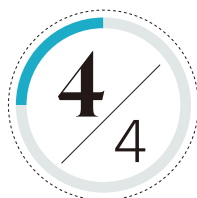


**Arihiro  
Nagata**

Senior Managing  
Executive Officer  
Head of Global  
Markets  
Business Unit

## Strategies of Business Units

# Global Markets Business Unit



As market risk professionals, we aim to enhance our own risk-taking while continuously strive to provide customers with value added services.

## Global Markets Business Unit results

	FY2024	YoY <sup>*1</sup>
Gross profit	¥636.6 billion	+¥90.6 billion
Expenses	¥196.0 billion	+¥20.4 billion
Base expenses	¥113.5 billion	+¥5.7 billion
<b>Net business profit</b>	<b>¥474.5 billion</b>	<b>+¥72.0 billion</b>
<b>Net income</b>	<b>¥330.6 billion</b>	<b>+¥48.9 billion</b>
<b>ROCE1<sup>*2</sup></b>	<b>20.9%</b>	<b>+1.9%</b>
Risk-weighted Assets (RWA)	¥6.5 trillion	(¥0.9) trillion

<sup>\*1</sup> Based on adjustments for foreign exchange impacts, etc.

<sup>\*2</sup> Incl. impact from the interest-rate risk associated to the banking account.

## Key strategies

Portfolio management through a global macro approach

Promotion of Fixed Income S&T and FX centered on yen and US dollar products

Strengthening risk tolerance in global asset liability management(ALM)

The Global Markets Business Unit conducts trading of foreign exchange, derivatives, bonds, stocks, etc. and offers solutions to our customers. We are also responsible for ALM operations that comprehensively manage balance sheet liquidity risks and market risks.

In addition to the deterioration of U.S.-China relations around 2018, the COVID-19 pandemic from 2020 accelerated the transition to an era of global division. Even in Japan, which has suffered from deflation for many years, inflation has become a social issue, and the economic and financial markets have entered a phase of high inflation and high volatility, placing us in a new market environment never experienced during the era of globalization.

In such a market environment brought about by this paradigm shift, conventional thinking may no longer apply, but we have adapted and dynamically rebalanced our portfolio and accumulated earnings.

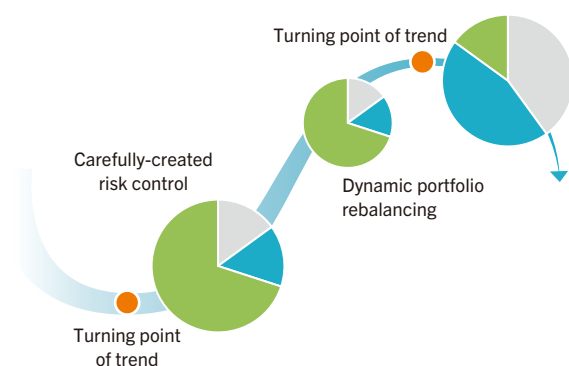
This is the result of continuously honing our trading capabilities—our strength—which is the ability to discern the

underlying essence of world affairs. Each member of the business unit collects and analyzes information on various daily events using the “Three Is”—Insight, Imagination, and Intelligence—engages in thorough discussions, expresses the scenarios thus drawn as positions, and review validity of these positions. This constant cycle fosters the ability to discern the underlying essence of world affairs.

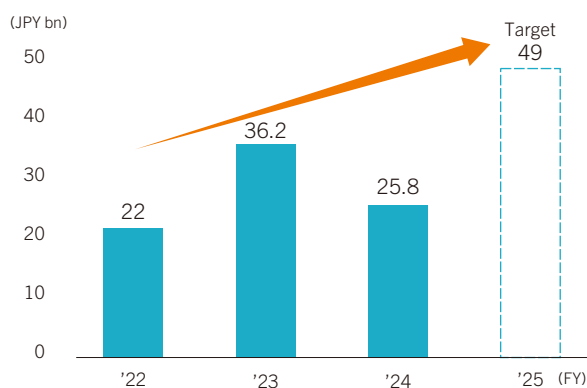
We will continue to maximize this strength, accurately capturing profit opportunities in portfolio management, and providing optimal solutions to customers’ market and funding needs.

FY2025 is the final year of the current Medium-Term Management Plan. Although the uncertainty caused by geopolitical issues continues, it is precisely at times like these that we will demonstrate our strengths and achieve our goals. We will also vigorously promote measures for further growth and breakthroughs in the next Medium-Term Management Plan and remain committed to contributing to the growth of our customers and SMBC Group.

### Overview of Portfolio Rebalancing



### Net business profit from overseas Securities (Joint KPI with the Global Business Unit)



## Practicing the “Three Is” and Contributing to Revenue Expansion by Capturing Market Trends

**Takuya Komura**  
Deputy General Manager

SMBC  
Global Investment  
Department  
Equity Investment Group



### The “Three Is” mindset permeating the team

I joined Sumitomo Mitsui Banking Corporation in 2017, worked at a branch counter and in corporate sales, and was assigned to the Global Markets Business Unit in 2021. I am currently engaged in equity management operations in the Global Investment Department.

In the Global Markets Business Unit, there are so many opportunities for each person to share their market views with others and engage in thorough discussions together. There are no boundaries of seniority, hierarchy, or department; it is common for young staff to directly discuss matters with their supervisors or other departments. I also often directly convey my market views, based on my own analysis, to the general manager, and frequently receive opinions from the department’s economists and strategists. Engaging in repeated discussions with senior colleagues who have faced the market for much longer than I have is extremely helpful in refining my own market view. I feel that this environment fosters a culture of actively sharing market views, leading to the permeation of the “Three Is”—Insight, Imagination, and Intelligence—and serving as the source of our operational capabilities.

The Equity Management Group I belong to engages in index investing, and when making

investment decisions, it is essential not only to analyze macroeconomics and the monetary policies of each country, but also to gain insights into the real economy from the trends of individual stocks that make up the index. We always keep the “Three Is” in mind: capturing the core information from vast amounts of data, thoroughly assessing the actual economic situation not yet reflected in economic metrics, and imagining all possible risks that may arise in the future.

### **To assess market changes and make swift investment decisions**

The speed of information transmission in society has increased, and market participants receive the same information instantly. In this context, we strive to capture profit opportunities ahead of others and avoid risks through speedy investment decisions based on thorough discussions. One example is our operations during the Nikkei Stock Average crash in August 2024. After the

Bank of Japan ended its negative interest rate policy in March of the same year, despite the major shift from over a decade of monetary easing, market participants expected a gradual reduction in monetary easing. Stock prices were hitting new highs, and the dollar-yen exchange rate was at its weakest yen level in decades. However, we sensed an overheated market and prepared for the possibility of a short-term correction. As a result, when the Nikkei Stock Average subsequently crashed, we were able to avoid losses.

With the impact of international politics and geopolitical risks, market uncertainty is increasing day by day. In such an environment, the ability to discern the underlying essence of various events occurring around the world is even more required, making it important to continuously accumulate broad knowledge and maintain a mindset of constant deep consideration. Going forward, I want to continue valuing the “Three Is” and contribute to the company through my own growth as a market professional.

