Financial Review

Principal Financial Data

Consolidated Performance Summary

	FY2014	FY2015	FY2016	FY2017
Consolidated gross profit	2,980.4	2,904.0	2,920.7	2,981.1
Net interest income	1,505.2	1,422.9	1,358.6	1,390.2
Net fees and commissions + Trust fees	999.6	1,007.5	1,017.1	1,070.5
Net trading income + Net other operating income	475.7	473.5	545.0	520.3
General and administrative expenses	1,659.3	1,724.8	1,812.4	1,816.2
Overhead ratio	55.7%	59.4%	62.1%	60.9%
Equity in gains (losses) of affiliates	(10.6)	(36.2)	24.6	39.0
Consolidated net business profit	1,310.5	1,142.9	1,132.9	1,203.8
Total credit cost (gains)	7.8	102.8	164.4	94.2
Gains (losses) on stock	66.7	69.0	55.0	118.9
Other income (expenses)	(48.2)	(123.9)	(17.6)	(64.5)
Ordinary profit	1,321.2	985.3	1,005.9	1,164.1
Extraordinary gains (losses)	(11.8)	(5.1)	(26.6)	(55.3)
Income taxes	441.4	225.0	171.0	270.5
Profit attributable to non-controlling interests	114.4	108.4	101.8	104.0
Profit attributable to owners of parent	753.6	646.7	706.5	734.4

Consolidated Balance Sheet Summary

Total assets	183,442.6	186,585.8	197,791.6	199,049.1
Loans and bills discounted	73,068.2	75,066.1	80,237.3	72,945.9
Securities	29,633.7	25,264.4	24,631.8	25,712.7
Total liabilities	172,746.3	176,138.2	186,557.3	187,436.2
Deposits	101,047.9	110,668.8	117,830.2	116,477.5
Negotiable certificates of deposit	13,825.9	14,250.4	11,880.9	11,220.3
Total net assets	10,696.3	10,447.7	11,234.3	11,612.9
Shareholders' equity	7,018.4	7,454.3	8,119.1	8,637.0
Retained earnings	4,098.4	4,534.5	5,036.8	5,552.6
Accumulated other comprehensive income	2,003.9	1,459.5	1,612.5	1,753.4
Non-controlling interests	1,671.7	1,531.0	1,499.3	1,219.6

Financial Indicators

Total capital ratio (BIS guidelines)	16.58%	17.02%	16.93%	19.36%
Tier 1 capital ratio (BIS guidelines)	12.89%	13.68%	14.07%	16.69%
Common equity Tier 1 capital ratio (BIS guidelines)	11.30%	11.81%	12.17%	14.50%
Dividend per share (Yen)	140	150	150	170
Dividend payout ratio	26.2%	32.7%	29.9%	32.7%
ROE (on a stockholders' equity basis)	11.2%	8.9%	9.1%	8.8%

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

Nikkei Stock Average (Yen)	19,207	16,759	18,909	21,454
Foreign exchange rate (USD/JPY)	120.15	112.62	112.19	106.25

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

(JPY bn)

FY2018	FY2019*	FY2020	FY2021	FY2022	FY2023
2,846.2	2,768.6	2,806.2	2,945.5	3,170.2	**3,738.8**
1,331.4	1,306.9	1,335.2	1,528.0	1,717.8	**1,880.7**
1,064.6	1,088.1	1,098.9	1,205.5	1,225.7	**1,490,2**
450.2	373.6	372.1	212.0	226.7	**367.9**
1,715.1	1,739.6	1,747.1	1,821.1	1,949.2	**2,250.6**
60.3%	62.8%	62.3%	61.8%	61.5%	**60.2%**
61.1	56.1	25.0	28.5	55.5	**72.0**
1,192.3	1,085.0	1,084.0	1,152.9	1,276.4	**1,560.2**
110.3	170.6	360.5	274.4	210.2	**274.0**
116.3	80.5	92.6	209.1	155.9	**249.8**
(63.1)	(62.8)	(105.0)	(46.9)	(61.2)	**(69.9)**
1,135.3	932.1	711.0	1,040.6	1,160.9	**1,466.1**
(11.7)	(43.4)	(38.8)	(111.0)	(62.5)	**(123.8)**
331.4	167.7	156.3	214.5	282.1	**373.7**
65.5	17.1	3.1	8.4	10.5	**5.7**
726.7	703.9	512.8	706.6	805.8	**962.9**
203,659.1	219,863.5	242,584.3	257,704.6	270,428.6	**295,236.7**
77,979.2	82,517.6	85,132.7	90,834.1	98,404.1	**107,013.9**
24,338.0	27,128.8	36,549.0	38,538.7	33,213.2	**37,142.8**
192,207.5	209,078.6	230,685.3	245,507.3	257,637.5	**280,436.7**
122,325.0	127,042.2	142,026.2	148,585.5	158,770.3	**164,839.4**
11,165.5	10,180.4	12,570.6	13,069.8	13,025.6	**14,672.3**
11,451.6	10,784.9	11,899.0	12,197.3	12,791.1	**14,800.0**
9,054.4	9,354.3	9,513.4	9,938.6	10,308.4	**10,630.0**
5,992.2	6,336.3	6,492.6	6,916.5	7,423.6	**7,843.5**
1,713.9	1,365.7	2,313.1	2,159.6	2,372.1	**4,030.1**
678.5	62.9	70.8	97.6	109.5	**138.9**
20.76%	18.75%	18.61%	16.56%	15.98%	**15.29%**
18.19%	16.63%	16.96%	15.46%	14.94%	**14.33%**
16.37%	15.55%	16.00%	14.45%	14.02%	**12.91%**
180	190	190	210	240	**270**
34.6%	37.0%	50.8%	40.7%	40.4%	**37.1%**
8.2%	7.6%	5.4%	7.3%	8.0%	**9.2%**
21,206	18,917	29,179	27,821	28,041	**40,369**
111.00	108.81	110.71	122.41	133.54	**151.33**

Financial Review

Consolidated Income Analysis Summary

Consolidated gross profit increased by ¥568.6 billion year-on-year to ¥3,738.8 billion due to increased profit of all Business Units resulted from an increase in domestic and overseas loans and ancillary businesses, recovery of SMBC Nikko Securities, and strong performance in the payment business, in addition to positive business environment including the depreciation of the yen and higher U.S. interest rates.

General and administrative expenses increased by ¥301.3 billion year-on-year to ¥2,250.6 billion due to effects of the depreciation of yen and inflation, higher variable marketing cost at Sumitomo Mitsui Card Company, etc., and upfront investment for future growth.

Total credit cost increased by ¥63.9 billion year-on-year to ¥274 billion due to business expansion of domestic and overseas retail subsidiaries, increased provisions for large obligors in the fourth quarter, and the recording of forward-looking provisions based on anticipated environmental changes.

Profit attributable to owners of parent increased by ¥157.1 billion year-on-year to ¥962.9 billion due to increase of gains on stocks as a result of accelerating the sale of equity holdings under a strong stock market.

By making steady progress with our business strategy in additon to a strong business environment, we achieved record high consolidated gross profit, consolidated net business profit, and profit attributable to owners of parent.

(JPY bn)

	FY2023	Increase (Decrease)
Consolidated gross profit	3,738.8	+568.6
General and administrative expenses	2,250.6	+301.3
Equity in gains (losses) of affiliates	72.0	+16.5
Consolidated net business profit	1,560.2	+283.8
Total credit cost	274.0	+63.9
Gains (losses) on stocks	249.8	+94.0
Ordinary profit	1,466.1	+305.2
Profit attributable to owners of parent	962.9	+157.1

Performance of Major Group Companies

(Left: FY2023 performance; Right: Year-on-year comparison)

(JPY bn)

	SMBC		SMBC Trust	
Gross profit	**1,885.2**	**+185.7**	**72.8**	**+14.5**
Expenses	**983.9**	**+100.3**	**40.7**	**+3.8**
Net business profit	**901.3**	**+85.4**	**32.1**	**+10.7**
Net income	**762.6**	**+128.5**	**25.7**	**+8.6**

	SMBC Nikko*1		SMCC*2	
Gross profit	**473.6**	**+109.0**	**547.8**	**+53.8**
Expenses	**401.7**	**+30.3**	**451.8**	**+51.5**
Net business profit	**71.9**	**+78.7**	**98.0**	**+3.8**
Net income	**55.7**	**+70.7**	**25.6**	**(4.6)**

	SMBCCF*2		SMDAM 50%	
Gross profit	**252.5**	**+18.8**	**42.4**	**+6.3**
Expenses	**103.9**	**+2.0**	**33.2**	**+3.0**
Net business profit	**91.3**	**(22.4)** *3	**9.2**	**+3.4**
Net income	**(4.4)**	**(40.1)**	**4.2**	**+2.5**

	SMFL*4 50%	
Gross profit	**291.7**	**+20.7**
Expenses	**127.5**	**+5.1**
Net business profit	**173.0**	**+14.6**
Net income	**128.4**	**+76.6**

Ratio of Ownership by SMFG

**1 Figures are on a managerial accounting basis and include profit from SMBC Nikko Securities America and SMBC Capital Markets*

**2 Year-on-year comparisons retroactively reflect impacts of reorganization of SMBC Mobit*

**3 The main cause is -¥46 billion yen in impairment of goodwill for equity method affiliate FE Credit*

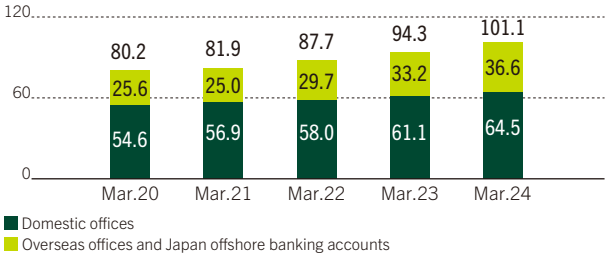
**4 Figures are on a managerial accounting basis*

Consolidated Balance Sheet Summary

Loans and Bills Discounted (SMBC, non-consolidated)

Total balances increased by ¥6.8 trillion year-on-year to ¥101.1 trillion. The increase was primarily due to capturing demand for funds driven by the revitalization of corporate activities in Japan and increased overseas balance under depreciation of the yen.

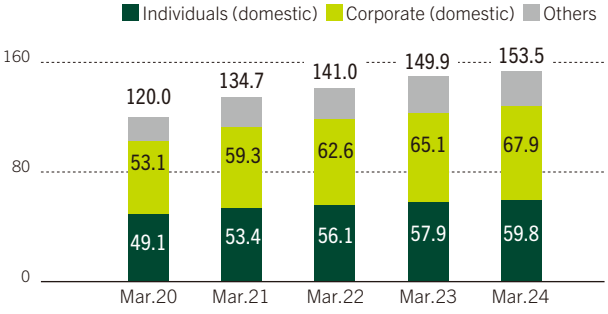
Balance of Loans (JPY tn)



Deposits (SMBC, non-consolidated)

Deposits increased by ¥3.5 trillion year-on-year to ¥153.5 trillion, primarily due to increases in both individuals 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, rose by 0.01% year-on-year to 0.84%.

Domestic Loan-to-Deposit Spread (%)

	FY2023					FY2022
	1Q	2Q	3Q	4Q	Yearly average	Yearly average
Interest earned on loans and bills discounted	0.82	0.83	0.85	0.86	**0.84**	0.83
Interest paid on deposits, etc.	0.00	0.00	0.00	0.00	**0.00**	0.00
Loan-to-deposit spread	0.82	0.83	0.85	0.85	**0.84**	0.83

Securities

Other securities increased by ¥3,667.8 billion year-on-year to ¥36,132.8 billion mainly due to increase in the balance of both foreign bonds by depreciation of the yen and stocks under a strong stock market, while decrease in the balance of Japanese government bonds required to be held by SMBC. Net unrealized gains increased by ¥1,477.9 billion year-on-year to ¥3,393.1 billion, primarily due to higher unrealized gains of stocks associated with higher stock prices.

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

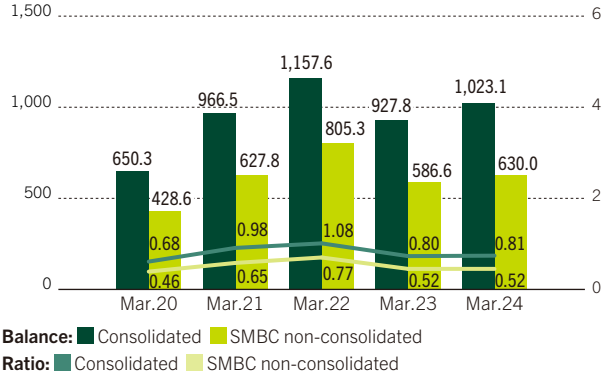
	Balance		Net unrealized gains (losses)	
	March 2024	YoY	March 2024	YoY
Stocks	**4,119.8**	+774.4	**2,837.0**	+892.2
Bonds	**10,760.4**	(2,417.1)	**(100.1)**	(35.9)
Others	**21,252.7**	+5,310.6	**656.2**	+621.6
Total	**36,132.8**	+3,667.8	**3,393.1**	+1,477.9

NPLs Based on the Banking Act and the Reconstruction Act

The balance of NPLs based on the Banking Act and the Reconstruction Act increased by ¥95.3 billion year-on-year to ¥1,023.1 billion primarily due to balance fluctuations of large obligors. The NPL ratio also increased by 0.01% year-on-year to 0.81%.

NPLs Based on the Banking Act and the Reconstruction Act, and NPL Ratio

(JPY bn) (%)



Financial Review

Capital

Capital

Common equity Tier 1 capital increased by ¥1,153.6 billion year-on-year to ¥11,992.6 billion, primarily due to an increase in net unrealized gain on equity holdings associated with higher stock prices. Tier 1 capital increased by ¥1,762.7 billion year-on-year to ¥13,311.6 billion and total capital increased by ¥1,847.1 billion year-on-year to ¥14,197.9 billion mainly due to issuance of Additional Tier1 bonds.

Risk-Weighted Assets

Risk-weighted assets increased by ¥15,563.6 billion year-on-year to ¥92,848.6 billion, mainly due to the start of phased implementation towards Basel III finalization from the end of March 2024, in addition to increase in lending in domestic and overseas.

Capital Ratio

As a result of the above, the Common Equity Tier 1 capital ratio, which represents the most important form of core capital, stood at 12.91%, while the total capital ratio was 15.29%. Both ratios remain adequate.

Leverage Ratio

Due to the increase in Tier 1 capital, the leverage ratio increased by 0.24% year-on-year to 5.27%.

External TLAC Ratio

In addition to increasing our own equity capital, SMBC Group strives to increase external TLAC capital by procuring external TLAC bonds primarily from overseas corporate bond markets. The external TLAC ratio was 23.92% on a risk-weighted asset basis and 10.13% on a total exposure basis, meeting mandated levels for both.

Consolidated Capital Ratio (BIS Guidelines)

(JPY bn)

	March 2024	March 2023	YoY
Common equity Tier 1 capital	**11,992.6**	10,839.0	+1,153.6
Additional Tier 1 capital	**1,318.9**	710.0	+608.9
Tier 1 capital	**13,311.6**	11,548.9	+1,762.7
Tier 2 capital	**886.3**	801.9	+84.4
Total capital	**14,197.9**	12,350.8	+1,847.1
Risk-weighted assets	**92,848.6**	77,285.0	+15,563.6
Common equity Tier 1 capital ratio	**12.91%**	14.02%	(1.11)%
Tier 1 ratio	**14.33%**	14.94%	(0.61)%
Total capital ratio	**15.29%**	15.98%	(0.69)%
Leverage Ratio			
Leverage Ratio	**5.27%**	5.03%	+0.24%
External TLAC Ratio			
Risk-weighted asset basis	**23.92%**	25.28%	(1.36)%
Total exposure basis	**10.13%**	9.72%	+0.41%
Total Exposure			
Total exposure*	**252,514.1**	229,517.0	+22,997.1

** Excludes deposits with the Bank of Japan*