

## Wholesale Business Unit

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The Wholesale Business Unit contributes to the development of the Japanese economy by providing financial solutions that respond to the diverse needs of domestic companies in relation to financing, investment management, M&A advisory, and leases through a united Group effort.

Deputy President and  
Executive Officer

Co-Head of Wholesale Business Unit

**Gotaro Michihiro**

Senior Managing  
Executive Officer

Co-Head of Wholesale Business Unit

**Kimio Matsuura**

Faced with Japan's negative interest rate policy and a continuously challenging operating environment, the Wholesale Business Unit mustered the collective strength of SMBC to deliver sophisticated solutions and carry out operations with an extensive focus on profitability. It was thereby able to maintain high levels of return on equity.

During the period of the previous Medium-Term Management Plan, we achieved gains on loans for the first time in 10 years due to our allocation of funds to financing corporate acquisitions and other high-value-added applications. In addition, we were No. 1 in terms of the number of M&A advisory deals for the third consecutive year, and steady growth was seen in the number of initial public offerings in which we were the lead underwriter. These successes indicate that we have effectively established group-wide systems for delivering solutions for improving the corporate value of our customers.

The new Medium-Term Management Plan calls on the Wholesale Business Unit to fully leverage the strength that is its group-based comprehensive solutions capability to furnish solutions to the social issues and difficult management issues of customers seen as social structures and customers' businesses transform during and after the COVID-19 pandemic. Capitalizing on this strength, we will pursue an unprecedented degree of coordination between domestic and overseas bases and Group companies and boldly allocate management resources to growth fields.

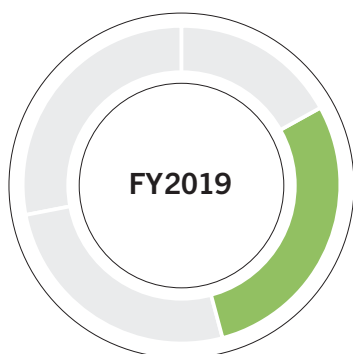
The Wholesale Business Unit has also been promoting digitalization through collaboration with customers. Together with Toyota Motor Corporation, we launched TOYOTA Wallet. We engaged in co-creation with Komatsu Ltd. and other major companies. Moreover, we launched the Biz-Create online business matching service in addition to establishing the SMBC CLOUDSIGN cloud-based electronic contract service. These are just some of our unique initiatives in the digitalization field. Going forward, we will continue to implement initiatives for creating new businesses from the perspectives of customers.

Also in the future, we will further improve our strengths, including our keen ability to make proposals, speed, and pioneering spirit, to provide high-value-added solutions to customers and thereby contribute to the growth of customers and of the Japanese economy.



### Contribution to Consolidated Net Business Profit

¥ **409.2** billion **29** %



	FY2019	Increase (Decrease)* <sup>1</sup>
Gross profit (JPY bn)	641.5	(6.7)
Expenses (JPY bn)	284.4	(2.2)
(Overhead ratio)	44.3%	+0.1%
Net business profit (JPY bn)	409.2	(0.9)
ROE* <sup>2</sup>	11.6%	(0.7)%
RwA (JPY tn)	17.4	+0.5

\*<sup>1</sup> Figures are after adjustments for interest rate and exchange rate impacts.

\*<sup>2</sup> Figures exclude medium- to long-term foreign currency funding costs.

# Wholesale Business Unit

Priority Strategy

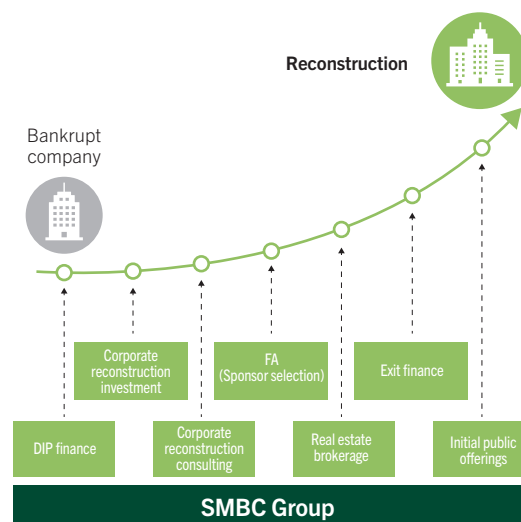
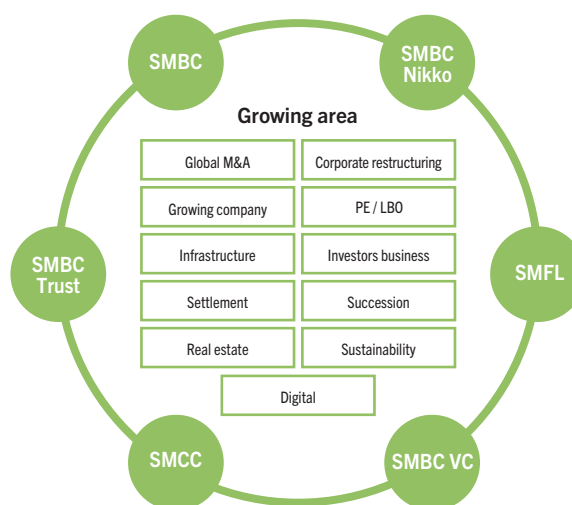
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## Group-Based Comprehensive Solutions

To bolster responsiveness to change in growth fields, a number of organizations were set up in the Wholesale Business Unit. Specifically, these organizations were the Financial Solutions Division, which specializes in financial products; the Sustainable Business Promotion Department, which focuses on environmental, social, and governance (ESG) issues and the United Nations Sustainable Development Goals (SDGs); and the Corporate Digital Solution Department. By uniting our front-office service, financial product, and solutions organizations in addressing customers' various issues and needs, the Wholesale Business Unit will provide group-based comprehensive solutions.

In addition, we are developing systems for delivering swift and high-quality proposals to large corporations active on the global stage. As part of this process, we are enhancing our group-based competitive edge in response to increasingly complex and sophisticated management issues pertaining to such matters as business portfolio revision and global M&A activities.

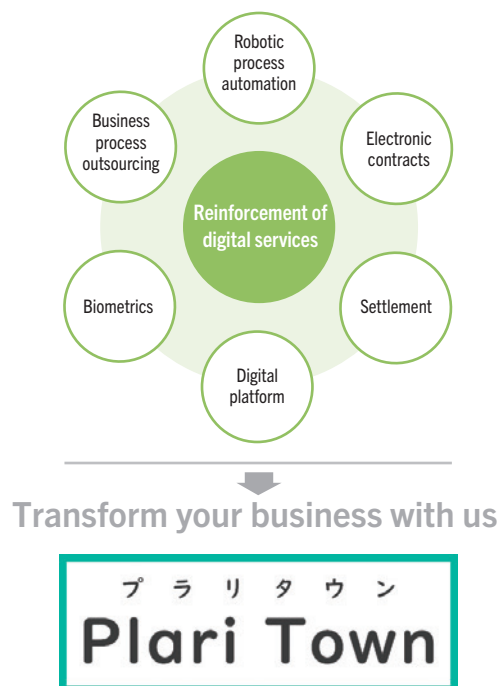
In Japan, corporate bankruptcies are on the rise, stimulating an increase in corporate restructuring needs. SMBC Group was a step ahead of the competition in developing a corporate restructuring business foundation to cater to these needs. On this front, we established SMBC Capital Partners Co., Ltd., a dedicated corporate restructuring support company, in February 2020, and this company is planning equity investments to the tune of ¥60.0 billion during the period of the new Medium-Term Management Plan. The Wholesale Business Unit views initiatives for improving the corporate value of customers and ensuring their business continuity as part of its value chain, and we will advance our corporate restructuring business on a group-wide basis accordingly.



### Corporate Digital Solutions

The Corporate Digital Solution Department was established in FY2020 to support customers' digitalization and new business creation efforts. For example, we aim to supply highly convenient digital services by increasingly linking the robotic process automation, electronic contract, and other digital services of Group companies.

Furthermore, we established Plari Town, Inc., a corporate digital platform operator, in May 2020. Utilizing this company's platform, we will accelerate our corporate digital marketing efforts and deliver a diverse range of financial and non-financial services, including those of external partners, as we advance initiatives for creating new value.



## Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, the Wholesale Business Unit turned its attention to supporting customers in continuing their business activities and providing easy access to funding. To this end, we are conducting financing and other initiatives utilizing the support funds set up through a special operation of the Bank of Japan as well as the systems of credit guarantee companies and municipal governments. We are also flexibly revising financing procedures and assessment processes. Other efforts include enhancing our lineup of online services to offer payment and financing processing services through Internet banking schemes as well as business-matching services and cloud-based electronic contract services. Going forward, we will continue to fight the COVID-19 pandemic so that we can keep providing the services people rely on as a part of social infrastructure. At the same time, we aim to utilize digital technologies in our sales activities to an even greater degree.

### Electronic Contract Service Use

