

【NEWS RELEASE】

November 7, 2023

Sumitomo Mitsui Financial Group, Inc.

Transfer of Shares of SMBC Rail Services LLC

TOKYO, November 7 2023 --- Sumitomo Mitsui Financial Group, Inc. (President and Group CEO: Jun Ohta; henceforth referred to as “SMFG”, and the Group collectively, as “SMBC Group”) subsidiary, SMBC Americas Holdings, Inc. has reached an agreement to transfer its entire interest in SMBC Rail Services, LLC (“SMBC RS”), an U.S. freight car leasing subsidiary, to ITE Management LP (“ITE”), an U.S. investment company (the “Transfer”). The completion of the Transfer is subject to customary conditions to closing, including receipt of customary regulatory approvals.

With the acquisition of Flagship Rail Services, LLC in 2013 and American Railcar Leasing in 2017, SMBC RS has become a leading freight car leasing company in the U.S. with over 50,000 freight cars. However, under the recent financial regulatory environment, SMBC RS, as a subsidiary of a financial institution, is required to fully comply with regulations. While at the same time, as a result of the restructure of the freight car leasing industry and changes in the business environment, it has become an issue to further expand its business to improve efficiency and maintain competitiveness. Considering this situation, SMBC Group has decided to transfer SMBC RS to ITE, which is another leading freight car leasing company in the industry, in order to maximize the value of SMBC RS.

One of the SMBC Group's strategies in its medium-term management plan, "Plan for Fulfilled Growth," which started in April 2023, is dynamic reallocation of management resources. SMBC Group aims to realize a more capital-efficient business portfolio and resilient business operations by reallocating the management resources to growth areas such as CIB business, Sales & Trading, and Digital Bank (Jenius Bank), as well as to measures that will contribute to strengthening the management foundation.

The Transfer is expected to result in an after-tax loss¹ of approximately US\$560 million in the SMFG's consolidated financial results for the third quarter of the fiscal year ending March 2024. The revision of full-year forecast for the fiscal period ending March 2024 is under examination including the financial impact of this event.

SMBC Group will continue to work with all stakeholders to achieve sustainable growth and increase shareholder value over the long term.

¹ The amount of loss is calculated based on the SMBC RS net asset forecast at the time of the agreement on the Transfer and is subject to change.