

Retail Banking Unit (SMBC)



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Fiscal 2015 performance

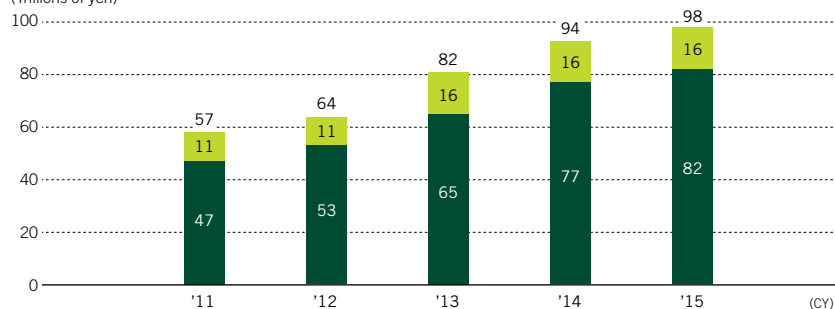
Consolidated gross profit of the Retail Banking Unit increased by ¥4.4 billion from fiscal 2014, to ¥481.5 billion in fiscal 2015. This was a result of an increase in sales of investment products while spreads of mortgage loans declined. However, consolidated net business profit declined by ¥3.3 billion, to ¥98.3 billion, due to higher expenses.

Business environment and strategy going forward

The business environment is changing, driven by factors such as a prolonged period of extremely low interest rates, an accelerating shift from saving to investments, the evolution of IoT, particularly rapid advances in digitization on the spread of smartphones, the advent of a major inheritance phase, and changes in lifestyle. We expect these trends to continue. The Retail Banking Unit is constantly refining its customer-oriented business model as it assesses change in the business environment with the aim of enhancing its level of service. The unit is working with SMFG companies, such as SMBC Nikko Securities and SMBC Trust Bank, to pinpoint the evolving needs of clients with the aim of becoming the most-trusted and No. 1 comprehensive financial service institution.

Total net assets of publicly offered investment trusts

(Trillions of yen)

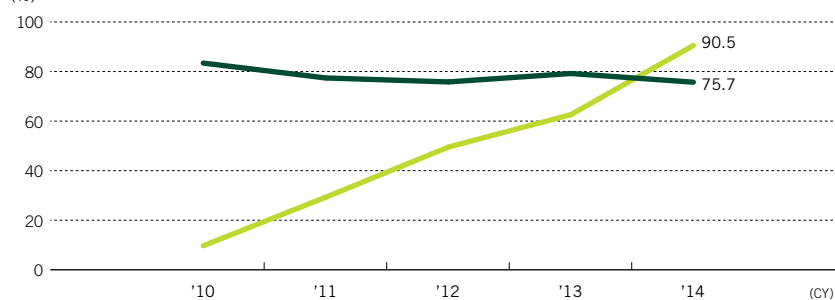


■ Stock investment trusts ■ Bond investment trusts

Source: The Investment Trusts Association, Japan

Transitions in household ownership rates for ICT devices

(%)



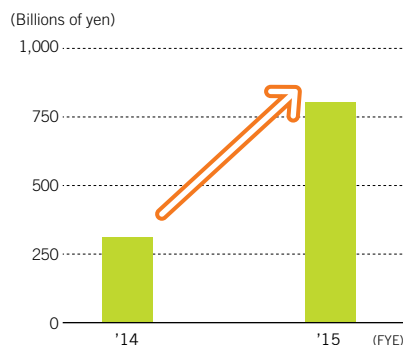
■ PCs ■ Smartphones and tablets

Source: Ministry of Internal Affairs and Communications

► Asset growth driven by banking-securities collaboration

SMBC and SMBC Nikko Securities are promoting a new business model (Bank-securities integration model) that fully leverages the specialties of the two companies in all of our branches, which is leading to an increase of assets under management.

Increase balance of investment products*



* The net value of SMBC investment product sales and maturities / cancellations plus SMBC Nikko Securities assets, including the assets of customers introduced by SMBC

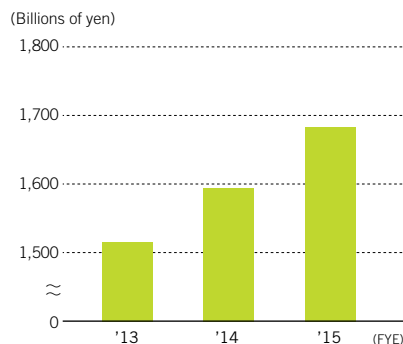
Bank-securities retail integration



► Card loan growth (Unsecured)

Card loans (unsecured) posted strong growth, reaching approximately ¥1.7 trillion as of March 31, 2016 (the aggregate of SMBC, SMBC Consumer Finance, and Mobit). We will continue to operate with a view to contribute for the sound development of the consumer finance market, seeking to enhance convenience for card loan customers while also protecting them. Appropriate response to customer needs is our underlying approach.

Card loan balance (Unsecured)



► “SMBC” brand enhancements

As part of raising brand awareness to the younger generation, SMBC opened an official account on LINE in September 2014 and now has more than 10 million friends. In tandem, we developed an image character called “Midosuke.” We have also worked on increasing convenience for customers by making our smartphone app screen friendlier, with an emphasis on simplicity and easy understanding.

Midosuke



LINE friends
More than 10 million
(As of March 31, 2016)

SMBC smartphone app screen

