

Overview of 1H FY3/2023

November 14, 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)

	Sep.21	Mar.22	Sep.22
USD	JPY 111.95	JPY 122.41	JPY 144.81
EUR	JPY 129.90	JPY 136.81	JPY 142.32

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

Highlights

Bottom-line profit

Initial target: JPY 730 bn

JPY 770 bn

Dividends

Increased by +10 (YoY +20)

JPY 230 / share

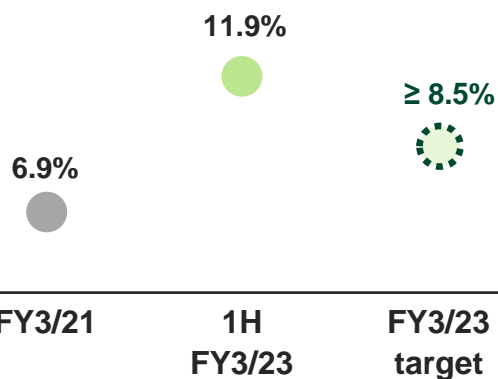
Share buybacks

Resolved up to

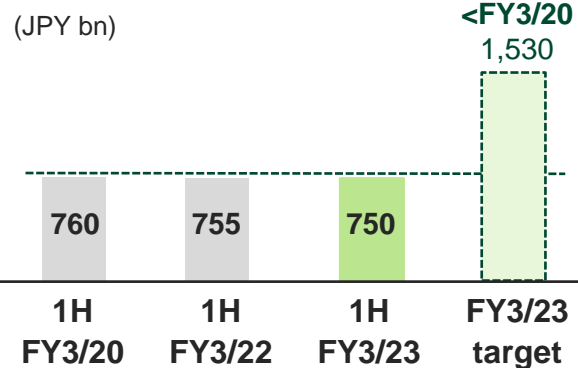
JPY 200 bn^{*1}

Financial Targets of the Medium-Term Management Plan

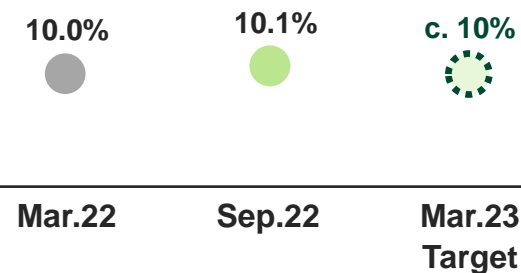
ROCE¹



Base expenses^{*2}



CET1 ratio^{*3}



*1 Incl. JPY 100 bn announced on Nov.21 of which repurchase period ended without any repurchase of shares.

*2 G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost and others.

Exchanged at 1USD=JPY105 *3 Post-Basel III reforms basis, excludes net unrealized gains on other securities

Income statement

Progress rate of 1H: Consolidated net business profit 58%, Profit attributable to owners of parent 72%
Revised upward full-year target to JPY 1,265 bn and JPY 770 bn respectively.

	(JPY bn)	1H FY3/23	YoY	FY3/23 target
1	Consolidated gross profit	1,632.4	+201.1	
	G&A expenses	962.6	+86.6	
2	Overhead ratio	59.0%	(2.2)%	
3	Equity in gains (losses) of affiliates	52.1	+21.4	New 1,265
	Progress			
4	Consolidated net business profit	58% 721.9	+135.8	1,235
5	Total credit cost	83.1	+56.5	210
6	Gains (losses) on stocks	92.1	+10.9	
				New
7	Other income (expenses)	(4.8)	+5.8	1,120
8	Ordinary profit	726.1	+96.0	1,060
9	Extraordinary gains (losses)	(1.4)	+1.9	
				New
10	Income taxes	193.7	+26.3	770
11	Profit attributable to owners of parent	72% 525.4	+69.4	730
12	ROE	10.3%	+0.9%	

Consolidated gross profit: increased YoY due to
1) loan growth and related transactions in WS and GB, and
2) strong performance of payment business.
Impact of FX: +122

G&A expenses: increased YoY mainly due to consolidation of Fullerton India, as well as higher variable marketing cost of SMCC, which is successfully increasing new customers.
Impact of FX: +60

Equity in gains of affiliates: increased YoY mainly due to gains on change in equity of Bank of East Asia.

Total credit cost: was managed to be lower than forecast, because the increase of newly built reserve was offset by reversals.

Gains on stocks: increased due to gains on sales of strategic shareholdings (68, YoY +32), while ETF sales decreased.

Consolidated impact of Fullerton India (JPY bn)

Consolidated gross profit	+27	Total credit cost	+5
G&A expenses (incl. goodwill amortization)	+22	Profit attributable to owners of parent	(3)
Consolidated net business profit	+5		

(Ref.) Group companies

SMBC

	(JPY bn)	1H FY3/23	YoY
1 Gross banking profit		928.2	+181.7
2 o/w Net interest income		611.5	+122.9
3 o/w Gains (losses) on cancellation of investment trusts		31.3	+0.2
4 Domestic		353.3	+54.6
5 Overseas		258.2	+68.3
6 o/w Net fees and commissions		222.2	+55.2
7 Domestic		94.6	+8.7
8 Overseas		127.5	+46.5
9 o/w Net trading income+ Net other operating income		93.6	+3.5
10 o/w Gains (losses) on bonds		(63.4)	(91.1)
11 Expenses		443.8	+25.5
12 Banking profit		484.5	+156.2
13 Total credit cost		63.5	+88.5
14 Gains (losses) on stocks		84.2	+26.6
15 Extraordinary gains (losses)		36.3	+31.3
16 Net income		399.8	+113.5

*1 YoY includes the impact of group reorganization

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

*3 Managerial accounting basis

Other major group companies

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

	(JPY bn)	SMCC	SMBCCF ^{*1}	SMBC Nikko ^{*2}		
Gross profit	214.2	+16.5	137.7	+2.0	123.5	(86.1)
Expenses	179.3	+15.1	61.3	+0.6	158.8	(5.9)
Net business profit	35.1	+1.8	72.7	(2.4)	(35.3)	(80.3)
Net income	14.8	+0.0	31.9	(5.2)	(24.8)	(56.8)

(Equity method affiliate)

	SMBC Trust	SMDAM ^{50%}	SMFL ^{*3} 50%			
Gross profit	24.8	+2.9	18.3	(0.7)	125.4	+17.1
Expenses	18.0	(4.3)	15.2	+0.4	58.2	+8.5
Net business profit	6.8	+7.2	3.1	(1.1)	73.3	+10.3
Net income	5.9	+6.1	1.9	(0.9)	37.5	+1.6

FY3/23 target

Consolidated

(JPY bn)	1H FY23		FY23	
	Initial target	Results	Initial target	New target
Consolidated net business profit	600	721.9	1,235	1,265
Total credit cost	100	83.1	210	210
Ordinary profit	520	726.1	1,060	1,120
Profit attributable to owners of parent	350	525.4	730	770

- Revision of FX assumption*1: +60
- Strong core business: +30
- Uncertainties: (60)
- Higher gain on stocks: +30

Non-consolidated

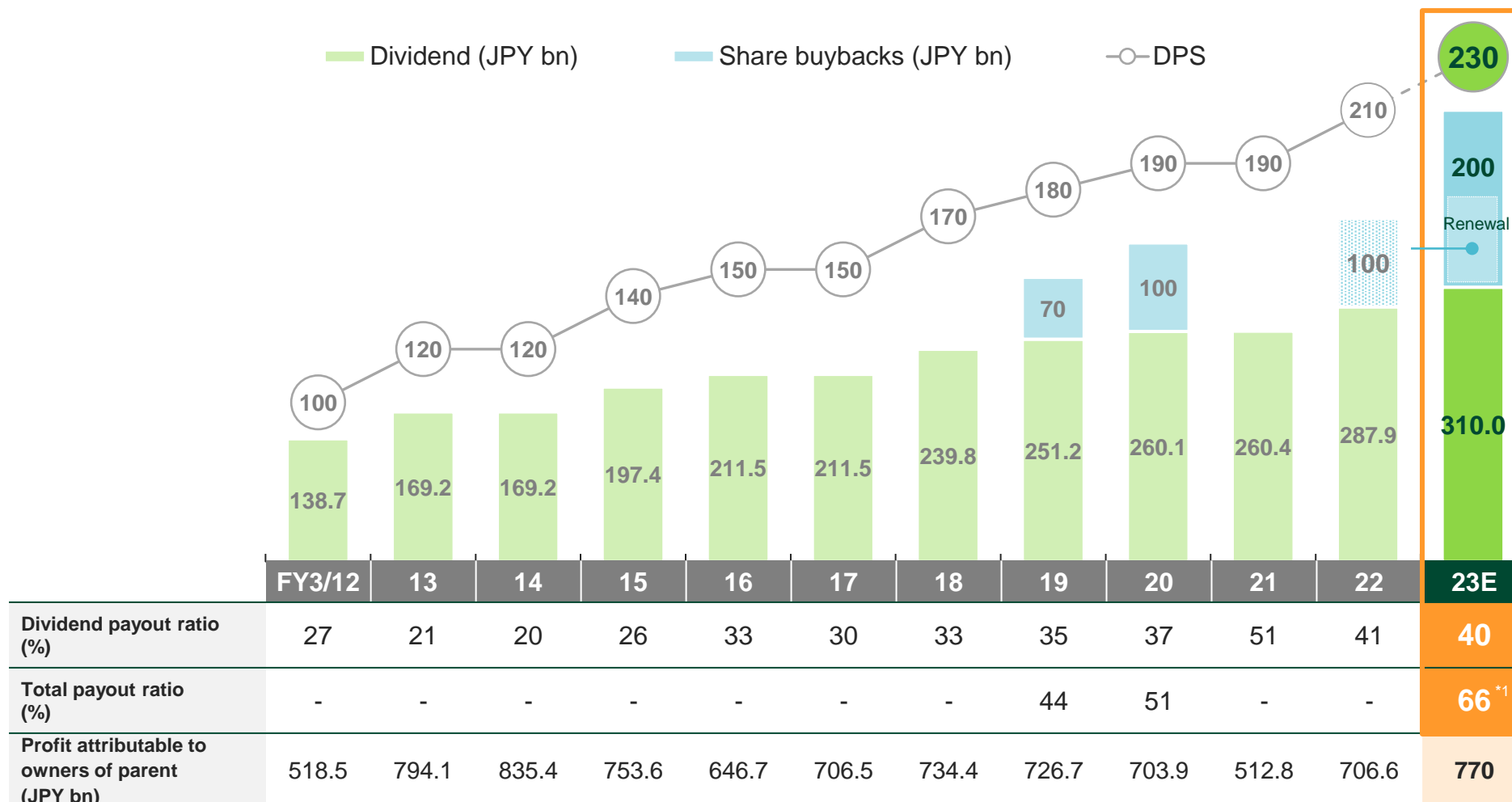
(JPY bn)	1H FY23		FY23	
	Initial target	Results	Initial target	New target
Banking profit	370	484.5	730	840
Total credit cost	40	63.5	80	80
Ordinary profit	360	541.4	710	850
Net income	260	399.8	490	590

*1 From JPY120/USD to JPY140/USD

Shareholder returns

Dividends : JPY 230 (+20 YoY, +10 vs. initial forecast)

Share buyback : Up to JPY 200 bn, all shares to be cancelled (of which 100 is renewal of the FY3/22 program.)

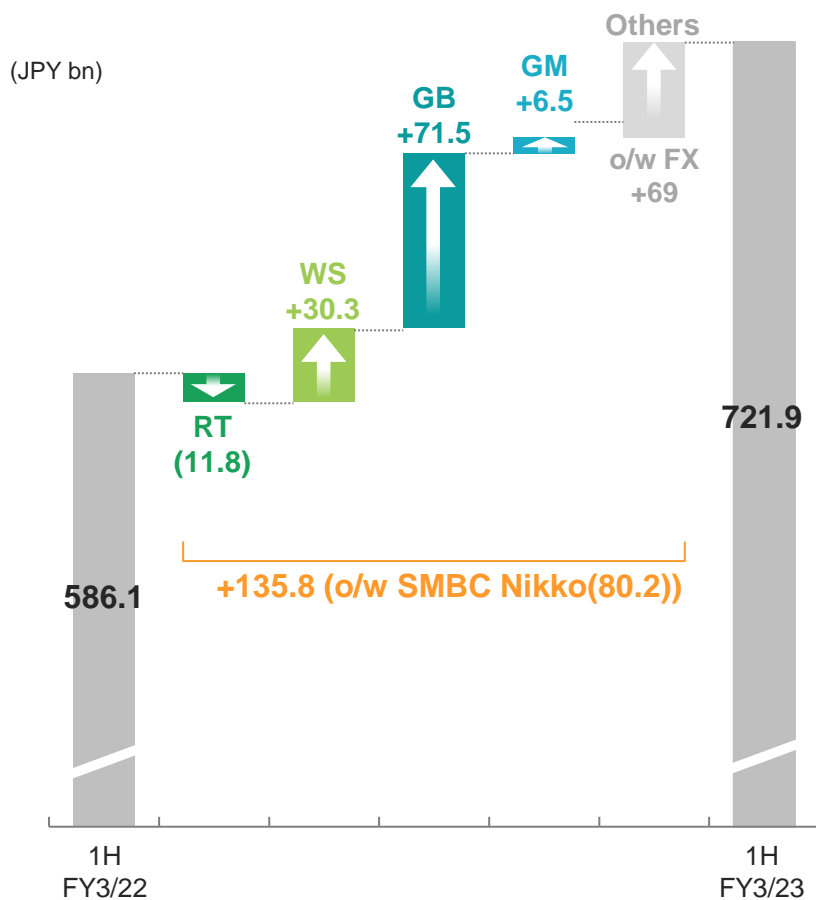


*1 Total payout ratio would have been 55% in FY3/22 and 53% in FY3/23 if JPY100 bn of announced share buyback had been executed as planned.

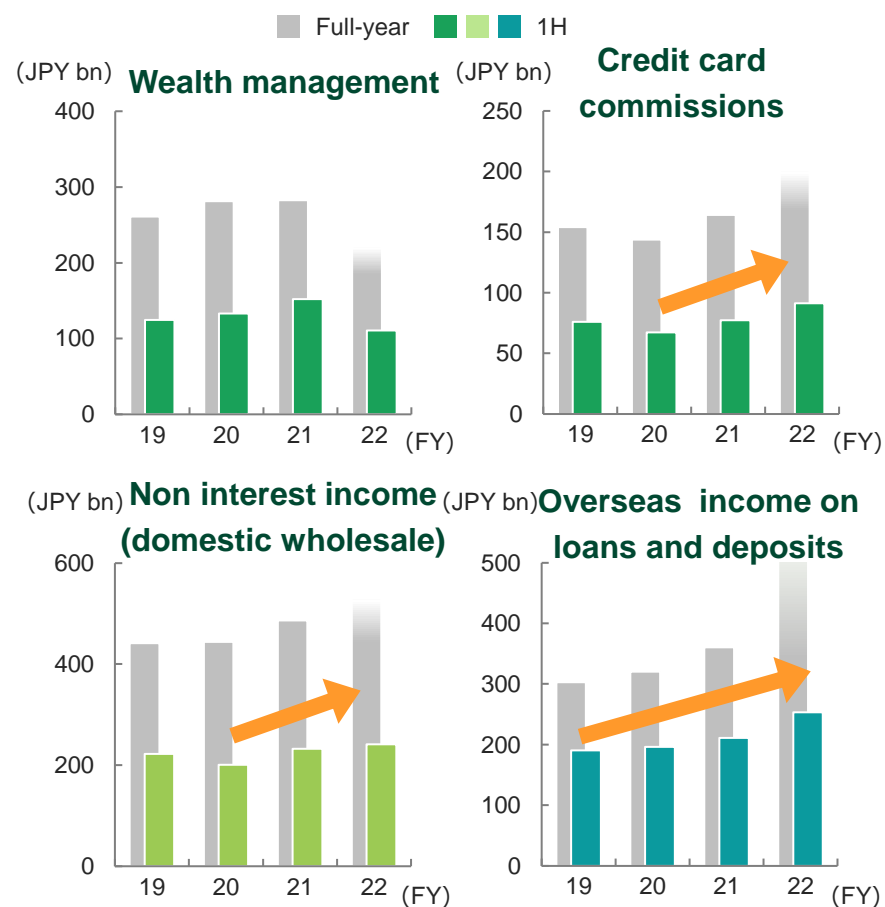
Consolidated net business profit

Recorded the highest 1H result: JPY 721.9 bn (YoY +135.8). Profit decline in SMBC Nikko and the wealth management business was offset by strong growth of other businesses.

Breakdown of YoY



Business (Gross profit)

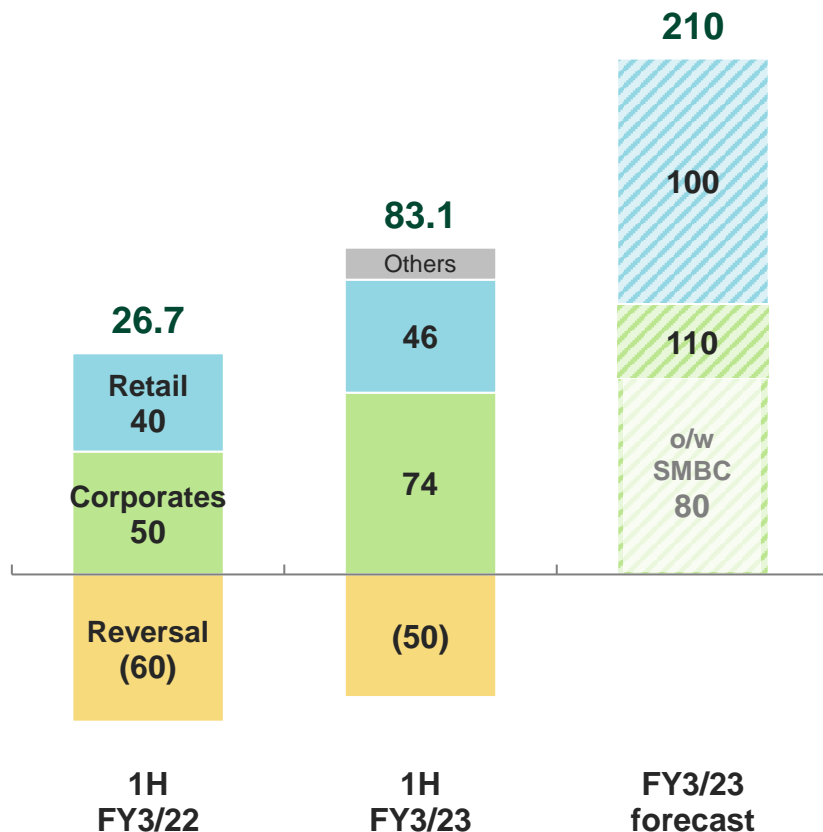


Credit costs / Financial impact from Russia

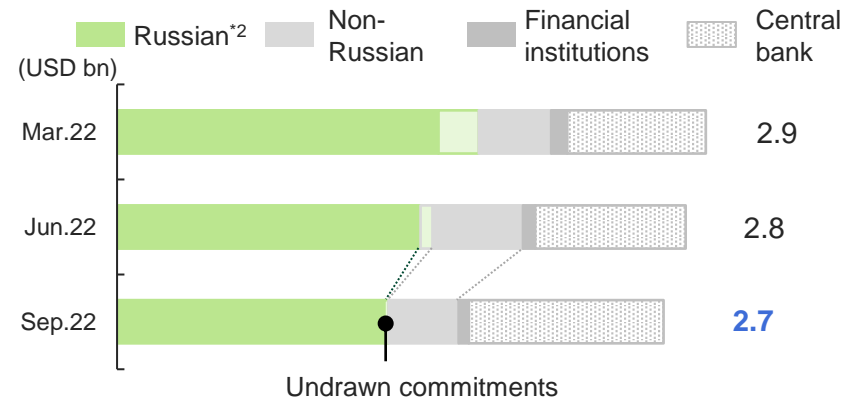
Credit cost in 1H increased YoY, but was managed to be lower than forecast.

Credit costs

(JPY bn)



Banking exposure to Russia^{*1}



Aircraft leasing

- Impairment of aircraft: JPY 47 bn in FY22 (52% of NBV– after net guarantee deposit, etc)
- Downside: Additional impairment (≤USD 460 mn^{*3})
- All aircraft are insured, insurance claims are submitted

^{*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

^{*3} After considering tax and ownership ratio (66%)

Consolidated gross profit

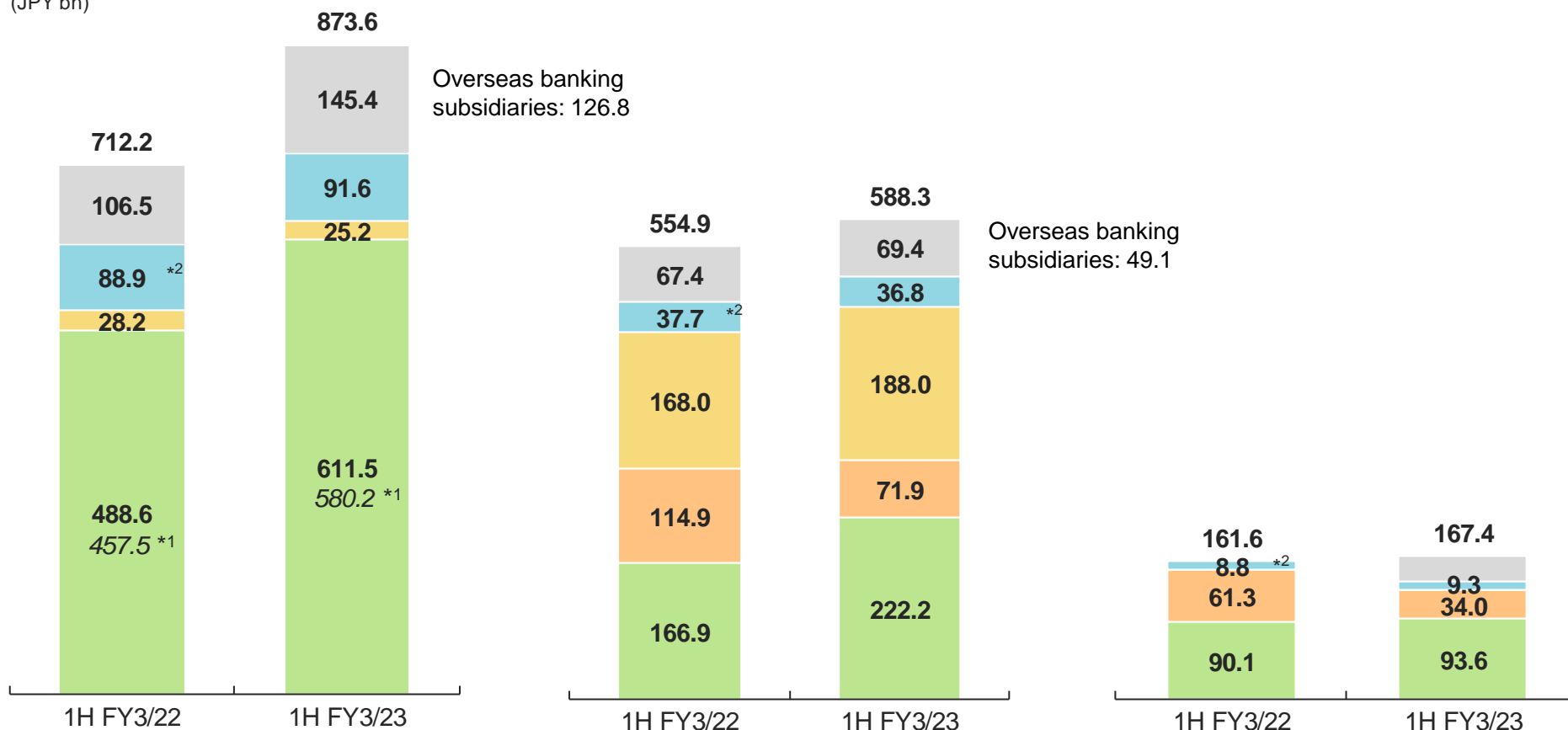
■ SMBC ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ Others

Net interest income

Net fees and commissions

Net trading income + Net other operating income

(JPY bn)

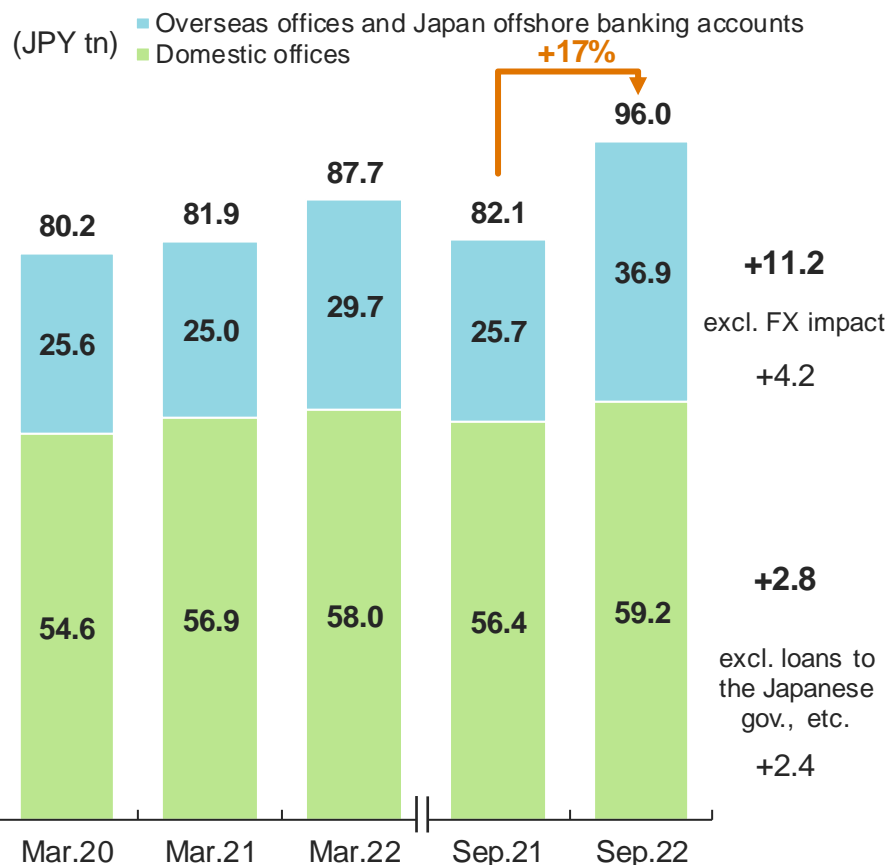


*1 Excl. gains on cancellation of investment trusts *2 Excl. impact of group reorganization

Loans*1

Loan demands from corporates in both domestic and overseas are strong and spreads are improving.

Loan balance



Domestic loan-to-deposit spread

	FY3/22	YoY	1Q	2Q
Interest earned on loans and bills discounted (%)	0.84	(0.01)	0.83	0.84
Interest paid on deposits, etc.	0.00	+0.00	0.00	0.00
Loan-to-deposit spread	0.84	(0.01)	0.83	0.84

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

	FY3/23	YoY ⁴	1H FY3/23	YoY
Interest earned on loans and bills discounted	0.85	(0.01)	0.85	0.86
Loan-to-deposit spread	0.85	(0.01)	0.85	0.86

Average loan balance and spread*2

	Balance (JPY tn)		Spread (%)	
	1H FY3/23	YoY ⁴	1H FY3/23	YoY
Domestic loans	57.0	+1.8	0.71	(0.00)
Excluding loans to the Japanese government, etc.	54.5	+1.6	0.74	(0.00)
o/w Large corporations	19.3	+0.6	0.55	+0.02
o/w Mid-sized corporations & SMEs	19.7	+0.7	0.62	+0.01
o/w Individuals	11.9	(0.2)	1.36	(0.03)
GBU's interest earning assets*3	357.8	+39.0	1.22	+0.02
	USD bn	USD bn		

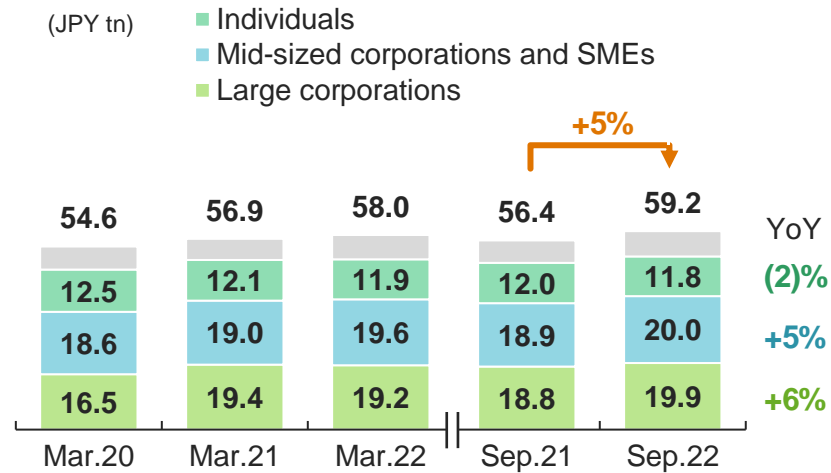
*1 Non-consolidated *2 Managerial accounting basis

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

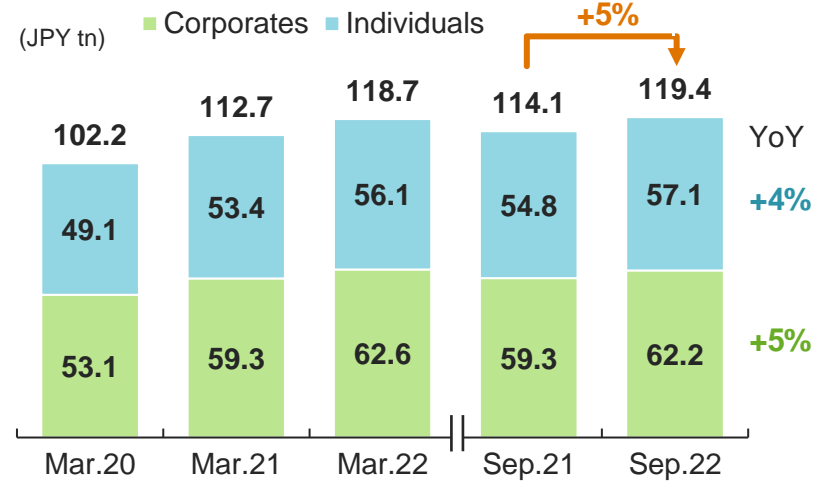
*4 After adjustments for exchange rates, etc.

Domestic loans and deposits*1

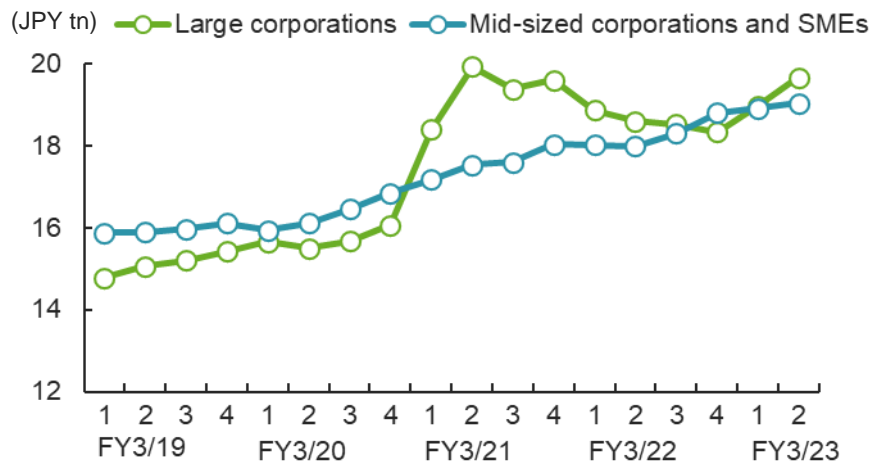
Loan balance*2



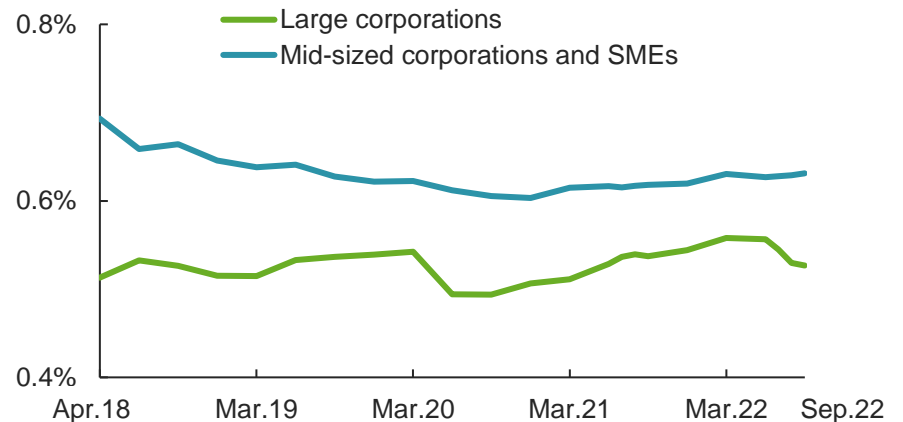
Deposit balance



Loan average balance for corporates*2,3



Loan spread for corporates*2,4



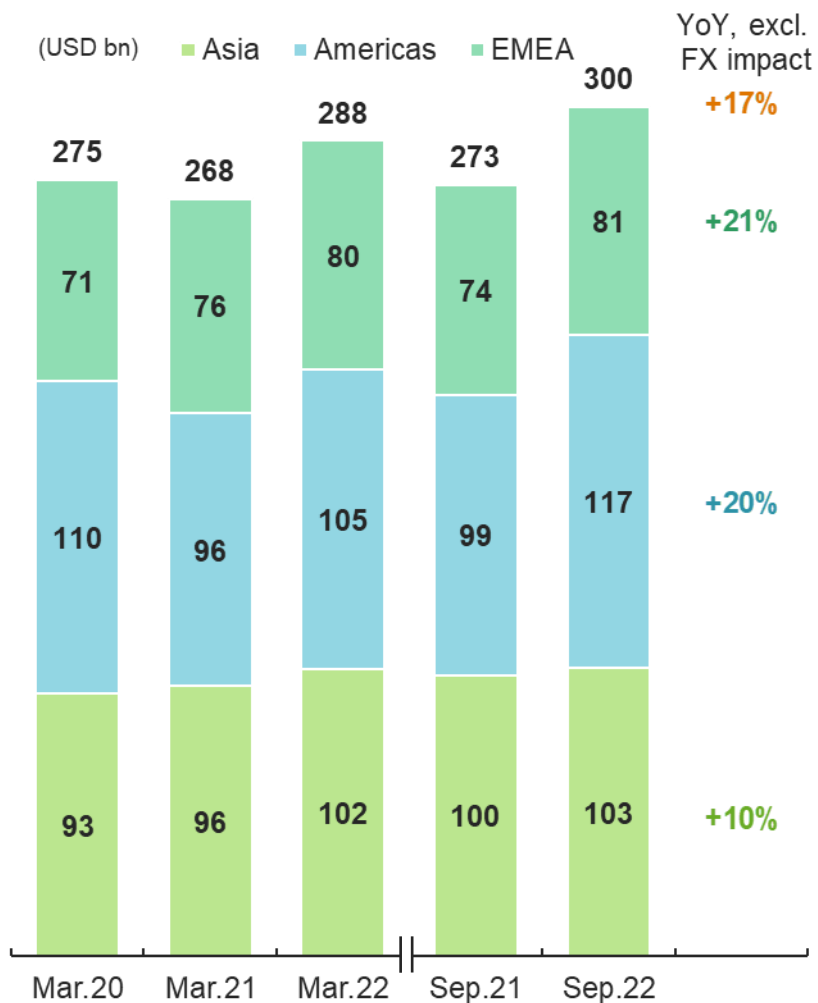
*1 Non-consolidated *2 Managerial accounting basis *3 Quarterly average, excluding loans to the Japanese government.

Figures for SMEs are the outstanding balance of Corporate banking division

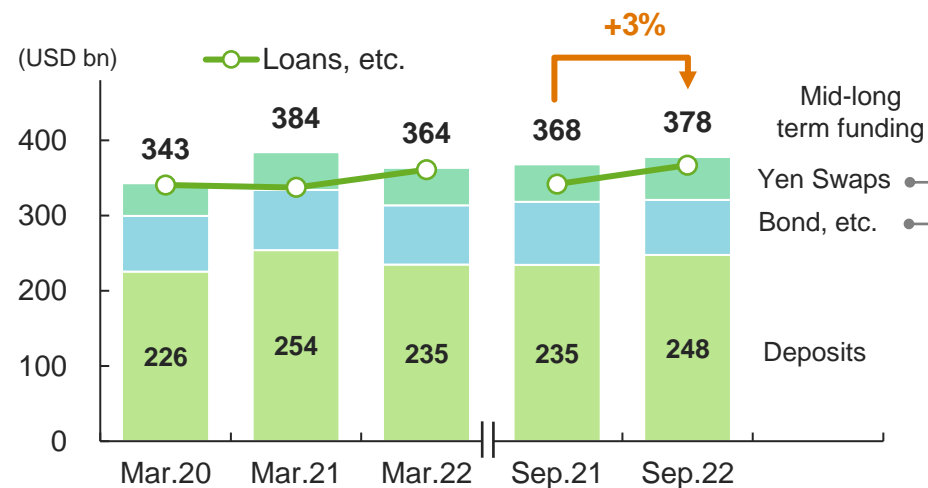
*4 Loan spread of existing loans, excluding loans to the Japanese government

Overseas loans and deposits*1

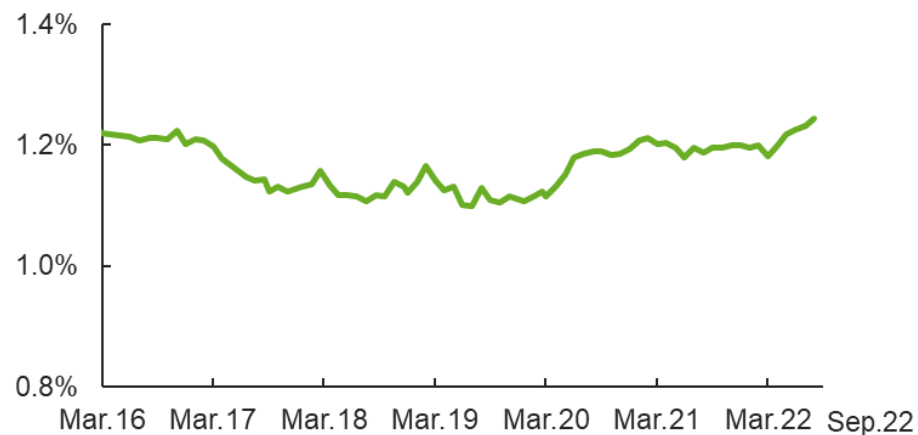
Loan balance



Foreign currency balance



Loan spread*2

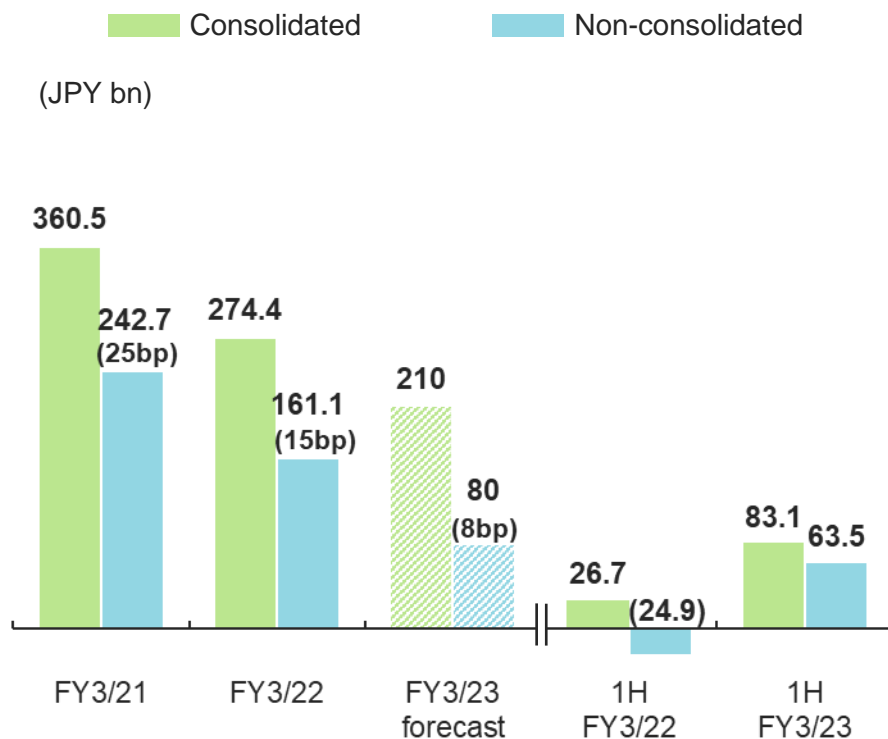


*1 Managerial accounting basis. Sum of SMBC and Major local subsidiaries

*2 Monthly average loan spread of existing loans

Asset quality

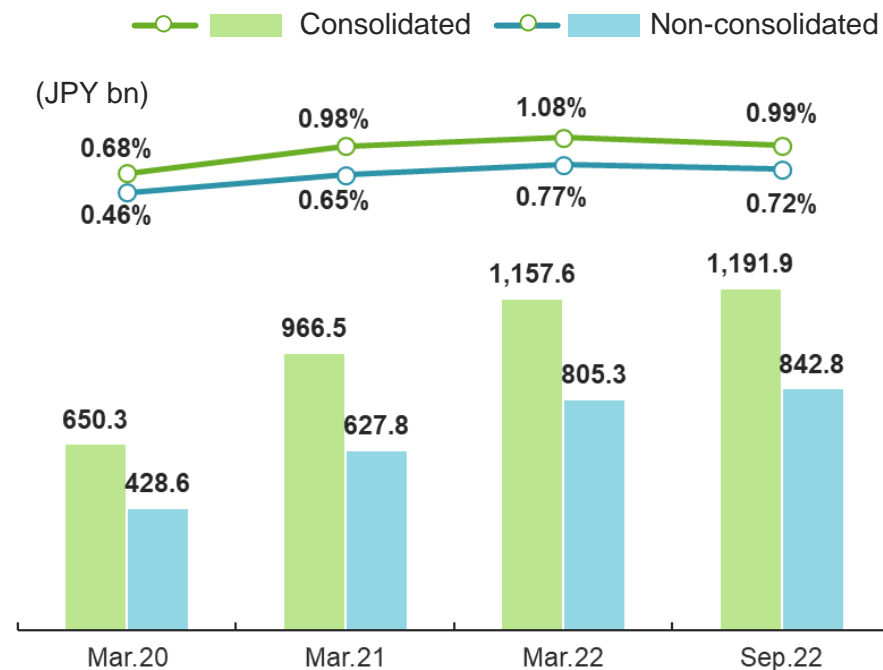
Credit costs*1



Major group companies

(JPY bn)	1H FY3/23	YoY
SMBCCF	31	+2*3
SMCC	15	+4
Overseas banking subsidiaries	(3)	(12)
Adjustments of FX	(23)	(23)

Non-performing loan balance*2



Total claims

	Mar.20	Mar.21	Mar.22	Sep.22
Consolidated	99	107	120	
Non-consolidated	96	104	117	

Claims on borrowers requiring caution (excluding claims to substandard borrowers)

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

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

*3 Incl. the impact of group reorganization

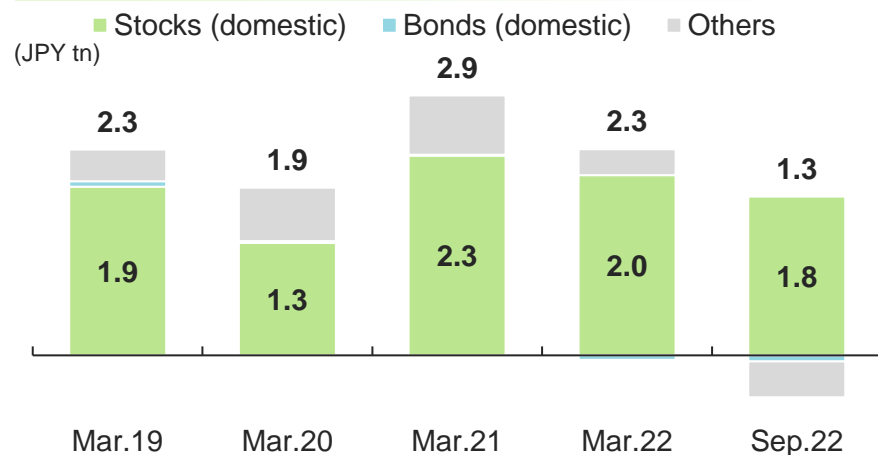
Securities (1)

Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	(JPY bn)	Sep.22 vs Mar.22	Sep.22 vs Mar.22	Sep.22 vs Mar.22
Total	31,761.9	(6,353.0)	1,318.7	(958.5)
Stocks (domestic)	3,222.4	(181.0)	1,790.7	(242.9)
Bonds (domestic)	13,814.0	(5,746.3)	(67.2)	(17.2)
o/w JGBs	9,988.1	(5,786.1)	(48.4)	(1.3)
Others	14,725.5	(425.8)	(404.8) ^{*1}	(698.5)
o/w Foreign bonds	12,419.7	+364.1	(1,049.3)	(600.5)

Risk volume is controlled by hedging and others

Unrealized gains

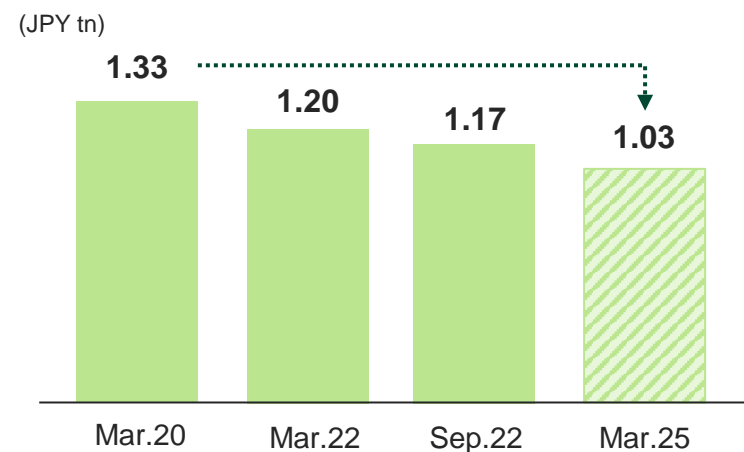


Reduction of shareholdings

Total reduction	JPY 152 bn
FY3/21	JPY 55 bn
FY3/22	JPY 67 bn
1H FY3/23	JPY 30 bn
Consent of sales from clients outstanding	JPY 66 bn
Reduction + Consent	JPY 219 bn

Reduction plan^{*2}

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

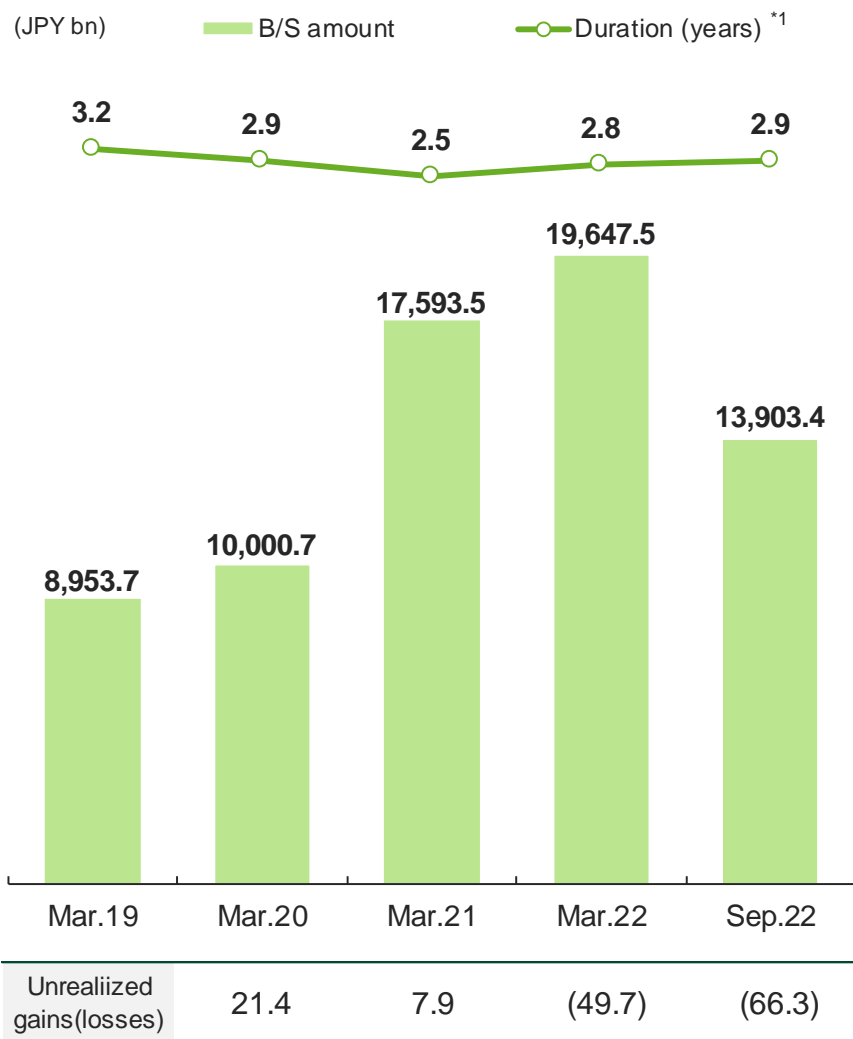


*1 The difference between foreign bonds and others is unrealized gain on foreign stocks

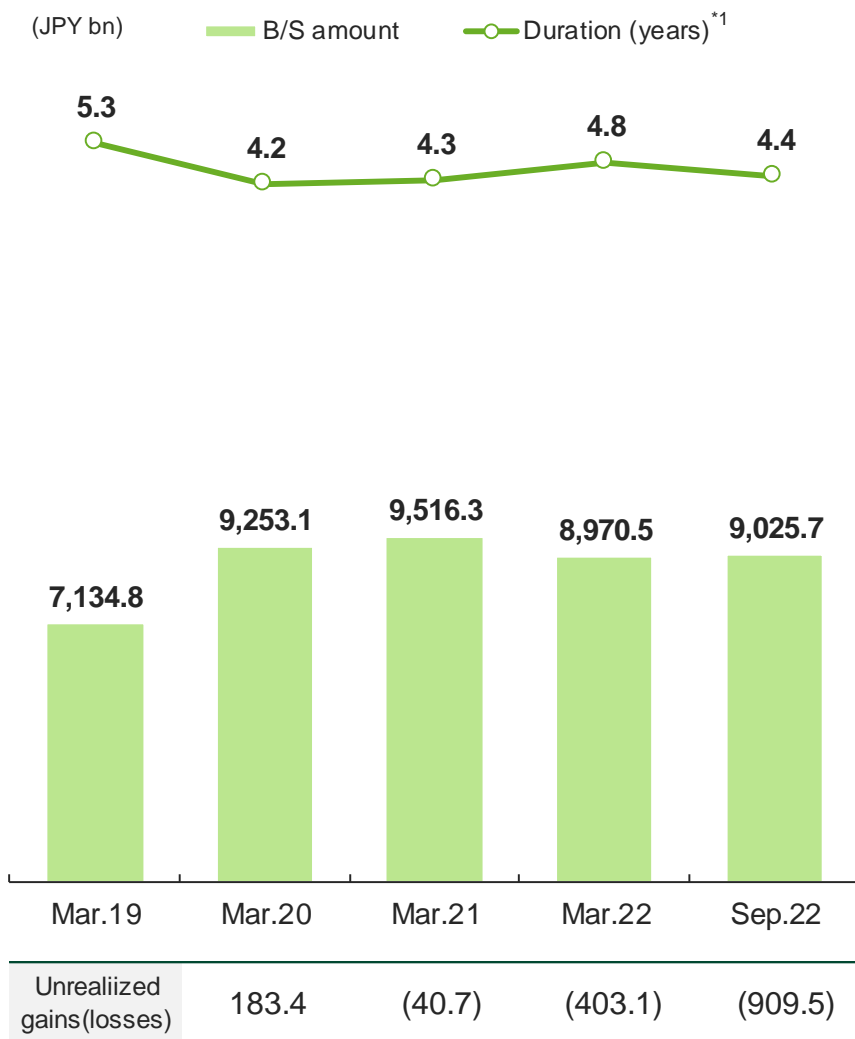
*2 Excl. investments after Mar.20 for the business alliance purpose

Securities (2)

Yen-denominated bonds (Non-consolidated)



Foreign bonds (Non-consolidated)



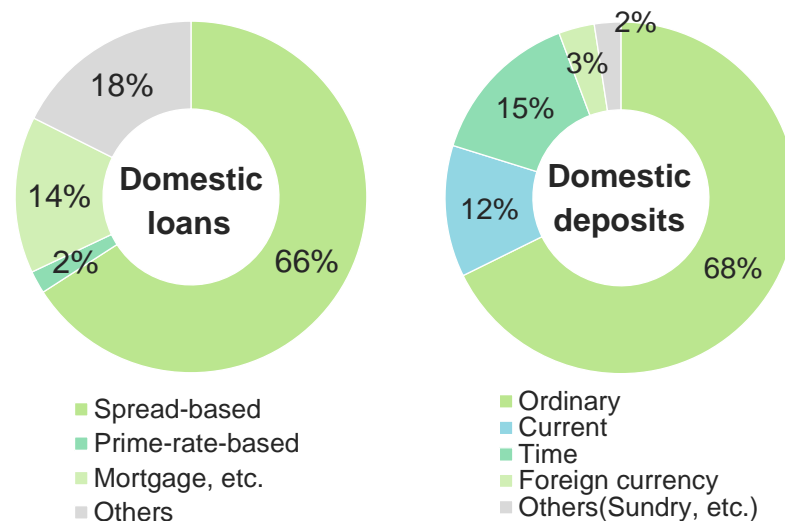
*1 Managerial accounting basis. Excluding bonds classified as held-to-maturity, bonds for which hedge-accounting is applied, and private placement bonds.

Balance sheet

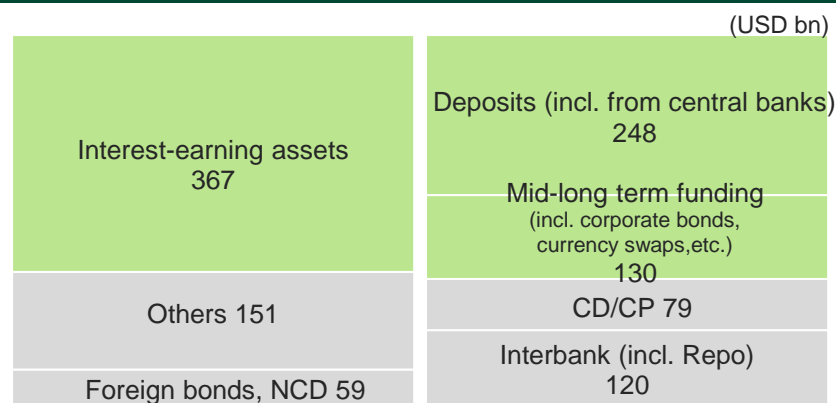
Consolidated

	(JPY tn)	Sep. 22	vs. Mar. 22
Total assets		271.7	+14.0
o/w Cash and due from banks		70.8	(4.0)
o/w BOJ's current account balance ^{*1}		51.6	(7.0)
o/w Loans		100.9	+10.0
o/w Domestic loans ^{*1}		59.2	+1.2
o/w Large corporations ^{*2}		19.9	+0.6
55 Mid-sized corporations & SMEs ^{*2}		20.0	+0.4
55 Individuals ^{*2}		11.8	(0.1) ^{*3}
o/w Securities		32.6	(6.0)
o/w Other securities		31.8	(6.4)
o/w Stocks		3.2	(0.2)
55 JGBs		10.0	(5.8)
55 Foreign bonds		12.4	+0.4
Total liabilities		259.0	+13.5
o/w Deposits		157.1	+8.5
o/w Domestic deposits ^{*1}		119.4	+0.7
Individuals		57.1	+1.0
Corporates		62.2	(0.4)
o/w NCD		14.5	+1.4
Total net assets		12.8	+0.6
Loan to deposit ratio		58.8%	

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 in 1H FY3/23 of JPY41.3bn *4 Sum of SMBC and major local subsidiaries

Capital / RWA

	Sep. 22	Requirement ^{*1}
Capital ratio		
Total capital ratio	15.63%	11.5%
CET1 ratio (Transitional basis)	13.69%	8%
excl. net unrealized gains on other securities	12.4%	-
CET1 ratio (Finalized Basel III basis)	10.6%	8%
excl. net unrealized gains on other securities	10.1%	-
External TLAC ratio		
RWA basis	24.45%	18.0%
Leverage exposure basis	9.23%	6.75%
Leverage ratio	4.83%	3%
LCR (Average 2Q FY3/23)	130.2%	100%

(JPY bn)	Mar. 22	Sep. 22
Total capital	11,983.8	12,193.5
Tier1 capital	11,186.2	11,415.4
o/w CET1 capital	10,458.4	10,681.8
Tier2 capital	797.5	778.1
External TLAC	20,628.1	21,819.7
Risk-weighted assets	72,350.1	77,971.4
Leverage exposure	216,080.4	236,237.4

*1 Excl. countercyclical buffer

Results by Business Unit

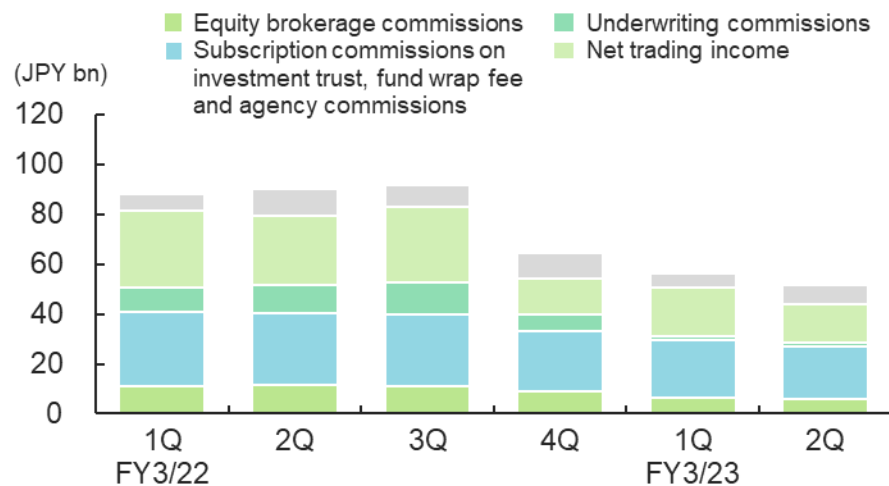
		(JPY bn)	FY3/22	1H FY3/23	YoY*1
Retail	Gross profit		1,146.9	553.8	(18.3)
	Expenses		935.5	456.2	(5.2)
	<i>Overhead Ratio</i>		81.6%	82.4%	+1.7%
	Net business profit		214.9	99.7	(11.8)
Wholesale	Gross profit		707.5	367.4	+18.6
	Expenses		303.6	145.5	(4.5)
	<i>Overhead Ratio</i>		42.9%	39.6%	(3.4)%
	Net business profit		469.7	259.2	+30.3
Global	Gross profit		872.0	601.1	+77.5
	Expenses		461.3	314.7	+33.1
	<i>Overhead Ratio</i>		52.9%	52.4%	(1.4)%
	Net business profit		431.2	332.4	+71.5
Global Markets	Gross profit		390.6	266.0	+8.6
	Expenses		92.3	56.7	+4.4
	<i>Overhead Ratio</i>		23.6%	21.3%	+1.0%
	Net business profit		338.1	224.7	+6.5

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

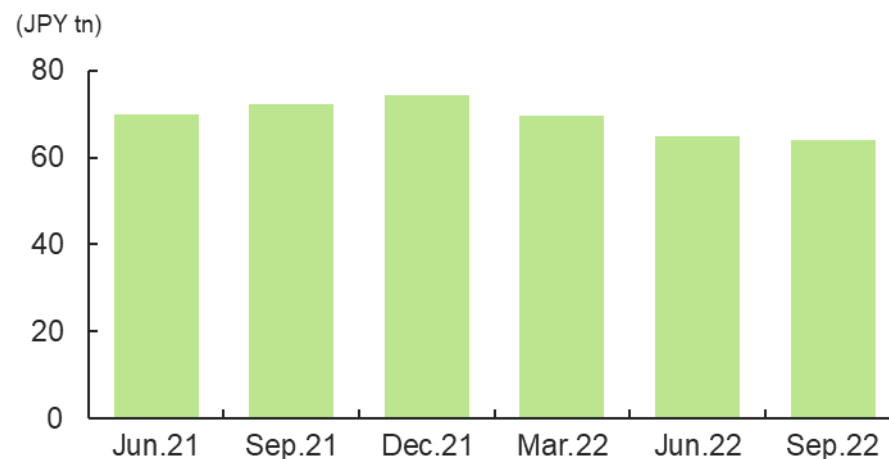
Financial results

(JPY bn)	FY3/22	1H FY3/23	YoY
Net operating revenue	334.2	107.7	(70.6)
SG&A expenses	275.4	127.4	(10.8)
Ordinary income	65.3	(18.1)	(61.9)
Net income	49.7	(9.4)	(42.0)

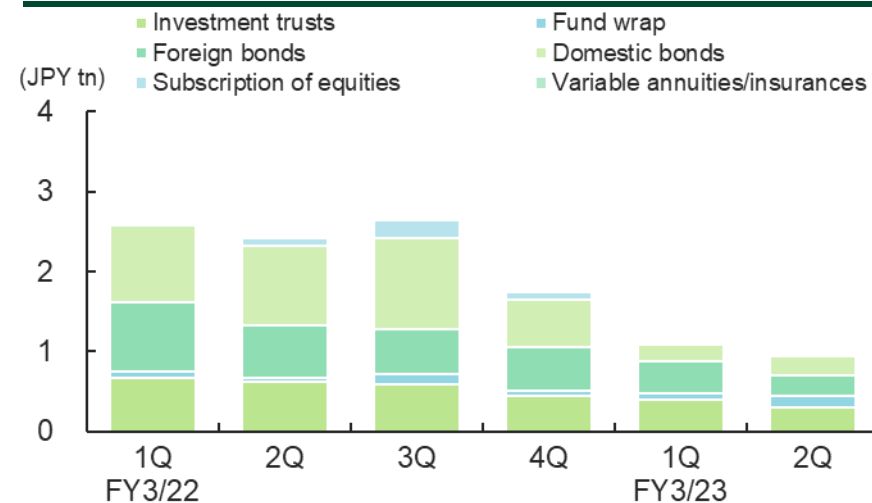
Net operating revenue



Client assets



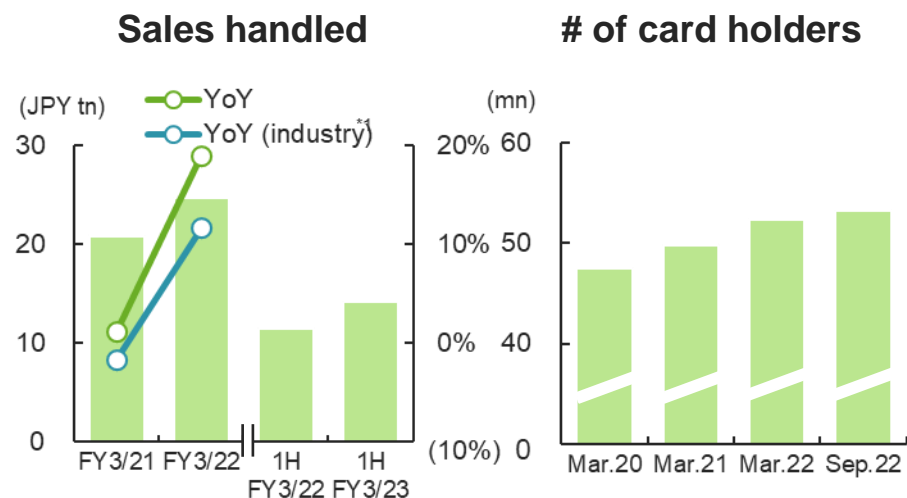
Product sales



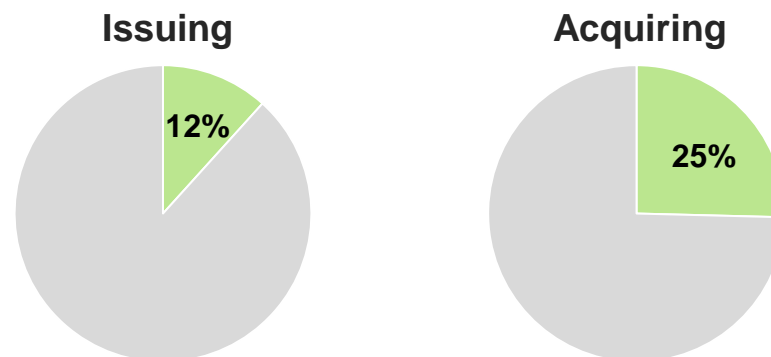
Financial results

(JPY bn)	FY3/22	1H FY3/23	YoY
Operating revenue	470.5	250.9	+23.9
o/w Commission fee	164.0	92.0	+14.9
Finance	98.2	50.6	+1.6
Sales on credit	29.5	14.2	(0.9)
Receipt agency	50.1	25.6	+0.6
Operating expense	439.5	229.1	+22.3
o/w Expenses for loan losses	25.6	15.4	+3.8
Expense for interest repayments	10.0	-	-
Ordinary profit (loss)	34.1	21.6	(1.6)
Net income	19.8	14.8	+0.0
Finance outstanding	677.9	703.1	

Key figures



Market share*2



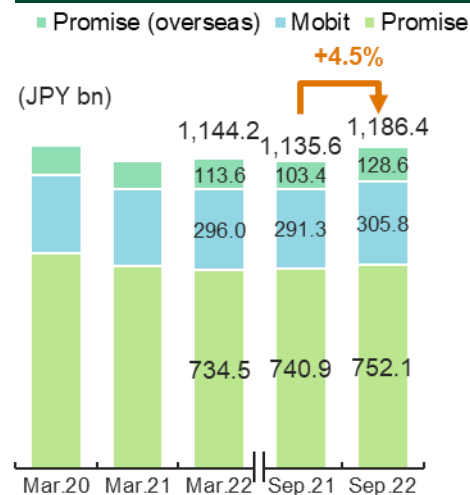
*1 The Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

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

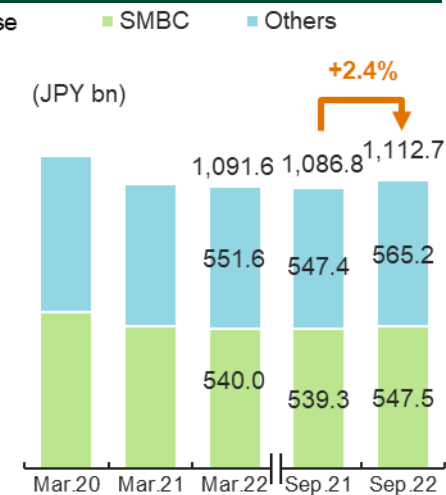
Financial results

(JPY bn)	FY3/22	1H FY3/23	YoY *1
Operating income	268.9	146.7	+11.8
o/w Interest revenues	176.7	91.3	+2.6
Loan guarantee revenues	57.1	35.3	+6.7
Operating expenses	200.5	100.3	+4.8
o/w Expenses for loan losses	48.7	35.5	+2.5
Expense for loan guarantees	10.8	2.0	(0.8)
Expenses for interest repayments	22.0	-	-
Ordinary profit	68.6	42.1	+2.6
Net income	85.2	31.9	(0.2)
NPLs	96.1	103.8	
(NPL ratio)	8.40%	8.75%	
Allowance on interest repayments (provision)	95.9	84.0	
	3.5 yrs	3.1 yrs	

Consumer loans



Loan guarantee



No. of interest refund claims

