

# Overview of 1Q FY3/2024

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July 31, 2023



SUMITOMO MITSUI  
FINANCIAL GROUP

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 managements 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 conditions and our operating results, and investors’ decisions.

## Exchange rates (TTM)

	Jun. 22	Mar. 23	Jun. 23
USD	136.64	133.54	144.99
EUR	142.65	145.75	157.60

## Definitions

SMFG	Sumitomo Mitsui Financial Group, Inc.
SMBC	Sumitomo Mitsui Banking Corporation
SMBC Trust	SMBC Trust Bank
SMFL	Sumitomo Mitsui Finance and Leasing
SMBC Nikko	SMBC Nikko Securities
SMCC	Sumitomo Mitsui Card Company
SMBCCF	SMBC Consumer Finance
SMDAM	Sumitomo Mitsui DS Asset Management
SMBCAC	SMBC Aviation Capital
SMICC	SMFG India Credit Company (Former Fullerton India)
Major local subsidiaries	SMBC Bank International, SMBC Bank EU, SMBC (China)
Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excl. non-recurring losses
Net business profit	Before provision for general reserve for possible loan losses
Retail Business Unit (RT)	Domestic retail business
Wholesale Business Unit (WS)	Domestic wholesale business
Global Business Unit (GB)	International business
Global Markets Business Unit (GM)	Market / Treasury related businesses

# Income statement

Progress rate of 1Q results toward FY3/24 full-year target:

Consolidated net business profit 27%, Profit attributable to owners of parent 30%

	(JPY bn)	1Q FY3/24	YoY	FY3/24 target
1 Consolidated gross profit		875.4	+78.5	
G&A expenses		535.1	+51.1	
2 Overhead ratio		61.1%	+0.4%	
3 Equity in gains (losses) of affiliates	Progress	16.9	(15.8)	
4 Consolidated net business profit	27%	357.2	+11.6	1,340
5 Total credit cost		43.9	+11.8	230
6 Gains (losses) on stocks		41.2	+4.4	
7 Other income (expenses)		(5.3)	(4.7)	
8 Ordinary profit		349.1	(0.5)	1,160
9 Extraordinary gains (losses)		(1.1)	(0.1)	
10 Income taxes		97.3	+3.3	
11 Profit attributable to owners of parent	30%	248.0	(4.4)	820
12 ROE incl. OCI <sup>*1</sup>		7.7%	(0.6)%	
13 ROE <sup>*2</sup>		9.6%	(0.5)%	

**Consolidated gross profit:** increased YoY as each Business Unit shows steady progress mainly due to

- 1) recovery of SMBC Nikko,
  - 2) strong performance of payment business, and
  - 3) increase of income on loan in domestic and overseas.
- Impact of FX: JPY+ 19 bn

**G&A expenses:** increased YoY mainly due to overseas expense related to inflation, as well as higher variable marketing cost of SMCC, which is successfully increasing new customers.  
Impact of FX: JPY +10 bn

**Equity in gains of affiliates:** decreased YoY due to absence of gains on change in equity related to Bank of East Asia.

**Total credit cost:** increased due to domestic consumer finance business but managed to be lower than forecast.

**Gains on stocks:** increased YoY due to gains on sales of equity holdings (JPY 25 bn, YoY JPY 3 bn) and ETF sales, despite absence of profit from sales of Moelis shares.

\*1 Denominator: Shareholder's equity + total accumulated other comprehensive income

\*2 Based on shareholder's equity

# (Ref.) Group companies

## SMBC

	(JPY bn)	1Q FY3/24	YoY	FY3/24 target
1 <b>Gross banking profit</b>		423.3	(48.3)	
2 o/w Net interest income		240.1	(88.9)	
3 o/w Gains (losses) on cancellation of investment trusts		0.9	(28.3)	
4 Domestic		132.3	(67.4)	
5 Overseas		107.8	(21.5)	
6 o/w Net fees and commissions		110.6	+6.9	
7 Domestic		48.2	+4.5	
8 Overseas		62.4	+2.4	
9 o/w Net trading income+ Net other operating income		71.8	+33.5	
10 o/w Gains (losses) on bonds		(1.2)	+31.9	
11 <b>Expenses</b>		242.6	+20.9	
12 <b>Banking profit</b>		180.7	(69.2)	765
13 <b>Total credit cost</b>		(4.1)	(25.0)	85
14 <b>Gains (losses) on stocks</b>		37.5	+7.9	
15 <b>Extraordinary gains (losses)</b>		1.9	(19.3)	
16 <b>Net income</b>		163.7	(45.3)	520

Absence of  
dividend from  
subsidiary: (42)

## Other major group companies

(left : results of 1Q FY3/24 / right : YoY)

(JPY bn)	SMCC <sup>*1</sup>		SMBC Nikko <sup>*2</sup>		SMBCCF <sup>*1</sup>	
<b>Gross profit</b>	131.2	+15.4	108.0	+15.3	61.0	+3.1
<b>Expenses</b>	109.3	+12.0	92.8	+6.1	26.3	+1.3
<b>Net business profit</b>	22.1	+3.4	15.2	+9.2	27.7	(4.4)
<b>Net income</b>	6.9	(0.3)	10.9	+2.1	2.8	(11.0)

(Equity method affiliate)

	SMBC Trust		SMDAM		50% SMFL <sup>*3</sup>	50%
<b>Gross profit</b>	15.1	+2.4	9.6	+0.4	69.5	+10.6
<b>Expenses</b>	9.7	+0.7	7.8	+0.1	31.2	+4.0
<b>Net business profit</b>	5.4	+1.7	1.8	+0.3	40.9	+6.2
<b>Net income</b>	4.9	+2.7	1.3	+0.3	20.1	+4.2

\*1 Incl. impact from reorganization of SMBC Mobit

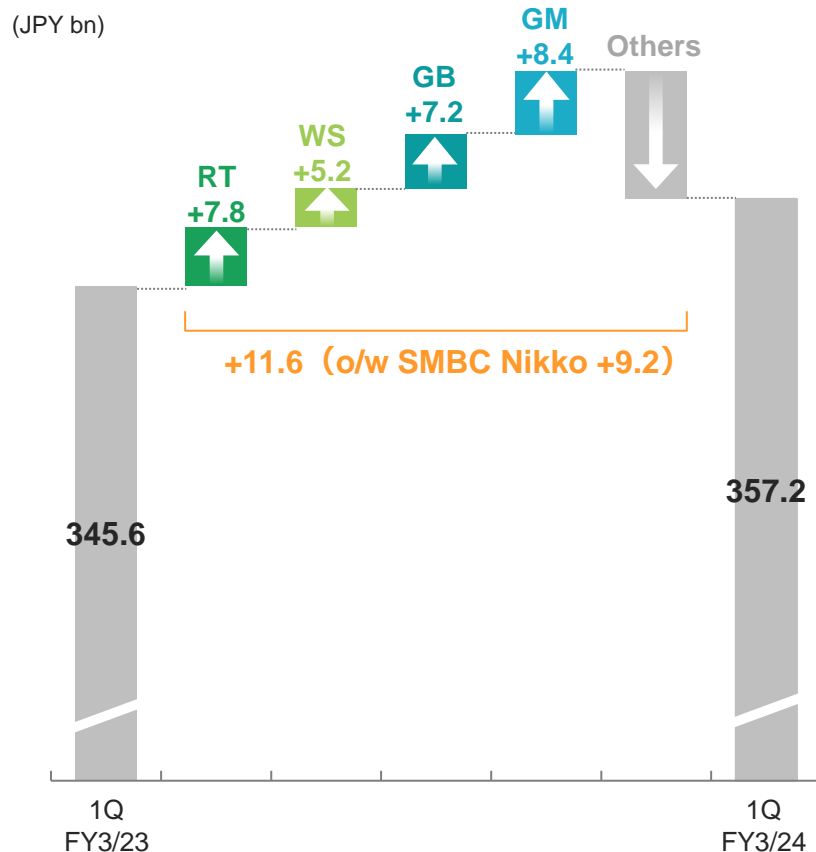
\*2 Incl. profits from SMBC Nikko America and SMBC Capital Markets (managerial accounting basis)

\*3 Managerial accounting basis

# Consolidated net business profit

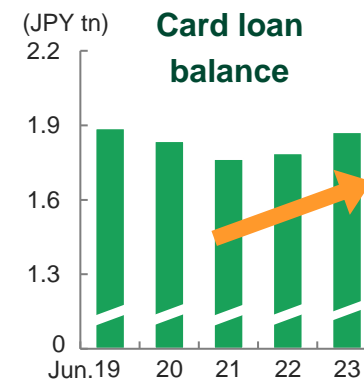
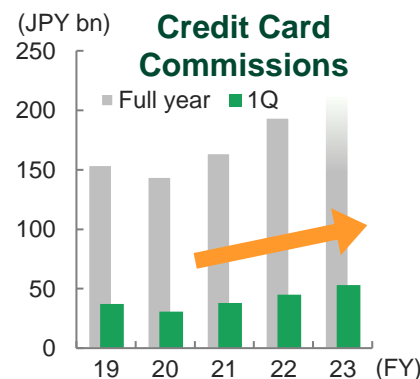
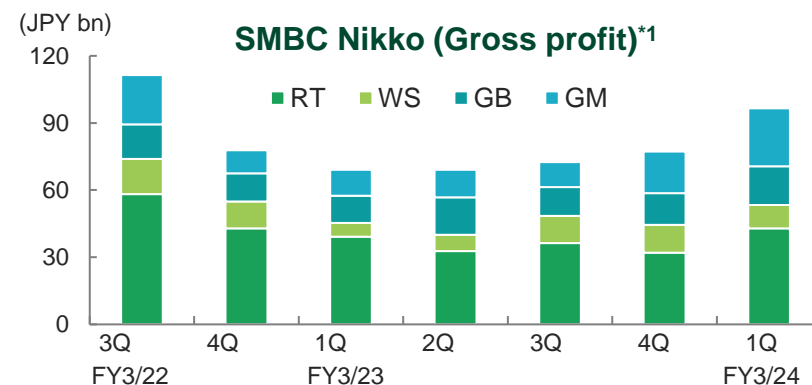
Increased +11.6 bn YoY as each Business Unit shows steady progress.

## Breakdown by Business Units



## Business line

- SMBC Nikko: increased in GM and RT, while pipeline is recovering in WS and GB Business Units
- Credit card and consumer finance business keep positive trend



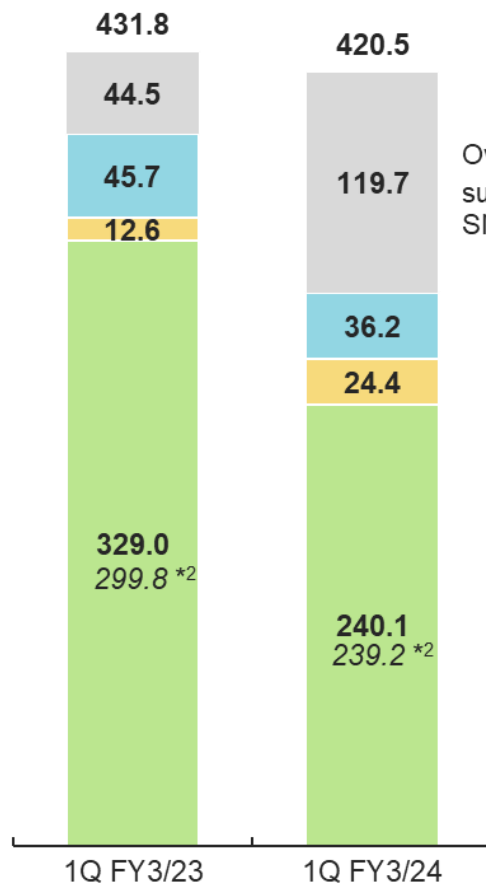
\*1 Managerial accounting basis (excl. profits from overseas derivative)

# Consolidated gross profit \*1

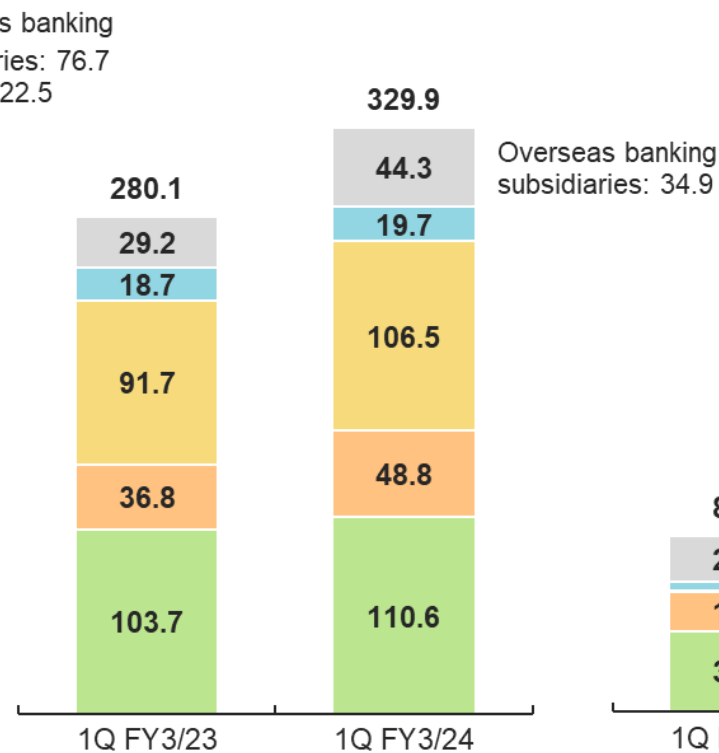
■ SMBC ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ Others

## Net interest income

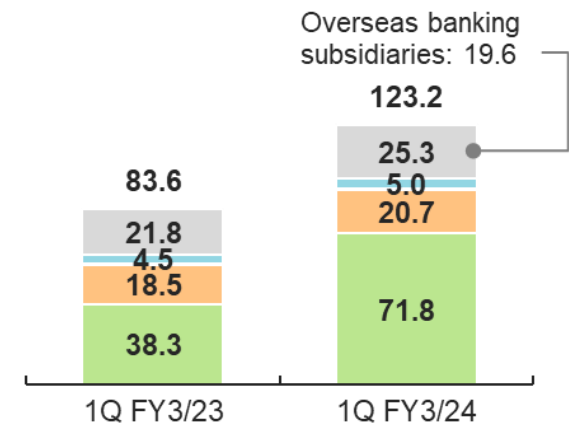
(JPY bn)



## Net fees and commissions



## Net trading income + Net other operating income

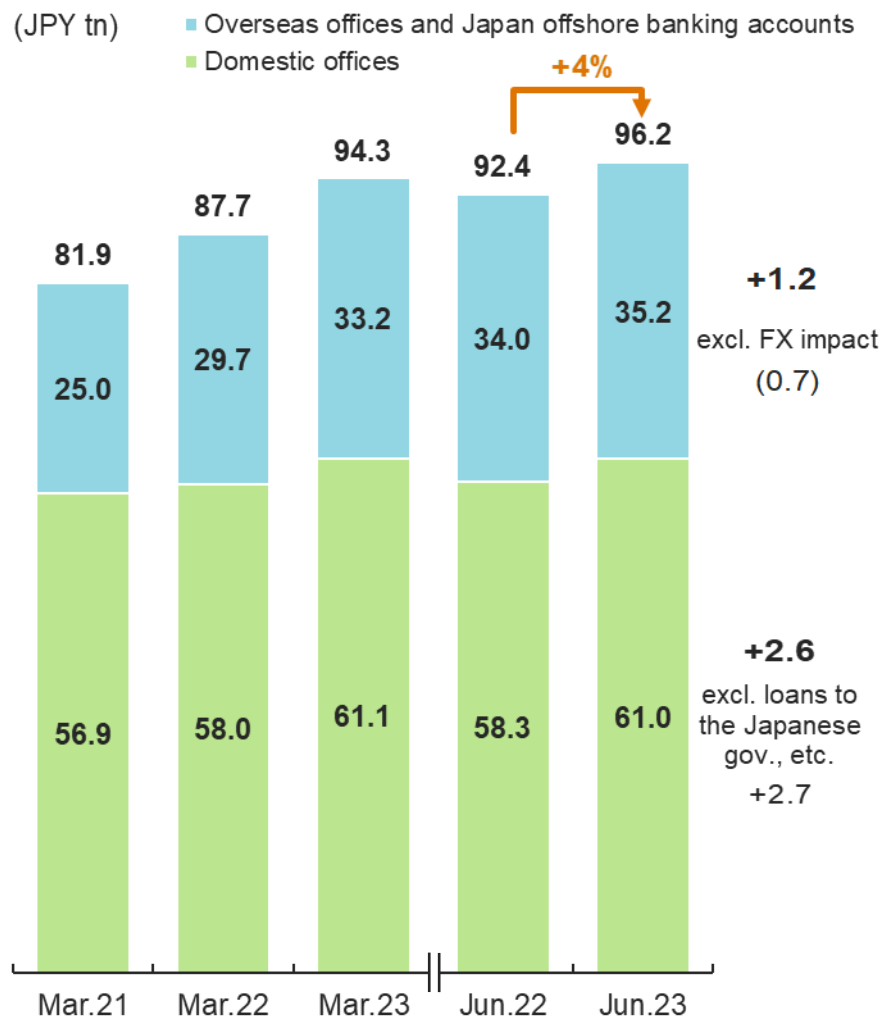


\*1 The figure for FY3/23 has not been adjusted to the reorganization of SMBC Mobit in Apr.23

\*2 Excl. gains on cancellation of investment trusts

# Loans\*1

## Loan balance



## Domestic loan-to-deposit spread

	FY3/24		FY3/23			
	1Q	YoY	1Q	2Q	3Q	4Q
Interest earned on loans and bills discounted	0.82	(0.01)	0.83	0.84	0.81	0.82
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.82	(0.01)	0.83	0.84	0.81	0.82

(Ref.) Excl. loans to the Japanese government, etc.

Interest earned on loans and bills discounted	0.84	(0.01)	0.85	0.86	0.83	0.84
Loan-to-deposit spread	0.84	(0.01)	0.85	0.86	0.83	0.84

## Average loan balance and spread\*2

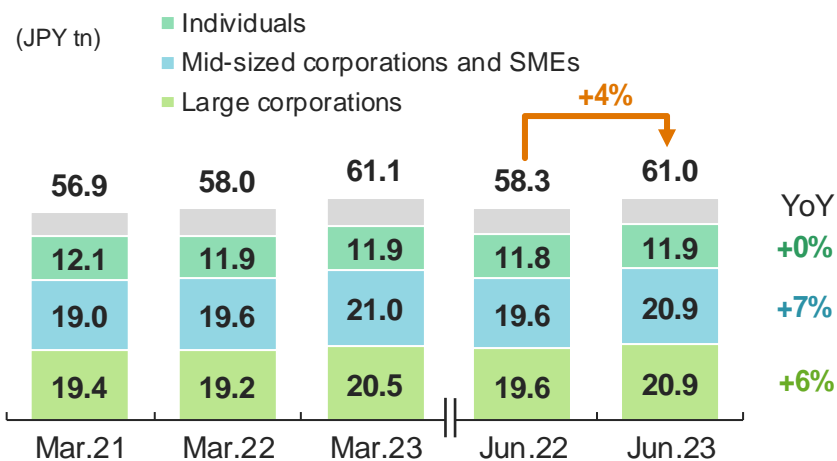
	Balance (JPY tn)		Spread (%)	
	1Q FY3/24	YoY*4	1Q FY3/24	YoY
Domestic loans	59.3	+3.1	0.71	(0.01)
Excl. loans to the Japanese government, etc.	56.8	+3.0	0.73	(0.01)
o/w Large corporations	20.4	+1.5	0.55	(0.02)
o/w Mid-sized corporations & SMEs	20.9	+1.2	0.63	+0.02
o/w Individuals	11.9	+0.1	1.37	(0.03)
GBU's interest earning assets*3	347.0 USD bn	(10.6) USD bn	1.23	+0.06

\*1 Non-consolidated \*2 Managerial accounting basis \*3 Sum of SMBC, Major local subsidiaries and SMBC Trust, etc. Sum of loans, trade bills, and securities. Change the definition of the spread due to cessation of USD Libor: from difference with the benchmark interest rate to with the cost of funds \*4 After adjustments for exchange rates, etc.

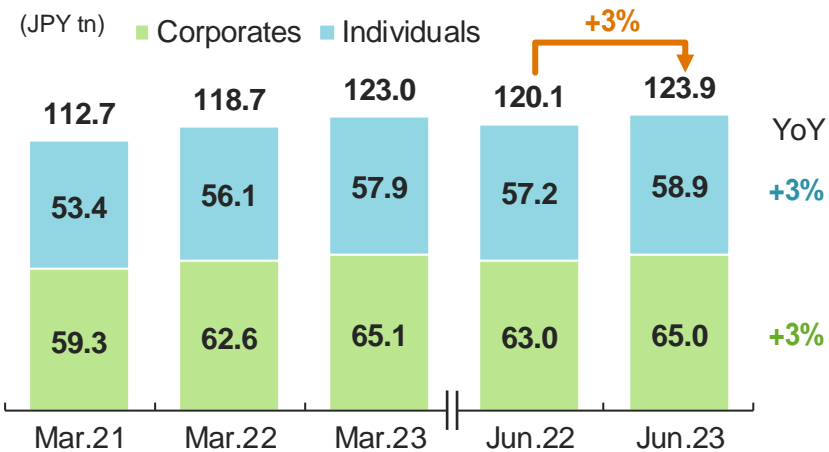


# Domestic loans and deposits\*1

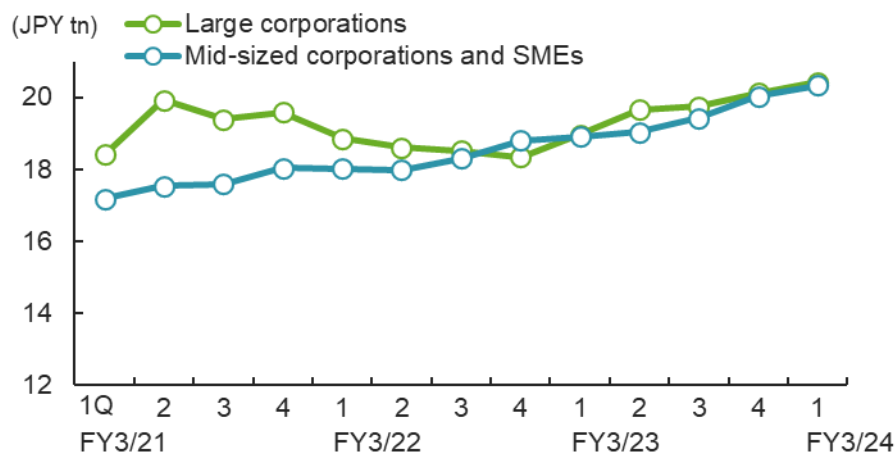
## Loan balance\*2



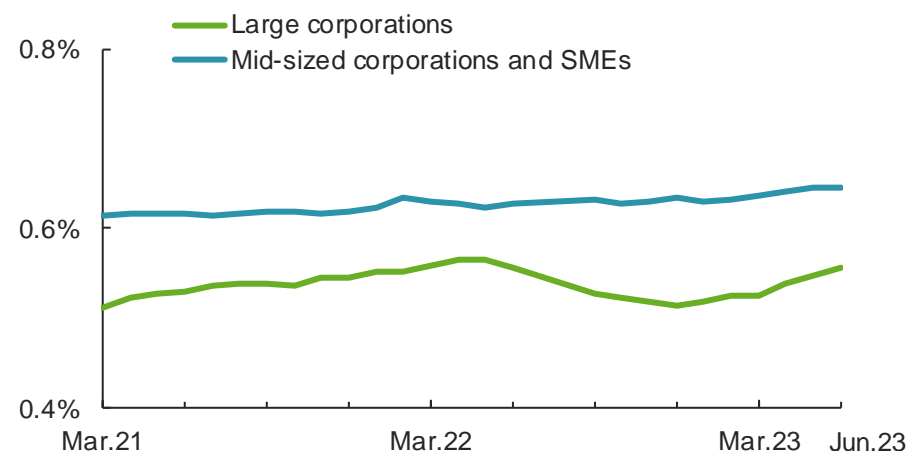
## Deposit balance



## Loan average balance for corporates\*2,3



## Loan spread for corporates\*2,4



\*1 Non-consolidated \*2 Managerial accounting basis \*3 Quarterly average (excl. loans to the Japanese government)

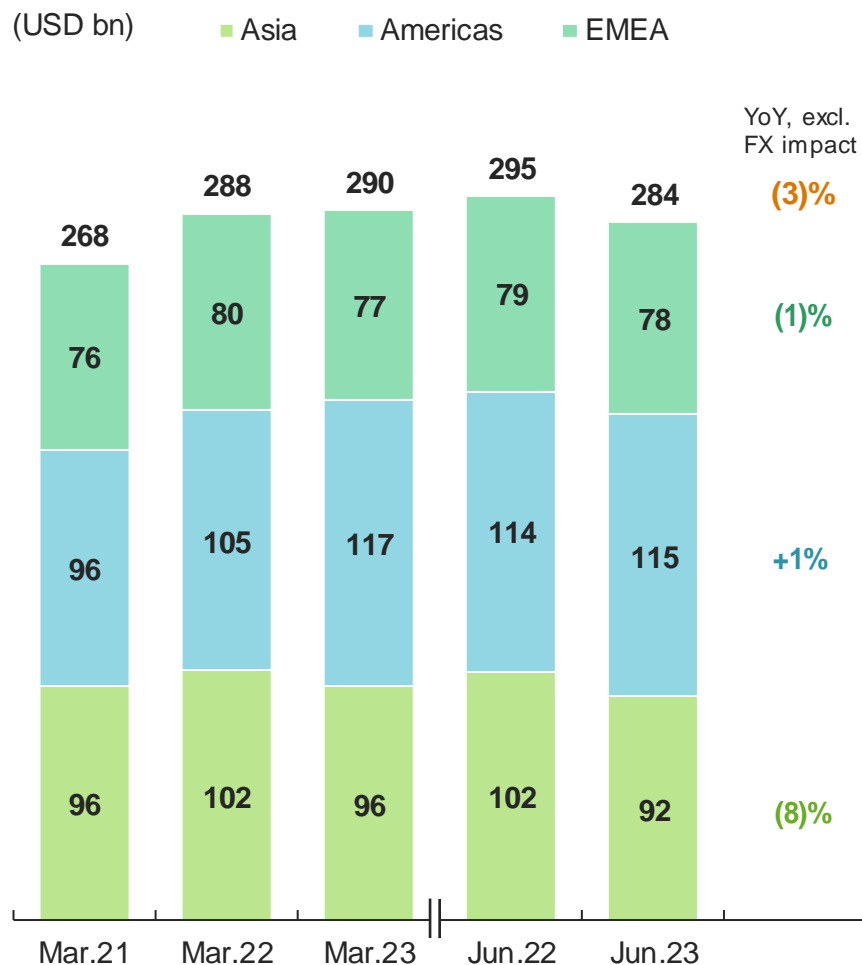
Figures for SMEs are the outstanding balance of Corporate banking division

\*4 Loan spread of existing loans (excl. loans to the Japanese government)

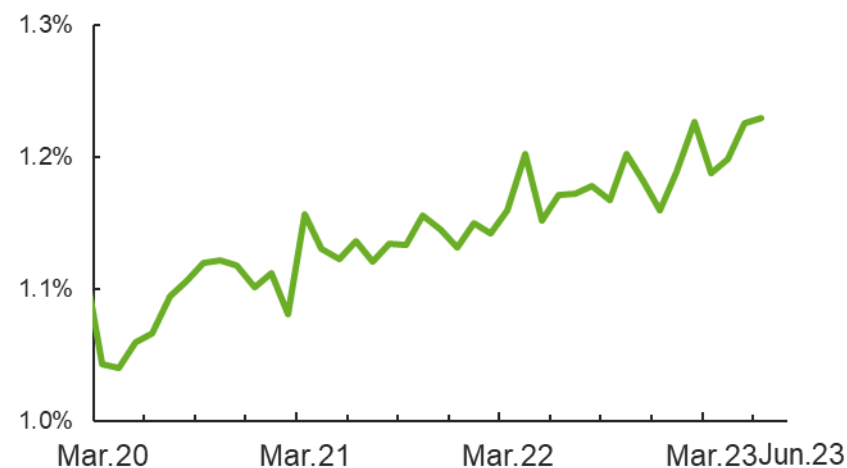


# Overseas loans and deposits\*1

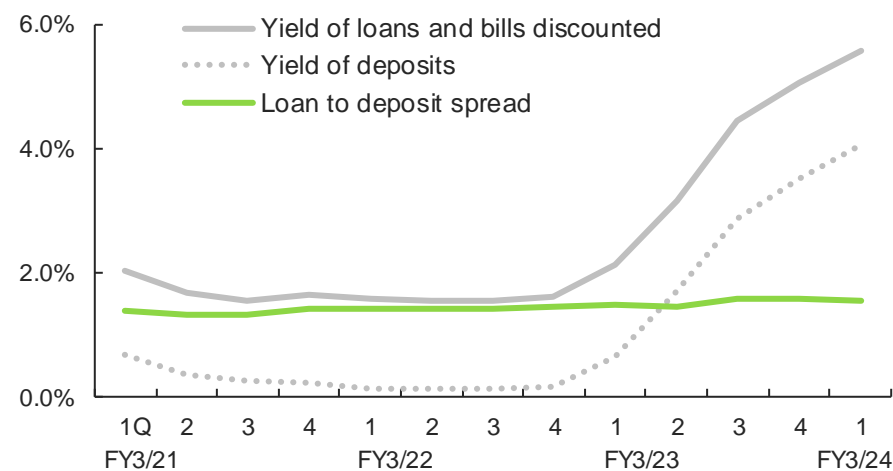
## Loan balance



## Loan spread\*2,3



## Loan to deposit spread



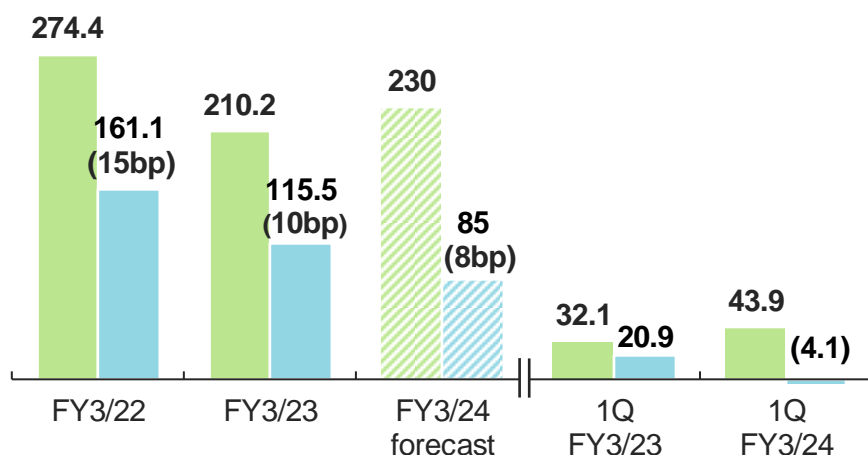
\*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

\*2 Monthly average loan spread of existing loans \*3 Change the definition of the spread due to cessation of USD Libor: from difference with the benchmark interest rate to with the cost of funds

# Asset quality

## Credit costs

(JPY bn) Consolidated Non-consolidated

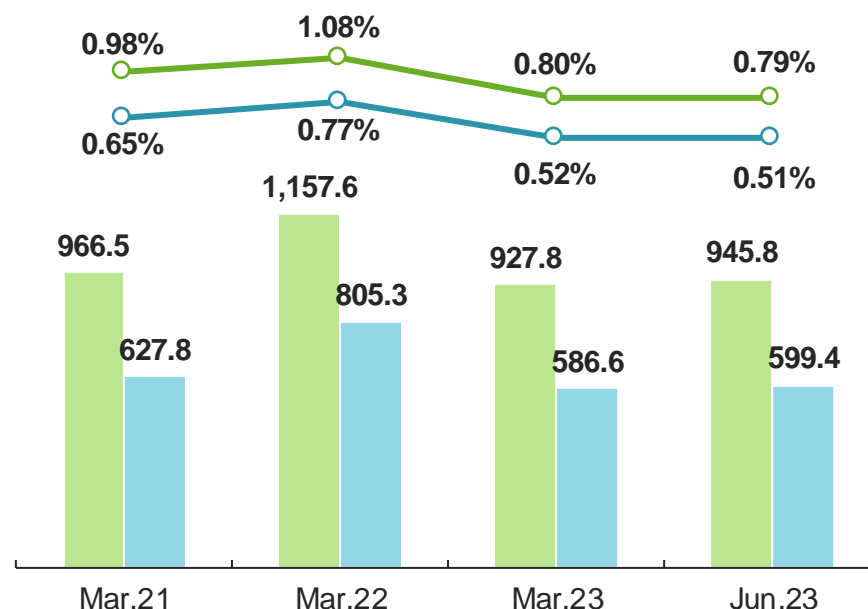


## Major group companies

	(JPY bn)	1Q FY3/24	YoY
SMBCCF		23	+7 <sup>*2</sup>
SMCC		12	+5 <sup>*2</sup>
Overseas banking subsidiaries		6	+6
SMICC		6	+3
Adjustments of FX		-	+15 <sup>*3</sup>

## Non-performing loan<sup>\*1</sup>

(JPY bn) Consolidated Non-consolidated



## Total claims

	(JPY tn)		
Consolidated	107	116	120
Non-consolidated	104	113	116
<b>Claims on borrowers requiring caution (excl. claims to substandard borrowers)</b>			
Non-consolidated	1.9	1.8	1.8

\*1 NPL ratio = NPLs based on the Banking Act and the Reconstruction Act (excl. normal assets) / Total claims

\*2 The figure for FY3/23 and YoY change has not been adjusted to the reorganization of SMBC Mobit in Apr.23

\*3 Adjustments of FX is recorded in the total credit cost, as the total credit cost is net reversal on non-consolidated basis.

# Securities (1)

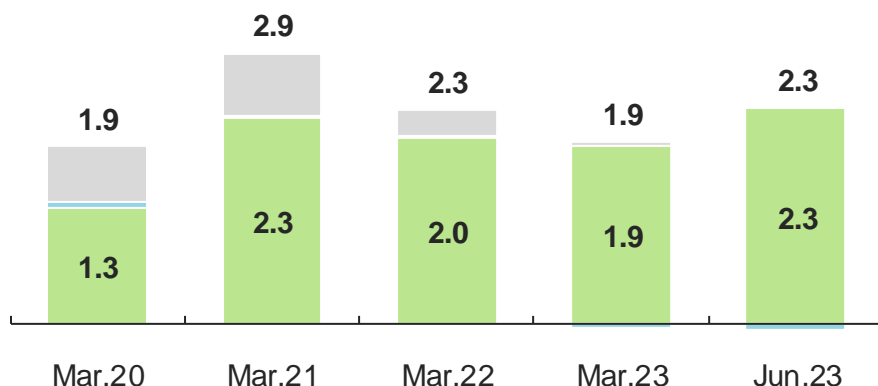
## Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	(JPY bn)	Jun.23   vs Mar.23	Jun.23   vs Mar.23	Jun.23   vs Mar.23
<b>Held-to-maturity</b>	199.8	+34.2	0.1	+0.5
<b>Available for sales</b>	32,952.3	+487.3	2,301.0	+385.9
Stocks (domestic)	3,729.0	+383.6	2,348.9	+404.1
Bonds (domestic)	11,840.6	(1,336.9)	(51.9)	+12.3
o/w JGBs	8,324.6	(1,251.7)	(30.6)	+5.8
Others	17,382.7	+1,440.6	4.1 <sup>*1</sup>	(30.5)
o/w Foreign bonds	14,296.2	+1,214.7	(873.2)	(175.9)

Risk volume is controlled by hedging and others

## Unrealized gains

(JPY tn) ■ Stocks (domestic) ■ Bonds (domestic) ■ Others



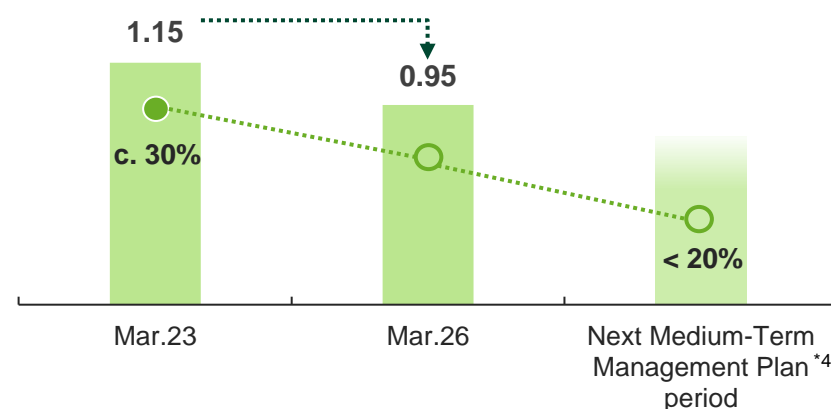
## Equity holdings (Jun.23)

Total reduction	JPY 11 bn
Consent of sales from clients outstanding	JPY 77 bn
<b>Reduction + Consent</b>	<b>JPY 88 bn</b>

## Reduction plan

**Reduce JPY 200 bn in 3 years (FY3/24-FY3/26)**

(JPY tn) ■ Book value of domestic listed stocks<sup>\*2</sup>  
 ● Market value of equity holdings<sup>\*3</sup> / consolidated net assets



<sup>\*1</sup> The difference between foreign bonds and others is unrealized gain on foreign stocks

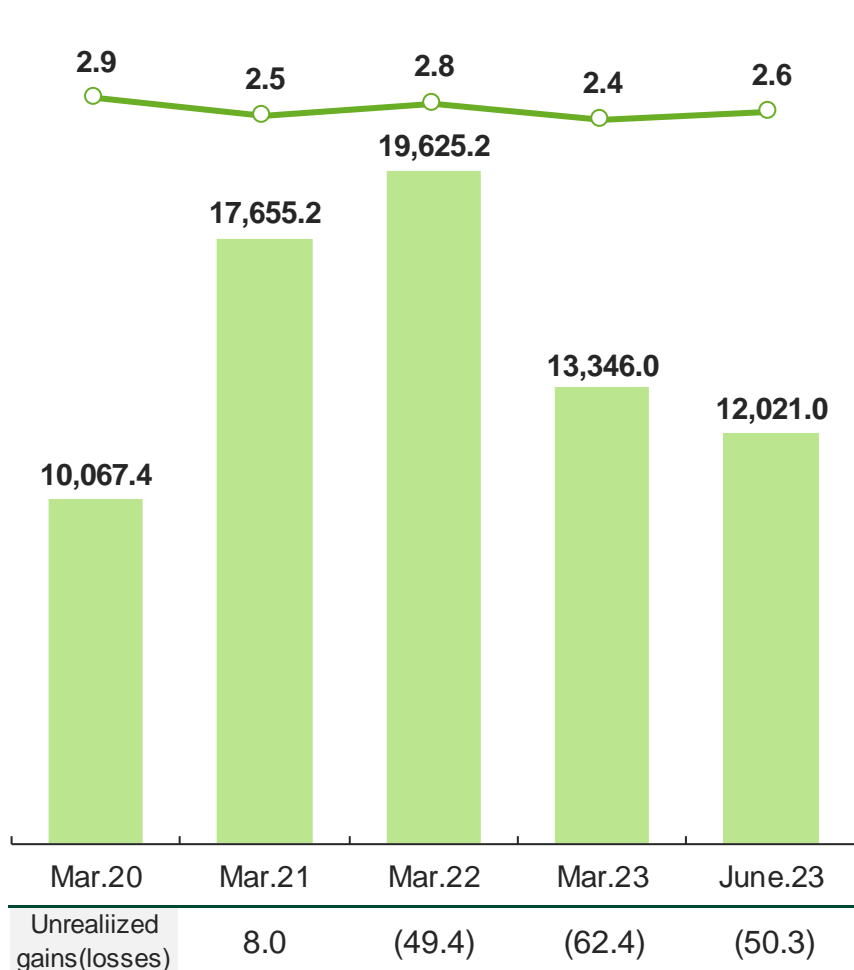
<sup>\*2</sup> Excl. investments after Mar.20 for the business alliance purpose<sup>\*3</sup> Incl. balance of deemed held shares

<sup>\*4</sup> FY3/27-29

# Securities (2)

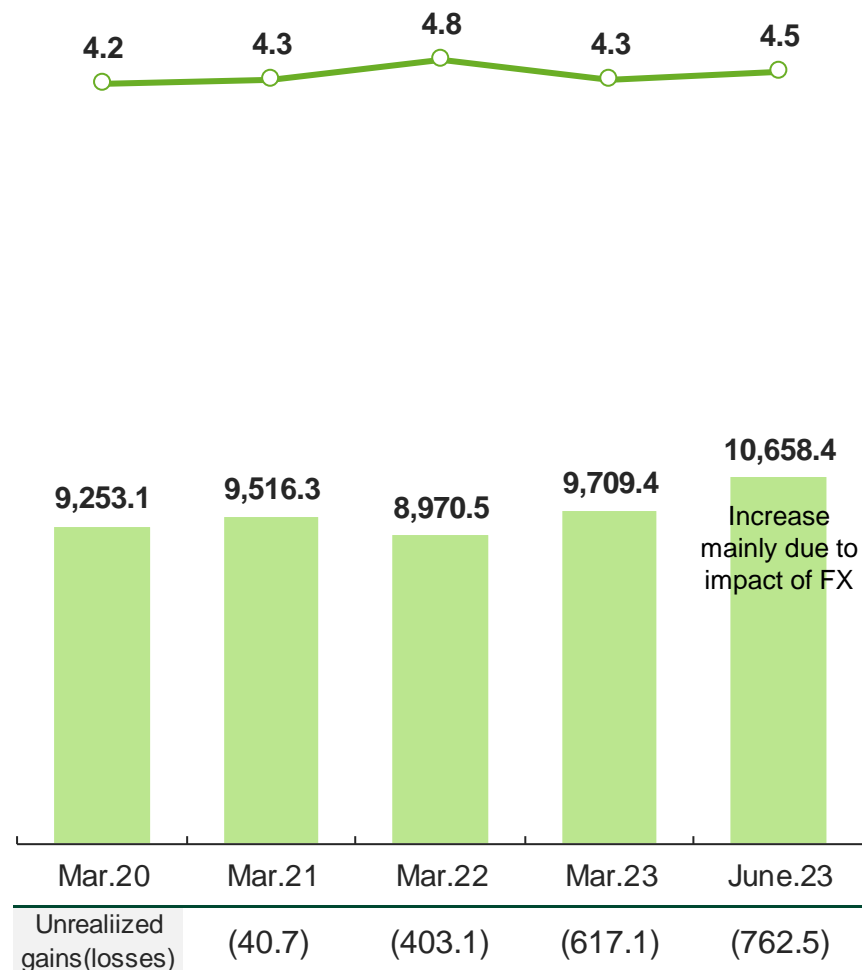
## Yen-denominated bonds (Non-consolidated)

(JPY bn)      B/S amount      Duration (years) \*1



## Foreign bonds (Non-consolidated)

(JPY bn)      B/S amount      Duration (years) \*1



\*1 Managerial accounting basis (excl. bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds.)

# Balance sheet

## Consolidated

(vs Mar.23)

### Loans

**JPY 101.3 tn**  
(+JPY 2.9 tn)

**Domestic loans<sup>\*2</sup>**

JPY 61.0 tn

### Securities

**JPY 33.8 tn (+JPY 0.6 tn)**

JGBs

JPY 8.3 tn

Foreign bonds

JPY 14.3 tn

### Others

**JPY149.6 tn**  
(+JPY 10.8 tn)

**Cash and due from banks**

JPY 76.7 tn

BoJ's current account<sup>\*1</sup>

JPY 58.3 tn

### Deposits

**JPY 174.4 tn**  
(+JPY 3.2 tn)

**Loan to deposit ratio**  
**57.9%**

**Domestic deposits<sup>\*1</sup>**

JPY 123.9 tn

**NCD**

JPY 14.1 tn

### Others

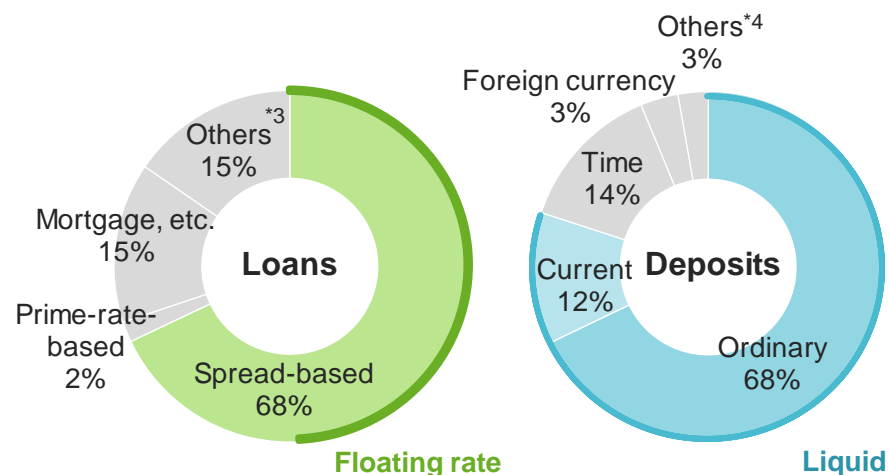
**JPY96.8 tn**  
(+JPY 10.4 tn)

### Total net assets

**JPY 13.4 tn (+JPY 0.6 tn)**

**Total assets JPY 284.6 tn (+JPY 14.2 tn)**

## Domestic loans and deposits<sup>\*1,2</sup>



## Expected impact from possible interest hike

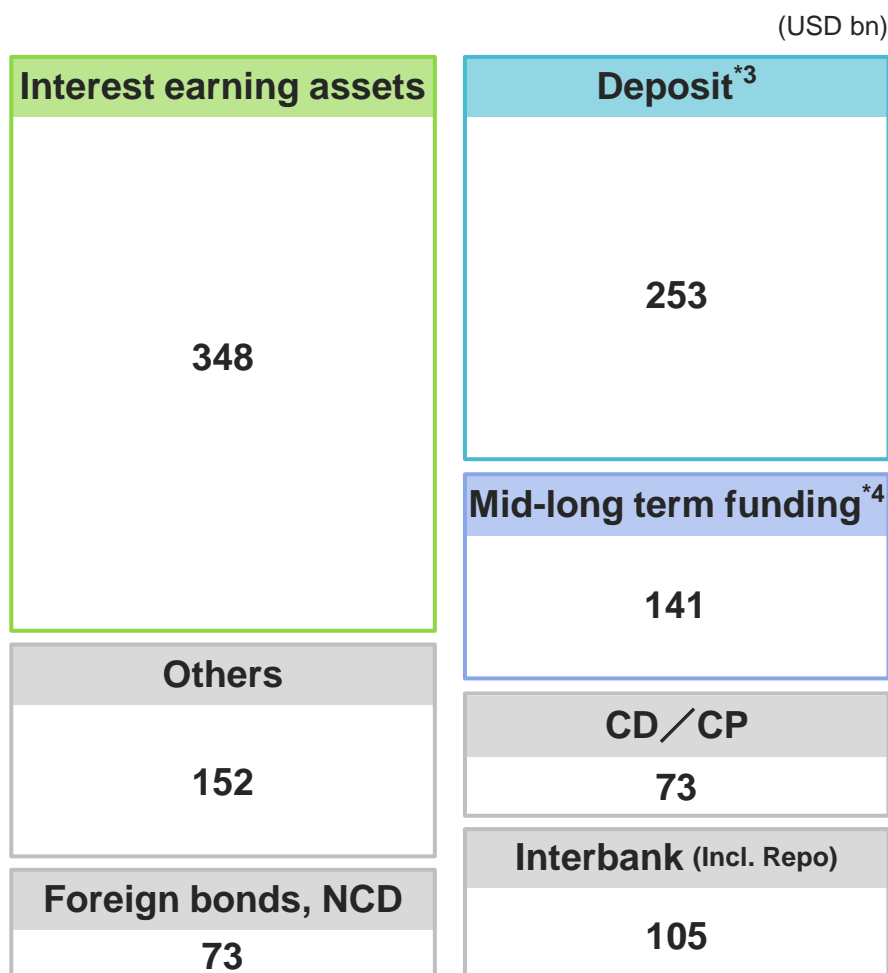
- Policy rate increase from (0.1)% to 0%  
: Net interest income JPY +30 bn
- Medium-to long-term rate increase  
: Expect further improvement  
incl. profit from market operation

\*1 Non-consolidated \*2 Managerial accounting basis \*3 Overdraft, foreign-currency-denominated, etc.

\*4 Sundry, etc.

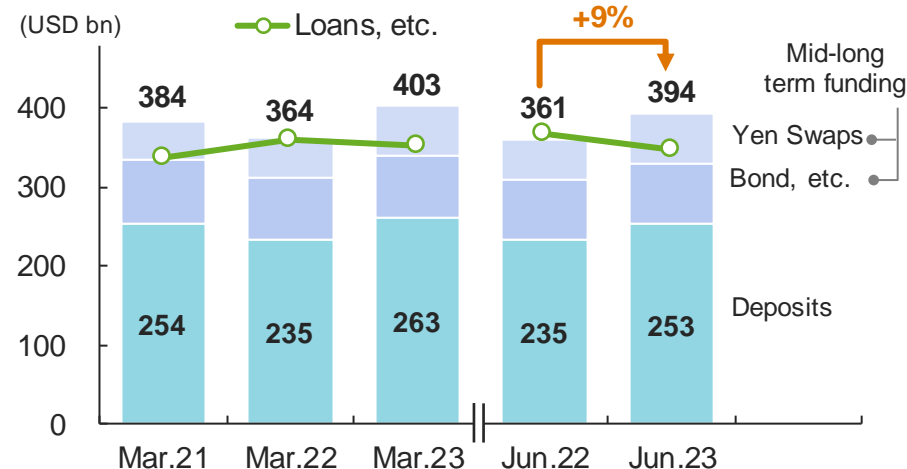
# Foreign currency

## Non-JPY B/S<sup>\*1,2</sup>



Assets / Liabilities 573 (vs Mar.23 (5))

## Foreign currency balance



## Impact of interest rise

### Loan/deposit

- Most of the loans / deposits are based on market rate (A few deposits have low sensitivity to interest rate)

### Foreign bonds

- Unrealized losses will increase when government bond yields rise
- Interest earnings on roll-overs improve while funding cost increases

\*1 Sum of SMBC and major local subsidiaries \*2 Managerial accounting basis

\*3 Incl. deposits from central banks \*4 Corporate bonds, currency swaps, etc

# Results by Business Unit

(JPY bn)		FY3/23	1Q FY3/24	YoY <sup>*1</sup>
Retail	Gross profit	1,147.7	304.6	+23.7
	Expenses	994.1	261.6	+16.0
	Overhead Ratio	86.6%	85.9%	(1.6)%
	<b>Net business profit</b>	158.3	43.8	+7.8
Wholesale	Gross profit	762.3	172.9	+6.9
	Expenses	325.0	76.3	+4.9
	Overhead Ratio	42.6%	44.1%	+1.1%
	<b>Net business profit</b>	515.4	121.7	+5.2
Global	Gross profit	1,188.9	331.3	+52.3
	Expenses	677.9	187.6	+26.1
	Overhead Ratio	57.0%	56.6%	(1.3)%
	<b>Net business profit</b>	555.9	156.5	+7.2
Global Markets	Gross profit	455.8	149.4	+11.2
	Expenses	135.7	38.8	+3.4
	Overhead Ratio	29.8%	26.0%	+0.4%
	<b>Net business profit</b>	349.0	118.0	+8.4

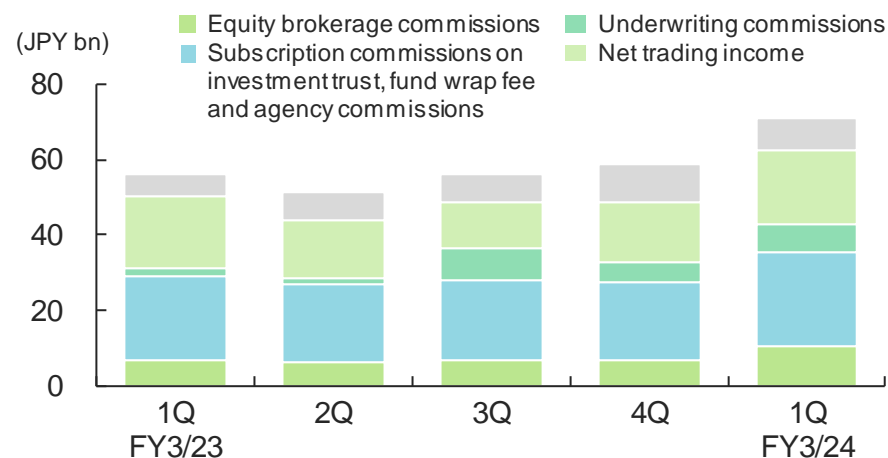
\*1 After adjustments of the changes of interest rates and exchange rates



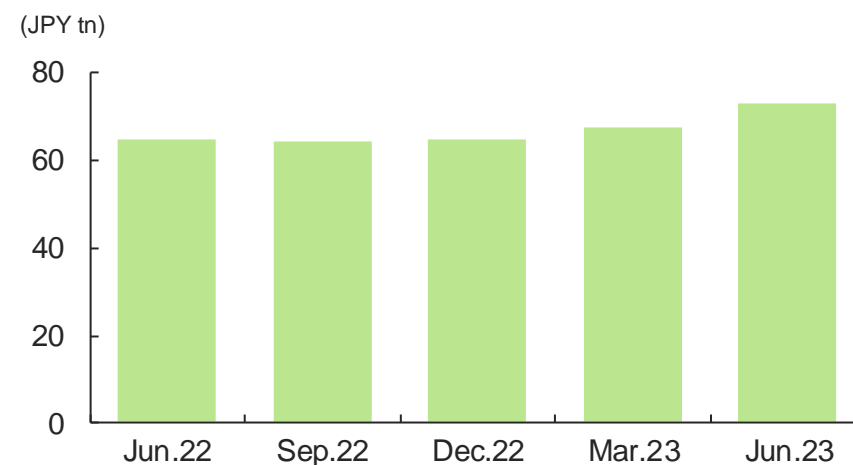
## Financial results

(JPY bn)	FY3/23	1Q FY3/24	YoY
Net operating revenue	222.8	70.9	+14.7
SG&A expenses	267.3	66.7	+3.0
Ordinary income	(42.1)	4.1	+11.1
Net income	(39.8)	(5.9) <sup>*1</sup>	(2.3)

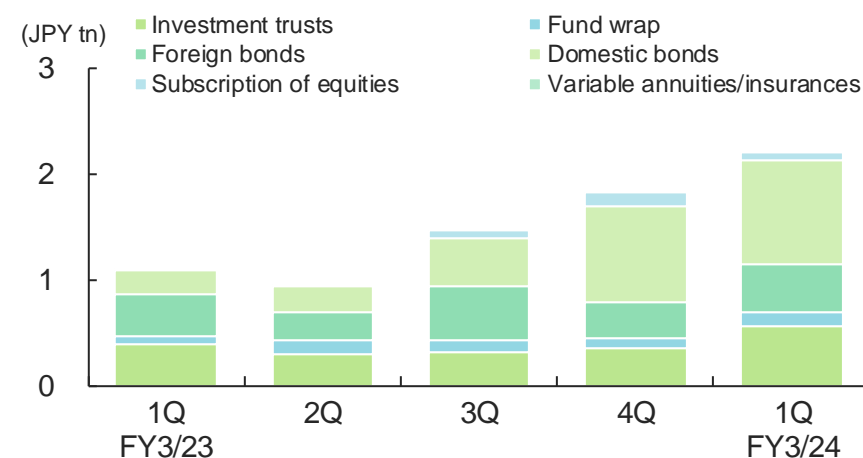
## Net operating revenue



## Client assets



## Product sales

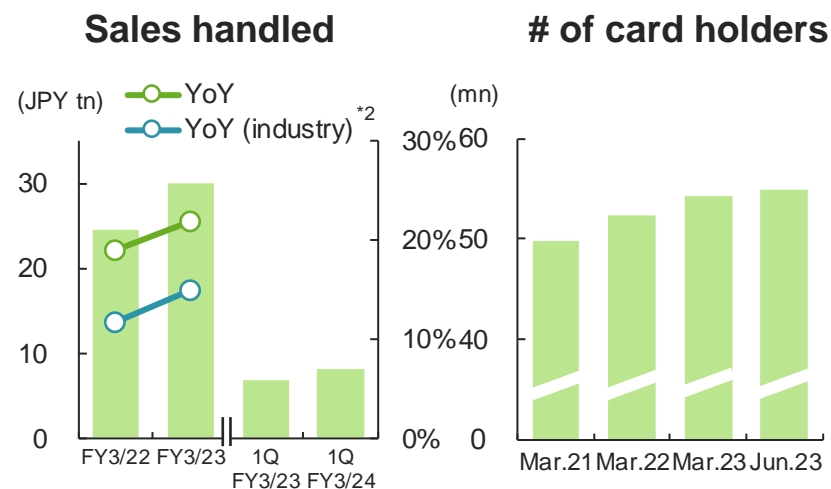


<sup>\*1</sup> Recorded JPY 7.9bn of loss on sale of shares of a subsidiary related to Intermediate Parent Undertaking (IPU) requirement (eliminated on consolidated basis)

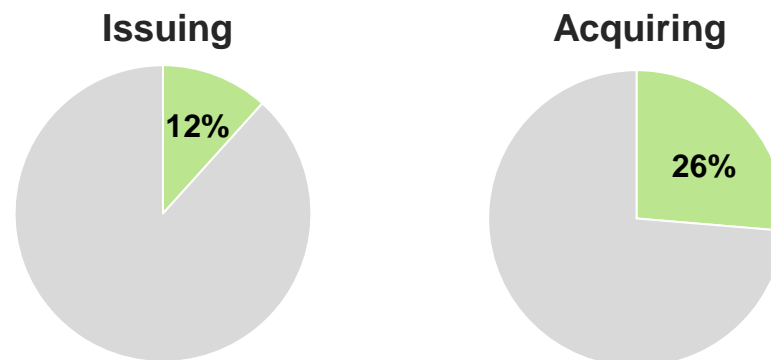
## Financial results <sup>\*1</sup>

(JPY bn)	FY3/23	1Q FY3/24	YoY
<b>Operating revenue</b>	523.5	151.2	+27.8
o/w Commission fee	193.8	53.0	+7.9
Finance	103.3	38.8	+13.8
Sales on credit	28.0	7.0	(0.1)
Receipt agency	52.7	13.7	+0.8
<b>Operating expense</b>	490.7	140.9	+25.7
o/w Expenses for loan losses	34.1	12.5	+5.5
Expense for interest repayments	10.0	-	-
<b>Ordinary profit (loss)</b>	33.1	10.5	+2.7
<b>Net income</b>	21.8	6.9	+1.6
<b>Finance outstanding</b>	736.6	1,047.2	

## Key figures



## Market share <sup>\*3</sup>



\*1 The figure for FY3/23 and YoY change has not been adjusted to the reorganization of SMBC Mobit in Apr.23

\*2 The Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

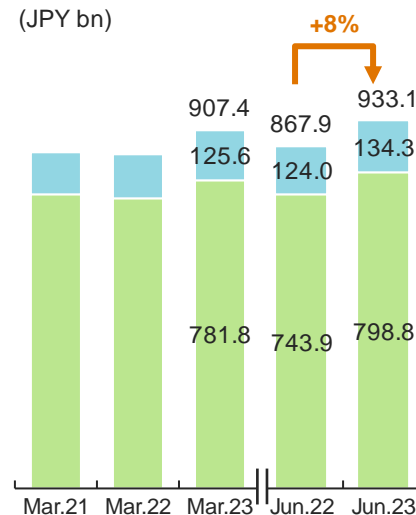
\*3 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2022 : JPY 79 tn)

## Financial results<sup>\*1</sup>

(JPY bn)	FY3/23	1Q FY3/24	YoY
Operating income	294.1	64.9	(7.8)
o/w Interest revenues	183.4	35.6	(9.9)
Loan guarantee revenues	71.4	19.2	+1.3
Operating expenses	216.8	53.3	+1.6
o/w Expenses for loan losses	56.8	25.0	+5.7
Expense for loan guarantees	11.4	1.4	+1.0
Expenses for interest repayments	19.0	-	-
Ordinary profit	59.5	4.5	(15.5)
Net income	44.1	2.8	(12.9)
NPLs	107.0	89.6	
(NPL ratio)	8.74%	9.61%	
Allowance on interest repayments (provision)	3.5 yrs	3.3 yrs	

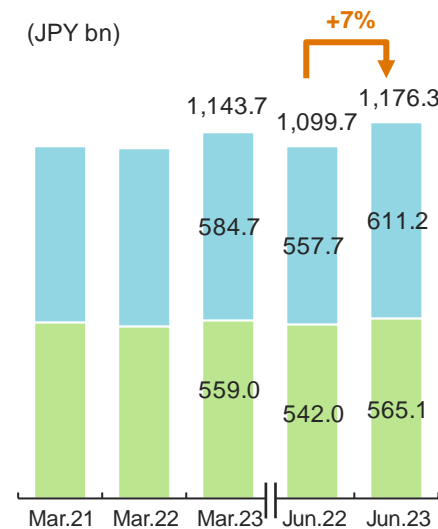
## Consumer loans

■ Promise (overseas) ■ Promise  
(JPY bn)

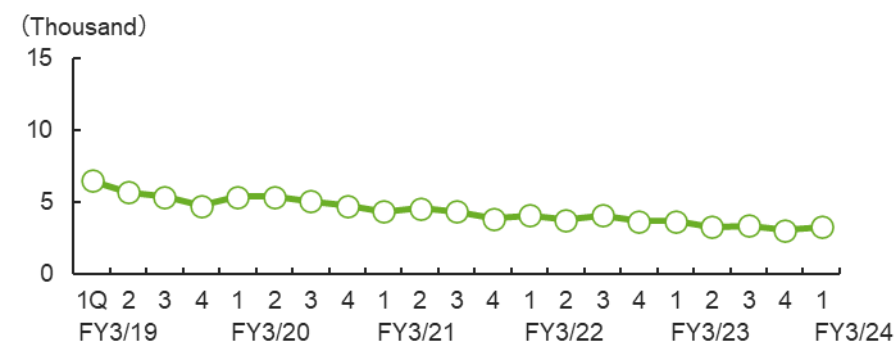


## Loan guarantee

■ SMBC ■ Others  
(JPY bn)



## # of interest refund claims



\*1 The figure for FY3/23 and YoY change has not been adjusted to the reorganization of SMBC Mobit in Apr.23