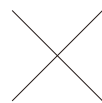


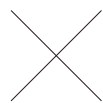
Round-Table Discussion with Outside Directors

Build Corporate Value with “Create Social Value” and “Pursue Economic Value” as the Key Pillars

**Kazuyuki Anchi**  
Group CFO & CSO  
Director and  
Senior Managing Executive Officer



**Eriko Sakurai**  
Outside Director  
(Retired in June 2025)



**Jenifer Rogers**  
Outside Director



**Anchi :** SMBC Group is working to enhance corporate value through the current Medium-Term Management Plan, which entered its final phase in FY2025, with two pillars of “Create Social Value” and “Pursue Economic Value”. I would like to ask for your frank opinions regarding these two themes as Outside Directors whose responsibilities include the supervision of the leadership team. First, I would like to ask for Ms. Eriko Sakurai, who also is Chairperson of the Sustainability Committee, for her views regarding “Create Social Value.”

**Sakurai :** First, I will talk about the sustainability-related initiatives that SMBC Group has engaged in over the past few years. The Sustainability Committee was established in 2021. The Board of Directors (“BoD”) engaged in repeated discussions during 2020 regarding the establishment of the Sustainability Committee as an internal committee. I believe that it was extremely valuable that we were able to hold fundamental discussions on how we can enhance SMBC Group’s sustainability and how SMBC can contribute to the realization of a sustainable society, including those on the executive side.

In 2023, we incorporated “Create Social Value” into the Medium-Term Management Plan and highlighted this goal. During this process, I asked the executive side to ensure that every SMBC Group employee engages in their duties with “Create Social Value” firmly in mind. However, during the first year of the current Medium-Term Management Plan, we received comments such as: “I believe creating social value is important, but I don’t know what I can do for it” from employee surveys. As such, we established “Full Participation” as our slogan and encouraged all employees to take action. This slogan has led to our employees engaging in meaningful initiatives such as correcting educational inequality and experience gaps. In addition, we received a lot of positive feedback from society.

**Anchi :** Over the past one to two years, disparities have appeared between countries and regions regarding sustainability-related efforts, and uncertainty about the future of sustainably is increasing. Given such a backdrop, what actions do you think are necessary?

**Sakurai :** We cannot deny that views and trends regarding climate change and DE&I initiatives are changing. However, I recognize that the general direction of SMBC Group’s initiatives will not undergo a material change. SMBC Group has established five Priority Issues (Materiality): “Environment,” DE&I/Human Rights,” “Poverty & Inequality,” “Declining Birthrate & Aging Population,” and “Japan’s Regrowth.” In regard to reducing carbon impact, SMBC Group’s mother market, Japan, has very limited energy resources. As such, green innovation not only benefits the environment, but it is also a key part of our efforts for “Japan’s Regrowth.”

In addition, if we consider the fundamental concept behind DE&I, we can see that it means creating an environment where all individuals can take an active role with a sense of purpose. Japan in particular is facing social issues such as “Difficulty in women’s success” and “Lag in internationalization compared to other countries.” SMBC Group must take action to address such issues. A workplace that supports the success of female employees is also a workplace which male employees will find comfortable to work in, and it is only logical that we all work to realize such an environment. I am proactively providing input via BoD meetings and the Sustainability Committee regarding SMBC Group’s personnel initiatives. For example, SMBC Group recently introduced such alumni hiring, which is common overseas. I hope SMBC Group continues with these efforts as I believe that the essence of DE&I is developing a workplace where a diverse human resources can play an active role with a variety of ideas, knowledge, and backgrounds.

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**Rogers :** Various discussions on sustainability initiatives, including what Ms. Sakurai just mentioned, are taking place at BoD meetings, Sustainability Committee meetings, and Risk Committee meetings. We actively exchange opinions while incorporating the views and opinions of subject experts at Sustainability Committee meetings. Mr. Charles D. Lake II and I, as U.S. Outside Directors, will work to ensure that U.S. trends, including legal and regulatory concerns, and conditions are reflected in discussions regarding SMBC Group’s various initiatives, including climate change and DE&I, by proactively communicating our opinions to the leadership team.

I share Ms. Sakurai’s view that there is no material change in the general direction of measures regarding climate change and DE&I. In fact, I believe that energy transition measures are increasing in importance. Given such an environment, I expect the Transition Finance Playbook released by SMBC Group in 2023 to play an even bigger role.

The world is becoming extremely complex, but there is no change to the fundamental search of how SMBC Group can best contribute to society. I believe the mindset under our Materiality is correct. Having said this, we must continue discussions based on various views at BoD meetings given the need to address changes to our environment. I will pay special attention to providing guidance regarding risk mitigation given my background as a lawyer.

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————— **Jenifer Rogers**

**Anchi :** Ms. Rogers brought up the matter of risk, and the executive side’s viewpoint often focuses on opportunity rather than risk mitigation. It is important that initiatives are carried out while balancing risk and opportunity, so we would be grateful to continuously receive various feedback.

Next, I would like to move on to “Pursue Economic Value.” In May 2025, SMBC Group announced “The Medium-Term Financial Goal” and set a target of achieving bottom-line profit of ¥ 2 trillion and an ROE of 11% by around 2030. In the past, SMBC Group has set rather conservative financial targets, and we have received feedback from many investors stating that we should be setting more challenging ones. Taking into consideration such views, we revised our targets for “The Medium-Term Financial Goal” based on “most likely” scenarios. Please share your views regarding these goals.

**Rogers :** I’ve also stated in the past that SMBC Group’s earnings outlook and goal setting are too conservative. Furthermore, when setting “The Medium-Term Financial Goal,” I’ve commented that SMBC Group needs to adopt a greater sense of speed if we are to become a global solutions provider, and that SMBC Group is too cautious towards growth. I felt the fact that we were able to update our financial targets to reach by around 2030 in light of such input was very meaningful. In times like these, when

our stakeholders are having concerns as we face US tariffs and other uncontrollable factors, SMBC Group must clearly communicate our goals. I also agree with pursuing growth in the following three areas: “Lead Japan’s Regrowth,” “Capture Dynamic Growth with Partners,” and “Establish a Presence in Global Capital Markets.”

Furthermore, how we can differentiate from its competitors will become crucial as we strive to realize the Group’s sustainable growth. For example, SMBC Group has set robust goals in its investment strategies regarding AI and other digital technologies, increasing the current Medium-Term Management Plan’s IT investment budget to ¥ 800 billion. In the domestic market, SMBC Group released Olive, a comprehensive financial service for retail clients, and Trunk, for corporate clients. I believe that we can leverage digital technology to generate successful businesses opportunities with both retail customers and SME clients. SMBC Group is emphasizing AI investments and has established an AI investment budget of ¥ 50 billion, including the period of the next Medium-Term Management Plan. I will support SMBC Group’s efforts to become an AI-leading Financial Institution, while balancing risk and opportunity, mindful that AI can involve legal and regulatory risks particular to financial institutions.

In regard to the execution of SMBC Group’s inorganic strategy, the investment in YES BANK, an Indian commercial bank, was announced in FY2025. Among our Multi-Franchise Strategy, India has much growth potential, and we are paying particularly close attention to the country. This investment has a low PBR and was agreed without an excessive premium. We also recognize that the Indian commercial banking business is the last missing piece for Multi-Franchise Strategy and is very important to SMBC Group. When considering this project, we engaged in detailed discussions regarding whether the deal aligned with SMBC Group’s strategy while also carefully determining the return on investment. However, in light of lessons learned from past investments, we must install a follow-up framework which will allow us to regularly confirm the status of investees to properly evaluate capital efficiency.

**Sakurai :** As Ms. Rogers has just stated, SMBC Group has engaged in various investments, but they have not always produced the anticipated results with some deals resulting in impairments. To better analyze and evaluate growth investments, Outside Directors are provided with opportunities to attend lectures by experts on the macroeconomic conditions of potential investment countries. We also receive detailed explanations of growth strategies for each business segment. Furthermore, human resources are also important. We maintain regular contact with local management of our group and support the development of talent in Japan who can manage our investees. Through these measures, we aim to support important decision-making while enhancing our own ability to assess the value of investment projects. Regarding Post-Merger Integration (“PMI”), we have opportunities to monitor progress in specific areas and receive periodic reports on our overall Multi-Franchise Strategy portfolio.

**Anchi :** Please allow me to add the perspective of the executive side. Impairments indicate that the initially anticipated synergies were not realized, reflecting the fact that our approach to PMI was inadequate. Previously, the teams who considered investments and those responsible for executing PMI were separate, but a few years ago, we shifted to a structure where the teams considering the investment directly conduct PMI on-site. Additionally, we have transitioned from the earlier approach, where head office used to assess the business plans reported by investees, to a more hands-on approach where we engage directly on-site, observe the market, and formulate business plans together. We take the impairments on our investments in Indonesia and Vietnam very seriously. In response, the leadership team is committed to emphasizing not only the application of stricter discipline at the entry stage of investments, but also to making significant improvements to PMI by engaging more thoroughly on-site with the appropriate local counterparties.



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*In order for SMBC Group to maximize its corporate value, we must enhance our capabilities concerning, “Global”, “Digital”, and “Human Resources.”*  
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————— **Eriko Sakurai**



To bring this year’s roundtable to a close, I would like to ask for an overall assessment, including of our efforts for social value and economic value. Ms. Sakurai has spent ten years as an SMBC Group Outside Director. Could you share with us your thoughts about how SMBC Group has changed or what issues we face going forward.

**Sakurai :** Looking back over the past ten years, I strongly feel both SMBC Group and society have undergone significant change. For example, ten years ago the BoD’s agenda was focused almost exclusively on domestic topics. The globalization of SMBC Group has made much progress as BoD meetings now cover topics regarding numerous regions and countries.

Looking back on my tenure as an Outside Director, I believe that there were main three themes. The first theme, a theme which I just talked about, is “Global.” The second is “Digital” and this theme is linked in some way to all of our projects, deals, and initiatives. Ten years ago, while AI was mentioned in BoD meetings, the concept was still somewhat futuristic. The third theme is “Human Resources,” a theme which I have consistently placed great focus on. Reaching one’s potential is greatly impacted by an individual’s motivation and the expectations by colleagues. This is something I strongly feel when I see SMBC Group employees nowadays.

In order for SMBC Group to maximize its corporate value, we must enhance our capabilities concerning these

three themes. I have engaged in various discussions over the past ten years based on this mindset. I sincerely hope my efforts have helped SMBC Group increase its corporate value. My role as an Outside Director will come to an end, but I will continue to keep an eye on and support SMBC Group.

**Anchi :** Ms. Rogers joined SMBC Group as an Outside Director at the time of the current Medium-Term Management Plan’s launch. Could you please share with us your thoughts for the past two years while also talking about any points you would like to focus on going forward.

**Rogers :** Our PBR has improved to approximately one, a huge step forward for SMBC Group with investor interest in the Group shifting from value to growth. The achievement of the goals established under the Medium-Term Management Plan are in sight. However, in terms of “Differentiation,” a point we discussed earlier, I hope to see further efforts.

From a supervisory perspective, global governance is a key theme. I had the opportunity to inspect our offices in New York with Ms. Sakurai. This trip provided me with the opportunity to confirm the supervisory functions of the US BoD and meet with a number of local business leaders. In addition to fulfilling my supervisory duties as an Outside Director through such activities, I believe that speaking with talented personnel from around the world concerning

a diverse range of topics is an important part of efforts to globalize SMBC Group. Furthermore, as we strengthen collaborations with YES BANK, Jefferies, and other new partners, Outside Directors must execute their supervisory responsibilities from a variety of standpoints, including how to address differences in local customs. A key issue is how to measure risk-return. As we have booked impairments for our investments in Vietnam, we must not only focus on growth investments. We must strengthen post-investment follow-ups by accurately evaluating risk-return from a discipline standpoint.

I appreciate the term “Integrity” from SMBC Group’s Five Values. It is vital to develop a corporate culture that values compliance, and SMBC Group is undertaking various efforts to prevent fraud and other incidents, as a matter of course. It is also vital that each and every one of our employees uphold “Integrity” as they work to expand our business in compliance with all rules and regulations. We need to use employee surveys and other tools to confirm if such a corporate culture is spreading throughout SMBC Group.

**Anchi :** Group-based global governance is going to become more and more important. In addition to currently

serving as a Director at Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities, Sumitomo Mitsui Finance and Leasing, and SMBC Trust Bank, I participate as required at BoD meetings held by our US and European entities and communicate Group-wide policies and important matters for consideration. In addition, ensuring the alignment of strategies on a global basis will become ever more important, so I will make even greater efforts to ensure that the contents of discussions that take place in the local BoD meetings I just mentioned are properly communicated to Tokyo leadership.

As Ms. Sakurai mentioned, “Human Resources” is an important theme for SMBC Group, so in closing I would like to quickly touch upon the revised personnel system which is scheduled to launch in January 2026. At SMBC Group’s investor meetings, we have discussions regarding how we are moving towards a performance-based system and discontinuing the current seniority-based system. Our overseas investors often question why we are discussing such obvious improvements. I am committed to pushing forward the globalization of SMBC Group so that items not currently considered ordinary become commonplace. I want to thank the both of you for taking the time to share your valuable input with us today.



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*Group-based global governance is going to become more and more important.*  
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————— **Kazuyuki Anchi**

 This article refers to panel discussion, etc. which were held in “Efforts for Social Value Creation in SMBC Group” in May 2025. For details, please refer to our website. <https://www.smfg.co.jp/investor/financial/presentation.html>