

SMBC Group IR Day

June 20, 2019



SUMITOMO MITSUI
FINANCIAL GROUP

This document contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995), regarding the intent, belief or current expectations of us and our managements with respect to our future financial condition and results of operations. In many cases but not all, these statements contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “risk,” “project,” “should,” “seek,” “target,” “will” and similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those expressed in or implied by such forward-looking statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance include: deterioration of Japanese and global economic conditions and financial markets; declines in the value of our securities portfolio; incurrence of significant credit-related costs; our ability to successfully implement our business strategy through our subsidiaries, affiliates and alliance partners; and exposure to new risks as we expand the scope of our business. Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements.

Please refer to our most recent disclosure documents such as our annual report on Form 20-F and other documents submitted to the U.S. Securities and Exchange Commission, as well as our earnings press releases, for a more detailed description of the risks and uncertainties that may affect our financial conditions and our operating results, and investors’ decisions.

Definitions

SMFG	Sumitomo Mitsui Financial Group, Inc.
SMBC	Sumitomo Mitsui Banking Corporation
SMBC Trust	SMBC Trust Bank
SMFL	Sumitomo Mitsui Finance and Leasing
SMBC Nikko	SMBC Nikko Securities
SMCC	Sumitomo Mitsui Card Company
SMBCCF	SMBC Consumer Finance
SMAM	Sumitomo Mitsui Asset Management
SMBC AC	SMBC Aviation Capital

Consolidated	SMFG consolidated
Non-consolidated	SMBC non-consolidated
Expenses (non-consolidated)	Excludes non-recurring losses
Net business profit	Before provision for general reserve for possible loan losses

Retail Business Unit	Domestic retail and SME businesses SMBC , SMBC Trust, SMBC Nikko, SMCC, SMBCCF
Wholesale Business Unit	Domestic large/mid-size corporation business SMBC, SMBC Trust, SMFL, SMBC Nikko
International Business Unit	International business SMBC, SMBC Trust, SMFL, SMBC Nikko
Global Markets Business Unit	Market / Treasury related businesses SMBC, SMBC Nikko
Large corporations	Global Corporate Banking Division
Mid-sized corporations & SMEs	Corporate Banking Division and SMEs covered by Retail Banking Unit

Exchange rates (TTM)

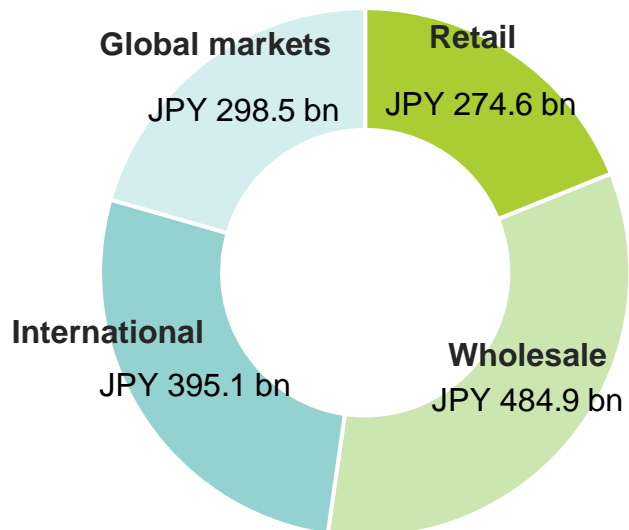
	Mar. 18	Mar. 19
USD	JPY 106.25	JPY 111.00
EUR	JPY 130.73	JPY 124.55

Agenda

13:30 ~ 13:35	Opening	Group CEO	Jun Ohta
13:35 ~ 14:15	Retail	Senior Managing Executive Officer	Naoki Tamura
14:15 ~ 14:55	Wholesale	Senior Managing Executive Officer	Kimio Matsuura
14:55 ~ 15:05	Break		
15:05 ~ 15:45	International	Deputy President and Executive Officer	Masahiko Oshima
15:45 ~ 16:15	Global Markets	Senior Managing Executive Officer	Hiroshi Munemasa
16:15 ~ 16:55	Digital Innovation	Group CDIO	Katsunori Tanizaki

Results by business unit

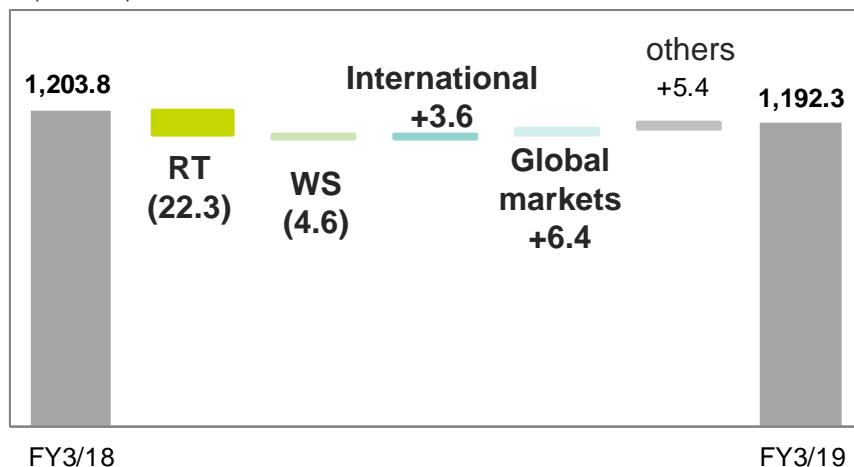
Consolidated net business profit*1



ROE*2

	FY3/18	FY3/19	FY3/20 target*3
Retail	7.5%	7.3%	7%
Wholesale	11.4%	12.1%	10%
International	10.6%	9.3%	9%
Global markets	33.5%	31.8%	39%

(JPY bn)



Retail Business Unit

Naoki Tamura, Senior Managing Executive Officer

Progress of Medium-Term Management Plan / Strategy

Progress

Wealth management	<ul style="list-style-type: none"> Steady increase in fee-based AUM Established customer-oriented wealth management business which focuses on mid- to long-term diversified investments
Payment business	<ul style="list-style-type: none"> Integrated management of SMCC and Cedyna Initiated cashless payment strategy
Retail branch reorganization	<ul style="list-style-type: none"> Completed transformation of 259 branches to smart branches (60% progress) Steady progress in cost reduction

Strategy to improve ROE

- Establish customer-oriented business model
- Accelerate digitalization

Financial results

	(JPY bn)	FY3/19	YoY*1
Gross profit		1,281.6	(25.7)
Expenses		1,021.4	(4.5)
Overhead ratio		79.7%	+1.2%
Net business profit		274.6	(22.3)
ROE		7.3%	+0.1%
RWA (JPY tn)		12.8	(0.1)

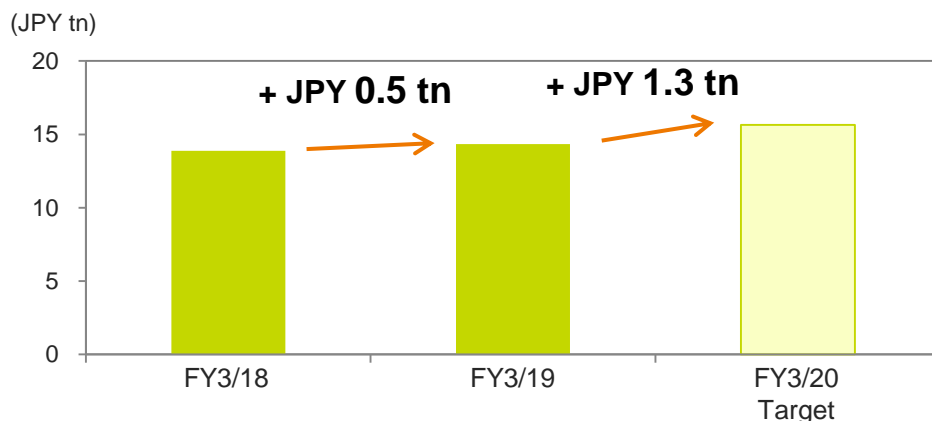
KPI

	FY3/19	YoY
Balance of fee-based AUM*2	JPY 12.7 tn	+JPY 0.8 tn
Credit card sales handled	JPY 17.9 tn	+JPY 1.8 tn
Utilization rate for digital channels	31.2%	+8.4%
Balance of card loans (group-wide basis)	JPY 1.8 tn	+JPY 0.0 tn
Cost reduction from retail branch reorganization	JPY 11.8 bn	+JPY 8.8 bn

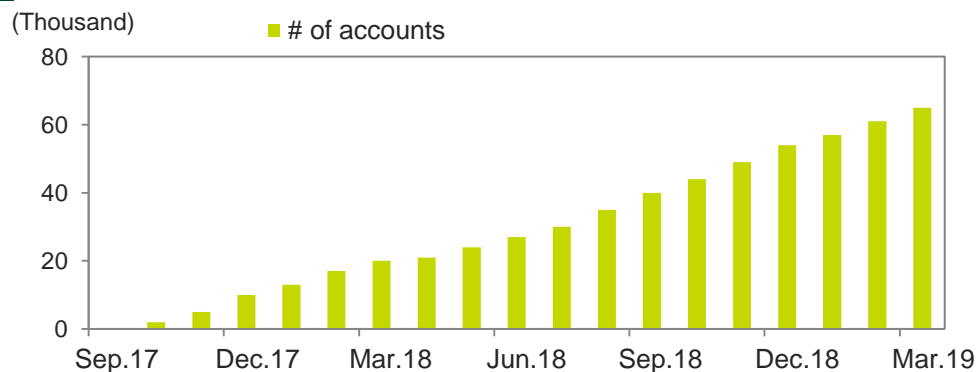
Wealth management business

- Change the profit structure by shifting to a fee-based AUM business model.

Balance of fee-based AUM*1



Funded NISA (SMBC)



Customer-oriented performance evaluation*2

History	
FY3/16	<ul style="list-style-type: none"> Define the same performance evaluation for each investment trust regardless of products
FY3/17	<ul style="list-style-type: none"> Added the balance of stock-based AUM to performance measures
FY3/18	<ul style="list-style-type: none"> Lowered the evaluation weight of revenue
FY3/19	<ul style="list-style-type: none"> Reflected customer feedback in the performance evaluation, such as NPS surveys Further lowered the evaluation weight of revenue
FY3/20	<ul style="list-style-type: none"> Shifted to a performance evaluation system that emphasizes "customer-oriented and compliance" Eliminated revenue performance evaluation Eliminated individual targets for financial products sales

External evaluation on customer-oriented business

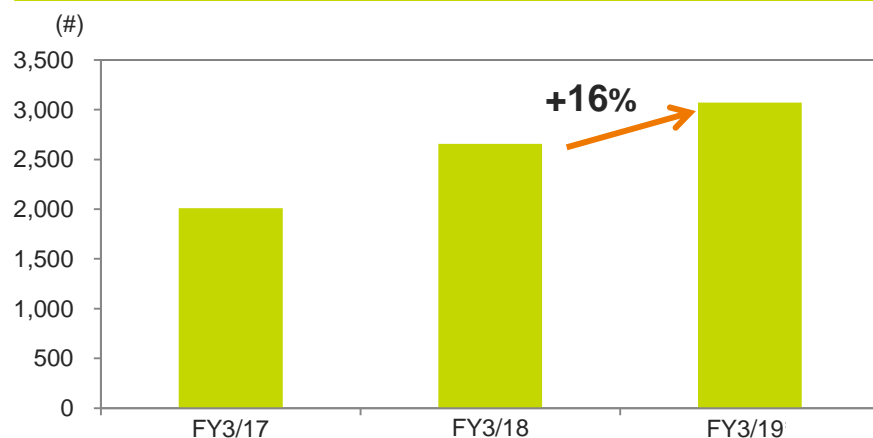
High external ratings	Rank #1	Retail Banking Customer Satisfaction Survey by J.D. Power (Japanese bank sector) [SMBC]
	Rating S	Customer-Oriented Investment Trust Sales Company Evaluation by R&I [SMBC group]
	Rank #1	CS Monitor Survey by KINZAI [SMBC]

■ Wealth management business

- Strengthen our capability to provide product and services for long-term investment and inheritance / succession needs from customers in anticipation of the coming “100-Year life” era.

■ Inheritance / succession

of testamentary trust + inheritance disposition



Potential high-net-worth market

- High-net-worth clients aged 60 or older with accounts at SMBC*1

Total financial assets	o/w at SMBC	New potential for SMBC
JPY 34 tn	JPY 8 tn	JPY 26 tn

■ Address the coming “100-Year life” era

- Introduce new products and services which meet customer needs (next page)
- Hold customer events

“100-Year life” era Forum 2018 (Dec. 2018)

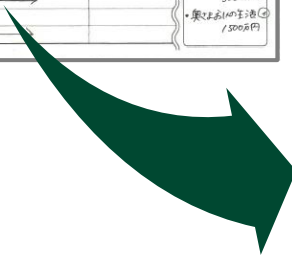
- Large- scale seminar at Tokyo International Forum (approx. 1,600 people participated)



(Ref) Participants’ intention to participate next time

Highly willing to participate 39%	Willing to participate 46%	
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- Estimate the lifetime fund balance including salaries, retirement benefits, pension and expenses based on statistics.
- Visualize issues and necessary measures to be taken by customers (e.g. asset building, investment and inheritance).

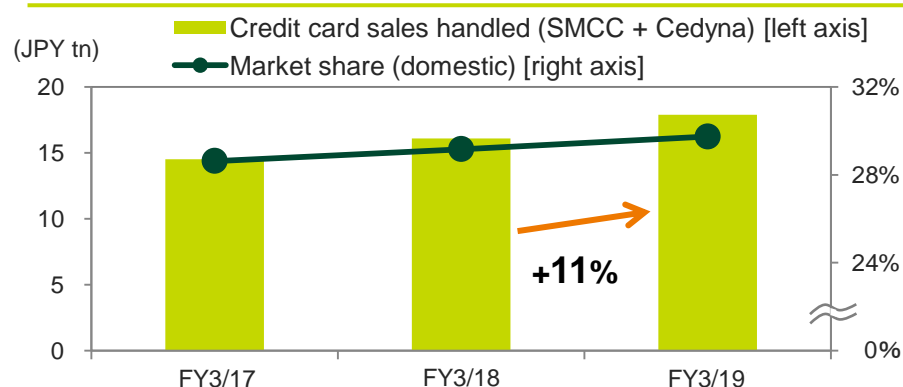


Payment / Consumer finance business

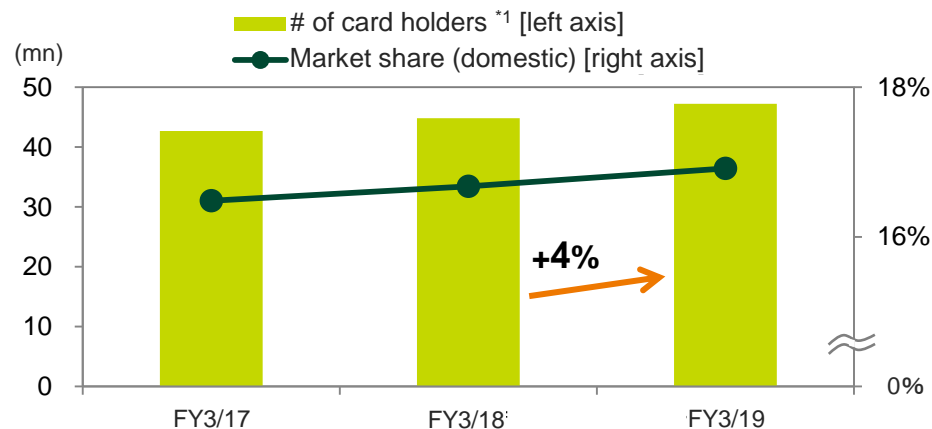
Payment business

- Aim to expand market share through the cashless payment strategy.

Credit card sales handled



of card holders



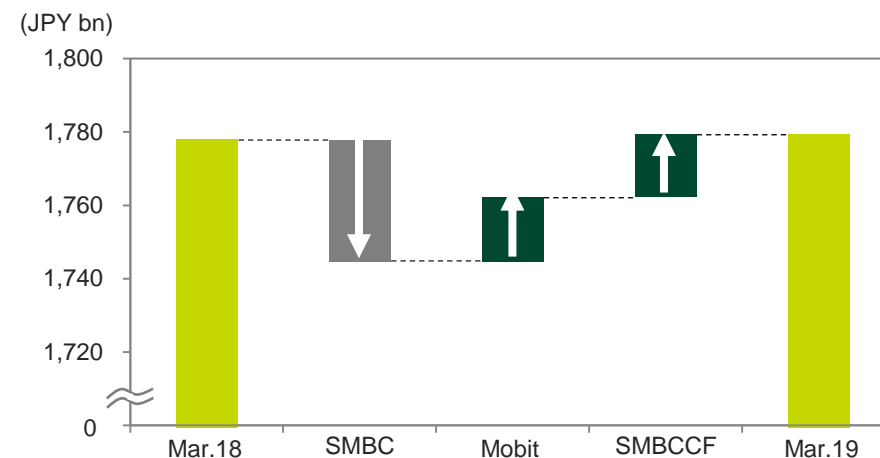
*1 Credit card (SMCC + Cedyne) + SMBC Debit

Consumer finance business

- Provide products and services which meet customers' needs.
- Strengthen screening model and marketing.

- Group-wide initiatives to increase bottom-line profit
 - Enhance SMBC card loan service
 - Increase loan volume and reduce credit costs by upgrading credit screening models utilizing group-owned data and AI
- Improve productivity by reviewing operational processes and utilizing group resources
 - Review operational processes of SMBC card loan
 - Rationalized call centers in SMBC, SMBC Mobit and SMBCCF

Card loan balance



Digitalization

- Focus on enhancing our mobile banking app's UI/UX.
- The number of SMBC direct users increased at a faster pace than in the previous year.

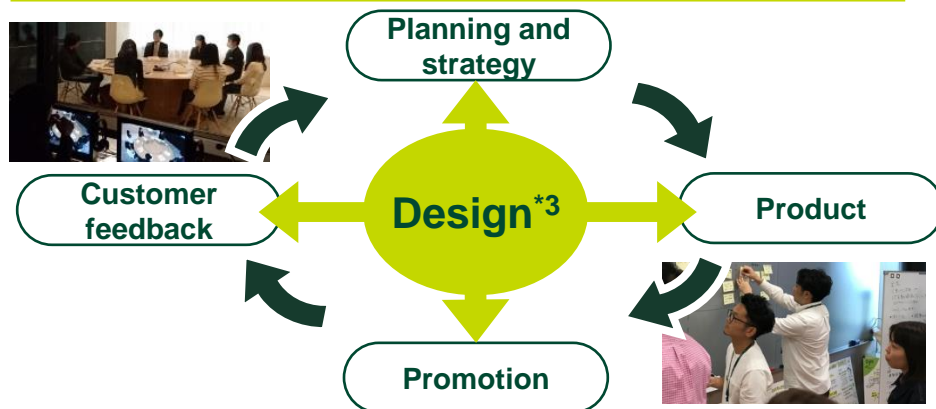
Enhance UI/UX

Upgrading our mobile app



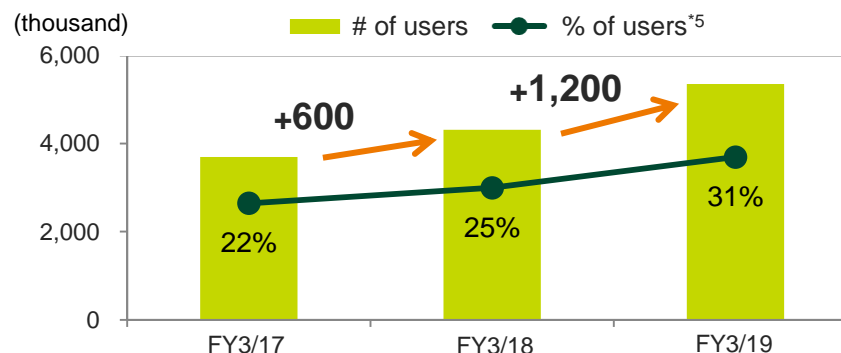
- New functions: display credit card and debit card statements, control spending, debit card issuance, and managing financial assets
- App store rating (iPhone) : 4.6 / 5.0 ^{*2}

Planning and developing process of our mobile app

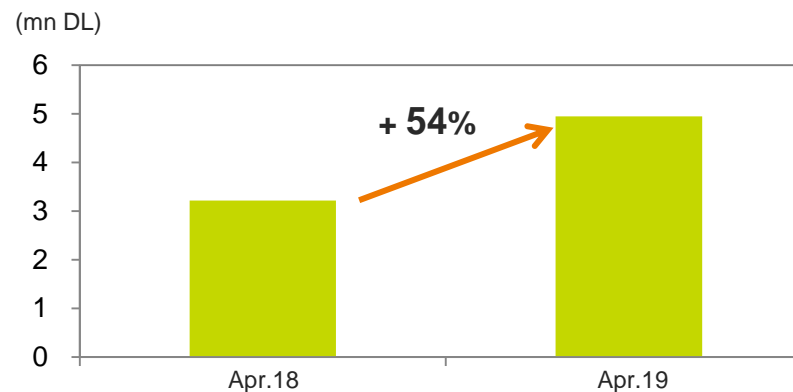


Increase of digital users

of SMBC Direct users ^{*4}



of SMBC direct apps downloads (accumulation)

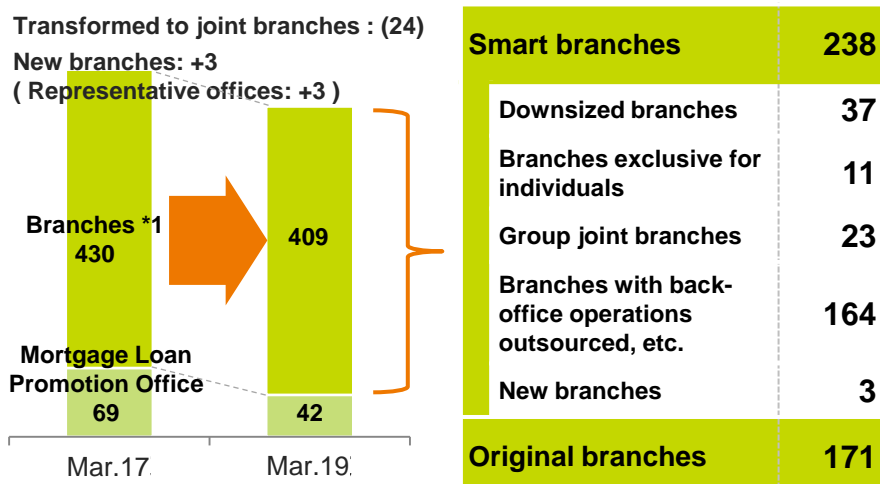


Retail branch reorganization

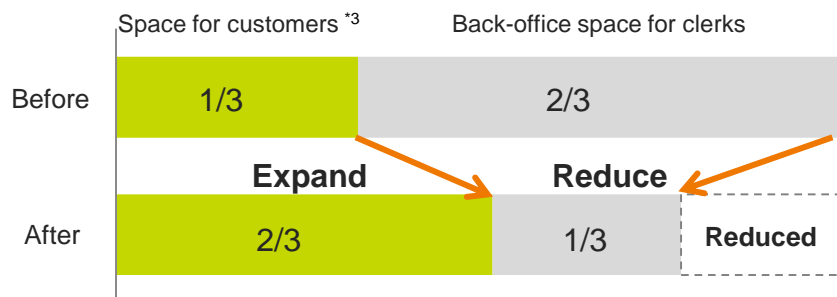
- Transform retail branches to a “consulting space” and strengthen our capabilities to meet customer’s needs.
- Made good progress in cost reductions through branch reorganization. Continue efforts to achieve the FY3/22 reduction target.

Transform to a “consulting space”

Branch network

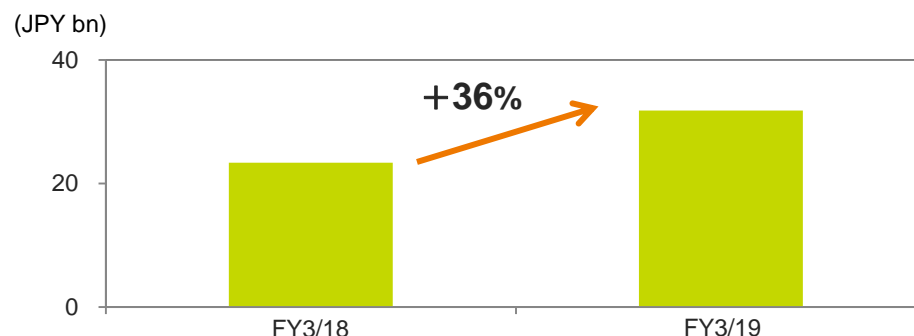


Expand consulting space for customers (image) *2



Strengthen consulting capabilities

Sales to high-net-worth individuals at retail branches (SMBC)



Cost reduction from retail branch reorganization

	FY3/19 results	FY3/20 target
Reduction of clerical staff by improving efficiency	JPY 3 bn	JPY 6 bn
Reduction of rent fees due to smaller floor space, etc.	JPY 6 bn	JPY 8 bn
Ripple effects on operating expenses	JPY 3 bn	JPY 6 bn
Total	JPY 12 bn	JPY 20 bn

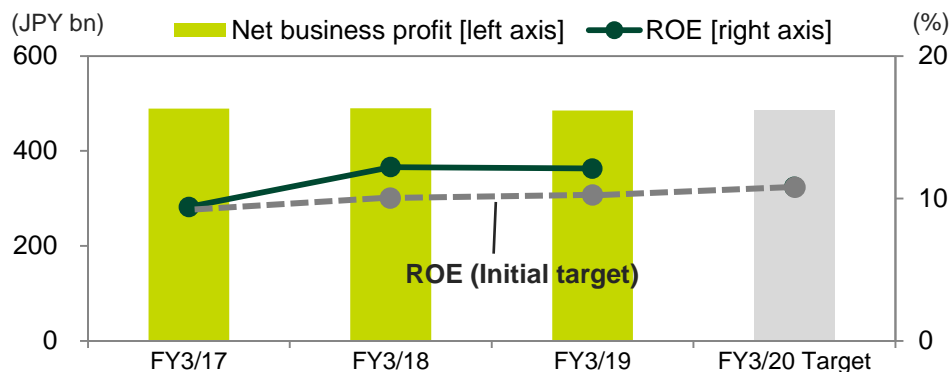
Wholesale Business Unit

Kimio Matsuura, Senior Managing Executive Officer

Progress of Medium-Term Management Plan / Strategy

Progress

- Achieved to maintain net business profit and improve ROE through the expansion of business on a group-wide basis and appropriate RWA control



Strategy to improve ROE

Upgrade business unit operations

- Meet our client's new management issues
 - Build B2B platform
 - Leverage group strengths

Appropriate portfolio control

- Sales of strategic shareholdings
- Continue asset control with greater awareness of profitability
- Identify strategic business areas

Increase
net
business
profit

Improve
ROE

Financial results

(JPY bn)	FY3/19	YoY*1
Gross profit	784.9	+0.6
Expenses	345.1	+0.9
Overhead ratio	44.0%	+0.1%
Net business profit	484.9	(4.6)
ROE	12.1%	(0.1)%
RWA (JPY tn)	19.5	(0.4)

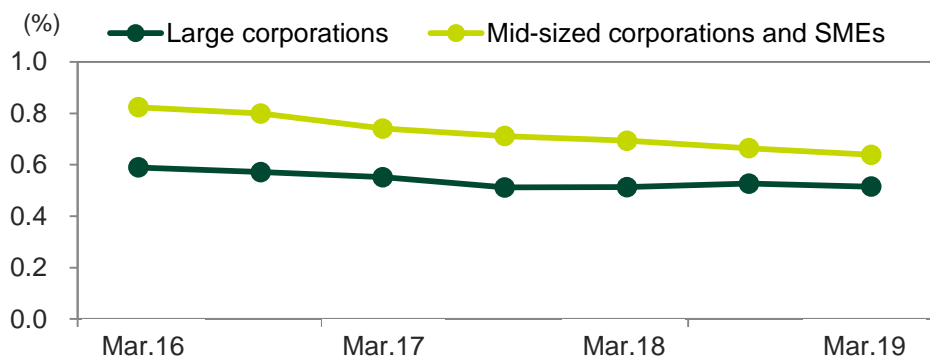
KPI

	FY3/19	YoY
Market share in Japanese corporate bonds	16.8%	(0.2)%
# of IPO deals	#1	+#2
# of M&A advisory deals	#1	#1 last year as well
# of companies with core earnings	9,012 companies	(24) companies
Increase rate of non-interest income	+5.0%	-

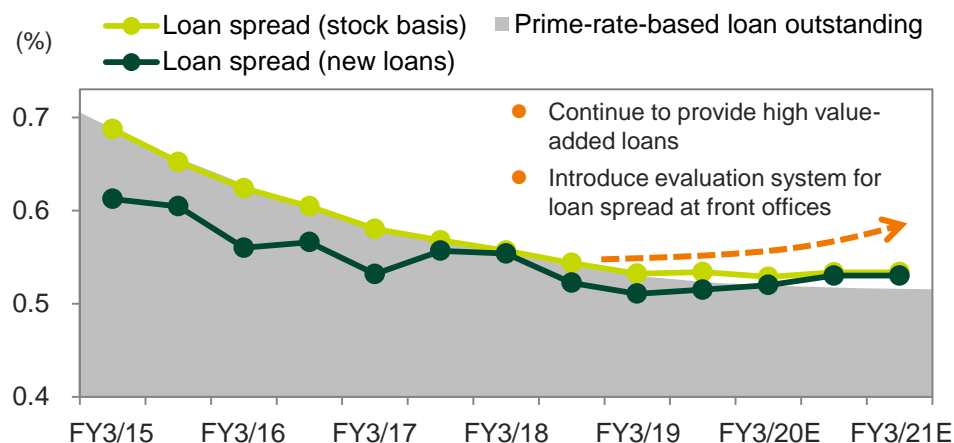
Loan spread / Transformation of the profit structure

- Loan spread decline for large corporations bottomed out. For mid-sized and SMEs, aim to bottom out in FY3/20.
- Promote transformation of the profit structure. Aim for higher profits by ceasing decline in interest income and promoting asset-light businesses ^{*1}.

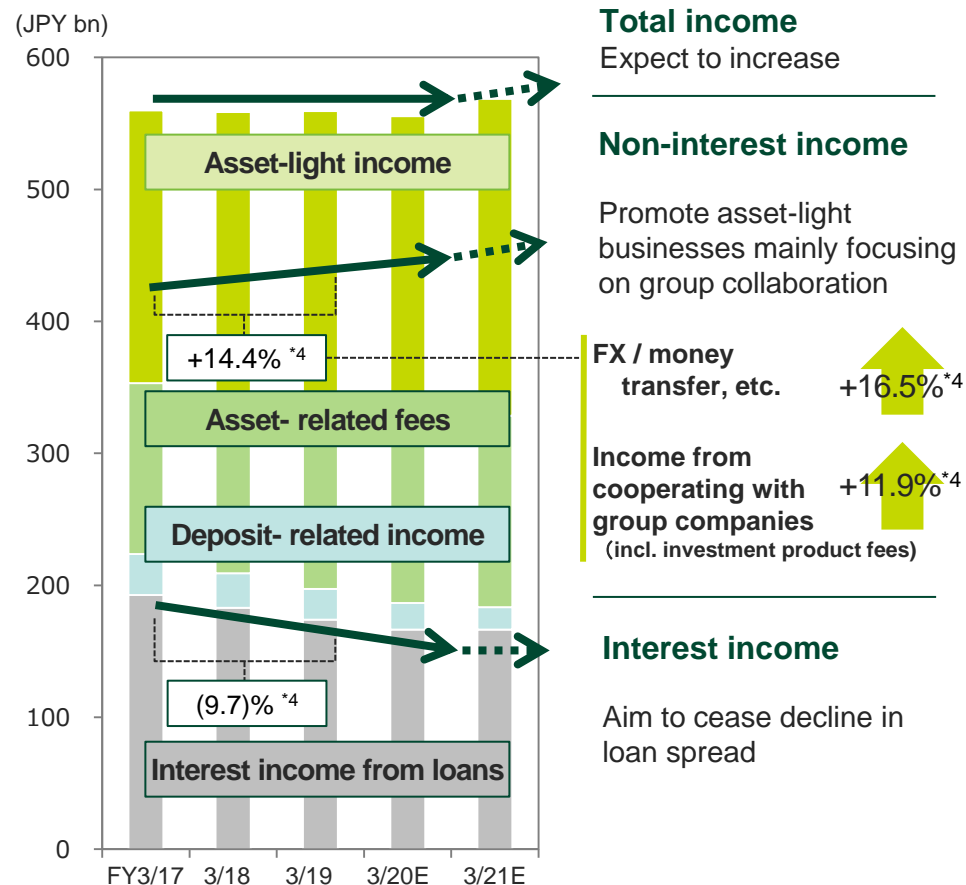
Loan spread



Loan spread / Prime-rate-based loan outstanding ^{*2}



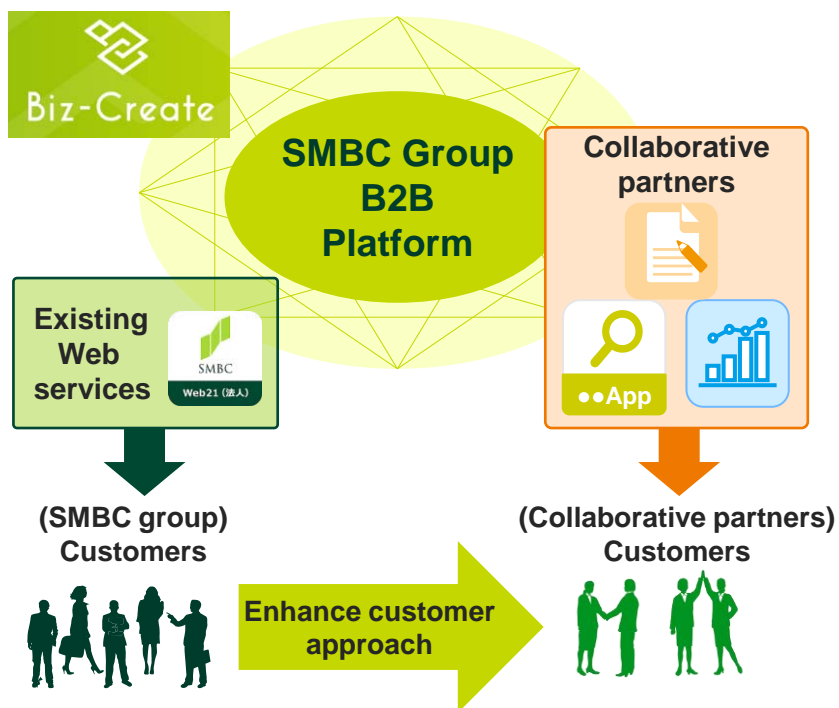
Transformation of the profit structure ^{*3}



Upgrade business unit operations (digitalization)

- Meet our client's management issues in response to social environmental changes by leveraging group strengths.
- Enhance customer approach and create new revenue opportunities by building a B2B platform.

B2B platform concept



Build an overwhelming B2B platform

- Introduced **"Biz-Create"** business matching platform as the first step of our B2B platform

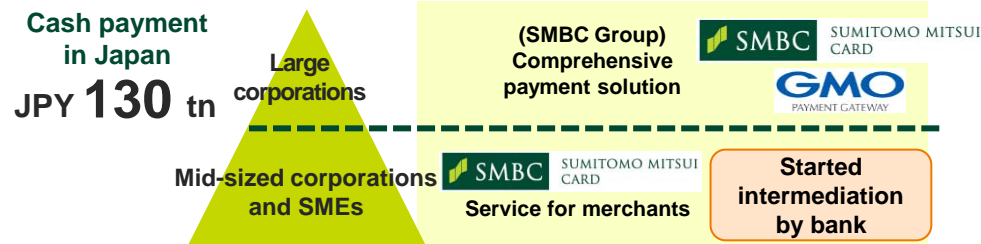
Feature	¥0	No charge
		<u>Regional bank's customers</u>
		Chat-style negotiation

Enhance convenience and expand client base

- Expand collaborative partner's B2B services

Promote cashless payment

- Promote initiatives on a group-wide basis



(Ref) Biz-Create

Overview of “Biz-Create”

- Business matching services that enable customers to find business partners



Chat function

- Accept entry of business negotiation nationwide and enable clients to negotiate directly with each other

2019/03/15 15:00

I contacted you because I found your needs.
Can I make an offer of our condenser?
I believe that it meets your expectations in terms
of both price and performance.

2019/03/15 15:01

Thank you for your contact.
I am very interested in your proposal.
Could you visit us next week?

Examples of needs registration

- Restaurant A: Food supplier expansion needs
- Transportation B: Collaboration needs for seminar

Needs search screen image

(Supplier expansion)

Foodstuff proposal including region limited foodstuff, processed marine products and additive-free foodstuffs

i Details

Industry ...	Region ...	Delivery date ...
Company name ...	Annual revenue ...	

(Collaboration)

Proposal for “Overseas expansion highway” seminars and business meetings

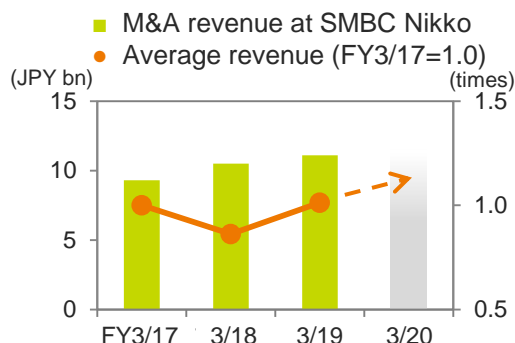
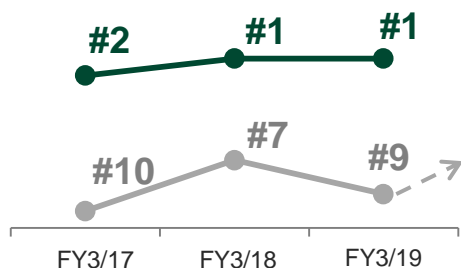
Upgrade business unit operations (group collaboration)

- Provide high-value-added M&A advisory services by SMBC Nikko x SMBC in a booming M&A market.
- Support the growth of large, mid-sized and venture companies through venture-related alliance support.

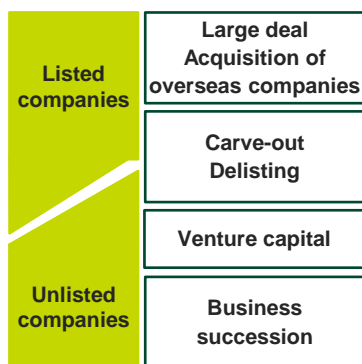
M&A

High-quality deal sourcing for client's diverse needs

- M&A # of deals league table
- M&A rank value league table



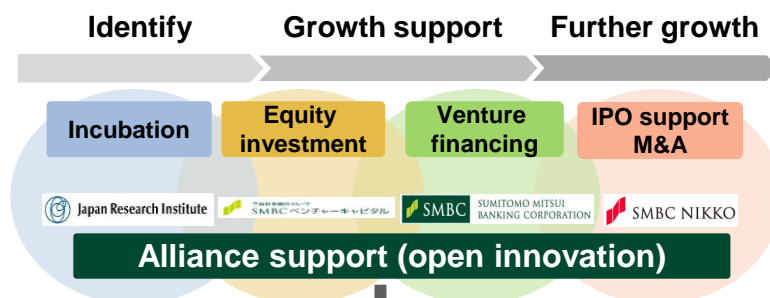
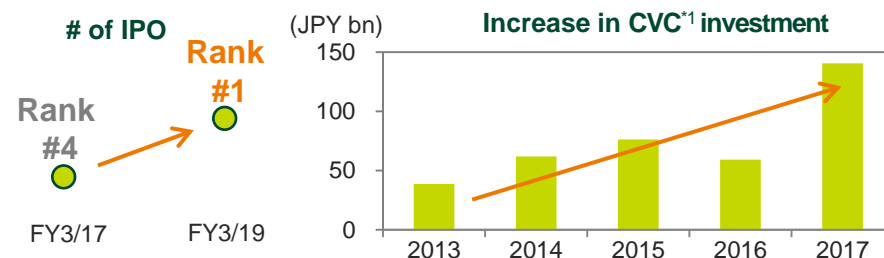
Client's diverse needs



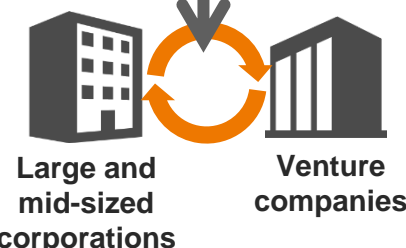
- Enhance global collaboration
- Improve capability for cross-border M&A
- Utilize PE funds
- Propose MBO
- Support alliance
- Identify sale needs
- Provide digital M&A matching services

Support venture companies

Focus on alliance support for open innovation



Needs for open innovation initiatives



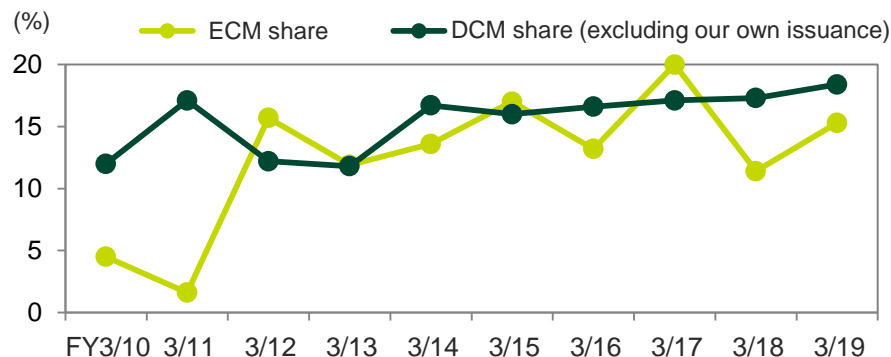
People, resources, and money that leverage new technologies and business ideas

Upgrade business unit operations (initiatives by each group company)

- **SMBC Nikko:** Approach from multiple angles amid severe stock market conditions.
- **SMBC Trust:** Showed steady growth. Enhance group collaborations in real estate brokerage to secure a stable earnings base.
- **SMFL:** Showed growth by developing various businesses. Expand business areas for further growth.

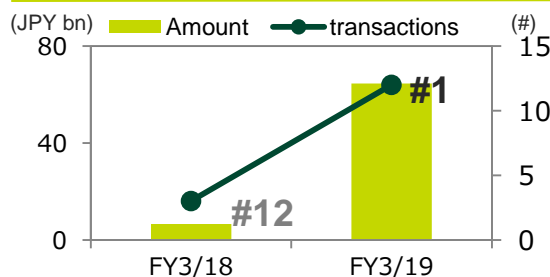
SMBC Nikko

- Have been enhancing wholesale business capability since joining SMBC group



- Established Investment Banking Strategy Department to enhance business capability

Facility-type finance*1

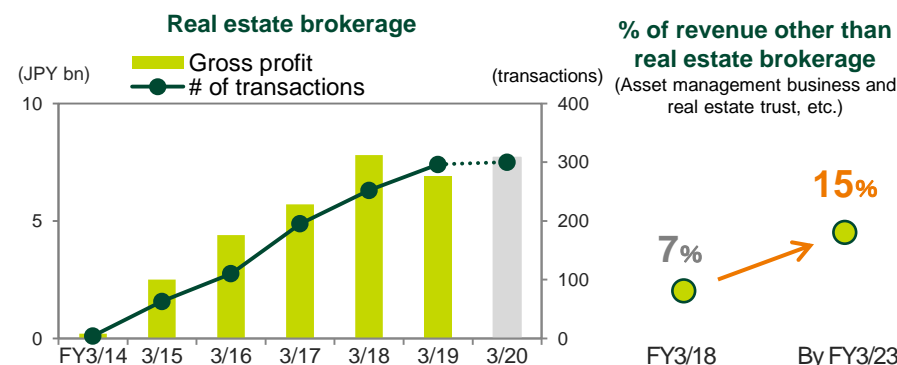


DCFx*2

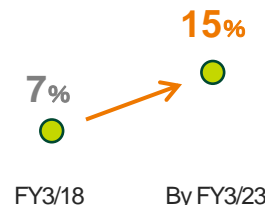
- Commenced in 2018
- Currency hedging transactions for cross-border M&A

SMBC Trust

- Enhance group collaboration*3 in real estate brokerage, asset management business, etc.

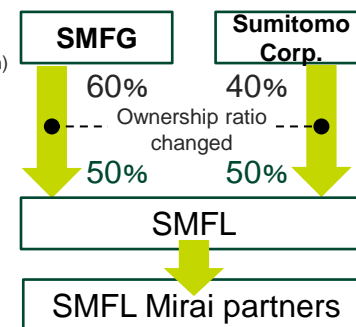
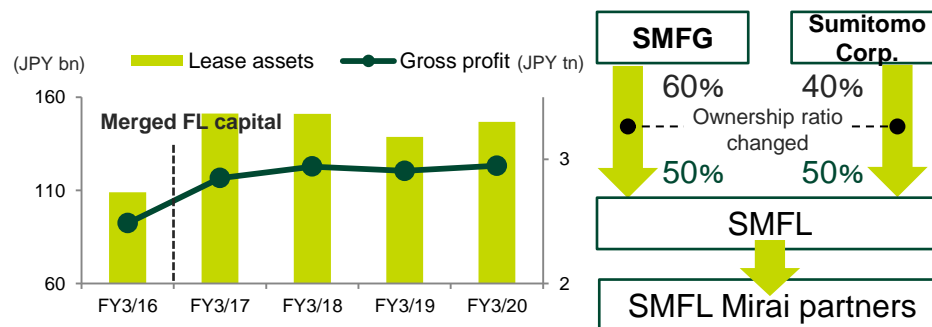


% of revenue other than real estate brokerage
(Asset management business and real estate trust, etc.)



SMFL

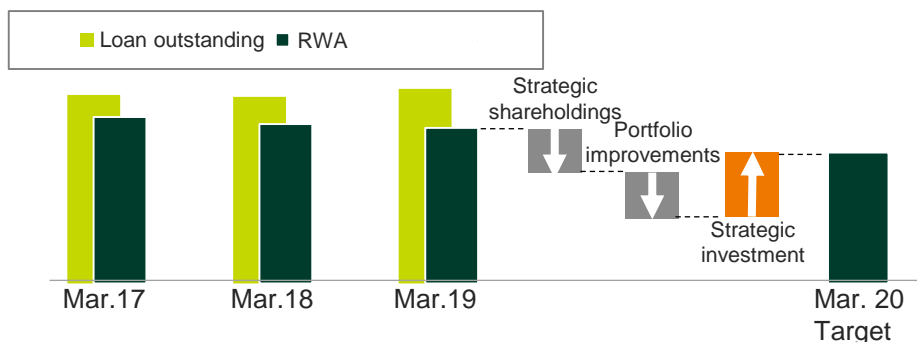
- Expand business areas for further growth by reorganization



Appropriate portfolio control

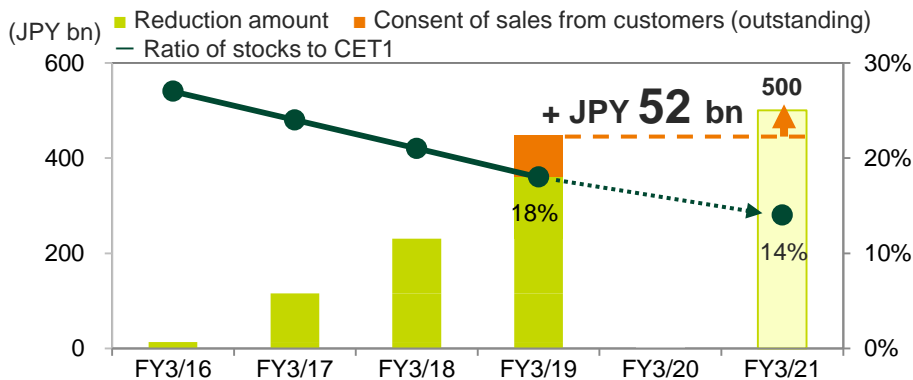
- Continue appropriate RWA control by selling strategic shareholdings and rebalancing loan portfolio while maintaining the balance.
- Steady progress in reduction of strategic shareholdings. Achieve the target by utilizing a variety of sales methods.
- Reallocate RWA in high value-added loans, LBOs and revitalization support, etc.

RWA control



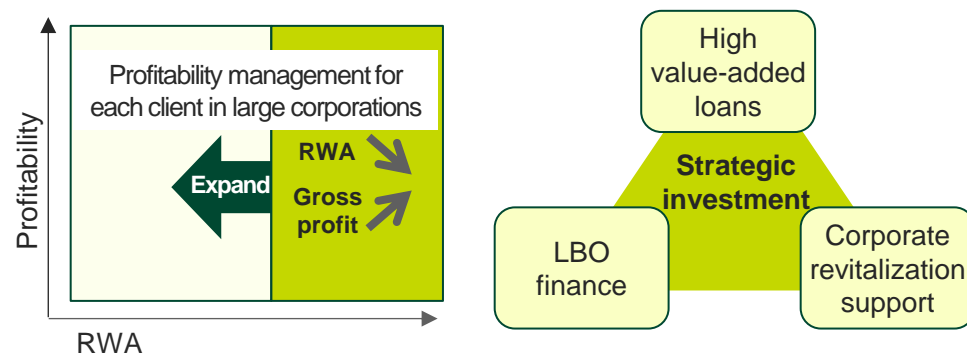
Strategic shareholdings

- Steady progress in gaining consent of sales from customers and sales execution



Portfolio management

- Enhance profitability management for each client with a focus on RWA and profitability
- Promote high value-added loans and curve out with a aim of LBO finance



- Upgrade management system to prepare for changes in credit cycles and non-financial risks
 - Credit management by each industry
 - Early detection of market changes and deterioration
 - Proactive risk and profitability management on a client-to-client basis (visualize non-financial risks)

International Business Unit

Masahiko Oshima, Deputy President and Executive Officer

Progress of Medium-Term Management Plan / Strategy

Financial results

	(JPY bn)	FY3/19	YoY*1
Gross profit		689.6	+31.2
Expenses		333.4	+22.2
Overhead ratio		48.3%	+1.1%
Net business profit		395.1	+3.6
ROE		9.3%	(1.1)%
RWA (JPY tn)		22.3	+1.1

KPI

	FY3/20 targets (vs FY3/17)		FY3/19
Bank-securities collaboration	# of active book runner (securities)	1.5x	2.3x
	# of cross-selling related with securities	2x	4.3x
Asset turnover	# of O&D transactions on focused products	1.5x	3.2x
Asia-centric "Next Stage"	# of key clients in Asia	+15%	+32%
	Non-asset based profit in Asia	+15%	+56%
	Profit from multi-franchise strategy in Indonesia	1.3x	1.4x

Progress

Steady progress in key initiatives

Bank-securities collaboration	<ul style="list-style-type: none"> Expand cross-selling through strengthening collaboration
Enhance products where we hold strengths	<ul style="list-style-type: none"> Progress in asset turnover business (O&D) Enhance products → Raise ranks in the league table
Asia-centric	<ul style="list-style-type: none"> Merged BTPN and SMBC Indonesia Enhanced non-asset based profit
Disciplined business operations	<ul style="list-style-type: none"> RAF-based portfolio management Initiated upgrading governance structure

Strategy to improve ROE

Achieve the medium-term management plan target ahead of schedule

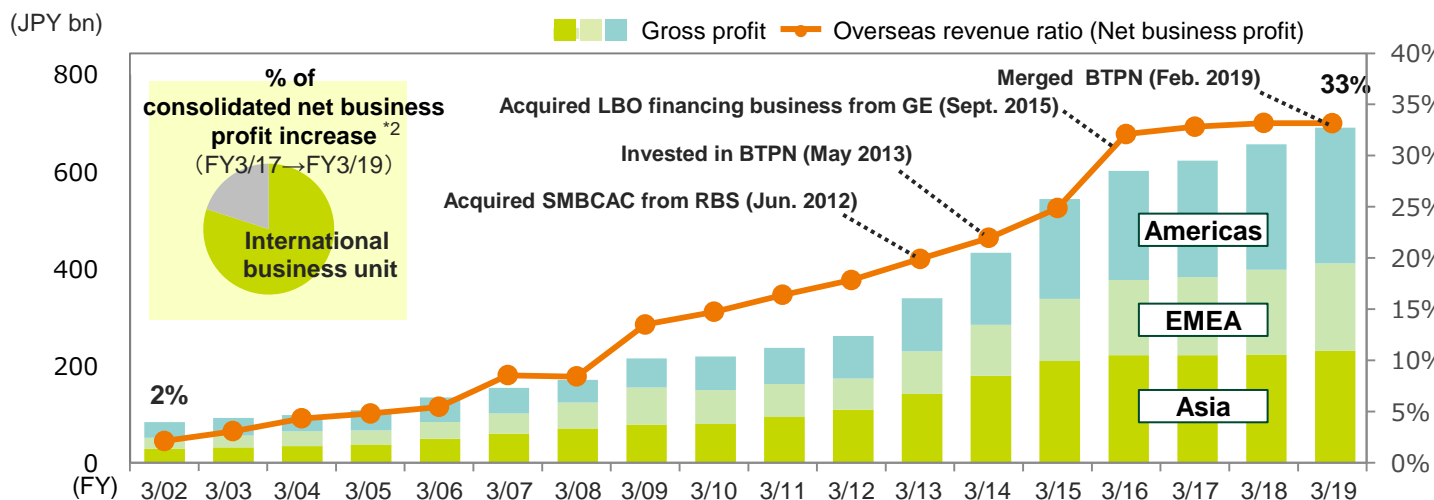
Promote key initiatives

Bank-securities collaboration	Enhance products where we hold strengths	Asia-centric
Shift to a growth model that does not excessively rely on B/S expansion	Maximize group strengths	Disciplined business operations

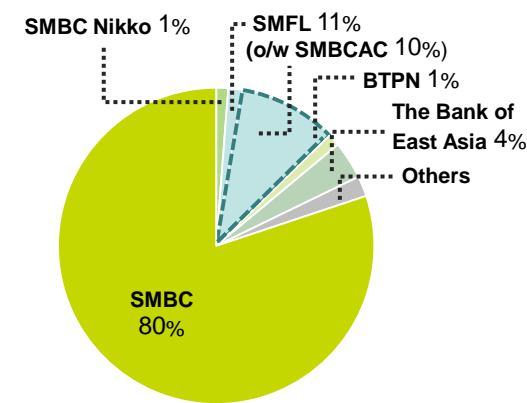
Initiatives for sustainable growth - Growth driver of SMBC group -

- 1) Shift to a growth model that does not excessively rely on B/S expansion
- 2) Maximize group strengths
- 3) Disciplined business operation

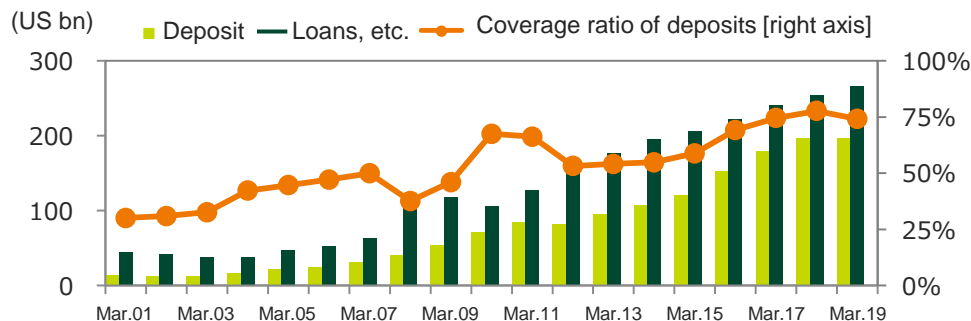
Results of International business unit^{*1} (gross profit, overseas revenue ratio)



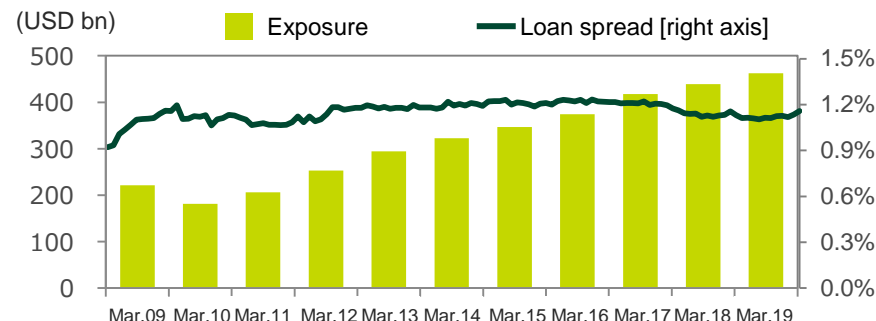
Breakdown of net business profit^{*3}



Foreign currency deposit funding to bolster sustainable growth



Spread-conscious portfolio management

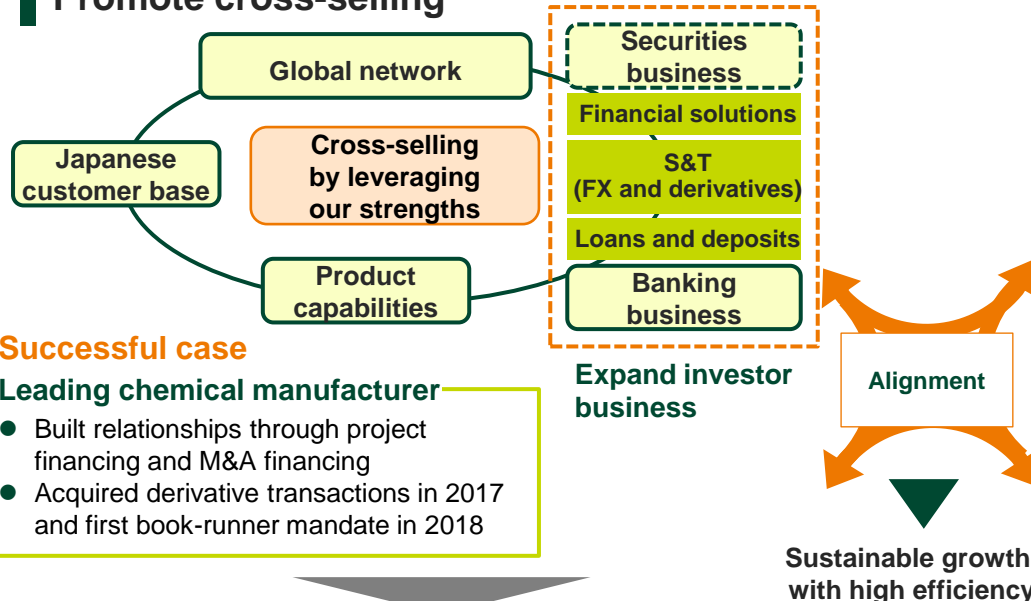


1. Shift to a growth model that does not excessively rely on B/S expansion

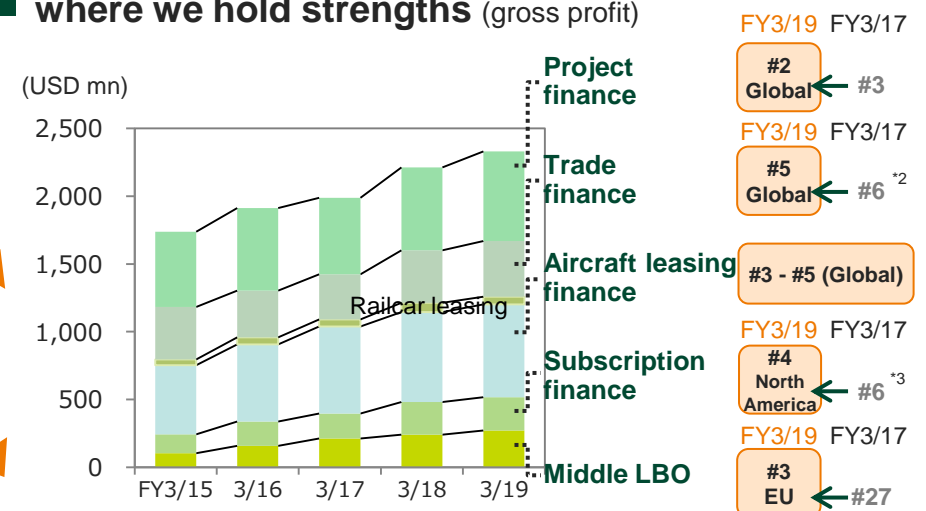
- Strengthen various measures to improve asset and capital efficiency
- Establish a business model that align "strengths"

Accelerate capturing business opportunities and achieve sustainable growth with high efficiency

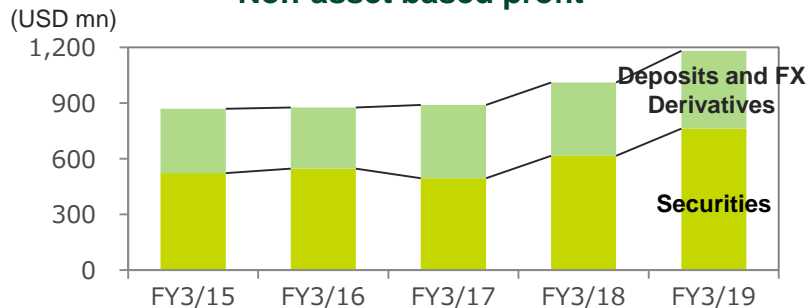
Promote cross-selling



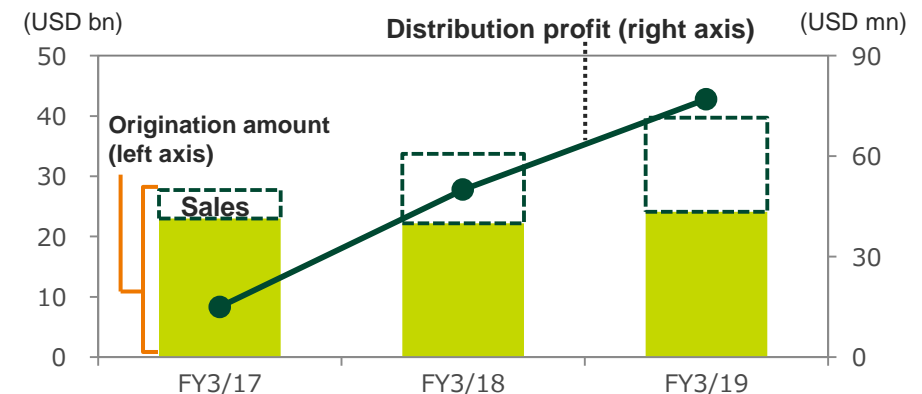
Enhance products where we hold strengths (gross profit)^{*1}



Non-asset based profit



Strengthen asset turnover business

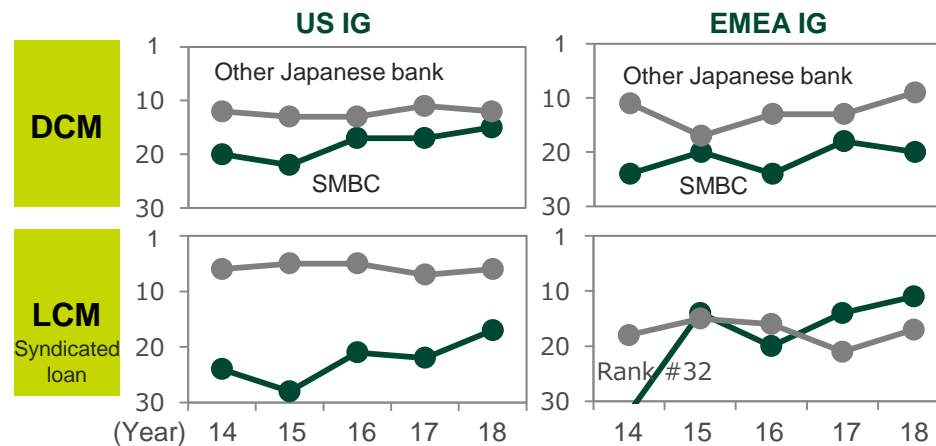


2. Maximize group strengths

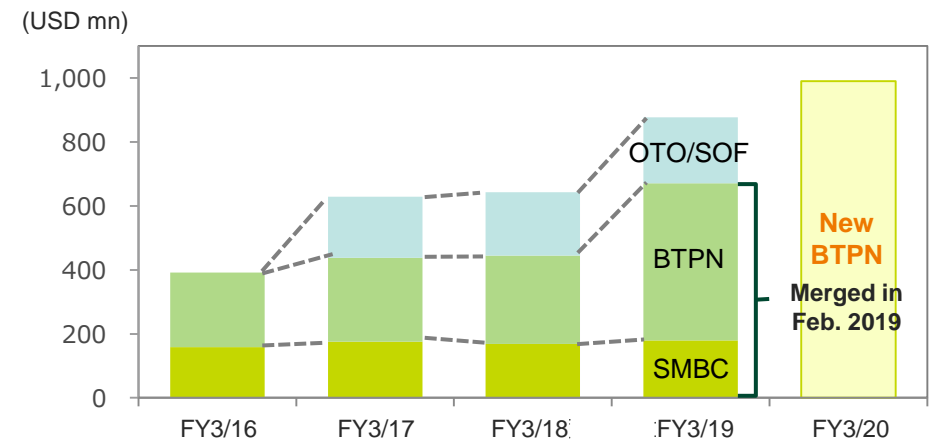
- Promote cross-selling through group collaboration by leveraging our strengths
- Further accelerate the multi-franchise strategy

Strengthen revenue capability of non-banking business

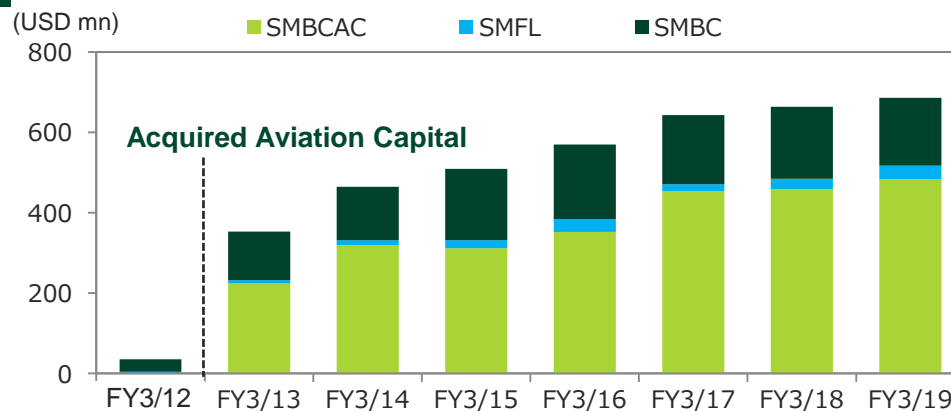
DCM and LCM League table ^{*1}



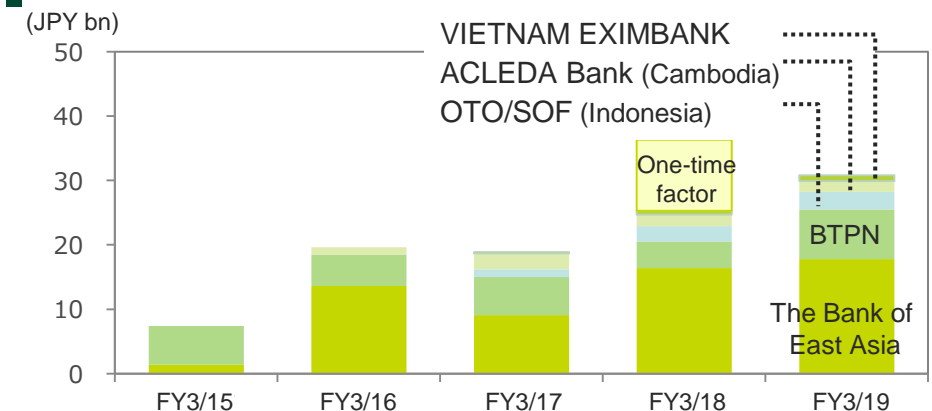
Multi-franchise strategy in Indonesia (gross profit)



Aircraft business of SMBC Group (gross profit)

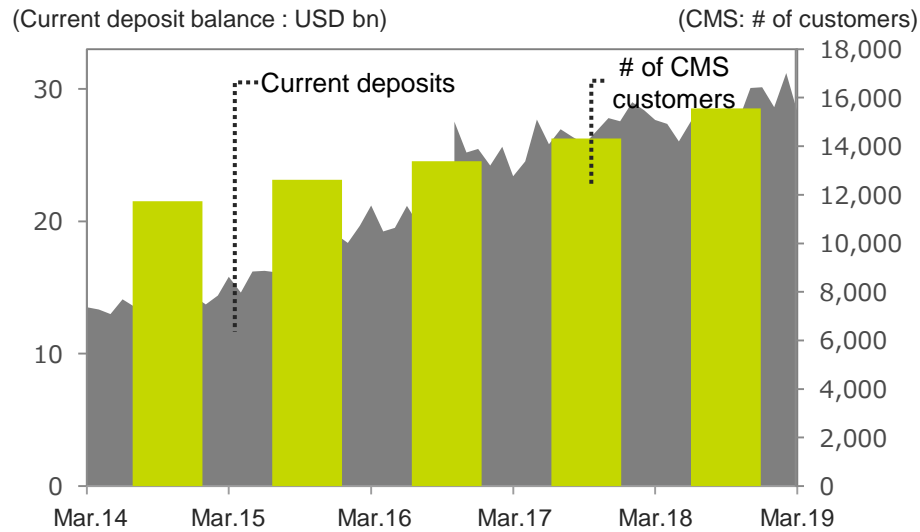


Contribution of investments made in Asia ^{*2}

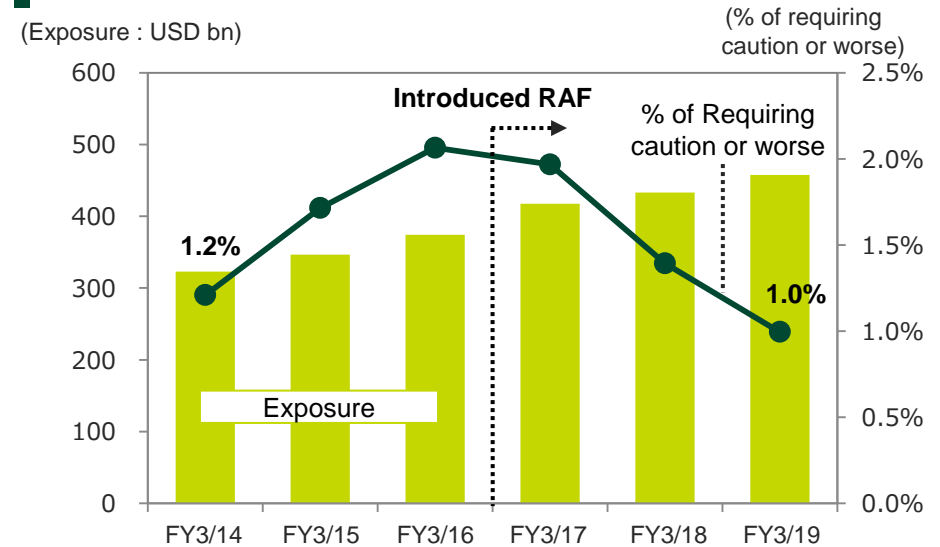


3. Disciplined business operations

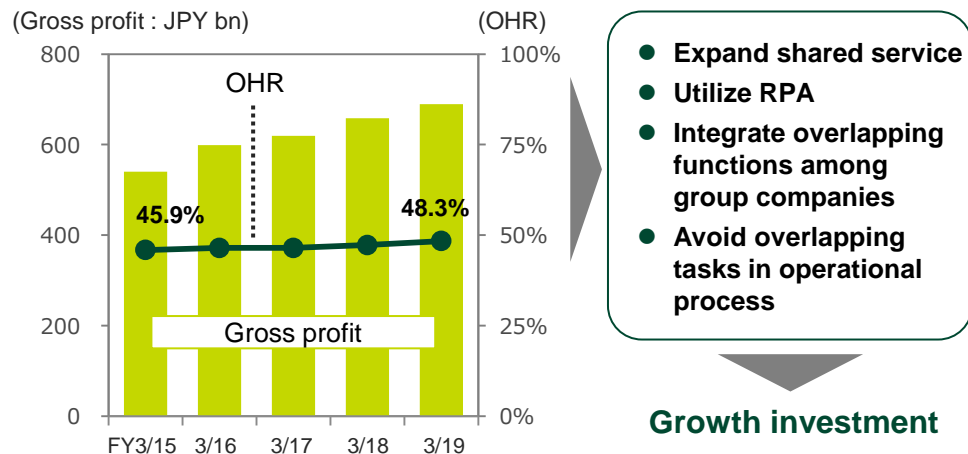
Enhance low cost and sticky deposits (CMS)



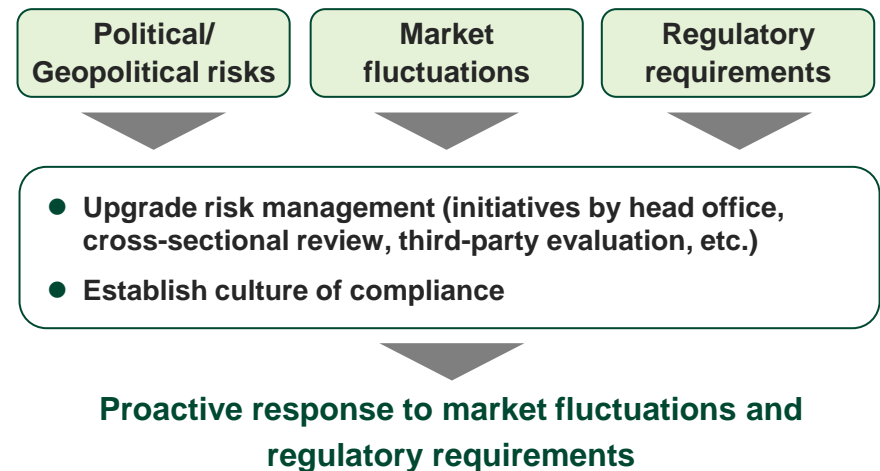
RAF - based portfolio management



Cost control



Upgrade governance for sustainable growth



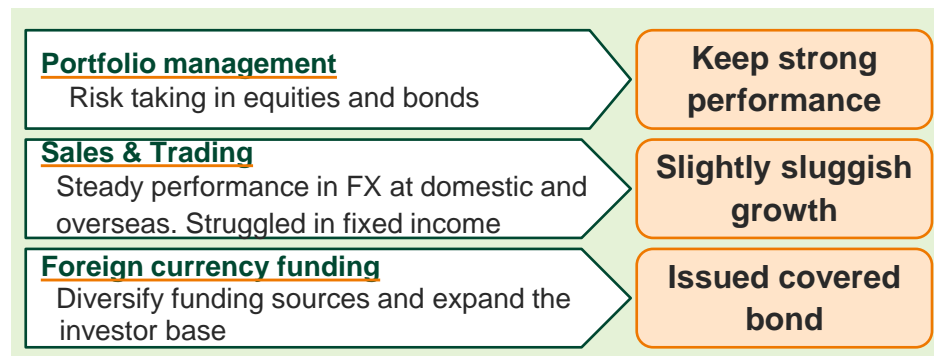
Global Markets Business Unit

Hiroshi Munemasa, Senior Managing Executive Officer

Progress of Medium-Term Management Plan / Strategy

Progress

- Made steady progress in all of the three core areas



Strategy to improve ROE

- Assess market changes carefully and rebalance portfolio appropriately
- Establish a solution business model to meet client's various needs
- Carry out robust foreign currency B/S management by optimally funding foreign currencies in accordance with the market environment

Portfolio management

- Respond to the uncertain and highly volatile market

Sales & Trading

- Enhance our capability to meet client's needs on a global basis
- Strengthen our solution capability for business corporations and institutional investors

Foreign currency funding

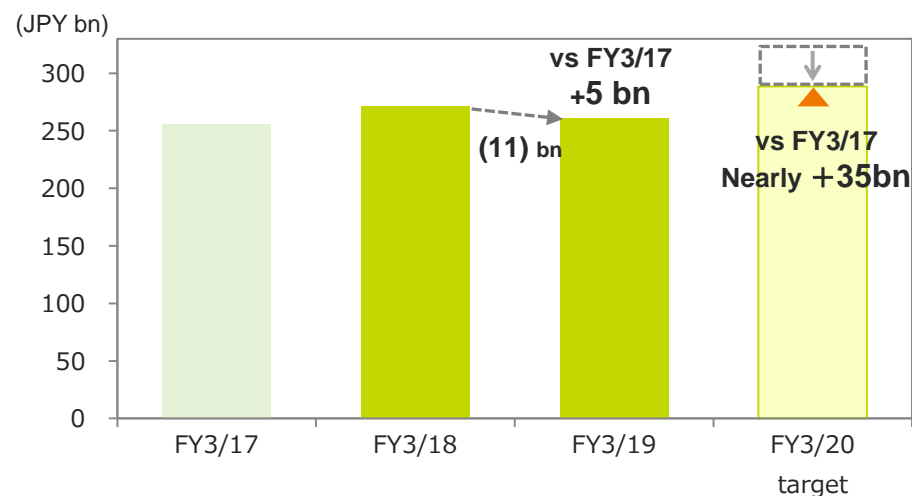
- Acquire funding in an optimal method in terms and currencies in accordance with the market environment
- Balance between stability and cost

Financial results

	(JPY bn)	FY3/19	YoY*1
Gross profit		333.6	+4.8
Expenses		54.2	(0.4)
Overhead ratio		16.2%	(0.4)%
Net business profit		298.5	+6.4
ROE		31.8%	+1.4%
RWA (JPY tn)		4.9	(1.2)

KPI

Sales & Trading profits

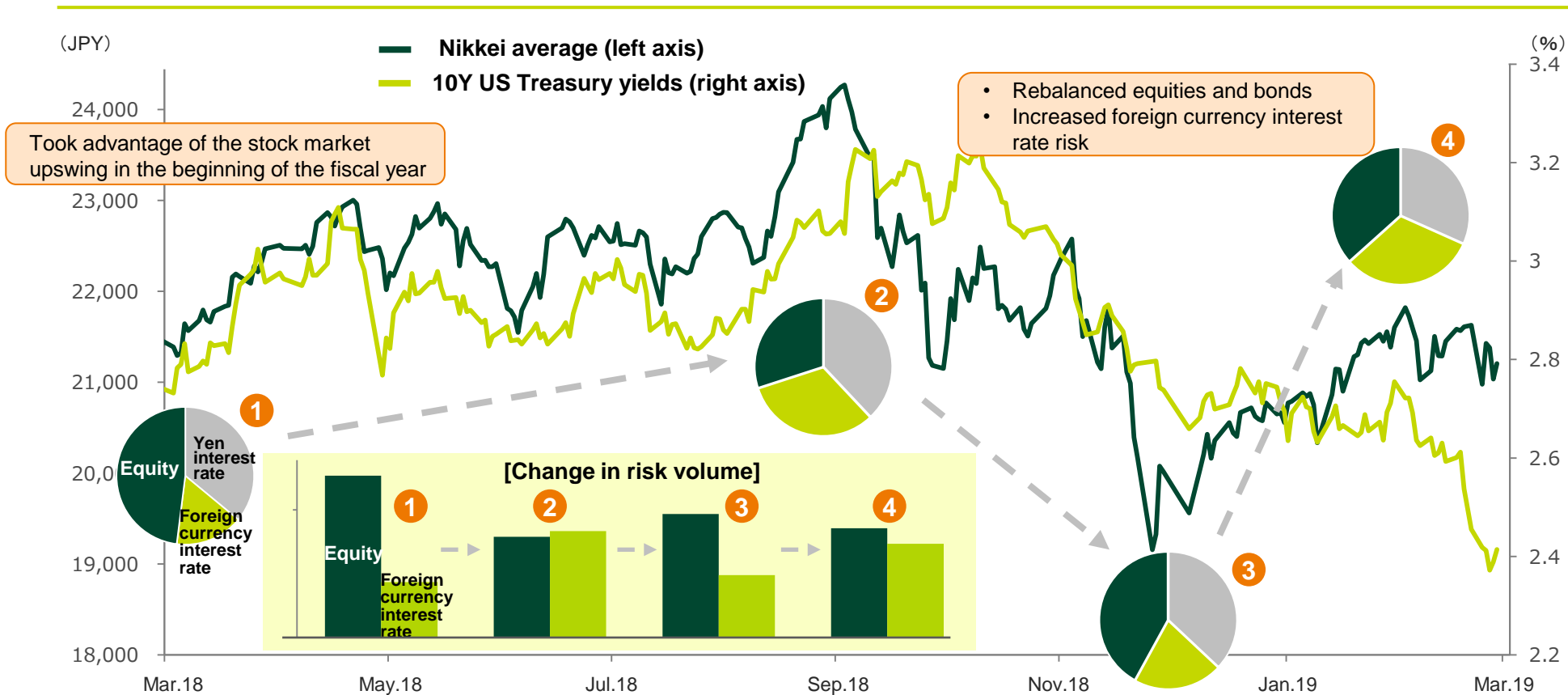


Portfolio management

- FY3/19: Generated steady earnings by rebalancing equities and bonds in response to market changes
- FY3/20: Build earnings through detailed risk control and rebalance dynamically when market changes

Image of portfolio management

FY3/19 Results (Changes in risk volume*1)

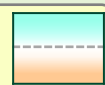


Sales & Trading

- **Business environment:** Volatile market due to political uncertainty and speculation in monetary policy. Investor's risk appetite decreased.
- **SMBC:** Steady performance in overseas FX due to strengthening of our local currency trading capability.
- **SMBC Nikko:** Increase in earnings from self-manufacturing of derivatives as well as an increase in market share of equity brokerage commissions.

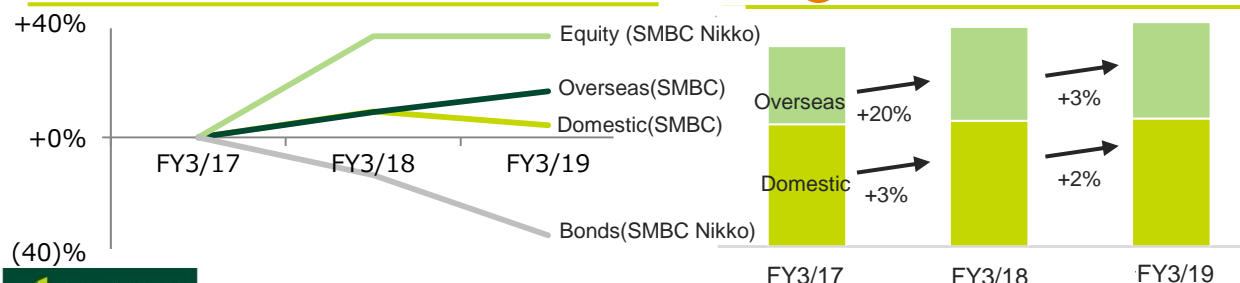
Self-assessment of FY3/19*1

Level of
previous
year

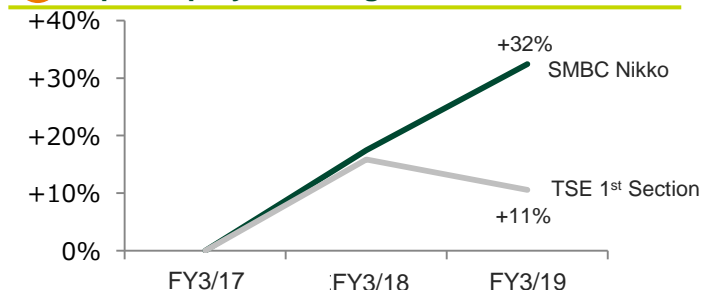


S&T profits		Trading capability	Customer reach	Product/solution	Business environment	FY3/19 Review	Key initiatives of FY3/20
SMBC JPY 209 bn YoY (1)%	Domestic *2 YoY (4)%					● Steady performance in FX despite of weak asset management due to environmental changes 1	● Enhance our solution-providing capability sophistication of data analysis
	Overseas *2 YoY +7%					● Steady performance in FX due to strengthening of our local currency trading capability 1	● Strengthen our capability to meet client's needs on a global basis
SMBC Nikko JPY 51.7 bn YoY (14)%	Equity YoY ±0%					● Increase market share of equity brokerage commissions despite decrease in fee pool 2	● Monetize customer flow through an improvement of trading capability
	Bond YoY (24)%					● Decrease in trading opportunities due to declining customer flow environment	● Strengthen asset management solution-providing capability for business corporations and institutional investors ● Increase cross-regional transactions such as U.S. dollar-denominated bonds

S&T profits (vs FY3/17)



2 Japan equity brokerage volume (vs FY3/17)*3



*1 Managerial accounting basis

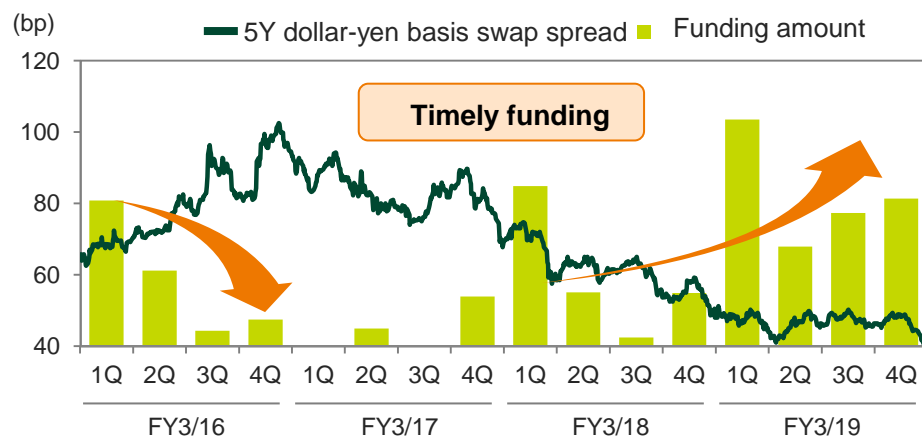
*2 FX / derivatives / investment

*3 SMBC Nikko Japan equity brokerage trading value (wholesale). TSE 1st section trading value.

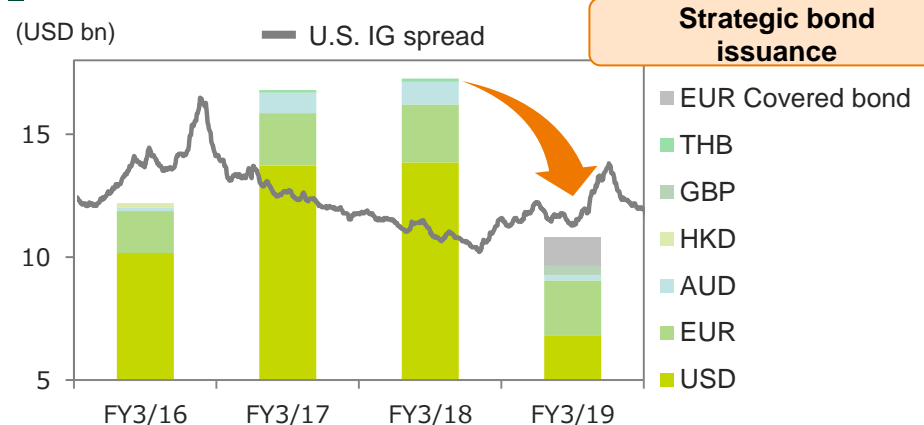
Foreign currency funding

- Reduce cost through timely funding looking at the market environment and issue bonds strategically.
- Build a robust foreign currency funding base by enlarging our investor base and diversifying our funding sources.

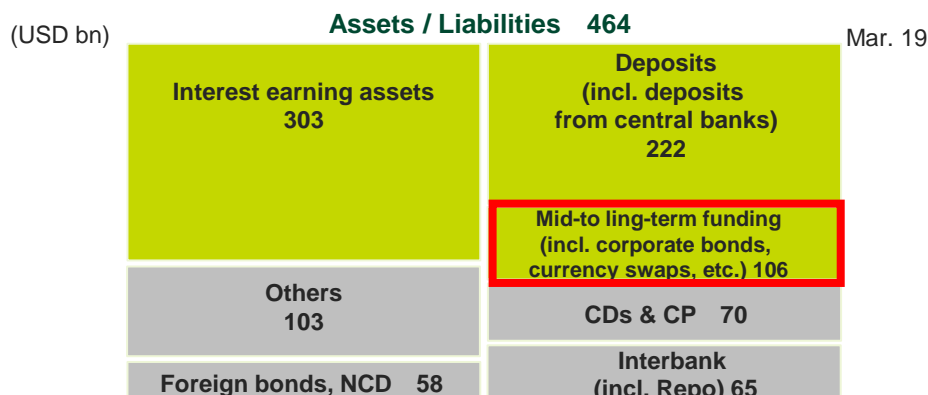
Mid- to long-term currency swaps (yen swaps)



Corporate bond issuance



(Ref) Foreign currency balance sheet *1



Cultivation of market

FY3/16- FY3/18

First among megabanks
First as a Japanese bank

- Green bonds (USD)
- Formosa bonds/TLAC (EUR/AUD/EUR Green bonds)
- Bonds denominated in various currencies (EUR/GBP/AUD/HKD/THB)

Diversifying funding sources and enlarging investor base

FY3/19

First in Japan
First as a Japanese bank

- **Covered bonds (EUR)**
Aim to enlarge investors base and secure lower cost funding methods under stress scenarios
- **Foreign currency green bond for individuals (USD/ AUD)**
Promote initiatives for the SDGs of SMBC Group

Digital Innovation

Katsunori Tanizaki, Group CIO

Basic policy

Promoting both DI and DX

Definition of digitalization

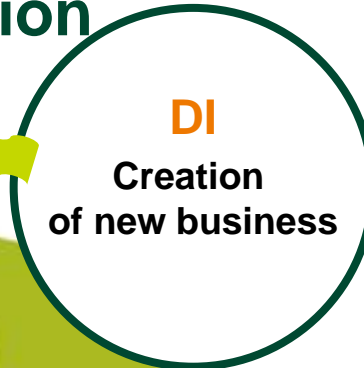
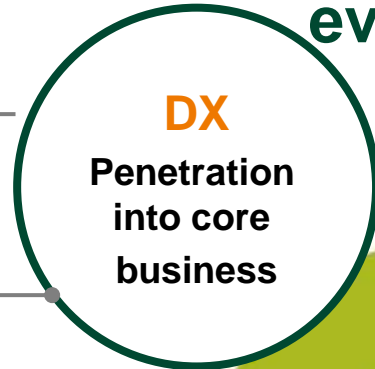
- Classify areas of digitalization into four areas (proactive / defensive).

Areas of digitalization		Contents / Purpose	Points
Proactive	Digital innovation (DI)	Customer-oriented	<ul style="list-style-type: none"> Generate new business Develop platform business
	Digital transformation (DX)		<ul style="list-style-type: none"> Speedy creation of new business led by the innovation department Collaboration between business units and IT unit Verification focusing on progress of business plan and actual benefits
Defensive	Digitization	Corporate-oriented	<ul style="list-style-type: none"> Cost reduction and operational improvement by automating manual operation / process Transfer operations from business units to IT unit Verification focusing on cost reduction
	IT infrastructure		<ul style="list-style-type: none"> Establish flexible and solid infrastructure to support mid- to long-term business reform Well-planned replacement while maintaining quality Centralized management by IT unit on a group basis

Overview of proactive digitalization

From individual customers to corporate customers
From department basis to group-wide basis

Further evolution



Create new businesses that are not limited to the financial business

Utilize data for marketing and developing products



Two methods



Collaborate with competitive outside partners

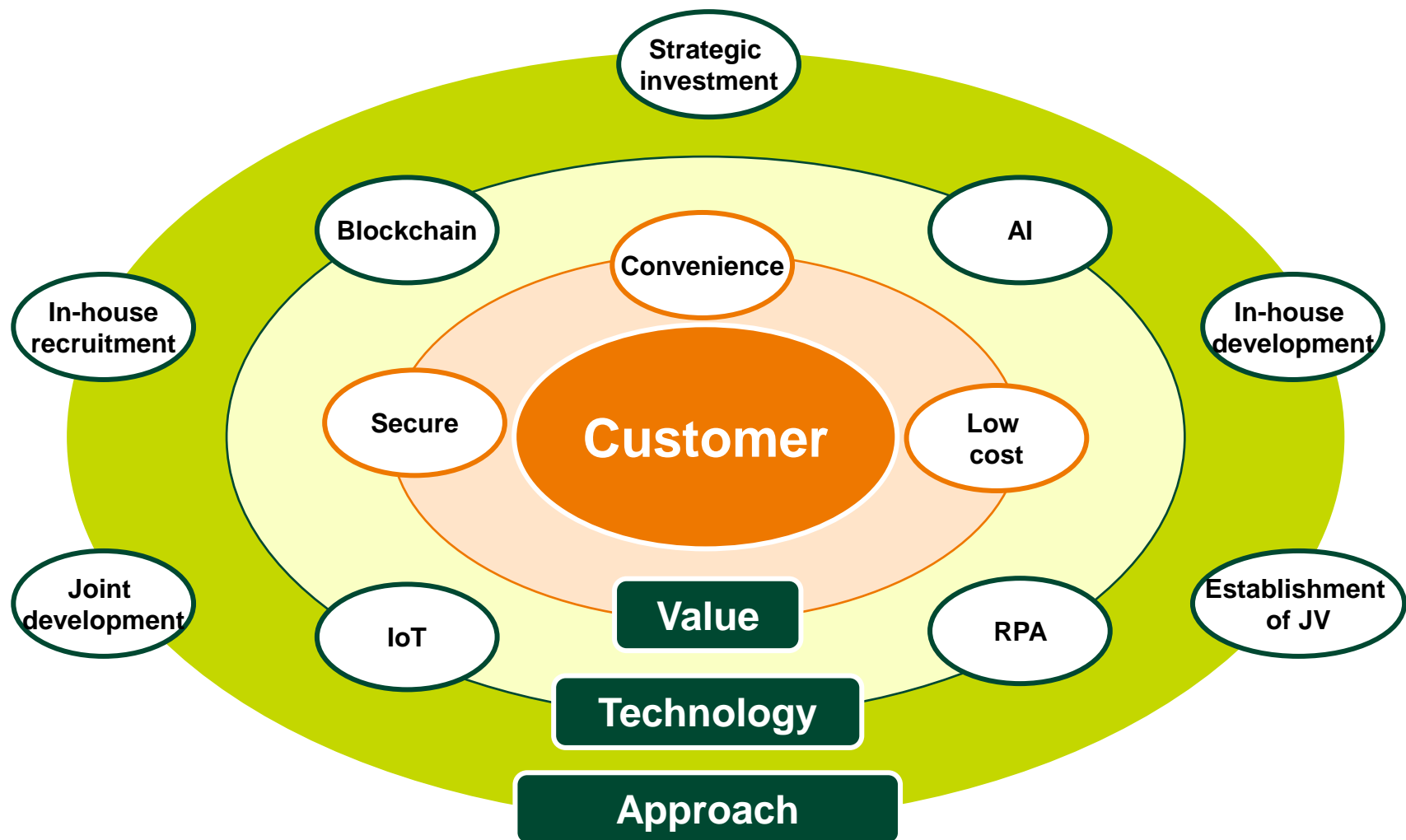


Value and approach

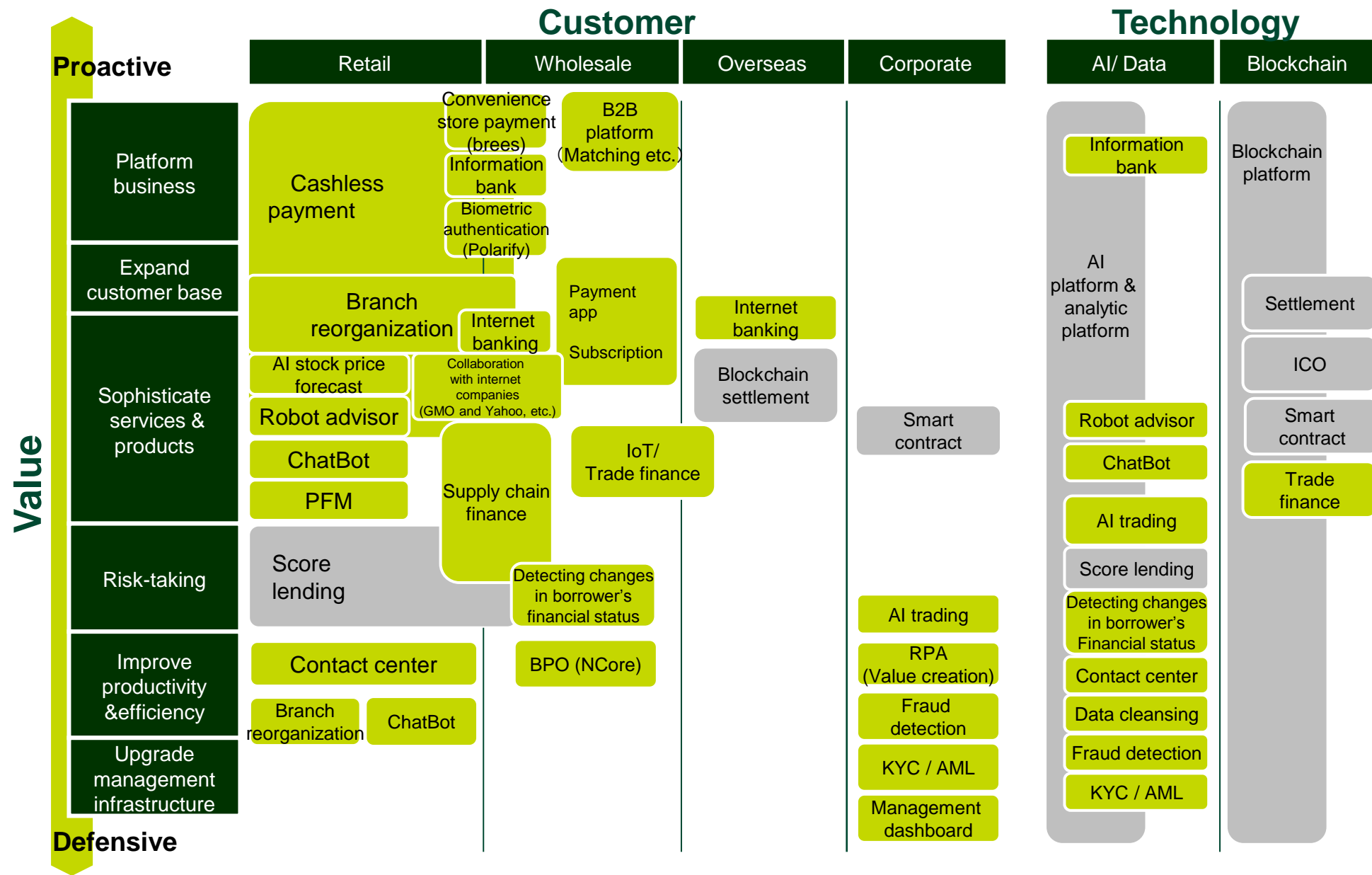
Customer-oriented digitalization

Digitalization approach / technology / value

- Customer-oriented. Utilize technology to increase the value for customers.



Roadmap for digitalization



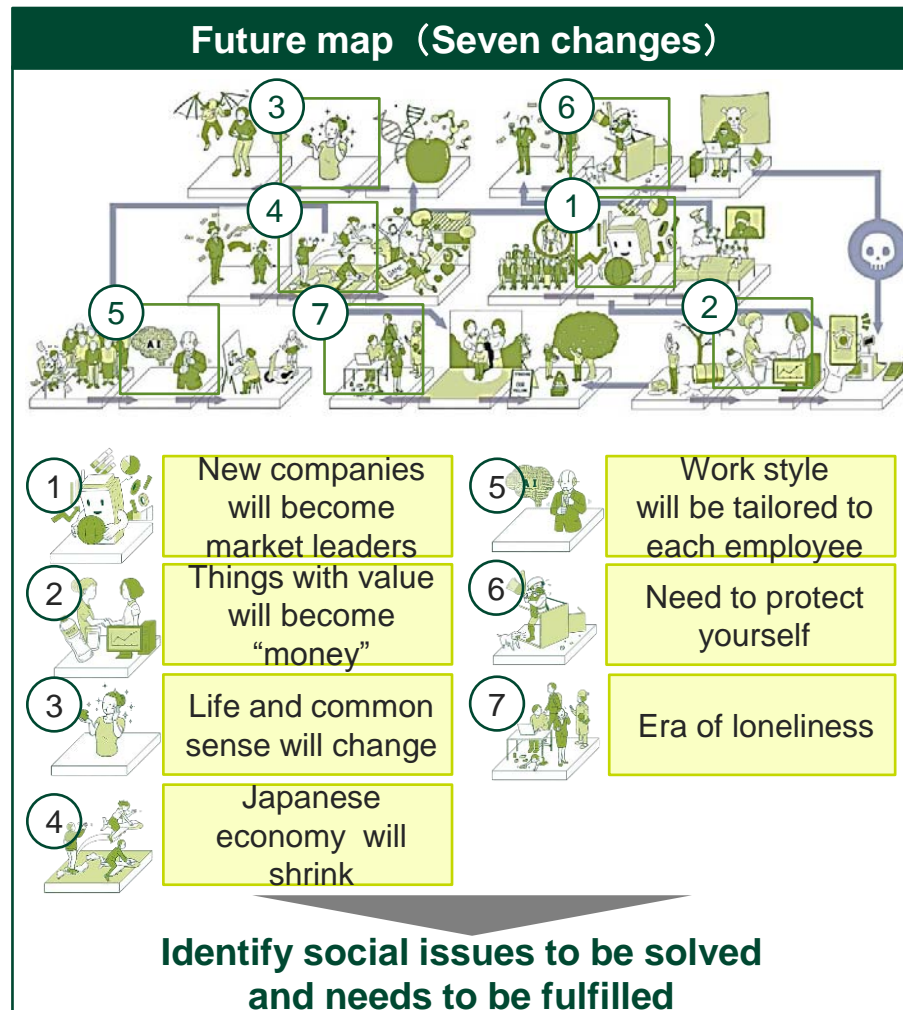
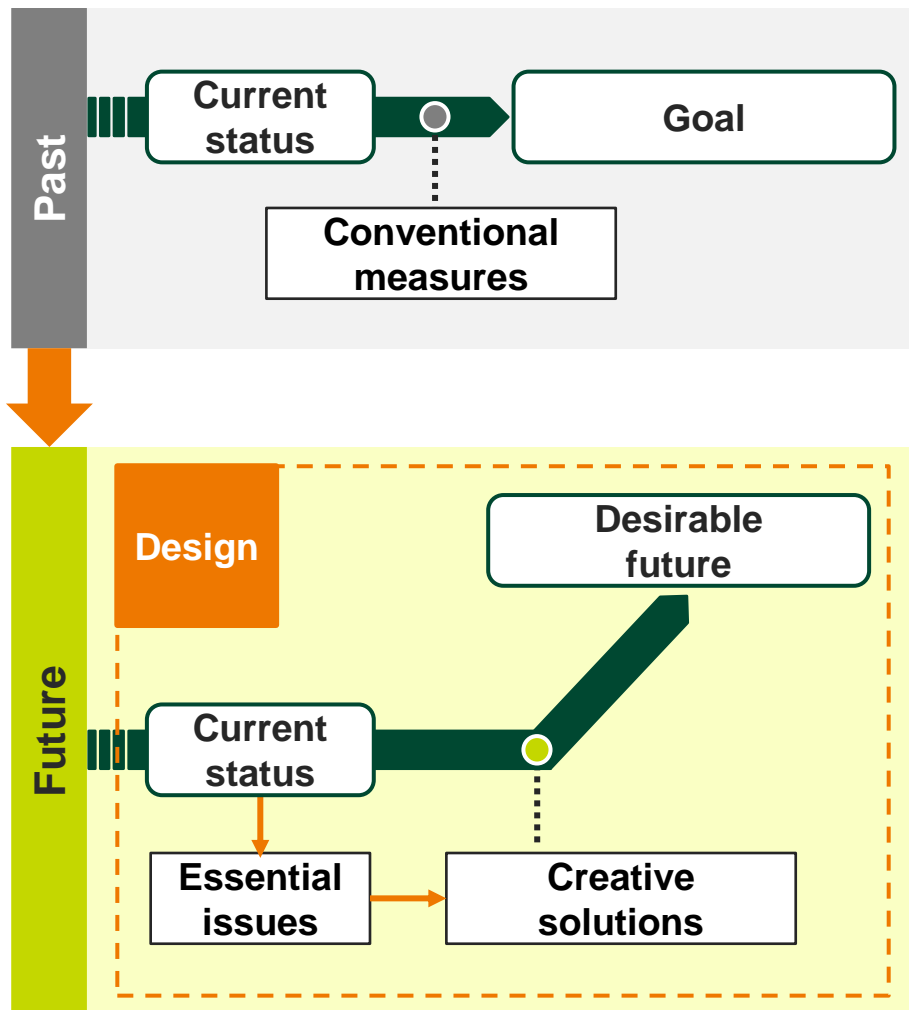
Mindset

A person is silhouetted against a sunset sky, looking through a large telescope mounted on a tripod. The sky is a gradient of orange, yellow, and blue, with a crescent moon visible in the upper right. The person is wearing a light-colored sleeveless top.

Looking ahead to the future

Utilize design process

- Promote creative solutions against challenges looking at the outlook for future changes.



A photograph of two men in a bar setting. The man on the left, with a beard and wearing a blue shirt, is holding a glass of beer and gesturing with his hand. The man on the right, also with a beard and wearing a plaid shirt, is playing a trumpet. The background is blurred, showing other patrons and warm bar lighting.

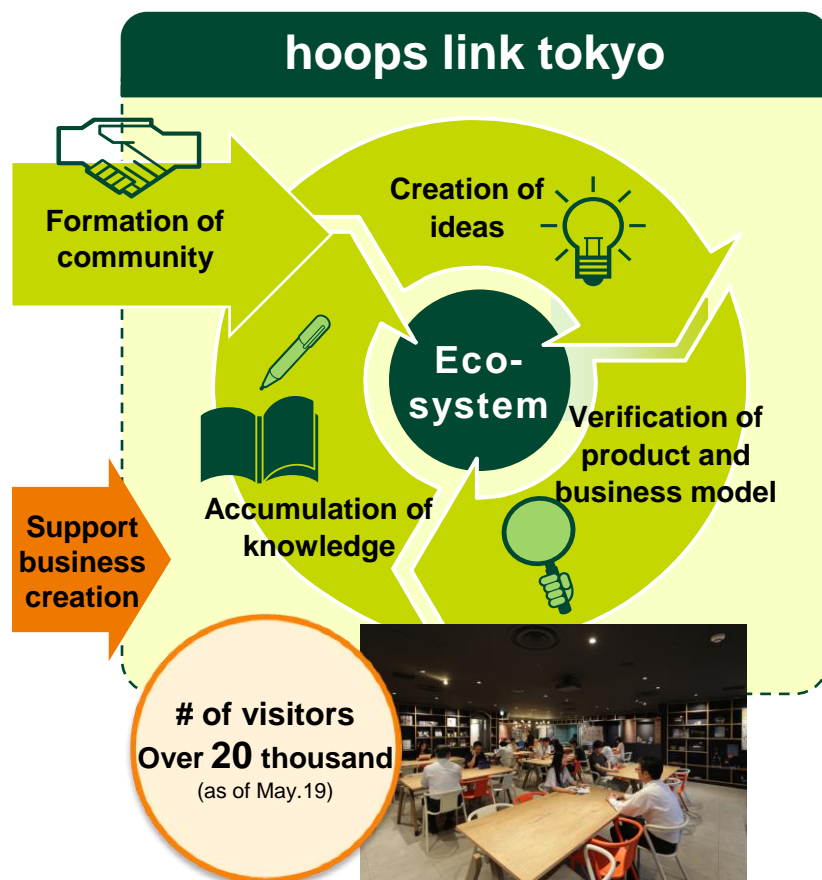
Create multiple ideas

Open innovation tailored to Japanese situation

Sustainable system to create innovation

- Interact with outside players through “hoops link tokyo”.
- Create new business in collaboration with other industries at SMBC BREWERY.

Accidental innovation through
the formation of rich soils



Deliberate innovation through co-creation program



AI service company and
SMBC Nikko met at
BREWERY and released
“AI stock portfolio
diagnostic service”

1 Pitch



2 Post-it exercise



3 Mutual
understanding



4 Create
collaborative ideas



5 Share ideas



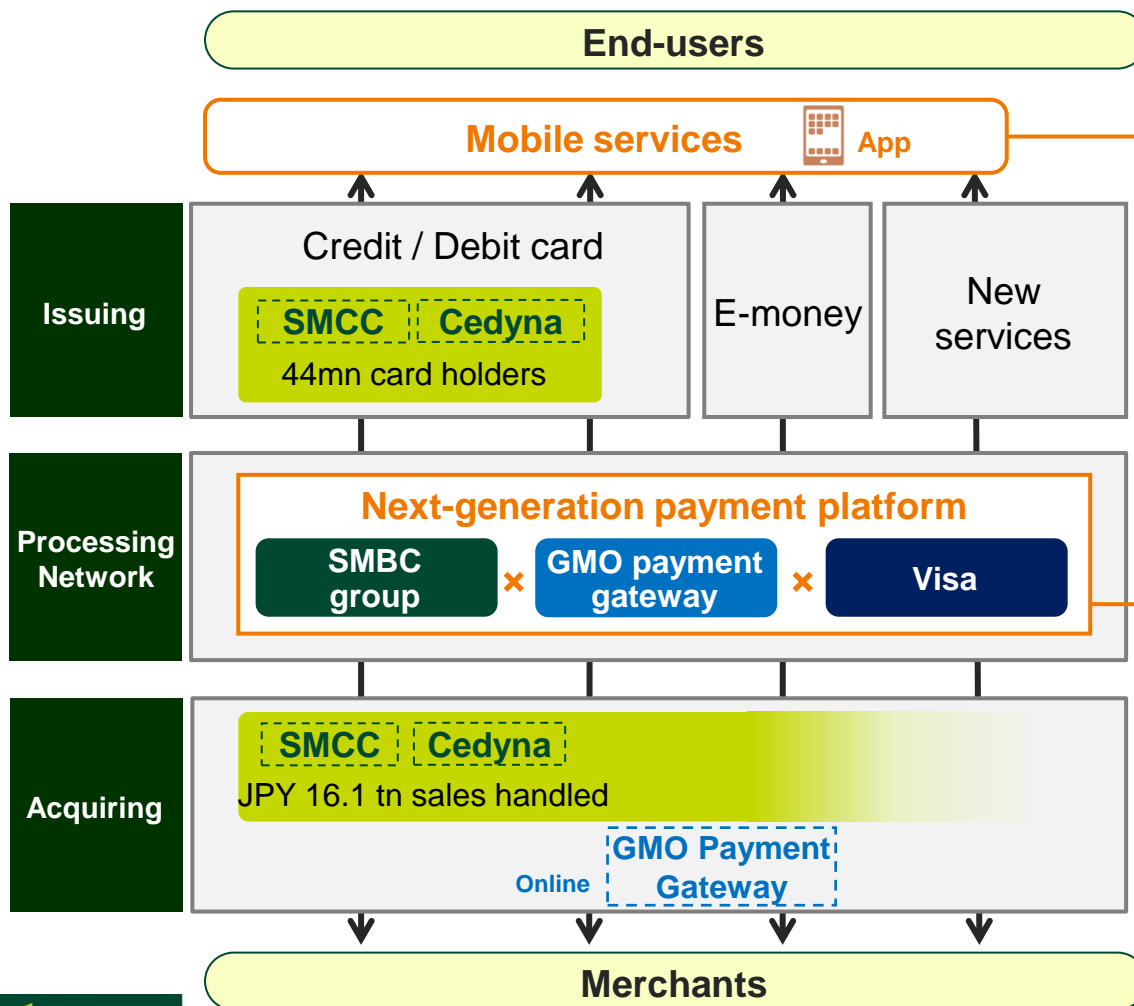


Example in DX

Provide new customer value

Example DX 1: Retail

- Build an open, flexible and low-cost payment platform as many payment methods emerge.
- Combine financial and IT solutions by vertical integration of issuing, processing and acquiring business.



(1) Enhance services for end-users

- **Convenient:**
Able to pay any time, anywhere, and by preferred method
- **Safe and secure:**
Able to control spending though flexible setting of limits, etc.
- **Beneficial :**
Able to obtain group-wide points by using various financial services (incl. payment)

(2) Establish next-generation payment platform

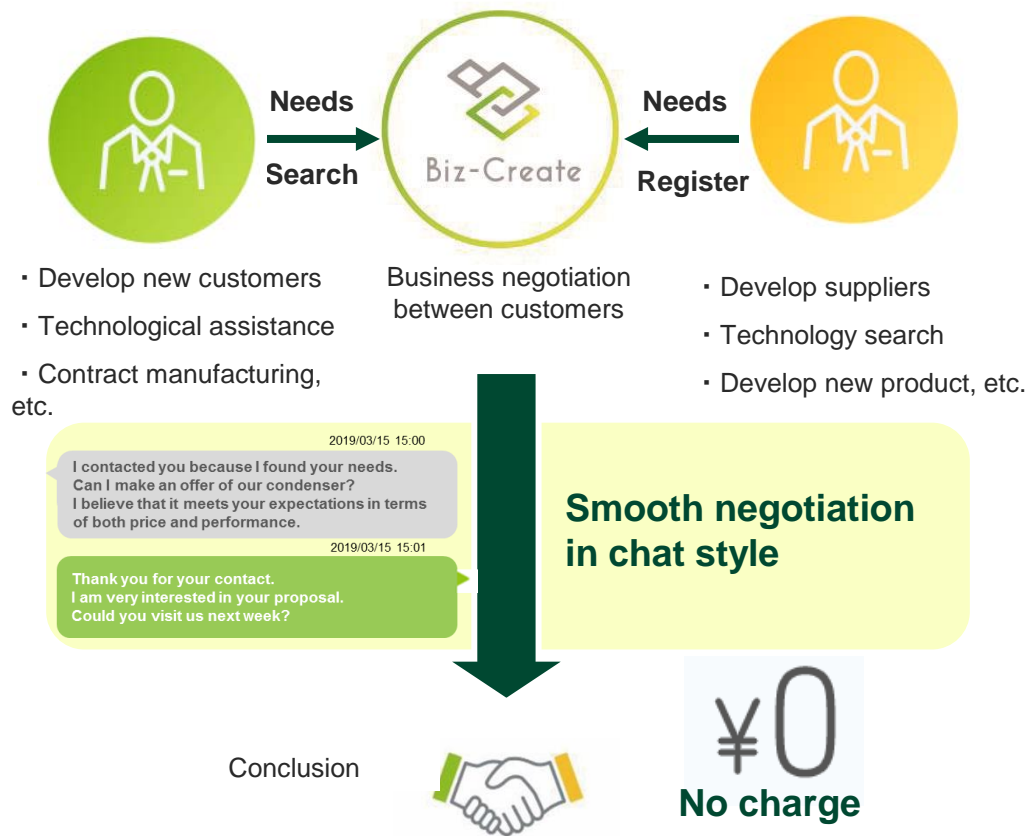
- Support all cashless payment methods
- Increase the market share of franchisees by leveraging price competitiveness

Example DX 2: Wholesale

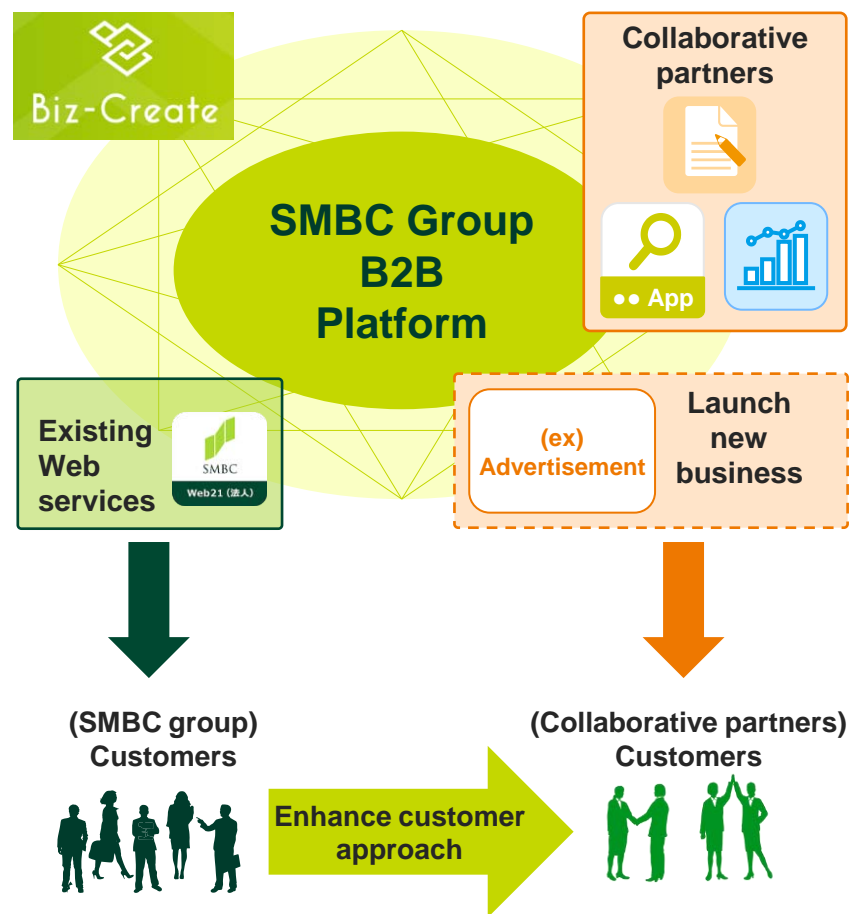
- Aim for a B2B platform that provides a full range of services and content through collaboration with partner companies.

Biz-Create

- Introduced “Biz-Create” business matching platform as the first step of our B2B platform



B2B platform concept



New business model

A man with a grey beard, wearing a blue and white plaid shirt and a tan apron, stands behind a wooden market stall. He is looking towards a woman with dark hair in a ponytail on the right. To his left, a woman in a red shirt is partially visible. The stall is filled with baskets of fresh produce. A basket of brown eggs is on the left, with a sign that says "ORGANIC EGG \$3.99 DOZEN". In front of the man is a basket of lemons with a sign that says "LEMON 99¢ EACH". To the right of the lemons is a basket of green apples with a sign that says "100% ORGANIC". In the foreground, there are baskets of oranges with a sign that says "BEETROOT \$4.00 LB" and a basket of red bell peppers. The background shows a white canopy with the word "MARKET" visible.

From internal use to external sales

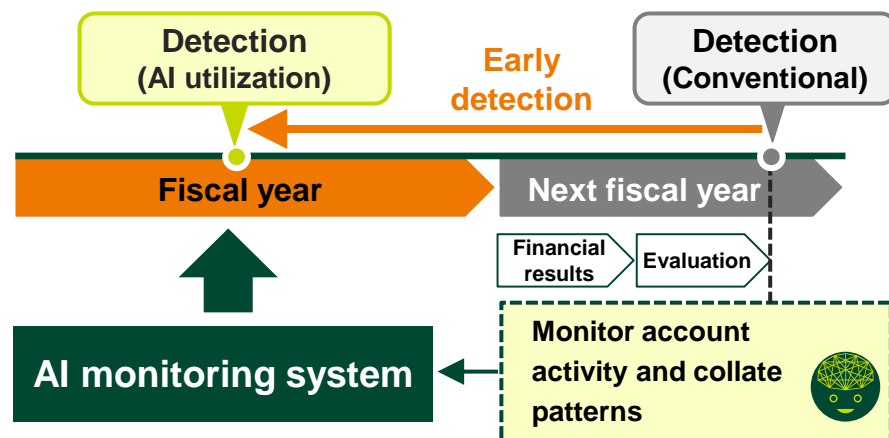
From internal use to external sales

- Actively develop new external sales business by leveraging expertise within the group, such as AI and RPA.

Detecting changes in borrowers' financial status

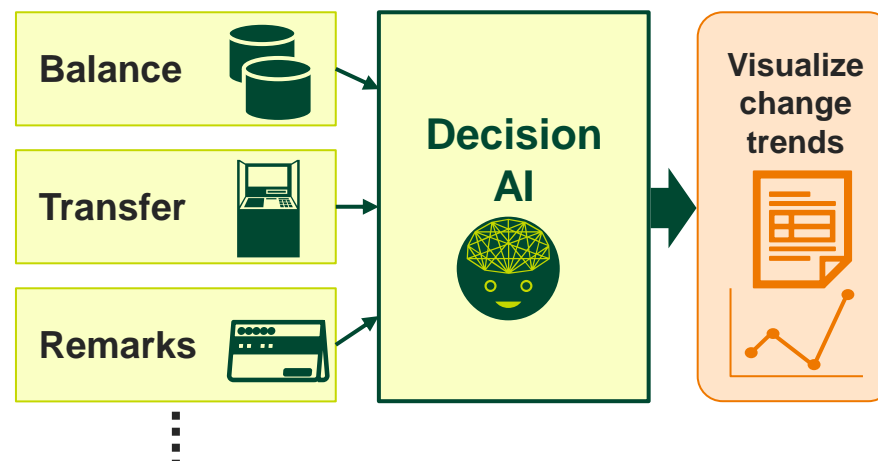
Overview

- Analyze account information by AI and forecast client's business environment change timely



AI model

- Build a high-precision model that does not depend on a specific industry
- AI monitoring system forecast changes in business conditions and make trend data



Started external sales to outside financial institutions

External sales

- Approach for regional banks and credit unions.
There were around 100 inquiries.

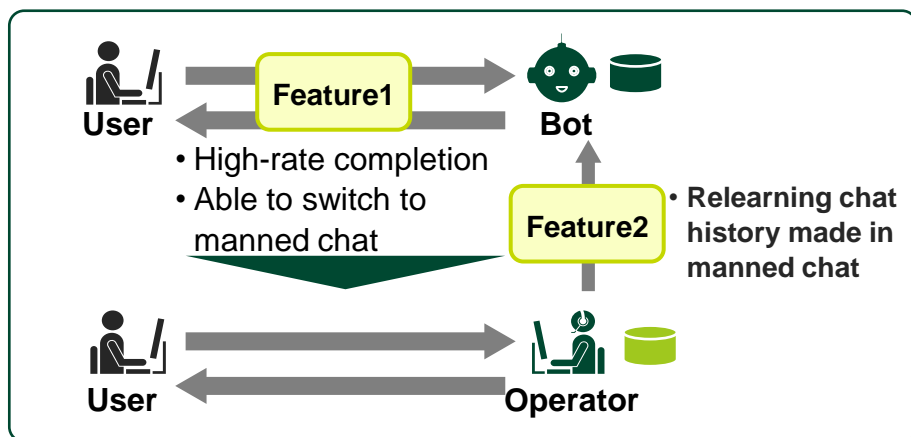
- Looking for developing services for other industries

From internal use to external sales

- Actively develop new external sales business by leveraging expertise within the group, such as AI and RPA.

Chat bot

- Developed AI chat bot for help desk operation
- Continue to improve dialogue by relearning chat history



Started sales to outside companies

External sales

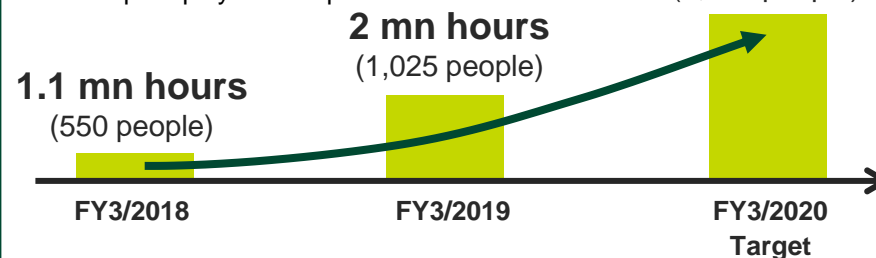
- Started external sales by providing licenses to IT vendors
- Contribute to improving operational efficiency and productivity for various industrial customers

RPA (Robotic Process Automation)

- World's top-class usage
- Automate simple task and routine work

Example

- Data aggregation, output, matching and judgment
- Data entry
- Accept inquiry and response



Established
SMBC VALUE CREATION

External sales

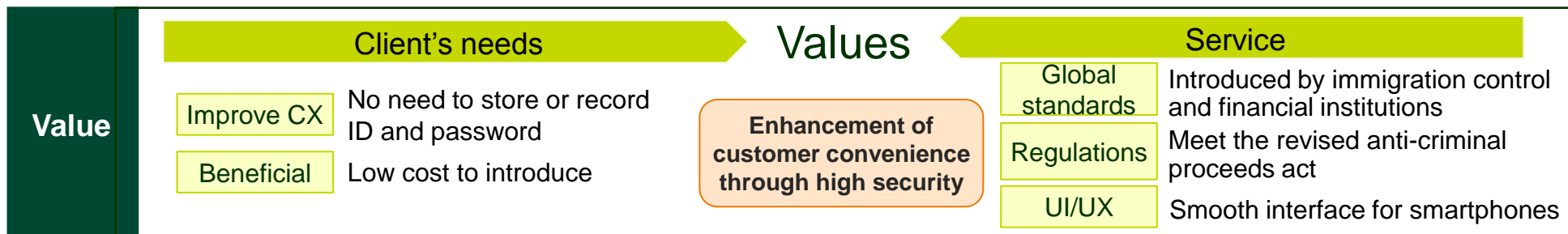
- Established a new company to support client's introduction of RPAs
- Support clients competitiveness by leveraging SMBC group's knowledge (business alliance with UiPath)

Example in DI

Toward new fields as a platform

■ Example DI 1:Polarify

- Provide a safe and smooth biometric authentication service that can be used on any smartphone by leveraging the trust as being a bank.
- Expanding services to meet new needs.

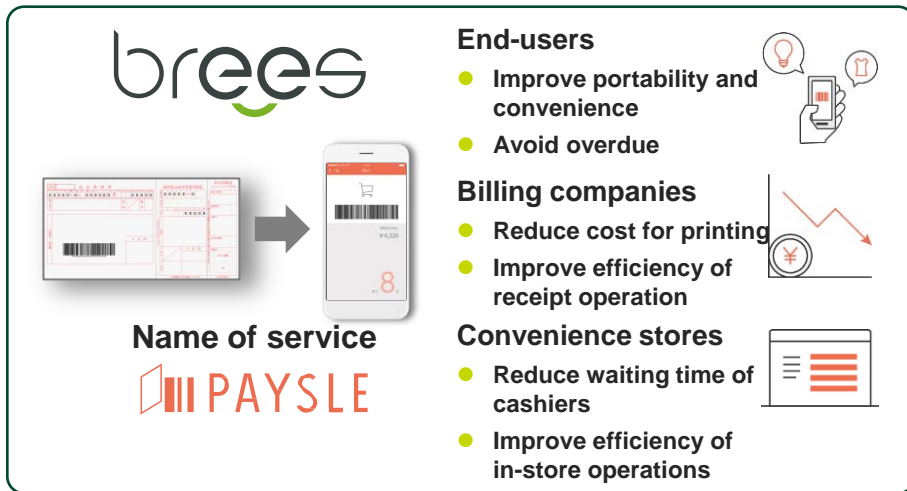


Example DI 2: Information bank

- Launched a payment service using smartphone's electronic bar code, which can be used at convenience store in Sep. 2017. Benefit end-users, billing companies and convenience stores.
- Information bank manage data as the agent of personal users and make the ecosystem economically independent and pursue market development.

PAYSLE

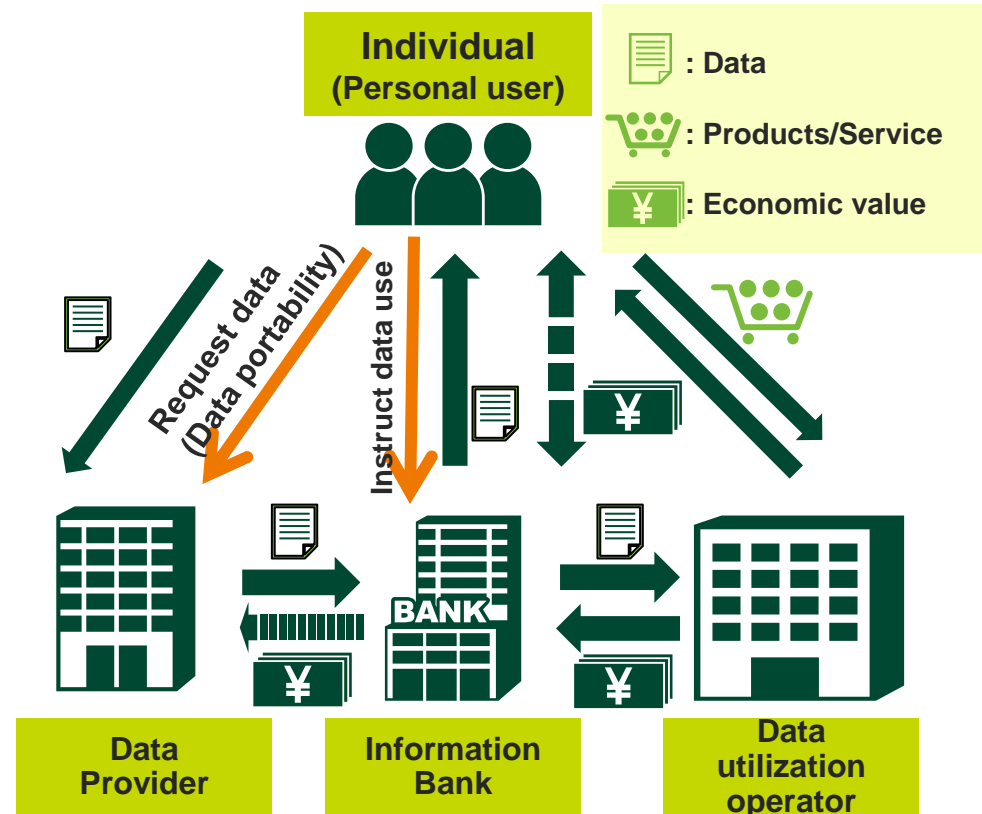
- Payment service using electronic barcodes
- Able to pay by cash in paperless fashion



Establish breees corporation

- Jointly established a new company with NEC
- SMBC Finance Service and SMBC GMO Payment acquire new customers. Expand to other payment agencies.

Our information bank concept



“Banking is
Necessary.
Banks are
not.”

-Bill Gates



Toward new banking