



Strategies of Business Units

Wholesale Business Unit



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Wholesale Business Unit results

	FY2023	YoY*
Gross profit	¥835.2 billion	+¥93.2 billion
Expenses	¥311.0 billion	+¥24.8 billion
Base expenses	¥294.3 billion	+¥12.6 billion
Net business profit	¥632.1 billion	+¥74.8 billion
Net income	¥576.2 billion	¥120.6 billion
ROCE ¹	15.0%	+3.0%
Risk-weighted assets (RwA)	¥36.1 trillion	+¥0.7 trillion

* Figures are after adjustments for exchange rate impacts, etc.

Key strategies

Creating and honing the Group's edge by strengthening expertise

Building a new marketing structure that fully utilizes digital

Building a high-ROE business portfolio that adapts to changes

The Wholesale Business Unit contributes to Japan's regrowth through the Group-wide provision of solutions that meet domestic companies' diverse needs related to financing, asset management, payments, M&A advisory, leasing, and real estate brokerage services.

Under environmental changes on the scale of a paradigm shift, companies are ramping up their corporate actions. Amid this, we thoroughly addressed customers' increasingly complex and sophisticated management issues to offer group-wide solutions, resulting in a significant increase in FY2023 profit. ROCET1 was also higher than initially planned due to our promotion of high value-added, highly profitable businesses such as real estate and PE funds.

We expect that current environmental changes will continue to progress, and expect numerous business opportunities for SMBC Group. To maintain and increase our strong momentum, we will deepen cooperation within the Group as we aim to offer higher-value-added solutions to customers. In addition to aptly meeting diversifying needs for investment management and financing, we will strengthen our risk-taking in growth areas. We will steadily carry out the

Medium-Term Management Plan that started in 2023 and build up medium- to long-term core businesses.

We believe that promoting business transformation for customers group-wide and driving Japan's Regrowth will lead to the creation of social value. By supporting customers' efforts to tackle issues such as decarbonization and transition and by solving issues through co-creation with customers, we will work to create social value for both customers and SMBC Group. Toward that end, we will engage in close dialogues with our customers on what social value means to them. We believe that such efforts will lead to sustainable growth for customers, and that the construction of ongoing relationships with those customers will allow us to also pursue economic value for SMBC Group. By orienting ourselves at an even higher level of inseparable social value and economic value, we will aim for even greater enhancement of our corporate value.

Wholesale Business Unit

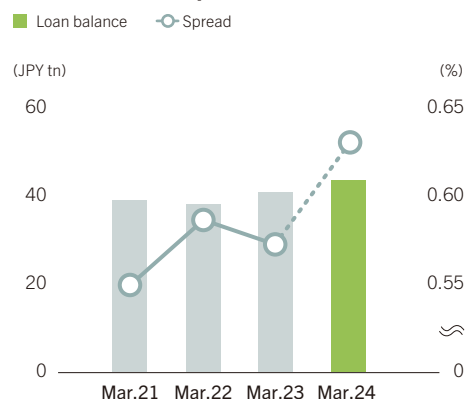
Strengthening our response to needs of asset management and financing in line with changes of interest rate

As the interest rate environment undergoes significant change, it will become even more vital that we solidly address customers' investment management and financing needs, provide higher value-added solutions across the Group and across units, and work to enhance profitability.

By supporting customers' commerce through SMBC Group's payment solutions, we will make efforts to capture transaction deposits offering high profitability and retention.

In response to financing needs, we will strategically invest assets in high-interest products such as LBOs and real estate financing while continuing to identify risks. At the same time, through discussions with customers on appropriate interest rate levels during a phase of rising rates, we will work to capture business opportunities, secure profit, and increase ROCET1.

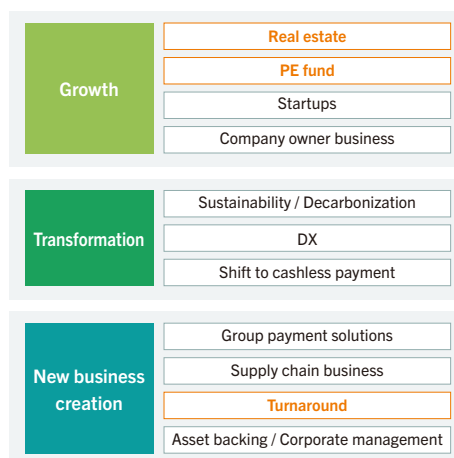
Loan balance/Spread



Strengthening further risk-taking aimed at growth

We will enhance SMBC Group's risk-taking to reinforce our ability to address the increasingly complex and sophisticated needs of customers.

Amid environmental changes including the end of the Tokyo Stock Exchange market reform transitional measures in March 2025 and the growing attention directed to corporate governance, companies are increasing their corporate actions. Our Wholesale Business Unit will take these movements as business opportunities, review our structure of concurrent executive positions in banks and securities firms, advance structural development in the PE fund business, real estate business, and other businesses, and undertake further risk-taking aimed at growth. To address the growing need for equity financing against a backdrop of strong stock prices, we will also enhance the solutions functions of SMBC Nikko Securities.

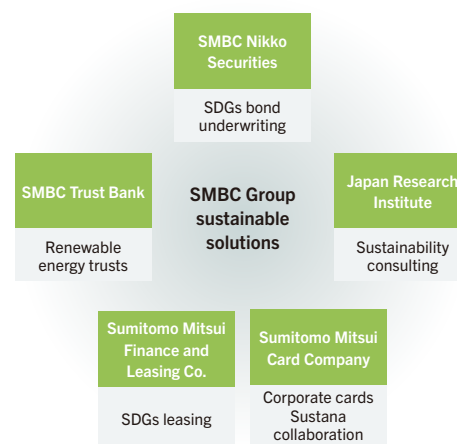


- Strengthening further risk-taking aimed at growth
- Building medium- to long-term core businesses

Building medium- to long-term core businesses

By executing the Medium-Term Management Plan, we will build medium- to long-term core businesses and ensure competitiveness. Decarbonization initiatives in particular are becoming a major requisite for corporate management. There is a rapidly growing need to meet customers' demands for disclosure and reduction of greenhouse gas emissions throughout the supply chain. By tackling the development and provision of decarbonization solutions that concentrate the collective strength of SMBC Group, we seek to be a “management partner for a decarbonized society.” We will make further use of the “Transition Finance Playbook” that has been expanded to cover wider target sectors from FY2024, and will promote engagement with customers to solve social issues.

To realize the materiality of “Japan’s Regrowth” and create social value, we are actively undertaking business in related areas. With regard to startup companies, we will strengthen our measures to support growth strategies, centered on debt equity. In addition to equity-based financing, under an environment of rapidly growing need for debt we will expand the scope of our support to span all stages from start-up to post-IPO. For our customers who have strong needs with regard to DX, along with the continuation of our medium- to long-term perspective approaches, we will strengthen our co-creation business that studies DX-based operational efficiency support measures.



Startup Investment and Loan Values

