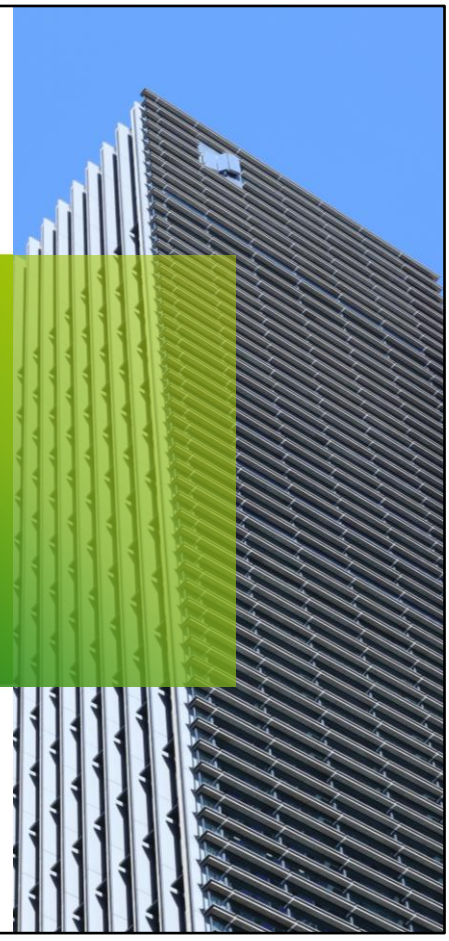
SMBC SUMITOMO MITSUI FINANCIAL GROUP

SMBC Group
IR Day

August 26, 2025



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Agenda

Opening	Group CEO	Toru Nakashima
P3 Wholesale	Senior Managing Executive Officer Senior Managing Executive Officer	Fumihiko Ito Yukihiro Mabuchi
P10 Retail	Senior Managing Executive Officer	Akio Uemura
P20 Global	Deputy President and Executive Officer Senior Managing Executive Officer	Yoshihiro Hyakutome Keiichiro Nakamura
P27 Global Markets	Senior Managing Executive Officer	Arihiro Nagata
CFO Session	Group CFO	Kazuyuki Anchi

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Wholesale

Fumihiko Ito,
Senior Managing Executive Officer

Yukihiro Mabuchi,
Senior Managing Executive Officer

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Medium-Term Management Plan

Financial targets

ROCET1	Net business profit	RWA
FY3/26	FY3/26	In 3 years
10%	**JPY 570 bn**	**+ JPY 1.5 tn**
FY3/25	FY3/25	by FY3/25
21.2%	**JPY 729.2 bn**	**+JPY 1.1 tn**

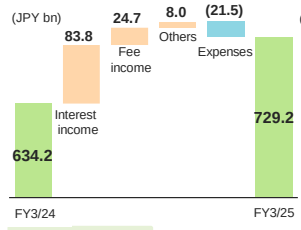
KPI

		FY3/23	FY3/25	FY3/26 target
Payment transactions (1) # of Corporate transfers (2) # of Foreign remittance (3) Corporate business handled (JPY)		(1) 346 mn (2) 1.6 mn (3) 1.7 tn	(1) 366 mn (2) 1.9 mn (3) 2.2 tn	(1) 368 mn (2) 1.7 mn (3) 2.6 tn
# of trust brokerage transactions (>JPY 3 bn)		27	26	65
League table of SMBC Nikko M&A deals (≥JPY 10 bn)		#3	#5	#2
Social Value*1	Sustainable finance	JPY 1.5 tn	JPY 7.0 tn	JPY 4.7 tn
	Investment and loans for startups	JPY 32.5 bn	JPY 185.1 bn	JPY 135 bn
	Business investment /revitalization finance	JPY 105.5 bn	JPY 212.7 bn	JPY 545 bn

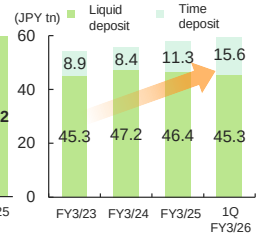
Results of FY3/25

- Captured various opportunities such as corporate actions by supporting domestic clients' needs with agility
- Increased profit by strengthening loans and deposits under rising interest rate environment

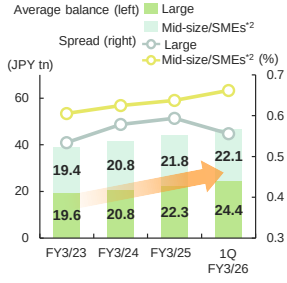
Net business profit



Yen deposits



Loans



Increase in loan balance*3

(JPY tn)	Large	Mid-size /SMEs
SMBC	+7.7	+4.5
Peer A	+3.8	+3.9
Peer B	+3.1	+1.8

*1 FY3/25 and FY3/26 target are cumulative for Medium-Term Management Plan
*2 Excl. area-coverage clients *3 During FY3/20 to FY3/25 (based on disclosure materials)

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This slide shows the progress of the Medium-Term Management Plan.

FY3/25 results significantly exceeded our FY3/26 targets with ROCET1 at 21.2% and net business profit at JPY 729.2 bn. Progress of KPIs are mostly on track excluding trust brokerage transactions which was slightly slow.

We captured numerous profitable opportunities by supporting robust domestic corporate actions with agility, driving growth in both interest and fee income. Interest rate hike also expanded deposit margins, lifting net business profit by JPY 95 bn YoY to JPY 729.2 bn.

Since FY3/25, as yen interest rates have normalized, there has been a measured shift from liquid deposits to time deposits while total yen deposits continue to trend upward. We will continue to strengthen sticky transactional deposits and capture investment needs including time deposits.

Loans grew across large corporates and mid-size corporations/SMEs by actively capturing corporate actions. In addition to persistent efforts to expand margins, we increased exposure to high-spread assets including LBO/MBO financing and real estate finance, resulting in a further improvement of loan spreads.

In the 1Q FY3/26, loan balances in large-corporates increased while spreads narrowed, primarily driven by several M&A bridge loans. These facilities will be refinanced into permanent funding through syndicated loans or the capital markets and we expect spreads to normalize to appropriate levels over the full fiscal year.

Over the five years since the FY3/20 year-end, our loan growth has significantly outpaced peers across both large corporates and mid-size corporations/SME clients. We will continue to build high-quality assets by actively capturing opportunities while maintaining disciplined profitability.

Direction in FY3/26

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 FY3/26

Key initiatives toward next mid-term plan

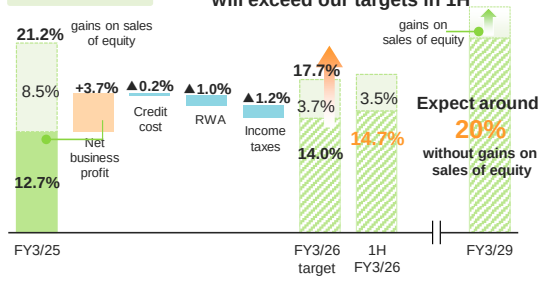
- Establish **a best-in-class one-to-one client coverage model**
- Expand into **new business domains**
- Reallocate resources through **structural reforms**

Create Social Value | Compliance

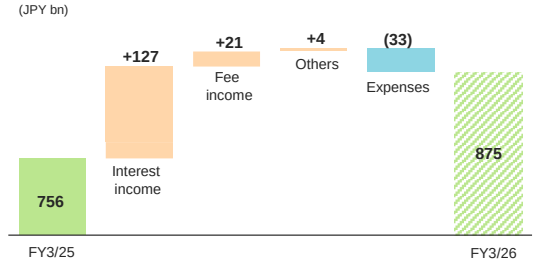
FY3/26 Target

ROCET1

ROCET1 without gains on sales of equity will exceed our targets in 1H



Net business profit*1



*1 FY3/25 is after adjustments for exchange rates

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5

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

Although we are still carefully monitoring the U.S. tariff impact and signs of a global slowdown, we expect corporate activity to stay robust. With an additional tailwind by rising yen interest rates, we view our business environment continues to be favorable.

In FY3/26,we will pursue additional upside while urgently advancing three key initiatives toward the next Medium-Term Management Plan.

ROCET1 improved by 4.2% YoY and reached to 21.2% resulting from strong core business and the continued reduction of equity holdings. For FY3/26, we target 17.7% which exceeds the FY3/25 result excluding the gains on sales of equity.

Progress remains on track and we expect to deliver ROCET1 of around 15% in 1H FY3/26.

In FY3/28, the final year of the next Medium-Term Management Plan, we aim to achieve around 20% without gains on sales of equity holdings.

We aim to significantly increase net business profit by JPY 119 bn to JPY 875 bn, which means JPY 100 bn growth excluding interest-rate effects.

In addition to income on loans and deposits supported by rising rates, we will continue to grow fee income by actively capturing corporate actions, thereby pursuing further upside.

From next page, I will explain our three key initiatives.

A best-in-class one-to-one client coverage model (1)

Support for corporate actions

Capture profitable opportunities by supporting clients' corporate actions at every stage of growth

Acquisition	Carve-out / Going private	Corporate value	PE Exits / Re-Listings
SMBC, SMBC Nikko: Financing, FX hedge, M&A FA (incl. cross-border M&A)	SMBC: Financing, Using funds SMBC Nikko: FA SMBCCP: Equity SMFL: Financing; Equity, Mezzanine	SMBC, SMBC Trust: CRE strategy SMBC Nikko: IR strategy support SMFL: Leaseback	SMBC: Financing, FA SMBC Nikko: Financing, FA, Consulting on listing

1 ECM・DCM

League table (FY3/25)

ECM*1	#2
DCM*1 Foreign bond underwriting*2	#3 #1 in Japanese

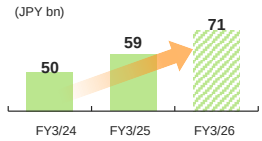
2 M&A FA*3

Compared to FY3/23

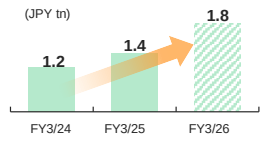
#	+65%
Fee income	+65%

5 PE fund business

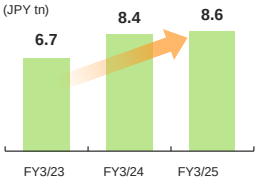
Net business profit



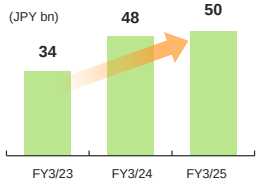
LBO Finance balance



3 Syndication*4

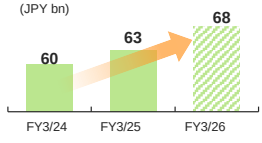


4 Equity investment*5

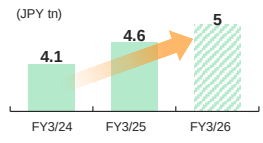


6 Group real estate business

Net business profit



Finance balance



*1 Source: LSEG. Equity: underwriting amount as lead manager *2 Result of 1Q FY3/26 *3 on a group basis
*4 SMBC's syndicated loan origination results *5 Investment balance of SMBC Capital Partners

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Firstly, we aim to establish a best-in-class one-to-one client coverage model expanding and capturing profitable opportunities by supporting clients' corporate actions at every stage of growth.

Amid strong loan demand, bank loan is increasing and fundraising activity across ECM/DCM, syndications, and equity investments continues to expand.

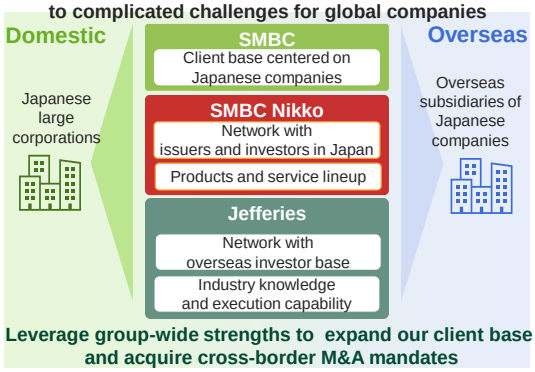
Our M&A financial advisory has grown significantly in both number of deals and fee revenue. High-margin businesses such as PE fund business and group real estate business are also performing well.

We will pursue further expansion through disciplined risk-taking.

A best-in-class one-to-one client coverage model (2)

Strengthen capability for global companies

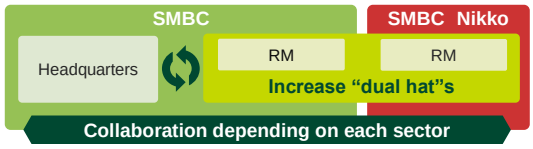
Deliver comprehensive solutions to complicated challenges for global companies



Leverage group-wide strengths to expand our client base and acquire cross-border M&A mandates

Enhance our sector-specific solutions

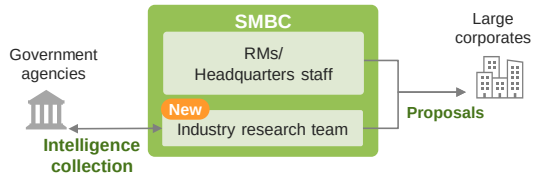
Integrate banking and securities sector expertise to deliver one-stop solutions to clients



Deliver higher-quality proposals to clients

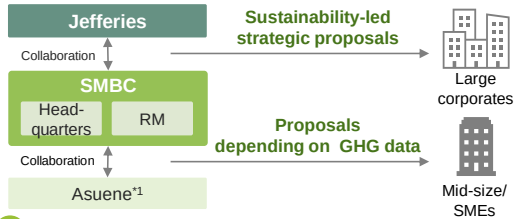
1 Industry research

- Gather cross-sector intelligence from government agencies to sophisticate strategic proposals to large corporates



2 Sustainability

- Enhance our execution framework to meet segment-specific needs by client size



3 M&A

- Reinforce our organization to deliver seamless, end-to-end origination, execution, and financing as deal sizes become larger

*1 Strengthened our strategic alliance in May.25

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7

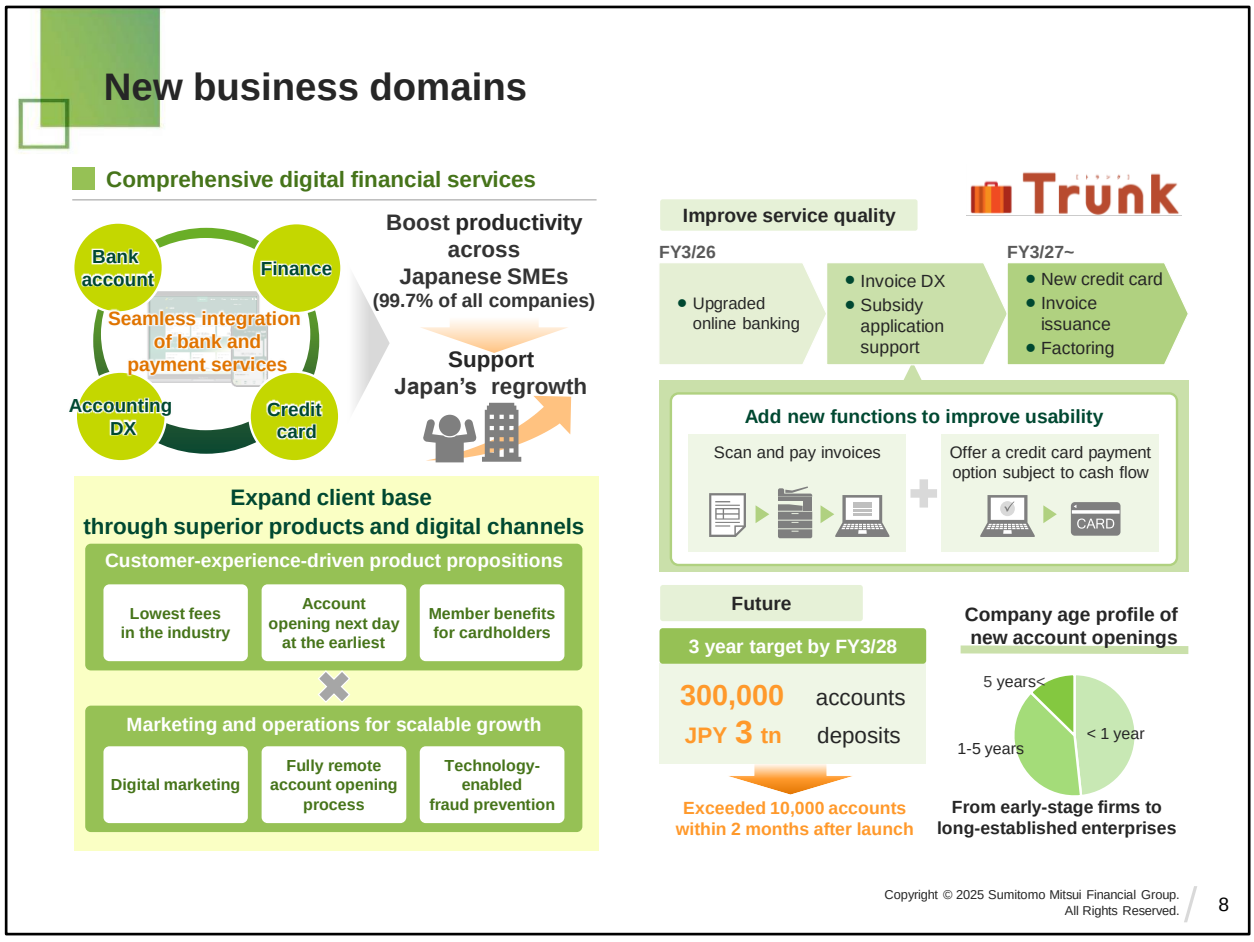
To enhance our capability for robust corporate actions, we will deliver comprehensive solutions to complicated challenges for global companies and expand our client base. Advancing collaboration among SMBC, SMBC Nikko and Jefferies, and leveraging each firm's strength, we will win cross-border M&A mandates.

Sector-specific proposals are becoming increasingly important as industry restructuring accelerates and management challenges grow more complex, By significantly expanding a dual-hat coverage model among relationship managers of SMBC and SMBC Nikko, we further enhance our ability to address clients' needs.

We will also upgrade our client-facing proposal capabilities. We established "Industry Research & Planning Dept." at SMBC headquarters to serve as the Group's industrial research hub. The team conducts cross-industry intelligence gathering with relevant government agencies and uses these insights to develop sector-driven proposals for clients.

On sustainability, we have established a delivery model tailored by client size which enable us to provide optimal solutions. For large corporates, we will differentiate ourselves through globally informed strategic proposals in partnership with Jefferies. For mid-size corporations/SME clients, we will work with Asuene to offer proposals that leverage GHG data.

On M&A, as deal size and activity remaining robust, we recognize the need to further strengthen our platform. We will build a more efficient, group-wide operating model across origination, execution, and financing to capture a greater number of transactions.



Second initiative is expansion into new business domains, especially “Trunk ”, which we launched in May 2025.

Trunk is a comprehensive digital service that combines a bank account and credit card with integrated capabilities for various finance services. With a superior UI/UX, it streamlines daily finance operations and enhances cash management for businesses.

Through Trunk, we aim to raise productivity among SMEs which account for 99.7% of companies in Japan and thereby contribute to Japan’s regrowth.

We will progressively expand the feature set such as invoice DX and payment option and build a new revenue base through digital channels.

Trunk targets to acquire 300,000 accounts and JPY 3 tn in deposits within three years. Demand has been strong with account openings exceeding 10,000 within two months after launch. Clients range from early-stage firms to long-established regional enterprises.

Existing account holders will be able to migrate to Trunk from January 2026. We will accelerate the account openings pace by broadening the client base and expanding services.

Deposit balance reached the tens of billions of yen, giving us strong conviction. We intend to nurture Trunk as a robust revenue with positive interest rates.

Structural reforms／Reduction of equity holdings

AI-lead business transformation

Example: Daily workflow for RMs

	Morning	Preparation	Meeting	Reports, etc.
As-Is	Review client information dispersed across systems	Check internal policies/ Review materials	Record meeting notes	Execute follow-up administrative tasks

Substantial time spent on reviews, checks, information searches, and other administrative tasks

Rolling releases starting in FY3/27 → During next Medium-Term Management Plan

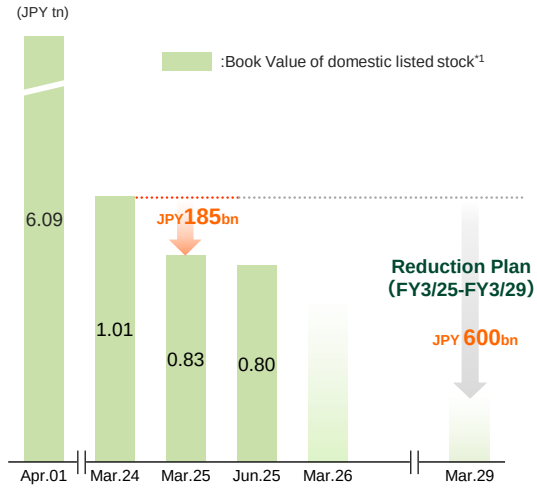
To-Be	AI Automatically… Create client overview materials	Generate appropriate proposal materials	Summarize and record meeting notes	Execute follow-up administrative tasks

Focus on clients' management challenges by utilizing AI for task support and automation

Unlock 1.4 mn hours annually and reallocate resources to boost sales capacity

Reduction of equity holdings

Achieved a reduction of JPY 185 bn in FY3/25.
Continue negotiations with clients aiming for reduction exceeding the annualized pace of JPY 120 bn in FY3/26.



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

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The last key initiative is resources reallocation through structural reforms.

As shown in the daily workflow example, now relationship managers(RMs) spend substantial time on reviews, checks and other administrative tasks.

To address this, we have launched an AI-lead business transformation.

Our AI will automatically create client materials, record meeting notes and infer clients' needs. This will reduce manual tasks and person-to-person variability while improving the quality and speed of our client proposals.
Over time, we also automate extensive administrative workflows at scale including deal approvals and management as well as contract drafting.

These initiatives will unlock approximately 2 hours per RM per day, about 1.4mn hours annually, which roughly equivalent to 600 people. We will redeploy this capacity to higher-value, client-facing activities.

We reduced equity holdings by JPY 185 bn in FY3/25, the firsts year of our new five years reduction plan of JPY 600 bn. In 1Q FY3/26, we reduced a further JPY 24 bn. We are continuing negotiations with clients to achieve the plan.

Retail

Akio Uemura,
Senior Managing Executive Officer

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Medium-Term Management Plan

Strategy

Vision

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

Key strategies

1. **Strengthen retail business strategy centered on Olive**
2. **Enhance group-based consumer finance**
3. **Expand deposit taking and channel strategy based on Olive**
4. **Enhance group-based wealth management business**

Financial target

ROCET1	Net business profit	RWA
FY3/26	FY3/26	In 3 years
8%	**JPY 245 bn**	**+JPY 0.2 tn**
FY3/25	FY3/25	by FY3/25
8.6%[*1]	**JPY 273.8 bn**	**+JPY 1.5 tn**

KPI

		FY3/23	FY3/25	FY3/26 target
AM[*2]/ foreign currency balances		JPY 13.5 tn	JPY 18.8 tn	JPY 18 tn
Credit card sales handled		JPY 30.2 tn	JPY 39.0 tn	JPY 48 tn
Finance balance		JPY 2.5 tn	JPY 2.8 tn	JPY 3 tn
# of Olive accounts opened		—	3.04 mn	5years after the release in Mar.23 12 mn
Effect of channel reform[*3]		—	JPY (14) bn	JPY (28) bn
Social value[*3]	# of financial literacy programs participants	—	+576 K	+570 K

*1 Excl. the radical allowance on interest repayment
*2 Investment trusts, fund wrap, discretionary portfolio management, and joint managed money in trust
*3 FY3/25 and FY3/26 target are cumulative for Medium-Term Management Plan

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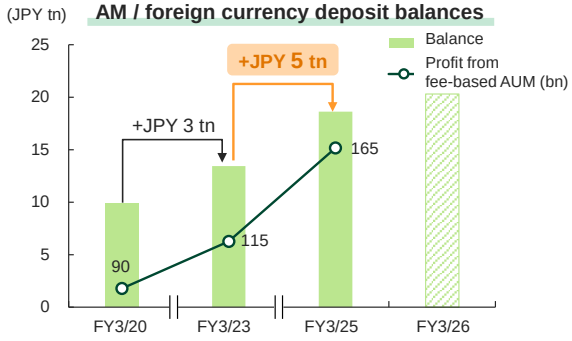
In the Medium-Term Management Plan, we aim to contribute to “prosperous life” and “Fulfilled Growth” for customers and to be the most reliable financial group by promoting the four key strategies.

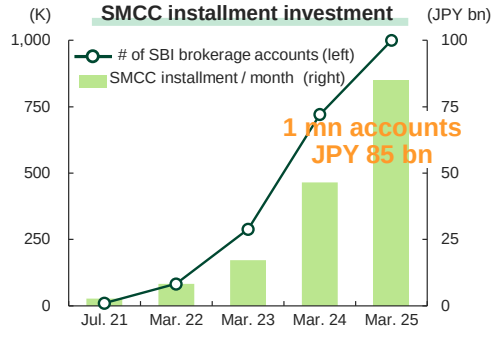
Our financial target under the current Medium-Term Management Plan includes ROCET1 at 8% and net business profit at JPY 245 bn. We achieved ahead of schedule in FY3/25 driven by business expansion with quality.

Progress of KPIs are on track despite of our high targets across AM and foreign currency balances and credit card sales handled.

Progress of the Plan (1)

Wealth management business





Comparison*1 (FY3/25)	SMBC Group	FY3/26 plan	Bank A Group	Bank B Group
AM balances (Funds, FW, etc.)	JPY 16.5 tn	JPY 17.6 tn	JPY 6.4 tn*2	JPY 9.4 tn
Credit card sales handled	JPY 39 tn	JPY 43 tn	JPY 18 tn	—
Finance balances	JPY 2.0 tn	JPY 2.2 tn	JPY 1.5 tn	JPY 0.3 tn

Awards

J.D. Powers 2025
Personal Asset Management
Customer Satisfaction Survey*3
National banking sector

HDI-Japan
Web Support/Contact Points
3 Stars in 9 consecutive years

*1 Based on disclosure materials *2 Balance of fund wraps refers Japan Investment Advisers Association "Status of Assets Under Contract (Wrap Accounts)" *3 Based on survey response from 2,477 people who manage assets at nationwide banks (japan.jdpower.com/awards)

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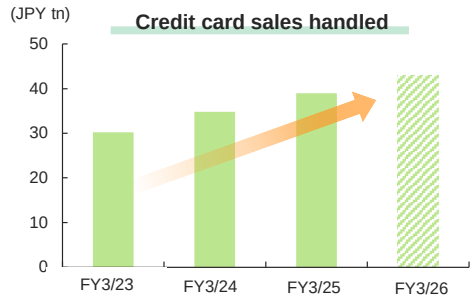
In the wealth management business, with a focus on the long-term diversified investment and profit from fee-based AUM, we have successfully shifted to a more stable business model. Consequently, the AM and foreign currency deposit balances is increasing faster than the pace in the previous Medium-Term Management Plan.

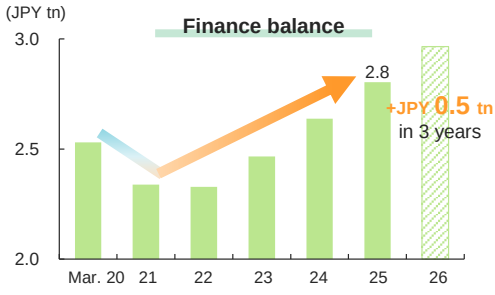
SMCC installment investment amount with SBI securities brokerage is increasing supported by Olive.

Given the strong growth in the amount of credit card sales handled and finance balances, as well as the top awards from third-party evaluators, I believe that we have built a competitive edge in both scale and quality.

Progress of the Plan (2)

Payment business / Consumer finance





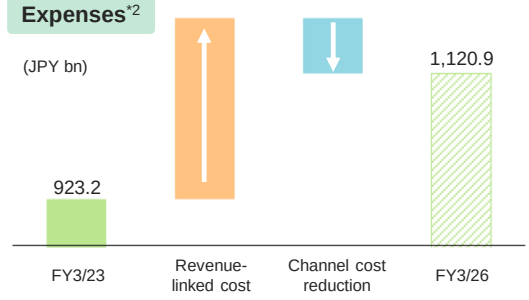
Cost control

Overhead ratio

FY3/23	△12%	FY3/26
87%	→	75%

Channel cost	**Branch cost** (per branch)	**(46)%**
	# of STOREs	**121 STOREs**
	Cost reduction[*1]	**JPY (28) bn**
Mortgage loan	**Digitalize loan management / contract** **Improve profitability through consulting**	

Expenses[*2]



*1 Cumulative figure in the current Medium-Term Management Plan period *2 Managerial account basis of FY3/26

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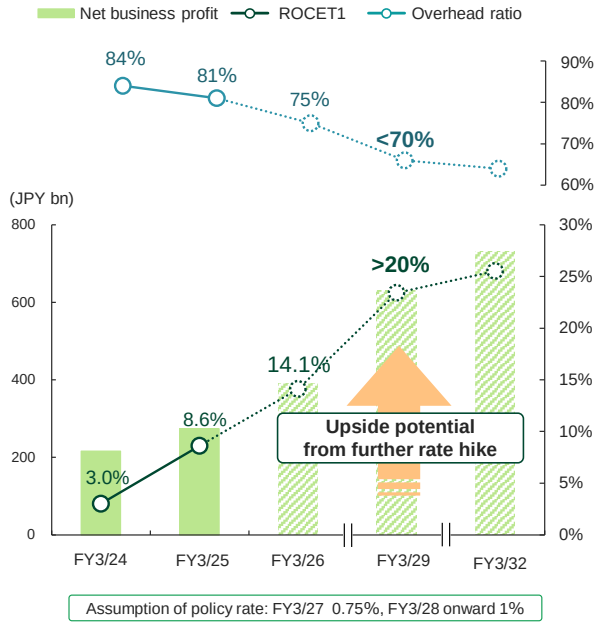
In the payment business, the amount of credit card sales handled has increased steadily on the back of the cashless market expansion. Consumer finance balance has also expanded, marking a V-shape recovery from the pandemic and achieving the market share of 30%.

We will aim for overhead ratio of 75% for FY3/26 and accelerate cost reductions by improving efficiency across existing business and freeing up the resources to expand customer base and enhance services.

Through the conversion to STOREs, we will achieve JPY 28 bn cost reduction, the target under the Medium-Term Management Plan. Accordingly, we will review the number and pace of conversion to STOREs.

Long term aspiration

Net business profit and ROCET1



Assumption of policy rate: FY3/27 0.75%, FY3/28 onward 1%

1 Olive

Expand and leverage platform

2 Wealth Management business

Further strengthen group-based operation

Enhance competitiveness by upgrading each strategy

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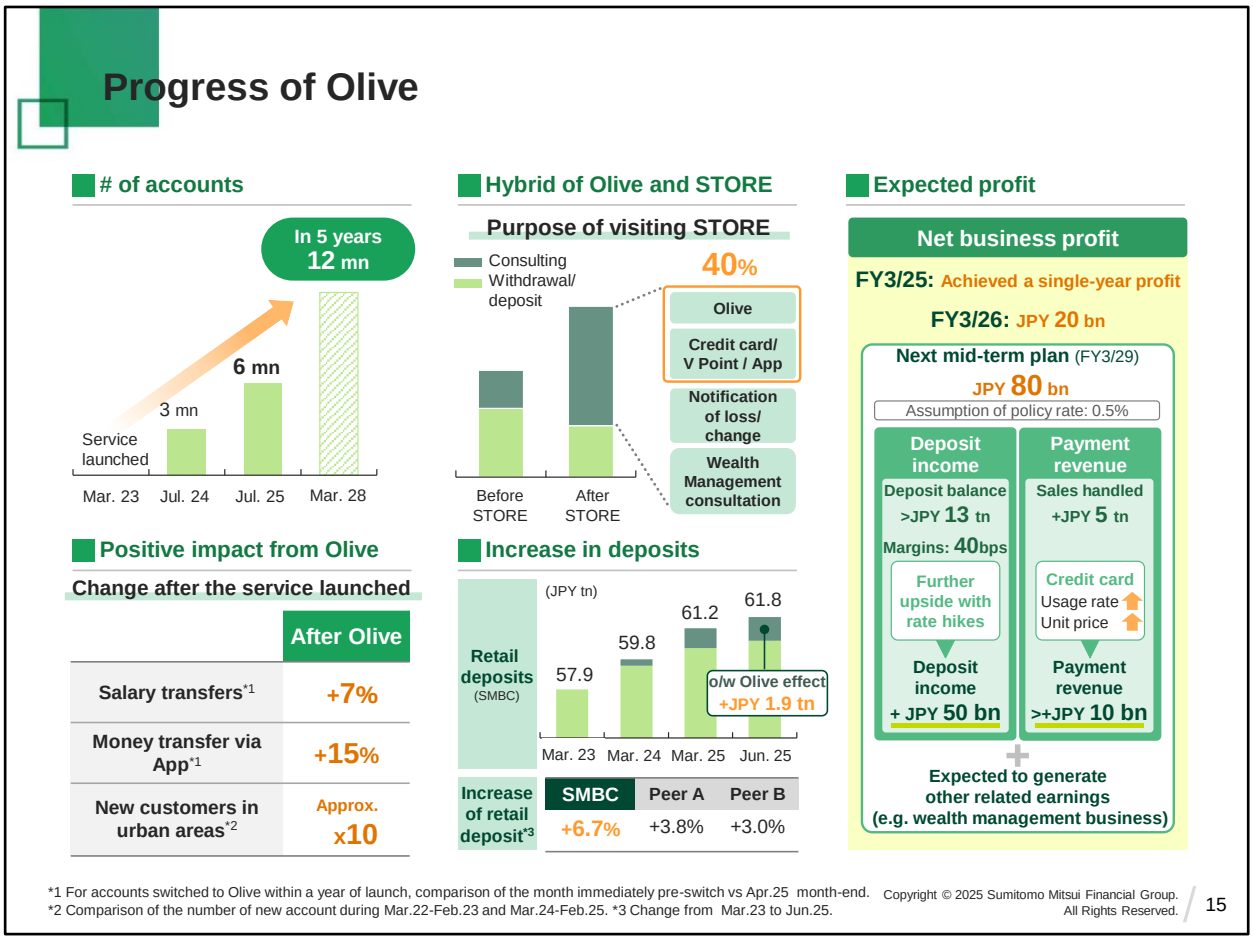
In FY3/26, sustaining a disciplined focus on capital efficiency and profit growth, we will aim to achieve net business profit of JPY 390 bn (+100 bn YoY) and ROCET1 of over 14% while implementing initiatives in the next three year plan ahead of schedule.

In FY3/29, the final year of the next Medium-Term Management Plan, we want to challenge for net business profit of over JPY 600 bn, overhead ratio of below 70%, and ROCET1 of over 20% which is higher than the group-wide target.

We will further solidify our competitive advantage by upgrading our core strategies: enhancing customer-centric product and service convenience, accelerating group-wide integration.

We are currently considering two strategic initiatives: (1) business expansion driven by Olive and (2) strengthening the wealth management business.



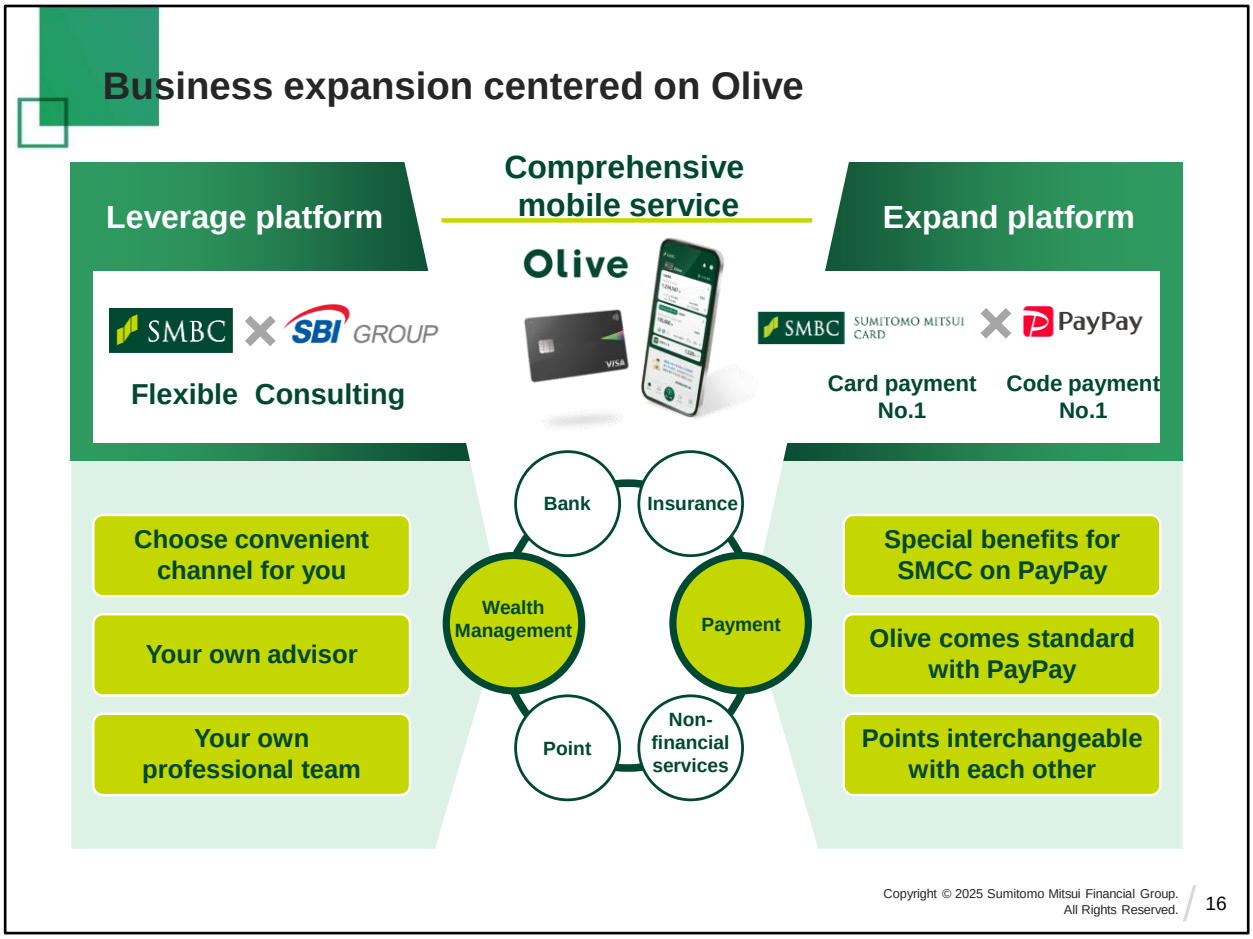
The number of Olive accounts continues to increase, achieving 6 million, a halfway to the five-year target. Comparing the customer transactions before and after the release of Olive, we see higher salary transfers, more main account usage, and increase in new acquisition in regional areas, which are positive and in-line with our expectations.

Our approach based on collaboration with STOREs is also successful, with 40% of STOREs visits now related to Olive and affiliated transactions, making us one of the first in Japan to establish a digital-real hybrid model.

Consequently, deposit acquisition shows strong growth. Olive has contributed to approximately JPY 1.9 tn in incremental deposits at SMBC to date, representing our competitive advantage.

We evaluate Olive's profitability on a net business profit basis – gross profit (primarily profit from deposits and payments revenues) deducting costs – and achieved full-year profitability in FY3/25, expecting around JPY 20 bn in FY3/26.

For FY3/29, we expect a meaningful uplift to earnings from Olive totaling around JPY 80 bn;
(1) JPY 50 bn from increase in deposit and the recent rise in rates,
(2) JPY 10 bn from payment revenue, arising from increase in credit card sales handled and increased usage/spend per customer as services are enhanced, and
(3) JPY 45 bn from investment trusts, foreign currency deposits, card loans and housing loans.



Our strategic direction remains unchanged; to position Olive as a new financial platform and build the next-generation retail business on top of it.

Under our philosophy to provide best services on a customer first basis, we will pursue convenience and value and establish a diverse and high-quality service lineup in both financial and non-financial areas, while keeping an option to strengthen alliance with external partners.

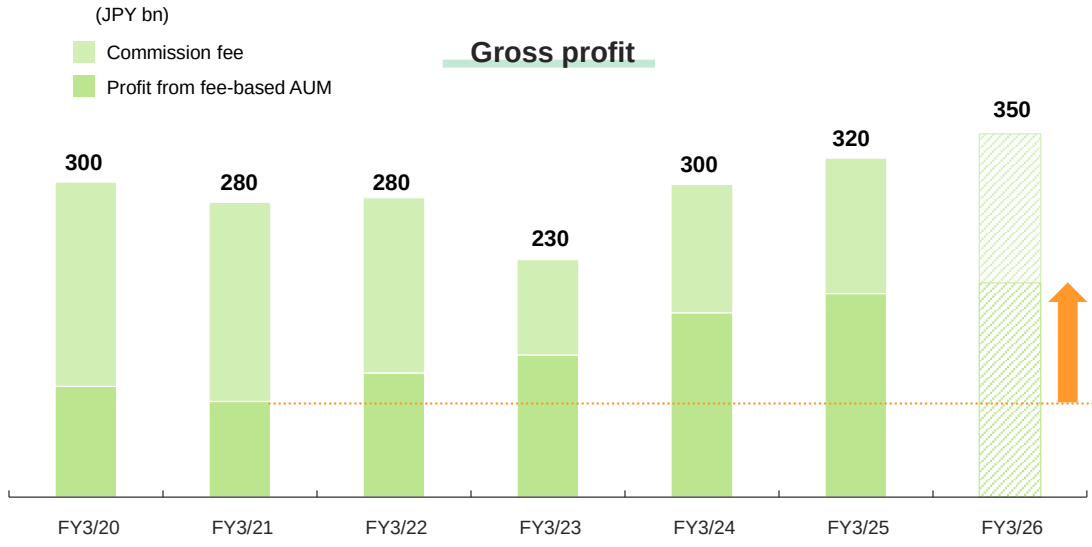
Olive will move beyond a payments-centric model to broaden its financial services delivered on the platform.

One example is a new wealth management service provided by the joint venture established with SBI Group. As digitization advances, many customers prefer to complete transactions such as cashless payments, online brokerage, balance checks, and small-ticket investing in a digital form, while seeking in-person advice when needed. We will provide flexible consulting on Olive combining high-quality advice with digital convenience.

We will also expand the platform. As recently announced, based on our partnership with SoftBank Group, SMCC and PayPay will launch new initiatives in collaboration. With Japan's cashless payment ratio at roughly 40–50% and estimating to reach 80%, we are linking the No.1 in card payments with the No.1 in code payments to achieve No.1 in customer convenience. Specifically, we will provide preferred treatment for SMCC on PayPay, give advantages for PayPay users on Olive, add PayPay balance as a payment option within Olive's Flexible Pay, and enable mutual exchange between PayPay Points and V points. By making a coalition among a landmark payment providers that leads Japan's cashless ecosystem, we will further scale the Olive platform.

Wealth management business

Shift to fee-based AUM business with medium- to long-term diversified investments



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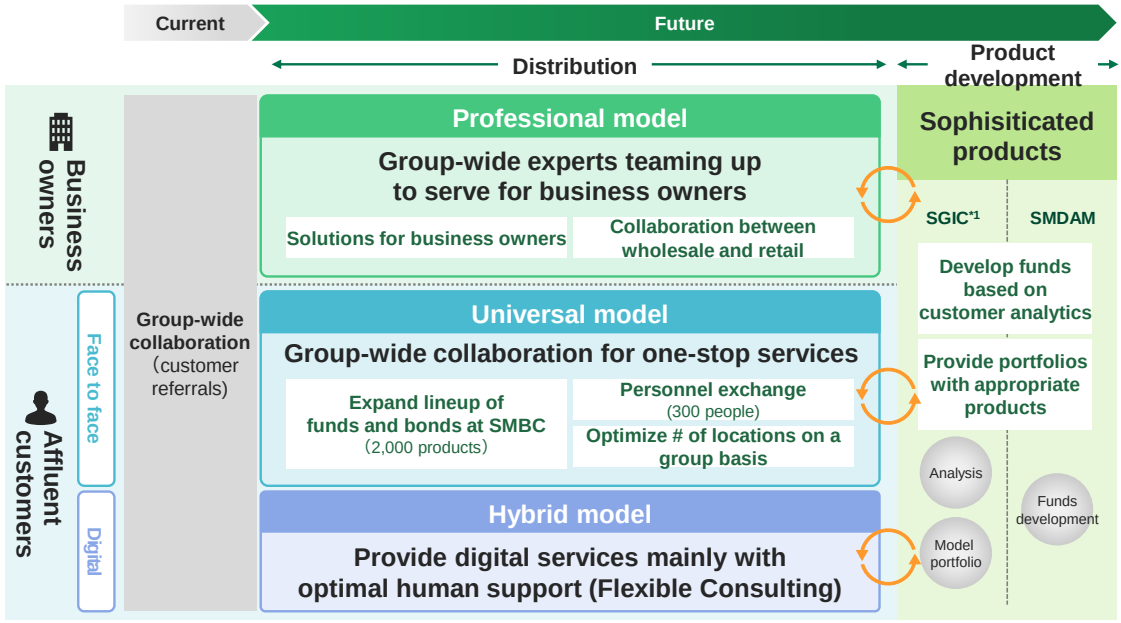
The wealth management business continues to be our key strategic area with asset-light and favorable capital efficiency.

Shift from commission fee to medium- to long-term diversified investment has accelerated. Transformation to a business centered on profit from fee-based AUM has advanced our transition to a more stable business model.

Going forward, we will pursue profit growth and scale the business based on our high-quality business foundation.

Direction of wealth management business

Provide optimal solutions for diverse customer needs by strengthening group-based operation



*1 SMBC Global Investment & Consulting

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Structural shifts from savings to investment and demographic aging are driving increasingly diverse needs among affluent customers.

By strengthening group-based operation of SMBC, SMBC Nikko, and SMBC Trust Bank, we will provide optimal solutions to diverse customers across segments.

For business owners whose needs span both wholesale and retail domains, we will implement a professional model that teams experts from the bank, securities, and trust businesses to deliver end-to-end solutions from asset management and treasury-stock management to financing, business succession, and inheritance planning.

For affluent customers seeking to grow assets and preferring face-to-face engagement, we will deliver a one-stop, group-based universal model that leverages our collective capabilities.
We will expand the securities product lineup offered through the bank, broaden talent mobility between the bank and the securities arm, and optimize channels on a group-wide basis to meet a various needs.

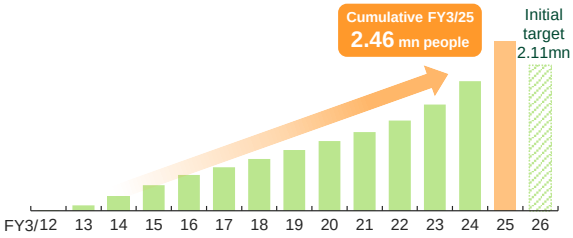
Additionally, for those preferring digital engagement, we will provide hybrid model named “Flexible Consulting” that freely combines digital and face-to-face support.

To meet the needs of each customer segment under these models, we will strengthen our product development capabilities by collaboration of SGIC and SMDAM to develop funds based on client analytics, construct suitable products, and deliver model portfolios.

Efforts to create social value

Improve financial literacy

# of participants in financial literacy program



(Ref.) # of participants in financial literacy programs provided by Peer A is total of 400K people Apr. 08 to Apr. 24

Lectures on preventing financial crime

Outreach lectures for junior / high school students

Preparation for 100-year life era

SMBC エルダープログラム

Elder Program: Dedicated concierge services

SMBC Digital Safety Box

Digital ending note to pass information relating inheritance

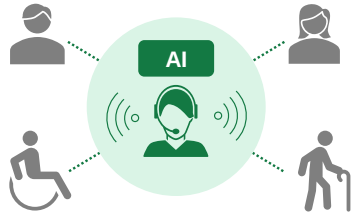
Total of AUM[*1] Under custody
>JPY 2.3 tn
(x1.3 times in 2 years[*2])

# of wills[*1]
Approx. 6.5K

# of customers[*1]
>90K

Improve accessibility with AI

Realize an easy-to-use, always-connected call center for everyone



*1 Results of Jun. 25 *2 Comparison between Jul. 23 and Jul. 25

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I believe that strengthening the retail business itself is an initiative that contributes to solving social issues.

We have designated improving financial literacy across generations and regions as a priority theme.
Participation in our financial literacy programs now exceeds 2.46 million people and the number of programs itself continues to grow.
We will continue to develop and deliver targeted programs aligned with evolving needs and trends including anti-scam lectures for high school students.

Preparation for the 100-year life era is a big theme as well.
The “Elder Program” is a concierge-led service anchored by professionals with deep financial expertise, working alongside each client to address individual life-stage needs.

Moreover, we have begun developing an AI-enabled call center which is easy-to-use for everyone and always-connected.

Global

Yoshihiro Hyakutome,
Deputy President and 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*1

ROCET1	Net business profit	RWA
FY3/26 **8%**	FY3/26 JPY **585** bn	In 3 years +JPY **3.9** tn
FY3/25 **7.7%***2	FY3/25 JPY **592** bn	by FY3/25 +JPY **1.2** tn

KPI

	FY3/23	FY3/25	FY3/26 target
Net business profits from overseas securities	JPY 22 bn	JPY 25.8 bn	JPY 49 bn
Net business profit of the Americas Division	USD 1,344 mn	USD 1,653 mn	USD 1,844 mn
Share of U.S security IG corporate bonds*3 issued	2.3%	3.4%	3.5%
ROE of investees in Asia*4	(0.4)%	3.3%*4	9.5%
Net income of investees in Asia	JPY (1) bn	JPY 19 bn	JPY 46 bn
Social Value*5 Sustainable finance	JPY 4.8 tn	JPY 10.1 tn	JPY 10.5 tn

*1 Assumption of FY3/25 USD1=JPY 120 *2 Excl. the sales of low-profit assets *3 Investment Grade
*4 Excl. the impairment of goodwill *5 FY3/25 and FY3/26 target are cumulative for Medium-Term Management Plan

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Under the current Medium-Term Management Plan, our key focus areas are the global CIB business and our Multi-Franchise Strategy in Asia. We are seeing progress in our long-term growth initiatives, such as the expanded collaboration with Jefferies and the investment in India's commercial bank YES Bank announced in May.

While concentrating resources on these growing areas, we will also execute measures to improve capital efficiency, to drive the growth with quality.

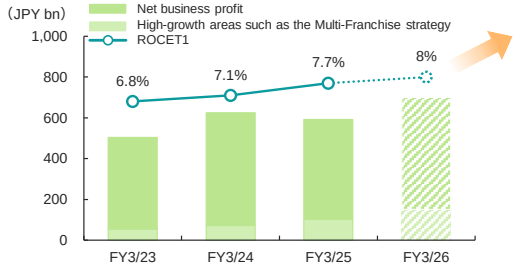
In FY3/25, we strengthened asset discipline to improve ROCET1 by reducing low-profit assets and limiting new RWA deployment.

Our progress of KPIs shows current issues, such as our Multi-Franchise Strategy. We will be deeply involved to investees and aim to turn around the business by leveraging our resources.

Medium-Term Management Plan

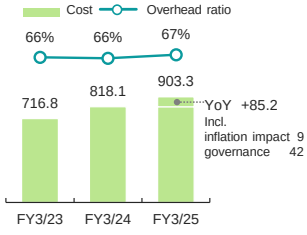
Financial result[*1]

● **Improve ROCET1 by reallocating assets**



Cost control[*2]

● **Keep overhead ratio flat through gross profit growth and cost reduction**



Cost Control Initiatives

FY3/25

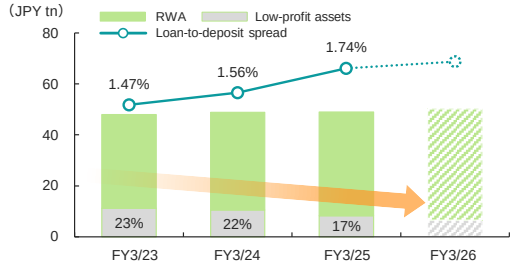
Reduce JPY **(180)** bn

Operations Hub in India

Consolidate operations and improve the overhead ratio

Initiatives to improve capital efficiency[*3]

● **Improve profitability of the balance sheet by accelerating reduction of low-profit assets**



FY3/25	RWA Reduction	ROCET1 impact
Total low-profit assets	JPY (2.2) tn	+21bp
non-Japanese	JPY (0.9) tn	+9bp
Japanese	JPY (0.7) tn	+4bp
Project Finance, etc.	JPY (0.6) tn	+8bp

FY3/26

- **Accelerate reductions through profitability criteria reviews and client-specific action plans**
- **Reallocate capital to high-margin, high-growth areas**

*1 After adjustments of the changes in exchange rates, excl. the sales of low-profit assets for FY3/25
*2 Excl. the consolidation of OTO/SOF and the sales of project finance in Europe
*3 FX rate is fixed at JPY 140 each fiscal year

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In FY3/25, we executed steady asset reallocation and improved ROCET1. However, a meaningful gap versus overall group level still remains. We will continue to focus on improving capital efficiency in FY3/26 and beyond, with continued reduction of low-profit assets.

Expenses increased by JPY 85 bn YoY due to inflation and strengthening governance, but the overhead ratio remained flat supported by top-line profit growth and cost-reduction measures. Strengthening cost control is urgent. We will further improve the overhead ratio with new operation hub established in India in FY3/26 to accelerate global process consolidation.

To enhance capital efficiency, we are reducing low-profit corporate loans and project finance exposure and replacing them with high-profit areas. We reduced low-profit assets by JPY 2.2 tn in FY3/25, materially improving the loan-to-deposit spread.
We will continue reallocating resources to high-profit, higher-growth areas by reviewing profitability criteria and further reducing low-profits assets through account-level action plans.

Transformation: CIB business

Enhance business model

Achievement

- Steadily expanding profitable fee business

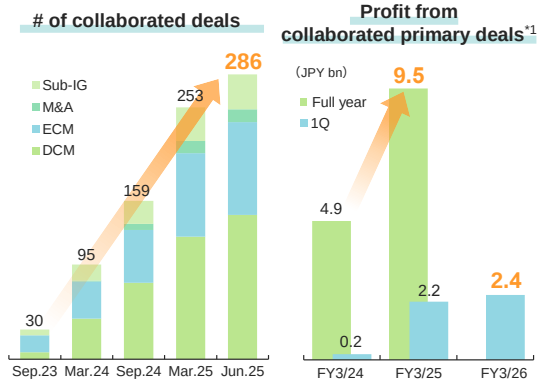
League table for non-Japanese IG DCM

Issuance share		Rank	
Americas		Americas	
FY 3/23	FY 3/25	FY3/23	FY3/25
2.3%	3.4%	# 14	# 10

Medium- to long-term direction

Improve B/S profitability	Enhance non-asset businesses
High-profitable businesses	Collaboration with Jefferies
Asset-turnover/ OTD	Transaction banking

Collaboration with Jefferies



Example of collaborated deal

June 2025

Active Bookrunner and Sustainability Coordinator

Jefferies

Financial Advisor

- Acquisition of Daisy Group's B2B Business by Virgin Media O2, a Leading UK Telecom Operator
- SMBC leveraged its strong client relationship to secure roles as Active Bookrunner and Sustainability Coordinator, reflecting its ESG financing expertise
- Jefferies served as Financial Advisor

*1 Profit attributable to SMBC Group from collaborated deals with Jefferies

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I will now turn to our priority initiatives, starting with CIB business.

The integration of primary and secondary business is advancing. In primary business, we have steadily won DCM mandates by leveraging our balance-sheet capacity. Specifically, in the U.S. IG segment for non-Japanese corporates, our DCM league-table position has improved in both issuance share and rank.

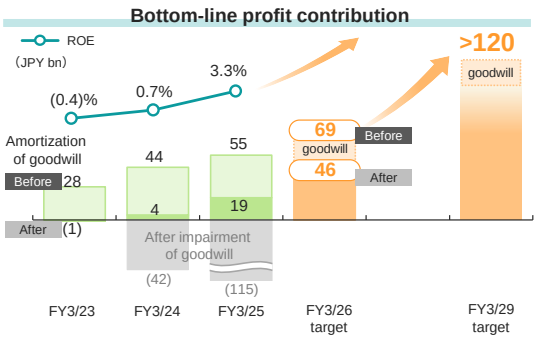
Improving the profitability of the balance sheet and expanding our non-asset businesses is necessary to realize higher returns.
On the balance sheet side, we are replacing low-profit assets with high-profit assets such as sponsor and also strengthen asset-turnover businesses, an originate-to-distribute model.
On the non-asset side, we will deepen collaboration with Jefferies to scale fee income and strengthen our transaction banking.

Collaboration with Jefferies is accelerating globally since we deepened our partnership in the U.S. in April 2023, followed by EMEA in January 2024 and APAC in May 2025. Number of deals and profit coming from collaboration have been rising, and we will continue to expand the collaboration to deliver higher value-added solutions.

Growth: Multi-Franchise Strategy

Profit target

Bottom-line profit contribution

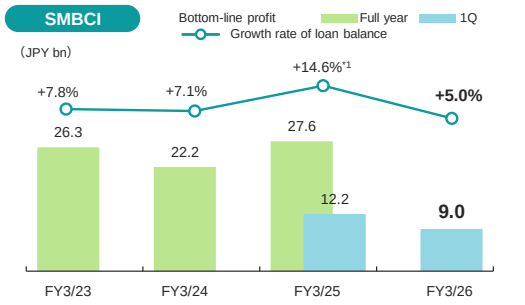


Actions towards FY3/29

● **Allocate resources to support the growth strategy**

Governance enhancement	● Strengthen talent deployment in critical areas ● Build and secure a global retail talent pool
The SMBC advantage	● Share our knowledge across retail and wholesale ● Develop services leveraging the Japan Edge
Funding support	● Support asset growth overwhelming market (capital raising and debt funding support)
India strategy	● Cover all segments together with YES BANK ● Accelerate the growth strategy including deeper collaboration with existing investees

Indonesia



Drastically strengthen retail business

- Net income for 1H FY3/26 declined due to forward-looking provisions of JPY 1.4 bn to prepare for specific borrowers
- Currently focused on acquiring low-cost deposits from corporate and retail customers and on expanding retail loans incl. OTO/SOF
- Aim to maintain bottom-line profit level for FY3/26 by improving loan spreads and funding costs and enhancing collections

*1 Incl. the consolidation of OTO/SOF

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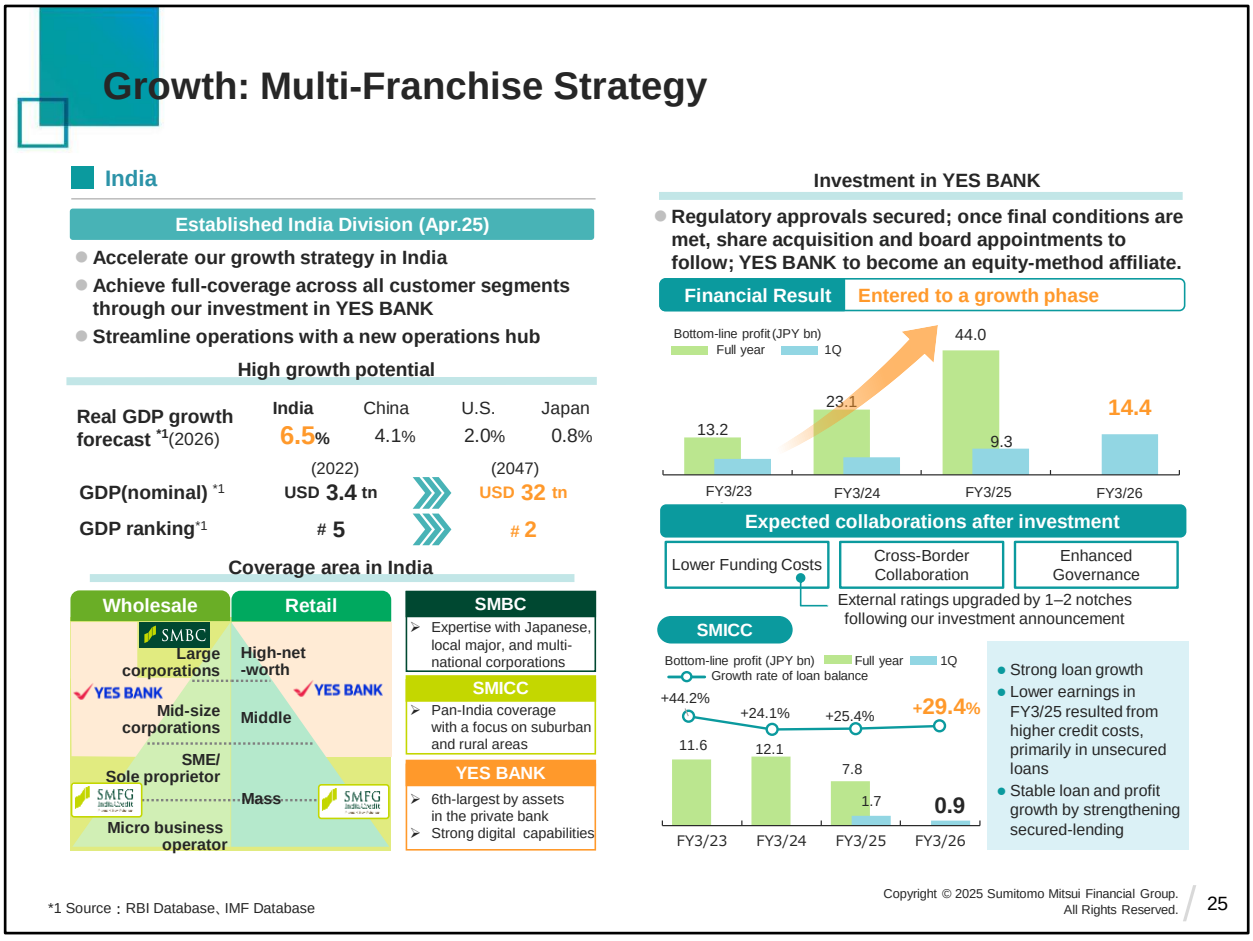
In our Multi-Franchise Strategy, as we explained at the Investor Meeting in May, we have revised down our target for FY3/26. That said, capturing Asia's growth is indispensable to realizing SMBC Group's medium- to long-term growth. Our target for FY3/29 remains unchanged and we are committed to catch up to the growth trend as quickly as possible.

To achieve the FY3/29 target, we will deepen our involvement to each investee and support growth strategy by leveraging our resources. To meet strong funding demand across markets and deliver sustainable growth, we will support funding, build necessary governance frameworks, and provide SMBC-distinct value-add.

From here, I will update recent developments and specific measures in each country.

First, in SMBC Indonesia, net income declined in 1H FY3/26 due to forward-looking provisioning booked in March 2025. We aim to maintain bottom-line profit level for FY3/26 by improving loan spreads and funding costs and strengthening collections. Over the medium term, we will pursue further performance improvement by leveraging synergies with SMBC and our existing investee partners.

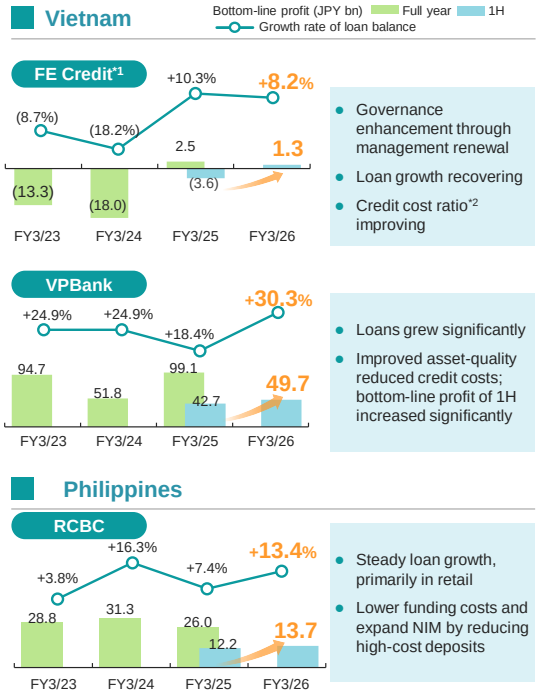


India is positioned as a top-priority market, with significant potential in both economic scale and growth.

- Overview: We established India Division in FY3/26 as a new regional hub to accelerate our growth strategy. In May, as the last missing piece of our Multi-Franchise Strategy, we decided to invest in YES BANK, an Indian commercial bank, giving us a platform that fully covers wholesale through retail. By combining the respective strengths of SMBC, SMICC, and YES BANK, we will build a broad customer base and capture growth.
- Investment in YES BANK: We have received an approval from Reserve Bank of India to acquire the shares and will execute once the remaining conditions are satisfied. Financial performance is steadily improving YoY and their external ratings have upgraded after our announcement in May, indicating positive market recognition. Following completion, we aim to lower funding costs through improved ratings, strengthen cross-border collaboration, and further enhance governance.
- SMICC: Although loan growth remains steady, earnings have declined by higher credit costs, particularly in rural areas. We will intensify our focus on secured lending to drive stable profit growth.

Growth: Multi-Franchise Strategy, Alternative Investment

Vietnam



- Governance enhancement through management renewal
- Loan growth recovering
- Credit cost ratio*2 improving

- Loans grew significantly
- Improved asset-quality reduced credit costs; bottom-line profit of 1H increased significantly

Philippines

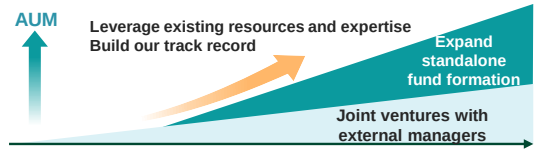
- Steady loan growth, primarily in retail
- Lower funding costs and expand NIM by reducing high-cost deposits

Alternative investment

- Expand high-ROE, asset-light asset management

Scale AUM

Current → Future



Collaborate in distribution

Establish an integrated, cross-product, cross-sector coverage model

SMBC × Sumitomo Mitsui DS Asset Management × SMBC NIKKO

Build a global asset management platform in private markets

Initiatives leveraging our franchise and edge

LBO	● Jul.24：Launched a European private credit fund ● May.25：Launched a U.S. private credit JV
Real Estate	● Sep.25：Plan to launch of an Asia real estate debt fund
Aircraft	● Jan.24：Established a JV between SMBC Aviation Capital and a Canadian pension fund

*1 Managerial accounting basis *2 Credit costs / Loan balance

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In Vietnam, we booked impairments of goodwill in FY3/25, JPY 59 bn at FE Credit and JPY 75 bn at VPBank. However, the performance is on an improving trajectory with the macro environment recovering. FE Credit has been strengthening governance by the management renewal and credit cost is controlled by stricter credit criteria.

In the Philippines, RCBC is showing solid performance with strong loan growth mainly in retail business. We will aim for further growth by improving NIM through the reduction of high-cost deposits and stricter control of funding costs.

As a priority area to support the future growth, we are scaling alternative asset management, an area where we can repurpose our origination capabilities and pursue an asset-light, high-ROE model. We will leverage existing resources and expertise, build a track record via joint-venture schemes with external managers, and increasingly launch standalone funds to advance a distinctive alternatives strategy. We will also consolidate our distribution capabilities and establish an integrated, cross-product and cross-sector sales platform to build a group-based platform.

Global Markets

Arihiro Nagata,
Senior Managing 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*1
- Maximize profits by dynamic rebalance

Sales & Trading

- Respond to complicated clients' needs
- Improve global presence via capability upgrades

Foreign Currency B/S Management

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

Financial target

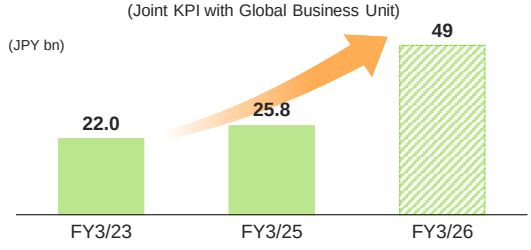
ROCET1	Net business profit	RWA
FY3/26	FY3/26	In 3 years
15%	**JPY 340 bn**	**+JPY 1.4 tn**
FY3/25	FY3/25	by FY3/25
20.9%	**JPY 474.5 bn**	**+JPY 1.0 tn**

Increase net business profit aiming to exceed ROCET1 target continuously

KPI

Net business profit from overseas securities

(Joint KPI with Global Business Unit)



*1 Insight, Imagination, Intelligence

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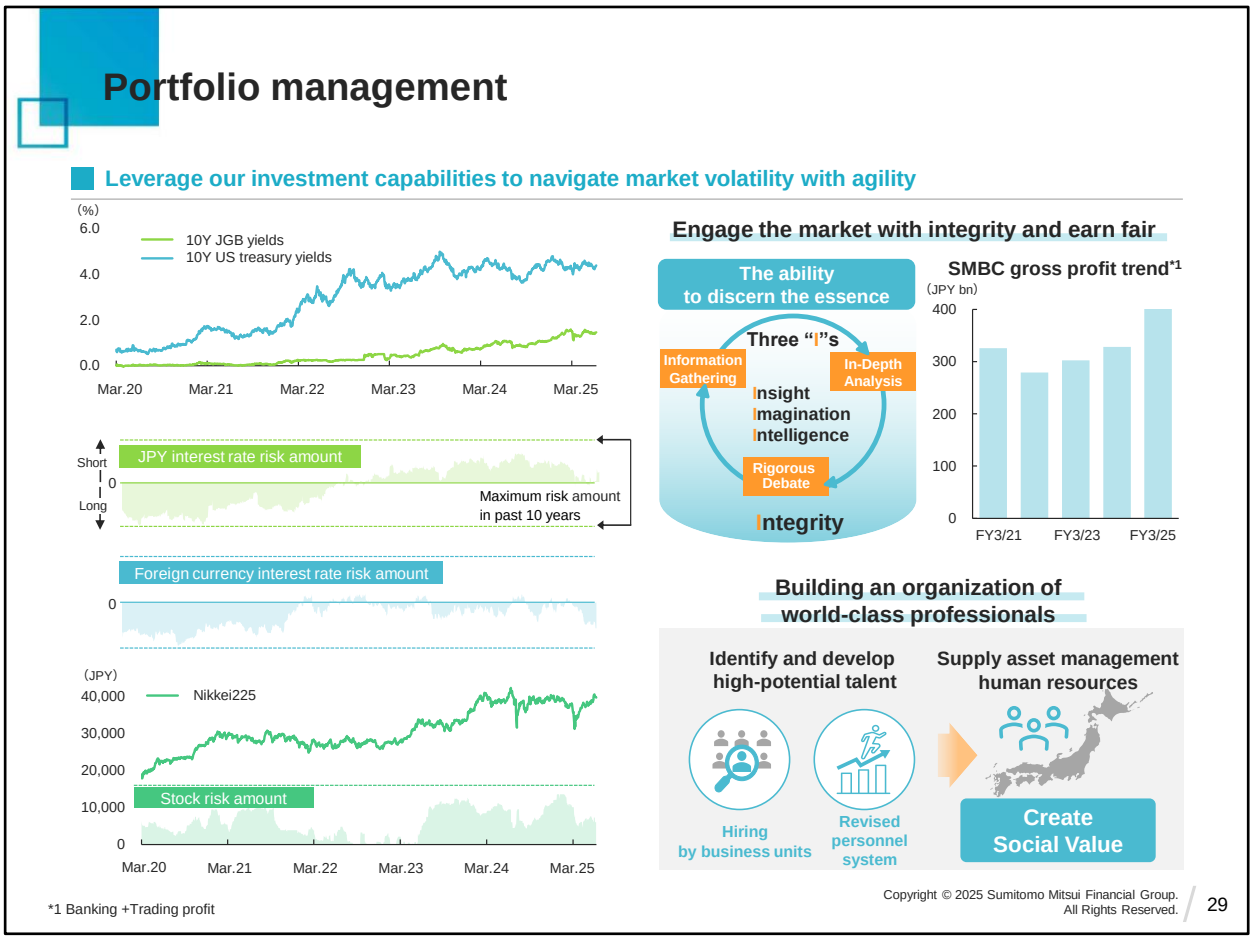
First, I will explain our strategy. Our vision is to enhance risk-taking skills for our investment portfolio while continuously supplying clients with high level of value as a market risk professionals. The key initiatives to achieve our vision include portfolio management, sales & trading, and foreign currency balance sheet management.

Our initial targets for FY3/26 are ROCET1 at 15% and net business profit at JPY 340 bn. However, as we have exceeded them by achieving ROCET1 at 20.9% and net business profit at JPY 474.5 bn, we consider the initial targets to be the minimum baseline for FY3/26. We will capture market investment opportunities and contribute to group-wide improvement in ROCET1.

To realize above, we will strengthen our sales & trading business, particularly our overseas securities business. We will work closely with Global Business Unit to enhance global CIB and global sales & trading businesses, the key strategic areas of the Medium-Term Management Plan.



The charts on the left show the 10-year JGB yields, 10-year US treasury yields and Nikkei 225 since 2020.

Yields fell during the COVID-19 shock and subsequently rebounded, a period that challenged conventional portfolio management globally. Inflation accelerated amid supply disruptions and demand supported by fiscal stimulus alongside accommodative monetary policy. Fed, having misread the inflation trajectory, began belated interest rate hike in March 2022 and rapidly raised the FF rate to 5.5% within 18 months.

Anticipating higher overseas interest rates, we significantly reduced the risk amount and avoided losses by proactively managing unrealized gains and losses.

In the yen market, yields began to rise about a year before the Bank of Japan ended negative interest rates and yield-curve control in March 2024, roughly two years after the Fed started its hiking cycle. Anticipating this shift, we aligned with our overseas stance and pivoted the JPY portfolio to a significant short-duration position, which we continue to maintain.

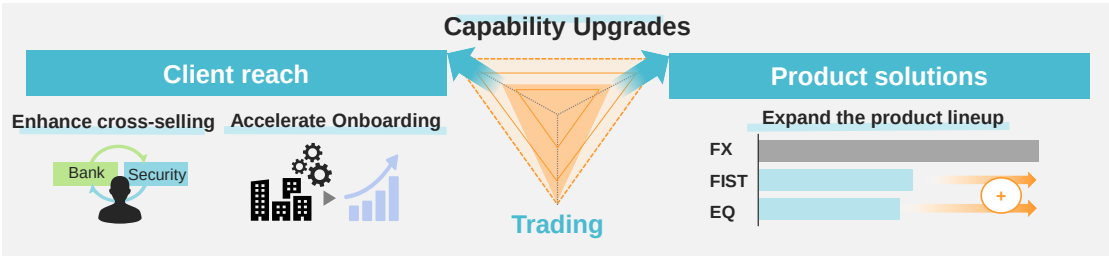
Today, the 10-year JGB yield stands at 1.62%, returning to levels last seen in 2008. We are on the cusp of an environment where we can rebuild the JGB portfolio without relying on foreign bonds. We will closely monitor the BoJ's policy normalization toward portfolio reconstruction.

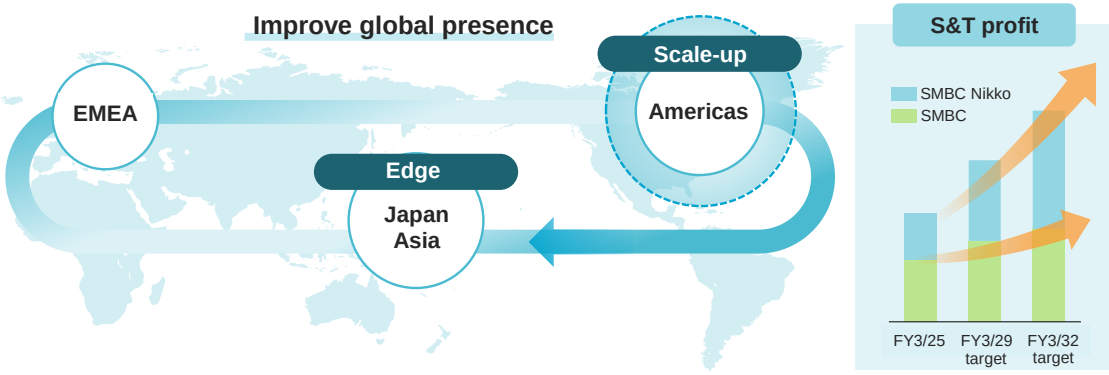
Our Nikkei 225 equity risk has been adjusted flexibly and dynamically.

Upholding our tradition of "relentlessly sharpening our ability to discern the essence," our non-consolidated gross profit has consistently exceeded JPY 300 bn even while peers struggled. We will continue to engage the market with professionalism and integrity, delivering returns with discipline. We will also prioritize talent identification and development to build an organization in which everyone performs at a truly world-class level.

Sales & Trading

Improve global presence by leveraging Japan-specific advantages, scaling U.S. operations, and enhancing our client base and solution delivery.





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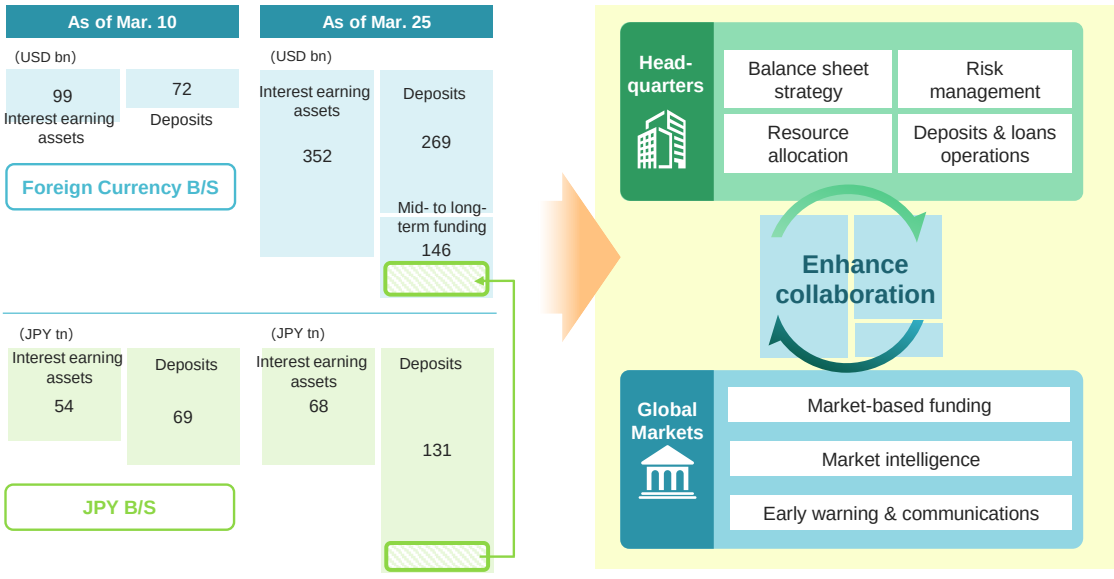
We have steadily enhanced our trading competitiveness. We will further enhance sales & trading capabilities in securities business by capturing growing client needs and strengthening product solution deliveries. In the U.S., we are scaling our USD franchise anchored by primary dealer status. Combined with our edge in JPY rates, this will further elevate our global presence.

Foreign currency B/S management

Advance balance sheet management focused on stable funding and capital efficiency



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In managing our foreign currency balance sheet, we have long relied on stable funding, leveraging yen deposits to support the expansion of foreign currency assets.

Japanese banks have traditionally managed balance sheet based on robust yen deposit-gathering capacity. Since 2010, interest earning assets and deposits in the foreign currency balance sheet have increased by USD 253 bn and USD 197 bn, respectively. The excess yen deposit base were used for interest earning assets in foreign currencies.

Looking ahead, a widening foreign-currency loan–deposit gap and continued BoJ policy normalization will constrain business models predicated on sustained yen-deposit growth.

In addition to maintaining stability, Corporate Treasury and Markets Treasury will jointly pursue higher capital efficiency within a disciplined balance sheet.

CFO Session

Kazuyuki Anchi,
Group CFO

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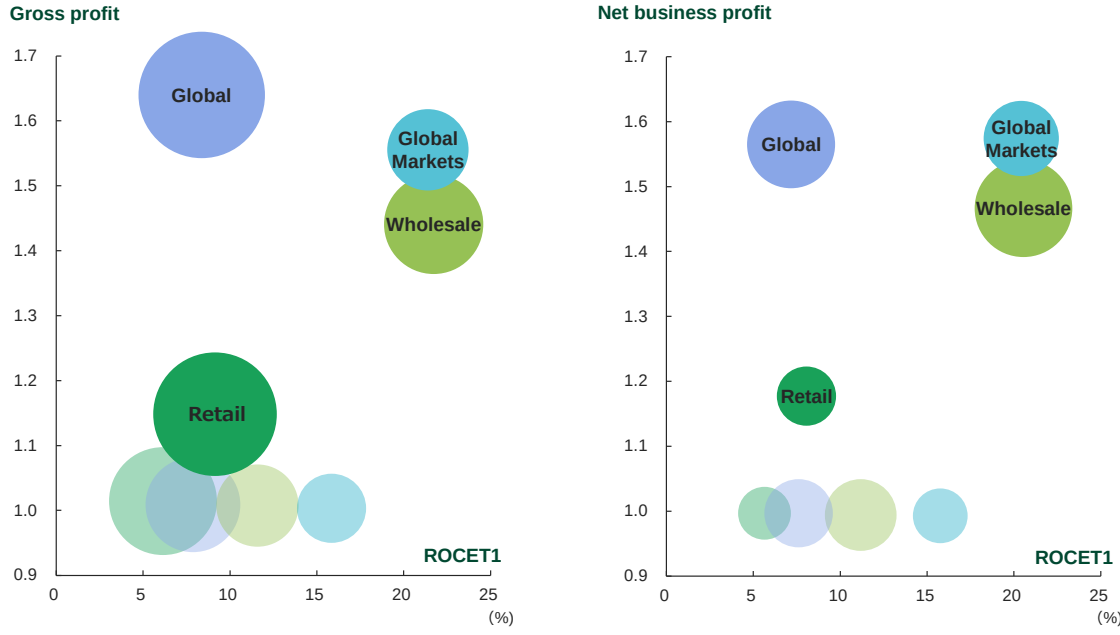
In closing, I will conclude with a summary from my perspective as Group CFO and CSO.

Presentation Summary

Profit and ROCET1 by Business Unit[*1] (trajectory from FY3/18 to FY3/25)



*1 FY3/25 figures indexed to FY3/18=1. Bubble size is proportional to the profit level

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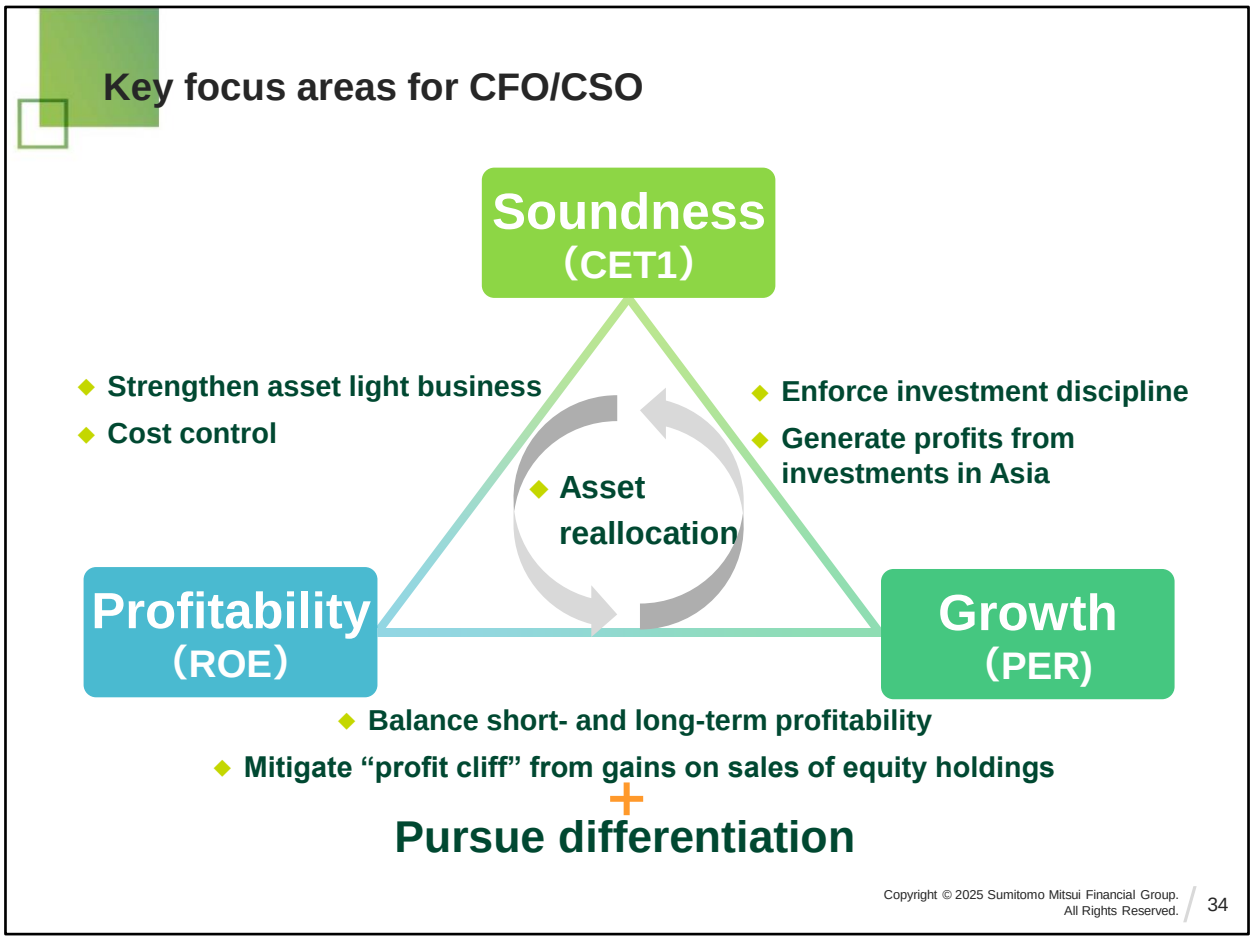
Both charts plot ROCET1 on the X-axis, and their Y-axes show profit growth: gross profit in the left chart and net business profit in the right. Both series are indexed with FY3/18(=1), the first year of the current four Business Unit structure; the latest index point shown is FY3/25.
Bubble size represents the profit size of each Business Unit.

Wholesale and Global Markets Business Units have steadily expanded both gross and net business profit while improving ROCET1.
In addition to gains on sales of equity holdings and the tailwind from rising interest rates, Wholesale Business Unit has been solid with our continued focus on global large corporates and growth among mid-sized companies. Although ROCET1 may dip temporarily, the growth trajectory remains robust.

Retail Business Unit has been less-profitable due to front-loaded expenses, but ROCET1 is expected to exceed 10% from FY3/26, with the bubble moving up and to the right.
Across the two charts, net business profit has grown faster than gross profit, indicating efficient operations and strong cost discipline, even with front-loaded expenses in areas such as credit cards.

Global Business Unit delivered the strongest top-line growth, yet ROCET1 remained roughly flat. Net business profit grew slightly less than gross profit, reflecting higher expenses to strengthen governance. Improving ROCET1 is therefore a key priority going forward.



As Group CFO and CSO, I am advancing our agenda along three dimensions: soundness, profitability, and growth. The goal is to balance all three, rather than accept trade-offs.

- Soundness × Profitability (left): We aim to improve profitability without consuming additional assets or capital, by tightening cost control and enhancing asset-light businesses, such as transaction banking and asset management business, as well as Sales & Trading business, which is not purely asset-light.
- Soundness × Growth (right): We will enforce strict investment discipline. To unlock the growth potential of our existing investees in Asia, Global Business Unit and the head office will execute joint initiatives.
- Profitability × Growth (bottom): We will manage the profit roadmap with clear milestones. Even as gains on sales of equity holdings decrease, we will execute a time-phased plan that delivers profit growth more than offsetting the gains.

As CSO, my priority is differentiation. The domestic market remains attractive and we have competitive advantage. However, our overseas businesses are not yet sufficiently differentiated. We will pursue distinctive approaches and accelerate our progress to close the gap.

Financial result / Capital

Result of 1Q FY3/26

- **Progress rates for both consolidated business profit and bottom-line profit are 29%**
- The anticipated negative impact of JPY 100 bn from U.S. tariffs has not yet materialized
  - Customer sentiment remained favorable in 2Q. The negative impact is not expected to materialize if the current environment continues.

Capital

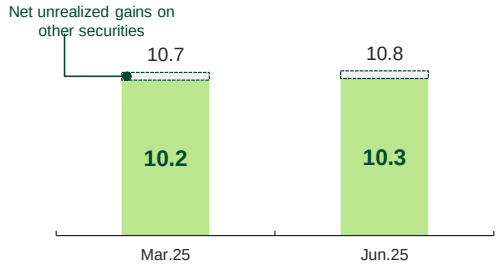
- **CET1 ratio is 10.3% as of Jun.25**
  - ✓ The impact of YES BANK investment is not reflected yet, but it has been already included in capital allocation for FY3/26. CET1 ratio will be maintained approx. 10% even after investment.
- Basic capital policy is unchanged

Estimated impact of the U.S. tariffs

		Assumption			Jun.25
		Initial	Revised	Impact	
Rates	**10-year JGB** (%)	1.5	1.3	(15.0)	1.43
FX	**USD** (JPY)	145	140	(12.5)	144.81
Stock	**Nikkei index** (JPY)	41,000	37,000	(35.0)	40,487
Business	Wealth management, Domestic wholesale, Multi-Franchise strategy			(37.5)	
	Bottom-line profit			(100)	bn

Finalized Basel III basis (financial target)

(%)



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Lastly, I will update our latest situation.

At the beginning of this fiscal year, we factored in the potential impacts from the U.S. tariffs, on interest rates, FX, stock price, and underlying business activity.

Since then, interest rates have moved contrary to our initial assumption and are therefore a tailwind. Stock price remains volatile and hard to predict, but the impact appears smaller than we assumed. Our business pipeline remains strong; we expect only limited impact, possibly even a net positive. FX remains the principal potential headwind, but given the strength of the other drivers, we see a high likelihood of raising full-year target at the time of 1H FY3/26 results announcement.

Our CET1 ratio was 10.3% at the end of 1Q FY3/26. This does not yet reflect the impact of our investment in Yes Bank, although our annual capital allocation plan assumes it. We expect to maintain slightly above 10% even after completion. We are also considering additional share buybacks, though the size may be not be as large as some investors expect.

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. This document also contains "sustainability statements" related to the sustainability activities of the Company concerning the environmental, social, and governance matters.

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 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 or sustainability statements contained or deemed to be contained herein. The risks and uncertainties which may affect future performance or results 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 or sustainability statements, which speak only as of the date of this document. The Company undertakes no obligation to update or revise any forward-looking statements or sustainability statements. The sustainability initiatives of the Company described in the "sustainability statements" are based on policies and practices that seek to promote and responsive to its risk management and other investment and objectives. Each decision will be made subject to local legal requirements.

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.24	Mar.25
USD	151.33	149.53
EUR	163.24	162.05

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
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

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