

Wholesale Business Unit

The Wholesale Business Unit provides financing, investment management, risk hedging, and settlement services primarily for corporate clients in Japan. The Unit also provides financial solutions that respond to diverse client needs in relation to M&A, advisory, and leasing.

Since the introduction of the group-wide business units, we have been focusing on creating frameworks in order to provide customers with solutions by working together and exceeding border lines among Group companies. One year has passed since the introduction of the business units, and we now feel that the synergy among Group companies has been steadily increasing.

Going forward, we will focus on constructing organizations that research needs of their customers and collaborate with other Group companies to make proposals for addressing those needs, resulting in mutually collaborating among Group companies. I have no doubt that the sharing of management resources among Group companies will enable us to provide customers with high-value-added solutions. We will further improve our strengths of sales departments such as the keen ability to make proposals, speed, and pioneering spirit. By doing so, we will give each of our corporate clients our full attention, grow with them, and contribute to the development of the Japanese economy.



Deputy President and Executive Officer
Head of Wholesale Business Unit
Manabu Narita

Review of Fiscal 2017

In fiscal 2017, gross profit in this Unit decreased by ¥6.7 billion year-on-year, to ¥772.9 billion; net business profit rose by ¥0.6 billion, to ¥478.5 billion; and ROE was 11.4%. This outcome can be attributed to a downward trend in domestic income on loans resulted from Japan's negative interest rate policy and the persistence of intense competition as well as higher non-interest income at SMBC and increase in profits at Sumitomo Mitsui Finance and Leasing.

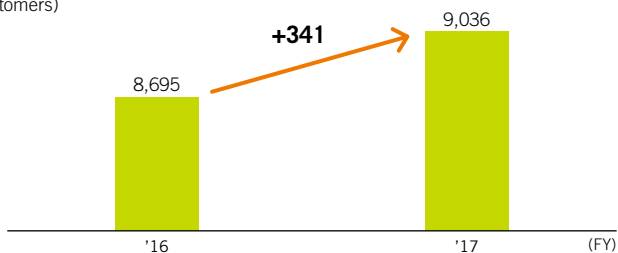
Since we started group-wide business units, collaborations among Group companies have steadily increased, and customer base has drastically expanded by addressing customer needs and providing various solutions on a group-wide basis. As a result, we became No. 1 in terms of the number of M&A advisory deals.

	Fiscal 2017	Increase (decrease) ^{*1}
Gross profit (JPY bn)	772.9	(6.7)
Expenses (JPY bn)	(347.8)	(1.6)
(Overhead ratio)	45.0%	(0.6)%
Net business profit (JPY bn)	478.5	+0.6
ROE^{*2}	11.4%	—
RwA^{*3} (JPY tn)	20.1	—

^{*1} Figures are after adjustments for interest rate and exchange rate impacts. ^{*2} Figure is on a managerial accounting basis with RWA calculated assuming Basel III reforms are finalized. ^{*3} Figures are on a Basel III transitional basis.

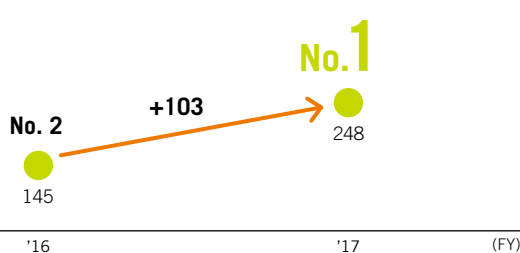
Number of Core Revenue-Generating Customers

(Customers)



Note: Corporate clients with transactions exceeding a certain level

Number of M&A Advisory Deals



Note: Deals relating to Japanese companies

Priority Strategies

■ Increase Market Share in Corporate & Investment Banking in Key Global Markets

We will establish organizations in which we can provide globally active large-corporations with solutions by fully utilizing available capabilities of Group companies. We will provide solutions for improving corporate values of our clients and increase customers' satisfaction and market share of SMBC Group.

Specifically, we will further progress coordination among domestic and overseas bases and Group companies, and advance initiatives based on our cross-regional approach while also adopting a cross-industry approach.

■ Build on Our Lead Position in the Japanese Mid-Sized Corporation and SME Market

In the mid-sized corporation and SME market where we have strengths, the Wholesale Business Unit will further hone its competitive edge by creating a virtuous cycle through providing various solutions based on the customers' growth stages.

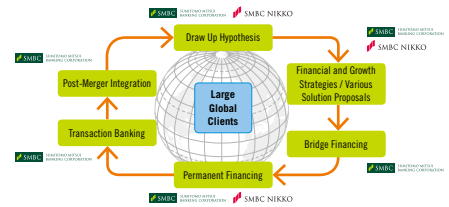
SMBC Group offers services for every stage of its customer's development. For start-up companies, we provide comprehensive support ranging from assistance with management to dispatches of personnel. For growing companies, we help with initial public offering and with resolving management issues pertaining to such offerings. Our support continues thereafter as we supply medium- to long-term solutions for resolving the various issues that may emerge in later growth strategies. SMBC Group thereby aims to grow with our customers and expand our customer base.

■ Group-Wide Earnings Improvement and Control of Risk-Weighted Asset

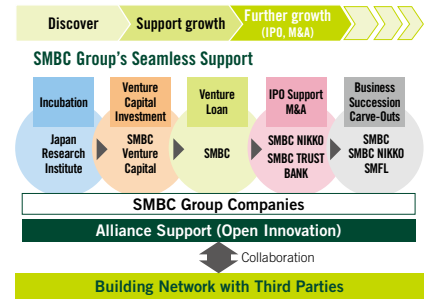
The Wholesale Business Unit will establish organizations which can provide customers with various solutions promptly and appropriately by further exchanging information among Group companies. The number of information exchanges among Group companies has been steadily increasing. Thus, we will gather various information which previously each Group company held internally, and increase profit by enhancing synergy among Group companies.

We will also control risk-weighted assets through means such as management of loans by taking into consideration profitability and reducing strategic shareholdings. The Wholesale Business Unit thereby aims to improve ROE and realize efficient operations.

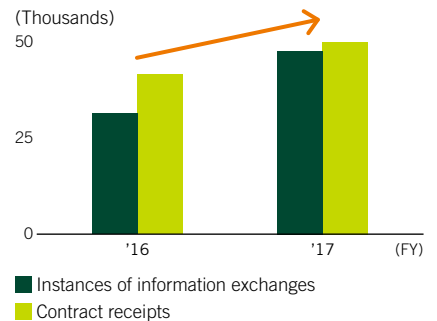
Cross-Border M&A Project



Cycle



Instances of Information Exchanges Between Group Companies and Contract Receipts



Initiatives for Accomplishing Sustainable Development Goals

The Wholesale Business Unit provides a wide variety of assessment loans to support customers seeking to work toward environmental issues such as global warming, or to address social issues such as the empowerment of female employees, food safety, and workstyle reforms.

SMBC Group is also engaged in various initiatives such as group-wide efforts to support growing companies and realize smart mobility in order to accelerate new innovations.

➔ For more information on SMBC Group's initiatives for contributing to the accomplishment of the United Nations Sustainable Development Goals, please refer to page 59.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD

■ Assessment loans (environmental, workstyle reform, etc.)



■ Support for growing companies
■ Initiatives to realize smart mobility

