

Annual Review: Sumitomo Mitsui Banking Corporation

SMBC-JICA Sustainable Finance Framework

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1. Introduction

This document is published by the Japan Research Institute, Limited (hereinafter, JRI), as an annual review of the consistency between the "SMBC-JICA Sustainable Finance Framework" (hereinafter, the Framework) and individual loan projects agreed upon by the Sumitomo Mitsui Banking Corporation (hereinafter, SMBC), its global affiliates, and the Japan International Cooperation Agency (hereinafter, JICA) to implement co-financing projects.

The Framework aims to promote sustainable financing, in which SMBC and JICA integrate sustainable elements such as environmental, social, and governance issues in financing economic activities.

2. Role of review provider and scope of review

The role of the JRI is as an external reviewer that provides the annual review for the Framework. The scope of the review is to confirm whether the Framework is appropriately applied to each loan project that concluded during a given period and whether these projects can promote sustainable finance as intended by the Framework.

3. Results of review

In the review, we find that the Framework was appropriately applied to the loan project shown in (1). Examining the Development Impact Report (hereinafter, DIR) submitted to SMBC and JICA by the borrower, we find that the KPI is appropriately reported, as outlined in the Framework. The loan proceeds are also properly managed. The details are given in (2).

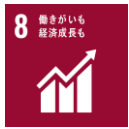
(1) List of target project

(Period : Fiscal year ended March 2021)

| No. | Borrower | Period of loan agreement | Project title |
|-----|-----------------|--------------------------|---|
| ① | Banque Misr SAE | March 2021 | Micro, Small and Medium Enterprises Support Project |

(2) Detail of review

① Banque Misr SAE 「Micro, Small and Medium Enterprises Support Project」 (1st review)

| Item | Detail Review | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------|--------------------------------|--|--|-------------------------|--------------------------|----------------------|-------------------|-----------------------|----------------------|--------------------------------|--------------------------------------|----------------------|-----------------|-----------------------|--|---|------------|--------------|---|---|------------|--------------|
| ①-1 Consistency between the Framework and loan projects | <p>【Use of Proceeds】 At the timing of the loan agreement, we find that the project was concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p>【Process for Project Evaluation and Selection】 We find that the project is evaluated and selected following the process specified in the Framework and social and environmental risk management</p> <p>【Management of Proceeds】 We find that the Borrower confirms their willingness to report its use of proceeds.</p> <p>【Reporting】 We find that the KPI of the project's impact is appropriately determined, and the Borrower confirms their willingness to report in writing.</p> | | | | | | | | | | | | | | | | | | | | | | | |
| ①-2 Consistency between the target projects and SDGs |  <p>Goal 8 : Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-,small- and medium-sized enterprises, including through access to financial services</p> | | | | | | | | | | | | | | | | | | | | | | | |
| ①-3 KPI of individual projects' impact | <table border="1"> <thead> <tr> <th></th> <th>Baseline (June 2020)</th> <th>Reporting (March2022)</th> <th>Target (Oct 2023)</th> </tr> </thead> <tbody> <tr> <td>MSME loan balance</td> <td>40,000 million EGP</td> <td>1,826 million EGP</td> <td>63,541 million EGP (2026/4)</td> </tr> <tr> <td>(Within that, loan balance of WMSME)</td> <td>4,815 million EGP</td> <td>576 million EGP</td> <td>19,062 million EGP</td> </tr> <tr> <td>increase in number of borrowers of MSME loans due to JICA's loan</td> <td>0</td> <td>540 people</td> <td>4,589 people</td> </tr> <tr> <td>(Within that, increase in number of borrowers of WMSME loans)</td> <td>0</td> <td>207 people</td> <td>1,970 people</td> </tr> </tbody> </table> <p>WMSME :Women-owned MSMEs, EGP: Egyptian Pound</p> | | | | | Baseline (June 2020) | Reporting (March2022) | Target (Oct 2023) | MSME loan balance | 40,000 million EGP | 1,826 million EGP | 63,541 million EGP (2026/4) | (Within that, loan balance of WMSME) | 4,815 million EGP | 576 million EGP | 19,062 million EGP | increase in number of borrowers of MSME loans due to JICA's loan | 0 | 540 people | 4,589 people | (Within that, increase in number of borrowers of WMSME loans) | 0 | 207 people | 1,970 people |
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| increase in number of borrowers of MSME loans due to JICA's loan | 0 | 540 people | 4,589 people | | | | | | | | | | | | | | | | | | | | | |
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| ①-4 Management of proceeds | <p>In reviewing the DIR, we find that the Borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance.</p> | | | | | | | | | | | | | | | | | | | | | | | |

Reference List

| No. | Document Name |
|-----|---|
| 1 | Third-Party Opinion: Sumitomo Mitsui Banking Corporation SMBC-JICA Sustainable Finance Framework (dated 30 march 2021) |
| 2 | Check-sheet of SMBC-JICA Sustainable Finance Framework (closed document) |
| 3 | Schedule 8 - Form of Development Effectiveness Monitoring Report, Development Impact Report (closed document) |

About the Japan Research Institute, Limited

(1) Corporate Profile

- Company name The Japan Research Institute, Limited
- Establishment February 20, 1969
- Capital 10 billion yen
- Employees 2,810 (As of March 31, 2022)
- Stock owner Sumitomo Mitsui Financial Group, Inc.
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- Group Companies Japan Research Institute Information Service Co., Ltd.
 - JSOL Corporation
 - JRI America, Inc. (New York)
 - JRI Europe, Ltd. (London)
 - Nisso (Shanghai) Trust Systems Co., Ltd.
 - Nisso (Shanghai) Consulting Group, Beijing Consulting Co., Ltd.
- Registration of business
PRIVACY MARK LICENSE NUMBER: 11820002 (09)

(2) Expertise as an external reviewer

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