



# SUMITOMO MITSUI FINANCIAL GROUP, INC.

## Annual Report for the Year ended March 31, 2021

### BOARD OF DIRECTORS (as of April 1, 2021)

CHAIRMAN OF THE BOARD  
Takeshi Kunibe

PRESIDENT  
Jun Ohta

#### DIRECTORS AND EXECUTIVE OFFICERS

|                    |                 |                   |                    |
|--------------------|-----------------|-------------------|--------------------|
| Makoto Takashima   | Manabu Narita   | Gotaro Michihiro  | Toru Nakashima     |
| Atsuhiko Inoue     | Toru Mikami     | Yoshihiko Shimizu | Masayuki Matsumoto |
| Arthur M. Mitchell | Shozo Yamazaki  | Masaharu Kohno    | Yoshinobu Tsutsui  |
| Katsuyoshi Shinbo  | Eriko Sakurai   | Masahiko Oshima   | Toshikazu Yaku     |
| Katsunori Tanizaki | Tetsuro Imaeda  | Fumiharu Kozuka   | Masamichi Koike    |
| Shoji Masuda       | Ryuji Nishisaki | Akihiro Fukutome  | Muneo Kanamaru     |
|                    | Teiko Kudo      | Takashi Yamashita |                    |

### PRINCIPAL SUBSIDIARIES (as of March 31, 2021)

Sumitomo Mitsui Banking Corporation ("SMBC")  
SMBC Trust Bank Ltd.  
SMBC Nikko Securities Inc.  
Sumitomo Mitsui Card Company, Limited  
SMBC Finance Service Co., Ltd.  
SMBC Consumer Finance Co., Ltd.  
The Japan Research Institute, Limited  
Sumitomo Mitsui DS Asset Management Company, Limited  
SMBC Bank International plc  
Sumitomo Mitsui Banking Corporation (China) Limited  
PT Bank BTPN Tbk  
SMBC Americas Holdings, Inc.  
SMBC Guarantee Co., Ltd.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| Year ended March 31  | Millions of yen  |                |
|--|------------------|----------------|
|  | 2021             | 2020           |
| Profit   | ¥ 515,890        | ¥ 720,962      |
| Other comprehensive income                                     | 949,124          | (347,990)      |
| Net unrealized gains (losses) on other securities              | 718,428          | (314,792)      |
| Net deferred gains (losses) on hedges                          | (82,494)         | 166,177        |
| Land revaluation excess  | -                | (39)           |
| Foreign currency translation adjustments                       | 80,177           | (74,052)       |
| Remeasurements of defined benefit plans                        | 217,424          | (84,420)       |
| Share of other comprehensive income of affiliates              | 15,587           | (40,864)       |
| <b>Total comprehensive income</b>                              | <b>1,465,014</b> | <b>372,971</b> |
| Comprehensive income attributable to owners of parent          | 1,460,228        | 355,302        |
| Comprehensive income attributable to non-controlling interests | 4,785            | 17,669         |

### CONSOLIDATED STATEMENTS OF INCOME

| Year ended March 31  | Millions of yen  |                  |
|--|------------------|------------------|
|  | 2021             | 2020             |
| Ordinary income  | ¥ 3,902,307      | ¥ 4,591,873      |
| Interest income  | 1,853,039        | 2,486,699        |
| Interest on loans and discounts  | 1,367,726        | 1,693,016        |
| Interest and dividends on securities   | 283,786          | 346,822          |
| Interest on call loans and bills bought  | 11,896           | 15,890           |
| Interest on receivables under resale agreements  | 10,056           | 31,449           |
| Interest on receivables under securities borrowing transactions                                    | 4,407            | 21,247           |
| Interest on deposits with banks  | 17,891           | 80,924           |
| Interest on lease transactions   | 6,540            | 7,307            |
| Interest on deferred payment   | 24,712           | 30,335           |
| Other interest income  | 126,021          | 259,705          |
| Trust fees   | 4,895            | 4,701            |
| Fees and commissions   | 1,298,373        | 1,287,538        |
| Trading income   | 199,647          | 262,826          |
| Other operating income   | 365,761          | 297,290          |
| Lease-related income   | 32,155           | 39,123           |
| Other  | 333,606          | 258,166          |
| Other income   | 180,589          | 252,816          |
| Recoveries of written-off claims   | 12,850           | 12,414           |
| Other  | 167,739          | 240,401          |
| Ordinary expenses  | 3,191,288        | 3,659,809        |
| Interest expenses  | 517,822          | 1,179,770        |
| Interest on deposits   | 152,094          | 441,477          |
| Interest on negotiable certificates of deposit   | 35,876           | 131,849          |
| Interest on call money and bills sold  | 1,786            | 10,284           |
| Interest on payables under repurchase agreements   | 7,097            | 131,320          |
| Interest on payables under securities lending transactions   | 203              | 1,111            |
| Interest on commercial paper   | 6,029            | 31,525           |
| Interest on borrowed money   | 37,667           | 57,632           |
| Interest on short-term bonds   | 63               | 29               |
| Interest on bonds  | 204,509          | 220,874          |
| Other interest expenses  | 72,492           | 153,666          |
| Fees and commissions payments  | 204,352          | 204,188          |
| Other operating expenses   | 193,354          | 186,511          |
| Lease-related expenses   | 23,419           | 26,514           |
| Other  | 169,935          | 159,997          |
| General and administrative expenses  | 1,747,144        | 1,739,603        |
| Other expenses   | 528,613          | 349,734          |
| Provision for reserve for possible loan losses   | 233,875          | 70,571           |
| Other  | 294,737          | 279,163          |
| <b>Ordinary profit</b>   | <b>711,018</b>   | <b>932,064</b>   |
| Extraordinary gains  | ¥ 9,440          | ¥ 23,896         |
| Gains on disposal of fixed assets  | 9,035            | 1,855            |
| Other extraordinary gains  | 404              | 22,040           |
| Extraordinary losses   | 48,222           | 67,314           |
| Losses on disposal of fixed assets   | 4,939            | 1,910            |
| Losses on impairment of fixed assets   | 42,525           | 65,106           |
| Provision for reserve for eventual future operating losses from financial instruments transactions | 757              | 297              |
| <b>Income before income taxes</b>  | <b>672,237</b>   | <b>888,646</b>   |
| Income taxes-current   | 225,523          | 213,526          |
| Income taxes-deferred  | (69,177)         | (45,842)         |
| Income taxes   | 156,346          | 167,684          |
| Profit   | 515,890          | 720,962          |
| Profit attributable to non-controlling interests   | 3,077            | 17,078           |
| <b>Profit attributable to owners of parent</b>   | <b>¥ 512,812</b> | <b>¥ 703,883</b> |

### CONSOLIDATED BALANCE SHEETS

| March 31  | Millions of yen      |                      |
|---|----------------------|----------------------|
|   | 2021                 | 2020                 |
| <b>Assets</b>   |                      |                      |
| 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            |
| Money held in trust                                   | 309                  | 353                  |
| Securities  | 36,549,043           | 27,128,751           |
| Loans and bills discounted                            | 85,132,738           | 82,517,609           |
| 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            |
| Tangible fixed assets                                 | 1,458,991            | 1,450,323            |
| Assets for rent                                       | 465,147              | 506,755              |
| Buildings   | 370,531              | 341,505              |
| Land  | 457,920              | 423,346              |
| Lease assets  | 23,589               | 28,933               |
| Construction in progress                              | 17,394               | 46,138               |
| Other tangible fixed assets                           | 124,408              | 103,645              |
| Intangible fixed assets                               | 738,759              | 753,579              |
| Software  | 475,360              | 440,407              |
| Goodwill  | 147,508              | 194,289              |
| Lease assets  | 769                  | 986                  |
| Other intangible fixed assets                         | 115,120              | 117,896              |
| Net defined benefit asset                             | 565,534              | 230,573              |
| Deferred tax assets                                   | 29,840               | 26,314               |
| Customers' liabilities for acceptances and guarantees | 9,978,396            | 9,308,882            |
| Reserve for possible loan losses                      | (659,017)            | (479,197)            |
| <b>Total assets</b>                                   | <b>¥ 242,584,308</b> | <b>¥ 219,863,518</b> |
| <b>Liabilities and net assets</b>                     |                      |                      |
| <b>Liabilities</b>                                    |                      |                      |
| 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            |
| Borrowed money  | 17,679,690           | 15,210,894           |
| Foreign exchanges                                     | 1,113,037            | 1,461,308            |
| Short-term bonds                                      | 585,000              | 379,000              |
| Bonds   | 9,043,031            | 9,235,639            |
| Due to trust account                                  | 2,321,223            | 1,811,355            |
| Other liabilities                                     | 7,741,638            | 7,011,967            |
| 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              |
| Deferred tax liabilities for land revaluation         | 29,603               | 30,111               |
| Acceptances and guarantees                            | 9,978,396            | 9,308,882            |
| <b>Total liabilities</b>                              | <b>230,685,292</b>   | <b>209,078,615</b>   |
| <b>Net assets:</b>                                    |                      |                      |
| Capital stock   | 2,341,274            | 2,339,964            |
| Capital surplus                                       | 693,205              | 692,003              |
| Retained earnings                                     | 6,492,586            | 6,336,311            |
| Treasury stock  | (13,698)             | (13,983)             |
| <b>Total stockholders' equity</b>                     | <b>9,513,367</b>     | <b>9,354,296</b>     |
| Net unrealized gains (losses) on other securities     | 2,094,605            | 1,371,407            |
| Net deferred gains (losses) on hedges                 | 14,723               | 82,257               |
| 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)             |
| <b>Total accumulated other comprehensive income</b>   | <b>2,313,051</b>     | <b>1,365,673</b>     |
| Stock acquisition rights                              | 1,791                | 2,064                |
| Non-controlling interests                             | 70,836               | 62,869               |
| <b>Total net assets</b>                               | <b>11,895,046</b>    | <b>10,784,903</b>    |
| <b>Total liabilities and net assets</b>               | <b>¥ 242,584,308</b> | <b>¥ 219,863,518</b> |

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Basel III basis**

|                            |             |             |
|----------------------------|-------------|-------------|
| Tier 1 capital ratio       | 2021 16.96% | 2020 16.63% |
| Consolidated capital ratio | 2021 18.61% | 2020 18.75% |

2. There is currently no requirement for our Head Office in Japan to confer lower priority to depositors of the foreign offices to the Bank vis-à-vis depositors in Japan, in the repayment of deposits in the event of receivership, winding up proceedings or equivalent proceedings of the Bank.

3. The audited balance sheet and profit and loss statements contain notes that form an integral part of the financial statements. Reference should be made to the complete set of the audited financial statements for a full understanding of the statements and the state of affairs of the Group.

Copies of our Group's Annual Report 2021 can be obtained on written request, from the General Administration Department, Sumitomo Mitsui Banking Corporation, Singapore Branch, Three Temasek Avenue, #06-01, Centennial Tower, Singapore 039190.

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Sumitomo Mitsui Financial Group, Inc.:

**KPMG AZSA LLC**  
Tokyo Office, Japan

**Toshihiro Otsuka (Seal)**  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Noriaki Habuto (Seal)**  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Kazuhide Niki (Seal)**  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

#### Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, a summary of significant accounting policies and other explanatory information of Sumitomo Mitsui Financial Group, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, 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.

#### 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 are 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. 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 selection and application of audit procedures depends on the auditor's judgment.
- 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.

**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.

**KPMG AZSA LLC**  
Tokyo Office, Japan  
May 10, 2021