Message from Group CEO

Aspire to Reach Even Greater Heights

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Building on Our Quarter-Century History to Reach the Next Stage of Growth and Success

"Setting sail into stormy seas amid a cold wind."

These were the words Mr. Nishikawa, the first President & CEO of Sumitomo Mitsui Banking Corporation, used 25 years ago to describe the launch of the Bank. Given that April 1, 2001, was a Sunday, the opening ceremony was held at Hibiya Mitsui Building, home to the head office of the newly formed SMBC, on April 2, the first business day of the fiscal year. Society was in a cheerful mood, with the warm spring weather and flowers blooming in Hibiya Park. However, I still clearly recall that a wave of tension immediately ran through stakeholders, who had been very excited with the so-called "Merger of the Century" of zaibatsu-related companies that resulted in the birth of SMBC, after hearing Mr. Nishikawa's speech.

Mr. Nishikawa's words were accurate, with Japan's financial sector facing a very challenging environment at the time. In the 1980's Japan's financial sector was unstoppable and dominated the global market capitalization rankings. However, this environment changed drastically with the bursting of the asset bubble in the early 1990's. Japan's economy fell into a structural recession caused by excessive debt, capital expenditure, and employment, not to mention the country's financial sector was being plagued by non-performing loans.

SMBC Group was no exception. We declared a net loss for two consecutive years following the launch of the Group due to the disposal of non-performing loans and impairment losses on equity holdings. At the time, we remained the third-largest player in the domestic market, and we were compelled to scale back our overseas operations as we worked to restore financial soundness. Furthermore, public scrutiny of banks that had received capital injections was intense, making it no easy task to earn the trust of customers. SMBC Group embarked on a journey into uncharted waters, with its future far from certain. It would not be an exaggeration to say that its very survival was at stake.

"We must overcome these challenges and win back the trust of customers." This was the mindset that drove SMBC Group's executives and employees alike as we worked to complete the repayment of public funds, our top priority. In the three years following the launch of SMBC, we carried out aggressive structural reform to drastically improve profitability, reducing headcount by 30% and closing 10% of our branches. At the same time, we took every possible measure to reinforce our financial foundation, including the transition to a holding company structure and capital increases. During this time our predecessors never gave up on their dream of achieving market leadership in the domestic businesses while strengthening our global presence. On the domestic front, we expanded our business foundations by acting on a "customer first" mindset while also strengthening our non-banking businesses with our capital alliance with Promise Co., Ltd. and merger with Sumisho Lease Co., Ltd. being examples. For our overseas business, we rebuilt our office network and carried out other initiatives for our future growth.

Thanks to such tireless efforts, we slowly won back the trust of our customers, shareholders, investors, and other stakeholders. Finally, on October 17, 2006, five and a half years after the launch of SMBC, we completed the repayment of public funds. Although there was a sense of accomplishment and relief after completing the repayment within the Group, the top management team at the time viewed the repayment not as the goal, but rather as a turning point in our efforts to realize our growth ambitions. In the following year, SMBC Group established a new medium-to long-term Vision, aiming to become "a globally competitive financial services group with the highest trust." Through this Vision we clearly stated our ambition of becoming a global financial institution.

However, the challenging business environment in the financial sector continued. In 2008 there was the Global Financial Crisis, in 2011 there was The Great East Japan Earthquake, and 2020 saw the start of the global COVID-19 pandemic. In such a backdrop, Japan's economy had stagnated with the rise of emerging markets, declining birth rate, and aging population preventing it

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from breaking out of its deflationary spiral. The Bank of Japan introduced quantitative and qualitative monetary easing in 2013 and introduced negative interest rates in 2016. In the late 2010's, heightened U.S.-China tensions led to rising geopolitical risk.

In such a volatile business environment, SMBC Group still strived to realize its Vision, one-step at a time. By addressing the continuous challenges in a flexible and timely manner, SMBC Group enhanced its presence both in and outside of Japan and steadily improved its global standing. Even in the aftermath of the Global Financial Crisis, when we were reporting net losses and facing tighter financial regulations, we pursued bold strategic investments. In 2009, we acquired Nikko Cordial Securities to create an integrated bank-securities business model and RBS's aircraft leasing business in 2012. In Asia, we carefully navigated the various movement restrictions that were introduced during the COVID-19 pandemic to carry out various investments and acquisitions from 2021 onwards in Vietnam, the Philippines, and India under the Multi-Franchise Strategy. In the United States, we made our initial investment in Jefferies, a U.S. securities firm.

Meanwhile, in Japan, where the prolonged negative interest rate environment continued to weigh on profitability, we pursued continuous reforms to improve our earnings capacity, including transforming customer channels and improving operational efficiency and digitalization, often ahead of our peers. In 2017, with the global standard firmly in mind, we introduced the business unit and CxO frameworks in order to enhance Group-based management.

Japan's economy finally started making strides towards regrowth after the COVID-19 pandemic. The corporate sector performed strongly, with the yen's depreciation and other factors acting as a tailwind, and started to proactively engage in investments for growth. In addition, increasing wages had a positive impact on consumer spending, and the shift from savings to investment was gaining strong momentum. The Bank of Japan, recognizing that deflation had been overcome, lifted the negative interest rate policy in March 2024, and is moving towards the normalization of monetary policy.

With the turnaround in the business environment acting as a tailwind, we achieved record-high profit for three consecutive years, and our market capitalization reached ¥20 trillion. In Japan, we firmly established ourselves as second-largest financial group, and in many business areas, we either hold a leading position or are well positioned to become the market leader. Our overseas business counts for more than half the headcount of SMBC Group and it now generates approximately 40% of the Group's total profit. I can confidently say we are now in a position to compete with global peers. We are also winning the trust of society and customers as a capable solution provider.

Looking back on the 25 years since SMBC Group was established, we can see how a financial group rooted in domestic commercial banking steadily expanded through the growth of its business wings and regional wings. In terms of our business wing, we have diversified our financial business to include credit cards, securities, leasing, trust banking, and asset management while also working to expand our footprint in non-financial businesses. In terms of our regional wing, we expanded our overseas network while also deepening our Asia retail business, U.S. securities business, and other key businesses in our respective business regions. Furthermore, as the engine to support these two wings, we have focused on establishing a stable earnings foundation for our domestic commercial banking business and a governance framework that adheres to global standards.

SMBC Group will use the lessons and know-how we have learned over our 25-year history to realize further growth. Our medium-to long-term goal is to: "Achieve market leadership in Japan with a growing global presence." This is a dream which has been passed on from our predecessors since the launch of SMBC Group. While we are still in the middle of our journey, I believe we are finally in a position where we can realistically aim to achieve this dream.

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Contribute to Japan's Growth as a "Trusted Partner" and Succeed on the Global Stage

> ***We must thank our predecessors' efforts while also laying down the foundations for SMBC Group's success 10, 20 years from now***

In a meeting held in March 2026, I shared the following message with SMBC Group executives and general managers about what we needed to keep in mind as we enter the next stage of growth.

"The current standing and robust financial results of SMBC Group are not solely due to the efforts of us, the current team. The tireless efforts of our predecessors, who over the past 25 years never gave up on their dream of making SMBC a top-tier bank, regardless of the challenges they faced, came to fruition with the turn-around in the business environment. We must thank our predecessors' efforts while also laying down the foundations for SMBC Group's success 10, 20 years from now."

"I want everyone here today to believe that SMBC Group can achieve market leadership in the domestic businesses while strengthening our global presence and carry out your daily responsibilities with this belief firmly in mind. I look forward to working with you all to realize our shared goal."

Based on this medium- to long-term direction of SMBC Group, we established our new Vision: "Globally connected. Rooted in Japan. Your most trusted partner." "Globally Connected" reflects our ambition to become a top-tier global player. Leveraging our global network, we aim to support our clients' cross-border activities and connect capital, information, and business flows around the world. "Rooted in Japan" reflects our commitment to contribute to Japan's regrowth while establishing a top position in key strategic areas in our mother market, as Japan remains the core of SMBC Group's business foundation. Finally, "Trusted Partner" reflects our commitment to becoming a trusted partner of all our stakeholders by consistently adding unique value while never forgetting the "trust" that we have consistently valued over the past quarter century.

This Vision marks the start of the phase in our growth journey in which SMBC Group will compete shoulder-to-shoulder with top-tier global financial institutions.

Aiming Higher Through Bold Transformation

In the new Medium-Term Management Plan, as the medium- to long-term profitability target we set a ROTE (Return on Tangible Equity) of 15%, based on returns excluding goodwill and other intangible assets. This will require raising net income to the mid-¥2 trillion level and is in line with leading global players. We have positioned the new Medium-Term Management Plan as the first 3 years of our journey to achieve these targets. Under the Basic Policy “Aim higher through bold transformation” we will work to achieve an ROTE of 13% and raise our net income to ¥2 trillion.

Use Digital Technology to Become the Leading Japanese Financial Institution

I take great pride that we are the top runner in digital transformation in Japan’s financial industry. Through our two digital platforms, “Olive” for individuals and “Trunk” for small and medium-sized enterprises (SMEs) and start-ups, we were able to redefine comprehensive financial services ahead of our peers. Olive was launched in March 2023 and has been steadily enhanced the user experience through continuous updates. Olive has grown into a key digital platform with over 7.5 million accounts. We plan to double this to 15 million accounts over the next 3 years and will leverage the size increase to further enhance the added value Olive offers.

Such digital platforms are proving to be a major advantage in a business environment where the importance of deposits is increasing as interest rates rise, as they enable us to deepen customer engagement without being constrained by physical location. Furthermore, in May 2026, we entered into a business alliance with Fujitsu Limited and SoftBank Group Corp. regarding the use of Olive to construct a domestic healthcare network. In addition, Olive Consulting, a company we established in the wealth management sector in partnership with SBI Group, has started to provide services. Through Olive Consulting, we aim to grow AUM (assets under management) by meeting the needs of “digital affluent” customers who prefer to complete basic transactions online while having access to face-to-face consultations at their convenience. For Trunk, we also will expand our customer base by working with external partners to enhance the platform’s user experience on an unparalleled scale.

While it is expected that competition in the digital finance sector will continue to intensify, I have every confidence in our future. SMBC Group’s true strengths are our ability to create new value without being bound by precedent, our willingness to pursue bold challenges, and our unwavering passion to deliver meaningful value to customers, regardless of the challenges we may face. These are the driving forces behind our growth. Going forward, we will remain firmly committed to a customer-first mindset and continue to lead the evolution of digital platforms.

In our wholesale business, we will leverage the deposits gathered through our digital platforms to meet robust funding demand while establishing top level competitiveness in all client segments—from large corporations to mid-sized corporations and SMEs. In business with large corporations where historically we lagged behind our peers, we have been able to make significant strides towards closing this gap as we won several large-scale M&A transactions during the previous Medium-Term Management Plan. We will build stronger capabilities for global, large-scale transactions by deepening collaboration with Jefferies and through other key initiatives. In the mid-sized corporations and SME businesses, areas where we have already established competitive advantages, we will continue to build on our leading customer base and earnings foundation by expanding our securities capabilities to enhance our M&A and business succession businesses.

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Transform Our Business Model Overseas

When the domestic market was suffering under the negative interest rate policy, it was our overseas business that drove revenue growth. We were able to implement a progressive dividend policy and execute share buybacks thanks to the stable revenue that was generated by supporting Japanese corporates expand overseas and the growth of major global project finance deals. Our overseas business allowed SMBC Group to overcome the setbacks it experienced in the domestic market.

However, the current environment is undergoing a major transformation. With rising domestic interest rates, SMBC Group as a whole is increasing expectations regarding capital efficiency. Our overseas business will be required to raise its "Quality" even further. In other words, we must enhance profitability.

In response to such developments, we must shift from our traditional asset-heavy business model focused on loans and pivot toward an asset-light, capital-efficient business model driven by enhanced Global CIB and S&T. In our Global CIB business, we have provided a diverse range of funding options to a wide range of customers by leveraging advanced sector knowledge. This was made possible by combining the respective strengths of Jefferies and SMBC Group. This partnership is steadily building a successful track record, and we will expand it even further going forward. In our S&T business, Group companies worked together to support customer needs that resulted from rising interest rates, the bull stock market, and other changes in our business environment. In addition, we will accelerate growth in asset management and global transaction banking businesses, both of which can generate stable earnings without requiring significant balance sheet usage. In the asset management business, we aim to expand AUM by offering products and services that leverage SMBC Group's competitive edges. In global transaction banking, we will make the necessary investments in technology and talent while using cloud technology and AI to enhance our products and services. By seamlessly supporting our clients' domestic and overseas business, we will further capture deposits.

The other key to improving profitability is the Multi-Franchise Strategy in Asia. We have been proactively carrying out investments to deploy full-line financial services in the four strategic countries: India, Indonesia, Vietnam, and the Philippines. These forward-looking investments reached a turning point with our investment in YES BANK. We have positioned the next three years as the time to put the finishing touches on such investees. I have been directly requesting the executives responsible for our respective businesses for the early realization of the benefits expected from these investments. With a strong sense of urgency and determination, we will focus on monetizing our investments in India and other Multi-Franchise Strategy countries.

Position Technology as a Core Management Pillar

The successful execution of each business unit's strategy increasingly depends on effective use of data, as well as IT systems that are convenient, robust, and efficiently managed. In the new Medium-Term Management Plan, I have positioned "IT Transformation" as a core management

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pillar as I recognize that successful IT investment is inseparable from successful business management. Compared to the Medium-Term Management Plan before the previous one, we have doubled our IT investment budget to ¥1 trillion. We will significantly enhance our IT infrastructure, including cloud migration, while building top-tier IT development capabilities.

AI, in particular, is one of the most critical technologies. It has the potential to fundamentally transform how customers and financial institutions interact. SMBC Group will not position AI as a special tool for expert staff, but rather as a standard tool to be used by all employees in their daily responsibilities. We are conducting internal training for all levels, including management, to significantly increase productivity and proposal making skills by making all employees AI-proficient. At the same time, we are creating multiple use cases to consider how we can best introduce AI to services and products in a manner that directly leads to heightened customer experience. Working with external partners, we aim to create a world in which clients can confidently entrust AI with a wide range of administrative tasks and financial decisions related to managing their money.

Human Capital that Allows for Execution Excellence

It is no easy task to execute the various strategies which I have outlined thus far. However, I have no doubt that with our execution and on-the-ground abilities, both strengths that are recognized by external parties, we will be successful. However, we must continue to proactively invest in human capital not only to maintain this advantage, but also to strengthen it. First, we must secure personnel, both in terms of volume and talent, who are able to execute our initiatives in key strategic areas by visualizing ability and business unit-led recruitment. In addition, we must continue developing a culture that allows employees to positively pursue challenging goals and tasks. Above all, we must create an environment where our professionals on the front lines can fully demonstrate their capabilities and ensure that their performance is appropriately evaluated and rewarded. As part of such efforts, in January 2026, a new personnel system was introduced at Sumitomo Mitsui Banking Corporation and it includes a special bonus to recognize outstanding contributions made by employees on the front lines. We will further enhance the management of human capital by visualizing the quantitative impact of these efforts so that we are able to monitor whether value that matches investments in human capital is being generated.

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Establish a Social Value Creation Brand

"Social Value Creation" is a term we have proactively used from the previous Medium-Term Management Plan. We have established dedicated teams, and under their leadership we significantly expanded the scope of initiatives which are open to all employees. In addition, we are engaging in numerous unique initiatives, for example "Shakakachi BOON BOON PROJECT" through which we support student athletes succeed in society, and partnerships that go beyond traditional industry-academia collaboration with The University of Tokyo, Kyoto University, and University of Tsukuba, we have been able to establish SMBC Group as a leading brand in social value creation.

However, I believe that there is still much we can do through finance, our core business. We will continue to enhance our social value creation initiatives by leveraging our capabilities as a financial institution. For example, using Olive to solve money-related concerns of individual customers, supporting corporate clients in their decarbonization efforts, and establishing frameworks under which capital can be effectively deployed to address social issues as a philanthropy advisor. We have established "Green Planet," "Thriving People" and "Fulfilled Growth" as our new materiality and will work on initiatives to address it until the creation of social value is regarded as our strength.

Capital Policy and Shareholder Returns that Support Medium- to Long-term Growth

Our basic capital policy remains unchanged in the new Medium-Term Management Plan. We will continue to balance shareholder returns, investment for growth and financial soundness. For investment for growth, our Multi-Franchise Strategy, partnership with Jefferies, and other inorganic investments made during the previous Medium-Term Management Plan have reached key milestones, and over the next three years we will focus on monetizing those investments. For organic investments, we will continue to support strong domestic corporate funding demand not only to realize SMBC Group's growth, but also to contribute to Japan's economic regrowth. We will also carry out the necessary IT investments to establish IT infrastructure that drives growth which is on par with global peers.

As we pursue our strategies under a vision grounded in a medium- to long-term perspective, we also hope to build medium-to long-term relationships with our shareholders and investors and have our performance assessed from the same perspective. Based on this mindset, we have strengthened shareholder returns, including a commitment to annual dividend increases with the aim of making our shares an attractive long-term investment. We will enhance our corporate value through steady profit growth and return the fruits of that growth to our shareholders.

Building Long-Term Relationships with Shareholders

The number of individual investors taking a medium- to long-term approach to their investments is increasing due to the spread of the new NISA program and other trends. With the intent of making SMBC Group shares more attractive for long-term individual investors, we announced a stock split and the introduction of shareholder benefit programs. By conducting a 2-for-1 stock split, we will enhance accessibility for individual investors. In addition, through shareholder benefits linked to Olive, I hope that shareholders will experience our services firsthand and gain a closer understanding of our business. We will continue to make SMBC Group's shares more accessible and attractive to hold over the long term.

In Conclusion

SMBC Group has overcome various headwinds over the past 25 years. Having said this, we cannot know for certain what will happen in the next quarter century. We expect uncertainty to continue with rising geopolitical risk, increasing polarization of society, and political and economic volatility in Japan and overseas. The largest impact, however, will be the evolution of AI. AI has the potential to fundamentally transform our business, and I cannot even imagine what the financial business will look like in ten years.

However, I have no doubt that we will continue to succeed in the next quarter century and that we can make it 25 years of growth. What sustains this conviction is the merchant DNA that has been passed down the generations from the time of Mitsui and Sumitomo —a strong desire to contribute to customers and society, a willingness to think deeply and act proactively, and an unwavering commitment to preserving the trust placed in us by our stakeholders. It is this DNA that is embodied by the 130,000 talented employees across SMBC Group. Our predecessors demonstrated their true value during times of crisis and upheaval. Now it is our turn to demonstrate our true value in this time of uncertainty and lead the Group to even greater heights. This is the kind of future I look forward to.

As Group CEO, I will stand at the forefront to clearly define SMBC Group's desired state and the way forward while also establishing an environment that allows employees to push their limits and reach their full potential. As a result of these efforts, I want to make us a financial group that can overcome any and all challenges it may face over the next 25 years to win the highest trust of customers, shareholders, investors, and society.

In closing, I would like to ask for the continued support and understanding of all our stakeholders.

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