Business Strategy

Global Business Unit

We will maximize the use of our broad business portfolio, including global CIB/S&T and the Multi-Franchise Strategy, to provide unified Group support for the international business expansion of domestic and overseas customers.

During the previous Medium-Term Management Plan period, amidst rising uncertainty in the business environment, including the manifestation of geopolitical risk in the Middle East, we steadily advanced initiatives for growth, such as accelerating resource shifts to improve portfolio profitability, strengthening CIB/S&T including integrated primary-secondary operations, and investment in India's YES BANK under the Multi-Franchise Strategy.

As a result, while the top line grew significantly while suppressing Risk-Weighted Assets, expenses also increased due to strategic investments in growth areas and foundation strengthening. Furthermore, recognizing the increase in credit costs in certain emerging markets, we believe further strengthening risk control is important.

Under the new Medium-Term Management Plan, while continuing to monitor the highly uncertain business environment, we will focus on the following four priority strategic areas to drive the Group's Growth with Quality over the medium to long term, centered on improving profitability.

(1) Strengthening Global CIB/S&T

While continuing resource shifts to high-profitability areas and business portfolio replacement, we will expand our investor network in parallel with strengthening S&T, promoting a shift to an asset-recycling business model including OtoD (Origination to Distribution). We will also further expand non-asset
revenues, such as investment banking business leveraging the Jefferies alliance, and transaction banking business under the new "SMBC Connect" brand, which also supports deposit growth.

(2) Realizing Growth Under the Multi-Franchise Strategy

We will focus on improving the profitability of existing investees, including creating synergies through collaboration with the SMBC Group, steadily capturing the fruits of high economic growth in countries such as India. Additionally, while appropriately responding to changes in each country's business environment, we aim for stable and continuous profit growth through improvements in asset quality and other means.

(3) Strengthening the Global Management Foundation

Alongside strengthening risk management in line with the increasingly complex business environment, we will build an optimal and resilient global operational framework. For IT and AI, we will strategically execute investments necessary for model transformation from a global, integrated perspective, efficiently advancing infrastructure development. We will also promote operational efficiency, leverage the offshoring base established in India, improving our expense structure and transforming our operating model.

(4) Expanding New Growth Areas

For the alternative Asset Management strategy, which supports future growth, we will expand our investor network while utilizing the unified brand SMBC PRIVATE MARKETS launched in 2025, aiming for unified group expansion of the management fee business.

Global Business Unit Results

	FY2025	YoY*
Gross profit	**¥1,550.9 billion**	+¥110.1 billion
Expenses	**¥1,063.4 billion**	+¥107.4 billion
Overhead ratio	**68.6%**	+2.5%
Net business profit	**¥655.8 billion**	+¥16.3 billion
Net income	**¥321.0 billion**	(¥37.6) billion
ROCET1	**5.9%**	(1.0) %
Risk-Weighted Assets	**¥51.0 trillion**	(¥1.7) trillion

** Managerial accounting basis (after adjustments of the changes in exchange rates)*