

Overview of 1H FY3/2024

November 14, 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)

	Sep. 22	Mar. 23	Sep. 23
USD	144.81	133.54	149.58
EUR	142.32	145.75	157.99

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)
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

Financial highlights

- 1 **Recorded the highest 1H result** in consolidated gross profit, consolidated net business profit, and bottom-line profit
 - ✓ Revised upward full-year target, expecting to **exceed the target of Medium-Term Management Plan in the 1st year of the period**
- 2 **Enhance shareholders return** with upward revision of bottom-line target
 - ✓ **Expect the highest total payout ratio of 62%** from raising the dividend forecast and resolving share buybacks

Bottom-line profit	Dividends	Share buybacks
Initial target: JPY 820 bn	Increased by +20 (YoY +30)	Resolved up to
JPY 920 bn	JPY 270 /share	JPY 150 bn

Financial highlights (1) Upward revision of target

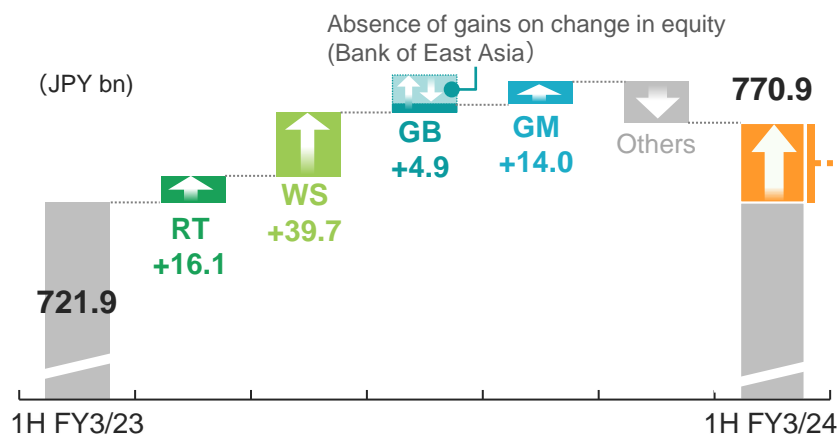
Recorded the highest 1H result as each Business Unit showed steady progress.

Revised the full-year forecast upward as business environment has been better than originally anticipated.

Result of 1H, FY3/24

(JPY bn)	1H FY3/24	YoY
Consolidated net business profit	770.9	+49.0 ●
Total credit cost	100.3	+17.2
Ordinary profit	709.2	(16.8)
Profit attributable to owners of parent	526.5	+1.0

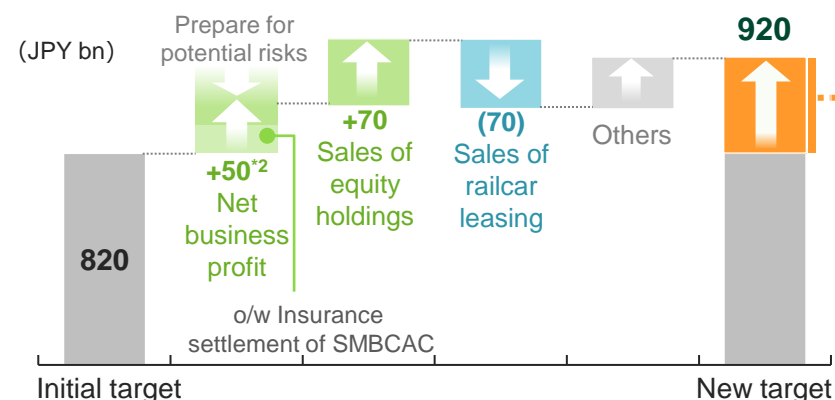
Breakdown of YoY



Revised target of FY3/24^{*1}

(JPY bn)	New target	vs. initial target
Consolidated net business profit	1,400	+60
Total credit cost	230	—
Ordinary profit	1,320	+160
Profit attributable to owners of parent	920	+100 ●

Breakdown of upward revision



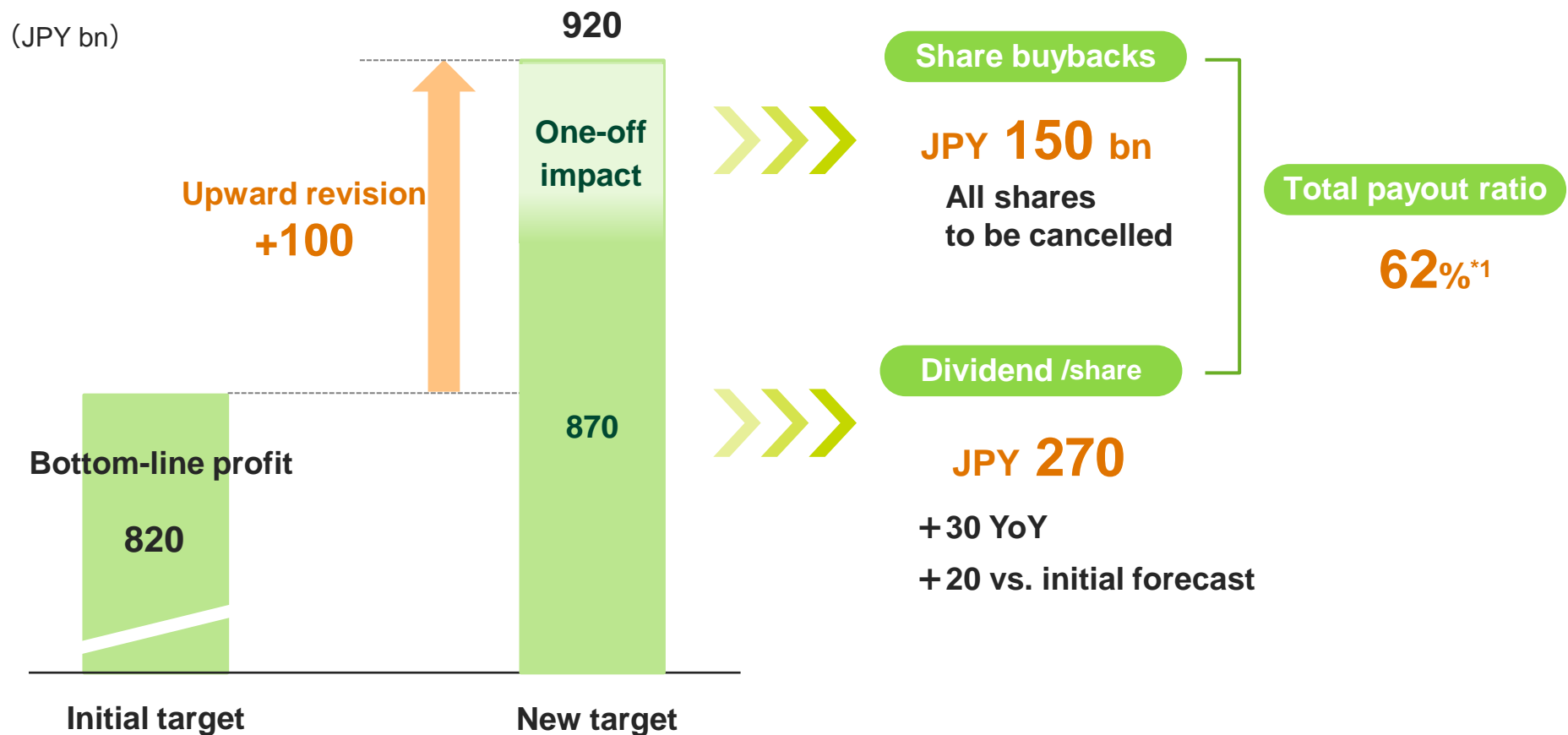
^{*1} Revised FX assumption from JPY120/USD to JPY130/USD, while interest rate assumption remains unchanged
(JGB 10yr interest rate: 0.5%, Policy rate: (0.1)%)

^{*2} Before tax: +60 (no additional tax for insurance settlement of SMBCAC as gains of affiliates)

Financial highlights (2) Shareholders return

Enhance shareholder returns +JPY 100 bn of upward revision of bottom-line target

- Dividend: increased to JPY 270/share (+30 YoY, +20 vs. initial forecast)
- Share buybacks: resolved up to JPY 150 bn



*1 Incl. JPY 61.3 bn purchased in FY3/24 which was announced in FY3/23

Progress rate of 1H results toward FY3/24 initial full year target:

Consolidated net business profit 58%, Profit attributable to owners of parent 64%

	(JPY bn)	1H FY3/24	YoY	FY3/24 target	
				initial	revised
1 Consolidated gross profit		1,817.3	+185.0		
G&A expenses		1,082.2	+119.6		
2 Overhead ratio		59.5%	+0.5%		
3 Equity in gains (losses) of affiliates	Progress	35.8	(16.3)		
4 Consolidated net business profit	58%	770.9	+49.0	1,340	1,400
5 Total credit cost		100.3	+17.2	230	230
6 Gains (losses) on stocks		46.8	(45.3)		
7 Other income (expenses)		(8.2)	(3.4)		
8 Ordinary profit		709.2	(16.8)	1,160	1,320
9 Extraordinary gains (losses)		(2.8)	(1.4)		
10 Income taxes		177.7	(16.0)		
11 Profit attributable to owners of parent	64%	526.5	+1.0	820	920
12 ROE incl. OCI ^{*1}		8.0%	(0.5)%		
13 ROE ^{*2}		10.0%	(0.3)%		

- **Consolidated gross profit** increased YoY 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: +21
- **G&A expenses** increased YoY mainly due to
 - 1) inflation: +25
 - 2) higher variable marketing cost of SMCC: +25, which is successfully increasing new customers.
 Impact of FX: +14
- **Equity in gains of affiliates** decreased YoY due to absence of gains on change in equity of BEA^{*3}: (20)
Impact of FX: +1
- **Total credit cost**: increased due to domestic consumer finance business: +24 but managed to be lower than forecast
- **Gains on stocks** decreased due to
 - 1) impairment of overseas investment: (29)
 - 2) gains on sales of equity holdings: 61, YoY (7), while ETF sales increased :+7)

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

*2 Based on shareholder's equity

*3 Bank of East Asia

(Ref.) Group companies

Plan for
Fulfilled Growth

SMBC

	(JPY bn)	1H FY3/24	YoY	revised target
1 Gross banking profit		895.4	(32.8)	
2 o/w Net interest income		527.7	(83.7)	
3 o/w Gains (losses) on cancellation of investment trusts		4.7	(26.6)	
4 Domestic		297.8	(55.5)	
5 Overseas		229.9	(28.2)	
6 o/w Net fees and commissions		231.6	+9.4	
7 Domestic		111.9	+17.2	
8 Overseas		119.7	(7.8)	
9 o/w Net trading income+ Net other operating income		134.7	+41.2	
10 o/w Gains (losses) on bonds		(0.2)	+63.1	
11 Expenses		481.6	+37.8	
12 Banking profit		413.9	(70.6)	765
13 Total credit cost		10.2	(53.3)	85
14 Gains (losses) on stocks		40.6	(43.6)	
15 Extraordinary gains (losses)		6.8	(29.5)	
16 Net income		345.7	(54.0)	640

Absence of dividend from subsidiary: (42)
⇒ eliminated in consolidated basis

Other major group companies

(left : results of 1H FY3/24 / right : YoY)						
(JPY bn)	SMCC ^{*1}		SMBC Nikko ^{*2}		SMBCCF ^{*1}	
Gross profit	266.7	+30.4	218.4	+44.4	123.1	+7.4
Expenses	218.1	+26.8	193.0	+16.0	51.3	+2.1
Net business profit	49.1	+4.0	25.5	+28.4	58.8	(3.9)
Net income	17.0	(2.2)	18.5	+19.7	9.1	(18.4)

(Equity method affiliate)

	SMBC Trust		SMDAM		50%	SMFL ^{*3}	50%
Gross profit	35.5	+10.6	19.9	+1.6		140.3	+14.9
Expenses	19.7	+1.7	16.4	+1.2		61.1	+2.9
Net business profit	15.7	+8.9	3.5	+0.4		84.3	+11.0
Net income	12.3	+6.4	2.4	+0.6		42.1	+4.6

*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

(Ref.) One-off impact in FY3/2024

- Received insurance of USD 710 mn in respect of aircraft previously leased to Russian airline.
- Sold U.S. freight car leasing business to realize a more capital-efficiency business portfolio.

1 Insurance settlement of SMBCAC

3Q

34 aircraft lost in Russia (NBV USD 1.6 bn^{*1})

Total impairment by Sep. 2023 Impact on bottom-line profit JPY (81) bn^{*2}

Oct. 2023:
insurance settlement received for 16 aircraft previously leased to Aeroflot

Impact on bottom-line profit +USD 311 mn^{*3}

Insurance settlement: USD 710 mn



- Maximum impact of potential impairment on bottom-line profit : USD (90) mn

2 Sales of railcar leasing business

3Q

2013 : Entered into railcar leasing business

- Acquired Flagship Rail Services and renamed to SMBC Rail Services (SMBCRS)

2017 : Acquired American Railcar Leasing

- Aimed to expand business size by acquiring more profitable railcars

Became a leading freight car leasing company in the U.S.

Changes in the business environment and industry reorganization have led SMBCRS to bear potential impairment risks

Strengthened regulation

Shrinking margin

2023 : Decided to sell to ITE

- Improve capital efficiency by reallocating resources to growth areas

Impact on^{*4} (CET1 ratio)

RWA	USD (2,900) mn	+4 bp
Loss for sales	USD (560) mn	(7)bp

*1 Before write-down *2 After netting security deposits *3 After netting impairment of NBV

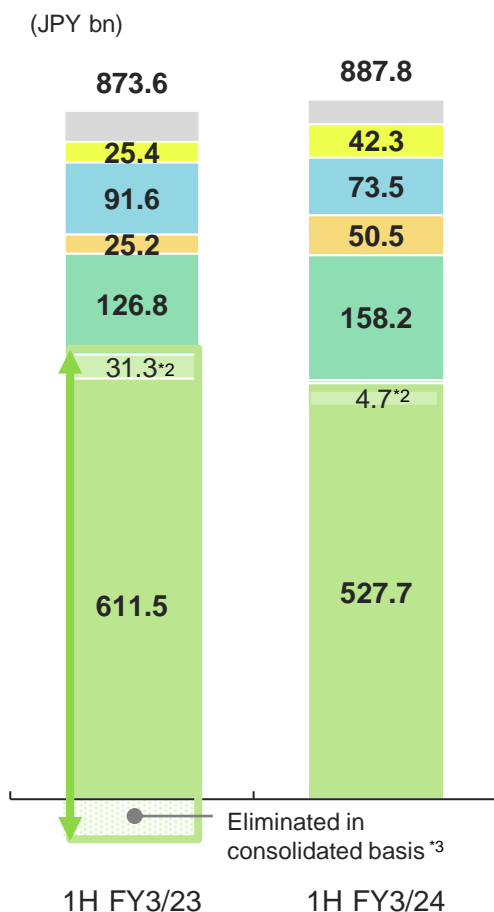
*4 The amount of loss is calculated based on the SMBC RS net asset forecast at the time of agreement on transfer and is subject to change

Consolidated gross profit ^{*1}

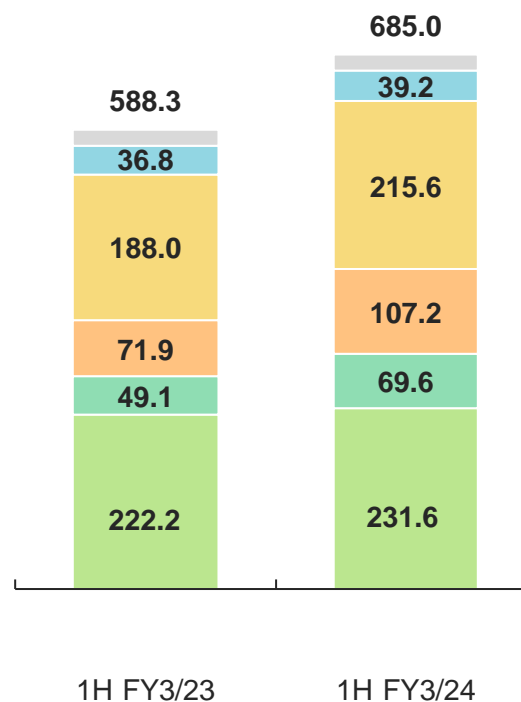
Plan for
Fulfilled Growth

■ SMBC
 ■ Overseas banking subsidiaries
 ■ SMBC Nikko
 ■ SMCC
 ■ SMBCCF
 ■ SMICC
 ■ Others

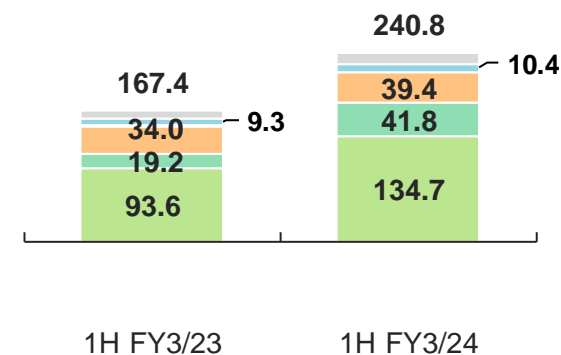
Net interest income



Net fees and commissions



Net trading income + Net other operating income



^{*1} Figure for FY3/23 has not been adjusted to the reorganization of SMBC Mobit in Apr.23

^{*2} Gains on cancellation of investment trusts

^{*3} Incl. dividend from subsidiary of JPY 42bn

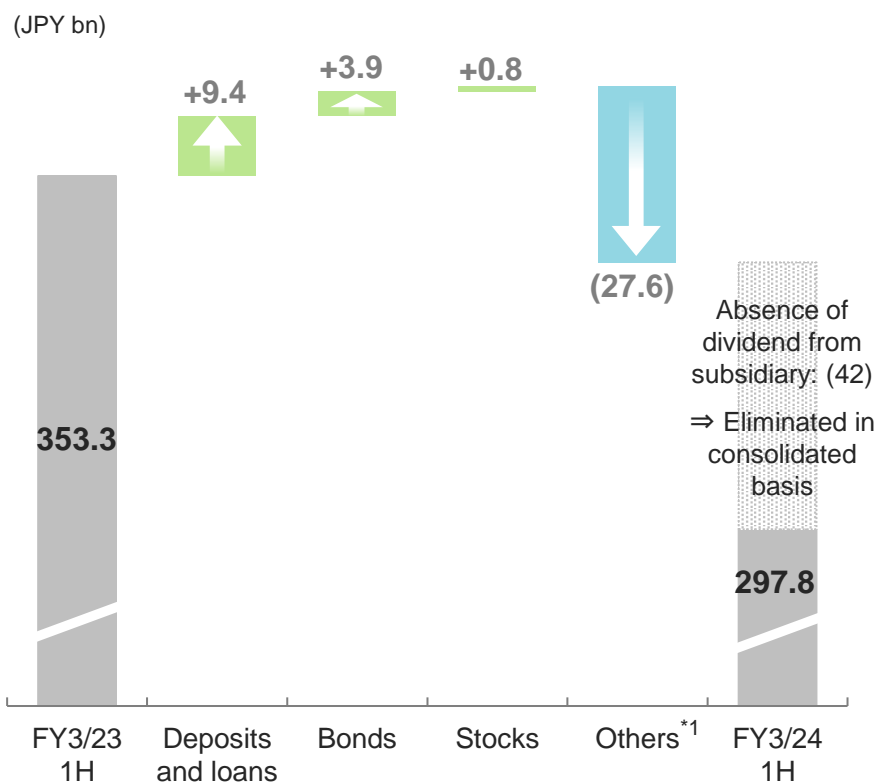
(Ref.) Net interest income (SMBC)

Plan for
Fulfilled Growth

Domestic

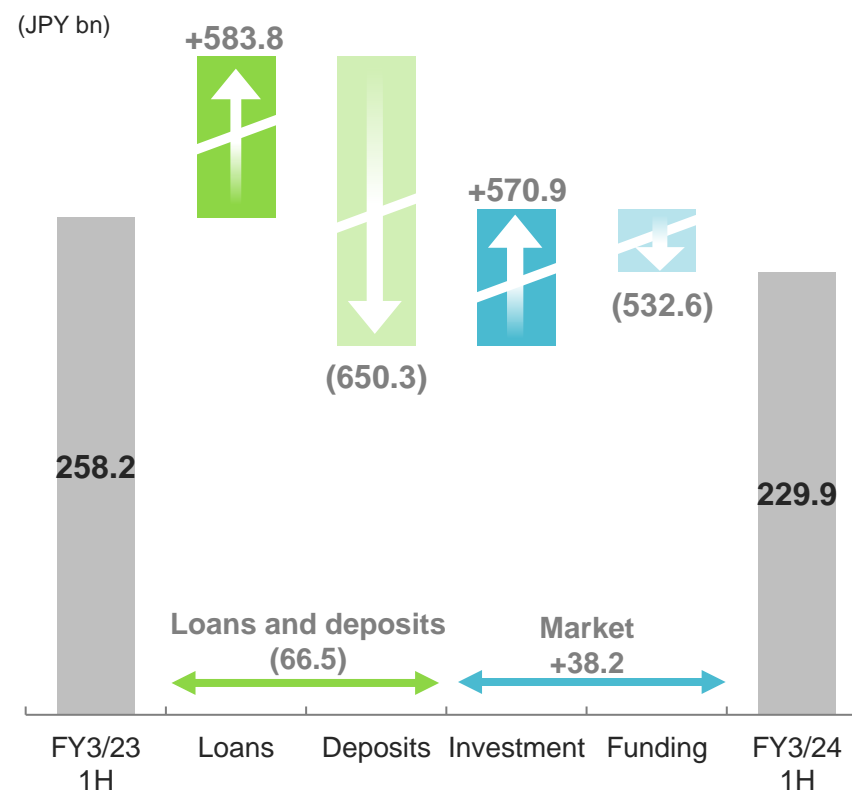
- Income from deposits and loans increased, while gains on cancellation of investment trusts decreased

*Dividends from subsidiary recorded in the previous fiscal year had no impact in consolidated basis.



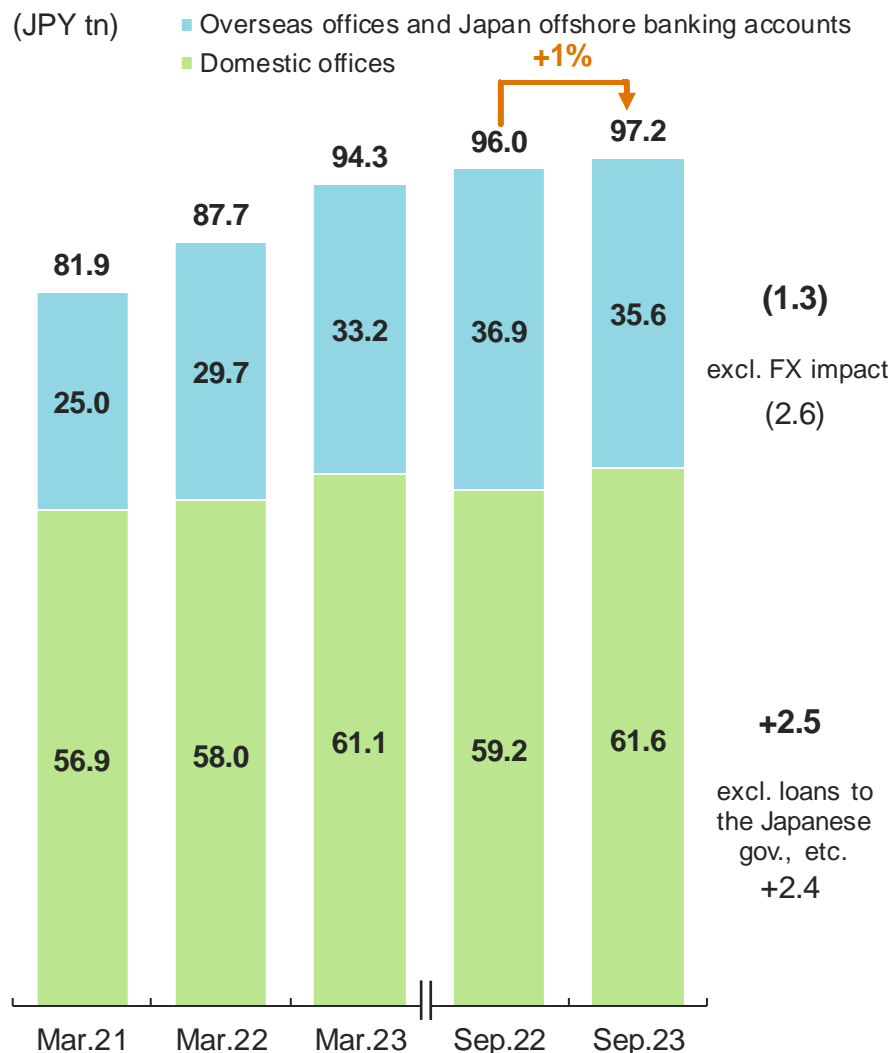
Overseas

- Deposit funding cost increased with liquidity prioritization due to financial instability from March 2023, further pushed by rising interest rates.



*1 Gains and losses on cancellation of investment trusts, etc.

Loan balance



Domestic loan-to-deposit spread

	1H FY3/24	YoY	1Q	2Q
(%)				
Interest earned on loans and bills discounted	0.82	(0.02)	0.82	0.83
Interest paid on deposits, etc.	0.00	(0.00)	0.00	0.00
Loan-to-deposit spread	0.82	(0.02)	0.82	0.83

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

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

Average loan balance and spread^{*2}

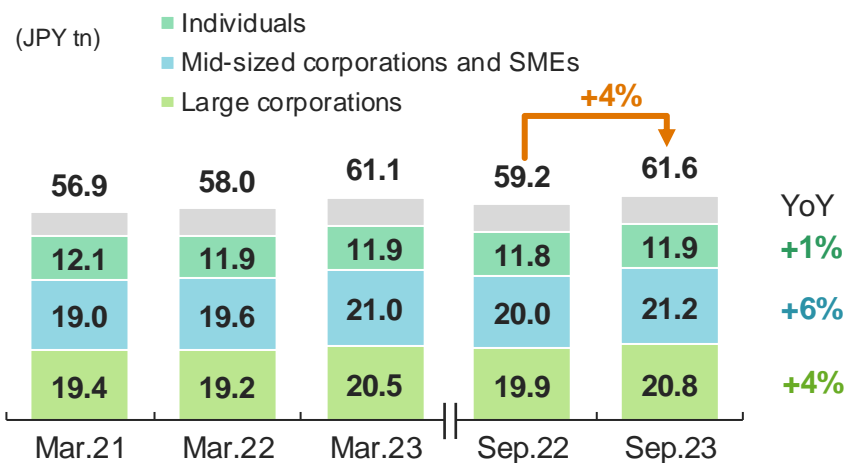
	Balance (JPY tn)		Spread (%)	
	1H FY3/24	YoY ^{*4}	1H FY3/24	YoY
Domestic loans	59.5	+2.8	0.71	(0.01)
Excl. loans to the Japanese government, etc.	57.0	+2.8	0.74	(0.01)
o/w Large corporations	20.5	+1.3	0.55	(0.00)
o/w Mid-sized corporations & SMEs	21.0	+1.2	0.64	+0.02
o/w Individuals	11.9	+0.1	1.37	(0.04)
GBU's interest earning assets ^{*3}	344.9 USD bn	(21.6) USD bn	1.22	+0.06

^{*1} SMBC ^{*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.

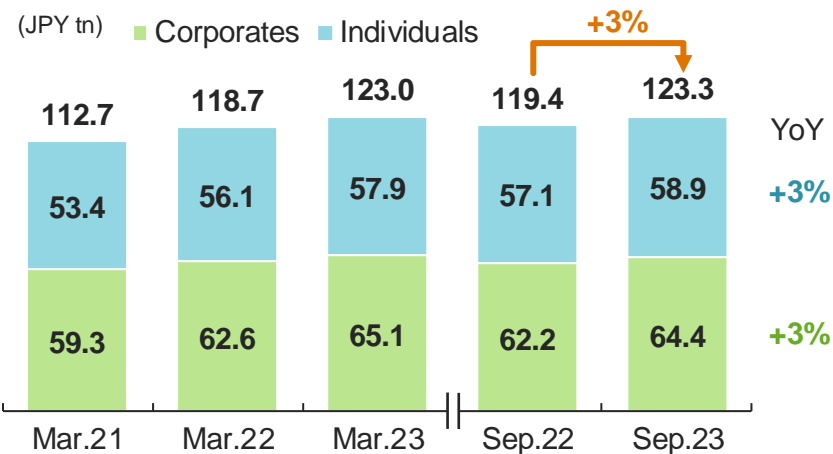
Domestic loans and deposits*1

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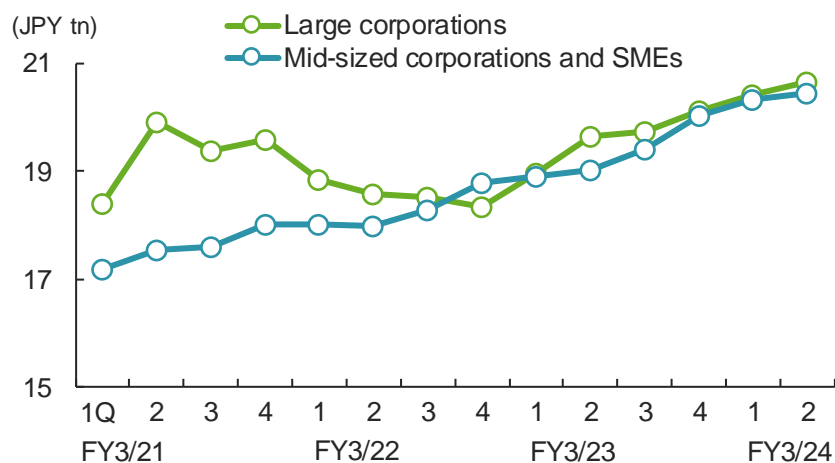
Loan balance*2



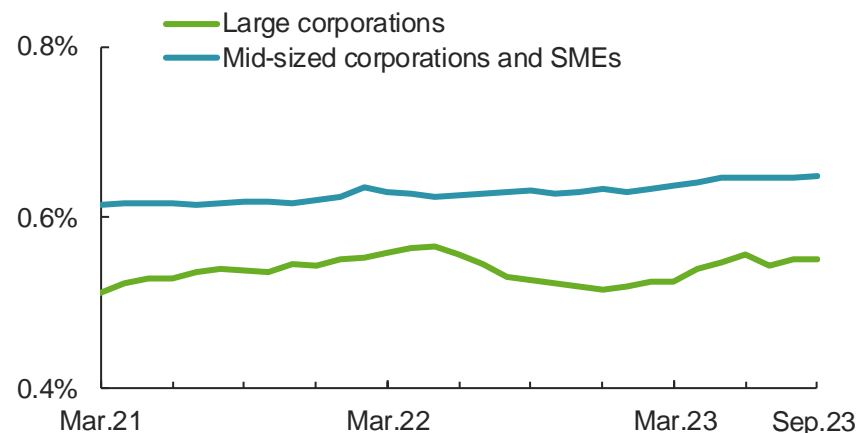
Deposit balance



Loan average balance for corporates*2,3



Loan spread for corporates*2,4



*1 SMBC *2 Managerial accounting basis *3 Quarterly average (excl. loans to the Japanese government)

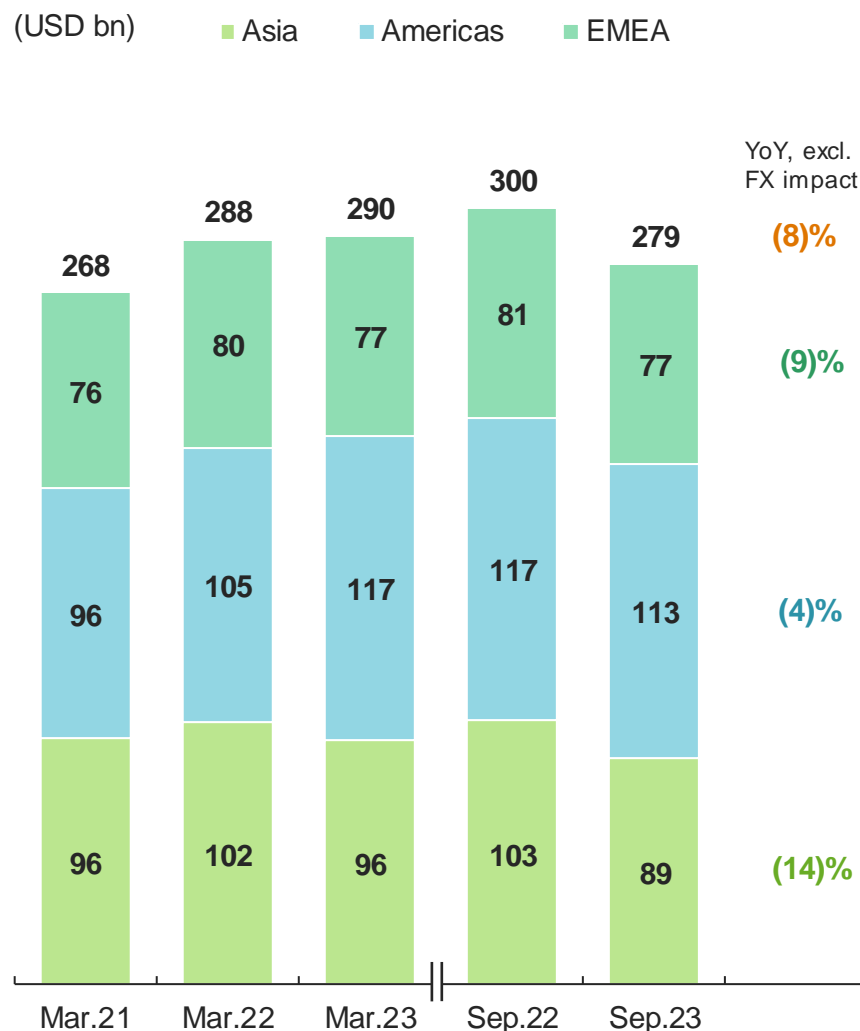
Figures for SMEs are the outstanding balance of Corporate banking division

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

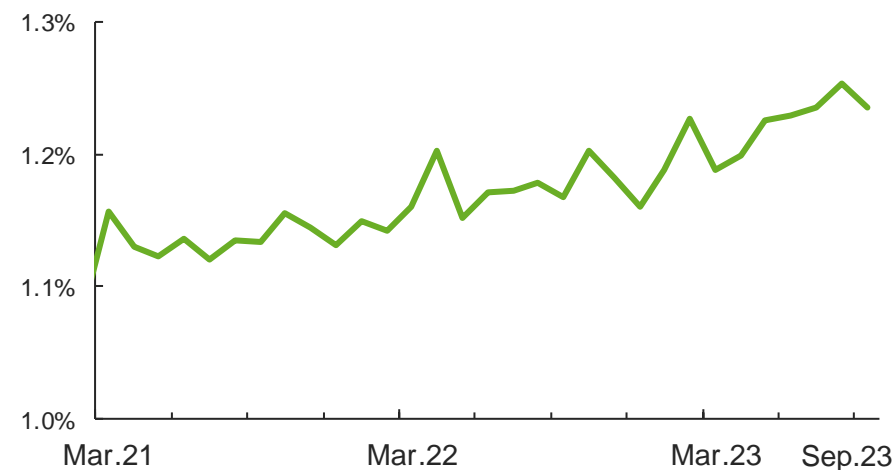
Overseas loans and deposits*1

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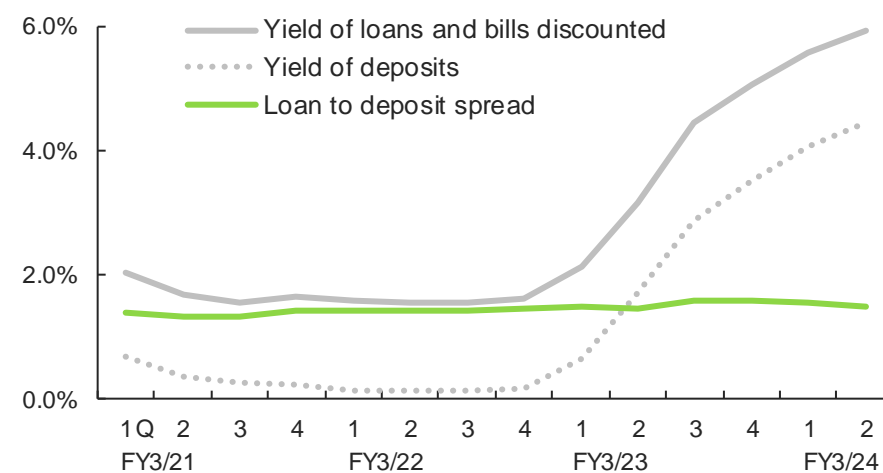
Loan balance



Loan spread*2



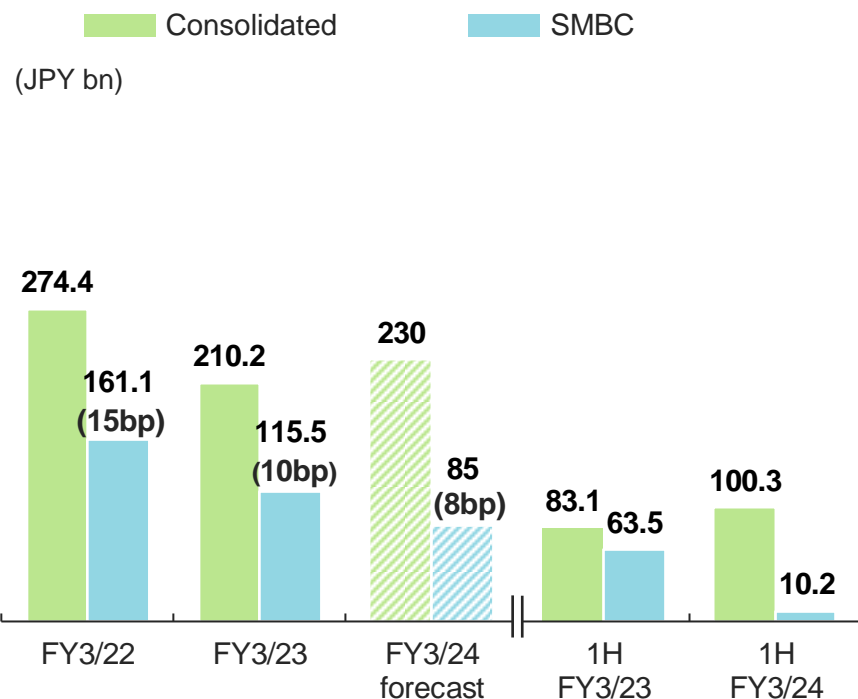
Loan to deposit spread



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

*2 Monthly average loan spread of existing loans

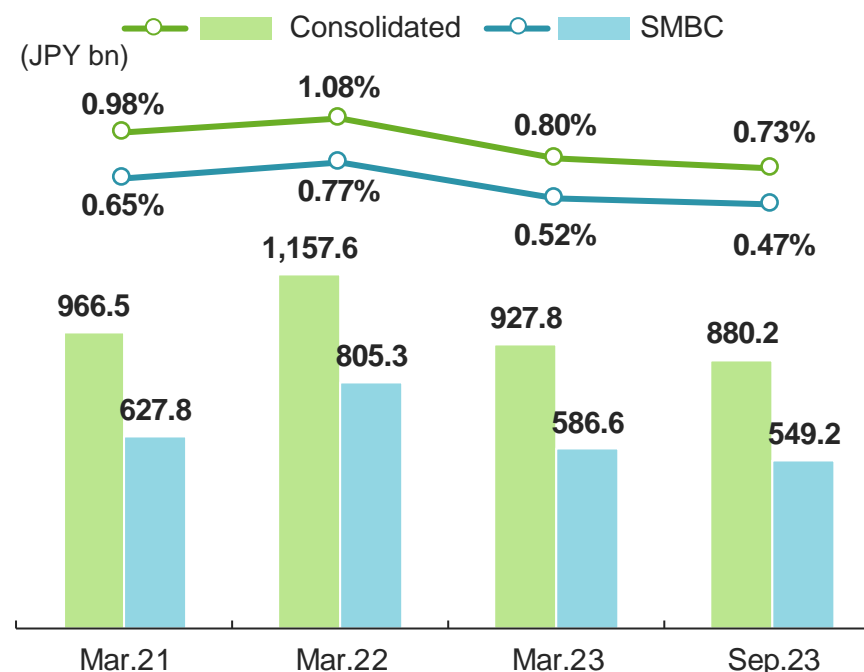
Credit costs



Major group companies

(JPY bn)	1H FY3/24	YoY
SMBCCF	43	+13 ^{*2}
SMCC	26	+11 ^{*2}
SMICC	12	+7
Overseas banking subsidiaries	9	+12
Adjustments of FX	-	+23 ^{*3}

Non-performing loan balance^{*1}



Total claims

	(JPY tn)		
Consolidated	107	116	121
SMBC	104	113	117

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

SMBC	1.9	1.8	1.7
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^{*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

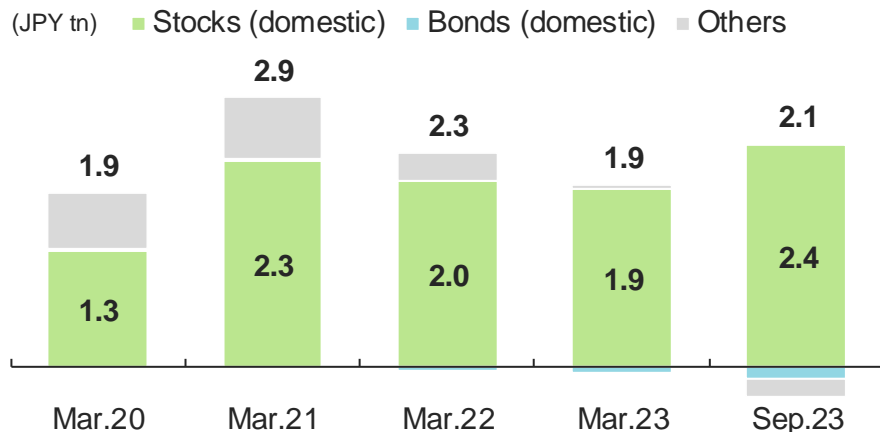
^{*3} Adjustments of FX is recorded in the total credit cost, as the total credit cost is net reversal for SMBC.

Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	Sep.23	vs Mar.23	Sep.23	vs Mar.23
(JPY bn)				
Held-to-maturity	212.2	+46.6	(1.7)	(1.3)
Available for sales	39,439.5	+6,974.6	2,093.5	+178.4
Stocks (domestic)	3,800.6	+455.2	2,426.2	+481.4
Bonds (domestic)	12,958.5	(219.0)	(120.0)	(55.8)
o/w JGBs	9,512.1	(64.2)	(64.5)	(28.1)
Others	22,680.5	+6,738.4	(212.6)* ¹	(247.2)
o/w Foreign bonds	19,103.0	+6,021.5	(1,114.3)	(417.0)

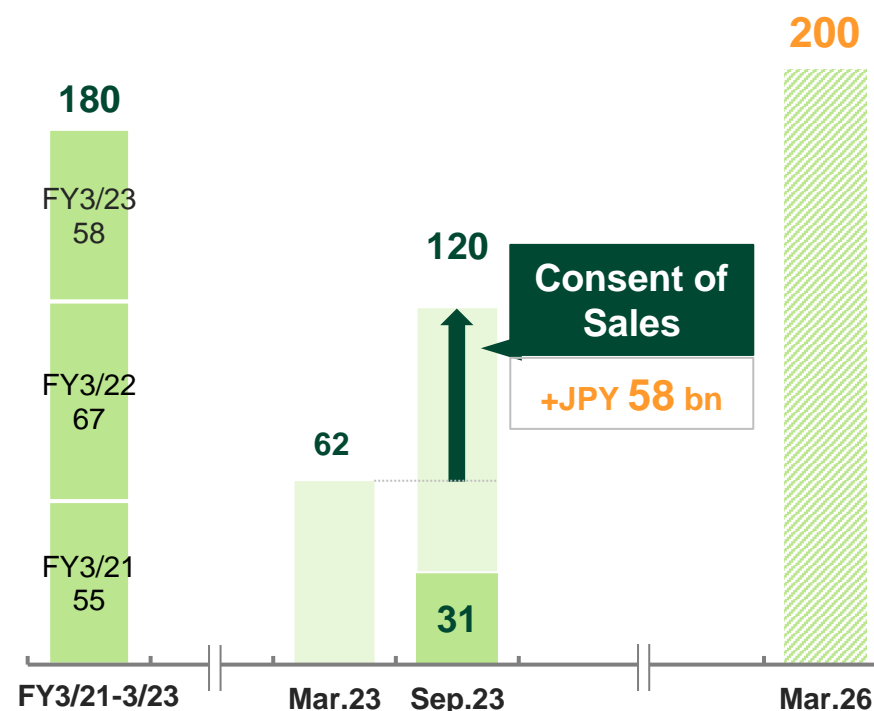
Risk volume is controlled by hedging and others

Unrealized gains



Equity holdings (Sep.23)

■ Reduction ■ Consent of sales*²



Reduction plan

- Reduce **JPY 200 bn** in 3 years (FY3/24-26)
- Aim for **<20%** market value to consolidated net assets*³ during the period of next Medium-Term Management Plan*⁴

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

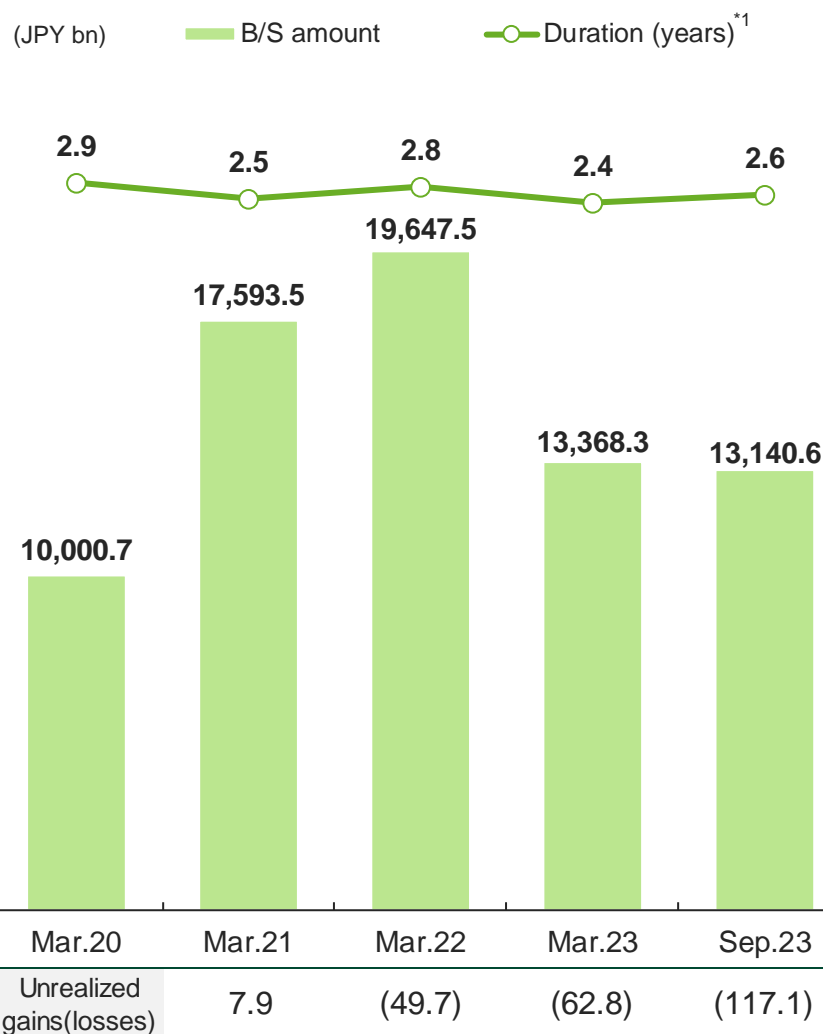
*2 Excl. investments after Mar.20 for the business alliance purpose

*3 Sep.23: 32.2%, incl. balance of deemed held shares in numerator *4 FY3/27-29

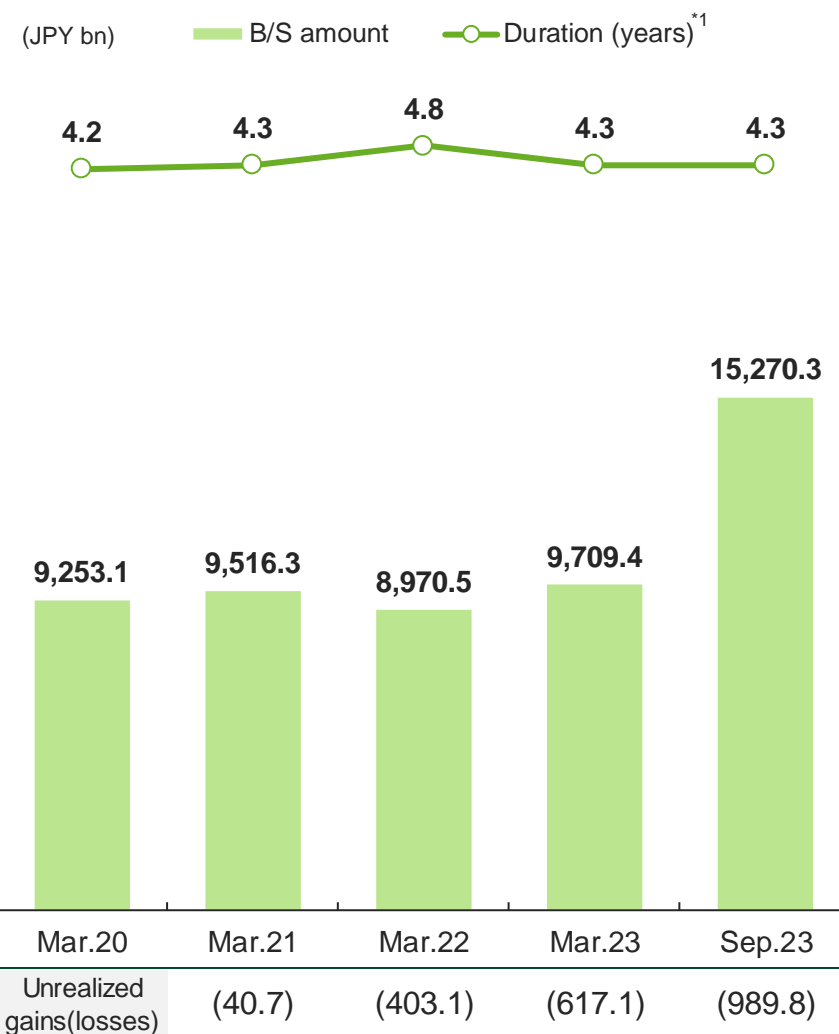
Securities (2)

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Fulfilled Growth

Yen-denominated bonds (SMBC)



Foreign bonds (SMBC)



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

Balance sheet

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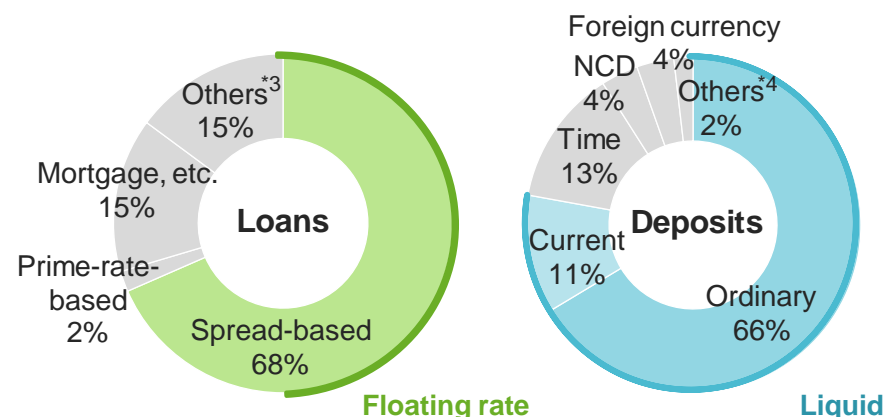
Consolidated

(vs Mar.23)

Loans JPY 102.4 tn (+JPY 4.0 tn)		Deposits JPY 176.2tn (+JPY 4.4 tn)	
Domestic loans ^{*1,2}		Loan to deposit ratio 58.1%	
JPY 61.6 tn		Domestic deposits ^{*2}	JPY 123.3 tn
		NCD	JPY 13.8 tn
Securities JPY 40.4 tn (+JPY 7.2 tn)		Others JPY103.7tn (+JPY 17.8 tn)	
JGBs	JPY 9.5 tn	Total net assets JPY 13.8tn (+JPY 1.0tn)	
Foreign bonds	JPY 19.1 tn		
Others JPY150.8 tn (+JPY 12.0 tn)			
Cash and due from banks	JPY 77.4 tn		
BoJ's current account ^{*2}	JPY 59.5tn		

Total assets JPY 293.7 tn (+JPY 23.3 tn)

Domestic loans and deposits^{*1,2}



Impact to net interest income from possible interest hike^{*5}

Short-term rate	JPY +30 bn
Medium-to long term rate	JPY +10 bn (1 st year)

- JPY +50 bn in 5th year by repricing of fixed rate loans
 - Profit from market operation is not included
- Cautious approach to additional JGB investment considering further rate hike

<Assumption>	Policy rate	5 years rate	10 years rate
	0% ^{*6}	0.6%	1.1%
(Sep.23)	(0.1)%	0.34%	0.77%

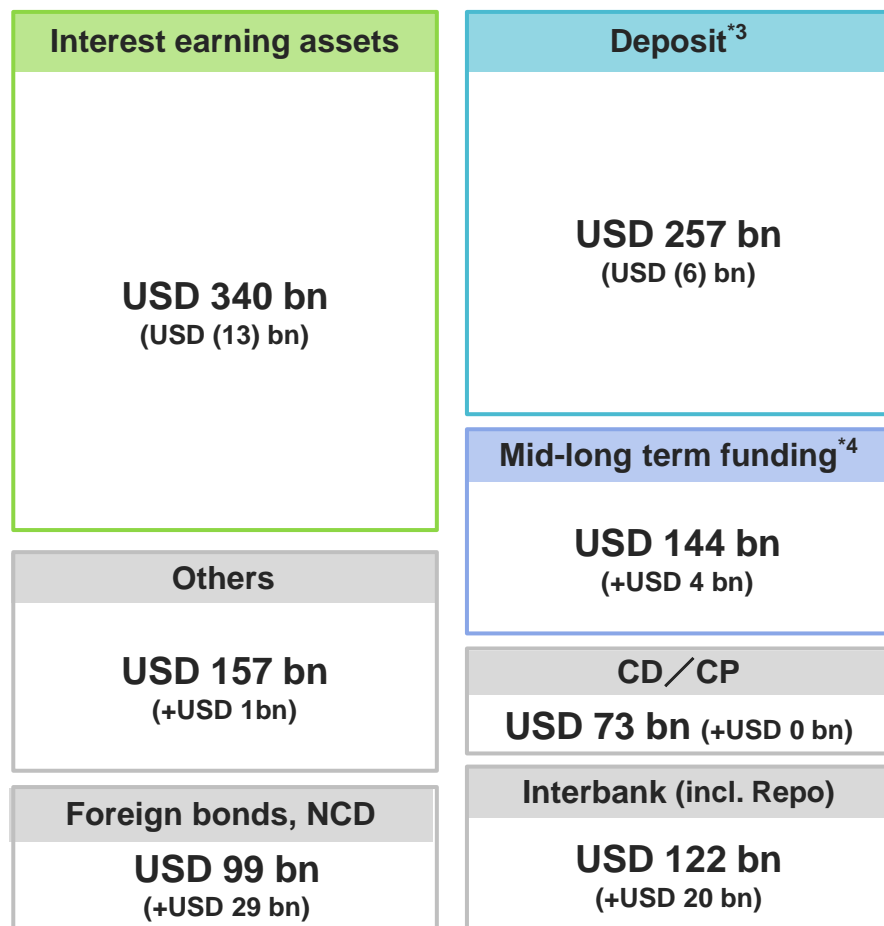
*1 Managerial accounting basis *2 SMBC *3 Overdraft, foreign-currency-denominated, etc.

*4 Sundry, etc. *5 Based on assumption of no change in balance sheet

*6 Interest rate on basic balance of BOJ's current account remains unchanged at 0.10%.

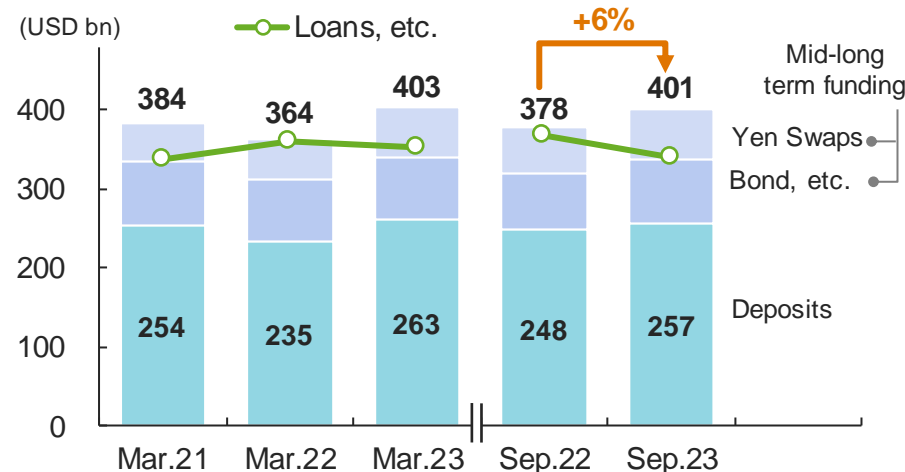
Non-JPY B/S^{*1,2}

(vs Mar.23)



Assets / Liabilities USD 596 bn (+USD 18 bn)

Foreign currency balance



Impact of interest rise

Loan/deposit

- Most of the loans / deposits are based on market rate
(A part of the 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

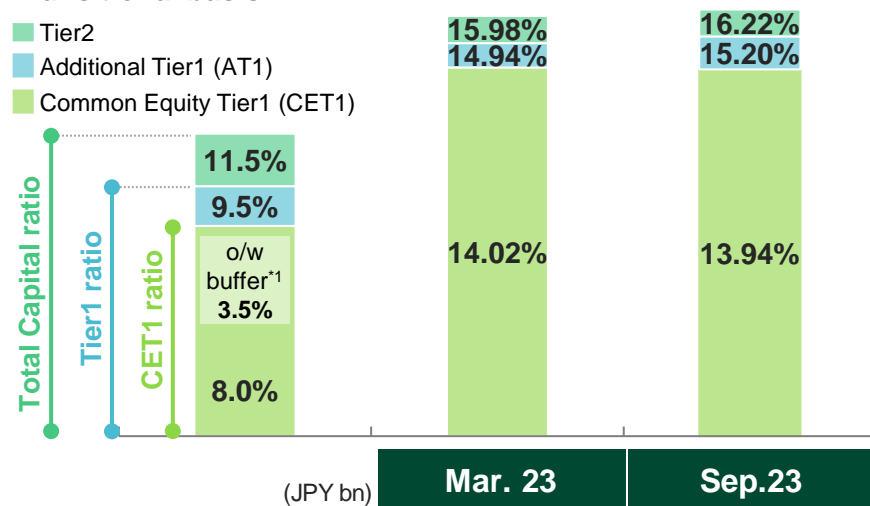
*1 Sum of SMBC and major local subsidiaries *2 Managerial accounting basis

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

Capital ratio

Transitional basis

- Tier2
- Additional Tier1 (AT1)
- Common Equity Tier1 (CET1)



	Mar. 23	Sep. 23
Total capital	12,350.8	13,312.8
Tier1 capital	11,548.9	12,470.6
o/w CET1 capital	10,839.0	11,438.7
Tier2 capital	801.9	842.2
Risk-weighted assets	77,285.0	82,041.0
Finalized Basel III basis		
CET1 ratio	10.9%	10.6%
excl. net unrealized gains on other securities	10.1%	10.1%

Other requirement ratios

	Sep. 23	Requirement*1
External TLAC ratio		
RWA basis	26.24%	18.0%
Leverage exposure basis	9.70%	6.75%
Leverage ratio	4.93%	3.5%
LCR (Average 2Q FY3/24)	134.0%	100%

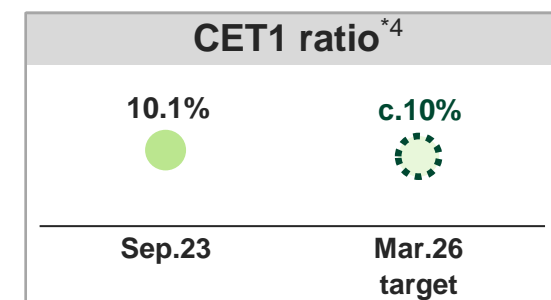
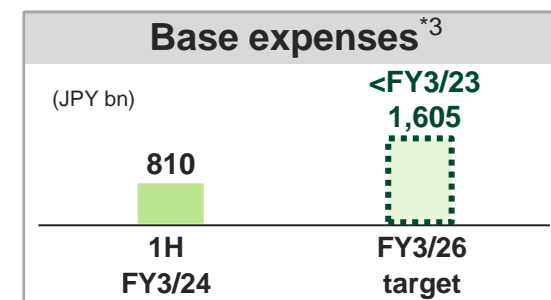
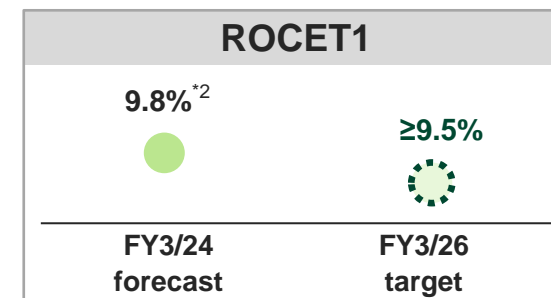
Business Unit / Medium-Term Management Plan

Plan for
Fulfilled Growth

Results by Business Unit

(JPY bn)		FY3/23	1H FY3/24	YoY ^{*1}
Retail	Gross profit	1,147.7	621.8	+53.9
	Expenses	994.1	526.8	+39.1
	Overhead Ratio	86.6%	84.7%	(1.2)%
	Net business profit	158.3	98.4	+16.1
Wholesale	Gross profit	762.3	396.9	+43.5
	Expenses	325.0	151.9	+8.6
	Overhead Ratio	42.6%	38.3%	(2.3)%
	Net business profit	515.4	298.6	+39.7
Global	Gross profit	1,188.9	670.5	+81.0
	Expenses	677.9	391.0	+60.8
	Overhead Ratio	57.0%	58.3%	+2.3%
	Net business profit	555.9	311.3	+4.9
Global Markets	Gross profit	455.8	286.6	+19.9
	Expenses	135.7	79.9	+6.3
	Overhead Ratio	29.8%	27.9%	+0.3%
	Net business profit	349.0	222.5	+14.0

Financial target of Medium-Term Management Plan



^{*1} After adjustments of the changes of interest rates and exchange rates ^{*2} The numerator is the full-year forecast of JPY 920 bn

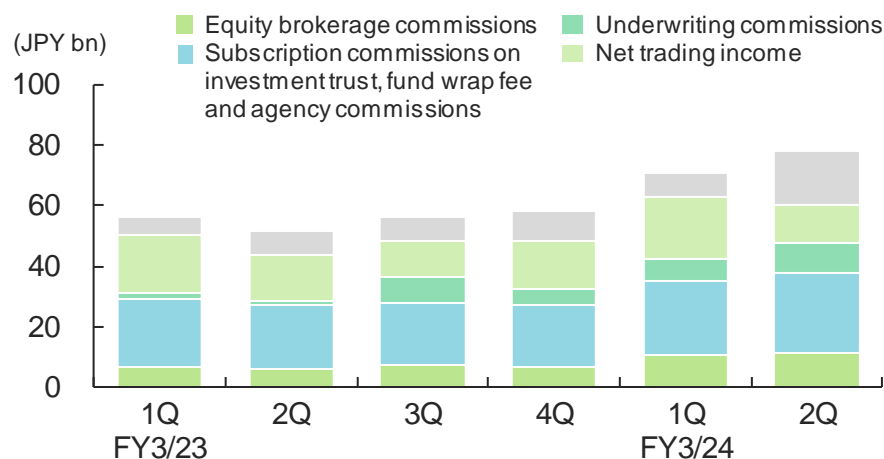
^{*3} G&A expenses excluding cost related to investment for future growth, revenue-linked variable cost and others

^{*4} Post-Basel III reforms basis, excludes net unrealized gains on other securities

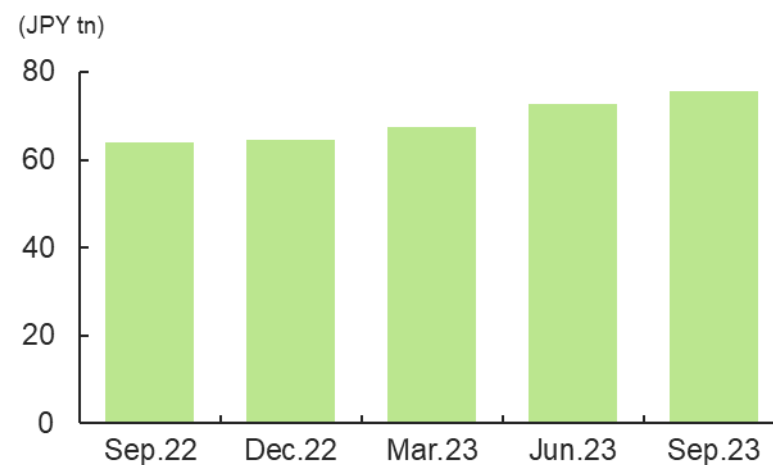
Financial results

(JPY bn)	FY3/23	1H FY3/24	YoY
Net operating revenue	222.8	149.2	+41.5
SG&A expenses	267.3	137.4	+10.0
Ordinary income	(42.1)	11.9	+30.0
Net income	(39.8)	1.4 ^{*1}	+10.8

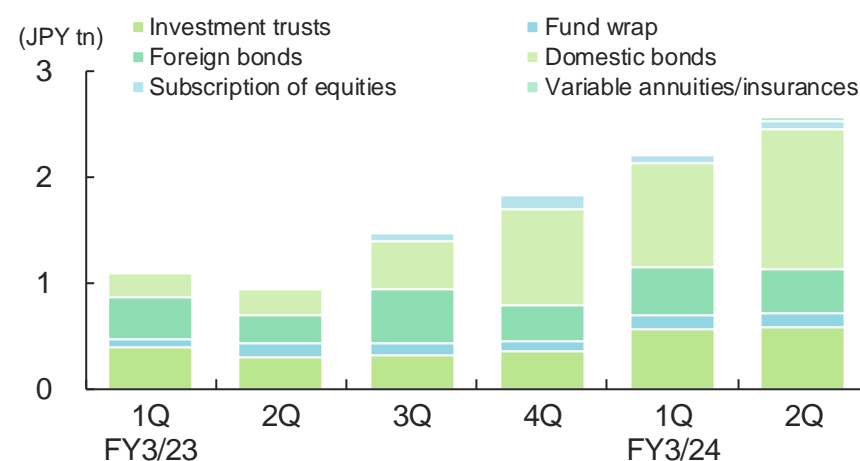
Net operating revenue



Client assets



Product sales

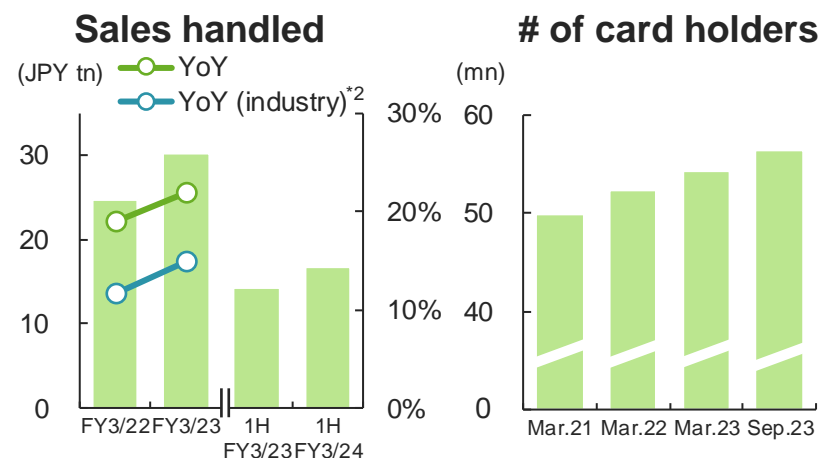


^{*1} Recorded JPY 7.9bn of loss on sale of shares of a subsidiary related to Intermediate Parent Undertaking (IPU) requirement (eliminated on consolidated basis)

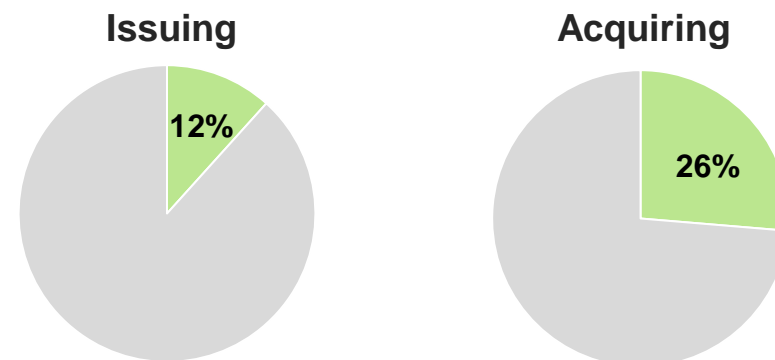
Financial results ^{*1}

(JPY bn)	FY3/23	1H FY3/24	YoY
Operating revenue	523.5	306.3	+55.4
o/w Commission fee	193.8	109.3	+17.3
Finance	103.3	78.4	+27.8
Sales on credit	28.0	14.2	(0.1)
Receipt agency	52.7	27.0	+1.4
Operating expense	490.7	282.5	+53.4
o/w Expenses for loan losses	34.1	26.4	+11.0
Expense for interest repayments	10.0	-	-
Ordinary profit (loss)	33.1	24.5	+2.9
Net income	21.8	17.0	+2.2
Finance outstanding	736.6	1,067.3	

Key figures



Market share ^{*3}



^{*1} Figure for FY3/23 and YoY change has not been adjusted to the reorganization of SMBC Mobit in Apr.23

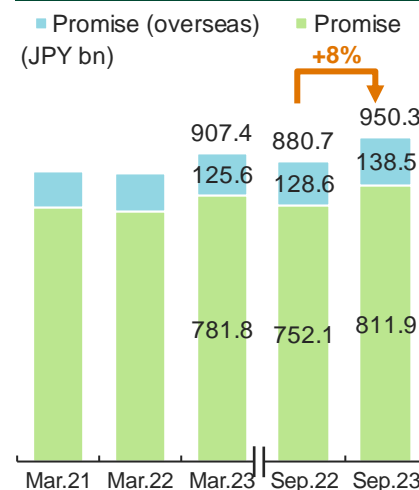
^{*2} Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

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

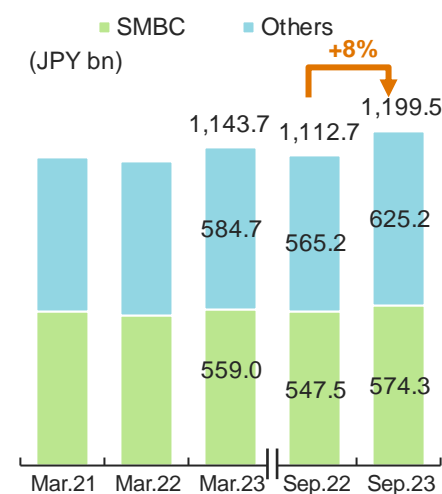
Financial results

(JPY bn)	FY3/23	1H FY3/24	YoY ^{*1}
Operating income	294.1	131.1	(15.6)
o/w Interest revenues	183.4	72.1	(19.2)
Loan guarantee revenues	71.4	38.1	+2.8
Operating expenses	216.8	102.0	+1.7
o/w Expenses for loan losses	56.8	46.1	+10.6
Expense for loan guarantees	11.4	3.4	+1.4
Expenses for interest repayments	19.0	-	-
Ordinary profit	59.5	15.9	(26.2)
Net income	44.1	9.1	(22.8)
NPLs	107.0	91.6	
(NPL ratio)	8.74%	9.64%	
Allowance on interest repayments (provision)	89.5	78.2	
	3.5 yrs	3.1 yrs	

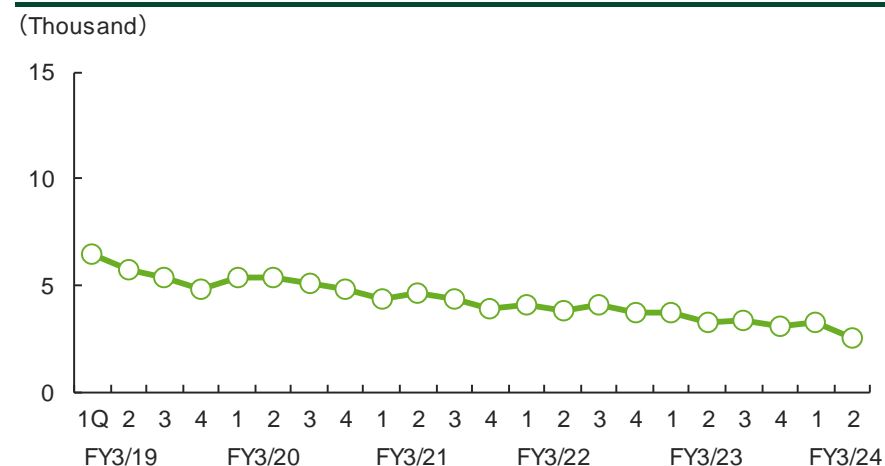
Consumer loans



Loan guarantee



No. of interest refund claims



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