

Overview of 3Q FY3/2024

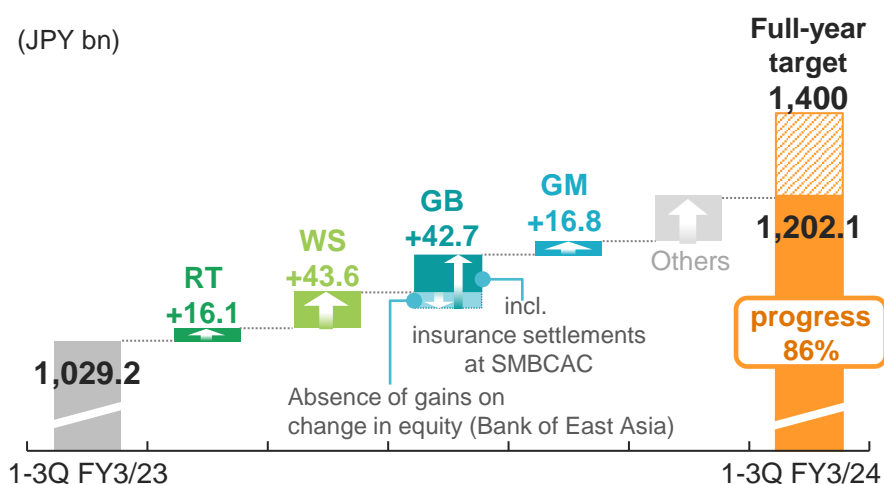
February 1, 2024



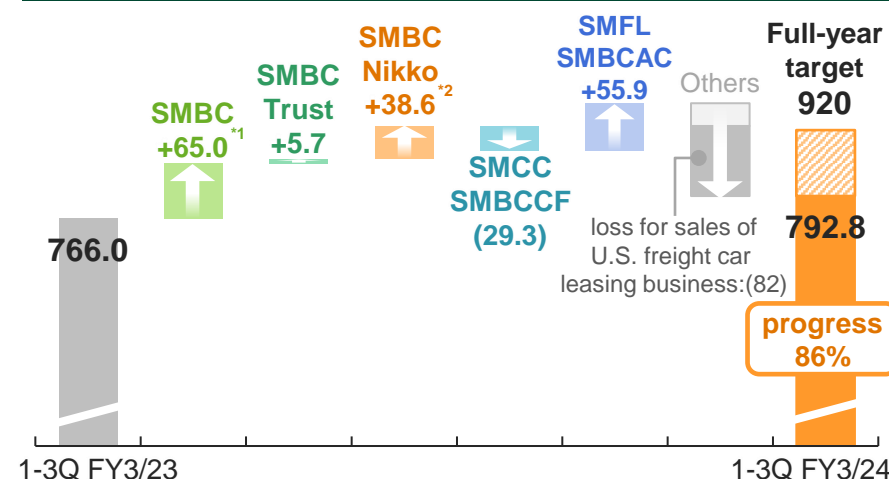
SUMITOMO MITSUI
FINANCIAL GROUP

- ◆ Both consolidated net business profit and bottom-line profit have a high progress rate of **86%**
- ◆ Net business profit increased in every Business Unit as a result of the steady progress of the Medium-Term Management Plan
⇒ P16-17
- ◆ Bottom-line profit decreased at SMCC and SMBCCF due to an increase in credit costs, but successfully managed 3Q cost by controlling asset quality
⇒ P19-20

Changes in net business profit by Business Unit



Changes in bottom-line profit by entity



*1 Managerial accounting basis: sum of SMBC and overseas banking subsidiaries.

Excl. absence of one-time dividend from a subsidiary recorded in FY3/23 (42, eliminated in the consolidated P/L)

*2 Managerial accounting basis: incl. profits from SMBC Nikko America and SMBC Capital Markets

Income statement

Plan for
Fulfilled Growth

	(JPY bn)	1-3Q FY3/24	YoY	FY3/24 target
1 Consolidated gross profit		2,726.3	+348.9	
2 G&A expenses		1,631.0	+203.3	
Overhead ratio		59.8%	(0.3)%	
3 Equity in gains (losses) of affiliates	Progress	106.8	+27.4	
4 Consolidated net business profit	86%	1,202.1	+172.9	1,400
5 Total credit cost		134.7	+23.6	230
6 Gains (losses) on stocks		144.6	+6.3	
7 Other income (expenses)		(15.3)	+8.3	
8 Ordinary profit		1,196.7	+164.1	1,320
9 Extraordinary gains (losses)		(112.1)	(109.7)	
10 Income taxes		288.1	+31.6	
11 Profit attributable to owners of parent	86%	792.8	+26.8	920
12 ROE incl. OCI ^{*1}		8.0%	(0.3)%	
13 ROE ^{*2}		10.1%	+0.1%	

- **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: +72
- **G&A expenses** increased YoY mainly due to
 - 1) inflation: +40
 - 2) higher variable marketing cost of SMCC: +26, which is successfully increasing new customers.
 Impact of FX: +36
- **Equity in gains of affiliates** increased YoY as profit of SMBCAC: (+55) including insurance settlement offset absence of gains on change in equity of BEA^{*3}: (20)
Impact of FX: +2
- **Total credit cost:** increased due to domestic consumer finance business: +27 but managed 3Q cost at low level by controlling asset quality
- **Gains on stocks** increased due to gains on sales of equity holdings: 162 (YoY +54), while impairment of overseas investment was recorded: (32)
- **Extraordinary losses:** recorded loss for sales of U.S. freight car leasing business: (107)

*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)	1-3Q FY3/24	YoY	FY3/24 target
1 Gross banking profit		1,345.7	+57.9	
2 o/w Net interest income		817.6	(53.7)	
3 o/w Gains (losses) on cancellation of investment trusts		6.0	(25.8)	
4 Domestic		430.9	(42.4)	
5 Overseas		386.7	(11.3)	
6 o/w Net fees and commissions		369.9	+33.5	
7 Domestic		164.3	+17.8	
8 Overseas		205.6	+15.7	
9 o/w Net trading income+ Net other operating income		156.1	+77.7	
10 o/w Gains (losses) on bonds		21.2	+99.1	
11 Expenses		724.2	+70.7	
12 Banking profit		621.6	(12.9)	765
13 Total credit cost		1.9	(52.4)	85
14 Gains (losses) on stocks		138.5	+10.5	
15 Extraordinary gains (losses)		9.3	(10.5)	
16 Net income		554.9	(8.8)	640

Absence of one-time dividend from a subsidiary : (42)

*eliminated in the consolidated P/L

Other major group companies

(left : results of 1-3Q FY3/24 / right : YoY)

(JPY bn)	SMCC ^{*1}		SMBC Nikko ^{*2}		SMBCCF ^{*1}	
Gross profit	405.8	+41.0	334.1	+67.0	186.8	+11.6
Expenses	330.3	+39.6	290.0	+26.4	77.5	+4.3
Net business profit	76.9	+2.5	44.1	+40.5	93.9	(1.0)
Net income	27.6	(5.4)	33.2	+38.6	24.9	(23.9)

(Equity method affiliate)

	SMBC Trust		SMDAM		SMFL ^{*3}	
			50%		50%	
Gross profit	52.4	+11.6	30.4	+3.3	216.6	+25.4
Expenses	30.3	+3.0	24.7	+1.8	91.7	+6.3
Net business profit	22.1	+8.7	5.7	+1.5	131.1	+17.7
Net income	16.9	+5.7	3.8	+1.3	119.9	+58.7

*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.) Major one-off items

Insurance settlements of SMBCAC

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

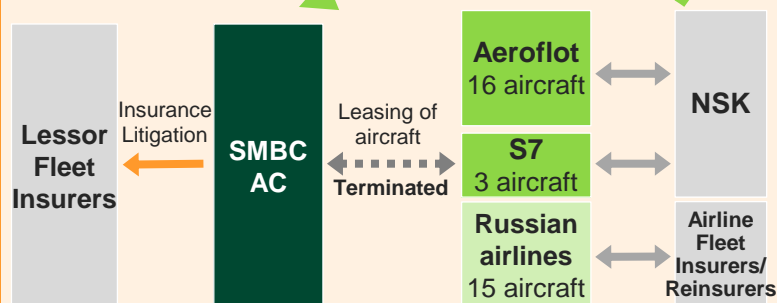
Total impairment
by Sep. 2023

Impact on bottom-line profit	JPY (81) bn ^{*2}
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3Q in FY3/24:
insurance settlements received for 19 aircraft
previously leased to Aeroflot and S7

Impact on bottom-line profit **+USD 317 mn^{*3}**

Insurance settlements: USD 756 mn



- Maximum impact of potential impairment on bottom-line profit : USD (70) mn

Sales of U.S. freight car leasing business

2013 : Entered into freight car 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 : Sold to ITE

- Improve capital efficiency by reallocating resources to growth areas

Impact on

(CET1 ratio)

RWA	USD (2,900) mn	+4 bp
Bottom line profit	USD (580) mn ^{*4}	(7)bp

*1 Before write-down *2 After netting security deposits

*3 After netting impairment of NBV, recorded JPY 45 bn in 3Q (will be fixed at FX rate of Mar.24)

*4 Fixed at JPY 82 bn

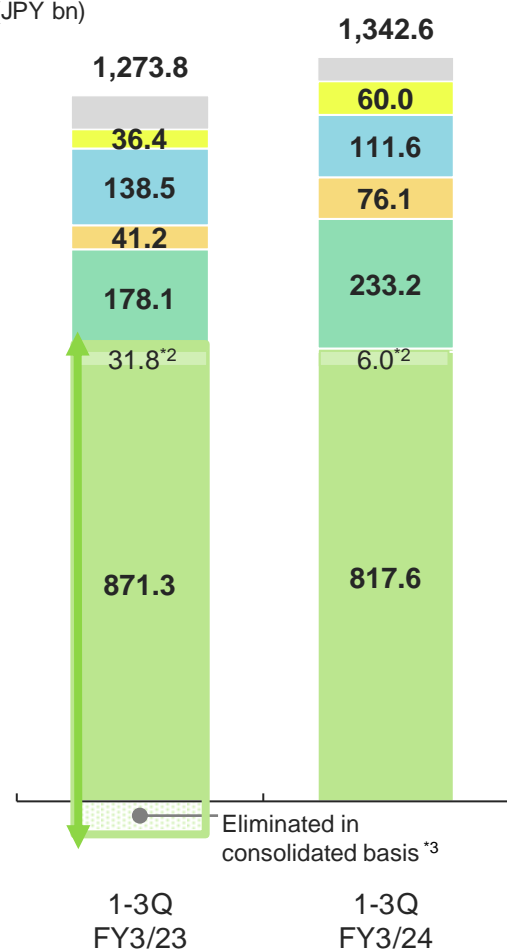
Consolidated gross profit ^{*1}

Plan for
Fulfilled Growth

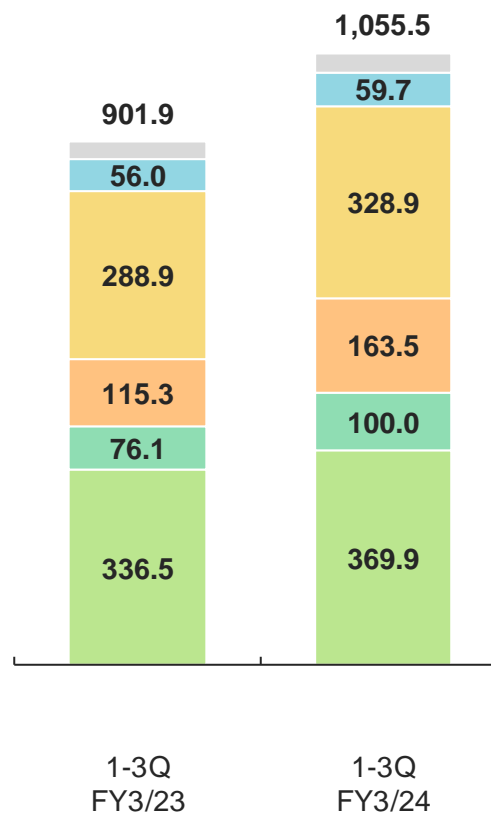
■ SMBC ■ Overseas banking subsidiaries ■ SMBC Nikko ■ SMCC ■ SMBCCF ■ SMICC ■ Others

Net interest income

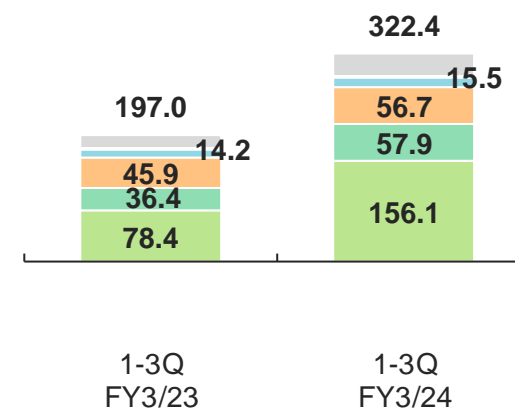
(JPY bn)



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

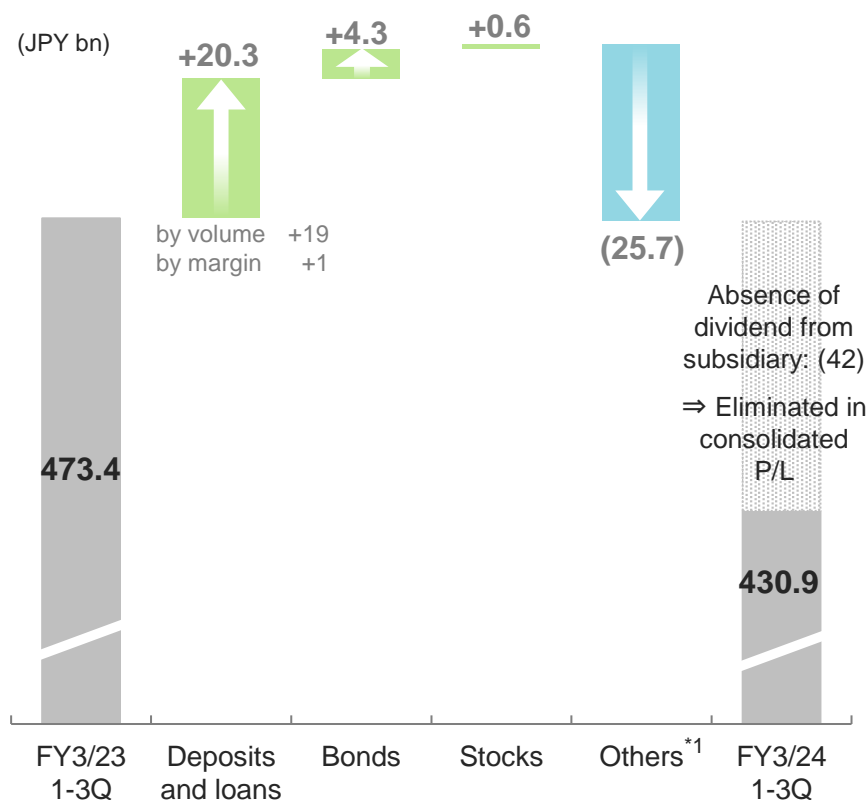
^{*3} Incl. dividend from subsidiary of JPY 42bn

(Ref.) Net interest income (SMBC)

Domestic

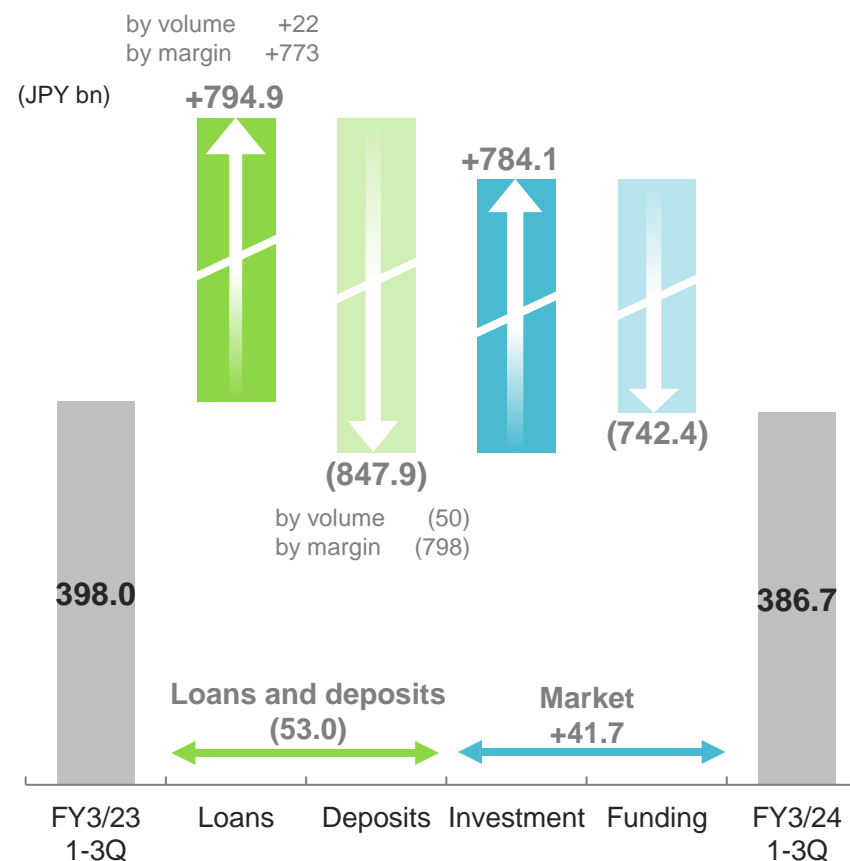
- Income from deposits and loans increased by both volume and margin, while gains on cancellation of investment trusts decreased.

*Dividends from subsidiary recorded in the previous fiscal year had no impact in consolidated P/L.



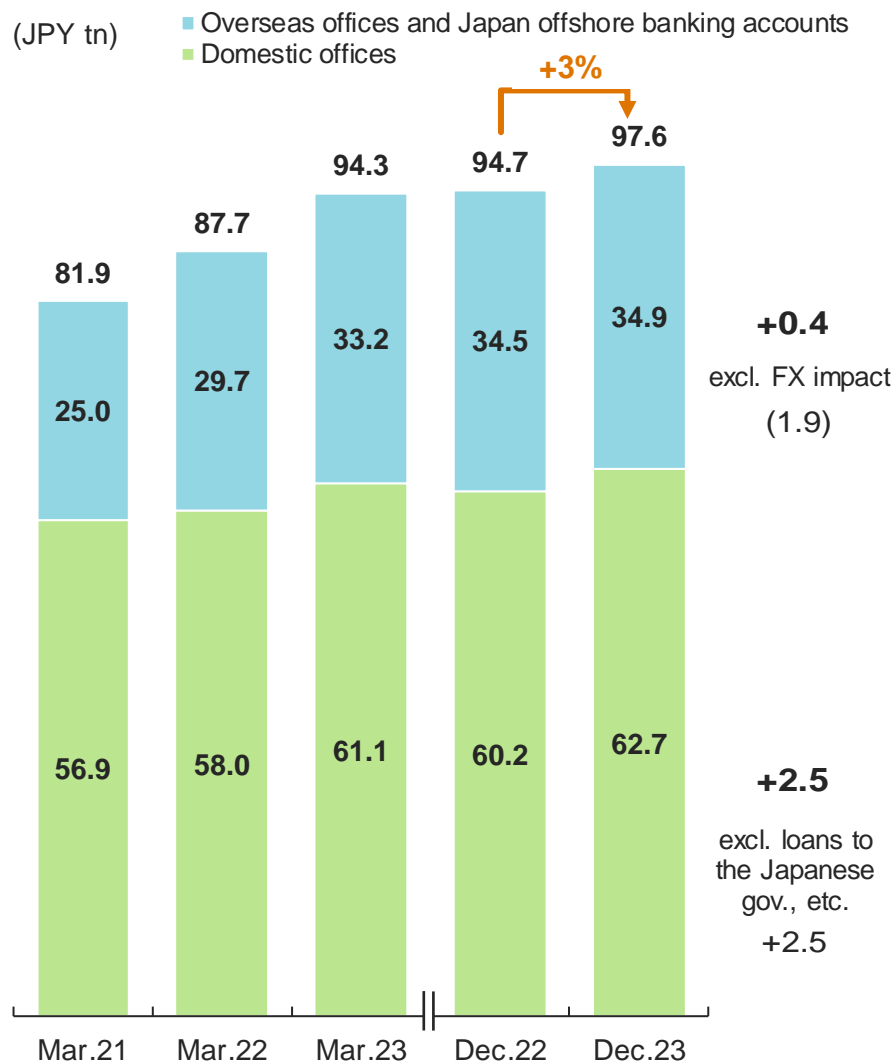
Overseas

- 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

	(%)	1-3Q FY3/24	YoY	1Q	2Q	3Q
Interest earned on loans and bills discounted		0.83	+0.00	0.82	0.83	0.85
Interest paid on deposits, etc.		0.00	+0.00	0.00	0.00	0.00
Loan-to-deposit spread		0.83	+0.00	0.82	0.83	0.85

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

Interest earned on loans and bills discounted	0.85	+0.00	0.84	0.84	0.86
Loan-to-deposit spread	0.85	+0.00	0.84	0.84	0.86

Average loan balance and spread*2

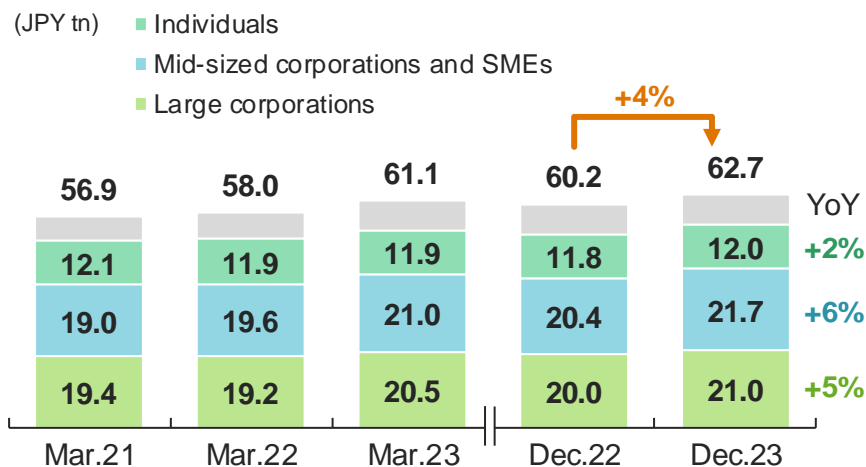
	Balance (JPY tn)		Spread (%)	
	1-3Q FY3/24	YoY ⁴	1-3Q FY3/24	YoY
Domestic loans	59.6	+2.5	0.72	+0.00
Excl. loans to the Japanese government, etc.	57.1	+2.5	0.74	(0.00)
o/w Large corporations	20.6	+1.1	0.56	+0.02
o/w Mid-sized corporations & SMEs	21.1	+1.2	0.64	+0.02
o/w Individuals	11.9	+0.1	1.37	(0.03)
GBU's interest earning assets*3	345.7 USD bn	(25.4) USD bn	1.20	+0.04

*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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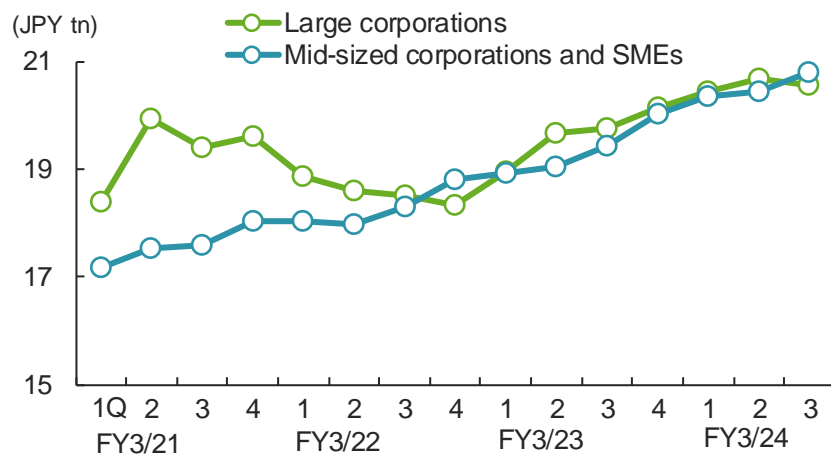
Loan balance*2



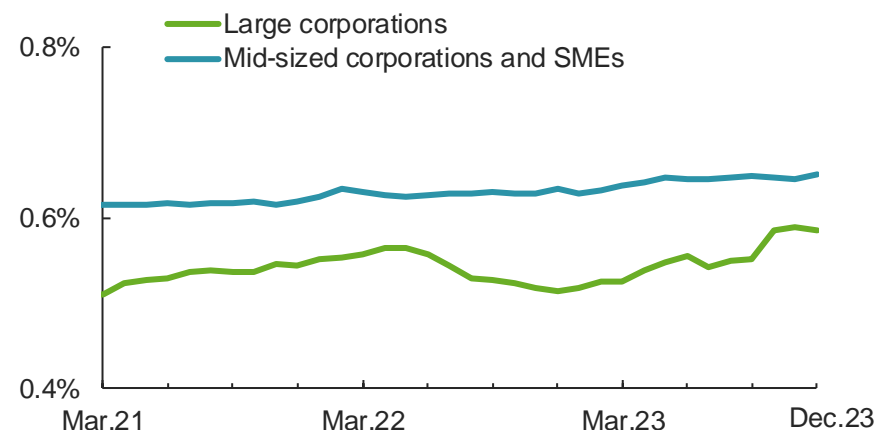
Deposit balance



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)

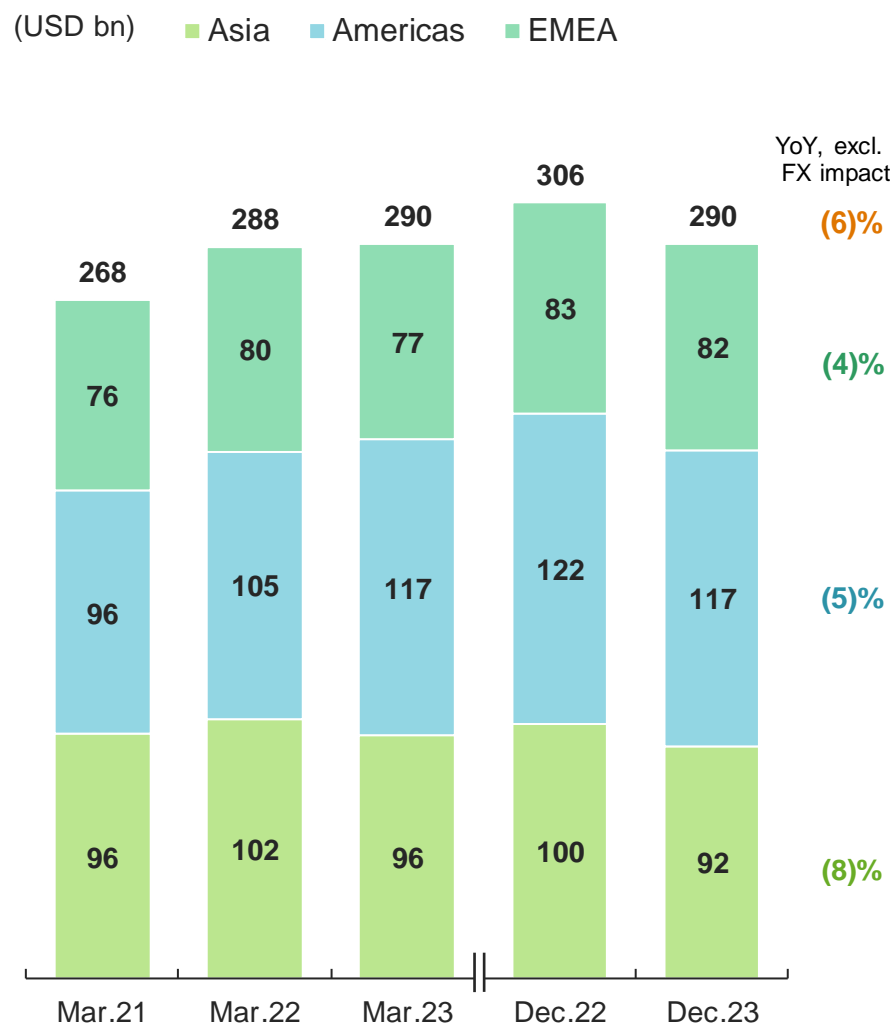
Figures for SMEs are the outstanding balance of Corporate banking division

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

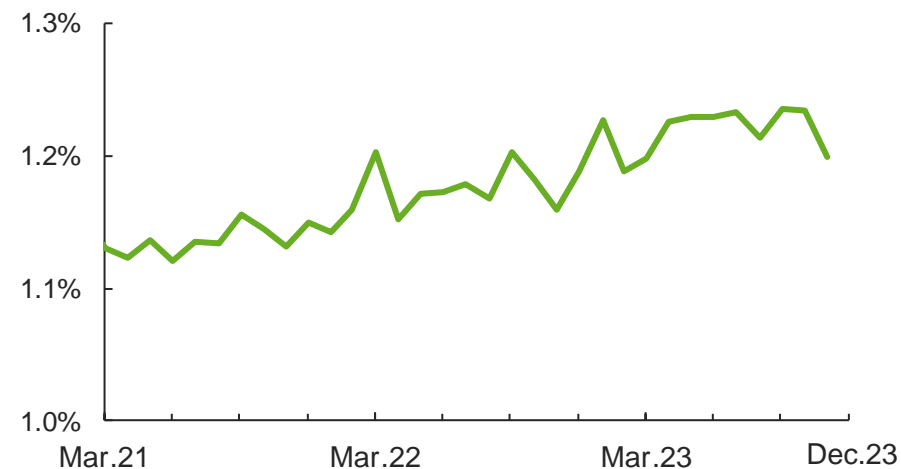
Overseas loans and deposits*1

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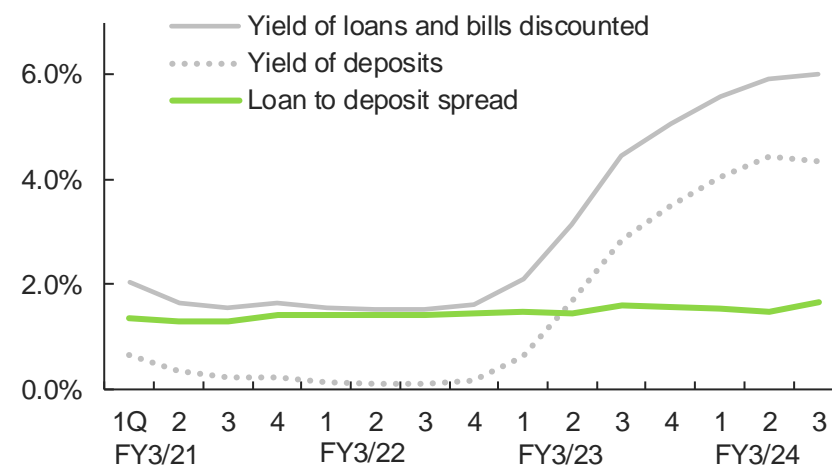
Loan balance



Loan spread*2



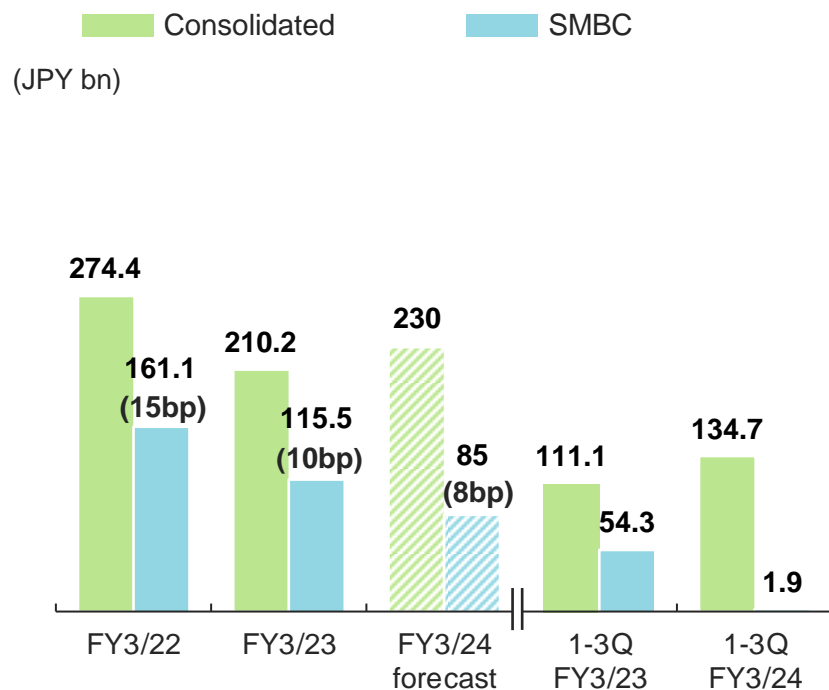
Loan to deposit spread



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

*2 Monthly average loan spread of existing loans

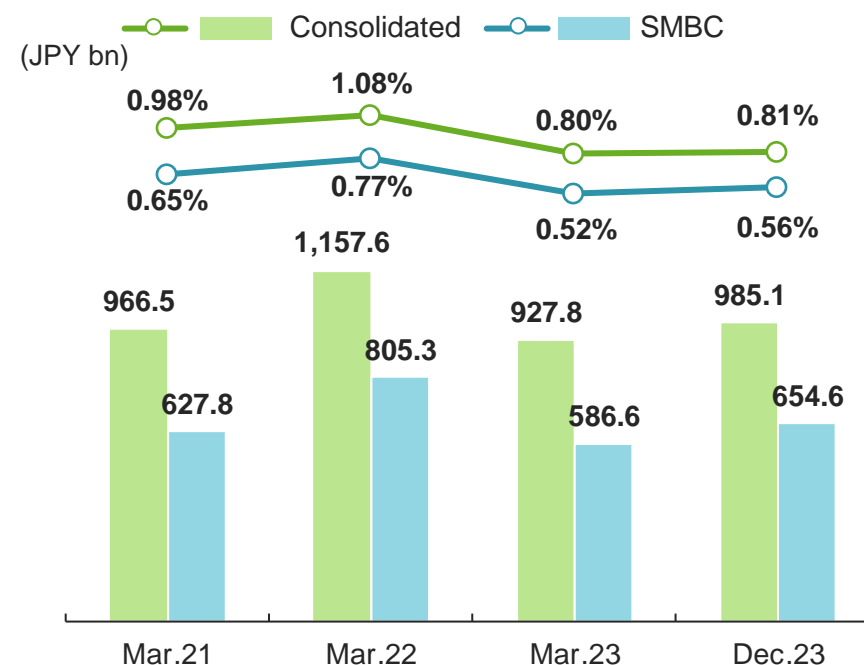
Credit costs



Major group companies

(JPY bn)	1-3QFY3/24	YoY
SMBCCF	54	+12 ^{*2}
SMCC	38	+15 ^{*2}
Overseas banking subsidiaries	23	+18
SMICC	17	+11
Adjustments of FX	-	+10 ^{*3}

Non-performing loan balance^{*1}



Total claims

	(JPY tn)		
Consolidated	107	116	122
SMBC	104	113	116

Claims on borrowers requiring caution (excl. claims to substandard borrowers)			
SMBC	1.9	1.8	1.7

^{*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.

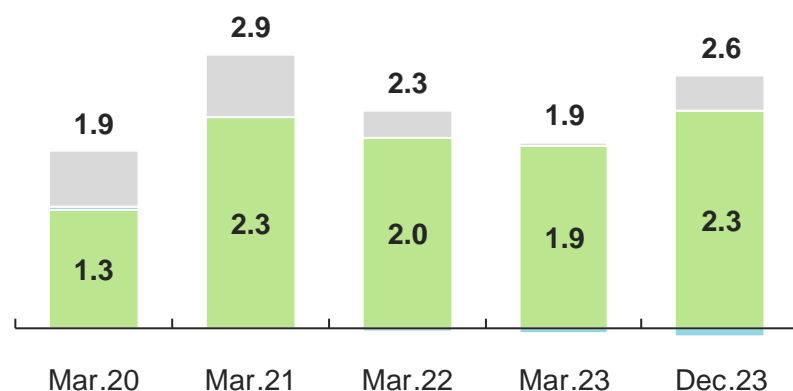
Breakdown of other securities (consolidated)

	B/S amount		Unrealized gains (losses)	
	Dec.23	vs Mar.23	Dec.23	vs Mar.23
(JPY bn)				
Held-to-maturity	226.9	+61.3	(0.6)	(0.2)
Available for sales	35,639.2	+3,174.2	2,611.2	+696.0
Stocks (domestic)	3,657.1	+311.7	2,323.9	+379.2
Bonds (domestic)	12,209.0	(968.5)	(89.8)	(25.6)
o/w JGBs	8,879.6	(696.7)	(50.6)	(14.2)
Others	19,773.2	+3,831.1	377.0 ^{*1}	+342.4
o/w Foreign bonds	16,005.7	+2,924.2	(656.7)	+40.6

Risk volume is controlled by hedging and others

Unrealized gains

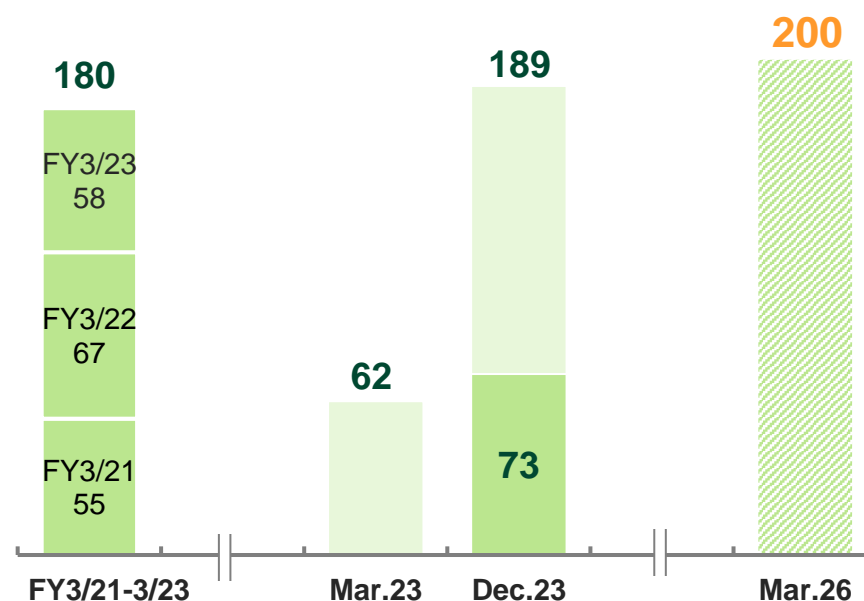
(JPY tn) ■ Stocks (domestic) ■ Bonds (domestic) ■ Others



Equity holdings (Dec.23)

- Achieved annual reduction target by 3Q
- Accumulated consent of sales steadily

■ Reduction ■ Consent of sales



Reduction plan

- Reduce **JPY 200 bn** in 3 years (FY3/24-26)
- Aim for **<20%** market value to consolidated net assets^{*2} during the period of next Medium-Term Management Plan^{*3}

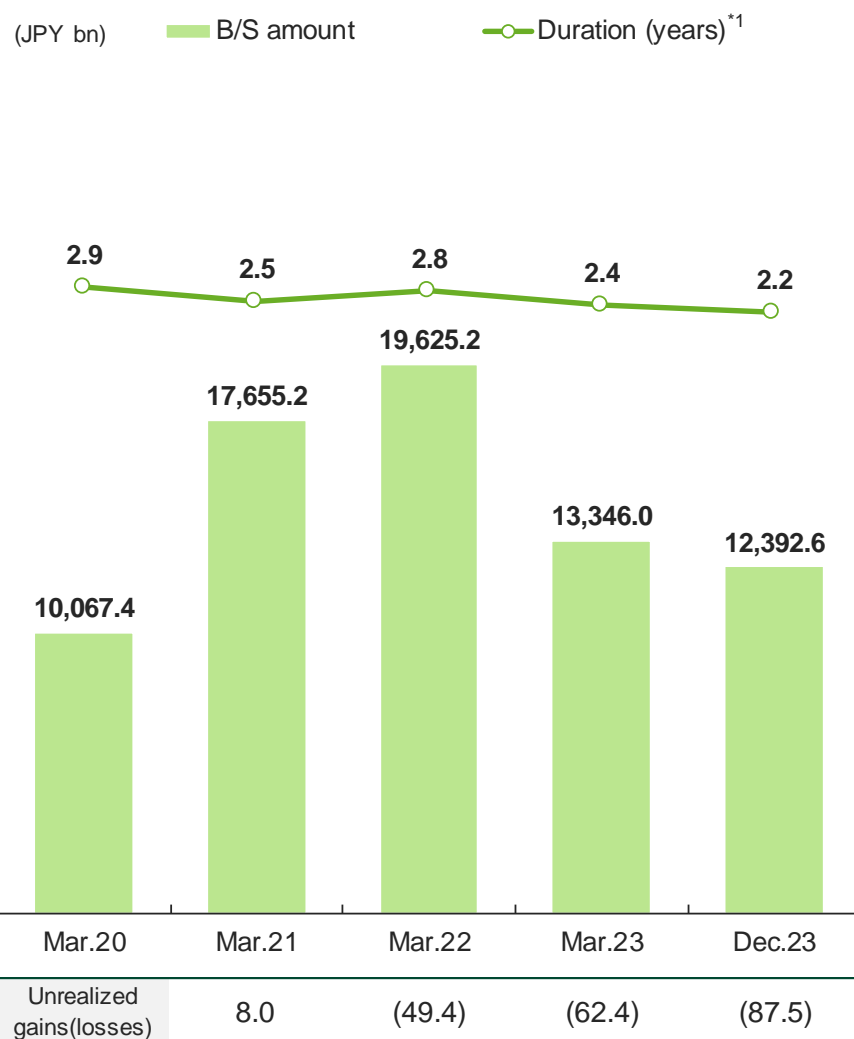
^{*1} The difference between foreign bonds and others is unrealized gain on foreign stocks

^{*2} Dec.23: 31.1%, incl. balance of deemed held shares in numerator ^{*3} FY3/27-29

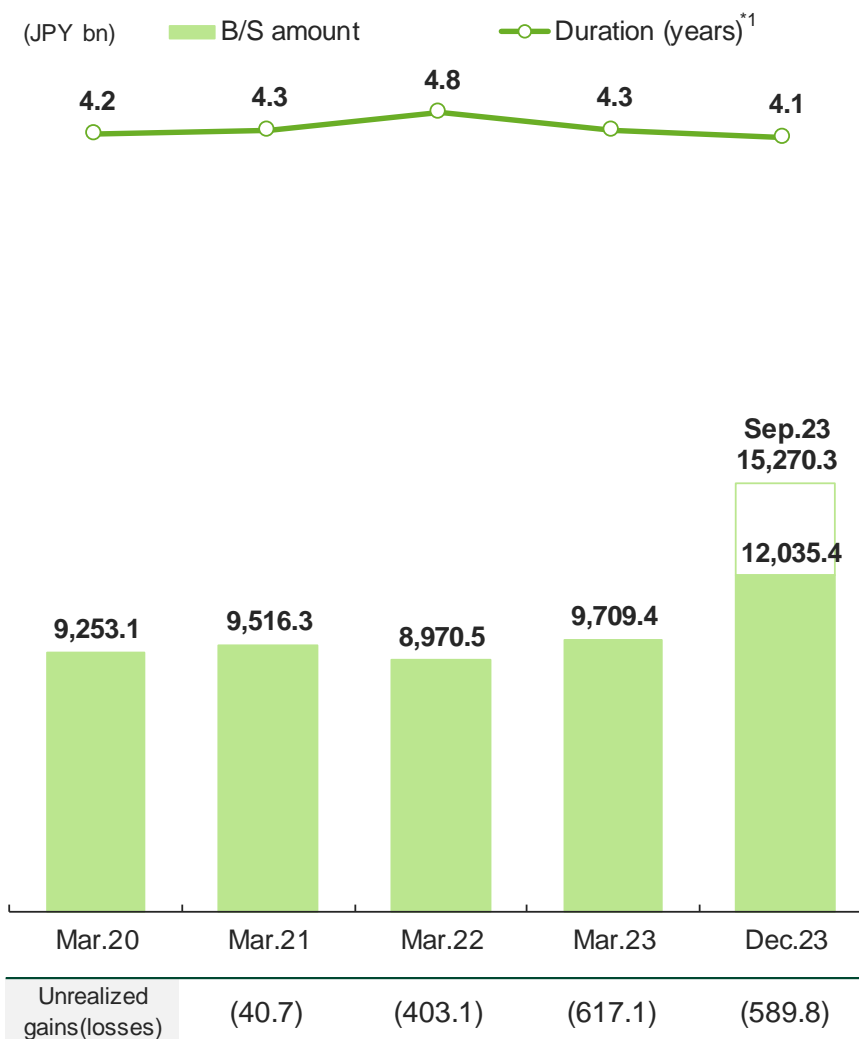
Securities (2)

Plan for
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)

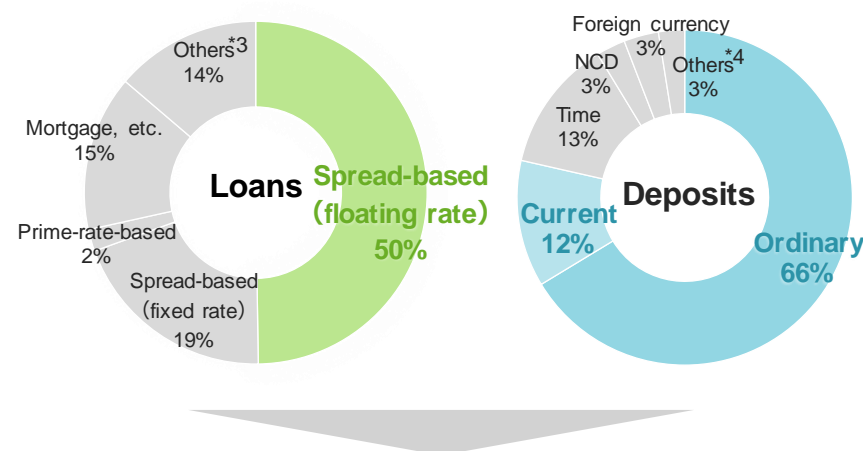
Consolidated

(vs Mar.23)

Loans	Deposits
JPY 103.2 tn (+JPY 4.8 tn)	JPY 176.5tn (+JPY 4.7 tn)
Domestic loans ^{*1,2} JPY 62.7 tn	Loan to deposit ratio 58.5%
Securities	Domestic deposits ^{*2} JPY 124.8 tn
JPY 36.8 tn (+JPY 3.6 tn)	NCD JPY 13.9 tn
JGBs JPY 8.9 tn	
Foreign bonds JPY 16.0 tn	
Others	Others
JPY 145.7 tn (+JPY 6.9 tn)	JPY 95.3tn (+JPY 9.5 tn)
Cash and due from banks JPY 76.6 tn	
BoJ's current account ^{*2} JPY 57.3tn	
	Total net assets
	JPY 13.9tn (+JPY 1.1tn)

Total assets JPY 285.8 tn (+JPY 15.3 tn)

Domestic loans and deposits^{*1,2}



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

Policy rate	0%	0.1%
Shor-term rate	JPY +30 bn	JPY +35 bn^{*7}
Medium-to long term rate	JPY +12 bn (1 st year) ^{*6}	
Assumption (range of increase)		
Macro add-on balance rate	-	+0.1%
Basic balance rate	-	-
5 yrs rate / 10 yrs rate	+0.3%	+0.1%

- Profit from market operation is not included;
- cautious approach to additional JGB investment considering further rate hike

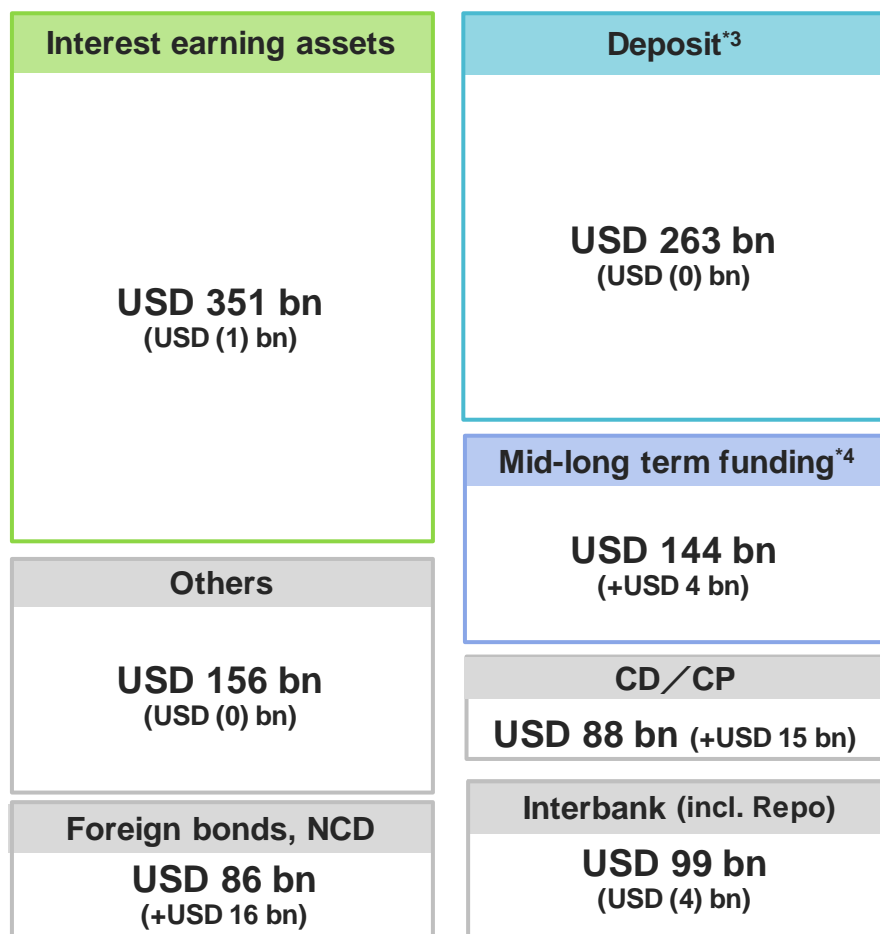
*1 Managerial accounting basis *2 SMBC *3 Overdraft, foreign-currency-denominated, etc.

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

*6 JPY +60 bn in 5th year by repricing of fixed rate loans *7 Based on assumption and will change by market environment

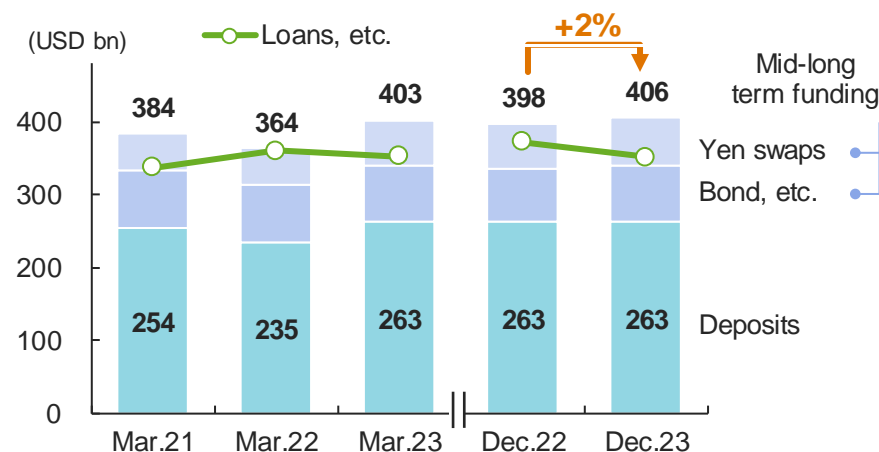
Non-JPY B/S^{*1,2}

(vs Mar.23)



Assets / Liabilities USD 593 bn (+USD 15 bn)

Foreign currency balance



Impact of interest rise

Loan/deposit

- Most of the loans / deposits are based on market rate
(Benefit from deposits with 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

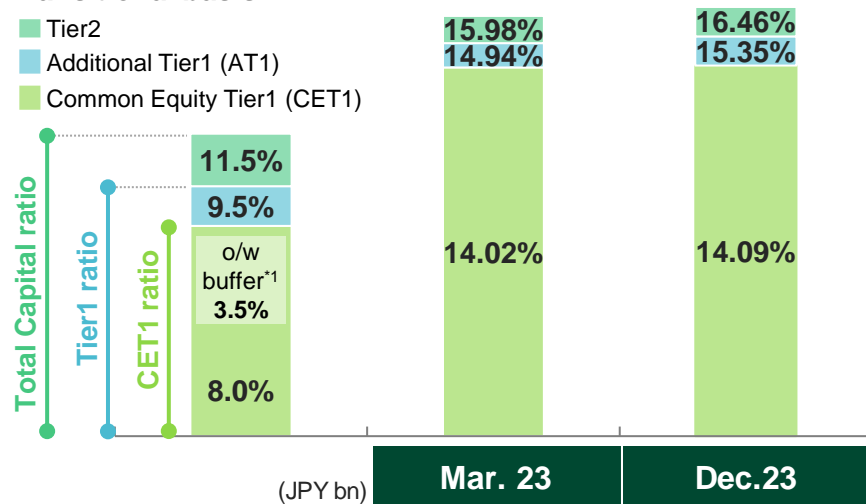
*1 Sum of SMBC and major local subsidiaries *2 Managerial accounting basis

*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	Dec. 23
Total capital	12,350.8	13,438.9
Tier1 capital	11,548.9	12,531.3
o/w CET1 capital	10,839.0	11,502.5
Tier2 capital	801.9	907.7
Risk-weighted assets	77,285.0	81,613.0
Finalized Basel III basis		
CET1 ratio	10.9%	10.8%
excl. net unrealized gains on other securities	10.1%	10.0%

Other requirement ratios

	Dec. 23	Requirement*1
External TLAC ratio		
RWA basis	25.92%	18.0%
Leverage exposure basis	9.72%	6.75%
Leverage ratio	5.04%	3.5%
LCR (Average 3Q FY3/24)	134.4%	100%

*1 Capital conservation buffer: 2.5%, G-SIBs surcharge: 1.0%. Countercyclical buffer (CCyB) omitted

Results by Business Unit (1)

Retail

- Both gross profit and net business profit increased due to
1) recovery of wealth management business and
2) growth of payment business and consumer finance.
- Credit cost is well managed in 3Q under initiatives to control asset quality. (1H FY3/24: 43 ⇒ 1-3Q: 54)

	(JPY bn)	1-3Q FY3/24	YoY*1
Gross profit		944.8	+78.2
Income on loans and deposits ^{*2}		85.5	(3.5)
Wealth management business		220.2	+31.1
Payment business		405.3	+37.6
Consumer finance business		216.9	+13.7
Expenses		798.9	+63.4
Overhead Ratio		84.6%	(0.3)%
Net business profit		150.2	+16.1

Wholesale

- Loan income improved through enhancements in both balance and spread, while fee income also saw an increase.
- Both gross profit and net business profit improved YoY as group companies including SMBC Nikko also showed good performance.

	(JPY bn)	1-3Q FY3/24	YoY*1
Gross profit		590.6	+55.0
Income on loans and deposits		249.1	+24.8
FX and money transfer fees		101.4	(1.1)
SMBC Loan syndication		32.5	+1.4
Structured finance		26.0	+15.5
Real estate finance		10.8	+0.8
Securities business		48.2	+22.4
Expenses		+233.5	+18.9
Overhead Ratio		39.5%	(0.5)%
Net business profit		437.2	+43.6

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

*2 Excl. consumer finance

Results by Business Unit (2)

Global

- Gross profit improved as income on loan and deposit increased due to a rise in interest rates, while loan related fees turned to positive trend in 3Q.
- Net business profit increased due to a rise in equity in gains of affiliates*¹, even though expenses escalated as a result of inflation.

	(JPY bn)	1-3Q FY3/24	YoY* ²
Gross profit		952.7	+95.8
Income on loans and deposits		474.8	+65.6
Loan related fees		174.1	+14.4
Securities business		56.0	+7.8
Expenses		569.4	+77.1
Overhead Ratio		59.8%	+2.3%
Equity in gains(losses) of affiliates		69.8	+22.5
Net business profit		477.3	+42.7

Global market

- Both gross profit and net business profit increased due to profit accumulation with portfolio management and steady performance in sales and trading business.

	(JPY bn)	1-3Q FY3/24	YoY* ²
Gross profit		399.1	+29.9
SMBC		255.8	+5.7
SMBC Nikko		105.1	+17.4
Expenses		119.7	+11.9
Overhead Ratio		30.0%	+0.8%
Net business profit		301.1	+16.8

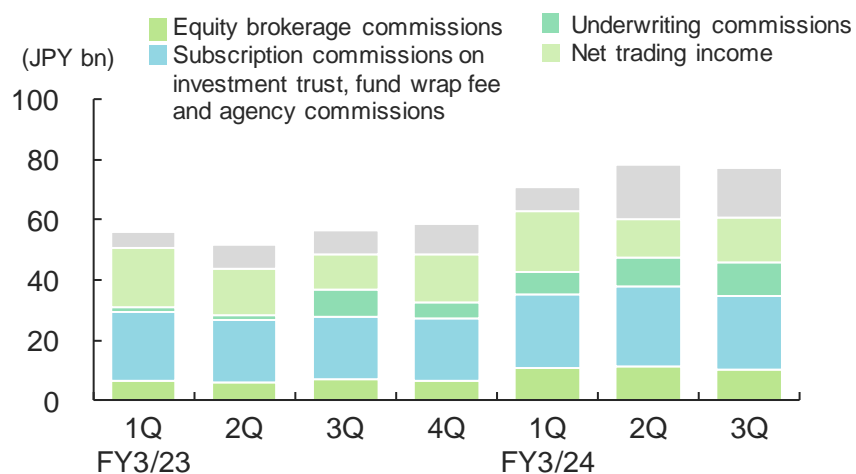
*1 Incl. insurance settlement at SMBCAC and absence of gains on change in equity of Bank of East Asia in FY3/23

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

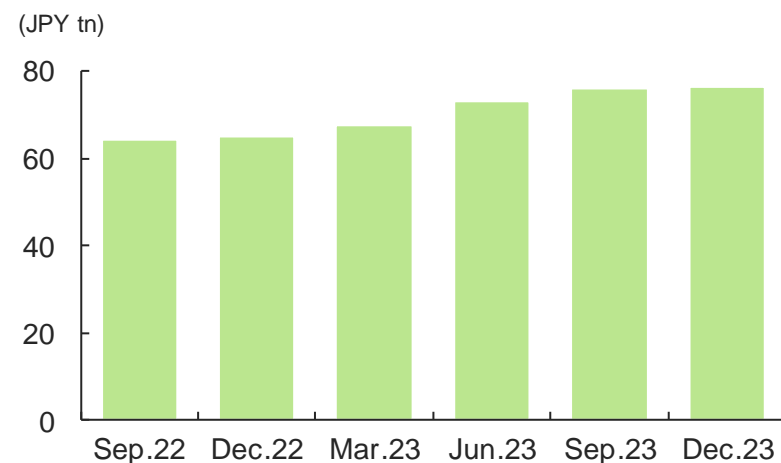
Financial results

(JPY bn)	FY3/23	1-3Q FY3/24	YoY
Net operating revenue	222.8	226.7	+62.5
SG&A expenses	267.3	208.9	+17.0
Ordinary income	(42.1)	19.7	+46.5
Net income	(39.8)	6.6 ^{*1}	+31.0

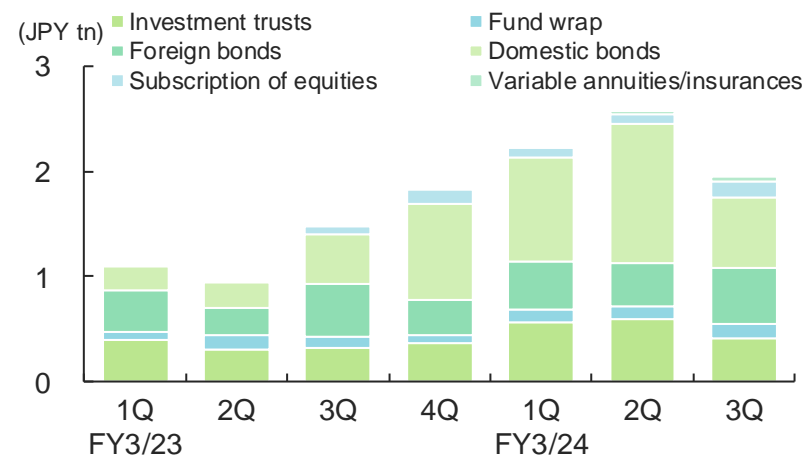
Net operating revenue



Client assets



Product sales



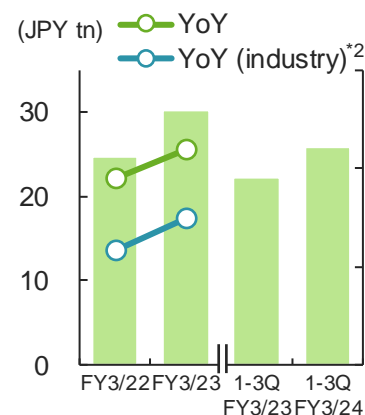
^{*1} Recorded JPY 7.9bn of loss on sale of shares of a subsidiary related to Intermediate Parent Undertaking (IPU) requirement (eliminated on consolidated basis)

Financial results

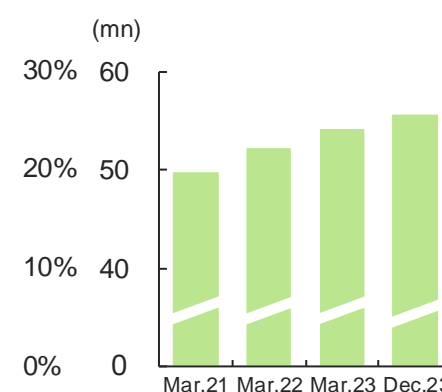
(JPY bn)	FY3/23	1-3Q FY3/24	YoY ^{*1}
Operating revenue	523.5	466.4	+79.1
o/w Commission fee	193.8	168.9	+25.0
Finance	103.3	119.0	+42.1
Sales on credit	28.0	21.0	(0.2)
Receipt agency	52.7	40.0	+1.1
Operating expense	490.7	428.0	+79.5
o/w Expenses for loan losses	34.1	39.5	+16.3
Expense for interest repayments	10.0	-	-
Ordinary profit (loss)	33.1	40.2	+1.4
Net income	21.8	27.6	+1.2
Finance outstanding	736.6	1,084.6	

Key figures

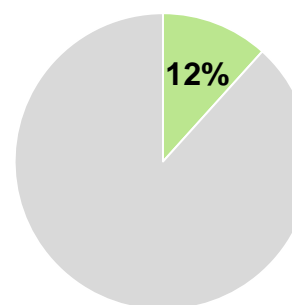
Sales handled



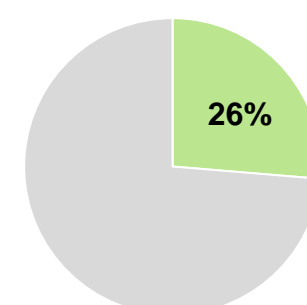
of card holders

Market share ^{*3}

Issuing



Acquiring



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

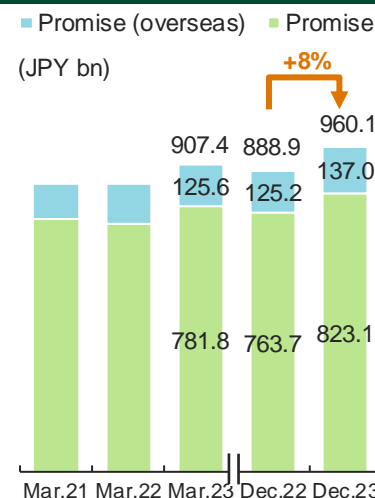
^{*2} Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

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

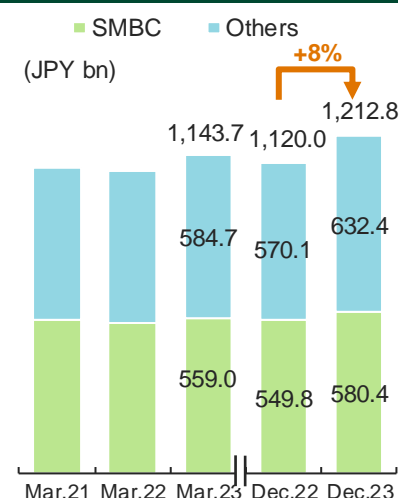
Financial results

(JPY bn)	FY3/23	1-3Q FY3/24	YoY ^{*1}
Operating income	294.1	200.8	(20.7)
o/w Interest revenues	183.4	109.5	(28.4)
Loan guarantee revenues	71.4	58.0	+4.4
Operating expenses	216.8	142.9	(2.7)
o/w Expenses for loan losses	56.8	54.9	+8.1
Expense for loan guarantees	11.4	8.6	+3.2
Expenses for interest repayments	19.0	-	-
Ordinary profit	59.5	40.8	(28.1)
Net income	44.1	24.9	(30.5)
NPLs	107.0	96.0	
(NPL ratio)	8.74%	10.00%	
Allowance on interest repayments (provision)	89.5	73.3	
	3.5 yrs	3.4 yrs	

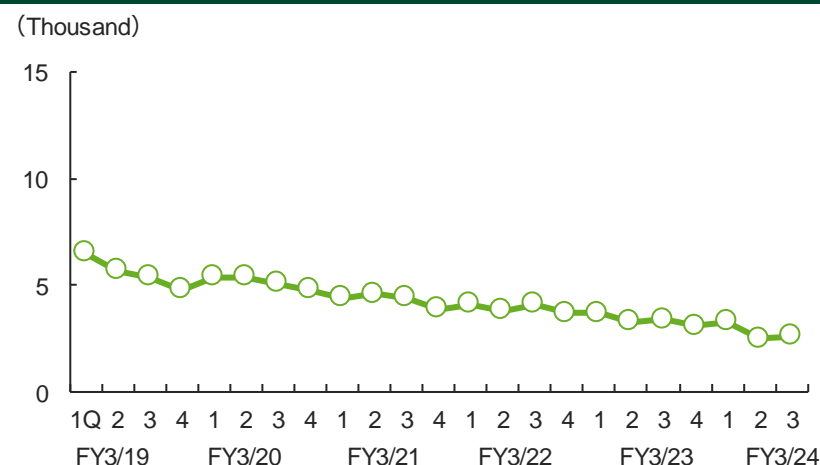
Consumer loans



Loan guarantee



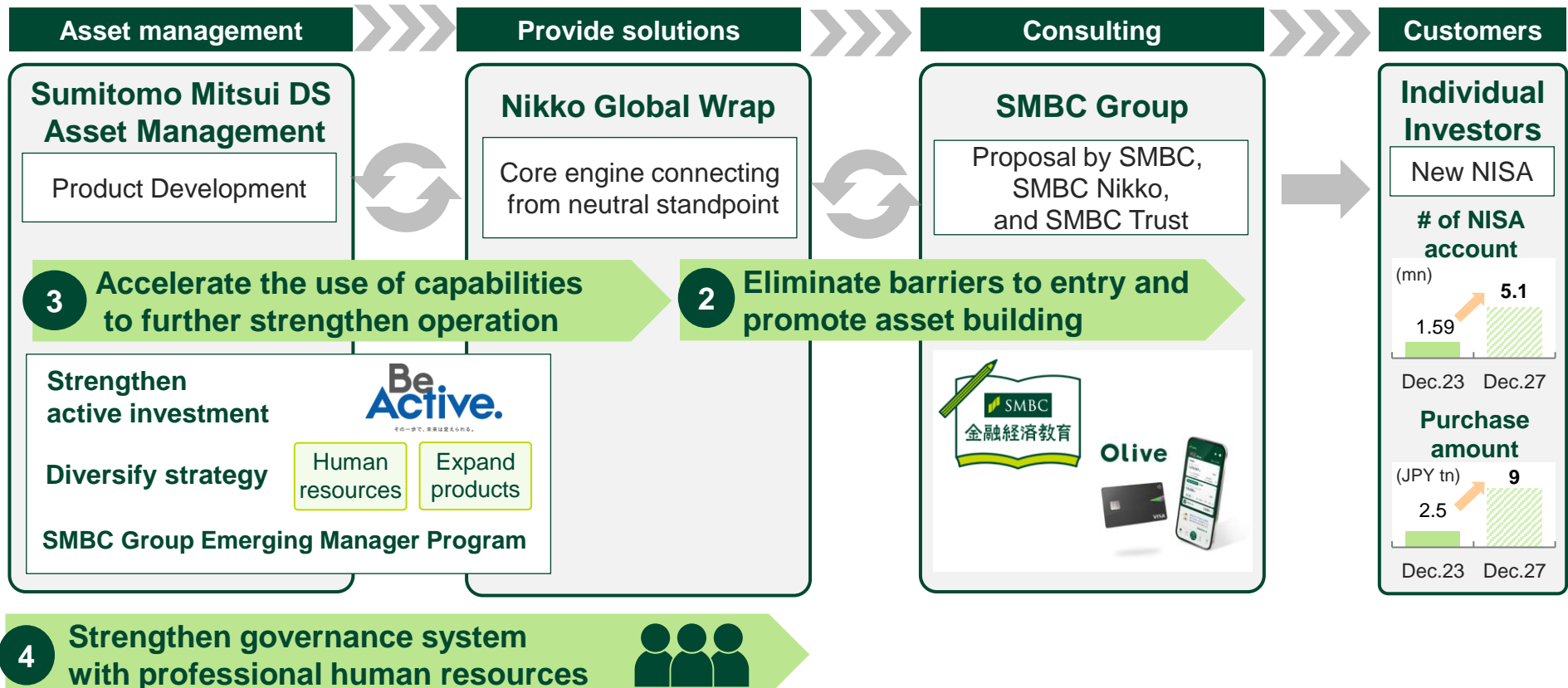
No. of interest refund claims



To become an "Asset Management Solution Provider"

Strengthen the functions of the entire investment chain from asset management to consulting and provide optimal plans to customers with various needs.

1 Establish a system for proposing asset management solutions



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)

	Dec. 22	Mar. 23	Dec. 23
USD	132.71	133.54	141.83
EUR	141.43	145.75	157.08

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