INTERVIEW Asia

Capturing India's Growth on the Path to Becoming the No.1 Foreign Bank

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In the rapidly growing Indian market, the SMBC Group has built a structure in which Sumitomo Mitsui Banking Corporation, YES BANK, and SMFG India Credit Company (hereinafter referred to as "SMICC") work together seamlessly. The following discussion features SMBC Group professionals involved in our India-based initiatives to share their strategy and outlook as we work toward becoming the No.1 foreign bank in India.

Strengthening Our Presence in India, a Strategically Important Market

Wada There are three main reasons why we are focusing on India. First is the country's medium- to long-term growth potential. India, which already ranks fifth globally in GDP, is projected to reach second place by 2047. Second is the shift in Indian banking regulations. Rules governing foreign financial institutions' investments in private Indian banks are moving in a more supportive direction, creating opportunities that were previously unavailable to institutions like ours. Third is alignment with our clients' business needs. As many of our clients rapidly expand their presence in India, we see growing opportunities to support them in areas such as cross-border payments and acquisition financing.

Ritesh In the Indian market, we can leverage our global network, our extensive track record in banking, and our globally benchmarked governance and risk-management framework. I also see Japan's accumulated experience and expertise in capital and financing for India's infrastructure development as a major strategic advantage.

Wada Under its multi-franchise strategy, the SMBC Group has steadily expanded its presence across Asia through strategic investments in Indonesia, Vietnam, and the Philippines. Given India's strong growth prospects, strengthening our presence there was essential. However, opportunities to enter India's commercial banking sector have historically been limited, leaving a significant "missing piece" in our regional strategy.

Fukatsu Our investment in YES BANK fills this long-standing "missing piece," marking the first cross-border investment acquiring significant stake of a major private-sector bank in India. YES BANK is the sixth-largest private bank in the country, with total assets of approximately ¥8 trillion and more than 1,300 branches across the nation. While the bank previously experienced a period of weakened performance due to governance issues, it has shown strong recovery through restructuring and is now in a growth phase, with net income increasing approximately threefold over the past three years. YES BANK has also strong capabilities in digital banking, with a super-app that reached 3.4 million users in 16 months and infrastructure supporting about one-third of India's digital payment transactions.

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Synergy Is Built on Mutual Understanding and Trust

Fukatsu One of the key factors in the investment process was our engagement with the local regulator, the Reserve Bank of India. The regulator places importance on sustained, long-term commitment rather than short-term capital investment. In that sense, our previous investment in SMICC and the launch of the India Division in 2025 signaled that commitment clearly. We believe such initiatives greatly helped us secure final agreement after over a year of negotiations.

Ritesh My role locally was to assist HO team with data required for the approval process with regulatory authorities. In addition to securing approval from the regulators, strict confidentiality was required given the high level of market focus. By addressing complex issues with discipline and consistency, we were ultimately able to build the foundation for this partnership.

Wada SMBC's branches in India have strong capabilities in wholesale banking and structured finance for multinational clients, including major domestic corporations and Japanese companies. YES BANK serves a broad customer base spanning large corporates, mid-sized companies, SMEs, and retail customers, including approximately 10,000 middle-market corporate clients. SMICC operates more than 1,000 locations nationwide and focuses on consumer finance and housing loans, particularly in suburban and rural areas. These three businesses are highly complementary, creating strong potential for synergy. The key to unlocking that synergy, however, is cultural integration. To maximize collaboration, it is essential to foster mutual understanding and trust not only at the management level but throughout the organization.

Fukatsu We have launched mutual employee exchange programs between headquarters and our India operations—"Indo wo Shiro" (Get to Know India) and "Nippon wo Shiro" (Get to Know Japan). Experiencing each other's business environments, cultures, and people firsthand is critical to building a strong global team. We are also seeing clear synergy in wholesale banking, where YES BANK's strengths align closely with SMBC's capabilities, leading to increasingly active collaboration. We will continue advancing, grounded in mutual respect for each organization's identity and culture.

Ritesh Employee interaction through CSR initiatives, such as tree-planting programs, fosters connections that extend beyond individual organizational units. Moreover, with the establishment of the Global Capability Center in India in 2025, the SMBC Group is strengthening the operational backbone that supports its global businesses.

Contributing to the Economic Development of India and Japan

Ritesh Our goal is to become the No.1 foreign bank in India. By fully leveraging the unique position we have created, where our three entities can jointly deliver comprehensive services, we aim to contribute meaningfully to India's future growth. Since our investment in YES BANK, recognition of the SMBC Group in India has risen significantly. Today, many common people identify us as "the bank that invested in YES BANK." I have seen firsthand in India that the deep trust built over many years toward Japan and its products is now manifesting as strong expectations for the SMBC Group.

Fukatsu Cultural integration, engagement with regulators, and the resolution of on-the-ground challenges all require sustained, long-term commitment. This is an unprecedented challenge for any foreign financial institution, which is precisely why it is so worthwhile. We sincerely appreciate the warm support of ourstakeholders.

Wada Over the past ten years, India and Japan have built a strong relationship. In the next ten years, we expect to see even more Japanese companies entering India and more Indian companies partnering with Japanese firms. Our India strategy is intended not only to drive our own growth but also to contribute to the economic development of both India and Japan. As we move into the execution phase of our growth strategy, we look forward to your continued support.