

Overview of 1Q FY3/2023

July 29, 2022



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. 21	Mar. 22	Jun. 22
USD	110.61	122.41	136.64
EUR	131.63	136.81	142.65

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
Major local subsidiaries	SMBC Bank International, SMBC Bank EU, SMBC (China)
Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excluding 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 FY3/23 full-year target:

Consolidated net business profit 28%, Profit attributable to owners of parent 35%

	(JPY bn)	1Q FY3/23	YoY	FY3/23 target
1	Consolidated gross profit	796.9	+105.1	
	G&A expenses	484.0	+46.0	
2	Overhead ratio	60.7%	(2.6)%	
3	Equity in gains (losses) of affiliates	32.7	+19.4	
	Progress			
4	Consolidated net business profit	28% 345.6	+78.5	1,235
5	Total credit cost	32.1	+21.8	210
6	Gains (losses) on stocks	36.8	(3.5)	
7	Other income (expenses)	(0.7)	+9.2	
8	Ordinary profit	349.7	+62.4	1,060
9	Extraordinary gains (losses)	(1.0)	+1.4	
10	Income taxes	94.0	+14.0	
11	Profit attributable to owners of parent	35% 252.4	+49.2	730
12	ROE	10.1%	+1.6%	

Consolidated gross profit: increased YoY due to loan growth and fee income in WS and GB Business Units.

Impact of FX: JPY+ 44 bn.

G&A expenses: increased YoY mainly due to overseas expense related to inflation and resource allocation for strategic investment.

Impact of FX: JPY + 21 bn.

Equity in gains of affiliates: increased YoY mainly due to real estate business in SMFL and gains on change in equity related to Bank of East Asia.

Total credit cost: increased due to the rebound of COVID-19 related loan reversal in FY3/22.

No additional cost from exposure to Russia.

Gains on stocks: ETF sales decreased YoY, while gains on sales of strategic shareholdings increased (JPY 22 bn, YoY JPY 19 bn)

Consolidated impact of Fullerton India (Approx. JPY bn)

Consolidated gross profit	+12	Total credit cost	+3
G&A expenses	+11 ^{*1}	Profit attributable to owners of parent	(3)
Consolidated net business profit	+1		

*1 Including the amortization of goodwill

(Ref.) Group companies

SMBC

	(JPY bn)	1Q FY3/23	YoY	FY3/23 target
1 Gross banking profit		471.5	+122.8	
2 o/w Net interest income		329.0	+93.1	
3 o/w Gains (losses) on cancellation of investment trusts		29.2	+10.7	
4 Domestic		199.7	+60.8	
5 Overseas		129.3	+32.3	
6 o/w Net fees and commissions		103.7	+22.7	
7 Domestic		43.7	+2.4	
8 Overseas		60.0	+20.3	
9 o/w Net trading income+ Net other operating income		38.3	+7.0	
10 o/w Gains (losses) on bonds		(33.1)	(43.3)	
11 Expenses		221.7	+13.9	
12 Banking profit		249.8	+108.9	730
13 Total credit cost		20.9	+34.9	80
14 Gains (losses) on stocks		29.6	(9.2)	
15 Extraordinary gains (losses)		21.2	+40.7	
16 Net income		208.9	+92.4	490

Other major group companies

(left : results of 1Q FY3/23 / right : YoY)

	(JPY bn)	SMCC		SMBCCF		SMBC Nikko ^{*1}
Gross profit		104.9	+5.1	68.8	+0.6	63.9 (38.9)
Expenses		90.9	+8.1	31.4	+0.7	78.5 (2.2)
Net business profit		14.0	(3.1)	36.7	(0.8)	(14.6) (36.7)
Net income		5.3	(2.9)	15.7	(2.7)	(11.6) (27.1)

(Equity method affiliate)

		SMBC Trust		SMDAM 50%		SMFL ^{*2} 50%
Gross profit		12.7	+2.7	9.2	(0.2)	58.9 +8.8
Expenses		9.0	(2.0)	7.6	+0.3	27.2 +2.6
Net business profit		3.7	+4.7	1.5	(0.4)	34.7 +7.6
Net income		2.2	+3.0	1.0	(0.4)	16.0 +1.8

*1 Including profit from overseas equity-method affiliates of SMBC Nikko (consolidated subsidiaries of SMFG)

*2 Managerial accounting basis

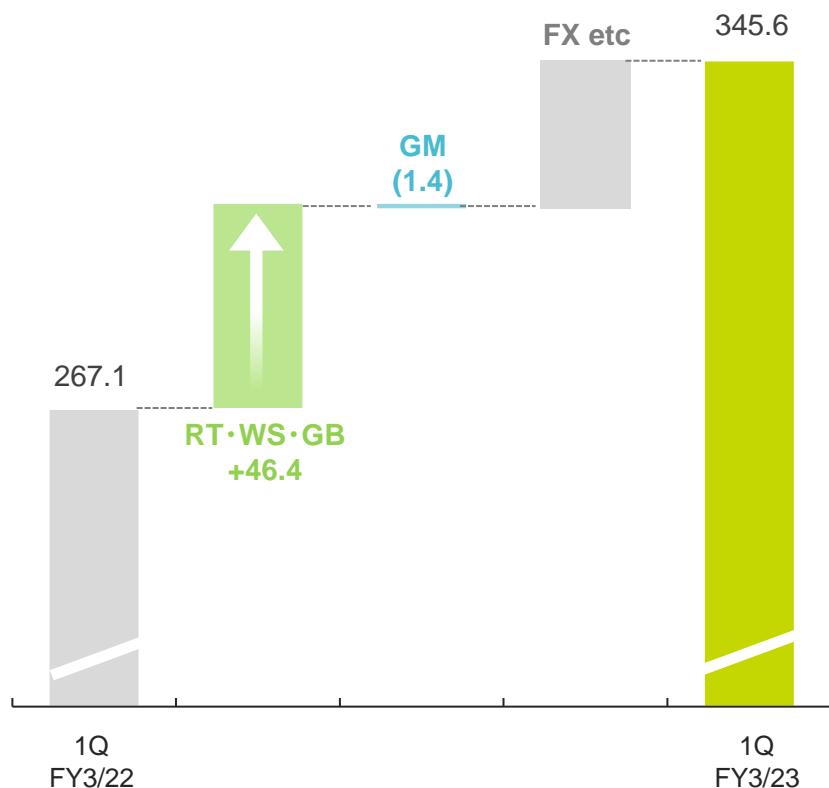
Business Overview

WS and GB Business Units showed strong growth, while the profit of GM Business Unit remained almost flat.

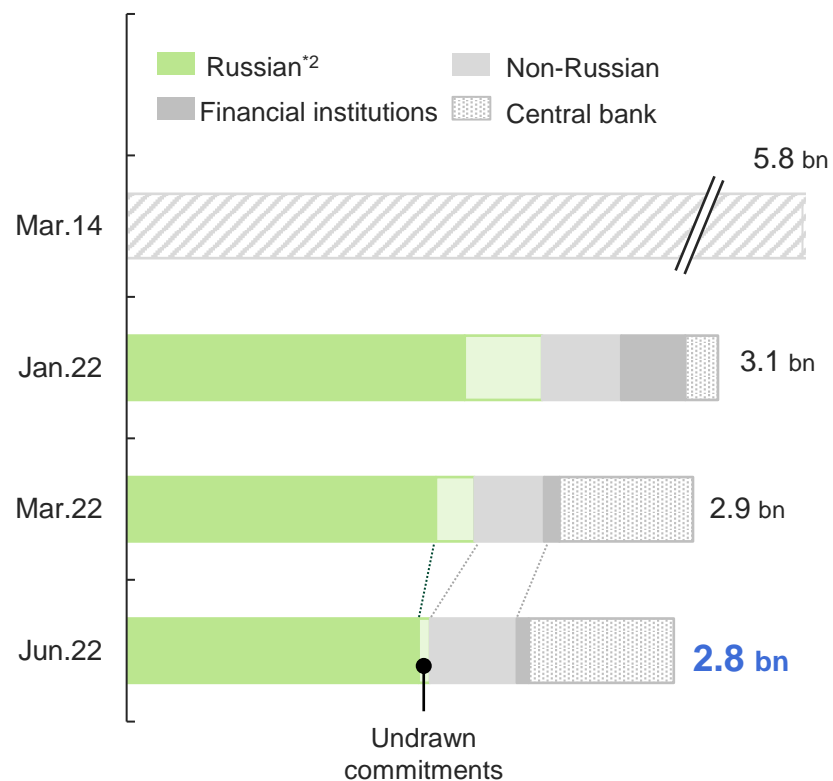
Russian exposure slightly decreased to USD 2.8 bn.

Consolidated net business profit

(JPY bn)



Banking exposure to Russia *1



*1 Managerial accounting basis. Loans, commitment lines, guarantee investments, etc. of SMBC and local subsidiary calculated based on ultimate risk countries *2 Including project finance and ship finance

Consolidated gross profit

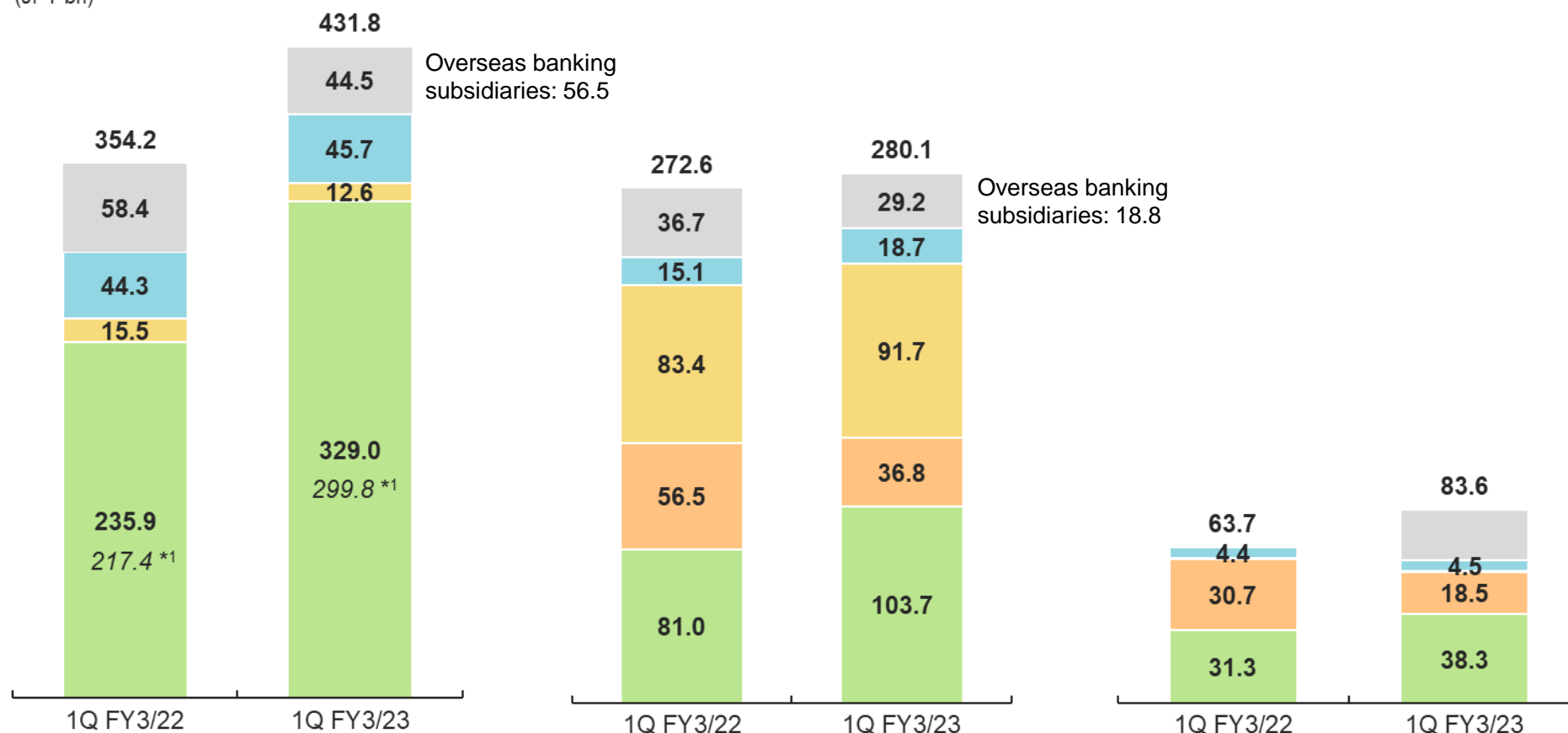
■ SMBC ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ Others

Net interest income

Net fees and commissions

Net trading income + Net other operating income

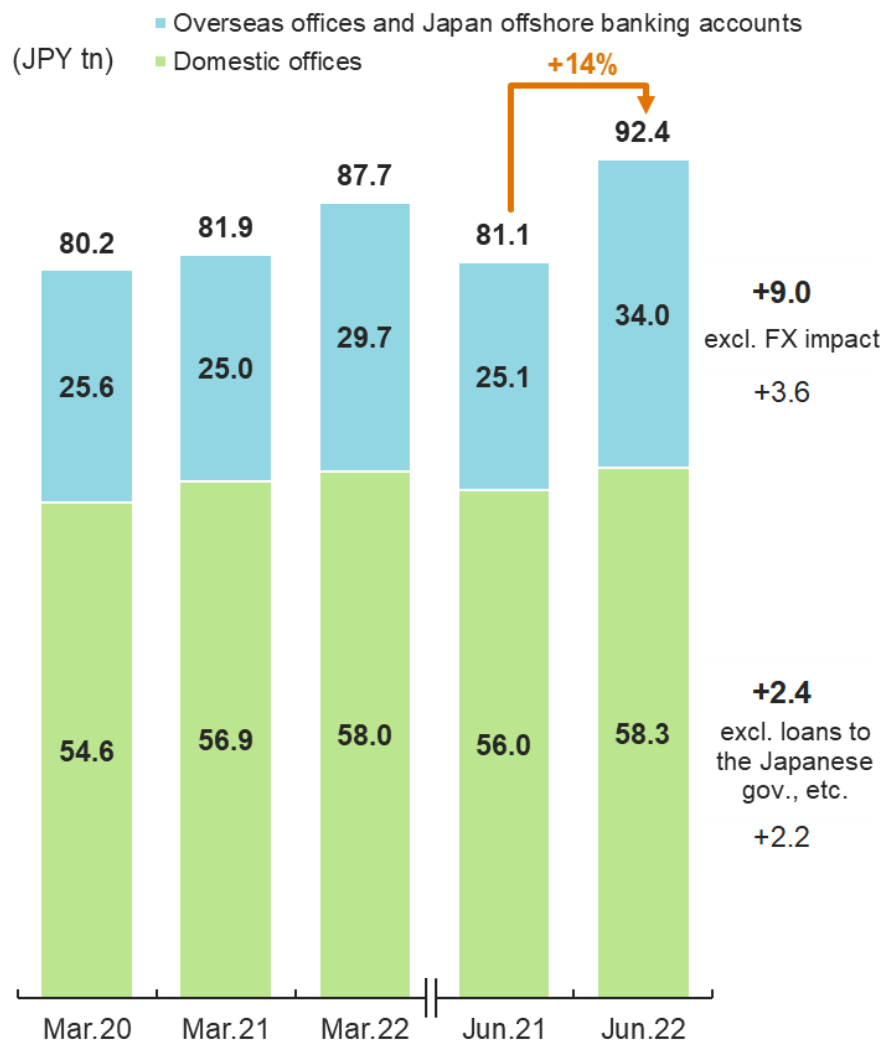
(JPY bn)



*1 Excluding gains on cancellation of investment trusts

Loans*1

Loan balance



Domestic loan-to-deposit spread

	FY3/23		FY3/22			
	1Q	YoY	1Q	2Q	3Q	4Q
(%) Interest earned on loans and bills discounted	0.83	(0.02)	0.85	0.85	0.83	0.83
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.83	(0.02)	0.85	0.85	0.83	0.83

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

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

Average loan balance and spread*2

	Balance (JPY tn)		Spread (%)	
	1Q FY3/23	YoY*4	1Q FY3/23	YoY
Domestic loans	56.3	+0.9	0.71	(0.00)
Excluding loans to the Japanese government, etc.	53.8	+0.8	0.73	(0.00)
o/w Large corporations	19.0	+0.1	0.56	+0.04
o/w Mid-sized corporations & SMEs	19.6	+0.6	0.62	+0.01
o/w Individuals	11.9	(0.2)	1.36	(0.03)
GBU's interest earning assets*3	352.9	+33.0	1.21	+0.00
	USD bn	USD bn		

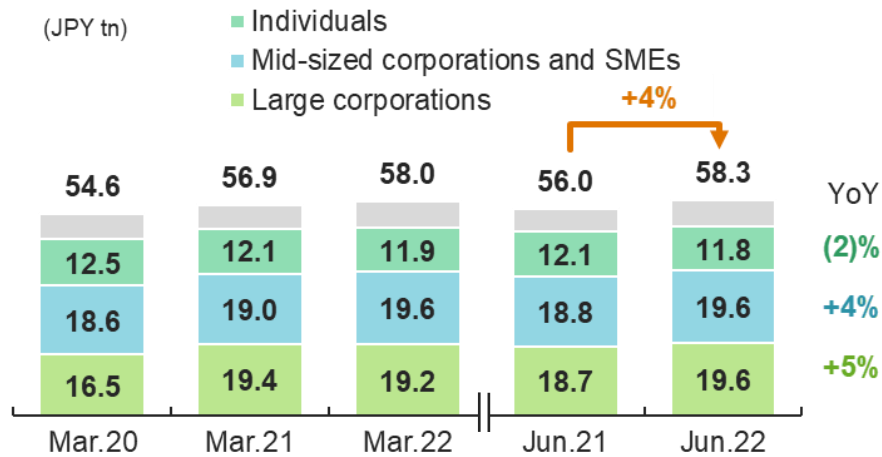
*1 Non-consolidated *2 Managerial accounting basis

*3 Sum of SMBC, Major local subsidiaries and SMBC Trust, etc. Sum of loans, trade bills, and securities

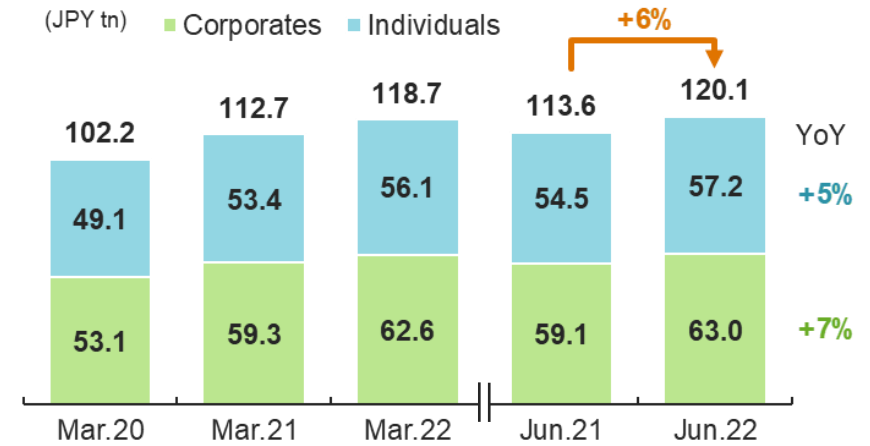
*4 After adjustments for exchange rates, etc.

Domestic loans and deposits*1

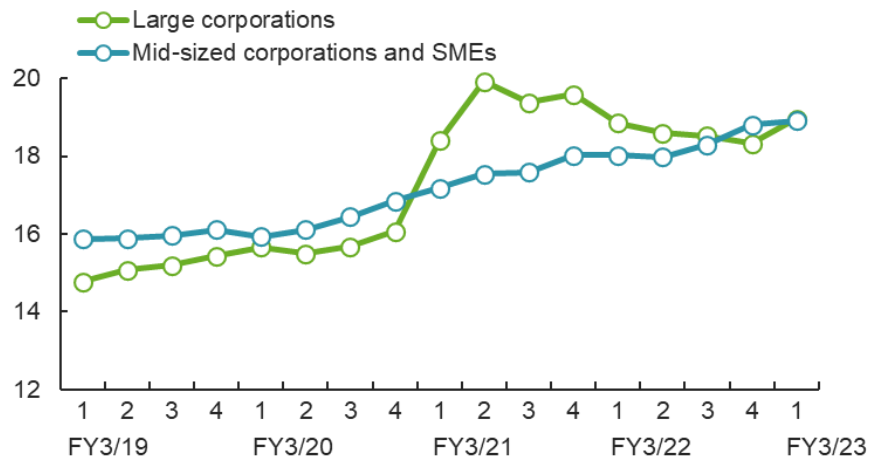
Loan balance*2



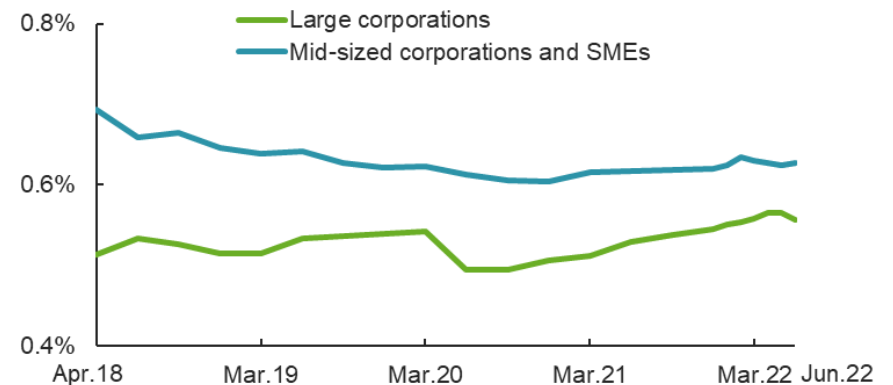
Deposit balance



Loan average balance for corporates*2,3



Loan spread for corporates*2,4



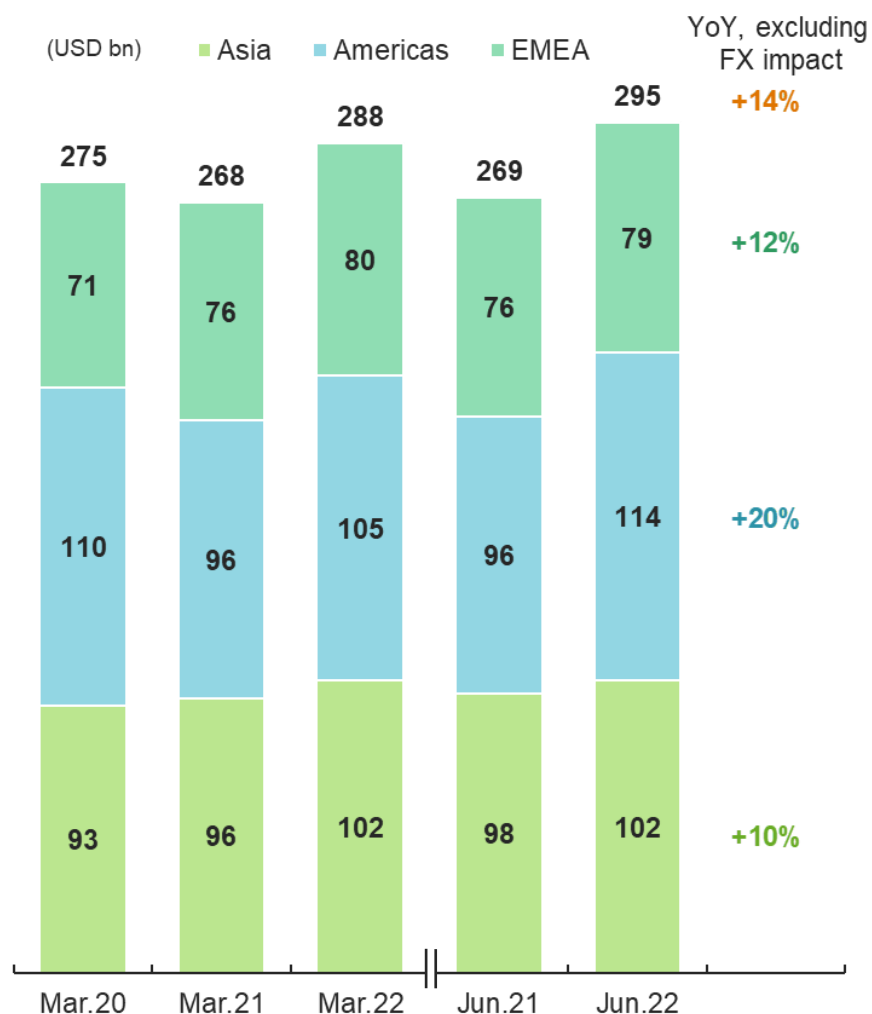
*1 Non-consolidated *2 Managerial accounting basis *3 Quarterly average, excluding loans to the Japanese government

Figures for SMEs are the outstanding balance of Corporate banking division

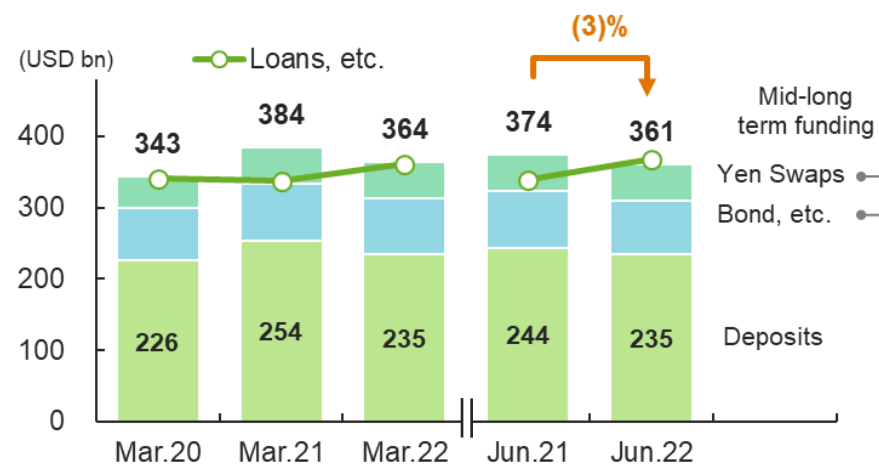
*4 Loan spread of existing loans, excluding loans to the Japanese government

Overseas loans and deposits*1

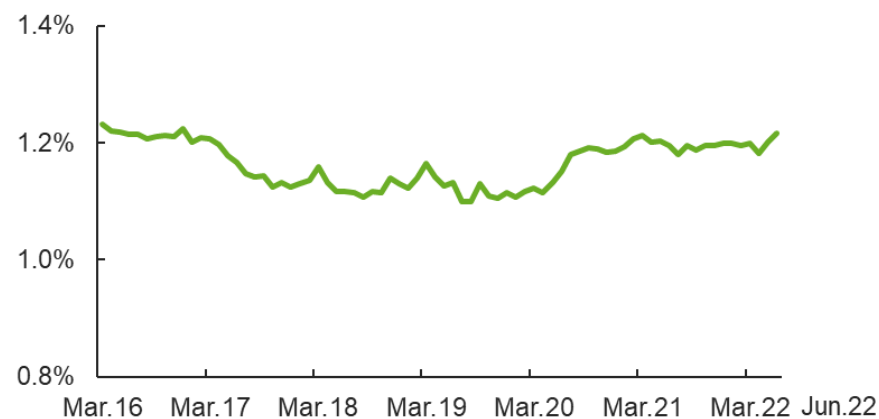
Loan balance



Foreign currency balance



Loan spread*2



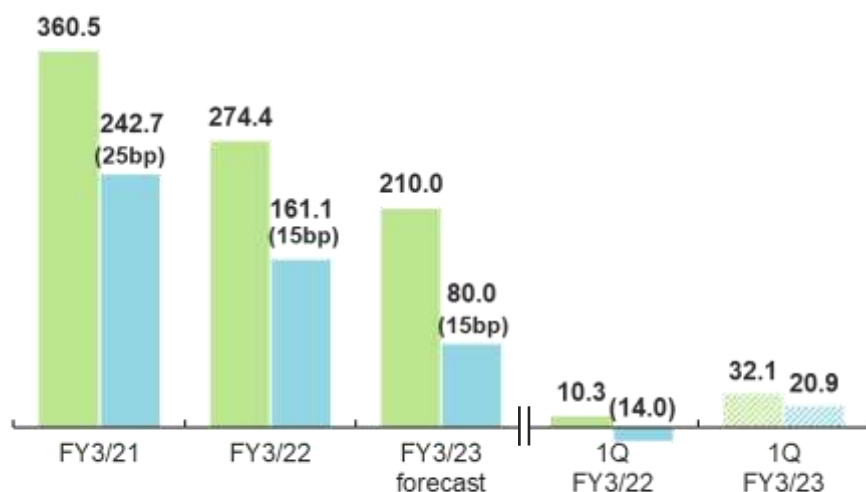
*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

*2 Monthly average loan spread of existing loans

Asset quality

Credit costs*1

(JPY bn) Consolidated Non-consolidated

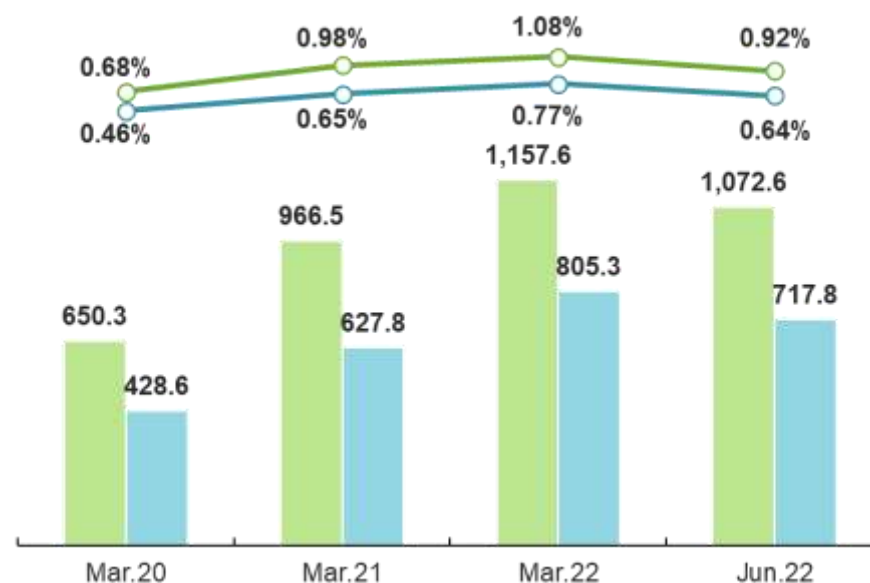


Major group companies

(JPY bn)	1Q FY3/23	YoY
SMBCCF	17	+1
SMCC	7	+2
Overseas banking subsidiaries	1	(1)

Non-performing loan balance*2

(JPY bn) Consolidated Non-consolidated



Total claims

	(JPY tn)		
Consolidated	99	107	116
Non-consolidated	96	104	113

Claims on borrowers requiring caution (excl. claims to substandard borrowers)

Non-consolidated	1.9	1.9	2.0
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*1 Total credit cost ratio = Total credit cost / Total claims

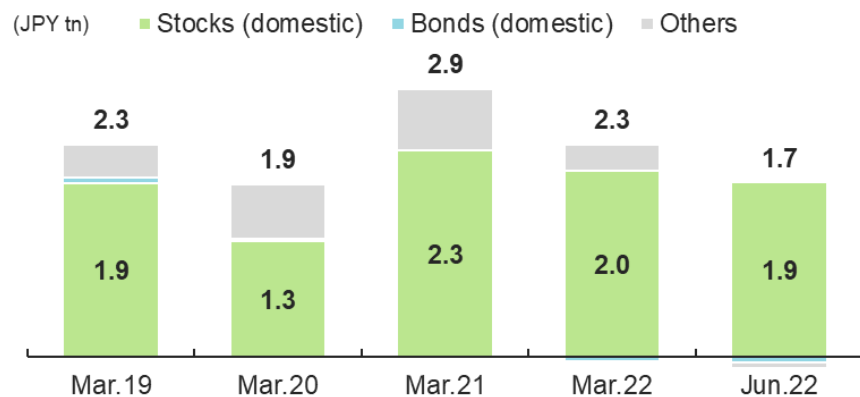
*2 NPL ratio = NPLs based on the Banking Act and the Reconstruction Act (excluding normal assets) / Total claims

Securities (1)

Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)		
	(JPY bn)	Jun.22	vs Mar.22	Jun.22	vs Mar.22
Total		38,805.7	+690.8	1,747.7	(529.5)
Stocks (domestic)		3,275.4	(128.0)	1,908.5	(125.1)
Bonds (domestic)		19,664.3	+104.0	(66.8)	(16.8)
o/w JGBs		15,779.2	+5.0	(52.7)	(5.6)
Others		15,866.0	+714.8	(94.0)	(387.6)
o/w Foreign bonds		13,297.4	+1,241.8	(729.6)	(280.8)

Unrealized gains

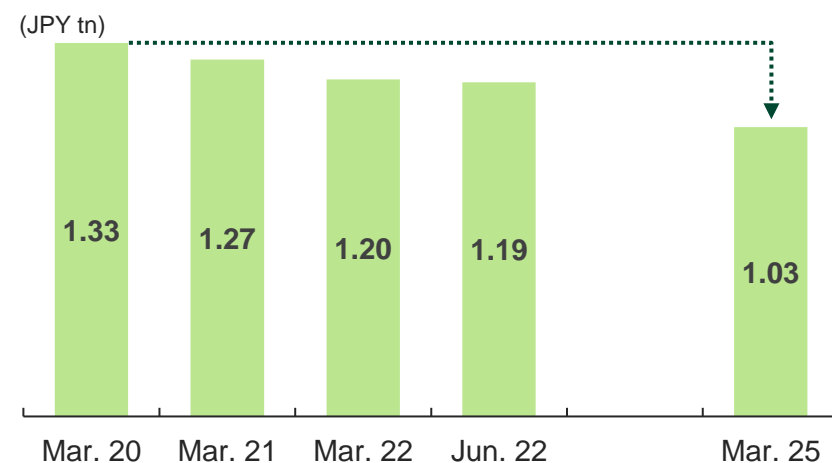


Strategic shareholdings

Total reduction	JPY 136 bn
FY3/21	JPY 55 bn
FY3/22	JPY 67 bn
1Q FY3/23	JPY 14 bn
Consent of sales from clients outstanding	JPY 60 bn
Reduction + Consent	JPY 196 bn

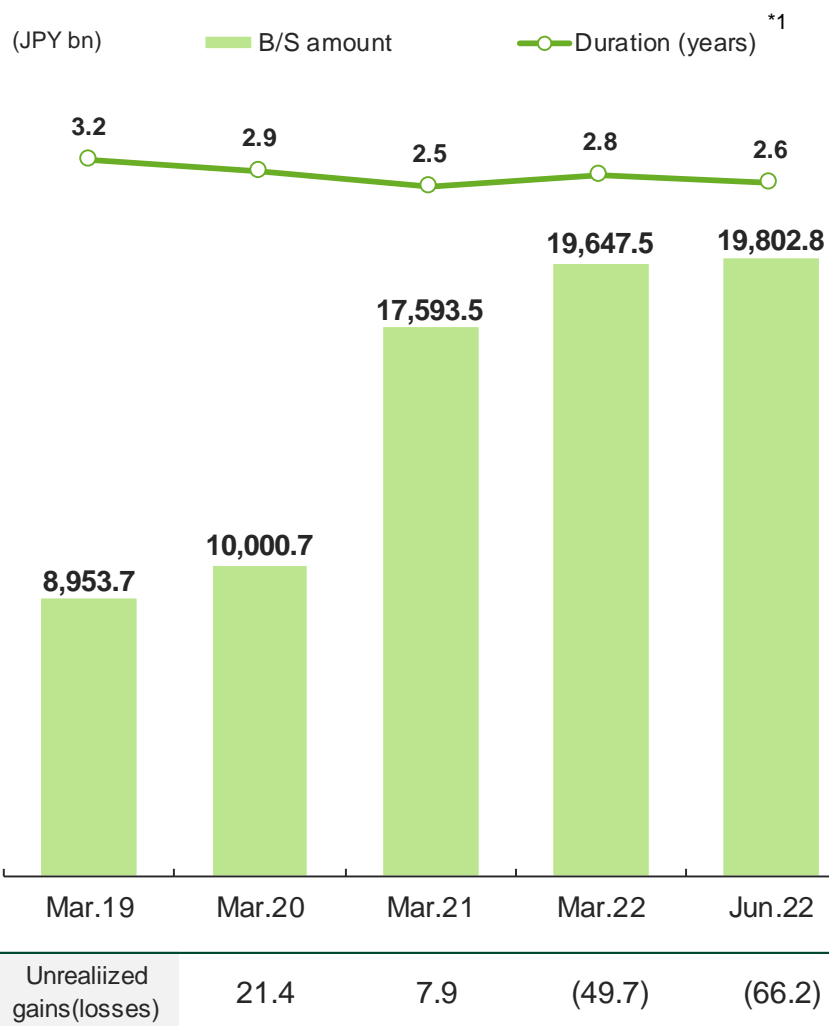
Reduction plan

Reduce JPY 300 bn in 5 years (FY3/21-FY3/25)

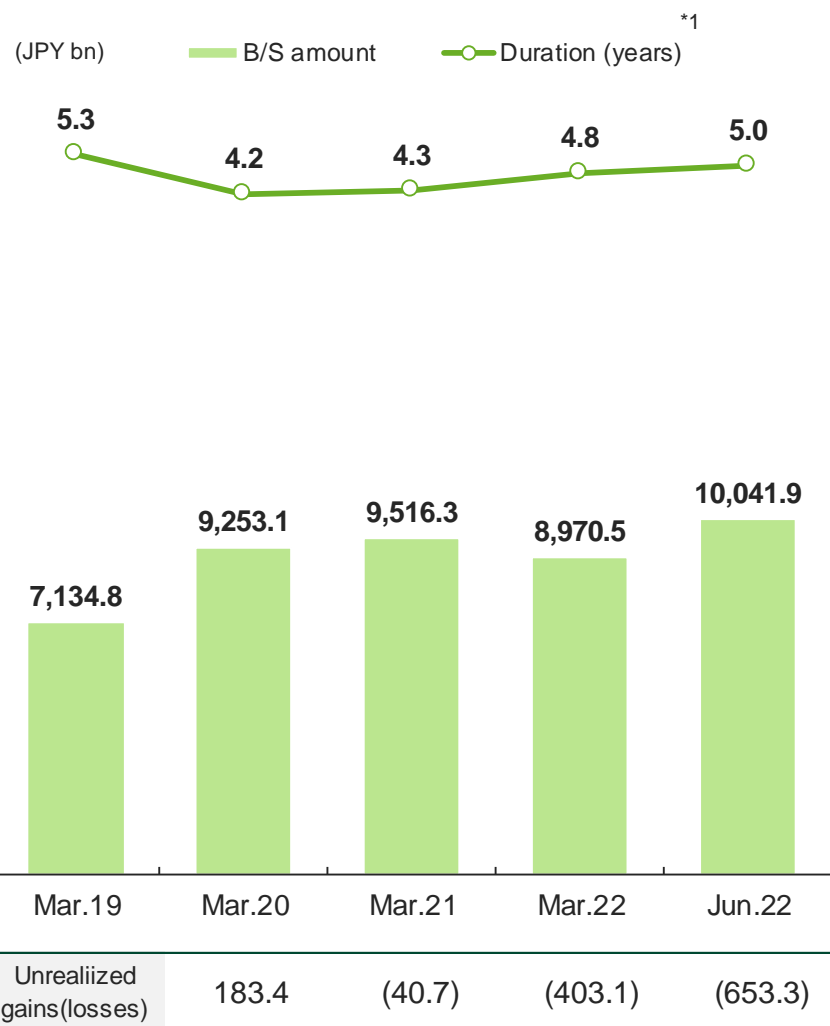


Securities (2)

Yen-denominated bonds (Non-consolidated)



Foreign bonds (Non-consolidated)



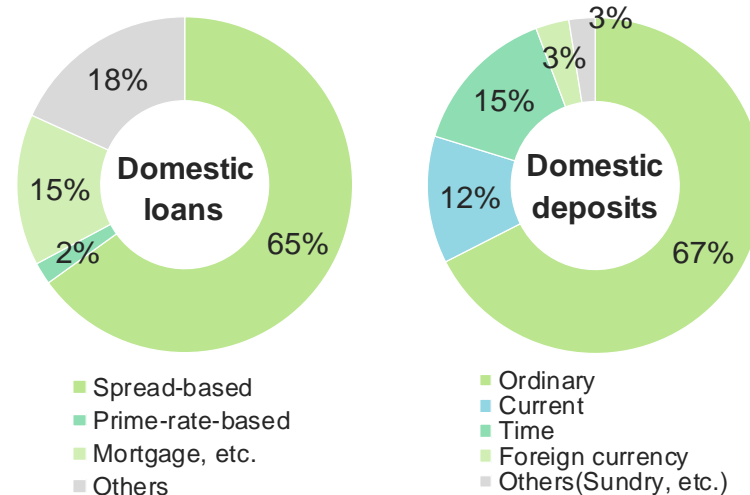
*1 Managerial accounting basis. Excluding bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds.

Balance Sheet

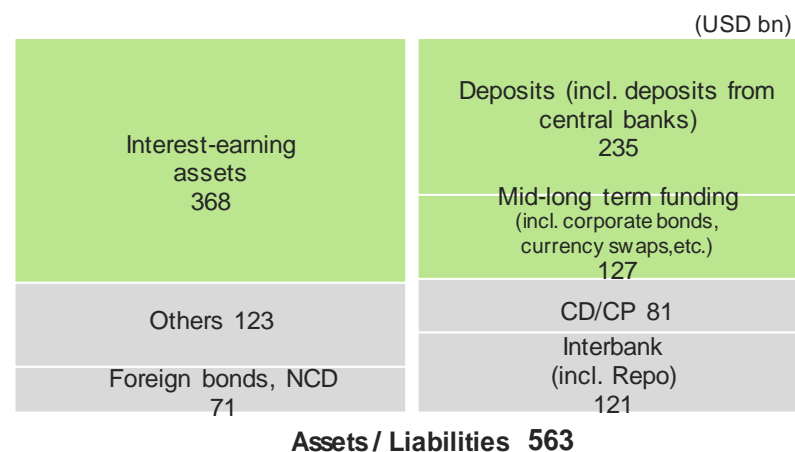
Consolidated

	(JPY tn)	Jun. 22	vs. Mar. 22
Total assets		269.7	+12.0
o/w Cash and due from banks		74.6	(0.1)
o/w BOJ's current account balance ^{*1}		57.3	(1.3)
o/w Loans		96.7	+5.9
o/w Domestic loans ^{*1}		58.3	+0.4
o/w Large corporations ^{*2}		19.6	+0.4
o/w Mid-sized corporations & SMEs ^{*2}		19.6	+0.0
o/w Individuals ^{*2}		11.8	(0.1) ^{*3}
o/w Securities		39.3	+0.8
o/w Other securities		38.8	+0.7
o/w Stocks		3.3	(0.1)
o/w JGBs		15.8	+0.0
o/w Foreign bonds		13.3	+1.2
Total liabilities		257.2	+11.7
o/w Deposits		153.2	+4.6
o/w Domestic deposits ^{*1}		120.1	+1.4
o/w Individuals		57.2	+1.0
o/w Corporates		63.0	+0.4
o/w NCD		13.8	+0.7
Total net assets		12.4	+0.2
Loan to deposit ratio		57.9%	

Composition of loans and deposits^{*1,2}



Non-JPY B/S^{*2,4}



*1 Non-consolidated *2 Managerial accounting basis *3 After adding back the portion of housing loans securitized. No origination in 1Q FY3/23 *4 Sum of SMBC and major local subsidiaries

Results by Business Unit

		(JPY bn)	FY3/22	1Q FY3/23	YoY*1
Retail	Gross profit		1,146.9	271.7	(8.5)
	Expenses		935.5	230.8	+0.2
	<i>Overhead Ratio</i>		81.6%	84.9%	+2.6%
	Net business profit		214.9	41.7	(8.2)
Wholesale	Gross profit		707.5	166.7	+14.0
	Expenses		303.6	73.4	(1.1)
	<i>Overhead Ratio</i>		42.9%	44.0%	(4.8)%
	Net business profit		469.7	109.0	+18.1
Global	Gross profit		872.0	268.1	+34.6
	Expenses		461.3	145.2	+15.0
	<i>Overhead Ratio</i>		52.9%	54.2%	(1.6)%
	Net business profit		431.2	155.4	+36.5
Global Markets	Gross profit		390.6	136.2	(0.7)
	Expenses		92.3	27.2	+1.2
	<i>Overhead Ratio</i>		23.6%	20.0%	+1.0%
	Net business profit		338.1	115.8	(1.4)

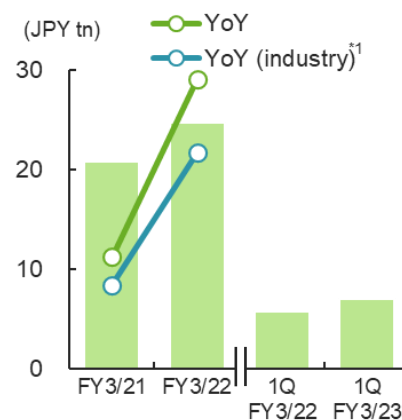
*1 After adjustments of the changes of interest rates and exchange rates

Financial results

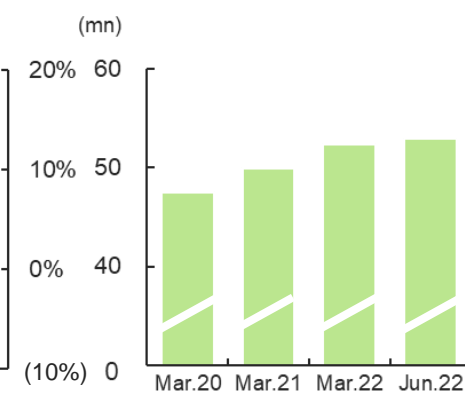
(JPY bn)	FY3/22	1Q FY3/23	YoY
Operating revenue	470.5	123.4	+10.2
o/w Commission fee	164.0	45.1	+7.2
Finance	98.2	25.1	+0.5
Sales on credit	29.5	7.1	(0.5)
Receipt agency	50.1	12.9	+0.3
Operating expense	439.5	115.3	+11.6
o/w Expenses for loan losses	25.6	7.0	+1.9
Expense for interest repayments	10.0	-	-
Ordinary profit (loss)	34.1	7.8	(4.9)
Net income	19.8	5.3	(2.9)
Finance outstanding	677.9	690.5	

Key figures

Sales handled

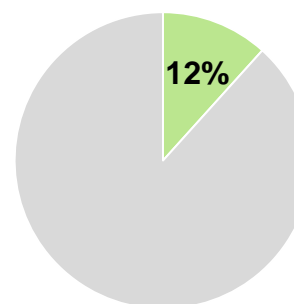


of card holders

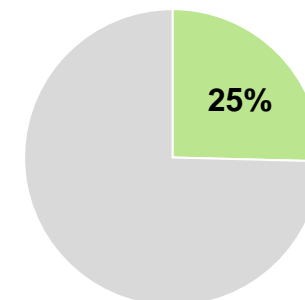


Market share^{*2}

Issuing



Acquiring



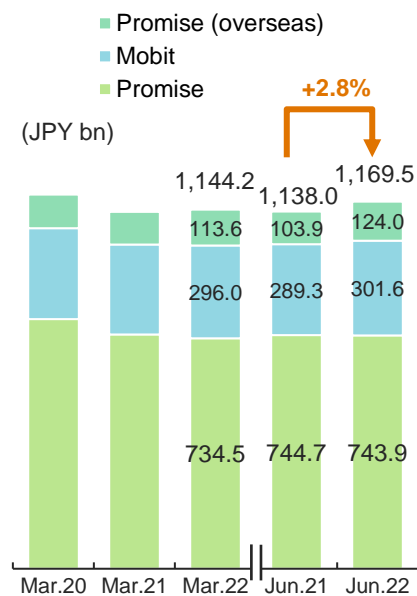
*1 The Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

*2 METI "Indices of Tertiary Industry Activity" Sales credit business handled (2021 : JPY 68 tn)

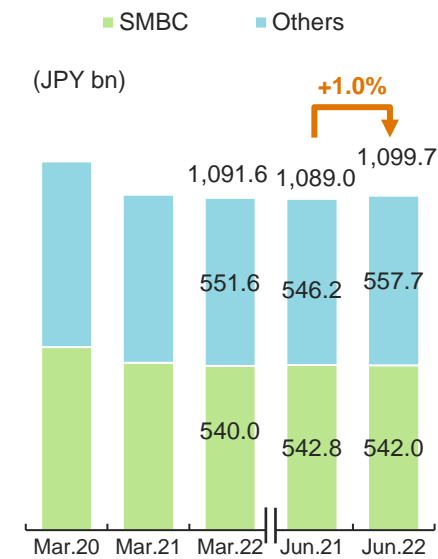
Financial results

(JPY bn)	FY3/22	1Q FY3/23	YoY ^{*1}
Operating income	268.9	72.7	+5.3
o/w Interest revenues	176.7	45.5	+1.3
Loan guarantee revenues	57.1	17.9	+3.6
Operating expenses	200.5	51.7	+2.5
o/w Expenses for loan losses	48.7	19.3	+1.4
Expense for loan guarantees	10.8	0.4	(0.7)
Expenses for interest repayments	22.0	-	-
Ordinary profit	68.6	20.0	+1.7
Net income	85.2	15.7	+0.2
NPLs	96.1	100.6	
(NPL ratio)	8.40%	8.60%	
Allowance on interest repayments (provision)	95.9	90.2	
	3.5 yrs	3.5 yrs	

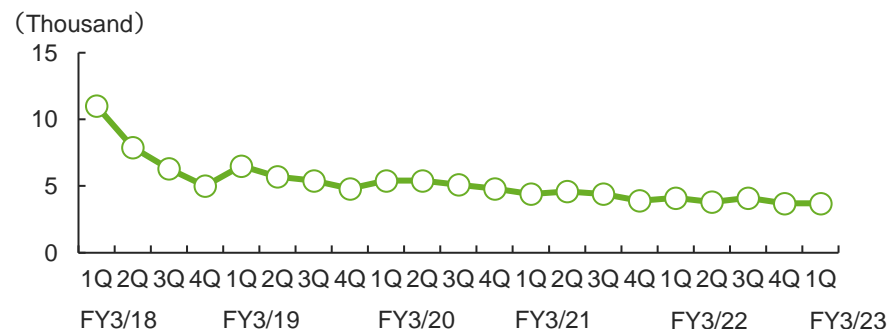
Consumer loans



Loan guarantee



No. of interest refund claims

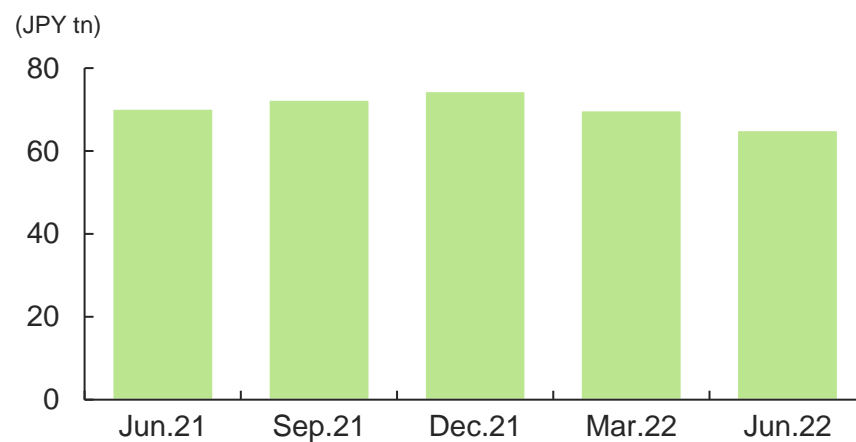


*1 Excluding impact of subsidiary restructuring

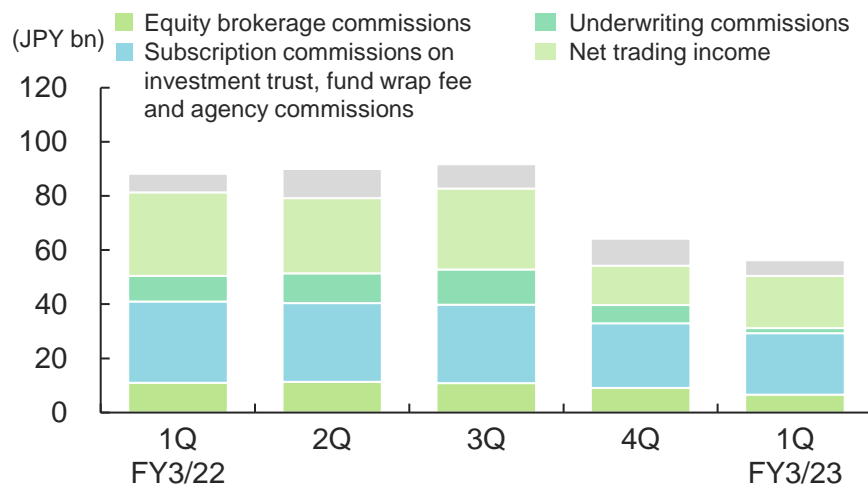
Financial results

(JPY bn)	FY3/21	1Q FY3/22	YoY
Net operating revenue	334.2	56.2	(32.0)
SG&A expenses	275.4	63.7	(5.2)
Ordinary income	65.3	(7.0)	(27.8)
Net income	49.7	(3.6)	(18.2)

Client assets



Net operating revenue



Product sales

