

SMBC GROUP ANNUAL REPORT

2024

YEAR ENDED MARCH 31, 2024

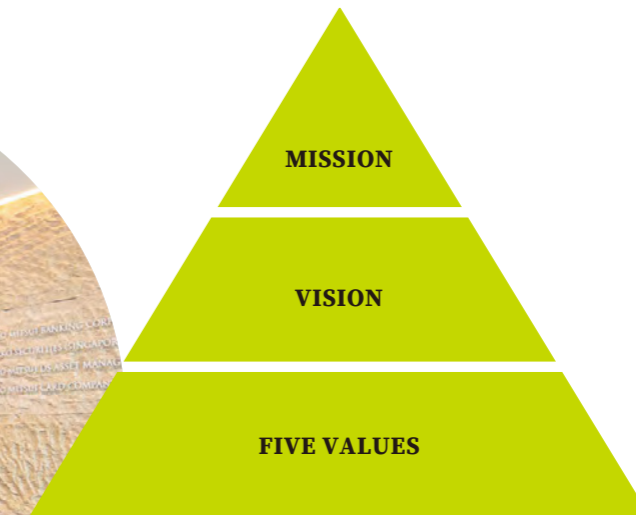


MISSION & VISION & FIVE VALUES

“Our Group Mission,” which serves as the foundation for all of our corporate activities, portrays our mission toward stakeholders.

“Vision” is our medium- to long-term aim for the Group.

“Five Values” represent the core values we share with all SMBC Group employees.



MISSION

We grow and prosper together with our customers, by providing services of greater value to them.
We aim to maximize our shareholders' value through the continuous growth of our business.
We create a work environment that encourages and rewards diligent and highly-motivated employees.
We contribute to a sustainable society by addressing environmental and social issues.

VISION

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

FIVE VALUES

Integrity

As a professional, always act with sincerity and a high ethical standard.

Customer First

Always look at it from the customer's point of view, and provide value based on their individual needs.

Proactive & Innovative

Embrace new ideas and perspectives, don't be deterred by failure.

Speed & Quality

Differentiate ourselves through the speed and quality of our decision-making and service delivery.

Team "SMBC Group"

Respect and leverage the knowledge and diverse talent of our global organization, as a team.

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Editorial Policy

SMBC GROUP ANNUAL REPORT 2024 is designed to convey financial and non-financial information about the overall picture, business strategy, and corporate infrastructure of SMBC Group. It has been compiled with reference to the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) in December 2013.

The appendix in the back of this report contains more detailed information on the Group. Additional information on our sustainability initiatives can be found on the Company's website.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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 management 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 condition and our operating results, and investors' decisions.

Scope of Report

Period covered:

FY2023 (April 2023 to March 2024)

Some subsequent information is also included.

Organizations covered:

Sumitomo Mitsui Financial Group and its subsidiaries and affiliates

Published:

August 2024



"SMBC" has been designated as the corporate group's master brand. All Group companies use the SMBC logo and promote the SMBC brand in order to enhance the brand power of the entire SMBC Group.

Rising Mark

The Rising Mark is the upward curving strip seen beside the letters "SMBC." This mark indicates our desire for the Group to grow together with our customers, shareholders, and society by providing high-value-added, cutting-edge, and revolutionary services.

Corporate Colors

The fresh green color (color of young grass) of the Rising Mark symbolizes youthfulness, intellect, and gentleness while the trad green (deep, dark green) background presents tradition, reliability, and stability.

An Era of Economic Growth

1960's

Japan entered an era of rapid economic growth with an average real GDP growth rate of 10%. Mitsui Bank and Sumitomo Bank, the predecessors of Sumitomo Mitsui Banking Corporation, supported this growth through the proactive supply of financing.

1980's

Corporates expand their capital expenditures and financial operations by low interest rates and low-cost financing from capital markets with the arrival of the Bubble Economy. At the same time, the competitive environment for banks intensified, as a result of interest rate liberalization, etc. Banks increased high-risk, high-return lending such as real estate investment and financial engineering.

An Era of Stagnation

1990's

Although the bursting of the Bubble Economy turned the disposal of bad loans into a major challenge for banking management, the "Japanese Big Bang" expanded the scope of banks' operations. Banks began to draw up growth strategies taking advantage of this expanded scope of business, while strengthening defenses against financial instability. Sakura Bank and Sumitomo Bank also steered a course toward merger.

2000's ~ 2010's

Sumitomo Mitsui Financial Group, following the establishment, added new functions to the Group in the areas of consumer finance and securities, and spread our operational and geographic wings to work toward top-line growth. The non-performing loan ratio, which had weighed heavily on our business, was reduced by half after the merger, and public funds were fully repaid in 2006. At the same time, we were forced to adapt to changes of the environment, including a global financial crisis, negative interest rate policy in Japan, and the resolution of Base III finalization.

An Era of Fulfilled Growth

2020's

In the wake of the era of economic growth and the era of stagnation mired in bursting of the Bubble Economy and deflation, the social issues humanity faces today, including global warming, violations of human rights, and the spread of poverty and inequality, keep growing in scale and severity. SMBC Group will leverage the business infrastructure to contribute to "Fulfilled Growth" where people feel fulfilled as economic growth accompanies the resolution of social issues.

- 2021** Invested in RCBC
Invested in Jefferies
FE Credit becomes an equity-method affiliate
Fullerton India (now SMFG India Credit Company) becomes a subsidiary
- 2022** Invested in SBI Holdings
- 2023** CCCMK Holdings becomes an equity-method affiliate
RCBC becomes an equity-method affiliate
VPBank becomes an equity-method affiliate
- 2024** OTO/SOF becomes a subsidiary

- 2001** Sumitomo Mitsui Banking Corporation established
- 2002** Sumitomo Mitsui Financial Group established
- 2004** Promise (now SMBC Consumer Finance) becomes an equity-method affiliate
- 2009** Nikko Cordial Securities (now SMBC Nikko Securities) becomes a subsidiary
- 2012** Promise becomes a subsidiary
SMBC Aviation Capital becomes a subsidiary
- 2013** Bank BTPN becomes an equity-method affiliate
Societe Generale Private Banking (now SMBC Trust Bank) becomes a subsidiary
- 2015** The Bank of East Asia becomes an equity-method affiliate
- 2016** Sumitomo Mitsui Asset Management becomes a subsidiary
- 2018** Sumitomo Mitsui Finance and Leasing is disconsolidated, and becomes an equity-method affiliate
- 2019** Bank BTPN becomes a subsidiary
Sumitomo Mitsui DS Asset Management established



A History of Standing Side-by-Side with Customers and Society

SMBC Group has long inherited the business spirit of Mitsui and Sumitomo, creating social value while standing side-by-side with customers and society. With this spirit, we will continue to take initiative in economic growth and resolution of social issues to contribute to "Fulfilled Growth" where people feel fulfilled.

MITSUI

Innovation of Business Practices
Achieved better life for people in the city of Edo by anticipating potential needs

SUMITOMO

Revitalization of Land Damaged by Copper Mines
Put efforts into reforestation under the spirit, "benefit self and benefit others, private and public interests are one and the same"



Message from group CEO

Make a breakthrough.

Toru Nakashima
Director President and Group CEO

The Responsibility and Determination Necessary to Inherit the Ball of Corporate Leadership

Offload Pass. In rugby, this is a maneuver in which the player with the ball, while being tackled, hands it off to his teammate running behind him. The player releases the ball with an unwavering trust that his teammate will successfully receive the pass and continue the play. My predecessor, Jun Ohta, never gave up in his battle against his illness and kept on pushing forward until the very end. He passed away on November 25, 2023, while still pushing forward and firmly passed the ball of corporate leadership to the next generation.

For many years, I ran side-by-side with Mr. Ohta and witnessed firsthand his powerful drive and commitment as SMBC Group made great progress as a consolidated financial group under his leadership. He was a business leader who embodied the “Think Big, Start Small” mentality. When making an important decision, he always applied a bird’s-eye view while considering relevant matters from

a long-term perspective. After deciding upon a direction, Mr. Ohta would focus on producing the expected results. By continuously applying this mentality, he was able to build an impressive track record. He was also a business leader who had a big heart. Whenever I was unsure how to proceed with a certain matter and consulted with Mr. Ohta, he would always encourage me by saying, “Don’t worry so much. Do your best.”

I was officially appointed as the successor and Group CEO on December 1 after taking on the role of acting president, entrusted with the ball of corporate leadership that Mr. Ohta had carried. I was filled with deep sorrow, and I would be lying if I said I wasn’t nervous about taking on this critical role in such an unexpected and sudden manner. However, we cannot stop while the ball is still in play. I committed myself to pushing forward, keeping firmly in mind the responsibility of carrying on his vision.

My First Step as Group CEO

The first thought that came to my mind was that Mr. Ohta's sudden passing would have been received as complete surprise both internally and externally, and there were sure to be stakeholders who felt uneasy about SMBC Group's business directions, etc. As such, after being named Group CEO I immediately communicated with our stakeholders to reassure them that there would be no change in SMBC Group's business directions and strategies in spite of a change in leadership.

I particularly focused on quickly removing any confusion and unease among SMBC Group employees, as it was essential to prevent any disruption to the quality of service we provide to our customers. On December 8, the week following my official designation as Group CEO, I communicated with our senior managers via the Executive Officers Meeting, and on December 11, I sent out a Group-wide email to all of our employees. Through such efforts, I conveyed the message that we will join together and overcome any challenges we may face.

For our shareholders and investors, in addition to holding an investors meeting on December 18, I traveled to Europe, including the UK, in January and met with major investors to directly convey my vision and thoughts

as the new Group CEO. At the same time, I spoke with key customers and business partners with whom Mr. Ohta had developed direct ties to request their continued support and coordination. On March 7, we held a special ceremony to pay our final respects to Mr. Ohta.

By communicating with our stakeholders, I was able to maintain our momentum and bring FY2023 to a strong finish. Thanks to our various stakeholders, we were able to declare a record profit for Mr. Ohta's final year as Group CEO. I would like to take this opportunity to once again express my sincere appreciation.



My Vision for SMBC Group

In the six months that have passed since I became Group CEO, I have spent a lot of time thinking about the ball passed to me by Mr. Ohta. I have also carefully considered my vision for SMBC Group, which I am striving to realize while working each day to ensure the smooth transition of our management team.

What does the ball I inherited consist of? One key component is the unwavering trust of our stakeholders that our predecessors and employees have built over the years. It goes without saying that this is SMBC Group's most important asset. I believe this trust is built upon our corporate DNA as merchants, which has been passed down through the centuries by our predecessors at Mitsui and

Sumitomo. These two companies, which began as kimono merchants and copper smelters respectively, both have a history of growth and development spanning more than 300 years. Our corporate DNA, as excellent merchants, made this story of growth and success possible. Our forebears thought for themselves, displayed courage, and acted boldly when required. Rather than being blinded by self-interest, they carefully nurtured their businesses in the spirit of *sampo-yoshi* – valuing actions that benefit not only the company but society and customers as well.

Another item I inherited is the two “wings” -- business scope and operating region -- that have grown over the past 20-odd years since the launch of SMBC Group. Estab-

Keeping this ball, containing the assets and strengths built up by our predecessors, close to our hearts, we will pursue SMBC Group's 2030 Vision of becoming “a trusted global solution provider committed to the growth of our customers and advancement of society.”

lished in 2002, we have steadily expanded our presence in terms of both business scope and operating region, growing from a domestic, commercial bank centered business model in response to the changing business environment and the needs of customers and society. In terms of our business scope, we have grown into a top-level financial conglomerate in Japan by acquiring and developing credit card, leasing, IT/think tank, consumer finance, securities, trust banking, and asset management businesses. As for our operating region, in addition to our traditional focus of supporting Japanese corporations to expand overseas, we have focused on deepening transactions with foreign corporations and strengthening our capabilities in project finance and other businesses requiring high levels of expertise. At the same time, through investments and acquisitions, we have established a presence in aircraft leasing, overseas securities, and Asian commercial banks/non-banks. We are now a global financial institution in which more than half of our employees are stationed outside of Japan. By expanding our two wings in this manner, SMBC Group has been able to considerably increase our market capitalization by meeting and exceeding the market's expectations while enhancing our status within Japan's financial sector and among Japan's megabanks.

Keeping this ball, containing the assets and strengths built up by our predecessors, close to our hearts, we will pursue SMBC Group's 2030 Vision of becoming “a trusted global solution provider committed to the growth of our customers and advancement of society.” This Vision was established in 2019 when Mr. Ohta was named Group CEO,

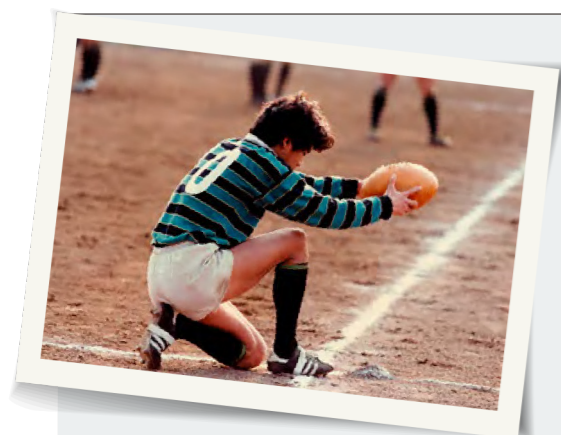
and I assumed the position of Group CFO and CSO. The concept of “trusted” stated at the beginning of our Vision has been passed down as a basic management principle since the establishment of SMBC Group. I want to make sure that this “trust” continues to be passed on, and I want us to fulfill our responsibilities as a public institution “committed to the growth of our customers and society” as stated in our Vision. By doing so, I want to establish SMBC Group as the most trusted brand in its field.

The word “global solution provider” represents two thoughts. The first is “global.” This means becoming a player that has a solid presence and track record in the global market based on a robust management foundation in Japan. The second is “solution provider.” This reflects our belief that it is no longer enough to stay within the framework of financial institutions to solve the problems of our customers and society. I want to make SMBC Group soar to new heights by further expanding and strengthening our two wings.

My vision cannot become a reality by my efforts alone. As in rugby, teammates who share the same vision are essential to success. SMBC Group has more than 120,000 talented employees spread across 38 countries and regions who share the same aspirations. Social and economic value that SMBC Group creates is the result of each one of our 120,000 employees, who come from a diverse range of backgrounds, creating their own unique value. As Group CEO, I want our employees to place great value on “Integrity,” “Passion,” and “Solidarity.” “Integrity” reflects our desire to become true professionals who go beyond com-

plying with the applicable rules and regulations. We must face our customers head-on in a fair and sincere manner and win in a proper way in the arena of business. “Passion” reflects our unwavering commitment and desire to contribute to our customers and society, and our desire to proactively take appropriate risks that will lead to the growth of our customers and of SMBC Group. “Solidarity” reflects our commitment to creating a strong “One Team.” That means gathering our diverse strengths together into a scrum and drawing out each other’s strengths by helping, supporting,

and competing together. In addition, I established “Make a breakthrough.” as the shared slogan of SMBC Group. This carries on the essence of Mr. Ohta’s slogan “Break the Mold,” which reflected his desire to transform our mindsets by getting rid of stereotypes, as well as our focus on the logic of precedent and organization. My slogan reflects my desire to have the courage to take this transformation even further via concrete actions. I want each of our employees to have the “Make a breakthrough.” mentality and work together to realize our Vision.



Rugby and Me

I spent my seven years of high school and university immersed in rugby. My experiences during those years form the basis of who I am today.

During my high school days, we did not win many games, even though we trained very hard. That was a very frustrating experience for me. One memory that particularly stands out is when we lost a match that we absolutely did not want to lose, and we were in tears. Our coach told us: “You should be embarrassed for crying because you lost. You should be thinking about how to get better instead of crying.” My feeling of frustration and determination to win taught me to keep on going and try harder when

my job isn’t going well or when I’m about to give up.

In addition, the values of “Integrity, Passion, and Solidarity” that I communicated to our Group employees are something I borrowed from the core values of World Rugby. Mr. Tetsunosuke Onishi, the father of Japanese rugby, believed the game provided the opportunity to learn fairness and honesty. He repeatedly told his players: “Be fair, be honest” and “There is no meaning in victory if we injure our opponents, even if the rules allowed the play,” even when victory was on the line and both teams were playing intensely. This episode made a lasting impression on me, and I summarized this impression in the value of “Integrity,” which I constantly kept in mind as I carried out my professional duties and share this with our employees.

The finals of the Japan Rugby League One play-off tournament took place in May. Mr. Shota Horie, who retired following the season, said in the post-match interview: “I will not play rugby again, even if I am reborn.” His words remain in my heart. He had truly given 100%. I believe Horie was able to say those words because he had consistently given his all to rugby over the years and he truly had no regrets. I want to be in such a state of mind when I pass the ball I inherited from Mr. Ohta to the next successor. I want to give my whole body and soul to leading SMBC Group.

Column

Enhancing SMBC Group’s Corporate Value

The first step in realizing my vision and enhancing our corporate value is to bring our Medium-Term Management Plan that launched last year to a successful conclusion.

We focused on discipline and accumulated capital during the Plan, which covered FY2017-2019, with the negative interest rate environment and the enhanced capital requirements of Basel III finalization. In the next Plan, covering FY2020-2022, given our increased financial soundness, we shifted our focus to “Transformation & Growth.” Our goal in the current Plan is to further accelerate the good momentum that we have developed so far while at the same time upgrading our various initiatives. SMBC Group will strive to realize “Fulfilled Growth” by following our core policies of “Create Social Value,” “Pursue Economic Value,” and “Rebuild Corporate Infrastructure.”

Our Environment

The current Medium-Term Management Plan started under a cloud of uncertainty triggered by the bank failures in the U.S. However, our business environment has developed into a more positive one than initially projected with the yen’s depreciation, the rising stock markets, and the plateauing of high interest rates in the U.S. acting as tailwinds for our profitability.

If we turn our attention overseas, the Russia-Ukraine war and the conflict in the Middle East show no sign of coming to any form of conclusion, and there are increasing concerns about a slowdown in China’s economy. In addition, we must pay close attention to the fiscal policies and the health of the major economies, the outcome of key elections and their impact on politics, and heightening geopolitical risk. However, the strength of the U.S. economy continues to exceed expectations, despite the current high inflation, and we expect a soft landing.

In Japan, the negative interest rate regime that lasted eight years has been discontinued, and we are finally moving toward the nation’s re growth. In the corporate sector, it is clear that many corporations have undertaken bold investments for growth and daring business structure

reforms with the aim of enhancing their global competitiveness. Many corporations are also engaging in earnest efforts to realize a sustainable society. As for individuals, we expect to see an expansion in consumption resulting from rising wages and an acceleration in the trend of “from savings to asset formation” with the introduction of the new NISA framework and a robust market environment.

SMBC Group, under the healthy business environment, is determined to contribute to Japan’s regrowth by supporting the forward-looking activities of corporate and individual customers. We will proactively engage in healthy risk taking by making bold decisions and carefully judging risks as financial professionals while walking hand-in-hand with our customers.

Pursue even greater heights

While engaging in communications with our investors as Group CEO, I strongly felt the importance of accurately conveying our direction and goals to investors.

Traditionally, SMBC Group has set financial targets as the minimum benchmarks we have to accomplish even in downside scenarios. We would revise our forecasts upward during the fiscal year if the risks we initially assumed did not arise. Especially for FY2023 and the current Medium-Term Management Plan, we set quite conservative assumptions given the backdrop of high uncertainty in global financial markets. As a result, not only did we revise our bottom-line profit target upwards by ¥100 billion during the fiscal year, we exceeded the revised target by more than ¥40 billion. This meant that we had exceeded the Plan’s final year’s profit target in the first year.

While announcing conservative forecasts at the start of the fiscal year helps us to prevent investors from being exposed to the negative surprise of not achieving targets, it can also convey a lack of confidence or the misunderstanding that there are undisclosed risks. Therefore, for FY2024 we based our forecasts on “most likely” scenarios and revised the preconditions on which our business plans had been formulated based on the assumption that the current robust business environment would continue. In

addition, by further advancing the initiatives established under the Medium-Term Management Plan, we are aiming to once again exceed our past profit record, and achieve, for the first time as SMBC Group, a bottom-line profit of more than ¥1 trillion.

At the same time, we have increased our five-year ROE (Return on Equity) target, a timeframe which encompasses the next Medium-Term Management Plan. Last year, we brought forward the Tokyo Stock Exchange standard ROE target of 8% that had originally been planned as the goal for the next Medium-Term Management Plan. We will strive to reach an ROE of 8% by the final year (FY2025) of the current Plan and an ROE of 9% by the final year (FY2028) of the next Medium-Term Management Plan. In order to realize this goal, we will strive to increase our bottom-line profit, the numerator, to a level well above ¥1 trillion.

 See page 022 on "Financial Targets for FY2024 and Financial Results to Achieve in Five Years Time."

Strive to enhance ROE

Our share price has risen significantly over the past year, and our PBR (Price to Book Ratio) recovered from 0.58 as of the end of FY2022 to 0.86 as of the end of FY2023. Furthermore, it reached to 1.0 in July 2024. However, as Group CEO, I firmly believe that this is an issue I must continue to improve. While financial institutions' share prices are quite susceptible to changes in the macro-environment, we will strive to raise both our ROE and PER (Price Earnings Ratio) so that we are able to maintain a PBR over 1.0, even under a challenging business environment.

As for our ROE, we must grow our bottom-line profit, the numerator. We will focus on enhancing asset light businesses which do not rely on our balance sheet, realizing the upside of existing growth investments, and controlling expenses.

On the domestic front, given our expectations that interest rates will rise, we will rebuild our retail business model into a stabler and more efficient one. We will do this through the digital transformation of our business model with Olive as the cornerstone and by working to create and

deploy a consolidated SMBC Group channel that merges our commercial banking, trust banking, and securities capabilities. Through such efforts, we will strive to become No.1 in the domestic retail business sector. Furthermore, in our domestic wholesale business, we will enhance profitability by strengthening our commission-based business that leverages SMBC Group's comprehensive capabilities. An example is enhancing our sector capabilities and global coordination in our domestic CIB (Corporate and Investment Banking) business with large corporations, real estate brokerage, and corporate settlements.

Overseas, we will strive to further enhance our business' position as the growth driver of SMBC Group by building a growth-oriented portfolio. Some examples of these efforts include strengthening our global CIB business through our partnership with Jefferies in the U.S. market, which is not only the largest market in the world but also stable, and realizing the anticipated revenue from our Multi-Franchise Strategy, a strategy in which we aim to create a second and third SMBC Group in the four Asian countries of India, Indonesia, Vietnam, and the Philippines.

As for cost control, we will apply firm control over base expenses by continuing ongoing efforts to reduce costs via the transformation of our domestic business model, consolidating Group functions, and enhancing the efficiency of our overseas business. In addition, we will replace the components of our business portfolio to enhance capital efficiency, shift from low profit to high profit assets, and sell assets with unrealized gains.



While financial institutions' share prices are quite susceptible to changes in the macro-environment, we will strive to raise both our ROE and PER so that we are able to maintain a PBR over 1.0, even under a challenging business environment.

Increase PER

To improve PBR, we have to improve PER in addition to boosting ROE. We will further evolve our policy of "Transformation & Growth" which continues from the previous Plan and focus on businesses that will lead to medium- to long-term growth, for example Olive, the global CIB business, and our Multi-Franchise Strategy. Through these efforts we will expand our growth momentum and increase our expected growth rate.

In addition, we must control our capital costs to improve our PER and rebuilding our corporate infrastructure is a key part of this initiative. To realize "Quality builds Trust," a key phrase that reflects our commitment to enhancing the quality of our operations to a level that wins the trust of our stakeholders, we will work to improve our governance and compliance capabilities -- both important prerequisites for running a business, and embed a healthy culture in all corners of our organization. In FY2023, Ms. Jenifer Rogers and Mr. Charles D. Lake II joined the Board of Directors, and we have been engaging in lively discussions. From FY2024 the ratio of Outside Directors exceeds 50%, and we will continue to enhance our governance capabilities by further expanding our diversity.

We will proactively invest in IT from the two perspectives of building a stable, reliable IT framework and creating new businesses. Generative AI is an important technology that could bring about major change to how business is conducted in finance, and I want to promote its use from the top. An environment already exists in SMBC Group in which many employees use AI, as we are

conducting training sessions to instill the skills necessary to apply AI to employees' tasks. Our call centers are also undergoing an increase in efficiency due to the application of AI. While AI is a major pillar in our efforts to enhance efficiency, at the same time we are studying initiatives to use AI to increase our top-line revenue. For example, if an AI-equipped avatar were able to provide our individual customers with investment advice online regarding mutual funds, insurance, and other financial products, I believe our asset management business model would undergo a major transformation.

In addition, we will expand investments in our personnel, which forms the basis of our competitiveness, and carry out Human Capital Management. In a world where views on work and lifestyles are continuously evolving, it is crucial for SMBC Group to be the company of choice for diligent and hardworking professionals. As Group CEO, I will support our employees as they take bold new steps. My goal is to foster an environment where each employee can achieve self-actualization through their work, driven by a passionate desire to contribute to customers and society.

Regarding our equity holdings, our clients' attitude has been changing with the backdrop of robust share prices and investors' demand for better governance. We will push forward with our reduction efforts. In addition, we will reduce capital costs by enhancing our information disclosure to reduce the information gap, both financial and non-financial, with investors.

We will strive to create social value based on the mindset of “full participation,” including myself, and create a framework that will give birth to a positive environment to create social value by collaborating with various stakeholders.

Create Social Value

Many social issues, including global warming, human rights violations, and increasing poverty/inequality have worsened, and measures aimed at solving these issues are becoming a major theme facing business leaders. I believe that efforts to resolve these issues can lead to an improvement in PER through enhanced expected growth rate and reducing capital costs.

The Medium-Term Management Plan has positioned Create Social Value as one of the key pillars of our business strategy, and we will proactively engage in these areas as we believe it will contribute to profits over the long term. We have established “Environment,” “DE&I/Human Rights,” “Poverty & Inequality,” “Declining Birthrate & Aging Population,” and “Japan’s Regrowth” as our materiality and set goals for each materiality.

One year has passed since the current Plan was launched and it has become clear how we need to approach these themes. This year, we will further develop and refine the necessary frameworks/capabilities and begin our efforts in earnest.

Considering that many first-class global companies return about 1% of their profit to society, we have decided to give back as well, with our belief that SMBC Group’s success would not have been possible without the support of customers and society, and that we should repay this support. We will allocate ¥10 billion (about 1% of our bottom line profit) to the creation of social value. In addition, we have established an investment fund of ¥40 billion for the purposes of creating and developing businesses with

customers, developing new technologies, and cultivating new businesses.

Going forward, every one of SMBC Group’s employees will contribute to customers, regions, and industries that are facing various social issues, with passion and ownership based on the mindset of “I want to help customers” and “I want to contribute to society.”

We will strive to create social value based on the mindset of “full participation,” including myself, and create a framework that will give birth to a positive environment to create social value by collaborating with various stakeholders. I aim to soon make the impact that SMBC Group has on society and the environment more visible.

SMBC Group will contribute to “Fulfilled Growth” so that people can live their lives with happiness, by leading both economic growth and supporting social advancements.



Capital Policy/Shareholder Returns

We will make sure our shareholders benefit from the corporate value that has increased via the various initiatives I have shared with you. The optimal distribution of capital is an important factor in enhancing ROE. We will pay even closer attention to balancing shareholder returns and investment for growth while maintaining financial soundness. Dividends remain our principal approach to shareholder returns and we will maintain our progressive dividend policy and divi-

dend payout ratio target of 40% while realizing an increase in dividend payments by growing our bottom-line profit. We have increased our dividend forecast for FY2024 by ¥60, from ¥270 to ¥330 per share to maintain a dividend payout ratio of 40% based on our bottom-line target over ¥1 trillion. Under a policy of engaging in flexible share buybacks, we announced a buyback program of ¥100 billion in May 2024. We will consider additional share buybacks during the fiscal year based on various factors.

In Closing

“I don’t believe in magic. I believe in hard work.” These are the words of Richie McCaw, a rugby legend who captained the All Blacks, New Zealand’s national rugby team, to back-to-back rugby world championships in 2011 and 2015. I believe that this also applies to running a business. There is no magic way to become “a trusted global solution provider committed to the growth of our customers and advancement of society.” I strongly believe that the ongoing, everyday efforts of every one of our employees is what will lead SMBC Group to

further growth and success.

I want to make SMBC Group a financial group that fights and wins fairly while gaining the unwavering trust of our customers and society in and outside of Japan. It is with this mindset that I will stand at the forefront of our 120,000 employees as Group CEO and boldly walk the path to realize this vision.

I would like to ask for the continued support and understanding of all our stakeholders.



SMBC Group



Q Mr. Toru Nakashima was selected as the new Group CEO following Mr. Jun Ohta's sudden and unexpected passing. What sort of discussions did the Nomination Committee engage in during the selection process?

I was deeply saddened by Mr. Ohta's passing, and I would first like to express my deepest condolences to his family, friends, and colleagues.

The Nomination Committee of SMBC Group engages in regular discussions regarding the succession plan, including a contingency plan to address unforeseen circumstances, and plans activities from an early stage. We commenced discussions in earnest regarding potential successors in 2021, and in 2022 we clearly stipulated the qualities we felt a successful leader would need. Following this, based on recommendations from the executive side, we identified candidates and discussed who was best qualified to become a top management of SMBC Group based on their career, track record, personality, etc. We held careful discussions for more than two years. As such,

I am confident that we were able to thoroughly discuss the succession plan.

When discussing the qualities we felt top management should possess, we focused on ability, behavioral characteristics, and personality. For ability, we established "broad perspective," "deep insights," "DX literacy," "leadership," "risk sensitivity," and "communication ability" as key factors. For behavioral characteristics, in addition to "customer-orientated attitude," we established "attitude toward sustainability," "decision-making skills," and "ability to take the initiative and set examples" as key factors. Finally, for personality, we identified "moral character," "ethics," "courage," and "patience" as important.

The Nomination Committee identified Mr. Nakashima as an individual possessing the necessary character, insights, and abilities. Not only does he possess these necessary characteristics, but thanks to his experience as Group CFO and Group CSO, he also has the ability to see the big picture when planning strategies and boasts a wide personal network spanning various groups.

Q What do you expect from Mr. Nakashima as he leads SMBC Group to further growth?

In a nutshell, we expect to see Mr. Nakashima lead efforts to increase SMBC Group's corporate value. As a first step it is crucial that the strong momentum and direction established under the leadership of Mr. Ohta in terms of strategy and financial results are strengthened. Specifically, executing the Multi-Franchise Strategy in Asia, promoting alliances both in and outside of Japan, enhancing the domestic wholesale business, and further strengthening Olive, SMBC Group's comprehensive financial service for individual clients. Such efforts will allow SMBC Group to further enhance its business performance. In addition, we expect SMBC Group to give every effort to support the realization of Japan as a leading asset management center, a national policy announced by the Japanese government in December 2023, in addition to engaging in a variety of other efforts to create social value.

There have been numerous discussions at Board of Directors meetings concerning Create Social Value, and SMBC Group's vision is gradually taking shape. The most important factor identified during the discussions was our employees. For SMBC Group to successfully create social value, it is vital for every employee to go beyond the boundaries of their respective responsibilities, raise their awareness regarding social value, and take part in efforts to create social value. To make this a reality, I believe the focus cannot solely be internal. Rather, a high level of sensitivity must be developed and maintained regarding the mindset and expectations of external parties and of society. Having all SMBC Group employees take part and respecting their diverse values and opinions will help the Group well understand the views of those outside the company or in society.

Of course, it goes without saying that Create Social Value does not simply mean contributing to society. It is important to pay careful attention to how activities aimed at creating social value can also be tied to pursuing economic value, thereby contributing to the enhancement of SMBC Group's corporate value. Solving social issues in turn leads to SMBC Group's development and the growth of its employees, allowing for the Group, its employees,

and society to prosper together. This type of story needs to become a reality. For example, decarbonization is closely tied with SMBC Group's main businesses. Through sustainable finance, I hope to see the Group lead Japan's industrial sector's self-driven decarbonization efforts.

Q Can you share with us the discussions by the Nomination Committee regarding the development and selection of the next generation of management candidates?

SMBC Group did not suffer from any major upheaval when it underwent its sudden and unexpected change in top management. This reinforced the importance of having a thorough, high-quality succession plan in place.

The Nomination Committee is discussing the development and selection of the next generation of management candidates. The selection criteria are, in essence, the qualities I shared with you earlier. Successful candidates must embody SMBC Group's Mission, while also possessing the necessary track record and experience. In addition, as part of efforts to develop next generation managers, third party assessment and coaching were introduced after their merits were discussed by the Nomination Committee. The purpose is to ensure the candidates understand how they are viewed by an external party and provide them with an opportunity to reflect on their characteristics. By doing so, we want the candidates to develop a style of leadership that fits those characteristics.

I strongly believe that the Group must avoid becoming siloed, or bureaucratized, with its continued growth. If this became a reality, it would interfere with Create Social Value by encouraging the inward-looking mindset that I spoke of before. This is why future members of the Group's top and senior management, much like Mr. Nakashima, Mr. Ohta, and other past leaders, must engage in spirited discussions that overcome the boundaries of position and Group companies, and play a leading role in creating an open environment in which the voices of each employee can be heard. I will do my best as Chairperson of the Nomination Committee to support SMBC Group in its efforts realize the sustainable growth of its corporate value.

Pursuing Further Growth based on the Foundation Laid by Former Group CEO Ohta

Jun Ohta, who led SMBC Group since assuming the office of CEO in April 2019, passed away in November 2023. He led SMBC Group with foresight and broad knowledge. Under the slogan “Break the Mold,” he created an environment where all employees are able to take on challenges through unbound creativity and demonstrate their abilities to the fullest, instilling the organization with a culture of transformation.

In the Medium-Term Management Plan “Plan for Fulfilled Growth” that began in FY2023, CEO Ohta made Create Social Value a pillar of management to contribute to “Fulfilled Growth” where people feel fulfilled as economic growth accompanies the resolution of social issues.

SMBC Group will continue to pursue our “Plan for Fulfilled Growth” with a spirit of challenge and aim to grow even more vigorously based on the foundation laid by former CEO Ohta.



- 1982 Joined Sumitomo Bank
- 2009 Executive Officer of SMBC
- 2012 Managing Executive Officer of SMBC
- 2013 Managing Executive Officer of the Company
- 2014 Senior Managing Executive Officer of the Company
Senior Managing Executive Officer of SMBC
Director of the Company
- 2015 Director and Senior Managing Executive Officer of SMBC
- 2017 Director and Deputy President of the Company
Resigned as Director of SMBC
Director Deputy President and Corporate Executive Officer of the Company
- 2018 Director and Deputy President of SMBC
- 2019 Director President of the Company
Resigned as Director of SMBC

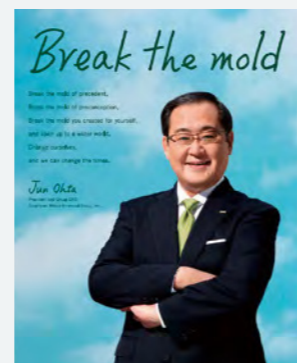
Jun Ohta assumed the office of CEO in April 2019 and, under the slogan “Break the Mold,” promoted transformation in line with the times through outside-the-box thinking, not an extension of conventional thinking.



He encouraged employees to tackle new businesses without the constraints of precedents and fixed ideas under "Producing New CEOs."



Through initiatives such as internal SNS and a free dress code policy, CEO Ohta advanced the creation of an environment where all employees can demonstrate their abilities to the fullest and find motivation.



Former CEO Ohta put forth our new VISION of becoming “A trusted global solution provider committed to the growth of our customers and advancement of society” in FY2020 toward 2030 and pursued growth.



Under our Multi-Franchise strategy, He built a platform through invest in financial institutions in India, Indonesia, Vietnam, and the Philippines to capture growth in the countries.



Olive, integrated financial service for retail customers, was released in February 2023.



In the U.S., SMBC Group formed a capital alliance with Jefferies in July 2021, announced additional investment and strengthening the alliance in April 2023, and continue to expand our partnership.

Medium-Term Management Plan “Plan for Fulfilled Growth” started in April 2023, made Create Social Value a pillar of management and sets a goal of contributing to “Fulfilled Growth.”

Carrying this direction forward in a constructive manner, we will continue tackling solutions to social issues from a medium- to long-term perspective, increase stakeholders’ growth expectations by achieving sustainable growth, and pursue the enhancement of corporate value.

Plan for Fulfilled Growth



Discussion with Mr. Soh Kuramoto, the founder of Furano Field



Fumihiko Ito
Group CFO & CSO
Director Senior Managing Executive Officer

Fumihiko Ito

Message from group CFO

We will enhance our corporate value in a sustainable manner by capturing opportunities arising from the positive business environment, while making sure to accelerate the execution of our initiatives, striving to realize high profit growth, and enhancing our ROE.

In FY2023, under the Medium-Term Management Plan, dubbed the “Plan for Fulfilled Growth,” SMBC Group carried out various initiatives to realize “Growth with Quality.” From the perspective of transforming our business portfolio, we implemented measures to reduce low growth/profit assets, as well as assets for which the significance of holding them had decreased due to changes in the business environment. At the same time, we accelerated our strategies for growth by making sure we allocated the necessary management resources to key strategic areas. Furthermore, to push forward efforts to shift management resources toward initiatives aimed at enhancing ROE and controlling cost, we conducted our operations with an even greater focus on capital efficiency and worked to enhance our business management.

In FY2024, we will aim for even greater heights by continuing to balance our strategies for growth and sound financial/capital management.

Overview of FY2023

FY2023 started under challenging circumstances with uncertainties in markets arising from the bankruptcies of financial institutions in the U.S. and concerns regarding a slowdown in the global economy. However, Japan’s economy experienced a turnaround and overseas economies proved to be more resilient than anticipated. In such an environment, in Japan we expanded our retail client base through Olive while also capturing opportunities arising from the funding needs resulting from revitalized corporate activities. Outside of Japan, we steadily carried out our Multi-Franchise Strategy in Asia and strengthened our CIB business via the partnership with Jefferies, a major investment bank in the U.S.

As a result, all of our Business Units produced solid growth, and combined with the positive environmental factors, such as the yen’s depreciation, rising stock markets, and plateauing of high interest rates in the U.S., we were able to generate consolidated net business profit of ¥1.5602 trillion, a year-on-year increase of ¥283.8 billion.

This is a record figure for SMBC Group. Furthermore, we increased our target profit attributable to owners of parent during the fiscal year by ¥100 billion from the initial target of ¥820 billion and achieved a record figure of ¥962.9 billion, while proactively preparing for risks. I believe this proves that our core earning power is unquestionably improving.

In addition, our ROE has improved due to the reduction in our equity holdings at a level which greatly exceeded our initial target and the reorganization of our business portfolio, including the sale of our U.S. freight car leasing business. FY2023 marked a strong start to the Medium-Term Management Plan.

	Result FY3/24	Target FY3/25	YoY
Consolidated net business profit	1,560.2	1,620	+59.8
Credit cost	274.0	260	(14.0)
Ordinary profit	1,466.1	1,560	+93.9
Profit attributable to owner of parent	962.9	1,060	+97.1

(JPY bn)

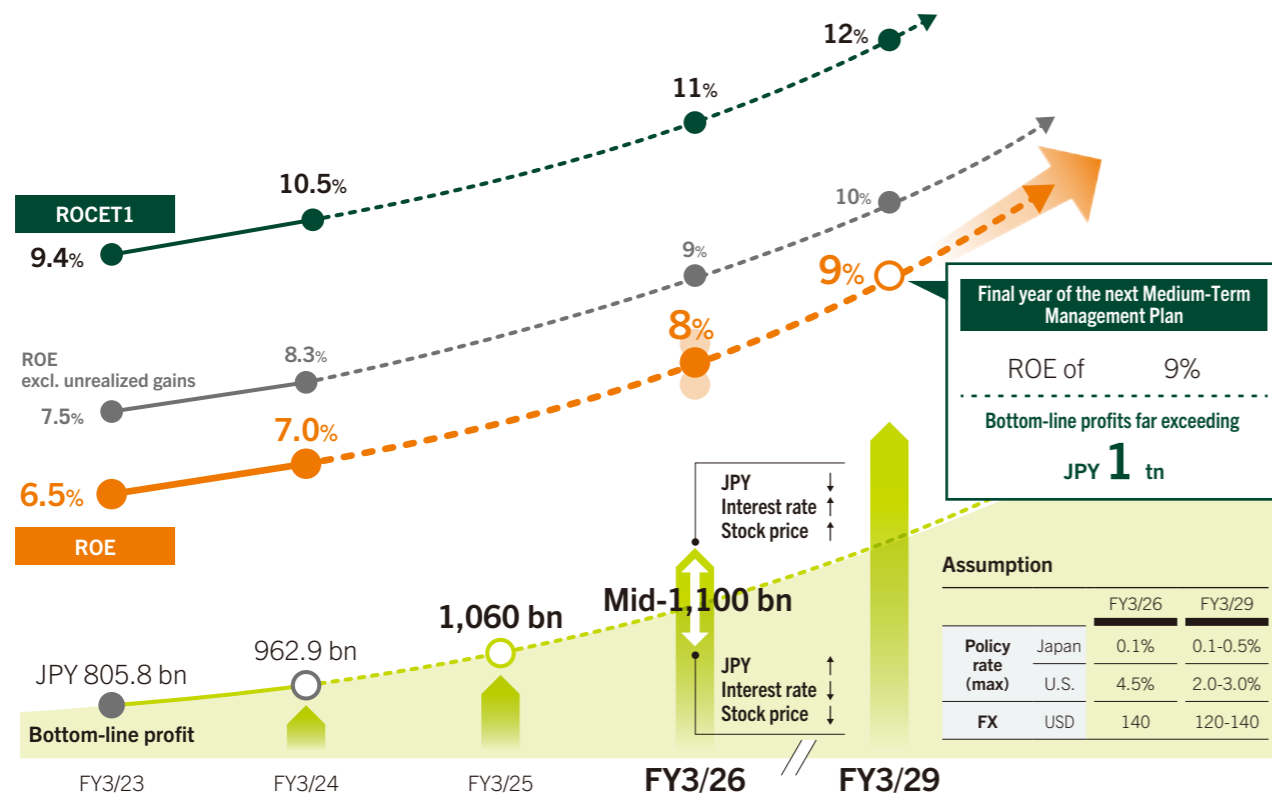
Financial Targets for FY2024 and Financial Results to Achieve in Five Years Time

Our FY2024 targets for consolidated net business profit and profit attributable to owners of parent are ¥1.62 trillion and ¥1.06 trillion, respectively. If we are successful in our efforts, this will be the first time SMBC Group's profit attributable to owners of parent exceeds the ¥1 trillion mark.

While we must continue to pay careful attention to volatility in the financial/economic environments and rising geopolitical risks, based on our desire to accurately communicate our goals in response to the feedback we have received from investors, we have set our financial targets for FY2024 with a mindset that we will proactively pursue upside opportunities under the assumption that the current robust business environment will continue. With the goal of achieving our financial targets, we will steadily carry out the various initiatives established under

the Medium-Term Management Plan and further enhance our earning power while at the same time continuing to proactively address any applicable risk factors.

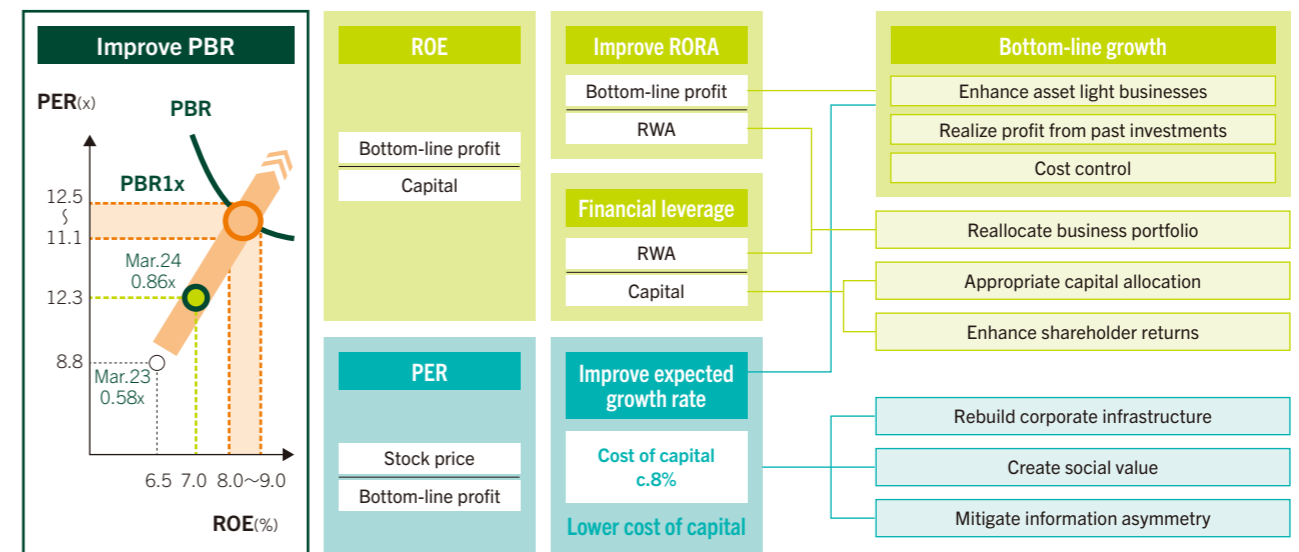
In addition, we are further raising our target of improving ROE given our current financial results and business environment, which is also a key theme in our Plan. Specifically speaking, we will aim to accomplish an ROE target of 8%, a target which was planned to be set for the final year of the next Medium-Term Management Plan, by FY2025, the final year of the current Plan. For FY2028, the final year of the next Plan, we will strive to achieve an ROE of 9%. As for profit attributable to owners of parent, the numerator of ROE, we will aim to achieve the mid- ¥1.1 trillion range by FY2025 and will strive to significantly exceed ¥1 trillion by FY2028.



Enhancing Corporate Value

Increasing SMBC Group's corporate value is one of our most important responsibilities. We will increase ROE by improving our Return on Risk-Weighted Assets (RORA) and controlling our financial leverage, while at the same

time raising our PER by increasing our expected growth rate and controlling capital cost. Through such efforts, we will aim for a minimum PBR of one, with the intention to go even higher.



(1) ROE Focused Business Operations

To improve our ROE, we need to grow bottom-line profit, the numerator, while also controlling risk-weighted assets and applying our capital more efficiently by undertaking the dynamic reallocation of our business portfolio and optimizing capital allocation.

First, for growing bottom-line profit, we will focus on enhancing asset-light businesses which do not rely on our balance sheet, realizing the upside of existing growth investments, and controlling costs.

To enhance our asset-light businesses, on the domestic front we will expand and strengthen our finance/commission-based income while also acquiring liquid deposits by expanding our customer touchpoints and our customer base through a hybrid strategy which combines Olive and STORES. In our wealth management business, we will increase assets under management by leveraging SMBC Group's comprehensive capabilities by establishing a Group-wide control tower function that covers the entire value chain, from investment to consulting, so that we are able to capture the increasing opportunities arising from the growing trend of "from savings to asset formation." For our overseas business, we will strengthen our CIB business by expanding

collaborations with Jefferies to build a steady track record of collaborated deals.

In terms of our Multi-Franchise Strategy in Asia, we have reached the phase in which we must realize the benefits of the growth investments we have made so far. In the four target countries of the Strategy (India, Indonesia, Vietnam, and the Philippines) we will focus on the Post-Merger Integration(PMI) of our partner firms and strive to become a top-tier financial institution which has a firmly embedded, long-term presence in the respective countries.

In terms of cost control, the environment is becoming more challenging due to the yen's depreciation and inflation, but there is no change in our policy of controlling our costs in a disciplined manner. To accelerate our business growth by allocating the necessary capital and expenses, we have increased the budgeted base-expense for the three-year period covered by the Medium-Term Management Plan from ¥130 billion to ¥160 billion. We are working on the reform of our domestic banking branches, consolidating shared Group functions, and applying AI to increase productivity and have also increased our planned cost reductions by ¥30 billion. Through such efforts, we plan to keep net base expenses flat over the Medium-Term Management Plan. In addition, we

Management Messages

will carefully study the benefits of the allocated expenses to ensure that they lead to future top-line growth.

Regarding transforming our business portfolio and realizing the optimal allocation of capital, we will spread the mindset of improving ROE to all corners of SMBC Group and accelerate the reduction of equity holdings and low-profit assets. We will concentrate the resources that have been secured through these initiatives in strategic areas with growth potential (business with large and mid-sized corporations that will benefit from Japan's regrowth, etc.) and strive to grow our business by proactively engaging in healthy risk-taking.

(2) Enhancing Our Expected Growth Rate and Controlling Capital Cost

Regarding enhancing our expected growth rate, a component of PER, we will focus on the payment business, Multi-Franchise Strategy in Asia, overseas CIB business, and other businesses where we can expect medium- to long-term growth while at the same time carefully explaining the progress and results of our respective initiatives and profit level goals to investors.

Regarding capital cost, we recognized it is approximately 8%, yet we are aware that market expectations are of an even higher level. We will address this gap by rebuilding our corporate infrastructure and creating social value.

To build robust corporate infrastructure, it is vital that we build stable IT infrastructure, promote Human Capital Management, and enhance our compliance/governance capabilities. For IT investment, we have increased the

Capital Policy

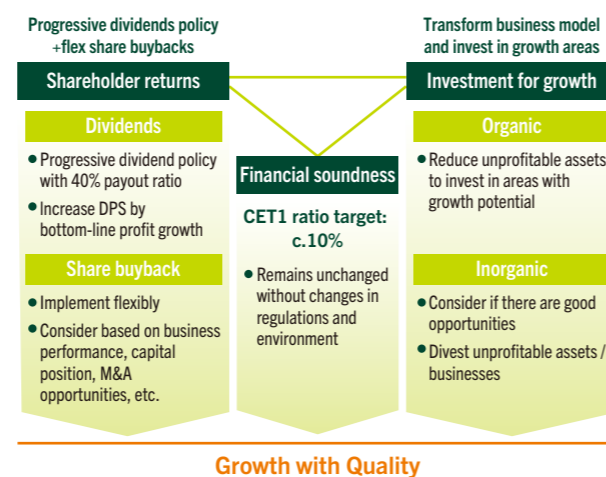
Basic Capital Policy

We will balance strengthening shareholder returns and investing for growth while maintaining financial soundness. Our Common Equity Tier 1 (CET1) ratio target, an indicator of financial soundness, has been set at 10%. Please note that this figure has been calculated taking into account the full implementation of Basel III reforms and excludes net unrealized gains on other securities. Achieving a 10% CET1 ratio will provide us with a buffer of 2% as it allows us to maintain the required 8% ratio under a variety of stress scenarios. The optimal allocation of capital is not only a key point in differentiating SMBC Group from our competitors in this robust business environment, but it is also an important factor in improving our ROE. Our CET1 ratio was 9.9% as of the end of March 2024, well within our target range, and we will continue to allocate our capital in a flexible and effective manner.

three-year budget of the Medium-Term Management Plan from ¥650 billion to ¥750 billion. We will proactively work to develop and adopt generative AI and other new technologies, while also making sure that we engage in the necessary investments for growth to develop new businesses and allocate the necessary resources to stabilize our IT systems. Investments in human capital for FY2024 at Sumitomo Mitsui Banking Corporation are expected to increase by 7% on a year-on-year basis. We will maximize our human resources by allocating resources to growth areas and securing personnel with the necessary expertise, strengthening training programs, and improving DE&I throughout our organization.

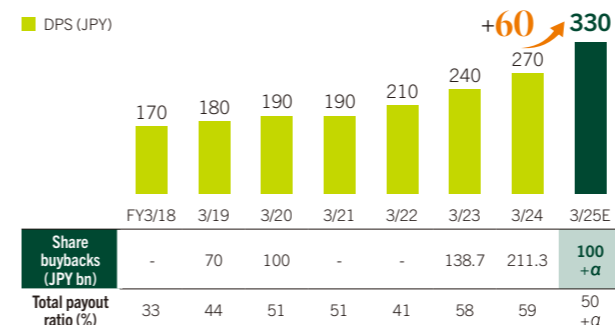
Create Social Value is also an initiative that contributes to the control of capital cost. The Medium-Term Management Plan has positioned Create Social Value as one of the key pillars of our business strategy, and we have established "Environment," "DE&I/Human Rights," "Poverty & Inequality," "Declining Birthrate & Aging Population," and "Japan's Regrowth" as our materiality. In FY2024, we will further develop the necessary frameworks and have set an expense budget of ¥10 billion and an investment budget of ¥40 billion. By continuing to allocate a portion of our profit to initiatives to create social value, we will create a virtuous cycle with the pursuit of economic value.

Furthermore, we will consider enhancing our information disclosure, including our non-financial initiatives, to reduce the asymmetry of information through productive communications with investors.



Enhancing Shareholder Returns

Dividends are our principal approach to shareholder returns. We will maintain a dividend payout ratio of 40% and continue to pursue a progressive dividend policy, which is to at least maintain, if not increase, dividend payments. Furthermore, we will increase our dividend payout by growing our bottom-line profit. Our dividend forecast for FY2024 is ¥330, a year-on-year increase of ¥60, SMBC Group's largest annual dividend increase to date. In May 2024, we announced a share buyback program of ¥100 billion. We will consider additional share buybacks during the fiscal year based on our progress toward our financial targets, the status of our capital, opportunities for investment for growth, SMBC Group's share price, and various other factors.



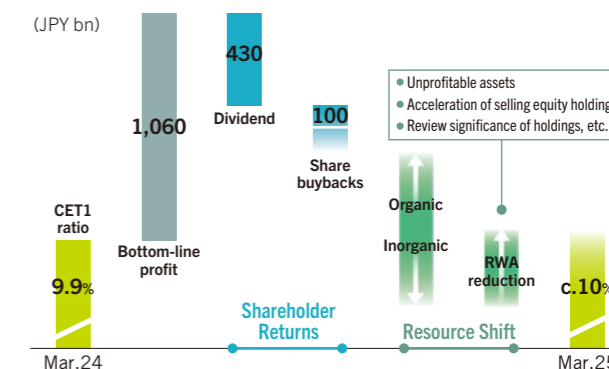
Investment for Growth

For our investment for growth, we will pay careful attention to capital efficiency, and focus on allocating assets to strategic areas that we expect to undergo high levels of growth. There is no change in our inorganic strategy's two investment targets: "Investments with high capital/asset efficiencies" and "Investments that contribute to build a business platform to realize medium- to long-term

Communicating with Stakeholders

Engaging in constructive discussions with investors and other stakeholders is an important mission for me as Group CFO because it provides me with the opportunity to identify matters that our stakeholders are interested in. The feedback I receive is shared with the Board of Directors and senior management team, and the Medium-Term Management Plan reflects this feedback. We also updated our strategies and disclosures based on the opinions, etc., we have received since the official release of the Plan. In

growth." In FY2023, we deepened our partnership with Jefferies and built up a healthy track record of successful collaborations. Regarding our Multi-Franchise Strategy in Asia, we built the foundations of our growth in the four target countries and will focus on PMI going forward. We will proactively pursue opportunities that will allow us to invest in the further growth of these platforms.



Reducing Equity Holdings

In the Medium-Term Management Plan, we set a goal to reduce our equity holdings by ¥200 billion over the Plan's three years. In FY2023, the first year of the Plan, we succeeded in reducing our equity holdings by ¥134 billion. In FY2024, we will maintain this momentum and strive to reduce our equity holding by a minimum of ¥100 billion with the intention of achieving the Plan's reduction target during the fiscal year. In addition, we will launch discussions regarding a plan to further reduce our equity holdings and make an official announcement during FY2024.

Furthermore, we will accelerate the pace of our reduction efforts so that we can reduce the market value of equity holdings to consolidated net assets ratio to below 20%, even though stock markets remain elevated.

In addition, we will continue to expand and strengthen our initiatives aimed at creating social value by enhancing our disclosure concerning natural capital, human rights, climate change, and other non-financial information.

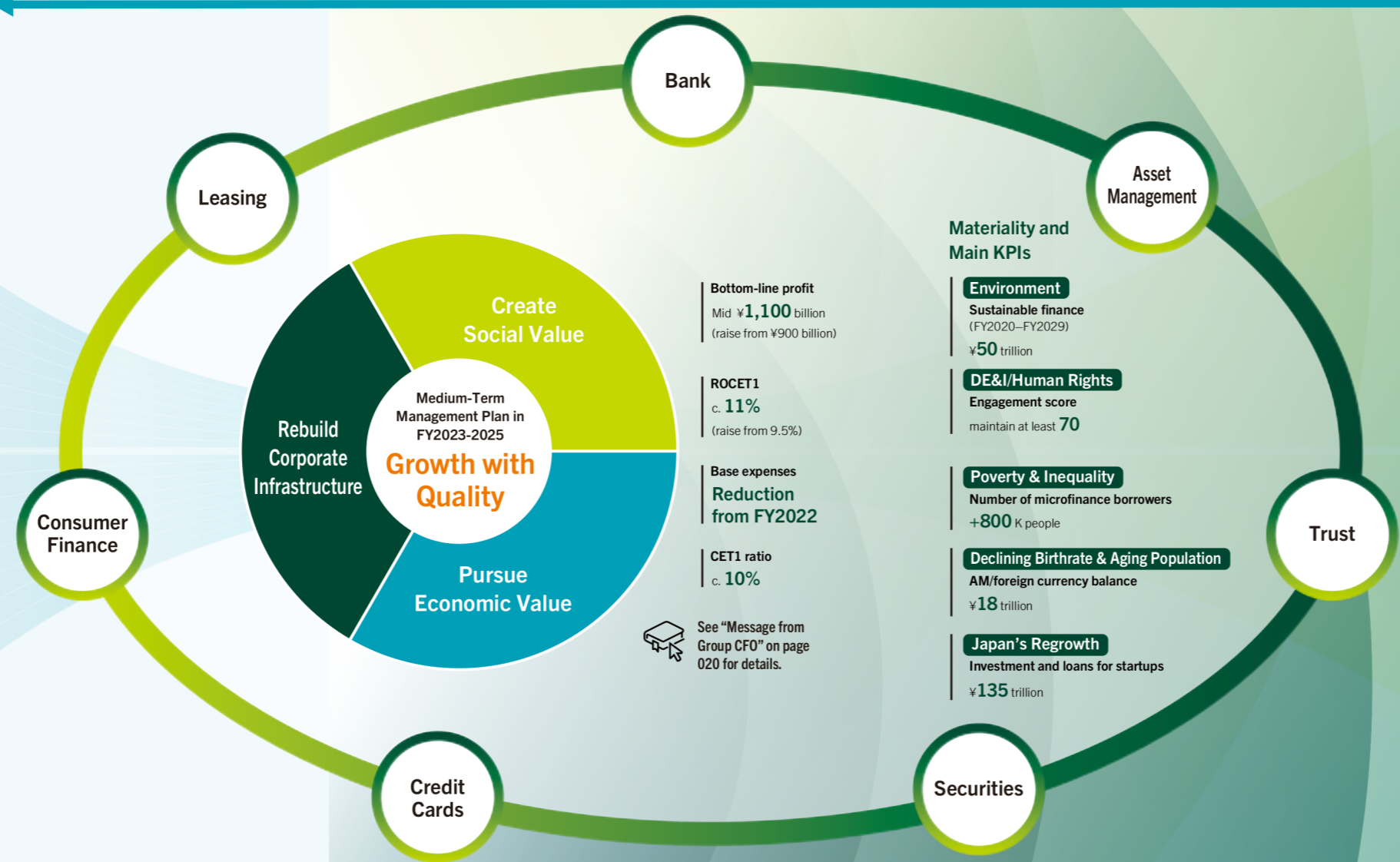
We will realize the sustainable growth of SMBC Group's corporate value as a result of engaging in mutual communication and the proactive, timely disclosure in an easy-to-understand manner of topics in which stakeholders have a strong interest.

SMBC Group's Value Creation Process

SMBC Group is committed to providing solutions that meet customer needs and solving social issues, leveraging our strengths developed over many years and maximizing the power of industry-leading subsidiaries. We will return social and economic value created through business activities to stakeholders and contribute to the realization of "Fulfilled Growth."

(FY2023 results)

- Financial Infrastructure**
Disciplined capital management and high-quality asset portfolio
Net income: ¥962.9 billion
ROCE1: 10.5%
CET1 ratio: 9.9% (Financial target basis)
NPL ratio: 0.81%
- Human Resources**
Diverse, professional employees who work as a team and continue to challenge themselves
Headcount: 120,000
Annual training cost: ¥4.7 billion
- Network**
A network of offices in Japan and 38 countries/regions
- Brand**
Trust and performance since the foundation of Mitsui and Sumitomo
- Corporate Culture**
Culture that allows for the expression of individuality, and an attitude of contribution to customers and society
- Customer Base**
A robust customer base grounded in longstanding relationships of trust
Number of corporate accounts: 1 million
Number of personal accounts: 29 million
Credit card members: 36 million*



Bottom-line profit
Mid ¥1,100 billion (raise from ¥900 billion)

ROCE1
c. 11% (raise from 9.5%)

Base expenses Reduction from FY2022

CET1 ratio
c. 10%

See "Message from Group CFO" on page 020 for details.

Materiality and Main KPIs

- Environment**
Sustainable finance (FY2020-FY2029)
¥50 trillion
- DE&I/Human Rights**
Engagement score maintain at least 70
- Poverty & Inequality**
Number of microfinance borrowers +800 K people
- Declining Birthrate & Aging Population**
AM/foreign currency balance ¥18 trillion
- Japan's Regrowth**
Investment and loans for startups ¥135 trillion

Value provided to stakeholders

- Customers** More valuable services
- Shareholders** Permanently increase shareholder value
- Employees** A workplace where employees can demonstrate their abilities to the fullest
- Society** Realization of a sustainable society



"Fulfilled Growth"
People feel fulfilled as economic growth accompanies the resolution of social issues



Group Structure

SMBC Group is a global financial group that develops operations in a wide range of fields, including banking, leasing, securities, credit cards, and consumer finance. Under the holding company Sumitomo Mitsui Financial Group, we have established four Business Units that draft and implement Group-wide strategies for each customer segment. At the Head Office, we have clarified the managers responsible for specific areas of Group-wide management and planning under the CxO system, and are taking steps to share management resources and optimize the allocation of resources.

Group-Wide Business Units and CxO System		Business Units			
		Retail	Wholesale	Global	Market
Banking	Sumitomo Mitsui Banking Corporation	●	●	●	●
	SMBC Trust Bank	●	●	●	
Leasing	Sumitomo Mitsui Finance and Leasing		●	●	
Securities	SMBC Nikko Securities	●	●	●	●
Credit Cards and Consumer Finance	Sumitomo Mitsui Card Company	●	●	●	
	SMBC Consumer Finance	●		●	
Other Business	Japan Research Institute				
	Sumitomo Mitsui DS Asset Management				
Head Office (CxO System)		CFO Chief Financial Officer CHRO Chief Human Resources Officer CDIO Chief Digital Innovation Officer	CSO Chief Strategy Officer CIO Chief Information Officer CSuO Chief Sustainability Officer	CRO Chief Risk Officer CISO Chief Information Security Officer CAE Chief Audit Executive	CCO Chief Compliance Officer CDAO Chief Data and Analytics Officer

Communication with Stakeholders

SMBC Group aims to contribute to “Fulfilled Growth” by providing greater value to various stakeholders, while working to build relationships with them: “Customers,” “Employees,” “Shareholders and the markets,” and “Society.”

Engagement with Customers

Value We Provide: **More valuable services**


Under “Customer First,” one of our “Five Values”, we engage in marketing activities from customers’ perspectives to provide service that has value.

 See page 132 for more information on our customer-oriented initiatives.

- Under our Business Unit system, develop group-wide business strategies that are optimal for each customer segment

 See page 070 for more information on Strategies of Business Units.

- Following the release of the Olive integrated financial service for retail customers in March 2023, collect customer feedback and continue to update the service toward greater convenience

 See page 098 for more information on Olive.

Engagement with Employees

Value We Provide: **A workplace where employees realize full potential**

To maximize the human resource capabilities that support SMBC Group’s management strategy, we are working to foster an organizational culture and create an environment that supports the growth of employees.

- To enhance employees’ mindset of participation in management, establish varied opportunities for dialogues with top management, such as seminars and luncheons
- Sumitomo Mitsui Banking Corporation hold meetings for exchanges among mid-career retirees and active employees to build networks and invigorate the organization
- Human capital investment at Sumitomo Mitsui Banking Corporation in FY2024: +7% year on year



Alumni meeting for mid-career retirees and active employees

 See page 038 for more information on Human Resource Strategies.

Engagement with Shareholders and the Markets

Value We Provide: **Continuous growth of shareholder value**

With fair disclosure as a given, we strive to accurately disclose information on our management strategy and financial situation through investor meetings, one-on-one meetings, and other means.

- Actively reflect feedback obtained through engagement with institutional investors and analysts in our management strategies and information disclosure
- Each share of common stock will be split into 3 shares per share in October 2024 to seek to develop a more investor-friendly environment and expand the investor base.

Activities (FY2023)

General meeting of shareholders	Participants: 1,145*
IR meetings for institutional investors and analysts	17 meetings
One-on-one meetings with institutional investors and analysts	554 meetings
Of which, implemented by managements	132 meetings
Of which foreign investors	340 meetings
Of which SR interviews	20 meetings
Conferences held by securities companies	5 conferences
Large meetings for individual investors	2 meetings

* Including 664 viewers of simultaneous Internet broadcast

Engagement with Society

Value We Provide: **Contribution to a sustainable society**

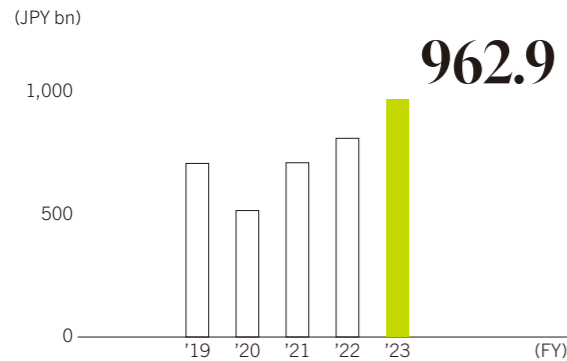
Positioning Create Social Value as a pillar of our management strategy, we are making efforts to resolve our five materialities from a medium- to long-term perspective.

- Expand information disclosure through investor meetings focused on sustainability, reports (TCFD, TNFD, Human Rights Reports), etc.
- Promote the spread of understanding within the Group and enhance capabilities for social value creation, through means such as releasing engagement books for employees and holding events

 See page 050 for more information on Create Social Value.

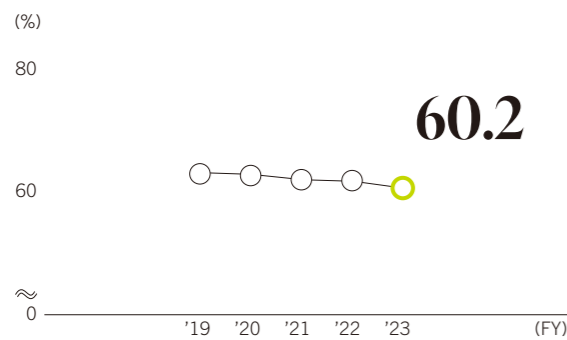
Financial Highlights

Profit attributable to owners of parent



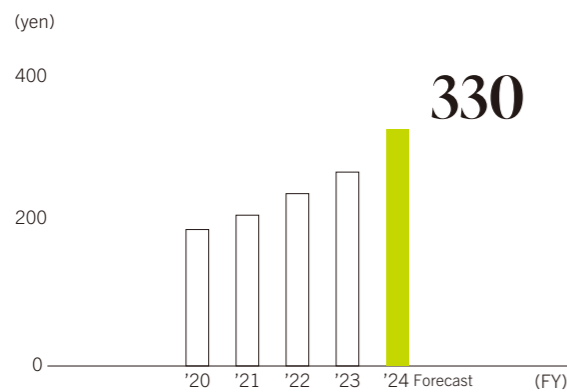
Profit recorded a new high due to strong performance of Business Units, in addition to a favorable environment including depreciation of the yen and rising U.S. interest rates, while gains on stocks increased under accelerated sales of equity holdings.

Overhead ratio



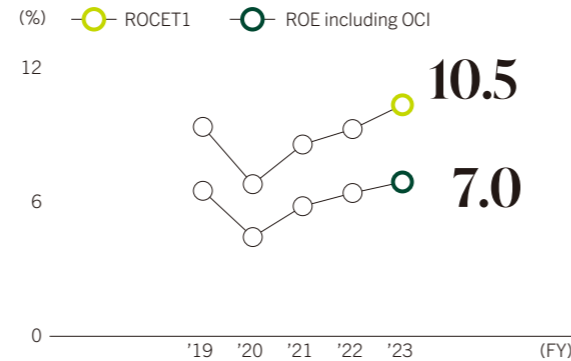
The overhead ratio decreased year-on-year as consolidated gross profit recorded a new high, while expenses increased year-on-year due to factors including depreciation of the yen, inflation, and higher variable marketing cost.

Dividend per Share of Common Stock



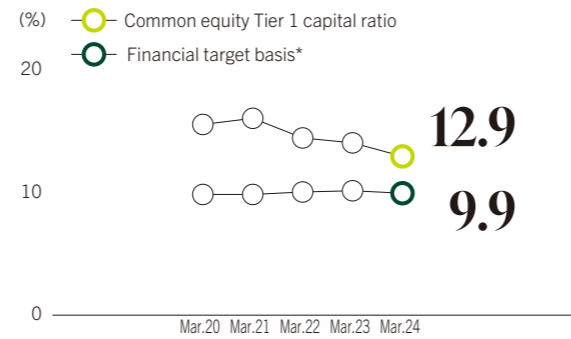
Forecast of dividend per share in FY2024 is ¥330 increased by ¥60, in line with our policy under the Medium-Term Management Plan of maintaining a dividend payout ratio of 40% and achieving dividend increases through bottom-line growth.

Capital efficiency



ROCET1 and ROE including OCI improved due to increase of profit attributable to owners of parent under business operations emphasizing capital efficiency and profitability.

Common equity Tier 1 capital ratio (CET1 ratio)



Our CET1 ratio remains well above the mandated level of 8%, although risk-weighted assets increased due to the start of phased implementation of Basel III finalization from the end of March 2024. Our CET1 ratio on a financial target basis is 9.9%, maintaining soundness within the target of c. 10%.

* Post-Basel III basis, excluding net unrealized gains (losses) on other securities

External ratings (As of June 30 2024)

	Holding company		Sumitomo Mitsui Banking Corporation	
	Long-term	Short-term	Long-term	Short-term
Moody's	A1	P-1	A1	P-1
S&P	A-	—	A	A-1
Fitch	A-	F1	A	F1
R&I	AA-	—	AA	a-1+
JCR	AA	—	AA	J-1+

Non-Financial Highlights

Environment

Sustainable finance

Target (FY2020–FY2029): **¥50** trillion

FY2023: **¥24** trillion

DE&I/Human Rights

Engagement score

Target: **70** maintain at least

FY2023: **72**

Poverty & Inequality

Number of microfinance borrowers

Target (FY2025): **+800K** people (compared to FY2022)

FY2023: **+153K** people

Declining Birthrate & Aging Population

AM/foreign currency balance

Target (FY2025): **¥18** trillion

FY2023: **¥17** trillion

Japan's Regrowth

Investment and loans for startups

Target (FY2023–FY2025): **¥135** billion

FY2023: **¥79.2** billion

Round-Table Discussion with Outside Directors

Meet Shareholders' Expectations and Enhance SMBC Group's Corporate Value Through Sustainable Growth

Ito One year has passed since the launch of the Medium-Term Management Plan "Plan for Fulfilled Growth." Today, we will look back over the past year and hear opinions and thoughts from Ms. Sakurai, Chairperson of the Sustainability Committee, Mr. Lake, and Ms. Rogers, Outside Directors from FY2023, about SMBC Group's governance and efforts to enhance corporate value and create social value.

Lake At the Board of Directors ("BoD") meetings over the past year, I have shared various thoughts on "sustainable growth" and "increasing corporate value over the mid- to long-term." From that perspective, I have raised matters including regarding SMBC Group's corporate governance and risk management systems, which enable robust and proactive governance and promote a strong corporate culture. The BoD and internal committees engage in free, open, and constructive discussions, which allow for effective engagement. To make such discussions constructive, it is of course necessary for each director to pos-

sess certain skill sets, but it is also necessary for the operations side to demonstrate a firm commitment to leveraging these discussions and the BoD's role. In that sense, the SMBC Group BoD and operations side are able to share information as they strive towards the ideal, allowing them to engage in real discussion on substance rather than just following formality. Overall, I believe the SMBC Group has established a high-level corporate governance system.

Rogers I am of the same opinion as Mr. Lake, as I believe that BoD members are leveraging their respective skill sets to actively exchange views. The make-up of the BoD changed following the June 2024 General Shareholders' Meeting resulting in an increase in the ratio of both non-Japanese and female directors. While this has enhanced the diversity of the BoD, there is still room for improvement. The BoD engaged in various discussions regarding Create Social Value, DX, and the utilization of human resources in FY2023. However, from an overall perspective, I felt that the initiatives

aimed at growth were somewhat conservative. In order to achieve SMBC Group's medium- to long-term vision of becoming "A Trusted Global Solution Provider," we must achieve further growth with a greater sense of speed. The development and deployment of global human resources is an especially pressing matter to be discussed continuously. The promotion of DX is also an urgent issue. For example, Sumitomo Mitsui Banking Corporation launched Sustana in 2022. This service enables corporations to calculate the CO₂

emissions of a corporation's entire supply chain and manages the whole reduction process from planning to execution through cloud services. More than 1,900 corporations have adopted Sustana. I expect DX to play a major role in not only enhancing operational efficiency, but also in generating new revenue streams.

Sakurai Given SMBC Group's need to pay careful attention to global trends, I feel that discussions at BoD meetings have deepened with Mr. Lake's and Ms. Rogers' extensive

knowledge of U.S. financial markets and other key global topics. There are many things to learn from Mr. Lake given his experience in running businesses both in the U.S. and Japan, in addition to his expertise in financial markets. Ms. Rogers, with her career experience at a U.S. financial institution, as well as experience in senior legal roles at global corporations and experience as an outside director at numerous Japanese firms, has provided valuable advice regarding equity holdings and other key issues facing

the Japanese corporate sector. I still clearly remember Ms. Rogers taking the lead in asking questions about the first agenda item raised at her first BoD meeting. I always feel great confidence in Ms. Rogers' efforts to deepen our discussions.

Ito Ms. Rogers pointed out that our FY2023 business plan, released with the Medium-Term Management Plan, could be considered conservative by capital markets, which in turn could lead to the underperformance of SMFG's share price. In addition, she



expressed the opinion that SMBC Group needed to expand investments in DX in order to enhance our corporate value. Finally, we set more challenging targets for our FY2024 business plan and increased our budget for IT investments by ¥100 billion from ¥650 billion to ¥750 billion based on the BoD’s advice including Ms. Rogers’.

As you can see, we have launched initiatives based on various opinions, including from Outside Directors. However, unresolved issues remain. For example, from the perspective of enhancing our corporate value, our PBR still remains below 1 (as of the end of June 2024).

Lake To meet the expectations of various stakeholders, including investors, it is important to achieve a PBR of at least 1. This, however, is just a starting point as capital markets have higher expectations. To meet such expectations, in

addition to improving ROE, the SMBC Group must communicate with its stakeholders and leverage such discussions to further stimulate BoD deliberation. I also recognize that investors are concerned with how SMBC Group will address its equity holdings to further increase corporate value. Elimination of equity holdings has long been an issue for Japanese companies, but Japan’s capital markets are on the brink of major change, boosted by the widespread adoption of the Corporate Governance Code – jointly developed by the Financial Services Agency and Tokyo Stock Exchange – as well as by major non-life insurance companies announcing plans to reach “zero” equity holdings. SMBC Group has publicly announced its plan to reduce its equity holdings, but in light of these changes, should seriously consider accelerating its plan. When reducing equity holdings, the SMBC Group should not simply

reduce the shareholdings as a formality, but should carefully assess the rationale for each sale, while keeping development of the SMBC Group and Japan capital markets in mind. In addition, it is also important to consider how to use the capital gained from the sales. Considering Corporate Governance Code requirements, it is necessary to continue to have these discussions at the BoD.

Rogers In terms of SMBC Group’s plan to reduce its equity holdings, I personally feel that the pace of execution is too slow. SMBC Group was able to reduce its equity holdings at a pace that exceeded the plan in FY2023, which I acknowledge as progress. However, I believe that the pace of the plan’s execution needs to be accelerated further. As Mr. Lake stated, Japan’s capital markets are undergoing change, and external pressure, including from investors, is expected to increase even more. Also, in regard to reducing its equity holdings, SMBC Group must pay close attention to capital allocation in addition to governance. The importance of capital allocation will continue to increase in the future as it is critical to secure the necessary resources to realize SMBC Group’s various growth strategies. Of course, while this is an issue that cannot be resolved by SMBC Group alone, I want to continue discussions at BoD meetings on this as it is a key issue.



Ito In the Medium-Term Management Plan, SMBC Group has established Create Social Value as a basic policy as we strive to contribute to “Fulfilled Growth.” This is a major difference from past Medium-Term Management Plans. Could you share with us your thoughts on this matter?

Sakurai The Medium-Term Management Plan is off to a strong start with record profits declared for FY2023, and I believe that SMBC Group managed to exceed expectations in terms of Create Social Value. SMBC Group is focusing on financial education, supporting corporate clients, and other related activities to create social value. As Chairperson of the Sustainability Committee, I have repeatedly stated at BoD meetings that we must create a framework in which all SMBC Group employees can independently take part in such efforts through “universal participation.” Looking over

the first year of the Plan, Sumitomo Mitsui Banking Corporation’s retail branches and Group companies held a variety of workshops and study sessions, in which employees engaged in discussions about how they could connect “Create Social Value” to enhancing SMBC Group’s strengths. This is only one example of SMBC Group’s many efforts. SMBC Group is off to a good start in developing employees’ awareness.

Rogers Mr. Paul Polman, an SMBC Group Global Advisor, and other well-known experts took part in various meetings including the one Ms. Sakurai mentioned. I believe that the participants were able to successfully leverage their knowledge of sustainability to make valuable contributions. By continuing to hold such sessions, I believe that SMBC Group’s overall competency level concerning sustainability will be enhanced. The Sustainability Committee recognizes initiatives

aimed at addressing climate change as one of its key themes, and we continue discussions on this matter. Many corporations are now advocating carbon neutrality and proactively carrying out related initiatives. However, this is not a matter which can be achieved in one simple step. This has led to increased attention and demand for Transition Finance. Transition Finance is a new form of financing that supports corporations’ long-term reduction strategies of greenhouse gas (GHG) emissions to achieve carbon neutrality. Furthermore, from the standpoint of realizing SMBC Group’s medium- to long-term growth, it will become increasingly important to provide financial solutions that support corporations’ efforts to address climate change and strive for carbon neutrality.

Lake As you both mentioned, creating social value is essential for achieving medium- to long-term corporate growth. However, since we are approaching this as a business rather than a charity, it is important that we also pursue economic value and, to ensure effectiveness, we need to further strengthen management’s foundation and capacity. As a member of the Risk Committee, I have shared various thoughts about how management systems, including a risk management system, can be enhanced to balance social and economic value. This concept, however, is nothing new and if you

look back over SMBC Group’s history, you can see that both Mitsui and Sumitomo created social value for generations through their respective businesses. Financial institutions play a significant role in addressing social issues and I believe this will remain unchanged into the future. I look forward to SMBC Group continuing to create social value into the future by building on the corporate culture it has cultivated over its long history.

Ito In a medium- to long-term timeframe, it is possible to increase economic value through the creation of social value, and more and more people are accepting this mindset. However, if we only think about matters based on a short-term perspective, we cannot deny that certain conflicts do arise between social and economic value.

Ms. Sakurai mentioned the need for everyone to participate, in other words “universal participation,” and therein lies the difficulty of addressing Create Social Value as the top priority. As such, I have repeatedly called out at various opportunities for the entire SMBC Group to think about whether our solutions and products are really contributing to the resolution of social issues, and whether they were having a positive impact on our stakeholders as a key factor in our decision-making process. When I visited our front office departments and talked with young employees, I noticed that the



Eriko Sakurai
Outside Director

mindsets of “I want to help customers” and “I want to provide services that contribute to the resolution of social issues” are becoming stronger. Although many hurdles remain in regard to realizing “universal participation,” we will continue our efforts while receiving advice and guidance from Outside Directors.

While we cannot disclose quantitative data regarding Create Social Value right now, we are currently deciding how to disclose the impact of our efforts to create social value. We are still trying to come to a conclusion, but as a first step we will pick some sample cases in which SMBC Group’s efforts are having a positive impact on Create Social Value and disclose quantitative data regarding those cases.

Finally, I would like to ask Outside Directors to share what they expect to be key issues going forward.

Sakurai When we launched the Sustainability Committee in 2021, addressing climate change was one of particular topics of focus. So we invited Ms. Yukari Takamura and Mr. Eiichiro Adachi, both leading Japanese experts on climate change, to become outside experts of SMBC Group, while Outside Directors including myself worked to deepen our knowledge of the matter. The Committee has provided the executive side with various advice, for example recommending the hiring of an individual with hands-on experience in the energy sector to collect the appropriate data and correctly analyze it. The executive side is also proactively adopting this advice. We also conduct sessions where Outside Directors and SMBC Group’s corporate clients meet and discuss climate change. The Sustainability Committee will engage in the various sustainability-related issues we face, while overseeing the executive side and providing advice,

by acquiring sustainability-related knowledge as an Outside Director through such efforts. I will place special focus on climate change, since it is a topic on which we must take immediate action.

Lake As I mentioned earlier, I also serve as a Risk Committee member, where I have focused on providing views on global geopolitical risks and U.S. current events. In the current business environment, companies find themselves in an ultra VUCA era (volatile, uncertain, complex, and ambiguous), which is difficult to predict, even for experts. In such an environment, companies must establish risk management systems that enable the robust and proactive governance, which I mentioned earlier, and respond flexibly and rationally, based on substance rather than just form. For this to happen, it is important to place risk management at the center of management strategy and work even harder to achieve a higher level of free, open, and constructive discussions. Drawing on my past experience, I want to help further strengthen SMBC Group’s governance framework. Shingen Takeda, a famous lord from Japan’s medieval period, left behind the famous saying: “The people are the castles, people are the stone walls, and people are the moats.” I believe the same applies to management. SMBC Group will place human capital at the center of its management infrastructure

and strive to realize a workplace and team where employees can continue to challenge themselves and feel a strong sense of fulfillment.

Furthermore, we have put in motion the creation of systems – as a central management theme – that enable our human capital to demonstrate their capabilities to foster a corporate culture befitting of a global company, and we are making every effort to incorporate best practices from a global perspective. For example, the Nomination Committee is taking a sophisticated approach to succession planning. As competition for talent intensifies, I, as an Outside Director, will provide a fresh perspective on best practices, including as it relates to human capital, and support SMBC Group’s growth over the medium- to long-term.

Rogers In response to the market manipulation case at SMBC Nikko Securities in 2022, SMBC Group is engaging in Group-wide efforts on

the implementation of preventative measures. SMBC Group carried out a variety of initiatives, for example holding town hall meetings for the purpose of engaging employees in developing a compliance culture, while pursuing the development of its enhanced compliance framework. However, the key factor is not the implementation of short-term solutions. Rather, it is how to embed a robust compliance culture on both a group and global basis over the long-term, and we have just reached the starting point. This also ties in with “Integrity,” one of SMBC Group’s Five Values, and the BoD should engage in more in-depth discussions regarding that. I firmly believe that it is one of the key responsibilities of an Outside Director to provide frank opinions during such discussions, and I will continue to offer my honest views regarding a variety of matters.



Jenifer Rogers
Outside Director

Human Resource Strategies



Takashi Kobayashi
Senior Managing Executive Officer
Group CHRO

Message from CHRO

Empowering individuals to be resilient and strong. Becoming a power for society.

People are our foundation for our competitiveness

Even as SMBC Group's environment and the values and lifestyles of individuals undergo rapid change and diversification, the importance of people to SMBC Group never changes. Rather, in this era of drastic change, it is critical that the employees of our Group, over 120,000, exert their abilities and align their direction with a sense of unity. As a symbol to guide this action, we established the "SMBC Group Talent Policy" (hereinafter "Talent Policy").

To the creation of value through the maximization of human resource

Our Talent Policy sets out what we expect employees to be (Professional, Collaborative, Agile) and our value proposition to employees (Be Yourself, Make a Difference, Build Your Career). These items are imbued with values that SMBC Group feels are vital. These values are also present in the DNA and the business spirit that Mitsui and Sumitomo have inherited through our long histories: refining personal capabilities, uniting as a team, and contributing to the advancement of society and the businesses of our customers and ourselves. As CHRO, I will position our Talent Policy as the foundation underlying our human resources measures, and will maximize our human resource capabilities and achieve the creation of social value and pursuit of economic value set forth in our management strategy.

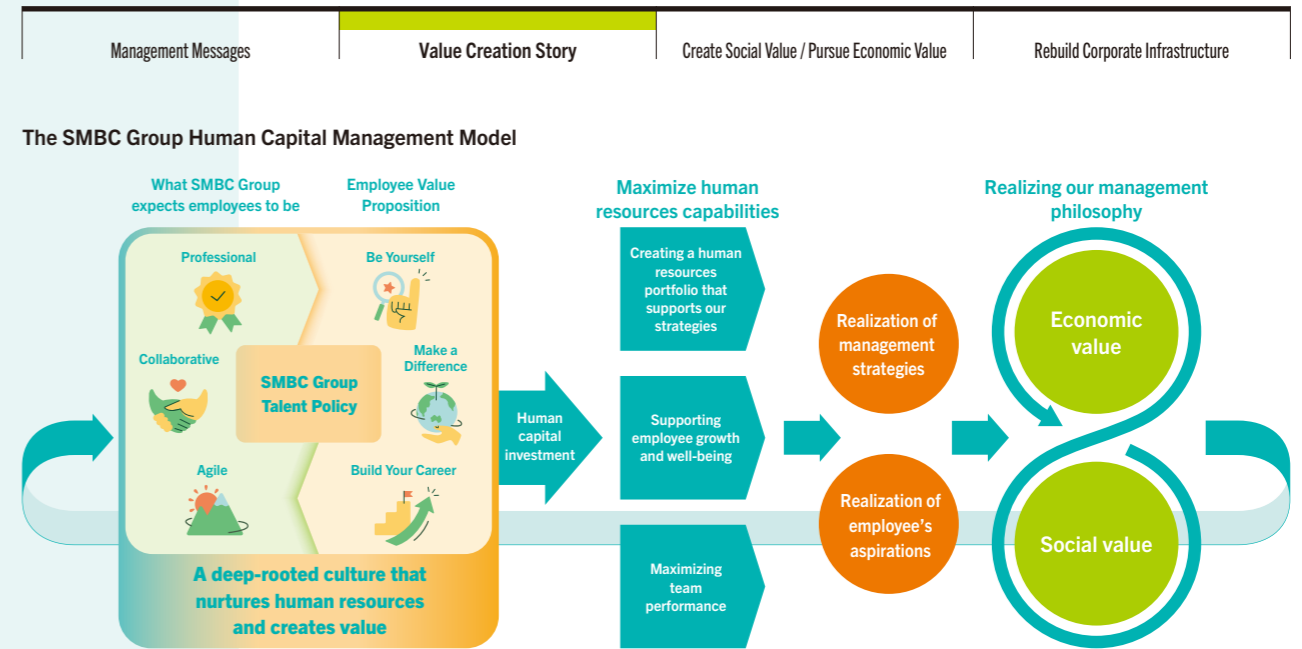
To achieve our management strategy

To achieve the human resources strategy linked to our management strategy, it is essential that we possess a human resources platform and an organizational culture by which employees holding diverse career backgrounds and values can play active roles. At the same time, it is also important that the values of the Company and of individuals overlap and resonate with each other.

To that end, we will swiftly accelerate the transformation of our frameworks for personnel evaluations, compensation, and careers, while continually providing opportunities for internal communication through dialogues in town hall meetings, seminars, and small-group sessions to ensure that the thinking and backgrounds embedded in our human resources strategy are properly communicated.

We believe that realizing employees' diverse aspirations will connect to our growth and competitiveness, increase employees' identification with the Company, and give rise to further endeavors and successes for employees. This virtuous cycle represents the human resource management and the maximization of human resource power that I aim to achieve.

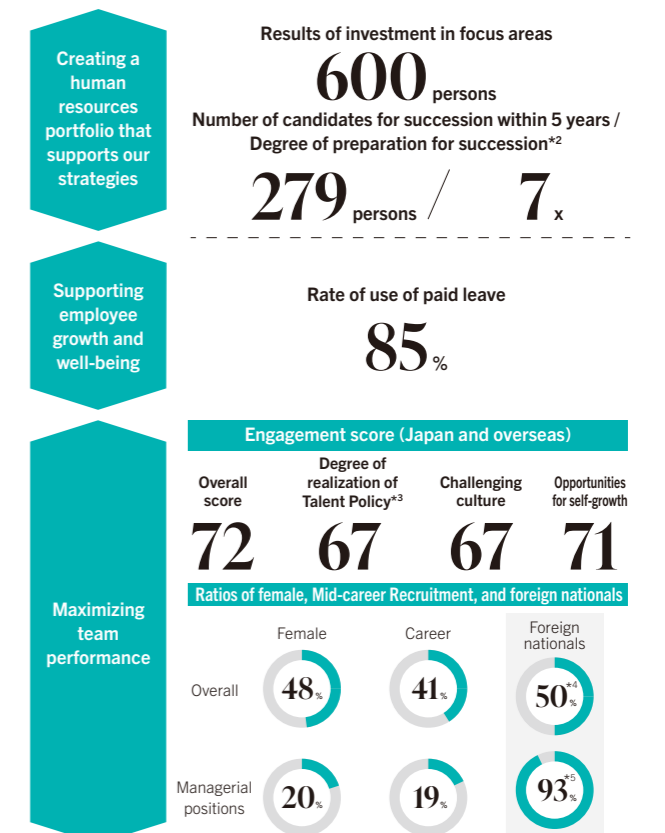
As CHRO, I will continue challenging myself wholeheartedly to create a compelling environment where diverse human resources can play active roles in their own way through various initiatives that lead to transformation.



The SMBC Group Talent Policy and Human Capital Management Model

SMBC Group's 120,000 diverse employees work within a deep-rooted culture that nurtures human resources and creates value. Our Human Capital Management Model, based on our Talent Policy, promotes three main strategies aimed at maximizing human resource capabilities group and global wide, and connects these strategies to value creation. While instilling our Talent Policy through various opportunities, we are actively communicating with employees leveraging visuals and icons created in cooperation with the in-house design team. SMBC Group has created measures to achieve the items listed in our Talent Policy, and verifies progress toward these through fixed-point observation of quantitative figures. Quantitative results for our main strategies are as shown at right.

Quantitative results for our main strategies*1 (FY2023)



*1 Unless otherwise noted, calculations are for employees of 8 major Group companies hired in Japan
*2 Ratio of number of candidates to target number for post
*3 As of February 2024, 8 major Group companies, excluding Sumitomo Mitsui Finance and Leasing and Sumitomo Mitsui DS Asset Management.
*4 Percentage of employees of consolidated SMBC Group
*5 Ratio of locally hired employees in management positions at overseas offices

1 Creating a Human Resources Portfolio that Supports Our Strategy

Expansion of human resources in focus areas

Key investments in Focus Areas

We actively hire new employees and optimize staffing through the creation of a human resources portfolio to achieve our Medium-Term Management Plan. In FY2024, we will allocate 550 persons to our strategic areas, such as digital domain that promotes “Olive” and wholesale business area in which our customers’ business activities are agile, in response to changes in the yen-denominated interest rate environment.

We have launched a new department to advance the creation of social value. Furthermore, additional 250 persons will be secured to strengthen our corporate infrastructure, including IT investment, compliance and risk management structures.

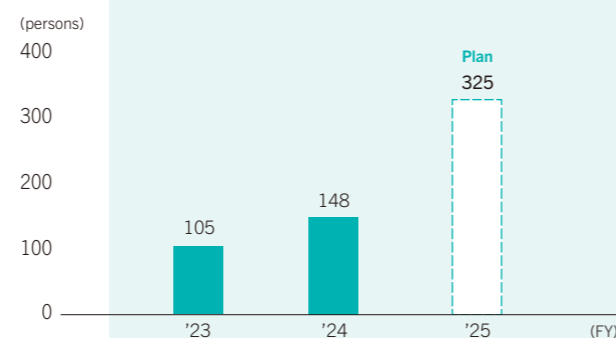
Focus areas	Human resources planning (3 years)	
	Of which, FY2023 results	
Legal affairs, compliance, risk management, IT	+400 persons	+1,000 persons
DX, analytics	+150 persons	+300 persons
Global	+50 persons	+100 persons

New graduate and mid-career recruitment

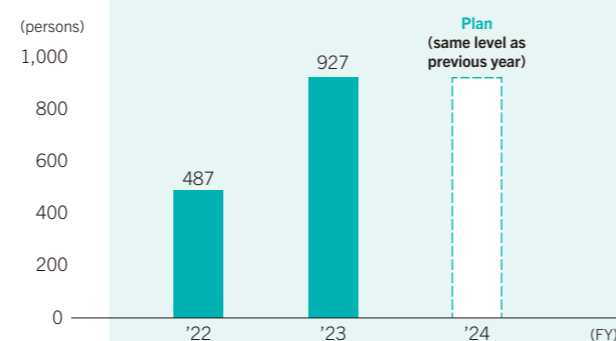
For new graduate recruitment, we aim for optimal hiring through “open recruitment” targeting undergraduates who are willing to gain experience in a wide range of business fields and “course-specific recruitment” targeting who are willing to cultivate high levels of expertise in a particular area. As an example, SMBC and SMBC Nikko Securities have launched Group Retail Course for group joint recruitment of human resources involved in a field of wealth management business. Through this course, we develop human resources with knowledge and experiences in both banking and securities, and meet wide-ranging needs including asset management, inheritance, and succession. We have a total of 25 courses across the Group. For mid-career recruitment, we hire human resources who possess diverse knowledge regardless of industry, with the aim of creating an organization more conducive to innovation.

We are also strengthening our organizational structure for smoothly fit mid-career recruits in the office to maximize their performance early. As an example, We provides new employees a Buddy System that supports from job offer acceptance to the end of the first year in SMBC, an On-boarding Handbook that complies feedback from mid-career recruits and highlights key points of support, as well as organizing exchange events aimed at networking.

Number of new graduate hires by course



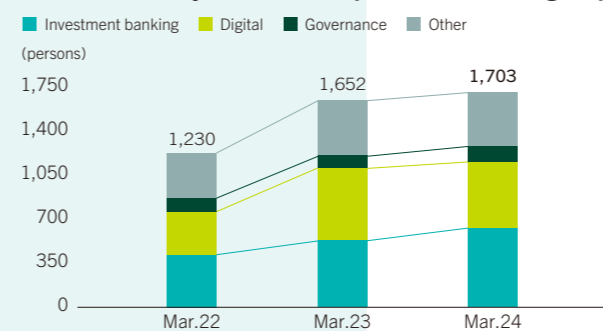
Number of mid-career hires



Certifying specialists

We secure and develop professionals in specific domains by evaluating and rewarding their expertise in focus areas. As an example, SMBC has established an Expert Certification System covering 31 areas, the Japan Research Institute has introduced an IT Professional Certification System, and Sumitomo Mitsui Card Company has introduced a Digital & Marketing Skill Certification System. SMBC Nikko Securities offers reward systems and career paths specific to the investment banking and markets divisions for employees who demonstrate high expertise.

Number of subject matter experts across the group



Inclusion of locally hired overseas employees

As our business outside Japan is leading our growth, we are fostering a culture that both Japan hired employees (“JH”) and locally hired employees (“LH”), employees who are hired and work outside Japan, can experience and understand diversity of SMBC Group and transform this culture into our competitiveness. For example, we are providing over 60 LHs with mid/long-term work experience at Tokyo head office for mid/long term or offering joint training opportunities with JHs. These employees build relationships with colleagues across departments and regions to share their knowledge and practices from each region, as well as to gain a better understanding of the headquarters’ strategy. These opportunities/programs also promote globalization at the offices located in Japan, and creating an environment where business can be conducted more effectively in collaboration even after the end of the placement.

We also continue to conduct varied forms of joint training aimed at enhancing business skills and top management skills at the global level.



“Global Japan Program”, the short term training for locally hired overseas employees in Japan

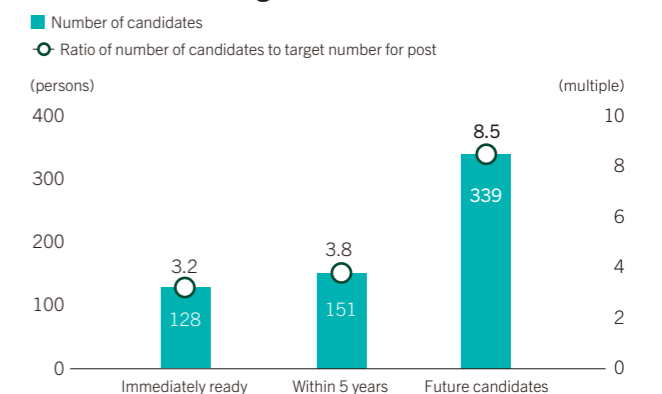
Succession planning and human resource exchanges

Management and development of Group management human resources

We formulate succession plans for vital Business Units and for key CxO positions. Through transfers and human resource exchanges within the Group, we provide employees who are named in such succession plan with opportunities to overcome personal challenges, broaden their management perspectives, and form cross-Group networks. We incorporate candidates who demonstrate particularly high performance into succession planning in anticipation of their future role in management.

We actively invest in education at every level employees, from mid-level to the officer level, and provide various opportunities including training, secondment, or talent exchange to candidates for our future management so that they gain experiences not only within but also outside the Group. Our management, including CEO and outside directors, also participate in these opportunities and communicate with the participants to encourage them to develop their mindsets as future leaders.

Succession Planning



2 Support for Employee Growth and Well-Being

Building an environment for self-motivated learning

An online learning platform connecting the Group SMBC Group uses the SMBC Group eCampus shared online learning platform to promote self-motivated learning by employees. Containing about 1,700 content items, the platform offers learning materials in wide-ranging fields including business, work knowledge, compliance, and messages from top management. Along with learning content, SMBC Group eCampus offers features including training sign-up, tests, and questionnaires. It supports and deepens employees' self-motivated learning activities through linkage with personnel data. Logins to the system averaged over 3,000 per day in FY2023, and have reached as high as 1.1 million in a year as use of the platform spreads among employees.

In particular, content provided by our Digital University in-house digital IT education organization has greatly contributed to enhancing employees' digital literacy. To improve the environment for achieving self-directed career development, we will further make use of the platform's features to build personalized UI and strengthen content.

Initiatives to support self-directed career development

Engaging with careers and encouraging new challenges

We support employees' initiatives to support self-directed career development through our internal job posting system for applying to positions across the Group.

We also make efforts toward career education by which companies conduct career training according to age group, with career consulting available across the Group. For example, SMBC emphasizes communication between employees and the human resources department, engaging in about 7,000 hours per year for touch-points with employees, including interviews.

In addition, we regularly holds "job forum" explanatory

sessions to communicate the appeal of departments and creates job maps to deepen employees' understanding of the content and the appeal of work at other departments, along with required skills and qualifications.

Sumitomo Mitsui Finance and Leasing also has a unique initiative called Job Shadow, by which employees experience the work of another department for a day.

Sumitomo Mitsui Card Company supports independent career development through "career meetings" in which superiors formulate and share career plans based on employees' career prospects, and a "career challenge (FA system)" program by which employees can apply for desired posts and work.

Through these diverse initiatives, we support the career formation of all employees and promote individual growth.

Total annual training costs

	FY2022	FY2023
Total annual training costs	¥4.0 billion	¥4.7 billion

Initiatives to support self-directed career development

	FY2021	FY2022	FY2023
Number of applicants for open recruitment system	1,595	1,693	1,870
Number of users of side job system (Of which, internal)	183	318	699

Growth through external dispatch and in-house side jobs

We promote the acquisition of diverse work skills and experiences through an external dispatch entry system for the accumulation of experience for a period outside of SMBC Group, and through in-house side jobs that allocate a portion of work hours to work in the side job department.

Mitsui Sumitomo Card Company and SMBC Nikko Securities also approve external side jobs aimed at supporting independent endeavors and creating innovation through personal network formation and the spreading of values.

Creation of an environment that supports endeavors

Endeavors through "Producing New CEOs"

We allocate budget and personnel to employees who have unique business ideas that can support SMBC Group's growth, creating an environment allowing these employees to demonstrate their abilities to the fullest.

For some business ideas, we may even launch a new in-house venture beyond the framework of the company, selecting an employee as "president." In FY2023, we turned out 11 "presidents" of new businesses selected through pitch contests and open recruitment. We continue supporting employees of any age and experience level who tackle challenges with "Make a breakthrough" to see them through.



SMBC Wevox President Hidekazu Sugimoto (photo, right)
SMBC Wevox Director Satoshi Fusho (photo, left)

BPORTUS President Kazuki Tanaka

Creating co-creation opportunities across Group companies

SMBC Group carries out a variety of measures offering opportunities for co-creation by Group companies.

We have established a Group commendation system that recognizes outstanding initiatives enabled by collaboration within the Group.

There are also numerous cases of project teams that cross the boundaries of Group companies, formed with the aim of enhancing speed and customer response capabilities. We adopt the "Squad" method of flexible member assignment to undertake creation of value, as in the case of Olive.

Health and productivity management

Ensuring mental and physical health to support employees' growth

Our subsidiaries have issued a "Health and Productivity Management Declaration" and are committed to health and productivity management with the aim of invigorating their organizations by enhancing employees' vitality and productivity. Under the leadership of the Chief Health Officer, the companies, health insurance associations, and occupational health staff work collaboratively to implement measures including improvements of office environments and the development of support systems and work systems appropriate for the stages of primary to tertiary prevention.

In FY2023, we designated November as "Wellness Month" to intensively focus on health management. The Group as a whole organized running and walking events around the Imperial Palace, aiming to foster exercise habits and enhance communication through interactions between Group companies' employees and disabled athletes. In recognition of these efforts, our company was certified as one of the Health and Productivity Management Outstanding Organizations "White 500" (Large Enterprise Category).

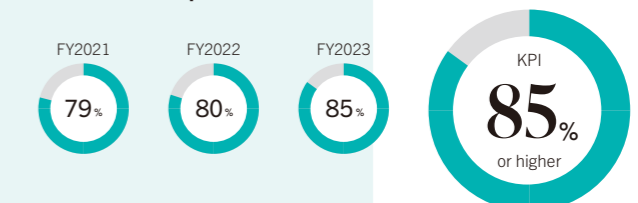
Key initiatives

Primary prevention
Training and seminars
Smoking cessation program
Introduction of lifestyle improvement support apps
Installation of running stations, massage rooms, etc.

Secondary prevention
Recommendations for secondary medical checkups, gynecological checkups, etc.

Tertiary prevention
Counseling to support return to work
Trial work system, work restrictions, etc.

Rate of use of paid leave



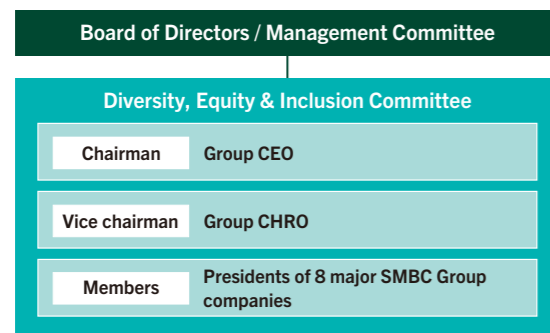
3 Maximizing Team Performance

Promotion of DE&I

DE&I as an important strategy for growth

SMBC Group positions Diversity, Equity & Inclusion (“DE&I”) as an important strategy for growth. We aim to enhance our organizational performance and maximize value creation by fully leveraging the capabilities of our diverse human resources. In FY2023, we revised our “DE&I Statement” to further clarify the commitment of our top management.

DE&I Committee and Group Management Committee discuss KPI settings and measures, and we also hold study sessions for managers, incorporating the latest external insights.



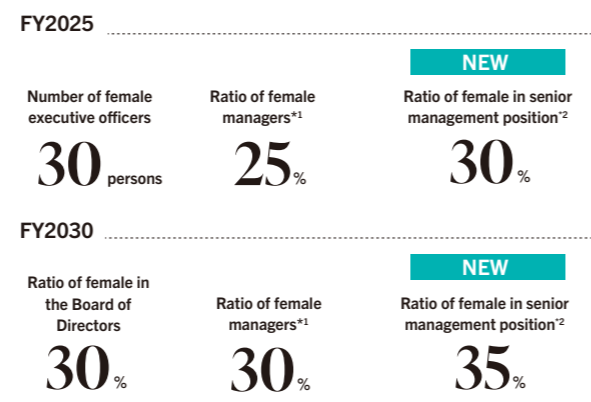
Group joint training for developing female managers

To cultivate qualities required for executive officers and aid career development, we conduct training for mid-career female employees. In this training, officers of the Group, including the CEO, conduct reviews and provide opportunities for dialogue to elevate the perspectives of candidates.

We also conduct external lectures and round-table discussions with female managers to help overcome challenges faced at every stage, from young employees to top management. Through such initiatives, we support female employees in actively tackling roles after being promoted and in aiming for higher positions.

Enhancement of Diversity at Decision Making Levels

KPIs related to ensuring diversity at Decision Making Levels have been set on a Group wide basis. In FY2024, in addition the previously set KPIs on Gender, Mid-career recruitment and foreign nationals, we have introduced a new KPI on Female in the Senior Management Position on an entire global basis including locally hired employees at overseas offices.



*1 Calculate based on the definition required by the Act on the Promotion of Female Participation and Career Advancement in the Workplace
 *2 Calculate by combining number of “Female managers*1” and number of those equivalent to Director & above at overseas locations.

Promoting work-life integration and supporting paternal participation in childcare

We are committed to realize workplace where our employees can effectively balance their work and family, according to their lifestyles, and find fulfillment in their work. In FY2023, we have set goals: achieving Childcare leave usage by male employees: 100%, as well as Number of days of childcare leave by male employees: an average of 30 days or more. We will continue to encourage greater utilization of paternity leave benefits, as means to promote the Paternal participation in Childcare.

Average number of days and take-up rate of paternity leave

	FY2022	FY2023
Average number of days of paternity leave	8.2 days	11.5 days
Rate*	89%	116%

* The paternity leave take-up rate may exceed 100% in the case employees who take paternity leave beyond fiscal years.

Enhancing employees’ sense of participation in our strategy

Interaction with top management

Through several event including seminars, lunch meetings, and training, we provide opportunities for employees to interact and dialogue with top management. In FY2023, we launched a channel to stream interviews with Group company presidents and show the daily life of the Group CEO on our in-house social networking service “Midoriba.” We will continue to provide opportunities for communication through varied approaches and to reform our organizational culture through internal invigoration.



“CEO Seminar”, where the Group CEO and employees discuss topics including SMBC Group direction and strategies

Employee shareholding association

SMBC Group has introduced an employee stock ownership plan. This plan promotes medium- to long-term asset formation by employees, supports financial well-being, and, as a component of our human capital investment, leads to opportunities to enhance employees’ awareness of their participation in management.

At SMBC, boosting incentives increased participation in the plan by 38% and amount of contribution by about 20% in FY2023. We will continue creating mechanisms to enhance this awareness on the part of employees.

Introduction of stock plan for employees

In FY2024, SMBC established a stock plan for employees to strengthen the commitment of employees and top management in working as one to enhance our corporate

value. By linking compensation to the company’s stock price over the medium to long term, the plan functions as incentive for employees to enhance the corporate value of SMBC Group overall. We plan to gradually expand it beyond Sumitomo Mitsui Banking Corporation to other Group companies.

Enhancement of engagement

Situational assessment through Wevox and 1-on-1 meetings

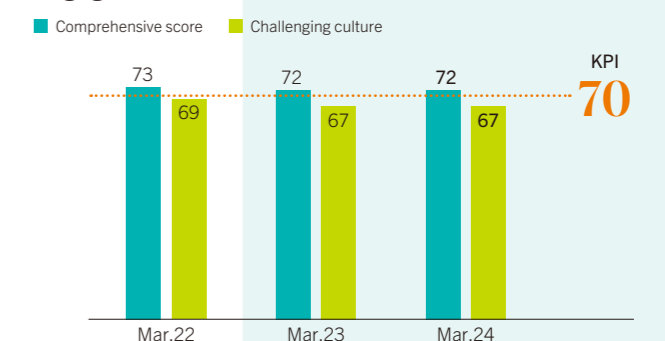
SMBC Group uses Wevox, a tool for fixed-point observation of the state of organizational and employee engagement to support improvement actions by headquarters and management. After introducing Wevox at SMBC in FY2019, we moved ahead with rollout at other Group companies.

As of April 2024, nearly all major companies in our Group have adopted Wevox. Results obtained through measurement of engagement are shared within organizations and are reflected in our business operation.

In Japan, we have also used Wevox since FY2023 to measure degree of achievement of our Talent Policy. We reference this measure as an indicator of the effectiveness of the value provided by our Company and use it as an aid in improving measures.

We also work to enhance employee engagement and performance by setting up regular dialogues and 1-on-1 opportunities.

Engagement Score



Create Social Value Pursue Economic Value

Create Social Value / Pursue Economic Value

- 048 Become a Leading Company in Creating Social Value
- 050 The Vision We Seek through Creation of Social Value

Strategies of Business Units

- 070 Retail Business Unit
- 074 Wholesale Business Unit
- 078 Global Business Unit
- 082 Global Markets Business Unit
- 086 Creating Social Value through Digital

Special Content

- 090 **Special Content 1** Multi-Franchise Strategy
- 098 **Special Content 2** Evolving Olive
- 102 **Special Content 3** Well-Timed Capital Funding
- 106 Aiming to Make the Leap to Asset Management Solutions Provider



Become a Leading Company in Creating Social Value

Mr. Paul Polman, an SMBC Group Global Advisor, and Mr. Fumihiko Ito, Group CFO & CSO, exchanged thoughts on enhancing corporate value through the realization of Create Social Value.



profile

Right

Paul Polman

Paul Polman was appointed as an SMBC Group Global Advisor on March 2023. During his time as CEO of Unilever PLC (“Unilever”), Mr. Polman introduced “Unilever Sustainable Living Plan (USLP),” a business plan that positioned the solving of social issues as a key pillar and endeavored to balance sustainability and corporate growth.

Left

Fumihiko Ito

Group CFO & CSO
Director Senior Managing Executive Officer

Ito In the Medium-Term Management Plan which launched in FY2023, SMBC Group established Create Social Value as a core policy of its business strategy. I believe that many corporations have yet to position the resolution of social issues through sustainability-related initiatives as a key part of their business strategy. As an SMBC Group Global Advisor, what are your thoughts on the current Medium-Term Management Plan?

Polman I think it is wonderful that SMBC Group has established Create Social Value as a key policy of its business strategy. In the revised materialities “Poverty & Inequality,” etc. were added to “Environment,” which clearly reflects SMBC Group’s commitment to tackling important global issues. Furthermore, SMBC Group has a long history of conducting business both in and outside of Japan, and its core business foundations incorporate a variety of stakeholders. As such, I believe SMBC Group is in a good position to leverage its robust corporate infrastructure to address social issues. We are also witnessing the expansion of the sustainability business sector in numerous parts of the world, leading to increased demand for new financial products and services. I hope to see SMBC Group drive forward the development of the sector by using its proven track record and the trust it has won from various stakeholders to lead this transformation.

Ito Thank you. As Group CFO I am in almost daily communication with investors. While there are demands regarding short-term, financial results, we are very well aware the importance of the management team also maintaining a long-term perspective so that we are able to create social value. During your time as CEO of Unilever, you applied a long-term perspective to your management style. Where there any particular items you focused on in order to obtain the understanding of investors and employees?

Polman A short-term approach focusing on quarterly financial results is not always in the best interests of society as a whole. When I was appointed as CEO of Unilever, I switched from announcing our financial results on a quarterly basis to a biannual basis. At the same time, I established a long-term growth strategy that aimed to solve social issues while also realizing economic growth, and I communicated closely with shareholders to deepen their understanding of this strategy. The strategy was initially met with skepticism by financial markets. However, after producing successful results, including financial results, investors warmed to this approach which in turn caused an increase in Unilever’s share price. Unfortunately, not many corporations followed in Unilever’s footsteps, but I became certain that it was possible to increase corporate value while working to solve social issues if we adopted a long-term perspective and developed a healthy relationship with

investors. Furthermore, all employees must take part if a company is to successfully bring about change by addressing social issues. By positioning the resolution of social issues at the center of Unilever’s business strategy, we were also able to see our employees undergo positive transformation. For example, the educational activities undertaken by the marketing department regarding the correct way to wash your hands using Unilever’s soap products not only contributed to the prevention of infectious diseases and the resolution of other health and sanitary issues it also led to new business opportunities.

Ito I agree. In order to promote the core policy of Create Social Value we must apply both top-down and bottom-up approaches. For a top-down approach to succeed, the management must possess a long-term perspective and show a strong commitment to the resolution of social issues. In order for a bottom-up approach to succeed, Group-wide efforts will be required so that employees can proactively take part in projects that are key to the business strategy. I want to convey to all SMBC Group employees that our corporate value will increase if we take part in efforts to create social value based on a long-term perspective.

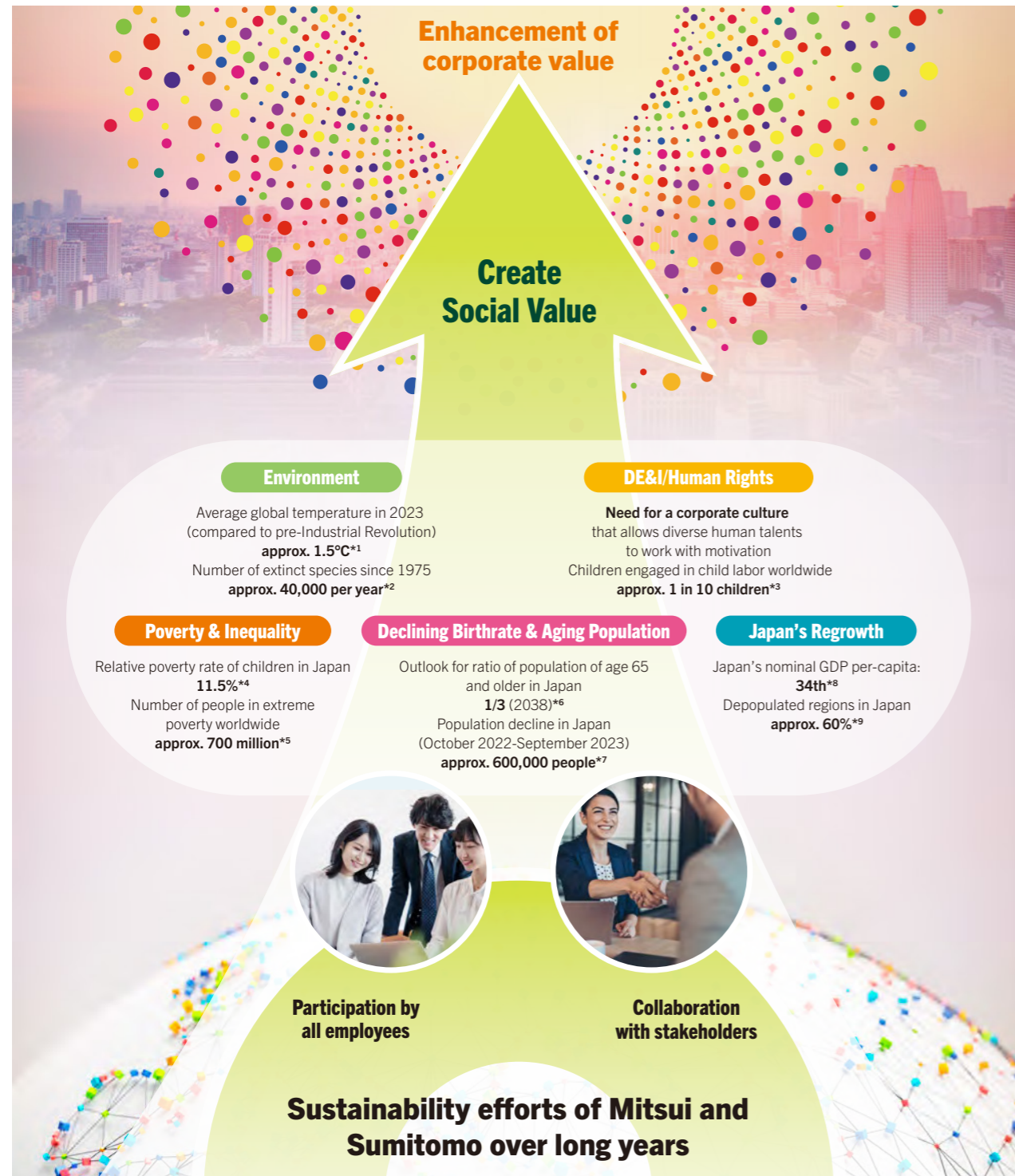
Polman Typically speaking, I believe the majority of social value created by a company is done over the long-term,

that is to say, it takes a period of five to ten years for that value to be created. It goes without saying that a long-term approach is required to solve climate change, food security, inequality, and other social issues. In addition, cutting edge, environmentally friendly technology is being developed on a daily basis while stakeholders’ mindsets are also undergoing change. As such, the undertaking of sustainability-related initiatives does not always equal the sacrifice short-term financial success for a company. Speaking from my own experiences, by striving to solve social issues and engaging in business based on a long-term perspective, at the end of the day it is possible to generate greater value than when short-term approaches are applied and as a result will drive your share price higher.

Ito I agree. I firmly believe that establishing Create Social Value as a key policy of our business strategy will lead to increased medium- to long-term corporate value. In addition to increasing expectations for growth by steadily increasing revenue, I want to enhance SMBC Group’s PER, in other words our expected future growth rate, by creating social value through the resolution of social issues while adapting to changes in the environment.

Based on the valuable feedback we have received today, SMBC Group will strive to become a leading company in creating social value by continuing to conduct our business based on a long-term perspective.

The Vision We Seek through Creation of Social Value



*1 Copernicus Climate Change Service survey (2024) *2 "White Paper on the Environment, the Sound Material-Cycle Society, and Biodiversity in Graphs", Japanese Ministry of the Environment (2010) *3 UNICEF survey (2021) *4 "Comprehensive Survey of Living Conditions", Japanese Ministry of Health, Labour and Welfare (2023) *5 World Bank statistics (2022) *6 "Annual Report on the Ageing Society", Japan Cabinet Office (2023) *7 "Population Estimates", Japanese Ministry of Internal Affairs and Communications (2023) *8 IMF statistics (2023) *9 "Current Status of Depopulation Measures", Japanese Ministry of Internal Affairs and Communications (2021)

Message from Group CSuO

The social issues faced by the world have become increasingly diverse and severe in recent years, and the mindset of stakeholders is steadily changing. Amid growing expectations toward companies to proactively and concretely contribute to solving social issues, in our Medium-Term Management Plan that began in April 2023, SMBC Group set forth "Create Social Value" as one pillar of our management and established "Environment," "DE&I/Human Rights," "Poverty & Inequality," "Declining Birthrate & Declining Population," and "Japan's Regrowth" as five priority issues (materialities). Under this framework, our Group has begun working as one to solve social issues.

Many employees endorsed our aim of creating social value upon the release of the Medium-Term Management Plan, yet some expressed uncertainty over what specifically should be done. To first ensure that employees solidly understand and agree with our aims, we held town hall meetings at sites in Japan and overseas, repeatedly discussed the background behind our addressing the creation of social value and our specific actions, and incorporated efforts to create social value into our evaluation system for all departments and employees.

To further back up our employees, in FY2024 we put forth a slogan of "Participation by all" for the 120,000 employees in our Group, under which we are energetically advancing measures that include support for activities and expansion of opportunities to be part of the creation of social value. Specific actions include setting an expense budget of ¥10 billion and an investment fund of ¥40 billion, creation of materials for use by employees in discussing social issues with customers, and expansion of our pro-bono work and commendation systems. Our measures are yielding results, with our most recent questionnaire showing over 60% of employees responding positively that they've undertaken actions to solve social issues in conjunction with their own work.

Through our initiatives under participation by all employees and leveraging our extensive customer base and our wide-ranging points of contact with society, we will cooperate with partners in tackling solutions to even more social issues.

On the topic of environmental issues, the correlation between climate change and natural capital and the

impacts of climate change on social issues such as human rights and health are pointed out. The company of climate change issues have become apparent. We intend to make the greatest possible contribution as a global financial group to address this major challenge. Specifically, we are focusing on initiatives such as, financial and non-financial support for decarbonization efforts by domestic and overseas customers, raising our level of risk-taking for new energy and other new technologies such as offshore wind power and hydrogen-reduced iron, and providing transition finance. While transitions in Asia are particularly difficult from the "Just Transition" perspective, as a financial institution pursuing a multi-franchise strategy in Asia and aiming for sustainable growth together with regional economies, we are committed to responding effectively. Given that the climate change presents us with not only business opportunities but also risks, we will strive to constantly raise the level of our governance.

We are also promoting visualization of our efforts aimed at creation of social value and have decided to publish details in our Impact Report. As the creation of social value becomes more important, we believe that along with financial indicators, positive and negative impacts on society and the environment will grow in importance as new metrics for measuring corporate value. By making these impacts visual, we will work toward the expansion of relevant solutions, enhancement of employees' understanding, and objective and transparent disclosure toward stakeholders.

As Group CSuO, I will make every effort to ensure that SMBC Group executives and employees continue working as one to take the lead in solving social issues, and connect our action to the creation of social value and further to the enhancement of our corporate value.



Masayuki Takanashi

Executive Officer
Group CSuO

Our initiatives on Materiality Aimed at the Creation of Social Value

SMBC Group has selected five priority issues (materialities) to be proactively addressed: “Environment,” “DE&I/Human Rights,” “Poverty & Inequality,” “Declining Birthrate & Aging Population,” and “Japan’s Regrowth.” We are also promoting initiatives toward the creation of social value under ten goals along with key performance indicators (KPIs).

Materiality identification process

- 1 Identification of social issues to be addressed**
 We identified social issues with the potential to have a significant impact on SMBC Group and society, based on our top risks and past efforts to resolve social issues as well as global issues and efforts by Japan’s government.
- 2 Discussion and examination**
 Approximately 20,000 employees in Japan and overseas responded to a questionnaire survey on social issues on which SMBC Group should focus. In addition to Management Committee meetings, Diversity Committee meetings, and other meetings on the executive side, discussions were held in Board of Directors meetings and Sustainability Committee meetings on the supervisory side. We selected five materialities and ten goals based on the results of the employee survey and on opinions from both the supervisory and executive sides (including the opinions of external committee members).
- 3 Institutional decisions**
 We added KPIs associated with our materialities and targets, with decisions made by the Board of Directors following deliberation by the Management Committee.

Materiality	10 goals	Key performance indicators (KPIs)	Reference: FY2023 results	Directions for action	Related SDGs
Environment	Support transition to achieve a decarbonized society	Sustainable finance ¥50 trillion (FY3/21-30)	¥24 trillion (FY3/21-24)	<ul style="list-style-type: none"> Working to support customers’ transition to net zero and technological innovations in order to contribute maximally to decarbonization Working to create more advanced solutions for customers, such as risk analysis and financing, based on the importance of preserving and restoring natural capital 	
	Contribute to the conservation and the restoration of natural capital				
DE&I/Human Rights	Realize a workplace where employees enjoy high job satisfaction	Engagement score Maintain at least 70	72	<ul style="list-style-type: none"> Developing a group-wide framework to ensure the human rights of everyone involved with SMBC Group are respected To ensure diversity, respecting the individuality of every employee. Providing programs to enable work styles and lifestyles that match individual values Encouraging highly motivated employees to collaborate with relevant parties in and outside the company to further promote social issue solutions, as part of their job. Creating an environment for these activities that is supported by their managers and colleagues Creating programs that allows all employees to grow and demonstrate their abilities 	
	Respect for human rights throughout the supply chain				
Poverty & Inequality	Break the cycle of poverty and inequality for the next generation	Number of microfinance borrowers +800,000 people (FY3/26, compared to FY3/23)	+153,000 people (compared to FY3/23)	<ul style="list-style-type: none"> Creating societies where people with abilities are given opportunities to grow, demonstrate their full potential, and play active roles. Regardless of the environment in which they were born, we want children to have hope for the future 	
	Contribute to financial inclusion in developing countries				
Declining Birthrate & Aging Population	Relieve anxiety about the 100-year life era	AM/foreign currency balance ¥18 trillion (FY3/26)	¥17 trillion	<ul style="list-style-type: none"> Working to relieve various anxieties about the era of 100-year life by collaborating across industries and enhancing products and services, including non-financial ones, to meet various customer needs Working to leverage digital technology to provide user-friendly financial services accessible anytime, anywhere to all customers 	
	Build user-friendly infrastructure to support a society with a declining population				
Japan’s Regrowth	Support customers’ business model transformation	Investment and loans for startups ¥135 billion (FY3/24-26)	¥79.2 billion	<ul style="list-style-type: none"> Finance supporting matched to growth stages, building and catalyzing ecosystems for startups, supporting new technology development for GX and DX, assisting with transitions related to climate change, and more Working to provide opportunities related to sports, arts, and other areas to provide opportunities broadly to youth with a promising future 	
	Create innovation and foster new industries				

Enhancement of corporate value through the creation of social value

Even before the realization of short-term profits, efforts to create social value contribute to the enhancement of corporate value by influencing Price-to-Earnings Ratio (PER) through improvement of expected growth rate and lowering of cost of capital.

SMBC Group has set forth three pillars for our creation of social value. The first pillar is the "Creation of a system toward full participation". By personally identifying with the solving of social issues and by tackling solutions autonomously, all of our approximately 120,000 employees can yield enormous impacts.

The second pillar is "initiatives that create a virtuous cycle toward social value creation". We will work to solve even more social issues not only through our own initiatives but also through collaboration with customers and society.

The third pillar is "information disclosure that anticipates changes in the "metrics"". To enhance our corporate value by appealing our efforts externally, we will also tackle measurement and advanced disclosure of the impacts we have on society and the environment through our initiatives.



Promotion structure

To continuously raise the level of our sustainability management, SMBC Group has established a Sustainability Committee and Corporate Sustainability Committee from both supervisory and executive aspect. In April 2024, we established the Sustainability Division for Fulfilled Growth to further strengthen our group-wide efforts for the creation of social value.



Creation of a system toward "Full participation"

Expanding opportunities for employees' participation

The SMBC Group Pro Bono Work Project allows the allocation of up to 20% of employees' working hours to activities such as work with NPOs. In the fiscal year 2024, we expect participation to outnumber that of the previous year. We also plan meetings directly under the Group CEO aimed at turning ideas for the creation of social value into projects, as well as events for addressing social value creation at all of our offices in Japan and overseas.

Supporting employees' initiatives

Accelerating the creation of social value requires that employees personally identify with this goal and address it on their own. As a mechanism to support autonomous activities by employees, SMBC Group has established an expense budget of ¥10 billion and an investment fund of ¥40 billion for use in initiatives to create social value, and has developed in-house training and commendation systems as well. We will continuously invest management resources in measures for the creation of social value while solidly backing up employees' efforts.

Enhancing capabilities of executives and employees

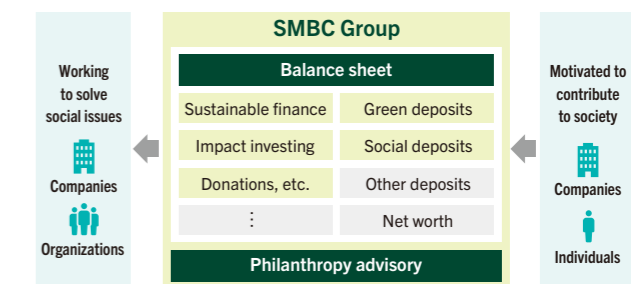
While further enhancing the expertise of our executives, we work to enhance the capabilities of employees through the systematization and expansion of sustainability training. Among our ongoing efforts to foster awareness, we conduct study sessions led by the Group CSuO and round-table discussions titled "Social Value Creation Caravan," distribute booklets to all Group employees, and communicate through newsletters and messages from top management.

CSuO Channel	Cumulative total 2,000 participants
Social Value Creation Caravan	Japan and overseas 196 offices

Initiatives to create a virtuous cycle toward social value creation

A framework for facilitating funds to solving social issues

As a financial institution, SMBC Group financially connects customers who are tackling social issues and customers who wish to contribute to such efforts. By doing so, we aid the creation of mechanisms that promote the circulation of funds for solving social issues. In 2024, we launched social deposits aimed at relieving poverty and inequality, etc., along with impact investments in startups. In impact investment, we go beyond funding alone to share know-how and provide other support.



Platforms created with partners

Creation of social value cannot be achieved by SMBC Group acting on its own. As cooperation with customers, society, and other stakeholders is vital in creating social value, we operate a business operator community for industry-academia collaboration and for solving social issues. With the endorsement of over 1,700 companies, the GREEN x GLOBE Partners business community implements support programs for the creation of social value. Through such platforms, we will continue undertaking the creation of social value.

Information disclosure anticipating changes in the “metrics”

● Impacts envisioned by SMBC Group and the significance of visualization

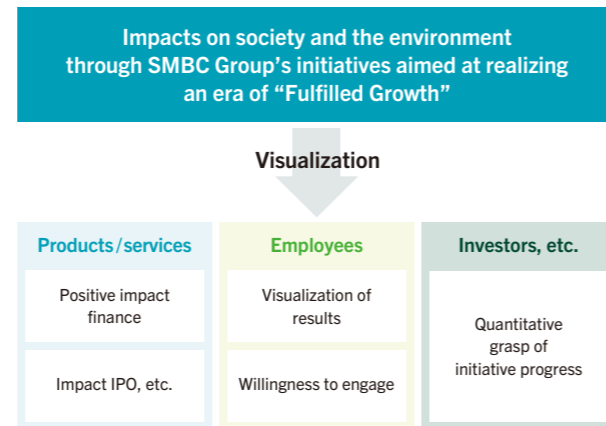
As creation of social value becomes more important, not only financial indicators but also positive and negative impacts on society and the environment will grow in importance as new metrics for measuring corporate value.

Realizing an era of “Fulfilled Growth” will require that we maximize positive impacts while reducing adverse impacts. We believe that visualizing and properly managing impacts will lead to achieving the abovementioned goal.

Visualization of impacts also enables expansion of related solutions and impresses on employees the significance of undertaking social value creation. Moreover, we believe that this will contribute to the evaluation of our medium- to long-term corporate value by allowing investors and other stakeholders to quantitatively and objectively understand the status of our initiatives.

For details of our efforts toward visualization of impacts, please see our new Impact Report.

Impacts as viewed by SMBC Group



● Existing impact indicators

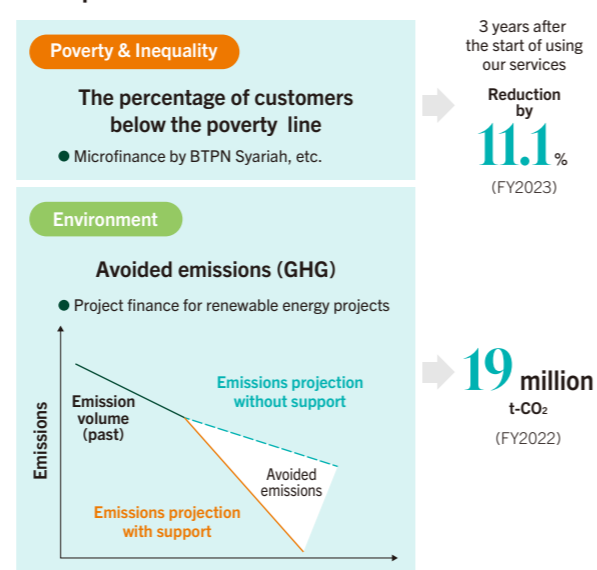
For a number of our initiatives, SMBC Group has already set impact indicators that we measure and disclose.

As an example, BTPN Syariah supports social independence by serving underprivileged persons, including women running family businesses in agricultural areas, with microfinance and other financial and non-financial services. To evaluate the effectiveness of these efforts, we work with an external organization to measure the ratio of customers with income below the poverty line. This indicator declined by 11.1% in 2023 for customers who had begun using our services three years earlier.

With regards to decarbonization efforts, we calculated the avoided emissions for finance related to renewable energy projects. In FY 2022, SMBC contributed to the reduction of CO₂ emissions* totaling 19 million t-CO₂ through project financing for renewable energy projects.

* Calculated as GHG reduction effects for projects overall

Examples of indicators



● Steps in visualization of impacts, and efforts by SMBC Group

In FY2023, SMBC Group began efforts aimed at the visualization of impacts. We first aim to organize steps ①—⑤ leading to visualization, take action according to these steps, and finally measure and disclose indicators. We will continue working on these steps, revising them as necessary.

- Step ① **In-depth analysis of Materiality**
Analyzing the factors of the issues and our initiatives
- Step ② **Identifying topics for making impact visible**
Specifying topics based on the impact brought by initiatives

We first identify social issues that pertain to our materialities. We next analyze the scale of stakeholders that seek solutions to the issues, the effects of solutions, and the possibilities for SMBC Group to contribute to solutions. Based on the analysis, we also identify efforts that make impacts visual.

As an example, we are working on the materiality “Japan’s Regrowth,” as shown at right.

Social issues related to “Japan’s Regrowth” (examples)

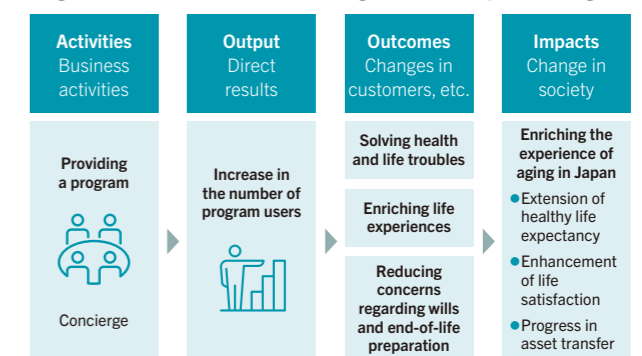
		Evaluation items		
		Stakeholders (examples)	Effects (examples)	Possibilities to contribute (examples)
Labor market	Worsening of human resource shortages	Companies	Sustainable growth of companies	DX Solution
Working environment	Poor working environment for diverse human resources	Workers	Demonstration of workers' capabilities	Consulting
Human capital	Insufficient investment in human capital	Companies	Sustainable growth of companies	HR Solution
Technology development	Delay in practical application of advanced technology	Companies	Increase in sales and profitability	M&A
Productivity	Low productivity due to insufficient investment in digital technology	Companies	Productivity enhancement	DX Solution
Industrial metabolism	Growth of startups	Companies	Development and growth of companies	Finance
...

- Step ③ **Developing logic models**
Logically explaining the relations between initiatives and our goals

A logic model is a tree-type diagram that clarifies to whom and what results (outputs) are to be brought and what changes and outcomes (outcomes/impacts) are to be aimed through inputs and activities.

As an example, looking at the SMBC Elder Program that supports customers’ longevity in the era of 100-year lifespans, we capture how the activity of offering the program leads to the output of an increase in program users. We also clarify the causal relationship between the outcome of changes in customers and the impact of changes in society.

Logic model of SMBC Elder Program (conceptual image)



- Step ④ **Setting impact-based metrics**
Establishing measurable metrics to show the impact

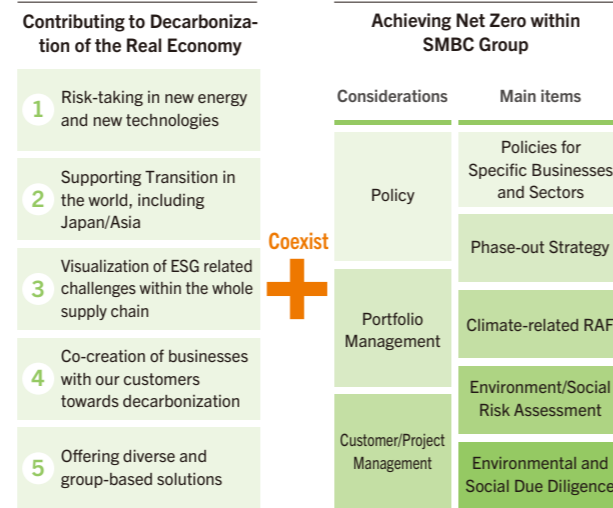
- Step ⑤ **Measurement and disclosure**
Measuring and disclosing data

Environment

Climate change response

Climate change is one of the most important social issues that the world must urgently address. SMBC Group believes that contribution to decarbonization of the real economy is the biggest role that financial institutions should play in achieving net zero emissions. We aim to achieve this alongside SMBC Group's own achievement of net zero.

There is no single optimal path to decarbonization; the path varies by country and sector. Accordingly, rather than merely withdrawing funding from high-emission sectors, SMBC Group will support customers' transitions and technological innovation with understanding of their individual circumstances. We engage in support that leverages our strengths, matched to customers' strategies and needs.



Summary of our Transition Plan for Achieving Net Zero

SMBC Group aims to achieve net zero in our own GHG emissions (hereinafter "Scope 1 and 2 emissions") by 2030 and net zero GHG emissions throughout our investment and loan portfolio (hereinafter "Scope 3 emissions") by 2050. We have systemized the goals and actions leading to this achievement as our Transition Plan for Achieving Net Zero.

Foundation	Corporate policy on climate change and the approach for initiatives	<ul style="list-style-type: none"> "SMBC Group Statement on Sustainability" "Group Environmental Policy" Net zero Scope 1 and 2 emissions by 2030, net zero Scope 3 emissions by 2050
Governance	Strengthening governance on climate change	<ul style="list-style-type: none"> Supervision by the Board of Directors, internal committees including the Sustainability Committee; overall oversight and promotion by the Group CSuO More advanced of executive compensation system; internal control process management Capability building for directors and employees
Implementation strategy	Products and services related to climate change	<ul style="list-style-type: none"> Enhancement of decarbonization solutions, business co-creation aimed at decarbonization, expansion of sustainable finance
	Climate-related risk assessment and management	<ul style="list-style-type: none"> Strengthen Policies for specific Business and Sectors; introduction of environmental and social due diligence
	Scope 3	<ul style="list-style-type: none"> Expansion of portfolio GHG calculation and target setting; development of targets and indicators to support decarbonization of real economy
Engagement Strategy	Scopes 1 and 2	<ul style="list-style-type: none"> Switching to renewable electricity and company cars to EVs
	Customers	<ul style="list-style-type: none"> Established Transition Finance Playbook Introduced company-specific assessment framework on transition plan
	Industry	<ul style="list-style-type: none"> Participate in initiatives such as GFANZ, NZBA, NZAMI, PCAF, IIF, Japan Hydrogen Association (JH2A), etc.
Metrics and Targets	The Government	<ul style="list-style-type: none"> Participate in committees held by the Government of Japan
	Sustainable finance	<ul style="list-style-type: none"> Cumulative ¥50 trillion by FY3/30
	Scope 3	<ul style="list-style-type: none"> Setting targets on power, coal, oil & gas, steel, automobile, and real estate sectors Setting KPIs related to transitions
	Scopes 1 and 2	<ul style="list-style-type: none"> 40% and 55% decrease in FY25 and FY26 respectively from FY21

Contribution to decarbonization of the real economy

SMBC Group will endeavor to introduce new energy sources such as hydrogen and new technologies for decarbonization. Doing so, we will make maximum contributions as a financial institution to achieving decarbonization of the real economy.

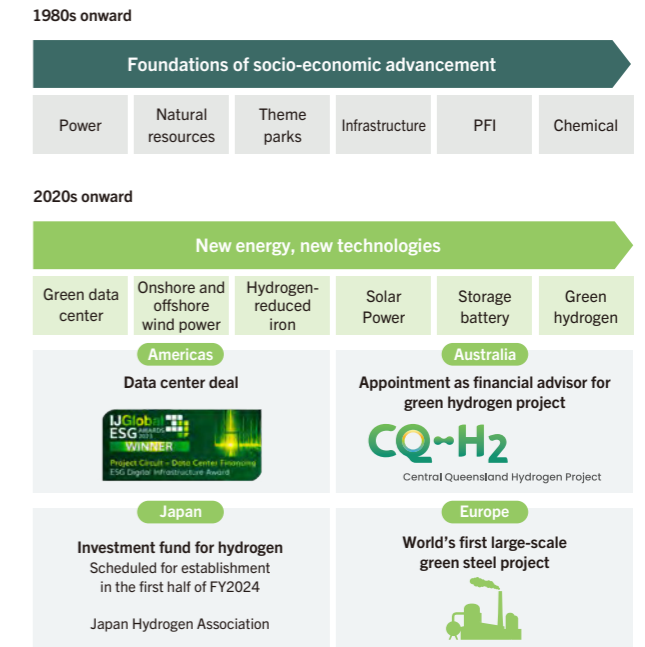
1. Risk-taking in new energy and new technologies

Over the short term, the development of new energy and new technologies, in addition to the wider adoption of existing technologies and reduction of costs, will be important for achieving net zero. SMBC has long demonstrated its strengths as a pioneer in the field of large-scale project financing for power plants and other infrastructure supporting socio-economic advancement. Taking advantage of this know-how, we are leading the market in participation in advanced projects, including the world's first large-scale green steel project. We will continue to resolutely tackle the areas of new energy and new technologies.

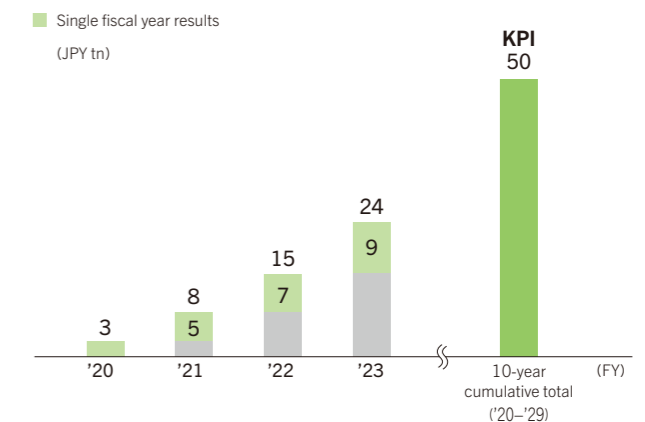
Sustainable finance

To achieve a net zero society, we actively provide financial support for technological innovation and large-scale capital investments aimed at medium- to long-term reduction of GHG emissions. SMBC Group has set a cumulative ¥50 trillion as our target for sustainable finance for the 10 years from FY2020 to FY2029. The amount allocated to initiatives is progressing steadily, reaching a cumulative ¥24 trillion in FY2023.

We define sustainable finance strictly in accordance with the Green Bond Principles and Social Bond Principles of the International Capital Market Association (ICMA, and others).



Amount of Sustainable finance (cumulative)



2. Supporting transitions in the world, including Japan/Asia

Transition finance

Support for hard-to-abate sectors is vital for achieving worldwide carbon neutrality at an early stage. This is because technical and economic alternatives for achieving decarbonization are often limited, and they face challenges to leapfrog to a low carbon economy. We financial institutions play a role in providing transition finance that promotes sustainable decarbonization and energy transition. As the definition of transition is not unified globally, SMBC Group acted ahead of many other financial institutions to set a definitions for transition finance for our Group in our “Transition Finance Playbook.” The Playbook is based on principles/guidance of international transition finance, as well as national and regional policies and regulations. Using the Playbook, in FY2023 we carried out over 100 meetings with customers and approved 21 transition finance deals.



Transition Finance Playbook

Summary	Shows SMBC Group's definition and criteria of Transition Finance and its decision-making process	
Goals	<ul style="list-style-type: none"> 1 Develop an objective and rational criteria 2 Ensure accountability towards stakeholders 3 Utilize the Playbook within customer engagement 	
Results	Engaged 100 meetings	Approved 21 deals

Identified issues and our responses

In dialogues with customers, the following transition finance-related issues have come into view.

- 1) Although transition finance contributes to decarbonization of the real economy, “finance providers” Scope 3 emissions temporarily increase
- 2) There is insufficient discussion surrounding the massive cost burden necessary for transition

Recognizing these issues, we plan to release a progress report on transition finance in the first half of FY2024, summarizing insights and recommendations obtained from projects. To solve these issues, we will collaborate with customers and government authorities on initiatives to promote global transitions.

Contribution to decarbonization in Asia

While the world seeks to realize net zero emissions, many companies in Asian nations that are highly dependent on fossil fuels face circumstances that complicate the formulation of transition plans. SMBC Group will play a vital role in providing support that encompasses such companies as we work to achieve the goals of the Paris Agreement.

We have carried out a number of transactions to promote energy transitions, including support for the early retirement and decommissioning of coal-fired power plants, and will continue making contributions to decarbonization in Asia.

We also participate in industry-academia-government initiatives including Glasgow Financial Alliance for Net Zero (GFANZ) and the Asia Zero Emission Community (AZEC), and are actively involved in the process of formulating global rules for energy transitions and net zero emissions in Asia.

3. Visualization of ESG related challenges within the whole supply chain

The “Sustana” cloud service developed by SMBC uses a variety of business data held by customers to calculate GHG emissions and support information disclosure. The service is also equipped with functions for recommending reduction measures, including those involving Scope 3 emissions. Since the service’s launch in 2022, number of user companies have exceeded 1,900.

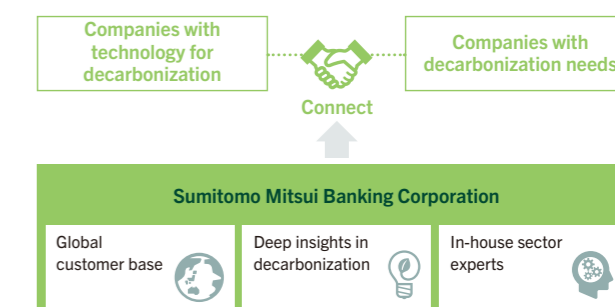
We also engage in data cooperation with companies such as Zeroboard and NEC, and are fielding an increasing number of requests for consultation from companies regarding the use of visualized GHG-related data and specific actions to reduce emissions. To align ourselves more closely with these companies’ issues, we will strive to expand the solutions we offer by means including co-creation with external partners.

In recent years, companies face requirements to enact measures against climate change while undertaking ESG management throughout the supply chain. In October 2023, SMBC Group launched a business alliance with Asuene inc. to jointly offer the Asuene ESG cloud service that supports the identification and solving of ESG issues in the supply chain. This series of services marks the first such undertaking by a financial institution in Japan.

By providing DX-based solutions, SMBC Group will continue to support customers in their decarbonization management.

4. Co-creation of business with our customers towards decarbonization

SMBC is also actively working on business co-creation that connects customers who have decarbonization technologies with customers who have decarbonization needs. This effort contributes to reducing customers’ GHG emissions while also generating new business opportunities for us as a financial institution. Leveraging our global customer base, our extensive experience in decarbonization-related technologies, and the knowledge of our in-house experts, we will continue to co-create businesses with customers to generate new value as we contribute to realizing net zero emissions.



5. Offering diverse group-based solutions

SMBC Group offers a variety of solutions across the Group as part of our end-to-end support for customers’ decarbonization efforts.

As an example, SMFL MIRAI Partners Company, a strategic subsidiary of Mitsui Sumitomo Finance and Leasing, offers the grid storage battery business and the renewable energy power generation business. In addition SMBC engages in initiatives that cross the conventional boundaries of financial institutions, including support for the sale and development support of carbon credits.

SMBC Group's initiatives to achieve net zero

SMBC Group engages in appropriate management of policy, portfolios, individual customers, and projects to achieve our net zero targets.

1. Policy

● Policies for Specific Business and Sectors

SMBC Group has established Policies for Specific Business and Sectors that present significant potential impacts on the environment and society. In FY2023, we strengthened our policies regarding coal-fired power generation and thermal coal mining, and established new policies regarding the biomass power generation business.

Coal-fired power generation and thermal coal mining (coal-related sectors)

We are working to tighten our loan policies and to formulate phase-out strategies. Specifically, we have clearly stated our intent to not support newly planned/expansion of projects and have set a target of a zero loan balance, as indicated at right.

Biomass power generation business

We established new policies for this area in FY2023, confirming the use of sustainable combustion materials in new construction and expansion of the woody biomass energy generation plants.

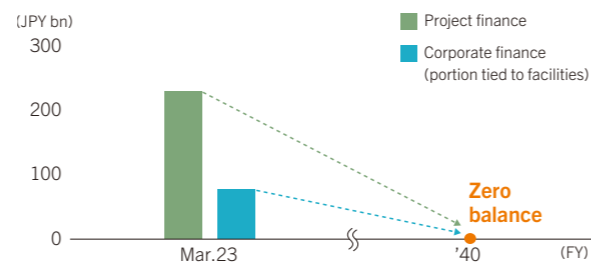
2. Portfolio management

Setting of interim reduction targets

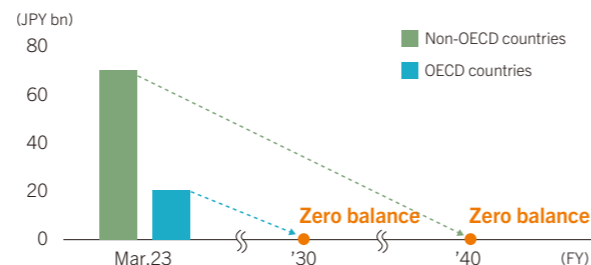
We aim to achieve net zero emissions for Scope 3 by 2050. SMBC Group is a member of the Net-Zero Banking Alliance (NZBA). In accordance with NZBA guidelines, we completed the setting of medium-term reduction targets for the six carbon-intensive sectors of power, oil and gas, coal, automobiles, steel, and real estate. GHG emissions from these

Considerations	Main Items
Policy	Policies for Specific Businesses and Sectors Phase-out Strategy
Portfolio Management	Climate-related RAF
Customer/Project Management	Environmental/Social Risk Assessment Environmental and Social Due Diligence

Loans for coal-fired power generation*1



Loans for thermal coal mining*1,2



Target sectors Thermal coal mining projects, and companies whose main businesses are thermal coal mining

Target assets Loans (Total for corporate finance and project finance)

*1 Calculated using end-of-period exchange rates

*2 The definition has been changed from data in TCFD Report 2023 and the scope of aggregation has been expanded

sectors account for about 70% of SMBC Group's Scope 3 emissions. In these carbon-intensive sectors, we will first firmly outline a path toward reduction by 2030 and will aim to achieve net zero emissions across our investment and loan portfolio by 2050.

Sector	Scope of Emissions	Metric	Mid-term target for FY3/31	FY3/23 results	vs. baseline	FY3/22 results	Baseline (Base year)
Power	Scope 1	Carbon intensity (g-CO ₂ e/kWh)	138–195	292	-12%	320	332 (FY2020)
Oil and gas	Scope 1, 2, and 3	Absolute emissions (Mt-CO ₂ e)	-12–29% (Compared to FY2020)	23.9	-41%	33.3	40.8 (FY2020)
Coal	Scope 1, 2, and 3	Absolute emissions (Mt-CO ₂ e)	-37–60% (Compared to FY2020)	4.4	-68%	7.4	13.6 (FY2020)
Automobiles	Scope 1, 2, and 3	Carbon intensity (g-CO ₂ e/vkm)	120–161	196	-4%	205	205 (FY2021)
Steel	Scopes 1 and 2	Carbon intensity (t-CO ₂ e/t-Steel)	1.2–1.8	2.0	-	2.0	2.0 (FY2021)
Real estate	Scopes 1 and 2*	Carbon intensity (kg-CO ₂ e/m ²)	33.1–42.9	79.8	-1.5%	81.0	81.0 (FY2021)

* Domestic commercial real-estates (non-recourse loans and REITs), including Scope 3 Category 13 for REITs

● Risk Appetite Framework (RAF)

In FY2023, we established a new climate-related category within our RAF, which is the framework for our group-wide risk management. Within this framework, we have set indicators related to Scope 3 emissions with a focus on sectors for which we have set mid-term reduction targets, and are raising the level of our management to achieve these targets.

3. Individual customer and project management

● Environmental/social risk assessment

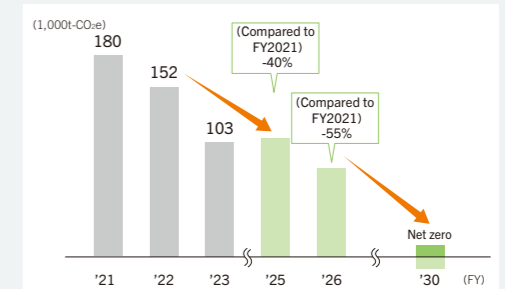
In our support for large-scale projects, we conduct environmental/social risk assessments and reflect the findings in our decisions on financing projects.

● Introduction of environmental and social due diligence

As a part of SMBC's efforts to assess the status of customers' actions with regard to environmental and social risks, in FY2024 we introduced environmental and social due diligence that integrates past related efforts. We will use this due diligence to raise the level of our credit evaluations and in our engagement with customers.

Scope 1 and 2 emissions-related initiatives

While steadily supporting customers' efforts aimed at transition and technological innovation, SMBC Group is working earnestly to reduce GHG emissions in line with the targets of the Paris Agreement. For Scope 1 and 2 emissions, we have set targets of net zero by 2030. To achieve the interim goals that we set in FY2023, we are working for initiatives, such as transition to renewable energy sources for electricity at our properties in Japan. In FY2023, we achieved a 32% year-on-year reduction in emissions (preliminary data).



* Data is changed beginning in Annual Report 2023 to reflect refinements in FY2021 data and changes from preliminary to confirmed figures in FY2022 data

Contribution to the conservation and restoration of natural capital

SMBC Group believes that the achievement of “nature positive” is essential to halting and recovering from the loss of natural capital in order to preserve the global environment. We are registered as a Taskforce on Nature-related Financial Disclosures (TNFD) Adopter, an organization that supports the TNFD framework for properly evaluating and disclosing risks and opportunities related to natural capital. We are strengthening our information disclosure based on TNFD while offering services that support customers’ efforts.

Examples of support for achieving “nature positive”

Finance Alliance for Nature Positive Solutions(FANPS)

In February 2023, SMBC Group, MS&AD Insurance Group Holdings, Development Bank of Japan, and the Norinchukin Bank established the Finance Alliance for Nature Positive Solutions (FANPS) to promote and support the nature positive transformation of corporate activities. FANPS provides solutions catalogs as well as TNFD support services to support customers’ nature positive management.



Contribution to the Circular Economy

The present-day economic system, built on mass production, mass consumption, and mass disposal, is worsening a variety of problems such as climate change, resource depletion, and plastic pollution. In addition to the conventional “3 Rs” of Reduce, Reuse, and Recycle, importance is being placed on a shift to a circular economy that makes effective use of existing stocks and creates added value through the change from stocks to services while reducing inputs and consumption of resources.

SMBC Group will bring together the Group’s strengths in finance, leasing, consulting, and more to raise the level of our initiatives throughout the arterial and venous value chains.

Interview

Aiming to be the leader in the circular economy

The circular economy is an area of focus in our Medium-Term Management Plan. We are expanding our business domains into second-hand sales of equipment and machinery following the expiration of lease periods, emissions compliance management services, and primary contracting for equipment and plant decommissioning, among our initiatives to achieve an economy with circular “arterial” and “venous” functions.

Many of the projects we are undertaking are in their early stage, but we aim for creating successful cases over the next few years and will advance these initiatives to earn the image of SMFL/SMBC Group as a leader in the circular economy.



Ryoji Takahashi

Vice President
corporate planning Dept. / Sustainability
Promotion Dept.
Sumitomo Mitsui Finance and Leasing Co.

DE&I/Human Rights

SMBC Group positions Diversity, Equity & Inclusion (“DE&I”) as a component of our growth strategy. We seek to enhance our organizational performance and maximize value creation through maximization of the capabilities of diverse human resources. In FY2023, we revised our “DE&I Statement” to further clarify the commitment by our top management.

See p. 038 “Human Resources Strategy” for details.

Respect for human rights

Our basic approach to human rights

Based on our “Statement on Human Rights,” SMBC Group respects the human rights of customers, suppliers, employees, investors, and other stakeholders and fulfills our responsibilities regarding respect for human rights. In our initiatives aimed at respect for human rights, we identify adverse impacts that we may impose on the human rights of stakeholders, and strive to prevent, mitigate, and remedy them. We believe that by fulfilling our responsibilities regarding respect for human rights through such initiatives, SMBC Group can secure the trust from society, enhance our corporate value, and contribute to the creation of positive impacts in society.



Human rights due diligence

SMBC Group prohibits support for projects that are recognized to involve child labor, forced labor and/or human trafficking. To prevent and mitigate the risk of involvement in human rights violations within customers’ supply chains, SMBC conducts checks of whether existing or potential lending customers are taking appropriate action on human rights issues.

Interview

DE&I exists to provide fair opportunities for all employees to strengthen the organization.

The goal of promoting DE&I is not to ensure diversity in attributes. Through the fair provision of opportunities and resources required by diverse individuals, we aim to maximize every individual’s capabilities and connect this to value creation and achievements in business. To achieve this, SMBC Group strives to develop work styles and a workplace culture that let individuals work with motivation.

Humans are prone to unconscious biases in how we see and perceive things. Even when talented people come together, if the organization is highly homogeneous, the likelihood of failing to notice shared blind spots may increase. By incorporating diverse perspectives into our decision-making, SMBC Group hopes to be a flexible, strong company even in an era of rapid change.



Chisa Kobuchi

Deputy General Manager
Diversity, Equity & Inclusion Dept.
Planning Group
Human Resources Dept.

Poverty & Inequality

SMBC Group is working to eliminate poverty and inequality from a medium- to long-term perspective. Taking action as a corporate citizen, we aim to create social value by breaking the negative cycle for the next generation and by contributing to financial inclusion in emerging countries.

Efforts to aid the next generation of children

In Japan, relative poverty of children is a serious social issue. Children in economically disadvantaged households often have fewer opportunities for education and extra-curricular learning, making development of their innate potential difficult. If these children cannot escape from poverty before becoming adults, their children will also tend to be born into poverty, in what is known as an inter-generational cycle of poverty. SMBC Group has worked to solve this issue in cooperation with companies and NPOs since FY2023. Leveraging knowledge gained through this, we aim to make our project to eradicate poverty and inequality a reality.

● Learning support in cooperation with NPOs

In May 2023, SMBC Group partnered with Chance for Children Inc. (“CFC”) to provide educational opportunities to children who lack access for learning and higher education due to economic reasons. To offer opportunities for learning, CFC issues “study coupons” that children from economically challenged families can use for supplementary schooling, lessons, and other extracurricular education. SMBC Group has launched its “SMBC Group Study Coupon” project in cooperation with CFC. We are providing ¥300 million over three years while dispatching staff to CFC to support children in expanding their potential.

As aid for people affected by the 2024 Noto Peninsula Earthquake, we provided new funding of about ¥10 million for emergency aid coupons that children affected by the disaster can use to cover costs of supplementary schooling, prep schools, and lessons.

We also provide financial literacy education and career experience opportunities to children who attend after-school programs operated by the non-profit organization Chance For All.

We will continue our initiatives to provide children with opportunities for learning and experiences through cooperation with NPOs.

● Learning support in cooperation with a major educational institution

In May 2023, SMBC Group teamed up with Kumon Institute of Education Co., Ltd. on initiatives to provide children who will lead the next generation with opportunities to receive education and take on challenges. In addition to the provision of Kumon-style education for children living in children’s homes, we support future independence for the children through financial and economic education by employee volunteers and provide tablets required for digital learning.



Class held through the use of study coupons

Photo: @Natsuki Yasuda

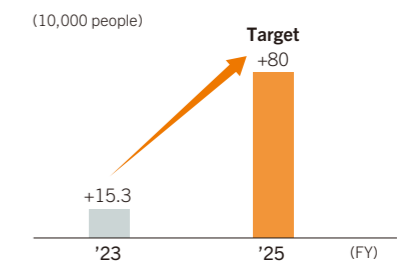
Initiatives for financial inclusion

To expand the provision of financial products and services to unbanked individuals and businesses that face difficulty in accessing financial services, primarily in countries targeted by our multi-franchising strategy (India, Indonesia, Vietnam, and the Philippines), SMBC Group makes active efforts to promote financial inclusion.

● Initiatives in Asia

SMBC Group is strengthening its initiatives aimed at boosting financial inclusion in emerging Asian countries. Through investee companies in Asia, we are providing financial support for small and medium-sized companies, expanding financial approaches to unbanked individuals, popularizing mobile banking accessible even in areas with no bank branches, and offering educational programs to enhance financial literacy. By the end of FY 2025, we aim to increase the number of microfinance borrowers by 800,000 compared with FY2022. Through these initiatives, we are committed to contribute to the well-being and prosperity of society and people.

KPI: Number of microfinance borrowers



● Collaboration with Gojo & Company, Inc.

SMBC partners with Gojo & Company, Inc. (“Gojo”), which provides microfinance to primarily small and micro businesses run by women in India. In 2023, we decided to invest ¥1.35 billion in a venture capital fund working on financial inclusion in India, established by Gojo and its founding members. We are deepening our partnership with Gojo by dispatching employees to the company as well as providing ¥9 billion in social loans to its group companies to expand financing for woman-run businesses in agricultural areas of India.

Gojo & Company, Inc.



Interview

The Rural Business of SMFG India Credit Company (SMICC) flexibly addresses diverse needs daily through over 550 branches in India, placing primary focus on underserved female customers in rural areas. Customers use funds obtained through rural finance to create new livelihoods through businesses such as food and clothing sales, leading to increased income and improvement in their quality of life. Stability in daily life also makes children’s education possible.

SMICC goes beyond financial services to support local communities through various CSR programs including health check-ups with mobile health vans, vision care, financial education, and cattle care camps.

These initiatives secure the trust of customers and the community. We will accelerate business growth by expanding our branch network and diversifying the products and services.




Ravikumar Doddala

General Manager & Head of Rural Business
SMFG India Credit Company

Declining Birthrate & Aging Population

In the era of 100 year lifespans, an increasing-number of people are facing concerns about financial security in retirement, maintaining health, and the lack of nearby support for elderly individuals living alone. Additionally, there is a growing issue of regional disparities, where people in depopulated areas cannot access the same services as those in urban centers. To address these concerns, the SMBC Group offers a comprehensive range of services across its group companies.

<p>The role of SMBC Group</p>	<p>Wealth Building Support</p> <p>Promoting NISA and investment products, as well as digital consultations tailored to customers' life stages</p>	<p>Life Shift Service</p> <p>Set "enriching the experience of aging" as the business purpose</p> 	<p>Digitalization of Financial Infrastructure</p> <p>Through Olive, providing a wide range of financial Services regardless of regions</p> 
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Japan's Regrowth

Following Japan's transition from its period of high economic growth and the collapse of its bubble economy, low growth continued for a long time. Now, though, Japan faces a great opportunity to align itself toward regrowth.

At this turning point, SMBC Group is actively undertaking medium- to long-term projects that originate in social issues and that would contribute to sustainable growth in Japan. These include support for startups and venture companies, initiatives aimed at regional revitalization, provision of opportunities through sports, and other wide-ranging activities.

Support for startups

Innovation hubs		Startup investment funds
Japan	hoops link tokyo	
U.S.	Silicon Valley Lab	
Singapore	Asia Innovation Centre	<p>SMBC Asia Rising Fund 200 USD mn. Enhance value of our investees in Asia</p> <p>Growth fund 30 JPY bn. Support to incubate unicorns in Japan</p>



Incubation of drug discovery seeds (Photo: Shonan Health Innovation Park)

Interview

A Goal-Based Approach Fund Wrap to better meet customer needs in the era of 100-year lifespans

Hashimoto: In the era of 100-year lifespans, people's post-career "second lives" are naturally lengthening. Our new Goal-Based Approach Fund Wrap ("GBA") offers advice and after-sales follow-up for setting goals, formulating asset management plans, and achieving goals, based on customers' life plans. Its unique point of difference from conventional products is that it takes setting the customer's goals as its first step. When the amount of funds for the goal has been made clear, funds necessary for the future and funds available for consumption become clear as well. We believe that this optimizes the customer's assets overall while also relieving anxiety.

Tomioka: GBA was an unprecedented service, so in the launch we drew on the cooperation of many people inside and outside the Company. Five companies, including ours, participated in the implementation project. We faced numerous challenges including task management, coordination of opinions, and alignment of understanding.

In May 2023, we began offering GBA in partnership with a regional financial institution. Sales representatives from partners have come back with many positive reports, including greater ease of making proposals aligned with customers. We believe that we can build a win-win relationships with partner financial institutions, including increased profits through growth in customers' assets. I hope to open up a better sustainable future through our asset management business.



Ikuko Tomioka

Chief Business Development & Innovation Team
Marketing Planning Department
Sumitomo Mitsui DS Asset Management Company, Limited

Marie Hashimoto

Support for a space technology startup and contribution to the creation and advancement of new industries in Japan

Koyoshi: SMBC Group is actively addressing the space industry as a growth industry. As an example, the Group as a whole is providing support to ispace, a company engaged in the private sector-led lunar transport business.

Fukushima: At the time the company was listed, SMBC Nikko Securities served as the lead arranger of the IPO, This was its first listing of a space startup, so the project was an unprecedented and challenging one. But we studied the business's growth potential, feasibility, risks, and other factors together with experts, and made every effort to gain the understanding of the Tokyo Stock Exchange and investors.

Nakamura: I have worked in the Corporate Business offices since joining the bank, but this was my first experience in charge of a space startup. Although we faced uncertainties at first, we're deepening our understanding of the business through dialogue with customers and providing ongoing support through the collective capabilities of our Group. When additional financing became necessary, I was deeply impressed that Sumitomo Mitsui Banking Corporation was

able to support the customer by putting together a syndicated loan as arranger.

Koyoshi: Bank loans conventionally rely on financial statements and other historical performance data, which means they typically face difficulties in supporting startups. I believe that our development of a credit assessment system that emphasizes evaluation of business feasibility helped enable financing to the company.

From here on out, we hope to contribute to the creation and advancement of new industries in Japan, and thereby contribute to Japan's Regrowth.



Takuya Fukushima

Private Corporate Advisory II Dept.
SMBC Nikko Securities Inc.

Tomoki Koyoshi

Growth Business Development Dept.
Sumitomo Mitsui Banking Corporation

Shota Nakamura

Hibiya Corporate Business office-2
Sumitomo Mitsui Banking Corporation



Strategies of Business Units

Retail Business Unit



Takashi Yamashita
Senior Managing Executive Officer
Head of Retail Business Unit

We will solve social issues through our business and pursue the achievement of both social value and economic value. We will contribute to the realization of “rich lives” and “Fulfilled Growth” for customers as we aim to be the financial group that people trust most in times of need.

In the Retail Business Unit, top-class companies in their industries offer services that leverage the combined strength of the Group in key fields including the wealth management business, payment business, and consumer finance.

In FY2023, AM/foreign currency balance in the asset management business increased by ¥3.7 trillion to ¥17.2 trillion through integrated consulting by bank, securities firm, and trust company. In the payment business, sales handled increased by ¥4.6 trillion to ¥34.8 trillion, and in consumer finance, the finance balance increased by ¥0.2 trillion to ¥2.6 trillion amid recovery in consumption. Each of these businesses significantly expanded its results.

In FY2024 too, we will steadily enact measures in our major businesses to achieve our current Medium-Term Management Plan.

As we expect increased profitability from deposits due to higher interest rates, we will work to further expand our customer base and deposit balance through Olive, which has had a major social impact and for which we expect use to grow.

Our tackling of the Retail Business

equates to creating social value and solving social issues associated with changes in Japan, such as the promotion of asset formation to boost asset management, the advance of a cashless society, and the arrival of the era of 100-year lifespans among the aging population. In the asset management business, we will back up healthy asset formation by individuals through the promotion of New Nippon Individual Savings Accounts (NISA) and finance/economics education seminars, while supporting the sustainable growth of Japan by supplying money to markets.

In the payment business, we will solve payment issues faced by businesses and consumers through “stera” and the new “V POINT” and, looking ahead to fully cashless payments at EXPO 2025 in Osaka, Kansai, will further raise the cashless ratio in Japan.

In the life shift business, we will eliminate the increasingly diverse concerns of elderly customers through our SMBC Elder Program and will solve social issues in the era of 100-year lifespans.

Through such efforts, we will contribute to “rich lives” for our customers and the realization of “Fulfilled Growth.”

Retail Business Unit results

	FY2023	YoY*
Gross profit	¥1,290.0 billion	+¥120.0 billion
Expenses	¥1,079.9 billion	+¥83.2 billion
Base expenses	¥751.3 billion	+¥1.4 billion
Net business profit	¥215.7 billion	+¥37.7 billion
Net income	¥38.0 billion	(¥23.9) billion
ROCET1	3.0%	(2.0) %
Risk-weighted assets (RwA)	¥14.4 trillion	+¥0.9 trillion

* Figures are after adjustments for exchange rate impacts, etc.

Key strategies

Further expansion of the retail business with a focus on Olive

Strengthening of payment business and consumer finance on a group-wide basis

Hybrid channel strategy through Digital and face-to-face

Strengthening of competitiveness and differentiation of group-based wealth management business

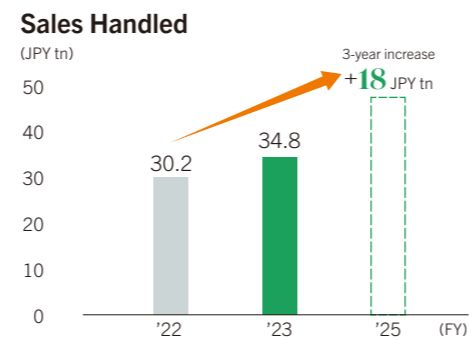
Retail Business Unit

Further expansion of the Group's business centered on Olive

Olive accounts surpassed 2.3 million in the year since the service's release, contributing to the expansion of our group-wide customer base. In April 2024, we integrated the T POINT and V POINT programs to begin providing one of Japan's largest new shared point services fusing points and payment. As acquiring deposits will increase in importance under shifts in monetary policy, we will continue working to provide convenient services and further expand our customer base and deposit balance.

In our lineup of services for business customers in the payment business, we supplemented our all-in-one "stera terminal" with another two types of terminals selectable according to business type. Adapting to varied usage scenarios and advancing support for business DX and streamlining, we will expand our acquiring business.

In the consumer finance business, we seek to expand our finance balance through the enhancement of brand recall, landing page improvements, and other upgrades to our web marketing.



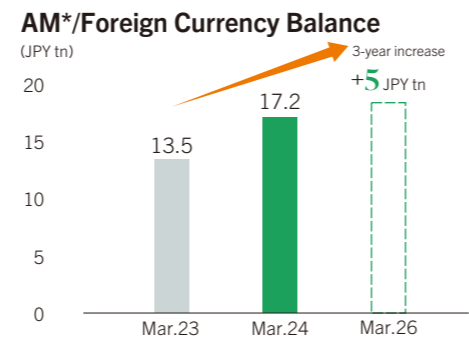
Strengthening of competitiveness and differentiation of group-based wealth management business

Drawing on the combined strength of the Group through collaboration among bank, securities firm, and trust company, we provide total consulting matched to diverse needs such as advanced portfolio proposals, inheritance, succession, and business loans. We will powerfully support the shift from savings to investment and asset formation, with the aim of boosting asset management in Japan.

In fund wraps, we worked toward differentiation from other companies through attentive after-sales follow-up and achieved an industry-leading balance. In the area of new NISA, we are promoting proliferation of the accounts group-wide and are expanding our asset management base.

In the foreign currency business, we established the PRESTIA Business Division and the PRESTIA Sales Department within Sumitomo Mitsui Banking Corporation, strengthened promotion of Group operations, started flexible management of foreign currency interest rates, and otherwise developed the business structure. The foreign currency denominated assets of the Group as a whole have increased significantly. We lead Japan's foreign currency business as the country's number one foreign currency Group.

In the inheritance business, we will promote asset consolidation and the capture of transactions with the next generation by strengthening SMBC Nikko Securities' capabilities in the business and by providing life shift solutions.



* Mutual funds, fund wraps, etc.
(We changed definitions in FY2023 and retroactively adjusted FY2022 results.)

Hybrid channel strategy through Digital and face-to-face

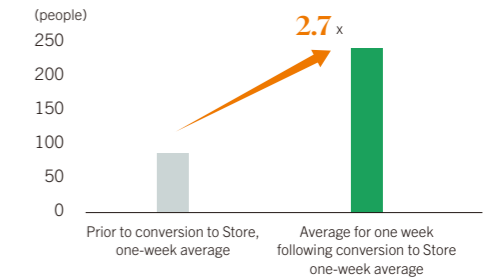
We aim to serve as a bank that is safe, secure, and convenient in daily life and dependable in times of need by developing a hybrid channel strategy that offers Olive digital transactions to customers in daily life, while supporting inheritance consultation and digital operation guidance at physical bank branches.

We have set up new "STORE" branches, a model based on digital and face-to-face interaction, in commercial facilities with expanded business hours and more convenient access than ever. Visitors have increased significantly, including customers in their 20s, 30s, and 40s for whom visits to branches had normally been difficult. STORE branches further achieve lower cost operation than existing branches, owing to their space-saving and efficient structure.

By expanding Olive and rolling out STORE branches, we aim to pursue economic value by expanding our customer base through enhanced convenience and to create social value by meeting the need for face-to-face consulting.

See page 098 for more information on Olive.

Number of Store Visitors* (from opening through March 2024)



* Average of 30 branches opened through March 2024 (Number of persons visiting for consultation, investment management, and notifications; excluding visits for deposits, withdrawals, transfers, etc.)



Initiatives aimed at the era of 100-year lifespans

Through high value-added services that go beyond the frameworks of conventional financial institutions, we will address the diversifying anxieties of customers in the era of 100-year lifespans.

We will support enriched lives for customers and their families through our SMBC Elder Program, by which full-time concierges support customers through their long lives; SMBC Digital Safety Box, which stores customers' vital digital information; and Family Network Service, which supports peace of mind and communication for family members separated by distance.

By engaging in group-wide financial and economic education, such as providing schools with game educational materials that offer money-related experiences to children, we will contribute to the realization of a society in which all can gain accurate financial knowledge and enjoy worry-free living.

SMBC Elder Program

A dedicated concierge service that brings peace of mind and comfort to customers' lives

SMBC Digital Safety Box

A new form of peace of mind that keeps and connects customers' important information. Digital version ending note

Family Network Service

An app that lets users check on the money, health, and daily life of family members living apart



2/4

Strategies of Business Units

Wholesale Business Unit



Muneo Kanamaru
Deputy President and Executive Officer
Head of Wholesale Business Unit

The Wholesale Business Unit contributes to Japan's regrowth through the Group-wide provision of solutions that meet domestic companies' diverse needs related to financing, asset management, payments, M&A advisory, leasing, and real estate brokerage services.

Under environmental changes on the scale of a paradigm shift, companies are ramping up their corporate actions. Amid this, we thoroughly addressed customers' increasingly complex and sophisticated management issues to offer group-wide solutions, resulting in a significant increase in FY2023 profit. ROCET1 was also higher than initially planned due to our promotion of high value-added, highly profitable businesses such real estate and PE funds.

We expect that current environmental changes will continue to progress, and expect numerous business opportunities for SMBC Group. To maintain and increase our strong momentum, we will deepen cooperation within the Group as we aim to offer higher-value-added solutions to customers. In addition to aptly meeting diversifying needs for investment management and financing, we will strengthen our risk-taking in growth areas. We will steadily carry out the

Medium-Term Management Plan that started in 2023 and build up medium- to long-term core businesses.

We believe that promoting business transformation for customers group-wide and driving Japan's Regrowth will lead to the creation of social value. By supporting customers' efforts to tackle issues such as decarbonization and transition and by solving issues through co-creation with customers, we will work to create social value for both customers and SMBC Group. Toward that end, we will engage in close dialogues with our customers on what social value means to them. We believe that such efforts will lead to sustainable growth for customers, and that the construction of ongoing relationships with those customers will allow us to also pursue economic value for SMBC Group. By orienting ourselves at an even higher level of inseparable social value and economic value, we will aim for even greater enhancement of our corporate value.

Wholesale Business Unit results

	FY2023	YoY*
Gross profit	¥835.2 billion	+¥93.2 billion
Expenses	¥311.0 billion	+¥24.8 billion
Base expenses	¥294.3 billion	+¥12.6 billion
Net business profit	¥632.1 billion	+¥74.8 billion
Net income	¥576.2 billion	¥120.6 billion
ROCET1	15.0%	+3.0%
Risk-weighted assets (RwA)	¥36.1 trillion	+¥0.7 trillion

* Figures are after adjustments for exchange rate impacts, etc.

Key strategies

Creating and honing the Group's edge by strengthening expertise

Building a new marketing structure that fully utilizes digital

Building a high-ROE business portfolio that adapts to changes

Wholesale Business Unit

Strengthening our response to needs of asset management and financing in line with changes of interest rate

As the interest rate environment undergoes significant change, it will become even more vital that we solidly address customers' investment management and financing needs, provide higher value-added solutions across the Group and across units, and work to enhance profitability.

By supporting customers' commerce through SMBC Group's payment solutions, we will make efforts to capture transaction deposits offering high profitability and retention.

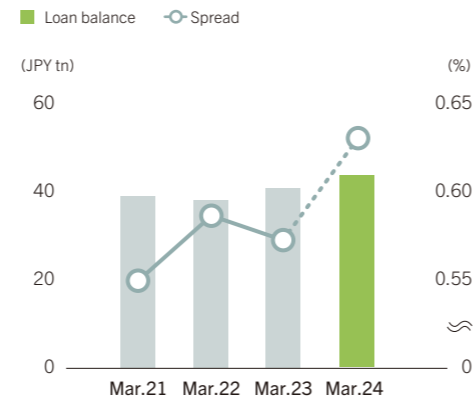
In response to financing needs, we will strategically invest assets in high-interest products such as LBOs and real estate financing while continuing to identify risks. At the same time, through discussions with customers on appropriate interest rate levels during a phase of rising rates, we will work to capture business opportunities, secure profit, and increase ROCET1.

Strengthening further risk-taking aimed at growth

We will enhance SMBC Group's risk-taking to reinforce our ability to address the increasingly complex and sophisticated needs of customers.

Amid environmental changes including the end of the Tokyo Stock Exchange market reform transitional measures in March 2025 and the growing attention directed to corporate governance, companies are increasing their corporate actions. Our Wholesale Business Unit will take these movements as business opportunities, review our structure of concurrent executive positions in banks and securities firms, advance structural development in the PE fund business, real estate business, and other businesses, and undertake further risk-taking aimed at growth. To address the growing need for equity financing against a backdrop of strong stock prices, we will also enhance the solutions functions of SMBC Nikko Securities.

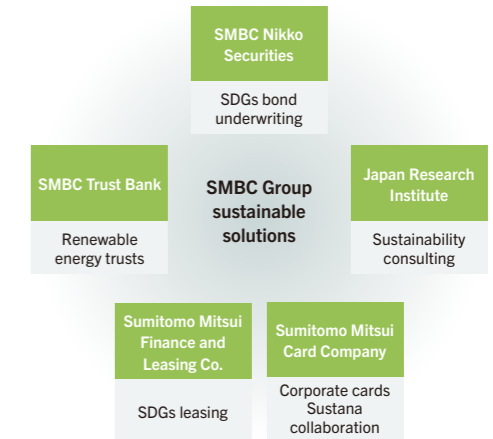
Loan balance/Spread



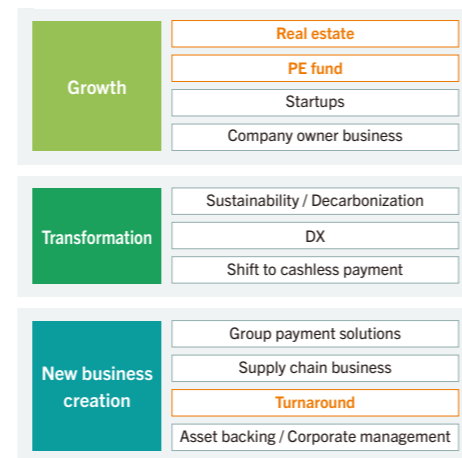
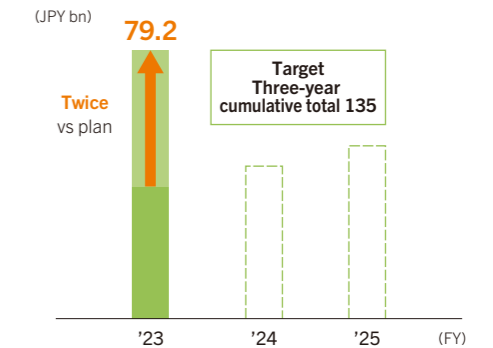
Building medium- to long-term core businesses

By executing the Medium-Term Management Plan, we will build medium- to long-term core businesses and ensure competitiveness. Decarbonization initiatives in particular are becoming a major requisite for corporate management. There is a rapidly growing need to meet customers' demands for disclosure and reduction of greenhouse gas emissions throughout the supply chain. By tackling the development and provision of decarbonization solutions that concentrate the collective strength of SMBC Group, we seek to be a "management partner for a decarbonized society." We will make further use of the "Transition Finance Playbook" that has been expanded to cover wider target sectors from FY2024, and will promote engagement with customers to solve social issues.

To realize the materiality of "Japan's Regrowth" and create social value, we are actively undertaking business in related areas. With regard to startup companies, we will strengthen our measures to support growth strategies, centered on debt equity. In addition to equity-based financing, under an environment of rapidly growing need for debt we will expand the scope of our support to span all stages from start-up to post-IPO. For our customers who have strong needs with regard to DX, along with the continuation of our medium- to long-term perspective approaches, we will strengthen our co-creation business that studies DX-based operational efficiency support measures.



Startup Investment and Loan Values



■ Strengthening further risk-taking aimed at growth
■ Building medium- to long-term core businesses

3/4

Strategies of Business Units

Global Business Unit



Yoshihiro Hyakutome
Senior Managing Executive Officer
Global Business Unit
Co-Head of Global Business Units

Keiichiro Nakamura
Senior Managing Executive Officer
Global Business Unit
Co-Head of Global Business Units

Global Business Unit results

	FY2023	YoY*
Gross profit	¥1,375.9 billion	+¥159.7 billion
Expenses	¥809.3 billion	+¥101.3 billion
Base expenses	¥746.8 billion	+¥58.2 billion
Net business profit	¥644.9 billion	+¥121.2 billion
Net income	¥318.2 billion	+¥27.6 billion
ROCET1	6.3%	+0.3%
Risk-weighted assets (RwA)	¥48.8 trillion	+¥0.1 trillion

* Figures are after adjustments for exchange rate impacts, etc.

Key strategies

Reinforcement of global CIB and S&T

Realizing growth through our multi-franchise strategy

Creation of businesses that contribute to medium-to long-term growth

Building infrastructure linked to the increasing diversity and complexity of business

We will strengthen our extensive business portfolio, including global CIB and multi-franchise strategy, and invest resources in priority areas to lead the Group as a growth driver.

We aim to be a global solutions provider that contributes to both our domestic and overseas customers on group-wide basis.

The business environment remained volatile in FY2023 amid an environment of ongoing inflation and high interest rates in excess of expectations, along with the rise of geopolitical risks such as the prolonged Russia and Ukraine situation and destabilization in the Middle East. At the same time, as the first year of our Medium-Term Management Plan, we were able to lay a foundation for further growth in FY2023. Specifically, we steadily strengthened our Global CIB business by expanding our areas of collaboration with Jefferies and enhancing our securities products. In our U.S. business, key area of focus, we also opened the digital bank “Jenius Bank” in July 2023 and launched the retail business. In this way, we are capturing growth areas and steadily promoting business diversification. In our multi-franchise strategy, we successfully strengthened our platform in target countries. We made SMFG India Credit Company, a non-bank business with an extensive network of sites in suburban and agricultural areas of India, a wholly-owned subsidiary.

While making such efforts toward growth, we are also steadily advancing initiatives to prepare resources for growth accompanied by quality, including selling shares of U.S.-based freight car leasing company SMBC Rail Services and major Vietnamese commercial bank Eximbank as components of our portfolio review. Through such efforts, we achieved revenue, profit, and ROCET1 growth in FY2023, along with steady progress in infrastructure improvements that will lead to future growth. I feel that our efforts are yielding fruit.

To achieve growth in excess of initial plans, in FY2024 we will continue investing resources in priority areas and will agilely move forward with reviews of our business portfolio and business model in response to changes in the business environment. As our business scale expands, so do stakeholders’ expectations toward solutions to global social issues. To address issues including the environment, poverty and inequality, DE&I, and human rights, we aim to maximize our impacts on society by accumulating knowledge across the Group and collaborating to leverage that knowledge.

Global Business Unit

Strengthening of global CIB

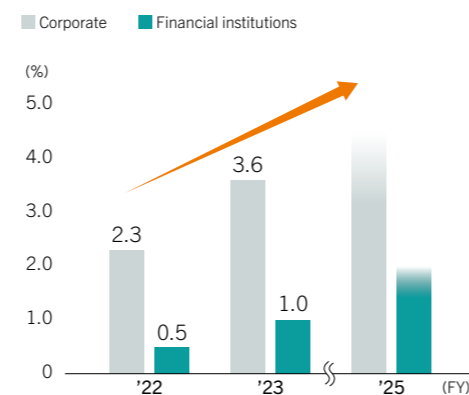
To accelerate our evolution into a global solutions provider, we will strengthen our provision of complex solutions that fully leverage our coverage team and will expand Group and global collaboration.

In our partnership with Jefferies, a pillar of our business, in FY2023 we expanded our areas of collaboration to the M&A advisory business and the equity and debt capital markets business. We are also steadily deepening the partnership through the expansion of target regions from the United States to Europe and Canada, and plan to continue widening such areas of cooperation.

We will also continue our efforts to expand business through the acceleration of primary and secondary cooperation and the strengthening of products. Our corporate bond underwriting was strong in FY2023. In addition to expanding our acquisition of mandates in Yankee bonds and Samurai bonds, we maintained our position at the top of the league table in the U.S. business development company (BDC, an investment company that funds unlisted mid-sized and emerging companies) market.

We are enhancing our solutions in the fields of the environment and climate change as well. While engaging with customers in sectors with high carbon intensity and effecting a transition toward decarbonization, we will also advance initiatives in the new energy sector and lead the field of sustainability.

Share of U.S. IG/DCM issuance

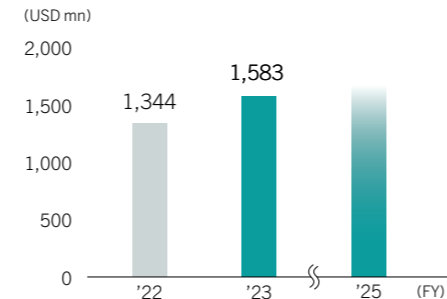


Expanding and deepening our U.S. business

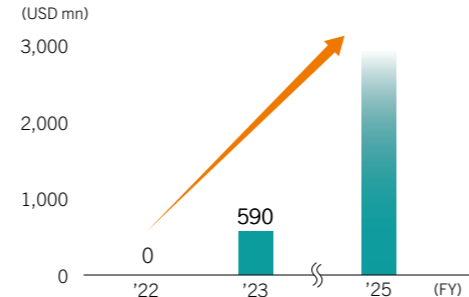
We will further concentrate Group resources in the U.S. market, the world's largest and most stable market, with the aim of driving the Group's growth.

In the wholesale business, we will continue to expand the Global CIB and S&T businesses while making a full-scale entry into the retail business to achieve medium- to long-term growth. The digital bank Jenius Bank, which we opened in July 2023 has begun offering savings deposits, personal loans, and other products to U.S. residents. In less than a year since its launch, it has surpassed \$1 billion in deposit balance and \$700 million in loan balance. Our policy from here on out will be to grow the business while increasing its product offerings to support customers at every stage of life. We will create differentiation from traditional banking services by introducing cutting-edge systems that enable quick and flexible addition of changes and by quickly reflecting feedback from customer analysis in products and services.

Net Business Profit from Americas Division



U.S. digital banking assets



Achieving growth in our multi-franchise strategy

Under a strategy of creating a "second and third SMBC Group" in the four fast-growing Asian countries of India, Indonesia, the Philippines, and Vietnam, we have advanced investment alliances with financial institutions in these countries to build a multi-franchise platform.

We will support business expansion of investee companies through capital increases and enhancement of governance, and will create synergies through knowledge sharing and business collaboration between SMBC Group and those companies, with the aim of becoming a top-tier financial institution in each of these countries.

To solve social issues, we are tackling the elimination of poverty and inequality by providing microfinance in India and Indonesia. Our Medium-Term Management Plan sets out a goal of increasing microfinance borrowers by another 800,000 in the two countries combined. To eliminate poverty and inequality throughout society as a whole, we are also developing social contribution programs such as education on financial basics and seminars for small and medium-sized business owners, not limited to SMBC Group customers.

See page 090 for more information on our multi-franchise strategies.

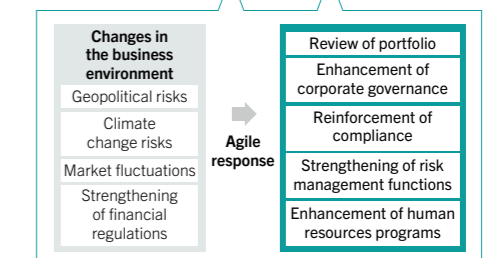
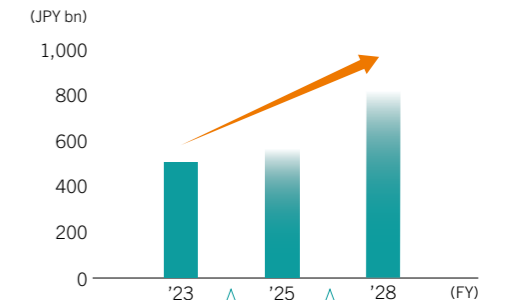


Corporate infrastructure development

As geopolitical risks, climate change risks, market fluctuation risks, and regulatory strengthening advance, it is increasingly important that we capture early signs of these and respond with agility. With this in mind, we will expand our overseas business while also further reinforcing our corporate infrastructure.

As a concrete action, we opened a representative office in Washington DC in October 2023. Through this office, we will undertake relationship building with a wide range of stakeholders, including financial authorities and government-related organizations, and will strengthen our capabilities for information collection and communication. To accelerate agile and efficient input of resources in response to changes in the business environment, we will develop data and business infrastructure to enable higher-level, clearer management of revenue and profit indicators in every business segment. We will also utilize the expertise of our diverse human resources to reinforce governance and compliance that support the growth of increasingly diversified and complex businesses, and to raise the level of our risk management. While continuing the active promotion of locally hired overseas employees, we are enhancing our global human resources structure through means including the setting of gender KPIs to increase the number of women on our global management team to achieve diversity.

Global Business Unit Net Business Profit*



* Calculated as \$1 = ¥120



Strategies of Business Units

Global Markets Business Unit



Masamichi Koike
Deputy President and Executive Officer
Head of Global Markets Business Unit

Global Markets Business Unit results

	FY2023	YoY ¹
Gross profit	¥526.2 billion	+¥64.4 billion
Expenses	¥165.3 billion	+¥14.8 billion
Base expenses	¥98.5 billion	+¥3.2 billion
Net business profit	¥389.9 billion	+¥49.8 billion
Net income	¥272.9 billion	+¥34.8 billion
ROCET1²	17.8%	+2.1%
Risk-weighted assets (RwA)	¥7.9 trillion	+¥1.9 trillion

Key strategies

Discerning the essence and the trends of the world through the Three “I”s

Dynamic adjusting our portfolio to maximize earnings

Addressing to increasingly complex and sophisticated customer needs

Detecting changes in the financing environment caused by varied factors

Operation with a focus on ensuring balance sheet stability

¹ Figures are after adjustments for exchange rate impacts, etc.
² Incl. impact from the interest-rate risk associated to the banking account.

As market risk professionals, we aim to enhance our own risk-taking skills while continuously offering customers high added value.

The Global Markets Business Unit offers solutions through foreign exchange, derivatives, bonds, stocks, and other marketable financial products and also undertakes asset liability management (“ALM”) operations that comprehensively control balance sheet liquidity risks and market risks.

Our emphasis in this work is on analyzing the various phenomena that occur throughout the world based on the Three “I”s of Insight, Imagination, and Intelligence in order to forecast the market trends that will emerge in the future. In short, we emphasize the capacity to discern the underlying essence of world affairs.

Under paradigm shifts taking place against the backdrop of global fragmentation, everyone now faces a market environment of the like not seen for over three decades. Under a variety of scenarios, it is assumed that conventional ways of thinking will not hold. By adapting flexibly to this new environment and undertaking bold action with our gaze on the future, we will continue our unending evolution.

In FY2023, as the policy rate stopped rising in the U.S. and Europe while Japan steered its course toward the normalization of monetary policy, interest rates and stock prices fluctuated wildly in developed countries due to factors including market player expectation. Amid this, our portfolio management steadily captured investment opportunities while properly controlling risks, recording a profit as a result. We also supported customers’ funding needs through stable foreign currency funding and strengthened our S&T global collaboration to provide customers with optimal solutions.

We will actively engage in not only pursuing such economic value but also creating social value. In addition to GX support, as exemplified by the green bond issuances we have been offering, we will support “Fulfilled Growth” for customers and employees by undertaking initiatives in new fields including enhancement of financial literacy for society overall and revitalization of the asset management industry.

Global Markets Business Unit

Dynamic portfolio management in response to market changes

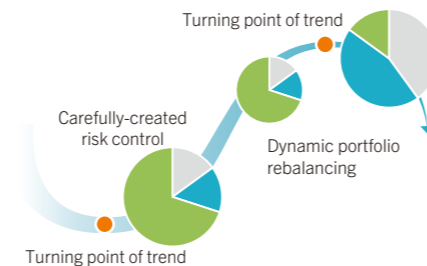
The strength of the Global Markets Business Unit lies in its ability to dynamically adjust its portfolio and maximize earnings by accurately capturing market trends through proactive observation of market fluctuations.

Through the Three “I”s, members of the Unit collect, analyze, and thoroughly discuss information on phenomena occurring every day, then, they make positions in accordance with the scenarios formulated through this work, after which they review the results and validity of these positions. The consistent application of this iterative process is the only way we can hone our ability to read the markets.

Recognizing that ongoing paradigm shifts have placed us in a market environment completely different from that of the past, we will continue to aptly capture opportunities for profit.

We have also begun to manage an investment fund adopting an absolute return-oriented global macro strategy at Sumitomo Mitsui DS Asset Management, taking advantage of the operational capabilities that are our strength. Through such initiatives, we will create social value by promoting the shift from savings to investment, supporting higher financial literacy, and helping to lift the status of the asset management industry as a whole.

Overview of Portfolio Rebalancing

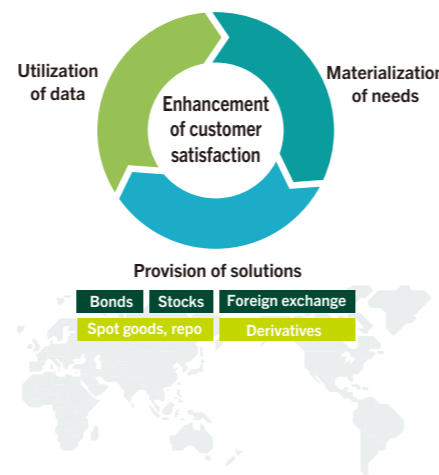


Reinforcement of our ability to provide solutions through marketable financial products

Paradigm shifts are also affecting customers in many ways. To address the risk hedging needs arising in customers’ businesses and balance sheets along with the risk-taking needs accompanying investing and investment management, we are accelerating our globally integrated management and enhancing our ability to provide solutions.

Specifically, we are utilizing diverse data to actualize customers’ latent needs and are honing our ability to deliver custom-made proposals to appropriately address diverse needs. In the future, we will also promote more sophisticated analysis through means including linkages with digital platforms. By providing unique solutions, we are taking on the challenge of supporting customers’ management strategies from non-conventional approaches.

In this way, by supporting “Japan’s Regrowth” from a starting point in our customers’ businesses, we will create social value.



Development of a robust foreign currency funding base

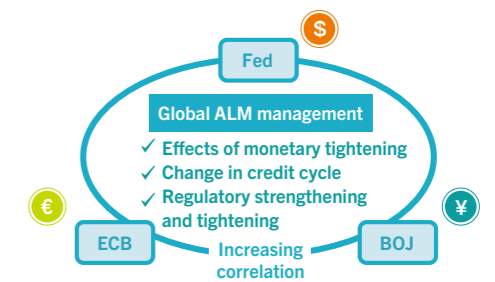
The Global Markets Business Unit is taking steps regarding foreign currency funding to balance assurance of stability with pursuit of cost efficiency, so that we can continue supporting customers’ businesses through lending.

We strategically carry out funding fitted to SMBC Group’s balance sheet composition and the market environment, with seeking to expand our investor base and diversify funding methods. Initiatives in this area have included the issuance of covered bonds and cross-currency repo initiatives (foreign currency procurement using government bonds, etc. as collateral), along with the issuance of regular foreign currency-denominated straight bonds.

Although the funding environment will continue to face headwinds in the form of ongoing tight monetary policy in areas including Europe and the U.S., regulatory strengthening and tightening, and the emergence of geopolitical risks, we will respond pro-actively from a long-term perspective and engage in stable balance sheet control through global collaboration.

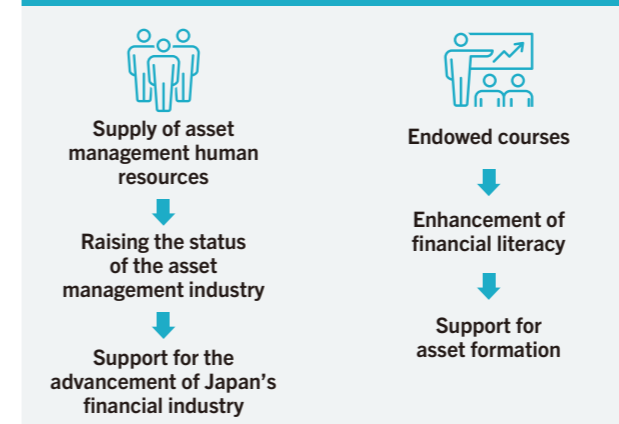
The Global Markets Business Unit regularly issues green bonds, the funds from which are used only for renewable energy or other eco-friendly projects. In October 2015, we became the first Japanese private financial institution to issue US dollar-denominated green bonds. In the years that followed, we proceeded to expand the scope of investors served by our green bonds, becoming the first private company in Japan to issue green bonds for individual investors in December 2018 and issuing green bonds through a public offering in the U.S. in January 2021. To date, we have floated eight green bond issues in Japan and overseas, raising a total of approximately US\$3.6 billion. In these issues, we carefully explain our sustainability initiatives to investors to foster mutual understanding.

We will continue contributing to the further development of markets and to the preservation and improvement of the environment as one of Japan’s leading issuers of green bonds, thereby creating social value.

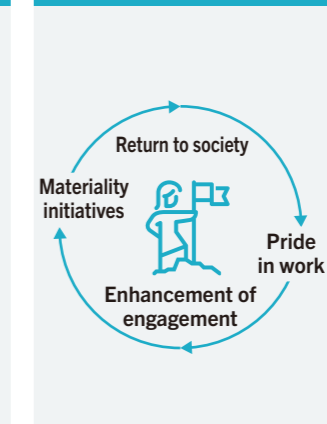


- Increased efficiency of funding and collateral management
- Medium- to long-term funding strategy tailored to environment

Japan’s Regrowth / Poverty & Inequality / Declining Birthrate & Aging Population



DE&I



Environment



Creating Social Value through Digital



Akio Isowa
Senior Managing Executive Officer
Group CDIO

I am deeply committed to the creation of social value through digital innovation.

While using digital technology to promote digital transformation in our existing financial businesses, as Group CDIO I undertake the creation of new business models and solutions with utmost effort that go beyond the framework of a financial institution.

Our keywords are “Beyond & Connect” and “Empower Innovation.”

Our Company engages in business development that integrates the financial and non-financial across regions, based on collaboration with partner companies of differing types by making use of digital technologies (Beyond & Connect). As a global solutions provider, we offer customers added value that goes beyond our financial business, while creating, developing, and nurturing businesses that

will lead to the future transformation of SMBC Group’s business model.

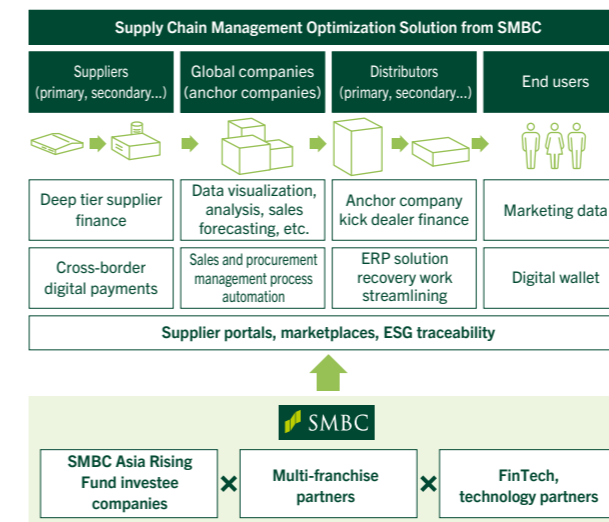
In creating new businesses, it is vital that we have a framework to promote innovation (Empower Innovation). To accelerate the strengthening of business development in cooperation with startups in the fast-growing Asian region, we have established corporate venture capital and prepared functions for the promotion of digital innovation. In the area of “Producing new CEOs,” we actively promote employees with vision and ambition to the position of president of new business companies, engage in ongoing efforts aimed at transformation of our culture such as internal social media networks, and are accelerating the creation of mechanisms for generating new business seeds inside and outside the company.

Beyond & Connect

“Beyond” expresses our stance of expanding our range of business beyond the boundaries of financial/non-financial, industries, and national borders, while “Connect” embodies our intent to create new added value through active cooperation with different partners. Under this approach, we aim to transform SMBC Group’s business model by pioneering new businesses not yet undertaken by conventional financial institutions.

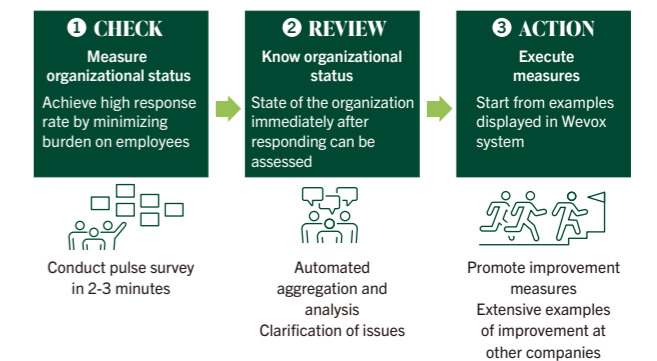
Provision of digital solutions for supply chain management in Asia

In the Asian-Pacific region, we develop and promote solutions that support the optimization of companies’ supply chain management, such as a digital platform for supply chain finance and a “CFO Dashboard” for visualization and analysis of integrated cash flow and finances. We have introduced such solutions to about 100 companies so far.



SMBC Wevox

In a joint venture with Atræ, Inc., we established a new company to provide a platform that offers corporate customers timely visualization of employee engagement and motivation, supporting the enhancement of organizational strength. SMBC Group has been using Atræ’s Wevox internally since 2020. Drawing on the experience and refinements we have accumulated for effective use of Wevox, we will provide new added value to our customers.



TOPICS

DX-link

In addition to the initiatives introduced on this page, the owned-media DX-link operated by SMBC Group communicates information such as examples of co-creation with partner companies and examples of specific initiatives by customers undertaking DX.



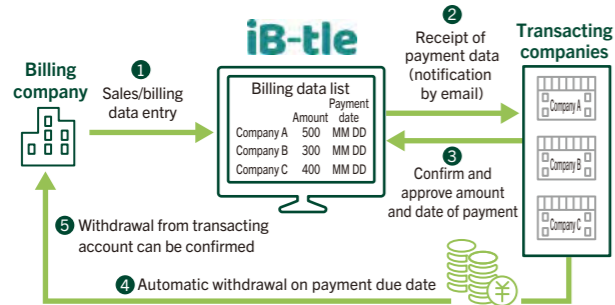
TOPICS

SMBC Group was nominated among “DX Brands 2024” by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency (IPA). This award was in recognition of our digital-related initiatives, including our Olive integrated financial service for retail customers and our non-financial businesses under the “Producing new CEOs” initiative.



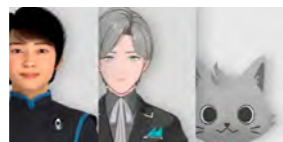
iB-tle corporate web payment service

In February 2023, we launched the “iB-tle” web payment service for corporate customers. Invoicing companies and paying companies are able to perform and manage operations from billing to payment reconciliation, as well as early financing, all through one service. This offers support for issues that are increasingly important to companies, such as reducing promissory notes and adapting to the revised Law on Book and Record Keeping through Electronic Methods.



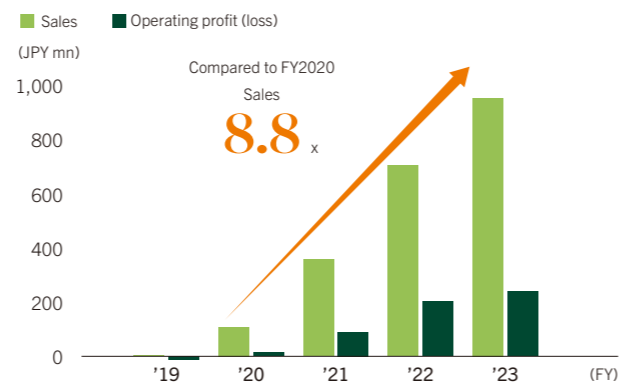
Avatar business

We have begun studying collaboration with AVITA, Inc., a company specializing in avatar and AI technologies. Avatars hold potential for creating worlds in which people can go beyond constraints such as outward appearance and location to engage in work. We are considering the use of avatars in our financial business and in collaborations with corporate customers.



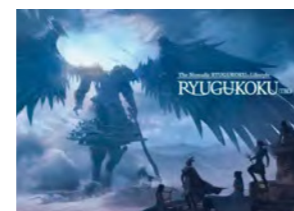
SMBC Cloud Sign

To achieve further proliferation of the SMBC Cloud Sign electronic contract service already used by many small and medium-sized enterprise customers, we have begun providing the service free of charge to all corporate customers who have a savings account with Sumitomo Mitsui Banking Corporation. We intend to add new functions for contract conclusion as well as contract management.



Initiatives in new domains

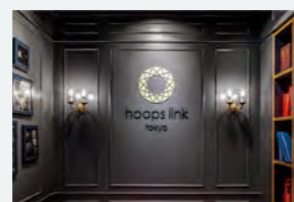
Through collaboration with JP UNIVERSE, we have begun a proof-of-concept trial to examine business potential in the area of the metaverse, which is expected to see use by individuals and companies. We are also conducting demonstrations with HashPort Inc. in the area of non-fungible tokens (NFTs).



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TOPICS

"hoops link tokyo", an open innovation hub opened in Shibuya in 2017, celebrated its 6th anniversary. The facility continually creates opportunities for new experiences and encounters, including the “Manager Dojo” for interacting with startup managers and the issuance of membership cards using blockchain technology.



Empower Innovation

“Empower Innovation” indicates the creation of means and mechanisms for accelerating innovation. By fostering a corporate culture that encourages tackling challenges with “the courage to carry through,” we are giving rise to a succession of new businesses and advancing transformation for SMBC Group.

CDIO meetings

We hold monthly CDIO meetings as venues for speedy decision-making. We have also readied a framework for agilely securing budgets. As an example, SMBC Wevox leveraged this framework to move from the start of planning to business launch in about half a year.



Stock options for digital subsidiaries

We have begun granting stock options to the management teams of subsidiaries created through our in-house entrepreneurship. We expect these subsidiaries to demonstrate significant growth beyond the framework of SMBC Group, and will promote the transformation of our corporate culture into one that continually turns out employees who take on the challenges of in-house entrepreneurship.

Corporate Venture Capital (CVC) SMBC Asia Rising Fund

In May 2023, we launched a CVC totaling US\$200 million to strengthen our multi-franchise strategy and promote digital transformation in cooperation with startups in the fast-growing Asian region. To date, we have made decisions to invest in four startups in Asia, spanning fields including supply chain finance, electronic invoices, and personal loans.

Global expansion of our digital strategy

To roll out our digital initiatives on a global basis, we have established the SMFG Silicon Valley Innovation Lab in the United States and the Asia Innovation Center in Singapore. At these locations, we are tackling technology-based new business development in cooperation with business partners and startups in the regions.

Initiatives to Create Social Value

In SMBC Group’s aim to create social value, the use of digital technologies is indispensable. The wide-ranging digital services that we develop will further connect to the creation of social value in a number of ways.

SMBC Wevox contributes to realizing DE&I through solutions that support visualization of employee engagement and enhancement of organizational capabilities for corporate customers. Plusmedi, a provider of services

supporting hospital visits by patients and solutions for the management of personal health data, aims to solve issues in the health care field. SMBC’s Cloud Sign electronic contract service contributes to solving varied social issues, such as addressing environmental issues through paperless work. We are also working to address the declining birthrate and aging population in collaboration with avatar business experts AVITA, Inc.



Multi-Franchise Strategy that Supports Future Growth

SMBC Group has set out a “multi-franchise strategy” targeting India, Indonesia, Vietnam, and the Philippines. We aim to create a “second and third SMBC Group” by developing full-line banking services, including retail operations, in emerging Asian countries where high growth is expected.

Under our previous Medium-Term Management Plan, we invested in and acquired partner companies overseas and laid a foundation for growth in all of the target countries. To solidly harvest the fruits of future growth, under our current Medium-Term Management Plan we will draft and implement appropriate strategies rooted in local areas.

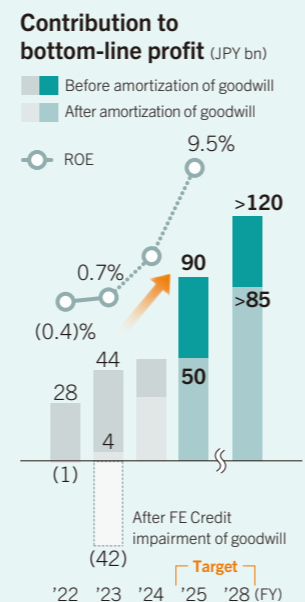
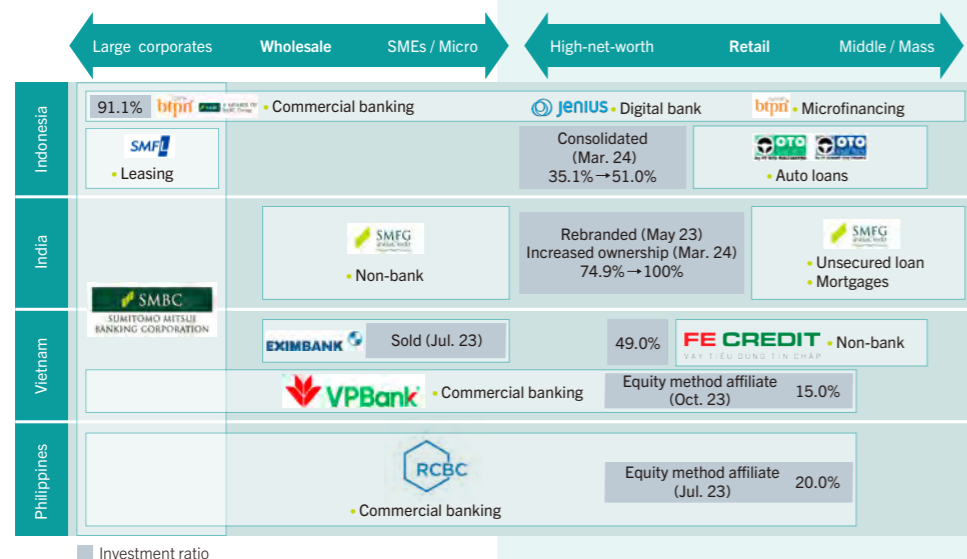
To accelerate the realization of our multi-franchise strategy, in FY2023 we brought Fullerton India under the

SMFG brand through a change of name to SMFG India Credit Company, and made the company a wholly owned subsidiary through additional investment. We made RCBC in the Philippines and VPBank in Vietnam equity-method affiliates through additional investment, and made auto loan company OTO/SOF in Indonesia a consolidated subsidiary.

We will continue to focus on post-merger integration (PMI) to draw out the countries’ high growth potential. In business aspects, we will go beyond one-on-one collaboration between SMBC Group and investee companies to further tackle the creation of synergies by means including SMBC Group financing support and two-way customer referrals, collaboration on products for which Sumitomo Mitsui Banking Corporation enjoys global strengths, and knowledge sharing and human resource development support.

In the area of governance, we dig deeply into local companies’ management and build governance structures through the dispatch of personnel from Sumitomo Mitsui Banking Corporation and through participation in companies’ Boards of Directors. We also introduce global standards while respecting local legal systems and business customs.

Through such measures, we will pursue sustainable growth and further contributions to profit. Under our multi-franchise strategy, we will tackle the creation of value by supporting social self-sufficiency and promotion of financial inclusion for the poor in emerging countries through microfinance, financial education, and other means.



Capturing Economic Growth to Accelerate Multi-Franchise Strategy



SMBC Group operates SMBC branches in India, offering wholesale banking services with focus on large corporates. India became the world's largest population in 2023 and expected to achieve average annual GDP growth of about 7% through 2030. India is expected to be the world's 3rd largest economy in 2028. SMFG India Credit Company Limited (“SMICC”) is a non-banking financial company (“NBFC”), having a subsidiary Home Finance Company, and provides financial services to small and medium-sized enterprises and individuals. SMBC Group made SMICC a consolidated subsidiary in 2021 and a wholly owned subsidiary in 2024 to capture opportunities for growth in small and medium-sized enterprises, retail markets, and expand our business in India. SMBC Group will contribute to further advancement of financial industry in India through this action, while working on building the platform of a full-line financial service that includes retail business.

The article in next page features a dialogue between Shantanu Mitra, SMICC CEO, and Takeshi Kimoto, Head of Asia Business Development Division, about SMICC's strengths, future business prospects in India and collaboration with SMBC Group.

profile

Right
Shantanu Mitra
 SMICC CEO and Managing Director

Left
Takeshi Kimoto
 Managing Executive Officer
 Head of Asia Business Development Division



Shantanu: India's economy has made a strong recovery from COVID-19, and high economic growth is expected from here on. We believe that non-banks will play a major role in supporting the small and medium-sized enterprises and individual consumers driving this economic growth.

India is a diverse nation comprising 28 states and 8 union territories, each of which embraces different cultures and languages. SMICC is one of the top 10 diversified NBFs in India. It has been operating for more than 15 years and has specific business models designed to serve rural and urban retail consumers, small businesses and affordable home loan seekers. As a non-bank, SMICC plays an important role that supplement the country's network of banks in addressing the diversity of regions and in making financial services available to all.

SMICC provides financial services in the four segments of urban, rural, digital, and home finance, with about 70% of our branches located in cities with a population of less than 100K. Our strength lies in establishing a business model with deep local roots. SMICC also places a strong focus on training of employees and providing fast and seamless credit closely aligned with customers in semi-urban and rural areas. Through many years of lending experience rooted in local communities, we have built unique knowledge and know-how while differentiating ourselves from our competitors.

Kimoto: Rising income and consumption among individuals and business expansion by small and medium-sized enterprises are expected to drive the growth of India's economy. In this context, SMICC aims to serve customers across all of India, including rural areas, and through this, SMBC Group also aspires to grow alongside India. To achieve this, SMBC group will support the enhancement of SMICC's funding capabilities and leverage the Group's customer base to promote SMICC's financial services to increase our competitiveness in India. In doing so, we recognize that one sector with particularly high growth potential in India is digital business, an area in which SMICC is also active. What are your thoughts on the growth potential of the digital field in India?

Shantanu: Digitalization is progressing steadily in India across sectors and specifically in financial services. A trigger for this was the identity verification system introduced by the government in 2009, under which every citizen is issued a unique ID. Building on the foundation of this system, the digitalization of economic activity has made great progress, and cashless payments have become widespread. Supported by this, digital lending in India is expected to keep on growing.

SMICC actively promotes collaboration with reputed financial technology companies. Drawing on customer

Financial results (JPY bn)

	2020	2021	2022	2023
Gross profit	48.1	40.8	58.8	91.3
Expense	18	23.5	33.9	51.7
Credit cost	54.4	15.5	9.5	23.2
Net business profit	(18.3)	1.2	11.6	12.1
ROE	(23.8)%	1.9%	14.7%	12.2%
Loans	378.2	411.4	596.8	822.5
Total assets	419.3	441.4	666.7	877.6

* Calculated using end-of-period exchange rates



● Secured loans	29%
● Business loans	12%
● Personal loans	16%
● Group loans	8%
● Housing Loan	11%
● Digital	18%
● Others (vehicles/motorcycle loans, etc.)	6%

databases aggregated by partner companies, we can now more easily acquire new customers and provide loan services. We are putting the digital solutions of financial technology companies to good use in offering our financial services to a wide range of customers.

Kimoto: As you suggest, it is very good that people in areas where financial services have not been readily available are now able to tap into those services through the use of digital and technology. SMBC Group's Medium-Term Management Plan includes "Poverty & Inequality" among the materialities that we need to proactively address. SMICC's services can be seen as truly supporting financial inclusion. SMBC Group, too, hopes to contribute to solving social issues by working with SMICC to enhance the convenience of digital platforms and provide microfinance to rural areas.

Shantanu: I appreciate you saying that. We also recognize the improvement of financial literacy, the employment of women, and the solving of environmental and social issues as important parts of our mission as a company. I think that these are shared in part with the material issues that the SMBC Group plans to address. As one of our social contribution initiatives, we supports health maintenance for cattle to stabilize the income and improve the lives of families engaged in dairy farming. We are also making efforts in the creation of employment opportunities for women in rural areas and contribute to the mission of elimination of poverty and inequality. Solutions to environmental issues, such as mangrove tree planting, are another area of focus for us. We are convinced that every such effort will contribute to our vision - Create Social Value.



"Pashu Vikas Day" cattle healthcare event in agricultural areas of India

Kimoto: In 2024, SMBC established "social deposits," by which funds deposited by customers are allocated to projects that address social issues, such as projects to improve health care or reduce poverty. Although we have just begun with these efforts, we believe that including such activities of SMICC will help in realizing Create Social Value on a global scale. As such, we will continue exploring new opportunities to offer support in our collaboration with SMICC.

Shantanu: I am pleased that SMBC Group and SMICC are able to have synergies in the creation of social value as well as in the pursuit of economic value, supporting the advancement of the financial industry in India. In terms of economic value, we intend to leverage SMBC Group's customer base to advance solutions such as supply chain finance to corporate customers that have supply chains in India. Overall, we plan to double our loan assets over the next three years and raise our ROE from about 12% in FY2023 to over 18% in FY2024.

SMICC follows a very customer-centric approach. The products cater to the unique needs of the respective customer segment. The branch network and the distribution channels are also aligned to the customer segment. We plan to continue to expand our network of branches and be present in every local market relevant to lending business.

Kimoto: Through regular communication with SMICC's leadership team, we share insights gained domestically and internationally and seek best practices, which I feel has deepened our group collaboration over the years. SMBC Group will continue accelerating our collaboration with SMICC as we aim for realization of growth with quality. In the area of contribution to profit (before amortization of goodwill) from multi-franchise partner companies in Asia, we aim to achieve ¥120 billion by FY2028. SMICC is expected to play a central role in this effort, contributing 30-40% to the goal. Toward the achievement of this target, SMBC Group will proactively collaborate as both a shareholder and a business partner.

Message from Co-Head of Asia Pacific Division



Rajeev Kannan
Managing Executive Officer
Co-Head of Asia Pacific Division
Chairman of the Board of SMICC

SMBC Group's Business Strategy in Asia Pacific

SMBC Group operates an extensive network of branches, bank subsidiaries and securities and leasing entities in Asia Pacific. In the last five years, we doubled our region's top line by leveraging our network and providing value-added solutions to our corporate and institutional clients. By deepening client relationships and enhancing sector expertise, we increased both lending and non-lending revenue in Asia Pacific, the fastest-growing region globally.

As a market leader in ESG, we are dedicated to helping our clients achieve their sustainability goals while expanding our green finance portfolio. Data and digital

innovation remain as key drivers for enhancing operational efficiency and client engagement across our operations. We are committed to fostering economic stability and environmental sustainability for both today's and future generations.

Through our investments into our multi-franchise entities in India, Indonesia, Vietnam and Philippines, we have expanded our customer base to retail and SME segments and enhanced solutions for our core clients. We anticipate increased collaboration and synergies across our internal ecosystem enabling swift market expansion, ROE-accretive growth and meaningful social value creation ahead.

Collaboration between SMBC's Branches and Multi-Franchise Entities

Our aim is to build a more granular support system for our customers seeking to expand their business in Asia Pacific. By strengthening cooperation with our multi-franchise entities, we will have an expanded service offering including supply chain financing for our corporate clients, pay-roll management, dealer, equipment and vehicle financing.

Recognizing the importance of innovation, we launched the Asia Rising Fund to provide early-stage funding to regional ventures and catalyze collaborations with our multi-franchise entities. This drives digital innovation and supports the financial sector's growth in the region.

Message as Chairman of the Board of SMICC

As a young banking professional in India before joining SMBC in 1997, I am proud to be part of the Group's development in Asia Pacific. I am also excited by SMBC Group's growth aspirations in India, driven by economic factors like a growing middle class and expanding trade and investment flows.

Having completed 100% acquisition of shares in March 2024, SMICC along with the branch banking platform will be our twin engines of growth in India. As a provider of loan and credit services for retail, housing and SME segments, SMICC aspires to become one of the top NBFCs in India.

In mid-2024, SMICC launched its new brand campaign "Pragati hi Aapki Nayi Shakti Hai" (progress is your new power) emphasizing their commitment to empower progress seekers. This resonates with SMICC's philosophy of supporting aspirations in rural and urban communities through various loan options to support their advancement.



The Column

In Vietnam, we made FE Credit's parent company VPBank an equity-method affiliate in October 2023 through a 15% investment.

FE Credit is an equity-method affiliate in which we invested in October 2021. The firm's credit-related expenses increased and its new lending decreased under economic slowdown in Vietnam, but SMBC Group is providing ongoing support by strengthening cooperation with FE Credit's parent company VPBank. We will continue to strengthen financing capabilities by drawing on the creditworthiness of SMBC Group and to strengthen governance through personnel support, and will work with VPBank to support reinforcement of FE Credit's management foundation.

We have introduced VPBank to SMBC's customers that are Japanese multinationals doing businesses in Vietnam. We provide customers with services unique to local financial institutions, such as supply chain finance and dealer finance, and support the expansion of VPBank's business.

We will continue to deepen collaboration between SMBC Group and both VPBank and FE Credit, with the aim of strengthening our business foundation and expanding our presence in Vietnam.

Multi-Franchise Strategy in

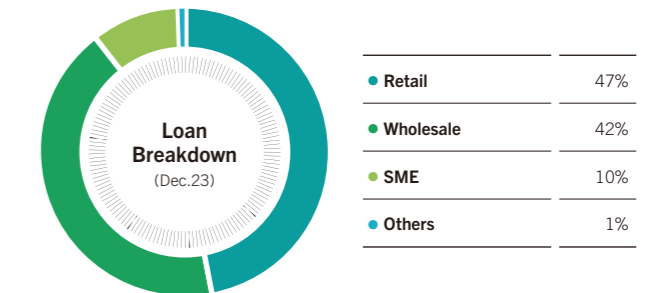
Vietnam



VPBank results (JPY bn)

	2020	2021	2022	2023
Gross profit	175.6	221.5	323.7	303.4
Expense	51.3	53.6	79.0	85.0
Credit cost	65.8	96.1	125.8	152.5
Net business profit	46.9	57.4	94.7	51.8
ROE	22.0%	18.1%	20.3%	9.3%
Loans	1,453.0	1,920.1	2,686.6	3,656.7
Total assets	1,885.6	2,737.0	3,533.7	4,987.2

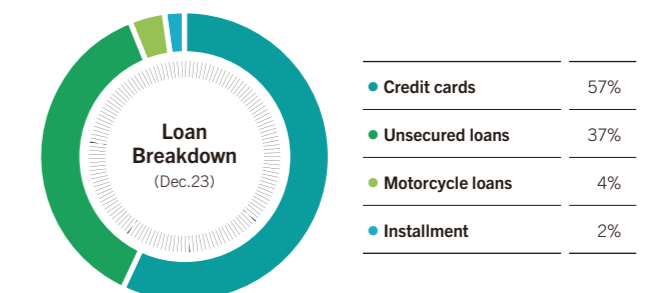
* Calculated using end-of-period exchange rates



FE Credit results (JPY bn)

	2020	2021	2022	2023
Gross profit	78.4	76.6	84.9	81.0
Expense	22.7	23.4	34.3	28.0
Credit cost	42.7	57.8	75.3	75.6
Net business profit	13.4	0.6	(13.3)	(18.0)
ROE	21.2%	0.8%	(16.5)%	(25.2)%
Loans	297.2	377.1	385.4	343.5
Total assets	330.3	388.1	428.2	384.7

* Calculated using end-of-period exchange rates



Create Social Value / Pursue Economic Value

In Indonesia, we made Bank BTPN, the foothold for our multi-franchise strategy, an equity-method affiliate in 2013. In 2019, we made Bank BTPN a consolidated subsidiary through merger with Bank Sumitomo Mitsui Indonesia, which has strengths in the wholesale business, and thereby created a full-line commercial bank. It has since grown to the 10th largest bank in Indonesia, with total assets approaching ¥2 trillion.

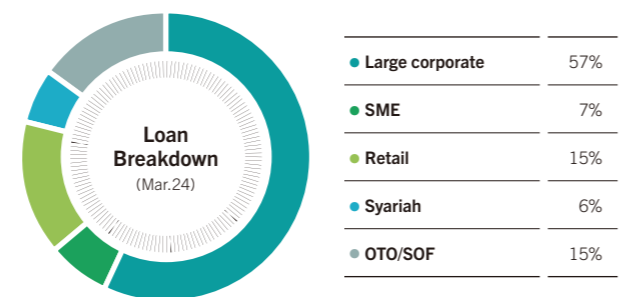
We are currently accelerating digital strategies including our digital banking service “Jenius” and our digital service for SME customers “TouchBiz.” In March 2024, we made auto loan company OTO/SOF a consolidated subsidiary and will also strengthen the retail business through joint financing, mutual customer referrals, and other means with OTO/SOF.

We will expand business in other countries by deploying our multi-franchise strategy know-how gained in Indonesia, including know-how of processes for enhancing governance structure and the supply chain business drawing on the corporate customer base of SMBC Group.

BTPN results (JPY bn)

	2020	2021	2022	2023
Gross profit	91.1	106.2	116.1	127.8
Expense	50.9	56.6	60.9	67.8
Credit cost	20.7	17.1	15.6	27.8
Net business profit	12.9	21.6	26.3	22.2
ROE	6.1%	8.6%	9.6%	6.3%
Loans	1,008.0	1,098.4	1,242.0	1,424.7
Total assets	1,355.4	1,554.5	1,777.9	1,833.8

* Calculated using end-of-period exchange rates



The Philippines



We made our first investment in RCBC in the Philippines in 2021, followed by additional investment in July 2023 that made the company an equity-method affiliate. The capital increase and financing support by SMBC Group have yielded fruit. RCBC’s lending balance increased steadily in FY2023, achieving revenue and profit growth.

We are meeting a wide range of needs through cooperation with RCBC, including the proposal of solutions involving RCBC to SMBC Group customers that require local financial services in the Philippines.

As an example, RCBC has introduced captive finance campaigns and residual value-based auto loans planned and developed with SMBC Group, and is steadily growing its number of contracts.

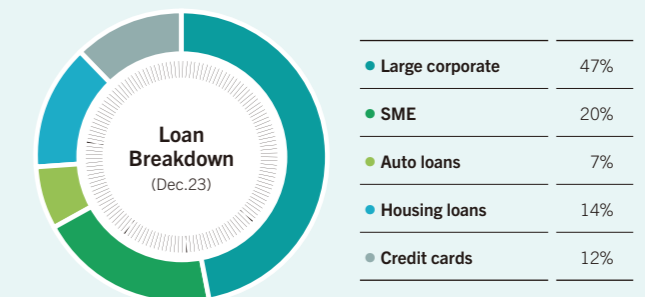
Together with SMBC Group, we are also undertaking social contribution activities such as financial literacy enhancement programs for the employees of business partners.

We will continue invigorating collaboration with SMBC Group to further expand our presence in the Philippines.

RCBC results (JPY bn)

	2020	2021	2022	2023
Gross profit	81.9	81.9	105.8	127.9
Expense	47.6	50.7	59.7	75.8
Credit cost	20.3	13.6	13.6	17.7
Net business profit	10.8	15.9	28.8	31.3
ROE	5.5%	6.7%	11.2%	9.5%
Loans	1,061.2	1,211.2	1,330.1	1,663.8
Deposits	1,157.3	1,513.0	2,040.2	2,449.2
Total assets	1,667.7	2,158.0	2,746.8	3,170.1

* Calculated using end-of-period exchange rates





Contributing to “Fulfilled Growth” through Olive integrated financial service

A year has passed since we launched Olive service in March 2023. Four members of the project team explain how they promoted the use of service.

(bottom left) Sumitomo Mitsui Card Company (SMCC) Marketing Unit
Olive Mass Promotion SQ Product Owner (PO) and SMCC Brand Supervisor SQ PO

Wataru Aoba

In charge of mass promotion of V POINT NL cards, etc. in addition to Olive

(top left) Sumitomo Mitsui Banking Corporation (SMBC) Retail Marketing Department
Mass Promotion SQ

Maya Yamada

In charge of mass promotion, market research, etc. for Olive and Olive LOUNGE

(bottom right) Sumitomo Mitsui Banking Corporation (SMBC) Retail IT Strategy Department and Retail Marketing Department
Strategy of Switching to Olive SQ Product Owner (PO)

Kazuya Hashimoto

In charge of formulation and execution of marketing measures related to Olive

(top right) Sumitomo Mitsui Card Company (SMCC) IT Strategy Unit (at the time)
Digital Strategy SQ and Point Integration SQ

Haruto Tsujioka

In charge of planning and development of SMCC's Vpass app and V POINT Pay App



SMCC Aoba

I'm in charge of mass promotion overall for Olive. As Olive is a service with an entirely new concept, immediately grasping the whole picture can be difficult for customers. However, there are a lot of elements that they find appealing.

In the launch, SMBC and SMCC initially highlighted the service's unprecedented unique worldview, its world first flexible payments, the high rate of point earning, and so on in television commercials in the same frame, with an emphasis on impact. A large-scale presentation was also held during the press release. Then-CEO Ohta of Sumitomo Mitsui Financial Group and top leaders from SMCC, VISA, and SBI Securities took the stage at the event. PR activities were of an unusual scale for a financial service, attracting major coverage on TV, in newspapers, online, and in other media. The result was a huge response from customers, with plenty of activity in campaigns and social media posts. I think the new service launched amid a lot of buzz.

SMBC Yamada

I'm involved in market research related to Olive. Since the press release, I've collected and analyzed about 10,000 questionnaires every month. From a state of 0% awareness upon release, Olive's recognition is now close to 60% thanks to the success of promotions. Although this was as expected, the level of understanding remained lower than the level of awareness, and account openings struggled. While the service's innovation and multi-functionality are compelling, these same features can also make it difficult to understand. Immediately after the launch in particular, we saw this trend in female users. From here on out, I think it will be important that we communicate in a way so that people not only know about the service but also understand its functions and value and want to use it. In other words, our approach has to go a step ahead beyond mere recognition.

SMCC Aoba

Forming an early image as an innovative product is important, but as our next step, we took action so that not

Olive, our integrated financial service for retail customers seamlessly combines features including bank account, card payment, online securities, and online insurance in app.

Users can access services from both the SMBC app and the Vpass app, to manage everyday payments, balances, and statements balances and statements for services including, asset formation and asset management, all in one place. The app also features the world's first flexible payment using new functions developed by Visa that allow switching among cash card, credit, debit, and point payment services through the app. Users can earn points at a high rate, depending on service usage status, for use at eligible convenience stores and restaurants.

only customers highly attuned to information but also more general customers could personally grasp Olive. As an example, we used advertisements proposing Olive in lifestyles involving young people, housewives, businesspersons, and so on. In TV commercials, we had actress Yuriko Yoshitaka play the role of a prospective Olive user. We also tried to build good buzz through PR and hit product rankings. Account openings gradually increased, not only among early adopters with a high interest in financial services but also among the majority demographic.

SMCC Tsujioka

I was involved in the development of the Vpass app and was in charge of system linkage with the SMBC app for Olive launch. Olive allows access to services from either app. Originally, the SMBC app was suited to use by bank account holders and the Vpass app by credit card customers. Olive is an integrated financial service that spans both, so a redesign was needed to avoid any incongruity when using either app. We communicated closely with the people in charge of the SMBC app on matters including

detailed functions and designs. We held discussions to achieve user interfaces (UI) and experiences (UX) that are comfortable for users of either app, and reflected these in the specifications of the respective apps while aligning our efforts.

SMBC Hashimoto

I joined SMBC in 2021 as a mid-career hire. I've been consistently involved in work related to Olive, so I have a great attachment to the product. Recently, I've been in charge of managing measures to capture switchers from existing bank accounts, and I'm responsible for achieving our target of 12 million Olive accounts in five years.

In FY2023, the year of launch, we rolled out a new accounts promotion with a target of two million accounts in one year. We began a referral program by which, when a customer opened an account through a referral from an existing Olive account holder, both customers received points. In the first fiscal year, nearly 10% of new accounts came through the referral program. We evaluated the program as having functioned to increase the number of accounts opened by the majority demographic.

V POINT and T POINT were integrated in April 2024



Through such efforts, we were able to achieve our goal of two million accounts in one year. Actually, toward the end of the fiscal year, projections suggested that we wouldn't reach the initial goal. However, the year was a vital start toward our grand target of 12 million accounts in five years, and we were determined to achieve that no matter what. With SMBC account holders switching to Olive accounts as our main goal, and as a result of many actions both in the digital area and at branch counters, we were able to rack up about 30,000 new accounts in a final push. We achieved this through the cooperation of the project members as well as all members involved in Olive, and I'm very pleased with the outcome.

SMCC Tsujioka

One catalyst for further capturing new accounts is the integration of V POINT and T POINT that we implemented in April 2024. Following the integration, we unified the two into a blue and yellow V POINT card. The former V POINT operated by SMCC had about 16 million members, while the former T POINT operated by CCCMK Holdings (CCCM-KHD) had about 70 million members. For SMBC Group, the number of point members expanded hugely. I was involved in the system development project for the point integration, and had many discussions with persons in charge at CCCMKHD about the UI and UX of the respective apps. There were some clashes of opinions, but placing customers first and setting a shared goal of creating a truly easy-to-use app, we aligned our efforts and built the app.

SMBC Yamada

From questionnaire surveys, the effect of the name value inherent in the old T POINT came out beautifully as data. We could see that the recognition rate and utilization rate of V POINT jumped up with the point integration. Opening a new account or creating a credit card presents a certain mental barrier for customers. We first want customers to

feel the benefits and the convenience of easily earning and using V POINT in everyday shopping. We expect that this will lead to their recognizing the appeal of Olive, which allows earning the same V POINT.

SMBC Hashimoto

In January 2024, the Nippon Individual Savings Account (NISA) scheme was significantly expanded and the "new NISA" scheme began. This resulted in an increased number of new Olive accounts. This is an example of how the linked features and services of Olive and online securities have been well received.

Olive is a service that holds great potential. Through the addition of more features and enactment of other measures, it has plenty of room to evolve. Our target of 12 million accounts in five years is not an easy one, but I personally hope that we will exceed 15 million and even 20 million in the future and help enrich customers' lifestyles through Olive.

SMBC Yamada

I currently belong to the Retail Marketing Department. I was originally involved in sales at a bank branch, so I also understand the sales side. We can communicate the appeal of Olive from a number of approaches. In promotions, I want to make use of knowledge from market research as well as my work experience gained at the sales branch.

SMCC Tsujioka

Olive may appear to be a completed service, but it's not yet complete and there are still places to be upgraded. I want to review its services and systems while listening to what customers are saying. In the process, we'll have to cooperate not only with finance but also with concerned parties from a variety of industries. I plan to keep on studying hard so I can contribute to the evolution of Olive, valuing ideas not bound by the framework of finance.

SMCC Aoba

SMBC Group is a large corporate body backed by tradition, so the world tends to view it as conservative. However, being involved in Olive and listening to the opinions of individual customers and companies, I can see that they view Olive as innovative and challenging initiative. SMBC Group aims to contribute to "Fulfilled Growth" as a basic policy in our Medium-Term Management Plan. I myself hope to enrich customers' lifestyles through the financial-based infrastructure of Olive. As a "NEW STANDARD that continues to evolve", Olive can widely deliver value to the world. Our team will exert its maximum strength in our ongoing efforts to promote it.

Promoting projects through the flexible organizations "Squad"

Projects related to Olive were advanced mainly through flexible organizations called "Squad (SQ)."

Originally, projects operated on the basis of company, division, and department. To strengthen our ability to address needs and to improve speed, we adopted agile organizations at the level of Squads, and moved to a structure that enables execution of work on an ad hoc basis.

By building flexible personnel rights and linear decision-making processes and by advancing delegation of authority, we achieve timely response to new customer needs and issues without being constrained by the boundaries of organizations.

For shared missions and KPIs, members with different know-how and skills have been brought together across the boundaries of companies and departments to plan, develop, and continually upgrade Olive.



Special Content
3
Well-Timed Capital Funding

profile
Investor Relations Dept.
(left) **Erika Mizuno** (center) **Toya Morimoto** (right) **Kensuke Furusawa**

Success in first issuance of perpetual subordinated bonds (Additional Tier1 bonds) among G-SIBs (Global systemically important banks) in the face of headwinds from the write-down of AT1 bonds at a major Swiss financial institution

AT1 bonds are securities equipped with a loss absorbing mechanism by which the bonds are subordinated to other debts in the event of a financial institution's bankruptcy. They are included as "Additional Tier 1 Capital" under Basel regulations. G-SIBs are required by regulation to meet specified capital ratios. AT1 bonds are one important funding tool for the maintenance of soundness.

In March 2023, a management crisis at Credit Swiss, a major Swiss financial institution, led the write-down of their AT1 bonds. Amid growing concern over AT1 bonds, we acted ahead of other G-SIBs to issue AT1 bonds in April 2023. We also issued our first US dollar-denominated AT1 bonds in February 2024.

The first issuance of AT1 bonds among G-SIBs after the Credit Suisse crisis

Mizuno: In March 2023, we announced the issue of yen-denominated AT1 bonds scheduled in April 2023. However, Credit Suisse, major Swiss financial institution, then fell into a management crisis and was acquired by UBS in a rescue deal, with the result that Credit Suisse's AT1 bonds were written down to zero value. This caused a spike in concerns over AT1 bonds in bond market, and forced us to make a decision on whether to continue our issuance.

Morimoto: Given the unclear environment, we faced the risk of failing to raise sufficient funds, and so considered postponing the bond issuance. At the same time, there were concerns that postponement would stoke domestic investors' distrust of AT1 bonds.

Furusawa: We moved forward with marketing activities to thoroughly investigate the reactions of investors before making a decision on the bond issuance. In the past, we had often engaged in dialogue with investors through securities companies. This time, however, we received many inquiries directly from investors about the scheme of AT1 bonds and held face-to-face meetings in response.

Morimoto: In the Credit Suisse case, it's thought that the AT1 bonds were written down because they fell under a debt write-down clause due to the receipt of extraordinary government support from Swiss authorities. Conversely, in Japan, the conditions for the recognition of non-viability which cause write-down of AT1 bonds are clearly specified in law, with government support not among the conditions. We made efforts toward dialogue with investors to gain a correct understanding of the scheme and the risks of AT1 bonds under Japanese laws.

Furusawa: We responded sincerely to every question from investors, that resulted in building relationships of trust and gaining feedback that yielded suggestions. I realized the importance of increasing points of contact with investors and deepening their understanding of our company. Based on this, we're working to actively create opportunities for face-to-face meetings in later domestic AT1 bond issuances. We are also focusing to expand investor base even making visits to investors in regional areas.

Mizuno: Amid growing concerns of AT1 bonds, our issuance attracted strong media attention and we fielded daily requests for coverage, which really seemed heated.

On the other hand, our marketing activities were worthwhile, and investors came to understand the differences between the Swiss and the Japanese AT1 schemes.

We were able to confirm a reasonably calm market reception and decided to issue the bonds as originally planned.

Furusawa: We made timely reports to management about the project. Both CEO and CFO backed us up by saying that the project was important to the financial industry overall in stabilizing the domestic AT1 bond market, and gave us the go-ahead. This really encouraged us.

Morimoto: Ultimately, we were able to raise a total of ¥140 billion under interest rates of 1.879% which non-call period is five years and 2.180% which non-call period is 10 years. We accumulated substantial demand at interest rate levels close to those of AT1 bonds traded in the secondary market at that time, without excessive premiums. When this hit the front page of The Nikkei, I realized that we had accomplished a highly influential project with social significance.



Tackling our first US dollar-denominated AT1 bonds

Furusawa: To expand our investor base and diversify our funding currencies, in February 2024 we issued our first US dollar-denominated AT1. As this was a new product requiring careful preparation, we set up a subcommittee in-house and sorted out issues on the basis of the experience we gained through yen-denominated AT1 bonds. At the same time, we created roadshow materials narrowing down key points to give overseas investors a correct understanding of the characteristics of Japanese AT1 bonds.

Morimoto: In the roadshow, We held web conferences with over 130 investors, spanning Asian to U.S. time zones. Explaining the AT1 scheme to overseas investors is fairly



Receipt of "Yen Bond of the Year" award from IFR

difficult, but I did so by making use of my experience with overseas business trips for debt IR. With Ms. Mizuno, Mr. Furusawa, and other IR members taking turns with me in meetings, we explained the funding strategy and scheme behind our AT1 bonds.

Furusawa: The response from investors in the meetings was positive, and we confirmed their favorable investment stance. Even during the process of determining issuance conditions, strong demand by investors grew, and we were ultimately able to issue the bonds under interest rate conditions nearly flat to those of our yen-denominated AT1 bonds when converted.

I believe that this was the result of overseas investors gaining understanding of Japanese AT1 bonds through deal road shows, as well as recognition of our creditworthiness. Persons with long experience in the domestic and overseas corporate bond business also praised this as a "great deal."

Mizuno: Our US dollar-denominated AT1 bond issuance was the second by a Japanese bank. When we began our study, there had been no case of issuance by a Japanese bank, so the difficulty of setting appropriate interest rate conditions was one point of discussions. Under these circumstances, we carefully measured the timing for the issuance in pursuit of a better price, despite it being a bold first for a Japanese bank.

It seems as contrasted to our yen-denominated AT1 bonds issuance in April 2023 which was first among G-SIBs after the Credit Suisse crisis. However, we agilely carried out capital funding by comprehensively taking into



account the market environment, investor demand, our strategy, and other factors.

Receipt of prestigious awards at home and abroad

Morimoto: Our yen-denominated AT1 bond issuance in April 2023 was highly regarded by prestigious Japanese and overseas institutions including global financial magazine IFR, Capital Eye, and DealWatch sponsored by the London Stock Exchange Group (LSEG). The issuance won awards, including an award for best yen bond deal of the year.

In SMBC Group, even young employees can be entrusted with work entailing responsibilities. When problems come up, though, bosses and senior employees reach out to help. I was in my fourth year with the company at the time, but with the help of people inside and outside the company, I was happily able to bring a project commanding high global attention to fruition.



Furusawa: The US dollar-denominated AT1 bond issuance was a project involving over 100 people, including experts from securities companies and legal experts. We were able to fully draw out the power of the team and execute our first deal. Further changes in the environment are expected from here on out. By flexibly taking action based on this experience, I want to further plan and execute timely and appropriate capital funding.

Mizuno: For both the first yen-denominated AT1 bond issuance by a major international bank after the Credit Suisse crisis and our first US dollar-denominated AT1 bond issuance, we took action while interacting with daily shifting markets and undertook agile responses and decision-making, all amid an unclear future. I consider these cases as embodying the "Proactive & Innovative" and "Speed & Quality" values inherent in SMBC Group. We will continue to demonstrate the values and strengths of SMBC Group to agilely raise capital while maintaining the soundness that is a key premise for the work of financial institutions.

The Column

Throwing away preconceptions to open up a new path

Kiyoshiro Inoue

Director, FIG Origination Group, Debt Capital Markets, SMBC Nikko Securities

Corporate bond underwriting is generally carried out under stable market conditions, with risk events avoided to the extent possible. The AT1 bond issuance by Sumitomo Mitsui Financial Group occurred immediately after the risk event in which Credit Suisse's AT1 bonds wrote down, so we had considerable initial worries over what kind of offering we should make as the lead underwriter. However, Sumitomo Mitsui Financial Group made the decision to execute based on impacts not only on the company but on the AT1 bond market overall, taking into account the risk that avoiding the issuance could lead to stagnation in the AT1 market. As the lead underwriter, SMBC Nikko



Securities also remained aware of its position between investors and the issuer, and closely shared information on daily market conditions and comments from investors so we could address wishes for the future development of the AT1 market. I believe that a major reason behind the success of the bond issuance was a spirit of challenge that threw out preconceptions of "it can't be done" and opened up a new path despite difficult conditions. I want to tackle new fields such as composing new products, and hope to be actively involved across organizations in expanding our breadth of business and contributing to the development of SMBC Group.

Delivering proposals that exceed the issuer's expectations

Yusuke Matsui

Vice President, FIG Origination Group, Debt Capital Markets, SMBC Nikko Securities

While an issuer is a customer, I personally work with a mindset of acting as a "guide runner" who accompanies the issuer in moving toward a shared goal. The US dollar-denominated AT1 bond issuance was a first for Sumitomo Mitsui Financial Group. We built it up from scratch together with Mr. Furusawa, including working together on points that appeal to overseas investors. There were a lot of points for discussion that differed from existing products, and these had to be addressed one by one between the issuer and the lead underwriter. By working closely with Mr. Furusawa, we were



able to accurately grasp the intent of the issuer and smoothly move the deal forward. In tackling work as professionals with a high sense of ethics, we value the word "Integrity" in our company. We kept this word foremost in mind during the project and, as professionals, strove to make proposals that exceed expectations to prepare the optimal issuance conditions sought by the issuer. Drawing on this experience, we will continue to tackle new currencies and products as we aim to be bankers offering depth and breadth.

Aiming to Make the Leap to Asset Management Solutions Provider



Hideyuki Omokawa

Managing Executive Officer
Group Deputy CSO

The “Policy Plan for Promoting Japan as a Leading Asset Management Center” was announced by the Japanese Government as an economic policy to strongly push asset formation. In response to this policy and other factors, the field of asset management is entering a period of full-scale transformation, and the flows of money into investment, particularly from retail investors, have increased significantly.

SMBC Group has long been working to help customers create fulfilled lives through medium- to long-term asset formation, under our basic policies including “Create Social Value” and “Pursue Economic Value” in our Medium-Term Management Plan.

In asset management, factors including investment objectives, acceptable degrees of risk, and assumed periods of investment vary from customer to customer, and a certain product can be considered either a benefit or a risk, depending on the person. For this reason, SMBC Group’s most important guiding principle is our fiduciary duty to act in our customers’ interests first.

Accordingly, we have set the goal of becoming Japan’s No. 1 asset management solutions provider, bringing together the collective power of SMBC Group to provide optimal plans while aligning ourselves with the diverse needs of our customers. By doing so, we aim to grow together with our customers.

As we continue to provide outstanding wealth management products, we are more committed than ever to proposing optimal plans for each and every customer by strictly and continuously assessing the quality of the wealth management products handled by the Group and by strengthening our system for providing information and advice that contributes to asset formation.

① Development of an asset management solutions-oriented proposal system

On September 29, 2023, SMBC Group reorganized Nikko Global Wrap, which has considerable expertise in fund selection, analysis, and evaluation, and placed it directly under the Sumitomo Mitsui Financial Group to provide more impartial, high-value-added asset management services.

We plan to change the name of Nikko Global Wrap to “SMBC Global Investment & Consulting” on October 1, 2024, and position this as the Group’s core engine engaged in the asset management business. Through this new brand, we plan to offer services from a neutral standpoint including (1) evaluation and monitoring of funds adopted by the Group, (2) allocation of assets in fund wraps, and (3) provision of macroeconomic and market outlooks. The new brand will also be entrusted with the role of (4) acting as a “command tower” that actively engages in advice and quality control for companies in the Group.

② Eliminating resistance to investment and promoting continuous asset formation

At present, we have positioned our response to the new NISA scheme as a priority measure for the Group. We will work to help customers understand the importance of medium-to long-term diversified investment through digital and face-to-face consulting centered on Olive, thereby contributing to the expansion of the asset formation base.

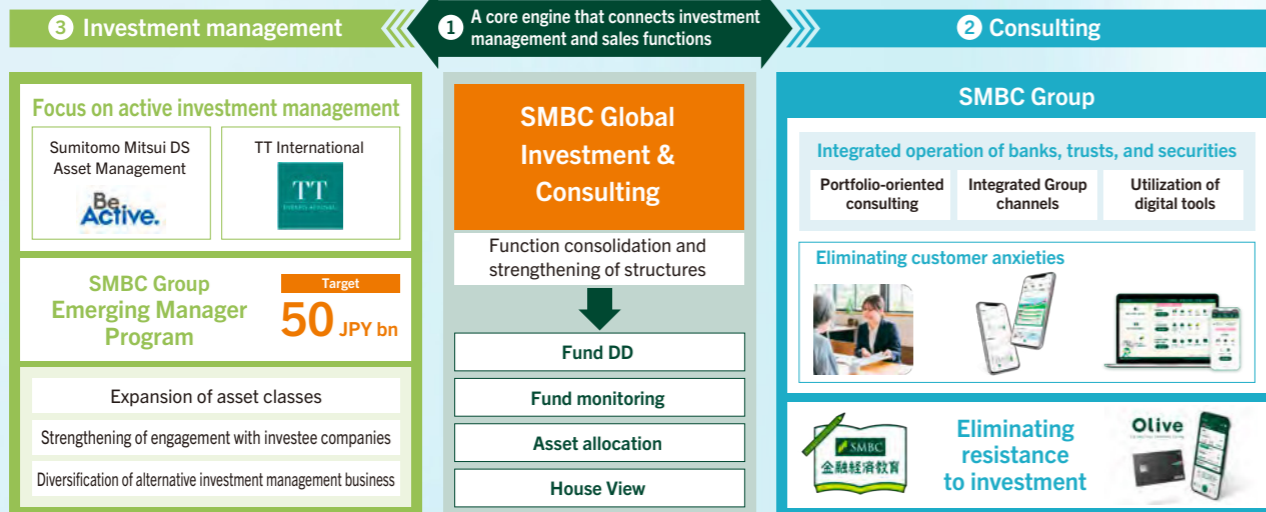
Through our face-to-face consulting, we will make further use of digital tools and a consulting process that covers assessment of customers’ situations, investment management proposals matched with their goals, and follow-up services. These will enable us to enhance the quality of our investment management proposals and support our customers as a helpful “running partner.”

Through ongoing financial and economic education, we are also working to raise customer’s financial literacy and eliminate resistance to investing.

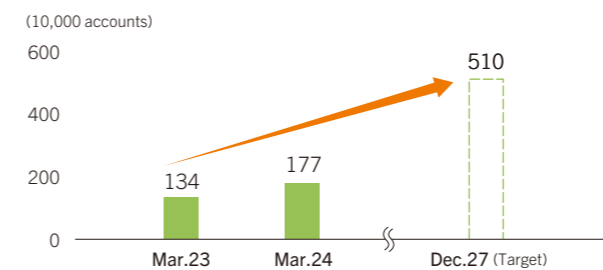
③ Accelerating the use of capabilities inside and outside the Group to further strengthen our investment management capabilities

Under the service brand “Be Active.,” Sumitomo Mitsui DS Asset Management strives to nurture professionals through various means including the adoption of an investment management professional job position program. Furthermore, by enlisting talented personnel from outside the Group, the company is building a team of professionals in active investment management.

SMBC Group will launch its version of the Emerging Manager Program (EMP) during FY2024, with plans to contribute a total of ¥50 billion in investment funds to train the next generation of motivated asset managers and to expand investment management strategies.

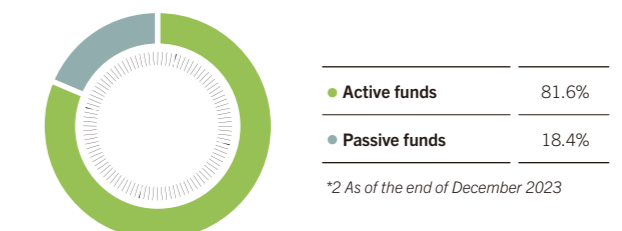


Number of NISA Accounts*1

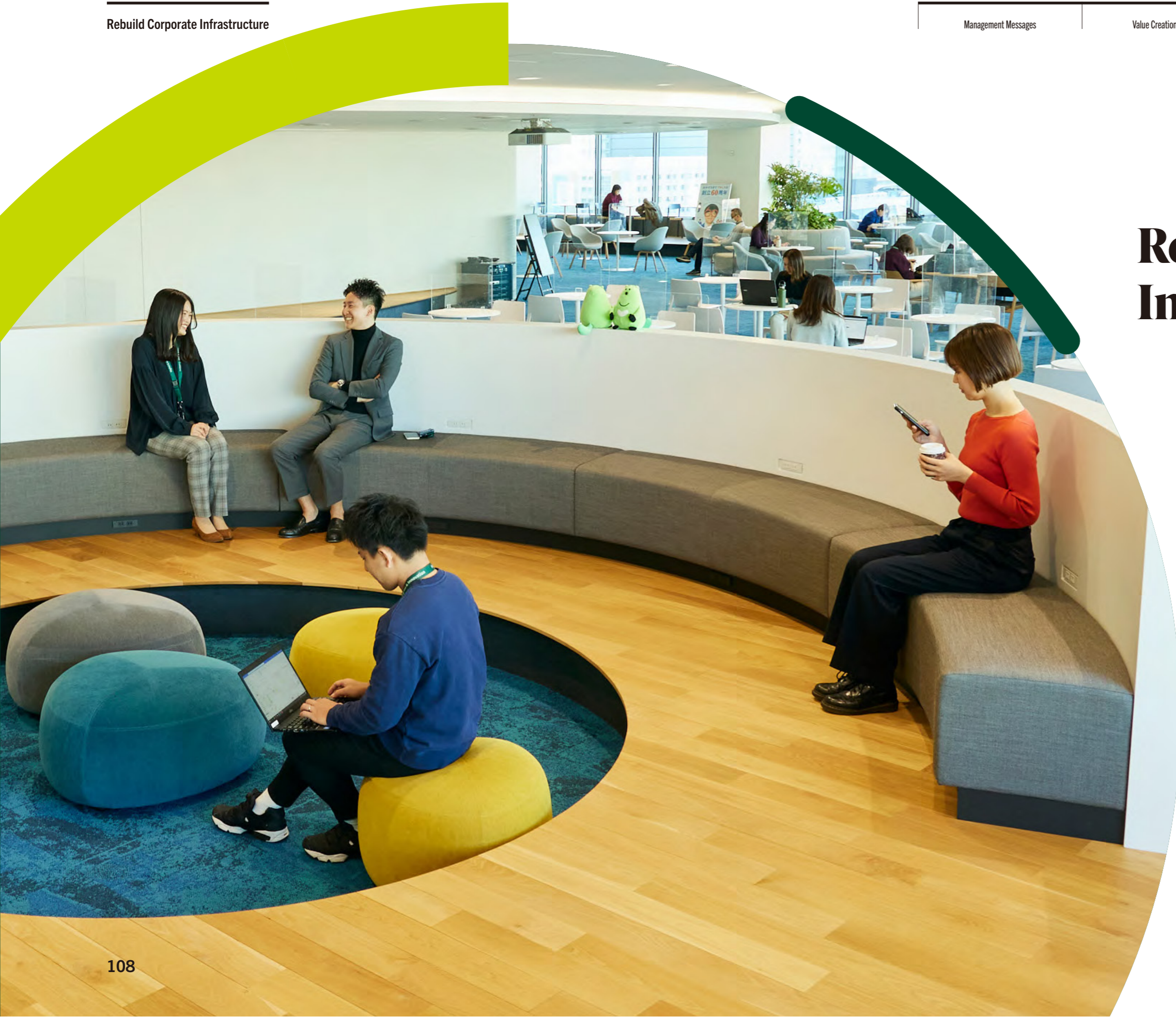


*1 Number of accounts at Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities, and SBI Securities (mediation)

Active-to-Passive Ratio in Sumitomo Mitsui DS Asset Management’s Investment Trusts*2



*2 As of the end of December 2023



Rebuild Corporate Infrastructure

Rebuild Corporate Infrastructure

- 110 Corporate Governance
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Initiatives for Improving Corporate Governance

- 2002**
 - Establishment of Sumitomo Mitsui Financial Group (“the Company”)
 - Establishment of voluntary Nominating Committee, Compensation Committee, and Risk Committee as internal committees of the Board of Directors
- 2005**
 - Establishment of voluntary Audit Committee as internal committee of the Board of Directors
- 2006**
 - Formulation of “Basic Policy on Internal Control Systems” through resolutions on internal control based on “Our Mission” and “Code of Conduct” in order to establish frameworks for ensuring appropriate operations
- 2010**
 - Listing of shares on the New York Stock Exchange to improve transparency of financial reporting, increase convenience for investors, and diversify fund procurement methods
- 2015**
 - Establishment of the “SMFG Corporate Governance Guidelines”
 - Increase in the number of outside directors to five and in the number of outside corporate auditors to three
- 2016**
 - Commencement of evaluations of the effectiveness of the Board of Directors
- 2017**
 - Transition to a Company with Three Committees; increase in the number of outside directors to seven; establishment of voluntary Risk Committee together with legally mandated Nomination Committee, Compensation Committee, and Audit Committee; and appointment of outside directors as chairmen of three legally mandated committees
 - Institution of new Group governance system through introduction of group-wide Business Units and CxO system
- 2019**
 - Transition to Company with Audit and Supervisory Committee structure by core subsidiaries SMBC and SMBC Nikko Securities
 - Decrease in the number of directors from 17 to 15 and increase in the ratio of outside directors to 47%
- 2020**
 - Appointment of an Outside director as the chairman of the Risk Committee
- 2021**
 - Appointment of Group CSuO
 - Establishment of voluntary Sustainability Committee (chaired by an outside director)
- 2023**
 - Establishment of Group Business Management Department
- 2024**
 - Change making outside directors a majority on the Board of Directors

Corporate Governance

Basic Approach

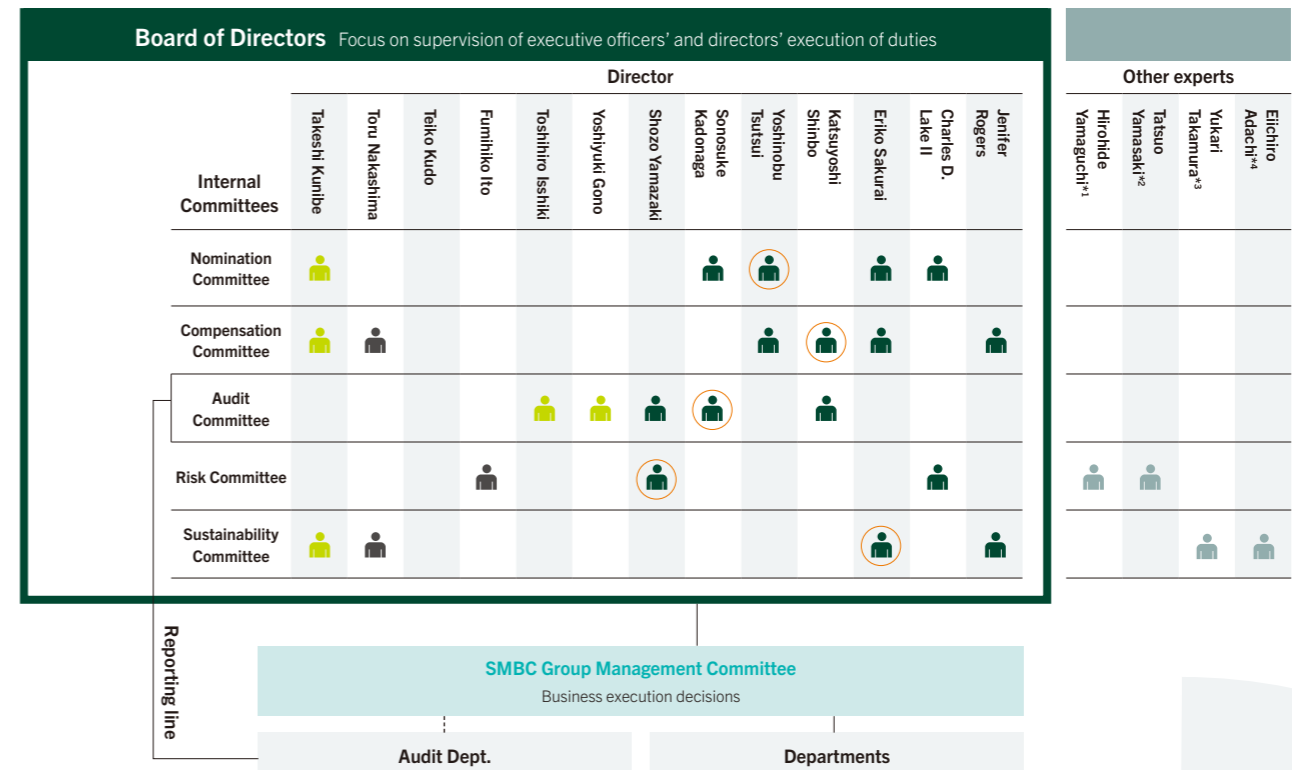
We position “Our Mission” as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities. To achieve the approach outlined in “Our Mission,” we consider the strengthening and enhancement of corporate governance a top-priority issue as we pursue effective corporate governance.

Sumitomo Mitsui Financial Group’s Corporate Governance System

SMFG Group employs the Company with Three Committees structure. This structure was adopted in order to build a corporate governance system that is globally recognized and is aligned with international banking regulations and supervision requirements, as well as to achieve enhanced oversight of the exercise of duties by the Board of Directors and to expedite the exercise of duties. Core subsidiaries SMBC and SMBC Nikko Securities employ the Company with Audit and Supervisory Committee system described in the Companies Act.

Through the implementation of effective corporate governance systems, we aim to prevent corporate misconduct while also achieving ongoing growth and medium- to long-term improvements in corporate value. We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working toward the strengthening and enhancement of corporate governance in order to realize higher levels of effectiveness.

Corporate Governance System



*1 Chairman of the Advisory Board of Nikko Research Center, Inc., former Deputy Governor of the Bank of Japan
 *2 Specially appointed professor of International University of Health and Welfare
 *3 Professor at the University of Tokyo Institute for Future Initiatives
 *4 Senior Counselor of The Japan Research Institute, Limited

Corporate Governance

Board of Directors

● Role of the Board of Directors

The Board of Directors of the Company is primarily responsible for making decisions on basic management policies and other matters that are within its legally mandated scope of authority, as well as overseeing the exercise of duties of executive officers and directors. Authority for decisions on execution of work other than decisions legally required of the Board of Directors will, in principle, be delegated to executive officers. The purpose of this delegation is to enhance the oversight function of the Board of Directors and to expedite the exercise of duties.

The Board of Directors works toward the realization of “Our Mission” and the long-term growth of corporate value and the common interests of the shareholders. Any action that may impede those objectives will be addressed with impartial decisions and response measures.

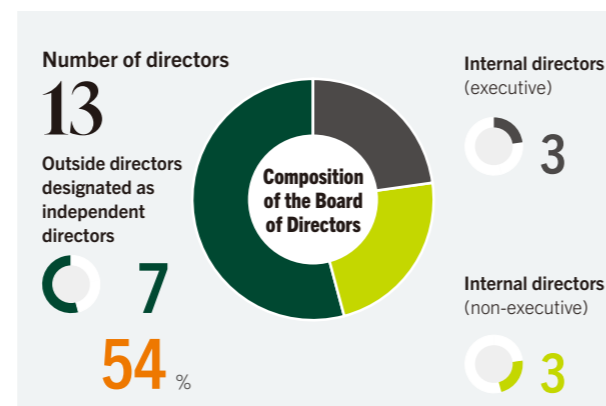
The Board of Directors is also responsible for establishing an environment that supports appropriate risk taking by executive officers. It is developing systems for ensuring the appropriateness of SMBC Group’s business operations pursuant to the Companies Act and other relevant legislation in order to maintain sound management. Another responsibility of the Board of Directors is exercising highly effective oversight of executive officers from an independent and objective standpoint. Accordingly, the Board of Directors endeavors to appropriately evaluate company performance and to reflect these evaluations in its assessment of executive officers.

● Composition of the Board of Directors

The Board of Directors is composed of directors of varied backgrounds and diverse expertise, experience, genders, and nationalities.

As of June 27, 2024, the Board of Directors is composed of 13 members. A majority of these, seven directors, are outside directors. The chairman of the Board of Sumitomo Mitsui Financial Group, who does not have business execution responsibilities, serves as the chairman of the Board of Directors. This membership ensures an objective stance toward supervision of the exercise of duties by executive officers and directors.

Outside directors serve as chairmen and members of the Company’s legally mandated and voluntarily established committees. When necessary, outside directors request reports on compliance, risk management, and other matters from relevant departments to promote appropriate coordination and supervision.



Examples of matters discussed by the Board of Directors

- Progress of the Medium-Term Management Plan and business plans
- Global strategy/inorganic strategy
- Digitalization initiatives
- Human resources initiatives (Human capital investment)
- System strategy policy
- Global compliance
- Policy for equity holdings
- Focused supervision of SMBC Nikko Securities in light of the administrative action taken by the Financial Services Agency
- Initiatives to create social value (including sustainability promotion)
- Capital policy (ROE and PBR improvement)
- Response to geopolitical risks

● Processes for the selection and dismissal of directors and executive officers

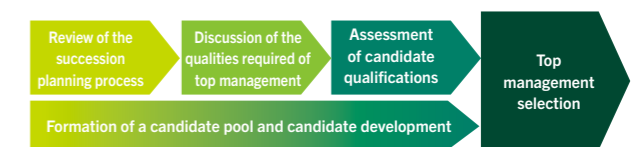
We expect our directors and executive officers to embody the values expressed in “Our Mission” at a high level, to possess a wealth of practical experience and high levels of ability and insight, and to contribute to the further development of SMBC Group. In selecting directors, the Nomination Committee spends ample time deliberating on whether a candidate can meet these expectations. Where it is difficult for directors or executive officers to perform their duties effectively, the Group will consider dismissal.

See Reference 4 and Reference 5 in “SMFG Corporate Governance Guideline” for details.
https://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf

● Succession planning for top management

One of the matters discussed by the Nomination Committee that directly relates to “Our Mission” and management strategy is succession plans for the Company president (Group CEO) and the presidents of the core subsidiaries SMBC and SMBC Nikko Securities. To train and develop our future top management, we take time to systematically form a candidate pool through tough work assignments and third-party assessment and coaching. From within this large pool of candidates, the best candidates with the qualities required to lead a global financial group, such as broad vision and communication abilities, are selected for top management.

Top management selection process



● Skills Matrix of Directors

A skills matrix is developed following deliberations by the Nomination Committee as to the knowledge and experience expected of directors in exercising sufficient supervisory functions as a Board of Directors of a global financial group. In 2022, IT/DX and Sustainability, which are becoming increasingly important in SMBC Group’s business strategy, were added.

	Appointed	Expected knowledge and experience in particular*						
		Corporate management	Finance	Global	Legal affairs/Risk management	Financial accounting	IT/DX	Sustainability
Takeshi Kunibe	2007	☑	☑	☑	☑	☑	☑	☑
Toru Nakashima	2024	☑	☑	☑	☑	☑	☑	☑
Teiko Kudo	2021		☑	☑	☑			☑
Fumihiko Ito	2023		☑	☑	☑	☑	☑	☑
Toshihiro Isshiki	2021		☑		☑			
Yoshiyuki Gono	2023		☑	☑	☑			
Shozo Yamazaki	2017				☑	☑		
Sonosuke Kadonaga	2024	☑		☑	☑			
Yoshinobu Tsutsui	2017	☑	☑					
Katsuyoshi Shinbo	2017				☑			
Eriko Sakurai	2015	☑		☑				☑
Charles D. Lake II	2023	☑	☑	☑	☑			
Jenifer Rogers	2023	☑	☑	☑	☑		☑	☑

* Includes the chairman of the Board of Directors and non-executive directors.

Corporate Governance

Support Systems for Outside Directors

The Company recognizes that outside directors require an in-depth understanding of the Group's business operations and business activities.

Accordingly, we continually endeavor to supply outside directors with the business activity information and insights that are necessary to supervise management while also providing them with the opportunities needed to fulfill their roles.

In FY2023, we carried out the initiatives indicated at right.



Study sessions on sustainability for directors

- Participation in meetings of general managers of core Group companies and other executive team meetings, tours of bases of Group companies, and discussions with presidents of Group companies for facilitating a greater understanding of business operations and business activities
- Informal meetings between outside directors and relevant departments on topics including human resources measures in the Medium-Term Management Plan period and the businesses of Group companies
- Explanatory sessions on Board of Directors' meeting agenda items prior to board meetings to assist in the understanding of items
- Study sessions led by external experts on topics including sustainability, the use of generative AI, dialogues with shareholders, and diversity
- Timely and effective provision of information on the proceedings of internal meetings, etc. to outside directors
- Outside directors-only meetings

Outside Director Independence Standards

In order to be classified as independent, an outside director of the Company must not fall under, or have recently fallen under, any of the following categories:

1 Major business partner	<ul style="list-style-type: none"> • An entity that has the Company or SMBC as a major business partner, or an executive director, officer, or other person engaged in the execution of the business of such an entity • An entity that is a major business partner of the Company or SMBC, or an executive director, officer, or other person engaged in the execution of the business of such an entity
2 Specialist	<ul style="list-style-type: none"> • A legal expert, accounting expert, or consultant who has received money or other property from the Company or SMBC averaging over ¥10 million per year over the last three years, in addition to any compensation received as a director or corporate auditor • A member of a Juridical Person, etc. or other organization that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property from the Company or SMBC
3 Donations	<ul style="list-style-type: none"> • A person who has received donations or other payments from the Company or SMBC averaging more than ¥10 million per year or 2% of the recipient's annual revenue, whichever is greater, over the last three years, or an executive director, officer, or other person engaged in the execution of business of an entity which has received the same
4 Major shareholder	<ul style="list-style-type: none"> • A major shareholder of the Company or an executive director, officer, or other person engaged in the execution of business of a major shareholder (including anyone who has been a major shareholder, or an executive director, officer, or other person engaged in the execution of business of a major shareholder, within the last three years)
5 Close relative	<ul style="list-style-type: none"> • A close relative of any person (excluding non-material personnel) who falls under any of the following: <ol style="list-style-type: none"> (1) A person who falls under any of 1 through 4 above; or (2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof

See Reference 6 in "SMFG Corporate Governance Guideline" for details.
https://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf

Internal Committees

	Main role	Number of meetings in FY2023 (average attendance rate)	Activities in FY2023
Nomination Committee	The Nomination Committee is responsible for preparing proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders. The committee also deliberates on matters regarding personnel decisions pertaining to officers of the Company and major subsidiaries and on the selection of successors to the presidents of the Company, SMBC, and SMBC Nikko Securities.	7 meetings (100%)	<ul style="list-style-type: none"> • Held ongoing discussions concerning succession planning for the president of the Company and the president of SMBC Nikko Securities, reaching consensus on the appointment of new presidents for both companies. • Deliberated on and reworked the composition of the Board of Directors to make outside directors the majority.
Compensation Committee	The Compensation Committee is responsible for setting policies for determining the compensation of directors and executive officers of the Company as well as compensation amounts of individual directors and executive officers of the Company based on those policies. The committee also deliberates on policies for setting the compensation of the executive officers of major subsidiaries and the compensation amounts of individual executive officers of the Company.	7 meetings (100%)	<ul style="list-style-type: none"> • Conducted a review of the balance between variable and stock-based compensation for executive officers of the Company and SMBC to motivate officers to further contribute to the Medium-Term Management Plan. • Conducted a review of target indices for the single-year variable compensation of executive officers of the Company, taking into account the increasing degree of contribution by subsidiaries other than SMBC within SMBC Group.
Audit Committee	The Audit Committee is responsible for auditing the execution of duties by executive officers and directors of the Company, preparing audit reports, and determining the content of proposals for election, dismissal, or non-re-election of the accounting auditor to be submitted to the general meeting of shareholders. Committee members appointed by the committee perform audits of the operations and assets of the Company and its subsidiaries.	15 meetings (100%)	<ul style="list-style-type: none"> • In accordance with audit policy and audit plans, audited the execution of duties by directors and executive officers by attending key meetings, interviewing executive officers and directors, receiving reports from internal departments, and visiting domestic and overseas offices. • Provided summaries of the results of deliberations in the Audit Committee to the Board of Directors and issued recommendations and opinions to executive officers, etc. where necessary.
Risk Committee	The Risk Committee is responsible for deliberation on matters relating to environmental and risk awareness, operation of the Risk Appetite Framework, and implementation of risk management systems, as well as other important matters pertaining to risk management, and provides counsel to the Board of Directors on these matters.	4 meetings (100%)	<ul style="list-style-type: none"> • Held deliberations on environmental and risk recognition, including geopolitical risks and trends in monetary policy across Europe, the U.S., China, and Japan. • In preparation for formulating business plans, discussed risk appetite and policy for addressing risk scenarios when they materialize, based on the top risks and stress test results. • Also engaged in deliberation on the enhancement of SMBC Group's risk management structure, including the strengthening of global-based risk management, reputational risk management, and operational resilience.
Sustainability Committee	The Sustainability Committee is responsible for deliberating on matters related to the progress of measures to create social value including promotion of sustainability and materiality initiatives, matters related to domestic and overseas conditions surrounding sustainability, and other important matters related to the creation of social value. It regularly reports to, and advises, the Board of Directors.	2 meetings (100%)	<ul style="list-style-type: none"> • Reviewed the Company's overall sustainability efforts and the external environment, deliberated on actions to accelerate initiatives related to creating social value, and deliberated on key considerations and directions concerning focus areas in FY2024.

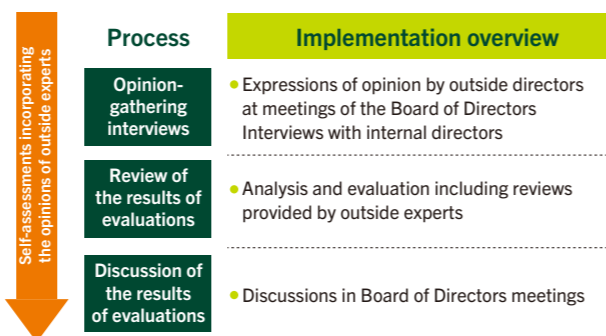
Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

The “SMFG Corporate Governance Guideline” contains provisions on evaluating the effectiveness of the Board of Directors. In accordance with these provisions, the Board of Directors conducts annual analysis and evaluation to determine whether it is executing its duties in line with the guideline, and discloses the findings of these.

In FY2023, the evaluation focused on the three areas described below, for which provisions exist in Japan’s Corporate Governance Code and the “SMFG Corporate Governance Guideline.” All seven outside directors were asked for their opinions regarding these areas at meetings of the Board of Directors held in April and May 2024, with interviews of internal directors conducted thereafter. Discussions were held at Board of Directors’ meetings in June based on the findings of these interviews with internal directors, after which analyses and evaluations were

carried out to determine whether the Board of Directors is executing its duties in line with the “SMFG Corporate Governance Guideline.” Reviews by knowledgeable experts from developed nations are received at each stage of the evaluation process.



Overview of Results of Evaluation of the Effectiveness of the Board of Directors

In FY2023, the Board of Directors was assessed to be sufficiently effective and to have improved its effectiveness, as a result of efforts to raise the level and effectiveness of deliberations at Board of Directors meetings following appropriate actions taken in response to the findings of the previous effectiveness evaluation. Based on the results of the latest effectiveness evaluation, along with diverse opinions by directors and recommendations by external experts gathered through the series of processes, the Board of Directors is working to further enhance its effectiveness by promoting mutual understanding between outside directors and internal officers and employees and by discussing fundamental issues aimed at enhancing corporate value.

	FY2023 Evaluation	FY2024 Priority Issues
Role of the Board of Directors	<ul style="list-style-type: none"> Steps are taken to invigorate discussions by drawing on the high-level expertise of the outside directors, with the aim of medium- to long-term enhancement of corporate value based on the interests of diverse stakeholders while incorporating important matters related to business strategies to achieve the thinking outlined in “Our Mission.” In particular, in FY2023, sufficient discussions were held on key topics such as supervision of the progress of our “Plan for Fulfilled Growth” Medium-Term Management Plan, including sustainability promotion and other initiatives to create social value; ongoing supervision of initiatives to address administrative disposition and prevent recurrence of related issues; and the exerting of supervisory functions over major subsidiaries. Based on the executive-side discussions of the Management Committee, on several occasions matters related to business plans and other basic management policies, as well as the status of business execution, were discussed as agenda items, reported on, and appropriately discussed, with oversight functions sufficiently exercised. 	<p>The Board of Directors will play an even more involved role based on mutual understanding between outside directors and internal officers and employees on matters including addressing administrative action related to the market manipulation case and otherwise exerting supervisory functions over major subsidiaries, as well as raising the level of our global governance stance in the Americas and elsewhere. At the same time, the Board of Directors will enhance its deliberations on supervising the progress of the new Medium-Term Management Plan (“Plan For Fulfilled Growth”) and on initiatives for promoting sustainability and otherwise creating social value in response to growing demands in Japan and overseas.</p> <p>It will do so while maintaining awareness of environmental changes including monetary policy trends, political movements including the U.S. presidential election, market demands regarding return on capital, and geopolitical risks.</p>
Operation of the Board of Directors and Support Systems for Outside Directors	<ul style="list-style-type: none"> The number and content of agenda items, as well as the amount of time dedicated to discussion of agenda items, were at generally appropriate levels. Brisk discussions continued to be held through appropriate agenda management by the chairperson. The Board of Directors continues to make agile management decisions amid the changing operating environment. Members of the Board of Directors continue to be provided with the information necessary for exercising their oversight function in a timely and appropriate manner. An appropriate structure has been constructed to support the Board of Directors in making management decisions, with study sessions for outside directors and forums for discussions among directors, executive officers, and accounting auditors, etc. appropriately in place. In particular, understanding of Group companies’ operations was deepened and discussions at meetings of the Board of Directors were invigorated through means including provision of information on major Group companies and the setting of related meetings. 	<p>We will further raise the level of discussions by means including further drawing on outside directors’ knowledge and continuing to ensure sufficient time for deliberation of important topics.</p>
Composition of the Board of Directors	<ul style="list-style-type: none"> As of June 30, 2024, the Board of Directors consisted of 13 directors, a majority (seven) of whom were outside directors. It was once again acknowledged that the outside directors represented a diverse range of expertise, genders, and nationalities and that the Board of Directors operates in an atmosphere conducive to outside directors voicing opinions regarding management. 	<p>The Nomination Committee will continue to examine and review the ideal composition of the Board of Directors in light of its role.</p>

Equity Holdings

● Policy for Equity Holdings

- In principle, SMBC Group does not hold shares of other companies except in cases in which a rationale for holding shares is recognized. This policy exists to maintain SMBC Group’s financial soundness, taking into consideration the standards of globally operating financial institutions and our proactive response to global regulation.
- We deem cases in which shareholding will contribute to the enhancement of SMBC Group’s corporate value over the medium to long term to be cases in which a rationale for holding shares is recognized. We determine this through comprehensive consideration based on (a) profitability, through an appropriate assessment and understanding of relevant factors including associated risks and the costs and returns of the holding; (b) the objectives for holding, such as maintaining and strengthening business relationships, capital and business alliances, and restructuring support; and (c) other relevant factors.
- We examine rationale for holding shares on a regular basis. We continue to hold shares when a rationale for holding is recognized, and sell shares, with consideration of factors including market impact and the financial strategy of the issuer, when a rationale for holding is no longer recognized.

● Plan for Reduction of Equity Holdings

SMBC Group engages in continuous efforts to reduce price fluctuation risks in order to ensure a financial foundation that allows us to sufficiently demonstrate our financial intermediary functions even under a stressful environment of drastically falling stock prices.

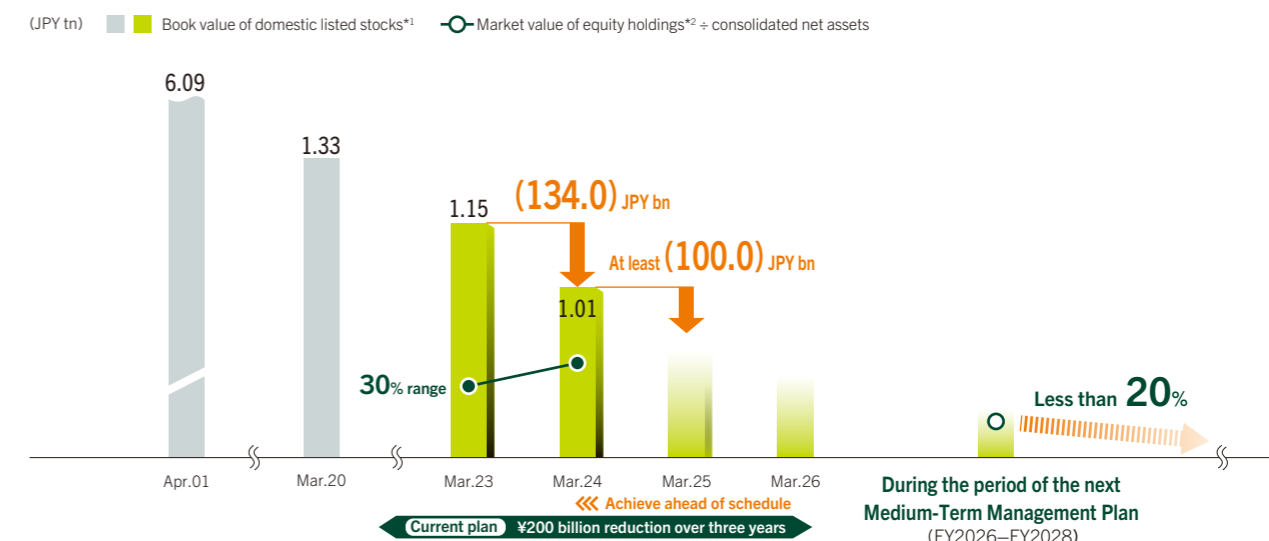
In May 2023, we announced a plan to reduce holdings by ¥200 billion over three years from the end of March 2023, and achieved a reduction of ¥134 billion in the first year of the plan (FY2023). In FY2024, we will achieve the targets of the current plan ahead of schedule through a reduction of at least ¥100 billion, and will undertake further reduction planning.

As a current target, our policy is to reduce the market value of our equity holdings to less than 20% of our consolidated net assets during the period of the next Medium-Term Management Plan.

State of reduction

FY2020	¥55 billion
FY2021	¥67 billion
FY2022	¥58 billion
FY2023	¥134 billion
Consent of sales	¥78 billion

Plan for Reduction of Equity Holdings



*1 Excluding investments after the end of March 2020 for business alliance purposes *2 Including balance of deemed held shares



See our website for more information.

<https://www.smfg.co.jp/english/company/organization/governance/structure/hold.html>

Corporate Governance

Compensation Program

To facilitate the fulfillment of Our Mission and the realization of Our Vision, SMBC Group’s medium- to long-term vision, we developed a compensation program for Directors, Corporate Executive Officers and Executive Officers (the “Executives”) and introduced Stock Compensation Plans as a part of Executives’ compensation programs, for the purpose of:

- ① Providing appropriately functioning incentives for Executives, strengthening linkage with our short-, medium-, and long-term performance, and
- ② Further aligning the interests of Executives with those of shareholders, by increasing the weight of stock compensation and enhancing the shareholding of our Executives.

Executive Compensation System (FY2024)

■ Cash compensation ■ Stock compensation ■ Variable compensation

Compensation Components	Payment Standards (Range of Variation) and Target Indices	Payment Method																					
Base salary	Fixed compensation	• Cash																					
Bonus (cash)	Compensation determined based on SMFG’s annual performance (0%–150%) *1 Standard levels × SMFG’s annual performance, progress of initiatives towards the realization of sustainability, performance of the executive, etc.	• Cash: 70% • Restricted stock: 30%																					
Bonus (Stock Compensation Plan II)	<table border="1"> <thead> <tr> <th>Target Index*2</th> <th>Weight</th> <th>ESG Evaluation</th> <th>Weight</th> </tr> </thead> <tbody> <tr> <td>SMFG Net business profit*3</td> <td>Annual growth/Target achievement</td> <td>Progress of KPIs*5</td> <td rowspan="2">±10%</td> </tr> <tr> <td>SMFG Net income*4</td> <td>Annual growth/Target achievement</td> <td>Performances of ESG ratings</td> </tr> </tbody> </table>		Target Index*2	Weight	ESG Evaluation	Weight	SMFG Net business profit*3	Annual growth/Target achievement	Progress of KPIs*5	±10%	SMFG Net income*4	Annual growth/Target achievement	Performances of ESG ratings										
Target Index*2	Weight	ESG Evaluation	Weight																				
SMFG Net business profit*3	Annual growth/Target achievement	Progress of KPIs*5	±10%																				
SMFG Net income*4	Annual growth/Target achievement	Performances of ESG ratings																					
Stock Compensation Plan I	<p>Compensation determined based on SMFG’s medium-term performance (0%–150%) *6 Standard levels × SMFG’s medium-term performance, etc.</p> <table border="1"> <thead> <tr> <th colspan="2">Evaluation Index</th> <th>Weight</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Financial index</td> <td>ROCET1*7</td> <td>20%</td> </tr> <tr> <td>Base expenses*8</td> <td>20%</td> </tr> <tr> <td>SMFG Gross profit*9</td> <td>15%</td> </tr> <tr> <td>SMFG Net income*4</td> <td>15%</td> </tr> <tr> <td>Share index</td> <td>TSR (Total shareholder return)*10</td> <td>15%</td> </tr> <tr> <td>Non-financial index</td> <td>Create Social Value*11</td> <td>15%</td> </tr> <tr> <td>Adjustment evaluation</td> <td>Initiatives in new business areas, compliance, customer-orientated initiatives, and risk management</td> <td>±5%</td> </tr> </tbody> </table> <p>In the case that the CET1 ratio falls below a designated level at the end of each fiscal year, Stock Compensation Plan I for the respective fiscal year becomes null and void (knock-out provision).</p>	Evaluation Index		Weight	Financial index	ROCET1*7	20%	Base expenses*8	20%	SMFG Gross profit*9	15%	SMFG Net income*4	15%	Share index	TSR (Total shareholder return)*10	15%	Non-financial index	Create Social Value*11	15%	Adjustment evaluation	Initiatives in new business areas, compliance, customer-orientated initiatives, and risk management	±5%	• Restricted stock
Evaluation Index		Weight																					
Financial index	ROCET1*7	20%																					
	Base expenses*8	20%																					
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Share index	TSR (Total shareholder return)*10	15%																					
Non-financial index	Create Social Value*11	15%																					
Adjustment evaluation	Initiatives in new business areas, compliance, customer-orientated initiatives, and risk management	±5%																					
Stock Compensation Plan III	(Promotion reward plan)	• Restricted stock																					

Portion of stock-based compensation: 25%–45%
 Portion of variable compensation: 40%–60%

■ Foster a prudent risk culture expected of a financial institution

Stock Compensation Plan I, Stock Compensation Plan II, and Stock Compensation Plan III are applicable to malus and claw-back provisions.

*1 Compensation amounts for each fiscal year are determined by the Compensation Committee
 *2 If the Compensation Committee recognizes any element other than the above mentioned target indices which should be taken into consideration, the Compensation Committee will, if appropriate, judge the circumstances comprehensively and may adjust the compensation to be paid to the employee by a maximum of 5%, plus or minus
 *3 The Company’s consolidated net business profit
 *4 The Company’s consolidated profit attributable to owners of parent
 *5 Performances of annual progress of KPIs in the “SMBC Group GREEN×GLOBE 2030,” such as the reduction of greenhouse gas emissions
 *6 Compensation amounts determined by the Compensation Committee at the conclusion of the Medium-Term Management Plan
 *7 Post-Base III reforms basis, excludes net unrealized gains (losses) on other securities
 *8 General and administrative expenses excluding “revenue-linked cost,” “prior investment cost” and others
 *9 The Company’s consolidated gross profit
 *10 The Compensation Committee determines progress of performance by relative evaluation of TSR during the term of the Group’s Medium-Term Management Plan
 *11 The Compensation Committee evaluates the achievement of KPIs related to the environment (FE reduction and amount of sustainability finance executed) and employees (employee engagement and DE&I), as well as the status of efforts to address the five priority issues set forth by the Group (“Environment,” “DE&I/Human Rights,” “Poverty & Inequality,” “Declining Birthrate & Aging Population,” and “Japan’s Regrowth”)

● Executive Compensation Structure

In principle, executive compensation consists of base salary, bonuses and stock compensation. The performance-linked portion, which fluctuates with the business environment and performance, accounts for approximately 40% to 60% of total compensation, depending on position.

Annual Performance-Linked Compensation

Bonuses (cash) and Stock-Compensation Plan II are paid as annual performance-linked incentives. “SMFG Net Income,” which expresses the final outcome of management, along with “SMBC Banking profit” and “SMBC Net income (pre-tax),” which indicate the profitability of SMFG’s major subsidiaries, were adopted as FY2023 performance indicators. These enhance the connection between performance and executive compensation, ensuring that compensation functions as an appropriate incentive for performance.

Target Index	Weight	Actual performance	Performance evaluation coefficient
SMBC Banking profit	50%	57.1%	124%*
SMBC Net income (pre-tax)	25%	33.3%	
SMFG Net income	25%	29.6%	
ESG Evaluation	Weight	Evaluation results	
Progress of KPIs	±10%	+4.0%	
Performances of ESG ratings			

* The final performance evaluation coefficient is determined by summing the actual performance and the evaluation results and rounding down to the nearest whole number.

Taking into account the increasing degree of contribution by subsidiaries other than SMBC, in FY2024 we adopted the two targets “SMFG Net income,” which expresses the final outcomes of SMBC Group’s management, and “SMFG Net business profit,” which expresses SMBC Group’s profitability.

Medium-Term Performance-Linked Compensation

Stock Compensation I is paid as medium-term performance-linked compensation. In order to improve accountability incentives for our medium- and long-term performance

and to increase shareholder value, in addition to financial indices such as ROCET1 and Base expenses, we have adopted TSR as a share index and Create Social Value as a non-financial index. Also, adjustment evaluation including initiatives in new business areas and compliance, customer-orientated initiatives, and risk management are considered to determine the medium-term performance-linked compensation.

Compensation programs and levels are determined by the Compensation Committee based on third-party surveys of manager compensation, economic and social trends, and the operating environment.

● Evaluation of efforts to create social value

We are incorporating an indicator evaluating efforts to create social value into executive compensation with the aim of further increasing our executives’ commitment to contributing to the realization of a sustainable society and achieving “SMBC Group GREEN×GLOBE 2030.”

From FY2022, the Compensation Committee will judge performances of annual progress of KPIs in the “SMBC Group GREEN×GLOBE 2030”, such as the reduction of greenhouse gas emissions, and performances of external ESG ratings. These performances will be reflected in annual performance-linked incentive by a maximum of 10%, plus or minus.

Create social value has been incorporated in the evaluation index of the medium-term performance-linked remuneration since FY2023 as a non-financial index. Specifically, the Compensation Committee evaluates the KPI achievement rate for environmental and employee-related initiatives, as well as efforts to address the five materialities set by SMBC Group.

● Ensuring Robust Business Operations

We have also introduced provisions for malus (forfeiture) of restricted stock and the claw-back of vested stock allocated under the Stock Compensation Plans in the event of incidents occurring such as material revisions to financial statements or material damage to the reputation of the Group.

We are working to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution.

SMBC Group Global Advisors

SMBC Group appoints experts in politics, economics, and global business as SMBC Group Global Advisors who serve as an advisory body to the Group Management Committee, and regularly holds SMBC Group Global Advisory Meetings.



Andrew N. Liveris

2017–2018 Executive Chairman, DowDuPont Inc.
2004–2017 Chairman and CEO, The Dow Chemical Company



Cesar V. Purisima

2010–2016 Secretary of Finance of the Republic of the Philippines
2004–2005 Secretary of Trade and Industry of the Republic of the Philippines



Joseph Yam

2017–Present Member of the Executive Council, Hong Kong SAR
1993–2009 Chief Executive of the Hong Kong Monetary Authority



Paul Polman

2018–2024 Vice-Chair of the UN Global Compact
2009–2019 Chief Executive Officer, Unilever



We receive recommendations and counsel from SMBC Group Global Advisors based on global corporate management perspectives, along with exchanges of information on changes in global trends, regional political and economic situations, financial business trends, and other topics. We also communicate advisors' knowledge outside the Group. In FY2023, we held client seminars on themes of sustainability and geopolitical risk to contribute to the formulation of customers' business strategies.

SMBC Group Technology Advisors

The SMBC Group Technology Advisory Committee meets regularly to raise the level of IT-related initiatives.



Motoo Nishihara

Corporate Executive Vice President and CTO
President of Global Innovation Business Unit
NEC Corporation



Seishi Okamoto

Corporate Executive Officer, EVP
Head of Fujitsu Research
Fujitsu Limited



Itaru Nishizawa

Vice President and Executive Officer, CTO, GM of the
Research & Development Group
Hitachi, Ltd.



Norishige Morimoto

Vice President & CTO
IBM Japan, Ltd.



Kenzaburo Tamaru

Director
National Technology Officer
Microsoft Japan Co., Ltd.



We appoint CTO-level representatives from information system-related companies as SMBC Group Technology Advisors, and receive counsel and advice regarding IT-related outlooks and directions for SMBC Group. In FY2023, discussions on the topics of generative AI and next-generation data center technologies addressed the current state of technology and future outlooks based on recent social trends.

Corporate Governance

Sumitomo Mitsui Financial Group Directors

(as of June 27, 2024)



Chairman of the Board



Director President
(Representative Corporate
Executive Officer)
Group CEO



Director Deputy President and
Corporate Executive Officer
Group CCO
Director and Deputy President of
SMBC



Director
Senior Managing Corporate
Executive Officer
Group CFO, Group CSO
Director and Senior Managing
Executive Officer of SMBC



Director
Director of SMBC



Director

Takeshi Kunibe

1976 Joined Sumitomo Bank
2003 Executive Officer of Sumitomo
Mitsui Banking Corporation
("SMBC")
2006 Managing Executive Officer of
SMBC
2007 Managing Executive Officer of the
Company
2009 Director and Senior Managing
Executive Officer of SMBC
2011 President and Chief Executive
Officer of SMBC
2017 President of the Company
Resigned as Director of SMBC
2019 Director President of the Company
Chairman of the Board of the
Company (to present)
2021 Chairman of the Board of SMBC
2023 Resigned as Director of SMBC

Toru Nakashima

1986 Joined Sumitomo Bank
2014 Executive Officer of SMBC
2016 Managing Executive Officer of
SMBC
2017 Managing Executive Officer of the
Company
2019 Director and Managing Executive
Officer of SMBC
Senior Managing Corporate
Executive Officer of the Company
Director and Senior Managing
Executive Officer of SMBC
2022 Resigned as Director of SMBC
2023 Director of SMBC
Deputy President and Corporate
Executive Officer of the Company
Director and Deputy President of
SMBC
2024 President of the Company
Resigned as Director of SMBC
Director President of the Company
(to present)

Teiko Kudo

1987 Joined Sumitomo Bank
2014 Executive Officer of SMBC
2017 Managing Executive Officer of
SMBC
2020 Senior Managing Executive Officer
of the Company
2021 Director and Senior Managing
Executive Officer of SMBC
Senior Managing Corporate
Executive Officer of the Company
2024 Director Deputy President and
Corporate Executive Officer of the
Company
Director and Deputy President of
SMBC

Fumihiko Ito

1990 Joined Sumitomo Bank
2018 Executive Officer of SMBC
2020 Managing Executive Officer of the
Company
2023 Senior Managing Corporate
Executive Officer of the Company
2024 Director and Senior Managing
Executive Officer of SMBC
(to present)

Toshihiro Isshiki

1985 Joined Sumitomo Bank
2013 Executive Officer of SMBC
2015 Managing Executive Officer of
SMBC
2017 Managing Executive Officer of the
Company
2019 Senior Managing Executive Officer
of the Company
2021 Retired as Senior Managing
Executive Officer of SMBC
2023 Director of SMBC (to present)

Yoshiyuki Gono

1988 Joined Sumitomo Bank
2018 Executive Officer of the Company
2021 Managing Executive Officer of the
Company
2023 Resigned as Managing Executive
Officer of SMBC
Director of the Company
(to present)

Sumitomo Mitsui Financial Group Directors

(as of June 27, 2024)



Outside director
Certified public accountant



Outside director
Representative of Intrinsic



Outside director
Chairman of Nippon Life Insurance Company



Outside director
Attorney at law



Outside Director
Former President and Representative Director of Dow Chemical Japan Limited



Outside Director
Chairman and Representative Director of Aflac Life Insurance Japan Ltd.
Attorney at Law, admitted in Pennsylvania, the U.S.A.
Attorney at Law, admitted in Washington, D.C., the U.S.A.



Outside Director
General Counsel Asia of Asurion Japan Holdings G.K.
Attorney at Law, admitted in New York, the U.S.A.

Shozo Yamazaki

- 1970 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
- 1974 Registered as a certified public accountant (to present)
- 1991 Representative Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
- 2010 Retired from Deloitte Touche Tohmatsu LLC
Chairman and President of The Japanese Institute of Certified Public Accountants
- 2013 Advisor of The Japanese Institute of Certified Public Accountants (to present)
- 2014 Professor of Tohoku University Accounting School
- 2017 Director of the Company (to present)

Sonosuke Kadonaga

- 1976 Joined Chiyoda Corporation
- 1986 Retired from Chiyoda Corporation
Joined McKinsey & Company, Inc., Japan
- 1992 Principal (Partner) of McKinsey & Company, Inc., Japan
- 1999 Director (Senior Partner) of McKinsey & Company, Inc., Japan
- 2009 Representative of Intrinsic
- 2017 Director of SMBC
- 2024 Director of the Company (to present)
Resigned as Director of SMBC

Yoshinobu Tsutsui

- 1977 Joined Nippon Life Insurance Company
- 2004 Director of Nippon Life Insurance Company
- 2007 Director and Executive Officer of Nippon Life Insurance Company
Director and Managing Executive Officer of Nippon Life Insurance Company
- 2009 Director and Senior Managing Executive Officer of Nippon Life Insurance Company
- 2010 Representative Director and Senior Managing Executive Officer of Nippon Life Insurance Company
- 2011 President of Nippon Life Insurance Company
- 2017 Director of the Company (to present)
- 2018 Chairman of Nippon Life Insurance Company (to present)

Katsuyoshi Shinbo

- 1984 Registered as an attorney at law (to present)
- 1999 Attorney at law at Shinbo Law Office (to present)
- 2015 Corporate Auditor of SMBC
- 2017 Director of the Company (to present)
Resigned as Corporate Auditor of SMBC

Eriko Sakurai

- 1987 Joined Dow Corning Corporation (currently Dow Silicones Corporation)
- 2008 Director of Dow Corning Toray Co., Ltd.
- 2009 Chairman and CEO of Dow Corning Toray Co., Ltd.
- 2011 Regional President -Japan/Korea of Dow Corning Corporation (currently Dow Silicones Corporation)
- 2015 President and Representative Director of Dow Corning Holding Japan Co., Ltd.
Director of the Company (to present)
- 2018 Executor, Dow Switzerland Holding GmbH, which is a Representative Partner of Dow Silicones Holding Japan G.K.
Chairman and CEO of Dow Toray Co., Ltd.
- 2020 President and Representative Director of Dow Chemical Japan Limited
- 2022 Resigned as Director of Dow Chemical Japan Limited

Charles D. Lake II

- 1990 Entered the Office of the U.S. Trade Representative as Special Counsel
Registered as an attorney at law, admitted in Pennsylvania, the U.S.A. (to present)
- 1992 Director of Japan Affairs, the Office of the U.S. Trade Representative
- 1993 Director of Japan Affairs and Special Counsel to the Deputy U.S. Trade Representative, the Office of the U.S. Trade Representative
Attorney at law at Dewey Ballantine LLP
Registered as an attorney at law, admitted in Washington, D.C., the U.S.A. (to present)
- 1999 Vice President and Counsel of Aflac International, Inc.
Vice President and Counsel of Japan Branch, American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.)
- 2001 Senior Vice President and Counsel of Japan Branch, American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.)
Senior Vice President and General Counsel of Japan Branch, American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.)
Deputy President of Japan Branch, American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.)
- 2003 President and Representative in Japan of Japan Branch, American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.)
- 2005 Vice Chairman and Representative in Japan of Japan Branch, American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.)
- 2008 Chairman and Representative in Japan of Japan Branch, American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.)
- 2014 President of Aflac International, Inc. (to present)
- 2018 Chairman and Representative Director of Aflac Life Insurance Japan Ltd. (to present)
- 2023 Director of the Company (to present)

Jenifer Rogers

- 1989 Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
- 1990 Registered as an attorney at law, admitted in New York, the U.S.A. (to present)
- 1991 Joined The Industrial Bank of Japan Ltd. (currently Mizuho Bank, Ltd.)
- 1994 Joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.)
- 2000 Merrill Lynch Europe Plc
- 2006 Merrill Lynch (Asia Pacific) Limited (currently Bank of America Corporation) (Hong Kong)
- 2012 Bank of America Merrill Lynch (currently Bank of America Corporation) (New York)
General Counsel Asia of Asurion Asia Pacific Limited
- 2014 General Counsel Asia of Asurion Japan Holdings G.K. (to present)
- 2021 President of the American Chamber of Commerce in Japan
- 2023 Director of the Company (to present)

* The seven directors Shozo Yamazaki, Sonosuke Kadonaga, Yoshinobu Tsutsui, Katsuyoshi Shinbo, Eriko Sakurai, Charles D. Lake II, and Jenifer Rogers are outside directors as provided for in Article 2, Item 15 of the Companies Act.



See page 179 of the Appendix for information on SMBC's directors and members of the Audit and Supervisory Committee.

Risk Management

Our Approach

Strengthening of compliance and risk management is positioned as a key issue in SMBC Group's Principles of Action on Compliance and Risk. SMBC Group is therefore devoted to improving its systems in these areas in order to become a truly outstanding global group.

Risk Culture

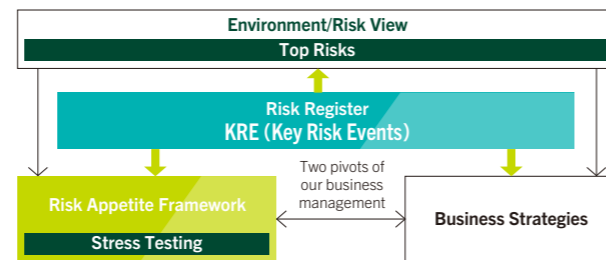
In order for SMBC Group to realize and maintain a sustainable growth in corporate value as a "Top Tier Global Financial Group," each one of our colleagues should think and judge on their own if their actions meet the expectations and requirements of customers, markets, and other stakeholders, not just if they are compliant with laws and regulations. SMBC Group has established "Principles of Action on Compliance and Risk" for every colleague to hold onto as a "keystone" of their daily business. The principles include "Business based on the Risk Appetite Framework" and "We will conduct business operations with risk ownership of the risks, such as credit risk, market risk, liquidity risk, operational risk, and conduct risk, that arise in our own business." Relevant concrete measures to foster a sound risk culture include internal surveys for monitoring the compliance awareness and risk sensitivity of our colleagues, as well as communication of messages from top management to employees and internal training.

Risk Appetite Framework

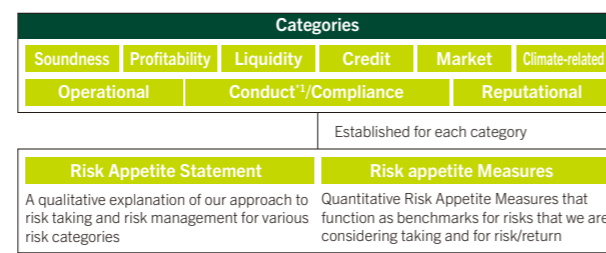
SMBC Group has introduced a Risk Appetite Framework for controlling group-wide risks that clarifies the types and levels of risk that we are willing to take on or are prepared to tolerate in order to grow profits (risk appetite).

The Risk Appetite Framework is one of two pivots of our business management alongside business strategies. It functions as a management framework for sharing information on the operating environment and risks facing SMBC Group among management and for facilitating appropriate risk taking based thereon.

Risk Appetite Framework Positioning



Risk Appetite Composition



*1 Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interest, and SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.

Individual risk appetites have been established by strategies for each business unit as necessary based on the overall risk appetite of SMBC Group. Risk appetites are decided during the process of formulating business strategies and management policies with the approval of

the Board of Directors. These risk appetites are set based on Top Risks that threaten to significantly impact management and on risk analyses (stress testing) that illustrate the impact if a risk should materialize.

In addition, risk register and Key Risk Events (KRE) are utilized as part of a system for assessing the risks present in new and existing business activities and for verifying the adequacy of Top Risks, risk appetites, and business strategies.

The outlooks for the operating environment and risks and the risk appetite situation are monitored throughout the course of the fiscal year. Risk Appetite Measures and business strategies are revised as necessary. For example, overall risk capital*2 has been selected as an indicator for risk appetite, which displays the soundness of SMBC Group. Overall risk capital is the aggregate of the risk capital amounts for each risk category. Management standards have been set for the upper limit for overall risk capital based on group-wide management constitution. Overall risk capital levels are thus monitored throughout the course of each fiscal year to clearly indicate risk-taking capacity and promote the sound taking of risks.

In addition, specific risk appetite indicators have been set for credit risk, market risk, liquidity risk, and other risk categories to facilitate appropriate management based on a quantitative understanding of risk appetite.

*2 The amount of capital required to cover the theoretical maximum potential loss arising from risks to business operations

Top Risks

SMBC Group identifies risks that threaten to significantly impact management as Top Risks.

The selection of Top Risks involves comprehensive screening of risk factors, evaluation of each risk scenario's possibility of occurrence and potential impact on management, and discussion by the Risk Management Committee and the Management Committee. Top Risks are utilized to enhance risk management by being incorporated into discussions of the Risk Appetite Framework and the formulation of business strategies and into the creation of risk scenarios for stress testing.

World economic stagnation	Disasters such as large-scale earthquakes, storms, and floods
Highly volatile financial markets/sudden deterioration of the foreign currency funding conditions	Inadequate responses to Cyber-attacks
Manifestation of a global financial crisis	Changes in industrial structure due to technological innovation
Japanese economic stagnation	Inadequate responses to climate change and conservation of natural capital
Japanese fiscal instability	Inadequate responses to human rights and other social issues
The U.S.-China struggle for supremacy	Misconduct damaging customer protection and market integrity
Growing tensions around Russia-Ukraine conflict	Inadequate preparedness for AML/CFT
Unstable situations in Asia and the Middle East	Inadequate responses to system failures
Political turmoil and social instability	Inadequate preparedness for heightened regulatory and supervisory scrutiny
Outbreak of serious infectious disease	Difficulty in securing human resources

Note: The above is only a portion of the risks recognized by SMBC Group. It is possible that the materialization of risks other than those listed above could have a significant impact on our management.

See page 153 of the Appendix for more information on top risks.

Stress testing

At SMBC Group, we use stress testing to analyze and comprehend the impact on SMBC Group's businesses of changes in economic or market conditions, in order to plan and execute forward-looking business strategies.

In our stress testing, we prepare multiple risk scenarios including macroeconomic variables such as GDP, equity prices, interest rates, and foreign exchange rates based on the aforementioned Top Risks, discussions with experts and related departments.



Risk Management Initiatives

When developing business strategies, we set out scenarios assuming stressed business environments such as serious economic recessions and market disruption for the sake of assessing risk-taking capabilities at SMBC Group and verifying whether adequate soundness can be maintained under stress. For example, we are conducting stress testing assuming the deepening of the real estate crisis in China, the changes in monetary policies in Japan, Europe, and the United States, the occurrence of a global financial crisis, and the rise of fiscal concerns in Japan to verify the soundness of SMBC Group’s capital and confirm the appropriate actions to be taken.

During a fiscal year, we will conduct stress testing in a timely manner to assess the potential impact on our business and to take the appropriate actions in case a serious risk event occurs.

In addition, we conduct detailed stress testing for individual risks such as credit risk, market risk, and liquidity risk, so as to decide and review risk-taking strategies. For example, we analyze liquidity risk under a severe scenario that combines idiosyncratic factors of the SMBC Group and market-wide factors.

We are also conducting scenario analyses on physical and transition risks related to climate change.

● Risk register

A risk register is formulated by each business unit for the purpose of realizing more sophisticated risk governance and enhancing business units’ risk ownership. In formulating these registers, business units communicate with risk management departments to identify the risks present in their business, and these risks are reflected in business strategies after they have been evaluated and the adequacy of measures for controlling them has been verified.

● Key risk events

Key Risk Events (KRE), external events that indicate the increased threat of risks, have been identified to ascertain the symptoms of the potential risks. KRE are utilized to analyze and assess how likely similar cases will occur in SMBC Group and what effects such similar cases will have on SMBC Group, and to enhance our risk management system.

● Operational resilience

In recent years, the risk environment surrounding financial institutions has been rapidly changing. This includes the emergence of pandemics and increasingly sophisticated cyberattacks, as well as reliance on IT systems and the spread of cloud service use.

To adapt to this environment, in addition to our existing risk management framework, we recognize that strengthening our capability for continued and prompt restoration of critical operations on the assumption of business interruptions—that is, our operational resilience—is a key responsibility that we bear. We are addressing this as follows.

We are striving to ensure effectiveness through reviews based on the internal/external environment and operation of the following cycle:

1. Identify critical operations that could pose significant risk in the event of a disruption in service delivery
2. Set the tolerable time for interruption to critical operations, taking into consideration alternative means, etc.
3. Identify management resources essential to the provision of critical operations and organize their interdependencies
4. Conduct scenario testing to verify the appropriateness of resource allocation, and review periodically

Risk Management Systems

Based on the recognition of the importance of risk management, top management is actively involved in the risk management process, and systems are in place for verifying and monitoring the effectiveness and appropriateness of this process. Specifically, the groupwide basic policies for risk management and the Risk Appetites for the entire SMBC Group are determined by the Management Committee and authorized by the Board of Directors. After that, the status of risk management based on these policies and risk appetites is reported to the Board of Directors by the Group CRO four times per year.

If the outlooks for the operating environment and risks change drastically from the assumption in the beginning of the fiscal year, we will review the Risk Appetite for the entire group in a timely and appropriate manner with approval by the Board of Directors.

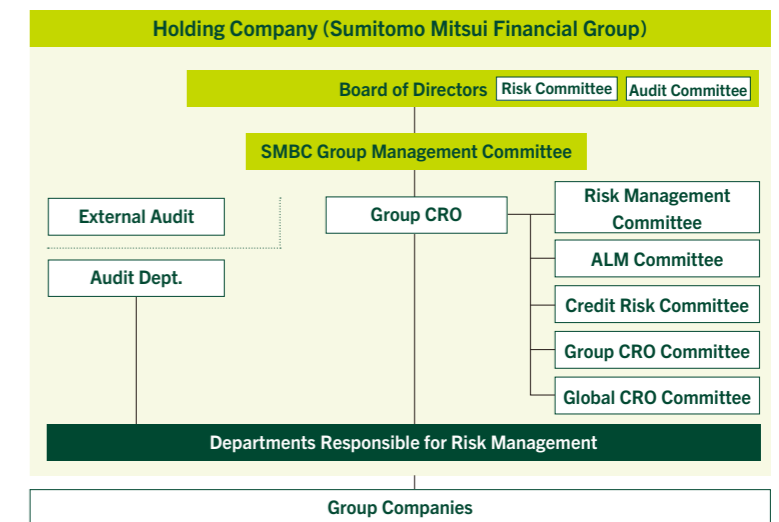
We have also clarified related roles and responsibilities of relevant divisions in light of our three lines of defense. With these provisions in place, risk management systems have been established based on the characteristics of particular businesses, and measures are being put in place to strengthen and improve the effectiveness of these systems in accordance with these basic policies for risk management.

Furthermore, SMBC Group is strengthening groupwide risk management systems through the Group CRO Committee and the Global CRO Committee.

Three Lines of Defense

The Basel Committee on Banking Supervision’s corporate governance principles for banks recommends “three lines of defense” as a framework for risk management and governance. Based on this framework, we have clarified the roles and responsibilities of each unit, as shown in the table on the right, and we are taking steps to achieve more effective and stronger risk management and compliance frameworks.

SMBC Group’s Risk Management System



Principal Organizations	Roles and Responsibilities
First Line Business Units	<p>The Business Units shall be risk owners concerning their operations and shall be responsible for the following in accordance with the basic principles provided by Second Line.</p> <ul style="list-style-type: none"> • Identification and evaluation of risks encountered in the business activities • Implementation of measures for minimizing and controlling risks • Monitoring of risks and reporting within First Line and to Second Line • Creation and fostering of a sound risk culture
Second Line Risk Management and Compliance Departments	<p>The Risk Management and Compliance Departments shall assume the following functions and responsibilities in order to manage the risk management and compliance systems.</p> <ul style="list-style-type: none"> • Drafting and development of basic principles and frameworks concerning risk management and compliance • Oversight, monitoring, and development of training programs for First Line
Third Line Audit Department	<p>Independent from First Line and Second Line, the Audit Department shall assess and verify the effectiveness and appropriateness of risk management and compliance systems managed and operated by First Line and Second Line, and report these results to the Audit Committee and the Management Committee. The Department shall provide recommendations regarding identified issues / problems.</p>



Proactive Risk Management in an Uncertain External Environment

We recognize that the external environment surrounding us is extremely uncertain, given that numerous elections will be held in 2024, including the U.S. presidential election, which is expected to change the political environment globally, and that geopolitical risks, such as Russia’s invasion of Ukraine and Middle East conflicts involving Iran, Hamas, and Israel, continue to be of great concern.

We identify risks arising from such an environment as top risks and respond, following risk analysis, including stress testing and discussions at the Management Committee, the Risk Committee, and the Board of Directors.

We will ensure appropriate risk management by continuing to capture early signs of risk events through the collection of information of external environment and by working closely and globally with relevant departments.

Compliance

Basic Approach

We position the strengthening of compliance and risk management as a priority issue in enabling SMBC Group to fulfill its public mission and social responsibilities as a global financial group. We are therefore working to entrench such practices into our operations as we aim to become a truly outstanding global group.

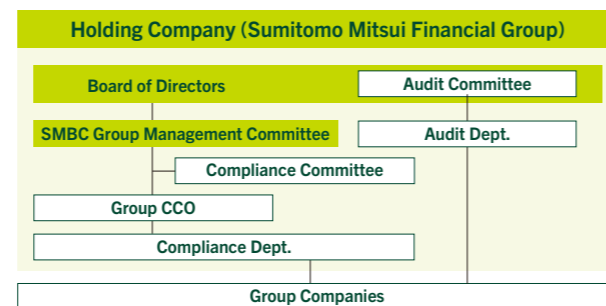
Compliance Management

SMBC Group seeks to maintain a compliance system that provides appropriate instruction, guidance, and monitoring for compliance to ensure sound and proper business operations on a Group-wide and global basis. We have put measures in place for the prevention, early detection, and correction of misconduct.

The Compliance Committee, chaired by the Group CCO responsible for overseeing compliance matters, broadly reviews and deliberates on operations within SMBC Group from the standpoint of compliance. On a Group-wide basis, it develops concrete implementation

plans to achieve compliance and develops company-specific compliance structures, and performs unified management of overseas compliance structures at overseas offices. In response to compliance-related consultations and reports from Group companies and overseas offices, the committee provides counsel and guidance as required to ensure overall compliance within the Group and globally.

Compliance Systems at SMBC Group



Initiatives for Achieving Healthy Risk Taking and Appropriate Risk Management

For companies to coexist with society and develop sustainably, it is crucial that they engage in sound risk taking and maintain appropriate risk management, including assurance of compliance. Financial institutions in particular must place importance on compliance and risk management in the execution of their business, given their public mission and weighty social responsibility.

Based on this recognition, SMBC Group positions the strengthening of compliance and risk management as a priority issue in fulfilling our public mission and social responsibilities. We strive for unending improving of the relevant structures in order to establish ourselves as a truly outstanding global group.

Specifically, SMBC Group has set forth its “Principles of Action on Compliance and Risk” to serve as guidelines for executives and employees in practicing compliance and risk management. Through continuous review of these principles, we work to confirm their effectiveness and improve our compliance status.

Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Economic Sanctions

SMBC Group recognizes the importance of preventing money laundering and terrorist financing (ML/TF), and of compliance with regulations concerning state economic sanctions and therefore, undertakes every effort to prevent ourselves and employees, from engaging in, and/or providing assistance to, the commission of ML/TF, and to comply with regulations concerning economic sanctions imposed on states.

SMBC Group strictly complies with AML/CFT and economic sanctions regulations by establishing a Group Policy and by implementing effective internal control systems in each of the Group companies to ensure that our operations are sound and appropriate. The Group Policy and systems are implemented in accordance with the requirements of the relevant international organizations (e.g. the United Nations, the Financial Action Task Force Recommendations) and the laws/regulations of relevant countries including Japan in which the SMBC Group has operations (e.g. U.S. “Office of Foreign Assets Control Regulations”).

In April 2019, SMBC entered into a written agreement with the Federal Reserve Bank of New York (the “Reserve Bank”) to improve its New York Branch’s program for compliance with the Bank Secrecy Act (“BSA”) and related U.S. anti-money laundering (“AML”) laws and regulations, which was found to be inadequate by the Reserve Bank.

Furthermore, SMBC is working to improve compliance on a global basis while taking other necessary actions based on the written agreement with the Reserve Bank.

Response to Anti-Social Forces

SMBC Group has established a basic policy stipulating that all Group companies must unite in establishing and maintaining a system that ensures that the Group does not have any connection with anti-social forces or related individuals.

Specifically, the Group strives to ensure that no business transactions are made with anti-social forces or individuals. Contractual documents or terms and conditions state the exclusion of anti-social forces from any business relationship. In the event that it is discovered subsequent

to the commencement of a deal or trading relationship that the opposite party belongs to or is affiliated with an antisocial force, we undertake appropriate remedial action by contacting outside professionals specializing in such matters.

Basic Policy for Anti-Social Forces

1. Completely sever any connections or relations from antisocial forces.
2. Repudiate any unjustifiable claims, and do not engage in any “backroom” deals. Further, promptly take legal action as necessary.
3. Appropriately respond as an organization to any anti-social forces by cooperating with outside professionals.

Customer Information Management

SMBC Group has established Group policies that set guideline for the entire Group regarding the proper protection and use of customer information. All Group companies adhere to these policies in developing frameworks for managing customer information.

Group companies prepare frameworks for establishing and disclosing privacy policies that serve as policy for the proper protection and use of customer information, individual numbers, and other information.

Initiatives for the Prevention of Bribery and Corruption

To prevent business entertainment, the provision or receipt of gifts, or other actions that violate laws, regulations, or social practices and customs, SMBC Group has established the “SMFG Group Policies for Anti-Bribery Compliance and Ethics.” Following these policies, Group companies develop frameworks for the prevention of bribery and corruption. The Compliance Department conducts annual bribery and corruption risk assessments of the offices of major Group companies to identify transaction and counterparty-related risks and to inspect the effectiveness of controls. Risk assessment findings are reported to the Compliance Committee. Consultations are held with Group company offices identified as being at high risk, and appropriate risk mitigation measures are carried out at the companies and offices in question.



Customer-Oriented Initiatives

Basic Approach

“We grow and prosper together with our customers by providing them with services of greater value.” Making this commitment a component of “Our Mission,” we work toward the enhancement of Customer Experience (CX) and quality through collaboration among Group companies.

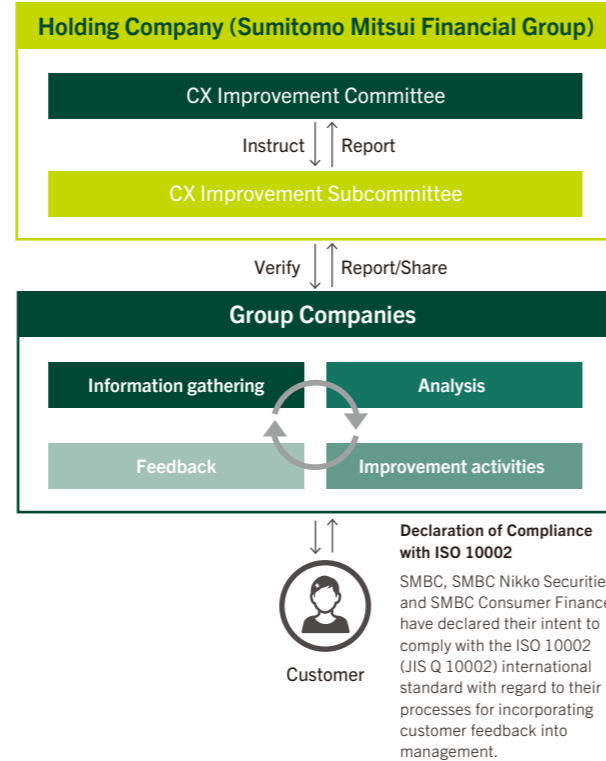
Promotion Structure

We have established the CX Improvement Subcommittee and the CX Improvement Committee as bodies through which we advance initiatives, reinforce management systems, and promote Group coordination related to customer-oriented business operation.

The CX Improvement Subcommittee invites external experts as advisors and engages in exchanges of opinions for further entrenchment of customer orientation. The CX Improvement Committee, which has members of the Group Management Committee as its members, deliberates on measures based on reports from the CX Improvement Subcommittee.

The appropriateness and efficacy of customer-oriented business operation is reviewed and assessed by the Audit Department, which reports its findings regularly to the Audit Committee, a subcommittee of the Board of Directors, and to the Group Management Committee. Customer feedback, including complaints, is also regularly reported to the Audit Committee.

Incorporation of Customer Feedback into Management



Initiatives to Improve Product and Service Quality

To provide products and services grounded in a customer-oriented approach, SMBC Group always confirms that a customer need for the products and services exists, and that adequate assessments and responses to potential risks are taken during the planning and development stages. We also carry out periodic quality reviews of existing services. The CX Improvement Subcommittee, composed of external experts and heads of relevant departments, reviews and discusses the efforts of Group companies to improve the quality of products and services.

Customer-Oriented Business Conduct

Based on the “Principles for Customer-Oriented Business Conduct” guidelines on fiduciary duties released by the Financial Services Agency, SMBC Group has formulated its “Basic Policy for Customer-Oriented Business Conduct” and “Basic Policy for Customer-Oriented Business Conduct in the Retail Business Unit.”

Basic Policy for Customer-Oriented Business Conduct* (excerpt)

■ **Initiatives for Customer-Oriented Business Conduct**
SMBC Group will implement the following initiatives to enforce customer-oriented business conduct.

1. Provision of Products and Services Suited to the Customer
2. Easy-to-Understand Provision of Important Information
3. Clarification of Fees
4. Management of Conflicts of Interest
5. Frameworks for Properly Motivating Employees, etc.

Through such initiatives, SMBC Group aims to facilitate the shift from savings to asset formation in Japan. To facilitate customers' understanding of SMBC Group's initiatives, we will regularly disclose information on the status of initiatives under our basic policy. To achieve better business operation, we verify the status and outcomes of initiatives, undertake revisions as necessary, and disclose details.

* **Group companies subject to the basic policy:**
Sumitomo Mitsui Banking Corporation, SMBC Trust Bank Ltd., SMBC Nikko Securities Inc., Sumitomo Mitsui DS Asset Management Company, Limited

See pages 170 and 171 of the Appendix for more information on the “Basic Policy for Customer-Oriented Business Conduct.”

Policy on Specific Initiatives in the Retail Business Unit

Based on Sumitomo Mitsui Financial Group's “Basic Policy for Customer-Oriented Business Conduct,” the Retail Business Unit further sets policy on specific initiatives for offering service as a retail company engaged in asset management and asset formation for retail customers. The Retail Business Unit acts under a Plan–Do–Check–Act (PDCA) cycle that entails disclosing specific “Integrity Indicators,” confirming and analyzing their status, and utilizing them to improve business operation.

● Policy on Initiatives

1. **Customer-Oriented Wealth Management Proposals Based on Medium- to Long-Term Diversified Investment**
With a focus on accurately addressing customers' wealth management needs for asset protection and formation, we will offer customer-oriented wealth management proposals based on medium- to long-term diversified investment. Through this approach, we will focus on the customer-oriented provision of financial products.
2. **Improvement of our Products Lineup Based on Customer-Oriented Business Conduct**
We will enhance our product lineup through ongoing revisions, utilizing third-party evaluations of our products and Group companies' products as necessary, to accurately address customers' needs for asset protection or formation. We will also enhance the information we provide to customers and take steps to make it easy to understand.
3. **Enhancement of Customer-Oriented After-Sales Services**
We will strive for attentive after-sales services to support long-term holding of our wealth management products with confidence.
4. **Improvement of Customer-Oriented Performance Evaluation Systems**
We will improve our performance evaluation systems to encourage employees in carrying out effective customer-oriented sales activities.
5. **Initiatives for the Improvement of Consulting Capabilities**
We will continuously enhance our consulting capabilities to ensure that we propose optimal solutions to customers' wide-ranging needs.

Customer-Oriented Initiatives

Integrity Indicator*

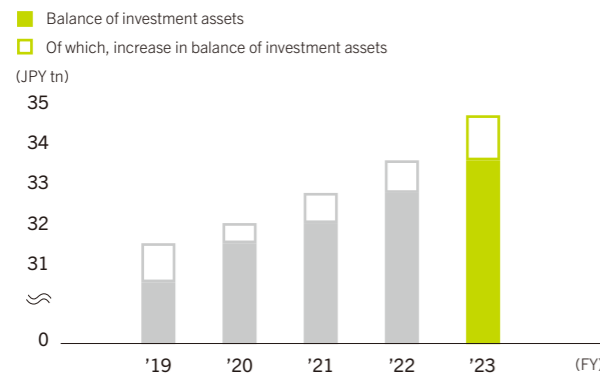
- ① Increase in balance of investment assets
- ② Balance of investment trusts and fund wraps
- ③ Number of customers holding wealth management products
- ④ Sales ratio by wealth management product
- ⑤ Investment trust cancellation rate
- ⑥ Fund wrap contract and cancellation amounts
- ⑦ Amount of fixed-term foreign currency deposits, foreign currency balance
- ⑧ Number of investment trust and automatic foreign currency deposit accounts
- ⑨ Investment trust and automatic foreign currency deposit amounts
- ⑩ Number of NISA Accounts
- ⑪ Lump-sum insurance product sales amounts by product
- ⑫ Ratio of investment trust products of Group companies
- ⑬ Investment trust (including fund wraps) sales (contract) amounts (by monthly payment type or other)
- ⑭ Customer ratio by investment trust/fund wrap operation gain/loss
- ⑮ Cost and return of top-ranked (by balance) investment trust products
- ⑯ Risk and return of top-ranked (by balance) investment trust products
- ⑰ Customer ratio by foreign currency-denominated insurance management rating
- ⑱ Cost and return by foreign currency-denominated insurance products
- ⑲ Status of FP qualification holding

* As of June 2024

Progress of main Integrity Indicators

Increase in balance of investment assets (Integrity Indicator ①)

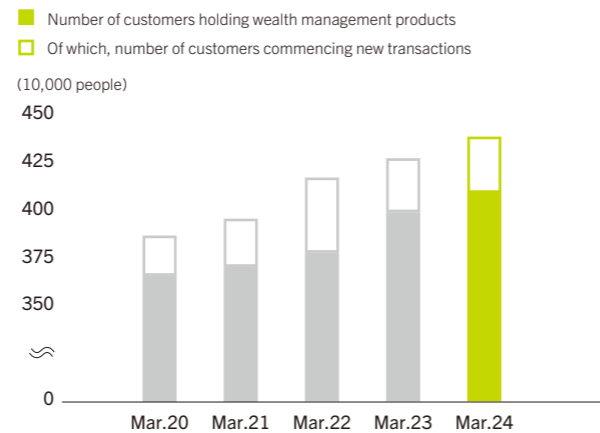
In FY2023, the total balance of investment assets for SMBC, SMBC Nikko Securities, and SMBC Trust Bank continued to grow due in part to the continuation of customer-oriented initiatives focused on medium- to long-term diversified investment.



* Combined results for Sumitomo Mitsui Banking Corporation Retail Business Unit and SMBC Nikko Securities Sales Division (Retail)
The balance of investment assets before FY2021 is calculated by deducting the increase in the balance from the balance in FY2022."

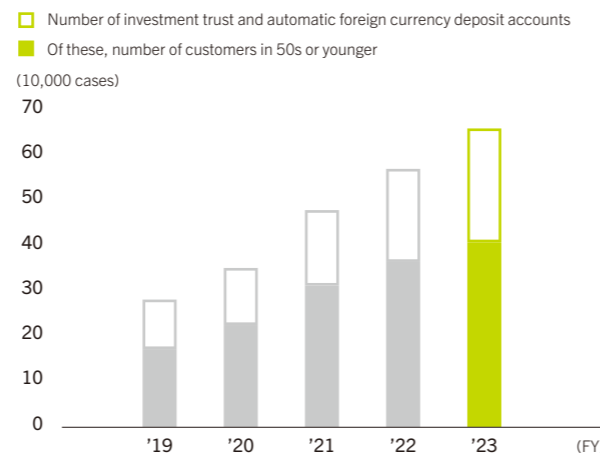
Number of customers holding wealth management products (Integrity Indicator ③)

We continue to increase the number of customers holding wealth management products by working to accurately address customers' needs for asset protection or formation.



Number of investment trust and automatic foreign currency deposit accounts (Integrity Indicator ⑧)

To respond to the needs of customers seeking to begin acquiring assets, we have been aggressively proposing investment trust products that allow for small-sum investments as well as time-dispersed investments in automatic foreign currency deposits. As a result, there has been steady growth in the number of investment trust and automatic foreign currency deposit accounts.



Response to Administrative Actions and Efforts to Prevent Recurrence

In response to the market manipulation cases in which former executive officers and employees of SMBC Nikko Securities violated Article 159, Paragraph 3 (concerning illegal stabilization transactions) of the Financial Instruments and Exchange Act, as well as cases of exchange of non-public information between executive officers and employees of SMBC Nikko Securities and Sumitomo Mitsui Banking Corporation (violations of regulations on the firewall between banking and securities operations), the Company, SMBC Nikko Securities, and Sumitomo Mitsui Banking Corporation formulated and announced improvement measures in November 2022 based on deliberations by the Board of Directors to ensure that such incidents do not recur.

Since then, we have worked to strengthen our business management structure and internal control structure and to foster a sound corporate culture through the steady implementation of the improvement measures.

Formulation and construction of individual improvement measures have generally progressed according to plan, and steps through the verification of effectiveness of individual improvement measures by internal auditors and outside attorneys have been completed.

At the same time, as continuous efforts are required for further communication and entrenchment of the improvement measures, we will continue taking action as a unified Group to enforce the improvement measures.

Progress of Improvement Plan

November 2022: Formulate an improvement plan



	① Strengthening of business management system	② Strengthening the Internal Control System	③ Fostering of sound corporate culture
Market manipulation cases	SMBC Nikko Securities <ul style="list-style-type: none"> Strengthening of supervision of management execution Implementation of compliance training for senior executives Resource allocation with priority on defense Strengthening of expertise in First and Second Line Product and Services Council 	<ul style="list-style-type: none"> Improve the effectiveness of the Three Lines of Defense system Strengthening of functions of Compliance Division Fraudulent Trade Prevention Committee 	<ul style="list-style-type: none"> Communication and enforcement of new corporate philosophy system Town Hall meetings "Day to Learn from Past Misconduct"
	Sumitomo Mitsui Financial Group <ul style="list-style-type: none"> Strengthen involvement in SMBC Nikko Securities' executive personnel and resource allocation plan, and verify its sufficiency 	<ul style="list-style-type: none"> Establishment of Group Business Management Department 	<ul style="list-style-type: none"> Issue CEO message
Violation of regulations on the firewall between banking and securities operations	<ul style="list-style-type: none"> Implementation of compliance training for senior executives Strengthening of SMFG's Compliance Department system 	<ul style="list-style-type: none"> Enforcement of information management rules Strengthening of post-incident monitoring 	<ul style="list-style-type: none"> Fostering of compliance awareness Study sessions at sales branches Expansion of training opportunities

Verification of effectiveness by internal auditors and outside attorneys

IT Governance

Basic Approach

We are reinforcing our resilience to protect our unchanging value and to respond to new risks associated with the provision of new value. We will pursue both social value and economic value through an ongoing shift from people to IT systems, the expansion of a development structure to support this shift, and the improvement and control of our IT systems architecture. As a financial mega-group that plays a role in social infrastructure, we combine stability and flexibility while leveraging digital technology to drive our business.

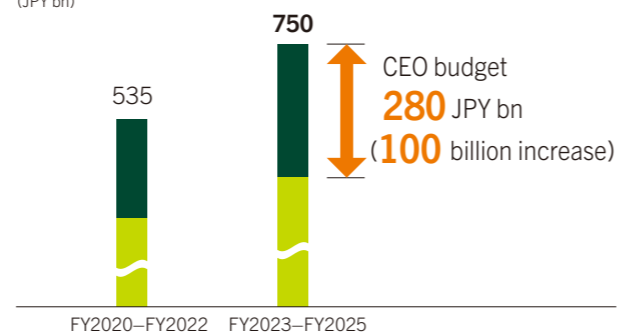
IT Investment Strategies

To fuel the further growth of SMBC Group and accelerate our digital strategy in Japan and overseas, we have increased our CEO budget by an additional ¥100 billion to ¥280 billion. This CEO budget can be used to agilely invest in fields the Group CEO deems vital to business.

Through total IT investment of ¥750 billion under the Medium-Term Management Plan, we will allocate resources with an emphasis on strategic investments, such as implementation of business strategies, promotion of digitalization, and strengthening of internal controls, resilience, and other aspects of our management foundation.

Enhancement of IT infrastructure through Aggressive Investment

(JPY bn)



Initiatives to Strengthen Resilience that Supports Stable IT systems Operation

In line with our progress toward digitalization, we are working to expand both services and functional linkages between internal and external systems to enhance customer convenience. At the same time, we face the growing possibility that system failures will have greater impacts on customers, making stable systems operation increasingly important. We are enacting measures to prevent system failures, such as enhancement of system resources, detection of early signs of system failures, and preventive maintenance, while also working to strengthen resilience in the event of a failure through ongoing improvements to our contingency plans, systematization of non-automated response to failures, and enhancement of training content to minimize the effects of failures.

Use of Advanced Technologies and Steady Response to Regulations

Digital technologies are essential to business. We make effective and extensive use of advanced technologies.

As an example, taking an early interest in generative AI technology that interprets intent in text and generates naturally-worded sentences, we developed SMBC-GAI, an AI tool for employees that runs in a dedicated environment. “SMBC-GAI” reduces the time employees spend in handling inquiries and creating documents. We also make wide use of this tool in the areas of image recognition, voice recognition, and advanced system development.

To control AI-related risks, we enforce employee discretion in judging the accuracy of AI responses, among other guidelines, and collaborate with overseas offices on dealing with AI risks, taking into account the latest developments in domestic and international regulations.

From the standpoint of data governance, we will appoint a new Group CDAO* to strengthen our structure on a Group and global basis. We will also raise the level of our data management methods and advance the development of our IT infrastructure.

* Chief Data and Analytics Officer

Contribution to Solving Social Issues and Endeavors to Create New Social Value

As an initiative related to the environment, one of SMBC Group’s materialities, the Group is taking action toward net zero GHG emissions in 2030. SMBC Group’s data centers account for about a quarter of our GHG emissions in Japan. We are undertaking measures to save energy at existing centers, including AI-driven air conditioning control optimization and expansion of solar power generation facilities, and will further reduce environmental impacts through energy conservation at planned next-generation data centers.

In terms of contribution to “Japan’s Regrowth,” SMBC Group provides a variety of in-house digital and IT training content which is planned and supervised by Digital University, a digital and IT training organization within SMBC Group, while creating extensive opportunities for digital education. We will also agilely deploy IT resources in initiatives that contribute to the creation of social value and will contribute to solving social issues through the use of IT across SMBC Group.

Cybersecurity

Basic Approach

Amid accelerating digitalization and a changing environment for financial services, the posed by cyber threats is growing increasingly serious. To provide safer, more secure services to customers and achieve a society that is resistant to cyber threats, SMBC Group will further strengthen our cybersecurity.

Cybersecurity Management System

● Construction of management structure

Viewing cybersecurity risks as among the top risks faced by our management, we continuously engage in cybersecurity initiatives led by management under our “Declaration of Cybersecurity Management.”

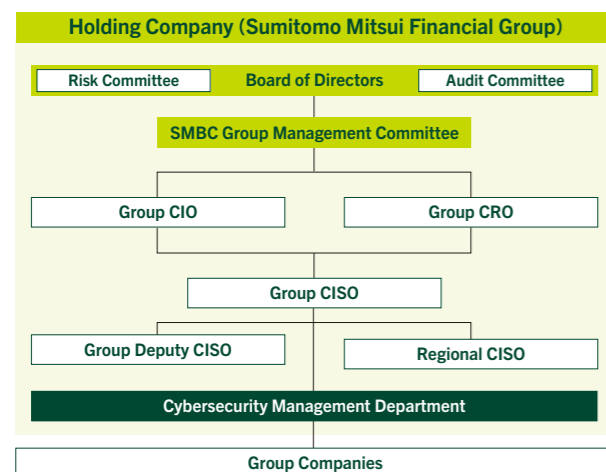
We manage cybersecurity risks within the framework of company-wide risk management. The Cybersecurity Management Department, a dedicated department for cybersecurity, leads the formulation of basic policy on cybersecurity management, based on the external environment, business strategy, and other factors.

The Group Management Committee regularly deliberates on cybersecurity management to further strengthen our system on the basis of the basic policy. In addition, the Board of Directors and internal committees such as the Risk Committee and the Audit Committee regularly deliberate cybersecurity management under the supervision of Directors.

To clarify the role of promoting effective security measures, we have put a Group CISO*1 in place under the Group CIO and CRO. As the party responsible for general oversight of cybersecurity, the Group CISO engages in supervision and guidance for the development of Group and global system and the promotion of measures at sites. Under the leadership of the Group CISO, we have appointed Group Deputy CISOs and regional CISOs, and have established a cybersecurity management structure encompassing over 600 people*2 on a Group and global basis.

*1 Chief Information Security Officer
*2 As of the end of March 2024

SMBC Group's Cybersecurity Management System



● Identification of cybersecurity risks

We conduct identification of cyber threats through means including evaluations of cybersecurity-related structures.

Specifically, we undergo regular third-party evaluations of the degree of maturity of our security countermeasures, based on international standards.

We also make active use of threat intelligence to respond to the latest cyber threats. We collect and evaluate information on matters including geopolitical happenings, attack trends, and vulnerabilities, and apply this to our cybersecurity environment and to threat detection and defense.

We regularly conduct vulnerability diagnostics to determine damage caused by attacks on vulnerabilities, as well as threat-based penetration testing by which third parties penetrate actual systems to evaluate security measures. Based on the internal and external environment, we strive to identify cyber threats related to our Company and to further strengthen security measures.

● Defense against and detection of cybersecurity risks

To prepare against unauthorized access, denial of service attacks, and other cyber attacks, we detect and block suspicious communications from the outside through varied security measure services and systems in a multi-layered defense structure.

We have also established a SOC*3, a dedicated organization for network monitoring and analysis, under a 24-hour, 365-day full-time monitoring system. Through ongoing close collaboration with SOCs established in Europe, the U.S., and Asia, we will further strengthen security surveillance on a Group and global basis.

*3 Security Operation Center

● Response to and recovery from cybersecurity risks

We have established a CSIRT*4 in preparation for cyber incidents. By establishing a Cyber Fusion Center that integrates domestic security functions and human resources, we are working to enhance the efficiency of our management system and create an environment enabling quick response to incidents.

In preparation for cyber incidents, the CSIRT actively collects information on attack vectors and on vulnerabilities within and outside the Group, and shares this information as necessary with national authorities and bodies such as U.S.-based FS-ISAC*5 and Financials ISAC Japan.

In preparation against attacks, we are working to further strengthen our cyber resilience through regular participation in simulated attack exercises conducted by outside experts and cyberattack response exercises organized by the Financial Services Agency, Finances ISAC Japan, and other bodies.

*4 Computer Security Incident Response Team

*5 Financial Service Information Sharing and Analysis Center

Cybersecurity-Related Awareness-Raising Activities and Expert Human Resources

● Awareness-raising activities

To foster a culture enabling conscious tackling of security measures, we conduct awareness-raising activities tailored to roles and responsibilities within the company.

For top management, we regularly hold study sessions on topics including management considerations in cybersecurity.

For executives and employees, we raise awareness of security through targeted attack email training and other actions, and use training to instill a “security by design” philosophy for IT system planning staff.

● Expert human resources

We recognize that the development of expert human resources is a vital issue in maintaining a medium- to long-term cybersecurity management structure. We focus on the development of core human resources through the use of internal and external content, the introduction of a program that supports obtaining qualifications, dispatch of staff to graduate schools in Japan and abroad, and participation in external industry organizations.

We work to secure expert human resources through mid-career recruitment, and have set up a cybersecurity course for new graduate hires as a part of ongoing structural strengthening.

Internal Audit

Our Approach

As a part of SMBC Group's internal control framework, the Internal Audit Department (the Department) verifies the effectiveness of the internal controls of each Business Unit, risk management and compliance departments, and other departments from an independent standpoint and pursues the quality of internal audits in order to contribute to the development and the highest trust across the entire SMBC Group.

Purpose and Mission of Internal Audit

The purpose of internal audit at SMBC Group is the objective provision of assurance^{*1} and consulting services in accordance with the policies and plans approved by the Board of Directors but independent of management, Business Unit and the departments responsible for risk management and compliance, in order to add value to SMBC Group and improve its operations.

The mission of internal audit at SMBC Group is to grow and preserve the value of SMBC Group by providing risk-based and objective assurance, advice and insight.

^{*1} Reviewing the adequacy and effectiveness of processes relating to governance, risk management, and control processes, and providing assurance and recommendations for improvement based on the results.

Overview of the Group's Internal Audit Framework

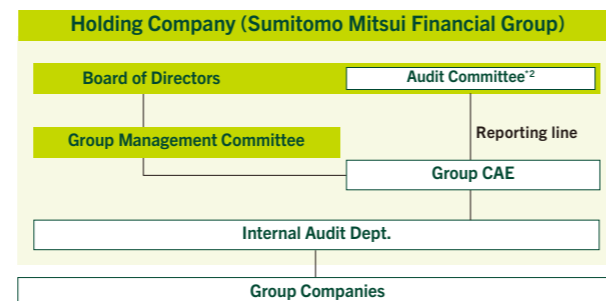
The Department has been established under the Audit Committee and is independent from each Business Unit, risk management and compliance departments, and other departments. Internal Audits within our Group companies are structured broadly in line with SMFG. The Group CAE oversees Group-wide internal audit activities.

The Department verifies the appropriateness and the effectiveness of internal control that aims to assure the

appropriateness of Group operations and the soundness of assets by conducting on continuous monitoring of Group companies' internal auditing status and other activities. The activities are based on the "Group Internal Audit Charter" and the "Audit Policy and Strategy" formulated by the Audit Committee and the Board of Directors.

Major audit findings and relevant informations are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Whilst the Department strives to strengthen cooperation to conduct proper audit practices through regular information exchanges with external auditors.

Internal Audit Framework



^{*2} The Audit Committee holds the right to consent regarding personnel affairs of the Group CAE.

Enhancement and Effectiveness of Internal Audit

The Department has adopted auditing methods in accordance with the Institute of Internal Auditors (IIA) standards, conducts risk-based audits on a Group and global basis.

To implement effective and efficient internal audits, the Department conducts monitoring by attending important meetings and by obtaining internal management documents of SMFG and Group companies. The Department engages in a continuous two-way dialogue with each Business Units, departments responsible for risk management and compliance, and other departments as it strives for an accurate understanding of risks in business. The department also develops Group and global best practices and undertakes audit activities that make use of technologies such as AI.

In addition, the Department strives to enhance groupwide internal auditors' expertise by holding training programs, and encouraging auditors to obtain internal auditor's international certification.

Furthermore, the Department enhances its quality assurance on a Group-wide basis by both fully satisfying the IIA standards and referring to G-SIFs leading practices.

Sustainability Information

Accreditations



Acquired Top Gold Rating in PRIDE index evaluation for LGBTQ-related initiatives work with Pride



Certified as a company exercising superior health and productivity management METI, Nippon Kenko Kaigi



Certified as a company in enhancement of productivity and sustainable growth through workstyle reform Nikkei



Certified as a company engaged in supporting the nurturing at an even higher level^{*1} Ministry of Health, Labour and Welfare

^{*1} Four major Group companies acquired



Certified as a company having excellent initiatives to promote active participation by women^{*2} Ministry of Health, Labour and Welfare

^{*2} Seven major Group companies acquired (Third rank: two companies, second rank: five companies)

Endorsement of Initiatives in Japan and Overseas

As a global corporate citizen fully aware of the social impact of financial institutions, SMBC Group endorses following initiatives in Japan and overseas (the action guidelines for corporate activities and principles).



Incorporation into ESG Indices

SMBC Group has been included in the following major global ESG indices. (as of the end of June 2024)

GPIF Selected Indices

- 2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
- 2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
- FTSE Blossom Japan Sector Relative Index
- S&P/JPX Carbon Efficient Index
- FTSE Blossom Japan



2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Financial Review

Principal Financial Data

Consolidated Performance Summary

(JPY bn)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021	FY2022	FY2023
Consolidated gross profit	2,980.4	2,904.0	2,920.7	2,981.1	2,846.2	2,768.6	2,806.2	2,945.5	3,170.2	3,738.8
Net interest income	1,505.2	1,422.9	1,358.6	1,390.2	1,331.4	1,306.9	1,335.2	1,528.0	1,717.8	1,880.7
Net fees and commissions + Trust fees	999.6	1,007.5	1,017.1	1,070.5	1,064.6	1,088.1	1,098.9	1,205.5	1,225.7	1,490.2
Net trading income + Net other operating income	475.7	473.5	545.0	520.3	450.2	373.6	372.1	212.0	226.7	367.9
General and administrative expenses	1,659.3	1,724.8	1,812.4	1,816.2	1,715.1	1,739.6	1,747.1	1,821.1	1,949.2	2,250.6
Overhead ratio	55.7%	59.4%	62.1%	60.9%	60.3%	62.8%	62.3%	61.8%	61.5%	60.2%
Equity in gains (losses) of affiliates	(10.6)	(36.2)	24.6	39.0	61.1	56.1	25.0	28.5	55.5	72.0
Consolidated net business profit	1,310.5	1,142.9	1,132.9	1,203.8	1,192.3	1,085.0	1,084.0	1,152.9	1,276.4	1,560.2
Total credit cost (gains)	7.8	102.8	164.4	94.2	110.3	170.6	360.5	274.4	210.2	274.0
Gains (losses) on stock	66.7	69.0	55.0	118.9	116.3	80.5	92.6	209.1	155.9	249.8
Other income (expenses)	(48.2)	(123.9)	(17.6)	(64.5)	(63.1)	(62.8)	(105.0)	(46.9)	(61.2)	(69.9)
Ordinary profit	1,321.2	985.3	1,005.9	1,164.1	1,135.3	932.1	711.0	1,040.6	1,160.9	1,466.1
Extraordinary gains (losses)	(11.8)	(5.1)	(26.6)	(55.3)	(11.7)	(43.4)	(38.8)	(111.0)	(62.5)	(123.8)
Income taxes	441.4	225.0	171.0	270.5	331.4	167.7	156.3	214.5	282.1	373.7
Profit attributable to non-controlling interests	114.4	108.4	101.8	104.0	65.5	17.1	3.1	8.4	10.5	5.7
Profit attributable to owners of parent	753.6	646.7	706.5	734.4	726.7	703.9	512.8	706.6	805.8	962.9

Consolidated Balance Sheet Summary

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021	FY2022	FY2023
Total assets	183,442.6	186,585.8	197,791.6	199,049.1	203,659.1	219,863.5	242,584.3	257,704.6	270,428.6	295,236.7
Loans and bills discounted	73,068.2	75,066.1	80,237.3	72,945.9	77,979.2	82,517.6	85,132.7	90,834.1	98,404.1	107,013.9
Securities	29,633.7	25,264.4	24,631.8	25,712.7	24,338.0	27,128.8	36,549.0	38,538.7	33,213.2	37,142.8
Total liabilities	172,746.3	176,138.2	186,557.3	187,436.2	192,207.5	209,078.6	230,685.3	245,507.3	257,637.5	280,436.7
Deposits	101,047.9	110,668.8	117,830.2	116,477.5	122,325.0	127,042.2	142,026.2	148,585.5	158,770.3	164,839.4
Negotiable certificates of deposit	13,825.9	14,250.4	11,880.9	11,220.3	11,165.5	10,180.4	12,570.6	13,069.8	13,025.6	14,672.3
Total net assets	10,696.3	10,447.7	11,234.3	11,612.9	11,451.6	10,784.9	11,899.0	12,197.3	12,791.1	14,800.0
Shareholders' equity	7,018.4	7,454.3	8,119.1	8,637.0	9,054.4	9,354.3	9,513.4	9,938.6	10,308.4	10,630.0
Retained earnings	4,098.4	4,534.5	5,036.8	5,552.6	5,992.2	6,336.3	6,492.6	6,916.5	7,423.6	7,843.5
Accumulated other comprehensive income	2,003.9	1,459.5	1,612.5	1,753.4	1,713.9	1,365.7	2,313.1	2,159.6	2,372.1	4,030.1
Non-controlling interests	1,671.7	1,531.0	1,499.3	1,219.6	678.5	62.9	70.8	97.6	109.5	138.9

Financial Indicators

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021	FY2022	FY2023
Total capital ratio (BIS guidelines)	16.58%	17.02%	16.93%	19.36%	20.76%	18.75%	18.61%	16.56%	15.98%	15.29%
Tier 1 capital ratio (BIS guidelines)	12.89%	13.68%	14.07%	16.69%	18.19%	16.63%	16.96%	15.46%	14.94%	14.33%
Common equity Tier 1 capital ratio (BIS guidelines)	11.30%	11.81%	12.17%	14.50%	16.37%	15.55%	16.00%	14.45%	14.02%	12.91%
Dividend per share (Yen)	140	150	150	170	180	190	190	210	240	270
Dividend payout ratio	26.2%	32.7%	29.9%	32.7%	34.6%	37.0%	50.8%	40.7%	40.4%	37.1%
ROE (on a stockholders' equity basis)	11.2%	8.9%	9.1%	8.8%	8.2%	7.6%	5.4%	7.3%	8.0%	9.2%

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

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021	FY2022	FY2023
Nikkei Stock Average (Yen)	19,207	16,759	18,909	21,454	21,206	18,917	29,179	27,821	28,041	40,369
Foreign exchange rate (USD/JPY)	120.15	112.62	112.19	106.25	111.00	108.81	110.71	122.41	133.54	151.33

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

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 addition 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)

	SMBC		SMBC Trust	
		(JPY bn)		
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	
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

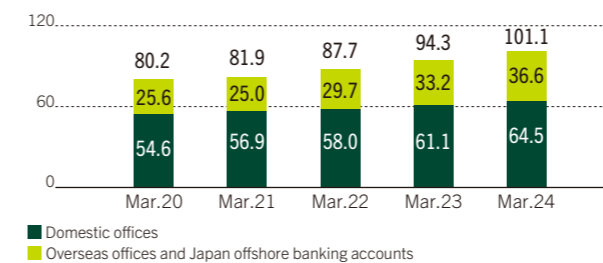
*4 Figures are on a managerial accounting basis

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.

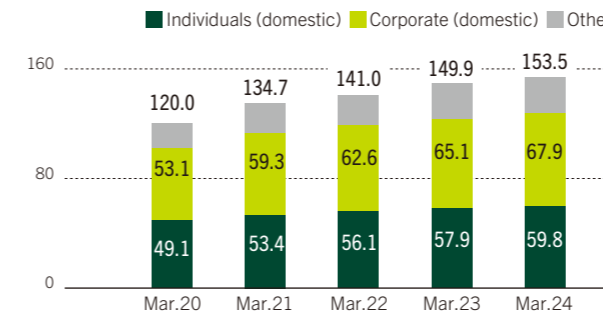
Balance of Loans (JPY tn)



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.

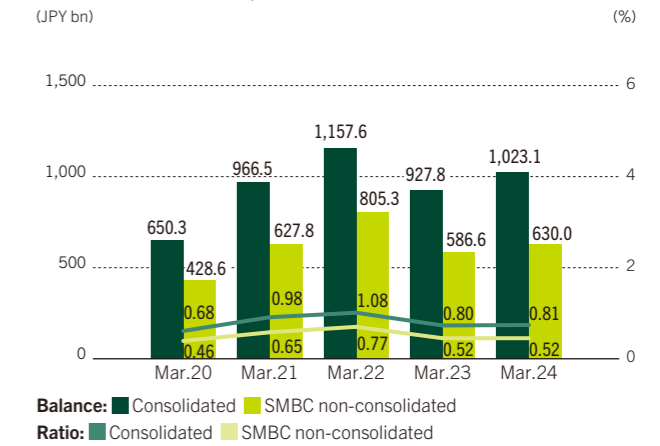
Unrealized Gains (Losses) on Other Securities (JPY bn)

	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 Tier 1 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)

	March 2024	March 2023	YoY
(JPY bn)			
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

Appendix I

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Group Companies (as of March 31, 2024)



www.smfg.co.jp/english/

The companies of Sumitomo Mitsui Financial Group primarily conduct commercial banking through the following financial services: leasing, securities, consumer finance, system development data processing, and asset management.

Business Mission

- We grow and prosper together with our customers, by providing services of greater value to them.
- We aim to maximize our shareholders' value through the continuous growth of our business.
- We create a work environment that encourages and rewards diligent and highly motivated employees.
- We contribute to a sustainable society by addressing environmental and social issues.

Company Name: Sumitomo Mitsui Financial Group, Inc.

Business Description:

1. Management of banking subsidiaries and other companies that can be treated as subsidiaries under the stipulations of Japan's Banking Act as well as the performance of ancillary functions
2. Functions that can be performed by bank holding companies under the stipulations of Japan's Banking Act

Establishment: December 2, 2002

Head Office: 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Chairman of the Board: Takeshi Kunibe

President: Toru Nakashima

Capital: ¥2,344.0 billion

Stock Exchange Listings:

Tokyo Stock Exchange (Prime Market)
Nagoya Stock Exchange (Premier Market)

Notes:

1. American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.

Credit Ratings (as of June 30, 2024)

	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A-	—
Fitch Ratings	A-	F1
R&I	AA-	—
JCR	AA	—

Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Ordinary income.....	¥ 9,353.5	¥ 6,142.1	¥ 4,111.1	¥ 3,902.3
Ordinary profit.....	1,466.1	1,160.9	1,040.6	711.0
Profit attributable to owners of parent.....	962.9	805.8	706.6	512.8
At Year-End:				
Net assets	¥ 14,799.9	¥ 12,791.1	¥ 12,197.3	¥ 11,899.0
Total assets	295,236.7	270,428.5	257,704.6	242,584.3

Note: All amounts shown are rounded down to the nearest 100 million.



www.smbctb.co.jp/en



SMBC Trust Bank, formerly Societe General Private Banking (Japan), launched Citibank's retail bank business under the new brand "PRESTIA." The bank has advanced numerous initiatives to contribute to customers and society by providing comprehensive, advanced solutions that join together the three functions of foreign currency, real estate, and trust.

In October 2023, the bank celebrated its 10th anniversary as a member of SMBC Group. Under a new vision of "Becoming a 'Trust Bank' that grows together with our customers and society as a solution provider of foreign currency, real estate and trust services", the bank has put forth the slogan "Create the 'Next'" in its current Medium-Term Management Plan. By continuing to grow as a trust bank, SMBC Trust Bank will contribute to customers and society more than ever.

Company Name: SMBC Trust Bank Ltd.

Business Profile: Commercial banking and Trust Banking

Establishment: February 25, 1986

Head Office: 1-3-2, Marunouchi, Chiyoda-ku, Tokyo

President and CEO: Kotaro Hagiwara
(assumed office on June 28, 2024)

Number of Employees: 1,657

Number of branches: In Japan: 26

Financial Information (Years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Ordinary income	¥ 122.7	¥ 86.1	¥ 56.5	¥ 47.9
Ordinary profit (loss) ..	33.0	23.3	4.6	(7.5)
Net income (loss)	25.7	17.0	(15.9)	(8.5)
At Year-End:				
Total assets	¥4,485.3	¥4,125.1	¥3,691.7	¥3,494.7

Note: All amounts shown are rounded down to the nearest 100 million.



www.smbc.co.jp/global/index.html



Sumitomo Mitsui Banking Corporation ("SMBC") was established in April 2001 through the merger of the two leading banks of The Sakura Bank, Limited and The Sumitomo Bank, Limited. Sumitomo Mitsui Financial Group, Inc. was established in December 2002 as a bank holding company through a share transfer, and SMBC became a wholly owned subsidiary of Sumitomo Mitsui Financial Group. In March 2003, SMBC merged with The Wakashio Bank, Ltd.

SMBC's competitive advantages include its solid and extensive client base, the expeditious implementation of strategies, and also the service providing capability of its predominant Group companies. Under the management of Sumitomo Mitsui Financial Group, SMBC will unite with other SMBC Group companies in an effort to provide highly sophisticated and comprehensive financial services to clients.

Company Name: Sumitomo Mitsui Banking Corporation

Business Profile: Commercial banking

Establishment: June 6, 1996

Head Office: 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

President and CEO: Akihiro Fukutome

Number of Employees: 27,808

Number of branches and other business locations:

In Japan:	1,726*
Branches:	526
(Including 47 specialized deposit account branches)	
Sub-branches:	357
Banking agencies:	2
Automated service centers:	841
Overseas:	47
Branches:	19
Sub-branches:	24
Representative offices:	4

* The number of domestic branches excludes ATMs located at retail convenience stores. The number of overseas branches excludes branches that are closing and locally incorporated companies overseas.

Credit Ratings (as of June 30, 2024)

	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A	A-1
Fitch Ratings	A	F1
R&I	AA	a-1+
JCR	AA	J-1+

Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Ordinary income.....	¥ 7,754.3	¥ 4,991.9	¥ 2,990.4	¥ 2,786.6
Ordinary profit	1,356.5	1,125.9	867.8	534.7
Net income.....	901.9	807.0	568.2	406.0
At Year-End:				
Net assets	¥ 11,494.2	¥ 9,735.5	¥ 9,219.8	¥ 9,256.3
Total assets	272,298.2	252,567.5	242,105.9	228,066.5

Note: All amounts shown are rounded down to the nearest 100 million.



www.smfl.co.jp/english/



Sumitomo Mitsui Finance and Leasing is a top-class comprehensive leasing company in Japan. Leveraging over 60 years of expertise in the leasing business along with the customer base and network of SMBC Group and Sumitomo Corporation, we offer diverse services that aid in solving customers' management issues and social issues.

During Fiscal 2024, the second year of our Medium-Term Management Plan, we are aiming to become a carbon neutrality solutions provider and a circular economy platformer to realize our theme of pursuing strengths as a company with a wide range of financial functions and taking on the challenge of solving social issues. We will also leverage SMFL's strength in in-house development DX to pursue the creation of social value and expansion of economic value while strengthening traceability of goods.

Company Name: Sumitomo Mitsui Finance and Leasing Company, Limited

Business Profile: Leasing

Establishment: February 4, 1963

Head Office:

Tokyo Head Office: 3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Osaka Head Office: 3-10-19, Minami-Semba, Chuo-ku, Osaka

President and CEO: Masaki Tachibana

Number of Employees: 3,941

Credit Ratings (as of June 30, 2024)

	Long-term	Short-term
Standard & Poor's	A-	—
R&I	AA	a-1+
JCR	AA	J-1+

Financial Information

(Consolidated basis, years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Leasing transaction volume	¥2,446.8	¥3,143.1	¥2,939.2	¥2,433.5
Operating revenue	2,267.5	2,159.3	1,818.5	1,438.2
Operating profit.....	157.4	133.1	116.2	41.3
Ordinary profit.....	149.7	136.5	119.4	45.0
Profit attributable to owners of parent.....	129.7	50.4	35.3	33.6
At Year-End:				
Total assets	¥9,696.1	¥9,245.6	¥7,795.9	¥7,041.9

Notes:

1. All amounts shown are rounded down to the nearest 100 million.
2. Consolidated subsidiaries include SMBC Aviation Capital Limited.



Ever since our foundation in 1918 as Kawashimaya Shoten, SMBC Nikko Securities Inc. has over the past 100 years been supported by many clients and we have grown together with our clients.

Since October 2009, when we joined Sumitomo Mitsui Financial Group, we have been redoubling our efforts to further improve our ability to assist our clients, both individual and corporate clients, and to enhance our capabilities as an integrated securities company.

Our vision remains to grow with our clients and be their trusted advisor. "Share the Future" is our brand slogan and, as a firm of financial professionals, we will strive to act in the best interests of our clients by leveraging our track record of managing diverse risks and delivering innovative financial services.

Company Name: SMBC Nikko Securities Inc.
Business Profile: Securities
Establishment: June 15, 2009
Head Office: 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
President and CEO: Shuji Yoshioka
Number of Employees: 8,999

Credit Ratings (as of June 30, 2024)

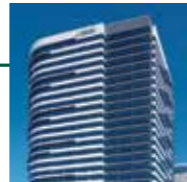
	Long-term	Short-term
Moody's	A1	P-1
Standard & Poor's	A	A-1
R&I	AA	a-1+
JCR	AA	—

Financial Information (Years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Operating revenue.....	¥ 403.3	¥ 262.8	¥ 333.1	¥ 354.7
Operating income.....	24.6	(42.0)	56.6	79.5
Ordinary profit.....	36.1	(38.3)	59.6	81.9
Net income.....	26.8	(32.3)	44.2	71.0
At Year-End:				
Total assets.....	¥19,739.5	¥14,993.2	¥13,979.8	¥13,213.1

Notes:

- All amounts shown are rounded down to the nearest 100 million.
- Due to a change in the method of presentation of financial income beginning from FY2021, operating revenues adjusted values are presented for prior periods.



(Japanese only)

Since its start in 1967, Sumitomo Mitsui Card Company has led Japan's credit card industry as Japan's Visa card pioneer and as a comprehensive payment operator at the forefront of cashless payments.

In April 2024, SMBC Finance Service was merged into Sumitomo Mitsui Card Company. As a core operator of SMBC Group's payment business, Sumitomo Mitsui Card Company intends to offer even more full-fledged services.

By offering products and services drawing on the company's creditworthiness, know-how, and business foundation as a top player in the industry, Sumitomo Mitsui Card Company will integrate its credit card business, credit sales business, and transaction business to serve as a "digital & innovation" company that earns customers' patronage by supporting payments in every scenario.

Company Name: Sumitomo Mitsui Card Company, Limited
Business Profile: Credit card
Establishment: December 26, 1967
Head Office:
Tokyo Head Office: 2-2-31, Toyosu, Koto-ku, Tokyo
Osaka Head Office: 4-5-15, Imabashi, Chuo-ku, Osaka
President and CEO: Yukihiko Onishi
Number of Employees: 5,847

Credit Rating (as of June 30, 2024)

	Long-term	Short-term
R&I	AA	a-1+

Financial Information (Years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Revenue from credit card operations.....	¥34,753.4	¥30,183.4	¥24,754.4	¥20,799.0
Operating revenue.....	632.9	523.5	470.5	447.5
Operating profit.....	38.6	32.8	31.0	34.5
Ordinary profit.....	40.8	33.0	34.1	35.3
Net income (loss).....	25.5	21.8	19.8	35.8
At Year-End:				
Total assets				
Sumitomo Mitsui Card Company.....	¥ 4,401.3	¥ 3,400.1	¥ 2,852.2	¥ 2,524.5
SMBC Finance Service.....	¥ 2,161.9	¥ 2,062.7	¥ 2,382.6	¥ 2,372.1
Number of cardholders (in tens of thousands).....				
	3,615	3,316	3,143	3,011

Notes:

- All amounts shown are rounded down to the nearest 100 million.
- To reflect the integrated management of Sumitomo Mitsui Card Company and SMBC Finance Service, the above figures for operating revenue, operating profit, ordinary profit, and net income (loss) use internal management figures arrived at through the simple addition of the consolidated figures for both companies. (Consolidated figures for Sumitomo Mitsui Card Company do not include consolidated figures for SMBC Finance Service.)
- Revenue from credit card operations includes e-money and QR code transactions.
- Number of cardholders includes the number of debit cardholders.
- Number of cardholders is only for cards issued by the company.



Since its establishment in 1962, SMBC Consumer Finance has provided consumer financial services capable of promptly meeting customers' diverse financial needs, by developing convenient and safe personal loan products tailored to changes in customers' lifestyles and by preparing a structure for handling diverse consultation and contract needs.

Company Name: SMBC Consumer Finance Co., Ltd.
Business Profile: Consumer lending
Establishment: March 20, 1962
Head Office: 2-2-31, Toyosu, Koto-ku, Tokyo
President and CEO: Terumasa Takahashi
Number of Employees: 2,083

Credit Rating (as of June 30, 2024)

	Long-term	Short-term
R&I	AA	—

Financial Information (Years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Operating revenue.....	¥ 195.6	¥ 180.4	¥ 179.3	¥187.1
Operating profit.....	48.8	40.8	41.2	46.7
Ordinary profit.....	95.5	40.6	42.0	48.0
Net income.....	84.5	52.9	38.8	38.8
At Year-End:				
Total assets.....	¥1,372.7	¥1,333.0	¥1,279.3	¥953.5

Note: All amounts shown are rounded down to the nearest 100 million.



The Japan Research Institute, Limited ("JRI") is a comprehensive information services company with think-tank, consulting and IT solutions functions.

Under the fundamental philosophy of "creating new value for the client," JRI offers concrete proposals for identifying and resolving issues together with support for enacting those solutions.

JRI conducts a wide range of activities, including research and analysis of domestic and foreign economies and sharing policy proposals, supporting the creation of new businesses, consulting on management strategies and administrative reforms, planning and developing IT-based strategic data systems, as well as providing outsourcing services.

Company Name: The Japan Research Institute, Limited

Business Profile: Economic research, management consulting, system development and data processing

Establishment: November 1, 2002

Head Office:

Tokyo Head Office: 2-18-1, Higashi-Gotanda, Shinagawa-ku, Tokyo

Osaka Head Office: 2-2-4, Tosabori, Nishi-ku, Osaka

President and CEO: Katsunori Tanizaki

Number of Employees: 3,258

Financial Information (Years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Operating revenue.....	¥249.6	¥219.7	¥214.3	¥147.4
Operating profit.....	2.7	4.0	4.5	1.9
Ordinary profit.....	3.9	5.0	5.0	2.3
Net income.....	3.9	3.5	3.6	2.4
At Year-End:				
Total assets.....	¥131.3	¥124.3	¥116.8	¥105.6

Note: All amounts shown are rounded down to the nearest 100 million.



Sumitomo Mitsui DS Asset Management Company, Limited is an asset management company that strengths in active investment and has an industry-leading investment research platform, and a global network.

Sumitomo Mitsui DS Asset Management Company provides high-quality asset management services that meet specific needs of its diverse client base that ranges from Japanese and non-Japanese institutional (pension funds, financial institutions, etc.) to individual investors. The company's vision is to become the best asset management firm for better Quality of Life of its clients and all the other stakeholders.

Company Name: Sumitomo Mitsui DS Asset Management Company, Limited

Business Profile: Investment management business, investment advisory and agency business, type II financial instruments business

Establishment: July 15, 1985

Head Office: 1-17-1 Toranomon, Minato-ku, Tokyo

President and CEO: Takashi Saruta

Number of Employees: 823

Financial Information (Years ended March 31)

	Billions of yen			
	2024	2023	2022	2021
For the Year:				
Operating revenue.....	¥ 82.7	¥ 71.9	¥ 77.2	¥ 61.5
Operating profit.....	6.3	3.7	5.8	0.1
Ordinary profit.....	17.6	3.3	7.0	0.4
Net income (loss).....	25.2	2.0	4.1	(28.9)
At Year-End:				
Total assets.....	¥140.0	¥107.8	¥113.8	¥106.3

Note: All amounts shown are rounded down to the nearest 100 million.

Risk Management

Risk Management Categories

SMBC Group defines the following risk management categories and conducts management of these risks accordingly.

Group companies manage risk in accordance with the characteristics of their particular businesses. These risk categories are continuously reviewed and new ones may be added in response to changes in the operating environment.

Risk Category		Department in Charge
Credit risk	Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.	Credit & Investment Planning Department
Market risk	Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, equity prices, or other market prices will change the market value of financial products, leading to a loss.	Corporate Risk Management Department Risk Management Information Department
Liquidity risk	Liquidity risk is defined as uncertainty around the ability of the firm to meet debt obligations without incurring unacceptably large losses. Examples of such risk include the possible inability to meet current and future cash flow / collateral needs, both expected and unexpected. In such cases, the firm may be required to raise funds at less-than-favorable rates or be unable to raise sufficient funds for settlement.	Corporate Risk Management Department Risk Management Information Department
Operational risk	Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events (see page 163 for information on risk categories and the departments in charge).	Corporate Risk Management Department Risk Management Information Department
Conduct risk	Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interest, and the SMBC Group's stakeholders through acts that violate laws and regulations or social norms.	Corporate Risk Management Department Compliance Department
Model risk	Model risk is the risk of potential adverse consequences or financial loss resulting from misinformed decision making based on inaccurate model outputs or using the model inappropriately.	Corporate Risk Management Department
Reputational risk	Reputational risk refers to the risk of not meeting the expectations for high ethics, integrity, etc. by the stakeholders (that is, customers, shareholders, market, society, environment, employees, etc.) due to the business of the SMBC Group and the behavior of employees and other related parties, as well as of leading to impairment of the Enterprise Value and decline in trust.	General Affairs Department Public Relations Department
Environmental and social risk	Environmental and social risks are the risks that environmental and social factors become risk drivers and transmit through various pathways to each risk category, ultimately resulting in losses to the SMBC Group	Environmental & Social Risk Management Department Department of Credit & Investment Planning Department Sustainability Planning Department

Top Risks

Top Risks, risks that threaten to significantly impact management, recognized by SMBC Group are listed in the table below (see page 127 for information on methods of utilizing Top Risks).

Top Risks	Example Scenarios
World economic stagnation	• Global economic recession due to factors such as the reversal of the credit cycle and the economic slowdown in China
Highly volatile financial markets/sudden deterioration of the foreign currency funding conditions	• Market turmoil due to changes in the monetary policies of major countries
Manifestation of a global financial crisis	• Emergence of a global financial crisis due to the failures of banks and rapid outflow of funds from shadow banks
Japanese economic stagnation	• Economic slowdown due to soaring import prices / Negative impact on the economy due to debt adjustments with rising yen interest rates
Japanese fiscal instability	• Emergence of a Japan sell-off due to increased interest payments on government debt and deteriorating public finances caused by rising defense spending
The U.S.-China struggle for supremacy	• Deterioration of the business environment due to political conflict between the U.S. and China, and growing concerns over the security environment
Growing tensions around Russia-Ukraine conflict	• Radicalization of Russia, including the use of tactical nuclear weapons / Accidental conflict with NATO members
Unstable situations in Asia and the Middle East	• Occurrence of emergency incidents due to heightened tensions on the Korean Peninsula / Sudden surge in resource prices due to growing tensions in the Middle East
Political turmoil and social instability	• Social turmoil surrounding the next presidential election in the U.S. / Uncertain policy management in China
Outbreak of serious infectious disease	• Occurrence of a pandemic due to the emergence of a virus or bacterium that is highly infectious to humans
Disasters such as large-scale earthquakes, storms, and floods	• Negative impact caused by the occurrence of large-scale earthquakes and volcanic eruptions, the increased frequency of extreme weather events and natural disasters, and the impairment of natural capital
Inadequate responses to Cyber-attacks	• Business disruption due to cyber attack damages occurring to our company, third parties, or counterparties
Changes in industrial structure due to technological innovation	• Decrease in our competitiveness due to the rapid digitization of financial services (fintech, digital currency, etc.)
Inadequate responses to climate change and conservation of natural capital	• Deterioration of reputation and occurrence of stranded assets due to inadequate efforts to reduce GHG emissions and conserve natural capital
Inadequate responses to human rights and other social issues	• Deterioration of our company's reputation due to insufficient response to human rights issues, gender issues and work-life balance reform
Misconduct damaging customer protection and market integrity	• Administrative actions and deterioration of our company's reputation due to employees' inappropriate behavior and serious disciplinary violations
Inadequate preparedness for AML/CFT	• Administrative actions and deterioration of our company's reputation due to inadequate preparedness to AML/CFT/CPF controls
Inadequate responses to system failures	• Significantly negative impact on customers and deterioration of our reputation due to system failures of our company and third parties
Inadequate preparedness for heightened regulatory and supervisory scrutiny	• Impact on our business due to the strengthening of financial supervision and regulation
Difficulty in securing human resources	• Restrictions on business operations and decreased competitiveness due to a lack of headcount and specialized human resources

Note: The above is only a portion of the risks recognized by SMBC Group. It is possible that the materialization of risks other than those listed above could have a significant impact on our management.

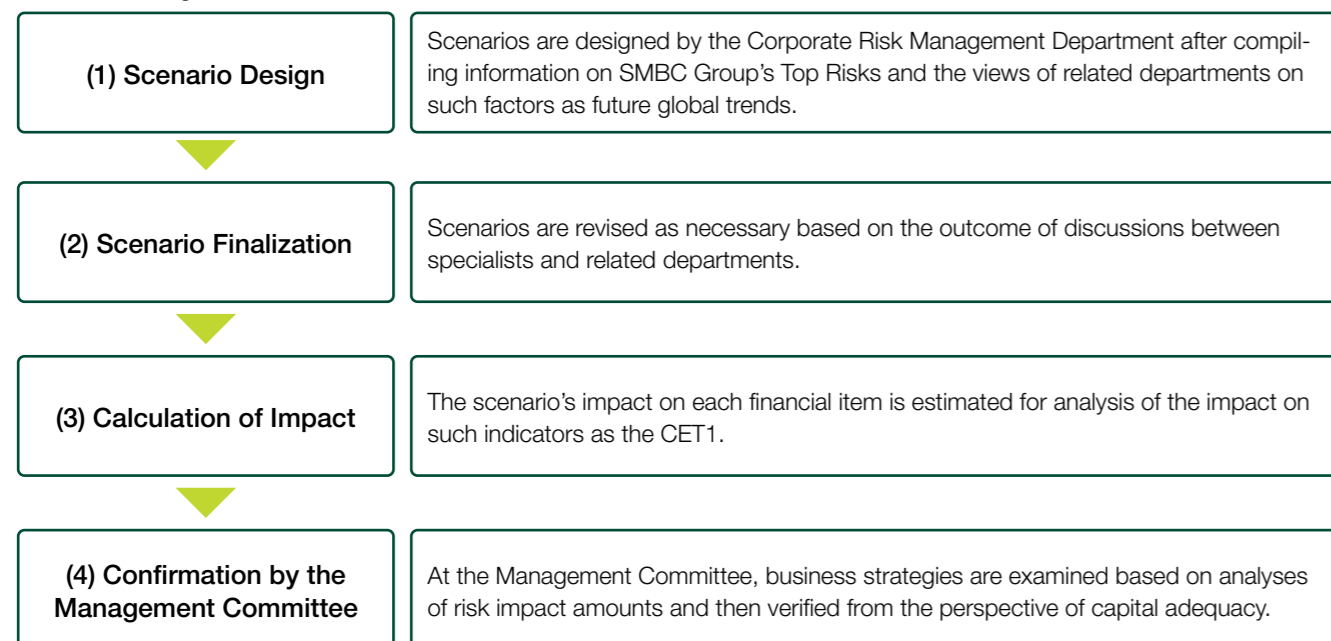
Stress Testing

SMBC Group conducts stress testing for each category of risks as well as stress testing used to verify the overall soundness of comprehensive risk management practices. The level of soundness used for verifications is determined based on risk appetite combined with consideration for the severity of the scenario anticipated.

When evaluating group-wide soundness, evaluations are made using consolidated balance sheets and consolidated statements of income, which include data from affiliates, with the goal of identifying major risks to our business and asset portfolio. Specifically, scenarios are selected based on the aforementioned severity level as well as background conditions that cover all areas in which we may face risks (e.g. an outlook encompassing the entire world). We also employ methodology for ensuring scenarios can be accurately reflected and for incorporating business and portfolio characteristics.

Commonly used statistical methods are utilized in developing such methodologies. However, as it is necessary to estimate outliers, we may choose the methodology that best recreates outliers rather than the methodology that offers the highest statistical accuracy. When projecting scenarios for which there are no prior examples, human judgment may be given greater weight than the results of estimates.

Stress Testing Process



In this manner, stress testing processes often require a variety of expertise. When selecting the background conditions for scenarios, expertise regarding macroeconomic conditions and geopolitical risks is required. When selecting methodologies, insight into the statistical and other mathematical analysis techniques is crucial. When calculating impacts on SMBC Group as a whole, insight into SMBC Group and the businesses of its customers must be used. Stress testing processes will thus be based on discussions and opinions of directors, members of upper management, specialists, and representatives from relevant organizations and records will be created of these discussions and opinions in order to ensure objectivity, transparency, and reproducibility. In this way, measures for practicing proper governance of stress testing will be applied.

Risk-Weighted Assets

Risk-weighted assets subject to the Basel Capital Accord totaled ¥92,848 billion as of March 31, 2024, up ¥15,563 billion from March 31, 2023. Main factors behind fluctuations in risk-weighted assets include reviews associated with the finalization of Basel III and impacts of depreciation of the yen.

Risk-Weighted Assets as of March 31, 2024

	(Trillions of yen)		
	March 31, 2023	March 31, 2024	Increase (decrease)
Credit risk	65.0	84.3	+19.3
Market risk	4.4	2.9	(1.5)
Operational risk	4.8	5.5	+0.6
Floor adjustments*	2.9	0.0	(2.9)
Total	77.2	92.8	+15.5

*March 31, 2023: Adjustments for difference between Advanced Internal Ratings-Based (AIRB) approach and Foundation Internal Ratings-Based (FIRB) approach
 March 31, 2024: Adjustments for difference between internal model approaches and standardised approach

Risk Assets of Individual Business Units

	(Trillions of yen)	
SMBC Group		
Credit risk	84.3	
Market risk	2.9	
Operational risk	5.5	
Floor adjustments	0.0	
	Retail Business Unit	12.4
	Wholesale Business Unit	23.3
	Global Business Unit	32.6
	Global Markets Business Unit	10.6

Credit Risk

1. Basic Approach to Credit Risk Management

(1) Characteristics of Credit Risk

Credit risk is characterized by the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.

(2) Fundamental Principles for Credit Risk Management

All Group companies follow the fundamental principles established by SMBC Group to assess and manage credit risk on a group-wide basis and further raise the level of accuracy and comprehensiveness of group-wide credit risk management. Each Group company must comprehensively manage credit risk according to the nature of its business, and assess and manage credit risk of individual loans and credit portfolios quantitatively and using consistent standards.

Credit risk is the most significant risk to which SMBC Group is exposed. Without effective credit risk management, the impact of the corresponding losses on operations can be overwhelming.

The purposes of credit risk management is to keep credit risk exposure to a permissible level relative to capital, to maintain the soundness of group-wide assets, and to ensure returns commensurate with risk. Doing so leads to a loan portfolio that achieves high returns on capital and assets.

(3) Credit Policy

SMBC Group's credit policy comprises clearly stated universal and basic operating concepts, policies, and standards for credit operations, in accordance with our business mission and rules of conduct. SMBC Group is promoting the understanding of and strict adherence to its Group credit policy among all its managers and employees. By fostering a culture of appropriate levels of risk-taking and providing high-value-added financial services, SMBC Group aims to enhance shareholder value and play a key contributory role in the community.

2. Credit Risk Management System

At SMBC Group, the Group CRO formulates credit risk management policies each year based on the group-wide basic policies for risk management. Meanwhile, the Credit & Investment Planning Department is responsible for the comprehensive management of credit risk. This department drafts and administers credit risk regulations, including the Group credit policies, manages non-performing loans (NPLs), and performs other aspects of credit portfolio management. We have also established the Credit Risk Committee to serve as a body for deliberating on matters related to group-wide credit portfolios.

At SMBC, the core bank of SMBC Group, the Credit & Investment Planning Department within the Risk Management Unit furnishes the credit risk management system and is thus responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines, and credit application guidelines, and also manages NPLs and performs other aspects of credit portfolio management, including active portfolio management using credit derivatives.

The department also cooperates with the Corporate Risk Management Department in quantifying credit risk (risk capital and risk-weighted assets) and controls the bank's entire credit risk.

The credit department in charge, in cooperation with branches, conducts credit risk assessments and manages credit portfolios within each credit department's jurisdiction. The credit approval authority is determined based on the credit amount and internal grades, while credit departments focus on the analysis and management of customers and transactions with relatively high credit risk. The Credit Administration Department is responsible for handling NPLs of borrowers classified as potentially bankrupt or lower, and draws up plans for their workouts, including write-offs. It works to efficiently reduce the amount of NPLs through Group company SMBC Servicer Co., Ltd., which engages in related services, and by such means as the sell-off of claims. Through industrial and

sector-specific surveys and studies of individual companies, the Corporate Research Department works to form an accurate idea of the circumstances of borrower companies and quickly identify those with potentially troubled credit positions as well as promising growth companies.

The Compliance Unit has in place a system of coordinating to establish systems for providing explanations to customers and develop information management practices for the purpose of customer protection and to prevent transactions with antisocial forces, among other tasks.

The Internal Audit Unit, operating independently of the business units, audits asset quality, the accuracy of gradings and self-assessment, and the state of credit risk management, and reports the results directly to the Audit and Supervisory Committee and the Management Committee.

SMBC has established the Credit Risk Committee as a consultative body to round out its oversight system for undertaking flexible and efficient control of credit risks, and ensuring the overall soundness of the bank's loan operations.

3. Credit Risk Management Methods

(1) Credit Risk Assessment and Quantification

At SMBC Group, to effectively manage the risk involved in individual loans as well as the credit portfolio as a whole, we first acknowledge that every loan entails credit risks, assess the credit risk posed by each borrower and loan using an internal rating system, and quantify that risk for control purposes.

(a) Internal Rating System

There is an internal rating system for each asset control category established according to portfolio characteristics. For example, credits to corporates are assigned an "obligor grade," which indicates the borrower's creditworthiness, and/or "facility grade," which indicates the collectibility of assets taking into account transaction conditions, such as guarantee/collateral, credit period, and tenor. An obligor grade is determined by first assigning a financial grade using a financial strength grading model and data obtained from the obligor's financial statements. The financial grade is then adjusted taking into account the actual state of the obligor's balance sheet and qualitative factors to derive the obligor grade. In the event that the borrower is domiciled overseas, internal ratings for credit are made after taking into consideration country rank, which represents an assessment of the credit quality of each country, based on its political and economic situation as well as its current account balance and external debt. The borrower categories used in self-assessment are consistent with the obligor grade categories.

Obligor grades and facility grades are reviewed once a year, and whenever necessary, such as when there are changes in the credit situation. There are also grading systems for loans to individuals and project finance and other structured finance tailored according to the risk characteristics of these types of assets.

The Credit & Investment Planning Department centrally manages the internal rating systems and properly designs, operates, supervises, and validates the grading models. It validates the grading models and systems of main assets following the procedures manual (including those for statistical validation) once a year to ensure their effectiveness and suitability and submits reports with this regard. SMBC, the core bank of SMBC Group, employs a total of 21 grading models for corporate, specialized lending, and retail applications. For details on internal rating methods, please refer to Appendix II.

(b) Quantification of Credit Risk

Credit risk quantification refers to the process of estimating the degree of credit risk of a portfolio or individual loan taking into account not just the obligor's Probability of Default (PD) but also the concentration of risk in a specific customer or industry and the loss impact of fluctuations in the value of collateral, such as real estate and securities.

Specifically, first, the PD by grade, Loss Given Default (LGD), credit quality correlation among obligors, and other parameter values are estimated using historical data of obligors and facilities stored in a database to calculate the credit risk. Then, based on these parameters, we run a simulation of simultaneous default using the Monte Carlo method to calculate our maximum loss exposure to the estimated amount of the maximum losses that may be incurred. Based on these quantitative results, we allocate risk capital.

Risk quantification is also executed for purposes such as to determine the portfolio's risk concentration, or to simulate economic movements (stress tests), and the results are used for making optimal decisions across the whole range of business operations, including formulating business plans and providing a standard against which individual credit applications are assessed. For details on internal rating methods, please refer to Appendix II.

(2) Framework for Managing Individual Loans

SMBC Group strives to maintain a sound portfolio through appropriate credit assessments and monitoring conducted over credit periods. The following framework is used for managing individual loans at SMBC, the core bank of SMBC Group.

(a) Credit Assessment

At SMBC, credit assessment of corporate loans involves a variety of financial analyses, including cash flow, to predict an enterprise's capability of loan repayment and its growth prospects. These quantitative measures, when combined with qualitative analyses of industrial trends, the enterprise's R&D capabilities, the competitiveness of its products or services, and its management caliber, result in a comprehensive credit assessment. The loan application is analyzed in terms of the intended utilization of the funds and the repayment schedule. Thus, SMBC is able to arrive at an accurate and fair credit decision based on an objective examination of all relevant factors.

Increasing the understandability to customers of loan conditions and approval standards for specific borrowing purposes and loan categories is a part of SMBC's ongoing review of lending practices, which includes the revision of loan contract forms with the chief aim of clarifying lending conditions utilizing financial covenants.

To respond proactively and promptly to customers' funding needs—particularly those of SMEs—we employ a standardized credit risk assessment process for SMEs that uses a credit-scoring model. With this process, we are building a regime for efficiently marketing our Business Select Loan and other SME loans.

In the field of housing loans for individuals, we employ a credit assessment model based on credit data amassed and analyzed by SMBC over many years. This model enables our loan officers to efficiently make rational decisions on housing loan applications and to reply to the customers without delay. It also facilitates the effective management of credit risk as well as the flexible setting of interest rates.

We also provide loans to individuals who rent out properties such as apartments. The loan applications are subjected to a precise credit risk assessment process utilizing a risk assessment model that factors in the projected revenue from the rental business. We also provide advice to such customers on how to revise their business plans.

SMBC's Domestic Obligor Grading System

Obligor Grade	Definition	Borrower Category	Financial Reconstruction Act Based Disclosure Category
1	Very high certainty of debt repayment	Normal Borrowers	Normal Assets
2	High certainty of debt repayment		
3	Satisfactory certainty of debt repayment		
4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation		
5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of any changes in economic trends or business environment		
6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment		
7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems (Borrowers Requiring Caution identified as Substandard Borrowers)	Borrowers Requiring Caution Substandard Borrowers	Substandard Loans
8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers	Doubtful Assets
9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets
10	Legally or formally bankrupt	Bankrupt Borrowers	

(b) Credit Monitoring System

At SMBC, in addition to analyzing loans at the application stage, the Credit Monitoring System is utilized to maintain an understanding of the circumstances surrounding the obligor in order to reassess obligor grades and review self-assessment and credit policies so that problems can be detected at an early stage and quick and effective action can be taken. The system includes periodic monitoring carried out each time an obligor enterprise discloses financial results as well as continuous monitoring performed each time credit conditions change, as indicated in the diagram below.

(3) Framework for Credit Portfolio Management

In addition to managing individual loans, SMBC Group applies the following basic policies to the management of the entire credit portfolio to maintain and improve its soundness and profitability over the medium to long term. Information on the status of credit portfolio management is reported to the Management Committee and the Board of Directors and regular monitoring is performed through the Risk Appetite Framework (RAF).

(a) Appropriate Risk Control within Capital

To take risks within the acceptable level of capital, we set upper limits for overall risk capital based on the risk appetite and portfolio plan of each business unit and monitor credit risk capital as a breakdown of overall risk capital.

(b) Controlling Concentration Risk

As the equity capital of SMBC Group may be materially impaired in the event that the credit concentration risk becomes apparent, we implement measures to manage credit toward industrial sectors with excessive risk concentration and introduce large exposure limit lines and conduct intensive loan review for obligors with large exposure.

To manage country risk, we also have credit limit guidelines based on each country's creditworthiness.

(c) Researching Borrowers More Rigorously and Balancing Risk and Returns

Against a backdrop of drastic change in the business environment, we rigorously research borrower companies' actual conditions. We run credit operations on the basic principle of earning returns that are commensurate with the credit risk involved, and make every effort to reduce credit and capital costs as well as general and administrative expenses.

(d) Preventing and Reducing Non-Performing Loans

On NPLs and potential NPLs, we carry out regular loan reviews to clarify handling policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

(e) Actively Managing Portfolios

We engage in flexible portfolio control aimed at stabilization of our credit portfolio through credit control methods.

(4) Self-Assessment, Write-Offs and Provisions, Non-Performing Loans Disclosure

(a) Self-Assessment

Self-assessment is a preparatory task for ensuring SMBC Group's asset quality and calculating the appropriate level of write-offs and provisions. Each asset is assessed individually for its security and collectibility. Depending on the borrower's current situation, the borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Virtually Bankrupt Borrowers, and Bankrupt Borrowers. Based on the borrower's category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account such factors as collateral and guarantees.

Self-assessment is the latter stage of the obligor grading process for determining the borrower's ability to fulfill debt obligations, and the obligor grade criteria are consistent with the categories used in self-assessment. As part of our efforts to bolster risk management throughout SMBC Group, consolidated subsidiaries carry out self-assessment in substantially the same manner.

Borrower Categories, Defined

Normal Borrowers	Borrowers with good earnings performances and no significant financial problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Virtually Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined

Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of uncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

(b) Write-Offs and Provisions

In cases in which claims have been determined to be uncollectible or deemed to be uncollectible, write-offs signify the recognition of losses on the account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan loss provision on a contra-asset account in the amount deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision for the reserve for possible loan losses.

The write-off and provision standards and procedures for each self-assessment borrower category at SMBC, the core bank of SMBC Group, are shown on the right. As part of our overall measures to strengthen credit risk management throughout SMBC Group, all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and provisions.

SMBC's Standards for Write-Offs and Provisions		
Self-Assessment Borrower Categories	Standards for Write-Offs and Provisions	
Normal Borrowers	The expected loss amount for the next 12 months is calculated for each grade based on the grade's historical bankruptcy rate, and the total amount is recorded as "provision for the general reserve for possible loan losses."	
Borrowers Requiring Caution	These assets are divided into groups according to the level of default risk. Amounts are recorded as provisions for the general reserve in proportion to the expected losses based on the historical bankruptcy rate of each group. The groups are "claims on Substandard Borrowers" and "claims on other Borrowers Requiring Caution." The latter group is further subdivided according to the borrower's financial position, credit situation, and other factors. Further, when cash flows can be estimated reasonably accurately, the discounted cash flow (DCF) method is applied mainly to large claims for calculating the provision amount.	
Potentially Bankrupt Borrowers	A provision for the specific reserve for possible loan losses is made for the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means. Further, when cash flows can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount.	
Virtually Bankrupt / Bankrupt Borrowers	Classification III asset and Classification IV asset amounts for each borrower are calculated, and the full amount of Classification IV assets (deemed to be uncollectible or of no value) is written off in principle and provision for the specific reserve is made for the full amount of Classification III assets. Further, when cash flows from future reconstruction can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount.	
Notes	General Reserve	Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims
	Specific Reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

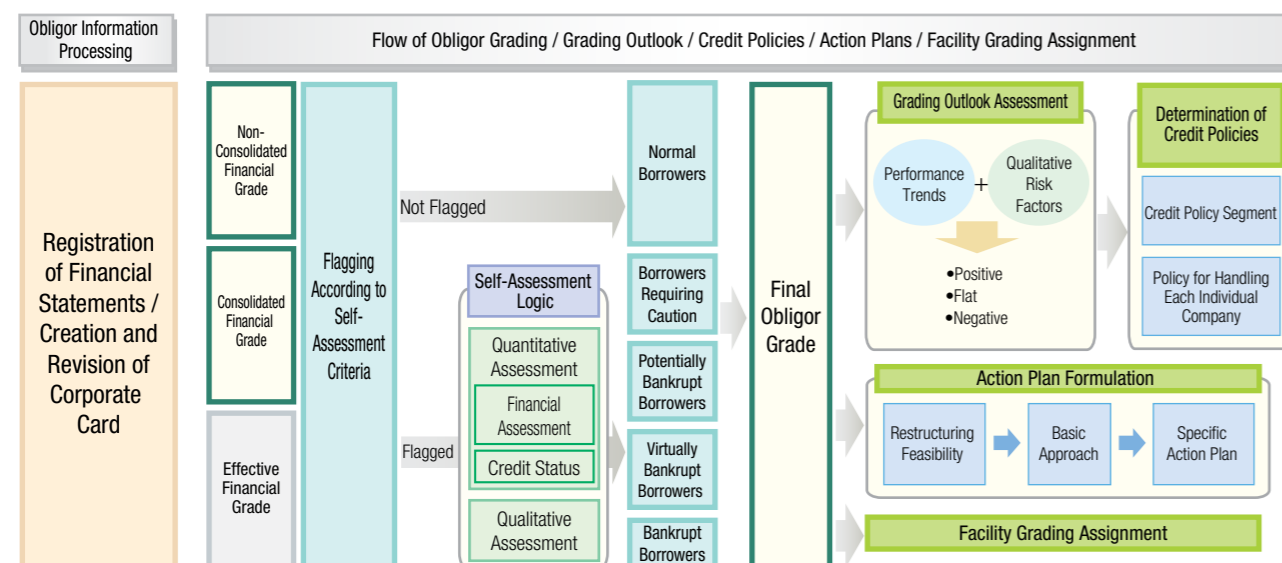
Discounted Cash Flow Method

SMBC uses the discounted cash flow (DCF) method to calculate the provision amounts for large claims on Substandard Borrowers or below when the cash flow from repayment of principal and interest received can be estimated reasonably accurately. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow discounted by the initial contractual interest rate or the effective interest rate at the time of origination. One of the major advantages of the DCF method over conventional methods of calculating the provision amount is that it enables effective evaluation of each individual borrower. However, as the provision amount depends on the future cash flow estimated on the basis of the borrower's business reconstruction plan and the DCF formula input values, such as the discount rate and the probability of the borrower going into bankruptcy, SMBC makes every effort to utilize up-to-date and correct data to realize the most accurate estimates possible.

Forward-Looking Provisions

SMBC records general reserves in amounts deemed necessary through comprehensive judgments to prepare for future losses in accordance with forecasts for specific portfolios with a high likelihood of occurrence and that cannot be reflected in past performance or in the borrower categories of specific companies based on recent operating environment and risk trends.

SMBC's Credit Monitoring System



(c) Non-Performing Loans Disclosure

Non-Performing Loans are loans and other claims of which recovery of either principal or interest appears doubtful. In disclosing Non-Performing Loans, the disclosure category is determined by the borrower categories assigned during self-assessment, and are disclosed as Non-Performing Loans based on the Banking Act and the Reconstruction Act.

4. Risk Management of Marketable Credit Transactions

Financial products, such as investments in funds, securitized products, and credit derivatives, that bear indirect risk arising from underlying assets such as bonds and loan obligations are considered to be exposed to both credit risk from the underlying assets as well as “market risk” and “liquidity risk” that arise from their trading as financial products. This is referred to as marketable credit risk.

For these types of products, we manage credit risk by analyzing and assessing the characteristics of the underlying assets, but, for the sake of complete risk management, we also apply the methods for management of market and liquidity risks.

In addition, we have established guidelines based on the characteristics of these types of risks and appropriately manage the risk of losses.

Market and Liquidity Risks

1. Basic Approach to Market and Liquidity Risk Management

(1) Definitions of Market and Liquidity Risks

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, equity prices, or other market prices will change the market value of financial products, leading to a loss.

Liquidity risk is defined as the uncertainty around the ability of the firm to meet debt obligations without incurring unacceptably large losses. Examples of such risk include the possible inability to meet current and future cash flow/collateral needs, both expected and unexpected. In such cases, the firm may be required to raise funds at less than favorable rates or be unable to raise sufficient funds for settlement.

(2) Fundamental Principles for Market and Liquidity Risk Management

SMBC Group is working to further enhance the effectiveness of its quantitative management of market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; and clearly separating front-office, middle-office, and back-office operations to establish a highly efficient system of mutual checks and balances.

2. Market and Liquidity Risk Management System

In accordance with the group-wide basic policies for risk management decided upon by the Management Committee, SMBC Group determines important matters relating to the management of market and liquidity risks, such as basic policies and risk limits, in order to manage these risks. The ALM Committee meets four times a year, in principle, to report on the state of market and liquidity risk management and to discuss ALM operation policies. The Corporate Risk Management Department and the Risk Management Information Department which are independent of the business units that directly handle market transactions, manage market and liquidity risks in an integrated manner. These departments not only monitor the current risk situation but also regularly report to the Management Committee and the Board of Directors. Furthermore, the ALM Committee at SMBC, the core bank of SMBC Group, meets on a monthly basis to examine reports on the state of observance of limits on market and liquidity risks and to discuss ALM operation policies.

3. Market and Liquidity Risk Management Methods

(1) Market Risk Management

SMBC Group manages market risk by controlling amounts of value at risk (VaR), losses, and risk capital based on consideration for the Group’s shareholders’ equity and other principal indicators of the Group’s Financial position and management resources, business policies pertaining to market transactions and market liquidity.

Market risk can be divided into various factors: foreign exchange rates, interest rates, equity prices, and option risks. SMBC Group manages each of these risk categories by employing VaR as well as supplemental indicators suitable for managing the risk of each risk factor, such as the BPV.

Trading activities are market operations that gain profits by taking advantage of fluctuations of market prices in the short term or price differences among markets. We assess and manage the market risk of trading activities on a daily basis by utilizing VaR and other tools. Banking activities are market operations which gain profits by controlling interest rates and term period for assets (loans, bonds, etc.) and liabilities (deposits, etc.). In the same way as in the case of trading activities, we assess and manage the market risk of banking activities on a daily basis, utilizing VaR and other tools.

The risk of interest rate fluctuation differs substantially by how to recognize the dates for the maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and how to estimate the time of cancellation prior to maturity of time deposits and consumer loans. At SMBC, the maturity of demand deposits that are expected to be left with the bank for a prolonged period is regarded to be up to 5 years (2.5 years on average). The cancellation prior to the maturity of time deposits and consumer loans is estimated based on historical data.

(a) Market Risks

a. Trading activities

Trading activities are market operations that gain profits by taking advantage of fluctuations of market prices in the short term or price differences among markets. At SMBC Group, we assess and manage the market risk of trading activities on a daily basis by utilizing VaR and other tools.

The following table shows the VaR results of the Group’s trading activities during fiscal 2023.

b. Banking activities

Banking activities are market operations which gain profits by controlling interest rates and term period for assets (loans, bonds, etc.) and liabilities (deposits, etc.). At SMBC Group, in the same way as in the case of trading activities, we assess and manage the market risk of banking activities on a daily basis, utilizing VaR and other tools.

The following table shows the VaR results of the Group’s banking activities during fiscal 2023.

■ VaR for Trading Activities

(Billions of yen)

	Fiscal 2023					March 31, 2023
	March 31, 2024	September 30, 2023	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	40.0	33.8	46.4	27.2	34.4	27.7
Interest rates	19.5	18.2	49.6	15.7	22.5	37.6
Foreign exchange	5.2	4.4	34.9	3.8	9.0	23.9
Equities, commodities, etc.	21.4	16.4	26.9	10.3	16.9	11.2
SMBC (consolidated)	17.5	14.5	21.5	10.9	15.3	11.6
SMBC (non-consolidated)	3.8	5.0	8.9	3.8	5.4	5.4

Note: VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)].

■ VaR for Banking Activities

(Billions of yen)

	Fiscal 2023					March 31, 2023
	March 31, 2024	September 30, 2023	Maximum	Minimum	Average	
Sumitomo Mitsui Financial Group (consolidated)	95.1	94.7	99.5	65.5	85.9	69.4
Interest rates	79.6	84.3	92.8	62.1	77.1	64.7
Equities, etc.	31.8	26.4	33.1	4.0	21.3	11.3
SMBC (consolidated)	93.5	93.3	98.1	64.1	84.6	68.0
SMBC (non-consolidated)	79.2	79.2	84.1	51.2	71.0	55.2

Notes: 1. VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)].
2. The above category of “Equities, etc.” does not include strategic shareholdings.

(b) Market Risk Measurement Model

a. Overview

SMBC Group uses an internal model to measure VaR. In our internal VaR model, various market fluctuation scenarios are drawn up on the basis of past data, and the historical simulation method is used to run profit-and-loss movement simulations that enable us to forecast probable maximum losses. The appropriateness of the internal model is verified through back testing. Additionally, this model undergoes regular audits by an independent auditing firm and has been evaluated as appropriate.

b. Validity verification process

SMBC Group conducts back-testing on major portfolios as a procedure for verifying of the internal model. Specifically, we compare the VaR figures calculated by the internal model with the hypothetical profit-and-loss figures of those portfolios on a daily basis to confirm the appropriateness of VaR calculation and the adequacy of risk capital management. We also regularly conduct verification and analysis related to the autocorrelation of risk factors and the effect of the observation period to confirm the validity of the model.

c. Substitute indicators

SMBC Group employs, as substitute indicators, VaR wherein pre-suppositions for the model (observation periods, etc.), change.

d. Changes in model from fiscal 2022

There have been no changes in the model from fiscal 2022.

(c) Stress Testing

The market occasionally undergoes extreme fluctuations that exceed projections. To manage market risk, therefore, it is important to run simulations of unforeseen situations that may occur in financial markets (stress testing). SMBC Group conducts stress tests regularly, assuming various scenarios, and has measures in place for irregular events.

(d) Management of Equity Holdings

SMBC Group establishes risk allowance limits for total risk capital to control equity price fluctuation risk appropriately. Risk capital associated with equity holdings is monitored as a component of total risk capital. More specifically, VaR (1 year holding period) computed from profit-and-loss simulations based on historical market fluctuation data and aggregated fluctuation in market price from the beginning of the fiscal year are subject to the risk capital management and monitored on a daily basis.

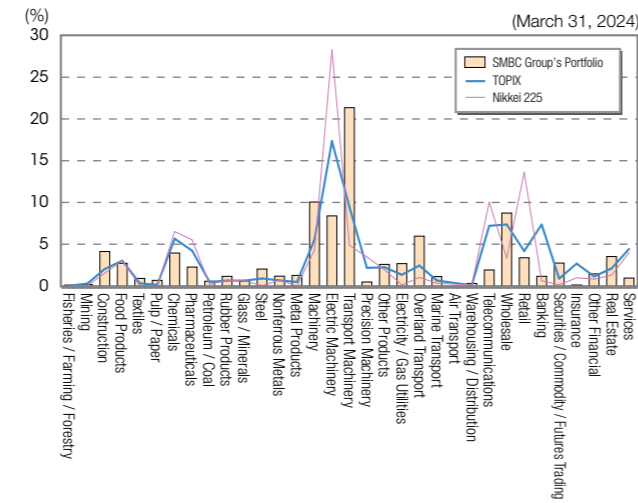
SMBC Group continuously makes efforts to reduce price fluctuation risks from the point of view of maintaining a foundation that can sufficiently demonstrate its financial intermediary function even in a stressful environment in which the prices of equities drastically fall.

In May 2023, we announced a plan to reduce the balance of our holdings by ¥200 billion^(*) over three years from the end of March 2023, and achieved a reduction of ¥134 billion in the first year of the plan (FY2023). In FY2024, we will aim to meet the targets of the plan ahead of schedule.

We have also set interim balance targets.

(*) The book value of Japanese listed equities held by SMBC Group.

■ Composition, by Industry, of Listed Equity Portfolio



(2) Liquidity Risk Management

At SMBC Group, liquidity risk is regarded as one of the major risks. The Group's liquidity risk management is based on a framework consisting of setting Risk Appetite Measures and establishing contingency plans.

The Risk Appetite Measures are measures for selecting the types and levels of risk that we are willing to take on or tolerate. As the level of liquidity risk is evaluated based on cash flow and balance sheet conditions, Risk Appetite Measures have been set for both of these areas. These measures include Liquidity Coverage Ratio and Net Stable Funding Ratio, a liquidity regulation; periods set for which it will be possible to maintain funding levels even under stress due to deposit outflow or other factors; and the ratio that stable funding covers loans.

The tolerated levels of risk are set based on account funding status, cash management planning, economic environments, and other factors, and measures are monitored on a daily or monthly basis in order to limit reliance on short-term funding and appropriately manage liquidity.

As a framework to complement the Risk Appetite Measures, upper limits are set in place on both a Group company basis and an individual branch basis with regard to funding gaps, which is defined as a maturity mismatch between the source of funds and use of funds.

Furthermore, contingency plans are established in preparation for emergency situations. These plans contain information on chains of command and lines of reporting as well as detailed action plans depending on the existing situation (i.e., normal, concerned, or critical). Meanwhile, SMBC carries out quantitative management of alert indications based on early warning indicators established to assist the bank in promptly and systematically detecting liquidity risks.

Operational Risk

1. Basic Approach to Operational Risk Management

(1) Definition of Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, and systems or from external events. Specifically, the risk—which, in addition to processing risk and system risk, covers legal risk, human resources risk, and tangible asset risk, and third party risk—consists of the following seven event types that may lead to the risk of loss defined in the Basel Capital Accord: (1) internal fraud, (2) external fraud, (3) employment practices and workplace safety, (4) clients, products, and business practices, (5) damage to physical assets, (6) business disruption and system failures, and (7) execution, delivery, and process management.

(2) Fundamental Principles for Operational Risk Management

SMBC Group has set the policies on Operational Risk Management that stipulate basic matters in the conduct of operational risk management. Following these policies, we are enhancing operational risk management across the Group under basic principles that include the establishment of an effective framework for identifying, assessing, controlling, and monitoring material risks and the establishment of an incident response structure and emergency response structure in preparation for the materialization of risks. Based on the framework of Basel Capital Accord, we continuously strive to raise the level of risk management across the Group.

2. Operational Risk Management System

SMBC Group has developed an operational risk management structure atop the Risk Management Principle Policy. Our basic policy for operational risk management is decided by the Group Management Committee and approved by the Board of Directors.

The Corporate Risk Management Department and the Risk Management Information Department oversee management of

operational risks overall, working with departments responsible for subcategories such as processing risk and system risks to comprehensively manage operational risks. The Internal Audit Department conducts periodic internal audits to verify that this operational risk management structure functions properly.

3. Operational Risk Management Methodology

SMBC Group manages internal loss data and key risk indicators (KRI), and creates risk registers. Internal loss data is defined as “information on the events in which the Bank incurs losses due to operational risk.” We examine measures for prevention of recurrence by analyzing collected data and perform risk management based on loss events that have occurred. KRI shall be the monitoring indicator to ascertain the symptoms of the potential operational risks and to ensure effective control for them. When risks are considered to have heightened, we analyze the causes and formulate improvement measures. At the end of March 2024, SMBC Group adopted the standardised approach for calculating the operational risk equivalent amount under Basel Capital Accord.

4. Processing Risk Management

Processing risk is the risk of losses arising from the failure of directors and employees to perform administrative duties in accordance with administrative rules and procedures, or from accidents or misconduct.

SMBC Group has clarified the divisions responsible for the oversight functions for processing risk management, and we are working to raise the level of sophistication of our management of processing risk across the whole Group on a risk basis by establishing systems for managing the processing risks faced by Group companies, ensuring in-office inspection, minimizing losses in the event of processing risk materialization by drafting exhaustive contingency plans, and carrying out thorough quantification of the risk under management as basic principles.

Risk Category	Definition	Department in Charge
Operational risk	The risk of loss arising from inadequate or failed internal processes, people, and systems or from external events.	Corporate Risk Management Department Risk Management Information Department
Processing risk	The risk of losses arising from the failure of directors and employees to perform administrative duties in accordance with administrative rules and procedures, or from accidents or misconduct.	Operations Planning Department
System risk	The risk arising from nonconformity to the business strategies, inappropriate technologies applied, changes to the development plan and delay in development when building an information system, and the risk of loss incurred due to the breakdown including those caused by cyber attack, malfunction, deficiency, or unauthorized use (unauthorized alteration, destruction, duplication, and leakage of the information).	System Planning Department
Legal risk	The risk of compensation of damages arising from insufficient legal consideration or breach of contract, or a surcharge, a forfeit or an administrative fine for infringing the laws and regulations.	Compliance Department
Human resources risk	The risk of loss arising from inappropriate labor practices, poor working environments, discriminatory conduct, an outflow or loss of human resources, or deterioration in employee morale.	Human Resources Department
Tangible asset risk	The risk of loss arising from damage to tangible assets or deterioration in the operational environment caused by disasters or inadequate asset maintenance.	Administrative Services Department
Third party risk	The risk of loss arising from damage due to negative incidents caused by third parties who have business relationship with SMBC Group.	Corporate Risk Management Department

Basic policies for processing risk management are decided by the Management Committee and then approved by the Board of Directors. The status of processing risk management is reported to the Management Committee and the Board of Directors regularly and when necessary. These and other steps are taken to ensure that we can provide customers with high-quality services.

Based on the group-wide basic policies for risk management, Group companies promote appropriate operating practices by establishing operating rules and regulations, systematizing transaction processing, receiving guidance from business divisions, and inspecting conditions related to transaction processing.

5. System Risk Management

System risk is the risk arising from nonconformity to business strategies, inappropriate technologies applied, changes to the development plan and delays in development when building an information system, and the risk of loss incurred due to system breakdown including those caused by cyber attack, malfunction, deficiency or unauthorized use (unauthorized alteration, destruction, duplication and leakage of information). SMBC Group recognizes systems as an integral part of our management strategy. Our basic principles are to minimize system risks and to minimize losses if a system risk materializes. To achieve this, we have established various regulations and specific management standards, including a security policy, and have developed contingency plans for system failures and cyberattacks. Thus, we have established a system risk management framework and are implementing appropriate risk management measures.

Making reference to The Center for Financial Industry Information Systems (FISC) safety measures standards and U.S. safety measures standards (NIST SP800), we continuously improve our management standards. Across Group companies that require advanced risk management and our supply chains overall, we are strengthening our management, addressing areas in order of their level of risk.

Furthermore, as we actively and openly incorporate technological evolution and advance digitalization in every field to improve customer convenience, create new businesses beyond the boundaries of finance, and improve productivity and efficiency, we

are taking steps to identify newly arising risks and to implement management systems that match the extent of these risks. SMBC Group is strengthening IT governance across the Group.

As SMBC Group adopts AI (generative AI), cloud, RPA, low-code, API, and other technologies, we have established guidelines that define necessary countermeasure standards and monitoring procedures specific to the risks associated with these technologies. We are implementing timely and appropriate risk management that addresses technological and environmental changes.

The risk from cyber threats is becoming increasingly severe amid the expansion of areas targeted by cyber attacks due to the acceleration of digitalization in financial services and heightening geopolitical tensions. In preparation against this growing threat, SMBC Group has developed technical measures related to cybersecurity and a structure for intelligence functions and security monitoring, while working to develop related expert human resources. We regularly participate in training and exercises for the enhancement of effectiveness, and undergo third-party evaluations of our response structure.

SMBC recognize the significant social impact that system failures at banks can cause, as well as the diversification and increasing complexity of system risks due to advances in IT technology and the expansion of business fields. We consider the stable operation and prompt recovery of information systems to be a critical responsibility. To this end, we have implemented various measures to prevent system failures, including the multiplexing of various systems and infrastructure, and the installation of disaster-prevention systems at our eastern and western computer centers.

In addition, we are strengthening our preparedness for unforeseeable circumstances by creating contingency plans and conducting drills that simulate system failures.

Additionally, recognizing the importance of information protection, we take all possible measures to ensure the protection of customer privacy and prevent information leaks. This includes encrypting sensitive information and implementing measures to block and detect unauthorized external access.

Conduct Risk

1. Basic Approach to Conduct Risk Management

(1) Definition of Conduct Risk

Conduct risk is the risk that our conduct negatively affects customers, market integrity, effective competition, public interests, and the SMBC Group's stakeholders, through acts that violate laws and regulations or social norms.

(2) Fundamental Principles of Conduct Risk Management

SMBC Group's fundamental stance is that its business is not to negatively affect customers, market integrity, effective competition, public interests, and stakeholders. Efforts are being made to improve group-wide conduct risk management. Focuses of these efforts include preemptively identifying phenomena with the potential to cause significant deterioration in the trust of the Group and preventing the materialization of serious management risks by being keenly responsive to environmental changes.

2. Conduct Risk Management System

Based on the group-wide basic policies for risk management, SMBC Group has developed a conduct risk management system. The Management Committee makes decisions on basic policies for conduct risk management, and these decisions are authorized by the Board of Directors. In addition, the Corporate Risk Management Department and the Compliance Department oversee the overall management of conduct risks and promote basic conduct risk management policies, frameworks, and measures. In addition, these bodies report on circumstances pertaining to conduct risk management to the Audit Committee and Risk Committee and discuss these circumstances to ensure the effectiveness of conduct risk management. Furthermore, the Internal Audit Unit verifies and evaluates the conduct risk management system.

3. Conduct Risk Management Methodology

Using frameworks including risk registers, new product and service development, compliance-related monitoring, and collection of customer voice, each business unit in SMBC Group identifies conduct risks inherent in their operations/initiatives, formulates control measures corresponding to the degree of materiality, and undertakes risk reduction and control. Risk management departments verify the sufficiency of identified risks and corresponding control measures assessed by business units. We also work to prevent misconduct through the practice of business units' risk ownership and our supports for this practice.

Model Risk

1. Basic Approach to Model Risk Management

(1) Definition of Model Risk

Model risk is the risk of potential adverse consequences or financial loss resulting from misinformed decision making based on inaccurate model outputs or using the model inappropriately.

(2) Fundamental Principles of Model Risk Management

SMBC Group is working to improve model risk management across the Group by adhering to basic principles such as performing management based on a risk-based approach, evaluating model risk and carrying out quantitative management.

2. Model Risk Management System

SMBC Group has established a system for managing model risk based on the group-wide basic policies for risk management. The Management Committee makes decisions on basic policies for model risk management, and these decisions are authorized by the Board of Directors.

In addition, the Corporate Risk Management Department centrally oversees model risk management and is responsible for drafting model risk management plans, as well as their operation, promotion and support. The Internal Audit Department carries out regular audits of the efficacy of the model risk management system.

3. Model Risk Management Methodology

SMBC Group strives to reduce model risk by implementing appropriate controls for each process pertaining to model development and use in preparation for the emergence of model risk resulting from a financial and economic environment beyond that anticipated when developing the model, as well as the inappropriate use of models by employees. For example, we carry out validations during the development of models or when we start to use them, and periodic validation throughout model lifecycle to prevent their obsolescence or deterioration of their accuracy. In addition, we also strive to strengthen risk management according to model importance by assessing the risks present in each model.

Reputational Risk

1. Basic Approach to Reputational Risk Management

(1) Definition of Reputational Risk

Reputational risk refers to the risk of not meeting the expectations for high ethics, integrity, etc. by the stakeholders (that is, customers, shareholders, market, society, environment, employees, etc.) due to the business of the SMBC Group and the behavior of employees and other related parties, as well as of leading to impairment of the Enterprise Value and decline in trust.

(2) Fundamental Principles of Reputational Risk Management

SMBC Group has set forth the rules on Reputational Risk Management to define the basic rules to be observed in the conduct of its reputational risk management. Under these rules, SMBC Group has been working to enhance the reputational risk management framework across the whole Group by clarifying a management structure as well as management system, methodologies, and rules.

2. Reputational Risk Management System

Based on the group-wide basic policies for risk management, SMBC Group has developed a reputational risk management system.

In addition, General Affairs Department and Public Relations Department control the reputational risk management in a centralized manner and formulate and operate the plan for reputational risk management, promote and provide support for the related matters as well as summarize and analyze information related to reputational risk.

The matter leading to the reputational risk is discussed in the reputational risk management committee to consider various measures to minimize the risk, as necessary.

3. Reputational Risk Management Methodology

SMBC Group minimizes the losses by adequately gathering information about the situations where reputational risk could materialize as well as taking proper measures against such situations.

General Affairs Department and Public Relations Department strive to control and reduce the risk by gathering information about the situations where reputational risk could materialize and taking proper measures against the reputational risk matters identified.

Environmental and Social Risks

1. Basic Approach to Environmental and Social Risk Management

(1) Definition of Environmental and Social Risk

Environmental and social risks are the risks that environmental and social factors become risk drivers and transmit through various pathways to each risk category, ultimately resulting in losses to the SMBC Group. Specifically, risks such as climate-related risks, nature-related risks, and human rights risks are subject to management.

Risk	Definition
Climate-related risks (transition risks and physical risks)	the risks that the SMBC Group incurs losses initiated by changes related to climate change which transmit to each risk category through various pathways
Nature-related risks	the risks that the SMBC Group may incur losses due to potential threats arising from its dependence on and influence on nature which transmit to each risk category through various pathways
Human rights risks	the risks that the SMBC Group may incur losses as a result of violations of the human rights of stakeholders which transmit to each risk category through various pathways

(2) Basic Principles of Environmental and Social Risk Management

SMBC Group has established Group Policies on Environmental and Social Risk Management that stipulate basic matters for carrying out environmental and social risk management. We are working to enhance environmental and social risk management throughout the Group by clarifying our basic concepts such as understanding the transmission pathways of environmental and social risks in management of each risk management, recognizing the location of environmental and social risks, and implementing appropriate management according to the risk characteristics.

2. Environmental and Social Risk Management System

SMBC Group has developed an environmental and social risk management system based on the group-wide basic policies for risk management. The Management Committee makes decisions on basic policies for environmental and social risk management, and these decisions are authorized by the Board of Directors. The Audit Department conducts audits of our risk management structure. The Environmental & Social Risk Management Department of the Credit & Investment Planning Department oversees environmental and social risk management overall. Each risk management department is responsible for managing each risk category to which environmental and social factors transmit as risk drivers.

3. Methods of Environmental and Social Risk Management

SMBC Group has selected inadequate responses to climate change, conservation and recovery of natural capital, human rights and other social issues as the top risks with major impacts on our management. As a specific management method, in response to environmental and social risks above that transmit to credit risks, we set policies for specific businesses and sectors, undertake customer engagement through environmental and social due diligence that includes assessment of transition plans and human rights due diligence, and work to enhance credit assessment. In the area of climate-related risks, we manage portfolio GHG emissions through our climate-related RAF, create heat maps that evaluate risks by sector, and conduct scenario analysis of physical risks and transition risks.

Glossary

ALM

Abbreviation for Asset Liability Management
Method for comprehensive management of assets and liabilities, with appropriate controls on market risk (interest rates, exchange rates, etc.) and liquidity risk.

Back-testing

A formal statistical framework that consists of verifying that actual losses are in line with projected losses. This involves systematically comparing the history of VaR forecasts with their associated portfolio returns.

Standardised approach

A method for calculating operational risk equivalent amounts by multiplying the amount of the Business Indicator Component (BIC) by the Internal Loss Multiplier (ILM).

BPV

Abbreviation for Basis Point Value
Potential change in present value of financial product corresponding to 0.01-percentage-point increase in interest rates.

Credit cost

Average losses expected to occur during the coming year.

Historical simulation method

Method of simulating future fluctuations without the use of random numbers, by using historical data for risk factors.

LGD

Abbreviation for Loss Given Default
Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default.

Monte Carlo simulation method

General term used for a simulation method which uses random numbers.

Operational risk equivalent amount

Operational risk capital requirements under the Basel Capital Accord.

PD

Abbreviation for Probability of Default
Probability of becoming default by obligor during one year.

Present value

A future amount of money that has been discounted to reflect its current value taking into account the interest rate and the extent of credit risk.

Risk appetite

The types and levels of risk that we are willing to take on or tolerate to drive earnings growth.

Risk capital

The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations. It differs from the minimum regulatory capital requirements, and it is being used in the risk management framework voluntarily developed by financial institutions for the purpose of internal management.

Risk factor

In the case of market risk, this would be factors such as the equity price or interest rate; in the case of credit risk, this would be factors such as the economic environment.

Risk-weighted assets

The denominator used in the calculation of the capital ratio designed to maintain prudential standards for banks.

VaR

Abbreviation for Value at Risk
The maximum loss that can be expected to occur with a certain degree of probability when holding a financial asset portfolio for a given amount of time.

Internal Reporting Systems and Hotline for Inappropriate Accounting and Auditing Activities

We have set up the SMBC Group Alarm Line internal whistleblower line, available to all Group employees inside and outside their companies, to enhance self-correction through early detection and correction of actions that violate laws and regulations. In addition, SMBC and other Group companies have established internal reporting systems for their employees.

Sumitomo Mitsui Financial Group Accounting and Auditing Hotline is aimed at strengthening the Group's self-correction function by encouraging early detection and rectification of improper actions relating to accounting, accounting internal controls, and auditing at the Company and its consolidated subsidiaries. The hotline can be used from inside or outside the Group to report accounting and auditing irregularities.

SMFG Accounting and Auditing Hotline/Designated Dispute Resolution Agencies

SMFG Accounting and Auditing Hotline
Reports may be submitted by regular mail or e-mail to the following addresses.
Mailing address: SMFG Accounting and Auditing Hotline Iwata Godo Attorneys and Counselors at Law 15th floor, Marunouchi Building 2-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-6315 E-mail address: smfghotline@iwatagodo.com
<ul style="list-style-type: none"> The hotline accepts any alerts of inappropriate activities concerning accounting and auditing at the Company or its consolidated subsidiaries. Anonymous reports will also be accepted. Since an investigation cannot be conducted without adequate information, please provide as much detail as possible of the circumstance. Personal information will not be disclosed to any third parties without your consent, unless such disclosure is required by law.

Designated Dispute Resolution Agencies
For the handling of any complaints received from and conflicts with our clients, SMBC has executed agreements, respectively, with the Japanese Bankers Association, a designated dispute resolution agency under the Banking Act, and the Trust Companies Association of Japan, a Designated Dispute Resolution Organization under the Trust Business Act and Act on Provision, etc. of Trust Business by Financial Institutions and the specified non-profit organization of "Financial Instruments Mediation Assistance Center," one of the "Designated Dispute Resolution Agencies" under the Financial Instruments and Exchange Act.
<p>Japanese Bankers Association:</p> <p>Contact information: Consultation office, Japanese Bankers Association</p> <p>Telephone numbers: (Japan) 0570-017109 or 03-5252-3772</p> <p>Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm</p>
<p>Trust Companies Association of Japan:</p> <p>Contact information: Consultation office, Trust Companies Association of Japan</p> <p>Telephone numbers: (Japan) 0120-817335 or 03-6206-3988</p> <p>Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:15 pm</p>
<p>Financial Instruments Mediation Assistance Center</p> <p>Contact information: Financial Instruments Mediation Assistance Center</p> <p>Telephone number: (Japan) 0120-64-5005</p> <p>Fax: (Japan) 03-3669-9833</p> <p>Business hours: Mondays through Fridays (except public and bank holidays) 9:00 am to 5:00 pm</p>



Basic Policy for Customer-Oriented Business Conduct

SMBC Group^{*1} has formulated the Basic Policy for Customer-Oriented Business Conduct for its domestic asset management and asset formulation businesses, based on which they are promoting customer-oriented business conduct.

This policy informs our basic stance of emphasizing the dispersing of investments over the medium to long term through which we seek to support customers in stable asset formulation. Also based on this policy, Sumitomo Mitsui Financial Group and its Group companies aim to contribute to the development of capital markets that provide companies with the funds they need to grow and to economic growth through their asset management and asset formulation businesses.

1. SMBC Group's Customer-Oriented Business Conduct

As one part of "Our Mission," it is stated that "We grow and prosper together with our customers, by providing services of greater value to them." Based on the spirit of this mission, we have defined our Five Values, a list of five key words that includes "Customer First" (always think based on a customer-oriented perspective and provide value based on the individual needs of customers), shared by all the executives and employees of SMBC Group. SMBC Group continues to push forward with various initiatives to actualize these values.

Sumitomo Mitsui Financial Group is fully aware of the severity of the government penalties imposed on SMBC in April 2006 in

relation to its sales practices for interest rate swaps. We are thus committed to preventing the recurrence of such malpractice. Accordingly, we have adopted a customer-oriented perspective in pursuing sustainability throughout our management, internal control, and compliance systems. Through these and other efforts, we have endeavored to regain trust from customers and from society as a whole.

Furthermore, the Customer Experience (CX) Improvement Subcommittee has been set up to incorporate customer input into management. The opinions of external experts^{*2} are utilized in meetings of this committee as discussions on and verification of initiatives at Group companies are carried out to promote the exercise of a customer-oriented perspective on a group-wide basis. In addition, the CX Improvement Committee, which comprises officers sitting on the Group Management Committee, holds regular discussions on customer-oriented business conduct.

We are convinced that the ongoing quest to provide quality products and services based on customer needs and desires will contribute to economic growth and subsequently growth for SMBC Group. Everyone at SMBC Group will carry out their duties in an earnest and just manner while exercising a high degree of specialized knowledge and good business ethics. SMBC Group will never let up in its efforts to ensure that it always thinks and acts based on a customer-oriented perspective in the truest sense as it strives to generate the greatest profits for its customers.

2. Initiatives for Promoting Customer-Oriented Business Conduct

Sumitomo Mitsui Financial Group will implement the following initiatives to entrench the principles of customer-oriented business conduct into its activities.

(1) Provision of Products and Services Suited to the Customer

When drawing up and underwriting financial products, we will act with an accurate understanding of customer needs, determining the ideal target customer group based on the risks and complexity of the products, in order to properly develop and select products.

We will also help customers to find the ideal products and services. Our first step in this process will be to learn about our customers, inquiring into their needs and goals. We will next look at their level of knowledge, investment experience, and asset portfolios so that we can propose the best possible products and services for them.

If we think that a product may not be ideally suited to a customer's needs based on its characteristics or risks, we will discuss this matter with the customer as necessary and refrain from proposing such products when doing so is inappropriate.

(2) Easy-to-Understand Explanation of Important Information

The amount of information provided to customers on the characteristics, risks, and fees of the products we handle as well as on the economic climate and market trends will be enhanced to help customers make informed decisions. Furthermore, we will strive to explain this information in an easy-to-understand manner.

(3) Clarification of Fees

Sumitomo Mitsui Financial Group receives fees from customers for the products and services it provides out of consideration for the need to develop and improve the quality of products and services and to supply various types of information as well as for processing- and infrastructure-related expenses. We will seek to provide thorough explanations of these fees that are as easy to understand as possible.

(4) Management of Conflicts of Interest

Performing duties in an earnest and just manner based on a customer-oriented perspective entails managing any potential conflicts of interest to ensure that our operations are truly customer oriented.

Based on the Management Policy Concerning Conflicts of Interest in Sumitomo Mitsui Financial Group, we have defined the types of conflicts of interest requiring management as well as the types of transactions that tend to present conflicts of interest and procedures for identifying these transactions, methods and systems for managing conflicts of interest, and the scope of Group companies at which conflicts of interest should be managed. In this manner, we take steps to ensure that conflicts of interest are properly managed and therefore do not impede the interests of customers.

(5) Frameworks for Properly Motivating Employees

Always thinking and acting based on a customer-oriented perspective in the truest sense requires our employees to be properly motivated so that they can remain dedicated and effective in their work. Sumitomo Mitsui Financial Group thus develops its performance evaluation systems from a long-term perspective with the aim of encouraging customer-oriented sales activities. At the same time, we are expanding our range of training programs for promoting earnest and just work practices and higher levels of business ethics.

SMBC Group aims to facilitate the shift from savings to asset holding seen in Japan through such initiatives.

Furthermore, we will periodically disclose information on initiatives by SMBC Group based on this policy with the aim of facilitating understanding regarding these initiatives among customers. In addition, the status of initiatives and their results will be verified so that initiatives can be revised as necessary to improve upon operating practices. Information regarding these verifications and revisions will be disclosed.

^{*1} Sumitomo Mitsui Financial Group and its subsidiaries and affiliates are referred to collectively as "SMBC Group." The following SMBC Group companies are subject to this policy:

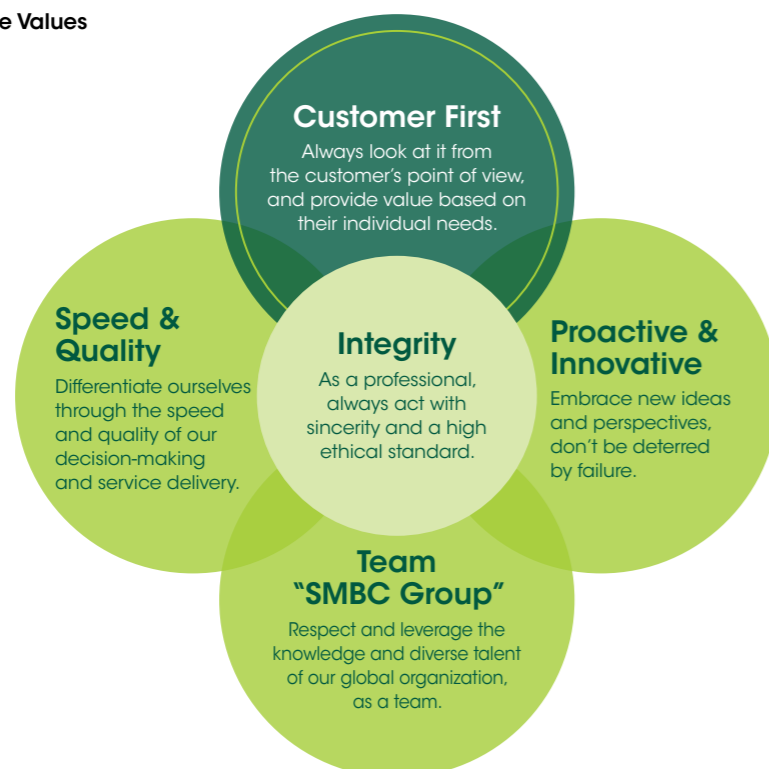
SMBC; SMBC Trust Bank Ltd.; SMBC Nikko Securities Inc.; Sumitomo Mitsui DS Asset Management Company, Limited

^{*2} External experts* are invited to meetings of the CX Improvement Subcommittee to provide advice and suggestions with the aim of incorporating a wide range of perspectives into management that includes and goes beyond input and requests from customers.

* External experts (in alphabetical order)

Name	Position
Hideki Kanda	Emeritus Professor, University of Tokyo
Kumiko Bando	Former Commissioner of the Consumer Affairs Agency and Executive Director of the Japanese Red Cross Society
Taku Umezawa	Partner, Nagashima Ohno & Tsunematsu

Five Values



Support for Mid-Sized Corporations and SMEs, Vitalization of Local Regions in Japan

Services for Corporations

Through the Area Corporate Office, SMBC provides services to mid-sized corporations and SME clients. The Area Corporate Office has in place a system for providing specialized services utilizing the networks of SMBC Group companies to address customers' funding needs, wide-ranging financial needs, and management issues. We also engage in fundraising support aimed at business continuity for small and medium-sized enterprises customers who face difficult circumstances due to factors including soaring prices and labor shortages.

Going forward, we will continue to fulfill our social responsibility as a financial institution by providing support based on the customer's standpoint.

Collaboration with Local Credit Guarantee Corporations

SMBC offers Business Select Loans, a loan product that offers unsecured and unguaranteed financing, and collaborates with local credit guarantee corporations to offer prefectural and other program financing and partnership guarantees to meet the funding needs of customers who face ongoing difficult circumstances due to soaring prices, labor shortages, and other causes.

We will continue offering services to fund and support the management of the mid-sized corporations and SMEs that form the backbone of the Japanese economy.

Credit Guarantee Corporation	Name
Credit Guarantee Corporation of Tokyo	Loans proposed by financial institutions (support for computerization of promissory notes, etc.)
Credit Guarantee Corporation of Kanagawa	Kanagawa Asset 200
Credit Guarantee Corporation of Osaka	CS Next Guarantee
Credit Guarantee Corporation of Hyogo-Ken	HIYAKU

Management support tailored to customers' issues and life stages

Along with efforts to smoothly exert our financial intermediary functions, SMBC has set a focus on management issues faced by customers. We strive to further demonstrate our consulting functions by proposing optimal solutions from customers' perspectives, tailored to their issues and life stages.

In addition to support for large and diverse methods of financing startups including syndicated loans with stock options, social loans, and Organization for Small & Medium Enterprises and Regional Innovation-backed loans, we actively offer support for both investment and financing, including large-scale equity support at the growth stage through the growth fund we established last year.

The bank also promotes business co-creation, such as the establishment of joint ventures with startups.

As a part of our support for business establishment and commercialization, we operate the "mirai cross" platform that promotes business creation with the participation of startups and other companies, venture capitalists, national and local governments, and other stakeholders.

As an example of business revitalization support, we perform revitalization financing in line with requests by business revitalization attorneys, accountants, and other experts. We provide funds required for the revitalization of small and medium-sized enterprises, take part in selection of business sponsors for revitalized companies, and support business revitalization.

Efforts to revitalize communities

SMBC Group works in partnership with business operators, local governments, and regional banks to address social issues facing regions.

As an initiative leading to the realization of a decarbonized society and revitalization of a regional economy, SMBC and Japan Research Institute signed a collaboration agreement with Osaka Prefecture on transformation of citizens' low-carbon behavior under the "Genkotsu" CO₂ reduction project. Through means including validation of purchases of environmentally considerate products, the partnership supports low-carbon behavior by companies and consumers.

In December 2023, SMBC, Chugoku Bank Ltd., and Okayama University held a reverse pitching event on the theme of health care to address solutions to regional issues through industry-academia collaboration.

In other regions, too, by supporting utilization of public land and tourism resources and by offering payment solutions for regional transportation, we are supporting the revitalization of regional economies through regional revitalization and enhanced convenience for residents and tourists.

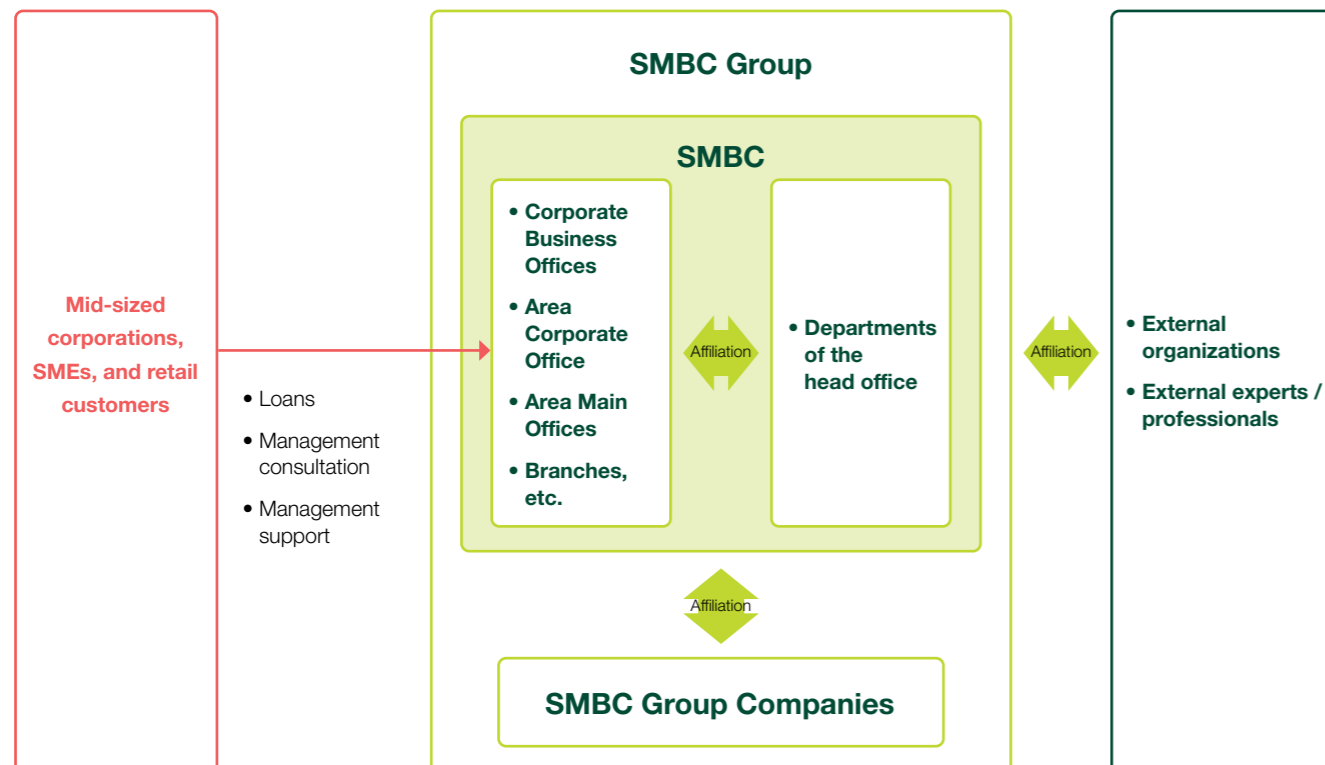
In response to growing interest among corporate and retail customers in contributing to regions, we have begun working to match this interest with local governments through Japan's hometown tax payment program.

In these ways, SMBC Group will continue to leverage its all-round strengths to contribute to the revitalization of local economies.



Reverse pitching event in cooperation with Chugoku Bank Ltd. and Okayama University

Support System for Mid-Sized Corporations and SMEs



Measures for Finance Facilitation

SMBC's "Basic Policy for Finance Facilitation" underlies efforts to be diligent and thorough in the provision of funding and consultation.

"Basic Policy for Finance Facilitation"

1. Conduct appropriate review of applications submitted for a new loan or requests to modify loan conditions
2. Provide appropriate management consultation and guidance for clients and appropriate support for management improvements
3. Strive to improve the ability to assess the value of a client's business appropriately
4. Provide appropriate and thorough explanations to clients in consultations and applications for new loans or modification of loan conditions
5. Respond appropriately and adequately to client inquiries regarding new loan and modification consultations and applications and to consulting requests or complaints
6. Liaise closely with other financial institutions involved in applications for modifying loan conditions, applications for support through public and third-party institutions, or other applications
7. Respond appropriately in respect of personal guarantees in accordance with the "Guidelines for Personal Guarantee Provided by Business Owners"

◆ SMBC

March 31	2022	2023	2024
Number of employees ¹	25,658	25,099	24,615
Male	11,535	11,198	10,899
Percentage of total	44.96%	44.62%	44.28%
Female	14,123	13,901	13,716
Percentage of total	55.04%	55.38%	55.72%
Average age	38 yrs 11 mos.	39 yrs 7 mos.	40 yrs 3 mos.
Male	40 yrs 10 mos.	41 yrs 3 mos.	41 yrs 8 mos.
Female	37 yrs 4 mos.	38 yrs 3 mos.	39 yrs 2 mos.
Average years of service	15 yrs 1 mos.	15 yrs 8 mos.	16 yrs 3 mos.
Male	16 yrs 7 mos.	16 yrs 11 mos.	17 yrs 2 mos.
Female	13 yrs 10 mos.	14 yrs 8 mos.	15 yrs 6 mos.
Number of women in managerial positions ²	819	933	950
Ratio of employees with disabilities (% of total)	2.83%	2.83%	2.89%

¹ The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and locally hired employees at overseas branches.

² As of March 1 of respective years

April 1	2022	2023	2024
Number of new hires	472	363	481
Number of newly employed female graduates	187	137	202
Ratio of newly employed females to total new employees	39.6%	37.7%	42.0%

Fiscal	2021	2022	2023
Number of employees taking parental leave	1,585	1,509	1,606
<Men taking such leave>	533	<516>	<671>
Number of career hires	52	97	207

◆ SMBC Trust Bank

March 31	2022	2023	2024
Number of employees ¹	1,807	1,723	1,804
Male	881	877	916
Percentage of total	48.75%	50.90%	50.78%
Female	926	846	888
Percentage of total	51.25%	49.10%	49.22%
Average age	44 yrs 4 mos.	44 yrs 11 mos.	45 yrs 4 mos.
Male	44 yrs 8 mos.	46 yrs 0 mos.	46 yrs 6 mos.
Female	45 yrs 1 mos.	43 yrs 11 mos.	44 yrs 2 mos.
Average years of service	10 yrs 10 mos.	10 yrs 10 mos.	11 yrs 0 mos.
Male	12 yrs 3 mos.	9 yrs 4 mos.	9 yrs 8 mos.
Female	9 yrs 5 mos.	12 yrs 5 mos.	12 yrs 5 mos.
Number of women in managerial positions ²	65	59	54
Ratio of employees with disabilities (% of total) ³	2.37%	2.52%	2.40%

¹ The number of full-time employees, including employees seconded to other companies and organizations. The number excludes employees seconded from other companies and organizations, directors, employees on short-term contracts, part-time employees, and employees of temporary employment agencies.

² Revised retroactively for periods prior to the change in definition.

³ The legally mandated number of employees with disabilities had been hired as of March 31, 2024.

April 1	2022	2023	2024
Number of new hires	14	23	37
Number of newly employed female graduates	6	9	17
Ratio of newly employed females to total new employees	42.9%	39.1%	45.9%

Fiscal	2021	2022	2023
Number of employees taking parental leave	45	60	44
<Men taking such leave>	<12>	<15>	<20>
Number of career hires	14	28	78

◆ Sumitomo Mitsui Finance and Leasing

March 31	2022	2023	2024
Number of employees ¹	2,427	2,456	2,533
Male	1,551	1,544	1,566
Percentage of total	63.91%	62.87%	61.82%
Female	876	912	967
Percentage of total	36.09%	37.13%	38.18%
Average age	42 yrs 7 mos.	42 yrs 8 mos.	42 yrs 7 mos.
Male	44 yrs 0 mos.	43 yrs 11 mos.	43 yrs 10 mos.
Female	40 yrs 1 mos.	40 yrs 6 mos.	40 yrs 8 mos.
Average years of service	15 yrs 4 mos.	15 yrs 2 mos.	14 yrs 10 mos.
Male	16 yrs 6 mos.	16 yrs 4 mos.	16 yrs 1 mos.
Female	13 yrs 4 mos.	13 yrs 2 mos.	12 yrs 10 mos.
Number of women in managerial positions ²	38	70	91
Ratio of employees with disabilities (% of total)	2.41%	2.42%	2.77%

¹ The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: employees seconded from other companies and organizations, executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and full-time employees of affiliates (including overseas subsidiaries).

² As of March 1 of respective years

April 1	2022	2023	2024
Number of new hires	71	87	73
Number of newly employed female graduates	30	40	39
Ratio of newly employed females to total new employees	42.3%	46.0%	53.4%

Fiscal	2021	2022	2023
Number of employees taking parental leave	111	76	79
<Men taking such leave>	<80>	<39>	<45>
Number of career hires	21	52	72

◆ SMBC Nikko Securities

March 31	2022	2023	2024
Number of employees ¹	9,623	9,306	9,304
Male	5,926	5,701	5,688
Percentage of total	61.58%	61.26%	61.13%
Female	3,697	3,605	3,616
Percentage of total	38.42%	38.74%	38.87%
Average age	41 yrs 6 mos.	42 yrs 2 mos.	42 yrs 7 mos.
Male	42 yrs 5 mos.	43 yrs 0 mos.	43 yrs 3 mos.
Female	40 yrs 0 mos.	40 yrs 11 mos.	41 yrs 6 mos.
Average years of service ²	14 yrs 2 mos.	14 yrs 2 mos.	14 yrs 6 mos.
Male	14 yrs 1 mos.	14 yrs 1 mos.	14 yrs 2 mos.
Female	14 yrs 2 mos.	14 yrs 5 mos.	14 yrs 11 mos.
Number of women in managerial positions	207	215	222
Ratio of employees with disabilities (% of total) ³	2.68%	2.86%	2.82%

¹ Excluding executive officers, part-time employees, dispatched employees, locally hired employees (LH) at overseas branches

² The average years of service of applicable employees. Years of service for employees joined through the merger with SMBC Friend Securities are counted from the date of the merger.

³ As of March 31 of respective years

April 1	2022	2023	2024
Number of new hires	219	299	273
Number of newly employed female graduates	74	115	115
Ratio of newly employed females to total new employees	33.8%	38.5%	42.1%

Fiscal	2021	2022	2023
Number of employees taking parental leave	580	371	410
<Men taking such leave>	<445>	<220>	<269>
Number of career hires	76	72	110

⁴ Revision of the short-term childcare leave system and creation of a new special leave for childcare in FY2021.

◆ Sumitomo Mitsui Card

March 31	2022	2023	2024
Number of employees ¹	5,976	5,850	5,984
Male	3,034	2,957	3,037
Percentage of total	50.77%	50.55%	50.75%
Female	2,942	2,893	2,947
Percentage of total	49.23%	49.45%	49.25%
Average age	42 yrs 7 mos.	42 yrs 9 mos.	42 yrs 10 mos.
Male	44 yrs 5 mos.	44 yrs 4 mos.	44 yrs 2 mos.
Female	40 yrs 8 mos.	41 yrs 2 mos.	41 yrs 8 mos.
Average years of service	17 yrs 6 mos.	17 yrs 8 mos.	17 yrs 7 mos.
Male	19 yrs 1 mos.	19 yrs 2 mos.	18 yrs 6 mos.
Female	15 yrs 11 mos.	16 yrs 2 mos.	16 yrs 8 mos.
Number of women in managerial positions	85	86	97
Ratio of employees with disabilities (% of total) ²	2.50%	2.41%	2.66%

¹ The number of full-time employees. This excludes directors, consultants, advisors, employees seconded from external companies and organizations, temporary employees, part-time employees, as well as affiliated company employees.

² Computed based on single month of March.

Note: Includes figures for SMBC Finance Service (a wholly-owned subsidiary of SMBC Card Company).

April 1	2022	2023	2024
Number of new hires	109	103	167
Number of newly employed female graduates	51	39	43
Ratio of newly employed females to total new employees	46.8%	37.9%	25.7%

Note: Includes figures for SMBC Finance Service (a wholly-owned subsidiary of SMBC Card Company).

Fiscal	2021	2022	2023
Number of employees taking parental leave	178	178	171
<Men taking such leave>	<69>	<65>	<66>
Number of career hires	46	71	188

Note: Includes figures for SMBC Finance Service (a wholly-owned subsidiary of SMBC Card Company).

◆ SMBC Consumer Finance

March 31	2022	2023	2024
Number of employees ¹	2,592	2,594	2,576
Male	1,474	1,460	1,461
Percentage of total	56.87%	56.28%	56.72%
Female	1,118	1,134	1,115
Percentage of total	43.13%	43.72%	43.28%
Average age	42 yrs 4 mos.	42 yrs 12 mos.	43 yrs 8 mos.
Male	43 yrs 9 mos.	44 yrs 5 mos.	44 yrs 12 mos.
Female	40 yrs 6 mos.	41 yrs 1 mos.	41 yrs 11 mos.
Average years of service	16 yrs 7 mos.	17 yrs 1 mos.	17 yrs 9 mos.
Male	18 yrs 7 mos.	19 yrs 2 mos.	19 yrs 8 mos.
Female	13 yrs 11 mos.	14 yrs 6 mos.	15 yrs 4 mos.
Number of women in managerial positions	147	166	184
Ratio of employees with disabilities (% of total) ²	2.75%	2.67%	2.59%

¹ The number of full-time employees on a non-consolidated basis, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: employees seconded from other companies, locally hired employees at overseas branches, executive officers, contract employees, part-time employees, and employees of temporary employment agencies.

² As of March 31 of respective years

April 1	2022	2023	2024
Number of new hires	49	35	48
Number of newly employed female graduates	32	12	22
Ratio of newly employed females to total new employees	65.3%	34.3%	45.8%

Fiscal	2021	2022	2023
Number of employees taking parental leave	33	34	37
<Men taking such leave>	<9>	<13>	<16>
Number of career hires	2	1	10

◆ Japan Research Institute

March 31	2022	2023	2024
Number of employees ^{1,2}	2,640	2,777	2,958
Male	1,931	2,000	2,125
Percentage of total	73.14%	72.02%	71.84%
Female	709	777	833
Percentage of total	26.86%	27.98%	28.16%
Average age ²	41 yrs 0 mos.	40 yrs 8 mos.	38 yrs 8 mos.
Male	41 yrs 6 mos.	41 yrs 3 mos.	39 yrs 1 mos.
Female	39 yrs 6 mos.	39 yrs 2 mos.	37 yrs 7 mos.
Average years of service	13 yrs 1 mos.	12 yrs 8 mos.	11 yrs 3 mos.
Male	13 yrs 5 mos.	13 yrs 1 mos.	11 yrs 4 mos.
Female	12 yrs 3 mos.	11 yrs 11 mos.	11 yrs 1 mos.
Ratio of employees with disabilities (% of total) ²	2.31%	2.16%	2.22%

¹ The number of full-time employees, including employees seconded to other companies and organizations. The following list of employees is deducted from the total number of employees: executive officers, advisors, employees on short-term contracts, part-time employees, employees of temporary employment agencies, locally hired employees at overseas branches, and full-time employees of affiliates.

² As of March 31 of respective years

April 1	2022	2023	2024
Number of new hires	143	168	245
Number of newly employed female graduates	52	52	74
Ratio of newly employed females to total new employees	36.4%	31.0%	30.2%

Fiscal	2021	2022	2023
Number of employees taking parental leave	58	44	109
<Men taking such leave>	<33>	<26>	<72>
Number of career hires ³	51	134	225

³ Excluding former bank employees transferred to the company

◆ Sumitomo Mitsui DS Asset Management

March 31	2022	2023	2024
Number of employees ¹	770	747	769
Male	542	509	516
Percentage of total	70.39%	68.14%	67.10%
Female	228	238	253
Percentage of total	29.61%	31.86%	32.90%
Average age	46 yrs 0 mos.	46 yrs 4 mos.	46 yrs 0 mos.
Male	47 yrs 7 mos.	47 yrs 11 mos.	47 yrs 6 mos.
Female	42 yrs 2 mos.	43 yrs 0 mos.	42 yrs 11 mos.
Average years of service	15 yrs 6 mos.	12 yrs 11 mos.	12 yrs 9 mos.
Male	17 yrs 1 mos.	13 yrs 4 mos.	13 yrs 3 mos.
Female	11 yrs 9 mos.	11 yrs 10 mos.	11 yrs 10 mos.
Number of women in managerial positions	10	11	13

¹ The number of full-time employees. This excludes directors, dispatched employees, and locally hired employees at overseas branches.

April 1	2022	2023	2024
Number of new hires	12	20	22
Number of newly employed female graduates	6	8	13
Ratio of newly employed females to total new employees	50.0%	40.0%	59.1%

Fiscal	2021	2022	2023
Number of employees taking parental leave	19	24	21
<Men taking such leave>	<12>	<12>	<10>
Number of career hires	16	32	37

Note: In April 2019, Sumitomo Mitsui DS Asset Management Company, Limited, was formed through the merger of Sumitomo Mitsui Asset Management Company, Limited, and Daiwa SB Investments Ltd.

Main Work-Life Balance Support System

	Parental leave	Childcare leave system	Shorter working hours	Restrictions on overtime	Exemption from late-night work	Other principal systems
SMBC	<Childcare Leave> May be taken in installments up to the age of 18 months or maximum of 2 years in case of inability to place in daycare center <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children) Applicable for caring for sick children as well as for school events and other reasons	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> Short-term childcare leave (by the hour) Work relocations Primary Work Location Registration system Work Location of Choice system Childcare expense subsidy system Leave for nursing care Shorter working hours allowed for nursing care Nursing care leave system (by the hour) Career design leave system System for rehiring former employees Special leave for childbirth Carryover leave (infertility treatment) Half-day leave Teleworking system Staggered working hours Dual-Career Support system for side work
SMBC Trust Bank	<Childcare Leave> May be taken in installments up to the age of 1 (Up to the age of 2 years and 2 months in case of inability to place in daycare center) <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments	Until March 31 of the 6th grade (10 days per annum per child; 20 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis	Employees can work shortened hours equivalent to working a minimum of 6 hours per day until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> Flextime system Teleworking system Paternity leave (3 days) Leave for nursing care Shorter working hours allowed for nursing care Family care time off (by the hour) Family support leave Short-term childcare leave Annual leave in hour increments
Sumitomo Mitsui Finance and Leasing	<Childcare Leave> May be taken in installments up to the age of 1 (Up to the age of 2 in case of inability to place in daycare center) <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes until March 31 of the 3rd grade Shortened working hour flextime system available allowing for 6.5- and 7-hour workdays	Until the entry into elementary school	Until the entry into elementary school	<ul style="list-style-type: none"> Work relocations Short-term childcare leave Leave for nursing care Shorter working hours allowed for nursing care Nursing care leave system Half-day leave Staggered working hours Flextime system Shortened working hour flextime system Teleworking system Life support leave system System for rehiring former employees Career support leave system
SMBC Nikko Securities	<Childcare Leave> May be taken in installments up to the age of 3 <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments	Until March 31 of the 6th grade (5 days per annum per child; 10 days for two or more children) Can be acquired on a by-hour, half-day, or full-day basis	Employees may reduce daily working hours in increments of 30 minutes up to 2.5 hours until March 31 of the 6th grade	Until March 31 of the 6th grade	Until March 31 of the 6th grade	<ul style="list-style-type: none"> Short-term childcare leave Discount coupon for nursing care Special leave for childbirth Nursing care leave Special leave for nursing care (by the hour) Shorter working hours allowed for nursing care Short-term leave for nursing care Staggered working hours (working in shifts) Rehiring former employees Childcare subsidies Teleworking system Half-day paid leave Hourly paid leave Reserved Holiday Secondary job Long-Term Self Development Leave Policy as "Challenge Leave" Three-day or four-day workweeks Corporate-led nursery school Baby-sitter discount system Special leave for childcare Memorial leave system Special leave for volunteer activity Reverse leave system Pro bono work Personal care leave Leave for balancing work with medical treatment
Sumitomo Mitsui Card	<Childcare Leave> May be taken in installments up to the age of 18 months or maximum of 2 years in case of inability to place in daycare center <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments	Until March 31 of the 6th grade (40 hours per annum per child; 80 hours for two or more children)	Employees can choose to reduce daily working hours by 30, 60, 90, 120, or 150 minutes or reduce the number of days worked a week until March 31 of child's 3rd-grade year	Until March 31 of the 3rd grade	Until March 31 of the 3rd grade	<ul style="list-style-type: none"> Work relocations Staggered working hours Half-day paid leave Special leave for childbirth Childcare subsidies Nursing care leave system (by the hour) Shorter working hours for nursing care Rehiring former employees Teleworking system Flextime system Health-purpose or anniversary leave Short-term childcare leave Career design leave system Maternity absence
SMBC Consumer Finance	<Childcare Leave> May be taken in installments up to the age of 18 months or maximum of 2 years in case of inability to place in daycare center <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments	Until the entry into elementary school (5 days per annum per child; 10 days for two or more children)	Employees can choose to work 5, 5.5, 6, 6.5, or 7 hours a day until March 31 of 6th grade	Until the entry into junior high school	Until the entry into junior high school	<ul style="list-style-type: none"> Area-limited employment system Rehiring retirees A grace period for job rotation Leave for nursing care Shorter working hours allowed for nursing care Paid leave by the hour Half-day paid leave Leave for supporting the transition to daycare Childcare leave (2 days) School-visiting day (2 days a year) Rehiring of former employees who quit for childcare or care-giving reasons Paternity leave (3 days) Rollover of unused paid vacation Nursing care leave (by the hour) Adjustment of work start and end times Career design leave system
Japan Research Institute	<Childcare Leave> May be taken in installments up to the age of 18 months or maximum of 2 years in case of inability to place in daycare center Paid leave for the first 15 days of maternity leave <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments Maximum 28 days' paid leave	Until March 31 of the 6th grade (5 days per annum per child; no upper limit)	Employees can choose to work 4, 5, 6 or 7 hours per day until March 31 of the 3rd grade (this system can be combined with flextime)	Until the entry into elementary school	For employees who are pregnant or have given birth within previous 12 months	<ul style="list-style-type: none"> Childcare subsidies Flexibility in the work place Flextime system Nursing care leave Shorter working hours (for nursing care, etc.) Time off and shorter working hours Days off for nursing care (by the hour) Special leave for childbirth Half-day leave Leave system for receiving treatment while working Career design leave system Carryover leave Side work system Equity workplace system Reduced working hours
Sumitomo Mitsui DS Asset Management	<Childcare Leave> May be taken in installments up to the age of 1 year or maximum of 36 months in case of inability to place in daycare center <Childcare leave at birth> 4 weeks within 8 weeks after birth (up to 28 days) May be taken in installments	Until the entry of child into elementary school (5 days per annum per child; 10 days for two or more children)	Until March 31 of the 6th grade (Employees can choose to work 5, 6, 6.5, or 7 hours a day)	Until March 31 of the 6th grade	Until March 31 of the 3rd grade	<ul style="list-style-type: none"> Leave for childbirth by spouse Nursing care leave system (by the hour) Annual leave in half-day increments Teleworking system Leave for nursing care Shorter working hours allowed for nursing care Lifestyle enriching leave Paid leave for initial 28 days of childcare Annual leave in hour increments Flextime system Daycare subsidies Celebratory gifts for birth of 3rd child Leave for accompanying spouse undergoing job relocation Job return system

Corporate Data

Sumitomo Mitsui Financial Group, Inc.

Directors and Executive Officers (as of June 30, 2024)

DIRECTORS AND CORPORATE EXECUTIVE OFFICERS

Chairman of the Board
Takeshi Kunibe
Director President (Representative Executive Officer)
Toru Nakashima
Group CEO
Director Deputy President and Executive Officer (Representative Executive Officer)

Teiko Kudo
Group COO
Compliance Dept., Anti Money Laundering & Financial Crime Prevention Dept.

Director Senior Managing Executive Officer

Fumihiko Ito
Group CFO and Group CSO
Sustainability Division for Fulfilled Growth, Public Relations Dept., Corporate Planning Dept., Business Development Dept., Sustainability Planning Dept., Financial Accounting Dept., Accounting Service & Planning Dept., Digital Strategy Dept.

Directors

Toshihiro Isshiki
Yoshiyuki Gono
Shozo Yamazaki⁽¹⁾
Sonosuke Kadosnaga⁽¹⁾
Yoshinobu Tsutsui⁽¹⁾
Katsuyoshi Shinbo⁽¹⁾
Eriko Sakurai⁽¹⁾
Charles D. Lake II⁽¹⁾
Jenifer Rogers⁽¹⁾

Deputy President and Executive Officers (Representative Executive Officers)

Muneo Kanamaru
Head of Wholesale Business Unit
Masamichi Koike
Head of Global Markets Business Unit

Senior Managing Executive Officers

Takashi Yamashita
Head of Retail Business Unit
Jun Uchikawa
Group CIO
IT Planning Dept., Cybersecurity Management Dept., Data Management Dept., Operations Planning Dept.
Yoshihiro Hyakutome
Co-Head of Global Business Unit (Head office departments (Global Business Unit, Asia Pacific Division))

Takeshi Mikami
Group CAE
Internal Audit Dept.
Keiichiro Nakamura
Co-Head of Global Business Unit (Americas Division, Europe, Middle East & Africa Division)

Akio Isowa
Group CDIO
Digital Solution Division, Transaction Business Division, Digital Strategy Dept.
Deputy Head of Wholesale Business Unit
Takahiko Kobayashi
Group CHRO
General Affairs Dept., Human Resources Dept., Quality Management Dept., Administrative Services Dept.
Natsuhiro Samejima
Group CFO
Corporate Risk Management Dept., Risk Management Information Dept., Risk Management Dept., Americas Division, Credit & Investment Planning Dept.

⁽¹⁾ Mr. Yamazaki, Mr. Kadosnaga, Mr. Tsutsui, Mr. Shinbo, Ms. Sakurai, Mr. Lake II and Ms. Rogers satisfy the requirements for an "outside director" under the Companies Act.

REFERENCE Group CxO/Head of Business Units (as of June 30, 2024)

Group CxO
Group CEO
Toru Nakashima
Group CFO and Group CSO
Fumihiko Ito
Group CHRO
Natsuhiro Samejima
Group COO
Teiko Kudo
Group CHRO
Takeshi Kobayashi
Group CIO
Jun Uchikawa
Group CISO
Daisuke Shirai
Group CD&A
Hideki Takamatsu
Group CDIO
Akio Isowa
Group CS&O
Masayuki Takanashi
Group CAE
Takeshi Mikami
Head of Business Units
Head of Retail Business Unit
Takashi Yamashita
Head of Wholesale Business Unit
Muneo Kanamaru
Co-Head of Global Business Unit
Yoshihiro Hyakutome
Co-Head of Global Business Unit
Keiichiro Nakamura
Head of Global Markets Business Unit
Masamichi Koike

EXECUTIVE OFFICERS

Senior Managing Executive Officers

Hiroyuki Kamimoto
Deputy Head of Wholesale Business Unit
Hirofumi Otsuka
Head of Americas Division
Yukihiko Mabuchi
Deputy Head of Wholesale Business Unit

Managing Executive Officers

Eiichi Sekiguchi
Wholesale Business Unit
Kenichi Hida
Group Deputy CCO
Hideki Sakamoto
Deputy Head of Wholesale Business Unit
Tatsuya Suzuki
Deputy Head of Wholesale Business Unit, Deputy Head of Global Business Unit
Tetsuya Shindo
Retail Business Unit
Katsuyuki Tokuda
Deputy Head of Retail Business Unit
Head of Payments & Consumer Finance Division
Kenji Hiraou
Deputy Head of Wholesale Business Unit
Fumito Yoshioka
Wholesale Business Unit
Takafumi Tsuji
Wholesale Business Unit (Specialized Finance Dept.)
Toshihiko Umetani
Deputy Head of Global Business Unit
Masashi Sakamoto
Deputy Head of Retail Business Unit
Shinichiro Watanabe
Global Business Unit
Nobuaki Nakamura
Deputy Head of Global Markets Business Unit

Katsufumi Uchida
Co-Head of Asia Pacific Division
Takashi Kakiuchi
Deputy Head of Asia Pacific Division
Carl Adams
Deputy Head of Americas Division and Functional Head (Head of Verticals)

Richard A. Eisenberg
Deputy Head of Americas Division and Functional Head (Head of Verticals)
Rajeev Veeravalli Kannan
Co-Head of Asia Pacific Division
Norikazu Akeo
Deputy Head of Global Markets Business Unit

Akira Yamamoto
Group Deputy CCO
Tatsuya Shiine
Group Deputy CHRO
Takeya Sasaki
Deputy Head of Retail Business Unit
Eiichi Takasaki
Wholesale Business Unit
Daiji Nakata
Deputy Head of Retail Business Unit
Head of Wealth Management Division

Akio Uemura
Retail Business Unit
Deputy Head of Asia Business Development Division
Hideo Kawafune
Head of Europe, Middle East & Africa Division
Takahiko Hirashima
Group Deputy CCO
Kazuyuki Anchi
Public Relations Dept., Corporate Planning Dept., Business Development Dept., Sustainability Planning Dept., Sustainability Development Dept., Financial Accounting Dept., Accounting Service & Planning Dept., Digital Strategy Dept.

Kazuya Ikeda
General Manager, Strategic Planning Dept., Global Business Unit
Arihiro Nagata
Deputy Head of Global Markets Business Unit
Haryuiki Yoshikawa
General Affairs Dept., Quality Management Dept., Compliance Dept., Anti Money Laundering & Financial Crime Prevention Dept.

Hironari Shoji
Wholesale Business Unit
Hideyuki Omokawa
Group Deputy CSO
Corporate Planning Dept., Retail Business Unit
Hiroshi Tsutsui
Group Deputy CIO and Group Deputy CISO
Bungo Miura
Deputy Head of Global Business Unit
Hideki Takamatsu
Group CD&O
IT Planning Dept., Cybersecurity Management Dept., Data Management Dept., Operations Planning Dept.

Tomomi Izawa
Deputy Head of Wealth Management Division
Ichiro Okawara
Credit & Investment Planning Dept.

Takeshi Kimoto
Head of Asia Business Development Division
Ayumu Goto
Group Deputy CFO, Group Deputy CSO, Group Deputy CDIO and Group Deputy CS&O
Tamaki Shibuya
Retail Business Unit

Executive Officers

Tatsuya Okumura
General Manager, Audit Committee Office
Akihiro Kawara
General Manager, Planning Dept., Global Markets Business Unit
Yukiko Yoritaka
Group Deputy CHRO
Shinsuke Yoshioka
Group Deputy CIO
Naoki Shiraiishi
Head of Digital Solution Division

Susumu Masuda
Global Markets Business Unit
Toshihiko Kato
General Manager, Planning Dept., Wealth Management Division
Nobuyuki Takiguchi
Global Business Unit
Hiroshi Maeda
General Manager, Quality Management Dept.

Hiroshi Ibaraki
Deputy Head of Europe, Middle East & Africa Division
Shigeru Kaneko
Group Deputy CCO
Katsuyuki Kubo
Deputy Head of Americas Division
Masayuki Takanashi
Group CS&O
Sustainability Planning Dept., Sustainability Development Dept., Head of Sustainability Division for Fulfilled Growth

Hironori Shimojima
Deputy Head of Asia Pacific Division
Yoshihiro Kitagawa
General Manager, Credit & Investment Planning Dept.
Toshinori Tajima
General Manager, Planning Dept., Wholesale Business Unit
Hiroshi Nishimura
General Manager, Strategic Planning Dept., Asia Pacific Division

Masahiro Yoshimura
General Manager, Corporate Planning Dept.
Takahiko Watanabe
General Manager, Human Resources Dept.
Lisette Lieberman
Regional CCO (Americas)
Functional Head (US CCO) and General Manager, Compliance Dept., Americas Division, Compliance Dept.

Scott A. Ashby
Deputy Head of Americas Division and Functional Head (Head of Verticals)
John Nolan
Functional Head (US CAE) and Co-General Manager, Internal Audit Dept., Americas Division, Internal Audit Dept.
Glenn Swanton
Co-Regional CRO (Europe, Middle East & Africa)

Takako Hayashi
Group Deputy CHRO
Katsuya Fujita
Global Markets Business Unit
Seiji Ito
General Manager, Internal Audit Dept.
Jun Okahashi
General Manager, Financial Accounting Dept.
Honami Matsugasaki
Group Deputy CAE
Internal Audit Dept.

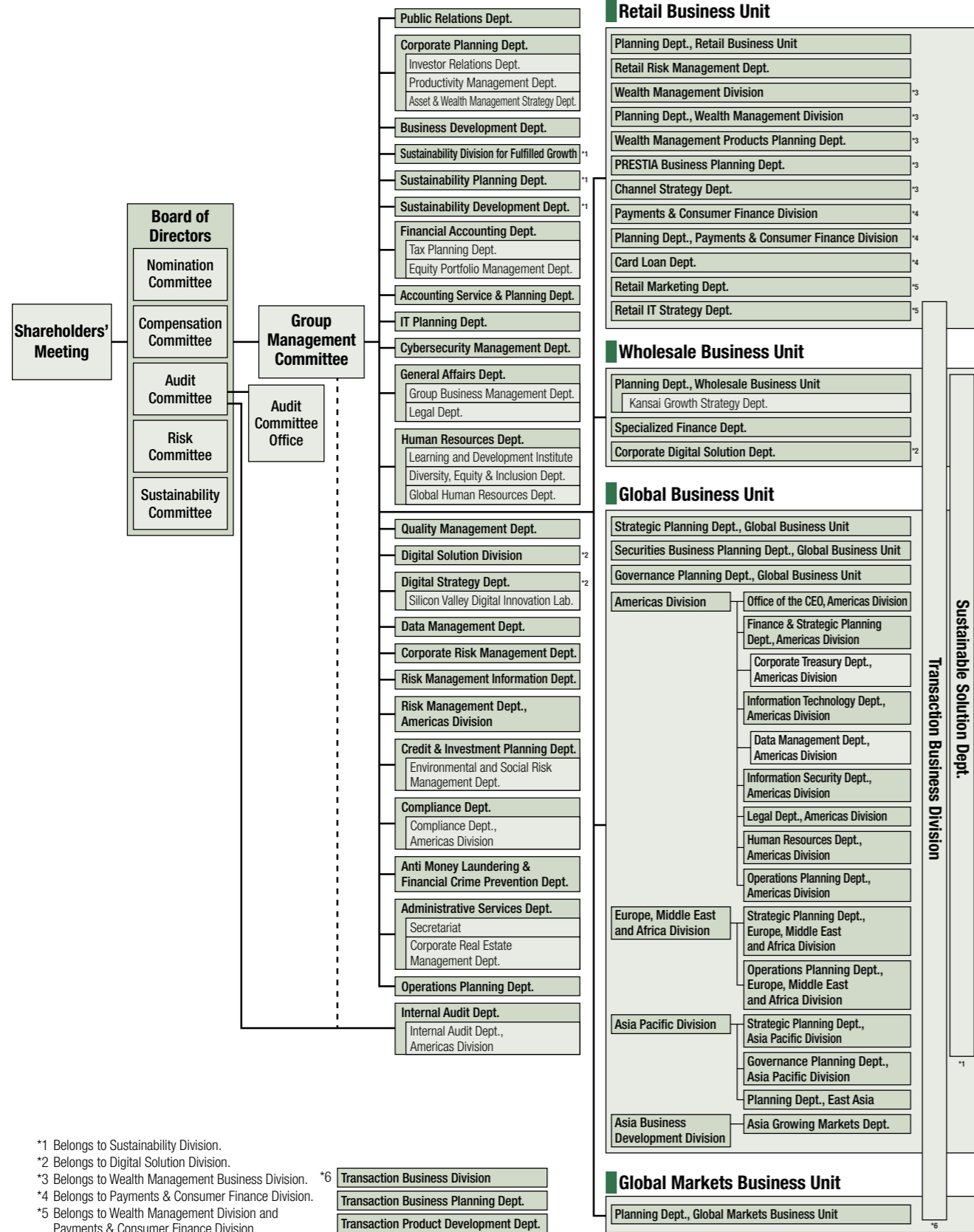
Masaru Ishibashi
General Manager, Planning Dept., Global Markets Business Unit
Taisuke Naito
General Manager, Operations Planning Dept.
Kenji Irie
General Manager, Sustainability Planning Dept.

Naoki Endo
Head of Transaction Business Division and General Manager, Transaction Business Planning Dept.
Masanori Fujima
General Manager, Sustainable Solution Dept.
Norimitsu Kobayashi
General Manager, Business Development Dept.

Koichi Nunami
General Manager, Strategic Planning Dept., Europe, Middle East & Africa Division
Seiya Fujimori
General Manager, Corporate Risk Management Dept.
Oshiro Yamamoto
General Manager, Planning Dept., Global Markets Business Unit

Antony Yates
Deputy Head of Europe, Middle East & Africa Division
Martin Coulson
General Manager, Internal Audit Dept.

Sumitomo Mitsui Financial Group Organization (as of June 30, 2024)



*1 Belongs to Sustainability Division.

*2 Belongs to Digital Solution Division.

*3 Belongs to Wealth Management Business Division.

*4 Belongs to Payments & Consumer Finance Division.

*5 Belongs to Wealth Management Division and Payments & Consumer Finance Division.

*6 Transaction Business Division

Transaction Business Planning Dept.

Transaction Product Development Dept.

Sumitomo Mitsui Banking Corporation

Board of Directors, Directors, Members of the Audit and Supervisory Committee and Executive Officers (as of June 30, 2024)

BOARD OF DIRECTORS

Chairman of the Board

Makoto Takashima

President and Chief Executive Officer (Representative Director)

Akihiro Fukutome*

Directors and Deputy Presidents (Representative Directors)

Muneo Kanamaru*

Head of Wholesale Banking Unit

Teiko Kudo*

Compliance Dept., Anti Money Laundering & Financial Crime Prevention Dept.

Directors and Senior Managing Executive Officers

Jun Uchikawa*

IT Planning Dept., Cybersecurity Management Dept., Data Management Dept., Operations Planning Dept., Inter-Market Settlement Dept.

Fumihiko Ito*

Sustainability Division for Fulfilled Growth, Public Relations Dept., Corporate Planning Dept., Business Development Dept., Sustainability Planning Dept., Sustainability Development Dept., Financial Accounting Dept., Accounting Service & Planning Dept., Digital Strategy Dept.

Takashi Kobayashi*

General Affairs Dept., Human Resources Dept., Human Resources Development Dept., Quality Management Dept., Administrative Services Dept.

Toshihiro Michioka*

Deputy Head of Wholesale Banking Unit (in charge of West Japan)

Natsuhiko Samejima*

Corporate Risk Management Dept., Risk Management Information Dept., Risk Management Depts., Americas Division, Europe, Middle East and Africa Division, Asia Pacific Division and East Asia, Credit & Investment Planning Dept., Credit Depts., Americas Division, Europe, Middle East and Africa Division and Asia Pacific Division, Global Credit Dept.

Directors

Paul Yonamine⁽¹⁾

Isao Teshirogi⁽¹⁾

* These Directors are appointed as Executive Officers also.

⁽¹⁾ Mr. Yonamine and Mr. Teshirogi satisfy the requirements for an "outside director" under the Companies Act.

DIRECTORS, MEMBERS OF THE AUDIT AND SUPERVISORY COMMITTEE

Shuji Yabe

Takayuki Inoue

Michiko Kuboyama⁽²⁾

Yoriko Goto⁽²⁾

Chikatomo Hodo⁽²⁾

Daiken Tsunoda⁽²⁾

Toshihiro Isshiki

⁽²⁾ Ms. Kuboyama, Ms. Goto, Mr. Hodo and Mr. Tsunoda satisfy the requirements for an "outside director" under the Companies Act.

EXECUTIVE OFFICERS

Deputy President Executive Officer

Masamichi Koike

Head of Global Markets & Treasury Unit

Senior Managing Executive Officers

Takashi Yamashita

Head of Retail Banking Unit

Yoshihiro Hyakutome

Co-Head of Global Banking Unit

(Head office departments (Global Banking Unit), The Asia Pacific Division)

Hiroyuki Kamimoto

Deputy Head of Wholesale Banking Unit

Head of Global Corporate Banking Division

Keiichiro Nakamura

Co-Head of Global Banking Unit

(The Americas Division, Europe, Middle East and Africa Division)

Akio Isowa

Digital Solution Division, Transaction Business Division

Digital Strategy Dept.

Deputy Head of Wholesale Banking Unit

Hirofumi Otsuka

Head of The Americas Division and President of SMBC Americas Holdings, Inc.

Yukihiro Mabuchi

Deputy Head of Wholesale Banking Unit

Head of Corporate Banking Division

Managing Executive Officers

Katsufumi Uchida

Co-Head of The Asia Pacific Division

Rajeev Veeravalli Kannan

Co-Head of The Asia Pacific Division

Yoshiyuki Ogata

Deputy Head of Global Corporate Banking Division

Osaka Corporate Banking Division

(Osaka Corporate Banking Depts. I and II)

Takafumi Tsuji

Head of Financial Solutions Division

Takashi Kakiuchi

Deputy Head of The Asia Pacific Division and Chairman of Sumitomo Mitsui

Banking Corporation (China) Limited

Yasuhiro Shirai

Deputy Head of Global Corporate Banking Division

Tokyo Corporate Banking Division

(Tokyo Corporate Banking Depts. II, VIII and IX)

Carl Adams

Deputy Head of The Americas Division and Functional Head (Head of Verticals)

Stanislas Roger

Deputy Head of Europe, Middle East and Africa Division and CEO of SMBC

Bank EU AG

Richard A. Eisenberg

Deputy Head of The Americas Division and Functional Head (Head of Verticals)

Hideomi Shigematsu

Deputy Head of Global Corporate Banking Division

Tokyo Corporate Banking Division

(Tokyo Corporate Banking Depts. III and X)

Takeya Sasaki

Deputy Head of Retail Banking Unit

Eiichi Takasaki

Deputy Head of Wholesale Banking Unit

Daiji Nakata

Deputy Head of Retail Banking Unit

Tomonari Inoue

Deputy Head of Global Corporate Banking Division

Tokyo Corporate Banking Division

(Tokyo Corporate Banking Depts. IV and VI)

Akio Uemura

Deputy Head of Retail Banking Unit

Deputy Head of Asia Business Development Division

Ichiro Okawara

Credit & Investment Planning Dept.

Deputy Head of Wholesale Banking Unit

(Corporate Credit Dept., Credit Administration Dept., Trust Services Dept.)

Corporate Research Dept.

Seichi Katsuyama

Head of Corporate Advisory Division

and Deputy Head of Financial Solutions Division

Hideo Kawafune

Head of Europe, Middle East and Africa Division and CEO of SMBC Bank

International plc

Mikiko Hyodo

Deputy Head of Retail Banking Unit

Kazuyuki Anchi

Public Relations Dept., Corporate Planning Dept., Business Development Dept.,

Sustainability Planning Dept., Sustainability Development Dept.,

Financial Accounting Dept., Accounting Service & Planning Dept.,

Digital Strategy Dept.

Kazuya Ikeda

General Manager, Strategic Planning Dept., Global Banking Unit

Arihiro Nagata

Deputy Head of Global Markets & Treasury Unit

Haruyuki Yoshikawa

General Affairs Dept., Quality Management Dept., Compliance Dept.,

Anti Money Laundering & Financial Crime Prevention Dept.

Hideyuki Omokawa

Corporate Planning Dept.

Deputy Head of Retail Banking Unit,

Deputy Head of Wholesale Banking Unit (in charge of investment business),

Deputy Head of Global Banking Unit (in charge of investment business)

Hideki Takamatsu

IT Planning Dept., Cybersecurity Management Dept., Data Management Dept.,

Operations Planning Dept., Inter-Market Settlement Dept.

Tomomi Izawa

Private Advisory Division, Private Banking Division

Deputy Head of Wholesale Banking Unit

Head of Private Banking Division and General Manager, Private Banking Dept.

Kenji Kawabata

Deputy Head of Corporate Advisory Division

Takeshi Kimoto

Head of Asia Business Development Division and Deputy Head of The Asia

Pacific Division

Hitoshi Ryoji

Deputy Head of Global Corporate Banking Division

Tokyo Corporate Banking Division

(Tokyo Corporate Banking Depts. I, V and VII)

Hiroshi Kawamura

Deputy Head of Global Corporate Banking Division

Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.)

Head of Nagoya Middle Market Banking Division

Tamaki Shibuya

Deputy Head of Retail Banking Unit

Executive Officers

Antony Yates

Deputy Head of Europe, Middle East and Africa Division and President of

SMBC Nikko Capital Markets Limited

Tatsuya Okumura

General Manager, Audit & Supervisory Committee Office

Akihiro Kawara

Chairman and President of SMBC Capital Markets, Inc.

Toshihiko Kato

General Manager, Planning Dept., Retail Banking Unit

Katsuyuki Kubo

Deputy Head of The Americas Division

Naoki Shiraishi

Head of Digital Solution Division

Paul Derek Gibbon

General Manager, Loan Capital Markets Dept., Europe, Middle East and

Africa Division

Naoki Kanbayashi

Internal Audit Dept., Domestic Branches Audit Dept.

Akira Masuda

Deputy Head of Financial Solutions Division

Hideo Uchida

General Manager, Corporate Banking Dept., Asia Pacific Division

Makiko Kaji

General Manager, Tokyo Corporate Banking Dept. VI

Kyoji Tanaka

Deputy Head of Retail Banking Unit

Ko Aoki

Deputy Head of Wholesale Banking Unit (Credit Dept., Wholesale Banking Unit),

Deputy Head of Retail Banking Unit (Retail Credit Dept.)

Hirokazu Sakamoto

Head of Higashinohon Daini Middle Market Banking Division

Yoshihiro Takami

General Manager, Structured Finance Dept.

Nobuyuki Takiguchi

Deputy Head of Global Banking Unit

Hiroshi Maeda

General Manager, Quality Management Dept.

Hidetaka Matsuda

Head of Higashinohon Daiyon Middle Market Banking Division

Hajime Yokohata

Country Head of China and President of Sumitomo Mitsui Banking

Corporation (China) Limited

Masaru Ishibashi

General Manager, Planning Dept., Global Markets & Treasury Unit

Hiroshi Ibaraki

Deputy Head of Europe, Middle East and Africa Division

Yunson Du

SMBC Capital Markets, Inc.

Motonori Yuki

Head of Kobe Middle Market Banking Division

Goro Goda

General Manager, Tokyo Corporate Banking Dept. IX

Kimiaki Iritani

General Manager, Strategic Corporate Business Dept.

Tsuyoshi Kuzuma

Head of Kyoto Hokuriku Middle Market Banking Division and General

Manager, Kyoto Corporate Business Office-I

Masayuki Takanashi

Sustainability Planning Dept., Sustainability Development Dept.

Head of Sustainability Division for Fulfilled Growth

Takanori Ueda

General Manager, Shinjuku Nishiguchi Corporate Business Office-I

Shinji Kodera

Head of Higashinohon Daigo Middle Market Banking Division

Hironori Shimojima

Deputy Head of The Asia Pacific Division

Reiko Mori

General Manager, Global FIG Dept.

Yoshihiro Kitagawa

General Manager, Credit & Investment Planning Dept.

Toshinori Tajima

General Manager, Planning Dept., Wholesale Banking Unit

Kensuke Tanaka

General Manager, Treasury Dept.

Hiroshi Nishimura

General Manager, Strategic Planning Dept., Asia Pacific Division

Masahiro Yoshimura

General Manager, Corporate Planning Dept.

Takahiko Watanabe

General Manager, Human Resources Dept.

Lisette Lieberman

Functional Head (US CCO) and General Manager, Compliance Dept.,

Americas Division, Compliance Dept.

Anjali Mohan

Co-General Manager, Legal & Compliance Dept., Asia Pacific Division,

Compliance Dept.

John Nolan

Functional Head (US CAE) and Co-General Manager, Internal Audit Dept.,

Americas Division, Internal Audit Dept.

Elena Paitra

Functional Head (Head of Verticals) and General Manager, Corporate Banking

Dept.-II, Europe, Middle East and Africa Division

Glenn Swanton

Co-General Manager, Risk Management Dept., Europe, Middle East and Africa

Division

Hiroshi Asami

Head of Higashinohon Daisan Middle Market Banking Division

Jun Okahashi

General Manager, Financial Accounting Dept.

Shinichiro Nishino

Credit Depts., Americas Division, Europe, Middle East and Africa Division and

Asia Pacific Division, Global Credit Dept.

Taisuke Naito

General Manager, Operations Planning Dept.

Kenji Irie

General Manager, Sustainability Planning Dept.

Kosuke Uchida

General Manager, Strategic Corporate Banking Dept.

Naoki Endo

Head of Transaction Business Division and General Manager,

Transaction Business Planning Dept.

Masanori Fujima

General Manager, Sustainable Solution Dept.

Hisa Matsuda

General Manager, Hibiya Corporate Business Office-II

Koichiro Yui

Country Head of Thailand and General Manager, Bangkok Branch

Norimitsu Kobayashi

General Manager, Business Development Dept.

Yoshimi Nishikubo

General Manager, Yokohama Area Main Office

Koichi Nunami

General Manager, Strategic Planning Dept., Europe, Middle East and Africa

Division

Seiya Fujimori

General Manager, Corporate Risk Management Dept.

Yoshihiro Miyake

General Manager, Osaka Corporate Banking Dept. I

Osahiro Yamamoto

General Manager, Planning Dept., Global Markets & Treasury Unit

Carsten Stoehr

Deputy Head of The Asia Pacific Division

Salim Zaman

Co-General Manager, Global Markets & Treasury Dept., Asia Pacific Division

Owen Verrier-Jones

Functional Head (Head of Verticals) and General Manager,

Specialised Products Dept., Europe, Middle East and Africa Division

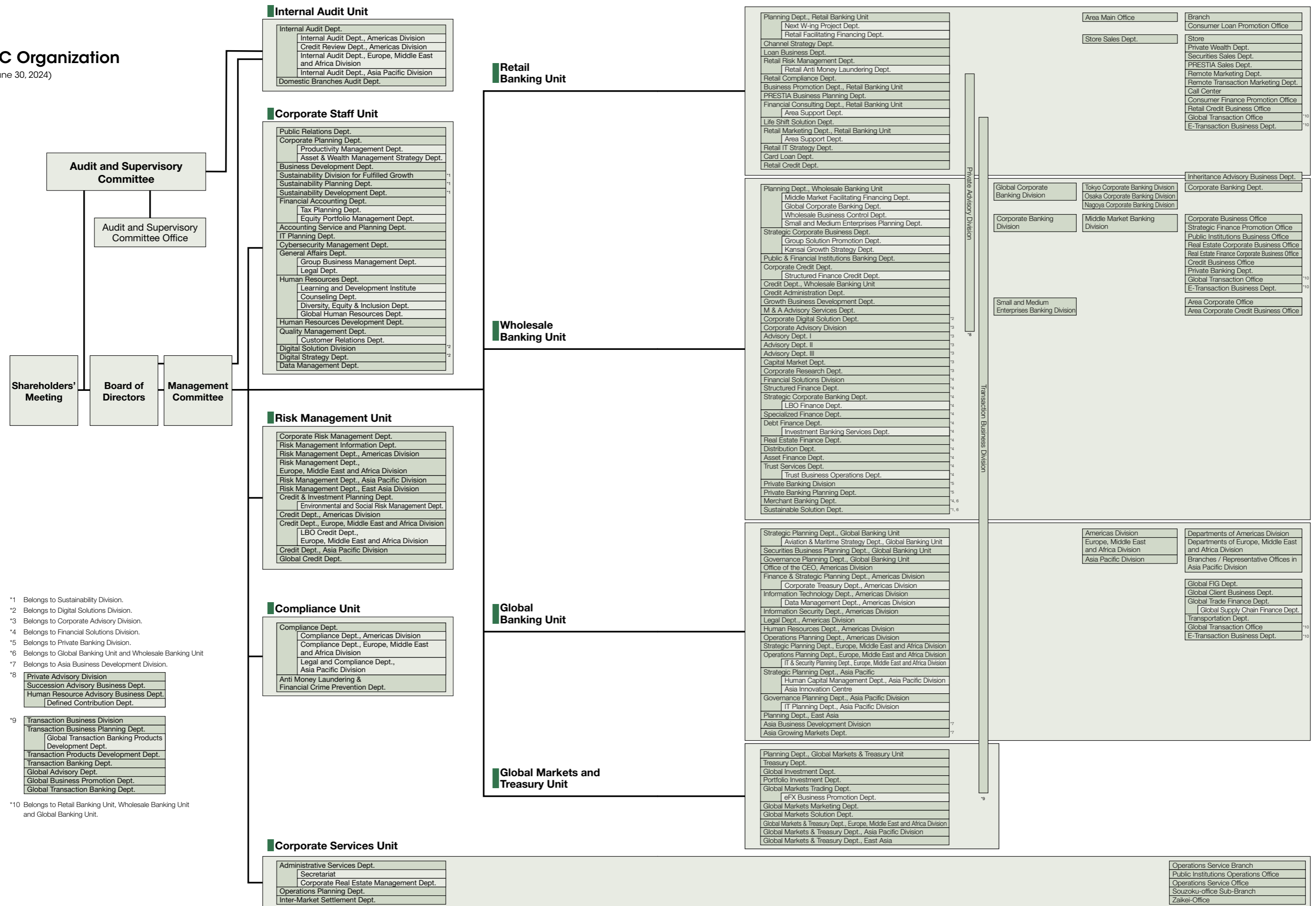
Martin Coulson

Co-General Manager, Internal Audit Dept., Europe, Middle East and Africa

Division, Internal Audit Dept.

SMBC Organization

(as of June 30, 2024)



*1 Belongs to Sustainability Division.

*2 Belongs to Digital Solutions Division.

*3 Belongs to Corporate Advisory Division.

*4 Belongs to Financial Solutions Division.

*5 Belongs to Private Banking Division.

*6 Belongs to Global Banking Unit and Wholesale Banking Unit

*7 Belongs to Asia Business Development Division.

*8 Private Advisory Division
Succession Advisory Business Dept.
Human Resource Advisory Business Dept.
Defined Contribution Dept.

*9 Transaction Business Division
Transaction Business Planning Dept.
Global Transaction Banking Products Development Dept.
Transaction Products Development Dept.
Transaction Banking Dept.
Global Advisory Dept.
Global Business Promotion Dept.
Global Transaction Banking Dept.

*10 Belongs to Retail Banking Unit, Wholesale Banking Unit and Global Banking Unit.

Principal Subsidiaries and Affiliates (as of March 31, 2024)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc. Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

Principal Domestic Subsidiaries

Note: Figures in parentheses () in the voting rights columns indicate voting rights held indirectly via subsidiaries and affiliates.

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
Sumitomo Mitsui Banking Corporation	1,770,996	100	—	Jun. 6, 1996	Commercial banking
SMBC Trust Bank Ltd.	87,550	0 (100)	100	Feb. 25, 1986	Trust service and commercial banking
SMBC Nikko Securities Inc.	135,000	100	—	Jun. 15, 2009	Securities
Sumitomo Mitsui Card Company, Limited	34,000	100	—	Dec. 26, 1967	Credit card services
SMBC Finance Service Co., Ltd.	82,843	0 (100)	—	Sep. 11, 1950	Credit card, installment businesses, and transaction businesses
SMBC Consumer Finance Co., Ltd.	140,737	100	—	Mar. 20, 1962	Consumer loans
The Japan Research Institute, Limited	10,000	100	—	Nov. 1, 2002	System engineering, data processing, management consulting, and economic research
Sumitomo Mitsui DS Asset Management Company, Limited	2,000	50.12	—	Dec. 1, 2002	Investment management
Nikko Global Wrap Ltd.	1,499	100	—	Dec. 20, 2002	Investment management services, investment advisory services
SMBC Guarantee Co., Ltd.	187,720	0 (100)	—	Jul. 14, 1976	Credit guarantee
JAIS, Limited	450	0 (100)	—	Oct. 16, 1990	System engineering and data processing
Alternative Investment Capital Limited	400	0 (60)	60	Jul. 15, 2002	Investment management and advisory services
BPORTUS Co., Ltd.	100	64.40	—	Jul. 15, 2023	Data processing service and e-trading consulting
plus medi corp.	100	96.01	—	Dec. 15, 2016	Information services
SMBC VALUE CREATION CO., LTD.	495	0 (100)	100	Feb. 20, 2019	Data processing service and e-trading consulting
SMBC GMO PAYMENT, Inc.	490	0 (60)	10	Nov. 2, 2015	Settlement agent
SMBC Venture Capital Management Co.,Ltd.	643	0 (40)	40	Jul. 1, 2010	Management consulting services, investment management services
SMBC Venture Capital Co., Ltd.	500	0 (100)	0 (100)	Sep. 22, 2005	Venture capital
SMBC Consulting Co., Ltd.	1,100	0 (100)	50 (1.63)	May 1, 1981	Management consulting and seminar organizer
Japan Pension Navigator Co., Ltd.	1,600	0 (69.71)	69.71	Sep. 21, 2000	Defined contribution plan administrator
SMBC ReSolutions Inc.	10	100	—	Apr. 1, 2020	Real estate management
Plari Town, Inc.	100	100	—	May 26, 2020	Platform management and operation
SMBC Servicer Co., Ltd.	1,000	0 (100)	100	Mar. 11, 1999	Servicer
SMBC Electronic Monetary Claims Recording Co., Ltd.	500	0 (100)	100	Apr. 16, 2009	Electronic monetary claims recording
SMBC Staff Service Co., Ltd.	90	0 (100)	100	Jul. 15, 1982	Temp worker dispatch services, fee-based headhunting services and contracting of human resources-related procedures
SMBC Learning Support Co., Ltd.	10	0 (100)	100	May 27, 1998	Training services
SMBC PERSONNEL SUPPORT CO., LTD.	10	0 (100)	100	Apr. 15, 2002	HR related clerical services
SMBC OPERATION SERVICE CO., LTD.	30	0 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	0 (100)	100	Mar. 15, 1990	Contract preparation of deposit survey responses
SMBC Real Estate Appraisal Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Collateral real estate survey and appraisal
SMBC REIT Management Co., Ltd.	250	0 (80)	80	Mar. 10, 2020	Asset management
SMBC Capital Partners Co., Ltd.	100	0 (100)	100	Feb. 10, 2020	Investments
Polarify, Inc.	100	76.47	—	May 1, 2017	Biometric authentication services (Polarify biometric authentication services) and e-KYC service (Polarify e-KYC)
SMBC CLOUDSIGN, Inc.	50	51	—	Oct. 1, 2019	Cloud-based electronic contract services
SMBC Wevox, Inc.	50	55	—	Oct. 2, 2023	Support services for improving companies' organizational capabilities and corporate value, etc.
SMBC Digital Marketing, Ltd.	100	66	—	Jul. 8, 2021	Advertising and marketing
SMBC HUMAN CAREER Co., Ltd.	150	0 (100)	100	Mar. 1, 1987	Job introduction and staffing

Principal Overseas Subsidiaries

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
SMBC Bank International plc	U.K.	US\$3,200 million	0 (100)	100	Mar. 3, 2003	Commercial banking
Sumitomo Mitsui Banking Corporation (China) Limited	China	CNY10.0 billion	0 (100)	100	Apr. 27, 2009	Commercial banking
PT Bank BTPN Tbk	Indonesia	Rp212,918 million	0 (91.04)	91.04	Feb. 5, 1958	Commercial banking
SMBC Americas Holdings, Inc.	U.S.A.	US\$2,775	0 (100)	100	Aug. 8, 1990	Management of the US BHC and US BHC subsidiaries
SMBC MANUBANK	U.S.A.	US\$630.786 million	0 (100)	0 (100)	Jun. 26, 1962	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$1,675.699 million	0 (100)	100	Oct. 6, 1958	Commercial banking
JSC Sumitomo Mitsui Rus Bank	Russia	RUB6.4 billion	0 (100)	99 (1)	May 8, 2009	Commercial banking
SMBC Bank EU AG	Germany	€5,100 million	0 (100)	100	Nov. 23, 2017	Commercial banking, securities business, derivatives and investments, financial intermediation services, ancillary services
Sumitomo Mitsui Banking Corporation Malaysia Berhad	Malaysia	MYR2,452 million	0 (100)	100	Dec. 22, 2010	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$4,350	0 (100)	0 (100)	Nov. 9, 1990	Leasing, investments, deferred payment services
SMBC Nikko Securities America, Inc.	U.S.A.	US\$655	0 (100)	0 (80)	Aug. 8, 1990	Securities, investments
SMBC Nikko Capital Markets Limited	U.K.	US\$1,138 million	0 (100)	84.84	Mar. 13, 1990	Swap-related services, investments and loans, financial intermediary, incidental, securities-related, and M&A advisory services
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	0 (100)	Dec. 4, 1986	Derivatives and investments, leasing, securities business
TT International Asset Management Ltd	U.K.	£92 million	0 (100)	—	Feb. 28, 2020	Investment management
SMBC Asset Management Services (UK) Limited	U.K.	£240 million	100	—	Oct. 16, 2019	Stock holding
SMBC DIP Limited	Cayman Islands	US\$1 million	0 (100)	100	Mar. 16, 2005	Loans, buying / selling of monetary claims
SFVI Limited	British Virgin Islands	US\$9,600	0 (100)	100	Jul. 30, 1997	Investments
SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.	Mexico	MXN2,660 million	0 (100)	100	Sep. 18, 2014	Money lending business, derivatives business and services related to leasing
SMBC International Finance N.V.	Curaçao	US\$200,000	0 (100)	100	Jun. 25, 1990	Finance
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$12 million	0 (100)	100	Sep. 19, 1989	Finance
Sakura Finance Asia Limited	Hong Kong	US\$65.5 million	0 (100)	100	Oct. 17, 1977	Investments
SMBC Derivative Products Limited	U.K.	US\$200 million	0 (100)	0 (100)	Apr. 18, 1995	Derivatives and investments
SMBC Advisory Services Saudi Arabia LLC	Saudi Arabia	SAR18,000,000	0 (100)	100	Dec. 29, 2017	Consulting, research and study services
SMFG India Credit Company Limited	India	22,467 million rupees	100	—	Aug. 30, 1994	Lending business
PT Oto Multiartha	Indonesia	Rp928,707 million	0 (51)	0 (51)	Mar. 28, 1994	Automotive financing
PT Summit Oto Finance	Indonesia	Rp2,442,060 million	0 (51)	0 (51)	Sep. 20, 1990	Motorcycle financing

(Note 2) Fullerton India Credit Company Limited changed its company name to SMFG India Credit Company Limited on May 11, 2023.

Principal Affiliates

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Date of Establishment or Investment	Main Business
PayPay Bank Corporation	72,216	0 (46.57)	46.57	Sep. 19, 2000	Commercial banking
ACLEDA Bank Plc.	US\$433 million	0 (18.06)	18.06	Dec. 1, 2003	Commercial banking
The Bank of East Asia, Limited	HKD41,915 million	0 (21.72)	21.72	Nov. 14, 1918	Commercial banking
Sumitomo Mitsui Finance and Leasing Company, Limited	15,000	50	—	Feb. 4, 1963	Leasing
Sumitomo Mitsui Auto Service Company, Limited	13,636	26.16 (59.56)	—	Feb. 21, 1981	Leasing
SMBC Aviation Capital Limited	US\$2,249 million	0 (32)	32	Aug. 14, 1997	Leasing
Osaka Digital Exchange Co.,Ltd.	300	20	—	Apr. 1, 2021	Proprietary Trading System (PTS) Management
Vietnam Prosperity Joint-Stock Commercial Bank	VND103,331,782 million	0 (15)	15	Oct. 20, 2023	Commercial Banking
VPBank SMBC Finance Company Limited	VND10,928,000 million	0 (49)	—	Oct. 28, 2021	Consumer finance business
POCKET CARD CO., LTD.	14,374	0 (20)	20	May 25, 1982	Credit card services
JSOL CORPORATION	5,000	0 (50)	—	Jul. 3, 2006	System engineering and data processing
Sakura Information Systems Co., Ltd.	600	0 (49)	49	Nov. 29, 1972	System engineering and data processing
SAKURA KCS Corporation	2,054	0 (29.77)	28.52 (1.25)	Mar. 29, 1969	System engineering and data processing
China Post & Capital Fund Management Co., Ltd.	CNY304 million	0 (23.67)	23.67	Apr. 24, 2012	Investment management
Spring Infrastructure Capital Co., Ltd.	250	0 (24.50)	24.50	Jul. 31, 2018	Investments
BrainCell, Inc.	300	49	—	Jun. 1, 2018	Marketing
Cotra Ltd.	1,700	0 (25)	25	Jul. 1, 2021	Planning and operation of fund settlement infrastructure
Rizal Commercial Banking Corporation	PHP24,198 million	0 (20)	20	Sep. 23, 1960	Commercial Banking
CCC MK HOLDINGS Co.,Ltd.	100	40 (20)	—	Oct. 1, 2012	V POINT business and advertising and marketing services

International Directory (as of June 30, 2024)

Asia and Oceania

SMBC Branches and Representative Offices

Hong Kong Branch

8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Special Administrative Region, The People's Republic of China
Tel: 852-2206-2000

Hong Kong Branch Kowloon Office

19F, The Metropolis Tower, 10 Metropolis Drive, Hungghom, Kowloon, Hong Kong
Tel: 852-(2206) 2000

Hong Kong Branch Quarry Bay Office

9F, Two Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Tel: 852-(2206) 2000

Taipei Branch

3F, Walsin Lihwa Xinyi Building, No. 1 Songzhi Road, Xinyi District, Taipei 11047, Taiwan
Tel: 886 (2) 2720-8100

Seoul Branch

12F, Mirae Asset CENTER1 Bldg. West Tower, 26, Eulji-ro 5-gil, Jung-gu Seoul, 04539, The Republic of Korea
Tel: 82 (2) 6364-7000

Singapore Branch

88 Market Street, #33-01, CapitaSpring, Singapore 048948
Tel: 65-6882-0000

Sydney Branch

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Tel: 61 (2) 9376-1800

Perth Branch

Level 19, Exchange Tower, 2 The Esplanade, Perth, Western Australia 6000, Australia
Tel: 61 (8) 9492-4900

Bangkok Branch

8th-10th Floor, Q.House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Tel: 66 (2) 353-8000

Chonburi Branch

12th Floor Harbor Mall, 12B01, 12C01 4/222 Moo 10 Sukhumvit Road, Tungskha, Sriracha Chonburi 20230, Thailand
Tel: 66-(2) 353-8000

Ho Chi Minh City Branch

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Tel: 84 (28) 3520-2525

Hanoi Branch

Unit 1201, 12th Floor, Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi, Vietnam
Tel: 84 (24) 3946-1100

Manila Branch

21st Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, The Philippines 1226
Tel: 63 (2) 8807100

Yangon Branch

Level #5 Strand Square, No.53 Strand Road, Pabedan Township, Yangon, Myanmar
Tel: 95 (1) 2307380

Yangon Branch Thilawa Front Office

Room No. 103, Administration Building, Corner of Thilawa Development Road and Dagon - Thilawa Road, Thilawa SEZ, Thanlyin Township, Yangon, Myanmar
Tel: 95 (1) 2309100

Labuan Branch

Level 12 (B&C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, Federal Territory, Malaysia
Tel: 60 (87) 410955

Labuan Branch

Kuala Lumpur Office
Suite 22-03, Level 22, Integra Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Tel: 60 (3) 2176-1700

Phnom Penh Representative Office

Exchange Square (7th Floor) Unit 701, No.19 and 20, Street 106, Sangkat Wat Phnom, Village 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia
Tel: 855 (23) 964-080

Mumbai Branch

Unit No. 601, 6th Floor, Platina Building, Plot No. C-59, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India
Tel: 91 (22) 6229-5000

Chennai Branch

10th Floor, Chaitanya Imperial Tower, Plot No.610, 610A, 612, D. No.1/104-BB, Block A, Annasalai, Teynampet, Chennai, 600018, Tamil Nadu, India
Tel: 91- (44) 6144-9999

New Delhi Branch

2nd Floor, Worldmark3, Hospitality District, Aerocity, New Delhi 110037
Tel: 91 (11) 4768-9111

SMBC Principal Subsidiaries/Affiliates SMFG Network

Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)

12F, RoomT10, T50, T70,13F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China
Tel: 86 (21) 3860-9000

Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch

12F, International Finance Place, No.8 Huaxia Road, Tianhe District, Guangzhou 510623, The People's Republic of China
Tel: 86 (20) 3819-1888

Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch

5F, Offices At Kerry Centre, 385 Yan An Road, Gong Shu District, Hangzhou, Zhejiang Province, The People's Republic of China
Tel: 86 (571) 2889-1111

Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch

Unit1&15-18, 20/F, Tower 1, Chongqing IFS, No.1 Qingyun Road, Jiangbei District, Chongqing, The People's Republic of China
Tel: 86 (23) 8812-5300

Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch
23/F, Tower Two, Kerry Plaza,
1 Zhongxinsi Road, Futian District,
Shenzhen 518048,
The People's Republic of China
Tel: 86 (755) 2383-0980

Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
1606, 1 Building, Forum 66, No.1
Qingnian Street, Shenhe District,
Shenyang, Liaoning Province,
The People's Republic of China
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Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
12F, SND International Commerce Tower,
No.28 Shishan Road, Suzhou New
District, Suzhou, Jiangsu 215011,
The People's Republic of China
Tel: 86 (512) 6606-6500

Sumitomo Mitsui Banking Corporation (China) Limited Dalian Branch
Senmao Building 4F-A, 147 Zhongshan
Road, Xigang District, Dalian,
The People's Republic of China
Tel: 86 (411) 3905-8500

Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
12F, The Exchange Tower 2,
189 Nanjing Road, Heping District,
Tianjin 300051,
The People's Republic of China
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Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
Unit1601,16F, North Tower,
Beijing Kerry Centre, No.1, Guang
Hua Road, Chao Yang District,
Beijing 100020,
The People's Republic of China
Tel: 86 (10) 5920-4500

Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
Room 601, Room 605-608,
Building 1 Fortune Plaza,
No.258 Dengyun Road, Yushan Town,
Kunshan Jiangsu 215300,
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Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
Room T30, 13F, Shanghai World
Financial Center, 100 Century Avenue,
Pudong New Area, Shanghai 200120,
The People's Republic of China
Tel: 86 (21) 2067-0200

Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch
Room7F01, 5 Building, Kingboard
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Changning District, Shanghai 200335,
The People's Republic of China
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Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch
8F, Science Innovation Building
(Kechuang Building) No.33 Dongnan
Road, Changshu New & Hi-tech
Industrial Development Zone of Jiangsu
Changshu 215500,
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Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
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PT Bank BTPN Syariah Tbk
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SMBC Nikko Securities (Hong Kong) Limited (IFC Office)
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SMBC Nikko Securities (Hong Kong) Limited (TTP Office)
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SMBC Nikko Securities (Hong Kong) Limited (Sydney Office)
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SMBC Nikko Securities (Singapore) Pte. Ltd.
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The Bank of East Asia, Limited
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PT Oto Multiartha
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Sudirman Kav. 61-62, Jakarta 12190,
Indonesia
Tel: 62 (21) 522-6410

PT Summit Oto Finance
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ACLEDA Bank Plc.
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Phnom Penh, Kingdom of Cambodia
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Rizal Commercial Banking
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Vietnam Prosperity Joint-Stock Commercial Bank
VPBank Tower, 89 Lang Ha street,
Lang Ha ward, Dong Da district, Hanoi,
Vietnam

VPBank SMBC Finance Company Limited
2nd Floor, REE Tower, 9 Doan Van Bo,
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SMFG India Credit Company Limited
Megh Towers, Third Floor, Old No-307,
New No-165, Poonamallee High Road,
Maduravoyal, Chennai Tamil Nadu
600095, India

The Japan Research Institute (Shanghai) Solution Co., Ltd.
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SMFL Leasing (Thailand) Co., Ltd.
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Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.
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SMFL Leasing (Malaysia) Sdn. Bhd.
Suite 16D, Level 16, Vista Tower,
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50400 Kuala Lumpur, Malaysia
Tel: 60-3-2710-0170

PT. SMFL Leasing Indonesia
Menara BTPN, 31st Floor,
Jl. Dr. Ide Anak Agung Gde Agung,
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Jakarta Selatan 12950, Indonesia
Tel: 62-21-8062-8710

Sumitomo Mitsui Auto Leasing & Service (Thailand) Co., Ltd.
161 Nantawan Building, 17th Floor,
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Tel: 66-2252-9511

Summit Auto Lease Australia Pty Ltd.
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NSW 2116 Australia
Tel: 61 (2) 9638-7833

SMAS Auto Leasing India Private Limited
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Asset area No.8,
Aerocity Hospitality District,
New Delhi-110037, India
Tel: 91 (11) 4828-8300

PROMISE (HONG KONG) CO., LTD.
12/F Central Plaza,18 Harbour Road,
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Liang Jing Co., Ltd.
9th Floor No.6, Sec 3, Min Chuan E.Rd.,
Taipei, Taiwan 104, R.O.C.
Tel: 886 (2) 2515-1598

PROMISE (THAILAND) CO., LTD.
159/19-20 Serm-mit Tower, Unit 1201,
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10110, Thailand
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PROMISE (SHENZHEN) CO., LTD.
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PROMISE (SHENYANG) CO., LTD.
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Shenyang, Liaoning Province 110013,
The People's Republic of China
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Promise Consulting Service (Shenzhen) Co., Ltd.
1406-1408, Tower A, Tianan Guoji
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PROMISE (CHENGDU) CO., LTD.
Level 18, Minyoun Financial Plaza,
No.35 Zidong Section Dongda Street,
Jinjiang District, Chengdu, 610061,
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PROMISE ASSET MANAGEMENT (TAIWAN) CO., LTD.
9th Floor No.6, Sec 3, Min Chuan E.Rd.,
Taipei, Taiwan 104, R.O.C.
Tel: 886 (2) 2515-6369

VPBank SMBC Finance Company Limited
Floor 2, REE Tower Building, No.9,
Doan Van Bo Street, Ward 13,
District 04, Ho Chi Minh City
Tel: 84-28-3911-5212

SMCC Consulting (Shanghai) Co., Ltd.
Room 971, 9F Hang Seng Bank Tower,
No.1000 Lujiazui Ring Road,
Pudong New District, Shanghai,
People's Republic of China

Sumitomo Mitsui DS Private Fund Management (Shanghai) Co., Ltd.
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CITIC Square, 1168 Nanjing Road West,
Shanghai, 200041, China
Tel: 86-(0)21-5292-5960

Sumitomo Mitsui DS Asset Management (Hong Kong) Limited
Suites 901 & 902, 9th Floor, Two Taikoo
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Quarry Bay, Hong Kong
Tel: 852-2521-8883

Sumitomo Mitsui DS Asset Management (Singapore) Pte. Ltd.
88 Market Street #33-03 CapitaSpring
Singapore 048948
Tel: 65-6297-6811

The Americas

SMBC Branches and Representative Offices

New York Branch

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1 (212) 224-4000

Canada Branch

Toronto Dominion Centre, 222 Bay Street, Suite 1400, P.O. Box 172, Toronto, Ontario M5K 1H6, Canada
Tel: 1 (416) 368-4766

Cayman Branch

25 Main Street, George Town, P.O. BOX 694, Grand Cayman, Cayman Islands

Los Angeles Branch

601 South Figueroa Street, Suite 1800, Los Angeles, CA 90017, U.S.A.
Tel: 1 (213) 452-7800

San Francisco Branch

555 California Street, Suite 3350, San Francisco, CA 94104, U.S.A.
Tel: 1 (415) 616-3000

Chicago Representative Office

300 S. Riverside Plaza, Suite 1970, Chicago, IL 60606, U.S.A.
Tel: 1 (312) 796-3668

Dallas Representative Office

14241 Dallas Parkway, Suite 660, Dallas, TX 75254, U.S.A.
Tel: 1 (972) 942-7000

Houston Representative Office

Two Allen Center, 1200 Smith Street, Suite 1140, Houston, TX 77002, U.S.A.
Tel: 1 (713) 277-3500

Silicon Valley Representative Office

101 Jefferson Drive, Menlo Park, CA 94025, U.S.A.
Tel: 1 (650) 460-1669

Washington D.C. Representative Office

601 13th Street, N.W., Washington D.C., U.S.A.
Tel: 1 (212) 224-4000

White Plains Representative Office

1 North Lexington Avenue, 6F, 9F, 10F, White Plains, NY, 10601, U.S.A.
Tel: 1-914-688-4100

Mexico City Representative Office

Torre Virreyes-Pedregal 24, Piso 5, Int 502-A, Col. Molino del Rey, Ciudad de Mexico, Mexico, 11040
Tel: 52 (55) 2623-0200

Leon Representative Office

Plaza de la Paz #102. int.901 Puerto Interior, Silao, Guanajuato, CP36275, Mexico
Tel: 52 (472) 478-0900

Bogota Representative Office

Carrera 11 #79-52, Oficina 1002, Bogotá DC, Colombia
Tel: 57 (1) 619-7200

Lima Representative Office

Avenida Canaval y Moreyra 380, Oficina 702, San Isidro, Lima 27, Peru
Tel: 51 (1) 200-3600

Santiago Representative Office

Isidora Goyenechea 3000, Suite 2102, Las Condes, Santiago, Chile
Tel: 56 (2) 2896-8440

SMBC Principal Subsidiaries/ Affiliates SMFG Network

SMBC MANUBANK

515 South Figueroa Street, Los Angeles, CA 90071, U.S.A.
Tel: 1 (213) 489-6200

Banco Sumitomo Mitsui Brasileiro S.A.

Avenida Paulista, 37-11 e 12 andar Sao Paulo-SP-CEP 01311-902, Brazil
Tel: 55 (11) 3178-8000

SMBC Capital Markets, Inc.

277 Park Avenue, New York, NY 10172, U.S.A.

SMBC Leasing and Finance, Inc.

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1 (212) 224-5200

SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.

Torre Virreyes-Pedregal 24, Piso 5, Int 502-A, Col. Molino del Rey, Ciudad de Mexico, Mexico, 11040
Tel: 52-55-2623-0200

SMBC Nikko Securities America, Inc.

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1 (212) 224-5300

SMBC Nikko Securities America, Inc San Francisco Branch

555 California Street, Suite 3320, San Francisco, CA 94104, U.S.A
Tel: 1-415-616-3070

SMBC Nikko Securities America, Inc. Charlotte Branch

500 East Morehead Street, Charlotte, NC 28202, U.S.A

SMBC Nikko Securities Canada, Ltd.

277 Park Avenue, New York, NY 10172, U.S.A.
Tel: 1-212-224-5300

JRI America, Inc.

277 Park Avenue, New York, NY 10172, U.S.A.

Sumitomo Mitsui Finance and Leasing Company, Limited New York Branch

666 Third Avenue, New York, NY 10017, U.S.A.
Tel: 1 (917) 542-3500

Sumitomo Mitsui DS Asset Management (USA) Inc.

300 Park Avenue, 16th Floor, New York, NY 10022, United States
Tel: 1 (212) 418-3030

SMBC Americas Holdings, Inc.

251 Little Falls Drive, Wilmington, New Castle, DE 19808, U.S.A.
Tel: 1 (212) 224-4000

Europe, Middle East and Africa

SMBC Branches and Representative Offices

London Branch

100 Liverpool Street, London EC2M 2AT, UK
Tel: 44 (0) 20-4507-1000

Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf, Germany
Tel: 49 (211) 36190

Brussels Branch

Neo Building, Rue Montoyer 51, Box 6, 1000 Brussels, Belgium
Tel: 32 (2) 551-5000

DIFC Branch-Dubai

Building One, 5th Floor, Gate Precinct, Dubai International Financial Centre, PO Box 506559 Dubai, United Arab Emirates
Tel: 971 (4) 428-8000

Abu Dhabi Representative Office

Office No.801, Makeen Tower, Al Zahiyah, Abu Dhabi, United Arab Emirates
Tel: 971 (0) 2-495-4000

Istanbul Representative Office

Metrocity Is Merkezi, Kirgulu Sokak No:4 Kat:7/A D Blok, Esentepe Mahallesi, Sisli 34394, Istanbul, Republic of Turkey
Tel: 90 (212) 371-5900

Doha QFC Office

Office 1901, 19th Floor, Qatar Financial Centre Tower No1. Diplomatic Area-West bay, Doha, Qatar, P.O.Box 23769
Tel: 974-(4036)-6701

Johannesburg Representative Office

Building Four, First Floor, Commerce Square, 39 Rivonia Road, Sandhurst, Sandton 2196, South Africa
Tel: 27 (11) 219-5300

Cairo Representative Office

23rd Floor, Nile City Towers, North Tower, 2005C, Cornish El Nile, Ramlet Boulak, Cairo, Egypt
Tel: 20 (2) 2461-9566

Tehran Representative Office

First Floor, No. 17, Haghani Expressway (north side), Between Modarres & Africa, Tehran 1518858117, Iran
Tel: 98 (21) 8888-4301/4302

SMBC Principal Subsidiaries/ Affiliates SMFG Network

SMBC Bank International plc

100 Liverpool Street, London, EC2M 2AT, UK
Tel: 44 (0) 20-4507-1000

SMBC Bank International plc Paris Branch

1/3/5 rue Paul Cézanne, 75008, Paris, France
Tel: 33 (1) 44 (90) 48-00

SMBC Bank EU AG

Main Tower, Neue Mainzer Str. 52-58, 60311 Frankfurt am Main, Germany
Tel: 49 (69) 222298200

SMBC Bank EU AG Amsterdam Branch

World Trade Center Amsterdam, Tower H, Level 15 Zuidplein 130, 1077XV, Amsterdam, The Netherlands
Tel: 31 (20) 718-3888

SMBC Bank EU AG Dublin Branch

IFSC House, IFSC, Dublin 1, Ireland
Tel: 353 (1) 859-9300

SMBC Bank EU AG Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf, Germany
Tel: 49 (211) 36190

SMBC Bank EU AG Paris Branch

1/3/5 rue Paul Cézanne - 75008 Paris, France
Tel: 33- (1) 44- (90) 48-00

SMBC Bank EU AG Prague Branch

International Business Centre, Pobrezni 3 186 00 Prague 8, Czech Republic
Tel: 420 (295) 565-800

SMBC Bank EU AG Madrid Branch

Calle Pedro Teixeira 8, Edificio Iberia Mart I, planta 4a., 28020 Madrid, Spain
Tel: 34 (91) 312-7300

SMBC Bank EU AG Milan Branch

Via della Spiga 30/ Via Senato 25, 20121 Milan, Italy
Tel: 39 (02) 7636-1700

JSC Sumitomo Mitsui Rus Bank

Presnenskaya naberezhnaya, house 10, block C, Moscow, 123112 Russian Federation
Tel: 7 (495) 287-8200

SMBC Nikko Capital Markets Limited

100 Liverpool Street, London, EC2M 2AT, UK
Tel: 44 (20) 4507-1000

SMBC Nikko Capital Markets Limited ADGM Branch

2445, 24th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

SMBC Derivative Products Limited

100 Liverpool Street, London EC2M 2AT, UK
Tel: 44 (20) 4507-1000

Sumitomo Mitsui Finance Dublin Limited

La Touche House, International Financial Services Centre, Custom House Docks, Dublin 1, Ireland
Tel: 353 (1) 670-0066

JRI Europe, Limited

100 Liverpool Street, London, EC2M 2AT 8 Harbour Exchange Square, London E14 9GE
Tel: 44-(0)20-4507-1000

Sumitomo Mitsui DS Asset Management (UK) Limited

100 Liverpool Street, London, EC2M 2AT, United Kingdom
Tel: 44 (0) 20-7507-6400

SMBC Aviation Capital Limited

Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, D02 KF20, Ireland
Tel: 353 (1) 859-9000

SMBC Advisory Services Saudi Arabia LLC

7th Floor Al Faisaliah Tower, P.O.Box 3333, Riyadh 12212, Kingdom of Saudi Arabia
Tel: 966-11-417-5701

SMBC Leasing (UK) Limited

100 Liverpool Street, London, EC2M 2AT, UK
Tel: 44 (20) 4507-1000

SMBC Nikko Bank (Luxembourg) S.A.

2, rue Hildegard von Bingen L-1282 Luxembourg, Grand Duchy of Luxembourg
Tel: 352 (442) 828-1

SMBC Nikko Investment Fund Management Company S.A.

2, rue Hildegard von Bingen L-1282 Luxembourg, Grand-Duchy of Luxembourg
Tel: 352-442-828-1

Sumitomo Mitsui Finance and Leasing Company, Limited

London Branch
100 Liverpool Street, London, EC2M 2RH, U.K.

Sumitomo Mitsui Finance and Leasing Company, Limited

Dublin Branch
Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, D02 KF20, Ireland

SMBC Aero Engine Lease B.V.

World Trade Center Tower Eight, 16th floor, Strawinskylaan 1639, 1077 XX Amsterdam, the Netherlands
Tel: 31-20-705-4980

SMFL LCI Helicopters Limited

8th Floor, North Dock Two, 93/94 North Wall Quay, Dublin, D01 V8Y6, Ireland

DMG MORI Finance GmbH
Rita-Maiburg-Strasse 40, 70794 Filderstadt, Germany
Tel: 49 711 34 24 4 0-0

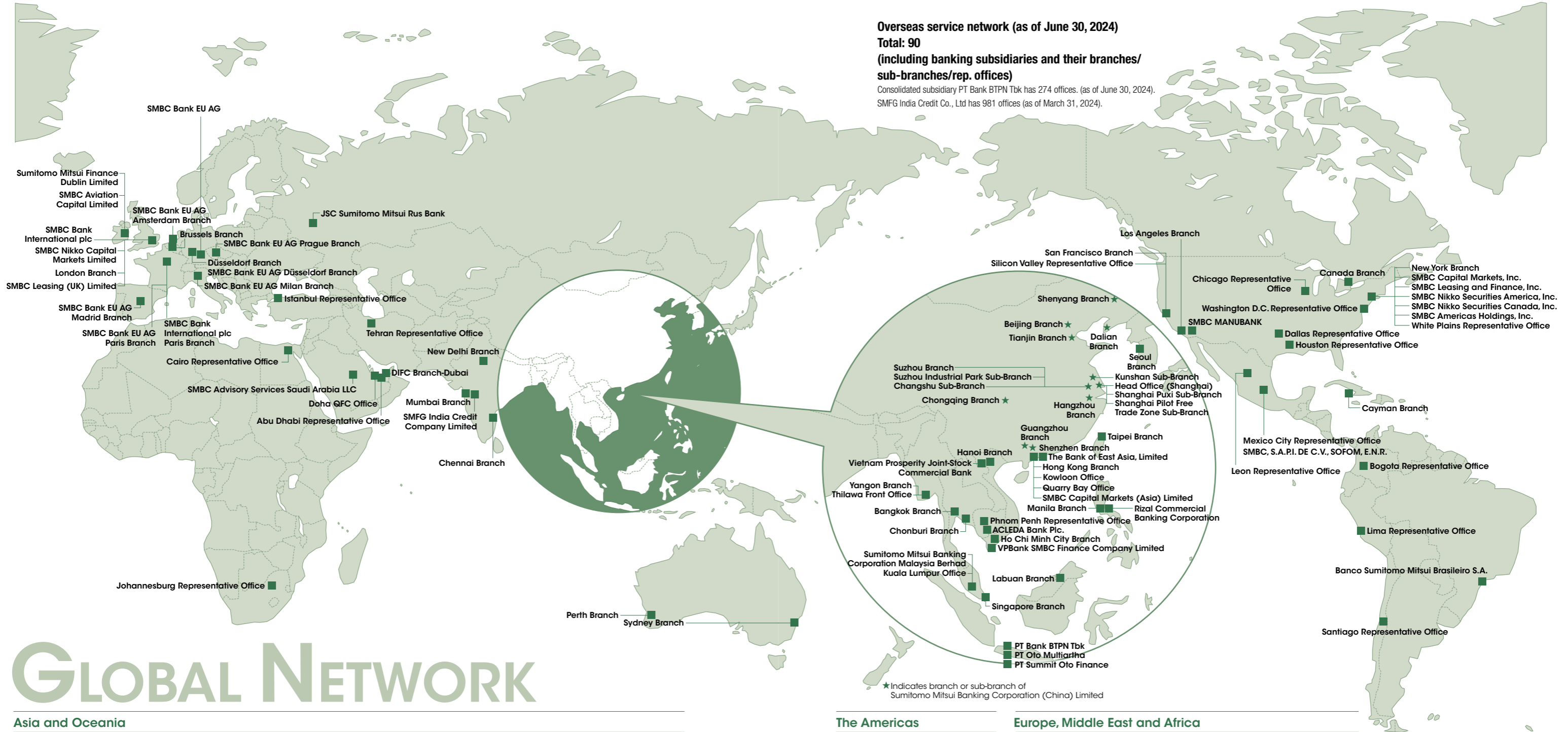
Overseas service network (as of June 30, 2024)

Total: 90

**(including banking subsidiaries and their branches/
sub-branches/rep. offices)**

Consolidated subsidiary PT Bank BTPN Tbk has 274 offices. (as of June 30, 2024).

SMFG India Credit Co., Ltd has 981 offices (as of March 31, 2024).



GLOBAL NETWORK

Asia and Oceania

- Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)
- Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Chongqing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenzhen Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Dalian Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Kunshan Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Pilot Free Trade Zone Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Changshu Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
- PT Bank BTPN Tbk
- Sumitomo Mitsui Banking Corporation Malaysia Berhad
- Hong Kong Branch
- Hong Kong Branch Kowloon Office
- Hong Kong Branch Quarry Bay Office
- Taipei Branch
- Seoul Branch
- Singapore Branch
- Sydney Branch
- Perth Branch
- Mumbai Branch
- New Delhi Branch
- Chennai Branch
- Bangkok Branch
- Chonburi Branch
- Ho Chi Minh City Branch
- Hanoi Branch
- Manila Branch
- Yangon Branch
- Yangon Branch Thilawa Front Office
- Labuan Branch
- Labuan Branch Kuala Lumpur Office
- Phnom Penh Representative Office
- SMBC Capital Markets (Asia) Limited
- The Bank of East Asia, Limited
- PT Oto Multiartha
- PT Summit Oto Finance
- ACLEDA Bank Plc.
- SMFG India Credit Company Limited
- Vietnam Prosperity Joint-Stock Commercial Bank
- Rizal Commercial Banking Corporation
- VPBank SMBC Finance Company Limited

The Americas

- New York Branch
- San Francisco Branch
- Los Angeles Branch
- Canada Branch
- Cayman Branch
- Chicago Representative Office
- Dallas Representative Office
- Houston Representative Office
- Silicon Valley Representative Office
- White Plains Representative Office
- Washington D.C. Representative Office
- Mexico City Representative Office
- Leon Representative Office
- Santiago Representative Office
- Bogota Representative Office
- Lima Representative Office
- SMBC MANUBANK
- Banco Sumitomo Mitsui Brasileiro S.A.
- SMBC Capital Markets, Inc.
- SMBC Nikko Securities America, Inc.
- SMBC Nikko Securities Canada, Inc.
- SMBC Leasing and Finance, Inc.
- SMBC, S.A.P.I. DE C.V., SOFOM, E.N.R.
- SMBC Americas Holdings, Inc.

Europe, Middle East and Africa

- SMBC Bank International plc
- SMBC Bank International plc Paris Branch
- SMBC Bank EU AG Amsterdam Branch
- SMBC Bank EU AG Dublin Branch
- SMBC Bank EU AG Düsseldorf Branch
- SMBC Bank EU AG Paris Branch
- SMBC Bank EU AG Prague Branch
- SMBC Bank EU AG Madrid Branch
- SMBC Bank EU AG Milan Branch
- London Branch
- Düsseldorf Branch
- Brussels Branch
- DIFC Branch-Dubai
- Abu Dhabi Representative Office
- Istanbul Representative Office
- Doha QFC Office
- Johannesburg Representative Office
- Cairo Representative Office
- Tehran Representative Office
- JSC Sumitomo Mitsui Rus Bank
- SMBC Nikko Capital Markets Limited
- Sumitomo Mitsui Finance Dublin Limited
- SMBC Aviation Capital Limited
- SMBC Advisory Services Saudi Arabia LLC
- SMBC Leasing (UK) Limited



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Financial Highlights

Financial Data (Excerpt from Securities Report) of Sumitomo Mitsui Financial Group can be found on our website.
URL: https://www.smfg.co.jp/english/investor/library/annual/cy2024annu_eng_smfg.html

Sumitomo Mitsui Financial Group (Consolidated)

Year ended March 31	Millions of yen				
	2024	2023	2022	2021	2020
For the Year:					
Ordinary income.....	¥ 9,353,590	¥ 6,142,155	¥ 4,111,127	¥ 3,902,307	¥ 4,591,873
Ordinary profit	1,466,128	1,160,930	1,040,621	711,018	932,064
Profit attributable to owners of parent	962,946	805,842	706,631	512,812	703,883
Comprehensive income	2,629,723	1,031,712	561,887	1,465,014	372,971
At Year-End:					
Total net assets	¥ 14,799,967	¥ 12,791,106	¥ 12,197,331	¥ 11,899,046	¥ 10,784,903
Total assets	295,236,701	270,428,564	257,704,625	242,584,308	219,863,518
Total capital ratio (BIS guidelines).....	15.29%	15.98%	16.56%	18.61%	18.75%
Tier 1 capital ratio (BIS guidelines).....	14.33%	14.94%	15.46%	16.96%	16.63%
Common equity Tier 1 capital ratio (BIS guidelines).....	12.91%	14.02%	14.45%	16.00%	15.55%
Number of employees.....	120,373	105,955	101,023	86,781	86,443

Notes: 1. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.
2. Sumitomo Mitsui Financial Group, Inc. has changed the recognition of installment-sales-related income and installment-sales-related expenses from the fiscal year ended March 31, 2021 and the change in accounting policies is applied retroactively for the fiscal year ended March 31, 2020. As a result, comparing before and after the retroactive application, ordinary income decreased by 722,440 million yen.

Basel III Information

Capital Ratio and Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Regarding the calculation of the capital ratio and leverage ratio of Sumitomo Mitsui Financial Group, an external audit was performed by KPMG AZSA LLC pursuant to the Technical Practical Guidelines 4465 "Practical Guidelines on Agreed-Upon Procedures for the Capital Ratio and Leverage Ratio Calculation Framework." The aforementioned external audit was not meant to provide a statement of opinions or conclusions on the capital ratio and leverage ratio themselves, or our internal control framework for calculating these ratios, but to present us a report on the results of the procedure performed within the scope agreed upon between the external auditor and us. It constitutes neither part of the audit of consolidated financial statements nor part of the audit of our internal control over financial reporting. "Consolidated Capital Ratio and Leverage Ratio Information" was prepared principally based on the Notification, and the terms and details in the section may differ from those in other sections of this report.

■ Scope of Consolidation

1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 175
Please refer to "Principal Subsidiaries and Affiliates" on page 184 for their names and business outline.
- Scope of consolidated subsidiaries for calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.

2. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among us and its group companies.

3. Names of companies among subsidiaries of bank-holding companies (other financial institutions), with the Basel Capital Accord required amount, and total shortfall amount

Not applicable.

■ Capital Ratio Information (Consolidated)

The consolidated capital ratio is calculated using the method stipulated in "Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, Etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Act" (Notification No. 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as "the Notification"). In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as "International Standard" in the Notification), we have adopted the Advanced Internal Ratings-Based (AIRB) approach for calculating credit risk-weighted asset amounts and the standardised approach for calculating the operational risk equivalent amount.

■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2024	As of March 31, 2023	Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	10,452,598	10,140,313	
1a	of which: capital and capital surplus	2,954,181	3,036,589	
2	of which: retained earnings	7,843,470	7,423,600	
1c	of which: treasury stock (-)	167,671	151,798	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	177,382	168,077	
	of which: other than the above	—	—	
1b	Stock subscription rights and stock acquisition rights to common shares	931	1,145	
3	Accumulated other comprehensive income and other disclosed reserves	4,030,129	2,372,074	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	2,243	1,404	
6	Common Equity Tier 1 capital: instruments and reserves (A)	14,485,903	12,514,937	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	957,397	841,089	
8	of which: goodwill (including those equivalent)	461,174	405,810	
9	of which: other intangibles other than goodwill and mortgage servicing rights	496,223	435,279	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,693	6,899	
11	Net deferred gains or losses on hedges	(144,850)	(74,959)	
12	Shortfall of eligible provisions to expected losses	—	—	
13	Securitisation gain on sale	47,724	52,939	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	24,314	47,781	
15	Net defined benefit asset	634,121	489,035	
16	Investments in own shares (excluding those reported in the Net assets section)	6,812	7,205	
17	Reciprocal cross-holdings in common equity	—	—	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	719,737	187,705	
19+20+21	Amount exceeding the 10% threshold on specified items	243,324	118,285	
19	of which: significant investments in the common stock of financials	243,324	118,285	
20	of which: mortgage servicing rights	—	—	
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	
22	Amount exceeding the 15% threshold on specified items	—	—	
23	of which: significant investments in the common stock of financials	—	—	
24	of which: mortgage servicing rights	—	—	
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—	—	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	2,493,275	1,675,982	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	11,992,628	10,838,955	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31, 2024	As of March 31, 2023	Reference to Template CC2	
Additional Tier 1 capital: instruments (3)					
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	
	31b	Stock subscription rights and stock acquisition rights to Additional Tier 1 instruments	—	—	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,463,945	766,214	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
34	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	12,239	29,268		
36	Additional Tier 1 capital: instruments (D)	1,476,185	795,482		
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	—	—		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	74,283	2,547		
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	82,978	82,978		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	157,262	85,526		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,318,922	709,956		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	13,311,550	11,548,912		
Tier 2 capital: instruments and provisions (4)					
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—		
	Stock subscription rights and stock acquisition rights to Tier 2 instruments	—	—		
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	946,577	766,438		
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—		
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group T2)	3,071	5,825		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	129,692	105,858		
50a	of which: general reserve for possible loan losses	105,555	79,073		
50b	of which: eligible provisions	24,136	26,784		
51	Tier 2 capital: instruments and provisions (H)	1,079,340	878,121		

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2024	As of March 31, 2023	Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)				
52	Investments in own Tier 2 instruments	99	0	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	147,523	36,190	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions	—	—	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	45,399	40,062	
57	Tier 2 capital: regulatory adjustments (I)	193,022	76,252	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	886,318	801,869	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	14,197,869	12,350,781	
Risk weighted assets (6)				
60	Total risk-weighted assets (RWA) (L)	92,848,578	77,285,048	
Capital ratios (consolidated) and buffers (7)				
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	12.91%	14.02%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.33%	14.94%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	15.29%	15.98%	
64	CET1 specific buffer requirement	3.65%	3.60%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.15%	0.10%	
67	of which: G-SIB/D-SIB additional requirement	1.00%	1.00%	
68	CET1 available after meeting the minimum capital requirements	7.29%	7.98%	
Regulatory adjustments (8)				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	1,295,569	1,114,494	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	1,223,595	1,095,724	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	45,227	199,927	
Provisions included in Tier 2 capital: instruments and provisions (9)				
76	Provisions (general reserve for possible loan losses)	105,555	85,077	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	108,011	79,073	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	24,136	26,784	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	439,582	326,973	

(Millions of yen)

Items	As of March 31, 2024	As of March 31, 2023
Required capital ((L) × 8%)	7,427,886	6,182,803

■ Overview of RWA (OV1)

(Millions of yen)

Basel III Template No.	OV1: Overview of RWA	a	b	c	d
		RWA		Minimum capital requirements	
		As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	As of March 31, 2023
1	Credit risk (excluding counterparty credit risk)	66,152,556	—	5,292,204	—
2	Of which: standardised approach (SA)	4,534,078	—	362,726	—
3	Of which: foundation internal ratings-based (F-IRB) approach	42,010,716	—	3,360,857	—
4	Of which: supervisory slotting criteria approach	644,912	—	51,593	—
5	Of which: advanced internal ratings-based (A-IRB) approach	14,658,740	—	1,172,699	—
	Of which: significant investments in commercial entities	—	—	—	—
	Of which: lease residual value	32,604	—	2,608	—
	Other assets	4,271,504	—	341,720	—
6	Counterparty credit risk (CCR)	2,767,485	—	221,398	—
7	Of which: standardised approach for counterparty credit risk (SA-CCR)	1,828,241	—	146,259	—
8	Of which: internal model method (IMM)	—	—	—	—
	Of which: Central Counterparty (CCP)	59,849	—	4,787	—
9	Others	879,393	—	70,351	—
10	Credit valuation adjustment (CVA)	2,412,722	—	193,017	—
	of which: the standardised approach (SA-CVA)	—	—	—	—
	of which: the full basic approach (full BA-CVA)	1,808,479	—	144,678	—
	of which: the reduced basic approach (reduced BA-CVA)	604,242	—	48,339	—
11	Equity positions in banking book under market-based approach during the five-year linear phase-in period	2,329,143	—	186,331	—
12	Equity investments in funds - look-through approach	4,691,335	—	375,306	—
13	Equity investments in funds - mandate-based approach	—	—	—	—
	Equity investments in funds - simple approach (subject to 250% risk weight)	252,616	—	20,209	—
	Equity investments in funds - simple approach (subject to 400% risk weight)	540,466	—	43,237	—
14	Equity investments in funds - fall-back approach	570,086	—	45,606	—
15	Settlement risk	0	—	0	—
16	Securitisation exposures in banking book	1,488,838	—	119,107	—
17	Of which: securitisation IRB approach (SEC-IRBA)	1,317,929	—	105,434	—
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	168,648	—	13,491	—
19	Of which: securitisation standardised approach (SEC-SA)	2,260	—	180	—
	Of which: RW 1250% is applied	—	—	—	—
20	Market risk	2,926,210	—	234,096	—
21	Of which: standardised approach (SA)	2,812,666	—	225,013	—
22	Of which: internal model approaches (IMA)	—	—	—	—
	Of which: simplified standardised approach (SSA)	113,543	—	9,083	—
23	Capital charge for switch between trading book and banking book	—	—	—	—
24	Operational risk	5,545,060	—	443,604	—
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	3,172,056	—	253,764	—
26	Floor adjustment	—	—	—	—
27	Total	92,848,578	—	7,427,886	—

(Millions of yen)

Basel III Template No.	OV1: Overview of RWA	a	b	c	d
		RWA		Minimum capital requirements	
		As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	As of March 31, 2023
1	Credit risk (excluding counterparty credit risk)		48,133,282		4,043,801
2	Of which: standardised approach (SA)		3,650,094		292,007
3	Of which: internal ratings-based (IRB) approach		40,237,209		3,412,115
	Of which: significant investments in commercial entities		—		—
	Of which: lease residual value		36,042		2,883
	Other assets		4,209,936		336,794
4	Counterparty credit risk (CCR)		5,247,547		427,703
5	Of which: standardised approach for counterparty credit risk (SA-CCR)		—		—
	Of which: current exposure method (CEM)		1,503,981		126,501
6	Of which: Expected Positive Exposure (EPE)		—		—
	Of which: Credit Valuation Adjustment (CVA)		2,594,370		207,549
	Of which: Central Counterparty (CCP)		284,745		22,779
	Others		864,450		70,872
7	Equity positions in banking book under market-based approach		847,614		71,877
8	Equity investments in funds – look-through approach		2,550,305		204,024
9	Equity investments in funds – mandate-based approach		—		—
	Equity investments in funds – simple approach (subject to 250% risk weight)		85,894		7,083
	Equity investments in funds – simple approach (subject to 400% risk weight)		550,764		45,946
10	Equity investments in funds – fall-back approach		271,158		21,692
11	Settlement risk		255		21
12	Securitisation exposures in banking book		1,311,406		104,912
13	Of which: securitisation IRB approach (SEC-IRBA) or internal assessment approach (IAA)		1,074,905		85,992
14	Of which: securitisation external ratings-based approach (SEC-ERBA)		218,204		17,456
15	Of which: securitisation standardised approach (SEC-SA)		4,111		328
	Of which: RW 1250% is applied		14,184		1,134
16	Market risk		4,474,842		357,987
17	Of which: standardised approach (SA)		1,607,836		128,626
18	Of which: internal model approaches (IMA)		2,867,006		229,360
19	Operational risk		4,870,622		389,649
20	Of which: Basic Indicator Approach		1,112,261		88,980
21	Of which: Standardised Approach		—		—
22	Of which: Advanced Measurement Approach		3,758,360		300,668
23	Amounts below the thresholds for deduction (subject to 250% risk weight)		3,239,127		273,891
	Risk weighted assets subject to transitional arrangements		—		—
24	Floor adjustment		2,927,635		234,210
25	Total (after applying the scaling factor)		77,285,048		6,182,803

■ Credit Quality of Assets

1. Overview of Criteria for Accounting Provisions and Write-Offs

(1) Policies and Methods of Provisions and Write-Offs

For “Policies and Methods of Provisions and Write-Offs,” please refer to pages 156 to 160 (Risk Management - 3. Credit Risk Management Methods - (1) Credit Risk Assessment and Quantification, (4) Self-Assessment, Write-Offs and Provisions, Non-Performing Loans Disclosure).

(2) Extent of the Number of Delinquency Days of “Past Due Loans of Three Months or More” that are Allowed Not to Classify Their Loan Category as “Doubtful Assets” or Below (or Not to Judge as Loans to Parties Classified as Potentially Bankrupt Borrowers or Below) and Reasons Thereof

At SMBC, as a core bank of SMBC Group, the delinquency period of past due loans of three months or more that are allowed not to classify loans as doubtful assets or below (or not to judge as loans to parties classified as potentially bankrupt borrowers or below) is generally less than six months, and they are loans to parties that are expected to improve business conditions. If there are any past due loans of six months or more, they shall be in principle classified as loans to potentially bankrupt borrowers or below.

(3) Definition of Loans Whose Loan Terms and Conditions were Restructured

At SMBC, as a core bank of SMBC Group, loans whose loan terms and conditions were restructured are defined as loans with interest rate reduction, deferred payment of interest, deferred repayment of principal amount, abandonment of loans, or other arrangements that are advantageous for the obligors, for the purpose of business rehabilitation or support for the obligors. Obligors with loans whose loan terms and conditions were restructured may not be classified as doubtful assets or below depending on the outlook for business conditions, financial statements and loan terms and conditions. If the borrower category deteriorates due to restructuring of loan terms and conditions, provisions will increase.

(4) Key Differences in Parameters of Credit Risks Used to Calculate Provisions and Capital Ratio, Respectively

SMBC, as a core bank of SMBC Group, uses Probability of Default and loan-loss ratio as parameters for calculation of provisions.

Probability of Default is calculated based on the actual performance in the past of the deterioration rate for one year from each borrower category to potentially bankrupt borrowers or below (regarding the deterioration rate to potentially bankrupt borrowers, the deterioration transition rates equivalent to three accumulated years from potentially bankrupt borrowers to virtually bankrupt borrowers or below are included). For the PD used to calculate the capital ratio, deterioration to substandard borrowers or below is defined as default, and assuming a long-term average value of the default rate, conservative estimation for some portfolios is conducted, which is the major difference from the Probability of Default used to calculate provisions.

Loan-loss ratio is calculated using the loan-loss amount including direct write-offs and indirect write-offs incurred during the year for each borrower category to the amount of initial existing exposure by borrower category.

For details of parameters used to calculate the capital ratio, please refer to pages 207 to 208 “3. Overview of Internal Rating System (2) Parameter Estimation and Its Validation System.”

2. Credit Quality of Assets (CR1)

(Millions of yen)

CR1: Credit quality of assets		As of March 31, 2024				As of March 31, 2023			
Item No.		a	b	c	d	a	b	c	d
		Gross carrying values of:		Allowances	Net values (a+b-c)	Gross carrying values of:		Allowances	Net values (a+b-c)
Defaulted exposures	Non-defaulted exposures	Defaulted exposures	Non-defaulted exposures						
On-balance sheet assets									
1	Loans	1,111,185	104,655,700	857,810	104,909,075	916,540	96,078,487	732,290	96,262,737
2	Securities (of which: debt securities)	2,807	26,618,145	—	26,620,953	4,100	25,370,319	—	25,374,419
3	Other on-balance sheet assets (of which: debt-based assets)	131,143	88,291,562	39,519	88,383,186	144,231	85,292,570	46,659	85,390,142
4	Subtotal (1+2+3)	1,245,136	219,565,409	897,330	219,913,215	1,064,872	206,741,377	778,949	207,027,300
Off-balance sheet assets									
5	Acceptances and guarantees, etc.	13,146	15,176,915	67,277	15,122,784	7,625	14,455,696	60,430	14,402,891
6	Commitments, etc.	39,476	70,393,763	82,202	70,351,036	40,257	31,232,414	70,620	31,202,052
7	Subtotal (5+6)	52,622	85,570,678	149,479	85,473,821	47,883	45,688,111	131,051	45,604,943
Total									
8	Total (4+7)	1,297,759	305,136,087	1,046,810	305,387,037	1,112,756	252,429,488	910,000	252,632,244

3. Changes in stock of defaulted loans and securities (of which: debt securities) (CR2)

(Millions of yen)

CR2: Changes in stock of defaulted loans and securities (of which: debt securities)			
Item No.		Amount	
1	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2023	1,064,872	
2			
3	Changes in loans and securities (of which: debt securities) by factors during the current interim period	Amounts defaulted	345,137
4		Amounts returned to non-defaulted status	102,843
5		Amounts written off	221,720
6	Other changes	159,690	
6	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2024 (1+2-3-4+5)	1,245,136	

Note: The major factor for other changes is that, despite decreases in stock by collection and sale of receivables that were placed in defaulted status at the end of the previous fiscal year, the stock of receivables increased owing to the foreign exchange impact, resulting in an increase.

(Millions of yen)

CR2: Changes in stock of defaulted loans and securities (of which: debt securities)			
Item No.		Amount	
1	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2022	1,153,280	
2			
3	Changes in loans and securities (of which: debt securities) by factors during the current interim period	Amounts defaulted	230,238
4		Amounts returned to non-defaulted status	68,744
5		Amounts written off	202,950
6	Other changes	(46,951)	
6	Stock of loans and securities (of which: debt securities) that were placed in defaulted status as of March 31, 2023 (1+2-3-4+5)	1,064,872	

Note: The major factor for other changes is due to decreases in stock by collection and sale of receivables that were placed in defaulted status at the end of the previous fiscal year.

4. Term-End Balance of Exposures by Category and Their Breakdown by Major Type of Assets

(1) Exposure Balance by Type of Assets, Geographic Region and Industry

(Millions of yen)

Category	As of March 31, 2024				As of March 31, 2023			
	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total
Domestic operations (excluding offshore banking accounts)	143,366,874	17,743,697	10,119,428	171,230,000	135,864,846	18,647,976	9,389,132	163,901,956
Manufacturing	13,914,859	137,843	2,422,404	16,475,107	12,086,282	122,856	1,996,652	14,205,791
Agriculture, forestry, fishery and mining	297,304	6,601	3,100	307,005	262,150	6,430	3,004	271,585
Construction	1,502,663	44,919	167,997	1,715,579	1,228,917	34,605	134,809	1,398,333
Transport, information, communications and utilities	7,420,992	222,759	525,692	8,169,445	7,418,455	230,885	499,411	8,148,753
Wholesale and retail	7,177,814	99,216	491,170	7,768,201	6,623,832	135,308	410,348	7,169,489
Financial and insurance	65,187,622	2,161,489	244,459	67,593,571	67,197,664	2,194,188	330,061	69,721,915
Real estate, goods rental and leasing	16,463,335	1,080,765	175,653	17,719,754	15,043,141	1,238,633	83,117	16,364,892
Services	5,653,386	188,336	70,833	5,912,556	4,863,194	266,010	96,019	5,225,224
Local municipal corporations	2,504,475	202,550	1,866	2,708,892	1,830,028	171,204	1,644	2,002,877
Other industries	23,244,420	13,599,214	6,016,250	42,859,885	19,311,178	14,247,852	5,834,061	39,393,093
Overseas operations and offshore banking accounts	83,841,232	8,890,044	2,110,811	94,842,088	76,529,143	6,741,578	2,288,716	85,559,437
Sovereigns	19,747,186	5,990,310	21,730	25,759,228	17,505,424	4,490,993	8,363	22,004,781
Financial institutions	8,557,208	1,770,182	647,401	10,974,792	7,966,317	1,225,126	456,111	9,647,555
C&I companies	46,146,623	793,464	—	46,940,088	42,702,686	611,797	—	43,314,484
Others	9,390,214	336,086	1,441,679	11,167,979	8,354,714	413,660	1,824,240	10,592,615
Total	227,208,107	26,633,741	12,230,239	266,072,089	212,393,990	25,389,554	11,677,848	249,461,394

Notes: 1. The above amounts are exposures after Credit Risk Mitigation (CRM).

2. The above amounts do not include "securitisation exposures" and "credit RWA under Article 145 of the Notification."

3. "Domestic operations" comprises the operations of us, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

(2) Exposure Balance by Type of Assets and Residual Term

(Millions of yen)

Category	As of March 31, 2024				As of March 31, 2023			
	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total	Loans, commitments and other off-balance sheet exposures except derivatives	Bonds	Others	Total
To 1 year	52,050,172	10,226,693	—	62,276,865	59,067,939	9,188,027	26,399	68,282,365
More than 1 year to 3 years	31,328,032	3,173,218	—	34,501,250	25,907,221	3,566,043	—	29,473,265
More than 3 years to 5 years	23,025,485	3,624,008	—	26,649,494	22,835,840	3,933,771	—	26,769,612
More than 5 years to 7 years	8,698,233	1,547,057	—	10,245,291	9,114,056	1,647,817	—	10,761,873
More than 7 years	23,548,332	5,549,658	—	29,097,990	23,001,636	7,053,894	—	30,055,531
No fixed maturity	88,557,851	2,513,105	12,230,239	103,301,196	72,467,295	—	11,651,449	84,118,745
Total	227,208,107	26,633,741	12,230,239	266,072,089	212,393,990	25,389,554	11,677,848	249,461,394

Notes: 1. The above amounts are exposures after CRM.

2. The above amounts do not include "securitisation exposures" and "credit RWA under Article 145 of the Notification."

3. "No fixed maturity" includes exposures not classified by residual term.

5. Amounts of Reserves and Write-offs Corresponding to the Term-End Balance of Obligors' Exposures Related to Loans Prescribed in the Provisions of Article 4, Paragraph 2 (Bankrupt and Quasi-Bankrupt Assets), Paragraph 3 (Doubtful Assets) or Paragraph 4 (Substandard Loans) of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions, as well as Breakdown by Each of the Following Categories

(1) By Geographic Region

(Billions of yen)

	Fiscal 2023			Fiscal 2022		
	Term-end balance	Term-end Reserves	Write-offs for the year	Term-end balance	Term-end Reserves	Write-offs for the year
Domestic operations (excluding offshore banking accounts)	806.4	203.4	77.9	781.7	203.4	78.3
Overseas operations and offshore banking accounts	612.8	297.1	52.9	522.5	234.2	28.2
Asia	343.5	184.2	43.6	290.2	156.8	25.3
North America	60.4	21.2	1.0	92.6	26.5	1.8
Other regions	208.8	91.6	8.2	139.7	50.9	1.2
Total	1,419.2	500.5	130.8	1,304.2	437.6	106.5

(2) By Industry

(Billions of yen)

	Fiscal 2023			Fiscal 2022		
	Term-end balance	Term-end Reserves	Write-offs for the year	Term-end balance	Term-end Reserves	Write-offs for the year
Domestic operations (excluding offshore banking accounts)	806.4	203.4	77.9	781.7	203.4	78.3
Manufacturing	110.6	41.6	11.8	136.4	43.6	11.6
Agriculture, forestry, fishery and mining	2.2	1.4	0.1	2.7	1.6	0.7
Construction	8.3	1.8	0.3	8.4	2.0	0.2
Transport, information, communications and utilities	28.1	10.9	(0.2)	45.1	17.7	0.0
Wholesale and retail	83.2	32.6	0.4	69.8	22.1	0.4
Financial and insurance	5.5	0.1	0.0	6.5	0.2	0.0
Real estate, goods rental and leasing	36.4	3.5	(0.8)	42.2	5.8	(0.2)
Services	172.8	31.8	(1.1)	114.4	34.3	(1.4)
Other industries	359.0	79.3	67.2	356.0	76.2	67.1
Overseas operations and offshore banking accounts	612.8	297.1	52.9	522.5	234.2	28.2
Financial institutions	20.4	18.8	(0.5)	17.8	16.7	0.0
C&I companies	540.8	254.1	11.1	415.7	193.8	6.4
Others	51.5	24.1	42.3	89.0	23.7	21.9
Total	1,419.2	500.5	130.8	1,304.2	437.6	106.5

Notes: 1. Term-end Reserves include partial direct write-offs (direct reduction).

2. "Domestic operations" comprises the operations of SMBC Group (excluding overseas branches) and domestic consolidated subsidiaries. "Overseas operations" comprises the operations of SMBC Group's overseas branches and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

6. Term-End Balance of Exposures by Past Due Periods

(Billions of yen)

Fiscal 2023				
Less than 1 month	1 month or more to less than 2 months	2 months or more to less than 3 months	3 months or more	Total
222.2	74.1	45.5	114.9	456.9

Notes: 1. Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions and doubtful assets prescribed in Paragraph 3 of the said Article are excluded.
2. Items that are not accompanied by deterioration of business conditions/cash flows are excluded.

(Billions of yen)

Fiscal 2022				
Less than 1 month	1 month or more to less than 2 months	2 months or more to less than 3 months	3 months or more	Total
144.3	63.4	24.7	80.9	313.4

Notes: 1. Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions and doubtful assets prescribed in Paragraph 3 of the said Article are excluded.
2. Items that are not accompanied by deterioration of business conditions/cash flows are excluded.

7. Term-End Balance of Exposures of Obligors Whose Loan Conditions were Restructured for Business Rehabilitation or Support; of Which Amounts of Increased Reserves for Such Exposures and Other Amounts due to the Restructuring of the Loan Conditions

(Billions of yen)

Fiscal 2023			Fiscal 2022		
Term-end balance	Of which: amounts of increased Reserves for such exposures due to the restructuring of the loan conditions	Of which: other amounts	Term-end balance	Of which: amounts of increased Reserves for such exposures due to the restructuring of the loan conditions	Of which: other amounts
257.4	257.4	0.0	393.0	393.0	0.0

Note: Bankrupt and Quasi-Bankrupt Assets prescribed in Article 4, Paragraph 2 of the Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions, doubtful assets prescribed in Paragraph 3 of the said Article, and loans past due three months or more prescribed in Paragraph 4 of the said Article are excluded.

Internal Ratings-Based (IRB) Approach

1. Background on Determining the Scope of Application of Internal Ratings-Based (IRB) Approach

When the criteria of materiality defined by us according to business characteristics and business conditions, etc. are met, in principle, the IRB approach is adopted by the unit of our asset class or by the unit of the affiliated group companies. In addition, for the asset class or group companies that meet the quantitative criteria specified by the authorities, the IRB approach is in principle adopted regardless of whether the criteria of materiality are met.

For adopting the IRB approach, the Advanced Internal Ratings-Based (AIRB) approach is in principle adopted. However, for group companies which were judged unnecessary or inappropriate to adopt the AIRB approach in light of the scale, business contents, etc., the Foundation Internal Ratings-Based (FIRB) approach is adopted.

2. Scope

We and the following consolidated subsidiaries have adopted the Advanced Internal Ratings-Based (AIRB) approach for exposures as of March 31, 2009.

(1) Domestic Operations

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited and SMBC Guarantee Co., Ltd., and SMBC Trust Bank Ltd.

(2) Overseas Operations

SMBC Bank International plc, Sumitomo Mitsui Banking Corporation (China) Limited, Banco Sumitomo Mitsui Brasileiro S.A., JSC Sumitomo Mitsui Rus Bank, Sumitomo Mitsui Banking Corporation Malaysia Berhad, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Nikko Capital Markets Limited, SMBC Derivative Products Limited, SMBC Capital Markets (Asia) Limited, SMBC Bank EU AG, PT Bank BTPN Tbk, PT BANK BTPN SYARIAH TBK and SMBC Leasing (UK) Limited.

SMBC Finance Service Co., Ltd. has adopted the Foundation Internal Ratings-Based (FIRB) approach.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the AIRB approach have also adopted the AIRB approach. Further, the AIRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardised approach.

(* Only when risk-weighted assets are calculated using the PD/LGD approach and the market-based approach in accordance with the transitional arrangements for equity exposures

3. Overview of Internal Rating System

(1) Rating Procedures

(A) Corporate Exposures

- “Corporate, sovereign and bank exposures” includes credits to domestic and overseas commercial/industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans are, in principle, included in “retail exposures.” However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor’s financial statements. The financial grade is then adjusted taking into account the actual state of the obligor’s balance sheet and qualitative factors to derive the obligor grade (for details, please refer to “Credit Risk Assessment and Quantification” on pages 156 to 157). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown in the table following page due to differences in actual default rate levels and portfolios’ grade distribution. Different Probability of Default (PD) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company’s credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, “local municipal corporations”), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purposes and business loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as “substandard loans,” “doubtful assets” or “bankrupt and quasi-bankrupt assets” occurring to the obligor).
- Loss Given Defaults (LGDs) used in the calculation of credit risk-weighted assets are estimated based on historical loss experience of credits in default, taking into account the possibility of estimation errors. Exposure at default (EAD) used is the value designated by the authorities based on the Foundation Internal Ratings-Based (FIRB) approach.

Obligor Grade		
Domestic Corporate	Definition	Borrower Category
J1	Very high certainty of debt repayment	Normal Borrowers
J2	High certainty of debt repayment	
J3	Satisfactory certainty of debt repayment	
J4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation	
J5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of any changes in economic trends or business environment	Borrowers Requiring Caution
J6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment	
J7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	
J7R	Borrowers Requiring Caution identified as Substandard Borrowers	Substandard Borrowers
J8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
J9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers
J10	Legally or formally bankrupt	Bankrupt Borrowers

Obligor Grade		
Overseas Corporate	Definition	Borrower Category
G1	Very high certainty or high certainty of debt repayment	Normal Borrowers
G2	Satisfactory certainty of debt repayment	
G3	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment depending on the situation	Borrowers Requiring Caution
G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of any changes in economic trends or business environment	
G6	Currently no problem with debt repayment, but it is highly likely that this could change in cases of significant changes in economic trends or business environment	Substandard Borrowers
G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	
G7R	Borrowers Requiring Caution identified as Substandard Borrowers	Substandard Borrowers
G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Virtually Bankrupt Borrowers
G10	Legally or formally bankrupt	Bankrupt Borrowers

- “Specialized lending” is sub-classified into “project finance,” “object finance,” “commodity finance,” “income-producing real estate” (IPRE) and “high-volatility commercial real estate” (HVCRE) in accordance with the Notification. Project finance is financing of a single project, such as a power plant or transportation infrastructure, and cash flows generated by the project are the primary source of repayment. Object finance includes aircraft finance and ship finance, and IPRE and HVCRE include real estate finance (a primary example is non-recourse real estate finance). There were no commodity finance exposures as of March 31, 2024.
- Each SL product is classified as either a facility assigned a PD grade and LGD grade or a facility assigned a grade based primarily on the expected loss ratio, both using grading models and qualitative assessment. The former has the same grading structure as that of corporate, and the latter has ten grade levels as with obligor grades but the definition of each grade differs from that of the obligor grade which is focused on PD.

For the credit risk-weighted asset amount for the SL category, the former facility is calculated in a manner similar to corporate exposures, while the latter facility is calculated by mapping the expected loss-based facility grades to the five categories (hereinafter the “slotting criteria”) of the Notification because it does not satisfy the requirements for PD application specified in the Notification.

(B) Retail Exposures

- “Residential mortgage exposures” includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of default risk determined using loan contract information, a borrower category under self-assessment in accordance with an exclusive grading model, and recovery risk at the time of default determined using Loan To Value (LTV) calculated based on the assessment value of collateral real estate. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

- “Qualifying revolving retail exposures” includes card loans and credit card balances.

- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

- “Other retail exposures” includes business loans such as apartment construction loans and consumer loans such as My Car Loan.
- Business loans and consumer loans are rated as follows.

a. Business loans are allocated to a portfolio segment with similar risk characteristics in terms of default risk determined using loan contract information, a borrower category under self-assessment in accordance with an exclusive grading model, and recovery risk determined based on LTV for business loans.

PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of “Residential Mortgage Exposures.” Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(C) Equity Exposures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 158) and their grades are revised if necessary (credit risk-weighted asset amount is set to 1.5 times when they are not monitored individually). In the case there is no credit transaction with the issuer or it is difficult to obtain financial information, internal grades are assigned using ratings of external rating agencies if it is a qualifying investment.

In the case it is difficult to obtain financial information and it is not a qualifying investment, the simple risk weight method under the market-based approach is applied.

(2) Parameter Estimation and Its Validation System

A. PD

This is defined as the probability that obligors could default over one year. PD is estimated as the expected value in the long term regardless of the business cycle using the default rate for each fiscal year based on the historical data for five consecutive fiscal years or more. In principle, the default rate for each fiscal year is measured by the initial number of target obligors as the denominator and the number of defaults occurred during the fiscal year as the numerator.

For assets and ratings applicable to LDP (LDP: Low Default Portfolio), conservative PD is estimated by creating virtual rating transition data based on Monte Carlo simulation and by using the floor value proposed under Basel Capital Accord.

For most portfolios, the actual default rates are lower than PD estimate values applied for the respective periods, because the long-term average value including the recession period is estimated, and also because the possibility of estimation errors is taken into account.

Validation consists of two systems: “backtesting” to retrospectively compare and validate the parameter estimated value and the actual value for the respective applicable period, and “pretesting” to validate before applying the parameter for the purpose of complementing the “backtesting.” The overview for each is as follows.

(a) Backtesting

This is to compare the estimated value with the actual value at least once a year, and to validate that the degree of divergence is within the statistically assumed range.

In case of hitting the predetermined excess criteria as a result of validation, reviews shall be taken including revising the estimation method or rating system.

(b) Pretesting

This is to compare and validate the estimated value to be applied and the historical value. In the case of hitting the predetermined excess criteria, the estimated value shall be conservatively corrected.

The purpose is to prevent underestimation by making adjustments, if necessary.

B. LGD

This is defined as the ratio of loss amounts after default to the amount of receivable at the time of default. LGD is estimated as a long-term average value calculated based on historical data over seven consecutive fiscal years (for retail, five fiscal years) or more. However, in the case where a high positive correlation with the default rate is observed, taking into account the possibility that the loss rate of the recession period will exceed the long-term average value, LGD is estimated mainly by one of the following methods.

- By taking into account the influence of the recession period on the discount rate for calculating the economic loss to be used for estimation
- By taking into account the influence of the recession period by modeling the relationship between the loss ratio and economic and financial indicators, etc.

For the purpose of estimating LGD using economic loss based on requirement of Basel Capital Accord, discount rate is estimated using recovery cost. The averaged period from the time of default to the termination of recovery is used as discount period.

As for validation, backtesting and pretesting are conducted as in A. PD.

C. EAD

This is defined as the amount of exposure at the time of default. For each exposure, estimation by the Bank or the value designated by the authorities based on the Foundation Internal Ratings-Based (FIRB) approach is used.

Regarding estimation by the Bank, the increase is estimated by comparing the balance at default with the balance one year prior to the default, and by taking an average value for each segment, etc.

As for validation, backtesting and pretesting are conducted as in A. PD.

4. Percentage of EAD by Asset Class by Type of Approach for Calculating Credit RWA to Total EAD

	As of March 31, 2024	As of March 31, 2023
IRB approach	94.31 %	94.78 %
Corporate exposures (Advanced Internal Ratings-Based (AIRB) approach)	45.94 %	83.42 %
Corporate exposures (Foundation Internal Ratings-Based (FIRB) approach)	36.97 %	0.27 %
Retail exposures	6.25 %	5.93 %
Equity exposures	2.07 %	1.87 %
Purchased receivables (AIRB approach)	0.08 %	1.12 %
Purchased receivables (FIRB approach)	1.09 %	0.00 %
Other assets, etc.	1.88 %	2.15 %
SA	5.68 %	5.21 %
Total	100.00 %	100.00 %

5. CR Exposures by Portfolio and PD (CR6)

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2024											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF (Credit Conversion Factor) and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Sovereign exposures (AIRB approach)													
1	0.00 to <0.15	94,134,565	513,038	85.20	96,973,305	0.00	0.5	33.87	3.6	228,795	0.23	354	
2	0.15 to <0.25	408,011	136,436	40.66	574,046	0.16	0.0	31.02	2.6	178,849	31.15	289	
3	0.25 to <0.50	55,516	20,408	43.35	43,144	0.41	0.0	28.87	2.1	16,913	39.20	51	
4	0.50 to <0.75	560	4,426	63.11	3,354	0.71	0.0	35.00	4.8	3,073	91.62	8	
5	0.75 to <2.50	154,183	169,308	93.26	214,558	1.57	0.0	30.60	2.9	162,078	75.54	962	
6	2.50 to <10.00	42,178	12,123	40.00	11,784	4.16	0.0	28.03	1.5	9,754	82.76	137	
7	10.00 to <100.00	10,560	2,043	100.00	11,775	15.24	0.0	30.00	1.0	16,322	138.62	538	
8	100.00 (Default)	114,567	—	—	114,567	100.00	0.0	49.92	1.0	49,264	43.00	57,202	
9	Subtotal	94,920,143	857,785	77.99	97,946,536	0.12	0.6	33.86	3.6	665,051	0.67	59,543	3,589
Sovereign exposures (FIRB approach)													
1	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Bank exposures (AIRB approach)													
1	0.00 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Bank exposures (FIRB approach)													
1	0.00 to <0.15	5,651,723	1,585,946	71.13	9,523,162	0.05	1.3	44.98	2.2	2,368,812	24.87	2,347	
2	0.15 to <0.25	746,840	299,840	67.31	895,337	0.16	0.1	44.84	1.4	326,765	36.49	647	
3	0.25 to <0.50	175,072	119,178	42.29	210,086	0.35	0.0	44.44	1.6	120,792	57.49	328	
4	0.50 to <0.75	1	—	—	1	0.71	0.0	45.00	5.0	2	144.46	0	
5	0.75 to <2.50	533,619	252,960	93.60	750,721	1.39	0.2	44.95	1.1	707,066	94.18	3,171	
6	2.50 to <10.00	259,497	65,172	46.54	244,286	4.16	0.0	42.19	1.3	311,088	127.34	4,293	
7	10.00 to <100.00	1,404	—	—	375	13.30	0.0	45.00	1.0	853	227.17	22	
8	100.00 (Default)	441	—	—	441	100.00	0.0	79.00	1.0	56	12.75	348	
9	Subtotal	7,368,603	2,323,097	70.91	11,624,414	0.24	1.8	44.90	2.0	3,835,438	32.99	11,160	16,619
Corporate exposures (AIRB approach)													
1	0.00 to <0.15	2,353,233	353,241	66.74	2,686,016	0.07	2.0	31.26	2.8	538,193	20.03	592	
2	0.15 to <0.25	2,557,481	297,729	47.37	2,639,038	0.18	3.4	26.33	2.6	655,129	24.82	1,310	
3	0.25 to <0.50	619,632	97,928	48.43	638,962	0.44	0.8	27.19	2.2	240,269	37.60	770	
4	0.50 to <0.75	229,840	17,039	49.91	228,803	0.71	0.4	28.02	2.3	110,169	48.15	455	
5	0.75 to <2.50	521,603	162,883	54.04	525,316	1.48	0.8	29.27	2.5	354,123	67.41	2,292	
6	2.50 to <10.00	245,697	48,126	50.92	258,850	6.77	0.2	29.14	2.1	273,901	105.81	5,325	
7	10.00 to <100.00	66,521	4,439	55.56	67,246	18.96	0.1	25.73	2.0	86,711	128.94	3,307	
8	100.00 (Default)	108,954	10,953	100.00	115,460	100.00	0.1	42.80	1.6	23,186	20.08	49,425	
9	Subtotal	6,702,963	992,340	56.30	7,159,695	2.30	8.3	28.89	2.6	2,281,684	31.86	63,479	282,272

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2024											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet gross exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Corporate exposures (FIRB approach)													
1	0.00 to <0.15	38,966,510	23,912,900	53.49	55,084,256	0.06	6.3	41.79	2.5	12,275,810	22.28	14,816	
2	0.15 to <0.25	14,603,617	11,388,176	48.53	17,462,122	0.16	4.6	41.11	2.3	6,634,197	37.99	12,063	
3	0.25 to <0.50	5,214,456	4,234,662	48.25	5,272,420	0.37	1.3	40.94	2.4	3,080,396	58.42	8,142	
4	0.50 to <0.75	309,288	124,121	52.15	367,014	0.70	0.1	40.17	3.6	342,796	93.40	1,046	
5	0.75 to <2.50	4,842,183	3,788,754	57.68	6,203,306	1.40	5.0	40.67	2.9	6,426,110	103.59	32,303	
6	2.50 to <10.00	1,220,172	689,475	49.12	1,022,315	5.51	0.4	39.42	2.6	1,431,935	140.06	22,254	
7	10.00 to <100.00	522,017	218,950	45.77	569,821	18.28	0.1	40.15	2.4	1,169,023	205.15	41,746	
8	100.00 (Default)	460,660	9,052	100.00	442,675	100.00	0.1	40.05	2.1	110	0.02	177,319	
9	Subtotal	66,138,906	44,366,092	51.98	86,423,933	0.89	18.4	41.46	2.5	31,360,382	36.28	309,694	202,945
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
1	0.00 to <0.15	617,040	18,753	56.83	634,998	0.07	1.3	22.65	2.9	75,978	11.96	112	
2	0.15 to <0.25	1,592,451	115,362	87.35	1,629,012	0.18	7.4	25.55	3.5	381,743	23.43	748	
3	0.25 to <0.50	747,966	11,985	52.70	715,145	0.39	4.5	29.62	4.0	295,109	41.26	797	
4	0.50 to <0.75	379,935	14,523	88.27	350,089	0.69	3.0	26.57	3.6	158,360	45.23	647	
5	0.75 to <2.50	1,353,304	35,733	68.59	1,104,134	1.69	17.8	25.20	3.6	598,247	54.18	4,691	
6	2.50 to <10.00	162,304	9,567	49.44	143,111	8.16	1.0	21.76	2.5	100,776	70.41	2,491	
7	10.00 to <100.00	113,010	182	51.60	62,597	24.79	2.1	37.38	2.1	105,472	168.49	5,809	
8	100.00 (Default)	185,893	1,528	100.00	136,079	100.00	2.8	45.59	1.7	19,762	14.52	62,042	
9	Subtotal	5,151,907	207,637	77.74	4,775,168	3.99	40.3	26.38	3.4	1,735,450	36.34	77,341	71,068
Mid-sized corporations and SMEs exposures (FIRB approach)													
1	0.00 to <0.15	120,116	56,825	51.93	138,412	0.08	0.0	43.21	2.6	42,958	31.03	52	
2	0.15 to <0.25	240,557	246,271	47.63	154,312	0.17	0.0	39.86	2.7	65,662	42.55	111	
3	0.25 to <0.50	126,941	109,524	54.08	40,257	0.38	0.0	41.86	1.4	18,937	47.04	63	
4	0.50 to <0.75	8,245	4,646	100.00	12,502	0.70	0.0	37.59	3.9	11,255	90.02	33	
5	0.75 to <2.50	60,536	25,511	48.97	43,238	1.51	0.1	43.43	1.8	42,293	97.81	280	
6	2.50 to <10.00	14,879	12,776	96.15	21,432	4.68	0.0	43.12	1.4	26,660	124.39	416	
7	10.00 to <100.00	6,935	23	95.56	6,685	24.90	0.0	44.44	2.1	16,008	239.43	739	
8	100.00 (Default)	764	2,547	100.00	2,243	100.00	0.0	21.79	1.0	-	0.00	488	
9	Subtotal	578,976	458,127	51.96	419,085	1.48	0.4	41.60	2.4	223,775	53.39	2,186	2,601
Specialized lending (SL)													
1	0.00 to <0.15	4,540,301	216,514	43.60	4,579,933	0.07	-	27.29	3.2	798,002	17.42	923	
2	0.15 to <0.25	2,369,264	738,646	47.07	2,615,908	0.16	-	27.55	3.4	753,974	28.82	1,213	
3	0.25 to <0.50	3,393,089	1,518,728	47.94	3,597,900	0.36	-	30.98	3.5	1,715,695	47.68	4,085	
4	0.50 to <0.75	8,521	-	-	8,521	0.71	-	29.69	2.5	4,610	54.09	17	
5	0.75 to <2.50	1,741,463	614,853	56.35	1,783,835	1.14	-	30.67	3.4	1,278,157	71.65	6,333	
6	2.50 to <10.00	347,798	23,912	40.00	299,757	4.16	-	36.76	3.0	371,950	124.08	4,584	
7	10.00 to <100.00	314,169	86,382	55.36	288,279	15.42	-	48.71	3.2	720,147	249.80	21,685	
8	100.00 (Default)	154,244	39,882	100.00	114,160	100.00	-	49.50	3.6	49,089	43.00	56,512	
9	Subtotal	12,868,852	3,238,919	49.83	13,288,297	1.60	-	29.66	3.3	5,691,628	42.83	95,355	115,217
Equity exposures													
1	0.00 to <0.15	4,526,638	-	-	4,526,638	0.05	1.1	90.00	5.0	4,866,163	107.50	-	
2	0.15 to <0.25	276,591	-	-	276,591	0.16	0.5	90.00	5.0	418,368	151.25	-	
3	0.25 to <0.50	7,934	-	-	7,934	0.45	0.0	90.00	5.0	17,980	226.59	-	
4	0.50 to <0.75	4,403	-	-	4,403	0.71	0.0	90.00	5.0	10,941	248.45	-	
5	0.75 to <2.50	16,889	-	-	16,889	1.92	0.1	90.00	5.0	56,843	336.56	-	
6	2.50 to <10.00	7,611	-	-	7,611	8.74	0.0	90.00	5.0	39,761	522.39	-	
7	10.00 to <100.00	1,011	-	-	1,011	24.81	0.0	90.00	5.0	7,815	772.62	-	
8	100.00 (Default)	202	-	-	202	100.00	0.0	90.00	5.0	2,279	1,125.00	-	
9	Subtotal	4,841,283	-	-	4,841,283	0.09	2.0	90.00	5.0	5,420,152	111.95	-	-

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2024											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet gross exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (corporates) (the amount equivalent to default risks) (AIRB approach)													
1	0.00 to <0.15	98,770	9,091	100.00	106,687	0.05	0.9	37.59	1.4	13,917	13.04	23	
2	0.15 to <0.25	15,530	22,135	100.00	37,443	0.18	1.7	52.82	1.0	12,225	32.64	36	
3	0.25 to <0.50	5,874	8,679	100.00	14,471	0.46	0.8	50.70	1.0	7,883	54.47	34	
4	0.50 to <0.75	767	7,572	100.00	8,328	0.70	0.5	62.35	1.0	6,814	81.81	36	
5	0.75 to <2.50	7,638	31,369	100.00	38,930	1.75	3.8	57.58	1.0	39,082	100.39	414	
6	2.50 to <10.00	58	1,339	100.00	1,396	8.52	0.1	63.76	1.0	3,100	221.97	76	
7	10.00 to <100.00	7	659	100.00	667	25.39	0.1	64.65	1.0	2,027	303.68	108	
8	100.00 (Default)	712	42	100.00	746	100.00	0.1	42.81	1.0	95	12.75	319	
9	Subtotal	129,359	80,890	100.00	208,672	0.94	8.3	46.23	1.2	85,146	40.80	1,050	1,120
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	11,666	-	-	11,666	0.02	0.0	28.51	1.3	506	4.34	1	
2	0.15 to <0.25	16,287	-	-	16,287	0.19	0.0	35.00	1.0	3,755	23.05	11	
3	0.25 to <0.50	6,484	-	-	6,484	0.47	0.0	35.00	2.4	3,370	51.97	10	
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
5	0.75 to <2.50	696	-	-	696	0.82	0.0	25.00	1.0	259	37.22	1	
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
9	Subtotal	35,133	-	-	35,133	0.20	0.0	32.64	1.3	7,891	22.46	24	37
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	2,058,360	148,021	100.00	2,174,183	0.07	5.2	43.08	1.0	388,471	17.86	682	
2	0.15 to <0.25	331,350	43,618	100.00	371,056	0.17	4.0	41.70	1.0	95,497	25.73	269	
3	0.25 to <0.50	122,158	70,233	100.00	190,290	0.35	7.5	42.17	1.0	76,645	40.27	285	
4	0.50 to <0.75	917	29,208	100.00	30,113	0.60	3.9	44.83	1.0	17,351	57.62	81	
5	0.75 to <2.50	56,781	74,533	100.00	129,589	1.42	14.2	43.69	1.2	179,595	138.58	801	
6	2.50 to <10.00	29	4,275	100.00	4,304	3.51	0.6	44.91	1.0	4,951	115.02	67	
7	10.00 to <100.00	4	1,505	100.00	1,509	96.74	0.1	45.00	1.0	152	10.10	657	
8	100.00 (Default)	569	145	100.00	701	100.00	0.0	45.00	1.0	-	0.00	315	
9	Subtotal	2,570,172	371,540	100.00	2,901,749	0.24	35.7	42.89	1.0	762,664	26.28	3,161	4,362
Purchased receivables (corporates) (the amount equivalent to dilution risks) (FIRB approach)													
1	0.00 to <0.15	1,162,276	-	-	1,162,276	0.06	0.1	44.16	1.1	170,138	14.63	313	
2	0.15 to <0.25	510,312	-	-	510,312	0.18							

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2024											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (retail) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	92,600	985,449	17.65	1,078,049	0.10	14,077.8	66.24	/	42,981	3.98	714	
2	0.15 to <0.25	471,599	502,807	14.63	974,406	0.22	3,307.9	68.78	/	77,290	7.93	1,474	
3	0.25 to <0.50	278,438	-	-	278,438	0.29	2,158.3	61.77	/	24,823	8.91	498	
4	0.50 to <0.75	727,084	256,131	18.01	983,215	0.59	1,024.5	68.87	/	172,106	17.50	4,005	
5	0.75 to <2.50	467,816	174,899	9.87	642,716	1.61	2,267.2	75.35	/	263,429	40.98	7,824	
6	2.50 to <10.00	969,918	395,683	12.21	1,365,602	4.56	3,617.7	71.39	/	1,080,624	79.13	44,321	
7	10.00 to <100.00	44,481	13,462	19.47	57,943	51.27	105.5	70.11	/	92,222	159.15	20,799	
8	100.00 (Default)	101,483	16,814	100.00	118,297	100.00	314.4	73.03	/	136,165	115.10	86,403	
9	Subtotal	3,153,422	2,345,248	42.65	5,498,671	4.19	26,873.6	69.46	/	1,889,644	34.36	166,042	144,761
Residential mortgage exposures													
1	0.00 to <0.15	-	-	-	26,792	0.05	3.3	40.91	/	7,479	27.91	5	
2	0.15 to <0.25	-	-	-	2,099	0.16	0.1	54.13	/	844	40.21	1	
3	0.25 to <0.50	7,790,723	3,653	100.00	7,794,377	0.30	435.7	23.23	/	982,640	12.60	5,458	
4	0.50 to <0.75	1,148,162	1,315	100.00	1,149,501	0.62	72.7	24.59	/	255,938	22.26	1,756	
5	0.75 to <2.50	326,875	585	100.00	300,719	1.08	29.5	36.54	/	146,468	48.70	1,207	
6	2.50 to <10.00	-	-	-	-	-	-	-	/	-	-	-	
7	10.00 to <100.00	19,409	468	100.00	17,704	20.76	1.8	25.32	/	23,576	133.16	909	
8	100.00 (Default)	56,103	61	100.00	56,164	100.00	4.7	20.28	/	10,960	19.51	11,394	
9	Subtotal	9,341,275	6,084	100.00	9,347,359	1.00	548.1	23.87	/	1,427,906	15.27	20,734	18,771
Other retail exposures													
1	0.00 to <0.15	1	4	100.00	6	0.10	0.0	66.24	/	1	16.43	0	
2	0.15 to <0.25	103,982	16	100.00	103,998	0.15	2.4	34.12	/	11,783	11.33	53	
3	0.25 to <0.50	253,629	63	100.00	253,692	0.34	7.5	34.92	/	50,976	20.09	307	
4	0.50 to <0.75	194,552	377,482	100.00	572,035	0.53	296.9	51.89	/	220,597	38.56	1,583	
5	0.75 to <2.50	596,464	310,363	89.28	906,827	1.29	1,020.1	50.49	/	502,443	55.40	5,864	
6	2.50 to <10.00	12,679	244	100.00	12,923	4.73	1.0	39.37	/	7,562	58.51	260	
7	10.00 to <100.00	12,304	6,068	100.00	18,372	22.54	21.5	54.45	/	22,079	120.17	2,264	
8	100.00 (Default)	40,852	679	88.52	41,531	100.00	100.4	54.78	/	99,264	239.01	22,751	
9	Subtotal	1,214,467	694,921	100.00	1,909,389	3.25	1,450.3	48.00	/	914,709	47.90	33,084	21,374
Total (all portfolios)		216,760,383	55,942,707	56.06	248,124,325	0.76	28,989.3	38.33	-	56,669,456	22.83	844,338	887,009

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2023											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF (Credit Conversion Factor) and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Sovereign exposures (AIRB approach)													
1	0.00 to <0.15	93,633,322	152,011	62.93	96,065,791	0.00	0.4	33.40	3.7	146,695	0.15	226	
2	0.15 to <0.25	641,893	171,767	46.32	717,071	0.15	0.2	31.41	1.9	169,520	23.64	353	
3	0.25 to <0.50	47,656	9,765	50.27	25,766	0.38	0.0	28.16	1.2	7,646	29.67	28	
4	0.50 to <0.75	12	-	-	12	0.74	0.0	35.00	1.0	5	49.63	0	
5	0.75 to <2.50	91,561	69,840	92.37	69,790	1.42	0.0	30.65	3.2	50,525	72.39	292	
6	2.50 to <10.00	60,383	17,214	45.97	14,565	4.15	0.0	28.93	1.5	12,816	87.98	173	
7	10.00 to <100.00	11,100	-	-	9,865	13.24	0.0	29.84	1.0	12,890	130.66	389	
8	100.00 (Default)	126,344	-	-	126,344	100.00	0.0	54.76	1.0	58,914	46.63	69,196	
9	Subtotal	94,612,274	420,599	60.05	97,029,207	0.13	0.7	33.41	3.7	459,014	0.47	70,661	2,942
Sovereign exposures (FIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Bank exposures (AIRB approach)													
1	0.00 to <0.15	5,007,954	1,469,203	86.70	6,797,378	0.03	0.6	29.82	2.3	986,019	14.50	778	
2	0.15 to <0.25	719,404	180,362	57.32	811,622	0.15	0.2	28.25	1.2	168,624	20.77	365	
3	0.25 to <0.50	150,391	39,981	43.34	147,431	0.40	0.0	28.19	0.9	46,905	31.81	171	
4	0.50 to <0.75	10,000	2,526	45.97	11,161	0.74	0.0	35.00	1.0	7,155	64.10	28	
5	0.75 to <2.50	547,721	155,635	47.90	552,579	1.17	0.2	31.63	1.2	366,716	66.36	2,103	
6	2.50 to <10.00	192,480	23,557	79.32	162,701	4.11	0.0	26.56	1.0	130,810	80.39	1,776	
7	10.00 to <100.00	5,600	-	-	4,541	17.14	0.0	30.00	0.4	6,413	141.23	233	
8	100.00 (Default)	593	-	-	593	100.00	0.0	79.25	1.0	80	13.63	470	
9	Subtotal	6,634,145	1,871,267	79.56	8,488,008	0.22	1.2	29.71	2.0	1,712,726	20.17	5,928	10,967
Bank exposures (FIRB approach)													
1	0.00 to <0.15	48,945	-	-	48,945	0.03	0.0	45.00	5.0	17,362	35.47	6	
2	0.15 to <0.25	102	-	-	102	0.16	0.0	45.00	5.0	82	81.01	0	
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
4	0.50 to <0.75	1,210	-	-	1,210	0.74	0.0	45.00	5.0	1,769	146.22	4	
5	0.75 to <2.50	2,280	-	-	2,280	2.21	0.1	45.00	5.0	4,027	176.65	22	
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
9	Subtotal	52,537	-	-	52,537	0.14	0.1	45.00	5.0	23,242	44.23	33	78
Corporate exposures (AIRB approach)													
1	0.00 to <0.15	32,446,992	16,125,650	54.49	46,608,362	0.05	7.2	33.65	2.4	7,381,597	15.83	8,043	
2	0.15 to <0.25	17,474,685	14,497,451	54.79	22,772,210	0.16	6.2	28.58	2.2	5,775,865	25.36	10,450	
3	0.25 to <0.50	7,496,947	3,705,167	53.71	7,856,228	0.34	4.1	28.99	2.3	3,012,585	38.34	7,911	
4	0.50 to <0.75	542,767	103,539	51.66	585,699	0.73	0.7	34.40	2.5	394,277	67.31	1,491	
5	0.75 to <2.50	5,163,341	2,196,914	52.55	5,530,634	1.40	2.5	26.19	3.2	3,772,093	68.20	20,927	
6	2.50 to <10.00	1,150,151	553,464	53.14	1,267,564	5.99	0.7	26.40	2.6	1,218,636	96.13	20,893	
7	10.00 to <100.00	726,466	270,960	56.03	759,742	16.09	0.3	24.33	2.7	911,538	119.97	29,705	
8	100.00 (Default)	500,246	49,206										

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2023											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Corporate exposures (FIRB approach)													
1	0.00 to <0.15	--	--	--	--	--	--	--	--	--	--	--	--
2	0.15 to <0.25	--	--	--	--	--	--	--	--	--	--	--	--
3	0.25 to <0.50	--	--	--	--	--	--	--	--	--	--	--	--
4	0.50 to <0.75	--	--	--	--	--	--	--	--	--	--	--	--
5	0.75 to <2.50	--	--	--	--	--	--	--	--	--	--	--	--
6	2.50 to <10.00	--	--	--	--	--	--	--	--	--	--	--	--
7	10.00 to <100.00	--	--	--	--	--	--	--	--	--	--	--	--
8	100.00 (Default)	--	--	--	--	--	--	--	--	--	--	--	--
9	Subtotal	--	--	--	--	--	--	--	--	--	--	--	0
Mid-sized corporations and small-medium enterprises (SMEs) exposures (AIRB approach)													
1	0.00 to <0.15	776,693	64,803	47.23	818,090	0.07	1.3	24.93	2.6	105,407	12.88	146	
2	0.15 to <0.25	1,419,695	298,513	54.52	1,271,292	0.15	4.8	27.11	3.2	287,753	22.63	541	
3	0.25 to <0.50	1,546,558	159,696	56.51	1,356,274	0.34	8.1	26.12	3.7	461,011	33.99	1,222	
4	0.50 to <0.75	444,790	23,191	86.87	412,121	0.72	3.5	26.65	3.6	195,144	47.35	796	
5	0.75 to <2.50	1,523,124	63,969	51.38	1,161,869	1.75	21.3	25.98	3.5	649,625	55.91	5,293	
6	2.50 to <10.00	205,223	10,103	47.59	159,210	8.24	1.2	20.60	2.6	107,495	67.51	2,619	
7	10.00 to <100.00	136,914	2,627	52.83	78,198	24.42	2.3	35.92	2.2	126,219	161.40	6,899	
8	100.00 (Default)	213,184	5,795	100.00	156,446	100.00	3.0	45.54	1.8	23,438	14.98	71,258	
9	Subtotal	6,266,185	628,701	55.45	5,413,504	4.05	45.7	26.72	3.3	1,956,096	36.13	88,778	93,366
Mid-sized corporations and SMEs exposures (FIRB approach)													
1	0.00 to <0.15	--	--	--	--	--	--	--	--	--	--	--	--
2	0.15 to <0.25	--	--	--	--	--	--	--	--	--	--	--	--
3	0.25 to <0.50	--	--	--	--	--	--	--	--	--	--	--	--
4	0.50 to <0.75	--	--	--	--	--	--	--	--	--	--	--	--
5	0.75 to <2.50	--	--	--	--	--	--	--	--	--	--	--	--
6	2.50 to <10.00	--	--	--	--	--	--	--	--	--	--	--	--
7	10.00 to <100.00	--	--	--	--	--	--	--	--	--	--	--	--
8	100.00 (Default)	--	--	--	--	--	--	--	--	--	--	--	--
9	Subtotal	--	--	--	--	--	--	--	--	--	--	--	--
Specialized lending (SL)													
1	0.00 to <0.15	3,348,460	80,085	46.35	3,361,496	0.04	--	21.88	3.4	366,921	10.91	324	
2	0.15 to <0.25	2,592,890	810,476	51.95	2,862,094	0.16	--	19.67	3.6	587,658	20.53	905	
3	0.25 to <0.50	2,498,862	1,272,789	52.05	2,755,888	0.35	--	22.21	3.7	969,636	35.18	2,229	
4	0.50 to <0.75	54,253	--	--	54,253	0.74	--	22.53	2.0	20,914	38.54	90	
5	0.75 to <2.50	1,792,728	588,769	61.07	1,761,163	1.18	--	21.96	3.4	907,825	51.54	4,621	
6	2.50 to <10.00	266,936	23,310	54.99	214,130	4.11	--	31.80	3.2	233,964	109.26	2,799	
7	10.00 to <100.00	288,326	87,257	55.39	227,656	15.58	--	35.27	3.4	420,003	184.49	12,788	
8	100.00 (Default)	93,302	20,664	100.00	56,209	100.00	--	52.07	2.9	26,210	46.63	29,273	
9	Subtotal	10,935,760	2,883,352	54.17	11,292,893	1.22	--	22.03	3.5	3,533,135	31.28	53,032	83,429
Equity exposures													
1	0.00 to <0.15	3,675,024	--	--	3,675,024	0.04	1.1	90.00	5.0	3,771,067	102.61	--	
2	0.15 to <0.25	488,369	--	--	488,369	0.15	0.4	90.00	5.0	603,393	123.55	--	
3	0.25 to <0.50	79,138	--	--	79,138	0.41	0.2	90.00	5.0	151,111	190.94	--	
4	0.50 to <0.75	1,563	--	--	1,563	0.74	0.0	90.00	5.0	3,579	228.96	--	
5	0.75 to <2.50	20,093	--	--	20,093	1.55	0.0	90.00	5.0	60,161	299.40	--	
6	2.50 to <10.00	6,319	--	--	6,319	8.89	0.0	90.00	5.0	33,052	523.01	--	
7	10.00 to <100.00	269	--	--	269	24.92	0.0	90.00	5.0	2,148	796.56	--	
8	100.00 (Default)	821	--	--	821	100.00	0.0	90.00	5.0	9,242	1,125.00	--	
9	Subtotal	4,271,600	--	--	4,271,600	0.10	1.9	90.00	5.0	4,633,756	108.47	--	--

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2023											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (corporates) (the amount equivalent to default risks) (AIRB approach)													
1	0.00 to <0.15	1,453,903	266,886	99.81	1,707,106	0.05	7.3	35.30	1.1	234,702	13.74	763	
2	0.15 to <0.25	432,523	127,816	99.55	555,738	0.16	5.9	32.86	1.0	115,625	20.80	309	
3	0.25 to <0.50	166,977	145,865	100.00	310,355	0.36	10.0	43.09	1.1	138,458	44.61	497	
4	0.50 to <0.75	4,981	34,666	100.00	39,594	0.64	4.5	61.70	1.0	31,915	80.60	156	
5	0.75 to <2.50	43,848	101,131	100.00	144,504	1.45	17.8	55.34	1.1	145,764	100.87	1,131	
6	2.50 to <10.00	3,649	5,022	100.00	8,639	5.73	0.8	51.70	1.0	13,151	152.22	246	
7	10.00 to <100.00	106	1,768	100.00	1,874	60.52	0.2	63.38	1.0	3,065	163.50	713	
8	100.00 (Default)	4,249	106	100.00	4,308	100.00	0.1	72.93	1.0	587	13.63	3,142	
9	Subtotal	2,110,239	683,263	99.84	2,772,122	0.40	46.9	37.23	1.1	683,271	24.64	6,960	7,672
Purchased receivables (corporates) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	996,337	858	45.48	996,728	0.05	0.1	33.03	1.2	109,091	10.94	192	
2	0.15 to <0.25	428,001	--	--	428,001	0.16	0.0	32.63	1.1	85,867	20.06	222	
3	0.25 to <0.50	164,610	--	--	164,610	0.27	0.0	33.43	1.0	45,642	27.72	152	
4	0.50 to <0.75	--	--	--	--	--	--	--	--	--	--	--	
5	0.75 to <2.50	18,339	--	--	18,339	1.72	0.0	28.32	1.0	9,914	54.06	84	
6	2.50 to <10.00	1,975	--	--	1,975	5.76	0.0	28.40	1.0	1,766	89.41	34	
7	10.00 to <100.00	--	--	--	--	--	--	--	--	--	--	--	
8	100.00 (Default)	549	--	--	549	100.00	0.0	45.23	1.0	74	13.63	248	
9	Subtotal	1,609,814	858	45.48	1,610,205	0.16	0.2	32.91	1.1	252,356	15.67	934	1,378
Purchased receivables (corporates) (the amount equivalent to default risks) (FIRB approach)													
1	0.00 to <0.15	--	90	100.00	90	0.11	0.0	45.00	1.0	18	19.97	0	
2	0.15 to <0.25	--	169	100.00	169	0.20	0.0	45.00	1.0	51	30.23	0	
3	0.25 to <0.50	--	1,659	100.00	1,659	0.42	0.0	45.00	1.0	668	40.26	3	
4	0.50 to <0.75	--	787	100.00	787	0.61	0.0	45.00	1.0	373	47.45	2	
5	0.75 to <2.50	--	1,191	100.00	1,191	1.00	0.0	45.00	1.0	687	57.64	5	
6	2.50 to <10.00	--	--	--	--	--	--	--	--	--	--	--	
7	10.00 to <100.00	--	--	--	--	--	--	--	--	--	--	--	
8	100.00 (Default)	89	--	--	89	100.00	0.0	45.00	1.0	--	0.00	39	
9	Subtotal	89	3,898	100.00	3,986	2.81	0.1	45.00	1.0	1,797	45.10	50	21
Purchased receivables (retail) (the amount equivalent to default risks)													
1	0.00 to <0.15	4,543	--	--	4,543	0.08	0.3	65.00	--	642	14.13	2	
2	0.15 to <0.25	2,370	--	--	2,370	0.20	0.1	65.00	--	624	26.32	3	
3	0.25 to <0.50	1,753	--	--	1,753	0.34	0.2	50.88	--	520	29.68	3	
4	0.50 to <0.75	244	--	--	244	0.60	0.0	64.25	--	125	51.55	0	
5	0.75 to <2.50	78	20	100.00	98	0.95	0.0	63.71	--	61	62.92	0	
6	2.50 to <10.00	--	--	--	--	--	--	--	--	--	--	--	
7	10.00 to <100.00	--	--	--	--	--	--	--	--	--	--	--	
8	100.00 (Default)	--	--	--	--	--	--	--	--	--	--	--	
9	Subtotal	8,990	20	100.00	9,010	0.19	0.8	62.21	--	1,974	21.91	10	20

(Millions of yen, %, the number of data in thousands, years)

CR6: IRB - CR exposures by portfolio and PD range		As of March 31, 2023											
Item No.	PD scale	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet gross exposures	Off-balance sheet exposures pre CCF and pre CRM	Average CCF (%)	EAD post CCF and post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA amounts	RWA density (%)	EL	Eligible provisions
Purchased receivables (retail) (the amount equivalent to dilution risks) (AIRB approach)													
1	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
2	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
3	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
4	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
5	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
6	2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
7	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
8	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Qualifying revolving retail exposures (QRRE)													
1	0.00 to <0.15	81,876	279,145	6.41	361,021	0.08	4,883.2	67.52		12,722	3.52	205	
2	0.15 to <0.25	386,287	496,656	15.75	882,944	0.18	5,491.6	69.74		61,291	6.94	1,131	
3	0.25 to <0.50	698,222	317,206	9.12	1,015,428	0.38	3,994.0	68.73		125,864	12.39	2,678	
4	0.50 to <0.75	2,907	7,065	6.32	9,972	0.62	141.3	66.64		1,756	17.61	41	
5	0.75 to <2.50	565,432	55,876	14.23	621,308	1.67	655.8	75.79		262,840	42.30	7,864	
6	2.50 to <10.00	711,871	139,334	5.49	851,206	4.14	1,518.2	73.04		656,599	77.13	25,754	
7	10.00 to <100.00	37,445	5,246	8.92	42,692	50.95	86.5	70.87		73,235	171.54	15,424	
8	100.00 (Default)	76,728	6,776	100.00	83,504	100.00	240.4	74.39		92,246	110.46	62,124	
9	Subtotal	2,560,771	1,307,308	33.79	3,868,080	4.05	17,011.3	71.07		1,286,558	33.26	115,224	121,424
Residential mortgage exposures													
1	0.00 to <0.15	-	-	-	31,928	0.05	3.8	38.92		8,074	25.28	6	
2	0.15 to <0.25	-	-	-	1,831	0.16	0.1	77.51		691	37.74	2	
3	0.25 to <0.50	7,434,456	4,487	100.00	7,439,509	0.31	434.7	24.04		992,857	13.34	5,560	
4	0.50 to <0.75	813,742	858	100.00	814,627	0.58	48.6	25.45		179,374	22.01	1,202	
5	0.75 to <2.50	735,074	1,490	100.00	704,721	0.92	58.2	31.33		269,095	38.18	2,135	
6	2.50 to <10.00	-	-	-	-	-	-	-		-	-	-	
7	10.00 to <100.00	20,041	594	100.00	18,128	20.93	1.8	26.56		25,983	143.32	994	
8	100.00 (Default)	65,530	59	100.00	65,589	100.00	5.2	19.96		11,713	17.85	13,096	
9	Subtotal	9,068,846	7,490	100.00	9,076,336	1.14	552.8	24.77		1,487,791	16.39	23,000	24,711
Other retail exposures													
1	0.00 to <0.15	1	2	100.00	4	0.08	0.0	66.64		0	14.01	0	
2	0.15 to <0.25	104,804	13	100.00	104,817	0.15	2.5	34.35		11,957	11.40	54	
3	0.25 to <0.50	270,659	113	100.00	270,772	0.34	8.2	35.22		54,891	20.27	331	
4	0.50 to <0.75	156,479	351,047	100.00	507,526	0.64	335.4	50.97		213,666	42.09	1,670	
5	0.75 to <2.50	617,465	151,086	90.32	768,551	1.33	1,439.4	53.66		467,719	60.85	5,557	
6	2.50 to <10.00	15,641	139,233	100.00	154,875	2.78	124.0	46.21		98,185	63.39	1,978	
7	10.00 to <100.00	13,686	6,121	97.02	19,807	23.78	38.2	53.88		23,667	119.48	2,526	
8	100.00 (Default)	41,472	640	61.95	42,112	100.00	99.7	57.95		94,264	223.83	24,405	
9	Subtotal	1,220,209	648,258	100.00	1,868,467	3.52	2,047.7	48.66		964,351	51.61	36,523	29,983
Total (all portfolios)		204,853,153	45,957,374	58.21	231,605,586	0.72	19,732.3	33.28		39,618,642	17.10	717,750	759,180

6. Effect on Credit RWA of Credit Derivatives Used as CRM Techniques (CR7)

(Millions of yen)

CR7: IRB - Effect on credit RWA of credit derivatives used as CRM techniques		As of March 31, 2024	
Item No.	Portfolio	a	b
		Pre-credit derivatives credit RWA	Actual credit RWA
1	Sovereign exposures - FIRB	25,660	25,660
2	Sovereign exposures - AIRB	501,010	501,010
3	Bank exposures - FIRB	3,272,624	3,272,624
4	Bank exposures - AIRB	145,387	145,387
5	Corporate exposures (excluding SL) - FIRB	31,790,773	31,790,773
6	Corporate exposures (excluding SL) - AIRB	4,150,739	4,150,739
7	SL - FIRB	830,061	830,061
8	SL - AIRB	5,722,064	5,722,064
9	Retail - QRRE	1,889,644	1,889,644
10	Retail - Residential mortgage exposures	1,427,906	1,427,906
11	Retail - Other retail exposures	914,709	914,709
12	Purchased receivables - FIRB	1,128,845	1,128,845
13	Purchased receivables - AIRB	94,787	94,787
14	Total	51,894,216	51,894,216

(Millions of yen)

CR7: IRB - Effect on credit RWA of credit derivatives used as CRM techniques		As of March 31, 2023	
Item No.	Portfolio	a	b
		Pre-credit derivatives credit RWA	Actual credit RWA
1	Sovereign exposures - FIRB	-	-
2	Sovereign exposures - AIRB	385,671	385,671
3	Bank exposures - FIRB	23,242	23,242
4	Bank exposures - AIRB	1,631,397	1,631,397
5	Corporate exposures (excluding SL) - FIRB	-	-
6	Corporate exposures (excluding SL) - AIRB	24,615,146	24,614,964
7	SL - FIRB	622,798	622,798
8	SL - AIRB	3,647,258	3,647,258
9	Retail - QRRE	1,286,558	1,286,558
10	Retail - Residential mortgage exposures	1,487,791	1,487,791
11	Retail - Other retail exposures	964,351	964,351
12	Equity - FIRB	-	-
13	Equity - AIRB	5,481,371	5,481,371
14	Purchased receivables - FIRB	1,816	1,816
15	Purchased receivables - AIRB	937,602	937,602
16	Total	41,085,004	41,084,823

7. RWA flow statements of credit risk exposures under IRB approach (CR8)

(One hundred billions of yen)

CR8: RWA flow statements of credit risk exposures under IRB approach		RWA amounts
1	RWA as of March 31, 2023	410
2	Asset size	32
3	Asset quality	(2)
4	Model updates	-
5	Methodology and policy	132
6	Acquisitions and disposals	-
7	Foreign exchange movements	22
8	Other	-
9	RWA as of March 31, 2024	596

(One hundred billions of yen)

CR8: RWA flow statements of credit risk exposures under IRB approach		
Item No.		RWA amounts
1	RWA as of March 31, 2022	412
2	Breakdown of variations in the credit risk-weighted assets	Asset size
3		Asset quality
4		Model updates
5		Methodology and policy
6		Acquisitions and disposals
7		Foreign exchange movements
8		Other
9	RWA as of March 31, 2023	410

8. Backtesting of Probability of Default (PD) per Portfolio (CR9)

(% , the number of data)

CR9: IRB - Backtesting of PD per portfolio													
Portfolio	PD Range	External rating equivalent					Weighted average PD (EAD weighted)	Arithmetic average PD (by obligors)	Number of obligors		Number of defaulted obligors in the year	Of which: number of new defaulted obligors in the year	Average historical default rate (5 years)
		S&P	Moody's	Fitch	R&I	JCR			As of March 31, 2023	As of March 31, 2022			
Corporates	0.00 to < 0.05	AAA~A+	Aaa~A1	AAA~A+	AAA~AA-	AAA~AA-	0.00%	0.02%	456	456	0	0	0.02%
	0.05 to < 0.10	A~A-	A2~A3	A~A-	A+~BBB-	A+~BBB-	0.06%	0.07%	6,006	6,006	0	0	0.02%
	0.10 to < 0.50	BBB+~BB	Baa1~Ba2	BBB+~BB	BB+~BB-	BB+~BB-	0.20%	0.21%	12,329	12,329	6	0	0.12%
	0.50 to < 2.50	BB~B	Ba3~B2	BB~B	BB+~B-	BB+~B-	1.23%	1.58%	24,570	24,569	106	1	0.39%
	2.50 to < 100.00	B~	B3~	B~	CCC+~	CCC+~	9.85%	17.13%	3,602	3,602	537	0	13.40%
Qualifying revolving retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						0.08%	0.08%	6,245,032	6,242,941	5,627	2,094	0.08%
	0.10 to < 0.50						0.28%	0.24%	9,797,575	9,795,143	16,716	2,432	0.16%
	0.50 to < 2.50						1.65%	1.39%	855,151	855,505	14,157	2,365	0.91%
	2.50 to < 100.00						6.28%	6.70%	1,531,306	1,509,374	90,835	5,083	4.94%
Residential mortgage	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.31%	0.31%	624,435	628,545	443	0	0.10%
	0.50 to < 2.50						0.74%	0.78%	138,194	144,161	325	1	0.35%
	2.50 to < 100.00						21.48%	22.70%	1,908	2,007	156	0	9.53%
Other retail	0.00 to < 0.05						—	—	—	—	—	—	—
	0.05 to < 0.10						—	—	—	—	—	—	—
	0.10 to < 0.50						0.30%	0.32%	12,554	13,871	15	0	0.08%
	0.50 to < 2.50						1.10%	1.07%	2,011,364	2,012,969	8,773	60	0.45%
	2.50 to < 100.00						5.19%	8.27%	175,942	175,881	9,003	244	4.87%

- Notes: 1. IRB model presented in this table covers all models used within the scope of regulatory consolidation.
2. Applicable portfolios of each IRB model take into account the portfolio classification under Basel Capital Accord. "Corporates" include "Sovereign," "Banks," "Specialized lending," "Equity (PD/LGD approach)" and "Purchased receivables (corporates)," and "Residential mortgage" and "Other retail" include "Purchased receivables (retail)." Therefore, the same classifications are used in this table.
3. A maximum of ten categories of obligor rating in the internal rating system are consolidated into five categories as PD categories.
4. For the external ratings associated with, external ratings equivalent to the PD of non-Japanese companies mainly are listed in the columns of S&P, Moody's, and Fitch, and external ratings equivalent to the PD of Japanese companies mainly are listed in the columns of R&I and JCR.
5. The number of obligors of "Qualifying revolving retail," "Residential mortgage" and "Other retail" states the number of receivables.
6. The proportion of credit risk-weighted assets subject to the IRB approach is that "Corporates" accounts for 89.17 percent, "Qualifying revolving retail" accounts for 3.20 percent, "Residential mortgage" accounts for 3.67 percent, and "Other retail" accounts for 2.40 percent.

9. SL (Slotting Criteria Approach) and Equity Exposures (Market-Based Approach, etc.) (CR10)

(Millions of yen, except percentages)

CR10: IRB - SL (slotting criteria approach)		As of March 31, 2024										
a	b	c	d	e	f	g	h	i	j	k	l	
SL (slotting criteria approach)												
Other than high-volatility commercial real estate (HVCRE)												
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses	
					PF	OF	CF	IPRE	Total			
Strong	Less than 2.5 years	3,789	58,759	50%	62,549	—	—	—	62,549	31,274	—	
	Equal to or more than 2.5 years	25,850	—	70%	9,103	16,747	—	—	25,850	18,095	103	
Good	Less than 2.5 years	22,071	—	70%	22,071	—	—	—	22,071	15,449	88	
	Equal to or more than 2.5 years	186,928	4,334	90%	188,805	—	—	—	188,805	169,925	1,510	
Satisfactory		9,206	12,684	115%	14,280	—	—	—	14,280	16,422	366	
Weak		—	—	250%	—	—	—	—	—	—	—	
Default		4,335	—	—	4,335	—	—	—	4,335	—	2,167	
Total		252,181	75,779	—	301,145	16,747	—	—	317,892	251,167	4,235	
HVCRE												
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses	
Strong	Less than 2.5 years	17,136	11,243	70%						21,633	15,143	86
	Equal to or more than 2.5 years	7,062	29,840	95%						18,998	18,048	75
Good	Less than 2.5 years	76,246	11,024	95%						83,658	79,475	334
	Equal to or more than 2.5 years	86,665	36,825	120%						103,175	123,810	412
Satisfactory		111,403	2,326	140%						112,333	157,266	3,145
Weak		—	—	250%						—	—	—
Default		—	—	—						—	—	—
Total		298,514	91,259	—						339,799	393,745	4,055

(Millions of yen, except percentages)

As of March 31, 2023												
a	b	c	d	e	f	g	h	i	j	k	l	
CR10: IRB - SL (slotting criteria approach) and equity exposures (market-based approach, etc.)												
SL (slotting criteria approach)												
Other than high-volatility commercial real estate (HVCRE)												
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses	
					PF	OF	CF	IPRE	Total			
Strong	Less than 2.5 years	—	52,428	50%	52,428	—	—	—	52,428	26,214	—	
	Equal to or more than 2.5 years	24,249	—	70%	15,950	8,299	—	—	24,249	16,974	96	
Good	Less than 2.5 years	22,694	1,111	70%	23,205	—	—	—	23,205	16,243	92	
	Equal to or more than 2.5 years	126,803	7,836	90%	130,618	—	—	—	130,618	117,557	1,044	
Satisfactory		9,534	2,716	115%	10,783	—	—	—	10,783	12,400	301	
Weak		—	—	250%	—	—	—	—	—	—	—	
Default		3,847	—	—	3,847	—	—	—	3,847	—	1,923	
Total		187,129	64,093	—	236,833	8,299	—	—	245,132	189,390	3,460	
HVCRE												
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses	
Strong	Less than 2.5 years	19,866	8,181	70%						23,627	16,539	94
	Equal to or more than 2.5 years	6,321	6,537	95%						9,326	8,860	37
Good	Less than 2.5 years	106,166	23,675	95%						117,099	111,244	468
	Equal to or more than 2.5 years	135,532	10,158	120%						142,639	171,167	570
Satisfactory		68,118	20,061	140%						86,689	121,364	2,427
Weak		—	—	250%						—	—	—
Default		—	—	—						—	—	—
Total		336,004	68,613	—	379,382	429,176	3,598					
Equity exposures (market-based approach, etc.)												
Equity exposures subject to market-based approach												
Categories	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount (EAD)					Credit RWA amount	Expected losses		
Simple risk weight method –listed shares	30,856	—	300%						30,856	92,570		
Simple risk weight method –unlisted shares	75,418	43,997	400%						95,859	383,438		
Internal models approach	287,621	—	129%						287,621	371,605		
Total	393,896	43,997	—						414,337	847,614		
Equity exposures subject to 100% risk weight												
Equity exposures subject to 100% risk weight pursuant to the provisions of Article 166, Paragraph 1 of the Notification No. 19 issued by the Japan Financial Service Agency in 2006	—	—	100%						—	—		

10. Credit Risk-Weighted Assets under Article 145 of the Notification

Exposures under Article 145 of the Notification include investments to funds. In the case of such exposures, in principle, each underlying asset of the fund is assigned an obligor grade to calculate the asset's credit risk-weighted asset amount and the amounts are totaled to derive the credit risk-weighted asset amount of the fund. When it is difficult to calculate the credit risk-weighted asset amount of individual underlying assets, the weighted average of the risk weight of individual underlying assets is calculated, where risk weight of 250%/400% is applied if the result of such calculation proved to be 250%/400% or less, while 1,250% is applied otherwise.

(Millions of yen)

Calculation method	As of March 31, 2024	As of March 31, 2023
Look-through approach	1,384,604	1,056,257
Mandate-based approach	—	—
Simple approach (subject to 250% risk weight)	101,046	34,357
Simple approach (subject to 400% risk weight)	135,116	137,691
Fall-back approach	45,606	21,408

Standardised Approach

1. Scope

The following consolidated subsidiaries have adopted the standardised approach for exposures as of March 31, 2024 (i.e. consolidated subsidiaries not listed in the "Internal Ratings-Based (IRB) Approach: 1. Scope" on page 205).

(1) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the AIRB Approach

SMBC Consumer Finance Co., Ltd.

(2) Consolidated Subsidiaries Planning to Adopt Phased Rollout of the FIRB Approach

SMBC Nikko Securities Inc.

(3) Other Consolidated Subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardised approach on a permanent basis.

2. Credit Risk-Weighted Asset Calculation Methodology

Consolidated subsidiaries that have adopted the standardized approach use the following qualifying rating agencies for determination of risk weights: Rating and Investment Information, Inc., Japan Credit Rating Agency, Ltd., Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings Ltd. Certain consolidated subsidiaries use country risk scores published by the Organization for Economic Co-operation and Development (OECD) for determination of risk weights of sovereign exposure.

3. CR Exposure and Credit Risk Mitigation (CRM) Effects (CR4)

(Millions of yen, except percentages)

CR4: SA – CR exposure and CRM effects		As of March 31, 2024					
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1a	Government of Japan and Bank of Japan (BOJ)	4,424,030	—	4,424,030	—	0	0.00%
1b	Foreign central governments and foreign central banks	2,724,420	—	2,724,420	—	45,207	1.65%
1c	Bank for International Settlements, etc.	3,700	—	3,700	—	0	0.00%
2a	Local governments of Japan	163,273	—	163,273	—	0	0.00%
2b	Foreign non-central government public sector entities (PSEs)	28,146	—	28,146	—	5,629	20.00%
2c	Japan Finance Organization for Municipalities (JFM)	37,637	—	37,637	—	3,763	10.00%
2d	Government- affiliated agencies of Japan	78,814	—	78,814	—	7,881	10.00%
2e	The three local public corporations	—	—	—	—	—	—
3	Multilateral development banks (MDBs)	7,112	—	7,112	—	0	0.00%
4	Banks, securities firms and insurance companies	1,305,857	—	1,305,857	—	348,042	26.65%
	Of which: securities firms and insurance companies	35,386	—	35,386	—	16,008	45.23%
5	Covered bonds	—	—	—	—	—	—
6	Corporates including specialized lending	1,148,649	356,941	1,136,062	133,850	1,244,632	98.00%
	Of which: specialized lending	—	—	—	—	—	—
7a	Subordinated debt and other capital	—	—	—	—	—	—
7b	Equity	—	—	—	—	—	—
8	SMEs and individuals	2,574,274	1,428,801	2,574,274	783,497	2,533,535	75.45%
	Of which transactors	—	—	—	—	—	—
9	Real estate	242,058	—	242,058	—	83,112	34.33%
	Of which: general RRE	225,904	—	225,904	—	76,344	33.79%
	Of which: IPRRE	16,154	—	16,154	—	6,768	41.89%
	Of which: general CRE	—	—	—	—	—	—
	Of which: Other real estate related	—	—	—	—	—	—
	Of which: ADC	—	—	—	—	—	—
10a	Delinquency excluding general RRE	186,533	119	186,405	119	262,258	140.60%
10b	Delinquency for general RRE	14	—	14	—	14	100.00%
11a	Cash	23,511	—	23,511	—	0	0.00%
11b	Bills in the course of collection	—	—	—	—	—	—
	Guaranteed by credit guarantee associations, etc.	—	—	—	—	—	—
	Guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
12	Total	12,948,036	1,785,862	12,935,320	917,466	4,534,078	32.73%

(Millions of yen, except percentages)

CR4: SA – CR exposure and CRM effects		As of March 31, 2023					
Item No.	Asset classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		Credit RWA amount	RWA density
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Cash	30,923	—	30,923	—	0	0.00%
2	Government of Japan and Bank of Japan (BOJ)	3,832,051	—	3,832,051	—	0	0.00%
3	Foreign central governments and foreign central banks	2,212,839	—	2,212,839	—	42,135	1.90%
4	Bank for International Settlements, etc.	10	—	10	—	0	0.00%
5	Local governments of Japan	126,273	—	126,273	—	0	0.00%
6	Foreign non-central government public sector entities (PSEs)	3,965	—	3,965	—	793	20.00%
7	Multilateral development banks (MDBs)	1,392	—	1,392	—	0	0.00%
8	Japan Finance Organization for Municipalities (JFM)	—	—	—	—	—	—
9	Government- affiliated agencies of Japan	96,971	—	96,971	—	9,697	10.00%
10	The three local public corporations	—	—	—	—	—	—
11	Banks entities and financial instruments business operators engaged in Type I Financial Instruments Business	1,216,433	—	1,216,433	—	295,453	24.28%
12	Corporates	906,830	348,485	893,080	116,774	1,050,444	104.01%
13	SMEs and retail	1,980,133	945,356	1,980,133	629,180	1,956,985	75.00%
14	Residential mortgage loans	209,296	—	209,296	—	73,253	35.00%
15	Real estate acquisition activities	—	—	—	—	—	—
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	155,899	170	155,715	170	221,261	141.93%
17	Past due loans (three months or more) (residential mortgage loans)	69	—	69	—	69	100.00%
18	Bills in the course of collection	—	—	—	—	—	—
19	Guaranteed by credit guarantee associations, etc.	—	—	—	—	—	—
20	Guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
21	Investments, etc. (excluding significant investments)	—	—	—	—	—	—
22	Total	10,773,090	1,294,012	10,759,156	746,125	3,650,094	31.72%

4. CR Exposures by Asset Classes and Risk Weights (CR5)

(Millions of yen)

CR5a: SA – CR exposures by asset classes and risk weights		As of March 31, 2024										
Item No.	Risk weight	Total credit exposures amount (post CCF and post-CRM)										
		0%	20%	50%	100%	150%	Others	Total				
1a	Government of Japan and BOJ	4,424,030	–	–	–	–	–	–	–	4,424,030		
1b	Foreign central governments and foreign central banks	2,634,005	–	90,414	–	–	–	–	–	2,724,420		
1c	Bank for International Settlements, etc.	3,700	–	–	–	–	–	–	–	3,700		
2a	Local governments of Japan	163,273	–	–	–	–	–	–	–	163,273		
2b	Foreign non-central government PSEs	–	–	28,146	–	–	–	–	–	28,146		
2c	JFM	–	37,637	–	–	–	–	–	–	37,637		
2d	Government- affiliated agencies of Japan	–	78,814	–	–	–	–	–	–	78,814		
2e	The three local public corporations	–	–	–	–	–	–	–	–	–		
3	MDBs	7,112	–	–	–	–	–	–	–	7,112		
4	Banks, securities firms and insurance companies	913,459	333,823	7,226	14,709	0	–	36,638	–	1,305,857		
	Of which: securities firms and insurance companies	13,733	16,015	–	0	–	–	5,638	–	35,386		
5	Covered bonds	–	–	–	–	–	–	–	–	–		
6	Corporates including specialized lending	17,888	13,548	43	–	140,993	1,097,436	–	1	1,269,912		
	Of which: specialized lending	–	–	–	–	–	–	–	–	–		
7a	Subordinated debt and other capital	–	–	–	–	–	–	–	–	–		
7b	Equity	–	–	–	–	–	–	–	–	–		
8	SMEs and individuals	882	3,296,811	59,175	903	–	–	–	–	3,357,772		
9a	Real estate Of which: general RRE	33,127	20,798	86,284	47,890	35,145	1,768	889	–	225,904		
	Of which: mortgage is second priority and meets eligibility criteria	–	–	–	–	–	–	–	–	–		
9b	Real estate Of which: IPRRE	4,863	2,339	7,311	793	546	298	–	–	16,154		
	Of which: mortgage is second priority and meets eligibility criteria	–	–	–	–	–	–	–	–	–		

(Millions of yen)

CR5a: SA – CR exposures by asset classes and risk weights		As of March 31, 2024							
Item No.	Asset classes	Risk weight	Total credit exposures amount (post CCF and post-CRM)						
			70%	90%	110%	150%	Others	Total	
9c	Real estate Of which: general CRE	–	–	–	–	–	–	–	–
	Of which: mortgage is second priority and meets eligibility criteria	70%	112.5%	–	–	–	–	–	–
9d	Real estate Of which: Other real estate related	–	–	–	–	–	–	–	–
	Of which: mortgage is second priority and meets eligibility criteria	60%	–	–	–	–	–	–	–
9e	Real estate Of which: ADC	–	–	–	–	–	–	–	–
10a	Delinquency excluding general RRE	11,510	12,034	162,979	–	–	–	–	186,524
10b	Delinquency for general RRE	–	14	–	–	–	–	–	14
11a	Cash	23,511	–	–	–	–	–	–	23,511
11b	Bills in the course of collection	–	–	–	–	–	–	–	–
	Guaranteed by credit guarantee associations, etc.	–	–	–	–	–	–	–	–
	Guaranteed by REVIC of Japan, etc.	–	–	–	–	–	–	–	–

(Millions of yen)

CR5: SA – CR exposures by asset classes and risk weights		As of March 31, 2023										
Item No.	Risk weight	a	b	c	d	e	f	g	h	i	j	k
		CR exposure amounts (post-CCF and CRM)										
Asset classes		0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total
1	Cash	30,923	–	–	–	–	–	–	–	–	–	30,923
2	Government of Japan and BOJ	3,832,051	–	–	–	–	–	–	–	–	–	3,832,051
3	Foreign central governments and foreign central banks	2,128,569	–	–	–	84,270	–	–	–	–	–	2,212,839
4	Bank for International Settlements, etc.	10	–	–	–	–	–	–	–	–	–	10
5	Local governments of Japan	126,273	–	–	–	–	–	–	–	–	–	126,273
6	Foreign non-central government PSEs	–	–	3,965	–	–	–	–	–	–	–	3,965
7	MDBs	1,392	–	–	–	–	–	–	–	–	–	1,392
8	JFM	–	–	–	–	–	–	–	–	–	–	–
9	Government- affiliated agencies of Japan	–	96,971	–	–	–	–	–	–	–	–	96,971
10	The three local public corporations	–	–	–	–	–	–	–	–	–	–	–
11	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	–	–	1,125,692	–	40,851	–	49,889	–	–	–	1,216,433
12	Corporates	3,669	–	1,161	–	–	–	1,005,024	–	–	–	1,009,855
13	SMEs and retail	–	–	–	–	–	–	2,609,313	–	–	–	2,609,313
14	Residential mortgage loans	–	–	–	209,296	–	–	–	–	–	–	209,296
15	Real estate acquisition activities	–	–	–	–	–	–	–	–	–	–	–
16	Past due loans (three months or more), etc. (excluding residential mortgage loans)	–	–	–	–	7,303	–	10,526	138,055	–	–	155,885
17	Past due loans (three months or more) (residential mortgage loans)	–	–	–	–	–	–	69	–	–	–	69
18	Bills in the course of collection	–	–	–	–	–	–	–	–	–	–	–
19	Guaranteed by credit guarantee associations, etc.	–	–	–	–	–	–	–	–	–	–	–
20	Guaranteed by REVIC of Japan, etc.	–	–	–	–	–	–	–	–	–	–	–
21	Investments, etc. (excluding significant investments)	–	–	–	–	–	–	–	–	–	–	–
22	Total	6,122,890	96,971	1,130,818	209,296	132,425	2,609,313	1,065,510	138,055	–	–	11,505,282

5. exposures and CCF by risk weight (CR5b)

(Millions of yen, except percentages)

CR5b: Standardized approach – exposures and CCF by risk weight		As of March 31, 2024			
Item No.	Risk weight	a	b	c	d
		On-balance sheet exposure	Off-balance sheet exposures	Weighted average CCF	Exposure (post-CCF and post-CRM)
1	Less than 40%	8,812,817	–	–	8,812,817
2	40%-70%	231,196	6	100.00%	231,202
3	75%	2,518,604	1,390,692	56.06%	3,298,291
	80%	–	–	–	–
4	85%	136,601	43,923	10.00%	140,993
5	90%-100%	1,047,976	351,129	37.95%	1,168,660
6	105%-130%	298	–	–	298
7	150%	200,540	110	100.00%	200,522
8	100%	–	–	–	–
9	100%	–	–	–	–
10	1,250%	–	–	–	–
11	Total exposures	12,948,036	1,785,862	51.37%	13,852,787

6. Comparison of modelled and standardized RWA at risk level (CMS1)

(Millions of yen)

CMS1: Comparison of modelled and standardized RWA at risk level		As of March 31, 2024			
Item No.		a	b	c	d
		RWA			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for portfolios where standardized approaches are used	Total Actual RWA	RWA calculated using full standardised approach and prior to the application of the output floor (ie RWA used in capital floor computation)
1	Credit risk (excluding counterparty credit risk)	56,669,456	5,178,991	61,848,447	116,056,356
2	Counterparty credit risk (CCR)	1,780,375	987,110	2,767,485	5,522,521
3	Credit valuation adjustment (CVA)	–	2,412,722	2,412,722	2,412,722
4	Securitisation exposures in the banking book	1,317,929	170,908	1,488,838	2,314,186
5	Market risk	–	2,926,210	2,926,210	2,926,210
6	Operational risk	–	5,545,060	5,545,060	5,545,060
7	Residual RWA	–	15,859,814	15,859,814	11,531,998
8	Total	59,767,761	33,080,817	92,848,578	146,309,056

7. Comparison of modelled and standardized RWA for credit risk at asset class level (CMS2)

(Millions of yen)

CMS2: Comparison of modelled and standardized RWA for credit risk at asset class level		As of March 31, 2024			
		a	b	c	d
Item No.		RWA			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for column (a) if re-computed using the standardized approach	Total Actual RWA	RWA calculated using full standardised approach and prior to the application of the output floor (ie RWA used in capital floor computation)
1	Sovereign	676,660	62,482	739,142	1,497,926
	Of which: Local governments of Japan	45,360	—	45,360	55,348
	Of which: Foreign non-central government public sector entities (PSEs)	198,115	5,629	203,744	411,494
	Of which: Multilateral development banks (MDBs)	—	—	—	—
	Of which: Japan Finance Organization for Municipalities (JFM)	—	3,763	3,763	3,763
	Of which: Government-affiliated agencies of Japan	1,344	7,881	9,226	98,482
	Of which: The three local public corporations	2,481	—	2,481	3,981
2	Banks	3,980,826	348,042	4,328,868	5,392,201
3	Equity	5,420,152	—	5,420,152	4,841,283
4	Purchased receivables	1,223,633	—	1,223,633	3,205,250
5	Corporate excluding specialized lending and mid-sized corporations and SMEs	33,485,069	1,171,269	34,656,339	71,786,223
	Of which: FIRB is applied	31,257,339	—	31,257,339	—
	Of which: AIRB is applied	2,227,730	—	2,227,730	—
6	Mid-sized corporations and SMEs	1,959,225	119,844	2,079,070	4,193,968
	Of which: FIRB is applied	224,121	—	224,121	—
	Of which: AIRB is applied	1,735,103	—	1,735,103	—
7	Residential mortgage	1,427,906	76,359	1,504,265	3,790,641
8	Qualifying revolving retail	1,889,644	—	1,889,644	2,674,590
9	Other retail	914,709	2,756,080	3,670,789	4,106,999
10	Specialized lending	5,691,628	644,912	6,336,541	14,567,270
	Of which: Commercial real estate and high-volatility commercial real estate	1,417,636	393,745	1,811,381	5,510,007
11	Total	56,669,456	5,178,991	61,848,447	116,056,356

Note: The criteria for classifying the exposures to which the standardized approach is applied to the IRBA portfolio is as described below:

- Exposures to individuals other than those that come under Item 7 "Residential mortgage exposures" are classified under Item 9 "Other retail exposures."
- Exposures other than the above are classified in accordance with the definition of the IRBA portfolio.

■ Credit Risk Mitigation (CRM) Techniques

1. Overview of Risk Characteristics, Risk Management Policy, Risk Management Procedures and Risk Management System

In calculating credit risk-weighted asset amounts, we take into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives. The methods and scope of these adjustments and methods of management are as follows.

(1) Scope and Management

A. Collateral (Eligible Financial or Real Estate Collateral)

SMBC designates deposits and securities as eligible financial collateral, and land and buildings as eligible real estate collateral.

Real estate collateral is evaluated by taking into account its fair value, appraisal value, and current condition, as well as our lien position. Real estate collateral must maintain sufficient collateral value in the event security rights must be exercised due to delinquency. However, during the period from acquiring the rights to exercising the rights, the property may deteriorate or suffer damage from earthquakes or other natural disasters, or there may be changes in the lien position due to, for example, attachment or establishment of liens by a third party. Therefore, the regular monitoring of collateral is implemented according to the type of property and the type of security interest.

B. Guarantees and Credit Derivatives

Guarantors are sovereigns, municipal corporations, credit guarantee corporations and other public entities, financial institutions, and C&I companies. Counterparties to credit derivative transactions are mostly domestic and overseas banks and securities companies.

Credit risk-weighted asset amounts are calculated taking into account credit risk mitigation of guarantees and credit derivatives acquired from entities with sufficient ability to provide protection such as sovereigns, municipal corporations and other public sector entities of comparable credit quality, and financial institutions and C&I companies with sufficient credit ratings.

(2) Concentration of Credit Risk and Market Risk under Credit Risk Mitigation Techniques

There is a framework in place for controlling concentration of risk in obligors with large exposures which includes large exposure limit lines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to pages 155 to 160). Further, exposures to these obligors are monitored on a group basis, taking into account risk concentration in their parent companies in cases that exposures to the obligors are guaranteed by the parent companies for risk mitigation.

In addition, when marketable financial products (for example, credit derivatives) are used as credit risk mitigants, market risk generated by these products is controlled by setting upper limits.

As credit risk mitigation techniques, eligible real estate collateral and guarantees have shown a certain effect.

2. Credit Risk Mitigation Techniques (CR3)

(Millions of yen)

CR3: CRM techniques		As of March 31, 2024				
		a	b	c	d	e
Item No.		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	75,640,079	29,268,996	12,329,056	12,621,786	—
2	Securities (of which: Debt securities)	26,350,070	270,883	101,003	20,046	—
3	Other on-balance sheet assets (of which: debt-based assets)	87,958,680	424,506	3,118	413,427	—
4	Total (1+2+3)	189,948,829	29,964,386	12,433,177	13,055,260	—
5	Of which: defaulted	1,066,812	178,324	65,959	36,848	—

(Millions of yen)

CR3: CRM techniques		As of March 31, 2023				
Item No.		a	b	c	d	e
		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	66,405,972	29,856,764	13,274,199	10,516,994	32,138
2	Securities (of which: Debt securities)	24,985,159	389,260	134,580	10,685	—
3	Other on-balance sheet assets (of which: debt-based assets)	85,006,276	383,866	11,101	259,468	—
4	Total (1+2+3)	176,397,408	30,629,891	13,419,881	10,787,148	32,138
5	Of which: defaulted	814,442	250,429	83,170	46,275	—

Counterparty Credit Risk

1. Overview of Risk Characteristics

Counterparty credit risk is actualized when counterparties become default in a condition where derivative transactions, etc. have a positive value, and risks fluctuate according to the credit quality of counterparties and related market indicators.

2. Risk Management Policy and Procedures

(1) Risk Management Policy

For counterparty credit risks, credit limits are set according to the frameworks of credit management in each SMBC Group company. For transactions with CCP, credit risks are managed after validating the financial base and the default management process, etc.

(2) Policy on Collateral Security and Impact of Deterioration of Our Credit Quality

Collateralized derivative is a CRM technique in which collateral is delivered or received regularly in accordance with replacement cost. The Group conducts collateralized derivative transactions as necessary, thereby reducing credit risk. In the event our credit quality deteriorates, however, the counterparty may demand additional collateral, but its impact is deemed to be insignificant.

(3) Netting

Netting is another CRM technique, and “close-out netting” is the main type of netting. In close-out netting, when a default event, such as bankruptcy, occurs to the counterparty, all claims against, and obligations to, the counterparty, regardless of maturity and currency, are netted out to create a single claim or obligation. Close-out netting is applied to foreign exchange and swap transactions covered under a master agreement with a net-out clause or other means of securing legal effectiveness, and the effect of CRM is taken into account only for such claims and obligations.

3. Amount of Counter Party Credit Risk (CCR) Exposure by Approach (CCR1)

(Millions of yen)

CCR1: Amount of CCR exposure by approach		As of March 31, 2024					
Item No.		a	b	c	d	e	f
		Replacement cost	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR	1,687,432	2,728,055		1.4	6,181,683	1,828,241
	CEM	—	—			—	—
2	Expected exposure method (IMM)			—	—	—	—
3	Simple approach for CRM					—	—
4	Comprehensive approach for CRM					2,170,189	879,393
5	Exposure fluctuation estimation model					—	—
6	Total						2,707,635

(Millions of yen)

CCR1: Amount of CCR exposure by approach		As of March 31, 2023					
Item No.		a	b	c	d	e	f
		Replacement cost	PFE	Effective EPE (EEPE)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR	—	—		1.4	—	—
	CEM	2,402,391	3,857,731			6,260,123	1,503,981
2	Expected exposure method (IMM)			—	—	—	—
3	Simple approach for CRM					—	—
4	Comprehensive approach for CRM					8,324,288	864,450
5	Exposure fluctuation estimation model					—	—
6	Total						2,368,432

4. CVA Capital Charge (CCR2)

(Millions of yen)

CCR2: CVA risk capital charge		As of March 31, 2023	
Item No.		a	b
		EAD post-CRM	RWA (Amount calculated by dividing CVA capital charge by 8%)
1	Total portfolios subject to the advanced CVA capital charge	—	—
2	(i) VaR component (including the 3×multiplier)	—	—
3	(ii) Stressed VaR component (including the 3×multiplier)	—	—
4	Total portfolios subject to the standardised CVA capital charge	5,735,518	2,594,370
5	Total subject to the CVA capital charge	5,735,518	2,594,370

5. CCR Exposures by Regulatory Portfolio and Risk Weights (CCR3)

(Millions of yen)

CCR3: CCR exposures by regulatory portfolio and risk weights		As of March 31, 2024													
Item No.	Regulatory portfolio	Credit equivalent amounts (post-CRM)													
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Risk weight	0%	10%	20%	30%	40%	50%	75%	80%	85%	100%	130%	150%	Others	Total
1	Government of Japan and BOJ	207,124	—	—	—	—	—	—	—	—	—	—	—	—	207,124
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	16	—	—	—	—	—	—	—	—	—	—	—	—	16
5	Foreign non-central government PSEs	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	MDBs	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	JFM	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Government- affiliated agencies of Japan	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Banks, securities firms and insurance companies	—	—	218,652	138,678	758	2,722	—	—	—	—	—	28,893	—	389,705
11	Corporates	—	—	7,099	—	—	92,996	243	—	—	589,735	—	—	—	690,075
12	SMEs and retail	—	—	—	—	—	—	80,201	—	—	—	—	—	—	80,201
13	Other than the above	—	—	—	—	—	—	—	—	—	98,933	—	—	—	98,933
14	Total	207,141	—	225,751	138,678	758	95,719	80,445	—	—	688,669	—	28,893	—	1,466,057

(Millions of yen)

CCR3: CCR exposures by regulatory portfolio and risk weights		As of March 31, 2023								
Item No.	Regulatory portfolio	a	b	c	d	e	f	g	h	i
		Credit equivalent amounts (post-CRM)								
	Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total
1	Government of Japan and BOJ	191,331	—	—	—	—	—	—	—	191,331
2	Foreign central governments and foreign central banks	—	—	—	—	—	—	—	—	—
3	Bank for International Settlements, etc.	—	—	—	—	—	—	—	—	—
4	Local governments of Japan	1,057	—	—	—	—	—	—	—	1,057
5	Foreign non-central government PSEs	—	—	—	—	—	—	—	—	—
6	MDBs	—	—	—	—	—	—	—	—	—
7	JFM	—	—	—	—	—	—	—	—	—
8	Government- affiliated agencies of Japan	—	—	—	—	—	—	—	—	—
9	The three local public corporations	—	—	—	—	—	—	—	—	—
10	Banks and financial instruments business operators engaged in Type I Financial Instruments Business	—	—	419,720	227	—	—	—	—	419,947
11	Corporates	—	—	—	—	—	511,671	—	—	511,671
12	SMEs and retail	—	—	—	—	72,229	—	—	—	72,229
13	Other than the above	—	—	—	—	—	72,721	—	—	72,721
14	Total	192,389	—	419,720	227	72,229	584,393	—	—	1,268,959

6. IRB Approach – CCR Exposures by Portfolio and PD Scale (CCR4)

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2024						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Sovereign exposures (AIRB approach)								
1	0.00 to <0.15	113,083	0.02	0.1	35.00	0.6	727	0.64
2	0.15 to <0.25	3,220	0.17	0.0	35.00	1.0	841	26.12
3	0.25 to <0.50	410	0.47	0.0	35.00	1.0	160	39.22
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	4,140	1.00	0.0	35.00	1.0	2,361	57.04
6	2.50 to <10.00	26	4.16	0.0	35.00	1.0	30	115.58
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	120,881	0.06	0.1	35.00	0.6	4,122	3.40
Sovereign exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Bank exposures (AIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Bank exposures (FIRB approach)								
1	0.00 to <0.15	1,468,018	0.05	7.2	45.00	0.9	233,067	15.87
2	0.15 to <0.25	68,369	0.16	0.2	45.00	1.0	23,217	33.95
3	0.25 to <0.50	1,247	0.41	0.0	45.00	1.0	632	50.66
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	30,053	1.67	0.1	45.00	2.4	32,485	108.09
6	2.50 to <10.00	2,093	8.36	0.0	45.00	1.0	4,004	191.26
7	10.00 to <100.00	47	13.30	0.0	45.00	5.0	131	278.90
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	1,569,830	0.10	7.6	45.00	1.0	293,538	18.69

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2024						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Corporate exposures (AIRB approach)								
1	0.00 to <0.15	36,859	0.07	2.7	35.01	0.9	4,350	11.80
2	0.15 to <0.25	47,681	0.18	4.3	34.97	1.0	10,459	21.93
3	0.25 to <0.50	85,606	0.29	1.0	4.96	0.1	4,380	5.11
4	0.50 to <0.75	1,669	0.71	0.2	35.00	1.0	812	48.64
5	0.75 to <2.50	6,451	1.63	0.9	35.00	1.0	4,395	68.13
6	2.50 to <10.00	938	8.47	0.1	35.00	1.0	1,194	127.25
7	10.00 to <100.00	1,897	24.90	0.0	35.00	1.0	3,430	180.82
8	100.00 (Default)	876	100.00	0.0	44.84	1.0	111	12.75
9	Subtotal	181,981	1.05	9.7	20.91	0.5	29,136	16.01
Corporate exposures (FIRB approach)								
1	0.00 to <0.15	3,026,845	0.06	38.0	40.78	0.9	426,339	14.08
2	0.15 to <0.25	738,108	0.16	13.2	40.72	0.9	189,998	25.74
3	0.25 to <0.50	185,206	0.37	1.5	41.76	1.0	82,948	44.78
4	0.50 to <0.75	408	0.71	0.1	41.78	1.0	264	64.63
5	0.75 to <2.50	669,283	1.87	14.2	40.85	1.1	625,218	93.41
6	2.50 to <10.00	14,211	7.61	0.3	40.12	1.0	19,792	139.27
7	10.00 to <100.00	2,825	22.27	0.0	40.69	1.0	5,842	206.75
8	100.00 (Default)	0	100.00	0.0	40.00	1.0	—	0.00
9	Subtotal	4,636,889	0.39	67.5	40.81	1.0	1,350,405	29.12
Mid-sized corporations and SMEs exposures (AIRB approach)								
1	0.00 to <0.15	11,953	0.07	0.4	35.00	1.0	1,354	11.32
2	0.15 to <0.25	21,098	0.19	3.3	35.00	1.0	4,458	21.13
3	0.25 to <0.50	6,694	0.46	0.9	35.00	1.0	2,401	35.87
4	0.50 to <0.75	2,899	0.71	0.5	35.00	1.0	1,237	42.67
5	0.75 to <2.50	3,041	1.79	1.6	35.00	1.0	1,809	59.51
6	2.50 to <10.00	1,663	4.92	0.1	35.00	1.0	1,377	82.77
7	10.00 to <100.00	192	23.67	0.0	35.00	1.4	294	153.32
8	100.00 (Default)	1	100.00	0.0	44.85	1.0	0	12.75
9	Subtotal	47,543	0.60	7.2	35.00	1.0	12,932	27.20
Mid-sized corporations and SMEs exposures (FIRB approach)								
1	0.00 to <0.15	25	0.08	0.0	45.00	1.0	5	20.66
2	0.15 to <0.25	100	0.20	0.0	45.00	1.0	27	27.24
3	0.25 to <0.50	122	0.47	0.0	45.00	1.0	70	57.92
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	132	1.33	0.0	45.00	1.0	109	82.99
6	2.50 to <10.00	26	8.74	0.0	45.00	1.0	33	126.43
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	406	1.20	0.0	45.00	1.0	246	60.64

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2024						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of counterparties	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
SL								
1	0.00 to <0.15	128,765	0.09	0.3	29.69	1.0	19,210	14.91
2	0.15 to <0.25	82,374	0.16	0.2	35.00	1.0	16,978	20.61
3	0.25 to <0.50	76,537	0.36	0.3	35.00	1.0	25,718	33.60
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	32,266	1.10	0.1	35.00	1.0	18,652	57.80
6	2.50 to <10.00	4,958	4.16	0.0	35.00	1.0	4,747	95.75
7	10.00 to <100.00	2,916	13.64	0.0	35.00	1.0	4,484	153.76
8	100.00 (Default)	464	100.00	0.0	49.93	1.0	199	43.00
9	Subtotal	328,283	0.59	1.2	32.93	1.0	89,992	27.41
Equity exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Other retail exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Total (sum of portfolios)		6,885,815	0.34	93.5	40.72	0.9	1,780,375	25.85

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2023						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Sovereign exposures (AIRB approach)								
1	0.00 to <0.15	773,434	0.00	0.3	9.66	1.5	549	0.07
2	0.15 to <0.25	148,880	0.15	0.0	10.84	0.5	7,079	4.75
3	0.25 to <0.50	3	0.48	0.0	35.00	1.0	1	39.67
4	0.50 to <0.75	2,858	0.74	0.0	1.00	3.2	75	2.64
5	0.75 to <2.50	—	—	0.0	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	925,176	0.02	0.4	9.83	1.4	7,706	0.83
Sovereign exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Bank exposures (AIRB approach)								
1	0.00 to <0.15	6,386,190	0.03	28.5	20.72	1.8	617,464	9.66
2	0.15 to <0.25	847,877	0.15	2.2	11.53	1.3	136,054	16.04
3	0.25 to <0.50	1,783	0.37	0.0	32.98	2.3	848	47.58
4	0.50 to <0.75	—	—	0.0	—	—	—	—
5	0.75 to <2.50	90,487	1.38	0.3	5.46	0.2	11,447	12.65
6	2.50 to <10.00	—	—	0.0	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	7,326,339	0.06	31.2	19.47	1.7	765,815	10.45
Bank exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2023						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
Corporate exposures (AIRB approach)								
1	0.00 to <0.15	3,117,081	0.04	51.0	17.48	1.5	232,383	7.45
2	0.15 to <0.25	1,192,759	0.15	24.8	23.69	2.2	292,501	24.52
3	0.25 to <0.50	208,887	0.36	14.2	32.72	2.7	101,593	48.63
4	0.50 to <0.75	6,711	0.74	1.1	35.00	2.6	4,469	66.58
5	0.75 to <2.50	125,219	1.21	2.9	31.14	1.9	83,831	66.94
6	2.50 to <10.00	21,694	8.35	0.9	34.26	2.2	29,565	136.28
7	10.00 to <100.00	2,453	23.15	0.0	33.86	1.3	4,281	174.46
8	100.00 (Default)	107	100.00	0.0	51.66	1.7	40	37.57
9	Subtotal	4,674,915	0.17	95.3	20.22	1.7	748,666	16.01
Corporate exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Mid-sized corporations and SMEs exposures (AIRB approach)								
1	0.00 to <0.15	11,391	0.07	1.8	33.90	3.5	2,679	23.52
2	0.15 to <0.25	18,354	0.16	4.1	32.84	3.6	5,988	32.62
3	0.25 to <0.50	19,723	0.35	4.1	34.72	3.7	9,835	49.86
4	0.50 to <0.75	4,114	0.74	0.9	35.00	2.8	2,478	60.24
5	0.75 to <2.50	3,499	1.92	3.4	34.83	2.6	2,554	73.01
6	2.50 to <10.00	639	8.95	0.1	35.02	4.0	908	141.98
7	10.00 to <100.00	42	23.81	0.0	35.00	3.4	72	170.95
8	100.00 (Default)	58	100.00	0.0	46.13	3.5	7	13.63
9	Subtotal	57,822	0.57	14.9	34.00	3.5	24,525	42.41
Mid-sized corporations and SMEs exposures (FIRB approach)								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—

(Millions of yen, %, the number of data in thousands, years)

CCR4: IRB - CCR exposures by portfolio and PD scale		As of March 31, 2023						
Item No.	PD scale	a	b	c	d	e	f	g
		EAD post-CRM	Average PD (%)	Number of counterparties	Average LGD (%)	Average maturity	Credit RWA	RWA density (%)
SL								
1	0.00 to <0.15	33,872	0.04	0.1	7.95	4.7	2,760	8.14
2	0.15 to <0.25	145,048	0.15	0.5	16.75	4.7	31,162	21.48
3	0.25 to <0.50	104,682	0.35	2.0	17.73	4.7	33,735	32.22
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	40,458	1.09	0.2	16.00	4.4	16,929	41.84
6	2.50 to <10.00	4,389	4.11	0.0	51.49	4.9	8,576	195.38
7	10.00 to <100.00	2,130	15.79	0.0	48.37	4.8	5,644	264.99
8	100.00 (Default)	617	100.00	0.0	54.77	4.9	287	46.63
9	Subtotal	331,198	0.66	3.1	16.80	4.7	99,096	29.92
Equity exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Other retail exposures								
1	0.00 to <0.15	—	—	—	—	—	—	—
2	0.15 to <0.25	—	—	—	—	—	—	—
3	0.25 to <0.50	—	—	—	—	—	—	—
4	0.50 to <0.75	—	—	—	—	—	—	—
5	0.75 to <2.50	—	—	—	—	—	—	—
6	2.50 to <10.00	—	—	—	—	—	—	—
7	10.00 to <100.00	—	—	—	—	—	—	—
8	100.00 (Default)	—	—	—	—	—	—	—
9	Subtotal	—	—	—	—	—	—	—
Total (sum of portfolios)		13,315,452	0.11	145.1	19.06	1.8	1,645,809	12.36

7. Asset encumbrance (ENC1)

(Millions of yen)

ENC1: Assets encumbrance		As of March 31, 2024			
Item No.		a	b	c	d
		Encumbered assets	Unencumbered assets	Total	Of which: Securitization exposures
1	Cash and due from banks	20,979	78,122,121	78,143,100	—
2	Trading assets	2,890,448	8,649,614	11,540,063	—
3	Securities	18,870,572	18,272,236	37,142,808	1,205,122
4	Loans and bills discounted	12,398,553	94,615,353	107,013,907	2,639,595
5	Other assets	3,225,117	12,088,428	15,313,546	1,903,345
	Total	37,405,670	211,747,754	249,153,425	5,748,063

8. Composition of Collateral for CCR Exposure (CCR5)

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2024					
Item No.		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	—	346,882	—	467,434	6,776,928	10,599,672
2	Cash (other currencies)	—	977,872	—	527,307	5,806,583	4,471,986
3	Domestic sovereign debt	—	145,066	—	160,324	6,994,393	6,580,549
4	Other sovereign debt	—	170,914	—	86,104	5,526,379	5,384,128
5	Government agency debt	—	375	—	—	602,978	2,168
6	Corporate bonds	—	92	—	—	506,238	696,430
7	Equity securities	—	—	—	—	3,205,290	1,612,330
8	Other collateral	—	—	—	—	—	—
9	Total	—	1,641,204	—	1,241,171	29,418,793	29,347,266

(Millions of yen)

CCR5: Composition of collateral for CCR exposure		As of March 31, 2023					
Item No.		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash (domestic currency)	12,837	230,100	—	171,595	6,123,681	8,235,330
2	Cash (other currencies)	103	632,101	—	474,897	5,054,287	6,599,823
3	Domestic sovereign debt	292	52,392	—	125,658	4,169,561	6,472,875
4	Other sovereign debt	992	183,265	—	72,289	2,789,246	3,974,426
5	Government agency debt	6	—	—	—	521,855	19,854
6	Corporate bonds	5,576	—	—	—	5,929,154	474,996
7	Equity securities	5,939	—	—	—	2,150,791	804,390
8	Other collateral	—	—	—	—	—	—
9	Total	25,748	1,097,859	—	844,441	26,738,578	26,581,697

9. Credit Derivative Transaction Exposures (CCR6)

(Millions of yen)

CCR6: Credit derivative transaction exposures		As of March 31, 2024		As of March 31, 2023	
Item No.		a	b	a	b
		Protection bought	Protection sold	Protection bought	Protection sold
Notionals					
1	Single-name credit default swaps	431,282	690,955	400,301	608,659
2	Index credit default swaps	1,269,501	754,387	845,493	748,559
3	Total return swaps	—	—	—	—
4	Credit options	60,532	—	120,186	—
5	Other credit derivatives	—	—	—	—
6	Total notionals	1,761,316	1,445,342	1,365,980	1,357,219
Fair values					
7	Positive fair value (asset)	3,735	19,087	4,724	12,718
8	Negative fair value (liability)	29,428	4,025	12,923	10,094

10. RWA flow statements of CCR exposures under the Expected exposure method (IMM) (CCR7)

Not applicable.

11. Exposures to Central Counterparties (CCR8)

(Millions of yen)

CCR8: Exposures to central counterparties (CCP)		As of March 31, 2024		As of March 31, 2023	
Item No.		a	b	a	b
		EAD to CCP (post-CRM)	RWA	EAD to CCP (post-CRM)	RWA
1	Exposures to qualifying central counterparties (QCCPs) (total)	—	59,849	—	158,031
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,046,957	41,089	3,784,452	75,696
3	(i) OTC derivatives	1,710,027	34,200	3,075,359	61,507
4	(ii) Exchange-traded derivatives	181,358	3,777	666,754	13,341
5	(iii) SFTs	155,571	3,111	42,338	846
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	0	—	—	—
8	Non-segregated initial margin	7,775	155	381,938	7,638
9	Pre-funded default fund contributions	51,312	17,508	202,805	74,696
10	Unfunded default fund contributions	1,357	1,096	—	—
11	Exposures to non-QCCPs (total)	—	—	—	126,714
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—	517,076	126,710
13	(i) OTC derivatives	—	—	394,002	88,186
14	(ii) Exchange-traded derivatives	—	—	106,782	22,233
15	(iii) SFTs	—	—	16,290	16,290
16	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
17	Segregated initial margin	—	—	—	—
18	Non-segregated initial margin	—	—	3	3
19	Pre-funded default fund contributions	—	—	—	—
20	Unfunded default fund contributions	—	—	—	—

■ Securitisation Transactions

1. Overview of Risk Characteristics

Securitisation exposures have, in addition to credit risk and market risk, the following intrinsic risks, which are properly managed based on the nature of each risk.

(1) Dilution Risk

Means the risk of a decrease in purchased receivables due to cancellation or termination of the original contract for the purchased receivables, or netting of debts between the original obligor and the original obligee.

(2) Servicer Risk

A. Commingling Risk

Means the risk of uncollectible funds, which should be collected from the underlying assets, due to the bankruptcy of the servicer before the delivery of the funds collected from the obligor of the receivables.

B. Performance Risk

Means the risk of difficulty in maintenance and collection due to the servicer's failure to properly and accurately perform its clerical duties and procedures.

(3) Liquidity Risk

Means the risk that cash flows related to the underlying assets may be insufficient for paying the principal and interest of the securitisation exposure due to a timing mismatch between the securitisation conduit's receipt of the cash flows related to the underlying assets and payment of the securitisation exposure of the principal and interest, etc.

(4) Fraud Risk

Means the risk of a decrease in or complete loss of the receivables subject to collection due to a fraud, prejudicial or other malicious act by a customer or a third-party obligor.

2. Overview of Risk Management Policy and Procedures

Definition of securitisation exposure has been clarified in order to properly identify, measure, evaluate and report risks, and a risk management department, independent of business units, has been established to centrally manage risks from recognizing securitisation exposures to measuring, evaluating and reporting risks.

Securitisation transactions are subject to the following policies.

- Undertake those which allow separate assessment of underlying short-term assets by making credit decisions on individual underlying assets.
- Undertake those which cover short-term receivables, etc., by creating a framework mainly to estimate the default rate of the underlying assets based on the historical loan-loss ratio and ensure that they have sufficient subordination.
- Undertake others such as those requiring special management by implementing additional management, such as an analysis of the market environment. Particularly, with respect to securitisation transactions backed by retail loans whose creditworthiness is relatively inferior, such as subprime loans in the U.S., the Group deals only with transactions that are sufficiently structured by taking into account not only the above policies, but others such as the underlying asset selection criteria of the originator and the average life.

The Group shall basically not conduct resecuritisation transactions.

Its policy is to conduct securitisation transactions by verifying effectiveness in mitigating credit risk through the use of the asset transfer type or synthetic type securitisation transactions covering domestic and foreign exposures and using them as underlying exposures if securitisation transactions are used as an approach for credit risk mitigation.

The Group takes one of the following positions for securitisation transactions.

- Originator (a direct or indirect originator of underlying assets or a sponsor of an ABCP conduit or a similar program that acquires exposures from third-party entities)
- Investor
- Others (for example, provider of swap for preventing a mismatch between the dividend on trust beneficiary rights and cash flows generated by underlying assets on which the rights are issued)

3. Name of Securitisation Conduit and Whether or Not It Possesses Securitisation Exposure Related to Securitisation Transactions, as well as Names of Subsidiaries and Affiliated Companies of us Which Hold Securitisation Exposures Related to Securitisation Transactions Conducted by us and we Engage in the Management of the Company or Provides Advice

In order to undertake securitisation transactions related to third-party assets, the Group mainly uses a special purpose company (SPC) as a securitisation conduit.

- Manhattan Asset Funding Company LLC
- Chelsea Capital Corporation
- Forest Corporation
- Spur Funding Corporation
- Deccan Funding GK
- Taeguk Funding Designated Activity Company
- Feathertop Funding Limited

Excluding consolidated subsidiaries, subsidiaries or affiliated companies holding securitisation exposures related to the security transactions conducted by the Holding Company Group are as follows:

- PayPay Bank Corporation

4. Name of Securitisation Conduit that Provides Non-Contractual Credit Enhancement, etc. and Impacts on Capital by Such Non-Contractual Credit Enhancement, etc. for Each Securitisation Conduit

Not applicable.

5. Accounting Policy on Securitisation Transactions

The recognition of the generation and extinguishment of financial assets and financial liabilities associated with securitisation transactions and the valuation and accounting treatment thereof are mainly governed by the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

6. Names of Qualifying External Ratings Agencies

In order to calculate the amount of credit risk weighted asset for securitisation exposure with the external ratings-based approach or the standardised approach, or to calculate the amount of market risk associated with specific risk, the risk weights are determined by mapping the ratings of qualifying rating agencies to the risk weights stipulated in the Notification. The qualifying rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings Ltd. (Fitch).

When more than one rating is available for an exposure, the second smallest risk weight is used, in accordance with the Notification.

7. Securitisation Exposures in the Banking Book (SEC1)

(Millions of yen)

SEC1: Securitisation exposures in the banking book		As of March 31, 2024																										
		a			b			c			d			e			f			g			h			i		
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor			Traditional			Synthetic			Subtotal			Traditional			Synthetic			Subtotal		
Item No.	Type of underlying asset	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal			
1	Retail (total) - of which	419,099	—	419,099	961,717	—	961,717	1,735,534	—	1,735,534	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
2	Residential mortgage	419,099	—	419,099	8,206	—	8,206	373,269	—	373,269	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
3	Credit card	—	—	—	30,000	—	30,000	263,381	—	263,381	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
4	Other retail exposures	—	—	—	923,511	—	923,511	1,098,882	—	1,098,882	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
5	Re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
6	Wholesale (total) - of which	355,584	4	355,588	1,087,968	—	1,087,968	2,264,175	—	2,264,175	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
7	Loans to corporates	355,584	4	355,588	78,704	—	78,704	1,895,168	—	1,895,168	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
8	Commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
9	Lease and receivables	—	—	—	938,386	—	938,386	273,655	—	273,655	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
10	Other wholesale	—	—	—	70,877	—	70,877	95,352	—	95,352	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
11	Re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			

(Millions of yen)

SEC1: Securitisation exposures in the banking book		As of March 31, 2023								
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
		1	Retail (total) - of which	423,084	—	423,084	872,771	—	872,771	1,408,177
2	Residential mortgage	423,084	—	423,084	—	—	—	358,947	—	358,947
3	Credit card	—	—	—	60,000	—	60,000	272,935	—	272,935
4	Other retail exposures	—	—	—	812,771	—	812,771	776,295	—	776,295
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	228,117	5	228,122	688,106	—	688,106	2,197,777	—	2,197,777
7	Loans to corporates	228,117	5	228,122	—	—	—	1,931,250	—	1,931,250
8	Commercial mortgage	—	—	—	—	—	—	1,134	—	1,134
9	Lease and receivables	—	—	—	605,079	—	605,079	179,099	—	179,099
10	Other wholesale	—	—	—	83,026	—	83,026	86,293	—	86,293
11	Re-securitisation	—	—	—	—	—	—	—	—	—

8. Securitisation Exposures in the Trading Book (SEC2)

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2024								
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
		1	Retail (total) - of which	—	—	—	—	—	—	16,372
2	Residential mortgage	—	—	—	—	—	—	9,334	—	9,334
3	Credit card	—	—	—	—	—	—	4,101	—	4,101
4	Other retail exposures	—	—	—	—	—	—	2,936	—	2,936
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	27,423	—	27,423
7	Loans to corporates	—	—	—	—	—	—	27,423	—	27,423
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	—	—	—	—	—	—	—	—	—
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC2: Securitisation exposures in the trading book		As of March 31, 2023								
Item No.	Type of underlying asset	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
		1	Retail (total) - of which	—	—	—	—	—	—	27,671
2	Residential mortgage	—	—	—	—	—	—	26,372	—	26,372
3	Credit card	—	—	—	—	—	—	—	—	—
4	Other retail exposures	—	—	—	—	—	—	1,299	—	1,299
5	Re-securitisation	—	—	—	—	—	—	—	—	—
6	Wholesale (total) - of which	—	—	—	—	—	—	5,322	—	5,322
7	Loans to corporates	—	—	—	—	—	—	5,322	—	5,322
8	Commercial mortgage	—	—	—	—	—	—	—	—	—
9	Lease and receivables	—	—	—	—	—	—	—	—	—
10	Other wholesale	—	—	—	—	—	—	—	—	—
11	Re-securitisation	—	—	—	—	—	—	—	—	—

9. Securitisation Exposures in the Banking Book and Associated Regulatory Capital Requirements
(Bank Acting as Originator or as Sponsor) (SEC3)

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated capital regulatory requirements (bank acting as originator or sponsor) (1/2)		As of March 31, 2024							
Item No.		a	b	c	d	e	f	g	h
		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
1	≤20% RW	2,099,025	2,099,025	2,099,025	938,713	1,160,312	—	—	—
2	>20% to 50% RW	261,255	261,255	261,255	108,281	152,973	—	—	—
3	>50% to 100% RW	392,328	392,328	392,328	324,868	67,460	—	—	—
4	>100% to <1250% RW	71,244	71,244	71,244	8,954	62,289	—	—	—
5	1250% RW	520	516	516	—	516	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA	2,713,601	2,713,597	2,713,597	1,346,023	1,367,573	—	—	—
7	SEC-ERBA or IAA	102,566	102,566	102,566	26,587	75,979	—	—	—
8	SEC-SA	8,206	8,206	8,206	8,206	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA	787,970	787,919	787,919	424,364	363,555	—	—	—
11	SEC-ERBA or IAA	25,142	25,142	25,142	6,261	18,881	—	—	—
12	SEC-SA	2,260	2,260	2,260	2,260	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA	63,037	63,033	63,033	33,949	29,084	—	—	—
15	SEC-ERBA or IAA	2,011	2,011	2,011	500	1,510	—	—	—
16	SEC-SA	180	180	180	180	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements (bank acting as originator or sponsor) (2/2)		As of March 31, 2024								
		i	j	k	l	m	n	o		
Item No.		Synthetic securitisation (subtotal)		Retail underlying		Wholesale		Re-securitisation	Senior	Non-senior
		Securitisation								
Exposure values (by RW bands)										
1	≤20% RW	—	—	—	—	—	—	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—	—	—
5	1250% RW	4	4	—	—	4	—	—	—	—
Exposure values (by regulatory approach)										
6	SEC-IRBA	4	4	—	—	4	—	—	—	—
7	SEC-ERBA or IAA	—	—	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)										
10	SEC-IRBA	50	50	—	—	50	—	—	—	—
11	SEC-ERBA or IAA	—	—	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)										
14	SEC-IRBA	4	4	—	—	4	—	—	—	—
15	SEC-ERBA or IAA	—	—	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated capital regulatory requirements (bank acting as originator or sponsor) (1/2)		As of March 31, 2023										
		a	b	c	d	e	f	g	h			
Item No.		Total	Traditional securitisation (subtotal)	Securitisation		Retail underlying		Wholesale		Re-securitisation	Senior	Non-senior
				Securitisation								
Exposure values (by RW bands)												
1	≤20% RW	1,533,766	1,533,766	1,533,766	671,075	862,690	—	—	—	—	—	—
2	>20% to 50% RW	276,143	276,143	276,143	249,733	26,410	—	—	—	—	—	—
3	>50% to 100% RW	256,214	256,214	256,214	234,420	21,793	—	—	—	—	—	—
4	>100% to <1250% RW	145,497	145,497	145,497	140,626	4,871	—	—	—	—	—	—
5	1250% RW	462	457	457	—	457	—	—	—	—	—	—
Exposure values (by regulatory approach)												
6	SEC-IRBA or IAA	2,095,625	2,095,620	2,095,620	1,250,887	844,732	—	—	—	—	—	—
7	SEC-ERBA	106,210	106,210	106,210	34,719	71,491	—	—	—	—	—	—
8	SEC-SA	10,248	10,248	10,248	10,248	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)												
10	SEC-IRBA or IAA	650,715	650,652	650,652	497,349	153,302	—	—	—	—	—	—
11	SEC-ERBA	28,742	28,742	28,742	8,055	20,686	—	—	—	—	—	—
12	SEC-SA	4,111	4,111	4,111	4,111	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)												
14	SEC-IRBA or IAA	52,057	52,052	52,052	39,787	12,264	—	—	—	—	—	—
15	SEC-ERBA	2,299	2,299	2,299	644	1,654	—	—	—	—	—	—
16	SEC-SA	328	328	328	328	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—	—	—	—	—

(Millions of yen)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements (bank acting as originator or sponsor) (2/2)		As of March 31, 2023						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
		Exposure values (by RW bands)						
1	≤20% RW	—	—	—	—	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	5	5	—	5	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	5	5	—	5	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	63	63	—	63	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital requirement values (by regulatory approach)								
14	SEC-IRBA or IAA	5	5	—	5	—	—	—
15	SEC-ERBA	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—

10. Securitisation Exposures in the Banking Book Associated Capital Requirements (Bank Acting as Investor) (SEC4)

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (1/2)		As of March 31, 2024							
		a	b	c	d	e	f	g	h
Item No.		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
		Exposure values (by RW bands)							
1	≤20% RW	3,811,314	3,811,314	3,811,314	1,586,673	2,224,641	—	—	—
2	>20% to 50% RW	152,255	152,255	152,255	135,947	16,308	—	—	—
3	>50% to 100% RW	15,477	15,477	15,477	12,682	2,794	—	—	—
4	>100% to <1250% RW	20,662	20,662	20,662	231	20,430	—	—	—
5	1250% RW	—	—	—	—	—	—	—	—
Exposure values (by regulatory approach)									
6	SEC-IRBA	3,402,802	3,402,802	3,402,802	1,294,723	2,108,078	—	—	—
7	SEC-ERBA or IAA	596,908	596,908	596,908	440,810	156,097	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)									
10	SEC-IRBA	529,959	529,959	529,959	211,047	318,912	—	—	—
11	SEC-ERBA or IAA	143,505	143,505	143,505	88,260	55,244	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)									
14	SEC-IRBA	42,396	42,396	42,396	16,883	25,512	—	—	—
15	SEC-ERBA or IAA	11,480	11,480	11,480	7,060	4,419	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2024						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)	Securitisation	Retail underlying		Re-securitisation	Senior	Non-senior
				Wholesale				
Exposure values (by RW bands)								
1	≤20% RW	—	—	—	—	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	—	—	—	—	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA	—	—	—	—	—	—	—
7	SEC-ERBA or IAA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA	—	—	—	—	—	—	—
11	SEC-ERBA or IAA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)								
14	SEC-IRBA	—	—	—	—	—	—	—
15	SEC-ERBA or IAA	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (1/2)		As of March 31, 2023								
		a	b	c	d	e	f	g	h	
Item No.		Total	Traditional securitisation (subtotal)	Securitisation	Retail underlying		Wholesale	Re-securitisation	Senior	Non-senior
Exposure values (by RW bands)										
1	≤20% RW	3,421,361	3,421,361	3,421,361	1,382,524	2,038,837	—	—	—	—
2	>20% to 50% RW	70,476	70,476	70,476	3,706	66,770	—	—	—	—
3	>50% to 100% RW	95,271	95,271	95,271	20,551	74,720	—	—	—	—
4	>100% to <1250% RW	17,710	17,710	17,710	1,395	16,315	—	—	—	—
5	1250% RW	1,134	1,134	1,134	—	1,134	—	—	—	—
Exposure values (by regulatory approach)										
6	SEC-IRBA or IAA	2,963,084	2,963,084	2,963,084	1,035,412	1,927,672	—	—	—	—
7	SEC-ERBA	641,736	641,736	641,736	372,765	268,970	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—	—	—
9	1250% RW	1,134	1,134	1,134	—	1,134	—	—	—	—
Credit RWA amounts (by regulatory approach)										
10	SEC-IRBA or IAA	424,189	424,189	424,189	134,050	290,139	—	—	—	—
11	SEC-ERBA	189,462	189,462	189,462	72,860	116,602	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—	—	—
13	1250% RW	14,184	14,184	14,184	—	14,184	—	—	—	—
Capital charge after cap (by regulatory approach)										
14	SEC-IRBA or IAA	33,935	33,935	33,935	10,724	23,211	—	—	—	—
15	SEC-ERBA	15,157	15,157	15,157	5,828	9,328	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—	—	—
17	1250% RW	1,134	1,134	1,134	—	1,134	—	—	—	—

(Millions of yen)

SEC4: Securitisation exposures in the banking book and associated capital requirements (bank acting as investor) (2/2)		As of March 31, 2023						
		i	j	k	l	m	n	o
Item No.		Synthetic securitisation (subtotal)	Securitisation	Retail underlying	Wholesale	Re-securitisation	Senior	Non-senior
		Exposure values (by RW bands)						
1	≤20% RW	—	—	—	—	—	—	—
2	>20% to 50% RW	—	—	—	—	—	—	—
3	>50% to 100% RW	—	—	—	—	—	—	—
4	>100% to <1250% RW	—	—	—	—	—	—	—
5	1250% RW	—	—	—	—	—	—	—
Exposure values (by regulatory approach)								
6	SEC-IRBA or IAA	—	—	—	—	—	—	—
7	SEC-ERBA	—	—	—	—	—	—	—
8	SEC-SA	—	—	—	—	—	—	—
9	1250% RW	—	—	—	—	—	—	—
Credit RWA amounts (by regulatory approach)								
10	SEC-IRBA or IAA	—	—	—	—	—	—	—
11	SEC-ERBA	—	—	—	—	—	—	—
12	SEC-SA	—	—	—	—	—	—	—
13	1250% RW	—	—	—	—	—	—	—
Capital charge after cap (by regulatory approach)								
14	SEC-IRBA or IAA	—	—	—	—	—	—	—
15	SEC-ERBA	—	—	—	—	—	—	—
16	SEC-SA	—	—	—	—	—	—	—
17	1250% RW	—	—	—	—	—	—	—

■ CVA Risk

1. Overview of CVA Risk Characteristics and Risk Management System

(1) Overview of risk characteristics

CVA risk is defined as “the risk of losses arising from changing CVA values” and involves credit risk in response to changes in counterparty credit spreads and risk of market-price fluctuation associated with fluctuation of market indices.

(2) Overview of the risk management system

CVA risk can be categorized into market risk factors, such as interest rates and foreign exchange rates, and credit risk factors. After confirming the effectiveness of hedging and consistency with the hedging plan, CVA risk is managed by using loss amount and the BPV and other indicators suitable for managing risk factors in combination with the use of stress tests.

2. CVA Risk Equivalent Amount Calculation Methodology and Overview of the Transactions Subject to Each Approach

We calculate CVA risk equivalent amount using the reduced BA-CVA and full BA-CVA approaches. The following consolidated subsidiaries use the full BA-CVA approach and other consolidated subsidiaries use the reduced BA-CVA approach.

Sumitomo Mitsui Banking Corporation (Note), SMBC Capital Markets, Inc., and SMBC Nikko Capital Markets Limited

Note: The reduced BA-CVA approach is used for certain transactions.

3. The reduced basic approach for CVA (CVA1)

(Millions of yen)

CVA1: The reduced basic approach for CVA		As of March 31, 2024	
		a	b
Item No.	Components		BA-CVA RWA (CVA risk divided 8%)
1	Aggregation of systematic components of CVA risk	135,732	
2	Aggregation of idiosyncratic components of CVA risk	26,122	
3	Total		48,339

4. The full basic approach for CVA (CVA2)

(Millions of yen)

CVA2: The full basic approach for CVA		As of March 31, 2024	
		a	
Item No.		CVA risk equivalent	
1	K Reduced	161,195	
2	K Hedged	139,172	
3	Total		144,678

■ Equity Exposures

1. Overview of Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics.

For securities held as “available-for-sale securities,” the upper limits are also set in terms of price fluctuation risk and default risk.

In addition, regarding stocks of subsidiaries, assets and liabilities of subsidiaries are categorized into corresponding risk categories and risk-managed on a consolidated basis, in light of the upper limits set for each risk.

As for stocks of affiliates, risks related to gains and losses from investments are managed with the upper limits.

The limits are established within the maximum amount of overall risk capital, taking into account the financial and business situations of SMBC Group.

2. Valuation of Securities and Other Significant Accounting Policies

Stocks of non-consolidated subsidiaries and affiliates not accounted for by the equity method are carried at amortized cost using the moving-average method. Available-for-sale securities are carried at their market prices (cost of securities sold is calculated using primarily the moving-average method), and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities and net of income taxes are reported as a component of “net assets.”

■ Market Risk

1. Classification of various instruments into regulatory capital accounts

In accordance with the Notification, instruments that are held with the intention of short-term resale and/or with the expectation of profiting from short-term price movements in markets and other indices, and instruments that are stipulated to be classified as trading book (however, certain instruments are classified as banking book after notifying the Commissioner of the Financial Services Agency) are classified as trading book.

2. Market Risk under standardised approach (MR1)

(Millions of yen)

MR1: Market risk under standardised approach		As of March 31, 2024
Item No.		Capital requirement in standardized approach
1	General interest rate risk	70,229
2	Equity risk	16,557
3	Commodity risk	1,043
4	Foreign exchange risk	28,481
5	Credit spread risk – non-securitizations	55,966
6	Credit spread risk – securitizations (non-correlation trading portfolio)	1,293
7	Credit spread risk – securitization (correlation trading portfolio)	0
8	Default risk – non-securitizations	31,379
9	Default risk – securitizations (non-correlation trading portfolio)	3,942
10	Default risk – securitizations (correlation trading portfolio)	0
11	Residual risk add-on	16,122
	Other	0
12	Total	225,013

(Millions of yen)

MR1: Market risk under standardised approach		As of March 31, 2023
Item No.		RWA (Amounts calculated by dividing risk equivalent amounts by 8%)
1	Interest rate risk (general and specific)	711,369
2	Equity risk (general and specific)	600,099
3	Foreign exchange risk	44,410
4	Commodity risk	0
	Options	
5	Simplified approach	—
6	Delta-plus method	78,546
7	Scenario approach	—
8	Specific risk related to securitisation exposures	173,410
9	Total	1,607,836

3. RWA flow statements of market risk exposures under an IMA (MR2)

(Billions of yen)

MR2: RWA flow statements of market risk exposures under an IMA		As of March 31, 2023					
		a	b	c	d	e	f
Item No.		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1a	RWA as of March 31, 2022	542	1,429	—	—	—	1,971
1b	Ratio of 1a / 1c	2.5	2.3	—	—	—	2.4
1c	RWA at end of March 31, 2022	210	602	—	—	—	813
2	Movement in risk levels	54	86	—	—	—	141
3	Model updates/changes	—	—	—	—	—	—
4	Methodology and policy	—	—	—	—	—	—
5	Acquisitions and disposals	—	—	—	—	—	—
6	Foreign exchange movements	3	(4)	—	—	—	(1)
7	Other	18	—	—	—	—	18
8a	RWA at end of March 31, 2023	286	684	—	—	—	971
8b	Ratio of 8c / 8a	3.4	2.7	—	—	—	2.9
8c	RWA as of March 31, 2023	1,001	1,865	—	—	—	2,867

4. Breakdown of Market Risk under IMA (MR2)

Not applicable

5. IMA values for trading portfolios (MR3)

(Millions of yen)

MR3: IMA values for trading portfolios		Fiscal 2022
Item No.		
VaR (holding period of 10 business days, one-sided confidence level of 99%)		
1	Maximum value	31,912
2	Average value	23,331
3	Minimum value	14,784
4	Period end	22,944
Stressed VaR (holding period of 10 business days, one-sided confidence level of 99%)		
5	Maximum value	85,369
6	Average value	50,753
7	Minimum value	35,967
8	Period end	54,793
Incremental risk value (one-sided confidence level of 99.9%)		
9	Maximum value	—
10	Average value	—
11	Minimum value	—
12	Period end	—
Comprehensive risk value (one-sided confidence level of 99.9%)		
13	Maximum value	—
14	Average value	—
15	Minimum value	—
16	Period end	—
17	Floor (modified standardized measurement method)	—

Note: The VaR and the stressed VaR are calculated using the historical simulation method. Specifically, they are calculated on a daily basis, assuming a one-sided confidence level of 99.0% and a one-day holding period, based on profit and loss simulation on a scenario-specific basis generated from historical data (the full valuation method, in principle), and they are adjusted to a 10-day holding period using the square root of time method. Under this method, the VaR and the stressed VaR use observation periods of four years immediately preceding, and 12 months including the stress period, respectively.

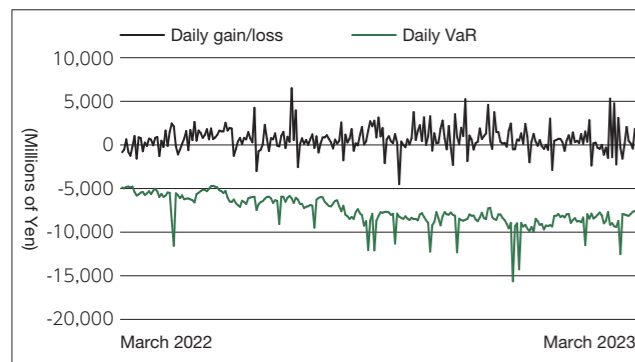
6. Market Risk under simplified approach (MR3)

(Millions of yen)

MR3: Market Risk under simplified Approach		As of March 31, 2024				
Item No.		a	b	c		d
				Simplified approach	Delta-plus method	
1	Interest rate risk (general and specific)	4,946	0	0	0	0
2	Equity risk (general and specific)	0	0	0	0	0
3	Commodity risk	0	0	0	0	0
4	Foreign exchange risk	4,138	0	0	0	0
5	Specific risk related to securitization exposures	0	—	—	—	—
6	Total	9,084	0	0	0	0

7. Backtesting results by the internal models approach (MR4)

The status of backtesting of trading for Fiscal 2022 is as follows. “Daily gain/loss” represents the actual gain/loss incurred, and “Daily VaR” represents the daily VaR calculated using the risk measurement model with a one-day holding period. In the past 250 business days, the number of times loss exceeded VaR was 0, and the VaR model (one-sided confidence level of 99.0%) is considered to have sufficient accuracy.



Interest Rate Risk in the Banking Book

1. Overview of Risk Management Policy and Procedures

Interest rate risk in the banking book is the risk to the present value of a bank's assets and liabilities and/or the future earnings (interest income) from the rate-sensitive instruments when interest rates change. SMBC Group recognizes interest rate risk as a significant risk and manages it in an integrated manner, together with other market risks (equity position risk, etc.) (For details, please refer to pages 160 to 161). Interest rate risk management is conducted using basis point value (BPV) as a measure of the risk, which denotes the change of present value given a basis point rise in the interest rate. Appropriate limits on BPVs are set for each significant subsidiary including SMBC according to its capital and business plan, and BPVs are monitored daily for risk management. BPVs are managed not only by changing the balance and term structures of assets and liabilities, but also by using hedging instruments such as interest rate swaps and futures.

2. Calculation Method of Interest Rate Risk

Interest rate risk in the banking book is measured based on the future cash flows of the bank's assets and liabilities. Especially, the method of recognizing the maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and the method of estimating the time of cancellation prior to maturity of time deposits and mortgage loans affect the risk significantly. Key assumptions for measuring interest rate risk of such instruments are as follows.

Method of recognizing the maturity of demand deposits

The amount of the bank's core deposits is identified as the amount of demand deposits expected to be left with the bank after 5 years (with 50% of the lowest balance during the past 5 years as the upper limit). The maturity of the core deposits is regarded to be 5 years as the maximum term (2.5 years on average). The maturity of the bank's demand deposits is regarded to be 5 years as the maximum term (0.8 year on average).

Method of estimating the time of cancellation prior to maturity of time deposits and mortgage loans

Cash flows of mortgage loans tend to be different from the initial scheduled ones, as customers may exercise their prepayment options to redeem early in a bonus month or as time passes. Similarly, time deposits may be canceled prior to maturity. For such instruments, interest rate risk is managed by using statistical models to estimate cash flows for each instrument, considering the seasonality, elapsed years, interest rate levels at the effective time, etc. These models are validated and reviewed regularly.

3. Interest Rate Risk

Table IRRBB1 shows changes in economic value of equity (Δ EVE) and net interest income (Δ NII) in the banking book, simulated based on a set of prescribed interest rate shock scenarios.

As stipulated under the Pillar 2 of Basel Framework (Supervisory Review Process), in order to identify banks that may have taken too large interest rate risk, the Japan FSA applies “materiality test” as comparing the bank’s Δ EVE with 15% of its Tier 1 capital, under a set of prescribed interest rate shock scenarios. The measurement result of SMBC Group’s Δ EVE shows that the economic value of equity declines when interest rates rise and the maximum change amount is under the prescribed parallel shock up scenario. SMBC Groups’ Δ EVE is 2.2% of our Tier 1 capital, not larger than 15%.

As for Δ NII, net interest income declines under the prescribed parallel shock down scenario and increases under the parallel shock up scenario. Due to the assumption of zero floor on the interest rate of customer’s deposits in JPY, which limits reduction of the funding cost when interest rate down, the change amount is larger under the parallel shock down scenario.

The measurement scope, the definition of each figure and the calculation assumption are as follows.

Scope

The consolidated subsidiary banks of SMBC

- Δ EVE is calculated by simple aggregation of the decrease in economic value for all currencies.
- Δ NII is calculated by simple aggregation of the change amount of interest income for each currency which covers 5% or more of the total amount of interest rate-sensitive assets and liabilities.

Definition of Each Figure and Calculation Assumption

- Δ EVE

Decrease in economic value (EVE, Economic Value on Equity) against interest rate shock (excluding the credit spread).

- Δ NII

Decrease in 1 year interest income (NII, Net Interest Income) under each the interest rate shock. It is calculated under the constant balance sheet, which means that the balance sheet does not change through a year. In each simulation, we do not allow negative interest rate for domestic yen deposits and loans in any scenario.

(Millions of yen)

IRRBB1: Interest rate risk									
Item No.		a		b		c		d	
		Δ EVE				Δ NII			
		As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	As of March 31, 2023
1	Parallel up	295,781	287,092	(506,058)	(462,516)				
2	Parallel down	172,664	85,466	692,663	664,372				
3	Steeper	40,471	165,125						
4	Flattener	224,554	36,163						
5	Short rate up	173,899	64,628						
6	Short rate down	39,796	67,412						
7	Maximum	295,781	287,092	692,663	664,372				
		e		f					
		As of March 31, 2024		As of March 31, 2023					
8	Tier 1 capital	13,311,550		11,548,912					

Note: Interest rate shocks of deposits with central banks is considered to be the same with the standardized interest rate shocks when calculating Δ NII.

Operational Risk

1. Overview of Risk Management Policy and Procedures

For the overview of risk management policy and procedures, please refer to pages 163 to 164.

2. BI Calculation Method

The business indicator (BI) is calculated as the sum of the interest, leases and dividend component (ILDC), the services component (SC), and the financial component (FC).

3. ILM Calculation Method

The Internal Loss Multiplier (ILM) is calculated by 15 times average annual operational risk losses using all net losses in excess of 2 million yen over the previous 10 years, excluding certain losses which are no longer relevant to our risk profile. However, certain consolidated subsidiaries that do not meet the criteria set forth in the Financial Services Agency Notification use conservative estimates for ILM.

4. Business Units Excluded from Calculation of the BI for the Operational Risk Equivalent Amount

Not applicable

5. Losses Excluded from Calculation of the ILM for the Operational Risk Equivalent Amount

Losses that meet the criteria set forth in the Financial Services Agency Notification are excluded from the calculation of ILM.

6. Historical losses (OR1)

(Millions of yen, the number of items)

OR1: Historical losses												
Item No.		a	b	c	d	e	f	g	h	i	j	k
		T	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	Ten-year average
Using ¥2,000,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	23,057	38,202	23,138	26,627	28,957	25,949	38,167	44,211	41,045	45,607	33,496
2	Total number of operational risk losses	5,222	5,824	6,151	6,602	7,054	6,930	9,806	12,234	11,985	12,681	8,448
3	Total amount of excluded operational risk losses	18,209	21,072	22,350	23,315	24,911	24,630	34,417	42,416	39,705	42,004	29,303
4	Total number of exclusions	4,921	5,651	6,083	6,484	6,828	6,870	9,738	12,166	11,831	12,582	8,315
5	Total amount of operational losses net of recoveries and net of excluded losses	4,848	17,130	788	3,311	4,045	1,319	3,750	1,794	1,339	3,602	4,193
Using ¥10,000,000 threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	4,163	16,909	1,188	3,287	3,891	1,901	4,283	2,219	1,364	3,716	4,292
7	Total number of operational risk losses	82	68	67	51	80	80	86	72	73	68	72
8	Total amount of excluded operational risk losses	510	414	604	353	653	734	742	669	528	390	560
9	Total number of exclusions	41	35	48	30	54	61	63	56	43	34	46
10	Total amount of operational losses net of recoveries and net of excluded losses	3,653	16,494	584	2,933	3,237	1,166	3,541	1,550	835	3,326	3,732
Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
12	If “no” in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	—	—	—	—	—	—	—	—	—	—	—

Note: Conservative estimates are used for ILM as regards certain consolidated subsidiaries which do not meet the criteria set forth in the Financial Services Agency Notification.

7. Business Indicator component and its subcomponents (OR2)

(Millions of yen, the number)

OR2: Business Indicator component and its subcomponents				
Item No.		a	b	c
		T	T-1	T-2
1	ILDC: Interest, lease and dividend component	1,744,692		
2	Interest and lease income	5,585,124	3,399,531	1,600,090
3	Interest and lease expense	4,372,397	2,079,699	387,819
4	Interest earning assets	179,493,749	163,158,672	156,419,297
5	Dividend income	704,133	437,252	347,862
6	SC: Services component	1,732,119		
7	Fee and commission income	1,724,530	1,448,583	1,421,371
8	Fee and commission expense	234,305	222,957	216,069
9	Other operating income	65,845	60,484	60,901
10	Other operating expense	205,835	219,793	176,245
11	FC: Financial component	503,400		
12	Net P&L on the trading book	572,409	447,726	328,826
13	Net P&L on the banking book	27,405	(47,397)	86,436
14	BI: Business indicator	3,980,213		
15	BIC: Business indicator component	623,438		
16	BI gross of excluded divested activities	3,980,213		
17	Reduction in BI due to excluded divested activities	—		

8. Minimum required operational risk capital (OR3)

(Millions of yen)

OR3: Minimum required operational risk capital		As of march 31, 2024
Item No.		
1	BIC: Business indicator component	593,393
2	ILM: Internal loss multiplier	0.74
3	Minimum required operational risk capital	443,604
4	Operational risk RWA	5,545,060

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Millions of yen)

Items	a		b	c
	Consolidated balance sheet as in published financial statements		Reference to Template CC1	Reference to appended table
	As of March 31, 2024	As of March 31, 2023		
(Assets)				
Cash and due from banks	78,143,100	75,913,960		
Call loans and bills bought	5,333,883	5,684,812		
Receivables under resale agreements	8,525,688	5,785,945		
Receivables under securities borrowing transactions	6,799,541	5,576,612		
Monetary claims bought	6,103,091	5,558,287		
Trading assets	11,540,063	8,751,204		7-a
Money held in trust	23,751	12,957		
Securities	37,142,808	33,213,165		3-b,7-b
Loans and bills discounted	107,013,907	98,404,137		7-c
Foreign exchanges	2,068,885	1,942,764		
Lease receivables and investment assets	207,645	226,302		
Other assets	15,313,546	13,243,899		7-d
Tangible fixed assets	1,006,883	1,494,527		
Intangible fixed assets	976,706	897,848		3-a
Net defined benefit asset	913,791	704,654		4
Deferred tax assets	71,427	74,084		5-a
Customers' liabilities for acceptances and guarantees	14,869,558	13,693,771		
Reserve for possible loan losses	(817,578)	(750,369)		
Total assets	295,236,701	270,428,564		
(Liabilities)				
Deposits	164,839,357	158,770,253		
Negotiable certificates of deposit	14,672,275	13,025,555		
Call money and bills sold	3,138,049	2,569,055		
Payables under repurchase agreements	19,625,877	16,772,716		
Payables under securities lending transactions	1,736,935	1,521,271		
Commercial paper	2,429,179	2,349,956		
Trading liabilities	9,689,434	8,066,745		7-e
Borrowed money	14,705,266	13,674,830		9-a
Foreign exchanges	2,872,560	1,465,847		
Short-term bonds	863,000	424,000		
Bonds	13,120,274	10,365,003		9-b
Due to trust account	1,246,198	2,413,464		
Other liabilities	15,573,044	11,923,748		7-f
Reserve for employee bonuses	115,488	96,254		
Reserve for executive bonuses	4,411	3,307		
Net defined benefit liability	37,263	35,449		
Reserve for executive retirement benefits	1,179	1,133		
Reserve for point service program	35,622	28,659		
Reserve for reimbursement of deposits	9,228	10,845		
Reserve for losses on interest repayment	121,947	128,378		
Reserves under the special laws	4,631	3,902		
Deferred tax liabilities	698,632	265,354		5-b
Deferred tax liabilities for land revaluation	27,316	27,952		5-c
Acceptances and guarantees	14,869,558	13,693,771		
Total liabilities	280,436,734	257,637,458		
(Net assets)				
Capital stock	2,344,038	2,342,537		1-a
Capital surplus	610,143	694,052		1-b
Retained earnings	7,843,470	7,423,600		1-c
Treasury stock	(167,671)	(151,798)		1-d
Total stockholders' equity	10,629,980	10,308,391		
Net unrealized gains or losses on other securities	2,406,883	1,373,521		
Net deferred gains or losses on hedges	(65,073)	(13,293)		6
Land revaluation excess	34,936	35,005		
Foreign currency translation adjustments	1,362,647	843,614		
Accumulated remeasurements of defined benefit plans	290,735	133,226		
Total accumulated other comprehensive income	4,030,129	2,372,074	(a)	
Stock acquisition rights	931	1,145		2,8-a
Non-controlling interests	138,925	109,495		8-b
Total net assets	14,799,967	12,791,106		
Total liabilities and net assets	295,236,701	270,428,564		

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Capital stock	2,344,038	2,342,537	
Capital surplus	610,143	694,052	
Retained earnings	7,843,470	7,423,600	
Treasury stock	(167,671)	(151,798)	
Total stockholders' equity	10,629,980	10,308,391	

Ref. No.

1-a

1-b

1-c

1-d

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks
Directly issued qualifying common share capital plus related capital surplus and retained earnings	10,629,980	10,308,391	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))
of which: capital and capital surplus	2,954,181	3,036,589	
of which: retained earnings	7,843,470	7,423,600	
of which: treasury stock (-)	167,671	151,798	
of which: other than the above	—	—	
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy

Basel III Template No.

1a

2

1c

31a

2. Stock acquisition rights

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Stock acquisition rights	931	1,145	
of which: Stock acquisition rights issued by bank holding company	931	1,145	

Ref. No.

2

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks
Stock subscription rights and stock acquisition rights to common shares	931	1,145	
Stock subscription rights and stock acquisition rights to Additional Tier 1 instruments	—	—	
Stock subscription rights and stock acquisition rights to Tier 2 instruments	—	—	

Basel III Template No.

1b

31b

46

3. Intangible fixed assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Intangible fixed assets	976,706	897,848	
Securities	37,142,808	33,213,165	
of which: goodwill attributable to equity-method investees	192,340	128,509	

Ref. No.

3-a

3-b

Income taxes related to above

211,648

185,267

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks
Goodwill (including those equivalent)	461,174	405,810	
Other intangibles other than goodwill and mortgage servicing rights	496,223	435,279	Software and other
Mortgage servicing rights	—	—	
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	

Basel III Template No.

8

9

20

24

74

4. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Net defined benefit asset	913,791	704,654	

Ref. No.

4

Income taxes related to above

279,669

215,618

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks
Net defined benefit asset	634,121	489,035	

Basel III Template No.

15

5. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Deferred tax assets	71,427	74,084	
Deferred tax liabilities	698,632	265,354	
Deferred tax liabilities for land revaluation	27,316	27,952	

Ref. No.

5-a

5-b

5-c

Tax effects on intangible fixed assets

211,648

185,267

Tax effects on net defined benefit asset

279,669

215,618

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,693	6,899	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Deferred tax assets arising from temporary differences (net of related tax liability)	45,227	199,927	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.
Amount exceeding the 10% threshold on specified items	—	—	
Amount exceeding the 15% threshold on specified items	—	—	
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	45,227	199,927	

Basel III Template No.

10

21

25

75

6. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Net deferred gains or losses on hedges	(65,073)	(13,293)	

Ref. No.

6

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks
Net deferred gains or losses on hedges	(144,850)	(74,959)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"

Basel III Template No.

11

7. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Trading assets	11,540,063	8,751,204	Including trading account securities and derivatives for trading assets
Securities	37,142,808	33,213,165	
Loans and bills discounted	107,013,907	98,404,137	Including subordinated loans
Other assets	15,313,546	13,243,899	Including derivatives
Trading liabilities	9,689,434	8,066,745	Including trading account securities sold and derivatives for trading liabilities
Other liabilities	15,573,044	11,923,748	Including derivatives

Ref. No.

7-a

7-b

7-c

7-d

7-e

7-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Investments in own capital instruments	6,912	7,205		
Common Equity Tier 1 capital	6,812	7,205		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	99	0		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—		
Common Equity Tier 1 capital	—	—		17
Additional Tier 1 capital	—	—		38
Tier 2 capital and other TLAC liabilities	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	2,237,113	1,340,937		
Common Equity Tier 1 capital	719,737	187,705		18
Additional Tier 1 capital	74,283	2,547		39
Tier 2 capital and other TLAC liabilities	147,523	36,190		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	1,295,569	1,114,494		72
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	1,595,297	1,337,050		
Amount exceeding the 10% threshold on specified items	243,324	118,285		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	82,978	82,978		40
Tier 2 capital and other TLAC liabilities	45,399	40,062		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	1,223,595	1,095,724		73

8. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Stock acquisition rights	931	1,145		8-a
Non-controlling interests	138,925	109,495		8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Amount allowed in group CET1	2,243	1,404	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	30-31ab-32
Amount allowed in group AT1	12,239	29,268	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	34
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	46
Amount allowed in group T2	3,071	5,825	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	48

9. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Borrowed money	14,705,266	13,674,830		9-a
Bonds	13,120,274	10,365,003		9-b
Total	27,825,541	24,039,833		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,463,945	766,214		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	946,577	766,438		46

■ Linkages between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements

Differences between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements and Explanations of the Factors

1. Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Consolidated Financial Statement Categories with Regulatory Risk Categories (LI1)

(Millions of yen)

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories	As of March 31, 2024						
	a	b	c	d	e	f	g
	Carrying values as reported in published Consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items:				
CR (excluding amounts relevant to d and e)			CCR	Securitisation (excluding amounts relevant to f) (Note 2)	Market risk (Note 3)		
Assets							
Cash and due from banks	78,143,100	78,143,100	78,143,100	—	—	—	—
Call loans and bills bought	5,333,883	5,333,883	5,333,883	—	—	—	—
Receivables under resale agreements	8,525,688	8,525,688	51,221	8,474,466	—	—	—
Receivables under securities borrowing transactions	6,799,541	6,799,541	—	6,799,541	—	—	—
Monetary claims bought	6,103,091	6,103,091	4,199,745	—	1,903,345	—	—
Trading assets (Note 1)	11,540,063	11,540,063	19,483	5,053,764	—	11,540,063	41,500
Money held in trust	23,751	23,751	23,751	—	—	—	—
Securities	37,142,808	37,142,808	34,742,952	—	1,205,122	—	1,194,733
Loans and bills discounted	107,013,907	107,013,907	104,326,387	—	2,639,595	—	47,924
Foreign exchanges	2,068,885	2,068,885	2,068,885	—	—	—	—
Lease receivables and investment assets	207,645	207,645	207,645	—	—	—	—
Other assets	15,313,546	15,313,546	6,431,810	7,620,653	—	—	1,261,082
Tangible fixed assets	1,006,883	1,006,883	1,006,883	—	—	—	—
Intangible fixed assets	976,706	976,706	211,648	—	—	—	765,057
Net defined benefit asset	913,791	913,791	279,669	—	—	—	634,121
Deferred tax assets	71,427	71,427	32,607	—	—	—	38,820
Customers' liabilities for acceptances and guarantees	14,869,558	14,869,558	14,869,558	—	—	—	—
Reserve for possible loan losses	(817,578)	(817,578)	(817,578)	—	—	—	—
Total assets	295,236,701	295,236,701	251,131,657	27,948,425	5,748,063	11,540,063	3,983,240
Liabilities							
Deposits	164,839,357	164,839,357	62,463	—	—	—	164,776,894
Negotiable certificates of deposit	14,672,275	14,672,275	—	—	—	—	14,672,275
Call money and bills sold	3,138,049	3,138,049	—	—	—	—	3,138,049
Payables under repurchase agreements	19,625,877	19,625,877	—	7,536,131	—	—	12,089,745
Payables under securities lending transactions	1,736,935	1,736,935	—	5,792,487	—	—	(4,055,551)
Commercial paper	2,429,179	2,429,179	—	—	—	—	2,429,179
Trading liabilities	9,689,434	9,689,434	—	4,768,119	—	9,689,434	1,330
Borrowed money	14,705,266	14,705,266	—	—	—	—	14,705,266
Foreign exchanges	2,872,560	2,872,560	—	—	—	—	2,872,560
Short-term bonds	863,000	863,000	—	—	—	—	863,000
Bonds	13,120,274	13,120,274	—	—	—	—	13,120,274
Due to trust account	1,246,198	1,246,198	—	—	—	—	1,246,198
Other liabilities	15,573,044	15,573,044	—	5,869,898	—	—	9,703,145
Reserve for employee bonuses	115,488	115,488	—	—	—	—	115,488
Reserve for executive bonuses	4,411	4,411	—	—	—	—	4,411
Net defined benefit liability	37,263	37,263	—	—	—	—	37,263
Reserve for executive retirement benefits	1,179	1,179	—	—	—	—	1,179
Reserve for point service program	35,622	35,622	—	—	—	—	35,622
Reserve for reimbursement of deposits	9,228	9,228	—	—	—	—	9,228
Reserve for losses on interest repayment	121,947	121,947	—	—	—	—	121,947
Reserve under the special laws	4,631	4,631	—	—	—	—	4,631
Deferred tax liabilities	698,632	698,632	—	—	—	—	698,632
Deferred tax liabilities for land revaluation	27,316	27,316	—	—	—	—	27,316
Acceptances and guarantees	14,869,558	14,869,558	—	—	—	—	14,869,558
Total liabilities	280,436,734	280,436,734	62,463	23,966,637	—	9,689,434	251,487,647

(Millions of yen)

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of consolidated financial statement categories with regulatory risk categories	As of March 31, 2023						
	a	b	c	d	e	f	g
	Carrying values as reported in published Consolidated financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items:				
CR (excluding amounts relevant to d and e)			CCR	Securitisation (excluding amounts relevant to f) (Note 2)	Market risk (Note 3)		
Assets							
Cash and due from banks	75,913,960	75,913,960	75,913,960	—	—	—	—
Call loans and bills bought	5,684,812	5,684,812	5,684,812	—	—	—	—
Receivables under resale agreements	5,785,945	5,785,945	—	5,785,945	—	—	—
Receivables under securities borrowing transactions	5,576,612	5,576,612	—	5,576,612	—	—	—
Monetary claims bought	5,558,287	5,558,287	3,392,899	—	2,165,387	—	—
Trading assets (Note 1)	8,751,204	8,751,204	—	4,255,026	—	8,751,204	104,098
Money held in trust	12,957	12,957	12,957	—	—	—	—
Securities	33,213,165	33,213,165	31,822,569	—	1,060,822	—	329,773
Loans and bills discounted	98,404,137	98,404,137	96,694,351	—	1,669,723	—	40,062
Foreign exchanges	1,942,764	1,942,764	1,942,764	—	—	—	—
Lease receivables and investment assets	226,302	226,302	226,302	—	—	—	—
Other assets	13,243,899	13,243,899	5,352,635	6,795,876	5,384	—	1,090,002
Tangible fixed assets	1,494,527	1,494,527	1,494,527	—	—	—	—
Intangible fixed assets	897,848	897,848	185,267	—	—	—	712,580
Net defined benefit asset	704,654	704,654	215,618	—	—	—	489,035
Deferred tax assets	74,084	74,084	34,067	—	—	—	40,016
Customers' liabilities for acceptances and guarantees	13,693,771	13,693,771	13,693,310	—	461	—	—
Reserve for possible loan losses	(750,369)	(750,369)	(750,369)	—	—	—	—
Total assets	270,428,564	270,428,564	235,915,675	22,413,460	4,901,780	8,751,204	2,805,569
Liabilities							
Deposits	158,770,253	158,770,253	2,928	—	—	—	158,767,325
Negotiable certificates of deposit	13,025,555	13,025,555	—	—	—	—	13,025,555
Call money and bills sold	2,569,055	2,569,055	—	—	—	—	2,569,055
Payables under repurchase agreements	16,772,716	16,772,716	—	8,373,336	—	—	8,399,380
Payables under securities lending transactions	1,521,271	1,521,271	—	1,327,441	—	—	193,830
Commercial paper	2,349,956	2,349,956	—	—	—	—	2,349,956
Trading liabilities	8,066,745	8,066,745	—	4,779,599	—	8,066,745	395,649
Borrowed money	13,674,830	13,674,830	—	—	—	—	13,674,830
Foreign exchanges	1,465,847	1,465,847	—	—	—	—	1,465,847
Short-term bonds	424,000	424,000	—	—	—	—	424,000
Bonds	10,365,003	10,365,003	—	—	—	—	10,365,003
Due to trust account	2,413,464	2,413,464	—	—	—	—	2,413,464
Other liabilities	11,923,748	11,923,748	—	3,456,398	—	—	8,467,349
Reserve for employee bonuses	96,254	96,254	—	—	—	—	96,254
Reserve for executive bonuses	3,307	3,307	—	—	—	—	3,307
Net defined benefit liability	35,449	35,449	—	—	—	—	35,449
Reserve for executive retirement benefits	1,133	1,133	—	—	—	—	1,133
Reserve for point service program	28,659	28,659	—	—	—	—	28,659
Reserve for reimbursement of deposits	10,845	10,845	—	—	—	—	10,845
Reserve for losses on interest repayment	128,378	128,378	—	—	—	—	128,378
Reserve under the special laws	3,902	3,902	—	—	—	—	3,902
Deferred tax liabilities	265,354	265,354	—	—	—	—	265,354
Deferred tax liabilities for land revaluation	27,952	27,952	—	—	—	—	27,952
Acceptances and guarantees	13,693,771	13,693,771	—	—	—	—	13,693,771
Total liabilities	257,637,458	257,637,458	2,928	17,936,775	—	8,066,745	236,806,256

- Notes: 1. Transactions in the trading book including derivative transactions extend over multiple risk categories, since they are subject to both market risks and counterparty credit risks.
2. Account titles including monetary claims boughts are subject to securitisation products if they have a characteristic of securitisation products, otherwise they are subject to CR, therefore, they extend over multiple risk categories.
3. Foreign exchange risk and commodities risk in the banking book are not included in column f "Market risk," since it is difficult to link them with account titles.

2. Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Consolidated Financial Statements (LI2)

(Millions of yen)

LI2: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements amounts		As of March 31, 2024				
		a	b	c	d	e
Item No.		Total	Items subject to:			Market risk
			CR (excluding amounts relevant to c and d)	CCR	Securitisation (excluding amounts relevant to e)	
1	Asset carrying value amount under scope of regulatory consolidation	291,253,461	251,131,657	27,948,425	5,748,063	11,540,063
2	Liabilities carrying value amount under scope of regulatory consolidation	28,949,086	62,463	23,966,637	—	9,689,434
3	Total net amount under regulatory scope of consolidation	262,304,375	251,069,194	3,981,787	5,748,063	1,850,628
4	Off-balance sheet amounts	29,466,147	17,508,486 (Note 1)	10,890,655	1,067,004	—
5	Differences due to consideration of provisions and write-offs	1,009,112	1,009,112 (Note 2)	—	—	—
6	Differences due to derivative transactions	5,679,211	—	5,333,912 (Note 3)	—	—
7	Differences due to SFTs	(9,869,058)	—	(9,869,058)	—	—
8	Other differences	293,604	162,608	121,978	—	—
9	Regulatory exposure amounts	288,883,392	269,749,402	10,459,276	6,824,084	1,850,628

(Millions of yen)

LI2: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements amounts		As of March 31, 2023				
		a	b	c	d	e
Item No.		Total	Items subject to:			Market risk
			CR (excluding amounts relevant to c and d)	CCR	Securitisation (excluding amounts relevant to e)	
1	Asset carrying value amount under scope of regulatory consolidation	267,622,995	235,915,675	22,413,460	4,901,780	8,751,204
2	Liabilities carrying value amount under scope of regulatory consolidation	20,831,201	2,928	17,936,775	—	8,066,745
3	Total net amount under regulatory scope of consolidation	246,791,794	235,912,746	4,476,685	4,901,780	684,458
4	Off-balance sheet amounts	21,588,505	13,660,974 (Note 1)	7,022,364	905,166	—
5	Differences due to consideration of provisions and write-offs	859,820	859,820 (Note 2)	—	—	—
6	Differences due to derivative transactions	7,865,093	—	8,670,123 (Note 3)	11,093	—
7	Differences due to SFTs	(688,168)	—	(688,168)	—	—
8	Other differences	231,294	241,610	(10,316)	—	—
9	Regulatory exposure amounts	276,648,339	250,675,152	19,470,688	5,818,040	684,458

Notes: 1. This mainly comprises exposures due to commitment lines.

2. This mainly comprises assets subject to the IRB approach added with specific reserve and partial direct write-offs.

3. This mainly comprises the aggregation of the addition of derivative liabilities and regulatory add-on amounts, and the deduction of regulatory netting effect.

Countercyclical buffer requirement by country or region

Countercyclical buffer requirement by country or region

(Millions of yen, except percentages)

CCyB1: Countercyclical buffer (CCyB) requirement by country or region				
As of March 31, 2024				
Geographical breakdown	a	b	c	d
	Applicable CCyB ratio in effect	RWAs used in the computation of CCyB ratio	Bank-specific CCyB ratio	CCyB amount
Australia	1.00%	1,308,386		
France	1.00%	667,330		
Germany	0.75%	845,462		
Hong Kong	1.00%	1,438,445		
Luxembourg	0.50%	573,818		
Netherlands	1.00%	631,247		
Sweden	2.00%	63,850		
U.K.	2.00%	2,817,146		
Subtotal		8,345,684		
Total		71,281,543	0.15%	107,284

(Millions of yen, except percentages)

CCyB1: Countercyclical buffer (CCyB) requirement by country or region				
As of March 31, 2023				
Geographical breakdown	a	b	c	d
	Applicable CCyB ratio in effect	RWAs used in the computation of CCyB ratio	Bank-specific CCyB ratio	CCyB amount
Australia	1.00%	951,173		
Germany	0.75%	616,014		
Hong Kong	1.00%	1,529,589		
Luxembourg	0.50%	487,357		
Sweden	1.00%	40,071		
U.K.	1.00%	2,933,276		
Subtotal		6,557,480		
Total		57,404,494	0.10%	61,597

Note: While credit risk-weighted asset shall be calculated on an ultimate risk basis where feasible, some assets including funds and other assets or portion of assets subject to standardized approach, are calculated on an obligor basis or on a country of undertaking basis.

Indicators for assessing Global Systemically Important Banks (G-SIBs)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Indicators for assessing Global Systemically Important Banks (G-SIBs)

(Millions of yen)

GSIB1: G-SIB indicators			
Basel III Template No.			As of March 31, 2024
1	Cross-jurisdictional activity	Cross-jurisdictional claims	100,058,511
2		Cross-jurisdictional liabilities	74,639,376
3	Size	Total exposures	316,522,252
4	Mutual relevance	Intra-financial system assets	55,073,343
5		Intra-financial system liabilities	24,377,143
6		Securities outstanding	43,000,776
7	Substitutability/financial institution infrastructure	Assets under custody	19,668,879
8		Annual total amount of payments settled through settlement systems	5,433,594,969
9		Annual total amount of underwritten transactions in debt and equity markets	10,018,848
10a		Trading volume fixed income	89,370,953
10b		Trading volume equities and other securities	83,080,646
11	Complexity	Total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions	1,661,132,343
12		Level 3 assets	452,714
13		Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts	16,384,385

(Millions of yen)

GSIB1: G-SIB indicators			
Basel III Template No.			As of March 31, 2023
1	Cross-jurisdictional activity	Cross-jurisdictional claims	86,194,529
2		Cross-jurisdictional liabilities	73,695,197
3	Size	Total exposures	291,673,049
4	Mutual relevance	Intra-financial system assets	51,152,083
5		Intra-financial system liabilities	25,471,036
6		Securities outstanding	33,447,629
7	Substitutability/financial institution infrastructure	Assets under custody	16,110,817
8		Annual total amount of payments settled through settlement systems	5,454,562,907
9		Annual total amount of underwritten transactions in debt and equity markets	5,084,242
10		Total amount of trading volume	102,325,402
11		Complexity	Total amount of notional amount of OTC derivatives and long settlement transactions with other financial institutions
12	Level 3 assets		506,004
13	Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts		12,007,752

Composition of Leverage Ratio

(In million yen)

Basel III Template No.	Items	As of March 31, 2024	As of March 31, 2023
1	Total assets reported in the consolidated balance sheet	295,236,701	
2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	—	
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	—	
4	Adjustments for exemption of central bank reserves (-)	61,284,825	
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure (-)		
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	1,076,148	
7	Adjustments for eligible cash pooling transactions	—	
8	Adjustments for total exposures related to derivatives transactions, etc.	749,438	
	8a Total exposures related to derivatives transactions, etc.	11,991,542	
	8b The amount of deductions from the exposures above (line 8a) (-)	11,242,104	
9	Adjustment for total exposures related to repo transactions, etc.	637,513	
	9a Total exposures related to repo transactions, etc.	15,962,743	
	9b The amount of deductions from the exposures above (line 9a) (-)	15,325,230	
10	Adjustments for total off-balance sheet exposures	34,416,562	
11	The amount of adjustments associated with Tier 1 capital (specific and general provisions) (-)	—	
12	Other adjustments	(18,317,462)	
	12a The amount of adjustments associated with Tier 1 capital (excluding specific and general provisions) (-)	2,723,350	
	12b The amount of customers' liabilities for acceptances and guarantees (-)	14,869,558	
	12c The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	
	12d The amount of receivables arising from providing cash variation margin (-)	724,554	
	12e The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (excluding those included in the total assets reported in the consolidated balance sheet)	—	
13	Total exposures	252,514,076	

(In million yen, %)

Basel III Template No.	Items	As of March 31, 2024	As of March 31, 2023
On-balance sheet exposures (1)			
1	On-balance sheet exposures before deducting adjustments	193,591,132	
2	The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	
3	The amount of receivables arising from providing cash variation margin (-)	724,554	
4	Adjustment for securities received under repo transactions that are recognised as assets (-)	—	
5	The amount of adjustments associated with Tier 1 capital (specific and general provisions) (-)	—	
6	The amount of adjustments associated with Tier 1 capital (excluding specific and general provisions) (-)	2,723,350	
7	Total on-balance sheet exposures (a)	190,143,228	
Exposures related to derivatives transactions, etc. (2)			
8	Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	5,306,692	
9	Add-on amounts for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	6,417,609	
10	Exempted central counterparty (CCP) leg of client-cleared trade exposures (-)	—	
11	Adjusted effective notional amount of written credit derivatives	1,445,342	
12	The amount of deductions from effective notional amount of written credit derivatives (-)	1,178,102	
13	Total exposures related to derivatives transactions, etc. (b)	11,991,542	
Exposures related to repo transactions, etc. (3)			
14	The amount of assets related to repo transactions, etc.	15,325,230	
15	The amount of deductions from the assets above (line 14) (-)	—	
16	The exposures for counterparty credit risk for repo transactions, etc.	637,513	
17	The exposures for agent repo transaction		
18	Total exposures related to repo transactions, etc. (c)	15,962,743	
Exposures related to off-balance sheet transactions (4)			
19	Notional amount of off-balance sheet items	92,108,666	
20	The amount of adjustments for conversion to off-balance sheet exposures (-)	57,692,103	
22	Total off-balance sheet exposures (d)	34,416,562	
Leverage ratio on a consolidated basis (5)			
23	The amount of capital (Tier 1 capital) (e)	13,311,550	
24	Total exposures ((a)+(b)+(c)+(d)) (f)	252,514,076	
25	Leverage ratio on a consolidated basis ((e)/(f))	5.27%	
26	Minimum leverage ratio requirement	3.00%	
27	Applicable leverage buffer requirement	0.50%	
Leverage ratio on a consolidated basis (including due from Bank of Japan) (6)			
	Total exposures (f)	252,514,076	
	The amount of due from Bank of Japan	61,284,825	
	Total exposures (including due from Bank of Japan) (f')	313,798,901	
	Leverage ratio on a consolidated basis (including due from Bank of Japan) ((e)/(f'))	4.24%	
Disclosure of mean values (7)			
28	Mean value of assets related to repo transactions, etc. (after the deductions) ((g)+(h))	12,891,568	
	Mean value of assets related to repo transactions, etc. (g)	12,891,568	
	Mean value of deductions from the assets above (-) (h)	—	
29	Quarter-end value of assets related to repo transactions, etc. (after the deductions) ((i)+(j))	15,325,230	
14	Quarter-end value of assets related to repo transactions, etc. (i)	15,325,230	
15	Quarter-end value of deductions from the assets above (line 14) (-) (j)	—	
30	Total exposures (including mean value above (line 28), but excluding due from Bank of Japan) (k)	250,080,415	
30a	Total exposures (including mean value above (line 28) and due from Bank of Japan) (l)	311,365,240	
31	Leverage ratio on a consolidated basis (including mean value above (line 28), but excluding due from Bank of Japan) ((e)/(k))	5.32%	
31a	Leverage ratio on a consolidated basis (including mean value above (line 28) and due from Bank of Japan) ((e)/(l))	4.27%	

(In million yen, %)

Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Items	As of March 31, 2024	As of March 31, 2023
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items		175,221,153
1a	1	Total assets reported in the consolidated balance sheet		210,008,235
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)		—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)		—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)		34,787,082
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)		1,735,746
3		Total on-balance sheet exposures (a)		173,485,406
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.		4,790,390
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Add-on amount associated with derivatives transactions, etc.		5,435,663
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.		981,452
6		The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		
		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)		145,156
8		The amount of client-cleared trade exposures for which a bank or bank holding company acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives		1,330,211
10		The amount of deductions from effective notional amount of written credit derivatives (-)		1,168,020
11	4	Total exposures related to derivative transactions (b)		11,224,540
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.		11,362,558
13		The amount of deductions from the assets above (line 12) (-)		—
14		The exposures for counterparty credit risk for repo transactions, etc.		453,886
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)		11,816,444
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions		81,463,037
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)		48,472,455
19	6	Total exposures related to off-balance sheet transactions (d)		32,990,581
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)		11,548,912
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)		229,516,974
22		Leverage ratio on a consolidated basis ((e)/(f))		5.03%
		Minimum leverage ratio requirement		3.00%
		Applicable leverage buffer requirement		0.50%
Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) (6)				
		Total exposures (f)		229,516,974
		The amount of deposits with the Bank of Japan		60,420,329
		Total exposures (including deposits with the Bank of Japan) (f')		289,937,303
		Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) ((e)/(f'))		3.98%

TLAC information

TLAC1: TLAC composition for G-SIBs (at resolution group level)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(Millions of yen, except percentages)

Basel III Template No.	Items		As of March 31, 2024	As of March 31, 2023
Preferred resolution strategy (1)				
The SPE (Single Point of Entry) resolution strategy is considered to be the preferred resolution strategy for Sumitomo Mitsui Financial Group, Inc. (SMFG) and its subsidiaries.				
More concretely, at the time of a stress, following the relevant authority's determination that one or more of the material sub-groups, i.e. Sumitomo Mitsui Banking Corporation and SMBC Nikko Securities Inc., have reached the point of non-viability, losses incurred to them would be passed to SMFG, the ultimate holding company. While this could lead to a resolution of SMFG, the material sub-groups are expected to continue their business as usual under the Specified Bridge Financial Institution, etc. incorporated by the Deposit Insurance Corporation of Japan (DICJ) to which SMFG transfers its business.				
Regulatory capital elements of TLAC and adjustments (2)				
1	Common Equity Tier 1 capital (CET1)	(A)	11,992,628	10,838,955
2	Additional Tier 1 capital (AT1) before TLAC adjustments	(B)	1,318,922	709,956
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	(C)	—	—
4	Other adjustments	(D)	12,239	29,268
5	AT1 instruments eligible under the TLAC framework ((B) - (C) - (D))	(E)	1,306,683	680,688
6	Tier 2 capital (T2) before TLAC adjustments	(F)	886,318	801,869
7	Amortised portion of T2 instruments where remaining maturity > 1 year	(G)	(176,513)	(373,829)
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(H)	—	—
9	Other adjustments	(I)	3,071	5,825
10	T2 instruments eligible under the TLAC framework ((F) - (G) - (H) - (I))	(J)	1,059,760	1,169,873
11	TLAC arising from regulatory capital ((A) + (E) + (J))	(K)	14,359,071	12,689,517
Non-regulatory capital elements of TLAC (3)				
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	(L)	7,994,297	6,930,885
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements			
14	Of which: amount eligible as TLAC after application of the caps			
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022			
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	(M)	3,249,700	2,704,976
17	TLAC arising from non-regulatory capital instruments before adjustments ((L) + (M))	(N)	11,243,997	9,635,862
Non-regulatory capital elements of TLAC: adjustments (4)				
18	TLAC before deductions ((K) + (N))	(O)	25,603,069	22,325,379
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	(P)	—	—
20	Deduction of investments in own other TLAC liabilities	(Q)	—	315
21	Other adjustment to TLAC	(R)	—	—
22	TLAC after deductions ((O) - (P) - (Q) - (R))	(S)	25,603,069	22,325,063
Risk-weighted assets and leverage exposure measure for TLAC purposes (5)				
23	Total risk-weighted assets (RWA)	(T)	92,848,578	77,285,048
24	Total exposures	(U)	252,514,076	229,516,974
TLAC ratios and buffers (6)				
25	TLAC before deduction of CET1 specific buffer requirement (as a percentage of RWA) ((S) / (T))		27.57%	28.88%
25a	TLAC (as a percentage of RWA)		23.92%	25.28%
26	TLAC (as a percentage of total exposures) ((S) / (U))		10.13%	9.72%
27	CET1 available after meeting the minimum capital requirements		7.29%	7.98%
28	CET1 specific buffer requirement		3.65%	3.60%
29	of which: capital conservation buffer requirement		2.50%	2.50%
30	of which: countercyclical buffer requirement		0.15%	0.10%
31	of which: G-SIB/D-SIB additional requirement		1.00%	1.00%
TLAC (as a percentage of total exposures) (including deposits with the Bank of Japan) (7)				
	Total exposures	(U)	252,514,076	229,516,974
	The amount of deposits with the Bank of Japan		61,284,825	60,420,329
	Total exposures (including deposits with the Bank of Japan)	(U')	313,798,901	289,937,303
	TLAC (as a percentage of total exposures) (including deposits with the Bank of Japan) ((S)/(U'))		8.15%	7.69%

TLAC2: - Material subgroup entity - creditor ranking at legal entity level

Sumitomo Mitsui Banking Corporation

(Millions of yen)

Basel III Template No.	Items	As of March 31, 2024								Sum of 1 to 4
		Creditor ranking								
		1 (most junior)		2		3		4 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Additional Tier 1 instruments		Tier 2 instruments		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	3,545,551	—	1,967,330	—	1,492,083	—	8,640,648	—	15,645,613
4	Subset of row 3 that are excluded liabilities (B)	—	—	—	—	—	—	—	—	—
5	Total capital and liabilities less excluded liabilities ((A)-(B))	3,545,551	—	1,967,330	—	1,492,083	—	8,640,648	—	15,645,613
6	Subset of row 5 that are eligible as TLAC	3,545,551	—	1,967,330	—	1,114,256	—	7,749,956	—	14,377,093
7	1 year ≤ residual maturity < 2 years	—	—	—	—	131,000	—	1,058,553	—	1,189,553
8	2 years ≤ residual maturity < 5 years	—	—	—	—	365,000	—	3,705,363	—	4,070,363
9	5 years ≤ residual maturity < 10 years	—	—	—	—	338,295	—	2,335,242	—	2,673,537
10	10 years ≤ residual maturity (excluding perpetual securities)	—	—	—	—	279,960	—	650,797	—	930,758
11	Perpetual securities	3,545,551	—	1,967,330	—	—	—	—	—	5,512,881

SMBC Nikko Securities Inc.

(Millions of yen)

Basel III Template No.	Items	As of March 31, 2024						Sum of 1 to 3
		Creditor ranking						
		1 (most junior)		2		3 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Subordinated debts		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	717,714	—	—	—	—	—	717,714
4	Subset of row 3 that are excluded liabilities (B)	—	—	—	—	—	—	—
5	Total capital and liabilities less excluded liabilities ((A)-(B))	717,714	—	—	—	—	—	717,714
6	Subset of row 5 that are eligible as TLAC	717,714	—	—	—	—	—	717,714
7	1 year ≤ residual maturity < 2 years	—	—	—	—	—	—	—
8	2 years ≤ residual maturity < 5 years	—	—	—	—	—	—	—
9	5 years ≤ residual maturity < 10 years	—	—	—	—	—	—	—
10	10 years ≤ residual maturity (excluding perpetual securities)	—	—	—	—	—	—	—
11	Perpetual securities	717,714	—	—	—	—	—	717,714

Sumitomo Mitsui Banking Corporation

(Millions of yen)

		As of March 31, 2023								Sum of 1 to 4
		Creditor ranking								
Basel III Template No.	Items	1 (most junior)		2		3		4 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Additional Tier 1 instruments		Tier 2 instruments		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	3,545,551	–	1,267,000	–	1,140,483	–	7,385,780	–	13,338,814
4	Subset of row 3 that are excluded liabilities (B)	–	–	–	–	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities ((A)-(B))	3,545,551	–	1,267,000	–	1,140,483	–	7,385,780	–	13,338,814
6	Subset of row 5 that are eligible as TLAC	3,545,551	–	1,267,000	–	1,140,483	–	6,808,792	–	12,761,826
7	1 year ≤ residual maturity < 2 years	–	–	–	–	346,695	–	789,388	–	1,136,083
8	2 years ≤ residual maturity < 5 years	–	–	–	–	347,000	–	3,429,669	–	3,776,669
9	5 years ≤ residual maturity < 10 years	–	–	–	–	333,279	–	2,023,061	–	2,356,340
10	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	–	113,509	–	566,673	–	680,182
11	Perpetual securities	3,545,551	–	1,267,000	–	–	–	–	–	4,812,551

SMBC Nikko Securities Inc.

(Millions of yen)

		As of March 31, 2023						Sum of 1 to 3
		Creditor ranking						
Basel III Template No.	Items	1 (most junior)		2		3 (most senior)		
1	Is the resolution entity the creditor/investor?	Yes	No	Yes	No	Yes	No	
2	Description of creditor ranking	Common share capital		Subordinated debts		Other internal TLAC liabilities		
3	Total capital and liabilities net of credit risk mitigation (A)	467,714	–	–	–	–	–	467,714
4	Subset of row 3 that are excluded liabilities (B)	–	–	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities ((A)-(B))	467,714	–	–	–	–	–	467,714
6	Subset of row 5 that are eligible as TLAC	467,714	–	–	–	–	–	467,714
7	1 year ≤ residual maturity < 2 years	–	–	–	–	–	–	–
8	2 years ≤ residual maturity < 5 years	–	–	–	–	–	–	–
9	5 years ≤ residual maturity < 10 years	–	–	–	–	–	–	–
10	10 years ≤ residual maturity (excluding perpetual securities)	–	–	–	–	–	–	–
11	Perpetual securities	467,714	–	–	–	–	–	467,714

■ TLAC3: Creditor ranking of external TLAC, etc.

Sumitomo Mitsui Financial Group, Inc.

(Millions of yen)

		As of March 31, 2024					Sum of 1 to 4
		Creditor ranking					
Basel III Template No.	Items	1 (most junior)	2	3	4 (most senior)		
1	Description of creditor ranking	Common share capital	Additional Tier 1 instruments	Tier 2 instruments	Unsecured senior bonds *1		
2	Total capital and liabilities net of credit risk mitigation (A)	3,909,552	1,467,330	1,492,083	8,997,988	15,866,954	
3	Subset of row 2 that are excluded liabilities *2 (B)	–	–	–	92,146	92,146	
4	Total capital and liabilities less excluded liabilities ((A)-(B))	3,909,552	1,467,330	1,492,083	8,905,842	15,774,808	
5	Subset of row 4 that are eligible as TLAC	3,909,552	1,467,330	1,114,256	8,015,150	14,506,289	
6	1 year ≤ residual maturity < 2 years	–	–	131,000	1,128,720	1,259,720	
7	2 years ≤ residual maturity < 5 years	–	–	365,000	3,831,068	4,196,068	
8	5 years ≤ residual maturity < 10 years	–	–	338,295	2,400,568	2,738,864	
9	10 years ≤ residual maturity (excluding perpetual securities)	–	–	279,960	654,792	934,753	
10	Perpetual securities	3,909,552	1,467,330	–	–	5,376,882	

*1 Excluding those owed to group companies

*2 Conservatively estimated in light of quantitative materiality

Sumitomo Mitsui Financial Group, Inc.

(Millions of yen)

		As of March 31, 2023					Sum of 1 to 4
		Creditor ranking					
Basel III Template No.	Items	1 (most junior)	2	3	4 (most senior)		
1	Description of creditor ranking	Common share capital	Additional Tier 1 instruments	Tier 2 instruments	Unsecured senior bonds *1		
2	Total capital and liabilities net of credit risk mitigation (A)	3,906,550	767,000	1,140,483	7,585,036	13,399,070	
3	Subset of row 2 that are excluded liabilities *2 (B)	–	–	–	64,304	64,304	
4	Total capital and liabilities less excluded liabilities ((A)-(B))	3,906,550	767,000	1,140,483	7,520,731	13,334,765	
5	Subset of row 4 that are eligible as TLAC	3,906,550	767,000	1,140,483	6,943,743	12,757,777	
6	1 year ≤ residual maturity < 2 years	–	–	346,695	858,888	1,205,583	
7	2 years ≤ residual maturity < 5 years	–	–	347,000	3,466,408	3,813,408	
8	5 years ≤ residual maturity < 10 years	–	–	333,279	2,048,388	2,381,667	
9	10 years ≤ residual maturity (excluding perpetual securities)	–	–	113,509	570,058	683,567	
10	Perpetual securities	3,906,550	767,000	–	–	4,673,550	

*1 Excluding those owed to group companies

*2 Conservatively estimated in light of quantitative materiality

Liquidity Coverage Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, Sumitomo Mitsui Financial Group calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank Holding Company as a Benchmark for Judging the Soundness of Management of Itself and its Subsidiaries, etc., Based on the Provision of Article 52-25 of the Banking Act, and Which Are Also the Criteria to be Referred to for Judging the Soundness of Management in Banks” (Notification No. 62 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Consolidated LCR

As described on the following page, the LCR has remained stable since the introduction of the liquidity ratio regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The Liquidity Ratio Notification stipulates the minimum requirement of the LCR at 100%. The LCR of Sumitomo Mitsui Financial Group (consolidated) exceeds the minimum requirements of the LCR, having no cause for concern. In terms of the future LCR forecasts, Sumitomo Mitsui Financial Group does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% or more of Sumitomo Mitsui Financial Group’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Consolidated LCR

Sumitomo Mitsui Financial Group has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 28 of the Liquidity Ratio Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 37 of the Liquidity Ratio Notification. Meanwhile, Sumitomo Mitsui Financial Group records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 59 of the Liquidity Ratio Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item	Current Quarter (From 2024/1/1 To 2024/3/31)		Prior Quarter (From 2023/10/1 To 2023/12/31)		
High-Quality Liquid Assets (1)					
1	Total high-quality liquid assets (HQLA)	86,516,063	87,422,115		
Cash Outflows (2)					
2	Cash outflows related to unsecured retail funding	63,443,579	4,923,897	62,845,227	4,892,409
3	of which, Stable deposits	20,341,415	613,074	19,934,640	600,736
4	of which, Less stable deposits	43,102,163	4,310,822	42,910,586	4,291,672
5	Cash outflows related to unsecured wholesale funding	95,792,027	48,320,101	94,161,546	46,887,991
6	of which, Qualifying operational deposits	—	—	—	—
7	of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	88,876,677	41,404,751	88,225,105	40,951,550
8	of which, Debt securities	6,915,349	6,915,349	5,936,441	5,936,441
9	Cash outflows related to secured funding, etc.	—	595,577	—	397,113
10	Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	39,596,495	14,389,119	39,048,777	14,238,756
11	of which, Cash outflows related to derivative transactions, etc.	2,214,702	2,214,702	2,226,124	2,226,124
12	of which, Cash outflows related to funding programs	390,248	390,248	478,837	478,837
13	of which, Cash outflows related to credit and liquidity facilities	36,991,543	11,784,168	36,343,816	11,533,794
14	Cash outflows related to contractual funding obligations, etc.	12,655,757	9,018,167	11,756,040	8,368,628
15	Cash outflows related to contingencies	87,751,299	2,248,973	87,462,675	2,236,905
16	Total cash outflows	—	79,495,836	—	77,021,804
Cash Inflows (3)					
17	Cash inflows related to secured lending, etc.	10,691,925	1,017,005	9,705,981	935,744
18	Cash inflows related to collection of loans, etc.	15,057,425	9,522,642	12,916,581	8,238,313
19	Other cash inflows	5,478,710	3,035,047	5,961,186	2,842,503
20	Total cash inflows	31,228,061	13,574,694	28,583,748	12,016,561
Consolidated Liquidity Coverage Ratio (4)					
21	Total HQLA allowed to be included in the calculation	—	86,516,063	—	87,422,115
22	Net cash outflows	—	65,921,141	—	65,005,243
23	Consolidated liquidity coverage ratio (LCR)	—	131.2%	—	134.4%
24	The number of data used to calculate the average value	—	58	—	62

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group’s website. (https://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data, such as attribute information of customers and data on consolidated subsidiaries, is updated on the monthly or quarterly basis.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item	Current Quarter (From 2024/1/1 To 2024/3/31)	Prior Quarter (From 2023/10/1 To 2023/12/31)	
1	Cash and due from banks	78,609,176	78,824,560
2	Securities	7,906,886	8,597,555
3	of which, government bonds, etc.	4,305,298	4,955,008
4	of which, municipal bonds, etc.	160,962	241,978
5	of which, other bonds	1,227,902	1,311,750
6	of which, stocks	2,212,721	2,088,817
7	Total high-quality liquid assets (HQLA)	86,516,063	87,422,115

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

Net Stable Funding Ratio Information (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Since September 30, 2021, the “Net Stable Funding Ratio” (hereinafter referred to as “NSFR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, Sumitomo Mitsui Financial Group calculates its consolidated NSFR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank Holding Company as a Benchmark for Judging the Soundness of Management of Itself and its Subsidiaries, etc., Based on the Provision of Article 52-25 of the Banking Act, and Which Are Also the Criteria to be Referred to for Judging the Soundness of Management in Banks” (Notification No. 62 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

■ Disclosure of Qualitative Information about Net Stable Funding Ratio

1. Intra-period Changes in Consolidated NSFR

As described on the following page, the NSFR has remained stable since the introduction of the liquidity ratio regulation on September 30, 2021.

2. Special Provisions Pertaining to Interdependent Assets and Liabilities

Sumitomo Mitsui Financial Group has not applied the “special provisions pertaining to interdependent assets and liabilities” prescribed in Article 99 of the Liquidity Ratio Notification to its NSFR.

3. Other Information Concerning Consolidated NSFR

The Liquidity Ratio Notification stipulates the minimum requirement of the NSFR at 100%. The NSFR of Sumitomo Mitsui Financial Group (consolidated) exceeds the minimum requirements of the NSFR, having no cause for concern. In terms of the future NSFR forecasts, Sumitomo Mitsui Financial Group does not expect significant deviations from the disclosed ratios. In addition, the actual NSFR does not differ significantly from the initial forecast.

■ Disclosure of Quantitative Information about Net Stable Funding Ratio (Consolidated)

(In million yen, %)

Item		Current Quarter (From 2024/1/1 To 2024/3/31)					Prior Quarter (From 2023/10/1 To 2023/12/31)				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items (1)											
1	Capital; of which:	14,678,597	354,048	10,507	2,527,677	17,211,528	13,822,875	227,301	84,435	2,307,292	16,172,385
2	Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (excluding the proportion of Tier 2 instruments with residual maturity of less than one year) before the application of capital deductions	14,678,597	0	0	2,351,163	17,029,760	13,822,875	0	0	2,136,854	15,959,730
3	Other capital instruments that are not included in the above category	0	354,048	10,507	176,513	181,767	0	227,301	84,435	170,437	212,655
4	Funding from retail and small business customers; of which:	63,920,184	0	0	110,462	58,674,024	63,862,701	0	0	104,035	58,633,415
5	Stable deposits	20,707,911	0	0	0	19,672,516	21,058,984	0	0	0	20,006,035
6	Less stable deposits	43,212,272	0	0	110,462	39,001,507	42,803,716	0	0	104,035	38,627,380
7	Wholesale funding; of which:	73,062,264	67,906,458	8,123,614	19,207,407	62,924,473	69,264,294	66,651,887	4,790,911	20,837,517	60,923,152
8	Operational deposits	—	—	—	—	—	—	—	—	—	—
9	Other wholesale funding	73,062,264	67,906,458	8,123,614	19,207,407	62,924,473	69,264,294	66,651,887	4,790,911	20,837,517	60,923,152
10	Liabilities with matching interdependent assets	—	—	—	—	—	—	—	—	—	—
11	Other liabilities; of which:	1,628,865	15,390,181	0	940,872	121,370	1,320,308	16,423,735	0	465,085	82,293
12	Derivative liabilities	—	—	—	714,683	—	—	—	—	208,433	—
13	All other liabilities and equity not included in the above categories	1,628,865	15,390,181	0	226,188	121,370	1,320,308	16,423,735	0	256,651	82,293
14	Total available stable funding					138,931,396					135,811,246
Required stable funding (RSF) items (2)											
15	HQLA					4,031,515					3,570,396
16	Deposits held at financial institutions for operational purposes	489,669	26,418	0	0	258,044	368,701	26,770	0	0	197,735
17	Loans, repo transactions-related assets, securities and other similar assets; of which:	1,774,362	42,879,327	12,727,224	78,157,384	87,222,465	1,628,107	44,562,102	10,116,348	74,169,086	82,974,029
18	Loans to- and repo transactions with- financial institutions (secured by level 1 HQLA)	0	9,987,432	0	23,886	477,337	0	9,196,158	29,672	9,808	86,158
19	Loans to- and repo transactions with- financial institutions (not included in item 18)	316,004	7,043,655	2,901,278	13,311,684	16,046,202	254,113	6,971,101	2,573,220	11,951,296	14,370,245
20	Loans and repo transactions-related assets (not included in item 18, 19 and 22); of which:	987,153	23,840,359	8,776,190	50,340,832	57,603,768	906,644	26,608,617	6,512,993	47,984,834	55,936,147
21	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	27,372	5,407,372	1,349,423	4,445,989	4,932,951	126	5,511,445	345,039	1,086,527	1,735,373
22	Residential mortgages; of which:	0	293,556	291,659	10,848,709	8,326,334	0	291,632	291,587	10,735,116	8,084,114
23	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	0	166,109	165,559	5,938,383	4,025,783	0	160,668	160,462	6,661,722	4,490,684
24	Securities that are not in default and do not qualify as HQLA and other similar assets	471,204	1,714,323	758,096	3,632,271	4,768,822	467,349	1,494,592	708,873	3,488,029	4,497,363
25	Assets with matching interdependent liabilities	—	—	—	—	—	—	—	—	—	—
26	Other assets; of which:	5,111,610	1,581,248	122,667	18,039,467	23,662,649	4,995,016	1,463,837	94,600	17,897,035	23,191,455
27	Physical traded commodities, including gold	0	—	—	—	0	0	—	—	—	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs (including those that are not recorded on consolidated balance sheet)	—	—	—	726,037	617,132	—	—	—	770,346	654,794
29	Derivative assets	—	—	—	0	0	—	—	—	0	0
30	Derivative liabilities (before deduction of variation margin posted)	—	—	—	264,358	264,358	—	—	—	225,905	225,905
31	All other assets not included in the above categories	5,111,610	1,581,248	122,667	17,049,070	22,781,158	4,995,016	1,463,837	94,600	16,900,783	22,310,754
32	Off-balance sheet items	—	—	—	128,609,387	2,688,838	—	—	—	123,934,595	2,634,347
33	Total required stable funding					117,863,513					112,567,965
34	Consolidated net stable funding ratio (NSFR)					117.8%					120.6%

Financial Highlights

Financial Data (Excerpt from Securities Report) of Sumitomo Mitsui Banking Corporation can be found on our website.

URL: https://www.smfg.co.jp/english/investor/library/annual/cy2024annu_eng_smfg.html

Sumitomo Mitsui Banking Corporation

■ Consolidated

Year ended March 31	Millions of yen				
	2024	2023	2022	2021	2020
For the Year:					
Ordinary income.....	¥ 7,754,385	¥ 4,991,948	¥ 2,990,450	¥ 2,786,647	¥ 3,469,068
Ordinary profit	1,356,572	1,125,928	867,849	534,722	770,491
Profit attributable to owners of parent	901,935	807,042	568,244	406,093	517,750
Comprehensive income	2,251,293	952,014	327,943	1,238,547	222,122
At Year-End:					
Total net assets	¥ 11,494,278	¥ 9,735,509	¥ 9,219,858	¥ 9,256,369	¥ 8,368,349
Total assets	272,298,248	252,567,523	242,105,934	228,066,567	206,089,633
Total capital ratio (BIS guidelines).....	16.11%	15.34%	15.78%	17.72%	18.06%
Tier 1 capital ratio (BIS guidelines).....	14.80%	14.15%	14.53%	15.89%	15.80%
Common equity Tier 1 capital ratio (BIS guidelines).....	12.42%	12.43%	12.67%	13.98%	13.70%
Number of employees.....	68,750	59,399	58,041	58,127	57,961

Note: "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.

■ Non-consolidated

Year ended March 31	Millions of yen				
	2024	2023	2022	2021	2020
For the Year:					
Ordinary income.....	¥ 6,349,899	¥ 4,133,627	¥ 2,477,287	¥ 2,283,356	¥ 2,851,162
Trust fees	3,114	2,451	2,254	2,076	2,110
Gross banking profit (A)	1,885,198	1,699,474	1,579,178	1,481,662	1,412,007
Expenses (excluding nonrecurring losses) (B)	983,886	883,603	857,233	816,488	808,052
Overhead ratio (B) / (A).....	52.2%	52.0%	54.3%	55.1%	57.2%
Banking profit					
(before provision for general reserve for possible loan losses).....	901,311	815,871	721,944	665,173	603,955
Core banking profit	946,809	902,618	764,309	585,189	529,752
Core banking profit (excluding gains or losses on cancellation of investment trusts).....	926,024	863,278	722,805	551,401	505,785
Banking profit.....	880,652	797,003	715,731	502,679	586,741
Ordinary profit.....	1,040,471	865,797	745,950	436,062	483,944
Net income.....	762,646	634,154	546,294	338,036	317,381
At Year-End:					
Total net assets.....	¥ 8,041,611	¥ 7,394,955	¥ 7,546,483	¥ 8,065,866	¥ 7,496,219
Total assets	249,722,179	235,337,464	227,964,729	215,846,732	193,963,791
Deposits	153,494,437	149,948,880	141,015,245	134,685,582	119,973,324
Loans and bills discounted	101,124,712	94,307,397	87,671,294	81,937,725	80,187,382
Securities	34,666,605	32,210,394	38,238,579	36,487,225	27,058,633
Trust assets and liabilities.....	6,377,557	5,108,905	4,622,304	4,484,901	4,261,245
Loans and bills discounted in trust account.....	1,738,854	1,070,590	751,760	671,654	662,844
Securities in trust account (excluding electronically recorded transferable rights on securities in trust account)	916,967	900,799	889,179	922,114	1,164,251
Electronic payment instruments in trust account and performance-guarantee electronic payment instruments.....	—	—	—	—	—
Crypto-assets in trust account and performance-guarantee crypto-assets	—	—	—	—	—
Electronically recorded transferable rights on securities in trust account	—	—	—	—	—
Capital stock	1,770,996	1,770,996	1,770,996	1,770,996	1,770,996
Number of shares issued (in thousands)					
Common stock.....	106,248	106,248	106,248	106,248	106,248
Preferred stock.....	70	70	70	70	70
Dividend payout ratio	104.05%	73.46%	70.61%	77.79%	167.61%
Total capital ratio (BIS guidelines).....	14.27%	13.97%	14.77%	16.96%	17.61%
Tier 1 capital ratio (BIS guidelines).....	12.86%	12.63%	13.49%	15.08%	15.23%
Common equity Tier 1 capital ratio (BIS guidelines).....	10.35%	10.81%	11.53%	13.09%	13.01%
Number of employees.....	27,808	27,839	27,851	28,104	27,957

Notes: 1. Core banking profit = Banking profit (before provision of general reserve for possible loan losses) – Gains (losses) on bonds

2. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who do not concurrently serve as Directors.

Basel III Information

Capital Ratio and Leverage Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2024	As of March 31, 2023	Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves (1)				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	7,815,032	7,694,942	
1a	of which: capital and capital surplus	3,538,331	3,526,676	
2	of which: retained earnings	4,598,846	4,239,771	
1c	of which: treasury stock (-)	—	—	
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	322,145	71,505	
	of which: other than the above	—	—	
1b	Stock subscription rights and stock acquisition rights to common shares	—	—	
3	Accumulated other comprehensive income and other disclosed reserves	3,154,871	1,821,091	(a)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	2,135	1,404	
6	Common Equity Tier 1 capital: instruments and reserves	(A) 10,972,039	9,517,439	
Common Equity Tier 1 capital: regulatory adjustments (2)				
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	395,920	254,563	
8	of which: goodwill (including those equivalent)	99,142	3,801	
9	of which: other intangibles other than goodwill and mortgage servicing rights	296,777	250,761	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,949	1,292	
11	Net deferred gains or losses on hedges	(146,062)	(77,631)	
12	Shortfall of eligible provisions to expected losses	—	—	
13	Securitisation gain on sale	47,724	52,939	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	23,464	45,592	
15	Net defined benefit asset	625,498	485,094	
16	Investments in own shares (excluding those reported in the Net assets section)	—	—	
17	Reciprocal cross-holdings in common equity	—	—	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	
19+20+21	Amount exceeding the 10% threshold on specified items	—	—	
19	of which: significant investments in the common stock of financials	—	—	
20	of which: mortgage servicing rights	—	—	
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	
22	Amount exceeding the 15% threshold on specified items	—	—	
23	of which: significant investments in the common stock of financials	—	—	
24	of which: mortgage servicing rights	—	—	
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—	—	
28	Common Equity Tier 1 capital: regulatory adjustments	(B) 950,493	761,851	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B))	(C) 10,021,546	8,755,588	

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c	
		As of March 31, 2024	As of March 31, 2023	Reference to Template CC2	
Additional Tier 1 capital: instruments (3)					
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—	
	31b	Stock subscription rights and stock acquisition rights to Additional Tier 1 instruments	—	—	
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,967,330	1,267,000	
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
34	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)	31,984	23,597		
36	Additional Tier 1 capital: instruments (D)	1,999,314	1,290,597		
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	—	—		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—		
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	82,978	82,978		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	—	—		
43	Additional Tier 1 capital: regulatory adjustments (E)	82,978	82,978		
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital ((D)-(E)) (F)	1,916,335	1,207,618		
Tier 1 capital (T1 = CET1 + AT1)					
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	11,937,881	9,963,206		
Tier 2 capital: instruments and provisions (4)					
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	—	—		
	Stock subscription rights and stock acquisition rights to Tier 2 instruments	—	—		
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	948,121	766,614		
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—		
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group T2)	7,692	4,491		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	150,417	108,065		
50a	of which: general reserve for possible loan losses	30,761	17,293		
50b	of which: eligible provisions	119,655	90,771		
51	Tier 2 capital: instruments and provisions (H)	1,106,230	879,171		

(Millions of yen, except percentages)

Basel III Template No.	Items	a	b	c
		As of March 31, 2024	As of March 31, 2023	Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)				
52	Investments in own Tier 2 instruments	—	—	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	—	—	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	45,399	40,062	
57	Tier 2 capital: regulatory adjustments (I)	45,399	40,062	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,060,831	839,109	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	12,998,713	10,802,315	
Risk weighted assets (6)				
60	Total risk-weighted assets (RWA) (L)	80,641,252	70,401,996	
Capital ratios (consolidated) (7)				
61	Common Equity Tier 1 risk-weighted capital ratio (consolidated) ((C)/(L))	12.42%	12.43%	
62	Tier 1 risk-weighted capital ratio (consolidated) ((G)/(L))	14.80%	14.15%	
63	Total risk-weighted capital ratio (consolidated) ((K)/(L))	16.11%	15.34%	
Regulatory adjustments (8)				
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	907,607	532,660	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	841,929	597,865	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	32,421	48,842	
Provisions included in Tier 2 capital: instruments and provisions (9)				
76	Provisions (general reserve for possible loan losses)	30,761	17,293	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	50,704	30,464	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	119,655	90,771	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	412,505	296,379	

(Millions of yen)

Items	As of March 31, 2024	As of March 31, 2023
Required capital ((L) × 8%)	6,451,300	5,632,159

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation and Subsidiaries

Items	a		b	c		
	Consolidated balance sheet as in published financial statements				Reference to Template CC1	Reference to appended table
	As of March 31, 2024	As of March 31, 2023				
(Assets)						
Cash and due from banks	75,046,469	73,403,912				
Call loans and bills bought	5,933,883	6,374,812				
Receivables under resale agreements	6,163,573	4,603,145				
Receivables under securities borrowing transactions	2,607,042	1,612,415				
Monetary claims bought	6,094,883	5,549,887				
Trading assets	5,656,912	4,084,755		6-a		
Money held in trust	0	0				
Securities	35,622,891	32,074,167		2-b,6-b		
Loans and bills discounted	107,763,214	99,823,911		6-c		
Foreign exchanges	2,068,885	1,940,736				
Lease receivables and investment assets	207,645	226,302				
Other assets	10,142,406	8,753,186		6-d		
Tangible fixed assets	841,538	1,337,805				
Intangible fixed assets	420,745	354,939		2-a		
Net defined benefit asset	901,362	698,974		3		
Deferred tax assets	53,836	57,428		4-a		
Customers' liabilities for acceptances and guarantees	13,426,544	12,278,891				
Reserve for possible loan losses	(653,587)	(607,747)				
Total assets	272,298,248	252,567,523				
(Liabilities)						
Deposits	165,146,962	159,251,139				
Negotiable certificates of deposit	15,149,775	13,252,060				
Call money and bills sold	1,018,349	786,055				
Payables under repurchase agreements	15,830,507	14,194,027				
Payables under securities lending transactions	791,908	438,094				
Commercial paper	2,429,179	2,320,969				
Trading liabilities	4,312,954	4,234,268		6-e		
Borrowed money	24,998,606	22,246,521		8-a		
Foreign exchanges	2,873,784	1,496,765				
Bonds	1,144,288	681,821		8-b		
Due to trust account	1,246,198	2,413,464				
Other liabilities	11,668,391	8,811,706		6-f		
Reserve for employee bonuses	62,064	52,102				
Reserve for executive bonuses	1,861	1,623				
Net defined benefit liability	9,846	6,367				
Reserve for executive retirement benefits	642	596				
Reserve for point service program	1,581	1,140				
Reserve for reimbursement of deposits	9,228	10,845				
Deferred tax liabilities	653,976	325,598		4-b		
Deferred tax liabilities for land revaluation	27,316	27,952		4-c		
Acceptances and guarantees	13,426,544	12,278,891				
Total liabilities	260,803,969	242,832,013				
(Net assets)						
Capital stock	1,770,996	1,770,996		1-a		
Capital surplus	1,977,337	1,965,682		1-b		
Retained earnings	4,598,846	4,239,771		1-c		
Treasury stock	(210,003)	(210,003)		1-d		
Total stockholders' equity	8,137,177	7,766,447				
Net unrealized gains or losses on other securities	1,779,511	972,941				
Net deferred gains or losses on hedges	(66,285)	(15,964)		5		
Land revaluation excess	34,936	35,005				
Foreign currency translation adjustments	1,124,445	697,887				
Accumulated remeasurements of defined benefit plans	282,263	131,222				
Total accumulated other comprehensive income	3,154,871	1,821,091	(a)			
Non-controlling interests	202,229	147,969		7-b		
Total net assets	11,494,278	9,735,509				
Total liabilities and net assets	272,298,248	252,567,523				

Note: The regulatory scope of consolidation is the same as the accounting scope of consolidation.

(Appended Table)

1. Stockholders' equity

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	1,977,337	1,965,682	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	4,598,846	4,239,771		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	8,137,177	7,766,447		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	8,137,177	7,766,447	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,538,331	3,526,676		1a
of which: retained earnings	4,598,846	4,239,771		2
of which: treasury stock (-)	-	-		1c
of which: other than the above	-	-		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Intangible fixed assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Intangible fixed assets	420,745	354,939		2-a
Securities	35,622,891	32,074,167		2-b
of which: goodwill attributable to equity-method investees	99,142	3,801		

Income taxes related to above

123,968 104,177

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Goodwill (including those equivalent)	99,142	3,801		8
Other intangibles other than goodwill and mortgage servicing rights	296,777	250,761	Software and other	9
Mortgage servicing rights	-	-		
Amount exceeding the 10% threshold on specified items	-	-		20
Amount exceeding the 15% threshold on specified items	-	-		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	-		74

3. Net defined benefit asset

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Net defined benefit asset	901,362	698,974		3
Income taxes related to above	275,863	213,879		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Net defined benefit asset	625,498	485,094		15

4. Deferred tax assets

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Deferred tax assets	53,836	57,428		4-a
Deferred tax liabilities	653,976	325,598		4-b
Deferred tax liabilities for land revaluation	27,316	27,952		4-c

Tax effects on intangible fixed assets	123,968	104,177	
Tax effects on net defined benefit asset	275,863	213,879	

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,949	1,292	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	32,421	48,842	This item does not agree with the amount reported on the consolidated balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	—	—		21
Amount exceeding the 15% threshold on specified items	—	—		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	32,421	48,842		75

5. Deferred gains or losses on derivatives under hedge accounting

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Net deferred gains or losses on hedges	(66,285)	(15,964)		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(146,062)	(77,631)	Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income"	11

6. Items associated with investments in the capital of financial institutions

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Trading assets	5,656,912	4,084,755	Including trading account securities and derivatives for trading assets	6-a
Securities	35,622,891	32,074,167		6-b
Loans and bills discounted	107,763,214	99,823,911	Including subordinated loans	6-c
Other assets	10,142,406	8,753,186	Including derivatives	6-d
Trading liabilities	4,312,954	4,234,268	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	11,668,391	8,811,706	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Investments in own capital instruments	—	—		
Common Equity Tier 1 capital	—	—		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	—	—		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—		
Common Equity Tier 1 capital	—	—		17
Additional Tier 1 capital	—	—		38
Tier 2 capital and other TLAC liabilities	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	907,607	532,660		
Common Equity Tier 1 capital	—	—		18
Additional Tier 1 capital	—	—		39
Tier 2 capital and other TLAC liabilities	—	—		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	907,607	532,660		72
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	970,307	720,906		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	82,978	82,978		40
Tier 2 capital and other TLAC liabilities	45,399	40,062		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	841,929	597,865		73

7. Non-controlling interests

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Non-controlling interests	202,229	147,969		7-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Amount allowed in group CET1	2,135	1,404	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	5
Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	30-31ab-32
Amount allowed in group AT1	31,984	23,597	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	34
Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	46
Amount allowed in group T2	7,692	4,491	After reflecting amounts eligible for inclusion (Non-Controlling Interest after adjustments)	48

8. Other capital instruments

(1) Consolidated balance sheet

(Millions of yen)

Consolidated balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks
Borrowed money	24,998,606	22,246,521	
Bonds	1,144,288	681,821	
Total	26,142,894	22,928,343	

Ref. No.

8-a

8-b

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,967,330	1,267,000	
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	948,121	766,614	

Basel III Template No.

32

46

■ Composition of Leverage Ratio

(In million yen)

Basel III Template No.	Items	As of March 31, 2024	As of March 31, 2023
1	Total assets reported in the consolidated balance sheet	272,298,248	
2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)	-	
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	
4	Adjustments for exemption of central bank reserves (-)	59,381,657	
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure (-)	-	
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	306,966	
7	Adjustments for eligible cash pooling transactions	-	
8	Adjustments for total exposures related to derivatives transactions, etc.	1,372,731	
8a	Total exposures related to derivatives transactions, etc.	11,160,008	
8b	The amount of deductions from the exposures above (line 8a) (-)	9,787,276	
9	Adjustment for total exposures related to repo transactions, etc.	447,928	
9a	Total exposures related to repo transactions, etc.	9,218,544	
9b	The amount of deductions from the exposures above (line 9a) (-)	8,770,615	
10	Adjustments for total off-balance sheet exposures	30,202,520	
11	The amount of adjustments associated with Tier 1 capital (specific and general provisions) (-)	-	
12	Other adjustments	(15,252,560)	
12a	The amount of adjustments associated with Tier 1 capital (excluding specific and general provisions) (-)	1,108,346	
12b	The amount of customers' liabilities for acceptances and guarantees (-)	13,426,544	
12c	The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	-	
12d	The amount of receivables arising from providing cash variation margin (-)	717,669	
12e	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (excluding those included in the total assets reported in the consolidated balance sheet)	-	
13	Total exposures	229,994,176	

(In million yen, %)

Basel III Template No.	Items	As of March 31, 2024	As of March 31, 2023
On-balance sheet exposures (1)			
1	On-balance sheet exposures before deducting adjustments	181,239,119	
2	The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	—	
3	The amount of receivables arising from providing cash variation margin (-)	717,669	
4	Adjustment for securities received under repo transactions that are recognised as assets (-)	—	
5	The amount of adjustments associated with Tier 1 capital (specific and general provisions) (-)	—	
6	The amount of adjustments associated with Tier 1 capital (excluding specific and general provisions) (-)	1,108,346	
7	Total on-balance sheet exposures (a)	179,413,103	
Exposures related to derivatives transactions, etc. (2)			
8	Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	4,805,289	
9	Add-on amounts for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	6,194,333	
10	Exempted central counterparty (CCP) leg of client-cleared trade exposures (-)	—	
11	Adjusted effective notional amount of written credit derivatives	160,384	
12	The amount of deductions from effective notional amount of written credit derivatives (-)	—	
13	Total exposures related to derivatives transactions, etc. (b)	11,160,008	
Exposures related to repo transactions, etc. (3)			
14	The amount of assets related to repo transactions, etc.	8,770,615	
15	The amount of deductions from the assets above (line 14) (-)	—	
16	The exposures for counterparty credit risk for repo transactions, etc.	447,928	
17	The exposures for agent repo transaction	—	
18	Total exposures related to repo transactions, etc. (c)	9,218,543	
Exposures related to off-balance sheet transactions (4)			
19	Notional amount of off-balance sheet items	84,868,227	
20	The amount of adjustments for conversion to off-balance sheet exposures (-)	54,665,706	
22	Total off-balance sheet exposures (d)	30,202,520	
Leverage ratio on a consolidated basis (5)			
23	The amount of capital (Tier 1 capital) (e)	11,937,881	
24	Total exposures ((a)+(b)+(c)+(d)) (f)	229,994,176	
25	Leverage ratio on a consolidated basis ((e)/(f))	5.19%	
26	Minimum leverage ratio requirement	3.00%	
27	Applicable leverage buffer requirement	—	
Leverage ratio on a consolidated basis (including due from Bank of Japan) (6)			
	Total exposures (f)	229,994,176	
	The amount of due from Bank of Japan	59,381,657	
	Total exposures (including due from Bank of Japan) (f')	289,375,834	
	Leverage ratio on a consolidated basis (including due from Bank of Japan) ((e)/(f'))	4.12%	
Disclosure of mean values (7)			
28	Mean value of assets related to repo transactions, etc. (after the deductions) ((g)+(h))	7,689,801	
	Mean value of assets related to repo transactions, etc. (g)	7,689,801	
	Mean value of deductions from the assets above (-) (h)	—	
29	Quarter-end value of assets related to repo transactions, etc. (after the deductions) ((i)+(j))	8,770,615	
14	Quarter-end value of assets related to repo transactions, etc. (i)	8,770,615	
15	Quarter-end value of deductions from the assets above (line 14) (-) (j)	—	
30	Total exposures (including mean value above (line 28), but excluding due from Bank of Japan) (k)	228,913,361	
30a	Total exposures (including mean value above (line 28) and due from Bank of Japan) (l)	288,295,019	
31	Leverage ratio on a consolidated basis (including mean value above (line 28), but excluding due from Bank of Japan) ((e)/(k))	5.21%	
31a	Leverage ratio on a consolidated basis (including mean value above (line 28) and due from Bank of Japan) ((e)/(l))	4.14%	

(In million yen, %)

Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Items	As of March 31, 2024	As of March 31, 2023
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items		166,362,969
1a	1	Total assets reported in the consolidated balance sheet		193,518,055
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (-)		—
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)		—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (-)		27,155,086
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)		823,929
3		Total on-balance sheet exposures (a)		165,539,040
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.		4,065,961
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Add-on amount associated with derivatives transactions, etc.		4,495,701
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.		864,127
6		The amount of receivables arising from providing collateral, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		
		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework		—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)		145,156
8		The amount of client-cleared trade exposures for which a bank acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives		73,650
10		The amount of deductions from effective notional amount of written credit derivatives (-)		—
11	4	Total exposures related to derivative transactions (b)		9,354,284
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.		6,215,561
13		The amount of deductions from the assets above (line 12) (-)		—
14		The exposures for counterparty credit risk for repo transactions, etc.		299,578
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)		6,515,139
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions		75,774,180
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)		45,111,909
19	6	Total exposures related to off-balance sheet transactions (d)		30,662,270
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)		9,963,206
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)		212,070,734
22		Leverage ratio on a consolidated basis ((e)/(f))		4.69%
		Minimum leverage ratio requirement		3.00%
Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) (6)				
		Total exposures (f)		212,070,734
		The amount of deposits with the Bank of Japan		59,049,467
		Total exposures (including deposits with the Bank of Japan) (f')		271,120,202
		Leverage ratio on a consolidated basis (including deposits with the Bank of Japan) ((e)/(f'))		3.67%

Liquidity Coverage Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Consolidated LCR

As described on the following page, the LCR has remained stable since the introduction of the liquidity ratio regulation on March 31, 2015.

2. Assessment of Consolidated LCR

The Liquidity Ratio Notification stipulates the minimum requirement of the LCR at 100%. The LCR of SMBC (consolidated) exceeds the minimum requirements of the LCR, having no cause for concern. In terms of the future LCR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% or more of SMBC’s total liabilities on the consolidated basis), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the Liquidity Ratio Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the Liquidity Ratio Notification. Meanwhile, SMBC records “cash outflows related to small-sized consolidated subsidiaries,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the Liquidity Ratio Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Consolidated)

(In million yen, %, the number of data)

Item	Current Quarter (From 2024/1/1 To 2024/3/31)	Prior Quarter (From 2023/10/1 To 2023/12/31)		
High-Quality Liquid Assets (1)				
1 Total high-quality liquid assets (HQLA)	84,610,901	85,534,065		
Cash Outflows (2)				
	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
2 Cash outflows related to unsecured retail funding	63,443,664	4,923,899	62,845,295	4,892,411
3 of which, Stable deposits	20,341,500	613,076	19,934,708	600,738
4 of which, Less stable deposits	43,102,163	4,310,822	42,910,586	4,291,672
5 Cash outflows related to unsecured wholesale funding	94,974,328	47,500,956	93,675,501	46,400,558
6 of which, Qualifying operational deposits	–	–	–	–
7 of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	88,372,497	40,899,124	87,899,943	40,625,000
8 of which, Debt securities	6,601,831	6,601,831	5,775,557	5,775,557
9 Cash outflows related to secured funding, etc.		391,876		241,842
10 Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	39,396,890	14,128,444	38,861,388	13,991,223
11 of which, Cash outflows related to derivative transactions, etc.	1,933,400	1,933,400	1,949,516	1,949,516
12 of which, Cash outflows related to funding programs	390,248	390,248	478,837	478,837
13 of which, Cash outflows related to credit and liquidity facilities	37,073,242	11,804,795	36,433,033	11,562,869
14 Cash outflows related to contractual funding obligations, etc.	8,845,198	5,779,752	8,200,276	5,427,620
15 Cash outflows related to contingencies	83,690,568	2,126,845	83,347,462	2,103,594
16 Total cash outflows		74,851,774		73,057,250
Cash Inflows (3)				
	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE	TOTAL UNWEIGHTED VALUE	TOTAL WEIGHTED VALUE
17 Cash inflows related to secured lending, etc.	4,690,348	295,465	4,267,029	152,755
18 Cash inflows related to collection of loans, etc.	15,512,179	10,465,417	12,939,696	8,705,214
19 Other cash inflows	3,905,179	1,882,975	4,583,152	1,854,006
20 Total cash inflows	24,107,707	12,643,858	21,789,877	10,711,976
Consolidated Liquidity Coverage Ratio (4)				
21 Total HQLA allowed to be included in the calculation		84,610,901		85,534,065
22 Net cash outflows		62,207,916		62,345,274
23 Consolidated liquidity coverage ratio (LCR)		136.0%		137.1%
24 The number of data used to calculate the average value		58		62

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group’s website.

(https://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data, such as attribute information of customers and data on consolidated subsidiaries, is updated on the monthly or quarterly basis.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item	Current Quarter (From 2024/1/1 To 2024/3/31)	Prior Quarter (From 2023/10/1 To 2023/12/31)
1 Cash and due from banks	77,487,307	77,739,197
2 Securities	7,123,594	7,794,868
3 of which, government bonds, etc.	4,237,380	4,909,844
4 of which, municipal bonds, etc.	70,040	77,529
5 of which, other bonds	1,212,033	1,284,344
6 of which, stocks	1,604,139	1,523,149
7 Total high-quality liquid assets (HQLA)	84,610,901	85,534,065

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

Net Stable Funding Ratio Information (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Since September 30, 2021, the “Net Stable Funding Ratio” (hereinafter referred to as “NSFR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its consolidated NSFR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

■ Disclosure of Qualitative Information about Net Stable Funding Ratio

1. Intra-period Changes in Consolidated NSFR

As described on the following page, the NSFR has remained stable since the introduction of the liquidity ratio regulation on September 30, 2021.

2. Special Provisions Pertaining to Interdependent Assets and Liabilities

SMBC has not applied the “special provisions pertaining to interdependent assets and liabilities” prescribed in Article 101 of the Liquidity Ratio Notification to its NSFR.

3. Other Information Concerning Consolidated NSFR

The Liquidity Ratio Notification stipulates the minimum requirement of the NSFR at 100%. The NSFR of SMBC (consolidated) exceeds the minimum requirements of the NSFR, having no cause for concern. In terms of the future NSFR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual NSFR does not differ significantly from the initial forecast.

■ Disclosure of Quantitative Information about Net Stable Funding Ratio (Consolidated)

(In million yen, %)

Item		Current Quarter (From 2024/1/1 To 2024/3/31)					Prior Quarter (From 2023/10/1 To 2023/12/31)				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items (1)											
1	Capital; of which:	11,333,861	355,506	10,507	2,909,858	14,248,973	10,406,050	235,568	85,987	2,806,905	13,255,949
2	Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (excluding the proportion of Tier 2 instruments with residual maturity of less than one year) before the application of capital deductions	11,333,861	0	0	2,731,909	14,065,770	10,406,050	0	0	2,636,387	13,042,437
3	Other capital instruments that are not included in the above category	0	355,506	10,507	177,948	183,202	0	235,568	85,987	170,517	213,511
4	Funding from retail and small business customers; of which:	63,900,604	0	0	110,462	58,655,423	63,837,211	0	0	104,035	58,609,199
5	Stable deposits	20,688,331	0	0	0	19,653,915	21,033,494	0	0	0	19,981,819
6	Less stable deposits	43,212,272	0	0	110,462	39,001,507	42,803,716	0	0	104,035	38,627,380
7	Wholesale funding; of which:	73,318,166	60,541,240	7,662,170	18,837,396	62,295,342	69,537,870	59,646,828	4,632,141	20,483,647	60,481,209
8	Operational deposits	—	—	—	—	—	—	—	—	—	—
9	Other wholesale funding	73,318,166	60,541,240	7,662,170	18,837,396	62,295,342	69,537,870	59,646,828	4,632,141	20,483,647	60,481,209
10	Liabilities with matching interdependent assets	—	—	—	—	—	—	—	—	—	—
11	Other liabilities; of which:	1,749,107	6,080,240	0	1,071,583	160,417	1,482,135	6,987,817	0	590,519	126,554
12	Derivative liabilities	—	—	—	971,681	—	—	—	—	443,040	—
13	All other liabilities and equity not included in the above categories	1,749,107	6,080,240	0	99,901	160,417	1,482,135	6,987,817	0	147,479	126,554
14	Total available stable funding					135,360,155					132,472,913
Required stable funding (RSF) items (2)											
15	HQLA					3,280,509					3,134,743
16	Deposits held at financial institutions for operational purposes	489,669	26,418	0	0	258,044	368,701	26,770	0	0	197,735
17	Loans, repo transactions-related assets, securities and other similar assets; of which:	1,774,528	39,306,634	14,769,666	75,266,456	85,810,222	1,628,434	40,958,016	10,116,288	71,817,048	81,381,329
18	Loans to- and repo transactions with- financial institutions (secured by level 1 HQLA)	0	6,213,937	0	23,886	379,736	0	5,405,486	29,672	9,808	133,363
19	Loans to- and repo transactions with- financial institutions (not included in item 18)	316,170	8,273,957	4,976,351	12,220,079	16,176,845	254,441	9,614,922	2,598,849	11,187,305	14,015,969
20	Loans and repo transactions-related assets (not included in item 18, 19 and 22); of which:	987,153	22,544,515	8,764,512	49,094,379	56,519,532	906,644	23,853,285	6,501,818	46,763,377	54,824,523
21	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	27,372	4,121,433	1,349,423	4,445,989	4,918,991	126	2,765,653	345,039	1,086,527	1,672,346
22	Residential mortgages; of which:	0	293,556	291,659	10,848,709	8,326,334	0	291,632	291,587	10,735,116	8,084,114
23	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	0	166,109	165,559	5,938,383	4,025,783	0	160,668	160,462	6,661,722	4,490,684
24	Securities that are not in default and do not qualify as HQLA and other similar assets	471,204	1,980,666	737,143	3,079,401	4,407,773	467,349	1,792,690	694,360	3,121,440	4,323,359
25	Assets with matching interdependent liabilities	—	—	—	—	—	—	—	—	—	—
26	Other assets; of which:	5,110,007	1,046,403	122,667	8,765,324	14,402,406	4,987,465	811,183	94,600	8,607,432	13,913,464
27	Physical traded commodities, including gold	0	—	—	—	0	0	—	—	—	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs (including those that are not recorded on consolidated balance sheet)	—	—	—	613,584	521,546	—	—	—	635,701	540,346
29	Derivative assets	—	—	—	0	0	—	—	—	0	0
30	Derivative liabilities (before deduction of variation margin posted)	—	—	—	252,192	252,192	—	—	—	217,339	217,339
31	All other assets not included in the above categories	5,110,007	1,046,403	122,667	7,899,547	13,628,667	4,987,465	811,183	94,600	7,754,391	13,155,778
32	Off-balance sheet items	—	—	—	122,989,934	2,542,881	—	—	—	130,348,822	2,729,245
33	Total required stable funding					106,294,063					101,356,518
34	Consolidated net stable funding ratio (NSFR)					127.3%					130.6%

Capital Ratio and Leverage Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

■ CC1: Composition of regulatory capital

(Millions of yen, except percentages)

Basel III Template No.	Items	a		b		c	
		As of March 31,2024	As of March 31,2023	As of March 31,2023	Reference to Template CC2		
Common Equity Tier 1 capital: instruments and reserves (1)							
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,510,103	6,540,958				
1a	of which: capital and capital surplus	3,335,548	3,335,548				
2	of which: retained earnings	3,496,700	3,276,915				
1c	of which: treasury stock (-)	-	-				
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	322,145	71,505				
	of which: other than the above	-	-				
1b	Stock subscription rights and stock acquisition rights to common shares	-	-				
3	Valuation and translation adjustment and other disclosed reserves	1,209,362	782,492			(a)	
6	Common Equity Tier 1 capital: instruments and reserves (A)	7,719,466	7,323,450				
Common Equity Tier 1 capital: regulatory adjustments (2)							
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	237,262	198,417				
8	of which: goodwill	-	-				
9	of which: other intangibles other than goodwill and mortgage servicing rights	237,262	198,417				
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	0				
11	Net deferred gains or losses on hedges	(698,455)	(344,457)				
12	Shortfall of eligible provisions to expected losses	-	-				
13	Securitisation gain on sale	47,724	52,939				
14	Gains and losses due to changes in own credit risk on fair valued liabilities	17,277	32,631				
15	Prepaid pension cost	332,807	344,352				
16	Investments in own shares (excluding those reported in the Net assets section)	-	-				
17	Reciprocal cross-holdings in common equity	-	-				
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	69,027	-				
19+20+21	Amount exceeding the 10% threshold on specified items	-	-				
19	of which: significant investments in the common stock of financials	-	-				
20	of which: mortgage servicing rights	-	-				
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-				
22	Amount exceeding the 15% threshold on specified items	-	-				
23	of which: significant investments in the common stock of financials	-	-				
24	of which: mortgage servicing rights	-	-				
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-				
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-				
28	Common Equity Tier 1 capital: regulatory adjustments (B)	5,644	283,884				
Common Equity Tier 1 capital (CET1)							
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	7,713,821	7,039,566				

(Millions of yen, except percentages)

Basel III Template No.	Items	a		b		c	
		As of March 31,2024	As of March 31,2023	As of March 31,2023	Reference to Template CC2		
Additional Tier 1 capital: instruments (3)							
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-			
	31b	Stock subscription rights and stock acquisition rights to Additional Tier 1 instruments	-	-			
	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,967,330	1,267,000			
		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-			
36	Additional Tier 1 capital: instruments (D)	1,967,330	1,267,000				
Additional Tier 1 capital: regulatory adjustments							
37	Investments in own Additional Tier 1 instruments	-	-				
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-				
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	14,973	-				
40	Significant investments in the Additional Tier 1 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	82,978	82,978				
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-				
43	Additional Tier 1 capital: regulatory adjustments (E)	97,952	82,978				
Additional Tier 1 capital (AT1)							
44	Additional Tier 1 capital ((D)-(E)) (F)	1,869,377	1,184,021				
Tier 1 capital (T1 = CET1 + AT1)							
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	9,583,198	8,223,587				
Tier 2 capital: instruments and provisions (4)							
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-				
	Stock subscription rights and stock acquisition rights to Tier 2 instruments	-	-				
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	948,121	766,614				
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-	-				
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	157,055	148,246				
50a	of which: general reserve for possible loan losses	-	-				
50b	of which: eligible provisions	157,055	148,246				
51	Tier 2 capital: instruments and provisions (H)	1,105,176	914,860				

(Millions of yen, except percentages)

Basel III Template No.	Items	a			b			c		
		As of March 31, 2024	As of March 31, 2023	Reference to Template CC2	As of March 31, 2024	As of March 31, 2023	Reference to Template CC2	As of March 31, 2024	As of March 31, 2023	Reference to Template CC2
Tier 2 capital: regulatory adjustments (5)										
52	Investments in own Tier 2 instruments	—	—							
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	—	—							
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	4,838	—							
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	45,399	40,062							
57	Tier 2 capital: regulatory adjustments (I)	50,237	40,062							
Tier 2 capital (T2)										
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,054,938	874,798							
Total capital (TC = T1 + T2)										
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	10,638,137	9,098,386							
Risk weighted assets (6)										
60	Total risk-weighted assets (RWA) (L)	74,498,621	65,103,047							
Capital ratios (7)										
61	Common Equity Tier 1 risk-weighted capital ratio ((C)/(L))	10.35%	10.81%							
62	Tier 1 risk-weighted capital ratio ((G)/(L))	12.86%	12.63%							
63	Total risk-weighted capital ratio ((K)/(L))	14.27%	13.97%							
Regulatory adjustments (8)										
72	Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deduction (before risk weighting)	778,284	526,616							
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	522,362	271,975							
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—							
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	—	61							
Provisions included in Tier 2 capital: instruments and provisions (9)										
76	Provisions (general reserve for possible loan losses)	—	—							
77	Cap on inclusion of provisions (general reserve for possible loan losses)	25,247	5,010							
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	157,055	148,246							
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	407,292	291,919							

(Millions of yen)

Items	As of March 31, 2024	As of March 31, 2023
Required capital ((L) × 8%)	5,959,889	5,208,243

■ CC2: Reconciliation of regulatory capital to balance sheet

Sumitomo Mitsui Banking Corporation

(Millions of yen)

Items	a		b	c		
	Balance sheet as in published financial statements				Reference to Template CC1	Reference to appended table
	As of March 31, 2024	As of March 31, 2023				
(Assets)						
Cash and due from banks	72,661,204	70,818,701				
Call loans	4,305,503	5,285,838				
Receivables under resale agreements	1,781,354	1,437,595				
Receivables under securities borrowing transactions	2,538,794	1,598,124				
Monetary claims bought	2,370,100	1,944,291				
Trading assets	2,702,185	2,379,930		6-a		
Securities	34,666,605	32,210,394		6-b		
Loans and bills discounted	101,124,712	94,307,397		6-c		
Foreign exchanges	1,941,854	1,824,364				
Other assets	8,879,250	7,129,287		6-d		
Tangible fixed assets	746,606	737,253				
Intangible fixed assets	341,974	285,986		2		
Prepaid pension cost	479,688	496,328		3		
Customers' liabilities for acceptances and guarantees	15,712,360	15,405,856				
Reserve for possible loan losses	(523,385)	(523,888)				
Reserve for possible loan losses on investments	(6,630)	—				
Total assets	249,722,179	235,337,464				
(Liabilities)						
Deposits	153,494,437	149,948,880				
Negotiable certificates of deposit	14,826,777	12,929,824				
Call money	1,028,135	774,968				
Payables under repurchase agreements	12,357,578	12,041,367				
Payables under securities lending transactions	669,425	370,514				
Commercial paper	1,549,515	1,292,198				
Trading liabilities	1,823,239	1,643,213		6-e		
Borrowed money	25,119,261	21,905,262		7-a		
Foreign exchanges	2,907,692	1,516,160				
Bonds	472,161	641,410		7-b		
Due to trust account	1,810,236	2,277,046				
Other liabilities	9,427,116	6,991,747		6-f		
Reserve for employee bonuses	14,343	13,542				
Reserve for executive bonuses	1,344	1,202				
Reserve for point service program	1,581	1,140				
Reserve for reimbursement of deposits	8,283	9,998				
Deferred tax liabilities	429,760	150,223		4-a		
Deferred tax liabilities for land revaluation	27,316	27,952		4-b		
Acceptances and guarantees	15,712,360	15,405,856				
Total liabilities	241,680,568	227,942,508				
(Net assets)						
Capital stock	1,770,996	1,770,996		1-a		
Capital surplus	1,774,554	1,774,554		1-b		
Retained earnings	3,496,700	3,276,915		1-c		
Treasury stock	(210,003)	(210,003)		1-d		
Total stockholders' equity	6,832,248	6,612,463				
Net unrealized gains or losses on other securities	1,803,310	1,040,472				
Net deferred gains or losses on hedges	(618,692)	(282,793)		5		
Land revaluation excess	24,744	24,813				
Total valuation and translation adjustments	1,209,362	782,492	(a)			
Total net assets	8,041,611	7,394,955				
Total liabilities and net assets	249,722,179	235,337,464				

Note: The regulatory balance sheet is the same as the accounting balance sheet.

(Appended Table)

1. Stockholders' equity

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Capital stock	1,770,996	1,770,996	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-a
Capital surplus	1,774,554	1,774,554	Including eligible Tier 1 capital instruments subject to transitional arrangement	1-b
Retained earnings	3,496,700	3,276,915		1-c
Treasury stock	(210,003)	(210,003)	Eligible Tier 1 capital instruments subject to transitional arrangement	1-d
Total stockholders' equity	6,832,248	6,612,463		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Directly issued qualifying common share capital plus related capital surplus and retained earnings	6,832,248	6,612,463	Stockholders' equity attributable to common shares (before adjusting national specific regulatory adjustments (earnings to be distributed))	
of which: capital and capital surplus	3,335,548	3,335,548		1a
of which: retained earnings	3,496,700	3,276,915		2
of which: treasury stock (-)	-	-		1c
of which: other than the above	-	-		
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	-	-	Stockholders' equity attributable to preferred shares with a loss absorbency clause upon entering into effectively bankruptcy	31a

2. Intangible fixed assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Intangible fixed assets	341,974	285,986		2
Income taxes related to above	104,712	87,569		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Goodwill	-	-		8
Other intangibles other than goodwill and mortgage servicing rights	237,262	198,417	Software and other	9
Mortgage servicing rights	-	-		
Amount exceeding the 10% threshold on specified items	-	-		20
Amount exceeding the 15% threshold on specified items	-	-		24
Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-	-		74

3. Prepaid pension cost

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Prepaid pension cost	479,688	496,328		3
Income taxes related to above	146,880	151,975		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Prepaid pension cost	332,807	344,352		15

4. Deferred tax assets

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Deferred tax liabilities	429,760	150,223		4-a
Deferred tax liabilities for land revaluation	27,316	27,952		4-b
Income taxes related to above	104,712	87,569		
Tax effects on prepaid pension cost	146,880	151,975		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	0	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	10
Deferred tax assets arising from temporary differences (net of related tax liability)	-	61	This item does not agree with the amount reported on the balance sheet due to offsetting of assets and liabilities.	
Amount exceeding the 10% threshold on specified items	-	-		21
Amount exceeding the 15% threshold on specified items	-	-		25
Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	-	61		75

5. Deferred gains or losses on derivatives under hedge accounting

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Net deferred gains or losses on hedges	(618,692)	(282,793)		5

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Net deferred gains or losses on hedges	(698,455)	(344,457)	Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments"	11

6. Items associated with investments in the capital of financial institutions

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Trading assets	2,702,185	2,379,930	Including trading account securities and derivatives for trading assets	6-a
Securities	34,666,605	32,210,394		6-b
Loans and bills discounted	101,124,712	94,307,397	Including subordinated loans	6-c
Other assets	8,879,250	7,129,287	Including derivatives	6-d
Trading liabilities	1,823,239	1,643,213	Including trading account securities sold and derivatives for trading liabilities	6-e
Other liabilities	9,427,116	6,991,747	Including derivatives	6-f

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Investments in own capital instruments	—	—		
Common Equity Tier 1 capital	—	—		16
Additional Tier 1 capital	—	—		37
Tier 2 capital	—	—		52
Reciprocal cross-holdings in the capital of banking, financial and insurance entities	—	—		
Common Equity Tier 1 capital	—	—		17
Additional Tier 1 capital	—	—		38
Tier 2 capital and other TLAC liabilities	—	—		53
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	867,125	526,616		
Common Equity Tier 1 capital	69,027	—		18
Additional Tier 1 capital	14,973	—		39
Tier 2 capital and other TLAC liabilities	4,838	—		54
Non-significant investments in the capital and other TLAC liabilities of other financials that are below the thresholds for deductions (before risk weighting)	778,284	526,616		72
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	650,740	395,016		
Amount exceeding the 10% threshold on specified items	—	—		19
Amount exceeding the 15% threshold on specified items	—	—		23
Additional Tier 1 capital	82,978	82,978		40
Tier 2 capital and other TLAC liabilities	45,399	40,062		55
Significant investments in the common stock of other financials that are below the thresholds for deductions (before risk weighting)	522,362	271,975		73

7. Other capital instruments

(1) Balance sheet

(Millions of yen)

Balance sheet items	As of March 31, 2024	As of March 31, 2023	Remarks	Ref. No.
Borrowed money	25,119,261	21,905,262		7-a
Bonds	472,161	641,410		7-b
Total	25,591,423	22,546,672		

(2) Composition of capital

(Millions of yen)

Composition of capital disclosure	As of March 31, 2024	As of March 31, 2023	Remarks	Basel III Template No.
Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,967,330	1,267,000		32
Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	948,121	766,614		46

■ Composition of Leverage Ratio

(In million yen)

Basel III Template No.	Items	As of March 31, 2024	As of March 31, 2023
1	Total assets reported in the balance sheet	249,722,179	
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	—	
4	Adjustments for exemption of central bank reserves (-)	57,765,831	
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure (-)	—	
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	306,966	
7	Adjustments for eligible cash pooling transactions	—	
8	Adjustments for total exposures related to derivatives transactions, etc.	(1,031,152)	
8a	Total exposures related to derivatives transactions, etc.	7,215,830	
8b	The amount of deductions from the exposures above (line 8a) (-)	8,246,983	
9	Adjustment for total exposures related to repo transactions, etc.	350,524	
9a	Total exposures related to repo transactions, etc.	4,670,673	
9b	The amount of deductions from the exposures above (line 9a) (-)	4,320,149	
10	Adjustments for total off-balance sheet exposures	31,933,189	
11	The amount of adjustments associated with Tier 1 capital (specific and general provisions) (-)	—	
12	Other adjustments	(16,930,213)	
12a	The amount of adjustments associated with Tier 1 capital (excluding specific and general provisions) (-)	737,050	
12b	The amount of customers' liabilities for acceptances and guarantees (-)	15,712,360	
12c	The amount of receivables arising from providing collateral, provided where deducted from the balance sheet pursuant to the operative accounting framework	—	
12d	The amount of receivables arising from providing cash variation margin (-)	480,802	
13	Total exposures	206,585,662	

(In million yen, %)

Basel III Template No.	Items	As of March 31, 2024	As of March 31, 2023
On-balance sheet exposures (1)			
1	On-balance sheet exposures before deducting adjustments	163,983,822	
2	The amount of receivables arising from providing collateral, provided where deducted from the balance sheet pursuant to the operative accounting framework	—	
3	The amount of receivables arising from providing cash variation margin (-)	480,802	
4	Adjustment for securities received under repo transactions that are recognised as assets (-)	—	
5	The amount of adjustments associated with Tier 1 capital (specific and general provisions) (-)	—	
6	The amount of adjustments associated with Tier 1 capital (excluding specific and general provisions) (-)	737,050	
7	Total on-balance sheet exposures (a)	162,765,968	
Exposures related to derivatives transactions, etc. (2)			
8	Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	2,881,503	
9	Add-on amounts for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	4,326,760	
10	Exempted central counterparty (CCP) leg of client-cleared trade exposures (-)	—	
11	Adjusted effective notional amount of written credit derivatives	7,566	
12	The amount of deductions from effective notional amount of written credit derivatives (-)	—	
13	Total exposures related to derivatives transactions, etc. (b)	7,215,830	
Exposures related to repo transactions, etc. (3)			
14	The amount of assets related to repo transactions, etc.	4,320,149	
15	The amount of deductions from the assets above (line 14) (-)	—	
16	The exposures for counterparty credit risk for repo transactions, etc.	350,524	
17	The exposures for agent repo transaction	—	
18	Total exposures related to repo transactions, etc. (c)	4,670,673	
Exposures related to off-balance sheet transactions (4)			
19	Notional amount of off-balance sheet items	78,721,904	
20	The amount of adjustments for conversion to off-balance sheet exposures (-)	46,788,715	
22	Total off-balance sheet exposures (d)	31,933,189	
Leverage ratio (5)			
23	The amount of capital (Tier 1 capital) (e)	9,583,198	
24	Total exposures ((a)+(b)+(c)+(d)) (f)	206,585,662	
25	Leverage ratio ((e)/(f))	4.63%	
26	Minimum leverage ratio requirement	3.00%	
27	Applicable leverage buffer requirement	—	
Leverage ratio (including due from Bank of Japan) (6)			
	Total exposures (f)	206,585,662	
	The amount of due from Bank of Japan	57,765,831	
	Total exposures (including due from Bank of Japan) (f')	264,351,493	
	Leverage ratio (including due from Bank of Japan) ((e)/(f'))	3.62%	
Disclosure of mean values (7)			
28	Mean value of assets related to repo transactions, etc. (after the deductions) ((g)+(h))	3,341,732	
	Mean value of assets related to repo transactions, etc. (g)	3,341,732	
	Mean value of deductions from the assets above (-) (h)	—	
29	Quarter-end value of assets related to repo transactions, etc. (after the deductions) ((i)+(j))	4,320,149	
14	Quarter-end value of assets related to repo transactions, etc. (i)	4,320,149	
15	Quarter-end value of deductions from the assets above (line 14) (-) (j)	—	
30	Total exposures (including mean value above (line 28), but excluding due from Bank of Japan) (k)	205,607,245	
30a	Total exposures (including mean value above (line 28) and due from Bank of Japan) (l)	263,373,076	
31	Leverage ratio (including mean value above (line 28), but excluding due from Bank of Japan) ((e)/(k))	4.66%	
31a	Leverage ratio (including mean value above (line 28) and due from Bank of Japan) ((e)/(l))	3.63%	

(In million yen, %)

Corresponding line # on Basel III disclosure template (Table2)	Corresponding line # on Basel III disclosure template (Table1)	Items	As of March 31, 2024	As of March 31, 2023
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items		151,924,241
1a	1	Total assets reported in the balance sheet		177,795,337
1b	3	The amount of assets that are deducted from the total assets reported in the balance sheet (except adjustment items) (-)		25,871,095
2	7	The amount of adjustment items pertaining to Tier 1 capital (-)		625,749
3		Total on-balance sheet exposures (a)		151,298,492
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Replacement cost associated with derivatives transactions, etc.		1,984,843
5		Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)		
		Add-on amount associated with derivatives transactions, etc.		3,326,932
		The amount of receivables arising from providing cash margin in relation to derivatives transactions, etc.		799,059
6		The amount of receivables arising from providing collateral, provided where deducted from the balance sheet pursuant to the operative accounting framework		
		The amount of receivables arising from providing cash margin, provided where deducted from the balance sheet pursuant to the operative accounting framework		—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (-)		99,504
8		The amount of client-cleared trade exposures for which a bank acting as clearing member is not obliged to make any indemnification (-)		
9		Adjusted effective notional amount of written credit derivatives		—
10		The amount of deductions from effective notional amount of written credit derivatives (-)		—
11	4	Total exposures related to derivative transactions (b)		6,011,330
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.		3,035,720
13		The amount of deductions from the assets above (line 12) (-)		—
14		The exposures for counterparty credit risk for repo transactions, etc.		239,786
15		The exposures for agent repo transaction		
16	5	Total exposures related to repo transactions, etc. (c)		3,275,507
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions		70,838,317
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (-)		39,153,765
19	6	Total exposures related to off-balance sheet transactions (d)		31,684,551
Leverage ratio (5)				
20		The amount of capital (Tier 1 capital) (e)		8,223,587
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)		192,269,881
22		Leverage ratio ((e)/(f))		4.27%
		Minimum leverage ratio requirement		3.00%
Leverage ratio (including deposits with the Bank of Japan) (6)				
		Total exposures (f)		192,269,881
		The amount of deposits with the Bank of Japan		57,542,126
		Total exposures (including deposits with the Bank of Japan) (f')		249,812,008
		Leverage ratio (including deposits with the Bank of Japan) ((e)/(f'))		3.29%

Liquidity Coverage Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Since March 31, 2015, the “Liquidity Coverage Ratio” (hereinafter referred to as “LCR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its non-consolidated LCR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

■ Disclosure of Qualitative Information about Liquidity Coverage Ratio

1. Intra-period Changes in Non-consolidated LCR

As described on the following page, the LCR has remained stable since the introduction of the liquidity ratio regulation on March 31, 2015.

2. Assessment of Non-consolidated LCR

The Liquidity Ratio Notification stipulates the minimum requirement of the LCR at 100%. The LCR of SMBC exceeds the minimum requirements of the LCR, having no cause for concern. In terms of the future LCR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual LCR does not differ significantly from the initial forecast.

3. Composition of High-Quality Liquid Assets

Regarding the high-quality liquid assets allowed to be included in the calculation, there are no significant changes in locations and properties of currency denominations, categories and so on. In addition, in respect of major currencies (those of which the aggregate amount of liabilities denominated in a certain currency accounts for 5% or more of SMBC’s total liabilities), there is no significant mismatch in currency denomination between the total amount of the high-quality liquid assets allowed to be included in the calculation and the amount of net cash outflows.

4. Other Information Concerning Non-consolidated LCR

SMBC has not applied “special provisions concerning qualifying operational deposits” prescribed in Article 29 of the Liquidity Ratio Notification and “increased liquidity needs related to market valuation changes on derivative or other transactions simulated through Scenario Approach” prescribed in Article 38 of the Liquidity Ratio Notification. Meanwhile, SMBC records “due to trust account,” etc. under “cash outflows based on other contracts” prescribed in Article 60 of the Liquidity Ratio Notification.

■ Disclosure of Quantitative Information about Liquidity Coverage Ratio (Non-Consolidated)

(In million yen, %, the number of data)

Item	Current Quarter (From 2024/1/1 To 2024/3/31)	Prior Quarter (From 2023/10/1 To 2023/12/31)
High-Quality Liquid Assets (1)		
1 Total high-quality liquid assets (HQLA)	76,544,953	77,332,230
Cash Outflows (2)		
2 Cash outflows related to unsecured retail funding	59,702,057	4,586,124
3 of which, Stable deposits	19,781,252	593,437
4 of which, Less stable deposits	39,920,805	3,992,687
5 Cash outflows related to unsecured wholesale funding	88,885,990	44,427,261
6 of which, Qualifying operational deposits	—	—
7 of which, Cash outflows related to unsecured wholesale funding other than qualifying operational deposits and debt securities	82,268,930	37,810,200
8 of which, Debt securities	6,617,060	6,617,060
9 Cash outflows related to secured funding, etc.	—	391,535
10 Cash outflows related to derivative transactions, etc. funding programs, credit and liquidity facilities	34,533,355	12,232,202
11 of which, Cash outflows related to derivative transactions, etc.	688,285	688,285
12 of which, Cash outflows related to funding programs	390,248	390,248
13 of which, Cash outflows related to credit and liquidity facilities	33,454,821	11,153,668
14 Cash outflows related to contractual funding obligations, etc.	8,436,060	3,895,150
15 Cash outflows related to contingencies	83,875,831	2,051,291
16 Total cash outflows	67,583,565	66,371,053
Cash Inflows (3)		
17 Cash inflows related to secured lending, etc.	1,662,975	227,530
18 Cash inflows related to collection of loans, etc.	15,864,324	11,214,463
19 Other cash inflows	2,725,030	1,515,818
20 Total cash inflows	20,252,330	12,957,813
Non-Consolidated Liquidity Coverage Ratio (4)		
21 Total HQLA allowed to be included in the calculation	76,544,953	77,332,230
22 Net cash outflows	54,625,751	55,233,853
23 Non-consolidated liquidity coverage ratio (LCR)	140.1%	140.0%
24 The number of data used to calculate the average value	58	62

Notes: 1. The data after the introduction of the liquidity ratio regulation on March 31, 2015 is available on Sumitomo Mitsui Financial Group’s website. (https://www.smfg.co.jp/english/investor/financial/basel_3.html)

2. The average values are calculated based on daily data in accordance with Notification No. 7 issued by the Japanese Financial Services Agency in 2015. Some data such as attribute information of customers, is updated on the monthly or quarterly basis.

■ Breakdown of High-Quality Liquid Assets

(In million yen)

Item	Current Quarter (From 2024/1/1 To 2024/3/31)	Prior Quarter (From 2023/10/1 To 2023/12/31)
1 Cash and due from banks	70,745,007	71,032,722
2 Securities	5,799,945	6,299,507
3 of which, government bonds, etc.	3,297,588	3,796,071
4 of which, municipal bonds, etc.	28,612	36,642
5 of which, other bonds	869,605	943,643
6 of which, stocks	1,604,139	1,523,149
7 Total high-quality liquid assets (HQLA)	76,544,953	77,332,230

Note: The above amounts are those of high-quality liquid assets in accordance with the liquidity ratio regulation under the Basel III and do not correspond to the financial amounts. The amounts stated are those after multiplying factors in the liquidity ratio regulation under the Basel III.

Net Stable Funding Ratio Information (Non-consolidated)

Sumitomo Mitsui Banking Corporation

Since September 30, 2021, the “Net Stable Funding Ratio” (hereinafter referred to as “NSFR”), the liquidity ratio regulation under the Basel III, has been introduced in Japan. In addition to the application of uniform international standards, SMBC calculates its non-consolidated NSFR using the calculation formula stipulated in the “Criteria for Evaluating the Soundness of Liquidity Status Set Forth by a Bank as a Benchmark for Judging its Soundness of Management, Based on the Provision of Article 14-2 of the Banking Act” (Notification No. 60 issued by the Japanese Financial Services Agency in 2014; hereinafter referred to as the “Liquidity Ratio Notification”).

■ Disclosure of Qualitative Information about Net Stable Funding Ratio

1. Intra-period Changes in Non-consolidated NSFR

As described on the following page, the NSFR has remained stable since the introduction of the liquidity ratio regulation on September 30, 2021.

2. Special Provisions Pertaining to Interdependent Assets and Liabilities

SMBC has not applied the “special provisions pertaining to interdependent assets and liabilities” prescribed in Article 101 of the Liquidity Ratio Notification to its NSFR.

3. Other Information Concerning Non-consolidated NSFR

The Liquidity Ratio Notification stipulates the minimum requirement of the NSFR at 100%. The NSFR of SMBC (non-consolidated) exceeds the minimum requirements of the NSFR, having no cause for concern. In terms of the future NSFR forecasts, SMBC does not expect significant deviations from the disclosed ratios. In addition, the actual NSFR does not differ significantly from the initial forecast.

■ Disclosure of Quantitative Information about Net Stable Funding Ratio (Non-consolidated)

(In million yen, %)

Item		Current Quarter (From 2024/1/1 To 2024/3/31)					Prior Quarter (From 2023/10/1 To 2023/12/31)				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items (1)											
1	Capital; of which:	8,041,611	355,506	10,507	2,916,496	10,963,361	7,596,190	235,568	85,987	2,848,040	10,487,225
2	Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (excluding the proportion of Tier 2 instruments with residual maturity of less than one year) before the application of capital deductions	8,041,611	0	0	2,738,547	10,780,158	7,596,190	0	0	2,677,523	10,273,713
3	Other capital instruments that are not included in the above category	0	355,506	10,507	177,948	183,202	0	235,568	85,987	170,517	213,511
4	Funding from retail and small business customers; of which:	59,959,908	0	0	110,462	55,078,228	60,050,212	0	0	104,035	55,171,889
5	Stable deposits	20,076,959	0	0	0	19,073,111	20,453,260	0	0	0	19,430,597
6	Less stable deposits	39,882,949	0	0	110,462	36,005,116	39,596,952	0	0	104,035	35,741,292
7	Wholesale funding; of which:	72,032,695	51,600,933	7,921,803	18,627,849	58,879,107	68,123,877	52,684,338	4,929,869	20,326,550	57,234,975
8	Operational deposits	—	—	—	—	—	—	—	—	—	—
9	Other wholesale funding	72,032,695	51,600,933	7,921,803	18,627,849	58,879,107	68,123,877	52,684,338	4,929,869	20,326,550	57,234,975
10	Liabilities with matching interdependent assets	—	—	—	—	—	—	—	—	—	—
11	Other liabilities; of which:	1,635,971	2,153,841	246,027	660,664	1,577	1,403,736	1,811,013	260,093	143,791	6,733
12	Derivative liabilities	—	—	—	660,664	—	—	—	—	143,791	—
13	All other liabilities and equity not included in the above categories	1,635,971	2,153,841	246,027	0	1,577	1,403,736	1,811,013	260,093	0	6,733
14	Total available stable funding					124,922,274					122,900,824
Required stable funding (RSF) items (2)											
15	HQLA					3,266,446					3,119,416
16	Deposits held at financial institutions for operational purposes	540,326	0	0	0	270,163	429,484	0	0	0	214,742
17	Loans, repo transactions-related assets, securities and other similar assets; of which:	1,750,726	33,555,119	14,264,815	70,696,491	80,291,055	1,604,138	36,050,646	9,479,036	67,856,457	76,473,110
18	Loans to- and repo transactions with- financial institutions (secured by level 1 HQLA)	0	2,501,534	0	0	266,478	0	2,238,116	0	0	46,568
19	Loans to- and repo transactions with- financial institutions (not included in item 18)	301,531	9,513,640	5,599,504	13,214,092	17,567,713	235,344	11,016,735	3,142,933	11,939,023	15,224,103
20	Loans and repo transactions-related assets (not included in item 18, 19 and 22); of which:	977,989	19,701,561	7,830,966	44,342,734	50,664,980	901,444	21,008,218	5,486,158	42,839,413	49,631,016
21	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	27,372	3,491,130	1,326,829	4,286,527	4,486,137	126	2,185,107	322,469	908,726	1,252,462
22	Residential mortgages; of which:	0	293,439	291,528	10,625,610	8,181,196	0	291,555	291,509	10,515,609	7,941,357
23	With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	0	166,105	165,540	5,715,284	3,880,758	0	160,659	160,451	6,442,214	4,347,994
24	Securities that are not in default and do not qualify as HQLA and other similar assets	471,204	1,544,942	542,816	2,514,053	3,610,686	467,349	1,496,020	558,433	2,562,410	3,630,064
25	Assets with matching interdependent liabilities	—	—	—	—	—	—	—	—	—	—
26	Other assets; of which:	9,205,877	506,292	95,961	4,011,748	13,393,597	8,895,287	384,580	87,793	3,359,756	12,487,422
27	Physical traded commodities, including gold	0				0	0				0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs (including those that are not recorded on consolidated balance sheet)				725,614	616,772				791,773	673,007
29	Derivative assets				0	0				0	0
30	Derivative liabilities (before deduction of variation margin posted)				146,686	146,686				117,541	117,541
31	All other assets not included in the above categories	9,205,877	506,292	95,961	3,139,447	12,630,138	8,895,287	384,580	87,793	2,450,441	11,696,874
32	Off-balance sheet items				119,227,142	2,363,560				114,384,923	2,302,066
33	Total required stable funding					99,584,823					94,596,759
34	Non-Consolidated net stable funding ratio (NSFR)					125.4%					129.9%

Glossary

ABL

Abbreviation for Asset Based Lending
Lending having movable assets as collateral such as accounts receivable and/or inventory.

Calculation of credit risk-weighted assets under Article 145 of the Notification

Method used for calculating the credit risk-weighted assets for the fund exposure, etc. There is a method of making the total credit risk-weighted asset of individual underlying asset of funds, etc. as the relevant exposure of the credit risk-weighted asset; or a method of applying the risk weight determined based on the formation of underlying assets to the relevant exposure.

Capital adequacy ratio notification (“the Notification”)

Administrative action or written ordinance by which the Financial Services Agency officially informs Japanese banks of regulations regarding capital adequacy ratio based on the Basel Agreement.

CCF

Abbreviation for Credit Conversion Factor
Ratio required for converting commitments and off-balance sheet items such as guarantees into on-balance sheet credit exposure equivalents.

CCP-related exposure

Exposure to a central counterparty (CCP) that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the future performance of open contracts.

CDS

Abbreviation for Credit Default Swap
Derivative transactions which transfer the credit risk.

Credit Risk Mitigation (CRM) techniques

Techniques for reducing credit risk by guarantees, collateral and purchase of credit derivatives, etc.

Credit risk-weighted assets

Total assets (lending exposures, including credit equivalent amount of off-balance sheet transactions, etc.) which is re-evaluated according to the level of credit risk.

CVA

Abbreviation for Credit Valuation Adjustment
Adjustment to a derivative price to reflect counterparty credit in the valuation of a derivative transaction.

EL

Abbreviation for Expected Loss
Average loss expected to occur over the coming one year.

Full BA-CVA

An approach for calculating CVA risk equivalent amounts. EAD of a derivative transaction, the remaining maturity, the counterparty's industry and credit rating are used as input variables and the formula specified by the authorities is used for calculation. Hedging effects of BA-CVA eligible hedging transactions are recognized.

High-quality liquid assets (HQLA)

Liquid assets that can be converted easily and immediately into cash to meet liquidity needs in a specified stress scenario for the subsequent 30 calendar days.

Internal models approach

An approach for calculating market risk equivalent amount using models unique to each bank.

LGD

Abbreviation for Loss Given Default
Percentage of loss assumed in the event of default by obligor; ratio of uncollectible amount of the exposure owned in the event of default.

Liquidity Ratio Notification

Administrative action and written ordinance for official notification to the general public of regulations concerning the LCR and NSFR of financial institutions in Japan which are decided by the Japanese Financial Services Agency based on the Basel Agreement.

Market risk equivalent amount

Pursuant to the Basel Capital Accord, the required capital amount imposed on the market-related risk calculated for the risk categories mainly in the trading book: interest rates, credit spreads, equities, foreign exchanges, and commodities.

Market-based approach

A method of calculating the risk assets of equity exposures, etc., by using the simple risk weight method or internal model method. We use the simple risk weight method for calculation of risk assets.

Net cash outflows

Net cash flows calculated as total expected cash outflows minus total expected cash inflows in a specified stress scenario for the subsequent 30 calendar days.

Object finance

Of credit provided for purchasing ships or aircraft, a type of finance for which the only source of repayments is profits generated from said tangible assets; and said tangible assets serve as collateral, and there is an appreciable extent of control over said tangible assets and profits generated from said tangible assets.

Operational risk equivalent amount

Operational risk capital requirements under the Basel Capital Accord.

Originator

The term “originator” is used in the case that we are directly or indirectly involved in the formation of underlying assets for securitisation transactions when we have securitisation exposure; or in cases of providing the back-up line for ABCP issued by the securitisation conduit for the purpose of obtaining exposure from the third party, or providing ABL to the securitisation conduit (as sponsor).

PD

Abbreviation for Probability of Default
Probability of becoming default by obligor during one year.

Phased rollout

Under the Basel Capital Accord, it is a transition made by certain group companies planning to apply the Internal Ratings-Based Approach after the implementation of such methods on a consolidated basis.

Project finance

Of credit provided for specified businesses such as electric power plants and transportation infrastructure, a type of finance for which the only source of repayments is profits generated from said businesses and tangible assets of said businesses serve as collateral, and there is an appreciable extent of control over said tangible assets and profits generated from said tangible assets.

Qualifying Revolving Retail Exposures (QRRE)

Exposure which may fluctuate up to the upper limit set forth by an agreement according to the individual's voluntary decision, such as card loan and credit card, etc., and the upper limit of the exposure without any collateral is 10 million yen or less.

Reduced BA-CVA

An approach for calculating CVA risk equivalent amounts. EAD of a derivative transaction, the remaining maturity, the counterparty's industry and credit rating are used as input variables and the formula specified by the authorities is used for calculation.

Resecuritisation transaction

Of securitisation transactions, it is a transaction with securitisation exposure for some or all of the underlying assets. However, this excludes cases such as when all of the underlying assets are securitization exposures and the bank is able to demonstrate that the cash flows to and from the bank could be replicated in all circumstances and conditions by an exposure to the securitization of a pool of assets that contains no securitization exposures, etc.

Risk capital

The amount of capital required to cover the theoretical maximum potential loss arising from risks of business operations. It differs from the minimum regulatory capital requirements, and it is being used in the risk management framework voluntarily developed by financial institutions for the purpose of internal management.

Risk weight

Indicator which indicates the extent of credit risk determined by the types of assets (claims) owned. Risk weight becomes higher for assets with high risk of default.

SA-CCR

An approach for calculating credit equivalent amounts (exposure amounts) of transactions of derivative instruments, etc. Under SA-CCR, exposure amount is calculated by multiplying 1.4 by the sum of the replacement cost calculated by mark-to-market valuation of a transaction and the amount of future exposure obtained by multiplying the notional principal by a multiplier according to instrument types and the remaining term.

Securitisation transaction

A transaction which stratifies the credit risk for the underlying assets into more than two exposures of senior/subordinated structure and has the quality of transferring part or all of the exposure to the third party.

Servicer risk

The risk of becoming unable to claim the receivables, in cases of which the bankruptcy of the supplier/servicer occurs prior to collecting receivables, in securitisation and purchased claims transactions.

Simple risk weight method

One of the market-based approaches for calculating the risk-weighted asset amount for the equity exposure, etc. by multiplying the listed shares and unlisted shares with risk weights of 300% and 400%, respectively.

Slotting criteria

For risk-weighted asset calculation under the Internal Ratings-Based (IRB) Approach, it is a method of mapping the credit rating to the risk-weight in 5 levels set forth by the Financial Services Agency for Specialised Lending.

Small-sized consolidated subsidiaries

Consolidated subsidiaries that have an extremely small impact on the level of the consolidated LCR.

Specialized Lending (SL)

General term used for project finance, object finance, commodity finance and lending for commercial real estate.

Standardised method

A method of calculating market risk equivalent amount using the formula determined by the Financial Services Agency.

The Internal Ratings-Based (IRB) Approach

An approach for calculating the risk asset by applying PD (Probability of Default) estimated internally by a financial institution which conducts sophisticated risk management. There are two methods to calculate exposures to corporate clients, etc.: the Advanced Internal Ratings-Based (AIRB) Approach and the Foundation Internal Ratings-Based (FIRB) Approach. The former uses self-estimated LGD and EAD values, while the latter uses LGD and EAD values designated by the authorities.

The Standardised Approach (SA)

An approach for calculating risk-weighted assets by multiplying credit equivalent amounts by the risk-weight designated by the authorities for each obligor classification (corporates, financial institution, sovereign, retail, etc.).

Standardised approach

A method for calculating operational risk equivalent amounts by multiplying the amount of the Business Indicator Component (BIC) by the Internal Loss Multiplier (ILM).

Underlying assets

General term used for assets which serve as the source of payments for principal and interest for securitisation exposures, etc.

VaR

Abbreviation for Value at Risk
The maximum loss that can be expected to occur with a certain degree of probability when holding a financial asset portfolio for a given amount of time.

Compensation

Sumitomo Mitsui Financial Group

■ Compensation Framework of Sumitomo Mitsui Financial Group and Its Group Companies

1. Scope of Officers, Employees and Others

The scope of officers, employees and others whose compensation is subject to disclosure under the revised Cabinet Office on Disclosure of Corporate Affairs, etc. and other ordinances are as described below.

(1) Scope of Officers

Officers subject to compensation disclosure are directors and executive officers of Sumitomo Mitsui Financial Group during the fiscal year under review (excluding outside directors).

(2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of Sumitomo Mitsui Financial Group and officers and employees of its major consolidated subsidiaries who are highly compensated and have a material influence on the business management or the assets of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries.

a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of Sumitomo Mitsui Financial Group with total assets accounting for more than 2% of the total consolidated assets of Sumitomo Mitsui Financial Group and has a material influence on the management of Sumitomo Mitsui Financial Group and its group companies. Specifically, they are Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., Limited and overseas subsidiaries such as SMBC Bank International plc.

b) Scope of highly compensated persons

A highly compensated person is an individual whose compensation paid by Sumitomo Mitsui Financial Group or its major subsidiaries is equal to or more than the base amount. The base amount of Sumitomo Mitsui Financial Group is set at ¥60 million which is based on the average amount of compensation paid to the officers of Sumitomo Mitsui Financial Group and SMBC (excluding officers appointed or retired during the fiscal year in question) over the last three fiscal years (hereinafter "executive compensation amount") and is applied to all group companies. This is because many of the officers of Sumitomo Mitsui Financial Group also serve as officers of SMBC, and their executive compensation amount is determined according to their contribution to the group as a whole. With respect to lump-sum retirement payment for officers serving in Japan, the executive compensation amount for the fiscal year in question is "(his/her executive compensation amount – lump-sum retirement payment) + (lump-sum retirement payment/years of service)" and the executive compensation amount calculated using this formula is compared to the base amount.

c) Material influence on the business management or assets of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries

A person has a material influence on the business management or assets of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries if his/her regular transactions or regular matters managed by him/her have a substantial impact on the business management of Sumitomo Mitsui Financial Group and its group companies, or losses incurred through such actions have a significant impact on the financial situation of Sumitomo Mitsui Financial Group and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries, both domestic and overseas.

2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters

(1) Establishment and Maintenance of the Compensation Committee

Sumitomo Mitsui Financial Group, as a Company with a Nomination Committee, has established a Compensation Committee to resolve the "policy to determine individual remuneration for directors and executive officers," "executive compensation programme and relevant regulations," and "individual remuneration for Sumitomo Mitsui Financial Group's directors and corporate executive officers." The Compensation Committee is a body independent from the influence of business units, chaired by an outside director, with the majority of its members being also outside directors, and tasked to determine and deliberate matters related to executive compensation of Sumitomo Mitsui Financial Group and its group companies. In addition, Sumitomo Mitsui Financial Group Compensation Committee reviews and discusses executive compensation programmes/practices of group companies of Sumitomo Mitsui Financial Group and the individual remuneration for Sumitomo Mitsui Financial Group's other executive officers. Furthermore, group companies of Sumitomo Mitsui Financial Group respect the details of the deliberations at the Compensation Committee of Sumitomo Mitsui Financial Group and determine the compensation for directors and corporate auditors within the maximum total amount of compensation approved at an ordinary general meeting of shareholders.

(2) For Employees and Others

The amount and type of compensation paid to the employees of Sumitomo Mitsui Financial Group and SMBC and the officers and employees of major consolidated subsidiaries are determined and paid according to the compensation policies established by the boards of directors of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries. Compensation systems based on the compensation policies are designed and documented by the HR departments of respective companies, independent from the influence of business units. The compensation policies of major consolidated subsidiaries are regularly reported to the HR department of Sumitomo Mitsui Financial Group for review. The amount and type of compensation for overseas officers and employees is determined and paid under the compensation system established by the relevant office or subsidiary in accordance with local laws, regulations and employment practices.

(3) Total Amount of Compensation Paid to Compensation Committee Members and Number of Compensation Committee Meetings Held

	Number of Meetings Held (April 1, 2023 to March 31, 2024)
Compensation Committee (Sumitomo Mitsui Financial Group)	7
Executive Nomination and Compensation Committee (SMBC Nikko Securities Inc.)	8

Note: The total amount of compensation is not provided because the portion of the compensation paid to a committee member for services rendered as a committee member cannot be calculated as the amount of compensation paid is based on the committee member's position in the company.

■ Assessment of Design and Operation of Compensation Structure

Compensation Policies for Officers, Employees and Others

(1) For Officers

Sumitomo Mitsui Financial Group hereby establishes the Executive Compensation Policy (the "Policy") in order to provide guiding principles for its Compensation Committee to determine individual remuneration for its directors and executive officers (the "Executives").

The Policy's aim is that executive compensation pursuant to it shall provide the appropriate incentives for the Executives to pursue our Mission while materializing our medium-/long-term vision.

<Basic Concept>

Executive compensation at SMBC Group shall be determined based on the following concept.

- I. SMBC Group's executive compensation aims at providing appropriate incentives toward the realization of our mission and our vision.
- II. SMBC Group's executive compensation shall reflect the changing business environment and the short-, medium-and long-term performance of the group, and shall account for the contribution to shareholder value, customer satisfaction, and realisation of sustainable society.
- III. Individual remuneration shall reflect the assigned roles and responsibilities as well as the performance of the respective Executive.
- IV. SMBC Group shall research and review market practices, including the use of third-party surveys, in order to provide its Executives with a competitive remuneration package.
- V. SMBC Group's executive compensation shall discourage excessive risk-taking and foster a prudent risk culture expected of a financial institution.
- VI. Both external and internal regulations/guidelines on executive compensation shall be observed and respected.
- VII. SMBC Group shall establish appropriate governance and controls of the compensation process, and shall regularly review to update its executive compensation practices according to changing market practices and/or business environment.

<Compensation Programme>

- I. SMBC Group's executive compensation programme (the "Programme") shall have three components: base salary, cash bonus, and stock compensation.
However, compensation for outside directors and Audit Committee members shall comprise base salary alone, in consideration of the nature of their role of management supervision.
- II. In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the Group, the Programme targets the variable compensation component of total remuneration (performance-linked portion, which varies in light of the business environment and performance) at 40% to 60%, in accordance with the corporate titles of each Executive, if paid at standard levels. Corresponding with performance of SMBC Group and the degree of contribution to realization of a sustainable society, the variable component could range from 0% to 150% of the standard levels, which shall be determined by corporate titles of the Executives.
- III. In order to enhance shareholding of the Executives and align their interests with shareholders, the Programme targets its stock-based compensation components at 25% to 45% of total remuneration, in accordance with the corporate titles of each Executive, if paid at standard levels.
- IV. The above target levels shall be appropriately set in accordance with the roles, responsibilities, etc. of each Executive.
- V. Base salary shall be periodically paid in cash and shall be, in principle, determined by the corporate titles of each Executive, reflecting the roles, responsibilities, etc.
- VI. Annual incentives shall be determined based on the performance of previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the degree of contribution to realization of a sustainable society, as well as on the performance of each Executive reviewed both from short-term and medium-/long-term perspectives. 70% of the determined amount shall be, in principle, paid as a cash bonus and the remaining 30% shall be paid under Stock Compensation Plan II (annual performance share plan).

a. Weight by each target index is as follows:

Target index		Weight
SMFG Net Business profit*1	Annual growth/Target achievement	50%
SMFG Net income*2	Annual growth/Target achievement	50%

*1 The Group's consolidated net business profit

*2 The Group's profit attributable to owners of parent.

*If the Compensation Committee recognizes any element other than the above mentioned target indexes which should be taken into consideration, the Compensation Committee will, if appropriate, judge the circumstances comprehensively and may adjust the compensation to be paid to the employee by a maximum of 5%, plus or minus.

b. The degree of contribution to realization of a sustainable society shall be reflected as an adjustment to the score determined in a., by a maximum of 10%, plus or minus, based on the annual progress of KPIs and results of major ESG ratings.

- VII. Stock compensation plans consist of Stock Compensation Plan I (the "Plan I"), under which the remuneration of the Executives shall be determined based on the Group's medium-term performance, etc., Stock Compensation Plan II (the "Plan II"), determined based on the Group's annual performance, etc. and Stock Compensation Plan III (the "Plan III"), determined based on corporate titles, etc.

a. Under the stock compensation plans, the Executives shall receive remuneration via shares of the Company's common stock. The transfer of such stock shall be restricted for appropriately defined periods.

b. Remuneration under Plan I shall be determined based on the Group's performance against the Medium-Term Management Plan, performance of the Company's shares, and the percentage of achievement of KPIs with respect to creating social value after the term the Group's Medium-Term Management Plan ends. 70% of the evaluation index is determined based on financial index (Medium-Term Management Plan target), 15% is determined based on share index, and 15% is determined based on non-financial index. Weight by each evaluation index is as follows:

Evaluation index *1,2		Weight
Financial index	ROCE1*3	20%
	Base expense*4	20%
	Gross profit*5	15%
	Net income	15%
Share index	TSR (Total shareholder return)	15%
Non-financial index	Create social value*6	15%

*1 (Qualitative evaluation) The Compensation Committee determines the score within a range of plus or minus 5% of such figure taking into account comprehensively two items, "Initiatives in new business areas" and "Compliance, customer-oriented initiatives, and risk management."

*2 (Knock-out provision) If the "CET1 ratio (Post-Basel III reforms basis, excluding net unrealized gains (losses) on other securities)" falls below a designated level at the end of each fiscal year, Plan I for the respective fiscal year becomes null and void.

*3 Post-Basel III reforms basis, excluding net unrealized gains (losses) on other securities

*4 General and administrative expenses excluding "revenue-linked cost," "prior investment cost" and others

*5 The Group's consolidated gross profit

*6 The Compensation Committee will determine the evaluation with respect to the "Create social value" based on the percentage of achievement of KPIs related to the environment (Financed Emissions reduction and amount of sustainability financing provided) and employees (employee engagement and DE&I) as well as the progress of initiatives with respect to the five key challenges identified by SMBC Group (i.e., environment, DE&I/human rights, declining birthrate and aging population, regrowth of Japan, and poverty and inequality).

c. Remunerations under Plan II shall be determined based on the performance of the previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the contribution to a sustainable society, as well as on the performance of each Executive reviewed both from a short-term and medium-/long-term perspectives. Remuneration paid by restricted shares, they shall effectively act as deferred compensation.

d. Remuneration under Plan III shall be determined based on corporate titles, roles, and responsibilities, etc.

VIII. In the event of material amendments to the financial statements or material reputational damages caused by the Executives, remunerations under the Plans could be reduced or fully forfeited.

IX. Notwithstanding the above, if the Compensation Committee determines that it is not appropriate to apply the above matters due to the role of an Executive in each Group company or other reasonable circumstances, or if the Compensation Committee determines that it is not appropriate to apply the above matters to an Executive domiciled outside Japan, compensation shall be designed on an individual basis and determined not only in accordance with the above Core Principles, but also with consideration to local regulations, guidelines, and other local market practices, whilst ensuring the compensation should not incentivize for excessive risk-taking.

<Governance and Control of the Compensation Processes>

Sumitomo Mitsui Financial Group, as a Company with a Nomination Committee, establishes a "Compensation Committee" to resolve the following:

- The Policy, executive compensation programme including the aforementioned compensation programme and regulations concerning the Policy
- Individual remunerations for Sumitomo Mitsui Financial Group's directors and corporate executive officers

In addition to the above, the Compensation Committee shall review and discuss the below:

- The individual remuneration for Sumitomo Mitsui Financial Group's corporate officers and other officers.
- Executive compensation programmes/practices of group companies of Sumitomo Mitsui Financial Group.

(2) For Employees and Others

In order to link the business philosophy and strategy of the company to the roles and responsibilities of employees and others, Sumitomo Mitsui Financial Group and its major consolidated subsidiaries determine the domestic compensation taking into account their job responsibilities, business performance and other factors. Compensation for employees and others are determined by the HR departments of respective SMBC Group companies by comprehensively taking into account the surrounding business environment, performance trends, pay history and other factors. Compensation policies for overseas employees are determined following the aforementioned compensation policy for employees and others in Japan as well as in accordance with local laws, regulations and employment practices.

Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance

1. Sumitomo Mitsui Financial Group and SMBC

In determining the compensation for the officers of Sumitomo Mitsui Financial Group, the details of individual compensation for directors and executive officers are determined by the mandatory Compensation Committee, where the majority of the committee members are the outside directors. The compensation for the officers of SMBC are determined within the scope approved at a shareholders' meeting with the President, delegated by the Board of Directors, determining the details of compensation for each individual, reflecting the assigned roles and responsibilities as well as achievements at SMBC, in light of the deliberations of the SMFG Compensation Committee.

In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the Group, the Programme targets the variable compensation component of total remuneration (performance-linked portion, which is variable in light of the business environment and performance) at 40% to 60%, in accordance with the corporate titles of each Executive, if paid at standard levels. The Programme shall have three components: base salary, cash bonus, and stock compensation. Cash bonus shall be determined and paid each fiscal year based on the Group's performance in the previous year, as well as on the performance of the respective Executive reviewed both from short-term and medium-/long-term perspectives. Stock compensation is determined and paid based on the progress of targets during the period of the Medium-term Management plan, performance of Sumitomo Mitsui Financial Group shares, and the results of customer satisfaction surveys, etc. Sumitomo Mitsui Financial Group and SMBC allot restricted stocks via the Plans to Executives to effectively defer part of executive compensation.

Stock Compensation Plan I involves removal of the restriction on transfer, after the expiry of Sumitomo Mitsui Financial Group's Medium-term Management Plan. In the event that the finalized amount of compensation falls short of the initially allocated amount, Sumitomo Mitsui Financial Group will retrieve all or part of the allotted shares at nil cost in the case the final amount falls below the initial amount.

Stock Compensation Plan II involves step-by-step removal of the restriction on transfer, one third in each year over the three years following the payment.

Stock Compensation Plan III involves removal of the restriction on transfer, either 30 years after payment or at the time of retirement from the position of officer.

In addition, Sumitomo Mitsui Financial Group and SMBC introduced the malus (forfeiture) of restricted stock and the clawback of vested stock allocated to the Executives under the Plans in order to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution. Provisions on malus and clawbacks are included in the Allotment Agreement and they shall be exercised in the event of material amendments to the financial statements or material reputational damage caused by the Executives after thorough review at the Compensation Committee.

In addition, in determining the compensation for employees, their job responsibilities and business performance are taken into account. For variable compensation, in order to avoid an excessive result-oriented approach, it is determined after comprehensive evaluation based on not only short-term performance results but also qualitative evaluation. Compensation is individually designed with consideration to local regulations, guidelines, and other market practices, whilst ensuring the compensation should not incentivize for excessive risk-taking.

2. Other Major Consolidated Subsidiaries

The compensation for officers and employees of other major subsidiaries of Sumitomo Mitsui Financial Group are determined by comprehensively taking into account the assessment of the subsidiaries' medium- and long-term earnings, and in the case of an overseas subsidiary, local laws, regulations and employment practices, and a compensation structure that could affect the risk management of SMBC Group has not been adopted. While terms of employment presented at the time of recruitment may

include the minimum amount of compensation within a reasonable scope under local practice, the compensation structure is designed to avoid an excessive result-oriented approach. In addition, expenses for employee retention are recorded for employees of certain major consolidated subsidiaries.

■ Type, Total Amount Paid, and Payment Method of Compensation for Officers, Employees and Others of Sumitomo Mitsui Financial Group and Its Group Companies

Compensation, etc. allocated to the applicable fiscal year

(Headcount, millions of yen)

Item No.		(a)	(b)
		Officers	Employees and others
1	Number of applicable officers, employees and others	21	723
2	Total fixed compensation (3+5+7)	1,289	34,427
3	of which: cash compensation	1,149	33,576
4	of which in 3: deferred amount	—	—
5	of which: amount of stock compensation or stock-linked compensation	80	390
6	of which in 5: deferred amount	80	390
7	of which: other compensation	60	461
8	of which in 7: deferred amount	—	—
9	Number of applicable officers, employees and others	19	716
10	Total variable compensation (11+13+15)	1,205	30,038
11	of which: cash compensation	391	27,518
12	of which in 11: deferred amount	—	4,572
13	of which: amount of stock compensation or stock-linked compensation	814	2,519
14	of which in 13: deferred amount	814	1,599
15	of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—
17	Number of applicable officers, employees and others	—	590
18	Amount of retirement allowance	—	2,844
19	of which: deferred amount	—	37
20	Number of applicable officers, employees and others	—	30
21	Amount of other compensation	—	211
22	of which: deferred amount	—	4
23	Total compensation, etc. (2+10+18+21)	2,495	67,520

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

Special compensation, etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	18	1,650	10	386	4	259

■ Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,189	1,033	—	404	1,387
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	9,224	2,089	—	—	2,788
	Amount of stock compensation or stock-linked compensation	4,278	4,193	—	284	1,346
	Amount of other compensation	—	—	—	—	27
Total amount		14,692	7,316	—	689	5,550

Compensation

Sumitomo Mitsui Banking Corporation (SMBC) and Its Group Companies

■ Compensation Framework of SMBC Group

1. Scope of Officers and Employees

The scope of officers, employees and others whose compensation is subject to disclosure under the revised Cabinet Office on Disclosure of Corporate Affairs, etc. and other ordinances are as described below.

(1) Scope of Officers

Officers subject to compensation disclosure are directors and corporate auditors of SMBC during the fiscal year under review.

(2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of SMBC and officers and employees of its major consolidated subsidiaries who are highly compensated and have a material influence on the business management or the assets of SMBC and its major consolidated subsidiaries.

a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of SMBC with total assets accounting for more than 2% of the total consolidated assets of SMBC and has a material influence on the management of SMBC and its group companies. Specifically, they are Ltd. and overseas subsidiaries such as SMBC Bank International plc.

b) Scope of highly compensated persons

A highly compensated person is an individual whose compensation paid by SMBC or its major subsidiaries is equal to or more than the base amount. The base amount of SMBC is set at ¥60 million which is based on the average amount of compensation paid to the officers of Sumitomo Mitsui Financial Group and SMBC (excluding officers appointed or retired during the fiscal year in question) over the last three fiscal years (hereinafter “executive compensation amount”) and is applied to all group companies. This is because many of the officers of Sumitomo Mitsui Financial Group also serve as officers of SMBC, and their executive compensation amount is determined according to their contribution to the group as a whole. With respect to lump-sum retirement payment for officers serving in Japan, the executive compensation amount for the fiscal year in question is “(his/her executive compensation amount – lump-sum retirement payment) + (lump-sum retirement payment/years of service)” and the executive compensation amount calculated using this formula is compared to the base amount.

c) Material influence on the business management or assets of SMBC and its major consolidated subsidiaries

A person has a material influence on the business management or assets of SMBC and its major consolidated subsidiaries if his/her regular transactions or regular matters managed by him/her have a substantial impact on the business management of SMBC and its group companies, or losses incurred through such actions have a significant impact on the financial situation of SMBC and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of SMBC and its major consolidated subsidiaries, both domestic and overseas.

2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters

(1) Determination of compensation for officers

Compensation for SMBC’s Directors (excluding members of the Audit and Supervisory Committee) is determined within the limit approved at a shareholders’ meeting with the President, delegated by the Board of Directors, determining the amount of compensation for each individual, reflecting the assigned roles and responsibilities as well as achievements at SMBC, in light of the deliberations of the SMFG Compensation Committee.

The details of the above determination are reported to SMBC’s Audit and Supervisory Committee.

Individual compensation for Directors who are members of the Audit and Supervisory Committee is determined within the scope approved at a shareholders’ meeting, through discussion by Directors who are members of the Audit and Supervisory Committee.

(2) Determination of compensation for employees

Compensation for employees is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters (2) For Employees and Others” on page 318).

■ Assessment of Design and Operation of Compensation Structure

Compensation Policy

Compensation Policies for Officers, Employees and Others

(1) For Officers

Sumitomo Mitsui Banking Corporation hereby establishes the Executive Compensation Policy (the “Policy”) in order to provide guiding principles for its Compensation Committee to determine individual remuneration for its directors and executive officers (the “Executives”).

The Policy’s aim is that executive compensation pursuant to it shall provide the appropriate incentives for the Executives to pursue our Group Mission while materializing our medium-/long-term vision.

<Basic Concept>

Executive compensation at SMBC shall be determined based on the following concept.

- I. SMBC Group’s executive compensation aims at providing appropriate incentives toward the realization of our mission and our vision.
- II. SMBC Group’s executive compensation shall reflect the changing business environment and the short-, medium- and long-term performance of the group, and shall account for the contribution to shareholder value, customer satisfaction, and realization of sustainable society.
- III. Individual remuneration shall reflect the assigned roles and responsibilities as well as the performance of the respective Executive.
- IV. SMBC Group shall research and review market practices, including the use of third-party surveys, in order to provide its Executives with a competitive remuneration package.
- V. SMBC Group’s executive compensation shall discourage excessive risk-taking and foster a prudent risk culture expected of a financial institution.
- VI. Both external and internal regulations/guidelines on executive compensation shall be observed and respected.
- VII. SMBC Group shall establish appropriate governance and controls of the compensation process, and shall regularly review to update its executive compensation practices according to changing market practices and/or business environment.

<Compensation Programme>

- I. SMBC Group’s executive compensation programme (the “Programme”) shall have three components: base salary, cash bonus, and stock compensation. However, compensation for outside directors and Audit Committee members shall comprise base salary alone, in consideration of the nature of their role of management supervision.
- II. In order to hold the Executives accountable and provide them with appropriate incentives for the performance of the Group, the Programme targets the variable compensation component of total remuneration (performance-linked portion, which varies in light of the business environment and performance) at 40% to 60%, in accordance with the corporate titles of each Executive, if paid at standard levels. Corresponding with performance of SMBC Group and the degree of contribution to realization of a sustainable society, the variable component could range from 0% to 150% of the standard levels, which shall be determined by corporate titles of the Executives.
- III. In order to enhance shareholding of the Executives and align their interests with shareholders of Sumitomo Mitsui Financial Group (“SMFG”), the parent, the Programme targets its stock-based compensation components of SMFG stocks at 25% to 45% of total remuneration in accordance with the corporate titles of each Executive, if paid at standard levels.
- IV. The above target levels shall be appropriately set in accordance with the roles, responsibilities, etc. of each Executive.
- V. Base salary shall be periodically paid in cash and shall be, in principle, determined by the corporate titles of each Executive, reflecting the roles, responsibilities, etc.
- VI. Annual incentives shall be determined based on the performance of previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the degree of contribution to realization of a sustainable society, as well as on the performance of each Executive reviewed both from short-term and medium-/long-term perspectives. 70% of the determined amount shall be, in principle, paid as a cash bonus and the remaining 30% shall be paid under Stock Compensation Plan II (annual performance share plan).

a. Weight by each target index is as follows:

Target index		Weight
SMBC Banking profit*1	Annual growth/Target achievement	50%
SMBC Net income (Pre-Tax)*2	Annual growth/Target achievement	25%
SMFG Net income*3	Annual growth/Target achievement	25%

*1 Adding cooperated profit and loss recorded by SMBC Group companies, etc. in a managerial accounting basis to business profit at and Sumitomo Mitsui Banking Corporation.

*2 Income before income taxes at Sumitomo Mitsui Banking Corporation.

*3 The Group’s profit attributable to owners of parent.

*If the SMFG Compensation Committee recognizes any element other than the above mentioned target indexes which should be taken into consideration, the SMFG Compensation Committee will, if appropriate, judge the circumstances comprehensively and may adjust the compensation to be paid to the employee by a maximum of 5%, plus or minus.

- b. The degree of contribution to realization of a sustainable society shall be reflected as an adjustment to the score determined in a., by a maximum of 10%, plus or minus, based on the annual progress of KPIs and results of major ESG ratings.

VII. Stock compensation plans consist of Stock Compensation Plan I (the "Plan I"), under which the remuneration of the Executives shall be determined based on the Group's medium-term performance, etc., Stock Compensation Plan II (the "Plan II"), determined based on the Group's annual performance, etc. and Stock Compensation Plan III (the "Plan III"), determined based on corporate titles, etc.

- a. Under the stock compensation plans, the Executives shall receive remuneration via shares of the SMFG's common stock. The transfer of such stock shall be restricted for appropriately defined periods.
- b. Remuneration under Plan I shall be determined based on the Group's performance against the Medium-Term Management Plan, performance of the Company's shares, and the percentage of achievement of KPIs with respect to creating social value after the term the Group's Medium-Term Management Plan ends. 70% of the evaluation index is determined based on financial index (Medium-Term Management Plan target), 15% is determined based on share index, and 15% is determined based on non-financial index. Weight by each evaluation index is as follows:

Evaluation index *1,2		Weight
Financial index	ROCE1*3	20%
	Base expense*4	20%
	Gross profit*5	15%
	Net income	15%
Share index	TSR (Total shareholder return)	15%
Non-financial index	Create social value*6	15%

*1 (Qualitative evaluation) The Compensation Committee determines the score within a range of plus or minus 5% of such figure taking into account comprehensively two items, "Initiatives in new business areas" and "Compliance, customer-oriented initiatives, and risk management."

*2 (Knock-out provision) If the "CET1 ratio (Post-Basel III reforms basis, excluding net unrealized gains (losses) on other securities)" falls below a designated level at the end of each fiscal year, Plan I for the respective fiscal year becomes null and void.

*3 Post-Basel III reforms basis, excluding net unrealized gains (losses) on other securities

*4 General and administrative expenses excluding "revenue-linked cost," "prior investment cost" and others

*5 The Group's consolidated gross profit

*6 The Compensation Committee will determine the evaluation with respect to the "Create social value" based on the percentage of achievement of KPIs related to the environment (Financed Emissions reduction and amount of sustainability financing provided) and employees (employee engagement and DE&I) as well as the progress of initiatives with respect to the five key challenges identified by SMBC Group (i.e., environment, DE&I/human rights, declining birthrate and aging population, regrowth of Japan, and poverty and inequality).

- c. Remunerations under Plan II shall be determined based on the performance of the previous fiscal year of SMBC Group and the business unit each Executive is accountable for, the contribution to a sustainable society, as well as on the performance of each Executive reviewed both from a short-term and medium-/long-term perspectives. Remuneration paid by restricted shares, they shall effectively act as deferred compensation.

- d. Remuneration under Plan III shall be determined based on corporate titles, roles, and responsibilities, etc.

VIII. In the event of material amendments to the financial statements or material reputational damages caused by the Executives, remunerations under the Plans could be reduced or fully forfeited.

IX. Notwithstanding the above, if the SMFG Compensation Committee determines that it is not appropriate to apply the above matters due to the role of an Executive in each Group company or other reasonable circumstances, or if the SMFG Compensation Committee determines that it is not appropriate to apply the above matters to an Executive domiciled outside Japan, compensation shall be designed on an individual basis and determined not only in accordance with the above Core Principles, but also with consideration to local regulations, guidelines, and other local market practices, whilst ensuring the compensation should not incentivize for excessive risk-taking.

<Governance and Control of the Compensation Processes>

- I. This Policy is determined at SMBC's Board of Directors in light of the "Executive Compensation Policy" determined by SMFG Compensation Committee.
- II. Compensation for SMBC's Directors (excluding members of the Audit and Supervisory Committee) is determined within the limit approved at a shareholders' meeting with the President, delegated by the Board of Directors, determining the amount of compensation for each individual, reflecting the assigned roles and responsibilities as well as achievements at SMBC, in light of the deliberations of the SMFG Compensation Committee.
- III. The details of the determination in II above are reported to SMBC Audit and Supervisory Committee.
- IV. The specific amount, payment period, and method of compensation for SMBC's executive officers is determined by the President, reflecting the assigned roles and responsibilities as well as achievements at SMBC.
- V. Individual compensation for Directors who are members of the Audit and Supervisory Committee is determined within the limit approved at a shareholders' meeting, through discussion by Directors who are members of the Audit and Supervisory Committee.

Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance

Consistency between compensation structure and risk management and link between compensation and performance is stated in "Compensation" of Sumitomo Mitsui Financial Group (please refer to "Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance" on page 320).

Type, Total Amount Paid, and Payment Method of Compensation for Officers, Employees and Others of SMBC and Its Group Companies

1. Compensation Allocated in the Applicable Fiscal Year (SMBC consolidated)

Item No.		(Headcount, millions of yen)	
		(a) Officers	(b) Employees and others
1	Number of applicable officers, employees and others	18	694
2	Total fixed compensation (3+5+7)	1,042	33,268
3	of which: cash compensation	955	32,371
4	of which in 3: deferred amount	—	—
5	of which: amount of stock compensation or stock-linked compensation	55	407
6	of which in 5: deferred amount	55	407
7	of which: other compensation	31	490
8	of which in 7: deferred amount	—	—
9	Number of applicable officers, employees and others	17	687
10	Total variable compensation (11+13+15)	888	28,843
11	of which: cash compensation	302	26,306
12	of which in 11: deferred amount	—	4,434
13	of which: amount of stock compensation or stock-linked compensation	586	2,536
14	of which in 13: deferred amount	586	1,615
15	of which: amount of other compensation	—	—
16	of which in 15: deferred amount	—	—
17	Number of applicable officers, employees and others	—	589
18	Amount of retirement allowance	—	2,807
19	of which: deferred amount	—	—
20	Number of applicable officers, employees and others	—	30
21	Amount of other compensation	—	211
22	of which: deferred amount	—	4
23	Total compensation, etc. (2+10+18+21)	1,930	65,130

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

2. Special Compensation, Etc.

	(Headcount, millions of yen)					
	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	18	1,650	10	386	4	259

1. Compensation Allocated in the Applicable Fiscal Year (SMBC non-consolidated)

(Headcount, millions of yen)

Item No.			(a)	(b)
			Officers	Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	18	694
2		Total fixed compensation (3+5+7)	1,042	33,268
3		of which: cash compensation	955	32,371
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	55	407
6		of which in 5: deferred amount	55	407
7		of which: other compensation	31	490
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	17	687
10		Total variable compensation (11+13+15)	888	28,843
11		of which: cash compensation	302	26,306
12		of which in 11: deferred amount	—	4,434
13		of which: amount of stock compensation or stock-linked compensation	586	2,536
14		of which in 13: deferred amount	586	1,615
15	of which: amount of other compensation	—	—	
16	of which in 15: deferred amount	—	—	
17	Retirement allowance	Number of applicable officers, employees and others	—	589
18		Amount of retirement allowance	—	2,807
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	30
21		Amount of other compensation	—	211
22		of which: deferred amount	—	4
23	Total compensation, etc. (2+10+18+21)		1,930	65,130

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

2. Special Compensation, Etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	18	1,650	10	386	4	259

■ Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

Amount of Deferred Compensation, Etc. (SMBC consolidated)

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,058	909	—	261	873
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	9,198	2,089	—	—	2,780
	Amount of stock compensation or stock-linked compensation	4,331	4,251	—	294	1,358
	Amount of other compensation	—	—	—	—	27
Total amount		14,589	7,250	—	555	5,039

Amount of Deferred Compensation, Etc. (SMBC non-consolidated)

Deferred compensation, etc.

(Millions of yen)

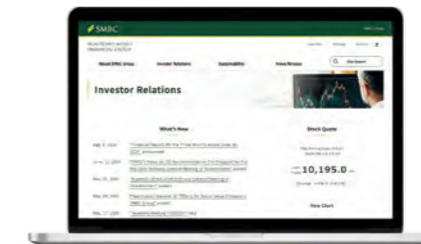
		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,058	909	—	261	873
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	9,198	2,089	—	—	2,780
	Amount of stock compensation or stock-linked compensation	4,331	4,251	—	294	1,358
	Amount of other compensation	—	—	—	—	27
Total amount		14,589	7,250	—	555	5,039



SMBC Group Home Page
<https://www.smfg.co.jp> (Japanese)
<https://www.smfg.co.jp/english/> (English)



**Medium-term Management Plan
-Toward "Fulfilled Growth"-**
<https://www.smfg.co.jp/fulfilledgrowth/article/005/> (Japanese)



Investor Relations
<https://www.smfg.co.jp/investor/> (Japanese)
<https://www.smfg.co.jp/english/investor/> (English)



Sustainability
<https://www.smfg.co.jp/sustainability/> (Japanese)
<https://www.smfg.co.jp/english/sustainability/> (English)



DX-link
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