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	4,152,522	6,907,318
13		The amount of deductions from the assets above (line 12) (-)	—	—
14		The exposures for counterparty credit risk for repo transactions, etc.	281,497	366,826
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)	4,434,019	7,274,144
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	60,674,787	53,501,369
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)	35,548,380	31,790,200
19	6	Total exposures related to off-balance sheet transactions (d)	25,126,406	21,711,168
Leverage ratio (5)				
20		The amount of capital (Tier 1 capital) (e)	8,580,903	7,959,801
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	169,820,757	206,431,546
22		Leverage ratio ((e)/(f))	5.05%	3.85%
Leverage ratio (including deposits with the Bank of Japan) (6)				
		Total exposures (f)	169,820,757	
		The amount of deposits with the Bank of Japan	59,831,323	
		Total exposures (including deposits with the Bank of Japan) (f')	229,652,080	
		Leverage ratio (including deposits with the Bank of Japan) ((e)/(f'))	3.73%	

Note: The key drivers of material change observed from March 31, 2020 to March 31, 2021
Leverage ratio as of March 31, 2021 is higher than March 31, 2020 due to a decrease in the total exposures as a result of the exclusion of deposits with the Bank of Japan, based on the amendment of Japanese Financial Services Agency (JFSA) Notification on June 30, 2020, under the provision to Paragraph 4 of Article 6 of the notification of JFSA No. 11, 2019.

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 "LCR 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 LCR Notification stipulates the minimum requirement of the LCR at 100%. The LCR of SMBC (non-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 non-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 Non-consolidated LCR

SMBC has not applied "special provisions concerning qualifying operational deposits" prescribed in Article 29 of the LCR 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 LCR Notification. Meanwhile, SMBC records "due to trust account," etc. under "cash outflows based on other contracts" prescribed in Article 60 of the LCR Notification.

Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)

(In million yen, %, the number of data)

Item		Current Quarter (From 2021/1/1 To 2021/3/31)		Prior Quarter (From 2020/10/1 To 2020/12/31)	
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)		66,612,926		66,285,520
Cash Outflows (2)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2	Cash outflows related to unsecured retail funding	53,117,750	4,120,809	52,126,232	4,044,495
3	of which, Stable deposits	17,023,400	510,702	16,697,276	500,918
4	of which, Less stable deposits	36,094,350	3,610,107	35,428,955	3,543,577
5	Cash outflows related to unsecured wholesale funding	74,486,347	36,762,591	72,001,032	34,889,632
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	69,990,383	32,266,627	67,882,808	30,771,408
8	of which, Debt securities	4,495,964	4,495,964	4,118,224	4,118,224
9	Cash outflows related to secured funding, etc.		254,973		282,473
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	26,632,777	7,720,006	25,871,559	7,459,835
11	of which, Cash outflows related to derivative transactions, etc.	311,336	311,336	290,625	290,625
12	of which, Cash outflows related to funding programs	373,837	373,837	308,310	308,310
13	of which, Cash outflows related to credit and liquidity facilities	25,947,605	7,034,834	25,272,624	6,860,900
14	Cash outflows related to contractual funding obligations, etc.	7,300,044	3,629,715	6,982,154	3,509,675
15	Cash outflows related to contingencies	74,919,238	1,177,237	75,196,885	1,225,893
16	Total cash outflows		53,665,331		51,412,004
Cash Inflows (3)		TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17	Cash inflows related to secured lending, etc.	684,519	120,357	584,690	67,451
18	Cash inflows related to collection of loans, etc.	11,534,779	8,244,402	9,817,563	6,894,228
19	Other cash inflows	1,849,914	754,363	1,486,912	586,870
20	Total cash inflows	14,069,212	9,119,121	11,889,165	7,548,549
Non-Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation		66,612,926		66,285,520
22	Net cash outflows		44,546,209		43,863,455
23	Non-consolidated liquidity coverage ratio (LCR)		149.5%		151.1%
24	The number of data used to calculate the average value		60		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)
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 2021/1/1 To 2021/3/31)	Prior Quarter (From 2020/10/1 To 2020/12/31)
1	Cash and due from banks	61,453,636	59,836,193
2	Securities	5,159,290	6,449,326
3	of which, government bonds, etc.	2,646,776	4,240,230
4	of which, municipal bonds, etc.	202,239	85,933
5	of which, other bonds	760,114	695,420
6	of which, stocks	1,550,160	1,427,744
7	Total high-quality liquid assets (HQLA)	66,612,926	66,285,520

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.

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.

LCR Notification
Administrative action and written ordinance for official notification to the general public of regulations concerning the LCR 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.

Root-T rule
A method of converting the term of estimating the maximum loss as VaR into short term or long term 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 each obligor classification (corporation, financial institution, country, retail, etc.) by the risk-weight designated by the authorities.

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, 2020 to March 31, 2021)
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 SMBC Group, the Programme targets the variable compensation component of total remuneration at 40%, if paid at standard levels. Corresponding with performance and the business environment, 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, 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).
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.

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, 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 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 aforementioned "Compensation Programme," executive compensation for the Executives locally appointed at overseas entities and those domiciled outside Japan shall be individually designed, not only in accordance with the basic concept above, but also with consideration to local regulations, tax regime, 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 claw-back 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 variablecompensation, 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) Officers	(b) Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	19	264
2		Total fixed compensation (3+5+7)	1,108	10,980
3		of which: cash compensation	1,031	10,207
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	54	359
6		of which in 5: deferred amount	54	359
7		of which: other compensation	21	412
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	15	263
10		Total variable compensation (11+13+15)	666	10,455
11		of which: cash compensation	333	9,098
12		of which in 11: deferred amount	—	1,403
13		of which: amount of stock compensation or stock-linked compensation	333	1,357
14		of which in 13: deferred amount	333	898
15		of which: amount of other compensation	—	—
16		of which in 15: deferred amount	—	—
17	Retirement allowance	Number of applicable officers, employees and others	—	177
18		Amount of retirement allowance	—	860
19		of which: deferred amount	—	117
20	Other compensation	Number of applicable officers, employees and others	—	90
21		Amount of other compensation	—	117
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,774	22,413

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) Bonus guarantee		(b) One-off recruitment payment		(c) Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	14	716	1	1	—	—

Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

Deferred compensation, etc. (Millions of yen)

		(a) Balance of deferred compensation, etc.	(b) Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	(c) With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	(d) With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	(e) Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,175	739	—	—	729
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	1,850	363	38	—	1,144
	Amount of stock compensation or stock-linked compensation	2,527	2,178	—	—	893
	Amount of other compensation	—	—	—	—	—
Total amount		5,552	3,282	38	—	2,768

Note: "Amount of deferred compensation, etc. paid in the applicable fiscal year" includes the reversal of deferred compensation due to removal of the restriction on transfer for Plan I in the fiscal year under review.

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 384).

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 SMBC Group, the Programme targets the variable compensation component of total remuneration at 40%, if paid at standard levels. Corresponding with performance and the business environment, 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 each year based on the performance of previous fiscal year of SMBC Group and the business unit each Executive is accountable for, 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 (the "Plan II").

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.

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	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, 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 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 aforementioned "Compensation Programme," executive compensation for the Executives locally appointed at overseas entities and those domiciled outside Japan shall be individually designed, not only in accordance with the basic concept above, but also with consideration to local regulations, tax regime, 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 386).

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)

(Headcount, millions of yen)

Item No.			(a) Officers	(b) Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	14	237
2		Total fixed compensation (3+5+7)	880	10,065
3		of which: cash compensation	809	9,307
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	49	344
6		of which in 5: deferred amount	49	344
7		of which: other compensation	21	412
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	11	236
10		Total variable compensation (11+13+15)	480	8,949
11		of which: cash compensation	241	7,548
12		of which in 11: deferred amount	—	1,282
13		of which: amount of stock compensation or stock-linked compensation	239	1,400
14		of which in 13: deferred amount	239	941
15		of which: amount of other compensation	—	—
16		of which in 15: deferred amount	—	—
17	Retirement allowance	Number of applicable officers, employees and others	—	175
18		Amount of retirement allowance	—	744
19		of which: deferred amount	—	1
20	Other compensation	Number of applicable officers, employees and others	—	89
21		Amount of other compensation	—	108
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,360	19,868

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) Bonus guarantee		(b) One-off recruitment payment		(c) Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	14	716	1	1	—	—

1. Compensation Allocated in the Applicable Fiscal Year (SMBC non-consolidated)

(Headcount, millions of yen)

Item No.			(a) Officers	(b) Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	14	237
2		Total fixed compensation (3+5+7)	880	10,065
3		of which: cash compensation	809	9,307
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	49	344
6		of which in 5: deferred amount	49	344
7		of which: other compensation	21	412
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	11	236
10		Total variable compensation (11+13+15)	480	8,949
11		of which: cash compensation	241	7,548
12		of which in 11: deferred amount	—	1,282
13		of which: amount of stock compensation or stock-linked compensation	239	1,400
14		of which in 13: deferred amount	239	941
15		of which: amount of other compensation	—	—
16		of which in 15: deferred amount	—	—
17	Retirement allowance	Number of applicable officers, employees and others	—	175
18		Amount of retirement allowance	—	744
19		of which: deferred amount	—	1
20	Other compensation	Number of applicable officers, employees and others	—	89
21		Amount of other compensation	—	108
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,360	19,868

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	716	1	1	—	—

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) Balance of deferred compensation, etc.	(b) Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	(c) With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	(d) With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	(e) Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	906	566	—	—	509
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	1,698	363	38	—	1,064
	Amount of stock compensation or stock-linked compensation	2,734	2,290	—	—	1,005
	Amount of other compensation	—	—	—	—	—
Total amount		5,339	3,221	38	—	2,578

Note: "Amount of deferred compensation, etc. paid in the applicable fiscal year" includes the reversal of deferred compensation due to removal of the restriction on transfer for Plan I in the fiscal year under review.

Amount of Deferred Compensation, Etc. (SMBC non-consolidated)

Deferred compensation, etc.

(Millions of yen)

		(a) Balance of deferred compensation, etc.	(b) Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	(c) With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	(d) With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	(e) Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	906	566	—	—	509
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	1,698	363	38	—	1,064
	Amount of stock compensation or stock-linked compensation	2,734	2,290	—	—	1,005
	Amount of other compensation	—	—	—	—	—
Total amount		5,339	3,221	38	—	2,578

Note: "Amount of deferred compensation, etc. paid in the applicable fiscal year" includes the reversal of deferred compensation due to removal of the restriction on transfer for Plan I in the fiscal year under review.

SMBC Group Home Page

https://www.smfg.co.jp/ (Japanese)
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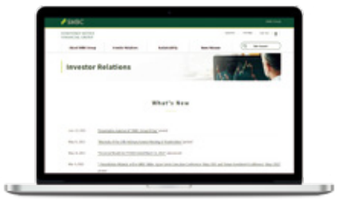

IR Information

https://www.smfg.co.jp/investor/ (Japanese)
https://www.smfg.co.jp/english/investor/ (English)

Sustainability Information

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SMBC

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