

Sumitomo Mitsui Financial Group, Inc.

Summary

Issuer Rating	A (SMFG) A (SMBC)
Outlook	Stable
Location	Japan
Industry	Banking
Date	18 September 2026

Key Figures of SMFG

(JPY trillion)	FY2024	FY2025
Total Assets	306.3	328.5
Loans and Bills Discounted	111.1	117.6
Common Equity Tier 1 Ratio	12.4%	12.4%
Total Capital Adequacy Ratio	15.2%	15.7%
Non-performing Loan Ratio	0.7%	1.0%
Return on Assets	0.4%	0.5%
Loans to Deposits Ratio	64.8%	63.4%

Source: SMFG and Lianhe Global's calculations

Lianhe Ratings Global Limited has assigned 'A' global scale Long-term Issuer Credit Ratings with Stable Outlook to Sumitomo Mitsui Financial Group, Inc. ("SMFG") and its subsidiary bank, Sumitomo Mitsui Banking Corporation ("SMBC").

Summary

The Issuer Ratings of SMFG and its subsidiary bank, SMBC, reflect SMFG's strong franchise, adequate capitalization and resilient funding and liquidity profile. The ratings also consider its adequate profitability and stable asset quality. In addition, we expect a high possibility of extraordinary support to be provided by the Japanese government, if needed, considering SMFG's strong market presence in Japan's banking system. The ratings assigned are based on SMFG's consolidated profile.

The Stable Outlook reflects our expectation that SMFG will maintain prudent risk management and sound capitalization, while preserving sufficient liquidity buffers to withstand adverse market movements.

Rating Rationale

Strong Franchise with Broad Business Coverage: SMFG, one of Japan's top three financial institutions, has developed operations across a wide range of fields, including banking, leasing, securities, credit cards, and consumer finance, enabling integrated strategies and broad business coverage. SMFG's total assets and deposits steadily increased to JPY327.5 trillion and JPY186.8 trillion respectively as of end-June 2026 on a consolidated basis.

Integrated Management Drives Growth: To strengthen group-wide management, SMFG has established four business units to implement group-wide strategies for each segment. At the head office, the group's CxO system designates the managers responsible for each type of management and planning task, promoting the sharing of management resources and optimizing the allocation of resources across the group.

Prudent Growth Strategy Sustains Quality: SMFG has pursued a prudent loan growth strategy, with domestic lending expanding on strong corporate funding demand, while overseas loans remained diversified across Asia, the Americas, and EMEA. SMBC's loan balance reached JPY113.4 trillion as of end-June 2026, representing a 6.7% year-on-year increase. The consolidated non-performing loan ratio remained low at 0.81% as of end-June 2026, compared with 0.67% as of end-March 2025. In addition, the group's securities portfolio stood at about JPY40 trillion as of end-June 2026, comprising a substantial holding of Japanese government bonds and foreign bonds, providing stable income and liquidity flexibility.

Adequate Capital Position: SMFG continued to prioritize the efficient deployment of risk-weighted assets to balance stability and profitability, with ongoing earnings accumulation and hybrid capital issuance underpinning its capital position. As of end-June 2026, SMFG's total capital ratio stood at 16.24% and its common equity Tier 1 ratio at 12.63%, reflecting stable and adequate capitalization.

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Applicable Criteria

[Banking Rating Criteria](#)
(20 March 2023)

Higher Profitability on Strong Core Business Performance: SMFG's broad revenue base across domestic and overseas operations, supported by multiple business divisions, underpinned its adequate profitability. With continued strong core business performance, particularly in Japan, under a favorable business environment, SMFG's net income rose strongly to JPY1.6 trillion in FY2025, while return on assets improved to 0.5% in FY2025 from 0.4% in FY2024.

Strong Funding Capability and Liquidity: SMFG's robust deposit-gathering capability supported reliable, low-cost funding, with a consolidated loans-to-deposits ratio staying at around 60% at end-June 2026. In addition, SMFG secured mid- to long-term market funding to supplement foreign-currency deposits, while maintaining high-liquidity assets such as government bonds to enhance its resilience to market volatility.

Rating Sensitivities

We would consider downgrading SMFG's and SMBC's ratings if there is 1) significant deterioration in capital adequacy and liquidity, or 2) notable deterioration in asset quality and profitability, or 3) perceived lower possibility of government support, or 4) a downgrade in our internal credit assessment on the Japanese government.

We would consider upgrading SMFG's and SMBC's ratings if there is 1) a notable improvement in financial metrics, particularly in capital adequacy and profitability, or 2) perceived higher possibility of government support, or 3) an upgrade in our internal credit assessment on the Japanese government.

Company Profile

SMFG was established in 2002 as the holding company of the SMBC Group. Listed on both the Tokyo Stock Exchange and the New York Stock Exchange, it provides comprehensive financial services through subsidiaries, including SMBC, SMBC Trust Bank Ltd., SMBC Nikko Securities Inc., Sumitomo Mitsui Card Company, Limited, and SMBC Consumer Finance Co., Ltd.

SMBC Group has developed operations across a wide range of fields, including banking, leasing, securities, credit cards, and consumer finance. It pursues sustainable profit growth and global competitiveness by reallocating its business portfolio from low-margin segments to high-margin and asset-light areas such as investment banking, transaction banking, and wealth management. The group has established a nationwide and global footprint, including SMBC's 455 domestic branches and overseas operations spanning Asia, EMEA and the Americas.

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