SUMITOMO MITSUI BANKING CORPORATION

Consolidated Financial Statements
as of and for the year ended March 31, 2026

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

March 31		Millions of yen 2025		Millions of yen 2026	Millions of U.S. dollars 2026
Assets:					
Cash and due from banks	*5	¥ 71,788,392	*5	¥ 69,938,792	$ 437,391
Call loans and bills bought		5,582,978		8,062,022	50,419
Receivables under resale agreements		14,569,328		19,902,412	124,468
Receivables under securities borrowing transactions		1,187,846		2,427,526	15,182
Monetary claims bought		5,613,431		6,074,693	37,991
Trading assets	*5	5,594,108	*5	8,847,021	55,328
Money held in trust		0		0	0
Securities	*1, *2, *3, *5, *12	38,861,805	*1, *2, *3, *5, *12	38,093,774	238,235
Loans and bills discounted	*3, *4, *5, *6	111,544,762	*3, *4, *5, *6	117,662,191	735,849
Foreign exchanges	*3, *4	2,712,573	*3, *4	2,030,821	12,701
Lease receivables and investment assets		231,199		231,429	1,447
Other assets	*3, *5	8,916,345	*3, *5	12,197,822	76,284
Tangible fixed assets	*7, *8, *9	842,283	*7, *8, *9	906,392	5,668
Buildings		252,325		268,706	1,680
Land		372,926		383,931	2,401
Lease assets		93		394	2
Construction in progress		46,691		91,529	572
Other tangible fixed assets		170,246		161,829	1,012
Intangible fixed assets		481,329		569,111	3,559
Software		449,543		541,854	3,389
Lease assets		26		—	—
Other intangible fixed assets		31,760		27,257	170
Net defined benefit asset		970,420		1,273,634	7,965
Deferred tax assets		57,648		83,402	522
Customers' liabilities for acceptances and guarantees	*3	13,607,059	*3	15,389,233	96,243
Reserve for possible loan losses		(760,726)		(823,901)	(5,153)
Total assets		¥ 281,800,788		¥ 302,866,381	$ 1,894,099

CONSOLIDATED BALANCE SHEETS

March 31		Millions of yen 2025		Millions of yen 2026	Millions of U.S. dollars 2026
Liabilities and net assets:					
Liabilities:					
Deposits		¥ 171,857,892		¥ 186,163,439	$ 1,164,249
Negotiable certificates of deposit		17,855,891		16,173,132	101,145
Call money and bills sold		895,876		1,143,736	7,153
Payables under repurchase agreements	*5	21,951,110	*5	20,786,457	129,997
Payables under securities lending transactions	*5	1,405,800	*5	764,350	4,780
Commercial paper		2,672,952		3,353,481	20,972
Trading liabilities		4,342,014		5,933,458	37,107
Borrowed money	*5, *10	21,168,133	*5, *10	20,930,352	130,897
Foreign exchanges		1,772,828		1,437,548	8,990
Bonds	*5, *11	1,015,949	*5, *11	1,044,530	6,532
Due to trust account		1,041,660		956,169	5,980
Other liabilities		10,326,165		15,840,324	99,064
Reserve for employee bonuses		69,179		79,934	500
Reserve for executive bonuses		1,875		2,113	13
Net defined benefit liability		6,842		8,731	55
Reserve for executive retirement benefits		665		620	4
Reserve for point service program		2,163		4,000	25
Reserve for reimbursement of deposits		5,573		35,806	224
Deferred tax liabilities		364,552		554,661	3,469
Deferred tax liabilities for land revaluation	*7	26,424	*7	25,750	161
Acceptances and guarantees		13,607,059		15,389,233	96,243
Total liabilities		270,390,613		290,627,835	1,817,560
Net assets:					
Capital stock		1,771,093		1,771,093	11,076
Capital surplus		1,984,494		1,984,494	12,411
Retained earnings		5,106,143		5,413,487	33,855
Treasury stock		(210,003)		(210,003)	(1,313)
Total stockholders' equity		8,651,727		8,959,072	56,029
Net unrealized gains (losses) on other securities		1,280,412		1,545,643	9,666
Net deferred gains (losses) on hedges		(167,214)		(305,050)	(1,908)
Land revaluation excess	*7	32,849	*7	29,133	182
Foreign currency translation adjustments		1,184,170		1,451,189	9,076
Accumulated remeasurements of defined benefit plans		277,412		397,174	2,484
Total accumulated other comprehensive income		2,607,630		3,118,089	19,500
Non-controlling interests		150,815		161,384	1,009
Total net assets		11,410,174		12,238,546	76,539
Total liabilities and net assets		¥ 281,800,788		¥ 302,866,381	$ 1,894,099

CONSOLIDATED STATEMENTS OF INCOME

Year ended March 31		Millions of yen 2025		Millions of yen 2026	Millions of U.S. dollars 2026
Ordinary income		¥ 8,448,877		¥ 9,002,775	$ 56,303
Interest income		6,478,339		6,720,268	42,028
Interest on loans and discounts		3,597,723		3,607,349	22,560
Interest and dividends on securities		916,648		994,408	6,219
Interest on call loans and bills bought		184,000		128,866	806
Interest on receivables under resale agreements		382,356		566,507	3,543
Interest on receivables under securities borrowing transactions		3,831		12,424	78
Interest on deposits with banks		638,628		766,527	4,794
Interest on lease transactions		12,185		11,571	72
Other interest income		742,966		632,612	3,956
Trust fees		9,733		11,722	73
Fees and commissions		958,962		1,098,486	6,870
Trading income		310,784		135,055	845
Other operating income		111,777		450,678	2,819
Other income		579,279		586,564	3,668
Recoveries of written-off claims		1,840		15,102	94
Other	*1	577,439	*1	571,461	3,574
Ordinary expenses		6,713,044		6,953,417	43,486
Interest expenses		4,515,931		4,403,695	27,540
Interest on deposits		1,673,534		1,740,613	10,886
Interest on negotiable certificates of deposit		560,149		513,711	3,213
Interest on call money and bills sold		40,427		27,137	170
Interest on payables under repurchase agreements		843,364		855,590	5,351
Interest on payables under securities lending transactions		36,120		19,054	119
Interest on commercial paper		108,515		127,729	799
Interest on borrowed money		494,658		547,335	3,423
Interest on bonds		25,079		29,512	185
Other interest expenses		734,082		543,010	3,396
Fees and commissions payments		230,340		237,247	1,484
Trading losses		5,721		2,760	17
Other operating expenses		192,204		266,630	1,667
General and administrative expenses	*2	1,476,472	*2	1,637,645	10,242
Other expenses		292,373		405,437	2,536
Provision for reserve for possible loan losses		150,842		159,676	999
Other	*3	141,531	*3	245,761	1,537
Ordinary profit		1,735,832		2,049,358	12,816

CONSOLIDATED STATEMENTS OF INCOME

Year ended March 31		Millions of yen 2025		Millions of yen 2026	Millions of U.S. dollars 2026
Extraordinary gains		¥ 3,081		¥ 9,724	$ 61
Gains on disposal of fixed assets		3,081		9,724	61
Extraordinary losses		13,370		56,326	352
Losses on disposal of fixed assets		10,694		7,371	46
Losses on impairment of fixed assets	*5	2,675	*5	2,841	18
Other extraordinary losses		—	*4	46,112	288
Income before income taxes		1,725,543		2,002,756	12,525
Income taxes-current		518,257		597,812	3,739
Income taxes-deferred		(33,048)		5,456	34
Income taxes		485,208		603,269	3,773
Profit		1,240,334		1,399,487	8,752
Profit attributable to non-controlling interests		3,991		2,311	14
Profit attributable to owners of parent		¥ 1,236,342		¥ 1,397,175	$ 8,738

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended March 31		Millions of yen 2025		Millions of yen 2026	Millions of U.S. dollars 2026
Profit		¥ 1,240,334		¥ 1,399,487	$ 8,752
Other comprehensive income (losses)	*1	(546,809)	*1	520,352	3,254
Net unrealized gains (losses) on other securities		(501,287)		272,581	1,705
Net deferred gains (losses) on hedges		(98,112)		(138,546)	(866)
Land revaluation excess		—		(776)	(5)
Foreign currency translation adjustments		(7,257)		322,229	2,015
Remeasurements of defined benefit plans		(4,901)		119,687	749
Share of other comprehensive income of affiliates		64,749		(54,822)	(343)
Total comprehensive income		693,525		1,919,840	12,007
Comprehensive income attributable to owners of parent		691,189		1,910,574	11,949
Comprehensive income attributable to non-controlling interests		2,335		9,266	58

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2025	Millions of yen Stockholders' equity Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥ 1,770,996	¥ 1,977,337	¥ 4,598,846	¥ (210,003)	¥ 8,137,177
Changes in the fiscal year					
Issuance of new stock	96	96			193
Cash dividends			(731,201)		(731,201)
Profit attributable to owners of parent			1,236,342		1,236,342
Changes in shareholders' interest due to transaction with non-controlling interests		309			309
Increase due to an increase in subsidiaries		6,750			6,750
Increase due to a decrease in subsidiaries			67		67
Reversal of land revaluation excess			2,087		2,087
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	96	7,157	507,296	—	514,550
Balance at the end of the fiscal year	¥ 1,771,093	¥ 1,984,494	¥ 5,106,143	¥ (210,003)	¥ 8,651,727

Year ended March 31, 2025	Millions of yen Accumulated other comprehensive income Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total
Balance at the beginning of the fiscal year	¥ 1,779,511	¥ (66,285)	¥ 34,936	¥ 1,124,445	¥ 282,263	¥ 3,154,871
Changes in the fiscal year						
Issuance of new stock						
Cash dividends						
Profit attributable to owners of parent						
Changes in shareholders' interest due to transaction with non-controlling interests						
Increase due to an increase in subsidiaries						
Increase due to a decrease in subsidiaries						
Reversal of land revaluation excess						
Net changes in items other than stockholders' equity in the fiscal year	(499,099)	(100,928)	(2,087)	59,725	(4,850)	(547,240)
Net changes in the fiscal year	(499,099)	(100,928)	(2,087)	59,725	(4,850)	(547,240)
Balance at the end of the fiscal year	¥ 1,280,412	¥ (167,214)	¥ 32,849	¥ 1,184,170	¥ 277,412	¥ 2,607,630

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Millions of yen	
Year ended March 31, 2025	**Non-controlling interests**	**Total net assets**
Balance at the beginning of the fiscal year	¥ 202,229	¥ 11,494,278
Changes in the fiscal year		
Issuance of new stock		193
Cash dividends		(731,201)
Profit attributable to owners of parent		1,236,342
Changes in shareholders' interest due to transaction with non-controlling interests		309
Increase due to an increase in subsidiaries		6,750
Increase due to a decrease in subsidiaries		67
Reversal of land revaluation excess		2,087
Net changes in items other than stockholders' equity in the fiscal year	(51,413)	(598,654)
Net changes in the fiscal year	(51,413)	(84,104)
Balance at the end of the fiscal year	¥ 150,815	¥ 11,410,174

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Millions of yen				
	Stockholders' equity				
Year ended March 31, 2026	**Capital stock**	**Capital surplus**	**Retained earnings**	**Treasury stock**	**Total**
Balance at the beginning of the fiscal year	¥ 1,771,093	¥ 1,984,494	¥ 5,106,143	¥ (210,003)	¥ 8,651,727
Changes in the fiscal year					
Cash dividends			(868,070)		(868,070)
Profit attributable to owners of parent			1,397,175		1,397,175
Changes in shareholders' interest due to transaction with non-controlling interests		0			0
Decrease due to a decrease in equity method affiliates			(224,699)		(224,699)
Reversal of land revaluation excess			2,939		2,939
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	—	0	307,344	—	307,344
Balance at the end of the fiscal year	¥ 1,771,093	¥ 1,984,494	¥ 5,413,487	¥ (210,003)	¥ 8,959,072

	Millions of yen					
	Accumulated other comprehensive income					
Year ended March 31, 2026	**Net unrealized gains (losses) on other securities**	**Net deferred gains (losses) on hedges**	**Land revaluation excess**	**Foreign currency translation adjustments**	**Accumulated remeasurements of defined benefit plans**	**Total**
Balance at the beginning of the fiscal year	¥ 1,280,412	¥ (167,214)	¥ 32,849	¥ 1,184,170	¥ 277,412	¥ 2,607,630
Changes in the fiscal year						
Cash dividends						
Profit attributable to owners of parent						
Changes in shareholders' interest due to transaction with non-controlling interests						
Decrease due to a decrease in equity method affiliates						
Reversal of land revaluation excess						
Net changes in items other than stockholders' equity in the fiscal year	265,231	(137,836)	(3,715)	267,018	119,761	510,459
Net changes in the fiscal year	265,231	(137,836)	(3,715)	267,018	119,761	510,459
Balance at the end of the fiscal year	¥ 1,545,643	¥ (305,050)	¥ 29,133	¥ 1,451,189	¥ 397,174	¥ 3,118,089

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Millions of yen	
Year ended March 31, 2026	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	¥ 150,815	¥ 11,410,174
Changes in the fiscal year		
Cash dividends		(868,070)
Profit attributable to owners of parent		1,397,175
Changes in shareholders' interest due to transaction with non-controlling interests		0
Decrease due to a decrease in equity method affiliates		(224,699)
Reversal of land revaluation excess		2,939
Net changes in items other than stockholders' equity in the fiscal year	10,568	521,027
Net changes in the fiscal year	10,568	828,372
Balance at the end of the fiscal year	¥ 161,384	¥ 12,238,546

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Millions of U.S. dollars				
	Stockholders' equity				
Year ended March 31, 2026	**Capital stock**	**Capital surplus**	**Retained earnings**	**Treasury stock**	**Total**
Balance at the beginning of the fiscal year	$ 11,076	$ 12,411	$ 31,933	$ (1,313)	$ 54,107
Changes in the fiscal year					
Cash dividends			(5,429)		(5,429)
Profit attributable to owners of parent			8,738		8,738
Changes in shareholders' interest due to transaction with non-controlling interests		0			0
Decrease due to a decrease in equity method affiliates			(1,405)		(1,405)
Reversal of land revaluation excess			18		18
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	—	0	1,922	—	1,922
Balance at the end of the fiscal year	$ 11,076	$ 12,411	$ 33,855	$ (1,313)	$ 56,029

	Millions of U.S. dollars					
	Accumulated other comprehensive income					
Year ended March 31, 2026	**Net unrealized gains (losses) on other securities**	**Net deferred gains (losses) on hedges**	**Land revaluation excess**	**Foreign currency translation adjustments**	**Accumulated remeasurements of defined benefit plans**	**Total**
Balance at the beginning of the fiscal year	$ 8,008	$ (1,046)	$ 205	$ 7,406	$ 1,735	$ 16,308
Changes in the fiscal year						
Cash dividends						
Profit attributable to owners of parent						
Changes in shareholders' interest due to transaction with non-controlling interests						
Decrease due to a decrease in equity method affiliates						
Reversal of land revaluation excess						
Net changes in items other than stockholders' equity in the fiscal year	1,659	(862)	(23)	1,670	749	3,192
Net changes in the fiscal year	1,659	(862)	(23)	1,670	749	3,192
Balance at the end of the fiscal year	$ 9,666	$ (1,908)	$ 182	$ 9,076	$ 2,484	$ 19,500

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Millions of U.S. dollars	
Year ended March 31, 2026	**Non-controlling interests**	**Total net assets**
Balance at the beginning of the fiscal year	$ 943	$ 71,358
Changes in the fiscal year		
Cash dividends		(5,429)
Profit attributable to owners of parent		8,738
Changes in shareholders' interest due to transaction with non-controlling interests		0
Decrease due to a decrease in equity method affiliates		(1,405)
Reversal of land revaluation excess		18
Net changes in items other than stockholders' equity in the fiscal year	66	3,258
Net changes in the fiscal year	66	5,181
Balance at the end of the fiscal year	$ 1,009	$ 76,539

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended March 31	Millions of yen 2025	Millions of yen 2026	Millions of U.S. dollars 2026
Cash flows from operating activities:			
Income before income taxes	¥ 1,725,543	¥ 2,002,756	$ 12,525
Depreciation	149,256	171,272	1,071
Losses on impairment of fixed assets	2,675	2,841	18
Amortization of goodwill	396	—	—
Losses related to the sale of part of the US banking subsidiary's business	—	46,112	288
Equity in (gains) losses of affiliates	(2,678)	(74,123)	(464)
Net change in reserve for possible loan losses	109,077	57,080	357
Net change in reserve for employee bonuses	5,101	8,437	53
Net change in reserve for executive bonuses	31	220	1
Net change in net defined benefit asset and liability	(71,723)	(301,185)	(1,884)
Net change in reserve for executive retirement benefits	23	(45)	(0)
Net change in reserve for point service program	581	1,836	11
Net change in reserve for reimbursement of deposits	(3,655)	30,232	189
Interest income	(6,478,339)	(6,720,268)	(42,028)
Interest expenses	4,515,931	4,403,695	27,540
Net (gains) losses on securities	(443,488)	(336,503)	(2,104)
Net (gains) losses from money held in trust	(0)	(0)	(0)
Net exchange (gains) losses	(5,655)	(789,494)	(4,937)
Net (gains) losses from disposal of fixed assets	7,613	(2,352)	(15)
Net change in trading assets	(203,935)	(4,998,833)	(31,262)
Net change in trading liabilities	(88,044)	4,595,485	28,740
Net change in loans and bills discounted	(3,856,651)	(5,361,736)	(33,532)
Net change in deposits	6,804,160	12,976,578	81,154
Net change in negotiable certificates of deposit	2,709,958	(1,719,482)	(10,753)
Net change in borrowed money (excluding subordinated borrowings)	(4,106,137)	(2,359,890)	(14,759)
Net change in deposits with banks	2,232,432	(4,136,966)	(25,872)
Net change in call loans and bills bought and others	(7,342,495)	(7,784,207)	(48,682)
Net change in receivables under securities borrowing transactions	1,425,466	(1,240,160)	(7,756)
Net change in call money and bills sold and others	5,725,030	(1,101,240)	(6,887)
Net change in commercial paper	202,913	676,321	4,230
Net change in payables under securities lending transactions	608,220	(641,037)	(4,009)
Net change in foreign exchanges (assets)	(646,936)	701,146	4,385
Net change in foreign exchanges (liabilities)	(1,100,371)	(340,996)	(2,133)
Net change in lease receivables and investment assets	(16,993)	16,973	106
Issuance and redemption of bonds (excluding subordinated bonds)	(147,010)	9,455	59
Net change in due to trust account	(204,537)	(85,490)	(535)
Interest received	6,517,027	6,871,429	42,973
Interest paid	(4,516,304)	(4,287,856)	(26,816)
Other, net	581,489	(554,722)	(3,469)
Subtotal	4,087,971	(10,264,718)	(64,195)
Income taxes paid	(477,870)	(517,598)	(3,237)
Net cash provided by (used in) operating activities	3,610,101	(10,782,316)	(67,432)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended March 31	Millions of yen 2025	Millions of yen 2026	Millions of U.S. dollars 2026
Cash flows from investing activities:			
Purchases of securities	¥ (49,539,926)	¥ (44,812,903)	$ (280,256)
Proceeds from sale of securities	18,174,997	15,013,809	93,895
Proceeds from redemption of securities	27,475,830	33,428,100	209,056
Purchases of money held in trust	(0)	(0)	(0)
Proceeds from sale of money held in trust	0	0	0
Purchases of tangible fixed assets	(87,168)	(159,415)	(997)
Proceeds from sale of tangible fixed assets	7,925	12,802	80
Purchases of intangible fixed assets	(158,447)	(182,789)	(1,143)
Proceeds from acquisition of stocks of subsidiaries resulting in change in scope of consolidation	296	—	—
Purchases of stocks of subsidiaries resulting in change in scope of consolidation	(812)	—	—
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation	—	1,165	7
Net cash provided by (used in) investing activities	(4,127,304)	3,300,770	20,643
Cash flows from financing activities:			
Proceeds from subordinated borrowings	1,742,318	2,659,627	16,633
Repayment of subordinated borrowings	(1,360,759)	(1,301,962)	(8,142)
Dividends paid	(731,201)	(868,070)	(5,429)
Proceeds from issuance of common stock to non-controlling shareholders	—	24	0
Dividends paid to non-controlling shareholders	(611)	(2,616)	(16)
Purchases of treasury stock of subsidiaries	(51,683)	—	—
Proceeds from sale of treasury stock of subsidiaries	0	—	—
Proceeds from sale of stocks of subsidiaries not resulting in change in scope of consolidation	—	0	0
Net cash provided by (used in) financing activities	(401,937)	487,002	3,046
Effect of exchange rate changes on cash and cash equivalents	(46,759)	319,315	1,997
Net change in cash and cash equivalents	(965,899)	(6,675,229)	(41,746)
Cash and cash equivalents at the beginning of the fiscal year	64,152,845	63,186,945	395,165
Cash and cash equivalents at the end of the fiscal year	*1 ¥ 63,186,945	*1 ¥ 56,511,716	$ 353,419

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Basis of presentation)

Sumitomo Mitsui Banking Corporation (“SMBC”), a wholly owned subsidiary of Sumitomo Mitsui Financial Group, Inc. provides an extensive range of wholesale and retail banking services to its customers in Japan and overseas. SMBC has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which differ from IFRS Accounting Standards (“IFRS”) in certain respects, particularly regarding application and disclosure requirements.

The accounts of overseas subsidiaries and affiliated companies are, in principle, integrated with those of SMBC’s accounting policies for purposes of consolidation unless they apply different accounting principles and standards as required under U.S. GAAP or IFRS, in which case a certain limited number of items are adjusted based on their materiality.

These consolidated financial statements are translated from the consolidated financial statements contained in the annual securities report filed under the Financial Instruments and Exchange Act of Japan (“FIEA based financial statements”), except for the addition of the non-consolidated financial statements and U.S. dollar figures.

Amounts less than ¥1 million have been rounded down. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate as of March 31, 2026, which was ¥159.90 to US$1. These translations should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at that rate.

(Significant Accounting Policies for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

The number of consolidated subsidiaries as of March 31, 2026 was 119.

Principal companies:	SMBC Trust Bank Ltd. (“SMBC Trust”)
	SMBC Bank International plc
	SMBC Bank EU AG
	Sumitomo Mitsui Banking Corporation (China) Limited
	PT Bank SMBC Indonesia Tbk
	SMBC Americas Holdings, Inc.

Changes in the consolidated subsidiaries in the fiscal year ended March 31, 2026 were as follows:
9 companies were newly included in the scope of consolidation due to new establishment and other reasons.
3 other companies were excluded from the scope of consolidation because they ceased to be subsidiaries due to the liquidation and other reasons.
SMBC Venture Capital Management Co., Ltd. changed its name to SMBC Edge Co., Ltd.

(2) Unconsolidated subsidiaries

Principal company: Energy Opportunity Fund, L.P.

8 of the unconsolidated subsidiaries were investment partnerships, whose assets and profit or loss were not substantially attributable to the said subsidiaries; therefore, they were excluded from the scope of consolidation pursuant to Article 5, Paragraph 1, Item 2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(3) Entities not treated as subsidiaries even though SMBC owns a majority of voting rights for its own account:

Principal companies:	Tamago & Company Inc.
	Fustnot Inc.
	Aqua Clara, inc.
	Aqua Clara Lemon Gas Holdings Co., Ltd.
	NJT Copper Tube Corporation
	EM Devices Corporation
	SYNZTEC CO., LTD.
	Star Works Co., Ltd.

(Reasons for not being treated as subsidiaries)
SMBC's consolidated subsidiary conducting investment business owns their voting rights primarily to obtain capital gains through investments or restructuring of their business, and has no intent to control.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for using the equity method

There were no corresponding companies.

(2) Equity method affiliates

The number of affiliates accounted for using the equity method as of March 31, 2026 was 138.

Principal company: Vietnam Prosperity Joint-Stock Commercial Bank

Changes in the equity method affiliates in the fiscal year ended March 31, 2026 were as follows:
YES BANK LIMITED and 7 other companies became equity method affiliates due to the acquisition of shares and other reasons.
The Bank of East Asia, Limited and 21 other companies were excluded from the scope of equity method affiliates. This was because The Bank of East Asia, Limited ceased to be an equity method affiliate due to the partial sale of shares and changes in the composition of its directors, and 21 other companies ceased to be equity method affiliates due to liquidation and other reasons.

(3) Unconsolidated subsidiaries not accounted for using the equity method

8 of the unconsolidated subsidiaries not accounted for using the equity method were investment partnerships, whose assets and profit or loss were not substantially attributable to the said subsidiaries; therefore, they were excluded from the scope of the equity method pursuant to Article 10, Paragraph 1, Item 2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(4) Affiliates not accounted for using the equity method

Principal company: Park Square Capital / SMBC Loan Programme S.à r.l.

Affiliates not accounted for using the equity method were also excluded from the scope of the equity method because their net income and retained earnings were immaterial and, therefore, their exclusion from the scope of the equity method did not hinder a rational assessment of SMBC's and its consolidated subsidiaries' financial position and results of operations.

(5) Entities not treated as affiliates even though SMBC owns 20 percent or more but not exceeding 50 percent of the voting rights for its own account:

Principal companies: UDI Building Confirmations and Inspections. Inc.
Geo Maintenance Co., Ltd.
Yuki Shoji Co., Ltd.

(Reasons for not being treated as affiliates)
SMBC's consolidated subsidiary conducting investment business owns their voting rights primarily to obtain capital gains through investments or restructuring of their business, and has no intent to exercise significant influence.

3. The balance sheet dates of consolidated subsidiaries

(1) The balance sheet dates of the consolidated subsidiaries as of March 31, 2026 were as follows:

June 30	1
October 31	2
November 30	2
December 31	72
March 31	42

(2) The subsidiary with a balance sheet date of June 30 is consolidated using financial statements as of December 31. Subsidiaries with balance sheet dates of October 31 are consolidated using financial statements as of January 31. Subsidiaries with balance sheet dates of November 30 and certain subsidiaries with balance sheet dates of December 31 are consolidated using financial statements as of March 31. Other subsidiaries are consolidated using financial statements as of their respective balance sheet dates.

Appropriate adjustments are made for material transactions during the periods between their respective balance sheet dates and the consolidated closing dates.

4. Accounting policies

(1) Standards for recognition and measurement of trading assets/liabilities and trading income/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in “Trading assets” or “Trading liabilities” on the consolidated balance sheets on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as “Trading income” and “Trading losses” on the consolidated statements of income.

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

“Trading income” and “Trading losses” include interest received or paid during the fiscal year. The valuation differences of securities and monetary claims between the end of the fiscal year ended March 31, 2025 and the end of the fiscal year ended March 31, 2026 were also recorded in the above-mentioned accounts. With respect to the derivatives, assuming that the settlement will be made in cash, the valuation differences between the end of the fiscal year ended March 31, 2025 and the end of the fiscal year ended March 31, 2026 were also recorded in the above-mentioned accounts.

With respect to market and credit risks specific to derivative transactions, the fair values of financial assets and liabilities are calculated on a group basis, based on net assets or liabilities after offsetting.

(2) Standards for recognition and measurement of securities

1) Debt securities classified as held-to-maturity are measured at amortized cost (based on the straight-line method) using the moving-average method. Investments in affiliates not accounted for using the equity method are measured at cost using the moving-average method. Other securities are measured at their period-end market prices (the cost of securities sold is calculated primarily using the moving-average method). Stocks without market prices are measured at cost using the moving-average method.

Net unrealized gains (losses) on other securities, net of income taxes, are included in “Net assets,” except for amounts reflected in gains or losses under fair value hedge accounting.

2) Securities included in money held in trust are measured using the same method as described in (1) and (2), 1) above.

(3) Standards for recognition and measurement of derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are measured at fair value.

With respect to market and credit risks specific to derivative transactions, the fair values of financial assets and liabilities are calculated on a group basis, based on net assets or liabilities after offsetting.

(4) Depreciation

1) Tangible fixed assets (excluding lease assets)

Buildings owned by SMBC are depreciated using the straight-line method.
The estimated useful lives of major items are as follows:

Buildings:	7 to 69 years
Others:	2 to 20 years

The consolidated subsidiaries depreciate tangible fixed assets primarily using the straight-line method over the estimated useful lives of the respective assets.

2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by SMBC and its consolidated domestic subsidiaries is depreciated over its estimated useful life (5 to 10 years).

3) Lease assets

Lease assets in "Tangible fixed assets" related to finance lease transactions, in which ownership is not transferred, are depreciated using the straight-line method over their lease terms as useful lives, with a residual value of zero.

(5) Reserve for possible loan losses

The reserve for possible loan losses of SMBC and major consolidated subsidiaries is provided in accordance with the internal standards for write-offs and provisions, as detailed below.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings, or similar legal proceedings ("Bankrupt borrowers"), or borrowers that are not legally or formally insolvent but are regarded as being in substantially the same situation ("Effectively bankrupt borrowers"), a reserve is provided for the amount of claims, after the write-offs stated below, net of the expected amount of recoveries from collateral and guarantees. For claims on borrowers that are not currently bankrupt but are considered to have a high risk of bankruptcy ("Potentially bankrupt borrowers"), a reserve is provided in the amount deemed necessary based on an overall assessment of the collectability of the claims, net of the expected amount of recoveries from collateral and guarantees.

SMBC applies the Discounted Cash Flows ("DCF") method to claims on large borrowers exceeding a certain amount, whose borrower categories are bankrupt borrowers, effectively bankrupt borrowers, or potentially bankrupt borrowers, and whose loans, in whole or in part, are classified as "Past due loans (3 months or more)" or "Restructured loans" requiring close monitoring, and for which cash flows from the collection of principal and interest can be reasonably estimated. SMBC establishes a reserve for possible loan losses for such claims using the DCF method in the amount of the difference between the present value of principal and interest (calculated using reasonably estimated cash flows discounted at the initial contractual interest rate) and the book value.

For other claims, the reserve is recorded by estimating the amount of expected loss over the next one year or three years. The estimated amount of expected loss is calculated using the average loan-loss ratio or probability of default for certain past periods based on actual loan losses or defaults over the past one year or three years, with necessary adjustments made, including future estimates.

In addition, in light of the latest economic conditions and risk factors, for potential losses relating to specific portfolios that are highly probable based on future prospects but cannot be reflected in historical loan-loss experience or in any individual borrower classification, a reserve is provided in the amount deemed necessary based on an overall assessment.

For claims originated in specific overseas countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the credit review department, which is independent of these operating sections, audits such assessments.

The reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on historical loan-loss ratios, and for doubtful claims, in the amount deemed uncollectible based on an assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amounts written off for the fiscal years ended March 31, 2025 and 2026 were ¥212,947 million and ¥224,276 million, respectively.

(6) Reserve for employee bonuses

The reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.

(7) Reserve for executive bonuses

The reserve for executive bonuses is provided for payment of bonuses to executives, in the amount of estimated bonuses, which are attributable to the fiscal year.

(8) Reserve for executive retirement benefits

The reserve for executive retirement benefits is provided for payment of retirement benefits to executives, in an amount deemed to have accrued as of the end of the period based on SMBC's internal regulations.

(9) Reserve for point service program

The reserve for the point service program is provided for the potential future redemption of points awarded to customers under the “V Point,” the Group-wide point service program. The amount is calculated by converting outstanding points into a monetary amount and reasonably estimating and recognizing the amount expected to be redeemed in the future.

(10) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for estimated losses on withdrawal claims by depositors, based on the historical reimbursement experience.

(11) Employee retirement benefits

In calculating the projected benefit obligation, the benefit formula basis is mainly used to attribute the expected benefits to periods up to the end of the fiscal year.

Unrecognized prior service cost is amortized on a straight-line basis, primarily over 9 years, within the employees' average remaining service period at the time of incurrence.

Unrecognized net actuarial gains or losses are amortized on a straight-line basis, primarily over 9 years, within the employees' average remaining service period, commencing in the fiscal year following incurrence.

(12) Revenue recognition

1) Revenue recognition

Revenue from contracts with customers is recognized by identifying the satisfaction of performance obligations for each transaction based on the actual transaction of the contractual coverage.

2) Revenue recognition of major transactions

Regarding revenue from contracts with customers, the contractual coverage and the timing of identifying the satisfaction of performance obligations for each item of fees and commissions are determined as follows.

Revenue from deposits and loans, mainly including the commission fees, etc. for account transfer and commissions for administration fees during the loan period of syndicated loans, is recognized when the transaction with the customer starts or over the period during which the related services are provided.

Revenue from remittances and transfers, mainly including the fees for domestic and overseas remittances, is recognized when the related services are provided.

Revenue from securities-related business, mainly including trading commissions such as sales commissions of stocks and bonds, is recognized when the transaction with the customer starts.

Revenue from agency business, mainly including agency service fees such as interbank commissions received due to online alliances, is recognized when the related services are provided or over the period of the related services.

Revenue from safe deposits, mainly including storage fees for safekeeping deposit and usage fees of safes and protective boxes, is recognized over the period during which the related services are provided.

Revenue from investment trusts, mainly including commissions for processing sales and for record management of investment trusts, etc., is recognized when the transaction with the customer starts or over the period during which the related services are provided.

(13) Translation of foreign currency assets and liabilities

Assets and liabilities of SMBC denominated in foreign currencies, and the accounts of SMBC's overseas branches are translated into Japanese yen mainly at the exchange rates prevailing at the consolidated balance sheet date, except for stocks of subsidiaries and affiliates, which are translated at the exchange rates prevailing at the time of acquisition.

Consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.

(14) Lease transactions

Income from finance leases is recognized by allocating interest income to each period.

(15) Hedge accounting

1) Hedging against interest rate changes

With respect to the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting.

SMBC applies deferred hedge accounting stipulated in “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Committee Practical Guideline No. 24, March 17, 2022) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.

With respect to the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. With respect to the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.

With respect to the individual hedges, SMBC also assesses the effectiveness of such individual hedges.

2) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Committee Practical Guideline No. 25, October 8, 2020) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Committee Practical Guideline No. 25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

In order to hedge the risk arising from fluctuations in exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, provided that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.

3) Hedging against share price fluctuations

SMBC applies fair value hedge accounting to individual hedges offsetting the price fluctuation of the shares that are classified under other securities, and accordingly evaluates the effectiveness of such individual hedges.

4) Transactions between consolidated subsidiaries

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the non-arbitrary and strict criteria for external transactions stipulated in JICPA Industry Committee Practical Guidelines No. 24 and No. 25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain consolidated subsidiaries apply the deferred hedge accounting, fair value hedge accounting or the special treatment for interest rate swaps.

(16) Amortization of goodwill

Goodwill is amortized using the straight-line method over a period in which its benefit is expected to be realized, not to exceed 20 years. Immaterial goodwill is charged or credited to income directly when incurred.

(17) Scope of “Cash and cash equivalents” on consolidated statements of cash flows

For the purpose of presenting the consolidated statements of cash flows, “Cash and cash equivalents” consist of cash on hand, non-interest-bearing deposits with banks, and deposits with the Bank of Japan.

(18) Adoption of the group tax sharing system

SMBC and certain consolidated domestic subsidiaries apply the group tax sharing system in which Sumitomo Mitsui Financial Group, Inc. is the parent company of the group tax sharing system.

(Significant Accounting Estimates)

1. Reserve for possible loan losses

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025 and 2026

	Millions of yen			
Year ended March 31	**2025**		**2026**	
Reserve for possible loan losses	¥	760,726	¥	823,901

(2) Information on details of the significant accounting estimates for the identified item

Based on the assessment of all claims, including loans and bills discounted, conducted in accordance with the self-assessment procedures, and borrower categories determined based on their credit risk status, the following amounts are recorded as a reserve for possible loan losses.

- The estimated amount of expected loss calculated for each borrower category based on the average value of historical loan-loss ratios or probability of default over a certain past period is recorded as a reserve for loan losses.

- With respect to claims classified as substandard or lower classifications for which cash flows from the collection of principal and interest can be reasonably estimated, the Discounted Cash Flows (“DCF”) method is applied to claims involving large borrowers, and the amount calculated using the DCF method is recorded as a reserve for loan losses.

- With respect to expected losses that are highly probable based on future prospects but cannot be reflected in historical loan-loss experience or in any individual borrower category, the amount deemed necessary based on an overall assessment is recorded as a reserve for loan losses

The reserve for possible loan losses recorded using the method above involves the following uncertainties in the estimation process and therefore requires a high level of managerial judgment.

- Consideration of qualitative factors, including forward-looking information, in determining borrower categories

- Reasonable estimation of future individual cash flows under the DCF method

- Determination of a method for estimating expected loss based on future prospects, taking into account the latest economic environment, risk factors, and the characteristics of the target portfolio

The items above may be affected by changes in the economic environment, which may have a potentially significant impact on the amount of the reserve for possible loan losses for the next fiscal year.

(Note) For the estimation of the reserve for possible loan losses in consideration of the impact of the deteriorating situation in the Middle East, the impact of inflation and other factors overseas, and the impact of the current international situation involving Ukraine, refer to (Additional Information).

2. Impairment loss for fixed assets

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025 and 2026

Year ended March 31	Millions of yen			
	2025		2026	
Tangible fixed assets	¥	842,283	¥	906,392
Intangible fixed assets		481,329		569,111
Losses on impairment of fixed assets		2,675		2,841

(2) Information on details of the significant accounting estimates for the identified item

(Grouping of assets)

With respect to land and buildings, etc., at SMBC, a branch is the smallest unit of asset group, and intangible fixed assets and assets of Head Office, etc. which do not produce independent cash flows are treated as corporate assets. Corporate assets that are reasonably deemed to be used solely by each business unit are identified as each business unit's corporate assets, and impairment assessments for these assets are conducted on a business unit basis together with other related fixed assets. With respect to other corporate assets, impairment is recognized on a company level.

(Identifying indication of impairment, and testing and calculating recognition of impairment loss)

Fixed assets that have an indication of impairment are tested for recognition of impairment loss, and if recognition is required, their book values are reduced to the recoverable amount and the reduced amount is recorded as impairment loss. Recoverable amount is either net realizable value, which is deducting expected disposal cost from fair value of the fixed asset, or value in use which is the present value of cash flows expected to derive from the continuous use and disposal of the fixed asset after use.

Future cash flows and the growth rate used for testing the recognition of impairment loss as well as for calculating value in use are determined based on the factors including the estimation or judgment by management and the market growth rate, etc. Discount rate used for calculating value in use is determined based on the market interest rate and other market conditions, and these may be affected by changes in economic and financial environment. Therefore, if modification is required, it may have a potentially significant impact on the amount of impairment loss for fixed assets for the next fiscal year.

3. Fair value of financial instruments

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026

This is stated in (Notes to financial instruments).

(2) Information on details of the significant accounting estimates for the identified item

This is stated in (Notes to financial instruments).

4. Retirement benefit expenses and retirement benefit obligations

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025 and 2026

	Millions of yen			
Year ended March 31	**2025**		**2026**	
Net defined benefit asset	¥	970,420	¥	1,273,634
Net defined benefit liability		6,842		8,731
Retirement benefit expenses included in general and administrative expenses		(36,976)		(77,350)

(2) Information on details of the significant accounting estimates for the identified item

Retirement benefit expenses and retirement benefit obligations for the defined benefit plans for employees are recorded based on various assumptions, including the discount rate, employee turnover rate, and future salary increase rate.

The discount rate is determined based on Japanese government bond yields, while indicators such as the employee turnover rate and future salary increase rate are determined based on historical data as well as the latest information on the future outlook. Determining these key factors and metrics requires a high level of managerial judgment, and if modifications are required, they may have a significant impact on the amounts of retirement benefit expenses and retirement benefit obligations for the next fiscal year.

5. Deferred tax assets

(1) The amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025 and 2026

	Millions of yen			
Year ended March 31	**2025**		**2026**	
Deferred tax assets	¥	57,648	¥	83,402
Deferred tax liabilities		364,552		554,661

(2) Information on details of the significant accounting estimates for the identified item

The amount of tax associated with temporary differences is recorded as deferred tax assets or deferred tax liabilities, excluding amounts of tax that are not expected to be collected or paid in future accounting periods. Deferred tax assets and deferred tax liabilities for the group's tax-sharing entities are offset and presented on a net basis.

While the recoverability of deferred tax assets is determined by reasonably estimating the scheduling of temporary differences and future taxable income, changes in the scheduling of temporary differences, taxable income being lower than initially estimated, or tax reforms such as a reduction in the corporate income tax rate may have a significant impact on the amount of deferred tax assets for the next fiscal year.

(Unapplied Accounting Standards and Others)

1. "Accounting Standard for Leases" (ASBJ Statement No.34, September 13, 2024) and "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No.33, September 13, 2024), etc.

(1) Outline

The Accounting Standard and the Implementation Guidance were revised to enhance comparability with the provisions of international accounting standards, with the aim of treating all leases as a form of financial provision for the lessee and separately recognizing depreciation expenses related to right-of-use assets and interest expenses on lease liabilities.

(2) Scheduled date of Application

SMBC will apply the Accounting Standard and the Implementation Guidance from the beginning of the fiscal year commencing on April 1, 2027.

(3) Effects of Application of the Accounting Standard and the Implementation Guidance

The effects of the application of the Accounting Standard and the Implementation Guidance are currently being assessed.

2. "Practical Guidelines on Accounting for Financial Instruments" (ASBJ Revised Transferred Guidance No.9, March 11, 2025)

(1) Outline

The Practical Guidelines allow for the option to measure unlisted stocks and others at fair value, which are incorporated into the investment portion of the venture capital funds held by listed companies, etc. and recognize the share of unrealized gains or losses in "Net assets."

(2) Scheduled date of Application

SMBC will apply the Practical Guidelines from the beginning of the fiscal year commencing on April 1, 2026.

(3) Effects of Application of the Practical Guidelines

The effects of the application of the Practical Guidelines are immaterial.

3. "Practical Solution on the Tentative Treatment of the Purchasers' Accounting for Certain Transactions to Purchase Renewable Energy Value" (ASBJ Practical Solution No.47, November 11, 2025)

(1) Outline

The Practical Solution sets forth the accounting treatment for purchasers in certain transactions to purchase renewable energy value.

(2) Scheduled date of Application

SMBC will apply the Practical Solution from the beginning of the fiscal year commencing on April 1, 2026.

(3) Effects of Application of the Practical Solution

The effects of the application of the Practical Solution are currently being assessed.

4. “Accounting Standard for Subsequent Events” (ASBJ Statement No.41, January 9, 2026) and “Implementation Guidance on Accounting Standard for Subsequent Events” (ASBJ Implementation Guidance No.35, January 9, 2026)

(1) Outline

The Accounting Standard and the Implementation Guidance set forth the accounting treatment and disclosures for subsequent events. They include revisions to wording, clarification of the evaluation period for subsequent events, and a new requirement to disclose notes regarding the approval for publication of financial statements.

(2) Scheduled date of Application

SMBC will apply the Accounting Standard and the Implementation Guidance from the beginning of the fiscal year commencing on April 1, 2027.

(Additional information)

1. The estimates of the reserve for possible loan losses related to the impact of the deteriorating situation in the Middle East

In light of concerns that the creditworthiness of companies considered vulnerable to these impacts may deteriorate amid surging global resource and energy prices and disruptions to shipments of crude oil and other commodities from the Middle East—arising from factors such as the effective closure of the Strait of Hormuz due to the conflict involving the United States, Israel, and Iran—the estimated reserve for possible loan losses associated with these impacts has been reflected in the consolidated financial statements as follows.

For potential losses expected to be incurred related to individual borrowers due to deteriorating business performance and funding, a reserve for possible loan losses is provided by reviewing, as necessary, borrower categories based on the most recent available information.

In addition, for potential losses which cannot be reflected in any individual borrower category, a reserve for possible loan losses is recorded at an amount deemed necessary based on an overall assessment. The assessment includes specifying the portfolios that are considered to be easily affected by the above-mentioned factors from the perspectives of the country or region, industry, and other relevant factors, and estimating the impact of surging resource and energy prices and disrupted shipments of crude oil and other commodities from the Middle East.

As a result, an additional reserve for possible loan losses totaling ¥29,500 million was recorded for these portfolios.

2. The estimates of the reserve for possible loan losses related to the impact of inflation and other factors overseas

In light of concerns that heightened uncertainty in the business environment—including inflation against the backdrop of U.S. tariff measures imposed on certain countries and the resulting impact on supply chains—may increase corporate cost burdens and adversely affect companies' cash flows, the estimated reserve for possible loan losses associated with these impacts has been reflected in the consolidated financial statements as follows.

For losses expected to be incurred in connection with individual borrowers due to deteriorating business performance and funding, a reserve for possible loan losses is provided by reviewing, as necessary, borrower categories based on the most recent available information.

In addition, for potential losses which cannot be reflected in any individual borrower category, a reserve for possible loan losses is recorded at an amount deemed necessary based on an overall assessment. The assessment includes specifying the portfolios that are considered to be easily affected by the above-mentioned factors from the perspectives of the country or region, industry, forms of lending, and other relevant factors, and estimating the impact of inflation overseas.

As a result, an additional reserve for possible loan losses totaling ¥60,000 million was recorded for these portfolios.

3. The estimates of the reserve for possible loan losses related to the impact of the current international situation involving Ukraine

In light of the uncertain business environment caused by the current international situation involving Ukraine, the estimated reserve for possible loan losses associated with the Russia-related credits has been reflected in the consolidated financial statements as follows. The Russia-related credits are mainly related to corporate customers in Russia.

For losses expected to be incurred in connection with individual borrowers based on the impact of economic sanctions imposed by governments of each country and the countermeasures taken by the Russian government, etc., a reserve for possible loan losses is provided by reviewing, as necessary, borrower categories based on the most recent available information. In addition, a reserve for possible loan losses is recorded as a reserve for claims originated in specific overseas countries at an amount deemed necessary in consideration of the political and economic situation in Russia.

In addition, regarding certain funds, including collection of claims from customers in Russia, given the prolonged difficulty in collecting the funds through overseas remittances as a result of the Russian Presidential decree and instructions of the Central Bank of the Russian Federation, the impact of the countermeasures is estimated, and a reserve for possible loan losses is recorded at an amount deemed necessary based on an overall assessment.

As a result, an additional reserve for possible loan losses totaling ¥64,000 million was recorded for such funds.

4. Recording of extraordinary losses related to the sale of part of SMBC MANUBANK's business and other relevant factors

On March 31, 2026, SMBC MANUBANK (hereinafter, "MANUBANK"), a subsidiary consolidated by SMBC based on financial statements prepared as of MANUBANK's fiscal year end of December 31, 2025, entered into an agreement to sell its commercial banking business to Bank of Hope (hereinafter, the "Business Transfer").

(1) Overview of the divestiture

1) Name of the transferee company
Bank of Hope

2) Description of the business to be divested
Commercial banking business of MANUBANK

3) Principal reason for the divestiture
SMBC's key management priorities include enhancing capital efficiency and maximizing shareholder value. In the Americas, SMBC is pursuing the enhancement of the business portfolio, with a focus on its corporate and investment banking (CIB) and global markets businesses. In line with this strategy, and to further optimize its resources, SMBC determined that the continued sustainable growth and long-term continuity of customer service of MANUBANK's commercial banking business—which has provided commercial banking services to wholesale and retail customers primarily in California—would be best achieved under the ownership and management of Bank of Hope.

4) Date of the divestiture (*)
Completion is scheduled during FY2026

5) Legal form of the divestiture
Business transfer for cash consideration

(*) The consummation of the Business Transfer is subject to the receipt of required regulatory approvals and the satisfaction of other conditions prior to closing.

(2) Name of the principal reportable segment that included the business to be divested
Global Business Unit

As the difference between MANUBANK's fiscal year-end and SMBC's consolidated fiscal year-end does not exceed three months, SMBC includes MANUBANK's income statement for the period from January 1, 2025 to December 31, 2025, and its balance sheet as of December 31, 2025, in SMBC's consolidated financial statements. SMBC recorded, as other extraordinary losses, valuation losses and other related losses on loans expected to be sold in MANUBANK's commercial banking business, as well as losses and other expenses related to the exit from its digital banking business.

(Notes to consolidated balance sheets)

***1 Stocks and investments in unconsolidated subsidiaries and affiliates**

Stocks and investments in unconsolidated subsidiaries and affiliates as of March 31, 2025 and 2026 were as follows:

	Millions of yen	
March 31	**2025**	**2026**
Stocks	¥ 1,057,427	¥ 995,372
Investments	14,821	19,785

Stocks of jointly controlled entities were as follows:

	Millions of yen	
March 31	**2025**	**2026**
	¥ 2,108	¥ 5,074

***2 Unsecured loaned securities for which borrowers have the right to sell or pledge**

The amounts of unsecured loaned securities for which borrowers have the right to sell or pledge as of March 31, 2025 and 2026 were as follows:

	Millions of yen	
March 31	**2025**	**2026**
Japanese government bonds, Japanese local government bonds and stocks in "Securities"	¥ 292,129	¥ 191,155

With respect to the unsecured borrowed securities, securities received under resale agreements, and securities received under securities borrowing transactions with cash collateral, over which SMBC has the right to sell or pledge without restrictions, the securities pledged as collateral, the securities lent, and the securities held without being disposed of as of March 31, 2025 and 2026 were as follows:

	Millions of yen	
March 31	**2025**	**2026**
Securities pledged	¥ 6,381,923	¥ 12,423,714
Securities lent	7,795	7,616
Securities held without being disposed	12,193,250	13,636,676

***3 Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions**

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions as of March 31, 2025 and 2026 were as follows. The claims were items that were recorded under the following items on the consolidated balance sheet: bonds included in "Securities" (limited to bonds for which the redemption of principal and the payment of interest in whole or in part were guaranteed, and that were issued through private placements (under Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchanges, accrued interest and suspense payments included in "Other assets," and customers' liabilities for acceptances and guarantees. If security lending listed in the notes was conducted, such securities (limited to those based on loan for a use agreement or lease agreement) were also included in the claims.

	Millions of yen	
March 31	**2025**	**2026**
Bankrupt and quasi-bankrupt loans	¥ 66,000	¥ 78,351
Doubtful loans	367,184	672,958
Substandard loans	191,461	316,627
Past due loans (3 months or more)	53,620	55,869
Restructured loans	137,841	260,758
Subtotal	624,646	1,067,936
Normal loans	128,891,914	135,494,052
Total	¥ 129,516,560	¥ 136,561,989

Bankrupt and quasi-bankrupt loans are claims against borrowers who have fallen into bankruptcy due to reasons such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or petition for commencement of rehabilitation proceedings, and other similar claims.

Doubtful loans are claims to borrowers who have not yet become bankrupt, but whose financial condition and business performance have deteriorated, making it highly probable that the loan principal cannot be recovered and interest cannot be received in accordance with the contract, excluding bankrupt and quasi-bankrupt loans.

Past due loans (3 months or more) are loans for which the payment of principal or interest has been delayed for three months or more from the day after the agreed-upon payment date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans are loans on which terms and conditions have been amended in favor of the borrower with the objective of assisting the borrower's financial recovery, such as by reducing or exempting interest, postponing interest payment and principal repayment, and forgiving debts, excluding bankrupt and quasi-bankrupt loans, doubtful loans, and past due loans (3 months or more).

Normal loans are loans that do not fall under the classification of bankrupt and quasi-bankrupt loans, doubtful loans, past due loans (3 months or more), and restructured loans, and where the borrower has no financial or business performance problems.

The amounts of loans presented above were the amounts before deduction of reserve for possible loan losses.

***4 Bills discounted**

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guideline No. 24. SMBC and its banking subsidiaries have the right to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions, etc. The face values as of March 31, 2025 and 2026 were as follows:

March 31	Millions of yen 2025	Millions of yen 2026
	¥ 870,770	¥ 857,856

***5 Assets pledged as collateral**

Assets pledged as collateral as of March 31, 2025 and 2026 were as follows:

March 31, 2025	Millions of yen	March 31, 2026	Millions of yen
Assets pledged as collateral:		Assets pledged as collateral:	
Cash and due from banks	¥ 3,047	Cash and due from banks	¥ 19,135
Trading assets	342,087	Trading assets	1,658,881
Securities	13,144,628	Securities	8,771,937
Loans and bills discounted	9,792,381	Loans and bills discounted	8,076,355
Liabilities corresponding to assets pledged as collateral:		Liabilities corresponding to assets pledged as collateral:	
Payables under repurchase agreements	11,885,528	Payables under repurchase agreements	9,451,020
Payables under securities lending transactions	1,365,241	Payables under securities lending transactions	684,065
Borrowed money	7,640,940	Borrowed money	5,507,307
Bonds	567,304	Bonds	476,944

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, and substitution for margins of futures transactions and certain other purposes as of March 31, 2025 and 2026:

March 31, 2025	Millions of yen	March 31, 2026	Millions of yen
Cash and due from banks	¥ 16,934	Cash and due from banks	¥ 18,158
Trading assets	4,504	Trading assets	465
Securities	7,476,913	Securities	8,172,931
Loans and bills discounted	553,201	Loans and bills discounted	1,279,103

The following assets were pledged as collateral for general collateral repurchase agreements based on the subsequent collateral allocation method as of March 31, 2025 and 2026:

March 31, 2025	Millions of yen	March 31, 2026	Millions of yen
Trading assets	¥ 9,483	Securities	¥ 128,544
Securities	860,000		

Other assets include collateral money deposited for financial instruments, surety deposits, margins of futures markets and other margins. The amounts for such assets were as follows:

March 31, 2025	Millions of yen	March 31, 2026	Millions of yen
Collateral money deposited for financial instruments	¥ 1,663,349	Collateral money deposited for financial instruments	¥ 2,069,845
Surety deposits	58,116	Surety deposits	54,837
Margins of futures markets	8,506	Margins of futures markets	19,672
Other margins	15,498	Other margins	3

*6 Commitment line contracts on overdrafts and loans

Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amounts of unused commitments as of March 31, 2025 and 2026 were as follows:

	Millions of yen	
March 31	**2025**	**2026**
The amounts of unused commitments	¥ 89,444,706	¥ 97,850,417
The amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time	54,953,269	61,529,439

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily affect actual future cash flows. Many of these commitments include clauses under which applications from customers can be rejected or contract amounts can be reduced in the event that economic conditions change, the necessity for securing claims arises, or other events occur. In addition, at the time of contract, collateral such as premises and securities is requested to be pledged. Moreover, after concluding the contracts, customers' financial positions are monitored regularly based on internal procedures, and necessary measures such as revising contracts and securing claims are taken when such needs arise.

*7 Land revaluation excess

SMBC revaluated its own land for business activities in accordance with the "Act on Revaluation of Land" (the "Act") (Act No. 34, effective March 31, 1998) and the "Act for Partial Revision of Act on Revaluation of Land" (Act No. 19, effective March 31, 2001). The income taxes corresponding to the net unrealized gains are reported in "Liabilities" as "Deferred tax liabilities for land revaluation," and the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."

Date of the revaluation

March 31, 1998 and March 31, 2002

Method of revaluation (stipulated in Article 3, Paragraph 3 of the Act)

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal, as well as neighboring sales, to the value based on fixed asset tax valuation, standard land price, and appraisal evaluation conducted by a licensed real estate appraiser or an assistant real estate appraiser, as stipulated respectively by Items 3, 4, or 5 of Article 2 of the "Order for Enforcement of Act on Revaluation of Land" (Cabinet Order No. 119, effective March 31, 1998).

*8 Accumulated depreciation on tangible fixed assets

Accumulated depreciation on tangible fixed assets as of March 31, 2025 and 2026 was as follows:

	Millions of yen	
March 31	**2025**	**2026**
Accumulated depreciation	¥ 708,500	¥ 725,030

*9 Deferred gain on tangible fixed assets deductible for tax purposes

Deferred gain on tangible fixed assets deductible for tax purposes as of March 31, 2025 and 2026 was as follows:

	Millions of yen	
March 31	**2025**	**2026**
Deferred gain on tangible fixed assets deductible for tax purposes	¥ 50,549	¥ 49,262
[The consolidated fiscal year concerned]	[—]	[—]

***10 Subordinated borrowings**

The balance of subordinated borrowings included in “Borrowed money” as of March 31, 2025 and 2026 was as follows:

	Millions of yen	
March 31	2025	2026
Subordinated borrowings	¥ 12,507,424	¥ 14,530,567

***11 Subordinated bonds**

The balance of subordinated bonds included in “Bonds” as of March 31, 2025 and 2026 was as follows:

	Millions of yen	
March 31	2025	2026
Subordinated bonds	¥ 79,998	¥ 79,999

***12 Guarantee obligations for privately placed bonds**

The amount of guarantee obligations assumed by SMBC and its banking subsidiaries in respect of privately placed bonds (as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) included in “Securities” as of March 31, 2025 and 2026 was as follows:

	Millions of yen	
March 31	2025	2026
	¥ 1,006,735	¥ 789,072

***13 Money trusts with the principal indemnification agreement**

The principal amounts of money trusts with principal indemnification agreements which SMBC, as a trustee, has been administrating and operating as of March 31, 2025 and 2026 were as follows:

	Millions of yen	
March 31	2025	2026
Money trusts	¥ 23,167	¥ 22,321

(Notes to consolidated statements of income)

*1 Other income

"Other" in "Other income" for the fiscal years ended March 31, 2025 and 2026 included the following:

Year ended March 31, 2025	Millions of yen	Year ended March 31, 2026	Millions of yen
Gains on sales of stocks and others	¥ 538,926	Gains on sales of stocks and others	¥ 474,192

*2 General and administrative expenses

"General and administrative expenses" for the fiscal years ended March 31, 2025 and 2026 included the following:

Year ended March 31, 2025	Millions of yen	Year ended March 31, 2026	Millions of yen
Salaries and related expenses	¥ 644,945	Salaries and related expenses	¥ 724,854

*3 Other expenses

"Other" in "Other expenses" for the fiscal years ended March 31, 2025 and 2026 included the following:

Year ended March 31, 2025	Millions of yen	Year ended March 31, 2026	Millions of yen
Write-off of loans	¥ 30,784	Write-off of loans	¥ 50,106

*4 Other extraordinary losses

"Other extraordinary losses" for the fiscal year ended March 31, 2026 was losses related to the sale of part of the U.S. banking subsidiary's business.

*5 Losses on impairment of fixed assets

The differences between the recoverable amounts and the book value of the following assets were recognized as "Losses on impairment of fixed assets," and included in "Extraordinary losses" for the fiscal years ended March 31, 2025 and 2026.

Year ended March 31, 2025			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Idle assets (121 items)	Land and buildings, etc.	¥ 1,193
Kinki area	Idle assets (32 items)	Land and buildings, etc.	411
Other areas in Japan	Idle assets (10 items)	Land and buildings, etc.	426
Europe	Idle assets (1 item)	Building	644

Year ended March 31, 2026			Millions of yen
Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Idle assets (57 items)	Land and buildings, etc.	¥ 1,785
Kinki area	Idle assets (25 items)	Land and buildings, etc.	846
Other areas in Japan	Idle assets (12 items)	Land and buildings, etc.	186
—	—	Software	22

With regard to land and buildings, etc., each branch, which continuously manages and determines its income and expenses, was the smallest unit of asset group for recognition and measurement of impairment loss of fixed assets. Intangible fixed assets and assets such as corporate headquarters facilities, training facilities, data and system centers, and health and recreational facilities which did not produce independent cash flows at headquarters were treated as corporate assets. SMBC and certain consolidated subsidiaries utilized management accounting framework to identify corporate assets that were reasonably deemed to be used solely by each business unit as corporate assets, and conducted impairment assessments on a business unit basis together with other related fixed assets.

With regard to idle assets, the assets group for recognition and measurement of impairment loss was each individual property level. The carrying amounts of idle assets were reduced to their recoverable amounts, and the reduced amounts were included in "Extraordinary losses" as "Losses on impairment of fixed assets," if there were indicators that the invested amounts might not be recoverable. The recoverable amount was calculated using net realizable value, which was basically determined by subtracting the expected disposal cost from the real estate appraisal value.

With regard to software, asset group for recognition and measurement of impairment loss is mainly each consolidated subsidiary.

(Notes to consolidated statements of comprehensive income)

***1 Reclassification adjustments and tax effect of other comprehensive income**

	Millions of yen	
Year ended March 31	**2025**	**2026**
Net unrealized gains (losses) on other securities:		
Amount arising during the fiscal year	¥ (187,237)	¥ 862,375
Reclassification adjustments	(529,077)	(427,351)
Before adjustments to income taxes and tax effect	(716,315)	435,023
Income taxes and tax effect	215,027	(162,442)
Net unrealized gains (losses) on other securities	(501,287)	272,581
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	(569,549)	(485,680)
Reclassification adjustments	428,236	281,062
Before adjustments to income taxes and tax effect	(141,312)	(204,617)
Income taxes and tax effect	43,200	66,071
Net deferred gains (losses) on hedges	(98,112)	(138,546)
Land revaluation excess:		
Amount arising during the fiscal year	—	—
Reclassification adjustments	—	—
Before adjustments to income taxes and tax effect	—	—
Income taxes and tax effect	—	(776)
Land revaluation excess	—	(776)
Foreign currency translation adjustments:		
Amount arising during the fiscal year	(7,257)	322,229
Reclassification adjustments	—	—
Before adjustments to income taxes and tax effect	(7,257)	322,229
Income taxes and tax effect	—	—
Foreign currency translation adjustments	(7,257)	322,229
Remeasurements of defined benefit plans:		
Amount arising during the fiscal year	30,640	244,085
Reclassification adjustments	(39,250)	(62,786)
Before adjustments to income taxes and tax effect	(8,609)	181,299
Income taxes and tax effect	3,708	(61,612)
Remeasurements of defined benefit plans	(4,901)	119,687
Share of other comprehensive income of equity method affiliates:		
Amount arising during the fiscal year	64,834	(51,904)
Reclassification adjustments	(84)	(2,917)
Before adjustments to income taxes and tax effect	64,749	(54,822)
Income taxes and tax effect	—	—
Share of other comprehensive income of equity method affiliates	64,749	(54,822)
Total other comprehensive income	¥ (546,809)	¥ 520,352

(Notes to consolidated statements of changes in net assets)

Fiscal year ended March 31, 2025

1. Type and number of shares issued and treasury stock

	Number of shares				
Year ended March 31, 2025	**At the beginning of the fiscal year**	**Increase**	**Decrease**	**At the end of the fiscal year**	**Notes**
Shares issued					
Common stock	106,248,400	2,552	—	106,250,952	*
Preferred stock (1st series Type 6)	70,001	—	—	70,001	
Total	106,318,401	2,552	—	106,320,953	
Treasury stock					
Preferred stock (1st series Type 6)	70,001	—	—	70,001	
Total	70,001	—	—	70,001	

* The increase of 2,552 shares in the total number of shares issued was due to issuance of new shares through a third-party allotment.

2. Information on stock acquisition rights

There were no corresponding transactions to be disclosed.

3. Information on dividends

(1) Dividends paid by cash in the fiscal year

		Millions of yen, except per share amount			
Date of resolution	**Type of shares**	**Cash dividends**	**Cash dividends per share**	**Record date**	**Effective date**
Meeting of the Board of Directors held on May 14, 2024	Common stock	¥ 322,145	¥ 3,032	March 31, 2024	May 17, 2024
Meeting of the Board of Directors held on November 13, 2024	Common stock	409,056	3,850	September 30, 2024	November 20, 2024

(2) Dividends with a record date that falls in the current fiscal year but whose effective date falls in the next fiscal year

		Millions of yen, except per share amount				
Date of resolution	**Type of shares**	**Cash dividends**	**Source of dividends**	**Cash dividends per share**	**Record date**	**Effective date**
Meeting of the Board of Directors held on May 14, 2025	Common stock	¥ 190,295	Retained earnings	¥ 1,791	March 31, 2025	May 19, 2025

Fiscal year ended March 31, 2026

1. Type and number of shares issued and treasury stock

Year ended March 31, 2026	Number of shares: At the beginning of the fiscal year	Increase	Decrease	At the end of the fiscal year	Notes
Shares issued					
Common stock	106,250,952	—	—	106,250,952	
Preferred stock (1st series Type 6)	70,001	—	—	70,001	
Total	106,320,953	—	—	106,320,953	
Treasury stock					
Preferred stock (1st series Type 6)	70,001	—	—	70,001	
Total	70,001	—	—	70,001	

2. Information on stock acquisition rights

There were no corresponding transactions to be disclosed.

3. Information on dividends

(1) Dividends paid by cash in the fiscal year

		Millions of yen, except per share amount			
Date of resolution	Type of shares	Cash dividends	Cash dividends per share	Record date	Effective date
Meeting of the Board of Directors held on May 14, 2025	Common stock	¥ 190,295	¥ 1,791	March 31, 2025	May 19, 2025
Meeting of the Board of Directors held on November 13, 2025	Common stock	677,774	6,379	September 30, 2025	November 18, 2025

(2) Dividends with a record date that falls in the current fiscal year but whose effective date falls in the next fiscal year

		Millions of yen, except per share amount				
Date of resolution	Type of shares	Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Meeting of the Board of Directors held on May 13, 2026	Common stock	¥ 279,865	Retained earnings	¥ 2,634	March 31, 2026	May 18, 2026

(Notes to consolidated statements of cash flows)

***1 The reconciliation of balance of "Cash and cash equivalents" at the end of the fiscal year and the amounts of items stated on the consolidated balance sheets**

	Millions of yen	
Year ended March 31	**2025**	**2026**
Cash and due from banks	¥ 71,788,392	¥ 69,938,792
Interest earning deposits with banks (excluding the deposit with the Bank of Japan)	(8,601,446)	(13,427,076)
Cash and cash equivalents	¥ 63,186,945	¥ 56,511,716

(Notes to lease transactions)

1. Finance leases

(1) Lessee side

1) Lease assets

(a) Tangible fixed assets

Tangible fixed assets mainly consisted of branches and equipment.

(b) Intangible fixed assets

Intangible fixed assets were software.

2) Depreciation method of lease assets

Depreciation method of lease assets is reported in "(Significant accounting policies for preparing consolidated financial statements) 4. Accounting policies (4) Depreciation."

(2) Lessor side

1) Breakdown of lease investment assets

	Millions of yen			
March 31	**2025**		**2026**	
Lease receivables	¥	292,143	¥	294,783
Residual value		15,097		8,188
Unearned interest income		(76,041)		(71,542)
Total	¥	231,199	¥	231,429

2) The scheduled collections of lease payments receivable related to lease investment assets were as follows:

	Millions of yen			
March 31	**2025**		**2026**	
Within 1 year	¥	62,488	¥	58,849
More than 1 year to 2 years		29,003		67,094
More than 2 years to 3 years		43,807		27,987
More than 3 years to 4 years		9,981		44,244
More than 4 years to 5 years		51,132		8,509
More than 5 years		95,729		88,098
Total	¥	292,143	¥	294,783

2. Operating leases

(1) Lessee side

Future minimum lease payments on operating leases that were not cancelable were as follows:

	Millions of yen			
March 31	**2025**		**2026**	
Due within 1 year	¥	25,331	¥	26,416
Due after 1 year		202,873		197,696
Total	¥	228,205	¥	224,113

(2) Lessor side

There were no significant corresponding transactions to be disclosed regarding future minimum lease payments on operating leases which were not cancelable as of March 31, 2025 and March 31, 2026.

(Notes to financial instruments)

1. Status of financial instruments

(1) Policies on financial instruments

SMBC and its group companies (“the Group”) conduct banking and other financial services. Its banking business includes deposit taking, lending, securities trading and investment, remittance and transfer, foreign exchange, bond subscription agent, trust business, and over-the-counter sales of securities investment trusts and insurance products.

These services entail holding financial assets such as loans and bills discounted, bonds, and stocks. Meanwhile, the Group raises funds through deposit taking, borrowing, bond offering, etc. Furthermore, it undertakes derivative transactions to meet customers’ hedging needs to control market risk associated with deposit taking and lending (“ALM purposes”), and to make profit on short-term fluctuations in interest rates, foreign exchange rates, etc. (“Trading purposes”). At SMBC, derivative transactions for the ALM purposes are undertaken by the Treasury Department and the Global Investment Department, while derivative transactions for the Trading purposes are undertaken by the Global Markets Trading Department (derivative transactions for both ALM and Trading purposes are undertaken by the Global Markets & Treasury Department, Asia Pacific Division in the Asia Pacific region, the Global Markets & Treasury Department, Europe, Middle East and Africa Division in the Europe, Middle East and Africa region, and the Global Markets & Treasury Department, Americas Division in the Americas region).

(2) Details of financial instruments and associated risks

1) Financial assets

The main financial assets held by the Group include loans to foreign and domestic companies and domestic individuals, and securities such as bonds (government and corporate bonds) and stocks (foreign and domestic stocks), etc. Bonds such as government bonds are held for ALM purposes, as well as Trading and held-to-maturity purposes. Stocks are held mainly for strategic investment purposes. These assets expose the Group to credit risk, market risk, and liquidity risk. Credit risk is the risk of loss arising from nonperformance of obligations by the borrower or issuer due to factors such as deterioration in the borrower’s/issuer’s financial conditions. Market risk is the risk stemming from fluctuations in interest rates, exchange rates, or share prices. Liquidity risk is the risk arising from difficulty executing transactions in desired quantities at appropriate prices due to low market liquidity. These risks are properly monitored and managed based on “(3) Risk management framework for financial instruments” below.

2) Financial liabilities

Financial liabilities of the Group include borrowed money and bonds, etc. in addition to deposits. Deposits mainly comprise deposits of domestic and foreign companies and domestic individuals. Borrowed money and bonds include subordinated borrowings and subordinated bonds with special clauses specifying that the repayment order of borrowing or bond subordinates to other borrowings or bonds. Also, financial liabilities, like financial assets, expose the Group to not only market risk but also funding liquidity risk: the risk of the Group not being able to raise funds due to market turmoil, deterioration in the Group's creditworthiness or other factors. These risks are properly monitored and managed based on “(3) Risk management framework for financial instruments” below.

3) Derivative transactions

Derivatives handled by the Group include foreign exchange futures; futures, forwards, swaps and options related to interest rates, currencies, equities, bonds and commodities; and credit and weather derivatives.

Major risks associated with derivatives include market risk, liquidity risk, and credit risk arising from nonperformance of contractual obligations due to deterioration in the counterparty's financial conditions. These risks are properly monitored and managed based on "(3) Risk management framework for financial instruments" below.

Hedge accounting is applied to derivative transactions executed for ALM purposes, as necessary. Hedging instruments, hedged items, hedging policy and hedging method to assess the effectiveness of the hedge are described in "(Significant Accounting Policies for Preparing Consolidated Financial Statements), 4. Accounting policies, (15) Hedge accounting."

(3) Risk management framework for financial instruments

The fundamental matters on risk management for the entire Group are set forth in "Policies on Comprehensive Risk Management." SMBC's Management Committee establishes the basic risk management policy for the entire Group, based on the regulations, which is then approved by the Board of Directors. Each Group company has a risk management system based on the characteristics of its particular businesses and in accordance with the basic policy.

1) Management of credit risk

At SMBC, all group companies follow the fundamental principles established by the Group to manage credit risk on a group-wide basis. Each Group company must comprehensively manage credit risk according to the nature of its business, and manage credit risk of individual loans and credit portfolios quantitatively and using consistent standards.

(a) Credit risk management system

At SMBC, basic policies on credit risk management and other significant matters require the resolution of Management Committee and the approval of Board of Directors.

At SMBC, the Credit & Investment Planning Department within the Risk Management Unit furnishes the credit risk management system and is thus responsible for the comprehensive management of credit risk. This department establishes, revises or abolishes credit policies, the internal rating system, credit authority regulations, credit application regulations, and manages non-performing loans and other aspects of credit portfolio management. The department also cooperates with the Corporate Risk Management Department and Risk Management Information Department in quantifying credit risk (risk capital and risk-weighted assets) and controls SMBC's entire credit risk.

Moreover, the Credit & Investment Planning Department works to stabilize SMBC's overall credit portfolio through selling credit derivatives and loan claims.

The credit department in charge, in cooperation with branches, conducts credit risk assessments and manages credit portfolios within each credit department's jurisdiction. Credit approval authority is determined based on the credit amount and internal ratings, while the credit department focuses on the analysis and management of customers and transactions with relatively high credit risk. The Credit Administration Department is mainly responsible for formulating and implementing measures to reduce the exposure of non-performing loans of borrowers classified as potentially bankrupt or lower. Through industrial and sector-specific surveys and studies of individual companies, the Corporate Research Department works to form an accurate idea of the condition of major borrower companies and identify those with potentially troubled credit positions at an early stage.

Moreover, the Credit Risk Committee, a cross-departmental consultative body, rounds out SMBC's oversight system for undertaking flexible and efficient control of credit risks, and ensuring the overall soundness of SMBC's loan operations.

In addition to the above, the Internal Audit Unit, operating independently of the business units, audits asset quality, the accuracy of gradings and self-assessment, and the state of the credit risk management, and reports the results directly to the Management Committee and the Audit and Supervisory Committee.

(b) Method of credit risk management

SMBC properly manages the credit risk inherent in individual loans and the entire portfolio by assessing and quantifying the credit risk of each borrower/loan using the internal rating system. In addition to management of individual loans through credit screening and monitoring, it manages the credit portfolio as described below in order to secure and improve the credit portfolio's soundness and medium-term profitability.

• Appropriate risk-taking within the capital

To take risks within the acceptable level of capital, SMBC sets upper limits for overall risk capital, which is an indicator of the risk appetite reflecting soundness, based on the risk appetite and portfolio plan of each business unit and monitors credit risk capital as a breakdown of overall risk capital.

• Controlling concentration of risk

Because concentration of credit risk in an industry or corporate group has the potential to impair SMBC's capital significantly, SMBC implements measures to prevent excessive concentration of loan in a single industry and to control large exposure to individual borrowers by setting maximum loan amounts and conducting loan reviews thoroughly. To manage country risk, SMBC also has credit limit guidelines based on each country's creditworthiness.

• Researching borrowers more rigorously and balancing risk and returns

SMBC rigorously researches borrower companies' actual conditions. SMBC runs credit operations on the basic principle of earning returns that are commensurate with the credit risk involved, and makes every effort to reduce credit and capital costs as well as general and administrative expenses.

• Preventing and reducing non-performing loans

With respect to non-performing loans and potential non-performing loans, SMBC conducts regular loan reviews to clarify handling policies and action plans, enabling it to promptly implement measures to prevent deterioration in borrowers' business conditions, support business recoveries, collect loans, and enhance loan security.

In regard to financial products, such as investments in certain funds, securitized products, and credit derivatives, that bear indirect risk arising from underlying assets such as bonds and loan obligations are considered to be exposed to both credit risk from the underlying assets as well as “market risk” and “liquidity risk” that arise from their trading as financial products. This is referred to as a marketable credit risk. For these types of products, SMBC manages credit risk by analyzing and assessing the characteristics of the underlying assets, but, for the sake of complete risk management, SMBC also applies the methods for management of market and liquidity risks. In addition, SMBC has established guidelines based on the characteristics of these types of risks and appropriately manages the risk of losses.

In regard to credit risk of derivative transactions, the potential exposure based on the market price is regularly calculated and properly managed. When the counterparty is a financial institution with which SMBC frequently conducts derivative transactions, measures such as a close-out netting provision, which provide offsetting credit exposures between two parties in a single net payment from one party to the other in case of bankruptcy or other default event, are implemented to reduce credit risk.

2) Management of market and liquidity risks

SMBC manages market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; and clearly separating front-office, middle-office, and back-office operations to establish a highly effective system of mutual checks and balances.

(a) Market and liquidity risk management systems

At SMBC, important matters relating to the management of market and liquidity risks, such as basic policies and risk limits are determined by the Management Committee and then approved by the Board of Directors.

The Corporate Risk Management Department and Risk Management Information Department, which are independent from the business units that directly handle market transactions, manage market and liquidity risks in an integrated manner. These departments not only monitor the current risk situations but also report regularly to the Management Committee and the Audit and Supervisory Committee.

Furthermore, the ALM Committee at SMBC meets on a monthly basis to examine reports on the state of observance of limits on market and liquidity risks and to discuss ALM operation policies.

In addition, the Internal Audit Unit, which is independent of other departments, periodically performs comprehensive internal audits to verify that the risk management framework is properly functioning and reports the audit results to the Management Committee and the Audit and Supervisory Committee.

(b) Market and liquidity risk management methodology

• Market risk management

SMBC manages market risk by setting maximum loss and VaR (value at risk: maximum potential loss that may be incurred to a specific financial instrument for a given probability) within the market risk capital limit, which is set taking into account stockholders’ equity and other factors in accordance with the business operating policies.

SMBC uses the historical simulation method (a method for estimating the maximum loss by running simulations of changes in profit and loss on market fluctuations scenarios based on historical data) to measure VaR. Regarding banking activities (activities for generating profit through management of interest rates, terms, and other aspects such as loans and bonds in assets, deposits in liabilities) and trading activities (activities for generating profit by taking advantage of short-term fluctuations in market values and differences in value among markets), SMBC calculates the maximum loss that may occur as a result of market fluctuations in 1 day with a probability of 1% based on 4 years of historical observation. With regard to the holding of shares (such as listed shares) for the purpose of strategic investment, SMBC calculates the maximum loss that may occur as a result of market fluctuations in 1 year with a probability of 1% based on 10 years of historical observation.

Regarding risks associated with foreign exchange rates, interest rates, equity risk, option prices and other market risk factors, SMBC manages such risks by setting a maximum limit on the indicator suited for each market risk factor such as BPV (basis point value: denotes the change in fair value of a financial instrument resulting from a 0.01 percentage-point change in the yield).

• Quantitative information on market risks

As of March 31, 2026, the total VaR of SMBC and its major consolidated subsidiaries was ¥87.7 billion for the banking activities, ¥4.7 billion for the trading activities, and ¥1,012.6 billion for the holding of shares (such as listed shares) for the purpose of strategic investment.

However, it should be noted that these figures are statistical in nature, which are subject to changes depending on assumptions and calculation methods, and may not fully capture the risk of future market conditions fluctuating more drastically than in the past. In addition, during the fiscal year ended March 31, 2026, the calculation methodology was improved in order to better reflect the Group's risk profile.

• Liquidity risk management

SMBC manages liquidity risk based on the framework of "setting risk appetite measures" and "establishing contingency plans." Risk appetite measures are quantitative benchmarks that select the types and indicate the levels of risk that SMBC is willing to take on or tolerate. As an example, SMBC sets a lower limit on the number of days over which cash flows can be maintained under stress conditions, such as deposit outflows, in order to secure funding sources that do not fall below the benchmark and to avoid excessive reliance on short-term funding. In addition, SMBC develops contingency plans consisting of instructions, reporting lines, and action plans for emergencies.

Moreover, to manage the liquidity risk of marketable instruments, derivative transactions, etc., SMBC has trading limits for each business office classified by currency, instrument, transaction period, etc. With respect to financial futures, etc., risks are managed by restricting positions to within a certain percentage of open interest in the entire market.

(4) Supplementary explanations on matters concerning fair values of financial instruments

The fair values of financial instruments include values based on market prices and, where market prices are not available, values reasonably determined. In determining such values, certain assumptions are used, and such values may differ if different assumptions are applied.

2. Matters concerning fair value of financial instruments and breakdown by input level

The amounts on the consolidated balance sheet, the fair values of financial instruments as well as the difference between them, and fair value by input level are as follows.

The amounts shown in the following tables do not include stocks with no market price, etc., and investments in partnerships (refer to Note 3).

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the inputs used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted price in an active market for the same asset or liability

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

When multiple inputs that have a significant impact on the fair value measurement are used, the financial instrument is classified into the lowest level of the fair value hierarchy within which those inputs are categorized.

(1) Financial assets and liabilities at fair value on the consolidated balance sheet

	Millions of yen			
	Consolidated balance sheet amount			
March 31, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Monetary claims bought	¥ —	¥ 114,591	¥ 381,139	¥ 495,731
Trading assets	1,124,042	860,778	—	1,984,820
Money held in trust	—	0	—	0
Securities				
Other securities[*1]	22,736,077	14,078,038	6,276	36,820,392
Stocks	2,604,505	795	—	2,605,301
Japanese government bonds	11,180,546	—	—	11,180,546
Japanese local government bonds	787,139	35,435	—	822,574
Japanese short-term bonds	—	49,942	—	49,942
Japanese corporate bonds	—	1,884,079	6,276	1,890,356
Foreign stocks	645,391	220,988	—	866,379
Foreign bonds	7,078,505	10,357,222	0	17,435,728
Other	439,987	1,529,574	—	1,969,562
Total assets	¥ 23,860,119	¥ 15,053,408	¥ 387,416	¥ 39,300,944
Trading liabilities				
Trading securities sold short	¥ 1,164,407	¥ 304,413	¥ —	¥ 1,468,821
Total liabilities	¥ 1,164,407	¥ 304,413	¥ —	¥ 1,468,821
Derivative transactions[*2, 3]				
Interest rate derivatives	¥ (12,073)	¥ (175,094)	¥ 3,847	¥ (183,320)
Currency derivatives	2,526	(404,887)	—	(402,360)
Equity derivatives	728	214	—	942
Bond derivatives	(384)	(0)	—	(385)
Commodity derivatives	10	1,136	—	1,147
Credit derivative transactions	—	(12,356)	—	(12,356)
Total derivative transactions	¥ (9,192)	¥ (590,987)	¥ 3,847	¥ (596,332)

*1 The amounts of investment trusts that fall under the classification of Other securities are included in “Other” in the table above.
*2 The amounts collectively represent the derivative transactions which are recorded as “Trading assets,” “Trading liabilities,” “Other assets,” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis, with net debt presented in round brackets.
*3 With regard to derivative transactions applying hedge accounting, ¥(1,729,767) million was recorded on the consolidated balance sheet.

	Millions of yen			
	Consolidated balance sheet amount			
March 31, 2026	**Level 1**	**Level 2**	**Level 3**	**Total**
Monetary claims bought	¥ —	¥ 78,579	¥ 423,424	¥ 502,003
Trading assets	2,335,374	1,084,306	—	3,419,681
Money held in trust	—	0	—	0
Securities				
Other securities*1	18,150,774	13,433,161	2,194	31,586,130
Stocks	2,988,545	843	—	2,989,389
Japanese government bonds	5,476,427	—	—	5,476,427
Japanese local government bonds	655,641	27,393	—	683,034
Japanese short-term bonds	—	49,902	—	49,902
Japanese corporate bonds	—	1,395,046	2,194	1,397,240
Foreign stocks	530,773	184,313	—	715,086
Foreign bonds	8,094,298	10,450,404	—	18,544,702
Other	405,089	1,325,258	—	1,730,347
Total assets	¥ 20,486,149	¥ 14,596,048	¥ 425,618	¥ 35,507,816
Trading liabilities				
Trading securities sold short	¥ 974,260	¥ 290,929	¥ —	¥ 1,265,190
Total liabilities	¥ 974,260	¥ 290,929	¥ —	¥ 1,265,190
Derivative transactions*2, 3				
Interest rate derivatives	¥ 10,590	¥ (592,170)	¥ 6,539	¥ (575,040)
Currency derivatives	(12,196)	(606,957)	—	(619,153)
Equity derivatives	8,322	270	—	8,593
Bond derivatives	(1,549)	(0)	—	(1,549)
Commodity derivatives	1,444	(1,606)	—	(162)
Credit derivative transactions	—	(10,682)	—	(10,682)
Total derivative transactions	¥ 6,612	¥ (1,211,147)	¥ 6,539	¥ (1,197,995)

*1 The amounts of investment trusts that fall under the classification of Other securities are included in "Other" in the table above.
*2 The amounts collectively represent the derivative transactions which are recorded as "Trading assets," "Trading liabilities," "Other assets," and "Other liabilities." Debts and credits arising from derivative transactions are presented on a net basis, with net debt presented in round brackets.
*3 With regard to derivative transactions applying hedge accounting, ¥(1,873,523) million was recorded on the consolidated balance sheet.

(2) Financial assets and liabilities which are not stated at fair value on the consolidated balance sheet

Cash and due from banks, Call loans and bills bought, Receivables under resale agreements, Receivables under securities borrowing transactions, Foreign exchanges, Call money and bills sold, Payable under repurchase agreements, Payable under securities lending transactions, Commercial papers, and Due to trust account are not included in the following tables, as they are mostly short-term in nature and their fair values are considered to approximate their carrying amounts.

	Millions of yen					
	Fair value				Consolidated balance sheet amount	
March 31, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**		**Difference**
Monetary claims bought*	¥ —	¥ —	¥ 5,165,643	¥ 5,165,643	¥ 5,113,836	¥ 51,806
Securities						
Bonds classified as held-to-maturity	255,558	12,681	—	268,240	274,414	(6,174)
Loans and bills discounted					111,544,762	
Reserve for possible loan losses*					(549,719)	
	—	—	112,476,520	112,476,520	110,995,042	1,481,477
Lease receivables and investment assets*	—	—	227,076	227,076	230,549	(3,473)
Total assets	¥ 255,558	¥ 12,681	¥ 117,869,239	¥ 118,137,480	¥ 116,613,843	¥ 1,523,636
Deposits	¥ —	¥ 172,390,876	¥ —	¥ 172,390,876	¥ 171,857,892	¥ 532,983
Negotiable certificates of deposit	—	17,942,689	—	17,942,689	17,855,891	86,798
Borrowed money	—	18,394,432	2,337,339	20,731,771	21,168,133	(436,361)
Bonds	—	966,228	21,339	987,567	1,015,949	(28,381)
Total liabilities	¥ —	¥ 209,694,226	¥ 2,358,678	¥ 212,052,905	¥ 211,897,867	¥ 155,038

* General reserves and special reserves corresponding to loans were deducted. The reserves for possible loan losses on “Monetary claims bought” and “Lease receivables and investment assets” were deducted directly from consolidated balance sheet amounts since they were immaterial.

	Millions of yen					
	Fair value				Consolidated balance sheet amount	Difference
March 31, 2026	Level 1	Level 2	Level 3	Total		
Monetary claims bought*	¥ —	¥ —	¥ 5,631,875	¥ 5,631,875	¥ 5,568,603	¥ 63,272
Securities						
Bonds classified as held-to-maturity	4,394,246	82,419	—	4,476,665	4,655,314	(178,649)
Loans and bills discounted					117,662,191	
Reserve for possible loan losses*					(511,188)	
	—	—	117,866,219	117,866,219	117,151,003	715,216
Lease receivables and investment assets*	—	—	230,908	230,908	231,028	(120)
Total assets	¥ 4,394,246	¥ 82,419	¥123,729,003	¥128,205,669	¥127,605,950	¥ 599,718
Deposits	¥ —	¥186,219,252	¥ —	¥186,219,252	¥186,163,439	¥ 55,813
Negotiable certificates of deposit	—	16,145,044	—	16,145,044	16,173,132	(28,087)
Borrowed money	—	17,809,164	2,718,817	20,527,981	20,930,352	(402,371)
Bonds	—	991,286	20,769	1,012,055	1,044,530	(32,475)
Total liabilities	¥ —	¥221,164,747	¥ 2,739,586	¥223,904,334	¥224,311,454	¥ (407,120)

* General reserves and special reserves corresponding to loans were deducted. The reserves for possible loan losses on “Monetary claims bought” and “Lease receivables and investment assets” were deducted directly from consolidated balance sheet amounts since they were immaterial.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

Monetary claims bought

The fair values of subordinated trust beneficiary interests related to securitized housing loans included in monetary claims bought are determined by estimating future cash flows using the probability of default, loss given default and prepayment rate, and by deducting the value of senior beneficial interests, etc. from the value of the underlying housing loans. In principle, the fair values of other transactions are based on methods similar to those applied to loans and bills discounted.

These transactions are mainly classified as Level 3.

Trading assets

The fair values of bonds and other securities held for trading purposes are, in principle, based on their market prices as of the end of the fiscal year ended March 31, 2026. The fair values of such bonds and other securities are mainly classified as Level 1 depending on the level of market activity. When fair value is determined based on prices quoted by financial institutions or by discounting future cash flows using observable inputs such as interest rates, spreads, and other factors, they are classified as Level 2.

Money held in trust

The fair values of money held in trust are, in principle, the values of securities in trust property calculated by the same method as that applied to securities held by SMBC. They are classified as Level 2.

Securities

In principle, the fair values of stocks (including foreign stocks and listed investment trusts) are based on the market price as of the end of the fiscal year ended March 31, 2026. They are mainly classified as Level 1 depending on the level of market activity. The fair values of securities with market prices other than stocks are based on the market price as of the end of the fiscal year ended March 31, 2026. Japanese government bonds, etc., are mainly classified as Level 1, and other bonds are classified as Level 2.

The fair values of privately-placed bonds with no market prices are based on the present value of estimated future cash flows, taking into account the borrower's probability of default, loss given default, etc. Those present values are discounted at a rate comprising a risk-free interest rate with certain adjustments. However, the fair values of bonds, such as privately-placed bonds issued by bankrupt borrowers, effectively bankrupt borrowers, and potentially bankrupt borrowers are based on the bond's book value after deducting the expected amount of loss on the bond computed using the same method applied to the estimation of loan losses. The fair values of investment trusts with no market prices are based on the net asset value.

These transactions are mainly classified as Level 2.

Loans and bills discounted, Lease receivables and investment assets

Of these transactions, considering their characteristics, the fair values of overdrafts with no specified repayment dates are stated at their book values, as such book values are considered to approximate fair value.

For short-term transactions, the fair values are also their book values as they are considered to approximate their fair values.

The fair values of long-term transactions are, in principle, based on the present value of estimated future cash flows taking into account the borrower's probability of default, loss given default, etc. Those present values are discounted at a rate comprising a risk-free interest rate with certain adjustments. At certain consolidated subsidiaries of SMBC, the fair values are calculated based on the present values of estimated future cash flows, which are computed using the contractual interest rate. Those present values are discounted at a rate comprising a risk-free interest rate and a credit risk premium.

Regarding claims on bankrupt borrowers, effectively bankrupt borrowers, and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the expected recoverable amount from disposal of collateral or guarantees, or the present value of expected future cash flows. The fair value is considered to approximate the amount obtained by deducting the allowance for doubtful accounts from the consolidated balance sheet amount of the claims; therefore, such amount is considered the fair value.

These transactions are mainly classified as Level 3.

Liabilities

Trading liabilities

The fair values of bonds sold for short sales and other securities for trading purposes are, in principle, based on their market prices as of the end of the fiscal year ended March 31, 2026. They are mainly classified as Level 1.

Deposits, Negotiable certificates of deposit

Of these transactions, the fair values of demand deposits and deposits without maturity are their book values. The fair values of transactions with a short-term remaining maturity are also their book values, as they are considered to approximate their fair values. The fair values of transactions with a long-term remaining maturity are, in principle, based on the present value of estimated future cash flows discounted at the interest rate assuming that the same type of deposit is newly accepted until the end of the remaining maturity.

These transactions are classified as Level 2.

Borrowed money, Bonds

The fair values of short-term transactions are based on their book values, as they are considered to approximate their fair values. For long-term transactions, the fair values are based on the present value of estimated future cash flows discounted using the refinancing rate applied to the same type of instruments for the remaining maturity.

For transactions with prices quoted by industry associations, etc., the fair values are based on the amount calculated using the published price data, yield data, etc.

These transactions are mainly classified as Level 2.

Derivative transactions

The fair values of listed derivatives are based on their closing prices. The fair values of over-the-counter derivative transactions are based on the present value of future cash flows, option valuation models, etc., using inputs such as interest rates, foreign exchange rates, stock prices, commodity prices, etc.

Over-the-counter derivative transactions take into account the counterparty's and SMBC's credit risks, and the liquidity risks of unsecured funding. Listed derivative transactions are mainly classified as Level 1. Over-the-counter derivative transactions are classified as Level 2 if observable inputs are available or the impact of unobservable inputs on the fair values is not significant. If the impact of unobservable inputs on the fair values is significant, they are classified as Level 3.

(Note 2) Quantitative information about financial assets and liabilities classified as Level 3, measured at fair value and presented in the consolidated balance sheet.

1) Quantitative information on significant unobservable inputs

March 31, 2025	**Valuation technique**	**Significant unobservable inputs**	**Range**
Monetary claims bought	Discounted cash flow	Probability of default	0.1% — 100.0%
		Loss given default	0.0% — 50.8%
		Prepayment rate	2.0% — 6.5%
Securities:			
Japanese corporate bonds	Discounted cash flow	Probability of default	7.6% — 100.0%
		Loss given default	0.0% — 44.5%
Foreign bonds	Discounted cash flow	Probability of default	100.0%
		Loss given default	40.0% — 71.2%
Derivative transactions:			
Interest rate derivatives	Option valuation model	Correlation between interest rates	34.3% — 84.0%
		Correlation between interest rates and foreign exchange rates	14.1% — 52.4%

March 31, 2026	**Valuation technique**	**Significant unobservable inputs**	**Range**
Monetary claims bought	Discounted cash flow	Probability of default	0.1% — 100.0%
		Loss given default	0.0% — 50.8%
		Prepayment rate	2.0% — 6.5%
Securities:			
Japanese corporate bonds	Discounted cash flow	Probability of default	7.6% — 100.0%
		Loss given default	1.7% — 78.1%
Foreign bonds	Discounted cash flow	Probability of default	100.0%
		Loss given default	40.0%
Derivative transactions:			
Interest rate derivatives	Option valuation model	Correlation between interest rates	39.8% — 69.8%
		Correlation between interest rates and foreign exchange rates	21.8% — 58.3%

2) Reconciliation of the beginning and ending balances, and net unrealized gains (losses) recognized in the earnings of the period

	Millions of yen							
March 31, 2025	**Beginning balance**	**Earnings of the period*1**	**Other comprehensive income*2**	**Net amount of purchase, sale, issuance and settlement**	**Transfer to Level 3*3**	**Transfer from Level 3*4**	**Ending balance**	**Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period**
Monetary claims bought	¥ 419,099	¥ (11,844)	¥ (17,564)	¥ (8,550)	¥ —	¥ —	¥ 381,139	¥ —
Securities								
Other securities	12,976	92	504	(4,592)	960	(3,664)	6,276	59
Japanese corporate bonds	11,833	100	31	(2,984)	960	(3,664)	6,276	21
Foreign bonds	1,143	(8)	473	(1,608)	—	—	0	38
Derivative transactions								
Interest rate	2,716	1,130	—	—	—	—	3,847	1,144
Total	¥ 434,792	¥ (10,621)	¥ (17,059)	¥ (13,143)	¥ 960	¥ (3,664)	¥ 391,263	¥ 1,204

*1 The amounts shown in the table above are included in the consolidated statements of income.
*2 The amounts shown in the table above are included in "Net unrealized gains (losses) on other securities" under "Other comprehensive income (losses)."
*3 Transfer from Level 2 to Level 3 due in part to an increase in the impact on the fair value of unobservable inputs for privately-placed bonds etc. The transfer was made at the beginning of the fiscal year ended March 31, 2025.
*4 Transfer from Level 3 to Level 2 due in part to a decrease in the impact on the fair value of unobservable inputs for privately-placed bonds etc. The transfer was made at the beginning of the fiscal year ended March 31, 2025.

March 31, 2026	Beginning balance	Earnings of the period*1	Other comprehensive income*2	Net amount of purchase, sale, issuance and settlement	Transfer to Level 3*3	Transfer from Level 3*4	Ending balance	Net unrealized gains (losses) on financial assets and liabilities held at consolidated balance sheet date among the amount recognized in the earnings of the period
	Millions of yen							
Monetary claims bought	¥ 381,139	¥ (8,223)	¥ 60,964	¥ (10,456)	¥ —	¥ —	¥ 423,424	¥ —
Securities								
Other securities	6,276	534	(9)	(2,459)	616	(2,764)	2,194	(76)
Japanese corporate bonds	6,276	(76)	(9)	(1,848)	616	(2,764)	2,194	(76)
Foreign bonds	0	610	—	(610)	—	—	0	—
Derivative transactions								
Interest rate	3,847	2,691	—	—	—	—	6,539	2,691
Total	¥ 391,263	¥ (4,997)	¥ 60,955	¥ (12,915)	¥ 616	¥ (2,764)	¥ 432,157	¥ 2,615

*1 The amounts shown in the table above are included in the consolidated statements of income.
*2 The amounts shown in the table above are included in “Net unrealized gains (losses) on other securities” under “Other comprehensive income (losses).”
*3 Transfer from Level 2 to Level 3 due in part to an increase in the impact on the fair value of unobservable inputs for privately-placed bonds etc. The transfer was made at the beginning of the fiscal year ended March 31, 2026.
*4 Transfer from Level 3 to Level 2 due in part to a decrease in the impact on the fair value of unobservable inputs for privately-placed bonds etc. The transfer was made at the beginning of the fiscal year ended March 31, 2026.

3) Description of the fair value valuation process

At the Group, the middle division establishes policies and procedures for the calculation of fair value, and the front division develops valuation models in accordance with such policies and procedures. The middle division verifies the reasonableness of the fair value valuation models, the inputs used, and the appropriateness of the classified fair value level of the calculated fair value.

Observable data is utilized as much as possible in the valuation models. If quoted prices obtained from third parties are used, such values are verified by comparison with results recalculated by the Group using inputs for the valuation.

4) Description of the sensitivity of fair value to changes in significant unobservable inputs

Probability of default

Probability of default represents the likelihood that the default will occur, and is estimated based on actual defaults in the past. A significant increase (decrease) in the probability of default would result in a significant decrease (increase) in fair value.

Loss given default

Loss given default is the proportion of estimated losses in the event that a default occurs, relative to the total balance of bonds or loans and bills discounted, and is calculated based on actual defaults in the past. A significant increase (decrease) in loss given default would result in a significant decrease (increase) in fair value.

Prepayment rate

Prepayment rate is the proportion of the principal of securities that is expected to be paid before maturity in each period, and is calculated based on actual prepayments in the past. In general, a significant increase (decrease) in the prepayment rate would result in a significant decrease (increase) in fair value according to the contractual terms and conditions of financial instruments.

Correlation

Correlation is an indicator of the relationship among changes in variables such as interest rates. It is estimated based on actual past results and is mainly used in valuation techniques for complex derivatives, etc. In general, a significant change in correlation would result in a significant increase (decrease) in fair value depending on the contractual terms and conditions of financial instruments.

(Note 3) Consolidated balance sheet amounts of stocks with no market prices, etc. and investments in partnerships, etc. are as follows. In accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020) and Paragraph 24-16 of the “Guidance for Application of Fair Value Measurement” (ASBJ Guidance No.31, June 17, 2021), these amounts are not included in “Trading assets” and “Securities” in the tables disclosed under “Matters concerning fair value of financial instruments and breakdown by input level.”

	Millions of yen	
March 31	**2025**	**2026**
Stocks with no market prices, etc.[*1, 2]	¥ 210,936	¥ 285,154
Investments in partnership, etc.[*2]	483,813	552,017
Total	¥ 694,749	¥ 837,171

*1 Unlisted stocks are included in stocks with no market prices, etc.
*2 Unlisted stocks and investments in partnerships totaling ¥29,907 million and ¥34,171 million were written off in the fiscal years ended March 31, 2025 and 2026, respectively.

(Note 4) Redemption schedule of monetary claims and securities with maturities

March 31, 2025	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Monetary claims bought*1	¥ 4,115,031	¥ 728,794	¥ 533,027	¥ 231,692
Securities	14,757,224	9,680,501	3,512,780	5,548,615
Bonds classified as held-to-maturity	—	274,531	—	—
Japanese government bonds	—	109,600	—	—
Japanese local government bonds	—	151,931	—	—
Japanese corporate bonds	—	13,000	—	—
Other	—	—	—	—
Other securities with maturity	14,757,224	9,405,970	3,512,780	5,548,615
Japanese government bonds	9,677,520	1,367,000	40,000	148,000
Japanese local government bonds	126,384	256,388	476,958	4,466
Japanese corporate bonds	263,730	890,056	416,093	369,101
Other	4,689,590	6,892,525	2,579,728	5,027,046
Loans and bills discounted*1, 2	28,375,268	50,121,158	15,093,388	6,643,689
Lease receivables and investment assets	53,760	106,270	27,640	28,430
Total	¥ 47,301,285	¥ 60,636,724	¥ 19,166,837	¥ 12,452,427

*1 The amounts shown in the table above do not include claims for which redemption is not expected, such as claims on bankrupt borrowers, effectively bankrupt borrowers, and potentially bankrupt borrowers. The amounts for such claims are ¥445 million for monetary claims bought and ¥254,351 million for loans and bills discounted.

*2 Loans and bills discounted with no specified maturity are not included. The amount of such loans is ¥ 11,550,636 million.

March 31, 2026	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Monetary claims bought*1	¥ 3,954,071	¥ 1,070,242	¥ 696,325	¥ 288,269
Securities	8,312,720	11,146,255	7,538,973	5,595,645
Bonds classified as held-to-maturity	15,898	505,133	4,098,700	69,871
Japanese government bonds	10,000	346,100	4,098,700	—
Japanese local government bonds	5,898	146,033	—	—
Japanese corporate bonds	—	13,000	—	—
Other	—	—	—	69,871
Other securities with maturity	8,296,822	10,641,122	3,440,273	5,525,774
Japanese government bonds	2,842,200	1,360,000	675,000	754,500
Japanese local government bonds	66,997	399,213	263,936	4,169
Japanese corporate bonds	192,658	637,191	328,541	336,629
Other	5,194,966	8,244,718	2,172,796	4,430,475
Loans and bills discounted*1, 2	29,031,597	51,287,408	16,762,323	6,457,244
Lease receivables and investment assets	47,630	124,686	20,324	30,618
Total	¥ 41,346,019	¥ 63,628,593	¥ 25,017,946	¥ 12,371,778

*1 The amounts shown in the table above do not include claims for which redemption is not expected, such as claims on bankrupt borrowers, effectively bankrupt borrowers, and potentially bankrupt borrowers. The amounts for such claims are ¥504 million for monetary claims bought and ¥524,480 million for loans and bills discounted.

*2 Loans and bills discounted with no specified maturity are not included. The amount of such loans is ¥ 13,609,010 million.

(Note 5) Repayment schedule of bonds, borrowed money, and other interest-bearing debts

	Millions of yen			
March 31, 2025	**Within 1 year**	**After 1 year through 5 years**	**After 5 years through 10 years**	**After 10 years**
Deposits*	¥ 167,184,330	¥ 3,616,914	¥ 646,502	¥ 410,144
Negotiable certificates of deposit	17,256,307	557,288	42,295	—
Borrowed money	4,853,603	9,989,540	2,826,126	3,498,862
Bonds	375,161	542,846	—	97,942
Total	¥ 189,669,402	¥ 14,706,590	¥ 3,514,925	¥ 4,006,949

* Demand deposits are included in "Within 1 year." "Deposits" include current deposits.

	Millions of yen			
March 31, 2026	**Within 1 year**	**After 1 year through 5 years**	**After 5 years through 10 years**	**After 10 years**
Deposits*	¥ 181,492,351	¥ 3,519,690	¥ 749,260	¥ 402,135
Negotiable certificates of deposit	15,762,931	410,200	—	—
Borrowed money	5,249,395	7,722,188	2,793,060	5,165,707
Bonds	251,914	688,036	—	104,734
Total	¥ 202,756,594	¥ 12,340,116	¥ 3,542,321	¥ 5,672,577

* Demand deposits are included in "Within 1 year." "Deposits" include current deposits.

(Notes to securities)

The amounts shown in the following tables include trading securities, etc. classified under “Trading assets,” negotiable certificates of deposit classified under “Cash and due from banks,” and beneficiary claims on loan trust classified under “Monetary claims bought,” in addition to “Securities” presented in the consolidated balance sheets.

1. Securities classified as trading purposes

	Millions of yen	
March 31	2025	2026
Valuation gains (losses) included in the earnings for the fiscal year	¥ (2,413)	¥ 26,407

2. Bonds classified as held-to-maturity

		Millions of yen		
March 31, 2025		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds	¥ —	¥ —	¥ —
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	—	—	—
	Other	—	—	—
	Subtotal	—	—	—
Bonds with unrealized losses:	Japanese government bonds	109,550	107,656	(1,893)
	Japanese local government bonds	151,882	147,902	(3,980)
	Japanese corporate bonds	12,981	12,681	(300)
	Other	—	—	—
	Subtotal	274,414	268,240	(6,174)
Total		¥ 274,414	¥ 268,240	¥ (6,174)

		Millions of yen		
March 31, 2026		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:	Japanese government bonds	¥ —	¥ —	¥ —
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	—	—	—
	Other	7,994	8,002	7
	Subtotal	7,994	8,002	7
Bonds with unrealized losses:	Japanese government bonds	4,420,557	4,246,611	(173,946)
	Japanese local government bonds	151,898	147,634	(4,263)
	Japanese corporate bonds	12,986	12,611	(375)
	Other	61,877	61,805	(71)
	Subtotal	4,647,320	4,468,663	(178,657)
Total		¥ 4,655,314	¥ 4,476,665	¥ (178,649)

3. Other securities

March 31, 2025		Consolidated balance sheet amount (Millions of yen)	Acquisition cost (Millions of yen)	Net unrealized gains (losses) (Millions of yen)
Other securities with unrealized gains:	Stocks	¥ 2,580,622	¥ 757,289	¥ 1,823,332
	Bonds	1,327,675	1,320,154	7,521
	Japanese government bonds	518,438	518,333	104
	Japanese local government bonds	10	10	0
	Japanese corporate bonds	809,227	801,810	7,416
	Other	10,365,995	9,674,368	691,626
	Subtotal	14,274,294	11,751,812	2,522,481
Other securities with unrealized losses:	Stocks	24,678	29,642	(4,963)
	Bonds	12,615,744	12,768,090	(152,345)
	Japanese government bonds	10,662,108	10,714,608	(52,500)
	Japanese local government bonds	822,564	864,374	(41,809)
	Japanese corporate bonds	1,131,071	1,189,107	(58,035)
	Other	10,953,129	11,535,637	(582,507)
	Subtotal	23,593,552	24,333,369	(739,816)
Total		¥ 37,867,846	¥ 36,085,182	¥ 1,782,664

Note: There were no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2025 recognized in the earnings through the application of fair value hedge accounting.

March 31, 2026		Consolidated balance sheet amount (Millions of yen)	Acquisition cost (Millions of yen)	Net unrealized gains (losses) (Millions of yen)
Other securities with unrealized gains:	Stocks	¥ 2,977,593	¥ 663,975	¥ 2,313,618
	Bonds	779,744	772,872	6,872
	Japanese government bonds	299,940	299,875	64
	Japanese local government bonds	5	4	0
	Japanese corporate bonds	479,799	472,991	6,808
	Other	10,381,614	9,768,252	613,362
	Subtotal	14,138,953	11,205,099	2,933,853
Other securities with unrealized losses:	Stocks	11,795	15,543	(3,748)
	Bonds	6,826,860	7,104,961	(278,101)
	Japanese government bonds	5,176,487	5,296,996	(120,509)
	Japanese local government bonds	683,029	734,402	(51,372)
	Japanese corporate bonds	967,342	1,073,562	(106,220)
	Other	11,752,316	12,186,392	(434,075)
	Subtotal	18,590,972	19,306,897	(715,925)
Total		¥ 32,729,925	¥ 30,511,997	¥ 2,217,927

Note: There were no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2026 recognized in the earnings through the application of fair value hedge accounting.

4. Held-to-maturity bonds sold during the fiscal year

Fiscal year ended March 31, 2025

There were no corresponding transactions.

Fiscal year ended March 31, 2026

There were no corresponding transactions.

5. Other securities sold during the fiscal year

	Millions of yen		
Year ended March 31, 2025	**Sales amount**	**Gains on sales**	**Losses on sales**
Stocks	¥ 666,371	¥ 476,800	¥ (6,388)
Bonds	3,574,043	3,207	(43,602)
Japanese government bonds	3,145,713	2,804	(37,005)
Japanese local government bonds	184,260	20	(5,354)
Japanese corporate bonds	244,070	381	(1,243)
Other	14,063,270	121,556	(72,680)
Total	¥ 18,303,685	¥ 601,564	¥ (122,671)

	Millions of yen		
Year ended March 31, 2026	**Sales amount**	**Gains on sales**	**Losses on sales**
Stocks	¥ 516,457	¥ 342,256	¥ (868)
Bonds	1,564,669	3,352	(33,277)
Japanese government bonds	1,249,545	3,035	(32,799)
Japanese local government bonds	41,557	25	(421)
Japanese corporate bonds	273,566	292	(57)
Other	12,910,895	185,107	(117,430)
Total	¥ 14,992,021	¥ 530,716	¥ (151,577)

6. Change in classification of securities

Fiscal year ended March 31, 2025

There were no significant corresponding transactions to be disclosed.

Fiscal year ended March 31, 2026

There were no significant corresponding transactions to be disclosed.

7. Write-down of securities

Bonds classified as held-to-maturity and other securities (excluding other securities whose consolidated balance sheet amounts are not stated at fair value) are considered to be impaired if the fair value has decreased materially below the acquisition cost, and such decline is not expected to be recoverable. The fair value is recognized as the consolidated balance sheet amount, and the amount of write-down is recorded as valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2025 and 2026 were ¥416 million and ¥1,277 million, respectively. The criteria for determining the "material decline" are as follows and are based on the classification of issuers under the rules of self-assessment of assets.

Bankrupt, Effectively bankrupt, Potentially bankrupt issuers:	Fair value has declined below the acquisition cost.
Issuers requiring caution:	Fair value has declined by 30% or more from the acquisition cost.
Normal issuers:	Fair value has declined by 50% or more from the acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but are regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not currently bankrupt but are considered to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above 4 categories of issuers.

(Notes to money held in trust)

1. Money held in trust classified as trading purposes

Fiscal year ended March 31, 2025

There were no corresponding transactions.

Fiscal year ended March 31, 2026

There were no corresponding transactions.

2. Money held in trust classified as held-to-maturity

Fiscal year ended March 31, 2025

There were no corresponding transactions.

Fiscal year ended March 31, 2026

There were no corresponding transactions.

3. Other money held in trust (other than trading purpose and held-to-maturity)

	Millions of yen		
March 31, 2025	**Consolidated balance sheet amount**	**Acquisition cost**	**Net unrealized gains (losses)**
Other money held in trust	¥ 0	¥ 0	—

	Millions of yen		
March 31, 2026	**Consolidated balance sheet amount**	**Acquisition cost**	**Net unrealized gains (losses)**
Other money held in trust	¥ 0	¥ 0	—

(Notes to net unrealized gains (losses) on other securities)

The breakdown of "Net unrealized gains (losses) on other securities" reported on the consolidated balance sheets is as shown below:

March 31, 2025		Millions of yen
Net unrealized gains (losses)	¥	1,783,110
Other securities		1,783,110
Other money held in trust		—
(-) Deferred tax liabilities		501,922
Net unrealized gains (losses) on other securities (before following adjustments)		1,281,188
(-) Non-controlling interests		3,999
(+) SMBC's interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates		3,223
Net unrealized gains (losses) on other securities	¥	1,280,412

Notes: 1. There were no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2025 recognized in the fiscal year's earnings by applying fair value hedge accounting.
2. Net unrealized gains (losses) on other securities included foreign currency translation adjustments on foreign currency-denominated securities whose fair value was not recognized as the consolidated balance sheet amount.

March 31, 2026		Millions of yen
Net unrealized gains (losses)	¥	2,218,133
Other securities		2,218,133
Other money held in trust		—
(-) Deferred tax liabilities		664,364
Net unrealized gains (losses) on other securities (before following adjustments)		1,553,769
(-) Non-controlling interests		6,475
(+) SMBC's interest in net unrealized gains (losses) on valuation of other securities held by equity method affiliates		(1,649)
Net unrealized gains (losses) on other securities	¥	1,545,643

Notes: 1. There were no net unrealized gains (losses) on other securities shown above for the fiscal year ended March 31, 2026 recognized in the fiscal year's earnings by applying fair value hedge accounting.
2. Net unrealized gains (losses) on other securities included foreign currency translation adjustments on foreign currency-denominated securities whose fair value was not recognized as the consolidated balance sheet amount.

(Notes to derivative transactions)

1. Derivative transactions to which hedge accounting method was not applied

The following tables set forth the contract amounts, or the notional amounts, fair values, and valuation gains (losses) by type of derivative for derivative transactions to which hedge accounting was not applied at the end of the fiscal year. The contract amounts do not necessarily indicate the market risk associated with derivative transactions.

(1) Interest rate derivatives

	Millions of yen			
	Contract amount			
March 31, 2025	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Interest rate futures:				
Sold	¥ 20,054,787	¥ 5,668,067	¥ 3,601	¥ 3,601
Bought	64,258,953	8,171,815	(817)	(817)
Interest rate options:				
Sold	28,259,600	9,383,425	(22,822)	(22,822)
Bought	98,859,073	18,793,820	18,306	18,306
Over-the-counter				
Forward rate agreements:				
Sold	18,573,211	2,885,194	8,792	8,792
Bought	20,854,430	4,378,015	(10,606)	(10,606)
Interest rate swaps:	966,689,789	777,725,906	(104,712)	(104,712)
Receivable fixed rate/payable floating rate	448,528,577	371,675,191	(11,508,559)	(11,508,559)
Receivable floating rate/payable fixed rate	457,126,481	362,161,770	11,398,859	11,398,859
Receivable floating rate/payable floating rate	61,027,212	43,881,425	5,693	5,693
Interest rate swaptions:				
Sold	41,108,303	18,876,685	(463,683)	(463,683)
Bought	41,840,268	22,122,379	507,201	507,201
Caps:				
Sold	83,649,044	36,614,008	(350,429)	(350,429)
Bought	21,427,151	13,660,652	85,245	85,245
Floors:				
Sold	14,227,781	10,502,453	(24,085)	(24,085)
Bought	15,938,494	11,918,012	38,813	38,813
Other:				
Sold	19,342,043	6,878,649	(99,290)	(99,290)
Bought	44,619,256	24,100,186	191,611	191,611
Total	/	/	¥ (222,875)	¥ (222,875)

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

March 31, 2026	Millions of yen: Contract amount: Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Interest rate futures:				
Sold	¥ 15,582,742	¥ 4,359,564	¥ 3,406	¥ 3,406
Bought	73,913,046	17,441,010	(3,552)	(3,552)
Interest rate options:				
Sold	36,526,253	11,133,714	(17,456)	(17,456)
Bought	121,370,861	26,857,889	29,706	29,706
Over-the-counter				
Forward rate agreements:				
Sold	21,972,069	4,324,548	(44,894)	(44,894)
Bought	26,914,847	6,125,444	51,677	51,677
Interest rate swaps:	1,113,355,181	841,271,375	(261,916)	(261,916)
Receivable fixed rate/payable floating rate	533,075,062	411,321,641	(13,477,183)	(13,477,183)
Receivable floating rate/payable fixed rate	542,796,480	402,186,063	13,214,236	13,214,236
Receivable floating rate/payable floating rate	37,474,773	27,754,805	635	635
Interest rate swaptions:				
Sold	45,534,154	22,715,230	(519,345)	(519,345)
Bought	46,615,052	24,087,774	638,836	638,836
Caps:				
Sold	95,197,433	44,220,019	(309,695)	(309,695)
Bought	26,814,758	14,331,386	93,068	93,068
Floors:				
Sold	16,241,600	8,924,207	(21,679)	(21,679)
Bought	21,335,667	10,937,286	42,901	42,901
Other:				
Sold	17,697,440	4,285,854	(60,411)	(60,411)
Bought	37,551,195	16,752,609	157,058	157,058
Total	/	/	¥ (222,297)	¥ (222,297)

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

(2) Currency derivatives

March 31, 2025	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Currency futures:				
Sold	¥ 615	¥ —	¥ 0	¥ 0
Bought	12,361	—	(93)	(93)
Over-the-counter				
Currency swaps	118,804,828	91,562,750	1,349,670	222,578
Currency swaptions:				
Sold	11,113	11,113	(34)	(34)
Bought	1,954,197	1,915,220	8,617	8,617
Forward foreign exchange	121,861,524	14,180,332	(341,455)	(341,455)
Currency options:				
Sold	5,123,921	1,454,923	(136,626)	(136,626)
Bought	4,532,561	1,070,258	114,708	114,708
Total	/	/	¥ 994,787	¥ (132,304)

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

March 31, 2026	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Currency futures:				
Sold	¥ 2,593	¥ —	¥ 0	¥ 0
Bought	45,305	—	(2,160)	(2,160)
Over-the-counter				
Currency swaps	139,605,344	110,030,482	1,230,878	377,349
Currency swaptions:				
Sold	—	—	—	—
Bought	1,545,461	1,524,827	352	352
Forward foreign exchange	149,044,555	15,800,923	(264,082)	(264,082)
Currency options:				
Sold	9,255,527	2,014,092	(215,822)	(215,822)
Bought	8,617,372	1,663,594	152,459	152,459
Total	/	/	¥ 901,625	¥ 48,097

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

(3) Equity derivatives

March 31, 2025	Millions of yen: Contract amount: Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Equity price index futures:				
Sold	¥ 576,573	¥ —	¥ 9,474	¥ 9,474
Bought	546,969	—	(8,746)	(8,746)
Over-the-counter				
Equity options:				
Sold	—	—	—	—
Bought	159	159	214	214
Total	/	/	¥ 942	¥ 942

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

March 31, 2026	Millions of yen: Contract amount: Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Equity price index futures:				
Sold	¥ 864,765	¥ —	¥ 39,430	¥ 39,430
Bought	666,190	—	(31,107)	(31,107)
Equity price index options:				
Sold	1,039	—	(32)	(32)
Bought	1,039	—	32	32
Over-the-counter				
Equity options:				
Sold	—	—	—	—
Bought	171	171	270	270
Total	/	/	¥ 8,593	¥ 8,593

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

(4) Bond derivatives

March 31, 2025	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Bond futures:				
Sold	¥ 2,546,977	¥ 67,031	¥ (7,171)	¥ (7,171)
Bought	2,522,713	43,202	6,751	6,751
Bond futures options:				
Sold	10,467	—	(16)	(16)
Bought	11,962	—	51	51
Total	/	/	¥ (385)	¥ (385)

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

March 31, 2026	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Bond futures:				
Sold	¥ 4,273,268	¥ 51,442	¥ 26,594	¥ 26,594
Bought	4,267,919	18,964	(28,200)	(28,200)
Bond futures options:				
Sold	104,734	—	(12)	(12)
Bought	95,940	—	69	69
Total	/	/	¥ (1,549)	¥ (1,549)

Note: The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.

(5) Commodity derivatives

March 31, 2025	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Commodity futures:				
Sold	¥ 42,257	¥ —	¥ 429	¥ 429
Bought	43,214	—	(419)	(419)
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	45,313	30,414	609	609
Receivable floating price/payable fixed price	39,294	24,838	520	520
Commodity options:				
Sold	3,350	1,327	(6)	(6)
Bought	1,681	614	12	12
Total	/	/	¥ 1,147	¥ 1,147

Notes: 1. The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.
2. The underlying assets of commodity derivatives related to fuels and metals.

March 31, 2026	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Listed				
Commodity futures:				
Sold	¥ 60,762	¥ 9,675	¥ (8,666)	¥ (8,666)
Bought	65,510	12,139	10,111	10,111
Over-the-counter				
Commodity swaps:				
Receivable fixed price/payable floating price	72,395	43,677	(25,935)	(25,935)
Receivable floating price/payable fixed price	69,816	42,247	25,222	25,222
Commodity options:				
Sold	4,315	2,562	(878)	(878)
Bought	3,800	2,323	(15)	(15)
Total	/	/	¥ (162)	¥ (162)

Notes: 1. The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.
2. The underlying assets of commodity derivatives related to fuels and metals.

(6) Credit derivative transactions

March 31, 2025	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter				
Credit derivatives:				
Sold	¥ 137,008	¥ 131,472	¥ 3,789	¥ 3,789
Bought	789,840	764,320	(16,146)	(16,146)
Total	/	/	¥ (12,356)	¥ (12,356)

Notes: 1. The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.
2. "Sold" represents transactions in which the credit risk was assumed; "Bought" represents transactions in which the credit risk was transferred.

March 31, 2026	Millions of yen			
	Contract amount			
	Total	Over 1 year	Fair value	Valuation gains (losses)
Over-the-counter				
Credit derivatives:				
Sold	¥ 351,953	¥ 351,953	¥ 1,836	¥ 1,836
Bought	1,214,257	1,213,457	(12,518)	(12,518)
Total	/	/	¥ (10,682)	¥ (10,682)

Notes: 1. The above transactions were valued at fair value, and the valuation gains (losses) were accounted for in the consolidated statements of income.
2. "Sold" represents transactions in which the credit risk was assumed; "Bought" represents transactions in which the credit risk was transferred.

2. Derivative transactions to which hedge accounting method was applied

The following tables set forth the contract amounts, or notional amounts, and fair values by type of derivative and by hedge accounting method for derivative transactions to which hedge accounting was applied at the end of the fiscal year. The contract amounts do not necessarily indicate the market risk associated with derivative transactions.

(1) Interest rate derivatives

March 31, 2025

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen: Contract amount: Total	Millions of yen: Contract amount: Over 1 year	Millions of yen: Fair value
Deferral hedge method	Interest rate futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 5,999,652	¥ 5,986,074	¥ (7,810)
	Bought		4,784,960	2,990,600	(2,631)
	Interest rate swaps:				
	Receivable fixed rate/ payable floating rate		45,717,816	39,430,733	(761,940)
	Receivable floating rate/ payable fixed rate		24,075,237	22,969,348	452,072
	Receivable floating rate/ payable floating rate		517,660	92,660	5,004
	Interest rate swaptions:				
	Sold		207,846	207,846	(34,925)
	Bought		—	—	—
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted, deposits			
	Receivable fixed rate/ payable floating rate		129,315	—	(153)
	Receivable floating rate/ payable fixed rate		786,671	656,700	17,764
Special treatment for interest rate swaps	Interest rate swaps:	Borrowed money			
	Receivable floating rate/ payable fixed rate		60,623	60,402	(Note 2)
	Total		/	/	¥ (332,619)

Notes: 1. SMBC mainly applied deferred hedge accounting stipulated in JICPA Industry Committee Practical Guideline No. 24.
2. Interest rate swaps subject to the special treatment for interest rate swaps were treated together with the borrowed money that was designated as a hedged item. Accordingly, their fair values were included in the fair values of the relevant borrowed money stated in (Notes to financial instruments).

March 31, 2026

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		
			Total	Over 1 year	Fair value
Deferral hedge method	Interest rate futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills discounted, other securities, deposits and negotiable certificates of deposit			
	Sold		¥ 5,089	¥ 1,766	¥ (76)
	Bought		2,398,500	1,599,000	(1,517)
	Interest rate swaps:				
	Receivable fixed rate/ payable floating rate		51,434,032	40,568,109	(1,279,689)
	Receivable floating rate/ payable fixed rate		27,373,756	25,414,022	948,621
	Receivable floating rate/ payable floating rate		111,986	108,896	2,391
	Interest rate swaptions:				
	Sold		222,261	222,261	(39,169)
	Bought		—	—	—
	Caps:				
	Sold		—	—	—
	Bought		64,102	—	710
Recognition of gain or loss on the hedged items	Interest rate swaps:	Loans and bills discounted, deposits			
	Receivable fixed rate/ payable floating rate		334,726	—	(497)
	Receivable floating rate/ payable fixed rate		533,434	432,215	16,483
Special treatment for interest rate swaps	Interest rate swaps:	Borrowed money			
	Receivable floating rate/ payable fixed rate		93,962	80,597	(Note 2)
	Total		/	/	¥ (352,743)

Notes: 1. SMBC mainly applied deferred hedge accounting stipulated in JICPA Industry Committee Practical Guideline No. 24.

2. Interest rate swaps subject to the special treatment for interest rate swaps were treated together with the borrowed money that was designated as a hedged item. Accordingly, their fair values were included in the fair values of the relevant borrowed money stated in (Notes to financial instruments).

(2) Currency derivatives

March 31, 2025

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		
			Total	Over 1 year	Fair value
Deferral hedge method	Currency swaps	Foreign currency-denominated loans and bills discounted, other securities, deposits, foreign exchange, etc.	¥ 13,746,034	¥ 8,858,500	¥ (1,376,445)
	Forward foreign exchange		4,878,815	—	(19,912)
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted, other securities	38,046	33,389	(789)
	Total		/	/	¥ (1,397,147)

Note: SMBC mainly applied deferred hedge accounting stipulated in JICPA Industry Committee Practical Guideline No. 25.

March 31, 2026

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen		
			Contract amount		
			Total	Over 1 year	Fair value
Deferral hedge method	Currency swaps	Foreign currency-denominated loans and bills discounted, other securities, deposits, foreign exchange, etc.	¥ 11,717,976	¥ 9,260,945	¥ (1,546,202)
	Forward foreign exchange		4,510,305	—	29,572
Recognition of gain or loss on the hedged items	Currency swaps	Loans and bills discounted, other securities	38,377	37,743	(4,149)
	Total		/	/	¥ (1,520,779)

Note: SMBC mainly applied deferred hedge accounting stipulated in JICPA Industry Committee Practical Guideline No. 25.

(Notes to employee retirement benefits)

1. Outline of employee retirement benefits

SMBC and its consolidated subsidiaries have funded and unfunded contributory defined benefit pension plans and defined-contribution pension plans for benefit payments to their employees.

Funded contributory defined benefit pension plans mainly consist of contributory funded defined benefit pension plans and lump-sum severance indemnity plans which set up employee retirement benefit trusts.

Unfunded contributory defined benefit pension plans are lump-sum severance indemnity plans which do not use such a trust scheme.

Some consolidated subsidiaries adopt the simplified method in calculating the projected benefit obligation. Additional benefits may also be granted upon retirement.

2. Contributory defined benefit pension plan

(1) Reconciliation of beginning and ending balances of projected benefit obligation

	Millions of yen			
Year ended, March 31	**2025**		**2026**	
Beginning balance of projected benefit obligation	¥	858,117	¥	771,147
Service cost		20,502		18,146
Interest cost on projected benefit obligation		11,989		16,411
Unrecognized net actuarial gain or loss incurred		(64,687)		(59,935)
Payments of retirement benefits		(53,248)		(54,893)
Unrecognized prior service cost		—		—
Other		(1,525)		3,705
Ending balance of projected benefit obligation	¥	771,147	¥	694,581

(2) Reconciliation of beginning and ending balances of plan assets

	Millions of yen			
Year ended, March 31	**2025**		**2026**	
Beginning balance of plan assets	¥	1,749,632	¥	1,734,724
Expected return on plan assets		48,264		69,775
Unrecognized net actuarial gain or loss incurred		(33,587)		184,341
Contributions by the employer		11,003		9,968
Payments of retirement benefits		(40,475)		(42,095)
Other		(112)		2,769
Ending balance of plan assets	¥	1,734,724	¥	1,959,484

(3) Reconciliation of the ending balances of the projected benefit obligation and plan assets to the net defined benefit asset and net defined benefit liability reported on the consolidated balance sheets

	Millions of yen	
March 31	**2025**	**2026**
Funded projected benefit obligation	¥ (768,597)	¥ (691,912)
Plan assets	1,734,724	1,959,484
	966,127	1,267,572
Unfunded projected benefit obligation	(2,550)	(2,668)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 963,577	¥ 1,264,903

	Millions of yen	
March 31	**2025**	**2026**
Net defined benefit asset	¥ 970,420	¥ 1,273,634
Net defined benefit liability	(6,842)	(8,731)
Net amount of asset and liability reported on the consolidated balance sheet	¥ 963,577	¥ 1,264,903

(4) Pension expenses

	Millions of yen	
Year ended March 31	**2025**	**2026**
Service cost	¥ 20,502	¥ 18,146
Interest cost on projected benefit obligation	11,989	16,411
Expected return on plan assets	(48,264)	(69,775)
Amortization of unrecognized net actuarial gain or loss	(36,847)	(60,383)
Amortization of unrecognized prior service cost	(2,402)	(2,402)
Other (nonrecurring additional retirement allowance paid and other)	6,772	8,502
Pension expenses	¥ (48,250)	¥ (89,501)

Note: Pension expenses of consolidated subsidiaries which adopt the simplified method are mainly included in "Service cost."

(5) Remeasurements of defined benefit plans

The breakdown of "Remeasurements of defined benefit plans" (before deducting income taxes and tax effect) was as shown below:

	Millions of yen	
Year ended March 31	**2025**	**2026**
Prior service cost	¥ 2,402	¥ 2,402
Net actuarial gain or loss	6,207	(183,702)
Total	¥ 8,609	¥ (181,299)

(6) Accumulated remeasurements of defined benefit plans

The breakdown of "Accumulated remeasurements of defined benefit plans" (before deducting income taxes and tax effect) was as shown below:

	Millions of yen	
March 31	**2025**	**2026**
Unrecognized prior service cost	¥ (9,458)	¥ (7,055)
Unrecognized net actuarial gain or loss	(381,630)	(565,333)
Total	¥ (391,089)	¥ (572,388)

(7) Plan assets

1) Major asset classes of plan assets

The proportion of major asset classes to the total plan assets was as follows:

March 31	**2025**	**2026**
Stocks	46.8 %	39.3 %
Bonds	10.6 %	9.5 %
General account of life insurance	0.5 %	0.5 %
Other	42.1 %	50.7 %
Total	100.0 %	100.0 %

Note: The retirement benefit trusts set up for employee pension plans and lump-sum severance indemnity plans account for 33.4% and 34.9% of the total plan assets at March 31, 2025 and 2026, respectively.

2) Method for setting the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and expected allocation of plan assets and the current and expected long-term rates of return on various asset classes of plan assets.

(8) Actuarial assumptions

The principal assumptions used in determining benefit obligation and pension expenses were as follows:

1) Discount rate

Year ended March 31, 2025	**Percentages**	**Year ended March 31, 2026**	**Percentages**
SMBC and its domestic consolidated subsidiaries	0.8% to 1.9%	SMBC and its domestic consolidated subsidiaries	2.0% to 2.8%
Overseas consolidated subsidiaries	2.0% to 7.0%	Overseas consolidated subsidiaries	2.0% to 6.3%

2) Long-term expected rate of return on plan assets

Year ended March 31, 2025	**Percentages**	**Year ended March 31, 2026**	**Percentages**
SMBC and its domestic consolidated subsidiaries	0.0% to 3.2%	SMBC and its domestic consolidated subsidiaries	3.1% to 5.2%
Overseas consolidated subsidiaries	5.8% to 7.0%	Overseas consolidated subsidiaries	6.0% to 6.3%

3. Defined contribution plan

Fiscal year ended March 31, 2025

The amount required to be contributed by SMBC and the consolidated subsidiaries was ¥11,274 million.

Fiscal year ended March 31, 2026

The amount required to be contributed by SMBC and the consolidated subsidiaries was ¥12,151 million.

(Notes to deferred tax assets and liabilities)

1. Breakdown of deferred tax assets and liabilities by major components

March 31, 2025		Millions of yen
Deferred tax assets:		
Reserve for possible loan losses and write-off of loans	¥	275,318
Net deferred gains (losses) on hedge		77,592
Securities		19,340
Net operating loss carryforwards*		8,982
Other		250,549
Subtotal		631,782
Valuation allowance for net operating loss carryforwards*		(5,965)
Valuation allowance for total amount of deductible temporary differences etc.		(70,917)
Valuation allowance subtotal		(76,882)
Total deferred tax assets		554,900
Deferred tax liabilities:		
Net unrealized gains on other securities		(500,961)
Accumulated remeasurements of defined benefit plans		(124,230)
Retained earnings of subsidiaries		(71,012)
Other		(165,599)
Total deferred tax liabilities		(861,804)
Net deferred tax assets (liabilities)	¥	(306,903)

March 31, 2026		Millions of yen
Deferred tax assets:		
Reserve for possible loan losses and write-off of loans	¥	306,564
Net deferred gains (losses) on hedge		145,358
Securities		51,299
Net operating loss carryforwards*		10,252
Other		272,976
Subtotal		786,452
Valuation allowance for net operating loss carryforwards*		(6,057)
Valuation allowance for total amount of deductible temporary differences etc.		(108,334)
Valuation allowance subtotal		(114,392)
Total deferred tax assets		672,060
Deferred tax liabilities:		
Net unrealized gains on other securities		(664,606)
Accumulated remeasurements of defined benefit plans		(184,772)
Retained earnings of subsidiaries		(82,731)
Other		(211,208)
Total deferred tax liabilities		(1,143,319)
Net deferred tax assets (liabilities)	¥	(471,258)

* Net operating loss carryforwards and related deferred tax assets by expiration date.

March 31, 2025	Millions of yen: Within 1 year	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Total
Net operating loss carryforwards*	¥ 5	¥ 1,557	¥ 2,121	¥ 5,298	¥ 8,982
Valuation allowance	(5)	(1,154)	(1,497)	(3,307)	(5,965)
Deferred tax assets	0	402	624	1,991	3,017

* Net operating loss carryforwards are presented after applying the statutory effective tax rate.

March 31, 2026	Millions of yen: Within 1 year	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Total
Net operating loss carryforwards*	¥ 0	¥ 1,733	¥ 807	¥ 7,712	¥ 10,252
Valuation allowance	(0)	(571)	(692)	(4,793)	(6,057)
Deferred tax assets	0	1,161	114	2,918	4,194

* Net operating loss carryforwards are presented after applying the statutory effective tax rate.

2. Breakdown of major components of differences between the SMBC's statutory tax rate and the effective income tax rate

March 31, 2025	Percentages
Statutory tax rate	30.62%
(Adjustments)	
Differences of effective income tax rate between SMBC and overseas consolidated subsidiaries	(1.27)
Differences of the scope of taxable income between corporate income tax and enterprise income tax	(1.20)
Dividends exempted for income tax purposes	(0.76)
Dividends from overseas subsidiaries	0.42
Other	0.31
Effective income tax rate	28.12%

March 31, 2026	Percentages
Statutory tax rate	30.62%
(Adjustments)	
Equity in gains of affiliates	(1.13)
Differences of the scope of taxable income between corporate income tax and enterprise income tax	(1.08)
Valuation allowance	1.55
Other	0.16
Effective income tax rate	30.12%

3. Accounting treatment for corporate tax, local corporate tax and related tax effect accounting

SMBC and certain consolidated domestic subsidiaries apply the group tax sharing system in which Sumitomo Mitsui Financial Group, Inc. is a parent company of the group tax sharing system. Accordingly, corporate tax, local corporate tax, and tax effect accounting related thereto are accounted for and disclosed in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Issue Task Force No. 42, August 12, 2021).

(Notes to asset retirement obligations)

Fiscal year ended March 31, 2025

There was no information to be disclosed since the total amount of asset retirement obligations was immaterial.

Fiscal year ended March 31, 2026

There was no information to be disclosed since the total amount of asset retirement obligations was immaterial.

(Notes to real estate for rent)

Fiscal year ended March 31, 2025

There was no significant information to be disclosed.

Fiscal year ended March 31, 2026

There was no significant information to be disclosed.

(Revenue recognition)

Information on breakdown of revenues from contracts with customers

Year ended March 31	Millions of yen 2025	Millions of yen 2026
Ordinary income	¥ 8,448,877	¥ 9,002,775
Fees and commissions	958,962	1,098,486
Deposits and loans	331,214	371,609
Remittances and transfers	158,972	165,497
Securities-related business	80,070	105,912
Agency	8,695	8,293
Safe deposits	4,025	3,638
Guarantees	39,457	42,233
Investment trusts	38,535	43,005
Others	297,990	358,294

Note: Fees and commissions obtained through Deposits and loans principally arise in the Wholesale Banking Unit and the Global Banking Unit, Remittances and transfers principally arise in the Wholesale Banking Unit, the Retail Banking Unit, and the Global Banking Unit, Securities-related business principally arise in the Global Banking Unit. Income based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019) is also included in the table above.

(Notes to segment and other related information)

[Segment information]

1. Summary of reportable segment

The Group's reportable segment is defined as an operating segment for which discrete financial information is available and reviewed by the Board of Directors and SMBC's Management Committee regularly in order to make decisions about resources to be allocated to the segment and assess its performance.

The businesses operated by each business unit are as follows:

Wholesale Banking Unit:	Business to deal with domestic medium-to-large-sized and small-to-medium-sized corporate customers
Retail Banking Unit:	Business to deal with mainly domestic individual customers
Global Banking Unit:	Business to deal with international (including Japanese) corporate customers in overseas countries
Global Markets & Treasury Unit:	Business to deal with financial market
Head office account:	Business other than businesses above

2. Method of calculating profit and loss by reportable segment

The accounting methods applied to reportable segments are generally the same as those described in "(Significant accounting policies for preparing consolidated financial statements)." When transactions are obtained through collaboration among multiple business units, the amounts calculated based on actual revenues are allocated to the collaborating business units in accordance with internal managerial accounting policies.

SMBC does not assess assets by business segments.

3. Information on profit and loss by reportable segment

	Millions of yen					
Year ended March 31, 2025	**Wholesale Banking Unit**	**Retail Banking Unit**	**Global Banking Unit**	**Global Markets & Treasury Unit**	**Head office account and others**	**Total**
Consolidated gross profit	¥ 1,049,400	¥ 413,900	¥ 1,332,200	¥ 559,200	¥ (429,302)	¥ 2,925,398
General and administrative expenses	(339,000)	(341,100)	(823,500)	(105,500)	132,628	(1,476,472)
Equity in gains (losses) of affiliates	—	4,900	114,200	—	(116,422)	2,678
Consolidated net business profit	¥ 710,400	¥ 77,700	¥ 622,900	¥ 453,700	¥ (413,096)	¥ 1,451,604

Notes: 1. Figures shown in parentheses represent losses.
2. "Head office account and others" includes profit or loss to be eliminated as inter-segment transactions.

	Millions of yen					
Year ended March 31, 2026	**Wholesale Banking Unit**	**Retail Banking Unit**	**Global Banking Unit**	**Global Markets & Treasury Unit**	**Head office account and others**	**Total**
Consolidated gross profit	¥ 1,399,900	¥ 558,100	¥ 1,526,000	¥ 654,500	¥ (632,624)	¥ 3,505,876
General and administrative expenses	(448,600)	(357,600)	(987,000)	(121,200)	276,755	(1,637,645)
Equity in gains (losses) of affiliates	—	3,800	124,200	—	(53,877)	74,123
Consolidated net business profit	¥ 951,300	¥ 204,300	¥ 663,200	¥ 533,300	¥ (409,745)	¥ 1,942,355

Notes: 1. Figures shown in parentheses represent losses.
2. "Head office account and others" includes profit or loss to be eliminated as inter-segment transactions.

4. Reconciliation of consolidated net business profit by reportable segment to ordinary profit on the consolidated statements of income

Year ended March 31, 2025		**Millions of yen**
Consolidated net business profit	¥	1,451,604
Other ordinary income (excluding equity in gains of affiliates)		576,601
Other ordinary expenses		(292,373)
Ordinary profit on consolidated statements of income	¥	1,735,832

Note: Figures shown in parentheses represent losses.

Year ended March 31, 2026		**Millions of yen**
Consolidated net business profit	¥	1,942,355
Other ordinary income (excluding equity in gains of affiliates)		512,440
Other ordinary expenses		(405,437)
Ordinary profit on consolidated statements of income	¥	2,049,358

Note: Figures shown in parentheses represent losses.

[Related information]

Fiscal year ended March 31, 2025

1. Information on each service

There was no information to be disclosed since information on each service was similar to the segment information.

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥ 2,868,789	¥ 2,604,948	¥ 1,575,370	¥ 1,399,768	¥ 8,448,877

Notes:
1. Consolidated ordinary income is presented instead of sales of companies in other industries.
2. Ordinary income arising from transactions of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries is classified as "Japan." Ordinary income arising from transactions of overseas branches of SMBC and overseas consolidated subsidiaries is classified as "The Americas," "Europe and Middle East," and "Asia and Oceania," based on their locations, taking into account geographic proximity and other factors.
3. The Americas includes the United States, Brazil, Canada, and others; Europe and Middle East includes the United Kingdom, Germany, and others; Asia and Oceania includes China, Singapore, Indonesia, and others except Japan.
4. Ordinary income in the United States within the "The Americas" segment amounted to ¥2,381,109 million.

(2) Tangible fixed assets

Millions of yen				
Japan	The Americas	Europe and Middle East	Asia and Oceania	Total
¥ 702,816	¥ 50,664	¥ 38,237	¥ 50,564	¥ 842,283

3. Information on major customers

There were no major customers individually accounting for 10% or more of ordinary income reported on the consolidated statements of income.

Fiscal year ended March 31, 2026

1. Information on each service

There was no information to be disclosed since information on each service was similar to the segment information.

2. Geographic information

(1) Ordinary income

Millions of yen				
Japan	**The Americas**	**Europe and Middle East**	**Asia and Oceania**	**Total**
¥ 3,306,089	¥ 2,710,864	¥ 1,561,484	¥ 1,424,336	¥ 9,002,775

Notes:
1. Consolidated ordinary income is presented instead of sales of companies in other industries.
2. Ordinary income arising from transactions of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries is classified as “Japan.” Ordinary income arising from transactions of overseas branches of SMBC and overseas consolidated subsidiaries is classified as “The Americas,” “Europe and Middle East,” and “Asia and Oceania,” based on their locations, taking into account geographic proximity and other factors.
3. The Americas includes the United States, Brazil, Canada, and others; Europe and Middle East includes the United Kingdom, Germany, and others; Asia and Oceania includes China, Singapore, Indonesia, and others except Japan.
4. Ordinary income in the United States within the “The Americas” segment amounted to ¥2,451,096 million.

(2) Tangible fixed assets

Millions of yen				
Japan	**The Americas**	**Europe and Middle East**	**Asia and Oceania**	**Total**
¥ 732,467	¥ 72,058	¥ 36,549	¥ 65,316	¥ 906,392

3. Information on major customers

There were no major customers individually accounting for 10% or more of ordinary income reported on the consolidated statements of income.

[Information on impairment losses for fixed assets by reportable segment]

SMBC does not allocate impairment losses for fixed assets to the reportable segments.
Impairment losses for the fiscal year ended March 31, 2025 was ¥2,675 million.
Impairment losses for the fiscal year ended March 31, 2026 was ¥2,841 million.

[Information on amortization of goodwill and unamortized balance by reportable segment]

	Millions of yen					
Year ended March 31, 2025	**Wholesale Banking Unit**	**Retail Banking Unit**	**Global Banking Unit**	**Treasury Unit**	**Head office account and others**	**Total**
Amortization of goodwill	¥ —	¥ —	¥ 396	¥ —	¥ —	¥ 396
Unamortized balance	—	—	—	—	—	—

Fiscal year ended March 31, 2026

There were no corresponding transactions.

[Information on gains on negative goodwill by reportable segment]

Fiscal year ended March 31, 2025

There were no corresponding transactions.

Fiscal year ended March 31, 2026

There were no corresponding transactions.

[Information on related parties]

Fiscal year ended March 31, 2025

1. Transactions with related parties

There were no significant corresponding transactions to be disclosed.

2. Notes to the parent company or important affiliates

Information on the parent company
Sumitomo Mitsui Financial Group, Inc. (listed on the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the New York Stock Exchange)

Fiscal year ended March 31, 2026

1. Transactions with related parties

There were no significant corresponding transactions to be disclosed.

2. Notes to the parent company or important affiliates

Information on the parent company
Sumitomo Mitsui Financial Group, Inc. (listed on the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the New York Stock Exchange)

(Business combination)

There was no significant business combination to be disclosed.

(Per share data)

As of and year ended March 31	Yen 2025	Yen 2026
Net assets per share	¥ 105,969.48	¥ 113,666.39
Earnings per share	11,636.20	13,149.77
Earnings per share (diluted)	11,636.13	13,149.64

Notes: 1. Earnings per share and earnings per share (diluted) are calculated based on the following.

Year ended March 31	Millions of yen except number of shares 2025	Millions of yen except number of shares 2026
Earnings per share:		
Profit attributable to owners of parent	¥ 1,236,342	¥ 1,397,175
Amount not attributable to common stockholders	—	—
Profit attributable to owners of parent attributable to common stock	¥ 1,236,342	¥ 1,397,175
Average number of common stocks during the fiscal year (in thousands)	106,249	106,250
Earnings per share (diluted):		
Adjustment for profit attributable to owners of parent	¥ (7)	¥ (13)
Adjustment of dilutive shares issued by consolidated subsidiaries and equity method affiliates	(7)	(13)
Increase in number of common stock (in thousands)	—	—
Outline of dilutive shares which were not included in the calculation of “Earnings per share (diluted)” because they do not have dilutive effect:	—	—

2. Net assets per share are calculated based on the following.

March 31	Millions of yen except number of shares 2025	Millions of yen except number of shares 2026
Net assets	¥ 11,410,174	¥ 12,238,546
Amounts excluded from net assets	150,815	161,384
Non-controlling interests	150,815	161,384
Net assets attributable to common stock at the end of the fiscal year	¥ 11,259,358	¥ 12,077,162
Number of common stocks at the end of the fiscal year used for the calculation of net assets per share (in thousands)	106,250	106,250

(Significant subsequent events)

There were no significant subsequent events to be disclosed.

[Consolidated supplementary financial schedules]

[Schedule of bonds]

Company	Type of bonds	Date of issuance	Millions of yen: At the beginning of the fiscal year	Millions of yen: At the end of the fiscal year	Percentages: Interest rate (Note 1)	Collat-eral	Date of maturity
SMBC	Straight bonds, payable in U.S. dollars (Notes 3 and 4)	May 2014 ~ Mar. 2026	204,328 ($1,366,470 thousand) [74,765]	298,530 ($1,866,979 thousand) [81,069]	3.31 ~ 5.261	None	Sep. 2026 ~ Mar. 2031
	Straight bonds, payable in U.S. dollars (Note 3)	May 28, 2015	97,942 ($655,000 thousand)	104,734 ($655,000 thousand)	4.3	None	May 30, 2045
	Straight bonds, payable in Australian dollars (Notes 3 and 4)	Dec. 2022 ~ Aug. 2023	10,526 (A$111,990 thousand) [—]	12,279 (A$111,996 thousand) [6,578]	4.77~ 4.79	None	Sep. 2026 ~ Dec. 2027
	Straight bonds, payable in Hong Kong dollars (Notes 3 and 4)	Feb 27, 2025	22,199 (HK$1,155,006 thousand) [14,511]	8,159 (HK$399,951 thousand) [—]	4.16	None	Feb 28, 2028
	Subordinated bonds, payable in Yen (Note 4)	Jun. 2011 ~ Dec. 2011	59,998 [—]	59,999 [60,000]	2.17 ~ 2.21	None	Jun. 2026 ~ Dec. 2026
(* 1)	Consolidated subsidiaries, straight bonds, payable in Indonesia rupiah (Notes 2, 3, and 4)	Jul. 2023 ~ Sep. 2025	33,650 (IDR3,738,975,786 thousand) [2,297]	63,884 (IDR6,796,221,312 thousand) [12,547]	6.1 ~ 7.45	None	Apr. 2026 ~ Sep. 2030
(* 2)	Consolidated subsidiaries, subordinated bonds, payable in Yen (Note 2)	Dec. 1997 ~ Feb. 1998	20,000	20,000	4 ~ 4.15	None	Jan. 28, 2028
(* 3)	Consolidated subsidiaries, straight bonds, payable in Euro (Notes 2, 3, and 4)	Jun. 2019 ~ Feb. 2026	567,304 (€3,500,798 thousand) [283,587]	476,944 (€2,600,000 thousand) [91,720]	0.267 ~ 2.875	Existing	Jun. 2026 ~ Feb. 2031
Total		—	¥ 1,015,949	¥ 1,044,530	—	—	—

Notes: 1. "Interest rate" indicates a nominal interest rate which is applied at respective consolidated balance sheet dates. Therefore, this rate may differ from an actual interest rate.
2. (*1) This represents straight bonds issued in Indonesia rupiah by PT Bank SMBC Indonesia Tbk, an overseas consolidated subsidiary.
(*2) This represents subordinated term bonds issued in Yen by SMBC International Finance N.V., an overseas consolidated subsidiary.
(*3) This represents straight bonds issued in Euro by the trust account in relation to covered bonds, a consolidated subsidiary of SMBC.
3. Figures shown in ( ) in "At the beginning of the fiscal year" and "At the end of the fiscal year" are in foreign currency.
4. Figures shown in [ ] in "At the beginning of the fiscal year" and "At the end of the fiscal year" are the amounts to be redeemed within one year.
5. The redemption schedule for the next 5 years after respective balance sheet dates of the consolidated subsidiaries is as follows:

Millions of yen: Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
¥ 251,914	¥ 67,518	¥ 21,614	¥ 275,132	¥ 323,770

[Schedule of borrowings]

Classification	Millions of yen At the beginning of the fiscal year	Millions of yen At the end of the fiscal year	Percentages Average interest rate	Repayment Term
Borrowed money	¥ 21,168,133	¥ 20,930,352	2.67	—
Other borrowings	21,168,133	20,930,352	2.67	Apr. 2026 ~ Perpetual
Lease obligations	3,542	6,270	9.81	Apr. 2026 ~ Oct. 2038

Notes: 1. "Average interest rate" represents the weighted average interest rate based on the interest rates and "At the end of the fiscal year" at respective balance sheet dates of consolidated subsidiaries.

2. The redemption schedule for the next 5 years of Other borrowings and Lease obligations after respective balance sheet dates of the consolidated subsidiaries is as follows:

	Millions of yen				
	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
Other borrowings	¥ 5,249,395	¥ 3,795,726	¥ 1,340,121	¥ 1,528,040	¥ 1,058,300
Lease obligations	1,455	1,258	1,135	641	447

Since the commercial banking business accepts deposits and raises and manages funds through the call loan and commercial paper markets as a normal course of business, the schedule of borrowings shows a breakdown of "Borrowed money" included in the "Liabilities" and "Lease obligations" included in "Other liabilities" in the consolidated balance sheet.

Reference: Commercial paper issued for funding purposes as a normal course of business is as follows:

	Millions of yen At the beginning of the fiscal year	Millions of yen At the end of the fiscal year	Percentage Average interest rate	Repayment Term
Commercial paper	¥ 2,672,952	¥ 3,353,481	3.48	Apr. 2026 ~ Jan. 2027

[Schedule of asset retirement obligations]

Since the amount of asset retirement obligations accounts for 1% or less of the total of liabilities and net assets, the schedule of asset retirement obligations is not disclosed.

[Others]

Not applicable.

(Non-consolidated financial statements)

1. Non-consolidated balance sheets

	Millions of yen		Millions of U.S. dollars
March 31	**2025**	**2026**	**2026**
Assets:			
Cash and due from banks	¥ 69,761,979	¥ 68,651,578	$ 429,341
Call loans	4,484,770	5,462,547	34,162
Receivables under resale agreements	8,625,984	7,675,741	48,003
Receivables under securities borrowing transactions	1,131,736	2,346,965	14,678
Monetary claims bought	2,145,167	2,289,341	14,317
Trading assets	3,464,150	4,910,025	30,707
Securities	37,561,851	35,715,777	223,363
Loans and bills discounted	104,515,592	110,748,673	692,612
Foreign exchanges	2,533,415	1,877,094	11,739
Other assets	7,380,999	8,018,167	50,145
Tangible fixed assets	752,427	812,162	5,079
Intangible fixed assets	404,437	487,718	3,050
Prepaid pension cost	558,899	679,458	4,249
Customers' liabilities for acceptances and guarantees	14,999,422	16,579,830	103,689
Reserve for possible loan losses	(625,538)	(693,865)	(4,339)
Reserve for possible losses on investments	(92,570)	(2,806)	(18)
Total assets	¥ 257,602,725	¥ 265,558,413	$ 1,660,778
Liabilities and net assets:			
Liabilities:			
Deposits	¥ 159,731,671	¥ 171,335,915	$ 1,071,519
Negotiable certificates of deposit	17,489,575	15,975,615	99,910
Call money	938,008	1,069,649	6,689
Payables under repurchase agreements	17,373,975	11,263,623	70,442
Payables under securities lending transactions	1,301,084	338,736	2,118
Commercial paper	1,824,519	2,242,956	14,027
Trading liabilities	2,540,702	3,921,172	24,523
Borrowed money	21,160,696	20,489,569	128,140
Foreign exchanges	1,815,415	1,498,334	9,370
Bonds	395,058	483,702	3,025
Due to trust account	1,535,723	1,244,765	7,785
Other liabilities	8,529,896	10,556,284	66,018
Reserve for employee bonuses	14,557	18,280	114
Reserve for executive bonuses	1,292	1,445	9
Reserve for point service program	2,163	3,991	25
Reserve for reimbursement of deposits	4,669	35,019	219
Deferred tax liabilities	132,170	197,238	1,234
Deferred tax liabilities for land revaluation	26,424	25,750	161
Acceptances and guarantees	14,999,422	16,579,830	103,689
Total liabilities	249,817,028	257,281,882	1,609,017
Net assets:			
Capital stock	1,771,093	1,771,093	11,076
Capital surplus	1,774,651	1,774,651	11,099
Retained earnings	3,835,702	4,381,583	27,402
Treasury stock	(210,003)	(210,003)	(1,313)
Total stockholders' equity	7,171,443	7,717,325	48,263
Net unrealized gains (losses) on other securities	1,275,580	1,551,739	9,704
Net deferred gains (losses) on hedges	(684,434)	(1,012,596)	(6,333)
Land revaluation excess	23,107	20,062	125
Total valuation and translation adjustments	614,253	559,204	3,497
Total net assets	7,785,697	8,276,530	51,761
Total liabilities and net assets	¥ 257,602,725	¥ 265,558,413	$ 1,660,778

2. Non-consolidated statements of income

Year ended March 31	Millions of yen 2025	Millions of yen 2026	Millions of U.S. dollars 2026
Ordinary income	¥ 7,105,687	¥ 7,377,956	$ 46,141
Interest income	5,497,147	5,569,246	34,830
Interest on loans and discounts	3,042,252	3,029,949	18,949
Interest and dividends on securities	947,130	962,030	6,016
Trust fees	3,509	4,147	26
Fees and commissions	775,113	889,785	5,565
Trading income	178,218	1,880	12
Other operating income	92,270	325,342	2,035
Other income	559,429	587,553	3,675
Ordinary expenses	5,617,625	5,479,485	34,268
Interest expenses	3,845,857	3,622,934	22,657
Interest on deposits	1,344,939	1,401,337	8,764
Fees and commissions payments	229,362	269,901	1,688
Trading losses	6,023	16,183	101
Other operating expenses	208,455	203,490	1,273
General and administrative expenses	1,039,108	1,132,368	7,082
Other expenses	288,817	234,608	1,467
Ordinary profit	1,488,062	1,898,470	11,873
Extraordinary gains	3,034	9,581	60
Extraordinary losses	12,513	9,836	62
Income before income taxes	1,478,583	1,898,215	11,871
Income taxes - current	440,708	518,582	3,243
Income taxes - deferred	(30,691)	(32,050)	(200)
Net income	¥ 1,068,566	¥ 1,411,682	$ 8,829

	Yen 2025	Yen 2026	U.S. dollars 2026
Per share data:			
Earnings per share	¥ 10,057.12	¥ 13,286.30	$ 83.09
Earnings per share (diluted)	—	—	—

3. Non-consolidated statements of changes in net assets

Year ended March 31, 2025	Millions of yen Stockholders' equity Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥ 1,770,996	¥ 1,774,554	¥ 3,496,700	¥ (210,003)	¥ 6,832,248
Changes in the fiscal year:					
Issuance of new stock	96	96			193
Cash dividends			(731,201)		(731,201)
Net income			1,068,566		1,068,566
Reversal of land revaluation excess			1,636		1,636
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	96	96	339,001	—	339,195
Balance at the end of the fiscal year	¥ 1,771,093	¥ 1,774,651	¥ 3,835,702	¥ (210,003)	¥ 7,171,443

Year ended March 31, 2025	Millions of yen Valuation and translation adjustments Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Total	Total net assets
Balance at the beginning of the fiscal year	¥ 1,803,310	¥ (618,692)	¥ 24,744	¥ 1,209,362	¥ 8,041,611
Changes in the fiscal year:					
Issuance of new stock					193
Cash dividends					(731,201)
Net income					1,068,566
Reversal of land revaluation excess					1,636
Net changes in items other than stockholders' equity in the fiscal year	(527,730)	(65,741)	(1,636)	(595,109)	(595,109)
Net changes in the fiscal year	(527,730)	(65,741)	(1,636)	(595,109)	(255,914)
Balance at the end of the fiscal year	¥ 1,275,580	¥ (684,434)	¥ 23,107	¥ 614,253	¥ 7,785,697

Year ended March 31, 2026	Millions of yen Stockholders' equity Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	¥ 1,771,093	¥ 1,774,651	¥ 3,835,702	¥ (210,003)	¥ 7,171,443
Changes in the fiscal year:					
Cash dividends			(868,070)		(868,070)
Net income			1,411,682		1,411,682
Reversal of land revaluation excess			2,269		2,269
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	—	—	545,881	—	545,881
Balance at the end of the fiscal year	¥ 1,771,093	¥ 1,774,651	¥ 4,381,583	¥ (210,003)	¥ 7,717,325

Year ended March 31, 2026	Millions of yen Valuation and translation adjustments Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Total	Total net assets
Balance at the beginning of the fiscal year	¥ 1,275,580	¥ (684,434)	¥ 23,107	¥ 614,253	¥ 7,785,697
Changes in the fiscal year:					
Cash dividends					(868,070)
Net income					1,411,682
Reversal of land revaluation excess					2,269
Net changes in items other than stockholders' equity in the fiscal year	276,159	(328,162)	(3,045)	(55,048)	(55,048)
Net changes in the fiscal year	276,159	(328,162)	(3,045)	(55,048)	490,832
Balance at the end of the fiscal year	¥ 1,551,739	¥ (1,012,596)	¥ 20,062	¥ 559,204	¥ 8,276,530

Year ended March 31, 2026	Millions of U. S. Dollars — Stockholders' equity: Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of the fiscal year	$ 11,076	$ 11,099	$ 23,988	$ (1,313)	$ 44,850
Changes in the fiscal year:					
Cash dividends			(5,429)		(5,429)
Net income			8,829		8,829
Reversal of land revaluation excess			14		14
Net changes in items other than stockholders' equity in the fiscal year					
Net changes in the fiscal year	—	—	3,414	—	3,414
Balance at the end of the fiscal year	$ 11,076	$ 11,099	$ 27,402	$ (1,313)	$ 48,263

Year ended March 31, 2026	Millions of U. S. Dollars — Valuation and translation adjustments: Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedges	Land revaluation excess	Total	Total net assets
Balance at the beginning of the fiscal year	$ 7,977	$ (4,280)	$ 145	$ 3,841	$ 48,691
Changes in the fiscal year:					
Cash dividends					(5,429)
Net income					8,829
Reversal of land revaluation excess					14
Net changes in items other than stockholders' equity in the fiscal year	1,727	(2,052)	(19)	(344)	(344)
Net changes in the fiscal year	1,727	(2,052)	(19)	(344)	3,070
Balance at the end of the fiscal year	$ 9,704	$ (6,333)	$ 125	$ 3,497	$ 51,761

Independent Auditor's Report

To the Board of Directors of

Sumitomo Mitsui Banking Corporation.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Banking Corporation. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2026 and 2025, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan (including those that are relevant to our audit of the consolidated financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The reasonableness of management's assessment of the reserve for possible loan losses for SMBC's corporate loans

The key audit matter

In the consolidated balance sheet of Sumitomo Mitsui Banking Corporation ("SMBC") as of March 31, 2026, the reserve for possible loan losses (the "Reserve") was ¥511,188 million on loans and bills discounted (the "Loans") of ¥117,662,191 million (or approximately 38.8% of total assets). Included in such balances were mainly corporate loans and the related reserve of SMBC. As discussed in the "Notes (Significant accounting policies for preparing consolidated financial statements), 4. Accounting policy, (5) Reserve for possible loan losses" to the consolidated financial statements, SMBC assesses all claims including the Loans in accordance with the internal criteria for self-assessment of asset quality, and classifies borrowers into credit categories through examining individual credit risk profiles. On the basis of each borrower category, reserves and/or write-offs are recorded based on the methods including one that uses the historical loan-loss ratios or the probability of default to estimate possible loan losses and a discounted cash flow (DCF) method, in accordance with its internal policy for write-offs and provisions. For claims originated in specific overseas countries, an additional specific overseas reserve is recorded in the amount deemed necessary based on the assessment of political and economic conditions. Additionally, considering the recent economic environment and risk factors related to 1. The impact of the deteriorating situation in the Middle East and 2. The impact of inflation and other factors overseas, among others as discussed in the “Notes (Additional information), a potential loss amount that was deemed necessary in specific portfolios, among others, was recorded in the Reserve at the end of the current fiscal year based on an overall assessment of a probable future outlook for those portfolios that has not been fully captured in the historical data or individual borrower classification.

Specifically, as discussed in the “Notes (Additional information, 1. The estimates of the reserve for possible loan losses related to the impact of the deteriorating situation in the Middle East)” to the consolidated financial statements, a reserve of ¥29,500 million was recorded for possible loan losses for portfolios in light of concerns that the creditworthiness of companies considered vulnerable to these impacts may deteriorate amid surging global resource and energy prices and disruptions to shipments of crude oil and other commodities from the Middle East. In addition, as discussed in the “Notes (Additional information, 2. The estimates of the reserve for possible loan losses related to the impact of inflation and other factors overseas)” to the consolidated financial statements, a reserve of ¥60,000 million was recorded for possible loan losses for portfolios in light of concerns that heightened uncertainty in the business environment, including inflation against the backdrop of U.S. tariff measures imposed on certain countries and the resulting impact on supply chains may increase corporate cost burdens and adversely affect companies’ cash flows.

As discussed in the "Notes (Significant Accounting Estimates)" and the "Notes (Additional information)" to the consolidated financial statements, the assessment of the Reserve for SMBC’s corporate loans involved significant estimation uncertainty, and required significant management judgment primarily in the following aspects:

- classifying borrowers into appropriate credit categories through performing a qualitative assessment;
- determining whether additional reserves for specific portfolios are deemed necessary, and selecting appropriate methodologies to estimate such additional reserves based on the future outlook in light of the recent economic environment and risk factors; and
- projecting future cash flow scenarios, as an input to the DCF method, for borrowers with large claims classified mainly as substandard or lower-level classifications.

In the judgment and estimation of these elements during the current fiscal year, the impact of surging global resource and energy prices and disruptions to shipments of crude oil and other commodities from the Middle East arising from factors such as the effective closure of the Strait of Hormuz due to the conflict involving the United States, Israel, and Iran and the impact of inflation against the backdrop of U.S. tariff measures imposed on certain countries and the resulting impact on supply chains required consideration.

We, therefore, determined that management’s assessment of the Reserve for SMBC’s corporate loans, specifically, classifying borrowers into credit categories through a qualitative assessment, determining whether additional reserves for specific portfolios are deemed necessary based on the future outlook in light of the recent economic environment and risk factors as well as determining appropriate methodologies to estimate such additional reserves, and projecting cash flow scenarios used in the DCF method, was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

How the matter was addressed in our audit

The primary procedures we performed to assess the reasonableness of management’s assessment of the Reserve for SMBC’s corporate loans included the following:

(1) Internal control testing

We evaluated the design and tested the operating effectiveness of certain of SMBC's internal controls over its process to assess the Reserve for SMBC's corporate loans. In this assessment, we focused on the controls that related to the:

- classification of individual borrowers into credit categories through a qualitative assessment;
- determination of additional reserves for specific portfolios based on the future outlook in light of the recent economic environment and risk factors; and
- projection of future cash flow scenarios used in the DCF method.

(2) Evaluation of borrower classification taking into account qualitative factors

For SMBC's corporate borrowers that we selected based on certain criteria, we involved credit risk specialists with industry-specific knowledge and expertise who assisted us in evaluating the appropriateness of borrower classification taking into account qualitative factors through:

- analyzing the borrowers' current business performance;
- assessing the customers' current financial position based on the specific circumstances; and
- assessing the appropriateness of the borrowers' business plans used as a basis for management's borrower classification.

(3) Evaluation of the reasonableness of additional reserves for specific portfolios based on the future outlook in light of the recent economic environment and risk factors

Given the impact of surging global resource and energy prices and disruptions to shipments of crude oil and other commodities from the Middle East arising from factors such as the effective closure of the Strait of Hormuz due to the conflict involving the United States, Israel, and Iran and the impact of inflation against the backdrop of U.S. tariff measures imposed on certain countries and the resulting impact on supply chains, we evaluated the reasonableness of additional reserves for specific portfolios through:

- assessing the appropriateness of the selection of portfolios subject to additional reserves that were considered susceptible to the aforementioned impacts;
- assessing the consistency of assumptions used in estimating additional reserves, especially the assumptions about the potential future deterioration in the credit status of companies that were considered susceptible to the aforementioned impacts by comparing them with available external data;
- assessing the appropriateness of the selection of portfolios subject to additional reserves, considering the respective industry environment by using the relevant indices and other information published by external agencies; and
- involving credit risk specialists with industry-specific knowledge and expertise who assisted us in evaluating the appropriateness of the methodologies used to estimate additional reserves considering the nature of and risk factors identified in each portfolio as well as the result of a retrospective review.

(4) Evaluation of future cash flow scenarios used in the DCF method

For borrowers that we selected based on certain criteria among those for which the reserves were calculated using the DCF method, we evaluated the appropriateness of the borrowers' future cash flow scenarios through:

- assessing the feasibility of the restructuring plans considering the recent economic environment and the prospect of future economic conditions;
- assessing the borrowers' current progress against the restructuring plans; and
- assessing the borrower's ability to repay considering the schedule and underlying sources of repayments based on the restructuring plans.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 4,730 million yen and 499 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in basis of presentation in the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Takashi Kondo
Designated Engagement Partner
Certified Public Accountant

/S/ Toshihiro Ozawa
Designated Engagement Partner
Certified Public Accountant

/S/ Bumbee Nishi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 18, 2026

Notes to the Reader of Independent Auditor’s Report:
This is a copy of the Independent Auditor’s Report and the original copies are kept separately by the Company and KPMG AZSA LLC.