

## 【NEWS RELEASE】

April 28<sup>th</sup>, 2021Sumitomo Mitsui Financial Group, Inc.  
SMBC Consumer Finance Co., Ltd.Investment in FE Credit by SMBC Consumer Finance Co., Ltd

SMBC Consumer Finance Co., Ltd (“SMBCCF”, President and Representative Director CEO: Ryohei Kaneko), a consolidated subsidiary of Sumitomo Mitsui Financial Group, Inc. (President and Group CEO: Jun Ohta, hereinafter referred to as “SMBC Group”), today announced that SMBCCF has reached an agreement with Vietnam Prosperity Joint Stock Commercial Bank (“VP Bank”, Chairman: Ngo Chi Dung) to purchase a 49.0% equity stake in VPBank Finance Company Limited (“FE Credit”, Chairman: Lo Bang Giang), a wholly owned subsidiary of VP Bank, subject to regulatory approval (“Proposed Investment”).

## 1. Purpose and Strategic Rationale of the Proposed Investment

SMBC Group is striving to: “Expand our Asia franchise and strengthen our digital banking capabilities in the region” in accordance with its Medium-term Business Plan covering the three-year period starting FY2020. On top of expanding its business base in Indonesia, SMBC Group has been pursuing growth opportunities in other Asian markets through inorganic means.

FE Credit is a leading consumer finance company in Vietnam with approximately 50% market share that provides cash loan and credit card services to retail customers. With a nation-wide network and advanced mobile applications, FE Credit provides a wide range of services.

Through the Proposed Investment, by leveraging the know-how and expertise SMBCCF has accumulated in the consumer finance sector in Japan and other Asian countries, SMBC Group aims to accelerate its growth strategy in Asia and work together with FE Credit to contribute to the further development of Vietnam’s financial sector.

## 2. Overview of FE Credit

Company name	: VPBank Finance Company Limited (Brand name: FE Credit)
Established	: 2015
Location of Head Office	: Ho Chi Minh City, Socialist Republic of Vietnam
Shareholder	: Vietnam Prosperity Joint Stock Commercial Bank

Financial results of FE Credit for the past three fiscal years

(Unit: JPY billion)

	Dec. 2018	Dec. 2019	Dec. 2020
Operating income	74.4	86.6	83.9
Net profit	15.2	16.5	13.7
Total assets	276.8	325.0	337.6
Net assets	54.0	57.6	71.3

(exchange at 1VND = JPY 0.0046)

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# Investment in FE Credit

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April 28, 2021



# 1. Summary of investment

## Information

### Overview

- SMBCCF will acquire a 49.0% equity stake in FE Credit, a wholly owned subsidiary of VP Bank
- After the transaction, FE Credit will be an equity method affiliate of SMBCCF

### Financial impact

- Impact on CET1 ratio : Approximately ▲10bps
- Return on investment : Expect to reach our profit criteria in the 2<sup>nd</sup> year of investment with stable profit growth

### Strategic rationale

1. Consistent with the goals set out in SMBC Group's Multi-Franchise Strategy in Asia
2. Enables SMBC Group to capture revenue from Vietnam's consumer finance market, a market with much growth potential
3. Allows SMBCCF, a top tier consumer finance company in Japan, to partner with a leading player in Vietnam's consumer finance sector to expand its business platform in the country by utilizing the know-how and experience SMBCCF has accumulated in Japan and other Asian countries

## 2. Overview of FE Credit

FE Credit is a leading player in Vietnam's of consumer finance sector, with approximately 50% market share

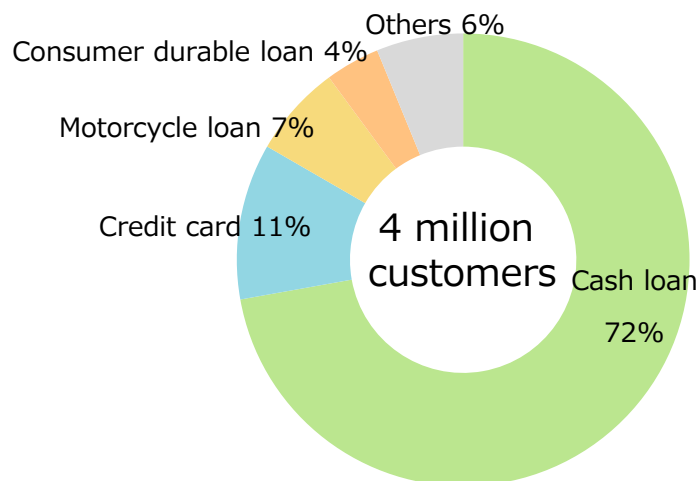
### Company Information

Corporate Name	VPBank Finance Company Limited
Trade Name	FE Credit
Established	2015
Chairman	Mr. Lo Bang Giang
Employees	Over 13,000
Network	Over 20,000 point of sales in Vietnam

### Key Financial Information

(JPY billion)	FY2018	FY2019	FY2020
Total operating income	74.4	86.6	83.9
Net profit	15.2	16.5	13.7
Total assets	276.8	325.0	337.6
Total equity	54.0	57.6	71.3
Total loans	245.0	278.7	300.5
NPL ratio	6.4%	6.2%	6.6%
ROE	28.2%	29.6%	21.2%

### Loan Portfolio



### Overview of VP Bank (Shareholder)

Corporate Name	Vietnam Prosperity Joint Stock Commercial Bank
Established	1993
Chairman	Mr. Ngo Chi Dung
Listing	Ho Chi Min Stock Exchange (ticker: VPB)
Rating	B1 / positive (Moody's)
Total assets	JPY1,656.3 billion

\*1 exchanged at 1VND=JPY 0.0046

# 3. Strategic Rationale of Investment (1) Expanding our franchise in Asia

Execute Multi-Franchise Strategy focusing on: ① Full Banking, ② Localization, and ③ Commitment  
 Consider entering non-banking businesses in countries with foreign ownership restrictions

## Indonesia

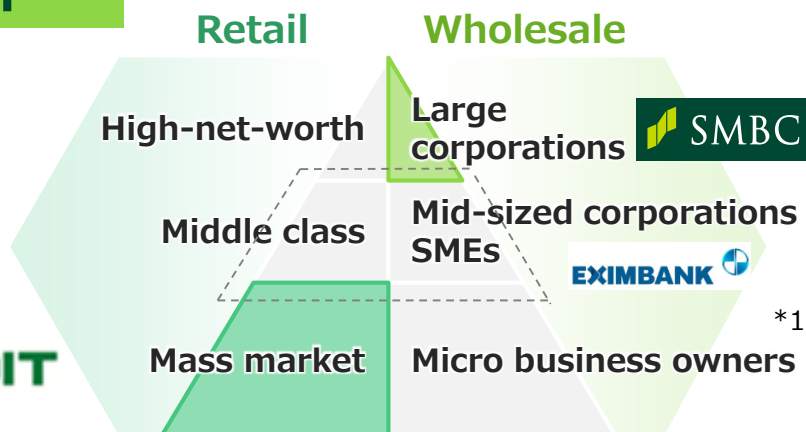
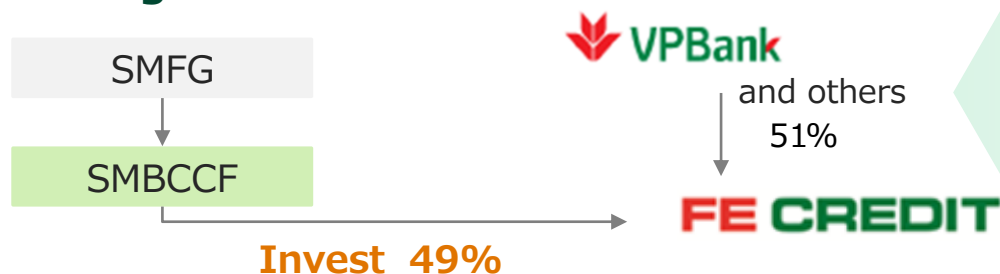
- Enhance business base of BTPN and other Group companies



- Wealth management
- Digital banking
- Consumer finance
- Auto finance
- Securities
- Leasing

## Vietnam

- Capture growth of retail market by entering the consumer finance business

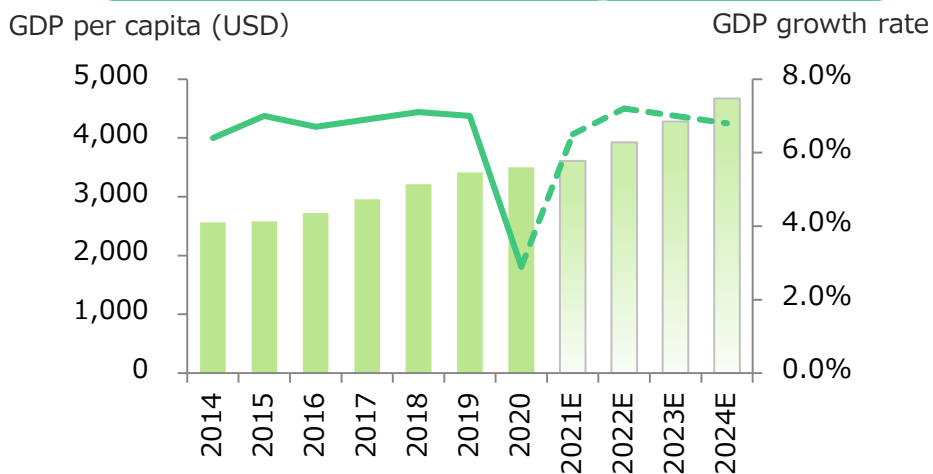


\*1 SMBC invests 15.07% in Vietnam Export Import Commercial Joint Stock Bank

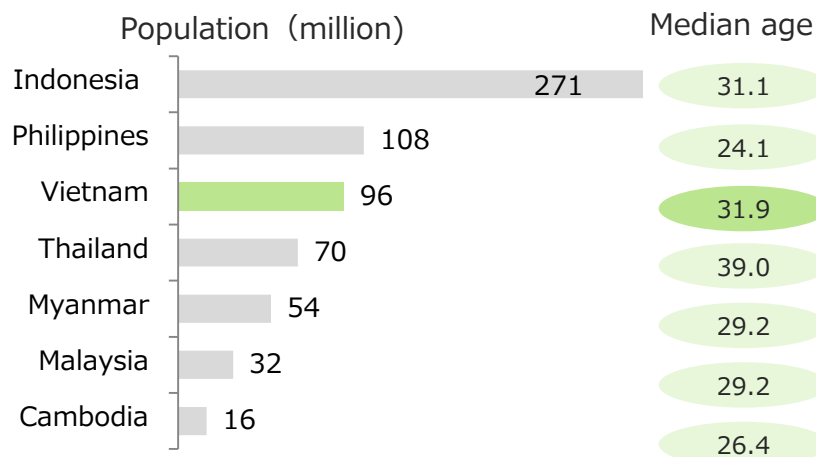
# 4. Strategic Rationale of Investment (2) Growth Potential of Vietnamese market

With the 3<sup>rd</sup> largest population in ASEAN, a young labor force, and an advantageous geographical location, Vietnam is developing as a manufacturing hub and also has high potential as a consumer market

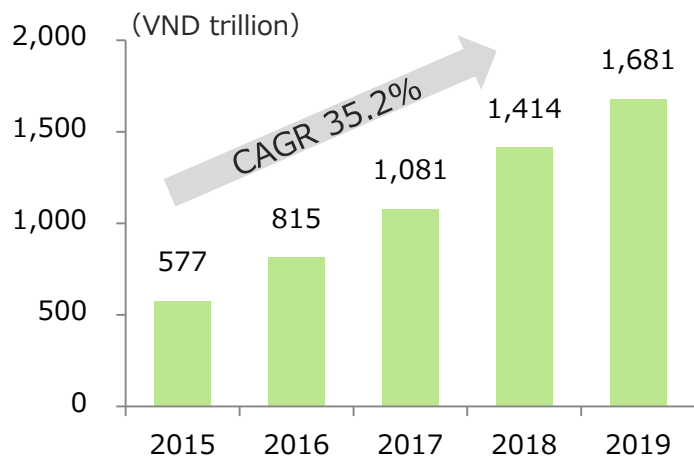
## Stable economic growth



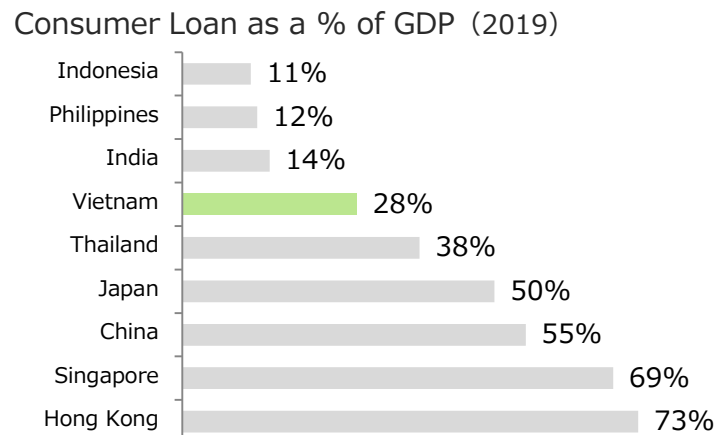
## 3<sup>rd</sup> largest population in ASEAN



## Market size of consumer finance in Vietnam



## High growth potential market



# 3. Strategic Rationale of Investment

(3) Partnership with a Leading Industry Player

Accelerate growth strategy by utilizing the strengths of FE Credit and SMBC Group

## Strengths of FE Credit

### Brand

Approximately 50% market share and high brand awareness throughout Vietnam

### Management

Leaders who achieved top market share

### Business

Advanced initiatives in digital business  
Ecosystem built with partners

### Finance

High profitability: ROE of approx. 20%  
Efficient operations: CAPEX ratio approx. of 30%

## Strengths of SMBC Group

### Global network

### No.1 consumer finance business in Japan

### Quality of products, services, and solutions

### Stable financial foundations based on a long, robust track record