

# Completion of Acquisition of Remaining Stake in SMFG India Credit Company

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March 7, 2024



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FINANCIAL GROUP

# 1. Summary of Investment

## Basic information

<b>Target Company</b>	<ul style="list-style-type: none"><li>SMFG India Credit Co. Ltd. (“SMICC”)</li></ul> <p>In November 2021, SMFG acquired a 74.9% equity stake in SMICC from Fullerton Financial Holdings Pte. Ltd. (“FFH”), making SMICC a consolidated subsidiary</p>
<b>Overview</b>	<ul style="list-style-type: none"><li><b>SMFG acquired the remaining 25.1% stake in SMICC for USD 0.7 billion</b> from Angelica Investments Pte. Ltd., a 100% owned subsidiary of FFH</li><li><b>SMICC has become a 100% owned subsidiary of SMFG</b></li></ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"><li>No impact on RWA: increase in the equity stake of the consolidated subsidiary</li><li>Approx. (8) bps on CET1 ratio</li><li>Investment return criteria (ROCET1 <math>\geq</math> 9.5%) has been satisfied (approx. 14% for the FY3/23). ROCET1 is expected to improve to around 20% after this transaction</li></ul>
<b>Strategic Rationale</b>	<ol style="list-style-type: none"><li>Accelerate SMFG’s strategy to expand its franchise in Asia</li><li>Capture the growth in India’s financial services for the retail and SME sector</li></ol>

## 2. Initiatives after initial investment and Outlook

### Initiatives after initial investment

#### Rebranding

Rebranded in May 2023



#### Governance

##### Strengthened Governance

- Assigned two directors (incl. the Chairman of the Board) and seconded staff

#### Business Synergies

##### Funding Support

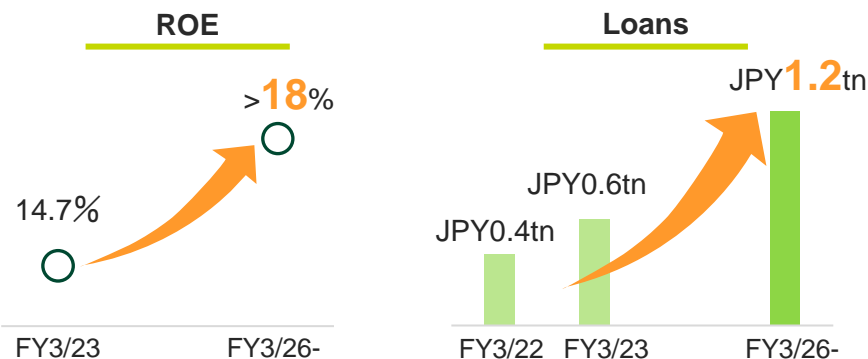
- Strongly support for debt/equity funding by SMBC
- Support in bolstering SMICC's investor base in both On-shore and Off-shore markets

##### Collaboration with SMBC group

- Sales financing for Japanese construction machinery, commercial vehicle, and motor manufacturers, by leveraging SMBC's customer base
- Knowledge sharing with group companies and Asian partners of SMBC Group

### Outlook

- Expand branch network (Rural / Housing Finance)
- Enhance product offerings by utilizing digital channel
- Funding Support (debt / equity)



### Create social value

- Contribute to the community and society mainly in rural areas through microfinance and CSR activities



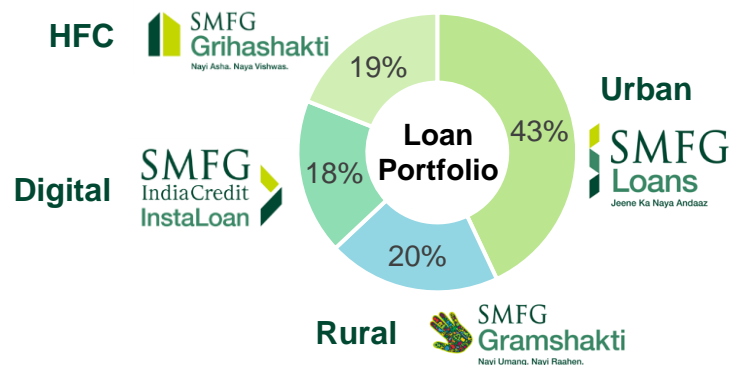
# 3. Overview of SMICC (1) business

SMICC has a Pan-India network, diversified product and well-balanced profitable loan book

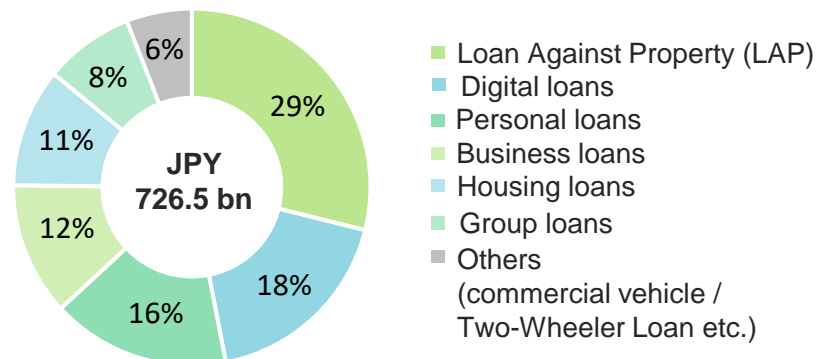
## Company information

Name	SMFG India Credit Company Limited
History	1994 : Established
	2005 : Acquisition by FFH
	2015 : Launched housing finance subsidiary
	2021 : Acquisition of 74.9% stake by SMFG
	2023 : Renamed to SMFG India Credit Company
	2024 : Acquisition of remaining 25.1% stake by SMFG
MD & CEO	Mr. Shantanu Mitra
Employees*	Approx. 20,000
Network*	Over 900 branches throughout India with expansion of its footprints primarily in sub-urban and rural areas

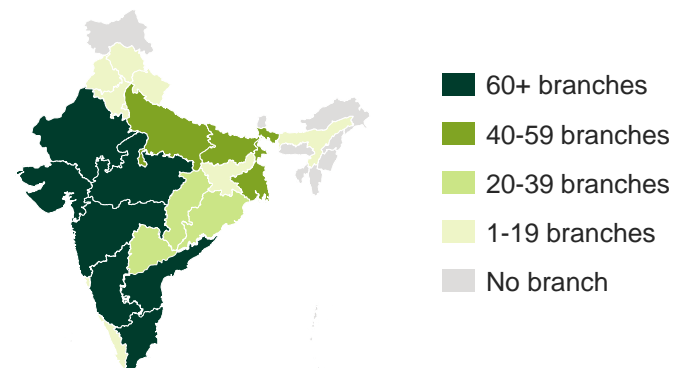
## Business segment



## Breakdown of loan portfolio



## Branch network across India



\* Data as of December 31, 2023

### 3. Overview of SMICC (2) financial highlights\*<sup>1</sup>

(JPY bn)	FY3/20	FY3/21	FY3/22	FY3/23	1-3Q FY3/24
<b>Gross operating profit</b>	52.2	48.1	40.8	58.8	61.8
<b>Operating expenses</b>	19.1	18.0	23.5	33.8	35.2
<b>Credit cost</b>	16.5	54.4	15.5	9.5	16.3
<b>Net profit</b>	11.0	(18.3)	1.2	11.6	8.3
<b>ROE</b>	18.0%	(23.8)%	2.0%	14.7%	12.0%
<b>Loans</b>	419.1	378.2	411.4	596.7	726.5
<b>NPL ratio*<sup>2</sup></b>	2.2%	9.6%	6.6%	3.8%	3.3%
<b>Total Assets</b>	473.6	419.3	441.4	666.7	817.4
<b>Net Assets</b>	66.1	62.4	72.3	85.0	96.7

\*1 TTM as of Mar.20: INR1=1.44, Mar.21: INR1=1.51, Mar.22: INR1=1.62, Mar.23: INR1=1.63, Dec.23: INR1=1.71

\*2 NPL ratio is on a standalone-basis