

# SMBC Group IR Day

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August 29, 2024

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# Agenda

■ Opening	Group CEO	Toru Nakashima
■ P3 Wholesale	Deputy President and Executive Officer	Muneo Kanamaru
■ P10 Retail	Senior Managing Executive Officer	Takashi Yamashita
■ P23 Global	Senior Managing Executive Officer Senior Managing Executive Officer	Yoshihiro Hyakutome Keiichiro Nakamura
■ P29 Global Markets	Deputy President and Executive Officer	Masamichi Koike
■ CFO Session	Group CFO	Fumihiko Ito

# Wholesale

**Muneo Kanamaru,**  
**Deputy President and Executive Officer**

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# Medium-Term Management Plan

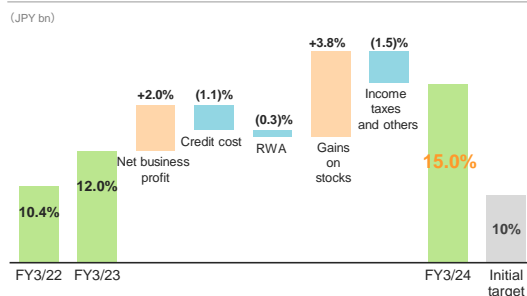
## Financial targets

ROCET1	Net business profit	RWA
FY3/26 Initial target <b>10%</b>	FY3/26 Initial target <b>JPY 570 bn</b>	In 3 years (vs. FY3/23) <b>+ JPY 1.5 tn</b>
FY3/24 <b>15.0%</b>	FY3/24 <b>JPY 632.1 bn</b>	FY3/24 <b>+JPY 0.7 tn</b>

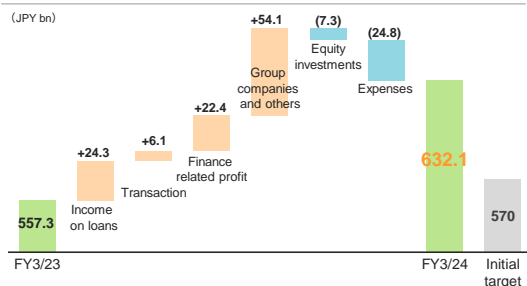
## KPI

	FY3/23	FY3/24	FY3/26 target
<b>Payment transactions</b>			
(1) # of Corporate transfers	(1) 346 mn	(1) 354 mn	(1) 368 mn
(2) # of Foreign remittance	(2) 1.6 mn	(2) 1.8 mn	(2) 1.7 mn
(3) Corporate business handled (JPY)	(3) 1.7 tn	(3) 2.0 tn	(3) 2.6 tn
<b># of trust brokerage transactions (&gt;JPY 3 bn)</b>	27	38	65
<b>League table of SMBC Nikko M&amp;A deals (≥JPY 10 bn)</b>	#3	#3	#2
<b>Social Value</b>	Sustainable finance	JPY 1.5 tn	JPY 3.3 tn
	Investment and loans for startups	JPY 32.5 bn	JPY 79.2 bn
	Business investment / revitalization finance	JPY 105.5 bn	JPY 161.2 bn
			<b>Total</b>
			JPY 4.7 tn
			<b>Total</b>
			JPY 135 bn
			<b>Total</b>
			JPY 545 bn

## ROCET1



## Net business profit



This slide shows the results of FY3/24 and the progress of the Medium-Term Management Plan.

Both ROCET1 and net business profit significantly exceeded our targets set for FY3/26 and progress of KPIs is also in a good pace.

ROCET1 improved by 3.0% YoY and reached to 15.0% in FY3/24. This is due to an increase in net business profit as well as contribution from gains on sales of equity holdings which is progressing ahead of our initial plan.

We steadily captured financing opportunities under an increasing demand for capital investment and active corporate actions. As a result, net business profit increased by JPY 75 bn YoY due to an increase in income on loan and loan related fee as well as fees from transactions.

# Direction in FY3/25

## Point of strategy

### Vision

Be a **true solution provider** committed to the sustainable growth with our clients through resolving their **complicated management issues**

### Key strategy

#### Basic policy

- 1 Strengthen group edge by **enhancing expertise**
- 2 **Build a new sales structure** leveraging digital
- 3 **Build portfolio of high ROE businesses**

### Strategy in FY3/25

<Short-term>  
Pursue upside  
+  
<Medium- to long-term>  
Accelerate growth strategy

Upgrade management of loans and deposits

Challenge further risk-taking for growth

Build medium- to long-term revenue pillar

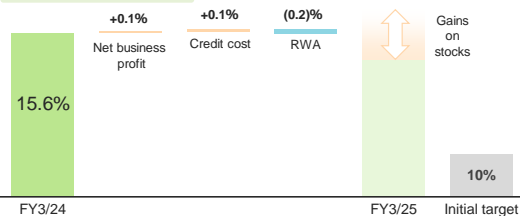
Build a new sales structure

Create social value

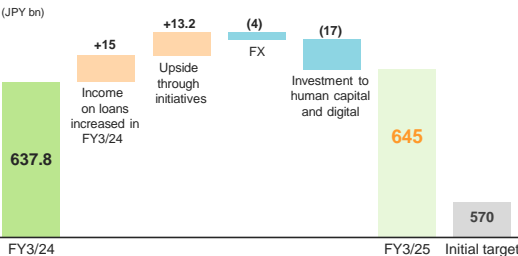
Foster a compliance culture

## FY3/25 target\*1

### ROCET1



### Net business profit



\*1 After adjustments of the changes of interest rates and exchange rates

Our strategies of the Medium-Term Management Plan remains unchanged.

The environment surrounding our wholesale business is positive as we see strong corporate activities such as M&A, MBO, real estate business, and capital investments, as well as the rise in domestic interest rates. To pursue upside potential by capturing these opportunities, we should have more focused strategies and provide our clients high-quality proposals that surpass our competitors.

Especially for this fiscal year, we will upgrade loans and deposits management and further strengthen risk-taking. We also aim to accelerate our growth strategy from a medium- to long-term perspective under the current favorable environment by strengthening business lines and building a new sales structure that efficiently utilizes resources. Furthermore, we will work together with our clients to create social value, realizing the medium- to long-term growth for both SMBC Group and our clients.

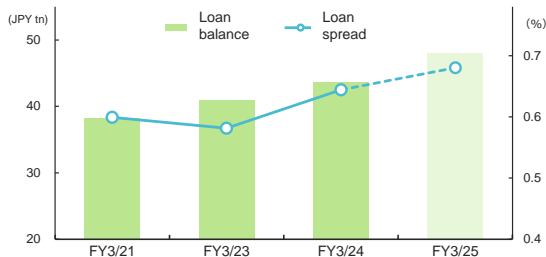
For FY3/25 financial target, we expect ROCET1 at higher level than FY3/24. Although there is still uncertainty in the stock market, we will challenge higher target considering the growth in net business profit and the current reduction trend of equity holdings.

Net business profit already exceeded the target of the Medium-Term Management Plan in FY3/24, but we will pursue further upside. While there are uncertain elements such as impact of FX, we can increase by JPY 15 bn with the loan growth and the improvement of loan margins, and aim for further increase by JPY 13 bn through strategies in other business lines, as well as allocating for necessary investments and expenses.

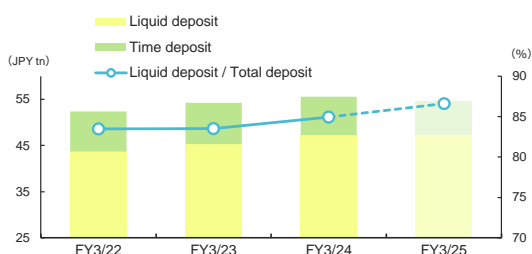
# Upgrade loans and deposits management

## Loans / deposits

### Loans



### Deposits



## Improve capital efficiency

### 1 Adapt to change of environment

#### Allocate assets to high profit business

PE fund business

Real estate business

#### Enhance profitability management

Increase spreads from corporate finance

FY3/25 net business profit **+JPY 2 bn** (vs. FY3/24)

Enhance ROE management at branches

FY3/24 ROE Improvement **+4.0%** (vs. FY3/23)

### 2 Acquire deposits through payment solutions

Sticky deposits linked to commercial flow becomes more important

#### Provide payment solutions on group basis

Franchise contract

Direct debit

Corporate card

Domestic CMS

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Both loan spread and balance improved in FY3/24 due to an increase in higher margin-assets. The key challenge after the BOJ's policy changed in July is to rise base rate for our clients as well. We believe that we can enhance our loan balance and spread further with our group-based comprehensive proposal capabilities.

Deposit balance increased in FY3/24 by expanding client base and capturing commercial flows. We expect a decrease in total deposit in FY3/25 as the competition becomes severe, but we will focus on acquiring sticky, low-cost liquid deposits.

There are two initiatives to further improve capital efficiency.

#### 1) Strengthen our capabilities by adapting to changes of interest rate environment:

We will continue allocating assets to profitable business lines such as LBO and real estate business. In addition, we will steadily improve loan margins by making new proposals and conducting careful negotiations with the clients that have become accustomed to low interest rates.

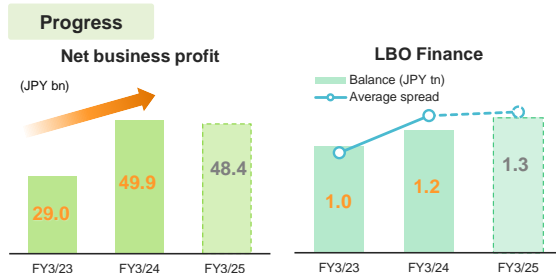
ROE of each branch is an important indicator to find factors behind the trend and also raise awareness of employees by providing the analyses for improvement. I am particularly instructing branch managers to enhance ROE management.

#### 2) Acquire deposits through payment solutions:

We will capture clients' commercial flows and provide payment solutions through SMBC and SMCC to acquire sticky, liquid deposits which is becoming more and more important.

# Further strengthen risk-taking for growth

## PE fund business



### Key strategy

#### 1 Strengthen core earnings

##### Capture value chain

- Solution for exits
- Capability for LBO mezzanine

Gross profit  
JPY 50 bn ⇒ JPY 80 bn

##### Enhance risk control

- Establish specialized department
- Control assets by sales of loans

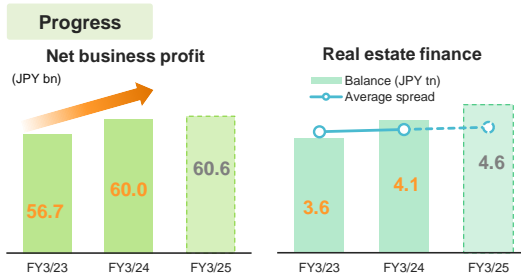
Credit costs  
Maintain c.2.5%

#### 2 Medium- to long-term initiatives

##### Expand the domestic LBO market

- Considering the launch of JPY 100 bn debt fund

## Group real estate business



### Key strategy

#### Strengthen capability for large corporations

- Increase profit by providing total solution from finance to brokerage
- Allocate new resources and increase mid-career recruitment

	Profit from large corporations <sup>*1</sup>	Allocation of human resources <sup>*2</sup>
SMBC	+27%	+22%
SMBC Trust	+46%	+25%

\*1 Results from Apr.22- Mar.24 \*2 Results from May.22- Apr.24

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PE fund business and group real estate business are the business lines that are currently performing well and we aim to pursue for further growth.

Net business profit of PE fund business increased by 70% YoY and reached approximately JPY 50bn in FY3/24. We will aim for higher level in FY 3/25 by capturing increasing corporate actions and effectively incorporating large-scale projects.

We will increase gross profit with a wide range of solutions by sophisticating our proposals and enhancing our capabilities for mezzanine loans. As our exposure increased significantly, we will also enhance risk control by strengthening credit management and controlling assets including the sales of loans. We are considering the launch of JPY 100 bn debt fund as a medium- to long-term initiative, and aim to contribute to market growth while increasing players in the LBO market and expanding our business opportunities.

Net business profit of real estate business reached JPY 60 bn in FY3/24 and increased YoY. Loan balance increased by capturing financial strategy shifts, such as business restructuring and asset reorganization, while loan spreads improved by challenging difficult projects. Strong performance of real estate brokerage deals at SMBC Trust also contributed to profit growth.

To win in this business area, it is important to strengthen the capabilities for large corporations and professional domains. Revenue has increased by 27% at SMBC and by 46% at SMBC Trust over the past two years, and we believe that there are still more significant opportunities.

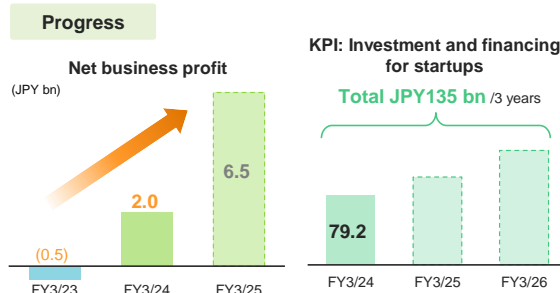
To maximize revenue by seamlessly handling from finance to brokerage, we will strengthen our structure by allocating resources to non-recourse loans, REIT finance, and real estate brokerage, as well as by increasing mid-career recruitment.

By further activating our business line strategies, we will pursue upside potential.



# Build medium-to long-term revenue pillars

## Start-up business



### Key strategy

#### 1 Venture debt

- Establish new program for companies in early stage
- Expand the scope of finance

#### 2 Equity

- Entry into startup support
- Strengthen business development skills
- Expand growth investments

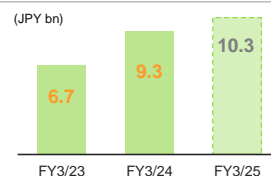
<Net business profit> (JPY bn)

	FY3/24	FY3/26
Loans for ventures	0.5	1
Investment	-	7.1
Growth	-	2.1

Create social value by promoting business line strategy over the medium-to long-term

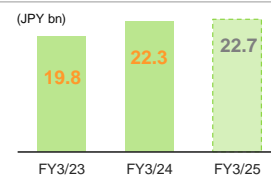
## Turnaround business

- Revitalization finance
- Risk taking  
e.g.LBO mezzanine
- Equity investments to support clients regrowth



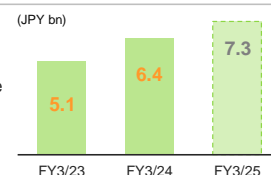
## Sustainable business

- Provide group-wide solutions
- Support decarbonization with the Transition Finance Playbook



## Cashless payment business

- Expand approach to merchants
- Promote comprehensive payment solutions by merger of SMCC and SMBCFS



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This slide shows the strategies for building the medium- to long-term revenue pillars.

Start-up business is an important initiative for creating social value from the perspective of Japan's re-growth. We initially aimed JPY 135 bn of investment and financing as a KPI over three years, and exceeded JPY 79 bn in FY3/24. Net business profit recorded loss in FY3/23 due to expenses, but it recovered to JPY 2 bn in FY3/24. Although the size of revenue is small, we consider this a decent start for a business line aiming for medium- to long-term growth, with investment exceeding our initial expectation.

In venture debt, we are establishing new support frameworks for early-stage companies and expanding the target scope starting this fiscal year. Equity business takes a certain period to realize profits after investments, but we are actively entering into startup support and expanding growth investments.

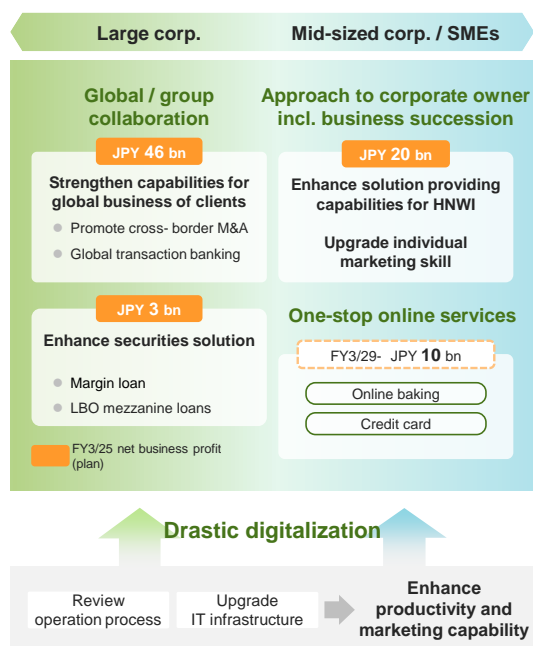
To grow this business as one of our revenue pillars in the future, we will pursue revenue growth by building stable portfolio with leveraging vintages of equity and expanding debt. As a start, we aim to achieve net business profit of JPY 1 bn from venture debt and JPY 7 bn from equity business during this Medium-Term Management Plan.

To create social value from the perspectives of "environment" and "Japan's regrowth," we will also work diligently for other business lines in the medium- to long-term.

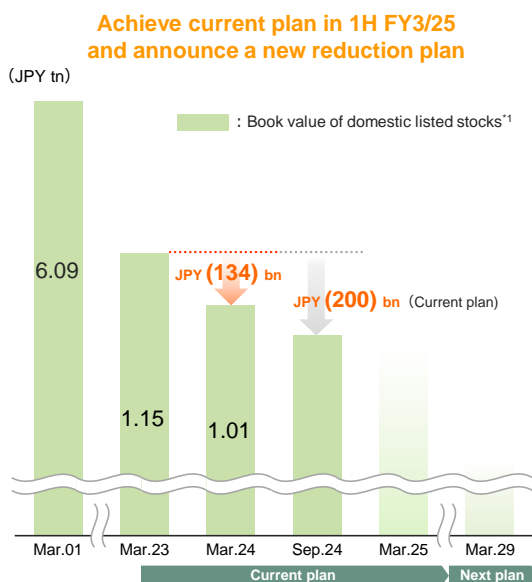


# Build a new sales structure / Equity holdings

## Build a new sales structure



## Reduction of equity holdings



\*1 Excl. investments after Mar.20 for the business alliance purpose

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To build a new sales structure, we aim to enhance our group-based capabilities and global collaborations to capture projects in large corporations. We will further strengthen collaboration with Jefferies. Additionally, we will work on expanding securities solutions such as margin loans and LBO mezzanine to steadily capture the increasing corporate actions.

Business with corporate owners is expanding in the mid-sized corporation, focusing on business succession. By stationing wealth management relationship managers in the wholesale branch, we aim to capture business opportunities for corporate owners.

To support these new sales structure, we will also review our business operation and upgrade digitalization through the renewal of internal IT systems.

In equity holdings, we initially set a target to reduce JPY 200 bn over three years in the current Medium-Term Management Plan, and already reduced JPY 134 bn in FY3/24. With the backdrop of the Corporate Governance Code and the reforms of TSE, we feel that the situation is changing, as we receive the proposal from the clients' side. Positive momentum continues in FY3/24 with the reductions of significant shares, and we will continue our engagements not to slow down the pace of reduction, aiming to achieve the initial plan ahead of schedule by 1H FY3/25. We New reduction plan will be announced with the 1H FY3/25 results.

# Retail

**Takashi Yamashita,**  
**Senior Managing Executive Officer**

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# Medium-Term Management Plan

## Strategy

### Vision

Be the most reliable Japanese financial group contributing to “prosperous life” and “Fulfilled Growth” for customers

### Key strategies

- 1 Strengthen retail business strategy centered on Olive
- 2 Pursue group-based hybrid channel strategy
- 3 Expand share of payment business and consumer finance
- 4 Enhance group-based wealth management business
- 5 Create social value

## Financial target

### ROCET1

FY3/26

8%

FY3/24

3.0%

### Net business profit

FY3/26

JPY 245 bn

FY3/24

JPY 215.7 bn

### RWA

In 3 years

+JPY 0.2 tn

FY3/24

+ JPY 0.9 tn

## KPI

	FY3/23	FY3/24	FY3/26
AM <sup>1</sup> /I foreign currency balances	JPY 13.5 tn	JPY 17.2 tn	JPY 18 tn
Credit card sales handled	JPY 30.2 tn	JPY 34.7 tn	JPY 48 tn
Finance balance	JPY 2.5 tn	JPY 2.6 tn	JPY 3 tn
# of Olive accounts opened	—	2.02 mn	5 years after the release in Mar.23 12mn
Effect of channel reform	—	JPY (6.3) bn	In 3 years JPY (28) bn
Social value			
# of financial literacy programs participants	—	+343K	In 3 years +570K

\*1 Investment trust, fund wrap, discretionary portfolio management, and joint managed money in trust

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There are five key strategies in the Medium-Term Management Plan to become the most reliable financial group contributing to prosperous life and Fulfilled Growth for customers.

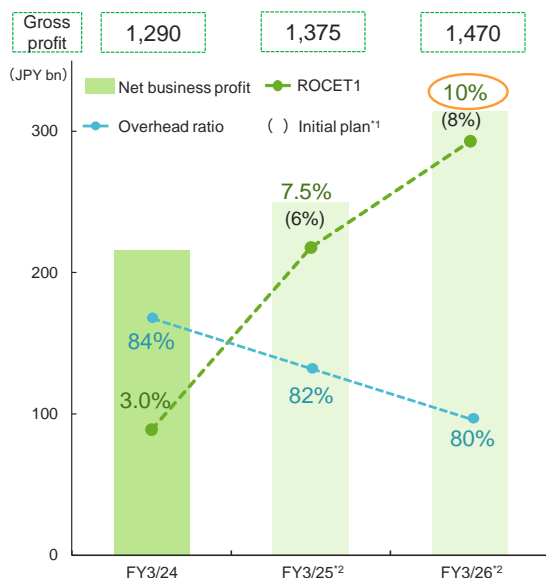
Our target is to improve ROCET1 to 8% by FY3/26, while increasing net business profit by JPY 65 bn to JPY 245 bn.

We are making steady progress towards challenging KPI: 1) an increase of AM and foreign currency balances by JPY 4.5 tn, and 2) an increase of credit card sales handled by JPY 18 tn.

# Medium-Term Management Plan

## Earnings and profitability

### Net business profit / ROCET1



### Progress

- FY3/24: exceeded the target of net business profit by + JPY 27 bn
  - Tailwind in the business environment (interest rate / FX / stock price, etc.)
  - Expanded the volume exceeding the targets in major businesses
  - Enhance customer base and services as well as improving overhead ratio
- FY3/25- : Aim to increase profitability exceeding the target while investing in service enhancement
- FY3/26: Improve ROCET1 up to 10% (+7% in 2 years)

\*1 Revised plan of FY3/25 and FY3/26 from initial plan \*2 Assumption of policy rate: FY3/25 0.1%, FY3/26 0.25%

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In FY3/24, we exceeded our targets for gross profit and net business profit by expanding business volume, as well as favorable market environment such as interest rates, exchange rates, and stock price.

Although there were significant market fluctuations recently, the overall favorable environment continues and upside from domestic interest rate increase starting from July is expected. We foresee gross profit of JPY 1.5 tn in FY3/26, significantly exceeding the initial plan.

Cost reduction measures are also progressing well. Overhead ratio will be reduced to 80% while actively investing to enhance customer base and services.

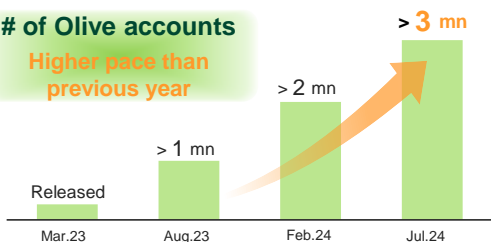
Considering the steady progress in an increase of fee-based AUM, as well as the successful cost reductions through channel strategy, net business profit of over JPY 300 bn and ROCET1 of 10% are achievable targets in for FY3/26. We will also pay attention to potential environmental changes and downside risks, such as yen appreciation due to U.S. interest rate cuts.

# Expand group retail business centered on Olive

## Progress of Olive

### # of Olive accounts

Higher pace than previous year



Domestic deposit balance<sup>\*1</sup> YoY **135%**

## Increase in deposits via Olive

### 1 Region

# of new accounts <sup>*2</sup>	YoY
Tokyo, Nagoya, Osaka	142%
Others	244%
Total	151%

### 2 Salary transfers

Jul. 24	YoY
# of salaried employees <sup>*1</sup>	152%

### 3 Large volume inflow<sup>\*2</sup>

Inflow ≥ 10mn	YoY
# of inflow	126%
Total inflow amount	126%

### 4 Deposit increase in existing customers (Feb.23 → End of Jul.24)

	YoY
Not switched	109%
Switched to Olive	117%

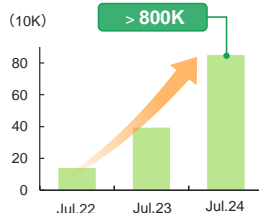
<sup>\*1</sup> As of Jul.24, new account openers in one year after the release of Olive <sup>\*2</sup> Transaction in Mar.23– Jul.24

<sup>\*3</sup> Annualized basis <sup>\*4</sup> Olive members who hold SMCC credit cards for more than one year

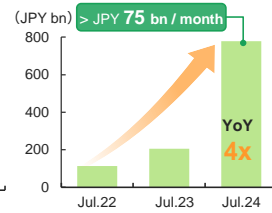
<sup>\*5</sup> Investment trusts, foreign currency deposits, financial product intermediation, public bonds, life insurance etc.

## SBI brokerage and use of credit card

### # of SBI brokerage accounts



### SMCC installment investment



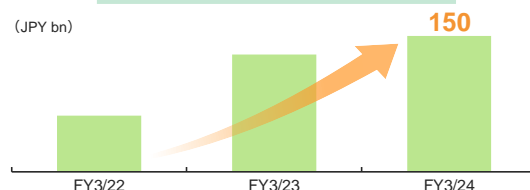
Increase at pace > JPY 1 tn / year<sup>\*3</sup>

Average sales<sup>\*4</sup> of SMCC credit card per Olive user

FY3/24 → YoY **164%**

## Expand to nationwide transaction using digital

### Sales of investment products (SMBC)<sup>\*5</sup>



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Olive is the core of our strategy. Launched in March 2023, it continues to evolve as a new standard for financial services that integrates bank accounts, credit cards, securities, insurance, and even non-financial services into a single app.

As of July 2024, it is progressing in a good pace with the number of accounts exceeding 3 mn and domestic deposits balance increasing by 135% YoY.

Deposit volume is increasing by nationwide reach, main account usage, and fund capture. The number of customers in suburban areas where SMBC have fewer branches increased by 200% YoY, with a significant increase in salary transfers. Large volume inflows are also increasing nationwide, not just for daily use. Both new customers and conversions from existing accounts are increasing usage and deposit balances.

In payment business, both the usage rate and unit price of credit card are increasing. The cumulative number of SBI securities brokerage accounts exceeded 800,000 and the amount of installment investment using SMCC credit cards reached an annual pace of JPY 1 tn, exceeding our original expectations. In addition, the sales amount of investment products for Olive customers at call centers exceeded JPY 150 bn last year, evolving into a new model of remote consulting.

We believe that our strategy centered on Olive is progressing well.

# Strengthen retail business strategy centered on Olive

## Collaborate with “Money Forward”

### Support household account management



# of Money Forward ME users  
**>16 mn**<sup>\*1</sup>

Household account book  
with flexible money transfer

## Collaborate with “Hopper Technology Solutions”

### Provide travel services leveraging strengths

#### Strengths

Lowest price guarantee

Price freeze

Guarantee change and cancellation of reservation

# of download in U.S. **> 120mn**<sup>\*2</sup>

## Collaborate with “CCCMK HOLDINGS”

- 86 mn users after merger of the two point programs
- Able to use points at: Japan 7.5 mn / global 100 mn stores
- Expand affiliated stores where users can earn points

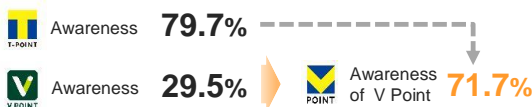
### New affiliated stores (Apr. 24)



### Improve awareness by merger

Before announcement :  
beginning of Jun. 23

After merger : end of May 24



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\*1 As of May 24 \*2 As of Jul.24

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To make Olive an even more convenient service, strengthening alliances with top tier companies in various industries is important.

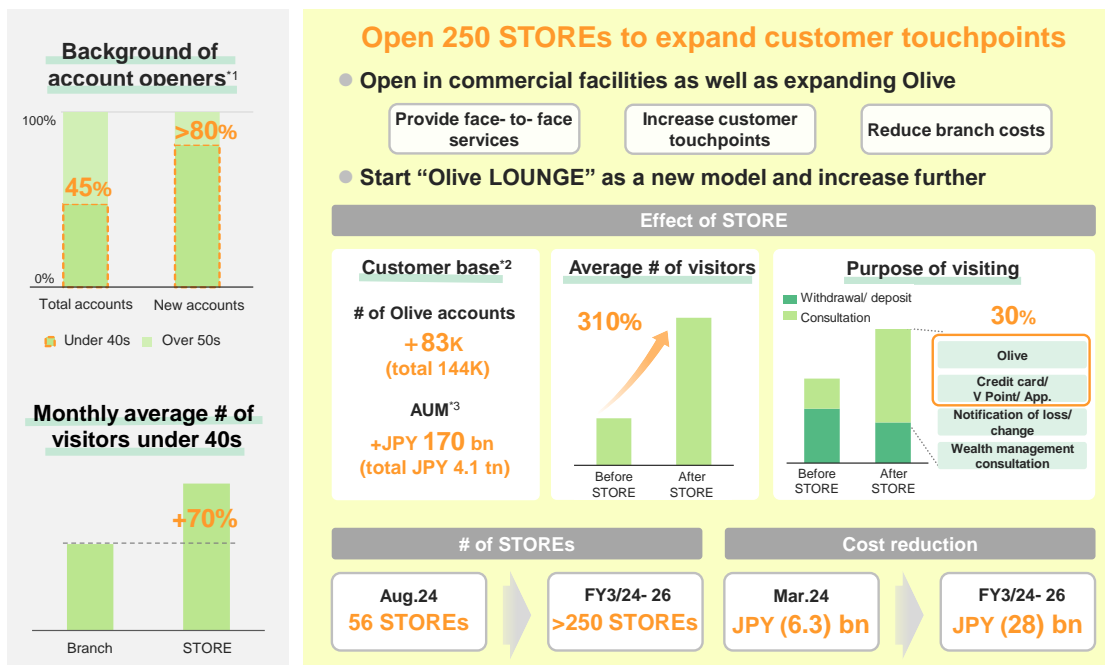
Recently, we announced a partnership with Money Forward, which provides a popular household account management app, to launch new collaborated services in December.

We also plan to offer a new travel service next spring by collaborating with Hopper, a company that is popular in North America for providing the lowest price and optimal bookings.

The merger of V Points and T Points in this April created one of the largest customer base in Japan with 86 mn users and aim to make cross-selling in 70 mn former T Point users. Users can use point at 7.5 mn domestic stores and 100 mn Visa-affiliated stores worldwide, and the number of stores where users can earn points is also rapidly expanding.

We believe that Olive is continuing to evolve significantly.

# Digital-real hybrid channel strategy centered on Olive



\*1 # of new account openers in one year since the release of Olive \*2 Customers of STOREs in FY3/23- FY3/24  
 \*3 Sum of yen deposit + foreign currency deposit + investment trust + life insurance + securities brokerage

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SMBC accounts had a high proportion of senior customers. However, Olive is penetrating among younger and working-age customers, exceeding 80% of accounts, and number of young customers visiting our Stores has increased by 1.7 times.

We believe that the value of face-to-face consulting will remain even after most of transactions are digitalized. Therefore, we have maintained the number of touch points and respond to customers need at Stores.

Our Store has three main objectives: (1) respond customers who want face to face support, (2) expand customer touch points by relocating in convenient commercial facilities and opening even on weekday nights and weekends, and (3) reduce costs by slimming branches.

Conversion to Stores is an extension of our channel strategy, setting us apart from other bank's initiatives that reduce branches and open small branches just for wealth management consulting. We respond to all customer needs as before at the Stores.

With the increase of visitors, the Stores have significantly contributed to the increase in Olive accounts and AUM. We also provide support for digital use such as Olive, credit cards, point program, etc.

Cost has reduced by approximately 70% compared to before the relocation. Existing Stores already reduced cost by JPY 100 mn /year per unit on average. We plan to reduce JPY 28 bn in total during the Medium-Term Management Plan.

Since the opening of the first Store in January last year, we have already expanded to 56 locations and plan to transform approximately 250 locations into Stores.



## (Ref.) Olive LOUNGE

### Current progress

Convert a branch located at highly attractive terminal station into Olive LOUNGE  
(Opened in May 24)

Effect on the web  
through the opening event

Landing page<sup>\*1</sup> of  
Olive LOUNGE

# of viewers  
(excl. duplicate)

1 mn people /year<sup>\*2</sup>

Expected acquisition  
of Olive <sup>\*3</sup>

15K /year



# of Visitors

30x

Olive LOUNGE  
1,450 /day

3.5x

Normal branch  
175 /day

50 /day

Before convert

After convert

### Future plan

Transform a branch to  
a symbol of the town in front of  
the suburban station  
(Scheduled to open in Oct. 24)



<sup>\*1</sup> The first page accessed from search results, web advertisements, etc. <sup>\*2</sup> Annualized viewing performance  
<sup>\*3</sup> Estimated based on past performance

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While expanding the number of Stores to 250 locations, we will also develop some branches as "Olive Lounge."

In May, we opened the first Olive Lounge at highly attractive area in Shibuya. Within a month of the press release and opening event, it is demonstrating effectiveness as a flagship store, increasing the number of web page viewers and visitors to branch.

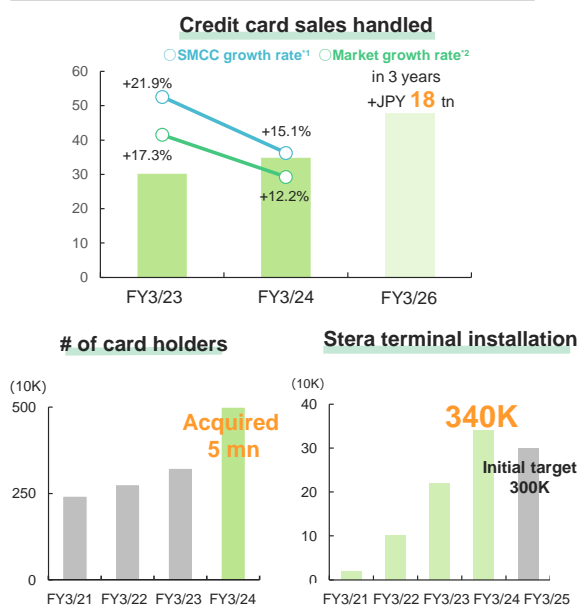
At the Olive lounge, we hold events related to creating social value or introducing the convenience and benefits of Olive, which is contributing to acquire new accounts. Olive lounge attract attention not only among customers but also in media, and we take pride in it as a store that embodies "a place to be."

Olive lounge is planned to utilize our owned properties and cover the renovation costs by rent from tenants such as Starbucks and shared lounge.

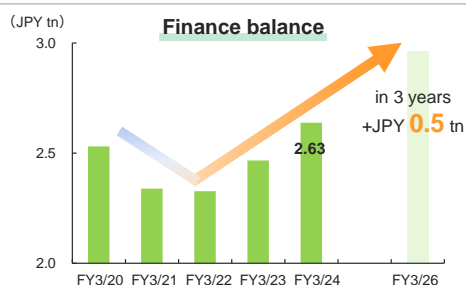
We plan to open next Olive lounge in suburban location, providing a relaxing space for local residents, and expand in Osaka next March.

# Expand payment business / consumer finance

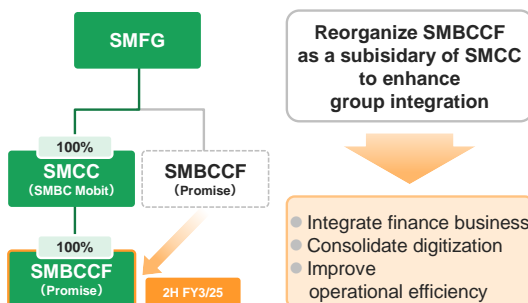
## Payment business



## Consumer finance



## Reorganization of finance business



\*1 Sum of credit cards, debit cards, prepaid cards, and UnionPay cards, incl. former SMBC Finance Service.

\*2 Ministry of Economy, Trade and Industry "Current Survey of Selected Service Industries (Credit Card Business)"

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As the cashless market rapidly expands across, SMCC is increasing its market share at a pace significantly exceeding market growth.

Olive has been contributing to the increase in credit card sales handled and the number of card holders. In the acquiring business, the number of stera installations has surpassed the target of 300,000 units a year ahead of schedule, expanding our market share significantly to 27%.

Consumer finance business is also showing a positive trend, driven by the recovery in individual consumption. The consumer finance balance on a group basis is growing steadily with our three-brand strategy.

Credit costs increased mainly due to an increase of loan balances. We will carefully monitor the negative impact from income disparity and inflations.

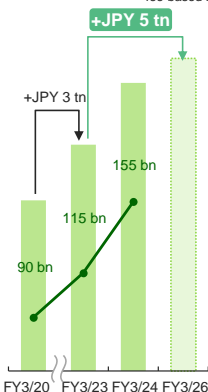
With the reorganization of SMBCCF as a subsidiary of SMCC in 2H FY3/25, we will enhance group integration, aiming for a balance of JPY 3 tn in FY3/26.

# Hold #1 position in wealth management business

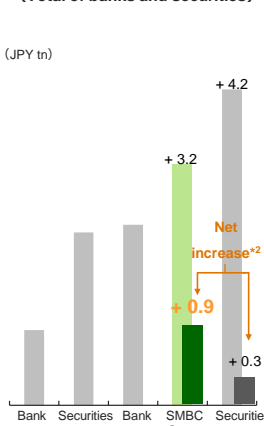
## Pursue fee-based AUM

### AM / foreign currency deposit balance

Balance Profit from fee-based AUM



### Increase of AM<sup>\*1</sup> in FY3/24 (Total of banks and securities)



## Expand service line-up

### Nikko PRM Prime

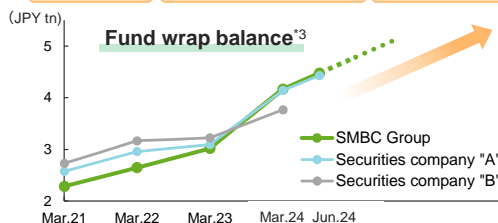
- First to introduce "Aladdin," BlackRock's risk analysis engine for domestic retail customers in 2017
- Upgraded to "Nikko PRM Prime" in Jun. 24

## Strengthen fund wraps

Balance #1

Customer with gains<sup>\*3</sup> > 99%

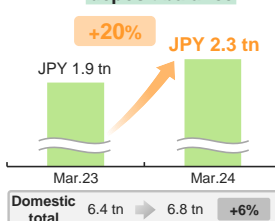
Customer survey<sup>\*4</sup> Record high



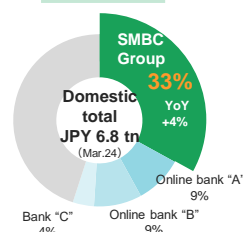
## Diversify currency<sup>\*5</sup>

### Foreign currency deposit: exceeding market growth

#### Foreign currency deposit balance



#### Market share



<sup>\*1</sup> Based on each company's published data and the Japan Investment Advisors Association / "Contract Asset (Wrap Business)"

<sup>\*2</sup> Excl. market impact <sup>\*3</sup> As of the end of Mar.24 <sup>\*4</sup> Net Promoter Score: an indicator showing customer loyalty

<sup>\*5</sup> Sum of SMBC and SMBC Trust. Other banks are disclosed figures. Source of total amount: Bank of Japan, "Flow of Funds statistics"

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In the Wealth Management business, we have been industry pioneers in the long-term with diversified investment approach. We will increase fee-based AUM by promoting a goal-based approach that assumes appropriate risk and return and by enhancing services.

Focusing on the sales of fund wraps, investment trusts, and foreign currency, we are making a steady progress toward KPI of an increase by JPY 5 tn over three years and achieving the No.1 net increase in Japan.

Here are three key topics:

- 1) We are enhancing our services in "Nikko PRM Prime."
- 2) Fund wrap is our core service that embodies long-term diversified investment, with the No.1 balance in the industry. 99% of our customers enjoy the valuation gains as of March 2024, and customer survey score is rated at the highest level.
- 3) Foreign currency deposits is getting popular under inflationary environment to diversify currency risks. Our balance is growing higher than market expansion with No.1 market share in Japan.

## (Ref.) Nikko PRM Prime

Expand  
target accounts

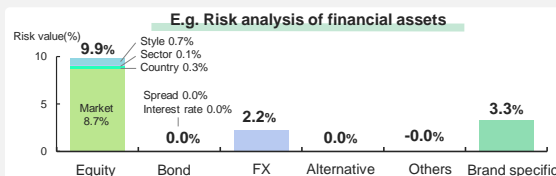
Before  
20K accounts

After providing  
PRM report  
>600K accounts

Visualize the risk amount under different scenarios to optimize risk and return

### Sophisticated risk analytics

- Analyze potential risks of **different financial assets** using **> 3,000 risk factors**
- Scope of analysis is **> 27K brands**, covering **97.2%<sup>\*1</sup> of publicly offered investment trusts**



### Extensive scenario analysis



#### Invest with confidence

Perceive the decline within expectations as the portfolio risk was checked in advance

#### Example of scenarios

Rise / decline of stock index

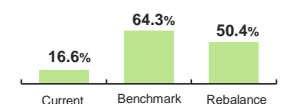
Change of FX

Rise / decline of JGB yield

Decline / recover from crisis

#### Recovery from financial crisis

(Change ratio of assets, Mar.10, 2009~Apr. 26, 2010)

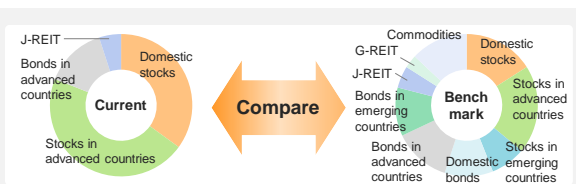


### Optimization of risk and return



#### Build a portfolio objectively

Evaluate the risk and return of the current portfolio compared to the benchmark



\*1 As of Jan. 24

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In 2017, we became the first in Japan to introduce BlackRock's risk analysis engine "Aladdin" for retail customers and have been conducting consulting using this tool. With last year's amendment to the Financial Instruments and Exchange Act, which stipulates the duty to act in the best interests of customers, there is now a greater demand to provide products and services tailored to each customer's circumstance.

"Nikko PRM Prime" has expanded its target to 600,000 accounts, the largest scale in the world, enabling us to provide world-class consulting to our customers.

There are three unique features that set us apart from our competitors: (1) provide risk analysis based on over 3,000 different risk factors including assets under other companies as it is used by institutional investors worldwide, (2) enable customers and advisors to simulate the portfolio risk using over 100 scenarios, and (3) provide portfolio analysis comparing with benchmarks to consider rebalancing.

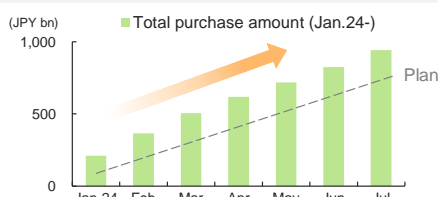
Providing this service requires skill enhancement of our advisors. In addition to our experience in offering "Aladdin Wealth" to many customers, we are working to further improve our consulting capabilities through face-to-face training for over 2,500 staffs. Since the tool is implemented on iPads, customers can easily understand and confirm the analysis results on the spot.

We aim to fulfill our duty to act in the best interests of our customers through communication about the risk and returns.

# Strengthen efforts to create social value

## From savings to investment

Increase in NISA transaction volume > market growth



Growth rate of NISA accounts **+11%<sup>\*1</sup>**  
(domestic market **+9%**)

## Preparation for 100-year life era



Total of AUM<sup>\*2</sup>  
under custody  
**> JPY 1.4 tn**  
(x1.4 times in 2 years)

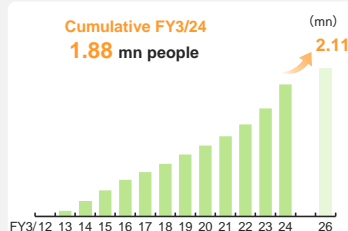
# of wills<sup>\*2</sup>  
**Approx. 6K**

# of customers<sup>\*2</sup>  
**>60K**

## Improve financial literacy

# of participants  
in financial literacy program

Cumulative FY3/24  
**1.88 mn people**



# Build a stable revenue structure

## Build a stable revenue structure

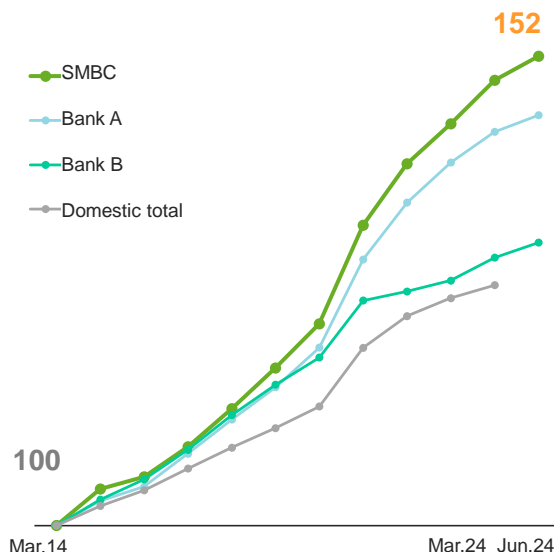
Paradigm shift in profit from deposit

Strengthen fee-based AUM contribute directly

(JPY bn)		YoY	FY3/24	FY3/26
Gross profit	1	+ 120.0	1,290.0	1,480
Wealth management	2	+ 50.7	296.6	-
Payment and consumer finance	3	+ 72.7	840.1	-
o/w fee- based AUM <sup>*1</sup>	4	+ 45.8	754.6	870
Expenses	5	+83.2	1,079.9	1,165
o/w base expenses	6	+1.4	751.3	730
Coverage ratio of profit from fee-based AUM / base expenses (Row 4 and 6)	7	+ 6%	100%	119%

## Accelerate deposit growth

Deposit growth rate<sup>\*2</sup>



<sup>\*1</sup> Profit from fee-based AUM, interest rate margins on loans, deposits, and FX revenue, card annual membership fees, etc.  
<sup>\*2</sup> The result of Mar.14 = 100

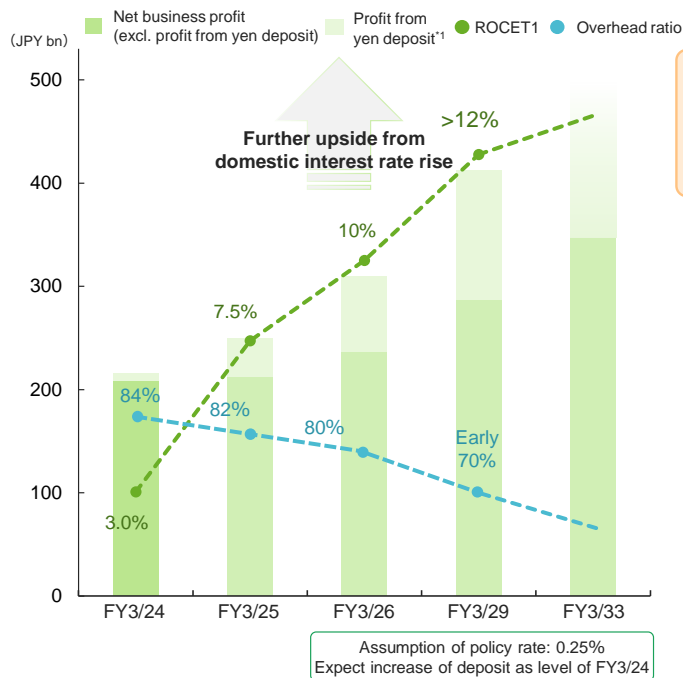
In a world with positive interest rates, we anticipate the recovery in profit from deposits. By resolving the structural issues of Retail Business Unit, an increase of fee-based AUM, deposits and loans will directly impact our performance, making the expansion of our customer base the most important factor.

Improving coverage ratio of profit fee-based AUM to total base expenses will enable us to build a more stable and resilient revenue structure against environmental changes. In FY3/24, the ratio reached 100% as profit from fee-based AUM increased by JPY 45 bn while base expenses remained flat. We expect to improve the ratio to nearly 120% in FY3/26 by strengthening fee-based AUM and reducing base expenses.

Furthermore, we have achieved the highest growth rate in deposit balance among domestic banks. By thoroughly promoting Olive, we believe we can further enhance our deposit base.

# Profit in long-term view

## Net business profit and ROCET1 in future



**Steadily expand revenue while investing in service enhancements for the future**

- 1 Increase deposit volume to maximize the benefits of rising interest rates
- 2 Further enhance service levels and strengthen defense
- 3 Advance the hybrid system, which offers advantage in time and strategy

\*1 Profit in managerial accounting basis corresponding to deposit funding

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I believe there are three key points going forward:

- 1) accumulate deposits and maximize the benefits from rising interest rates.
- 2) enhance our services centered on Olive to expand our customer base. We will also strengthen our capabilities of call center and compliance systems as well as proactive marketing.
- 3) continuously refine our hybrid system of digital and physical channel, leveraging our advantages in time and strategy.

Through these efforts, we aim to achieve ROCET1 of 12% and net business profit of approximately JPY 500 bn in FY3/29.



# Global

**Yoshihiro Hyakutome,**  
**Senior Managing Executive Officer**

**Keiichiro Nakamura,**  
**Senior Managing Executive Officer**

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# Medium-Term Management Plan

## Strategy

### Vision

A solution provider with Japan/Asia Edge

### Key Strategies

Focus on growing area / Drive growth with quality

#### Transformation

- Strengthen global CIB and S&T  
: accelerate collaboration with Jefferies

#### Growth

- Realize growth through Multi-Franchise Strategy
- Create new businesses contribute to medium- to long term growth

#### Quality builds Trust

- Enhance management base  
: build foundation linked to business diversification and complexity

Pursue social value

## Financial target\*\*

### ROCET1

FY3/26 target

8%

FY3/24

8.5%\*2

### Net business profit

FY3/26 target

JPY 585 bn

FY3/24

JPY 658 bn

### RWA

In 3 years

+JPY 3.9 tn

FY3/24

+JPY 0.1 tn

## KPI

	FY3/23	FY3/24	FY3/26 target (in 3 years)
Net business profits from overseas securities	JPY 22 bn	JPY 36.2 bn	JPY 49 bn (+JPY 27bn)
Net business profit of the Americas Division	USD 1,344 mn	USD 1,583 mn	USD 1,844 mn (+USD 500mn)
Share of U.S security IG corporate bonds*3 issued	2.3%	3.6%	3.5% (+1.2%)
ROE of investees in Asia	(0.4)%	0.7%	9.5% (+9.9%)
Net income of investees in Asia	JPY (1) bn	JPY 4 bn	JPY 50 bn (+JPY 51 bn)
Social Value	Sustainable finance	+JPY 4.8 tn	+JPY 4.6 tn (+JPY 10.5 tn)
	Micro finance	—	+153K people (+800K people)

\*1 TTM as of Mar.23 USD1=JPY 133.54, Mar.24 USD1=JPY 151.33, assumption of FY3/25 USD1=JPY 120

\*2 After adjustment of one-off items (sales of U.S. freight car leasing business, receipt of insurance claims on aircraft leasing, impairment of investees, etc.) Before adjustment: ROCET1 6.3%, net business profit JPY 644.9 bn \*3 Investment Grade

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This slide shows an overview of the Medium-Term Management Plan and the progress in FY3/24.

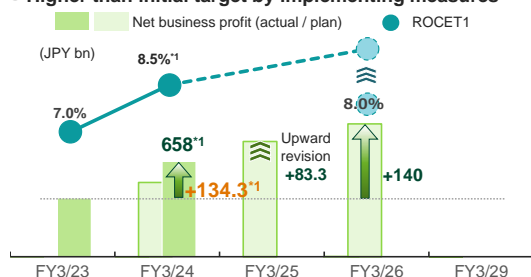
Our strategy remains unchanged: drive growth with quality as a key driver for the entire SMBC Group, aiming for revenue growth while improving capital efficiency through strengthening CIB business with accelerated collaboration with Jefferies and growth in the Multi-Franchise Strategy in Asia.

In FY3/24, ROCET1 exceeded the level of the Medium-Term Management Plan target, as bottom-line profit significantly increased while controlling RWA increase. Although there are some areas where challenges have become apparent, such as the Multi-Franchise Strategy in Asia, I feel confident in overall as the reallocation of business portfolio is steadily progressing.

# Medium-Term Management Plan

## Financial result

- Higher than initial target by implementing measures



## Reallocate business portfolio to improve capital efficiency

FY3/24 result	
<b>Exit from non-core</b>	<b>Reallocate assets</b>
<ul style="list-style-type: none"> <li>Sale of U.S. freight car leasing business</li> </ul>	<ul style="list-style-type: none"> <li>Improve return on loans</li> <li>Allocate to high-profit business</li> </ul>
<b>RWA</b>	<b>Reduction</b> JPY (1.5) tn
<b>ROCET1 impact</b>	<b>Investment</b> JPY +1.8 tn
	<b>+17 bp</b>

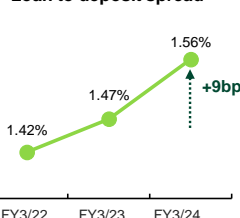
## FY3/25-

- Review profitability criteria and accelerate reallocation
- Accelerate allocation to high-growing areas (Multi-Franchise)

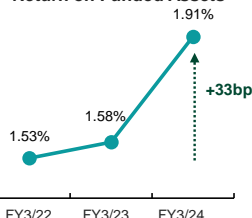
## Deposit/ loan management

- Improve loan to deposit spread by changing mix of deposit and reducing funding cost
- ROFA also improved by acquiring other fee businesses

### Loan to deposit spread

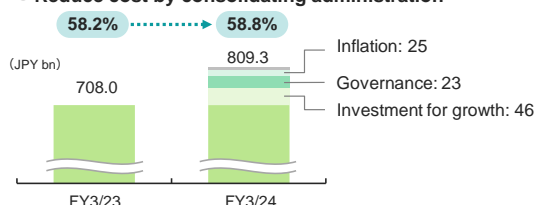


### Return on Funded Assets<sup>\*2</sup>



## Cost control<sup>\*3</sup>

- Overhead ratio remains flat despite of allocating resources to investment for growth and governance
- Reduce cost by consolidating administration



<sup>\*1</sup> After adjustment of one-off items (sales of U.S. freight car leasing business, receipt of insurance claims on aircraft leasing, impairment of investees) Before adjustment: ROCET1 6.3%, net business profit JPY 644.9 bn

<sup>\*2</sup> Gross profit / (asset + commitment line) <sup>\*3</sup> FX rate at Mar.24 for both FY3/23 and FY3/24

In FY3/24, we captured favorable market conditions and exceeded the target of net business profit and ROCET1.

We have been undertaking a challenging review of our business portfolio, including exiting from non-strategic areas such as the U.S. freight car leasing business and reducing low-profit assets in project finance and corporate finance. To further improve capital efficiency, we will accelerate the review of profitability criteria and investment in high-growth areas.

Profitability of the balance sheet improved in FY3/24. While high interest rate environment continued, especially in the U.S, interest rate spread between deposits and loans has expanded through our efforts to control funding costs and improve the quality of deposits by strengthening transaction banking. Return on Funded Asset has also improved, as we increased fee income by enhancing CIB business. While there are increasing expectations for interest rate cuts in the U.S., we will continue to pursue efficient balance sheet management, while monitoring the upsides and downsides of interest rate fluctuations.

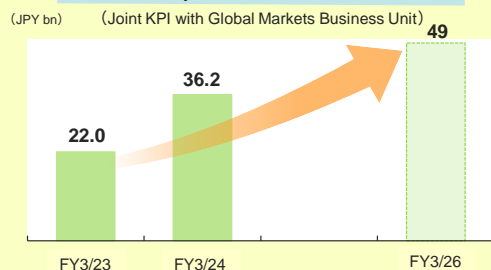
Cost increased by approximately JPY 100 bn YoY. This is due to the growth investments such as increasing sales personnel, and expenses for governance measures, as well as inflations. However, overhead ratio has remained flat with top-line growth; if excluding growth investment, it has improved to 55.5%. We will continue to promote cost control measures (e.g. consolidation of back-office operations) and build a lean business foundation.

# Transformation: Strengthen CIB business

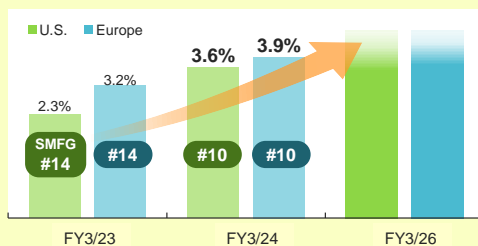
- Expand profitable fee business through integrating primary and secondary businesses and collaborating with Jefferies

## Expand CIB business

### Net business profit from overseas securities

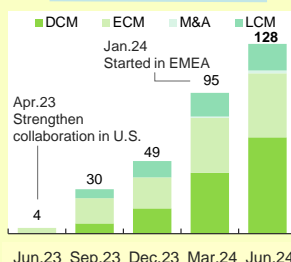


### League table for non-Japanese IG<sup>\*1</sup> DCM (Issuance share)

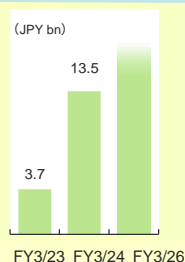


## Collaboration with Jefferies

### # of collaborated deals



### Profit from collaboration (cumulative)



(Ref) Jan. – Jun.24

### League table for ECM/ M&A in U.S./ Europe (Profit share)<sup>\*2</sup>

1	JP Morgan	11.1%
2	Goldman Sachs	10.0%
3	Morgan Stanley	6.7%
4	Bank of America	5.5%
5	Jefferies	4.1%
6	Citi	3.9%

\*1 Investment Grade \*2 Dealogic

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From this slide, I will explain our key initiatives.

We will strengthen the CIB business through an integrated approach to primary and secondary markets organically, as well as further enhance our high-profitable fee business by expanding our collaboration with Jefferies. By combining SMBC Group's strengths in capital and relationships with large corporations and Jefferies' high capabilities as an investment bank, we expect to achieve significant synergies.

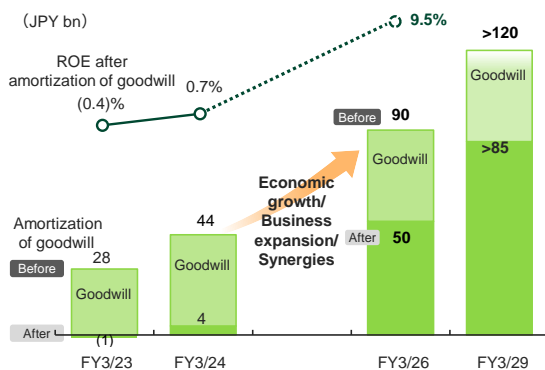
Integrated enhancement of primary and secondary CIB business has been successful over the past several years, and in 2023, we reached the top 10 in the DCM league tables for IG non-Japanese corporates in both Europe and the U.S. Especially in the U.S., we have already exceeded the FY3/26 target share of 3.5%. By enhancing our market position in the primary business, we will create synergies in the secondary business as well. We aim to strengthen our overseas securities business by integrating primary and secondary operations, thereby working to improve our ROE.

Collaboration with Jefferies was strengthened in April last year, and we have been gradually expanding the scope of our partnership, starting in EMEA this January. We see great potential and will continue to expand our collaboration further, aiming to increase revenue from overseas securities operations and improve the ROE of our global CIB business.

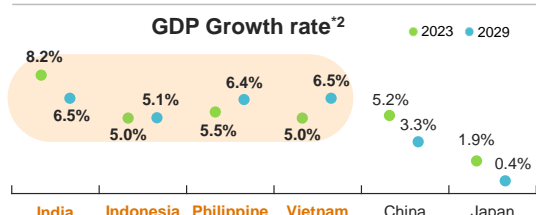
# Growth: Multi-Franchise Strategy in Asia

- Aim to realize growth greater than economic growth in Asia

## Profit target<sup>\*1</sup>

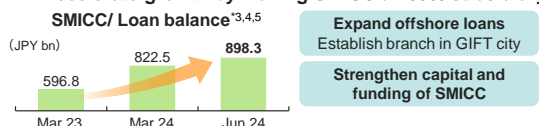


## Business environment



## India

- Accelerate growth by making SMICC a 100% subsidiary



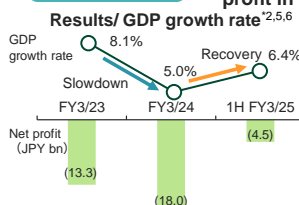
Expand offshore loans  
Establish branch in GIFT city

Strengthen capital and  
funding of SMICC

## Vietnam

### FE Credit

- Promote turnaround and contribute profit in FY3/25

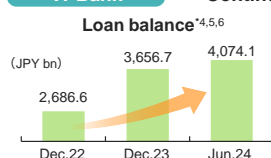


Upgrade management  
New management team  
Collaborate with VPBank

Improve loan portfolio  
Control credit cost  
Acquire new good customers

### VPBank

- Continuous asset and profit growth



Asset growth capturing  
market recovery

Reduce funding cost

Focus on collection  
Reduce credit cost

<sup>\*1</sup> Calculated using FX rate at the end of FY3/23 and FY3/24, assumption for FY3/26 and FY3/29 <sup>\*2</sup> IMF WEO

<sup>\*3</sup> TTM as of Mar.23 INR1=JPY1.63, Mar.24 INR1=JPY1.81, Jun.24 INR1=JPY1.93 <sup>\*4</sup> Balance at the end of period

<sup>\*5</sup> Jun.24 (unaudited) <sup>\*6</sup> TTM as of Dec.22 VND1=JPY0.0056, Dec.23 VND1=JPY0.0061, Jun.24 VND1=JPY0.0063

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The progress of Multi-Franchise Strategy in Asia varies by each investee due to the macro environment, but we expect high GDP growth rates in the medium term.

In FY3/24, the result was below our initial expectation, primarily due to the goodwill impairment of FE Credit in Vietnam. However, the targets of the Medium-Term Management Plan remain unchanged. While the business environment is more volatile than developed countries, it is a market with rising interest rates. By continuously supporting asset growth of our investees, we aim to expand our business as a medium- to long-term growth driver.

India is a key market that is rapidly growing, driven by the expansion of economic scale, the development of financial technology, and regulatory reforms. To capture the strong loan demands, we strengthened our offshore lending capabilities by opening a branch in GIFT City in July and made SMICC a wholly-owned subsidiary in March. By strengthening SMICC's capital and procurement capabilities utilizing SMBC's creditworthiness, we will accelerate the growth as a unified group.

In Vietnam, the GDP growth rate dropped to 5.0% in 2023 due to the slowdown of external demand, but it is on a recovery trend with 6.4% in the 1H of 2024. We will work on reversing and expanding performance by capturing the macroeconomic recovery.

FE Credit is improving its loan portfolio by strengthening credit control and acquiring quality customers through partnership with external companies, while also enhancing its management system in collaboration with VPBank. Installment loans increased by 82.2% YoY in 1H FY3/25 by strengthening ties with a major local electronics retailer. In motorcycle loans, top-managements visit dealers to improve service level. Through these measures, we aim to achieve full-year profitability.

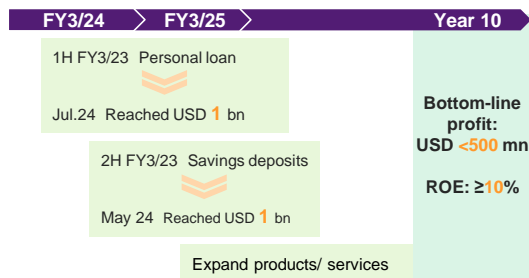
At VPBank, loan balance is increasing in line with the macroeconomic recovery. By reducing funding costs and achieving continuous asset growth, we will strengthen profitability, while enhancing the debt collection function and tightening the portfolio.

# Growth: Create growing business and social value

## U.S. digital bank: Jenius Bank

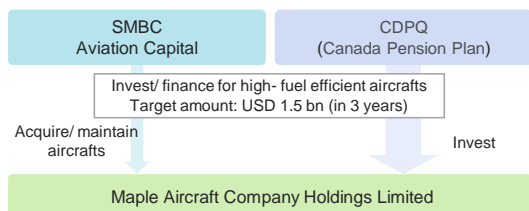
jeniusbank

- Increase personal loans and deposits since 2023



## Aircraft leasing: SMBC Aviation Capital

- Aim to further improve ROE with demand recovery
- Enhance asset-turnover businesses (New JV in Jan. 2024)



\*1 KPI on a group and global basis. Sum of female employees in position of director or higher in overseas based on Act on the Promotion of Women's Active Engagement in Professional Life

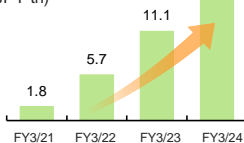
## Create social value

### Environment

- Actively promote sustainable finance
- Strengthen transition support for new energy / technology

Sustainable finance (cumulative) (GB Business Unit)

(JPY tn)



### EMEA

Hydrogen- based steelmaking

Reduce CO<sub>2</sub> emission up to 95%

### Australia

To renewable energy / electricity storage from coal-fired power plant

Early retirement in 10 years

Reduction of CO<sub>2</sub>: 16 Mt

### Poverty & Inequality

- Provide micro finance, financial seminars, etc.

### India

Micro finance (Support female micro business owners in rural areas)

Economic growth  
Improve quality of life  
Empowerment of women

### DE&I

- Set a new KPI and promote empowerment of women
- Implement initiatives to promote diverse HR

### NEW KPI

Ratio of female managers\*1

FY3/26 30%

FY3/31 35%

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The U.S. digital bank has launched personal loans and savings deposits, both of which have achieved a balance of USD 1 bn ahead of the initial schedule. We will gradually add products and services in the future. By growing it into a high-ROE business with hundreds of millions of dollars in bottom-line profit over the long-term, we will diversify and enhance the profitability of our U.S. business portfolio.

In aircraft leasing business, passenger demand continues to recover, especially in domestic flights, which have exceeded its pre-COVID level. To further improve ROE, we established a joint aircraft investment company with the Canada Pension Plan in January. This initiative aims to contribute to the diversification of our clients' investment portfolios while strengthening SMBC Group's asset turnover business.

To create social value, in the environmental area, we are supporting our clients' transitions globally through individual dialogues and engagements, focusing on the power and energy sectors. Additionally, we are actively supporting new energy and new technology projects to realize a decarbonized society, and the amount of sustainable finance initiatives is steadily increasing.

To resolve poverty and inequality, we are focusing on supporting social independence through financial inclusion as our responsibility to build the "second and third SMBC Group" in Asia. Through supporting female micro business owners in rural India, we aim to contribute not only to economic growth but also to improving the quality of life and empowering women.

In DE&I, as a global financial institution, we have newly set the ratio of women in management positions as a global KPI to accelerate the promotion of women's empowerment. By expanding global common initiatives and proactive efforts in each region, and we will continue to build an environment where employees with diverse values and backgrounds can fully demonstrate their abilities.



# Global Markets

**Masamichi Koike,**  
**Deputy President and Executive Officer**

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# Medium-Term Management Plan

## Strategy

### Vision

Enhance risk-taking skills for our investment portfolio while continuously supplying clients with high level of value as a market risk professionals

### Key initiatives

#### Portfolio management

- Analyze how the markets will evolve based on the Three “I”s<sup>\*1</sup>
- Maximize profits by dynamic rebalance

#### Sales & Trading

- Respond to complicated clients’ needs
- (1) Improve capabilities of solution providing through data-utilization and DX
  - (2) Strengthen cross-selling
  - (3) Enhance global expansion and collaboration

#### Foreign currency funding

- Detect changes in the funding environment
- Manage focusing on stable balance sheet

## Financial Target

### ROCET1

FY3/26

**15%**

FY3/24

**17.8%**

### Net business profit

FY3/26

**JPY 340 bn**

FY3/24

**JPY 389.9 bn**

### RWA

in 3 years

**+JPY 1.4 tn**

FY3/24

**+JPY 1.9 tn**

Increase net business profit aiming to exceed ROCET1 target continuously

## KPI

### Net business profit from overseas securities

(Joint KPI with Global Business Unit)

(JPY bn)

22.0

FY3/23

36.2

FY3/24

49

FY3/26

<sup>\*1</sup> Insight, Imagination, Intelligence

I believe that talent is the most important factor in achieving our vision. Of course, planning strategies is important, but even more crucial is "who" leads the organization and "who" is entrusted with driving the business. This is the source of strength for SMBC Group's Global Market Business Unit.

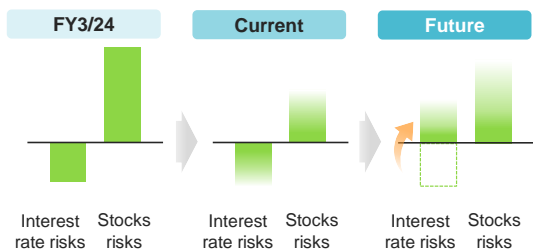
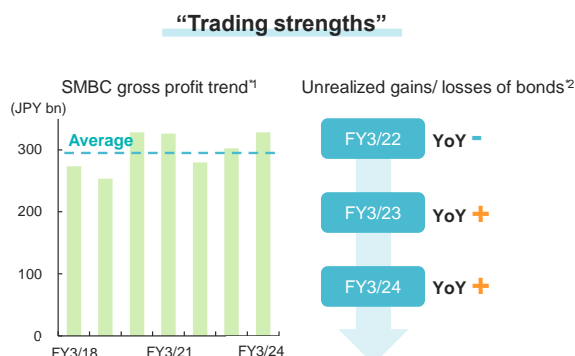
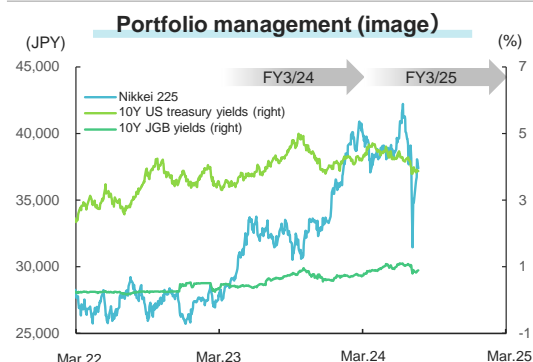
Therefore, the management of Global Market Business Unit thoroughly evaluates our employees. We closely observe every day how each individual thinks, decides, and acts. These track records enable us to identify "who" can understand the essence of the market, think with a long-term perspective, and have a balanced sense of judgment.

This is a painstaking process like an excavation work, but I believe that our focus on "talent" is the source of our strength that cannot be imitated by other companies. By maintaining this strong organization, we will contribute to the growth of our clients and SMBC Group, and the society.

In FY3/24, even though we already exceeded our FY3/26 targets, we did not stop there. We are committed to investment opportunities and aim to expand our medium-to long-term net business profit while managing capital efficiency of SMBC Group. We also made a successful start in net business profit from overseas securities, a joint KPI with Global Business Unit. To ensure in the key strategic areas of the Medium-Term Management Plan, "strengthening Global CIB and Global S&T," we will work closely with Global Business Unit to enhance our capability to provide solutions to our clients.

# Portfolio management

Contribute to revenue and support the enhancement of asset managing capability by “trading strengths”



## Supply asset management human resources



<sup>\*1</sup> Banking +Trading profit <sup>\*2</sup> After taking into account hedging in banking operations

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In FY3/24, we continued to manage the bond portfolio with very restrained interest rate risk for both JPY and foreign currencies. On the other hand, we significantly increased the risk in the equity portfolio, particularly in Japanese stocks, capturing the rise in stock prices since the beginning of this year.

In FY3/25, the market is uncertain with so many events, starting with currency intervention, followed by the Bank of Japan's interest rate hikes, geopolitical risks, and a series of political events such as the elections in the U.S. and Japan. It is a situation where we cannot afford to make any assumptions about the future of monetary policies. Therefore, we have significantly reduced the risk amount of stocks in July before the sharp decline in Japanese stocks and manage interest rate risk conservatively.

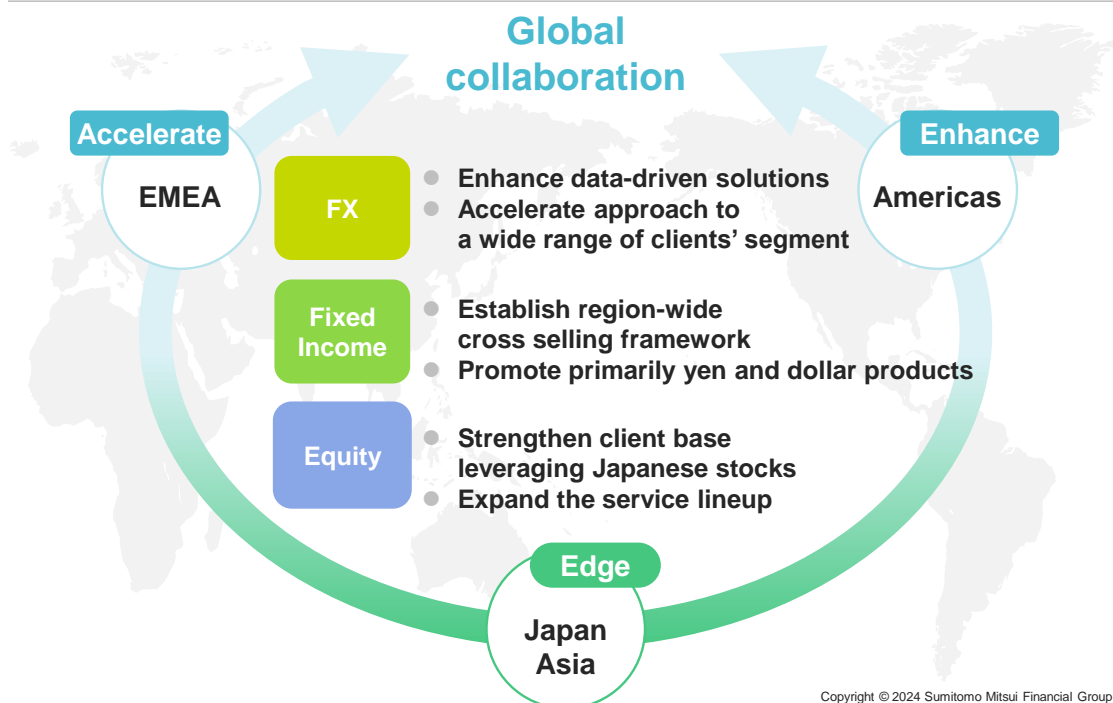
In the medium- to long-term, it is possible that the long-standing inverted yield curve in overseas interest rates will resolve. In Japan, I believe that investment in JPY interest rate will gradually become attractive. However, considering the risk of future unrealized losses, we should determine appropriate timing to increase the interest rate risk amount. For equities, we will aim to accumulate profits by flexibly controlling the risk amount while identifying investment opportunities.

SMBC's Global Markets & Treasury Unit has consistently generated stable profits over the past several years while also effectively controlling unrealized gains and losses. The reason we continue to deliver good results is none other than our "trading capability," which can be considered our DNA. This includes the ability to discern the essence of the market, interpret trends accurately, and capitalize on those trends to generate profits.

We will continue to discover and develop top-tier professional talent, thereby returning our “trading capability” to society, supporting the enhancement of the domestic asset management industry and the financial industry as a whole and striving to improve Japan's international competitiveness.

## Sales & Trading

■ Accelerate initiatives and promote secondary business through global collaboration



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We had a smooth start of sales & trading business in FY3/24, as the first year of the Medium-Term Management Plan, but I believe there is still significant room for growth.

For FX, we will further strengthen our data-driven solution proposals, where we have a competitive advantage, such as visualizing foreign exchange risks and digital transformation, to provide broad support that aligns with our clients' challenges.

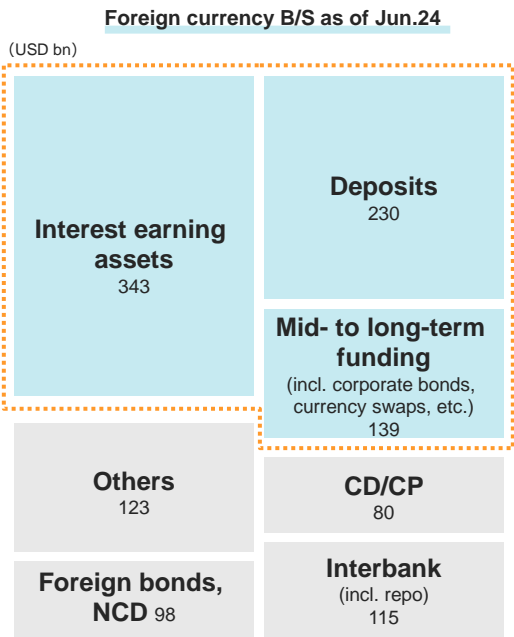
In Fixed Income, we will focus particularly on JPY and U.S. dollar products.

For Equity, we aim to expand our client base and service lineup while maximizing our capabilities in Japanese stocks, which is our strength.

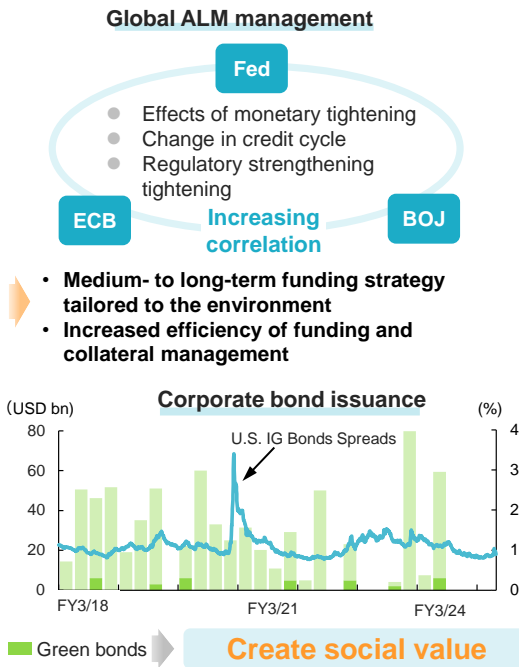
By leveraging our strengths as a Japanese financial institution and through global collaboration, we will build a cross-sell framework and expand our client base.

# Foreign currency funding

## Focus on stable foreign currency B/S



## Proactive response to market changes



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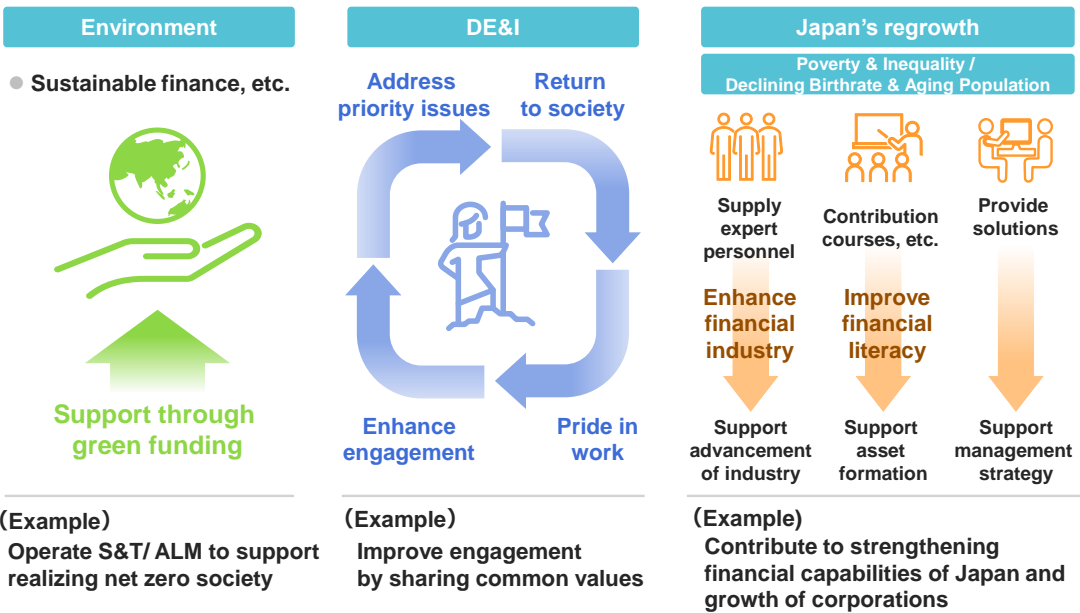
Foreign currency funding is an essential function to sustainably support our clients' overseas businesses through loans and other products. It is important to pursue the best balance between ensuring stability and controlling costs.

As central banks in the U.S. and Europe continue to normalize their balance sheets through QT process, the foreign currency funding environment may gradually deteriorate. Additionally, we anticipate potential adverse effects from a shift in the credit cycle and further regulatory tightening.

Taking these potential risks into account, we will carefully assess the future environmental changes and continue to manage our foreign currency balance sheet in a more stable and efficient manner.

# Create social value

Solve social issues by utilizing market knowledge



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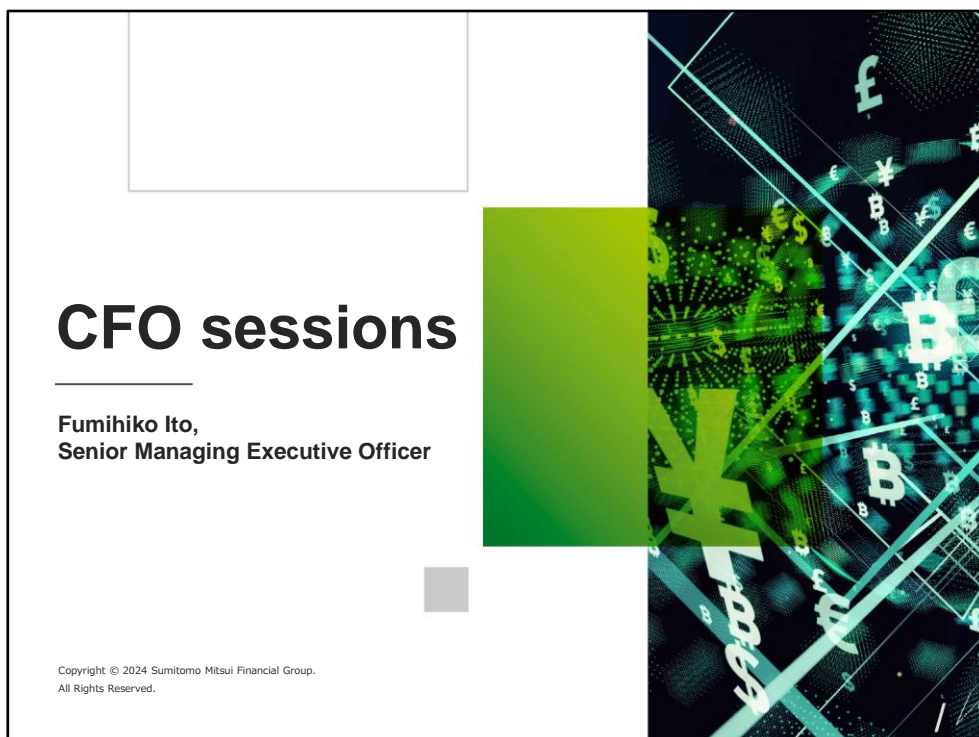
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Global Market Business Unit aims to contribute to the creation of social value by leveraging our deep market insights.

Specifically, regarding the environment, we are involved in the procurement of green bonds and providing sustainability-related information to investors. As a professional in asset management business, we also support Japan's regrowth: (1) regularly supplying professional talent to the market to elevate the asset management industry, (2) enhancing financial literacy through contribution courses at universities, and (3) providing solutions that align with our clients' challenges to support their management strategies.

I believe that the strength of our Global Market Business Unit lies in the discovery and development of talent. The current world is not in a state of "normality," but rather a "divided world" where anything can happen and nothing is certain. As a participant in the market, it is crucial to quickly recognize global changes and take actions that align with the new era. Therefore, I must reiterate that the most important factor is "talent"—indeed, "talent is everything".

Going forward, while sincerely engaging with the market, we will actively contribute to the creation of social value, not only by developing solutions that are chosen by our clients but also by supporting the fulfilled growth of our clients and employees, thereby contributing to SMBC Group.



We had a good start in 1Q FY3/25 and are maintaining strong momentum.

First, I would like to emphasize that our approach to setting financial targets of FY3/25 was different from that of the previous year.

Our initial forecast of FY3/24 was based on conservative assumptions considering the uncertain environment and revised upwards because anticipated risks did not materialize. However, we realized that our approach is perceived as overly conservative in the market. Therefore, in FY3/25, we set the financial targets based on the most likely scenario.

There are upside factors such as the additional interest rates hike, accelerated reduction of equity holdings, and low credit costs, in addition to the steady progress and strong momentum of our initiatives of Medium-Term Management Plan.

On the other hand, to enhance the probability of achieving our ROE targets for the coming years, we are considering proactive measures within FY3/25: selling low profitable assets, making substantial provisions for allowance on interest repayments in domestic retail business, and recording forward-looking provisions. We will implement these measures as early as possible, starting with those that can be done within the first half of the fiscal year.

We see high volatility with rapid yen appreciation and significant stock price declines. Additionally, concerns about a slowdown in the U.S. economy contribute to an uncertain and unpredictable business environment.

Therefore, we will develop financial forecast and capital policy considering these factors comprehensively.

Our CET1 ratio as of June 2024 is 10.3%, which has no particular concerns.

Our basic capital policy remains unchanged. As explained in May, we will consider additional share buybacks during the fiscal year, taking into account of financial progress, opportunities of investment for growth, capital efficiency, etc.

As CFO, to achieve the ROE target of 8% for FY3/26, I will oversee the entire situation and implement capital policies that improve capital efficiency.

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 Sumitomo Mitsui Financial Group, Inc. (“the Company”) and its management with respect to the Company’s 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 the Company’s securities portfolio; incurrence of significant credit-related costs; the Company’s ability to successfully implement its business strategy through its subsidiaries, affiliates and alliance partners; and exposure to new risks as the Company expands the scope of its 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. The Company undertakes no obligation to update or revise any forward-looking statements.

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

Exchange rates (TTM)

	Mar. 23	Mar. 24
USD	133.54	151.33
EUR	145.75	163.24

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
SMDAM	Sumitomo Mitsui DS Asset Management
SMBCAC	SMBC Aviation Capital
SMICC	SMFG India Credit Company (Former Fullerton India)
Major local subsidiaries	SMBC Bank International, SMBC Bank EU, SMBC (China)
Expenses (non-consolidated)	Excl. non-recurring losses
Net business profit	Before provision for general reserve for possible loan losses
Retail Business Unit (RT)	Domestic retail business
Wholesale Business Unit (WS)	Domestic wholesale business
Global Business Unit (GB)	International business
Global Markets Business Unit (GM)	Market / Treasury related businesses