

# Transformation of Business and Asset Portfolio through Group Reorganization

## Transformation of Business Portfolio

In accordance with the Medium-Term Management Plan, “SMBC Group Next Stage”, SMBC Group has categorized its current business portfolio into the four quadrants detailed to the right (see page 32 for details).

Based on these quadrants, we are undertaking swift reorganizations of the Group’s businesses in order to optimize our Group structure while pursuing improvements in capital and asset efficiency.

### Grow

Businesses with strong growth potential to which resources will be allocated as growth drivers

### Enhance

Businesses of which we aim to increase profitability through maximizing synergies and enhancing efficiency on a group-wide basis while allocating resources in a suitable manner

### Build

Businesses to which resources will be allocated with the aim of realizing future growth by establishing highly distinctive business models

### Transform

Businesses that compete with banks that are only subject to domestic capital adequacy standards and whose business models will be revised

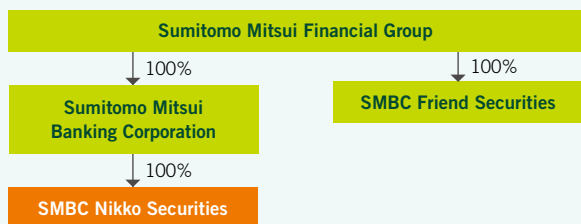
## Merger of SMBC Nikko Securities and SMBC Friend Securities

### Grow

#### Goals of Reorganization

- Improve customer satisfaction through increased product offering, product-related research and enhancement of sales channels
- Enhance productivity through the optimization of sales personnel staffing
- Streamline overlapping functions and management infrastructure to achieve cost saving synergies

#### Before Reorganization



#### After Reorganization



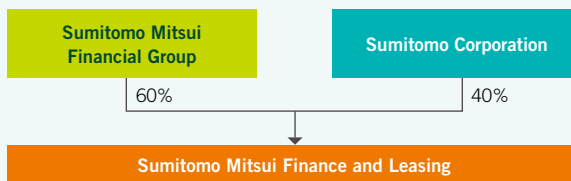
## Reorganization of the Sumitomo Mitsui Financial Group and Sumitomo Corporation Joint Leasing Partnership

### Enhance

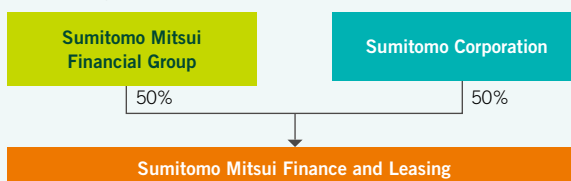
#### Goals of Reorganization

- Engage in the full-scale undertaking of new business initiatives
  - Develop of operations in the eco-business, infrastructure, healthcare, and other growth fields
  - Grow asset-based finance operations
  - Create value chains with the aim of enhancing businesses targeting clients’ commercial channels
- Improve capital and asset efficiency

#### Before Reorganization



#### After Reorganization



Reorganization	Quadrant	Timing
Merger of SMBC Nikko Securities and SMBC Friend Securities	Grow	January 2018
Conversion of The Japan Net Bank, into a consolidated subsidiary of Yahoo! JAPAN	Transform	February 2018
Change of ownership ratio of (reduction of investment in) POCKET CARD	Transform	March 2018
Deconsolidation of Kansai Urban Banking Corporation and THE MINATO BANK	Transform	March 2018
Reorganization of the Sumitomo Mitsui Financial Group and Sumitomo Corporation Joint Leasing Partnership	Enhance	November 2018
Merger of BTPN and Bank Sumitomo Mitsui Indonesia	Grow, Build	February 2019
Conversion of Sumitomo Mitsui Card Company into a Wholly Owned Subsidiary	Grow	April 2019
Merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments	Build	April 2019

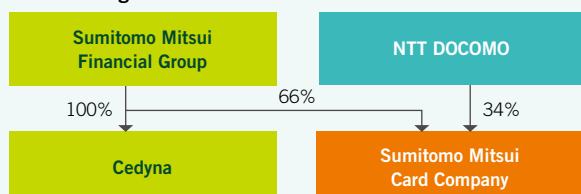
### Conversion of Sumitomo Mitsui Card Company into a Wholly Owned Subsidiary

Grow

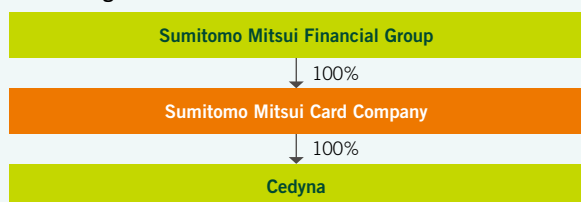
#### Goals of Reorganization

- Develop business structure to form the core of cashless payment strategies
- Facilitate flexible strategy formulation and swift strategy execution
- Use management resources mutually

#### Before Reorganization



#### After Reorganization



Note: The two companies were owned through an intermediate holding company

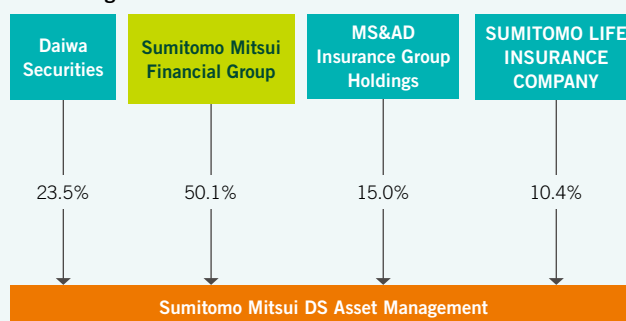
### Merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments

Build

#### Goals of Reorganization

- Maximize use of personnel, customer base and product lineup to expand through the merger
- Lead the industry in areas such as product development and digitalization
- Management that effectively controls costs, such as streamlining overlapping management bases and operations

#### After Reorganization



Company formed through merger of Sumitomo Mitsui Asset Management and Daiwa SB Investments