

Retail Business Unit

The Retail Business Unit consists of the top-class companies in the banking, securities, credit card, and consumer finance industries. We are addressing the financial needs of all individual customers through services capitalizing on the Group's comprehensive strength, striving to develop the No. 1 Japanese retail finance business chosen by customers.



Takashi Yamashita

Senior Managing Executive Officer
Head of Retail Business Unit

Contribution to Consolidated Net Business Profit (FY2022)

¥ **221.6** billion**12%**

	FY2022 Results	YoY*1
Gross profit (JPY bn)	1,150.2	(14.0)
Expenses (JPY bn)	933.3	+0.7
Base expenses (JPY bn)	702.2	(38.1)
Net business profit (JPY bn)	221.6	(13.5)
ROCET1*2	11.0%	+0.8%
RwA (JPY tn)	13.3	+0.6

*1 Figures are after adjustments for interest rate and exchange rate impacts.

*2 Figures exclude provision for losses on interest repayments, etc.

The Retail Business Unit possesses the leading business foundation in Japan in its principal business areas, including wealth management, payment service, and consumer finance, backed by high-quality in-person consulting capabilities and advanced payment and finance products and services.

Although each business was affected by the COVID-19 pandemic and other factors during the previous medium-term management plan, the asset management business saw the balance of fee-based AUM increase by ¥4 trillion more than planned, and the settlement and finance business caught up with the plan with a ¥10 trillion increase in purchase transaction volume. Card loan balances, which had declined with the effects of the COVID-19 pandemic, began to increase year-on-year in FY2022.

The retail business environment has also changed dramatically with the acceleration of cashless and digitalization, the shift from savings to investment, and the increasing need to prepare for the era of the 100-year lifespan.

In this context, we have been quick to implement measures to respond to changes in the business environment, such as expanding the functions of SMBC Direct, developing branches exclusively for retail customers, and introducing the SMBC Elder Program.

Under the new medium-term management plan, we will differentiate our wealth management business by building a group-based asset management business model to strengthen our competitiveness and increase our presence in the market. Moreover, by transforming our retail business to a digital model based on Olive, we will expand our customer base nationwide and provide products and services on a group basis. We aim to become “Japan’s No. 1 retail financial group with a sustainable operating foundation” by expanding our market share in each business, and improving convenience and reducing costs through digitalization, through the development of hybrid strategies that leverage “digital” and “the human touch.”

Retail Business Unit



Building a group-wide business for high-net-worth individuals in order to become the market leader in high-net-worth individual transactions

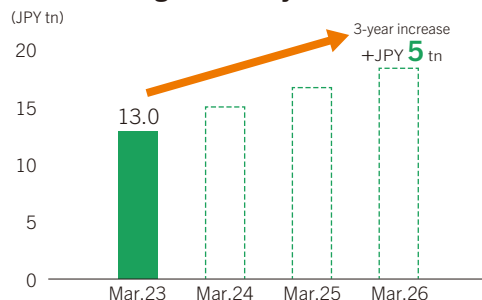
We will provide total consulting services leveraging the combined strength of the group through collaboration between banks, securities firms, and trust companies in order to meet diverse needs such as advanced portfolio proposals, inheritance and succession, and business loans.

For affluent customers such as corporate owners, we will enhance our responsiveness and approach to customer needs and expand our market share by strengthening cooperation between corporate and retail sales and group companies.

In the inheritance business, SMBC Nikko Securities is strengthening its ability to respond to testamentary trust and estate planning needs by similarly strengthening cooperation, and the Company is moving forward with asset consolidation and acquiring transactions among the next generation.

SMBC and SMBC Trust & Banking are also advancing proposals for currency diversification by utilizing the “PRESTIA” brand to address the risk of customers’ assets declining in value due to inflation, currency depreciation, and other factors.

AM* & Foreign Currency Balances



* Mutual funds, fund wraps, etc.

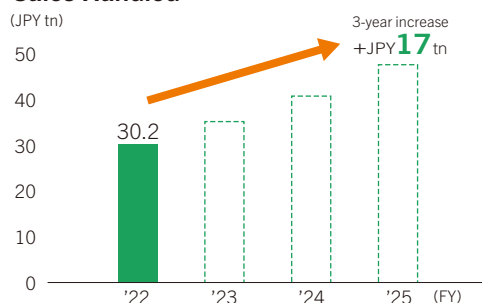


Expanding market share in the payments business

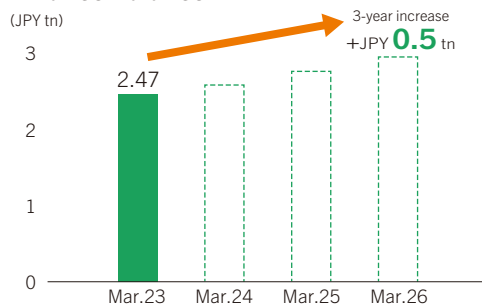
In light of the acceleration of cashless and digitalization during the COVID-19 pandemic, we are promoting the standardization of mobile payment, where payments, procedures, and services are completed on mobile devices. We are also aiming to attract users through convenience and benefits by enhancing added value through partnerships with non-financial services. For our business customers, we are promoting the introduce of multi-device “stera terminals” and “stera transit” for public transportation in order to respond to a variety of usage scenarios. We will also be improving convenience and benefit through the use of V-points, SMBC Group’s shared point system, including through external partnerships.

In consumer finance, we are responding to a greater range of customer needs, such as financial needs spurred by the recovery of consumer spending and use of payment solutions and the digitalization of processes.

Sales Handled



Finance Balance



PRIORITY
STRATEGY

3

Transformation into a digital model centered on “Olive”

As cashless and digital transactions grow more pervasive, we are developing a new business model, one based on mobile-app transactions rather than in-store transactions. Through Olive, which seamlessly integrates bank account, card settlement, finance, securities, insurance, and other functions digitally, we will provide new integrated financial services to retail customers nationwide.

While day-to-day procedures will be handled digitally at the customer’s convenience, the digital channel will be complemented by brick-and-mortar stores operated by a small number of staff in easily accessible business locations. We will pursue a hybrid model of digital and physical services through an “integrated group channels” approach that brings together consultants from the banking, securities, and trust sectors for high net-worth customers.



For more information about Olive, see pages 070 and 106.



Store (Aeon Mall Atsuta)

Initiatives to Create Social Value

By solving various issues related to our customers’ money, we are supporting abundant and safe lifestyles for all generations.

In order to provide our customers with peace of mind and comfort in the era of 100-year lifespan, we are offering the “SMBC Elder Program” and “SMBC Digital Safety Box,” in which concierges respond to customers’ non-monetary concerns and requests, and the “Family Network Service,” an information sharing application facilitating preparation against various family risks. In addition to financial services, we will continue to expand our service lineup in non-financial fields to support health, security, and a life worth living.

We are also focusing on financial and economic education activities on a group basis, leveraging the knowledge and expertise of each group company. Based on the SMBC Group Statement on Sustainability, SMBC Group has set a KPI of providing financial and economic education to a total of 1.5 million people between FY2020 and FY2029. We will continue to expand the scope of the program to include schools, workplaces, and facilities for the elderly, while contributing to achieving a society in which everyone can obtain correct knowledge about money and live with peace of mind.



Joint Seminar by SMBC and SMBC Consumer Finance at a High School in Ehime Prefecture