Global Business Unit

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The Global Business Unit supports the global business operations of domestic and overseas customers by leveraging SMBC Group's extensive global network and products and services in which we possess strengths.

> **Deputy President and Executive Officer** Head of Global Business Unit

> > Masahiko Oshima

he Global Business Unit faced a difficult business environment over the course of the previous Medium-Term Management Plan due to factors such as US-China trade friction and the United Kingdom's decision to leave the European Union. Amidst such adversity, we carried out various measures which produced steady results, permitting us to maintain upward trends in gross profit and net business profit. Specifically. we further enhanced collaborations between SMBC and SMBC Nikko Securities, advanced asset-turnover-based businesses, and expanded our product line-up in areas where we possess top-tier capabilities, such as aircraft leasing and project finance.

Addressing customer needs will remain at the heart of our operations under the new Medium-Term Management Plan as we leverage SMBC Group's strengths to provide optimal solutions so that we can grow together with customers as a global financial group.

To this end, we will expand our overseas securities businesses and further enhance the competitiveness of products, such as sustainable finance, and combine them with the unique strengths SMBC Group has developed over the years to deliver solutions that are tailor made to address customers' business issues and the issues facing society. This will allow us to shift toward a business model that is not overly dependent on expanding our balance sheet by deepening customers' trust in SMBC Group, accelerating efforts to promote cross-selling and enhance our standing as customers' trusted business partner, and improving our profitability and efficiency.

At the same time, we will focus on augmenting our earnings capacity through the expansion of operations in Asia and other growth markets. By deploying our Multi-Franchise Strategy, we aim to incorporate the growth of the Asian market while aggressively pursuing new growth opportunities, such as acquisitions geared toward obtaining new business platforms for the future.

Through such initiatives, we will boost the earnings capacity of both Group companies and investees, generate synergies, and heighten the Group's overall strength. In addition, we will take measures to reinforce business platforms for supporting sustainable growth through means such as reinforcing corporate governance systems, diligently streamlining operational structures, and ensuring the stable procurement of foreign currencies.



Contribution to Consolidated Net Business Profit

¥371.2 billion 26%



	FY2019	Increase (Decrease)*1
Gross profit (JPY bn)	667.1	+26.2
Expenses (JPY bn)	350.6	+19.7
(Overhead ratio)	52.6%	+1.0%
Net business profit (JPY bn)	371.2	+3.3
ROE*2	8.1%	(1.6)%
RwA (JPY tn)	21.4	+2.1

^{*1} Figures are after adjustments for interest rate and exchange rate impacts.
*2 Figures exclude medium- to long-term foreign currency funding costs.

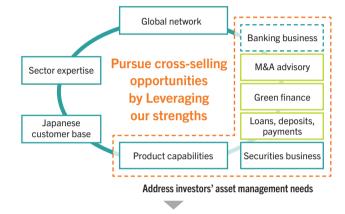
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Initiatives to Improve Profitability

The Global Business Unit is looking to enhance its corporate investment banking business, which merges its banking business with its securities business. To this end, we will fully capitalize on Group strengths, such as our product/sector expertise and global network, in order to bolster our ability to provide integrated, groupwide solutions. Furthermore, we will develop multi-faceted business relationships by addressing customers' business issues, as well climate change and other social issues, through our expertise in areas such as sustainable finance, M&A advisory, and payment services.

We will also pursue initiatives aimed at improving profitability that do not require us to significantly expand our balance sheet. Efforts to this end will aim to increase efficiency in terms of both capital and assets, for example by adopting a rigorous focus on profitability and strengthening our asset-turnover-based businesses' focus on customers' investment needs.



Improve profitability without overly depending on expanding our balance sheet



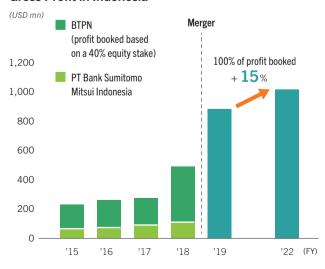
Expansion in Asia, Other Growth Markets, and New Business Areas

Looking to expand its operations in growth markets, the Global Business Unit is directing efforts toward Asia and other new business areas.

In Indonesia, we are strengthening our business foundations and developing financial service franchises centered on PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). We will enhance our foundations for medium- to long-term growth by developing relationships with mid-tier companies through intra-Group collaborations, in addition to augmenting our digital banking operations. The Global Business Unit is also expanding operations in countries such as India, the Philippines, and Vietnam, while also engaging in digital technology-related projects in Asia with the aim of capturing the region's growth.

Another area of focus is the acquisition of business platforms in new growth markets, such as asset management.

Gross Profit in Indonesia

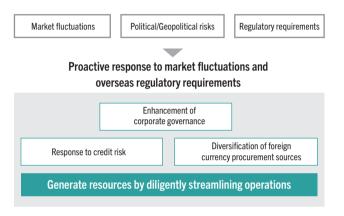




Establishing Business Foundations That Meet the Needs of a Global Bank

Our global operations are becoming more complex due to the increasing speed at which the environment changes, for example market fluctuations, geopolitical risks, and the heightening expectations of regulatory authorities. To support such operations, the Global Business Unit is prioritizing the allocation of resources to the reinforcement of its corporate governance and risk management systems.

Furthermore, we will continue to diligently streamline our operations by revising business promotion frameworks and consolidating administrative functions so that we may secure resources that can be allocated to priority fields and generate surplus funds that can be invested in new businesses. For foreign currency funding, without which the sustainable growth of our overseas businesses cannot be realized, the focus will be on cost and stability as we diversify procurement sources and enhance the quality of deposits, which includes growing our share of the highly sticky deposits of non-financial firms.



Response to the COVID-19 **Pandemic**

he Global Business Unit has established a COVID-19 response fund that extends credit at favorable rates in order to support the cash flow needs of customers impacted by the COVID-19 pandemic and to support customers whose businesses contribute to efforts aimed at preventing the virus from further spreading. We are also contributing to the enhancement of the healthcare and education systems of emerging market economies. As one facet of these efforts, we have made donations to the Japan



RESPONSE

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Committee for UNICEF and other public organizations to support the development of healthcare systems and

We will devote our utmost efforts to support customers' economic activities by maintaining the scope and quality of our global operations so that we are able to continue addressing their financial needs, regardless of the challenging overseas environment resulting from lockdowns and other factors.