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# Panel Discussion on Risk Management

May 25, 2026

# Changes in the Environment and Risk Recognition

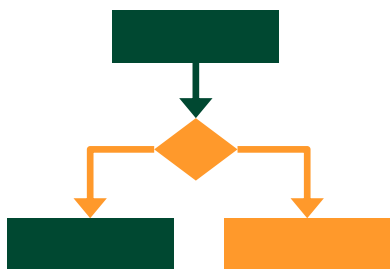
Responded to external environment changes including the spread of COVID-19, the Russia-Ukraine conflict, and U.S. tariffs. Recently, uncertainty has further increased due to geopolitical risks, cyber threats, and liquidity risks.



# Strengthening Resilience in an Uncertain Business Environment

## Rising Risk Concerns

### Top risks / Transmission pathways



- Identify particularly significant management risks as **top risks** based on internal and external events.
- Map **the transmission pathways of risks** and develop risk scenarios.

### Early warning monitoring / Stress testing



- Set indicators aligned with the risk transmission pathways and conduct **early warning monitoring**.
- Analyze operational impacts through **stress testing**.

### Risk response



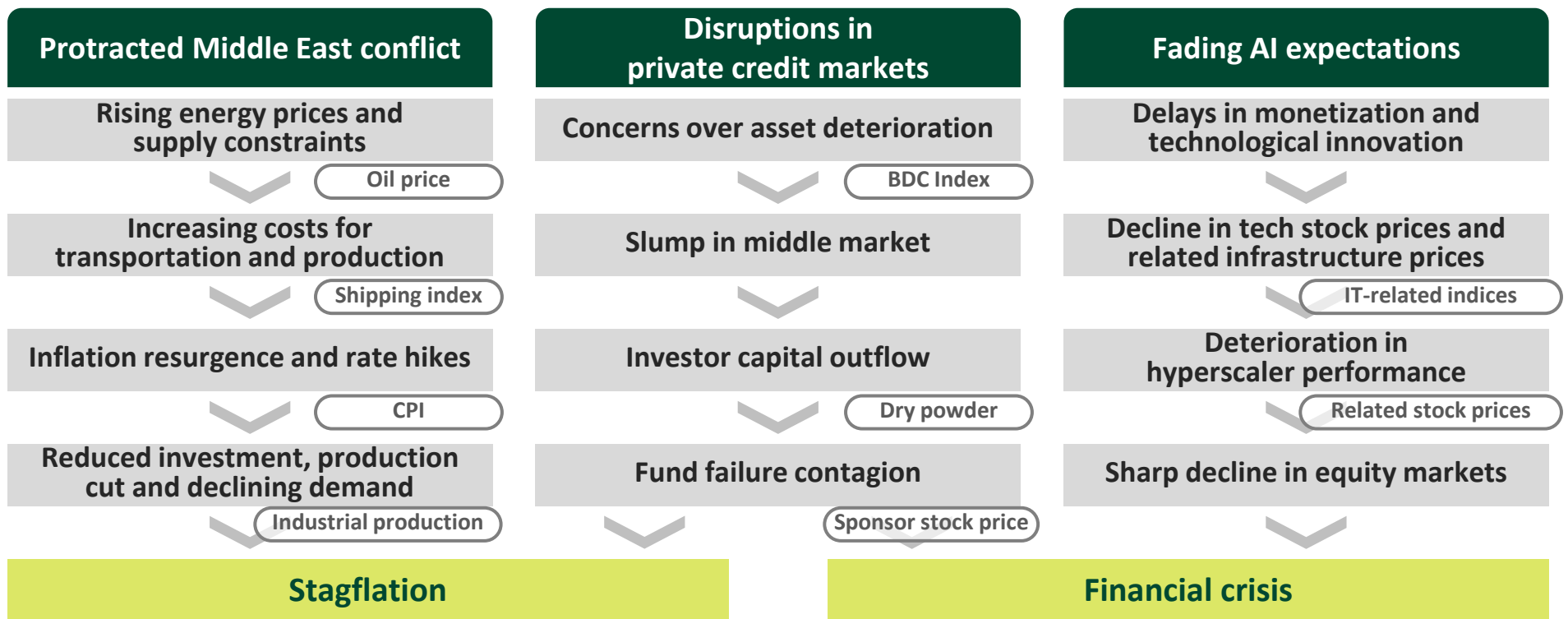
- **Implement preventive measures** according to the status of risk materialization.
- Prepare **action plans** for crises.

# Risk Transmission Pathways Analysis and Early Warning Monitoring

Map the transmission pathways of risks including severe cases where multiple risks materialize simultaneously. Risk scenarios include protracted Middle East conflict, disruptions in private credit markets, and fading AI expectations.

- ➔ Set monitoring indicators depending on the transmission pathways.  
Visualize the status of materializations by setting target management level for each indicator.

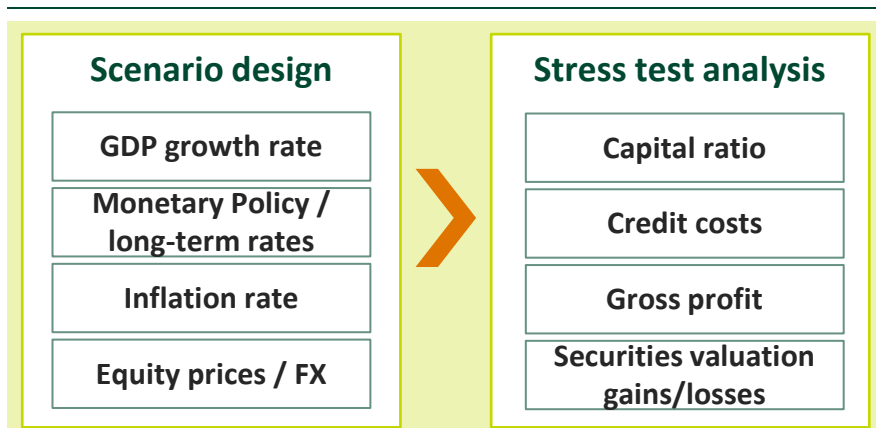
## ► The risk transmission pathways and monitoring indicators examples



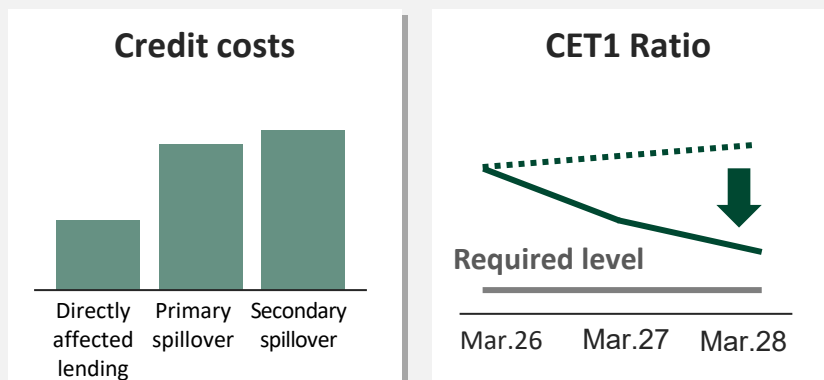
# Stress Testing / Risk Response

Analyze financial soundness under risk scenarios and confirm available management resources through stress testing. Prepare action plans for crisis situations in addition to reviewing credit operations.

## ► Stress testing



### Stress testing results (Illustrative)



## ► Risk response

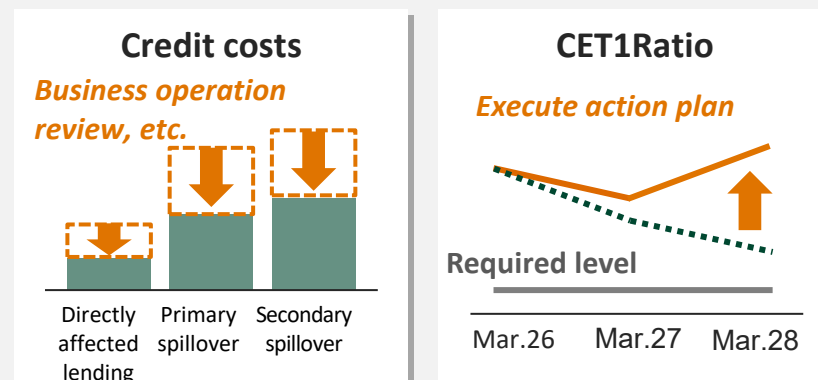
### Preventive actions

- Business operation policies according to risk conditions
- Review sector-based credit management and deal selection criteria

### Establish crisis response arrangements

- Prepare action plans for crisis situations
- Enhance effectiveness of action plans through drills, etc.

### Risk response (Illustrative)



# Basic Policy for Risk Management

## Goals for the next three years

Establish a robust, forward-looking risk management framework, supporting the SMBC Group's aspirations

### Strengthen resilience in uncertain environment and complicated risk

#### Business environment

- Normalization of domestic monetary policy
- Renewed inflation and financial instability in the U.S.
- Rising geopolitical tensions, etc

- Enhance balance sheet management
- Strengthen stress testing and early warning monitoring
- Improve crisis responsiveness

### Promote sound risk-taking to execute business strategy

#### Business strategy

- Expansion of Asia and capital markets businesses
- Strengthening of asset-light businesses, etc.

- Develop risk management frameworks
- Foster a sound risk culture

### Strengthen group/global risk management infrastructure

#### Risk management environment

- Increasing difficulty in securing talent
- Widening scope of risk management and required expertise

- Strengthen risk governance
- Promote system development and AI utilization

# Overview of Risk Committee

## Supervision

### Board of Directors

Nominating  
Committee

Compensation  
Committee

Audit  
Committee

**Risk Committee**

Sustainability  
Committee

## Execution

SMBC Group  
Management Committee

Various committees

### ► Profile

Position	Internal Committees of SMFG Board of Directors
# of meetings	4 times a year
Main Role	Responsible for deliberation on important matters relating to risk management, including 1.Environmental and risk awareness 2.Operation of the Risk Appetite Framework 3. Implementation of risk management systems

### ► Members

Outside directors	Charles D. Lake II	Chairman and Representative Director of Aflac Life Insurance Japan Ltd.
	Isao Teshirogi	Representative Director, President, and CEO of Shionogi & Co., Ltd.
Internal directors	Kazuyuki Anchi	Group CFO and Group CSO
External experts	Hirohide Yamaguchi	Former Deputy Governor of the Bank of Japan, Chairman of the Advisory Board of Nikko Research Center
	Tatsuo Yamasaki	Former Vice-Minister of Finance for International Affairs, Specially appointed professor of International University of Health and Welfare