

Fixed Income Investor Presentation

November 2023

Unless otherwise indicated, the financial figures for SMFG and SMBC included in this presentation are prepared in accordance with generally accepted accounting principles in Japan, or Japanese GAAP



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)

	The end of Sep. 22	The end of Mar. 23	The end of Sep. 23
USD	JPY 144.81	JPY 133.54	JPY 149.58
EUR	JPY 142.32	JPY 145.75	JPY 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)
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

Agenda

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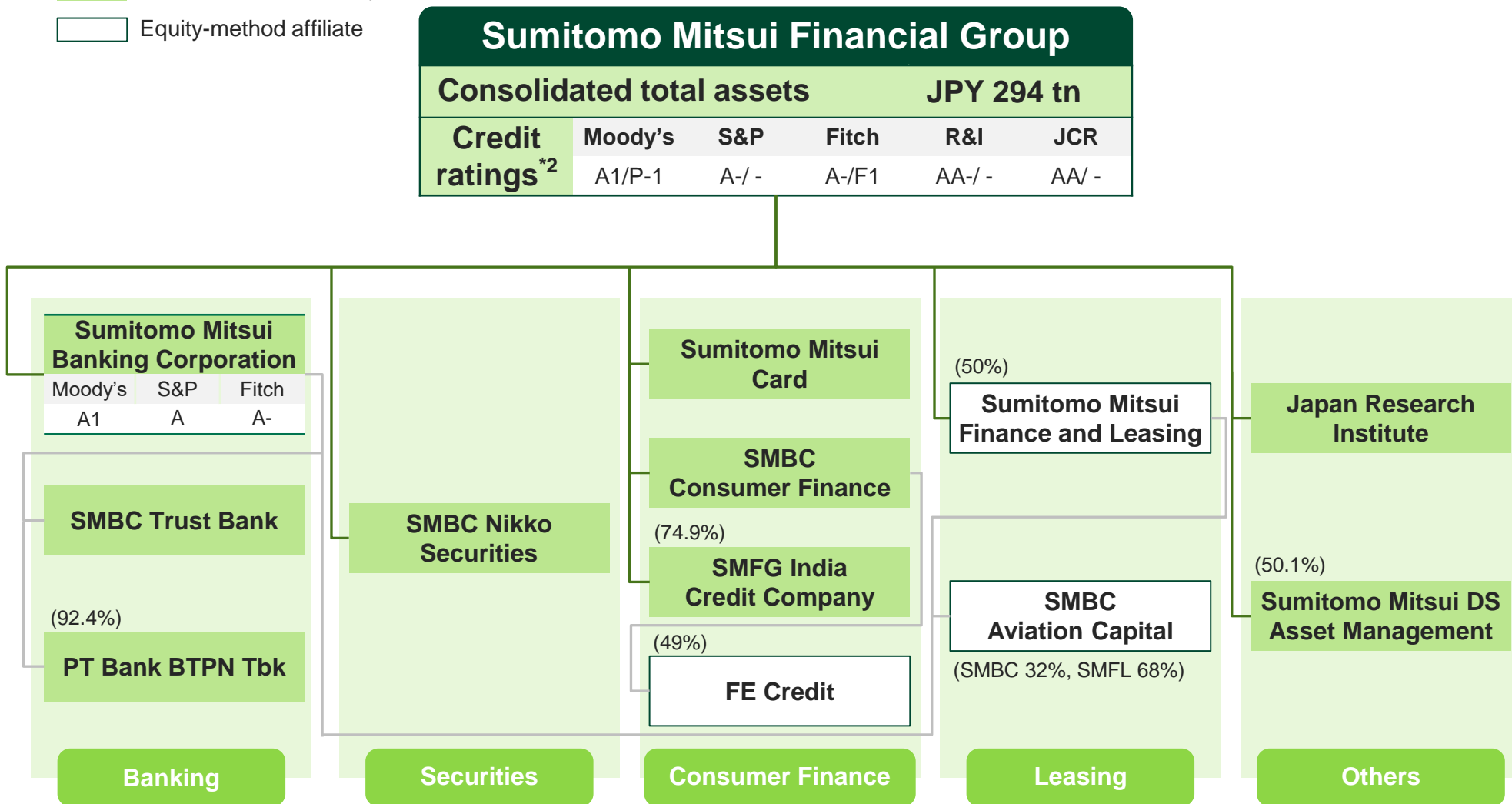


Overview / Financial Results

Group Structure^{*1}

Consolidated subsidiary

Equity-method affiliate



*1 As of the end of Sep. 23

Unless otherwise stated, each consolidated subsidiary is a wholly owned subsidiary of Sumitomo Mitsui Financial Group

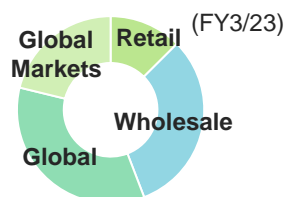
*2 As of Nov. 15, 2023

Key credit messages^{*1}

Earnings capability

USD 5.4 bn

SMFG's profit attributable to owners of parent^{*2}



Breakdown of consolidated net business profit by business unit

Sound loan portfolio

0.73%

SMFG NPL ratio

0.47%

SMBC NPL ratio (non-consolidated)

Robust liquidity

58.1%

Loan to deposit ratio

(average Jul. – Sep. 23)

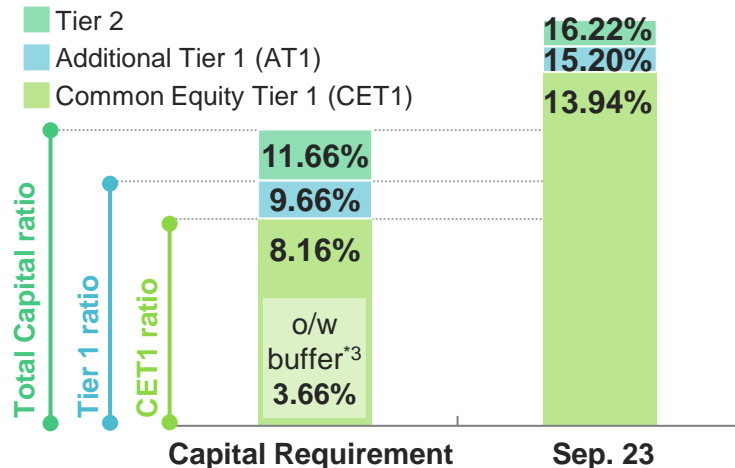
134.0%

LCR

Sound capital position

Transitional basis

- Tier 2
- Additional Tier 1 (AT1)
- Common Equity Tier 1 (CET1)



Recent issuances (AT1/Tier 2)

	Issue date	Total Amount
AT1	Apr. 2023	JPY 140 bn
	Sep. 2023	JPY 211 bn
Tier 2	Jul. 2023	USD 1.0 bn
	Oct. 2023	JPY 130 bn

High credit ratings

(As of Nov. 15, 2023)

A1 / A1

SMBC/SMFG
Moody's Rating

A / A-

SMBC/SMFG
S&P Rating

^{*1} Consolidated, unless otherwise indicated, 1H FY3/24 ^{*2} Converted into USD at period-end exchange rate

^{*3} Including G-SIB surcharge and countercyclical buffer

1H FY3/24 financial results

	(JPY bn)	1H FY3/24	YoY
1 Consolidated gross profit		1,817.3	+185.0
2 G&A expenses		1,082.2	+119.6
Overhead ratio		59.5%	+0.5%
3 Equity in gains (losses) of affiliates		35.8	(16.3)
4 Consolidated net business profit		770.9	+49.0
5 Total credit cost		100.3	+17.2
6 Gains (losses) on stocks		46.8	(45.3)
7 Other income (expenses)		(8.2)	(3.4)
8 Ordinary profit		709.2	(16.8)
9 Extraordinary gains (losses)		(2.8)	(1.4)
10 Income taxes		177.7	(16.0)
11 Profit attributable to owners of parent		526.5	+1.0
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 loans, both 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 keep it 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

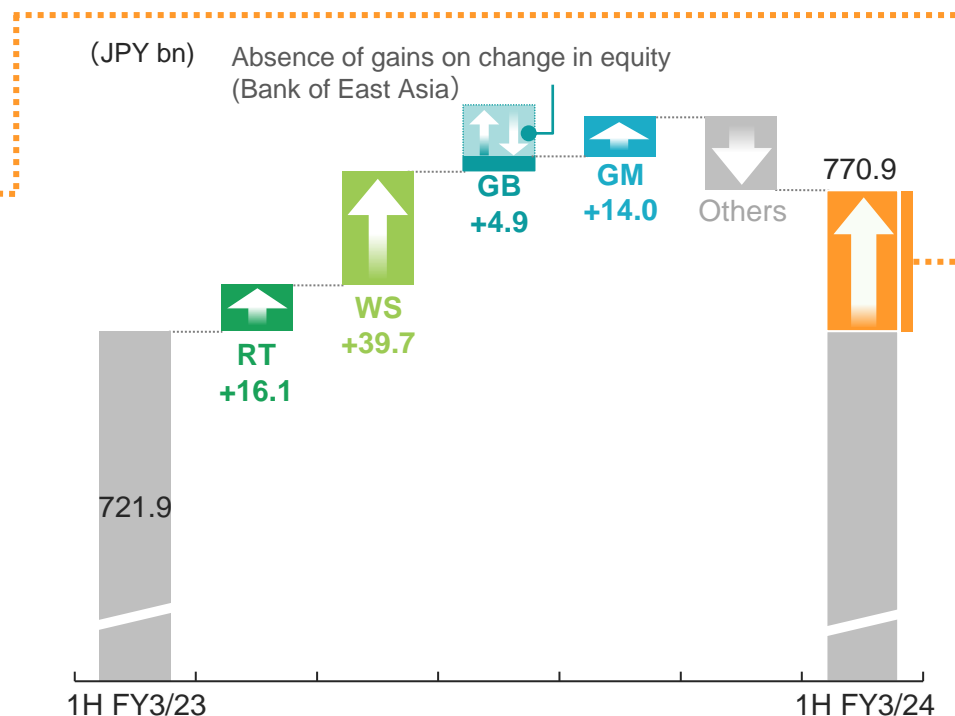
(Ref.) Detail of 1H FY3/24

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

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



(Ref.) One-off impact in FY3/24

- 1 Received insurance of USD 710 mn in respect of aircraft previously leased to Russian airline.
- 2 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

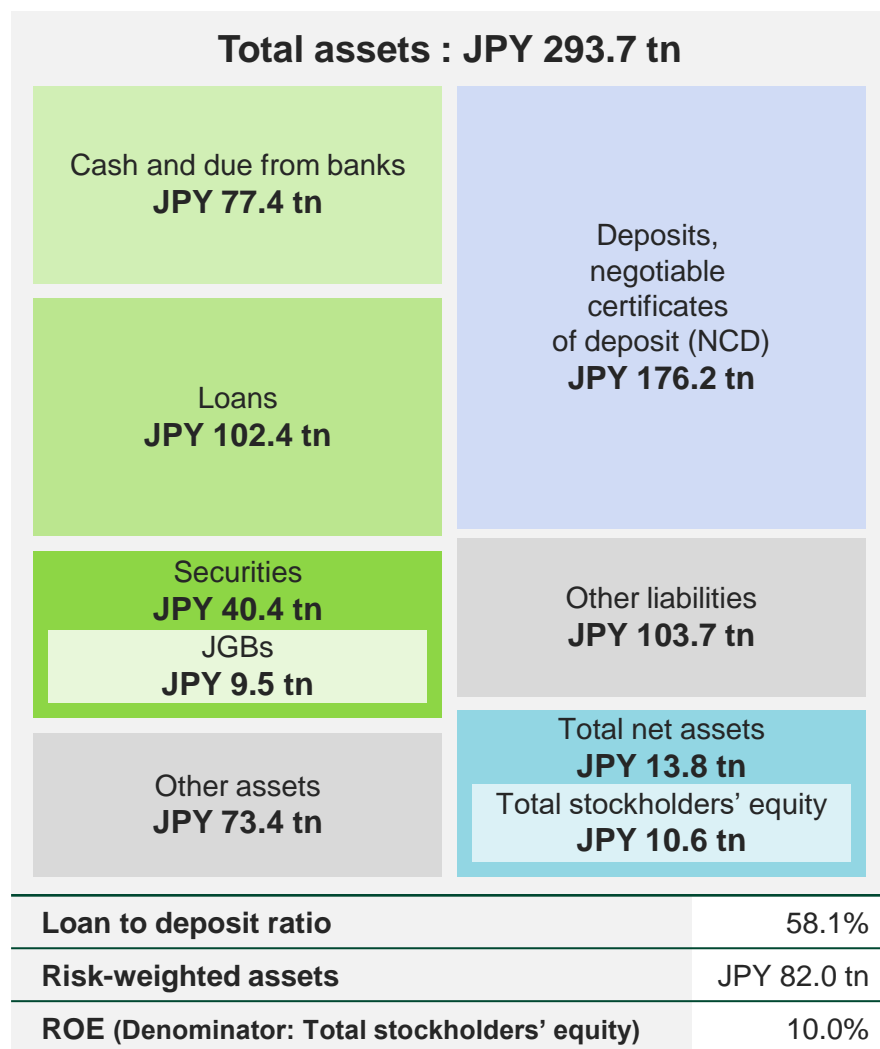
*1 Before write-down *2 After netting security deposits *3 After netting impairment of NBV

*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

Balance sheet and loan balance

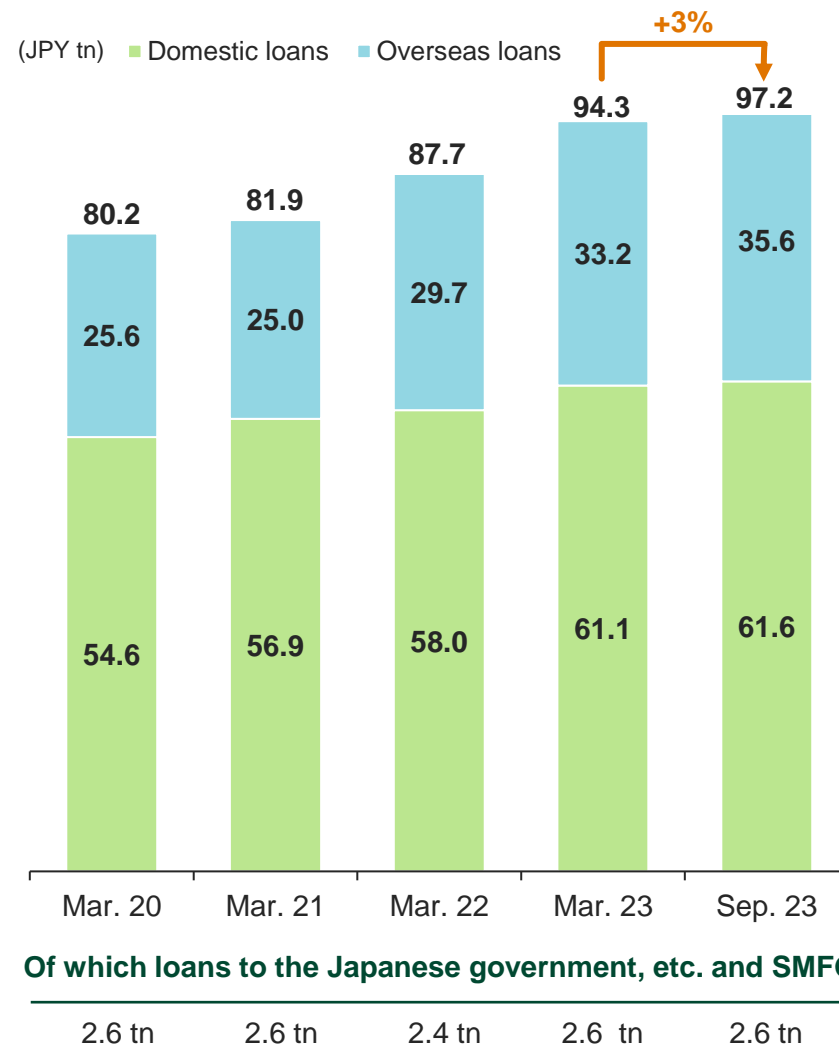
Balance sheet (as of Sep. 23)

(Consolidated)



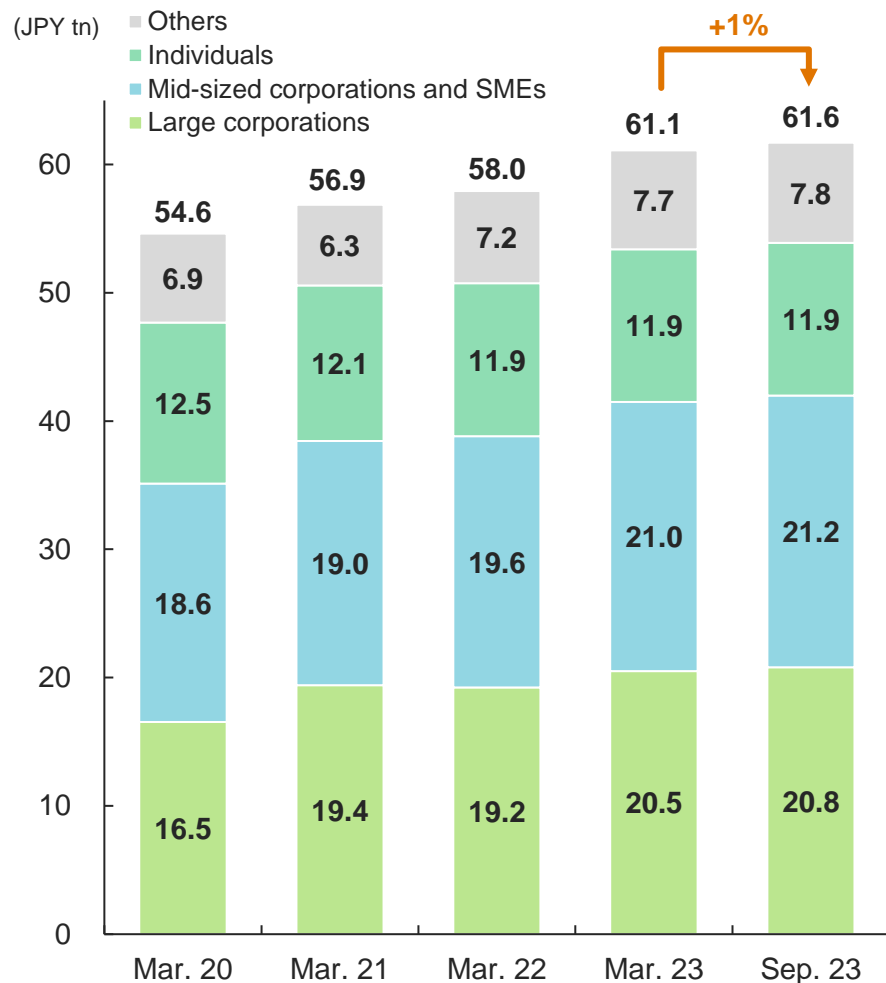
Loan balance

(Non-consolidated)

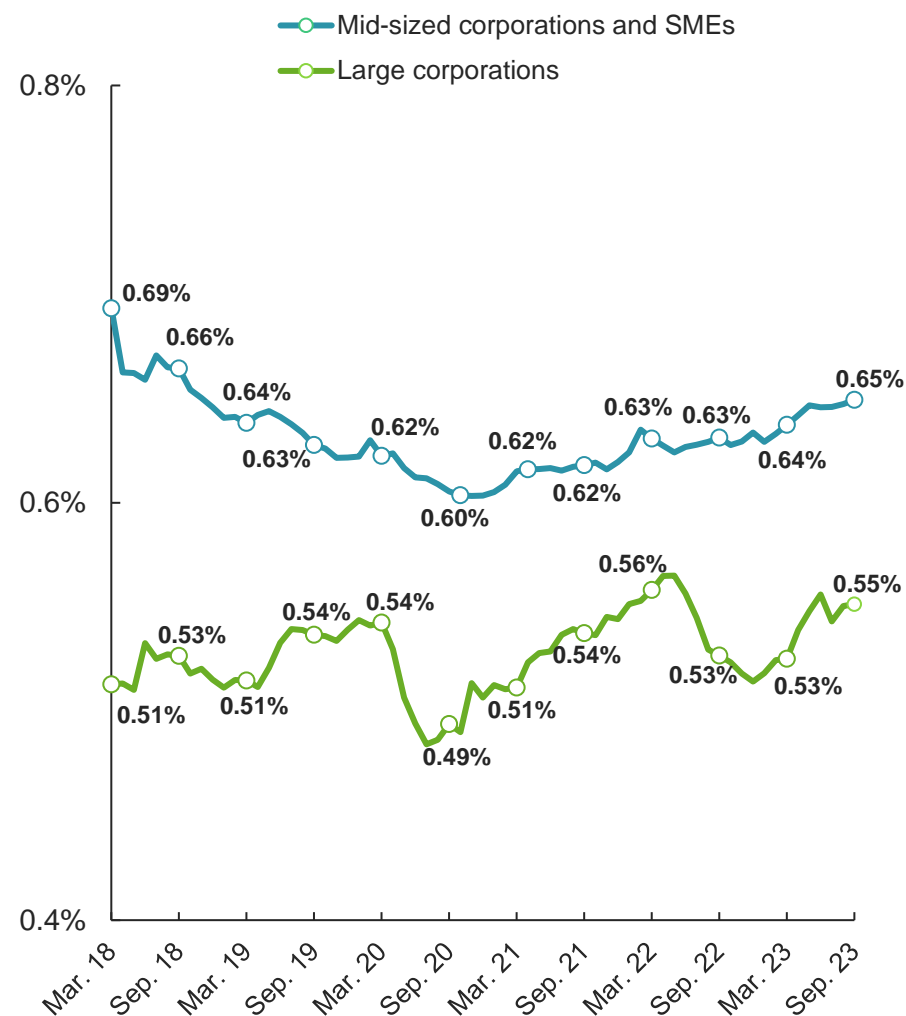


Domestic loans*1

Balance



Spread*2

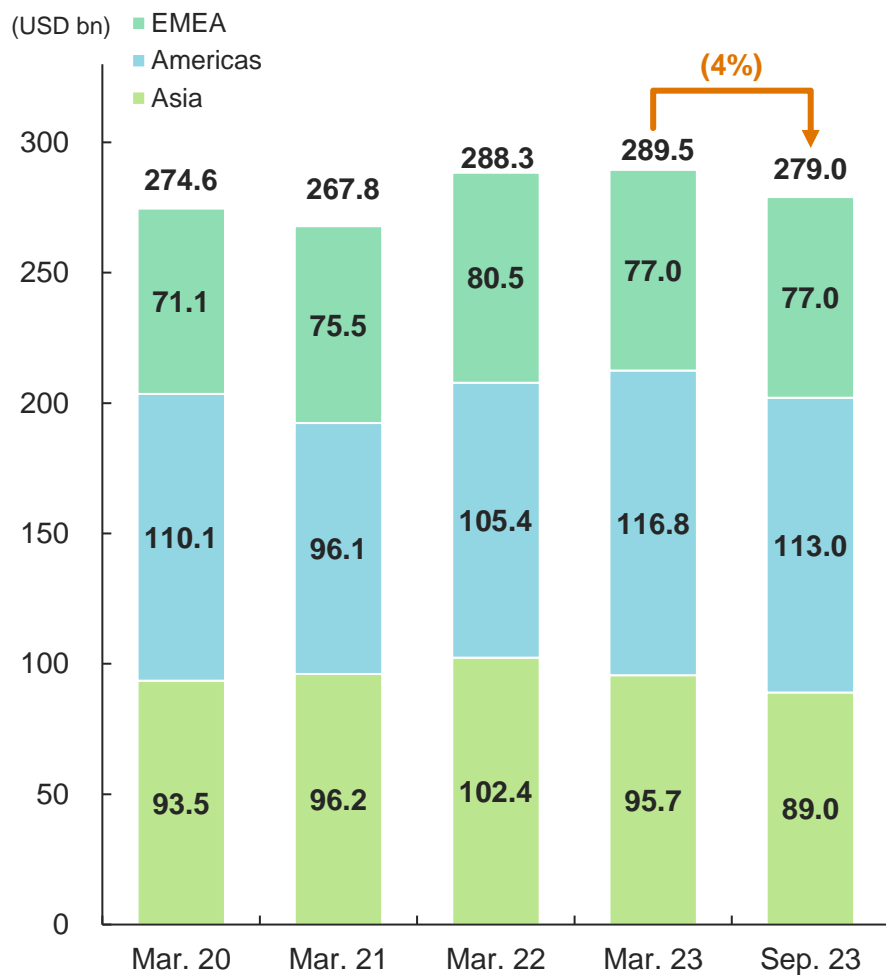


*1 Managerial accounting basis

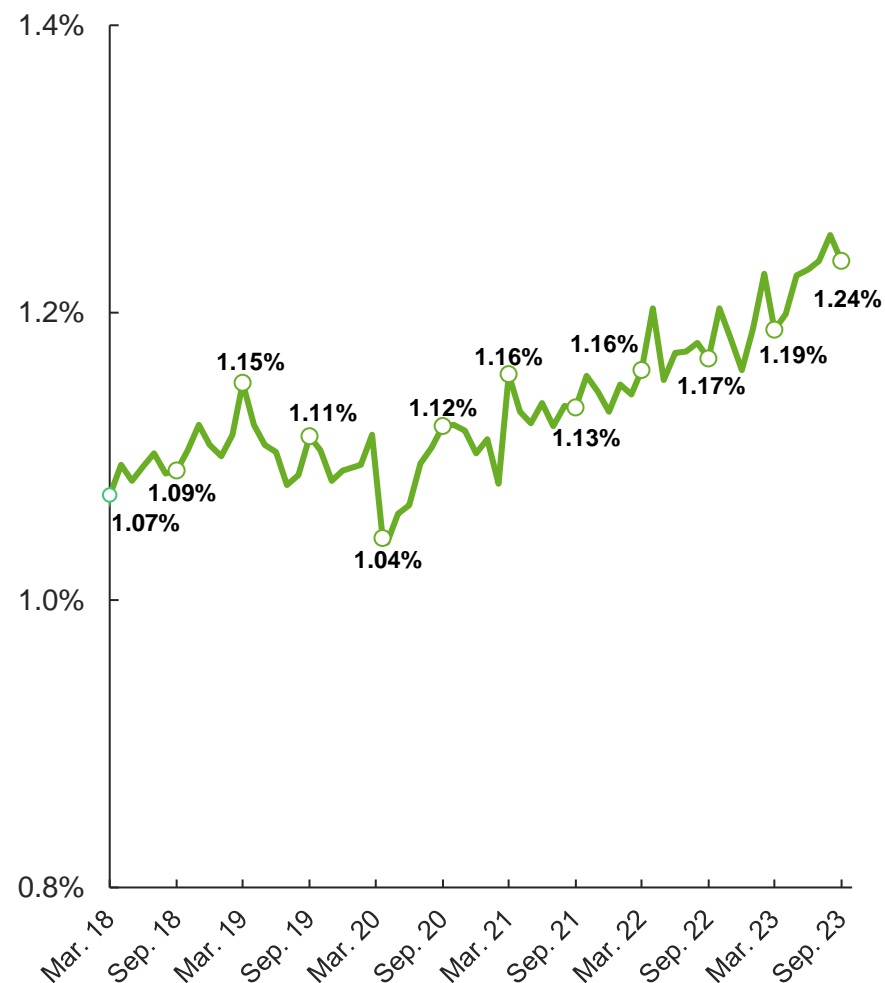
*2 Monthly average loan spread of existing loans, excludes loans to the Japanese government

Overseas loans^{*1}

Balance



Spread^{*2}

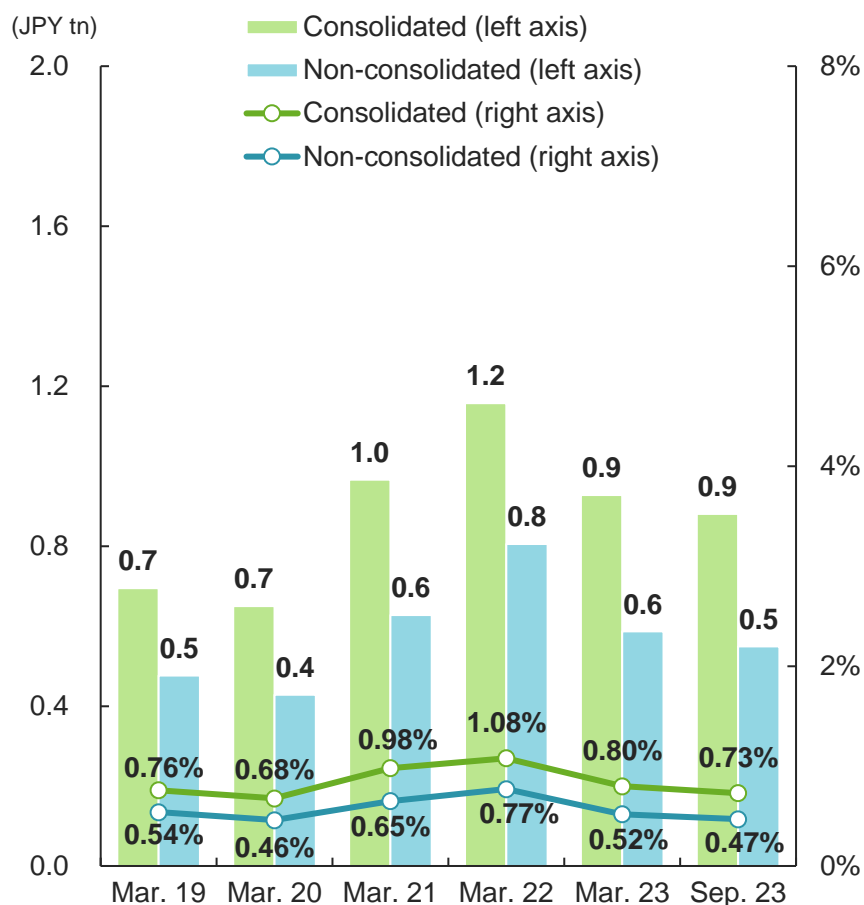


^{*1} Includes trade bills. Managerial accounting basis, translated into USD at respective period-end exchange rates.
Sum of SMBC and major local subsidiaries

^{*2} Managerial accounting basis. Monthly average loan spread of existing loans

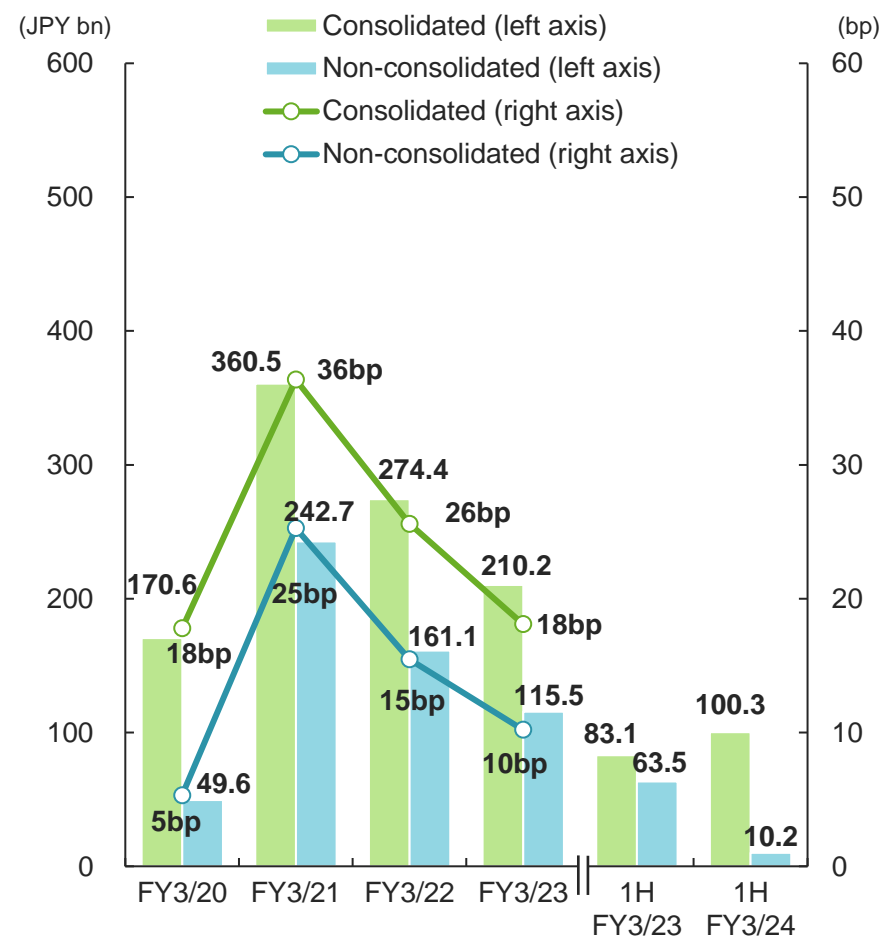
Asset quality – solid loan portfolio

NPLs and NPL ratio*1



Coverage ratio*3	Consolidated	68.89%	66.49%
	Non-consolidated	86.18%	86.73%

Total credit cost and total credit cost ratio*2



*1 NPL ratio = NPLs based on the Financial Reconstruction Act (excluding normal assets) / Total claims

*2 Total credit cost ratio = Total credit cost / Total claims

*3 Ratio of the collateral, guarantees and specific and general reserves to total NPLs

Asset quality – securities portfolio(1)

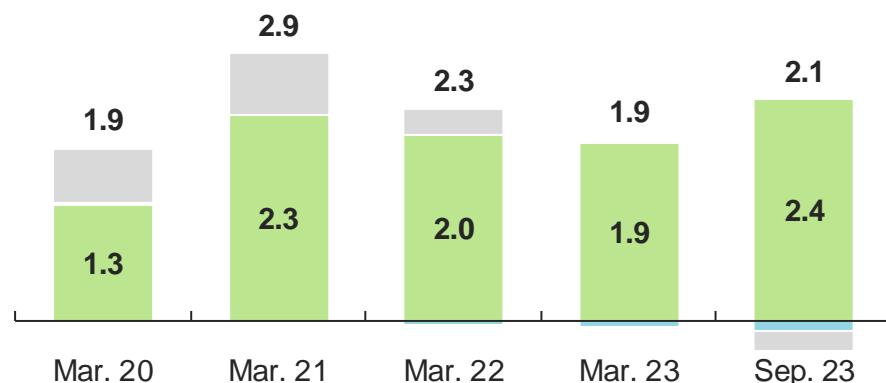
Breakdown of other securities (consolidated)

	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

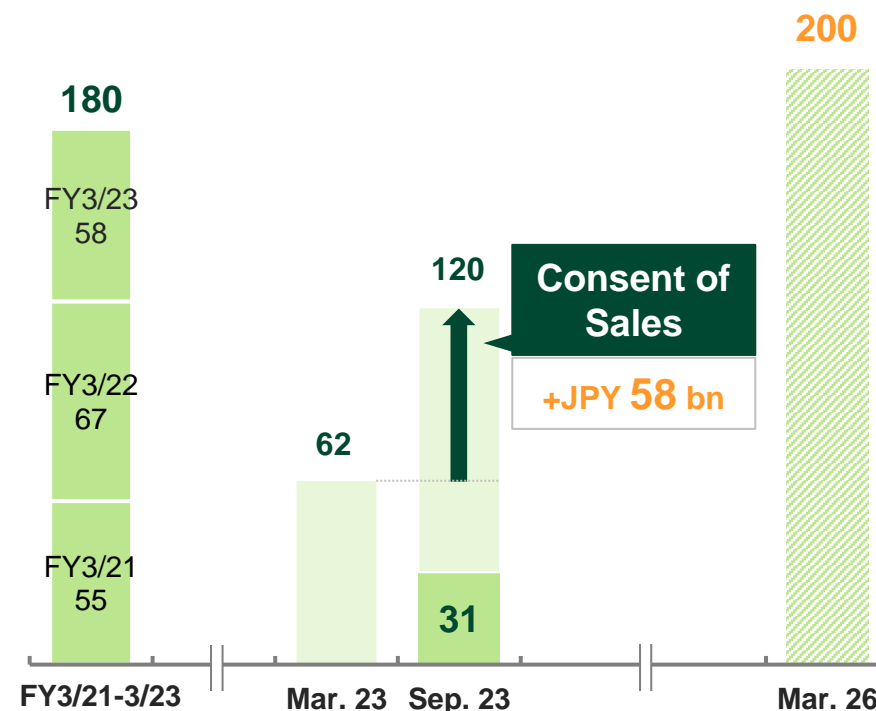
Unrealized gains

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



Equity holdings (Sep. 23)

(JPY bn) ■ 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

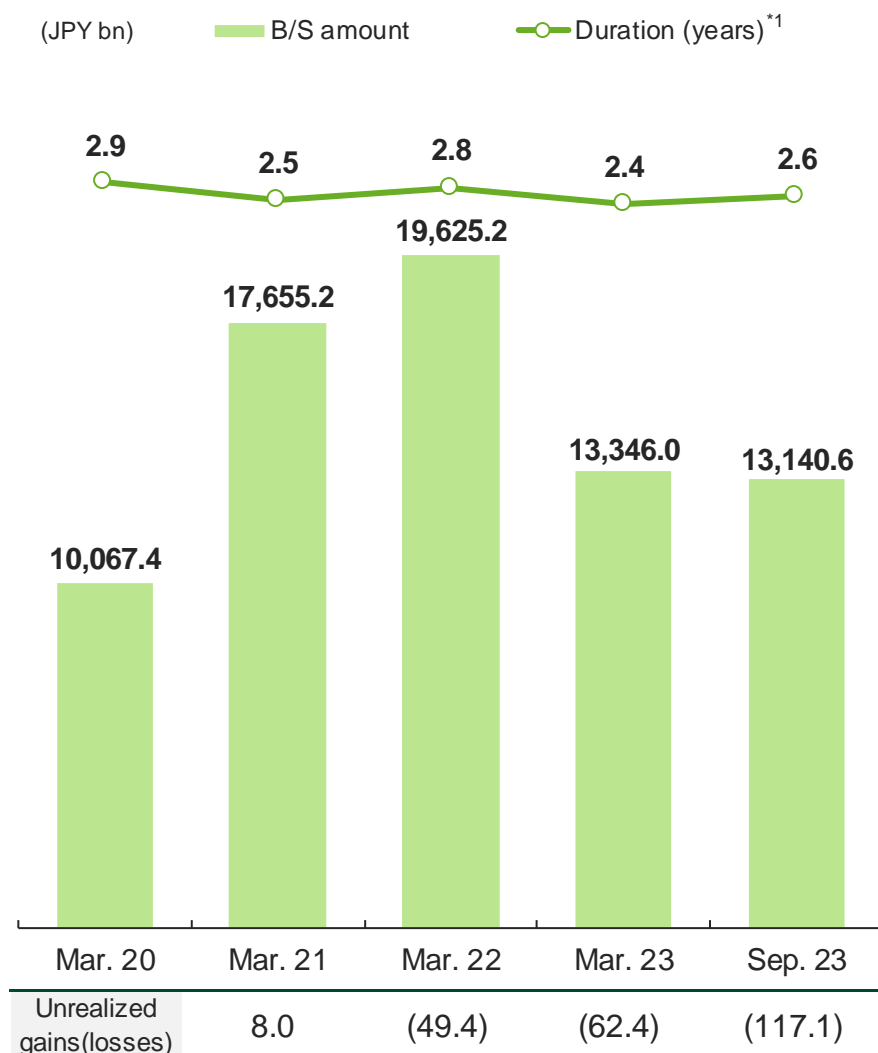
*¹ The difference between foreign bonds and others is unrealized gain on foreign stocks

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

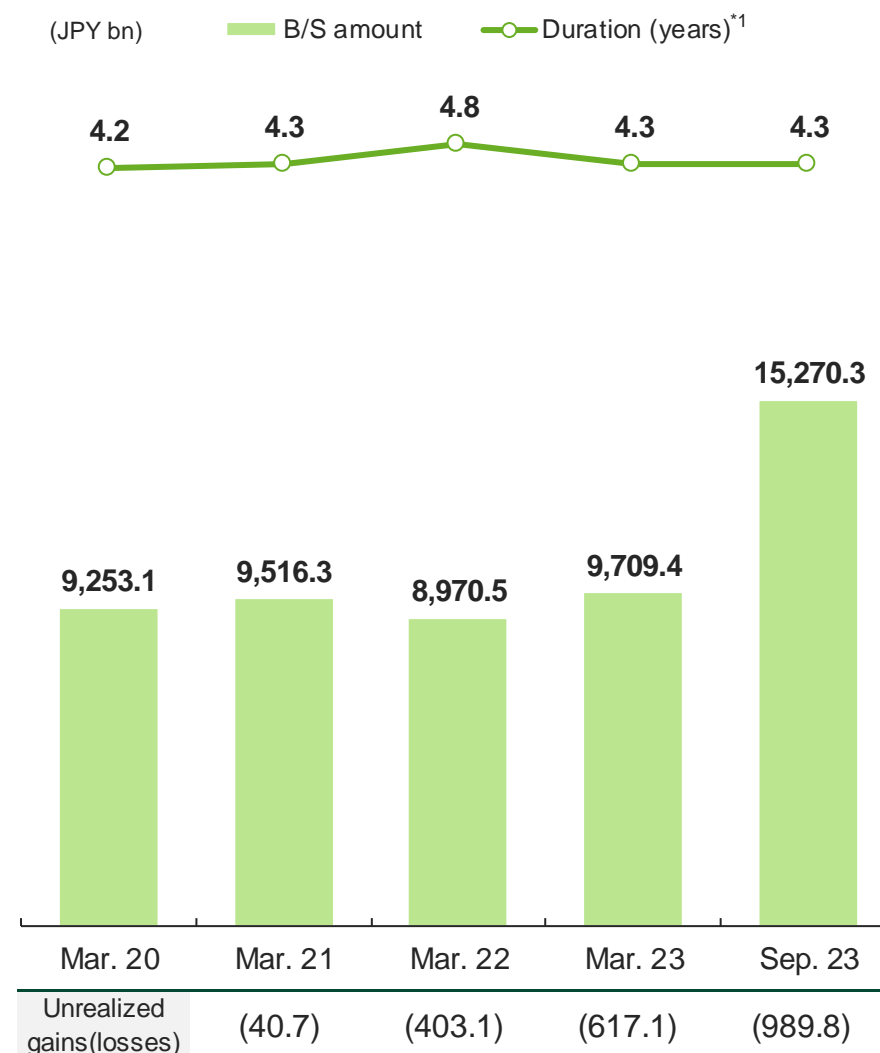
*³ Sep. 23: 32.2%, incl. balance of deemed held shares in numerator *⁴ FY3/27-29

Asset quality – securities portfolio(2)

Yen-denominated bonds (Non-consolidated)



Foreign bonds (Non-consolidated)



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

Balance sheet

Consolidated

(vs Mar. 23)

Loans		Deposits	
JPY 102.4 tn (+JPY 4.0 tn)		JPY 176.2 tn (+JPY 4.4 tn)	
Domestic loans ^{*1,2}	JPY 61.6 tn	Loan to deposit ratio: 58.1%	
Securities		Domestic deposits ^{*2} JPY 123.3 tn	
JPY 40.4 tn (+JPY 7.2 tn)		NCD JPY 13.8 tn	
JGBs	JPY 9.5 tn	Others	
Foreign bonds	JPY 19.1 tn	JPY 103.7 tn (+JPY 17.8 tn)	
Others		Total net assets	
JPY 150.8 tn (+JPY 12.0 tn)		JPY 13.8 tn (+JPY 1.0 tn)	
Cash and due from banks	JPY 77.4 tn		
BoJ's current account ^{*2}	JPY 59.5 tn		

Total assets JPY 293.7 tn (+JPY 23.3 tn)

Impact of interest rise in foreign currency

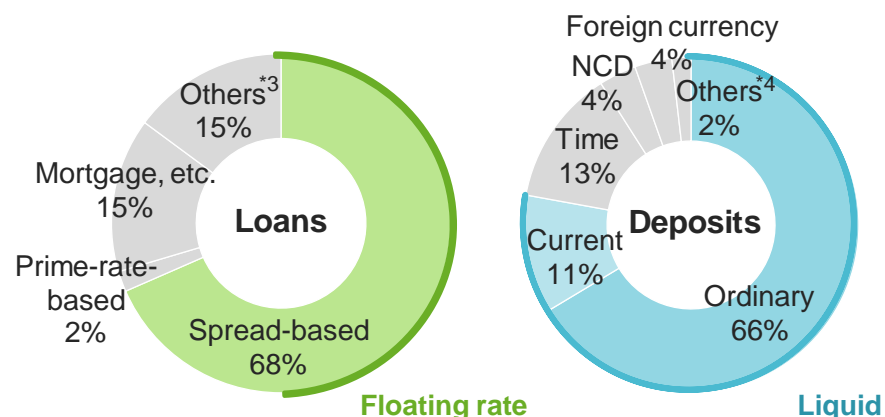
Loan/deposit

- 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

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 Non-consolidated *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%

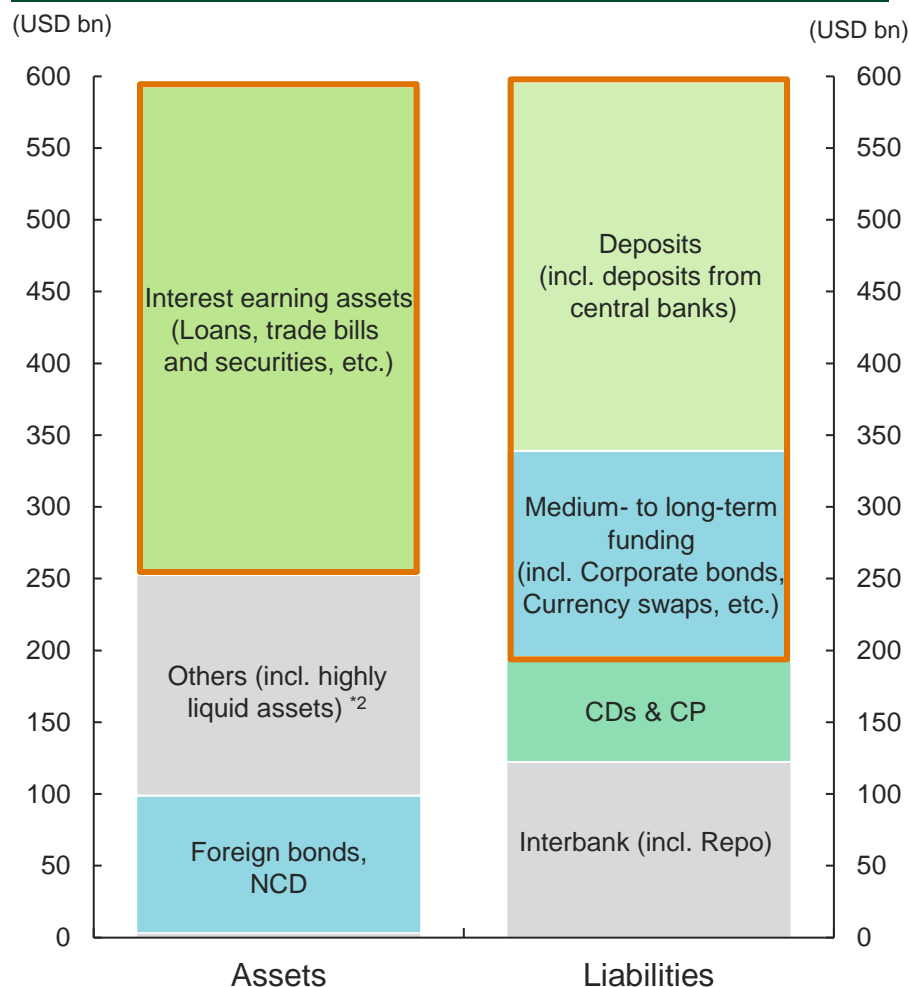


Funding / Capital Strategy

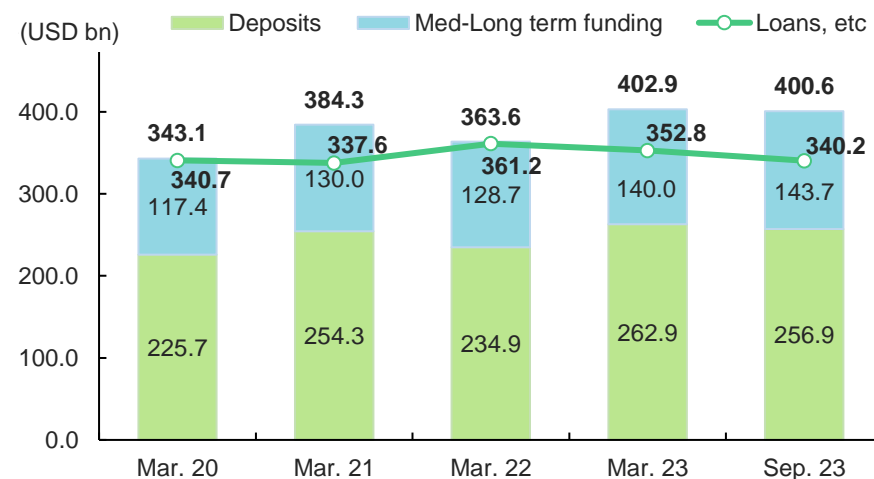
Foreign currency assets and funding

Non-JPY Balance sheet overview ^{*1}

(as of Sep. 23)

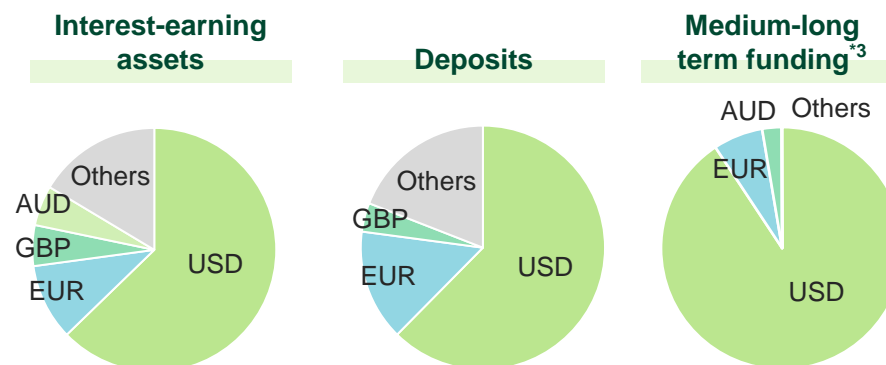


Non-JPY Balance sheet development



Currency breakdown

(as of Sep. 23)

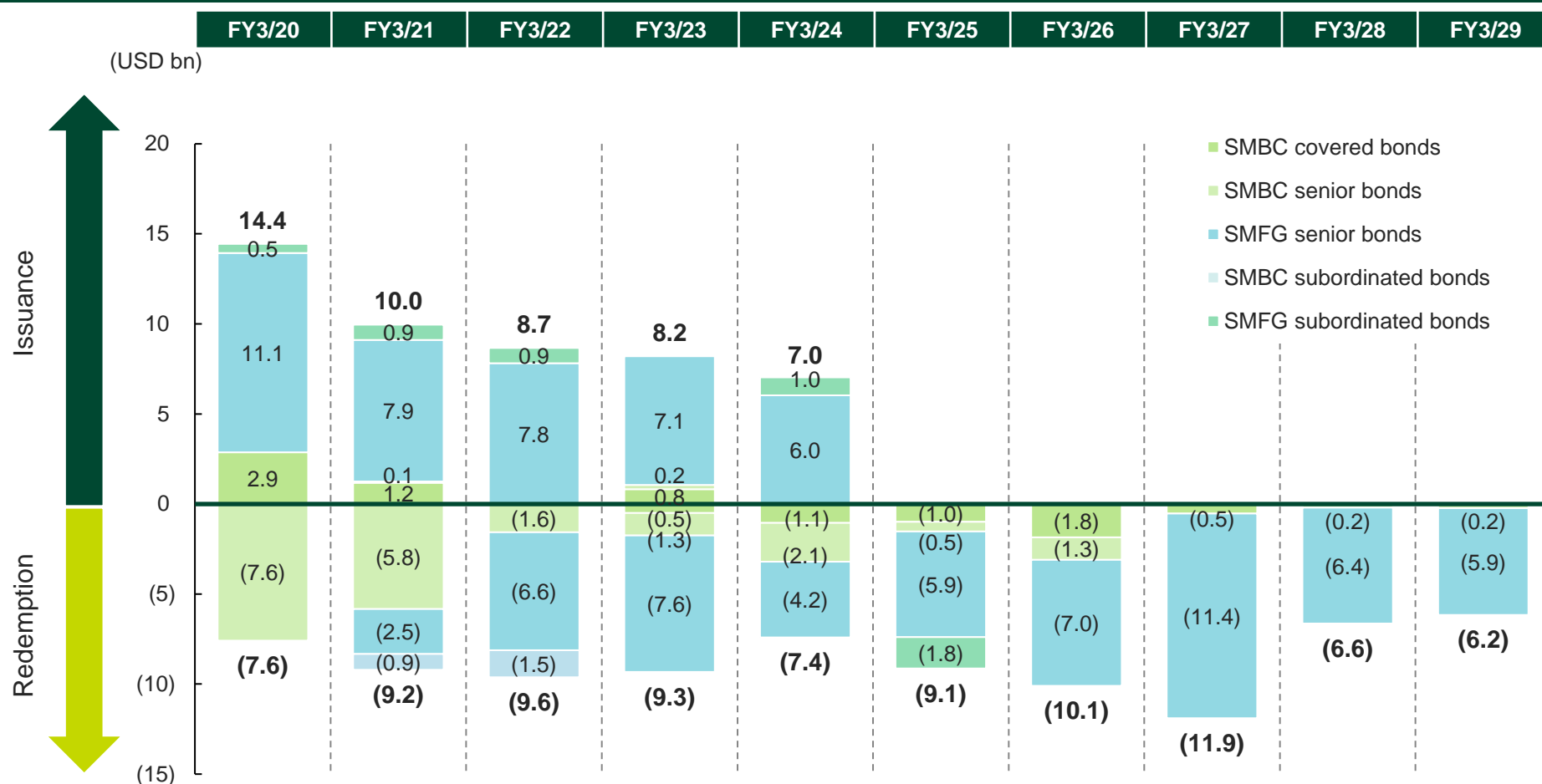


^{*1} Managerial accounting basis. Sum of SMBC and major local subsidiaries ^{*2} Deposits placed with central banks, etc.

^{*3} Excludes JPY funding, certificate of deposits and transferable deposits. Among all bonds priced by Sep. 23, only includes issuance with original maturity of two years or more and its tap issue as of Sep. 23. Translated into USD at the exchange rates as of the end of Sep. 23

Foreign currency issuances and redemptions

Non-JPY issuances and redemptions^{*1}

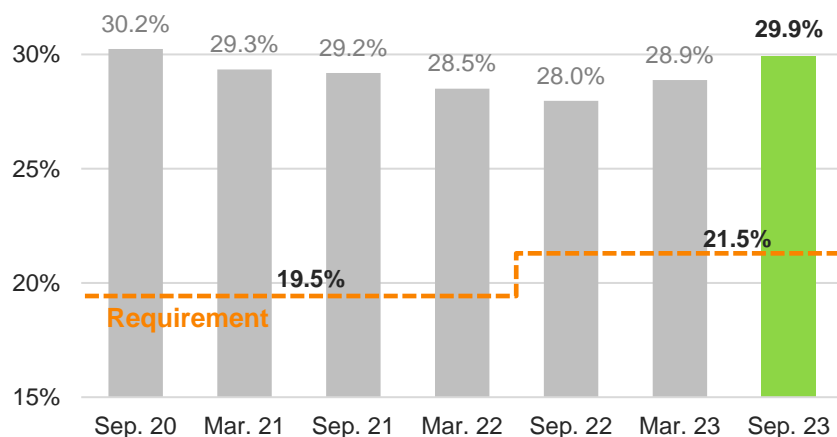


^{*1} The sum of SMFG and SMBC, each on a non-consolidated basis. Excludes JPY funding, certificate of deposits and transferable deposits. All redemptions were, or are expected, at maturity other than for callable bonds, which were, or are expected to be, redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Among all bonds priced by Sep. 23, only includes issuance with original maturity of two years or more and its tap issue as of Sep. 23. Translated into USD at the exchange rate as of the end of each period for FY3/20-FY3/23, and as of Sep. 23 for FY3/24-FY3/29

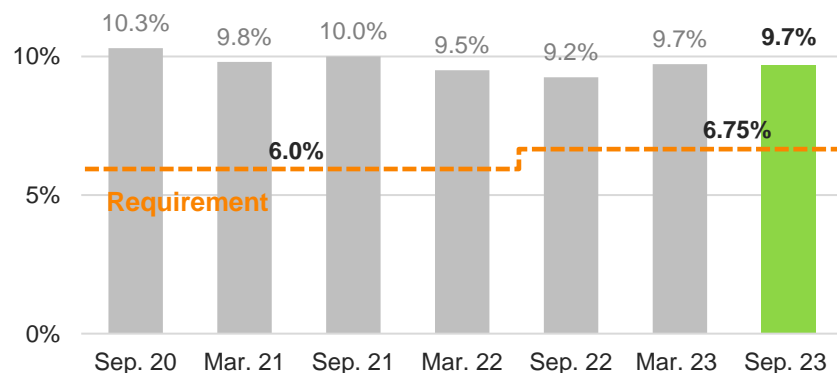
TLAC ratio and requirements

TLAC ratio

Risk-weighted assets basis



Leverage exposure basis



TLAC ratio (transitional basis)

	(JPY bn)	Sep. 2023
External TLAC	A	24,532.3
Risk-weighted assets (RWA)	B	82,041.0
TLAC ratio (RWA basis) (A/B)	C	29.90%
Capital buffers (including CCyB)	D	(3.60%)
Ref: TLAC ratio of RWA (C-D)	E	26.24%
Leverage exposure (LE)	F	252,687.3 ^{*1}
TLAC ratio (LE basis) (A/F)	G	9.70%

Requirements

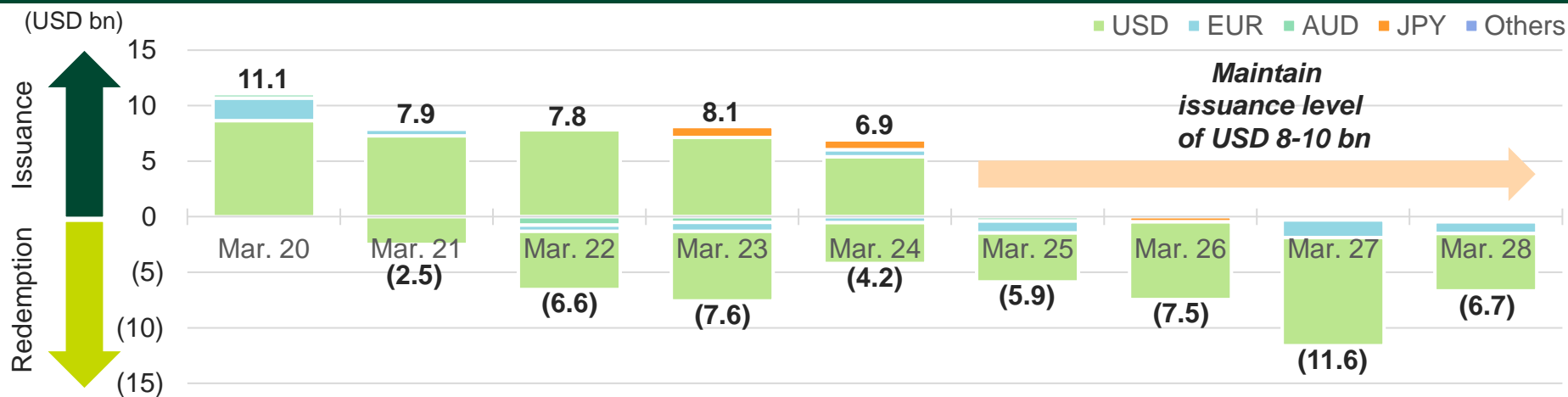
Minimum external TLAC (RWA basis)	18%
+ capital buffers ^{*2}	+3.5%
Effective level of minimum external TLAC (RWA basis)	21.5%
Minimum external TLAC (LE basis)	6.75%

^{*1} LE excludes deposits with the Bank of Japan under the FSA's temporary relief on leverage ratio calculation from Jun. 20

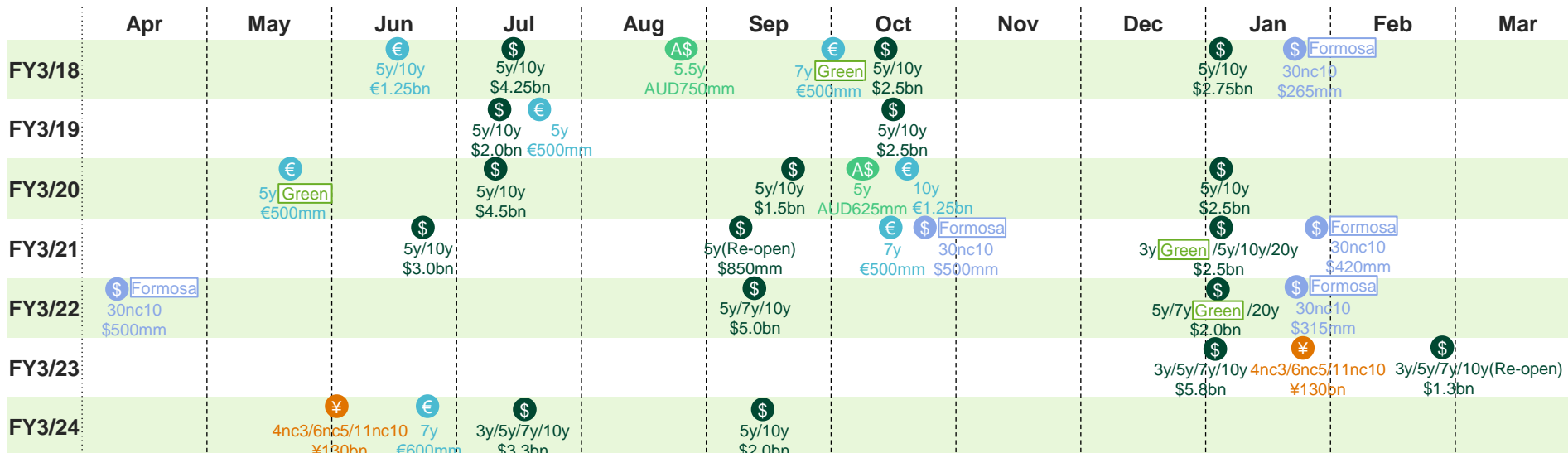
^{*2} Excludes countercyclical buffer (CCyB) for RWA requirements. As for the G-SIB buffer, SMFG was allocated to bucket 1 according to the latest list published by the FSB

TLAC issuance results and strategy

TLAC issuances and redemptions^{*1}



Historical issuance calendar^{*2}

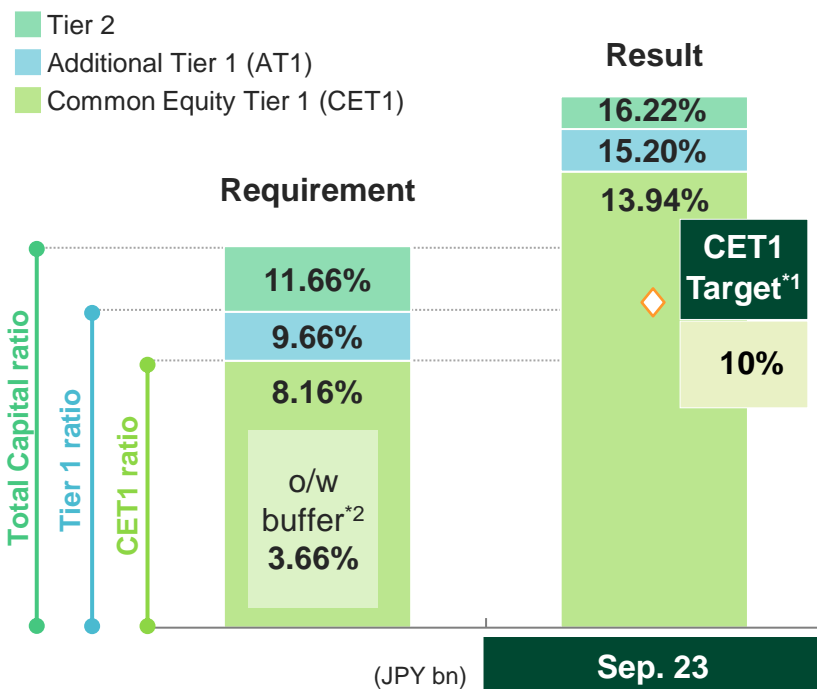


^{*1} The sum of SMFG Senior Bonds issuances and redemptions. All redemptions were, or are expected, at maturity other than for callable bonds, which were, or are expected to be, redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Among all bonds priced by Sep. 23, only includes issuance with original maturity of two years or more and its tap issue as of Sep. 23. Translated into USD at the exchange rate as of the end of each period for FY3/20-FY3/23, and as of Sep. 23 for FY3/24-FY3/28 ^{*2} Based on pricing date

Capital

Capital ratio

Transitional basis



Total capital	13,312.8
Tier 1 capital	12,470.6
o/w CET1 capital	11,438.7
Tier 2 capital	842.2
Risk-weighted assets	82,040.9

Capital strategy

Tier 2 capital	JPY 0.8 tn (1.03%) (as of Sep. 23)	<ul style="list-style-type: none"> ● Plan to fill 2.0% Tier 2 bucket in the medium term, taking account of RWA growth and AT1 capital accumulation
AT1 capital	JPY 1.0 tn (1.26%) (as of Sep. 23)	<ul style="list-style-type: none"> ● Plan to continue issuing AT1 bonds to fill 1.5% AT1 bucket
CET1 capital	<ul style="list-style-type: none"> ● CET1 ratio target (Finalized Basel III basis excl. net unrealized gains) : 10% ● CET1 capital ratio remains target level 	

SMFG's recent deals (subordinated bonds)

Security type	Issue date	Amount	Tenor	Coupon
AT1	Apr. 25, 2023	JPY 89bn	PerpNC5	1.879%
AT1	Apr. 25, 2023	JPY 51bn	PerpNC10	2.180%
Tier 2 (USD)	Jul. 13, 2023	USD 1bn	20y	6.184%
AT1	Sep. 15, 2023	JPY 114.5bn	PerpNC5	1.889%
AT1	Sep. 15, 2023	JPY 96.5bn	PerpNC10	2.292%
Tier 2	Oct. 30, 2023	JPY 85bn	10NC5	1.276%
Tier 2	Oct. 30, 2023	JPY 45bn	10y	1.758%

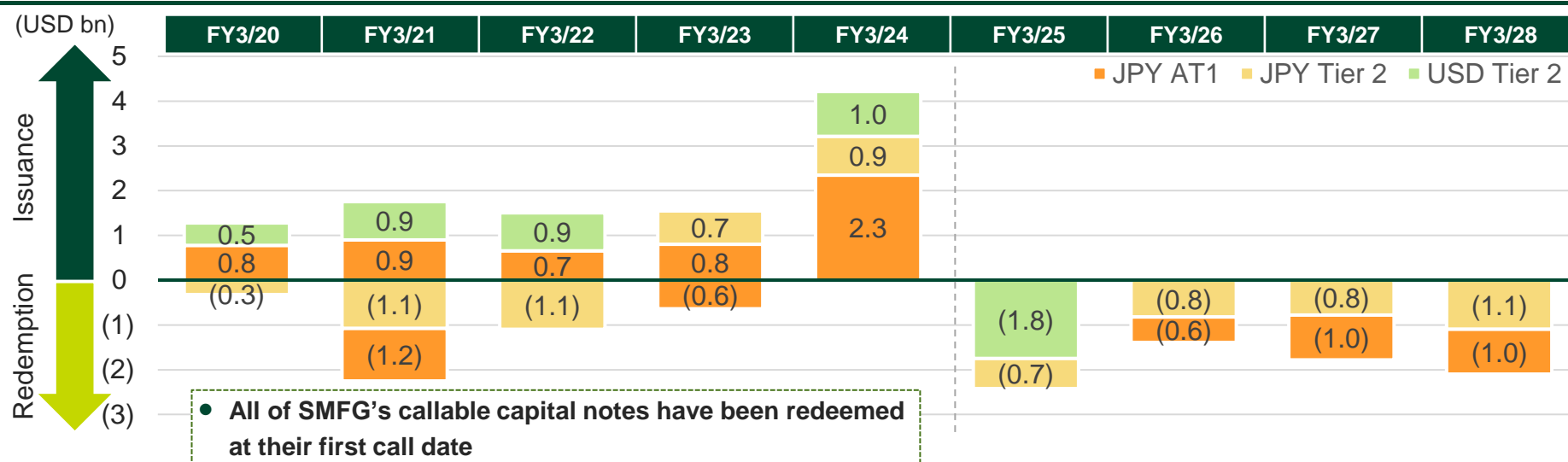
- Japan's three megabanks issued JPY 1.09 tn of yen-denominated AT1 bonds this fiscal year in total
- Most of the outstanding AT1 bonds are issued in JPY
 - ✓ MUFG's USD AT1 bonds issued in Oct. 23 is the first foreign currency AT1 deal in Japan

*1 CET1 ratio that (a) includes the impact of RWA inflation expected post the Basel III reforms and (b) is calculated with CET1 excluding net unrealized gains on other securities and RWA excluding RWA associated with net unrealized gains on stocks

*2 Including Capital conservation buffer (2.50%), G-SIB surcharge (1.00%) and countercyclical buffer (0.16%)

Subordinated bonds issuance results and strategy

Subordinated bonds issuances and redemptions*1



Historical issuance calendar*2

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY3/18									¥ AT1 PNC10 ¥150bn			¥ Tier2 10y ¥100bn
FY3/19												
FY3/20			¥ AT1 PNC10 ¥85bn			\$ Tier2 10y \$500mn						
FY3/21						¥ AT1 \$ Tier2 PNC10 ¥100bn 10y \$850mn						
FY3/22						\$ Tier2 20y \$850mn				¥ AT1 PNC10 ¥80bn		
FY3/23									¥ AT1 PNC5/PNC10 ¥107bn			¥ Tier2 10NC5/10y ¥100bn
FY3/24	¥ AT1 PNC5/PNC10 ¥140bn			\$ Tier2 20y \$1bn		¥ AT1 PNC5/PNC10 ¥211bn	¥ Tier2 10NC5/10y ¥130bn					

*1 The sum of SMFG Subordinated bonds issuances and redemptions. All redemptions were, or are expected, at maturity other than for callable bonds, which were, or are assumed for illustration to be, redeemed at their respective 1st call dates, while there is no assurance they will be redeemed at such time. Among all bonds priced by Oct. 23. Translated into USD at the exchange rate as of the end of each period for FY3/20-FY3/23, and as of Sep. 23 for FY3/24-FY3/28

*2 Based on pricing date.

Comparison of AT1 securities features

		SMFG JPY AT1	U.K.	EU	Switzerland	Australia	U.S.
Going concern	CET1 Trigger	5.125%	7% ^{*1}	5.125%/7%/8%	High: 7% Low: 5.125%	5.125%	N/A
	Loss absorption mechanism	Temporary write-down (TWD)	Conversion	TWD or conversion	Write-down or conversion	Conversion	N/A
Gone concern PoNV mechanism & trigger		Contractual ^{*2} (Specified Item 2 measures)	Statutory ^{*3}	Statutory ^{*3}	Contractual	Contractual	N/A
Public capital injection constitutes PoNV or triggers going concern loss absorption		No ^{*2} (Specified Item 1 measures, etc. won't trigger PoNV or TWD)	Yes	Yes	Yes	Yes	N/A
Dividend stopper		Yes ^{*4}	No	No	Yes	Yes	Yes

^{*1} Some institutions define the 7% trigger as a contractual base to include AT1 securities in their leverage ratio calculations

^{*2} PoNV will be triggered when the Prime Minister of Japan confirms that Specified Item 2 measures needs to be applied to us if and when our liabilities exceed or are likely to exceed our assets, or we have suspended or are likely to suspend payment of our obligations. However, (1) liquidity support and capital injection under Specified Item 1 measures, (2) capital injection under Act on Special Measures for Strengthening Financial Functions and (3) capital injection under Item 1 Measures could be applied before PoNV when the Prime Minister of Japan deems these measures appropriate. Measures to be taken depend on each case. Specified Item 2 measures may be taken without the implementation of a capital injection prior to PoNV

^{*3} Contractual bail-in clause for effectiveness or statutory loss absorption if the AT1 is governed by foreign law

^{*4} If SMFG is unable to pay interest on its AT1 Notes, either voluntarily or due to restrictions on the distributable amount, SMFG shall not resolve at the meeting of its Board of Directors to pay cash dividends on its common stock and shall not propose that cash dividends be paid to common stockholders in its shareholder's meeting

Safeguards to prevent systemic disruption

PoNV	Framework	Subject entities
Prior to PoNV^{*1} suspension of payment or having negative net worth (including the likelihood thereof)	<ul style="list-style-type: none"> ● Liquidity support and capital injection Specified Item 1 Measures set forth in the Deposit Insurance Act ("DIA") 	Financial institutions Including banks and bank holding companies ("BHCs")
	<ul style="list-style-type: none"> ● Capital injection Act on Special Measures for Strengthening Financial Functions 	Banks and BHCs
	<ul style="list-style-type: none"> ● Capital injection Item 1 Measures set forth in the DIA 	Banks and BHCs ^{*2}
Posterior to	<ul style="list-style-type: none"> ● Financial assistance for orderly resolution Specified Item 2 Measures set forth in the DIA This measure can be applied after the non-viability event of both AT1 and Tier 2 instruments 	Financial institutions Including banks and BHCs
	<ul style="list-style-type: none"> ● Financial assistance exceeding payout cost or Temporary nationalization 	Banks

Comparison of Measures established in 2014

Specified Item 1 Measures

Specified Item 2 Measures

Situation	● Where there is a risk that severe disruption could occur in Japan's financial market and any other financial systems	
Financial condition of target financial institution	<ul style="list-style-type: none"> ● Capital: <u>not</u> having negative net worth ● No requirement as to liquidity 	<ul style="list-style-type: none"> ● Capital: having negative net worth or ● Liquidity: suspension of payment (including the likelihood thereof)
Support tools	<ul style="list-style-type: none"> ● Liquidity support ● Capital injection 	<ul style="list-style-type: none"> ● Financial assistance
Write-down of AT1 securities	<ul style="list-style-type: none"> ● <u>Not required</u>^{*3} 	<ul style="list-style-type: none"> ● Full permanent write-down as PoNV

*1 See note 2 on p.75

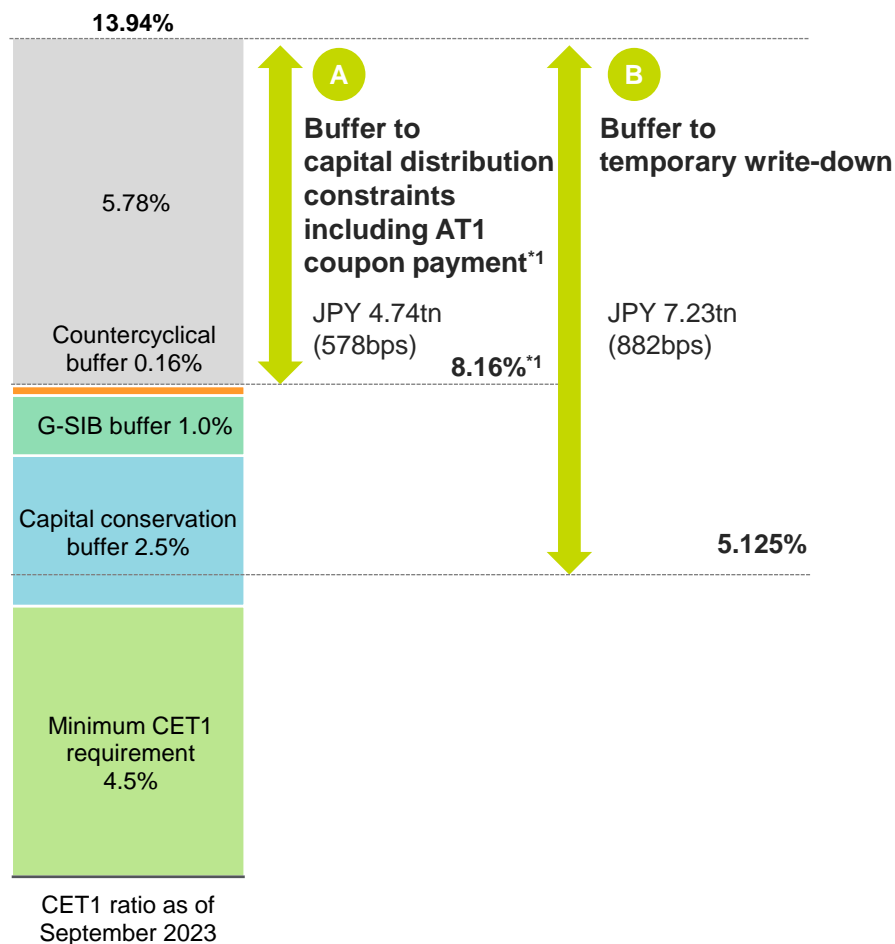
*2 The DIA permits capital injection into a BHC which is the parent company of the subject bank to enhance the bank's capital adequacy

*3 If the issuer's CET1 ratio is below 5.125% at the time Specified Item 1 Measures are applied, AT1 securities will be subject to partial or full write-down pursuant to the temporary write-down clause

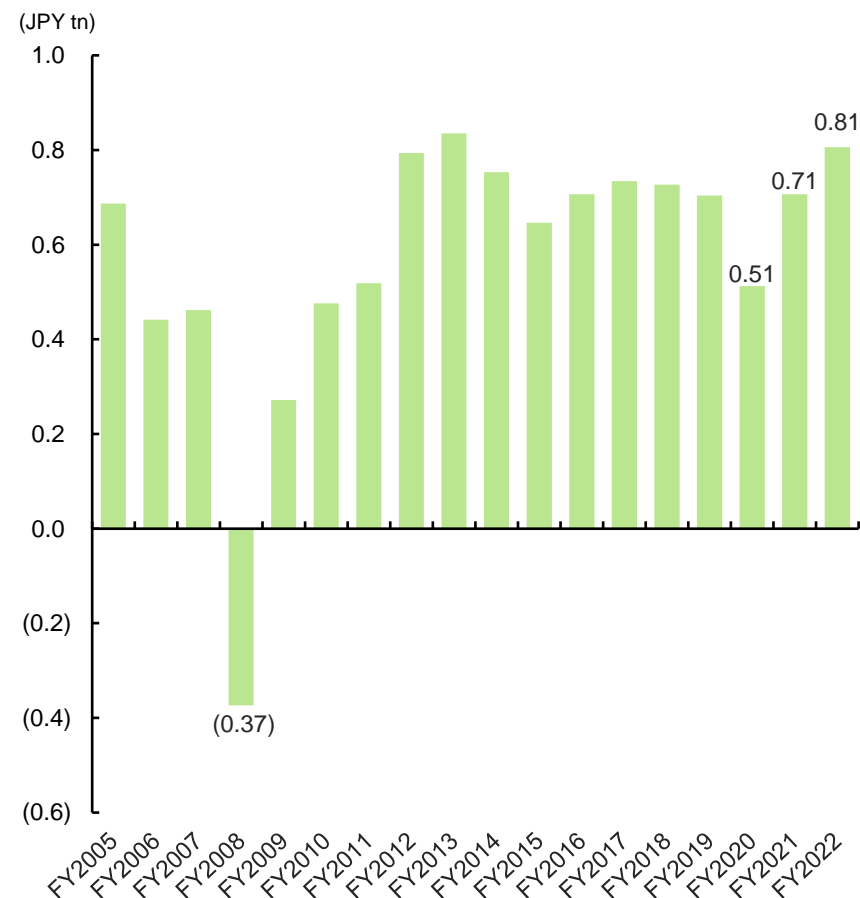
Buffers to capital distribution constraints / write-down

Capital requirements

CET1 ratio well above requirement / trigger

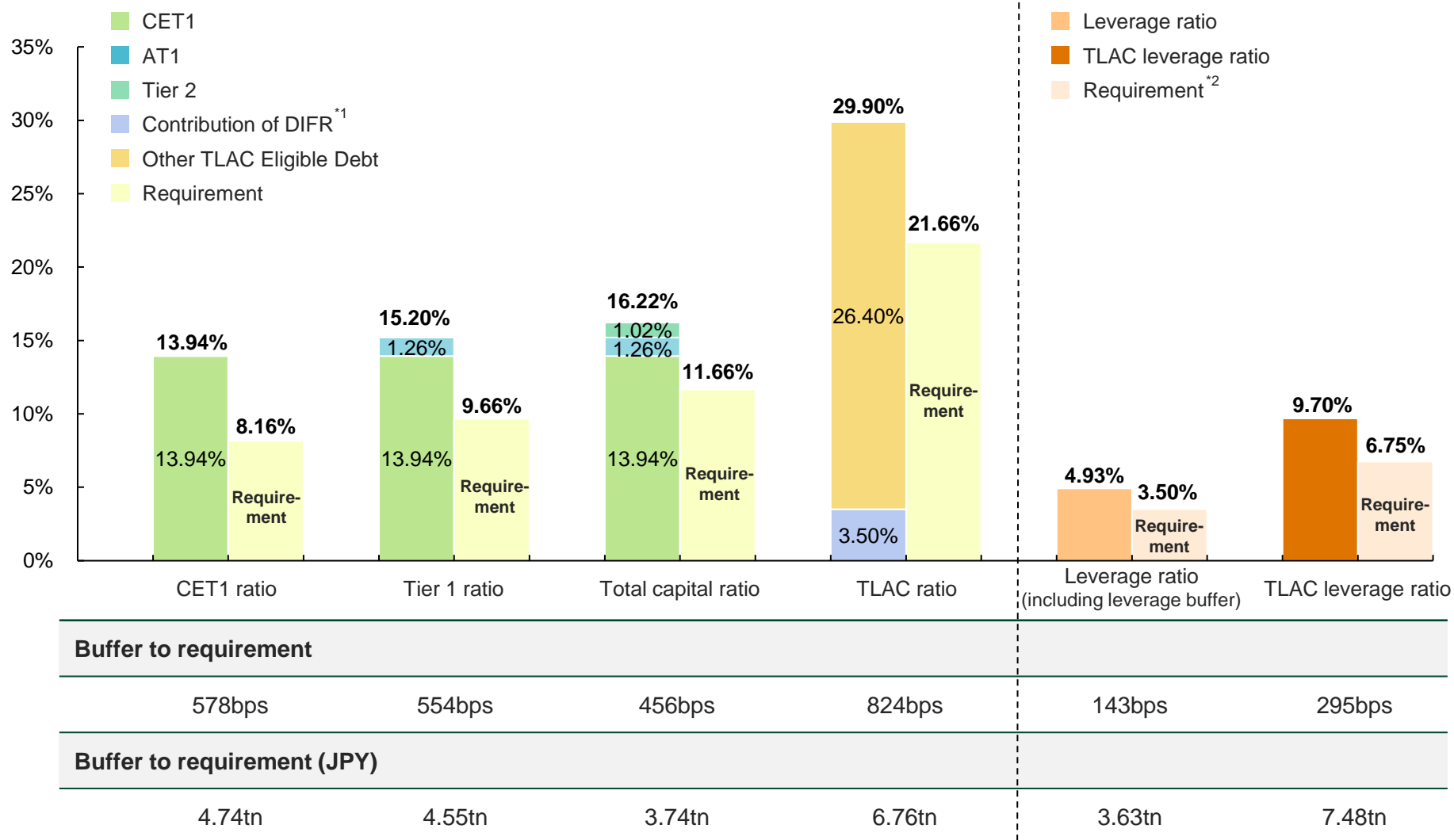


(Ref.) Profit attributable to owners of parent



*1 Reflects CET1 buffers applicable at Sep. 2023. Whenever CET1 ratio falls below 8.16%, capital distributions will be restricted up to a certain amount depending on the level of the deficit in our regulatory capital buffers. Such capital distributions include dividends, interest payments on the AT1 Securities, share buybacks, redemption and repurchases of the AT1 Securities, and bonus payments

(Ref.) Capital ratio / leverage ratio (Transitional basis)

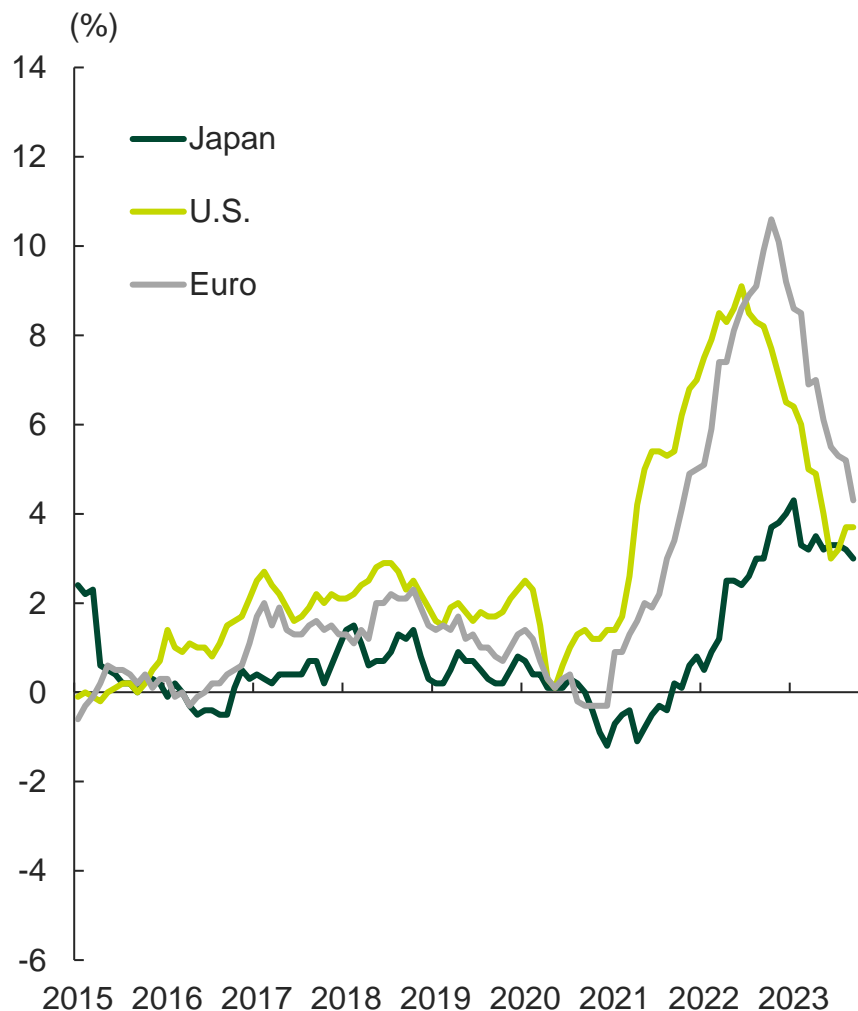


*1 Contribution of Deposit Insurance Fund Reserves: Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet (Can include 3.5% of RWAs, in external TLAC ratio)

*2 Leverage ratio minimum requirement and TLAC leverage ratio minimum requirement expected to increase to 3.70% and 7.10% respectively from Apr. 2024

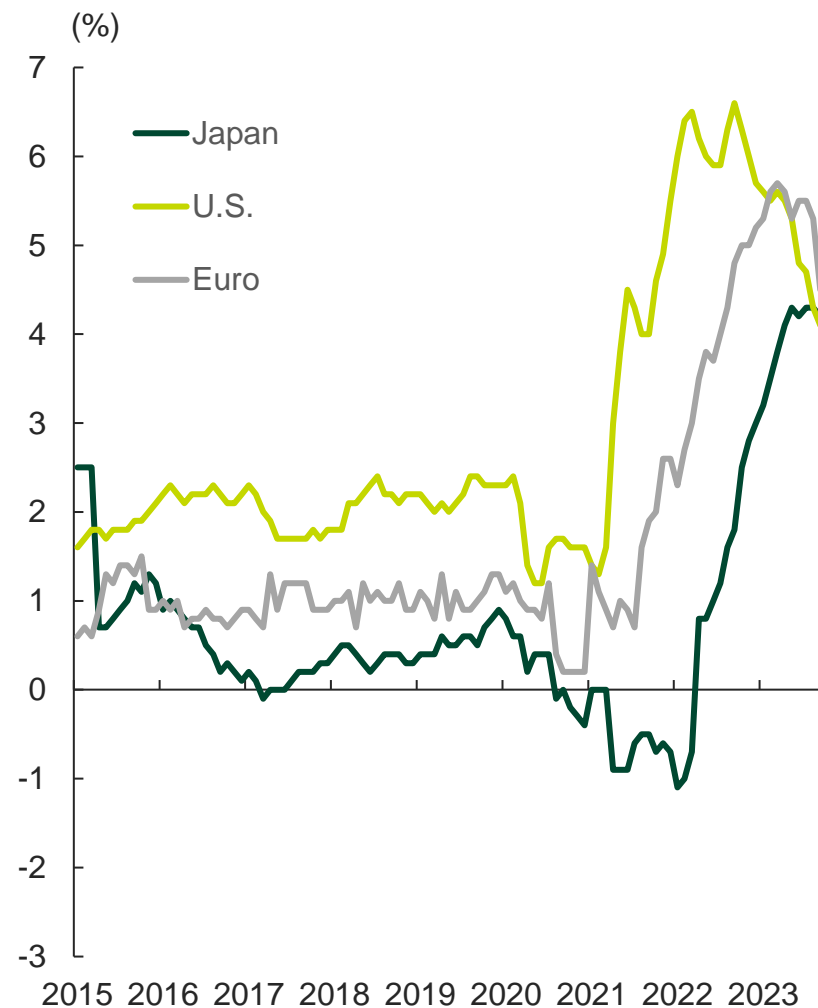
(Ref.) Comparison of inflation

CPI (YoY)*1



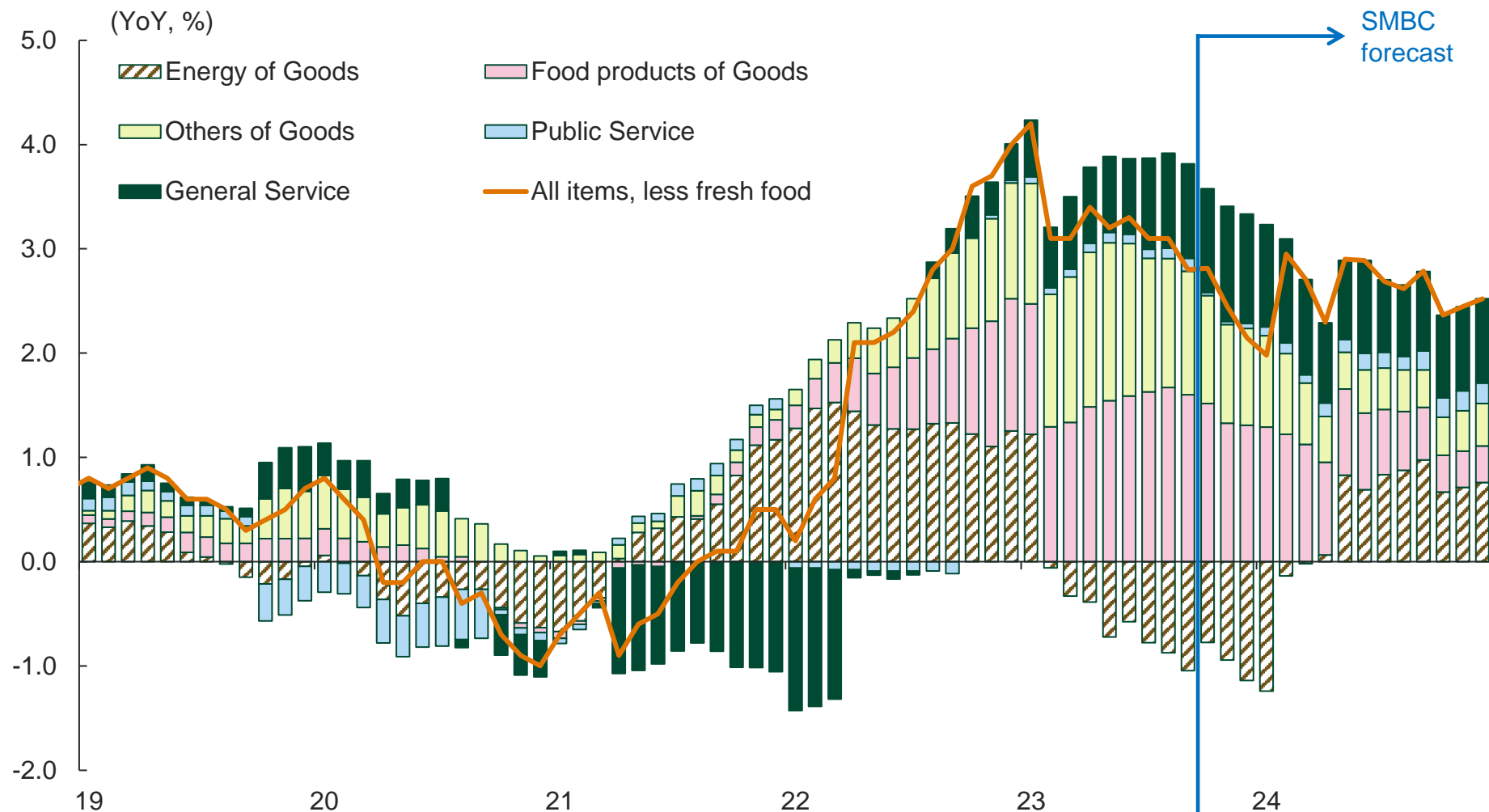
Core CPI (YoY)*1

excluding food & energy



(Ref.) Outlook for Japan's CPI

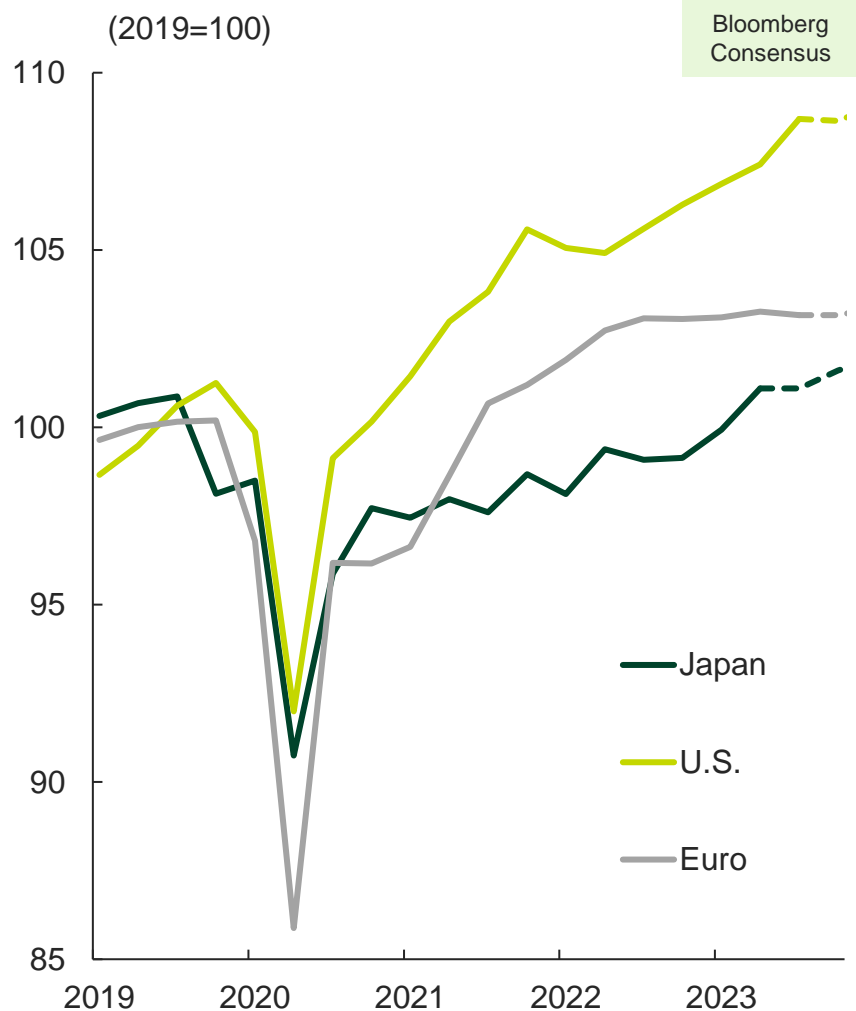
CPI Forecast (YoY)^{*1}



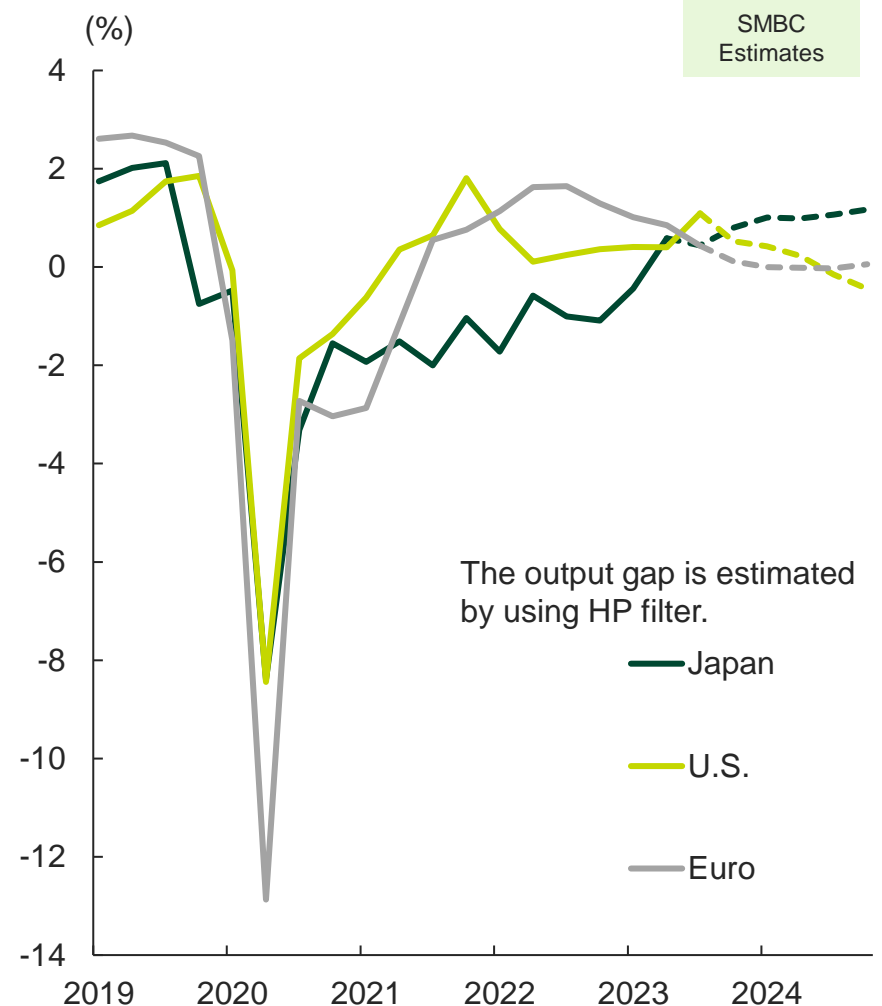
^{*1} Statistics Bureau of Japan (SBJ), SMBC. Including SMBC Treasury Unit's own estimate as of November 1, 2023

(Ref.) Comparison of GDP & Output Gap

GDP level*1



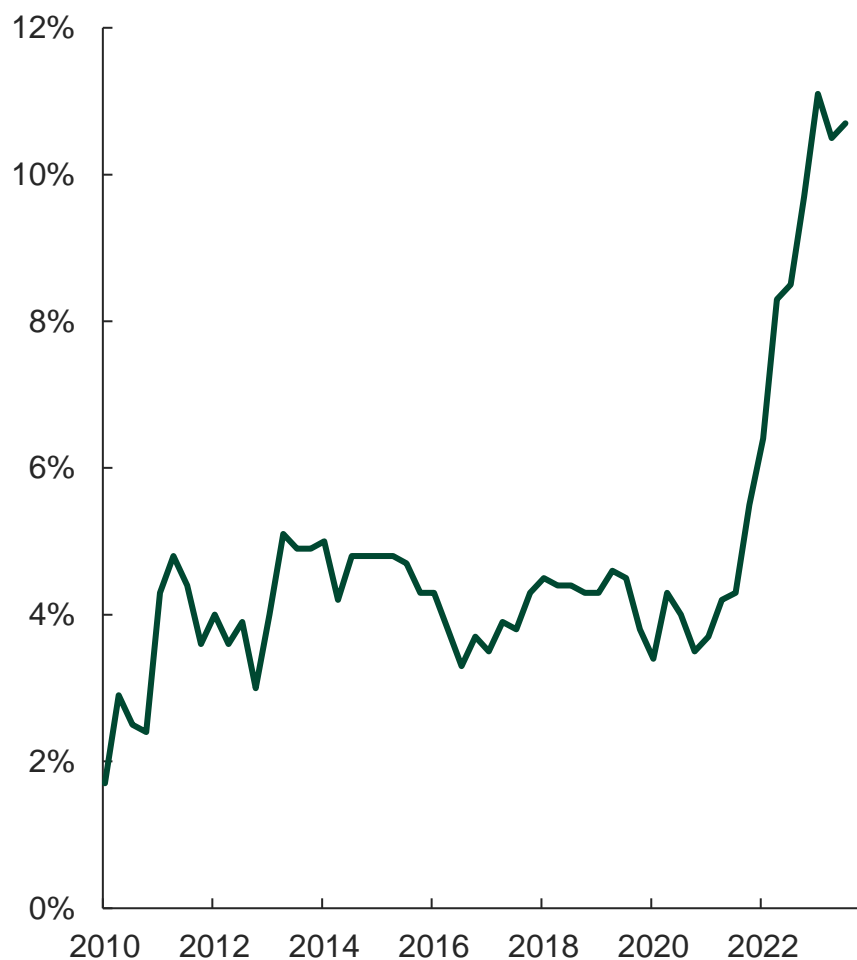
Output gap*1



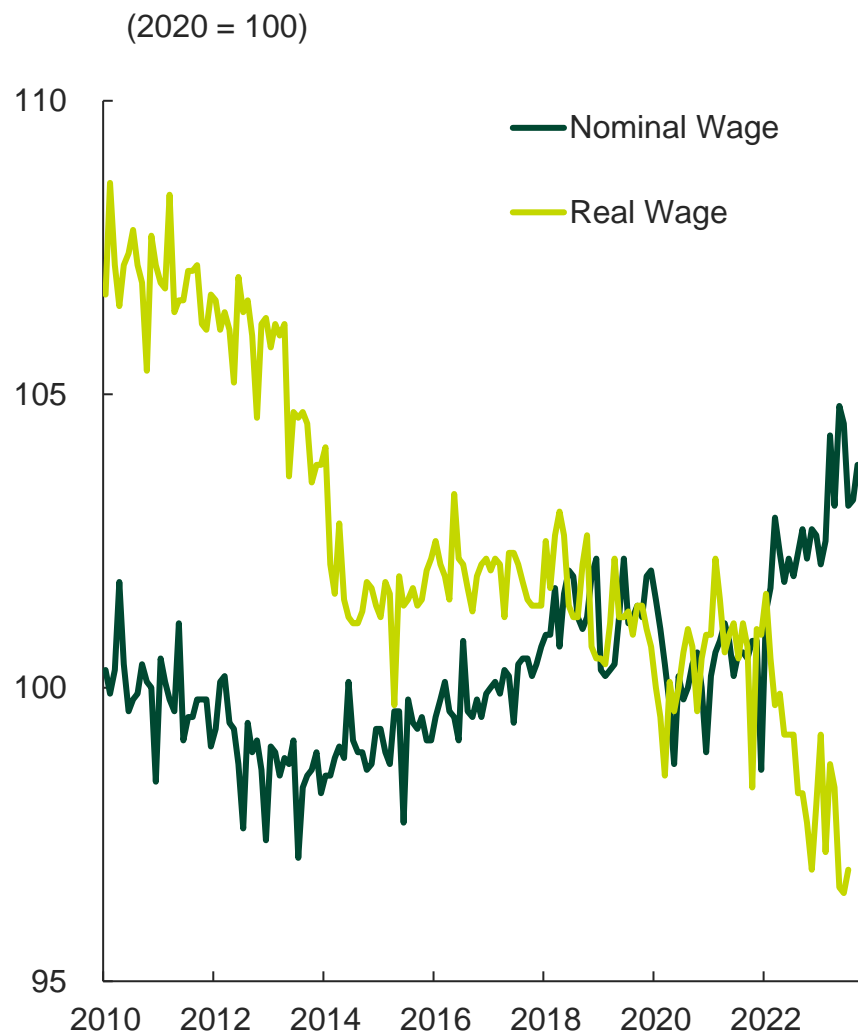
*1 Cabinet Office (CAO), Congressional Budget Office (CBO), Bloomberg, SMBC. Including SMBC Treasury Unit's own estimate as of November 1, 2023

(Ref.) Consumption in Japan

Household inflation expectations*¹



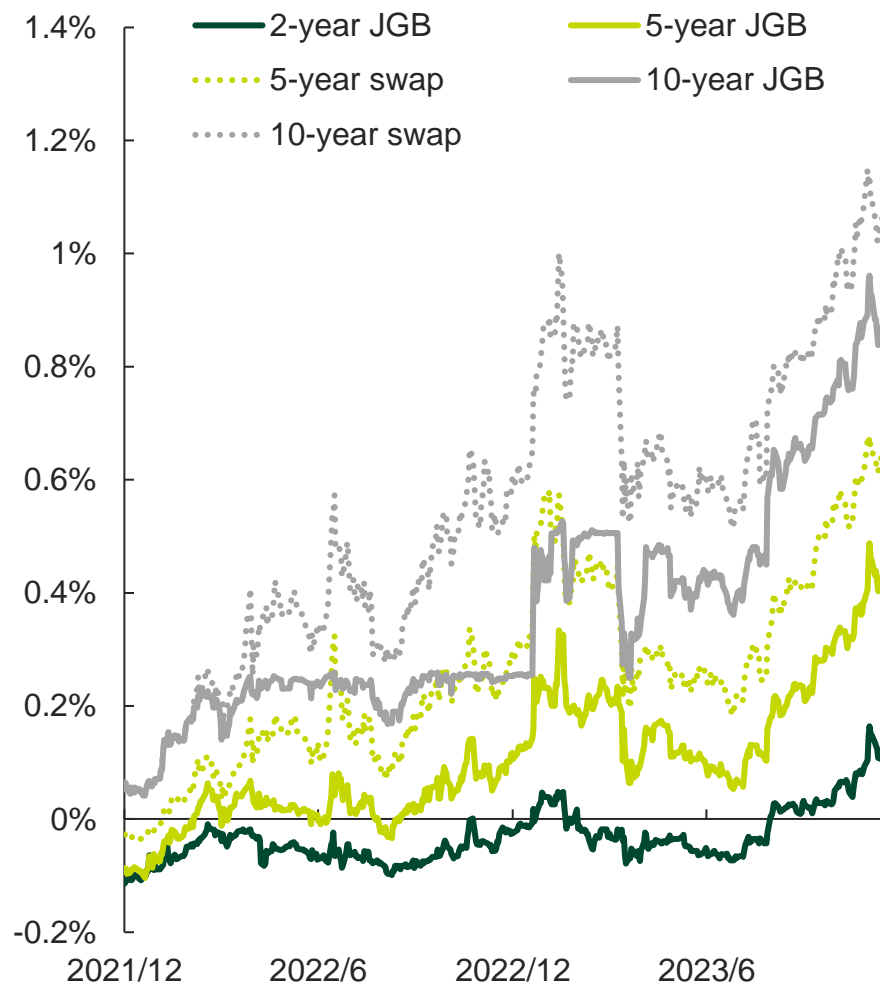
Nominal and real wage*¹



*1 Bank of Japan (BOJ), Ministry of Health, Labour and Welfare (MHLW)

(Ref.) Trend in Yen interest rate

Trend in short- and long-term rates*¹



Trend in super-long-term rates*¹





Appendix

SMFG / SMBC overview

(FY3/23)		SMFG (Consolidated) *1 Global banking group originated in Japan	SMBC (Non-consolidated) *1 Core operating entity within SMFG franchise
Market Capitalization (TSE:8316, NYSE:SMFG)		JPY 9.8 tn / USD 65.4 bn (As of Nov. 24, 2023)	unlisted (wholly-owned by SMFG)
B/S	Assets	JPY 270 tn / USD 2,025 bn	JPY 235 tn / USD 1,762 bn
	Loans	JPY 98 tn / USD 737 bn	JPY 94 tn / USD 706 bn
	Deposits*2	JPY 159 tn / USD 1,189 bn	JPY 150 tn / USD 1,123 bn
	Loans/Deposits	57.3%	57.9%
P/L	Gross Profit	JPY 3,170 bn / USD 23.7 bn Consolidated gross profit	JPY 1,699 bn / USD 12.7 bn Gross banking profit
	Net Income	JPY 806 bn / USD 6.0 bn Profit attributable to owners of parent	JPY 634 bn / USD 4.7 bn Net income
CET1 ratio		14.02%	-
NPL ratio		0.80%	0.52%
Ratings (Moody's / S&P)		A1 / A- (As of Nov. 15, 2023)	A1 / A (As of Nov. 15, 2023)
Business Franchise		<ul style="list-style-type: none"> ● Holds top-tier companies in banking, leasing, securities services, consumer finance, and other businesses ● 155 overseas offices*3 (As of Sep. 30, 2023) 	<ul style="list-style-type: none"> ● 455 domestic branches ● 28 million retail accounts (As of Sep. 30, 2023)

*1 Converted into USD at March 2023 fiscal year-end exchange rate
Market capitalization converted to USD at the Nov. 24, 2023 exchange rate

*2 Excludes negotiable certificates of deposits

*3 Excludes offices planned to be closed

Credit ratings of selected G-SIBs

OpCo senior unsecured bonds / Excluded liabilities
 TLAC eligible senior unsecured bonds
 Basel III Tier 2 bonds
 Additional Tier 1 (AT1) securities

 Notch Difference (between OpCo senior and TLAC senior bonds)
 (As of the end of Oct. 23)

Moody's

	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB*1	BNP*1	UBS*2
Aa1											
Aa2											
Aa3											
A1											
A2											
A3											
Baa1											
Baa2											
Baa3											
Ba1											
Ba2											

S&P

	SMFG	Mizuho	MUFG	BAC	Citi	JPM	Barclays	HSBC	DB*1	BNP*1	UBS*2
A+											
A											
A-											
BBB+											
BBB											
BBB-											
BB+											
BB											
BB-											

*1 For DB and BNP, OpCo senior notes and TLAC eligible senior notes mean preferred senior notes and non-preferred senior notes, respectively

*2 Backed senior unsecured rating of UBS Group Funding (Switzerland) guaranteed by UBS Group AG for TLAC eligible senior notes

Credit ratings of Aussie and Canadian banks

OpCo senior unsecured bonds / Excluded liabilities
 TLAC eligible senior unsecured bonds
 Basel III Tier 2 bonds
 Additional Tier 1 (AT1) securities
 ● — ● Notch Difference (between TLAC senior and Tier 2 bonds)

(As of the end of Oct. 23)

Moody's

	SMFG	BMO	BNS	RBC	TD	ANZ	CBA	NAB	Westpac
Aa1									
Aa2									
Aa3									
A1									
A2									
A3									
Baa1									
Baa2									
Baa3									

S&P

	SMFG	BMO	BNS	RBC	TD	ANZ	CBA	NAB	Westpac
AA-									
A+									
A									
A-									
BBB+									
BBB									
BBB-									
BB+									

Financial highlights – IFRS*1

Income statement data

(JPY bn)	FY3/22	FY3/23
Net interest income	1,443.9	1,755.1
Net Fee and commission income	1,038.5	1,039.8
Net Trading income	280.3	626.0
Other operating income	374.7	369.7
Total operating income	3,137.5	3,790.7
Net operating income	2,857.5	3,642.2
Profit before tax	676.5	1,261.9
Net profit	515.1	935.8

Statement of financial position data

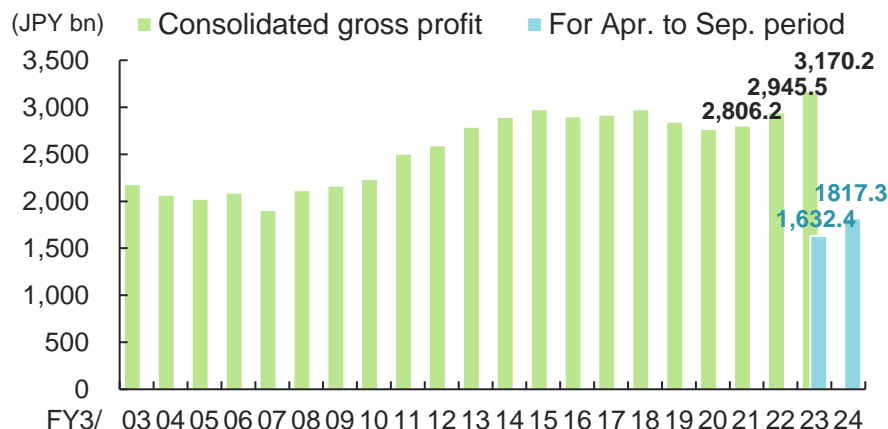
(JPY bn)	FY3/22	FY3/23
Total assets	248,160.8	257,687.0
Loans	104,635.8	111,891.1
Deposits	162,593.5	172,927.8
Total equity	12,781.7	13,537.0

Reconciliation with Japanese GAAP

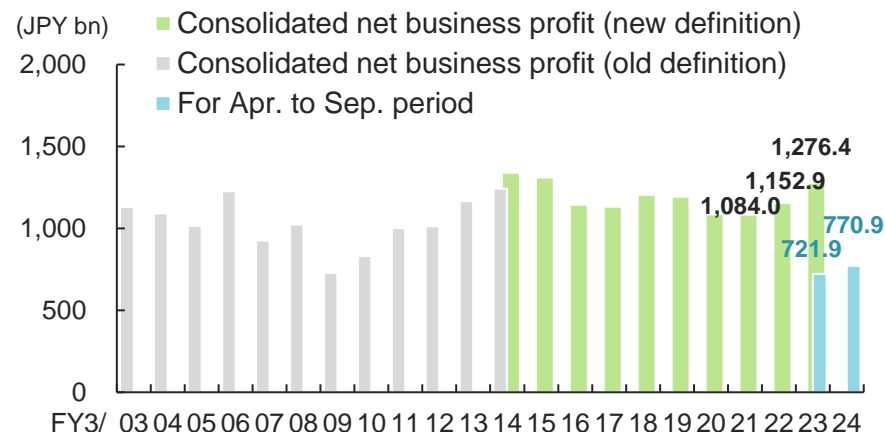
	(At and for FY3/23, JPY bn)	Total equity	Net profit
IFRS		13,537.0	935.8
Differences arising from different accounting for:	Scope of consolidation	96.7	(4.9)
	Derivative financial instruments	(504.3)	(374.0)
	Investment securities	(428.3)	147.0
	Loans and advances	407.7	(13.6)
	Investments in associates and joint ventures	221.1	10.6
	Property, plant and equipment	16.7	(1.6)
	Lease accounting	2.6	0.5
	Defined benefit plans	140.5	60.7
	Deferred tax assets	(61.4)	(25.3)
	Foreign currency translation	-	6.6
	Classification of equity and liability	(770.4)	(11.3)
	Others	40.9	29.9
	Tax effect of the above	92.3	69.2
Japanese GAAP		12,791.1	816.3

Trend of major income components – Consolidated

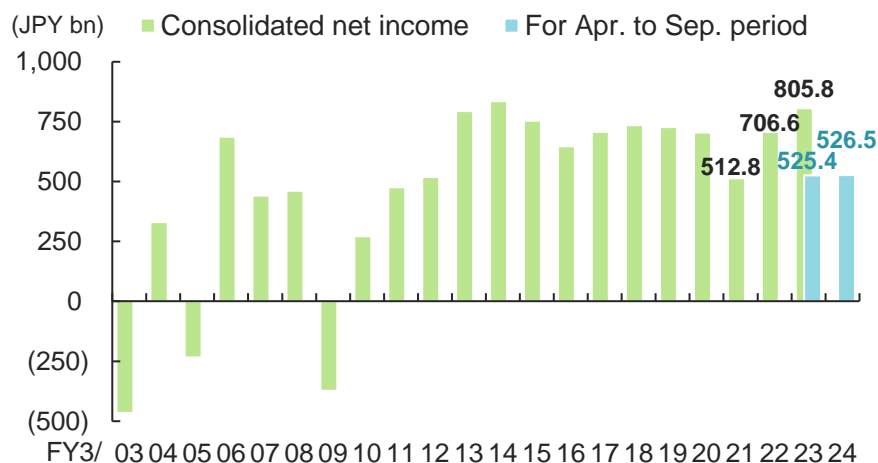
Consolidated gross profit



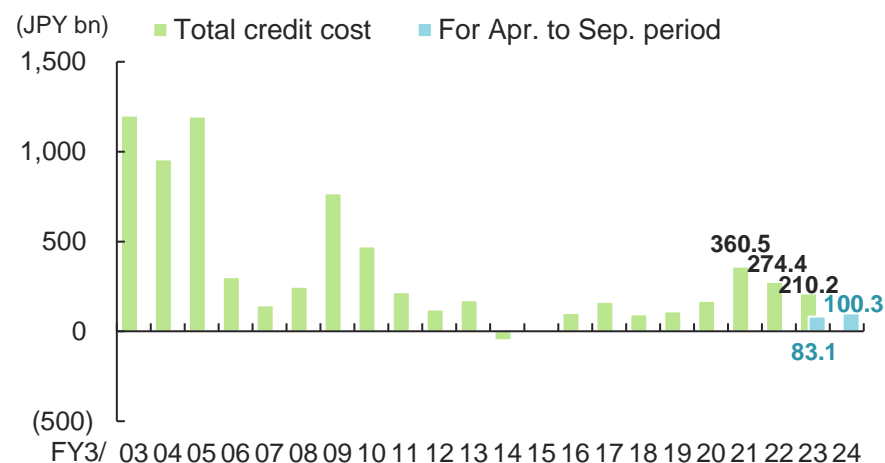
Consolidated net business profit*1



Net income / Profit attributable to owners of parent



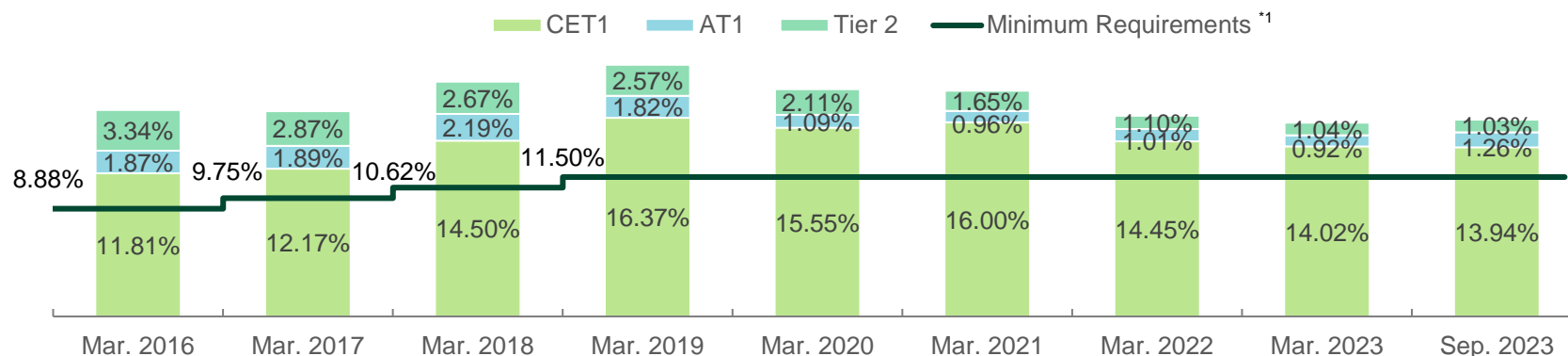
Total credit cost



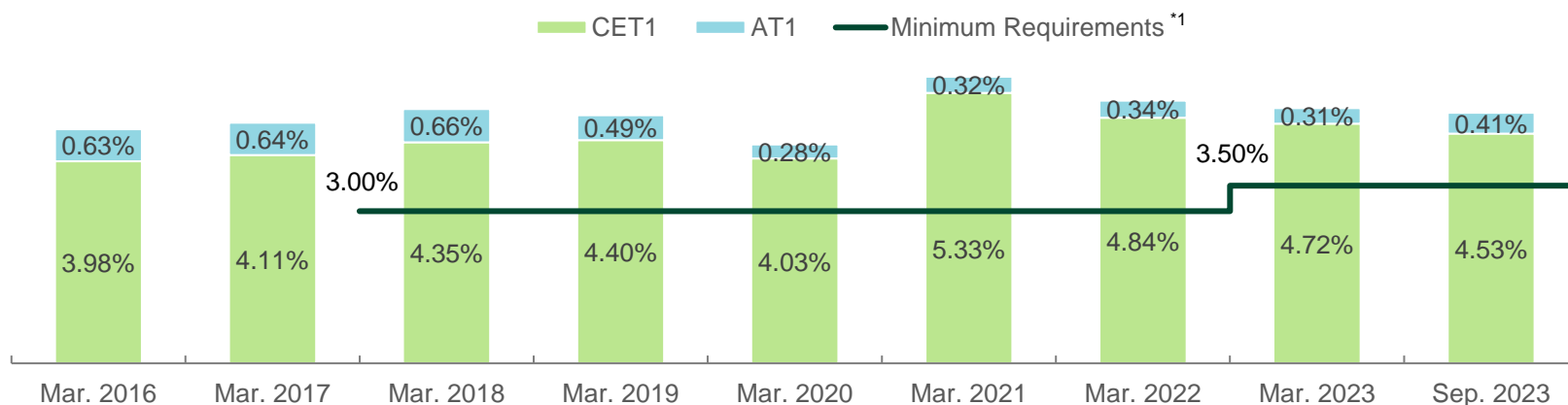
*1 We have changed the definition of "Consolidated net business profit" from the FY3/15. The figure for FY3/14 has been adjusted retrospectively

Trend of major capital ratio - Consolidated

Historical capital adequacy ratio (Transitional basis)



Historical leverage ratio *2



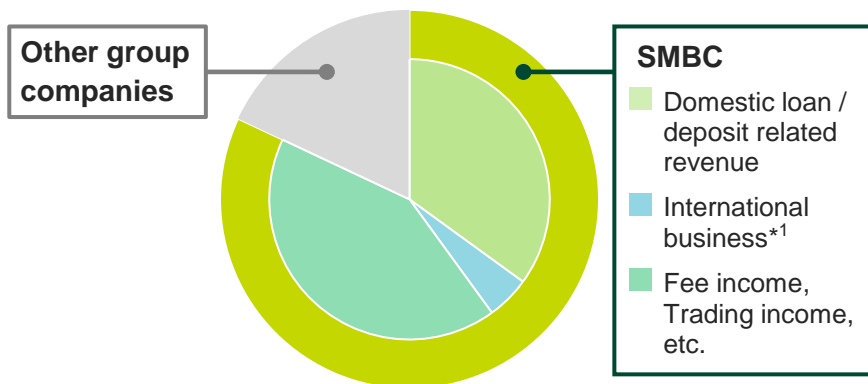
*1 Including G-SIB surcharge and excluding countercyclical buffer. Transitional basis does not reflect finalized Basel III standards, which are expected to phase in from Mar. 2024

*2 Leverage exposure excludes deposits with the Bank of Japan under the FSA's temporary relief on leverage ratio calculation from Jun. 2020. Leverage ratio minimum requirement expected to increase to 3.70% from Apr. 2024

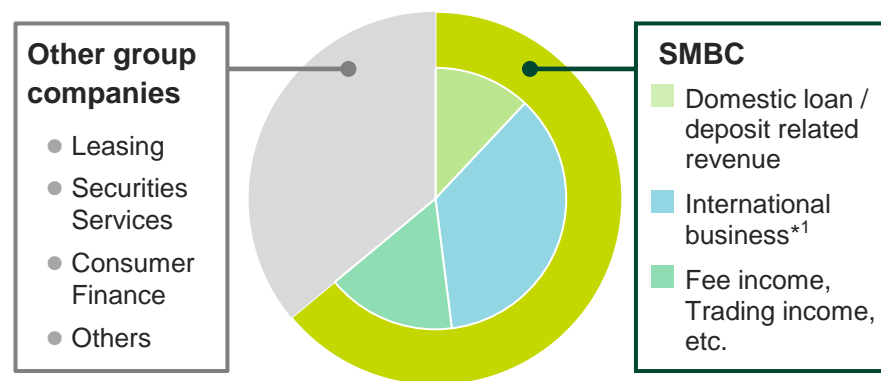
Diversified revenue sources

Breakdown of consolidated gross profit

FY3/03

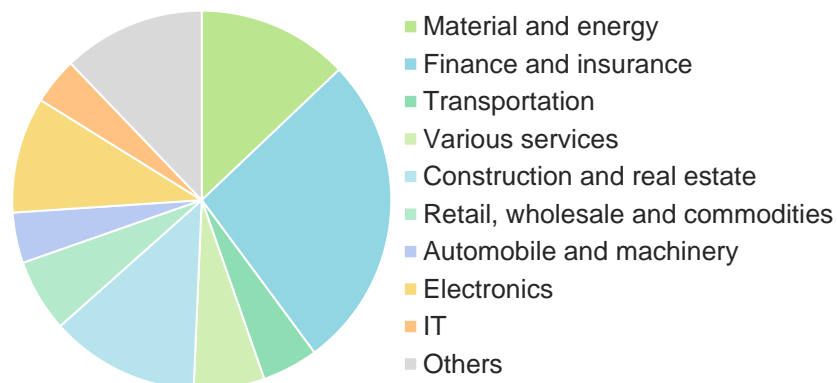


1H FY3/24

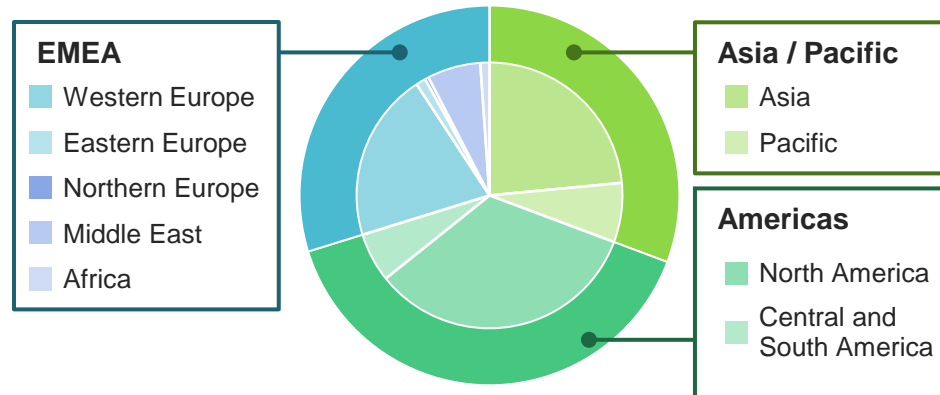


Breakdown of overseas loan balance (Sep. 23)

By industry

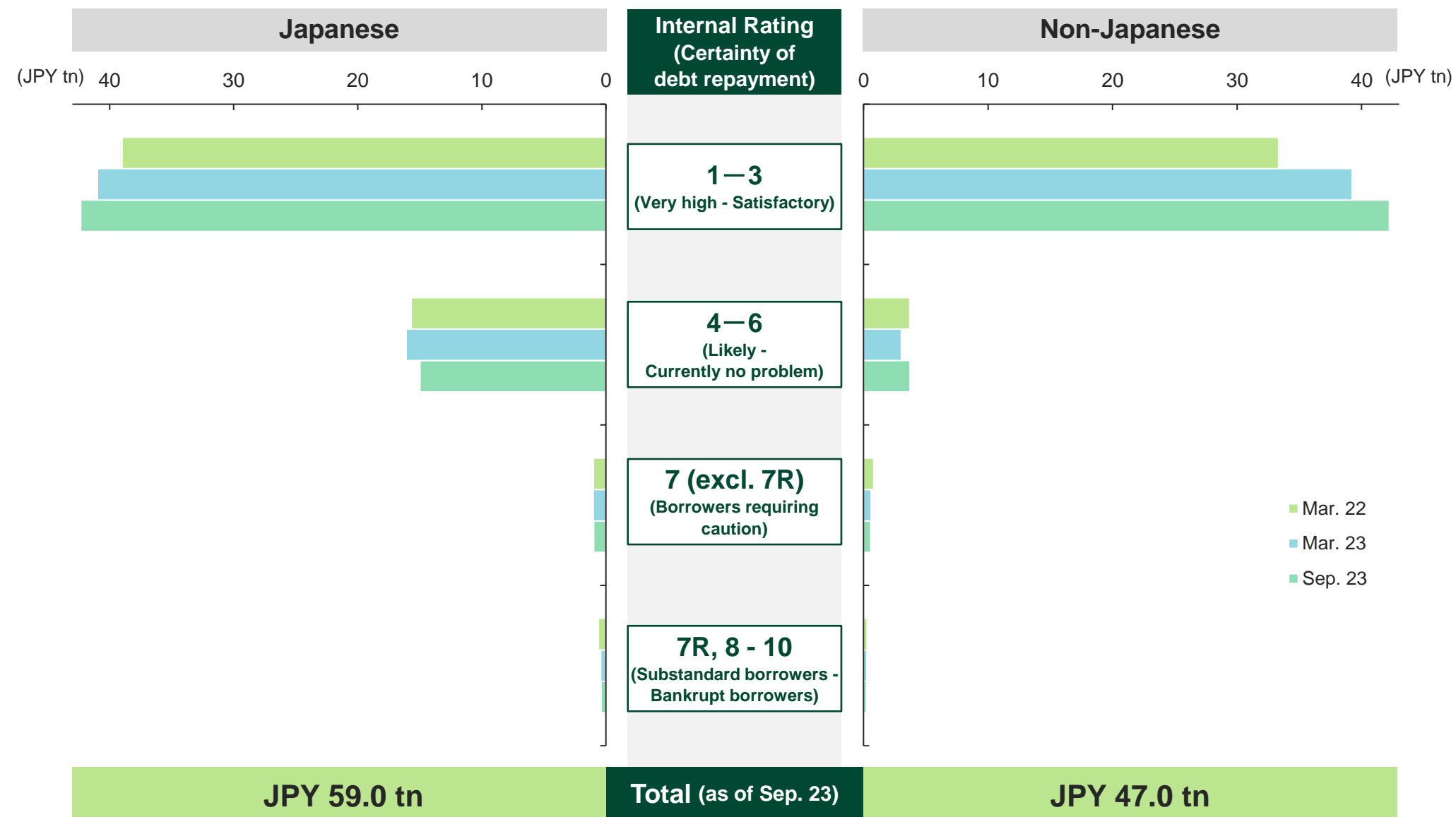


By domicile



*1 Includes major overseas banking subsidiaries

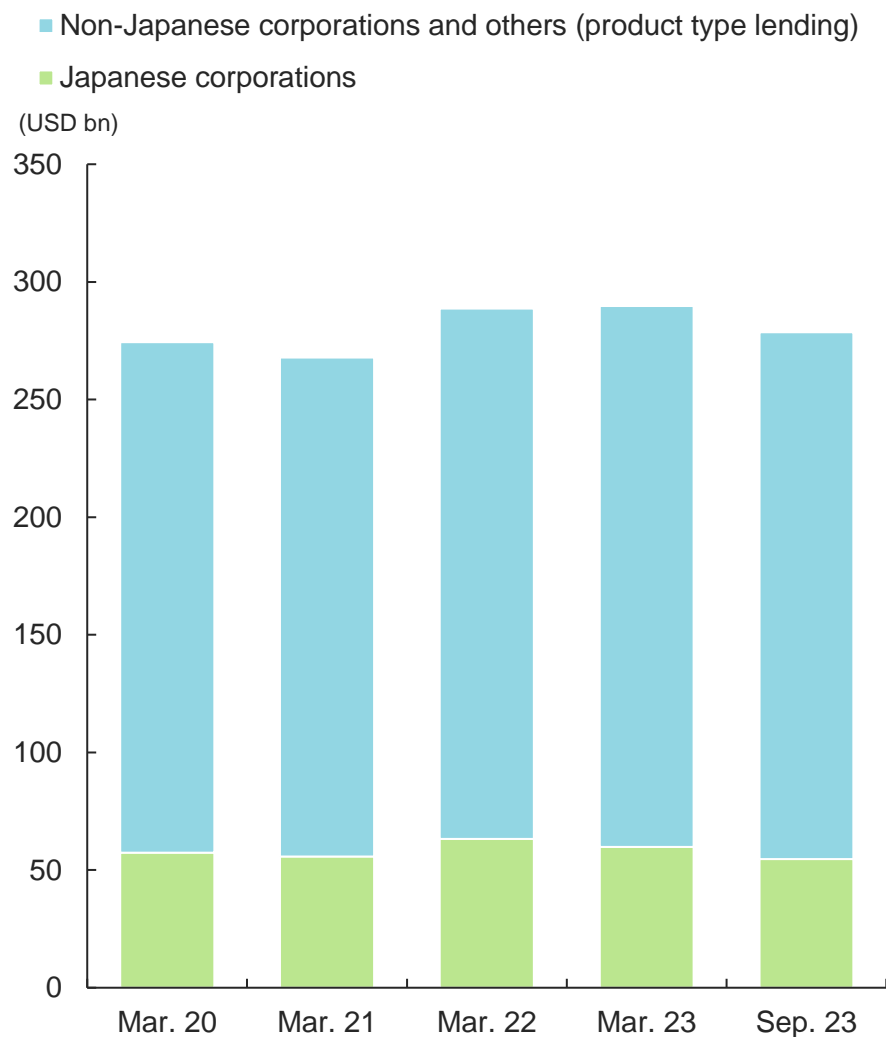
Japanese and non-Japanese corporate exposures^{*1}



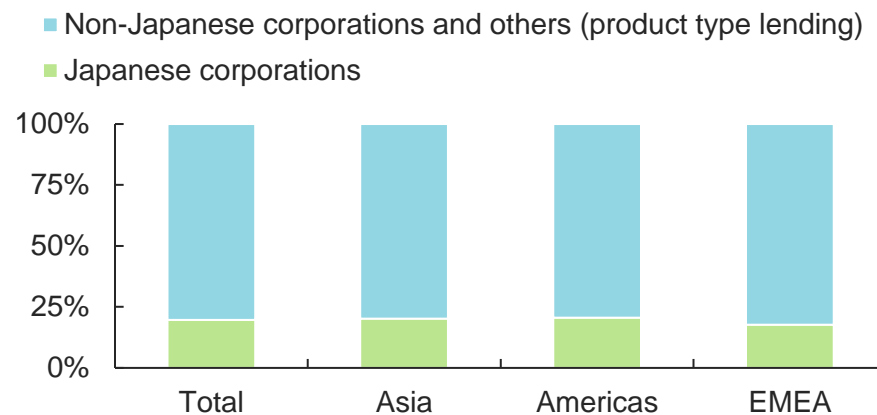
^{*1} Managerial accounting basis. Exposure includes loans, acceptances and guarantees, foreign exchanges, private placement, suspense payments, undrawn commitments, and derivatives, etc. Excluding the exposure to SMFG consolidated subsidiaries, retail customers in Japan, Japanese government, etc., and specialized lending

Overseas loan balance classified by borrower type*1

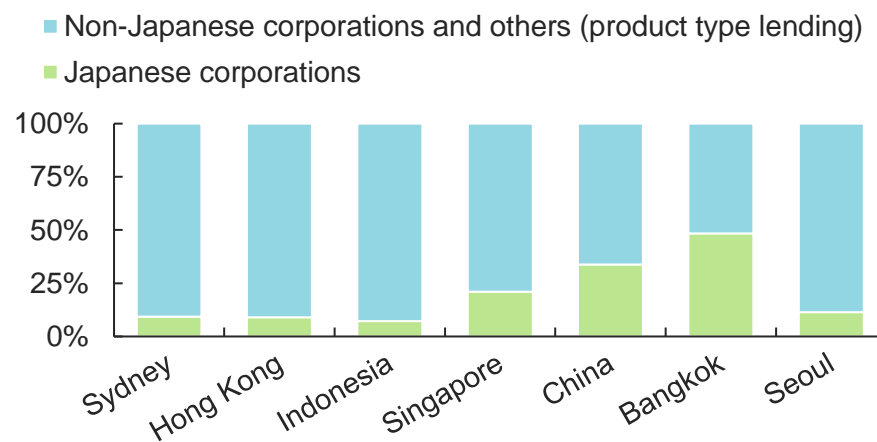
Total



By region (Sep. 23)



Major marketing channels in Asia (Sep. 23)*2

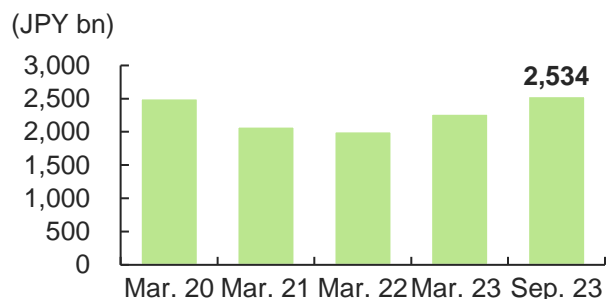


*1 Managerial accounting basis. Sum of SMBC and major local subsidiaries

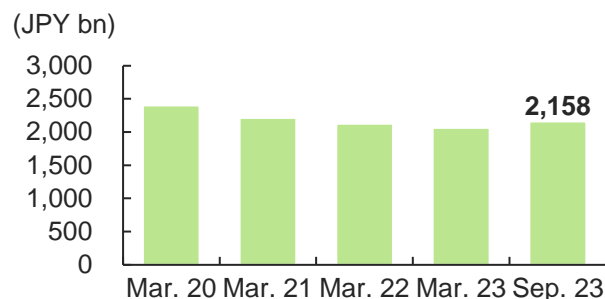
*2 Excludes BTPN in Indonesia

Loan balance in Asian countries / areas*1

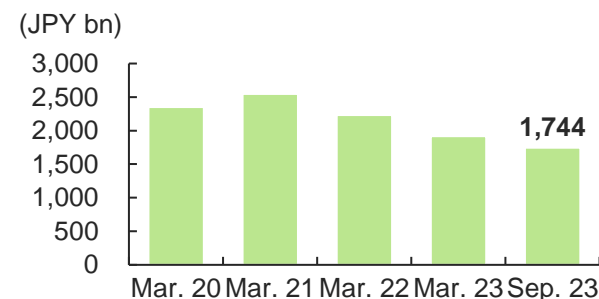
Australia



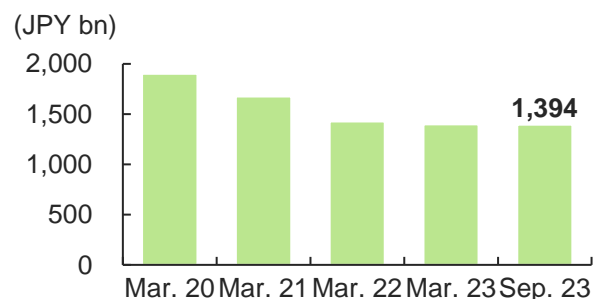
Singapore



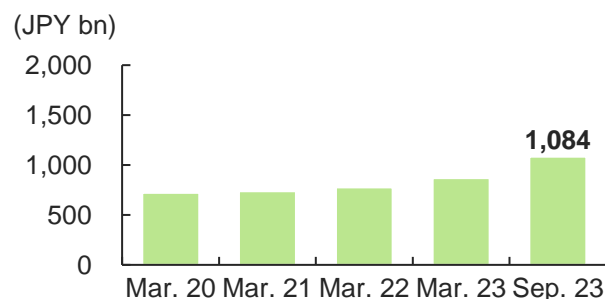
Hong Kong



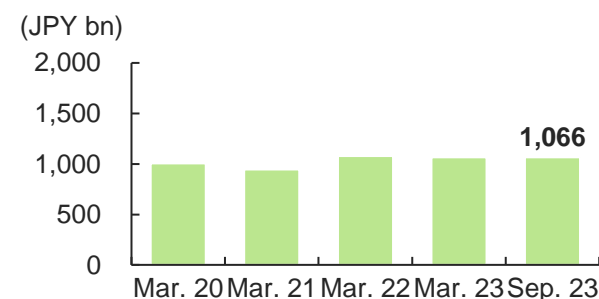
Indonesia



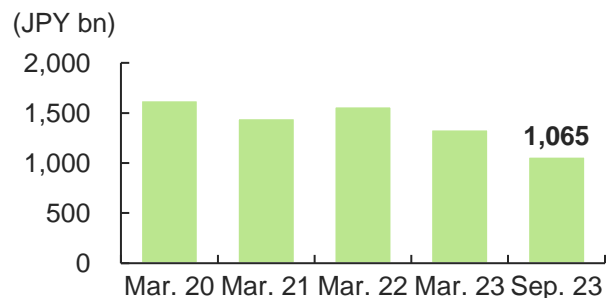
India



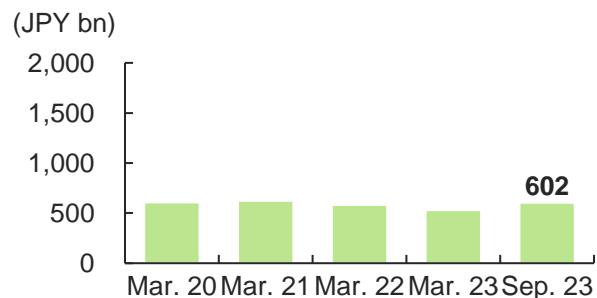
Thailand



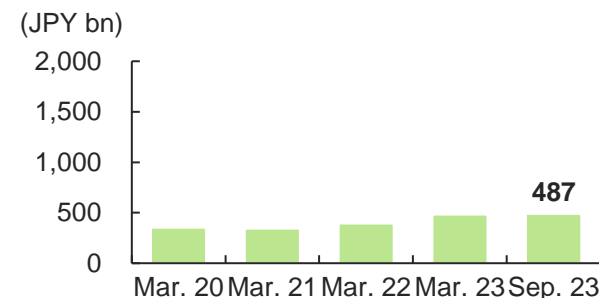
China



Taiwan



Korea

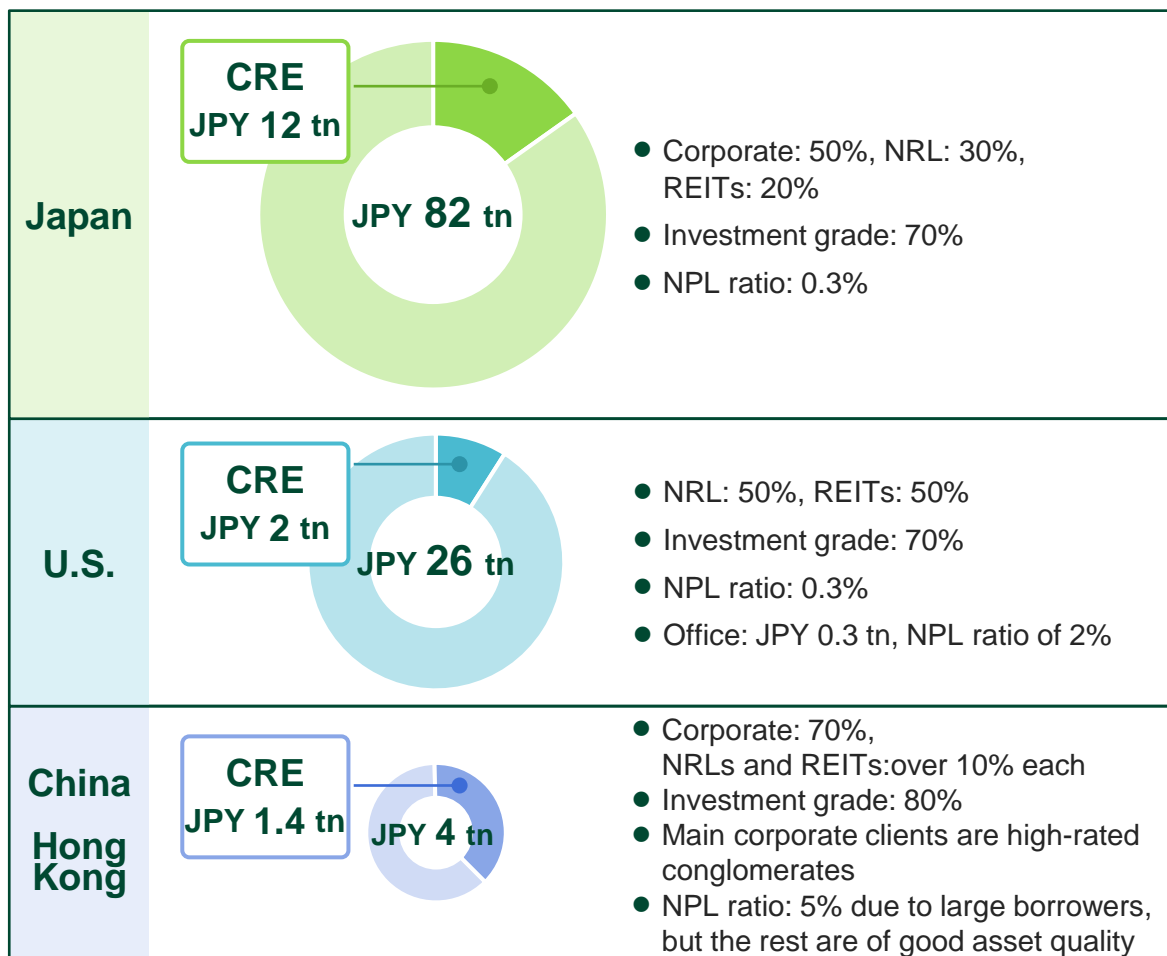


CRE Exposure (Sep. 23)

SMBC Group's Exposure^{*1}

CRE Exposure
JPY 19 tn

- 13% of total exposure
- NPL ratio: 0.5%



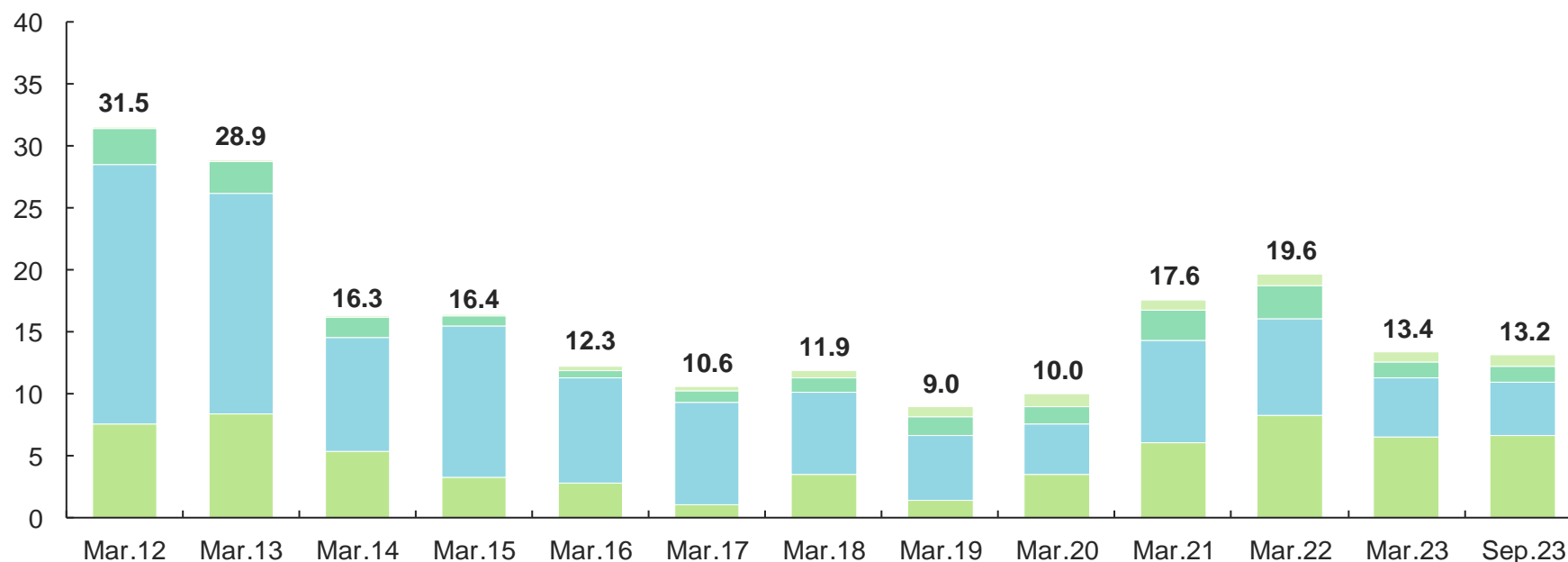
^{*1} SMBC consolidated, calculated based on location of headquarters, managerial accounting basis

Yen bond portfolio

Non-consolidated (Total balance of other securities with maturities and bonds classified as held-to-maturity – total of JGBs, local gov. bonds and corporate bonds)

(JPY tn)

■ 1 year or less ■ 1 to 5 years ■ 5 to 10 years ■ More than 10 years



of which JGBs
(JPY tn)

14.0 9.8 8.0 9.3 6.3 7.1 14.3 15.8 9.6 9.5

Average duration (years) ^{*1}	1.9	1.8	1.1	1.8	2.8	2.9	2.3	3.2	2.9	2.5	2.8	2.4	2.6
Unrealized gains/losses (JPY bn) ^{*2}	104.4	95.3	60.0	45.9	103.8	57.5	44.2	60.5	21.4	7.9	(49.7)	(62.8)	(117.7)

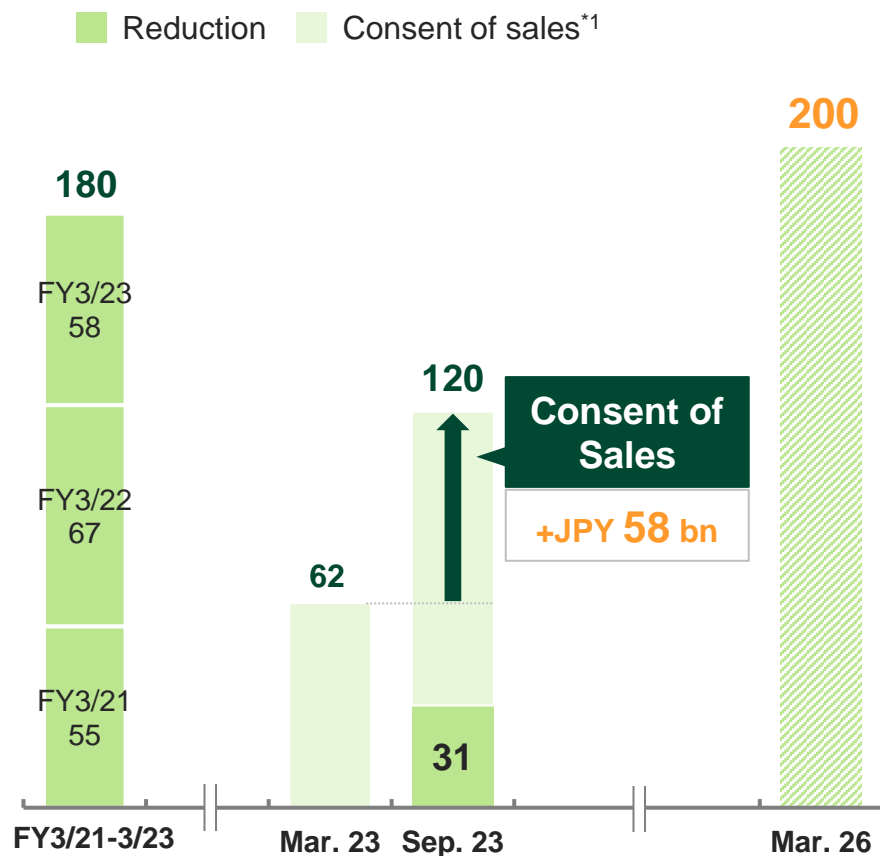
*1 Excl. bonds classified as held-to-maturity, for which hedge-accounting is applied, and private placement bonds

*2 15-year floating-rate JGBs have been evaluated at their reasonably estimated price until Sep. 20

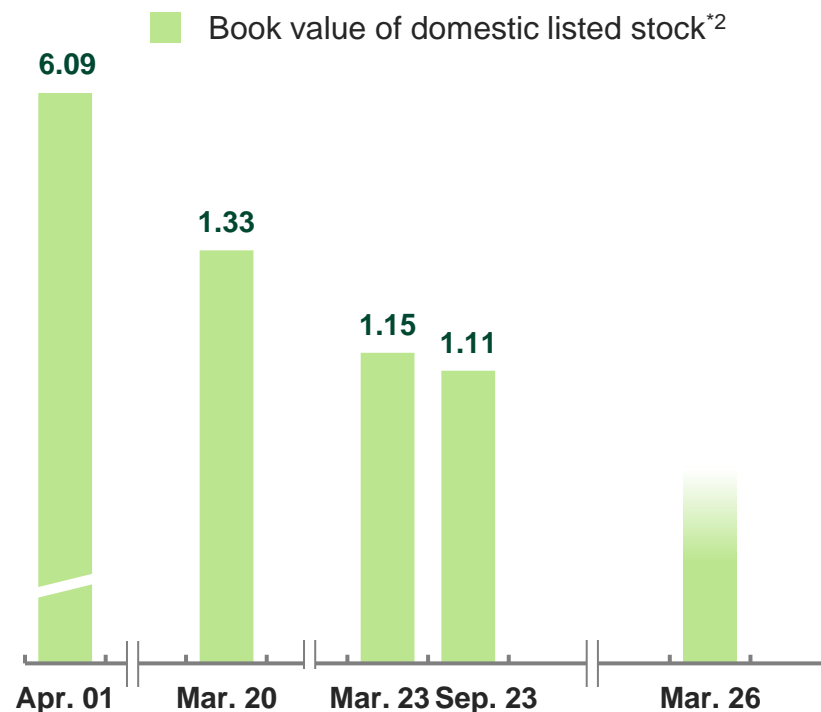
Reduction of shareholdings

Reduction plan of JPY 200 bn in 3 years is progressing steadily, with consent of sales also increasing ahead of schedule.

Progress of Reduction Plan (JPY bn)



Balance of equity holdings (JPY tn)



Aim for <20% market value to consolidated net assets*³ during the period of next Medium-Term Management Plan*⁴

*¹ Incl. the amount scheduled to be sold after FY3/25

*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

1H FY3/24 performance of SMBC and group companies

SMBC

	(JPY bn)	1H FY3/24	YoY
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)
13 Total credit cost		10.2	(53.3)
14 Gains (losses) on stocks		40.6	(43.6)
15 Extraordinary gains (losses)		6.8	(29.5)
16 Net income		345.7	(54.0)

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		50.1% 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

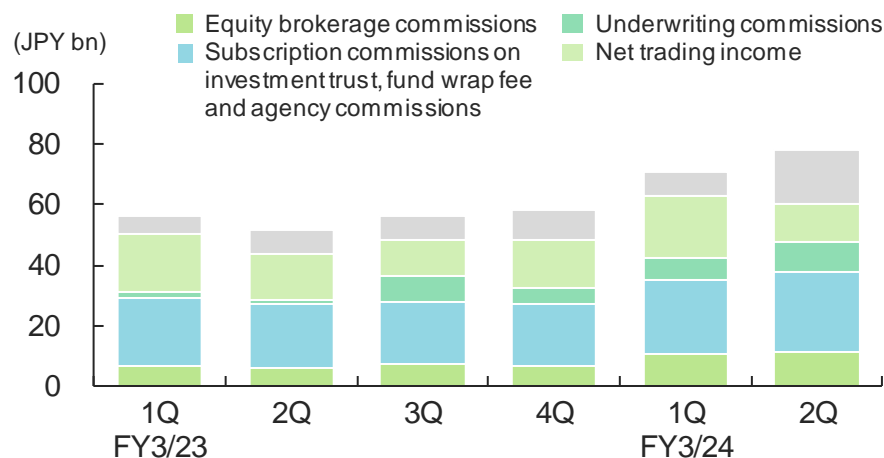
*2 Incl. profits from SMBC Nikko America and SMBC Capital Markets (managerial accounting basis)

*3 Managerial accounting basis

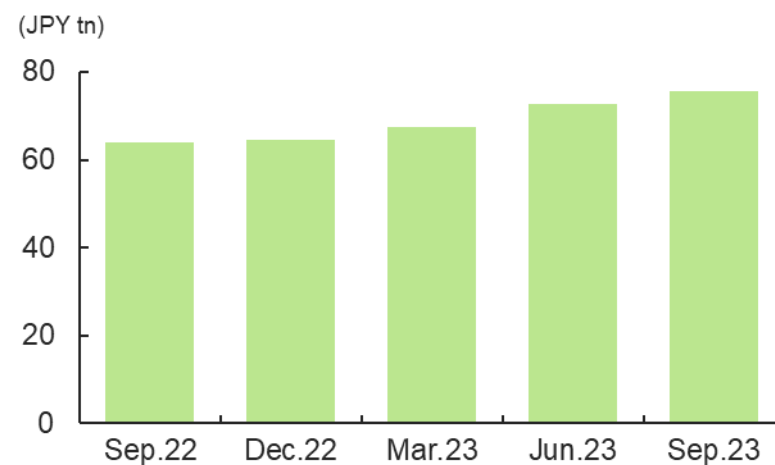
Financial results

(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

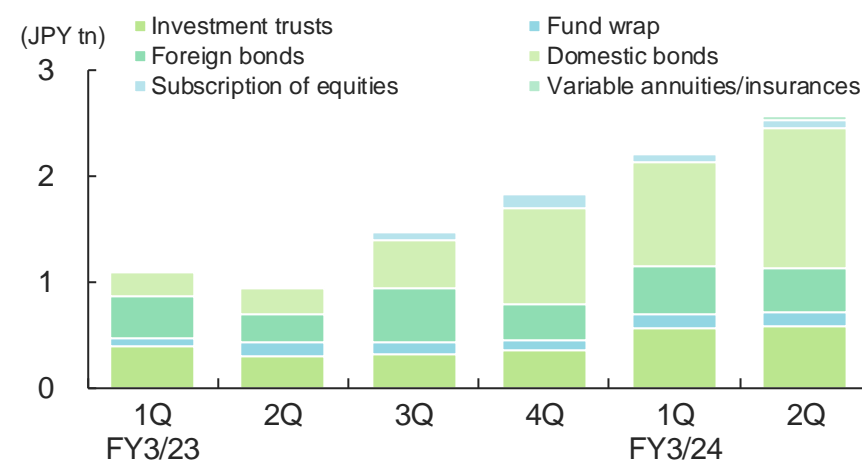
Net operating revenue



Client assets



Product sales

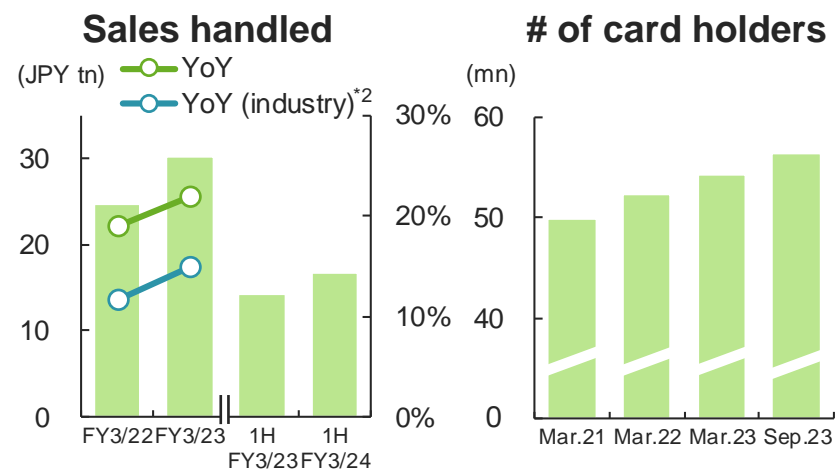


*1 Recorded JPY 7.9 bn of loss on sale of shares of a subsidiary related to Intermediate Parent Undertaking (IPU) requirement (eliminated on consolidated basis)

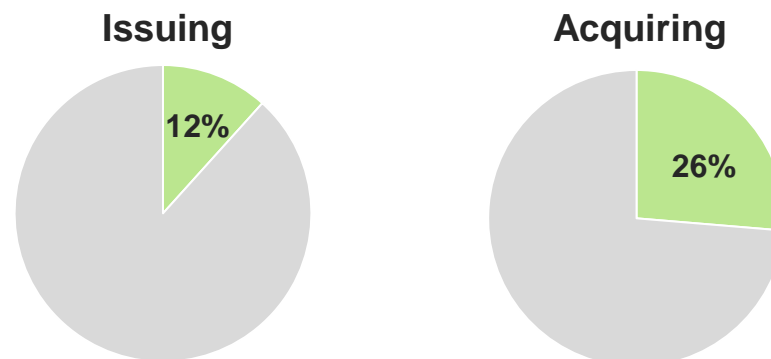
Financial results^{*1}

(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

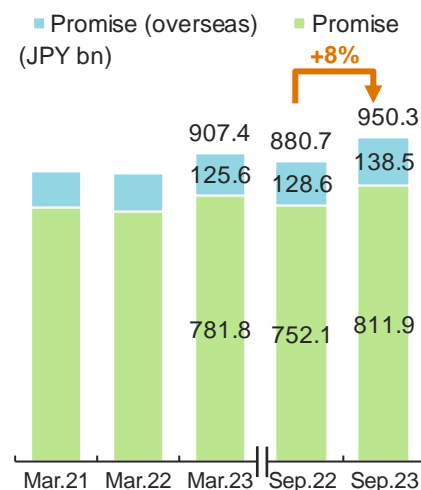
^{*2} Japan Consumer Credit Association "Credit card behavior investigation" Shopping credit amount

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

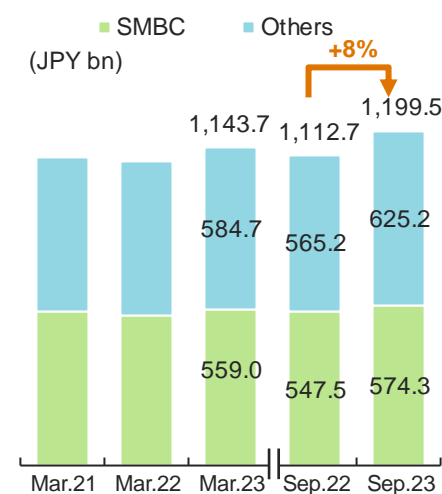
Financial results

(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	

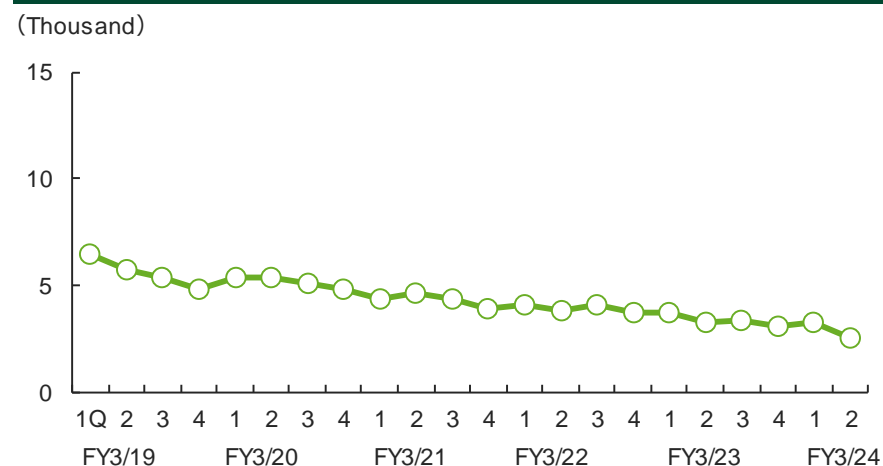
Consumer loans



Loan guarantee



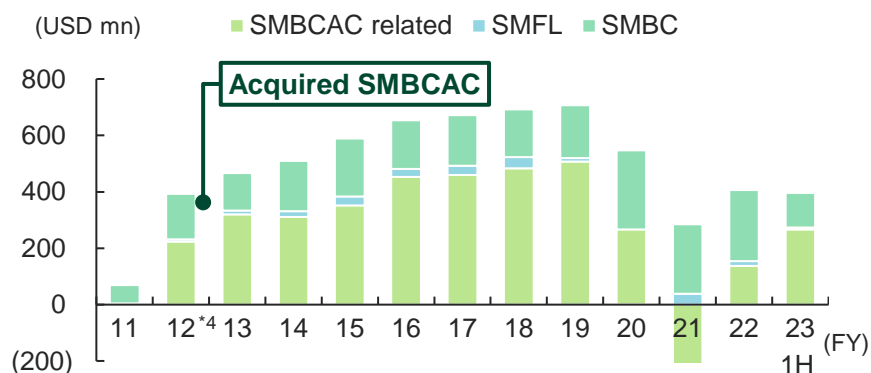
of interest refund claims



Financial results

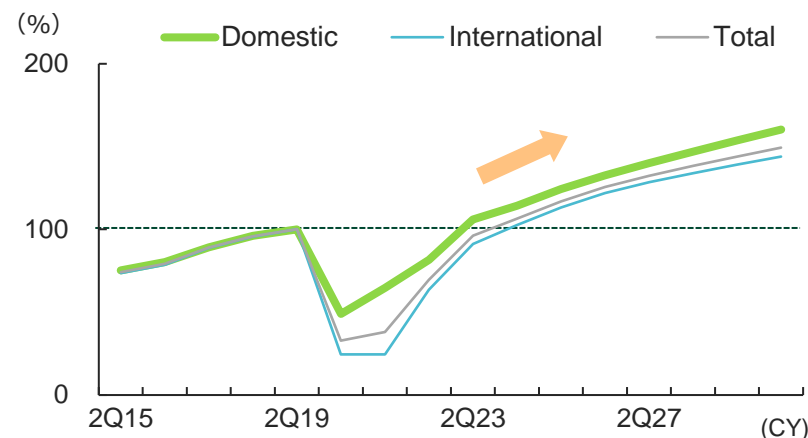
(USD mn)	FY3/23	1H FY3/24	YoY
Total revenue	1,488	990	+363
o/w Lease revenue	1,428	962	+363
Credit / Asset impairment charges^{*1}	(506)	(15)	+24
Net income	(77)	182	+77
Aircraft assets^{*2}	22,770	22,224	+5,007
Net asset	3,245	3,427	±0
ROE	(2.4)%	5.3%	+2.3%

Aircraft Business of SMBC Group

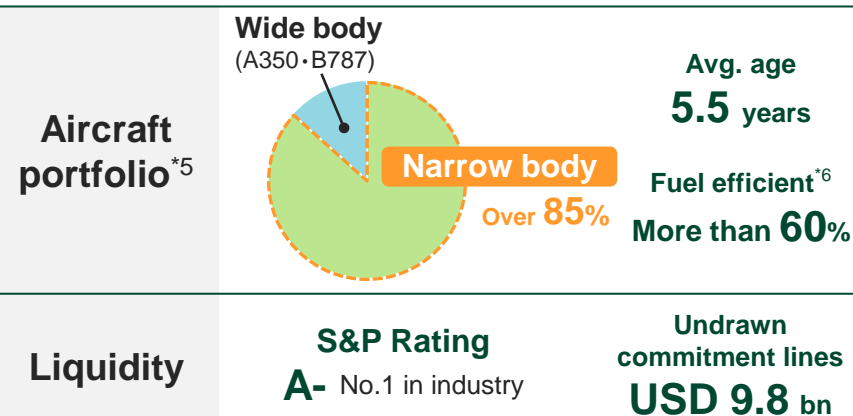


Global passenger demand forecast^{*3}

- Domestic demand exceeded pre-COVID-19 levels



Our strengths



^{*1} Gross before netting guarantee deposits, etc. ^{*2} Includes aircraft pre-delivery payment

^{*3} IATA/Tourism Economics. Represent changes from CY-19

^{*4} SMBCAC related includes revenue after the acquisition in June. ^{*5} As of Dec. 22

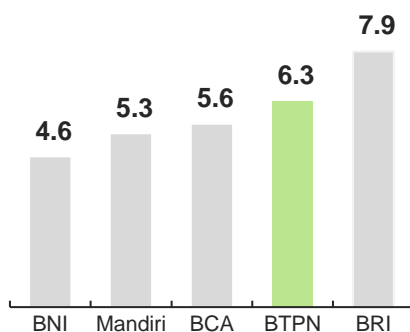
^{*6} Neo/MAX/A350/B787

Financial results^{*1}

(JPY bn)	2020	2021	2022	Jan.- Jun. 2023
Gross banking profit	91.1	106.2	116.1	66.7
Operating expenses	50.9	56.6	60.9	34.8
Net profit	12.9	21.6	26.3	14.0
ROE	6.1%	8.6%	9.6%	9.8%
Loans	1,008.0	1,098.4	1,242.0	1,427.7
Deposits	745.8	886.0	976.4	1030.5
Total assets	1,355.4	1,554.5	1,777.9	1,853.8

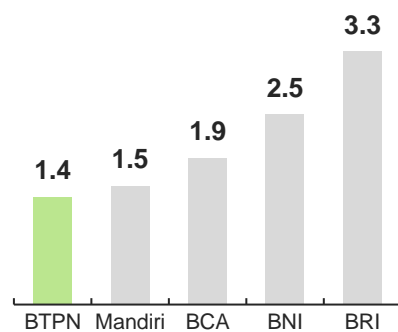
Net interest margin^{*2}

(%)

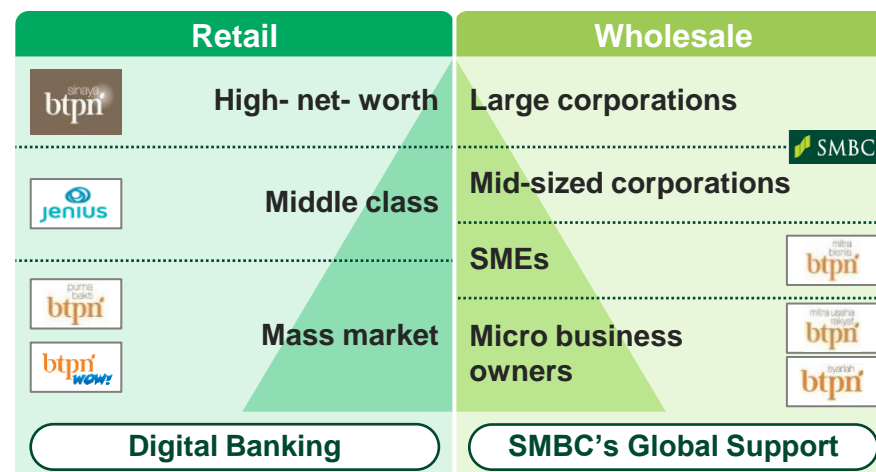


NPL ratio^{*2}

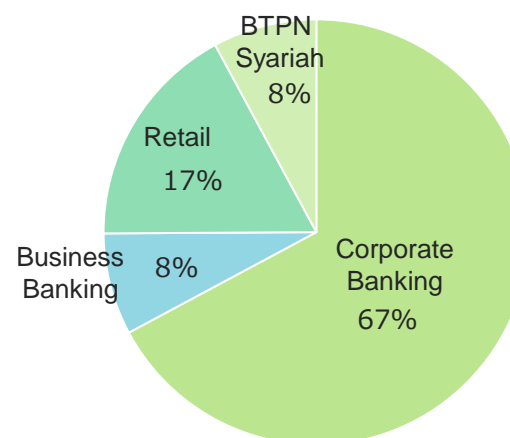
(%)



Coverage



Loan breakdown^{*3}



*1 TTM as of Dec. 20: IDR 1= 0.0074, Dec. 21: IDR 1= 0.0081, Dec.22: IDR 1= 0.0085, Jun. 23: IDR 1= 0.0096

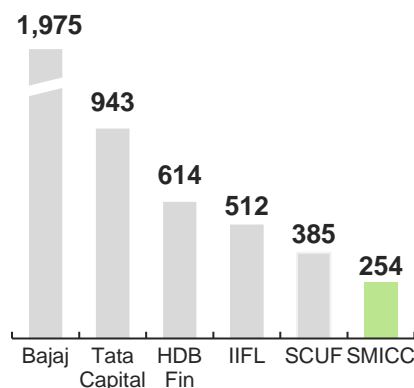
*2 Based on each company's disclosure (Jun.23 results) *3 As of Jun. 23

Financial results*1

(JPY bn)	FY3/21	FY3/22	FY3/23	1H FY3/24
Gross operating profit	48.1	40.8	58.8	41.8
Operating expenses	18.0	23.5	33.8	23.2
Net profit	(18.3)	1.2	11.6	5.4
ROE	(24)%	2%	14.7%	11.4%
Loans	378.2	411.4	596.7	716.2
Total assets	419.3	441.4	728.1	795.2

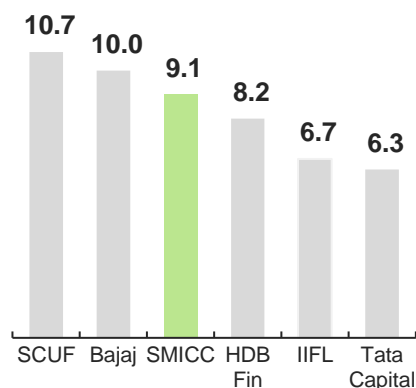
Loan balance*2

(INR bn)

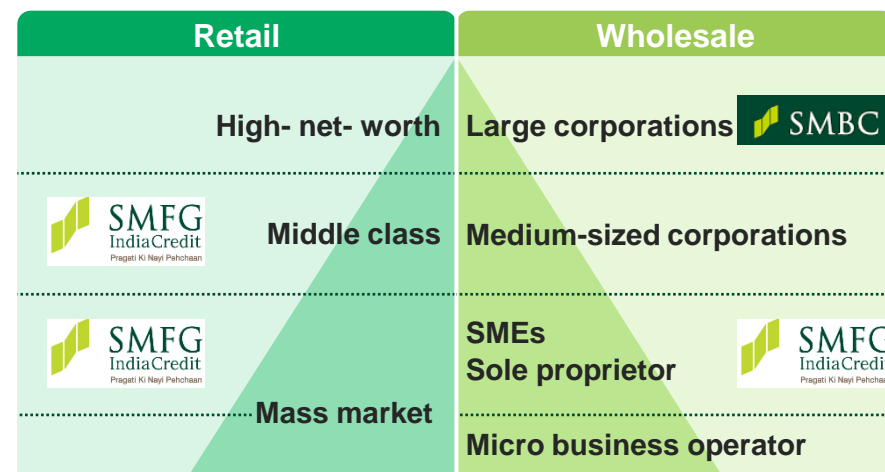


Loan spread*2

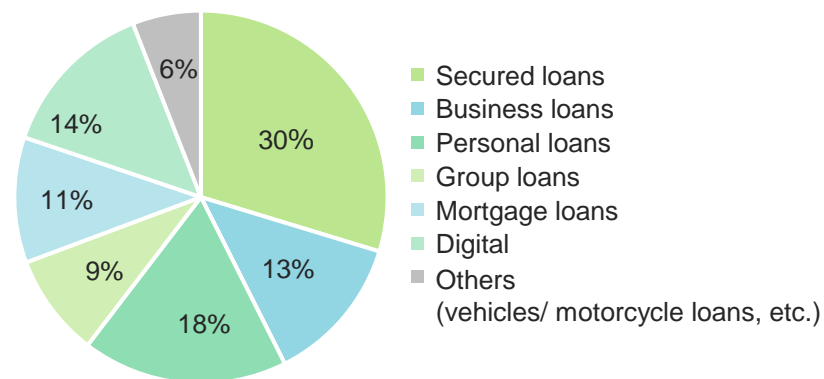
(%)



Coverage



Loan breakdowns*3



*1 TTM as of Mar. 21: INR1= 1.51, Mar. 22: INR1=1.62, Mar. 23: INR1= 1.63, Sep. 23: INR1=1.80

*2 Based on each company's published data (Mar.22 results) *3 As of data acquisition

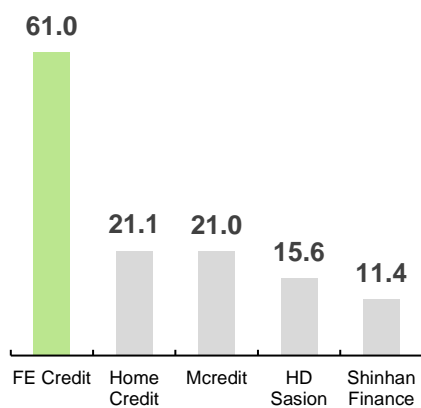
FE Credit

Financial results*1

(JPY bn)	2020	2021	2022	Jan.- Jun. 2023
Gross operating profit	78.4	77.0	84.9	31.5
Operating expenses	22.7	23.4	34.3	15.6
Net profit	13.4	0.6	(13.3)	(18.3)
ROE	21.2%	0.8%	(16.5)%	(51.0)%
Loans	297.2	377.1	385.4	372.4
Total assets	330.3	388.1	428.2	402.1

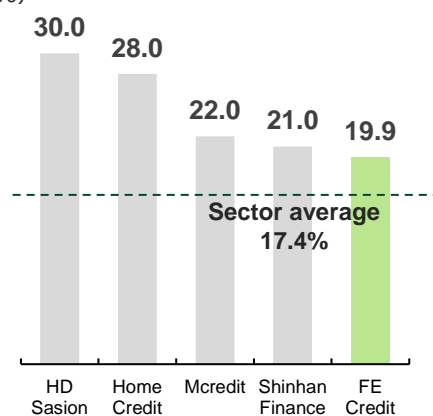
Loan balance*2

(VND tn)

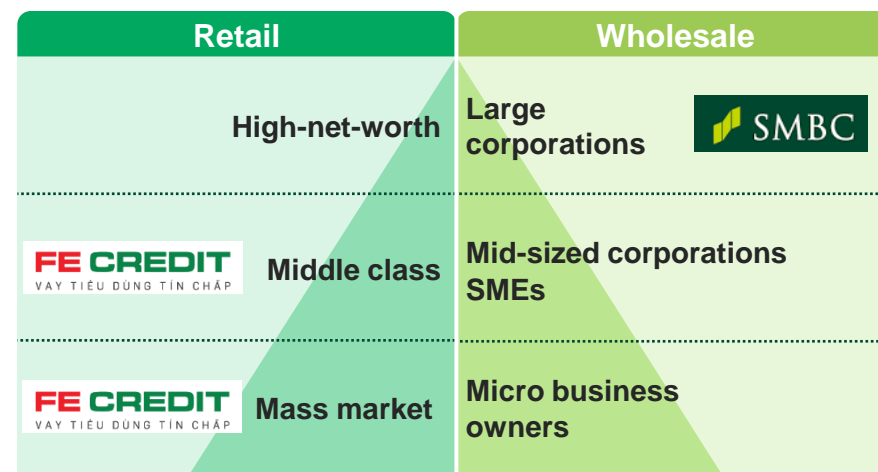


Loan spread*2

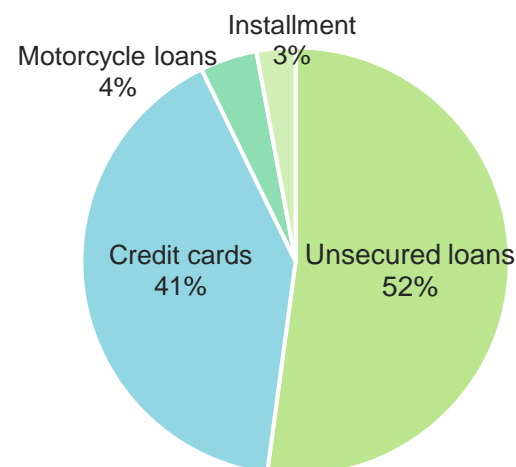
(%)



Coverage



Loan breakdown (Jun. 23)



*1 TTM as of Dec.20: VND1=0.0045, Dec.21: VND1=0.0050, Dec.22: VND1=0.0056, Jun. 23: VND1= 0.0061

*2 Based on FiinGroup data (Jun. 23 results)

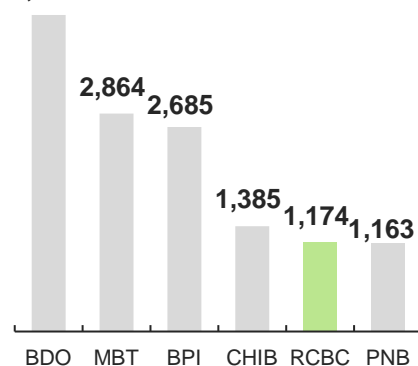
Financial results^{*1}

(JPY bn)	2020	2021	2022	1H 2023
Gross operating profit	81.9	81.9	105.8	61.5
Operating expenses	47.6	50.7	59.7	37.5
Net profit	10.8	15.9	28.8	16.3
ROE	5.5%	6.7%	10.1%	11.1%
Loans	1,061.2	1,211.2	1,330.1	1,539.9
Deposits	1,157.3	1,513.0	2,040.2	2,357.3
Total assets	1,667.7	2,158.0	2,746.8	3,076.6

Total assets^{*2}

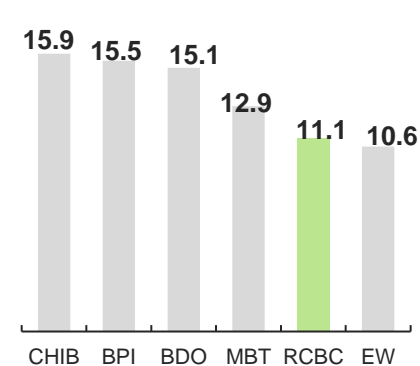
(PHP bn)

4,158

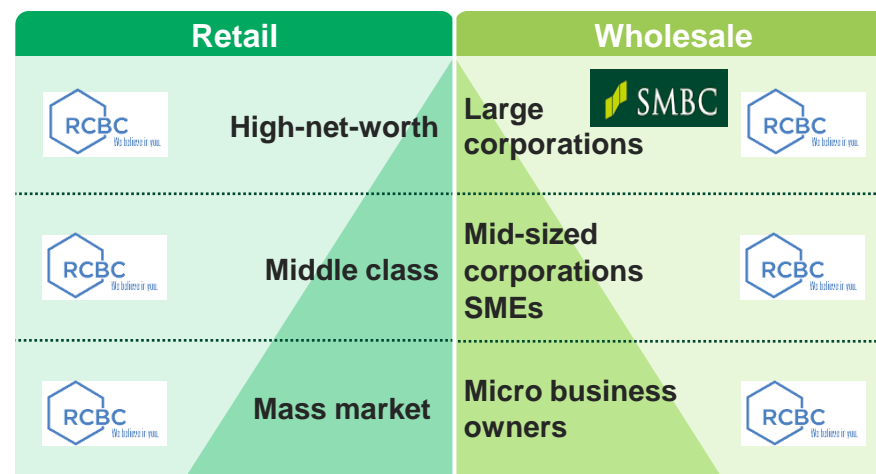


ROE^{*2}

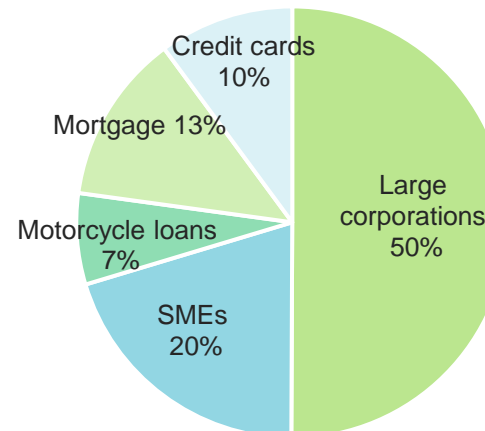
(%)



Coverage



Loan breakdown (Jun. 23)^{*3}



*1 TTM as of Dec. 20: PHP1=2.16, Dec. 21: PHP1=2.25, Dec. 22: PHP1=2.38, Jun. 23: PHP1=2.62

*2 As of Jun. 23 *3 Figures are rounded off and will not necessarily be 100% in total.

Core Policy

VISION

A trusted global solution provider
committed to the growth of our customers
and advancement of society

Growth with Quality

Create Social Value

Contribute to
“Fulfilled Growth”

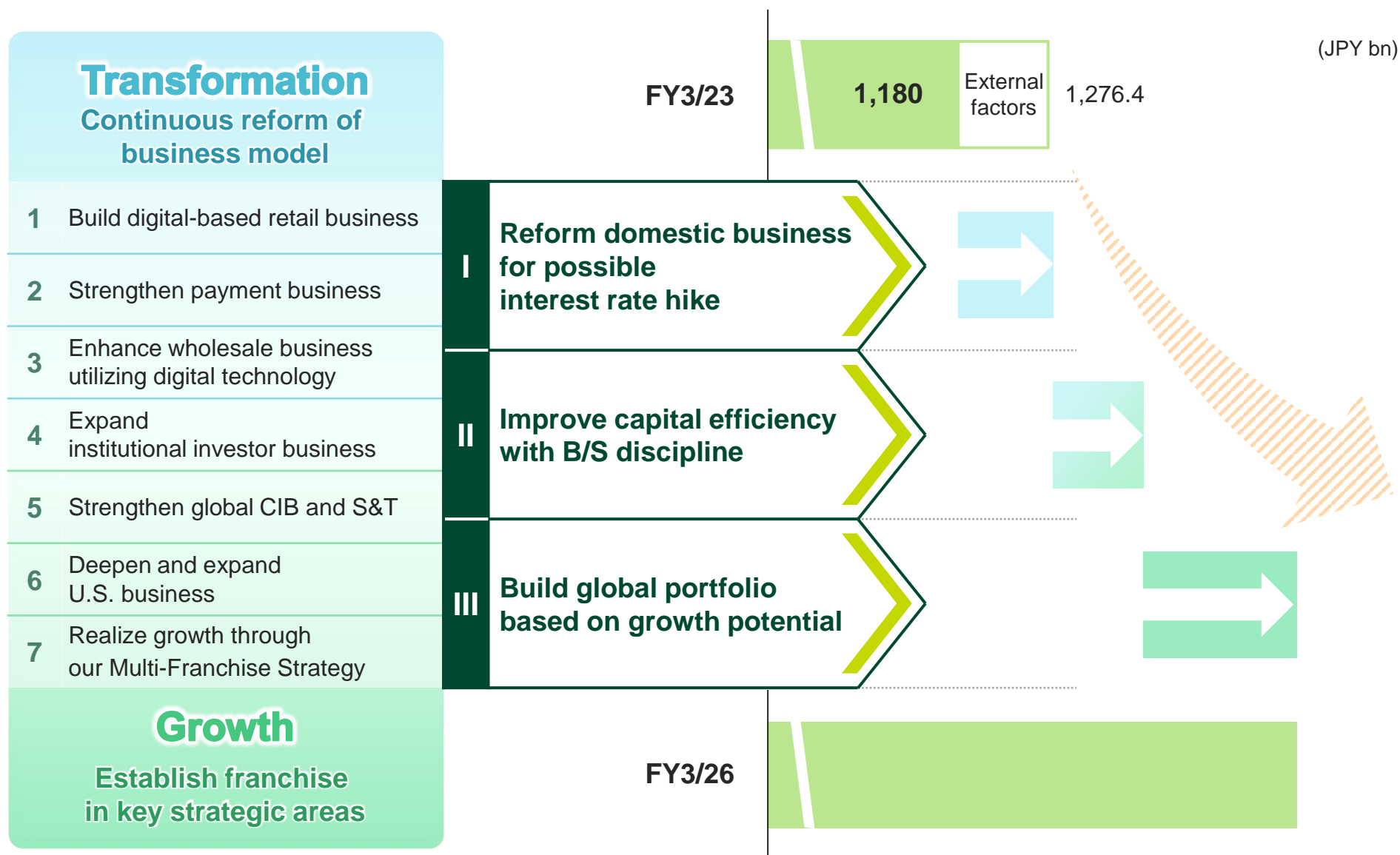
Pursue Economic Value

Transformation &
Growth

Rebuild Corporate Infrastructure

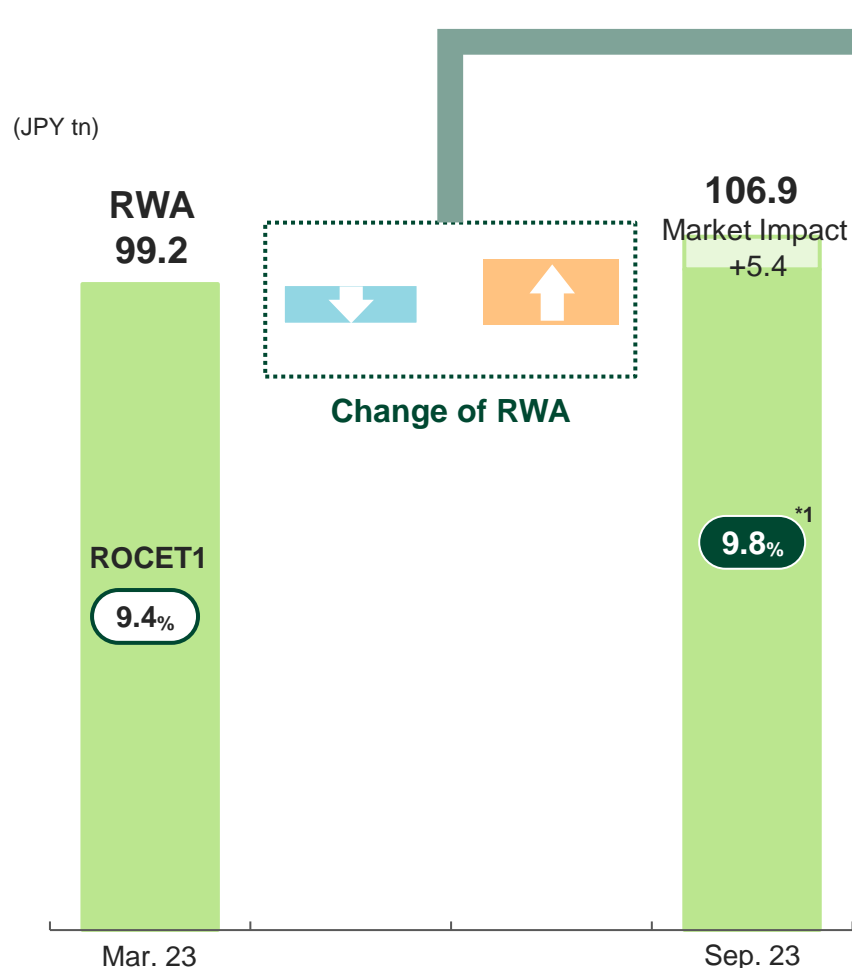
Quality builds
Trust

Key strategic areas



Improve capital efficiency / reallocate business portfolio

ROCE1 has improved by focusing on capital efficiency and strategically reallocating our business portfolio. Continue to allocate capital selectively to strategic areas by reducing unprofitable assets and equity holdings.



RWA Controls

Reduction ↓

1H FY3/24

JPY (1.7) tn

Reduce unprofitable assets

- Project Finance
- Regions of low growth and excessive competition

JPY (1.5) tn

Review significance of holding

- Equity holdings

JPY (0.2) tn

- U.S. freight car leasing

2H: USD (2.9) bn

Investment ↑

1H FY3/24

+JPY 4.0 tn

RT

Credit card and consumer finance business

+JPY 0.4 tn

WS

PE funds, real estate, etc.

+JPY 0.8 tn

GB

Americas and target countries of Multi-Franchise Strategy

+JPY 1.3 tn

GM

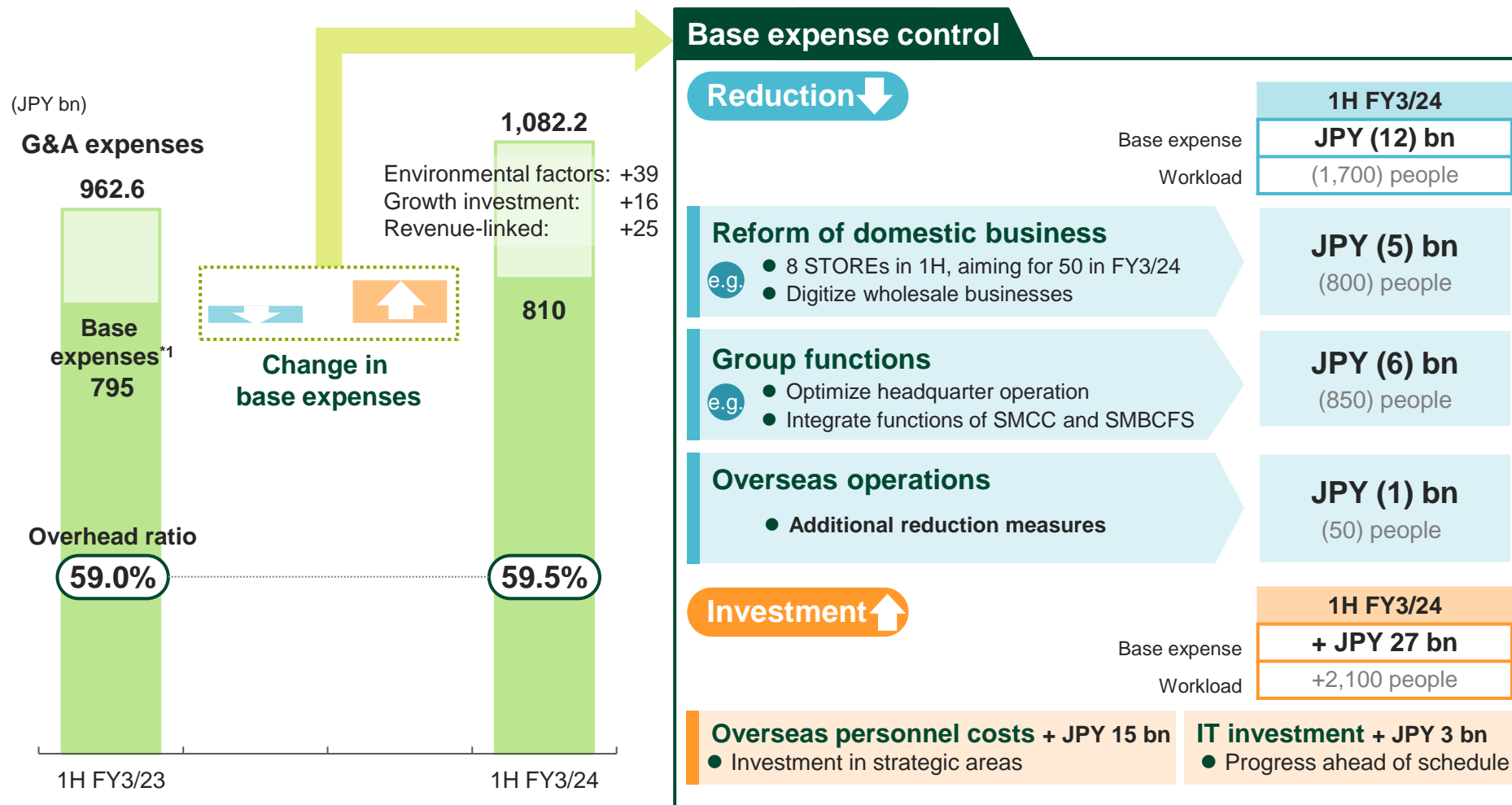
Portfolio management capturing market trends

+JPY 1.4 tn

*1 Numerator is the full-year forecast of bottom-line profit (JPY 920 bn)

Cost control

Overhead ratio remains flat despite the increase in G&A expenses due to growth of top-line profit.
Accelerate base expense control initiatives to offset increase due to proactive investments.



*1 G&A expenses excl. cost related to investment for future growth, revenue-linked variable cost, impact from market conditions and others

Strengthen global CIB / U.S. businesses

Collaboration with Jefferies has progressed steadily, and many projects have been executed in various areas. U.S. Digital Bank opened in July to be a growth driver of the U.S. business in the medium- to long-term.

Global CIB gross profit **+USD 90 mn** YoY

Collaboration with Jefferies

U.S.

Jul.21-

Sub-IG

8

Cross-border
M&A/IPO

3

Healthcare
sector



Apr.23-

	DCM	ECM	M&A
IG	SMBC 7	Leverage mutual strengths 15	
Sub-IG		Jefferies	

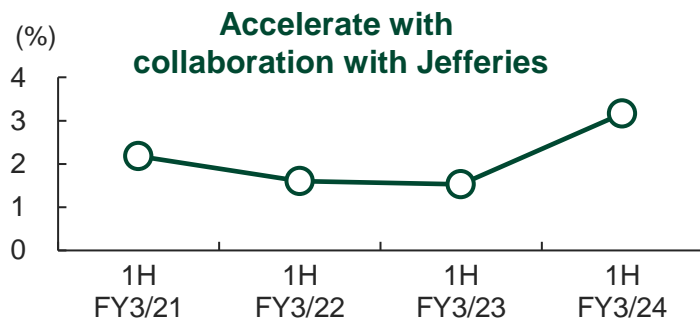
of deals closed

Europe

4

- Building pipeline through collaborative proposals

U.S. IG bond issuance share (Corporate)



Digital Bank in the U.S.

jeniusbank

Jul. 23 Personal loan

Nov. 23 Savings deposits

'24- Expand product lineup

Mobile apps Checking deposits
Credit card Auto loans Student loans

- Year 10 -

Bottom-line profit
USD <500 mn
ROE ≥ 10%

Realize growth through Multi-Franchise Strategy

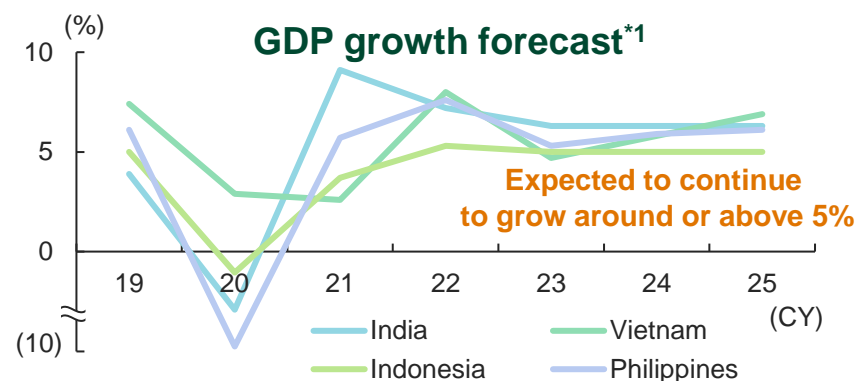
Develop as a future growth driver by focusing on PMI of each investee, on top of capturing macro growth.

Priority Areas in PMI

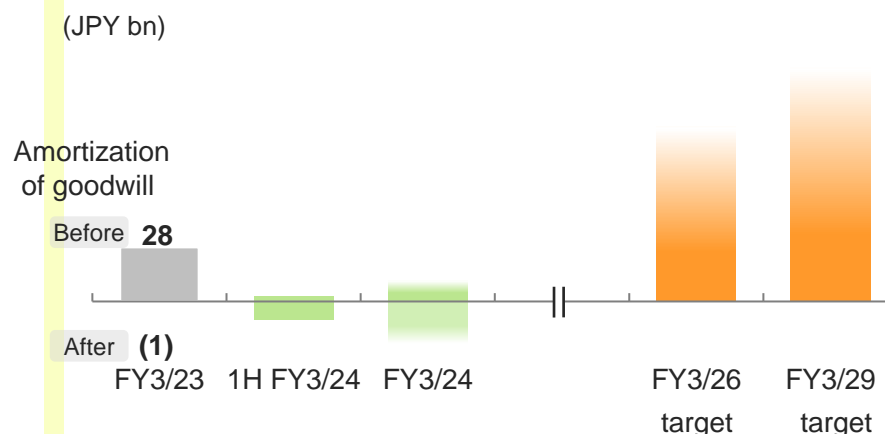
<div data-bbox="120 485 203 531"></div> <div data-bbox="120 551 327 646"> Bank BTPN OTO/SOF </div> <div data-bbox="341 520 549 646"> <p>Ownership ratio</p> <p>92%</p> <p>35%</p> </div> <div data-bbox="120 680 466 751"> Strengthen Retail & SME business </div> <div data-bbox="120 782 518 900"> <ul style="list-style-type: none"> Promote digitalization and cross-selling Bolster the missing parts </div>	<div data-bbox="586 485 669 531"></div> <div data-bbox="586 582 710 616"> SMICC </div> <div data-bbox="922 582 1004 616"> <p>75%</p> </div> <div data-bbox="586 680 1004 751"> Expand business by capturing economic growth </div> <div data-bbox="586 782 1015 900"> <ul style="list-style-type: none"> Diversify funding sources Expand sales financing with SMBC clients referrals </div>
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<div data-bbox="120 951 203 997"></div> <div data-bbox="120 1019 285 1111"> VPBank FE Credit </div> <div data-bbox="341 1019 424 1111"> <p>15%</p> <p>49%</p> </div> <div data-bbox="120 1147 507 1216"> Support recovery of FE Credit with VPBank </div> <div data-bbox="120 1247 528 1362"> <ul style="list-style-type: none"> Economy recover from '24 Focus on rebuilding FE Credit with VPBank </div>	<div data-bbox="586 951 669 997"></div> <div data-bbox="586 1050 700 1081"> RCBC </div> <div data-bbox="745 1050 818 1081"> <p>20%</p> </div> <div data-bbox="586 1147 953 1216"> Promote various type of business collaboration </div> <div data-bbox="586 1247 973 1398"> <ul style="list-style-type: none"> Establish Alliance Committee Dispatch directors and advisory board members </div>
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Economy is recovering



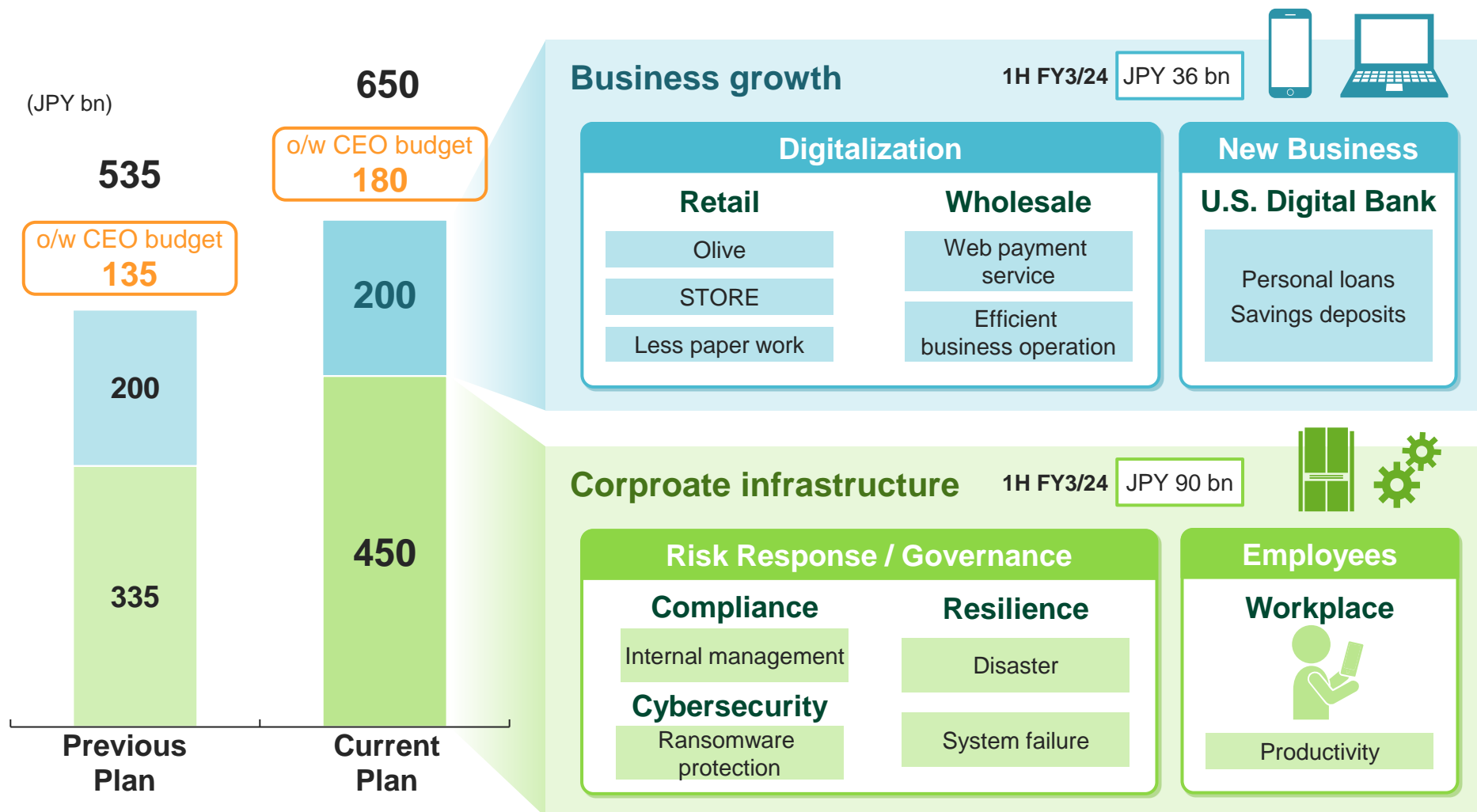
Bottom-line profit contribution



*1 IMF "World Economic Outlook Database"

Reinforce IT infrastructures

Proceed with investment ahead of schedule to realize effects earlier,
by allocating resources both to business growth and corporate infrastructure.



Rebuild corporate governance and compliance

Measures to prevent recurrence have been confirmed effective through internal audits and by external lawyers. Continue implementation and penetration of these measures under top management's leadership.



Sophisticated human capital management

Thoroughly implement the “SMBC Group Talent Policy”

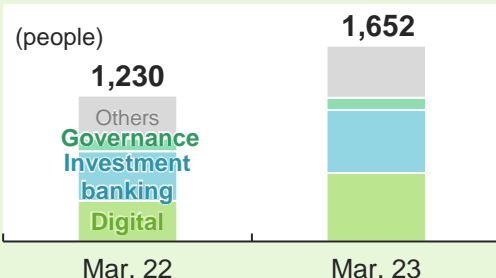
to create a workplace where employees can continuously challenge, grow, and generate additional value.

Build HR portfolio

Shift to strategic areas (people)

Improve efficiency	(1,700)
Strategic areas	+2,100

Certified experts

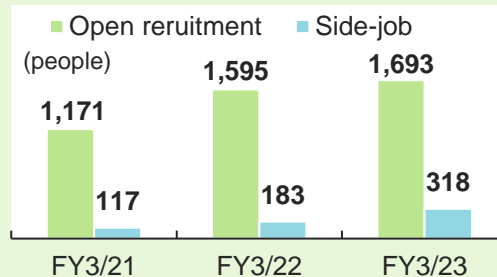


Promote employees' growth

Provide diversified experiences

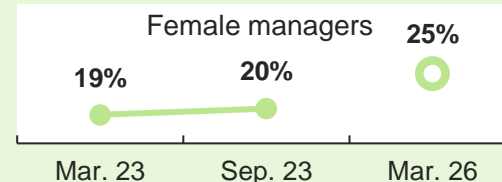


Support in creating one's own career

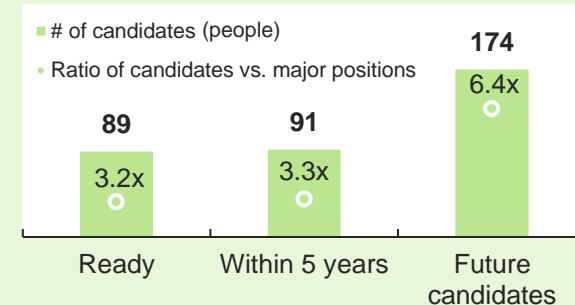


Maximize team performance

DE&I



Train future management



Inner communication

CHRO Seminars & Roundtable Discussions



Reflect in evaluation



Verify effectiveness

Survey



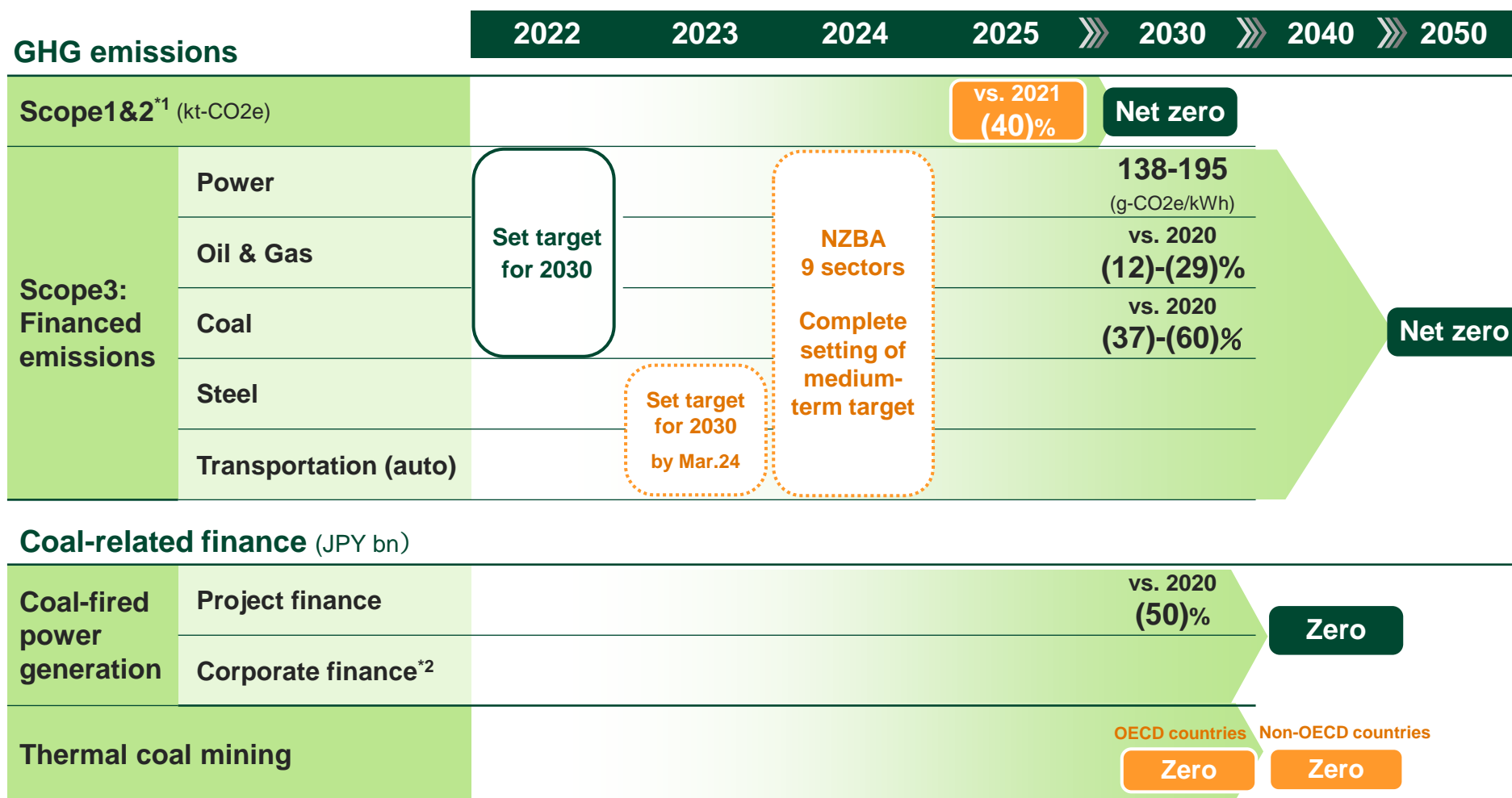
Plan-Do-Check-Act



SMBC Group Talent Policy

Target towards decarbonized society

Set targets for reducing Scope 1&2 emissions and phasing out finance to thermal coal mining.
Will disclose medium-term reduction targets for steel and automotive sectors in FY3/24.

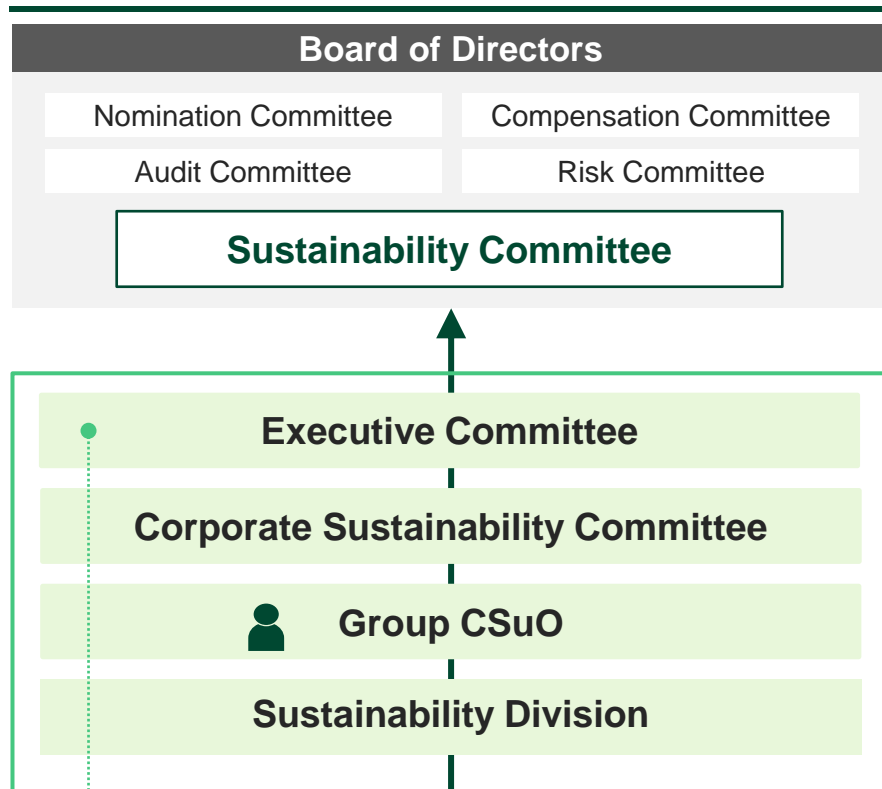


*1 Expanded boundary of calculation to both domestic and overseas offices of SMFG and its subsidiaries from 2021.

*2 Asset-specific financing

Sustainability management structure

Sustainability Management System



Global Advisors

Mar. 23 Appointed **Paul Polman**
 United Nations Global Compact Vice Chair
 (former CEO of the Unilever)

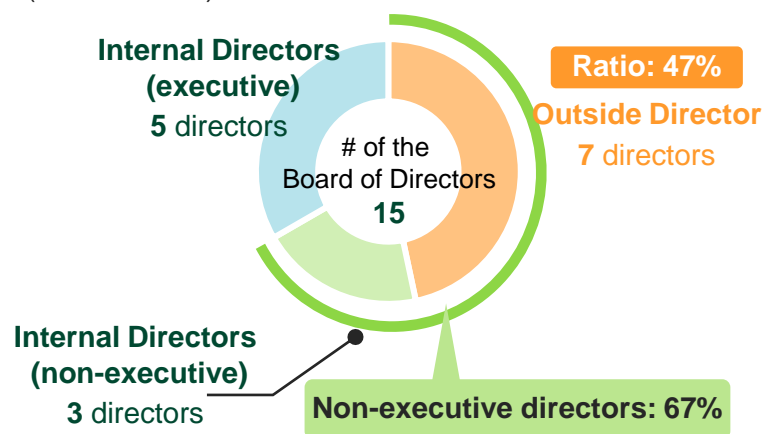


Executive compensation

Base salary	Fixed
Bonus •Cash •Stock Compensation Plan II	Linked annual performance (0-150%) <div> <div>Base amount</div> <div>×</div> <div> <div>Annual</div> <div>ESG</div> <div>Individuals' performance</div> </div> </div> <div> Quantitative Achievement of KPIs*1 ±10% Qualitative ESG ratings of major agencies </div>
	Linked medium-term performance (0-150%) <div> <div>Base amount</div> <div>×</div> <div> <div>Financial</div> <div>Stock</div> <div>Non-financial</div> </div> </div> <div> Quantitative Environment 15% • Sustainable finance • Financed emissions Employees • Engagement score • DE&I Qualitative Materiality initiatives </div>
Stock Compensation Plan I	
Stock Compensation Plan III	Promotion reward plan

Governance

(As of Jun. 23)



Improve Board diversity



Female

13% >> 20%



Foreign nationals

7% >> 13%

< New directors >



Charles D. Lake II

Aflac Life Insurance Japan
Chairman and Representative Director



Jenifer Rogers

Asurion Japan Holdings
General Counsel Asia

	Knowledge and experience we expect in particular						
	Management	Finance	Global	Legal/risk management	Accounting	IT/DX	Sustainability
T.Kunibe	People	¥	Global	Legal/risk	Accounting	IT/DX	Sustainability
J.Ohta	People	¥	Global	Legal/risk	Accounting	IT/DX	Sustainability
A.Fukutome	People	¥	Global	Legal/risk	Accounting	IT/DX	Sustainability
T.Kudo		¥	Global	Legal/risk			Sustainability
F.Ito		¥	Global	Legal/risk	Accounting	IT/DX	Sustainability
T.Isshiki		¥		Legal/risk			
Y.Gono		¥	Global	Legal/risk			
Y.Kawasaki	People	¥	Global				
M.Matsumoto	People			Legal/risk			
S.Yamazaki				Legal/risk	Accounting		
Y.Tsutsui	People	¥					
K.Shinbo				Legal/risk			
E.Sakurai	People		Global				Sustainability
C.D.Lake II	People	¥	Global	Legal/risk			
J.Rogers	People	¥	Global	Legal/risk		IT/DX	Sustainability

Rationale for issuing green bonds

SMBC Group's motivation toward green bond issuance

Strong Track Record in Green Finance

SMBC Group's significant growth in Renewable Energy Finance

SMBC Group Green Bonds

Development of Green Bond Market

Green bonds have been utilized
for sustainability commitment

Attract New Investors

Attract new investors and thereby
diversify investor base

What will be achieved by green bond issuance

**Promotion of SMBC Group's
Sustainability Commitment**

**Transformation to
more resilient business model**

Key aspects of SMBC group's green finance framework based on green bond / loan principles



1. Use of Proceeds

- Project Categories

1. Renewable Energy 2. Energy Efficiency 3. Green Buildings



4. Clean Transportation



5. Pollution Prevention & Control



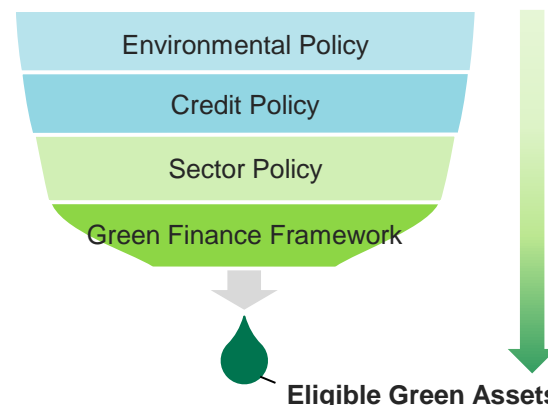
- Look Back Period : 24 months
- More than 90% of the funds are allocated to Renewable Energy



2. Evaluation and Selection

SMBC Group's
Sector policy

SMBC Group's
Green Finance
framework



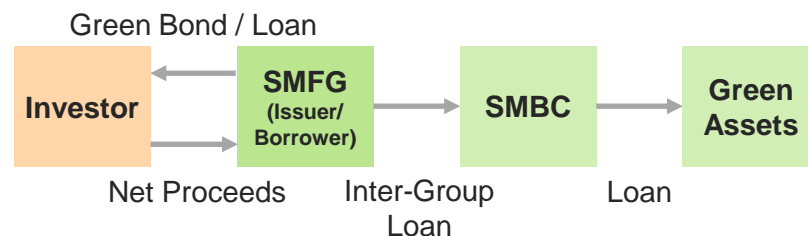
4. Reporting

- **Annually updated**
 - ✓ **Allocation Proceeds**
Project Category, Amount, Country, Agreement Date
 - ✓ **Impact Reporting**
CO₂ Emissions Reduction (inc. o/w SMBC Financed base)
 - ✓ **External Review**
Report from Sustainalytics
- All of information is
 - ✓ Updated within one year from issue date
 - ✓ Available on our Website



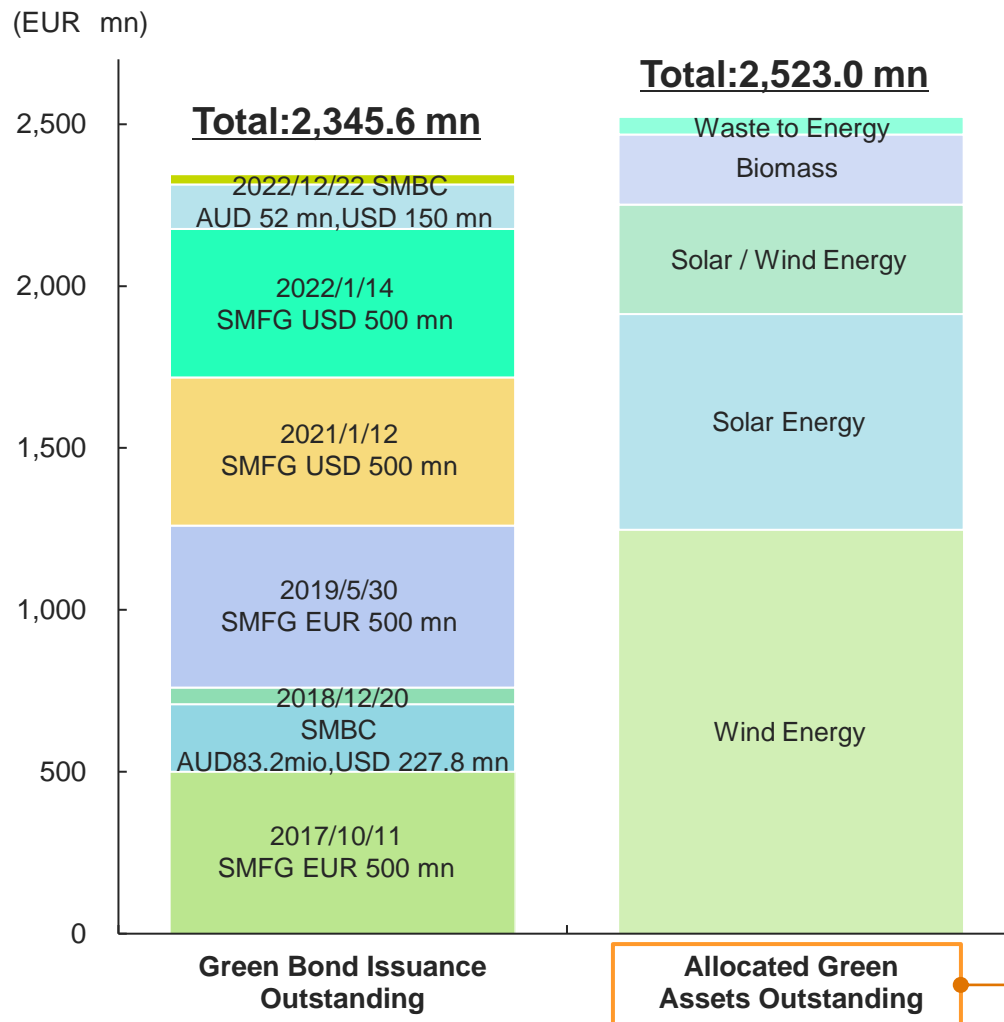
3. Management of Proceeds

- Pending allocation of proceeds : short-term financial instruments.

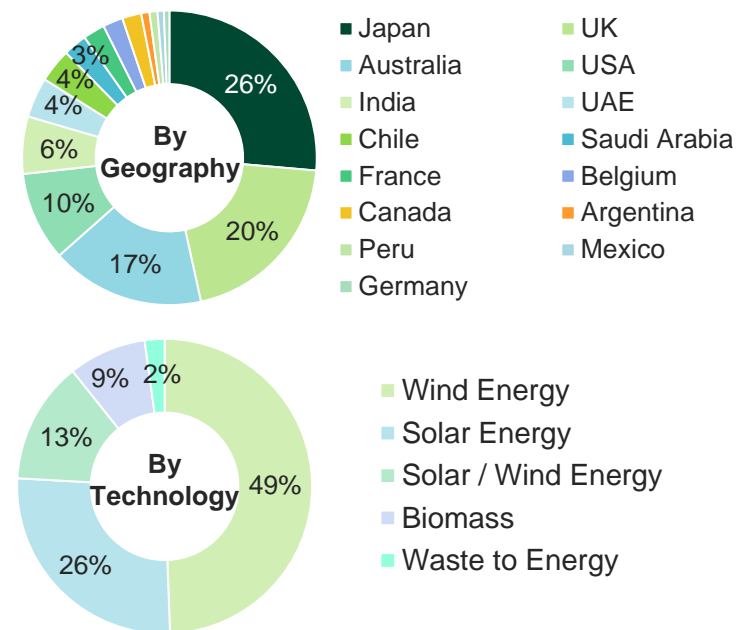


Overview of green bond issuance and allocated green assets

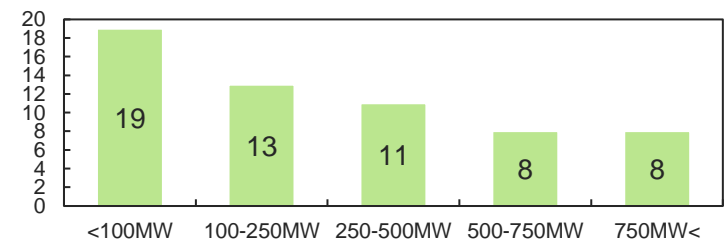
Balance of Green Bond Issuance and Allocated Green Assets*¹ (as of Mar. 23)



Overview of Allocated Green Assets





Facility Capacity (Number of Projects)



*1 Translated into EUR at the exchange rates as of Mar. 23

Green bond impact reporting

Impact Reporting (as of Mar. 23)

Category	Sub Category	Country	Number of Projects	Capacity (MW)	Estimated CO ₂ emissions reduction (t-CO ₂ /Year)	
						o/w SMBC Group financed
 Renewable Energy	Wind energy	Argentina, Australia, Belgium, Canada, Chile, France, Germany, Japan, UK, USA	29	13,993.32 MW	13,676,275.31 t-CO ₂	2,096,094.67 t-CO ₂
	Solar energy	France, India, Japan, Mexico, Peru, Saudi Arabia, UAE, USA	22	5,690.80 MW	4,888,505.70 t-CO ₂	2,004,895.51 t-CO ₂
	Solar / Wind energy	Australia, India	3	3,755.00 MW	6,389,660.02 t-CO ₂	840,386.25 t-CO ₂
	Biomass	Japan	4	424.90 MW	909,521.71 t-CO ₂	206,226.09 t-CO ₂
 Pollution Prevention & Control	Waste to Energy	Australia	1	34.00 MW	204,700.18 t-CO ₂	45,780.53 t-CO ₂
Total					26,068,662.92 t-CO ₂	5,193,383.05 t-CO ₂
SMFG/SMBC Green Bond Outstanding (as of Mar. 23)* ¹						EUR 2,345.6 mn
CO ₂ Avoidance per EUR 1 mn						2,214.11 t-CO ₂

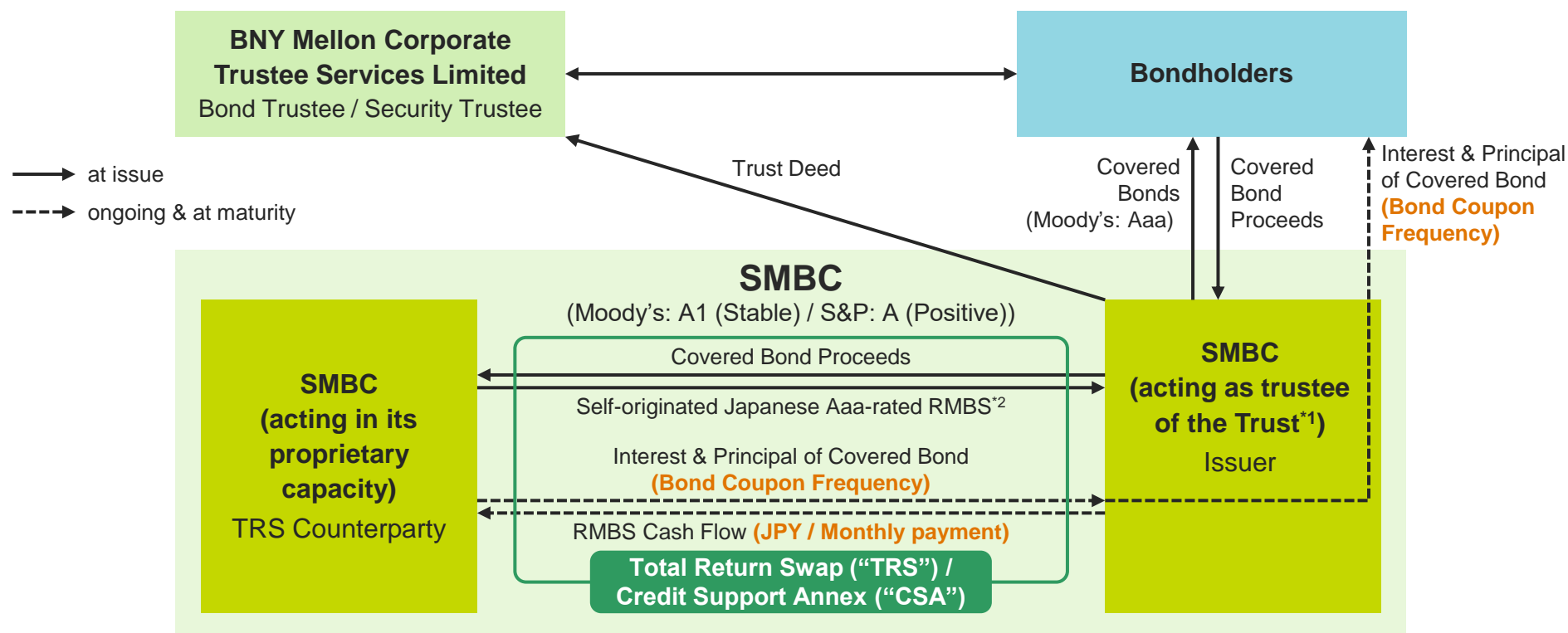
*1 Translated into EUR at the exchange rates as of Mar. 23

SMBC covered bond programme

Under the Trust Act of Japan, bondholders have dual recourse to SMBC's assets and the segregated cover pool assets.

To protect bondholders, the Programme puts self-originated Japanese RMBS as collateral under the TRS. Segregation of assets is ensured in the case of SMBC's insolvency because enforceability of the TRS is protected under the Netting Act of Japan.

Cover pool assets remain on the balance sheet of SMBC acting in its own capacity.



*1 SMBC, licensed by Japanese FSA as a financial institution which engage in trust business, acting as trustee on behalf of a specified money trust (tokutei kinsen shintaku) No. 0010-377600-0001 (the "Trust")

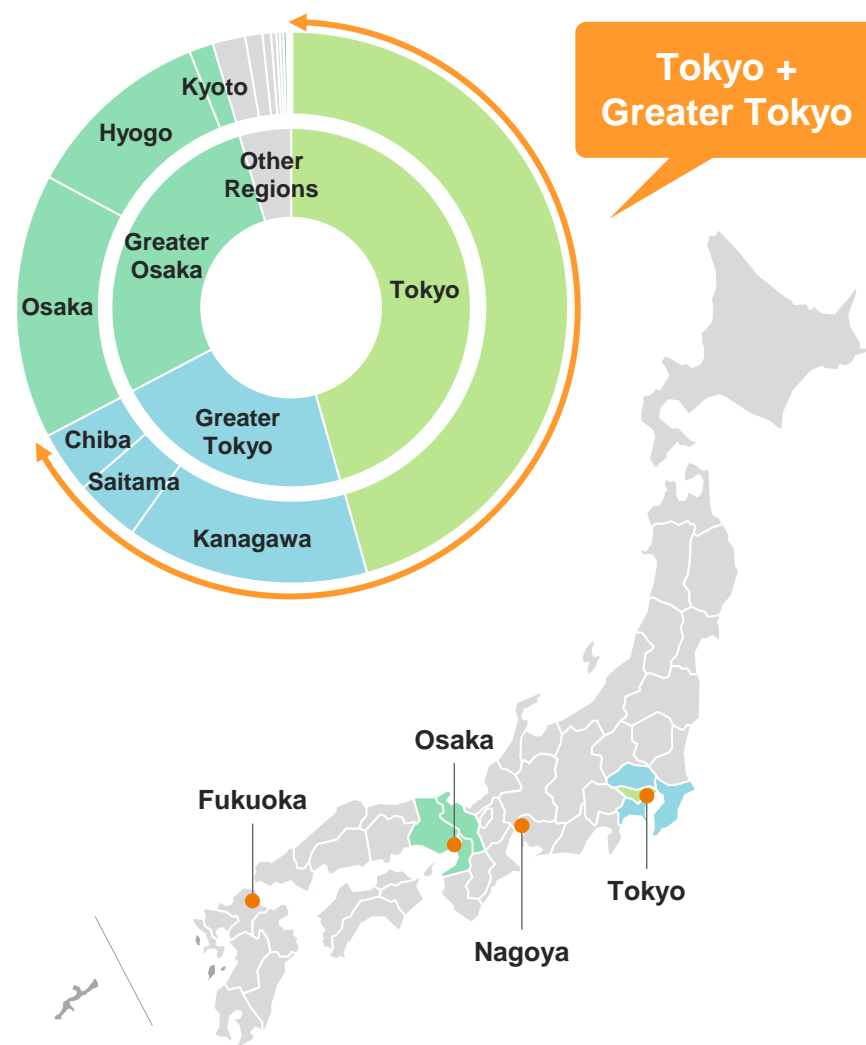
*2 Cover pool assets may include senior tranches Aa-rated RMBS where higher haircut ratio of 20% is applied, JGB and cash

SMBC covered bond: Cover pool summary

RMBS summary terms^{*1}

Collateral	Self originated residential loans
Originator / Servicer	SMBC
Asset Trustee	Sumitomo Mitsui Trust Bank
Revolving	Static pool
Format	Domestic trust beneficiary interest
Liquidity	Cash reserve
Interest Payments	Monthly / Fixed coupon
Principal Payments	Monthly / Pass through
Hedging Arrangements	None
Master Trust	Standalone structure
Clean-up Call	10%
Back-up Servicer	Not appointed at closing
Credit Enhancement	Overcollateralisation Senior / subordinate tranching Excess spread
Maximum principal balance	JPY 200 mn
Loan Term	Up to 35 years
Loan Guarantee	Guaranteed by SMBC Guarantee Co., Ltd.
Senior Tranche Rating	Moody's:Aaa (sf)

Domestic region^{*1*2}



*1 Pool data as of Aug. 23

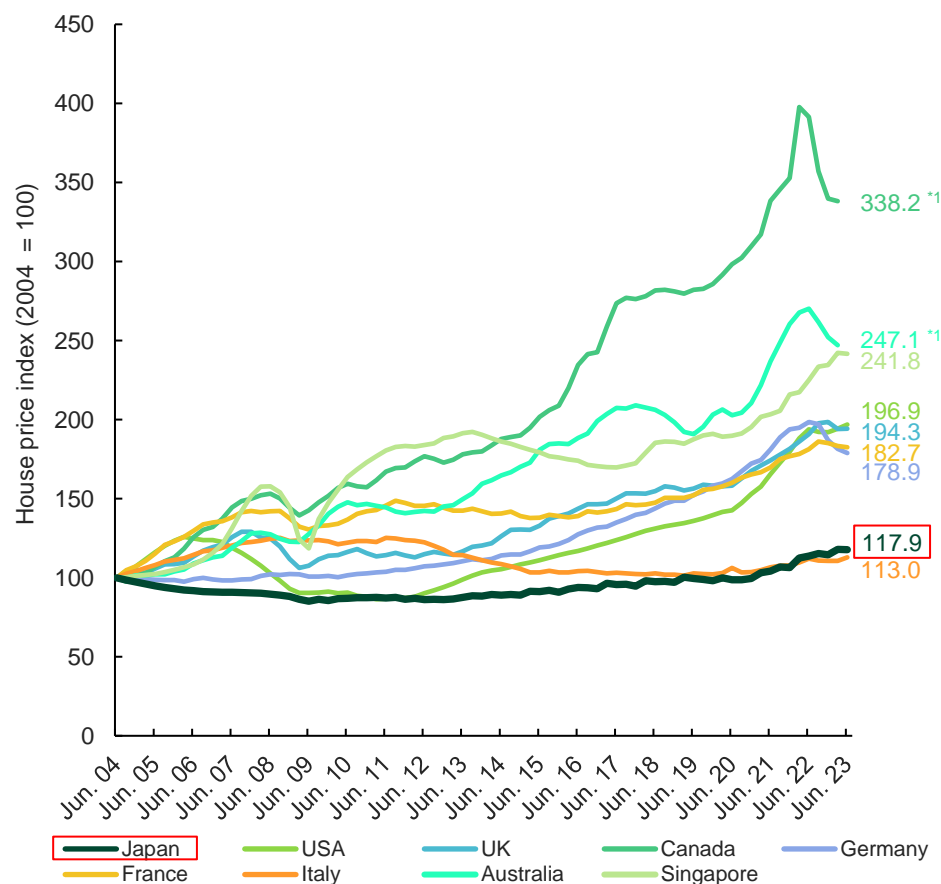
*2 By loan balance

Housing market developments

Japanese house prices have been stable with limited impact of the global financial crisis compared to other developed countries, and are now in an upward trend.

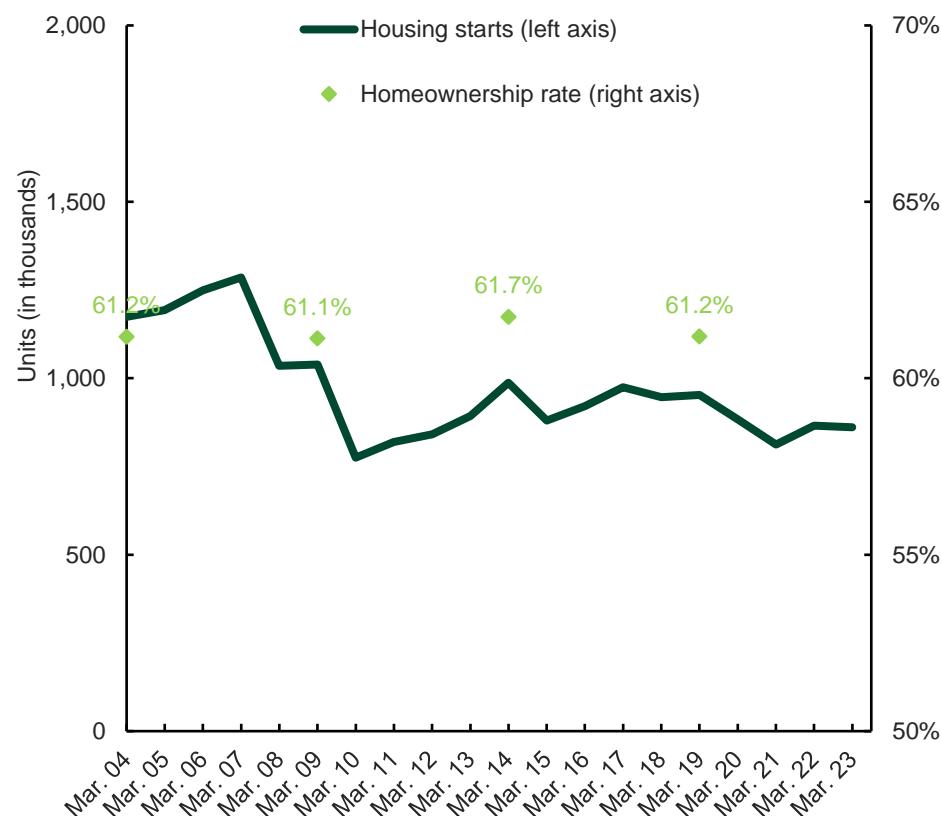
Negative impact of COVID-19 on housing starts is smaller than during the financial crisis and homeownership rate has been stable at approx. 60%.

House prices



*1: As of Mar. 23 for Canada and Australia
Source: Bank for International Settlements

Housing starts / Homeownership rate

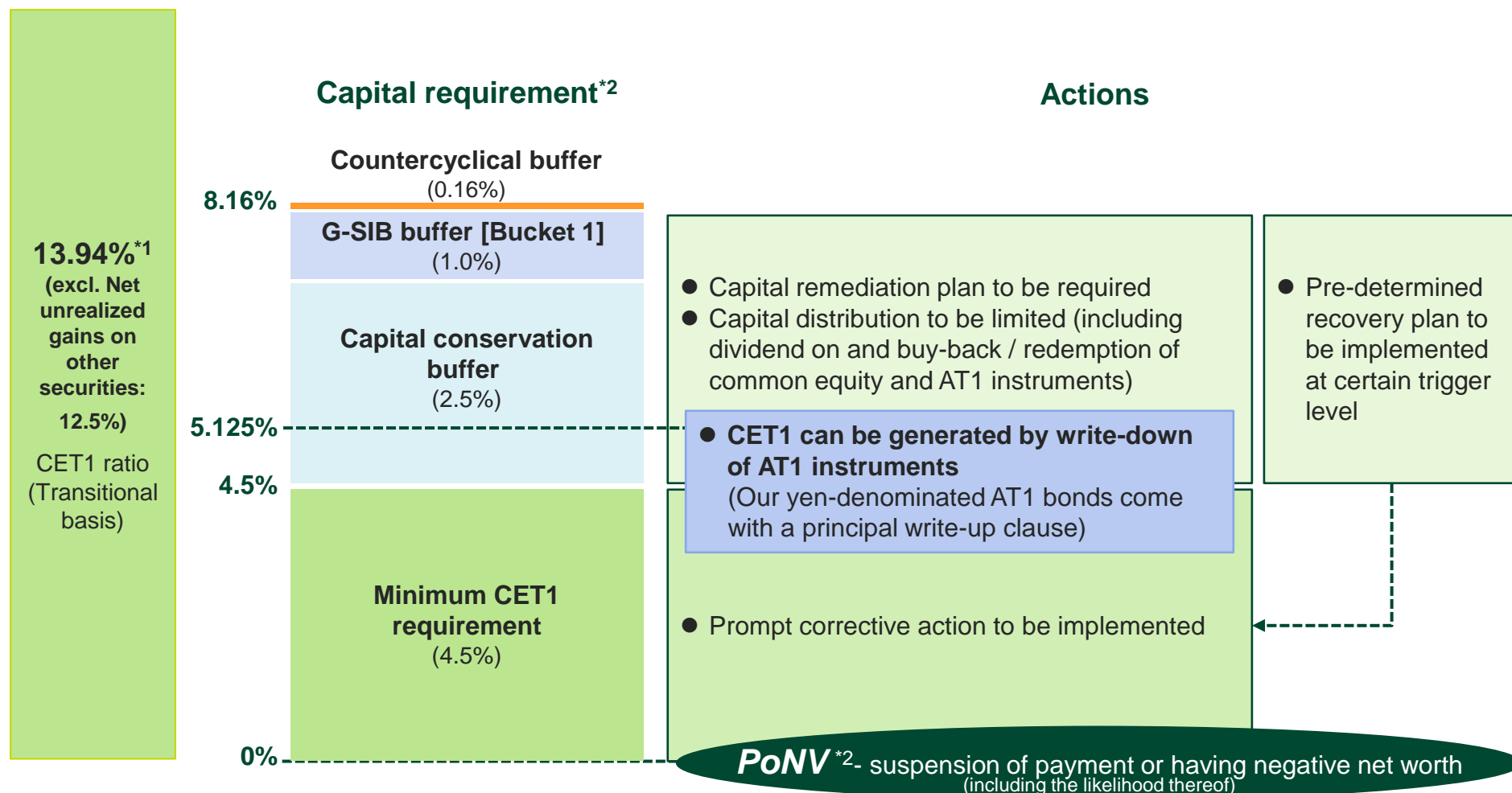


Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistics Bureau, Ministry of Internal Affairs and Communications

Actions before incurring losses at PoNV

We will be required to meet various capital requirements before reaching a point of non-viability (“PoNV”).

CET1 ratio



*¹ As of the end of Sep. 23

*² PoNV will be deemed to have been reached when the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the Deposit Insurance Act ("DIA"), confirms (nintei) that "specified Item 2 measures (tokutei dai nigo sochi)", which are the measures set forth in Article 126-2, Paragraph 1, Item 2 of the DIA, as then in effect, need to be applied to a financial institution if and when its liabilities exceed or are likely to exceed its assets, or it has suspended or is likely to suspend payment of its obligations

Precedents of public sector support and resolution

Precedents of public sector support and resolution in Japan

Framework ^{*1}	Precedents	Date	Amount (JPY bn)
Act on Special Measures for Strengthening Financial Functions <i>Capital injection</i>	Recent precedents of banks		
	Jimoto Holdings (Kirayaka Bank) ^{*2}	Sep. 2023	18.0
	Howa Bank	Mar. 2014	16.0
	Jimoto Holdings (Kirayaka Bank) ^{*2}	Dec. 2012	30.0
	Tohoku Bank	Sep. 2012	10.0
	77 Bank	Dec. 2011	20.0
	Tsukuba Bank	Sep. 2011	35.0
	Jimoto Holdings (Sendai Bank) ^{*2}	Sep. 2011	30.0
	Other precedents of banks before 2011	-	304.5 (12 cases)
	Precedents of credit associations (<i>Shinkumi / Shinkin</i>)	-	213.1 (14 cases)
			Total 676.6 (33 cases)
Article 102, Paragraph 1 of Deposit Insurance Act (DIA)	Item 1 measures <i>Capital injection</i>	Resona Bank	Jun. 2003 1,960.0
	Item 2 measures <i>Financial assistance exceeding payout cost</i>	N.A.	N.A.
	Item 3 measures <i>Temporary nationalization</i>	Ashikaga Bank	Nov. 2003 N.A. ^{*3}
Article 126-2 of DIA	Specified Item 1 measures <i>Liquidity support Capital injection</i>	N.A.	N.A.
	Specified Item 2 measures <i>Supervision or control and Financial assistance for orderly resolution</i>	N.A.	N.A.

PoNV^{*4}

PoNV^{*4}

*1 There is no assurance that any such measures would be applied in any given case

*2 Names of financial institutions in parentheses refer to the entities that effectively received capital injection

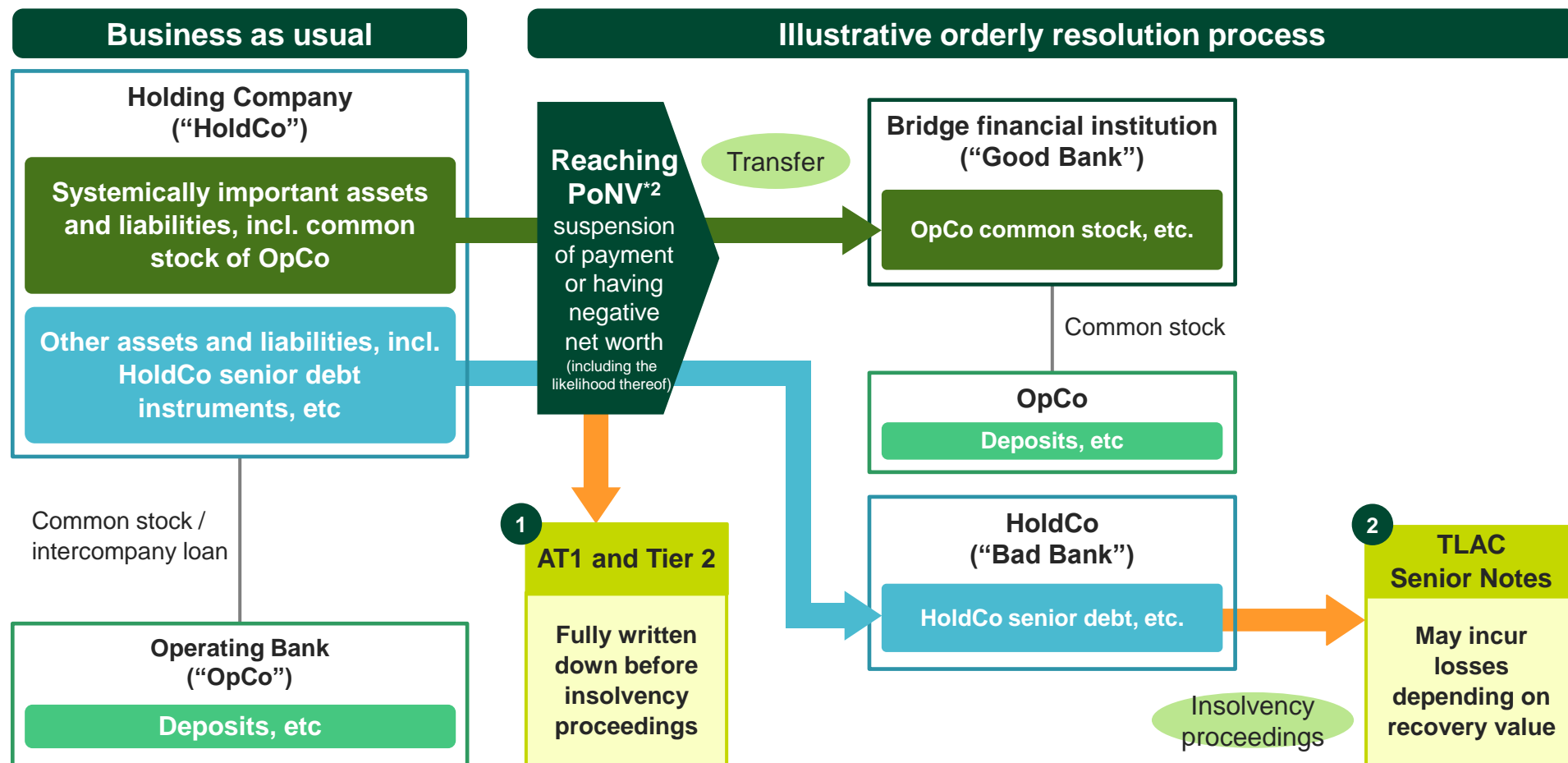
*3 The Deposit Insurance Company of Japan acquired all the shares of the bank against nil consideration

*4 See note 2 on p.75

Orderly resolution regime in Japan^{*1}

An orderly resolution is expected to be commenced subsequent to PoNV after SMFG absorbs losses incurred by its material subsidiaries.

- ① All Basel III eligible AT1 and Tier 2 instruments will be fully written down upon PoNV pursuant to their terms.
- ② Senior notes may incur losses depending on recovery value through court-administered insolvency proceedings.



^{*1}: Based on a possible model of Japanese G-SIB's resolution under the SPE resolution strategy, as stated in "The FSA's Approach to Introduce the TLAC Framework" published in Apr. 16 and revised in Apr. 18. However, it is uncertain which resolution strategy or specific measures will be taken in a given case, including whether or not the SPE resolution strategy is to be chosen and implemented in a given case. ^{*2} See note 2 on p. 75

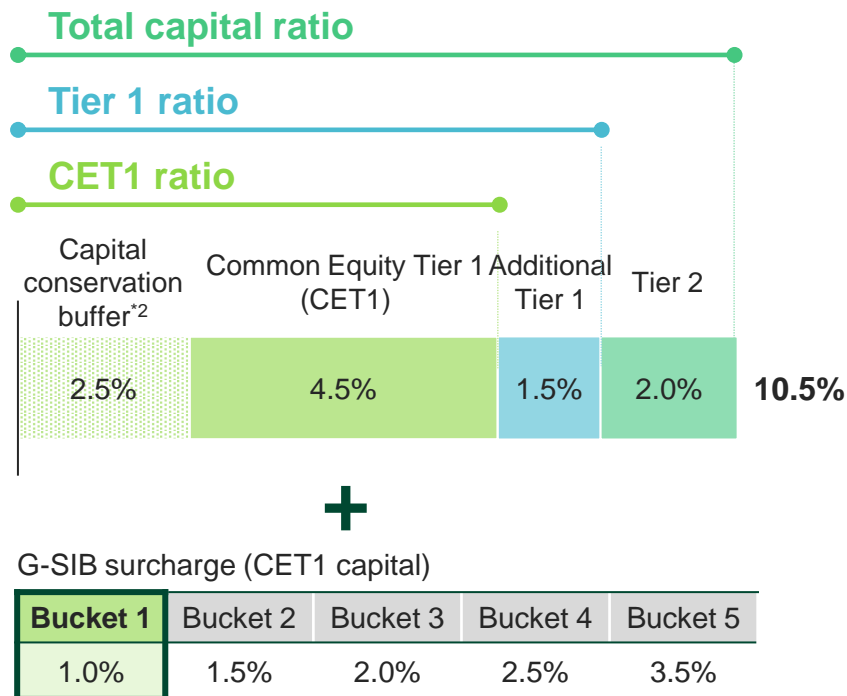
Comparison of recent Japanese bank AT1 bond issuances

	Sumitomo Mitsui Financial Group	Mitsubishi UFJ Financial Group, Inc.	Mitsubishi UFJ Financial Group, Inc.
Pricing date	September 8, 2023	October 6, 2023	October 18, 2023
Maturity	Perpetual	Perpetual	Perpetual
1st call date	December 5, 2028	January 15, 2029	January 15, 2029
Currency	JPY	JPY	USD
Tranche size	JPY 114.5 bn	JPY 72 bn	USD 750 mn
New issue spread	JGB+164bp	JGB+161bp	UST+329.4bp
Coupon structure	Fixed to fixed Initial coupon: 1.889% Coupon after 1st call: 5y JGB+164bps	Fixed to floating Initial coupon: 1.963% Coupon after 1st call: 6mth Tibor + 122.9bps	Fixed to fixed Initial coupon: 8.200% Coupon after 1st call: 5y UST + 329.4bps
Form of securities	Subordinated notes		
Coupon cancellation	Discretionary, mandatory (Non-cumulative)		
Going concern trigger	CET1 ratio falls below 5.125%		
Going concern loss absorption mechanism	Temporary write down		
Gone concern trigger	Specified Item 2 measures (<i>tokutei dai nigo sochi</i>) & bankruptcy event		
Gone concern loss absorption mechanism	Permanent write down		
Dividend stopper	Yes		

Application of Basel III (capital ratio)*1

		Mar. 24	Mar. 25	Mar. 26	Mar. 27	Mar. 28	Mar. 29
RWA	Revised standardized approach and internal ratings-based framework for credit	Implement					
	Revised credit valuation adjustment (CVA) framework						
	Revised operational risk framework						
	Output floor	50%	55%	60%	65%	70%	72.5%

Capital requirements

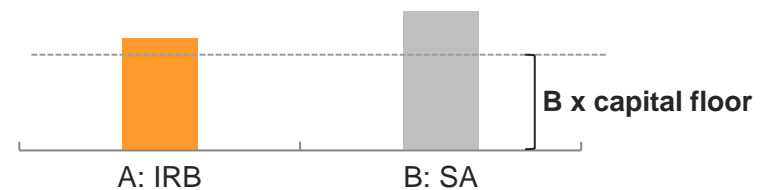


Implementation of output floor

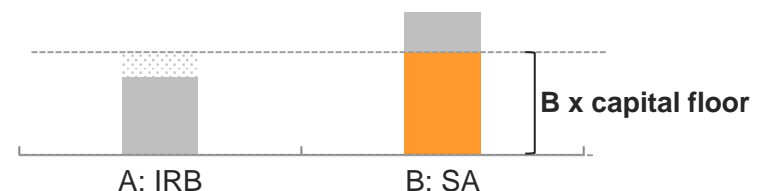
A: RWA based on internal ratings-based approach (IRB)

B: RWA based on standardized approach (SA)

A > B x capital floor → **RWA = A**



A ≤ B x capital floor → **RWA = B x capital floor**



*1 FSA announced that it will postpone the implementation of unimplemented Basel III standards until Mar. 24 for internationally active banks and bank holding companies including SMFG

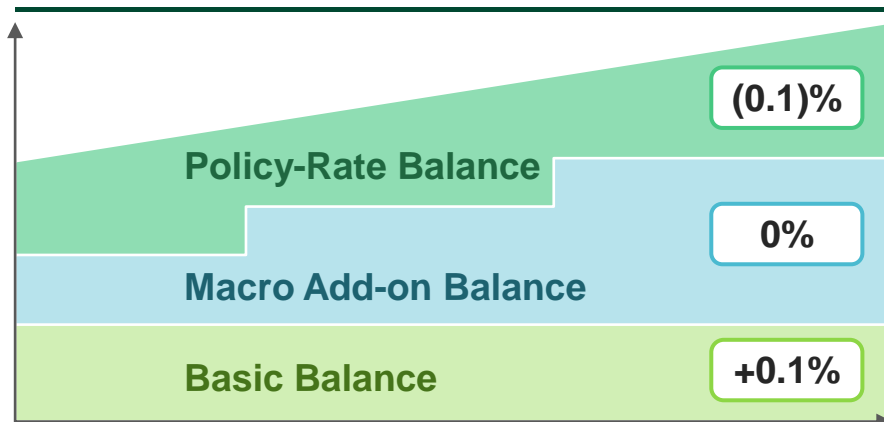
*2 Countercyclical buffer (CCyB) omitted

BOJ's monetary policy

Timeline

Apr. 2013	Introduction of the Quantitative and Qualitative Monetary Easing (QQE)
Jan. 2016	Introduction of Negative Interest Rate Policy
Sep. 2016	Introduction of QQE with yield curve control
Jul. 2018	Introduction of forward guidance for policy rates
Mar. 2021	Further Effective and Sustainable Monetary Easing
Sep. 2021	Introduction of Climate Response Financing Operations
Apr. 2022	Clarification of consecutive fixed-rate purchase Operations
Dec. 2022	Modification of the conduct of YCC
Jul. 2023	BOJ conducted YCC tweak to allow rates over 0.5%
Oct. 2023	Set to allow Long-Term Interest Rates to rise above 1.0% with revision to YCC

Three-tier system in current accounts at BOJ



Recent announcements

Dec. 2022

• Modification of the conduct of Yield Curve Control(YCC)

The following measures are decided at the December meeting to encourage a smoother formation of the entire yield curve.

- Significant increase in the amount of JGB purchases: from 7.3 trillion yen per month to about 9 trillion yen per month
- Expansion of the range of 10-year JGB yield fluctuations from the target level: from around $\pm 0.25\%$ to around $\pm 0.5\%$
- Nimble responses for each maturity:
 - Offer to purchase 10-year JGBs at 0.5% every business day through fixed-rate purchase operations
 - Make nimble responses for each maturity by increasing the amount of JGB purchases even more and conducting fixed-rate purchase operations when deemed necessary

Jul. 2023

• BOJ conducted YCC tweak to allow rates over 0.5%

- Offer to purchase 10-year JGBs at 1.0% every business day through fixed-rate purchase operations, in the range of around $\pm 0.5\%$ from the target level, to attain its 2.0% inflation target.

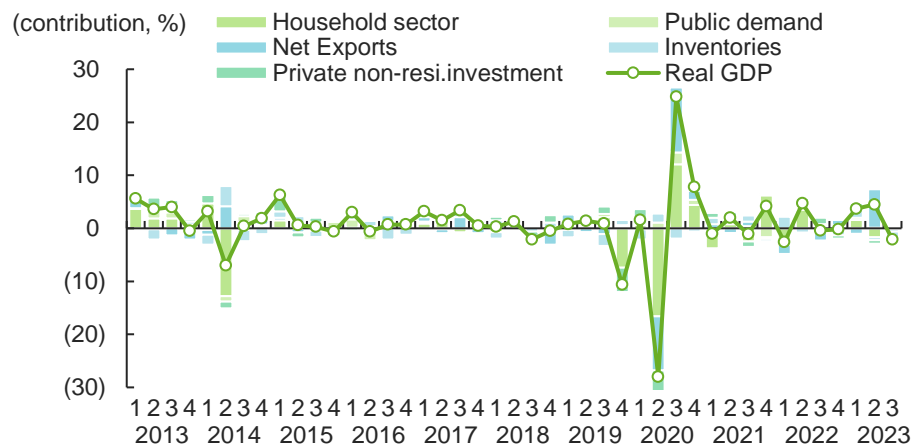
Oct. 2023

• Set to allow Long-Term Interest Rates to rise above 1.0% with revision to YCC

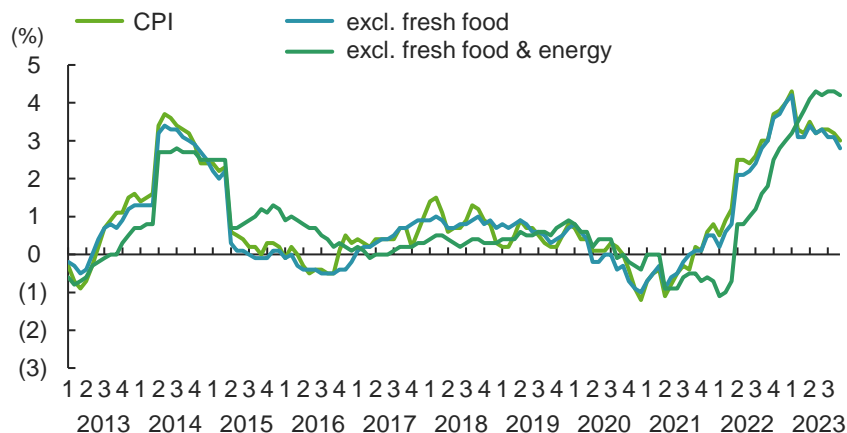
- While BOJ will maintain the target level of 10-year JGB yields at around 0%, it will conduct YCC with the upper bound of 1.0% for these yields as a reference.

Japanese economy

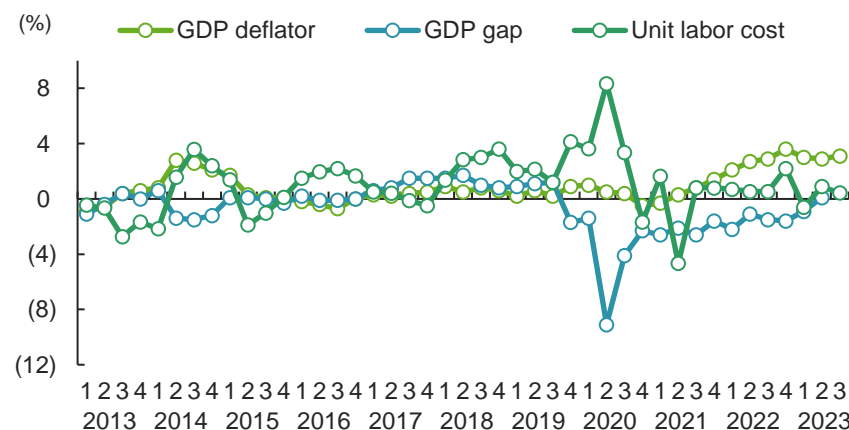
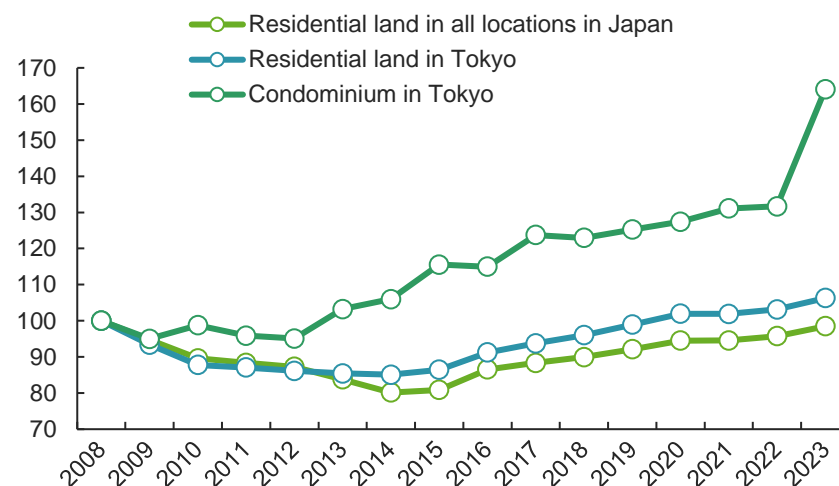
Real GDP growth rate (annualized QoQ change)*1



Indicators to measure progress out of deflation^{*3}



Property price of residential land and condominiums^{*2}



*1 Cabinet Office. Seasonally adjusted series. Household sector = Private consumption + Private residential investment, Inventories = Change in private and public inventory, Public demand = Government consumption + Public investment

*2 Ministry of Land, Infrastructure, Transport and Tourism. Real Estate Economic Institute Co., Ltd. Condominium in Tokyo is the first half of the year

*3 Statistics Bureau, Cabinet Office and Ministry of Internal Affairs and Communications