

Financial Review

Principal Financial Data

Consolidated Performance Summary

	FY2013	FY2014	FY2015	FY2016
Consolidated gross profit	2,898.2	2,980.4	2,904.0	2,920.7
Net interest income	1,484.2	1,505.2	1,422.9	1,358.6
Net fees and commissions + Trust fees	987.1	999.6	1,007.5	1,017.1
Net trading income + Net other operating income	427.0	475.7	473.5	545.0
General and administrative expenses	1,569.9	1,659.3	1,724.8	1,812.4
Overhead ratio	54.2%	55.7%	59.4%	62.1%
Equity in gains (losses) of affiliates	10.2	(10.6)	(36.2)	24.6
Consolidated net business profit	1,338.5	1,310.5	1,142.9	1,132.9
(Reference) Consolidated net business profit (old definition)	1,242.4	-	-	-
Total credit cost (gains)	(49.1)	7.8	102.8	164.4
Gains (losses) on stock	89.2	66.7	69.0	55.0
Other income (expenses)	(44.5)	(48.2)	(123.9)	(17.6)
Ordinary profit	1,432.3	1,321.2	985.3	1,005.9
Extraordinary gains (losses)	(9.6)	(11.8)	(5.1)	(26.6)
Income taxes	458.8	441.4	225.0	171.0
Profit attributable to non-controlling interests	128.5	114.4	108.4	101.8
Profit attributable to owners of parent	835.4	753.6	646.7	706.5

Consolidated Balance Sheet Summary

Total assets	161,534.4	183,442.6	186,585.8	197,791.6
Loans and bills discounted	68,227.7	73,068.2	75,066.1	80,237.3
Securities	27,152.8	29,633.7	25,264.4	24,631.8
Total liabilities	152,529.4	172,746.3	176,138.2	186,557.3
Deposits	94,331.9	101,047.9	110,668.8	117,830.2
Negotiable certificates of deposit	13,713.5	13,825.9	14,250.4	11,880.9
Total net assets	9,005.0	10,696.3	10,447.7	11,234.3
Shareholders' equity	6,401.2	7,018.4	7,454.3	8,119.1
Retained earnings	3,480.1	4,098.4	4,534.5	5,036.8
Accumulated other comprehensive income	878.0	2,003.9	1,459.5	1,612.5
Non-controlling interests	1,724.0	1,671.7	1,531.0	1,499.3

Financial Indicators

Total capital ratio (BIS guidelines)	15.51%	16.58%	17.02%	16.93%
Tier 1 capital ratio (BIS guidelines)	12.19%	12.89%	13.68%	14.07%
Common equity Tier 1 capital ratio (BIS guidelines)	10.63%	11.30%	11.81%	12.17%
Dividend per share (Yen)	120	140	150	150
Dividend payout ratio	20.3%	26.2%	32.7%	29.9%
ROE (on a stockholders' equity basis)	13.8%	11.2%	8.9%	9.1%

Market Data (As of the end of each fiscal year)

Nikkei Stock Average (Yen)	14,828	19,207	16,759	18,909
Foreign exchange rate (USD/JPY)	102.88	120.15	112.62	112.19

* SMFG changed accounting treatment for installment sales transactions in FY2020; figures for FY2019 have been restated to reflect this change.

(JPY bn)

FY2017	FY2018	FY2019*	FY2020	FY2021	FY2022
2,981.1	2,846.2	2,768.6	2,806.2	2,945.5	3,170.2
1,390.2	1,331.4	1,306.9	1,335.2	1,528.0	1,717.8
1,070.5	1,064.6	1,088.1	1,098.9	1,205.5	1,225.7
520.3	450.2	373.6	372.1	212.0	226.7
1,816.2	1,715.1	1,739.6	1,747.1	1,821.1	1,949.2
60.9%	60.3%	62.8%	62.3%	61.8%	61.5%
39.0	61.1	56.1	25.0	28.5	55.5
1,203.8	1,192.3	1,085.0	1,084.0	1,152.9	1,276.4
-	-	-	-	-	-
94.2	110.3	170.6	360.5	274.4	210.2
118.9	116.3	80.5	92.6	209.1	155.9
(64.5)	(63.1)	(62.8)	(105.0)	(46.9)	(61.2)
1,164.1	1,135.3	932.1	711.0	1,040.6	1,160.9
(55.3)	(11.7)	(43.4)	(38.8)	(111.0)	(62.5)
270.5	331.4	167.7	156.3	214.5	282.1
104.0	65.5	17.1	3.1	8.4	10.5
734.4	726.7	703.9	512.8	706.6	805.8
199,049.1	203,659.1	219,863.5	242,584.3	257,704.6	270,428.6
72,945.9	77,979.2	82,517.6	85,132.7	90,834.1	98,404.1
25,712.7	24,338.0	27,128.8	36,549.0	38,538.7	33,213.2
187,436.2	192,207.5	209,078.6	230,685.3	245,507.3	257,637.5
116,477.5	122,325.0	127,042.2	142,026.2	148,585.5	158,770.3
11,220.3	11,165.5	10,180.4	12,570.6	13,069.8	13,025.6
11,612.9	11,451.6	10,784.9	11,899.0	12,197.3	12,791.1
8,637.0	9,054.4	9,354.3	9,513.4	9,938.6	10,308.4
5,552.6	5,992.2	6,336.3	6,492.6	6,916.5	7,423.6
1,753.4	1,713.9	1,365.7	2,313.1	2,159.6	2,372.1
1,219.6	678.5	62.9	70.8	97.6	109.5
19.36%	20.76%	18.75%	18.61%	16.56%	15.98%
16.69%	18.19%	16.63%	16.96%	15.46%	14.94%
14.50%	16.37%	15.55%	16.00%	14.45%	14.02%
170	180	190	190	210	240
32.7%	34.6%	37.0%	50.8%	40.7%	40.4%
8.8%	8.2%	7.6%	5.4%	7.3%	8.0%
21,454	21,206	18,917	29,179	27,821	28,041
106.25	111.00	108.81	110.71	122.41	133.54

Financial Review

Consolidated Performance Summary

Consolidated gross profit increased by ¥224.7 billion year-on-year to ¥3,170.2 billion due to well-balanced profit growth in major businesses in each business unit, including the impact of the depreciation of yen, an increase in loan balances for both domestic and international corporate customers and good results of ancillary businesses, as well as strong performance in the settlement business.

General and administrative expenses increased year-on-year mainly due to the depreciation of yen and consolidation of Fullerton India*1, as well as higher variable marketing cost of Sumitomo Mitsui Card Company, which is successfully increasing new customers. Equity in gains of affiliates increased due to gains on change in equity interest at The Bank of East Asia, despite additional impairment losses on aircraft leased to Russia by SMBC Aviation Capital. As a result, consolidated net business profit increased by ¥123.6 billion year-on-year to ¥1,276.4 billion.

Total credit cost decreased by ¥64.2 billion year-on-year to ¥210.2 billion because of the reaction to the reserves recorded for large domestic and overseas obligors in the previous consolidated fiscal year, despite recognizing forward-looking provisions to prepare for future uncertainties such as inflation or recession under interest rate hike overseas.

In addition to the factors above, ordinary profit increased by ¥120.3 billion year-on-year to ¥1,160.9 billion, due to factors including the recording of gains on sales of strategic shareholdings.

Profit attributable to owners of the parent increased by ¥99.2 billion year-on-year to ¥805.8 billion, despite recognizing impairment losses for branches at SMBC.

	(JPY bn)	
	FY2022	Increase (Decrease)
Consolidated gross profit	3,170.2	+224.7
General and administrative expenses	1,949.2	+128.1
Equity in gains (losses) of affiliates	55.5	+27.0
Consolidated net business profit	1,276.4	+123.6
Total credit cost	210.2	(64.2)
Gains (losses) on stocks	155.9	(53.2)
Ordinary profit	1,160.9	+120.3
Profit attributable to owners of parent	805.8	+99.2

Performance of Major Group Companies

(Left: FY2022 performance; Right: Year-on-year comparison)

(JPY bn)

	SMBC		SMBC Trust	
Gross profit	1,699.5	+120.3	58.2	+9.7
Expenses	883.6	+26.4	36.8	(7.3)
Net business profit	815.9	+93.9	21.4	+17.0
Net income	634.2	+87.9	17.1	+33.0
	SMBC Nikko*2		SMCC	
Gross profit	263.4	(125.4)	449.4	+43.4
Expenses	325.3	+0.6	375.5	+35.6
Net business profit	(61.9)	(126.0)	74.3	+8.4
Net income	(45.7)	(93.8)	21.8	+2.0
	SMBCCF*3		SMDAM	
Gross profit	278.4	+7.4	36.1	(3.1)
Expenses	126.7	+5.7	30.3	+0.1
Net business profit	133.6	(16.5)	5.8	(3.2)
Net income	44.1	(22.6)	3.3	(2.1)
	SMFL*4		50%	
Gross profit	271.0	+37.6		
Expenses	122.4	+19.2		
Net business profit	158.4	+20.2		
Net income	51.8	+16.4		

Ratio of Ownership by SMFG

*1 Fullerton India changed its name to SMFG India Credit Company on May 11, 2023.

*2 Figures are on a managerial accounting basis including profit from overseas equity method affiliates of SMBC Nikko Securities Inc. (consolidated subsidiaries of SMFG).

*3 Year-on-year comparison retroactively reflects impact of reorganization.

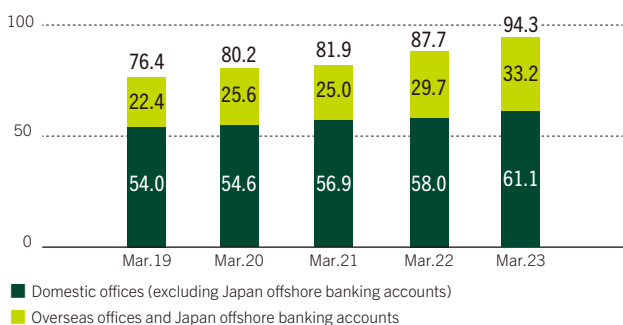
*4 Figures are on a managerial accounting basis.

Consolidated Balance Sheet Summary

Loans and Bills Discounted (SMBC non-consolidated)

The balances of loan and bills discounted increased by ¥6.6 trillion year-on-year to ¥94.3 trillion. This was mainly due to addressing firm demand for funds in Japan primarily from small and medium-sized enterprises (SMEs) including demand for growth capital with stimulating business activity in anticipation of the post-COVID era, as well as capturing demand for funds in overseas centered around America.

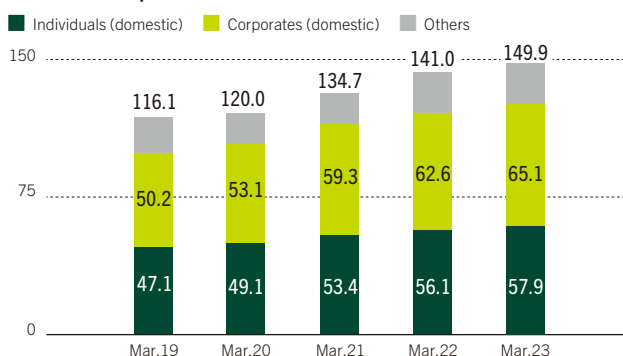
Balance of Loans (JPY tn)



Deposits (SMBC non-consolidated)

Deposits increased by ¥8.9 trillion year-on-year to ¥149.9 trillion. This increase was mainly due to increases in both individual and corporate deposits in Japan.

Balance of Deposits (JPY tn)



Domestic Loan-to-Deposit Spread (SMBC non-consolidated)

The domestic loan-to-deposit spread, calculated by subtracting the value of deposits from the value of loans, remained virtually unchanged from the previous year at 0.83%.

Domestic Loan-to-Deposit Spread (%)

	FY2022					FY2021
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.83	0.84	0.81	0.82	0.83	0.84
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	0.00	0.00
Loan-to-deposit spread	0.83	0.84	0.81	0.82	0.83	0.84

Securities

Other securities decreased by ¥5,650.0 billion year-on-year to ¥32,465.0 billion due to decrease in the amount of Japanese government bonds required to be held by SMBC for collateral purpose. Net unrealized gains on other securities decreased by ¥362.1 billion year-on-year to ¥1,915.1 billion, mainly due to lower unrealized gains resulting from progress in reducing strategic-shareholding, as well as a deterioration in unrealized profit and loss on foreign bonds due to higher interest rates overseas.

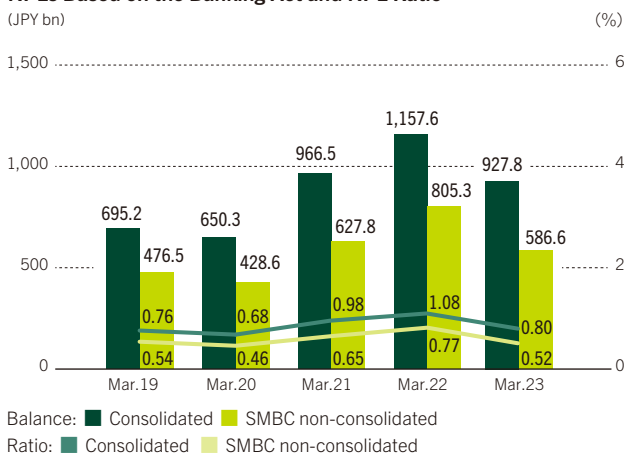
Unrealized Gains (Losses) on Other Securities (JPY bn)

	Balance		Net unrealized gains (losses)	
	March 31, 2023	YoY	March 31, 2023	YoY
Stocks	3,345.4	(58.0)	1,944.8	(88.9)
Bonds	13,177.5	(6,382.8)	(64.2)	(14.1)
Others	15,942.1	+790.9	34.6	(259.0)
Total	32,465.0	(5,650.0)	1,915.1	(362.1)

NPLs Based on the Banking Act and Financial Reconstruction Act

The balance of NPLs based on the Banking Act and the Financial Reconstruction Act decreased by ¥229.7 billion year-on-year to ¥927.8 billion due to reducing the balances of some large obligors. The NPL ratio also improved by 0.28% over the previous year, reaching 0.80%.

NPLs Based on the Banking Act and NPL Ratio (JPY bn)



Financial Review

Capital

Capital

Common equity Tier 1 capital increased by ¥380.6 billion from the end of the previous fiscal year to ¥10,839.0 billion, primarily due to an increase in profit attributable to owners of the parent and foreign exchange effects. As a result, Tier 1 capital increased by ¥362.7 billion to ¥11,548.9 billion and total capital increased by ¥367.0 billion to ¥12,350.8 billion.

Risk-Weighted Assets

Risk-weighted assets increased by ¥4,935.0 billion from the end of the previous fiscal year to ¥77,285.0 billion, mainly due to an increase in loans in Japan and overseas.

Capital Ratio

As a result of the above, the Common Equity Tier 1 ratio, which represents the most important form of core capital, stood at 14.02%, while the total capital ratio was 15.98%. Both ratios remain adequate.

Leverage Ratio

Despite an increase in Tier 1 capital, the leverage ratio fell by 0.14% to 5.03%, mainly due to an increase in on-balance assets, as a result of an increase in loans in Japan and overseas.

External TLAC Ratio

In addition to increasing our own equity capital, SMBC Group seeks to increase external TLAC capital by procuring external TLAC bonds primarily from overseas corporate bond markets. The external TLAC ratio was 25.28% on a risk-weighted asset basis and 9.72% on a total exposure basis, exceeding the mandated levels on both items.

Total Capital Ratio (BIS Guidelines)

(JPY bn)

	March 31, 2023 (A)	March 31, 2022 (B)	YoY (A-B)
Common equity Tier 1 capital	10,839.0	10,458.4	+380.6
Additional Tier 1 capital	710.0	727.8	(17.8)
Tier 1 capital	11,548.9	11,186.2	+362.7
Tier 2 capital	801.9	797.5	+4.4
Total capital	12,350.8	11,983.8	+367.0
Risk-weighted assets	77,285.0	72,350.1	+4,935.0
Common equity Tier 1 capital ratio	14.02%	14.45%	(0.43)%
Tier 1 ratio	14.94%	15.46%	(0.52)%
Total capital ratio	15.98%	16.56%	(0.58)%

Leverage Ratio

Leverage ratio	5.03%	5.17%	(0.14)%
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External TLAC Ratio

Risk-weighted asset basis	25.28%	24.98%	+0.30%
Total exposure basis	9.72%	9.54%	+0.18%

Total Exposure

Total exposure*	229,517.0	216,080.4	+13,436.6
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* Excludes deposits with the Bank of Japan