

# Compensation

Sumitomo Mitsui Banking Corporation (SMBC) and Its Group Companies

## ■ Compensation Framework of SMBC Group

### 1. Scope of Officers and Employees

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

#### (1) Scope of Officers

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

#### (2) Scope of Employees and Others

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

##### a) Scope of major consolidated subsidiaries

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

##### b) Scope of highly compensated persons

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

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

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

### 2. Determination of Compensation

Determination of compensation is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “2. Determination of Compensation” on page 296).

## ■ Assessment of Design and Operation of Compensation Structure

### Compensation Policy

Compensation policy is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “Compensation Policy” on page 297).

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

Consistency between compensation structure and risk management and link between compensation and performance is stated in “Compensation” of Sumitomo Mitsui Financial Group (please refer to “Consistency between Compensation Structure and Risk Management and Link between Compensation and Performance” on pages 297 to 298).

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

### 1. Total Amount of Compensation Paid to Officers, Employees and Others (SMBC consolidated, April 1, 2016 to March 31, 2017)

	Number of officers/employees and others	Millions of yen								
		Amount of compensation								
		Total	Amount of fixed compensation			Amount of variable compensation			Retirement allowance	Other benefits
			Total	Base salary	Stock options	Other benefits	Total	Bonuses		
Officers (excluding outside directors and corporate auditors).....	25	1,765	1,451	1,274	173	2	282	282	17	14
Employees and others.....	74	5,981	2,978	2,764	209	3	2,702	2,702	—	300

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

2. The total amount of fixed compensation includes ¥383 million in deferred compensation accrued during the fiscal year (officers: ¥173 million; employees and others: ¥209 million).

3. The total amount of variable compensation includes ¥516 million in deferred compensation accrued during the fiscal year (officers: ¥- million; employees and others: ¥516 million).

4. Stock options are classified as fixed compensation because the number of stock options granted depends on the individual's position.

5. The exercise period of stock option is shown in the table below.

Under the stock option agreement, the exercise of stock options is deferred until the retirement date, regardless of the exercise period:

Company name	Stock option rights exercise period
1st series of stock acquisition rights of SMFG.....	August 13, 2010 to August 12, 2040
2nd series of stock acquisition rights of SMFG.....	August 16, 2011 to August 15, 2041
3rd series of stock acquisition rights of SMFG.....	August 15, 2012 to August 14, 2042
4th series of stock acquisition rights of SMFG.....	August 14, 2013 to August 13, 2043
5th series of stock acquisition rights of SMFG.....	August 15, 2014 to August 14, 2044
6th series of stock acquisition rights of SMFG.....	August 18, 2015 to August 17, 2045
7th series of stock acquisition rights of SMFG.....	August 15, 2016 to August 14, 2046

6. Payment of the following compensation, including the above, has been deferred:

Type of compensation, etc.	Millions of yen	
	March 31, 2017	Payment during the fiscal year
1st series of stock acquisition rights of SMFG.....	46	—
2nd series of stock acquisition rights of SMFG.....	137	—
3rd series of stock acquisition rights of SMFG.....	170	—
4th series of stock acquisition rights of SMFG.....	134	—
5th series of stock acquisition rights of SMFG.....	153	—
6th series of stock acquisition rights of SMFG.....	165	—

## 2. Total Amount of Compensation Paid to Officers, Employees and Others (SMBC non-consolidated, April 1, 2016 to March 31, 2017)

	Number of officers/ employees and others	Millions of yen								
		Amount of compensation								
		Total	Amount of fixed compensation			Amount of variable compensation			Retirement allowance	Other benefits
			Total	Base salary	Stock options	Other benefits	Total	Bonuses		
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5th series of stock acquisition rights of SMFG.....	153	—
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### ■ Other Information Regarding Compensation Structures of SMFG and its Group Companies

Not applicable