CREDIT OPINION
6 September 2024

Update

Send Your Feedback

Sumitomo Mitsui Financial Group, Inc.

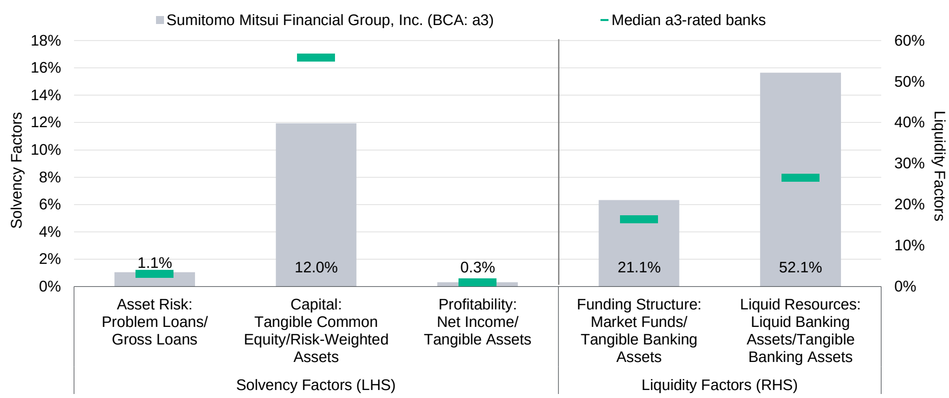
Update to credit analysis

Summary

Sumitomo Mitsui Financial Group, Inc.'s (SMFG) A1 long-term senior unsecured bond rating is at the same level as the rating assigned to its main operating subsidiary, Sumitomo Mitsui Banking Corporation (SMBC, A1/A1 stable, a3[1]). SMFG's A1 rating incorporates a two-notch uplift from SMBC's a3 Baseline Credit Assessment (BCA), reflecting our assumption of a very high likelihood of support from the Government of Japan (A1 stable) in times of need. Our support assumption reflects the group's importance to Japan's financial system as one of the country's top three financial groups by total assets. Japan's Deposit Insurance Act specifically allows for the government to preemptively inject liquidity and capital into financial institutions before the point of non-viability to maintain systemic stability.

The a3 BCA reflects our expectation that the SMFG's recurring profitability will gradually improve and that the group will maintain low asset risks, adequate capitalization, as well as strong funding and liquidity.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Ratings

RATINGS

Sumitomo Mitsui Financial Group, Inc.

Domicile	Tokyo, Japan
Long Term CRR	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Not Assigned

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Credit strengths

» Low asset risk, reflecting strong loan quality, declining Japanese equities holdings and low exposure to capital markets

» Earnings stability underpinned by high share of fee income and business diversification

» Strong liquidity, despite dependence on corporate deposits and wholesale funding for foreign currencies

» Adequate capital

» Very high likelihood of government support in case of stress because of its position as one of Japan's megabanks

Credit challenges

» Unseasoned risks in growing international business

» Weak but improving profitability because of low domestic interest rates and severe competition

Outlook

The rating outlook is stable, reflecting our view that SMFG's recurring profitability will gradually improve while the group will maintain low asset risk, adequate capitalization, and strong funding and liquidity over the next 12-18 months.

Factors that could lead to an upgrade

An upgrade of SMFG's rating is unlikely because it is already at the same level as the Japanese government's A1 sovereign rating, with a stable outlook. Upward pressure on SMBC's BCA is also unlikely unless there is a significant change in Japan's operating environment that is conducive to higher profitability and leads to stronger capital generation.

Factors that could lead to a downgrade

SMBC's BCA could be downgraded if SMFG's net income/tangible banking asset declines sustainably below 0.25%; problem loans/gross loans increases above 1.5%; consolidated tangible common equity (TCE)/risk-weighted assets (RWA) or TCE ratio declines below 10% on a sustained basis; or overall risk profile increases significantly because of acquisitions, expansions or a change in risk appetite.

SMFG's rating could be downgraded if we assess government support for the group or for particular debt class(es) such as junior securities has declined.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Sumitomo Mitsui Financial Group, Inc. (Consolidated Financials) [1]

	03-24[2]	03-23[2]	03-22[2]	03-21[2]	03-20[2]	CAGR/Avg.[3]
Total Assets (JPY Trillion)	295.2	270.4	257.7	242.6	219.9	7.6[4]
Total Assets (USD Billion)	1,950.8	2,031.9	2,123.2	2,195.3	2,036.6	(1.1)[4]
Tangible Common Equity (JPY Trillion)	11.3	10.4	9.6	8.9	8.5	7.5[4]
Tangible Common Equity (USD Billion)	74.7	78.0	79.2	80.9	78.5	(1.2)[4]
Problem Loans / Gross Loans (%)*	1.0	0.9	1.3	1.1	0.8	1.0[5]
Tangible Common Equity / Risk Weighted Assets (%)	12.0	13.1	12.7	13.0	13.4	12.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	8.4	8.3	11.1	9.8	7.0	8.9[5]
Net Interest Margin (%)	0.7	0.7	0.7	0.6	0.7	0.7[5]
PPI / Average RWA (%)	1.9	1.6	1.7	1.6	1.6	1.7[6]
Net Income / Tangible Assets (%)	0.4	0.3	0.3	0.3	0.3	0.3[5]
Cost / Income Ratio (%)	58.7	61.6	60.4	63.4	63.3	61.5[5]
Market Funds / Tangible Banking Assets (%)	21.1	19.9	22.4	21.5	22.5	21.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	52.1	52.1	54.4	55.5	52.7	53.4[5]
Gross Loans / Due to Customers (%)	59.6	57.3	56.2	55.1	60.1	57.7[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods. [*] The definitions relating to risk-monitored loans previously disclosed under the Banking Act for problem loans have been revised to make them consistent with the definitions relating to non-performing loans disclosed under the Financial Reconstruction Act since the end of March 2022.

Sources: Moody's Ratings and company filings

Profile

Headquartered in Tokyo, SMFG is one of the largest financial groups in Japan, with a number of enterprises operating under its umbrella — the retail/wholesale bank SMBC, the securities company SMBC Nikko Securities Inc. (A1 stable) and several other entities, which together provide a comprehensive array of financial services.

Detailed credit considerations

Low asset risk, reflecting strong loan quality, declining Japanese equities holdings and low exposure to capital markets

Strong Loan quality

Our assigned A1 Asset Risk score reflects SMFG's strong loan quality and low exposure to capital markets.

The group's consolidated nonperforming loan (NPL) ratio decreased to 0.71% as of the end of June 2024 from 0.79% a year earlier. Overseas loans, constituting around 38% of total loans as of the end of June 2024, are performing well. The bank's unconsolidated overseas problem loans/total overseas loans of 0.58% as of the end of March 2024 was lower than the ratio for its domestic loans by seven basis points. In addition, SMFG's overseas loans are geographically diversified, with around 31.3% in Asia-Pacific, 40.5% in Americas and 28.2% in EMEA as of the end of June 2024.

However, overseas loans present unseasoned risks. In the US, the group is expanding its capital markets business by collaborating with Jefferies Financial Group Inc. (Baa2 stable), while in Asia it has acquired stakes in several domestic banks and non-bank financial institutions in high-growth but high-risk markets like India, Indonesia, the Philippines and Vietnam. These investments between the fiscal year that ended March 2021 (fiscal 2020) and fiscal 2023 totaled ¥800 billion, or representing 7% of TCE as of the end of March 2024, with a notable ¥46 billion impairment on Vietnam's VPBank SMBC Finance Company Limited (B1 negative) in fiscal 2023 because of weak economic growth. We expect SMFG to maintain its conservative risk appetite in the international business in line with the group's targeted return of 11% of Common Equity Tier 1 for fiscal 2025, up marginally from 10.5% in fiscal 2023.

As of the end of March 2024, SMFG had ¥0.3 trillion exposure to US office commercial real estate (CRE), which faces higher credit risk in the current interest rate environment. Nonetheless, its US office CRE exposure represented 3% of the group TCE and the company has sufficient capital to absorb unexpected losses.

Divestiture of the Japanese equity portfolio reduces asset risk
In May 2023, SMFG announced a plan to divest ¥380 billion of domestic listed equities (based on book value) between the end of March 2020 and the end of March 2026, which is an acceleration from the original divestment plan of ¥300 billion between the end of March 2020 and the end of March 2025. This divestment will further reduce the size of the domestic listed equity portfolio (based on the market value) to below 20% of consolidated net assets by during SMFG's next medium-term management plan (fiscal 2026-28). Between fiscal 2020 and Q1 fiscal 2024, SMFG sold around ¥331 billion of or 87% of the planned ¥380 billion. In addition, it had obtained an agreement from its clients to sell additional stock worth around ¥114 billion (based on book value) as of the end of June 2024.

The decline in SMFG's equity holdings is credit positive because it will lower risk from stock price fluctuations, unlock unrealized gains and reduce regulatory capital volatility.

Limited bond portfolio interest rate risk
The financial impact from a sharp rise in Japanese domestic interest rates will be limited because of the short duration and the small size of SMFG's domestic bond portfolio. As of the end of June 2024, SMFG's domestic bond portfolio totaled ¥11.7 trillion, or 3.9% of its total assets, with an average duration of 1.8 years on available-for-sale (AFS) securities, a reduction from 2.6 years a year earlier. On the other hand, the balance of held-to-maturity securities remains very low at 0.1% of total assets as of the same period. We estimate a sudden 100-basis-point increase in domestic interest rate will result in unrealized losses of around ¥211 billion or only 1.8% of SMFG's pro forma TCE capital as of the end of June 2024. Furthermore, the credit risk of the portfolio is low because around 73% of the domestic bond portfolio comprises Japanese government bonds (JGBs), with the remainder mostly comprising high-quality municipal and corporate bonds.

However, the valuation of SMFG's foreign bond portfolio is more vulnerable to the changes in US dollar interest rates because the portfolio duration was much longer at around 4.3 years as of the end of June 2024. Nonetheless, unrealized losses on its foreign bond portfolio decreased to ¥795.7 billion (before applying hedging position), or 6.7% of the group's pro forma TCE capital, as of the end of June 2024, from ¥873.2 billion a year earlier because of the shortened average duration. We also expect the high interest rates to gradually boost SMFG's interest income as maturing bonds are replaced with ones with higher coupons over time. In addition, we do not expect significant losses to emerge from SMFG's foreign bond portfolio because the portfolio is small (¥20.0 trillion, or 6.6% of total assets as of the end of June 2024), highly liquid and managed within the bank's risk appetite framework, which includes stop-loss triggers.

Small scale of capital market operations
Capital market income will remain a small part of SMFG's business. It accounted for around 10% of SMFG's revenue for fiscal 2023, which is one of the lowest within our rated foreign peer group.

Adequate capital

The baa2 Capital score reflects our expectation that SMFG's TCE ratio will remain at or above 11% over the next 12-18 months. SMFG's TCE ratio as of the end of March 2024 declined to 12.0% after the Basel III phase-in because of higher RWA, from 13.1% a year earlier, and this level is modest among a3 BCA peers. We also consider the benefits of the large unrealized gains on domestic equities, although they are offset by its high nominal leverage.

We expect SMFG's capital to remain stable in line with the group's target CET1 ratio of 9.5%-10.5% on a Basel III finalized fully loaded basis (excluding unrealized gains on AFS securities) in the next two to three years. SMFG's fully loaded Basel III CET1 ratio was 10.3% as of June 2024 (excluding unrealized gains on AFS securities).

As of the end of June 2024, SMFG had around ¥2.7 trillion of unrealized gains on domestic equities, which represents 2.8% of the group's regulatory RWA providing an additional source of capital in times of need.

Similar to that of most other Japanese banks, SMFG has high nominal leverage, which is reflected in the group's low TCE/tangible banking assets of 3.9% as of the end of March 2024. Under our Banks methodology, a bank is considered to have high nominal leverage when the ratio is less than 5%. However, the risks associated with SMFG's high nominal leverage are mitigated by the fact that more than a quarter of its total assets are in cash, which we consider very low risk.

Improving recurring profitability

Our assigned ba1 Profitability reflects gradual improvement in SMFG's recurring profitability and earnings stability underpinned by a high share of fee income and business diversification. A gradual rise in domestic interest rates will boost net interest margin, which will more than offset increases in loan loss provisions because of an increase in loan delinquencies because of higher rates.

We expect the group's profitability to improve over the next 12-18 months, driven by higher revenue and reduced expenses, contributed mostly by the retail business. In the retail business, SMFG plans to improve revenue and cut costs through the use of digital payment and finance infrastructure. SMFG expects to improve net business profit of the retail business to 8% of CET1 by fiscal 2025 from 3% in fiscal 2023. The group's efforts to reduce low-yielding assets and improve risk-adjusted returns without substantially increasing risk appetite will also boost profitability. We expect the Bank of Japan's (BOJ) decision to increase short-term interest rates in March and July 2024 to help improve the group's return on assets by 0.02% in fiscal 2024. The company's profitability, measured as net income / tangible assets, improved to 0.37% for fiscal 2023 from 0.29% a year earlier.

Nevertheless, SMFG's profitability is low compared with that of its global peers because of low domestic interest rates and severe competition among Japanese banks. About 60% of the group's credit exposure was in Japan as of the end of June 2024 although overseas loans are growing.

SMFG's credit costs/gross loans remains low although it increased marginally to 0.26% in fiscal 2023 from 0.21% a year earlier. Credit costs in the first three months of fiscal 2024 were ¥29.2 billion, or 0.11% (annualized), compared with the group's projected ¥260 billion in fiscal 2024.

Fees and commissions made up 40% of its gross business profit for fiscal 2023, which is significantly higher than the 20%-30% industry average for Japanese commercial banks and supports earnings stability.

Strong liquidity

Our assigned Combined Liquidity score is a2. Liquid resources, including cash, comprise more than 50% of the tangible banking assets and are around 2.5 times its market funding.

The a3 Funding Structure score reflects the group's high reliance on relatively sticky wholesale investors, with very limited reliance on short-term funding and interbank funding.

The a1 Liquid Resources score reflects our view that some liquid banking assets are not immediately available to repay the bank's obligations because they are used as collaterals.

Japanese yen

SMFG's domestic funding and liquidity are key credit strengths, supported by its strong domestic franchise, low loan-to-deposit ratio and access to sticky retail deposits. The loan-to-deposit ratio was low at about 50% as of the end of June 2024, and around half of the bank's domestic deposits as of the end of June 2024 were from its retail customers.

Foreign currency

The group's foreign-currency funding is not as strong as yen funding and poses risks during times of market volatility. SMBC's overseas loan balance as of the end of June 2024 totaled $284 billion, while its overseas deposits amounted to $230 billion. The funding gap was more than offset by the issuance of senior unsecured bonds and currency swaps with Japanese yen, which have staggered maturities to help control refinancing risk. As of the end of June 2024, SMFG held around $139 billion in outstanding foreign-currency bonds and currency swaps.

SMFG also had about $80 billion of outstanding certificates of deposits and commercial paper as of the end of June 2024, which help diversify its foreign-currency funding. However, we do not regard them as stable funding sources because they are short term in nature and highly sensitive to changes in market confidence.

Japanese banks, including SMFG, face difficulties in obtaining stable foreign-currency liquidity to fund their growing overseas loan portfolio. If SMFG requires alternative liquidity, a portion of its JGB holdings, totaling ¥8.6 trillion as of the end of June 2024, can be used as collateral at the Federal Reserve discount window and for foreign-currency borrowing from the BOJ.

SMBC's BCA is supported by its Strong macro profile

Banks in Japan benefit from operating in an economy with substantial economic and institutional strength. The Japanese banking system's Strong macro profile reflects the country's very large, diverse and wealthy economy, tempered by ultralow interest rates and a highly competitive operating environment that hampers banks' ability to generate profit and capital.

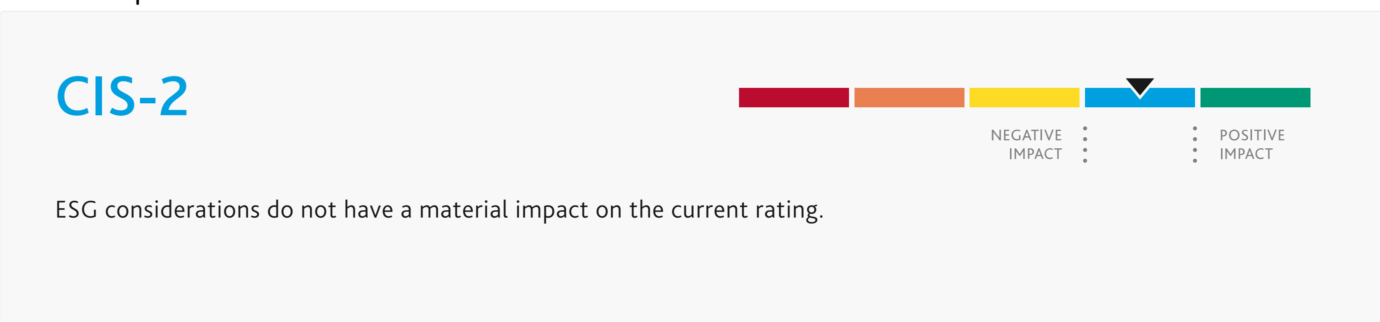
In July 2024, following the discontinuation of its yield curve control and negative interest rate policy in March, the BOJ raised its short-term interest rate to 0.25%, an increase from the prior range of 0% to 0.1%. As domestic interest rates rise, banks' loan-deposit spreads will widen, while a shift of cash holdings to Japanese government bonds will provide a gradual boost to asset yields. While we expect the BOJ to change its monetary policy in a gradual and balanced manner, structural challenges such as fierce banking competition and an aging and shrinking population will continue to hurt Japanese banks, whose systemwide loan-to-deposit ratio is less than 70%.

The banking system's structural rigidity slows consolidation and systemwide cost rationalization. Additionally, competition makes it difficult for banks to increase service fees. Operating expenses have been declining gradually; however, they remain high because of increases in technology costs and compliance-related expenses, which offset modest cost savings derived from branch consolidation and automation.

ESG considerations

Sumitomo Mitsui Financial Group, Inc.'s ESG credit impact score is CIS-2

Exhibit 3
ESG credit impact score



Source: Moody's Ratings

Sumitomo Mitsui Financial Group's Inc.'s (SMFG) **CIS-2** indicates that ESG considerations are not material to the rating because the very high level of government support mitigates the impact of environmental, social and governance risks on the ratings. The group's high social risks associated with Japan's aging and shrinking population are offset by its strong financial strategy, risk management and governance framework.

Exhibit 4
ESG issuer profile scores

Source: Moody's Ratings

Environmental

SMFG faces moderate exposure to carbon transition risk because of its exposure to carbon-intensive sectors. Like its peers, SMFG is facing mounting regulatory and stakeholder pressure to meet broader carbon transition goals. However, the risk is mitigated by the bank's diversified portfolio and its strategy to transitioning its lending and investment portfolios to carbon neutrality targets. Also, SMFG's physical climate risks are manageable.

Social

SMFG faces high social risks. Cyber security and customer privacy risks are mitigated by sizable technology investments and the firm’s long track record of handling sensitive client data. Changing demographics are a particular concern in Japan, where the population has been both shrinking and aging over the past few decades. However, SMFG is better placed to overcome these difficulties because it has the resources to invest in new businesses and diversify away from domestic interest rate-related income.

Governance

SMFG faces low governance risks. SMFG has strong corporate governance practices, a successful track record and generally conservative financial policies. The risk management function has shown a conservative and proactive stance, despite the firm’s complex organizational structure. SMFG has a diversified board with various backgrounds and diverse expertise and experience. SMFG's management has a credible track record of maintaining stability in earnings and financial soundness.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Japan does not have an operational bank resolution regime. Therefore, we apply a Basic Loss Given Failure approach, which notches junior debt classes from the Adjusted BCA, in rating Japanese banks' junior securities. Although we generally assess the probability of government support for a bank's junior obligations as low, we see a very high probability of support for SMFG, resulting in a two-notch uplift from the Preliminary Rating (PR) Assessment to the bank's legacy senior subordinated debt rating.

Basel III-compliant subordinated debt issued by SMFG

SMFG's subordinated bonds with a contractual point of non-viability loss-absorption features (Basel III Tier 2 bonds) are rated A2(hyb), which reflects our assumption of very high government support probability. Under the Japanese support framework, there is no burden sharing in the event of capital or liquidity support for solvent financial institutions. The preemptive support will strengthen the viability of solvent financial institutions, which will continue to service all of their debt obligations. Therefore, we assign the same support probability to all debt classes of SMFG and SMBC. The a3 BCA and Adjusted BCA capture the probability of default in the absence of government support.

SMFG’s senior unsecured debt

The A1 rating assigned to the senior unsecured bonds issued by SMFG is higher than the standard guideline provided in our Banks methodology, reflecting two notches of government support uplift for its main operating bank subsidiary, SMBC. This reflects our incorporation of a very high level of government support probability in both the senior unsecured bond rating of SMFG and the deposit rating of SMBC.

Legacy subordinated debt

The legacy senior subordinated debt of SMBC is rated A2, an uplift of two notches from the PR Assessment of baa1.

SMFG's Additional Tier 1 securities

The perpetual, non-cumulative and subordinated Additional Tier 1 (AT1) securities issued by SMFG are rated Baa3(hyb), three notches below the bank's a3 Adjusted BCA.

Counterparty Risk (CR) Assessments

SMBC's CR Assessment is A1(cr)/P-1(cr)

SMBC’s CR Assessment, before government support, is one notch above its Adjusted BCA of a3, reflecting our view that its probability of default is lower than that of deposits. Senior obligations represented by the CR Assessment are more likely to be preserved to limit contagion, minimize losses and avoid disruption of critical functions.

SMBC’s CR Assessment also benefits from one notch of government support.

Our standard approach is to reflect the same level of support as that incorporated into the bank deposit rating. This reflects our view that any support provided by the authorities to a bank that benefits senior unsecured debt or deposits is very likely to also benefit the operating activities and obligations reflected by the CR Assessment.

This approach is consistent with our belief that governments are likely to maintain such operations to reduce contagion and preserve a bank's critical functions. However, in cases where the standard approach will result in a long-term CR Assessment above Japan's sovereign debt rating of A1, we reduce government support, such that the CR Assessment would not exceed Japan's sovereign rating.

Counterparty Risk Ratings (CRRs)

SMBC's CRRs are A1/P-1

We consider Japan a jurisdiction with a nonoperational resolution regime. For nonoperational resolution regime countries, the starting point for the CRRs is one notch above the bank's Adjusted BCA, to which we then typically add the same notches of government support uplift as applied to the CR Assessment.

Government support

SMBC's deposit rating is at A1. The rating is derived from the combination of its a3 Adjusted BCA and our assessment of a very high likelihood of support from the Japanese government because of the bank's position as one of the largest financial groups in Japan by assets, with a critical mass in retail/wholesale banking because of its status as a commercial bank.

SMBC Bank International plc (SMBC BI)'s deposit rating is A1. The rating is derived from our view that SMBC BI is a highly integrated and harmonized subsidiary of SMBC. Accordingly, both the standalone credit assessment and the supported rating of SMBC BI are equalized to the level of SMBC. SMBC has provided a keepwell agreement to SMBC BI.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may significantly differ from that suggested by raw data alone (although it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 5
Rating Factors

Macro Factors		
Weighted Macro Profile	**Strong**	**100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.1%	a1	↔	a1	Quality of assets	Expected trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	12.0%	baa2	↔	baa2	Risk-weighted capitalisation	Expected trend
Profitability						
Net Income / Tangible Assets	0.3%	ba3	↔	ba1	Return on assets	Earnings quality
Combined Solvency Score		baa1		baa1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	21.1%	baa2	↔	a3	Market funding quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	52.1%	aa3	↔	a1	Quality of liquid assets	
Combined Liquidity Score		a3		a2		
Financial Profile				a3		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				A1		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	1	0	a2	1	A1	A1
Counterparty Risk Assessment	1	0	a2 (cr)	1	A1(cr)	
Deposits	0	0	a3	2	A1	A1
Senior unsecured bank debt	0	0	a3	2	(P)A1	A1
Senior unsecured holding company debt	-1	1	a3	2	(P)A1	A1
Dated subordinated bank debt	-1	0	baa1	2	A2	
Dated subordinated holding company debt	-1	0	baa1	2	(P)A2	A2 (hyb)
Holding company non-cumulative preference shares	-1	-2	baa3	0		Baa3 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 6

Category	Moody's Rating
SUMITOMO MITSUI FINANCIAL GROUP, INC.	
Outlook	Stable
Issuer Rating	A1
Senior Unsecured	A1
Subordinate	A2 (hyb)
Pref. Stock Non-cumulative	Baa3 (hyb)
ST Issuer Rating	P-1
SMBC BANK INTERNATIONAL PLC	
Outlook	Stable
Bank Deposits	A1/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	A1(cr)/P-1(cr)
SUMITOMO MITSUI BANKING CORP., BRUSSELS BR	
Counterparty Risk Rating	--/P-1
Counterparty Risk Assessment	P-1(cr)
Commercial Paper -Dom Curr	P-1
SUMITOMO MITSUI BANKING CORP., CANADA BR	
Outlook	Stable
Counterparty Risk Rating	A1/--
Deposit Note/CD Program -Dom Curr	(P)A1/--
Counterparty Risk Assessment	A1(cr)
SUMITOMO MITSUI BANKING CORP., DUSSELDORF BR	
Counterparty Risk Rating	--/P-1
Counterparty Risk Assessment	P-1(cr)
Commercial Paper -Dom Curr	P-1
SUMITOMO MITSUI BANKING CORP., NEW YORK BR	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
SUMITOMO MITSUI BANKING CORPORATION	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Subordinate -Dom Curr	A2
Commercial Paper	P-1
Other Short Term	(P)P-1
SMBC CAPITAL MARKETS, INC.	
Outlook	Stable
Bkd Sr Unsec MTN	(P)A1
Bkd Commercial Paper	P-1
Bkd Other Short Term	(P)P-1
SUMITOMO MITSUI BANKING CORP., SINGAPORE BR	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Deposit Note/CD Program -Dom Curr	(P)A1/(P)P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
SUMITOMO MITSUI BANKING CORP., SYDNEY BR	

Outlook	Stable
Counterparty Risk Rating	A1/P-1
Deposit Note/CD Program	(P)A1/(P)P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
SMBC NIKKO SECURITIES INC.	
Outlook	Stable
Issuer Rating -Dom Curr	A1
Bkd Sr Unsec MTN -Dom Curr	(P)A1
ST Issuer Rating -Dom Curr	P-1
Bkd Other Short Term -Dom Curr	(P)P-1
SUMITOMO MITSUI BANKING CORP., HONG KONG BR	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Deposit Note/CD Program -Dom Curr	(P)A1/(P)P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)

Source: Moody's Ratings

Endnotes

1 The ratings shown in this report are the bank's deposit rating, senior unsecured debt rating and Baseline Credit Assessment.

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