Compensation

Sumitomo Mitsui Financial Group

Compensation Framework of Sumitomo Mitsui Financial Group and Its Group Companies

1. Scope of Officers, Employees and Others

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

(1) Scope of Officers

Officers subject to compensation disclosure are directors and corporate executive officers of Sumitomo Mitsui Financial Group during the fiscal year under review (excluding outside directors).

(2) Scope of Employees and Others

Employees and others subject to compensation disclosure are employees of Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group and its major consolidated subsidiaries.

a) Scope of major consolidated subsidiaries

A major consolidated subsidiary is a consolidated subsidiary of Sumitomo Mitsui Financial Group with total assets accounting for more than 2% of the total consolidated assets of Sumitomo Mitsui Financial Group and has a material influence on the management of Sumitomo Mitsui Financial Group and its group companies. Specifically, they are Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., Sumitomo Mitsui Card Company, Limited, and overseas subsidiaries such as SMBC Bank International plc.

b) Scope of highly compensated persons

A highly compensated person is an individual whose compensation paid by Sumitomo Mitsui Financial Group or its major subsidiaries is equal to or more than the base amount. The base amount of Sumitomo Mitsui Financial Group is set at ¥110 million, which is based on the average amount of compensation paid to the officers of Sumitomo Mitsui Financial Group and SMBC (including 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 Sumitomo Mitsui Financial Group and its major consolidated subsidiaries

A person has a material influence on the business management or assets of Sumitomo Mitsui Financial Group 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 Sumitomo Mitsui Financial Group and its group companies, or losses incurred through such actions have a significant impact on the financial situation of Sumitomo Mitsui Financial Group and its group companies. Specifically, persons having such influence are directors, corporate auditors and corporate officers of Sumitomo Mitsui Financial Group 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

(1) Establishment and Maintenance of the Compensation Committee

Sumitomo Mitsui Financial Group, as a Company with Three Committees, has established a Compensation Committee to resolve the “policy to determine individual remuneration for directors, corporate executive officers and executive officers,” “executive compensation program and relevant regulations,” and “individual remuneration for Sumitomo Mitsui Financial Group’s directors and corporate executive officers.” In addition, the Compensation Committee deliberates on executive compensation programs of Sumitomo Mitsui Financial Group’s major subsidiaries and other related matters. The Compensation Committee is a body independent from the influence of business units, chaired by an outside director, with the majority of its members being also outside directors, and tasked to determine and deliberate matters related to executive compensation of Sumitomo Mitsui Financial Group and its group companies. Furthermore, group companies of Sumitomo Mitsui Financial Group respect the details of the deliberations at the Compensation Committee of Sumitomo Mitsui Financial Group and determine the compensation for directors and corporate auditors within the maximum total amount of compensation approved at an ordinary general meeting of shareholders.

(2) For Employees and Others

The amount and type of compensation paid to the employees of Sumitomo Mitsui Financial Group and SMBC and the officers and employees of major consolidated subsidiaries are determined and paid according to the compensation policies established by the boards of directors of Sumitomo Mitsui Financial Group and its major consolidated subsidiaries. Compensation systems based on the compensation policies are designed and documented by the HR departments of respective companies, independent from the influence of business units. The compensation policies of major consolidated subsidiaries are regularly reported to the HR department of Sumitomo Mitsui Financial Group for review. The amount and type of compensation for overseas officers and employees is determined and paid under the compensation system established by the relevant office or subsidiary in accordance with local laws, regulations and employment practices.

(3) Total Amount of Compensation Paid to Compensation Committee Members and Number of Compensation Committee Meetings Held

	Number of Meetings Held (April 1, 2025 to March 31, 2026)
Compensation Committee (Sumitomo Mitsui Financial Group)	7
Executive Nomination and Compensation Committee (SMBC Nikko Securities Inc.)	6

Note: The total amount of compensation is not provided because the portion of the compensation paid to a committee member for services rendered as a committee member cannot be calculated as the amount of compensation paid is based on the committee member’s position in the company.

Assessment of Design and Operation of Compensation Structure

Compensation Policies for Officers, Employees and Others

(1) For Officers

Sumitomo Mitsui Financial Group hereby establishes the Executive Compensation Policy (the “Policy”) in order to determine individual remuneration for its directors, corporate executive officers and executive officers (the “Executives”).
The Policy’s aim is that executive compensation pursuant to it shall provide the appropriate incentives for the Executives to pursue our Mission while materializing our medium-/long-term vision.

<Basic Concept>
Executive compensation at SMBC Group shall be determined based on the following concept.

I. SMBC Group’s executive compensation aims to provide appropriate incentives for the achievement of our Mission and our Vision.
II. SMBC Group’s executive compensation shall reflect the changing business environment and the short-, medium-and long-term performance of the group, and shall account for the contribution to shareholder value, the provision of value to customers, and the creation of a sustainable society.
III. Individual remuneration shall reflect the assigned roles and responsibilities as well as the performance of each Executive.
IV. SMFG shall research and review market practices, including the use of third-party surveys, in order to provide its Executives with a competitive remuneration package.
V. SMFG’s executive compensation shall discourage excessive risk-taking and help develop the prudent risk culture to be expected of a financial institution.
VI. Both external and internal regulations/guidelines on executive compensation shall be observed and respected.
VII. SMFG shall establish appropriate governance and controls of the compensation process, and shall regularly review and update its executive compensation practices in accordance with changes in market practices and/or business environment.

<Compensation Program>

I. SMFG’s executive compensation program (the “Program”) shall have three components: base salary, cash bonus, and stock compensation.
However, compensation of outside directors and Audit Committee members shall consist of base salary and stock compensation for which the number of shares granted does not vary depending on performance, in light of their role to oversee the execution of duties of executive officers and others.
II. In order to hold Executives accountable for performance and provide them with appropriate incentives, the Program targets a variable compensation component. It changes depending on the business environment, performance, and other factors of total remuneration for each Executive (excluding outside directors and Audit Committee members) within a range of approximately 40% to 60%, in accordance with the corporate titles of each Executive, if paid at standard levels. Corresponding with the performance of SMBC Group, the degree of contribution to the creation of a sustainable society, and the achievements of each Executive (excluding outside directors and Audit Committee members), the variable component shall be paid within a range of 0% to 150% of the standard compensation amount.
III. In order to enhance the shareholding of Executives and align their interests with those of shareholders, the Program targets its stock-based compensation components at approximately 25% to 45% of total remuneration for each Executive (excluding outside directors and Audit Committee members) in accordance with the corporate titles of each Executive, if paid at standard levels. Furthermore, by promoting shareholding in SMFG through the stock compensation plan, it sets shareholding targets equivalent to at least three times the annual base salary for the Chairman and President, and at least two times the annual base salary for other Executives (excluding outside directors and Audit Committee members). The target ratio of stock-based compensation to total remuneration for outside directors is approximately 10%.
IV. The above target levels shall be appropriately set in accordance with the roles and responsibilities of each Executive.
V. Base salary shall be periodically paid in cash and shall be, in principle, determined by the corporate titles of each Executive, reflecting their roles and responsibilities.
VI. Annual incentives shall be determined annually based on the performance of SMBC Group in the previous fiscal year, the results of major external ratings regarding the degree of contribution to the creation of a sustainable society, as well as on the performance of each Executive reviewed both from short-term and medium-/long-term perspectives. The determined amount shall be paid in cash. If the amount of a bonus exceeds a predetermined threshold, a portion of the payment shall be deferred over multiple years.
a. Evaluation indices and weight by each evaluation index are as follows:

Target index		Weight
SMFG consolidated net business profit	Annual growth/Target achievement	50%
SMFG net income attributable to owners of parent	Annual growth/Target achievement	50%

Note: If the Compensation Committee recognizes any element other than the above-mentioned target indices which should be taken into consideration, the Compensation Committee will, if appropriate, judge the circumstances comprehensively and may adjust the compensation to be paid by a maximum of 5%, plus or minus.

b. The degree of contribution to the creation of a sustainable society shall be reflected as an adjustment to the score determined in a., by a maximum of 5%, plus or minus, based on the results of major external ratings.

VII. Stock compensation plans consist of: Stock Compensation Plan I (the "Plan I"), under which the remuneration of Executives shall be determined based on SMBC Group's medium-term performance and related factors; Stock Compensation Plan II (the "Plan II"), under which a fixed amount of remuneration is paid regardless of performance; and Stock Compensation Plan III (the "Plan III"), determined based on corporate titles and other related factors.

a. Under the stock compensation plans, Executives shall receive remuneration via shares of SMFG common stock. The transfer of such stock shall be restricted for appropriately defined periods.

b. Remuneration under Plan I shall be determined and paid after the term of SMBC Group's Medium-term Management Plan ends, based on SMBC Group's performance against the Medium-term Management Plan, the performance of SMFG shares, and the status of initiatives concerning key issues identified by SMBC Group. The evaluation shall be calculated using the following weights: 60% for financial indices, 20% for a share-related index, and 20% for non-financial index.

Evaluation indices and weight by each index are as follows:

Evaluation index *1, 2		Weight
Financial index	ROTE	30%
	SMFG consolidated gross profit	30%
Share index	TSR (Total shareholder return)*3	20%
Non-financial index	Initiatives related to Social Value Creation and Employees*4	20%

*1 In addition to the above indices, the Compensation Committee will make a comprehensive judgment of adjustment factors such as "Build Next Core (laying the foundation for the next stage of growth)" and "compliance, customer-oriented initiatives, and risk management," and reflect them in the evaluation within a range of 10%, plus or minus.

*2 (Knock-out provision) If the "CET1 ratio (Post-Basel III reforms basis, excluding net unrealized gains (losses) on other securities)" falls below a designated level at the end of each fiscal year, no compensation under Plan I will be paid for the relevant fiscal year.

*3 The Compensation Committee calculates the performance achievement level through a relative evaluation of TSR during the period of the Medium-Term Management Plan.

*4 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).

c. Remuneration under Plan II shall be paid to outside directors and Audit Committee members as a fixed amount of remuneration, regardless of performance.

d. Remuneration under Plan III shall be determined based on corporate titles, roles, and responsibilities.

VIII. In the event of material amendments to the financial statements, material damage to the reputation of SMBC Group, or other similar events, SMFG shall introduce a mechanism under which remuneration under Plan I and Plan III, as well as bonuses subject to deferred payment, may be reduced, forfeited, or subject to clawback.

IX. Notwithstanding the matters set forth in "Compensation Program," if the Compensation Committee determines that it is not appropriate to apply the above matters due to the role of an Executive in each Group company or other reasonable circumstances, or with respect to locally hired Executives overseas or Executives residing or working outside Japan, compensation shall be designed on an individual basis and determined not only in accordance with the above <Basic Concept>, but also with consideration to local regulations, tax rules, guidelines, and other local market practices, while ensuring that the compensation does not create incentives for excessive risk-taking.

<Governance and Control of the Compensation Processes>

SMFG, as a Company with Three Committees, has established a Compensation Committee, which shall determine or deliberate on the following matters concerning the remuneration of Executives:

- The Policy, the Program (including the matters set forth in <Compensation Programme>), and regulations concerning the Policy
- Individual remunerations for SMFG's directors and corporate executive officers
- Executive compensation programs/practices of SMFG's major subsidiaries and others

(2) For Employees and Others

In order to link the business philosophy and strategy of the company to the roles and responsibilities of employees and others, Sumitomo Mitsui Financial Group and its major consolidated subsidiaries determine the domestic compensation taking into account their job responsibilities, business performance and other factors. Compensation for employees and others is determined by the HR departments of respective SMBC Group companies by comprehensively taking into account the surrounding business environment, performance trends, pay history and other factors. Compensation policies for overseas employees are determined following the aforementioned compensation policy for employees and others in Japan as well as in accordance with local laws, regulations and employment practices.

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

1. Sumitomo Mitsui Financial Group and SMBC

In determining the compensation for the officers of Sumitomo Mitsui Financial Group, the details of individual compensation for directors and corporate executive officers are determined by the statutory Compensation Committee, where the majority of the committee members are the outside directors. The compensation for the officers of SMBC are determined within the scope approved at a shareholders' meeting with the President, delegated by the Board of Directors, determining the details of compensation for each individual, reflecting the assigned roles and responsibilities as well as achievements at SMBC, in light of the deliberations of the Compensation Committee.

In order to hold Executives accountable for performance and provide them with appropriate incentives, the Program targets a variable compensation component. It changes depending on the business environment, performance, and other factors of total remuneration for each Executive (excluding outside directors and Audit Committee members) within a range of approximately 40% to 60%, in accordance with the corporate titles of each Executive, if paid at standard levels. Performance-linked compensation consists of bonuses and Stock Compensation Plan I. Bonuses shall be determined and paid each fiscal year based on the performance of SMBC Group in the previous fiscal year, the results of major external ratings regarding the degree of contribution to the creation of a sustainable society, as well as on the performance of each Executive reviewed both from short-term and medium-/long-term perspectives. If the amount of a bonus exceeds a predetermined threshold, a portion of the payment shall be deferred over multiple years. Stock Compensation Plan I is determined and paid based on the progress of achievement of the SMBC Group's Medium-term Management Plan during the period of the said plan, performance of Sumitomo Mitsui Financial Group shares, and the status of initiatives concerning key issues identified by SMBC Group. For Stock Compensation Plan I and Stock Compensation Plan III, which is determined based on corporate titles and other related factors, Sumitomo Mitsui Financial Group and SMBC utilize restricted stock and set respective periods for the restriction on transfer to ensure alignment between the compensation program and risk management. Stock Compensation Plan I involves removal of the restriction on transfer, after the expiry of SMBC Group's Medium-term Management Plan. In the event that the finalized amount of compensation falls short of the initially allocated amount, Sumitomo Mitsui Financial Group will acquire all or part of the allotted shares at nil cost.

Stock Compensation Plan III involves removal of the restriction on transfer, either 30 years after payment or at the time of retirement from the position of officer.

In addition, in order to restrain excessive risk-taking and foster a prudent risk culture expected of a financial institution, Sumitomo Mitsui Financial Group and SMBC introduced a mechanism under which remuneration under Stock Compensation Plan I and Stock Compensation Plan III, as well as bonuses subject to deferred payment, may be reduced or forfeited during the transfer restriction period or deferral period (malus) or recovered after the removal of the restriction on transfer or after the expiration of the deferral period (clawback) in the event of material amendments to the financial statements, material damage to the reputation of SMBC Group, or other similar events. Malus and clawback provisions are included in the Rules concerning the Deferral of Cash Bonuses to Executives When Such Bonuses Exceed a Certain Amount and the Restricted Stock Allotment Agreement entered into with the eligible Executives and they shall be applied based on a resolution of the Compensation Committee.

In determining the compensation for employees, their job responsibilities and business performance are taken into account. For variable compensation, in order to avoid an excessive result-oriented approach, it is determined after comprehensive evaluation based on not only short-term performance results but also qualitative evaluation. Compensation is individually designed with consideration to local regulations, guidelines, and other market practices, whilst ensuring the compensation should not incentivize excessive risk-taking.

2. Other Major Consolidated Subsidiaries

The compensation for officers and employees of other major subsidiaries of Sumitomo Mitsui Financial Group are determined by comprehensively taking into account the assessment of the subsidiaries' medium- and long-term earnings, and in the case of an overseas subsidiary, local laws, regulations and employment practices, and a compensation structure that could affect the risk management of SMBC Group has not been adopted. While terms of employment presented at the time of recruitment may include the minimum amount of compensation within a reasonable scope under local practice, the compensation structure is designed to avoid an excessive result-oriented approach. In addition, expenses for employee retention are recorded for employees of certain major consolidated subsidiaries.

Type, Total Amount Paid, and Payment Method of Compensation for Officers, Employees and Others of Sumitomo Mitsui Financial Group and Its Group Companies

Compensation, etc. allocated to the applicable fiscal year

(Headcount, millions of yen)

Item No.			(a) Officers	(b) Employees and others
1	Fixed compensation	Number of applicable officers, employees and others	19	416
2		Total fixed compensation (3+5+7)	1,220	26,303
3		of which: cash compensation	1,129	25,878
4		of which in 3: deferred amount	—	—
5		of which: amount of stock compensation or stock-linked compensation	72	62
6		of which in 5: deferred amount	72	62
7		of which: other compensation	18	361
8		of which in 7: deferred amount	—	—
9	Variable compensation	Number of applicable officers, employees and others	17	414
10		Total variable compensation (11+13+15)	1,048	33,188
11		of which: cash compensation	353	30,629
12		of which in 11: deferred amount	—	11,293
13		of which: amount of stock compensation or stock-linked compensation	695	2,558
14		of which in 13: deferred amount	695	1,798
15		of which: amount of other compensation	—	—
16		of which in 15: deferred amount	—	—
17	Retirement allowance	Number of applicable officers, employees and others	2	378
18		Amount of retirement allowance	1	9,714
19		of which: deferred amount	—	42
20	Other compensation	Number of applicable officers, employees and others	—	10
21		Amount of other compensation	—	496
22		of which: deferred amount	—	—
23	Total compensation, etc. (2+10+18+21)		2,270	69,702

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.

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	31	4,520	7	739	1	51

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

Deferred compensation, etc.

(Millions of yen)

		(a) Balance of deferred compensation, etc.	(b) Of the amount in (a), balance of deferred compensation, etc. subjected to adjustment or prone to fluctuations	(c) With respect to post allocation compensation, amount of fluctuation after adjustment not linked to fluctuations of criteria in the applicable fiscal year	(d) With respect to post allocation compensation, amount of fluctuation after adjustment linked to fluctuations of criteria in the applicable fiscal year	(e) Amount of deferred compensation, etc. paid in the applicable fiscal year
Officers	Amount of cash compensation	—	—	—	—	—
	Amount of stock compensation or stock-linked compensation	2,205	2,153	—	—	154
	Amount of other compensation	—	—	—	—	—
Employees and others	Amount of cash compensation	37,902	1,575	—	—	7,307
	Amount of stock compensation or stock-linked compensation	2,428	2,428	—	415	740
	Amount of other compensation	—	—	—	—	14
Total amount		42,536	6,156	—	415	8,217