



SMBC Group's Multi-Franchise Strategy in Asia

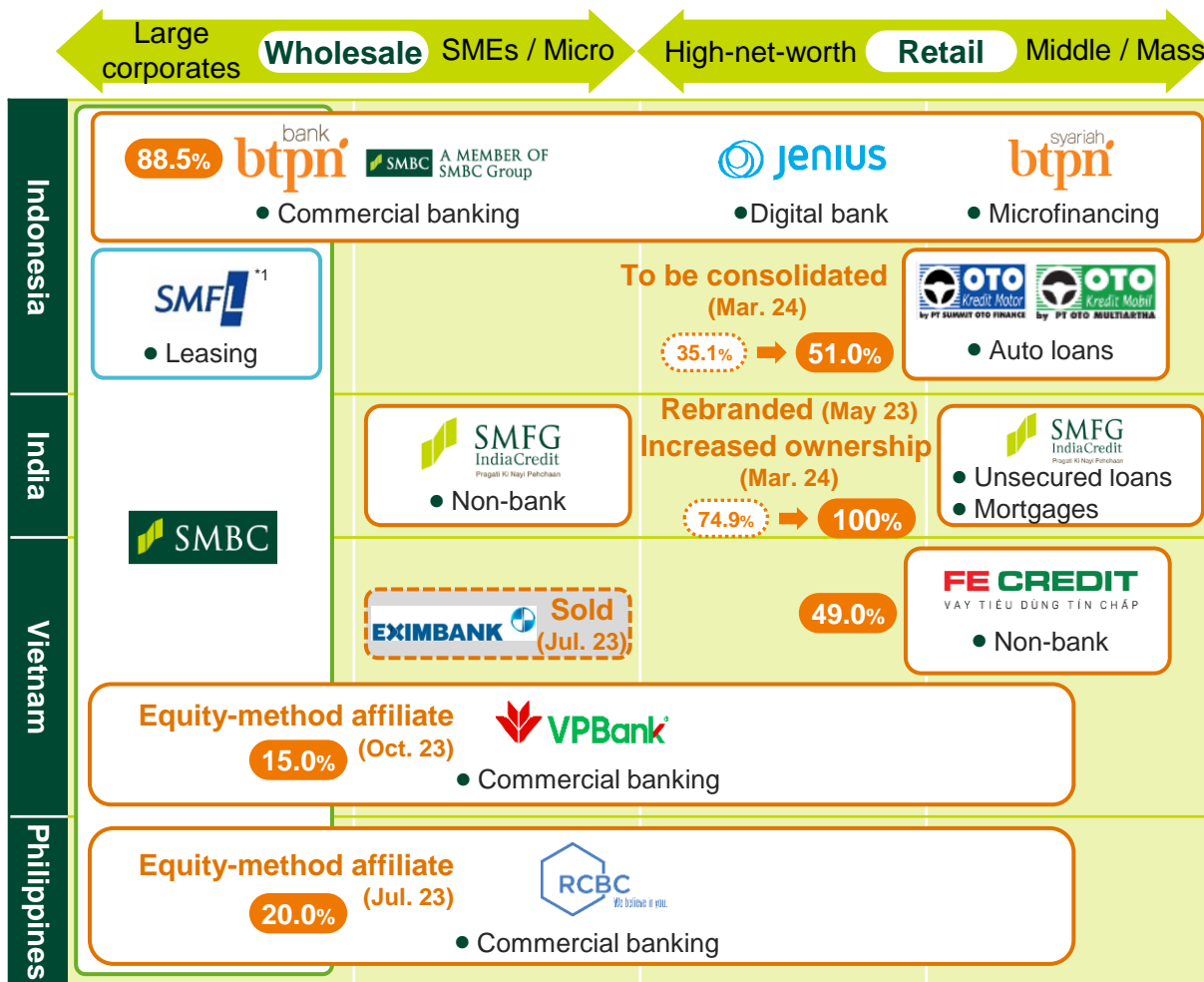
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FINANCIAL GROUP

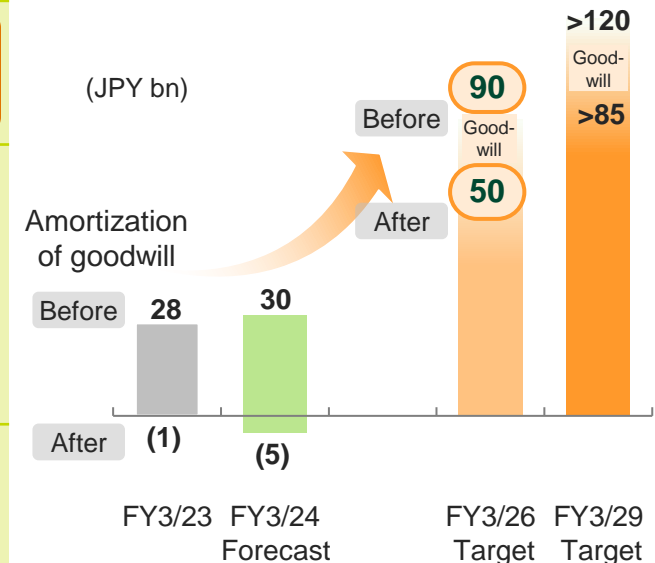
Initiatives in FY3/24 and future directions

Aim to become a top-tier player in each country by enhancing our business platform through post-merger integration including additional investments: capital support, governance framework enhancement, and business collaboration.



Bottom-line profit contribution

- Lower than initial plan in FY3/24 due to an increase in credit cost from COVID-19
- Targets after FY3/26 remained unchanged by seeking recovery through the implementation of strategic measures and support from, and collaborations with, SMBC Group



*1 PT SMFL Leasing Indonesia

Financial results (consolidated)*1

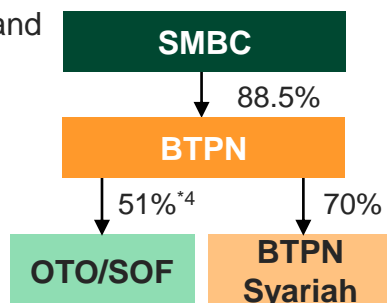
- Loan balance increased steadily
- Credit costs increased in BTPN Syariah due to the aftermath of COVID-19

(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 costs	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
ROCET1*3	-	-	-	13.5%

+7.1%²

Pursue group synergy

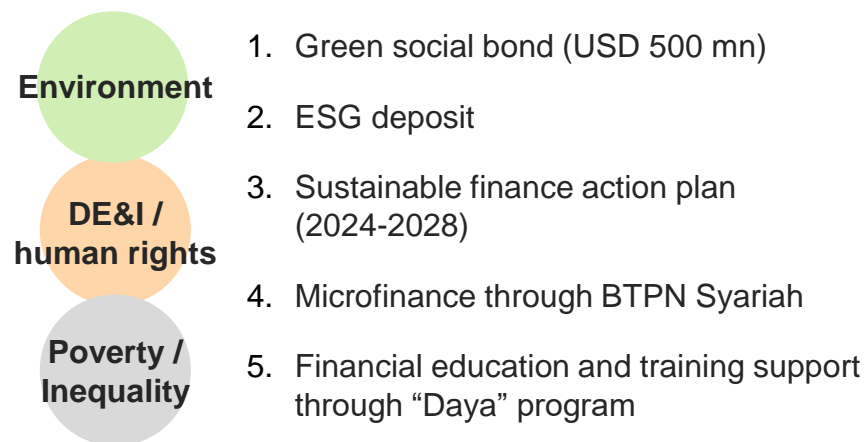
- Create new revenue sources and improve operational efficiency by collaboration among OTO/SOF and BTPN Syariah
- Enhance governance of BTPN Group



Key initiatives: Enhance SME and retail

- **Digital bank “Jenius”**
: Expand product lineups (credit card, BNPL), improve customer experience, and promote cross-selling
- **Digital service for SME “TouchBiz”**
: Enhance product lineups and functions (launched invoice financing)
- **Consolidation of OTO/SOF**
: Enhance retail loan business by group collaboration (joint financing, cross-selling of Jenius, joint branch)

Create social value



*1 Local accounting basis, TTM as of Dec.20 IDR1=0.0074, Dec.21 IDR1=0.0081, Dec.22 IDR1=0.0085, Dec.23 IDR1= 0.0091

*2 Local currency basis *3 Investment profitability of SMFG *4 After consolidation of OTO/SOF

Financial results*1

- Loan balance increased as recovering from COVID-19
- Completed transition to SMFG brand

(JPYbn)	2020	2021	2022	Apr.-Dec. 2023
Gross Profit	48.1	40.8	58.8	61.8
Expense	18.0	23.5	33.8	35.2
Credit costs	54.4	15.5	9.5	16.3
Net Business Profit	(18.3)	1.2	11.6	8.3
ROE	(23.8%)	2.0%	14.7%	12.0%
				+16.1%*2
Loans	378.2	411.4	596.7	726.5
Total assets	419.3	441.4	666.7	817.4
ROCE1*3	-	-	-	26.3%

Conversion into a wholly owned subsidiary

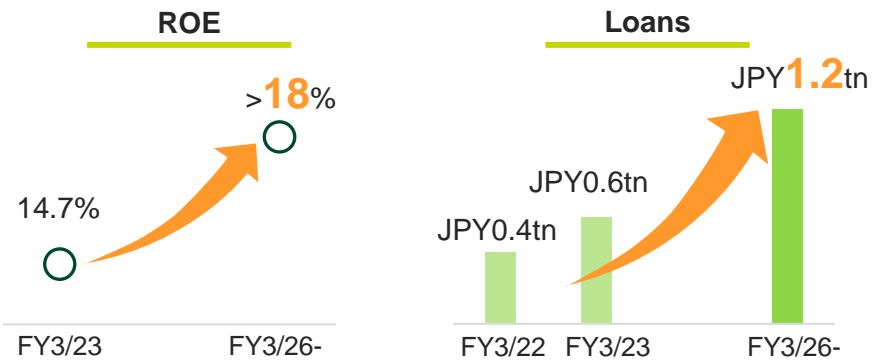
Overview	<ul style="list-style-type: none"> • Acquired remaining 25.1% stake in SMICC for USD 0.7 bn on Mar.24
Strategic rationale	<ul style="list-style-type: none"> • Accelerate Multi-Franchise strategy in Asia • Capture growth in retail and SME businesses

(Ref.) Business segment*4

Urban: 43%, Rural: 20%, Digital: 18%, Mortgage loan: 19%

Major initiatives

- Expand branch network (rural / mortgage loan)
- Enhance product lineups by utilizing digital channel
- Funding Support (debt / equity)



Create social value

- Contribute to the community and society mainly in rural areas through microfinance and CSR activities



*1 TTM as of Mar.21 INR1=1.51, Mar.22 INR1=1.62, Mar.23 INR1=1.63, Dec.23 INR1=1.71

*2 Local currency basis *3 Investment profitability of SMFG *4 Loan composition as of Dec.23

Vietnam: VPBank / FE Credit

Financial results (VPBank: top, FE Credit: bottom)*1

- Loan shows strong growth, while profitability has declined due to weak economy

(JPY bn)	2020	2021	2022	Jan.-Sep. 2023
Gross Profit	175.6	221.5	323.7	222.1
Expense	51.3	53.6	79.0	62.8
Credit costs	65.8	96.1	125.8	108.7
Net Business Profit	46.9	57.4	94.7	39.8
ROE	22.0%	18.1%	20.3%	8.0%
Loans	1,453.0	1,920.1	2,686.6	3,425.0
Total assets	1,885.6	2,737.0	3,533.7	4,759.3

- Credit cost increased and new loan decreased due to weak economy.

(JPY bn)	2020	2021	2022	Jan.-Sep. 2023
Gross Profit	78.4	76.6	84.9	49.8
Expense	22.7	23.4	34.3	21.7
Credit costs	42.7	57.8	75.3	61.6
Net Business Profit	13.4	0.6	(13.3)	(18.3)
ROE	21.2%	0.8%	(16.5%)	(38.9%)
Loans	297.2	377.1	385.4	351.9
Total assets	330.3	388.1	428.2	370.9

Major initiatives

VPBank

- Enhance foreign direct investment (FDI), retail and SME businesses
- Expand ecosystem of VPBank group
- Develop business by data analysis and digitalization

FE Credit

- Acquire new customer and enhance cross-selling by accelerating digitalization of products and channels.

Partnership to build solid business platform

- Provide SMBC's corporate clients with services unique to local financial institutions
- Support offshore funding
- Support recovery of FE Credit together with VPBank

APExS (Asia Partners Executive Summit) (Jan.24)



Top management meeting to discuss creating synergy. CEO of VPBank joined for the first time this year.

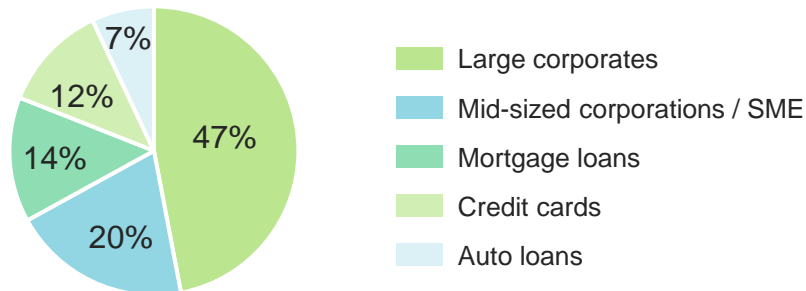
*1 Local accounting basis. TTM as of Dec.20 VND1=0.0045, Dec.21 VND1=0.0050, Dec.22 VND1=0.0056, Sep.23 VND1=0.0061 *2 Local currency basis

Financial results*¹

- **Loan balance increased sharply in FY23**
- **Profit increased** while ROE declined due to rise of funding cost

(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 costs	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%
				+15.0% ²
Loans	1,061.2	1,211.2	1,330.1	1,663.8
Total assets	1,667.7	2,158.0	2,746.8	3,170.1
ROCET1^{*3}	-	-	-	49.6%

Loan breakdowns (as of Dec. 23)



Major initiatives

- Attract and acquire new customers from target segments (affluent, SME, etc.)
- Best Customer Experience to enhance cross-selling
- Increase CASA deposit with data driven marketing and payroll customer base
- Use of digital and AI to enhance operational efficiency and build digital loan business
- Expand earning assts (scale up new consumer products)

Support from SMBC Group

Enhance business collaboration under Alliance Committee

- Customer referral leveraging each strength
- Funding support
 - Syndicated loan arranged by SMBC
 - Sustainability bond issuance arranged by SMBC Nikko
- Knowledge sharing
 - Project finance, consulting, risk management, etc.
 - New product launched e.g. employee marketing, RV loan

*1 TTM as of Dec.20 PHP1=2.16, Dec.21 PHP1=2.25, Dec.22 PHP1=2.38, Dec.23 PHP1=2.55

*2 Local currency basis *3 Investment Profitability of SMFG, annualized basis

(Appendix) Initiatives in inorganic strategy

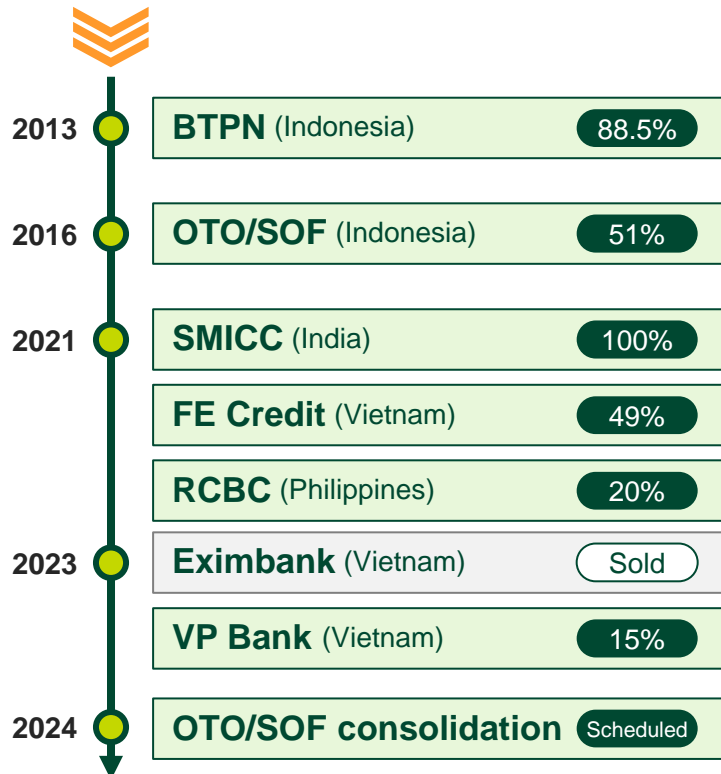
Investment target

1 Businesses / assets with high asset and capital efficiency

Goshawk (SMBCAC), Kenedix (SMFL)

2 Platform for the future

Multi-Franchise Strategy in Asia^{*1}, Jefferies



Strict discipline

Investment criteria

Alignment with our strategy

Select deals in our strategic areas of “Expand franchise in Asia”, “Expand asset-light businesses”, etc.

Profitability

Evaluate by ROCET1 and ROE

Manageable risk

Assess risks in due diligence with Second Line departments

(Ref.) Framework of profitability

$$\text{ROCET1} \left(\frac{\text{Profit before amortization of goodwill}}{\text{Risk-adjusted capital}^{*2}} \right) \geq 9.5\%$$

Assess mid- to long-term ROE to secure profitability for deals with large burden of goodwill

Review existing portfolio

SMFL deconsolidation (2018)	Regional bank (2018)
Moelis (US) (2021)	Barclays (UK) (2021)
AIM (UK) (2022)	Eximbank (Vietnam) (2023)
SMBC RS (US) (2023)	

*1 Ownership ratio in latest figure. Figure of OTO/SOF is after consolidation by BTPN.

*2 Estimate 10% of RWA of investee as risk-adjusted capital.