

Wholesale Business Unit



The Wholesale Business Unit contributes to the development of the Japanese economy by providing financial solutions that respond to the diverse needs of domestic companies in relation to financing, investment management, M&A advisory, and leases through a united Group effort.

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The operating environment for financial institutions is transforming rapidly as indicated by changes in economic and financial circumstances and reforms to customer business models stimulated by progress in the digitalization trend.

Even in the midst of such constant changes to customer business models, the Wholesale Business Unit has remained focused on developing frameworks for providing customers with high levels of value through a united Group effort.

Going forward, we will further improve our strengths, including our keen ability to make proposals, speed, and pioneering spirit, while sharing management resources among Group companies to provide high-value-added, customer-oriented solutions.

As a business unit that develops operations in our mother market of Japan, we will give each of our corporate clients our full attention, grow with them, and contribute to the development of the Japanese economy.

Review of FY2018

In FY2018, high levels of net business profit and ROE were achieved with figures of ¥484.9 billion and 12.1%, respectively. This achievement can be attributed to higher non-interest income at SMBC following profit structure reforms as well as growth in the investment bank operations of SMBC Nikko Securities. These factors counteracted the decline in domestic loans and investment management income at SMBC that was a result of Japan's negative interest rate policy and intense competition.

In addition, we were No. 1 in terms of the number of M&A advisory deals for the second consecutive year and also became No. 1 in the number of initial public offerings in which we were the lead underwriter. These accomplishments indicated the steady growth of the Wholesale Business Unit's underlying strength.

Contribution to Consolidated Net Business Profit



	FY2018	Increase (Decrease) ¹⁾
Gross profit (JPY bn)	784.9	+0.6
Expenses (JPY bn)	345.1	+0.9
(Overhead ratio)	44.0%	+0.1%
Net business profit (JPY bn)	484.9	(4.6)
ROE²⁾	12.1%	(0.1)%
RwA³⁾ (JPY tn)	19.5	(0.4)

*1 Figures are after adjustments for interest rate and exchange rate impacts.

*2 Figure is on a managerial accounting basis with RwA calculated assuming Basel III reforms are finalized.

*3 Figures are on a Basel III transitional basis.

Priority Strategies

■ Increase Market Share in Corporate & Investment Banking in Key Global Markets

We will fully utilize the available capabilities of Group companies to propose solutions to large corporations active on the global stage.

Specifically, we will develop frameworks that allow for greater coordination among domestic and overseas bases and Group companies to swiftly make high-quality proposals pertaining to global initiatives.

We will provide solutions for improving the corporate value of our clients and increase customers' satisfaction and market share of SMBC Group.

■ Build on Our Lead Position in the Japanese Mid-Sized Corporation and SME Market

In the Japanese mid-sized corporation and SME market where we have strengths, the Wholesale Business Unit will expand SMBC Group's customer base by providing various solutions based on the customers' growth stages.

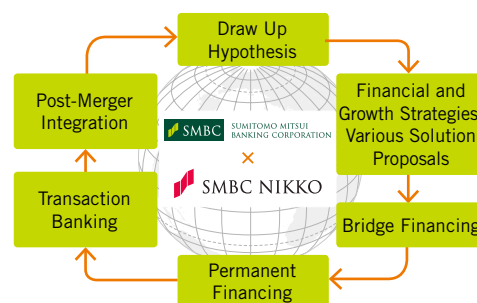
For companies in the early stages of their development, SMBC Group provides comprehensive management support through SMBC Startup Hub, which was opened in Tokyo's Shibuya Ward with the goal of offering assistance to start-up companies. For growing companies, we propose measures for resolving management issues pertaining to initial public offering to support their ongoing growth. SMBC Group thereby aims to grow with our customers and expand our customer base.

■ Adaptation to New Business Models

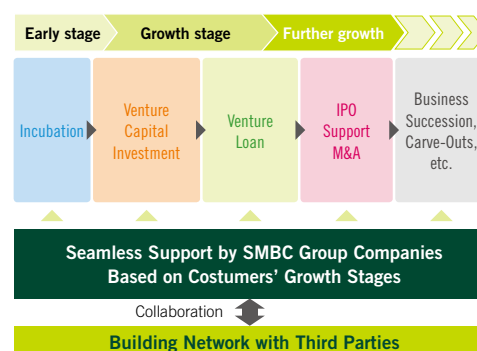
SMBC Group's business model is being updated to adapt to the changes in customer business models spurred by the progress of the digitalization trend. At the same time, we are working to create new markets through co-creation activities with customers in various business fields.

Other initiatives include development of infrastructure, active use of data acquired both inside and outside of the Group, and improvement of employee digital literacy to build frameworks for making higher-quality proposals to customers.

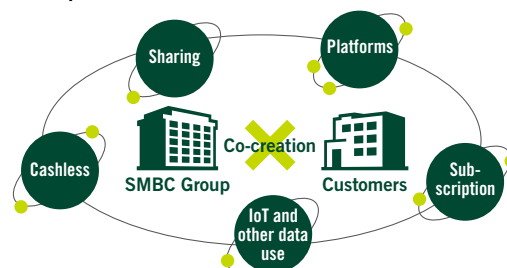
Cross-Border M&A Project



Ongoing Support Based on Customers' Growth Stages



Adaption to New Business Models



Initiatives for Accomplishing Sustainable Development Goals



Assessment Loans

The Wholesale Business Unit provides a wide variety of assessment loans to support customers seeking to work toward environmental issues or to address social issues such as the empowerment of female employees and workstyle reforms.

In FY2019, we began offering SDG promotion assessment loans through a scheme in which we first identify the relationship between customers' businesses and the SDGs when commencing new financing and then offer advice for advancing future initiatives pertaining to the SDGs. These loans are just a part of our proactive efforts to contribute to the accomplishment of the SDGs.



▶ For more information on SMBC Group's initiatives for contributing to the accomplishment of the United Nations Sustainable Development Goals, please refer to page 76.