

Compensation

Sumitomo Mitsui Banking Corporation (SMBC) and Its Group Companies

■ Compensation Framework of SMBC Group

1. Scope of Officers and Employees

The scope of officers, employees and others whose compensation is subject to disclosure under the revised Cabinet Office on Disclosure of Corporate Affairs, etc. and other ordinances are as described below.

(1) Scope of Officers

Officers subject to compensation disclosure are directors and corporate auditors of SMBC during the fiscal year under review (excluding outside directors and corporate auditors).

(2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of SMBC and officers and employees of its major consolidated subsidiaries who are highly compensated and have a material influence on the business management or the assets of SMBC and its major consolidated subsidiaries.

a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of SMBC with total assets accounting for more than 2% of the total consolidated assets of SMBC and has a material influence on the management of SMBC and its group companies. Specifically, they are SMBC Guarantee Co., Ltd. and overseas subsidiaries such as Sumitomo Mitsui Banking Corporation Europe Limited and Sumitomo Mitsui Banking Corporation (China) Limited.

b) Scope of highly compensated persons

A highly compensated person is an individual whose compensation paid by SMBC or its major subsidiaries is equal to or more than the base amount. The base amount of SMBC is set at ¥60 million which is based on the average amount of compensation paid to the officers of Sumitomo Mitsui Financial Group and SMBC (excluding officers appointed or retired during the fiscal year in question) over the last three fiscal years (hereinafter “executive compensation amount”) and is applied to all group companies. This is because many of the officers of Sumitomo Mitsui Financial Group also serve as officers of SMBC, and their executive compensation amount is determined according to their contribution to the group as a whole. With respect to lump-sum retirement payment for officers serving in Japan, the executive compensation amount for the fiscal year in question is “(his/her executive compensation amount – lump-sum retirement payment) + (lump-sum retirement payment/years of service)” and the executive compensation amount calculated using this formula is compared to the base amount.

c) Material influence on the business management or assets of SMBC and its major consolidated subsidiaries

A person has a material influence on the business management or assets of SMBC and its major consolidated subsidiaries if his/her regular transactions or regular matters managed by him/her have a substantial impact on the business management of SMBC and its group companies, or losses incurred through such actions have a significant impact on the financial situation of SMBC and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of SMBC and its major consolidated subsidiaries, both domestic and overseas.

2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters

Determination of compensation is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “2. Names, Compositions, and Duties of the Main Bodies, Such as the Committee Responsible for Supervising Business Execution Concerning the Determination of Compensation, Its Payment and Other Related Matters” on page 366).

■ Assessment of Design and Operation of Compensation Structure

Compensation Policy

Compensation policy is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “Compensation Policy” on page 367).

■ Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance

Consistency between compensation structure and risk management and link between compensation and performance is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance” on pages 367 to 368).

■ Type, Total Amount Paid, and Payment Method of Compensation for Officers, Employees and Others of SMBC and Its Group Companies

1. Compensation Allocated in the Applicable Fiscal Year (SMBC consolidated)

(Headcount, millions of yen)

Item No.			(a)	(b)
			Officers	Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	19	133
2		Total fixed compensation (3+5+7)	963	5,771
3		of which: cash compensation	882	5,199
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	58	382
6		of which in 5: deferred amount	58	382
7		of which: other compensation	22	189
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	16	130
10		Total variable compensation (11+13+15)	506	5,056
11		of which: cash compensation	223	4,416
12		of which in 11: deferred amount	—	594
13		of which: amount of stock compensation or stock-linked compensation	282	639
14		of which in 13: deferred amount	282	573
15		of which: amount of other compensation	—	—
16		of which in 15: deferred amount	—	—
17	Retirement allowance	Number of applicable officers, employees and others	1	70
18		Amount of retirement allowance	0	395
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	15
21		Amount of other compensation	—	175
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,470	11,399

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

2. Special Compensation, Etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	2	49	1	31	1	95

1. Compensation Allocated in the Applicable Fiscal Year (SMBC non-consolidated)

(Headcount, millions of yen)

Item No.			(a)	(b)
			Officers	Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	19	133
2		Total fixed compensation (3+5+7)	963	5,771
3		of which: cash compensation	882	5,199
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	58	382
6		of which in 5: deferred amount	58	382
7		of which: other compensation	22	189
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	16	130
10		Total variable compensation (11+13+15)	506	5,056
11		of which: cash compensation	223	4,416
12		of which in 11: deferred amount	—	594
13		of which: amount of stock compensation or stock-linked compensation	282	639
14		of which in 13: deferred amount	282	573
15		of which: amount of other compensation	—	—
16		of which in 15: deferred amount	—	—
17	Retirement allowance	Number of applicable officers, employees and others	1	70
18		Amount of retirement allowance	0	395
19		of which: deferred amount	—	—
20	Other compensation	Number of applicable officers, employees and others	—	15
21		Amount of other compensation	—	175
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		1,470	11,399

Notes: 1. Compensation amount includes those amounts of major consolidated subsidiaries.

2. Stock Compensation Plan III is classified as fixed compensation because the amount allotted depends on the individual's position. Other stock compensation involves an amount of issuance prone to performance-linked fluctuations, and is thus classified as variable compensation.

2. Special Compensation, Etc.

(Headcount, millions of yen)

	(a)	(b)	(c)	(d)	(e)	(f)
	Bonus guarantee		One-off recruitment payment		Additional retirement allowance	
	Headcount	Total amount	Headcount	Total amount	Headcount	Total amount
Officers	—	—	—	—	—	—
Employees and others	2	49	1	31	1	95

■ Other Information Regarding Compensation Structures of Sumitomo Mitsui Financial Group and its Group Companies

Amount of Deferred Compensation, Etc. (SMBC consolidated)

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,209	650	—	—	31
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	618	265	—	—	532
	Amount of stock compensation or stock-linked compensation	2,093	1,433	—	—	25
	Amount of other compensation	—	—	—	—	—
Total amount		3,922	2,348	—	—	590

Amount of Deferred Compensation, Etc. (SMBC non-consolidated)

Deferred compensation, etc.

(Millions of yen)

		(a)	(b)	(c)	(d)	(e)
		Balance of deferred compensation, etc.	Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	1,209	650	—	—	31
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	618	265	—	—	532
	Amount of stock compensation or stock-linked compensation	2,093	1,433	—	—	25
	Amount of other compensation	—	—	—	—	—
Total amount		3,922	2,348	—	—	590