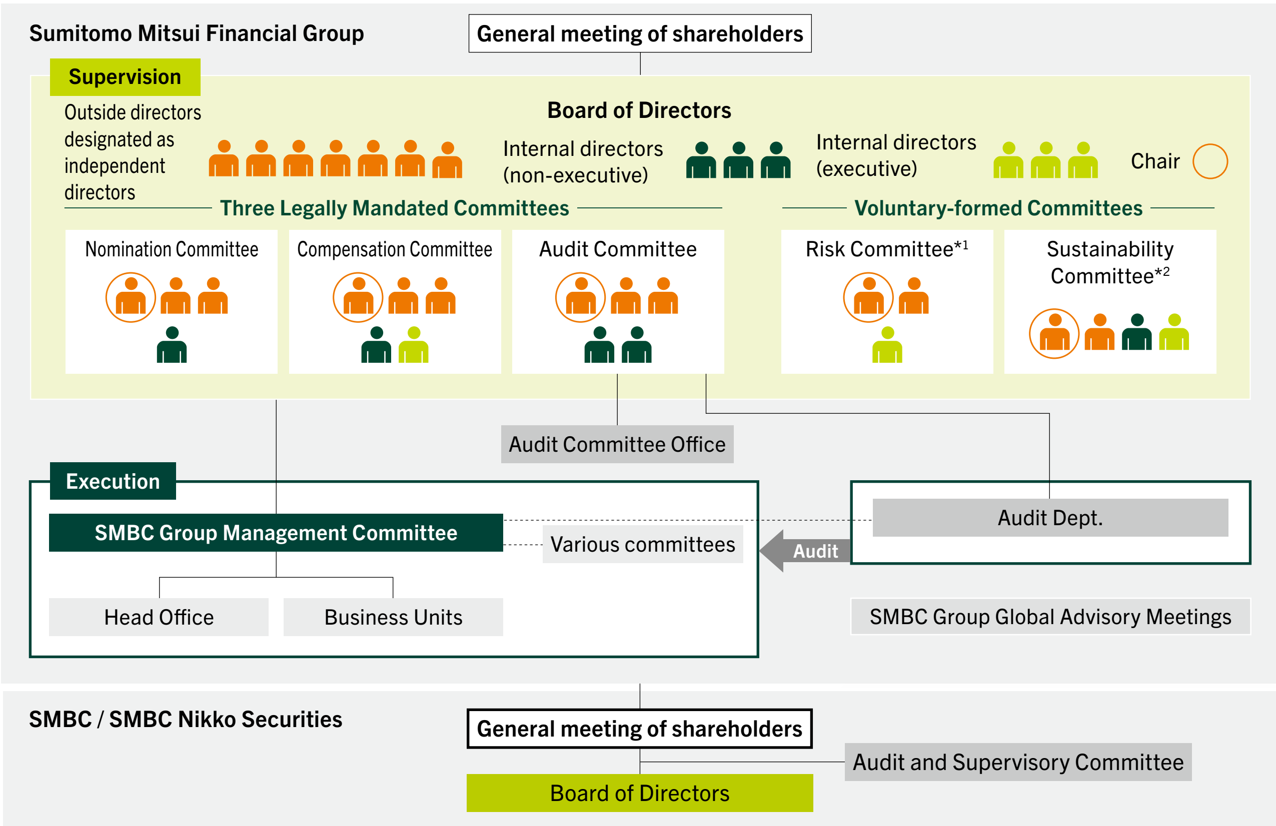
Corporate Governance

Basic Approach

We position "Our Mission" as the universal philosophy underpinning the management of SMBC Group and as the foundation for all of our corporate activities.
To achieve the approach outlined in "Our Mission," we consider the strengthening and enhancement of corporate governance a top-priority issue as we pursue effective corporate governance.

As of June 30, 2026



*1 *Hirohide Yamaguchi (Chairman of the Advisory Board of Nikko Research Center, former Deputy Governor of the Bank of Japan) and Tatsuo Yamasaki (Specially appointed professor of International University of Health and Welfare) serve as members of the Risk Committee in the capacity of external experts.*
*2 *Yukari Takamura (Professor, the University of Tokyo Institute for Future Initiatives), Tetsuyuki Kagaya (Professor, Graduate School of Business Administration, Hitotsubashi University), and Eiichiro Adachi (Fellow, Japan Research Institute) serve as members of the Sustainability Committee in the capacity of experts.*

Sumitomo Mitsui Financial Group's Corporate Governance System

SMFG Group employs the Company with Three Committees structure. This structure was adopted in order to build a corporate governance system that is globally recognized and is aligned with international banking regulations and supervision requirements, as well as to achieve enhanced oversight of the exercise of duties by the Board of Directors and to expedite the exercise of duties. Core subsidiaries SMBC and SMBC Nikko Securities employ the Company with Audit and Supervisory Committee system described in the Companies Act.

Through the implementation of effective corporate governance systems, we aim to prevent corporate misconduct while also achieving ongoing growth and medium- to long-term improvements in corporate value. We realize that there is no perfect form for corporate governance structures. Accordingly, we will continue working toward the strengthening and enhancement of corporate governance in order to realize higher levels of effectiveness.

Corporate Governance

Role of the Board of Directors

The Board of Directors of the Company is primarily responsible for making decisions on basic management policies and other matters that are within its legally mandated scope of authority, as well as overseeing the exercise of duties of executive officers and directors. Authority for decisions on execution of work other than decisions legally required of the Board of Directors will, in principle, be delegated to executive officers. The purpose of this delegation is to enhance the oversight function of the Board of Directors and to expedite the exercise of duties.

The Board of Directors works toward the realization of “Our Mission” and the long-term growth of corporate value and the common interests of the shareholders. Any action that may impede those objectives will be addressed with impartial decisions and response measures.

The Board of Directors is also responsible for establishing an environment that supports appropriate risk taking by executive officers. It is developing systems for ensuring the appropriateness of SMBC Group’s business operations pursuant to the Companies Act and other relevant legislation in order to maintain sound management. Another responsibility of the Board of Directors is exercising highly effective oversight of executive officers from an independent and objective standpoint. Accordingly, the Board of Directors endeavors to appropriately evaluate company performance and to reflect these evaluations in its assessment of executive officers.

Examples of matters discussed by the Board of Directors	
Formulation of the next Medium-Term Management Plan	Progress of the Medium-Term Management Plan and business plans
Global strategy/Inorganic strategy	Group-based global governance
Human resources initiatives (Human capital investment)	Digital transformation and innovation promotion
System strategy policy	Cybersecurity
Data governance	AI utilization and governance
Global compliance	Policy for equity holdings
Initiatives to create social value	Capital policy
Response to geopolitical risks/Response to trends in the financial markets	Business status of Group companies

Initiatives for Improving Corporate Governance

Year	Initiatives
2002	• Establishment of Sumitomo Mitsui Financial Group • Establishment of voluntary Nominating Committee, Compensation Committee, and Risk Management Committee as internal committees of the Board of Directors
2005	• Establishment of voluntary Audit Committee as an internal committee of the Board of Directors
2006	• Formulation of “Basic Policy on Internal Control Systems” through resolutions on internal control based on “Our Mission” and “Code of Conduct” in order to establish frameworks for ensuring appropriate operations
2010	• Listing of shares on the New York Stock Exchange to improve transparency of financial reporting, increase convenience for investors, and diversify fund procurement methods
2015	• Establishment of the “SMFG Corporate Governance Guideline” and disclosure • Increase in the number of outside directors to 5 and in the number of outside corporate auditors to 3
2016	• Commencement of evaluations of the effectiveness of the Board of Directors
2017	• Transition to a Company with Three Committees; increase in the number of outside directors to 7. Establishment of voluntary Risk Committee together with legally mandated Nomination Committee, Compensation Committee, and Audit Committee, and appointment of outside directors as chairmen of three legally mandated committees • Institution of new Group governance system through introduction of group-wide Business Units and Group CxO system
2019	• Transition to a Company with Audit and Supervisory Committee structure by core subsidiaries SMBC and SMBC Nikko Securities • Decrease in the number of directors from 17 to 15 and increase in the ratio of outside directors to 47%
2020	• Appointment of outside director as the chairman of the Risk Committee
2021	• Appointment of Group CSuO • Establishment of voluntary Sustainability Committee (chaired by an outside director)
2023	• Establishment of Group Business Management Department
2024	• Change making outside directors a majority on the Board of Directors

Corporate Governance

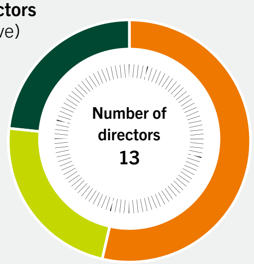
Composition of the Board of Directors

The Board of Directors is composed of directors of varied backgrounds and diverse expertise, experience, genders, and nationalities.

As of June 26, 2026, the Board of Directors is composed of 13 members. A majority of these, 7 directors, are outside directors. The chairman of the Board of Sumitomo Mitsui Financial Group, who does not have business execution responsibilities, serves as the chairman of the Board of Directors. This membership ensures an objective stance toward supervision of the exercise of duties by executive officers and directors.

Outside directors serve as chairmen and members of the Company's legally mandated and voluntarily established committees. When necessary, outside directors request reports on compliance, risk management, and other matters from relevant departments to promote appropriate coordination and supervision.

Composition of the Board of Directors



Women 30% **Foreign nationals** 15%

Skills Matrix of Directors

Directors have been selected for their knowledge and experience in corporate management, finance, global business, legal affairs/risk management, financial accounting, IT/DX, sustainability, and other areas, so that the Board of Directors can exercise sufficient supervisory functions as the board of a global financial group. They are also expected to contribute to the further development of SMBC Group.

	Appointed	Committees*1					Expected knowledge and experience in particular*2						
		Nomination Committee	Audit Committee	Compensation Committee	Risk Committee	Sustainability Committee	Corporate management	Finance	Global	Legal affairs/ Risk management	Financial accounting	IT/DX	Sustainability
Makoto Takashima	2025	○		○		○	●	●	●	●	●	●	●
Toru Nakashima	2024			○		○	●	●	●	●	●	●	●
Teiko Kudo	2021							●	●	●			●
Kazuyuki Anchi	2025				○			●	●	●	●	●	●
Takeshi Mikami	2026		○					●		●	●		
Honami Matsugasaki	2025		○					●	●	●			
Sonosuke Kadonaga	2024	○	◎				●		●	●			
Jun Sawada	2025	◎		○			●		●			●	●
Yoriko Goto	2025		○			◎	●	●	●	●	●		●
Isao Teshirogi	2025			◎	○		●		●	●			
Norimitsu Takashima	2025	○	○							●			
Charles D. Lake II	2023				◎		●	●	●	●			
Jenifer Rogers	2023			○		○	●	●	●	●		●	●

**1 ◎ indicates the chair *2 The items listed in "Skills Matrix of Directors" are areas particularly expected of the relevant directors and do not represent the entirety of the knowledge and experience possessed by the directors.*

Sumitomo Mitsui Financial Group Directors

Makoto Takashima

Chairman of the Board

Toru Nakashima

Director President (Representative Executive Officer)
Group CEO

Teiko Kudo

Director Deputy President and Executive Officer (Representative Executive Officer)
Group CCO
Director and Deputy President of SMBC

Kazuyuki Anchi

Director Senior Managing Executive Officer
Group CFO, Group CSO
Director and Senior Managing Executive Officer of SMBC

Takeshi Mikami

Director

Honami Matsugasaki

Director

Sonosuke Kadonaga

Outside director
Representative of Intrinsics

Jun Sawada

Outside director
Chairman and Member of the Board of NTT, Inc.

Yoriko Goto

Outside director
Certified public accountant

Isao Teshirogi

Outside director
Representative Director, President, and CEO of Shionogi & Co., Ltd.

Norimitsu Takashima

Outside director
Attorney at law

Charles D. Lake II

Outside director
President of Aflac International, Inc.
Chairman and Representative Director of Aflac Life Insurance Japan Ltd.
Attorney at Law, admitted in Pennsylvania, the U.S.A.
Attorney at Law, admitted in Washington, D.C., the U.S.A.

Jenifer Rogers

Outside director
General Counsel International of Asurion Japan Holdings G.K.
Attorney at Law, admitted in New York, the U.S.A.

** The seven directors, Sonosuke Kadonaga, Jun Sawada, Yoriko Goto, Isao Teshirogi, Norimitsu Takashima, Charles D. Lake II, and Jenifer Rogers, are outside directors as stipulated in Article 2, Item 15 of the Companies Act.*

For career summaries, please refer to UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM20-F for the fiscal year ending March 31, 2026.

Evaluation of the Effectiveness of the Board of Directors

The "SMFG Corporate Governance Guideline" contains provisions on evaluating the effectiveness of the Board of Directors. In accordance with these provisions, the Board of Directors conducts annual analysis and evaluation to determine whether it is executing its duties in line with the guideline, and discloses the findings of these. For FY2025, a questionnaire survey was conducted for all directors focusing on the "Role of the Board of Directors," "Operation of the Board of Directors and Support Systems for Outside Directors," and "Composition of the Board of Directors," as described in the "Corporate Governance Code" and "SMFG Corporate Governance Guidelines." Opinions were subsequently heard from all seven Outside Directors at the Board of Directors meetings held in April and May 2026. Discussions were held at Board of Directors' meetings in June based on the findings of these interviews with internal directors, after which analyses and evaluations were carried out to determine whether the Board of Directors is executing its duties in line with the "SMFG Corporate Governance Guideline." Reviews by knowledgeable experts from developed nations are received at each stage of the evaluation process.

Self-assessments incorporating the opinions of outside experts

Process	Implementation overview
Questionnaire	• All directors surveyed • Questions reviewed by external experts
Opinion-gathering interviews	• Outside directors expressed their opinions at Board of Directors meetings • Interviews with internal directors
Review of the results of evaluations	• Analysis and evaluation including reviews provided by outside experts
Discussion of the results of evaluations	• Discussions in Board of Directors meetings

Overview of Results of Evaluation of the Effectiveness of the Board of Directors

In FY2025, the Board of Directors was assessed to be sufficiently effective and to have improved its effectiveness, as a result of efforts to raise the level and effectiveness of deliberations at Board of Directors meetings following appropriate actions taken in response to the findings of the previous effectiveness evaluation. Based on the results of the latest effectiveness evaluation, along with diverse opinions by directors and recommendations by external experts gathered through the series of processes, the Board of Directors is working to further enhance its effectiveness by promoting mutual understanding between outside directors and internal officers and employees and by discussing fundamental issues aimed at enhancing corporate value.

FY2025 Initiatives and Evaluation of the Board of Directors; Priority Issues and Initiatives for FY2026

	FY2025 Initiatives and Evaluation	FY2026 Priority Issues and Initiatives Based on the FY2025 Evaluation
Role of the Board of Directors	• Sufficient deliberation was conducted at Board of Directors meetings and informal gatherings on important themes such as the formulation of the Medium-Term Management Plan, demonstrating appropriate oversight • Outside directors continued to demonstrate a high level of expertise, and the Board of Directors and each internal committee collaborated appropriately to create synergies	• Oversee the progress of the new Medium-Term Management Plan, while being mindful of environmental changes such as geopolitical risk, interest rate and price trends, and technological innovation including AI • Deliberate on the new Medium-Term Management Plan in a timely and appropriate manner, covering key themes such as resource allocation for major initiatives, the realization of benefits, IT transformation, and social value creation
Operation of the Board of Directors and Support Systems for Outside Directors	• Meeting operations were smooth and effective (agenda items, length of deliberations, etc. were appropriate) • Informal gatherings were fulfilling, contributing to information exchange and building trust relationships among officers • Necessary information was provided to enable the Board to fulfill its oversight function	• Continue to promote two-way communication between Outside Directors and internal officers • Establish opportunities for information provision and discussion to support the oversight of key initiatives in the Medium-Term Management Plan • Continuously explore ways to provide materials and explanations conducive to high-level strategic discussions
Composition of the Board of Directors	• With an appropriate number of members and diverse attributes, the Board of Directors maintained a well-balanced composition in which each member demonstrated their expertise • The ideal composition was continuously reviewed and examined, led by the Nomination Committee, in light of the role of the Board of Directors	• With a view toward the challenges and future direction of the SMBC Group, the Board of Directors will continue to examine the ideal composition of the Board of Directors, centered on the Nomination Committee

Corporate Governance

Activities of Internal Committees (FY2025)

	Main role	Number of meetings (average attendance rate)	Activities
Nomination Committee	**The Nomination Committee is responsible for determining the contents of proposals regarding the election and dismissal of directors to be submitted to the general meeting of shareholders. It deliberates on matters including top management succession and personnel matters concerning officers of major subsidiaries.**	**5 meetings** (100%)	• Deliberated on the profile of officers suited to supporting the management foundations of the Company and its subsidiaries, and the succession plan for top management • Continuously deliberated on and approved personnel proposals for the presidents of Group companies
Compensation Committee	**The Compensation Committee is responsible for setting policies for determining the compensation of directors, corporate executive officers and executive officers of the Company as well as individual remuneration for directors and corporate executive officers of the Company. It deliberates on policies for setting the compensation of the executive officers of major subsidiaries.**	**7 meetings** (100%)	• Deliberated on the revision to the executive compensation programs at the Company and SMBC in preparation for the launch of the new Medium-Term Management Plan in FY2026 • Deliberated on further expanding the eligibility for the Stock Compensation Plans for executives of SMBC Group companies to enhance the Group's competitiveness
Audit Committee	**The Audit Committee is responsible for auditing the execution of duties by directors and executive officers of the Company, preparing audit reports, and determining the content of proposals related to the accounting auditor to be submitted to the general meeting of shareholders**	**15 meetings** (100%)	• In accordance with audit policy, audited the execution of duties by directors and executive officers by attending key meetings, interviewing directors and executive officers, receiving reports from internal departments, and conducting site visits at each location • Reported the results of deliberations in the Audit Committee to the Board of Directors and issued recommendations and opinions to executive officers, etc. where necessary
Risk Committee	**The Risk Committee is responsible for deliberation on important matters relating to risk management, including environmental and risk awareness, operation of the Risk Appetite Framework, and implementation of risk management systems, and provides counsel to the Board of Directors on these matters**	**4 meetings** (100%)	• Taking into account changes in the domestic and international environment, the Risk Committee discussed the SMBC Group's top risks and, in connection with the formulation of the new Medium-Term Management Plan, deliberated on risk appetite and response policies in the event risks materialize, based on the results of stress testing • Deliberated on measures to strengthen early- warning monitoring, assuming financial crises triggered by non-bank institutions, and initiatives for prompt business recovery during crises
Sustainability Committee	**The Sustainability Committee is responsible for deliberating on the progress of measures to create social value, domestic and overseas conditions surrounding sustainability, and other important matters. It reports to and advises the Board of Directors**	**2 meetings** (100%)	• Reviewed the status of initiatives aimed at creating social value, and deliberated on measures for further expanding these initiatives as well as which direction we should head in for measuring and disclosing their impact • Deliberated on the need to revise SMBC Group strategies and tactics in light of changes in the external sustainability landscape, and on enhancing initiatives for the decarbonization of the real economy

Corporate Governance

Support Systems for Outside Directors

The Company recognizes that outside directors require an in-depth understanding of the Group's business operations and business activities. Accordingly, we continually endeavor to supply outside directors with the business activity information and insights that are necessary to supervise management while also providing them with the opportunities needed to fulfill their roles. In FY2025, the following initiatives were implemented.

Outside Directors Visit Kyoto and Osaka Locations

- Participation in various executive-side meetings, such as branch manager meetings of core subsidiaries, to promote understanding of business operations and activities. Also conducted site visits to Group companies in Japan. In addition, they exchanged opinions with officers at overseas bases and presidents of Group companies.
- Held informal gatherings between outside directors and relevant departments on specific themes, such as "Formulation of the Next Medium-Term Management Plan" and "Businesses of Group Companies"
- Explanatory sessions on Board of Directors' meeting agenda items prior to board meetings to assist in the understanding of items
- Conducted study sessions on "Capital Policy" and "Generative AI," inviting external experts as lecturers
- Timely and effective provision of information on the proceedings of internal meetings, etc. to outside directors
- Outside directors-only meetings

Outside Director Independence Standards

In order to be classified as independent, an outside director of the Company must not fall under, or have recently fallen under, any of the following categories:

❶ **Major business partner**	• An entity that has the Company or SMBC as a major business partner, or an executive director, officer, or other person engaged in the execution of the business of such an entity • An entity that is a major business partner of the Company or SMBC, or an executive director, officer, or other person engaged in the execution of the business of such an entity
❷ **Specialist**	• A legal expert, accounting expert, or consultant who has received money or other property from the Company or SMBC averaging over ¥10 million per year over the last three years, in addition to any compensation received as a director or corporate auditor • A member of a Juridical Person, etc. or other organization that provides specialist services, such as a law firm, accounting firm, or consulting firm, which has received large amounts of money or other property from the Company or SMBC
❸ **Donations**	• A person who has received donations or other payments from the Company or SMBC averaging more than ¥10 million per year or 2% of the recipient's annual revenue, whichever is greater, over the last three years, or an executive director, officer, or other person engaged in the execution of business of an entity which has received the same
❹ **Major shareholder**	• A major shareholder of the Company or an executive director, officer, or other person engaged in the execution of business of a major shareholder (including anyone who has been a major shareholder, or an executive director, officer, or other person engaged in the execution of business of a major shareholder, within the last three years)
❺ **Close relative**	• A close relative of any person (excluding non-material personnel) who falls under any of the following: (1) A person who falls under any of 1 through 4 above; or (2) A director, corporate auditor, executive officer, or other person engaged in the execution of business of the Company or a subsidiary thereof

See Reference 6 in "SMFG Corporate Governance Guideline" for details.
https://www.smfg.co.jp/english/aboutus/pdf/cg_guideline_e.pdf

Corporate Governance

Equity Holdings

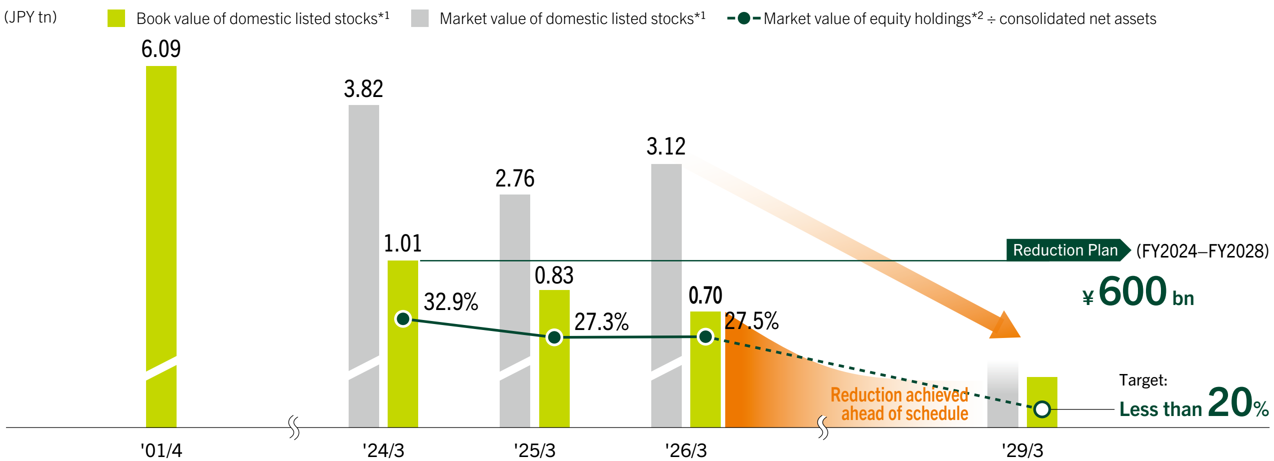
Policy for Equity Holdings

(1) In principle, SMBC Group does not hold shares of other companies except in cases in which a rationale for holding shares is recognized. This policy exists to maintain SMBC Group's financial soundness, taking into consideration the standards of globally operating financial institutions and our proactive response to global regulation.

(2) We deem cases in which shareholding will contribute to the enhancement of SMBC Group's corporate value over the medium to long term to be cases in which a rationale for holding shares is recognized. We determine this through comprehensive consideration based on (a) profitability, through an appropriate assessment and understanding of relevant factors including associated risks and the costs and returns of the holding; (b) the objectives for holding, such as maintaining and strengthening business relationships, capital and business alliances, and restructuring support; and (c) other relevant factors.

(3) We examine rationale for holding shares on a regular basis. We continue to hold shares when a rationale for holding is recognized, and sell shares, with consideration of factors including market impact and the financial strategy of the issuer, when a rationale for holding is no longer recognized.

Plan for Reduction of Equity Holdings



*1 Excluding investments after the end of March 2020 for business alliance purposes
*2 Including balance of deemed held shares

Plan for Reduction of Equity Holdings

SMBC Group continuously makes efforts to reduce price fluctuation risks from the point of view of maintaining a foundation that can sufficiently demonstrate its financial intermediary function even in a stressful environment in which the prices of equities drastically fall.

Since we achieved the initial plan to reduce ¥200 billion* over three years from March 2023, 1.5 years ahead of schedule, in Nov 2024, we announced a plan to reduce our equity holdings by ¥600 billion* over a five-year period starting from March 31, 2024. In the FY 2024, we reduced ¥185 billion, and in FY 2025, we reduced ¥124 billion.

With this plan, we will have achieved a cumulative reduction of over 90% since the establishment of SMBC. Although the recent rise in stock prices has made it difficult to reduce the proportion of the market value balance to our consolidated net assets, we will also make conscious efforts to reduce the market value balance going forward, and aim to be on track to reduce the proportion of the market value of equity holdings to less than 20% of our consolidated net assets during the period of this Medium-Term Management Plan (from FY2026 to FY2028).

** The book value of Japanese listed equities held by SMBC Group*

State of reduction

Reduction Amount	**¥309 billion**
FY2024	**¥185 billion**
FY2025	**¥124 billion**
Consent of sales	**¥69 billion**

See our website for more information on equity holdings.
https://www.smfg.co.jp/english/company/organization/governance/structure/hold.html

Corporate Governance

Compensation Program

To facilitate the fulfillment of Our Group Mission and the realization of Our Group Vision, we established an executive compensation program for Directors, Corporate Executive Officers and Executive Officers (the "Executives") and introduced Stock Compensation Plans as a part of the Program, for the purpose of:

1. Strengthening the linkage between SMBC Group's short-, medium- and long-term performance and executive compensation, thereby providing Executives with appropriate incentives to improve performance; and
2. Further aligning the interests of Executives with those of shareholders by increasing the proportion of stock-based compensation and encouraging share ownership by Executives.

Executive Compensation Structure

In principle, executive compensation consists of base salary, bonuses and stock compensation. The performance-linked portion, which fluctuates with the business environment and performance, accounts for approximately 40% to 60% of total compensation, depending on corporate title. The structure and levels of executive compensation are determined by the Compensation Committee based on third-party executive compensation surveys, economic and social trends, and the operating environment.

FY2025 Results for Performance-Linked Compensation Indicators

Annual Performance-Linked Compensation

FY2025 Results: Bonus (Cash and Stock Compensation)

Performance Indicator		Weight	Actual performance	Performance evaluation coefficient
SMFG consolidated net business profit	Annual growth/ Target achievement	50%	64.4%	130%*1
SMFG net income attributable to owners of the parent	Annual growth/ Target achievement	50%	62.9%	
Sustainability Indicators		**Weight**	**Evaluation results**	
Progress of KPIs		±10%	+3.0%	
Results of major external ratings				

*1 *When calculating the final performance evaluation coefficient, the sum of actual performance and evaluation results is rounded down to the nearest whole number.*

Medium-Term Performance-Linked Compensation

Stock Compensation Plan I

Evaluation Indicators		Weight	Actual performance	Performance evaluation coefficient
Financial Indicators	ROCET1	20%	30.0%	124%*3
	Base expense	20%	19.8%	
	SMFG consolidated gross profit	15%	22.5%	
	SMFG net income attributable to owners of the parent	15%	21.5%	
Share-related Indicator	TSR (Total Shareholder Return)	15%	9.0%	
Non-financial Indicator	Social value creation	15%	17.5%	
Adjustment factors	Initiatives in new business areas, compliance, customer-orientated initiatives, and risk management	±5%	+4.0%*2	

*2 *Regarding initiatives in new business areas, the provision of Trunk and further expansion of Group business centered on Olive were evaluated.*
*3 *The final performance evaluation coefficient is determined by summing the actual performance and the evaluation results and rounding down to the nearest whole number.*

Annual Performance-Linked Compensation

In FY2025, cash and stock compensation were paid as annual performance-linked compensation. Two performance indicators were adopted: "SMFG net income attributable to owners of parent," representing the final outcome of SMBC Group management, and "SMFG consolidated net business profit," indicating SMBC Group's profitability. These served to enhance the linkage between performance and executive compensation, ensuring that the compensation program functioned as an appropriate performance incentive. In addition, the Compensation Committee determined the evaluation of sustainability indicators based on the results of major external sustainability ratings, among other factors.

Medium-Term Performance-Linked Compensation

Compensation under Stock Compensation Plan I is paid as medium-term performance-linked compensation. As evaluation indicators linked to the Medium-Term Management Plan covering the period from FY2023 to FY2025, in addition to financial indicators such as ROCET1 and Base expense, we have adopted TSR as a share indicator and Social value creation as a non-financial indicator. Adjustment factors, including initiatives in new business areas, compliance, customer-oriented initiatives, and risk management, are also considered in determining medium-term performance-linked compensation.

Corporate Governance

Revision of the Executive Compensation Program in FY2026

To encourage bold efforts to drive transformation and realize Our new Vision, we revised the Executive Compensation Program.

Key revision points

1. **Linking the Medium-Term Management Plan and Executive Compensation**
   Reviewed the evaluation indicators for Stock Compensation Plan I (Medium-Term Performance-Linked Compensation) to align with the Medium-Term Management Plan. We adopted ROTE as a financial indicator, emphasizing profitability. Furthermore, by increasing the evaluation weight of non-financial indicator and share-related indicator, we strengthened the linkage of executive compensation to social value creation and the enhancement of shareholder value.
2. **Enhancing the Effectiveness of Annual Performance-Linked Compensation**
   Clarified the respective roles of bonuses and stock compensation, changing the compensation structure to one linked to both short-term and medium- to long-term achievements.
3. **Promoting Alignment of Interests with Shareholders**
   To promote shared interests with shareholders, strengthen awareness of the need to enhance medium- to long-term corporate value, and further enhance the oversight function of the Board of Directors, we introduced non-performance-linked stock compensation for Outside Directors and Audit Committee members.

Ensuring Sound Business Operations

To curb excessive risk-taking and ensure prudence as a financial institution (initiatives for maintaining soundness), we have introduced mechanisms allowing for malus (reduction/forfeiture during the restriction period) and clawback (return after the restriction is lifted) for certain stock compensation programs and bonuses subject to deferred payment, should events such as material amendments to the financial statements or material damage to the reputation of SMBC Group.

Executive Compensation Structure (FY2026)

Cash compensation
Variable compensation
Stock compensation (restricted stock)
Non-performance-linked compensation

SMFG's Executives (excluding Outside Directors and Audit Committee Members)

Stock compensation ratio: 25–45%
Performance-linked ratio: 40–60%

Compensation Components	Payment Standards (Range of Variation) and Performance Indicators	Timing of compensation determination
Base salary	**Fixed compensation**	-
Bonus	**Compensation determined based on SMBC Group's annual performance, etc. (0%–150%)** Standard levels × SMBC Group's annual performance, performance of the executive, etc.	Once a year
Stock Compensation Plan I	**Compensation determined based on SMBC Group's medium-term performance, etc. (0%–150%)** "Standard levels" × "SMBC Group's medium-term performance, etc."	At the end of the Medium-Term Management Plan
Stock Compensation Plan III	**Non-performance-linked compensation (granted upon promotion)**	-

Bonus:

Financial Indicators*1		Weight
SMFG consolidated net business profit	Annual growth/ Target achievement	50%
SMFG net income attributable to owners of parent	Annual growth/ Target achievement	50%

Non-financial Indicator	Weight
Results of external sustainability ratings	±5%

Stock Compensation Plan I:

Evaluation Indicators		Weight
Financial Indicators	ROTE	30%
	SMFG consolidated gross profit	30%
Share-Related Indicator	TSR (Total shareholder return)*2	20%
Non-financial Indicator	Initiatives related to Social Value Creation and Employees*3	20%
Adjustment Factors	Build Next Core Compliance, customer-oriented initiatives, risk management, etc.	±10%

In the case that the CET1 ratio*4 falls below a designated level at the end of each fiscal year, no compensation under Stock Compensation Plan I will be paid for the relevant fiscal year (knock-out provision).

Ensuring prudence as a financial institution: Deferred bonuses, remuneration under Stock Compensation Plans I and III are subject to malus and clawback provisions.

Outside Directors and Audit Committee Members

Base salary	**Fixed compensation**	-
Stock Compensation Plan II	**Non-performance-linked compensation**	-

*1 *If the Compensation Committee recognizes special circumstances not sufficiently reflected in the financial indicators, it may reflect them in the evaluation within a range of ±5% through its deliberation, to ensure appropriate compensation aligned with the business environment.*
*2 *The Compensation Committee calculates the performance achievement level through a relative evaluation of TSR during the period of the Medium-Term Management Plan.*
*3 *The Compensation Committee will determine the evaluation with respect to "Initiatives related to Social Value Creation and Employees" based on the status of initiatives and the achievement of KPIs related to the materialities for Social Value Creation (Green Planet, Thriving People, and Fulfilled Growth) and Employees (Talent Policy Scores, calculated by combining the results of each item in the employee engagement survey).*
*4 *Post-Basel III reforms basis, excluding net unrealized gains (losses) on other securities.*